

A tour around the global equity markets

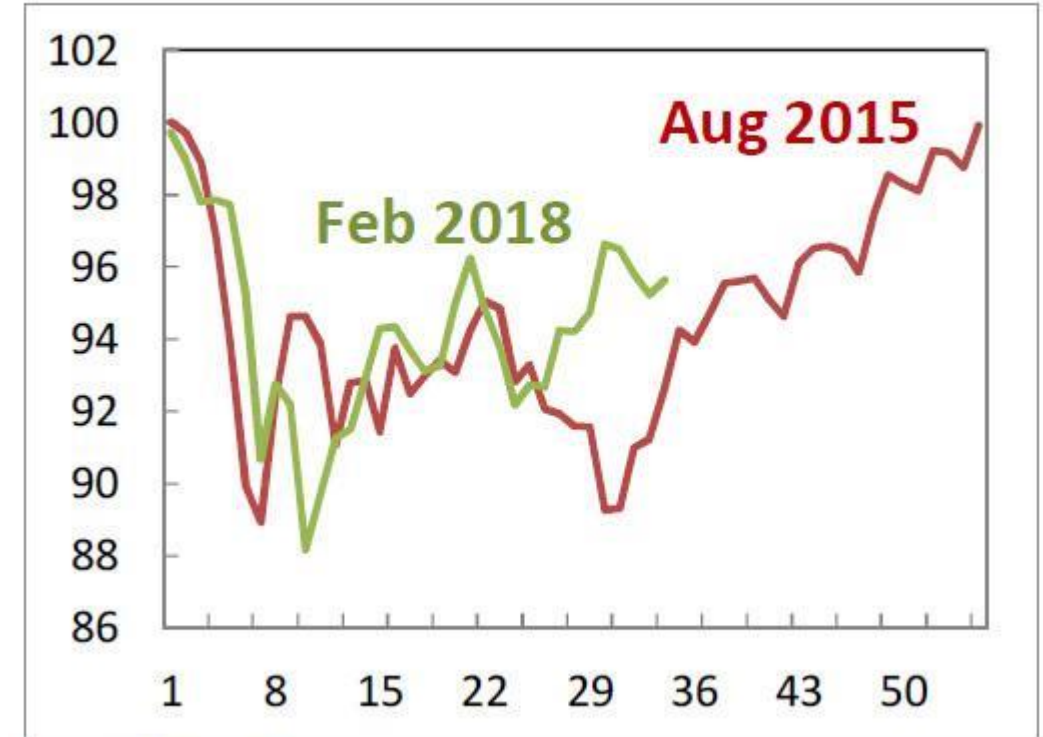
Popular Narratives – Mark Cudmore

- I turned bearish on global stocks in this column on Jan. 31, and have since repeatedly said that equities won't find a solid base to bounce from until yields cool, investors deleverage and bears prowl openly. There are signs of the last requirement but the deleveraging seen has been insufficient relative to the level of U.S. yields

Popular Narratives – Marco Kolanovic

- Unless there is a recession, all of these flows tend to reverse within 1-2 months. For instance, short-term momentum turns positive ~1 month after the initial shock, short-term options expire within a 1-month cycle (gamma rolls off), and realized volatility starts declining prompting volatility sensitive investors to buy. This all happened in 2015 and is happening again now. A very simplified price analogy is shown in the figure [below], **and suggests the market should reach all-time highs relatively soon.**

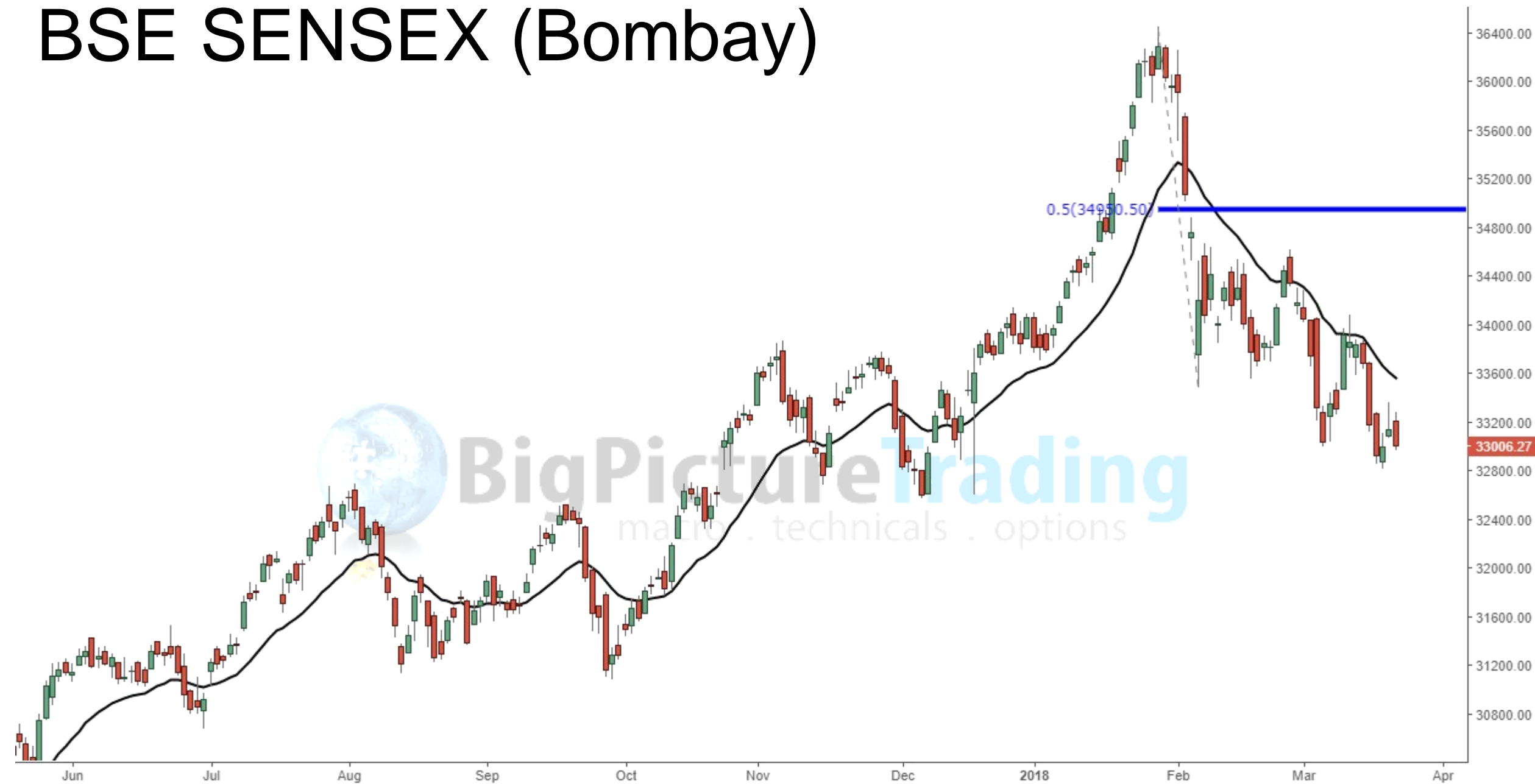
Figure 2: If equities follow 2015 flow patterns, new market highs may come soon



Source: J.P. Morgan QDS.

Asian

BSE SENSEX (Bombay)



Source:tradingview.com

China A50



Source:tradingview.com

Japanese Nikkei 225



Emerging Markets ETF (EEM)



Source:tradingview.com

European

Euro Stoxx 50



Source:tradingview.com

London FTSE



German DAX



Source:tradingview.com

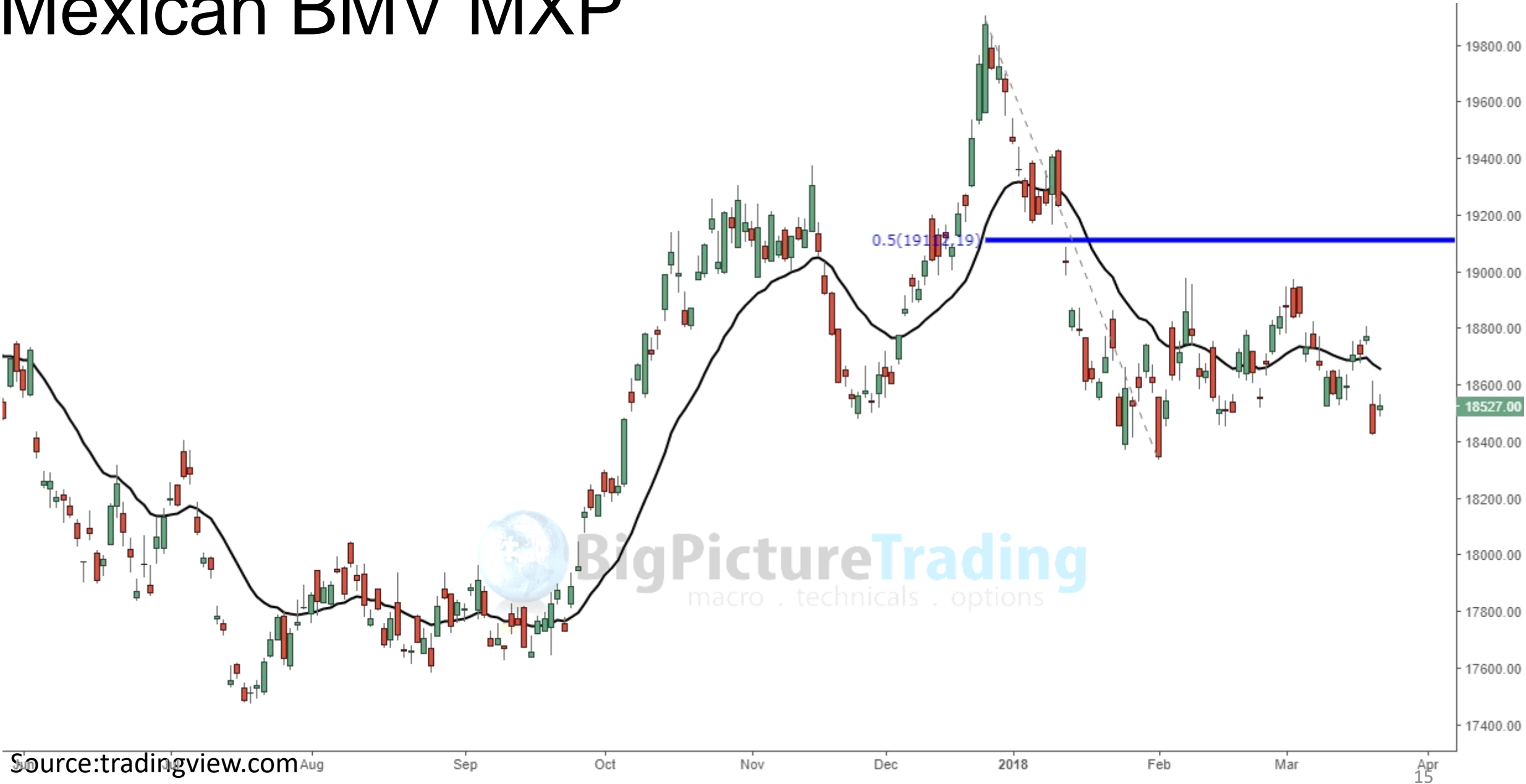
French CAC40



Source:tradingview.com

North American

Mexican BMV MXP



Canadian TSX60



Source:tradingview.com

Dow Jones Industrial Average



Source:tradingview.com

S&P500



Russell 2000



Nasdaq 100



Source:tradingview.com