



Volume Analysis



# AND NOW IT IS BECOMING REAL

VACCINATIONS HAVE STARTED



# VACCINATIONS HAVE STARTED GLOBALLY

- ✓ **Vaccinations have started Globally** ..... Oxford AstraZaneca Covid vaccine 90% efficacy; Pfizer/BioNTech 95% effective. Moderna vaccine is 94.5% effective.
- ✓ COVID-19 is obviously able to be stopped. When it is the economy will return in a more normal state .... Global equities will continue to appreciate.
- ✓ World Growth Forecast – Will be Revised Up
- ✓ *Record high for the Survey's "Composite Optimism Indicator"*
- ✓ Significant allocations into equities post an election year. This will be more pronounced in 2021 as the COVID-19 vaccine starts to work and the economy continues to improve.

# FIRST SHOTS OF COVID-19 VACCINE HAVE STARTED

## Virus Vaccines Have Started



- ✓ As the vaccine is rolled out more people will be able to go out and spend money on goods and services which will increase the economy's recovery.
- ✓ As more of the vaccine is rolled out this will also increase investors confidence in the market.

IT WON'T BE  
THIS GOOD BUT  
IT IS BETTER  
THAN WHERE  
WE HAVE BEEN

## Probability Surveys Are at Records Highs

- **record high for the Survey's "Composite Optimism Indicator"**
- **record probability of a stronger business cycle**
- record (low) probability that US unemployment will be higher
- record probability that US IG Credit will beat Treasuries
- record probability that US HY Credit will beat IG Credit
- record probability that EM hard-currency bonds will beat HY
- **record probability that Global Equities will be higher**
- **record probability that Global Earnings will be higher**
- record (low) probability of a 20% drawdown in US equities
- record (low) probability that the USD will appreciate
- record probability that stocks will beat bonds
- record probability that Value will outperform Growth
- record probability that Cyclical will outperform Defensives
- record probability the EM equities will beat DM equities

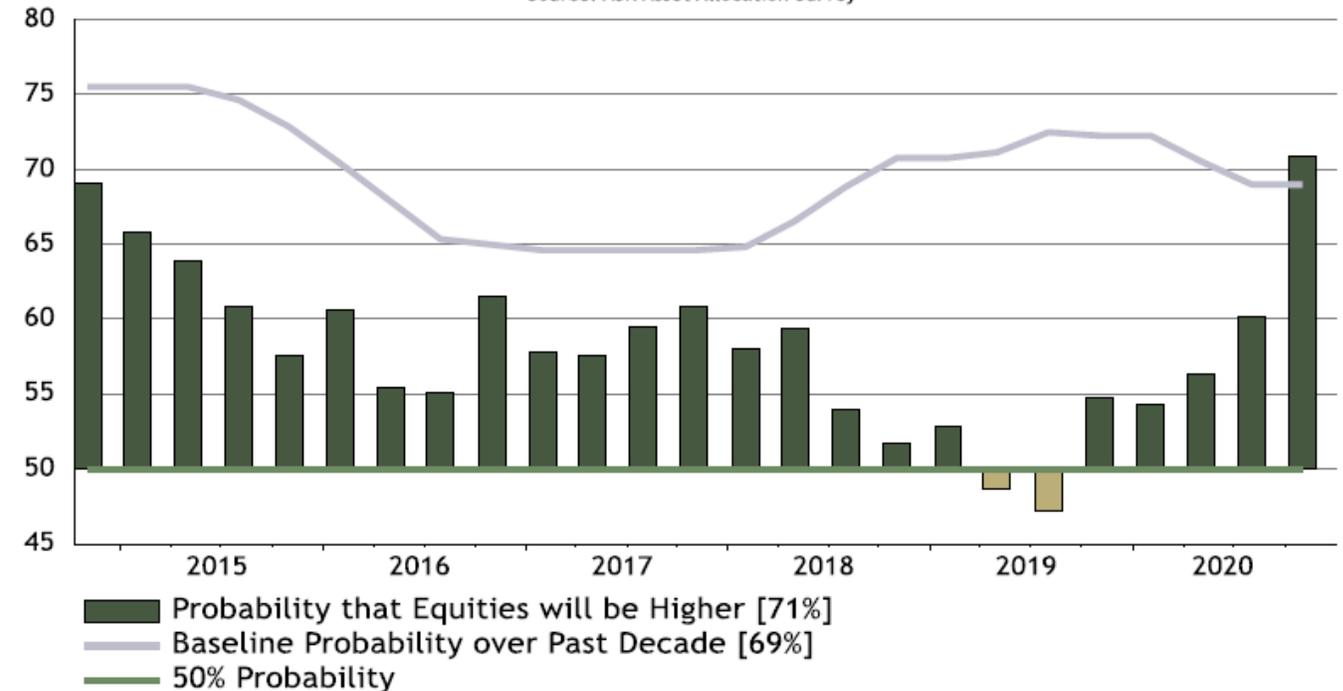
PROBABILITY  
THAT GLOBAL  
EQUITIES WILL BE  
HIGHER IN 12M  
TIME

## Odds are Equities Will Increase

### AAS.17: Probability that Global Equities will be Higher in 12m Time

Probability that Global Equities will be Higher a Year from Now

Source: ASR Asset Allocation Survey



- ✓ Probability that equities will be higher in 12 months time is on the up.
- ✓ This will increase investors confidence and is an indicator that now is a good time to invest.

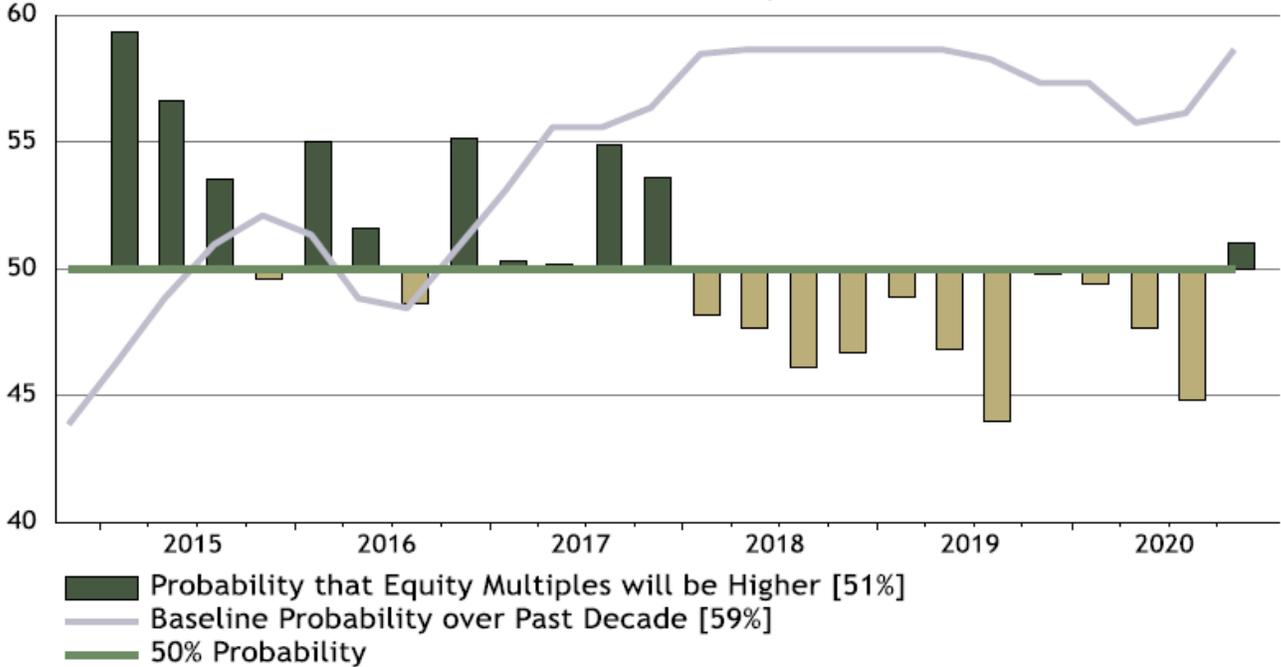
PROBABILITY  
THAT GLOBAL  
EQUITY PEs ARE  
HIGHER IN 12M  
TIME

PE Multiples to Increase Over the Next 12 Months

**AAS.19: Probability that Global Equity PEs are Higher in 12m Time**

Probability that Global Equity Multiples will be Higher a Year from Now

ASR Asset Allocation Survey



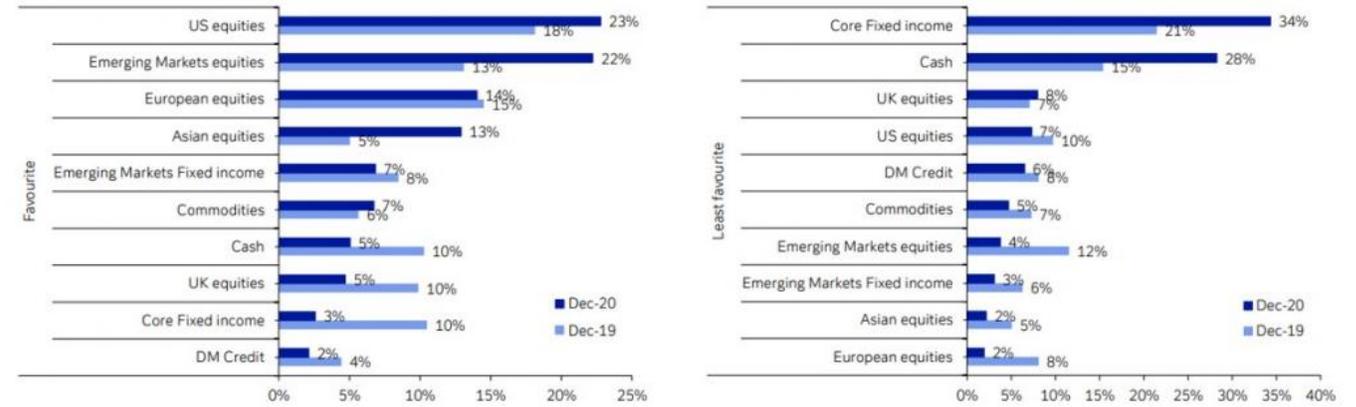
Source: ASR Ltd. / Refinitiv Datastream

✓ A rise in price to earnings multiples will improve market valuations.

# FAVOURITE (LEFT) AND LEAST FAVOURITE (RIGHT) ASSET CLASS FOR 2021

## U.S. Equities Are The Most Favoured Investment.

Figure 1: From the list provided below, please select your favourite (left) and least favourite (right) asset class for 2021



Source : dbDIG Survey, Deutsche Bank Research

- ✓ With U.S. Equities being the most favoured investment type, this will increase demand which will drive up share prices leading to higher returns on investment.

## Tech Company's Will Adjust

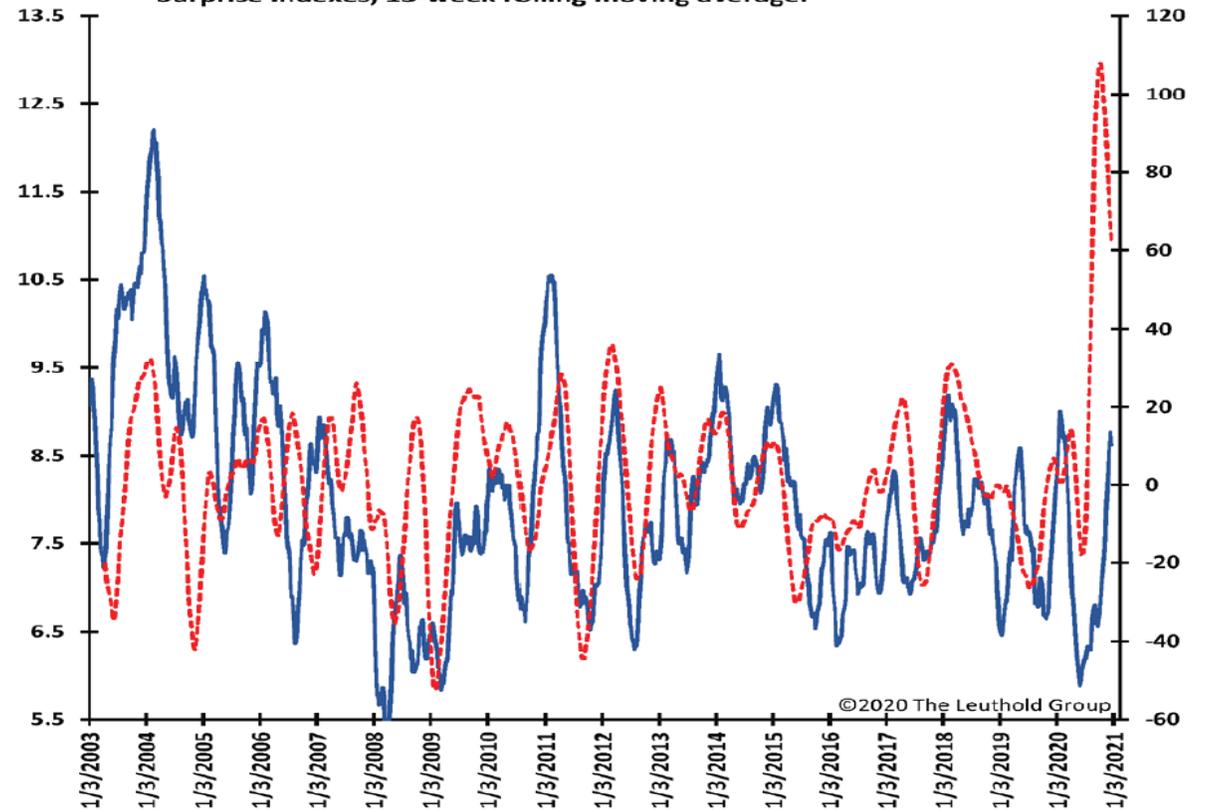
EU RULES ARE  
MOSTLY VALID  
(THEY HAD TO  
MAKE THE FINE  
SEEM SO LARGE TO  
GET ATTENTION)  
THE CONCLUSION IS  
THAT TECH  
COMPANIES WILL  
ADJUST BUT THEY  
AREN'T GOING  
AWAY



## Market to Follow Economy

### Investor SENTIMENT and Economic SURPRISES

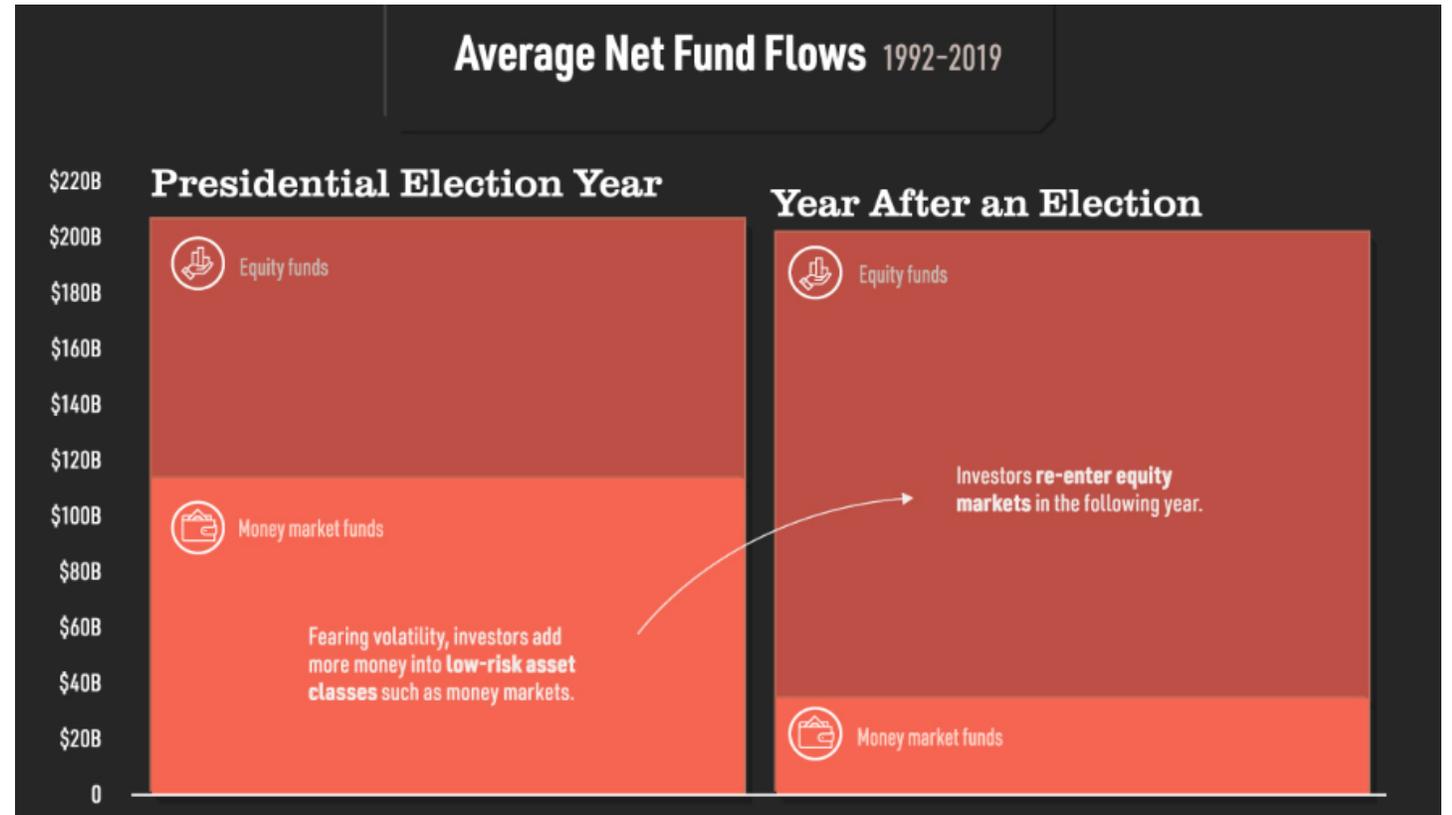
- Blue (left): Geo-weighted average of the U.S. Call/Put Ratio and AAll Bull less Bears Indicator, 13-week rolling moving average.
- - - Dotted Red (right): Average of Citi's and Bloomberg's U.S. Economic Surprise Indexes, 13-week rolling moving average.



IMPROVEMENT IN  
TRADER  
SENTIMENT  
MEASURES STILL  
LAG ALONG WAY  
BEHIND THE  
SURPRISE  
IMPROVEMENT IN  
THE ECONOMIC  
OUTLOOK

## As Volatility Decreases People Move Back To Equity Funds

AVERAGE NET  
FUND FLOWS  
1992-2019  
INVESTORS RE-  
ENTER EQUITY  
MARKETS IN  
THE  
FOLLOWING  
YEAR



- ✓ This inflow into equities will only push prices higher. Investing now will be more beneficial.
- ✓ With effective Covid-19 vaccines being announced confidence will quickly return to the economy and consequently, the markets.

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