

MARKET INSIGHTS

AUGUST 2024



PARK EDGE

August begins with a correction underway in large cap growth stocks. If you remember we called out a potential phase transition in July. The leading regime status has shifted to Deflation (Risk-Off) in the short term with an increasing conviction score. The Yen came into focus during July as the BOJ hiked interest rates for the first time in a long time. This may have played a role in sparking the move in stocks and bonds currently underway. For now, asset class signal strength has not changed from last month. This means we will continue to evaluate if this is a short-term risk-off correction (like April) that can be bought or if it's longer lasting, where a more defensive stance will be appropriate.

ASSET CLASS SIGNAL STRENGTH:

ASSET CLASS	AUGUST 2024	JULY 2024	3 - 12 MONTH OUTLOOK *
EQUITIES	OFFENSIVE LONG	OFFENSIVE LONG	NEUTRAL
FIXED INCOME	DEFENSIVE SHORT	DEFENSIVE SHORT	FAVORABLE
COMMODITIES	OFFENSIVE LONG	OFFENSIVE LONG	NEUTRAL
US DOLLAR	DEFENSIVE LONG	DEFENSIVE LONG	FAVORABLE
RFR (3M TBILL)	OFFENSIVE LONG	OFFENSIVE LONG	FAVORABLE
BITCOIN	OFFENSIVE LONG	OFFENSIVE LONG	NEUTRAL

MODEL SNAPSHOT:

MODEL	EQUITIES		FIXED INCOME	
	AUGUST 2024	JULY 2024	AUGUST 2024	JULY 2024
BOND	NO POSITION	NO POSITION	DEFENSIVE SHORT	DEFENSIVE SHORT
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 SHORT	DEFENSIVE SHORT
RME FOCUS	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE SHORT	DEFENSIVE SHORT
Special Situation Equity	OFFENSIVE LONG	OFFENSIVE LONG	NO POSITION	NO POSITION

CURRENT MARKET REGIME:

Quadrant	MARKET REGIME	<i>* As mentioned last month, the Economic Regime outlook 3- & 6-month probability has been replaced with a 3-12 month outlook for each asset class above. The outlook is derived quantitatively based on the expected rate of change in both real economy (growth, inflation, employment, corporate profits and fiscal policy) and financial economy (liquidity, credit, monetary policy, positioning and sentiment) variables. We hope this change is more informative to readers.</i>
	Current % Share	
GOLDILOCKS / Quad 1	34%	
REFLATION / Quad 2	14%	
INFLATION / Quad 3	16%	
DEFLATION / Quad 4	36%	

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