

MARKET INSIGHTS

APRIL 2024



PARK EDGE

Goldilocks continues to be the dominant Market Regime, albeit with a low conviction score (4% vs. 1% last month). Conviction is measured by the percentile of 42 global asset markets (including equities, volatility, commodities, currencies, interest rates, credit spreads) that are signaling either bullish or bearish. Low conviction indicates an unusually large number of neutral signals, most of which relate in this case to global bond markets.

To borrow an election analogy, low conviction equates to a high proportion of undecided voters (markets with neutral signals) who want more information (economic data, Fed guidance, Treasury issuance, etc.) to make up their mind (change to bullish or bearish) before deciding on a candidate (Quad 1, 2, 3, or 4). Low conviction implies a tenuous lead, as the neutral markets can just as well change in favor of a new regime as they could strengthen the current one. The Economic Regime Outlook represents a probable path for how the Market Regime may shift over the next 3 and 6 months.

Our cross-asset class signals remain unchanged from last month, with equities bullish and long duration bonds bearish. Notably, commodities are now in a defensive long stance and are outright bullish in select sub-markets. A reacceleration in commodity prices is consistent with our view that the last mile of inflation reduction will be sticky causing the Fed to maintain rates higher for longer.

ASSET CLASS SIGNAL STRENGTH:

ASSET CLASS	APRIL 2024	MARCH 2024	APRIL 2023
EQUITIES	OFFENSIVE LONG	OFFENSIVE LONG	DEFENSIVE SHORT
FIXED INCOME	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE SHORT
COMMODITIES	DEFENSIVE LONG	DEFENSIVE SHORT	DEFENSIVE
US DOLLAR	DEFENSIVE LONG	DEFENSIVE LONG	OFFENSIVE LONG
RFR (3M TBILL)	OFFENSIVE LONG	OFFENSIVE LONG	OFFENSIVE LONG

MODEL SNAPSHOT:

MODEL	EQUITIES		FIXED INCOME	
	APRIL 2024	MARCH 2024	APRIL 2024	MARCH 2024
BOND	NO POSITION	NO POSITION	DEFENSIVE LONG	DEFENSIVE LONG
PEA CORE STOCK	OFFENSIVE LONG	OFFENSIVE LONG	NO POSITION	NO POSITION
MODERATE ARM	OFFENSIVE LONG	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
DIVIDEND INCOME	OFFENSIVE LONG	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
MOD L/S ARM	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
RME	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
RME FOCUS	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
Special Situation Equity	OFFENSIVE LONG	DEFENSIVE LONG	NO POSITION	NO POSITION

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MARKET REGIME & ECONOMIC OUTLOOK:

Quadrant	MARKET REGIME	ECONOMIC REGIME OUTLOOK	
	Current % Share	3 Month % Probability	6 Month % Probability
GOLDBLOCKS / Quad 1	45%	26%	25%
REFLATION / Quad 2	43%	16%	16%
INFLATION / Quad 3	8%	22%	23%
DEFLATION / Quad 4	5%	35%	36%

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