

Macro Roundup Article

Headline: [How Conditions Today Compare to Past Equity Market Bottoms](#)

Article Link: <https://www.bridgewater.com/research-and-insights/how-conditions-today-compare-to-past-equity-market-bottoms>

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Tweet: Bridgewater notes that recent market conditions do not fit the historical pattern. Typically, rising discount rates and risk premiums lead to declining asset prices, which in turn leads to declining economic activity and earnings, and more pressure on equities.

Summary: There is typically a meaningful increase in equity expected returns (shown below in excess of cash) before the turn in the market because investors need to be incentivized back into equities and out of safe assets following significant losses. Today, based on our read, the re-rating of equity prices has a way to go. Our estimate for long-term excess expected returns remains relatively low compared to history. Consistent with that, analyst consensus for long-term corporate cash flow growth has barely budged over the last year, not yet reflecting the cooling of the economy we expect to see.

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