

press release

Market Outlook 2021: Vaccinating against valuations

Most major equity markets expected to deliver strong returns

15 December 2020, Singapore – Standard Chartered’s Wealth Management Advisory today released its market outlook for the year ahead, which provides the view that 2021 is likely to be a better year than 2020 from both humanitarian and financial markets perspectives. Vaccine distribution, fiscal and monetary policy support, bond yields, the US Dollar and the value versus growth debate are five factors which are likely to define financial markets in 2021.

“On balance, we believe these factors are likely to be supportive of risk assets through 2021, possibly with a disproportionate dependency on effective vaccine distribution,” explained **Steve Brice, Chief Investment Officer at Standard Chartered Wealth Management**. “While we doubt everything will go smoothly, we see positive development on most fronts, which should be supportive for asset class returns in 2021. The increase in excess capacity in the global economy means central banks are likely to remain focused on supporting growth, which means the equity bull market is likely to continue through 2021 and beyond.”

Below is an overview of the Global Investment Committee’s views across key asset class:

- **Bonds** – A stronger economic recovery should feed through to higher corporate profits, reducing default risk and supporting further reduction in yield premiums, which appear inexpensive on a relative basis. We view Credit, which are bonds that offer a premium holding over government bonds, as a preferred holding. We also prefer Asian USD bonds and Emerging Markets bonds as they should benefit from weaker USD, stronger inflows, reduced geopolitical risks given US election results, and potential for capital appreciation given cheap valuations.
- **Equity** – Global equities are our most preferred asset class. We expect the current bull market to continue in 2021, driven by vaccine rollout, economic reopening and a recovery

in earnings. Asia ex-Japan, China, US, Euro area and Japan equities are preferred. While we are bullish on equities in 2021, we expect the price-to-earnings ratio to decline in the year ahead as the earnings recovery outpaces the market rally.

- **FX** – The USD is likely to continue its longer-term downtrend. Higher US budget and trade deficits could concern international investors. US asset outflows will likely seek higher global returns and USD reserve holdings may continue to decline. We expect the EUR, GBP, AUD and CNY to be the primary beneficiaries of a broad USD decline in 2021.
- **Alternatives** – We see Alternative strategies as a useful addition to a traditional, long-only stock/bond portfolio. Alternative strategies give exposure to sources of return that may not be directly accessible via long-only investments in stocks and bonds. We maintain Alternatives as a core holding into 2021.

You can access the report [here](#).

--- ENDS ---

For more information, please contact:

Carol Alisha Chan
Corporate Affairs
Tel: +65 8611 5190
Email: Carol-HY.Chan@sc.com

Magdalene Tan
Corporate Affairs
Tel: +65 8388 7350
Email: Magdalene.Tan@sc.com

About Standard Chartered

Standard Chartered Bank in Singapore is part of an international banking group, with more than 150 years of history in some of the world's most dynamic markets. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

The Bank has a history of over 160 years in Singapore, where we opened our first branch in 1859. In October 1999, we were among the first international banks to receive a Qualifying Full Bank (QFB) licence, an endorsement of the Group's longstanding commitment to our business in the country.

Singapore is home to the majority of our global business leadership, our technology operations, as well as SC Ventures, our innovation hub. In 2013, the Bank transferred our Singapore Retail and SME businesses to a locally incorporated subsidiary, Standard Chartered Bank (Singapore) Limited ("SCBSL"). And in May 2019, we fully consolidated our business operations in Singapore through the transfer of our Commercial Banking, Corporate & Institutional Banking and Private Banking businesses to SCBSL. SCBSL is one of the highest-rated banks globally: A1/Stable by Moody's Investor Services, A/Stable by Standard & Poor's and A+/Stable by Fitch Ratings. In August 2020, we were the first and only bank to be awarded by the Monetary Authority of Singapore the status of "Significantly Rooted Foreign Bank".

In Singapore, we support both individual and corporate needs to build wealth and drive commerce at every step of their journey. We do this by offering an entire range of financial services across personal, priority and private banking as well as our business, commercial and corporate banking teams. The Bank has a network of 16 branches, 5 Priority Banking centres, 1 International Banking and Priority Private Centre and 26 ATMs.

For more information please visit www.sc.com/sg.