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MARKET REVIEW
**WHAT SLOWDOWN?
WE HAVE AI!**

12 JUNE 2023



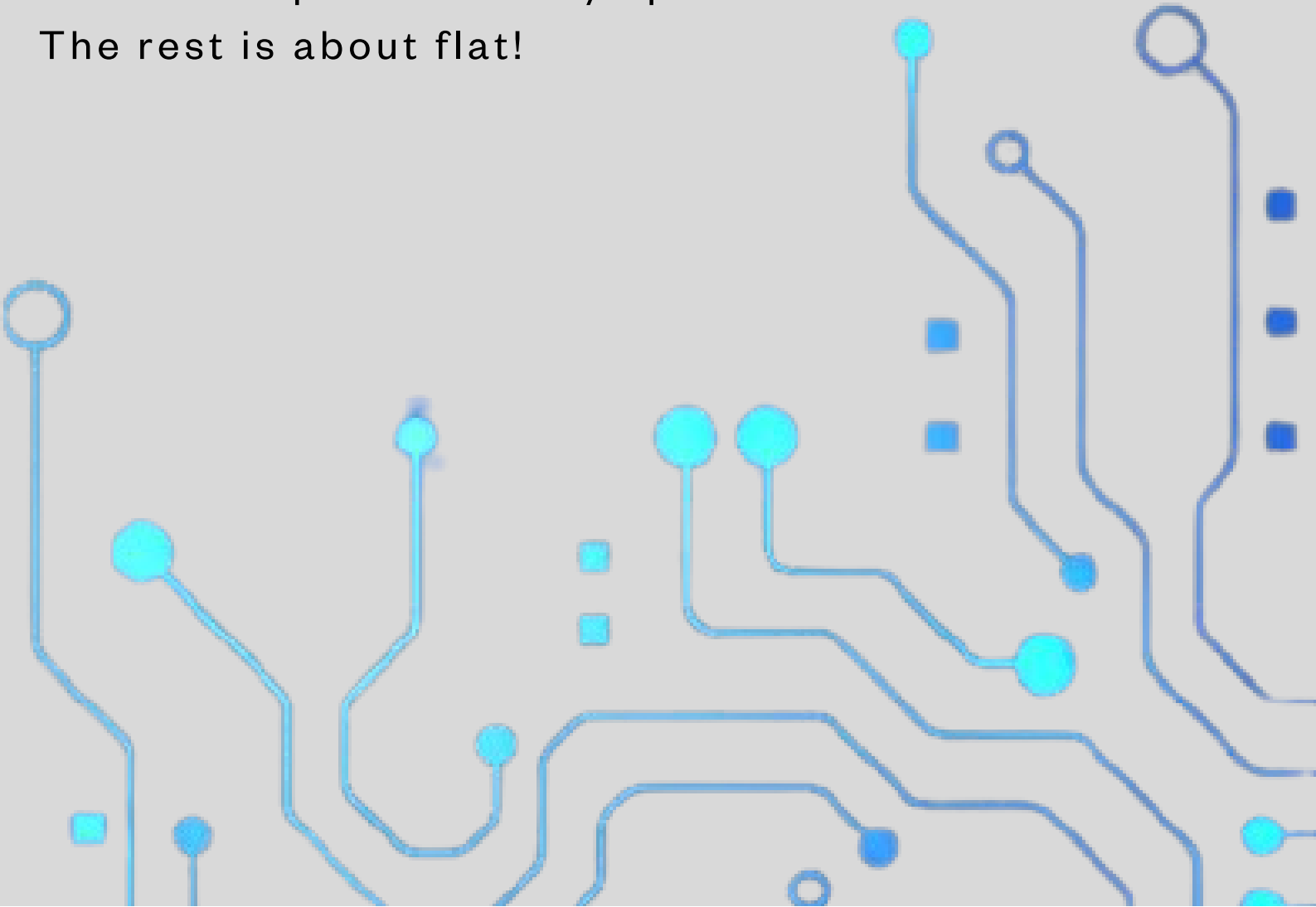


Officially back to a bull market for the S&P 500 since Thursday's close, while the VIX Index (Fear Index) is at the lowest point we have seen since before Covid.

If investors were waiting for this traditional signal to be optimistic about the trend, let us highlight the following:

The extremely poor market breadth: 7 of the top 8 Largest Market Caps explain 100% of the S&P Performance YTD. Some of them have doubled in the last few months.

The Nasdaq 100 is nearly up about 35% YTD.
The rest is about flat!

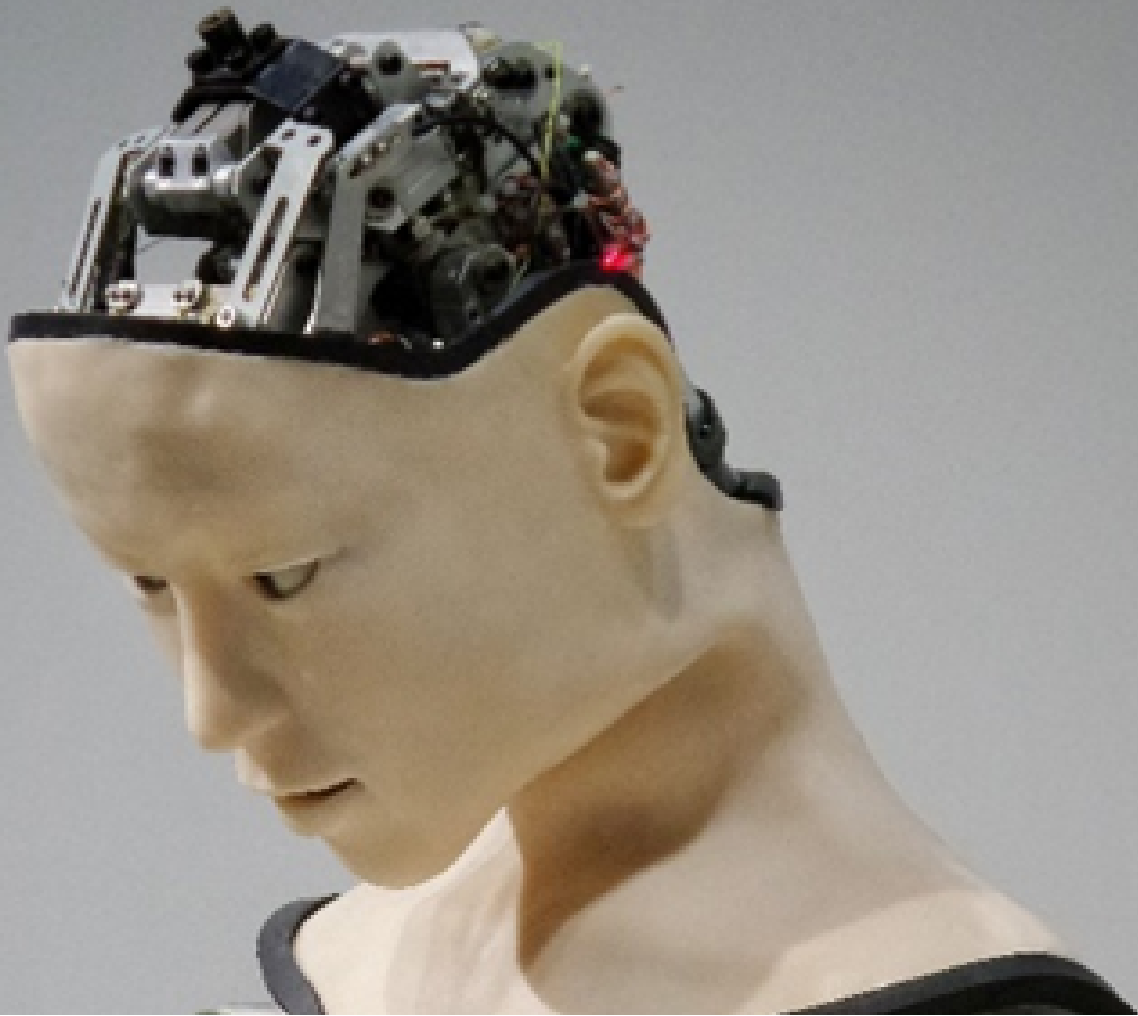


The AI theme has been the one reason those indices have done so well.

The recent “Bear Market” could just be a bull market correction.

As a reminder, the S&P was up 10% from the Pre Covid 2020 highs and up more than 50% from the Covid lows when we were at the lows of this recently experienced “Bear Market”.

So what is the real impact of closing above 4293 for the S&P 500 on Thursday? It is irrelevant “fundamentally”, relevant for the bulls, and very relevant for technical addicts.

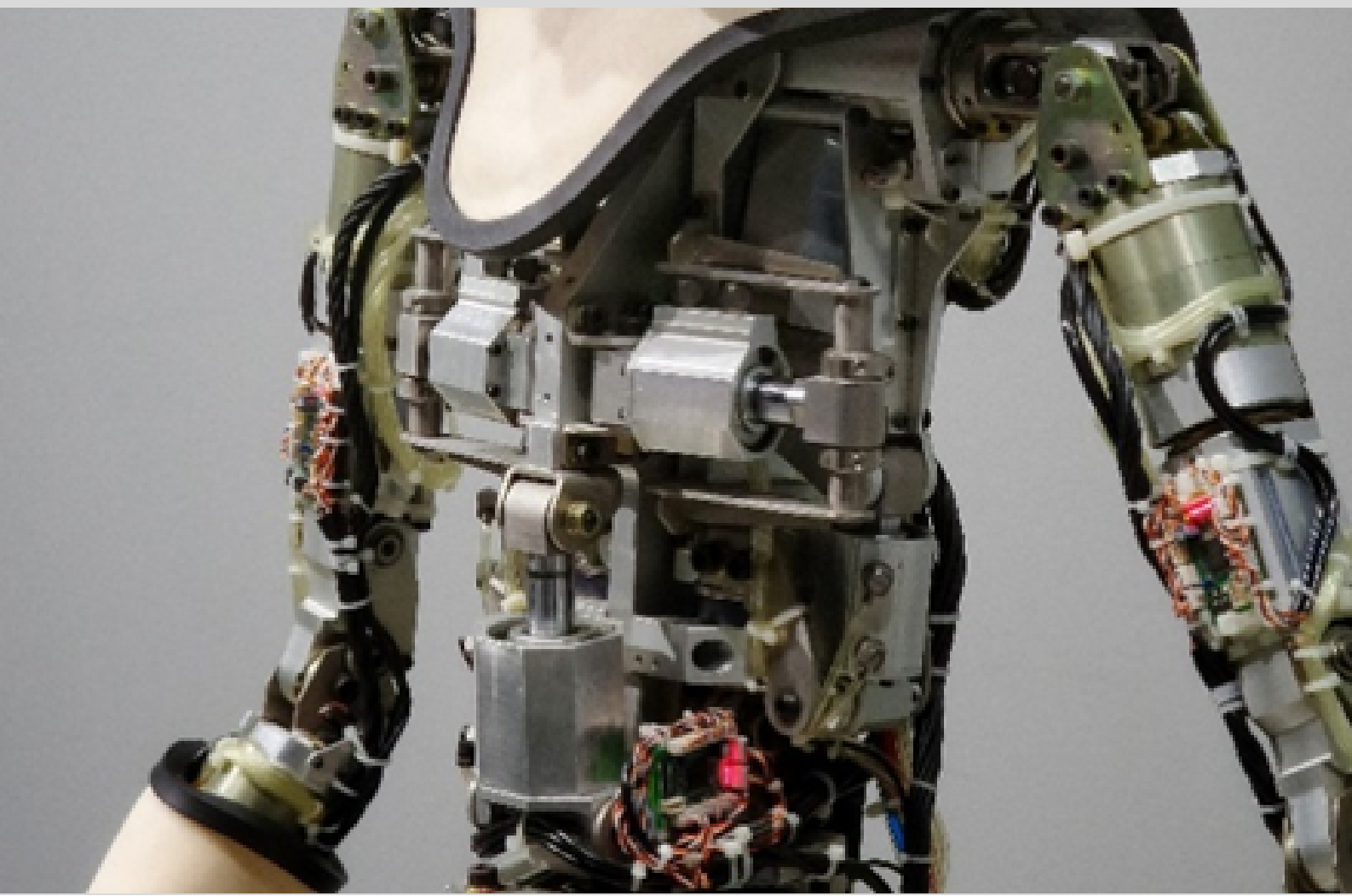


Main drivers

The main market drivers that investors should keep an eye on remain the same:

— Can the job market and the low unemployment rate on its own counterbalance the effects of higher rates? So far, so good... with what looks like some firepower left.

— In the meantime, can inflation keep the trend down towards the necessary target while unemployment stays historically low? So far so good as well, but the next few months' readings might throw a few curve balls which could shake investors' confidence.



Briefly, other stories in the background:

- Debt Ceiling dealt with: the consequence is the major issuance of T-Bills in the next few months, sucking liquidity out,
- Pressure on Commodities: Oil can barely bounce despite another OPEC+ Cut, illustrating low expectations for future global growth,
- Germany falls into a recession after two-quarters of contraction,
- Coinbase was sued by the SEC.

Important events & decisions coming up this week:

- 13th of June: CPI release in the US
- 14th of June: PPI release in the US
- 14th of June: FOMC rate decision
- 15th of June: ECB rate decision
- 16th of June: Bank of Japan Monetary Policy Statement



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