

# Investments - Flash



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## INVESTORS STILL UNDEREXPOSED IN EQUITIES

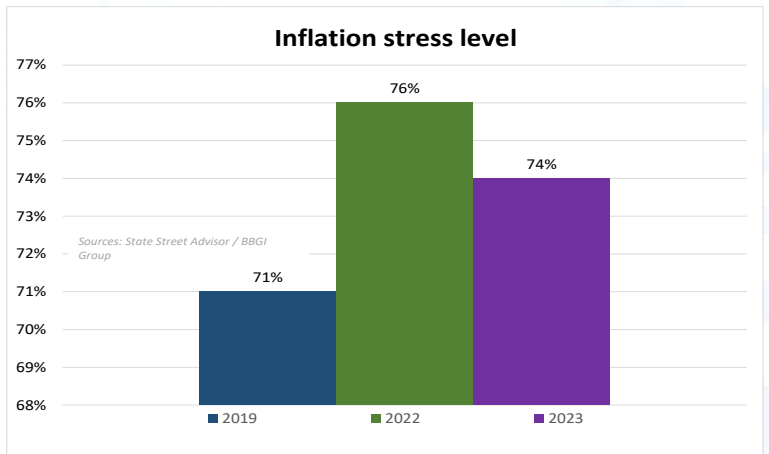
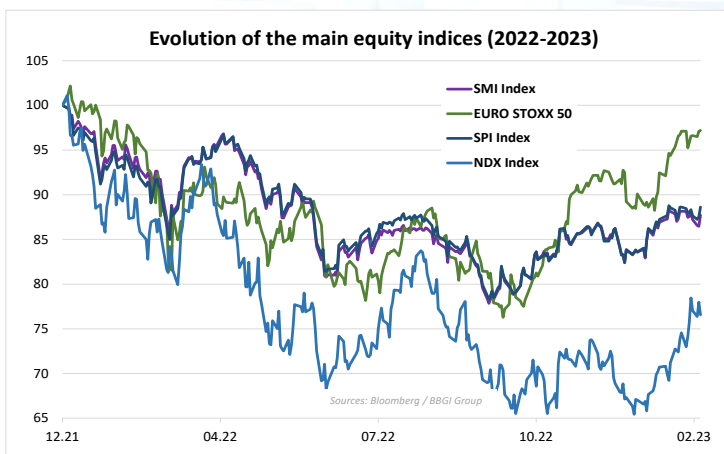
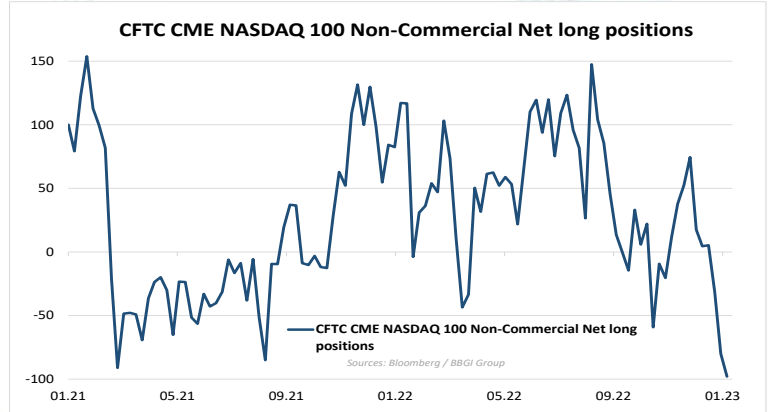
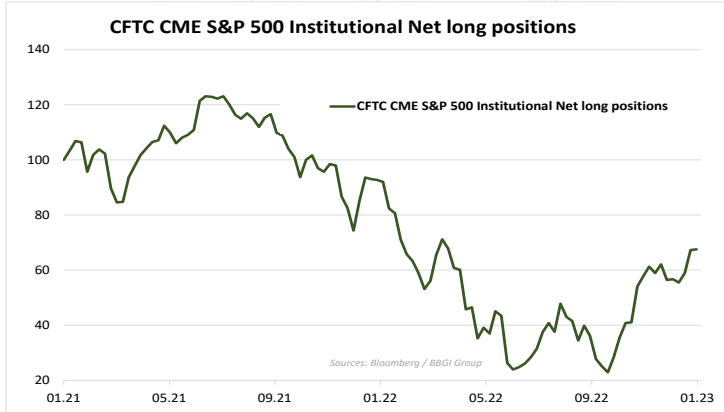
The return of FOMO could support an upcoming bullish recovery

The rise in financial assets in January came at a time when most investors still seemed cautious and underweight in equities. Despite the change in the inflation trend and the decline in bond yields many did not want to chase the uptrend in the markets. They are still 74% fearful of inflation according to the State Street survey.

Regret has now given way to the fear of missing out on a possible continuation of the current stock market recovery (FOMO) with positive medium-term consequences. This should indeed push these investors to reposition themselves on any temporary weakness in the markets. Sentiment seems to have shifted a bit to a more optimistic side despite a rather uninspiring corporate earnings season so far.

While the number of companies announcing earnings that beat analysts' estimates has contracted significantly in both the US and Europe compared to the previous quarter, earnings expectations are narrowing to the point where there is virtually no earnings growth on average for S&P500 stocks in 2023 and only a 10% increase in 2024.

In the short term, however, the risks of consolidation have increased with the evolution of technical and quantitative parameters pointing to a too rapid rise in prices. The vast majority of Stoxx 50 stocks are now trading above their 200-day average, for example. But the recent weakness due to the latest US employment data may already offer a buying opportunity on weakness.



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