



# Byron Wien Says Stocks 'Fully Priced' With S&P 500 Near Record

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With the S&P 500 on the cusp of an all-time high, U.S. stocks are “fully priced,” according to Byron Wien, who advises investors to buy gold as a hedge against further weakness in the dollar.

The economy, relying on policy support to sustain its momentum, remains far from a full recovery, with activity about a quarter of the level it was in 2019, the vice chairman of Blackstone Group Inc.’s private wealth solutions business said in an interview on Bloomberg Television and Radio.

That means the dollar is likely to continue weakening as the U.S. fiscal deficit increases to 20% of gross domestic product and the Federal Reserve’s balance sheet expands to \$9 trillion from \$7 trillion, Wien predicted, without giving a time frame. Meanwhile, the equity rally from the depths of March has been dominated by technology and other growth companies, some of which have valuations that already reflect earnings that are two years out, Wien said.

“When the bear market is over and the recession is over, I can see the S&P 500 being higher than it is today, but basically I think it’s fully priced at this point,” he said. Wien’s concerns about the dollar stem in part from heavy fiscal spending and a poorer response and recovery from the coronavirus than those seen in Asia and Europe that is sowing doubt in the idea of “U.S. exceptionalism,” he said.

The 87-year-old former Morgan Stanley strategist who’s put out his annual “surprises” list since 1986 is one of the most widely followed on Wall Street. In January, he predicted the S&P 500 will climb above 3,500 at some point this year as subdued economic growth prompts the Federal Reserve to cut interest rates.

The S&P 500 has rallied 50% from its bear-market low in March and is trading within about 10 points of its record high of 3,386.15 reached in February. Shares have defied a collapse in corporate profits, thanks in large part to the resilience in internet and software companies, whose products cater to social distancing. At 26 times forecast earnings, the index was trading at the highest multiple in two decades.

The U.S. dollar has weakened 9% against a basket of currencies from its March peak. Meanwhile, gold has strengthened 28% this year, hitting a record \$2,063.54 an ounce earlier this month.

“The dollar has weakened and one of the ways to protect yourself against that is to own gold, which has been a good asset to have in your portfolio this year,” Wien said. “I have some in my portfolio and I think it makes sense for individual investors to have a position.”

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