

# THE YEAR AHEAD

This month's Spotlight looks ahead to what treasurers can expect for 2004 in terms of the economy and the bonds, loans and equities markets, as well as a brief insight into what lies ahead with the larger EU. The Spotlight opens with an impassioned plea from **Magnus Lind** of Nordic Financial Systems that the regulators, who will be as busy as ever in 2004, should calm down their recent frenzy, allow risks to be taken and allow innovation to flourish.

We asked three treasurers for their highlights of 2003 and their expectations for 2004. **Lucy Fuller** (Smith & Nephew), **Bob Williams** (Allied Domecq) and **Piers Williamson** (The Housing Finance Corporation) are all cautiously optimistic, a common thread through all our forecasts.

**The Treasurer's Wise Men** (see p42), regular contributors during the year, have set out what they expect to happen with the economy in general, the performance of the euro against sterling and the dollar, and monetary/fiscal policy. As you would expect, the key is whether the US recovery is sustained, but China and Japan will play pivotal roles as well. As in previous years, they have provided some specific forecasts for various economic indicators, with quite a range in what they are expecting. Mortgage holders will be pleased if the majority view of 4.0% for the UK base rate at the end of 2004 is right, but will no doubt be reaching for the Christmas brandy butter if one of 4.75% is correct.

Moving on to the bonds, loans and equities markets, we asked our expert panel what problems and opportunities lie ahead and what structural and pricing trends they see, as well as questions specific to their market. The consensus is that things seem to be improving, particularly from the corporate's point of view, but there are still some negative influences which could make life difficult again.

Finally, **Eddie Fogarty** of FTI reminds us that 10 countries are due to join the EU on 1 May 2004 and sets out the issues that treasurers should be aware of in addressing "a diverse and hugely interesting range of people and situations".

