KKR Releases 2017 Global Macro Outlook

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Henry McVey Prepares Investors for Year Ahead as we undergo a Political and Economic “Paradigm Shift”

NEW YORK--(BUSINESS WIRE)-- KKR today released the 2017 Global Macro Outlook piece by Henry McVey, Head of Global Macro and Asset Allocation (GMAA). In “Paradigm Shift,” McVey outlines his investment perspective in light of today’s ‘new’ macro reality.

“As we look ahead into 2017, we think that we are at a major inflection point across the global capital markets. We view Donald Trump’s ascendancy to the Presidency of the U.S. as confirmation of a political and economic paradigm shift that started with Brexit but is likely to continue for the foreseeable future, including elections across Europe in 2017.”

Consistent with this view, the report cautions investors to now expect to operate in a global macro environment where four important trends are either reversing or shifting materially relative to the past:

1. Fiscal policies are now favored over monetary ones to stimulate growth

2. Deregulation over reregulation

3. Domestic agendas take precedence over global ones

4. Heightened volatility spills over from the currency markets to the interest rate markets

Overall, Henry McVey and the GMAA team believe that the macroeconomic backdrop will likely be shifting from a disinflationary, slower growth environment towards a reflationary-directed one with less onerous near-term banking regulation and fiscal targets. Importantly, though, this shift towards more reflationary policies by many growth-starved countries around the world is still largely an aspirational one, offset in many instances by slowing trade, poor demographics, weak productivity, and heavy debt burdens. As such, the GMAA team thinks that the cross-currents of near-term reflationary stimulus juxtaposed against the aforementioned structural macro headwinds likely mean more volatility lies ahead for investors again in 2017.

In addition to the aforementioned themes, the report details specific macro influences that factor into the GMAA team’s updated asset allocation model for 2017.

Links to access this note as well as an archive of Henry McVey's previous publications follow:

- To read the latest Insights: click here.
- To download a PDF version: click here.
- To download the KKR Insights app for iOS click here, and for Android click here.
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About Henry McVey

Henry H. McVey joined KKR in 2011 and is Head of the Global Macro and Asset Allocation team. Mr. McVey also serves as Chief Investment Officer for the Firm’s Balance Sheet and is Head of the Private Market and Balance Sheet Risk team. Prior to joining KKR, Mr. McVey was a managing director, lead portfolio manager and head of global macro and asset allocation at Morgan Stanley Investment Management (MSIM). Prior to that, he was a portfolio manager at Fortress Investment Group and chief U.S. investment strategist for Morgan Stanley. While at Morgan Stanley, Mr. McVey was also a member of the asset allocation committee, and the top ranked asset management and brokerage analyst by Institutional Investor for four consecutive years before becoming the firm's strategist. He earned his B.A. from the University of Virginia and an M.B.A. from the Wharton School of the University of Pennsylvania. Mr. McVey serves as co-chair of the TEAK Fellowship board of trustees and is a member of the Pritzker Foundation Investment Committee. He is also a member of the national advisory board for the Jefferson Scholarship at the University of Virginia and a member of the Council on Foreign Relations Corporate Leader Program.

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