

MARKET INSIGHTS

MAY 2024



Reflation and Inflation have taken the lead surpassing Goldilocks as the dominant Market Regime. The current conviction score stands at 66% up from an indecisive 4% last month. This means most markets are now priced toward an inflationary regime. Commodities are now in an Offensive Long stance reinforcing this point. It’s safe to say inflation has taken center stage. As May begins the recent Quarterly Refunding Announcement (or QRA) has set a bearish tone overall and may prove to be a headwind for stocks & bonds with the latter being most negatively impacted. Please refer to our recent piece “THE QRA” ([click here](#)) to find out how it has been the main driver of risk assets over the last year.

ASSET CLASS SIGNAL STRENGTH:

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

MODEL SNAPSHOT:

MODEL	EQUITIES		FIXED INCOME	
	MAY 2024	APRIL 2024	MAY 2024	APRIL 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	OFFENSIVE LONG	NO POSITION	NO POSITION

MARKET REGIME & ECONOMIC OUTLOOK:

Quadrant	MARKET REGIME	ECONOMIC REGIME OUTLOOK	
	Current % Share	3 Month % Probability	6 Month % Probability
GOLDILOCKS / Quad 1	21%	15%	22%
REFLATION / Quad 2	35%	24%	20%
INFLATION / Quad 3	34%	33%	26%
DEFLATION / Quad 4	10%	28%	32%

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