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## Markets are gaining again – Update from the Investment Division

Erste AM Communications



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### What has happened since yesterday ?

The riskier asset markets made significant gains yesterday. The US stock index S&P 500 closed at +1.9% at 3124 points, only about 9% away from its highs in February 2020. High-yield bonds, EU peripheral government bonds and emerging market bonds also posted gains. The USD was at 1.125 Euro, gold also stable at 1720 USD per fine ounce. Crude oil futures contracts for July delivery of WTI grade is trading at \$38 this morning. In Asia, equity markets are virtually unchanged today after yesterday's strong day.

### Where is the consensus?

I have often taken the liberty, dear readers, of bothering you unasked with my private family situation during the lockdown. Now that we are all taking the step back to normality, I am struck by a circumstance that, like a rock in the surf, has remained immovable throughout the entire time. It seems completely impossible to reach a consensus on any topic spontaneously and voluntarily between two young swans, who seem to be growing up on an equal footing. It's different for fund managers. The Financial Times reports today from the Bank of America survey that 80% of fund managers surveyed believe equity markets are overvalued.

This survey score is very rarely so high. This sounds like a warning, but must be seen in context. Valuation levels are higher as we are in a historically low interest rate environment. Technology companies that promise growth have a historically high share in the market indices and have higher valuations due to growth. Also, in a nutshell, the majority of market participants are rarely right. This, together with the constantly improving economic indicators and the continued strong support of fiscal and monetary policy, means that we remain constructive in our outlook.

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