

The week in seven charts

Lunedì, 10/10/2022

A strong week for oil prices

Uncorrelated strategies make hedge funds this year's winning play, equities continue to drop and OPEC+ fights falling oil prices. Each week, the Syz investment team takes you through the last seven days in seven charts.

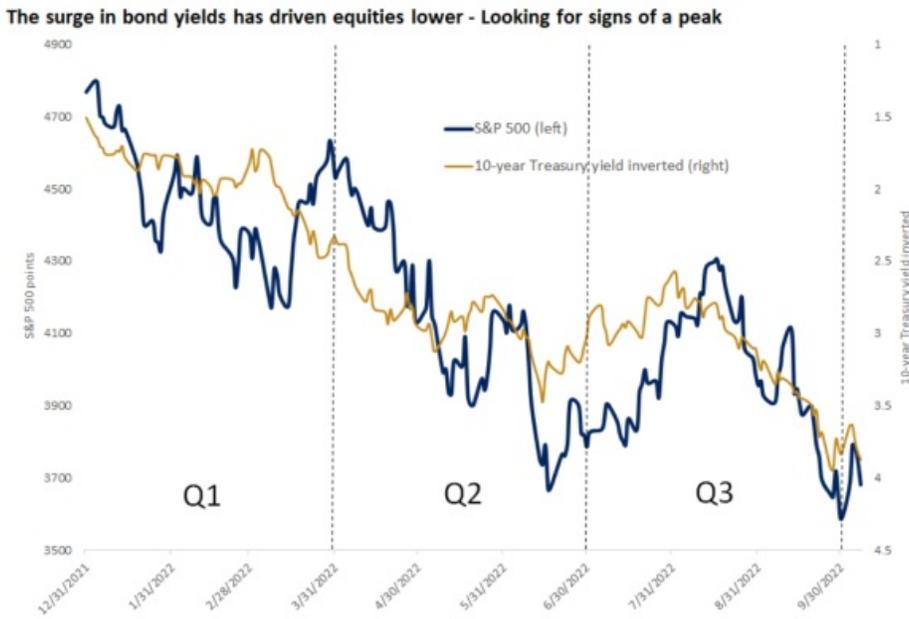


Charles-Henry Monchau
Chief Investment officer

Chart #1 – Rising bond yields continue to weigh on equity markets

For the first time in four weeks, US equity indices posted positive weekly performances, thanks to strong gains on Monday and Tuesday (+5.6% cumulative, the best two-day gain since 2020 and the third best October start since 1930). However, US equities gave up most of their gains by the end of the week, with the S&P 500 falling -2.8% on Friday.

So far this year, the S&P 500 has recorded 52 declines of at least 1%, the most negative volatility in any calendar year since 2008. The end of quantitative easing and soaring bond yields continue to weigh on equity markets.



Fonte
Edward Jones

Chart #2 — From « TINA » to « TARA »

The old adage - TINA, or "There Is No Alternative" - had generated a buying frenzy in the most speculative segments of the market over the last decade (meme stocks, small & mid caps, crypto-currencies, Miami flats, mountain chalets, etc.), as bonds offered near-zero (or even negative in some markets) returns. Now, the fact that 2-year US Treasuries are offering yields of 4.3% fundamentally changes the game. The market is now more favourable to high yield investments and much less so to assets that have benefited from the QE period (technology, speculative stocks, etc.). Hence the new acronym "TARA" ("There Are Reasonable Alternatives").



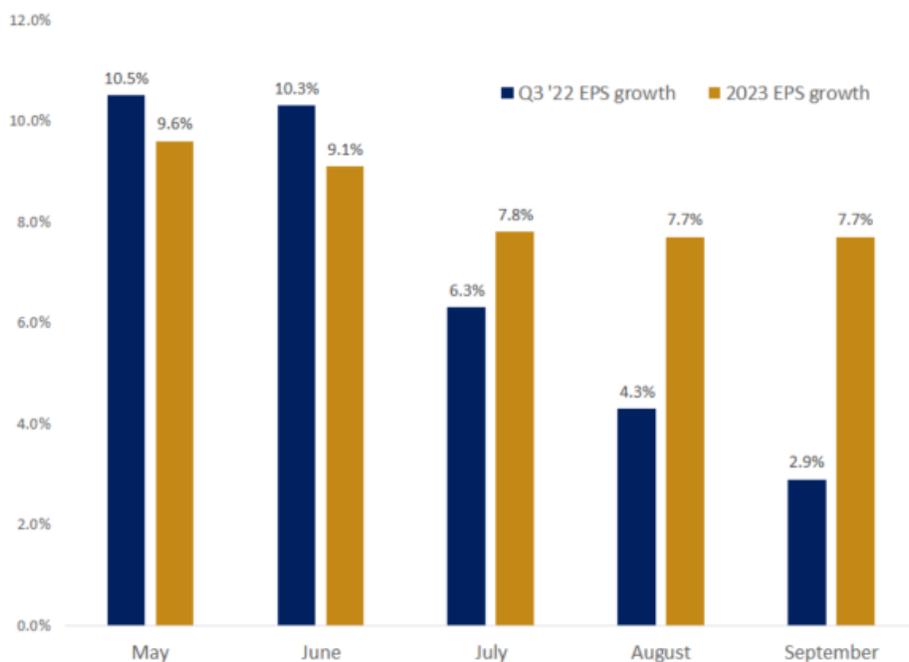
Fonte
Jeff Weniger

Chart #3 — Earnings growth expectations for 2023 seem overly optimistic

Analysts' estimates for Q3 earnings growth have fallen considerably, ahead of the earnings season (from +10.5% increase five months ago to +2.8% now). On the other hand, estimates for next year remain high (given the macroeconomic challenges ahead) and could therefore be adjusted downwards.

Changes in S&P 500 earnings growth estimates for the third quarter and calendar year 2023

Change in Q3 and 2023 EPS estimates

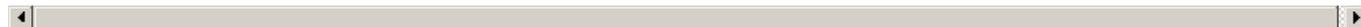


Fonte
Edward Jones

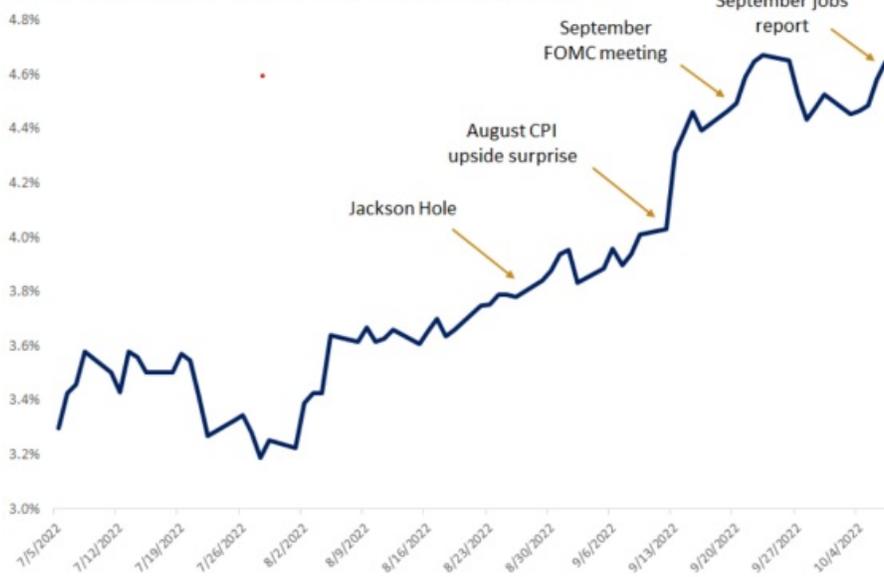
Chart #4 — US rates are expected to rise further

Last week was a volatile one for bonds. While bond yields fell at the beginning of the week, the 2-year yield jumped to 4.29% on Friday as the market expected a significant rate hike at the next Fed meeting. The probability of a 75 basis point hike on November 2 has increased to 80%.

The resilience of the US labour market has once again dashed hopes of a Fed pivot. The market continues to review the path of policy rates upwards and now expects them to peak at 4.6% next year.



Market expectations for peak fed funds rate (March 2023)

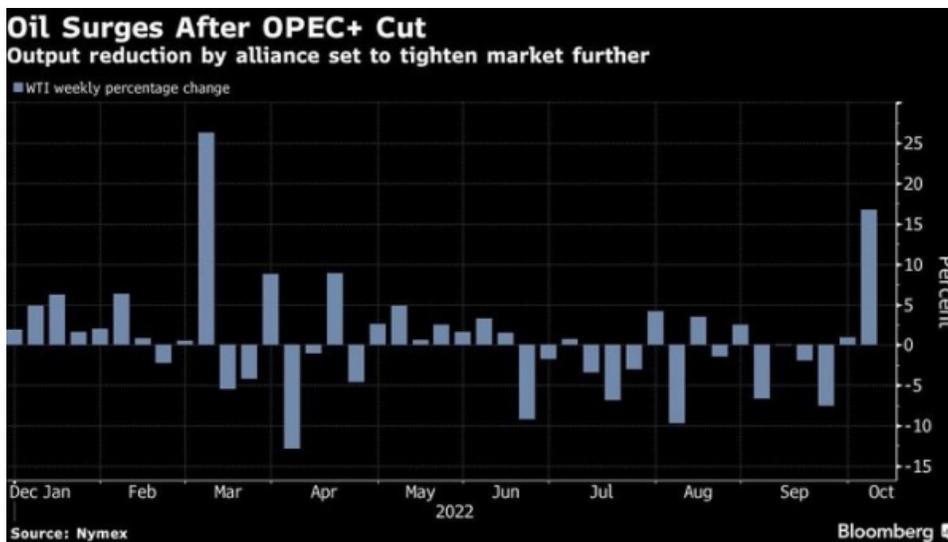


Fonte
Edward Jones

Chart #5 — A strong week for oil prices

WTI crude oil recorded its biggest weekly rise since March on oil supply concerns. OPEC+ decided to cut oil production by 2 million barrels per day. If sustained, the rebound in oil prices could drown out hopes of lower headline inflation by the end of the year, even as inflation in the non-energy sectors continues to rise.

OPEC+'s announcement on Wednesday makes US President Joe Biden's plan to use US reserves for 1 million barrels per day increasingly futile but also difficult to sustain as US strategic oil reserves are currently at historically low levels...



Fonte
Bloomberg

Disclaimer

Il presente documento di marketing è stato redatto dal Gruppo Syz (di seguito denominato «Syz»). Esso non è destinato alla distribuzione o all'utilizzo da parte di persone fisiche o giuridiche cittadini o residenti in uno Stato, un Paese o una giurisdizione le cui leggi applicabili ne vietino la distribuzione, la pubblicazione, l'emissione o l'utilizzo. Spetta unicamente agli utenti verificare che siano legalmente autorizzati a consultare le informazioni nel presente. Il presente materiale ha esclusivamente finalità informative e non deve essere interpretato come un'offerta o un invito per l'acquisto o la vendita di uno strumento finanziario, o come un documento contrattuale. Le informazioni fornite nel presente non sono intese costituire una consulenza legale, fiscale o contabile e potrebbero non essere adeguate per tutti gli investitori. Le valutazioni di mercato, le durate e i calcoli contenuti nel presente rappresentano unicamente stime e sono soggetti a variazione senza preavviso. Si ritiene che le informazioni fornite siano attendibili; tuttavia, il Gruppo Syz non ne garantisce la completezza o l'esattezza. I rendimenti passati non sono indicativi di risultati futuri.