

MARKET INSIGHTS

SEPTEMBER 2024



PARK EDGE

After being bearish for many quarters, longer duration bonds are now signaling defensive long. This sets up a battle for Market Regime leadership between Deflation and Goldilocks. Both regimes feature inflation slowing and bullish behavior from bonds. A low conviction score implies neutral signals across the rest of global macro and that regime leadership will be more firmly established once these other asset classes move off neutral. A likely catalyst for shifting regime leadership is whether the Fed delivers the 5 rate cuts markets are now pricing in by year end or sticks with its own guidance of 2.5.

ASSET CLASS SIGNAL STRENGTH:

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

MODEL SNAPSHOT:

MODEL	EQUITIES		FIXED INCOME	
	SEPTEMBER 2024	AUGUST 2024	SEPTEMBER 2024	AUGUST 2024
BOND	NO POSITION	NO POSITION	DEFENSIVE LONG	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 LONG	DEFENSIVE SHORT
RME FOCUS	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG	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	37%	
REFLATION / Quad 2	9%	
INFLATION / Quad 3	3%	
DEFLATION / Quad 4	42%	

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