

# WEEKLY MARKETS ROUND-UP

## Executive Summary

17<sup>th</sup> March 2025

**Top news: Central Banks' week with BoJ and FED on Wednesday and SNB and BoE on Thursday** – last week saw equity markets weaken initially, stabilize by Thursday, and close with a 1.5-2% relief rally on Friday, driven by oversold conditions rather than fundamentals. Indeed, while most hard data were rather dovish, sentiment releases on the other hand had a stagflationary tilt: CPI (2.8% YoY headline, 3.1% core) and PPI (3.2% YoY headline, 3.4% core) on Wednesday and Thursday did come in 0.1-0.2% lower than expected, yet on Friday the University of Michigan's 1-year inflation expectations surged to 4.9% - their highest level since November 2022 - on the back of policy uncertainty and tariff fears. These factors also dragged down US Consumer Sentiment, which dropped to 57.9, its lowest since Nov. 2022. Moving forward, seasonality and flows may support a recovery in U.S. equities, but the market's reaction to several central bank decisions this week will probably also be crucial. In this respect, the BoJ is expected to hold rates at 0.5% on Wednesday morning, yet to signal further tapering of its bond purchases, while the Fed is expected to keep its Fed Fund Rates at 4.5% that evening with cuts then anticipated in June, September, and December. On Thursday morning, the SNB is expected to cut by 0.25% to 0.25% and finally, that afternoon, the BoE should hold rates at 4.5%.

**Equities:** most equity markets dropped circa 4% early last week but then bounced back Thursday and Friday recuperating half these losses. China dropped less and then made new highs. The bounce may persist next week.

**Fixed Income:** the US10Y yield continued to hold last week, while 10Y Bund yields held on to their 40bps gains made the previous week. Yields may continue to distribute over the next week or so, but then probably drop back during Q2.

**Forex:** EUR/USD and Cable held their previous gains, while the US Dollar bounced back slightly vs JPY, CHF and AUD. We believe the US Dollar could follow US yields, holding up / bouncing another week or so and then dropping into Q2.

**Commodities:** Brent also rebounded slightly last week and may continue to do so into late March. It then probably retraces again during Q2. Gold pushed higher again last week, briefly topping 3'000 \$/oz. It is now slightly Overbought.

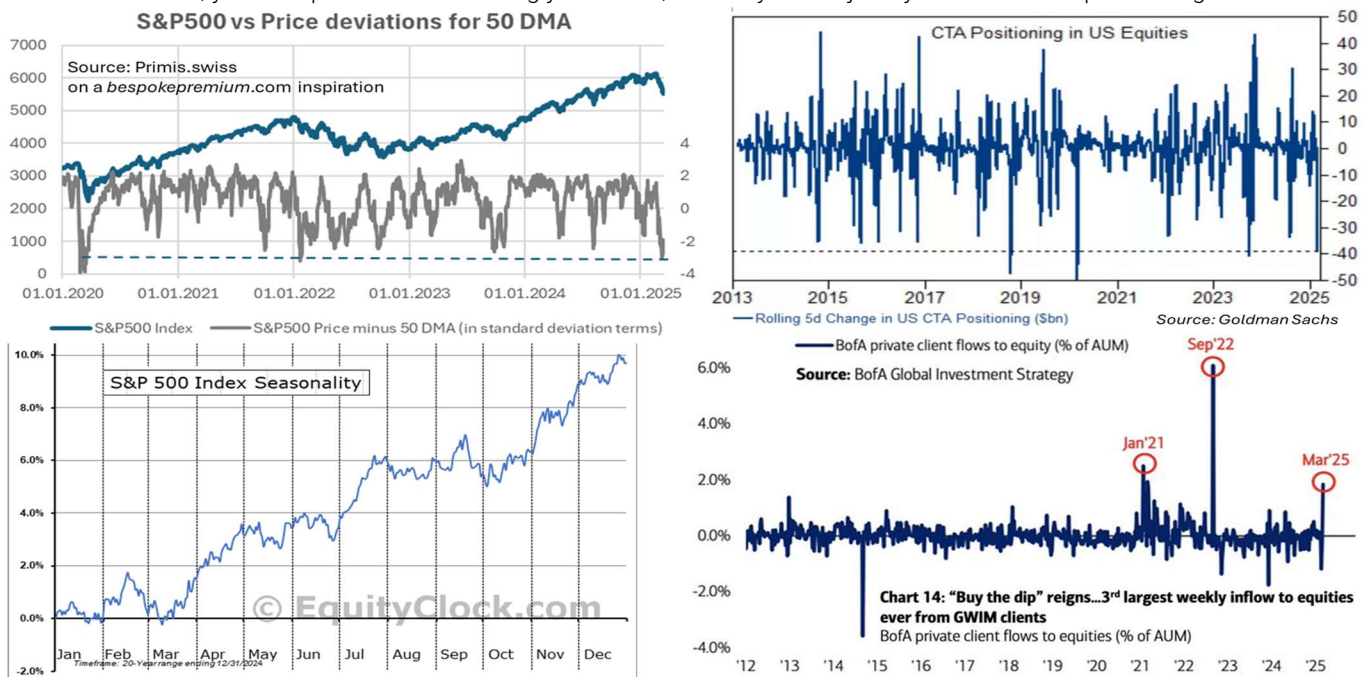
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance YTD in %	Trend last 6m <sup>1</sup>	Exaggeration OB / OS <sup>2</sup>
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	5 639	Apr-24	4 967	13,5%	Feb-25	6 144	-8,2%	-4,1%	neutral	slightly OS
Nasdaq100 Index	USD	19 705	Apr-24	17 038	15,7%	Feb-25	22 176	-11,1%	-6,2%	neutral	slightly OS
Dow Jones Industrials Index	USD	41 488	Apr-24	37 735	9,9%	Dec-24	45 014	-7,8%	-2,5%	neutral	slightly OS
EuroStoxx50	EUR	5 404	Aug-24	4 572	18,2%	Mar-25	5 541	-2,5%	10,4%	up	slightly OB
Swiss Market Index	CHF	12 917	Apr-24	11 197	15,4%	Mar-25	13 167	-1,9%	11,3%	up	slightly OB
Nikkei225	JPY	37 053	Aug-24	31 458	17,8%	Jul-24	42 224	-12,2%	-7,1%	neutral	slightly OS
Shanghai Composite	CNY	3 420	Sep-24	2 704	26,5%	Oct-24	3 490	-2,0%	2,0%	neutral	neutral
US 10Y Treasury Yield	%	4,32%	Sep-24	3,62%	0,7%	Jan-25	4,79%	-0,5%	-0,3%	neutral	neutral
German 10Y Bund Yield	%	2,87%	Dec-24	2,03%	0,8%	Mar-25	2,89%	-0,0%	0,5%	up	OB
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	90	Jan-25	86	4,7%	Sep-24	100	-10,1%	2,3%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	Apr-24	103	4,8%	Sep-24	113	-4,5%	1,1%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	79	Apr-24	73	7,6%	Feb-25	80	-1,0%	1,0%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	91	Apr-24	83	9,1%	Sep-24	92	-1,6%	2,6%	neutral	neutral
EUR/USD		1,09	Jan-25	1,02	6,2%	Aug-24	1,12	-2,8%	5,0%	neutral	slightly OB
GBP/USD		1,29	Jan-25	1,22	6,3%	Sep-24	1,34	-3,6%	3,4%	neutral	slightly OB
USD/JPY		149	Sep-24	141	5,7%	Jul-24	162	-8,0%	-5,5%	neutral	slightly OS
USD/CHF		0,89	Sep-24	0,84	5,3%	Apr-24	0,92	-3,7%	-2,5%	neutral	neutral
AUD/USD		0,63	Jan-25	0,61	3,0%	Sep-24	0,69	-8,5%	2,3%	neutral	neutral
Brent Oil (per Barrel)	USD	71	Mar-25	69	2,0%	Apr-24	91	-22,5%	-5,5%	neutral	neutral
Gold Spot (per Ounce)	USD	2 988	Mar-24	2 158	38,5%	Mar-25	2 989	-0,0%	13,8%	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

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## S&P500 Focus: Oversold conditions, positive seasonality and promising flows

According to most calculation methods, with the recent drop, US equities have shifted rapidly from Overbought to Oversold conditions. For example, the indicator below (price minus 50 days moving average divided by 50 days standard deviation), has just fallen to -3, a level seen only twice before since 2020 (top-left graph): 1. just prior to the Covid lows and preceding the epic 2020/21 bull market, 2. in January 2022, just before the 2022 Growth momentum wash out. In this respect, we would hence have two very different scenarios to choose from. Generally, most readings below -2 do trigger a short term bounce at least. Considering a more worthwhile rally, however, would then require further confirmations. We first note that systematic investors (e.g. CTAs) may have completed their initial repositioning as they have sold record amounts into early last week (top-right). The reading is indeed on par with the late Oct. 2023 lows as well as the Covid or the late 2018 sell-offs. Then, seasonality should soon turn positive again, with a sharp rally usually materializing from now into May (bot.-left). Finally, while BofA believes the bottom is not quite in yet, they do note that high net worth private clients from their GWIM division are already actively buying dips (3<sup>rd</sup> largest monthly inflows ever, bot.-right). Close monitoring remains key in such volatile situations, yet US equities are interestingly Oversold, and may hence justify some initial re-positioning.



### 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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