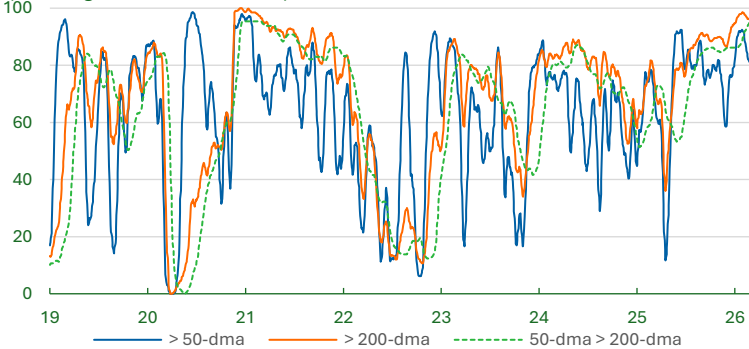


## Divergences becoming important to watch

### Global Market Performance Indicator

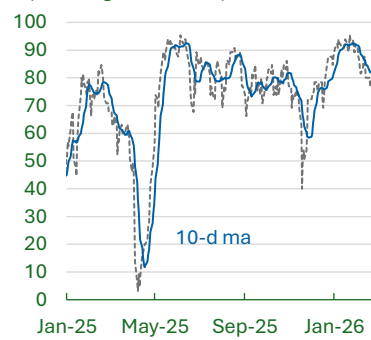
(% of 65 global indices, 10-d ma)



Source: Investing.com, Watt Strategic Economic Advisors

### GMPI

(% of 65 global indices)



Source: Investing.com, Watt Strategic

## Overview

WSEA's Global Market Performance Indicator continues to point to a bullish backdrop, but it does appear that there is a slow leak in sentiment. That is, we are seeing more markets slip below 50-dma, but there is not a mass move in that direction. If anything, for several markets, the key development is ongoing strong upward moves. It will thus be intriguing to watch the evolution of emerging caution in some markets amid strong bullishness in others.

This merely suggests the need to pay close attention. I must say that I had expected a bit more caution in this report given moves in US markets on Monday 23 February. This was the first day of trading after Trump47 re-affirmed his desire to impose tariffs by any means necessary, even if he must, again run roughshod over convention and legal texts. In addition, mounting concerns about AI that sparked down downward pressure on related stocks. However, this does not seem to have been the start of a broad selloff of US stocks.

Instead, we are observing some divergence in US stock indices. For example, the S&P500 has lost some upward momentum and has been flitting about just below its 50-dma for the past week. The NASDAQ has suffered a bit more, including a drop of 1.1% on 23 February. NASDAQ has been below its 50-dma since the start of February. More intriguing is that the NASDAQ has not continued to trend lower. That is, there has been no broad rush to move away from the tech-sensitive market.

Meantime, the Philadelphia semiconductor (SOX) index continues to rise. In fact, the SOX is on quite a roll, and its 50-dma is also going upward quickly. There is thus a solid performance divergence between SOX compared to the S&P500 and NASDAQ.

Also interesting is that the DJIA and the Russell 2000 continue to perform well. That said, both are testing their 50-dma. I'd watch this closely. If the DJIA and the Russell 2000 slip below their 50-dma on a more sustained basis, it might be a sign of more widespread caution across US markets.

### Some other interesting divergences

I'd also highlight that Canada's S&P/TSX has the wind at its back again. The index had recently tested short-term support. The question was whether that support would hold. The answer is yes, and the S&P/TSX has hit new highs. Again, there is a performance divergence between the S&P/TSX and the S&P 500. However, the S&P/TSX is not a tech hardware play. Thus, there more going on in global markets.

Looking to Europe, one intriguing divergence is that between the UK's FTSE 100 and Germany's DAX. In particular, the FTSE 100 has been posting solid gains since the start of the year, while the DAX index has been making little progress since mid-2025. Other markets across Europe are mimicking the FTSE 100. For example, Austria's ATX, Belgium's BEL 20, Sweden's OMX, Norway's OSEAX, Finland's OMX. Other markets in Europe are not doing as well, but they are still rising and largely remain above their 50-dma.

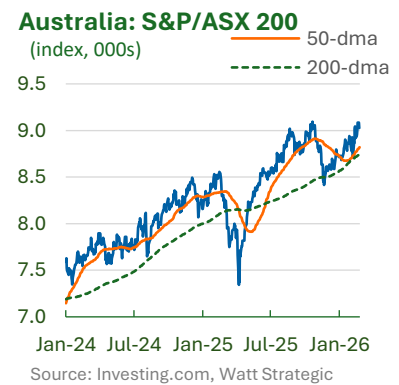
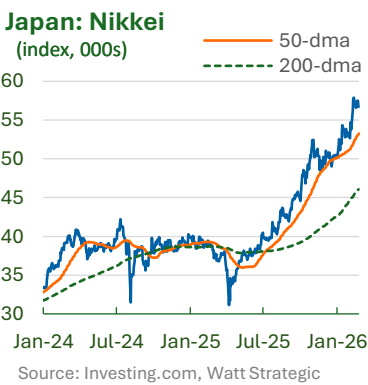
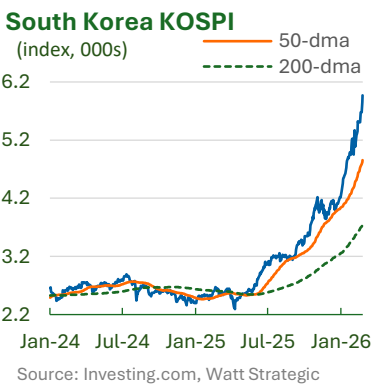
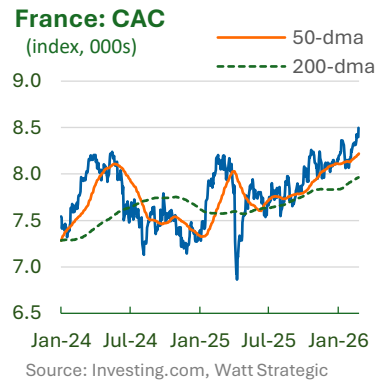
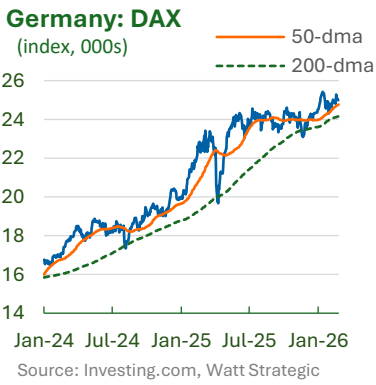
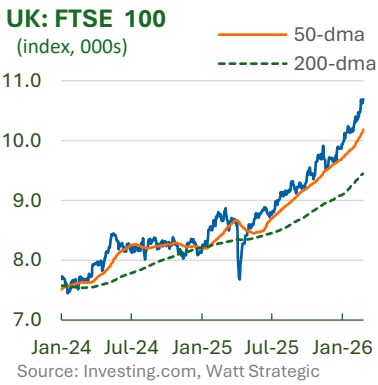
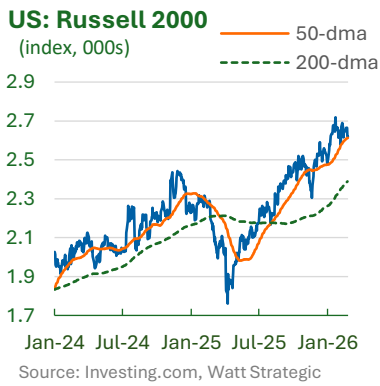
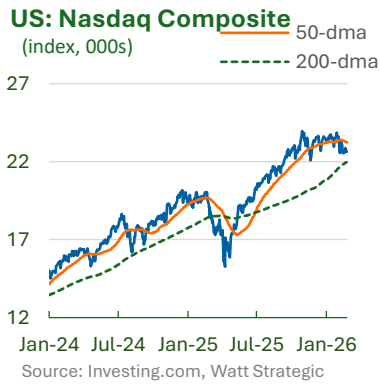
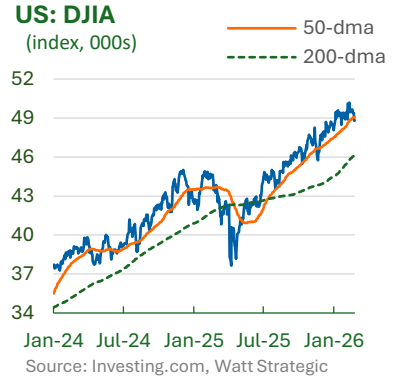
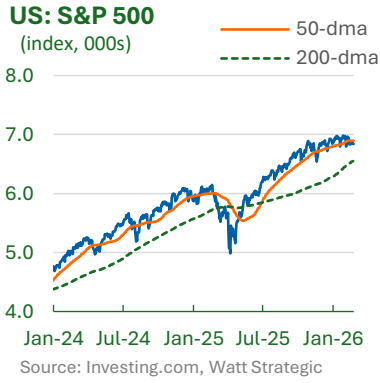
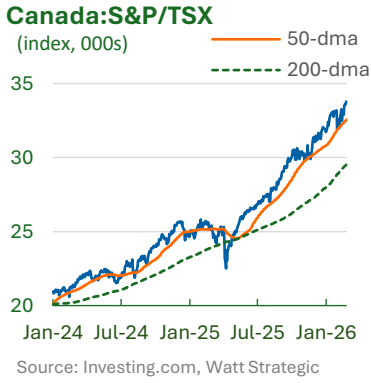
In Asia, South Korea's Kospi index continues its powerful upswing. The Kospi has some similarities with the US SOX index, so it seem that tech hardware continues to outperform even as there are more questions about AI. The loss of momentum in the AI narrative has not led to a broader level of concern about market performance.

Across Asia, there are several markets that are doing well, though they are not keeping up with the Kospi. For example, Japan's Nikkei and Thailand's SET continue to make gains. Aswell, Taiwan's Taix and Vietnam's VN index are still doing well. However, Hong Kong's Hang Seng has been struggling for momentum for some time. It continues to remain above its 50-dma, but barely.

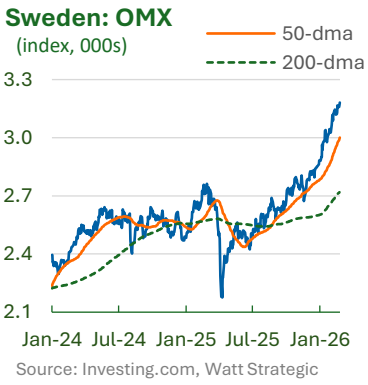
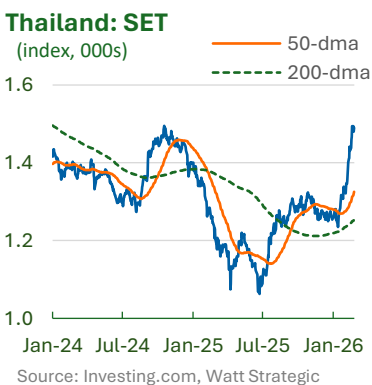
Overall, when looking at various regions there are some clear divergences. Hence, "regional" themes are informative, but one must pay attention to relative evolution of various markets within those regional themes.

While some markets continue to do well, the divergences suggest narratives are in flux. With market sentiment seeming to show a slow leak, one needs to pay close attention to the risk of profit-taking in those markets that have made strong gains and whose 50-dma is rising sharply.

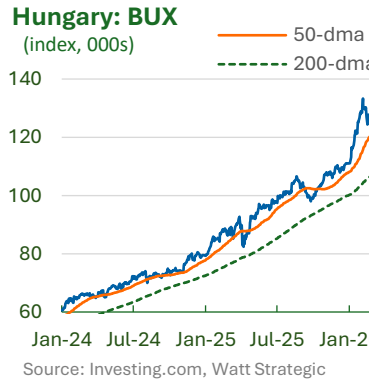
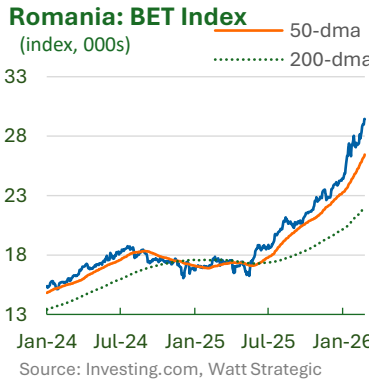
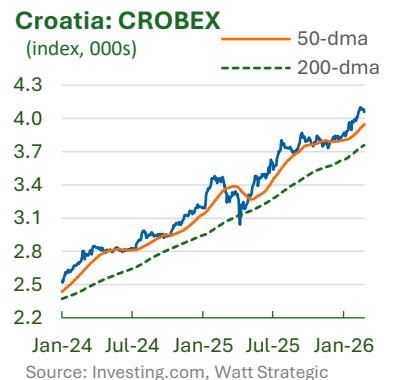
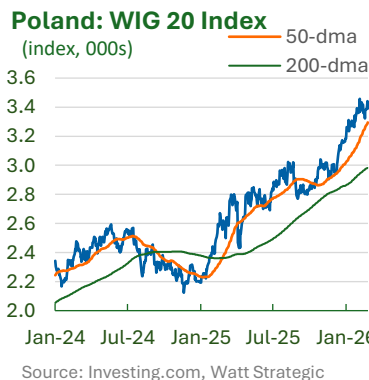
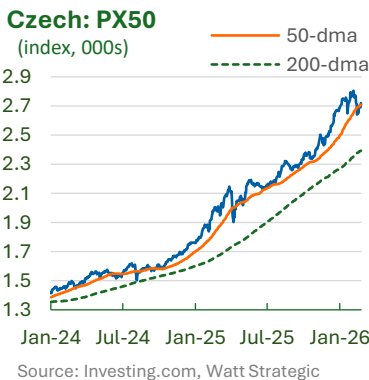
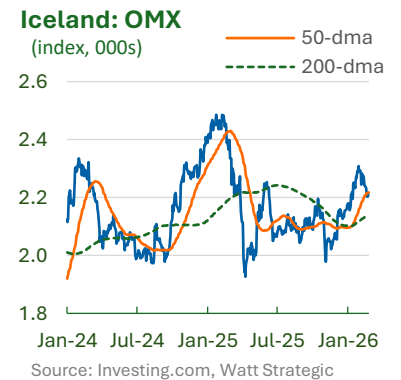
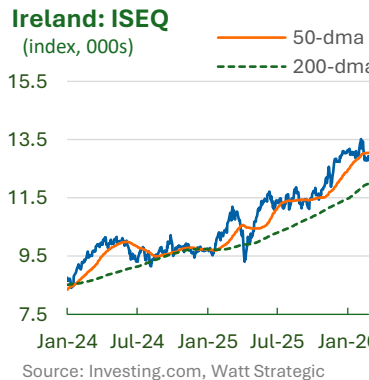
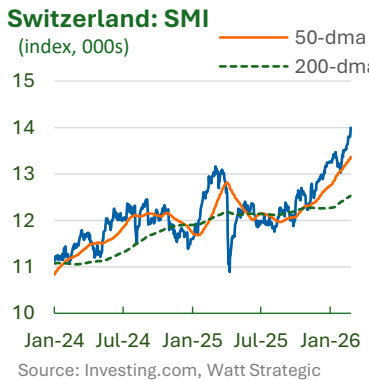
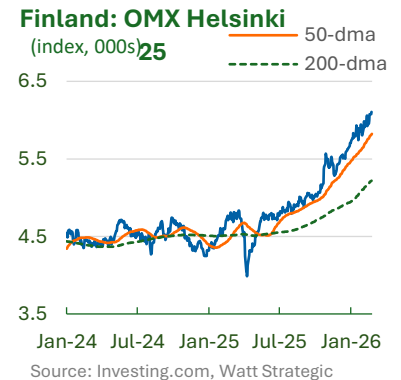
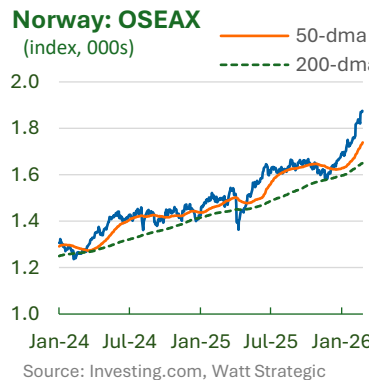
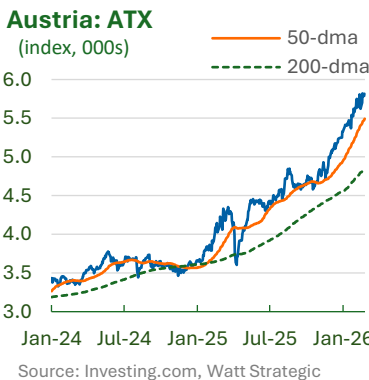
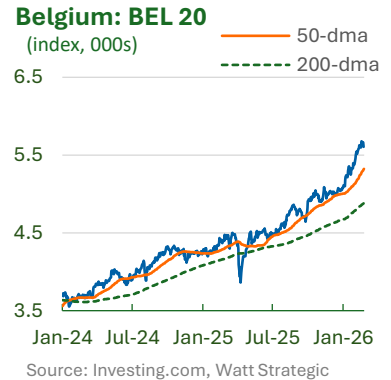
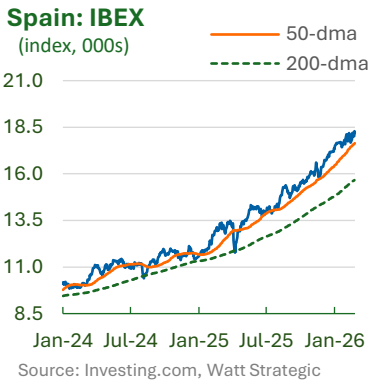
## Key markets



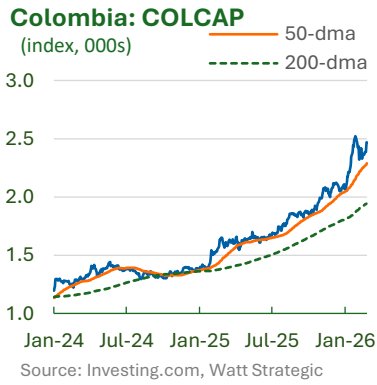
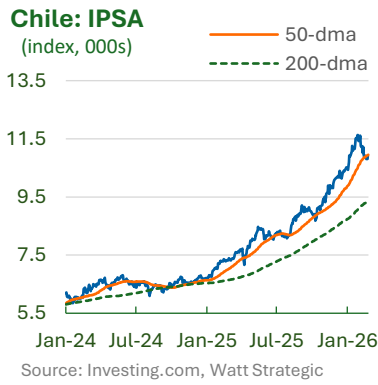
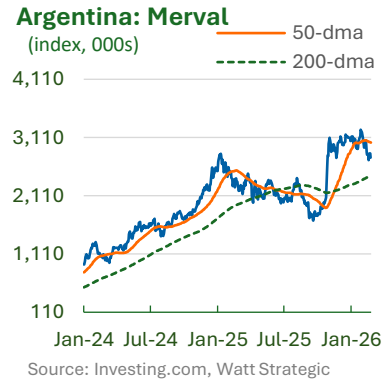
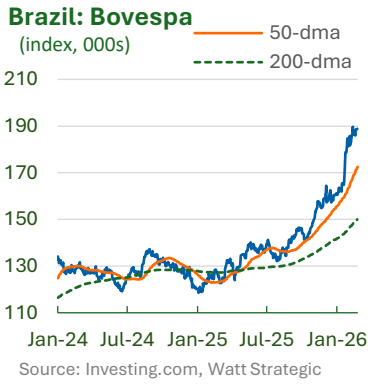
## Markets in focus



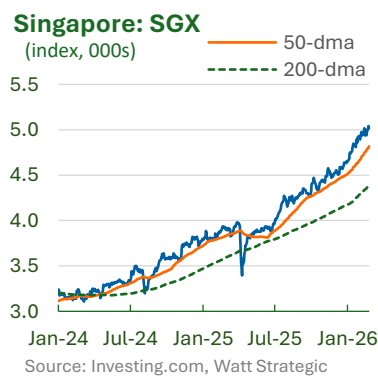
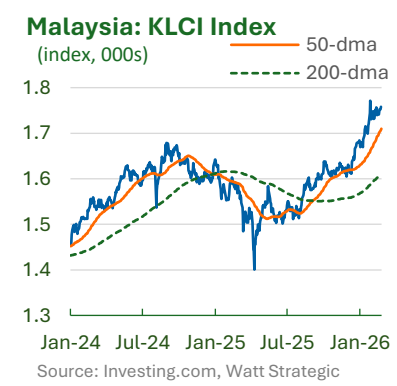
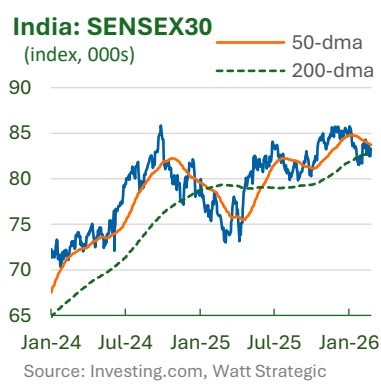
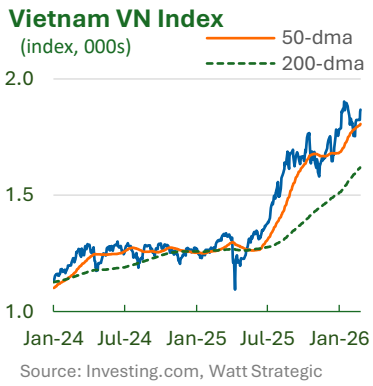
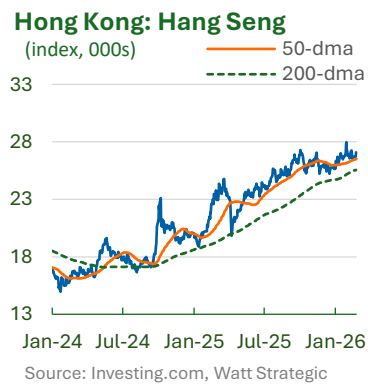
# More European markets



## Latin American markets



## Asia, Africa, Middle East



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