

2014 Predictions: Markit Magazine, Dec 2013

My predictions for 2014 was published in the Dec edition of the Markit magazine, as part of its series on predictions for 2014 from key industry figures.

1. View Of 2013

For deep US political divisions and dysfunctional politics that threatened US and global markets by undermining the notion of US debt being the risk-free asset. Dysfunctional US politics and divisions are leading to uncertainty about the future course of US fiscal and debt policy in addition to healthcare policy. It is telling that the Tea Party, a minority Republican hardliners who supported the shutdown due to their opposition to Obamacare, are able to dictate their party's policies. The US political schism implies that Obama has become a lame-duck president even before he enters the second half of his second mandate. There will be a growing question mark over his ability to deliver on major issues, such as the important matter of US-Iran relations, a potential game changer which is critical to the security, political and economic landscape of the Middle East and the GCC countries.

2. Best decision

To invest and support the launch of a crowd investing platform, Eureeca.com. It is the first equity crowdfunding marketplace offering a global solution for start-ups and SMEs to raise funding from the crowd in exchange for equity. We have already done cross-border equity raising and hope to launch in Central & Latin America in 2014.

Crowdfunding can be a major source of sustainable finance for SMEs and improve access to finance globally. It is a disruptive development utilising the ubiquitous internet and interactive web based financial services.

3. 2014 focus

Recapitalising European banks, minimising the impact of

disruptive politics in the US and avoiding the eruption of a euro sovereign debt crisis as a result of ongoing weak growth in southern Europe and France. We are entering 2014 with two major sources of US policy risk: an uncertain course for monetary policy and the onset of QE tapering and uncertainty on debt and fiscal policy. Both could jeopardise the anaemic US economic recovery and weak global economic growth.

4. Major changes

The internationalisation of the renminbi and the growth of the redback market, which can become larger than the euro debt market within the coming decade. The world needs the renminbi to be the third global currency alongside the US dollar and the euro. It will be the beginning of the end of the exorbitant privilege the US has enjoyed since the Second World War and the competition will eventually impose debt discipline on the US.

5. Power people

Janet Yellen will initiate QE tapering and start addressing the more critical issue of deleveraging the Fed's balance sheet. Where will the savings originate to buy the assets the Fed will eventually have to sell?

6. Strategy

Extending my advisory business into Africa and growing the links with Chinese companies and investors, who have become the major source of funds and capital flows into Africa and increasingly the Gulf and the Middle East. The other area of focus is financial markets in the Gulf with the forthcoming reclassification of the UAE and Qatar markets from "frontier" to "emerging".

7. Biggest concerns

High youth unemployment in Europe leading to protectionism and extremism and continued deterioration of the Arab firestorm; growing spillover from the ongoing, increasingly international, war in Syria; and an eventual breakdown of the budding détente with Iran, which could deteriorate into military confrontation and war.

8. Women in power

Women already occupy more than 50% of the senior roles in my advisory business.

9. Green credentials

I am a public advocate of the Global Reporting Initiative and I work with stock exchanges, regulators and the investment management industry in the Middle East for companies to adopt GRI and report on environmental, social and governance issues.

10. Personal best

I network extensively and am involved with a number of international organisations including the IMF, OECD and the UN, along with the WEF.