



# **IR&M Momentum Monitor**

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## Price Momentum

## Earnings Momentum

Calendar Week:	Medium-term				Long-term				Medium-term				Long-term			
	42	43	44	45	42	43	44	45	42	43	44	45	42	43	44	45
<b>Equities by region</b>																
MSCI World	-4	-5	-6	1	114	115	116	-1	-6	-7	-8	-9	89	90	91	92
Europe (STOXX 600)	-3	-4	-5	-6	115	116	117	-1	22	23	-1	-2	15	16	17	18
MSCI Emerging Markets	-5	-6	-7	-8	25	26	27	-1	-6	-7	-8	-9	-3	-4	-5	-6
MSCI Asia Pacific ex Japan	-5	-6	-7	-8	29	30	31	-1	-5	-6	-7	-8	50	51	52	-1
<b>Equities by country</b>																
USA (S&P 500)	-2	-3	1	2	143	144	145	146	98	-1	-2	-3	137	138	139	140
Canada (SPTSX 60)	-4	-5	-6	-7	60	61	62	63	31	32	-1	-2	27	28	29	30
Brazil (Bovespa)	-3	-4	-5	-6	22	23	24	25	-7	-8	-9	-10	-6	-7	-8	-9
France (CAC 40)	-3	-4	-5	-6	-9	-10	-11	-12	10	11	-1	-2	5	6	7	8
Germany (DAX 30)	-3	-4	-5	-6	-8	-9	-10	-11	44	45	46	-1	78	79	80	81
Italy (FTSE MIB)	-3	-4	-5	-6	-7	-8	-9	-10	8	9	-1	-2	16	17	18	19
Switzerland (SMI)	-2	-3	1	2	118	119	120	121	23	24	25	26	9	10	11	12
UK (FTSE100)	-4	-5	-6	-7	-3	-4	-5	-6	12	-1	-2	-3	2	3	4	5
Australia (S&P/ASX)	-5	-6	1	2	112	113	-1	-2	7	-1	-2	-3	4	5	6	7
China (Shanghai Composite)	16	17	18	19	11	12	13	14	17	-1	-2	-3	84	85	86	87
Hong Kong (Hang Seng)	-4	-5	-6	-7	16	17	18	19	22	23	24	-1	12	13	14	15
India (Nifty)	33	-1	1	2	51	52	53	54	55	56	57	58	46	47	48	49
Japan (Nikkei 225)	-2	-3	1	2	14	15	16	17	49	50	51	52	86	87	88	89
South Korea (Kospi)	-5	-6	-7	-8	14	-1	-2	-3	-40	-41	-42	-43	-71	-72	-73	-74
<b>Bonds</b>																
Barclays Global Aggregate	-7	-8	-9	-10	-1	-2	-3	-4	<b>Commentary</b>							
Barclays Global HY	-7	-8	-9	-10	59	-1	-2	-3	Long-term price momentum for some multi-regional equities indices turned negative in the first week of November.							
Barclays Euro Aggregate	56	57	58	59	51	52	53	54	Long-term momentum in some broad bond indices turned negative during October.							
Barclays Asia Pacific Aggregate	58	59	60	61	54	55	56	57	Long-term momentum of earnings estimates remains positive for the MSCI World but is off peak levels from a couple of months ago.							
Barclays Global Emerging Markets	-6	-7	1	-1	45	46	47	48	The USD has positive momentum.							
Barclays US Aggregate	3	4	5	6	40	41	42	43	The Fed's balance sheet continues to expand.							
Barclays US Corporate HY	-5	-6	1	2	147	148	149	150	<b>Tutorial</b>							
<b>Hedge Funds</b>																
HFRX Global Hedge Funds	-3	-4	-5	-6	112	113	-1	-2	The momentum numbers count the weeks of a trend based on moving averages. Green (or black text) marks a positive trend, red (or white text) marks 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 Macro/CTA	9	10	11	12	14	15	16	17	<b>Purpose</b>							
HFRX Equity Hedge	-2	-3	-4	1	112	113	114	115	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 Event Driven	-5	-6	-7	-8	-1	-2	-3	-4								
HFRX Relative Value Arbitrage	-14	-15	-16	-17	-6	-7	-8	-9								
HFRX Fixed Income - Credit	-5	-6	-7	-8	-1	-2	-3	-4								
<b>Commodities</b>																
Thomson Reuters/Jefferies CRB	-15	-16	-17	-18	-7	-8	-9	-10								
Gold (Comex)	-9	-10	-11	-12	-5	-6	-7	-8								
Copper (Comex)	-8	-9	-10	-11	-5	-6	-7	-8								
Oil (WTI)	-15	-16	-17	-18	-8	-9	-10	-11								
<b>FX</b>																
USD (trade-weighted, DXY)	22	23	24	25	14	15	16	17								
EURUSD	-23	-24	-25	-26	-16	-17	-18	-19								
JPYUSD	-12	-13	-14	-15	-7	-8	-9	-10								
<b>Central banks' balance sheets</b>																
Fed balance sheet	105	106	107	108	97	98	99	100								
ECB balance sheet	-1	-2	1	2	-96	-97	-98	-99								
BoJ balance sheet	127	128	129	130	147	148	149	150								
BoE balance sheet	4	5	6	7	29	30	31	32								

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 a 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.