Asset Allocation Survey

24th March 2022

Investors Detect a Whiff of Stagflation

Corporate Earnings Expectations fall as Recession Fears Rise

AUTHOR:

David Bowers
+44(0) 7073 0733
david.bowers@absolute-strategy.com

Charles Cara
+44(0) 7073 0738
charles.cara@absolute-strategy.com

Dramatic Changes in Macro Expectations Post Invasion of Ukraine

The survey reveals a sharp rise in probability of a Global recession and a major rethink of Corporate-Earnings expectations. Most of the fieldwork was conducted shortly after Russia's invasion of Ukraine but before the March FOMC statement.

Defensive Asset Allocators still Believe that Stocks can Beat Bonds

Unsurprisingly, investors have lowered expectations for risk assets, notably for Equities and Extended Fixed Income – but still have a high level of conviction that Stocks can outperform Bonds, despite Earnings gloom and Multiple Compression.

Split by stagflation or soft-landing, united by Stocks to beat Bonds

Our machine learning algorithm has divided the survey panel into two almost equally sized groups: one group expects stagflation, while the other is looking for a soft-landing. Either way, both groups still expect Equities to beat Bonds.

RELATED RESEARCH:

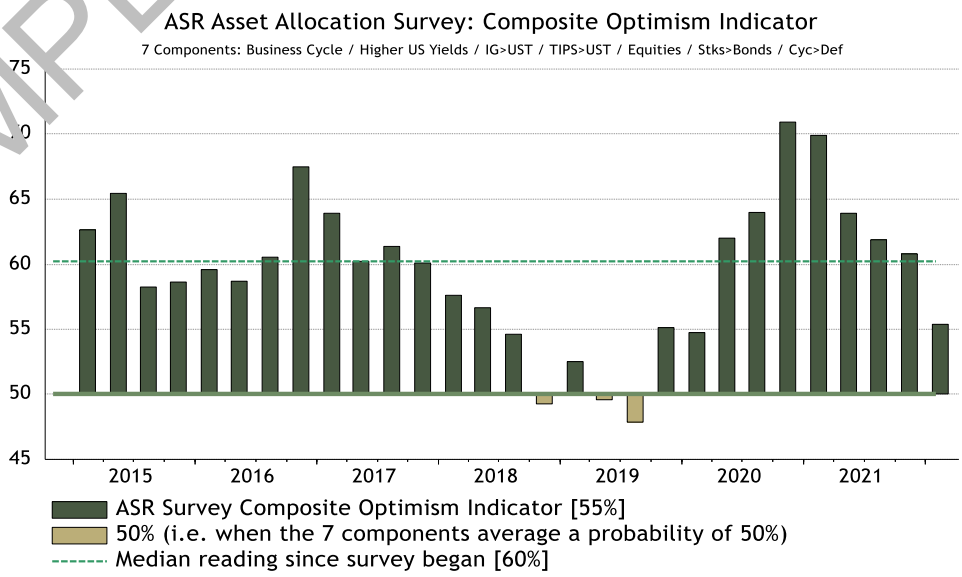
2021 Q4 Survey: Investors Not Spooked by Fed Tightening, 10th Dec 2020

2021 Q3 Survey: Investors Join the Transitory Inflation Camp 23rd September 2021

2021 Q2 Survey: Positive but with a Change of Tone, 17th June 2021

2021 Q1 Survey: Investors See Growing Inflation Risks, 18th Mar 2021

Key chart: ASR's "Composite Optimism Indicator" now below Median



Source: ASR Ltd.
Based on 177 respondents managing over $4.9trn AUM (Fieldwork: 3rd Mar - 17th Mar)

SAMPLE RESEARCH

Authorised and Regulated by the Financial Conduct Authority
36-38 Cornhill, London, EC3V 3NG