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Q1 2025 Investment Outlook – New Growth Engines for a Changing World

HSBC Global Private Banking is advising clients to keep cash at a minimum to seize opportunities in public and private markets amid resilient global economic and earnings momentum.

The bank's Q1 2025 Investment Outlook, [New Growth Engines for a Changing World](#), concludes it has become clear that the US is not on course for a recession. The bank believes this positive outlook should trigger a rise in private sector investment which will be a key driver of growth in the country. In addition, industrial policies, AI applications, M&A deals and fiscal and monetary stimulus in China should add to the positive momentum globally.

HSBC Global Private Banking continues to see better opportunities in the US stock market than in Europe, due to relative levels of current growth, innovation and policy support. We expect Asian growth to stay resilient in 2025 and hold an overweight position in India, Japan and Singapore's stock markets.

The report also identifies five key trends:

- **Asia in the new world order.** The bank favours regional industry champions that tap into domestic demand. It finds promising opportunities in India and the ASEAN region due to young demographics, a rising middle class and a technology boom.
- **Disruptive technologies.** Innovation and leading technologies are driving productivity gains, reshaping the security industry and addressing unmet medical needs, causing new business segments to emerge.
- **Climate action.** Demand for sustainable or zero-carbon products and services continues to present investment opportunities and is a key driving force in corporate expenditure.
- **Evolving society.** The bank favours companies that have a more diverse workforce as studies show they tend to perform better. It is also looking for investment opportunities in companies that could benefit from ageing populations.
- **Riding the earnings and rate cut tailwinds.** Cyclical support for portfolios should principally come from earnings growth and continued rate cuts. The bank is advising clients to look for the most attractive opportunities in US equities, and adopt an active approach in bonds to lock in attractive yields.

Willem Sels, Global Chief Investment Officer at HSBC Global Private Banking and Wealth, said: “The US’s steady GDP is like a super tanker that will be difficult to blow off course. We’re at a favourable point in the global economic cycle and are telling our clients that sitting on excess cash is likely to be a drag on performance.”

Cheuk Wan Fan, Chief Investment Officer for Asia at HSBC Global Private Banking and Wealth, said: “When clients ask us about Asia, we find many domestic-driven opportunities. We believe that robust domestic growth drivers in India and the ASEAN region, together with China’s widening policy stimulus, will drive durable Asia ex-Japan GDP growth of 4.4% in 2025.”

Notes to Editors

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