

Market Insight

Security over higher yield



Market Research

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Investors have been taking cover from risk and volatility in stock, bond, property and credit markets by holding cash in preference to other assets. Historically, in times of unprecedented turmoil and instability market participants tend to flock to secure stores of value in view of being able to reposition their stance very quickly at some point in the future. Stock markets have performed very poorly in this role in the second half of this year. The same story applies to commodities, some of which have seen 50%+ falls in value in the span of 6 months. From what we are seeing in the FX market, most investors are choosing to sell peripheral currencies such as the AUD, NZD, SGD, HKD, SEK, NOK and CAD in favour of traditionally stable currencies such as the USD, EUR, CHF, GBP and JPY. The strongest performer by far under these tough economic times has been the JPY which has appreciated by over 40% against CAD, 49% against NZD, and 56% against AUD in the past 12 months.

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