



Daily Macro Insights: Stock market records keep falling

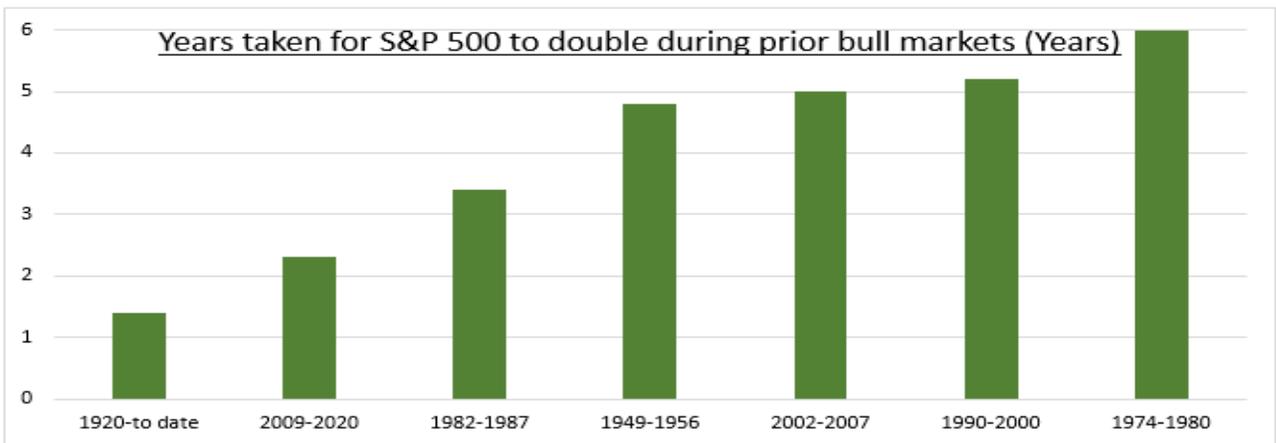
17/08/2021

THE FASTEST DOUBLE: The S&P 500 index has now doubled from its March 23 crisis low of 2,237 last year. This has been the fastest start to a bull market of the last century (see chart), and we see room for more. The rebound was broad, led by materials, financials, and tech, and driven by unprecedented fiscal and monetary response to the unique virus crisis. The laggards were defensives, such as staples, healthcare and real estate. Biotech Moderna (MRNA) soared over 1,600%, followed by Caesars Entertainment (CZR) and Tesla (TSLA).

ALL TIME HIGHS: S&P 500 has now seen 49 new [all-time highs](#) this year, and is on pace to challenge the longstanding 1995 record of 77. This is another indicator of how unusually strong performance this year has been already. This is not inevitable. S&P 500 did not see a new high in twenty four years from 1930-1954, and only nine new highs from 2001-2012.

GAINS TO YEAR END: We see further broad gains ahead as [stronger earnings](#) expectations continue to offset the risk of delta variant, Fed tapering, and lower valuations. We think 2022 earnings growth ends up double the 9% consensus, as leverage to reopening economies is under-estimated. This is also an insurance policy to valuations falling from current high 21x P/E valuations as the Fed tightens policy. We expect more volatility ahead, with the VIX low and a pullback statistically overdue, but see markets well supported as they were to the 2013 Fed taper tantrum and the recent bond yield spike seen in Q1.

TODAY: Global growth is in focus as the delta variant surges. Chinese growth disappointed yesterday and we look for US retail sales (est. +11% yoy) and industrial production (+7% yoy) resilience after the very weak Univ. Michigan consumer sentiment survey last Friday.



Source: Factset, S&P, eToro

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