

Crisis In Ukraine Will Not Derail Global Economic Recovery, Says Analyst

Bernama

22 March, 2014

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SINGAPORE, March 22 (Bernama) -- The crisis in Ukraine which has created a risky environment is not expected to derail the European or global economic recovery nor the bullish share market.

Dr Shane Oliver, Head of Investment Strategy and Chief Economist, AMP Capital Investors Ltd said ethnic violence in east Ukraine could still lead to civil war and Russian intervention on the basis of "protecting Russians," posed a serious risk.

"This is alongside more substantial sanctions from the US and Europe as well as how the Ukrainian elections turn out in May.

But I am of the view that the crisis in Ukraine is just another distraction. It won't derail the European or global economic recovery nor the bullish share market," he said in his weekly Market and Economic Updates.

Oliver said that the Ukraine crisis will be far worse for Russia than the west is becoming clear.

The EU is looking to cut its reliance on Russian energy. While Fitch affirmed the US' AAA rating, it and S&P cut Russia's own rating.

He said it will be a long time before US interest rates reach levels that really threaten profit growth and the share market outlook.

"By the time US rates do start to go up and probably not till around next year, investors would have become well and truly used to the idea.

"The past week has seen worries about Ukraine fade but concerns the Fed will raise rates earlier than expected took centre stage.

"This saw bond yields push higher, but despite a few gyrations, most equity markets rose helped by a combination of relief over Ukraine, better economic data and an European agreement on a banking union," he added.

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