

# WHERE WE STAND

QUARTERLY UPDATE  
JANUARY 2020

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**OVERVIEW** — As we enter 2020, we believe a confluence of positive characteristics could come together in aggregate to drive markets higher. The largest uncertainties are the upcoming November elections, geopolitical events, and follow through on recently improving U.S.-China trade relations. At the current time, we would view the market impacts of recent U.S.-Iran confrontations as muted.

**U.S. ECONOMY** — We believe the U.S. economy is positioned for 2% growth or better in the year ahead, which should prove favorable for the equity and credit markets. Should capital spending come off the sidelines, we could see potential upside to growth.

**U.S. STOCKS** — U.S. stocks recently achieved record highs, and we believe they are still well positioned for the year ahead as the economic and market backdrop could be reflecting a potential “Goldilocks” environment in 2020. We view a realistic one-year target on the S&P 500® to be 3,600.

**INTEREST RATES** — We believe the Fed is likely to remain on the sidelines over the next year. Bond investors should be well positioned toward the short end of the curve as longer maturities may not sufficiently compensate them for greater interest rate risk if the yield curve continues to steepen. We view a realistic range on the 10-year Treasury over the next year to be 2.00%-2.25%.

**CREDIT MARKETS** — High-yield and investment-grade bond investors are likely to experience coupon-type total returns in the year ahead as fundamentals continue to appear solid, although credit spreads remain close to multi-year lows. We believe bond investors should continue to look toward higher quality segments of the investment-grade and high-yield markets.

**INTERNATIONAL** — Opportunities in international equities are looking stronger as both developed and emerging markets are positioned for a relative rebound versus U.S. stocks in 2020. Should both global growth and emerging-market earnings accelerate in the year ahead, as we believe they could, this would likely be favorably received by the markets.

**ELECTION** — The upcoming presidential election will likely be more hostile and contentious than any in recent memory and could potentially impact the markets. All things considered however, politically based volatility in the year ahead could prove to be an opportunity.



**Get inside the outlook.**

**Download:** *Where We Stand: Transamerica 2020 Market Outlook*

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# THOMAS R. WALD, CFA®

## CHIEF INVESTMENT OFFICER TRANSAMERICA ASSET MANAGEMENT, INC.

Tom oversees investment and mutual fund development and the sub-adviser selection process. He heads Transamerica's investment thought leadership with advisors, clients, and media. Tom has more than 25 years of investment experience and has managed large mutual funds and sub-advised separate account portfolios. Tom holds a Bachelor's degree in political science from Tulane University and an MBA in finance from the Wharton School at the University of Pennsylvania.

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