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BARCLAYS TO MARKETS: DON'T FIGHT THE FED

Global Outlook report recommends a more constructive position towards risk

New York, NY, and London, September 25, 2012 – The aggressive liquidity injections announced by the European Central Bank and the US Federal Reserve have created a buy signal for risky assets, according to Barclays latest flagship quarterly research publication, *Global Outlook: Don't Fight the Fed*. Although weak economic growth continues to weigh on the markets, the report foresees modestly stronger growth in the second half of the year, which should be sufficient to spark further gains in risky asset prices.

“A modestly growing economy with the cyclically sensitive sectors at still depressed levels is a relatively stable and safe, if not exciting, environment,” said Larry Kantor, Head of Research. “When this is combined with a central bank committed to aggressively supporting growth through higher asset prices, it amounts to a very attractive environment for taking risk.”

Investor caution since 2008 has driven returns on so-called “risk free” assets to collapse. As investors have moved out along the risk curve, returns on close substitutes for safe assets have also become unattractive. As a result, Barclays *Global Outlook* report advises investors to shift into lower-rated bonds in both investment grade and high yield credit, and sees significant potential upside in cyclically sensitive stocks, which have underperformed recently.

Additional recommendations in Barclays *Global Outlook* include:

- Build exposure to European credit, which is expected to compress somewhat relative to US credit
- Favor inflation-linked bonds, which should outperform given the prospects for aggressive monetary easing
- Beware of a vulnerable dollar in the short term, given the US Federal Reserve’s commitment to open-ended liquidity injections
- Invest in certain emerging market stock markets, particularly in countries that have engaged in significant policy stimulus and where downside risks seem overstated

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.

Barclays moves, lends, invests and protects money for customers and clients worldwide. With over 300 years of history and expertise in banking, we operate in over 50 countries and employ over 140,000 people. We provide large corporate, government and institutional clients with a full spectrum of solutions to their strategic advisory, financing and risk management needs. Our clients also benefit from access to the breadth of expertise across Barclays. We’re one of the largest financial services providers in the world, and are also engaged in retail banking, credit cards, corporate banking, and wealth and investment management. Barclays offers premier investment banking products and services to its clients through Barclays Bank PLC. For more information, visit www.barclays.com