

Technical overview

G7 & BRICS

Interest Rates, Fx, Equity Indices & Commodities

week ending 26th November 2023

The charts never lie. You just have to be willing to accept their truth.

Charts are a trading tool, not a means for price forecasting; they should be used for timing transactions, not for formulating fundamental opinions.



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The dominate theme

OPEC issued a strongly worded defense of the oil-and-gas industry, pushing back against the International Energy Agency and highlighting the increasingly fractious debate over how best to tackle global warming.

The Organization of Petroleum Exporting Countries said that the IEA has “unjustly vilified” the industry over its role in the climate crisis.

Bloomberg 2023 11 28



Home



Bonds



Fx









Equity Indices



Commodities

The highlights

-  **Slides 5&25** Volatility continues to fall fast
-  **Slides 9-11** US long rates price action still looks bullish
-  **Slide 17** US \$ is 'Full Ferdinand'
-  **Slide 26→** Many (most?) equity indices confirming the early clues from volatility
-  **Slides 39&42** India equities significantly outperform Chinese equities over short & long term; China remains technically vulnerable
-  **Slides 59&65** Industrial metals weaken on China headwinds; Gold very bullishly poised on falling \$ rates

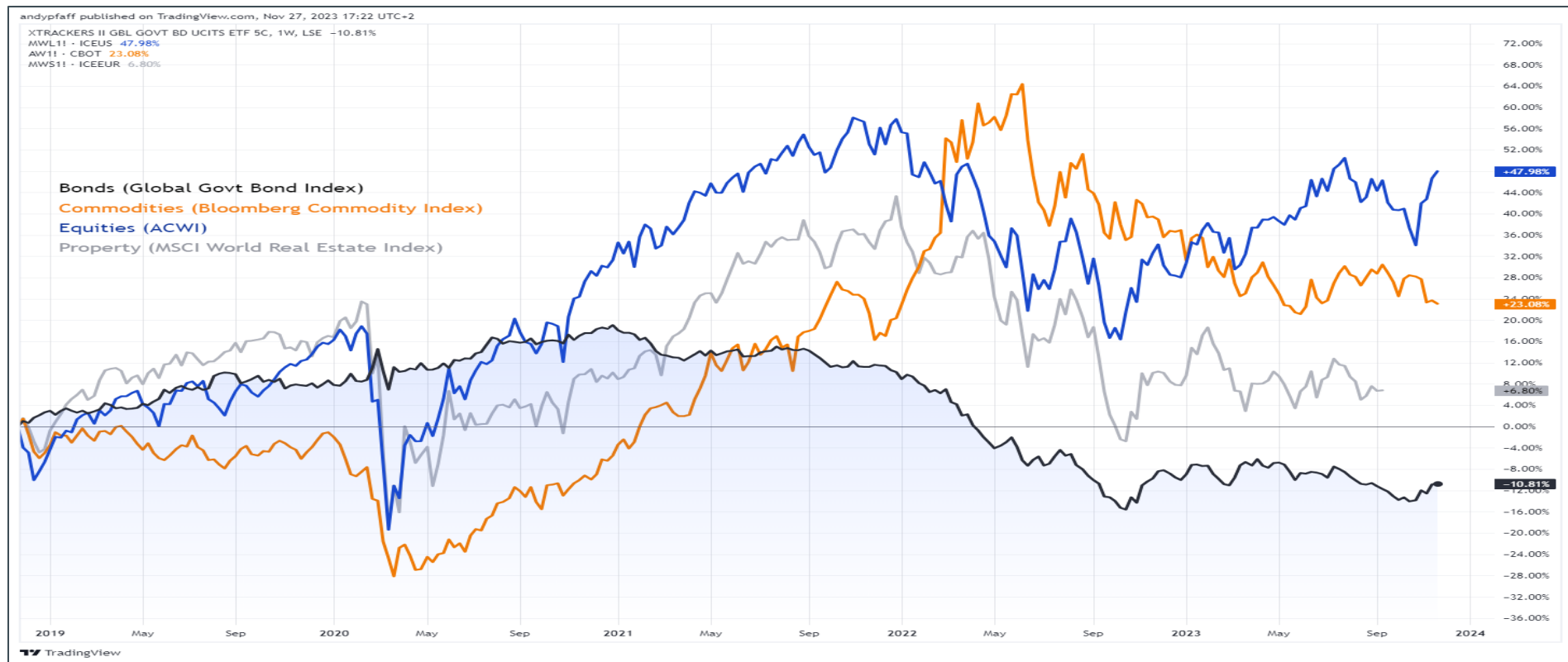
[Home](#)[Bonds](#)[Fx](#)[Equity Indices](#)[Commodities](#)

Market cycle

- **Global Asset classes**

- "Too many people were far too over their skis on the short side, both of equities and bonds"
- Equity index price behaviour now justifies more than closing short positions; it justifies some long positions too.

PS I am having an issue with the property data - please ignore that sector



Financials_Bonds_Move Index (weekly)

- Bond volatility

- Volatility continues to fall



Financials_Bonds_G7 yields

- **JGB 10y** (weekly)
 - Contrary to previous bond volatility slide, this looks like high-vol area



Financials_Bonds_G7 yields

- **Bund 10yr** (monthly)
 - Overhead support holds



Financials_Bonds_G7 yields

- **UK 10yr Gilt** (monthly)
 - Consolidating at support



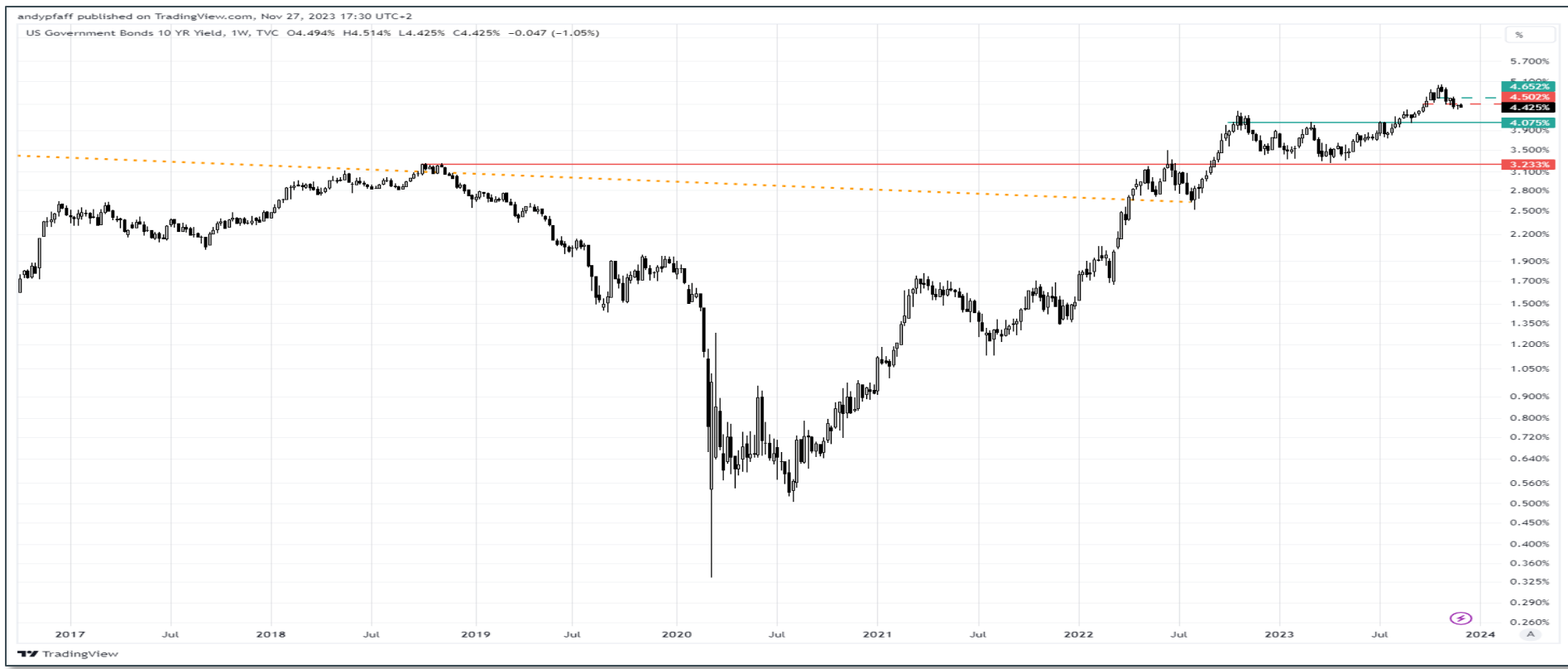
Financials_Bonds_G7 yields

- **US Govt 10yr yield** (monthly)
 - Short term support holds, encouraging buyers



Financials_Bonds_G7 yields

- **US Govt 10yr yield** (weekly)
 - Short term support holds, encouraging buyers



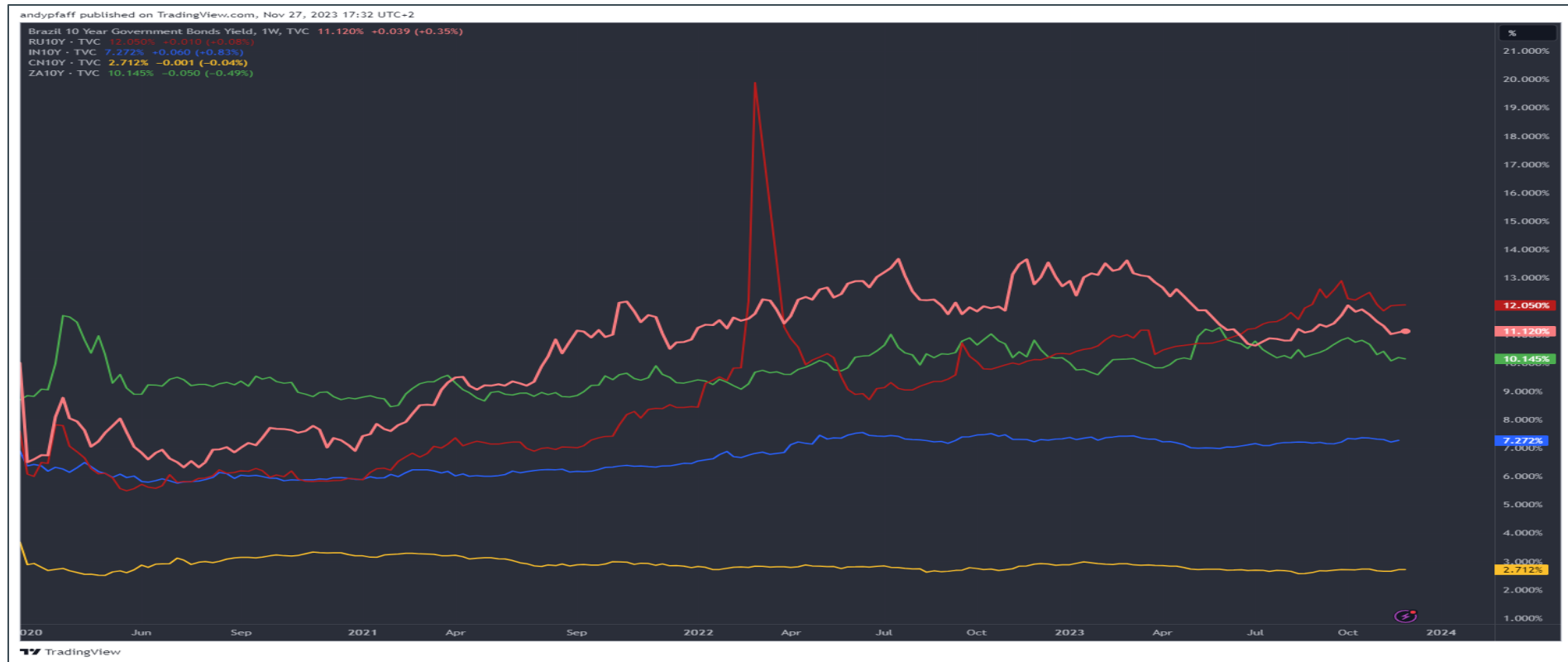
Financials_Bonds_G7 yields

- **US Govt 10yr yield** (6-hourly)
 - Short term support holds, encouraging buyers



Financials_Bonds_BRICS

- **BRICS_Government bond 10yr yields** (local currency)
 - This chart is an aid to establish whether SA moves are in sync with global asset class flows, or whether they are driven by SA-specific factors



Financials_Bonds_BRICS

- **SA 10 Year Government Bond** (yield) (ZAR)(weekly)
 - Structure of rising lows and flat tops (red horizontal) typically breaks out on the flat side
 - Lower low negates the immediate bearish structure, targeting bearish breakout level of 9.60



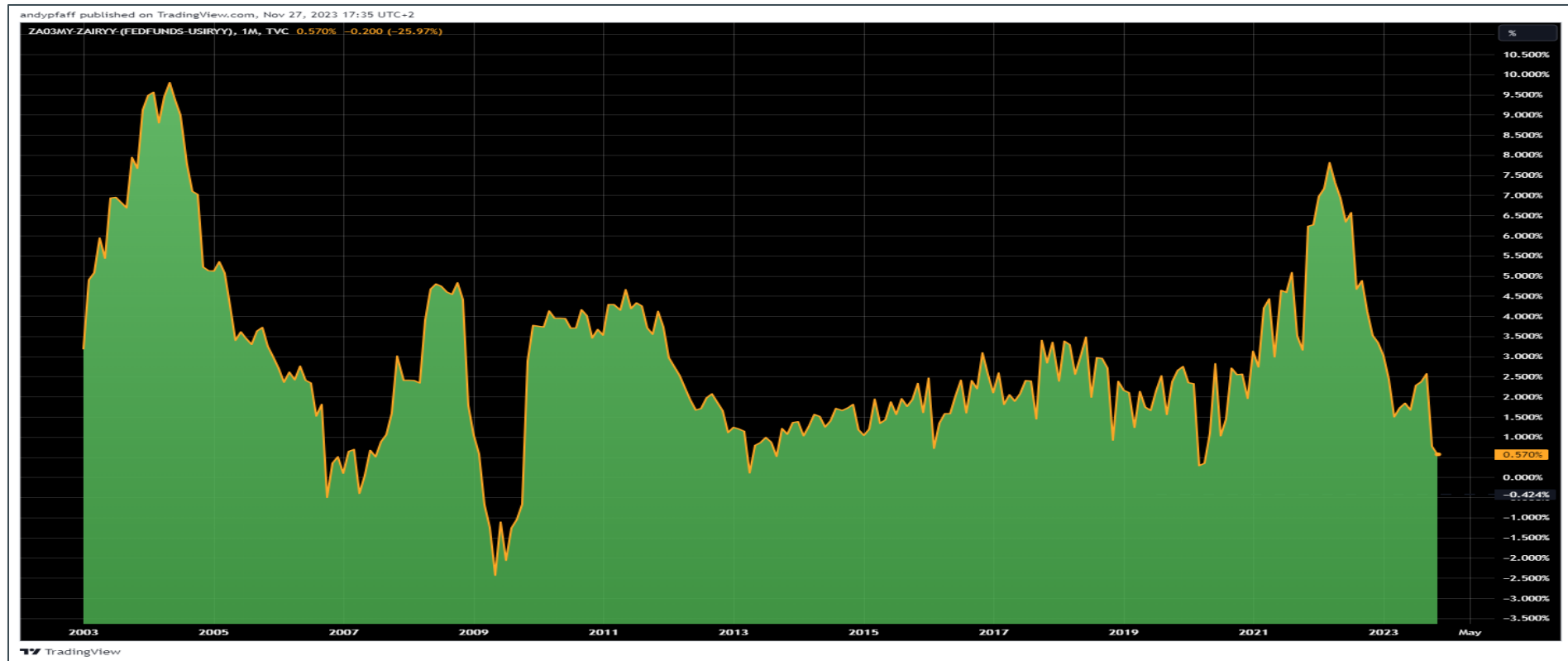
Financials_Bonds_BRICS

- SA 10 Year Government Bond (price) (US \$)(monthly)
 - Support holds



Financials_Bonds_BRICS

- **SA Real vs USA Real differential (3m)**
 - This tightening differential is as anomalous as the falling bond & equity volatilities



Financials_Fx

- The \$ Bull is Full Ferdinand



Financials_Fx

- **US \$ index (DXY)** (weekly chart)
 - Increasing conviction that US interest rates have peaked



Financials_Fx

- USD / JPY (monthly)
 - Not much \$ retracement vs JPY



Financials_Fx

- **USD / JPY** (weekly)
 - Not much \$ retracement vs JPY



Financials_Fx

- EUR / JPY (weekly)
 - JPY weak but approaching overhead support at 165-00



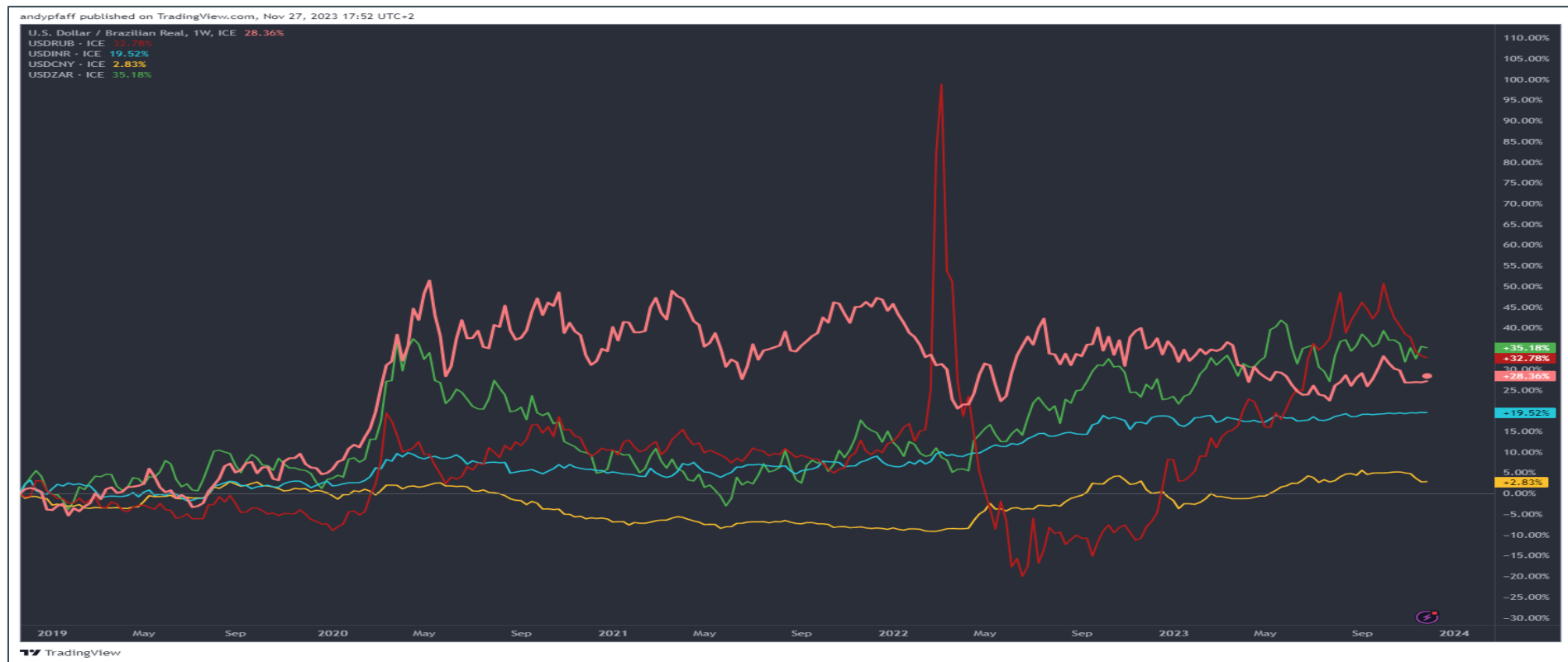
Financials_Fx

- EUR / USD (monthly)
 - EUR reverses sharply to test \$ resistance



Financials_Fx_BRICS

- **BRICS fx vs US \$ (5yr) (% change)**
 - This chart is an aid to establish whether SA moves are in sync with global asset class flows, or whether they are driven by SA-specific factors
 - SA appears out of sync here?



Financials_Fx_BRICS

- BRICS fx_ZAR/ US \$ (monthly chart)
 - Testing the bearish channel



Financials_Fx_BRICS

- BRICS fx_ZAR/ US \$ (weekly chart)
 - Testing the bearish channel



Financials_Equity Indices_G7

- **MSCI World** (Eurex futures)(DM; free-float weighted)(weekly)
 - Bounces through initial (red) overhead resistance & mid-range consolidation area, en route to test Q3 high



Financials_Equity Indices_G7

- Japan/ Nikkei (monthly)
 - Nikkei support holds, testing 30-year highs



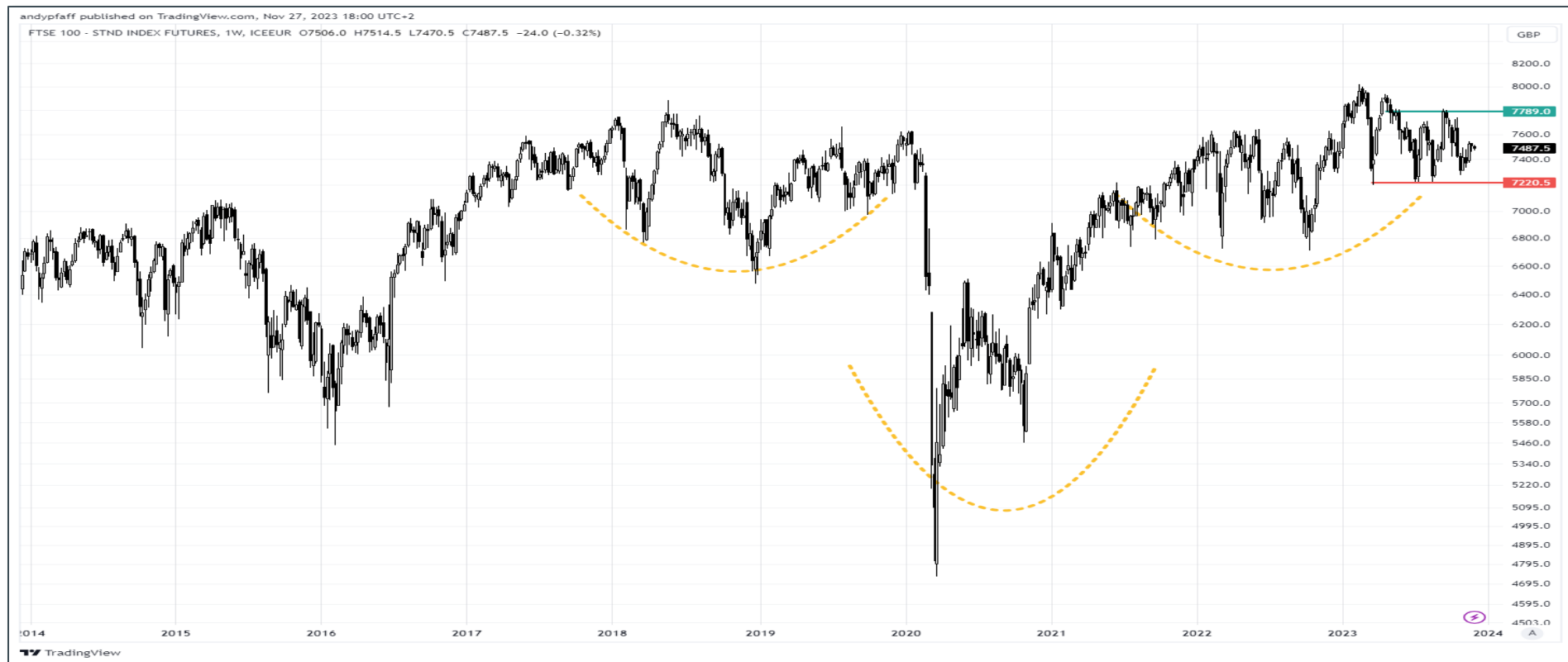
Financials_Equity Indices_G7

- EU/ Euro Stoxx 600 index futures (weekly)
 - Still wrestling with overhead resistance



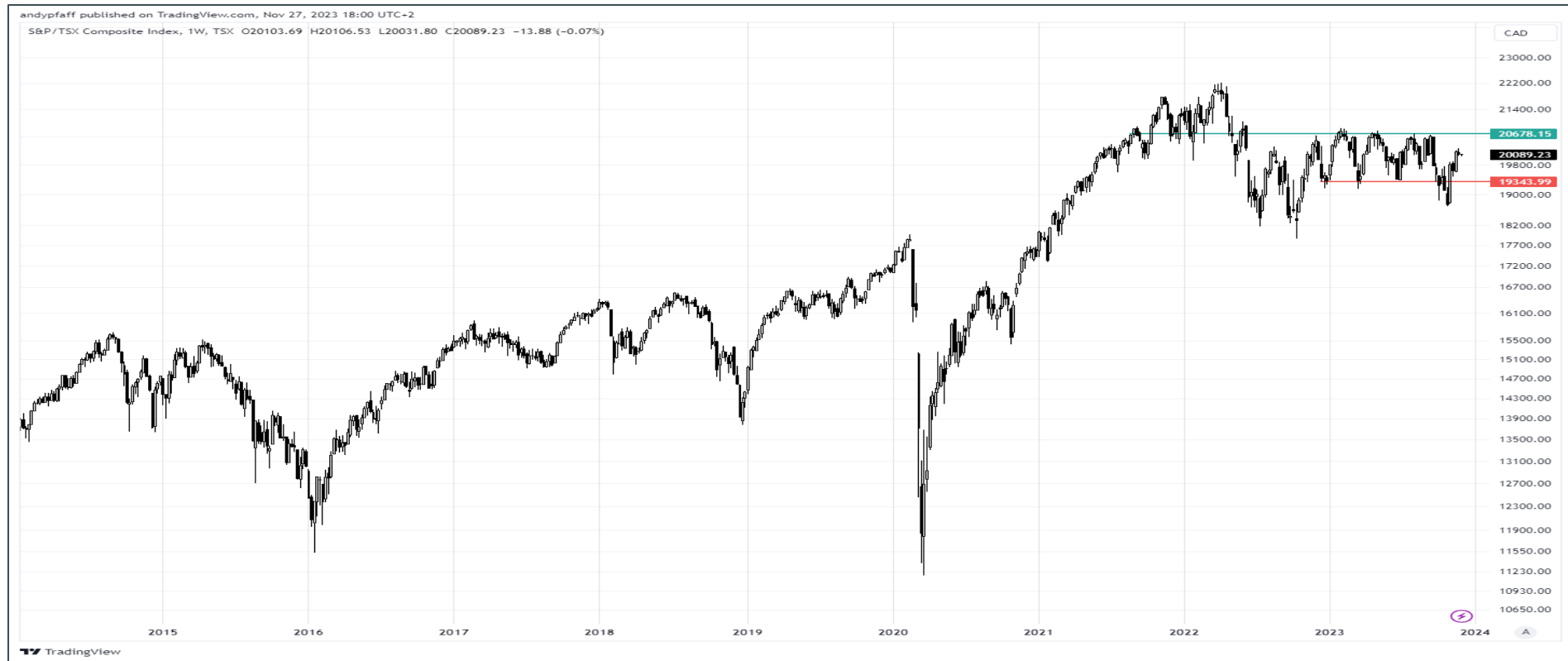
Financials_Equity Indices_G7

- **UK/ FTSE 100** (5yr weekly)
 - Not much bounce yet



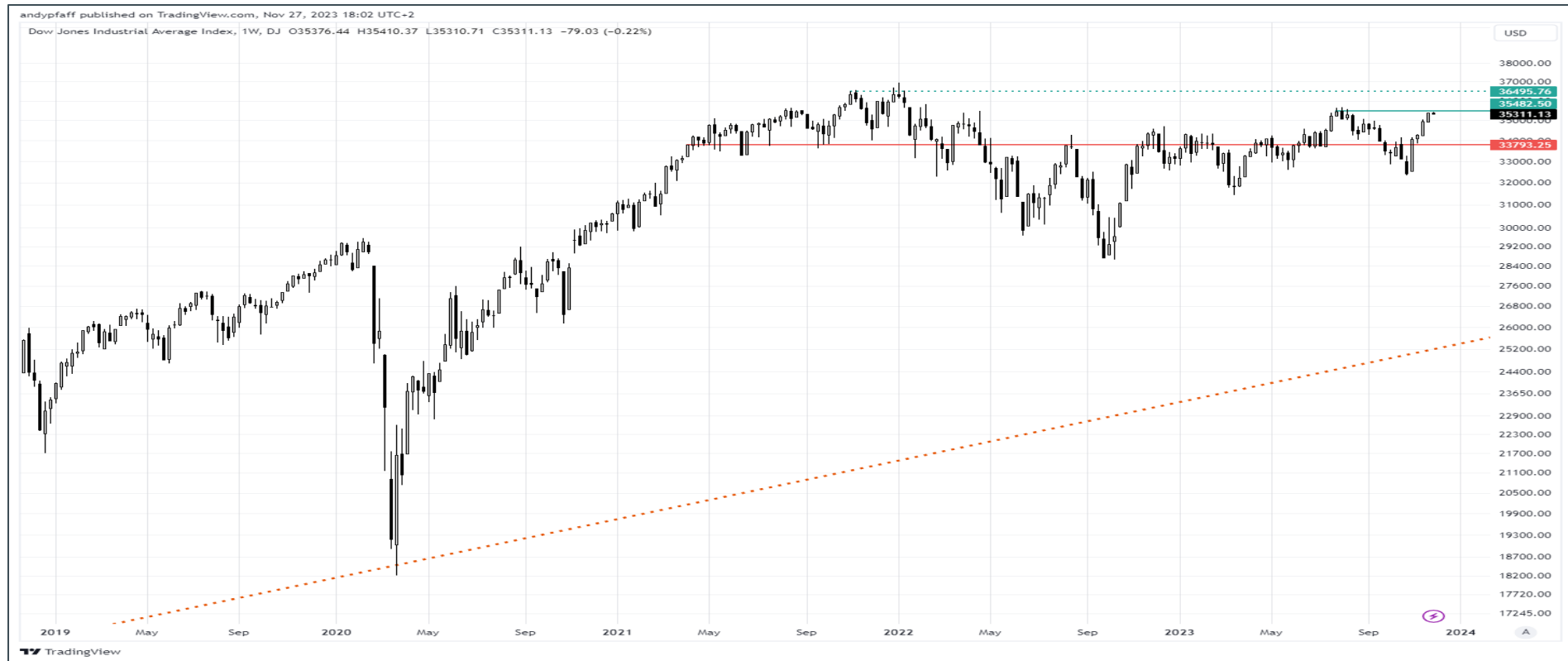
Financials_Equity Indices_G7

- **Canada/ S&P Toronto 60** (weekly)
 - Running out of momentum mid-range



Financials_Equity Indices_G7

- **USA/ Dow Jones Industrial Average index** (weekly, 5yrs)
 - Testing recent highs with momentum



Financials_Equity Indices_G7

- **USA/ DJ Transportation Average index** (weekly)
 - Lagging (non-confirming) DJ industrial index



Financials_Equity Indices_G7

- **USA/ Dow Jones Utilities Average index** (monthly, 20yrs)
 - Also non-confirmation of DJ Industrial index by DJ Utilities
 - **(Trend confirmation** is the 3rd Principle of Dow Theory: Transports & Utilities should move in the same direction as Industrials to validate the trend in DJ Industrials)



Financials_Equity Indices_G7

- **USA/ SP 500 index** (weekly)
 - Confidently approaching recent high



Financials_Equity Indices_G7

- USA/ Russell 2000 index
 - Bounces through initial overhead resistance then stalls



Financials_Equity Indices_G7

- USA/ Russell 1000 Value index
 - Big test for market breadth



Financials_Equity Indices_G7

- **USA/ Nasdaq Composite index (weekly)**
 - Another good week – breaking bullish



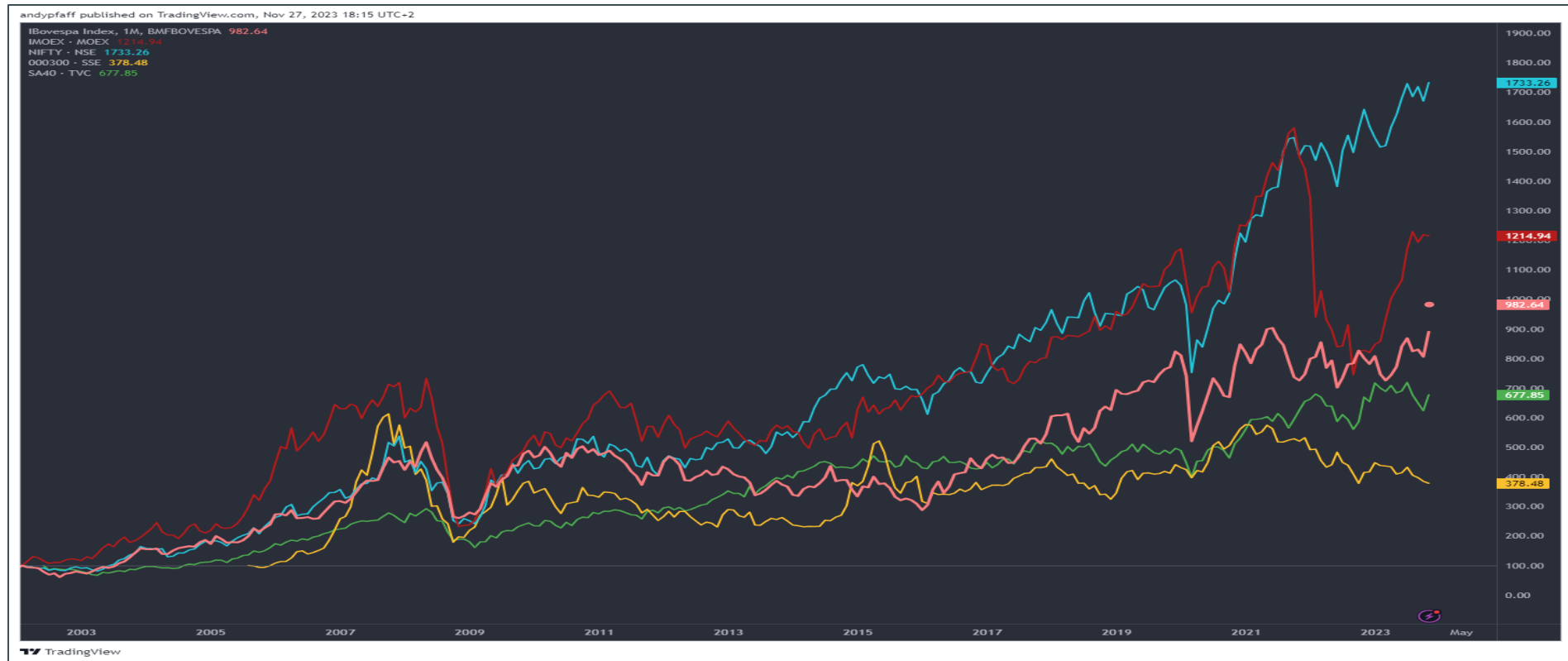
Financials_Equity Indices_EM

- MSCI EM index future (\$) (weekly)
 - Not keeping up with the (Dow) Jones'es



Financials_Equity Indices_BRICS (local crncy)(monthly 20yrs)

- China the laggard - who would have thought?



Financials_Equity Indices_BRICS (local crncy)(weekly 5 yrs)

- China remains the laggard



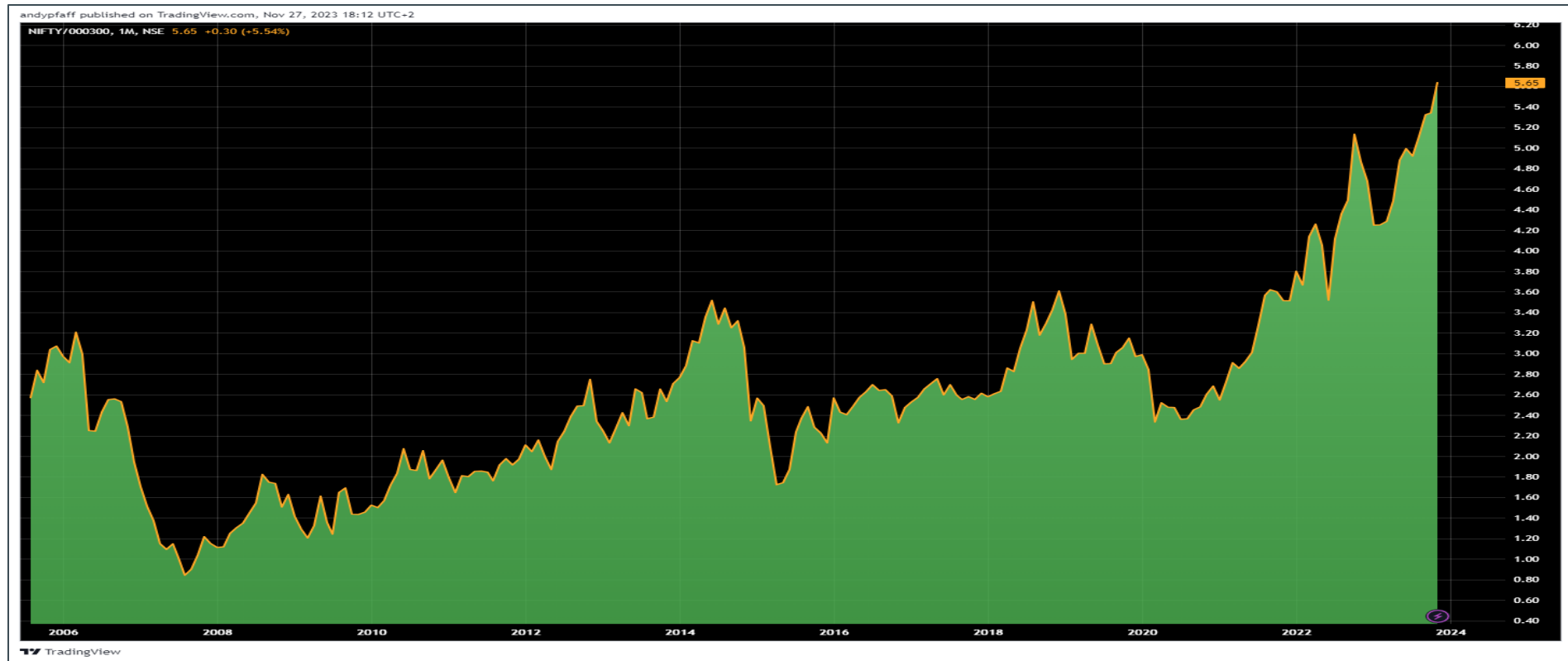
Financials_Equity Indices_BRICS (US \$)

- (% change since 2018)
- The capitalists doing better than the communists ?



Financials_Equity Indices_BRICS

- India / China relative 2005-2023
- Capitalists doing better than Communists ?



Financials_Equity Indices_BRICS (local currency)

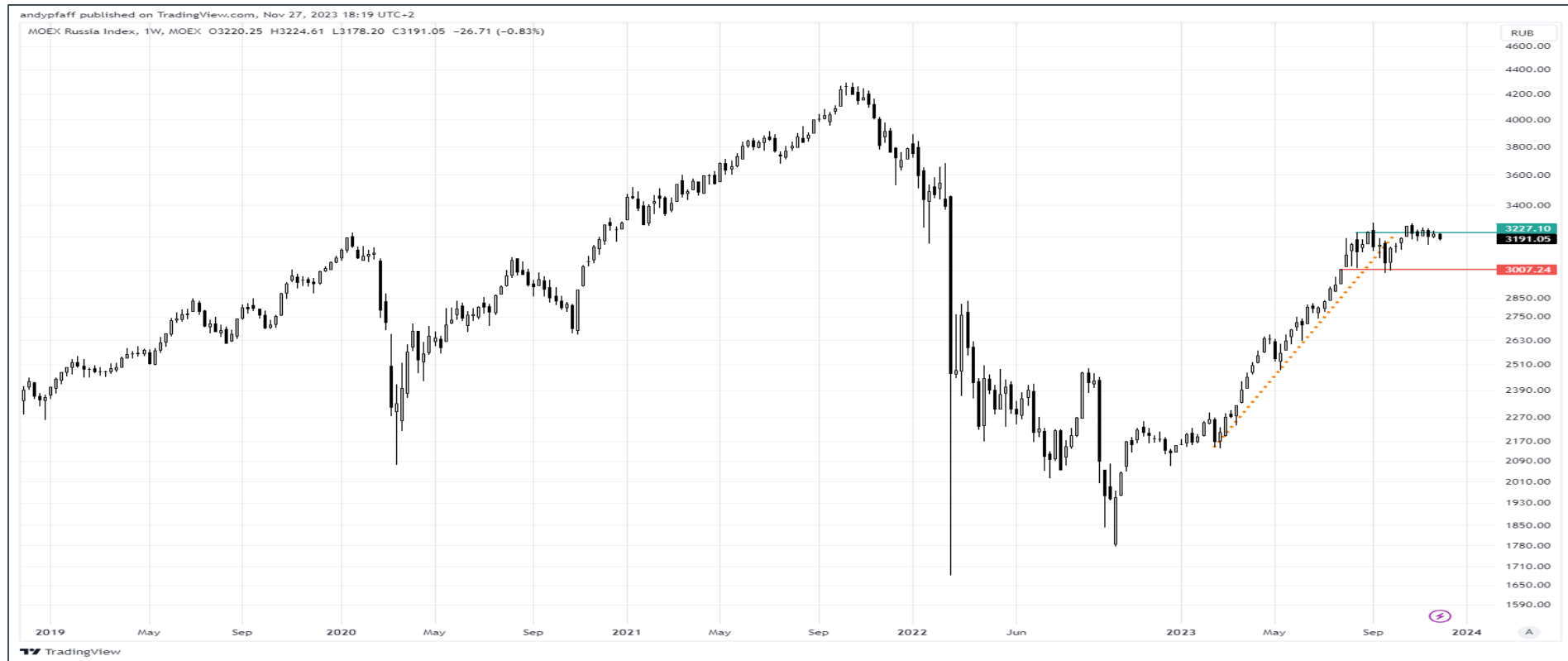
- Brazil_Bovespa

- Breaks bullish



Financials_Equity Indices_BRICS (local currency)

- **Russia_MOEX25**
 - Balking at recent high



Financials_Equity Indices_BRICS (local currency)

- India_Nifty 50

- Doesn't have the momentum required to break back bullish yet



Financials_Equity Indices_BRICS (local currency)

- **China_Shanghai Shenzen CSI 300 (SHSZ300)(monthly)**
 - Crucial technical support



Financials_Equity Indices_BRICS (local currency)

- **China_Shanghai Shenzen CSI 300 (SHSZ300)(weekly)**
 - Crucial technical support



Financials_Equity Indices_BRICS (weekly)(local currency)

- South Africa_Top 40
 - Bounce wrestling with overhead traffic



Financials_Property

• ~~Nasdaq Global Real Estate Index (\$)~~

- Data challenges



Financials_Property

- **SATRIX Property ETF (SA)**

- Strong bounce back into the range but no follow-through



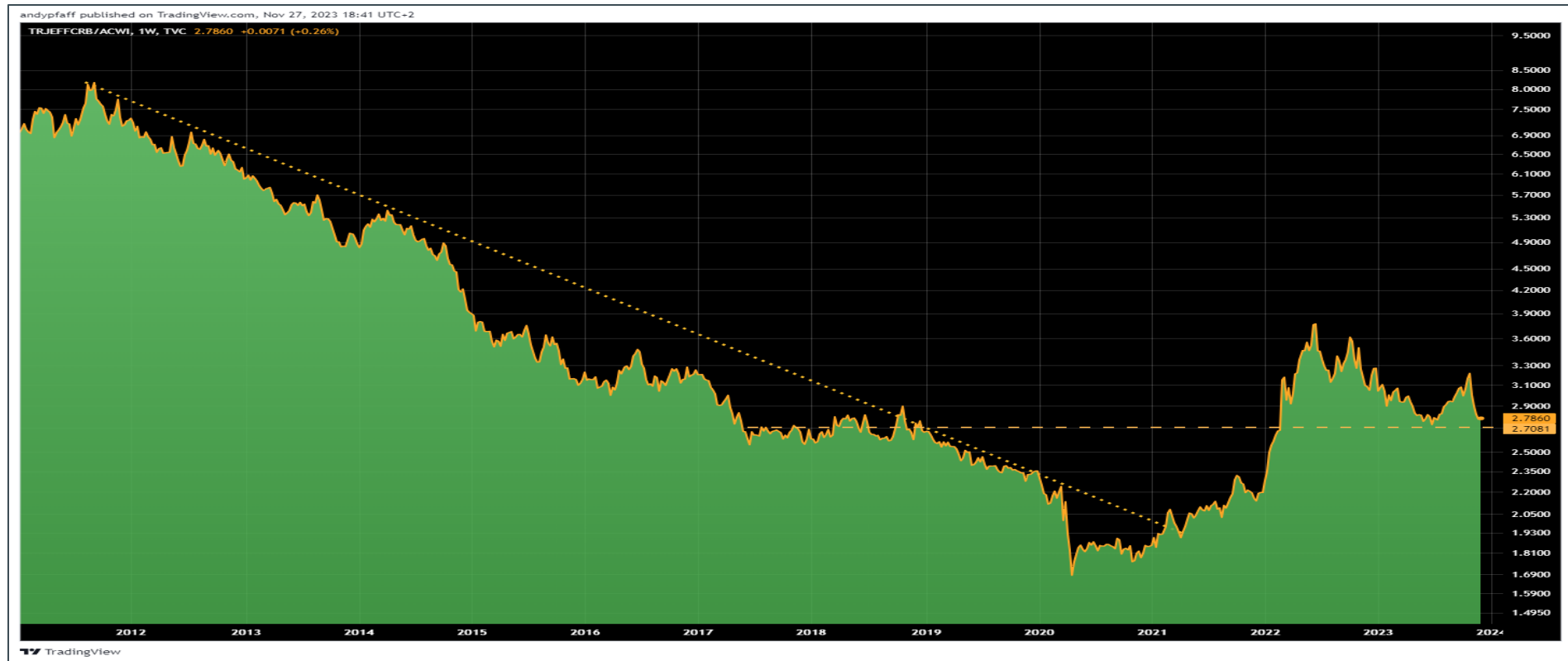
Commodities indices_\$ (GSCI, CRB, BCOM)

- Only gold & softs remain bullish



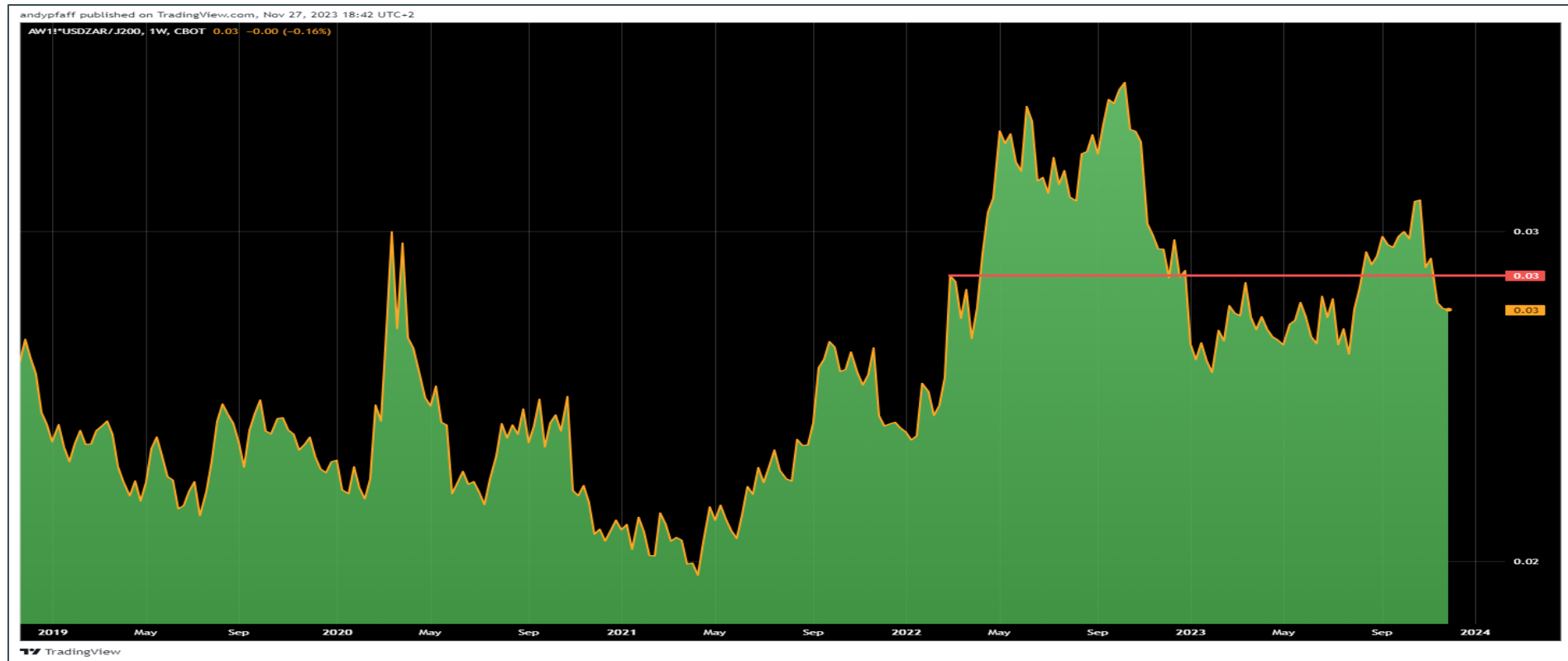
Commodities indices_\$

- **CRB / MSCI World Equity Index** (2014 - 2022)(commodity index/equity index ratio)
 - Approaching support



Commodities indices_\$

- **BCom (zar) / JSE Top40 Equity Index** (2014 - 2022)(commodity index/equity index ratio)
 - No support yet



Commodities_\$

- **BCom_Agriculture** sub-index (monthly)
 - Agri index remains in no-man's-land
 - Grains weak (reduces CPI pressure), Softs strong



Commodities_\$

- **BCom_Energy** sub-index(monthly)
 - Market gone quiet pending OPEC+ announcement
 - Crude oil demand remains robust but supply growth from non-OPEC producers ↑



Commodities_\$

- **BCom_Energy** sub-index_Euro Diesel (weekly)
 - Euro-diesel is an NB component of SA fuel price calculations



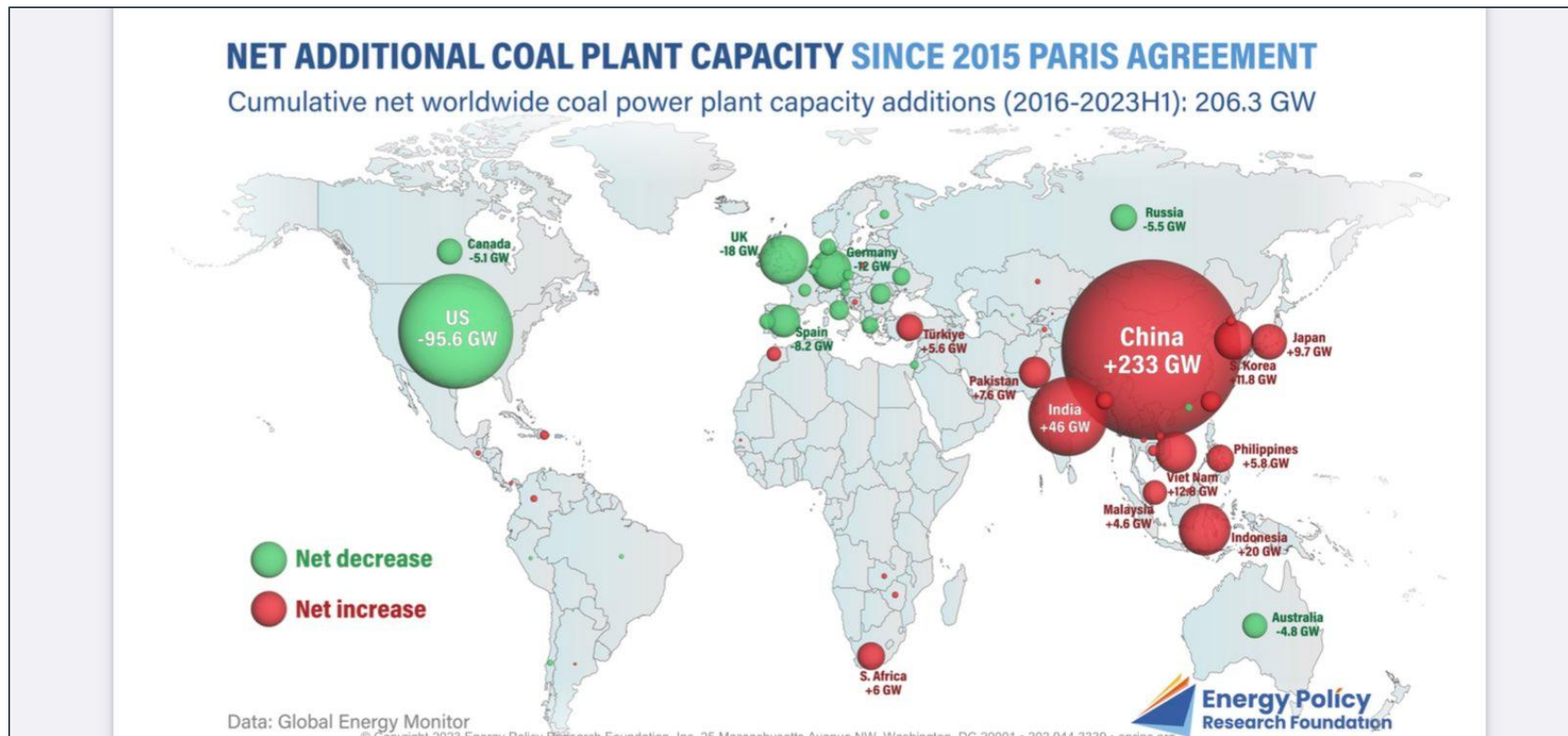
Commodities_\$

- **BCom_Energy** sub-index_Richards Bay coal (monthly)
 - Remains in the old range
 - So much for exporting coal during the price bonanza



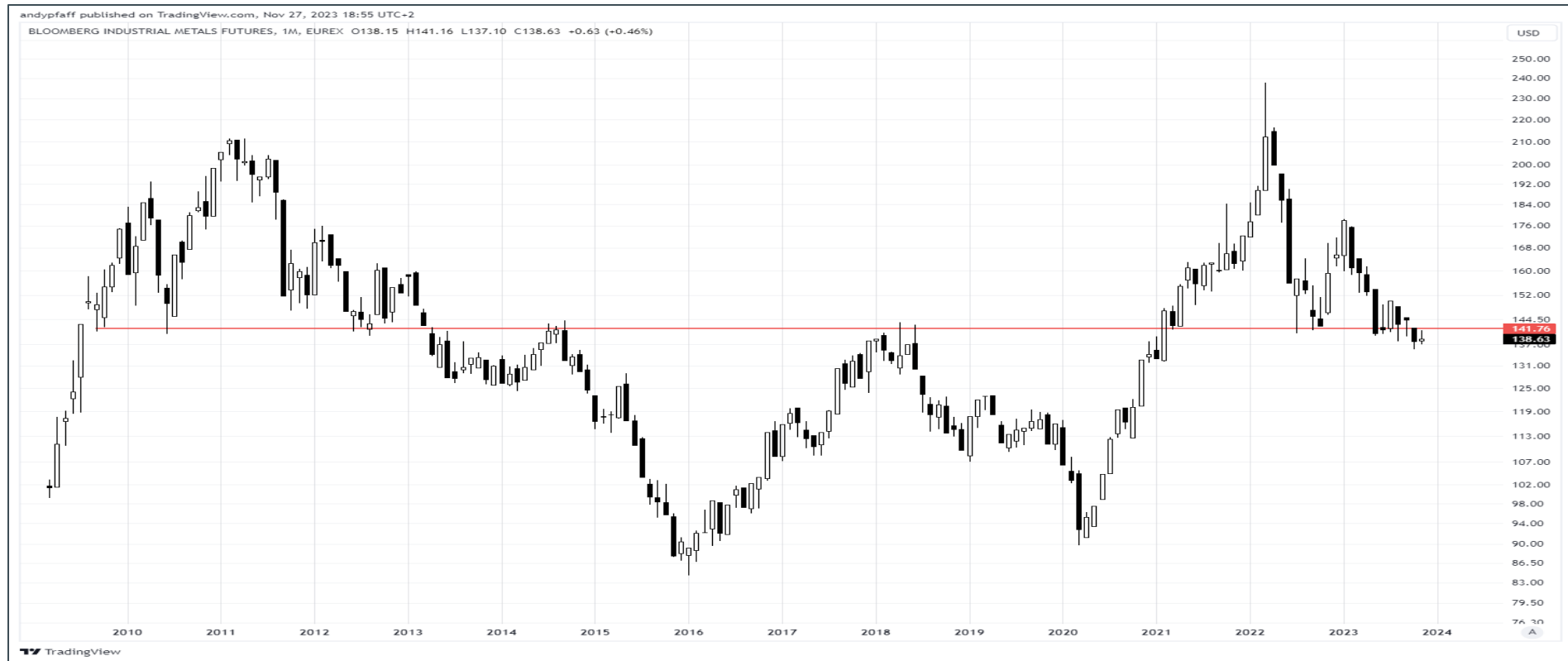
Commodities_\$

- **BCom_Energy** sub-index_Richards Bay coal (weekly)
 - Change in energy produced from coal since Paris Agreement 2015
 - The west has not reduced carbon emissions, it has “outsourced” carbon emission to China



Commodities_\$

- BCom_Industrial Metals sub-index
 - Headwinds from China



Commodities_\$

- **BCom_Industrial Metals sub-index_Copper** (monthly)
 - Headwinds from China



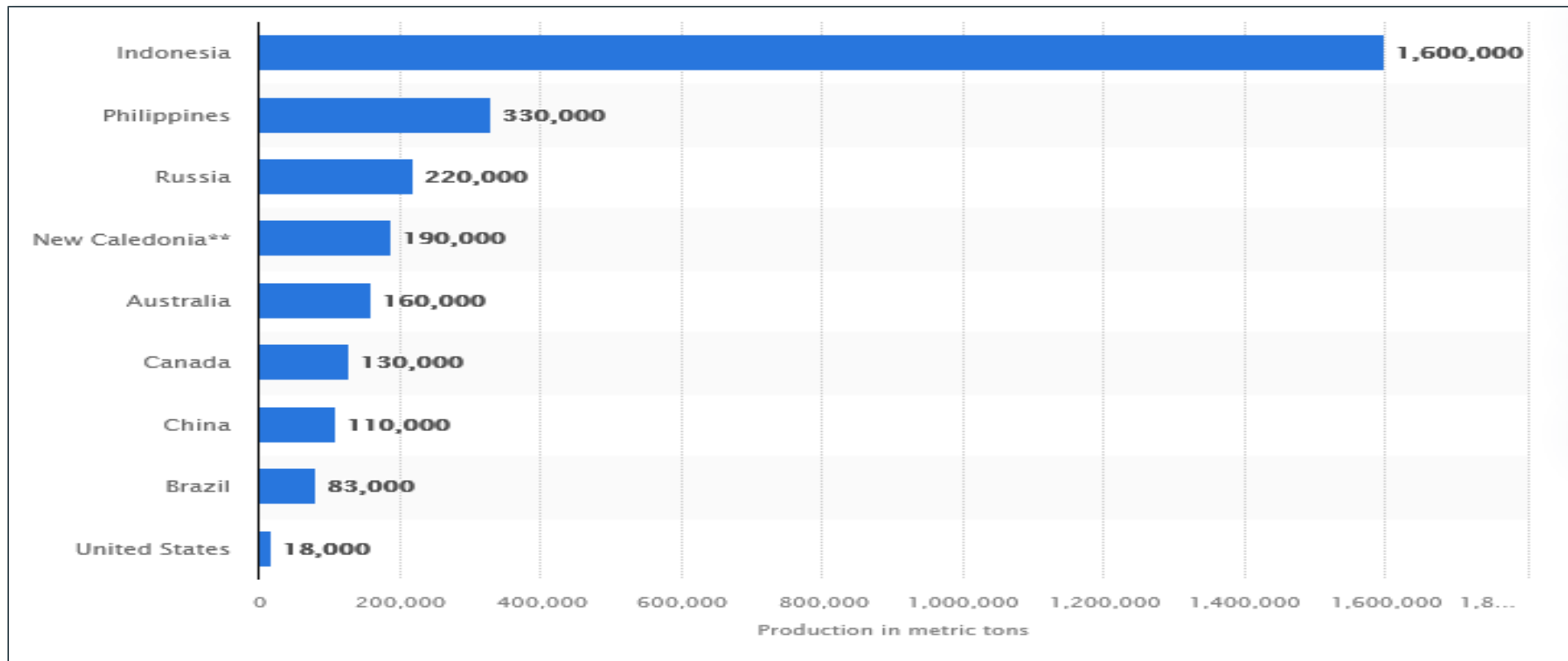
Commodities_\$

- **BCom_Industrial Metals sub-index_Nickel** (weekly)
 - Indonesia ramping up production



Commodities_\$

- **BCom_Industrial Metals sub-index_Nickel** (weekly)
 - Indonesia ramping up production



Commodities_\$

- **PGM – Palladium** (monthly)
 - Recovers to bearish break but not even close to breaking bullish



Commodities_\$

- PGM - Platinum

- Holding mid-range



Commodities_\$

- **BCom_Precious Metals sub-index_Gold (\$)** (monthly)
 - The prospect of falling US interest rates emboldening buyers



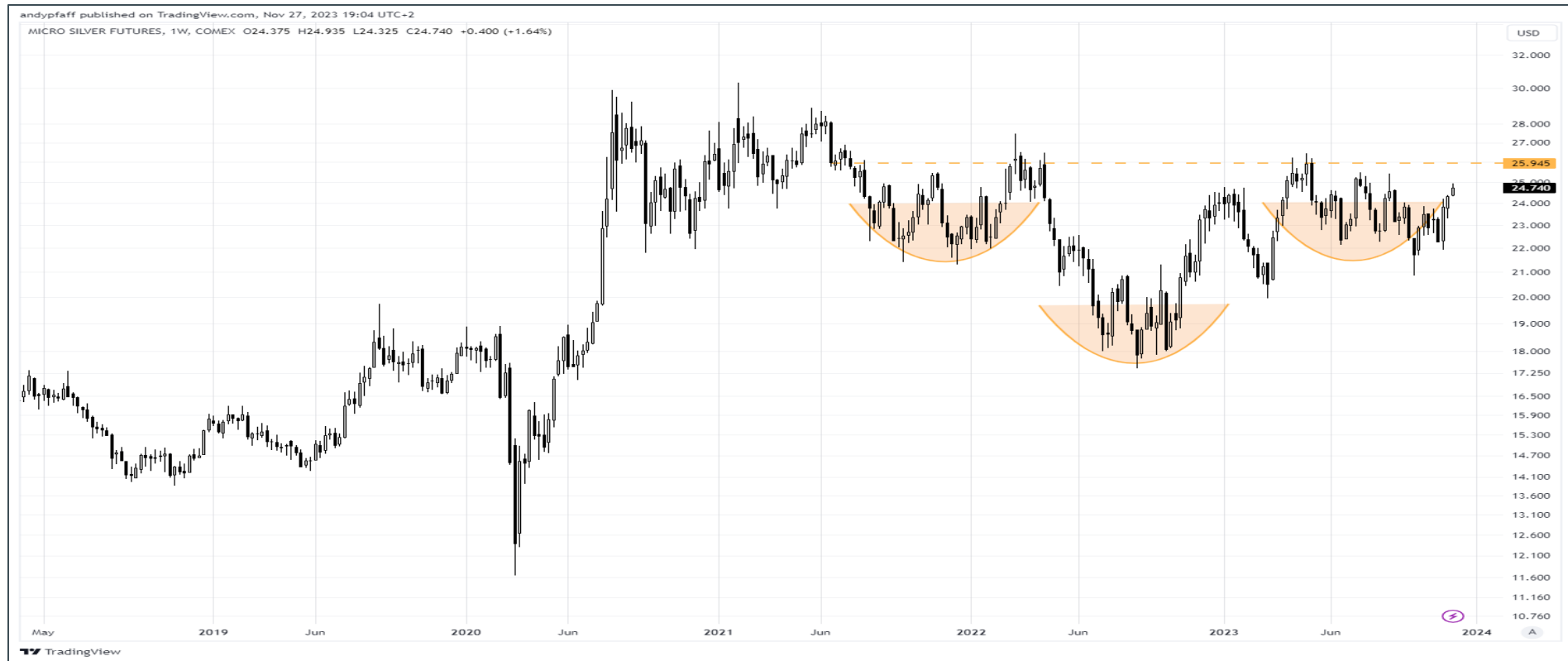
Commodities_\$

- **BCom_Precious Metals sub-index_Gold (\$)** (weekly)
 - The prospect of falling US interest rates emboldening buyers



Commodities_\$

- **BCom_Precious Metals sub-index_Silver (\$)** (weekly)
 - High-beta metal back in play



Commodities_\$

- **Bitcoin** (weekly)
 - Digital safe haven breaks bullish and follows through



Executive Overview:

- **Bonds 10yr**
 - **G7** falling bond volatility more anomalous than falling equity volatility?
 - **BRICS** EM bonds erase risk premium
- **Fx**
 - **G7** \$ weak
 - **BRICS** ZAR at lower bound of bearish channel
- **Equity indices**
 - **G7** Bear market rallies turning into bull markets
 - **BRICS** China weakest; spills over to industrial metals
- **Property**
 - **Global** vulnerable to old normal rates?
 - **SA** claw, kick
- **Commodities**
 - **Agri** grains bottoming, softs strong
 - **Energy** OPEC+ quota's: middle east vs African producers
 - **Metals**
 - Ind. metals: headwinds from China
 - PGM: aggressive sell-off
 - Prec. metals: weaker \$ encourages buyers

CCMGCZ: Dashboard clips

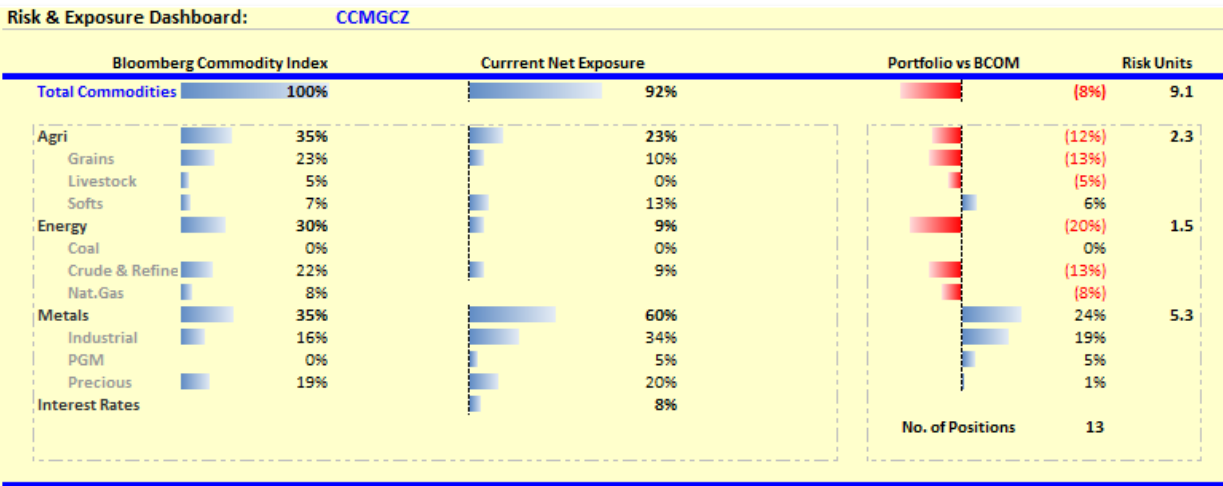
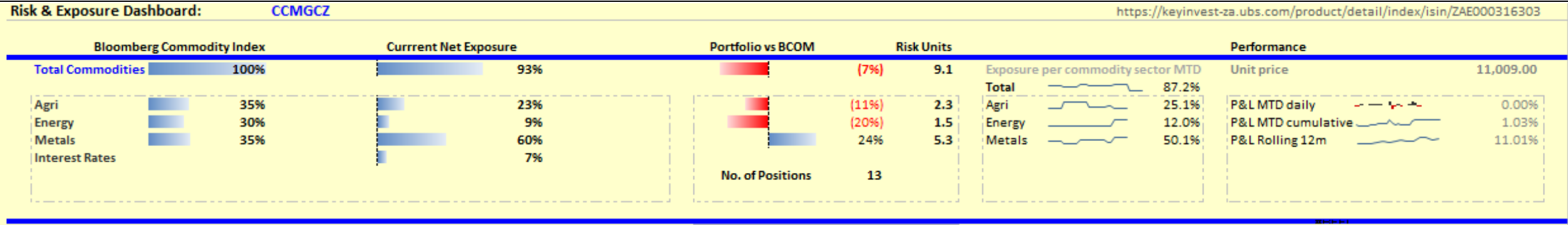
Risk & Exposure Dashboard:

CCMGCZ

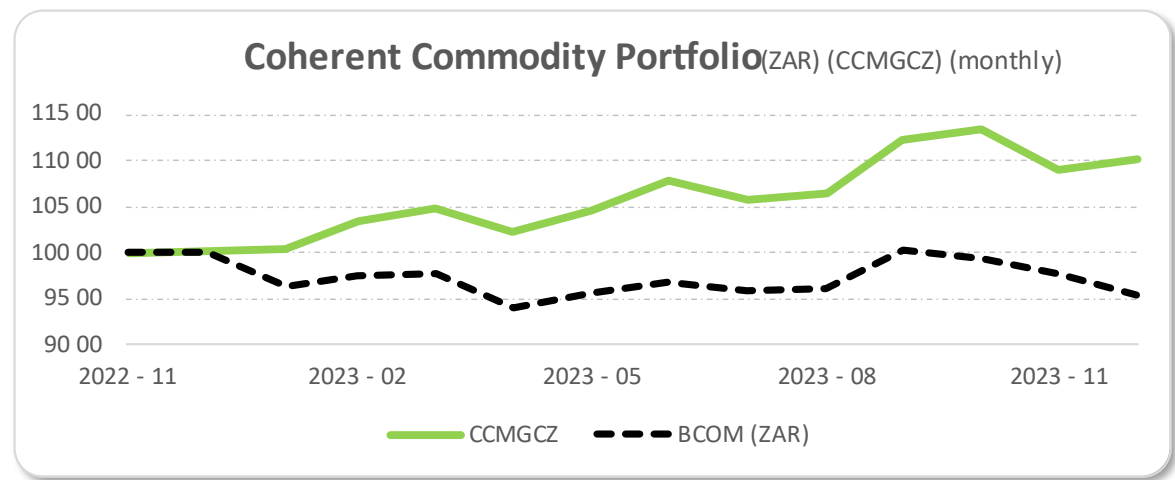
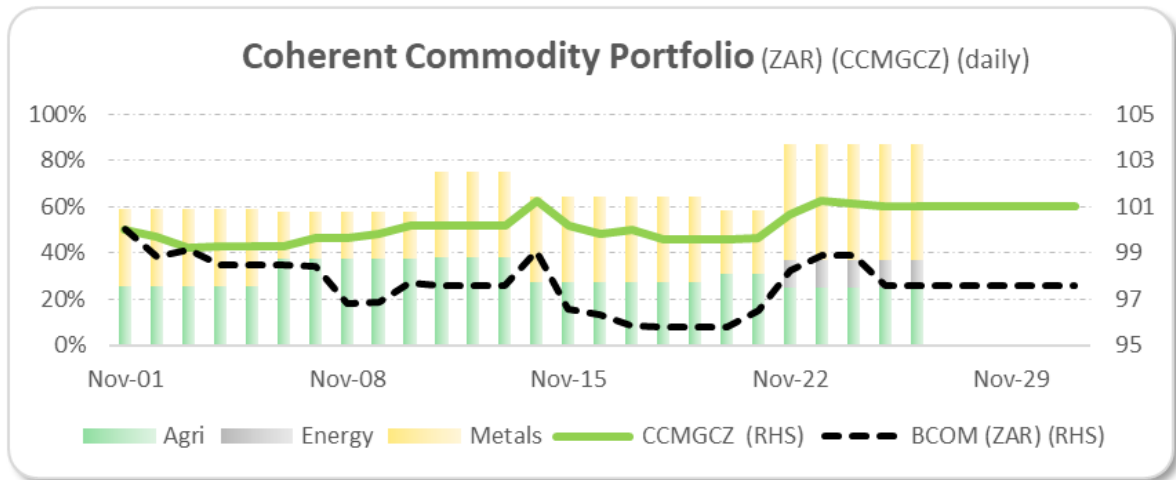
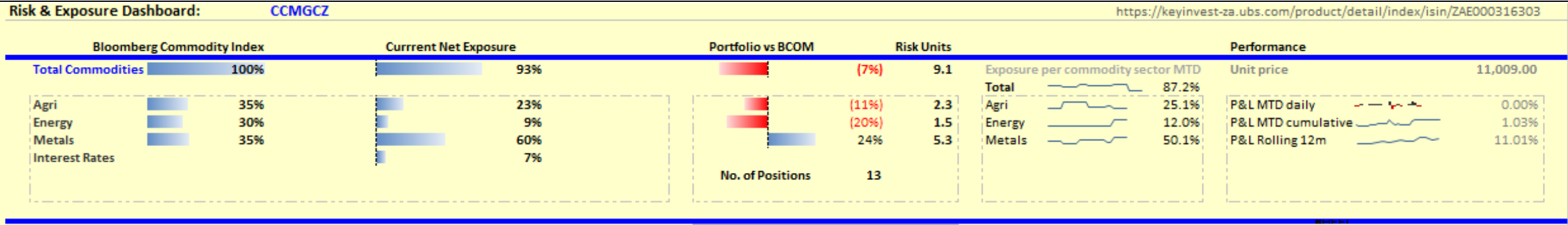
<https://keyinvest-za.ubs.com/product/detail/index/isin/ZAE000316303>

Bloomberg Commodity Index		Current Net Exposure		Portfolio vs BCOM		Risk Units		Performance	
Total Commodities	100%	93%	(7%)	9.1	Exposure per commodity sector MTD		Unit price	11,009.00	
Agri	35%	23%	(11%)	2.3	Total	87.2%	P&L MTD daily	0.00%	
Energy	30%	9%	(20%)	1.5	Agri	25.1%	P&L MTD cumulative	1.03%	
Metals	35%	60%	24%	5.3	Energy	12.0%	P&L Rolling 12m	11.01%	
Interest Rates		7%			Metals	50.1%			
				No. of Positions					

CCMGCZ: Dashboard clips



CCMGCZ: Dashboard clips



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