
PRESENTER: For our monthly look at the global economy, I'm joined down the line by Phil Butler, one of the Prudential Portfolio Management Group's portfolio managers. Well Phil, have the markets recovered from the volatility seen in the first quarter?

PHIL BUTLER: Thank you very much for having me, and they certainly have. After Q1, we saw the ups and downs of both equity and fixed income markets. As we've gone into April, that confidence in the underlying investor has come back as volatility has receded away. We've seen slight changes from in the US where equity markets have stabilised and yields have risen based on that confidence; whereas in Europe the equity markets have had a much stronger rally, and that's all based on that confidence of the underlying investor having come back into the market.

PRESENTER: And have recent data releases still been supportive of valuations?

PHIL BUTLER: Now I think that's the really important question, because if investor confidence comes back just based on beliefs, you really want the data to also support that. So what we've seen in the US is strong data has come out for both the underlying economy, but also that continuation of the unemployment and wage data that has fuelled the rise in yields and confidence in the underlying corporates in the US. Over in Europe we've seen a much stronger rally in equity markets, both in UK and in mainland Europe. And also yields have fallen back slightly as that economy data has been slightly softer in Europe over the States.

PRESENTER: So how are portfolios currently positioned?

PHIL BUTLER: Well given all that PPMG are constructive on the global economy, and we've positioned the portfolio to show that. So we're long global equities, with a preference for UK equities, which are benefiting from the weaker sterling in the last few weeks, and also the strength in the underlying oil and commodity prices. We're also marginally underweight duration and fixed income assets.

PRESENTER: Phil Butler, thank you. And Phil will be back next month with his latest Prudential Portfolio Management update, so do keep an eye out for that on asset.tv. From all of us here thank you for watching and goodbye for now.

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