MOOSECALLS

Global Financial News & Analysis
OCT11.2024 through OCT20.2024

Global Markets: WEEKLY PERFORMANCE

INFLATION STAYS STICKY

Core consumer prices (ex-food and energy) came in warmer than expected this week. The sticky inflation was a worrisome development, but not enough to get investors to bet against another Fed rate cut next month. CME futures are 90% certain of a 25-basis point cut the day after the election. That helped the bet on gold (+0.2%). The notion that Fed interest rates might come down slower than originally anticipated, however, weighed on US bonds (-2.8%) and drove the 10-year yield (4.07%) 9 bps higher. The cash yield (4.52%) also rose a tick, leaving the 3m-10y yield curve inverted by -44 bps. Rising bond yields and a less inverted yield curve strengthened the Dollar (+0.6%) which in turn weighed on commodity prices (-0.2%) and on foreign equities. Latin America (-1.9%), Asia Pacific (-1.8%) and Japan (-1.2%) were down and Europe (0.0%) was flat. US stocks, however, enjoyed the inflation and stronger Dollar. US large caps (+1.2%) led small caps (+1.0%) higher. Oil continued higher (+1.5%) on middle east unrest. The US equity strategy model switched this week, but the other two did not. (See Moospeak.)

Global Ranking: AAXJ and Gold Top Rankings

Index Moose ETF Rankings through OCT11.2024

The index rankings were developed in the 1980's to determine momentum across a number of global income equity and hard assets as the backdrop for a weekly financial newsletter. Relative strength, technical analysis, and a Fed component are used to rank a global set of exchange-traded funds. **This week:** Asia-Pacific tops global momentum choices after China's massive stimulus announcement. Gold, however, remains atop the Index model since switching on 9/18/2024 via CI. A*ssets are ranked by CI, the "confidence index". It combines the relative strength (rank), and technical strength (TS). The Trend is based on the TS reading.*

rank	CI	SECURITY	TS	Trend	SL	Price	BS
1	**100%**	**Pacific ex-JAPAN stocks (AAXJ)**	**78%**	**very bullish**	**72.13**	**79.57**	**82.25**
2	82%	Gold (GLD)	72%	bullish	235.30	245.47	247.37
3	65%	US large-cap stocks (SPY)	78%	very bullish	559.90	579.58	580.33
4	38%	US small-cap stocks (IWM)	48%	slightly bullish	214.60	221.26	224.94
5	18%	US Long Treasuries (EDV)	-11%	neutral	73.94	74.31	83.97
6	17%	European stocks (IEV)	62%	bullish	56.55	57.11	59.07
7	8%	Japanese stocks (EWJ)	57%	bullish	69.14	71.05	73.24
8	8%	Cash (SHY)	30%	--	82.39	82.47	83.30
9	0%	Latin American stocks (ILF)	-42%	slightly bearish	25.28	25.56	26.44
		Ryan/CRB Indicator	99%	steady rates			
		ST Interest Rate Equity Indicator	-17%	neutral			
		Volatility Index	87%	very bearish			
		US Dollar Index	4%	neutral			
		Commodity inflation trend	39%	slightly bullish			
		Oil	22%	neutral			

Global Markets: THE WEEK'S ACTION— MIXED-Risk (3)

ASSETS	***M***	***T***	***W***	***T***	***F***	***WEEK***
US Equities	***down***	***up***	***up***	***down***	***up***	***UP***
European Equities	***down***	***down***	***up***	***down***	***up***	***FLAT***
Asian Equities	***mixed***	***mixed***	***down***	***up***	***up***	***DOWN***
US Bond Prices	***down***	***up***	***down***	***down***	***down***	***DOWN***
US Dollar	***up***	***up***	***up***	***down***	***up***	***UP***
Gold	***down***	***down***	***down***	***up***	***up***	***UP***

It was the 3rd MIXED risk week in a row. US Stocks UP, Foreign Stocks DOWN, Bonds DOWN and Gold UP.

Global Markets: WEEKLY TECHNICAL SUMMARY

#1 AAXJ Dips From Overbought Levels-- Asia-Pacific ex-Japan equities (AAXJ) are very bullish and ranked 1 globally, more attractive than cash. AAXJ fell 1.8% this week, following last week's 1.7% gain. That leaves AAXJ up 5.7% for the quarter (13 weeks), and up 24.8% for the year (52 weeks).

#2 GLD Steadies After Overbought Selling-- Gold bullion's price is bullish and ranked 2 globally, more attractive than cash. GLD rose 0.2% this week, following last week's 0.0% loss. That leaves GLD up 10.0% for the quarter (13 weeks), and up 37.3% for the year (52 weeks).

#3 SPY Resumes Its Rally-- US large-cap stocks (SPY) are very bullish and ranked 3 globally, more attractive than cash. SPY rose 1.2% this week, following last week's 0.3% gain. That leaves SPY up 3.5% for the quarter (13 weeks), but up 34.3% for the year (52 weeks).

#4 IWM Holds Bullish Support-- US small-cap stocks (IWM) are slightly bullish and ranked 4 globally, more attractive than cash. IWM rose 1.0% this week, following last week's 0.5% loss. That leaves IWM up 3.8% for the quarter (13 weeks), and up 29.9% for the year (52 weeks).

#5 Bonds Down For 4th Week As CPI Warms-- US Long-zeros 25y+ are neutral and ranked 5 globally, more attractive than cash. EDV fell 2.8% this week, following last week's 4.5% loss. That leaves long bonds down 0.7% for the quarter (13 weeks) and up 8.8% for the year (52 weeks).

#6 Europe Catches Support at 50-day-- European equities (IEV) are bullish and ranked 6 globally, more attractive than cash. IEV was flat (0.0%) this week, following last week's 2.8% loss. That leaves IEV up 0.4% for the quarter (13 weeks), and up 20.1% for the year (52 weeks).

#7 Japan Slips Lower-- Japanese stock prices (EWJ) are bullish and ranked 7 globally, more attractive than cash. EWJ fell 1.2% this week, following last week's 1.1% gain. That leaves EWJ down 0.5% for the quarter (13 weeks), and up 19.3% for the year (52 weeks).

#8 Cash and Bond Yields Rise-- The 10-year yield (4.07%) rose 9 bps higher. The cash yield (4.52%) also added a tick, leaving the 3m-10y yield curve inverted by -44 bps.

#9 ILF Fails to Hold Short-term Support-- Latin American equities (ILF) are slightly bearish and ranked 9 globally, less attractive than cash. ILF fell 1.9% this week, following last week's 0.3% loss. That leaves ILF down 3.6% for the quarter (13 weeks), and up 2.4% for the year (52 weeks).

Commodities & Oil Hold Bullish Support-- A slightly bullish CRB fell 0.2% this week after last week's 2.0% gain. That left commodity prices up 0.2% for the quarter (13 weeks), and up 2.5% for the year (52 weeks). Meanwhile, neutral oil prices (USO) rose 1.5% this week, following last week's 8.7% gain. That leaves US oil prices down 3.4% for the quarter (13 weeks), and down 1.9% for the year (52 weeks).

Dollar Breakout On Rising Bond Yields-- A neutral US Dollar rose 0.6% this week, following last week's 2.1% gain. That leaves it up 0.5% for the quarter (13 weeks), and down 3.7% in the last year (52 weeks).

Global Economy through OCT20.2024

Global Outlook: Negative

Indications are currently negative for the global economy.

An international shipping measure and proxy for current global trade**, the Baltic Dry Index fell to 1809 this week, and is lower after 13 weeks, a negative**. Meanwhile, another proxy for world activity, **WTI oil price at 75.49 rose this week, and is lower for the latest quarter, a negative.** Our proxy for global construction, **copper fell to 4.49 this week, and remains lower this quarter, a negative**. Domestically, **10Y US bond yields rose to 4.07% this week but are down over the past 13 weeks, a negative** bet on the largest world economy.

IMF WEO (APR 2024)— The baseline forecast is for the world economy to continue growing at 3.2 percent during 2024 and 2025, at the same pace as in 2023. A slight acceleration for advanced economies—where growth is expected to rise from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8 percent in 2025—will be offset by a modest slowdown in emerging market and developing economies from 4.3 percent in 2023 to 4.2 percent in both 2024 and 2025. The forecast for global growth five years from now—at 3.1 percent—is at its lowest in decades. Global inflation is forecast to decline steadily, from 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. Core inflation is generally projected to decline more gradually.

US Economy: WEEKLY DATA

JOBLESS CLAIMS UP, CONSUMER SENTIMENT DISAPPOINTS

US Economy: week of OCT11.2024

This Week: Poor to Mixed

THE GOOD: Weekly EIA Crude Oil Inventory build (+5.81M) up from +3.89M build as oil prices rise. SEP NFIB Small Business Optimism (91.5) up from August.
AUG Wholesale Inventories (+0.1%) build less than expected. AUG Trade Deficit (-$70.4B) better than expected, less than July. **THE BAD:** Initial Jobless Claims (258K) well above previous and consensus. Continuing Jobless Claims (1861K) well above previous. OCT Univ. of Michigan Consumer Sentiment – Prelim (68.9) below previous and consensus. **THE UGLY:** Nothing

US Economy: INFLATION

CPI & PPI WARM UP INFLATION WEEK

US Inflation: week of OCT11.2024

SEP PPI (+0.0%) cool. (1 yr= +1.8%)
SEP Core PPI (+0.2%) in line. (1 yr= +2.8%)
SEP CPI (+0.2%) warm. (1 yr= +2.4%)
SEP Core CPI (+0.3%) warmer than expected. (1 yr= +3.3%)
AUG Import Prices (-0.3%) down from previous. (1 yr= +0.8%)
AUG Export Prices (-0.7%) down from previous. (1 yr= -0.7%)
AUG PCE (+0.1%) cooling (1 year= +2.2%)
AUG core PCE (+0.1%) cooling (1 year= +2.7%)
Q2 GDP - Third Estimate (+3.0%) unchanged.
Q2 GDP Deflator - Third Estimate (+2.5%) unchanged.

Q2 employment cost index (+0.9%) hot, but less than previous.
Q2 Productivity-Rev. (+2.5%) beat consensus and previous.
Q2 Unit Labor Costs-Rev. (+0.4%) lagged consensus and prior.
Q2 Current Account Balance (-$266.8B) deficit worse than feared.

US Economy: RECESSION & GDP INDICATORS

NY FED: RECESSION THREAT REMAINS

US recession chances one year out: 57.06% (SEP 2025) per NY Fed. (Recession expected if chance > 30%.) The Fed model has been calling for a recession a year out since November 2022. In MAY 2023 the probability of recession was the highest (70%) in 40 years. It has faded in the face of massive Federal deficit spending since, leaving the model's recession overdue since November 2023.

ATLANTA FED: Q3 Growth At Trend

Atlanta Fed Current GDP Model (10/09/2024): Q3 Annualized 3.2% (Last week: Q3 Est 2.5%)

Economy: FEDERAL RESERVE

FED BALANCE SHEET ($7.05T); FFR @ (4.75-5.00%)

Federal Reserve: week of OCT11.2024

After over-tightening, in Q1 2020 the Fed took its fed funds rate to zero with two Covid emergency rate cuts, where it remained until March 2022. Simultaneously, the Fed doubled its balance sheet to $9 trillion in monetary stimulus (QE), exceeding measures taken during the global financial crisis in 2008, including commercial paper funding as well as unlimited purchases of treasuries, mortgages, municipals, and junk bonds.

The Fed plan was to roll 95 billion per month in maturing bonds off its 8.965T balance sheet beginning 6/1/22. It had succeeded in reducing it to 8.34T by mid-March 2023, when the bank crisis required an expansion (back to 8.73T).

Currently, the Fed's balance sheet is 7.05T, UNCH (-0.00T) in the latest weekly report (OCT09). The Fed Funds Rate was dropped 50 bps to 4.75-5.00% at the September FOMC meeting. Fed futures make a quarter percent cut November 7 a virtual lock (88%) per CME futures. The Fed continues quantitative tightening but at a slower rate than in June.

The Fed Check at 99% suggests Fed neutrality is warranted, with commodity prices slightly bullish and T-bond prices neutral. The possibility of Fed over-tightening, however, continues to induce recession fears, as **the 3m-10y yield curve remains inverted -44 bps this week**. Intermediate term, the curve has been inverted since November 2022 (23 months). The median yield is still falling, leaving our **interest rate signal for stocks neutral**.

3-month LIBOR yield: @ 4.85% is down this week, while the 3-month T-bill @ 4.52% is up. That puts the LIBOR/T-Bill (TED) spread at 34 basis points, below its 200-day (37 bps). **A narrowing TED spread signals a safer, more confident financial system.**

FED POSTURE THIS WEEK: DOVISH (+1) LW: +1
Rate Posture DOVISH (+1), Balance Sheet HAWKISH, (-1), Fed Speak DOVISH (+1), Fed Check NEUTRAL (0)

Latest FOMC Assessment (2024.9.19) Recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have slowed, and the unemployment rate has moved up but remains low. Inflation has made further progress toward the Committee's 2 percent objective but remains somewhat elevated. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee has gained greater confidence that inflation is moving sustainably toward 2 percent, and judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate. In light of the progress on inflation and the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/2 percentage point to 4-3/4 to 5 percent. In considering additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective. In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments. **(Next FOMC meeting: 2024.11.7)**

US Currency Market:
Dollar Breakout On Rising Bond Yields

US Dollar: The US Dollar rose 0.6% this week, following last week's 2.1% gain. It is currently neutral—up 0.5% for the quarter (13 weeks) but down 3.7% in the last year (52 weeks). At 29, UUP is above its short-term (50-day) average at 28, and above its intermediate-term (200-day) average at 28. Momentum in the greenback is positive and improving, but RSI14 @59 is neither overbought nor oversold. A Dollar strengthened this week, enhancing US assets over foreign assets, commodities, and gold. Longer term, the bullish Dollar favors US investments over foreign assets and commodities, while reducing US trade competitiveness.

The Dollar rallied for a third week as bond yields continued to rise on inflation concerns. Warmer than expected consumer prices, solid jobs, and a 3-month continuing resolution adding another half trillion to the deficit all added to the concerns. There has been a sense that no recession nor resurgence in inflation was likely to be reported anywhere in the US press before the November election. The "soft-landing" narrative is going full bore and supports the Dollar. That and a more gradual approach to the Fed cutting rates has ameliorated last summer's negative momentum in UUP. As for other major currencies vs the Dollar, the Euro is slightly bullish, and down 0.4% this week. The Yen is slightly bullish, and down 0.3%. The Pound is very bullish, and down 0.4%. The Canadian $ is neutral, and down 1.3%. The Australian $ is very bullish, and down 0.6%.

The **Dollar: longer view— 2023:** The Dollar rallied on rising Fed interest rates. **2022:** The Dollar continued to rally into October (UUP @30.50) as the Fed has promised then began to tighten. From there it fell to a 7-month low to end the year (@26) as the tightening increased recession fears. **2021:** The Dollar bottomed (UUP @24.22) in May, then rallied as the US economy reopened and the Fed began promising it would tighten in the face of growing inflation.

Carry-trade This Week

Non-Dollar investors seeking to maximize profits using the Moose should incorporate a "carry-trade" currency strategy into the decision, making it a two-step process. First, decide if it makes sense to switch to US Dollars, then use the Moose to identify the best ETF in which to put those Dollars. (Generally, if one's currency is weakening (bearish) against the Dollar, non-Dollar investors in the Moose will outperform. If a currency is bullish vs. the Dollar, the Dollar investment will underperform. If the Dollar is weakening, Dollar investors in the Moose might consider currency-hedged foreign equity ETFs instead of the Dollar denominated funds we track. A strengthening Dollar, however, suggests they be avoided.

	TS	Trend	Non-Dollar investors in $ Moose	US $ investors in Foreign Assets
Euro	39%	slightly bullish	Euro investors underperform	US$ investors outperform in Euros
Yen	48%	slightly bullish	Yen investors underperform	US$ investors outperform in Yen
Australian $	83%	very bullish	Aussie $ investors underperform	US$ Investors outperform in A$
British Pound	78%	very bullish	Sterling investors underperform	US$ investors outperform in Pound
Canadian $	0%	neutral	Canadian $ investors match	US$ investors match in C$

US Bond Market:
#5 Bonds Down For 4th Week As CPI Warms

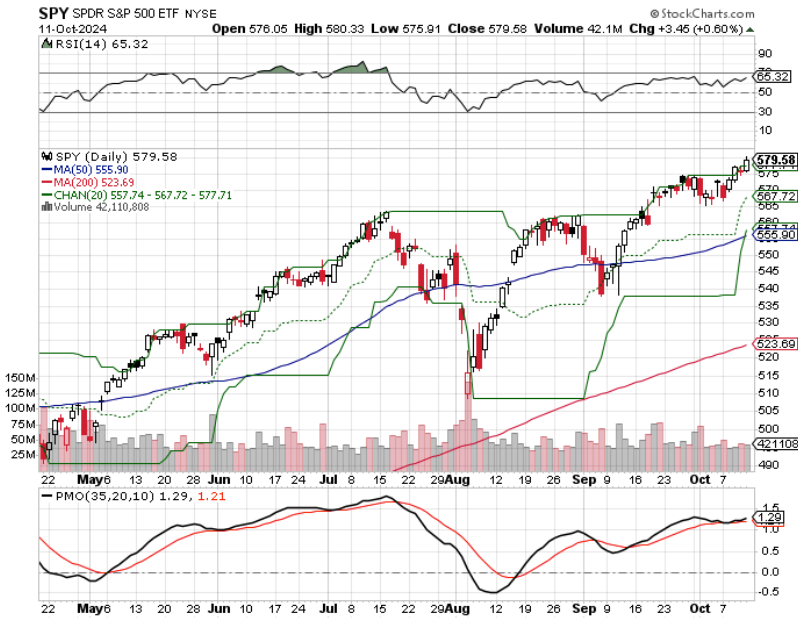
US Long Treasury Bonds: EDV fell 2.8% this week, following last week's 4.5% loss, leaving it ranked #5 globally and more attractive than cash. Long bonds are down 0.7% for the quarter (13 weeks) and up 8.8% for the year (52 weeks) as yields have risen. The US Treasury 10-year yield finished the week 9 ticks higher at 4.07%, and the 3-month yield was higher at 4.52%, leaving the yield curve inverted at -44 basis points. That extends the odds of a recession in late 2024-early 2025. Technically, US long bonds are neutral, and at 74, EDV is below its short-term (50-day) average at 79, and below its intermediate-term (200-day) average at 75. Momentum (PMO) is negative and deteriorating, and its 14-day RSI of 28 means EDV is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing return for dollar investors in US bonds. Longer term, the bullish Dollar spurs investment in US assets, while reducing US trade competitiveness.

Bonds dropped and yields rose for a fourth week on inflation concerns. Warmer than expected consumer prices, solid jobs, and a 3-month continuing resolution adding another half trillion to the deficit all added to the inflation concerns. There is a sense that no recession or resurgence in inflation is likely to be reported anywhere in the US press before the November election. With the "soft-landing" narrative now going full bore, bond prices are falling despite an inverted yield curve and negative leading indicators. With no recession on the radar, bonds are not likely to take-off and should continue struggle. The primary negative for bonds, after all has been $2T in annual Federal deficits that continues to increase inflation pressures and boost growth. The House and Senate just agreed to continue that profligacy for 3 more months in order to a avoid having to vote on it before the election.

US Long Treasury Bonds: longer view— 2022: Bonds continued lower (and yields higher) after the Fed has promised to tighten. **2021:** Yields kept rising and bond prices falling into March (EDV @125) due to the vaccine rollout; improving economic data; stimulus checks, and supply constraints due to an end to lockdowns. Then, the Delta variant initiated a second Covid wave and bonds rallied. Massive tax hikes proposed by the Biden administration added gasoline to the fire until passage failed in November (EDV @145).

2023 ETF Breakdown: EDV-- A market value-weighted index of high-duration, zero-coupon 25-year US Treasury securities. **Countries:** US (100%). **Top Sectors:** Government (93%), Cash (4%), ETFs (2%), Energy minerals (1%).

US Equity Market:
#3 SPY Resumes Its Rally



US Large-Cap Stocks: SPY rose 1.2% this week, following last week's 0.3% gain, leaving it ranked #3 globally and more attractive than cash. The index is up 3.5% for the quarter (13 weeks), but up 34.3% for the year (52 weeks). Technically, US large caps are very bullish, and at 580, SPY is above its short-term (50-day) average at 564, and above its intermediate-term (200-day) average at 530. Its momentum (PMO) is positive and improving, and its 14-day RSI of 65 means SPY is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing return for dollar investors in US stocks. Longer term, the bullish Dollar spurs investment in US assets, while reducing US trade competitiveness.

US large-caps rose for a fourth week in five as bonds retreated on growth and inflation fears spurred by a 50 bps Fed rate cut that is looking like it may have been a touch much. Warmer than expected consumer prices, solid jobs, and a 3-month continuing resolution adding another half trillion to the deficit have all added to the enthusiasm for equities. There is a sense that no recession or resurgence in inflation is likely to be reported anywhere in the US press before the November election. With the "soft-landing" narrative now going full bore, stock prices are firm despite an inverted yield curve and negative leading indicators. With no recession on the radar, stocks are likely to remain strong. The primary positive for stocks, after all has been $2T in annual Federal deficits that continue to boost growth. The House and Senate just agreed to continue that profligacy for 3 more months in order to a avoid having to vote on it before the election.

US Large Cap Stocks: longer view— 2022: SPY remained weak on Fed uncertainty and after rate hikes began in earnest mid-year closed the year down 18%. **2021:** SPY continued to rally on Trump and Biden fiscal stimulus; the vaccine rollout; an end to state lockdowns; and the Fed's repeated insistence that inflation wouldn't require rate hikes until 2023. That tune changed in December and stocks weakened.

2023 ETF Breakdown: SPY-- A cap-weighted index fund. **Countries:** US (100%). **Top Sectors:** Technology Services (20%), Electronic Technology (18%), Finance (12%), Health Technology (10%), Retail trade (7%), Consumer non-durables (5%), Energy Minerals (4%), Producer manufacturing (4%), Industrial Services (4%), Consumer services (3%), Commercial services (3%).

US Equity Market:
#4 IWM Holds Bullish Support

US Small-Cap Stocks: IWM rose 1.0% this week, following last week's 0.5% loss, leaving it ranked #4 globally and more attractive than cash. The index is up 3.8% for the quarter (13 weeks), and up 29.9% for the year (52 weeks). Technically, US small caps are slightly bullish, and at 221, IWM is above its short-term (50-day) average at 217, and above its intermediate-term (200-day) average at 207. Its momentum (PMO) is positive and neutral, and its 14-day RSI of 58 means IWM is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, enhancing return for dollar investors in US assets. Longer term, the bullish Dollar spurs investment in US assets, while reducing US trade competitiveness.

US small-caps are lagging large and have faded since Fed Chair Powell took a November 50-bps rate cut off the table. Even so, warmer than expected consumer prices, solid jobs, and a 3-month continuing resolution adding another half trillion to the deficit have all added to the general enthusiasm for equities. There is a sense that no recession or resurgence in inflation is likely to be reported anywhere in the US press before the November election. With the “soft-landing” narrative now going full bore, stock prices are firmly above trend despite an inverted yield curve and negative leading indicators. With no recession on the radar, stocks are likely to remain strong. The primary positive for stocks, after all has been $2T in annual Federal deficits that continue to boost growth. The House and Senate just agreed to continue that profligacy for 3 more months in order to a avoid having to vote on it before the election.

US Small Cap Stocks: longer view-- 2022: IWM remained weak on Fed uncertainty and after rate hikes began in earnest mid-year closed the year down 18%. **2021:** IWM began higher on Fed ease and fiscal stimulus, peaking in June. It flattened out on Covid mandates and the threat of higher taxes and then dipped in December when Fed tightening fears arose.

2023 ETF Breakdown: IWM-- A cap-weighted index fund. **Countries:** US (99%). **Top Sectors:** Finance (22%), Health Technology (12%), Technology Services (12%), Producer manufacturing (8%), Electronic Technology (7%), Industrial Services (4%), Energy Minerals (4%), Commercial services (4%), Consumer services (3%), Process industries (3%).

US Equity Market: Top Sectors

Miners, Utilities, REITs, Telcom, Finance (2), Defense, Tech (3),

US Stock Sectors: through OCT20.2024

The table below ranks our 25 primary US sector ETFs in order of relative strength at the close of the latest week. Momentum investors may consider those ranked higher than cash bullish (**buy** or **hold**), and those ranked below cash bearish (**sell or avoid**). Value investors may feel the opposite.

This week breadth broadened-- 85% of our sectors are now buy or hold (L82%). BUYS are now 48% (L41%). HOLDS are now 37% (L41%). AVOIDS are now 15% (L18%). That is less bearish than last week. "Buys" include Gold Mines, Utilities, Telecom, Finance (3), Defense, Builders, REITs, Tech (3), Staples. Avoids: Food & Bev, Transports, Energy (2).

TICKER	CI	NAME	SECTOR	TS	Manual Sort
XLU	22%	Utilities (XLU)	Utilities	89%	very bullish
RING	21%	Gold Miners (RING)	Materials	83%	very bullish
IYZ	21%	Telecommunications (IYZ)	Telecom	99%	very bullish
KBE	18%	KB Banks (KBE)	Financial	75%	very bullish
KCE	18%	Capital Markets (KCE)	Financial	93%	very bullish
ITA	18%	US Aerospace & Defense (ITA)	Industrial-Tech	97%	very bullish
KIE	16%	KBW Insurance (KIE)	Financial	90%	very bullish
IYW	15%	US Technology (IYW)	Tech	91%	very bullish
ITB	15%	Home Construction (ITB)	Home Builders	82%	very bullish
SMH	14%	Semiconductors (SMH)	Tech	76%	very bullish
VNQ	13%	REITs (VNQ)	Real Estate	72%	bullish
GGME	13%	Media Portfolio (GGME)	Consumer	83%	very bullish
BLOK	13%	Bitcoin (BLOK)	Tech	82%	very bullish
SPY	**12%**	**S&P 500**	**BENCHMARK**	**93%**	**very bullish**
XLP	10%	Consumer Staples (XLP)	Consumer	89%	very bullish
IGV	10%	US GSTI Software Index (IGV)	Tech	92%	very bullish
IYJ	9%	Industrials (IYJ)	Industrial	98%	very bullish
IBB	9%	Biotechnology (IBB)	Health-Tech	52%	bullish
IHE	9%	US Pharmaceuticals (IHE)	Health	74%	bullish
IHF	8%	US Health Care Providers (IHF)	Health	59%	bullish
FDN	5%	DJ Internet Index (FDN)	Tech	95%	very bullish
XLB	4%	Select Materials (XLB)	Materials	89%	very bullish
XRT	3%	Retail (XRT)	Consumer	41%	slightly bullish
IHI	3%	US Medical Devices (IHI)	Health-Tech	77%	very bullish
SHY	**2%**	**CASH**	**BASELINE**	**64%**	**bullish**
IYT	1%	Transports (IYT)	Transportation	67%	bullish
PBJ	-2%	Food & Beverage (PBJ)	Consumer	83%	very bullish
IEZ	-11%	US Oil Equipment & Services (IEZ)	Energy	-53%	bearish
XOP	-13%	Oil & Gas Exploration & Production (XOP)	Energy	-42%	slightly bearish

INTERNATIONAL MARKETS:
#2 GLD Steadies After Overbought Selling

Gold Bullion: Gold bullion's price rose 0.2% this week, following last week's 0.0% loss, leaving it ranked 2 globally and more attractive than cash. Most recently, GLD is up 10.0% for the quarter (13 weeks), but up 37.3% for the year (52 weeks). Technically, Gold bullion (GLD) is currently bullish and at 245, above its short-term (50-day) average at 237, and above its intermediate-term (200-day) average at 215. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 62 means GLD is neither overbought nor oversold. As for currency effects, the US Dollar strengthened this week, dampening the return for dollar investors in gold bullion. Longer term, a bullish Dollar dampens the return to Dollar investors in gold.

Two weeks ago, GLD slipped from its latest high (247.37) when Fed Chair Powell took a November 50-bps rate cut off the table. A stronger Dollar and rising bond yields have been a drag on the metal. GLD continued lower this week until hotter than expected US consumer and producer prices gave it new life Thursday and Friday. The war in the Middle East also continues to boost "Safe haven" interest in gold. With no recession on the radar, gold is likely to remain strong but it needs rate cuts to thrive. The primary impetus for inflation, after all has been $2T in annual Federal deficits. The House and Senate just agreed to continue that profligacy for 3 more months in order to a avoid having to take a stand before the election. Add to that firm central bank demand and renewed Chinese consumption of gold and bullion's future looks bright at least through the election.

Gold Bullion: longer view— 2022: GLD opened @169 but faded as Fed promises to tighten turned real, closing the year @168. **2021:** A stagflationary fiscal policy as the US economy reopened and rising interest rates as the Fed began promising it would tighten in the face of growing inflation weakened GLD 6% by yearend.

INTERNATIONAL MARKETS:
Commodities & Oil Hold Bullish Support

Commodities: A slightly bullish CRB fell 0.2% this week after last week's 2.0% gain. That left commodity prices up 0.2% for the quarter (13 weeks), and up 2.5% for the year (52 weeks). At 291, the CRB is above its short-term (50-day) average at 280, and above its intermediate-term (200-day) average at 283. Its momentum (PMO) is positive and improving, and its 14-day RSI of 61 means the CRB is neither overbought nor oversold.

Crude Oil: Meanwhile, oil prices (USO) rose 1.5% this week, following last week's 8.7% gain, and are currently neutral. That leaves US oil prices down 3.4% for the quarter (13 weeks), and down 1.9% for the year (52 weeks). At 77, USO is above its short-term (50-day) average at 74, and above its intermediate-term (200-day) average at 75.
The Dollar strengthened this week, dampening the return for investors in hard assets. Longer term, the bullish Dollar is dampening the return for investors in commodities and oil.

After hitting a new eight-month low, amid signs that a year and a half of higher global interest rates were finally taking a toll on demand, commodities and oil have bounced back more than 14% in five weeks. This week the CRB wavered ahead of the week's inflation data but got a bounce when the CPI came in hotter than expected. A stronger Dollar and higher bond yields have posed a drag on commodities. Oil prices however, maintained their upward trend as war in the Middle East continued. The violence has boosted the price of oil over 10% in two weeks.

Commodities: longer view— 2022: The rally in the CRB continued until mid-year thanks to Fed easing and Covid re-openings. It peaked and reversed when Fed tightening began in June but still finished the year up 19%. **2021**: A new US President immediately curtailed US energy production. That and more easy money in the US and abroad boosted commodities 39%. Oil prices rose 73% setting off inflation alarms.

INTERNATIONAL EQUITIES:
#6 Europe Catches Support at 50-day

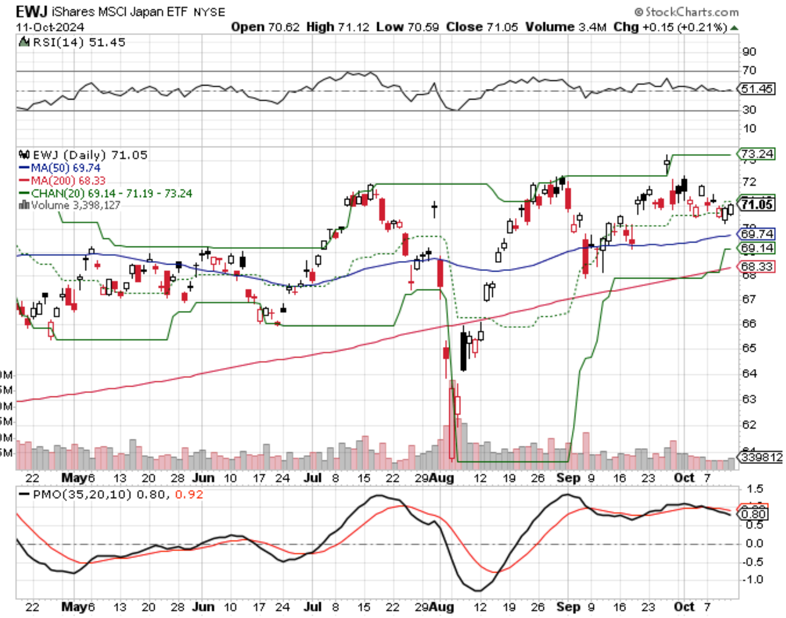
European Large-Cap Stocks: European equities (IEV) were flat (0.0%) this week, following last week's 2.8% loss, leaving them ranked #6 globally and more attractive than cash. Most recently, Europe is up 0.4% for the quarter (13 weeks), and up 20.1% for the year (52 weeks). Technically, IEV is bullish at 57—above its short-term (50-day) average at 57, and above its intermediate-term (200-day) average at 55. Its momentum (PMO) is positive and improving, and its 14-day RSI of 49 means IEV is neither overbought nor oversold. As for currency effects, the Euro weakened this week, dampening return for dollar investors. Longer term, a bullish Euro enhances return to Dollar investors, but it limits Europe's trade competitiveness.

After breaking out to a new high (58.77) on (9/27), the Europe 350 dropped for two weeks straight after the Fed confirmed a slower rate cut pace to end the year. Rising US bond yields and a stronger Dollar have posed a drag on foreign equities. **Global Interest Rates:** Europe followed US rates higher last year and is leading them lower now. The ECB cut its rate (to 3.50%) on 9/12, but the Bank of England held steady at 5%. Both are ahead of the Fed in cutting having started in June. A 25-bps US Fed rate cut, however, is considered likely at the November Fed meeting (11/7). **The Ukraine War:** Potential disruptions to energy and food exports from Ukraine continue to stoke inflation fears on the continent, but they are waning as the Russian Black Sea fleet appears to have been neutralized. This could allow the ECB to adopt further interest rate cuts, stimulating economic growth and corporate profits. **Global Economic Concerns:** A global recession at some point is still on the table. Problems in China and a tight Fed policy with a negative yield curve have been addressed, however, and could improve global demand for European exports, positively impacting European companies.

European Large Cap Stocks: longer view— 2022: IEV topped out @54 to open the year, dropped 31% (@ 37) by October on US rates hikes and a strong dollar, then rallied 32% into yearend as US rate hikes slowed and the Dollar weakened. **2021:** More central bank largesse and four stimulus bills pushed IEV to new record highs @55-56 in May, but Fed talk of tightening stalled out IEV's subsequent attempts to break higher, and it closed the year @52.

2023 ETF Breakdown: IEV-- A cap-weighted index fund. **Countries:** UK (24%), France (18%), Switzerland (16%), Germany (13%), Netherlands (7%), Denmark (5%), Sweden (4%), Spain (4%), Italy (4%), Belgium (1%). **Top Sectors:** Finance (18%), Health Technology (16%), Consumer non-durables (15%), Electronic Technology (7%), Producer manufacturing (7%), Energy Minerals (6%), Utilities (4%), Consumer durables (4%), Technology Services (5%), Process industries (3%).

INTERNATIONAL EQUITIES:
#7 Japan Slips Lower



Japanese Stocks: EWJ fell 1.2% this week, following last week's 1.1% gain, leaving it ranked #7 globally and more attractive than cash. Most recently, Japan is down 0.5% for the quarter (13 weeks), and up 19.3% for the year (52 weeks). Technically, EWJ is bullish at 71, above its short-term (50-day) average at 70, but above its intermediate-term (200-day) average at 69. Its momentum (PMO) is negative and deteriorating, and its 14-day RSI of 51 means EWJ is neither overbought nor oversold. As for currency effects, the Yen weakened this week, dampening return for dollar investors in Japanese stocks. Longer term, a bullish Yen enhances return to Dollar investors, but limits Japan's trade competitiveness.

Japan has made higher highs and higher lows since early August, but it dipped this week. Rising US bond yields and a stronger Dollar have posed a drag on foreign equities. The Fed's big rate cut (9/18)— and an expected 25 bps Japanese rate hike that did not happen have helped. Japan lost 17% at the end of July but gained all of it back in August. The volatility really started when Bank of Japan unexpectedly raised its overnight rate by 15 bps to 0.25% and curbed bond-buying (7/31). New BoJ head Kazuo Ueda insisted that the central bank would continue to raise interest rates as long as incoming economic data matches the central bank's expectations, even declaring that the policy rate could exceed 0.5%—a level previously mentioned as a ceiling. **US Fed and Global Interest Rates:** A global recession at some point is still on the table. As a result, another US Fed rate cut is expected in November, providing confidence in a stronger global economic outlook down the road.

Japanese Stocks: longer view -- 2022: Japan fell 29% on tighter US money and a strong Dollar into October. From there a weakening Dollar helped Japan rally 20% but it ended the year down 19% anyway. **2021:** EWJ went flat, despite hosting the summer Olympics, finishing the year practically unchanged.
2023 ETF Breakdown: EWJ-- A cap-weighted index fund. **Countries:** Japan (100%) **Top Sectors:** Finance (15%), Consumer durables (14%), Producer manufacturing (14%), Electronic Technology (12%), Health Technology (9%), Process industries (5%), Technology Services (5%), Consumer non-durables (5%), Communications (5%), Distribution services (4%).

INTERNATIONAL EQUITIES:
#1 AAXJ Dips From Overbought Levels

Asia-Pacific ex-Japan: AAXJ fell 1.8% this week, following last week's 1.7% gain, leaving it ranked #1 globally and more attractive than cash. The index is up 5.7% for the quarter (13 weeks), and up 24.8% for the year (52 weeks). Technically, AAXJ is very bullish and at 80, above its short-term (50-day) average at 75, and above its intermediate-term (200-day) average at 70. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 60 means AAXJ is neither overbought nor oversold. As for currency effects, the US Dollar strengthened this week, dampening return to Dollar investors in Asian stocks. Longer term, a bullish Dollar dampens return to Dollar investors in Asian stocks but improves the region's trade competitiveness.

An overbought AAXJ backed off for the first week in five as rising US bond yields and a stronger Dollar posed a drag on foreign equities. Massive Chinese monetary stimulus announced in September includes central bank plans to lower borrowing costs and inject more funds into the economy, as well as to ease households' mortgage repayment burden. It pushed AAXJ to a new high (82.26) this week (10/7). It isn't clear, however, whether the new monetary policy can overcome weak demand, deflationary pressures, a crashed real estate sector, and rising trade tensions with the United States and Europe without added fiscal help. On a positive note, another US Fed rate cut is expected in November, providing confidence in a stronger global economic outlook down the road. After shedding close to $6 trillion in market value since their peak in February 2021, Chinese (FXI) and Hong Kong (EWH) stocks surged past their 200-day but dropped back this week (10/11). Among Asia's larger component markets, equities in Taiwan (EWT), Singapore (EWS), and India (PIN), are also above their rising 200-day trends. Only South Korea (EWY) is faltering, but it is close to neutral.

Asia Pacific ex-Japan Stocks: longer view— 2022: AAXJ dropped 35% (to 54) in October amid US tightening and China's zero-Covid lockdowns. Rally ensued when zero-Covid policies in China ended but AAXJ ended year down 21%. **2021:** Between Covid issues in India and elsewhere in the region, and weakness in China's stock market after the SEC threatened to delist several US-listed Chinese tech companies over accounting and (communist) control issues, AAXJ faded throughout 2021, losing 20%.

2023 ETF Breakdown: AAXJ-- A cap-weighted index fund. **Countries:** Hong Kong (36%), Taiwan (17%), India (16%), Korea (14%), Mainland China (4%), Singapore (4%), Thailand (2%), Indonesia (2%), Malaysia (2%), US (1%). **Top Sectors:** Finance (24%), Electronic Technology (20%), Technology Services (10%), Retail (7%), Consumer non-durables (5%), Consumer durables (4%), Producer manufacturing (4%), Transportation (4%), Energy (4%), Health Technology (3%).

INTERNATIONAL EQUITIES:

#9 ILF Fails to Hold Short-term Support

Latin America 40: ILF fell 1.9% this week, following last week's 0.3% loss, leaving it ranked #9 globally and less attractive than cash. The index is down 3.6% for the quarter (13 weeks), and up 2.4% for the year (52 weeks). Technically, ILF is slightly bearish and at 26, below its short-term (50-day) average at 26, and below its intermediate-term (200-day) average at 27. Its momentum (PMO) is positive but deteriorating, and its 14-day RSI of 47 means ILF is neither overbought nor oversold. As for currency effects, the Dollar strengthened this week, dampening return for dollar investors in Latin stocks. Longer term, the bullish Dollar dampens return to Dollar investors in Latin stocks but improves the region's trade competitiveness. It also makes repaying dollar-denominated debt tougher.

Now below both its 200-day and 50-day, ILF has gotten little help from the big Fed rate cut (9/18) or the Chinese mega-stimulus. Rising US bond yields and a stronger Dollar are a drag on foreign equities of late. **US Fed and Global Interest Rates:** A global recession at some point is still on the table. As a result, another US Fed rate cut is expected in November, providing confidence in a stronger global economic outlook down the road. **Commodity Price Rally and China:** Commodities and oil have overcome 50 and 200-day resistance which should help the raw materials exporting region. Additionally, China's massive monetary stimulus announced last week (9/26) should spark its demand for commodities, further helping Latin markets. **Global Economic Concerns:** Inflation is a growing problem in Latin America, especially in Mexico, Argentina and Brazil. For now, however, Argentina (ARGT) and Chile (ECH) are above their 200-day, while Mexico (EWW), Colombia (GXG), and Brazil (EWZ) are below it.

Latin American Stocks: longer view— **2022:** A weaker Dollar to open the year helped an oversold ILF rebound 38% by April, drop 32% by July, comeback 21% by August and go sideways (@23) from there, finishing the year up 10%. **2021**: ILF rallied peaking (@32) in June on reopening but faded to a December bottom (@22) with the Delta variant and Omicron.

2023 ETF Breakdown: ILF-- A cap-weighted index fund. **Countries:** Brazil (58%), Mexico (26%), US (8%), Chile (6%), Colombia (2%) **Top Sectors:** Finance (31%), Non-energy minerals (20%), Energy Minerals (14%), Consumer non-durables (10%), Retail (7%), Communications (5%), Technology Services (4%), Utilities (3%), Process Industries (2%), Producer manufacturing (2%).

Private Sector Strategies-- ETFs
Market Timing v. Diversified Buy & Hold: Performance

Strategy	2024	2023	2022	2021	2020	2019	2018	2017	2016
US Strategy Moose	**23.1%**	12.3%	**-7.0%**	**22.2%**	**20.9%**	**23.6%**	1.2%	**28.5%**	-5.6%
S&P Benchmark	21.9%	24.3%	-19.5%						
Aggressive G&I (AOA)	13.9%	**15.6%**	-17.9%	13.5%	10.7%	12.5%	-6.2%	8.0%	3.5%
Index Moose	7.5%	3.6%	-16.3%	11.7%	13.2%	-6.5%	**5.1%**	9.0%	-6.0%
Moderate G&I (AOM)	7.5%	9.2%	-16.4%	5.3%	7.7%	19.5%	-9.9%	14.1%	0.053

US Strategy Model outperforming the S&P500 and Buy-and-Hold in 2024. The Index Model is lagging.
For buy and hold investors: Aggressive is outperforming more moderate diversifications.

The table above is short, but it illustrates several points: (1) Success of any strategy can be highly variable year-to-year. (2) Just because it worked last year doesn't mean it will next year. (3) Buy-and-hold is preferable in a bull market with few lasting or deep corrections amid trendless volatility. (4) When stocks are trending strong, aggressive buy-and-hold is best, but when stocks go bearish it can be a huge loser. (5) To avoid substantial losses, buy-and-hold investors should have a separate exit plan, whereas such plans are implicit in index targeting (a loss-minimization strategy). (6) Market timing is most profitable when there is one predominant asset choice, or in extended bear market scenarios.

The US Equity Strategy (USES) Model
TOP US Equity Strategy: SWITCH to Momentum (MTUM)

In this section: 7 alternative US equity strategies (as represented by the most popular smart-beta ETFs based on volume and capitalization) and 2 global asset allocation strategies are monitored and ranked using our momentum methodology. The 7 US equity strategies include US momentum, US growth, US value, US low volatility, US high dividend, US fundamentals, and US equal weight. The 2 global asset allocation strategies are moderate (40% equities / 60% income) and aggressive (80% equities / 20% income). The table below compares the relative strength of each of the 9 strategies to a SPY benchmark and a SHY cash baseline. **This week:** Strategy Moose holds Momentum since 10/9/24 @ 205.95. **It was the 3rd MIXED risk week in a row. US Stocks UP, Foreign Stocks DOWN, Bonds DOWN and Gold UP.**

RANK	CI	Fund	TS	Trend	stop-loss	price	buy-stop
1	**100%**	**US Momentum (MTUM)**	**70%**	**bullish**	**195.71**	**207.36**	**207.40**
1	100%	US Growth (IUSG)	69%	bullish	127.31	133.44	133.66
3	99%	US Low Volatility (SPLV)	55%	bullish	70.58	71.88	71.93
4	99%	US Benchmark (SPY)	59%	bullish	559.90	579.58	580.33
5	99%	US Equal Weight (RSP)	55%	bullish	175.38	179.90	180.14
6	99%	US High Dividend (VYM)	63%	bullish	126.19	130.11	130.24
7	99%	US Fundamentals (QUAL)	59%	bullish	176.11	181.43	181.64
8	98%	US Value (IUSV)	56%	bullish	94.10	96.11	96.14
9	98%	Diversified: Aggressive (AOA)	50%	bullish	77.00	78.64	79.26
10	96%	Diversified: Moderate (AOM)	47%	slightly bullish	44.31	44.61	45.31
11	94%	US Short Term T-Bill (SHY)	30%	slightly bullish	82.39	82.54	83.30

NOTE: All of the strategies in this model are derivative of and highly correlated to the S&P. When the S&P is *bearish, hits a stop-loss, is overbought, or gives some other sell signal, adopting any strategy that is highly correlated to it is not recommended. Both SPY and the chosen ETF must be at least technically neutral positive (TS>0) or better and working on a buy-stop to initiate a switch.)

Best S&P Strategies

QUAL on top over 3 years, MTUM and IUSG over 1 & 5

This week: US equities outperform offshore stocks. Among US strategies, Fundamentals are best over 3 years. Momentum and Growth outperform the S&P benchmark over 1 and 5 years respectively.

	Fund	1Y	3Y	5Y
1	US Fundamentals (QUAL)	33%	**71%**	96%
2	US Growth (IUSG)	37%	64%	**112%**
3	US Benchmark (SPY)	33%	60%	96%
4	US Momentum (MTUM)	**45%**	53%	74%
5	US Value (IUSV)	27%	50%	67%
6	US Equal Weight (RSP)	26%	38%	68%
7	US High Dividend (VYM)	26%	34%	48%
8	Diversified: Aggressive (AOA)	23%	32%	44%
9	US Low Volatility (SPLV)	22%	26%	25%
10	Diversified: Moderate (AOM)	14%	22%	14%
11	US Short Term T-Bill (SHY)	2%	2%	-3%

The Index Model

TOP Index Model Move: HOLD Gold (GLD)

This week: Index Moose HOLDS Gold since 9/18/24 @ 235.51. It was the 3rd MIXED risk week in a row. US Stocks UP, Foreign Stocks DOWN, Bonds DOWN and Gold UP.

	CI	Description	TS	Trend	stop-loss	price	buy-stop
1	**100%**	**Gold (GLD)**	**104%**	**very bullish**	**230.39**	**245.00**	**247.37**
2	47%	US large-cap stocks (SPY)	103%	very bullish	539.96	572.98	574.71
3	44%	Emerging Markets (EEM)	104%	very bullish	41.56	46.97	47.15
4	35%	US small-cap stocks (IWM)	102%	bullish	204.21	219.15	224.94
5	32%	Europe-Australia-Far East (EFA)	101%	slightly bullish	79.38	82.55	84.56
6	23%	US Long Treasuries (EDV)	99%	slightly bullish	76.26	76.47	83.97
7	5%	Cash (SHY)	98%	--	82.50	82.52	83.3

Public Sector Strategies-- Thrift Savings Plan
TSP Moose v. TSP Lifetime Funds: Performance

Strategy	YTD2024	2023	2022	2021	2020	2019	2018	2017
L2060	**17.6%**	**23.3%**	-15.9%	**19.9%**	new	--	--	--
TSP Moose	15.8%	16.5%	**-3.4%**	13.3%	**21.8%**	14.9%	**6.5%**	**21.0%**
L2050	15.0%	20.0%	-13.4%	16.3%	14.8%	**23.3%**	-6.0%	18.8%
L2040	13.6%	18.1%	-11.4%	14.5%	13.2%	20.7%	-4.9%	16.8%
L2030	12.0%	16.6%	-9.0%	12.4%	11.3%	17.6%	-3.6%	14.5%

Stocks rule. The most aggressive Lifetime fund we track is currently outperforming. The TSP Timing Model led for most of the year but has recently fallen back.

The Thrift Savings Plan Model
TOP TSP Model Move: Hold Large Caps (Fund C)

The Thrift Savings Plan, or TSP, is the government's 401K-style retirement plan. Millions of federal employees are invested in it, including several life-long friends here in the capital region. Beginning 12/21/2018, the revised TSP model began incorporating actual fund data and monitoring ten TSP funds instead of five index fund proxies alone.

While having ten asset choices offers myriad possibilities, our primary concern involves the overall strategic decision: Should TSP investors use index targeting (market timing) to manage their portfolio or rely on a diversified buy-and-hold approach. Answer: it depends on the investor and on what's working. Index targeting (using TSP Moose) outperformed diversified buy-and-hold (using TSP's lifestyle choices) in 2017, 2018 and 2020 and 2022, but it underperformed most buy-and-hold lifestyle funds in 2019, 2021 and 2023.

TSP This Year: Stocks are bullish into October while bonds are slipping after the first Fed rate cut. On the plus side, trillions in federal deficit spending continues—through December-- and the Fed is expected to continue cutting rates in November. On the negative side, several economic indicators are still predicting recession.

The TSP Model is outperforming conservative Buy-and-Hold in 2024, but not the most aggressive Lifetime funds. For buy and hold investors: More aggressive is outperforming more moderate portfolios and has been all year

TSP This week: TSP Moose holds US large caps (Fund C) since 9/18/24 @88.46. It was the 3rd MIXED risk week in a row. US Stocks UP, Foreign Stocks DOWN, Bonds DOWN and Gold UP.

	CI	Fund	Description	Strategy	Style	SL	PRICE	BS
1	**100%**	**C Fund**	**Large-caps**	**G & I Equities**	**Index**	**88.46**	**91.63**	**91.63**
2	99%	S Fund	Small-caps	Growth Equities	Index	84.17	87.37	87.37
3	99%	L 2060	Retire 2060	Very Aggressive Grwth	Diversified	17.33	17.78	17.78
4	98%	L 2050	Retire 2050	Aggressive Grwth	Diversified	34.51	35.21	35.23
5	98%	L 2040	Retire 2040	Aggressive G&I	Diversified	57.15	58.18	58.20
6	97%	L 2030	Retire 2030	Moderate G & I	Diversified	49.87	50.65	50.65
7	97%	I Fund	Internat stocks	Offshore Growth	Index	44.35	44.77	45.89
8	96%	F Fund	Fixed Income	US Bonds	Index	19.80	19.80	20.25
9	96%	L Inc	Long-term Inc	Maximum Income	Diversified	26.46	26.66	26.66
10	95%	G Fund	Short-term Inc	Cash equivalent	Index	18.53	18.58	18.58

**Stop-loss hit, no buy-stop since—default to highest ranked alternative. (Published stop-loss price is as of previous Friday close. It may change daily and as such, is published as an initial reference only.) **overbought*

Moospeak

Inflation Week Synopsis

We got the last consumer and producer price report before the election this week, and as expected the inflation numbers while warm were not too warm. The Fed is still expected to cut rates again in November a day after the election but only by a quarter percent. Warmer than expected core consumer prices, preceded by solid jobs and a 3-month continuing resolution adding another half trillion to the deficit all stoked inflation concerns in the latest data round. Since summer the prediction that no recession or resurgence in inflation would ever be reported in the US press before the November election has become reality. Indeed, three weeks to pick a President and the “soft-landing” narrative is now going full bore.

With no recession in sight— at least for now— US bond prices are falling, and bond yields are rising even as the Fed cuts its interest rate. Stocks are hovering near recent all-time highs despite an inverted yield curve and over a year of consistently negative leading economic indicators. Same with gold, a primary inflation and safety play. Hostilities in the Middle East have not abated since Hamas attacked Israel a year ago. If anything, Iran and Israel are closer to all-out war than ever, a fact reflected in both the rising price of gold and the rising price of oil.

Gold has risen from $1895 to $2656 since the end of 2020. Virtually all of that 40% gain has come in the last two years. Oil on the other hand has risen from $48.52 to $75.49 since the end of 2020. That 56% gain is actually down from mid-2022, however, when WTI price peaked around $122, up 152% in Biden’s first year and a half. Considering the US dollar has lost about 18% of its buying power since Trump left office, a Biden Dollar is worth 82 cents… on average. If you’re buying gold or crude oil it is worth substantially less.

On a positive note, the Dollar is currently gaining value against other fiat currencies thanks to recently rising US bond yields. An optimist might say it’s strengthening, while a realist would contend it’s merely the temporarily preferable choice among a miserable lot. Nevertheless, an improving Dollar can help US assets, but it makes makes foreign stocks (which have been laggards for most of the last four years) as well as gold, oil and commodities less attractive to Dollar investors.

It may not last beyond the election, but the new Index Model sticks with gold. China’s massive monetary stimulus has pushed Asia-Pacific ex-Japan into the top spot globally, but as recent history proves China’s equity market is inherently tied to its government. The goal posts are constantly moving, and edict can lead to volatile, sudden shifts in fortune. There is a place for such “markets” but not among timers, so regional ETFs (Japan, Asia-Pacific, Europe, Latin America) were replaced with more diversified offshore choices (Emerging and Developed).

Along with gold US stocks are also expected to remain a solid hold up to the election. Breath is very broad among US stock sectors with the proportion rated “buy” or “hold” at 85%. Only 15% of sectors are to be avoided. The most worrisome of those is Transports, which for Dow Theory enthusiasts, means Industrials may also struggle. Meanwhile, large caps are beating small and that should continue as long as high tax, high regulation government persists, and as long as massive Federal deficits keep interest rates elevated.

In that regard, the TSP model holds US large caps again this week. And among US large caps the US Equity Strategy (USES) Model switches from S&P Low Volatility (SPLV) to S&P Momentum (MTUM) and or S&P Growth (IUSG). Truth be told, momentum and growth are highly correlated and for quite a while have provided the best return among US large cap equity strategies, beating the SPY benchmark over 1 and 5 years.

As personal investment strategies go, aggressive growth buy-and-hold (AOA or L2060) continues to be a solid performer, especially in taxable accounts where multiple timing transactions can have tax repercussions. For tax-deferred portfolios the USES model should continue to outperform. Given the economic significance of the next election and the uncertain outcome, however, it would be wise not to get too comfortable.