

Global Outlook — 2023 & Beyond

Tim Hayes, CMT

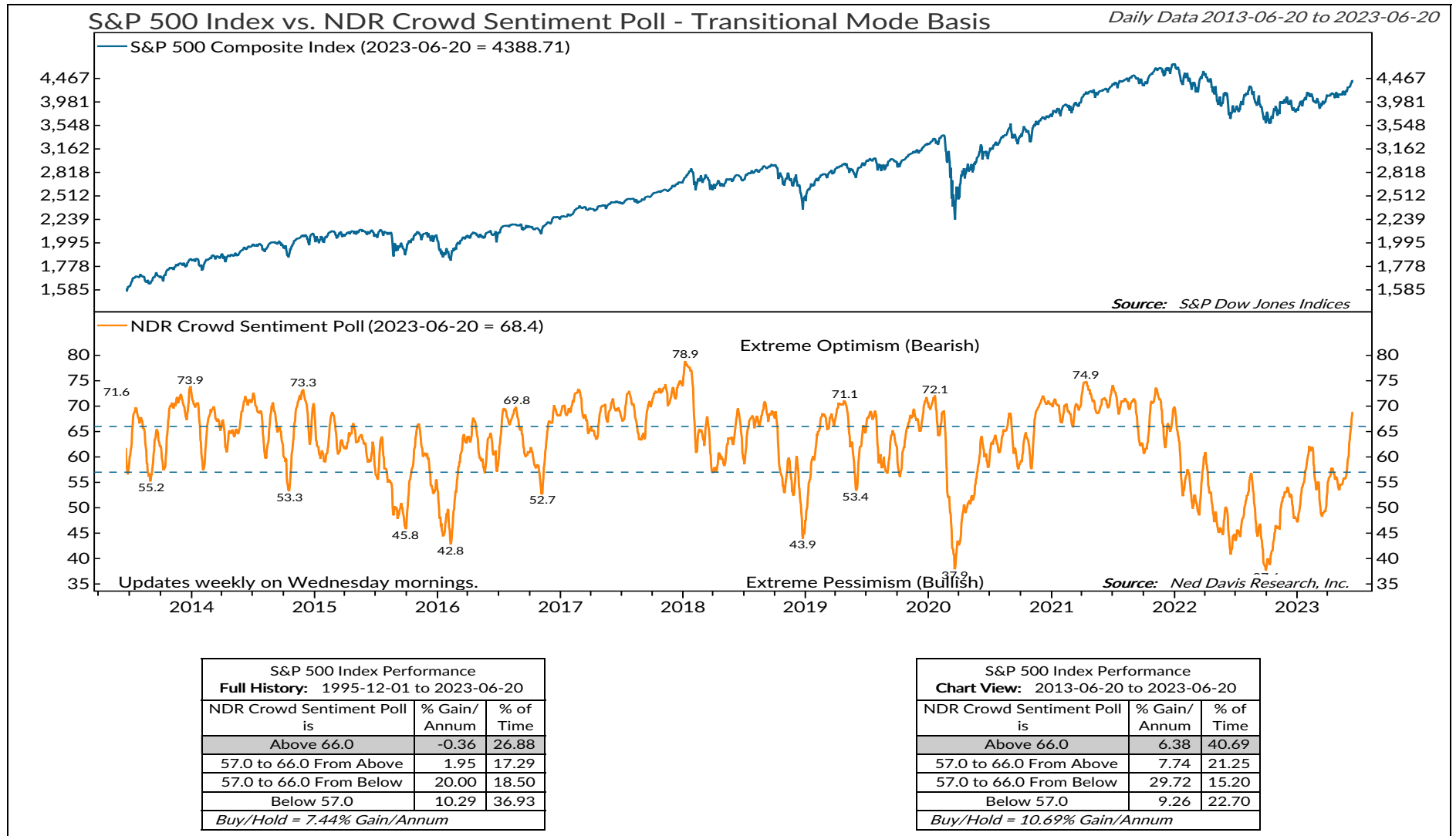
Chief Global Investment Strategist

June 2023



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Recovering from extreme pessimism.

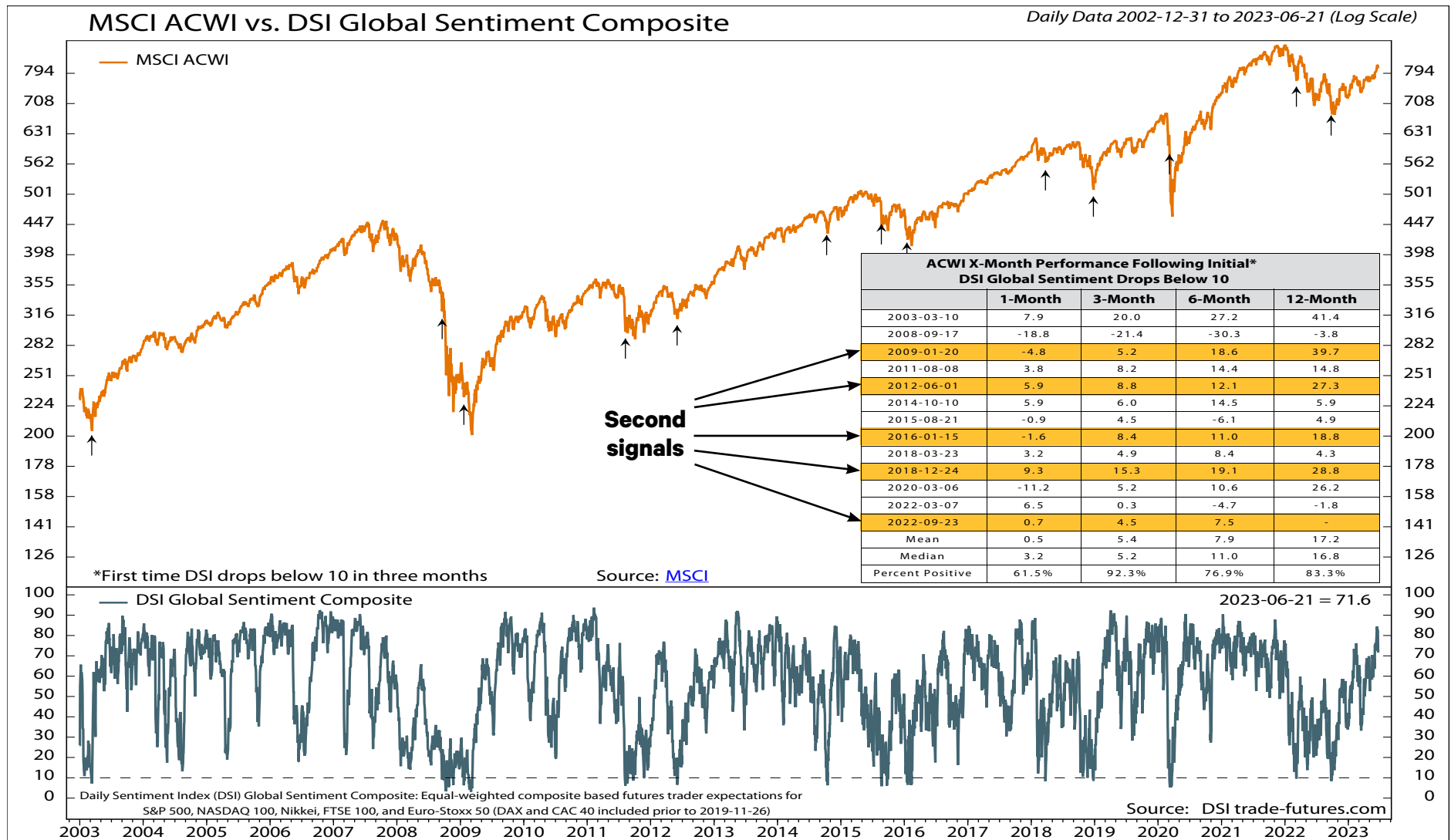


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Rally after extreme consistent with historical tendency.

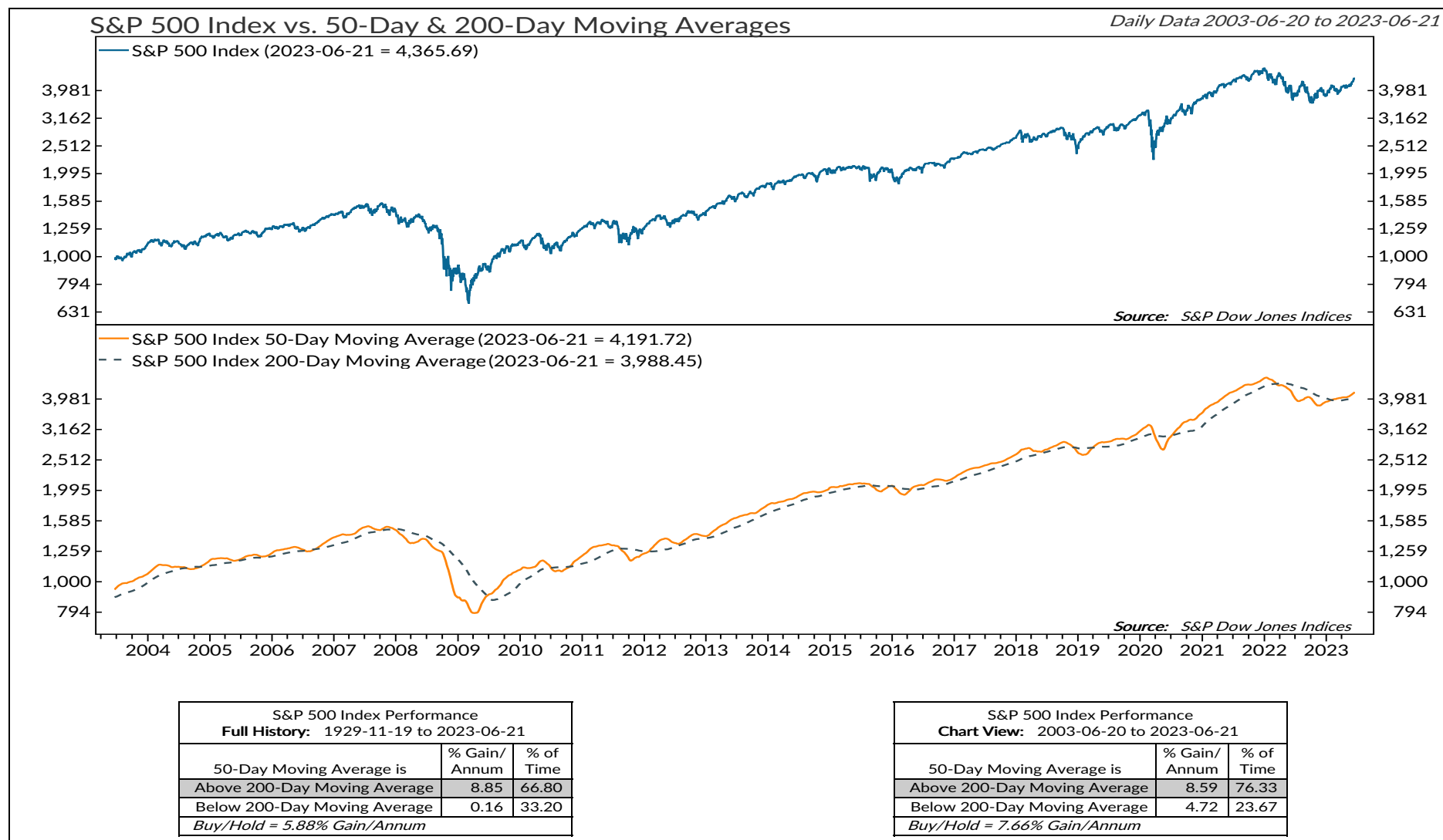


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Uptrend intact.

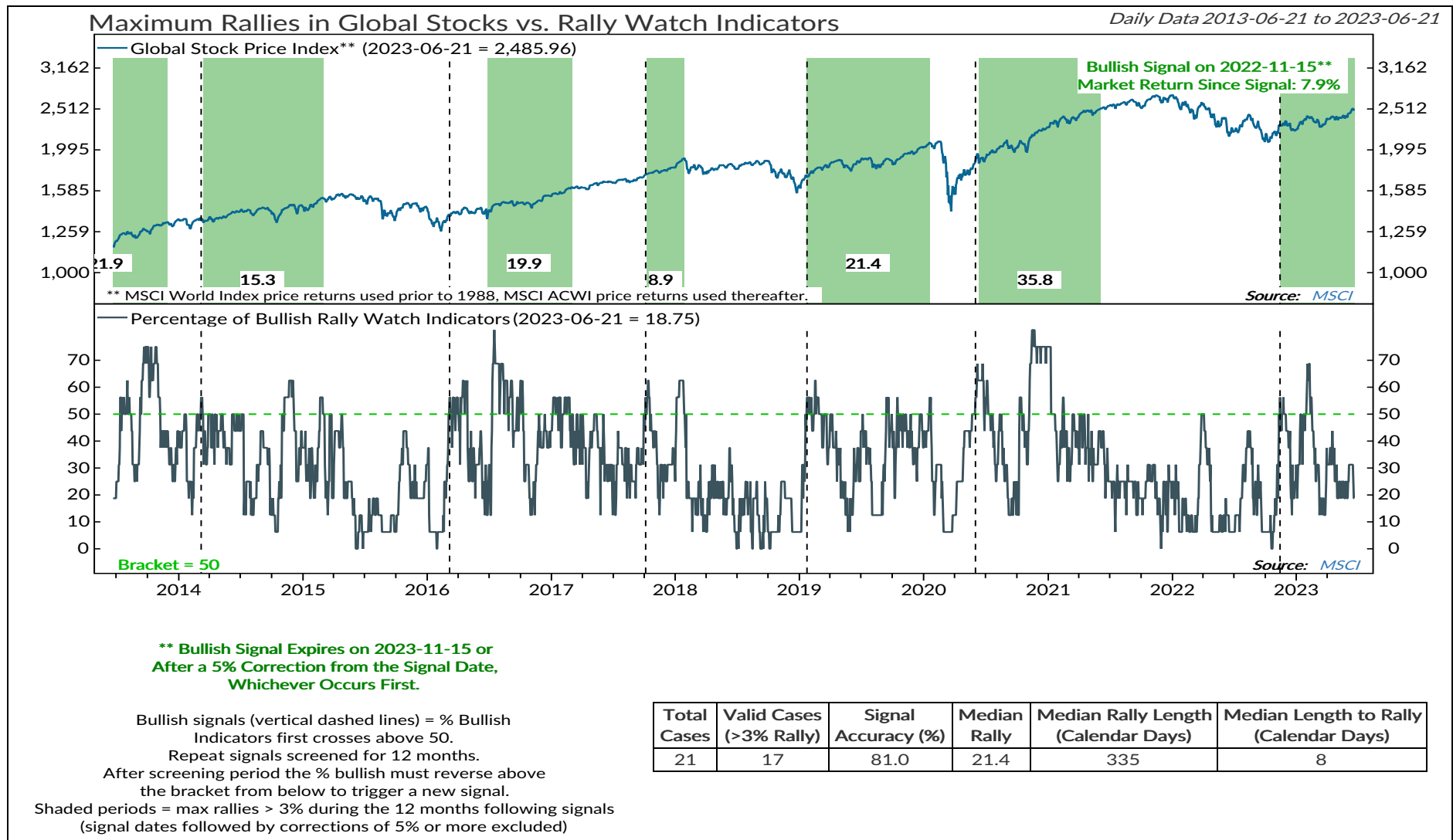


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Rally Watch on bullish signal. Watch for improvement.

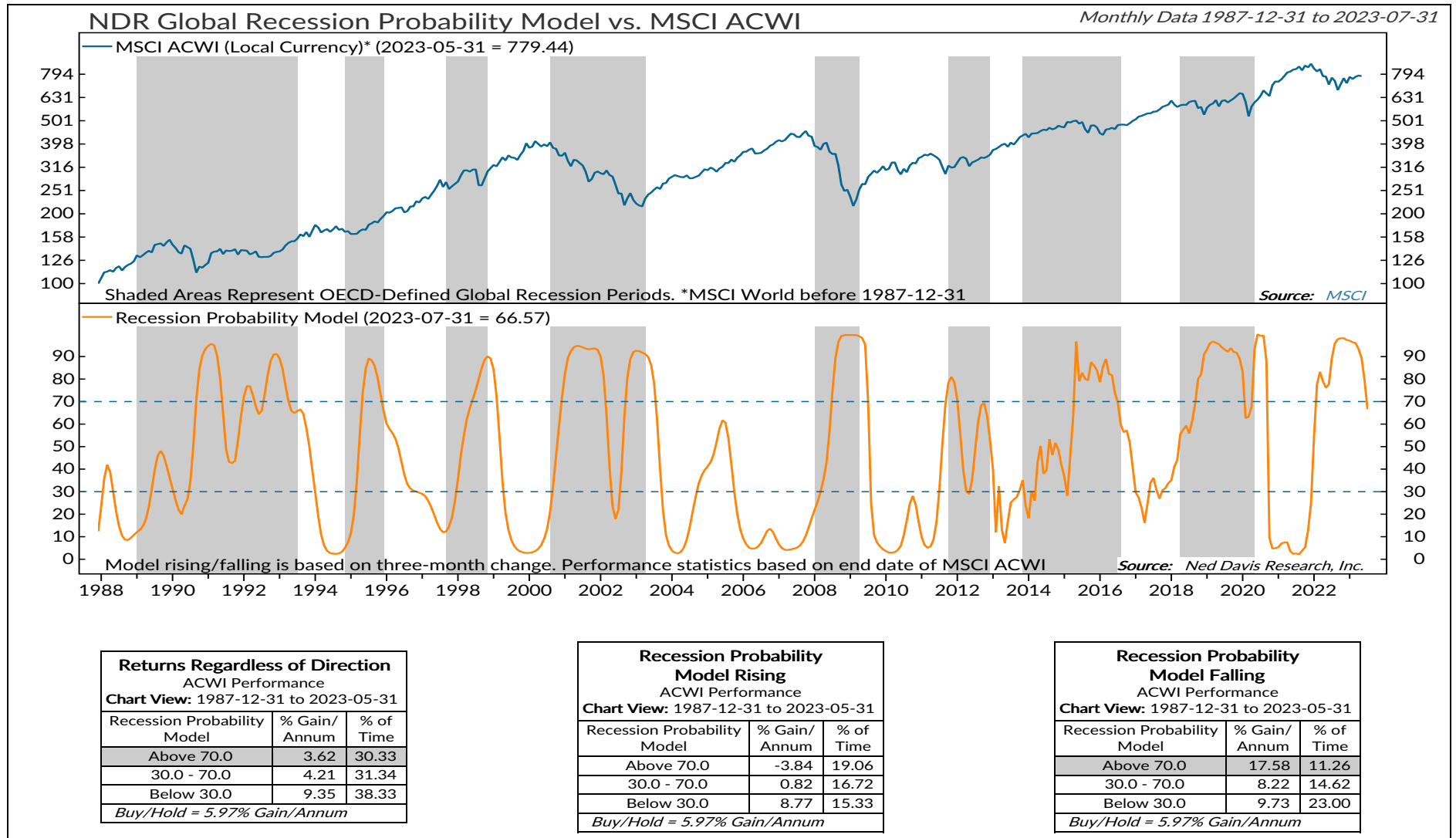


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Recession probability dropping.



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Watch Risk-On and Risk-Off proxies.



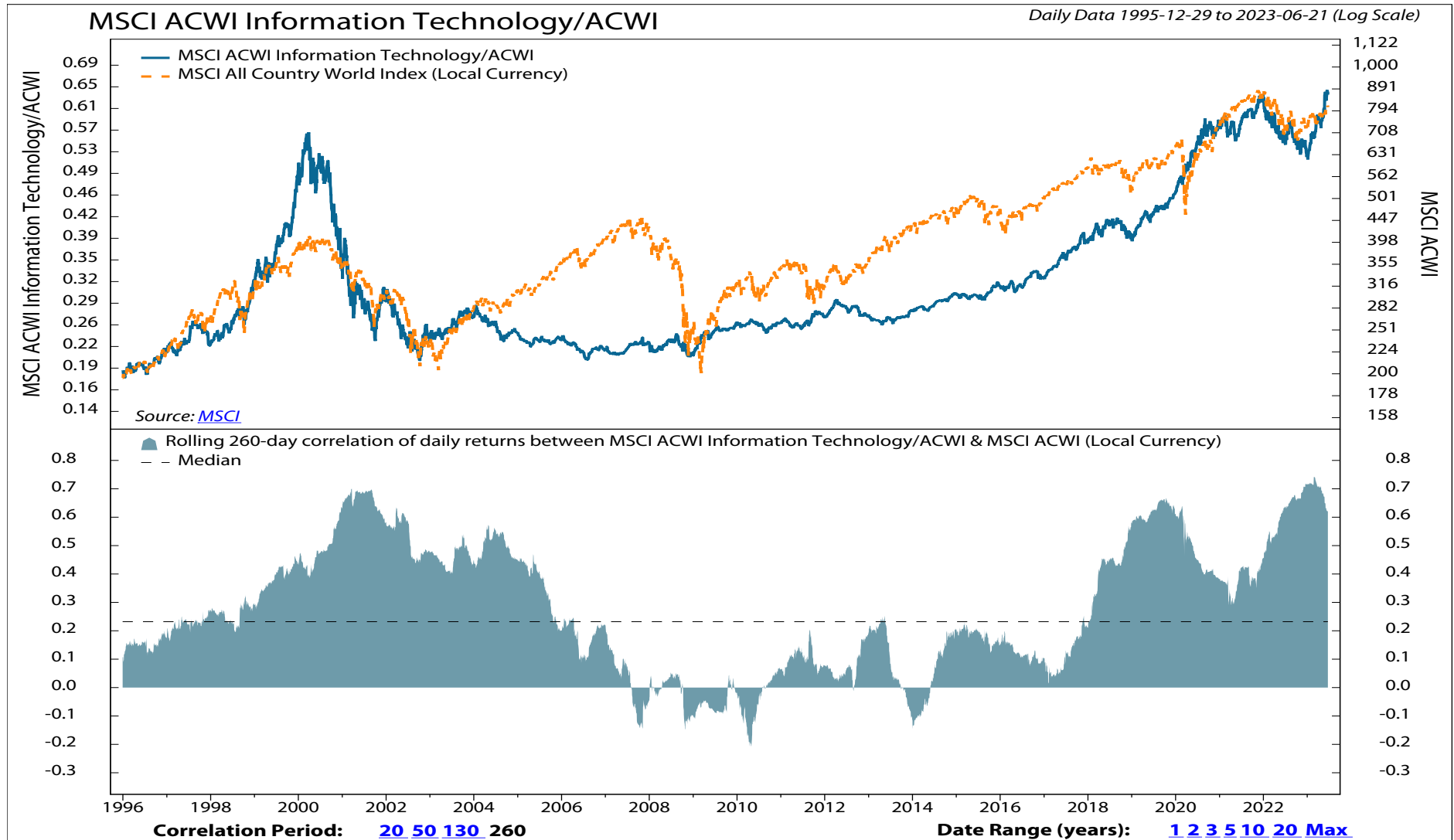
RISK-ON / RISK-OFF CORRELATIONS TO MSCI ACWI

RISK-ON / RISK-OFF CORRELATIONS TO MSCI ALL COUNTRY WORLD INDEX AND ONE-YEAR CHANGES							
Risk-On				Risk-Off			
Asset	Current (06/21/2023)	2022-06-22	One-Year Change	Asset	Current (06/21/2023)	2022-06-22	One-Year Change
Barclays High Yield Bond Price Index	0.72	0.66	0.06	MSCI Frontier Markets/ACWI	-0.85	-0.80	-0.05
MSCI ACWI Information Technology/ACWI	0.62	0.63	-0.01	MSCI ACWI Consumer Staples/ACWI	-0.76	-0.69	-0.07
Russell 2000 Growth Total Return/ACWI	0.60	0.50	0.10	MSCI Pacific ex. Japan/ACWI	-0.69	-0.69	0.00
NDR Large-Cap Cyclical/Consumer Index	0.58	0.56	0.02	MSCI ACWI Utilities/ACWI	-0.44	-0.66	0.22
MSCI ACWI Consumer Discretionary/ACWI	0.39	0.55	-0.16	Equal-Weighted Japanese Yen Index	-0.08	-0.53	0.45
Copper/Gold	0.17	0.44	-0.27	Equal-Weighted Swiss Franc Index	0.01	-0.33	0.34
Mean	0.51	0.56	-0.04	Mean	-0.47	-0.62	0.15

Report Notes:

- Source: MSCI, S&P Capital IQ and MSCI, Inc. (GICS), Bloomberg Barclays Indices, Commodity Systems, Inc. (CSI) www.csidata.com, Refinitiv

New highs in Tech relative strength.

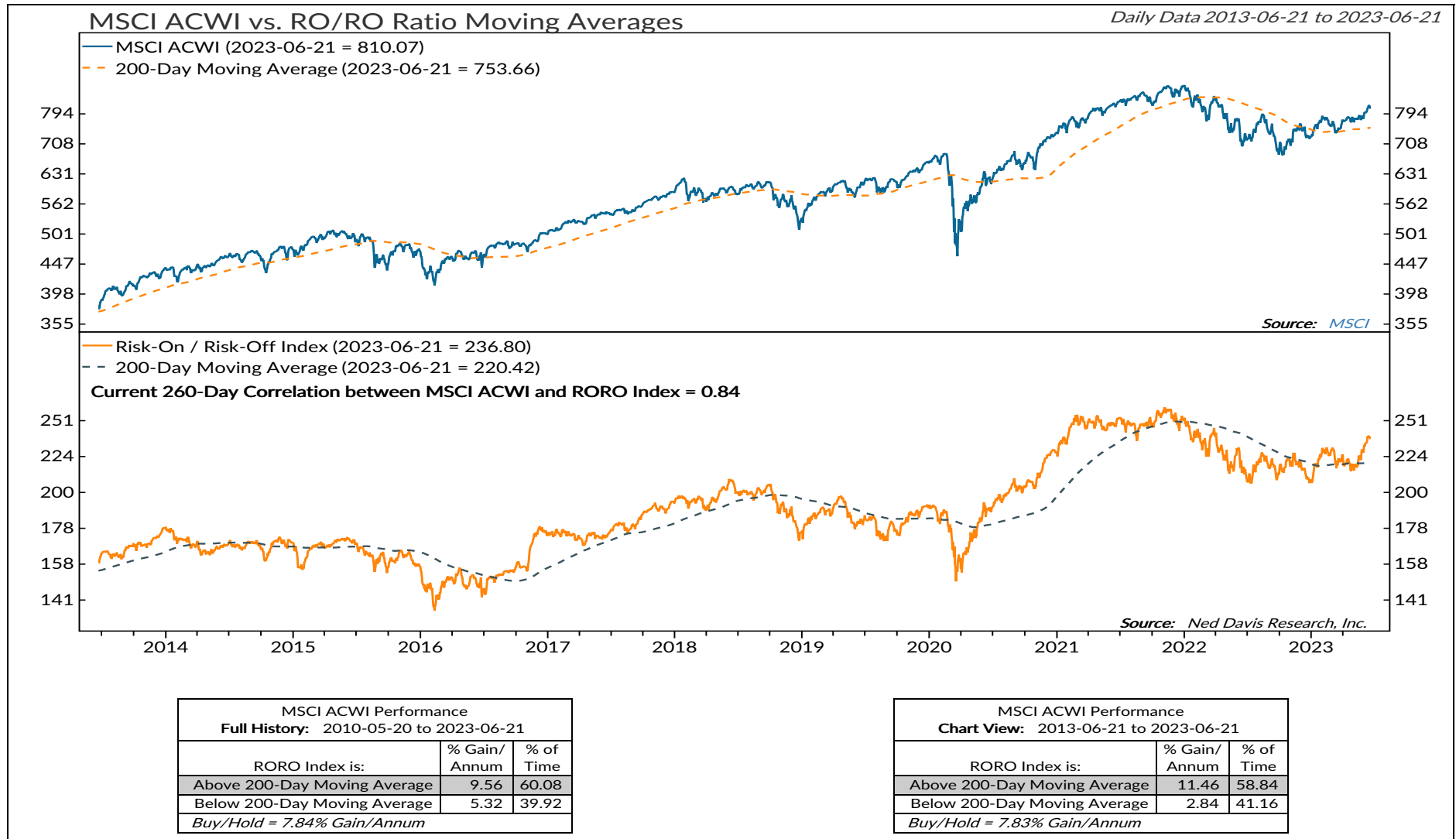


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RO/RO Ratio now confirming.

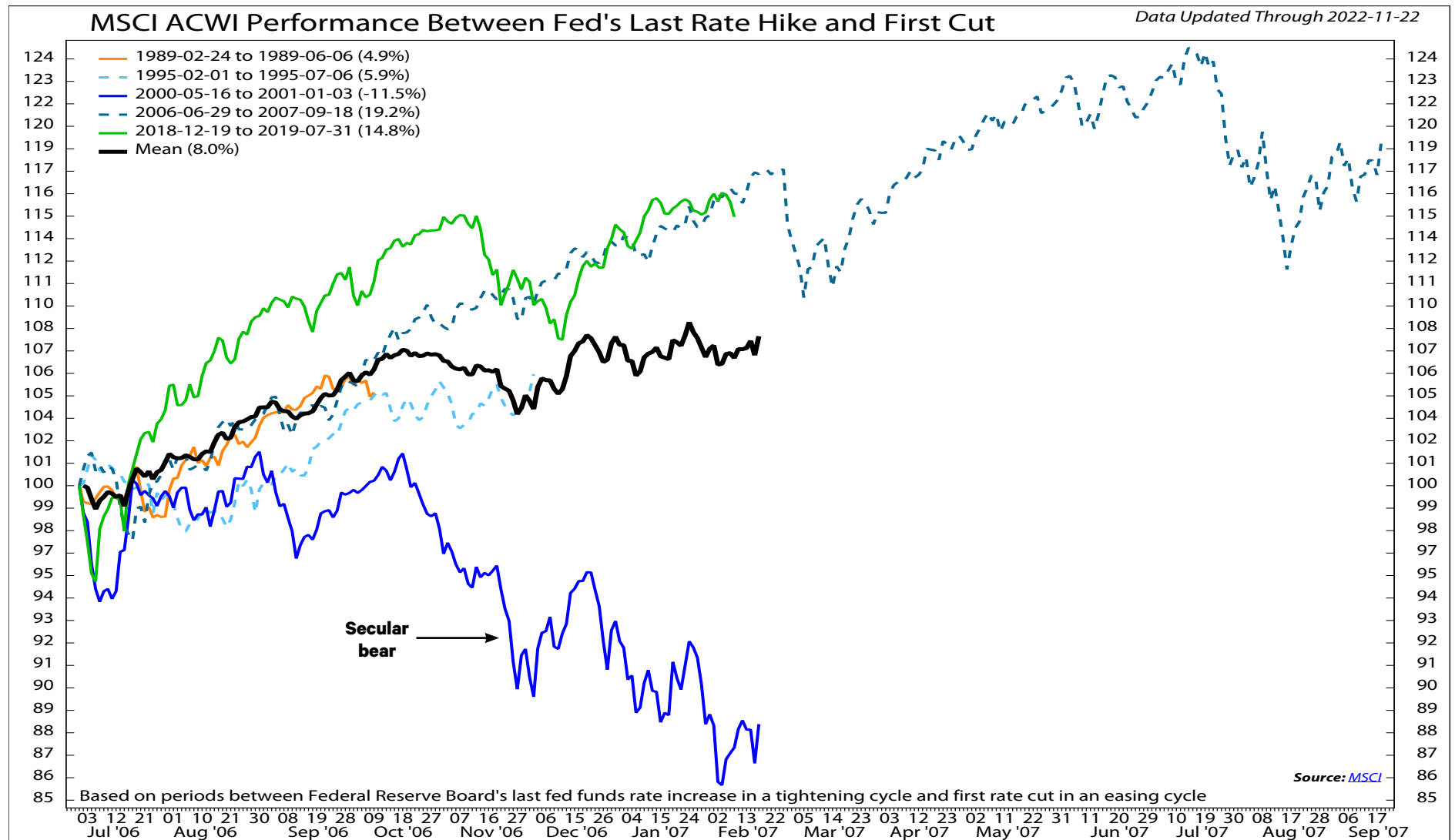


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Tendency to rally between last hike and first cut.

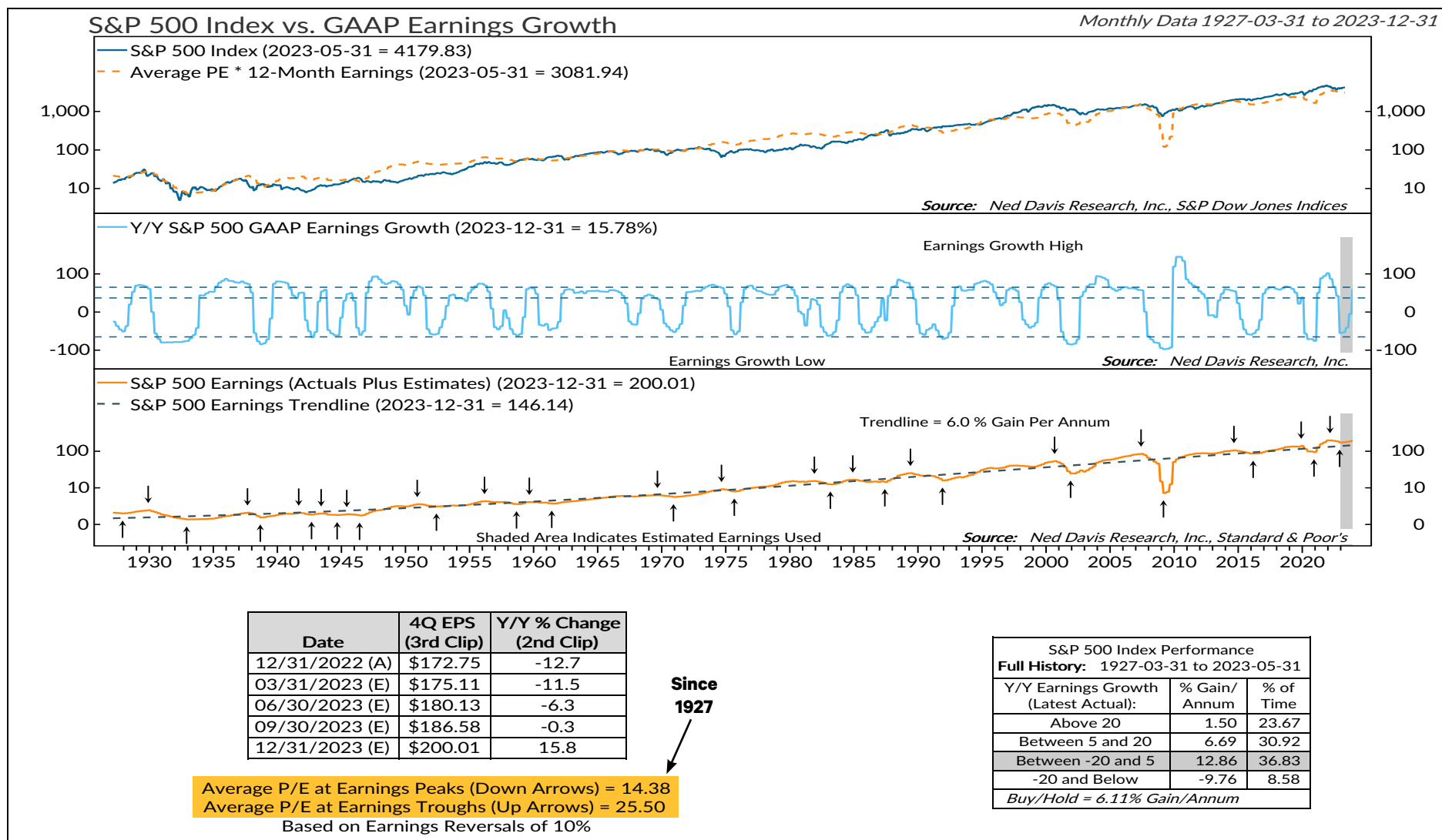


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Market gains when earnings growth weak.

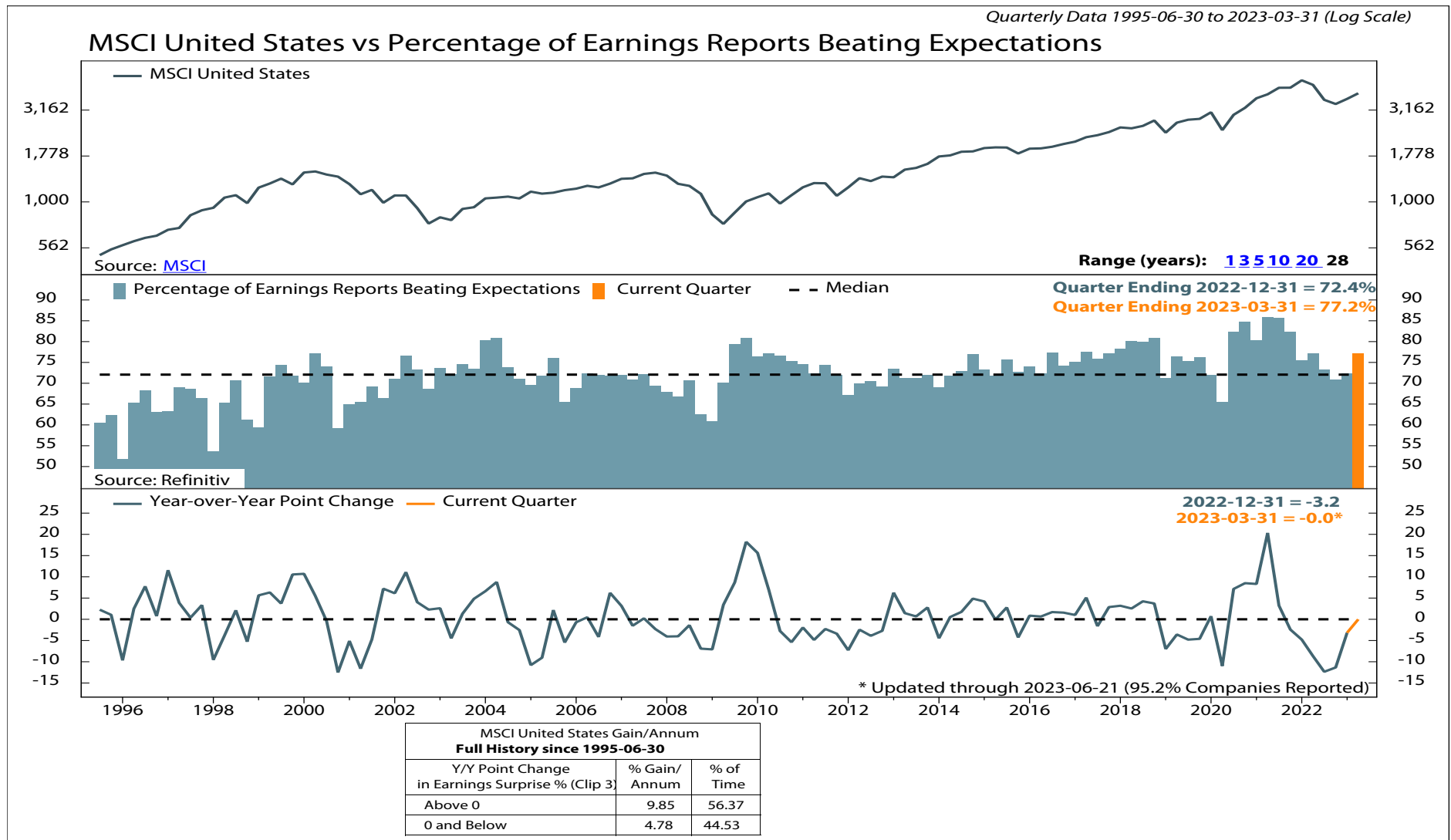


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Rising beat rate.

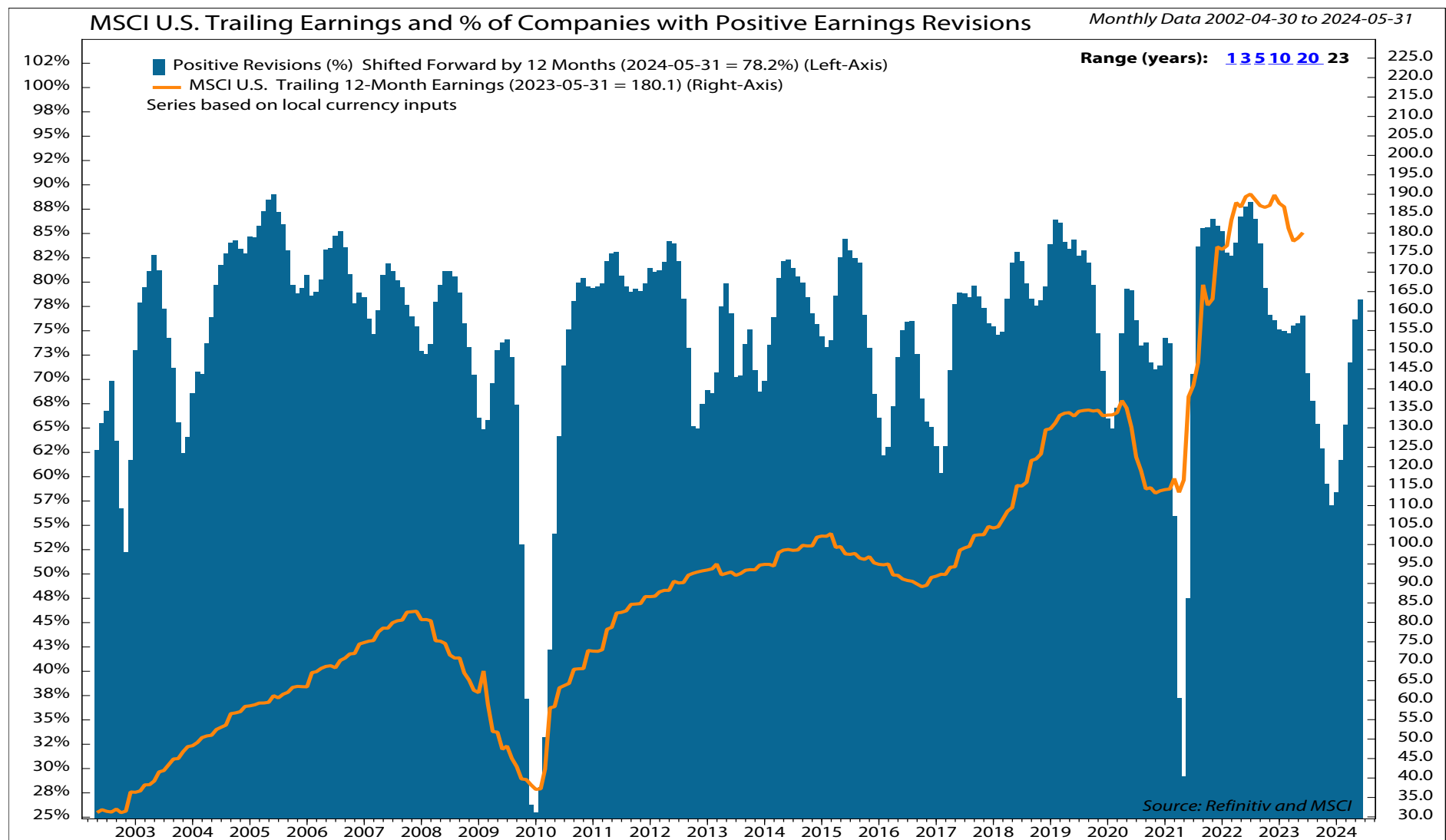


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Rising revisions rate.

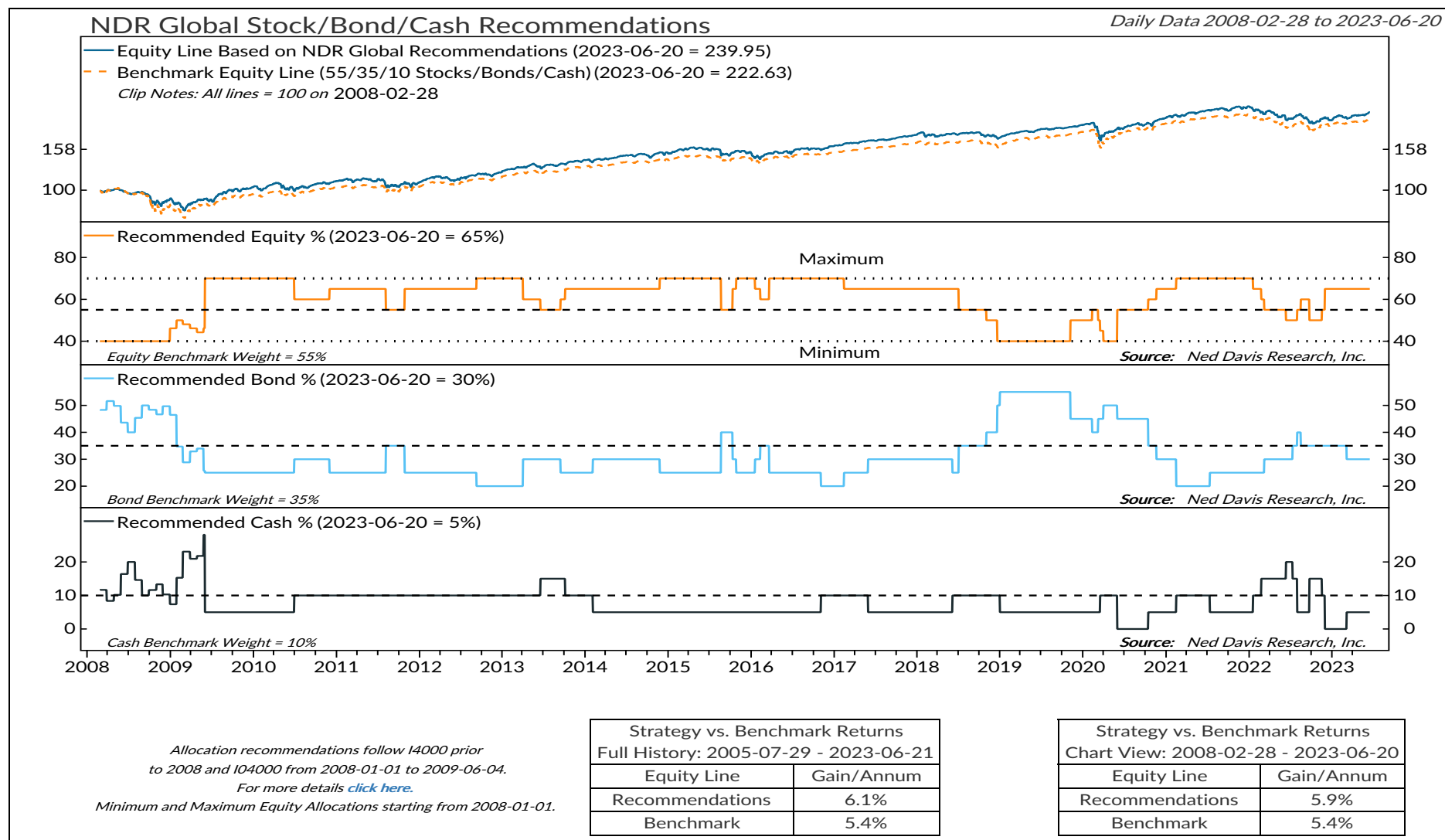


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Overweight equities, underweight bonds and cash.

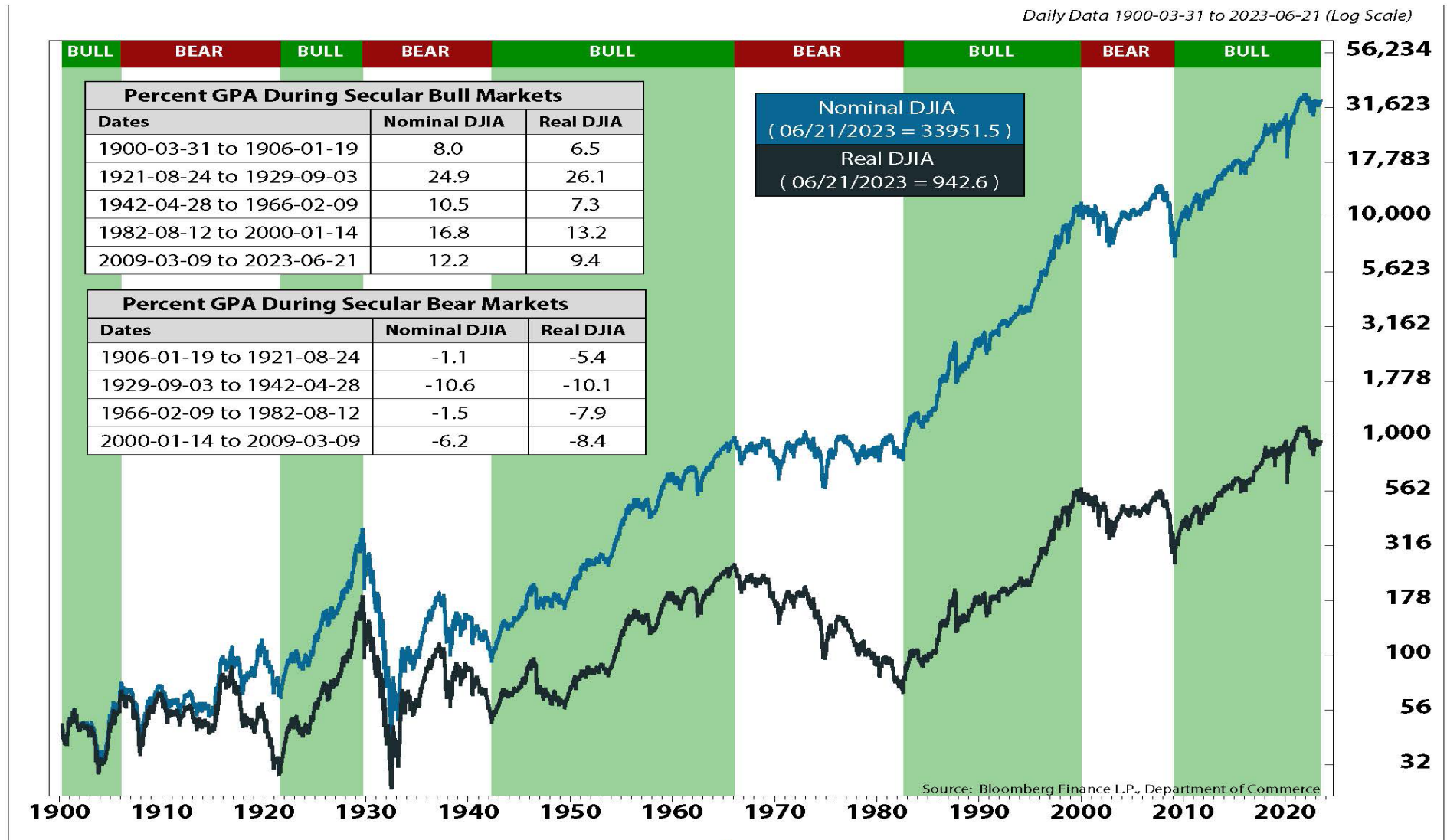


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Secular bull intact.

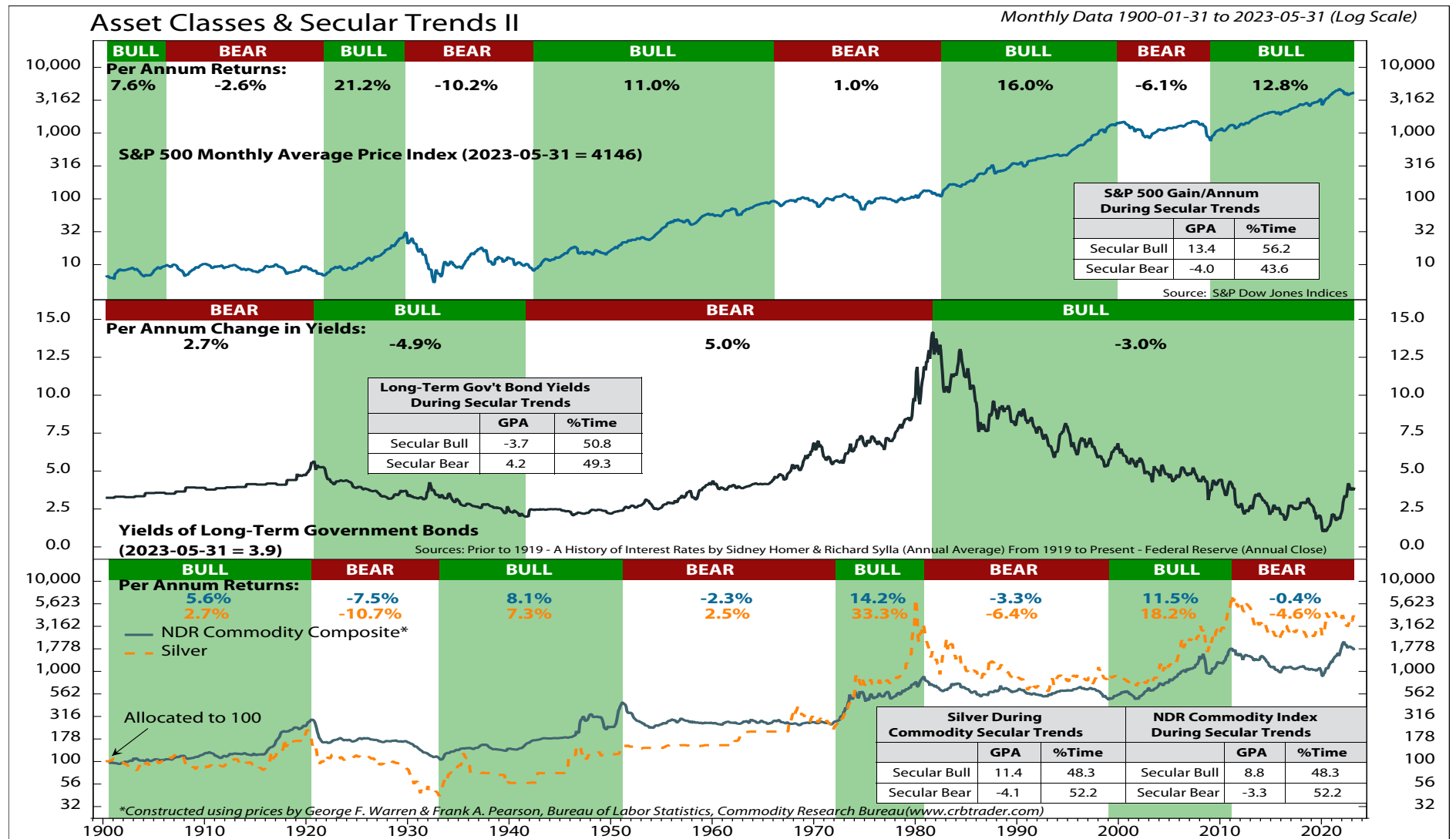


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Also watching secular trends of bonds and commodities.

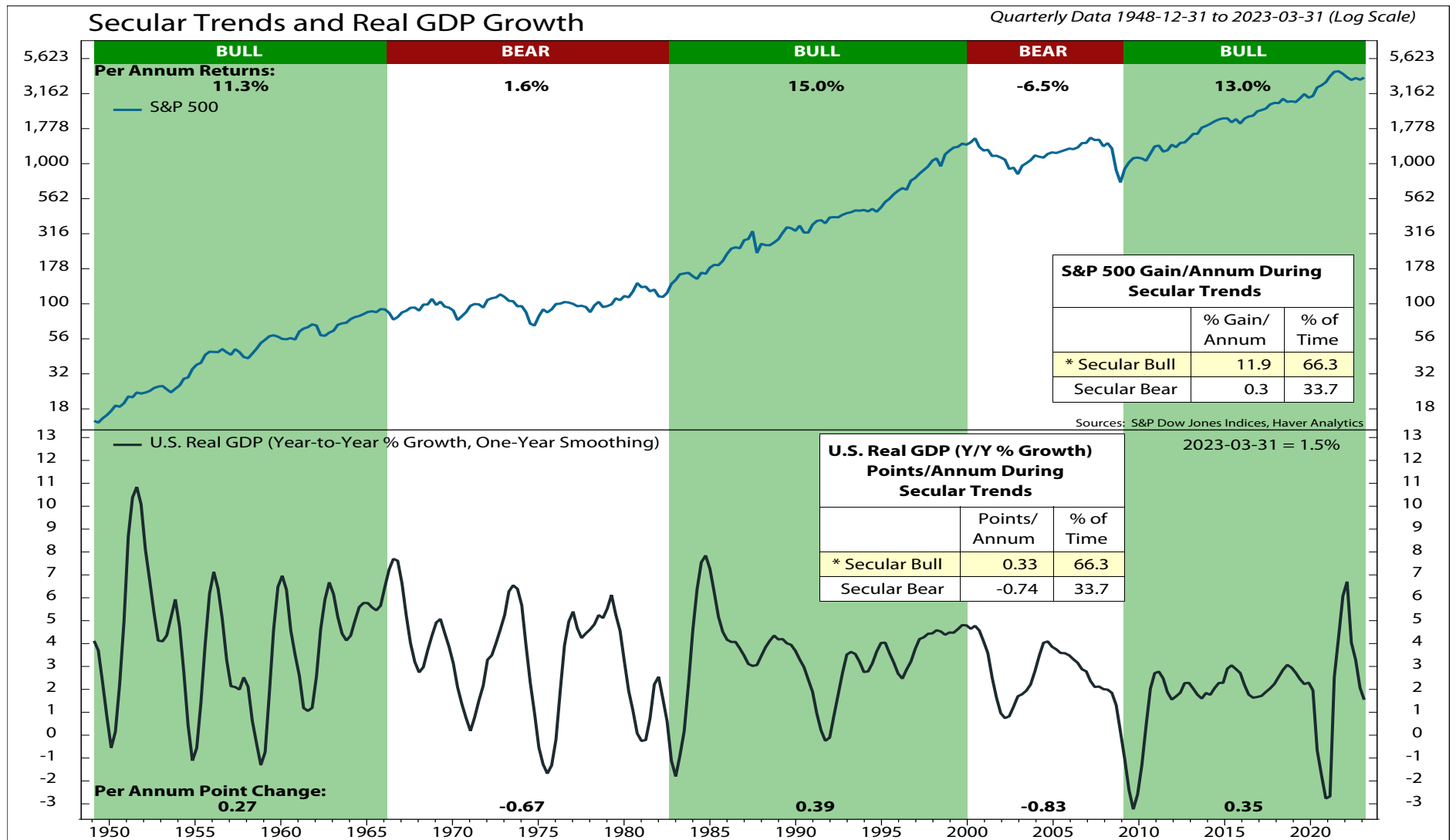


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More economic growth during secular bulls.

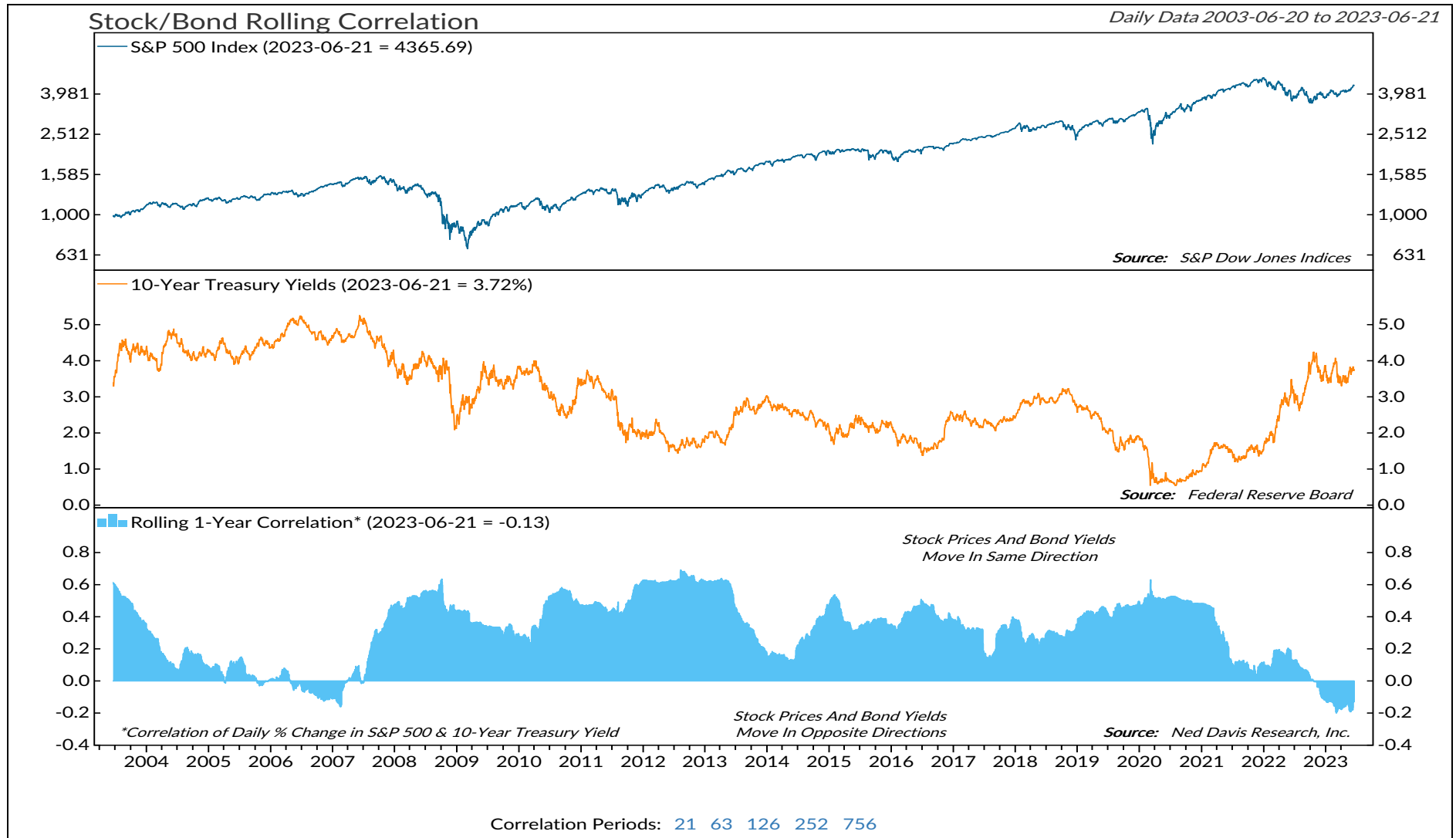


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Inverse correlation between stocks and bond yields.

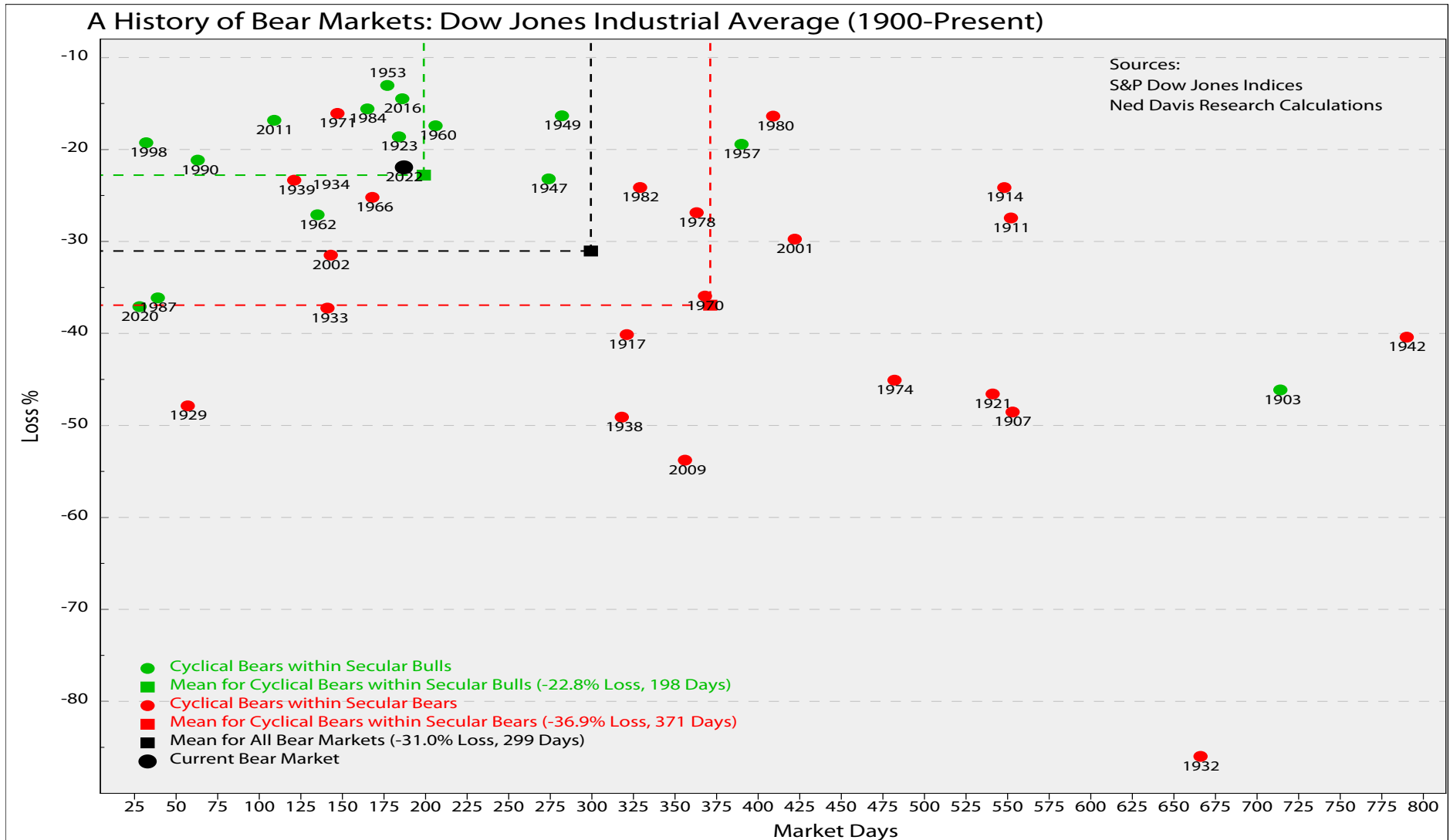


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Cyclical bears more contained in secular bulls.

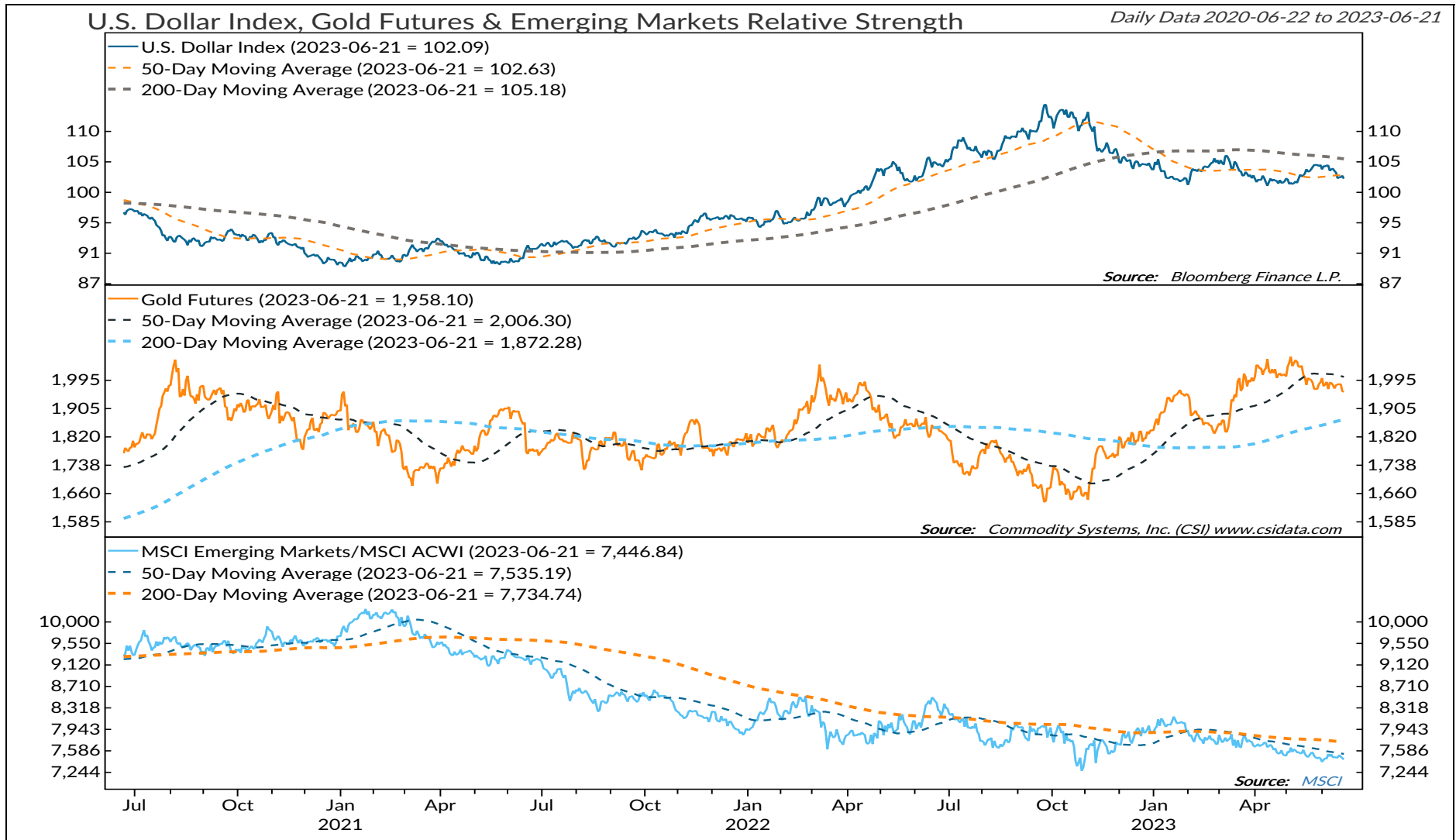


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Currently neutral on U.S. dollar and gold.

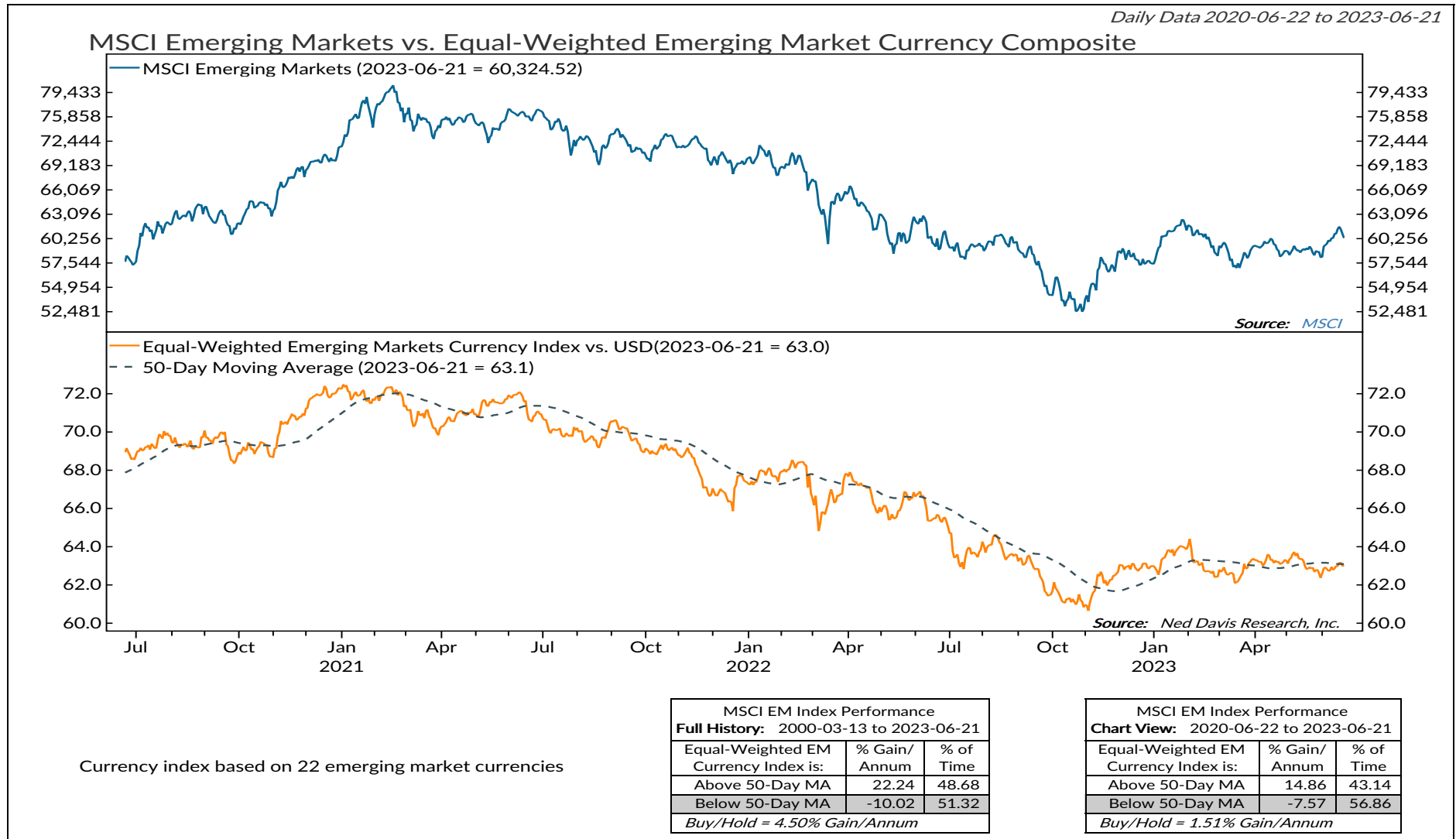


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Emerging market equities move with currencies.











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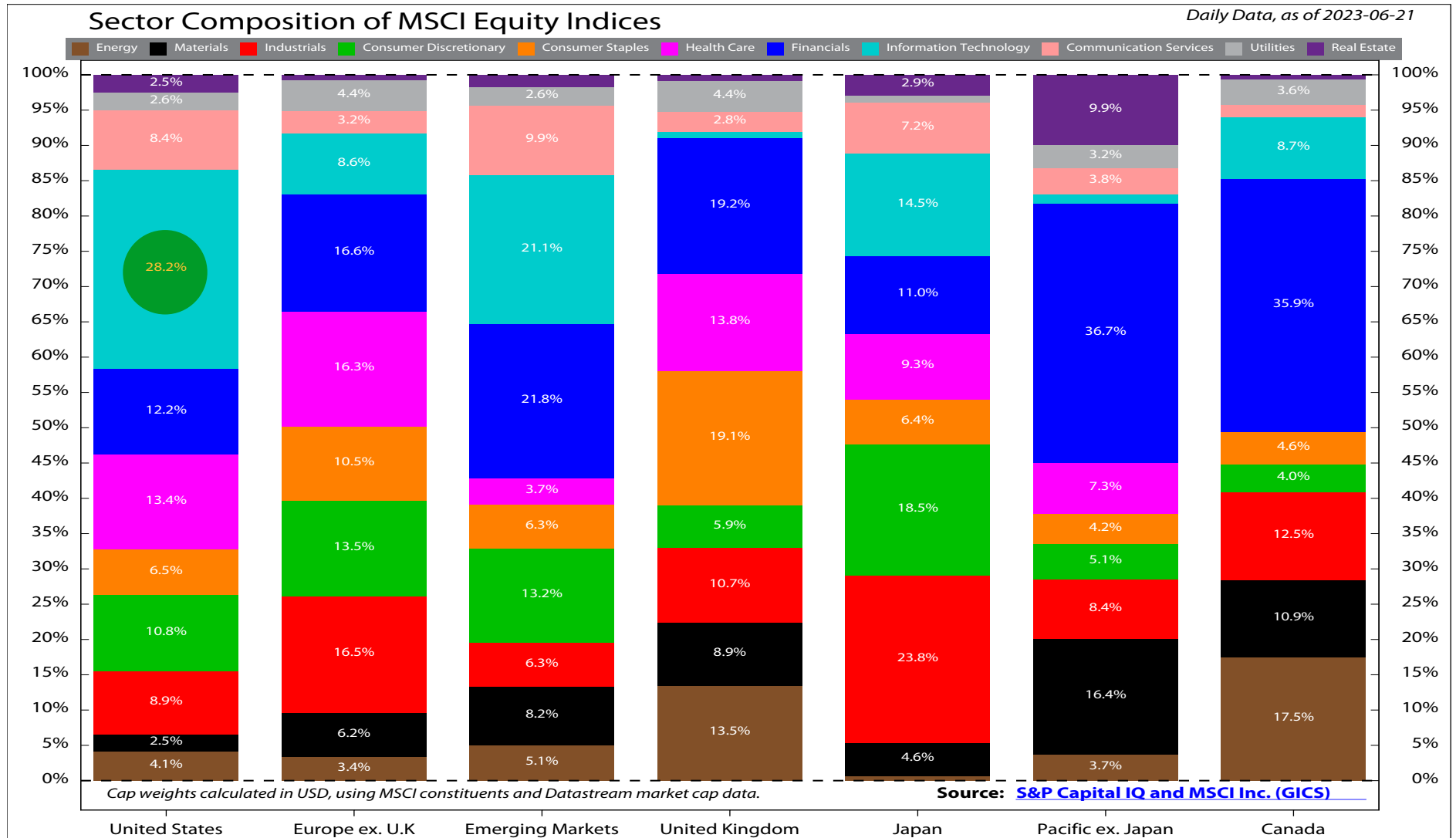


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Overweight U.S., Europe and Japan.

 RECOMMENDATIONS						
GLOBAL ASSET ALLOCATION	GLOBAL EQUITY ALLOCATION					
GLOBAL EQUITY ALLOCATION		Recommended Allocation	Benchmark	Weight	Effective Date	
U.S.		64%	61.3%	Over	2023-03-23	
Europe ex. U.K.		16%	12.3%	Over	2023-03-23	
Emerging Markets		8%	11%	Under	2023-03-23	
Japan		8%	5.5%	Over	2023-05-25	
U.K.		2%	3.8%	Under	2023-02-09	
Pacific ex. Japan		1%	3.1%	Under	2023-05-25	
Canada		1%	3.1%	Under	2023-05-25	

Regional indices influenced by sector composition.

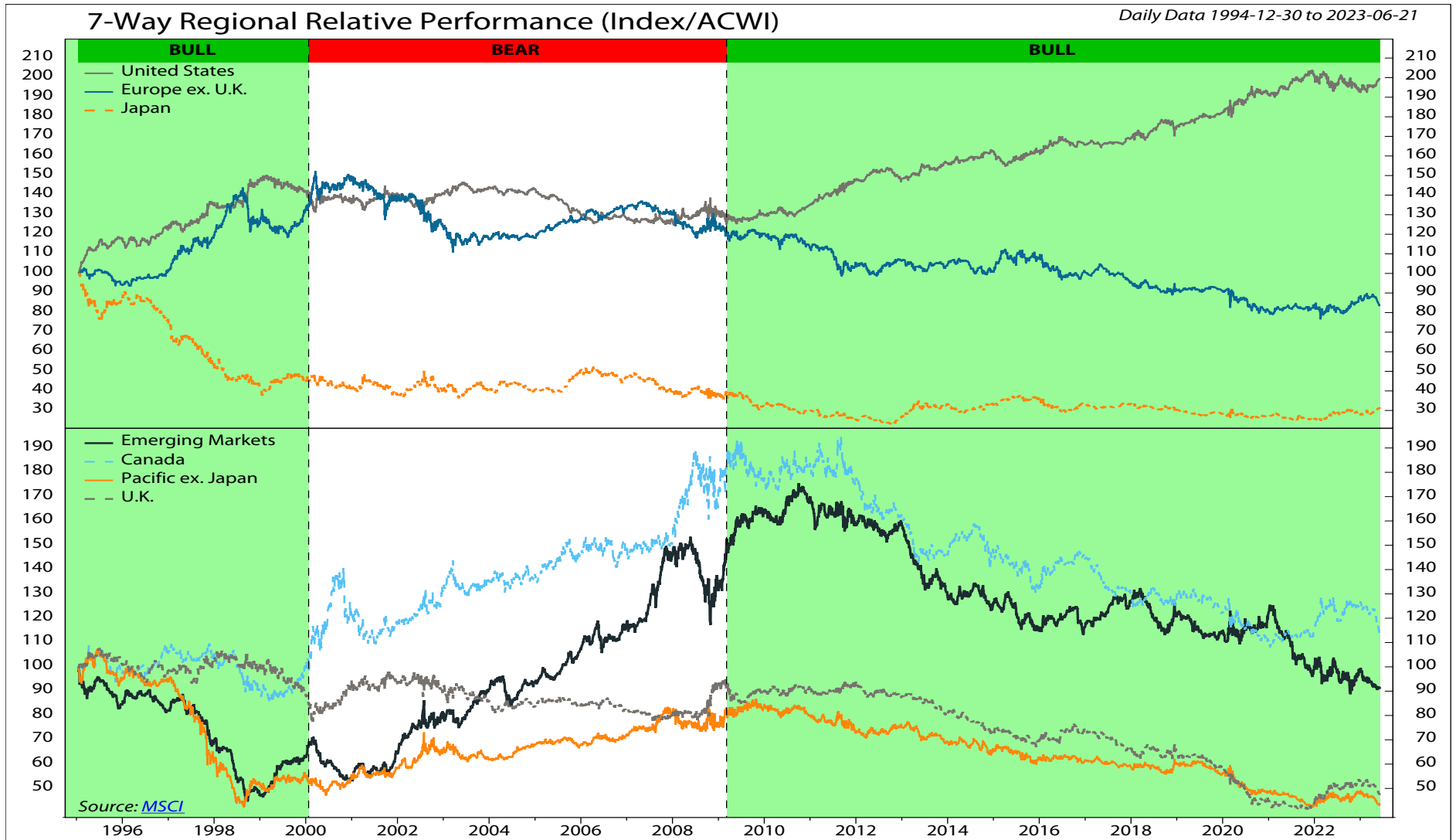


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Secular tendencies for region relative strength.

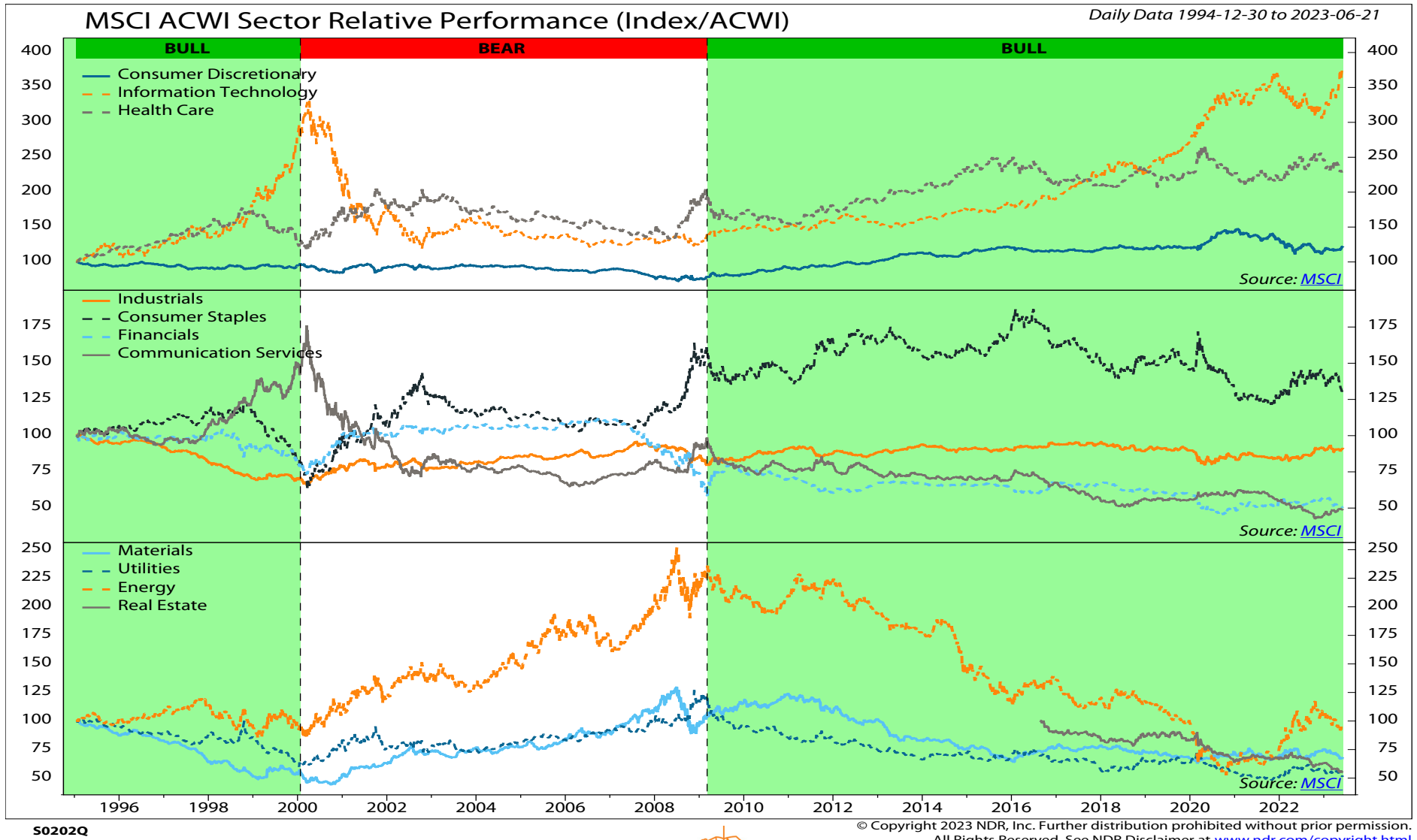


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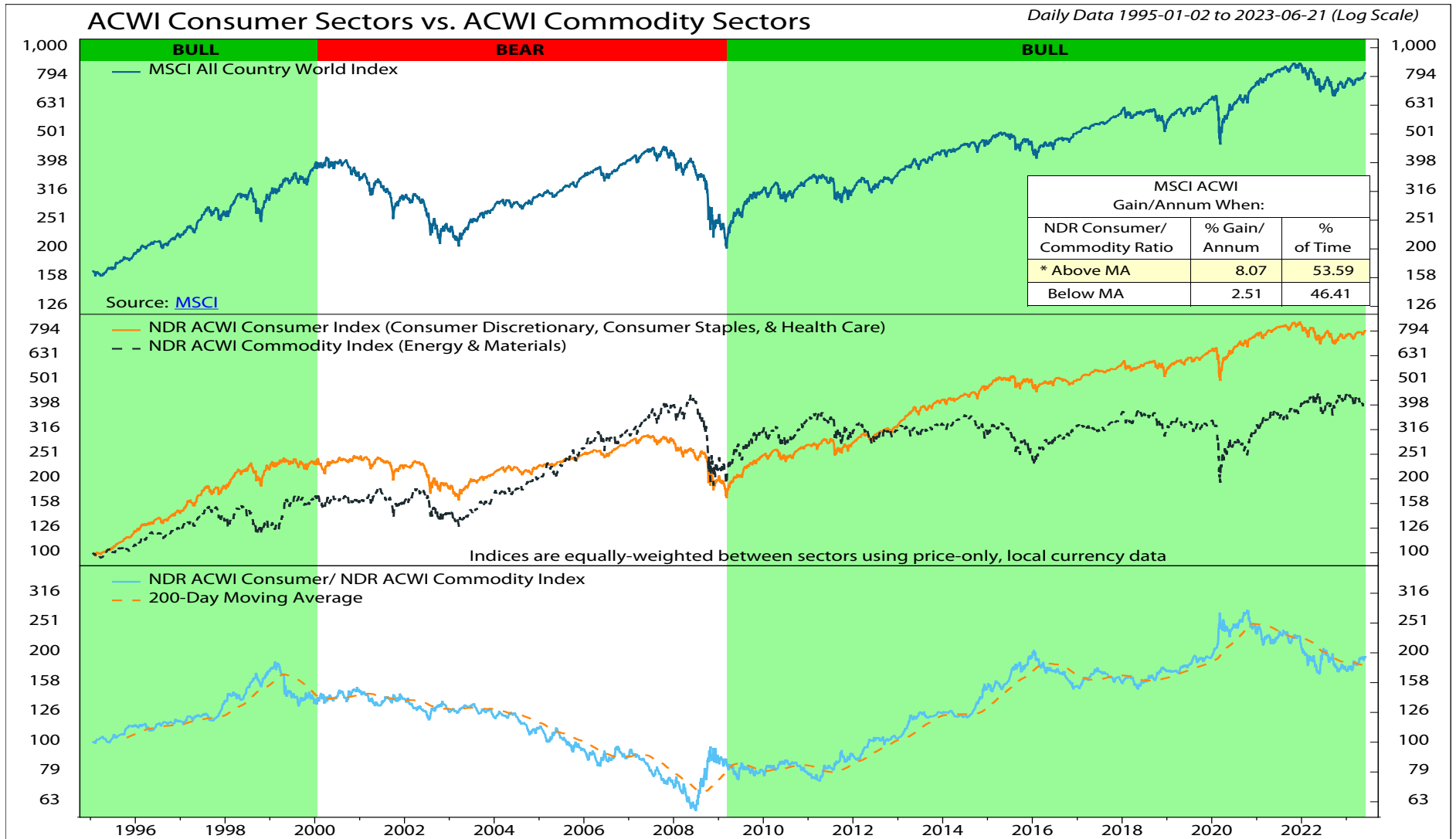
Secular tendencies for sector relative strength.



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Secular tendencies for consumer/commodity sector ratio.



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Bottom Line

- Watch secular trend barometers.
- After sentiment extreme, better breadth confirmed bottom.
- Currently overweight stocks, underweight bonds and cash.
- Neutral on U.S. dollar and gold.
- Overweight U.S., Europe and Japan.
- Regional performance to be influenced by relative sector weightings.

NDR Philosophy

- Objective
- Disciplined
- Flexible
- Risk-averse

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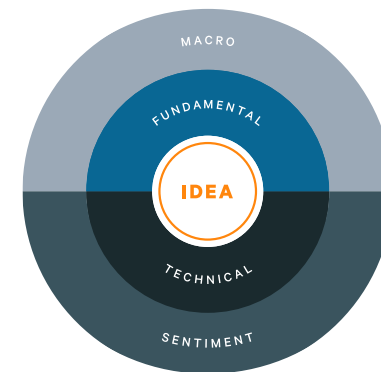


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See the signals.™

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