

HP Hedge

Fixed Income

November 2018

Most of the Western world has for several years witnessed a period with a stable, moderate growth. In Europe, notably Italy has struggled trying to introduce reforms that might facilitate increased dynamics needed to reinvigorate the Italian economy and increase fiscal maneuverability, hampered by existing debt to GDP ratio. The rest of Europe seems to progress in areas of employment and retail sales, although it is a trifle worrying that broad PMI figures expressing company confidence have steadily weakened throughout this year.

Growth in USA has been surprisingly robust and the central bank has increases money market rates to 2 % and is still expected to continue increases, though latest statements are less hawkish. Interest rate curves have predicted short term rates to reach 3- 3,5 %, though now apparent less so convinced.

It takes a creative mind to foresee Trumps next moves on international trade tariffs so the perceived uncertainty in this field has spilled into equity markets and caused unpleasant fluctuations in world indices. Moves out of stocks have been supportive of bond prices and helped keep interest rates at low levels.

The major issues at present seem to be Trump, Brexit and Italian budget negotiations. Not even distasteful initiatives in the Middle East and arm flexing near Crimea seem at this moment to influence market perceptions.

Given the fact that we are now in the month of December in a very difficult investment year, we do not think that major market movements shall be initiated by market participants – happy just to have survived this far. We have no predictions as for the political protagonists.

Investment advisor

HP Fondsmæglerselskab A/S

Kronprinsessegade 18, 1. sal
DK-1306 København K

Phone: +45 33 15 00 34
Fax: +45 33 37 90 79
E-mail: hp@hpfonds.dk

Return % 2018	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
HP Hedge FI										0,17	-0,89		-0,72
NAV									100,00	100,17	99,28		

Fund information

ISIN:	DK0060153369	Inception date:	31-03-2007
Type:	Accumulating	Subscriptive fee:	1.50%
Bloomberg ticker DKK:	HPDABND DC	Redemption fee:	0.75%
Bloomberg ticker SEK:	KAPDOSK DC	Risk indication:	No indicator