

26th of February 2022

#globalmarkets weekly wrap-up



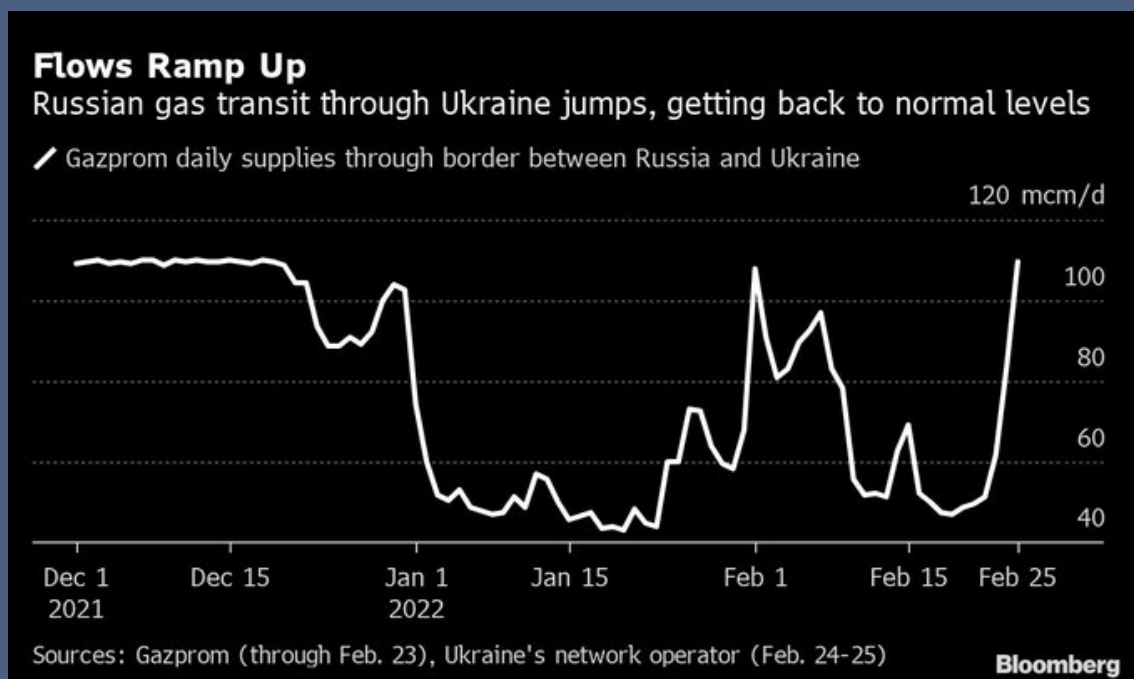
Source: Obey Giant by Shepard Fairey

#globalmarkets weekly wrap-up

Chart of the week

RUSSIAN GAS BACK TO NORMAL LEVELS

European natural gas prices halt their record-breaking rally as Russia ramps up flows. On Friday, Benchmark Gas futures slide as much as 33% after Thursday's surge. US defends decision NOT to sanction Russia's energy sector...



Source: Bloomberg, HolgerZ

#globalmarkets weekly wrap-up

US stocks end the week higher despite Ukraine invasion

The major US equity indexes closed mostly higher after a week of historic volatility sparked by Russia's invasion of Ukraine. On Thursday, the Nasdaq Index swung by 6.8%, the largest intraday range since March 2020. Although a Russian incursion into Ukraine had been widely anticipated, investors appeared surprised by Russian President Vladimir Putin's decision to launch a broad-scale invasion beyond the breakaway Donbass region. News of attacks on the capital, Kyiv, and other major cities on Thursday morning sent stocks sharply lower. But stocks rallied sharply at the end of the week after Russia stated that it was ready for negotiations with Ukraine and by the fact that Western sanctions against Russia were not as severe as some feared, particularly regarding its energy sector. Friday's rally pushed the yield on the 10-year U.S. Treasury note slightly higher for the week. Shares in Europe fell over the week as Russia's invasion of Ukraine fueled fears of higher inflation and an economic slowdown. Markets in China also recorded a weekly loss. Oil and precious metals were practically unchanged on the week. Cryptos all ended lower on the week but well off the Putin plunge lows.

#cross-assets #performance #war

In the green despite the war...

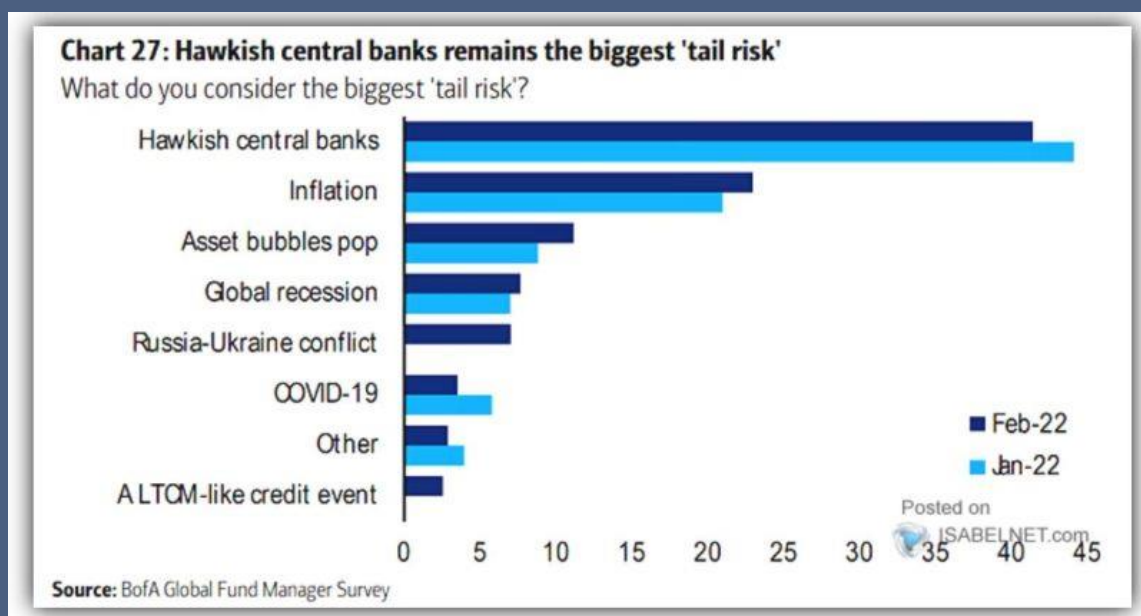
Asset Class Performance Since 2/23, MTD, and YTD - Total Return (%)

US Related					Global				
ETF	Description	Since 2/23	MTD	YTD	ETF	Description	Since 2/23	MTD	YTD
SPY	S&P 500	3.70	-2.75	-7.88	EWA	Australia	1.04	6.04	-2.46
DIA	Dow 30	2.72	-2.85	-6.06	EWZ	Brazil	-1.34	4.55	17.78
QQQ	Nasdaq 100	4.96	-4.76	-13.09	EWG	Canada	2.33	-0.10	-0.73
IJH	S&P Midcap 400	4.34	1.21	-6.13	ASHR	China	0.44	0.49	-6.32
IJR	S&P Smallcap 600	3.97	0.92	-6.36	EWQ	France	0.80	-3.25	-5.71
IWB	Russell 1000	3.91	-2.63	-8.12	EWG	Germany	0.30	-6.03	-8.24
IWM	Russell 2000	4.93	0.63	-8.97	EWH	Hong Kong	-0.90	-2.32	-0.13
IWV	Russell 3000	3.96	-2.41	-8.15	PIN	India	-0.28	-4.97	-5.72
					EWI	Italy	0.51	-3.27	-4.39
IVW	S&P 500 Growth	4.76	-4.58	-12.60	EWJ	Japan	1.73	-0.83	-5.09
IJK	Midcap 400 Growth	5.00	0.86	-9.61	EWJ	Mexico	1.64	3.13	-1.05
IJT	Smallcap 600 Growth	4.29	-0.04	-10.26	EWJ	Spain	2.23	-0.91	-0.49
IVE	S&P 500 Value	2.71	-0.88	-2.52	RSX	Russia	-17.30	-34.38	-41.00
IJJ	Midcap 400 Value	3.48	1.40	-2.71	EWU	UK	0.35	0.97	3.26
IJS	Smallcap 600 Value	3.53	1.93	-2.56					
DVY	DJ Dividend	2.32	-0.21	1.00	EFA	EAFE	1.12	-1.56	-5.13
RSP	S&P 500 Equalweight	3.67	-0.31	-4.66	EEM	Emerging Mkts	-0.25	-3.05	-3.07
					IOO	Global 100	2.64	-2.23	-4.81
FXB	British Pound	-0.91	-0.21	-0.81	BKF	BRIC	-1.55	-6.69	-6.57
FXE	Euro	-0.30	0.18	-1.12	CWI	All World ex US	0.72	-1.89	-4.30
FXJ	Yen	-0.47	-0.36	-0.42					
GBTC	Bitcoin Trust	6.03	3.56	-20.66	DBC	Commodities	-1.10	4.68	12.95
ETHE	Ethereum Trust	4.73	2.21	-32.97	DBA	Agric. Commod.	-3.32	2.48	4.76
					USO	Oil	-0.66	5.31	21.04
XLY	Cons Disc	4.26	-4.79	-13.86	UNG	Nat. Gas	-1.86	-7.00	26.66
XLP	Cons Stap	1.44	-0.08	-1.56	GLD	Gold	-0.97	5.04	3.28
XLE	Energy	1.83	4.49	24.11	SLV	Silver	-1.45	7.69	4.14
XLF	Financials	1.98	0.10	0.13					
XLV	Health Care	3.48	-0.21	-7.06	SHY	1-3 Yr Treasuries	0.08	-0.61	-1.29
XLI	Industrials	3.69	-1.60	-6.31	IEF	7-10 Yr Treasuries	0.21	-1.42	-3.51
XLB	Materials	3.35	-0.13	-6.92	TLT	20+ Yr Treasuries	0.14	-3.74	-7.51
XLK	Technology	4.82	-4.70	-11.23	AGG	Aggregate Bond	0.28	-1.85	-3.81
XLC	Comm Services	4.47	-7.33	-11.78	BND	Total Bond Market	0.31	-1.86	-3.89
XLU	Utilities	3.92	-2.41	-5.59	TIP	T.I.P.S.	0.32	-0.86	-2.90

Source: Bespoke

#investors #sentiment

WHAT IS THE BIGGEST TAIL RISK FOR INVESTORS? According to February Fund Manager Survey by BofA, hawkish central banks was by far the biggest one. As the Russia-Ukraine war is now raging, will geopolitics take the center stage? Interestingly, the biggest tail risks are somewhat related (and even compounding...), i.e full-scale Russia-Ukraine conflict = higher inflation = more hawkish central banks = more asset bubbles popping = higher global recession risk....

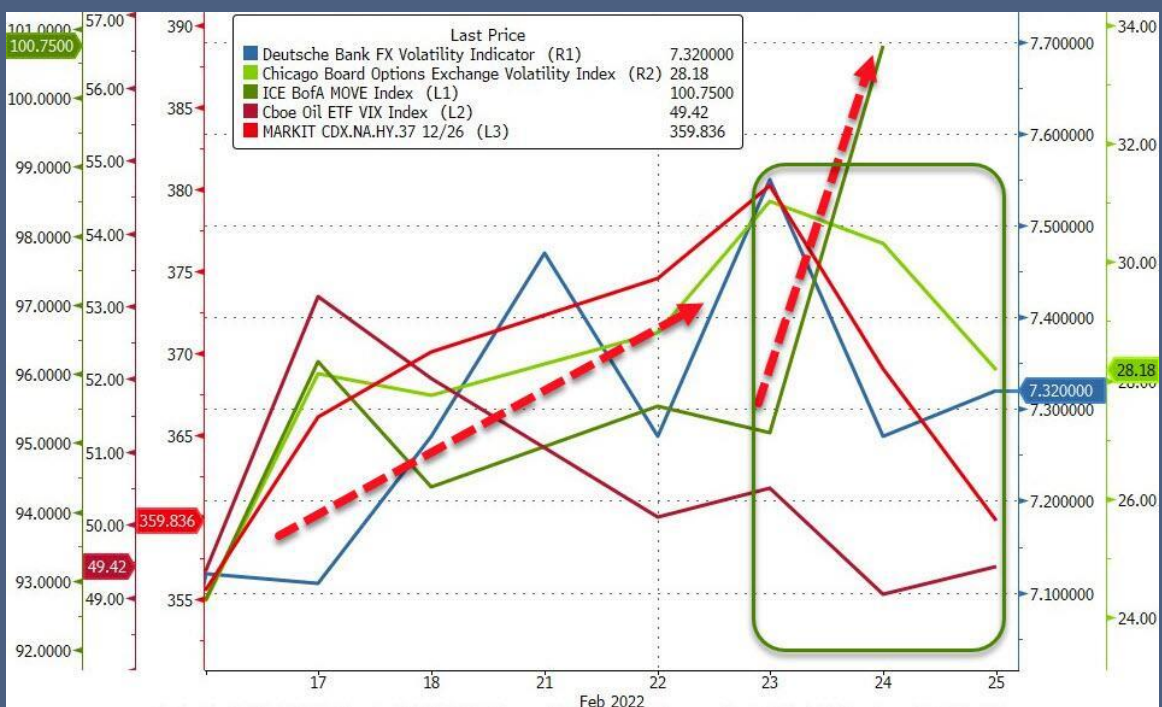


Source: Isabenet, BofA

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#volatility

Every asset-class (except bonds) saw its implied volatility drop as the week went on....

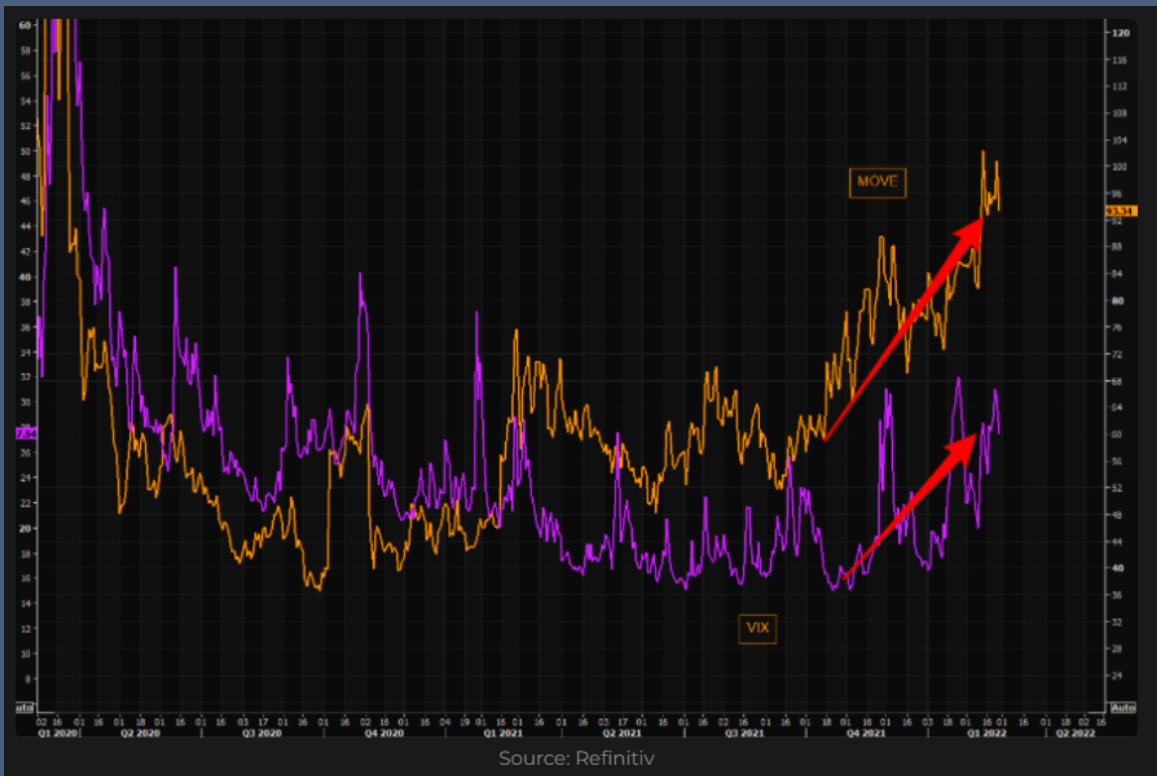


Source: Bloomberg, www.zerohedge.com

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#volatility


Bond volatility was down on Friday, but bond investors remains pricing "fear" at very elevated levels. Same goes for VIX actually. Don't forget you had the "Friday" effect today, so VIX wasn't down that much really....



Source: Refinitiv

#ukraine #exposure

Only about 90 (out of 15,000) funds in the US have Ukraine exposure. \$JPMB is the US ETF w most exposure at 3% (below). All but one are debt funds, only \$KGGAX has Ukraine equity exposure..

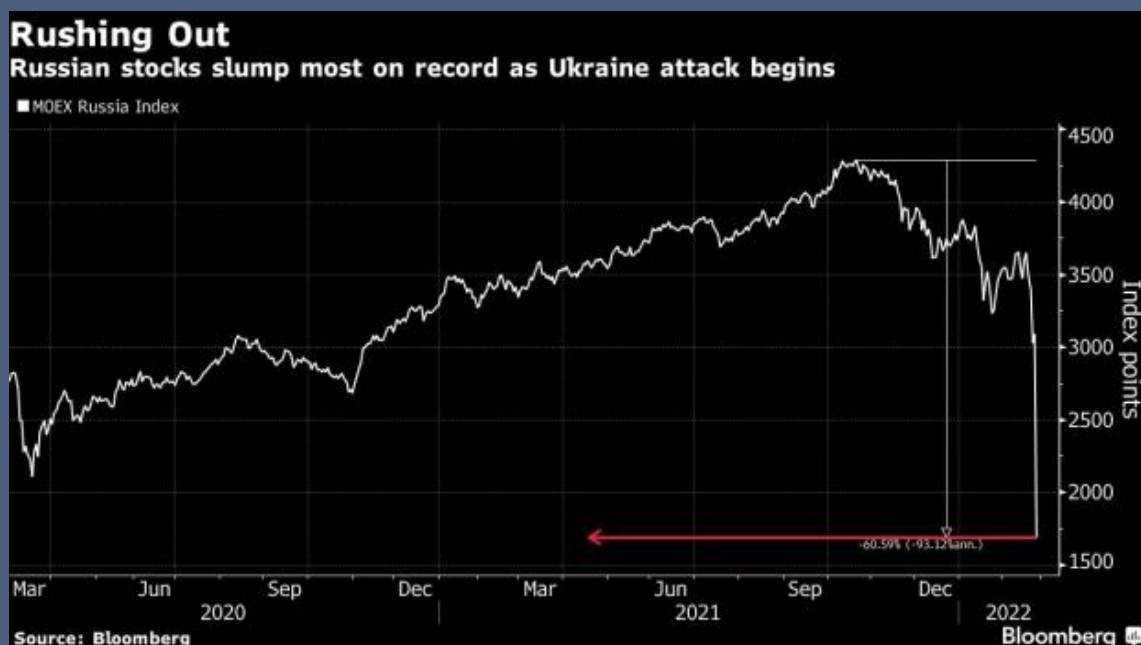


Name	Wgt	Pos
JPMORGAN USD EMERGING MARKETS SOVEREIGN BOND FUND	100.00	74,302,1
▶ Turkey	7.78	5,996,00
▶ Brazil	6.55	4,605,00
▶ Oman	5.96	4,131,00
▶ Colombia	5.63	4,467,00
▶ Dominican Republic	5.54	4,020,00
▶ South Africa	5.54	4,059,00
▶ Bahrain	5.02	3,529,00
▶ Mexico	3.68	2,750,00
▶ Indonesia	3.32	2,332,00
▶ Ukraine	3.13	3,146,00
▶ Qatar	3.00	1,938,00
▶ United Arab Emirates	2.88	1,964,00
▶ Saudi Arabia	2.85	1,886,00
▶ Nigeria	2.51	1,970,00
▶ Philippines	2.14	1,330,00
▶ Russia	2.03	2,894,32
▶ Peru	2.02	1,499,00
▶ Pakistan	1.99	1,458,00
▶ Chile	1.93	1,514,00
▶ Panama	1.88	1,420,00
▶ Kenya	1.81	1,288,00
▶ China	1.76	1,236,00
▶ Malaysia	1.72	1,192,00
▶ Jamaica	1.71	985,000
▶ Azerbaijan	1.55	1,037,00
▶ Uruguay	1.45	876,000
▶ Kazakhstan	1.29	807,000
▶ Costa Rica	1.23	875,000
▶ Egypt	1.19	940,000
▶ Jordan	1.15	830,000

Source: Bloomberg, Eric Balchunas

#russia #equities

Investors sitting on unwanted Russian assets are finding the exits are rapidly closing as Western political leaders push for far-reaching penalties to punish President Vladimir Putin's invasion of Ukraine.



Source: Bloomberg

#russia #equities



Paul de Jong 
@pauldejong_



Russian MOEX index drawdowns:

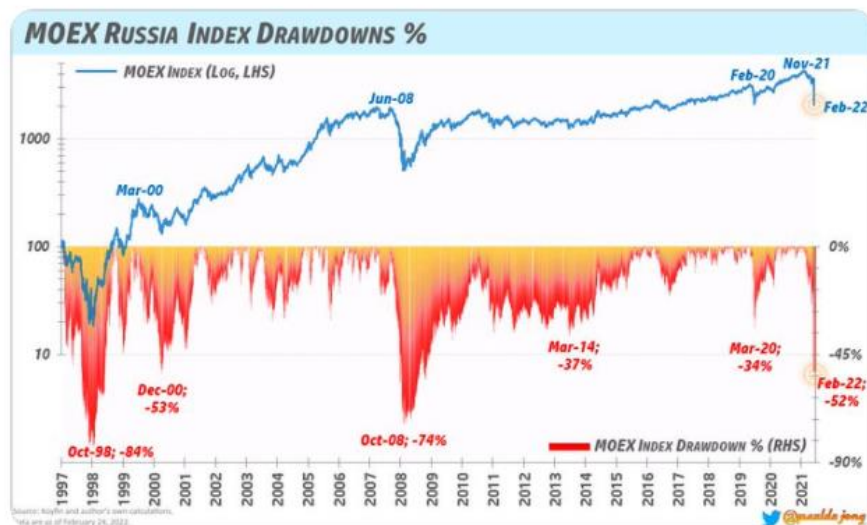
Feb 22: -52%

Oct 08: -74%

Dec 00: -53%

Oct 98: -84%

\$MOEX #Russia

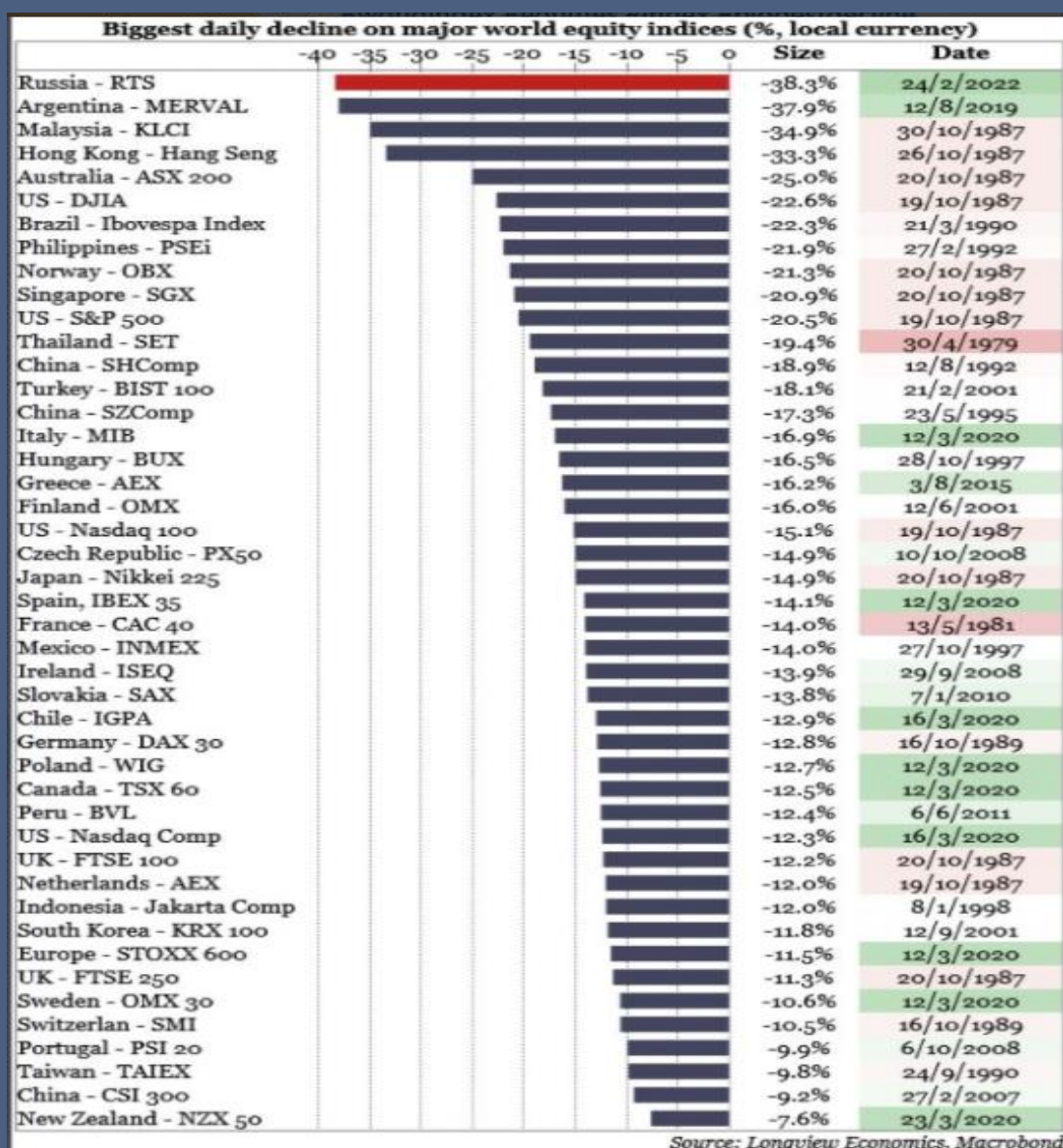


8:57 AM · Feb 25, 2022



#russia #equities

An history of the biggest daily decline on major world equity indices (% , local currency).



Source: Longview economics, Macrobond

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#russia #equities

\$RSX took in a record \$260m on Thursday after doing \$880m in volume (most since Crimea) while posting a 15% premium on a 19% price drop.



Source: Bloomberg, Eric Balchunas

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#russia #cbs

Russia 5y CDS...800bps round trip in two days.



Source: Bloomberg

#ruble

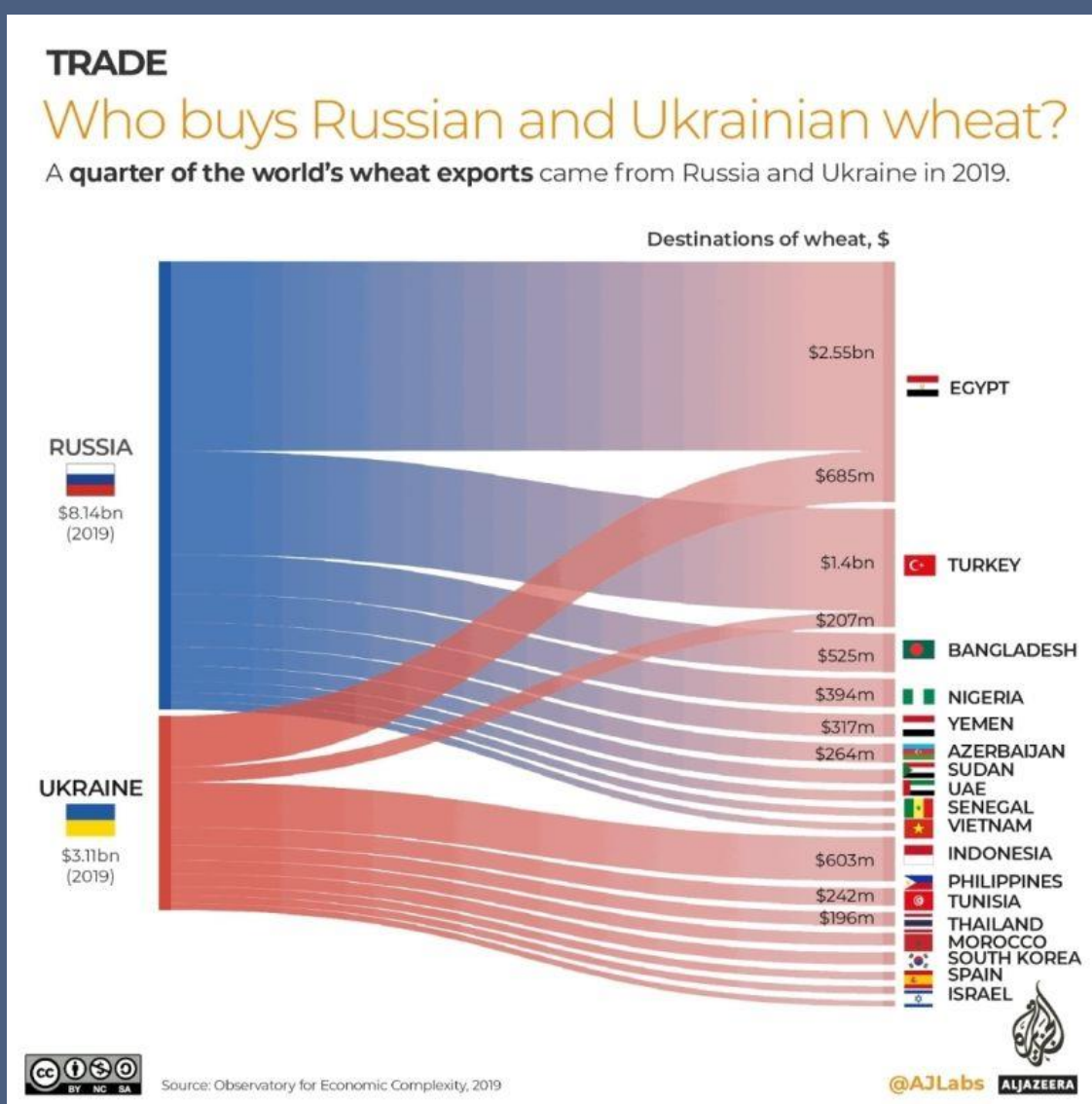
The Ruble was routed on the week, but even that staged a comeback in the last 36 hours....



Source: Bloomberg, www.zerohedge.com

#russia #ukraine #wheat

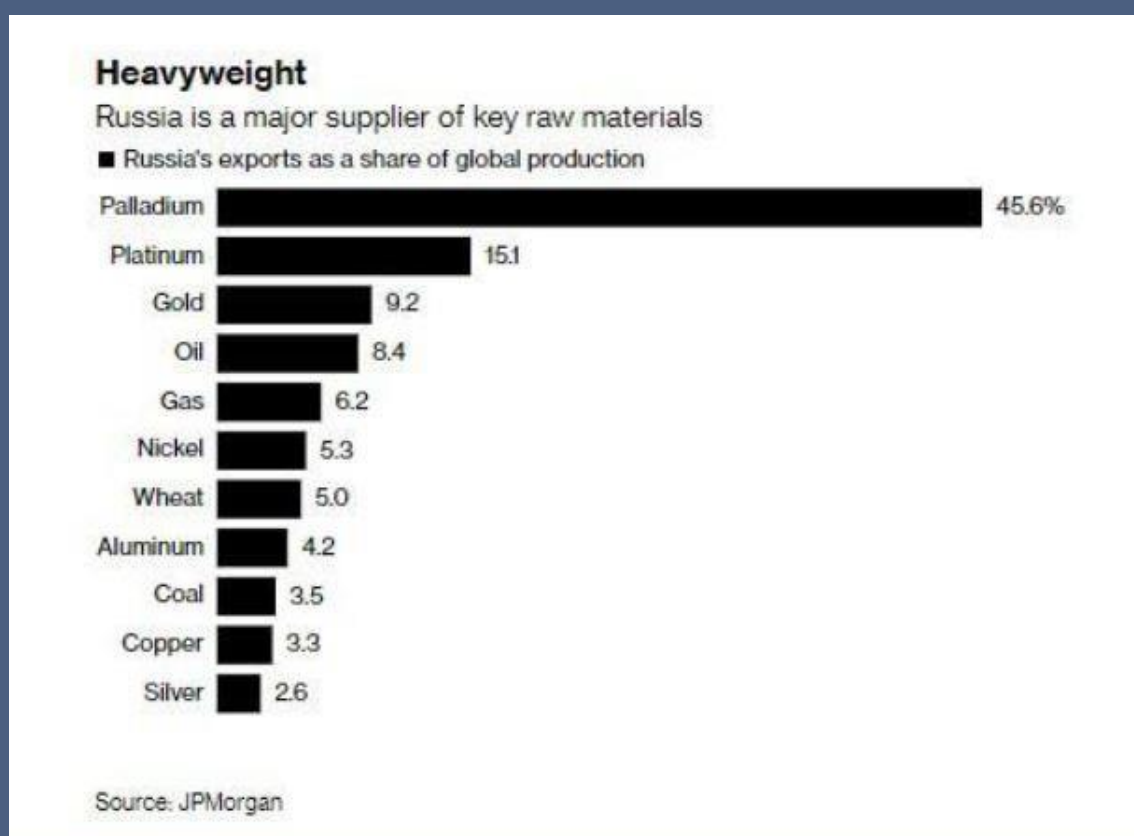
A quarter of the world wheat supplies comes from Russia and Ukraine. Egypt and Turkey are the biggest importers.



Source: Trade, Aljazeera

#russia #commodities #supply

A key chart to keep in mind: Russia's share of global commodities market by JP Morgan. Russia is a major supplier of key raw materials.



Source: JP Morgan

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#russia #ukraine #wheat

Wheat soared to highest since 2008, adding to inflation worries.



Source: Bloomberg

#russia #natural-gas

The crisis in Ukraine tests Europe’s dependence on Russian gas against Russia’s dependence on European energy customers

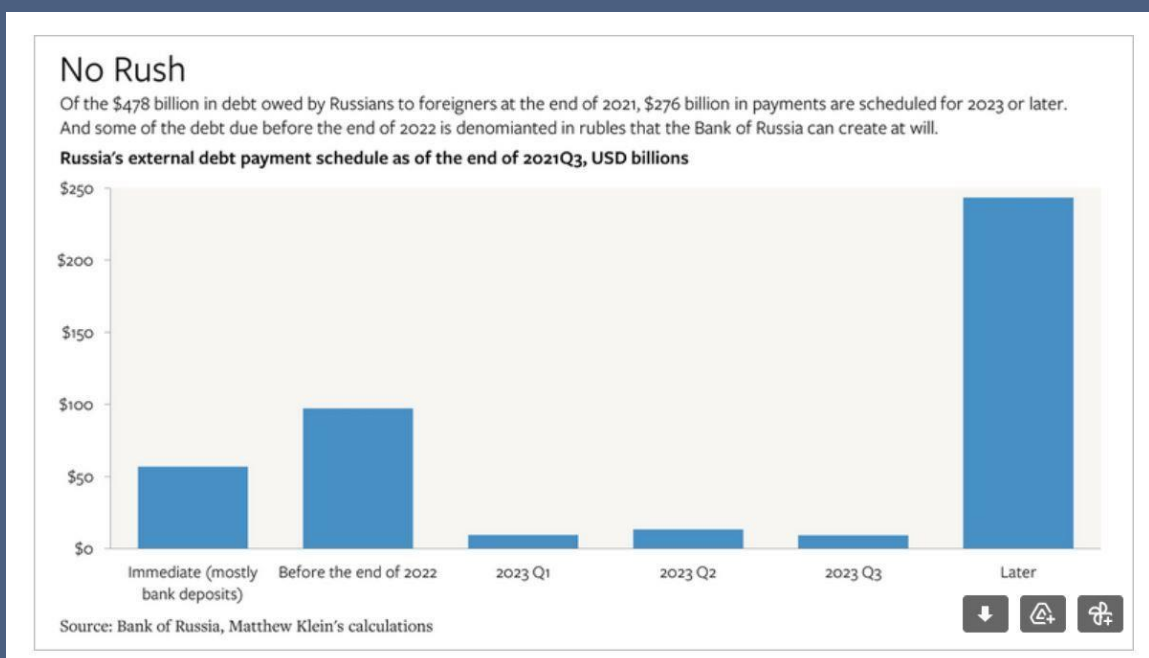


Source: US EIA

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#russia #debt

Russia debt is under huge pressure today with CDS 5Y spiking to 915 basis points. Out of the \$478bn in #debt owed by Russians to foreigners at the end of 2021, \$276bn in payments are scheduled for 2023 or later. And some of the debt due before the end of 2022 is denominated in RUB that the Bank of Russia can create at will. Russia holds a war-chest of more than \$600 billion in forex reserves and gold. But for now that is not enough to calm concerns in the sovereign risk market...



Source: Matthew Klein's calculations, Bank of Russia.

#russia #gold #us #treasuries

Putin is long gold short US treasuries. The chart below shows Russia holdings of Gold (in purple) and US Treasuries (in yellow) since the start of 2020.

Putin's hedge waiting for the break out



Source: Refinitiv

Source: TME, Refinitiv

#russia #us #treasuries

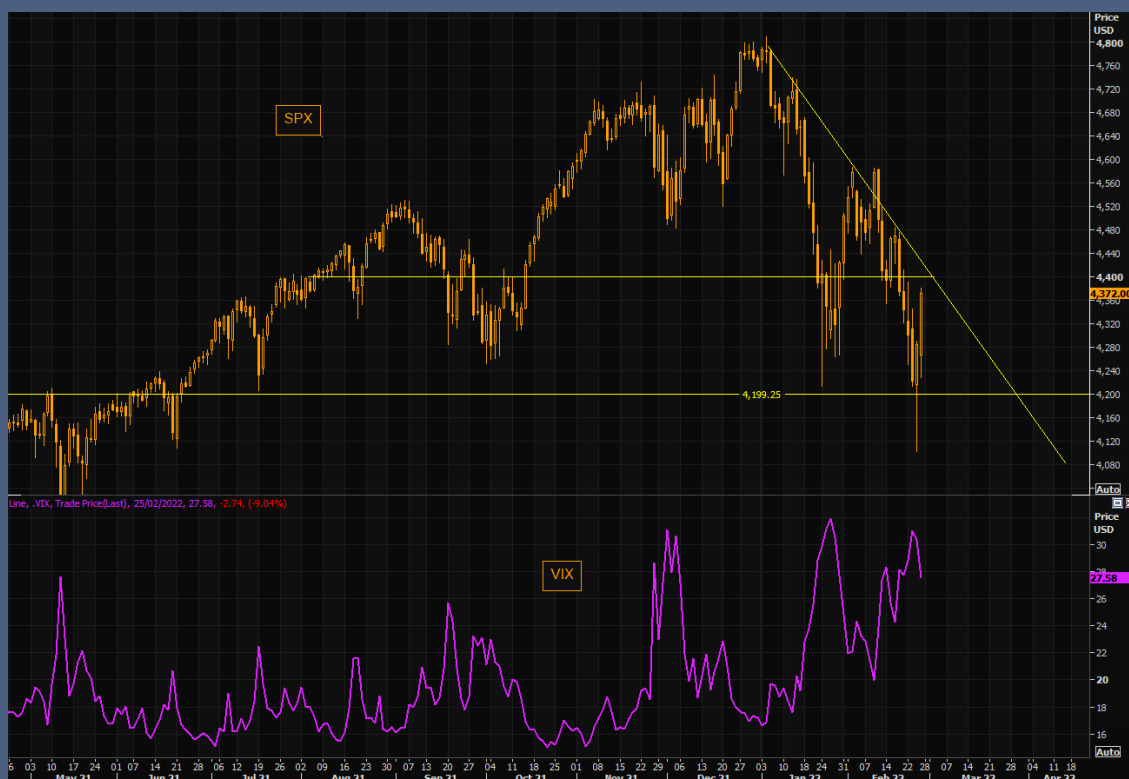
US President Biden announced 'first tranche' of sanctions on Russia including sanctions on Russian sovereign debt. But let's keep in mind 2 things: 1) Russia's Debt to GDP ratio is ~18% vs US's 133%; 2) To make himself independent of the West, Putin has stopped investing FX reserves in US government bonds as Russia now holds only \$3.9bn in US Treasuries. It used to be \$176bn in 2010... Putin has shifted many reserves into gold.



Source: Bloomberg, HolgerZ

#us #equities

The move higher is much stronger than the move lower. First bigger resistance is at 4400. This is where the negative trend line comes in. Let's see how this develops from here, but VIX remains rather "fearful", but don't forget that vol explosions take time to "feed through" the system.



Source: TME

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#us #equities

NASDAQ bounced right into the 14200 resistance we outlined earlier today. So far this is just a brutal dead cat bounce. The negative trend line remains in place and is the big resistance to watch. Putin scared the world, but note that NASDAQ "fear" is substantially lower compared to the late January sell off, despite the extreme geopolitical events this week.



Source: TME

#us #equities #war

INVASION DAY (THURSDAY): how it started and how it ended...

Invasion Day

2/24/22: Russia Invades Ukraine

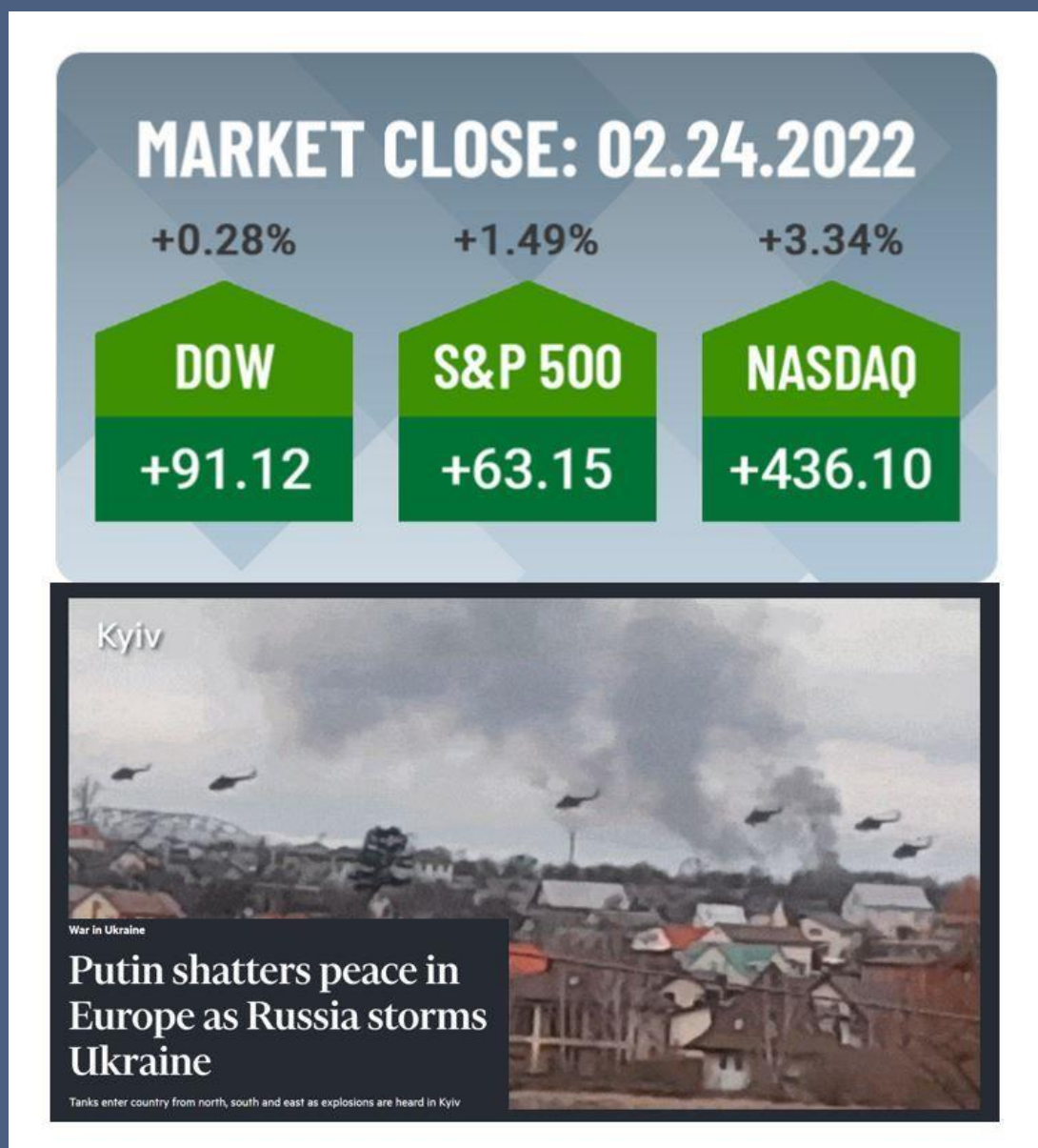
How It Started...	Change	How It Ended...	Change
S&P 500	-2.59%	S&P 500	+1.50%
Nasdaq 100	-3.29%	Nasdaq 100	+3.36%
ARKK	-5.45%	ARKK	+7.65%
Oil	+9.16%	Oil	+0.94%
10-Yr Yield	-15 bps	10-Yr Yield	-2 bps
Gold	+3.46%	Gold	-0.87%
Bitcoin	-8.92%	Bitcoin	+1.81%

Source: Bespoke

Source: TME, Bespoke

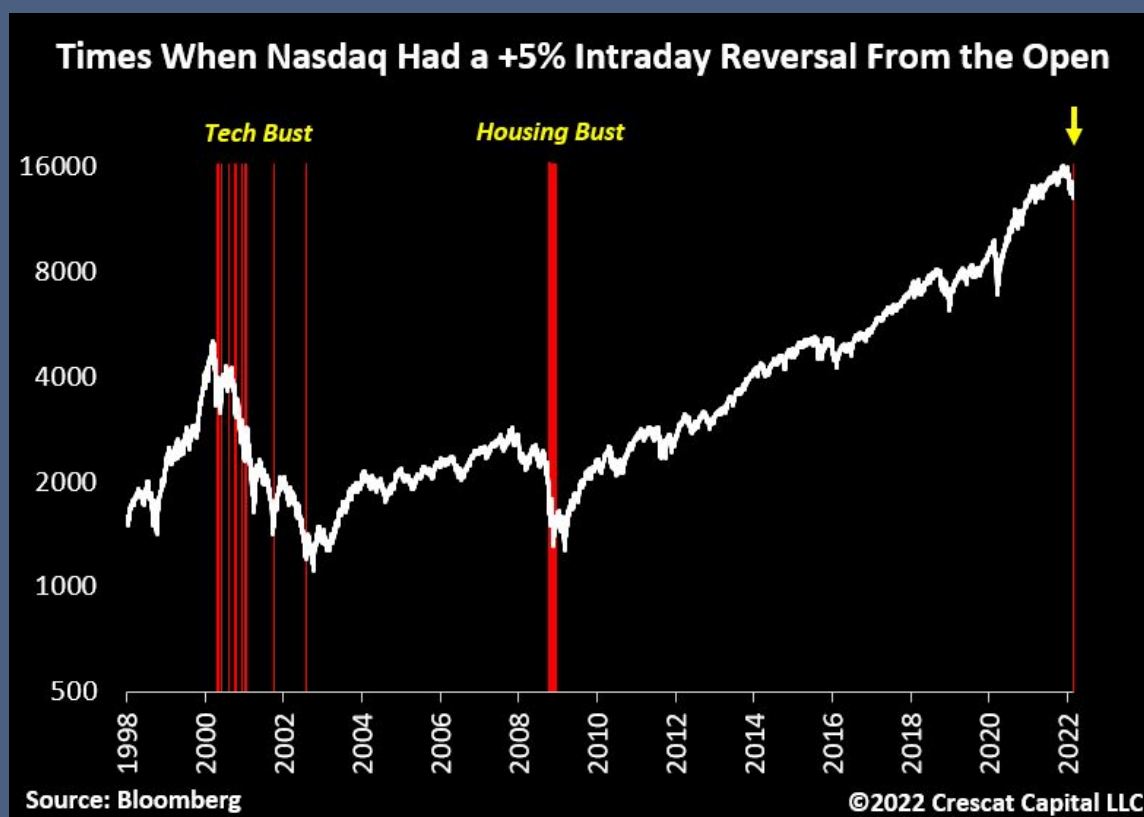
#us #equities #war

THURSDAY => Just how we all expected things to go...
some algos probably got wrong-footed...



#us #equities #war

Note that 6% reversal days are BAD OMEN...The last 21 times Nasdaq had an intraday reversal of +5% happened during brutal bear markets..



Source: Bloomberg, Crescat Capital

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#us #equities #war

FRIDAY =>



Dow climbs 800 points in its best day since late 2020 as investors weigh latest on Russia-Ukraine

Source: CNBC

#us #equities #defensives

Weekly market action: Defensives dominated Cyclical, despite the big rebound...



Source: Bloomberg, www.zerohedge.com

#us #equities #trading #liquidity

Volatility loves lousy liquidity...

Poor liquidity works both ways

Chart 8: SG Liquidity Indicator for S&P 500 has been drying up since mid-December and now lowest since March'20 sell-off; poor liquidity is a precursor for higher volatility (see [here](#))

SG Trading Liquidity Indicator for S&P 500



Source: Bloomberg, SG Cross Asset Research/Global Asset Allocation

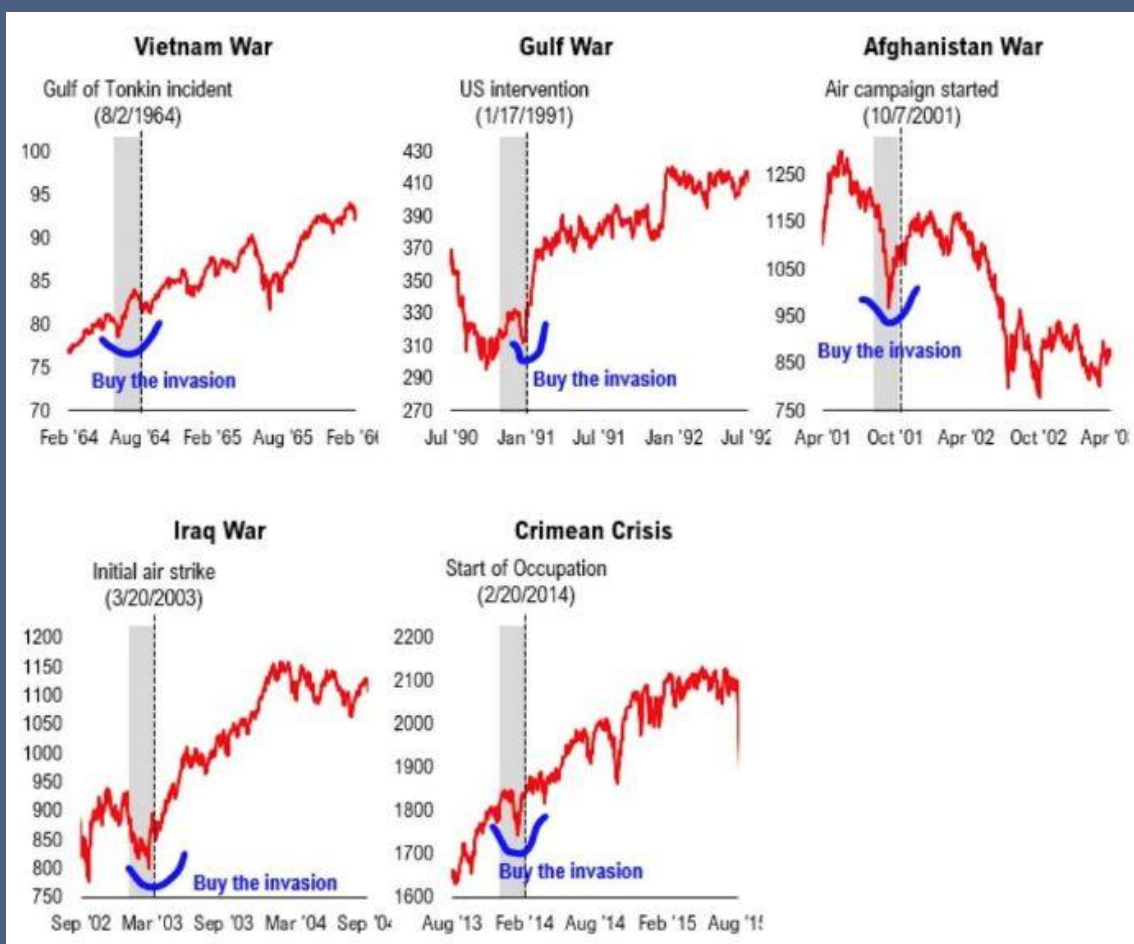
Source: Soc Gen

Source: TME, SG

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#us #equities #war

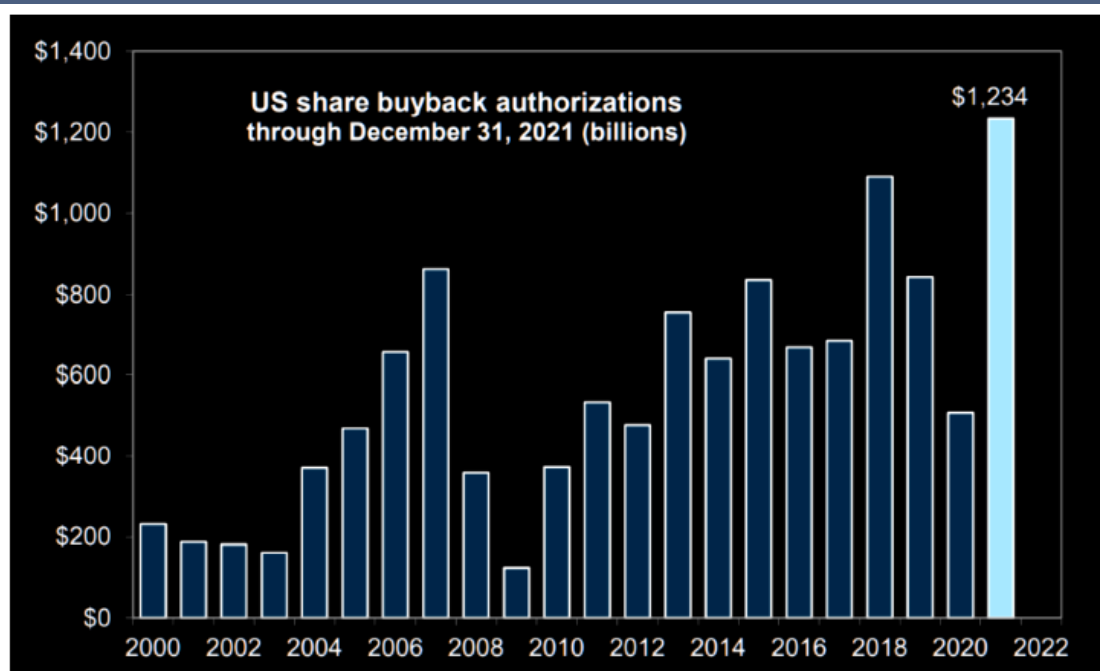
History shows that the negative effects of military & terrorist activities on markets have traditionally been short-lived, offering an attractive buying opportunity.



Source: Seth Golden

#us #equities #buybacks

Never forget the buy back bid. It hasn't been this cheap in a while...



Source: GS

Source: GS, TME

#us #equities #energy #buybacks

Big Oil on course for near-record \$38bn in share buybacks.



Source: FT

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#us #equities #tech #breadth

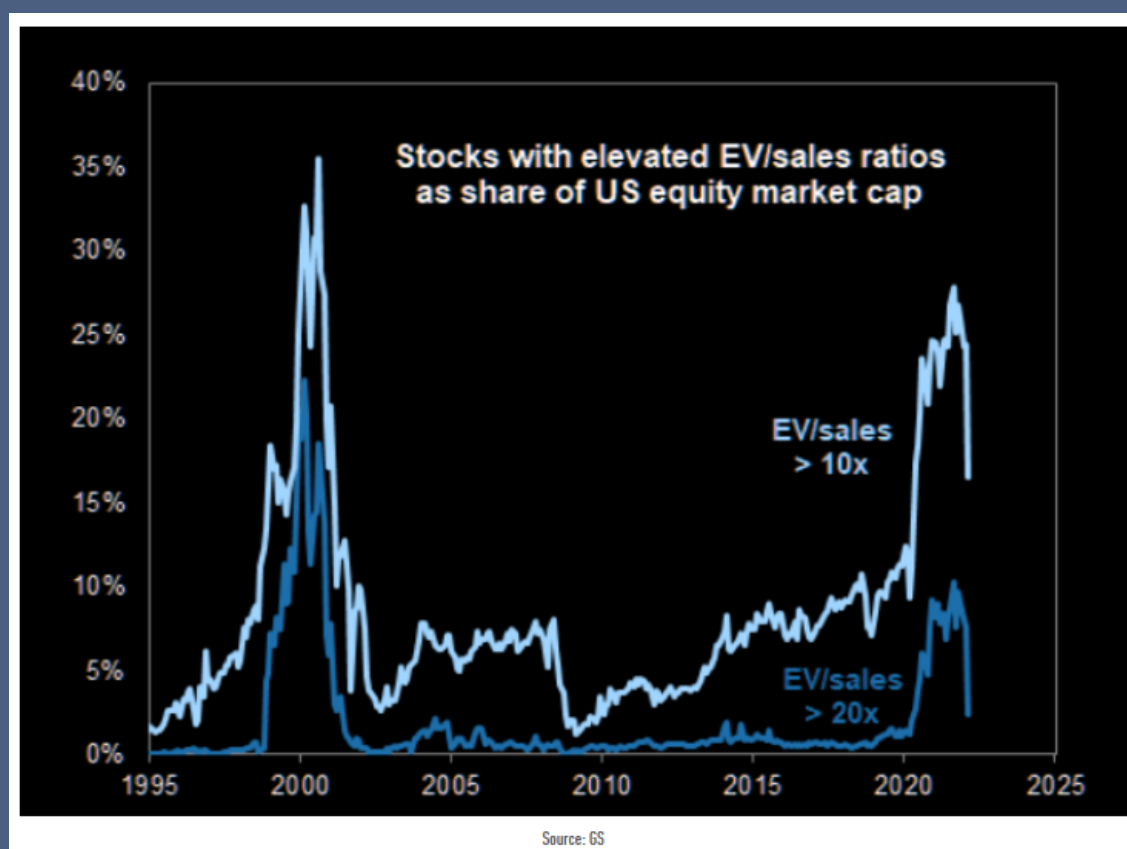
Only 19% of S&P 500 Tech members are trading above their 200d moving average ... lowest since 2020 bear market.



Source: Liz Ann Sonders, Bloomberg

#us #equities #unprofitable #tech

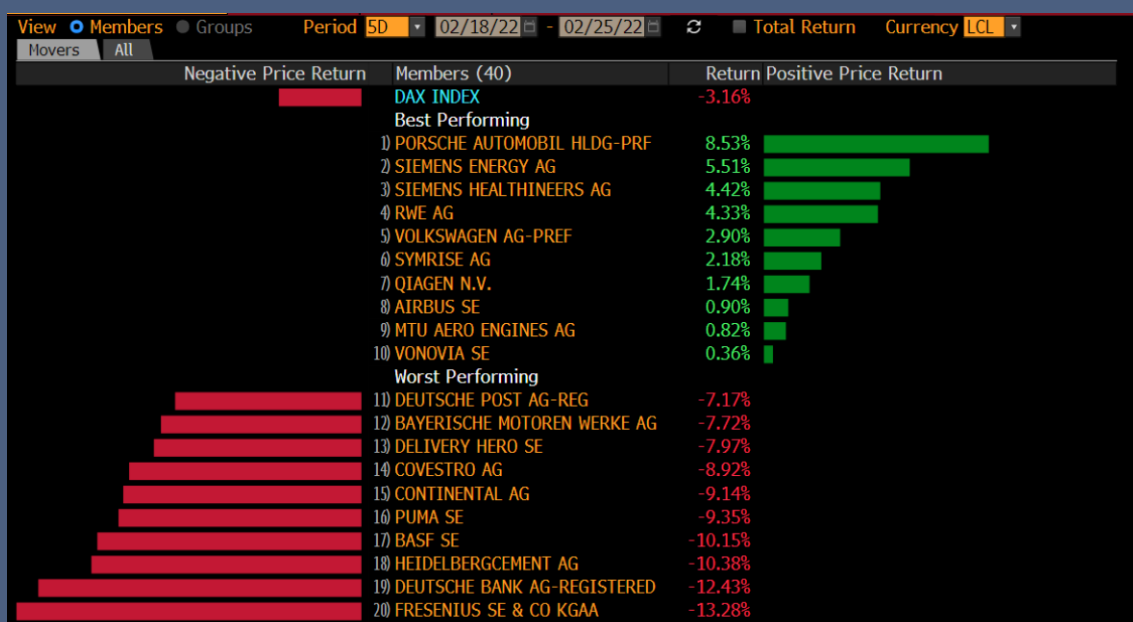
The share of US equity market cap in very high multiple stocks.



Source: GS. TME

#german #equities

Dax rebounded 3.7% on Friday after Ukraine-driven sell-off BUT ends the week 3.2% lower. Deutsche Bank and Heidelberg Cement getting hit hard by Russia's invasion of Ukraine. Siemens Energy and RWE are benefiting from the green transformation push that the crisis could trigger.

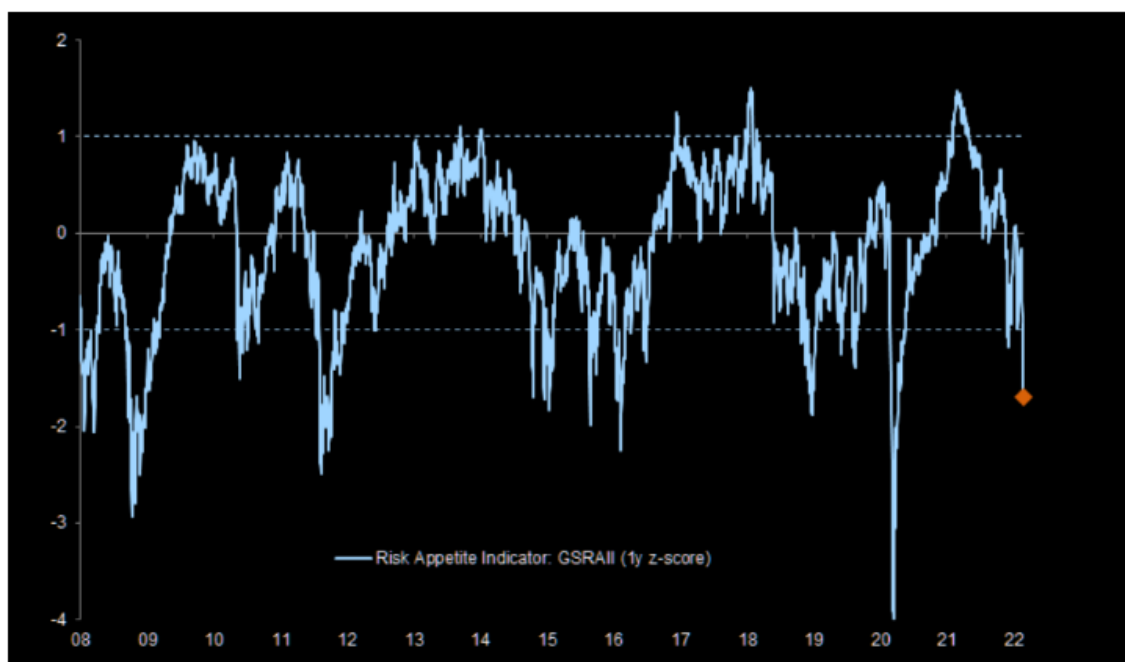


Source: Bloomberg

#eu #equities

A 10% annual rise in Brent prices adds about 2pp to the EPS growth of the SXXP and 11pp to that of Commodity-related sectors..

Risk-off move



Source: Goldman

Source: Goldman

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#emergingmarkets #equities

The case (and design) behind \$FRDM looking smarter and smarter all the time, it's nearly doubling \$EEM over past two years having avoided China and Turkey and now Russia messes thanks to its exclusion of authoritarian countries .

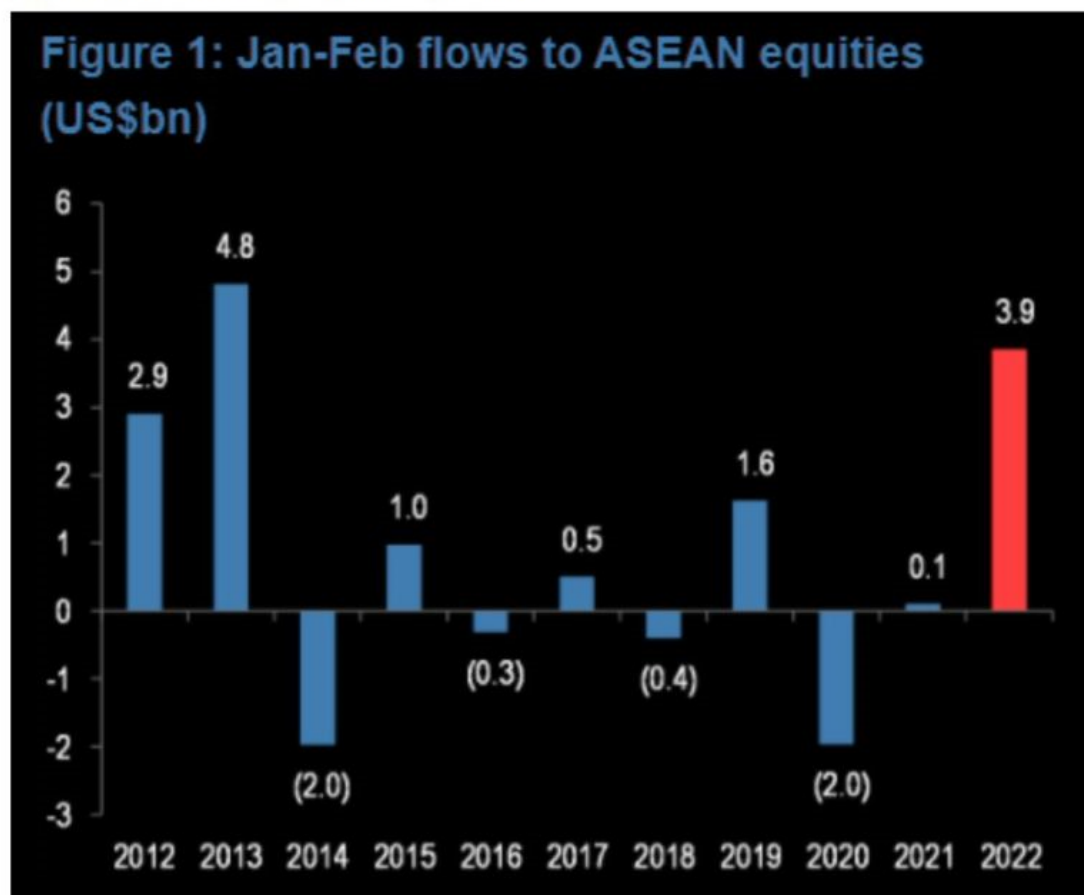


Source: Bloomberg, Eric Balchunas

#asean #equities

Investors are coming back into ASEAN equities. Foreign portfolio investors have invested US\$3.9bn in ASEAN stocks, the highest YTD inflows since 2013.

Highest inflows to ASEAN equities since 2013



Source: EPFR

Source: EPFR

#commodities

BCOM (Bloomberg Commodities) index put in the biggest shooting star candle we have seen in this index (ever) and today is the biggest down candle since the late November sell off. Pain is rather big as commodities has become such a consensus long, especially everybody seeing everything explode higher post the Russian invasion.



Source: TME

#oil

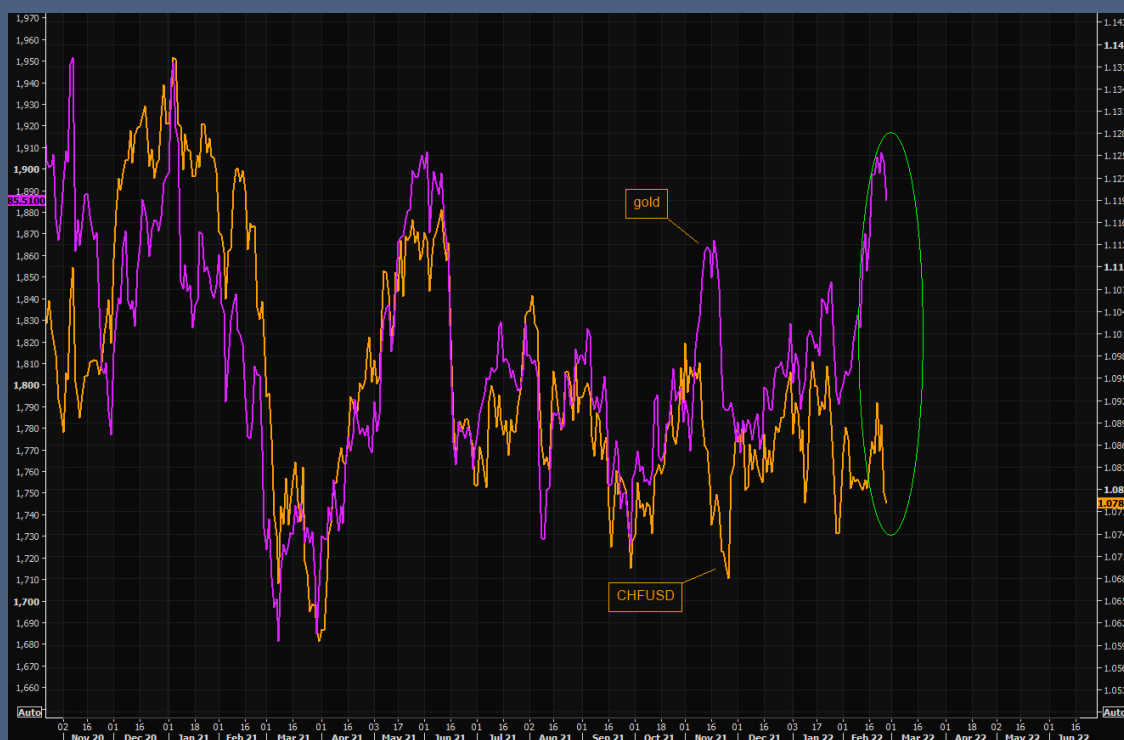
Despite oil's roundtrip to nowhere this week, the backwardation in WTI's term structure is at a record high (cost of prompt is over \$9 higher than six months out) suggesting a seriously tight market.



Source: Bloomberg, www.zerohedge.com

#gold #swissie

Popular hedges like gold have managed disappointing late hedge "bulls". So far the invasion has been the classical sell the new effect, but there is one hedge that never even got "excited", the CHF. The CHFUSD has moved in tandem with gold, except for the latest surge in the global hedge....



Source: TME

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#us #treasuries

Treasury yields were higher overall on the week - following the same roller-coaster pattern - with the short-end notably underperforming...



Source: Bloomberg, www.zerohedge.com

#us #rates

While many suggested the geopolitical risk was enough to spook The Fed, the fact is that March odds of a 50bps hike are practically unchanged on the week at around 25-30% (admittedly down from pre Putin highs)...



Source: Bloomberg, www.zerohedge.com

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#us #rates

December odds of 7 rate-hikes are rising....



Source: Bloomberg, www.zerohedge.com

#us #financial-conditions

The Fed actually has MORE work to do on tightening Financial Conditions, because the ABSOLUTE SCENES in Breakevens off the inflationary implications of the Russia / Ukraine impact on Commodities (5Y BE's were 30bps wider at one point!), and thus, these are then having an enormous impact on Real Yields moving sharply more negative (instead of higher / tighter).

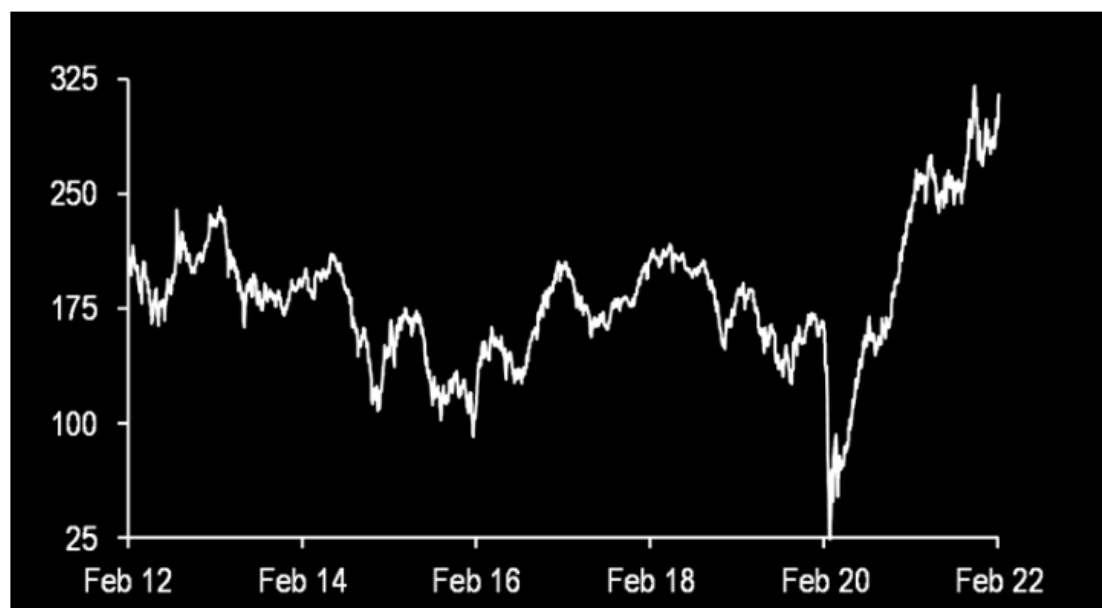


Source: Bloomberg

#inflation #us #expectations

5-year breakevens are 22bp wider WTD, driven by the very front end of the curve and concerns around what the recent geopolitical events mean for near-term inflation.

5-year breakevens closed at new historic wides



Source: JPM

Source: JP Morgan

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#us #high-yield

Just in time when everybody became bearish the HYG space it decided putting in two the biggest up candles in forever. We are right back to the negative trend line. A close above it and things could become really "confusing". Volumes continue to be healthy.



Source: TME

#renminbi #dollar

Dollar-renminbi is hovering at lowest level since early 2018



Source: Bloomberg

#china #real-estate #bonds

China property developers face added repayment pressure in March. The sector has 37.5 billion yuan (\$5.5 billion) of notes which are puttable in March, the highest monthly total until March 2023, according to data compiled by Bloomberg.



Source: Bloomberg

#central-banks #china

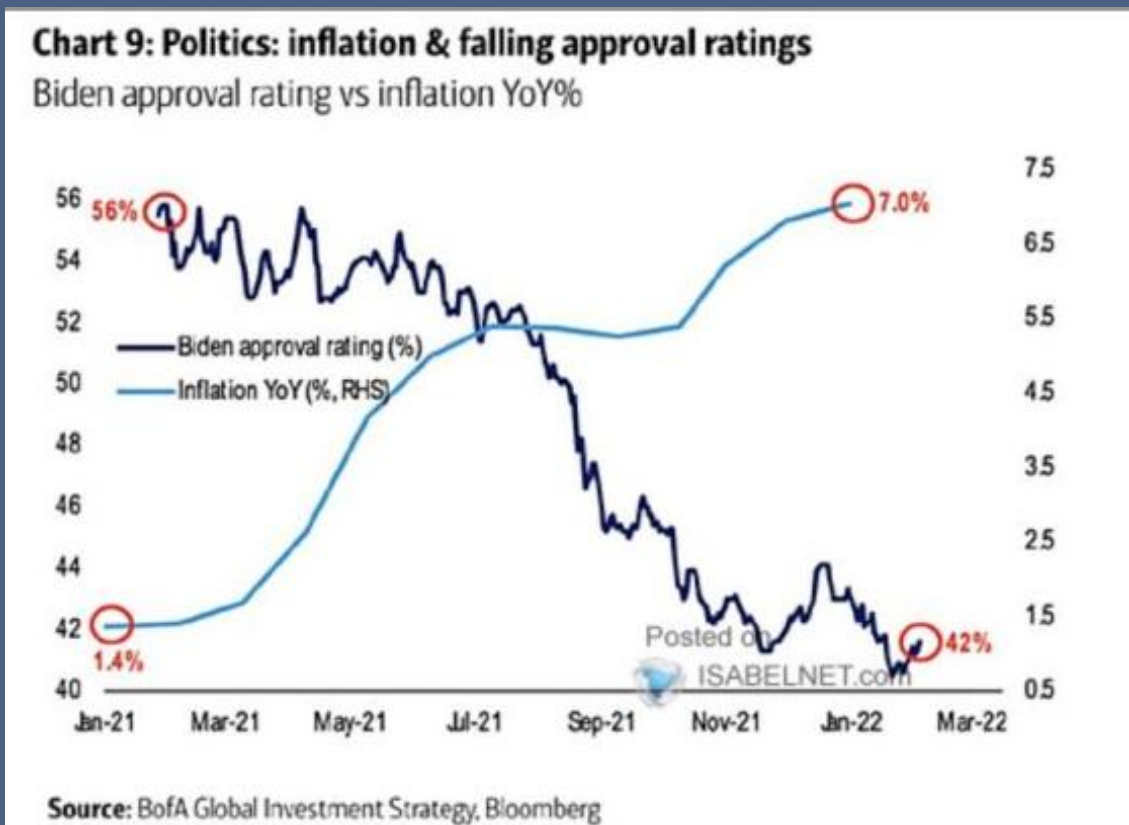
China boosts liquidity support as Ukraine conflict roils markets. PBOC makes biggest net injection of cash since September 2020.



Source: Bloomberg

#us #politics

As US inflation go up, Biden approval rating goes down.
Not sure the Russia-Ukraine crisis and the rise of energy prices will help...

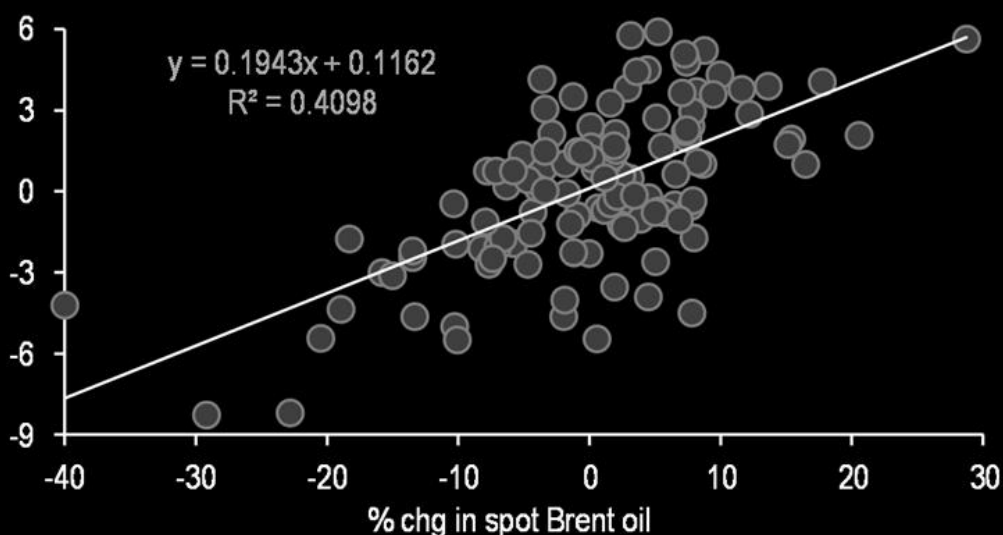


Source: BofA, Isabelnet.com

#inflation

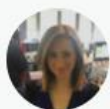
Empirically, energy CPI has displayed a 19% beta to changes in Brent oil prices. Based on the relative importance of energy, this suggests 1.2% pass-through to headline CPI.

m/m % changes in energy CPI NSA regressed on % change in monthly average spot Brent oil prices over the last 10 years; %



Source: JP Morgan, TME

#inflation #us



Lisa Abramowicz ✓
@lisaabramowicz1



One of the Fed's favorite inflation metrics, the U.S. personal consumption expenditures deflator, rose to a new post-1982 high of 6.1% year over year in January.



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#inflation #eu

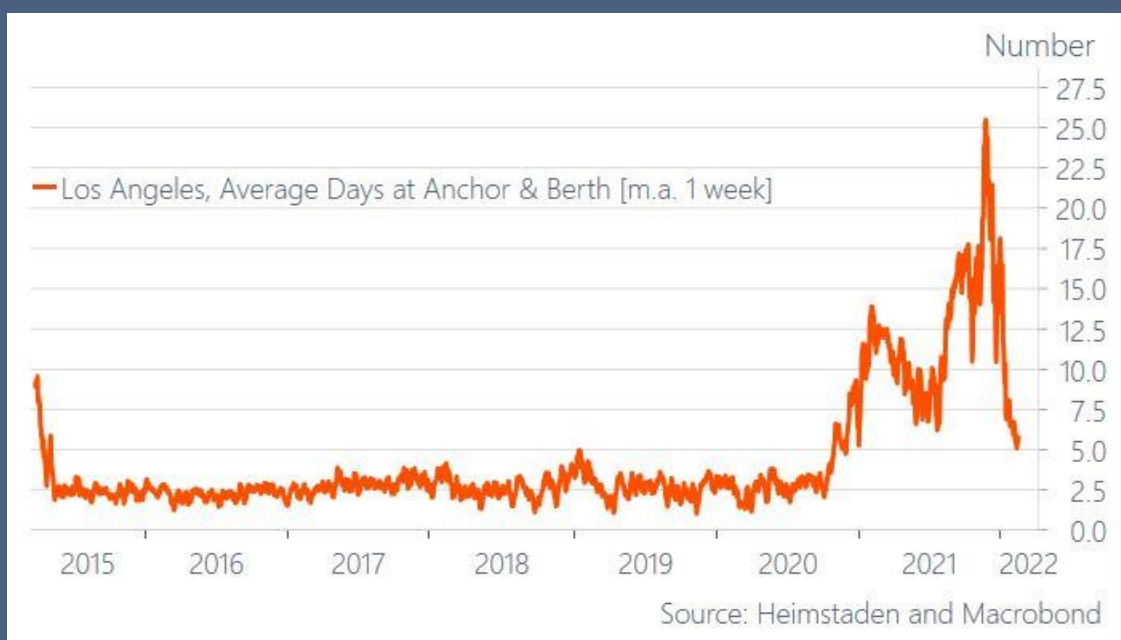
Peak Eurozone inflation? Annual growth rate of broad monetary aggregate M3 keeps falling. Decreased to 6.4% in Jan 2022 from 6.9% in Dec. M3 growth rate has halved since Jan 2021.



Source: Bloomberg, HolgerZ

#inflation #global #supply-chain

Is the supply chain crisis over?



Source: Macrobond

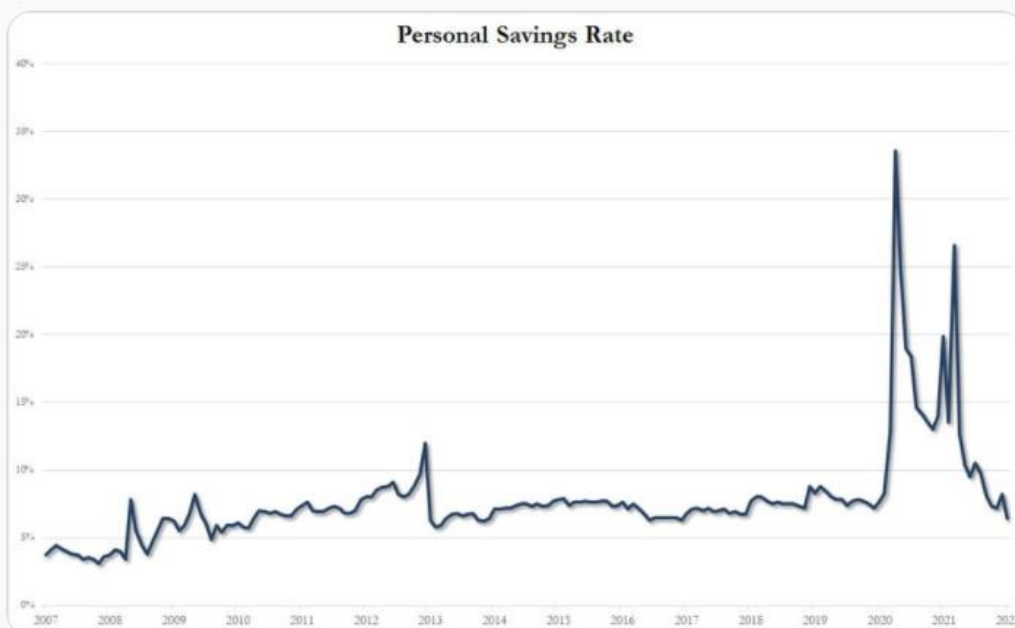
#macro #us



zero hedge
@zerohedge



Personal Savings rate collapses to 6.4%, lowest since Dec 2016. The US consumer is tapped out



2:46 PM · Feb 25, 2022



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#macro #germany

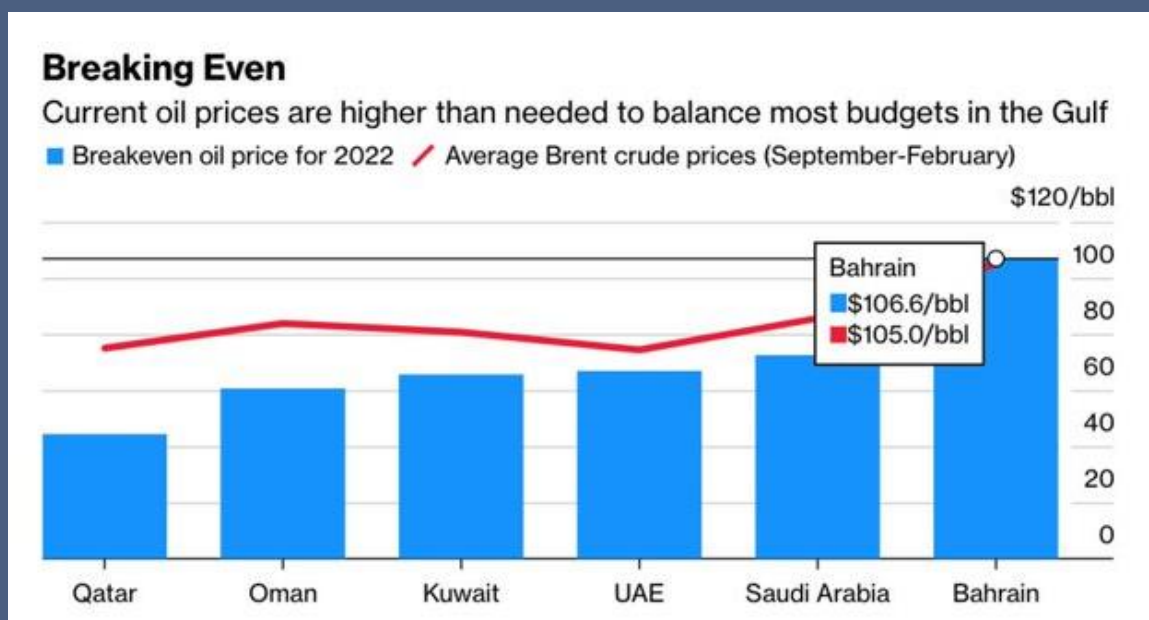
German economy shrank less than initially reported. Total output declined 0.3% in Q4 2021; earlier estimates was -0.7%. Private spending slumped 1.8%, investment rebounded, trade & government consumption made positive contributions. Buba predicts economy may contract in Q1 2022.



Source: HolgerZ, Bloomberg

#macro #mena

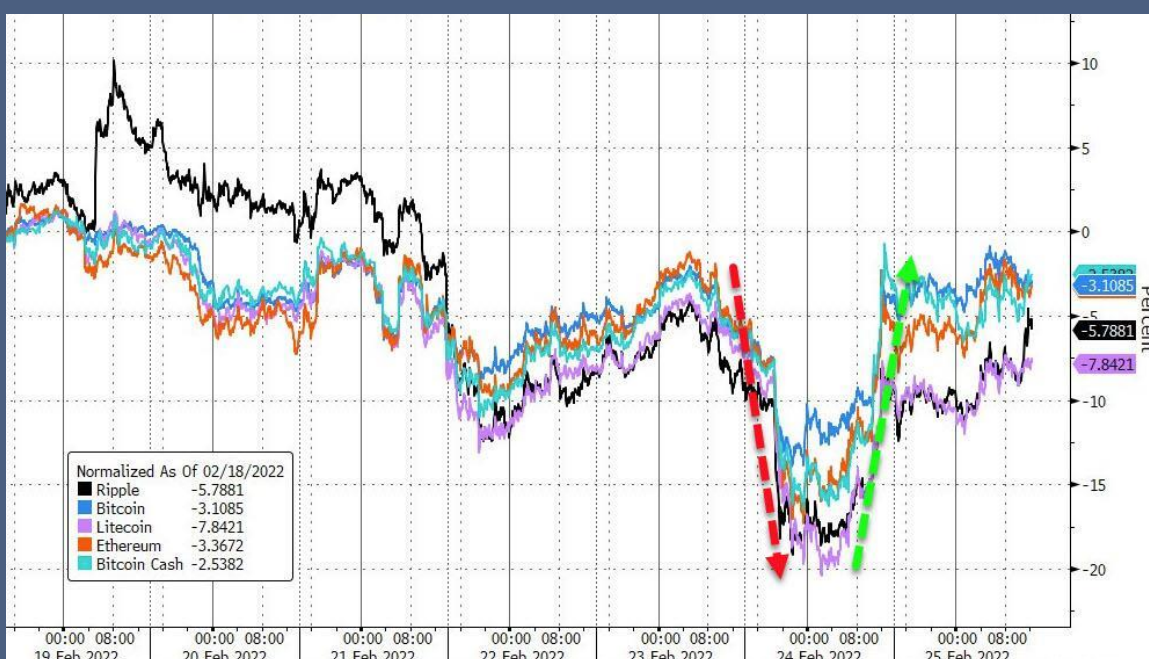
Oil's surge pushes crude above the break-even level for almost all the Middle East's producers.



Source: Bloomberg

#cryptocurrencies

Cryptos all ended lower on the week but well off the Putin plunge lows....



Source: Bloomberg, www.zerohedge.com

26th of February 2022

#crypto #ukraine

Pussy Riot Founder, Trippy Labs, PleasrDAO Members Launch 'Ukraine DAO'

Crypto Twitter is mobilizing to raise money for Ukraine—using Ethereum NFTs.

By [Jason Nelson](#)

Feb 25, 2022

3 min read



Nadya Tolokonnikova (Pussy Riot) during a 2014 Peace march in support of Ukraine. Image: Shutterstock

Source: Decrypt

#crypto #digital-assets #nfts

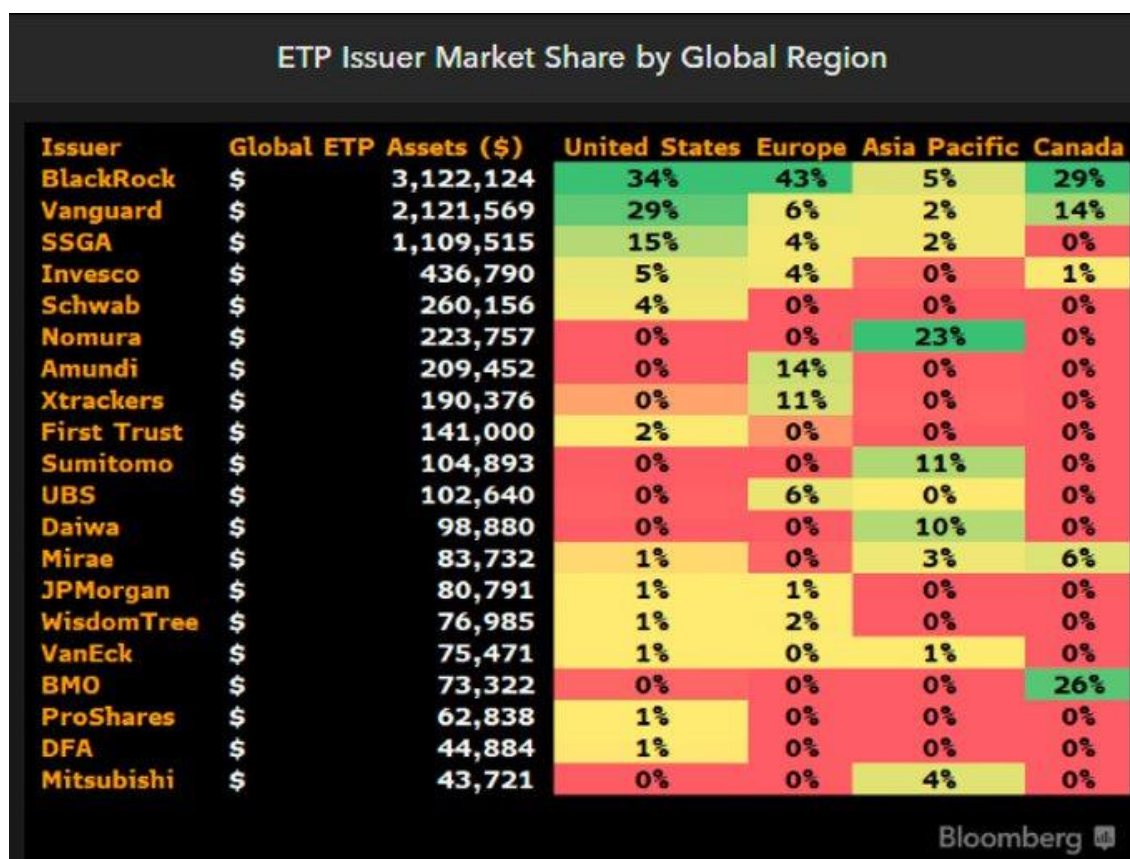
The London Stock Exchange Group (LSEG) has bought TORA, a provider of technology for the trading of multiple asset classes including crypto, for \$325 million. The acquisition will add digital assets to LSEG's trading capabilities, the group announced on Tuesday. The deal opens the door for LSEG to offer crypto or non-fungible token (NFT) trading in the future.



Source: Yahoo! finance

#etfs

Nice, clean look at ETF issuer market share by region via @tpsarofagis



Source: Bloomberg

#big-tech #stocks

how much revenue do the big tech stocks generate per minute?



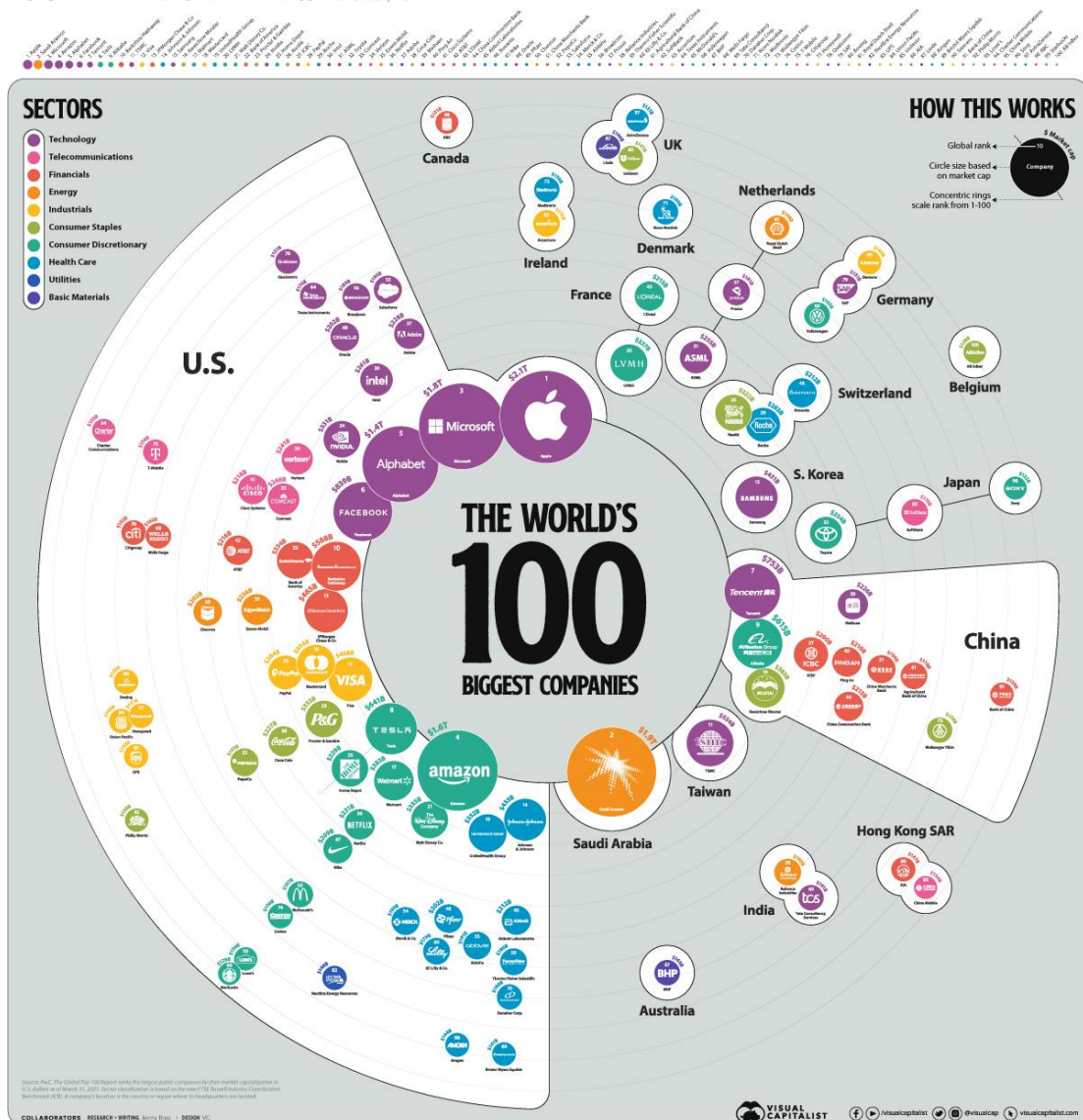
Source: The Visual Capitalist

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#big #stocks

The Biggest Companies in the World in 2021.

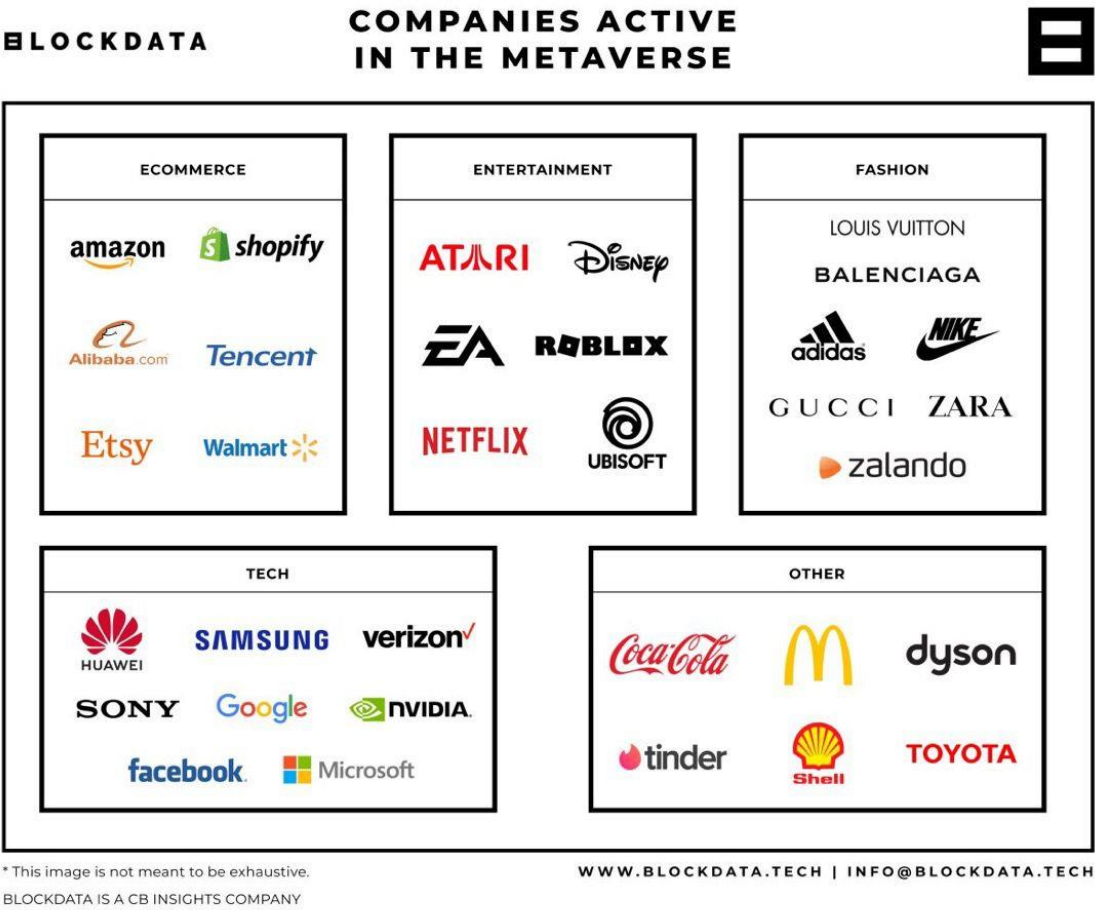
GLOBAL MARKET CAP RANKINGS March 31, 2021



Source: The Visual Capitalist

#metaverse

Which companies are creating metaverse propositions?



Source: Blockdata

26th of February 2022

#fed #history

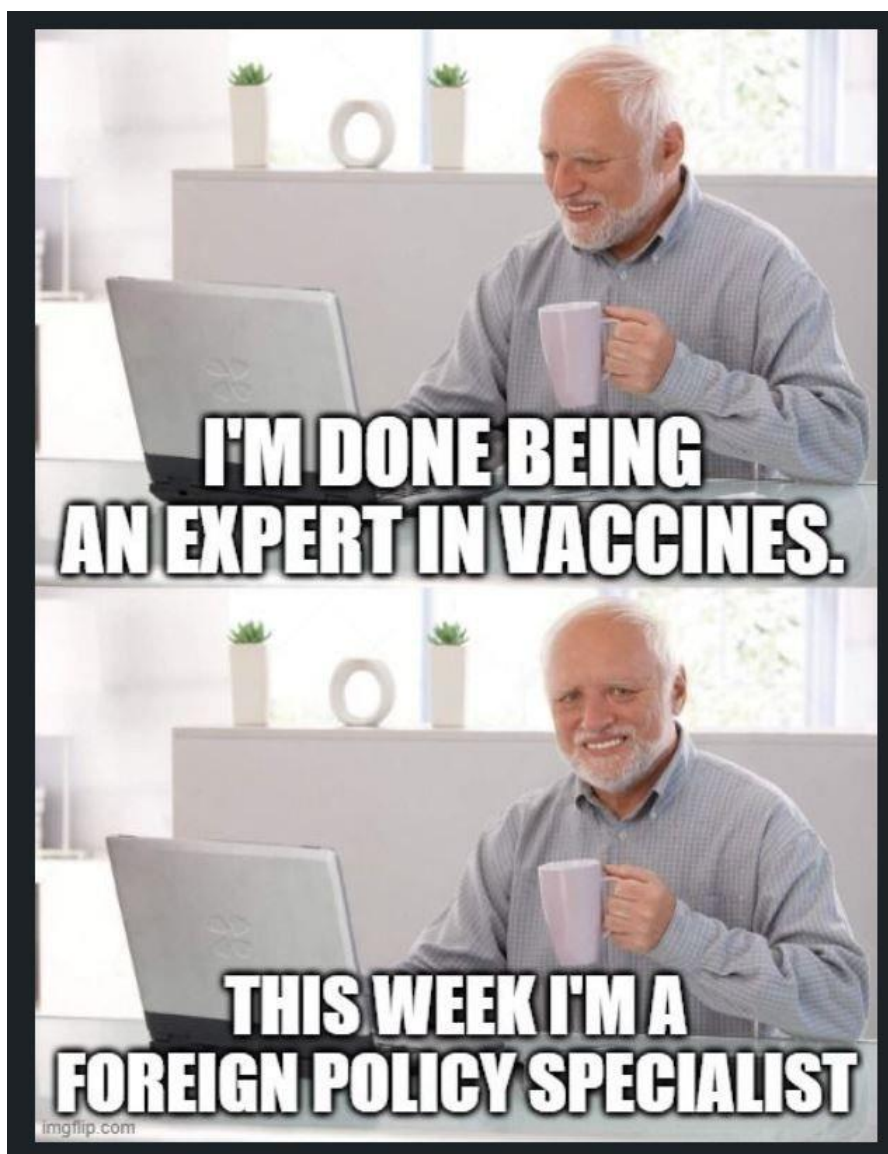
TIME Magazine, March 8, 1982.



Source: Time

#markets

Investment management in February summarized in one picture.



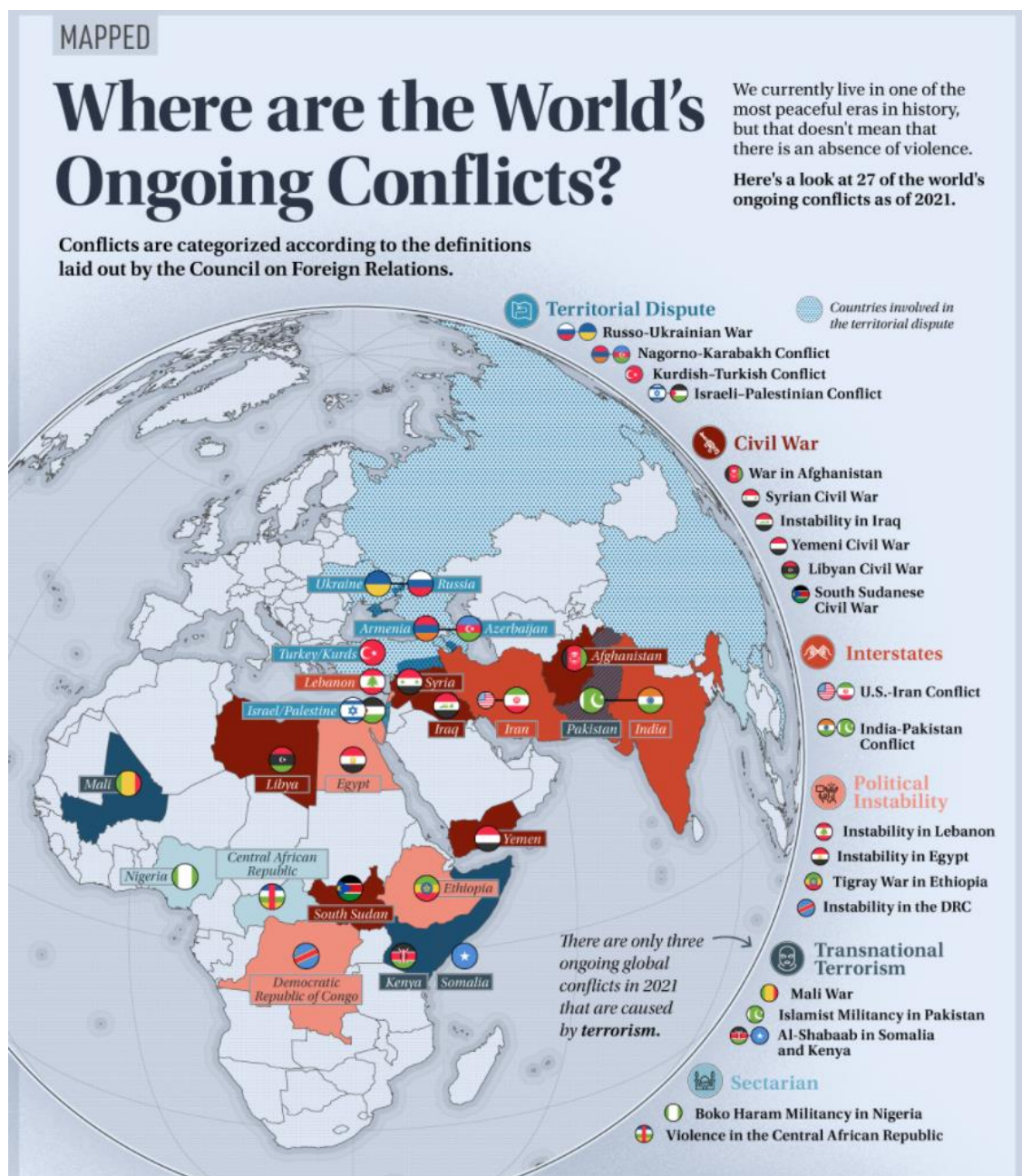
Source: Michael Jackson

#markets

“In the 20th century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a flu epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497.”

Warren Buffett

#world-conflicts



Source: The Visual Capitalist

26th of February 2022

#russia-ukraine



Source: FT

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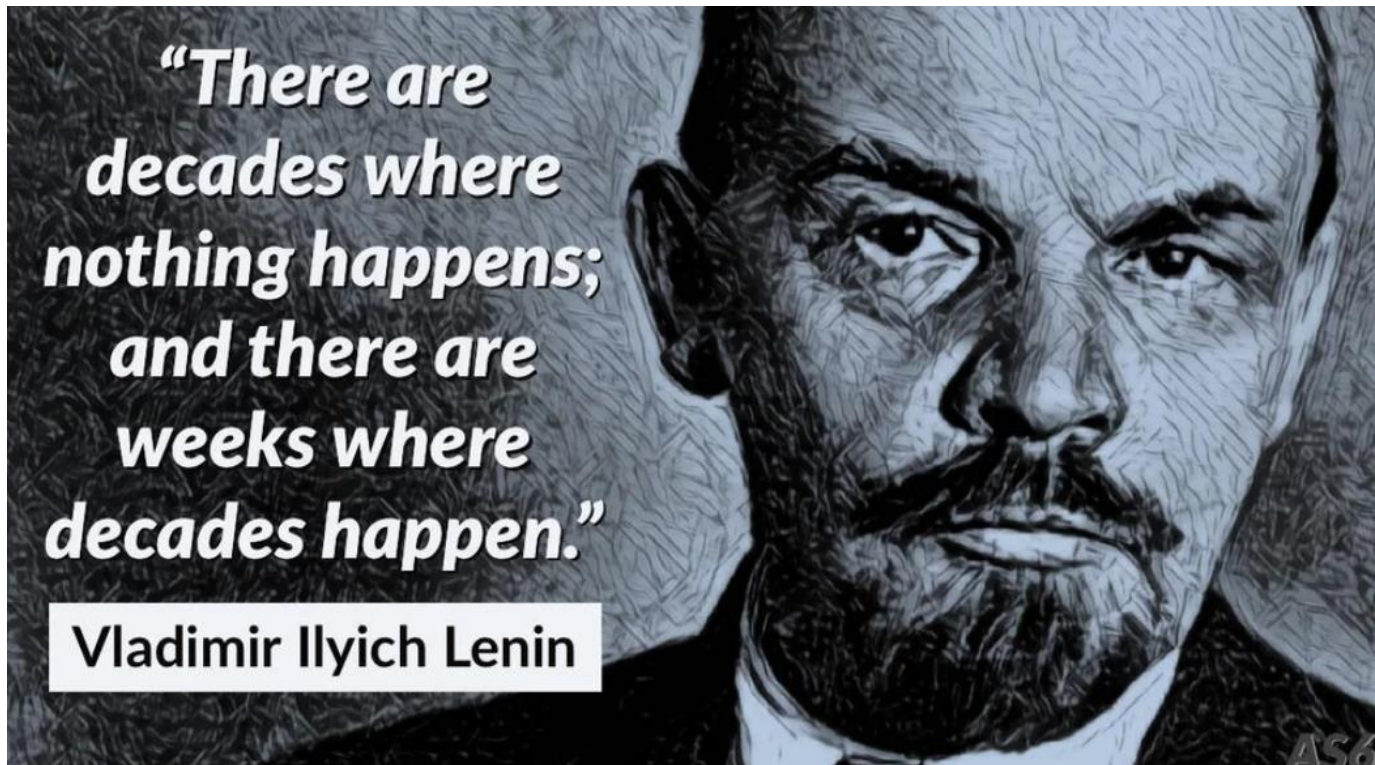
#russia-ukraine



Source: The Economist

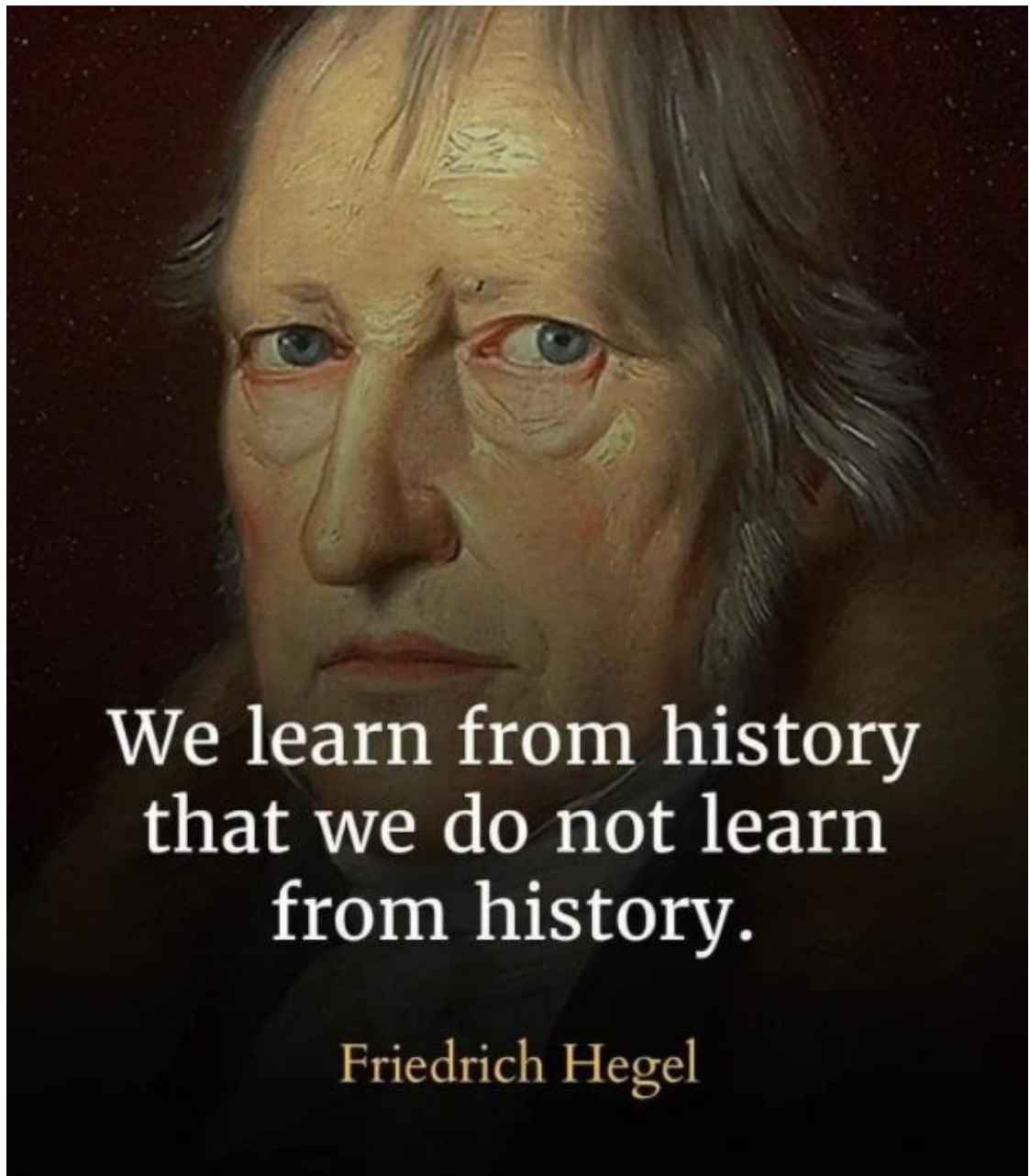
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#food-for-thought



Source: Reddit / u/AKmeximo1

#food-for-thought



26th of February 2022

#no-war



#globalmarkets weekly wrap-up

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