



**Bull or Bear? No precise indicator yet.**



### **China is back**

China's home sales have risen for the first time in 20 months, after policy makers stepped up their support for a struggling sector. The strength of the current economic recovery has, according to a report, surprised China's leaders, suggesting the government will be restrained in rolling out new stimulus measures this year. The market focus now turns to the Chinese government and what they will do to further support an economic recovery.

### **Commodities recover**

The commodity sector was out of favour for almost all of February with losses seen across key commodities, including precious metals. These losses were, for the most, part driven by continued strength in US economic numbers, including inflation. This then firing up the Fed, who turned up the hawkish rhetoric while at the same time sending bond yields and the dollar higher.

In plain terms this put negative pressure on risk sentiment, shown in both the stock and commodity markets. That said, recent strength in Chinese data is good news. For now, in my opinion, the short-term outlook remains balanced, but there is still no clear driver yet. In summary, the stalemate between bulls and bears is still in play.

William Gray  
The RIO Club