Weekly Outlook

PACE 360
Redefining and Revolutionizing Finance & Wealth

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A very dovish stance by FED Chairman Powell at Jackson Hole last Friday was unable to provide much of a boost to global equities. While a minimum of 25 bps cut in FED rates at the upcoming September meeting is a done deal, the equity markets' sluggishness can be explained by following factors:

1) Global equities are fully to richly priced after the massive rally from April to July.

2) We are hitting a seasonally weak period for equities from now till September end.

3) With US Presidential elections just 10 weeks away, smart money is not rushing to put more money to work in an already expensive market

We believe that global equities may be headed for a shallow correction (4-6%) over the next few weeks but we still don't see a big correction setting in till January 2025. We continue to see equities precariously poised and dangerously vulnerable for a sharp reversal in CY 2025. We continue to be bullish on long duration US Treasuries. We believe US dollar has bottomed out for now and may see a relief rally over the next few weeks. We see EM assets underperforming over the next couple of months.

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