

Technical overview

G7 & BRICS

Interest Rates, Fx, Equity Indices & Commodities

week ending 18th February 2024

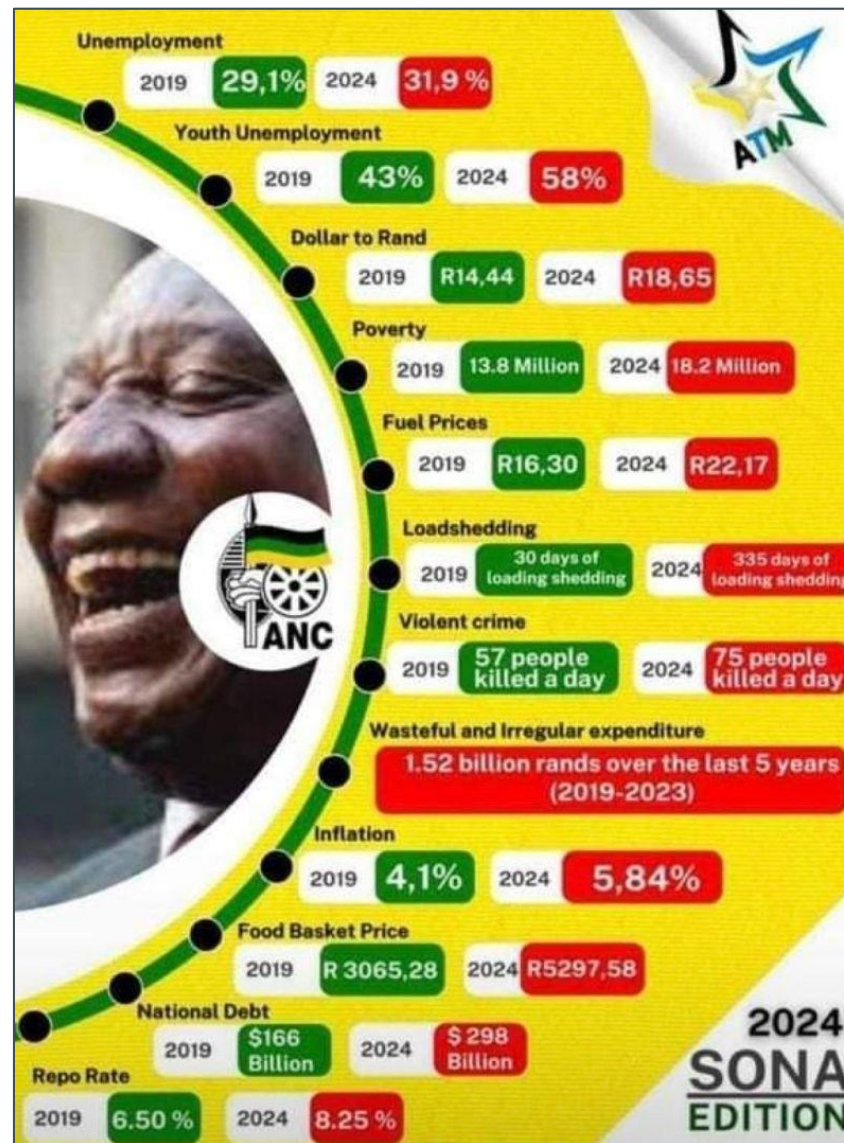
The charts never lie. You just have to be willing to accept their truth.

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



**COHERENT
CAPITAL MANAGEMENT**

The dominate theme



SONA Infographic c/o Herman Singh Daily Maverick 7 Feb 2024



Home



Bonds



Fx










Equity Indices



Commodities

The highlights

-  **Slide 4** Equities still the only show in town
-  **Slide 8** Low bond volatility QE era is over
-  **Slide 24** low Vix = rising equities (“the Vix is always right”)
-  **Slide 40** Capitalistic structure rewards capitalistic policies
-  **Slides 47** JSE Top40 in US \$ is (25%) since 2022 high
-  **Slide 59** Global diesel inventories low
-  **Slide 65** Yataghan



Home



Bonds



Fx



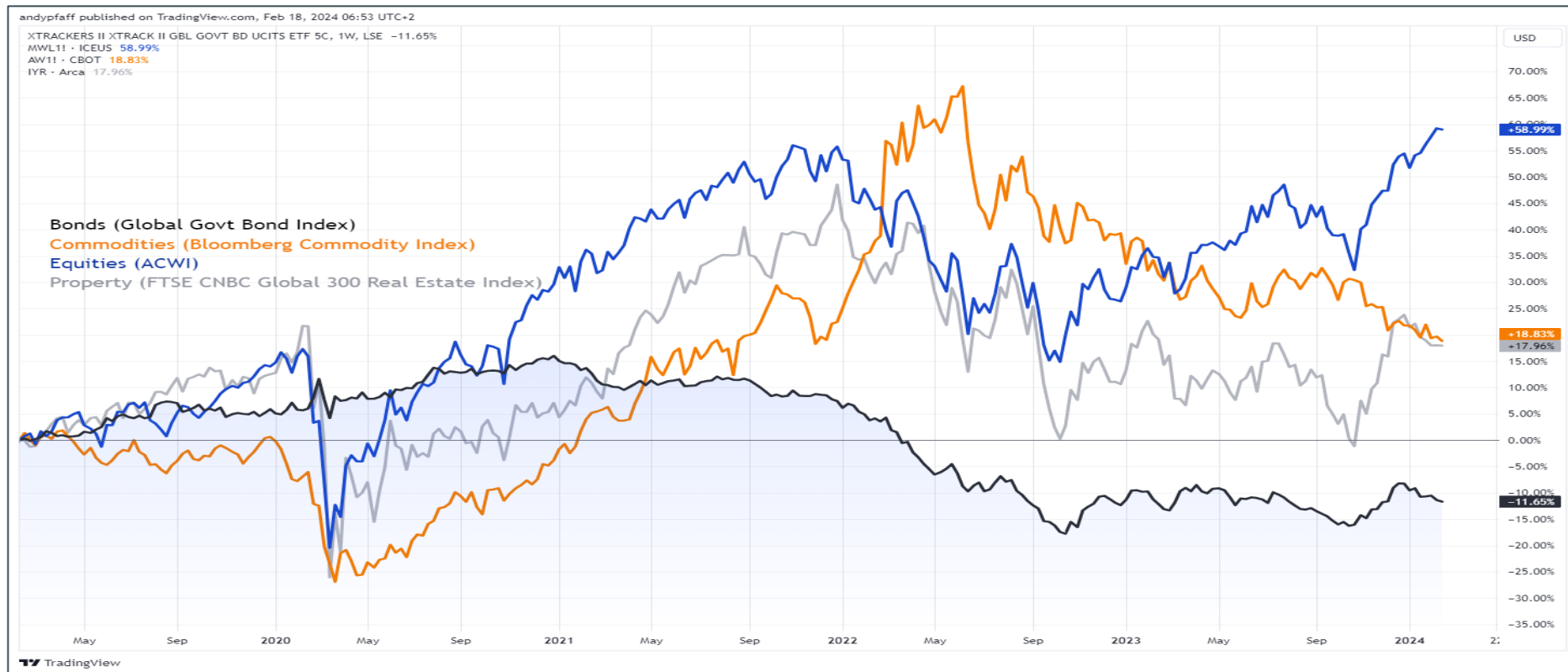
Equity Indices



Commodities

Market cycle

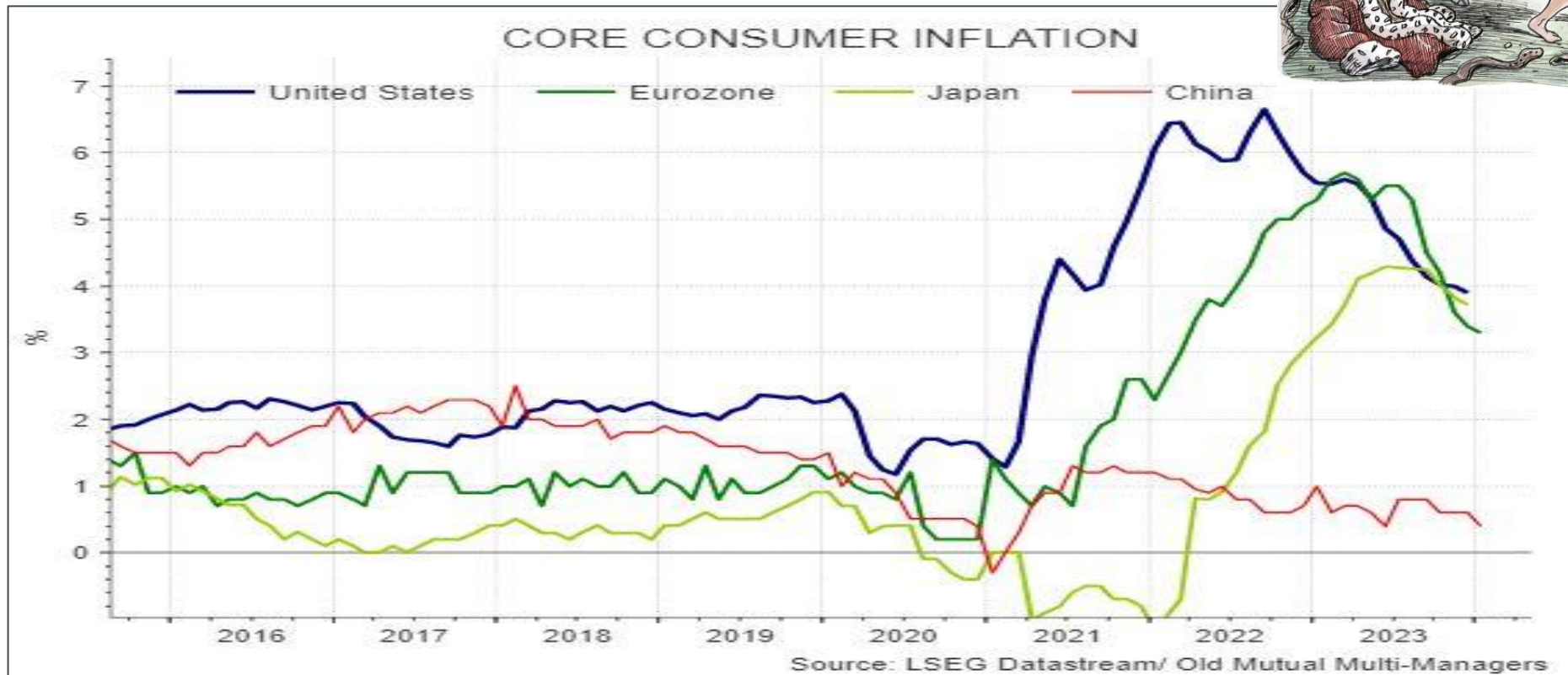
- Global Asset classes
 - Equities still the only show in town



Market cycle

- Inflation

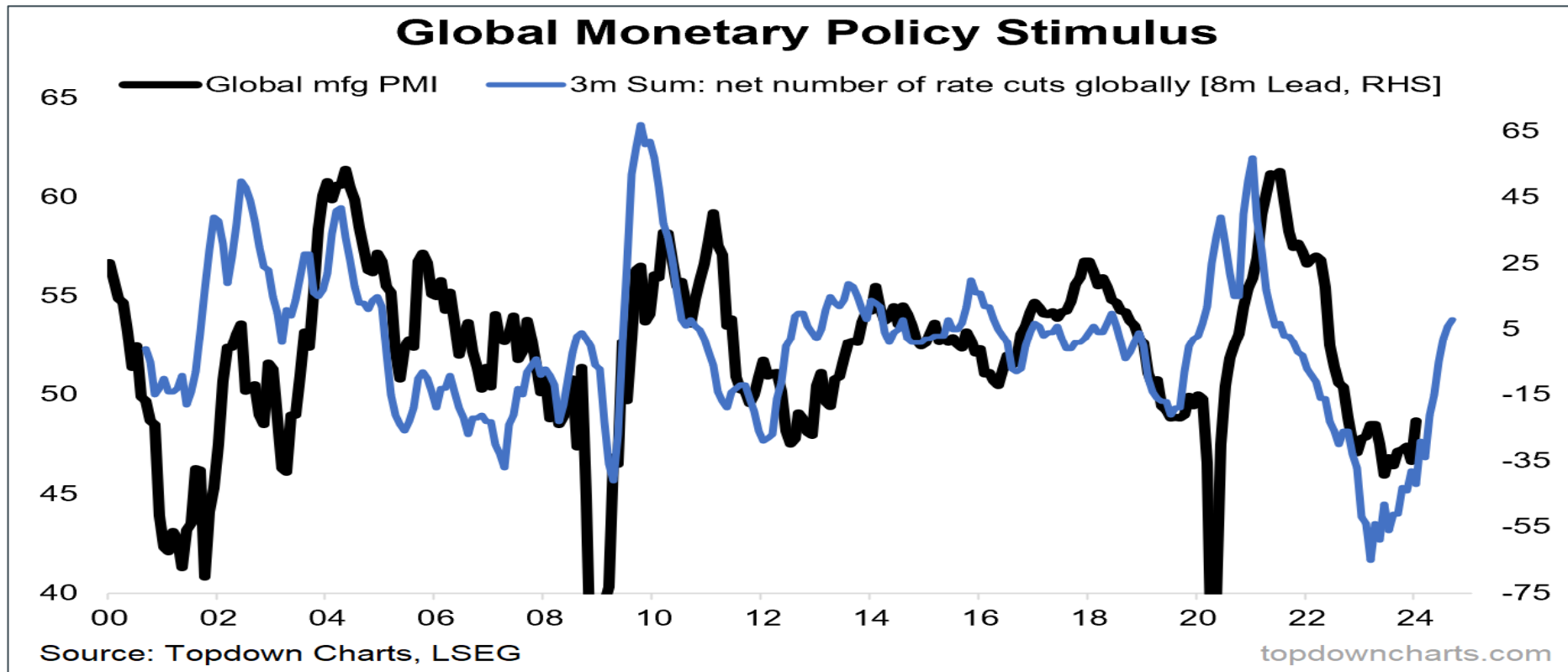
- An evolving story ... what's driving it and what are the likely policy responses/



Market cycle

- Inflation

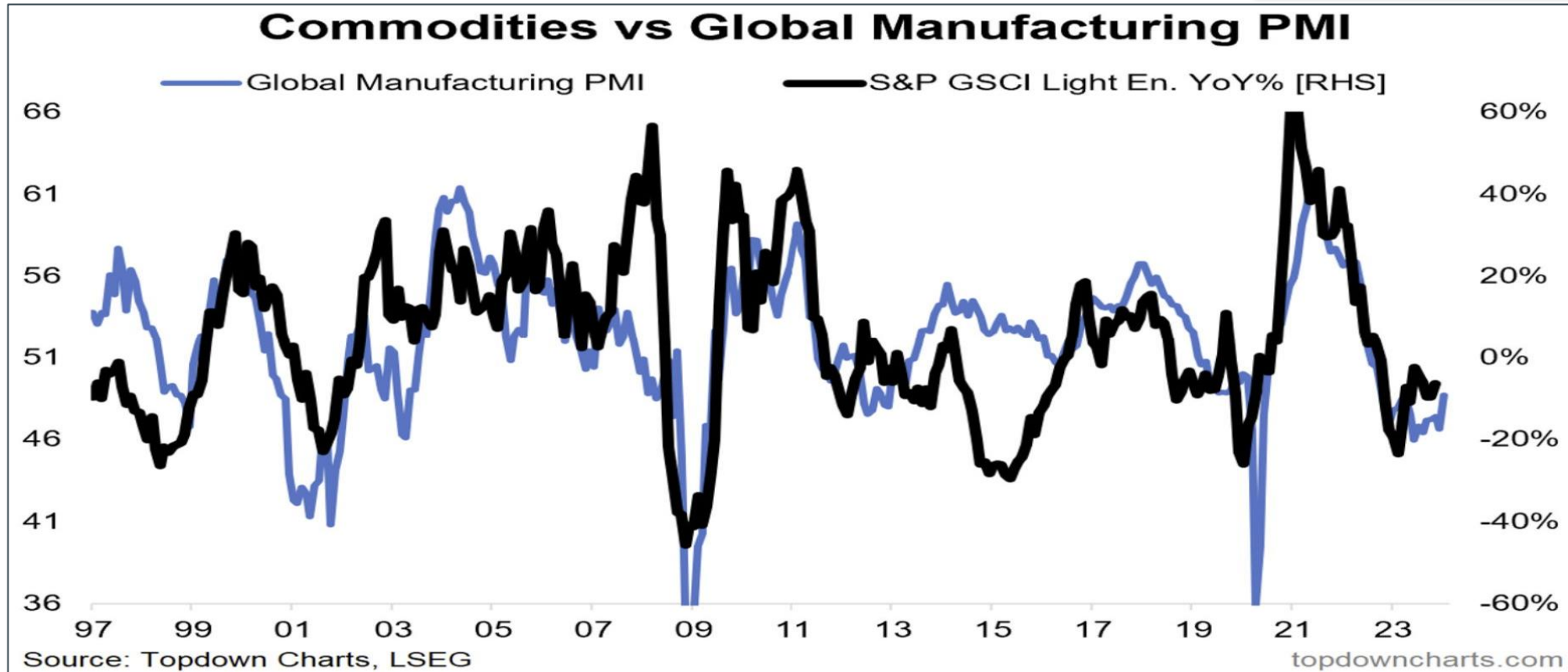
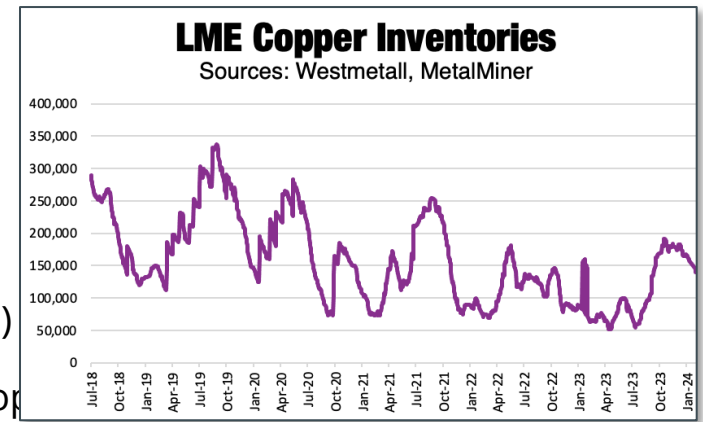
- Global rate cuts (blue) turn global PMI bullish



Market cycle

- Inflation

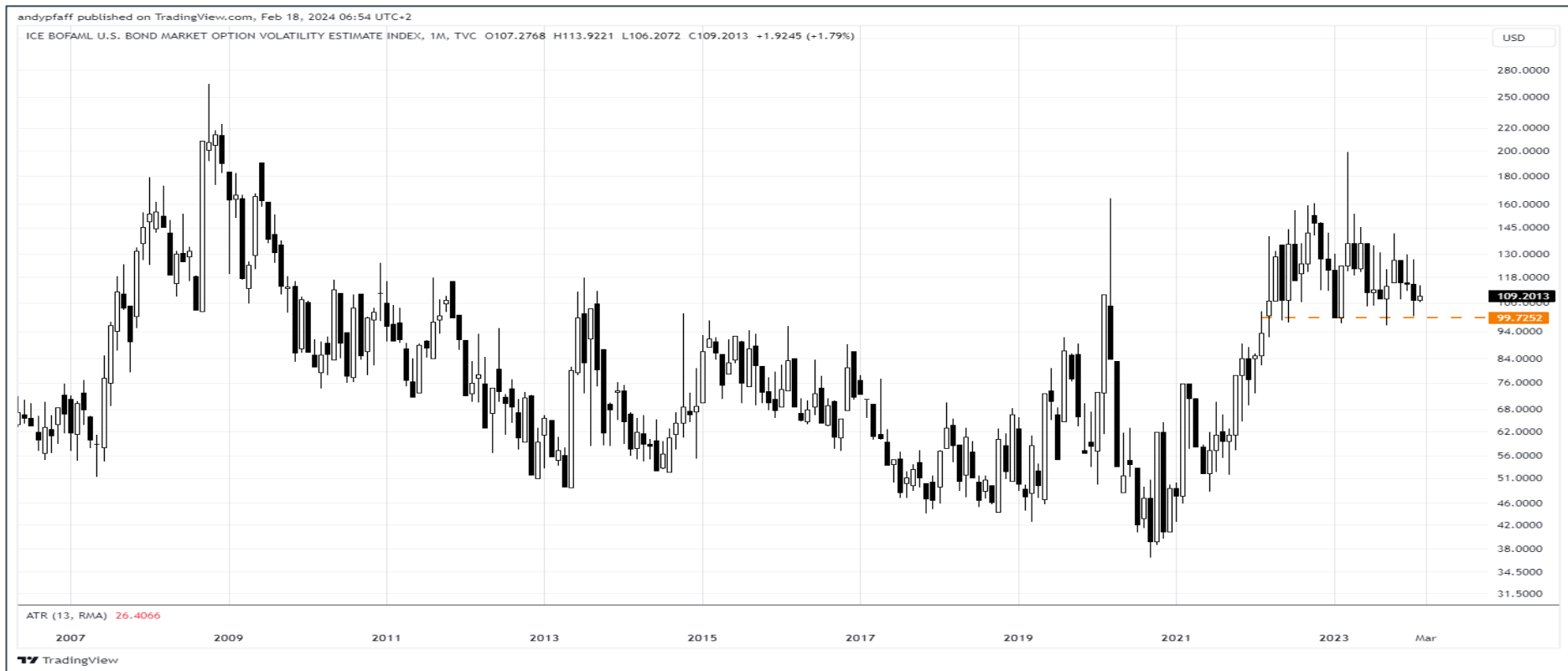
- Rising PMI (black) leads commodities higher (blue) ...
- Commodity inventories are tight (refer right, slide 65 re oil & Investec note)
- Commodity production capacity is tight (refer previous conversations re cop



Financials_Bonds_Move Index (weekly)

- Bond volatility

- Perhaps we should acknowledge that the low-volatility era of QE (2010 – 2020) is behind us?



Financials_Bonds_G7 yields

- **JGB 10y** (weekly)
 - Rise in rates is convincing



Financials_Bonds_G7 yields

- **Bund 10yr** (monthly)
 - Rise in rates is convincing



Financials_Bonds_G7 yields

- **UK 10yr Gilt** (monthly)
 - Rising slower



Financials_Bonds_G7 yields

- **UK 10yr Gilt** (weekly)
 - Confronting overhead support



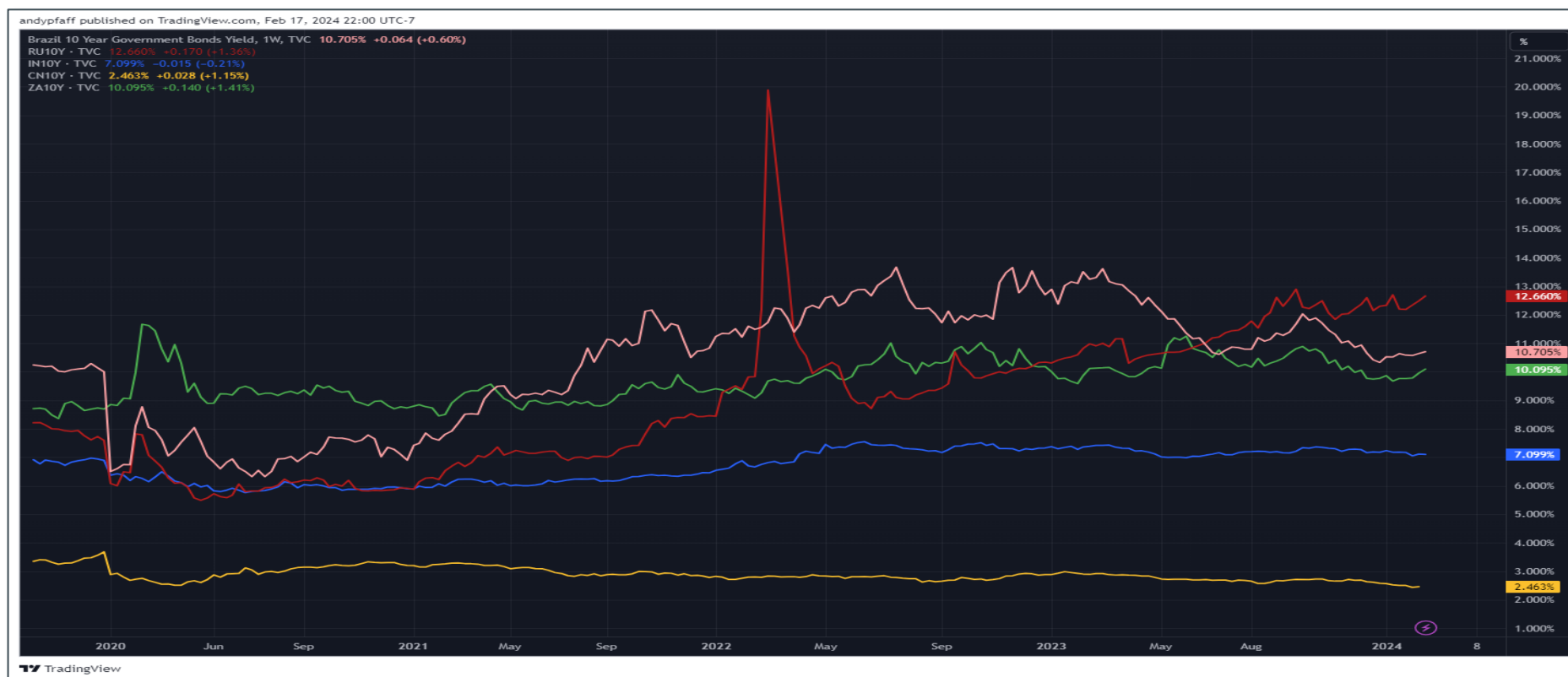
Financials_Bonds_G7 yields

- **US Govt 10yr yield** (monthly)
 - Rise accelerating?



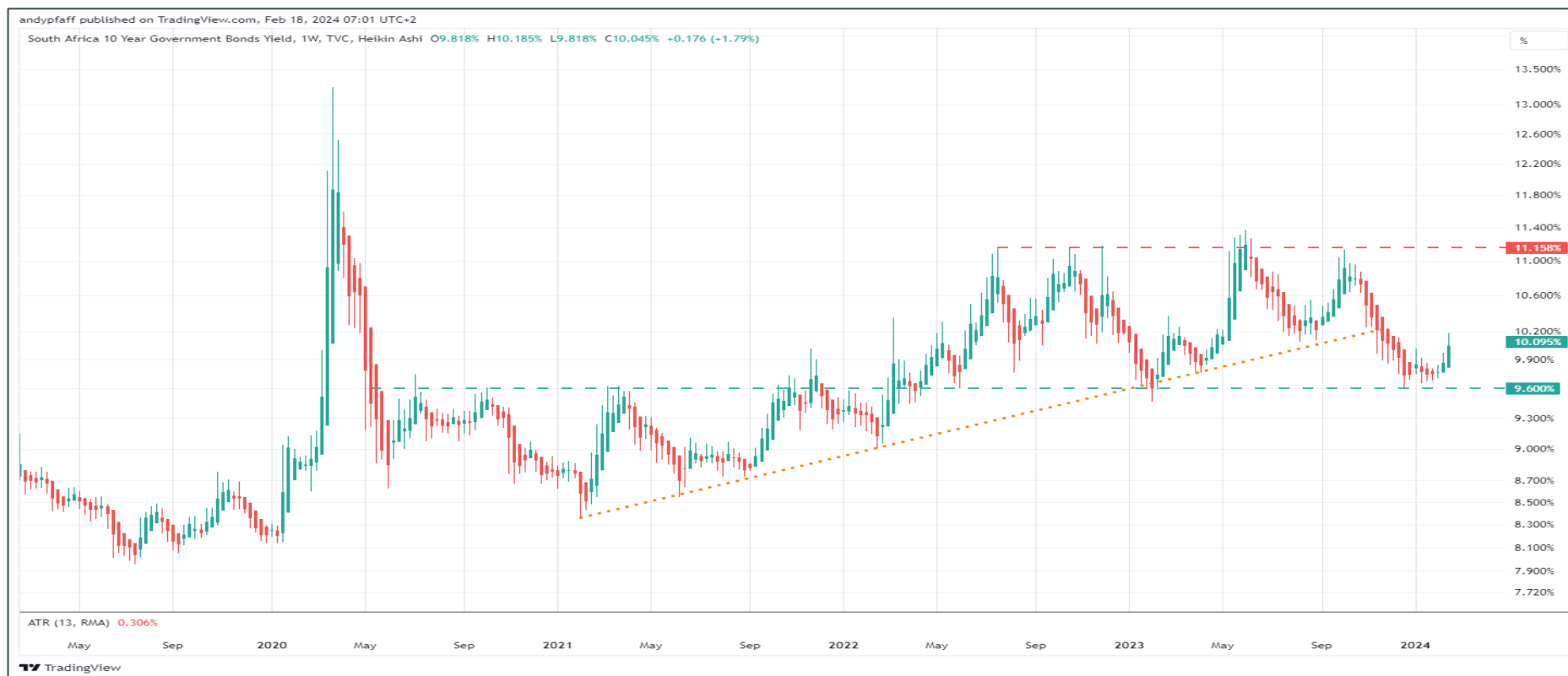
Financials_Bonds_BRICS

- **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)
 - Bullish rally fails at strong horizontal resistance



Financials_Bonds_BRICS

- SA 10 Year Government Bond (price) (US \$)(monthly)
 - Failing at overhead resistance ?



Financials_Fx

- US \$ index (DXY) (weekly chart)
 - Bullish at mid-range



Financials_Fx

- **USD / JPY** (monthly)

- Approaching overhead resistance: is this the next leg of the JPY weakness ? Implications for Nikkei ?



Financials_Fx

- EUR / JPY (weekly)
 - Euro running out of momentum near recent high



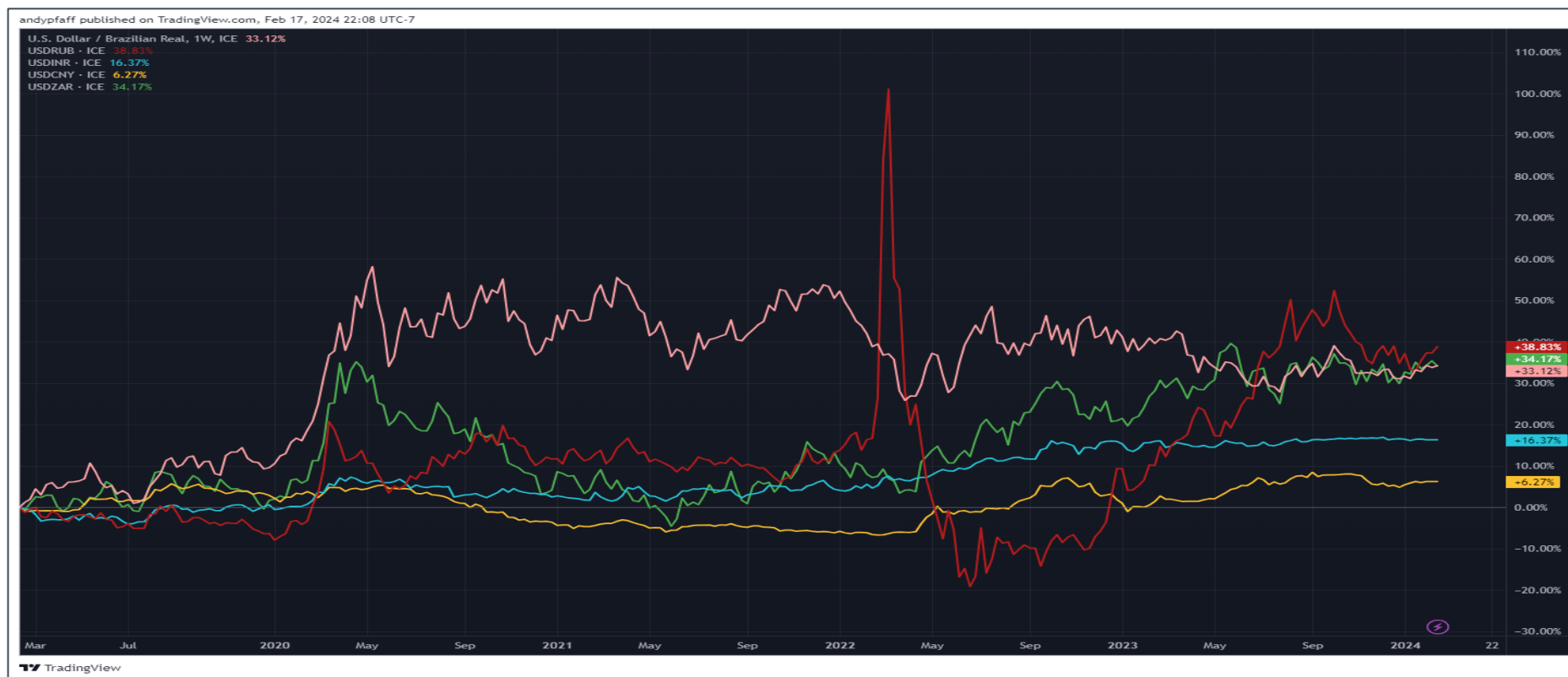
Financials_Fx

- EUR / USD (monthly)
 - US \$ survives bearish test



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)



Financials_Fx_BRICS

- BRICS fx_ZAR/ US \$ (monthly chart)

- *"The dollar-rand exchange rate is not a mystery: The best prediction for tomorrow's exchange rate is today's rate, but with a high level of variance that increases with time."* (Brian Kantor and David Holland)



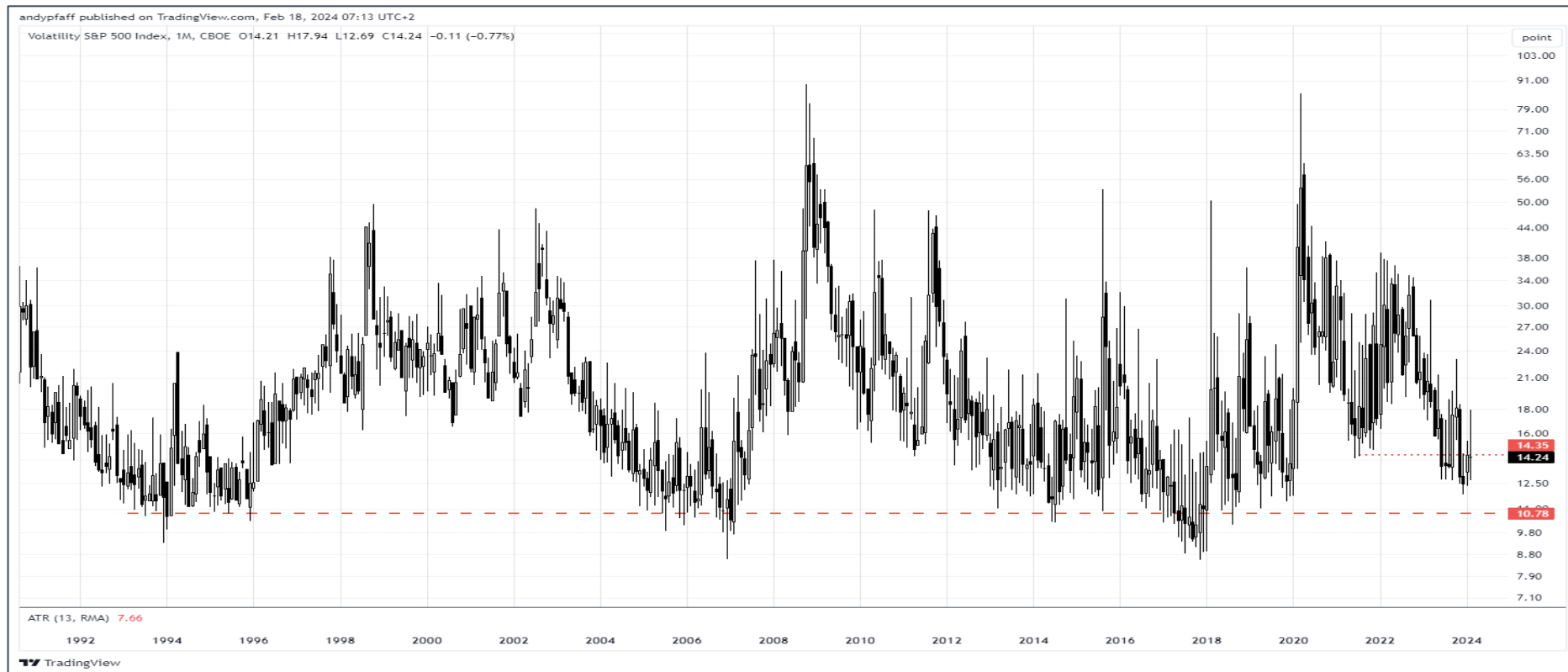
Financials_Fx_BRICS

- BRICS fx_ZAR/ US \$ (Daily)
 - Survives another attempt at 19.20



Financials_Equity Indices_Vix (monthly)

- VIX ... the Vix is right ... it always is 🤖
 - Vix fails to break higher ... keeping the SP500 bull market running ???



Financials_Equity Indices_G7

- **MSCI World** (Eurex futures)(DM; free-float weighted)(**weekly**)
 - Away



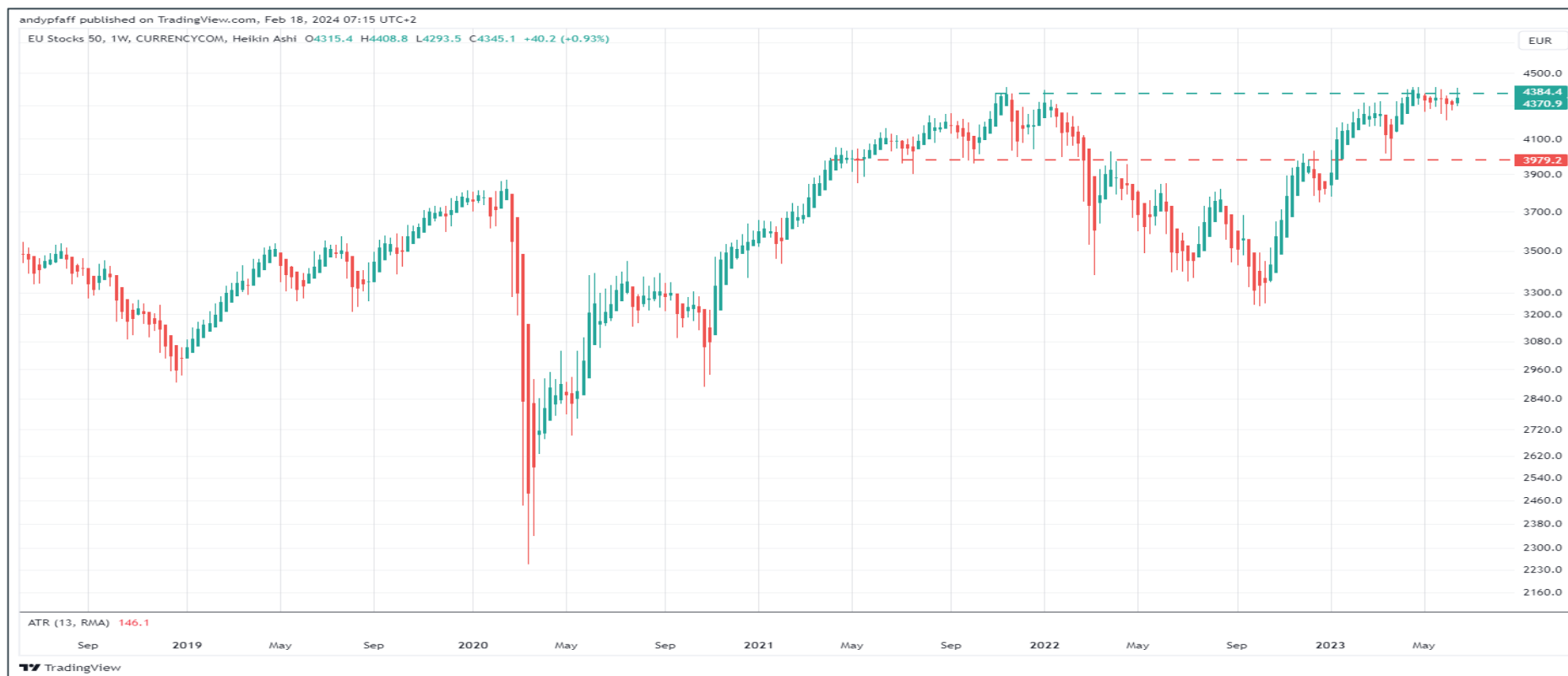
Financials_Equity Indices_G7

- Japan/ Nikkei (monthly)
 - Lurches higher after consolidation



Financials_Equity Indices_G7

- **EU/ Euro Stoxx 50 index futures** (weekly)
 - Confronting ATH, but not broken bullish yet



Financials_Equity Indices_G7

- UK/ FTSE 100 (5yr weekly)
 - Still wrestling with ATH / H&S neckline



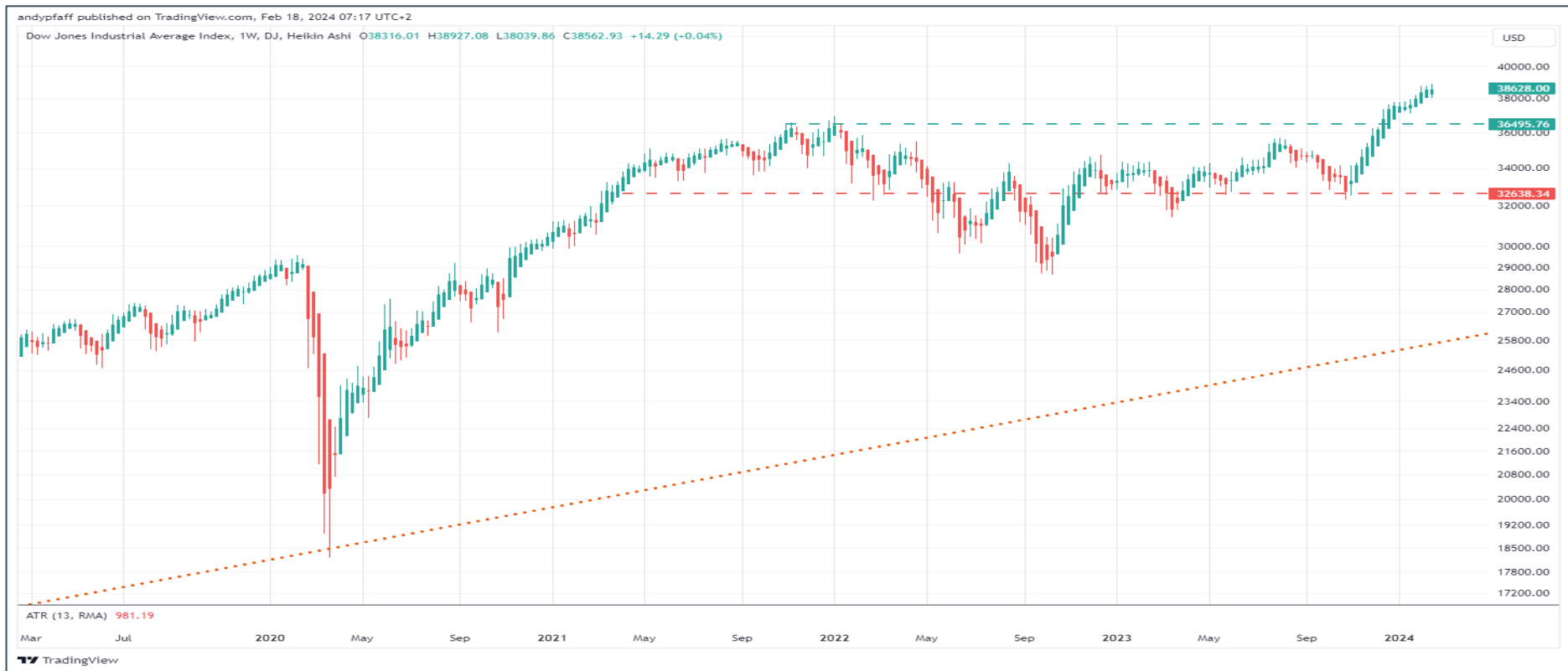
Financials_Equity Indices_G7

- Canada/ S&P Toronto 60 (weekly)
 - Conviction-less bullish break persists



Financials_Equity Indices_G7

- **USA/ Dow Jones Industrial Average index** (weekly, 5yrs)
 - Current bullish lurch still in play



Financials_Equity Indices_G7

- **USA/ DJ Transportation Average index** (monthly)
 - Lagging (i.e. non-confirming) DJ industrial index per Dow Theory



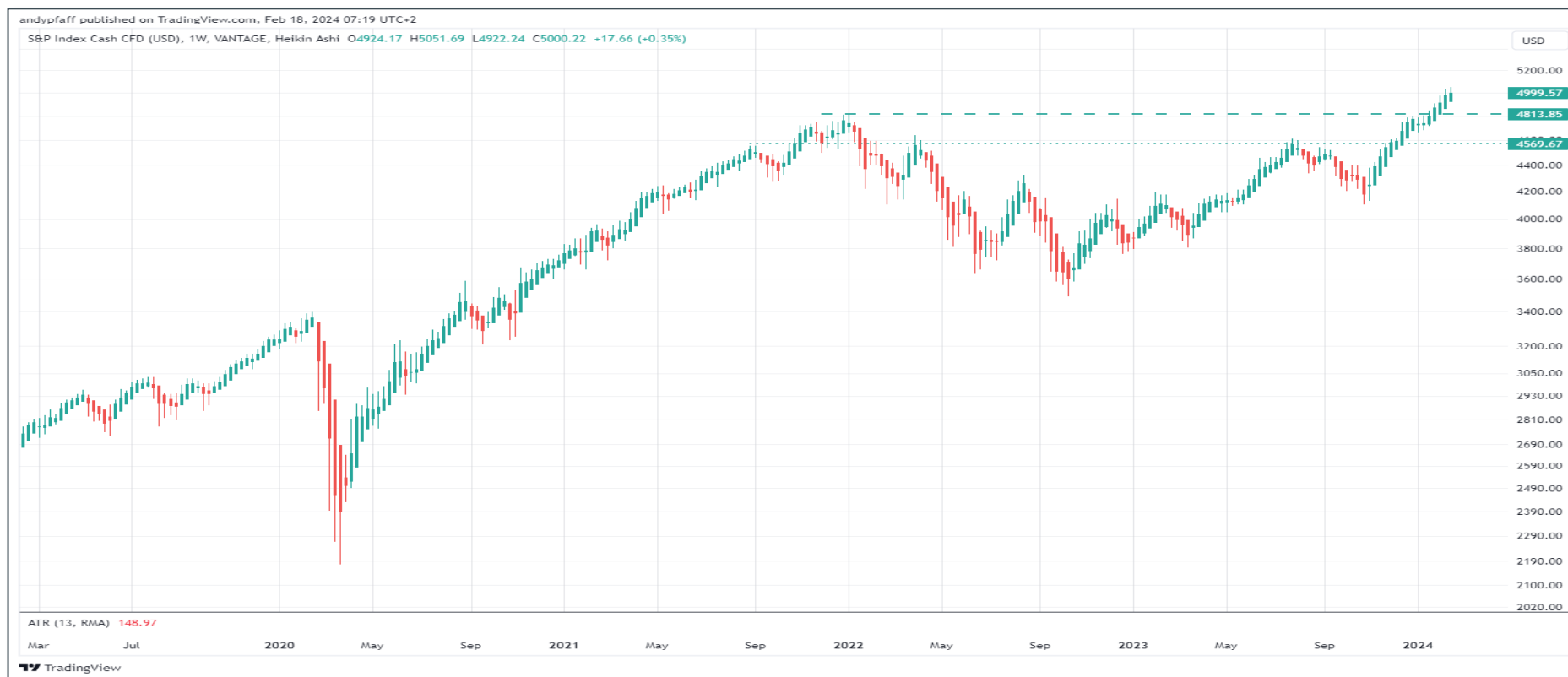
Financials_Equity Indices_G7

- **USA/ Dow Jones Utilities Average index** (monthly, 20yrs)
 - Also non-confirmation of DJ Industrial index by DJ Utilities
 - Not a pretty picture – significant rolling top with successive lower lows & lower highs



Financials_Equity Indices_G7

- **USA/ SP 500 index** (weekly)
 - Next bullish lurch as per Dow Jones



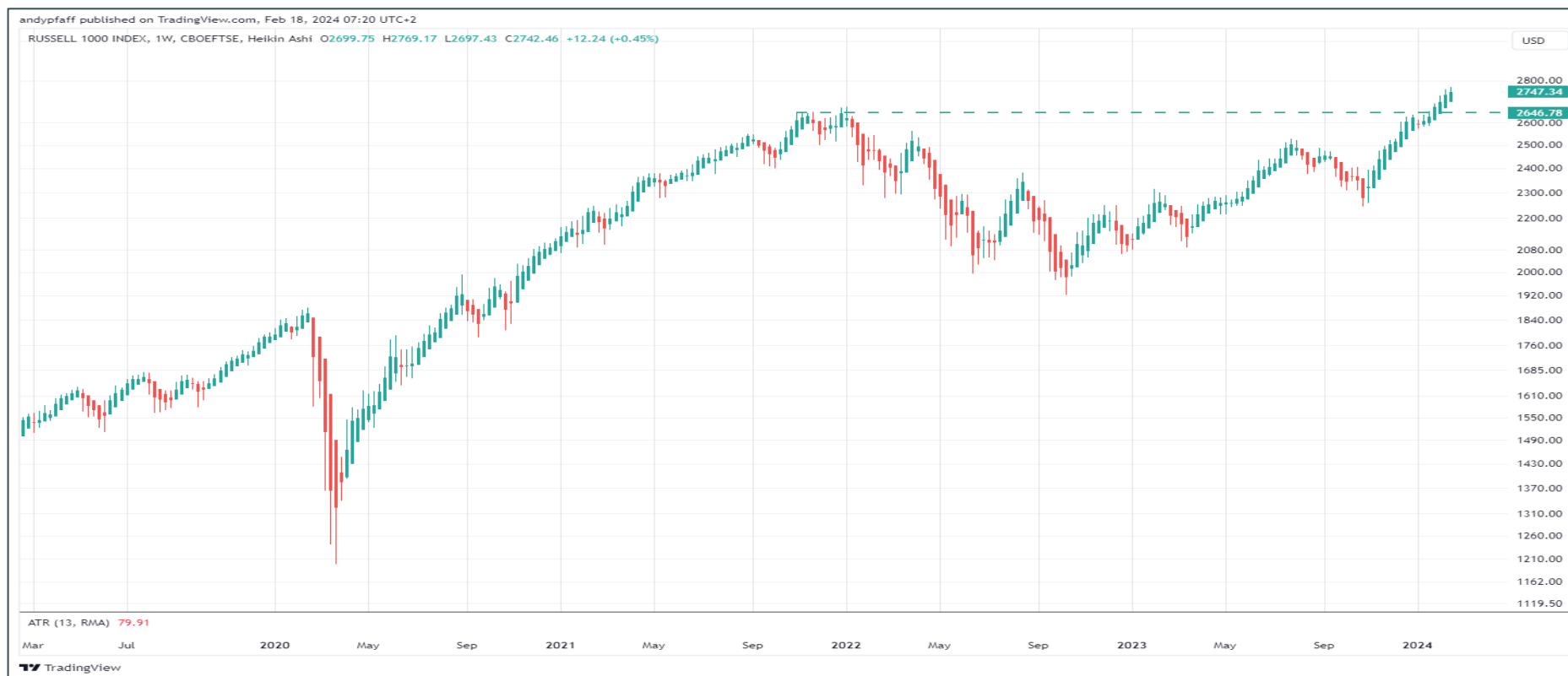
Financials_Equity Indices_G7

- **USA/ Russell 2000 (small cap) index**
 - Not an exuberant bullish break, but a bullish break nonetheless



Financials_Equity Indices_G7

- USA/ Russell 1000 Value index
 - Next bullish lurch in play



Financials_Equity Indices_G7

- USA/ Nasdaq Composite index (weekly)
 - Next bullish lurch in play



Financials_Equity Indices_G7

- USA/ Nasdaq Composite index (daily)
 - Support survived; does resistance ?



Financials_Equity Indices_EM

- MSCI EM index future (\$)(monthly)
 - Nothing to report; still floundering mid-range



Financials_Equity Indices_BRICS (local crncy)(weekly 5 yrs)

- Does the Chinese stimulus revive EM equities and/or inflation ?
- Chinese bazooka no influence on this arms race yet



Financials_Equity Indices_BRICS (US \$)

- (% change since 2018)
- The capitalistic structure rewards the capitalistic policies
- SA known by the company it keeps



Financials_Equity Indices_BRICS (local currency)

- **Brazil_Bovespa (weekly)**
 - Bullish break runs out of energy



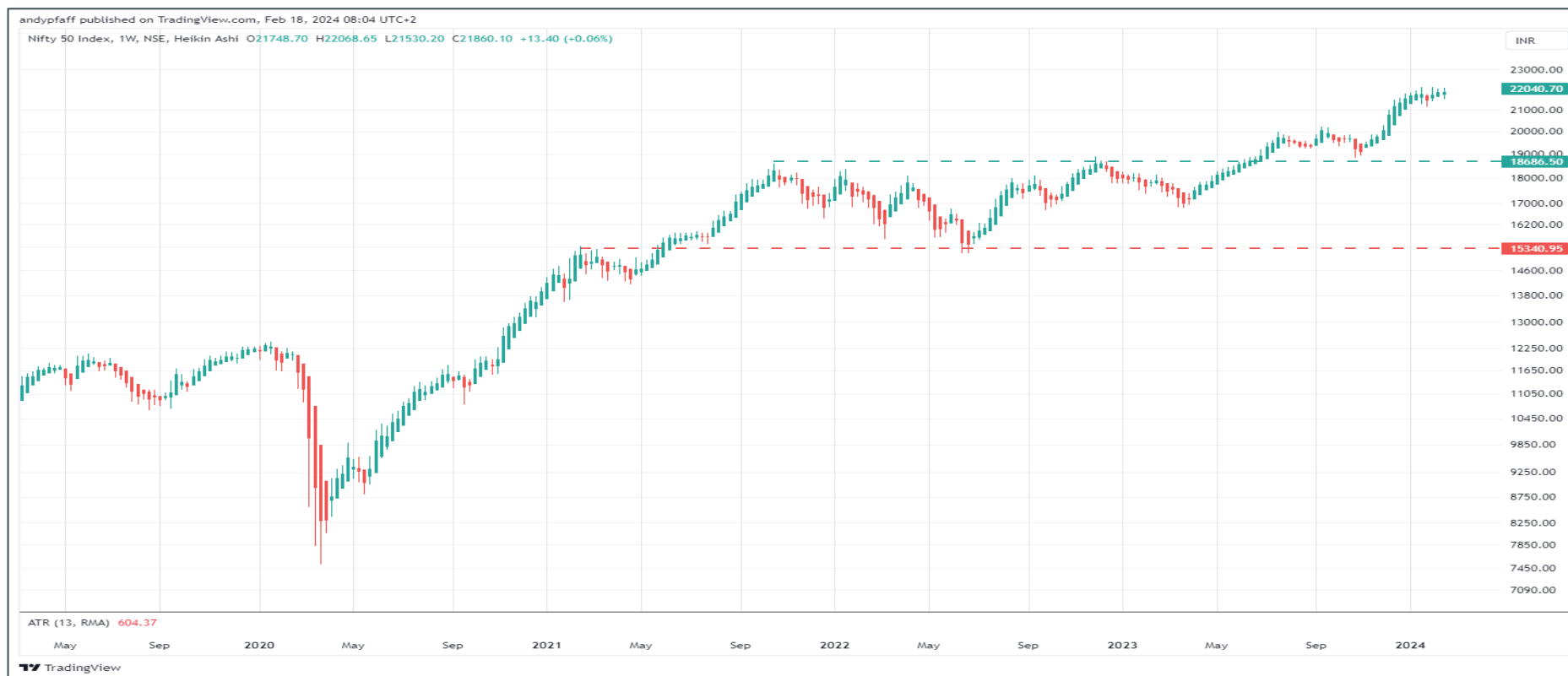
Financials_Equity Indices_BRICS (local currency)

- Russia_MOEX25
 - Bullish attempt at recent high



Financials_Equity Indices_BRICS (local currency)

- India_Nifty 50
 - Energy for another new high



Financials_Equity Indices_BRICS (local currency)

- **China_Shanghai Shenzen CSI 300 (SHSZ300)(monthly)**
 - Monthly looks terrible ... hard stop at 2966



Financials_Equity Indices_BRICS (local currency)

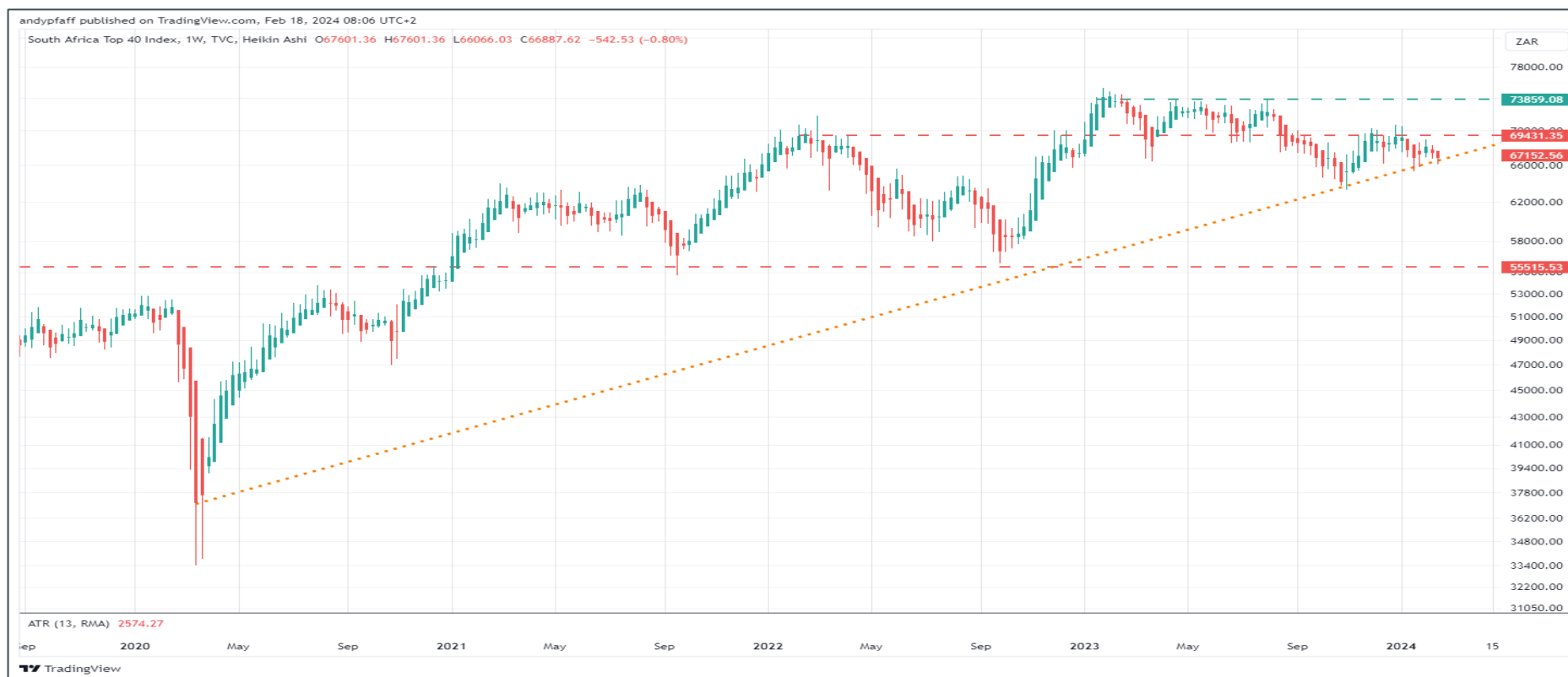
- **China_Shanghai Shenzen CSI 300 (SHSZ300)(daily)**
 - Monthly looks terrible ... hard stop at 2966 ... but **daily chart** putting in a new minor high
 - Overhead resistance only 5% away



Financials_Equity Indices_BRICS (weekly) (local currency)

- South Africa_Top 40

- Between a rock & a hard place... just like it should be before the budget & election



Financials_Equity Indices_BRICS (weekly) (\$)

- South Africa_Top 40
 - Top 40 (\$) is (25%) since 2022/04 high



Financials_Property

- iShares U.S. Real Estate ETF
 - “ECB Warns Banks of Consequences for Poor Property Risk Management”
 - Bullish attempt wilts



Financials_Property

- **SATRIX Property ETF (SA)**(weekly)
 - Does it have the energy for the breakout ?



Financials_Property

- **SATRIX Property ETF (SA)(daily)**
 - Does it have the energy for the breakout ... not yet



Commodities_BCOM index \$

- Ominous potential H&S remains
 - But support holding



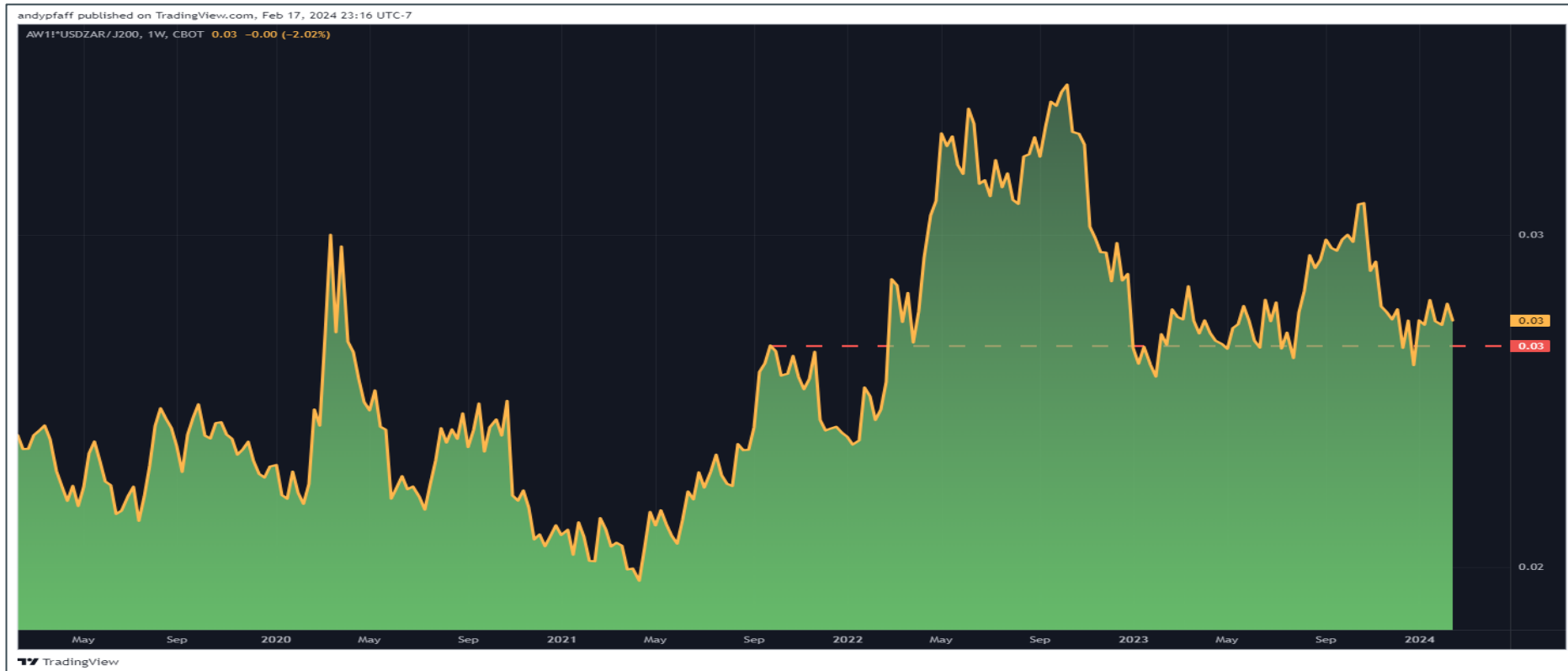
Commodities indices_\$

- **CRB / MSCI World Equity Index (2008 - 2024)**(commodity index/equity index ratio)
 - Has not based yet – rampant equity indices oblivious to absence of commodity demand
 - New economy vs old economy?



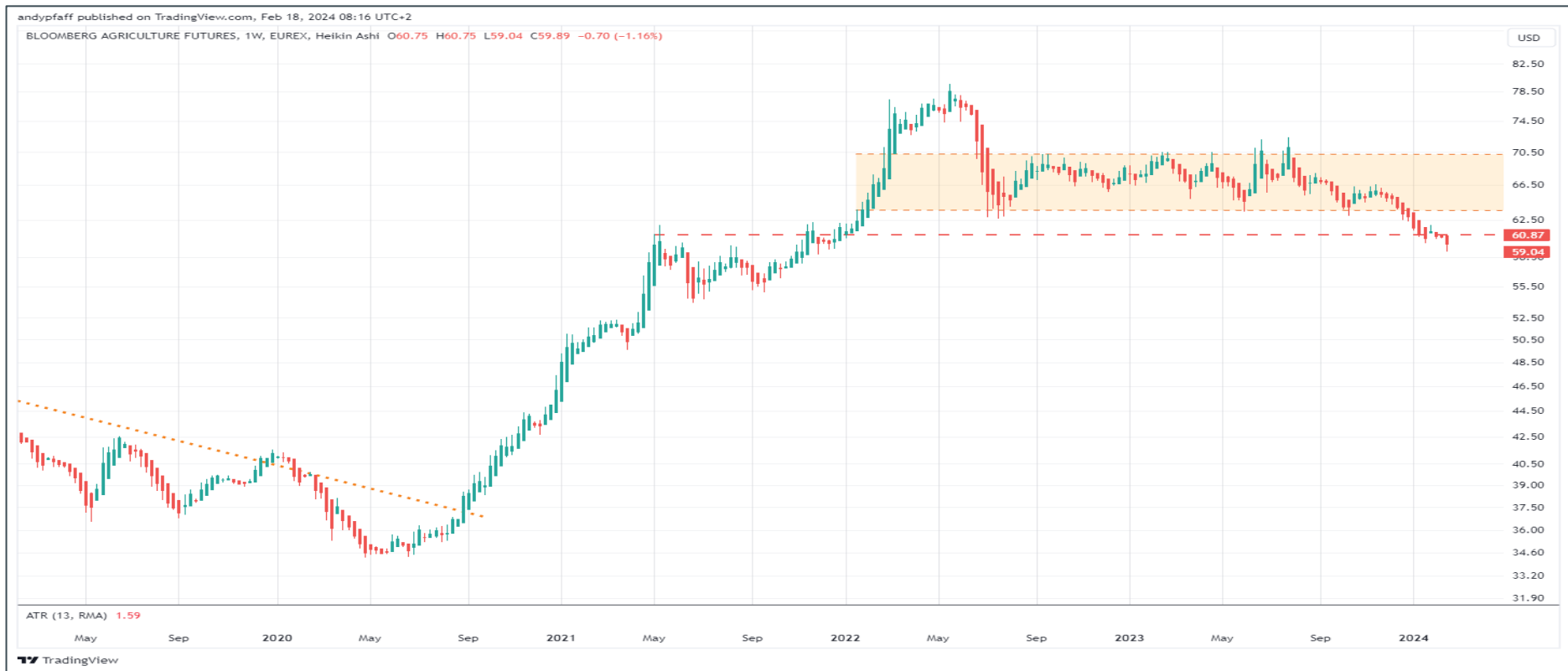
Commodities indices_\$

- **BCom (zar) / JSE Top40 Equity Index** (2014 - 2022)(commodity index/equity index ratio)
 - Rand-hedge characteristic & rising oil assist commodities
 - Rand-hedge NB going into budget & election phase



Commodities_\$

- **BCom_Agriculture** sub-index (weekly)
 - Support gives way



Commodities_\$

- **BCom_Energy** sub-index (monthly)
 - “Economic growth and energy demand are Siamese twins: there is neither enough investment in fossil fuels nor in renewables to meet economic growth. “It's about *de-carbonising hydrocarbon emissions*, not ending hydrocarbon consumption (OPEC)
 - Energy sub-index weighed down by Natural Gas & coal



Commodities_\$

- **BCom_Energy** sub-index_WTI (weekly)
 - Neckline vulnerable on weekly chart, but ...



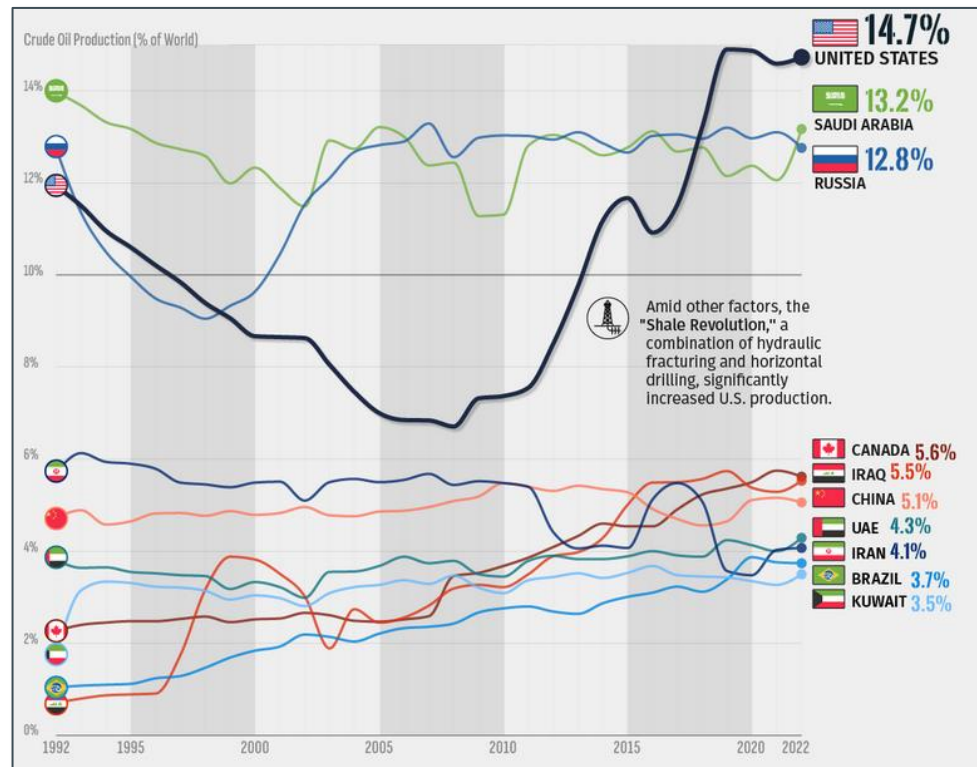
Commodities_\$

- **BCom_Energy** sub-index_WTI (daily)
 - Neckline vulnerable on weekly chart, but ...
 - Daily chart not far from breaking bullish



Commodities_\$

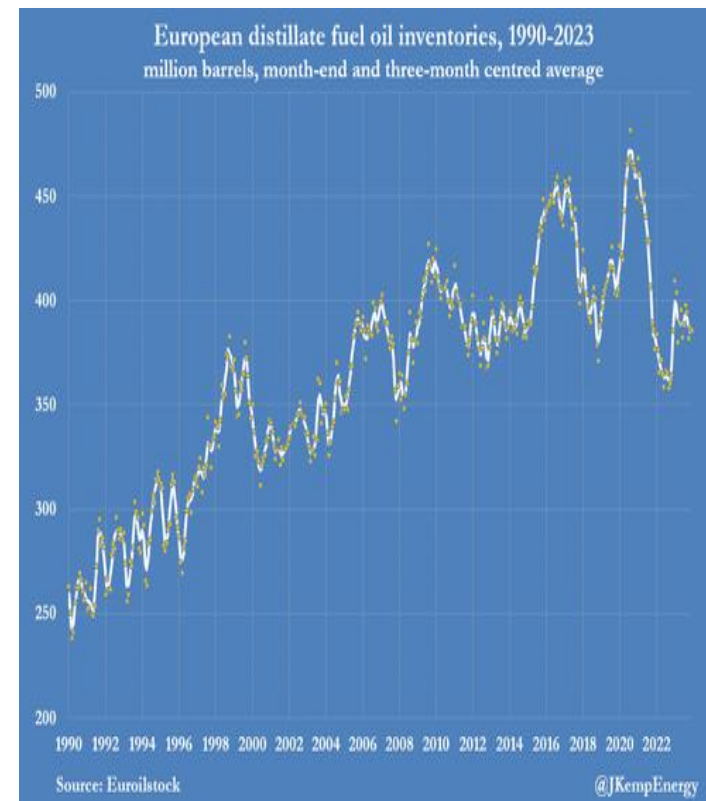
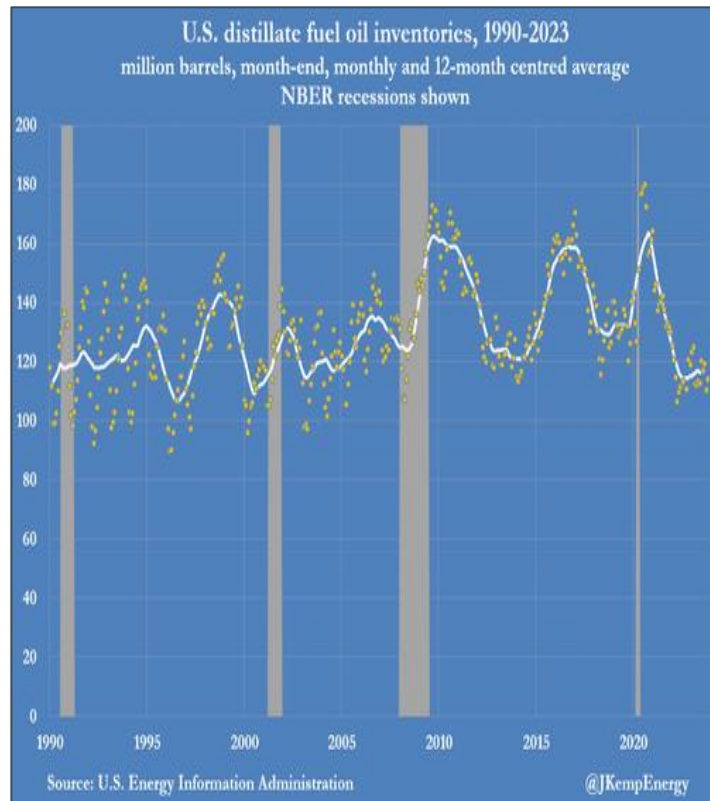
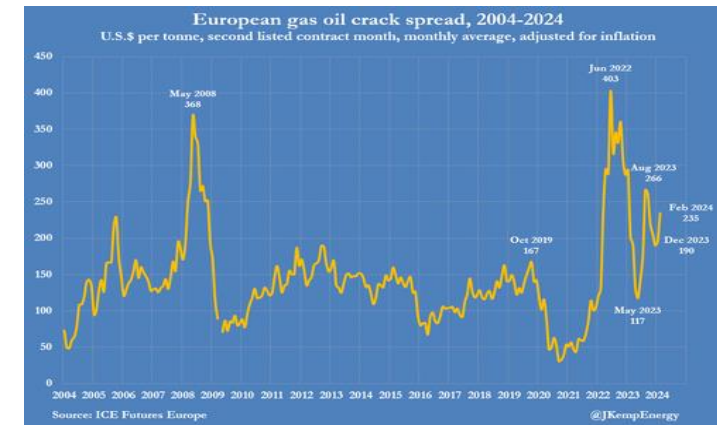
- **BCom_Energy** sub-index_WTI (weekly)
 - Oil production & consumption



#	Country	Daily Oil Consumption	World	Yearly Gallons	Value (\$) Daily		Ratio with SA
		(barrels)	Share	Per Capita	\$ 100.00	R 20.00	
1	United States	19,687,287	20.30%	922.4	\$ 1,968,728,700	R 14,174,846,640,000	3,076%
2	China	12,791,553	13.20%	139.9	\$ 1,279,155,300	R 9,209,918,160,000	1,999%
3	India	4,443,000	4.60%	50.9	\$ 444,300,000	R 3,198,960,000,000	694%
4	Japan	4,012,877	4.10%	484.4	\$ 401,287,700	R 2,889,271,440,000	627%
5	Russia	3,631,287	3.70%	383.6	\$ 363,128,700	R 2,614,526,640,000	567%
6	Saudi Arabia	3,302,000	3.40%	1,514.80	\$ 330,200,000	R 2,377,440,000,000	516%
7	Brazil	2,984,000	3.10%	221.1	\$ 298,400,000	R 2,148,480,000,000	466%
8	South Korea	2,605,440	2.70%	778.4	\$ 260,544,000	R 1,875,916,800,000	407%
9	Canada	2,486,301	2.60%	1,055.40	\$ 248,630,100	R 1,790,136,720,000	388%
10	Germany	2,383,393	2.50%	443.8	\$ 238,339,300	R 1,716,042,960,000	372%
11	Mexico	2,052,607	2.10%	258.9	\$ 205,260,700	R 1,477,877,040,000	321%
12	Iran	1,803,999	1.90%	332	\$ 180,399,900	R 1,298,879,280,000	282%
13	France	1,705,568	1.80%	408.6	\$ 170,556,800	R 1,228,008,960,000	266%
14	Indonesia	1,623,000	1.70%	95	\$ 162,300,000	R 1,168,560,000,000	254%
15	United Kingdom	1,583,896	1.60%	369.8	\$ 158,389,600	R 1,140,405,120,000	247%
16	Singapore	1,357,000	1.40%	3,642.00	\$ 135,700,000	R 977,040,000,000	212%
17	Thailand	1,302,000	1.30%	282.7	\$ 130,200,000	R 937,440,000,000	203%
18	Spain	1,290,063	1.30%	425.5	\$ 129,006,300	R 928,845,360,000	202%
19	Italy	1,236,628	1.30%	315.3	\$ 123,662,800	R 890,372,160,000	193%
20	Australia	1,114,645	1.10%	706.2	\$ 111,464,500	R 802,544,400,000	174%
21	Taiwan	981,203	1.00%	637.5	\$ 98,120,300	R 706,466,160,000	153%
22	Turkey	941,861	1.00%	178.2	\$ 94,186,100	R 678,139,920,000	147%
23	Netherlands	937,098	1.00%	838.9	\$ 93,709,800	R 674,710,560,000	146%
24	United Arab Emirates	896,000	0.90%	1,527.20	\$ 89,600,000	R 645,120,000,000	140%
25	Egypt	877,000	0.90%	134.7	\$ 87,700,000	R 631,440,000,000	137%
26	Iraq	857,000	0.90%	339.5	\$ 85,700,000	R 617,040,000,000	134%
27	Argentina	709,000	0.70%	248.9	\$ 70,900,000	R 510,480,000,000	111%
28	Malaysia	708,000	0.70%	344.3	\$ 70,800,000	R 509,760,000,000	111%
29	South Africa	640,000	0.70%	173.9	\$ 64,000,000	R 460,800,000,000	100%
30	Belgium	631,522	0.70%	855.5	\$ 63,152,200	R 454,695,840,000	99%
31	Venezuela	598,000	0.60%	298.2	\$ 59,800,000	R 430,560,000,000	93%
32	Poland	582,161	0.60%	231.6	\$ 58,216,100	R 419,155,920,000	91%
33	Pakistan	556,000	0.60%	39.9	\$ 55,600,000	R 400,320,000,000	87%
34	Vietnam	478,000	0.50%	78.7	\$ 47,800,000	R 344,160,000,000	75%
35	Algeria	429,000	0.40%	163	\$ 42,900,000	R 308,880,000,000	67%
36	Philippines	429,000	0.40%	62.7	\$ 42,900,000	R 308,880,000,000	67%
37	Nigeria	428,000	0.40%	34.8	\$ 42,800,000	R 308,160,000,000	67%
38	Hong Kong	408,491	0.40%	842.2	\$ 40,849,100	R 294,113,520,000	64%
39	Kuwait	359,000	0.40%	1,359.50	\$ 35,900,000	R 258,480,000,000	56%
40	Colombia	357,000	0.40%	114.9	\$ 35,700,000	R 257,040,000,000	56%
41	Chile	351,989	0.40%	298.4	\$ 35,198,900	R 253,432,080,000	55%
42	Kazakhstan	325,000	0.30%	275.6	\$ 32,500,000	R 234,000,000,000	51%
43	Sweden	322,109	0.30%	496.1	\$ 32,210,900	R 231,918,480,000	50%
44	Greece	296,101	0.30%	422.3	\$ 29,610,100	R 213,192,720,000	46%
45	Morocco	275,000	0.30%	120.1	\$ 27,500,000	R 198,000,000,000	43%
46	Austria	262,352	0.30%	460.4	\$ 26,235,200	R 188,893,440,000	41%
47	Ecuador	259,000	0.30%	241.5	\$ 25,900,000	R 186,480,000,000	40%
48	Peru	246,000	0.30%	121.1	\$ 24,600,000	R 177,120,000,000	38%
49	Ukraine	244,000	0.30%	83.4	\$ 24,400,000	R 175,680,000,000	38%
50	Portugal	236,866	0.20%	351.4	\$ 23,686,600	R 170,543,520,000	37%

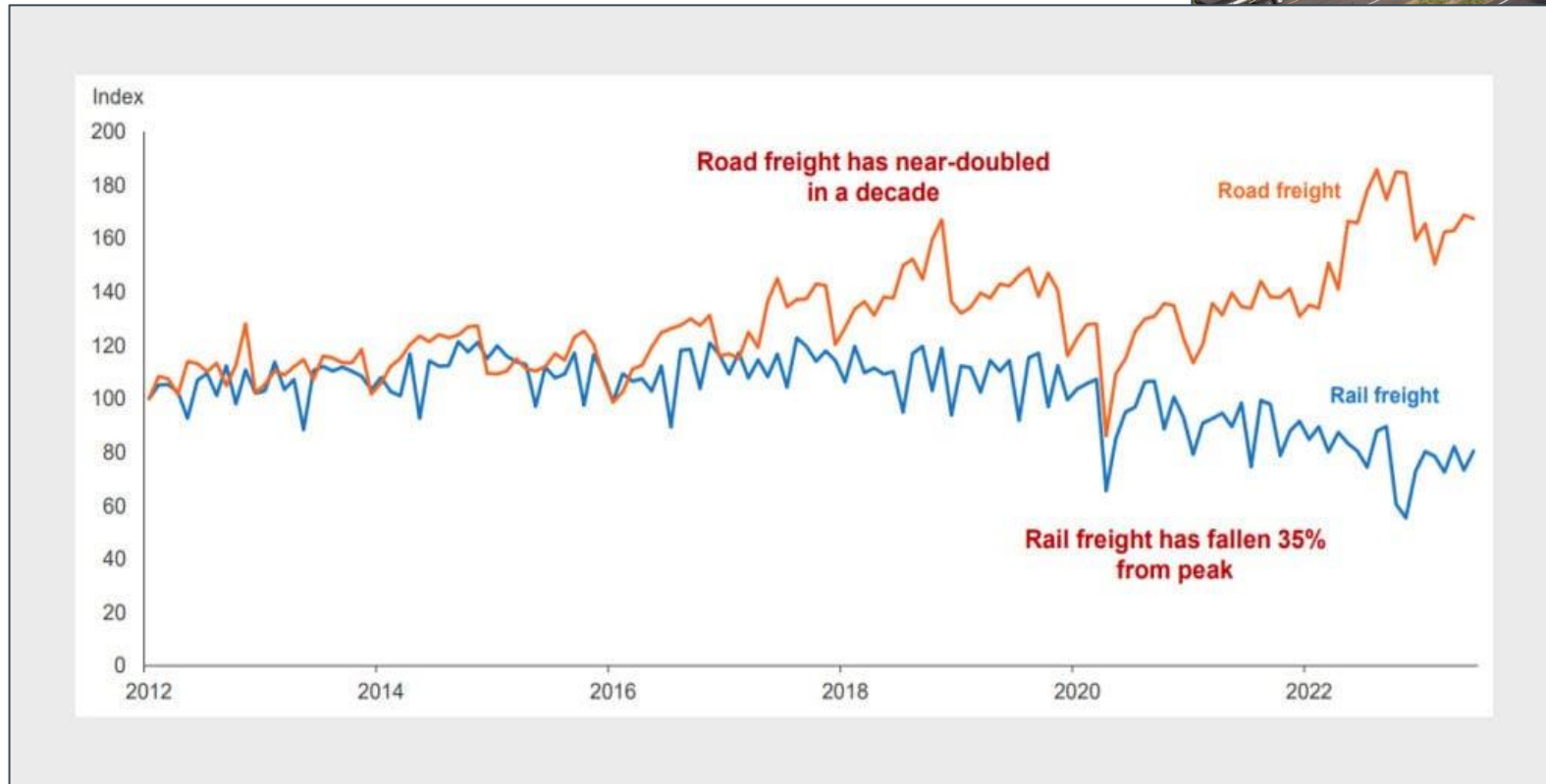
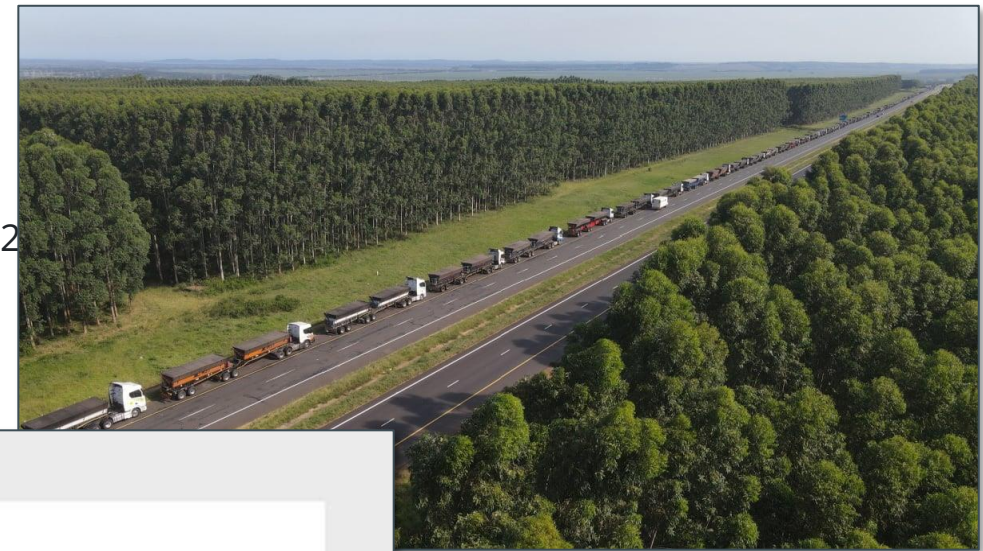
Commodities_\$

- **BCom_Energy** sub-index_Euro Diesel (weekly)
 - Global diesel stocks < normal (USA, EU & Singapore inventories below)
 - Crack spreads ↑ if gdp ↑ & energy demand ↑



Commodities_\$

- **BCom_Energy** sub-index_Richards Bay coal (monthly)
- South Africa's coal exports to Europe plunge to lowest since 1992



Commodities_\$

- **BCom_Energy** sub-index_Richards Bay coal (monthly)
 - South Africa coal price continues to weaken



Commodities_\$

- **BCom_Industrial Metals sub-index** (monthly)
 - Where China goes?
 - The more the market talks about supply-side constraints (“chronic under-investment” per Alpine Macro), the more prices fall ??



Commodities_\$

- **PGM - Palladium** (monthly)
 - Clinging to support ... long way to next support \approx \$500



Commodities_\$

- PGM - Platinum
 - Dithering mid-range



Commodities_\$

- **BCom_Precious Metals sub-index_Gold (\$)** (weekly)
 - One of the stars of the SA 1970's horse racing circuit was Yataghan



Commodities_\$

- **BCom_Precious Metals sub-index_Gold (\$)** (monthly 35 yrs)
 - One of the stars of the SA 1970's horse racing circuit was Yataghan



Commodities_\$

- **BCom_Precious Metals sub-index_Gold (\$)** (weekly)
 - One of the stars of the SA 1970's horse racing circuit was Yataghan
 - Gold fails at 2090 ... Yataghan ☹️



Commodities_\$

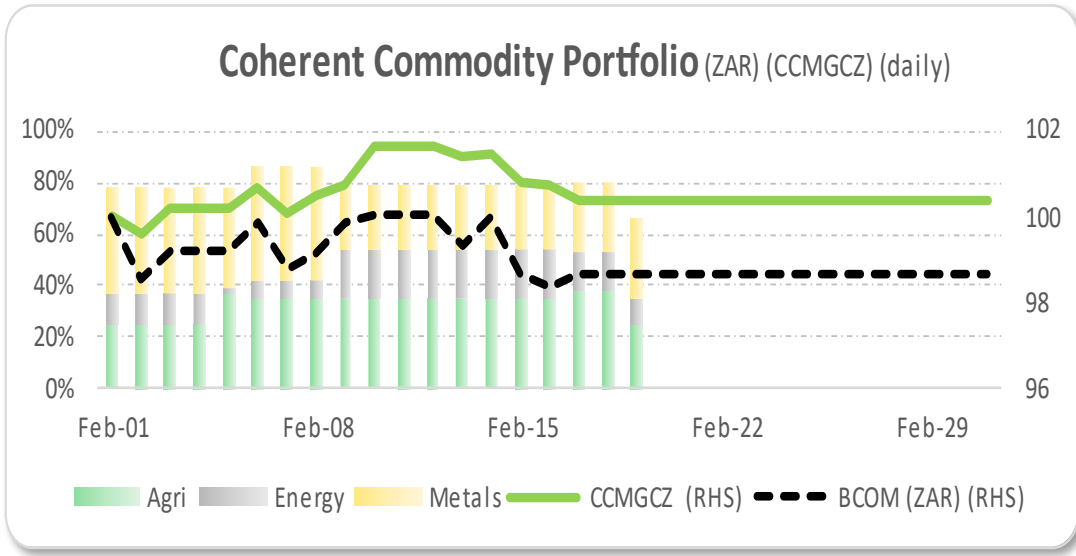
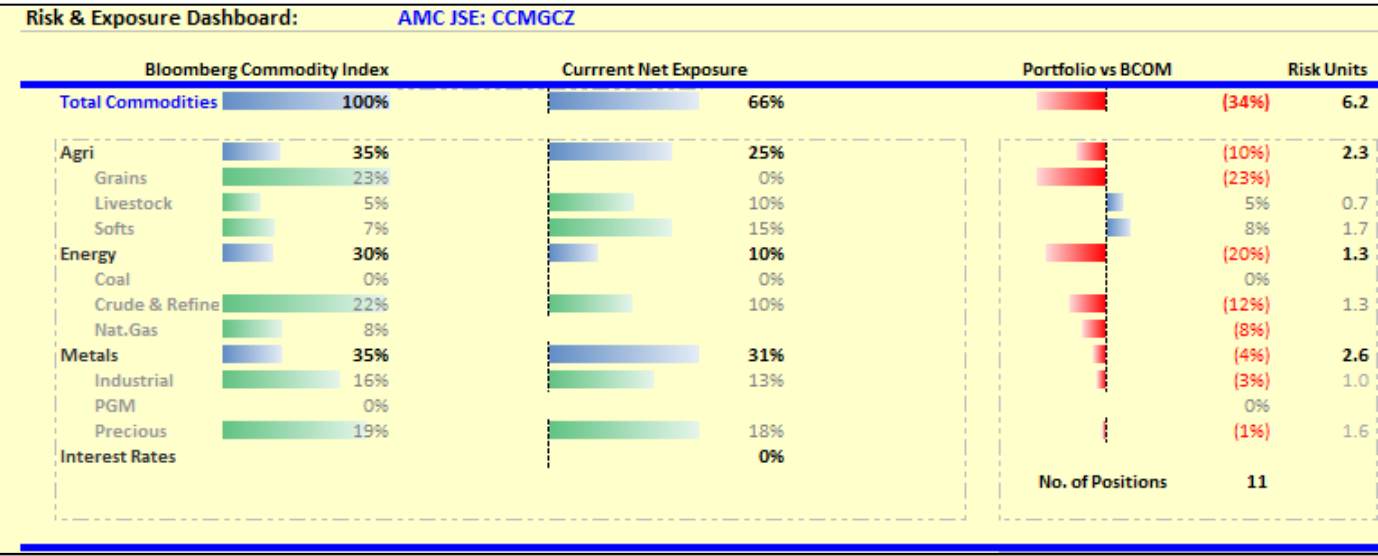
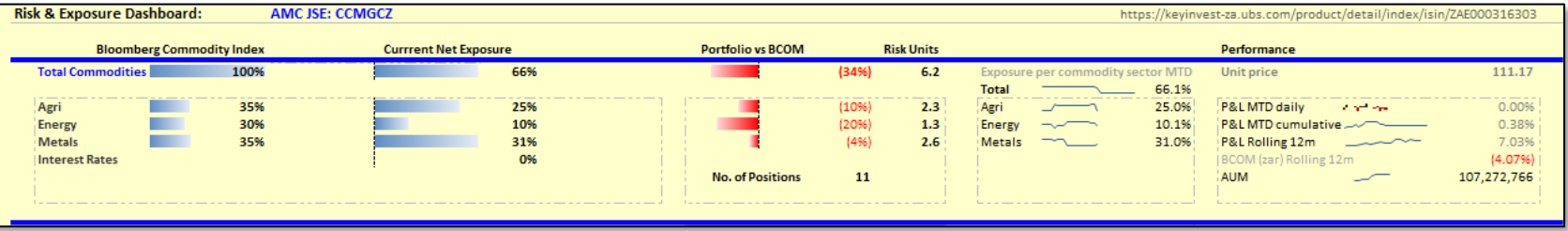
- **BitCoin** (weekly)
 - “BTC ??? It’s still marked at less than 1 \$ trillion, BTC seems strikingly petite
 - “If the status quo prevails, I’d wager it’ll be a multiple bagger from here...”

Hugh Hendry, Eclectica



Executive Overview:

- **Bonds 10yr**
 - **G7** Gilts the only G7 yields not rising
 - **BRICS** ZAR 10yr resistance holds
- **Fx**
 - **G7** JPY the weakest link
 - **BRICS** ZAR *en route* to test bearish breakout
- **Equity indices**
 - **G7** MSCI World follows on bullish break
 - **BRICS** MSCI EM still floundering mid-range
- **Property**
 - **Global** bullish attempt wilts with bonds
 - **SA** near bullish break, but not yet
- **Commodities**
 - **Agri** breaks down through significant support
 - **Energy** inventories low
 - **Metal sub-indices**
 - Ind. metals: breaking down on disappointing macro narrative
 - PGM: palladium clinging to support
 - Prec. metals: fails Yataghan



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