



# GLOBAL CHART OUTLOOK



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## BERTSCHIS CHART OUTLOOK

### Global Markets

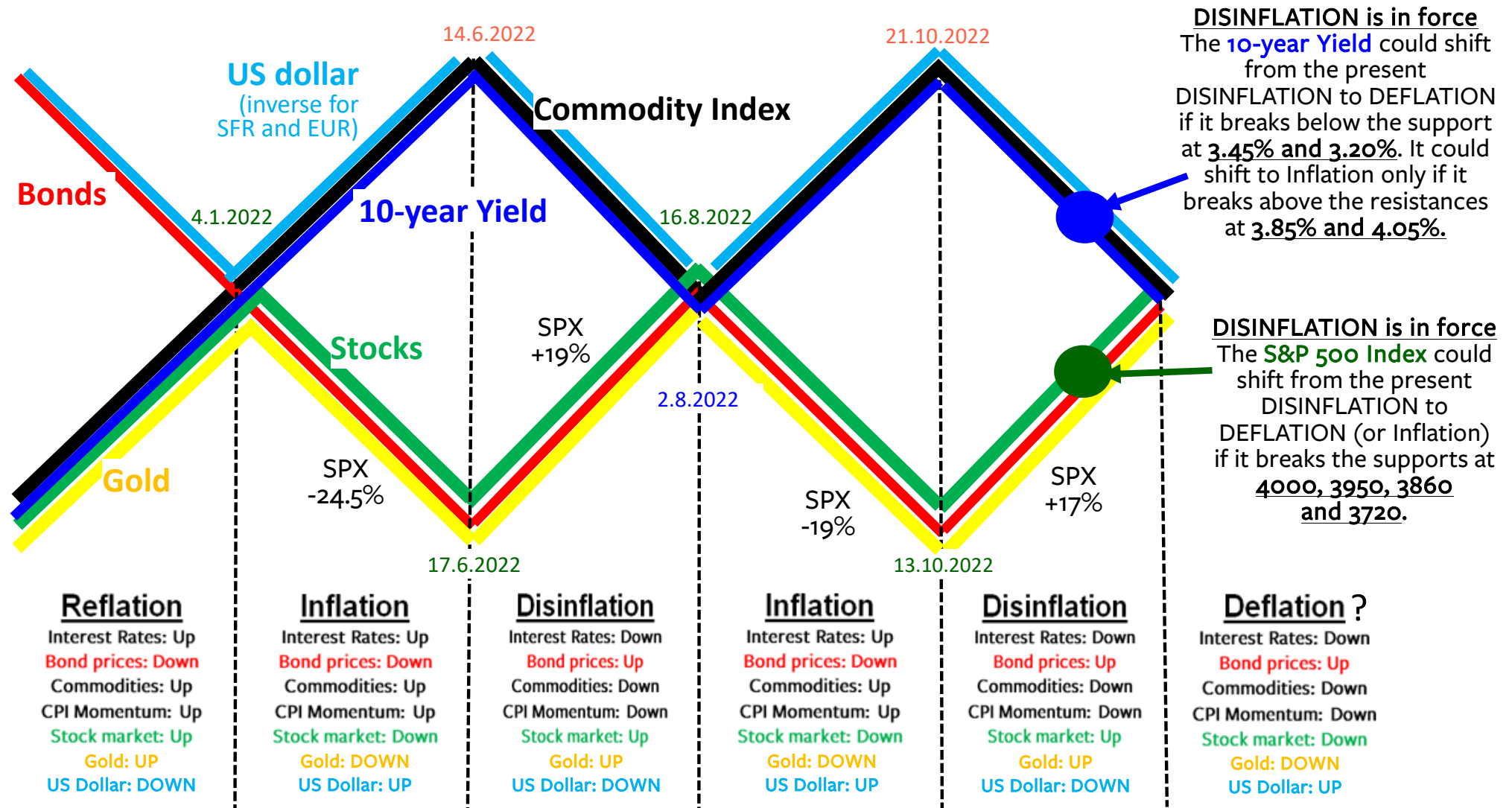
5<sup>th</sup> December 2022

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# The Seasonal Financial Market Model

On 13.10.2022, the CPI for September was released. It showed a decline in the CPI YoY from 8.20% for August 2022 to 7.7%. The S&P 500 Index took this as if it was proof that US Inflation had peaked and it signaled a new upturn with a one-day-reversal. It was on 13.10.2022 that the SPX registered a 5.6% rise from intraday low to intraday high and with it, the start of what has turned into a short-term rally, that has persisted for 35 trading. Note that if the Friday after Thanksgiving is left out, the rise from 13.10.2022 has persisted for a Fibonacci-34-days. This implies that a short-term top could have been signaled on 1.12.2022 at 4100.51. The Short-term Momentum Indicator topped on 25.11.2022 and stresses the downside risk into early January.

However, as I show on the next page, the S&P 500 Index could be forming a wedge. If it is a terminal wedge, then the rally could stretch to 4100 / 4150 or, in the most optimistic scenario, to 4300. The financial media believes that the equity rally from October occurred thanks to the FED outlook, which has turned less hawkish. Some observers even speak of a FED Pivot. Indeed, the equity rally was disinflationary. However, most investors are not aware that a rate cut would become an option for the FED only after the stock market and the economy have weakened strongly. In fact, the shift in investor sentiment from the pessimism in October to the present optimism is the prerequisite for the next equity downleg either from here or from 4300.

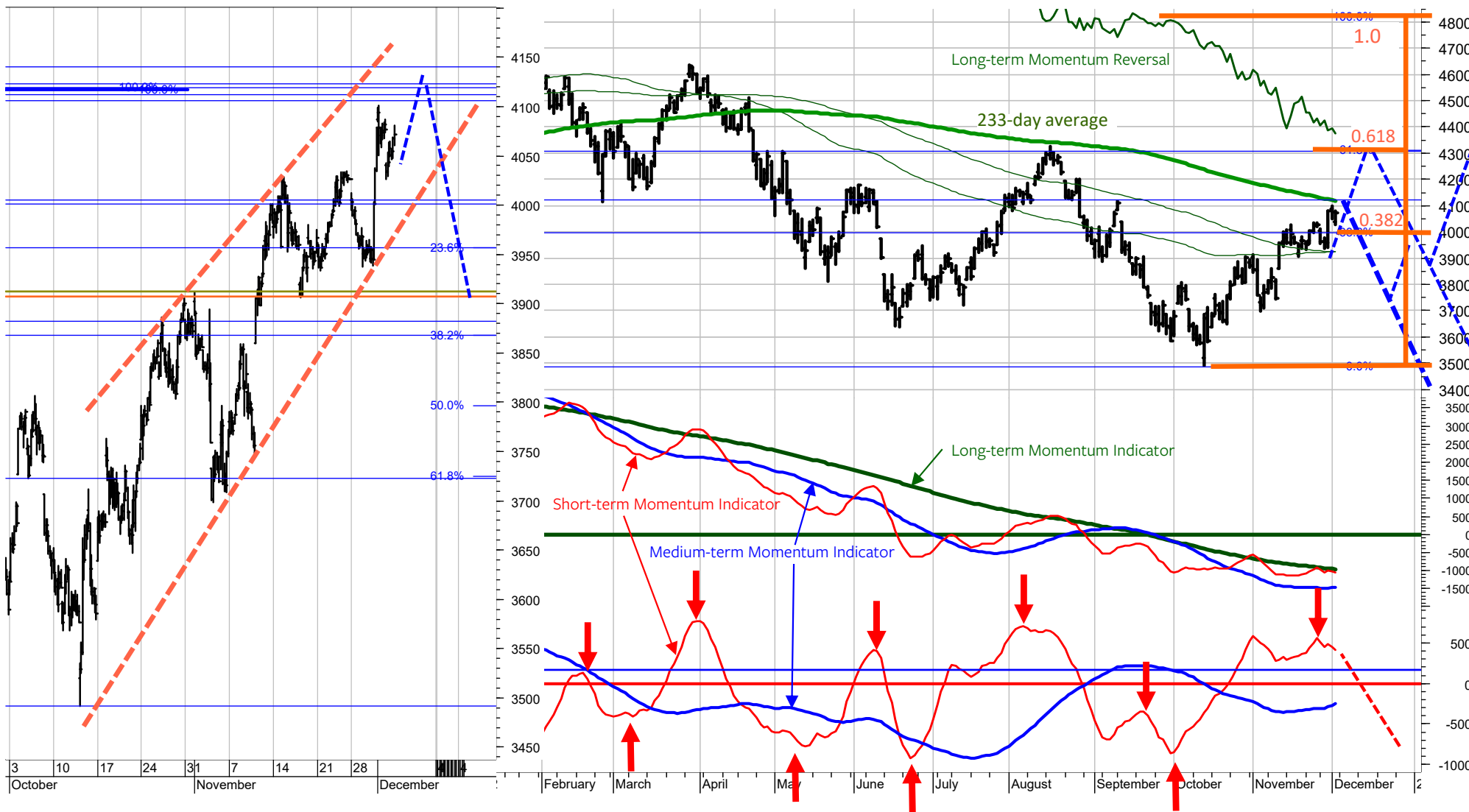


# S&P 500 Index

SCORE	INDEX		PRICE	LT	MT	ST
83%	S&P 500 INDEX/d	.SPX	4076.57	+	+	+

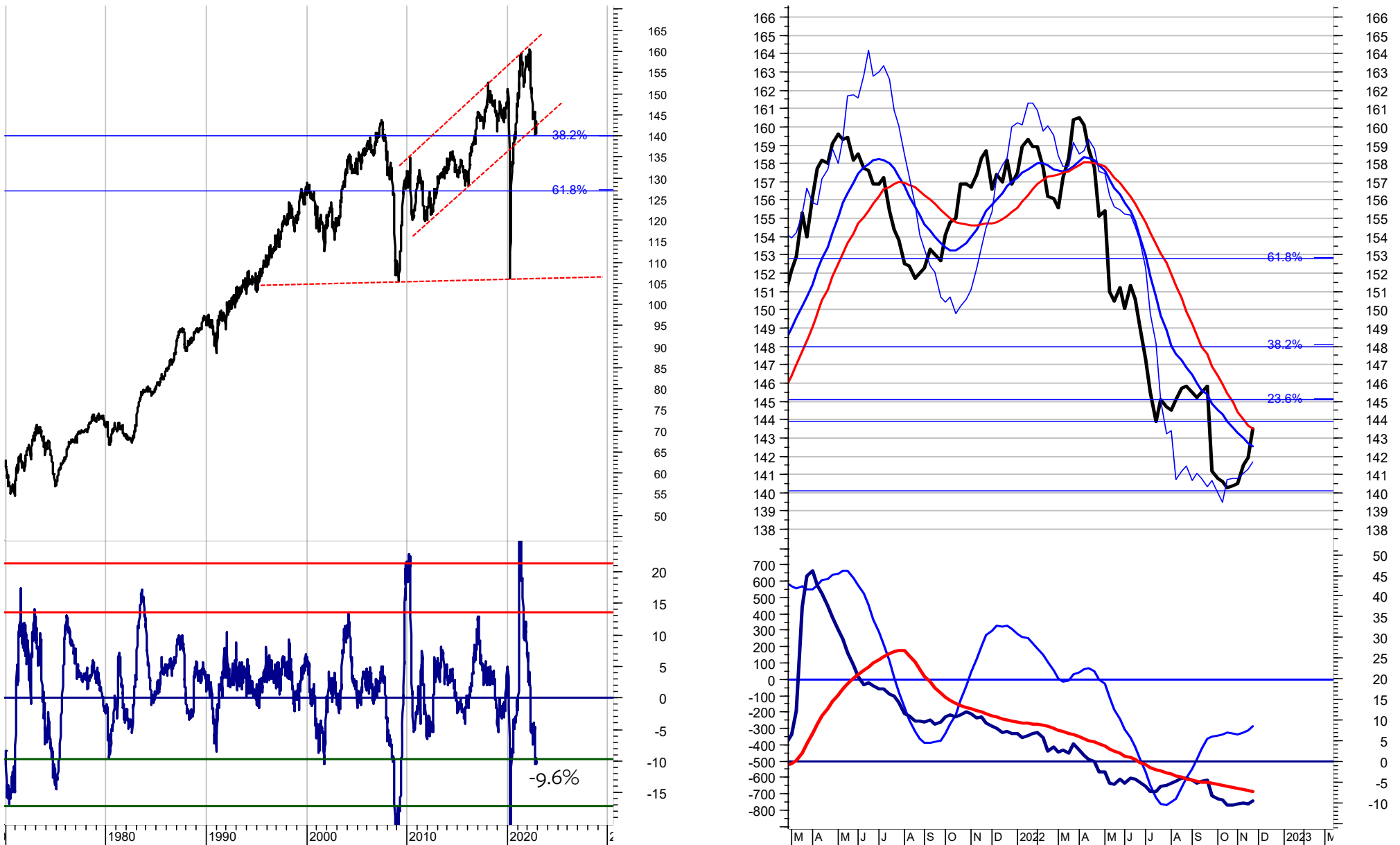
The disinflationary rally in the S&P 500 Index is likely to signal a top of at least short-term degree within the resistance range between 4100 and 4150. This range is marked by the Fibonacci resistance cluster and the 233-day moving average. A break above 4150 would indicate that the SPX could push to the next major resistance at 4300. This is the level of the long-term momentum

reversal and the 61.80% retracement of the decline from January 2022 to October 2022. The Short-term Momentum Indicator signaled a short-term top, which implies that the SPX should correct through December, either starting the decline from 4100 to 4150 or from 4300. The decline would be signaled if the supports are broken at 4000, 3950, 3860 and 3720. If the stock market decline is deflationary or inflationary depends on the trend of the 10-year yield. If the US economy continues to weaken and enters a recession, then the Yield would decline, which would then signal Deflation. On the next pages, I picture the charts, which could signal a recession.



# Economic Cycle Research Institute - ECRI Weekly Leading Index

The ECRI Index is rebounding off the major support at 140. This level marks the 38.20% retracement support to the rise from 27.3.2020 at 106.30 to 158.30 on 18.3.2022. The YoY Change (bottom left) dropped to -9.6%. This is recessionary territory. A hard-landing could be signaled if the ECRI Index falls below the key support at 140. Resistance for the unfolding rebound is at 145 and 148.



# US Unemployment – Weekly Initial Jobless Claims (left) and Weekly Continued Jobless Claims (right)

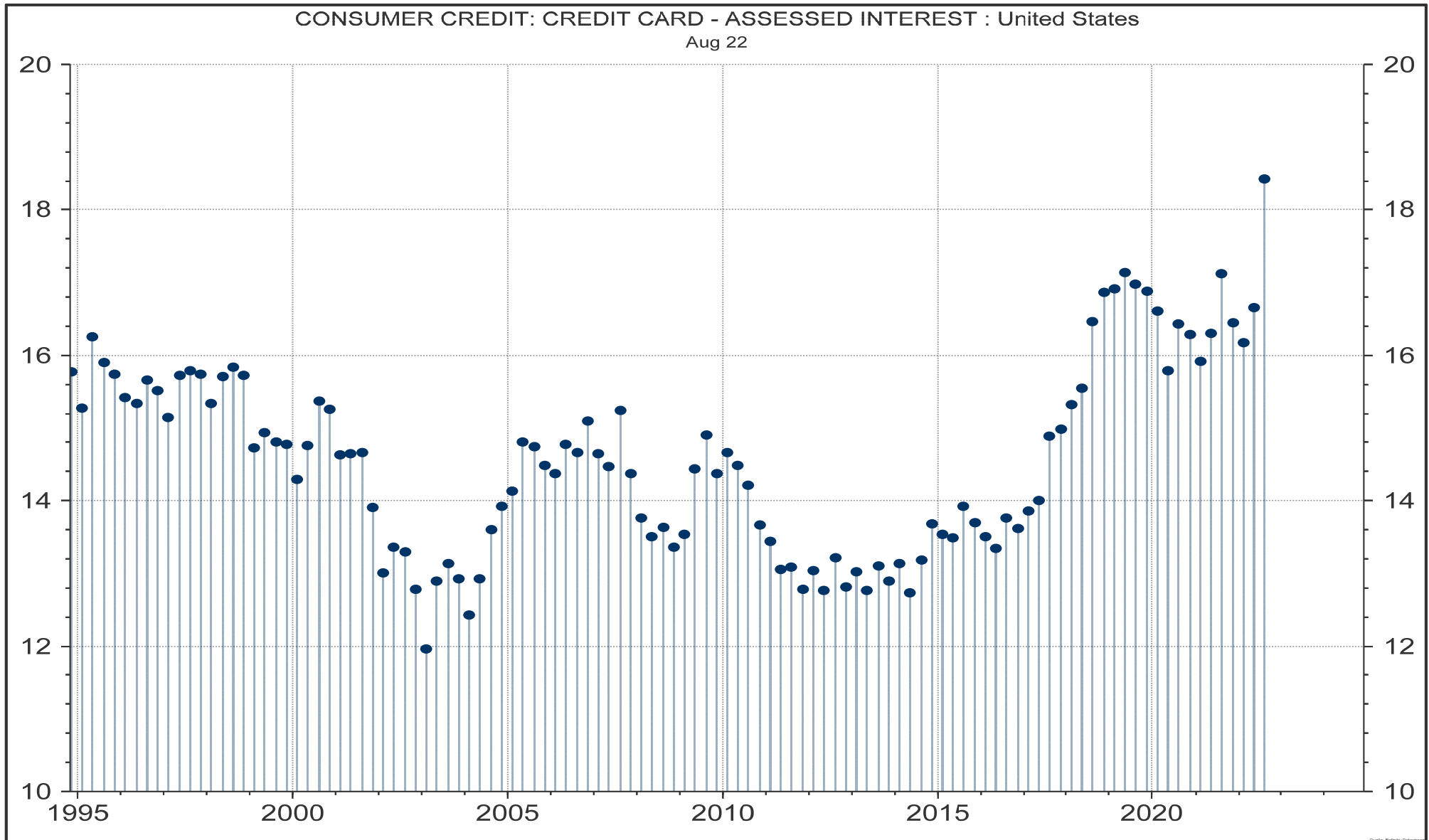
The Weekly Jobless Claims (left) appears to be forming a horizontal triangle. They would signal a recession if the support at 255 and 260 is broken.

The Continued Jobless Claims (right) have turned upwards. This is increasing the risk of a recession. The probability of a US recession could further increase if the resistances at 1.62 and 1.70 are broken.



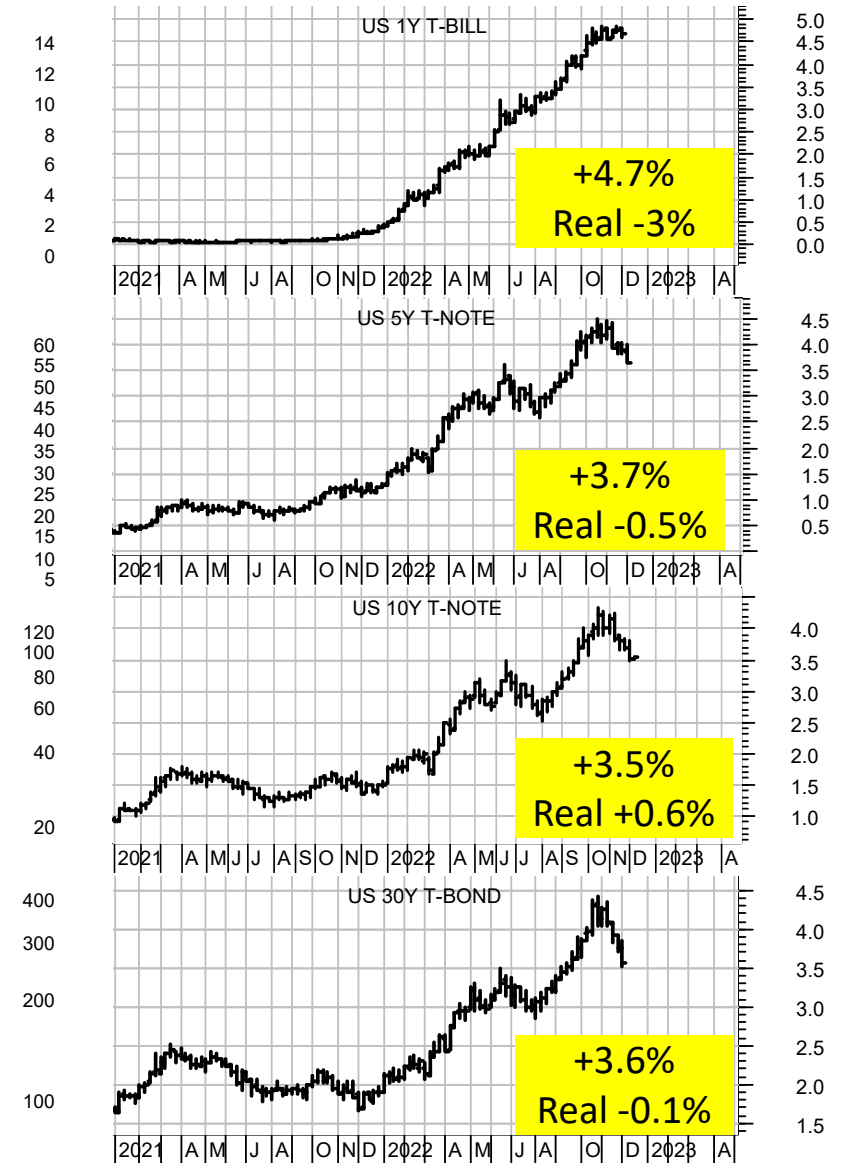
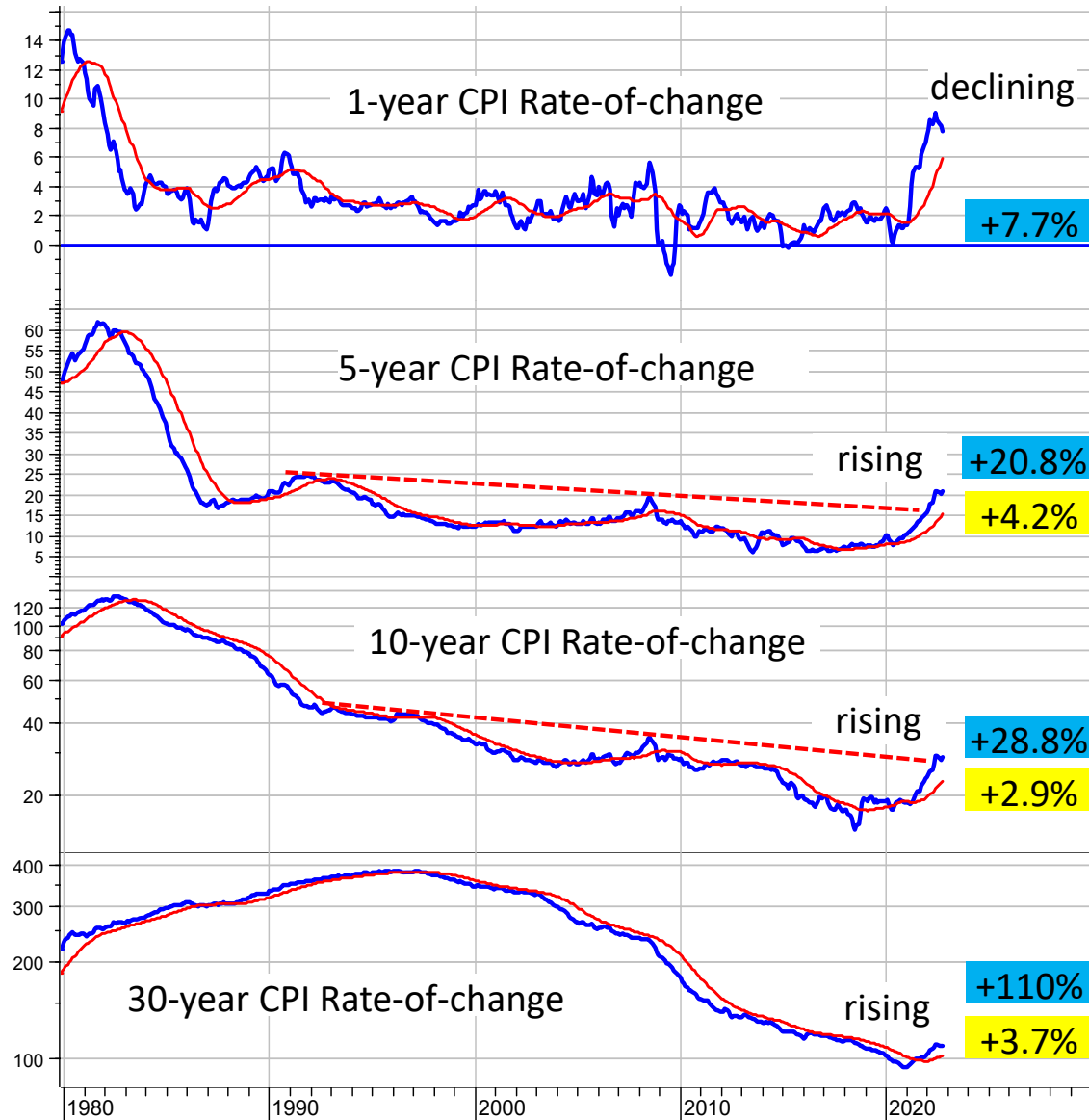
## Consumer Credit – Credit Card – Assessed Interest Rate

Credit cards are known for often featuring high interest rates compared with other types of debt. Moreover, Credit card interest rates are frequently on the move, with variable rates that can go up and down over time. The most recent data from the Federal Reserve reveals that credit card interest rates (on accounts that assessed interest) were 16.65% in May 2022 and 18.43% in August 2022. Note that Consumer Spending comprises 70% of US GDP. Given the rate rise, a slowdown in consumer spending would not come as a big surprise.



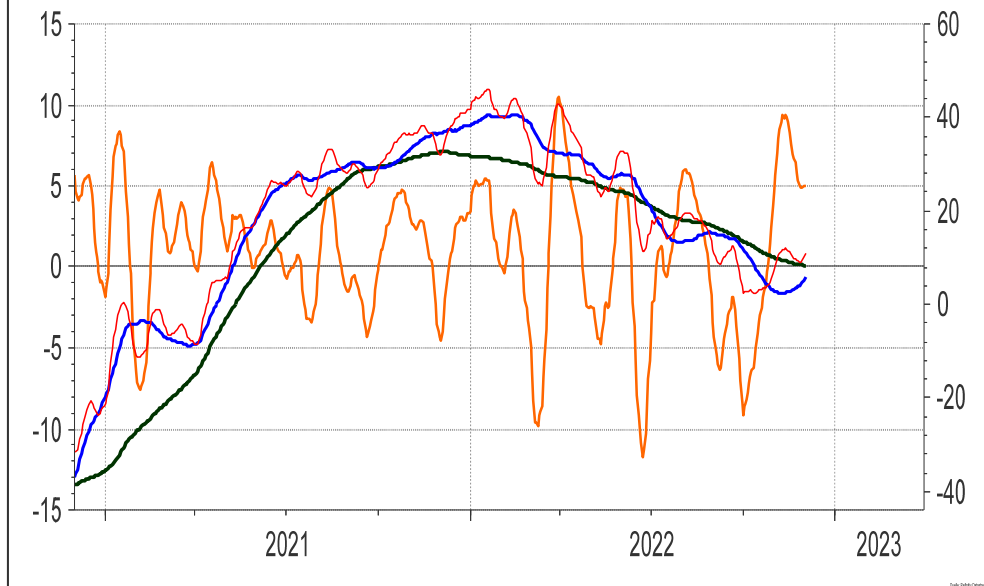
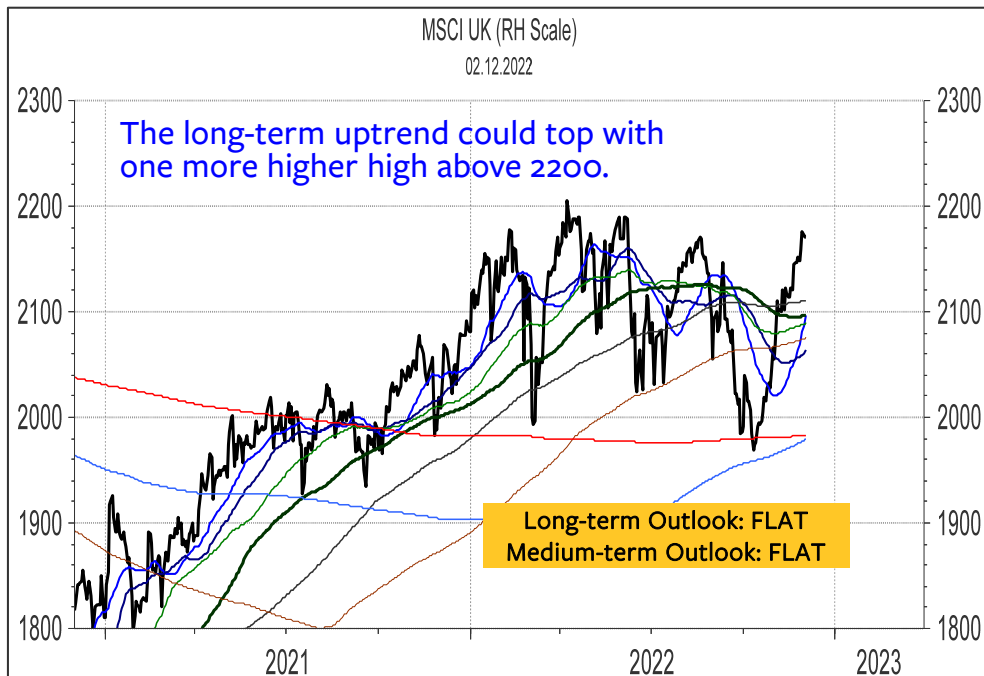
# US Consumer Price Index CPI – 1-year-, 5-year, 10-year- and 30-year-Rate-of-Change

The 1-year Rate-of-Change in the CPI of 7.7% compares to the 1-year T-Bill Yield of 4.7%. Assuming that the CPI will further slow down, then also the FED is likely to slow its rate hikes. The 5-year RoCh is 20.8%, which means 4.2% per year. This compares reasonably well with the present 5-year T-Note Yield of 3.70%. The 10-year CPI RoCh is 28.8%, which means 2.90% per year. The 10-year T-Note Yield is 3.5%. The 30-year CPI RoCh is 110% or 3.7% per year. This compares to the 30-year T-Bond Yield of 3.6%. These numbers show that the difference between the CPI RoCh and the Yield is the largest for the 1-year T-Bill (Real Yield of -3%). The real Yield for the 5-year T-Note is -0.5%, for the 10-year T-Note, it is +0.6% and for the 30-year T-Bond it is -0.1%.

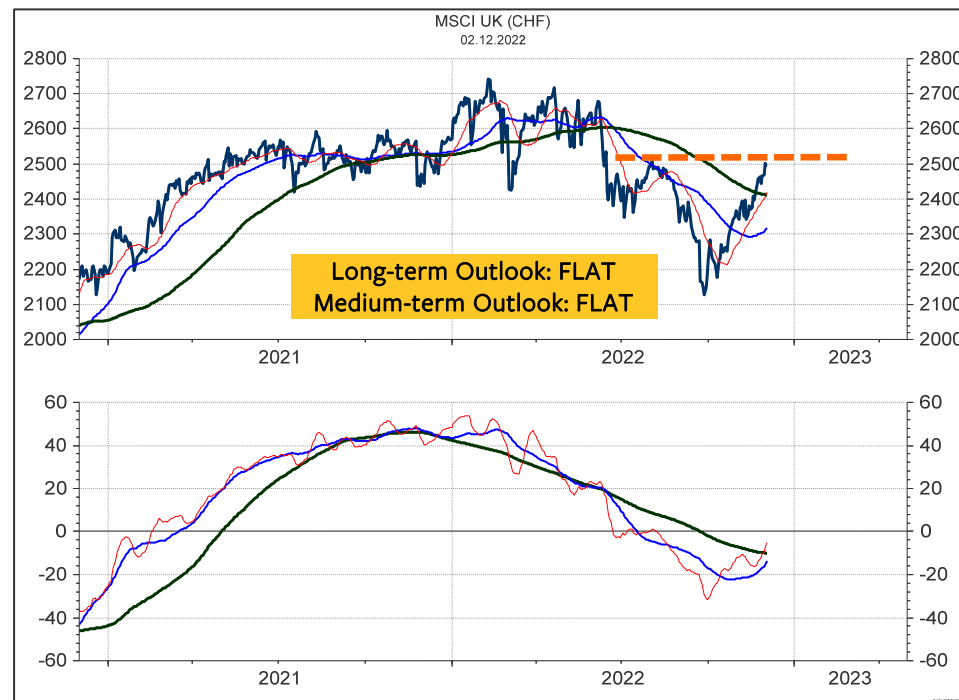


# MSCI U.K. in British Pound

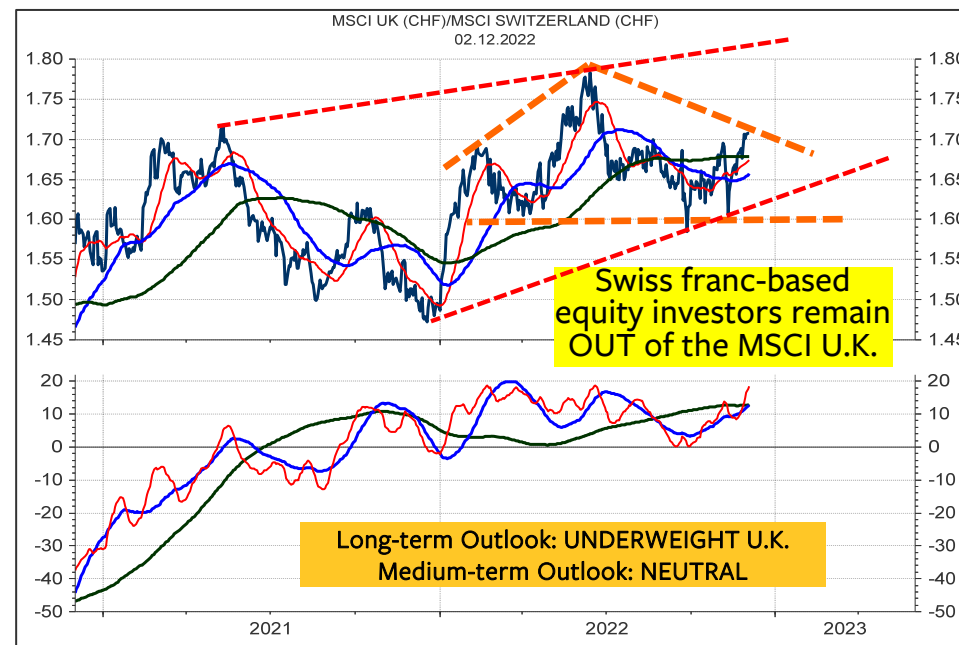
SCORE	INDEX		PRICE	LT	MT	ST
83%	MSCI UK	MSUTDKL	2'170.88	do	+	u+



# MSCI U.K. in Swiss franc



# MSCI U.K. in SFR relative to MSCI Switzerland

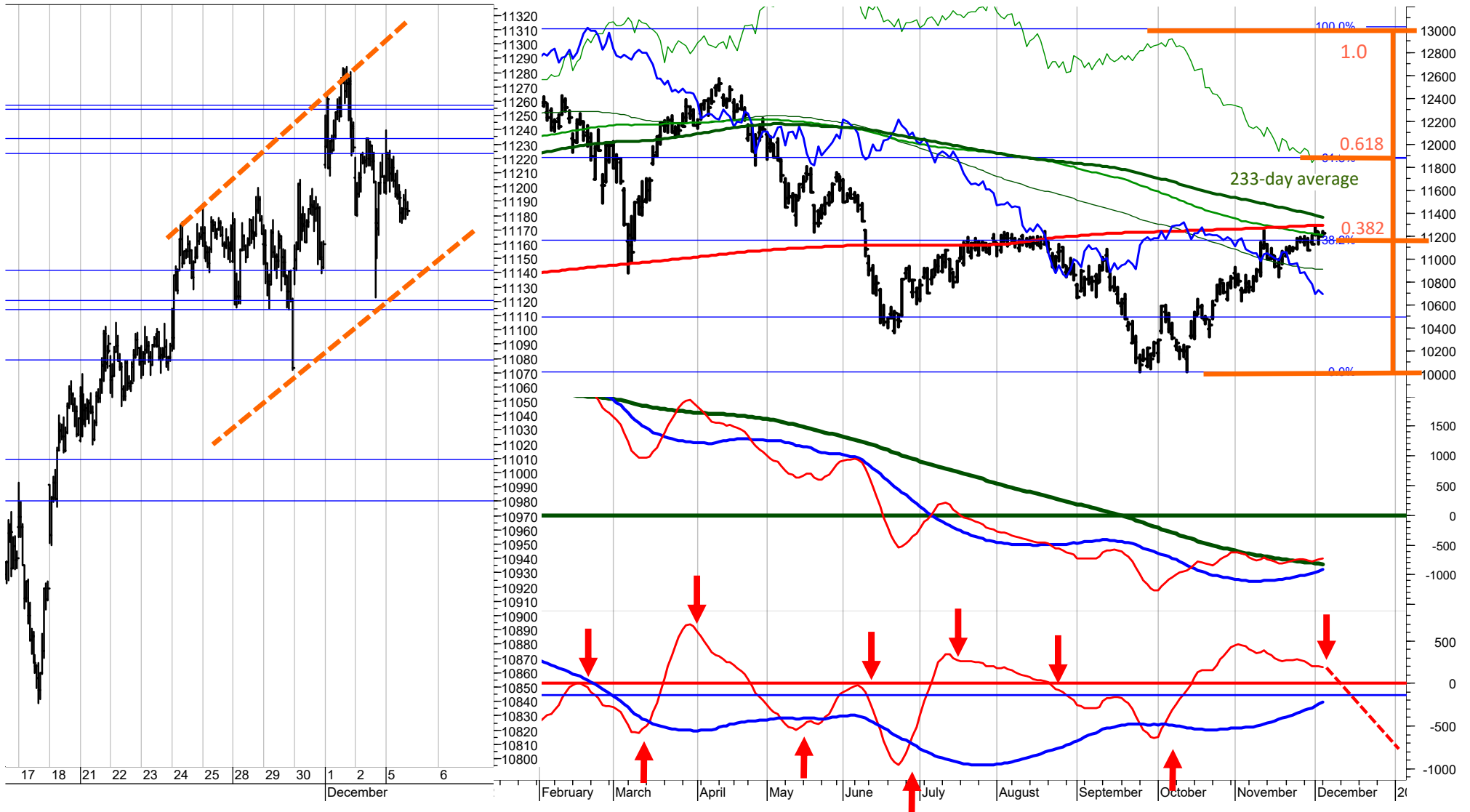




# Swiss Market Index

SCORE	INDEX		PRICE	LT	MT	ST
89%	SMI PR	.SSMI	11238.2	do	+	+

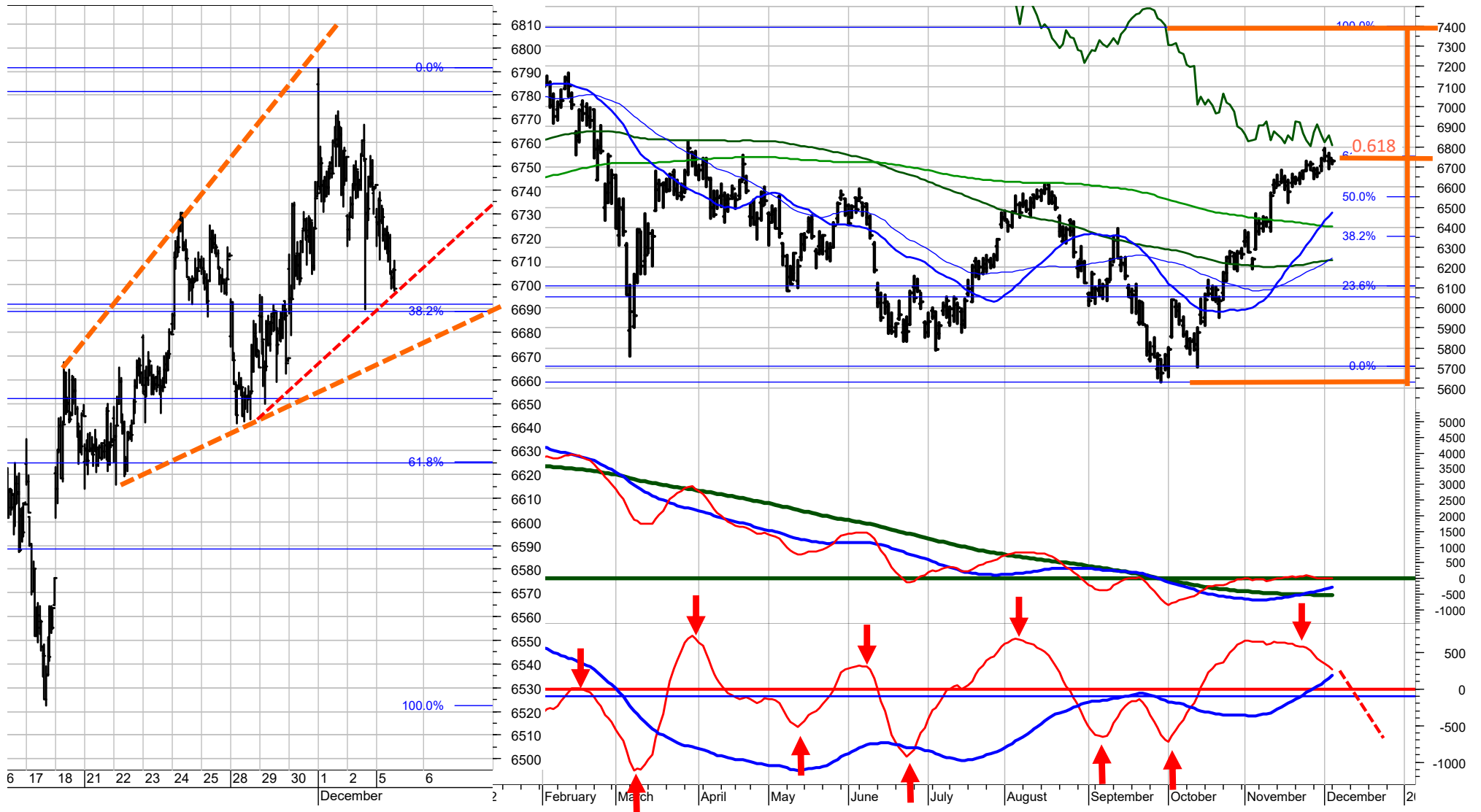
The rally from the low in October is likely to give way to another short-term correction either from here or from the resistance at 11280 to 11350. The Medium-term and Long-term Models could move to DOWN if the supports are broken at 11110 to 11070 and 11010 to 10970 respectively.



# French CAC 40 Index

SCORE	INDEX		PRICE	LT	MT	ST
83%	CAC 40 INDEX/d	.FCHI	6753.97	+	+	do

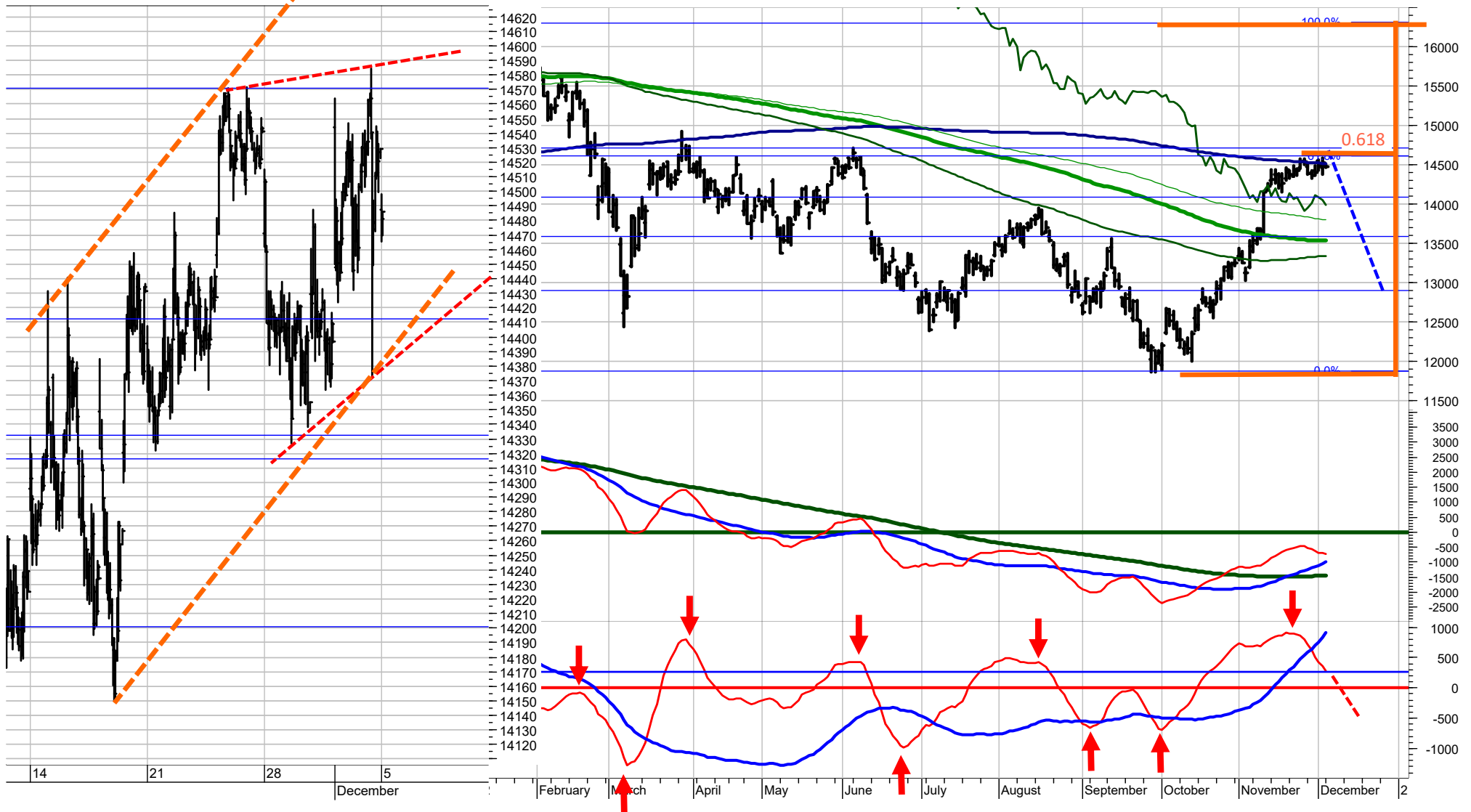
The rally from late September appears to be capped by the major resistance around 6750 to 6800. This range is derived from the 61.80% retracement to the January to September decline (at 6750) and the long-term momentum reversal (at 6800). If the Index holds above 6050 through the next short-term decline, or if it breaks above 6900, then the long-term trend outlook could turn upwards.



# Deutscher Aktien Index DAX

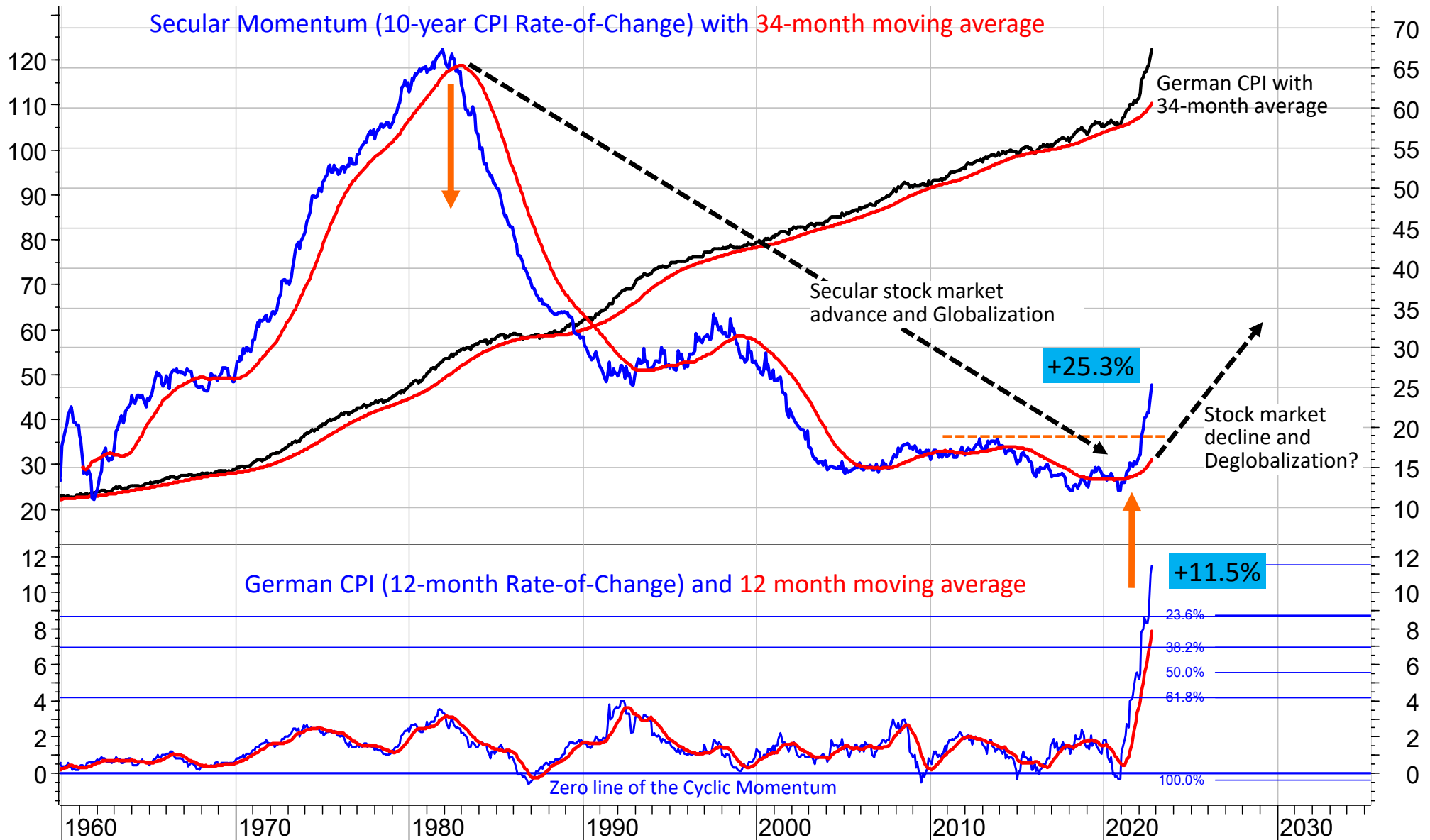
SCORE	INDEX		PRICE	LT	MT	ST
94%	XETRA DAX PF/d	.GDAXI	14490.3	+	+	do

The DAX is testing the most important resistance range between 14450 and 14700. This is the 61.80% retracement resistance to the decline from January 2022 to late September. The Short-term Momentum Indicator is declining and suggests that some more short-term weakness is to be expected into early January. Short-term supports are 14410, 14310 and 14200. Medium-term support is 13500 and long-term support at 12800. If the DAX holds above 12900 through the short-term decline, or if it breaks above 15000, then the long-term outlook could turn UP.



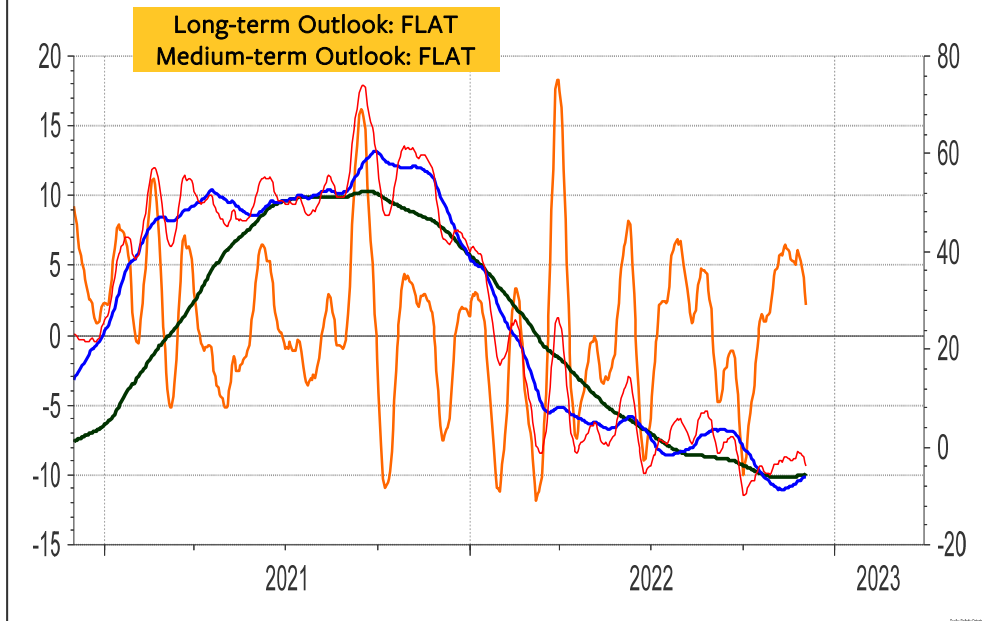
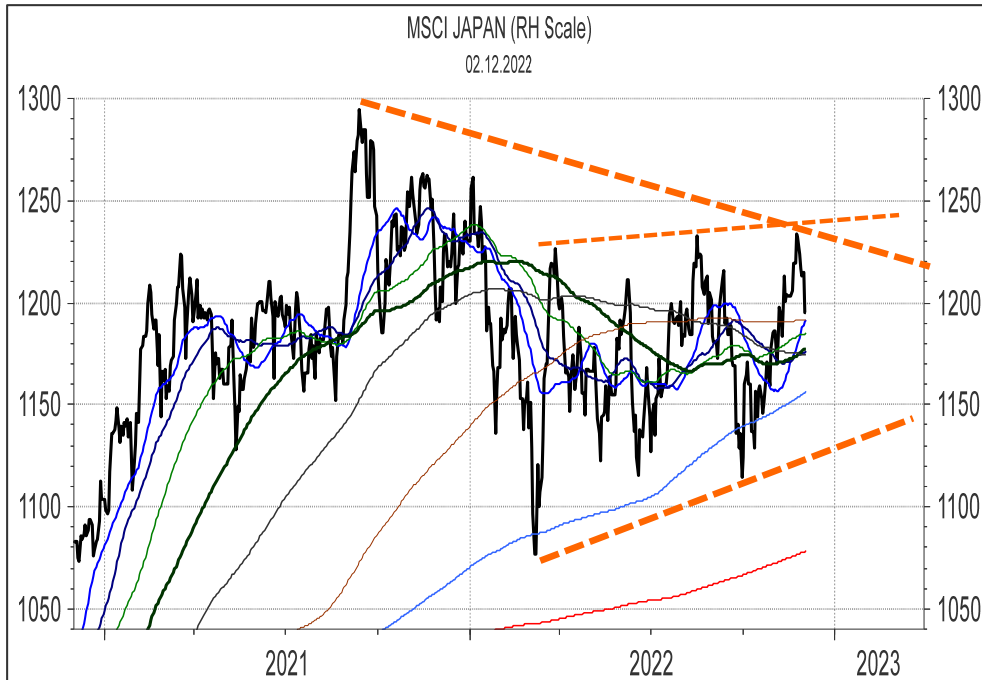
# German CPI – SECULAR Momentum (10-year Rate-of-Change) and the 12-month Rate-of-Change

The German CPI rose to 11.5% for the month of October. Clearly, the present rate of rise is likely to reach a top and slow down. However, the secular Disinflation from 1981 (at 67%) has definitely be broken. Moreover, even if the 12-month RoCh slows to 7%, the secular uptrend is likely to resume after the cyclic slowdown and persist for the next few years.



# MSCI JAPAN in Yen

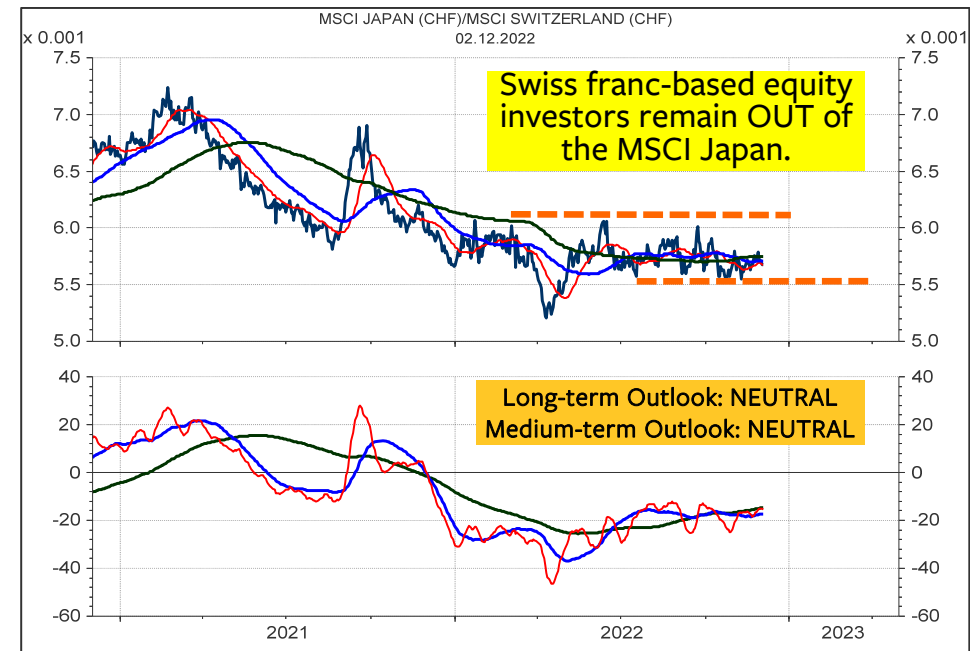
SCORE	INDEX		PRICE	LT	MT	ST
83%	MSCI JAPAN	MSJPANL	¥195.05	+	+	dd-



# MSCI JAPAN in Swiss franc

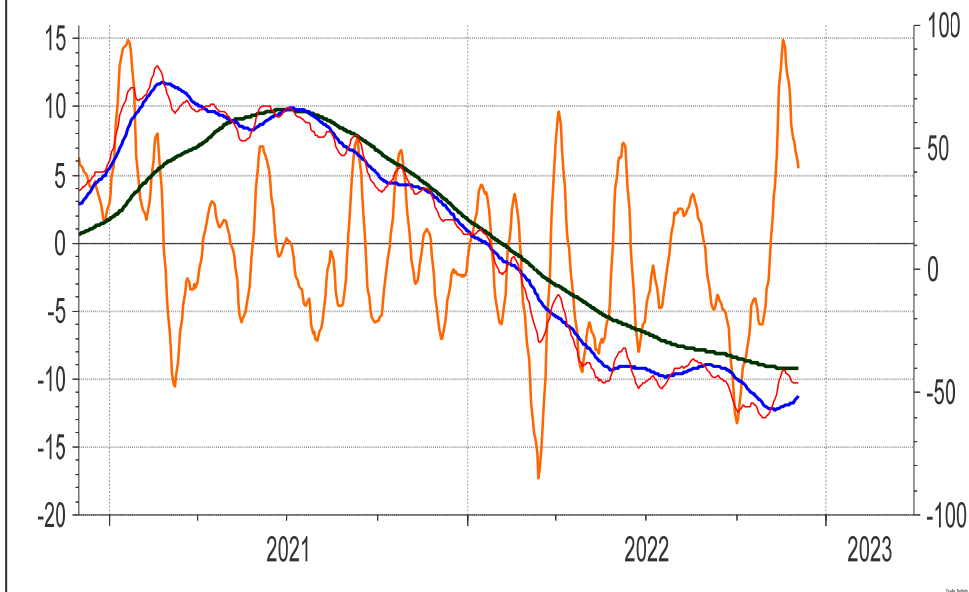


# MSCI JAPAN in SFR relative to MSCI Switzerland

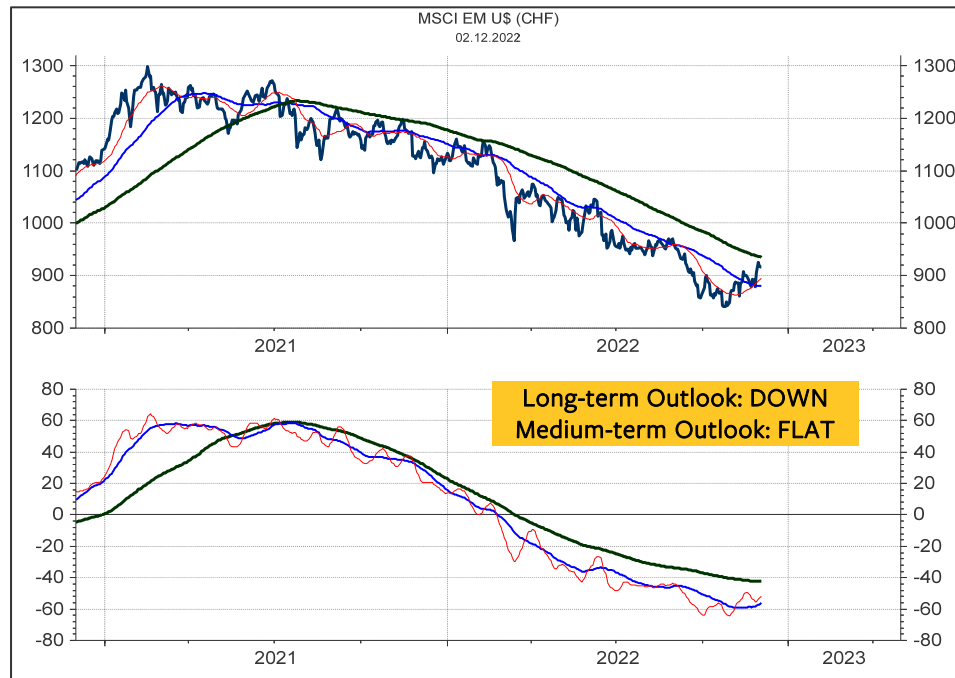


# MSCI EMERGING MARKETS in local currencies

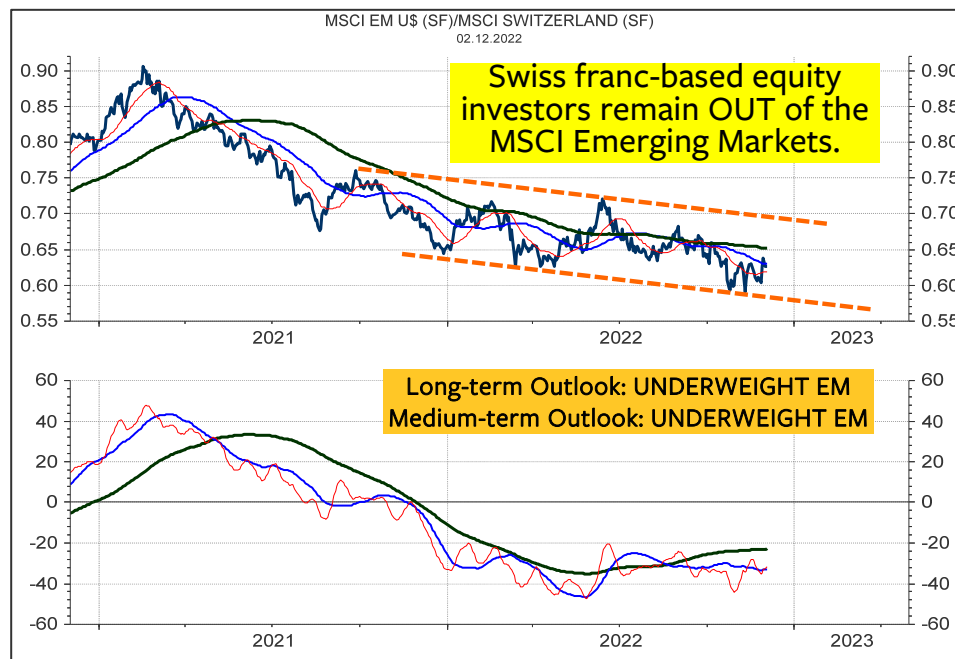
SCORE	INDEX		PRICE	LT	MT	ST
94%	MSCI EM	MSEMKFL	58'601.72	U+	+	u+



# MSCI EMERGING MARKETS in Swiss franc



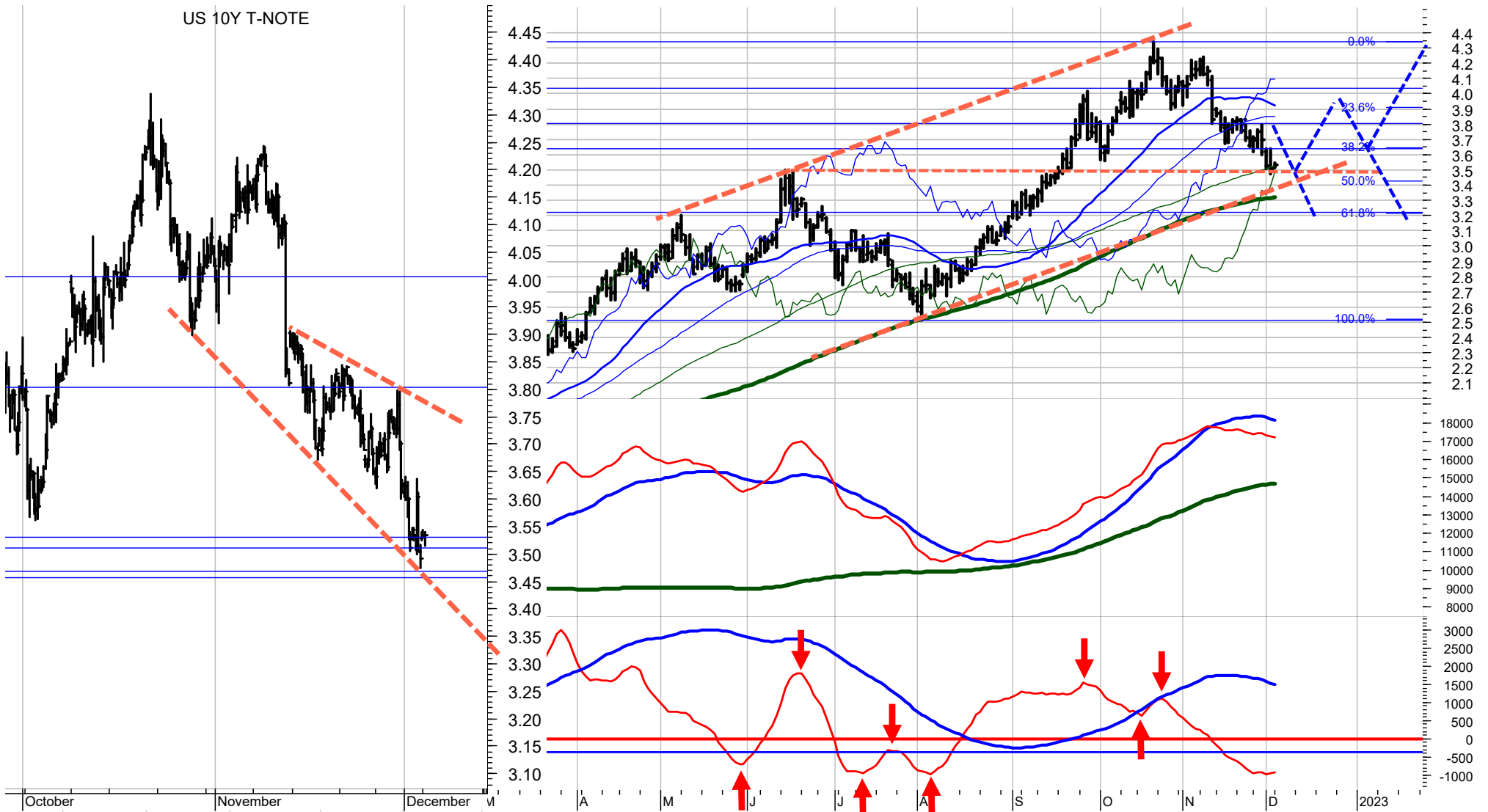
# MSCI EMERGING MARKETS in SFR relative to MSCI Switzerland



# US 10-year T-Note Yield

SCORE	COUNTRY BOND YIELD	RIC	PRICE	LT	MT	ST
22%	RF US GVT BMK BID YLD 10Y	US10YT=RR	3.5030	+	d-	-

The 10-year Yield fell below the support at 3.65% and is presently testing the major support surrounding the level at 3.45%. Based on the bottoming short-term momentum indicator, a rebound could start from here. But, a break of 3.45% could trigger a long-term downtrend signal if also 3.20% is broken.



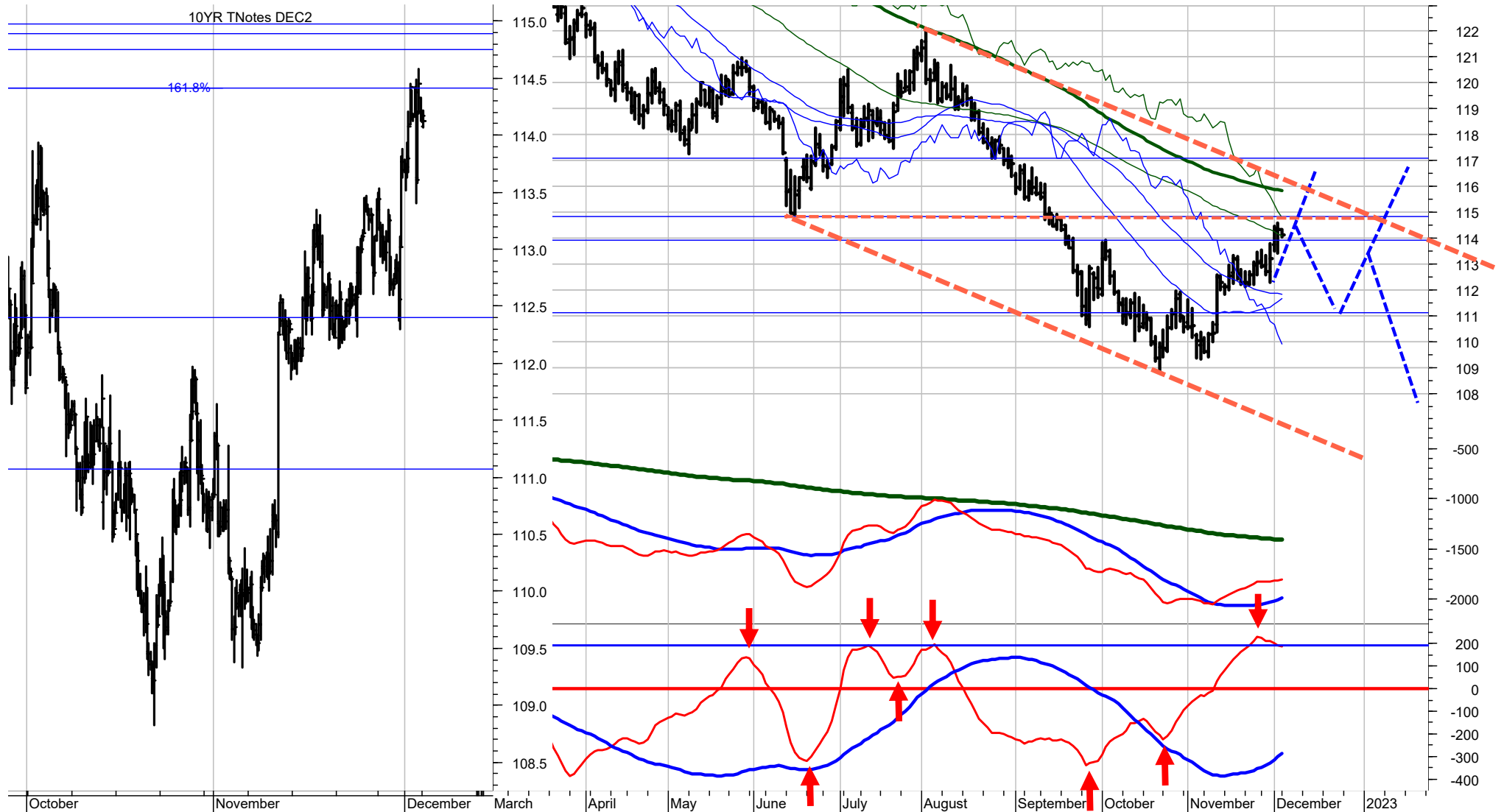




# US 10-year T-Notes Continuous Future

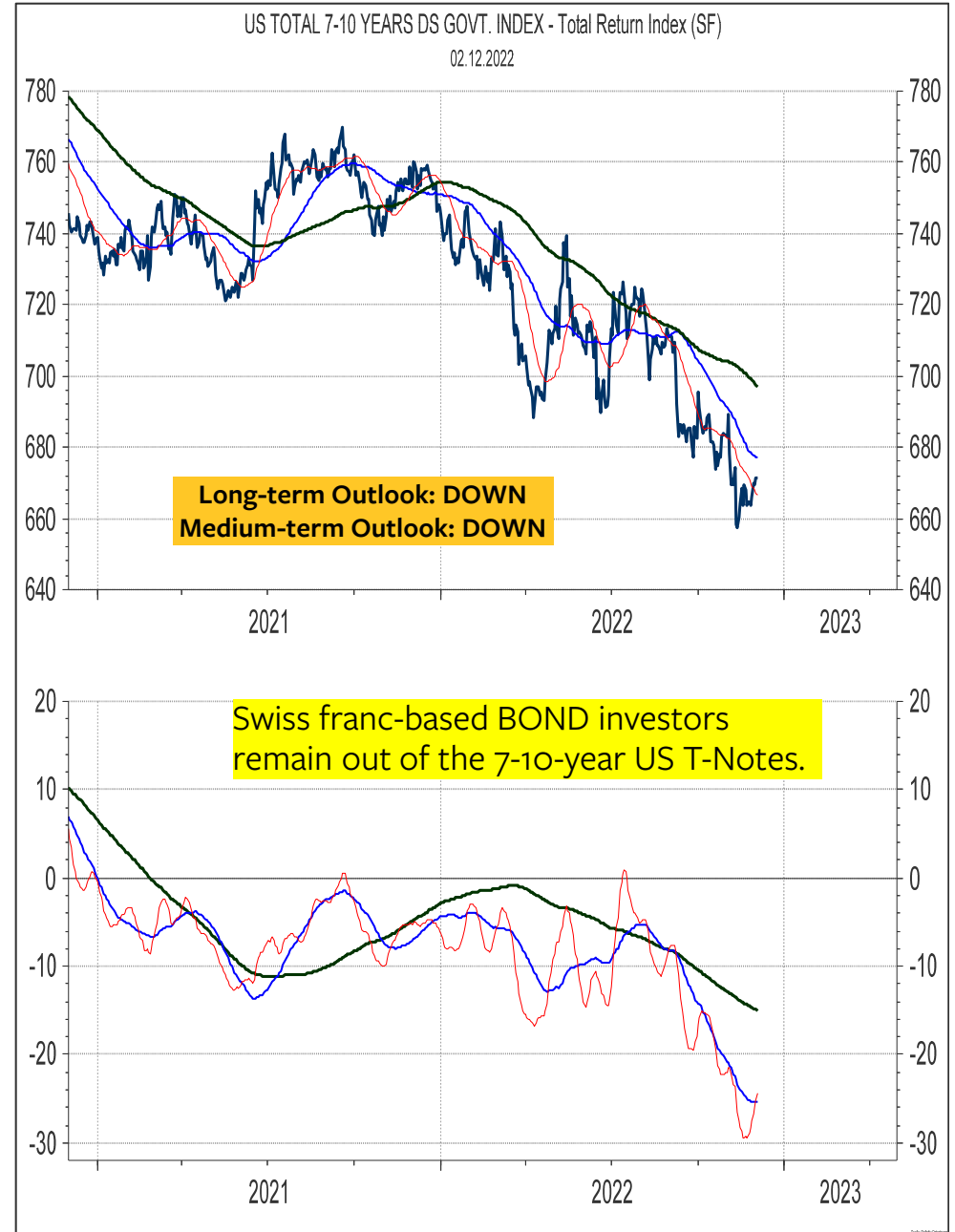
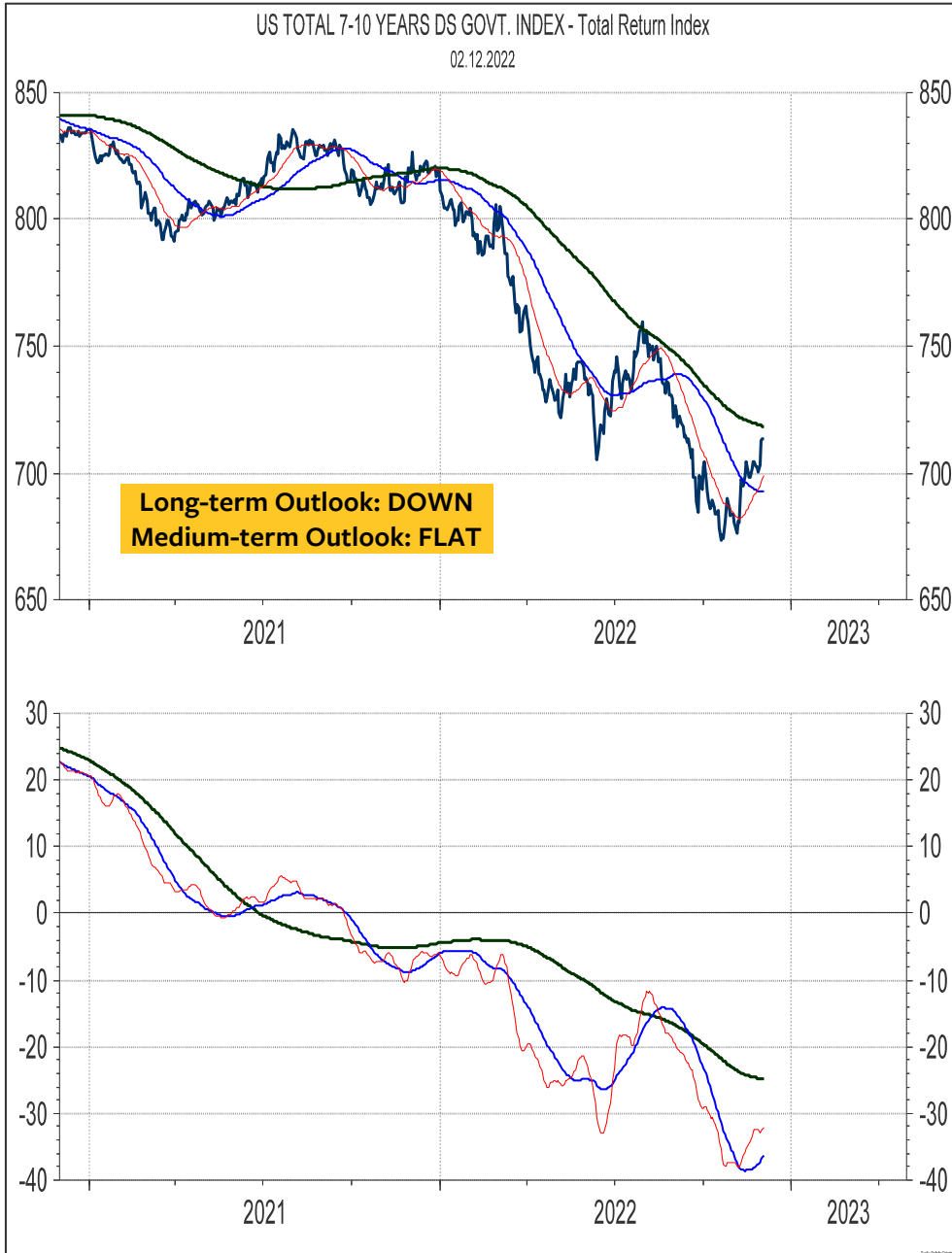
SCORE	FUTURE PRICE	CODE	PRICE	LT	MT	ST
67%	ECBOT-10 YEAR US T-NOTE CONT.	CZNC500	112.30	-	+	+

The medium-term rebound in the US 10-year T-Note Future has reached the resistance range between 114.50 and 115. is tracing out a medium-term rebound. The next short-term momentum decline will indicate if a long-term bottom is forming or if the long-term downtrend resumes to lower lows below 108.80.



# Total Return from 7-10-year US T-Notes in US\$

# Total Return from 7-10-year US T-Notes in Swiss franc



# Swiss 10-year Bond Yield

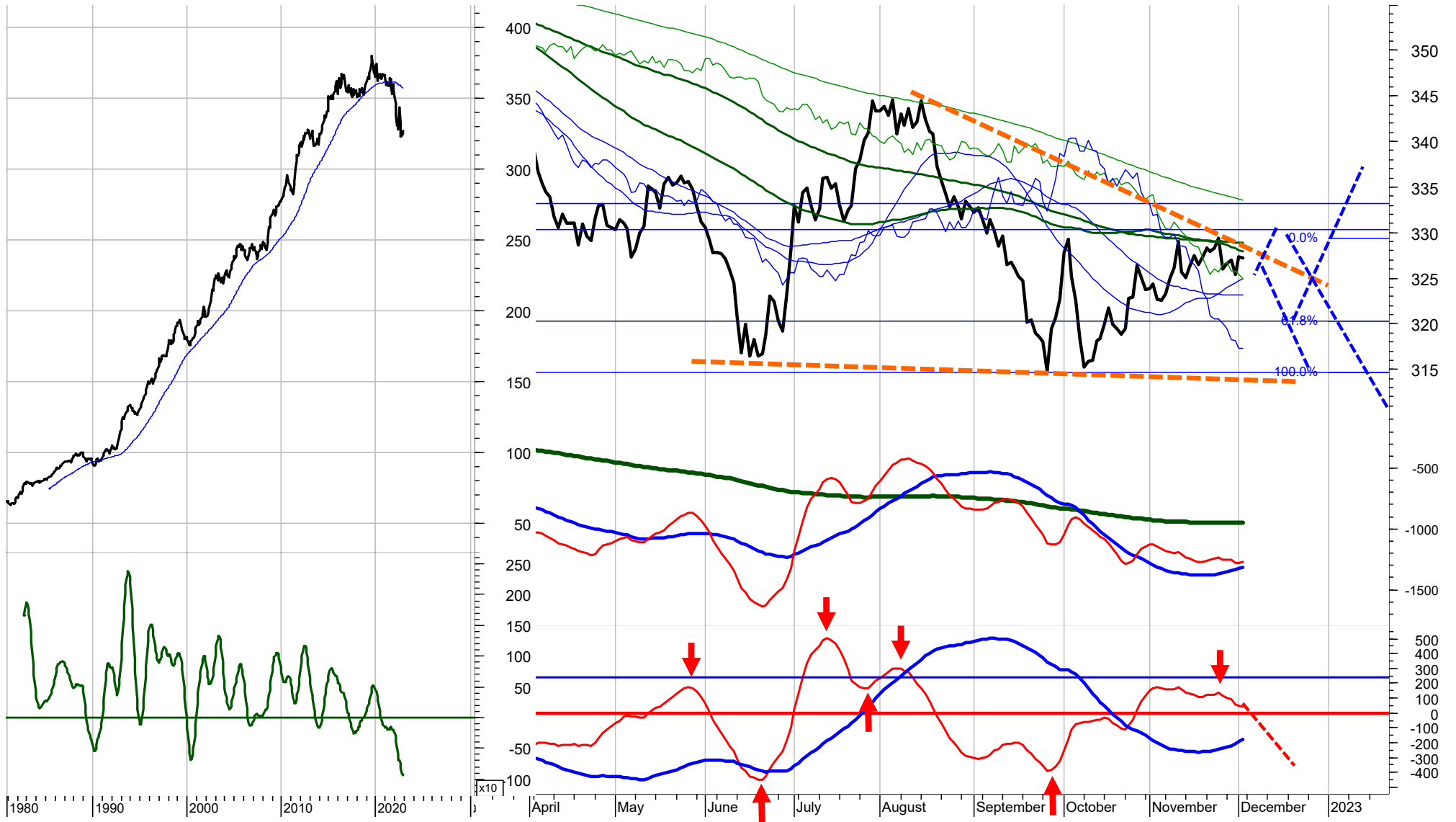
SCORE	COUNTRY BOND YIELD	RIC	PRICE	LT	MT	ST
44%	RF SWITZERLAND GVT BMK BID YLD 10Y	CH10YT=RR	1.0420	+	-	UU+

The Swiss 10-year Conf Yield remains in a trading range between resistances at 1.43% to 1.60% and supports at 0.92% to 0.80%. My Medium-term and possibly also the long-term outlook would move to DOWN if the support at 0.80% is broken.



# Total Return from 7-10 year Swiss Confederation Bonds

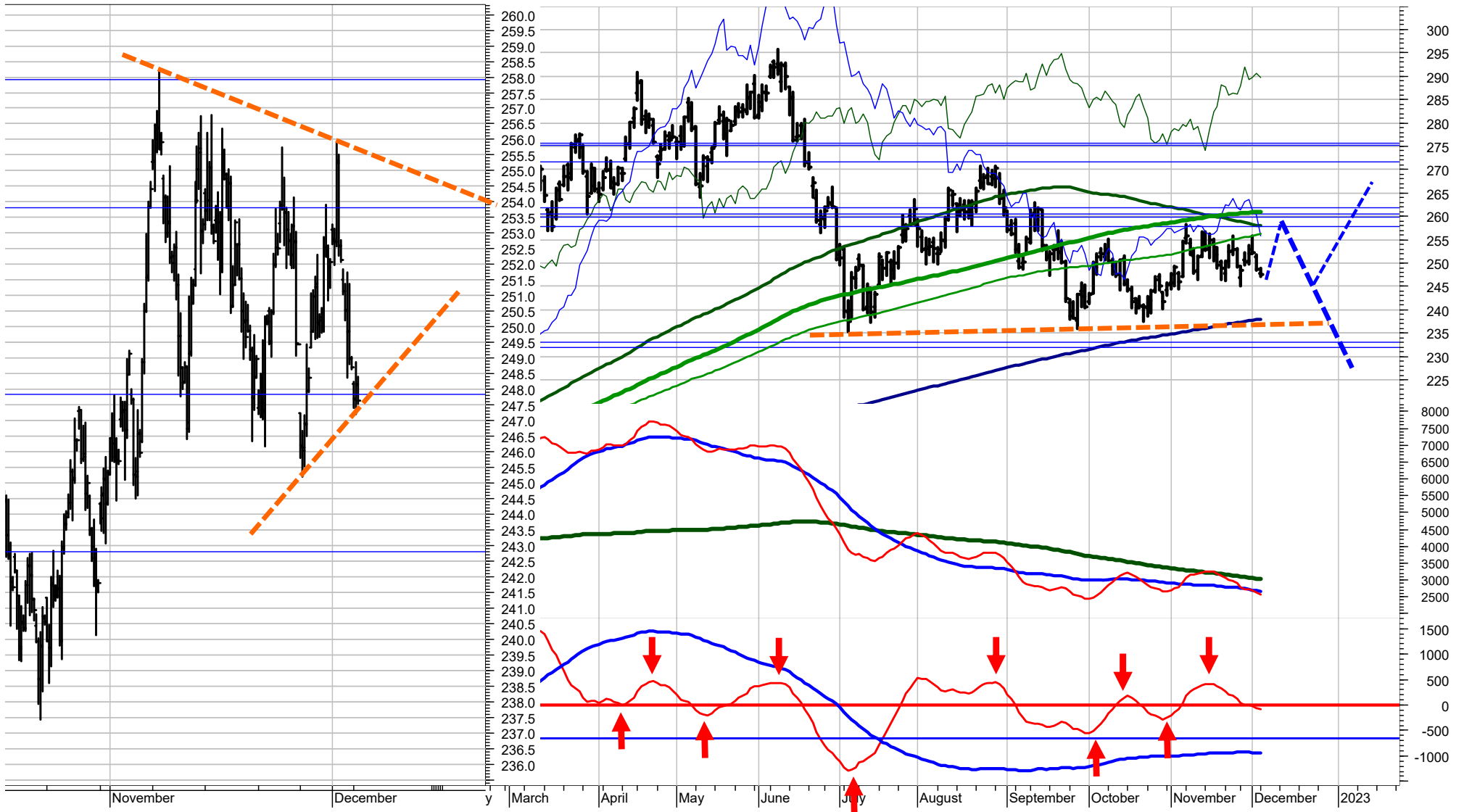
The Total Return from the Swiss 7-10-year Confederation Bonds remains in the long-term downtrend unless the resistance is broken at 331 to 334.



# Bloomberg Commodity Total Return Index

SCORE	COMMODITY	CODE	PRICE	LT	MT	ST
39%	BLOOMBERG COMMODITY INDEX	DJUBSTR	248.97	d-	+	do

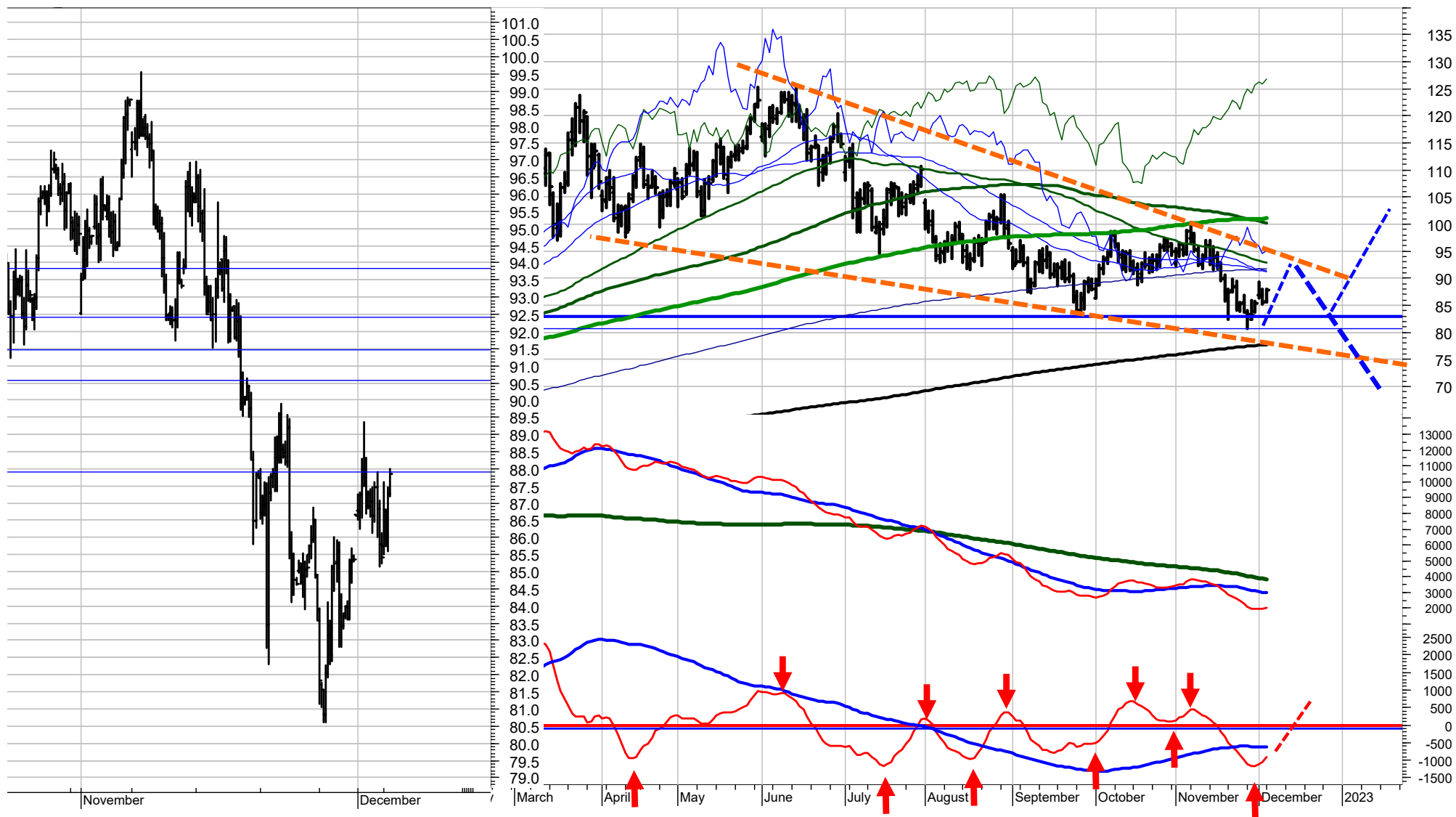
The Bloomberg Commodity Index is trading in a neutral range between 254 to 258 and above supports at 247 and 242.50. The bearish outlook is favored unless the Index breaks above 258 to 263 (medium term) or 275 (long term).



# Brent Crude - Continuous Future (LCOc1)

SCORE	COMMODITY	CODE	PRICE	LT	MT	ST
17%	BRENT CRUDE OIL CONTINUOUS	LLCC.01	87.62	d-	do	dd-

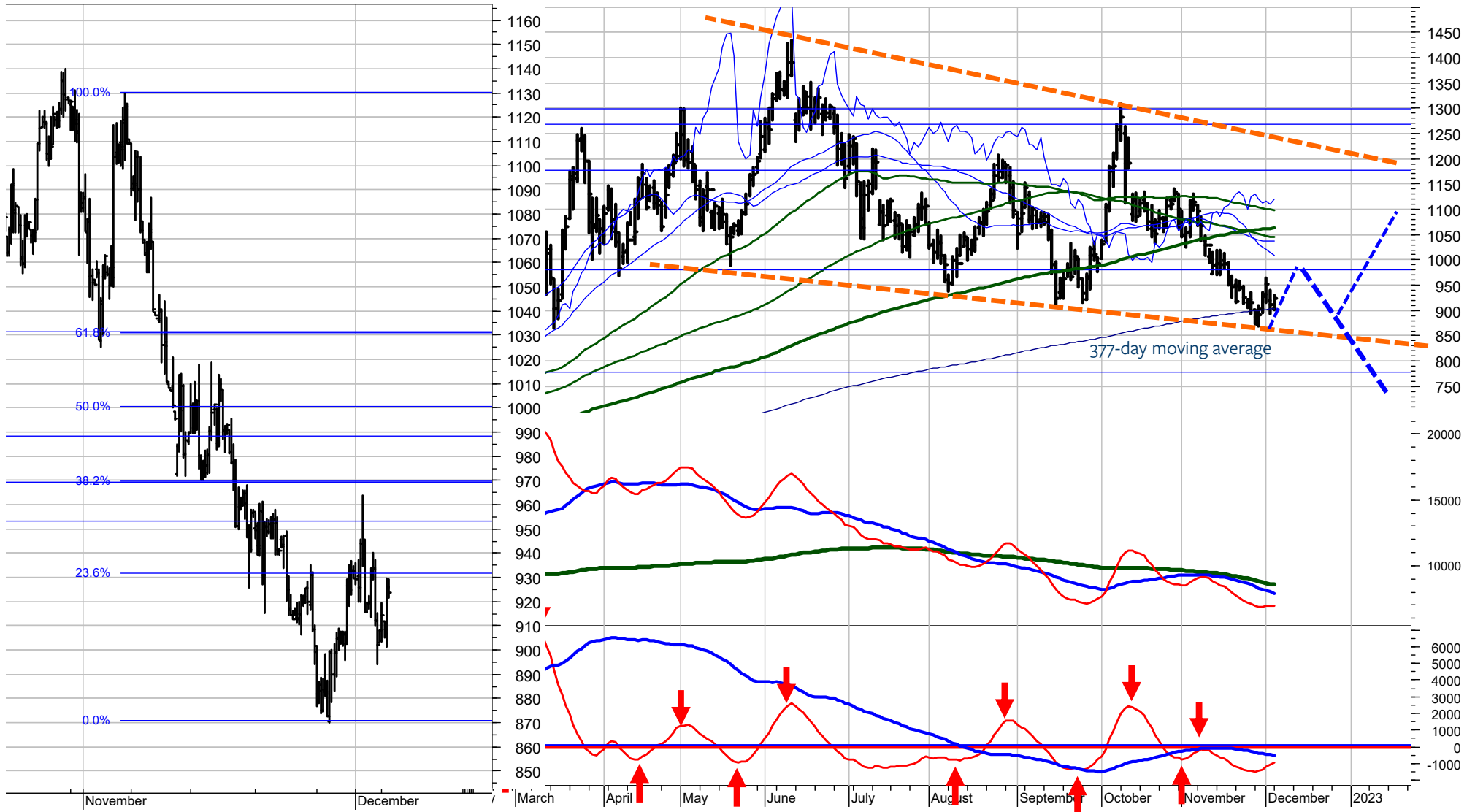
The Long-term Outlook would be confirmed as DOWN if the orange dashed support line and the 610-day moving average at 77 is broken. Based on the rising short-term momentum indicator, Brent Crude is tracing out a short-term rebound. The long-term downtrend could resume if the next short-term momentum top is registered while Brent Crude trades below the resistance at 94.



# Gas Oil – Continuous Future (LGOc1)

SCORE	COMMODITY	CODE	PRICE	LT	MT	ST
0%	GAS OIL CONTINUOUS	LLECS00	946.00	-	-	-

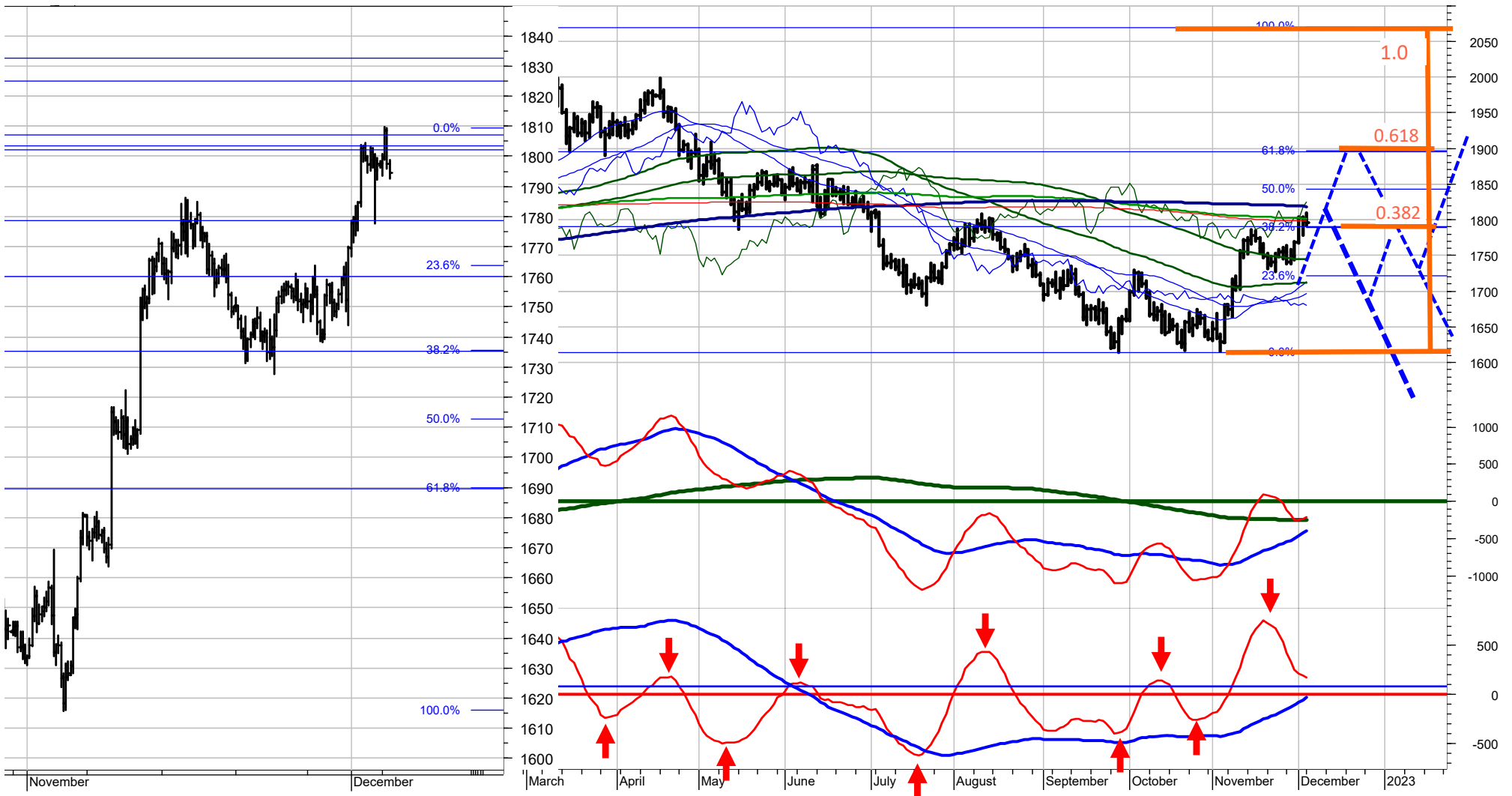
The Gas Oil Continuous Future is bouncing off the orange dashed support line and the 377-day moving average at 900 to 850. It could recover to the resistances at 970 or 1030 before resuming the long-term downtrend.



# Gold Spot Price

SCORE	COMMODITY	CODE	PRICE	LT	MT	ST
89%	Gold Bullion LBM \$/t oz DELAY	GOLDBLN	1754.26	+	+	+

The Outlook for Gold is similar to the one for the S&P 500 Index: either it turns DOWN here or it breaks above 4150 and rallies to 4300, which is the 61.80% retracement to the January to September equity decline. Likewise, Gold could turn DOWN here or break above 1835 and rally to 1900, which is the 61.80% retracement to the decline from March to October. It is no coincidence that on my Seasonal Cycle Model (page 2), Gold has benefited from the disinflationary rally from October (same as equities). If the next cycle shift is to Deflation, then Gold, similar to equities, should resume its downtrend. Such a downtrend signal for Gold would be triggered if the supports at 1690 and 1615 are broken.

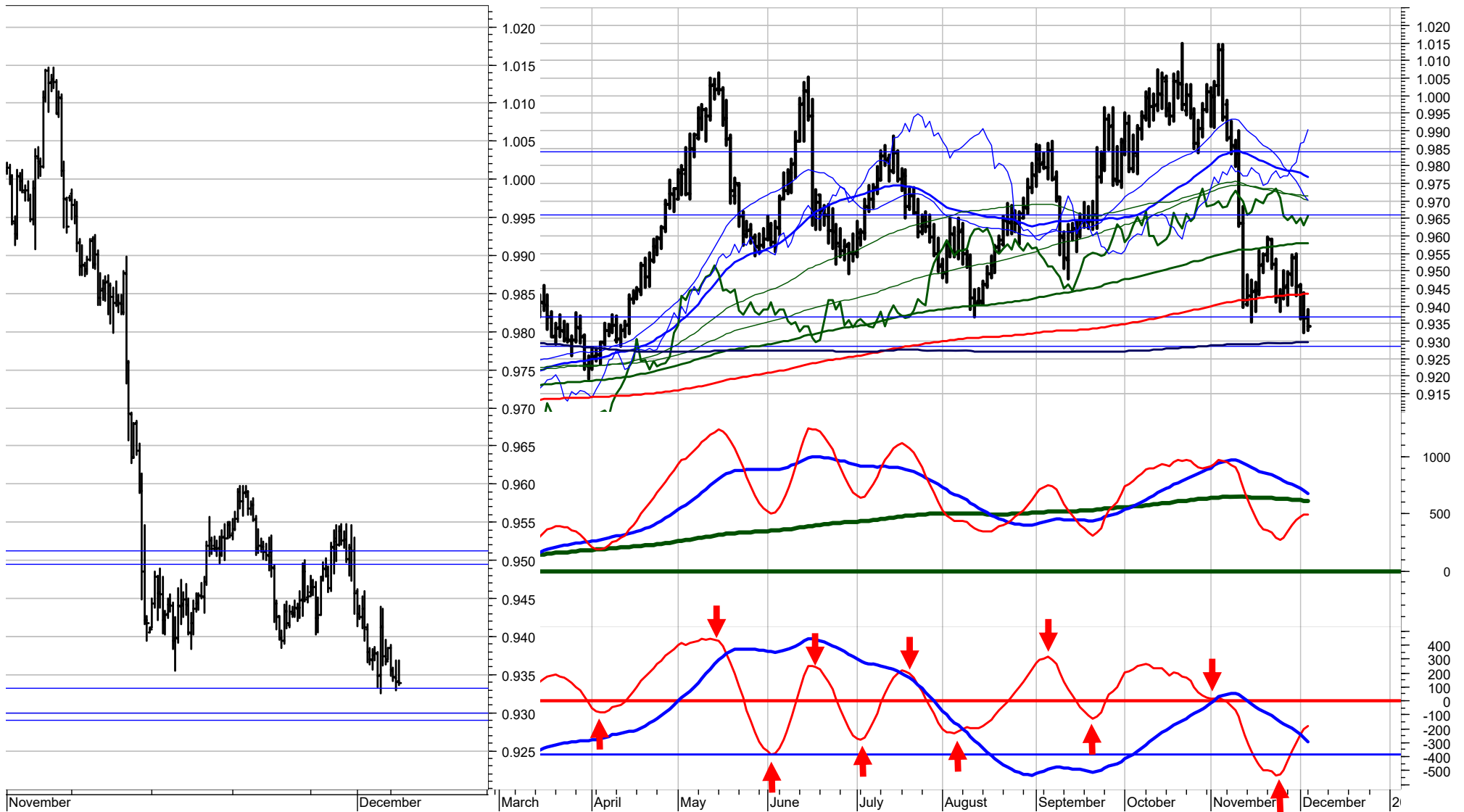




# Swiss Franc per US DOLLAR

SCORE	CURRENCY	RIC	PRICE	LT	MT	ST
6%	US DOLLAR/Swiss Franc	CHF=	0.9367	-	-	0

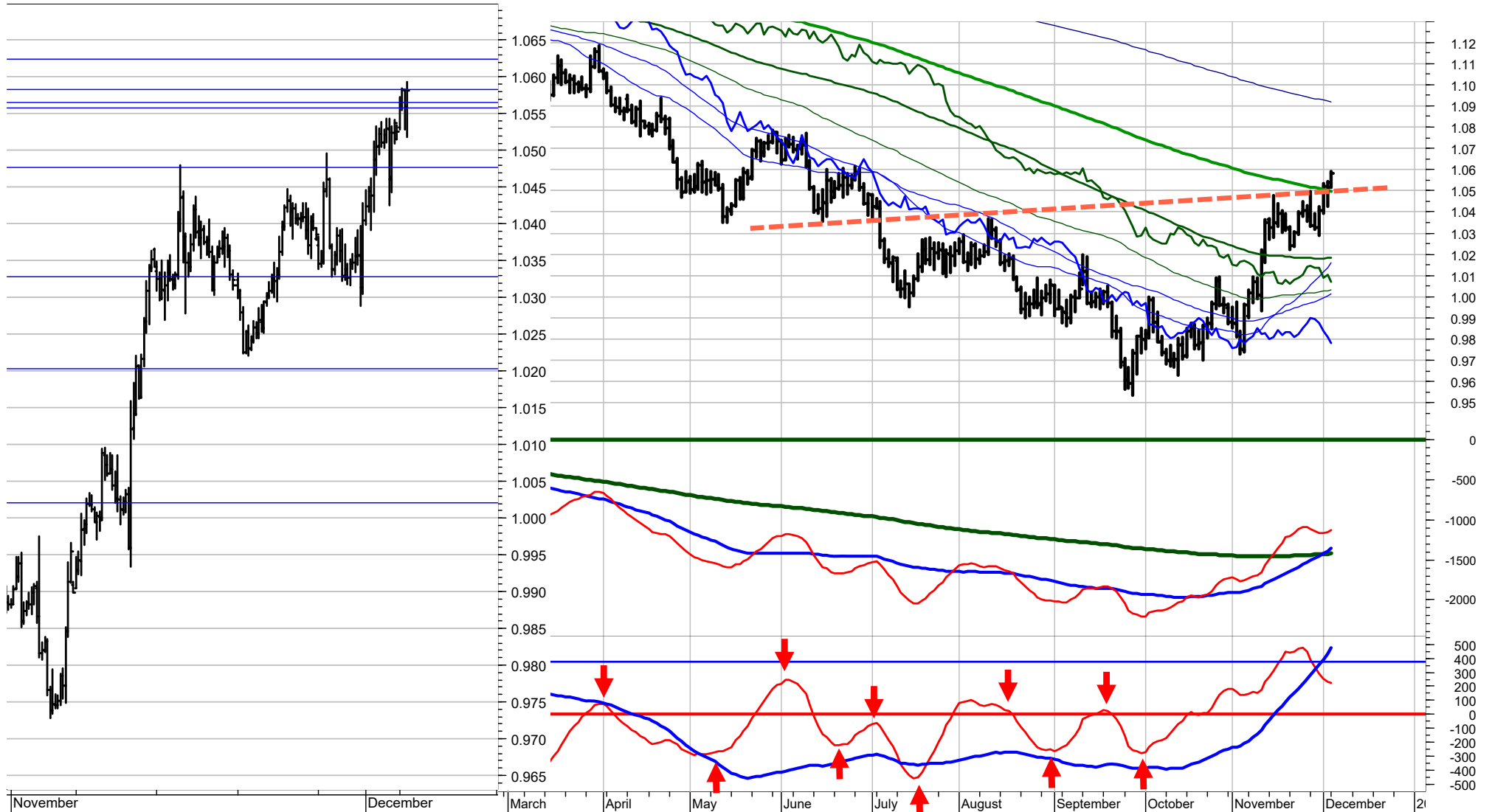
The US dollar continued to decline and is presently testing the long-term support range between 0.9350 and 0.9250. A break of this range would confirm the long-term dollar downtrend. Resistances are 0.9530 and 0.9660.



# US dollar per EURO

SCORE	CURRENCY	RIC	PRICE	LT	MT	ST
94%	Euro/US DOLLAR	EUR=	1.0538	+	+	+

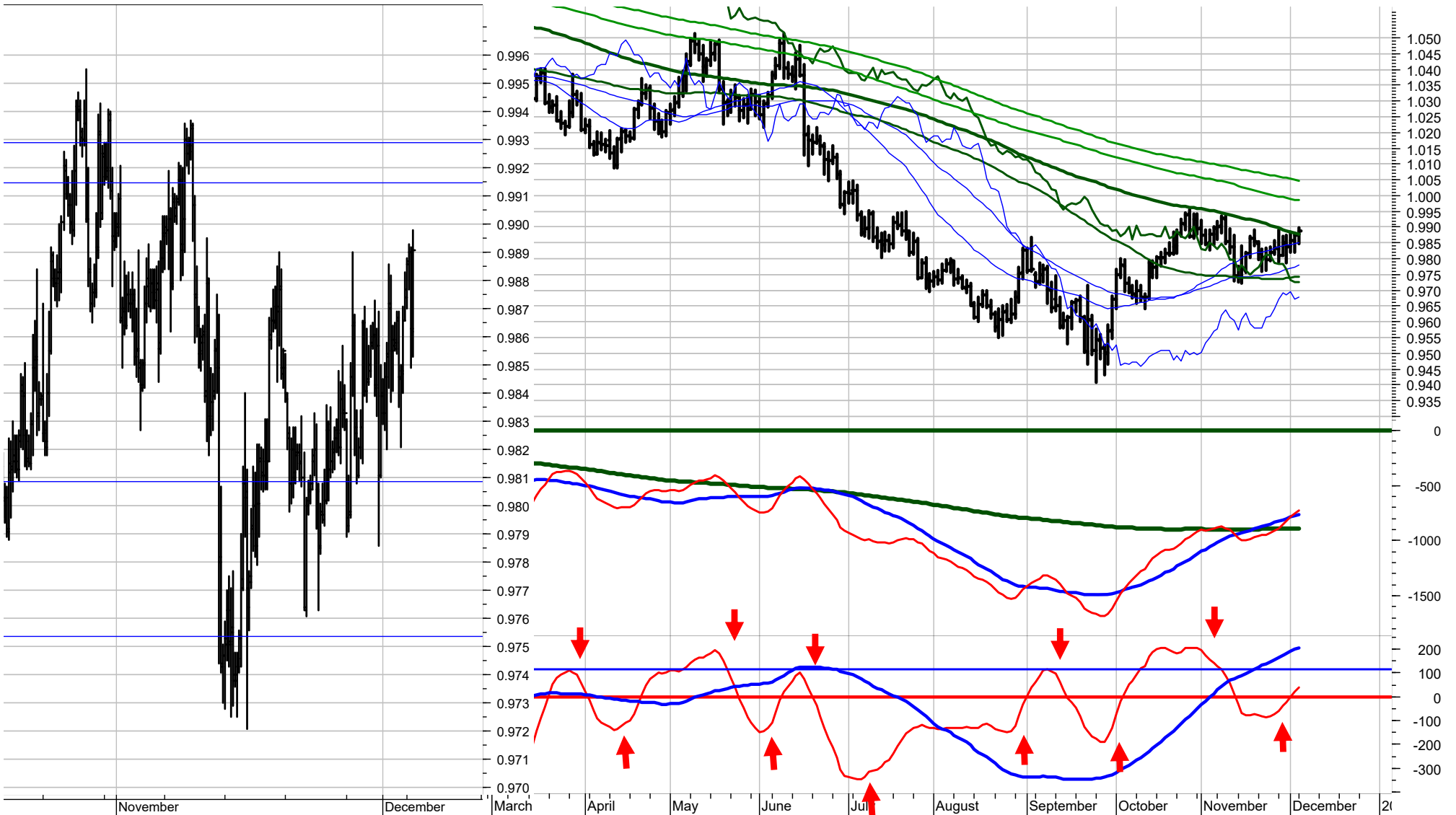
The Euro has been tracing out a disinflationary rally since the low in late September. The positive Long-term Model would be confirmed if the Euro breaks above 1.0650. Resistance is 1.09. However, note that the outlook for the Euro is similar to the one of the stock markets and the inverse of the US dollar (see page 2). If the disinflationary rally is close to the top, then the Euro is likely to correct into January.



# Swiss franc per EURO

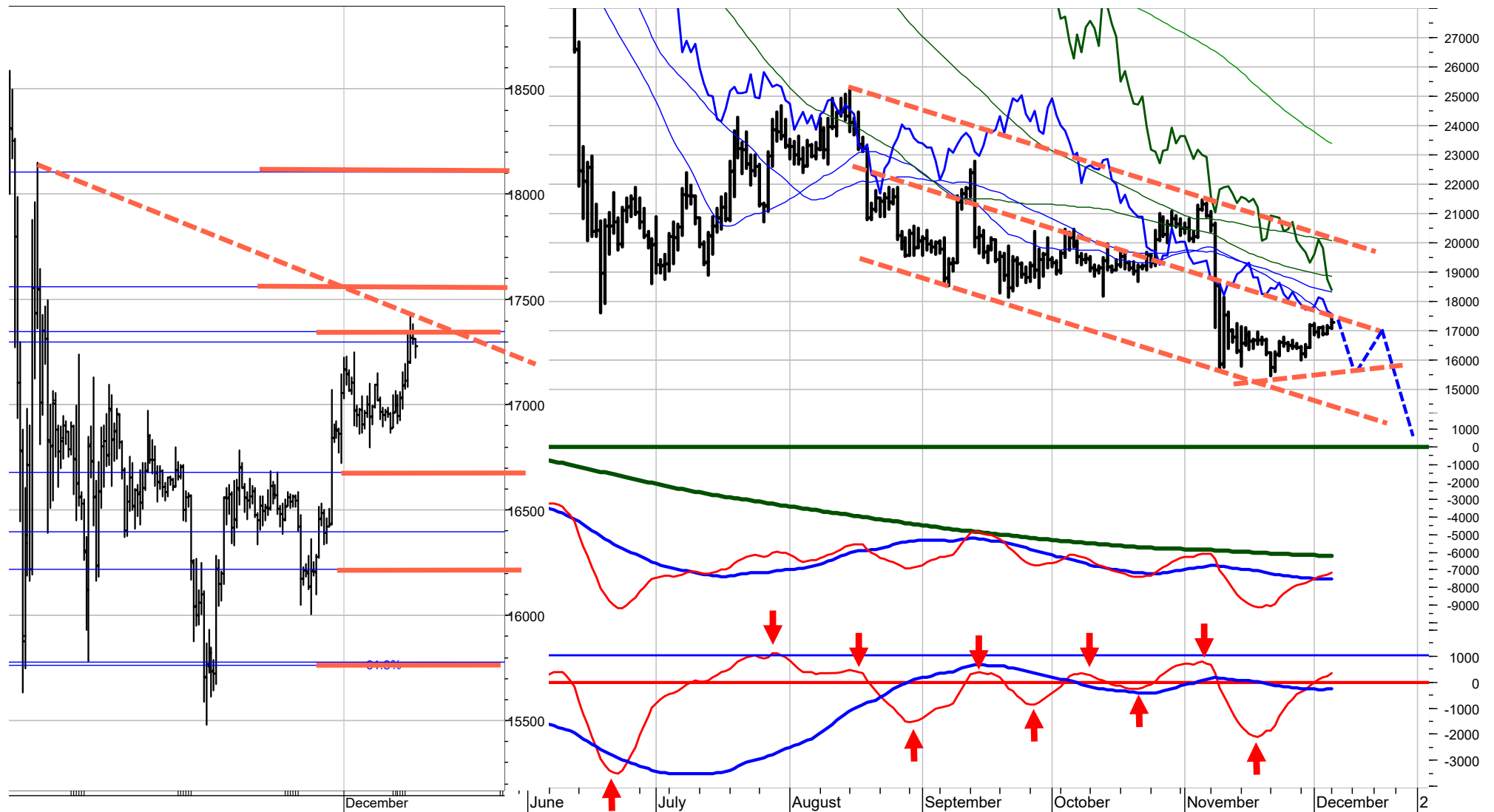
SCORE	CURRENCY	RIC	PRICE	LT	MT	ST
89%	Euro/SwissFranc	EURCHF=	0.9874	+	+	+

The Euro is trading in a neutral range above supports at 0.98 and 0.9750 and below resistances at 0.9920 and 0.9930. The positive long-term model would be confirmed if the Euro can break above 0.9940 and 1.01.



# US Dollar to BITCOIN Crypto

The Bitcoin rallied to the resistance, which I had projected at 17400. If 17600 is broken, it could extend the rally towards 18100. The risk is that the rally from November is part of a neutral consolidation and that the long-term downtrend resumes if the supports are broken at 16600, 16200 and 15700. Note that my Long-term Model would go positive only if the 89-day average and the long-term momentum reversal are broken at 19000.



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## Sources

The charts in this publication are from Metastock and Datastream from Refinitiv Equis. All indicators and analyses are by Rolf Bertschi.

## Explanations

For a more detailed explanation of the Trend and Momentum Models applied in this Chart Outlook, please see

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