

# WEEKLY MARKETS ROUND-UP

## Executive Summary

28<sup>th</sup> October 2024

**Top news: Big Tech Earnings, US Q3 GDP, October Non-Farm Payrolls** – last week was rather quiet in terms of releases. The BRICs held their Summit in Kazan Russia pushing back against USD, while wishing for a peaceful resolution in Ukraine, through dialogue and diplomacy, TSLA earnings beat expectations strongly, while Global Flash PMIs came in slightly better than expected. This week however will prove intense in terms of data releases and earnings. Chronologically, we will start on Tuesday with US CB Consumer Confidence and JOLTS Job openings and after the close with earnings from AMD and Alphabet. Wednesday, we then await the Advanced US Q3 GDP estimate (exp. flat at +3% annualized) and Pending Home Sales, as well as Meta and Microsoft earnings after the close. Thursday will then stage China's PMIs, the BoJ decision and conference, EuroZone Flash CPI (exp. slightly lower) and the September US Core PCE Inflation (exp. to rise to 0.3% MoM vs 0.1% in August). That evening, post close, Amazon and Apple will also report. Finally, on Friday, Exxon and Chevron will report pre-open while US October Non-Farm Payrolls will be released (drop to 111k exp. from 254k in September). The week will end with the US ISM Manufacturing PMI later on Friday afternoon. In summary, many data and earnings release to gauge current economic strength.

**Equities:** last week, Nasdaq100 was almost flat while the S&P500 dropped 2%, the Dow Jones Industrial 3% and the EuroStoxx50 1%. Mostly, it's the Bond proxies, which have been retracing. Equities remain slightly up and not quite Overbought, yet this is a crucial week to confirm/infirm investors' confidence in earnings as well as economic growth.

**Fixed Income:** benchmark yields continued to rise last week with the US10Y moving up a further 25bps and the Bund 10Y circa 10bps. 20Y Treasuries are getting slightly Oversold, perhaps pointing to some stabilization into November.

**FOREX:** the US Dollar continued to rise last week vs all other majors as it followed US yields and the growth/yield differential higher. EUR/USD may be getting slightly Oversold and could temporarily stabilize over the next few weeks.

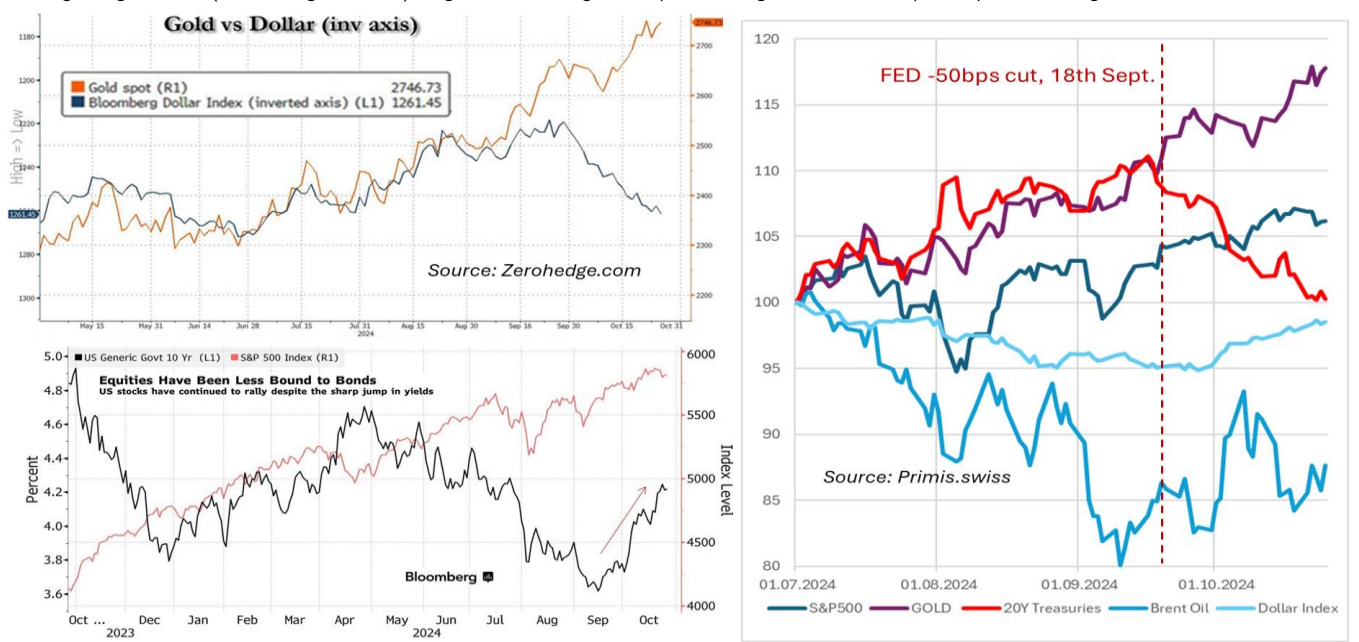
**Commodities:** Oil bounced 4% last week yet retraced all of it this morning. Long bets are at their 14 years low again and Oil remains slightly Oversold below. Gold continues to linger on higher for now in a slightly Overbought condition.

	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	5 808	Oct-23	4 167	39,4%	Oct-24	5 865	-1,0%	21,8%	up	neutral
Nasdaq100 Index	USD	20 352	Oct-23	14 336	42,0%	Jul-24	20 675	-1,6%	21,0%	up	neutral
Dow Jones Industrials Index	USD	42 114	Oct-23	32 929	27,9%	Oct-24	43 276	-2,7%	11,7%	up	neutral
EuroStoxx50	EUR	4 943	Oct-23	4 028	22,7%	May-24	5 101	-3,1%	9,3%	neutral	neutral
Swiss Market Index	CHF	12 184	Oct-23	10 382	17,4%	Sep-24	12 451	-2,1%	9,4%	neutral	neutral
Nikkei225	JPY	37 914	Oct-23	30 697	23,5%	Jul-24	42 224	-10,2%	13,3%	neutral	neutral
Shanghai Composite	CNY	3 300	Feb-24	2 702	22,1%	Oct-24	3 490	-5,4%	10,9%	up	slightly OB
US 10Y Treasury Yield	%	4,24%	Sep-24	3,62%	0,6%	Oct-23	4,93%	-0,7%	0,4%	neutral	neutral
German 10Y Bund Yield	%	2,30%	Dec-23	1,97%	0,3%	Oct-23	2,83%	-0,5%	0,3%	down	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	92	Oct-23	84	9,1%	Sep-24	102	-9,7%	-6,7%	neutral	slightly OS
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	109	Oct-23	98	11,9%	Sep-24	114	-4,0%	0,6%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	79	Oct-23	69	14,8%	Sep-24	80	-1,0%	6,4%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	91	Oct-23	79	16,2%	Sep-24	94	-2,5%	5,7%	neutral	neutral
EUR/USD		1,08	Nov-23	1,06	2,1%	Aug-24	1,12	-3,5%	-2,2%	neutral	slightly OS
GBP/USD		1,30	Nov-23	1,22	6,7%	Sep-24	1,34	-3,4%	1,8%	neutral	neutral
USD/JPY		152	Sep-24	141	8,3%	Jul-24	162	-5,7%	8,0%	neutral	neutral
USD/CHF		0,87	Sep-24	0,84	3,1%	Apr-24	0,92	-5,7%	3,0%	neutral	neutral
AUD/USD		0,66	Oct-23	0,63	4,3%	Sep-24	0,69	-4,5%	-3,0%	neutral	neutral
Brent Oil (per Barrel)	USD	76	Sep-24	69	9,5%	Apr-24	91	-16,6%	-1,3%	down	slightly OS
Gold Spot (per Ounce)	USD	2 745	Nov-23	1 937	41,7%	Oct-24	2 749	-0,1%	33,1%	up	slightly OB

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

## Cross Asset Focus: unusual divergences persist 6 weeks after the FED's 0.5% cut

Since the FED cut by 0.5% on 18<sup>th</sup> Sept., Gold has shot higher while concomitantly other currencies vs USD have resumed lower (top-left graph). This is rather unusual as Gold is denominated in USD and typically when Gold goes up, the USD comes down. To a certain extent this dichotomy can be described as current dovishness that spells hawkishness down the line, as the US economy remains resilient and while lower short term yields today are fueling higher inflation expectations and the need for higher rates down the line, especially in the US. As a result, the interest differential on longer maturities is widening, hence pushing USD higher. On another soft landish note, despite the rebound in the US10Y yield, equities are lingering on higher (bottom-left). These are enjoying lower short term rates, while the fact that many future rate cuts now seem less likely, doesn't seem to draw concern as long as the US economy continues to grow steadily. Overall, we will focus this week on US Advanced GDP and Non-Farm Payrolls to confirm the US economic resilience and if the current cross asset mix of falling long bonds (in red, right-hand), higher Gold, higher Equities, higher USD and perhaps even higher Oil can continue.



### 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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