



THE ROAD TO ECONOMIC HELL PAVED WITH GOOD INTENTIONS

Agenda

- What does a new normal look like?
- What does an earnings recovery look like?
- What valuation should you pay?
- Investment Outlook



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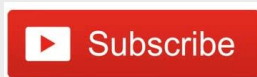
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What does a new normal look like?

Market Reactions

- Markets stay elevated despite bad Q3 earnings
- Markets stay elevated despite Biden reaching 75% probability of winning (betting)
- Markets stay elevated despite Biden winning
- Markets stay elevated despite 2nd/3rd wave in Northern autumn



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What does a new normal look like?

Monetary Policy

- ~~Short term “whatever it takes” from central banks~~
- Negative interest rates
- Central banks buying equities
- Outright MMT, printing money for real economy



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What does a new normal look like?

Fiscal Policy

- ~~Short term “whatever it takes” from governments~~
- Rules around insolvencies
- “Forever” elevated unemployment benefits / Universal Basic Income
- Tax cuts vs stimulus
- Targeting Demand vs Supply
- Targeting Debt vs Equity
- Bank recapitalisation
- Good bank / bad bank (pre-emptive?)
- Bank Nationalisation



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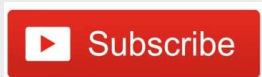
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What does a new normal look like?

Disease

- Cure
- Vaccine
- Forever



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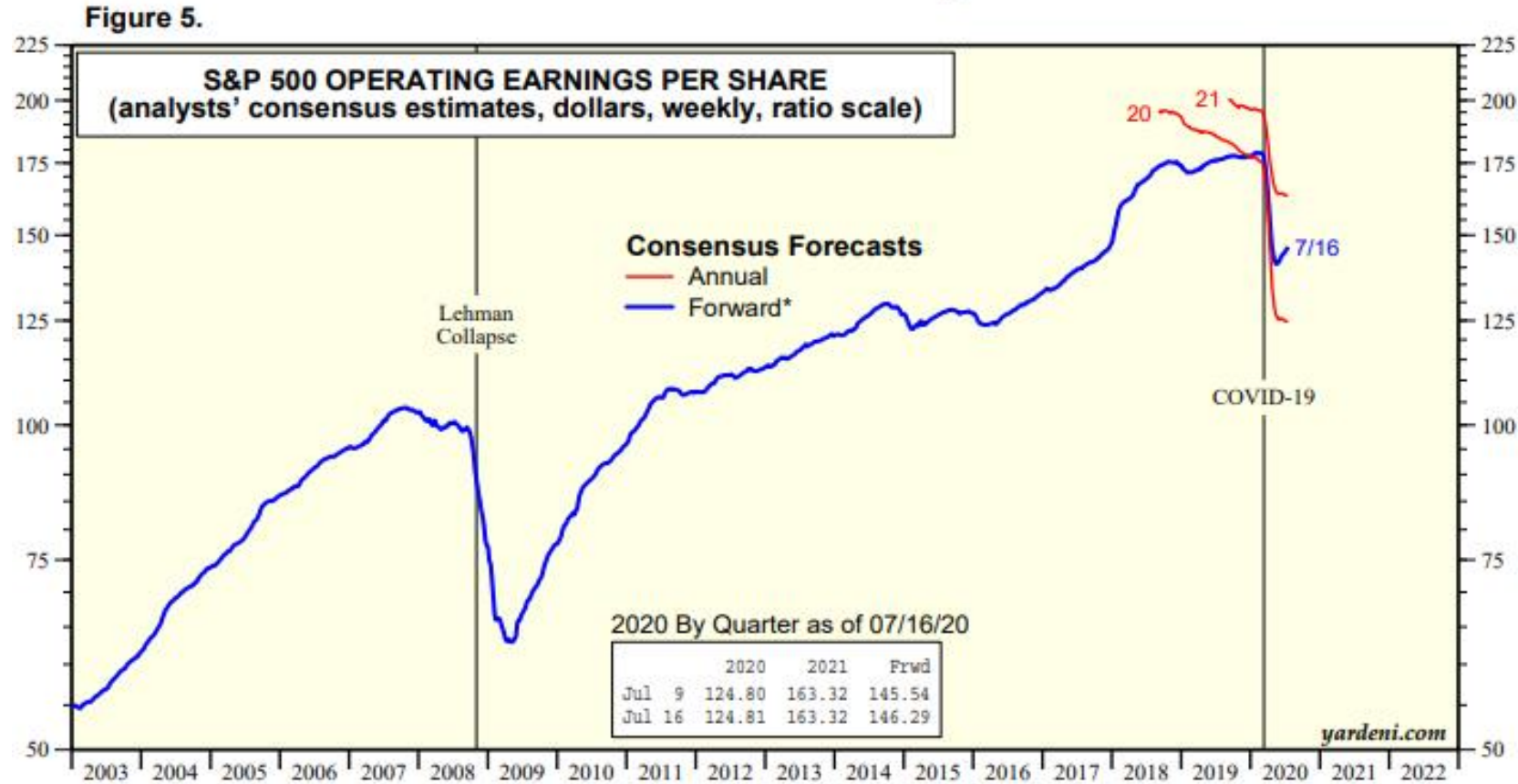
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What does an earnings recovery look like?

Measuring vs 2019 levels



* Time-weighted average of consensus estimates for current year and next year.
Note: Lehman collapsed 9/15/2008. COVID-19 = WHO declares global pandemic on 3/11/2020.
Source: I/B/E/S data by Refinitiv.



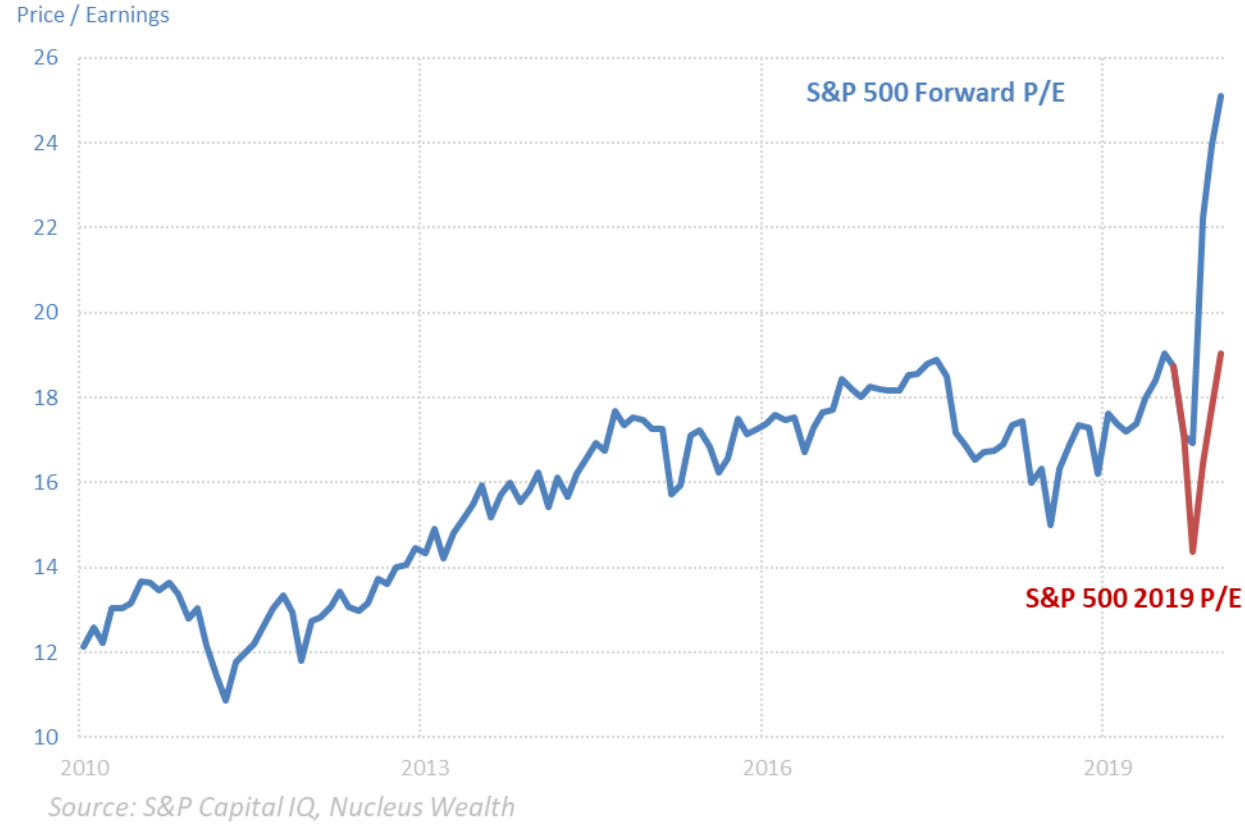
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Valuations:

When numbers don't matter



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Thursday 30th April



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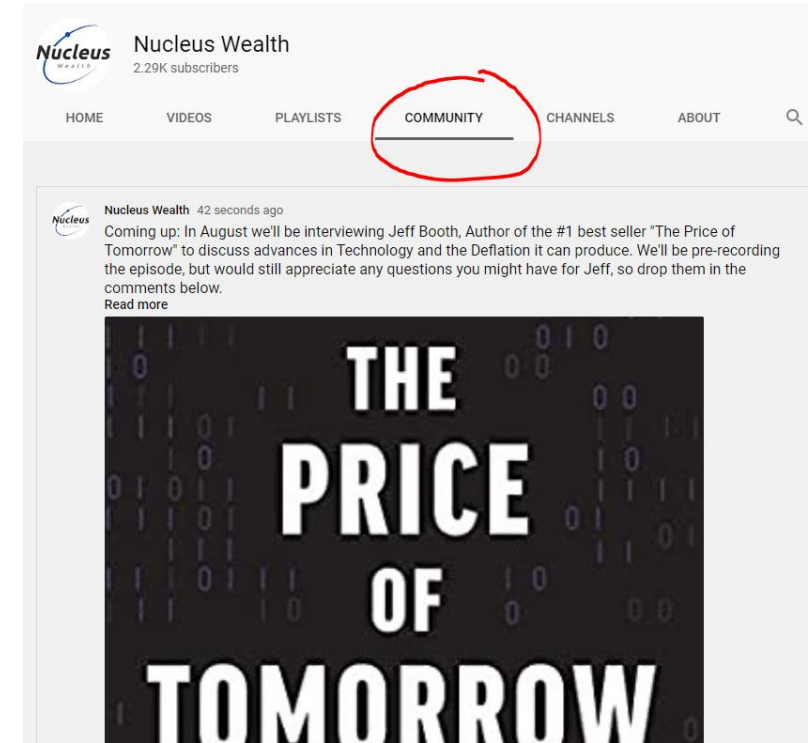
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