### Price Momentum

<table>
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<tr>
<th>Calendar Week:</th>
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#### Equities by region

- **MSCI World**
  - Medium-term: 24 -1 -2 -3
  - Long-term: 102 103 104 105
- **Europe (STOXX 600)**
  - Medium-term: -3 -4 -5 -6
  - Long-term: 103 104 105 106
- **MSCI Emerging Markets**
  - Medium-term: 18 19 20 21
  - Long-term: 13 14 15 16
- **MSCI Asia Pacific ex Japan**
  - Medium-term: 18 19 20 21
  - Long-term: 17 18 19 20

#### Equities by country

- **USA (S&P 500)**
  - Medium-term: 15 16 -1 1
  - Long-term: 131 132 133 134
- **Canada (SPTSX 60)**
  - Medium-term: 54 55 56 57
  - Long-term: 48 49 50 51
- **Brazil (Bovespa)**
  - Medium-term: 18 19 20 21
  - Long-term: 10 11 12 13
- **France (CAC 40)**
  - Medium-term: -4 -5 -6 -7
  - Long-term: 102 103 104 105
- **Germany (DAX 30)**
  - Medium-term: -2 -3 -4 -5
  - Long-term: 104 105 106 107
- **Italy (FTSE MIB)**
  - Medium-term: -3 -4 -5 -6
  - Long-term: 48 49 50 51
- **Switzerland (SMI)**
  - Medium-term: -3 -4 -5 -6
  - Long-term: 106 107 108 109
- **UK (FTSE100)**
  - Medium-term: -3 -4 -5 -6
  - Long-term: 102 103 104 105
- **Australia (S&P/ASX)**
  - Medium-term: 4 5 -1 1
  - Long-term: 100 101 102 103
- **China (Shanghai Composite)**
  - Medium-term: 4 5 6 7
  - Long-term: -29 -30 1 2
- **Hong Kong (Hang Seng)**
  - Medium-term: 11 12 13 14
  - Long-term: 4 5 6 7
- **India (Nifty)**
  - Medium-term: 22 23 24 25
  - Long-term: 40 41 42 43
- **Japan (Nikkei 225)**
  - Medium-term: 9 10 -1 1
  - Long-term: 2 3 4 5
- **South Korea (Kospi)**
  - Medium-term: 2 3 4 5
  - Long-term: 3 4 5 6

#### Bonds

- **Barclays Global Aggregate**
  - Medium-term: 28 29 30 31
  - Long-term: 30 40 41 42
- **Barclays Global HY**
  - Medium-term: 46 -1 -2 -3
  - Long-term: 47 48 49 50
- **Barclays Euro Aggregate**
  - Medium-term: 44 45 46 47
  - Long-term: 39 40 41 42
- **Barclays Asia Pacific Aggregate**
  - Medium-term: 46 47 48 49
  - Long-term: 42 43 44 45
- **Barclays Global Emerging Markets**
  - Medium-term: 25 26 27 28
  - Long-term: 33 34 35 36
- **Barclays US Aggregate**
  - Medium-term: 29 30 31 32
  - Long-term: 28 29 30 31
- **Barclays US Corporate HY**
  - Medium-term: 46 -1 -2 -1
  - Long-term: 135 136 137 138

#### Hedge Funds

- **HFRX Global Hedge Funds**
  - Medium-term: 9 -1 -2 -3
  - Long-term: 100 101 102 103
- **HFRX Macro/CTA**
  - Medium-term: 9 10 -1 -2
  - Long-term: 2 3 4 5
- **HFRX Equity Hedge**
  - Medium-term: 8 -1 -2 -3
  - Long-term: 100 101 102 103
- **HFRX Event Driven**
  - Medium-term: 10 11 -1 -2
  - Long-term: 99 100 101 102
- **HFRX Relative Value Arbitrage**
  - Medium-term: -2 -3 -4 -5
  - Long-term: 37 38 39 40
- **HFRX Fixed Income - Credit**
  - Medium-term: 108 -1 -2 -3
  - Long-term: 143 144 145 146

#### Commodities

- **Thomson Reuters/Jefferies CRB**
  - Medium-term: -3 -4 -5 -6
  - Long-term: 23 24 25 26
- **Gold (Comex)**
  - Medium-term: 6 -1 1 2
  - Long-term: 5 6 7 8
- **Copper (Comex)**
  - Medium-term: 5 6 7 8
  - Long-term: 20 -21 22 23
- **Oil (WTI)**
  - Medium-term: -3 -4 -5 -6
  - Long-term: 16 17 18 19

#### FX

- **USD (trade-weighted, DXY)**
  - Medium-term: 10 11 12 13
  - Long-term: 2 3 4 5
- **EURUSD**
  - Medium-term: -11 -12 -13 -14
  - Long-term: -4 -5 -6 -7
- **JPYUSD**
  - Medium-term: 6 -1 -2 -3
  - Long-term: 3 4 5 6

#### Central banks' balance sheets

- **Fed balance sheet**
  - Medium-term: 93 94 95 96
  - Long-term: 85 86 87 88
- **ECB balance sheet**
  - Medium-term: -8 -9 -10 -11
  - Long-term: -84 -85 -86 -87
- **BoJ balance sheet**
  - Medium-term: 116 117 118 119
  - Long-term: 146 147 148 149
- **BoE balance sheet**
  - Medium-term: 6 7 8 9
  - Long-term: 17 18 19 20

### Earnings Momentum

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### Commentary

All stock markets remain in a long-term bull market. Market weakness is in Europe where medium-term momentum is negative. Earnings momentum for the MSCI World and S&P 500 has been positive for a while. Long-term momentum in bonds is positive. Long-term momentum in hedge funds has been positive for nearly two years, but is negative in the medium term. The USD has positive momentum.

### Tutorial

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.

### Purpose

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.

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.