

# WEEKLY BULLETIN

June 2024: Issue #3

## Quote of the Week.

### Success breeds a disregard of the possibility of failure – Hyman Minsky

When stocks are soaring, it can be easy to overlook the increasing dangers posed by their valuation, especially when Wall Street analysts fanatically adjust target prices higher and higher to avoid looking foolish when the current stock price surpasses their targets by miles. Another area of risk is the composition of the stock index, where over 50% of the assets may be concentrated in the top 10 holdings. It's easy to get caught up in the euphoria, and high prices seem to lead to even higher prices. However, the party will swirl on until one day it doesn't.

To navigate these risks effectively, consider the following strategies:-

#### 1. Reviewing Technical Analysis Patterns

- Recognize common breakout patterns like ascending triangles, flags, or cup-and-handle formations. These patterns often signal continuation and provide insight into future price movements..
- Volume Analysis: High volume on a breakout confirms the strength of the move, whereas low volume may suggest a false breakout.

#### 2. Locating hidden resistance levels

Recognizing Resistance:

- Psychological levels, round numbers (eg. 6,000 for S&P500) often serve as psychological barriers.
- Fibonacci Retracement Levels: These levels, particularly the 61.8% and 78.6% retracement levels, often function as resistance.

#### 3. Finding your profit protection levels

Setting Profit Targets:

- Set incremental profit targets and use trailing stops.
- Ensure a favorable risk-reward ratio and strategically place stop-loss orders.

#### 4. Keep leverage minimum

- Use lower leverage to manage risk and avoid margin calls.
- Focus on capital preservation over high-risk returns.

#### 5. Profit realization and rebalancing.

- Exit portions of your position incrementally to lock in gains and maintaining some exposure to potential upside.
- Avoid greed, keep your profit taking strategy flexible and considering market conditions.

#### 6. Minimize risk

- Employ strategies such as 'cost averaging' to smooth stock purchases and 'profit percentage reduction' to lock in gains.
- Diversify across non-correlated assets like gold, commodities and money market funds
- Diversify internationally in big cap.

#### 7. Invest in defensive stocks with good dividends

- While growth stocks have reached level that makes buying decision difficult base on valuation, choose defensive stocks (utilities, consumer staples) for steady returns and lower volatility
- Focus on stocks with strong dividend track record for income and stability especially while Fed is still open to rate cut.

By implementing these strategies, you can manage risk, protect profits, and navigate market highs more effectively.

## Last Week 's Notable Events.

### US Economy/Politics

- Evident is mounting that the American shoppers are cutting back – 19<sup>th</sup> Jun
- US debt on pace to top \$56 trillion over the next 10 years – 19<sup>th</sup> Jun
- Fed Kashkari says inflation target may take two years to reach – 20<sup>th</sup> Jun

### Europe Economy/Politics

- US presses allies Japan and Netherlands to curb China's AI chip progress – 19<sup>th</sup> Jun
- Bank of England keeps rates unchanged at 5.25% while SNB cuts 25bps – 20<sup>th</sup> Jun
- UK Consumer Confidence improves in June – 21<sup>th</sup> Jun

### Asia Pacific Economy/Equity

- Malaysia asks China to support bid to join BRICS - 19<sup>th</sup> Jun
- Fitch sees Asian tourism rebounding to pre-COVID levels by 2024 – 20<sup>th</sup> Jun
- China may take provisional anti-dumping steps against EU pork imports – 20<sup>th</sup> Jun
- Indonesia maintains key interest rate at 6.25% as rupiah slumps – 20<sup>th</sup> Jun

### Weekly Data Monitor.

#### Performance

- Strong US equity performance continue to push global equity index higher,
- US real estate flat while APAC real estate falling on longer Fed rate hold.

#### Weekly chart:

- Oil spiked higher on growing concern that global oil inventories will decrease during summer in northern hemisphere.

**Note:** The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.

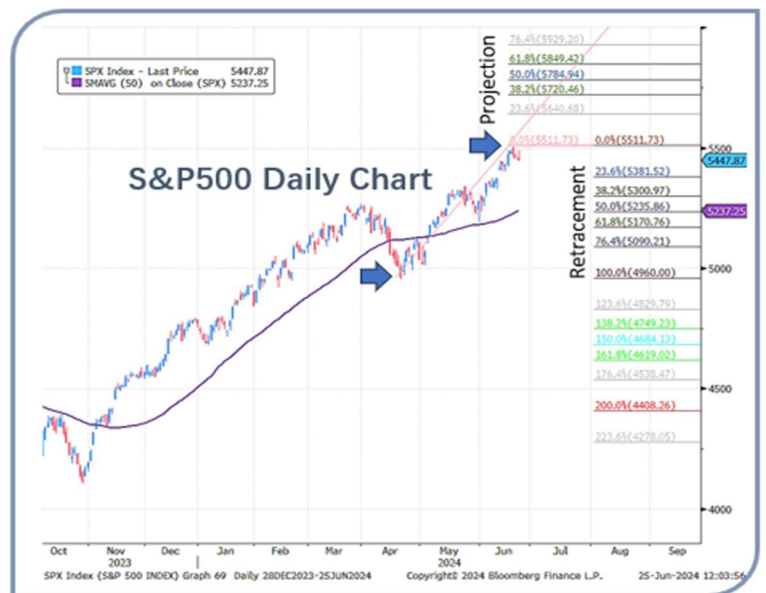
INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	0.52	2.10	11.17	21.61	16.78	67.70
Global Real Estate	-0.17	1.50	-2.92	9.99	-10.16	7.40
US Real Estate	0.03	1.91	-2.97	10.14	-6.95	15.68
APAC Real Estate	-1.87	-2.00	-5.08	-0.10	-29.07	-28.62
Investment Grade	0.21	1.00	2.64	11.41	5.35	21.35
High Yield Bonds	-0.29	0.73	-2.59	1.24	-15.10	-9.25
Global HY ETF	0.68	-3.83	3.40	10.96	13.37	30.41
ASIA Real Estate ETF	-0.93	-1.31	-13.06	-13.06	-31.88	-35.63
USD Index	0.23	0.74	4.05	2.47	14.80	9.68
Gold	-0.48	-0.02	12.79	20.99	30.62	63.47
WTI Oil	2.82	6.01	13.91	18.02	10.22	41.14

### Chart of the Week.

The chart on the right displays the S&P 500 daily performance from April 2024 to the present. This analysis incorporates both retracement values and forward projections for the current uptrend. Key observations include:

1. Bullish Momentum:
  - a. If the bullish trend persists, the S&P 500 has the potential to test the following resistance levels:
    - 5640 (23.6% retracement)
    - 5720 (38.2% retracement)
    - 5784.94 (50% retracement)

Strong support is identified at 5235, which aligns with the 50% retracement level from the current position and coincides with the 50-day moving average.



#### 2. Bearish Scenario:

A drop below 5235, along with a breach of the 50-day moving average, could signal a potential for a more significant correction.

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