

A French Perspective on Market Health

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No major change today ... we remain in conference ... we try to rest ... and we see old acquaintances ...

Here, with our colleagues, we may spend too much time repeating old problems, repeating information that is too vague ... Everyone wants to put forward what he thinks ... without necessarily making the best use of time ...

In any case, we are happy to be in the middle of the French countryside ...

Near the castle is a small country village ...

Of course, we enjoy being fed and housed ... and whitened ... without having to lift a finger.

On the other hand, outside, the clouds covered the blue sky of yesterday ...

A message about the markets ...

We were saying yesterday that an indicator was "red ..." Short-term interest rates in the United States have risen in relation to long-term debt ... which could signal a recession or an economic slowdown.

Yesterday, the French market nevertheless finished up (the CAC 40 climbed 0.47%) ... what analysts attribute to some reassuring statistics ...

On the one hand, an index of economic growth, "the flash indicator of purchasing managers," remained stable in May at 56.8, while analysts predicted a drop to 56.6 ...

A little news ... but that was enough to give back a little optimism ..

At the same time, the indicator "Ifo" of the business climate in Germany climbed in May ...

According to Clemens Füst, director of Ifo, "This evolution of the Ifo index as well as other key economic indicators suggest a growth of 0.6% in the second quarter ..."

We said yesterday that markets were waiting for good news to rise higher ... and yesterday the markets received this reassurance ...

On the other hand, this increase seems to be of short duration ...

Today (May 24), we see the Paris stock market down 0.12% ... indicating that this slight rebound has not changed the slightly bearish trend since the beginning of the month ...

What to do...?

We are still waiting for the market to slow down ... we have seen a big surge in the last 6 months (the CAC 40 has climbed by more than 20% in 6 months) ... and we should know a more pronounced decline before rising higher ...

Of course, we live in strange times ... and our governments want to push the actions up ...

After deciding to buy back the shares of private companies, the Bank of Japan seems to have managed to produce a rise in its shares ...

The Nikkei 225 has climbed one-third since the summer of 2015 ... from about 15,000 to 20,000.

If ever our shares on the stock market go down, we should see the intervention of the authorities in Europe ...

We will probably have a new economic stimulus program by the ECB, aimed at ...

As a reminder, the ECB is already buying bonds from private companies, at the same time buying the debts of the states ...

Indirectly, it already allows these companies to issue more debt, which allows them to redeem their shares ...

Indirectly, the ECB already supports stock prices ... but our directors could easily decide to intervene more directly.

To be continued...

Truly,

Henri Bonner