

Opinion **The Short View**

Wall Streets year-ahead forecasts have a familiar ring

Most could have been lifted straight from 2016, or 2015 for that matter

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Not all the forecasts have been published, but enough to see that the consensus view is remarkably familiar. The median analyst forecast is for the [Fed](#)'s favoured inflation measure to quicken from 1.5 per cent to 2 per cent by 2019, the 10-year Treasury yield to climb to almost 3 per cent by the end of 2018, and the S&P 500 to gain another 7 per cent to hit 2,825 points.

Take JPMorgan as a fairly typical example. Its analysts reckon that faster inflation, and tighter monetary policy in the US, Europe and Japan will have "material consequences" for fixed income. In other words, a 2 per cent annual loss for developed market bonds, the worst performance since 1994.

The problem is that this is, in broad terms, what most analysts have wrongly been predicting for years. Year after year, inflation has stayed stubbornly well-behaved, the Fed has tiptoed forward and bonds have repeatedly defied the naysayers.