



Multi-Asset Essentials

12 Key Technical Tests

AUTHOR:

Chris Turner

+44 (0) 20 7073 0759

Chris.Turner@absolute-strategy.com

Europe-led equity rally runs into resistance

p.2

We flag 12 markets & relationships at key levels, many with extended Sentiment Barometer Indicators*. Global Equities vs. Bonds hit "stretched optimism" zone on Friday (#1). Europe led the way but extended in absolute & relative terms (#2-3).

Tailwinds from lower vol, real yields & USD may now ebb

p.3-4

Recent fall in VIX futures has been unusually sharp but "oversold" at big level (#4). Sharp fall in '24 Fed rate expectations that's underpinned drop in US forward real yields and helped Growth vs. Value (#5-6) may run out of steam, aiding USD (#7).

China plays at key levels

p.4-5

US 2s-30s curve and HY OAS are both testing trendlines (#8-9); easy Fed without US recession likely needed for both to break at same time, so unlikely. Plus, a case for Hang Seng, China plays in DM, and AUD/CAD to all retrace near-term (#10-12).

SENTIMENT WATCH:

EQUITY INDICES: CAC 40 in 'stretched optimism' (p.9).

EQUITY SECTORS: EZ Financials' SBI is extended in absolute terms & vs. many other sectors (p.21).

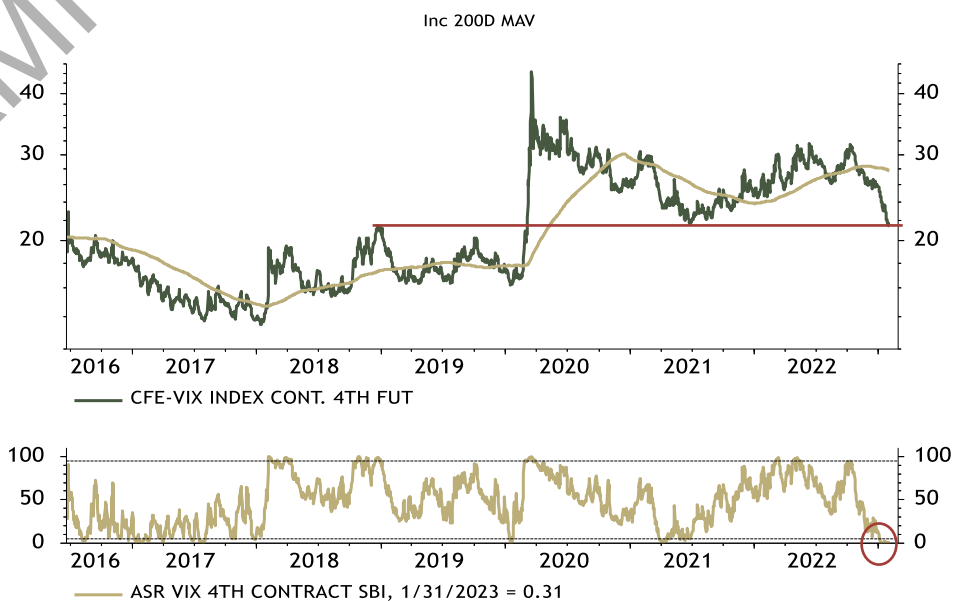
COMMODITIES: US Natural Gas & Coal both 'oversold' from SBI angle (p.19).

SBI Summaries:
Updated Daily [here!](#)

***SBI Methodology**

Sentiment Barometer Indicators (SBIs) use behavioural biases to create series that have the same dynamics as survey-based indices. Independent analysis showed how SBIs can add alpha - see [here](#).

Chart of the week: VIX futures testing key level - we think the conditions are not present for a sustained return to the pre-pandemic range



Source: ASR Ltd./Refinitiv Datastream