TOP DOWN CHARTS

Weekly Macro Themes

End of Year Special Edition - 2024

"The End of Year Special Edition takes a different format to the usual weekly slide deck, and presents you with highlights, reflections, and some of the best charts of 2024. I sincerely hope you enjoy it!"
-- Callum Thomas, Head of Research and founder of Topdown Charts

Retrospective on 2024 + Thoughts Going Forward…

1. Charts That Worked: what went right, what helped identify risks and opportunities

2. Charts That Didn't Work: where we got things wrong, what lessons were learned

3. Favourite Charts of 2024: charts that were helpful, interesting, and surprising

4. Charts to Watch in 2025: key macro themes/ideas/risks in the year ahead

5. Honourable Mentions: noteworthy charts which didn't fit in the previous sections

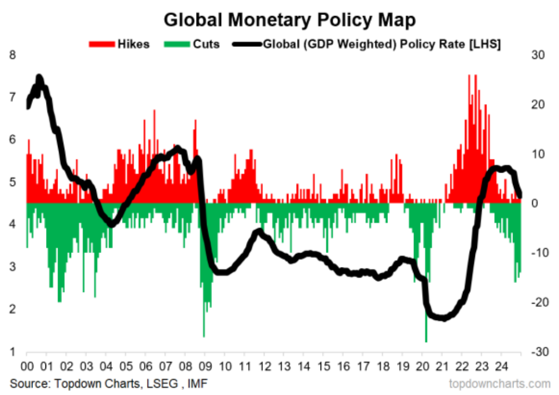
6. Track Record Update: reviewing open/closed ideas, monthly TAA value add

Section 1. Charts That Worked

First up is a look at some of the charts and calls that worked particularly well during the year.

1. Perhaps the most important chart of the past *few years*, it helped again in detecting key shifts in monetary policy settings – and that's really been a key macro call to get right in this day and age.

"With victory being declared on inflation in many regions, most central banks have moved into pause-mode, and some even pivoting back to rate cuts. Typically this is what you see at the end of the cycle – with rate cuts usually being forced by a crisis or recession… So it begs the question: can central banks achieve a sort of policy perfection where inflation is tamed, recession avoided, and rates gently brought back down from panic tightening?" (12 Jan 2024)

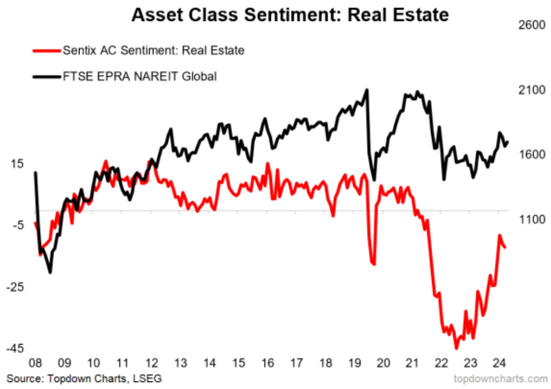


2. This chart and technical line-in-the-sand was key for framing the setup here and helping put into context the significance of the eventual breakout. Not only was this a key market development, but also an asset that is at the centre of several key macro cross-currents.

*"The biggest development (outside of Bitcoin prices surging – which while out of scope for me, is an interesting barometer of speculation and liquidity, and in an odd way linked with gold) has been the breakout to new all-time highs for the gold price in US dollars. With the recent series of higher highs and higher lows, travelling above its 200-day moving average, and improved cross-currency breadth, it sure has a look and feel that this may be *the* big breakout moment for gold."* (8 Mar 2024)

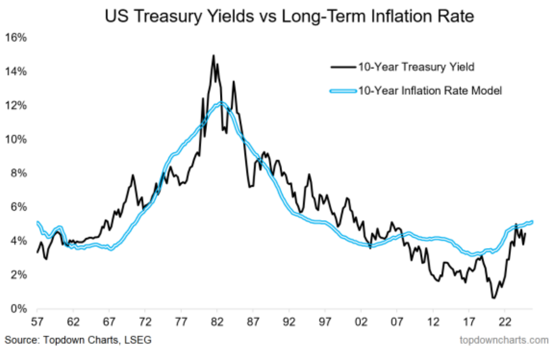
3. This was among a set of charts that helped set the scene for the rate-cut-rally in REITs. They came from a position of extremely pessimistic sentiment, light positioning, oversold breadth, and a decent reset in valuations. The greatest fears of the market around CRE proved to be more manageable than mayhem, and sometimes that's all you need when sentiment gets that depressed.

"REITs saw a much faster and significant reset in valuations (relative to housing and commercial property) and a major washout in sentiment to record pessimism (and record low allocations by investors), along with oversold technicals this created a solid setup for a rally into falling bond yields." (12 Jan 2024)



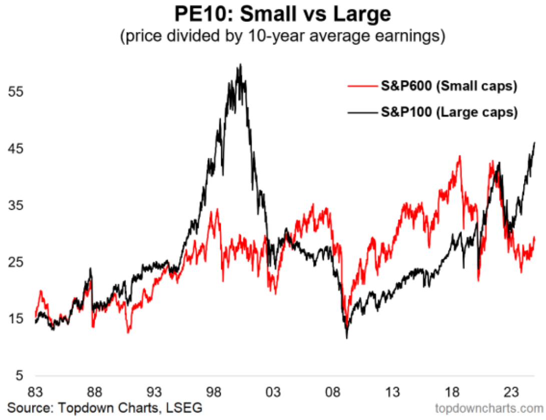
4. This chart was useful in tempering some of the bullish signs that were presenting on bonds. It was and is going to be hard for bonds to rally without a meaningful downshift in the long-term rate of inflation (which still does not seem forthcoming).

"Depending on the sequence of events, and how fast any possible reacceleration and resurgence comes about, this would limit the scope for inflation normalization and policy rate normalization. In other words, higher-for-longer risk will be around for longer. Thus we'd have to limit enthusiasm for government bonds, outside of any shift in probabilities to recession and deflation risk. Given emerging evidence for reacceleration risk then, it may be best to stay neutral on bonds."
(9 Feb 2024)



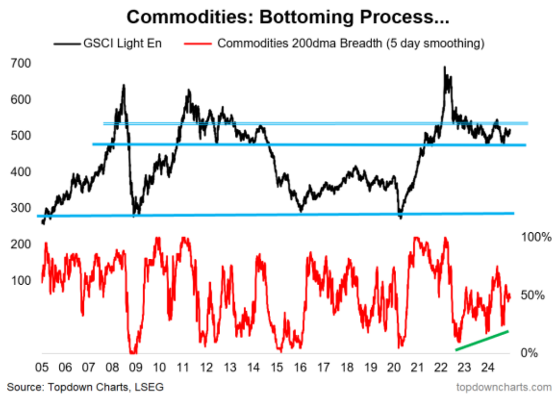
5. Arguably this chart slipped under the radar for many, with US small cap stocks (S&P600 in this case) PE10 valuation ratio reaching levels very similar to those seen during the depths of the pandemic crash. I always say when valuations get extreme enough they have a tendency to speak for themselves (case in point here). I'd say this chart remains particularly interesting as large cap stock valuations reach new post-2021 heights.

"Echoing again on from the previous topics, US small caps have the valuation edge vs large caps and big tech – definitely cheap vs large, and reasonable vs history and vs bonds."
(16 Feb 2024)



6. I initially highlighted this chart due to the bullish breadth divergence presenting (lower low on the index vs higher low on the breadth indicator). This is an excellent set-up for identifying turning points and market bottoms. As for now the lines in the sand are clearly laid out, and this is actually going to be a really key chart in the year ahead.

"And a key piece of the puzzle is the technicals. The commodities index has managed a thus-far successful test of a key long-term support level, and with bullish breadth divergence (and with the breadth indicator turning up from oversold). So there are some positive technical signs."
(8 Mar 2024)

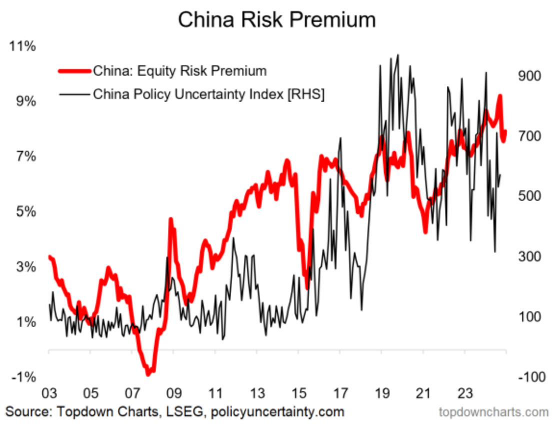


7. Another key macro development in 2024 was the pivot to greater stimulus in China. The chart below flagged how the PBOC was running things much more restrictive or much less easy given the inflation pulse vs during previous downturns. In other words the door is/was wide open to further easing, rate cuts, stimulus.

"Based on past reaction functions, the PBOC would have cut by 150bps by now. We can only assume that they have opted for the choice of restructuring vs reflating, or perhaps waiting for the Fed to finish with hikes, or that the pain threshold is higher and it's still coming (or maybe even just a policy mistake)." (19 Jan 2024)

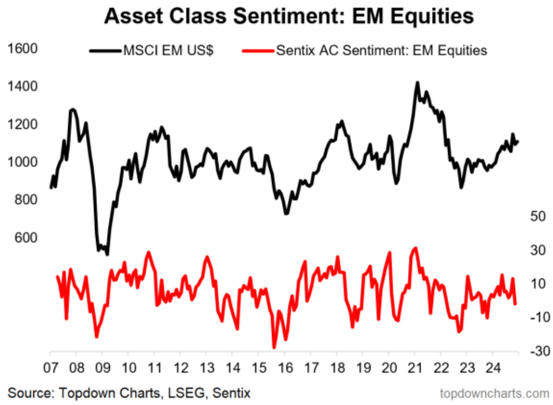
8. This pivot to greater easing helped Chinese stocks put in a very rapid and large rally. One key ingredient to that has been the very high equity risk premium in China ("it's in the price").

"The equity risk premium has also moved up to new highs – which at least partly reflects the increased policy uncertainty, and overall China risk premium. In that respect, we can say that the various concerns on the reg/geopol front are in the price. So aside from stimulus, if the macro turns the corner and if we did get some improvement on geopolitics/regulations then it would be China bullish – but a few things need to go right vs the bad technicals." (19 Jan 2024)



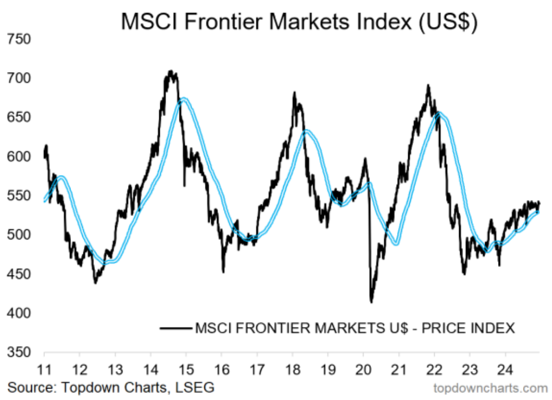
9. The China developments were a key contributor to the strength in EM equities this year, but were certainly not the only part of the story. Multiple charts helped identify the opportunity here including the strength in EM ex-China stocks, but in particular the lukewarm sentiment showed there were minds to be changed on EM.

"Meanwhile surveyed sentiment has ticked up but is still very far from bullish consensus, I would say more people are sceptical on EM now vs this time last year, even though many elements for the EM bull case have actually improved a lot since then." (19 Jan 2024)



10. An often overlooked part of markets (particularly so now as the last ETF on Frontier Market equities was shuttered this year… which may well end up being a bullish signal!), FM equities plodded higher through the year – this chart highlights the path but there were numerous indicators supporting (valuations, FX, technicals, inflation and interest rates, to name a few).

"Checking in on Frontier Market equities, the technicals have been turning up – the index tracking above its upwards sloping 200-day moving average, and country breadth indicators turning higher (indicating broadening strength across the countries within the frontier markets classification)." (26 Jan 2024)

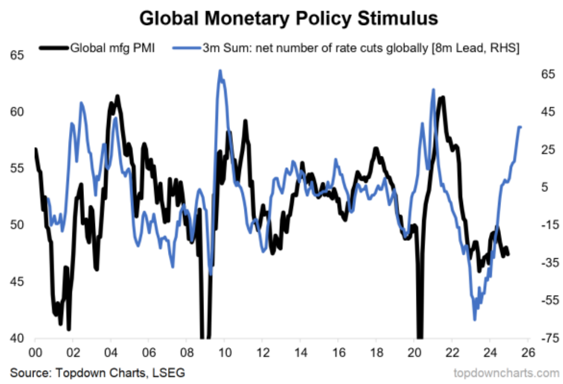


Section 2. Charts That Didn't Work

Of course, it wouldn't be complete without a look at some of the charts that didn't work.

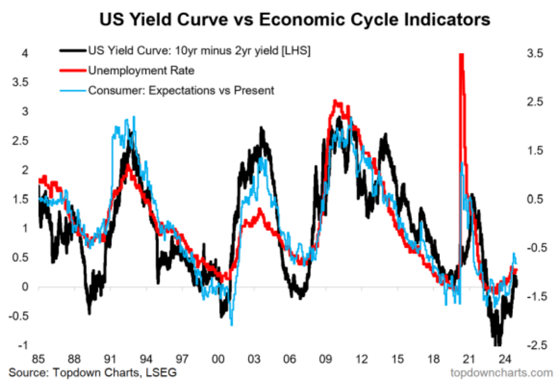
1. Early in the year a number of leading indicators began to shift to the upside, pointing to the prospect of reacceleration (and I called it that term as there wasn't really a recession, rather a softening, so it would be reacceleration instead of recovery). As far as the manufacturing PMIs go this is still a work in progress; mixed macro.

"reacceleration risk – basically that we get the opposite of recession, instead we get a reacceleration in growth as the shocks and headwinds of 2022/23 fade. And, looking at the chart below we can start to sling some data at the idea – with the pivot from shock tightening to pockets of rate cuts suggesting we get precisely that happen" (9 Feb 2024)



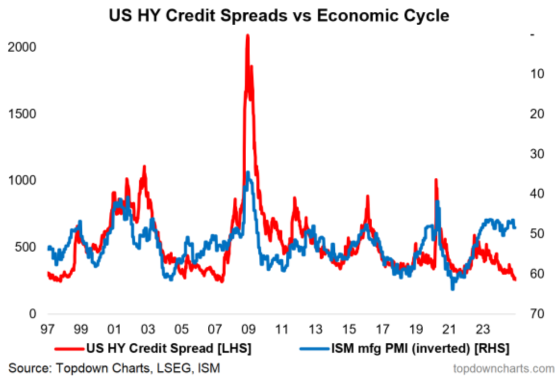
2. On the flipside, the turn in some of the key cycle indicators like the yield curve raised the prospect of the opposite; recession. There have been pockets of weakness for sure, but no larger recession (at least not yet: one to watch!).

"it is important to note that we still have some leading indicators flagging downside risk, and a soft landing can very quickly turn to a hard landing without warning and without an obvious known-in-advance reason." (12 Jan 2024)



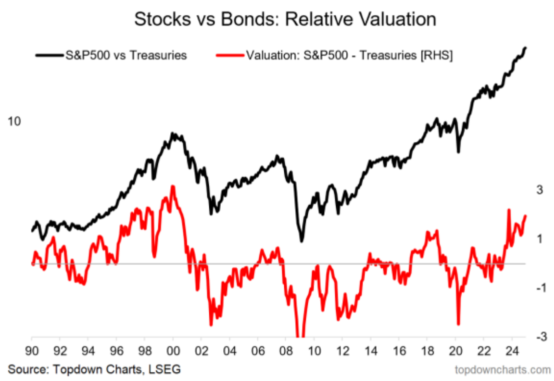
3. Similarly, while manufacturing PMIs bounced along the bottom, with sub-50 readings suggesting normally recessionary conditions… markets did an entirely different thing. Instead of rising, credit spreads did the opposite; making 17-year lows as complacency and bullish optimism negated any bad macro data.

"credit spreads are expensive, and there are as a minimum mixed messages on the macro. As for the macro edge risks – recession would hit credit, reacceleration would hit duration… a diversified exposure to both risks within one asset class!." (12 Jan 2024)



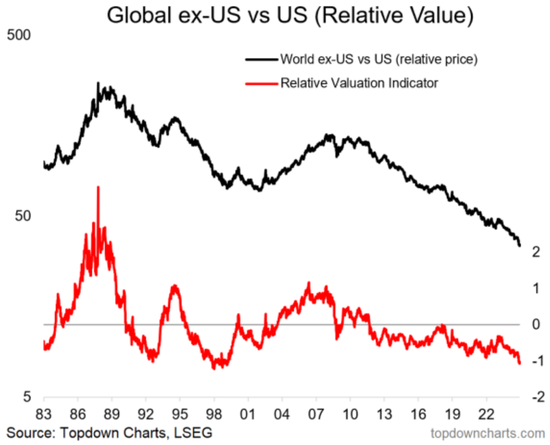
4. This one is perhaps another in the "not yet" basket, basically stocks have reached extreme expensive valuation levels vs history and vs bonds. But that's been no barrier and the stock bond ratio has pretty much gone up in a straight line. One lesson is that for this one to turn you really do need a catalyst (e.g. recession).

"In terms of stocks vs bonds, stocks are expensive outright, bonds cheap outright, and stocks expensive vs bonds – that sets the risk backdrop. Along with that, while we do face the prospect of reacceleration and resurgence, the bulk of evidence says growth is levelling off and there are still the monetary leading indicators pointing to recession. If you get a traditional recession that's exactly when bonds will outperform stocks." (12 Jan 2024)



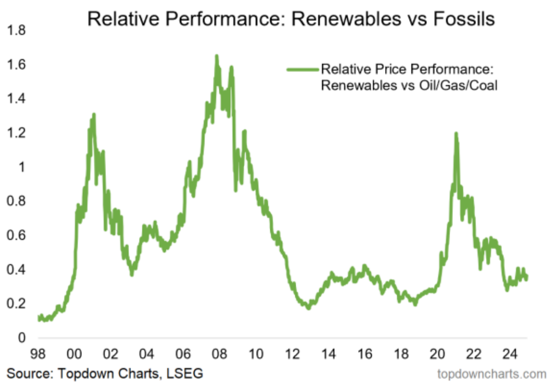
5. Another one in the "not yet" basket, global vs US relative valuations went from cheap to cheaper. As they say the trend is your friend until it bends, and this trend has not bent yet. Be careful picking turning points in the absence of an actual turn (but do note that the relative value picture has become more extreme now; again though we need catalysts and technical confirmation).

"Starting off with global ex-US equities, from a value standpoint and knowing nothing else, global is the place to be. The absolute value indicator shows them cheap vs history, and the relative value indicator shows them cheap vs US." (16 Feb 2024)



6. The bubble burst here, but no new bubble or uptrend has been forthcoming as yet. At least the bottom does look to be in for now.

"After much hype in the wake of the pandemic stimulus, just about everything has gone wrong for renewable energy stocks. For contrarians this is something to keep an eye on – valuations have reset to cheap levels after the bursting of the bubble, but the longer-term thematic case is not going anywhere soon (unless we see radical tech breakthroughs that make solar, wind, hydrogen obsolete). Meanwhile the relative performance of renewables vs fossils has turned up off the lows." (12 Jan 2024)

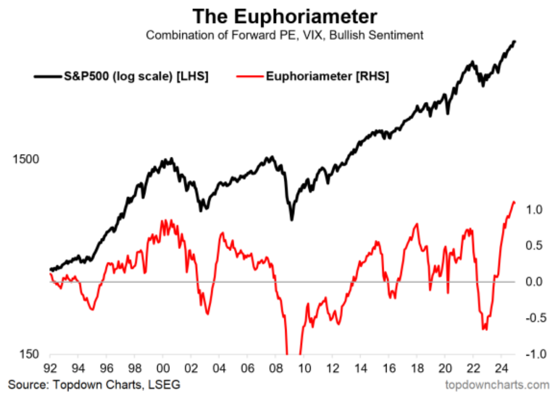


Section 3. My Favourite Charts

Some of my favourite charts: new, interesting, or ones that helped illuminate some of the key developments across macro and markets.

1. This one has become a crowd favourite, and ironically is tracking the increasingly euphoric investor crowd. The path it took into and out of the depths in 2022/23 highlighted the prospect of a new cyclical bull, but now with the indicator making record highs (not something it is supposed to do!) it is perhaps flagging an end of the same.

"Digging into equities, and for a moment ignoring all the macro narratives and scenarios, the longer-term sentiment and technical indicators are basically saying that 2022 was a brief bear market, and that we are now in the early stages of a new bull market. Maybe it is that simple…" (12 Jan 2024)

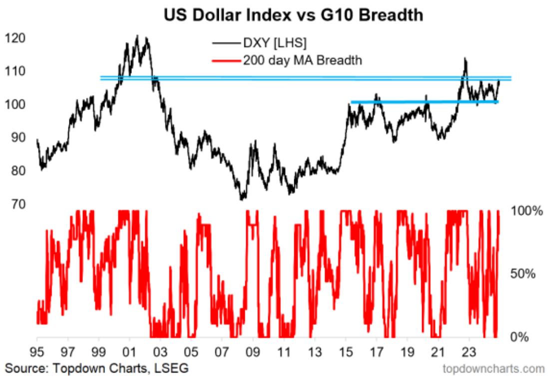


2. This one has to be included due to the extreme nature of it, but also as an echo of what's going on in the previous chart: great risk and opportunity…

"Another interesting point is following on from topic 1: US tech is utterly thrashing global tech (and fair enough, US tech looks entirely different (superior) to global tech (winner took all)). As such, US tech is trading 2-3x (+) expensive relative to global tech." (16 Feb 2024)

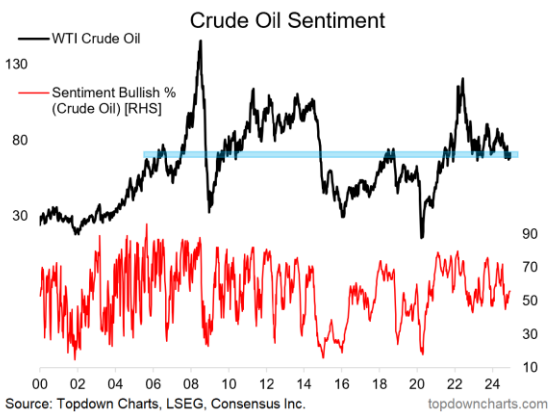
3. This one makes my favourites list as it helped frame the range-trade in the US dollar, and I would say remains a very important chart for the coming years as it's going to be the first place we see a break from this ranging for longer in what may well be the most important macro market for asset allocators to be paying attention to.

"in the short-term, the DXY has found support and oversold conditions, and the reset in sentiment could open the door to a rebound." (12 Jan 2024)



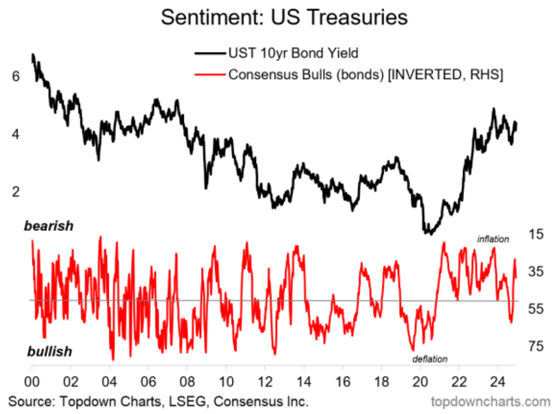
4. The next one is also a key chart to keep watching but also as the technical lines helped again to frame the setup and provide simple heuristics for tracking what is also a really important macro market. Curiously, the sentiment indicator has also been stuck in the range, and helping define and flag intermediate tops and bottoms within the larger setup in play here.

"Looking at crude oil in particular, WTI crude has ticked up from a key long-term support level, and sentiment has reset back to neutral – positioning has also take a lurch lower. These are conditions it could easily rally from (but like commodities in general, has potential for breakdown and bearish capitulation). One thing potentially helping the case is positive seasonality from late-Feb/March, so the technicals are mixed-to-promising." (19 Jan 2024)



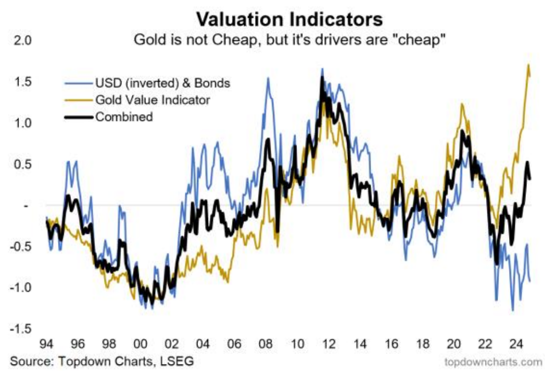
5. Another one with important sentiment shifts and another one of the big 3 macro market range-trades was treasuries. And it's kind of interesting to reflect for a minute how much of a range trade oil/USD/treasuries were… and thus how truly significant and rattling it will be when and if they eventually break out of these ranges. But also snapping out of these sentiment ranges and regimes as highlighted in the chart below.

"Sentiment has shifted sharply from consensus bearish to now about neutral – but given the sentiment regimes of the past few years, we will need to exit from that inflation risk sentiment regime for bond yields to get materially lower from here. A scenario of policy perfection and soft landing may get yields a little lower, otherwise bullish bonds is ultimately a deflation/recession bet." (12 Jan 2024)



6. Lastly, this one was useful as the gold-driver valuations indicator helped offset the expensive absolute value indicator and provide a basis and rationale to be favourable on gold and disregard the otherwise unfavourable prognosis.

"Gold has faced significant previous headwinds from a strong dollar and rising real yields – but both of those elements are now effectively "cheap" (bonds cheap, USD expensive) despite the gold value indicator itself being expensive." (12 Jan 2024)



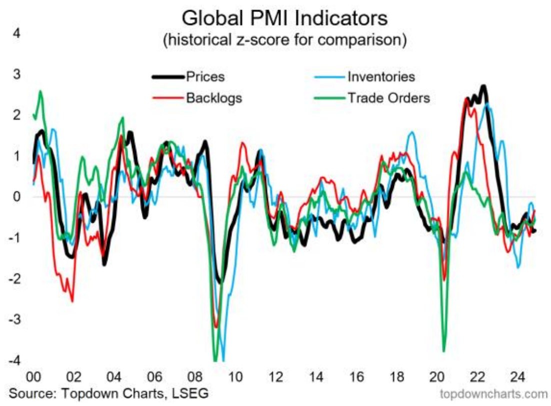
Section 4. Charts to Watch in 2025

As interesting and sometimes amusing as it is to look back, we get paid for looking forward. There are several clues, trends, and themes that will be critical to keep front of mind as we head into 2024 and into the next phase of the cycle...

1. Recession or Resurgence? This is really the big macro question for 2025; do the various weak spots spread and combined with (geo)politics, the long and variable lags of monetary tightening, and fiscal reforms to result in full blown recession?

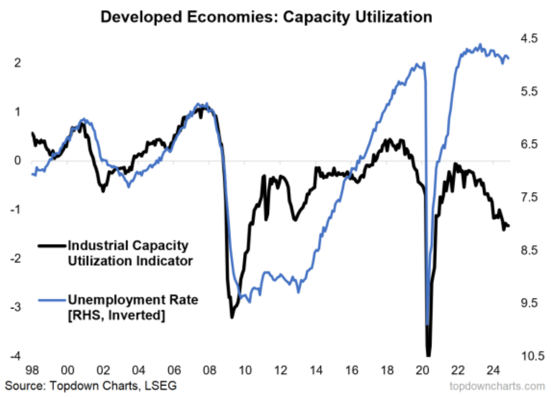
Or does the inventory cycle run its course spurring a manufacturing rebound, along with monetary easing tailwinds, China stimulus, and revived cyclical sectors trigger economic reacceleration and ultimately inflation resurgence?

This chart sets the scene on both respects, and will be a key part of ongoing real-time monitoring.

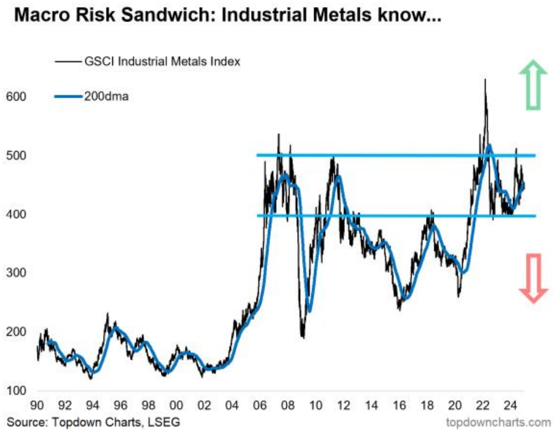


2. The Macro Risk Sandwich: This chart also puts the "macro-risk-sandwich" of recession vs resurgence on display; this time showing the strength and tight capacity in labour markets vs excess capacity and weakness in industry.

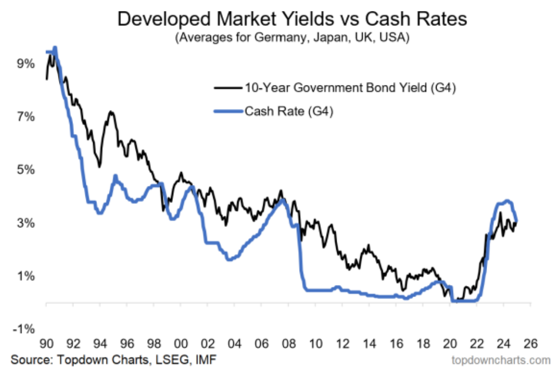
In other words, the open question here is will the blue line catch down (recession) or the black line catch up (resurgence)?



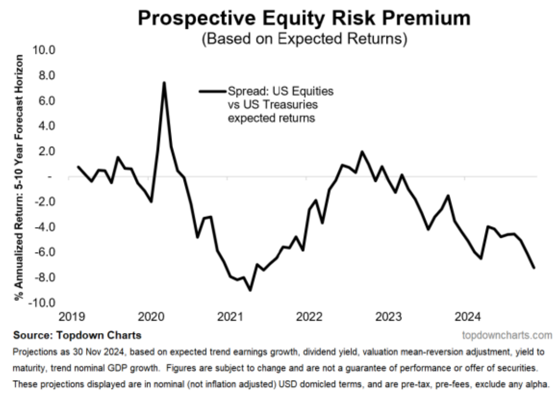
3. Industrial Metals will let us Know: We can try to form a view on whether it's going to be one or the other or something in between, or we could just watch industrial metals – as they will be the first to know. Breakout = resurgence. Breakdown = recession. The battle lines are drawn.



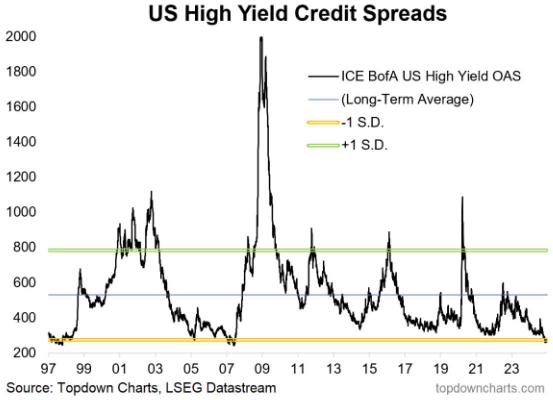
4. Normal no Longer? Policy rates have peaked, but this is not a panic recessionary cutting cycle, this is a normalization tinkering (at least for now). Both lines in this chart are going to be at the mercy of the macro-risk-sandwich (a binary prospect: recession = down, resurgence = up).



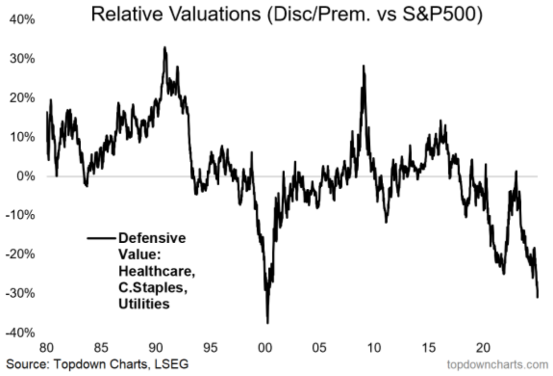
5. No Equity Risk Premium: Speaking of risk, there will be *no* risk premium for equity investors (based on forward-looking expected returns).



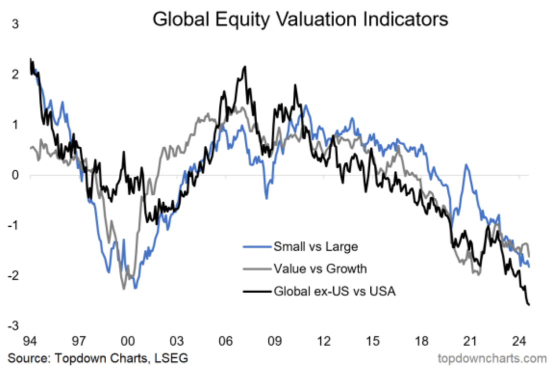
6. No Credit Risk Premium: There's very little cushion on offer in credit either, credit spreads and Stockmarket valuations are pretty much priced for perfection. Do you believe in perfect?



7. Defensives a Premium Deal: But it's not all gloom and risk, there are some extremely attractive relative value opportunities that have opened up. One is in defensive sectors (albeit, please n.b. the parallels with 2000(!)). Defensives are unloved, underowned, and undervalued.

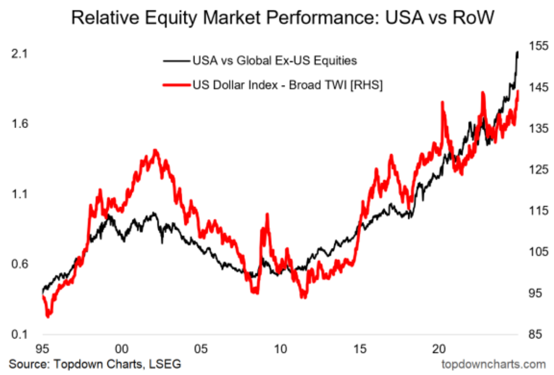


8. Ditto the Relative Value Trinity: Bigger picture across global equities, small caps are cheap vs large caps, value is cheaper than usual vs growth, and global is at record cheap levels vs US. Will 2025 be the year where the elusive turning point is found for a multi-year move here?



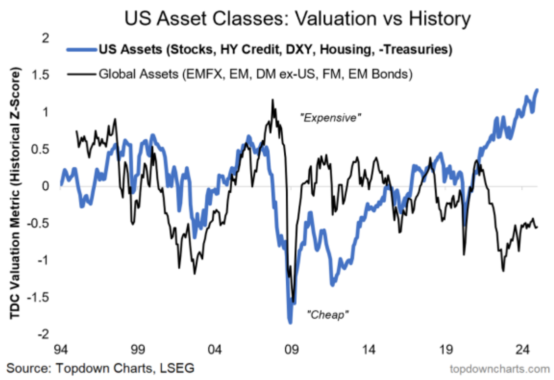
9. Know thy Dollar: One key clue in the global vs US market relative performance debate will be the US dollar. It plays a direct (currency translation effects), and indirect role (reflects relative strength and policies, and a weaker dollar for instance typically imparts an easing of financial conditions effect on the globe). We can see this playing out clearly in the chart below.

It's an important chart because we need to keep track of the USD (being particularly on watch in case of upside breakout, which it is close to doing), but also because of the black line and what it means for both global and domestic investors.



10. US Market Valuation Exceptionalism: Last but not least, call it the US Asset Premium – US assets (stocks, US dollar, housing market, credit spreads inverted, and US treasuries valuation inverted) are trading at their combined most expensive level on record. This is well beyond what we saw in 2021, and even handily eclipses the dot com and pre-GFC peaks. Meanwhile global assets are cheap (DM/EM/FM equities, EMFX, and EM bonds).

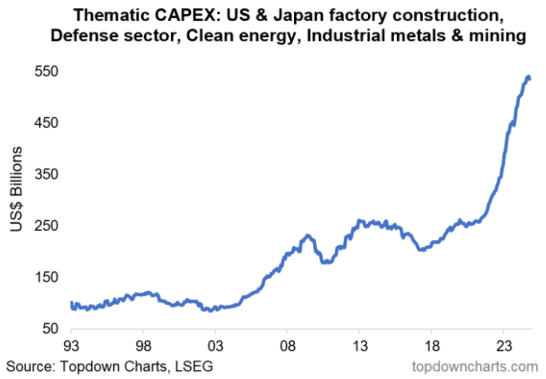
The level of US assets by itself is stark, but the spread or premium is even more significant. I'll tell you what this looks like to me: this is either a generationally risky point in markets, or a generational opportunity …and probably both. Keep this one high on the watch-list!



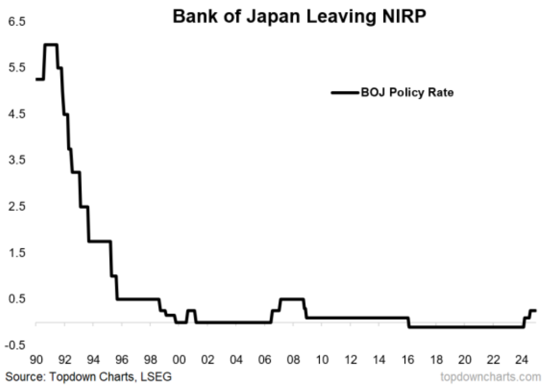
Section 5. Honourable Mentions

These charts were worthy of mention but didn't quite fit into any of the previous categories.

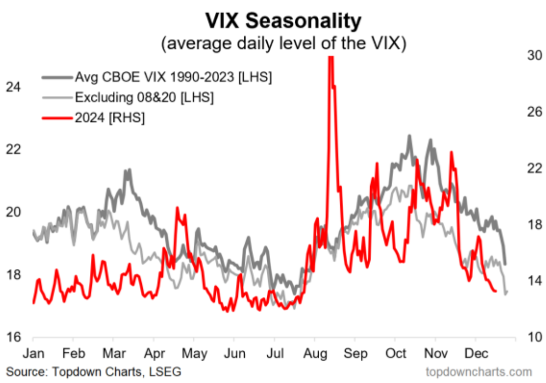
1. This was (and is) a major macro development; partly fiscal-driven of course, but a huge breakout in capex across a number of key categories.



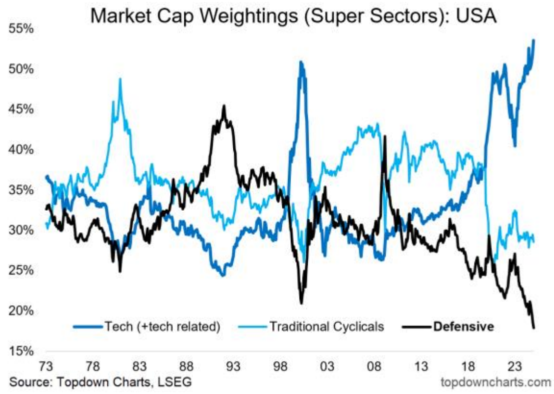
2. Another interesting breakout was that of the BOJ leaving behind NIRP (and thoroughly rattling markets in the process, with Japanese stocks undergoing a relatively brief 25% *crash*). It also stood in contrast to most other banks cutting rates.



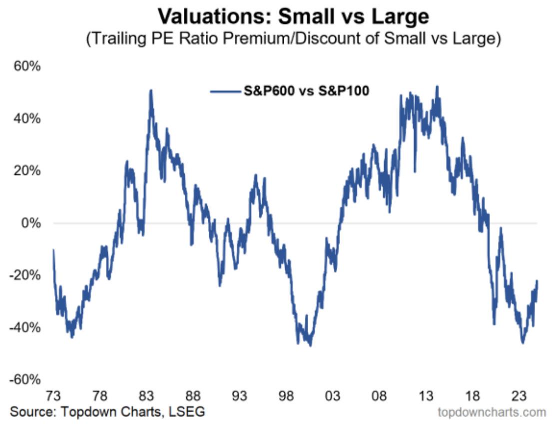
3. That also showed up in the VIX (the big spike in Aug), which coincided with a seasonal uptick in volatility through until the election.



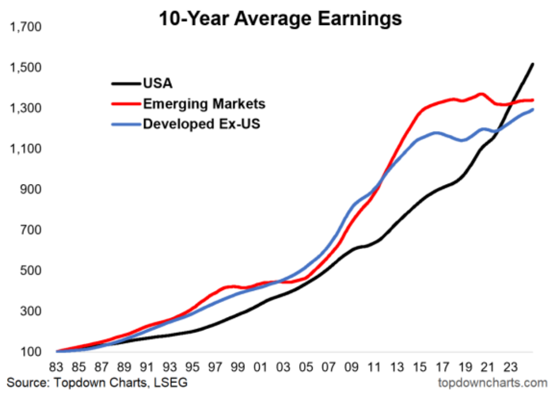
4. This one speaks for itself – tech and tech-related sectors reaching new highs, while defensive sectors reaching new lows in market cap weightings. Passive index investors take note: this is your portfolio now…



5. Another crowd-pleaser, this one showed what appears to be the nadir in small vs large cap performance, and the large valuation discount is still very much significant and attractive.



6. This one tells you all you need to know about US vs global equity relative performance (and likely will hold key clues in terms of the next steps from here – when/if stagnation is shaken).



Section 6. Track Record Update

While the Weekly Macro Themes report has been published since 2016, the ideas table was implemented in early-2020 (to present a summary of specific views/ideas). The below table shows summary stats from 2020-2024 (see next page for live/open ideas and views, and YTD performance). The overall hit rate has been 74% across all ideas/views, and 71% excluding macro views (i.e. just market views and ideas). The average profit on wins for market views/ideas was 26% and the average loss on losses was -10%.

I would say the overall all-time hit rate is comfortably above fifty/fifty (albeit always with room for improvement) and the ratio of average profit to loss is greater than 2x so this is a reasonably good track record. I would note that the recent results (2023-24) are worse than in previous years (see closed ideas below).

Summary Statistics					
Ideas Right (macro views + trade ideas)	34	Trade ideas/market views right	27	*Avg profit*	*26%*
Ideas Wrong (macro views + trade ideas)	12	Trade ideas/market views wrong	11	*Avg loss*	*-10%*
Percentage of All Ideas correct	**74%**	**Percentage of trade ideas/market views profitable**	**71%**		

As a brief explanation of the table, **Date** is the date of the report in which the idea was initiated and explained**.** The "category" denotes market view/idea as **Idea**, macro view as **Macro**, and **Risk** being a mix of both (often lower conviction). The Subject denotes the main area of focus or asset class, and Topic refers to specific market/region/asset. Direction denotes the main view (e.g. up/down, bullish/bearish). Timeframe is the initial anticipated time for the idea or view to run its course. Conviction ranges High/Med/Low. Most of the ideas come from the Weekly Macro Themes reports, but some come from the Global Markets Monitor email.

Date	Category	Subject	Topic	Direction	Timeframe	Conviction	Comments/Notes	Updates	Outcome	% Return
21 Jul 2023	**Idea**	Equities	REITs	Bullish	6-18m	Low	Technicals turning up, extreme pessimism, slight relative value	25 Oct 2024: change to neutral	" Profit "	12%
13 May 2022	**Idea**	Bonds	Treasuries	Bullish	12-18m	Med.	bullish on technicals/sentiment/macro/valuations	9 Feb 2024: change to neutral	"Loss"	-7%
24 Jun 2022	**Macro**	Inflation	Global	Down	6-18m	Med.	commodity downside, growth risks, base effects, supply rebound	9 Feb 2024: change to upside	Correct	*n/a*
21 Jan 2022	**Macro**	Economy	Global	Down	1-2yrs	High	multiple leading indicators point to a global recession	9 Feb 2024: downgrade to risk	Wrong"	*n/a*
28 Jan 2022	**Idea**	AA	Stocks vs Bonds	Bearish	1-2yrs	Med.	wary of bullish technicals, but clear macro + value downside risks	26 Jan 2024: change to neutral	"Loss"	-26%
17 Jun 2022	**Idea**	Equities	China	Bullish	6-18m	Low	Technicals/value/macro/policy/sentiment (A-shares + MSCI)	19 Jan 2024: change to neutral	"Loss"	-13%
14 Apr 2023	**Idea**	Comdty	Gold	Bullish	6-18m	Low	Promising technicals, value, positioning/flows (but needs breakouts x3)	2 Oct 2023: change to neutral	"Loss"	-9%
13 May 2022	**Idea**	Comdty	Commodities	Bearish	6-18m	Low	Still bearish, but big adjustment already, risk outlook more balanced	31 July 2023: change to neutral	" Profit "	18%
7 May 2021	**Macro**	Policy	Global	Hawkish	1-3yrs	Low	still hawkish, but expect global policy pause soon (pivot much later)	28 Apr 2023: change to neutral	Correct	*n/a*
23 Jul 2021	**Macro**	Capex	Global	Up	1-3yrs	Low	expect capex to rebound, esp. commodities + infra/climate	17 Feb 2023: run its course	Correct	*n/a*
11 Mar 2022	**Risk**	Equities	Global	Bearish	6-12m	Med.	weak technicals, policy/inflation headwinds, lack of value case	27 Jan 2023: change to neutral	" Profit "	1%
19 Mar 2021	**Idea**	Equities	Defensive Value	Bullish	1-3yrs	Med.	(relative) increasingly cheap relative valuations	27 Jan 2023: change to neutral	" Profit "	12%
10 Apr 2020	**Idea**	Equities	EM ex-Asia	Bullish	12-18m	Low	value, positioning, FX: "Lower Conv" favor LatAm	15 Jul 2022: neutral/on watch	" Profit "	5%
21 Aug 2020	**Idea**	Equities	UK Equities	Bullish	12-18m	Med.	cheap valuations, consensus underweight, tactical indicators	15 Jul 2022: change to neutral	" Profit "	18%
21 Jan 2022	**Idea**	FX	EMFX	Bullish	12-18m	Low	supportive valuations	8 Jul 2022: neutral/on watch	"Loss"	-9%
21 Aug 2020	**Idea**	Equities	Energy Stocks	Bullish	1-3yrs	Low	cheap valuations, contrarian signals, + rel. vs gold/miners	27 Jun 2022: change to neutral	" Profit "	105%
27 Aug 2021	**Idea**	Equities	US Small Caps	Bullish	6-12m	Low	capitulation in positioning/flows, reset in relative value	27 May 2022: change to neutral	"Loss"	-10%
10 Apr 2020	**Idea**	Equities	Eurozone	Bullish	12-18m	Low	relative value, pessimistic sentiment, policy (fiscal+monetary)	20 May 2022: neutral/on watch	" Profit "	26%
15 May 2020	**Idea**	Equities	Global Banks	Bullish	12-18m	Med.	cheap valuations, improving technicals/macro outlook	20 May 2022: change to neutral	" Profit "	50%
16 Jan 2021	**Macro**	Inflation	Global/US	Up	12-18m	High	mix of short/medium-term factors present clear upside risk	13 May 2022: run its course	Correct	*n/a*
20 Mar 2020	**Idea**	Comdty	Commodities	Bullish	3-5yrs	Low	underinvestment in supply, global capex/demand outlook	13 May 2022: reverse	" Profit "	74%
17 Sep 2021	**Idea**	Equities	Gold Miners	Bullish	6-12m	Low	(relative to S&P500) valuation, sentiment, positioning, technicals	6 May 2022: move neutral	" Profit "	12%
10 Apr 2020	**Idea**	Equities	EM	Bullish	12-18m	Low	Still some relative value, but risks more mixed now	25 Mar 2022: move neutral	" Profit "	27%
24 Sep 2021	**Idea**	Bonds	US Treasuries	Bearish	3-6m	Low	technicals, sentiment, macro, valuations, policy	21 Feb 2022: move neutral	" Profit "	3%
8 May 2020	**Idea**	FX	US Dollar	Bearish	1-3yrs	Low	long-term cycles, fading yield support, fiscal outlook, sentiment	25 Feb 2022: move neutral	" Profit "	3%
19 Nov 2021	**Risk**	Comdty	Ind. Metals	Bearish	3-6m	Low	place on risk-watch given weak technicals/sentiment/macro risks	4 Feb 2022: lift risk watch	"Loss"	-8%
30 Jul 2021	**Risk**	Equities	EM	Bearish	1-3m	Low	place on risk-watch given suite of risk indicators "orange flags"	21 Jan 2022: lift risk watch	" Profit "	3%
10 Apr 2020	**Idea**	Equities	Frontier	Bullish	12-18m	Low	strategic +MT case good, but ST mixed.	13 Dec 2021: move neutral	" Profit "	59%
9 Oct 2020	**Idea**	Comdty	Gold	Bearish	12-18m	Low	maintain medium-term bias: valuations, real yields, macro	12 Nov 2021: move neutral	" Profit "	3%
9 Jul 2021	**Idea**	FX	Safe Haven FX	Bullish	3-6m	Med.	value reset, pcsitioning signal, technicals look bullish	22 Oct 2021: close (neutral)	"Loss"	-2%
13 Mar 2020	**Idea**	Equities	Global	Bullish	12-18m	Low	risks clearly shifted, but not enough to flip outright bearish yet	20 Aug 2021: move neutral	" Profit "	59%
6 Mar 2020	**Macro**	Capex	Commodities	Down	12-18m	Med.	Comdty Capex rolling over: key variable for LT AC view	23 Jul 2021: reverse	Correct	*n/a*
14 Aug 2020	**Idea**	Bonds	US Treasuries	Bearish	6-12m	Low	ST mixed (sentiment/techs), bearish MT on macro/value	9 Jul 2021: move neutral ST	" Profit "	4%
16 Apr 2021	**Idea**	Comdty	Gold	Bullish	1-3m	Low	bullish technical and sentiment signals	18 Jun 2021: change to bear	"Loss"	-1%
10 Apr 2020	**Idea**	Equities	US Small Caps	Bullish	6-12m	Low	n.b. "no more relative value", but cyclicals + cycles positive	28 May 2021: change to neutral	" Profit "	82%
19 Feb 2021	**Macro**	Policy	Global	Neutral	12-18m	Med.	mon.policy outlook switching to neutral -- increasingly hawkish	7 May 2021: change to hawk	Correct	*n/a*
20 Mar 2020	**Idea**	Bonds	TIPS B/E	Bullish	12-18m	Low	"no longer cheap" but links to recovery and inflation theme	9 Apr 2021: change to neutral	" Profit "	8%
11 Sep 2020	**Idea**	Comdty	Agri/Grains	Bullish	12-18m	Low	low capex, supply disruption, sentiment/positioning, SOI	19 Mar 2021: change to neutral	" Profit "	33%
6 Mar 2020	**Macro**	Policy	Global	Dovish	12-18m	High	"Global Policy Pivot Part 2" - expect new big wave of stimulus	19 Feb 2021: change to neutral	Correct	*n/a*
27 Mar 2020	**Idea**	Equities	GLIF	Bullish	12-18m	Low	oversold technicals, cheap absolute & relative valuations	5 Feb 2021: close (neutral)	" Profit "	18%
26 Jun 2020	**Risk**	Equities	EM	Bearish	1-3m	Low	mindful of O/H resistance, EMFX divergence	9 Nov 2020: alert lifted	"Loss"	-19%
26 Jun 2020	**Idea**	Equities	Gold Miners	Bullish	12-18m	Med.	short + longer term technicals setup in gold + miners rel.	9 Oct 2020: close (bearish)	" Profit "	16%
17 Apr 2020	**Idea**	FX	AUDUSD	Bullish	12-18m	Low	cheap valuations, IRDs +metals turned, crowded shorts	4 Sep 2020: close (neutral)	" Profit "	14%
13 Apr 2020	**Idea**	Equities	Gold Miners	Bullish	1-3m	Med.	rel perf. near breakout; technicals & sentiment bullish	26 June 2020: replace (LT)	" Profit "	14%
27 Mar 2020	**Idea**	REITs	US REITs	Bullish	12-18m	Low	oversold, rel val cheap, but abs val not, some uncertanties/risks	15 May 2020: close (neutral)	"Loss"	-4%
24 Feb 2020	**Risk**	Equities	EM + S&P500	Bearish	1-3m	Med.	bearish divergence for EM equities, S&P500, +EMFX breakdown	27 Mar 2020 (implied closed)	" Profit "	21%

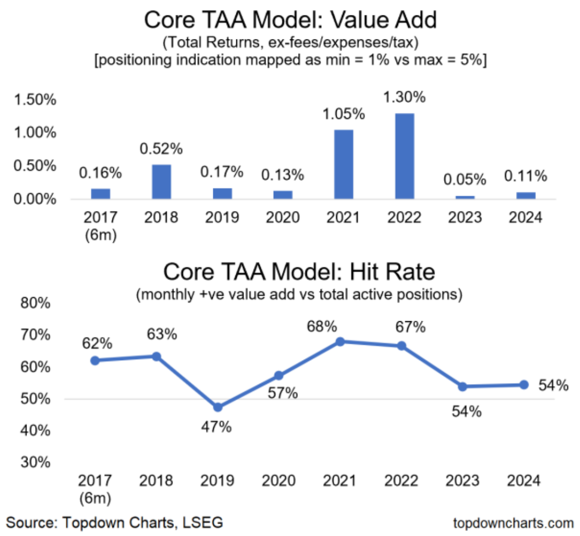
Open/Live ideas and views

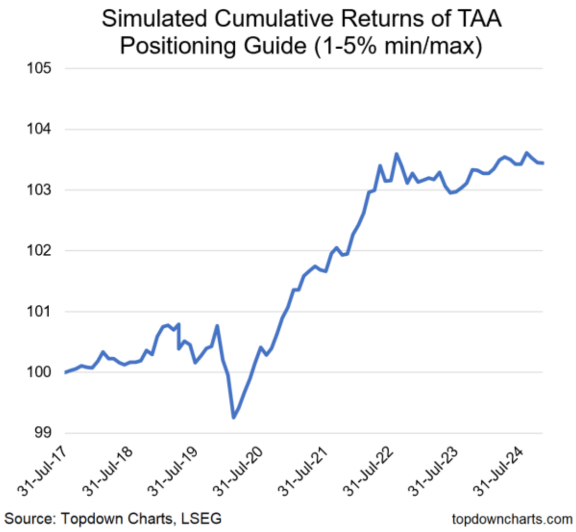
The below table shows current open ideas and views, return since idea inception in the second last column, and the last column showing YTD 2024 performance. In terms of current open ideas as of the time of writing the hit rate since idea inception is sitting at 50% (53% for pure market views/ideas).

Date	Category	Subject	Topic	Direction	Timeframe	Conviction	Comments/Notes	Updates	Return %	2024%
23 Aug 2024	**Risk**	AA	Stocks vs Bonds	Down	6-18m	Low	Relative + absolute value favors bonds, technicals, sentiment, macro	13 Dec 2024: maintain	**-11%**	
21 Jun 2024	**Risk**	Comdty	Oil/Energy	Higher	6-12m	Low	Bullish technicals, demand, supply, geopolitical risk	15 Nov 2024: reduce conv.	**-3%**	
17 May 2024	**Idea**	Equities	China	Bullish	6-18m	High	Bullish technicals, valuation, sentiment, policy support, cycle	15 Nov 2024: maintain	**5%**	
12 Apr 2024	**Idea**	Equities	Commodities	Bullish	6-18m	Med.	Bullish technicals, good relative/abs value, bullish commodity outlook+	11 Oct 2024: maintain	**1%**	
12 Apr 2024	**Risk**	Comdty	Agri	Higher	6-12m	Low	Technicals turning up, sentiment/positioning extreme bearish	18 Oct 2024: maintain	**4%**	
9 Feb 2024	**Risk**	Inflation	Global	Higher	6-18m	Med.	Growth reacceleration risk likely leads to inflation resurgence risk	8 Nov 2024: maintain	**(no)**	
9 Feb 2024	**Risk**	Growth	Global	Up	6-12m	Med.	Emerging evidence for reacceleration risk (leading indicators, soft data)	8 Nov 2024: maintain	**(yes)**	
13 Oct 2023	**Idea**	Equities	Defensive Value	Bullish	6-18m	Low	Cheap relative value, light allocations, (vs growth stocks expensive)	16 Dec 2024: maintain	**-16%**	-13%
15 Sep 2023	**Idea**	Comdty	Commodities	Bullish	1-3yrs	Med.	Risks shifted back to upside: technicals, sentiment, value, thematics	9 Dec 2024: maintain	**-4%**	4%
9 Jun 2023	**Macro**	MonPol	Global	Dovish	6-18m	Med.	Downside risks to growth/inflation; monetary tides turning on the fringe	8 Nov 2024: maintain	**(yes)**	(yes)
26 May 2023	**Idea**	Equities	Japan	Bullish	1-3yrs	Med.	Improving economics, compelling valuations, underallocated	18 Oct 2024: maintain	**49%**	27%
20 Jan 2023	**Idea**	Equities	Emerging	Bullish	6-18m	Med.	Cheap valuations, improving technicals/sentiment, macro/FX	29 Nov 2024: maintain	**16%**	14%
11 Nov 2022	**Idea**	FX	US Dollar	Bearish	6-18m	Med.	Overvalued, overstretched, overcrowded, pillars of support fading	13 Dec 2024: maintain	**-1%**	-5%
21 Oct 2022	**Macro**	Housing	US/Developed	Down	1-3yrs	Med.	excessive valuations mean downside risk and lower future returns	22 Nov 2024: maintain	**(up)**	(up)
14 Oct 2022	**Idea**	Equities	US Small Caps	Bullish	6-18m	Low	Valuation reset, contrarian bullish sentiment, promising technicals	29 Nov 2024: maintain	**45%**	18%
12 Aug 2022	**Idea**	Equities	Frontier Markets	Bullish	6-18m	Low	Valuations cheap, FX value also (extreme) cheap, technicals turning	29 Nov 2024: maintain	**11%**	11%
11 Feb 2022	**Risk**	Credit	Credit Spreads	Up	6-18m	Med.	on risk-watch given risk flags, stretched valuations, rate hikes	13 Dec 2024: maintain	**(down)**	(down)
21 Jan 2022	**Idea**	Bonds	EM Sovereign	Bullish	1-2yrs	Low	absolute + relative value, supportive sentiment & technicals	29 Nov 2024: maintain	**0%**	7%
27 Mar 2020	**Idea**	Equities	Global Ex-US	Bullish	3-5yrs	Low	cheap valuations (absolute & relative), expected return differential	13 Dec 2024: maintain	**69%**	9%
27 Mar 2020	**Idea**	Equities	Value vs Growth	Bullish	3-5yrs	Low	value cheaper than usual vs growth, techs + macro drivers +ve	29 Nov 2024: maintain	**-16%**	-18%

Market Cycle Guidebook TAA Positions Performance

The below charts show the performance of Tactical Asset Allocation positions from our monthly pack. Annual "value add" is the total performance of active overweights vs underweights across the year –the line chart on the right shows the monthly cumulative view of this, and the hit rate is the proportion of active positions that made a positive contribution to performance. This exercise is constrained to a minimum position of 1% and maximum of 5% – and for reference the TAA model is designed to summarize views and be an overlay to an existing strategic asset allocation benchmark (i.e. not as a standalone portfolio).





Overall it is good to see that value-add has been consistently positive (but only marginally so in the past 2 years). I would say 2020-22 probably suited my style better than the past 2 years; which raises the issue of process. You want to be constantly refining and improving process (which is something I do systematically), but you don't want to just change your spots entirely to chase past performance. My core role with this service is to provide consistent/objective/innovative forward-looking analysis to support portfolio managers.

Over-optimizing for performance of paper portfolios can directly interfere with and damage that. But also, eventually the macro/market regime will shift, and if you try to change your spots to match up with what worked last year you could end up being wrong twice by missing what's coming and forsaking your process.

by Callum Thomas, Head of Research & Founder at Topdown Charts

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Topdown Charts provides chart-driven research across a global multi-asset universe. The service has been designed specifically for multi-asset portfolio managers, active asset allocators, and fund managers who require top-down insights. The perspective is that of a former buyside strategist and the key deliverables of the reports are: investment idea generation, top-down global macro insights, risk management input, and innovative asset allocation research to help investors gain clarity.

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-Help with questions and requests (either about the reports or in general)
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