

Carlsquare/Vontobel weekly trading note: Time to get more defensive?

The London stock market has underperformed the other major indices in the US, Germany, Sweden, and Japan. This is despite the relatively high weighting of oil companies in the FTSE and the recent 15% rise in the price of oil. This week, equity markets will focus on the services PMI figures on Wednesday and Thursday, and the US non-farm payroll figures on Friday 5th April.

The FTSE (London) appears to offer better value than comparable indices, given the recent rise in oil prices. In addition, the FTSE has a high proportion of non-cyclical stocks. We believe the UK equity market could offer an interesting opportunity to diversify away from potentially "frothy" technology investments and to take advantage of a potential rebound in energy stocks.

This week's focus is on US employment data with ADP Private Employment on Wednesday 3rd April (148K expected) and Nonfarm Payrolls on Friday 5th April (where the market expects 200K).

As mentioned in previous trading notes, technical momentum is falling more sharply on the Nasdaq 100 than on the broader S&P 500. Meanwhile, the German DAX is trading above the EMA9.

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