

# WEEKLY MARKETS ROUND-UP

## Executive Summary

1<sup>st</sup> April 2024

**Top news: April's fool, Happy Easter and Non-Farm Payrolls next Friday** – late last week, once again, US data came in stronger than expected. On Thursday, the Final GDP figure for Q4/23 was released at +3.4% instead of +3.2% expected. February home sales rose back to positive territory and even more than anticipated, to +1.6% MoM vs +1.4% expected and vs -4.7% in January, while the Revised Univ. of Michigan Consumer Sentiment Index finally settled at 79.4 (vs 76.5 expected), its highest level since July 2021. On Friday, Core PCE came in in line with expectations at +0.3% fueling a sense of strong data and tamed inflation. This week, we will monitor US PMI data. Manufacturing is due for release today, and Services on Wednesday. Tuesday will then see the US Job Openings data, Wednesday, the EuroZone CPI and a speech from Chair Powell. Finally, on Friday, we will await the March Non-Farm Payrolls.

**Equity:** the S&P500 and the EuroStoxx50 respectively rose a further +0.5% and +1% last week, while the Nasdaq100 index retraced by -0.5% suggesting a change in leadership. Indeed, throughout March the equity rally has gathered more breadth. We don't expect much further upside potential (most indexes in the table below are still Overbought), yet equity markets may still linger on higher into mid/late April before they correct more consequently into midyear.

**Fixed Income:** benchmark rates were rather flat last week. We would expect then to retrace slightly over the next few weeks, yet would be vary of a rather sticky inflation as well as upside pressure in the real term premium (a.k.a. higher long term government financing costs) into midyear, or until the FED and the ECB actually start to cut short term rates.

**FOREX:** USD could retrace slightly with rates during April, but then rises into May/June on a last hawkish rally.

**Commodities:** Brent Oil is almost back to 90 USD/barrel (i.e. 87.5), may retrace slightly into April but probably attempts to push higher towards 100 USD/barrel into May/June. Gold, again, has just reached all-time highs. It may still push to between 2'250'-2'300 USD/oz over the next week or so, but then probably retraces for the rest of Q2 as the environment could turn less dovish and rates cuts may appear to be delayed.

	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	5 254	Apr-23	4 056	29,5%	Mar-24	5 254	0,0%	10,2%	up	slightly OB
Nasdaq100 Index	USD	18 255	Apr-23	12 725	43,5%	Mar-24	18 339	-0,5%	8,5%	up	neutral
Dow Jones Industrials Index	USD	39 807	Oct-23	32 418	22,8%	Mar-24	39 807	0,0%	5,6%	up	slightly OB
EuroStoxx50	EUR	5 083	Oct-23	4 014	26,6%	Mar-24	5 083	0,0%	12,4%	up	slightly OB
Swiss Market Index	CHF	11 730	Oct-23	10 324	13,6%	Mar-24	11 790	-0,5%	5,3%	up	slightly OB
Nikkei225	JPY	40 447	Apr-23	27 473	47,2%	Mar-24	40 888	-1,1%	20,9%	up	slightly OB
Shanghai Composite	CNY	3 041	Feb-24	2 702	12,5%	May-23	3 395	-10,4%	2,2%	neutral	neutral
US 10Y Treasury Yield	%	4,20%	Apr-23	3,31%	0,9%	Oct-23	4,99%	-0,8%	0,3%	neutral	neutral
German 10Y Bund Yield	%	2,29%	Dec-23	1,97%	0,3%	Sep-23	2,97%	-0,7%	0,3%	neutral	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	95	Oct-23	84	13,1%	Apr-23	105	-10,2%	-4,3%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	109	Oct-23	98	10,8%	Dec-23	111	-1,9%	-1,3%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	78	May-23	70	10,3%	Mar-24	78	-0,2%	1,2%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	90	Oct-23	79	13,1%	Mar-24	90	-0,5%	0,9%	neutral	slightly OB
EUR/USD		1,08	Oct-23	1,05	3,0%	Jul-23	1,12	-4,0%	-2,3%	neutral	neutral
GBP/USD		1,26	Oct-23	1,21	4,5%	Jul-23	1,31	-3,9%	-0,9%	neutral	neutral
USD/JPY		151	Apr-23	131	15,3%	Nov-23	152	-0,2%	7,3%	neutral	neutral
USD/CHF		0,90	Jan-24	0,84	7,3%	Oct-23	0,92	-2,0%	7,2%	neutral	slightly OB
AUD/USD		0,65	Oct-23	0,63	3,5%	Jul-23	0,69	-5,4%	-4,3%	neutral	neutral
Brent Oil (per Barrel)	USD	87	Jun-23	72	21,7%	Sep-23	97	-9,4%	13,5%	neutral	slightly OB
Gold Spot (per Ounce)	USD	2 233	Oct-23	1 820	22,7%	Mar-24	2 233	0,0%	8,2%	up	OB

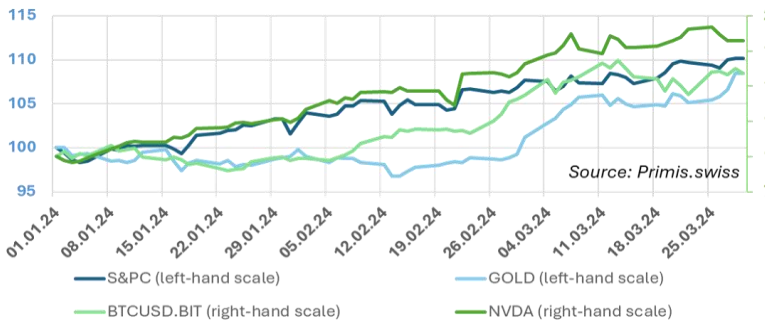
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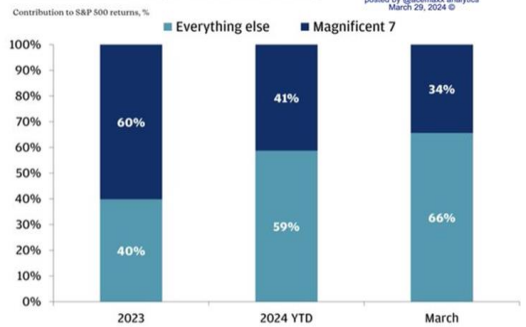
## Cross Assets Focus: following a risk-ON Q1, Q2 could see a slightly hawkish pause

It's been an amazing Q1 2024 with the S&P500 and Gold both up circa 10%, while star assets such as BitCoin or NVIDIA rose between 50 and 100% (top left graph). It wasn't only the Magnificent 7 and the large Tech stocks which fared well, breadth/participation in Q1 was much stronger than during 2023, and the rally in March was even more widespread (top-right graph). While we believe the uptrend should persist for most of 2024, Q2 could prove more challenging as US Inflation shows some resiliency due to negative base effects (bottom-left graph), while Commodities are pointing to a long term Oversold positive divergence, may have hence reached a floor, and could start bounce /resume higher (bottom-right graph).

Q1 Cross Asset Performance

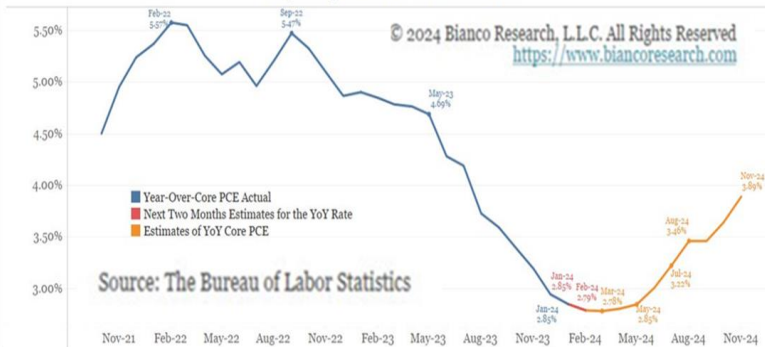


Room to run? The rally has been broadening

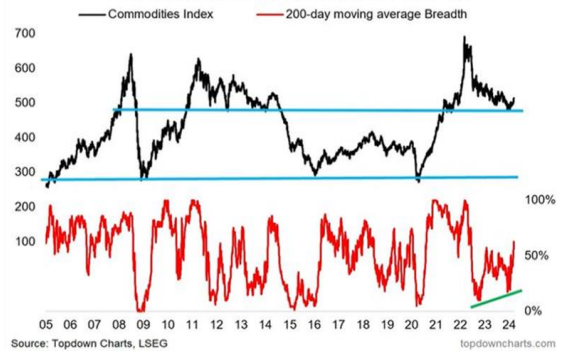


Source: Bloomberg Finance L.P. Data as of March 26, 2024. Note: Constituents are per the SPDR S&P 500 ETF due to data availability. The Magnificent 7 group includes Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. Past performance is no guarantee of future results. It is not possible to invest directly in an index.

Projecting Year-over-Year Core PCE



Commodities: very bullish technicals...



### 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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