



MONTHLY CROSS ASSET PUBLICATION

MSCI World relative to Commodities

For further information or questions, please email: mike.m@xatsuk.com

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MSCI World Relative to Commodities - Monthly

MSCI World weakening relative to Commodities. Multi-month underperformance highlighted as momentum studies also break lower.

The MSCI World Index has extended the fall from the December 2015 highs, with the decisive break of the 2015 trendline leading to a sharp fall to the 38.2% retracement of the June-December rally. Falling RSI studies are expected to keep prices under further pressure, with the rising 21-month weighted MA and 50% retracement to attract as Hedge Funds and portfolio managers continue to reduce exposure in US equities, and increase exposure in commodities. A close above the 5-month weighted MA would help to improve price action, but a clear break above the December 2015 high is needed to negate downside risks, and extend the multi-year bull trend. Any immediate bounce, however, should fade beneath here.

Monthly investors can adopt a Short Global Equities / Long Commodities stance.

