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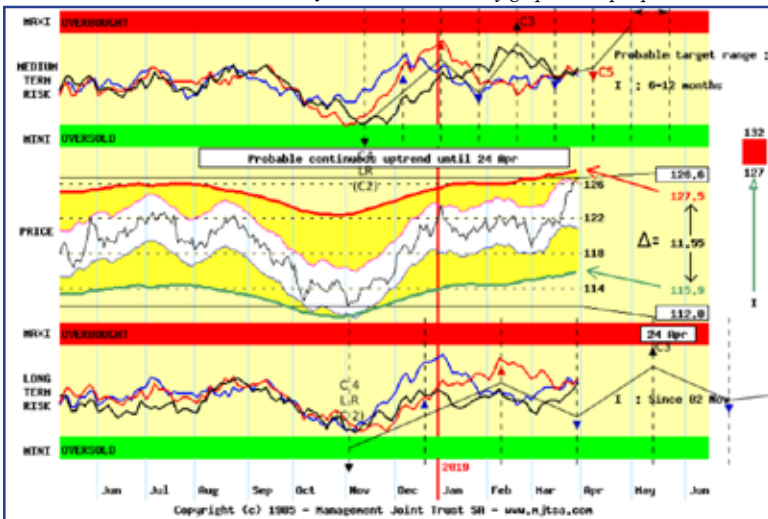
Defensive assets should see one last push higher into late April

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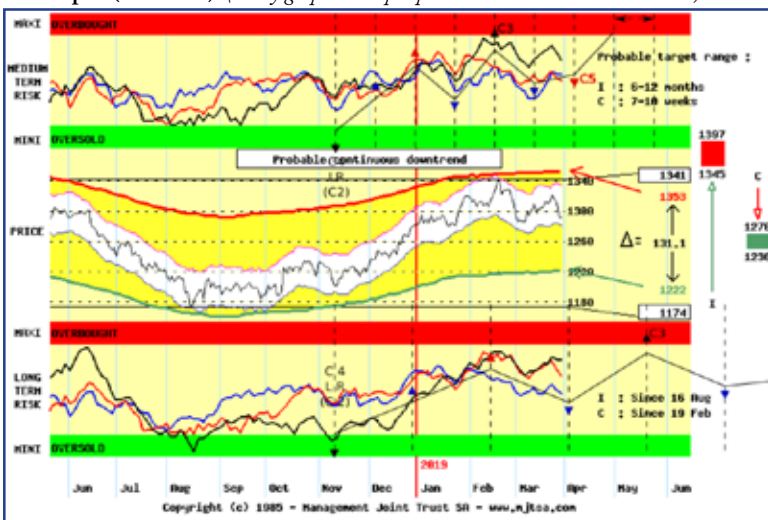
During March, an ultra-Dovish FED sent yields spiraling lower, and while equities distributed at high levels, Treasuries were indeed the best performing asset class. Inflation expectations also dropped, and the Dollar continued to retest up. Gold as a result continued to consolidate. In this short article, we review both defensive assets, Long term US Treasuries and Gold, which we believe could remain strong during April.

TLT - iShares 20 Year Treasury Bond ETF (Daily graph or the perspective over the next 2 to 3 months)



The acceleration up on US Long term Treasuries since early Q4 has been impressive. Their recent rally was equally strong. Yet, despite these dynamic moves, both our oscillator series (lower and upper rectangles) are not Overbought yet. Going forward, we would expect a slight consolidation over the next few days on our medium term oscillators (upper rectangle), and then, a last push higher into late April / early May. Our I Impulsive targets to the upside (right-hand scale) are still showing some upside potential, up to 5% on these 20 years Treasury Bonds. This situation reminds us of the Treasury yields sell-off in August / early September 2017. At the time, US 10Y Treasury yields climaxed lower early September, testing the 2% mark, and then, resumed up for the rest of the year. We believe this situation could happen again, probably somewhere towards the end of this month, and the 2.3 – 2.2% range on US10Y. Yields could then start to reverse up quite quickly, probably towards the Summer, as US economic data may surprise once again to the upside, while the FED remains dovish.

Gold spot (USD/oz) (Daily graph or the perspective over the next 2 to 3 months)



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Following its strong rally since last August, Gold made an important top in February. Six weeks later, however, both our oscillators' series (lower and upper rectangles) suggest that its current consolidation may be coming to an end. Indeed, over the next week or so, we expect Gold to start reaccelerating up again, probably towards late April / early May. Our I Impulsive targets to the upside (right-hand scale) indicate that it may make new highs, probably in the 1'345 – 1'397 range. Then, Gold probably retraces once again, potentially towards the low 1'200s – high 1'100s range, as yields start rising again, along with risk assets, while the Dollar remains firm.

CONCLUDING REMARKS: We expect both Treasuries and Gold to rise in April. Treasuries could push slightly higher into end April, while Gold resumes up to new 2019 highs in the mid/high 1'300s. These forecasts may point to a

last period of residual risks, and to a brief correction period on risk assets. Following that, we expect these to rally again towards midyear and into the Summer. Treasuries and Gold should then reverse down quite aggressively.