
Carlsquare/Vontobel weekly trading note: Market will focus on Nvidia and inflation

This week's case is to go long platinum and short gold. Markets will focus on Nvidia's interim report later today, Wednesday the 28th, and the US PCE price index on Friday the 30th. The later could influence the Fed's interest rate decisions, not immediately but with some delay.

The gold bulls have been on a rampage since February this year, with gold trading at ATH. The catalyst for this rally has been favourable macroeconomic data, with Fed Chairman Jerome Powell hinting that the Fed is ready to adjust policy. With 100bps of rate cuts priced in for the rest of 2024, markets are clearly pricing in a macroeconomic sunshine scenario. However, one precious metal, platinum, seems to have been left in the shadows. We see an opportunity for a long-short play, with "overbought" gold easing towards "underbought" platinum.

On Friday 30th August we will get US inflation in the form of the so-called PCE deflator, which is expected to come in at 2.7%, slightly higher than in June. The Fed has clearly signalled that it is time to cut rates. However, inflation outcomes will continue to play a large role in the pace of future rate cuts.

The S&P 500 is consolidating around its previous high of mid-July 2024. The market seems to be waiting for a trigger to push the index higher or lower. Nvidia's Q4 report on Wednesday, US initial jobless claims on Thursday and the US PCE price index on Friday could all act as such triggers.

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