

WEEKLY MARKETS ROUND-UP

Executive Summary

24th March 2025

Top news: Flash PMIs today, US final GDP on Thursday and Core US PCE Inflation on Friday – last week markets started to stabilize following their sharp drop the previous week. Europe was strong early in the week, the US held up better later on. Generally, the several major Central Banks rate decisions last week were rather dovish and probably provided some support to equities. On Wednesday, the BOJ held short term rates at 0.5% and refrained from confirming further tightening ahead (rather dovish). The FED then held its FFR at 4.5% with the dots plot suggesting 2 rate cuts later this year. The mood was rather prudent and data dependent (also rather dovish) with the FED lowering its growth forecast for 2025 to 1.7% and bringing its monthly QT down to almost zero. On Thursday, the SNB lowered its short term rate to 0.25% citing low inflation and suggested it could cut further. Finally, that afternoon, the BOE held rates at 4.5% with no committee members voting for a hike, a shift from prior meeting (also dovish). Going forward, the week starts with Global Flash PMIs today expected to hold/rise slightly on average on both Manufacturing and Services. Thursday may then confirm this resilience with the final Q4 US GDP expected at 2.4% QtoQ annualized (above the previous est. at 2.3%). Finally, on Friday, the US Core PCE Inflation (the FED's favorite inflation gauge) for February will be released. It is expected to remain stable around 0.3% MoM or 2.7% YoY, yet still well above the FED's 2% target.

Equities: US equities remain slightly Oversold, while Europe is slightly Overbought. This discrepancy follows strong performance differential YTD. While further uncertainty is expected in weeks ahead, the US could catch up later on.

Fixed Income: both the US and Bund 10Y held up last week. We then expect some retracement on both into the Spring. Traditionally, US rates are more volatile in such corrections, yet German ones have more recent gains to defend.

Forex: the US Dollar sell-off took a pause last week. EUR/USD and GBP/USD are still slightly Overbought and we would expect further Dollar recovery over the next week or so. A drop in US Rates may then pressure USD lower again in Q2.

Commodities: Brent rose 1\$ last week to 72 \$/bbl. It is attempting to build a base, yet for now the previous downtrend probably still dominates. Gold remains slightly Overbought and could retrace a bit over the next couple of weeks.

	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	5 668	Apr-24	4 967	14,1%	Feb-25	6 144	-7,8%	-3,6%	neutral	slightly OS
Nasdaq100 Index	USD	19 754	Apr-24	17 038	15,9%	Feb-25	22 176	-10,9%	-6,0%	neutral	slightly OS
Dow Jones Industrials Index	USD	41 985	Apr-24	37 735	11,3%	Dec-24	45 014	-6,7%	-1,3%	neutral	neutral
EuroStoxx50	EUR	5 424	Aug-24	4 572	18,6%	Mar-25	5 541	-2,1%	10,8%	up	slightly OB
Swiss Market Index	CHF	13 075	Apr-24	11 197	16,8%	Mar-25	13 167	-0,7%	12,7%	up	slightly OB
Nikkei225	JPY	37 677	Aug-24	31 458	19,8%	Jul-24	42 224	-10,8%	-5,6%	neutral	neutral
Shanghai Composite	CNY	3 365	Sep-24	2 704	24,4%	Oct-24	3 490	-3,6%	0,4%	neutral	neutral
US 10Y Treasury Yield	%	4,25%	Sep-24	3,62%	0,6%	Jan-25	4,79%	-0,5%	-0,3%	neutral	neutral
German 10Y Bund Yield	%	2,76%	Dec-24	2,03%	0,7%	Mar-25	2,89%	-0,1%	0,4%	up	slightly OB
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	91	Jan-25	86	5,4%	Sep-24	100	-9,6%	2,9%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	109	Apr-24	103	5,6%	Sep-24	113	-3,7%	1,9%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	79	Apr-24	73	8,0%	Feb-25	80	-0,6%	1,4%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	91	Apr-24	83	9,4%	Sep-24	92	-1,3%	2,9%	neutral	neutral
EUR/USD		1,08	Jan-25	1,02	5,6%	Aug-24	1,12	-3,4%	4,4%	neutral	slightly OB
GBP/USD		1,29	Jan-25	1,22	6,1%	Sep-24	1,34	-3,7%	3,2%	neutral	slightly OB
USD/JPY		149	Sep-24	141	6,2%	Jul-24	162	-7,6%	-5,0%	neutral	neutral
USD/CHF		0,88	Sep-24	0,84	5,1%	Apr-24	0,92	-3,9%	-2,7%	neutral	neutral
AUD/USD		0,63	Jan-25	0,61	2,1%	Sep-24	0,69	-9,3%	1,4%	neutral	neutral
Brent Oil (per Barrel)	USD	72	Mar-25	69	4,2%	Apr-24	91	-20,9%	-3,5%	neutral	neutral
Gold Spot (per Ounce)	USD	3 024	Mar-24	2 172	39,2%	Mar-25	3 047	-0,8%	15,2%	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

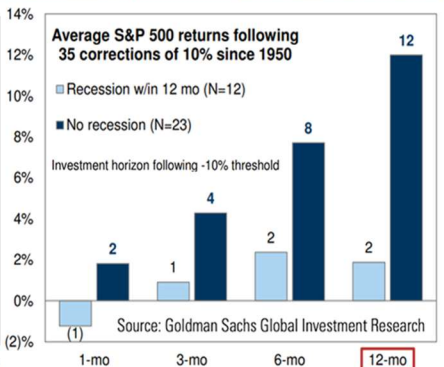
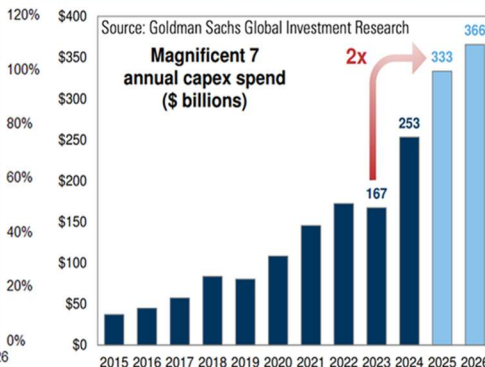
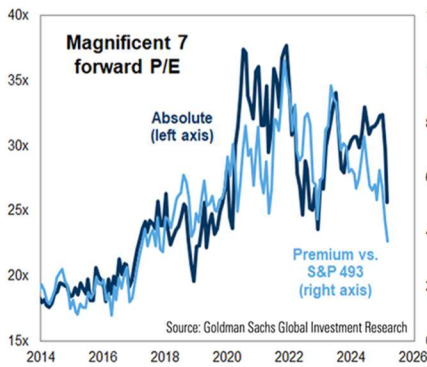
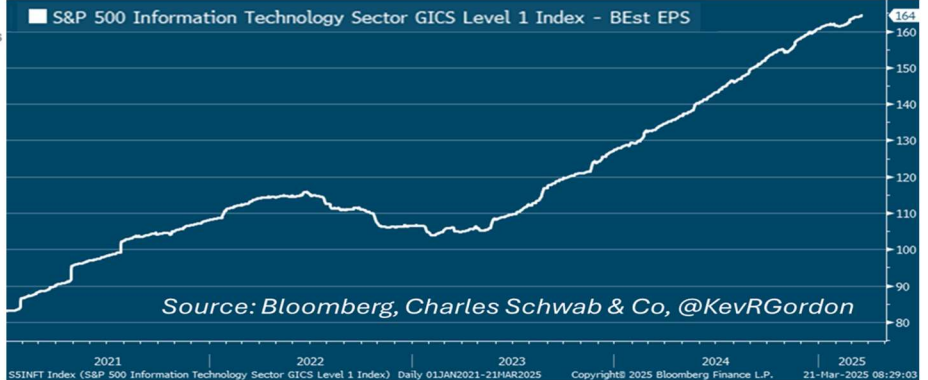
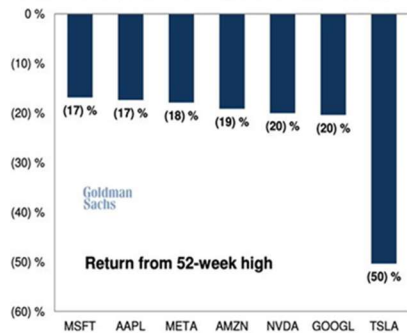
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MAG7 Focus: recent P/E drop constrats with resilient EPS and surging Capex

Since their 2024 and early 2025 peaks, the Magnificent 7 stocks—Microsoft, Apple, NVIDIA, Amazon, Google, Meta, and Tesla—have faced drawdowns from 17% for Microsoft to 50% for Tesla (top-left graph). Their valuation correction had however begun earlier, in late 2021 (bot-left), with forward P/E ratios now at 25x, down from >35x back then, reducing their premium versus the rest of the S&P 500 to 40% – the lowest since 2017. This occurs as Bloomberg EPS Est. for U.S. Tech firms have risen steadily over the last two years (top-right) and while the MAG7 have also doubled their annual Capex (bot-center), i.e. while these Growth stocks have been ramping up investments for the future. This seems contradictory and may lay the ground for future long term outperformance. Historically, the S&P500 returns on average 2% to 12% over one to twelve months after a 10% correction, with much better gains absent a recession (bot.-right). Hence, Buying Dips is starting to look attractive, especially if one can afford some patience and considers that recession fears are overblown.

Performance of Magnificent 7 vs. 52 week-high

Tesla has declined by 50%, more than twice the fall of the other Mag 7 stocks



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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