

WEEKLY MARKETS ROUND-UP

Executive Summary

2nd January 2024

Top news: Happy New Year, Best wishes and welcome to 2024 – last week saw one last progression on equity markets. The S&P500 finished 2023 at +24% while the Nasdaq100 rose almost 54% and the EuroStoxx50 more than 19%. Into 2024, there are many ongoing themes/issues which will continue to influence markets (Soft or Hard landing, the evolution of US unemployment, economics in Europe, Asia and specifically in China, monetary policies in the US, Europe and also Japan, further risk pockets such as US real estate, supply chains and geopolitical turmoil, aggressive fiscal expansion, and specifically in a US election year). These known uncertainties probably explain the lackluster S&P500 price projections for 2024, while economic consensus is rather benign and many rate cuts are priced in (see next page). Unexpected Black Swans will certainly also arise. Next week, 2024 will start with some active newsflow: December ISM PMIs on Wednesday (Manufacturing) and Friday (Services) expected pretty much flat, JOLTS Job openings on Wednesday (slight decrease) and Dec. Non-Farm Payrolls on Friday (exp.168k vs 199k in Nov.). On Wednesday we will also await the FED Minutes, which should give some insight into the sudden FED's December pivot.

Equity: in our table below, the main Indexes (ex. SMI, Nikkei225 and Shanghai Composite) finished 2023 in Overbought conditions. We hence expect some softness into early/mid Q1, with 1 or 2 potential 5-7% Dips. We believe these should be bought as the trends are still heading higher for now in the US and Europe, and Pivot speculations should dominate.

Fixed Income: fixed income ETFs also seem Overbought, while the US and German 10Y are Oversold. We would probably expect a slight countertrend during January and perhaps February, and then new lows for yields into Q2.

FOREX: USD could also bounce slightly over the next few weeks (it is also Oversold). 2024 could be crucial for the Dollar depending on a dovish soft landing (lower USD into H1 at least) or a harder landing version (flight to USD safety).

Commodities: Oil remains downtrending and could drop further into the Spring, perhaps towards 60 USD/barrel. Gold is still slightly Overbought, may retrace for a few weeks, but could then break out to new highs into late Q1/Q2.

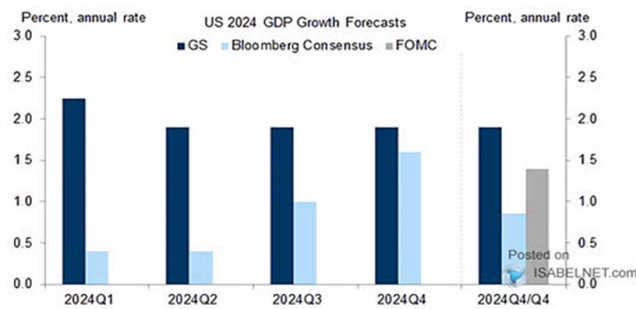
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	4 770	Jan-23	3 808	25,3%	Dec-23	4 783	-0,3%	24,2%	up	slightly OB
Nasdaq100 Index	USD	16 826	Jan-23	10 741	56,6%	Dec-23	16 907	-0,5%	53,8%	up	slightly OB
Dow Jones Industrials Index	USD	37 690	Mar-23	31 819	18,4%	Dec-23	37 710	-0,1%	13,7%	up	OB
EuroStoxx50	EUR	4 522	Jan-23	3 856	17,3%	Dec-23	4 549	-0,6%	19,2%	up	slightly OB
Swiss Market Index	CHF	11 138	Oct-23	10 324	7,9%	May-23	11 595	-3,9%	3,8%	neutral	neutral
Nikkei225	JPY	33 464	Jan-23	25 717	30,1%	Jul-23	33 753	-0,9%	28,2%	neutral	neutral
Shanghai Composite	CNY	2 975	Dec-23	2 899	2,6%	May-23	3 395	-12,4%	-3,7%	down	slightly OS
US 10Y Treasury Yield	%	3,88%	Apr-23	3,31%	0,6%	Oct-23	4,99%	-1,1%	0,0%	down	slightly OS
German 10Y Bund Yield	%	1,94%	Dec-23	1,94%	0,0%	Sep-23	2,97%	-1,0%	-0,6%	down	OS
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	99	Oct-23	84	18,1%	Apr-23	105	-6,2%	3,3%	up	slightly OB
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	111	Oct-23	99	12,2%	Dec-23	111	-0,6%	9,3%	up	OB
US High Yield (HYG ETF, 3-4Y duration)*	USD	77	Jan-23	70	11,3%	Dec-23	78	-0,7%	11,3%	up	OB
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	89	Oct-23	80	12,0%	Dec-23	90	-0,7%	10,3%	up	OB
EUR/USD		1,10	Oct-23	1,05	5,4%	Jul-23	1,12	-1,8%	3,1%	neutral	OB
GBP/USD		1,27	Mar-23	1,18	7,7%	Jul-23	1,31	-3,0%	5,3%	neutral	slightly OB
USD/JPY		141	Jan-23	128	10,3%	Nov-23	152	-7,0%	7,6%	neutral	slightly OS
USD/CHF		0,84	Dec-23	0,84	0,0%	Mar-23	0,94	-10,7%	-9,0%	neutral	OS
AUD/USD		0,68	Oct-23	0,63	8,2%	Feb-23	0,71	-4,6%	-0,1%	neutral	slightly OB
Brent Oil (per Barrel)	USD	77	Jun-23	72	7,2%	Sep-23	97	-20,2%	-10,3%	down	neutral
Gold Spot (per Ounce)	USD	2 063	Feb-23	1 811	13,9%	Dec-23	2 077	-0,7%	13,1%	up	slightly OB

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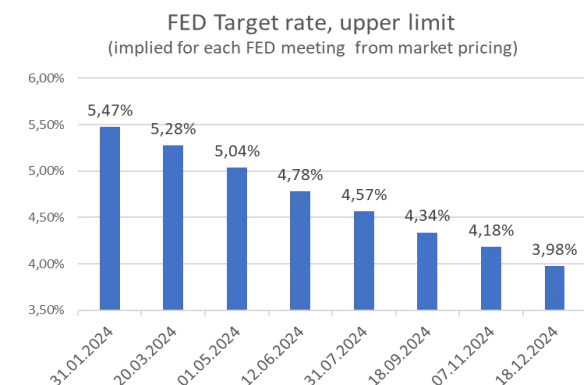
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2024 Consensus Focus: Soft landing, Rate cuts, yet limited upside for the S&P500

When considering consensus across various markets / economic forecasts, something will eventually have to give in. For now, indeed, US 2024 GDP consensus is at +0.8% p.a. (left-top graph) with H1 < +0.5% and H2 > +1.0%. This is definitely Soft-landish and one may wonder how the 6 rate cuts currently expected by the market are justified (left-bottom graph) as well as why S&P500 Consensus Outlook for 2024 (right-hand graph) is only at +2% in such a resilient yet dovish environment.



Source: Goldman Sachs Global Investment Research, Bloomberg



Source: CME FED Watch, Primis.Swiss

Strategists' S&P 500 Outlooks

Equity market soothsayers are struggling to imagine much upside

Firm	Target
Bank of America	5,000
Barclays	4,800
BMO	5,100
Cantor Fitzgerald	4,400
Citigroup	5,100
Deutsche Bank	5,100
Evercore ISI	4,750
Fundstrat	5,200
Goldman Sachs	5,100
JPMorgan	4,200
Morgan Stanley	4,500
Ned Davis Research	4,900
Oppenheimer	5,200
RBC Capital Markets	5,000
Scotiabank	4,600
Societe Generale	4,750
Stifel Nicolaus	4,650
UBS	4,850
Wells Fargo	4,625
Yardeni Research	5,400
Avg.	4,861
Median	4,875
Max	5,400
Min	4,200

Source: Bloomberg's ANR data, news stories

*Note: Data aggregated as of 12/19 and targets are generally for year-end 2024

Notes:

- Trend last 6 months:** this Primis original algorithm, weighs the slope of the trend over the last 6 months vs the slope of the trend over the last 3 months yet factorised by the Fibonacci retracement ratio (0.618). Values are normalised using the average price over each period. If this combined slope is above +0.05% the trend is then "up", below -0.05% then "down", otherwise it is "neutral".
- Overbought (OB) / Oversold (OS) measures:** this Primis original algorithm is computed by comparing the difference between the 8 days moving average and the 100 days combined with the 3 days vs the 15 days one and normalises this difference by dividing it by the 1 year standard deviation (circa 260 open market days). Values above 225% or under -225% are Overbought "OB", resp. Oversold "OS", values above 100% or under -100% are "slightly OB", resp. "slightly OS", otherwise there is no relevant exaggeration and the situation is then "neutral".

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