Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

November 2023

Commodities

War, T-bond yields, oil & gold

Key Points:

- **S&P Commodity Index GTX rides with T-bond yields. Outlook is lower for both**
- **Deflationary assets dominate inflationary assets for 15 months and counting**
- **The energy sector tops the 90-day performance, once again**
- **Prospects of expanding war driving oil prices.**
- **Breakout for Natural gas prices**
- **Gasoline prices slump on low demand outlook**
- **Gold bounces on safe-haven push**
- **Price peak for silver at $26.00 holds**
- **Possible floor Industrial metals index at 400**
- **Copper prices try to find support at $3.60, but the outlook into late Q4 is still flat**
- **Ongoing upward trend continues for livestock**
- **The US dollar continues to rise. Models point higher to 108.10**

	Since Last Month	*Year to Date*	*Since Inception mid-2003*
TS Model Portfolio	-2.50%	3.75%	**798.22%**
S&P 500	-2.21%	9.23%	319.38%

The 19-yr average for the TS Model Portfolio – 11.37%
The 19-yr average for the S&P 500 – 7.29%

TS Model Income Portfolio – 8.27% average div. yield

GTX: Still tracking T-bond yields

Outlook Neutral: The S&P GSCI Commodity Index (GTX) continues to closely track the rising yields of the US 10-year T-Bond yields. The Fed's determination to stamp out inflation by increasing the Fed Funds rate is aiding commodity indexes. There is often a slight lag between commodities and T-Bond yields. This coordination of movements between these two assets provides insight into the future movement of the GTX. When the Fed pivots on interest rates (likely in early 2024), and T-Bond yields retrace, commodity prices will follow (**Chart 1**).

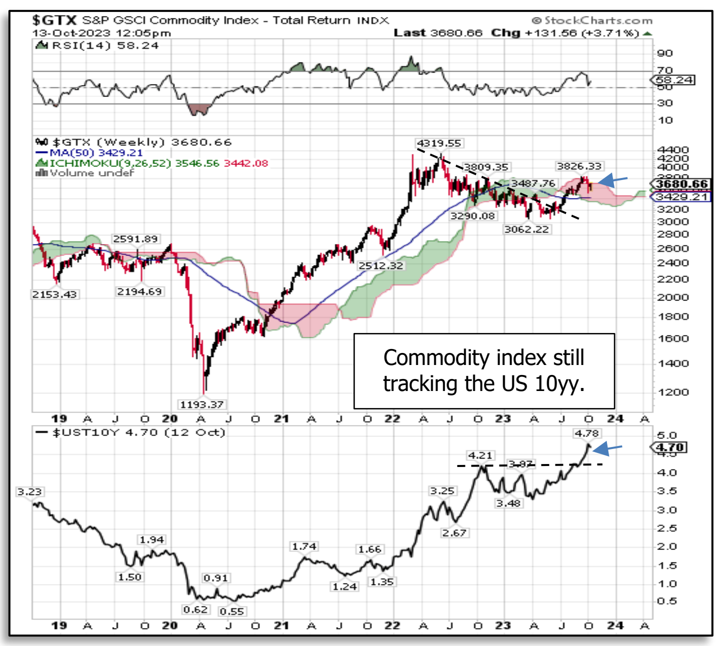

Chart 1

The level of US inflation is the key to the expected movement of the S&P Commodity Index. Inflation is stubbornly holding on. US inflation rose for a second month to 3.7% (the core consumer inflation rate is 4.1%). The Fed's target rate is 2.0%. The Fed will likely keep rates high for a prolonged period and possibly add another hike before year-end.

Commodities generally lead T-Bond yields. This is due to the fact that Central bankers often take several months to make a decision regarding monetary policy.

The recent breakout of GTX in Q3 is supported by rising buying (RSI) momentum is positive, but fading (still confirming additional upward pressure). Now at the 50-week m/a. The negative 'Red Cloud' continues to expand in Q4. This suggests some price weakness or stalling for the commodity index. The first price support for the GTX is at 3,540. The US T-bond 10yy is also still trending up. Now pointing to 4.98%.

5-year forecasting models suggest that the present upward trend of GTX will fade in Q4 and remain around the 3,540-3,470 range and decline further in Q1. This action would suggest 10yy will ease too (**Chart 1a**).

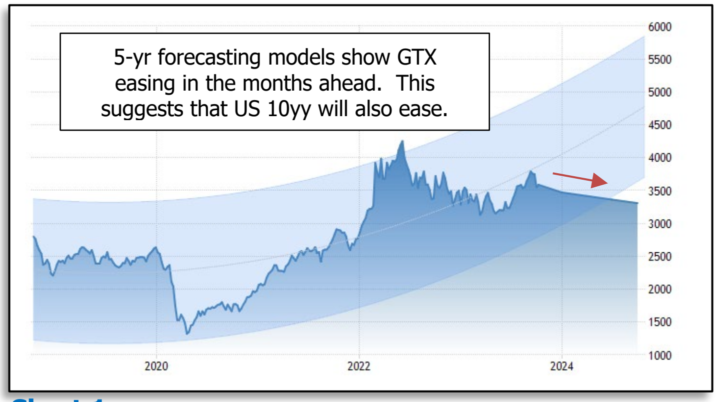

Chart 1a

<u>What does it mean?</u> The recent breakout of GTX is aided by the slow rise in T-bond yields and stubbornly high inflationary pressure. US 10-year T-Bond yields appear to be near a crest. This action is negative for the GTX. The target by year-end is 3,500.

Deflation vs. Inflation: Deflation wins

<u>Outlook Neutral</u>: The 5-year performance between

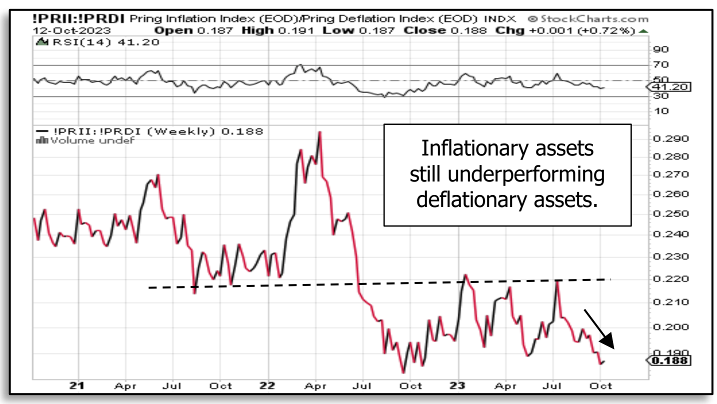

Chart 2

inflationary assets and deflationary assets shows inflationary assets have had lower performance for the last 12 months with no indication of change (**Chart 2**).

<u>What does it mean?</u> A stronger performing deflationary equity market is normally more bullish than an inflationary-driven market.

Commodity performance: Energy

<u>Outlook: Negative:</u> The S&P GSCI Energy Index had the highest 90-day performance. Again. Third month in a row. Energy is typically a late market cycle sector (**Chart 3**).

<u>What does it mean?</u> Very narrow breath. The recent breakout of GTX is fueled by energy only. Note that all the other commodity groups are declining and posting negative returns.

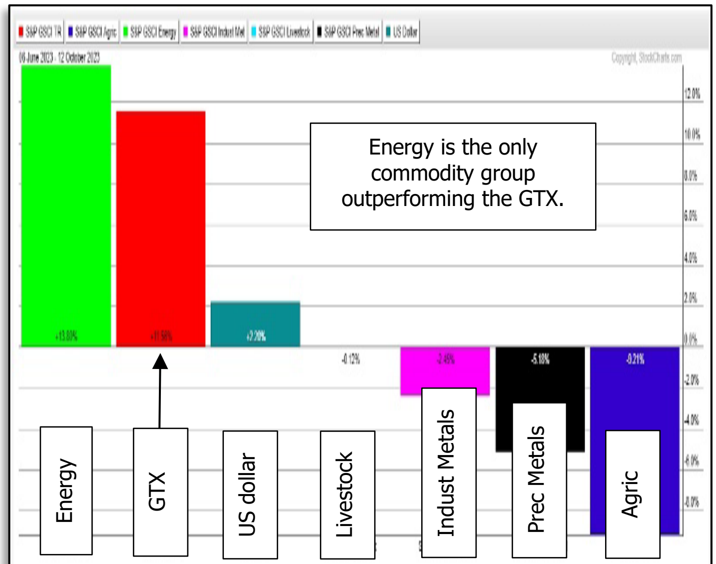

Chart 3

WTIC: All about the conflict

<u>Outlook: Neutral/positive</u>: A squeeze is coming. Traders continue to monitor the Israel/Hamas war and its impact on global oil prices. The US oil benchmark held support at $83 amid fears of a wider conflict in the Middle East, bringing in Iran and other Arab counties. This action of expanded engagement would drive oil prices much higher as sanctions would be placed on Iran's oil.

WTI is above the key 50-week m/a coordinating with a positive buying momentum (RSI) reading (confirming additional upward strength). Price support is at $83. A negative 'Red Cloud' continues to expand in Q4. Solid price resistance is at $95.

Five-year forecasting models suggest crude oil will trade at $91-$92 at year-end (**Charts 4 and 4a are on page 3**).

Chart 4

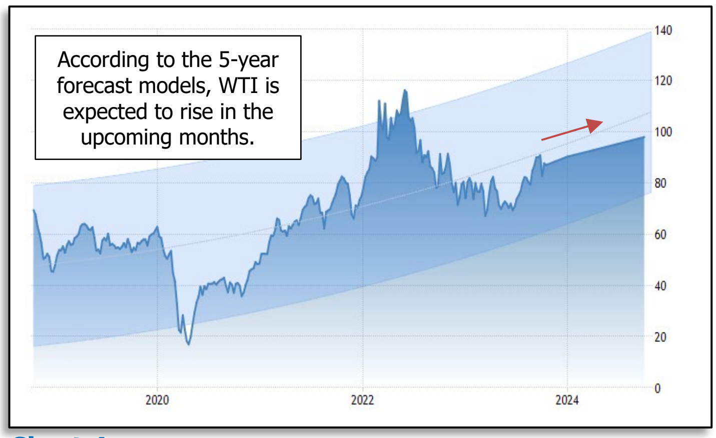

Chart 4a

<u>What does it mean?</u> The conflict in the Israel/Hamas war represents many unknown factors for oil prices. If the war is short-term, WTI prices will likely stay in the low $90s. However, if the war becomes longer term and more widespread, then oil prices are expected to ramp up higher.

<u>We suggest adding to the position now. Moderate advance should be expected.</u> Our favourite stocks are AM, EC, LPG, SHEL, MEG, and PKI.

Natural gas: Stalled breakout

<u>Outlook: Neutral/negative</u>: US natural gas prices remain around $3.0/MMBtu due to increased production and the forecast of a mild November weather. This lowers the heating and cooling demands. Natural gas production rode to 103.4 bcfd in October, surpassing the record high of 103.1 bcfd in July.

Natural gas prices stalled at the $3.50 mark under an expanding negative 'Red Cloud'. The breakout of the bottoming pattern along with rising positive RSI (confirming additional upward strength). This action suggests only mild upward pressure should be expected (**Chart 5**).

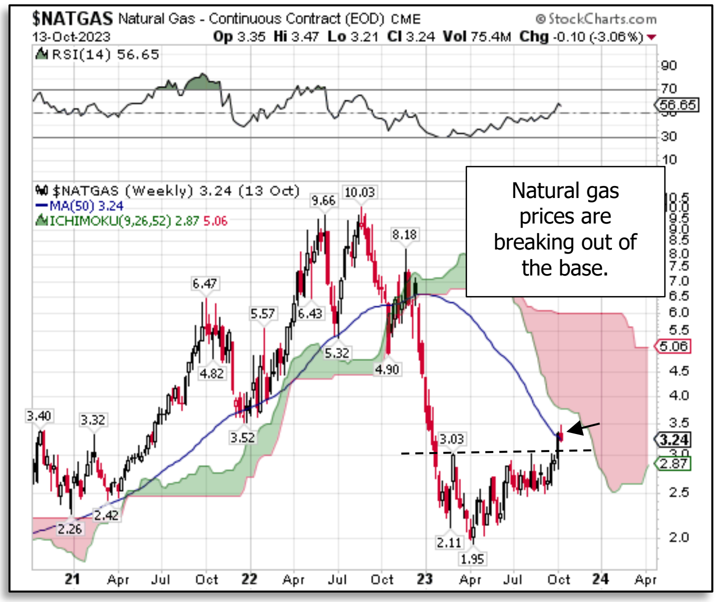

Chart 5

Five-year forecasting models suggest that natural gas prices will firm-up very slightly over the next few months and trade around $3.45-$3.60/MMBtu by year-end (**Chart 5a**).

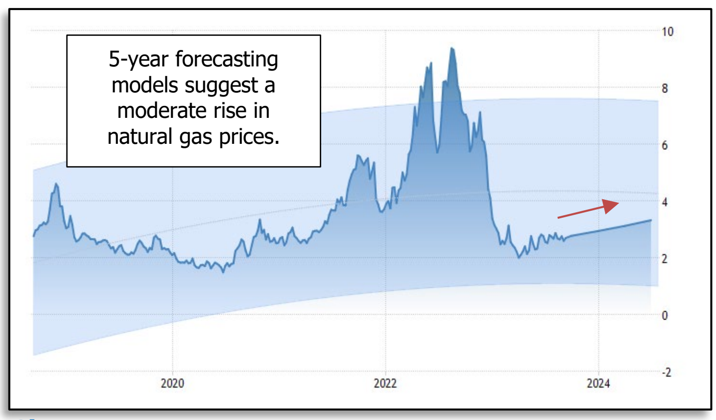

Chart 5a

<u>What does it mean?</u> Nothing great to report. Abundant supply plus warmer weather limits demand. <u>Mild limited upward movement in Q4 expected. The target is $3.60 MMBtu</u>.

In the meantime, CES Energy Solutions Corp. (**CEU**) and Canadian Natural Resources Ltd. (**CNQ**) looks attractive.

Gasoline: Slump, more consolidation

Outlook: Neutral: Gasoline futures eased slightly higher in October aided by investor's concerns about the situation with Israel and Gaza. Critical chokepoints or tighter restrictions on oil production and imports from the Middle East are intensifying worries. New data from the EIA shows that gas demand fell to the lowest level in 25 years.

Chart 6

Gas prices are now below the declining 50-week m/a. The expanding negative 'Red Cloud' into Q4 suggests more consolidation or price weakness is coming (**Chart 6**). Buying momentum (RSI) is negative (not confirming additional strength). 1st price support is at $2.05. Resistance is remaining at $2.94.

5-year forecasting models suggest that gas prices will stabilize and rise slightly to $2.35 by year-end (**Chart 6a**).

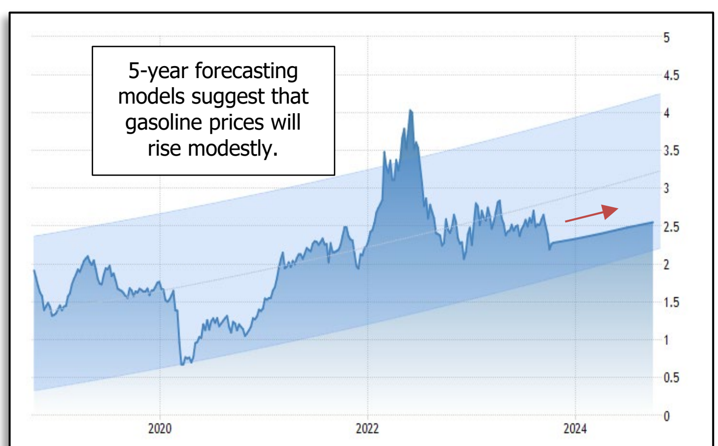

Chart 6a

What does it mean? Heightened concerns with the Middle East conflict has limited to decline caused by the drop in demand for gas.

Our target for year-end is $2.34. Do not add to the position. Wait until GASO crosses $3.00 before buying.

Gold: Still contained

Outlook: Neutral On one side, gold prices are facing pressure from a strong US dollar, rising Treasury yields and a hotter-then-expected US retail sales numbers. On the other side, safe haven demand is building due the Israel/Hamas war. Iranian President Ebrahim Raisi warned that the war could expand if Israel's siege on Gaza does not stop. Gold also lifted by the pullback in Treasury yields (**Chart 7**).

Chart 7

Five year forecasting models suggest a year-end target of $1,950-$1,960 (**Chart 7a**).

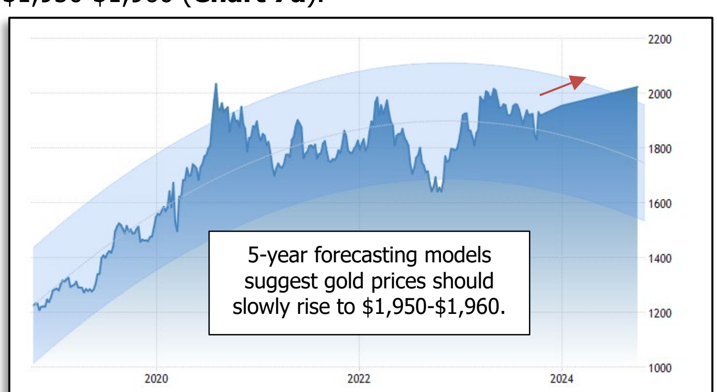

Chart 7a

Gold prices found price support at $1,825 due to the drive for safe haven assets. Still locked in to a broad trading range for over 39 months. Buying momentum (RSI) is neutral (not confirming additional upward pressure). An expanding negative 'Red Cloud' in Q3 is ending, and a positive 'Green Cloud' is developing in Q4 and into Q1.

What does it mean? With the recent demand for safe-haven assets, tailwinds are building for gold. This is a geopolitical play. Limited upside. The target is $1,960.

Silver: Minor rebound

Outlook: Neutral/negative: Silver prices moved lower amid a stronger dollar and higher Treasury yields in late September. The recent rebound in October is from investors seeking refuge in safe-haven assets. A geological bounce.

Solid price resistance is holding at $25.00. This level should cap any upward movement.

Buying momentum (RSI) is neutral and fading (not confirming additional upward strength). Below the 50-week m/a. An expanding negative 'Red Cloud' rapidly ends in Q3 and then turns to a positive 'Green Cloud' in Q4 suggesting some degree of possible strength returning by year-end (**Chart 8**).

Five-year forecasting models (**Chart 8a**) suggest that silver prices will rise to around $23.50 by year-end.

What does it mean? Safe-haven demand for this key metal are only going to increase if the Israel/Hamas conflict increases. This should outweigh the opportunity costs of holding silver billion. Our target has been upgrade to $26.00. Continue to hold.

Chart 8

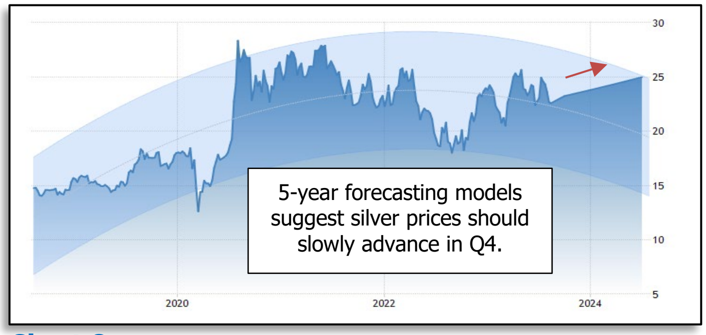

Chart 8a

Industrial metals: Some stability

Outlook: Neutral/negative: The prices for most industrial metals are starting to stabilize after drifting lower for most of this year. Iron ore, lead, steel, zinc, and nickel prices are appear to be finding a floor. However, the outlook of a possible slowing global economy continues to concern investors. With the prospect of weakening demand for base metals, the index is down 20% YTD. Buying momentum (RSI) is negative (still not confirming additional upward strength). The expanding negative 'Red Cloud' in Q3 is rapidly narrowing in Q4, but still remaining negative. Solid resistance is at the 50-week m/a. Multiple failed attempts this year. It will be tough to pass through this line. The 1st support level is at 400. This level appears to be where a base is developing (**Chart 9**).

Chart 9

What does it mean? Industrial metal prices appear to be finding a floor after 16 months of weakness. We suggest staying on the sidelines until the GYX trades above 475. This might take a while.

Copper: Is this the floor?

Outlook: Neutral/negative: Copper prices are feeling the pain of lower demand and increasing inventory levels. Expectations of the US economy shifting to a new normal of higher interest rates. China's, once robust economy, has slipped and now faces mounting debt. However, investors still continue to view data from the International Copper Association stating that future demand will greatly outpace supply.

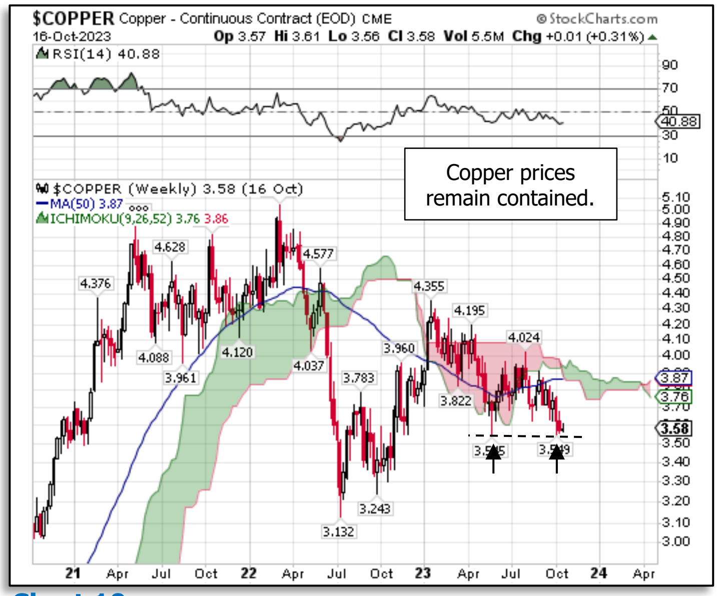

Chart 10

Copper prices appear to have found some buying support at the $3.55 level (**Chart 10**). Buying momentum (RSI) is negative (not confirming additional upward strength). The negative 'Red Cloud' narrows in Q3 and turns to a positive but tapered 'Green Cloud' in Q4 suggesting some measured support in the next few months.

Five-year forecasting models (**Chart 10a**) suggest that little upward movement should be expected over the next few months.

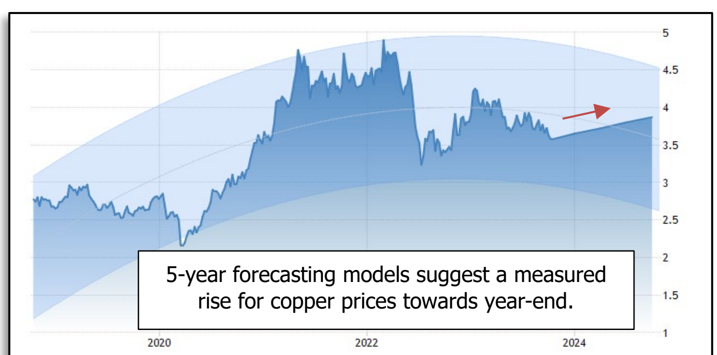

Chart 10a

What does it mean? The outlook for copper prices over the next few months. The $3.55 level is not known if it will hold. RSI is negative. Not a good sign. Wait for a breakout over $4.00 before buying.

Livestock: Upward trend

Outlook: Positive: Of the six main components in the Livestock Index (**GVX**) (feeder and live cattle, lean hogs, beef, poultry and salmon), only feeder, live cattle and salmon trending upward (**Chart 11**).

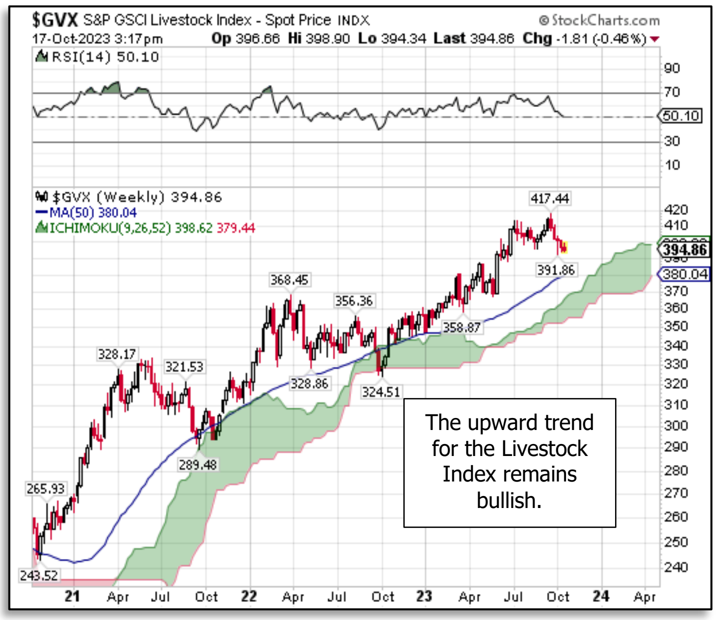

Chart 11

The Index continues to trend upward. Still above the 50-week m/a. Buying momentum (RSI) is neutral (not confirming additional upward strength). A positive 'Green Cloud' extends in Q4 and Q1. Nearing the 1st overhead resistance level at 450. 1st support is at 380.

What does it mean? The upward trend continues to hold. Add to the position on any weakness. The next target is 450.

US dollar: Showing strength, for now

Outlook: Neutral/positive: The Big dollar is showing strength as traders increasingly bet interest rates will stay higher for a longer period than expected. The latest data showed a robust economy. US retail sales in September surpassed expectations. Investors are now waiting for fresh comments from the Fed regarding additional rate increases.

The Big dollar is also benefiting from the movement by investors to a safe haven asset among the Israel/Hamas conflict.

Chart 12

The US dollar broke above the declining 50-week m/a after two failed attempts. Buying momentum (RSI) is positive (confirming additional upward strength), still above the 50-week m/a. The 1st support level is 104.60. In Q4 and Q1, there is an expanding negative 'Red Cloud'. This suggests more consolidation or price weakness for the dollar in the months ahead (**Chart 12**).

Five-year forecasting models suggest that the US dollar will continue to strengthen. Models indicate that 106.50 will be reached in early Q4. That target was met (**Chart 12a**).

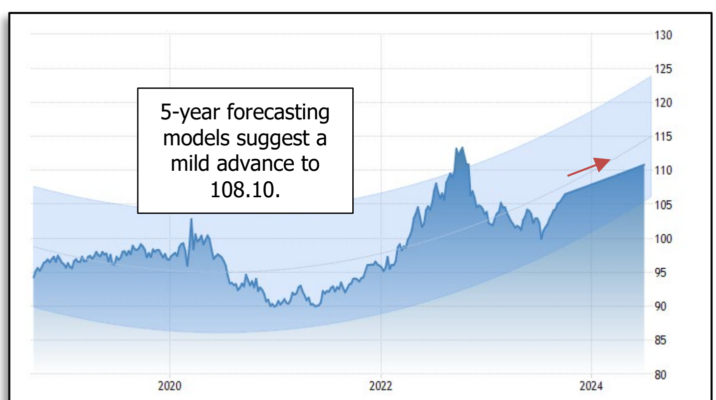

Chart 12a

What does it mean? The US dollar (DXY) is advancing under the outlook of the Fed will be holding rates up high for a longer than expected time frame, and will also tack on another 0.25 bps before the tightening cycle is complete. The weakness in other world currencies is also aiding the greenback. The Euro has dropped below $1.0448, a new YTD low. A rise in the common currency would suggest the Big dollar is starting to decline. The Japanese Yen also weakened against the US dollar to 66.77, also a new YTS low.

The US dollar is expected remain positive and continue to rise in Q4. $108.10 is the new target.

What does it all mean?

This month's commodity review is largely affected by the Israel/Hamas war. Oil prices are in flux due to the strong possibility of other Arab countries becoming involved. Gold and silver are receiving a bounce due to the increasing demand for safe-haven assets. The US dollar is also continuing to advance, partly because security the world's reserve currency offers and partly due to the fact that the Fed's monetary tightening program may not be over. Rising bond yields are positive for commodity prices (GTX), and the US economy, for the short-term. Longer term, problems would start if rates remain high.

What should investors do?

The energy sector appears to be the best bet right now. Oil prices are expected to firm up over the next few months, but not really advance too much. Energy stocks we like in this sector and are Antero Midstream Corp. (**AM**), Ecopetrol SA (**EC**), Dorian LPG (**LPG**), MEG Energy Corp. (**MEG**), Shell PLC (**SHEL**), and Parkland Fuel Corp. (**PKI**).

International Equities

Weakness is building

KEY POINTS:

- **The normal 'breakout-pullback' for global markets deepens to breakdowns**
- **27 world economies now have an inverted yield curve.**
- **Emerging markets ETF stalls on $USD rebound**
- **Only 4 out of 11 world economies posted positive returns over the last 90 days**
- **More weakness for the Shanghai**
- **Pullback from Japan's Nikkei big breakout**
- **Stepping higher continues for India's Sensex**
- **Dow Jones Europe Index breaks support**
- **Germany's DAX rally fades fast**
- **Consolidation for France's CAC fails**
- **Stalling for UK FTSE 100 builds into early Q4**
- **Breakdown for Italy's Titan 30 index starts**

Overview: War concerns. 3 views

Outlook Neutral: The Israel/Hamas war is causing global equity markets to pull back at a time when the bull market is mature.

The Head & Shoulders pattern (H&S) is normally one of the most reliable trading forms, proving positive 75% of the time. Though the longer-term weekly view still remains mainly positive (**Chart 14**), the shorter-term daily chart shows a trend that is changing (**Chart 14a**). The DJW has broken below the one-year trend. Negative 'Red Clouds' are expanding in November. Buying momentum (RSI) is negative (not confirming additional upward strength).

Chart 14

Chart 14a

The 14-year perspective shows the Dow Jones Global Index (**DJW**) shows the index still holding on to the primary

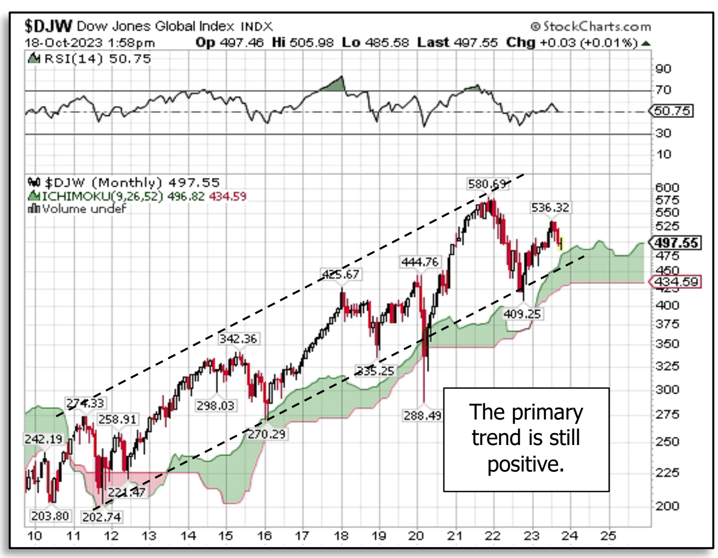

Chart 14b

upward-sloping channel. Long-term monthly buying momentum (RSI) is neutral (not confirming additional upward strength). The positive 'Green Cloud' is expanding into year-end and also into early 2024. All good positive long-term signs (**Chart 14b**).

What does it mean? The 3 views of the DJW illustrate several things. First, the daily chart (**Chart 14a**) shows price weakness as the DJW has broken out of a one year upward trend. This action suggests lower levels should be expected in November and possibly into December. 475 is the expected target. Weekly data (**Chart 14**) points to building weakness as the DJW is now just below the key support level of 500. RSI is negative adding to the growing possibility of lower levels. And finally, long-term monthly data (**Chart 14b**) shows a primary trend that is still pointing upward. RSI is neutral. There are positive 'Green Clouds' extending into 2024.

We expect price weakness for the DJW to year-end. Our target is 475. Do not add to the position. Wait.

World (ex-USA): Below the 50w m/a

Outlook Neutral: The MS World (ex-USA) Index broke out a well-defined Head and Shoulders pattern (H&S) in January and, like the DJW, is pulling back. Now below the key 50-week m/a and below the price support at 2,100. Two negatives. Buying momentum (RSI) is negative (not confirming additional upward strength). The negative 'Red Cloud' changes to a positive 'Green Cloud' in Q4 (**Chart 15**).

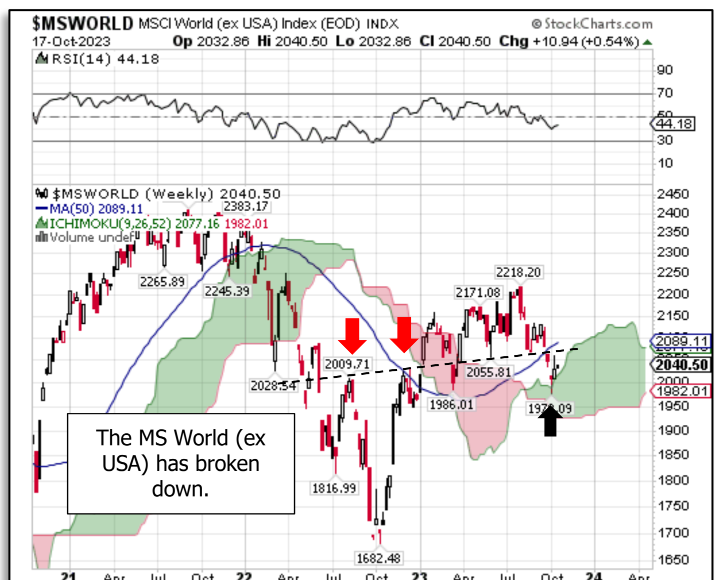

Chart 15

The 14-year perspective of the MS World (ex USA) Index shows the primary trend is still pointing higher. Buying momentum (RSI) is neutral (not confirming additional upward strength). There is an expanding positive 'Green Cloud' going into the first half of 2024 (**Chart 15a**).

Chart 15a

What does it mean? The breakout of a bullish H&S pattern for the MS World (ex-USA) Index is a very positive sign for the global bull market, but the failure to continue that advance is a warning sign. Stiff resistance is at 2,200.

Look for price weakness over the next month or two. The revised target is 1,930.

Global performance: Mixed strength

Outlook: Neutral: Performance is evenly balanced over the last 90 days. Half are positive and half are negative. Japan's Nikkei has the best performance followed by India's BSE, for the second month. Brazil's Bovespa has recovered nicely. Now in third position. The S&P 500 was in 4th place. Mexico's Bolsa had the lowest return, again (**Chart 16**).

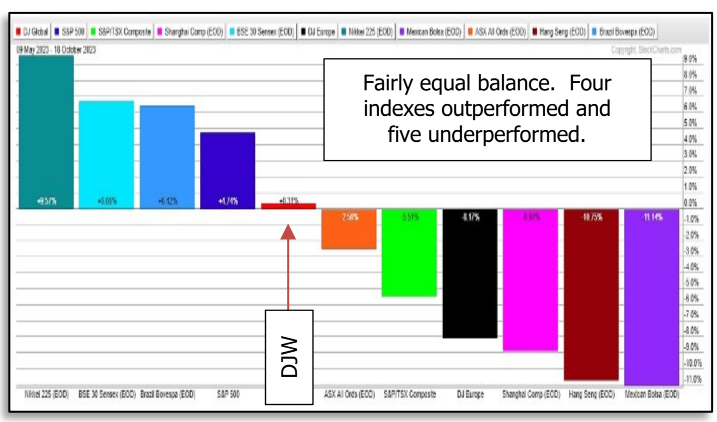

Chart 16

What does it mean? World markets are mostly pausing and consolidating. As the world markets move into year-end, we expect slightly broader participation.

Emerging Markets: Dollar strength

Outlook Neutral/negative: The iShares MSCI Emerging Markets ETF (EEM) ran into stiff headwinds as the US dollar kept advancing in Q3. News that the Fed will likely keep interest rates high for a longer period, is fuel for the dollar bulls. The outlook for the dollar is the key to the trading direction of EEM. At present, the US dollar still has a tailwind with 108.10 as a near-term target suggesting more consolidation and weakness for EEM.

Chart 17

Now blow the 50-week m/a, and buying momentum (RSI) is negative (not confirming additional upward strength).

What does it mean? The current recovering strength of the US dollar has halted the upward movement of EEM. We anticipate upward pressure with the dollar will remain for the next few months. Stay on the sidelines for now.

China: Trending down

Outlook: Negative: The Chinese economy is slowly rebounding. The Annual Growth Rate in Q3 was 4.9%, this followed a 6.3% print in Q2. The unemployment rate is also trending in the right direction with a 5.0% mark in September. The inflation rate is a problem. The September rate was 0.0%. This follows four months of -0.3% to 0.2%.

Chart 18

The Shanghai Index continues to be pinned at the resistance level of 3,400 with two failed attempts since mid-2022. Buying momentum (RSI) is negative (not confirming additional upward strength). The negative 'Red Cloud' narrows in Q3 and then turns to a positive 'Green Cloud' in Q4, suggesting a limited rebound later in the year.

What does it mean? China's economy is improving slowly, but more time is needed. Wait for the index to cross 3,400 before buying. Once through 3,400, 3,675 is the target. This may take time to achieve. Stay on the sidelines for now (**Chart 18**).

Japan: Still showing strength

Outlook: Positive: Annual GDP eased slightly to 1.6% in Q2. In line with growth over the last two years (**Chart 19**).

Chart 19

The inflation rate is holding firm much the same as it has over the last 10 months. The August print was at 3.20%. Unemployment in September was 2.7%, a similar level to the last seven months.

After the index broke out of a 12-month consolidation in May, the Nikkei roared up 21% in two months, which resulted in a multi-month consolidation. Buying momentum (RSI) is neutral (not confirming additional upward strength). Still well above the 50-week m/a, and the positive 'Green Cloud' is narrowing in Q4. This suggests the pullback or consolidation will likely continue into year-end.

<u>What does it all mean?</u> Japan's Nikkei is expected to continue consolidating in Q4. As RSI is neutral and a 'Green Cloud narrows into year-end, we suggest remaining invested. Expect a retest of the support level at 31,000.

Hong Kong: Weakness continues

<u>Outlook: Negative:</u> Annual GDP growth continues to be restrained. Q2 came in at a measly 1.5% showing the country needs more time to recover. The weakness was due mainly to the decrease in government spending (-9.6% vs. 1.3% in Q1).

Inflationary pressures appear to be under control. The August reading was 1.8%. A similar reading has come in over the last 7 months. The latest September print for Hong Kong's unemployment is 2.8%. There has been a steady decline since April 2022.

The Hang Seng is continuing to slump with 17,000 as support. Now down 24% YTD. Buying momentum (RSI) is negative (not confirming additional upward strength).

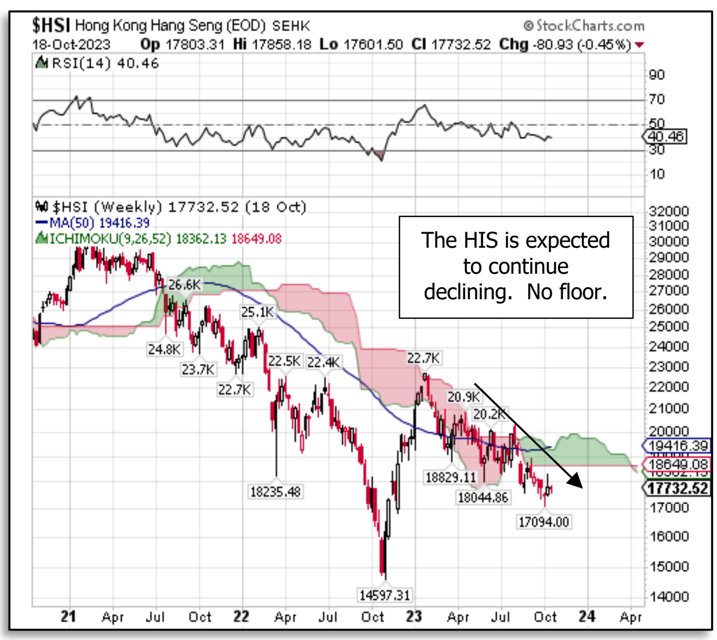

Chart 20

The index is now below the declining 50-week m/a. The negative 'Red Cloud' is ending and turning into a positive but narrowing 'Green Cloud' for the rest of the year. This suggests some possible price support in Q4 (**Chart 20**).

<u>What does it all mean?</u> The trend remains down for the Hang Seng. The positive 'Green Cloud' in Q4 is promising, but more time is needed. <u>Stay on the sidelines for now. Wait until HSI advances over 21,000.</u>

South Korea: Building weakness

<u>Outlook: Neutral/negative:</u> The Annual growth rate (GDP) continues to edge lower over the last 24 months. The peak in growth was in Q2, 2021 at 6.0%, the expansion rate in Q2 2023 now is just 0.9%. A considerable drop. The inflation rate was showing improvement going from 5.7% to 2.3%, but there has been two months of increases. The latest print jumped to 3.7%. The unemployment rate is holding steady at 2.6%, basically the same rate over the past 12 months.

The Seoul Composite broke out of a well-structured Head & Shoulders (H&S) pattern in April and then reached the resistance level of 2,650 and stalled. The current price pullback is now below the level of 2,440. Buying momentum (RSI) is negative, reflecting the current weakness. The negative 'Red Cloud continues into the end of Q3 and then slowly turns to a positive 'Green Cloud' in Q4 (**Chart 21**).

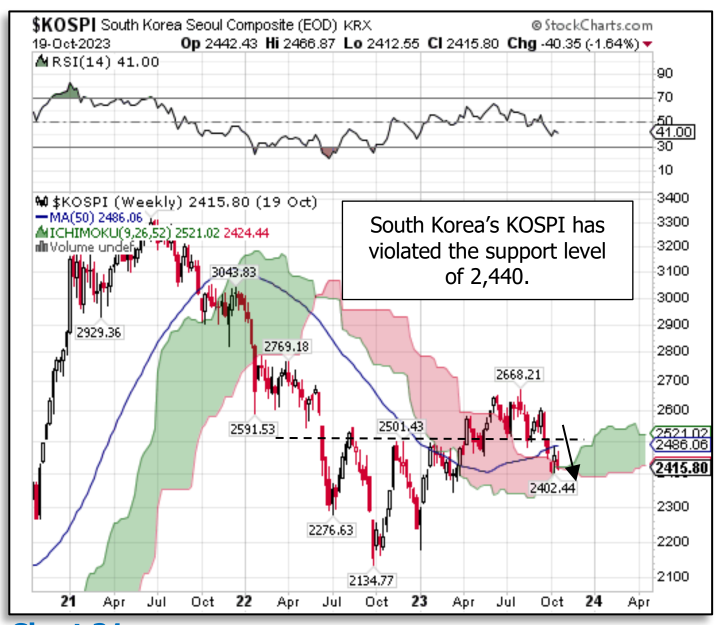

Chart 21

<u>What does it all mean?</u> Price weakness is still building. Wait until there is a breakout over 2,650 before considering adding to a position. For now, stay on the sidelines.

India: Still going strong

Outlook: Positive: Economic expansion is remaining strong with a 7.8% print in Q2, the highest level in 12 months. The latest number in September for the unemployment rate is 7.1%. Though high, it remains consistent with the last 15 months (**Chart 22**). The 7.1% is the lowest number since August 2022.

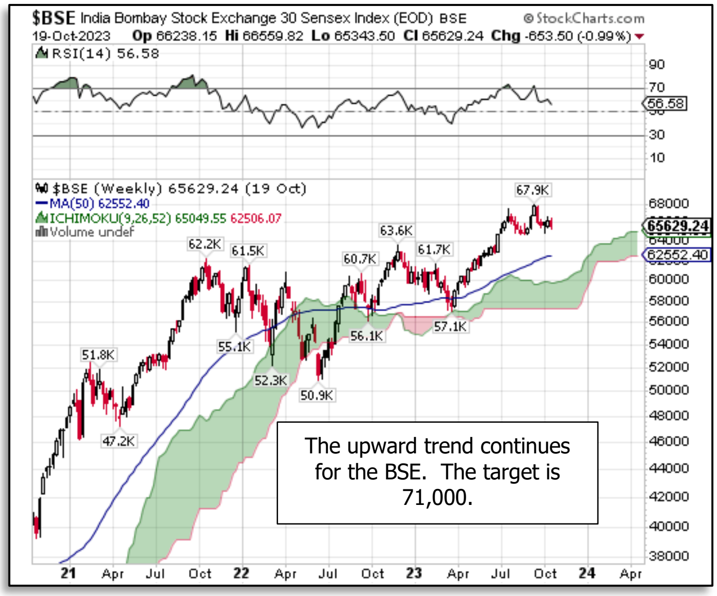

Chart 22

The Bombay Stock Exchange continues to remain in an upward trend with a series of higher highs and lows. Buying momentum (RSI) is positive (still confirming additional upward strength). The positive 'Green Cloud' continues to show promise as it holds firm in Q4 and into Q1. 1st support is at 63,600. Still above the rising 50-week m/a.

What does it all mean? The major trend is up. Watch for a pullback. Add to the position on confirmation of support. The target is 71,000 (**Chart 22**).

Europe: Breaking support

Outlook: Negative: Economic expansion continues to decline with now seven consecutive quarters of lower levels. The latest print is only 0.5%. The unemployment rate is holding at 6.4% in August. The Euro Area inflation rate is the bright spot. The latest number of 4.3% marks the 12th month of decline.

The Dow Jones Europe Index is retracing much of the advances it displayed in Q1 and Q2 of this year (**Chart 23**). The 1st support at 360 has been broken. Now on the 2nd support level of 340. Buying momentum (RSI) is negative (not confirming additional upward strength). The negative 'Red Cloud' Q1 and Q2 has changed to a positive expanding 'Green Cloud' in Q3 and Q4 and into Q1, 2024. However, with RSI plunging, any upward strength will likely be marginal.

What does it mean? The Europe Index is pulling back. The breaking of the support level at 360 is bad news. Stay on the sidelines for now. Lower levels are likely coming.

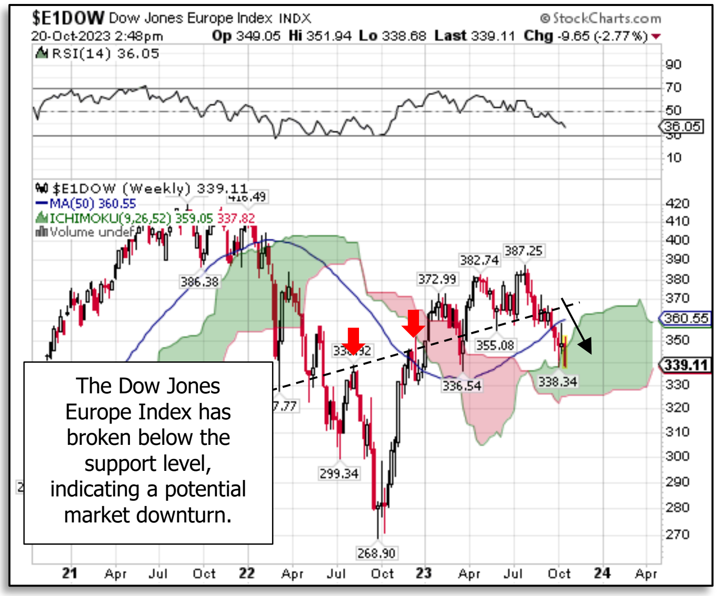

Chart 23

Germany: Rollover

Outlook: Neutral/negative: Economic expansion for Germany continues to be a challenge. The last two quarters were -0.2% and -0.2% respectively. First negative reading is a year. A bright spot is the inflation rate. Now down to 4.5%. The unemployment rate remains steady at 5.7%. A similar level occurred over the last 13 months (**Chart 24**).

Chart 24

The advance of the DAX over the last 7 months has stalled and changed its course, now declining back to the support level of 14,700. Buying momentum (RSI) is negative and falling fast (not confirming additional upward strength). The 1st support level at 15,500 has been broken. An expanding positive 'Green Cloud' flows into Q4 and Q1/2024. This suggests a mild bounce is coming. Likely not until December.

What does it all mean? A short-term retracement after seven months of advancing is developing. Wait for a confirmation of support before adding to the position. The target has been lowered to 16,250.

France: Rolling over

Outlook: Neutral/negative: The annual economic expansion (GDP) continues to wilt. The last four quarters of growth remain around 1.0%. A far cry from 2022 when 4.0%+ was common. The unemployment rate is stubbornly holding at 7.2% in Q3. Unemployment has remained around 7.4% to 7.1% in the last 8 quarters. The inflation rate was at 4.9% in September.

The France CAC 40 Index is breaking out and down from a Q1-Q3 consolidation. Now below the support level of 7,050. Buying momentum (RSI) is negative (not confirming additional upward strength). A positive 'Green Cloud' is developed in Q4 and extends into Q1/2024 (**Chart 25**).

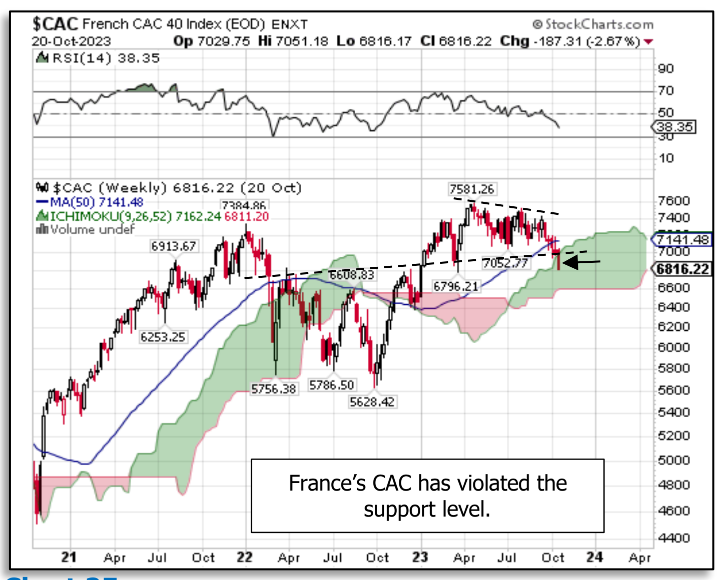

Chart 25

What does it all mean? France's CAC is rolling over after breaking down from the Q1-Q3 consolidation. Buying momentum is negative suggesting lower levels are still coming. 6,565 is the next lower support level. Stay on the sidelines.

UK: Consolidation continues

Outlook: Neutral: Economic expansion has slowed down to near zero over the last 12 months in the UK. The Annual GDP growth rate in Q2 was only 0.6%. This figure followed 0.5% in Q1. Dismal. The inflation rate continues to ease with 6.7% as of the September print. Inflation has been declining steadily for 11 months. The growing unemployment rate has edged upward to 4.3% in October following 12 months of steady increases.

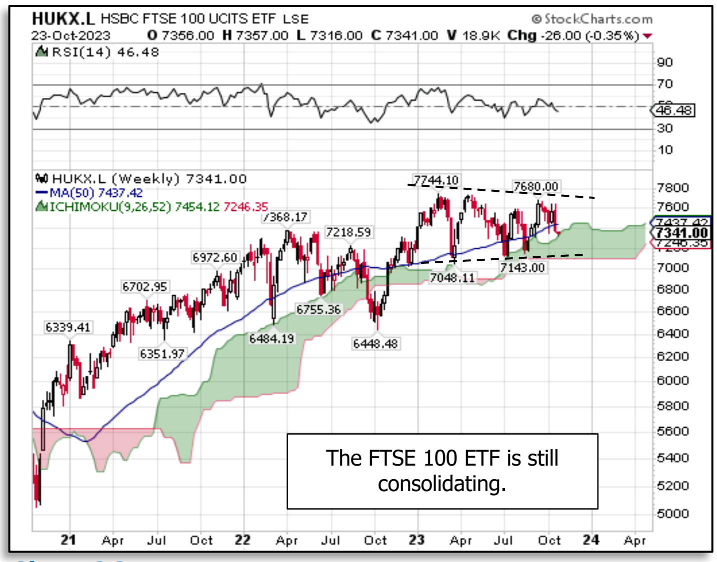

Chart 26

The main trend for HSBC FTSE 100 is losing some momentum in Q1-Q3. The index has been consolidating since the start of the year. Buying momentum (RSI) is negative (not confirming additional upward strength). A positive expanding 'Green Cloud' is beginning in Q3 and extending into Q4 and Q1, 2024 (**Chart 26**).

What does it all mean? Key economic indicators are similar to other European countries. Dismal. Consolidation is expected to continue in Q4. Wait until the index is over 7,800 before buying. Once over, 8,200 is the target.

Spain: Weakening trend

Outlook: Neutral/negative: The Annual Growth Rate reflects a similar picture as many other European economies. The slow but steady decline from 7.8% in Q2, 2022 to the present 2.2% in Q3, 2023. Just economic weakness this year. Inflationary pressures are starting to rise. The latest print is 3.5% in September. This follows three months of consistently higher levels. The unemployment rate continues to be a black mark on the economy. The current rate is 11.6% in Q2. One of the highest levels in Europe.

The IBEX has broken down from the rising consolidation. Now below the 50-week m/a. Buying momentum (RSI) has turned negative (not confirming additional upward strength). A positive 'Green Cloud' is expanding into Q4. 1st support is at 8,825. 2nd support level is 8,500 (**Chart 27**).

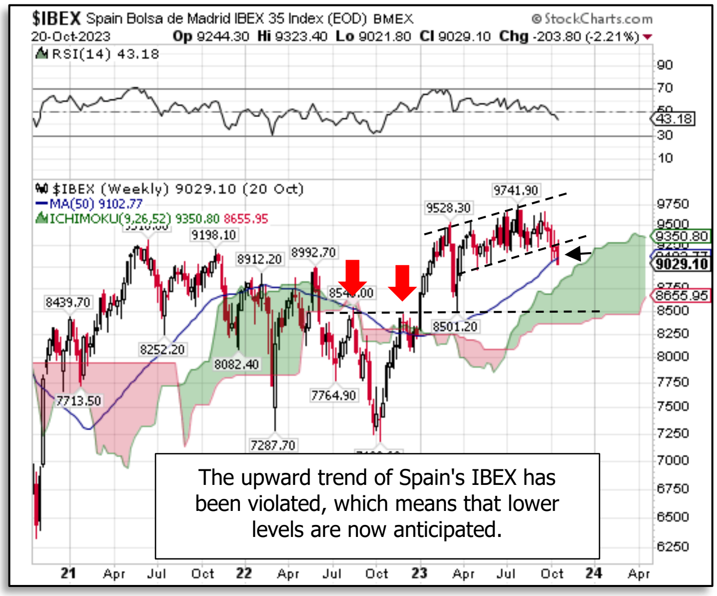

Chart 27

<u>What does it all mean?</u> The major trend has been broken. The break form the consolidation suggests lower levels are coming. <u>Stay on the sidelines.</u>

Italy: Upward trend still holding

<u>Outlook: Neutral/positive:</u> The Annual Growth Rate for GDP has been dropping steadily over the last seven quarters. Topping out at 8.0% in Q4, 2021, the latest number is only 0.345%. Five quarter of consecutive lower levels. The unemployment rate still remains elevated. The August print was 7.3%. Inflationary pressures have come down notably. Topping out at 12.0%, the present number is 5.34%.

After breaking out of a 'Double-bottom' H&S pattern in Q1, 2023, the Dow Jones Italy Titans 30 Index has steadily climbed higher and posted a new high of 3130.04 in July. Buying momentum (RSI) is neutral (not confirming additional upward strength). Above the 50-week m/a. An expanding positive 'Green Cloud' is progressing in Q4. (**Chart 28**).

<u>What does it mean?</u> Italy's Titans 30 Index is holding up better than most of Europe's equity indexes. We suspect more price weakness is coming. 2,833 is the 1st support level. <u>Wait on the sidelines until confirmation of support.</u> Q4 still looks a little dodgy.

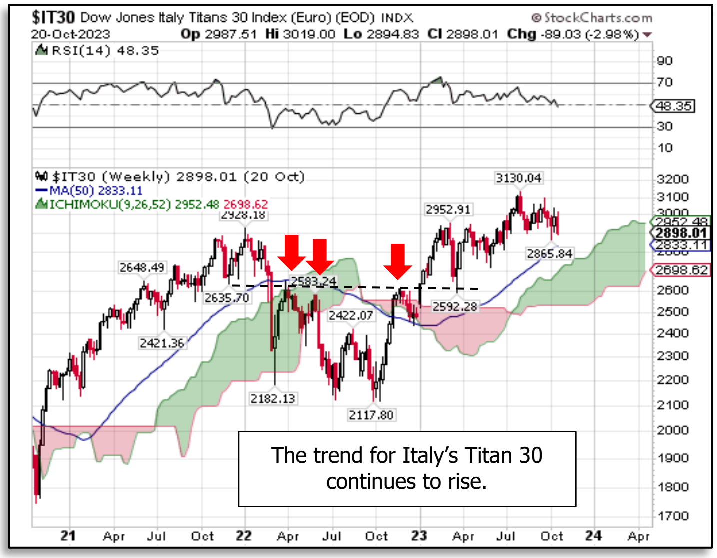

Chart 28

Mexico: Hard rollover

<u>Outlook: Negative</u>: Mexico's Annual Growth Rate in Q3 matched the last five quarters with a 3.6% print. A stable growth rate, but not inspiring. The unemployment rate continues to roll downward. From a peak at 5.50% in mid-2020 to the August print of 3.0%. The latest inflation rate is 4.45%. This follows nine months of consistently lower levels.

Momentum has faded for Mexico's Bolsa Stock Index Buying momentum is negative and oversold (not confirming additional upward strength). 1st price support is at 48,100. 2nd support is at 46,000. The index is below the 50-week m/a. A positive 'Green Cloud' is expanding into Q4. A potential positive for year-end bounce (**Chart 29**).

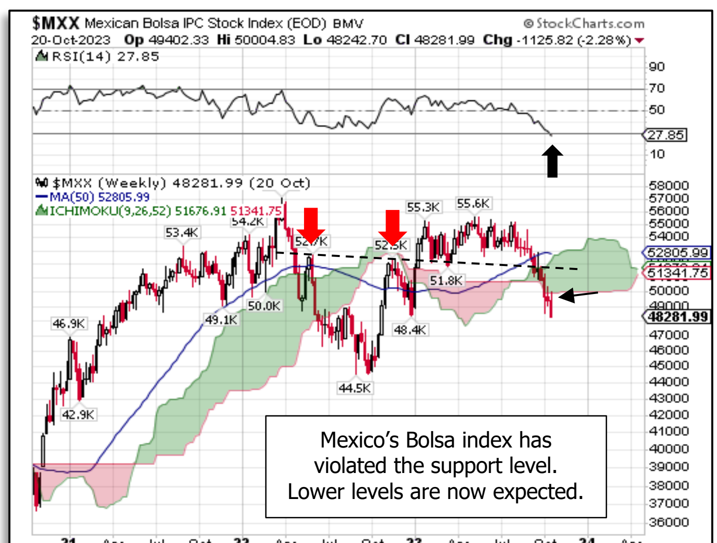

Chart 29

<u>What does it all mean?</u> Weakening momentum and lower levels for Mexico's Bolsa are expected. More time is needed. <u>Wait on the sidelines until the index breaks above 54,800.</u> This may take a while.

Brazil: Still under resistance

<u>Outlook: Neutral/negative:</u> Improving performance in Annual GDP. The Q3 number was 3.4%. This follows nine quarters of economic expansion at 2.0%+. The latest unemployment rate is at 7.8%. Still high. Inflation is started to rise again. Three months of increasing levels. Now at 5.19% in September. This number is in contrast to the 12.00% in early 2022 (**Chart 30**).

Chart 30

The main trend is still contained between 123,000 and 97,500 in 22 months. Buying momentum (RSI) is neutral and fading (not confirming upward strength). A negative 'Red Cloud' is projected for Q4. Unlikely to see any upward movement over the next few months. 110,000 is the 1st support level.

<u>What does it mean?</u> More price weakness is expected in Q4. Wait on the sidelines. Better opportunities are available with other world indexes.

Australia: Rollover

<u>Outlook: Negative:</u> Australia's economic expansion is stable but not inspiring. Slowly drifting lower. The Annual GDP Growth Rate in Q3 is 2.1%. This follows nine quarters of expansion between 5.9% and 2.1%. Inflationary pressures continue to weigh down on the economy. The Q1 2021 level was 1.1%. Rates since this mark have only Increased. 6.0% was the print in Q3/23. The low unemployment rate is a plus. The September rate was 3.6%.

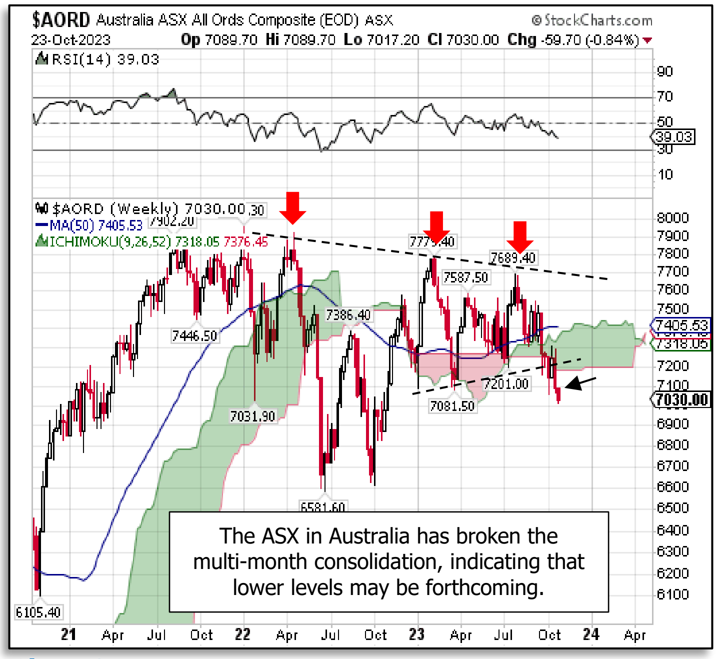

Chart 31

The Index has broken down from a nine-month consolidation. Buying momentum (RSI) reflects the current weakness in the Index with a negative reading (not confirming additional upward strength). Now below the 50-week m/a. 6,950 is the 1st support level followed by the 2nd support level at 6,800. A positive 'Green Cloud' is starting in Q3 and expanding in Q4.

<u>What does it mean?</u> The All Ordinaries is following many of the other world indexes downward. <u>Wait on the sidelines.</u> More time is needed to bottom out.

What does it all mean?

Page 8 shows three-time frames for the benchmark DJW index. Daily shows a downward break of the 1-year upward trend. Weekly data highlights an ominous bearish H&S pattern over the summer months, and longer-term monthly figures show the key index still holding to the 14-year bull market. We expect the DJW to retest the lower channel line in the first half of 2024.

A quick review of the number of Outlooks that have turned negative and index rollovers over the last two months illustrates the current weakness in the global market. Also, the steady decline of most Annual GDP readings. For most world economies, the deterioration of economic growth started in early 2023.

What should investors do?

The pull back that we noted in the October newsletter had deepened and becoming more wide spread. We would suggest holding off on any new purchases of global indexes at this time. More time is needed to assess market conditions.

U.S. & Canadian Equities

Fear is driving the market

KEY POINTS

- **U.S. Inflation rate holds to 3.70%**
- **U.S. Unemployment Rate is still low at 3.50%**
- **Breadth Barometer softens with only 50% going up.**
- **Put/Call ratio shifts from greed to fear**
- **The Fear & Greed Index turns from extreme greed to waning optimism**
- **VIX rebounds from low Q4 2020 level**
- **Sharp reversal for AAII bulls**
- **US and Canadian Yield Curves are inverted, this is a big concern for the bull market in Q4**
- **US 30-year mortgages hit 7.0%**
- **Nasdaq takes over pole position in 90-day index performance again**
- **Stocks (risk) win over bonds (safety)**
- **Major equity indexes set to advance in Q4**
- **NYSE and Dow breakout**
- **The expansion phase of the business cycle nears completion, and the slowdown phase draws near**

KEY ECONOMIC NUMBERS

- US Annual GDP – 2.40% ➡
- US Interest rate – 5.50% ➡
- US Inflation rate – 3.70% ➡
- US Jobless rate – 3.80% ⬆
- US Gov. Budget – (-5.80%) ➡
- US Debt/GDP – 129.00% ⬆
- US Current Account to GDP – (-3.70) ➡
- US Consumer Confidence – 63.00% ⬇
- US Business Confidence – 49.00% ➡
- US Currency – $1.06 ➡
- Canadian Annual GDP – 1.12% ⬇
- Canadian Interest rate – 5.00% ⬆
- Canadian Inflation rate – 3.80% ➡
- Canadian Jobless rate – 5.50% ➡
- Canadian Gov. Budget – (-3.6%) ➡
- Canadian Debt/GDP – 107.00% ➡
- Canadian Current Account to GDP – (-0.40) ➡
- Canadian Currency (USD/CAD) – $1.37 ➡
- Canadian Consumer Confidence – 45.56% ➡
- Canadian Business Confidence – 53.10% ➡

US inflation remains at 3.70%, core inflation is easing at 4.10%. U.S. Annual GDP rate shows signs of moderate strength with a bounce of 2.40% in Q3. The U.S. Unemployment rate is stabilizing at 3.80%. U.S. business confidence continued to stabilize in August with a 47.60% print. Still, less than half are confident. Consumer confidence weakened in October. The US dollar starts to lift as the Fed has hinted at higher rates for a longer period.

Canada's economy is stalling again. Annual GDP dipped to 1.12% in Q2. Canada's unemployment rate is edging up at 5.50%. Inflation has ticked down slightly. Now down to 3.80%. Interest rates have remained the same at 5.00%. Business confidence levels remained stable, as did Consumer confidence levels.

Suggested portfolio weighting – Q4/2023

Sector Overweight: *Industrials, Energy, Healthcare, Financials, Communication Services*
Sector Market Weight:, *Consumer Discretionary, Materials*
Sector Underweight: *Gold, Real Estate, Consumer Staples, Technology, Utilities*

Suggested market percentage weighting – 2023

U.S. market: 50% (S&P 500, Dow, Nasdaq) ⬆
International markets: 15% (Europe, Asia, etc)
Canadian market: 20% (TSX) ⬇
Cash: 15% ⬆

What does it mean? The US economy is showing some measured degree of strength. Annual GDP has edged upward slightly. Inflationary pressure is still a concern.

The rise in the US dollar is getting a short-term lift from the Fed's comment of likely keeping rates high for a longer period than previously thought necessary.

Canada's economic picture is softening. GDP Growth is only 1.12%, and inflation sits at 3.70%. Consumer confidence is a soft 45.56%, still less than half of consumers feel positive. The Canadian dollar is holding steady against the greenback at 1.37. The odds of another US rate hike before year-end are easing and unlikely.

Breadth Barometer: Only 32% up

Outlook: Negative: The average percentage of advancing stocks (above their 200dma) on the NYSE, S&P 500, and the TSX at the end of October is just **31.89%!** This percentage is a drop from September when the percentage was **43.39%**.

What does it mean? This new lower percentage means that there are about 68% of the stocks going down. The October print is the third month of declining percentages of stocks (**Chart 32**).

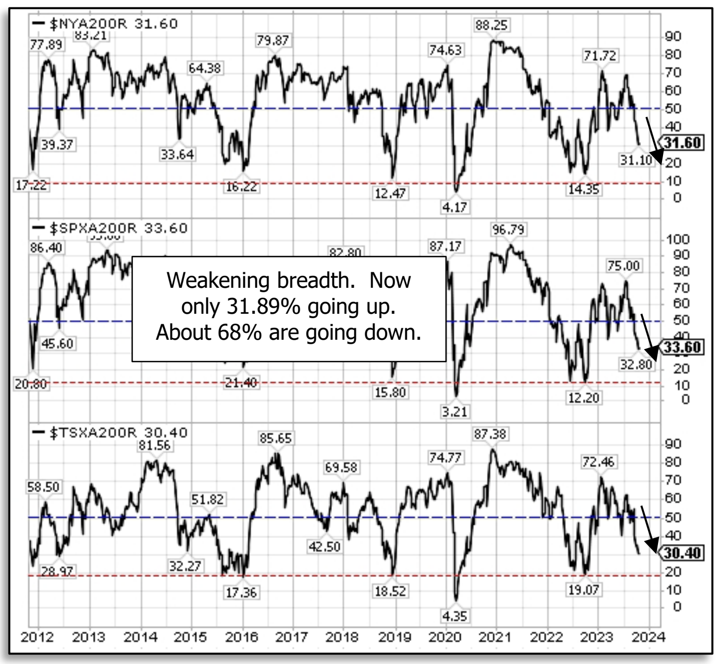

Chart 32

Put/Call Ratio+ SPX: Fear builds

Outlook: Negative: The relationship between the CBOE options Equity Total Put/Call Ratio and the S&P 500 is remaining in fear status in October. The position of the ratio suggests that investors are now buying more put options (bearish) than call options (bullish). This leading indicator suggests that investors are leaning toward fear over the next 30 days. A level over 1.00 signals fear (**Chart 33**).

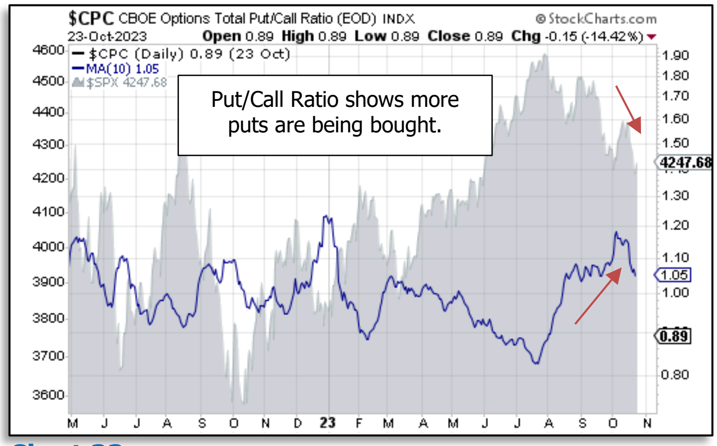

Chart 33

What does it mean? Most investors are emotional and reactionary. The current level of the Put/Call Ratio in **Chart 33** is providing a short-term fear signal for the S&P 500 for November. Fear is driving the market.

The mood of the market: Fear

Outlook: Negative: The Fear & Greed Indicator is pulling back from an extreme greed level in early October toward the current fear reading. The Fear & Greed Index is made up of 7 different gauges of the market, including the Put/Call Ratio. 100 represents maximum greediness and 0 signals maximum fear. The last time the index was this low was in March 2023 (**Chart 34**).

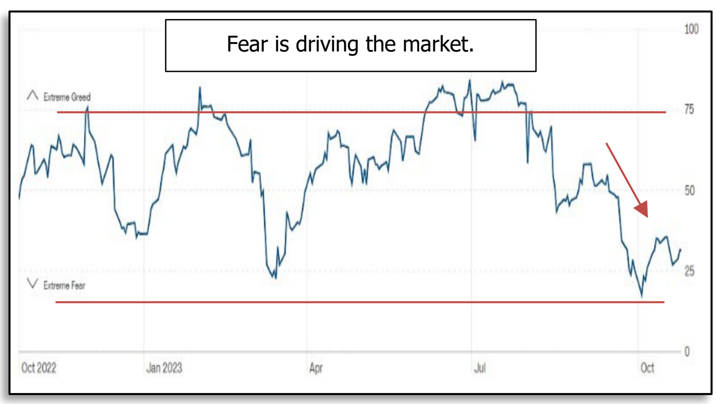

Chart 34

VIX: More evidence of worry

Outlook: Neutral/negative: Over summer this year, the market was not worried at all. In August, the mood started to change. The current level of the VIX, now rebounding, suggests that the market expects increasing volatility in the S&P 500 over the next 30 days.

Chart 35

What does it mean? The VIX is rebounding off an extremely low level. Higher levels in November around 20.00 should be expected (**Chart 35**).

US Yield Curve: Inversion continues

Outlook: Negative: The US yield curve has been inverted for 68 weeks. Since the 1960s, the average inversion time until a recession and market correction has been one year (52 weeks). The inversion continues with 1 year rates at 5.46%, 5 year rates at 4.90%, 10 year rates at 4.95% and 30 year rates at 5.08% (**Chart 36**).

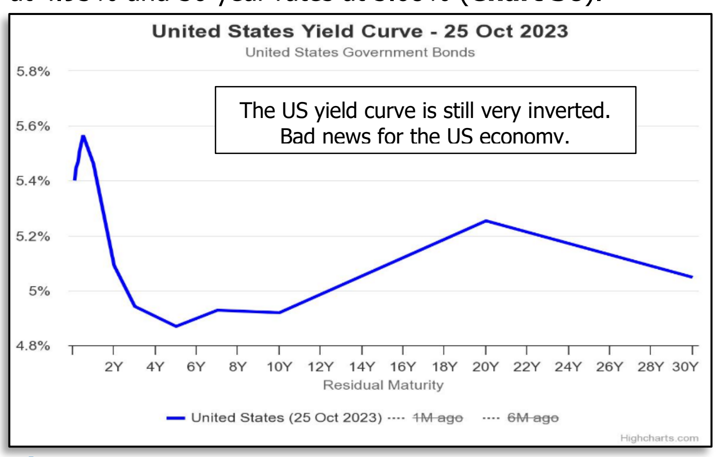

Chart 36

What does it mean? 20-year bond yields now have higher yields than 30-year counterparts do. Supply issues are seen favouring 20-year Treasuries over longer yields. 10-year yields are nearing 5.00%, the highest level in more than 16 years.

There are two key takeaways behind the current jump in bond yields. First is the Fed's policy towards inflation. Second is the strength of the US economy, so far.

A rising yield curve indicates falling demand for Treasury bonds which means investors are betting rates will remain higher for longer.

US Building permits/mortgage rate

Outlook: Negative: The US Building permits rose sharply when the 30-yr mortgage rate dropped in 2020 and 2021. The reverse quickly occurred in 2022 and 2023 when mortgage rates soared. Now at the lowest level since October 2020 (**Chart 37**).

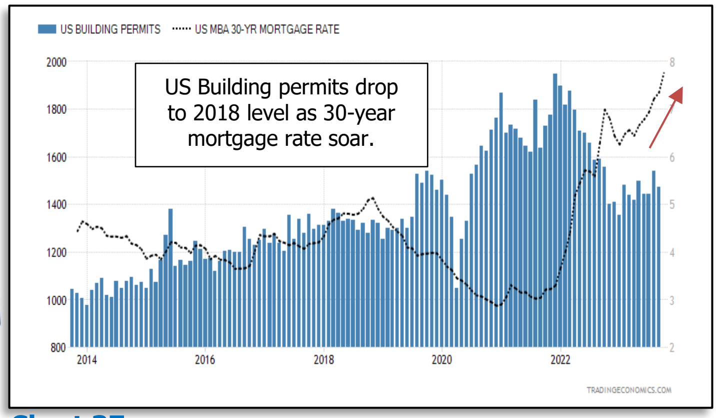

Chart 37

What does it mean? The rise in mortgage rates are having a negative impact on the US housing market. The longer mortgage rates remain high, building permits applications will decrease.

Unemployment rate starts to rise

Outlook: Neutral/negative: The slight uptick in the US Unemployment rate is not a good sign for the stock market. The Unemployment rate and the S&P 500 move in opposite directions (**Chart 38**).

Chart 38

What does it mean? Declining corporate profits increases the risk of more layoffs. The tech and banking sectors are normally the first industry groups to lay off employees. Both sectors have begun reducing employee numbers.

The S&P 500 usually leads the US Unemployment rate.

US Gov't 10-yr bond yields: Peak?

Outlook: Neutral/positive: Data showed that the US GDP grew by 4.9% in Q3, sharply above the consensus of 4.3%. The results solidified FOMC members to hold rates higher for longer. Continuing jobless claims rose to their highest level in five months suggesting the tightness in the labour market is starting to wane.

The yield on the US 10-year topped the October 2007 high with a near 5.0% print (4.978%) in October 2023.

The US 10yy T-bond is slowly breaking out of an 11-month consolidation (**Chart 39**). Buying momentum (RSI) is positive and overbought (still confirming additional upward strength). A positive 'Green Cloud' continues into Q4 but starts to narrow suggesting a peak is near. Still above the rising 50-week m/a.

Chart 39

5-year forecasting models suggest the US government 10yy is expected to trade a 5.03% by late Q4 (**Chart 39a**).

What does it mean? Measured upward pressure on yields is expected in Q4. Our models imply 5.03% as a likely target by year-end. A resilient labour market plus a hot Q3 GDP reading suggests another rate hike is very likely keeping traders pressuring yields.

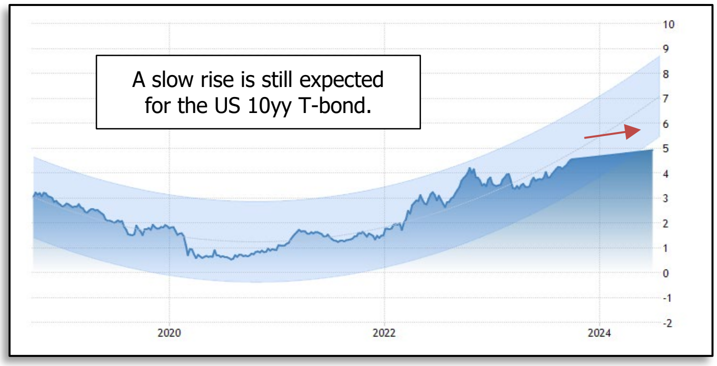

Chart 39a

CDN Yield Curve: Still inverted

Outlook: Negative: The yield on the Canadian 10-year Government bond surged to over 4.10% in October making it the highest level in 15 years. Stubborn inflation in Canada plus a robust economy increases the speculation that the BOC may tighten its monetary policy more.

The yield curve remains very inverted. 1-year rates are 5.16%, 5-year rates are 4.18%, 10-year rates are 4.08% and 30-year rates are 3.86%.

What does it mean? A persistent inverted yield curve is negative for the Canadian economy and speaks of a recession. There are no signs of the yield flattening in Q4.

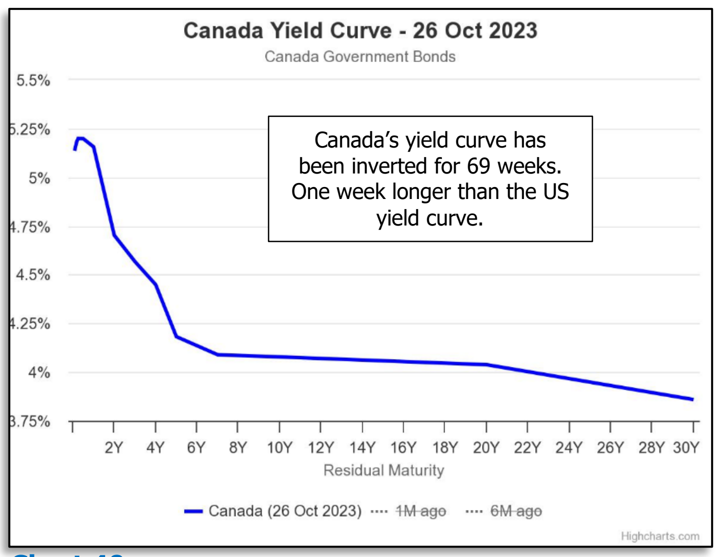

Chart 40

Market performance: Not good news

Outlook: Negative: Performance is nothing to get existed about. All sectors had negative performance with the Dow Jones Industrial Average posting the best of the worst performance.

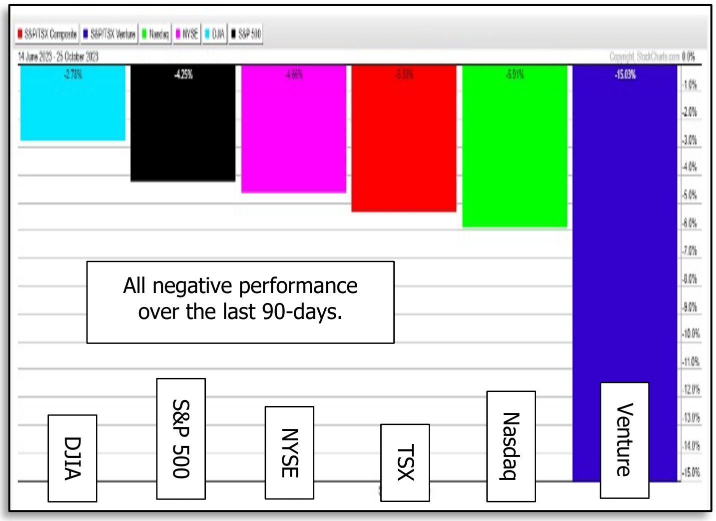

Chart 41

What does it mean? The low performance in all the indexes is a concern. The weakness in Technology (Nasdaq) and the performance from the Dow adds more evidence to the picture that the Business Cycle is slowly shifting from the expansion stage, which favour technology, to the slowdown stage, which favours industrials. More on this subject is at the end of this section (**Chart 41**).

Weakness for the bulls

Outlook: Neutral/negative: The American Association of Individual Investors (AAII) has become more bearish on the markets lately (**Chart 42**). This sentiment indicator represents thousands of investors and often leads the S&P 500.

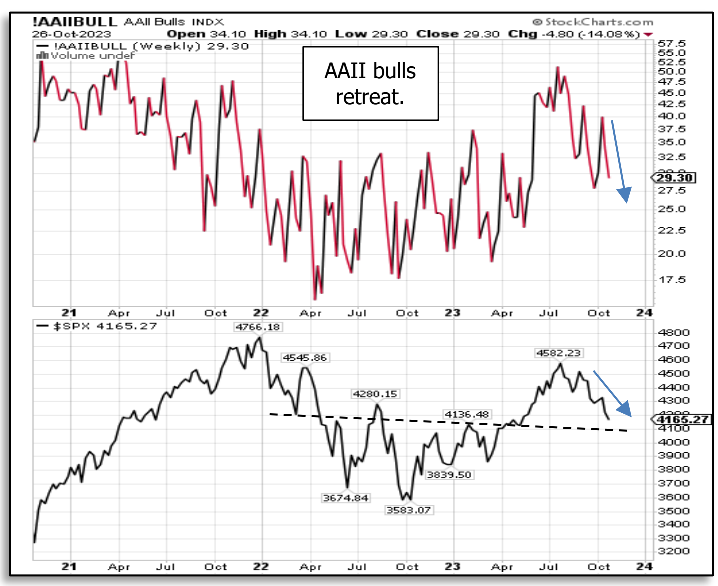

Chart 42

What does it mean? Both the American Association of Individual Investors (AAII) and the S&P 500 have corrected and pulled back in Q3 and into Q4. The expected outlook is for more weakness for both indexes in November.

Stocks vs Bonds:

Outlook: Neutral: The market continues to lean toward safety (bonds) and away from risk (stocks). Bonds and stocks have the same relative performance over the four months (**Chart 43**).

Chart 43

NYSE: More weakness coming

Outlook: Neutral/negative: The index is continuing to weaken. Four failed attempts to advance. Now below the 50-week m/a (**Chart 44**). Buying momentum (RSI) is

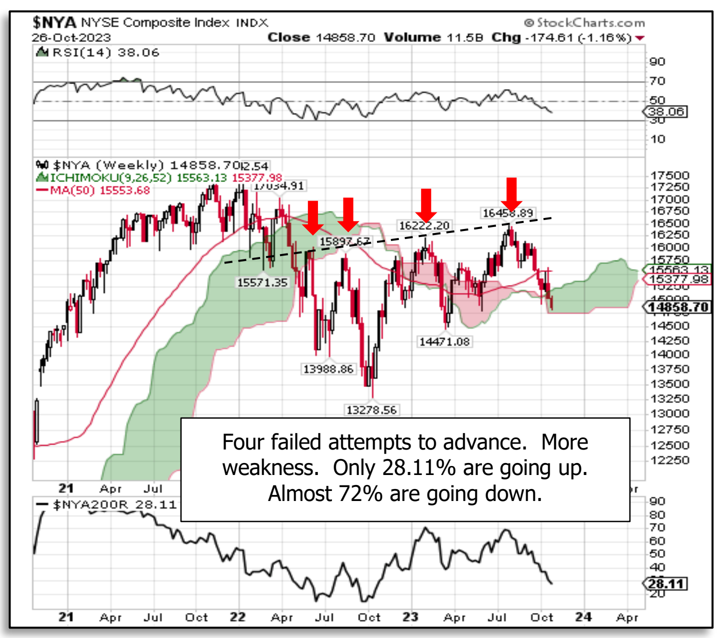

Chart 44

negative (not confirming additional upward strength). The negative 'Red Cloud' narrows as Q3 closes out and slowly turns into a positive 'Green Cloud' in Q4 and into Q1.

The percentage of rising stocks within the NYSE is only 28.11%. This means that about 72% of the stocks are going down. This indicates more weakness in November and lower levels are coming.

The long-term view (14 years) shows the NYA is testing the bottom of the primary channel. Buying momentum (RSI) is negative (not confirming additional upward strength).

A break below the lower channel line points to 13,250. (**Chart 44a**).

Chart 44a

<u>What does it mean?</u> Weekly data shows that the NYSE is expected to continue weakening over the next month. Long-term price data indicates the primary upward trend is still in force, however, the index is expected to test the bottom channel line by year-end. <u>The current price weakness has changed our viewpoint. Stay on the sidelines.</u>

S&P 500: 3 views of weakness

<u>Outlook: Negative</u>: First on daily data. The S&P 500 completed a bearish Head & Shoulders (H&S) pattern in October. The breaking of the neckline at 4335 points to 4050. The SPX in below the declining 50-day m/a. There is a negative 'Red Cloud' in November. Buying momentum (RSI) is negative and oversold (not confirming additional daily upward strength) (**Chart 45**).

The weekly view of the index shows stalling back at the 4600 resistance level. Buying momentum (RSI) is negative

Chart 45

and declining rapidly. The SPX has broken through the support level of 4200. Buying momentum (RSI) is negative (not confirming additional upward strength). The next lower support level is 4050 followed by 3800. There is a positive 'Green Cloud' starting to expand in Q4, suggesting some limited rebound (**Chart 45a**).

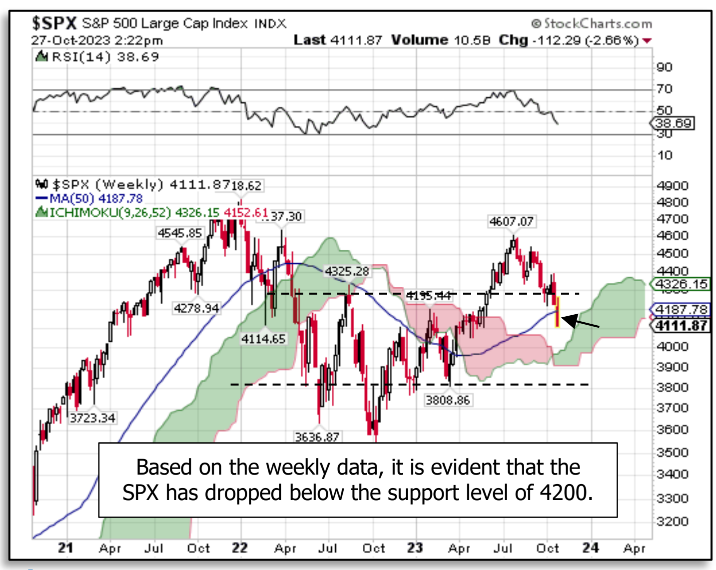

Chart 45a

The long-term 14-year chart of the S&P 500 shows the primary trend is still advancing. The index is expected to test the bottom channel line by year-end. Buying momentum (RSI) is neutral (not confirming additional upward strength). (**Chart 45b on page 22**).

Chart 45b

What does it mean? The S&P 500 has broken key support levels on daily and weekly data. The monthly view shows the index near the lower channel line. Models suggest that the primary trend, which has been advancing over the last 14 years, is likely going to be broken in the months ahead. Our first target is 4050 followed by 3800.

Dow: Weakening trend

Outlook: Neutral/negative: Multiple failed attempts to advance since October 2022. Now below the 50-week m/a. Fading buying momentum (RSI) is now negative (not confirming additional upward strength). The positive 'Green Cloud' narrows in Q3 and then starts to expand in Q4 and into Q1 (**Chart 46**).

Chart 22

What does it mean? We expect this weakness to continue in November. The expanding "green Cloud' in Q4 may provide some mild upward pressure by late Q4. <u>Our target of 36,000 has been met. We suggest waiting on the sidelines for now. More time is needed.</u>

Nasdaq: Rollover

Outlook: Neutral/negative: The technology index is currently pulling back after reaching the resistance level of 14,500. Now retesting the 1st support level of 12,270. At the rising 50-week m/a. Buying momentum is negative (not confirming additional upward strength). A positive 'Green Cloud' starts in Q4 and continues into Q1. This action may provide a mild lift in Q1 (**Chart 47**).

Chart 47

What does it mean? Nasdaq staled and rolled over sharply after hitting the resistance level of 14,500. Now heading to the support level of 12,270. Suspect more weakness lies ahead.

TSX: Violating key support

Outlook: Negative: After multiple attempts to advance through 21,000 failed, the TSX violated the 18-month consolation in October. Buying momentum is negative (not confirming additional upward strength). The 1st support is at 18,100. The negative 'Red Cloud' narrows at the end of Q3 and turns to a positive 'Green Cloud' in Q4 and into Q1. This may offer some minor upward bounce in Q1.

Only 28.19% of stocks are going up. That means almost 72% % is going down. This means more price weakness is expected for the TSX (**Chart 48 on page 23**).

Chart 48

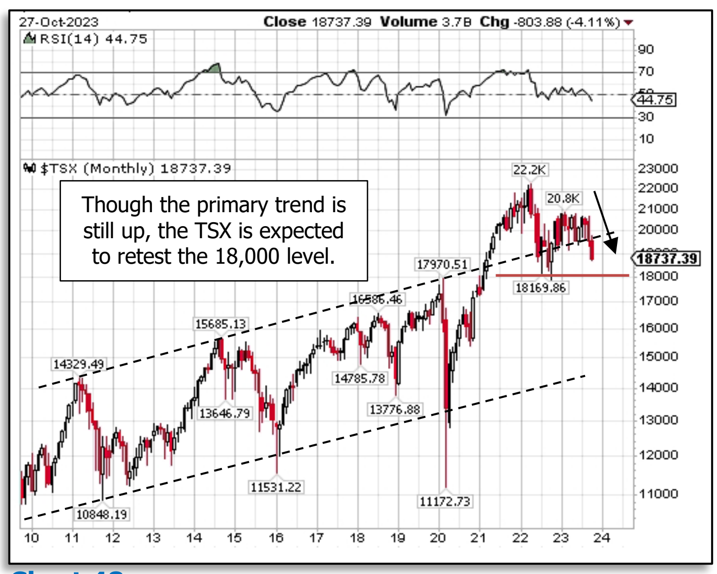

Chart 48a

A rollover violating the upper channel line is developing. 18,100 is the 1st support level. Buying momentum is negative (not confirming additional upward strength).

What does it all mean? The TSX has violated a consolidation that has held it for 18 months. Almost 72% of the stocks are trending down. <u>The projected downward target is 18,150. Stay on the sidelines</u> (**Chart 48a**).

S&P/TSX Venture Index: New low

Outlook: Very negative: The Venture Index has violated a 12-month consolidation in October. Buying momentum (RSI) is negative and oversold (not confirming additional upward strength). An expanding negative 'Red Cloud' carries into Q4 and Q1 (**Chart 49**). New YTD low.

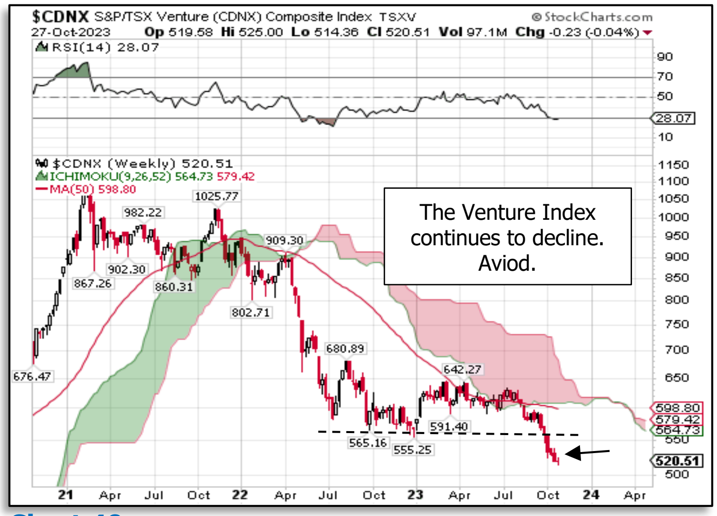

Chart 49

What does it mean? The major trend for the Venture continues to decline and weaken. **Avoid** until the index advances over the 650 level. This might take a long while.

Sector rotation: S&P 500: 90 days

Outlook: Negative: Very weak breadth. In this month's newsletter, only one sectors posted a positive 90 day return. The Energy and Communication Services sectors have been the best performing industry groups for the last three months. Note, the financial sector is finally coming back (**Chart 50**).

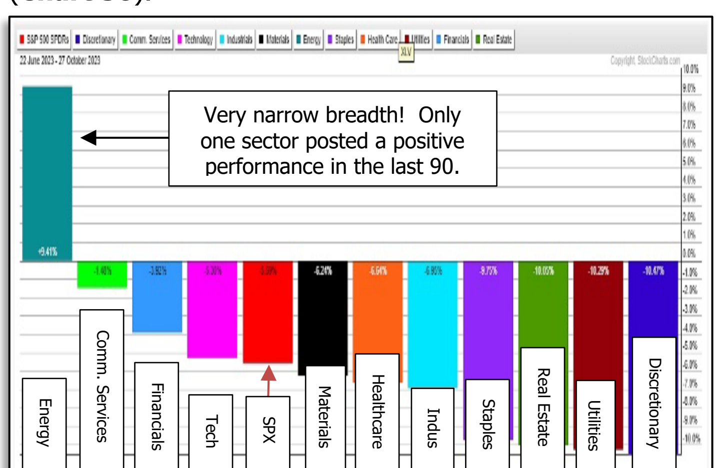

Chart 50

What does it mean? Improving market breadth. Five sectors are powering the S&P 500. Good set-up for going into Q4. Note, the safe haven sectors had some of the lowest returns, just like last month.

Sector rotation: TSX: 90 days

Outlook: Negative: Breadth narrowed dramatically. Only four sectors outperformed the TSX and only two industry groups had a positive reading in the last 90 days. Note the performance of the technology sector has dropped dramatically (**Chart 51**). Also the weakness in the consumer discretionary sector. As the holidays approach, this industry group should be one of the best performers. And finally, healthcare and consumer staples are safe-haven sectors.

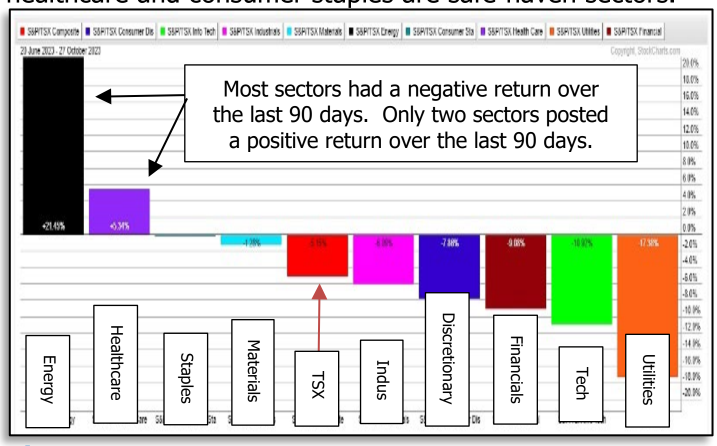

Chart 51

Business cycle: Where are we?

Outlook: Still expanding: After 14 years of the bull market, where are we?

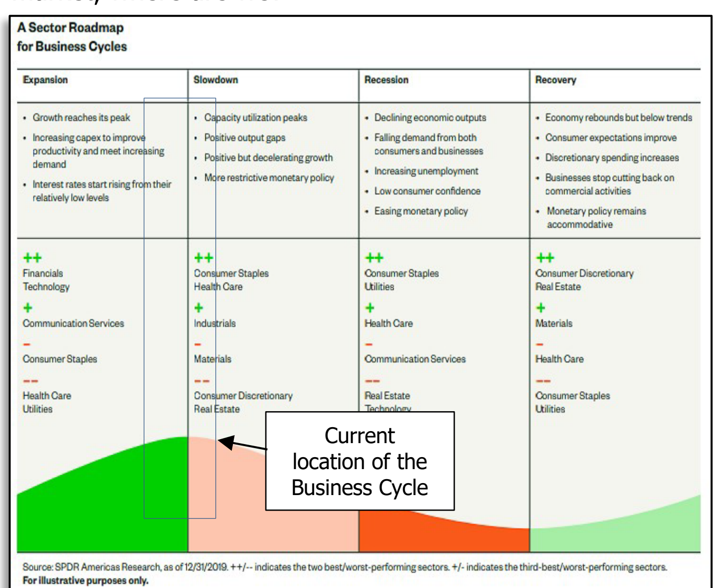

Chart 52

One of the best methods of determining the location is through the economic indicators that develop at certain stages of the cycle (**Chart 52**).

In the expansion phase, "growth reaches its peak", there is "increasing capex to improve productivity" and "interest rates start rising from their relatively low levels".

Certain market sectors show greater performance at this stage. These industry groups are normally financials, technology, and communication services (**Chart 53**). Two out of three key groups are outperforming the S&P 500.

Chart 53

Two out of the three industry groups are outperforming the benchmark S&P 500. This evidence suggests that economic expansion is still continuing.

In the slowdown stage, all three of sectors for this phase have started rising. Sector performance for Healthcare (**XLV**), Consumer staples (**XLP**), and industrials (**DIA**) are in the early phase of outperforming the S&P 500 (**Chart 54 on page 25**).

What does it mean? Two of the three sectors from the expansion phase (**Chart 53**) are still advancing and all of the sectors from the slowdown stage (**Chart 54**) are beginning to rise. We believe that the expansion stage is still in place but there are indications that this phase is nearing an end and the next stage (slowdown) will start to take over in the months ahead.

Chart 54

What does it all mean?

Concerns about the Israel/Hamas war, rising bond yields, inverted yield curves, and stubborn inflation figures are pushing investors away. In Q4, US and Canadian markets will likely be lower as the year-end closes out.

From a longer-term perspective, markets appear to be in a topping formation (see the 14-year S&P 500 **Chart 45b**). A bull market is a series of higher highs and higher lows. Any correction or pullback is usually short-term. A matter of weeks or a few months before a new high develops. During market tops, new market highs are not achieved for years.

Every bull market top since the 1960s developed the same pattern. The bull market of the late 1940s to mid-1960s stalled out until 1982. The next topping occurred in 2000. A new high for the US markets has not occurred in almost two years. For Canada's TSX, the last high was in April 2022.

What should investors do?

The challenge for investors is what to do when there is clear downward pressure on the markets. As our analysis is showing, we are slowly moving from an expansion phase to a slowdown phase. This action suggests a larger cash position. On **page 16**, we suggest a 15% money market holding, 50% in the S&P 500, 15% in international markets and 20% in the TSX.