

WEEKLY MARKETS ROUND-UP

Executive Summary

12th May 2025

Top news: US CPI on Tuesday, PPI on Thursday – Last week, the rebound in risk assets paused. The week began on a hawkish note with the US ISM Services PMI on Monday at 51.6, surpassing the expected 50.2 and the prior month's 50.8. Earnings reports were mixed: Palantir disappointed on Monday (-15%, though it recovered 9% by Friday), AMD exceeded expectations on Tuesday (+3%), and Uber delivered mixed results on Wednesday (-3.5%). On Wednesday night, the Federal Reserve provided no clear direction, ruling out preemptive rate cuts (maintaining rates at 4.25-4.50%) due to risks of rising unemployment and persistent inflation. The Fed noted the economy's ongoing resilience and the uncertain impact of proposed tariffs. Generally, equities, credit and the Dollar were flat last week, yields were up slightly along with Oil and Gold. This week's focus will be on US inflation data, with CPI on Tuesday and PPI on Thursday, both anticipated to be rather elevated (+0.3% MoM for Core, Headline PPI and Core PPI, +0.2% for Headline PPI). In the meantime, early-week dynamics will likely be shaped by US-China trade talks. Thursday afternoon will also bring US retail sales data (expected to be weak), followed by a speech from Chair Powell. On Friday, the University of Michigan's preliminary May Consumer Confidence data (expected to rise slightly) and US Inflation Expectations will be released.

Equities: last week, the US dipped slightly, while Europe and Asia were up a bit. Most are now "neutral" in terms of exaggerations in the table below. The current sideways move may extend a while longer, but we then expect higher highs into the Summer as monetary conditions could ease further, and upside momentum persists (see next page).

Fixed Income: benchmark yields continued to hold up last week (slightly higher in the US and Europe). We would then still expect some retracement into the Summer provided the inflation data this week isn't too hawkish.

Forex: USD continued to stabilize last week vs most currencies yet still remains slightly Oversold on our table below. We would hence expect the rebound to hold a bit longer but would then see more weakness into early Summer.

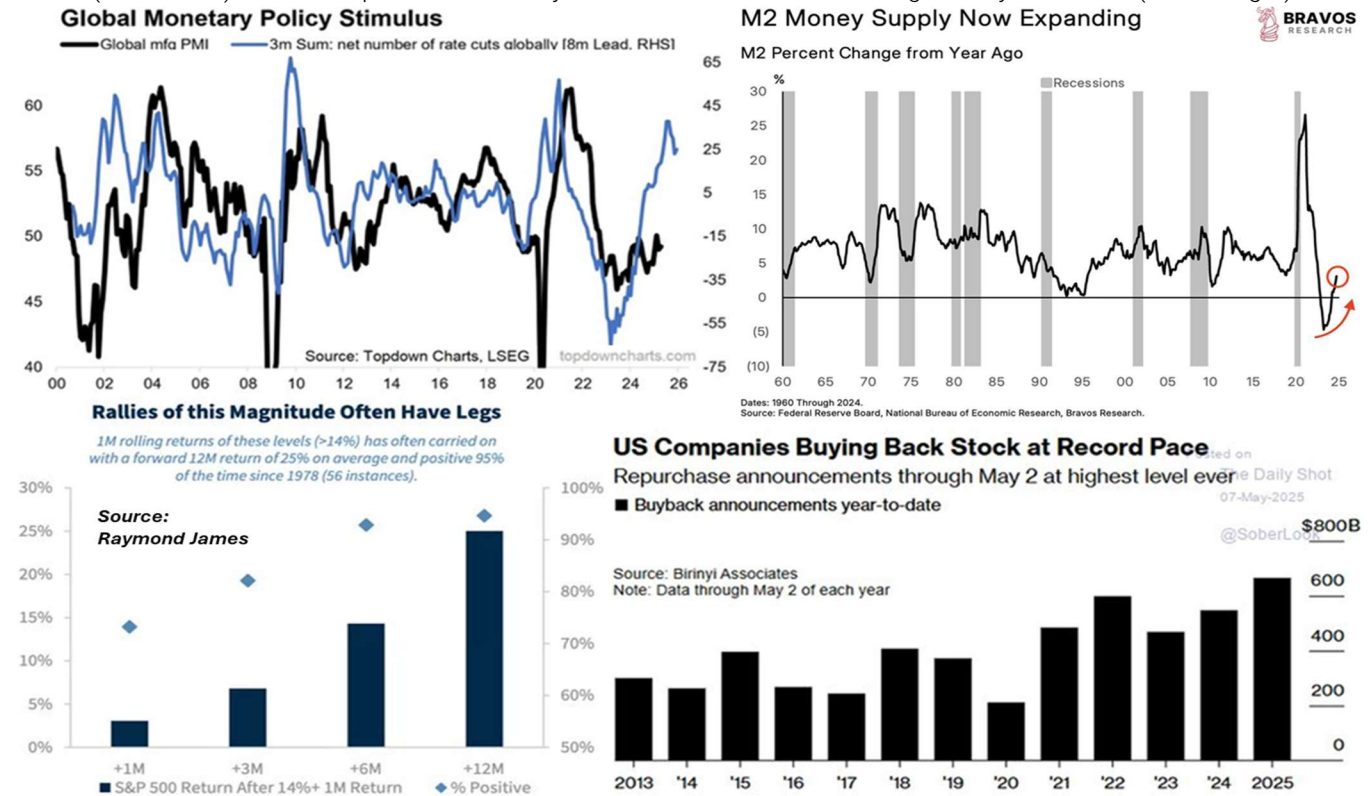
Commodities: Brent bounced back last week yet remains slightly Oversold. The bounce may hence extend a bit longer. Gold retested towards its highs into Tuesday but then faded. Its upside potential is probably a bit capped for now.

	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	5 660	Apr-25	4 983	13,6%	Feb-25	6 144	-7,9%	-3,8%	down	neutral
Nasdaq100 Index	USD	20 061	Apr-25	17 090	17,4%	Feb-25	22 176	-9,5%	-4,5%	down	neutral
Dow Jones Industrials Index	USD	41 249	Apr-25	37 646	9,6%	Dec-24	45 014	-8,4%	-3,0%	down	neutral
EuroStoxx50	EUR	5 310	Aug-24	4 572	16,1%	Mar-25	5 541	-4,2%	8,5%	neutral	neutral
Swiss Market Index	CHF	12 087	Apr-25	10 888	11,0%	Mar-25	13 167	-8,2%	4,2%	neutral	neutral
Nikkei225	JPY	37 503	Apr-25	31 137	20,4%	Jul-24	42 224	-11,2%	-6,0%	down	neutral
Shanghai Composite	CNY	3 342	Sep-24	2 704	23,6%	Oct-24	3 490	-4,2%	-0,3%	neutral	neutral
US 10Y Treasury Yield	%	4,38%	Sep-24	3,62%	0,8%	Jan-25	4,79%	-0,4%	-0,2%	neutral	neutral
German 10Y Bund Yield	%	2,55%	Dec-24	2,03%	0,5%	Mar-25	2,89%	-0,3%	0,2%	up	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	87	Apr-25	86	1,5%	Sep-24	100	-13,2%	-1,2%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	107	May-24	104	2,2%	Sep-24	113	-5,6%	-0,1%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	79	May-24	75	5,4%	Nov-24	80	-1,4%	0,6%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	90	May-24	85	5,7%	Sep-24	92	-2,7%	1,4%	neutral	neutral
EUR/USD		1,12	Jan-25	1,02	9,8%	Apr-25	1,15	-2,3%	8,6%	up	slightly OB
GBP/USD		1,33	Jan-25	1,22	9,3%	Apr-25	1,34	-1,0%	6,3%	up	slightly OB
USD/JPY		145	Sep-24	141	3,4%	Jul-24	162	-10,0%	-7,5%	down	neutral
USD/CHF		0,83	Apr-25	0,81	2,8%	Jan-25	0,92	-9,4%	-8,4%	down	slightly OS
AUD/USD		0,64	Apr-25	0,60	7,7%	Sep-24	0,69	-7,3%	3,6%	neutral	neutral
Brent Oil (per Barrel)	USD	64	May-25	60	6,3%	Jul-24	87	-26,8%	-14,4%	down	slightly OS
Gold Spot (per Ounce)	USD	3 328	Jun-24	2 293	45,1%	May-25	3 432	-3,0%	26,8%	up	slightly OB

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Equity focus: Monetary easing, rising M2, strong momentum and share buybacks

Goldman Sachs currently predicts a 45% chance of a recession, while JP Morgan still estimates a higher 60%. Tariffs continue to pose a significant concern, and persistent inflation is limiting the Federal Reserve's ability to implement further rate cuts. However, a global rate-cutting cycle is still underway, typically boosting manufacturing data within 18 months (top-left graph), which reduces recession risks. Additionally, money supply in the US and globally is accelerating (top-right), with M2 increasing by 4.2% year-over-year in March—its highest level since July 2022—easing financial conditions and usually leading to positive economic surprises and rising risk assets within months. We remain optimistic about equities, particularly as strong rallies like the recent one tend to extend 25% higher on average over 12 months, with a 95% chance of positive returns (bottom-left). Moreover, planned share buybacks have reached a record high level year-to-date (bottom-right).



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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