

MARKET INSIGHTS

OCTOBER 2024



PARK EDGE

Several previously neutral key signals across global macro changed in the last month to shift the Market Regime leadership in favor of Goldilocks. However, we see a growing risk that inflation plateaus and creeps higher into year-end, contrary to consensus expectations of continued declines. If so, the Market Regime may evolve to Reflation, which could delay rate cuts by the Fed, potentially elevating the probability of an Inflation regime. This would challenge the recent bullish momentum we've seen in bonds. Our commodities signal, which has been moderately bullish since April, and withstood the recent attempt by Deflation at regime leadership, supports this view.

ASSET CLASS SIGNAL STRENGTH:

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

MODEL SNAPSHOT:

MODEL	EQUITIES		FIXED INCOME	
	OCTOBER 2024	SEPTEMBER 2024	OCTOBER 2024	SEPTEMBER 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	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
RME FOCUS	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
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	44%	
REFLATION / Quad 2	21%	
INFLATION / Quad 3	5%	
DEFLATION / Quad 4	30%	

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