

Macro Roundup Article

Headline: [The Case For Continued American Equity Exceptionalism](#)

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Tweet: Rebecca Patterson argues US equity outperformance is likely to continue as US firms are positioned to capture a sizable share of productivity benefits from new technologies like AI, and the US is likely to experience stronger relative economic growth.

Summary: American equity exceptionalism is possible, for at least two reasons. First, the US is set to capture a sizeable share of productivity benefits from technology such as artificial intelligence. Second, a moderating global economy could work against more cyclically biased equity markets overseas, favouring those geared towards organic growth drivers. Over multi-year periods, domestic growth has been found to dominate local equity returns. A 2011 study by Clifford Asness, Roni Israelov and John Liew suggests that 39% of 15-year returns could be explained by domestic economic performance. Growth is fundamentally a function of labour and productivity. Given that most of the developed world (and China) faces at least directionally similar labour constraints, the US seems likely to be a relative growth winner thanks to prospects for greater productivity gains. Related: Market Resilience or Investors in Denial: The Market at Mid-Year 2023 and Most Global Economies Remain in Disequilibrium, Requiring Policy Action and Birth, Death, and Wealth Creation

Primary Topic: Growth

Topics: Database, GDP, Growth, Op-Ed/Blog Post

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