

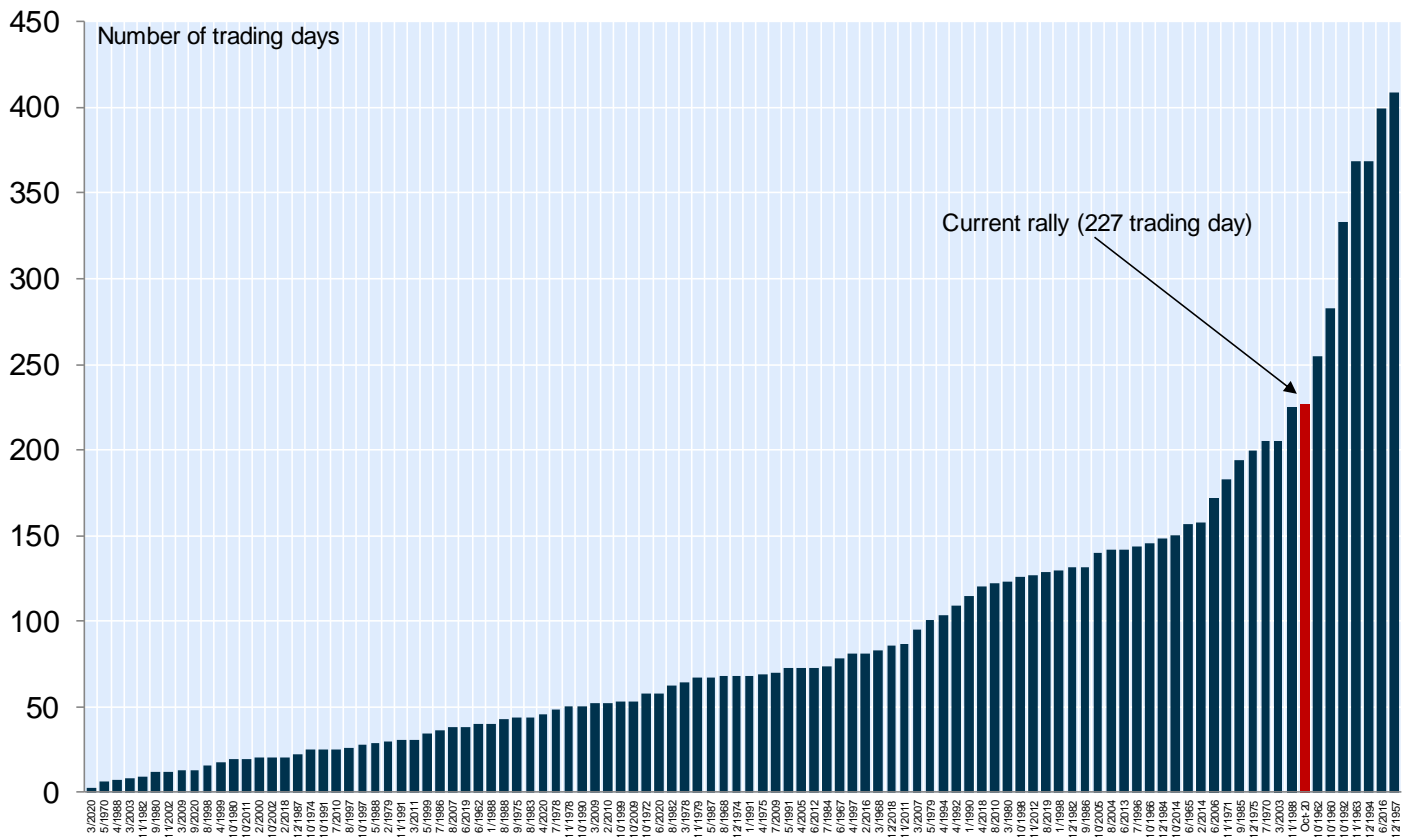
Market Watch

By Stéfane Marion & Matthieu Arseneau

The global profit rebound so far in 2021 has been nothing short of spectacular. So far in Q3, MSCI ACWI trailing earnings per share (EPS) are up 30% from a year earlier, the best showing in more than a decade. As a result, trailing EPS already exceed their pre-pandemic level. Amazingly, the 12-month-forward earnings expectation continues to be revised up. Considering recent developments, this seems too good to be true. While most stock markets do not appear to have been disrupted by the Delta variant so far, this does not mean the pandemic will not affect earnings growth. As today's Hot Chart shows, equities have had 227 days of recovery without a decline of 5% or more, the eight best such streak since 1960. Our latest [Equity Monitor](#) argues for a reduction of equity exposure in favour of cash.

S&P 500: The eight longest rally in six decades

Rallies without a > 5% correction since 1960



NBF Economics and Strategy (data via Bloomberg)

Economics and Strategy

Montreal Office

514-879-2529

Stéfane Marion

Chief Economist and Strategist
stefane.marion@nbc.ca

Kyle Dahms

Economist
kyle.dahms@nbc.ca

Alexandra Ducharme

Economist
alexandra.ducharme@nbc.ca

Matthieu Arseneau

Deputy Chief Economist
matthieu.arseneau@nbc.ca

Daren King

Economist
daren.king@nbc.ca

Angelo Katsoras

Geopolitical Analyst
angelo.katsoras@nbc.ca

Paul-André Pinsonnault

Senior Economist
paulandre.pinsonnault@nbc.ca

Jocelyn Paquet

Economist
jocelyn.paquet@nbc.ca

Toronto Office

416-869-8598

Warren Lovely

Chief Rates and Public Sector Strategist
warren.lovely@nbc.ca

Taylor Schleich

Rates Strategist
taylor.schleich@nbc.ca

Alpa Atha

Fixed Income Economist
alpa.atha@nbc.ca

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