4/ Executive Summary

7/ **"Reflation Trades" are still on pause mode, Donald Trump gets bogged down in the "swamp", and the Fed stumped by falling CPI. Will the Fed tighten in June? From what we think, probably, but it will be the last time in 2017**. That said, an equity dip into the Summer should be short-lived and should be bought, looking for the Reflation trade to extend to Q1 -Q2 2017. Longer term rates and cyclical commodities should remain soft into the Summer before re-entering their raise into year-end.

10/ **Timing and Tactical Insight - Heavy rotation taking place suggests that the reflation trade is still pausing and better risk reward levels are still to be found at a later time:** it is too early to confirm that reflation trades have finished their correction to the downside. Meanwhile US and European Equity markets may be making worthwhile intermediate tops and risk/reward is extended. This combination could trigger some consolidation into June. The "Low Risk" situation of Defensives vs Growth confirms the negative risk/reward situation we see on equity markets as we move into June.

20/ **Crude Oil**: the supply overhang is still hurting oil prices, but rapid inventory draw and new OPEC output agreement may push WTI back to US$ 55, before it falls back into a through during Q3 2017. The trading range environment can last into the Summer.

23/ **Timing and Tactical Insight - Oil's volatile correction continues to midyear, early Summer**: we believe that two additional downside retests can be identified over the next few months, one towards the end of June, the other towards end July / early August. This is confirmed by the Energy sector that could start to recover from late June, while Oil related currencies and geographies may remain weak until early August.

27/ **Is the Brazilian Real signalling that the EM renaissance is about to face headwinds? Growth in Emerging Markets has become a function of the US dollar strength or weakness**. There could be another upside leg in the USD as the June rate hike acquires more visibility. That and the Brazilian bribery saga could indeed become triggers for a pullback in EM assets.

30/ **Timing and Tactical Insight - Emerging Markets – Prepare to switch back to China and commodity producers**: the Emerging markets index will probably start a correction to the downside from June / July as growth profiles top out (India and the likes or circa 45% of the Index). At the same time, China will be bottoming out (circa 27% of the Index) while during the Summer, Commodity producers (circa 28% of the Index) will take over the lead and accelerate up towards early 2018, lifting the whole index up for the rest of the year.

34/ **China: Q1 2017 activity issues are transitory – look for rising growth into at least Q1 2018, as recent fiscal stimulus takes effect**: China's policy setting remains expansionary and that should help Chinese growth to remain buoyant well into the middle of next year. The argument that China's debt problem constitutes an alarming systematic financial risk may be misguided as the level of Chinese debt leverage may not be as precarious as widely perceived.

37/ **Timing and Tactical Insight - Chinese Equities could outperform during H2 2017**: as the Dollar starts to strengthen in late Q2, Chinese stock markets should start to react to the upside, probably until early Q4. We believe that following that, strong Chinese growth should help support the Chinese stock markets, potentially into the Spring of 2018, even if the Dollar starts weakening again.

41/ **Splicing the markets - the parabolic acceleration of Bitcoin prices**: The acceleration up in recent months has been impressive, and speculation is intense, while a large Bitcoin/yen carry trade position has probably rapidly been built up. It might be days/weeks rather than months before the next large intermediate correction takes its toll.

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