

## RM Smart Strategy Fund

### Minutes of the Investment Committee meeting of

July 13, 2023 at 10.30 am

#### **Fundamental:**

**Economy:** Declining global demand for goods and persistently high inflation rates are weighing on economic development in the industrialized nations. Moreover, leading sentiment indicators and the first signs of weakness on the labour market do not bode well for the further course of the economy. However, in the US, at least the construction industry seems to have bottomed out and is gradually recovering. The problem remains China, which is struggling to get the recovery process going in the long term.

**Inflation:** Inflation continues to be extremely stubborn. Although rates are declining significantly due to lower energy prices, core rates remain at high levels and are only gradually declining. In the U.S. and the eurozone, the core rate remains above 5 percent, only slightly below its highs. In the UK, the core rate has even continued to rise.

**Fiscal and monetary policy:** The situation for central banks remains uncomfortable in view of inflation dynamics. In this context, the US Federal Reserve (Fed) has already announced further interest rate hikes by the end of the year. The European Central Bank is also likely to follow suit and further tighten the monetary policy framework. Meanwhile, China's central bank has begun to ease monetary policy to support the stalled economic recovery and counteract a looming deflationary phase.

**Geopolitics:** The Ukrainian army's counteroffensive is faltering; territorial successes remain limited. On the Russian side, meanwhile, the uprising of Yevgeny Prigozhin, the head of the Wagner mercenary force, has caused much unrest and revealed the domestic vulnerability of Vladimir Putin and his state apparatus.

**Financial markets:** In June, the financial markets were still hoping that the US Federal Reserve's interest rate pause would herald a turnaround. However, these hopes were dashed by statements by prominent central bank governors at the European Central Bank's annual meeting at the end of June. Rather, it is becoming apparent that further interest rate hikes will be necessary to get a grip on the stubbornly high inflation rates. In the wake of this, long-term interest rates rose significantly and weighed on the stock markets of the industrialized nations.

## Charttechnical:

S+P The intact short-term resumption has come true. The same applies to the medium-term buy signal. **However, the movement is now severely overstretched in the medium term, which means that a pause, which is also indicated by the short-term negative divergence, is realistic and seems to have set in in the meantime.**

As the medium-term overstretch is confined to the SPX, the pause is expected to have a slightly greater impact on the technology sector. In the case of the other indices, this should remain within limits without an overstretched medium-term level. Due to the ideal price movement (breakout above 4300, *retest* and new peak), the targeted **sideways bias is raised to between 4060 (probably more like 4155) and 4540** but remains in view of the numerous headwinds (inflation, FED policy, economic concerns, restrained risk appetite). For the confirmation of a long-term rotational movement, there is still not much missing...



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SMI So, as feared, a "slightly oversold" level had to be reached before a **short-term resumption**. This should now follow slowly. The **resistance zone of 11,500** is proving to be stubborn. A breakthrough would **finally confirm the** medium-term buy signal formed in November '22.

The presumed **sideways movement (10,550/11,870)** before the movement gains in sustainability cannot be ruled out.



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ESTX50 The **short and medium-term buy signal** of Oct 22 are **intact**. The pause has continued, but the short-term resumption should now slowly follow. Perhaps a little patience is still necessary, since in the medium term the oscillators did not accompany the last peak. But here, too, they are approaching a possible rebound zone. This medium-term divergence must continue to be monitored. After all, corrections at this level are by no means excluded, even in the case of long-term rotational movements...

The presumed **sideways bias** (475/430) remains intact for the known reasons.



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**Gold** The **short-term and medium-term buy signals** are **intact**. For the long-term rotational movement, "only" a confirmation from RSI is still missing. The pause has dragged on. The medium-term oscillators, which indicated a pause/correction, have prevailed, but are now in a possible rebound zone. In addition to the now positive seasonality, the design of the **short-term indicators**, which point to a **resumption, fits in with this**. The same applies to the gold mines, which are about to receive a confirmation signal. If the long-term confirmation is now made in the course of the short-term resumption, the possibility of a somewhat longer divergence formation indicated in April is likely to occur in the medium term, i.e. the price will reach new highs.

**Oil** The **short-term resumption** has been a long time coming. In the meantime, this has gained relative strength and a second buy signal (often the case before medium-term turning movements) is indicated. The decisive factor will be whether this has the strength to confirm an imminent **medium-term buy signal** (until then, the risk of a second peak remains).

If this happens, then the **convergence zone** (upper channel line ~ 78, MA200 and resistance at ~ 85) should also be broken upwards. **Support** continues to be provided by the zone of ~ 65/62.50 (including only ~ 50 significant support again!).

**Yield 2-year US government bonds**

The **short-term "breather"** remains intact, but the **first signs of negative divergence** are making themselves felt. It is quite possible that before a short-term sell signal is triggered, interest rates "must" **first move into the zone up to 5.25%**. The **medium-term sell signal** remains intact despite a possible new peak (divergence continues). The **long-term level** remains **heavily overbought** and is now even diverging negatively. There is not much left for a corresponding correction. It seems to be a matter of patience.

Currencies The **short-term buy signal** is intact. The short break has taken place and a resumption should now follow. **The medium-term sell** signal is also still **intact**, but a possible buy signal is on the horizon. The condition for this is that the short-term movement is strong enough. The **long-term trend** (April 2014) is and remains **intact**.



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#### **Purchases June**

- Idorsia
- Swiss Life
- U-Blox

#### **Sales June**

- Nvidia (entire position)

Next meeting: August 23, 2023 at 2.00 p.m.