



# S&P500 FORECAST

3mths +3.9%

6mths +8.4%

12mths +16.4%

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952.91

- ✓ This is a technical indicator that has a long history of showing when a recovery after a sharp downturn has gained force and momentum. **Past experience shows that stocks almost never fail to make further gains over the next 12 months.**
- ✓ **There is genuine belief that the market can go further. It would be unwise to ignore this.** Absent significant negative developments in the real world, such as a second wave of the virus or a further deterioration in Sino-American relations, there is now genuine momentum pushing the market higher.
- ✓ **3months +3.9% | 6months +8.4% | 12months +16.4%**
- ✓ The **stock market is rebounding nicely** even though cumulative flows into **equity funds across the world, as measured by EPFR, are terrible:**
- ✓ **Generally, retail investors tend to buy at the top and sell at the bottom**, as the following chart shows, and so it is encouraging that they are selling at present.

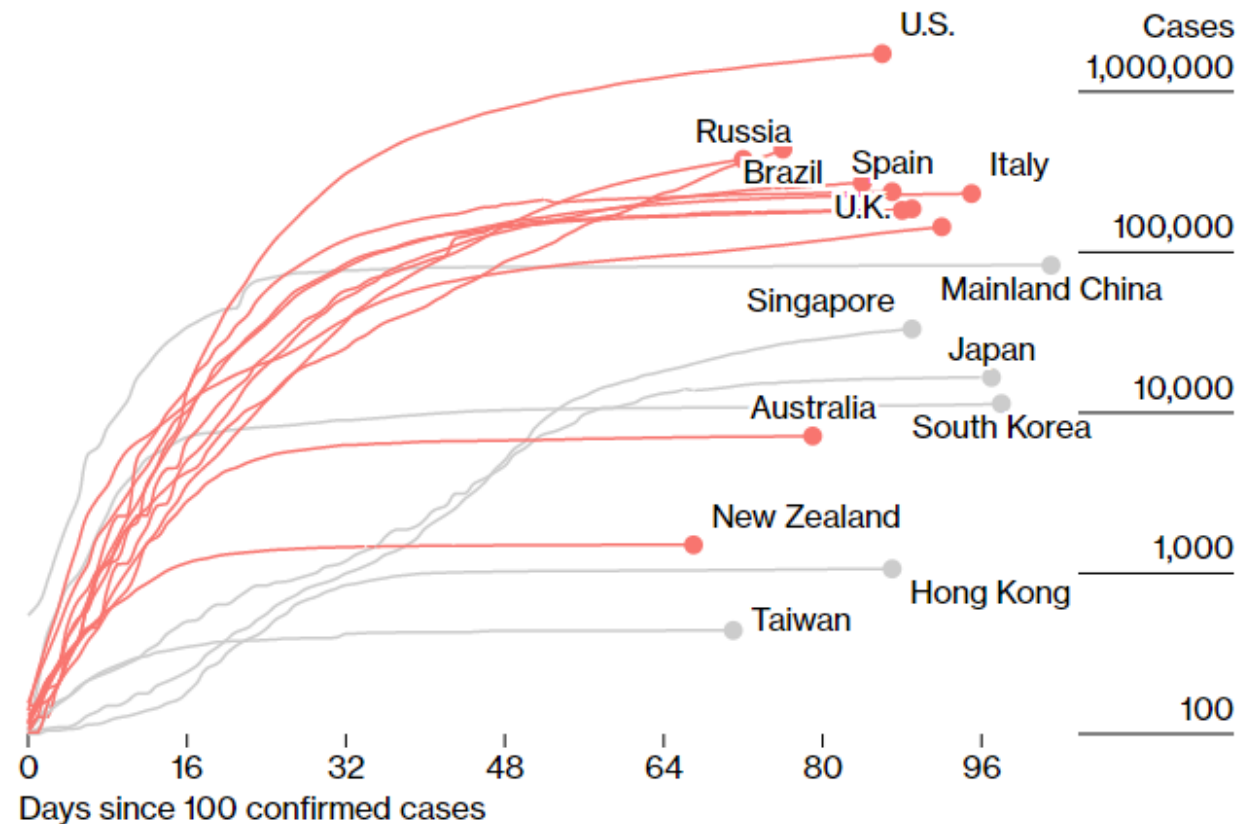
RATE OF  
INFECTION IS  
FLATTENING

### Getting to a Flatter Curve 📉

The first 104 days with more than 100 confirmed cases

Show deaths 📉

Asia Other



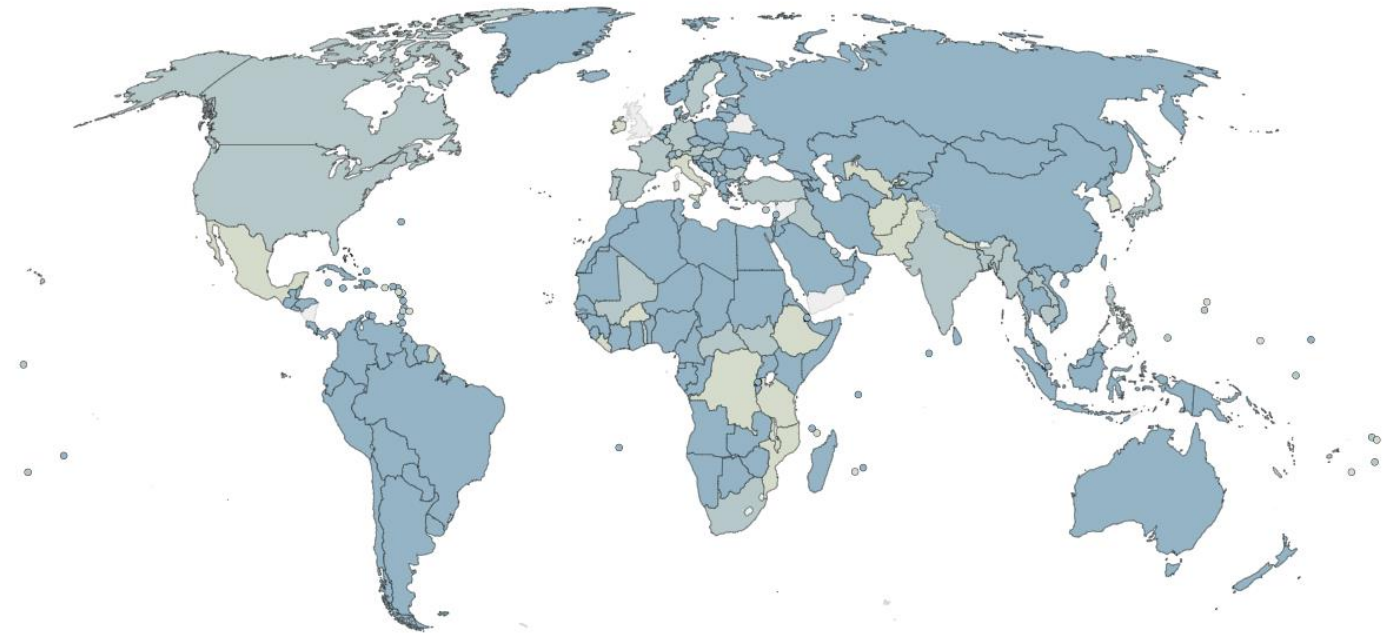
Note: JHU CSSE reporting began on Jan. 22, when mainland China had already surpassed 500 cases.  
Source: Johns Hopkins University Center for Systems Science and Engineering

TRAVEL  
RESTRICTIONS  
WILL EASE  
CREATING  
ECONOMIC  
RECOVERY

**These Are the Places Restricting Travel Because of the Outbreak 📍**

As of 5 May 2020, 16:20 BST

- Bans all foreign visitors
- Bans travel from various places with confirmed cases
- Other restrictions



Sources: IATA, U.S. Dept. of State, Bloomberg News reporting

THIS CRASH, WITH ITS  
UNIQUELY AGGRESSIVE  
POLICY RESPONSE, IS  
DIFFERENT (**BLUE LINE**)

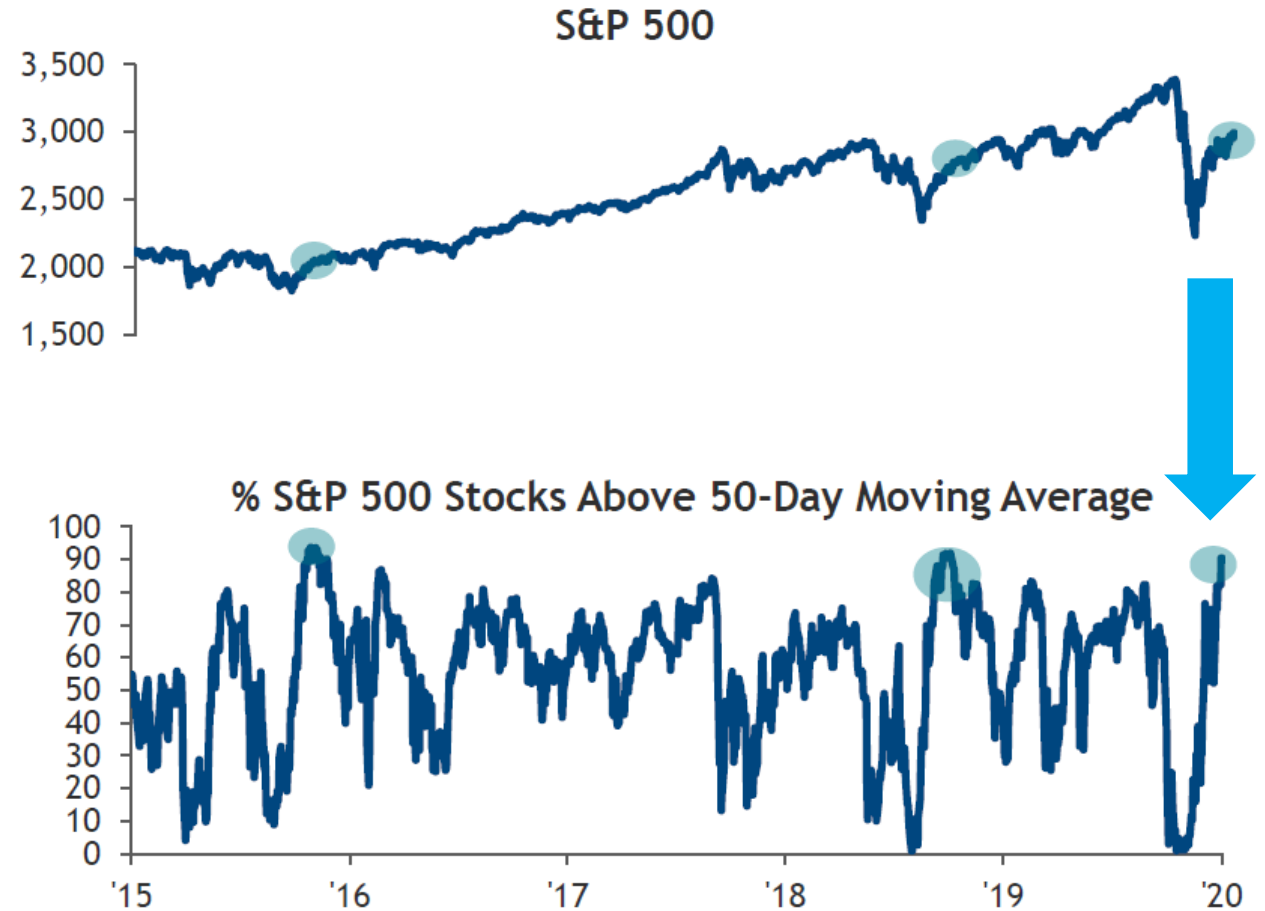
\*PLEASE NOTE THE DIFFERENT DATES  
FOR THE CHARTS

## A Crash Like No Other

Recovery has been far faster than after previous market crashes



THIS IS A TECHNICAL INDICATOR (50-DAY MOVING AVERAGE) THAT HAS A LONG HISTORY OF SHOWING WHEN A RECOVERY AFTER A SHARP DOWNTURN HAS GAINED FORCE AND MOMENTUM. **STOCKS ALMOST NEVER FAIL TO MAKE FURTHER GAINS OVER THE NEXT 12 MONTHS** (BOTTOM CHART)



Past performance does not guarantee future results  
Data Source: SunTrust IAG, FactSet

\* The 50 day-moving average is a security's average closing price over the past 50 trading days. In general, a stock price trading above its 50-day moving average is viewed as a positive sign and denotes a security that is trending higher and vice versa.

THERE IS GENUINE BELIEF THAT THE MARKET CAN GO FURTHER. IT WOULD BE UNWISE TO IGNORE THIS. GENUINE MOMENTUM PUSHING THE MARKET HIGHER.

3MTHS + 3.9%

6MTHS + 8.4%

12MTHS+ 16.4%

S&P 500 Performance After 90% of Stocks Trade Above Their 50-Day Moving Average\*\*

	3-Months Later	6-Months Later	12-Months Later
02/06/91	5.7%	9.1%	15.6%
06/09/97	7.9%	14.0%	29.6%
03/24/98	1.3%	-6.9%	14.7%
11/05/98	9.7%	18.2%	20.8%
05/05/03	6.1%	13.4%	20.8%
11/12/04	1.9%	-1.6%	4.3%
05/04/09	8.8%	17.5%	32.5%
08/03/09	3.3%	10.0%	12.3%
04/01/10	-12.8%	-2.8%	12.0%
10/05/10	9.6%	14.8%	-5.3%
10/24/11	5.7%	10.9%	12.7%
01/18/13	5.1%	14.1%	24.1%
05/15/13	1.6%	6.6%	12.8%
03/16/16	2.2%	4.9%	17.7%
02/15/19	3.0%	4.1%	21.4%
05/26/20	?	?	?
Average	3.9%	8.4%	16.4%
% Positive	93%	90%	93%
Max Gain	9.7%	18.2%	32.5%
Max Loss	-12.8%	-6.9%	-5.3%

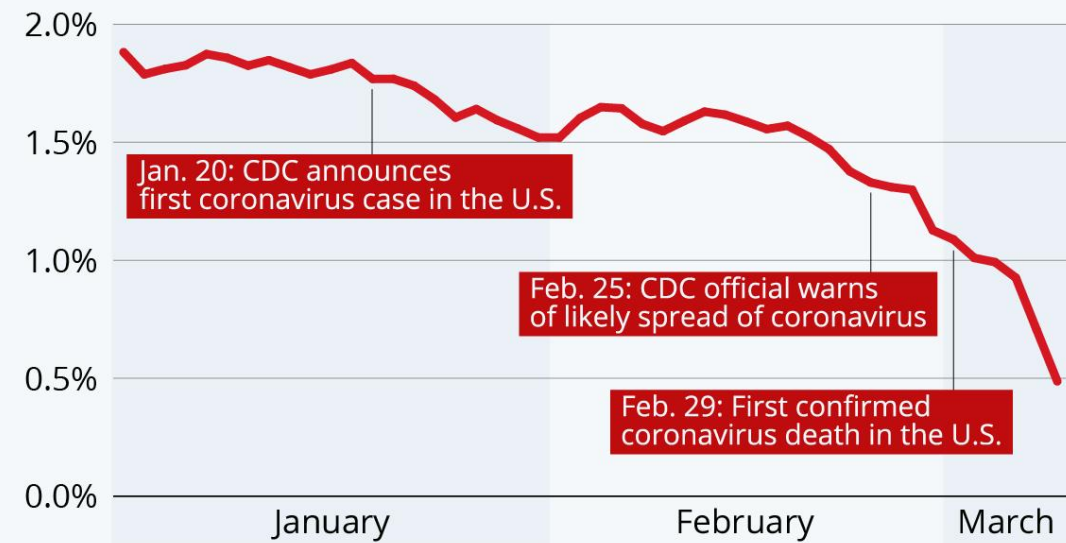


\*\*Only first signal used in each instance (clusters removed).  
 Past performance does not guarantee future results  
 Data Source: FactSet, SunTrust IAG

AS YIELDS RISE, BOND PRICES WILL FALL AND INVESTORS WILL SELL BOND AND BUY EQUITIES.

## 10-Year Treasury Yield Plummet to Record Low

Yield of 10-year U.S. Treasury bonds in 2020



As of March 9, 2020, 10:00 AM EDT  
Source: Yahoo! Finance



COVID-19  
Impact

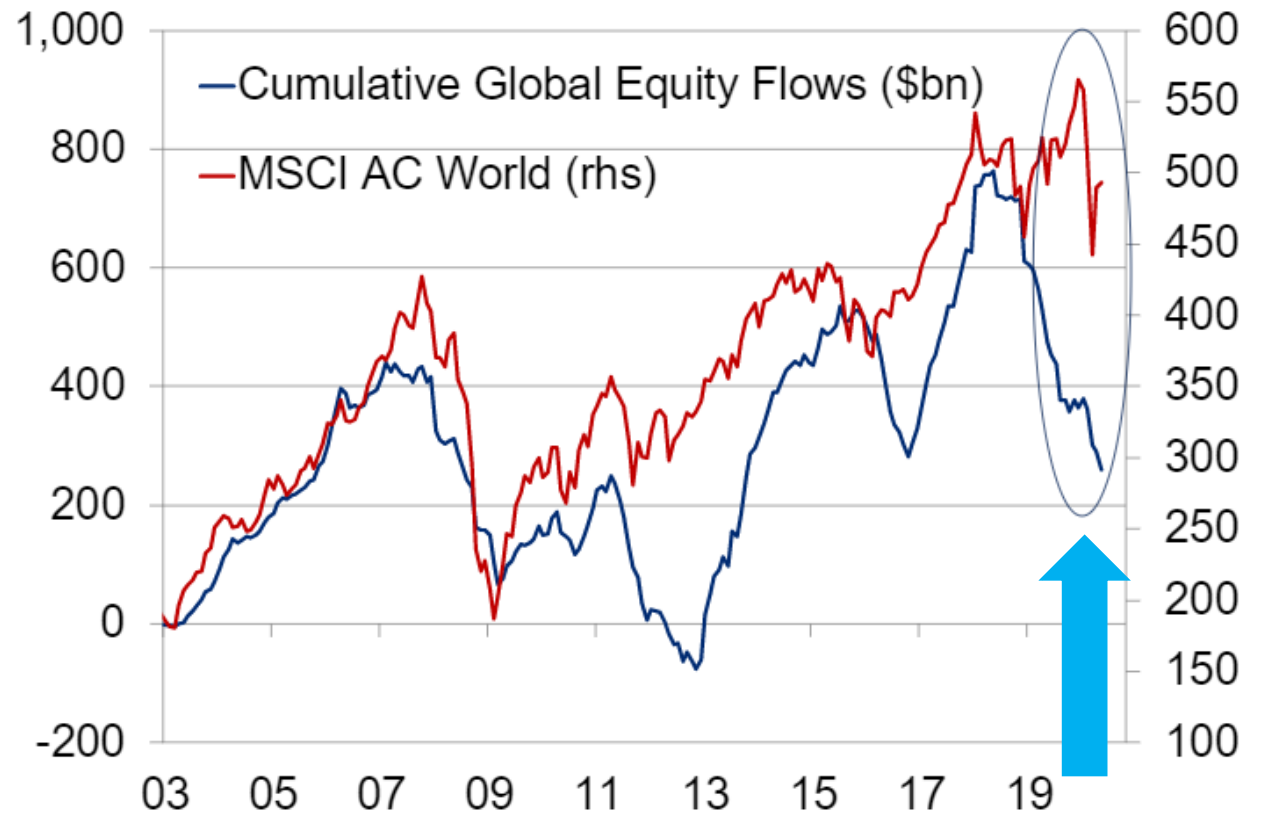
statista



THE STOCK MARKET IS  
REBOUNDED NICELY  
EVEN THOUGH  
CUMULATIVE FLOWS INTO  
EQUITY FUNDS ACROSS  
THE WORLD ARE  
TERRIBLE.

(INVESTORS ARE YET TO  
BUY EQUITIES  
AGGRESSIVELY)

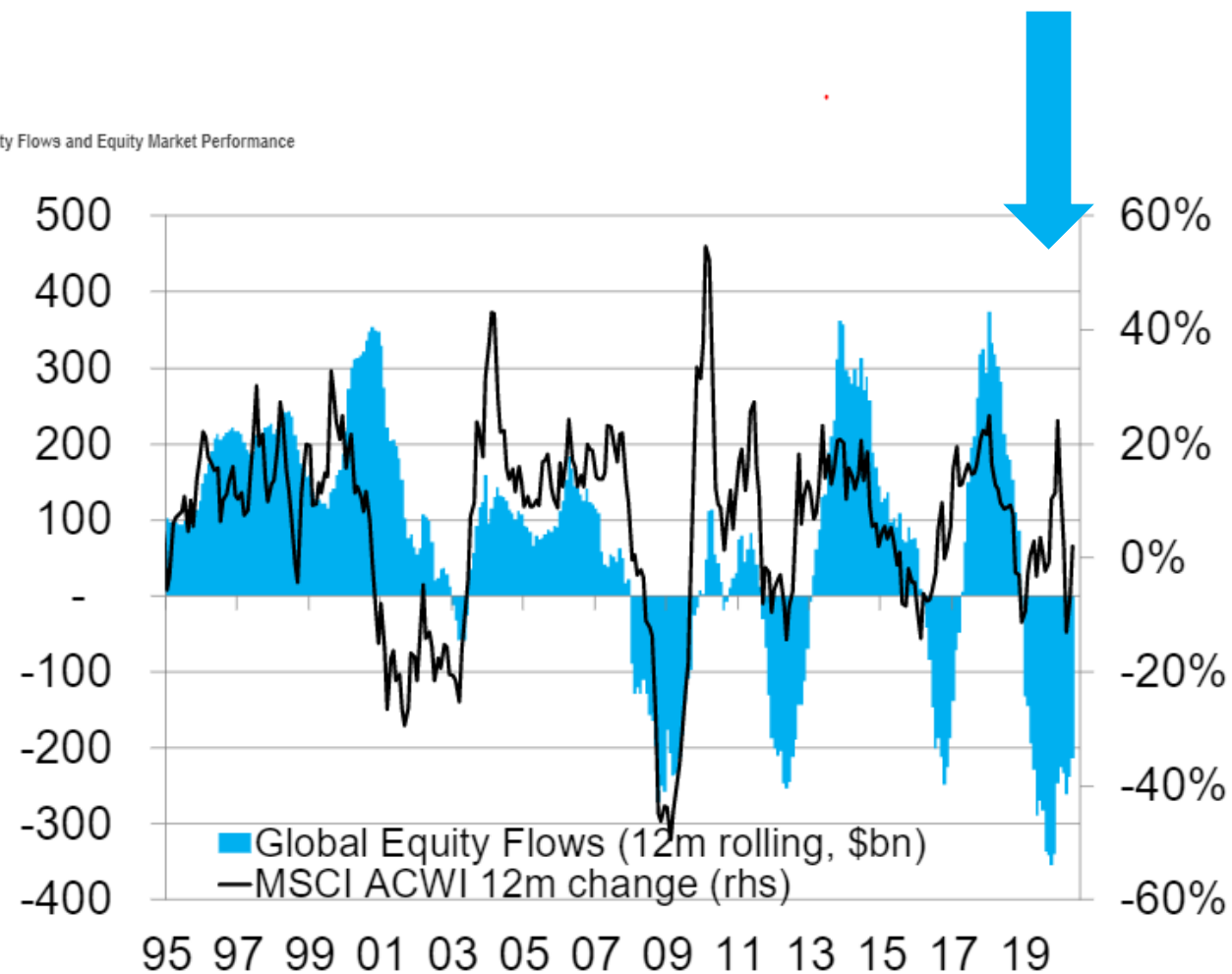
1. Global Equities Rally Despite Continued Outflows, Just Like 2019



Source: Citi Research, EPFR

GENERALLY, RETAIL INVESTORS TEND TO BUY AT THE TOP AND SELL AT THE BOTTOM, AS THE CHART SHOWS. WHAT HAPPENS WHEN RETAIL INVESTORS STARTING BUYING?

18. Global Equity Flows and Equity Market Performance



Source: Citi Research, EPFR

<https://www.bloomberg.com/amp/opinion/articles/2020-05-29/stocks-have-reached-a-tipping-point-as-covid-concerns-fade>

F B

A A P L

A M Z N

N F L X

G O O G L E

B A B A

B I D U

N V D A

T S L A

T W T R

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