



Harry's Take

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Survey of Fund Managers Is Bearish...On A Lag!

Bank of America (BofA) just came out with a poll of global investment managers of large-cap and mid-cap funds; these managers control \$589B in assets. Twenty-three manage developed country funds and 24 manage emerging country funds, so this is truly global. In the chart, the light blue line is the MSCI All-Country World Index (ACWI) of global stocks and its year-over-year (YoY) percentage change. The dark line is the poll results of these managers.

Global Fund Managers Expecting Stronger Economy Hit Low in July 2022

Chart 2: Slow but steady rise in global growth optimism

% FMS investors expecting stronger economy next 12 months vs MSCI ACWI y/y change (RHS)



Source: BofA Global Fund Manager Survey; Bloomberg

BofA GLOBAL RESEARCH

Note that the major lows in this survey tend to have a good lead time on stock market tops to follow, typically 12-24 months. Pay the most attention to the lows before the past major highs in late 2007 and late 2021.

The October 2006 low was 12 months before the stock peak in October 2007 and 2.5 years before the bottom in March 2009. Two and a half years from the recent July 2022 low suggests that stocks should bottom around early 2025. The October 1998 low was 17 months before the stock high in March 2000, and the January 2001 low was 22 months from the October 2002 bottom. The recent July 2022 low suggested a top would come between around July and December 2021... and most major U.S. indices peaked in November 2021.

Scenario expected from this indicator: Top in late 2021 and bottom in early 2025, very close to what I've been seeing.

The magnitude of this low also suggests similar or greater magnitudes of stock declines, as in 2000-2002 and in 2008 to early 2009... just another brick in the wall for the one-year crash of our lifetime!

Harry

Got a question or comment? You can contact us at info@hsdent.com.