



Daily Macro Insights: The world's top performer

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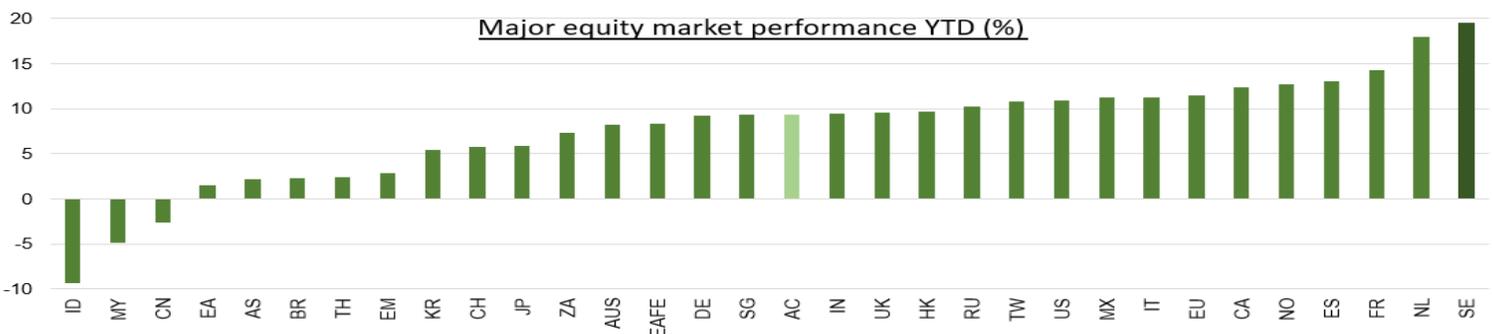
TOP PERFORMER: Europe and US have led major equity market outperformance this year (see chart), with Japan, EM and China lagging. Lesser-known Sweden has been the best performer of all, leading broad Nordic market outperformance, boasting many globally competitive companies and a burgeoning tech scene. This 10m population country is part of the European Union, but the currency (SEK) outside the euro, and the world's oldest central bank (0% rate). With 33% people vaccinated, it's open economy (47% exports/GDP) is rebounding, and exports +10% yoy.

GLOBAL PROXY: 80% of company revenues come from abroad, the most global major market after Switzerland, and an attractive proxy for our view of further upside to global growth, with most forward-looking May 'flash' PMI's rising. Swedish equities similarly soared in the 2009/10 rebound, outperforming global equities near 50pp. Today the market has a global average valuation (18x P/E), but potentially too-low and below-average earnings forecasts (+24%).

OLD WORLD: The market is dominated by in-vogue cyclical and value stocks, with industrials and financials the two largest sectors. The biggest stocks are industrial compressor Atlas Copco (ATCO-A.ST), telecom equipment co. Ericsson (ERIC-A.ST), conglomerate Investor AB (INVE-A.ST), truck-maker Volvo (VOLV-A.ST), and bank Nordea (NDA_SE.ST). Recent listings have been focused in the US, with US\$44bn music streamer Spotify (SPOT) in 2018, and alternative dairy co. Oatly (OTLY) listing on NASDAQ last week with a US\$13bn market cap.

NEW WORLD: It has a strong start-up and fintech ecosystem (closing in on cashless economy by 2023) and with the claimed highest number of 'unicorns' (privately held start-ups valued over US\$1bn) per capita outside Silicon Valley. This is led by 'buy now, pay later' Klarna, but previously Skype (sold to Microsoft for US\$8bn), Mojang (Minecraft creator sold to Microsoft for US\$2.5bn), and King (Candy Crush creator sold to Activision Blizzard for US\$6bn).

TODAY: April US new home sales (est. 970,000) and prices (+12% yoy) to show more strength, on limited supply and low mortgage rates. Valuation concerns are misplaced, with interest rates near half global financial crisis levels, and home prices still 20% lower at long-term average 2.6x income. *Is key support of household net worth and confidence.*



Source: Refinitiv. AC=World. AS=Asia. AUS=Australia. BR=Brazil. CA=Canada. CH=Switzerland. CN=China. DE=Germany. EA=Emerging Asia. EAFE=Developed World. EM=Emerging Markets. ES=Spain. EU=Europe. FR=France. HK=Hong Kong. ID=Indonesia. IN=India. IT=Italy. JP=Japan. KR=Korea. MY=Malaysia. MX=Mexico. NL=Netherlands. NO=Norway. RU=Russia. SG=Singapore. SE=Sweden. TH=Thailand. TW=Taiwan. UK=United Kingdom. US=United States. ZA=South Africa.

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