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EUROPE TO CONTINUE TO WEIGH ON MARKETS, SAYS BARCLAYS

Global Outlook report expects market pressure from the European crisis to continue, but still sees select opportunities in risk assets

New York, June 21, 2012 – As Europe continues to hold center stage, the coming months are likely to see bouts of market stress followed by relief rallies, according to Barclays latest flagship quarterly research publication, *Global Outlook: A stressful muddling through*. Nevertheless, the report recommends a neutral position toward risk assets; for investors prepared to tolerate short-term volatility, risk assets offer historically high returns relative to perceived safe assets.

“The euro area crisis is likely to continue to weigh on global markets throughout the year,” said Larry Kantor, Head of Research. “But with growth persisting outside of Europe and the prospect of further monetary easing in many countries, investors should resist the temptation to go short risk assets.”

Among the key recommendations in the report are a favoring of commodities and select emerging markets government bonds, in particular China, Turkey, Israel and Brazil. The *Global Outlook* also points to the relative attractiveness of US assets as a safe haven, particularly equities and some asset-backed securities.

Additional themes of Barclays Global Outlook include:

- Growth outside of Europe should persist despite the severity of the European dislocations, and further monetary ease is likely in most major economies
- Chinese growth is in the process of bottoming and will improve during the second half of the year
- In FX, expecting continued euro weakening against the dollar

About Barclays Global Outlook

The Global Outlook research report, published quarterly, provides an assessment of all major economies and outlines the likely implications for global financial markets, including commodities, credit, economics, emerging markets, equities, fixed income and foreign exchange.

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