



Monetary Authority of Singapore



Bank of Mexico – BIS High-Level Reserve Management Conference

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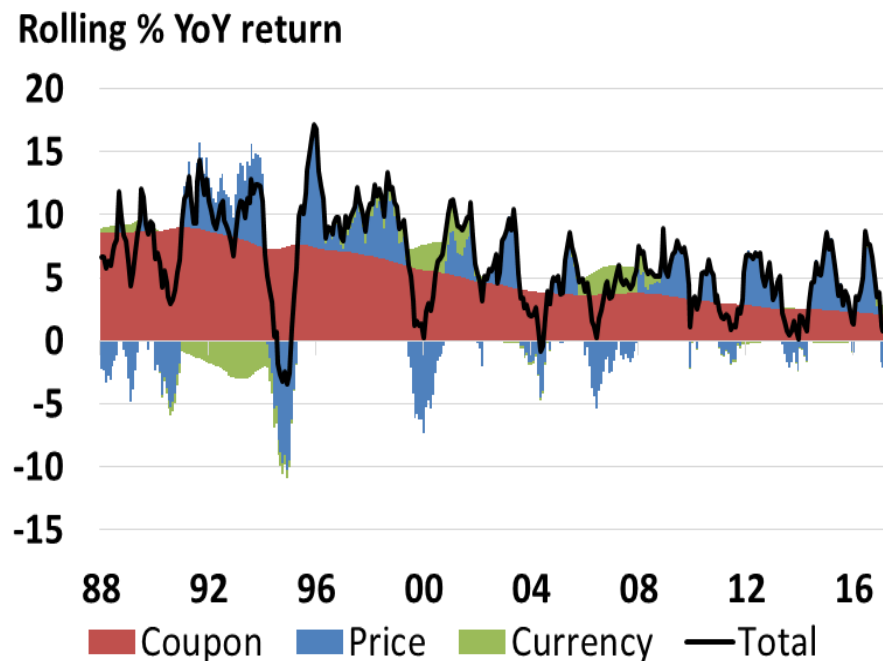
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Let's talk about it...

- “Fixed income” investing – neither fixed nor income?
- Is anyone worried about uncertainty?
- Navigating portfolios in the current environment

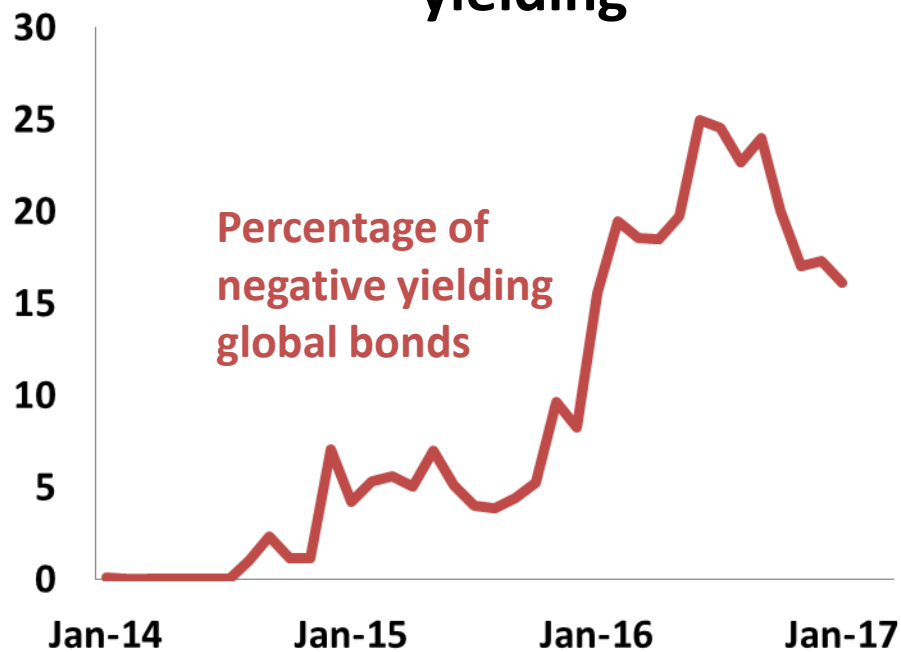
Fixed income – neither fixed nor income?

Coupon historically the bedrock of bond returns



Source: Bloomberg Barclays, MAS

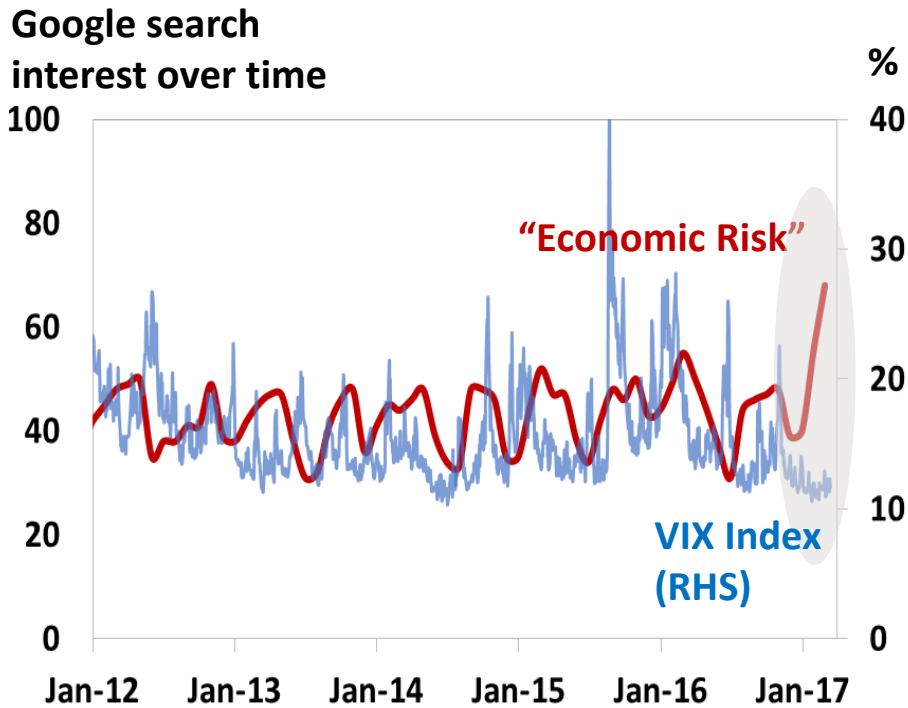
15% of global bonds remain negative-yielding



Source: Bloomberg Barclays

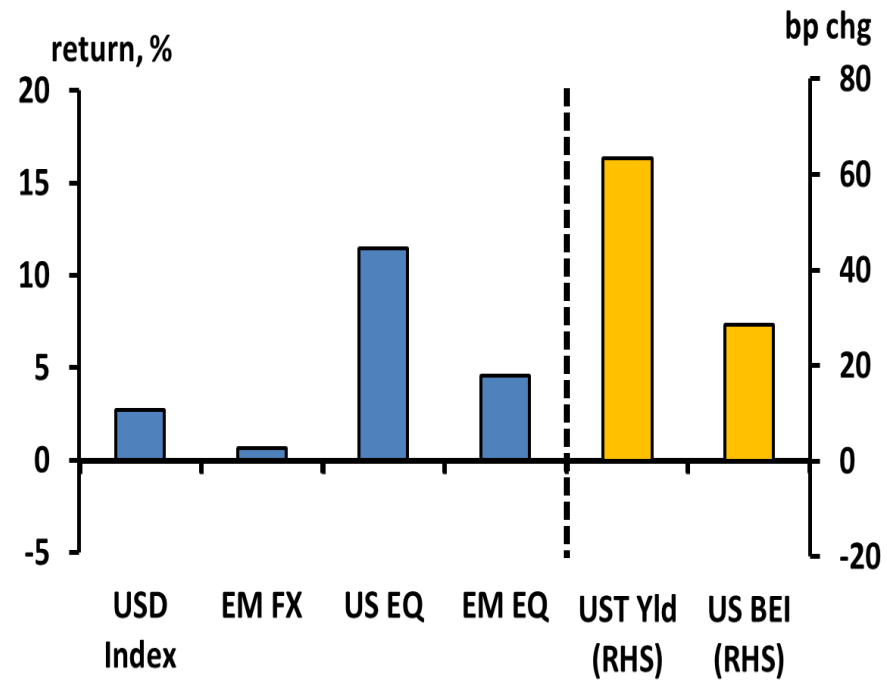
Reflation vs. Uncertainty

Low volatility despite perceived rise in economic uncertainty



Source: Google Trends, Bloomberg

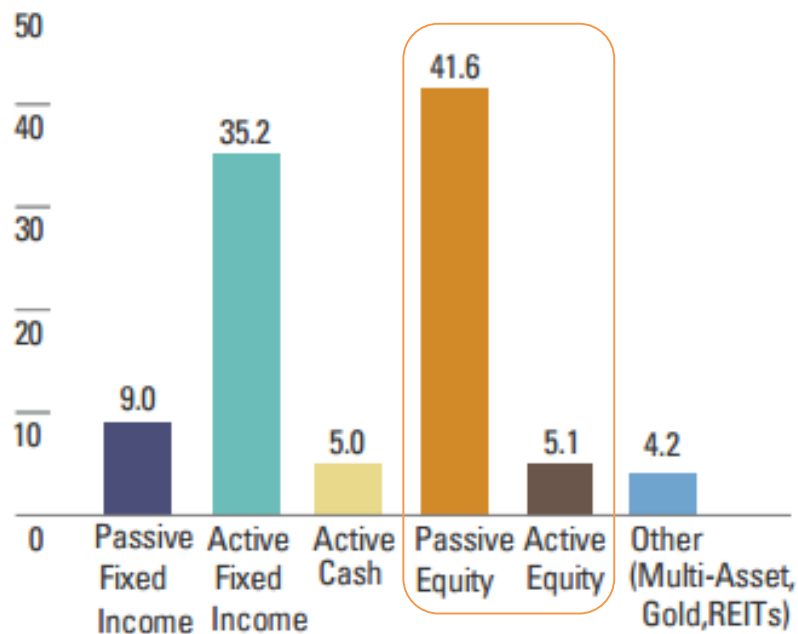
Post-US election market pricing reflation, not uncertainty



Navigating portfolios in the current environment

Central banks looking to take more risk, especially in equities

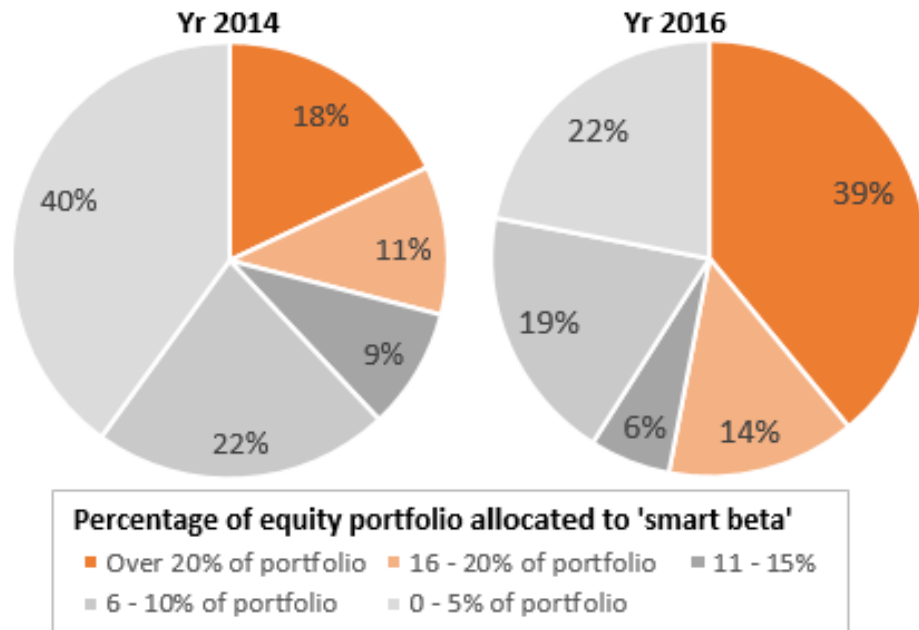
Nominal Share of New Central Bank Investments 2016 – 2020 (%)



Source: SSGA Research

Investors also seeking newer and more efficient solutions

The number of investors with significant allocation to 'smart beta' has increased materially, between 2014 to 2016



Source: FTSE Russell 2016 Smart Beta Survey

Concluding thoughts

- Low starting yields → low expected bond returns
- Uncertainty much talked about but not priced in
- Risk assets (equities, EM) have higher long-term expected returns but be mindful of speed bumps
- Align your Outlook and Options with your Objective



Monetary Authority of Singapore

A blue-tinted photograph of the Singapore skyline, featuring several prominent skyscrapers and a bridge over a body of water. The image is semi-transparent, allowing the text to be overlaid.

Thank you