

WEEKLY BULLETIN

January 2024: Issue #2

Quote of the Week.

The market is a pendulum that forever swings between unsustainable optimism and unjustified pessimism – Benjamin Graham.

In the midst of a market correction in the first week of 2024, major funds, unwavering in their commitment to a soft landing scenario, act as guardians, fortifying the bullish market against geopolitical and inflationary challenges. The ongoing conflict in the Red Seas and firmer US CPI adds complexity to market dynamics.

In this financial tableau, the ascent of the S&P500 to a record high last Friday, propelled by robust earnings from chipmaker TSMC, unfolds as a noteworthy chapter. However, a discerning evaluation of sectoral performance (on the right) unveils a nuanced narrative. Most sectors, languishing in relative obscurity, fail to reflect the genuine bullish sentiment of the record-setting S&P500. Notably, the Technology and Communication sectors emerge as the standard-bearers, with the magnificent seven spearheading significant gains.

During Corporate America's earnings season, the largest US banks struggled to provide sufficiently bullish outlooks on the 1st week, casting a shadow over the KBW Bank Index, which is experiencing its most extended losing streak since August.

Internationally, there is a divergence in expectations, influenced by the Federal Reserve's potential prolonged rate pause. While Hong Kong, China, and Singapore stocks lead decline in the region, India and Japan show resilience. Chinese stocks face challenges, but quality stocks with attractive valuations may attract buyers if strong earnings persist in the next quarter. The focus in the Asia Pacific market remains on quality, with a more positive outlook as the Fed dot-plot points to potential cuts in 2024.

Last Week 's Notable Events.

US Economy/Politics

- US Retail Sales +0.6% beat expectation in December – 18th Jan.
- US Lawmakers push for limits on America investment in China Tech – 18th Jan.
- US senators introduce bill to counter China's dominance in critical minerals – 20th Jan.

Europe Economy/Politics

- Eurozone CPI 2.9% vs exp 2.9%/y/y, core CPI 3.4% vs exp 3.4% – 17th Jan
- UK inflation shows surprise rise, denting Bank of England rate cut bets – 18th Jan.
- UK retail sales slump points to new risk of recession – 19th Jan.

Market Round-Up		1w %▲	YTD%▲
Dow Jones	INDU	0.41	0.46
S&P 500	SPX	1.25	1.47
Nasdaq	CCMP	2.28	2.00
Biotech	XBI US	-3.78	-2.51
Communication	XLC US	1.88	2.99
Consumer Disc	XLY US	-0.68	-2.19
Consumer Staples	XLP US	-0.72	0.03
Energy	XLE US	-1.94	-4.38
Financial	XLF US	0.69	0.88
Healthcare	XLV US	-1.00	2.26
Industrials	XLI US	0.29	-1.35
Materials	XLB US	-1.37	-3.87
Real Estate	IYR US	-1.42	-3.38
Technology	XLK US	4.46	4.00
Utilities	XLU US	-3.14	-3.71
S&P Midcap400	IJH US	0.38	-1.43
S&P Smallcap600	IJR US	-0.23	-3.61
Russell 1000	IWB US	1.18	1.24
Russell 2000	IWM US	-0.58	-4.13
Russell 3000	IWV US	1.09	0.91

		1w %▲	YTD%▲
Australia	EWA US	-1.61	-4.36
Brazil	EWZ US	-3.51	-5.72
Canada	EWG US	-0.47	-1.61
China	ASHR US	-0.35	-5.40
France	EWQ US	-0.99	-3.22
Germany	EWG US	-1.03	-2.69
Hong Kong	EWH US	-4.08	-9.27
India	PIN US	0.50	1.56
Italy	EWI US	-0.77	-1.33
Japan	EWJ US	0.15	-4.29
Mexico	EWX US	-1.38	-4.02
Spain	EWSP US	-2.81	-3.89
Singapore	EWS US	-2.04	-5.08
United Kingdom	EWU US	-2.11	-3.30
Emerging Market	EEM US	-1.72	-4.53
Commodities	DBC US	-0.18	-0.45
Agriculture Comm	DBA US	1.40	1.30
Oil	USO US	1.73	3.26
Natural Gas	UNG US	-17.33	2.56
Gold	GLD US	0.03	-1.69
Silver	SLV US	-0.72	-5.10
1-3yrs US Trsy	SHY US	-0.17	-0.01
7-10yrs US Trsy	IEF US	-1.07	-1.50
Total Bond Market	BND US	-0.87	-1.20
Bitcoin Trust	GBTC US	-9.04	6.90

Asia Pacific Economy/Equity

- China economy grew by 5.2% in 2023, hitting government official target – 17th Jan.
- India's economy to grow by 7% in coming fiscal year, Das says – 18th Jan.
- US lawmakers set for Taipei visits in show of support for Taiwan President Lai Ching-te – 18th Jan
- Malaysia economic growth misses estimates as exports to China fall – 19th Jan.
- China economy is shrinking, that should worry the US and the World - 21th Jan.

Weekly Data Monitor.

Performance

- US equities led the global index higher.
- Real Estates decline.
- USD strengthen..

Weekly chart:

- US 10-year Treasury yield rising.
- Brent crude slide

Note: The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	0.33	-0.33	-0.33	15.81	14.21	65.13
Global Real Estate	-0.61	-3.72	-3.72	-0.23	6.93	21.47
US Real Estate	-0.79	-3.30	-3.30	2.12	12.40	30.04
APAC Real Estate	0.58	-5.94	-5.94	-11.56	-24.80	-21.82
Investment Grade	0.65	-0.68	-0.68	8.85	4.85	24.41
High Yield Bonds	0.03	-2.42	-2.42	-0.17	-17.08	-4.24
Global HY ETF	-0.85	3.46	-2.33	1.69	14.92	24.36
ASIA Real Estate ETF	0.12	-5.78	-5.78	-12.93	-11.42	-15.61
USD Index	0.19	1.81	1.76	1.14	14.33	7.13

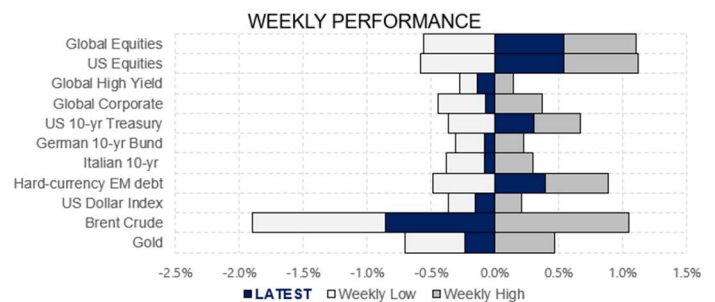


Chart of the Week.

Amidst the global discourse surrounding the Federal Reserve's upcoming interest rate decision in the forthcoming FOMC meeting, financial markets are poised to grapple with a multitude of uncertainties. The landscape is rife with both geopolitical and inflation risks, with heightened tensions in the Red Seas and Gaza adding to the complexity. The US dollar, initially on a corrective decline since discussions of a Fed rate cut began in December 2023, has found renewed strength following a more robust US Consumer Price Index (CPI) in January.

In my assessment, a discernible consensus is emerging — the likelihood of a US Fed rate cut in 2024, as indicated by the Fed dot-plot. The focal point shifts to the timing of this cut, a factor that now holds paramount significance. The accompanying chart on the right underscores this sentiment, where the technical analysis of AUDUSD potentially aligns with the anticipation of an imminent Fed rate cut. This aligns with the recent rebound of AUDUSD from its low at 0.6525, forming a double-bottom consolidation pattern.



Maintaining a positive outlook, my stance on AUDUSD remains optimistic, particularly if the Federal Reserve signals an impending rate cut. The technical analysis suggests a potential retest of the 0.7180 level, affirming the notion that the timing of the Fed's policy adjustment will be a key determinant in shaping currency market dynamics.

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