

# Is Up the New Normal?

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AIA Conference 2017

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Lonsec Investment Solutions

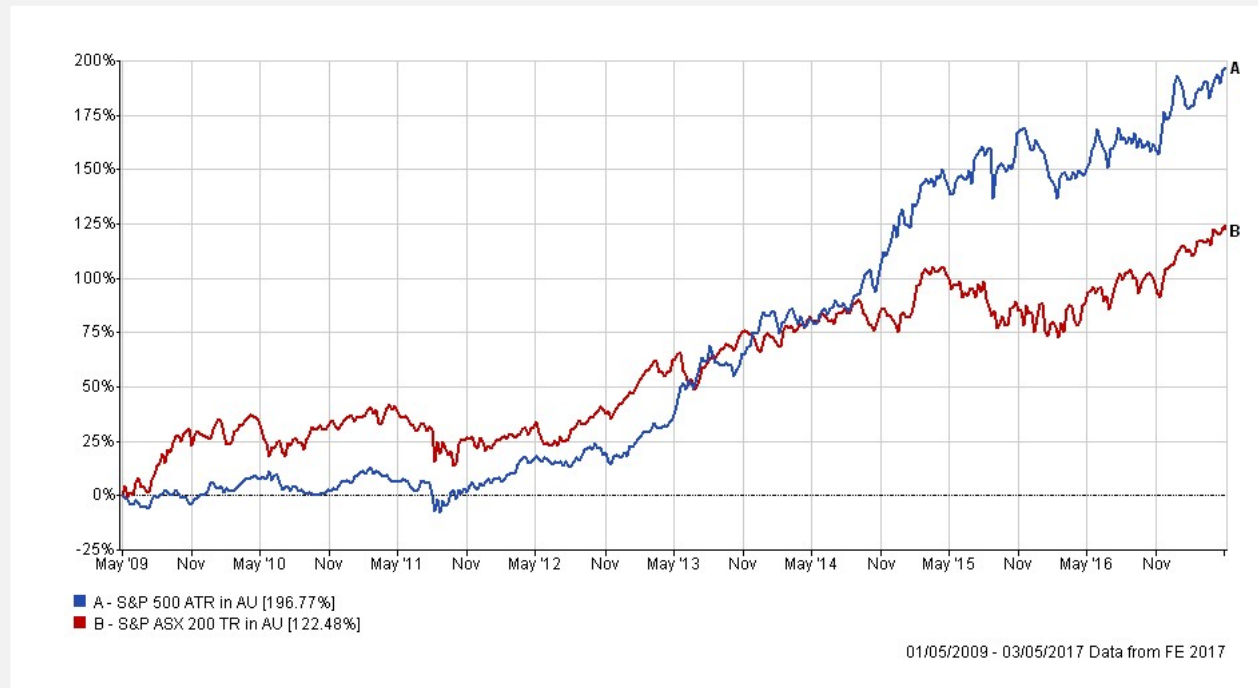
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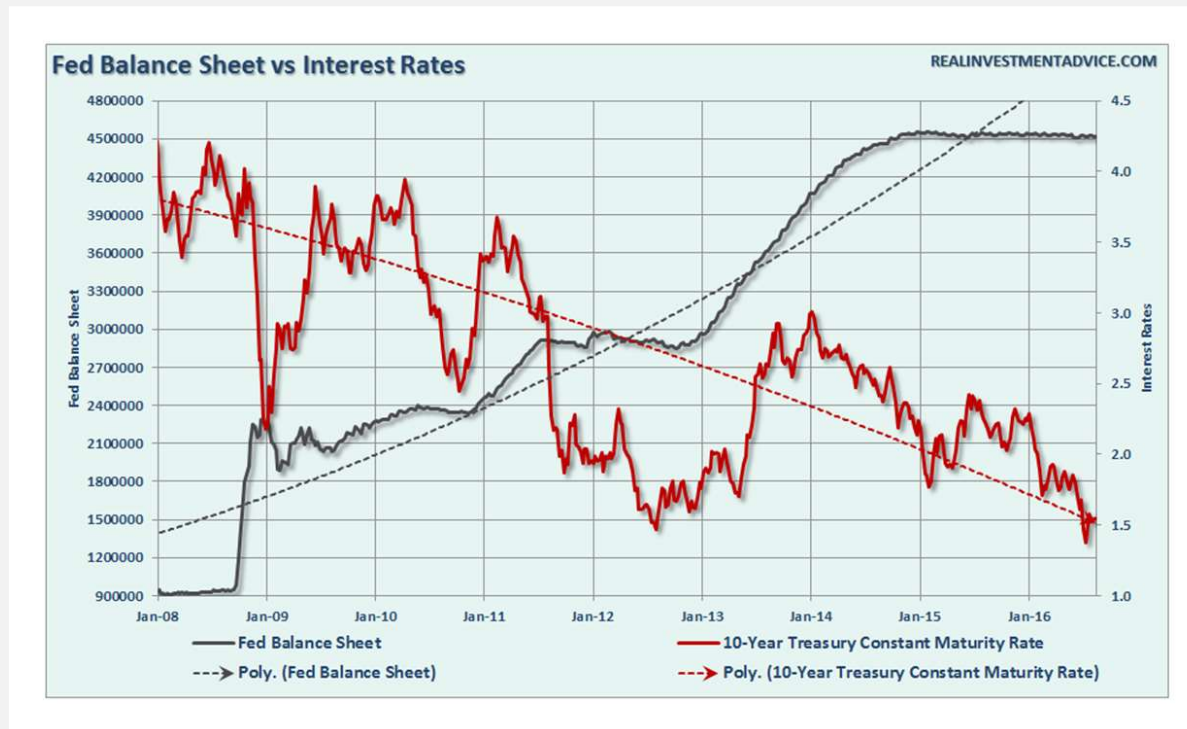
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# One-Way Direction for Equity Markets

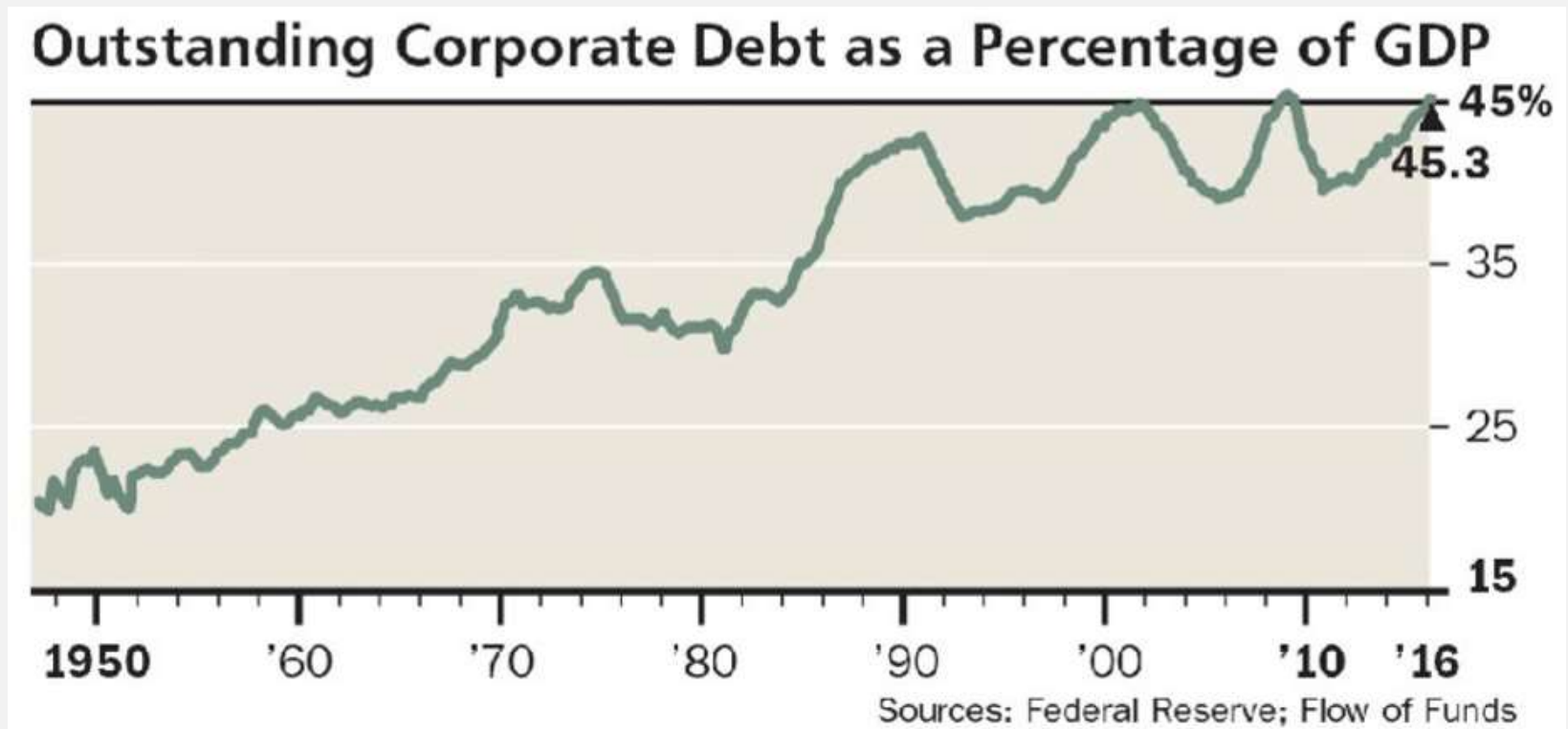


# Monetary policy 'juicing' up markets

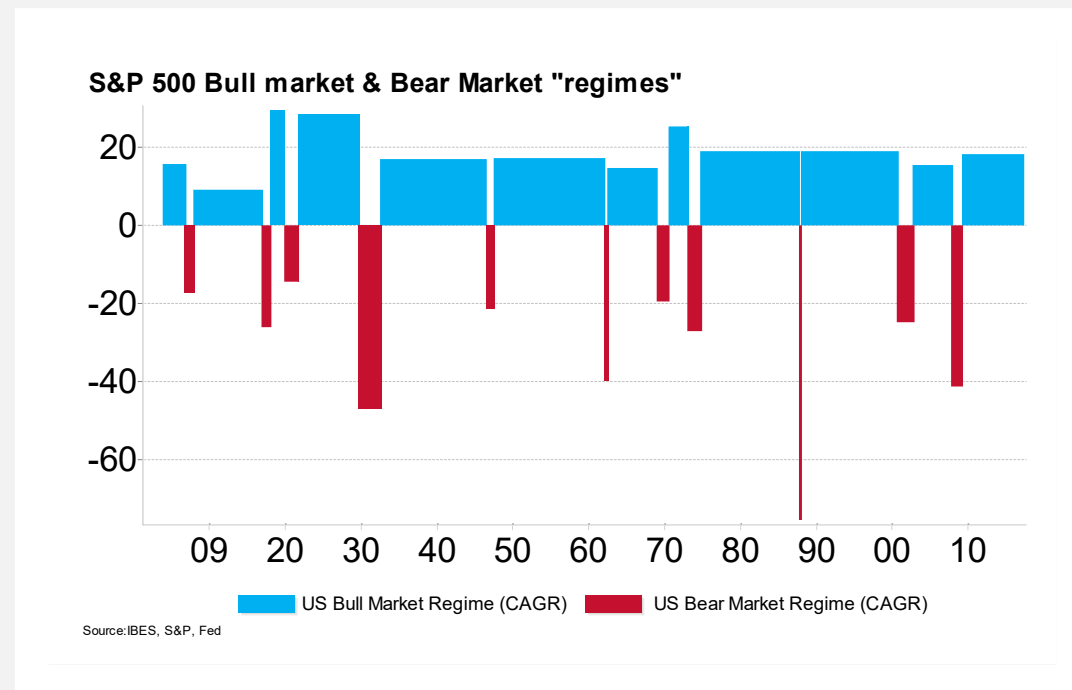




## Share buy backs

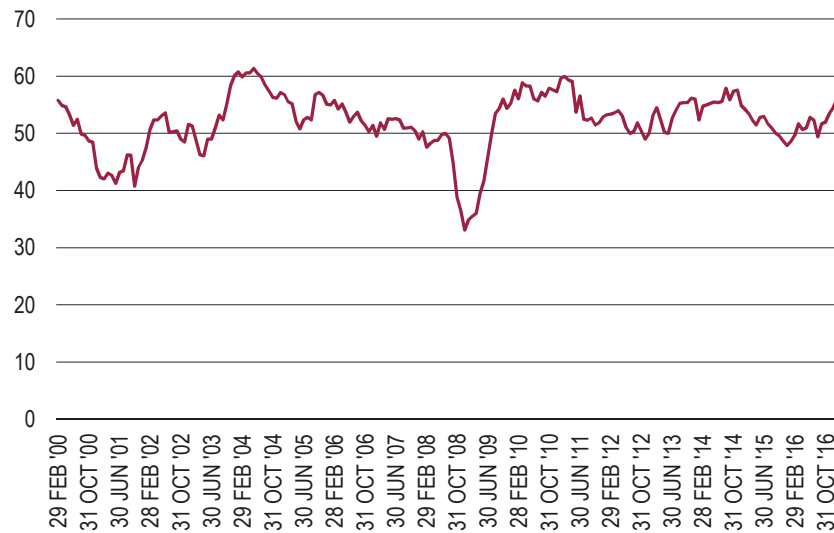


# Late in the Cycle?

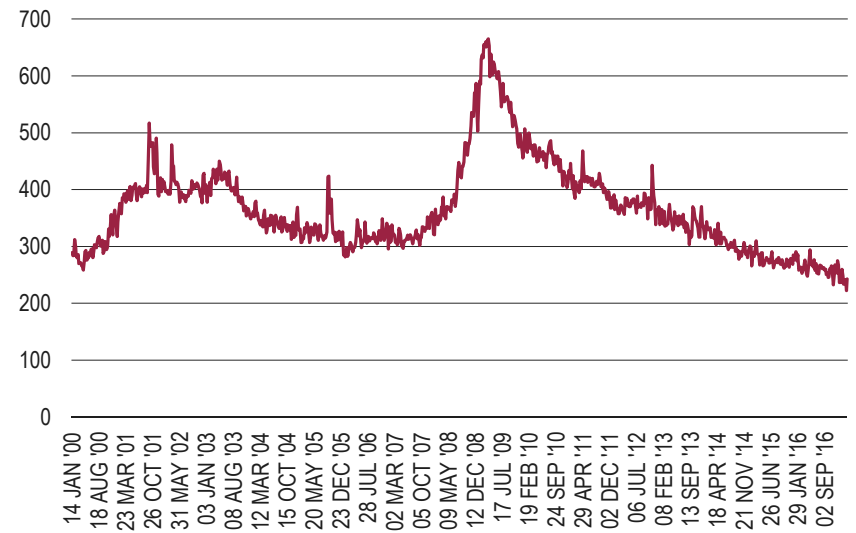


# Improved Economic Signals

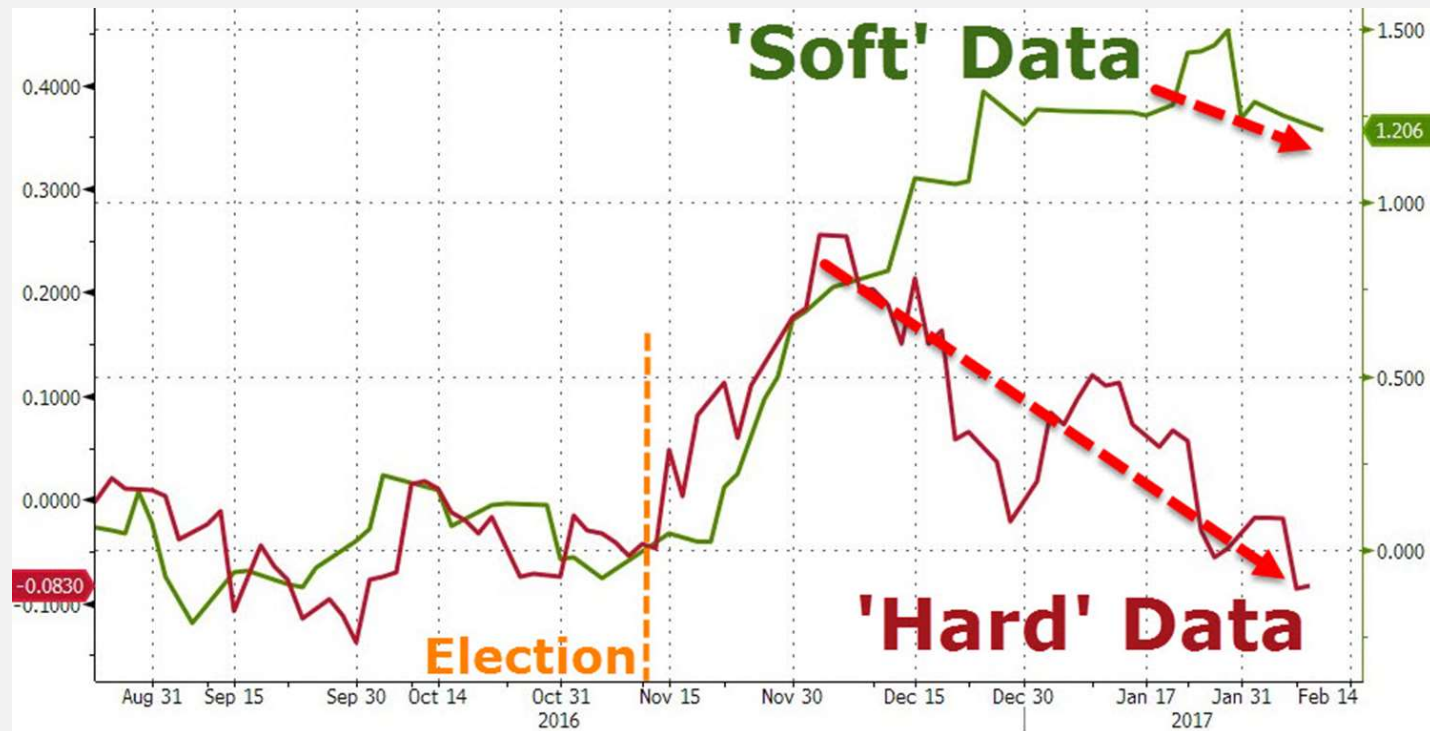
ISM US PMI



US Initial Jobless Claims



# Soft & Hard Signals

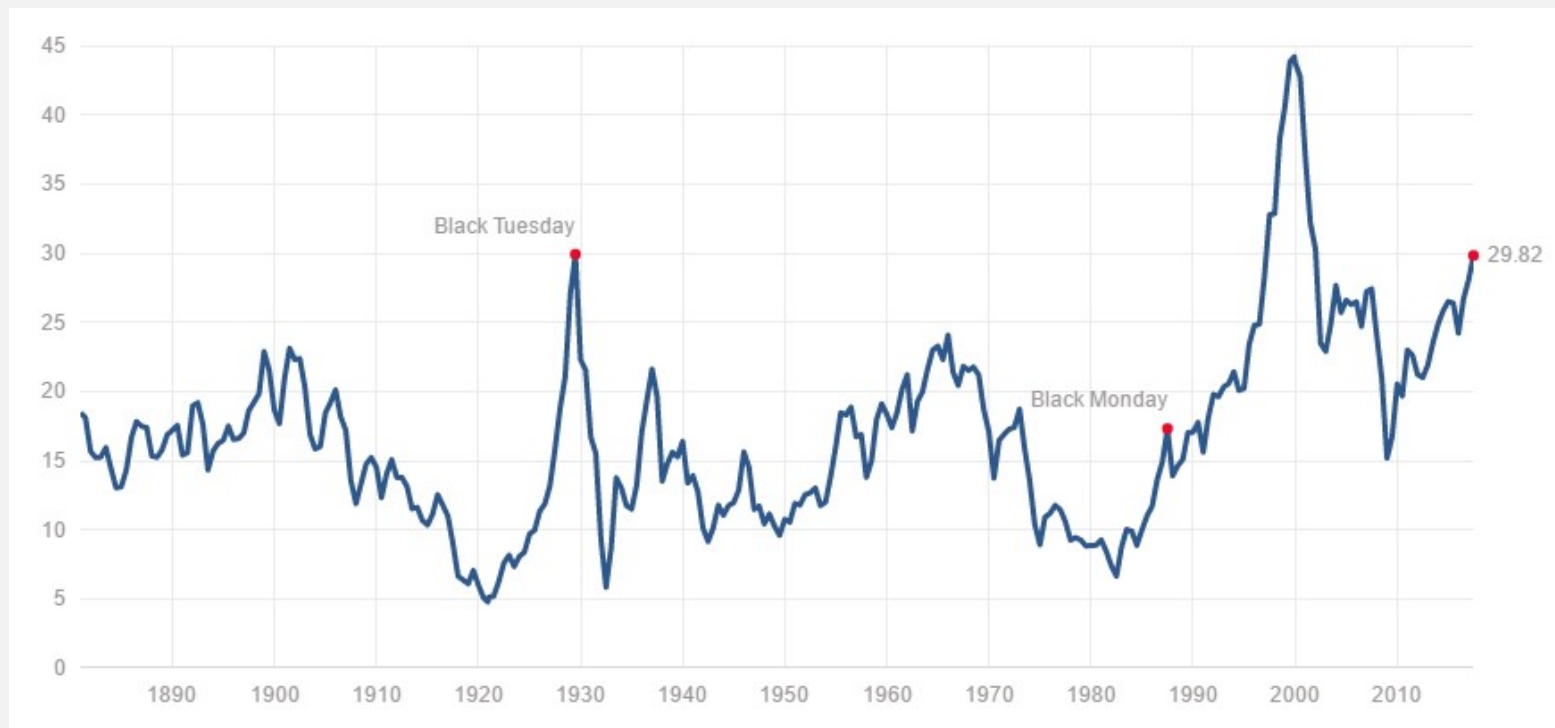




# China 'tapping on the breaks'

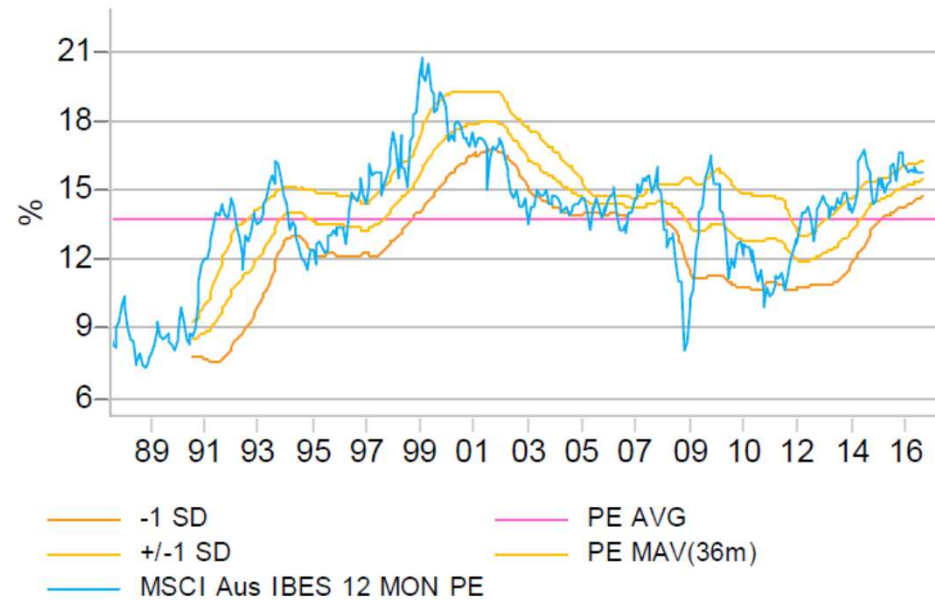


# US Equities – Not cheap



# Australian Equities – not cheap

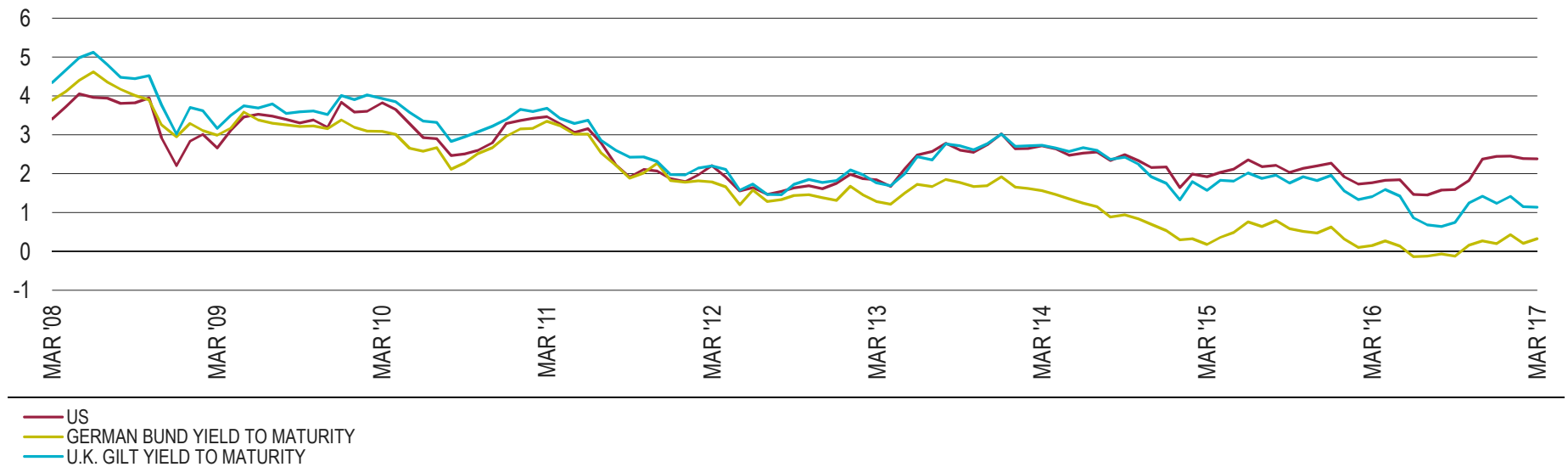
**Australian Forward PE**



Source: I/B/E/S, using proxy updates 24/05/2017

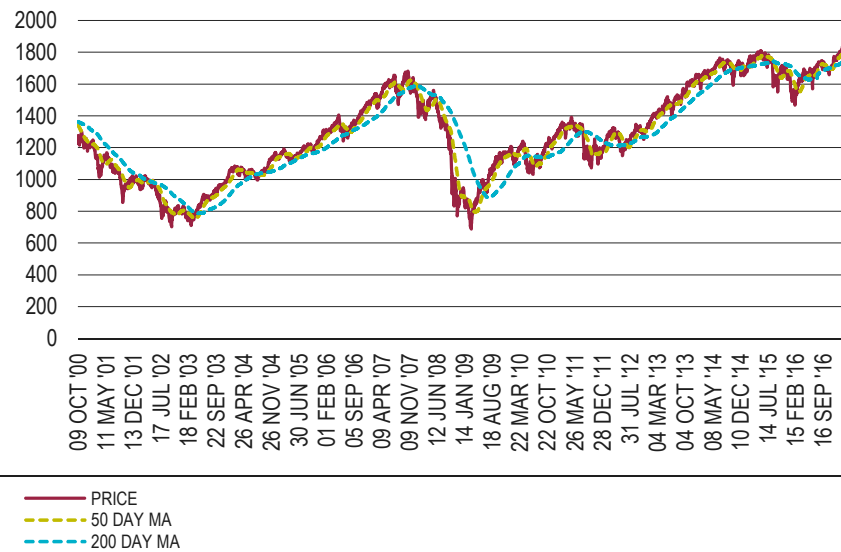
# Bonds

10 Year Bond Yields

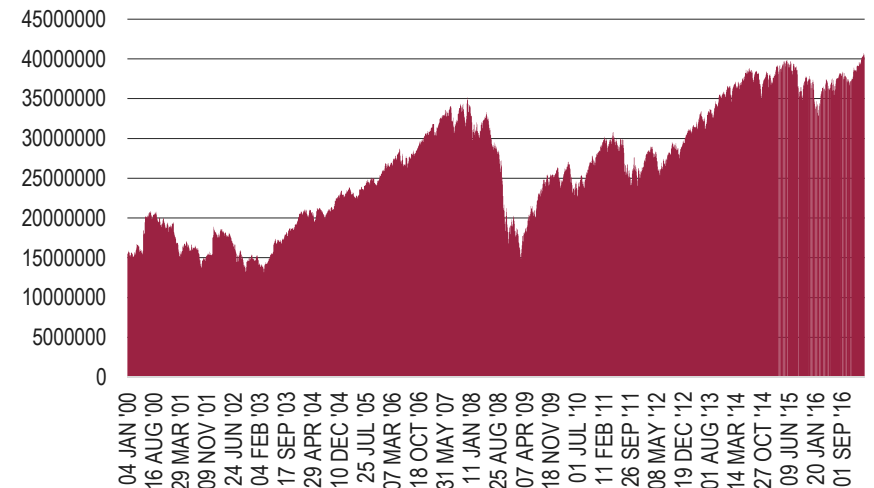


# Momentum Strong

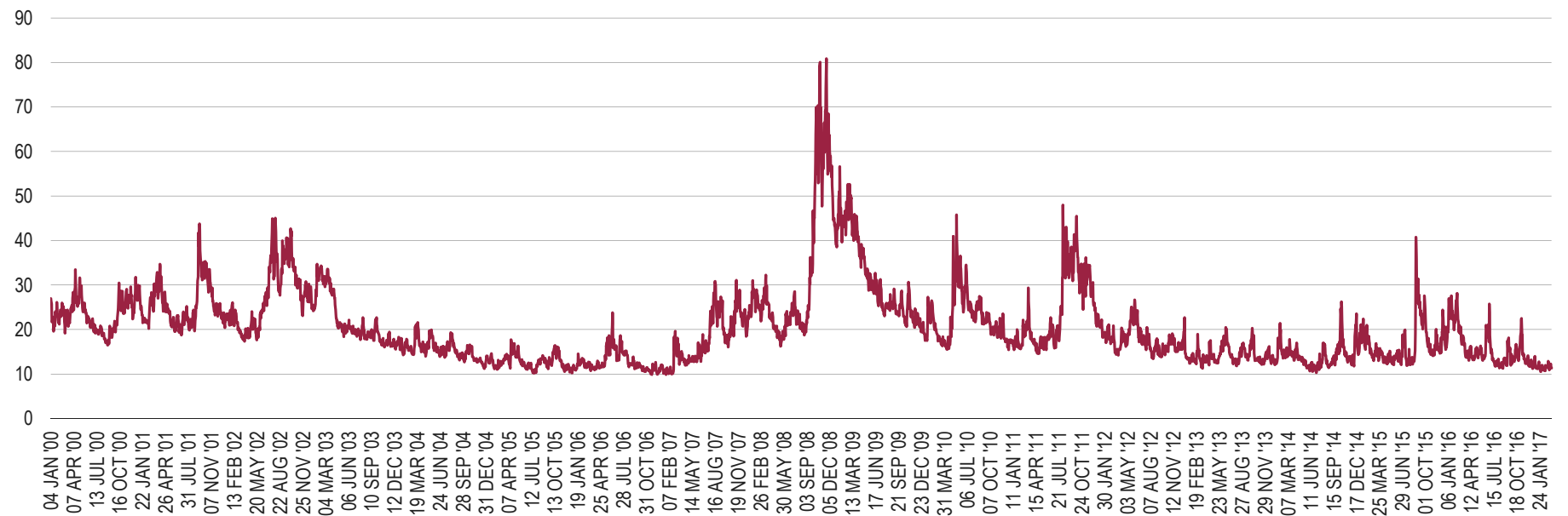
MXWO Moving Averages



MXWO Volume



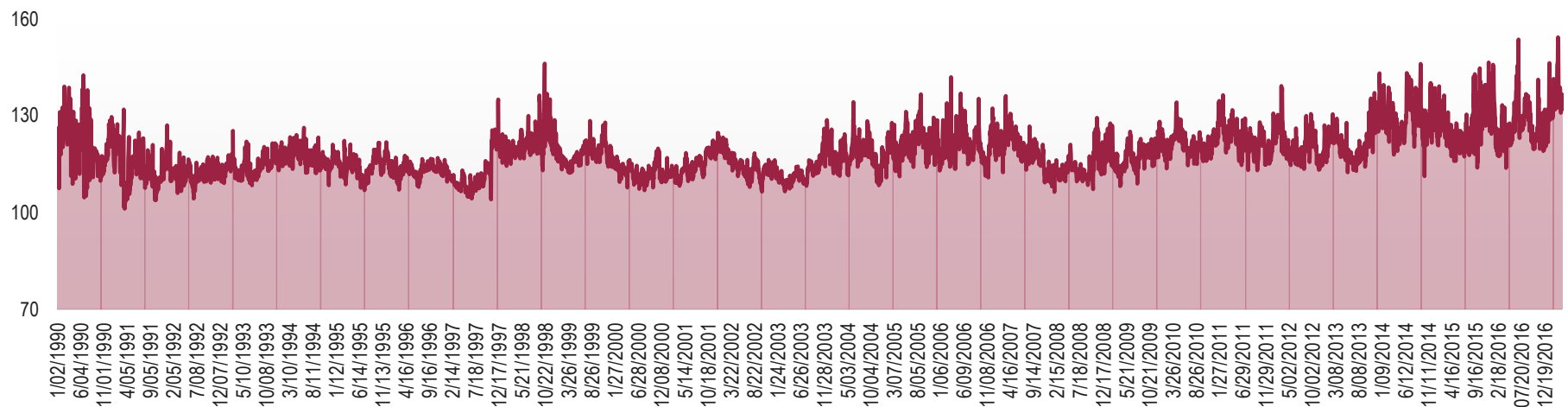
# VIX low



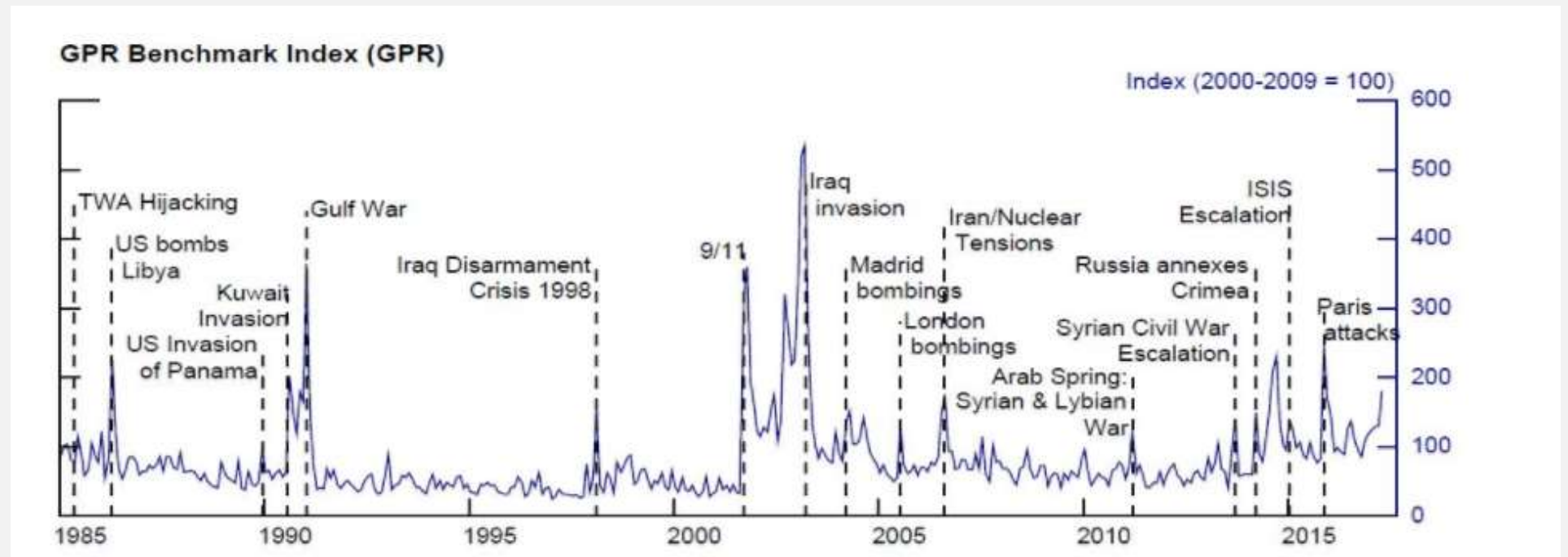


# Nervous Optimism?

CBOE SKEW Index

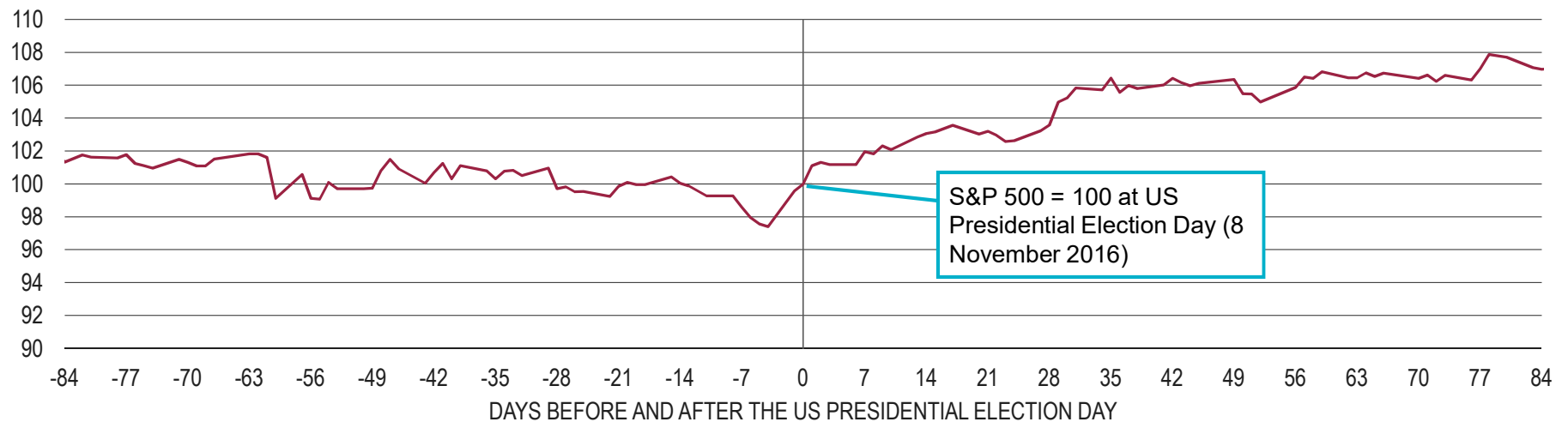


# Geopolitics



# Geopolitics - Election Risk

S&P 500 Around Election Day



## Portfolio Implications

- Valuations variable depending on valuation measure used, but no screaming 'buys'
- Economic indicators have generally improved e.g. PMIs above 50, unemployment steady to downward trending
- Pro growth US policies have been factored in – execution will be key
- Strong momentum in markets
- Can this low volatility persist?
- Geopolitical risks heightened – North Korea, elections in Europe, Russia

Thank You

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