

EDITORIAL BOARD

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Ideas Generation



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1. Do you expect a “Santa Rally” in US markets this year?

Equity markets should advance into year-end on better technical, supportive seasonals and a high equity risk premium. We identify three market catalysts: the central banks dovish U-turn; shift to a broad based fiscal support; few signs of a trough in global activity.

Equities have more cyclical upside before the next US recession strikes. The White House is considering a new round of tax cuts to boost the economy. Trump is seen as the most market-friendly candidate. We expect a year-end and an election year rally. The next leg up should remain cyclical. The bear market template remains intact: structural peak in January 2018, correction in Q4 2018, bear market rally in Q1 2019, followed by two pullback episodes.