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# WHY BEING BULLISH IS THE OUT-OF-CONSENSUS TRADE

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Last week's "Behind the Markets" podcast featured two guests, Marc Chandler, Chief Market Strategist at Bannockburn Global Forex, and John Davi, CEO and founder of Astoria Portfolio Advisors.

Our discussions focused on the global economic outlook and investing implications. Some notable highlights from the conversations:

## A Bullish Outlook Internationally

Davi sees so much **bearish** sentiment that his out-of-consensus call now is to get more **bullish**. He came into this year with a fairly defensive posture, but stocks around the world have really not moved all that much since early 2018, and Davi has seen these markets starting to break higher recently. Davi's portfolios are starting to add more exposure to international markets, while most investors are enamored with U.S. **growth** stocks.

Davi outlined how he builds portfolios—and how the economic cycle influences what factors to utilize in portfolios. Earlier this year, Davi was allocating to the minimum **volatility** strategies—but he now thinks that this **low volatility** factor is an overly consensus trade and dependent on **interest rates** falling. He has thus reduced exposure to the low volatility factor in favor of **value** and **quality** tilts that he believes have more upside.

Davi also likes China, as he sees low **valuations** and earnings growth estimates being supportive. He also sees stimulus from the central bank and government helping risk assets.

Chandler takes a relatively pessimistic view of the U.S. economy, as he sees **GDP growth** declining sequentially over the year. He believes this week's non-farm payroll report will show signs of a sluggish start to Q4. Professor Siegel commented that a pickup in **capex** following the trade resolution might support GDP growth into next year, but Chandler considers this a pipe dream—mostly because he sees it as reliant on oil investments, where he sees surplus oil inventory levels and a lack of investment.

Chandler believes the worst economic news for Europe is now in the rearview mirror—equity markets support that view with strongest gains across global markets being cyclical and European **small-cap** companies moving up 5% in October.

These were two great conversations across the global markets. Please listen to both conversations below

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