

# Investment Snapshots: Leading Indicators

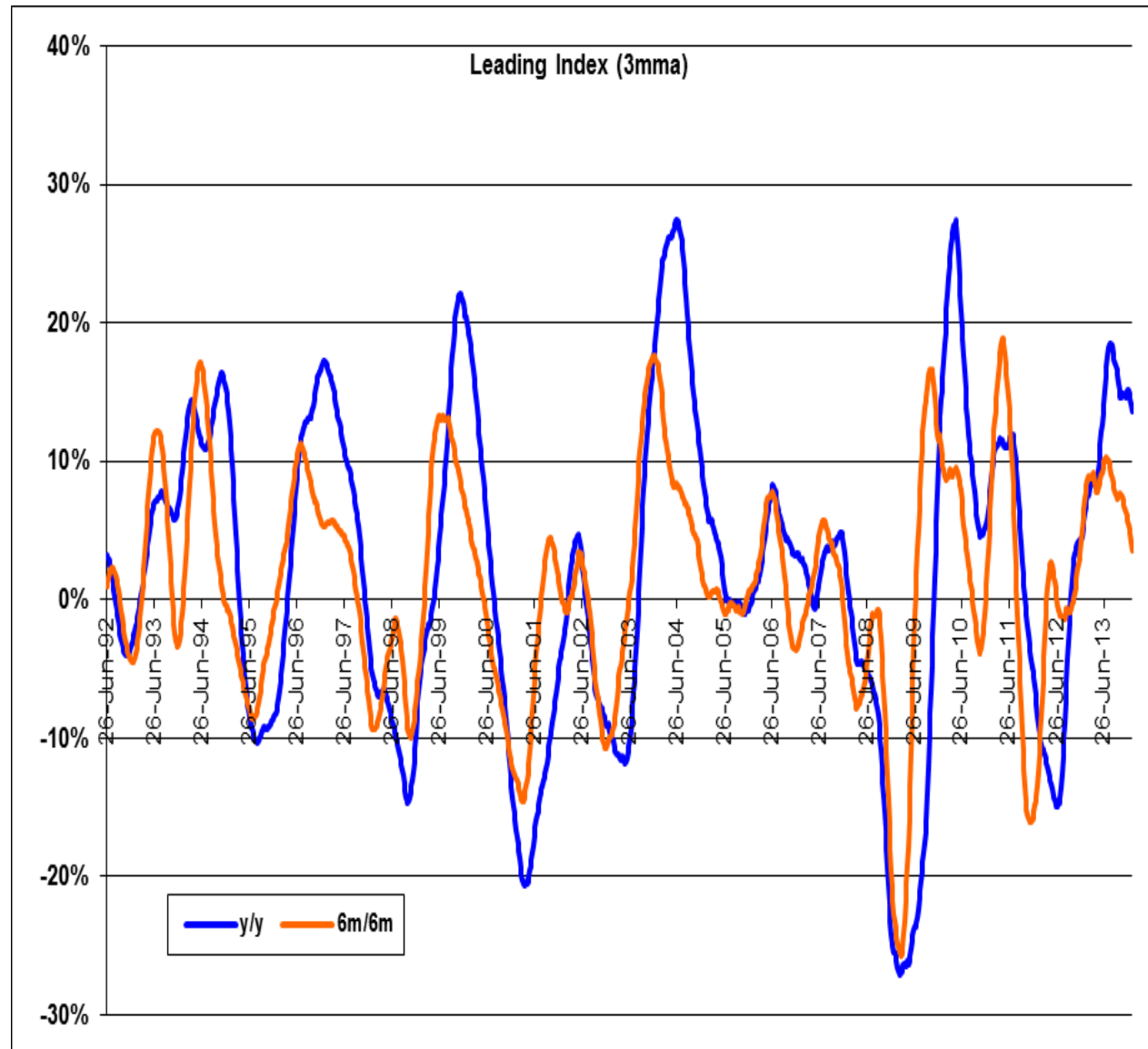
5<sup>th</sup> February 2014

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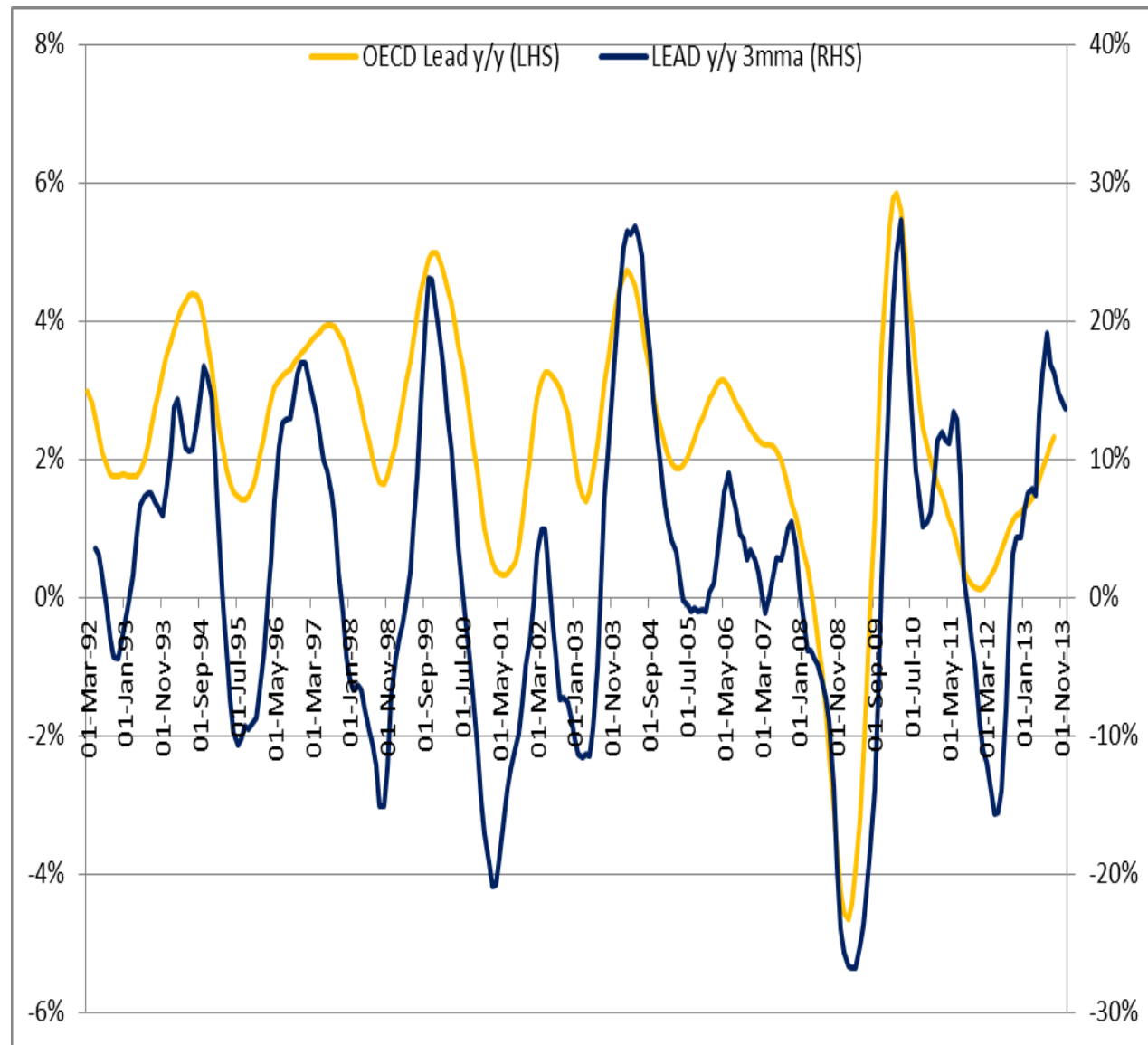
The next slides contain hints of where a leading indicator, constructed exclusively with financial market inputs, is suggesting global industrial growth is heading. This indicator is updated every week, on Friday; the latest update is January 31<sup>st</sup> 2014.

The thrust of the signal is that global industrial activity appears to be slowing, though not in a particular strong fashion.

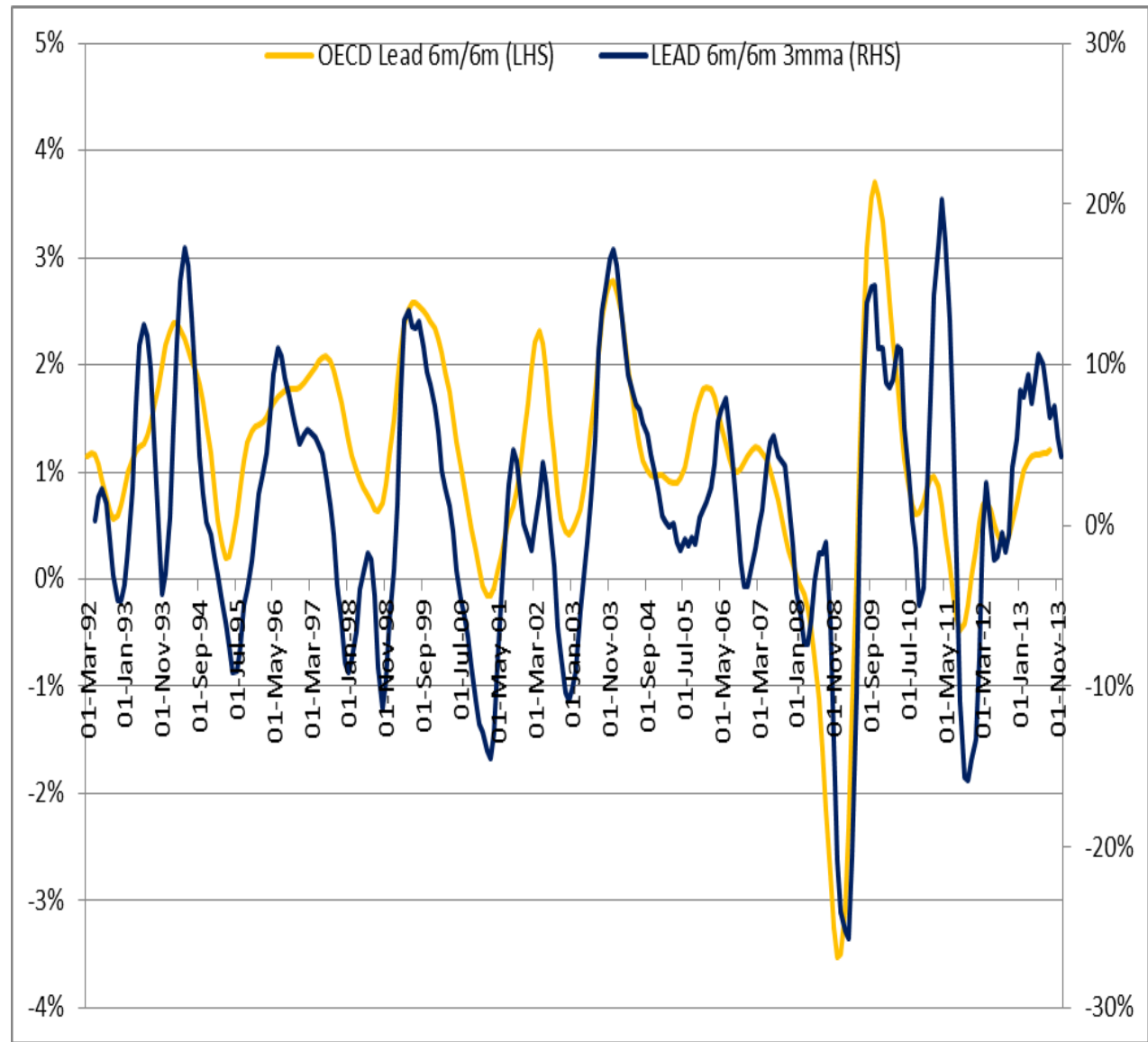
Both on a year-over-year (blue line) and 6-months-over-6-months (orange line) basis, the indicator turned down mostly in the third quarter of 2013. Such decelerations are not unusual for this indicator, but they usually do portray moments of increased uncertainty and/or declining industrial activity.



How well does this market-based indicator help in detecting economic activity? One way to determine this is to compare it against one of the best known indicators of future industrial activity in the world: the OECD Global Leading Indicator (yellow line). As you can see, it does a fairly good job, although with some additional volatility. This is the version year-over-year; next slide will show the same relationship on a 6m-over-6m basis.



Financial market leading indicator versus the OECD Global Leading Indicator on a 6m-over-6m basis.





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