

# House View

NOVEMBER - DECEMBER 2020

US Elections Outcome

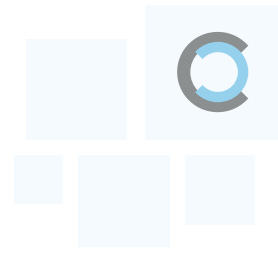
Fiscal Stimulus

COVID-19 Vaccine News



**OPENCAPITAL**  
SHAPING WEALTH

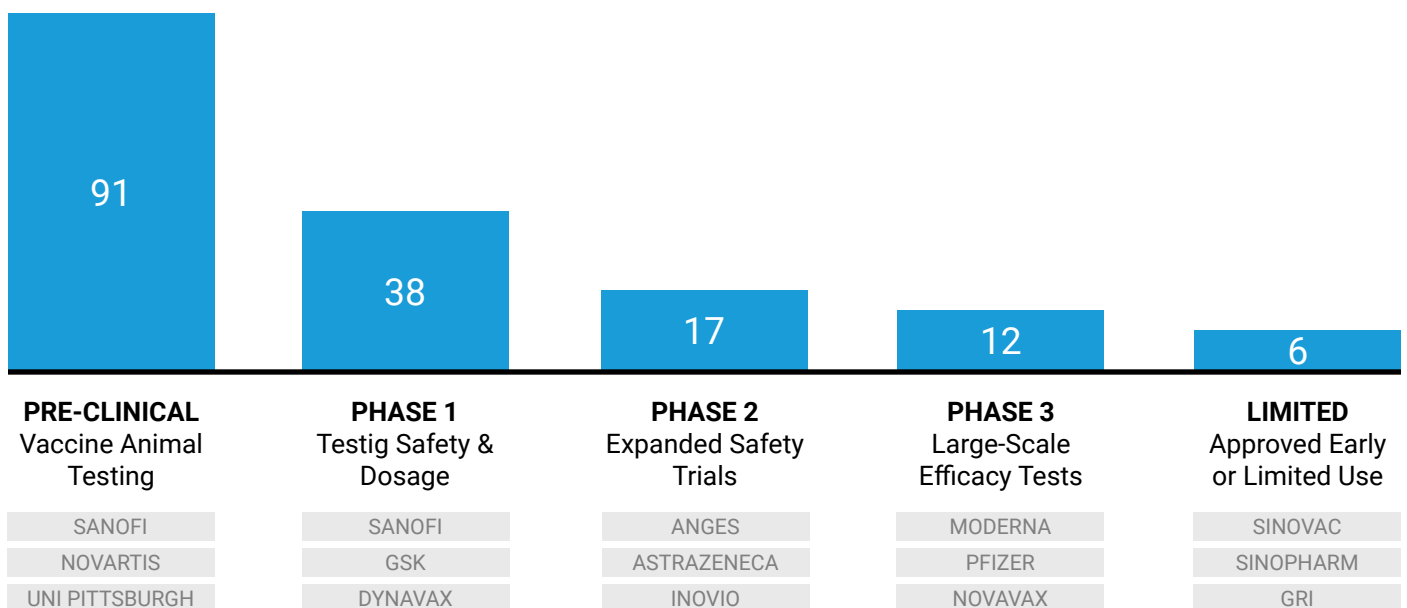




# Key Highlights

- Advancements on the COVID-19 vaccine will heavily boost recovery in 2021.
- Saving rates and a normalisation of the investment spending drive growth.
- Economy and markets are and will be supported by monetary policies.
- Preference for mid and small caps.
- Preference for cyclical and quality value stocks.
- Stimulus in the eurozone will keep supporting the market.
- Faster recovery in the US and China compared to the Eurozone.
- Swiss equities downgraded because of low probability of earning surprises.

## Coronavirus Vaccine Tracker



Source: NYT

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# Macroeconomic View

## World

VACCINES

STIMULUS

- 
- Rebound in economic activity still on track with regional divergences.
  - ECB expected to intervene in December.
  - COVID-19 second wave hitting harder and sooner than expected in Europe. Governments trying to avoid general and extended lockdowns.
  - Positive news on vaccine effectiveness and availability.
  - Waiting for more fiscal stimulus.

## Europe

EQUITY

COVID-19

- 
- COVID-19 second wave materialized sooner than expected.
  - Governments forced to introduce harsh measures hoping to preserve the healthcare system.
  - Sector rotations favor European equity index, with highlights on Germany, Great Britain and Spain.
  - Progress on a Brexit deal is still possible.

## Base Scenario

- 
- Vaccine effectiveness will help 2021 recovery.
  - New monetary stimulus in December.
  - Global earnings recovery underway.
  - US Elections result is positive for markets. Reduced chance of tax hikes and limits for tech and pharma.

## USA

US ELECTIONS

STIMULUS

- 
- A divided US Government is a positive outcome for the markets, as it reduces the risk of tax hikes or business unfriendly laws.
  - Divided chambers will likely result in less fiscal stimulus: 5% vs. 10-12% of GDP. Trade dispute with China and Europe unlikely to derail.
  - News on vaccine will favor sector rotation. FAANG stocks will probably underperform.
  - Economic recovery stronger than expected. FED ready to intervene and still very supportive.

## Emerging Markets

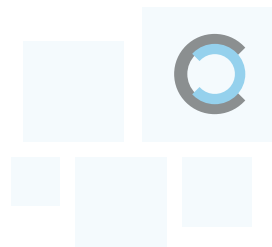
CHINA

USD

- 
- USD weakness, low interest rates, cheap valuations and synchronized global economic growth are supportive.
  - China on track to outperform the rest of the world.

## Risks on the Base Scenario

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- Harsh second waves of COVID-19.
  - Hard Brexit.
  - Geopolitical events.
  - Trump's legal actions against the US Elections outcome.



# Market View

## Liquidity

Tactical 3 Months

Strategic 12 Months

Liquidity



Liquidity



- Cash is likely to deliver negative real return for the foreseeable future.
- Strong monetary response to COVID-19 crisis and large output gap created by the fall in economic activity, maintains downward pressure on interest rates.

## Equities

Tactical 3 Months

Strategic 12 Months

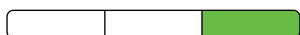
USA



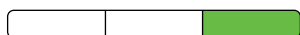
USA



Europe



Europe



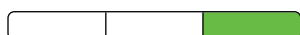
Switzerland



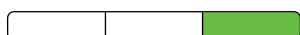
Switzerland



Emerging Markets



Emerging Markets



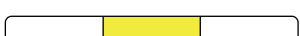
- European markets are cyclical and favored by rotation
- High risk premium supportive in medium term.
- Earnings recovery underway.

## Gold

Tactical 3 Months

Strategic 12 Months

Gold



Gold



- Some technical resistances in the short term.
- Central Banks and negative real rates supportive in the medium term.

## Fixed Income

Tactical 3 Months

Strategic 12 Months

Investment Grade



Investment Grade



High Yield



High Yield



- Safest IG YTM unattractive.
- Some value left in EUR HY and crossover bonds.

## FX

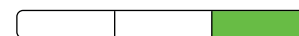
Tactical 3 Months

Strategic 12 Months

EUR/USD



EUR/USD



EUR/CHF



EUR/CHF



USD/CHF



USD/CHF



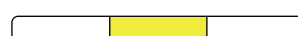
- Short term resistance around 1,20 for EUR/USD.
- USD as a counter-cyclical currency likely to underperform in the medium term.
- EUR/CHF downside pressure easing.

## Oil

Tactical 3 Months

Strategic 12 Months

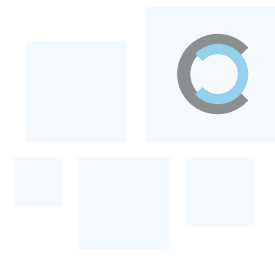
Oil



Oil



- Supply-Demand slowly re-equilibrating.
- Prices will move in tandem with consumer confidence and economic rebound.



# Insights & Calendar

## World Indices

As of 11/11/20

	1 Month	YTD
DJIA	● 2.92%	● 3.09%
S&P 500	● 1.97%	● 9.74%
NASDAQ 100	● 0.87%	● 33.11%
Nikkei	● 7.32%	● 7.16%
Euro Stoxx 50	● 5.47%	● 7.82%
SMI	● 1.77%	● 1.08%

## Commodities

As of 11/11/20

	1 Month	YTD
Crude Oil WTI	● 4.94%	● 23.94%
CRB Index	● 1.20%	● 17.35%
Natural Gas	● 8.40%	● 12.75%
Gold	● 2.37%	● 23.73%
Silver	● 3.28%	● 36.00%
Copper	● 2.81%	● 12.16%

## Rates 10 Years

As of 11/11/20

	Yield%	1m Bps	YTD Bps
USA	0.92	14.72	- 100.00
UK	0.36	9.04	- 44.90
Germany	- 0.53	1.43	- 34.00
Italy	0.68	0.46	- 72.80
Spain	0.13	- 1.35	- 32.80
Japan	0.02	- 0.30	5.00

## Currency / Cryptocurrency

As of 11/11/20

	1 Month	YTD
EUR/USD	● 0.22%	● 5.12%
EUR/GBP	● 1.67%	● 5.10%
EUR/CHF	● 0.71%	● 0.37%
USD/CHF	● 0.94%	● 5.07%
Bitcoin/USD	● 33.97%	● 116.51%
Litecoin/USD	● 16.36%	● 43.91%

## November

### November 22, 2020

G20 Summit

## December

### December 10-11, 2020

ECB Meeting  European Council Meeting


### December 16, 2020

FED Meeting 

### December 17, 2020

BOE Meeting 

### December 18, 2020


BOJ Meeting 

### December 31, 2020


End of Brexit  Transition Period

## January


### January 5, 2021

Second round for Georgia's Senate seat 


### January 20, 2021

New President takes office 

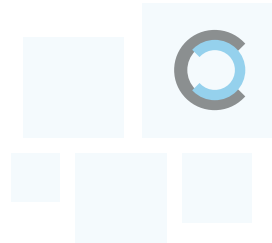
### January 21, 2021

BOJ, ECB Meeting 

### January 27, 2021

FED Meeting 

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