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Capital Market Outlook
Chief Investment Office

Capital Market Outlook from our Chief Investment Office delivers a balanced mix of macroeconomic insights and global market views, with in-depth analysis from the CIO's investment strategists and analysts. It offers timely commentary that can help you navigate markets and take advantage of emerging trends across the globe.

This week's topics are:

- **Macro Strategy: Why 2%?** — While Federal Reserve policy has always been focused on the goal of price stability, the specific meaning of price stability has been refined over the years from a general and non-specified, vague concept to the current very specific quantitative definition of a 2% long-run average for the personal consumption expenditures deflator. We describe the evolution and rationale for the more specific target.
- **Global Market View: Global R&D: From Apollo, to Apple, to Alibaba?** — The recent unfolding tech cold war between the U.S. and China will likely only accelerate the pace of spending on global research and development as the two parties vie for technological supremacy. China faces significant technological hurdles, while the U.S. needs to rethink and rebalance the role of public and private sector research and development spending.
- **Thought of the Week: A Golden Diversifier** — Gold's recent outperformance versus the U.S. dollar has potentially triggered a bullish technical pattern. In our



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view, the market's expectation for looser monetary policy together with recent comments by President Trump implying a desire for a weaker greenback have been tailwinds. In addition to these drivers, we view gold as an appealing diversifier in light of elevated geopolitical risks. However, a comprehensive trade deal between the U.S. and China would likely constitute a more significant headwind for the yellow metal.

Find out more in this edition of [Capital Market Outlook](#), and feel free to contact us with any questions you have about our market views.

Sincerely,
Paul

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