

WEEKLY MARKETS ROUND-UP

Executive Summary

25th November 2024

Top news: US Core PCE inflation data and the FED's Minutes on Wednesday – last week's main event was the earnings release of NVIDIA on Wednesday evening. Once again, the A.I. chip maker beat expectations both on revenue and earnings, while growing revenue 94% YoY. Positive guidance for the current quarter was also confirmed, while its new Blackwell next generation chip is now in full production and being delivered to key clients. Overall, these results were still positive, yet the bar is set high for NVIDIA and the stock retraced almost 3% into Friday (a lesser evil considering its gains year-to-date). The other event last week was the dismal European Global Flash PMIs on Friday with the combined EuroZone ones dropping to 45.2 for Manufacturing (vs 46 exp. and 46 last month) and to 49.2 for Services (vs 51.6 exp. and 51.6 prev.). EUR/USD dropped to new 2 years lows, while EuroZone equities initially dropped yet then recovered. US Global Flash PMIs, on the other hand, came out above expectations on Friday afternoon. This week will be shortened by Thanksgiving from Thursday onwards, yet until then will see US CB Consumer Confidence data on Tuesday (expected up) and then on Wednesday, Preliminary Q3 GDP (expected to confirm +2.8% QtoQ annualized), the FED's favorite Core PCE Inflation gauge (exp. flat at +0.3% MoM), and finally the Minutes of the FED's last FOMC meeting. In the meantime, on Tuesday night, hardware makers Dell and HP will release earnings.

Equities: US equity markets rose another 2% last week and are now slightly Overbought, European ones and Japan were slightly up, and China dropped 3%. Overall, the momentum is still positive for now, probably into yearend.

Fixed Income: the US10Y Treas. yield was flat last week, while the 10Y Bund dropped by 10bps following Friday's negative Flash PMIs. Despite slightly Overbought, the US10Y could still push higher, while the Bund struggles further.

FOREX: USD is now Overbought on the table below, yet for now, its upside momentum is still strong. We argue on the next page that beyond its current cyclical strength, its long term metrics aren't worse than those for other currencies.

Commodities: Both Oil and Gold recovered last week. Oil is continuing to build a base, which for now is holding nicely, while the bounce on Gold may be just a retest up and doesn't exclude further consolidation in weeks to come.

	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance YTD in %	Trend last 6m ¹	Exaggeration OB / OS ²
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	5 969	Dec-23	4 549	31,2%	Nov-24	6 001	-0,5%	25,1%	up	neutral
Nasdaq100 Index	USD	20 776	Dec-23	15 788	31,6%	Nov-24	21 117	-1,6%	23,5%	up	neutral
Dow Jones Industrials Index	USD	44 297	Nov-23	35 333	25,4%	Nov-24	44 297	0,0%	17,5%	up	slightly OB
EuroStoxx50	EUR	4 789	Nov-23	4 348	10,1%	May-24	5 101	-6,1%	5,9%	neutral	neutral
Swiss Market Index	CHF	11 717	Nov-23	10 760	8,9%	Sep-24	12 451	-5,9%	5,2%	neutral	slightly OS
Nikkei225	JPY	38 284	Aug-24	31 458	21,7%	Jul-24	42 224	-9,3%	14,4%	neutral	neutral
Shanghai Composite	CNY	3 267	Feb-24	2 702	20,9%	Oct-24	3 490	-6,4%	9,8%	up	slightly OB
US 10Y Treasury Yield	%	4,41%	Sep-24	3,62%	0,8%	Apr-24	4,71%	-0,3%	0,5%	up	slightly OB
German 10Y Bund Yield	%	2,26%	Dec-23	1,97%	0,3%	May-24	2,68%	-0,4%	0,2%	neutral	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	90	Apr-24	89	1,8%	Sep-24	102	-11,2%	-8,3%	down	slightly OS
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	Apr-24	104	4,6%	Sep-24	114	-4,7%	-0,1%	neutral	slightly OS
US High Yield (HYG ETF, 3-4Y duration)*	USD	79	Nov-23	72	10,6%	Sep-24	80	-0,6%	6,8%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	91	Nov-23	83	9,9%	Sep-24	94	-2,9%	5,3%	neutral	neutral
EUR/USD		1,04	Nov-24	1,04	0,0%	Aug-24	1,12	-6,9%	-5,6%	neutral	OS
GBP/USD		1,25	Apr-24	1,24	1,5%	Sep-24	1,34	-6,6%	-1,6%	neutral	OS
USD/JPY		155	Sep-24	141	10,1%	Jul-24	162	-4,2%	9,7%	neutral	slightly OB
USD/CHF		0,89	Sep-24	0,84	6,4%	Apr-24	0,92	-2,7%	6,3%	neutral	slightly OB
AUD/USD		0,65	Apr-24	0,64	1,6%	Sep-24	0,69	-6,0%	-4,6%	neutral	slightly OS
Brent Oil (per Barrel)	USD	75	Sep-24	69	8,2%	Apr-24	91	-17,6%	-2,5%	down	neutral
Gold Spot (per Ounce)	USD	2 712	Dec-23	1 979	37,0%	Oct-24	2 788	-2,7%	31,5%	up	neutral

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

Dollar Focus: the Dollar Index is breaking out on strong US Growth differentials

Since late September, the Dollar Index has been rallying and just broke above its 2 years range (top-left graph). Initially, the driver of this performance is macroeconomic with US Economic Surprises proving much more resilient than in other regions (bot.-left). Trump's election, and his intended pro-cyclical and protectionist policies, are just acting as further catalysts, and resulting in a sharp upward revision of prospective Fed Fund Rates (i.e. less rate cuts) when they remain very dovish in Europe or elsewhere (top-right). Longer term, we believe alarmist USD dynamics (i.e. rising Debt, deficits) should be considered in light of other regions, which often fare even worse (e.g. China's ballooning projected indebtedness, bot.-right).

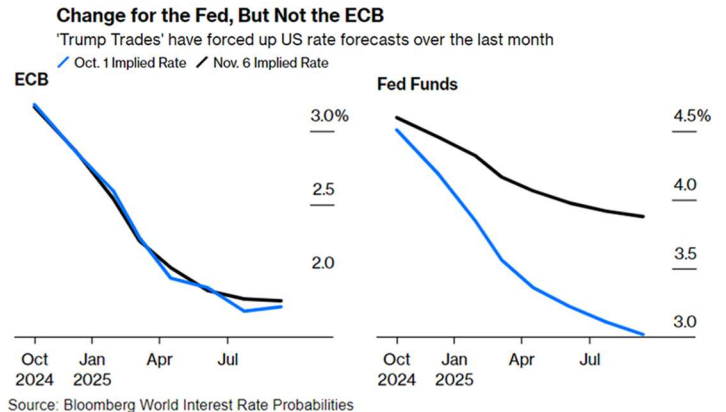
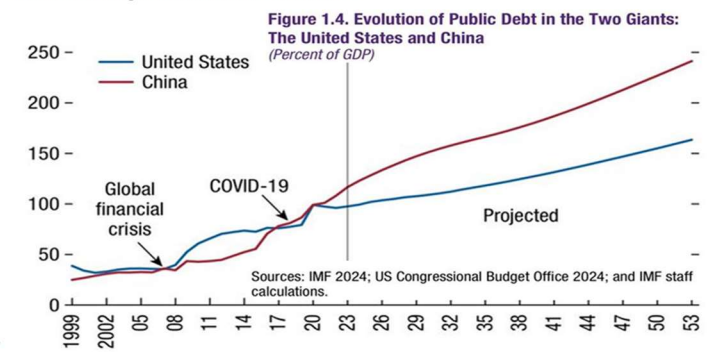
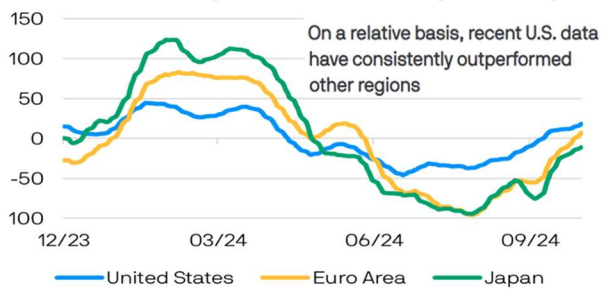


Exhibit 1: Data surprises, U.S. vs. Europe and Japan



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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