

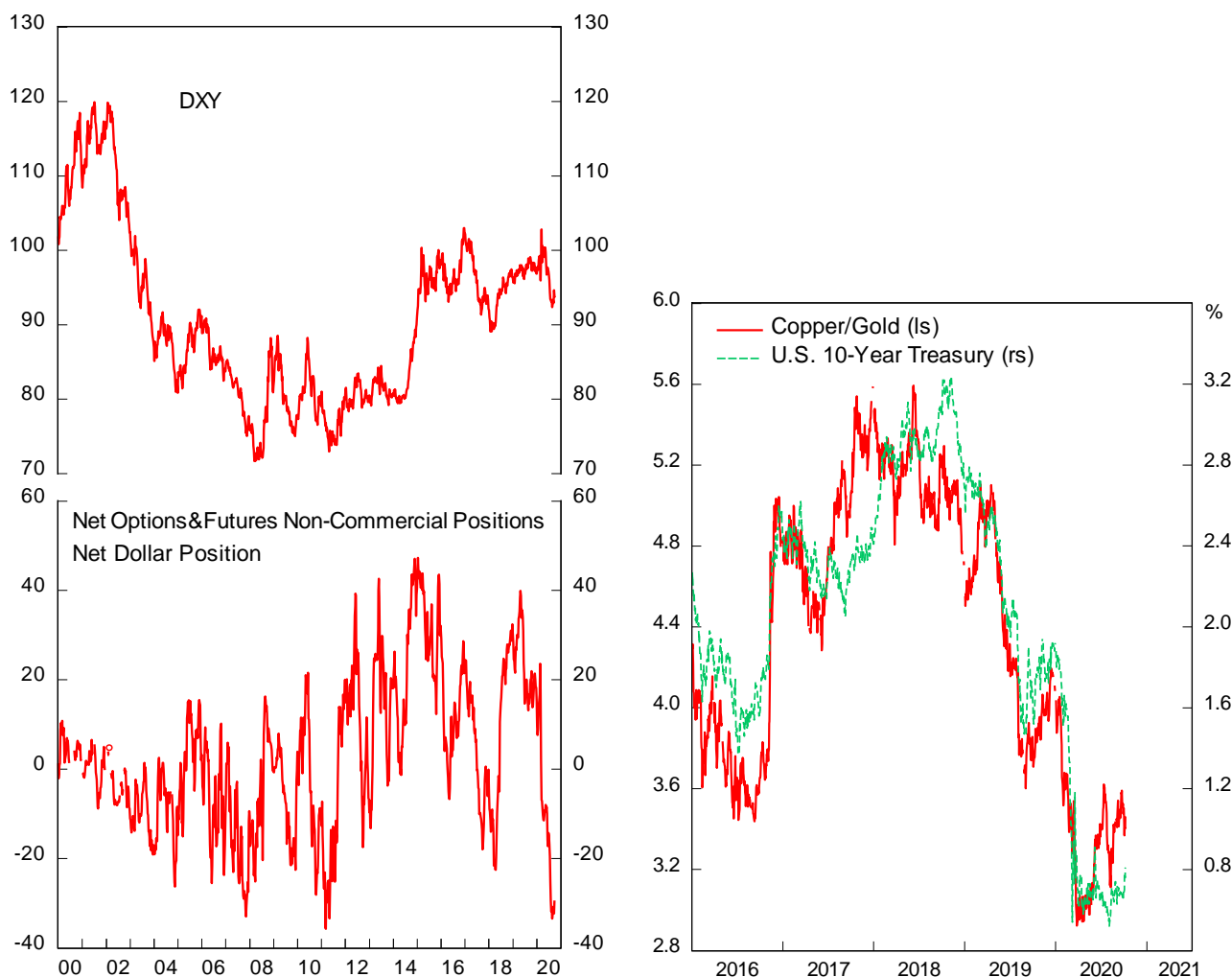
## Mapping Global Post-COVID Recovery

This month's monthly piece is a short note on three signposts to monitor the growth recovery, taking a bird-eye perspective on risk assets after three separate publications last week detailing our view on oil, precious metals, and select country outlook; links are provided at the end of the piece. First, we are revisiting three important indicators to monitor global growth outlook: the dollar, Treasury yield, and copper/gold ratio.

The dollar should decline further from current level, although technical and speculative positioning show that the selloff in the dollar is overstretched, which may point to a short-term rebound. The uncertainty regarding further fiscal stimulus, November presidential election, and changing consumer behavior from a prolonged lockdown restriction all point to an elevated volatility and rebound of the dollar in the coming month.

In more recent days, speculative position also points to more short interest in long-term U.S. Treasury. The 10-year yield has back up to 0.77% from its 0.50% low - still a very depressed level amid Fed's commitment to hold rates at zero at least until 2024 - and further normalization in economic activity and growth measures should drive yield closer to 1%.

Copper/gold ratio should also trend upward, although both metals' price could rise altogether. The increasing copper demand from China for production of electronic goods, electricity line, and EV battery should all point to a structural bull market for copper. Meanwhile, we are still positive on gold price in the long-term due to the debasement of fiat currency in the U.S. to finance fiscal stimulus.



On equities, we think the valuation is being inflated by record low yields and few alternatives for investors to put their money in. Although the risk/reward is not attractive, it may continue to be so considering a still elevated equity risk premium. Our Global Equity Strategy model do not like any country equity in particular this month, preferring to be

invested in the ACWI benchmark. We believe this is due to the still poor earnings outlook and elevated valuation in over 75% of investable DM and EM countries.

We continue to monitor the development in Turkey. Two months ago, we pared down our long Turkish position significantly amid concern on their reserves and too loose monetary policy. Now we begin to see a deep value play in the country as the Lira has become very cheap and equity valuation is on a bargain. We discussed our favorable view for Colombia and Chile in a more recent piece. Meanwhile, our call options on Mexican equity initiated in Q1 has delivered significant return, which will have further leg from both currency and stock appreciation.

Oct-20	
Country	P(Decline) (%)
TR	5.80
CO	19.57
ZA	24.93
CZ	25.48
PL	29.31
CL	30.29
HU	31.27
MX	44.52
AT	51.51
SG	54.16
IE	56.31
PH	56.47
HK	60.65
ID	71.59
GB	71.66
JP	76.58
RU	78.07
PE	81.59
IT	83.31
TW	83.74
AR	84.43
CN	87.57

Oct-20	
Country	P(Decline) (%)
BR	90.69
CA	90.89
ES	91.69
PT	93.77
MY	94.01
FI	94.89
BE	95.74
CH	96.70
NO	96.90
KR	97.02
SE	97.61
AU	98.02
TH	98.09
FR	98.47
DE	98.98
EM	98.99
IN	98.99
NL	99.67
WD	99.75
US	99.87
NZ	99.99
DK	99.99

For a more detailed analysis, we separated the three topics we want to highlight this month on a separate piece:

Where Are Precious metals Headed

Bearish case for oil

Country Outlook for Russia, Colombia, Chile, South Africa, and Indonesia

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