



# **IR&M Momentum Monitor**

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## Price Momentum

## Earnings Momentum

Calendar Week:	Medium-term				Long-term				Medium-term				Long-term			
	30	31	32	33	30	31	32	33	30	31	32	33	30	31	32	33
<b>Equities by region</b>																
MSCI World	24	-1	-2	-3	102	103	104	105	31	32	33	34	77	78	79	80
Europe (STOXX 600)	-3	-4	-5	-6	103	104	105	106	11	12	13	14	4	5	6	7
MSCI Emerging Markets	18	19	20	21	13	14	15	16	1	2	3	4	10	11	12	13
MSCI Asia Pacific ex Japan	18	19	20	21	17	18	19	20	21	22	23	24	38	39	40	41
<b>Equities by country</b>																
USA (S&P 500)	15	16	-1	1	131	132	133	134	86	87	88	89	125	126	127	128
Canada (SPTSX 60)	54	55	56	57	48	49	50	51	19	20	21	22	15	16	17	18
Brazil (Bovespa)	18	19	20	21	10	11	12	13	-8	-9	-10	1	32	33	34	35
France (CAC 40)	-4	-5	-6	-7	102	103	104	105	-7	-8	-9	1	-149	-150	-151	-152
Germany (DAX 30)	-2	-3	-4	-5	104	105	106	107	25	26	27	28	66	67	68	69
Italy (FTSE MIB)	-3	-4	-5	-6	48	49	50	51	8	-1	-2	-3	4	5	6	7
Switzerland (SMI)	-3	-4	-5	-6	106	107	108	109	11	12	13	14	-27	-28	-29	-30
UK (FTSE100)	-3	-4	-5	-6	102	103	104	105	-18	1	2	3	-47	-48	-49	-50
Australia (S&P/ASX)	4	5	-1	1	100	101	102	103	-7	-8	-9	1	68	69	70	71
China (Shanghai Composite)	4	5	6	7	-29	-30	1	2	6	7	8	9	72	73	74	75
Hong Kong (Hang Seng)	11	12	13	14	4	5	6	7	10	11	12	13	1	2	3	4
India (Nifty)	22	23	24	25	40	41	42	43	23	24	25	26	36	37	38	39
Japan (Nikkei 225)	9	10	-1	1	2	3	4	5	37	38	39	40	74	75	76	77
South Korea (Kospi)	2	3	4	5	3	4	5	6	-29	-30	-31	-32	-60	-61	-62	-63
<b>Bonds</b>																
Barclays Global Aggregate	28	29	30	31	39	40	41	42	<b>Commentary</b>							
Barclays Global HY	46	-1	-2	-3	47	48	49	50	All stock markets remain in a long-term bull market. Market weakness is in Europe where medium-term momentum is negative.							
Barclays Euro Aggregate	44	45	46	47	39	40	41	42	Earnings momentum for the MSCI World and S&P 500 has been positive for a while.							
Barclays Asia Pacific Aggregate	46	47	48	49	42	43	44	45	Long-term momentum in bonds is positive.							
Barclays Global Emerging Markets	25	26	27	28	33	34	35	36	Long-term momentum in hedge funds has been positive for nearly two years, but is negative in the medium term.							
Barclays US Aggregate	29	30	31	32	28	29	30	31	The USD has positive momentum.							
Barclays US Corporate HY	46	-1	-2	1	135	136	137	138	The Fed's balance sheet is expanding merrily.							
<b>Hedge Funds</b>																
HFRX Global Hedge Funds	9	-1	-2	-3	100	101	102	103	<b>Tutorial</b>							
HFRX Macro/CTA	9	10	-1	-2	2	3	4	5	The momentum numbers count the weeks of a trend based on moving averages. Green marks a positive trend, red a negative one. Example: In week 22, the S&P has been in a long-term bullish trend for 123 weeks. See www.ineichen-rm.com for more information and/or a trial issue.							
HFRX Equity Hedge	8	-1	-2	-3	100	101	102	103	<b>Purpose</b>							
HFRX Event Driven	10	11	-1	-2	99	100	101	102	The momentum monitor was designed to help investors with risk management, asset allocation, and position sizing. Tail events do not always happen out of the blue. They often occur when momentum is negative. Negative momentum makes hedging more important and suggests position sizing should be more conservative. In a bull market, one ought to be long or flat, but not short. In a bear market, one ought to be short or flat, but not long.							
HFRX Relative Value Arbitrage	-2	-3	-4	-5	37	38	39	40								
HFRX Fixed Income - Credit	108	-1	-2	-3	143	144	145	146								
<b>Commodities</b>																
Thomson Reuters/Jefferies CRB	-3	-4	-5	-6	23	24	25	26								
Gold (Comex)	6	-1	1	2	5	6	7	8								
Copper (Comex)	5	6	7	-1	-20	-21	-22	-23								
Oil (WTI)	-3	-4	-5	-6	16	17	18	19								
<b>FX</b>																
USD (trade-weighted, DXY)	10	11	12	13	2	3	4	5								
EURUSD	-11	-12	-13	-14	-4	-5	-6	-7								
JPYUSD	6	-1	-2	-3	3	4	5	6								
<b>Central banks' balance sheets</b>																
Fed balance sheet	93	94	95	96	85	86	87	88								
ECB balance sheet	-8	-9	-10	-11	-84	-85	-86	-87								
BoJ balance sheet	116	117	118	119	146	147	148	149								
BoE balance sheet	6	7	8	9	17	18	19	20								

Source: IR&M, Bloomberg. Notes: Medium-term based on exponentially weighted average over 3 and 10 weeks. Long-term based on simply weighted average over 10 and 40 weeks. Earnings momentum is based on 12-month forward consensus EPS estimates.



**Alexander Ineichen** is founder of Ineichen Research and Management AG, a research firm founded in October 2009 focusing on risk management, absolute returns, and thematic investing.

Alexander started his financial career in derivatives brokerage and origination of risk management products at Swiss Bank Corporation in 1988. From 1991 to 2005 he had various research functions within UBS Investment Bank in Zurich and London relating to equity derivatives, indices, capital flows, and alternative investments, since 2002 in the role of a Managing Director. From 2005 to 2008, he was a Senior Investment Officer with Alternative Investment Solutions, a fund of hedge funds within UBS Global Asset Management. In 2009, he was Head of Industry Research for the hedge fund platform at UBS Global Asset Management.

Alexander is the author of the two publications “In Search of Alpha: Investing in Hedge Funds” (October 2000) and “The Search for Alpha Continues: Do Fund of Hedge Funds Add Value?” (September 2001). These two documents were the most-often printed research publications in the documented history of UBS. He is also author of “Absolute Returns: The Risk and Opportunities of Hedge Fund Investing” (Wiley Finance, October 2002) and “Asymmetric Returns: The Future of Active Asset Management” (Wiley Finance, November 2006). Alexander has also written several research pieces pertaining to equity derivatives and hedge funds including AIMA’s Roadmap to Hedge Funds (2008 and 2012), which has been translated into Chinese and was the most-often downloaded document from their website at the time.

Alexander holds a Bachelor of Science in Business Administration with Major in General Management from the University of Applied Sciences in Business Administration Zürich (HWZ) in Switzerland. Alexander also holds the Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations and is a certified Financial Risk Manager (FRM). He is on the Board of Directors of the CAIA Association and is a member of the AIMA Research Committee.