

WEEKLY MARKETS ROUND-UP

Executive Summary

24th June 2024

Top news: Final US Q1 GDP and Core PCE on Thursday and Friday – last Tuesday, US retail sales kicked off the week coming in below expectations on both Core and Headline. This fueled further “bad news is good news” and US markets continued to push higher. On Thursday, the SNB and BOE showed renewed diverge, with the SNB cutting rates another 0.25% to 1.25% suggesting inflation was under control and in order to tame upside pressures on CHF, while the BOE remained on hold at 5.25%, as anticipated, and despite headline inflation at 2% in May, suggesting that these lower figures needed to be sustained medium term while the labor market was still sufficiently tight. Disparity was also the word on Friday with Global Flash PMIs disappointing on both Manufacturing and Services in Europe, while accelerating further in expansion territory and above expectations in the US. This week will also see successive data releases with the Conference Board US Consumer Sentiment on Tuesday, the final Q1 US GDP estimate and US Pending Home sales on Thursday, and finally, on Friday, Core PCE inflation data (exp. to slow to +0.1% MoM vs +0.2% last month) and the Univ. of Michigan Revised US Consumer Sentiment and Inflation Expectations data on Friday.

Equities: early last week, S&P500 topped 5'500, while NDX almost reached 20'000 (i.e. new highs). They then retraced into Friday dropping resp. 0.7% and 1.4%. NDX remains Overbought short term, yet we then expect further outperformance during Q3. Europe rebounded slightly last week as the impact of French politics temporarily faded.

Fixed Income: US and German 10Y were pretty much flat last week as the drop fueled by the US CPI the previous week settled. This week US GDP and esp. the PCE data (the FED's favorite inflation gauge) should have an impact.

FOREX: USD dropped slightly early last week, yet then recovered on Thursday and Friday following the SNB and BOE and as the market considers that the FED remains more hawkish than peers.

Commodities: Oil continued to rebound last week. Brent is now back to 85 \$/barrel as US Summer demand is being revised up. Gold bounced early in the week, but then retraced these gains on perceived persistent FED hawkishness.

	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	5 465	Oct-23	4 117	32,7%	Jun-24	5 487	-0,4%	14,6%	up	neutral
Nasdaq100 Index	USD	19 700	Oct-23	14 110	39,6%	Jun-24	19 909	-1,0%	17,1%	up	slightly OB
Dow Jones Industrials Index	USD	39 150	Oct-23	32 418	20,8%	May-24	40 004	-2,1%	3,9%	neutral	neutral
EuroStoxx50	EUR	4 907	Oct-23	4 014	22,2%	May-24	5 101	-3,8%	8,5%	neutral	neutral
Swiss Market Index	CHF	12 013	Oct-23	10 324	16,4%	Jun-24	12 255	-2,0%	7,9%	up	slightly OB
Nikkei225	JPY	38 596	Oct-23	30 527	26,4%	Mar-24	40 888	-5,6%	15,3%	neutral	neutral
Shanghai Composite	CNY	2 998	Feb-24	2 702	11,0%	Jul-23	3 291	-8,9%	0,8%	neutral	neutral
US 10Y Treasury Yield	%	4,26%	Jun-23	3,72%	0,5%	Oct-23	4,99%	-0,7%	0,4%	neutral	neutral
German 10Y Bund Yield	%	2,40%	Dec-23	1,97%	0,4%	Sep-23	2,97%	-0,6%	0,4%	up	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	94	Oct-23	83	13,1%	Jun-23	101	-6,7%	-4,2%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	Oct-23	97	11,1%	Dec-23	110	-1,6%	-1,0%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	77	Oct-23	70	11,0%	Jun-24	77	0,0%	2,0%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	89	Oct-23	79	13,7%	May-24	90	-0,3%	1,5%	neutral	neutral
EUR/USD		1,07	Oct-23	1,05	2,1%	Jul-23	1,12	-4,9%	-3,1%	neutral	neutral
GBP/USD		1,26	Oct-23	1,21	4,7%	Jul-23	1,31	-3,7%	-0,7%	neutral	neutral
USD/JPY		160	Jul-23	138	15,8%	Jun-24	160	0,0%	13,3%	up	slightly OB
USD/CHF		0,89	Jan-24	0,84	6,3%	Oct-23	0,92	-2,9%	6,3%	neutral	neutral
AUD/USD		0,66	Oct-23	0,63	5,5%	Jul-23	0,69	-3,6%	-2,5%	neutral	neutral
Brent Oil (per Barrel)	USD	85	Jun-23	72	17,7%	Sep-23	97	-11,9%	10,4%	neutral	neutral
Gold Spot (per Ounce)	USD	2 321	Oct-23	1 820	27,5%	May-24	2 427	-4,3%	12,5%	up	neutral

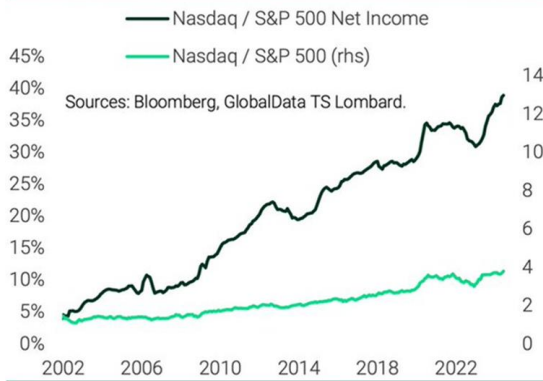
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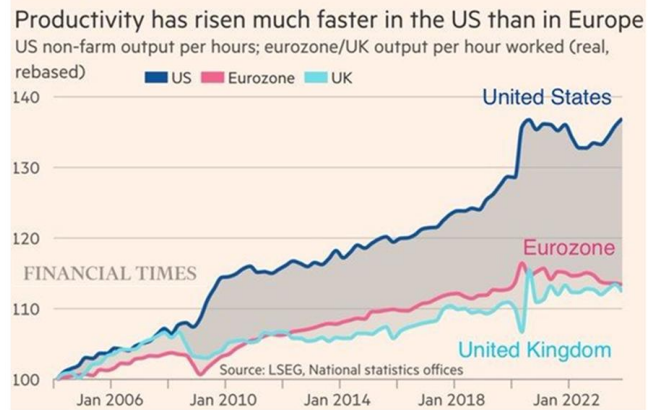
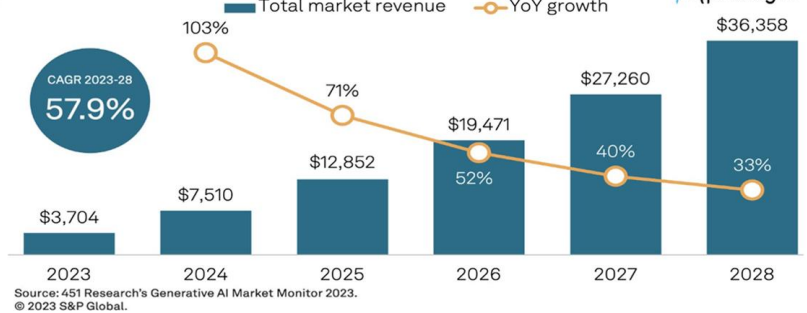
Focus on Growth: fundamental reasons why US/Big tech could outperform further

Last week, we reviewed the outperformance of US markets and Big Tech. This week, we consider some fundamentals behind this trend and why, over the long run, it may persist. Indeed, despite the hype, the ratio of Nasdaq's net income vs the S&P500 is outpacing the price differential (top-left graph). This may slow slightly, as e.g. the AI market matures, yet the growth of this segment until 2028 remains at an astonishing +57.9% rate p.a. (top-right). Geographically, the RoW sector mix is much more Value driven (bottom-left), while inherently labor productivity is also growing much faster in the US (bottom-right).

Nasdaq profit share outpaced market performance



Generative AI market revenue forecast



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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