



# IS IT TIME TO RE-ENTER THE STOCK MARKET?

# Is it time to take the plunge?

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- The bull case
- The Virus
- Central Banks
- Government Stimulus
- Pent Up Demand
- Timing/Rebalancing
- How to invest



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# The Bull Case:

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- **The Virus:** Cases falling in many countries, virus getting under control, hopeful signs in vaccines, cures
- **Central Banks:** Don't fight the Fed. Central banks are buying bonds, probably equities next
- **Government Stimulus:** largest stimulus ever globally
- **Pent up demand:** from people sitting at home, saving money, V-shaped recovery
- **Timing/Rebalancing:** Stock markets down 25%, bonds up, time to take advantage and rotate



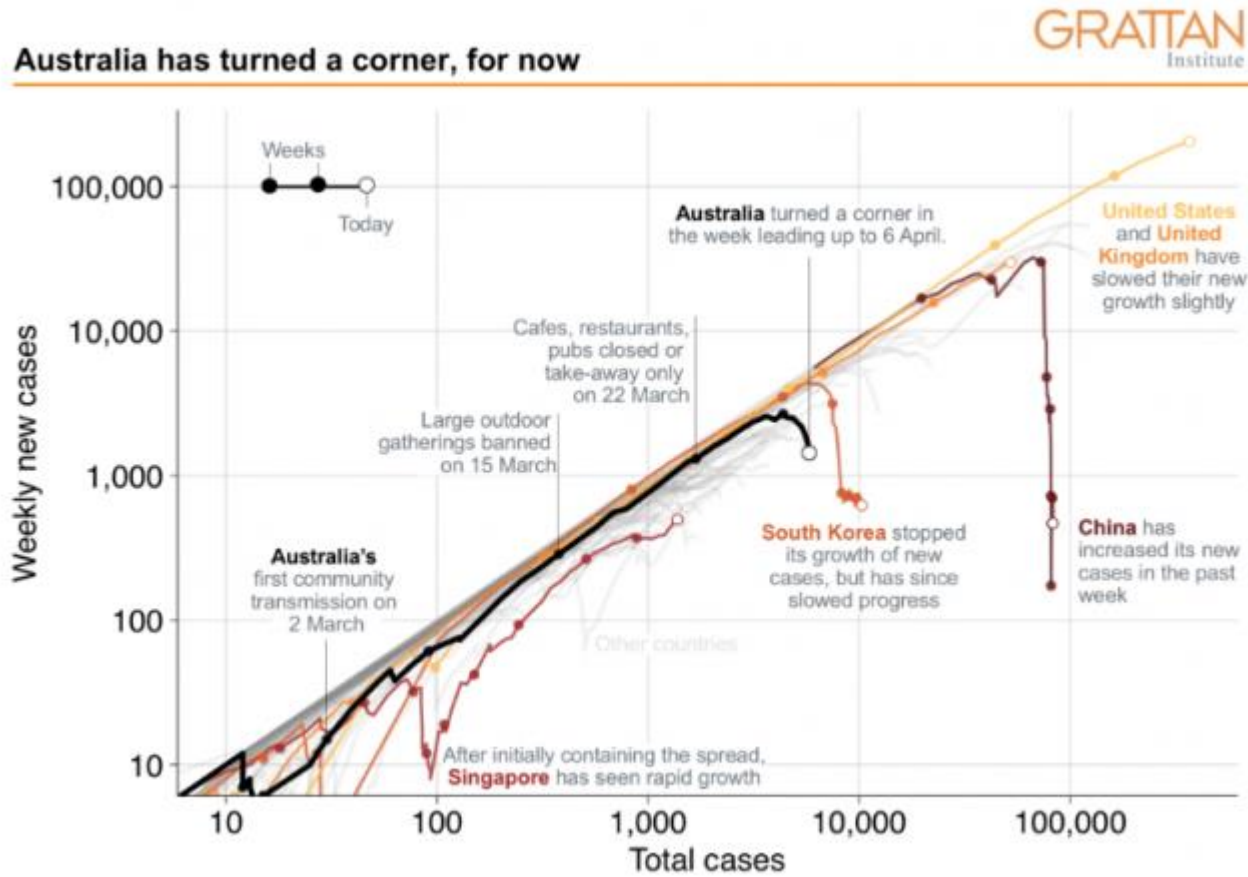
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# The Virus:

## Turning the corner?



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# The Virus: It is not the virus. The virus is the pin.

## United States: Corporate Debt-to-GDP

(percent)



### Notes:

Shaded regions represent periods of U.S. recession

Source: Haver Analytics, Gluskin Sheff



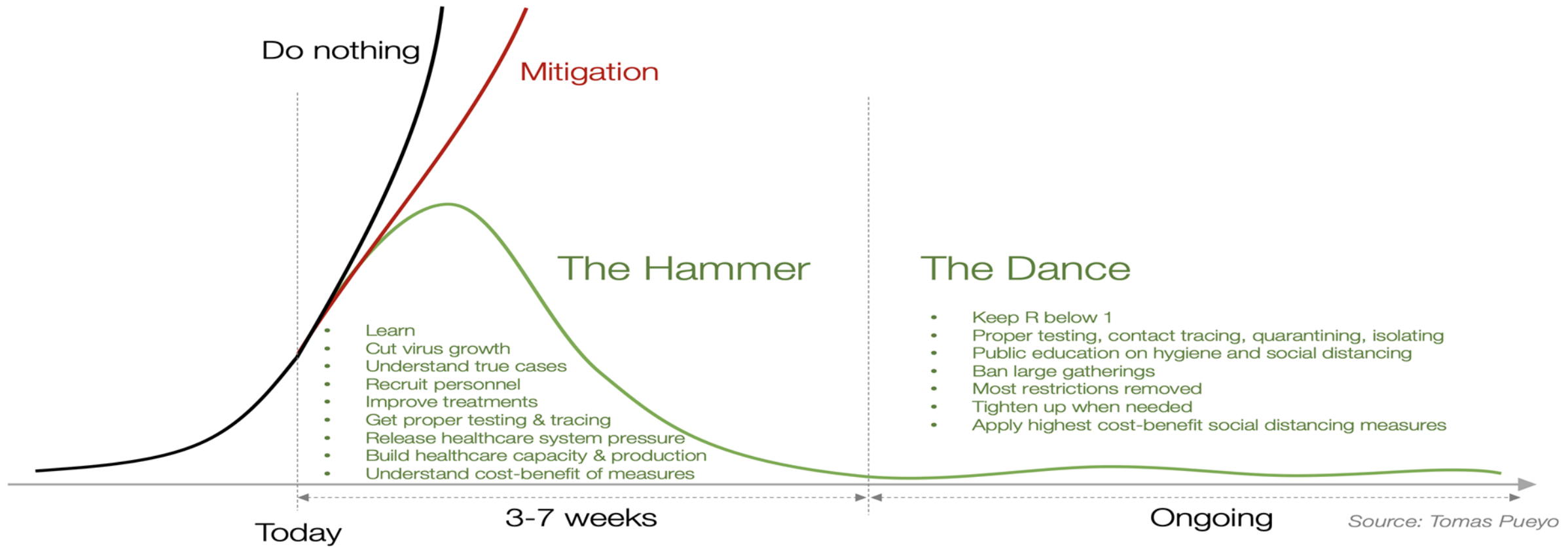
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# The Virus: The hammer and the dance

Chart 13: Suppression vs. Mitigation vs. Do Nothing — early on



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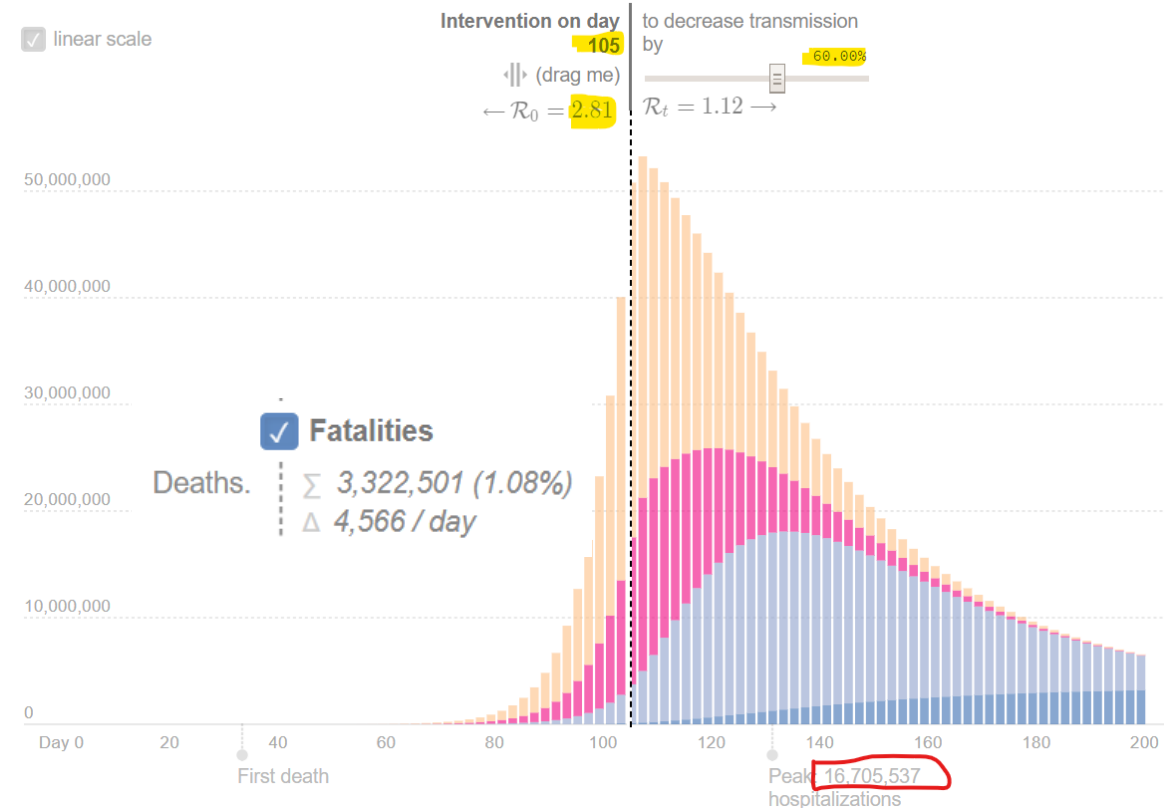
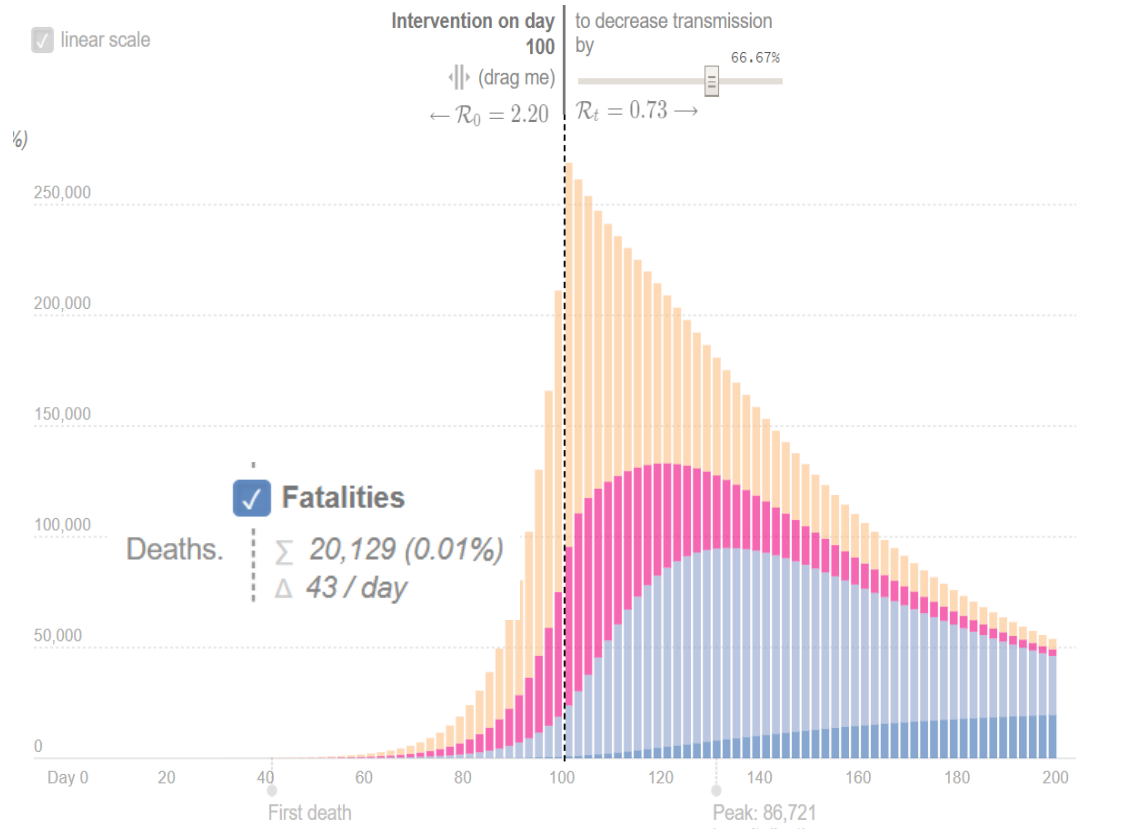
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# The Virus: Forecasting. Do you have a monkey and dartboard handy?



<http://gabgoh.github.io/COVID/index.html>



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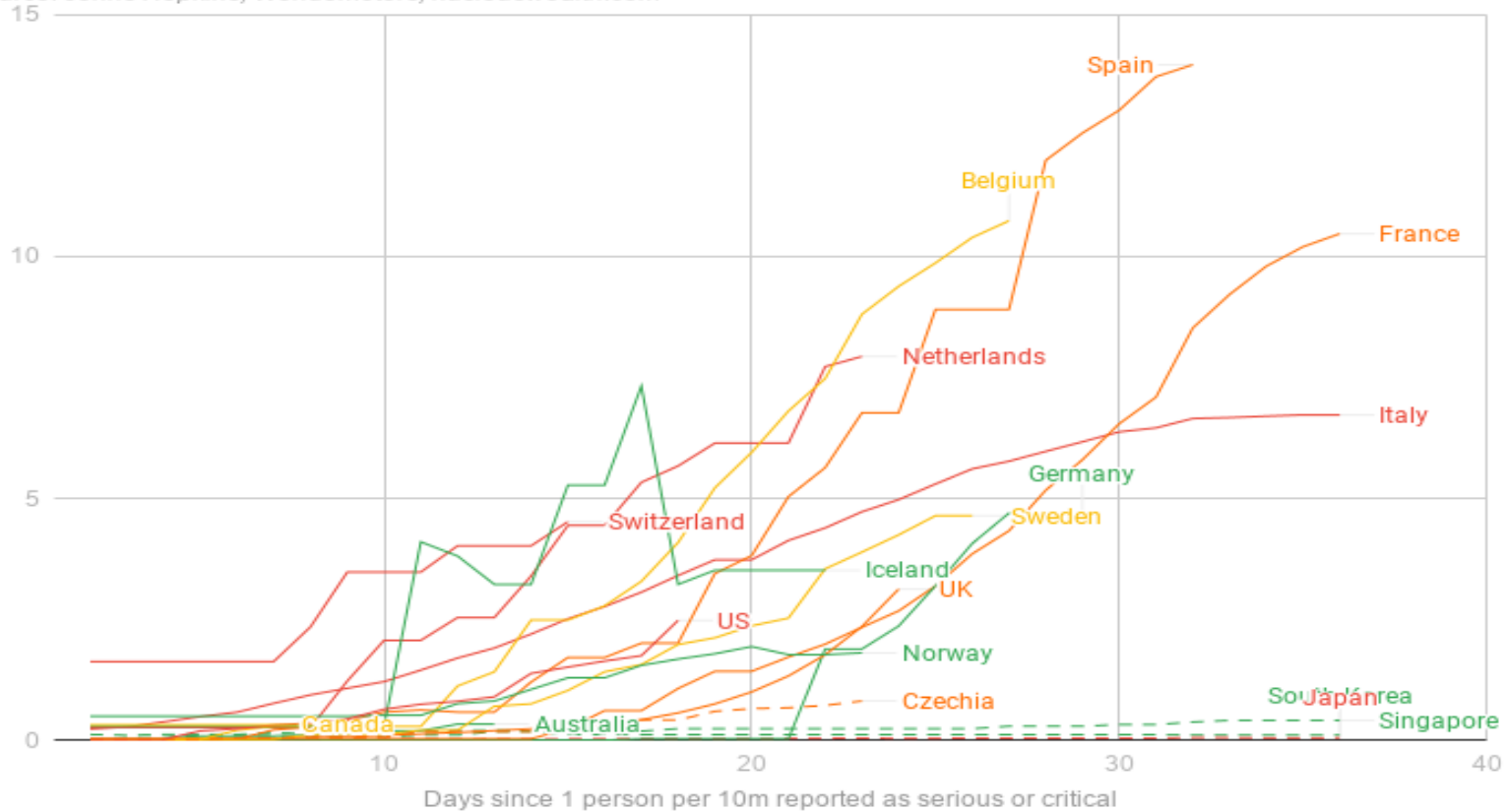




# The Virus: It is all about the hospital system

## Serious/Critical Coronavirus Cases (per 100,000 Population)

Source: Johns Hopkins, Worldometers, nucleuswealth.com



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# The Virus: Things you can forecast

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- **Lockdowns work:** If they don't slow the virus enough then stricter ones will. i.e. calibrating the hammer
- **Facemasks work:** Countries with broad use doing better
- **Summer beats Winter:** But complacency overwhelms any benefit
- **Opening up needs to be measured:** too fast creates more cases. i.e. calibrating the dance
- **It is all about the hospital system:** Not overwhelming is the key measure

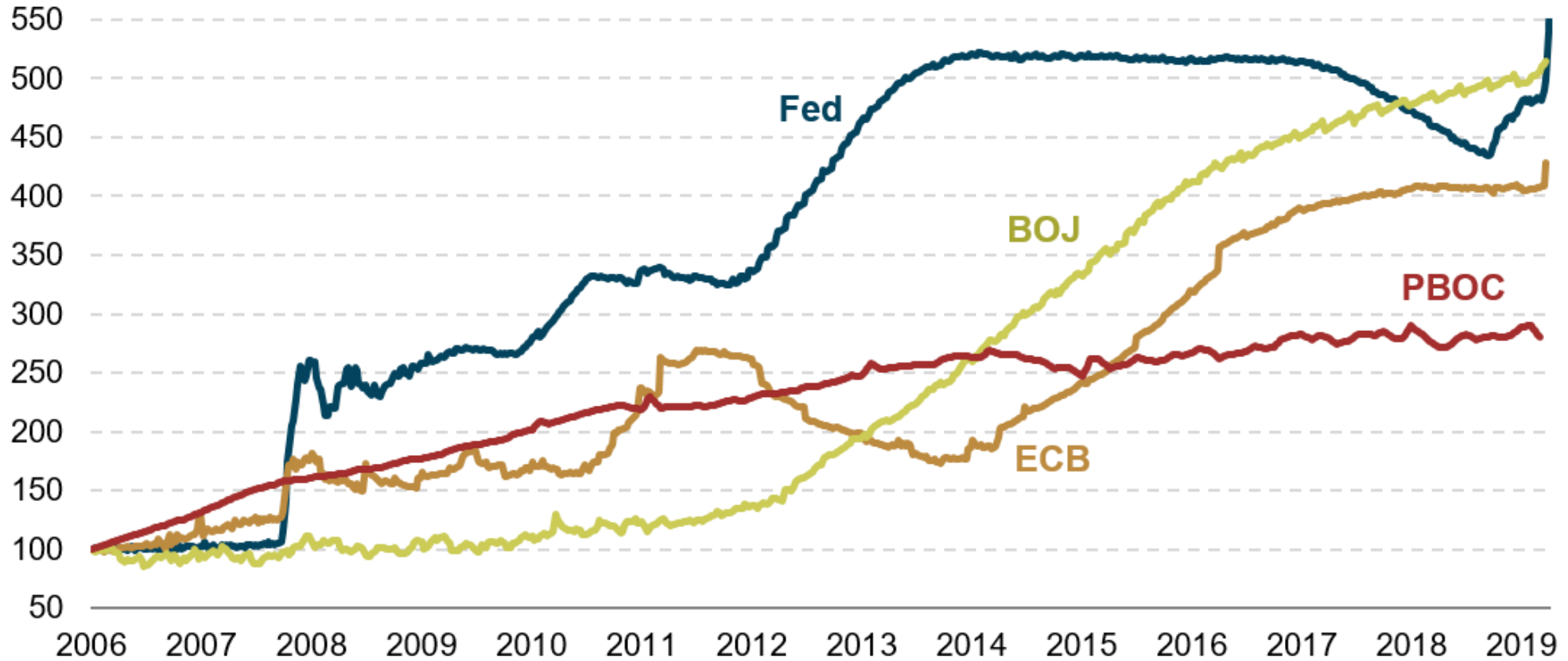


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# Central Banks: Don't fight the Fed. But liquidity ≠ solvency.



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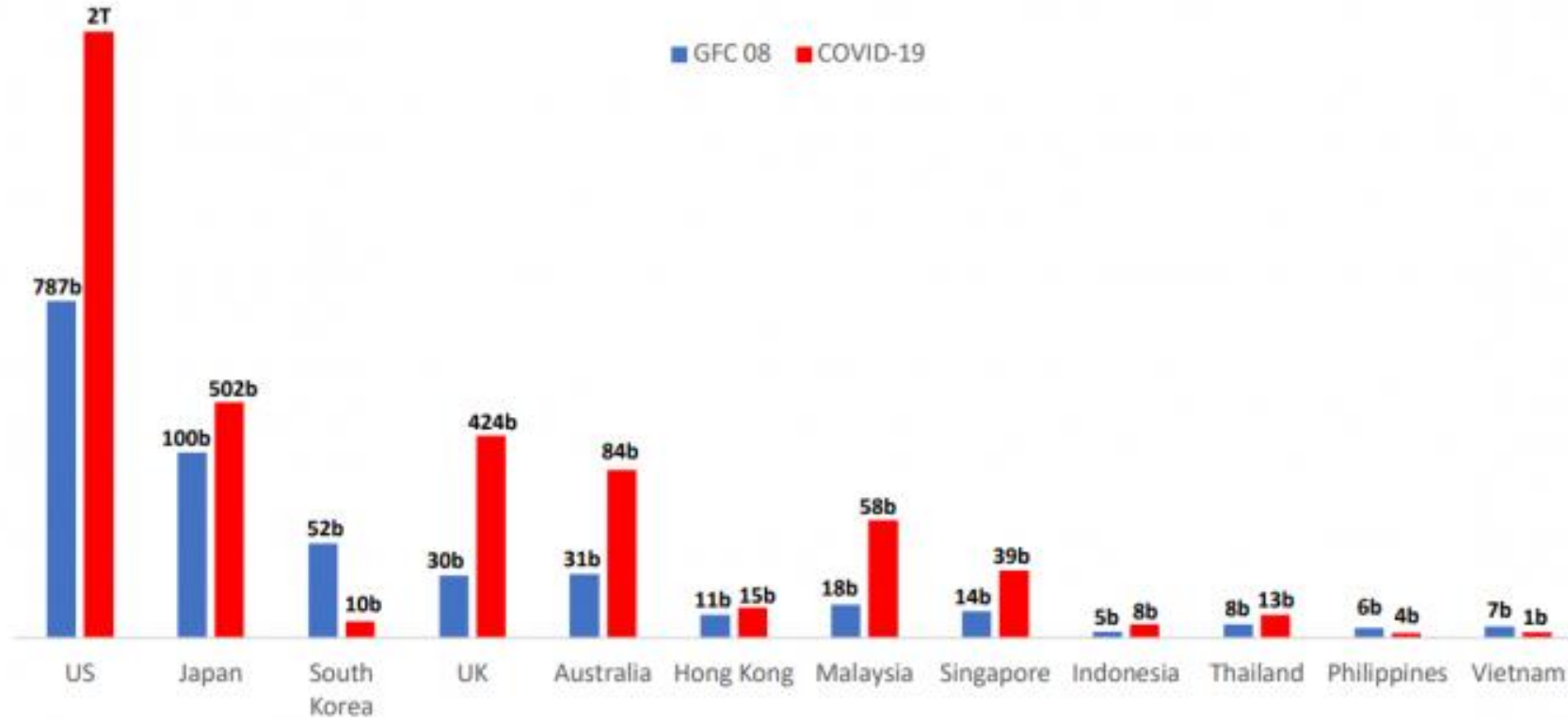


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# Government Stimulus: It is not stimulus. It is support.

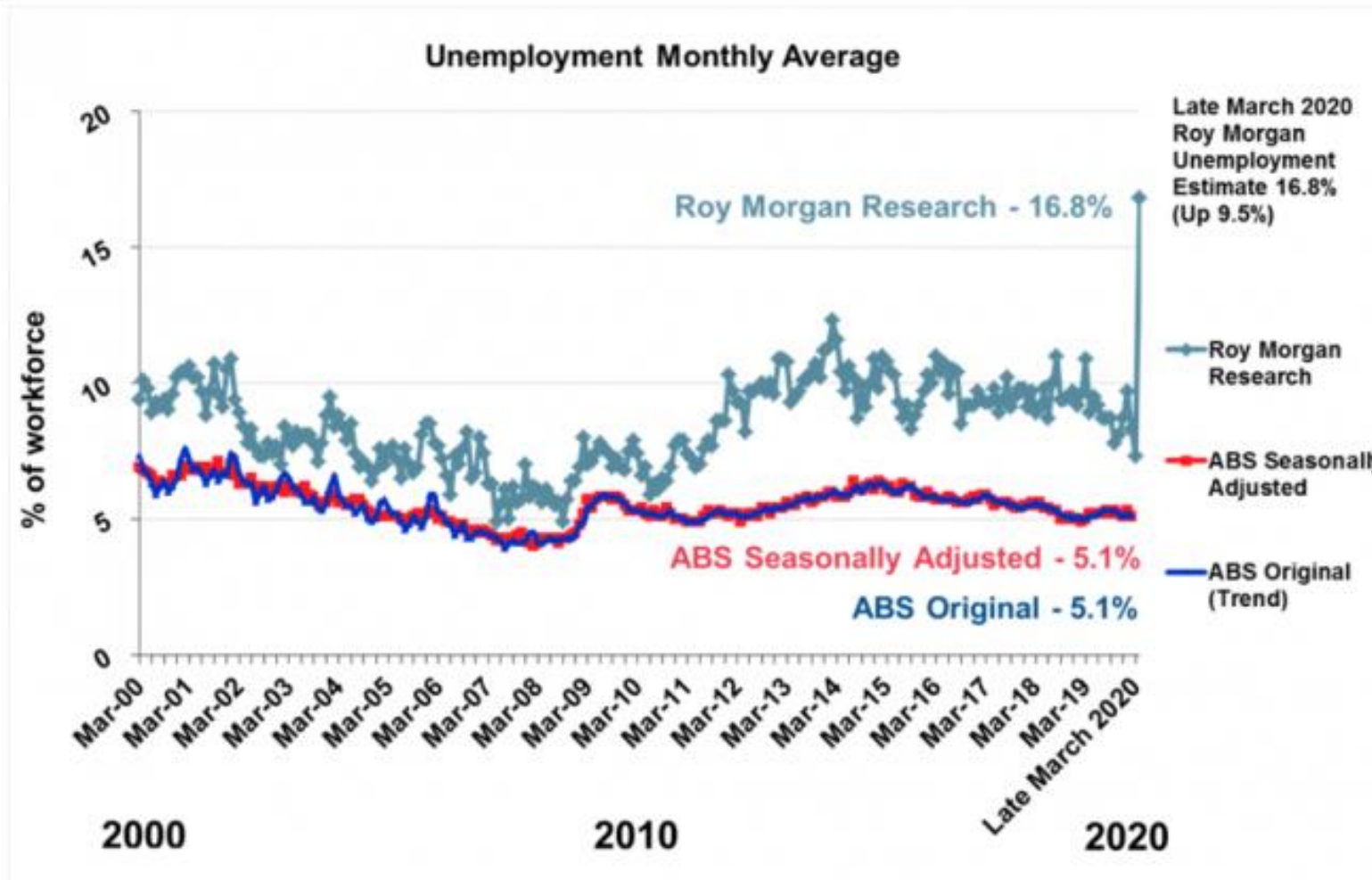


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# Pent up demand: Are winners > losers?

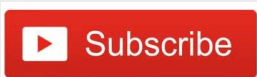


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# How to invest: Stock Markets not Cheap



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# How to invest: Slowly

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- Bear markets have significant rallies
- Economic effects haven't really hit yet
- Will governments own everything by the end?
- There will be false starts – we are unlikely to wake up one day and ring the bell to go all in
- Likely investments are in countries doing better: Singapore, Denmark, Hong Kong
- There are investments in countries that do the worst which will require timing: US, UK



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