

WEEKLY MARKETS ROUND-UP

Executive Summary

3rd March 2025

Top news: US ISM PMIs, ECB Rate Decision on Thursday and Non-Farm Payrolls on Friday – last week started with the results of the German election, where the Conservatives (CDU/CSU) saw a lackluster win, and while the Far-Right AfD surged to 20%. Markets however appear reassured as the Conservatives are aiming to form a coalition with the Center left (SPD). The focus then shifted to NVIDIA's earnings on Wednesday after the close. These beat forecasts on both revenue and earnings (up resp. 78% and 80% YoY) but the stock fell 6% thereafter into Friday. Most US Big Tech stocks also finished the week lower. In the meantime, the US Q4 GDP came in-line at 2.3% QtoQ for Q4 on Thursday (was 2.9% in Q3), and, on Friday, Core PCE was +0.3% MoM as exp., up from +0.2% last month, adding to a slight stagflationary feeling. This week is quiet on the earnings front, except for Broadcom on Thursday post close. Macro-wise, the US ISM Manufacturing PMI is expected to remain in expansion on Monday (50.6 exp. vs prev. 50.9), while on Wednesday, the ISM Services PMI could rise further to 53. On Thursday, the ECB is expected to cut another 25 bps and then on Friday, all eyes will turn to US Non-Farm Payrolls. These are expected slightly up from last month at +156k.

Equities: US equities were mixed last week, the Nasdaq100 dropped more than 3% despite the late Friday +2% rally, the S&P500 dropped 1% and the DJ Industrial rose. Europe was slightly up, China was down (-2%) and Japan dropped heavily (-4%). Asia is getting Oversold, US Sentiment is also (see next page), while Europe remains Overbought.

Fixed Income: the US and Bund 10Y yields continued to drop last week. Their trends remain up for now, yet we believe that crucial support has been broken (4.4% mentioned last week on US10Y) and that, even if they bounce during March, new highs could be hard to achieve. We would then expect further weakness into Q2. US High Yield still holds for now.

Forex: EUR/USD, which had started the week strongly, fell back to below 1.04 on Friday on tariffs fears and the higher US PCE inflation. USD also rose back vs most other currencies and may follow yields higher for a retest up into March.

Commodities: Brent slid to \$73/bbl last week on possible growth fears, while Gold also got hit dropping to 2,859 \$/oz from its recent 2'955 ATHs, reflecting a mix of profit taking and bouncing USD. Geopolitics may play a role next week.

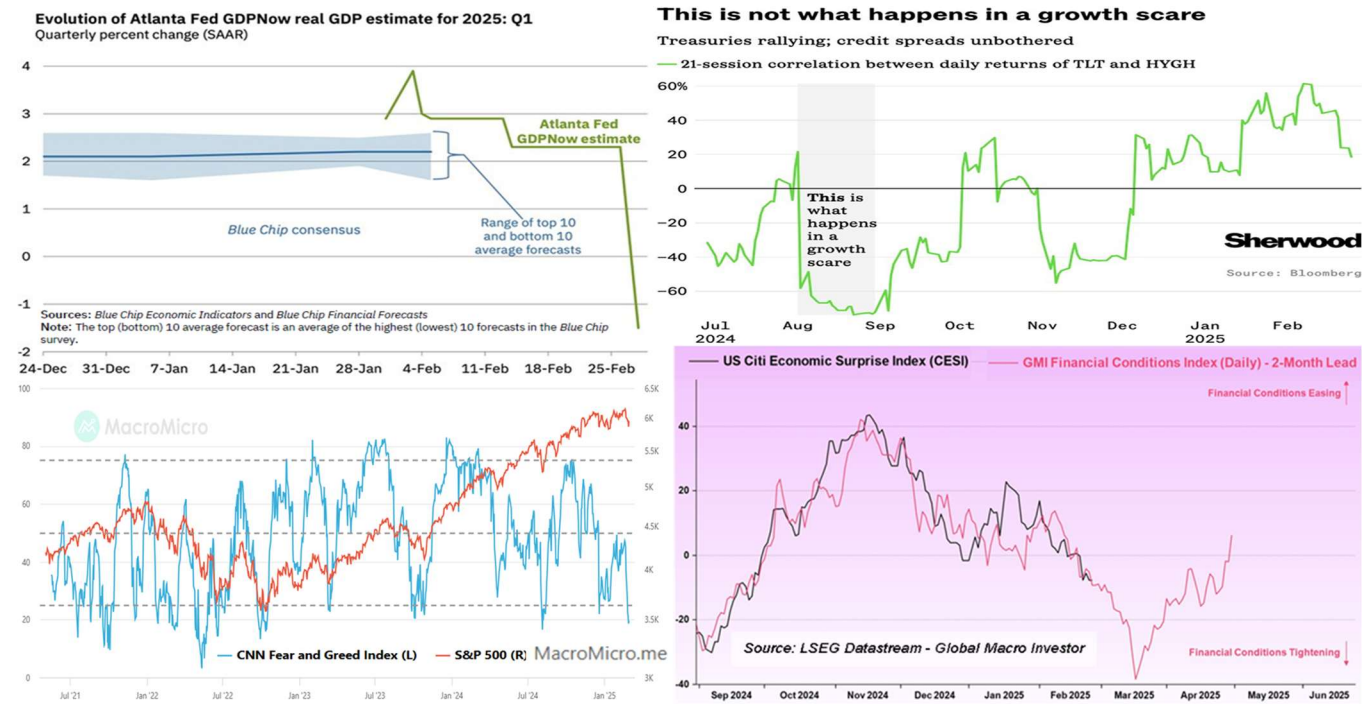
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	5 955	Apr-24	4 967	19,9%	Feb-25	6 144	-3,1%	1,2%	neutral	neutral
Nasdaq100 Index	USD	20 884	Apr-24	17 038	22,6%	Feb-25	22 176	-5,8%	-0,6%	neutral	neutral
Dow Jones Industrials Index	USD	43 841	Apr-24	37 735	16,2%	Dec-24	45 014	-2,6%	3,0%	neutral	neutral
EuroStoxx50	EUR	5 464	Aug-24	4 572	19,5%	Feb-25	5 534	-1,3%	11,6%	up	OB
Swiss Market Index	CHF	13 004	Apr-24	11 197	16,1%	Feb-25	13 043	-0,3%	12,1%	up	OB
Nikkei225	JPY	37 156	Aug-24	31 458	18,1%	Jul-24	42 224	-12,0%	-6,9%	neutral	slightly OS
Shanghai Composite	CNY	3 321	Sep-24	2 704	22,8%	Oct-24	3 490	-4,8%	-0,9%	neutral	neutral
US 10Y Treasury Yield	%	4,20%	Sep-24	3,62%	0,6%	Jan-25	4,79%	-0,6%	-0,4%	up	neutral
German 10Y Bund Yield	%	2,39%	Dec-24	2,03%	0,4%	May-24	2,68%	-0,3%	0,0%	up	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	92	Jan-25	86	7,4%	Sep-24	100	-7,9%	4,9%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	110	Apr-24	103	6,4%	Sep-24	113	-3,0%	2,7%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	80	Apr-24	73	9,3%	Feb-25	80	0,0%	2,6%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	92	Apr-24	83	10,7%	Sep-24	92	-0,1%	4,1%	neutral	neutral
EUR/USD		1,04	Jan-25	1,02	1,3%	Aug-24	1,12	-7,3%	0,2%	neutral	neutral
GBP/USD		1,26	Jan-25	1,22	3,4%	Sep-24	1,34	-6,2%	0,5%	neutral	neutral
USD/JPY		151	Sep-24	141	7,1%	Jul-24	162	-6,8%	-4,2%	neutral	slightly OS
USD/CHF		0,90	Sep-24	0,84	7,4%	Apr-24	0,92	-1,8%	-0,5%	neutral	neutral
AUD/USD		0,62	Jan-25	0,61	1,0%	Sep-24	0,69	-10,2%	0,3%	neutral	neutral
Brent Oil (per Barrel)	USD	73	Sep-24	69	5,4%	Apr-24	91	-19,7%	-2,1%	neutral	neutral
Gold Spot (per Ounce)	USD	2 859	Mar-24	2 117	35,1%	Feb-25	2 951	-3,1%	8,9%	up	neutral

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

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US Equities Focus: rather a momentum unwind, than a true growth scare for now

The Atlanta Fed GDPNow Forecast for Q1/25 was released on Friday (top-left graph). It fell from 3% late January to -1.5%, a huge revision down. Yet, the S&P500 rallied +2% into the close. Indeed, this NowCast, according to [@SethCL](#), is artificially low, due to huge inventory drawdowns in Q4 and the need to replenish these through imports (which are then subtracted to GDP), i.e. the drop could reflect import demand, rather than weakness. Technically, the correlation between High-yield and Treasuries isn't pointing either to a growth scare, as it is holding in positive territory (top-right), unlike the negative correlation seen for example last August. This latest correction hence appears technical, mostly focused on high flying momentum stocks, which could explain why Sentiment got Oversold so quickly (i.e. the CNN Fear&Greed Index at 20, bot-left), and as a consequence, Friday's rally. More generally, the recent weakness in economic data may tie into a sharp tightening of financial conditions in Q4 (higher US\$, higher Yields) hitting economic surprises with a typical 2m lag. The graph from [@BittelJulien](#) (bot-right) shows this relation and could imply a sharp data recovery from mid-March. Coincidentally, the seasonality for high momentum Nasdaq stocks is often weak from mid February to mid March, yet then usually recovers strongly in April.



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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