

# Global Macro Highlights and Technical Charts

## Market Headlines

### Financial News for the Week

- Despite active traders and hedge funds reducing equity exposure, natural demand by institutional investors and combined with corporate share buy backs led to a rally in equities in the face of rising interest rates and a more HAWKISH Fed. The S&P has delivered 99% returns since the COVID-19 lows, the best 2 year price performance in at least 75 years.
- Chair Powell said, “There is an obvious need to move expeditiously to return the stance of monetary policy to a more neutral level, and then to move to more restrictive levels if that is what is required to restore price stability.” Markets pricing 50 bps hikes for May and June at a minimum and terminal rate to peak at 3.25%.
- Eurozone growth forecasts downgraded to 2.5% in 2022 as rising stagflation and prolonged supply disruptions as a result of Russia’s invasion of Ukraine provides a challenge for ECB and smart money sees a change in monetary policy as ECB being seen as behind the curve now.
- China still on SALE - PBOC policy easing, moderating regulation intensity (China weighs giving US full access to audits of Chinese companies) and cheap valuations with light positioning favour holding exposure to China. However, surging COVID cases and lockdowns, distressed property sector and high energy and commodity prices continue to weigh down on Chinese debt and equity markets.

## Asset Allocation and Positioning

### Strategic and Tactical Allocations

- Global Equities

Remain neutral and UW with a bias to Energy, Materials and Healthcare. Add selectively to Financials, Consumer Staples and remain neutral to Information Technology and Industrials.

- Global Fixed Income

Remain UW - Stay short duration and look for opportunities in US High Yield and Senior Loans and Mezzanine debt.

- Equity fund managers

Continue to allocate to Energy Transition, Cyber security, Gold Miners and US medical devices funds.

- Foreign Exchange

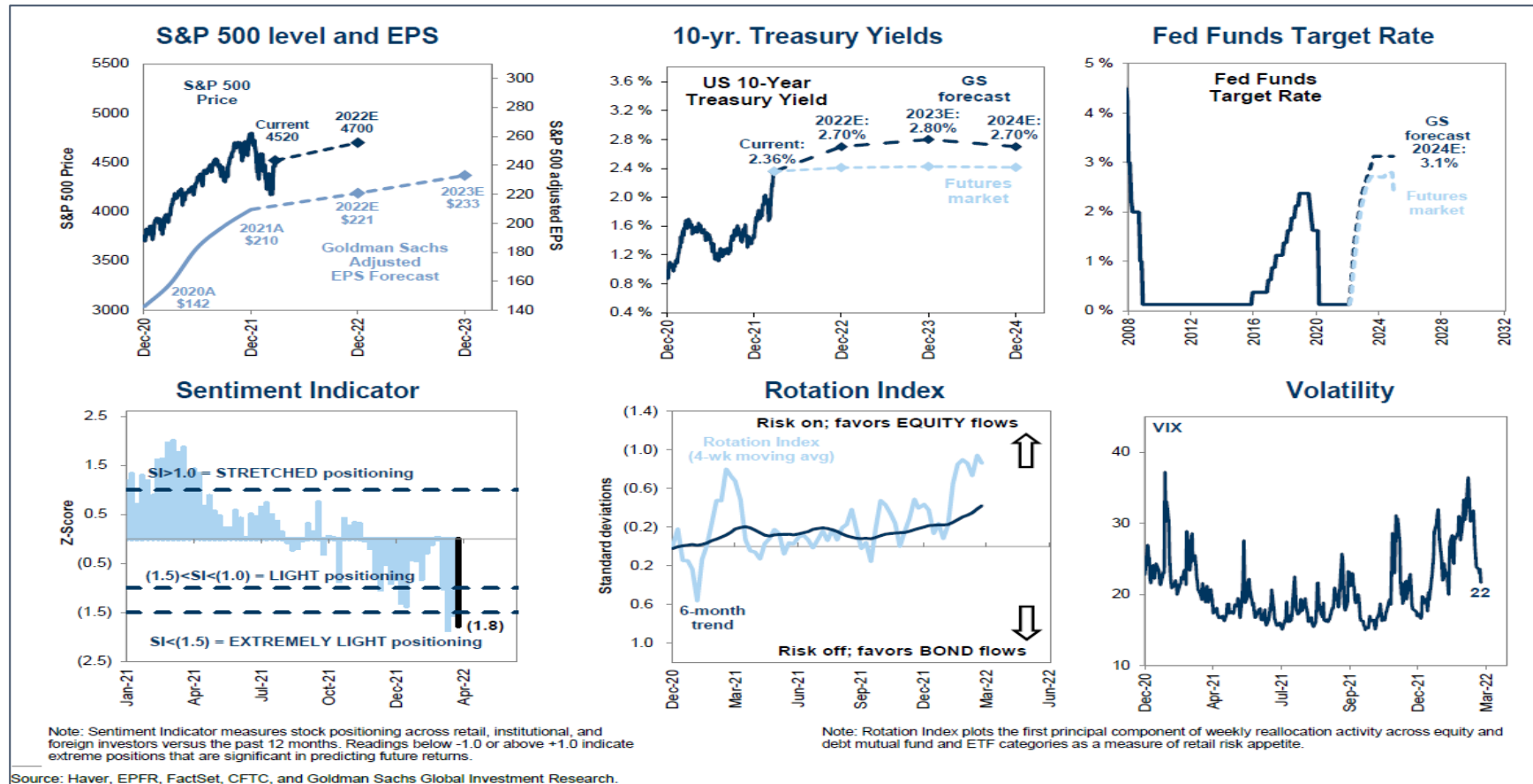
USD index will remain elevated within a range of 96.50 to 99.0 until Russia-Ukraine and rising US rates subsides. Remain OW commodity currencies in general such as AUD, CAD and NZ and BRL in Emerging markets. COVID will and PBOC will keep a lid on RMB appreciation. Watch BOJ action to halt JPY's slide for now.

- Alternative Investments

Revisit specialist hedge funds, Private Equity and Venture Capital and real estate opportunities.

# Markets and Flows – Goldman Sachs

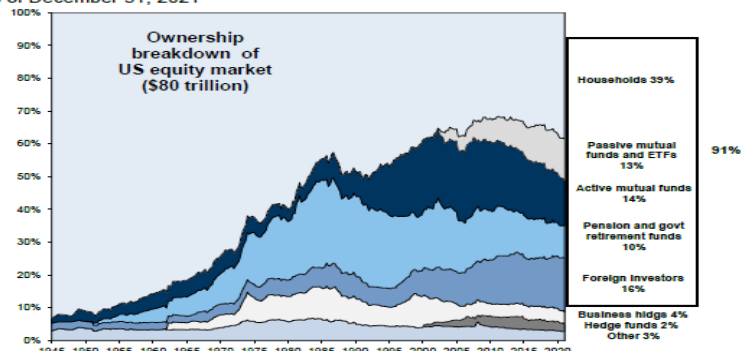
Continued rotation out of bonds into equities and sharply declining volatilities



# Markets and Flows – Goldman Sachs

Corporate share buy backs and foreign investors remain largest buyers of equities

**Exhibit 5: Households own 39% of the US equity market**  
as of December 31, 2021



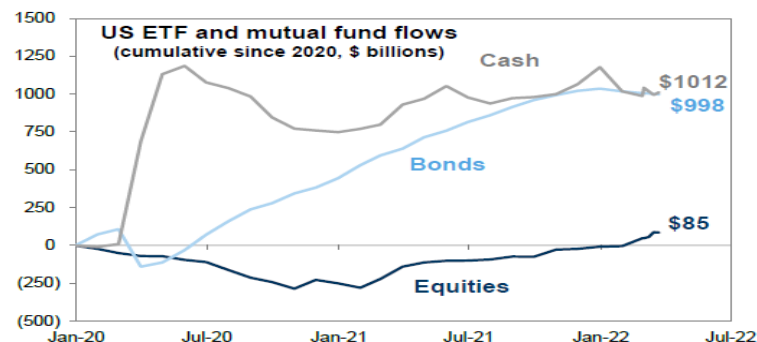
Source: Federal Reserve, Goldman Sachs Global Investment Research

**Exhibit 7: Corporations will be the largest source of net equity demand in 2022**  
as of December 31, 2021

Category	Net US equity demand (\$ billions)			
	2019	2020	2021	2022E
Corporations	\$ 583	\$ 29	\$ 593	\$ 700
Households	57	458	532	150
Foreign Investors	(205)	638	5	50
Pension Funds	(198)	(160)	(320)	(400)
Mutual Funds	(219)	(481)	(317)	(500)
Life Insurance	1	1	(30)	-
Other	(26)	(1)	(53)	-
less				
Credit ETFs	157	242	202	(100)
Purchases of foreign stocks	(163)	242	207	100
<b>Included among holders above are:</b>				
Equity ETF purchases	\$ 166	\$ 259	\$ 733	650

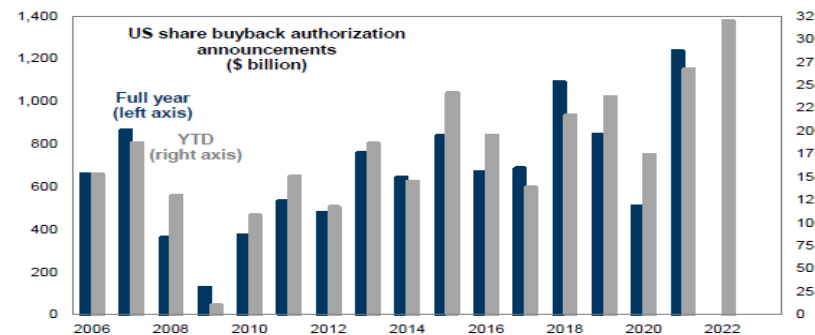
Source: Federal Reserve, Goldman Sachs Global Investment Research

**Exhibit 6: Households have rotated from cash and bonds to equities**  
as of March 23, 2022



Source: EPFR, Goldman Sachs Global Investment Research

**Exhibit 8: Buyback authorizations are on pace to exceed last year's record level**  
as of March 18, 2022



Source: Goldman Sachs Buyback Desk, Goldman Sachs Global Investment Research

# Markets and Flows – Goldman Sachs

## Key Macro and Commodity Forecasts and some Earnings tops down and bottoms up

### Goldman Sachs Global Macro Forecasts

	units	Current	3m	6m	12m	Change to Target
<b>Equities</b>						
MXAPJ	level	589	580	620	670	14 %
TOPIX	level	1982	2000	2050	2150	9
STOXX Europe 600	level	453	470	480	490	8
<b>S&amp;P 500</b>	<b>level</b>	<b>4520</b>	<b>4300</b>	<b>4400</b>	<b>4700</b>	<b>4</b>
<b>Ten Year Rates</b>						
US	%	2.4	2.5	2.6	2.8	39 bp
Euro Area (Germany)	%	0.5	0.3	0.4	0.6	8
Japan	%	0.2	0.3	0.3	0.3	7
<b>Corporate Bonds</b>						
High yield	bp	352	375	390	405	53 bp
Investment grade	bp	123	117	120	123	0
<b>Currencies</b>						
Euro / US Dollar	EUR/\$	1.10	1.10	1.13	1.20	9 %
Sterling / US Dollar	£/\$	1.32	1.33	1.35	1.41	7
US Dollar / Yen	\$/¥	122	117	117	115	(6)
<b>Commodities</b>						
COMEX Gold	\$/troy oz	1962	2300	2500	2500	27 %
LME Copper	\$/mt	10421	10500	11250	12000	15
WTI Crude Oil	\$/bbl	109	114	129	105	(4)
Brent Crude Oil	\$/bbl	115	120	135	110	(5)
NYMEX Nat. Gas	\$/mmBtu	5	3	3	4	(34)

### Exhibit 1: Key Commodity Price Forecasts

		1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E	3m	6m	12m
<b>Energy</b>										
WTI	\$/bbl	95.3	127.0	127.0	127.0	119.1	110.0	127.0	127.0	110.0
Brent	\$/bbl	97.9	135.0	135.0	135.0	125.7	115.0	135.0	135.0	115.0
Nat Gas	\$/mmBtu	2.43	3.45	3.45	3.52	3.21	n/a	3.45	3.45	3.55
<b>Industrial</b>										
Aluminum	\$/mt	3,450	3,450	3,450	3,450	3,450	3,850	3,350	3,600	4,000
Copper	\$/mt	11,000	11,750	12,500	12,250	11,875	12,000	10,500	11,250	12,000
Nickel	\$/mt	22,000	22,000	22,000	22,000	22,000	25,000	21,000	22,500	24,000
Zinc	\$/mt	3,650	3,650	3,650	3,650	3,650	3,850	3,750	3,900	4,000
<b>Precious</b>										
Gold	\$/t oz	2,050	2,200	2,500	2,500	2,050	2,150	2,300	2,500	2,500
Silver	\$/t oz	30	30	30	30	30	n/a	30	30	30

Source: Goldman Sachs Global Investment Research

### GS Top-Down EPS & Consensus Bottom-Up EPS

	2021E	Adjusted EPS GS Top-Down		Adjusted EPS Consensus Bottom-Up		Contribution		EPS growth		Contribution		EPS growth	
		2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E	2022E	2023E
Information Technology	\$47	\$50	\$55	7 %	9 %	\$50	\$57	8 %	12 %				
Health Care	35	37	37	6	1	37	37	8	(0)				
Financials	39	33	36	(16)	11	34	39	(12)	14				
Communication Services	23	23	24	0	7	23	26	1	13				
Consumer Discretionary	15	17	18	9	10	19	23	23	24				
Industrials	13	15	17	19	9	17	21	33	20				
Consumer Staples	12	12	12	1	2	13	14	4	8				
Materials	7	8	7	10	(3)	8	7	10	(5)				
Utilities	6	6	6	2	3	6	6	1	8				
Real Estate	5	5	5	6	7	5	6	13	7				
S&P 500 ex-Energy	200	205	218	2	7	212	235	6	11				
Energy	9	16	15	73	(9)	16	14	67	(9)				
<b>S&amp;P 500 EPS</b>	<b>\$209</b>	<b>\$221</b>	<b>\$233</b>	<b>5 %</b>	<b>6 %</b>	<b>\$227</b>	<b>\$249</b>	<b>8 %</b>	<b>10 %</b>				

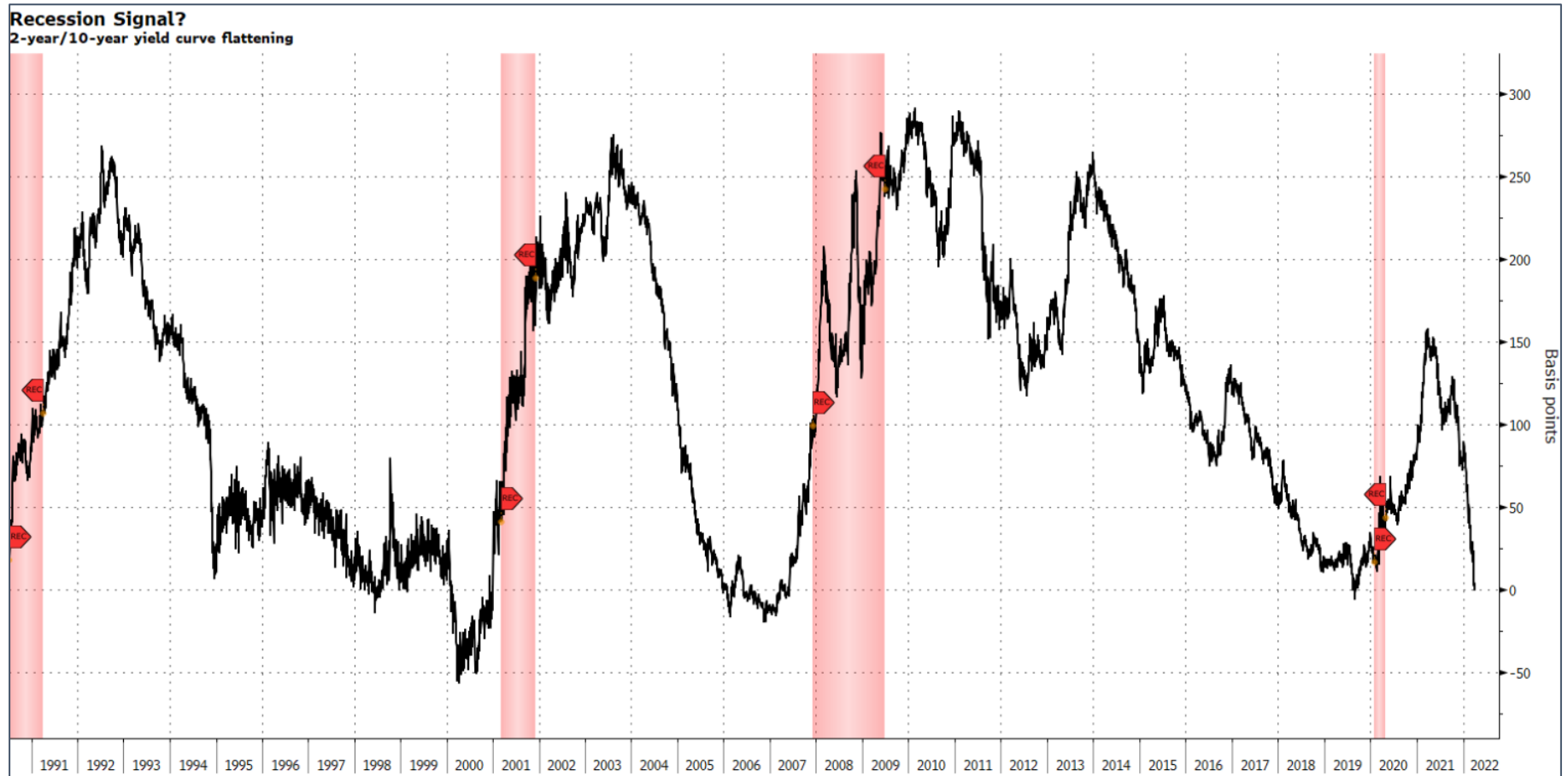
# US 10-year Treasury (GT10) – Daily RSI

UST 10 year peaks at 2.50% for now and should hold supports around 2.35%



## US 2-year vs 10-year Treasury – Yield Curve Shifts

**US 10-year spread over UST 2-year hits zero and briefly goes negative !**



# S&P500 Mini-futures (ESA) – Daily RSI

**Holding 4600 for now and any pullbacks will be limited to 4467 previous resistance**

## S&P500 mini-futures (ESA) daily RSI

14-day RSI and support patterns



# S&P500 Volatility Index (VIX) – Daily RSI

Volatility settles back into old range with 20 holding as a floor for now



# WTI Crude Futures – Daily RSI

Oil remains very volatile and remain elevated above USD 100 for the foreseeable future



# USD Trade-Weighted (DXY) RSI

USD index will remain in a range between 96.50 and 99.00 for now



# USDJPY - Weekly Charts (past 10 years)

Talk of BOJ intervention and year end flows leads to JPY rally to support around 122



## Technical analysis trends

	Short Term	Mid-Term	Long Term
Trend	Bullish	Bullish	Bullish
Resistance	124	124	122
Spread/Res.	-0,92%	-0,92%	0,33%
Spread/Supp.	3,4%	3,4%	6,7%
Support	118	118	115

# EURUSD – Weekly Charts (past 10 years)

Longer term downtrend remains intact with a risk of testing 1.0650



## Technical analysis trends

	Short Term	Mid-Term	Long Term
Trend	Neutral	Neutral	Bearish
Resistance	1,13	1,15	1,14
Spread/Res.	-1,9%	-3,5%	-3,4%
Spread/Supp.	1,7%	1,7%	1,3%
Support	1,09	1,09	1,09

# GBPCHF Weekly Charts

Re-tests support around 1.21 and should hold for range trading

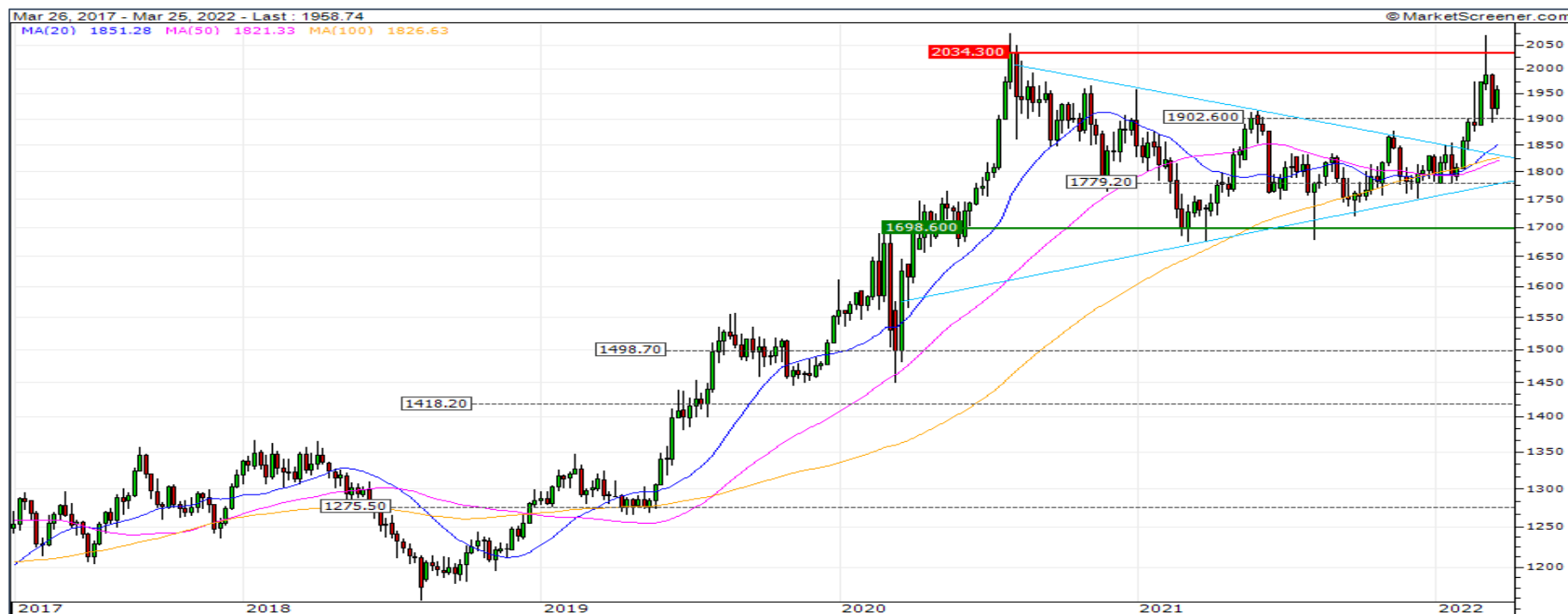


## Technical analysis trends

	Short Term	Mid-Term	Long Term
Trend	Neutral	Neutral	Bearish
Resistance	1,24	1,26	1,25
Spread/Res.	-2,0%	-3,5%	-2,6%
Spread/Supp.	0,18%	0,18%	0,18%
Support	1,21	1,21	1,21

## Trade Idea : Buy Gold on any meaningful pullbacks

Stay long Gold as supports HOLD and expect re-test of 2050 highs

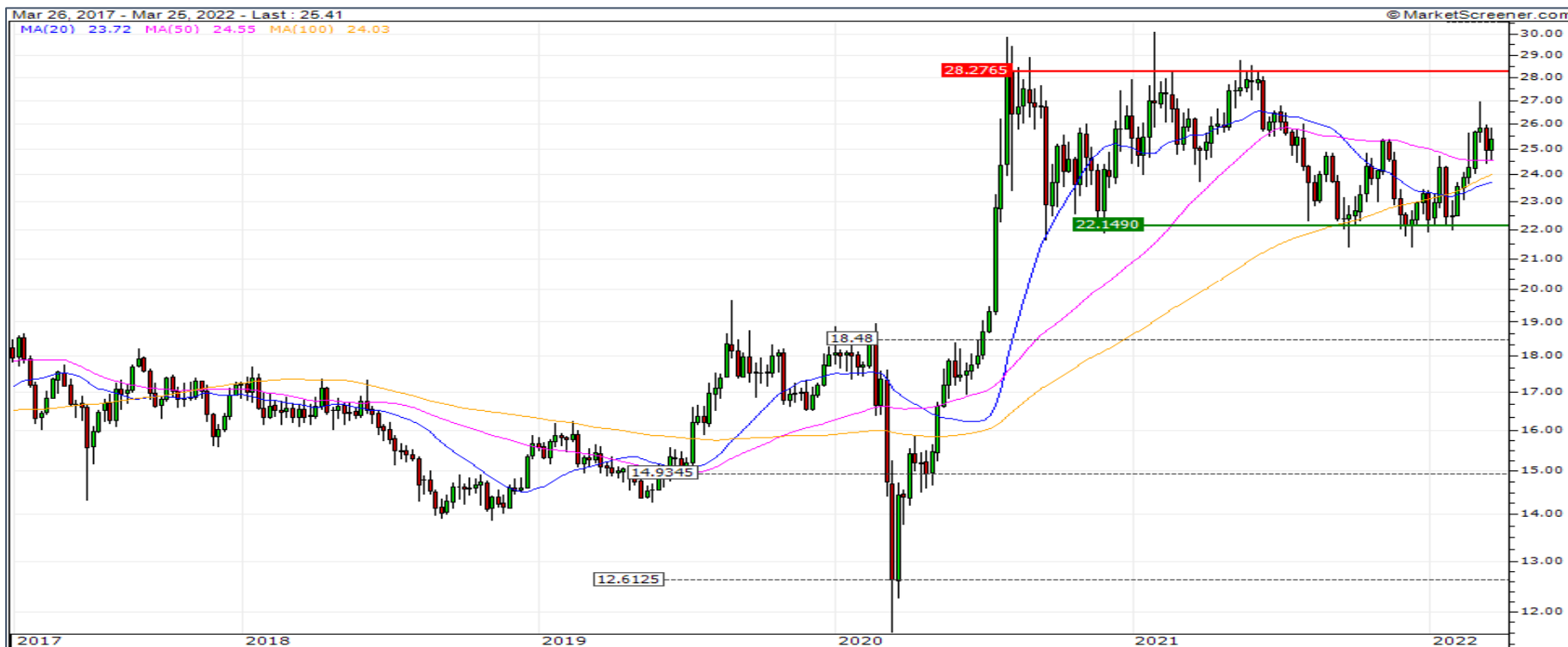


### Technical analysis trends

	Short Term	Mid-Term	Long Term
Trend	Neutral	Bullish	Bullish
Resistance	2 069	2 069	2 034
Spread/Res.	-5,3%	-5,3%	-3,7%
Spread/Supp.	3,7%	5,9%	15%
Support	1 889	1 850	1 699

Trade Idea : Buy Silver at 24.60 for move to 26.00

Range trades between 22.00 and 28.00 for now



#### Technical analysis trends

	Short Term	Mid-Term	Long Term
Trend	Bullish	Neutral	Neutral
Resistance	26,4	28,3	28,3
Spread/Res.	-3,7%	-10,0%	-10%
Spread/Supp.	4,3%	18%	15%
Support	24,4	21,6	22,1