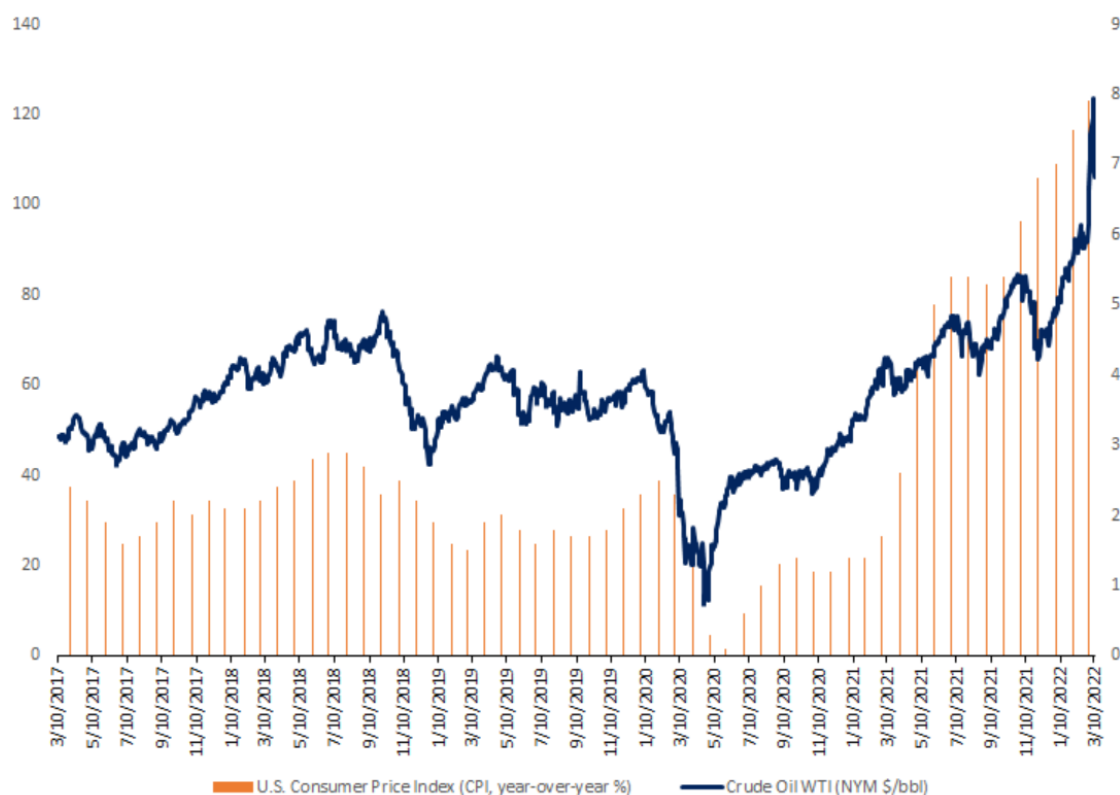


### Chart of the week

## OILFLATION

Headline U.S. CPI inflation may get as high as 8% - 10% if oil prices continue to remain elevated.

**Crude Oil WTI (\$/bbl) versus U.S. CPI Inflation (year-over-year%)**



Source: Edward Jones

### Nasdaq in bear market as Commodities surged

US stocks moved lower over another week of extreme volatility on the back of the Russian invasion of Ukraine. At its intraday low for the week on Tuesday, the Nasdaq Composite fell to a level that was 22% below its recent peak, i.e in bear market territory. At its low point, the S&P 500 Index was roughly 14% off its high, still in correction territory. Consumer staples stocks underperformed as companies such as Coca-Cola or PepsiCo announced that they were suspending business in Russia. Meanwhile, commodity prices surged as oil prices reached \$139 per barrel —a 14-year high— on Monday amid reports that the US was weighing a possible embargo of Russian crude. Oil prices fell back some at midweek on Supply response hopes. Nickel surged more than 80% during a single day before trading was halted on the LME, as the unprecedented rise threatened the ability of the world's largest producer, China's Tsingshan Holding Group, to meet margin calls on its short positions. On the Macro front, US CPI surged 7.9% y/y, the most since January 1982. In Europe, stocks rebounded on hopes that a diplomatic solution to the Russia-Ukraine conflict might emerge. Core eurozone bond yields climbed after inflation expectations strengthened and the ECB surprised markets with the announcement that it could wind up its bond-buying program sooner than expected. Chinese equity markets – and dual-listed stocks in particular – tumbled.

### #global #financial-conditions

Global financial conditions are at their tightest since early 2016, driven by soaring energy prices, sliding stocks and market turmoil stemming from Russia's invasion of Ukraine. Financial conditions reflect the availability of funding in an economy and are perceived as strongly correlated with future growth. Goldman Sachs, which uses metrics such as exchange rates, equity swings and borrowing costs to compile the most widely used financial conditions indexes, has in the past shown a 100-basis-point tightening in conditions crimps global growth by 1%.

Exhibit 1: Global FCI now tighter than its long-run average of 100



Source: Goldman Sachs Global Investment Research

Source: Goldman Sachs

#markets

### #global #assets

From the record highs in November, global bond and stock markets are down \$18 trillion!



Source: Bloomberg

#markets

### #us #equities

S&P 500 lost 2.9% for worst week since Jan21 as Russia seems escalating its assault on Ukraine, bombing cities in the western party of the country, inviting “volunteers” to join the fight from the Middle East, & (potentially) bringing Belarus into the war.



Source: Bloomberg, HolgerZ

#markets

### #us #equities #technicals

SPX futures reversed right on the negative trend line that has been in place since all time highs. Another reversal reinforces the strength of this resistance. First bigger support is at 4200, and then (if) the 4120 level. Note the 50 day about to cross the 200-day moving average...



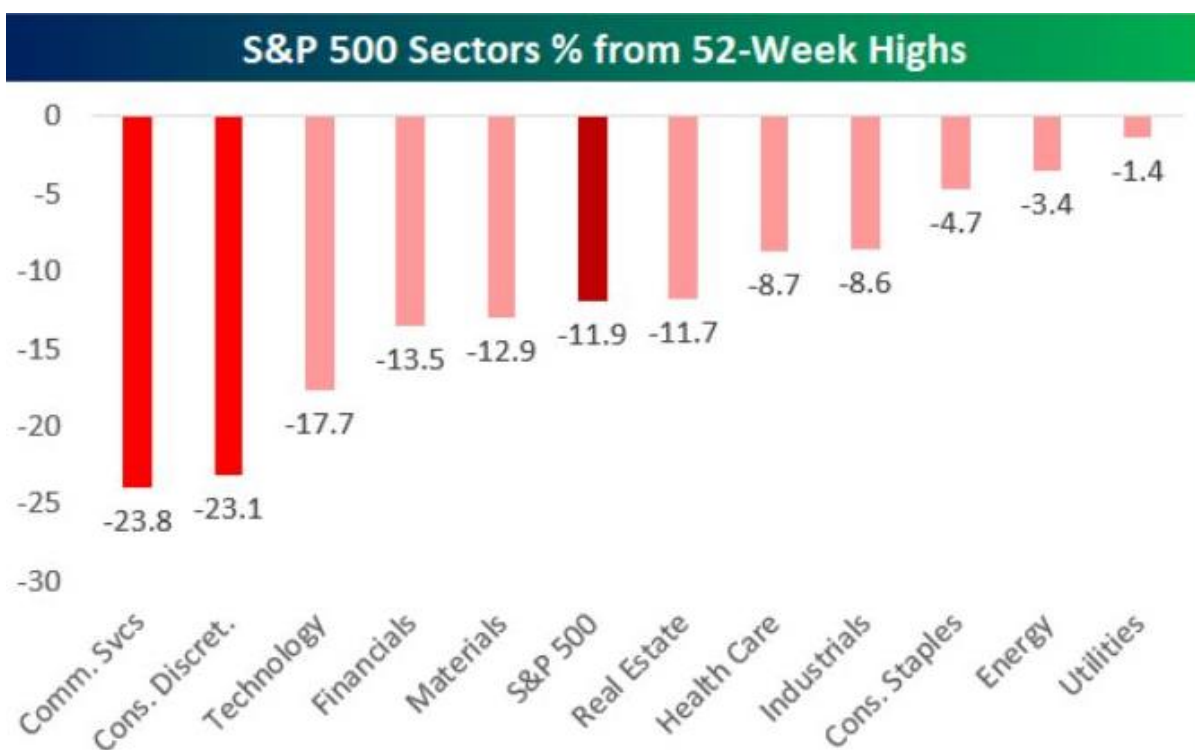
Source: Refinitiv

Source: TME

#markets

## #sp500 #sectors

Communication Services and Consumer Discretionary are the two (of eleven) S&P 500 sectors to enter bear markets. Tech is the next closest at -17.7%

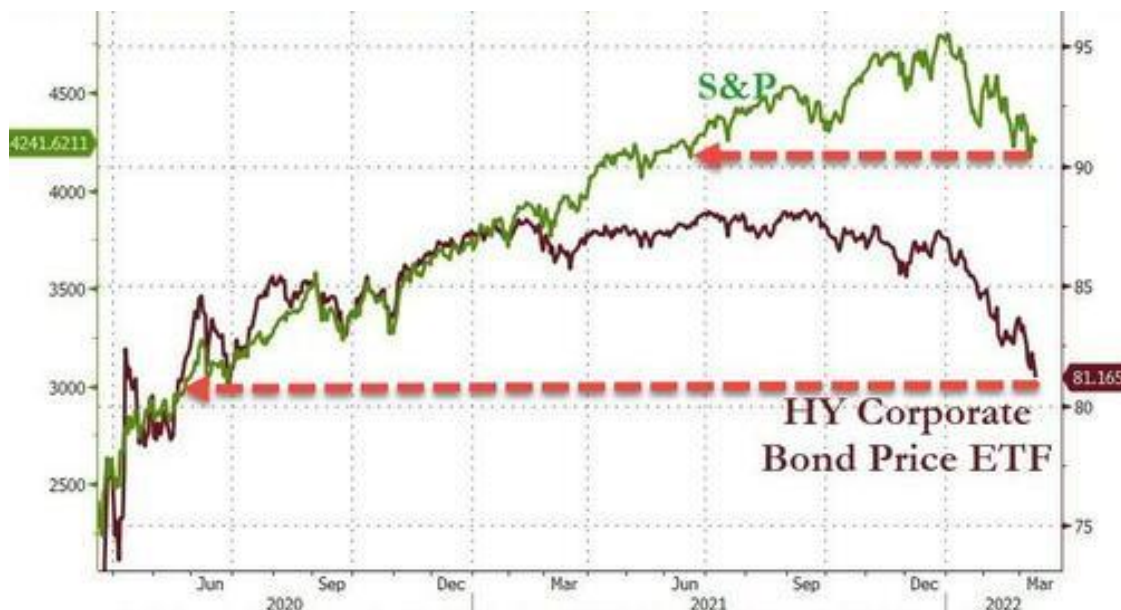


Source: bespoke

#markets

### #us #equities #credit

The US bond market is down 6.6% from its peak in August 2020. This is now the longest (581 days) and largest correction in bonds that we've seen in recent history (note: daily data goes back to 1996).



Source: Bloomberg



#markets

### #us #equities #bear-markets

S&P 500 suffered 3x 20%+ declines since '07-'09.

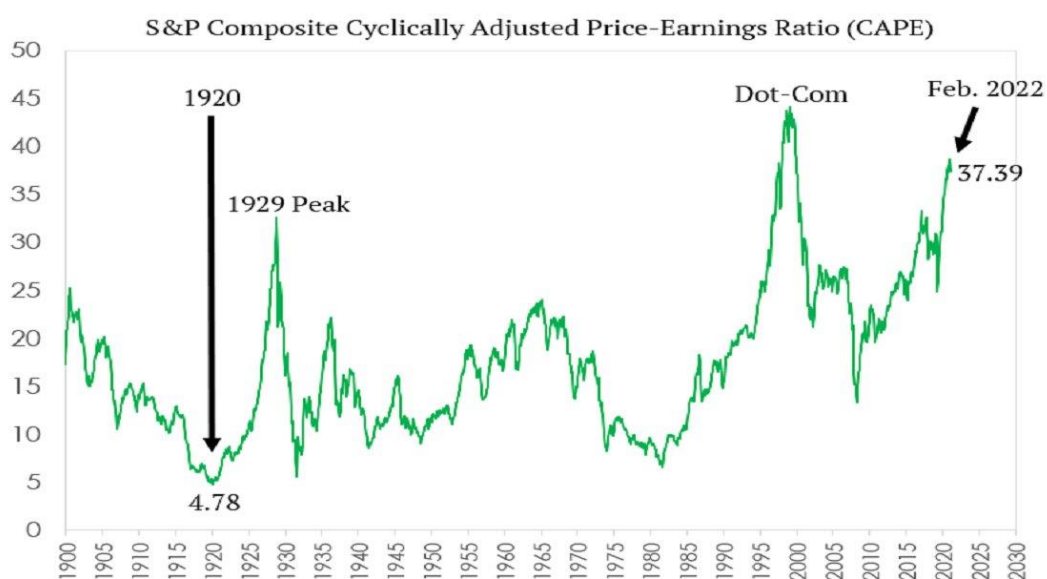


Source: hedgopia.com

#markets

### #us #equities #valuations

Shiller P/E Ratio is at Sky high level.



Source: Robert Shiller, Stock Market Data Used in "Irrational Exuberance" Princeton University Press, 2000, 2005, 2015, updated. File #0369.

Source: Jeff Weniger

## #GLOBALMARKETS WEEKLY WRAP-UP

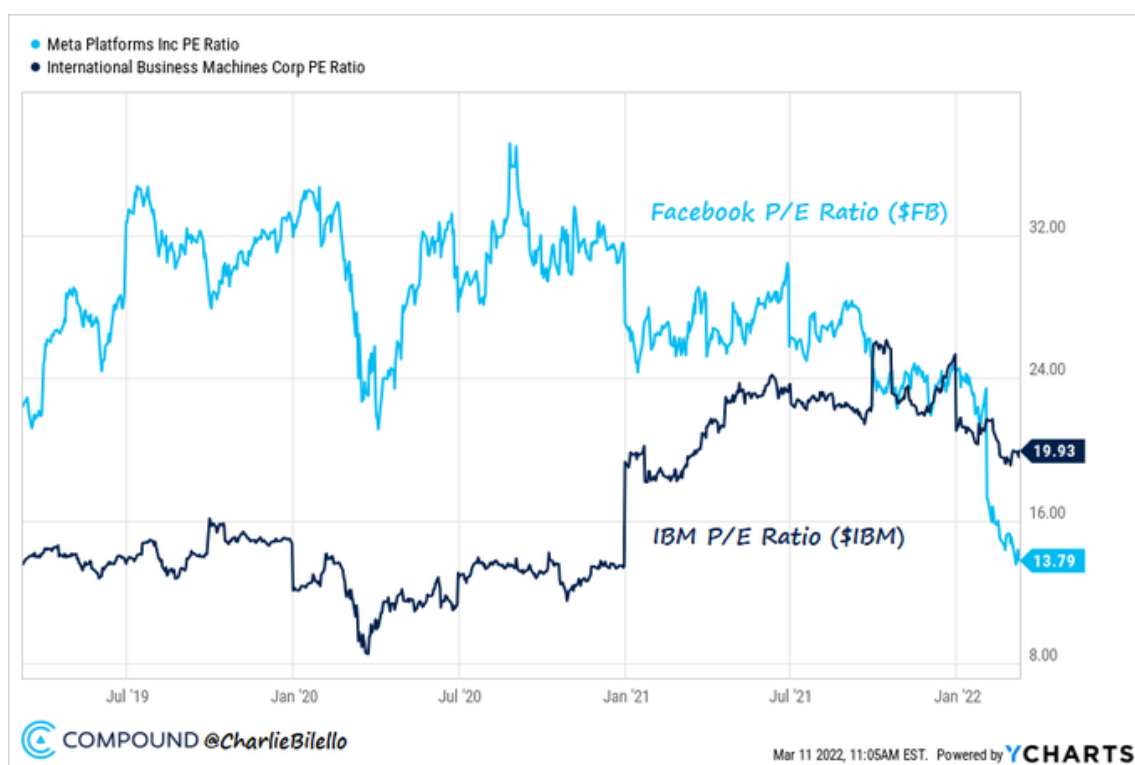
Hand-curated selection of the best charts & news flow

12 March 2022

#markets

### #facebook

Facebook now has a lower P/E ratio than IBM (13.8x vs. 19.9x).

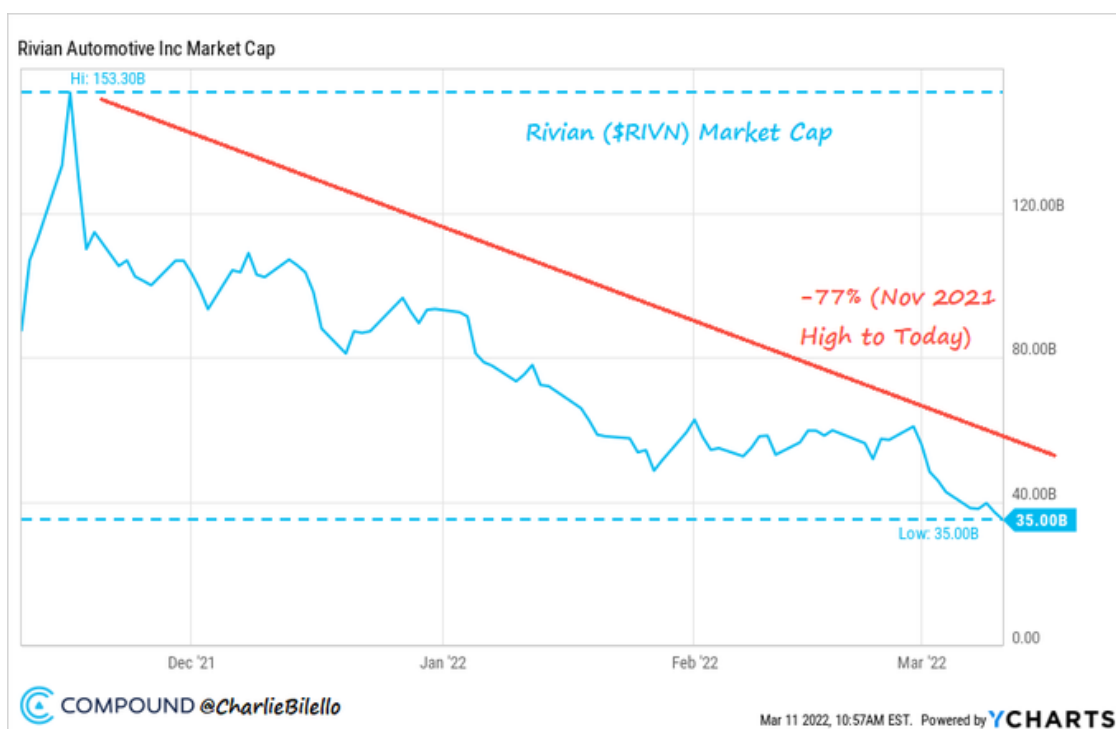


Source: Charlie Bilello

#markets

### #rivian

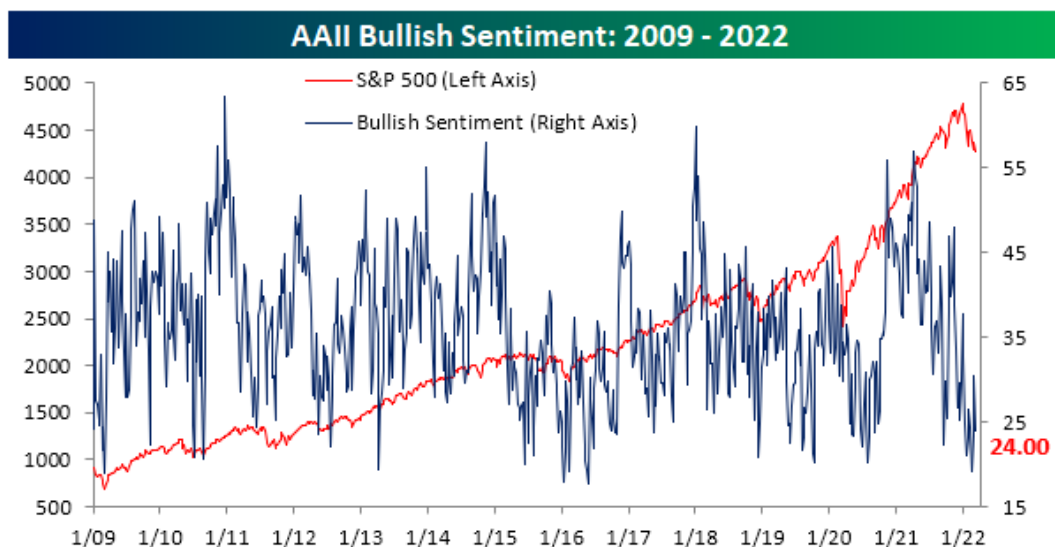
Rivian's market cap has moved down to \$35 billion, a 77% decline from its peak of \$153 billion in November of last year.



Source: Charlie Bilello

### #us #equities #sentiment

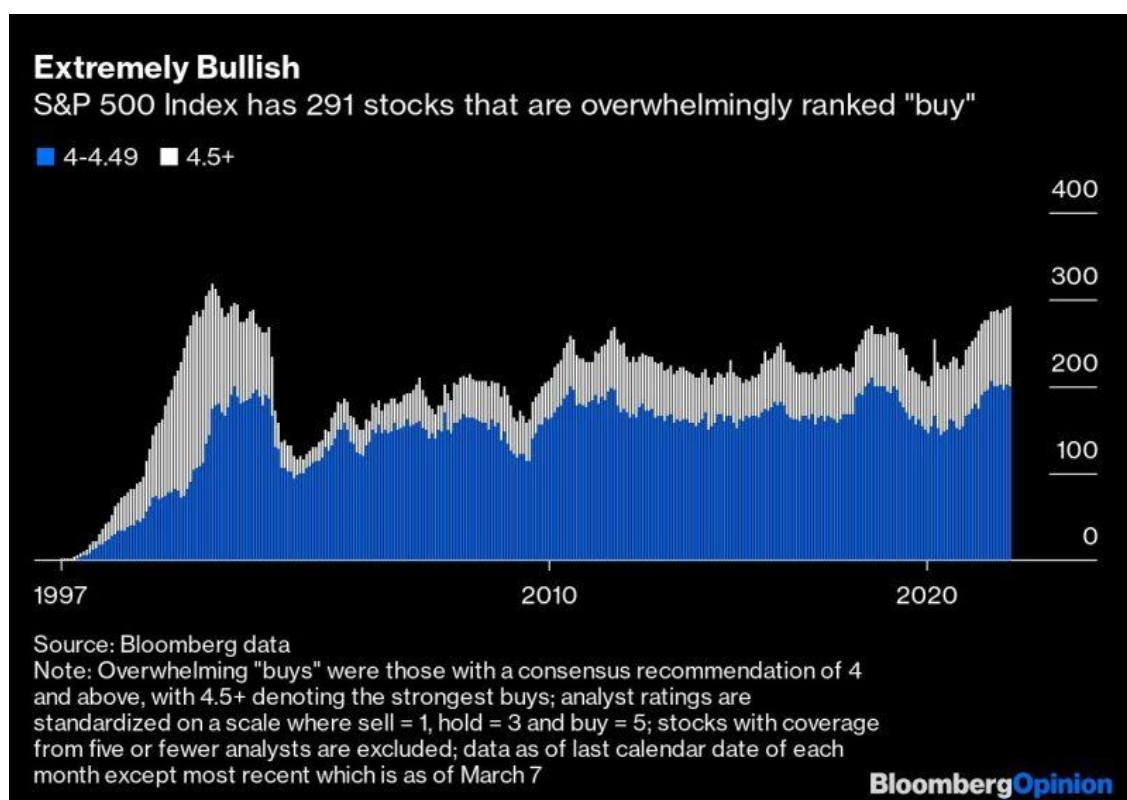
The weekly AAI survey of individual investors saw the percentage of respondents reporting as bullish fall back below 25% this week after rising above 30% last week.



Source: Bespoke

### #us #equities #sentiment

SELL-SIDE ANALYSTS ARE SUPER BULLISH AS THE % OF BUY RATING IS THE HIGHEST OVER THE LAST 20 YEARS... 291 stocks within S&P 500 have solid buy rating (recommendation of 4) from Wall Street analysts (most in 2 decades); of that group, 90 have 4.5 rating or above (near highest in 2 decades). Too much optimism from the sell-side is NOT a positive from a contrarian perspective.



Source: Bloomberg, Liz Ann Sonders

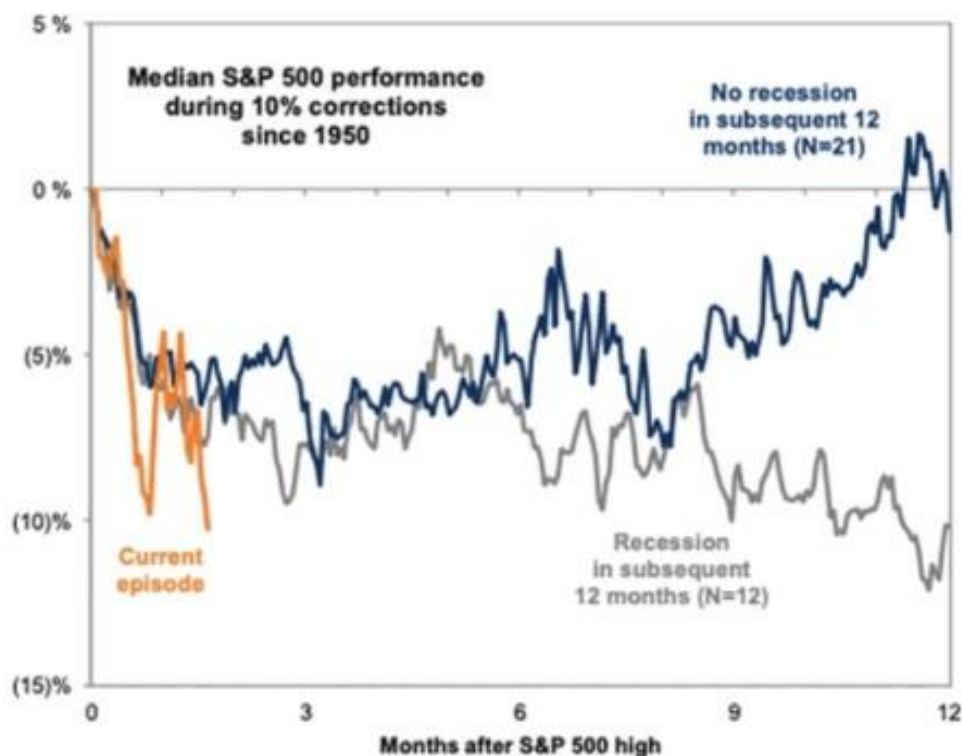
#markets

### #us #equities #recovery

According to this chart (based on history), even if we get a recession we are almost done here losing and the risk is to the upside.

#### Path of S&P 500 around 10% market corrections

Subsequent performance depends on whether US economy in recession or not



Global Investment Research

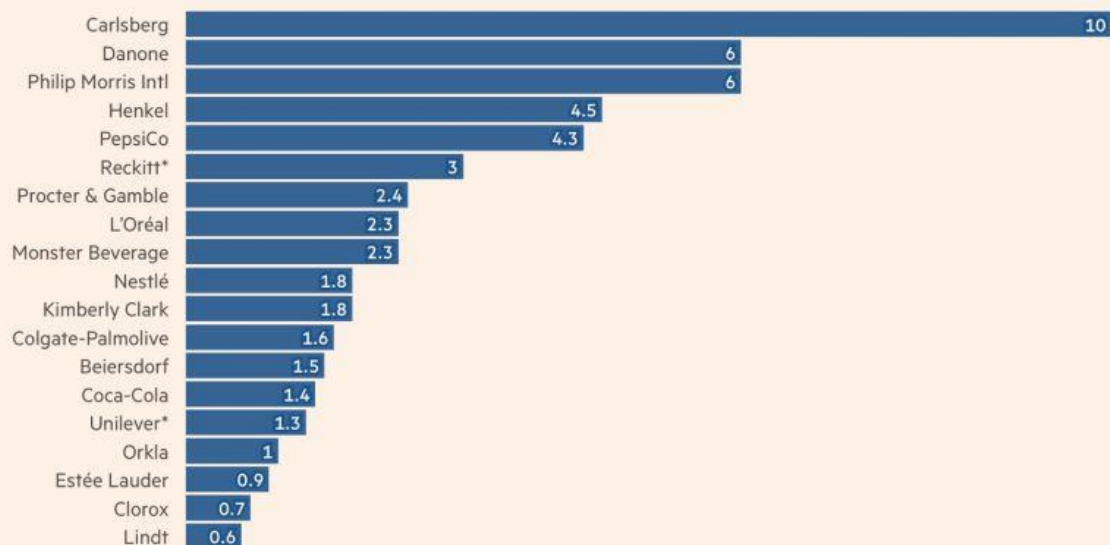
Source: Goldman

### #global #equities #russia

Most global consumer goods companies have only a small exposure to Russia

Most global consumer goods companies have only a small exposure to Russia

Estimated share of revenues from Russia (%)



FINANCIAL TIMES

Sources: Bernstein; companies • \*Includes Ukraine

Source: FT

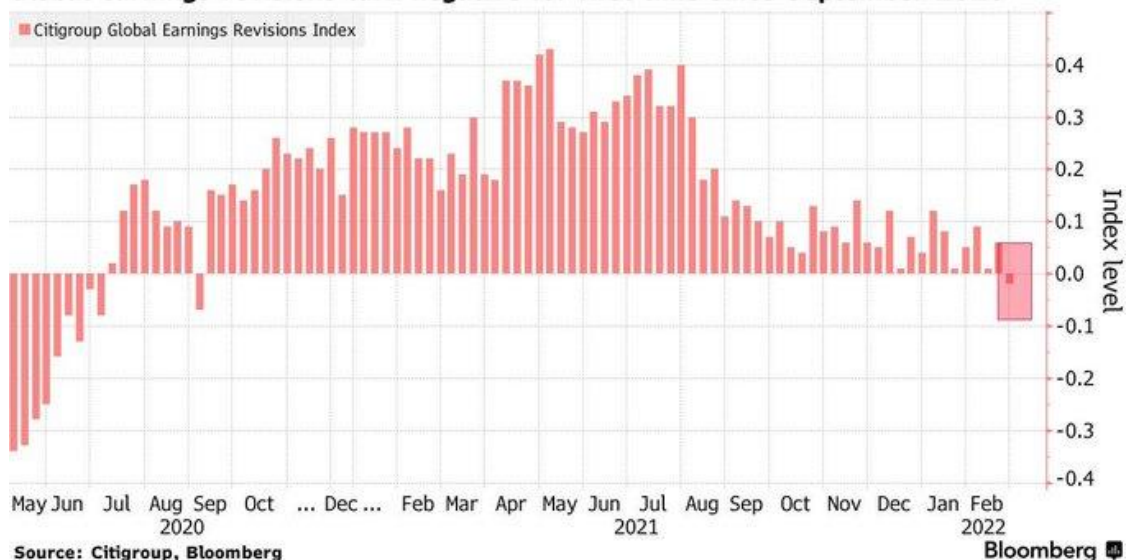


#markets

## #global #earnings #revisions

### Revised Down

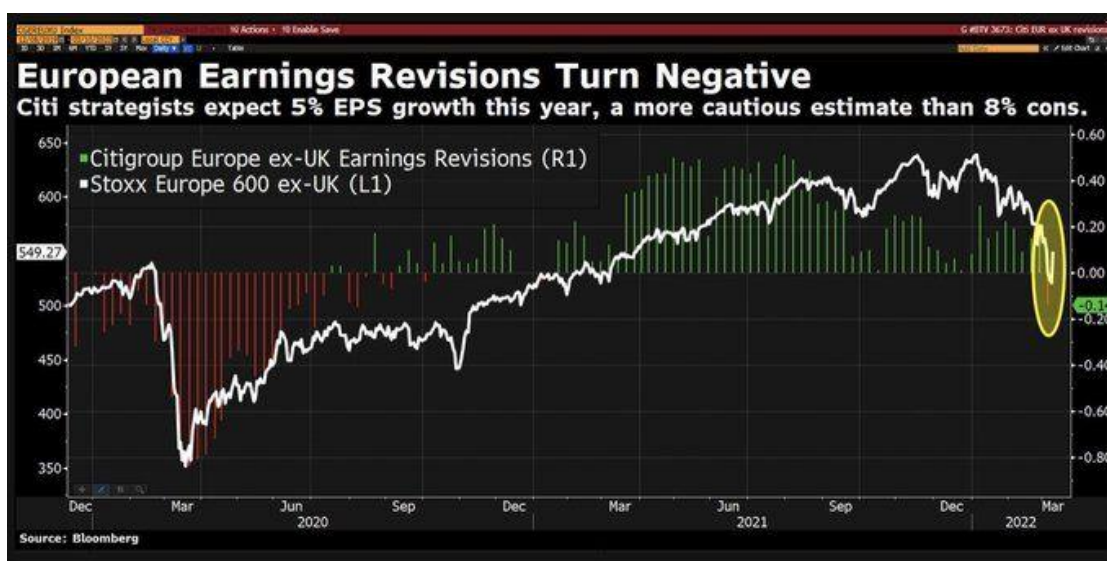
Global earnings revisions turn negative for first time since September 2020



Source: Bloomberg

### #european #equities #earnings #revisions

The impact of the war in Ukraine has started to weigh on European earnings, with a Citigroup index of profit forecast revisions for Europe ex-U.K. turning negative for the first time since January 2021. Citi expects 5% EPS growth this year vs 8% consensus.



Source: Bloomberg

#markets

### #german #equities

Germany is a loser in the new world order. The fall of Germany is visible on stock markets. German total market cap as % of global market cap has fallen to a low of <2% this week. Only 2 German companies – Linde & SAP – among global Top100 when measured by market cap.



Source: HolgerZ

### #china #equities

Hong Kong shares of Chinese companies trading in the US (i.e dual-listed ) including Nio, JD.com and Alibaba plunged >10% on Friday morning after fears of U.S.-delisting resurfaced. Pinduoduo was down -17.5%, Jinkosolar -17%, JD -16%, Alibaba -8%, Nio -7.4%. Nasdaq China Index drops to lowest level since 2016 - see chart below.



Source: Bloomberg

#markets

### #china #tech #equities

How much can the KWEB (Kraneshares China Internet ETF) crash? The QQQ vs KWEB gap remains huge.

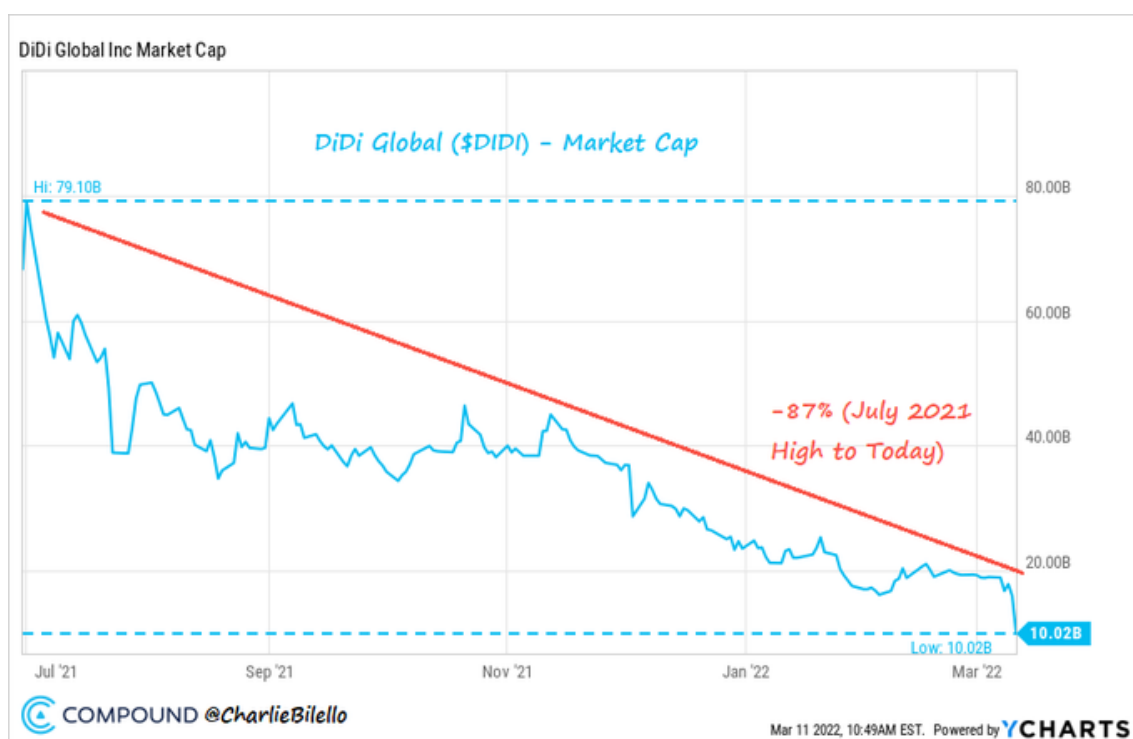


Source: TME, Refinitiv

#markets

### #china #equities

The market cap of DiDi (China's version of Uber) hit \$10 billion today, an 87% decline from its peak of \$79 billion last year. DiDi is trading at 0.2x Sales vs. 3.4x Sales for Uber and 3.9x Sales for Lyft.

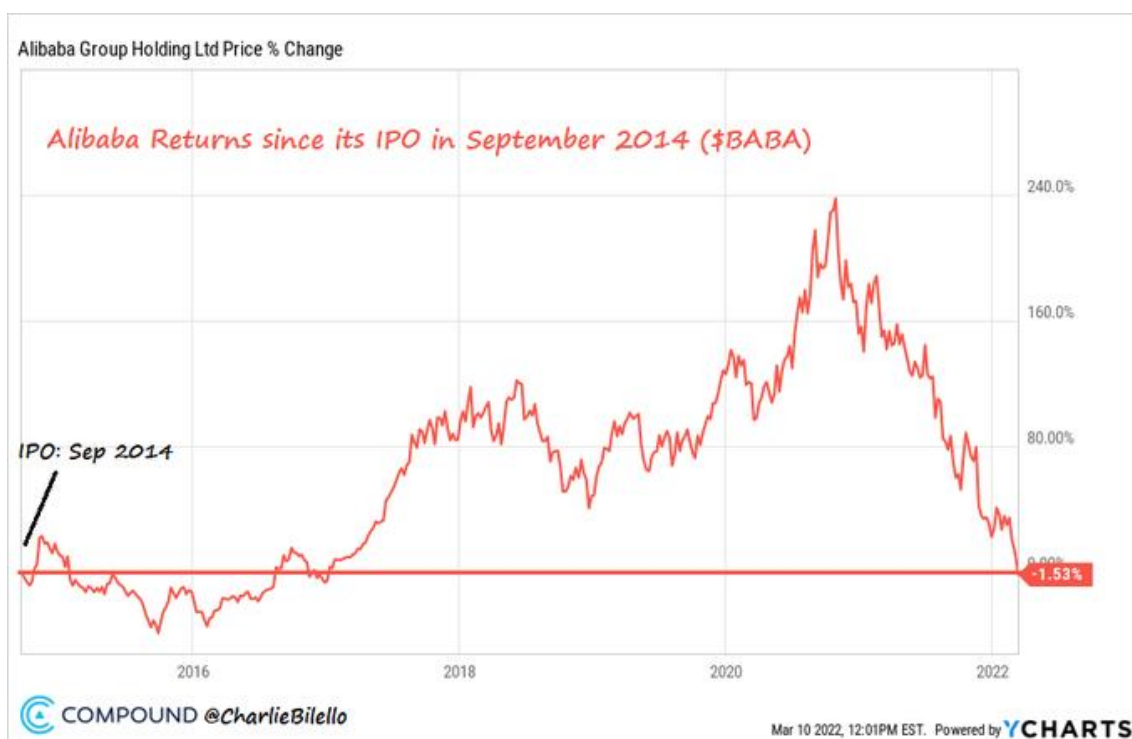


Source: Charlie Bilello

#markets

### #alibaba

Alibaba's stock is down over 70% from its high and now below its 1st day close from its IPO in September 2014. Alibaba's revenues have increased 1400% (\$8.6 billion to \$129 billion) since its IPO. But the lofty expectations back then & ensuing multiple contraction (from 24x sales to 1.9x) were enough to counteract this unbelievable growth.



Source: Charlie Biello

### #saudiaramco

Investors in the Saudi Aramco IPO in December 2019 have outperformed the S&P 500 index - a period that included negative oil prices and trillions of dollars in US quantitative easing.




Source: Tarek Fadlallah, Bloomberg



### #us #fixed-income

The US bond market is down 6.6% from its peak in August 2020. This is now the longest (581 days) and largest correction in bonds that we've seen in recent history (note: daily data goes back to 1996).

Bloomberg Barclays US Aggregate: Corrections >3% (1996 - 2022)					
Start Date	End Date	# Days	Agg High	Agg Low	% Decline
8/6/2020	3/10/2022	581	2401	2244	-6.6%
3/9/2020	3/19/2020	10	2360	2211	-6.3%
9/7/2017	5/17/2018	252	2054	1986	-3.3%
7/8/2016	12/16/2016	161	2044	1955	-4.4%
5/2/2013	9/5/2013	126	1864	1773	-4.9%
11/4/2010	12/15/2010	41	1677	1622	-3.3%
9/9/2008	10/31/2008	52	1430	1358	-5.1%
3/17/2004	5/13/2004	57	1195	1140	-4.6%
6/13/2003	8/14/2003	62	1171	1116	-4.6%
11/7/2001	12/17/2001	40	1035	998	-3.6%
10/5/1998	8/10/1999	309	847	816	-3.7%
<div> COMPOUND</div> <div>@CharlieBilello</div> <div>Data via YCharts</div>					

Source: Charlie Bilello

#markets

### #us #fixed-income

While at the recession topic. The US 2/10 year yield curve spread continues the one way move...



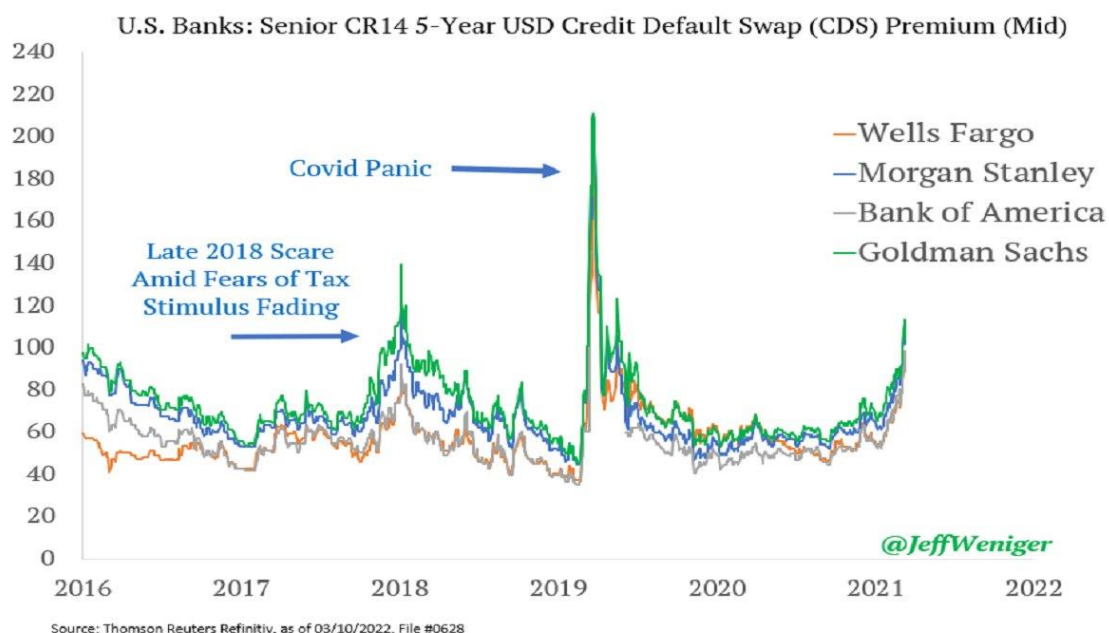
Source: Refinitiv

Source: TME, Refinitiv

#markets

### #us #fixed-income

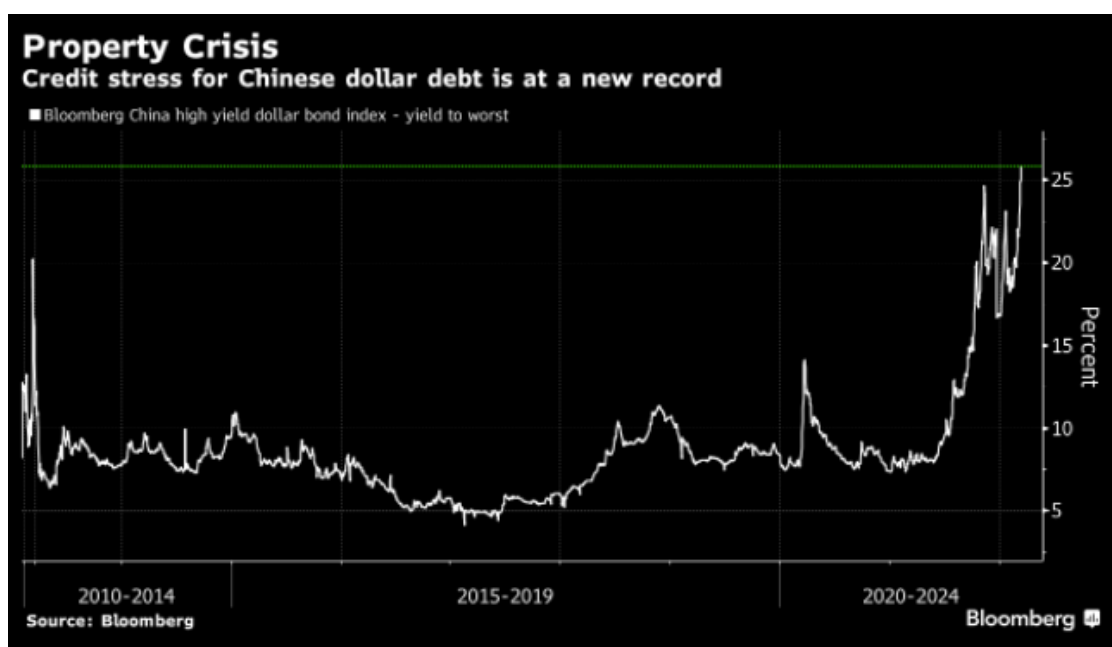
Stress in bank is credit rising.



Source: Jeff Weniger

### #chinese #junk #bonds

The yield on Chinese junk dollar bonds just climbed to an all-time high of 25.8%, according to a Bloomberg index, reflecting deepening pessimism that firms will be able to repay their debts.



Source: Bloomberg

### #russia #bonds

Pimco stands to lose billions if Russia defaults on its debt. Fund manager exposed to derivatives bet of at least \$1.1bn and holds \$1.5bn of sovereign bonds. At least 5 Pimco funds sold CDS to investors, acc to FT analysis.

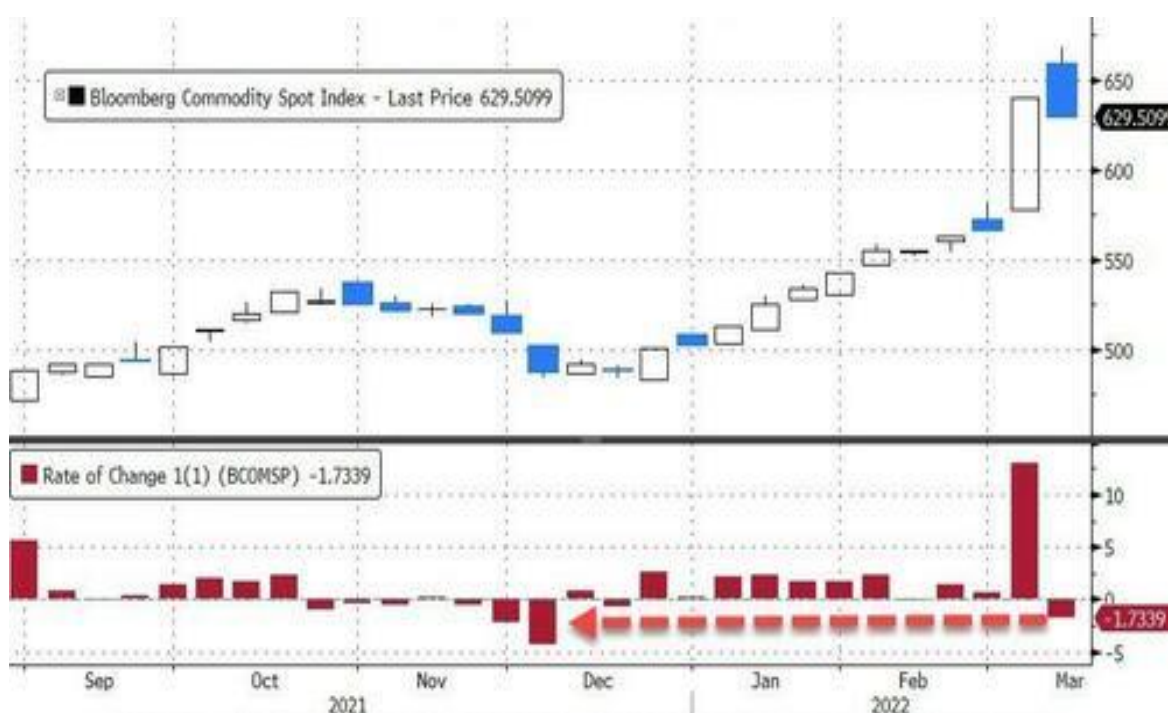


Source: HolgerZ, Bloomberg

#markets

### #commodities

Commodities suffered their first weekly loss in 3 months...



Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg

### #commodities #correlation

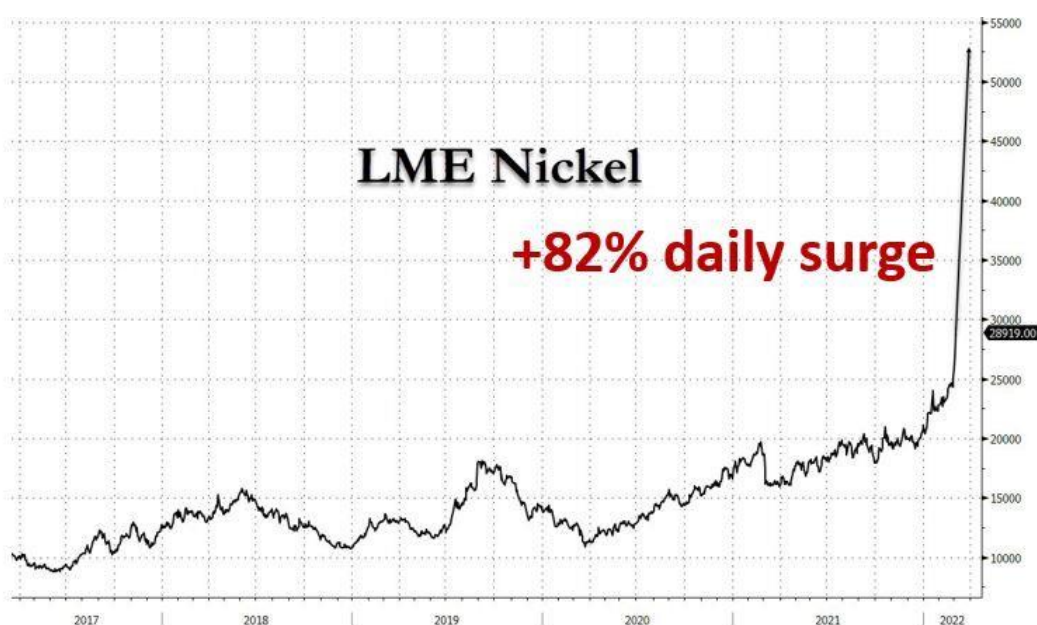
Rolling 120d CORRELATION between U.S. dollar and commodity Spot is POSITIVE... a rare occurrence that last happened right before pandemic, late-2015, 2002-2003, and mid-2000.



Source: Bloomberg

### #nickel

NICKEL PRICES SOARED AS MUCH AS 82% ON TUESDAY to \$52,700 a metric ton, the highest in the 35-year history of the contract trading on the London Metal Exchange, as fears over Russian supplies triggered a historic short squeeze according to Bloomberg.



Source: Bloomberg





#oil

"One Of The World's Largest Energy Supply Shocks Ever" : Goldman Raises Oil Price Target To \$135

Exhibit 22: Our oil forecasts remain above market fowards \$/bbl

	Brent spot			WTI spot			Brent-WTI		
	New	Prior	Fwd	New	Prior	Fwd	New	Prior	Fwd
2Q22	135	100	114	127	97	108	8.0	3.0	6.3
3Q22	135	100	106	127	97	99	8.0	3.0	6.9
4Q22	135	100	101	127	97	94	8.0	3.0	6.3
1Q23	115	105	97	110	101	92	5.0	4.0	5.8
2Q23	115	105	95	110	101	89	5.0	4.0	5.8
3Q23	115	105	93	110	101	87	5.0	4.0	5.8
4Q23	115	105	91	110	101	85	5.0	4.0	5.7
2Q-4Q22	135	100	107	127	97	100	8.0	3.0	6.5
2023	115	105	94	110	101	88	5.0	4.0	5.8
3m	135	94.1	118	127	85	112	8.0	9.1	6.0
6m	135	80	108	127	77	101	8.0	3.0	6.9
12m	115	80	96	110	77	90	5.0	3.0	5.9

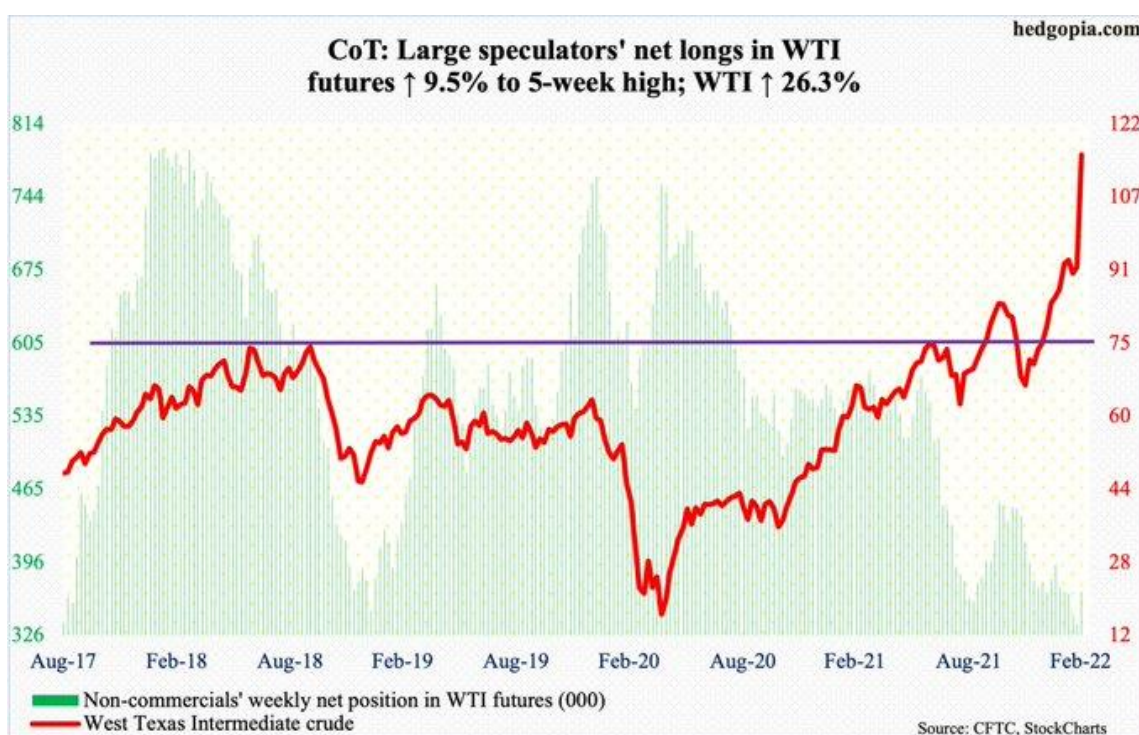
Source: CME, ICE, Goldman Sachs Global Investment Research

Source: Goldman Sachs

#markets

### #oil

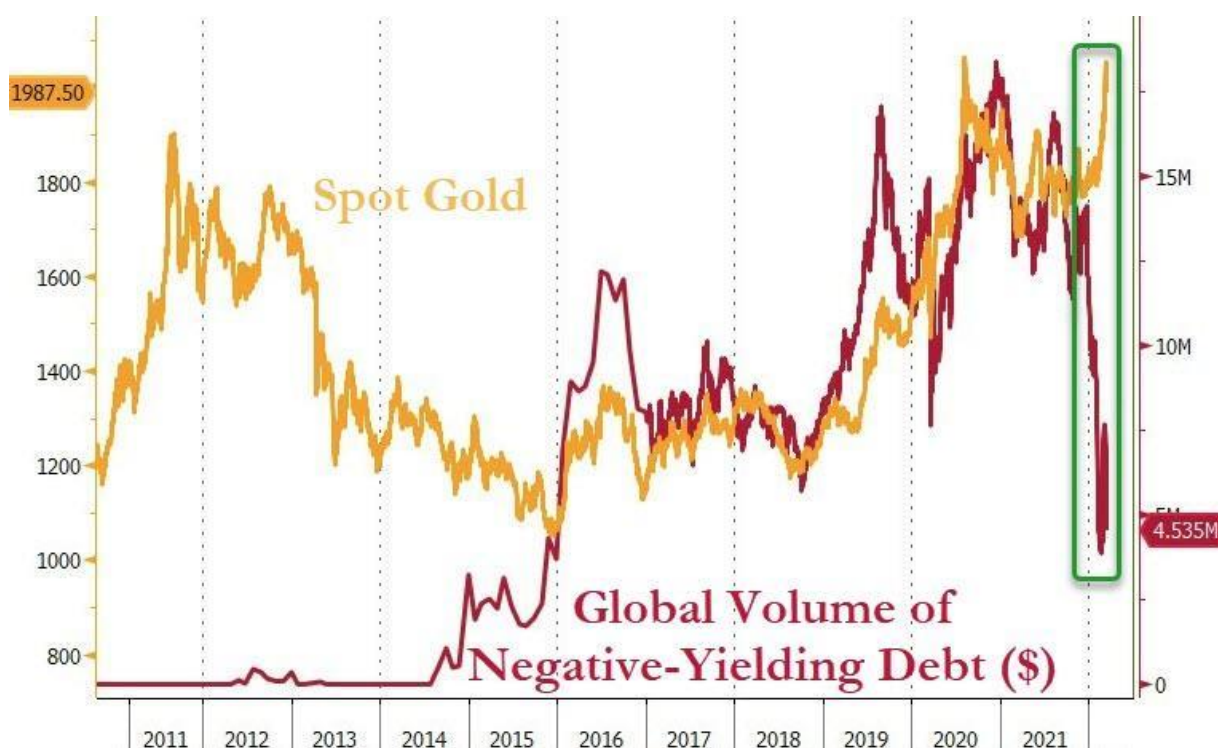
How hedge funds are positioned in futures.



#markets

### #gold


It seems investors have rediscovered the real safe-haven once again (as global negative-yielding debt has dropped to just \$4 trillion)...



Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg

#macro

### #inflation #global

Global Inflation Rates	
Country	CPI Inflation (YoY %)
JAPAN	0.5%
CHINA	0.9%
SAUDI ARABIA	1.2%
HONG KONG	1.2%
INDONESIA	2.1%
SWITZERLAND	2.2%
TAIWAN	2.4%
PHILIPPINES	3.0%
AUSTRALIA	3.5%
FRANCE	3.6%
SOUTH KOREA	3.7%
SWEDEN	3.7%
SINGAPORE	4.0%
PORTUGAL	4.2%
FINLAND	4.4%
GERMANY	5.1%
CANADA	5.1%
THAILAND	5.3%
UK	5.5%
IRELAND	5.6%
ITALY	5.7%
SOUTH AFRICA	5.7%
NEW ZEALAND	5.9%
INDIA	6.0%
MEXICO	7.3%
SPAIN	7.4%
US	7.9%
RUSSIA	9.2%
POLAND	9.2%
BRAZIL	10.4%
ARGENTINA	50.7%
TURKEY	54.4%
VENEZUELA	472%
 @CharlieBilello	

#macro

## #inflation #us

Hopefully commodities prices peaked this week...

**Quick Links:** [Commodities](#) [Stocks](#) [Rates & Bonds](#) [Currencies](#) [Futures](#) [Economics](#) [Fixed Income](#) [ETFs](#) [Sector](#)

**II** 20 -1.51% **DAX INDEX** 13393.25 ▼ -454.680 -3.28% **NIKKEI 225** 25690.40 ▲ +972.870 +3.94% **SHANGHAI SE COMPOSITE** 3296.09 ▲

**BREAKING** | **U.S. Inflation Hits Fresh 40-Year High of 7.9% Before Oil Spike** [Read More](#)

# U.S. Inflation Hits Fresh 40-Year High of 7.9% Before Oil Spike

updated 2 minutes ago

U.S. Futures, Bonds Fall  
Amid ECB's Hawkish  
Tilt: Markets Wrap

updated 43 minutes ago

World Economy Can  
Avoid 1970s Rerun, But  
Not Without Some Hurt

Powell's Fed Is Set to  
Attempt a Rare Soft  
Landing—in the Fog of  
War, No Less

Source: xxx



#macro

## #inflation #us

Not just a Russia-Ukraine war story...

BONDS

### 10-year Treasury yield hits 2% after data shows inflation rises 7.9%

PUBLISHED THU, MAR 10 2022 4:24 AM EST | UPDATED 9 MIN AGO

US M2 Money Supply: 2-Year % Change  
(Jan 1961 - Jan 2022)



AP AP News

#### Yellen plays down inflation fears, pushes for relief bill

WASHINGTON (AP) — Treasury Secretary Janet Yellen says fears that the administration's \$1.9 trillion relief bill could trigger a rapid rise in inflation are...

Mar 8, 2021



MarketWatch

#### Powell says he doesn't expect a 'large or sustained' inflation outbreak

For three decades, inflation has been much lower and more stable than in earlier times, Fed chairman says. Federal Reserve Chairman Jerome Powell listens...

Feb 10, 2021

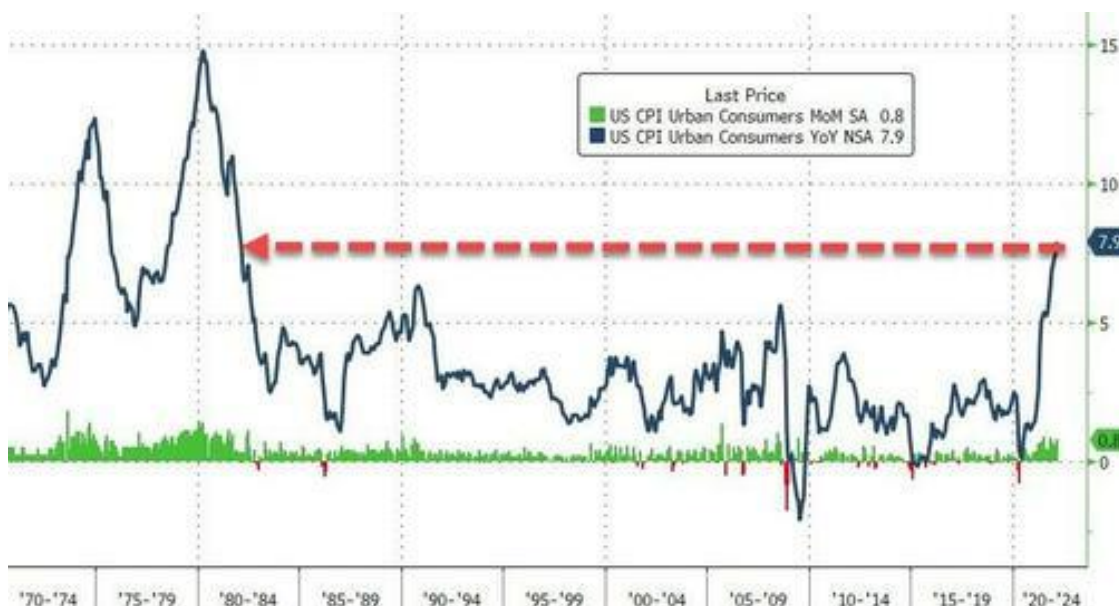


Source: Charlie Bilello

#macro

### #inflation #us

With the Biden administration already setting the narrative yesterday that today's inflation print could be 'high', and expectations for a headline print of +7.9% YoY (from +7.5% YoY in January), the bar was high for any surprises and the headline print came in right in the dot at +7.9% YoY - the highest since Jan 1982...

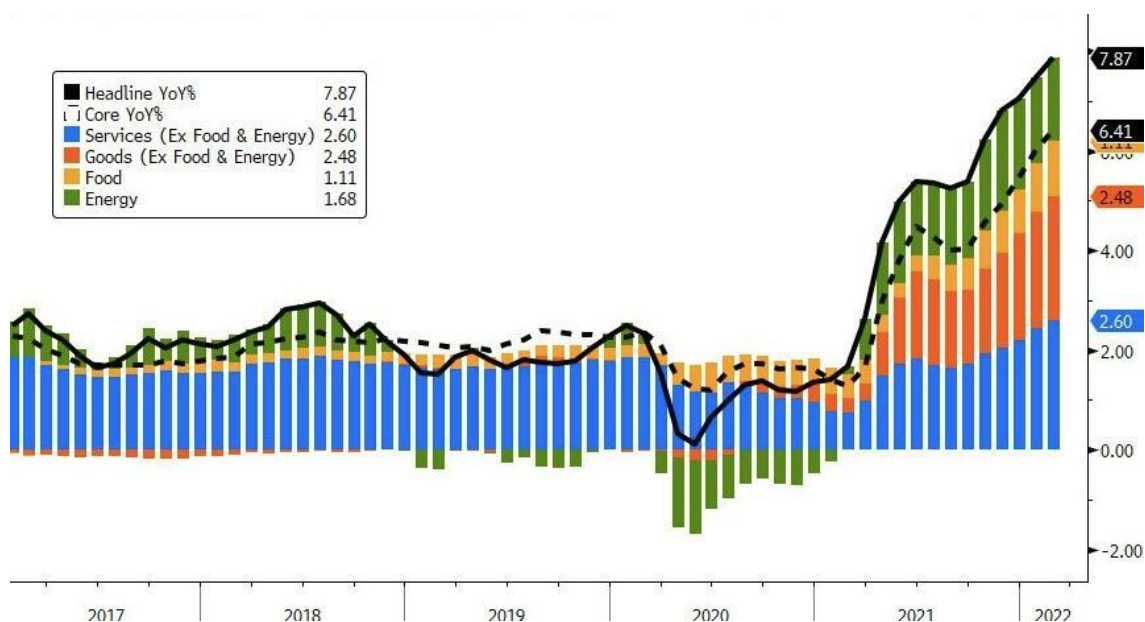


Source: [www.zerohedge.com](http://www.zerohedge.com)

#macro

### #inflation #us

That is the 21st straight month of MoM (non-transitory) increases in consumer prices, with Energy (and Services) dominating the recent surge....



Source: [www.zerohedge.com](http://www.zerohedge.com)

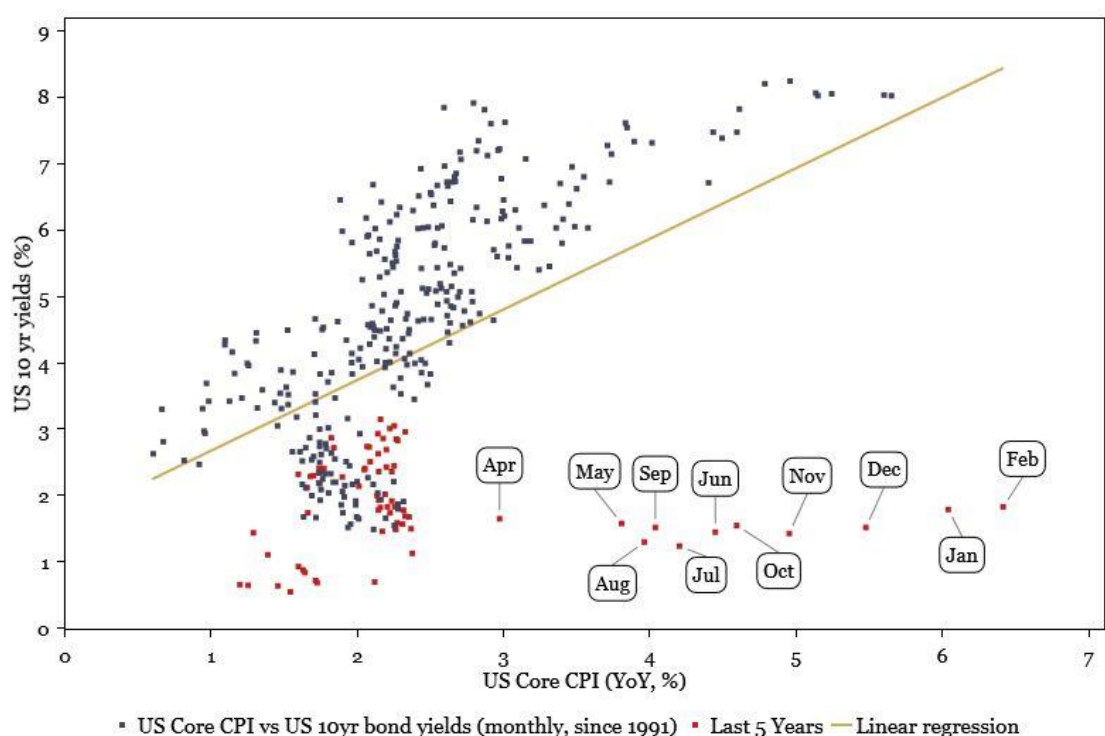


#macro

### #inflation #us

US inflation surges to 7.9% in February, hitting a 40-year high. This is BEFORE the impacts of Russia and Ukraine and the surging commodity prices. This is also the last inflation print before the big Fed meeting on Wednesday 16th March. If you want to see how abnormally high recent inflation figures have been vs yields since 1991 check at the graphic below.

US Core CPI (%) vs. US10yr bond yields (%)



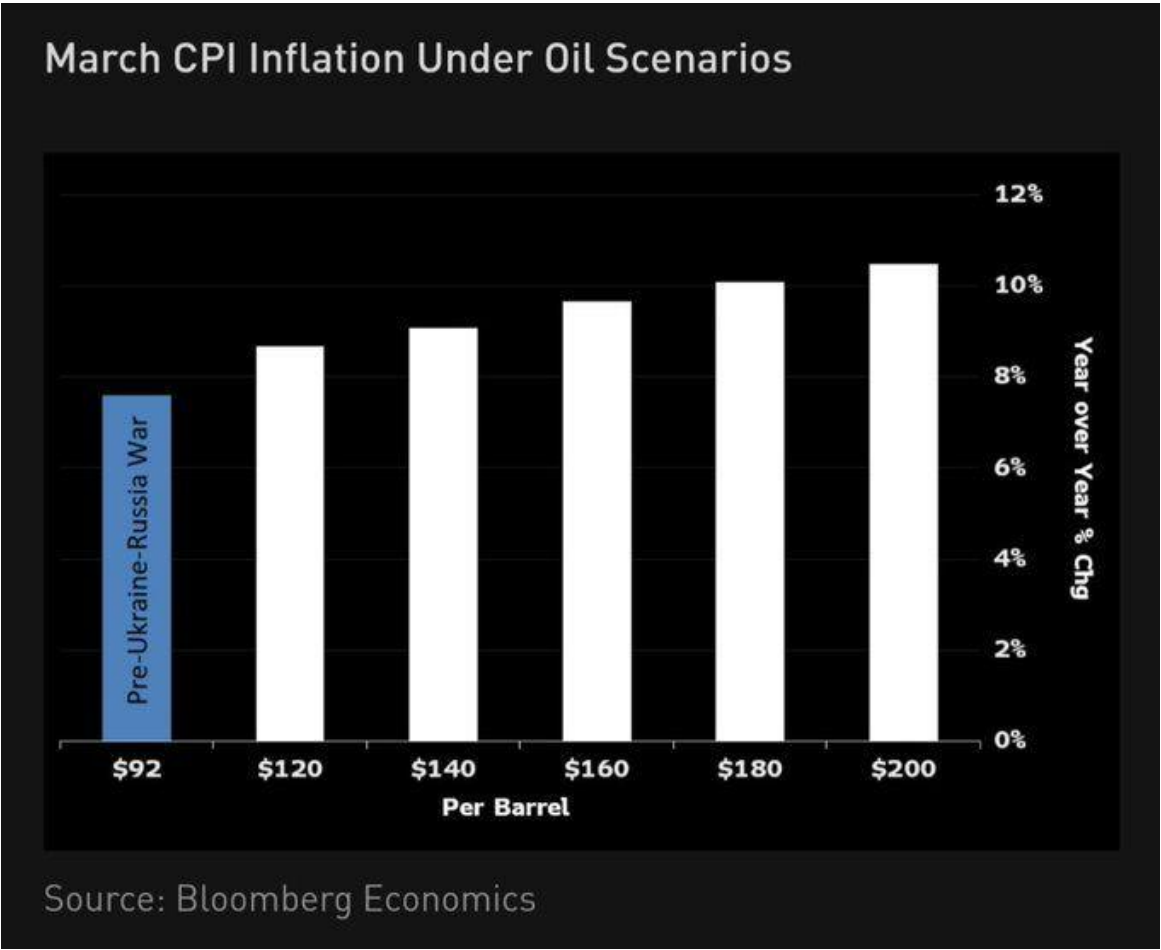
Source: Longview Economics, Macrobond

Source: Longview Economics

#macro

#inflation #us

US CPI and oil prices. Let's do the maths.

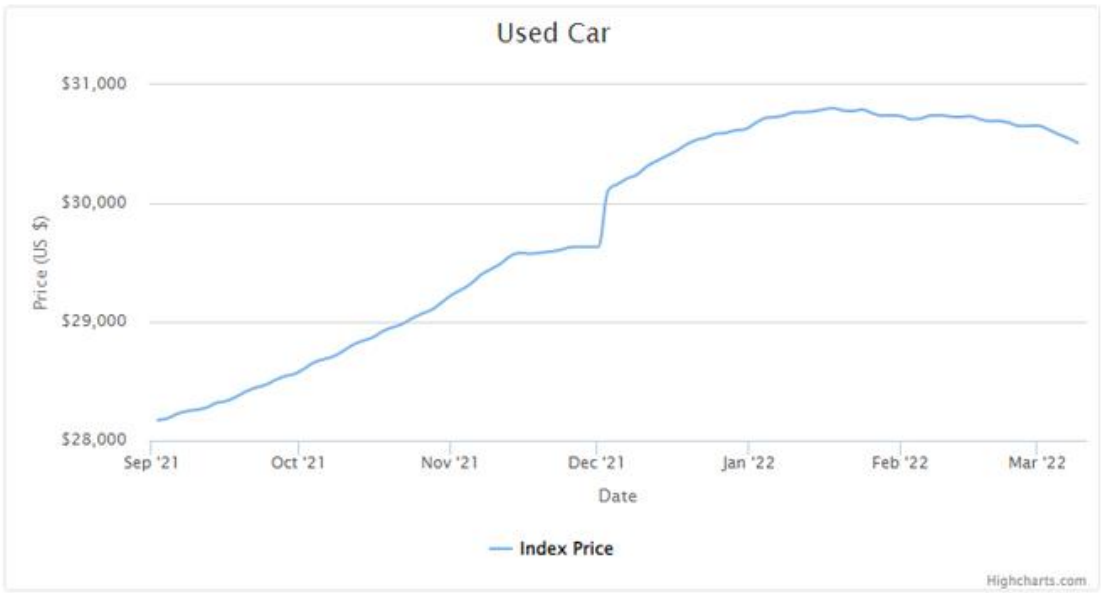


Source: Bloomberg

#macro

#inflation #us

Used car prices peaked in January, showing some signs of rolling over...



	Make	Avg Price	Last 30 Days	Last 90 Days	YoY
<input checked="" type="checkbox"/>	CarGurus Index	\$30,510	-0.75%	+0.88%	+33.88%

Source: CarGurus Index

#macro

### #us #real-wages

Real wages (average hourly earnings) dropped on a YoY basis for the 11th straight month....

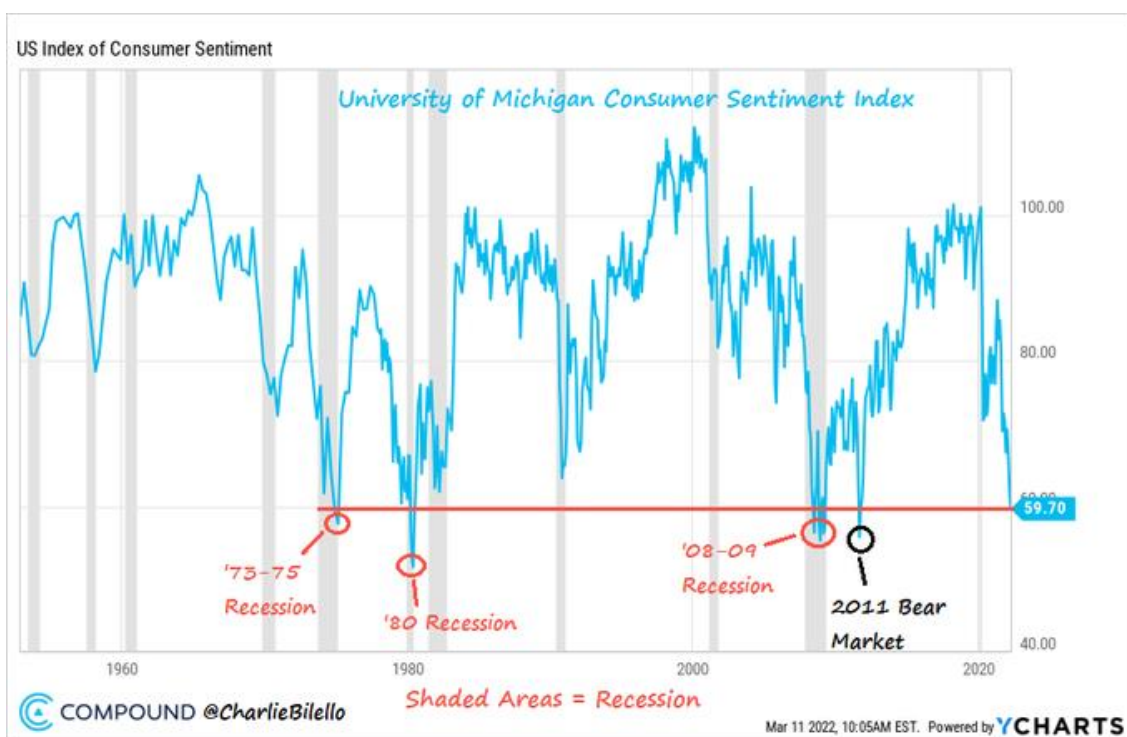


Source: [www.zerohedge.com](http://www.zerohedge.com)

#macro

### #us #consumer-sentiment

In the last 70 years, the only time US Consumer Sentiment was this low without the US being in a recession was a brief period during the 2011 bear market (Aug-Sep '11).



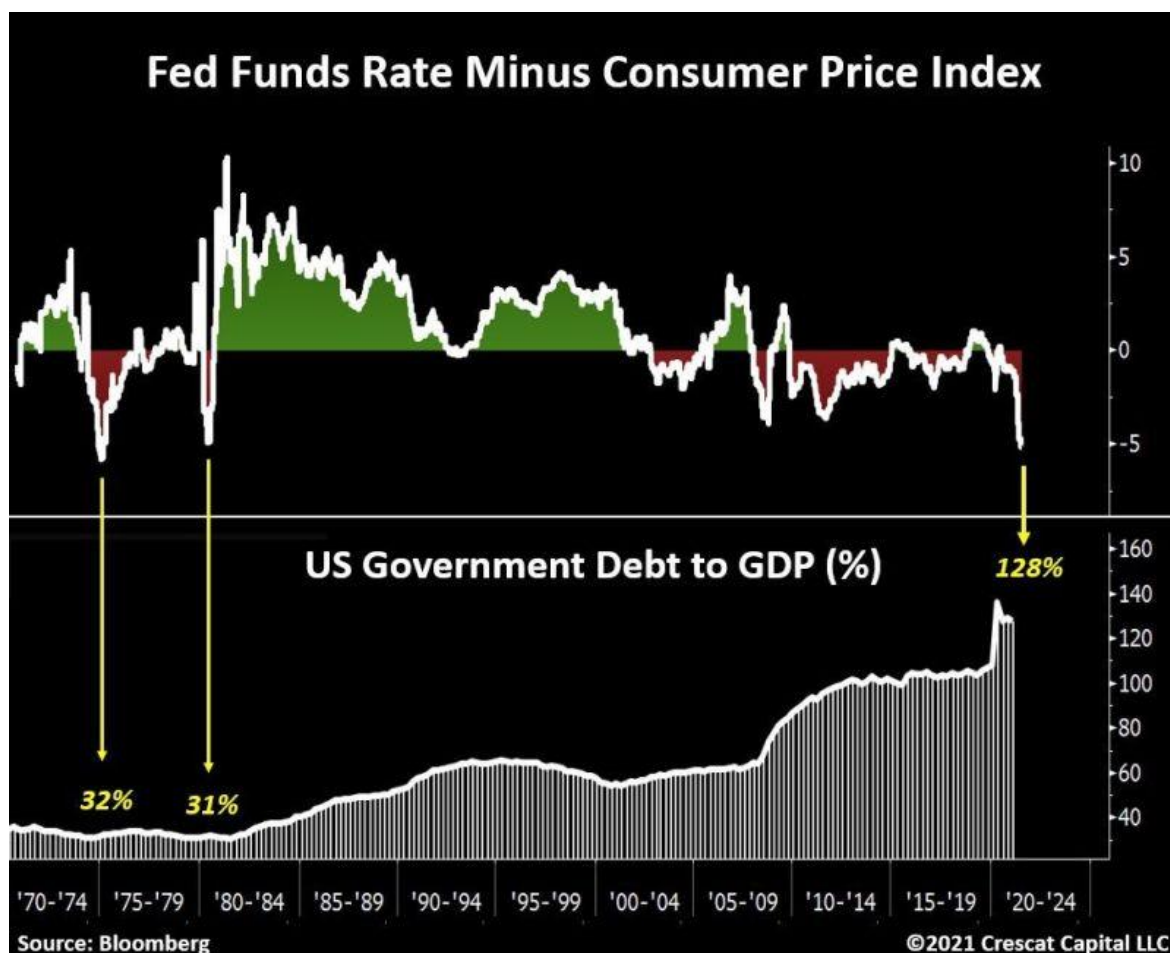
Source: Charlie Bilello

#macro

### #us #extremes

For the 1<sup>st</sup> time of history, the US is experiencing a confluence of 3 major extremes at all once:

- 1) The debt problem of the 1940s (128% Debt to GDP)
- 2) Rising inflation (70s)
- 3) The excessive asset valuations of the late 90s



Source: Crescat Capital

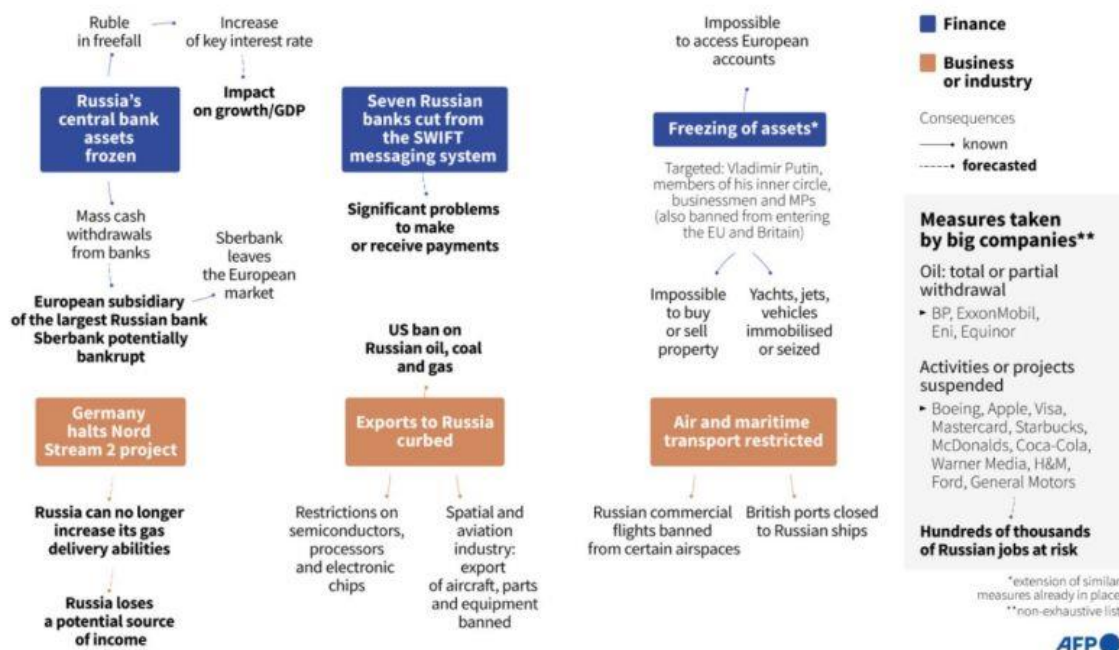
#macro

## #russia #sanctions

### Economic sanctions against Russia - SUMMARY

#### Main economic sanctions against Russia

Western powers have hit Russia with increasingly severe sanctions following its invasion of Ukraine, prompting agencies to slash Russia's credit rating



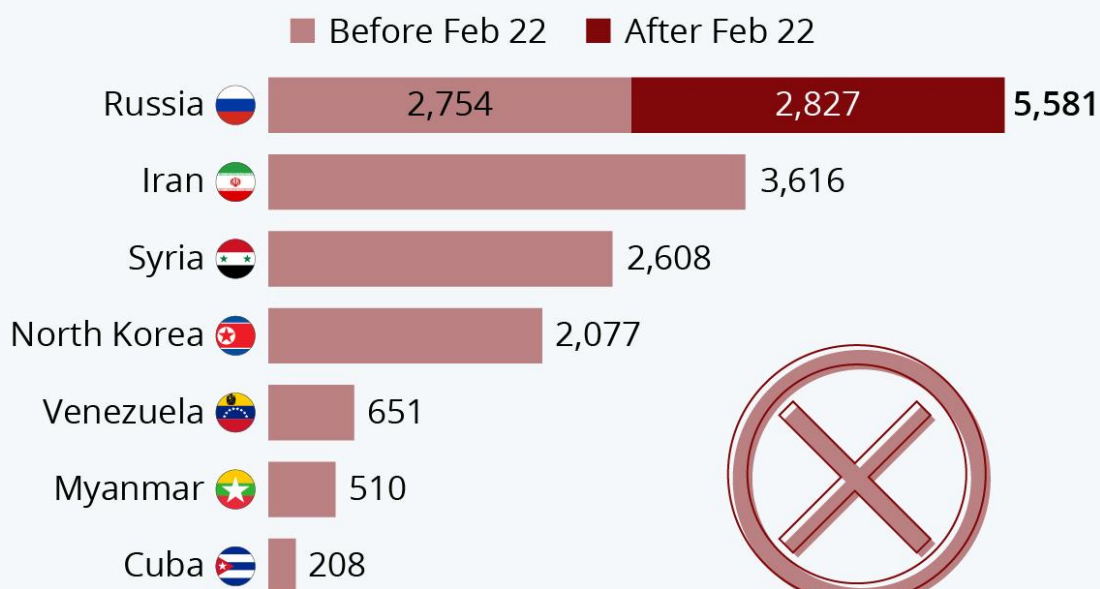
Source: AFP

#macro

#russia #sanctions

## The World's Most-Sanctioned Countries

Number of currently active sanctions by target country\*



As of March 9, 2022

\* Sanctions targeting individuals or entities excluding sectoral sanctions.

Source: Castellum.AI



statista

Source: Statista



#macro

### #russia #gdp

We forecast annual average growth in 2022 of -15% for Russia. This growth rate compares the average level of GDP in 2022 to that in 2021, so the implied GDP drop is far deeper at near 30% (dots). Russia's GDP goes back to early 2000 levels. Two decades of growth go up in smoke....



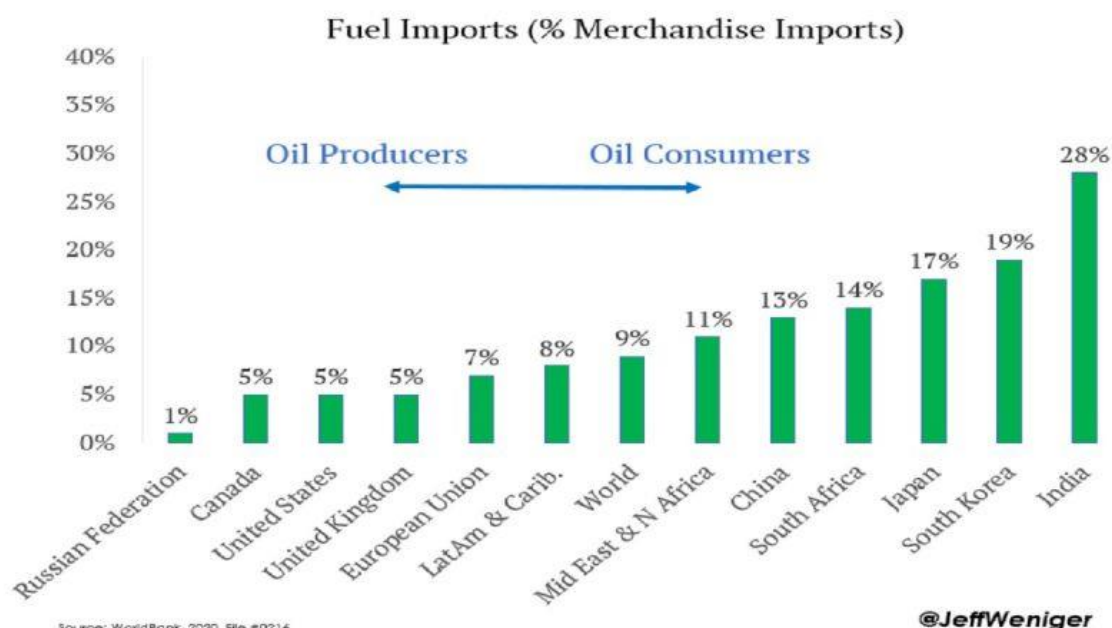
Source: Robin Brooks

#macro

### #oil #dependence

OIL DEPENDENCE. WHICH COUNTRIES WILL SUFFER THE MOST FROM THE OIL PRICE INCREASE?

The oil price spike will cause acute pain for Japan, South Korea and India, whose fuel quantities represent a high proportion of total imports.

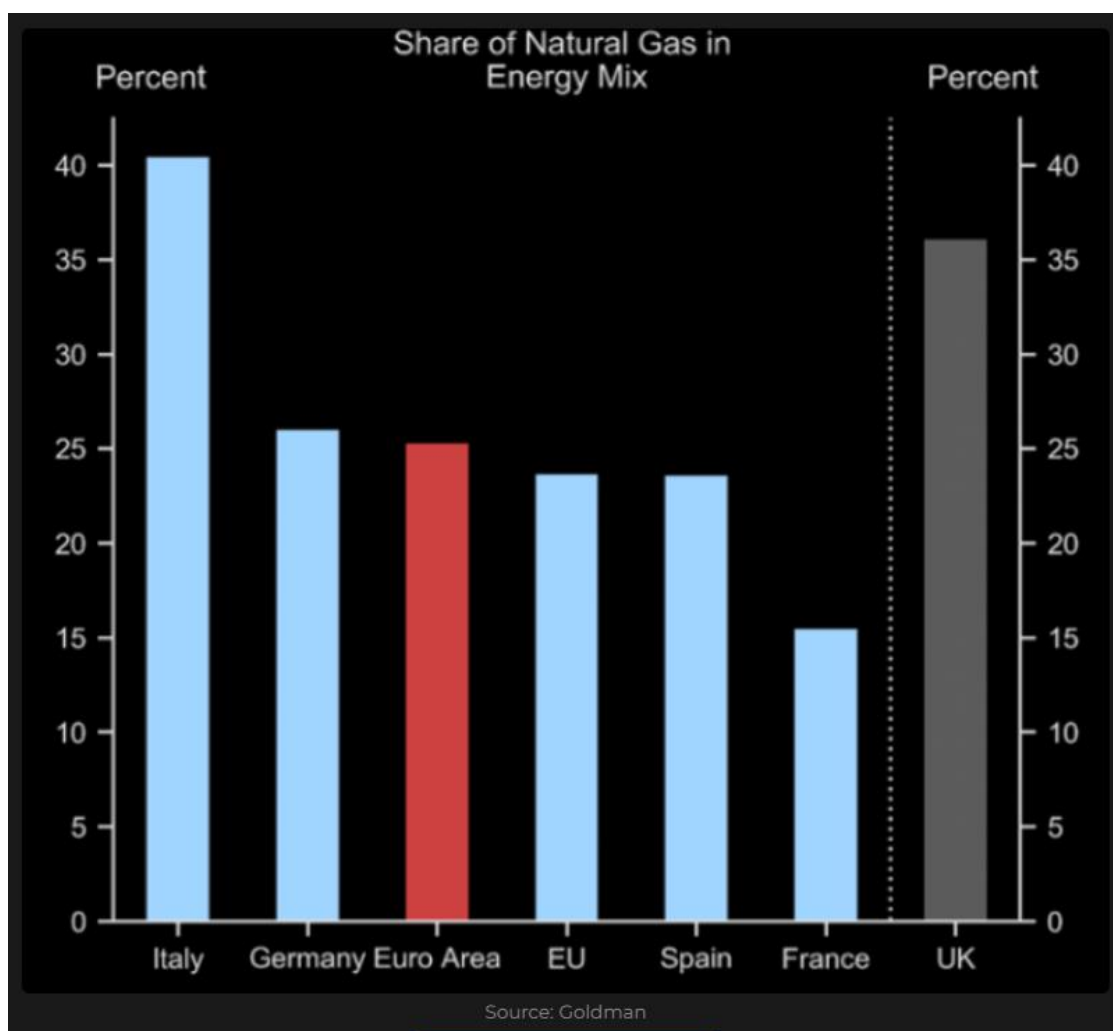


Source: Jeff Weniger

#macro

### #natural-gas #dependence

Italy and UK has the highest share of Natural Gas in their energy mix.

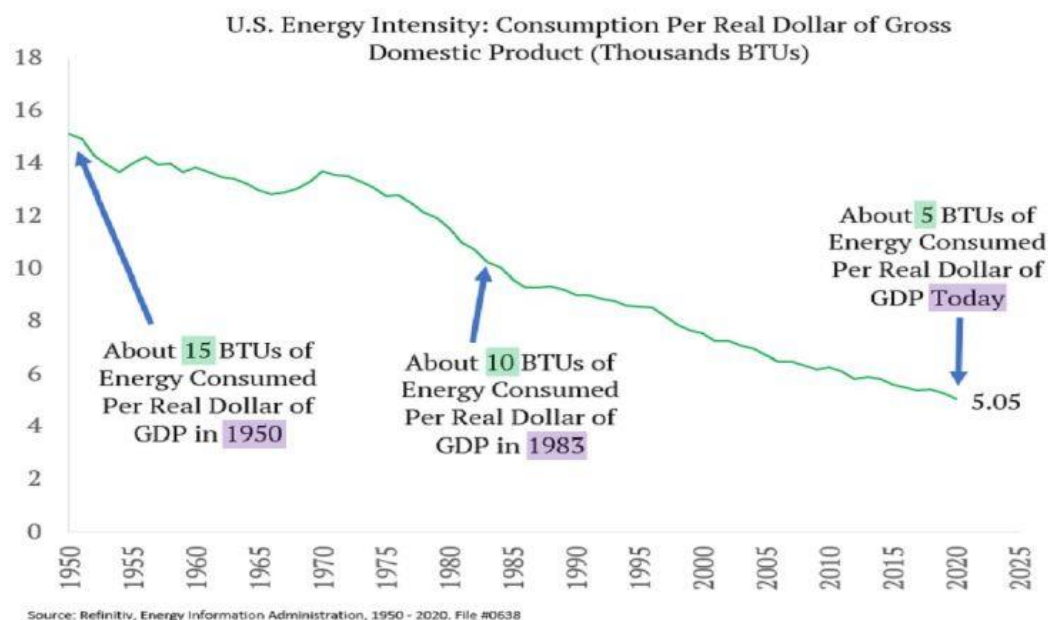


Source: Goldman

#macro

### #energy #intensity

AN ENCOURAGING CHART TO KEEP IN MIND: IN THE 70s, ENERGY INTENSITY WAS 3X HIGHER THAN IT IS TODAY... The oil shock is an ugly one and could get even uglier. Nevertheless, keep the chart below needs to be kept in mind. Today, the US consumes 5 BTUs of energy for every dollar of GDP. Four decades ago, it was double that amount. In the 1970s' rolling oil crises, "energy intensity" was even higher. Will try to find a similar one for Europe and Germany in particular...



Source: Refinitiv, IEA

#macro

## #food #inflation #fertilizers

European fertilizer makers, including Yara International ASA and Borealis AG, are cutting output because of surging natural gas prices, adding to the growing risks for global food inflation..

### Markets

# Food Costs Risk Surging as Europe Cuts Fertilizer Output

- Norway's Yara reduces production from plants in Italy, France
- Hungarian Nitrogenmuvek halts output, Borealis considering it

By Stephen Treloar and Samuel Gebre [+Follow](#)

March 9, 2022, 12:27 AM MST

*Updated on March 9, 2022, 10:23 AM MST*

Source: xxx

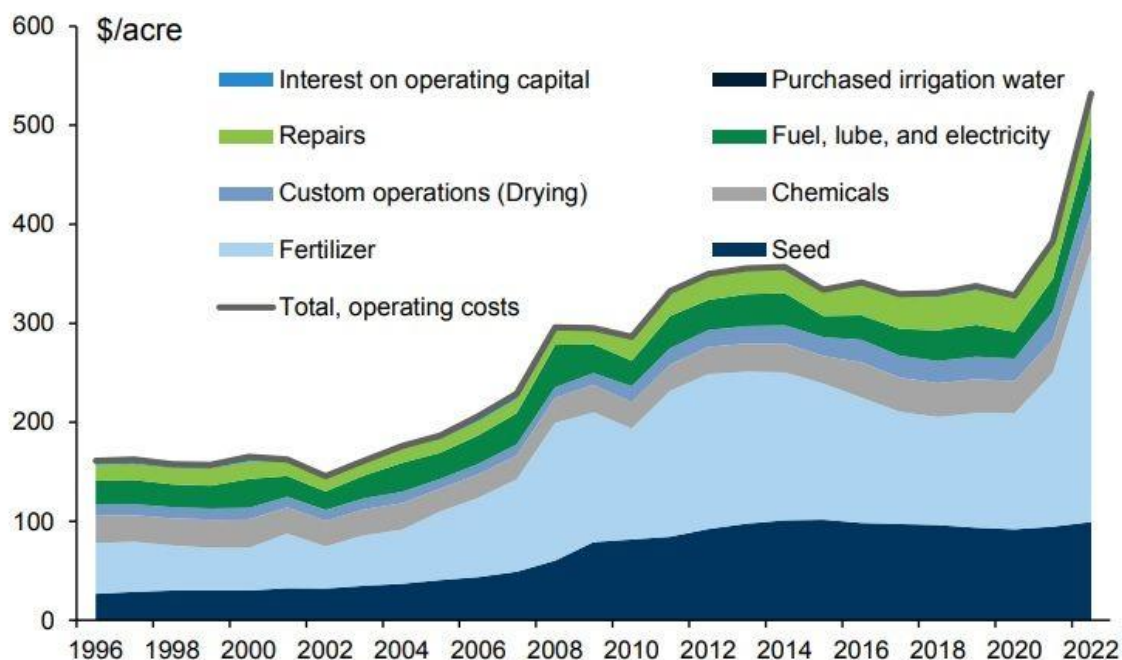
#macro

## #food #inflation #fertilizers

### Fertilizer Price Shock ...

#### US crops face the largest jump in input costs in 20 years

Estimated Cost \$/acre, operating inputs US corn



Source: USDA, Goldman Sachs Global Investment Research

Source: Goldman

#centralbanks

## #global #central-banks

Global Central Bank Update: Peru hikes rates for the 8th time in the last year, 50 bps increase to 4.0%.

Global Central Bank Policy Rates						
Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	Last Move	Last Move Date
Switzerland	Target Rate	-0.75%	2.2%	-3.0%	Cut	Jan-15
Denmark	Deposit Rate	-0.60%	4.8%	-5.4%	Cut	Sep-21
Eurozone	Deposit Rate	-0.50%	5.8%	-6.3%	Cut	Sep-19
Japan	Policy Rate Bal	-0.10%	0.5%	-0.6%	Cut	Jan-16
Sweden	Repo Rate	0.00%	3.7%	-3.7%	Hike	Dec-19
Australia	Cash Rate	0.10%	3.5%	-3.4%	Cut	Nov-20
US	Fed Funds	0.13%	7.9%	-7.8%	Cut	Mar-20
UK	Bank Rate	0.50%	5.5%	-5.0%	Hike	Feb-22
Thailand	Policy Rate	0.50%	5.3%	-4.8%	Cut	May-20
Canada	Overnight	0.50%	5.1%	-4.6%	Hike	Mar-22
Norway	Deposit Rate	0.50%	3.7%	-3.2%	Hike	Dec-21
Hong Kong	Base Rate	0.86%	1.2%	-0.3%	Cut	Mar-20
New Zealand	Cash Rate	1.00%	5.9%	-4.9%	Hike	Feb-22
Taiwan	Discount Rate	1.13%	2.4%	-1.2%	Cut	Mar-20
Saudi Arabia	Reverse Repo	1.20%	1.2%	0.0%	Cut	Mar-20
South Korea	Repo Rate	1.25%	3.7%	-2.5%	Hike	Jan-22
Malaysia	Policy Rate	1.75%	2.3%	-0.6%	Cut	Jul-20
Philippines	Key Policy Rate	2.00%	3.0%	-1.0%	Cut	Nov-20
Poland	Repo Rate	3.50%	9.2%	-5.7%	Hike	Mar-22
Indonesia	Repo Rate	3.50%	2.1%	1.4%	Cut	Feb-21
China	Loan Prime Rate	3.70%	0.9%	2.8%	Cut	Jan-22
Peru	Policy Rate	4.00%	6.2%	-2.2%	Hike	Mar-22
Colombia	Repo Rate	4.00%	8.0%	-4.0%	Hike	Jan-22
India	Repo Rate	4.00%	6.0%	-2.0%	Cut	May-20
South Africa	Repo Rate	4.00%	5.7%	-1.7%	Hike	Jan-22
Czech Republic	Repo Rate	4.50%	9.9%	-5.4%	Hike	Feb-22
Chile	Base Rate	5.50%	7.8%	-2.3%	Hike	Jan-22
Mexico	Overnight Rate	6.00%	7.3%	-1.3%	Hike	Feb-22
Brazil	Target Rate	10.75%	10.4%	0.4%	Hike	Feb-22
Turkey	Repo Rate	14.00%	54.4%	-40.4%	Cut	Dec-21
Russia	Key Policy Rate	20.00%	9.2%	10.8%	Hike	Feb-22
Argentina	Benchmark Rate	42.50%	50.7%	-8.2%	Hike	Feb-22

COMPOUND

@CharlieBilello

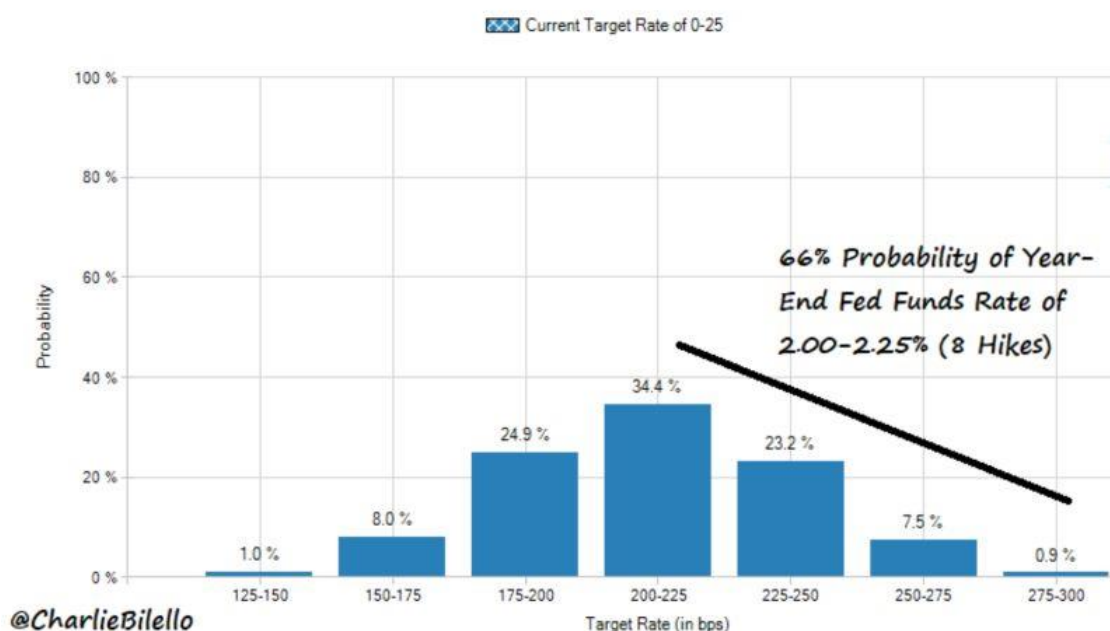
Source: Charlie Bilello

#centralbanks

### #fed

66.6% probability of 8 hikes in 22... The market is now pricing in a greater than 60% probability of 8 rate hikes this year, which would bring the Fed Funds Rate up to 2.00-2.25% by year end..

TARGET RATE PROBABILITIES FOR 14 DEC 2022 FED MEETING

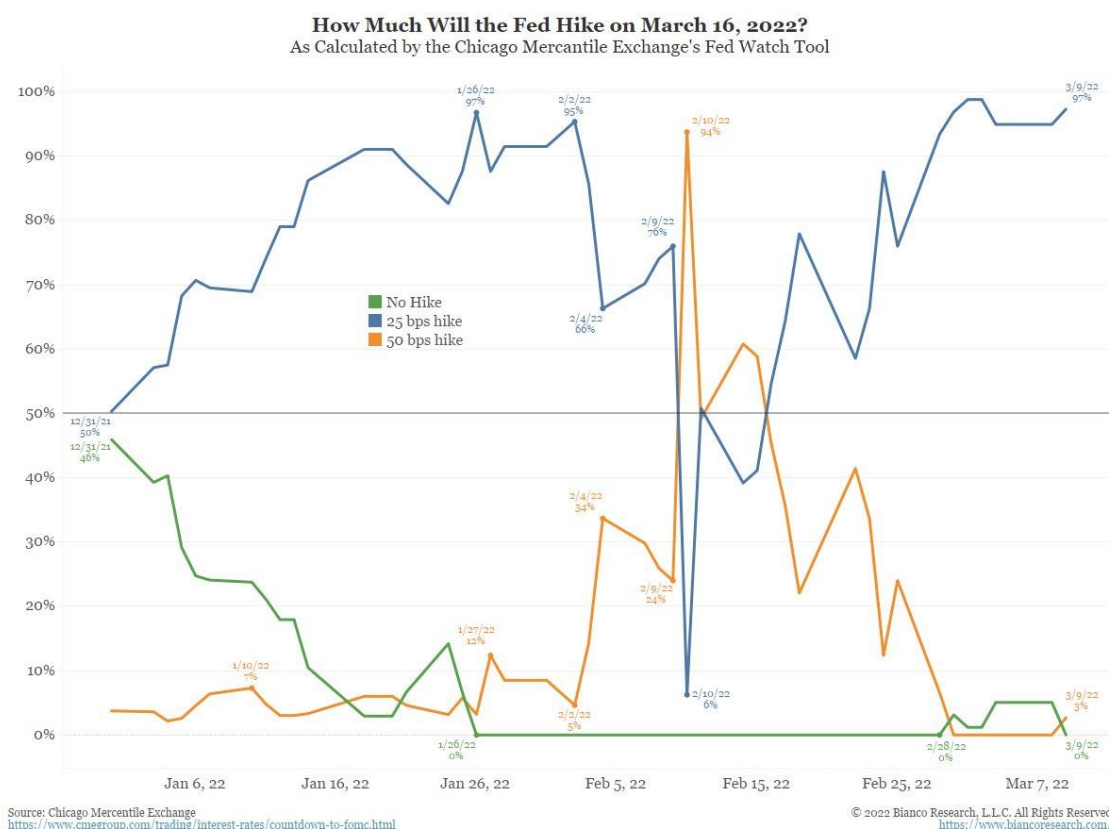


Source: Charlie Bilello



## #fed

Bets for 50bps rate hikes by the Fed at March meeting have evaporated, as have expectations of no hike.



Source: Bianco Research

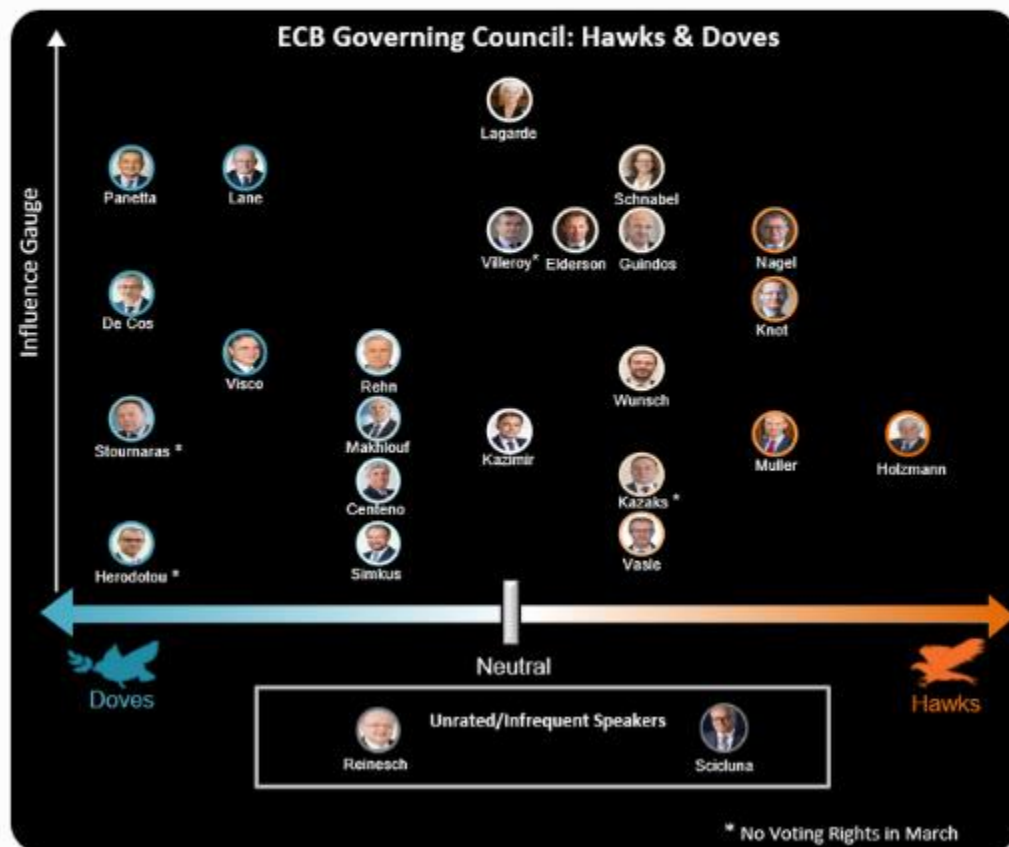
#centralbanks

#ecb



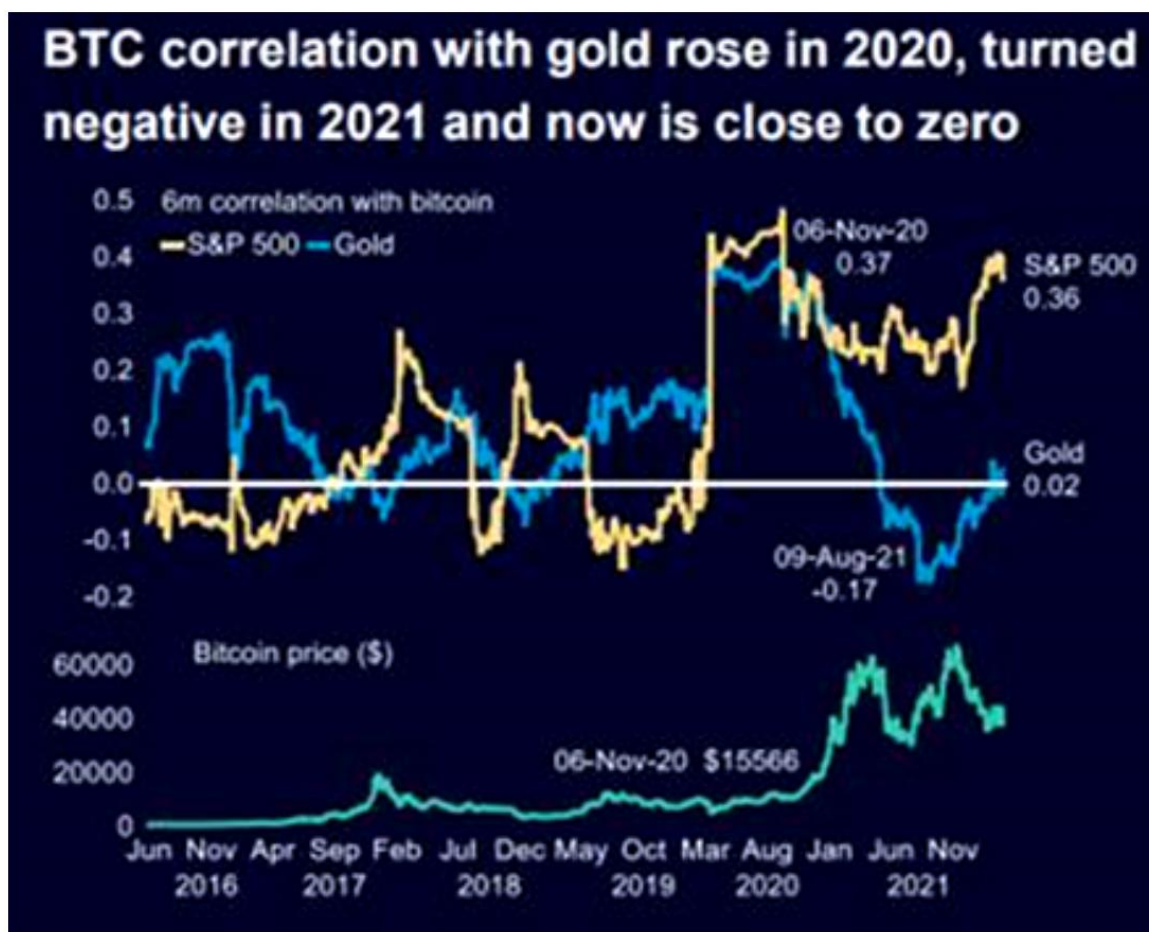
**Holger Zschaepitz** @Schuldensuehner · 2h

Sounds like a great dispute and intense discussion within in the Governing Council. #ECB's Lagarde: Some ECB members thought we should do nothing, Some members thought we should go ahead without conditionality.



#cryptos

#bitcoin #gold #correlation



Source: Morgan Stanley

#cryptos

### #tether #short

## A \$4 Billion Hedge Fund Is Shorting Tether's Stablecoin

Fir Tree Capital Management is shorting the stablecoin Tether amid regulatory scrutiny and fears over ties to the Chinese debt market.

By [Scott Chipolina](#)

Mar 11, 2022

2 min read



Tether. Image: Shutterstock

Source: Decrypt



#cryptos

### #cryptos #ban

## Financial Regulator Orders Shut Down of All Bitcoin ATMs in UK

The Financial Conduct Authority in the UK has told operators of crypto cashpoints to shut their machines down.



By [Scott Chipolina](#)

Mar 11, 2022

2 min read



Crypto in the UK. Image: Shutterstock

Source: Decrypt

#cryptos

### #cryptos #adoption

## Credit Suisse Strategist Says We're Witnessing Birth of a New World Monetary Order

"Money" will never be the same again after the Ukraine war, writes Zoltan Pozsar, and bitcoin may be a beneficiary.

By Stephen Alpher · ⌚ Mar 8, 2022 at 6:29 p.m. · Updated Mar 8, 2022 at 7:09 p.m.



Coin depicting Julius Caesar, 42 BCE (Art Institute of Chicago, modified by CoinDesk)

Source: Coindesk

### #food-for-thought

## #gfc #crash

The 9<sup>th</sup> of March marked the thirteen-year anniversary of the 2009 market bottom of the Global Financial Crisis. Since then, the equity market has roared to the upside, rallying 531% (not including dividend) as of Wednesday's close, which constitutes annualized returns of 15%.



Source: Bespoke

### #food-for-thought

## #gfc #crash

Since the 9<sup>th</sup> of March 2009, sector performance has been uneven. Technology has led the way to the upside, rising more than 11-fold and booking an annualized return of 21.5%. The Consumer Discretionary sector comes in second, with price appreciation of 923.3% and an annualized return of 19.6%. Energy has been the worst-performing sector, returning just 88.7%, which is an annualized gain of 5.0%.

Sector Performance Since '09 Bottom			
Sector	% Chg During GFC	% Chg Since Bottom	Annualized Return (%)
Technology	-53.0	1,160.5	21.5
Cons Discret.	-58.0	923.3	19.6
Financials	-82.6	606.4	16.2
Industrials	-65.2	516.4	15.0
Health Care	-39.9	486.0	14.6
Materials	-59.5	359.8	12.5
Consumer Staples	-31.2	277.9	10.8
Utilities	-45.9	213.9	9.2
Telecom Svcs	-50.7	147.4	7.2
Energy	-46.8	88.7	5.0
S&P 500	-56.8	516.5	15.0

Source: Bespoke



#food-for-thought

#big-short-2.0



Source: Investing.com

#food-for-thought

## #bretton-woods-3.0

7 March 2022  
Investment Solutions & Products  
Global

CREDIT SUISSE

Credit Suisse Economics

### Bretton Woods III

We are witnessing the birth of Bretton Woods III – a new world (monetary) order centered around commodity-based currencies in the East that will likely weaken the Eurodollar system and also contribute to inflationary forces in the West.

A crisis is unfolding. A crisis of commodities. Commodities are collateral, and collateral is money, and this crisis is about the rising allure of outside money over inside money. Bretton Woods II was built on inside money, and its foundations crumbled a week ago when the G7 seized Russia's FX reserves...

The beautiful paradox of linear rates (the stuff you trade and I write about) is that you need to think linear to find relative value most of the time, but you have to think non-linear to recognize and survive regime shifts. We are seeing a regime shift unfold in funding markets currently (which, as always, will pass), and a sea change in inflation dynamics and FX reserve management practices.

We have two convictions today. First, June FRA-OIS spreads can widen more, to at least 50 bps, both due to funding premiums driven by commodity prices and the market taking out Fed hikes, and second, it's a good time to get long...

... shipping freight rates. Yes, freight rates, which, at the current juncture are linked to "geo-monetary" dynamics. Freight rates are the price of balance sheet for "commodity RV traders" (the commodity trading houses) and for sovereigns that can take the risk of moving and storing subprime, sanctioned commodities.

First, funding. Since the start of the conflict in Ukraine, spot U.S. dollar Libor, FRA-OIS, and FX swaps have been showing signs of stress. Not much, but we hear two things from funding desks: cash is bid, and term cash is hard to come by. Normally, where o/n points trade in the FX swap market determines how the rest of the curve trades (low premia in o/n space mean low premia in term space). But these aren't normal times. We have a crisis of sorts unfolding, and in a crisis, like in 2008, everyone lends at short maturities and the collapse in o/n premia is at the expense of term premia – in a crisis, term funding premia increase on the back of compressed o/n premia, as opposed to decline as they normally would.

Who drives the bid for cash, i.e. whose bid is driving term funding premia in this environment where lenders are less willing to lend cash for longer tenors? The commodities world, for three reasons. First, non-Russian commodities are more expensive due to the sanctions-driven supply shock that basically took Russian commodities "offline". If you are a (leveraged) commodities trader, you need to borrow more from banks to buy commodities to move and sell them.

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### #food-for-thought

## #geopolitics #russia

Ukraine Putin's next target may be the Suwalki gap on Poland-Lithuania border that would link Belarus (now part of Russia) to Kaliningrad and Russian armed forces there. All eyes are on this strategically important location....



Source: Stephen Mitchell



#food-for-thought

#history

NOVEMBER 1939: RUSSIA INVADES FINLAND



Source: Guido Gianasso

## #food-for-thought

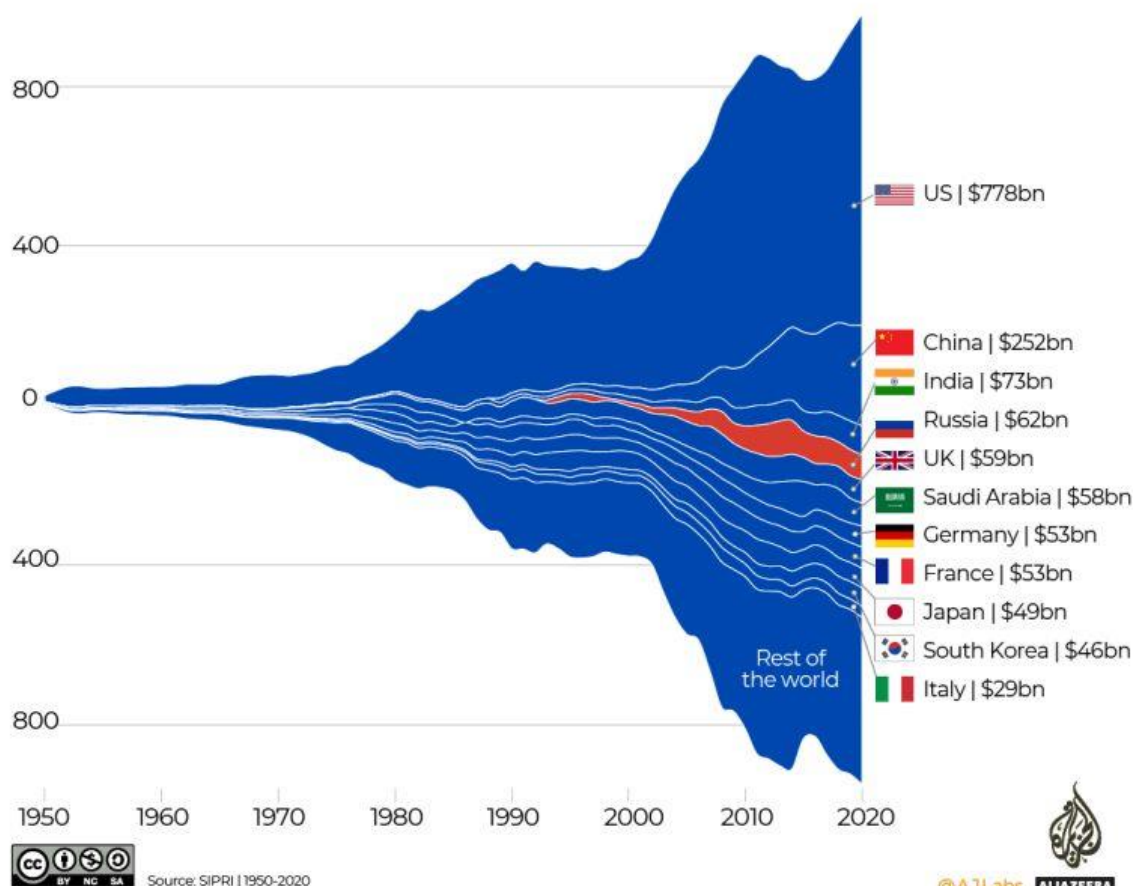
### #defense #spending

The world's biggest military spenders.

#### MILITARY

### Top military spenders around the world

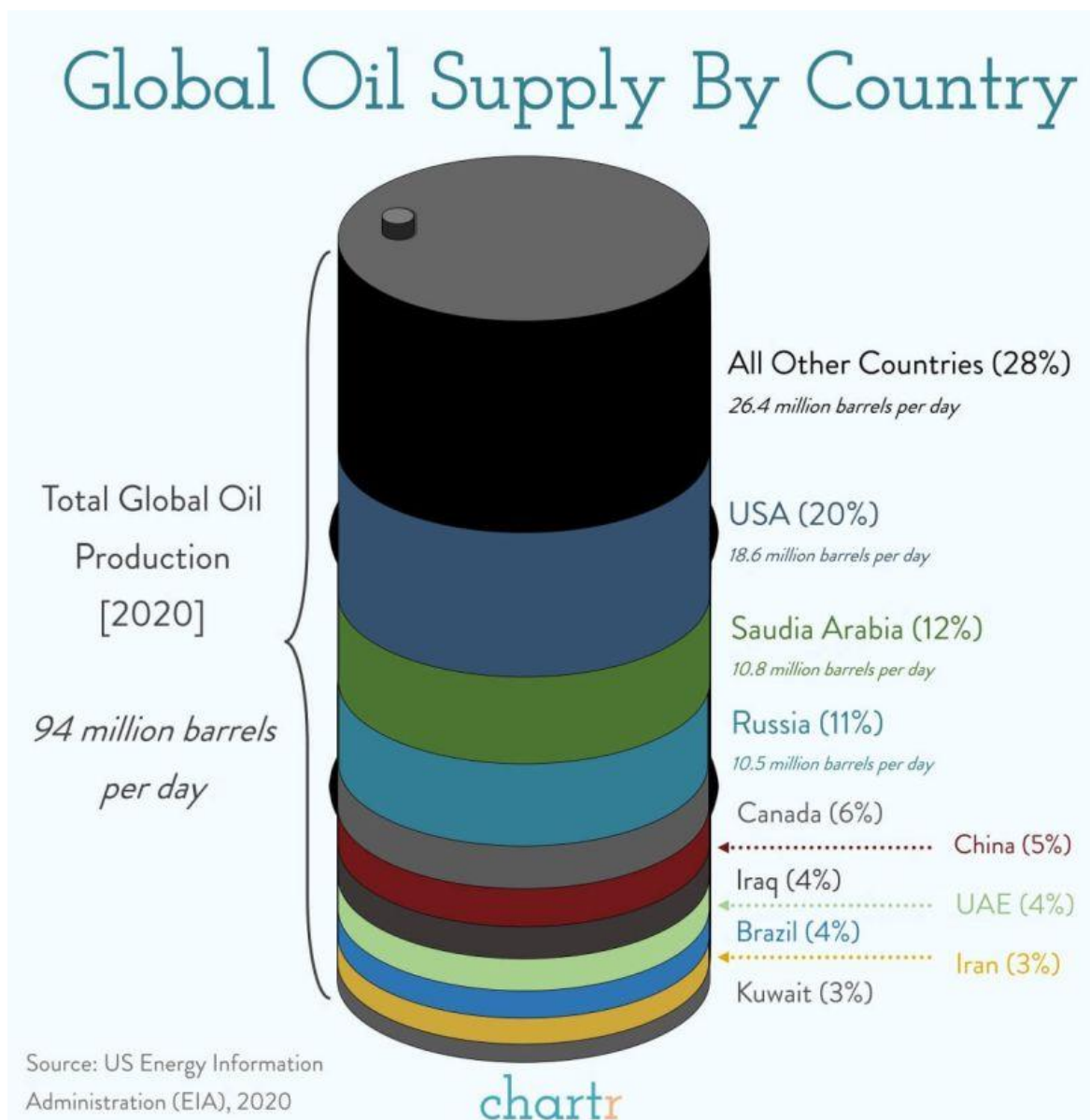
In 2020, the **US spent \$778bn on its military** - the highest in the world, higher than the next 10 countries combined. Russia spent \$62bn, fourth-highest after the US, China and India.



Source: AJLabs

#food-for-thought

#oil #supply



Source: Linas Beliunas



## #GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

12 March 2022

#food-for-thought

#russia #sanctions



Source: michaelpramirez.com



#food-for-thought

### #real-wages

When you get a 1% raise but inflation is 8%



Source: Linas Beliunas

## #food-for-thought

## #new-faang

The new FAANG.

Image Source: Merrill Lynch

<b>F</b> (fuels)	<ul style="list-style-type: none"> <li>Geopolitical tensions, strong demand, constrained supplies, underinvestment—a number of factors will keep energy prices elevated over the medium term. Despite the outperformance of the Energy sector year-to-date (YTD), the sector still accounts for just 3.7% of the S&amp;P 500 market cap, well below a 13.4% weighting in 1990.</li> </ul>
<b>A</b> (aerospace)	<ul style="list-style-type: none"> <li>Defense stocks have outperformed the broader market YTD by 19%<sup>4</sup> amid expectations that heightened geopolitical tensions could lead to greater military spending.</li> <li>Germany has pledged twice its annual defense budget; the U.K. and others made less-specific pledges. At minimum, NATO requires each member to contribute more than 2% of GDP by a 2024 deadline. Defense spending is also climbing in Asia; spending on cybersecurity will remain in a secular upswing.</li> </ul>
<b>A</b> (agriculture)	<ul style="list-style-type: none"> <li>The planet will need to produce more food in the next four decades than in the past 8,000 years. The Food and Agriculture Organization's (FAO) Food Price Index hit an all-time high in January 2022.</li> <li>Equipment shortages, higher input costs, climate challenges and burgeoning demand from the EM middle class all suggest more upside earnings potential for the global agricultural complex. Ditto for the expected decline in agricultural exports from Russia and Ukraine. Russia supplies about 20% of world wheat exports; Ukraine supplies about 10%, according to the FAO.</li> </ul>
<b>N</b> (nuclear and renewables)	<ul style="list-style-type: none"> <li>Nuclear energy has the highest capacity factor of any energy source, producing reliable, carbon-free power more than 92% of the time—twice as reliable as coal (40%) or natural-gas (56%) plants and almost three times more than wind (35%) and solar (25%) plants.<sup>5</sup></li> <li>Renewable energy use increased as the pandemic induced major declines in all other fuels in 2020. Long-term contracts, ongoing installation of plants and priority access to the grid underpin renewables growth.<sup>6</sup></li> </ul>
<b>G</b> (gold and metals/minerals)	<ul style="list-style-type: none"> <li>Viewed as a "safe haven", gold prices are up over 6% in 2022 and posted the best February since 2016, underscoring worries over inflation and war.</li> <li>The Electric Vehicle (EV) transition will be mineral-intensive. A typical EV requires six times the mineral inputs of a conventional car, according to the International Energy Agency.</li> <li>The high mineral intensity required for batteries could imply 40 times the current lithium demands by 2040.<sup>7</sup></li> </ul>

Source: Merrill Lynch

#food-for-thought

#food #scarcity



Source: Hedgeye

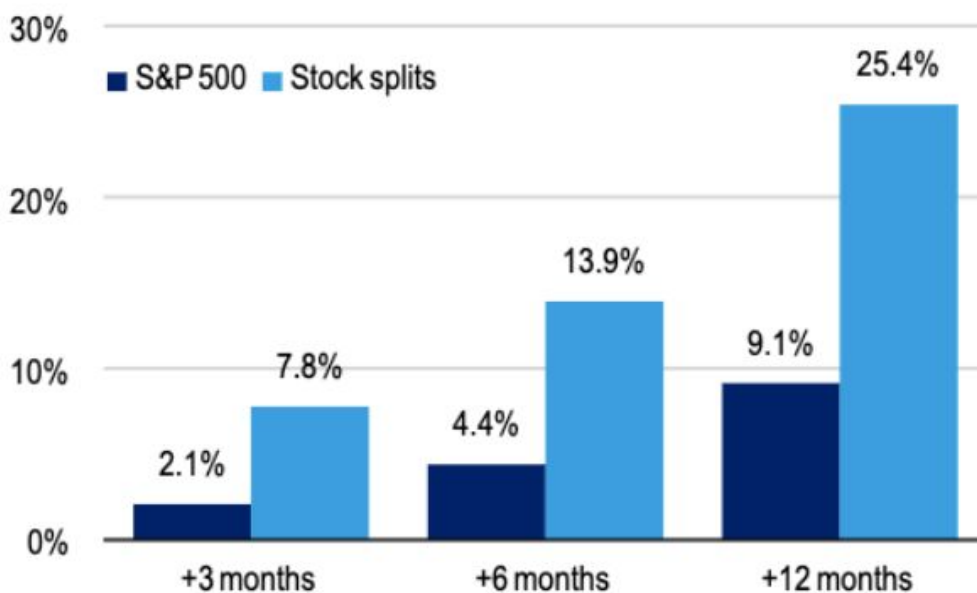
### #food-for-thought

## #sp500 #splits

Average 3, 6, and 12 month forward returns from stock splits since 1980.

### Exhibit 3: Companies have outperformed after split announcements

Average performance of companies that have announced splits



Source: BofA Research Investment Committee, Bloomberg

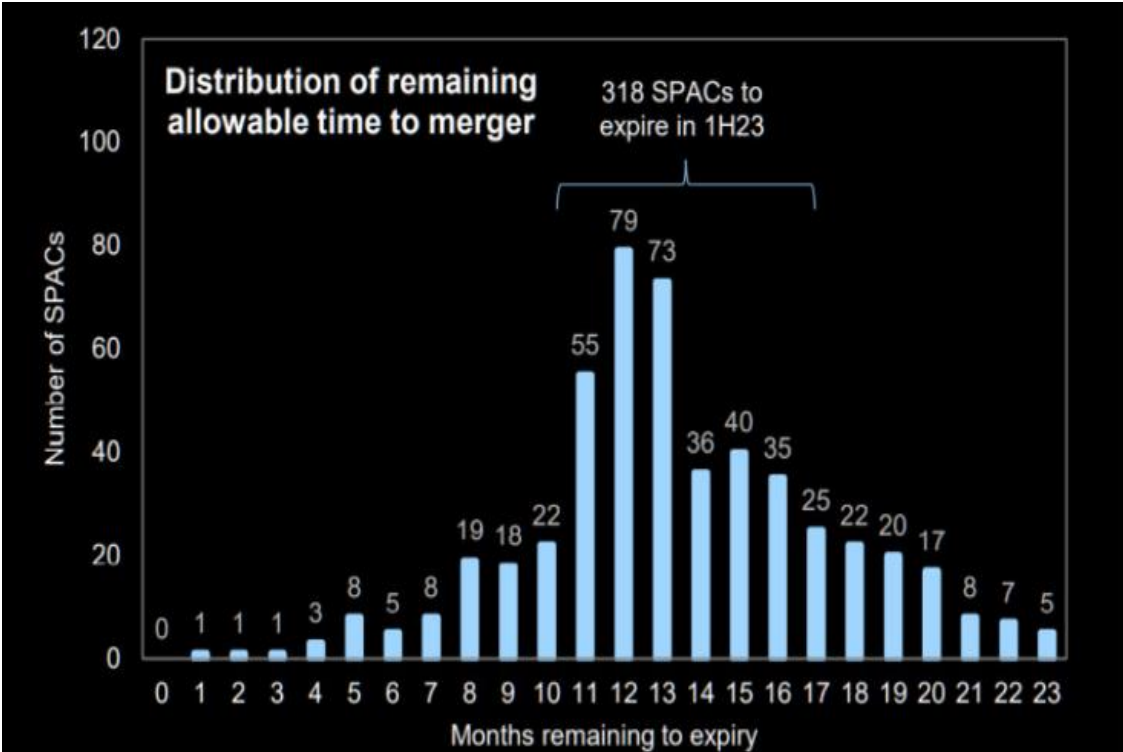
BofA GLOBAL RESEARCH

Source: BofA

#food-for-thought

#spacs

404 SPACs must find a target by June 2023. Median active SPAC is 13 months away from expiration.



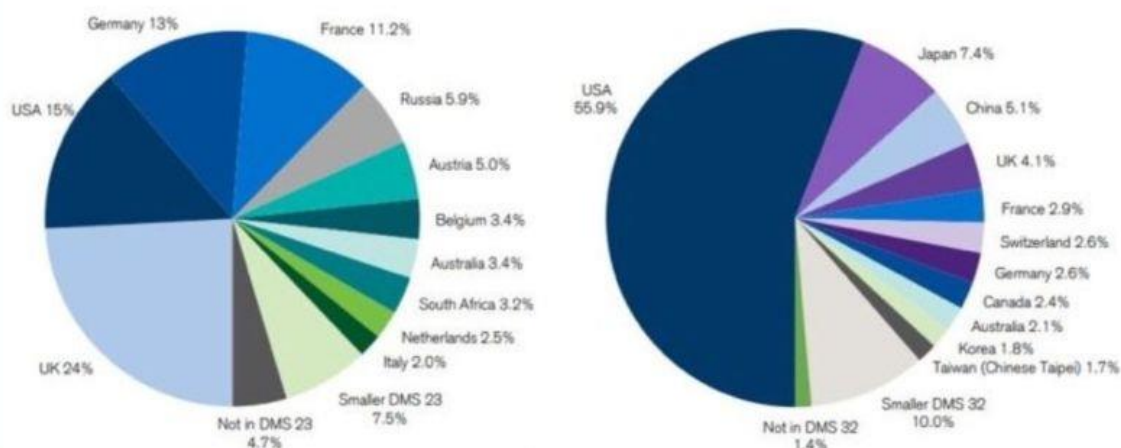
Source: dealogic

## #food-for-thought

### #us #stockmarket

US stock market went from 15% of world in 1899 to 56% end 2021

Figure 1: Relative sizes of world stock markets, end-1899 (left) versus start-2021 (right)



Sources: Elroy Dimson, Paul Marsh and Mike Staunton, *Triumph of the Optimists*, Princeton University Press, 2002; and *Global Investment Returns Yearbook*, Credit Suisse, 2021; FTSE Russell All-World Index Series Monthly Review, December 2020. Not to be reproduced without express written permission from the authors.

Source: macroalf



### #food-for-thought

## #long-term-view

Keep in mind:

- Stocks usually rebound strongest after big drops
- Missing 10 biggest "pops" can lead to missing out on 50% of cumulative gains\*

\*Data based on last  $\pm 40$  years of S&P 500 returns

### Reasons to Sell



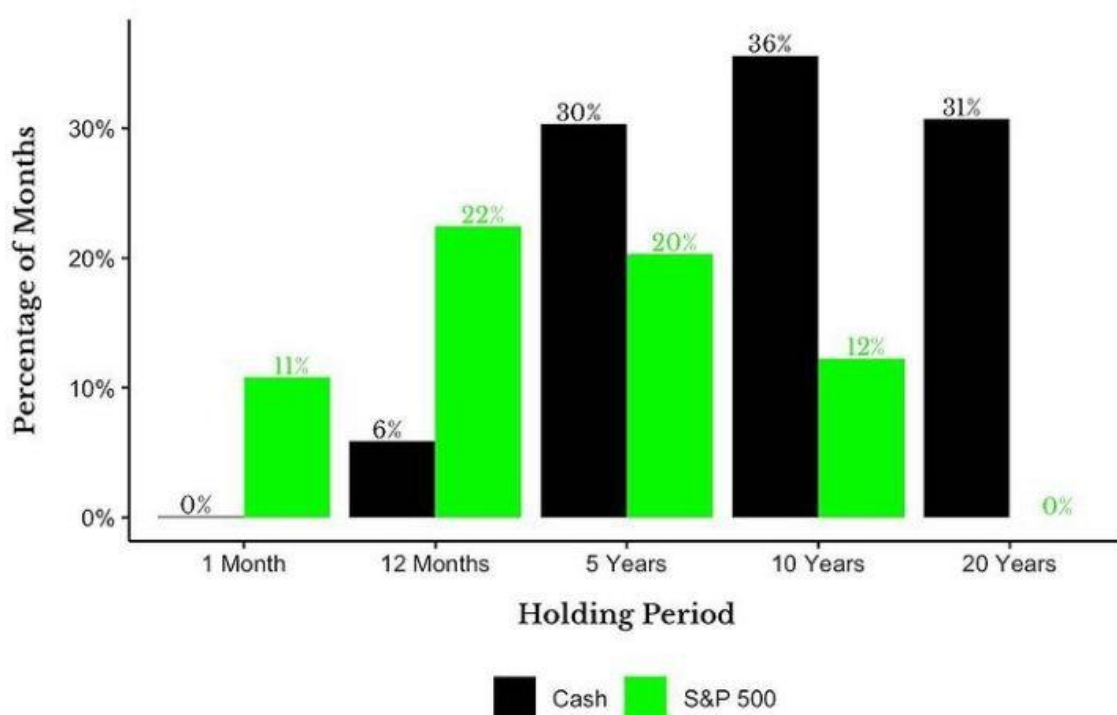
Source: Ritholz Wealth Management



#food-for-thought

## #long-term-view

### Probability of Investment Being Down >5% by Holding Period



Source: Returns 2.0, 1926-2021 (OfDollarsAndData.com)

Note: All returns adjusted for inflation. Cash return is 1-Month Treasury Bills.

Source: Karymba Investimentos

#food-for-thought

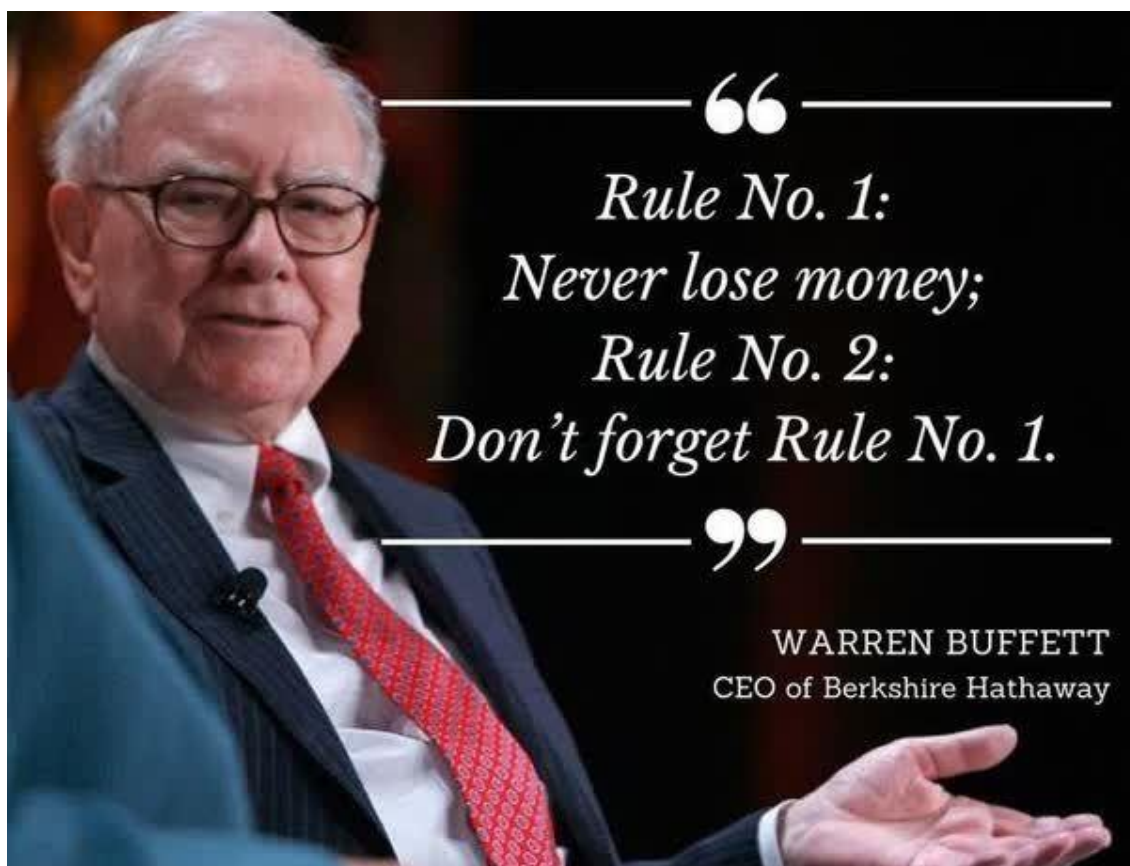
#warren-buffet

Warren Buffett is, once again, one of the 5 richest people in the world. He's also the only one in the green YTD so far.

Rank	Name	Total net worth	\$ Last change	\$ YTD change
1	Elon Musk	\$208B	-\$7.79B	-\$62.2B
2	Jeff Bezos	\$162B	-\$8.28B	-\$30.3B
3	Bernard Arnault	\$128B	-\$5.12B	-\$49.7B
4	Bill Gates	\$126B	-\$2.49B	-\$12.5B
5	Warren Buffett	\$117B	-\$1.01B	+\$7.79B

Source: xxx

#food-for-thought



## #GLOBALMARKETS WEEKLY WRAP-UP

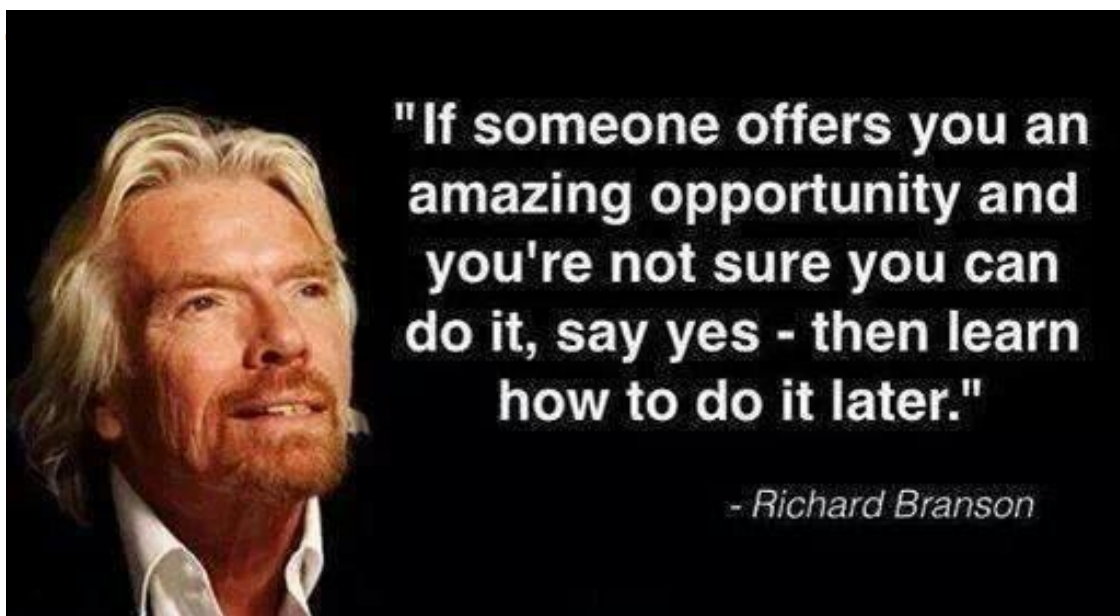
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12 March 2022

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Source: xxx



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**For the future...**