

WEEKLY MARKETS ROUND-UP

Executive Summary

26th February 2024

Top news: US Q4 Preliminary GDP and PCE Inflation data – last week was dominated by NVIDIA’s blockbuster earnings on Wednesday evening. The stock rose by 16% the following day (see next page for a thorough analysis), while most equity indexes made new highs (expect for the Nasdaq100, interestingly). On the macro front, last Wednesday also saw the release of the minutes of the Fed’s last meeting, which generally vowed caution on premature rate cuts, at least until the Committee had more confidence that inflation would reach their 2% target. Finally, Flash PMIs on Thursday remained in expansion in the US, while France surprised positively but Germany widely disappointed on the Manufacturing front. Generally, the EuroZone is now neutral on the Services side, but continues to contract when it comes to Manufacturing. This week, we will mostly focus on the Preliminary US GDP number for Q4 on Wednesday (expected at +3.3%) and the FED’s preferred Core PCE inflation data on Thursday, which is expected to rise back to +0.4% MoM (+ 0.2% last month). On Wednesday and Thursday, the G20 meeting on foreign ministers will also take place in Rio with both Blinken and Lavrov apparently attending and amid sharp geopolitical tensions.

Equity: last week, most equity markets rose another 1 to 1.5% and into all-time highs for many of them. We remain a bit cautious as our table below features many Overbought signals, i.e. we would remain positive for now into later this year, yet would prefer to buy dips rather than breakouts as long as these Overbought conditions persist.

Fixed Income: US and German 10Y benchmark yields retreated slightly last week (-5 bps). We expect them to start rolling over again from late February into mid/late March, when they may attempt to test their December lows.

FOREX: the Dollar may still hold up this week, but then seems to resume lower during March. By late Q1, it may retest its December lows, e.g. towards 1.11 on EUR/USD, 1.28 on GBP/USD. We would then expect a new bounce in Q2.

Commodities: Brent could retrace back with yields during March, yet doesn’t necessarily retest down to its December lows (around 72.5 USD/b). Gold remains resilient and could resume higher as the US Dollar retraces during March.

	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	5 089	Mar-23	3 856	32,0%	Feb-24	5 089	0,0%	6,7%	up	slightly OB
Nasdaq100 Index	USD	17 938	Mar-23	11 830	51,6%	Feb-24	18 005	-0,4%	6,6%	up	neutral
Dow Jones Industrials Index	USD	39 132	Mar-23	31 819	23,0%	Feb-24	39 132	0,0%	3,8%	up	slightly OB
EuroStoxx50	EUR	4 873	Oct-23	4 014	21,4%	Feb-24	4 873	0,0%	7,8%	up	OB
Swiss Market Index	CHF	11 497	Oct-23	10 324	11,4%	May-23	11 595	-0,8%	3,2%	neutral	slightly OB
Nikkei225	JPY	39 099	Mar-23	26 946	45,1%	Feb-24	39 099	0,0%	16,8%	up	slightly OB
Shanghai Composite	CNY	3 005	Feb-24	2 702	11,2%	May-23	3 395	-11,5%	1,0%	down	neutral
US 10Y Treasury Yield	%	4,25%	Apr-23	3,31%	0,9%	Oct-23	4,99%	-0,7%	0,4%	neutral	neutral
German 10Y Bund Yield	%	2,36%	Dec-23	1,97%	0,4%	Sep-23	2,97%	-0,6%	0,3%	down	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	94	Oct-23	84	11,3%	Apr-23	106	-11,7%	-5,8%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	Oct-23	99	9,3%	Dec-23	112	-3,3%	-2,6%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	77	Mar-23	70	11,2%	Dec-23	78	-0,6%	0,1%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	88	Oct-23	80	10,7%	Dec-23	90	-1,8%	-1,2%	neutral	neutral
EUR/USD		1,08	Oct-23	1,05	3,3%	Jul-23	1,12	-3,7%	-2,0%	neutral	neutral
GBP/USD		1,27	Mar-23	1,18	7,1%	Jul-23	1,31	-3,5%	-0,5%	neutral	neutral
USD/JPY		151	Mar-23	131	15,2%	Nov-23	152	-0,8%	6,7%	neutral	neutral
USD/CHF		0,88	Jan-24	0,84	4,8%	Mar-23	0,94	-6,5%	4,7%	neutral	neutral
AUD/USD		0,66	Oct-23	0,63	4,2%	Jul-23	0,69	-4,7%	-3,6%	neutral	neutral
Brent Oil (per Barrel)	USD	82	Jun-23	72	13,6%	Sep-23	97	-15,5%	5,9%	neutral	neutral
Gold Spot (per Ounce)	USD	2 036	Mar-23	1 813	12,3%	Dec-23	2 077	-2,0%	-1,3%	neutral	neutral

* These large fixed income ETFs are used as proxies to assess the state of duration trades as well as of credit markets

Source: Primis Investment (Suisse) SA

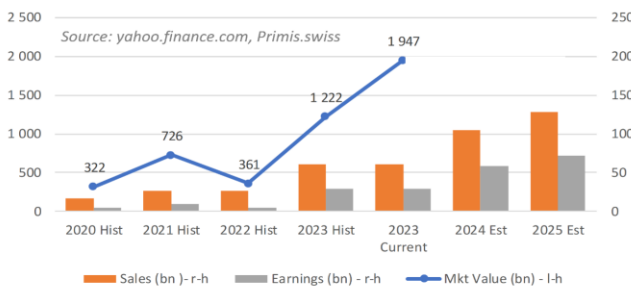
WEEKLY MARKETS ROUND-UP

26th February 2024

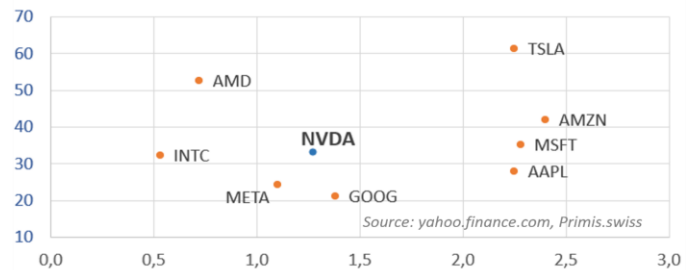
NVIDIA Focus: Blockbuster Earnings, Fundamentals look reasonable, Trending up

NVIDIA released earnings last Wednesday. Sales more than doubled YoY, while earnings almost 8 folded, both beating expectations. The stock added 230bn USD the next day topping the recent record from Meta (197bn on 2nd February) rising to 1.9 trillion in Market Value. Growth rates however still seem solid going forward (top-left) and hence the PEG ratio (P/E vs Growth) seems reasonable vs peers (top-right). Forward P/Es are also quite reasonable, considering NVIDIA's 55%+ net margin, at 33 for 2024E and 27 for 2025E. As for the stock price (bottom- right), the trend recently broke above its previous channel (which would now act as support, between 700 and 550), while the Relative Strength Index (RSI) is high yet still rising (no formal divergence yet). If the rhythm since October persists, NVIDIA could reach above 1'000 by late Summer. As we showed last week already using market indexes, the current low volatility / high interest rates environment offers advantageous conditions to price Outperformance certificates, e.g. a 6 months one on NVIDIA currently offers 100% upside participation up to a + 25% Cap with 55% downside participation only, i.e. a rather decent proposal if one isn't too greedy.

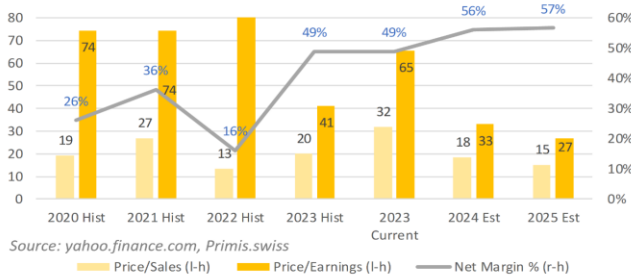
NVIDIA - Market Value vs Sales & Profits



PEG ratio (X axis) vs Fwrd P/E (Y axis)



Price/Sales, P/E and Net Margin %



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

www.primis.swiss

@ Copyright 2023 Primis Investment (Suisse) SA