



Same Analysis

LOOKING FORWARD: Q4, 2021 EARNINGS WILL BE STRONG WHEN THEY ARE ANNOUNCED AT THE END OF JANUARY 2022

THERE IS A STRONG ARGUMENT FOR A CONTINUATION OF THE
BULL MARKET IN EQUITIES



HOLIDAY SEASON
EARNINGS
OUTLOOK WILL BE
THE NEXT FOCUS

- ✓ Wells Fargo estimate that US Retail Sales during the Holiday Season will hit a record gain of 11% over last year.
- ✓ Economists forecast that inflation (prices) will be under control by 2023. “Nothing to worry about.”
- ✓ Equity Risk Premium is Attractively Placed.
- ✓ Technology is increasingly being accepted into the mainstream of our lives. Hertz ordered 100,000 Tesla’s.
- ✓ Positive Equity Inflows in the US Market.

Consumers Have Cash To Spend.

WELLS FARGO
ESTIMATE RETAIL
SALES DURING THE
HOLIDAY SEASON
WILL HIT A
RECORD GAIN OF
11% OVER LAST
YEAR



- ✓ Consumers are estimated to spend record amounts this Christmas season.
- ✓ Many consumers have built up savings from extended lockdown periods.

FOOD AND
ENERGY PRICES
REMAIN FAR
LOWER THAN 10
YEARS AGO

Putting Inflation in Perspective.

Fuel and Food: Prices Remain Far Lower Than a Decade Ago

The recent sharp price rises mark the end of a bear market, not a new boom

— Bloomberg Energy Subindex — Bloomberg Agriculture Subindex



Bloomberg

BloombergOpinion

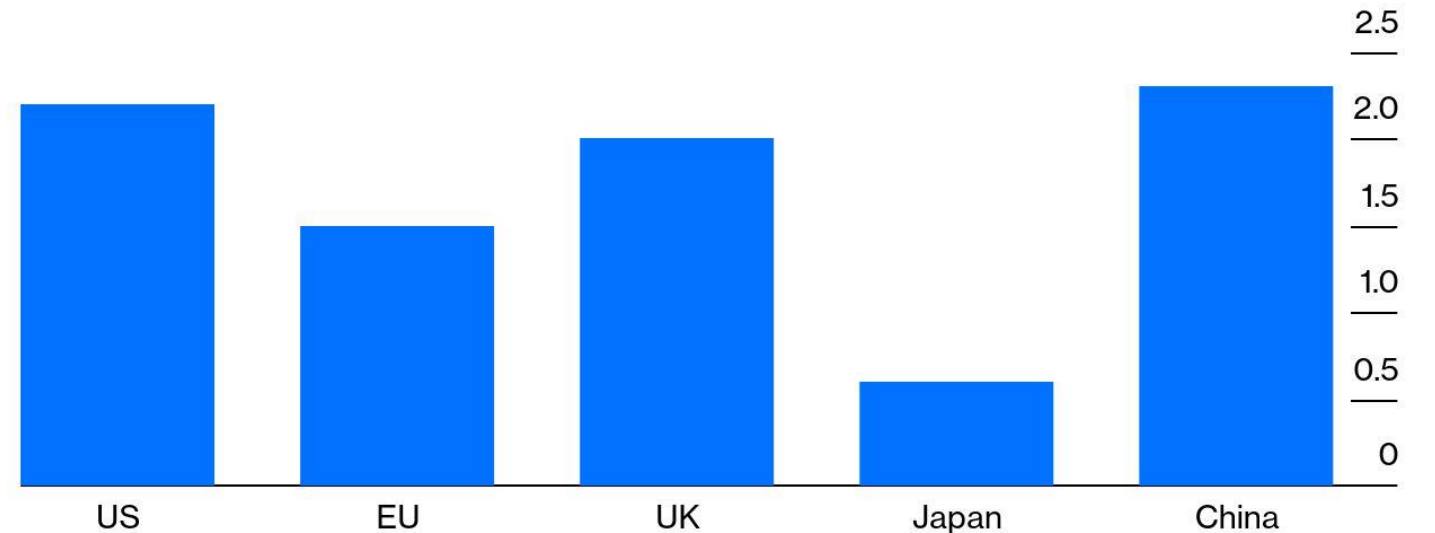
- ✓ Although there has been some gradual price increases, inflation remains below pre-pandemic levels.

ECONOMISTS
EXPECT PRICES TO
BE UNDER
CONTROL BY 2023

Inflation Is Under Control.

2023 Inflation Projections: Nothing to Worry About

Economists surveyed by Bloomberg expect prices to be under control by 2023



Bloomberg World Economic Statistics

BloombergOpinion

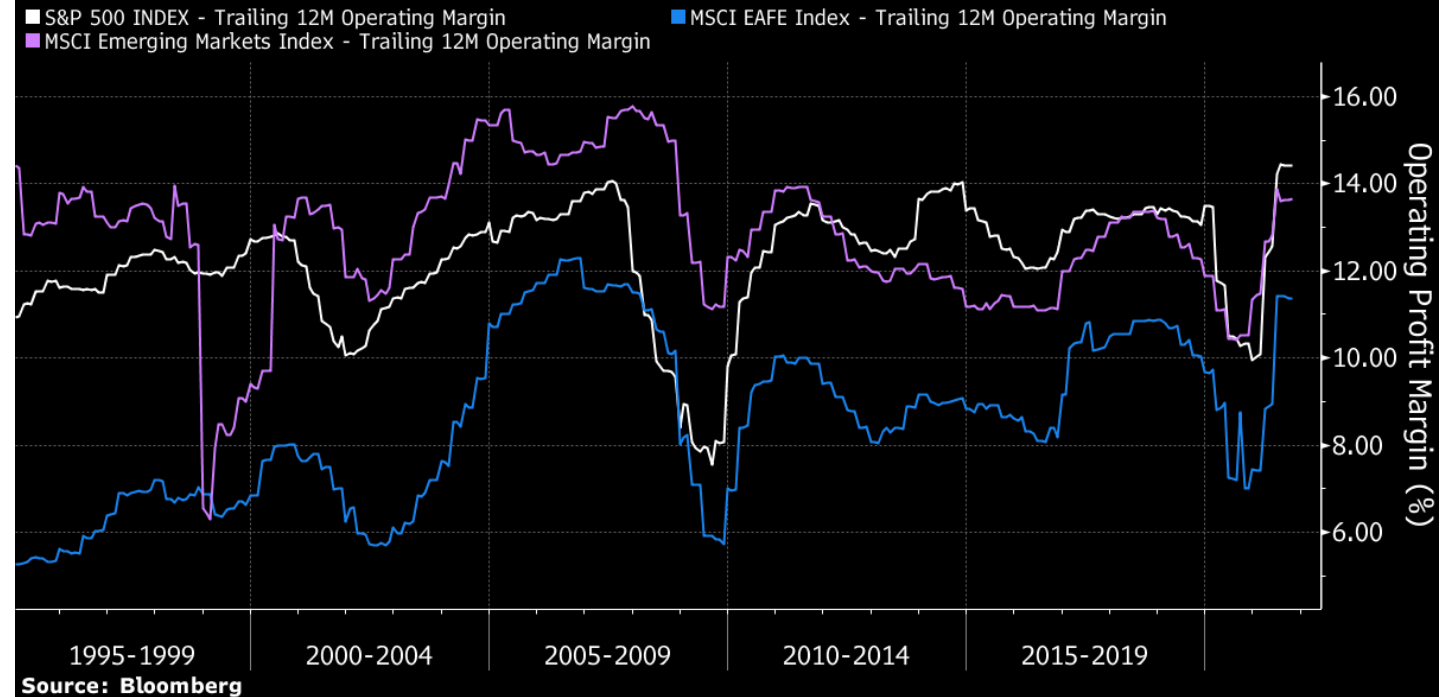
- ✓ Economists and the Fed expect inflation to be transitory.
- ✓ A recent survey of economists suggests prices will come down.

Corporate Profitability Is High

CORPORATE
PROFIT MARGINS
WILL ALSO
NORMALISE IN
2022

Pandemic Profitability

Across the world, corporate profit margins have surged in 2021



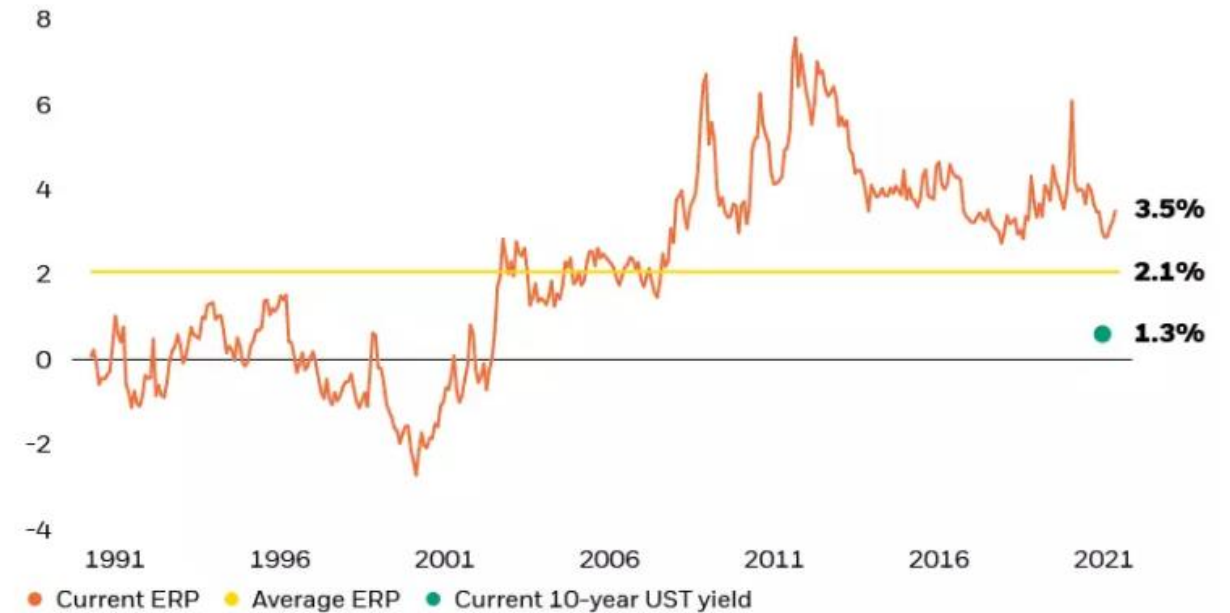
- ✓ Higher prices and healthy consumer demand have resulted in higher corporate profitability.

AT THE END OF AUGUST 2021, THE ERP STOOD AT 3.5%. THE 10 YEAR BOND WOULD HAVE TO MOVE TO 2.7% TO BE A CONCERN. IT IS CURRENTLY 1.62%

Equities Look Attractive vs. Bonds

Equity risk/reward still attractive vs. bonds

S&P 500 equity risk premium, 1990-2021



Source: BlackRock Fundamental Equities, with data from Wolfe Research Portfolio Strategy, Compustat, Thomson Reuters, Standard & Poor's and FactSet, as of Aug. 31, 2021. Equity risk premium is calculated using the S&P 500 earnings yield and subtracting the 10-Year Treasury Constant Maturity Rate (GS10). Treasury data is sourced from the Board of Governors of the Federal Reserve System (fred.stlouisfed.org). **It is not possible to invest directly in an index.**

- ✓ Comparing the yield on Treasuries vs the yield on the S&P, still favours stocks.

Tesla's Popularity Continues To Grow.

HERTZ PLACED AN
ORDER FOR
100,000 TESLA'S
TO BE DELIVERED
OVER THE NEXT 14
MONTHS



- ✓ Hertz ordering 100,000 Tesla's suggests the large rental car company believes Tesla is the future.
- ✓ Additionally, the Hertz order will help market Tesla vehicles.

INFLOWS INTO
EQUITY ETF'S
(PROSHARES
BITCOIN STRATEGY
ETF STARTED
TRADING)

Flows for 10/18/2021 - 10/22/2021

Top 10 Creations (All ETFs)

Ticker	Fund Name	Net Flows* Details
SPY	SPDR S&P 500 ETF Trust	3,351.59 ➤
IVV	iShares Core S&P 500 ETF	1,449.50 ➤
BITO	ProShares Bitcoin Strategy ETF	1,203.46 ➤
HYG	iShares iBoxx USD High Yield Corporate Bond ETF	922.85 ➤
VTI	Vanguard Total Stock Market ETF	920.52 ➤
NUGO	Nuveen Growth Opportunities ETF	805.72 ➤
IWM	iShares Russell 2000 ETF	782.99 ➤
KWEB	KraneShares CSI China Internet ETF	752.51 ➤
VOO	Vanguard S&P 500 ETF	700.64 ➤
TIP	iShares TIPS Bond ETF	667.45 ➤

* Net Flows in USD Millions

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