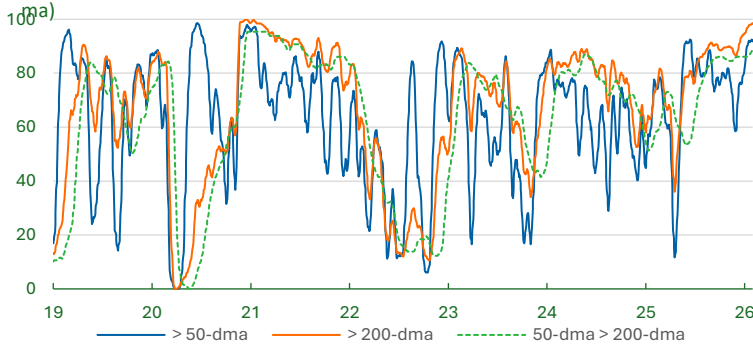


Make sure you are wearing swim trunks

Global Market Performance Indicator

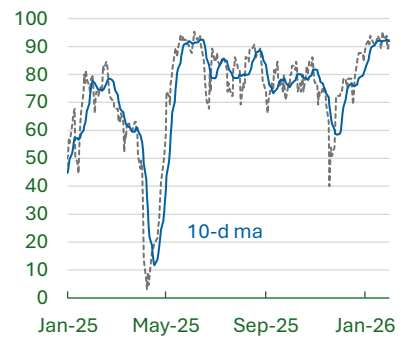
(% of 65 global indices, 10-d



Source: Investing.com, Watt Strategic Economic Advisors

GMPI

(% of 65 global indices)



Source: Investing.com

Overview

WSEA's Global Market Performance Indicator has continued to rise as market sentiment continues to point to a very bullish backdrop. Almost all markets are above their 50-dma, while the medium-term indicator shows that almost all are also above their 200-dma.

At such extremes, one starts to pay close attention to factors that could cause a reversal. That is, at extremes of optimism or pessimism, it might be wise to consider moves in the other direction. One might say, "be fearful when others are greedy, and greedy when others are fearful." Looking at you Warren Buffet. Oh, and please make sure to keep your swimming trunks on.

Looking around at global markets, there are some that are on solid, if not startling, rallies: Austria, Belgium, Sweden, Iceland, Poland, Slovenia, Romania, Hungary, Turkey (wow!), Brazil (wow!), Colombia, South Korea (wow!), Taiwan, Singapore, Egypt (wow!), and UAE.

On the other side of the pendulum, some markets have been hit hard. For example, the S&P/TSX retreated sharply at the end of the week, largely a reaction to a sharp decline in the price of gold following Trump47's announcement that Kevin Warsh will be his nominee for Fed Chair.

Warsh was a relatively conventional choice — especially so, given the individual doing the selecting. Will he make a good Fed chair? Who knows. He has some bipartisan supporters, but he also has some critics. For example, while he has been branded a "hawk," his record shows that he tilts more hawkish during Democratic administrations than Republican ones. That is not really all that surprising. A person's partisan views might be much more acute when they lack an active, direct affiliation. The important point is how they behave once confirmed and installed.

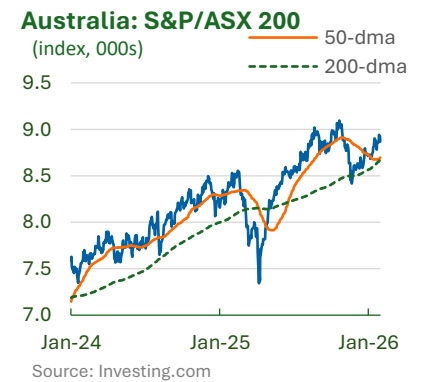
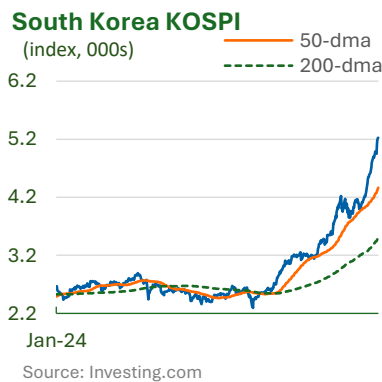
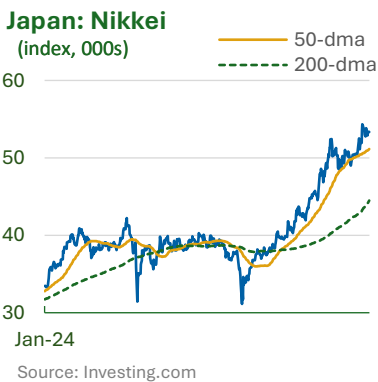
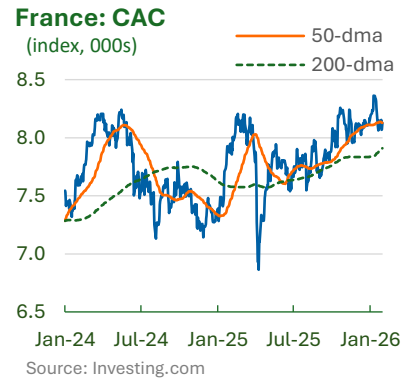
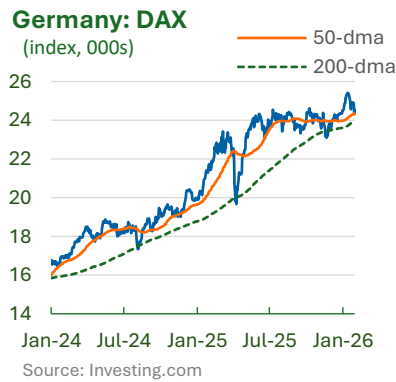
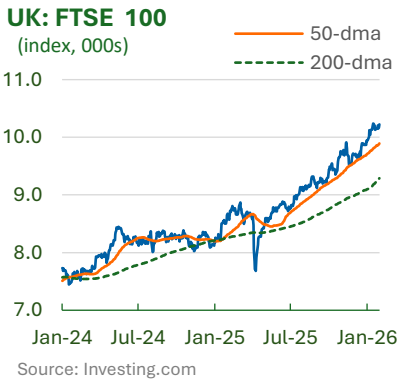
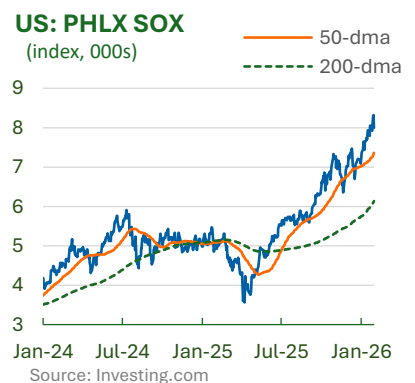
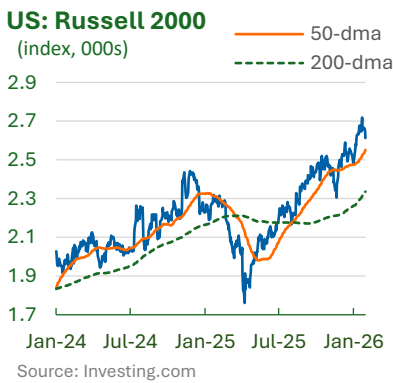
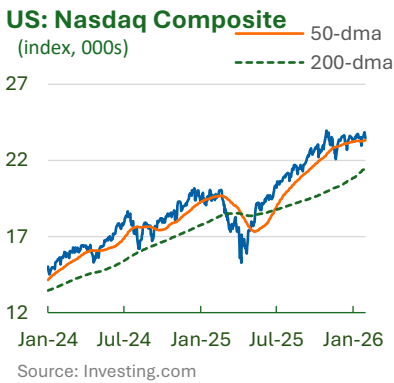
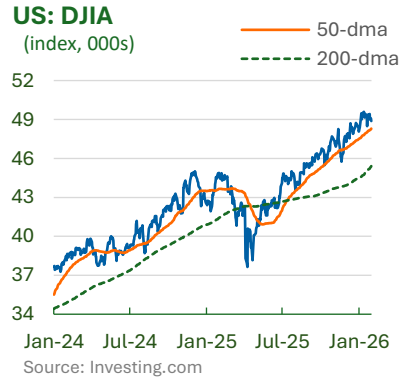
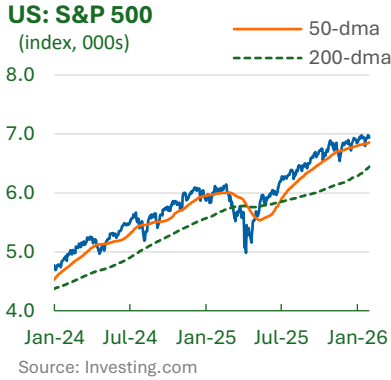
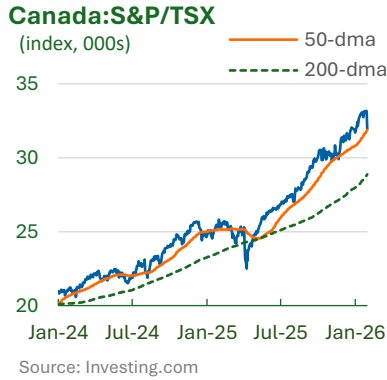
Then again, the important news regarding the nomination of Warsh is that he seems more institutionalist and likely to understand the value of the Federal Reserve as an independent body and the risks of fiscal dominance. Since Trump47 did not choose an obvious toady, some of the risk premium in safe-haven assets, particularly those that reflected risks of Fed institutional credibility, such as gold and bitcoin.

However, upon reflection, it is far from clear that Warsh will push for a radically different policy path than is currently priced in — despite the rate preferences of the US President. Hence, other markets showed only a very modest reaction.

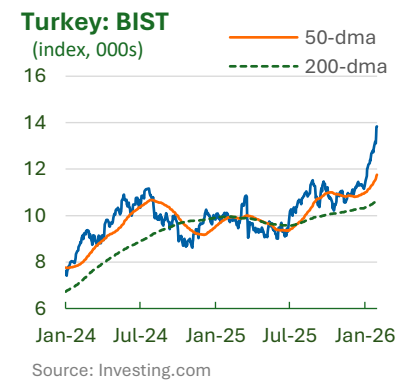
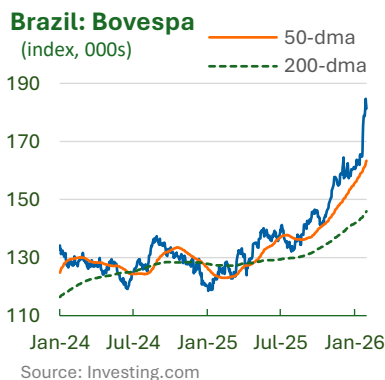
Nonetheless, given that the S&P/TSX Materials sector had been leading the TSX higher, largely in a reflection of the rally in gold, it was vulnerable to a sharp correction, which is what occurred as gold sold off sharply post-Warsh.

That said, the S&P/TSX remains above its 50-dma. So a sharp correction at a time when the market had seemed vulnerable to a correction. This might well just be a profit-taking sell-off and support will hold. We'll see, but the S&P/TSX Materials sector had been on such a heater that there was a mounting risk of a correction.

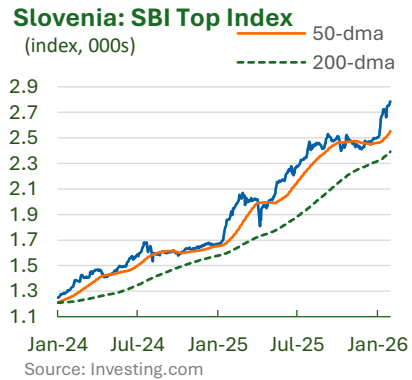
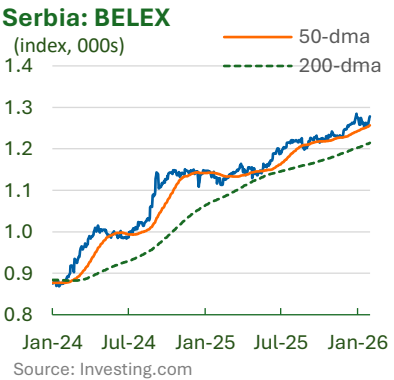
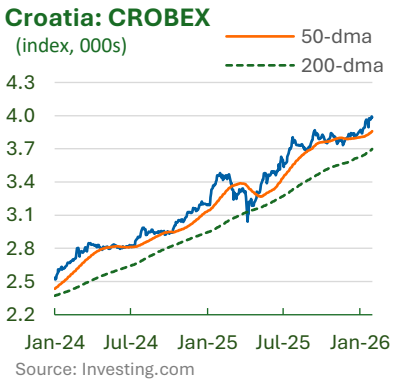
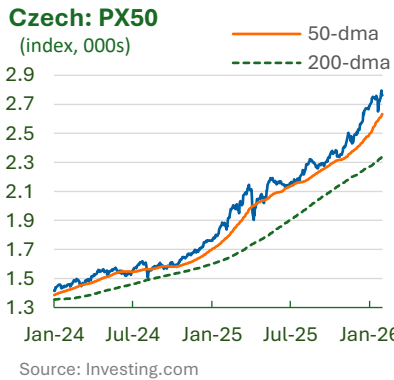
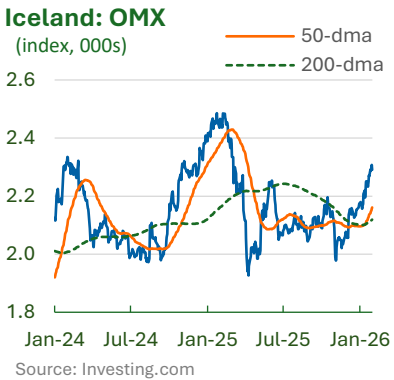
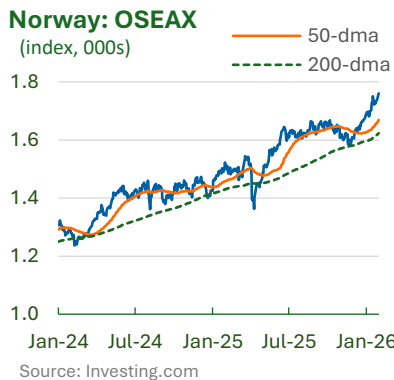
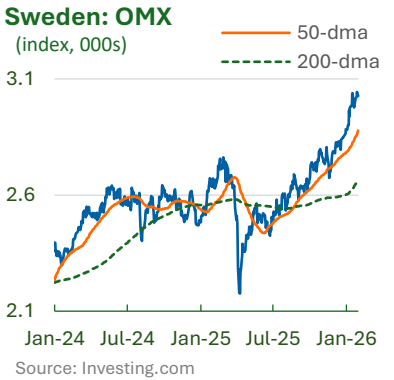
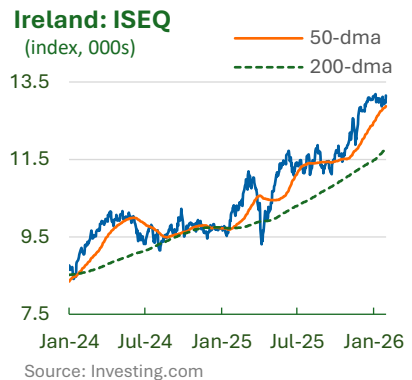
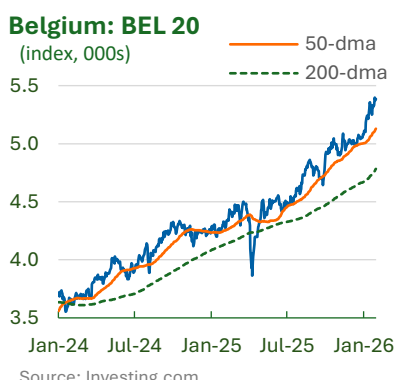
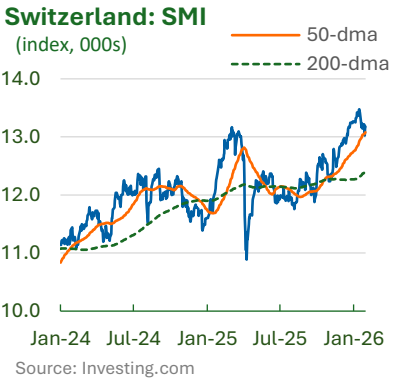
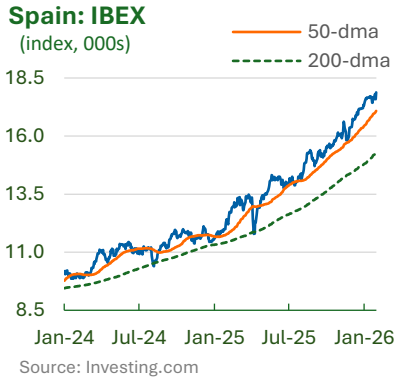
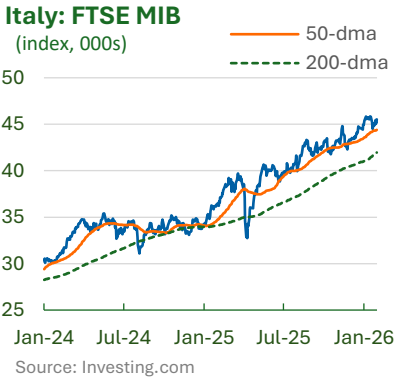
Key markets



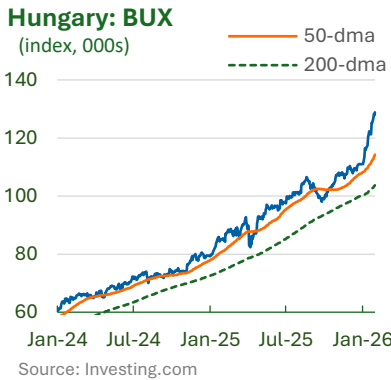
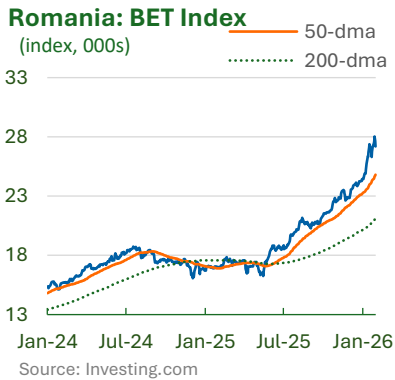
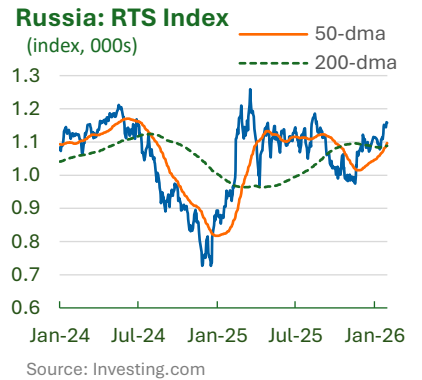
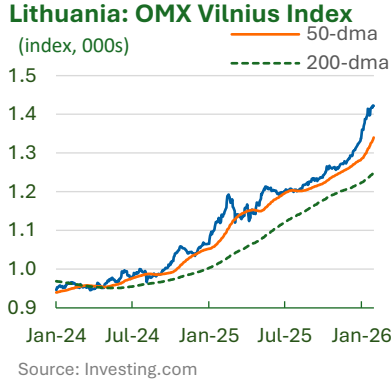
Markets in focus



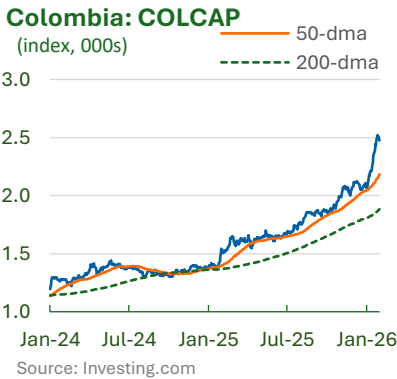
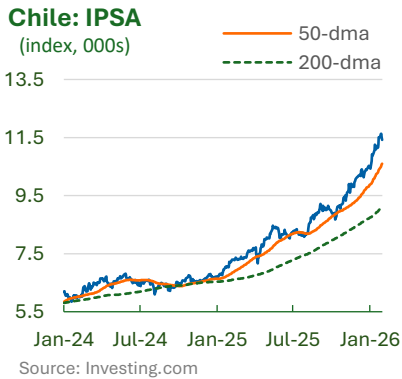
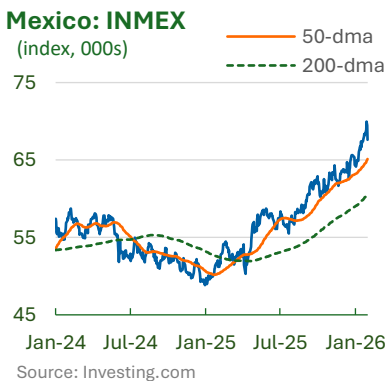
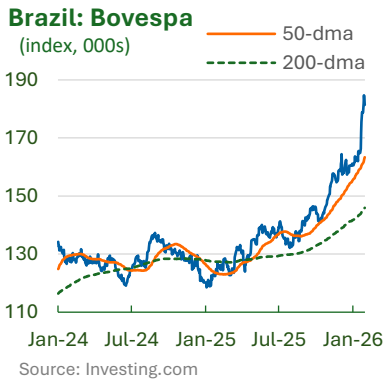
More European markets



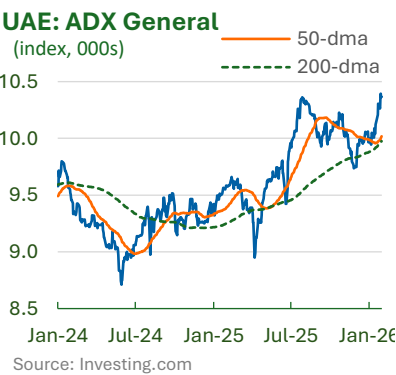
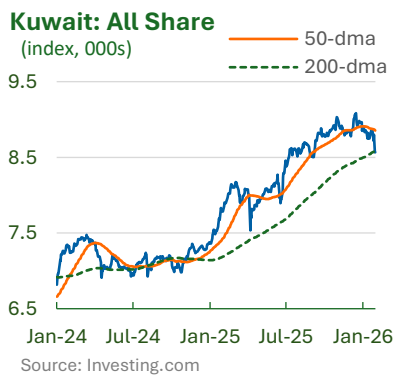
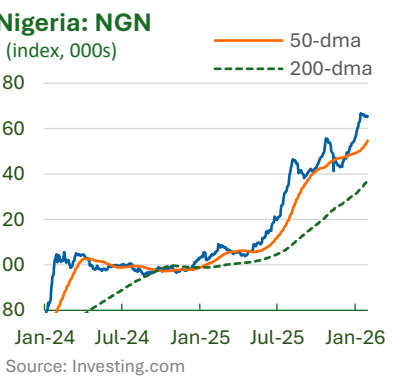
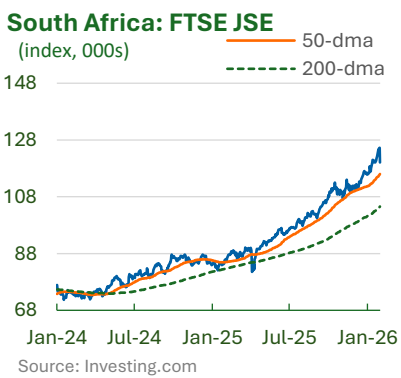
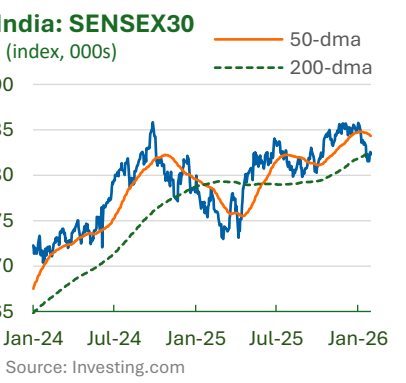
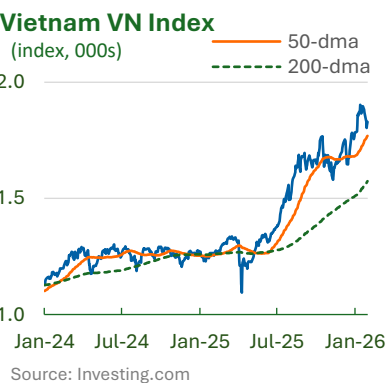
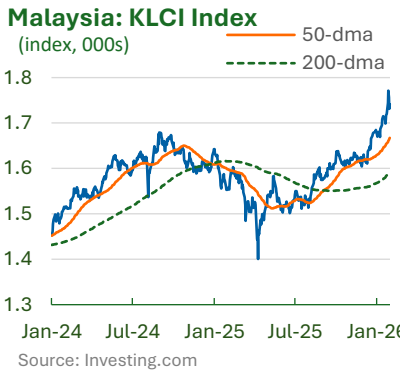
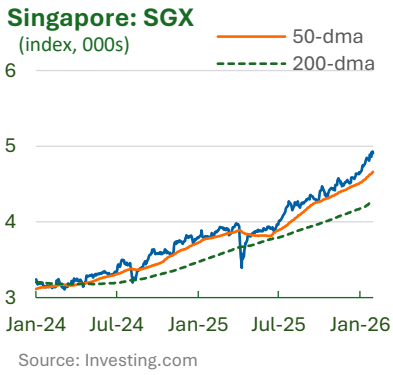
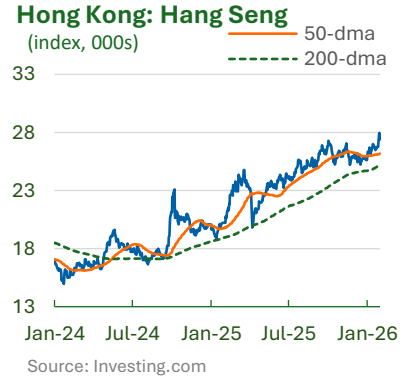
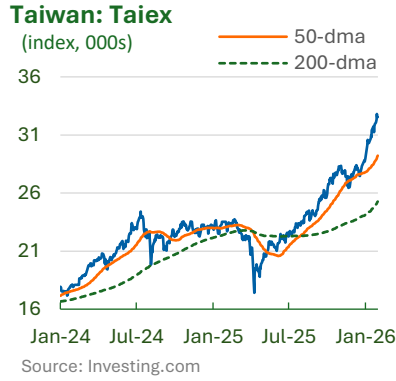
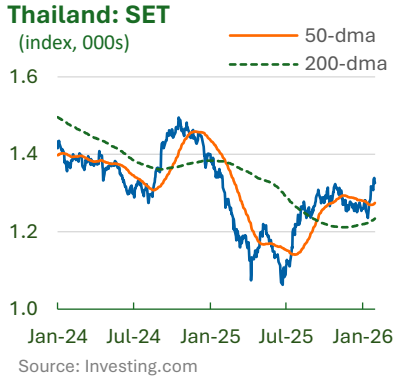
Other global markets



Latin American markets



Asia, Africa, Middle East



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