

# WEEKLY MARKETS ROUND-UP

## Executive Summary

26<sup>th</sup> December 2023

**Top news: Best wishes for the Holiday Season and for the New Year** – last week was the last one with meaningful releases this year. Hard data such as the Final Q3 GDP and Core PCE inflation came out a bit slower than anticipated (respectively 4.9% annualized vs 5.2% expected on Thursday, and +0.1% MoM vs +0.2% expected on Friday), while soft data, including the Conference Board Consumer Sentiment or the Revised University of Michigan Consumer Sentiment both posted slightly higher than expected. All-together, in the US, the year finished with very decent growth data, a normalization of inflation and upbeat consumers, or a mix somewhat between Goldilocks and a Soft-landing. Last Tuesday was also the last official meeting of the BoJ, which decided to stick to its very loose monetary policy (i.e. to negative interest rates). Yet, yesterday, in a speech to business leaders, Governor Ueda opened the door to a shift in policy next year and exit negative rates. For now, the BoJ is still undecided on timing, while some market analysts expect this move as early as January. Such tightening may lead to further Yen strengthening and to some carry trades unwinds. We look forward to following up on these developments in the New Year and wish you all the best until then.

**Equity:** most equity markets still rose last week between circa 0.5% and 1%. Only Switzerland retreated slightly while the Shanghai Comp. dropped another 1%. Most equity markets seem Overbought on the table below. We would expect some high level consolidation into early/mid January (i.e. a slight Dip). Prices could then rise back into early February.

**Fixed Income:** the US10Y was stable last year, while the 10Y Bund yield dropped below 2%. Yields seem Oversold and could bounce slightly over the next couple of weeks, but probably resume lower thereafter, initially into late January.

**FOREX:** USD also seems Oversold vs most currencies and could also bounce slightly over the next couple of weeks, yet then still seems under pressure into late January / February initially.

**Commodities:** Oil continued to bounce slightly last week and could continue to do so another week or so before resuming lower. Gold is slightly Overbought, may retrace for a few weeks, but then could rise back into mid/late Q1.

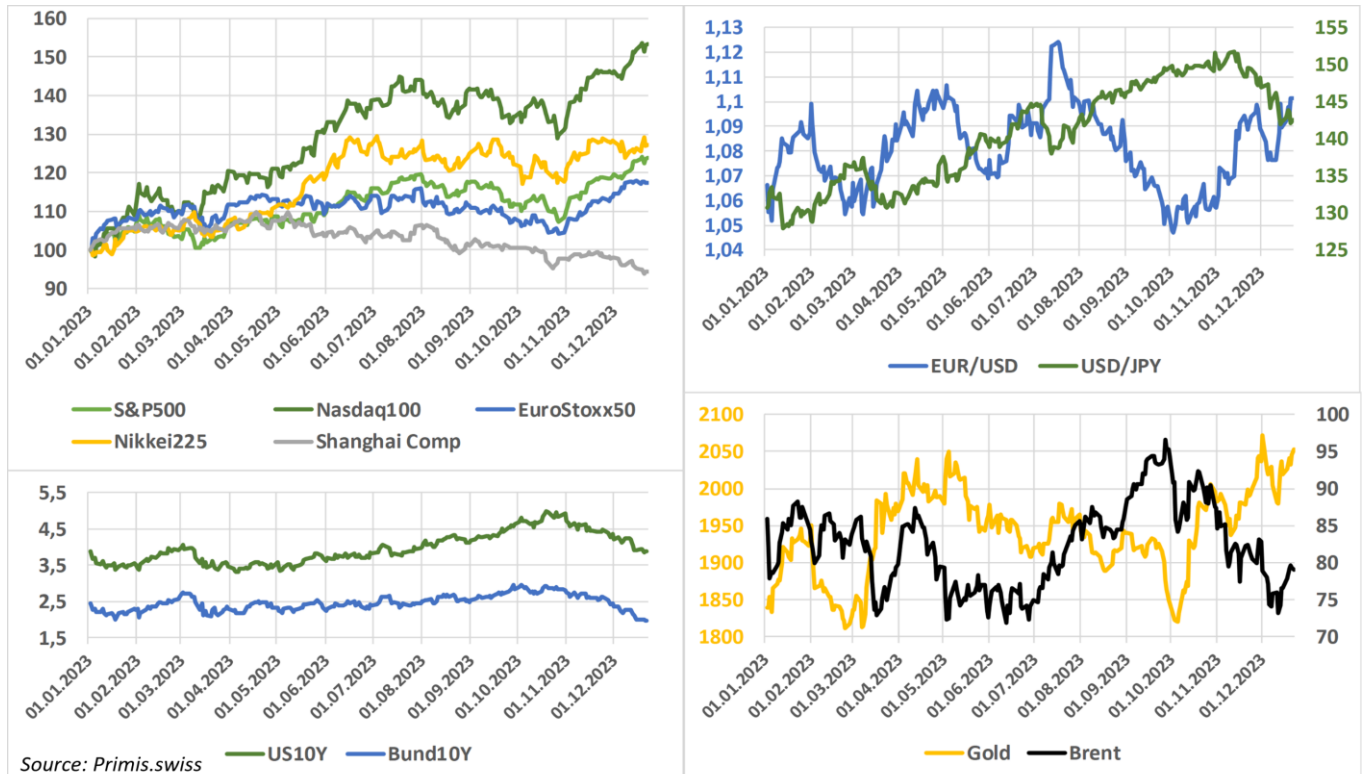
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	4 755	Dec-22	3 783	25,7%	Dec-23	4 768	-0,3%	23,8%	up	slightly OB
Nasdaq100 Index	USD	16 777	Dec-22	10 679	57,1%	Dec-23	16 812	-0,2%	53,4%	up	slightly OB
Dow Jones Industrials Index	USD	37 386	Mar-23	31 819	17,5%	Dec-23	37 558	-0,5%	12,8%	up	OB
EuroStoxx50	EUR	4 521	Dec-22	3 794	19,2%	Dec-23	4 549	-0,6%	19,2%	up	slightly OB
Swiss Market Index	CHF	11 153	Oct-23	10 324	8,0%	May-23	11 595	-3,8%	3,9%	neutral	slightly OB
Nikkei225	JPY	33 169	Jan-23	25 717	29,0%	Jul-23	33 753	-1,7%	27,1%	neutral	neutral
Shanghai Composite	CNY	2 915	Dec-23	2 902	0,4%	May-23	3 395	-14,1%	-5,6%	down	slightly OS
US 10Y Treasury Yield	%	3,90%	Apr-23	3,31%	0,6%	Oct-23	4,99%	-1,1%	0,0%	neutral	slightly OS
German 10Y Bund Yield	%	1,97%	Dec-23	1,97%	0,0%	Sep-23	2,97%	-1,0%	-0,6%	down	OS
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	98	Oct-23	84	17,7%	Apr-23	105	-6,6%	2,8%	neutral	slightly OB
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	110	Oct-23	99	11,7%	Dec-23	111	-0,4%	8,8%	up	OB
US High Yield (HYG ETF, 3-4Y duration)*	USD	77	Dec-22	69	13,0%	Dec-23	78	-0,1%	11,5%	up	OB
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	89	Oct-23	80	12,0%	Dec-23	89	-0,1%	10,2%	up	OB
EUR/USD		1,10	Oct-23	1,05	5,2%	Jul-23	1,12	-2,0%	2,9%	neutral	slightly OB
GBP/USD		1,27	Mar-23	1,18	7,4%	Jul-23	1,31	-3,3%	5,0%	neutral	slightly OB
USD/JPY		142	Jan-23	128	11,4%	Nov-23	152	-6,1%	8,6%	neutral	neutral
USD/CHF		0,86	Dec-23	0,86	0,0%	Mar-23	0,94	-9,2%	-7,5%	neutral	slightly OS
AUD/USD		0,68	Oct-23	0,63	8,0%	Feb-23	0,71	-4,7%	-0,2%	neutral	slightly OB
Brent Oil (per Barrel)	USD	79	Jun-23	72	10,1%	Sep-23	97	-18,1%	-8,0%	down	neutral
Gold Spot (per Ounce)	USD	2 053	Dec-22	1 804	13,8%	Dec-23	2 071	-0,9%	12,5%	up	slightly OB

# WEEKLY MARKETS ROUND-UP

26<sup>th</sup> December 2023

## Year-End Focus: 2023 Cross Asset retrospective, and a bit of the same in Q1/24

What a difference a year makes with the Nasdaq100 now hovering around 16'800 or circa +53% higher than a year ago. This strong performance can thank the Bank Term Funding Program (BTFP) in March, the A.I. rally into July, and the Goldilocks sentiment since late October. Other markets also rose between 20 and 30% while in contrast the Shanghai Composite dropped 6%. Yields had a hick-up this Spring during the US Regional Banks crisis, then made new highs into October and have since been retracing on Pivot speculations. Inversely, EUR/USD and Gold have been gaining strength. Oil remains under pressure despite the ongoing war in the Middle East. We expect many of these trends to linger on further during Q1 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".

**Disclaimer:** The information in this document is being provided for general market commentary and information purposes. This document does not constitute a solicitation or offer, or recommendation to acquire or dispose of any investment or to engage in any other transaction. Any reference to a transaction, trade, position, holding, security, market, or level is purely meant to educate readers about possible opportunities and risks in the marketplace and are not meant to imply that any person or entity should take any action whatsoever without first evaluating such action(s) in light of their own situation either on their own or through a professional advisor. If a person or entity does not believe they are qualified to make such decisions, they should seek professional advice. The prices listed are for reference only and are in no way intended to represent an actual trade. This information is not a substitute for professional advice of any nature, including tax, legal, and financial. While we believe the information contained herein to be accurate, all numbers should be verified by the reader through independent sources. Primis Investment (Suisse) SA assumes no responsibility for errors or omissions in the contents of this document. In no event shall Primis Investment (Suisse) SA be liable for any special, direct, indirect, consequential, or incidental damages or any damages whatsoever, whether in an action of contract, negligence, or other tort, arising out of or in connection with the contents of this document or any related services. Trading securities, options, futures, or any other security involves risk and can result in the immediate and substantial loss of the capital invested. Every reader/recipient is responsible for his or her own investment decisions. Primis Investment (Suisse) SA reserves the right to make additions, deletions, or modifications to the contents of this document and related services at any time without prior notice.



Primis Investment (Suisse) SA

5 rue Jacques-Balmat, 1204 Geneva –Switzerland

T: + 41 22 570 60 80

[wealth-management@primis.swiss](mailto:wealth-management@primis.swiss)

[www.primis.swiss](http://www.primis.swiss)

@ Copyright 2023 Primis Investment (Suisse) SA