



QUANTIFYING THE BUBBLE

Agenda

- What creates a bubble
- Retail Investors
- Investors switching asset classes
- Lending



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What creates a bubble:

Montier suggests 4 main flavours of bubble

1. Fad or mania
2. Intrinsic
3. Near rational / greater fool
4. Informational



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What creates a bubble:

New money

- New investors
- Increased gearing
- Derivatives
- Investors switching asset classes



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New Investors:

How big are we talking?

- US 17m accounts (19m in 2001 Tech boom)
- Robinhood added 3m account this year
- Top 4 brokers about another 3m
- Double counting in those numbers
- Australia: 140k new + 140k reactivated in 6 weeks



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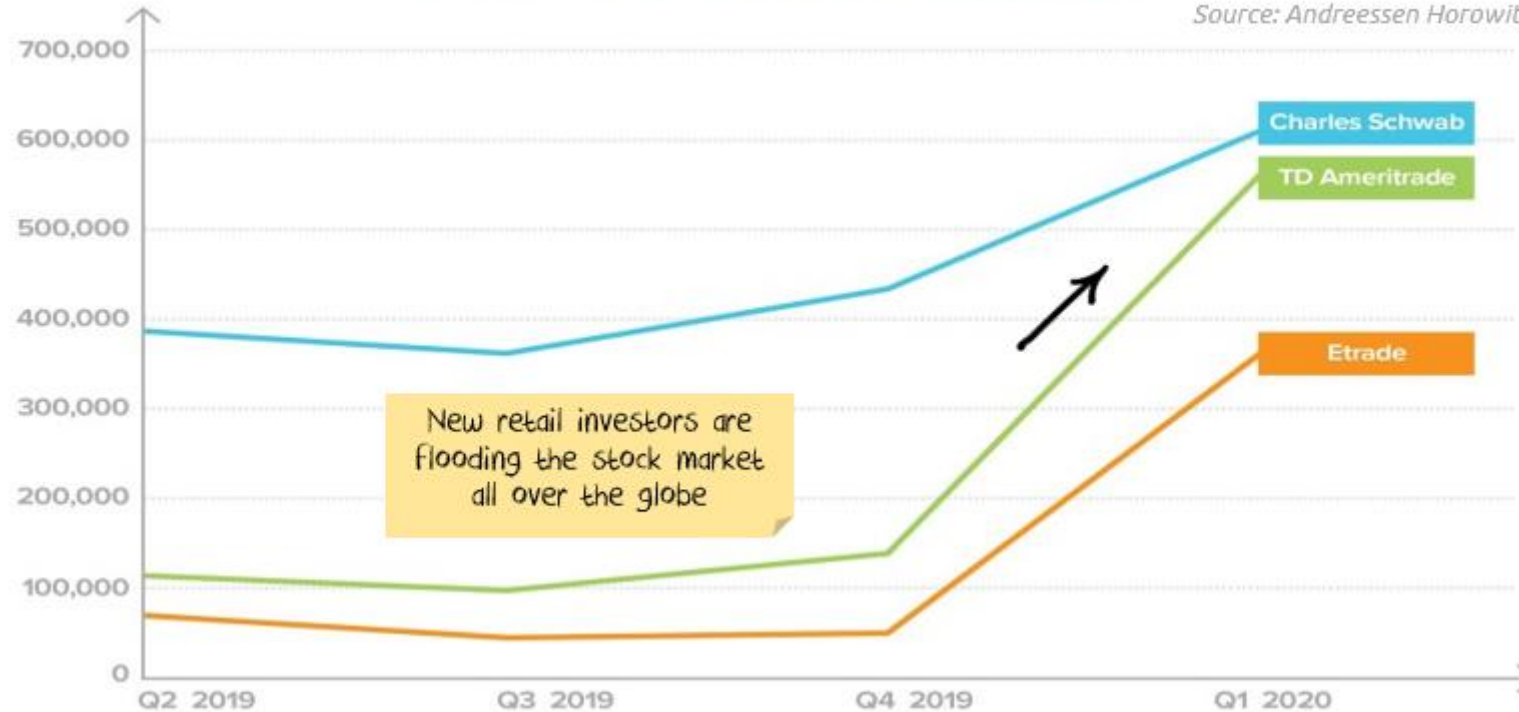


New Investors:

Momentum traders, robots and retail traders

New Brokerage Accounts

Source: Andreessen Horowitz



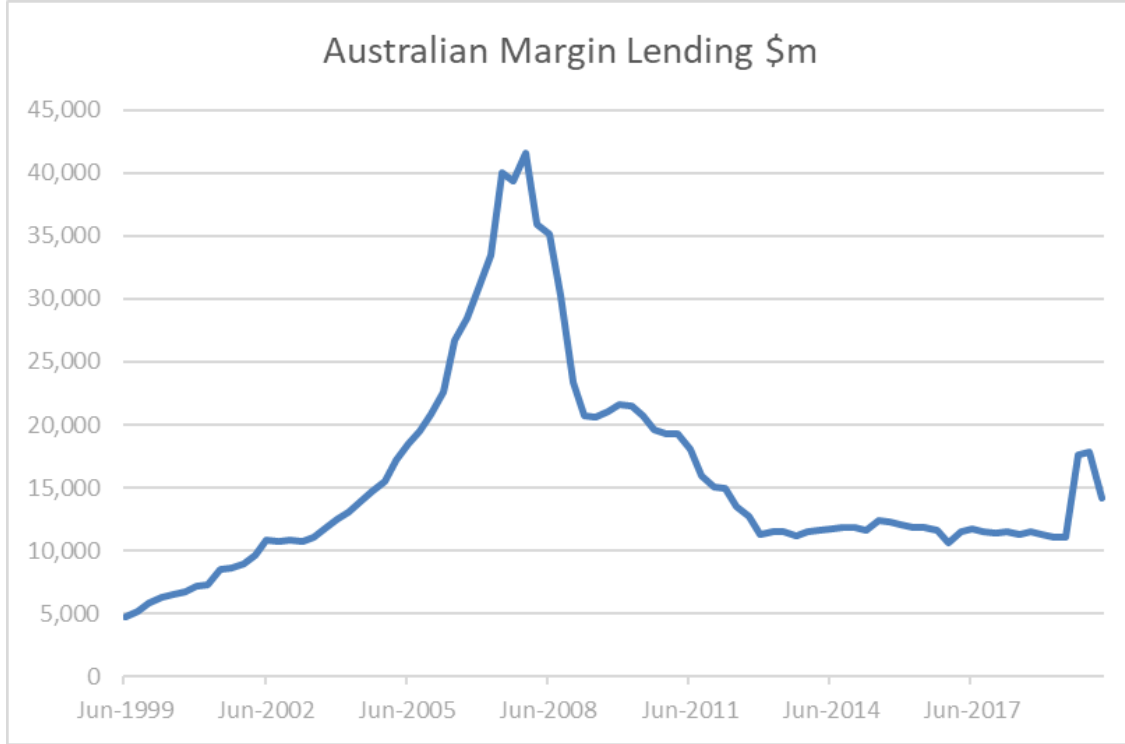
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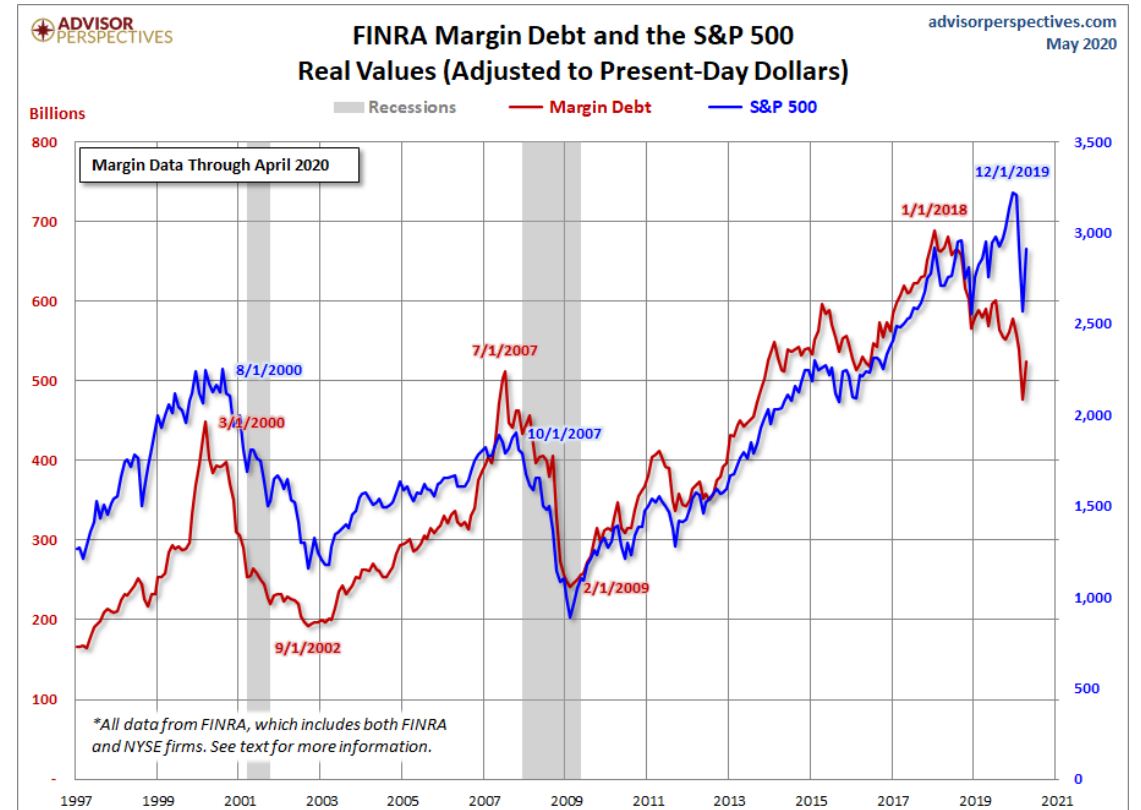


Increased gearing:

Not really an issue



Source: RBA

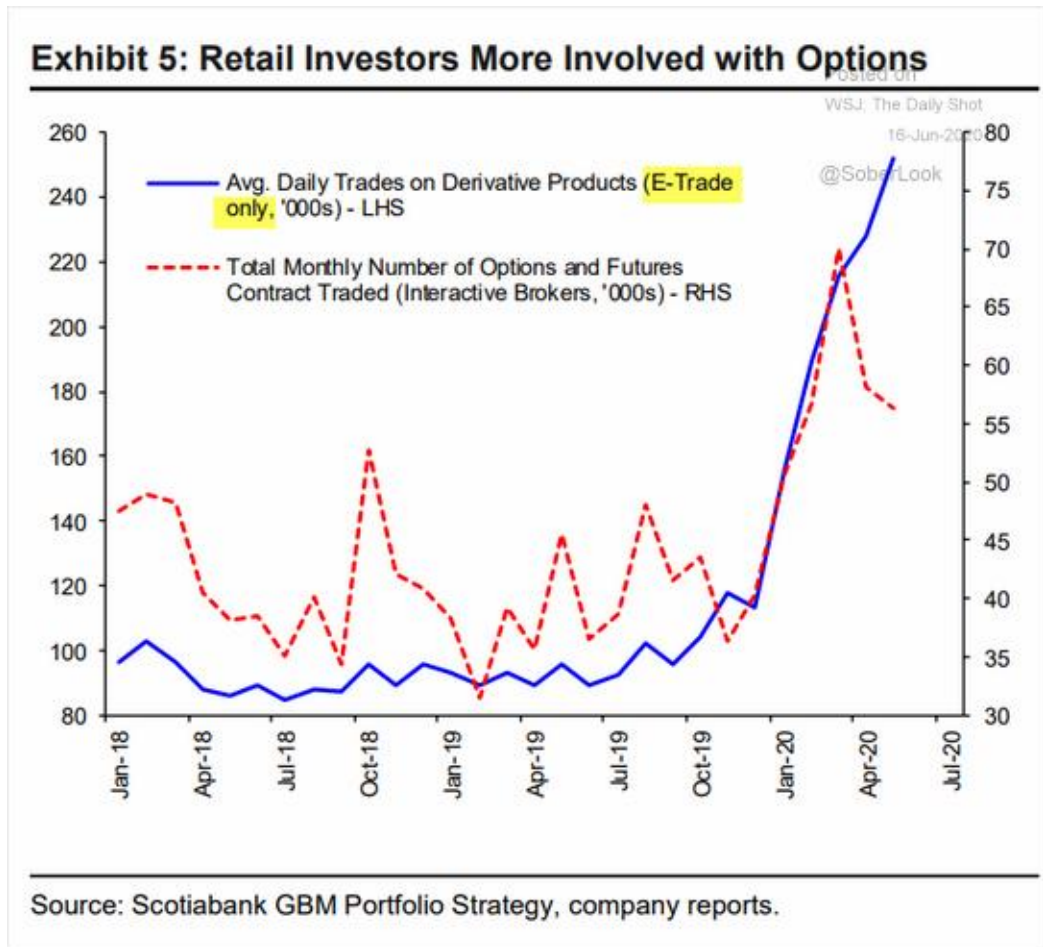
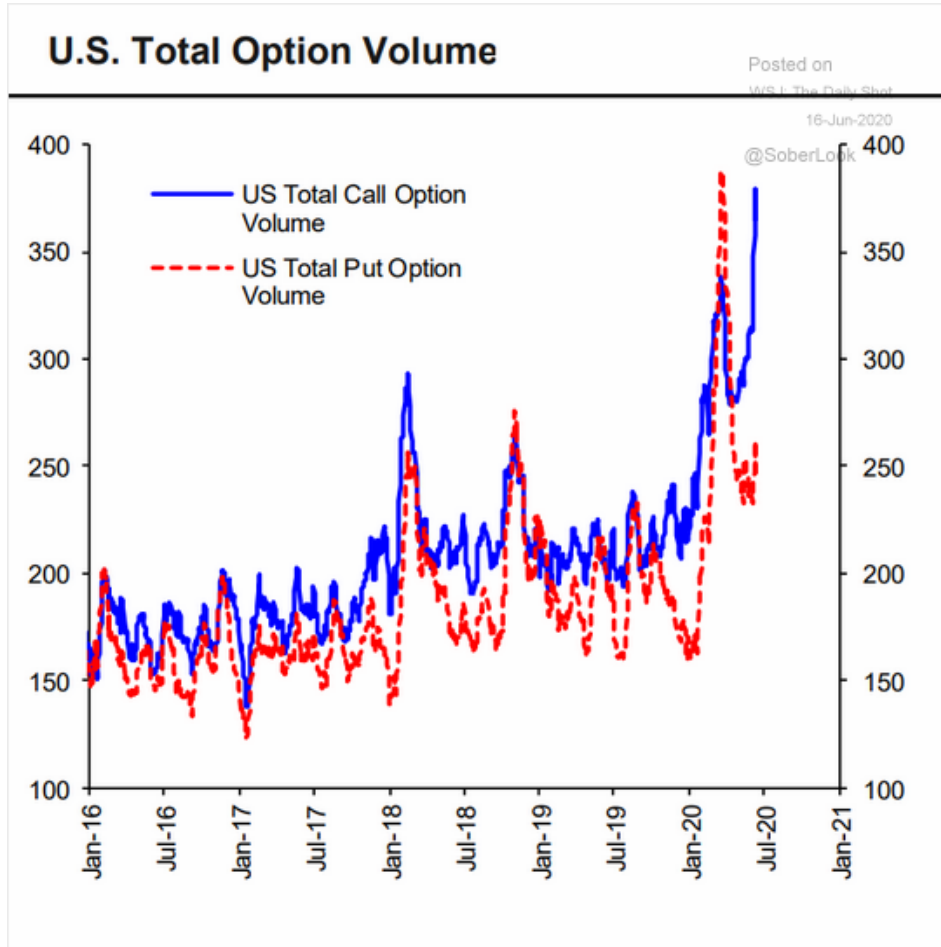


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Derivatives: Betting on upside



Source: Scotiabank GBM Portfolio Strategy, company reports.



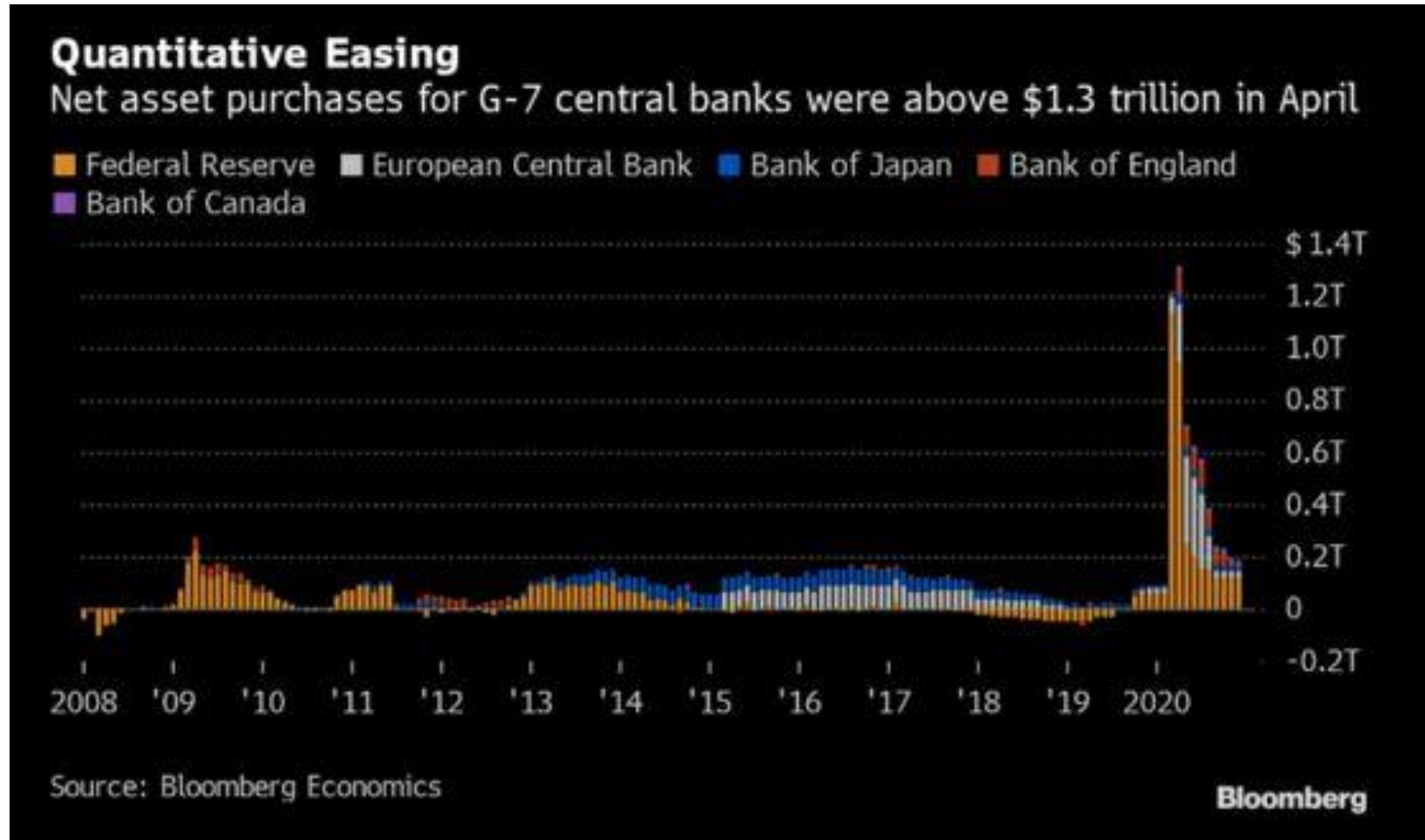
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Investors switching asset classes:

Central Bank Printing



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Investors switching asset classes:

Talking the talk

Exhibit 2: Equity over-valuation composite Indicator



Source: BofA Global Fund Manager Survey, Bloomberg



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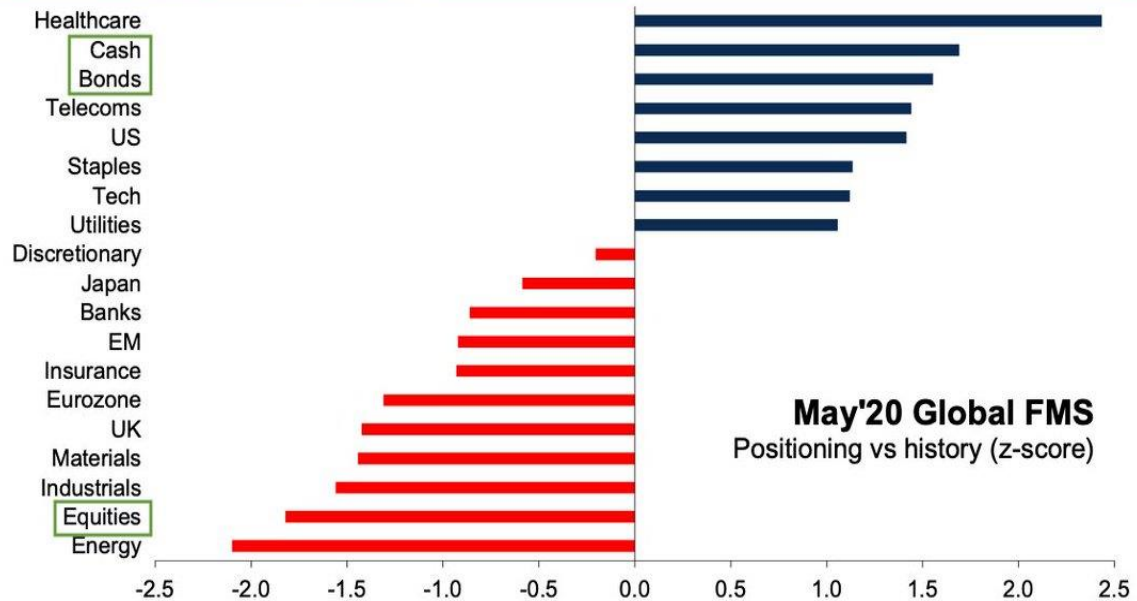
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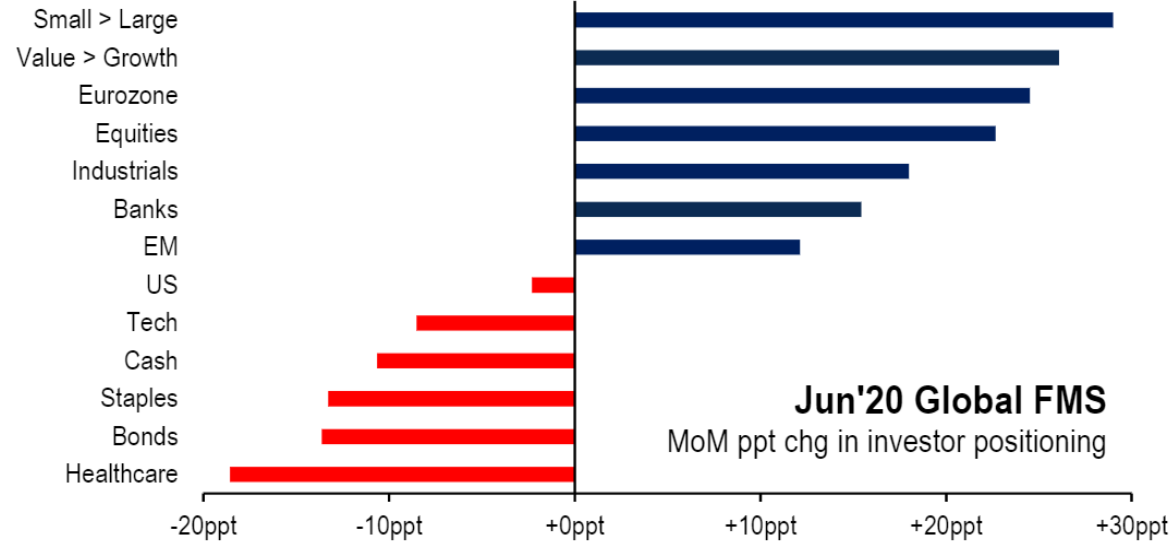
Investors switching asset classes:

Not walking the walk

Exhibit 5: FMS positioning vs. history



Source: BofA Global Fund Manager Survey



Source: BofA Global Fund Manager Survey



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Coming up

Nucleus Investment Insights : Kevin Muir (The Macro Tourist)

Nucleus Wealth Live Webinar page

Next Thursday
25/06 12:30pm AEDT



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