

Chart of the week

The most important macro chart to watch?

China's imports unexpectedly fell in March as COVID-19 curbs across large parts of the country hampered freight arrivals and weakened domestic demand. China Imports YoY change is now diverging meaningfully from Commodity prices YoY change. Could it mean lower commodity prices and lower inflation down the road?



Source: Andreas Steno and Macrobond

Mixed week for stocks as earnings season kicks off

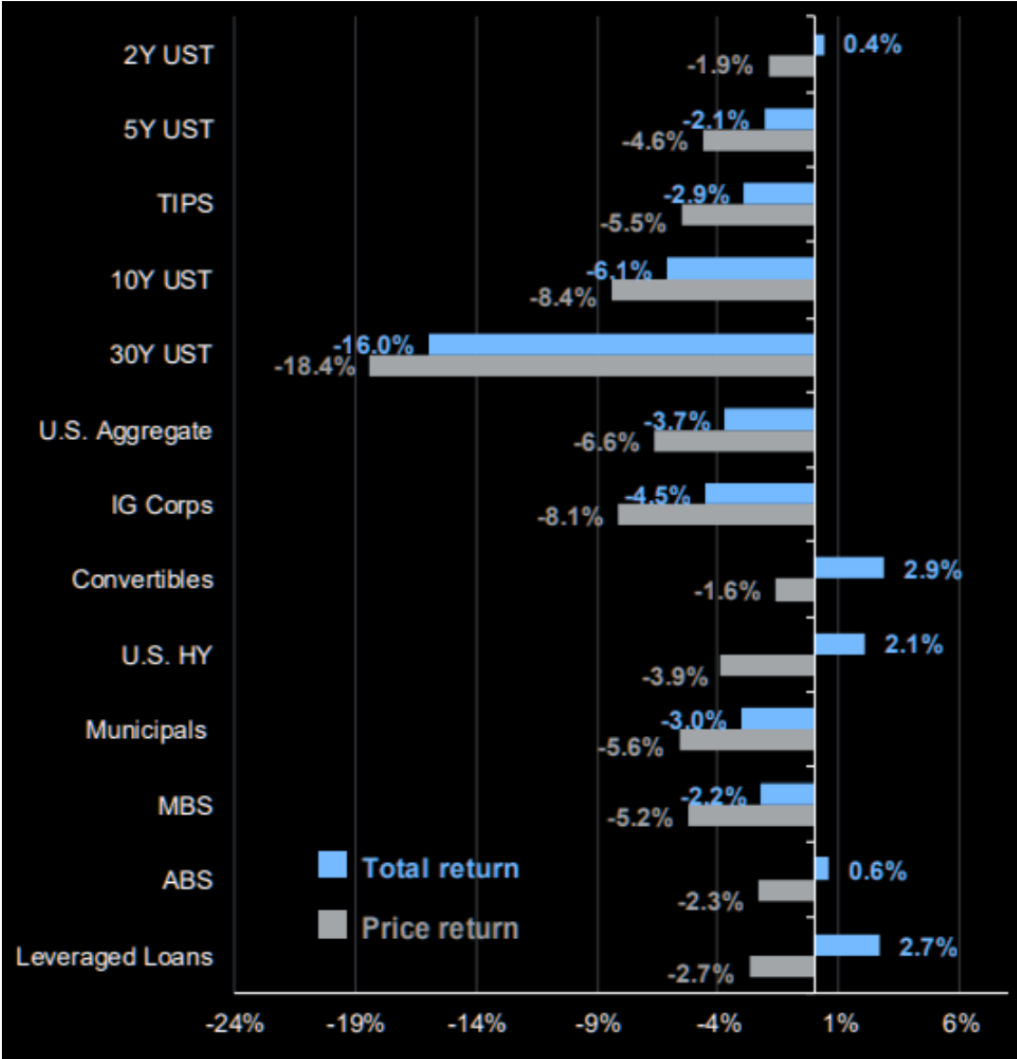
US equity markets struggled over a holiday-shortened week as Q1 earnings reports were released. The S&P 500 and the Nasdaq closed down -0.8% and -1.8% respectively. Value stocks continued to outperform the growth style. Financials were dragged lower by JPMorgan after it missed estimates. Energy shares outperformed as crude oil prices rallied back through \$100 a barrel after Russian President Putin said peace talks with Ukraine are stalled. On the macro side, March US inflation numbers showed a 8.5% y/y jump of headline inflation, slightly above consensus expectations and at a four-decade high. The core rate rose only 0.3%, below consensus expectations of around 0.5%. Stocks initially rose on hopes that inflation might be peaking, but the rally was short-lived. Another awaited number was US Retail sales which rose only 0.5% in March, below estimates and the weakest pace so far in 2022. Meanwhile, the U.S. Treasury yield curve steepened as long-end yields ticked slightly higher while softer-than-expected core CPI reading sparked demand for short-dated Treasuries. European shares rose amid some relief that the ECB did not adopt a more hawkish stance at its policy meeting. The euro fell below 1.08 against the dollar. Japanese shares gained as the yen weakened. Chinese markets retreated as a surging coronavirus outbreak in Shanghai fueled concerns about supply chain disruptions. Cryptos were volatile but the \$40k support for bitcoin seems to hold.



#cross-assets #interest-rates-impact

Assumes a parallel shift in the yield curve

Impact of a 1% rise in interest rates



Source: JPM AM

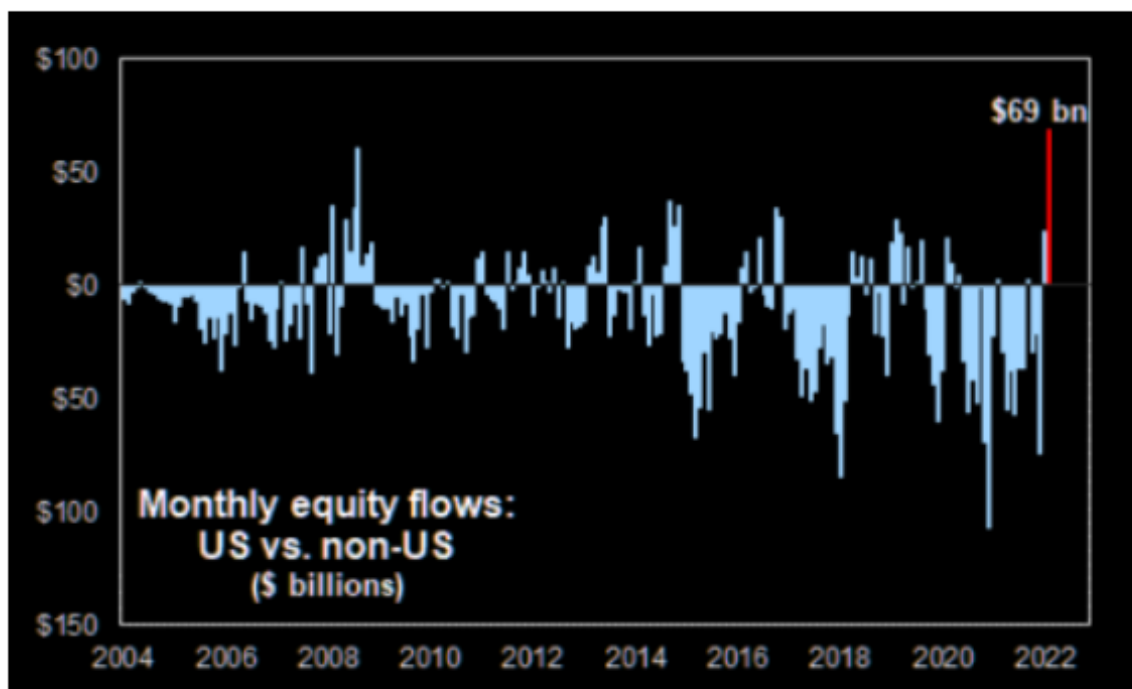


Source: JP AM, The Market Ear

#markets

#us #equities #inflows

The crowd views US stocks as the relative safe haven and due to this "repatriation" of flows into US vs non US stocks, we are seeing the biggest relative flow ever. Great beneficiaries are the big caps that rule this market.



Source: GS

Source: The Market Ear, Goldman

#us #equities #long-term

To put things in perspective... S&P 500 returns have been strong since the financial crisis, and have averaged over 20% in the last 3 years...

S&P 500 Returns, 2009-2022 (%)



Source: FactSet

Source: Edward Jones, Factset

#markets

#us #equities #long-term

CUMULATIVE RETURNS FROM STOCKS

STAY INVESTED
ALL DAYS

23,987%

MISS 10
BEST DAYS

7,864%

Cumulative returns for the S&P 500 from the start of 1928 through March 9, 2022. The 10 best days are those with the largest daily gains.

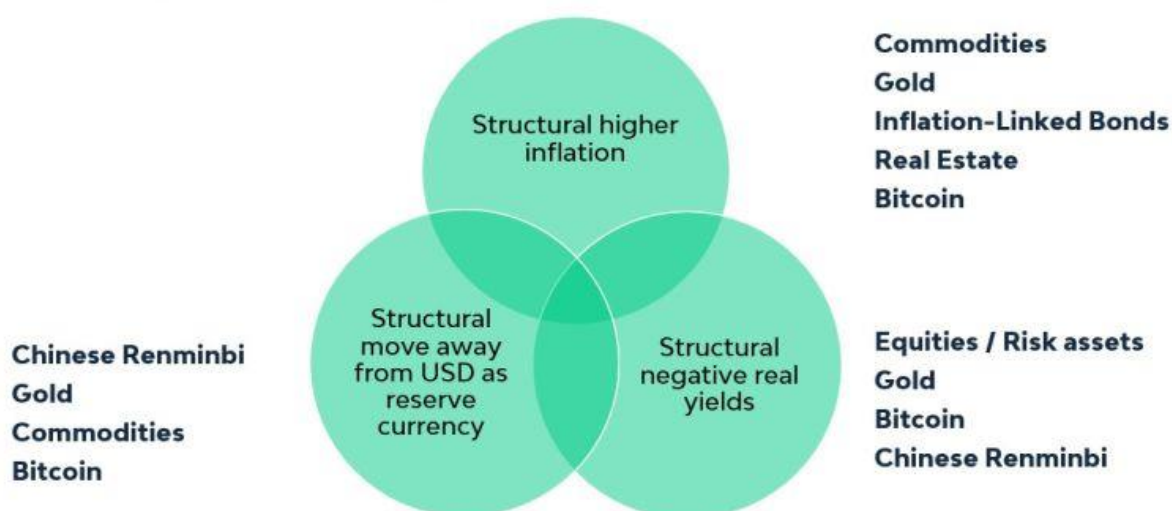
#markets

#cross-assets #opportunities

“Investing is about adapting. For long-term asset allocation decisions, this means incorporating long-term trends”.

true insights

Connecting the Dots: Higher Inflation, Lower Yields, less USD



Commodities, Gold, Inflation-Linked Bonds, and Bitcoin represent a very small % of most investment portfolios

Source: True Insights

Source: True Insights

#markets

#us #equities #cpi #correlation

ROLLING CORRELATION BETWEEN US CPI AND S&P 500. Since the end of 2008, rolling 10y correlation between S&P 500 and CPI has been positive, a shift from persistently negative relationship from the mid-1960s to the mid-2000s. This correlation is not a particularly strong today and, since 2018, it has weakened.

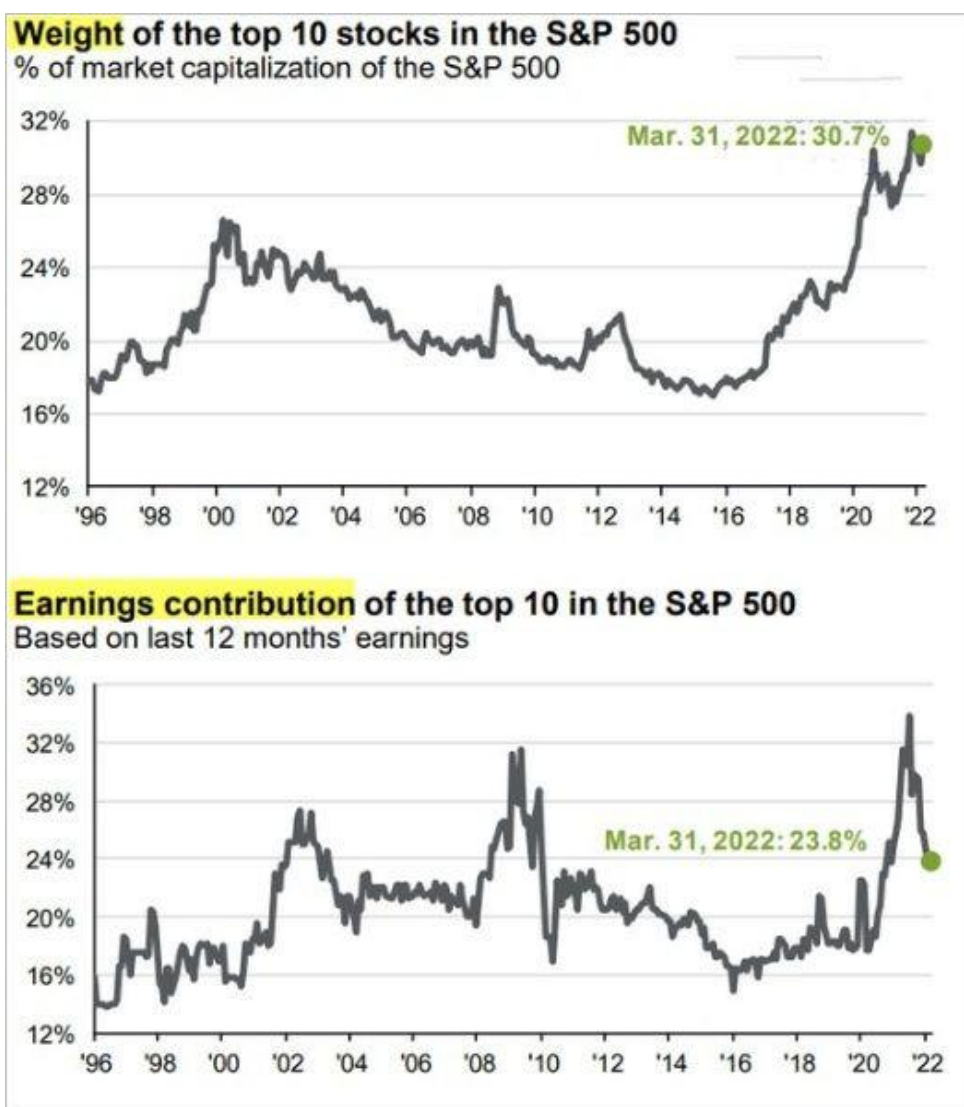


Source: Bloomberg, Liz Ann Sonders

#markets

#us #mega-caps #earnings

TOP TEN STOCKS IN THE S&P 500 POINT TO A RISING RISK OF CHANGE OF LEADERSHIP/BEAR MARKET.



Source: Jonathan Baird

#markets

#us #equities #margins

Earning season kicks off - Let's watch the margins!



Source: FactSet

#us #equities #valuations

Big Short investor Michael Burry warns #us #stocks are heavily overvalued and poised to tumble. The equal-weighted S&P 500's price-to-sales ratio has nearly doubled in 10 years - see chart below. Obviously, this is not the first time he is making such a call. He proved to be right big time once. But this is. It a guarantee for future success.



Source: Bloomberg

#GLOBALMARKETS WEEKLY WRAP-UP

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#markets

#us #equities #market-sentiment

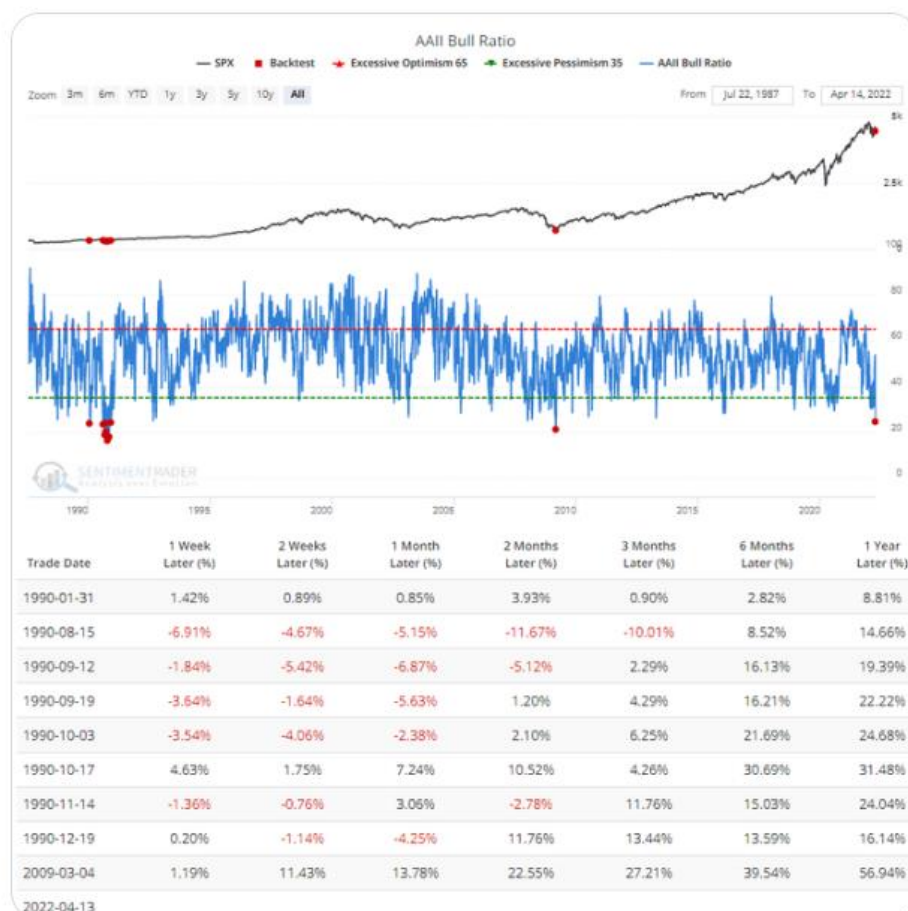


SentimenTrader @sentimentrader · Apr 14

Individual investors in the AAll survey are at recession-ending levels of pessimism.

Fewer than a quarter of respondents who have an opinion are bullish.

This has gotta be a data error, right?



#markets

#us #growth #stocks #ark-invest

The Bloomberg chart below highlighted by HolgerZ in his latest podcast shows how bad rising bond yields are for tech stocks especially small-caps / unprofitable names such as the ones held into Cathie Wood's Ark Invest Innovation fund.



Source: Bloomberg, HolgerZ

#twitter #musk

Elon Musk offers to buy Twitter in full in a deal that values the social media network at \$43B (roughly 10x sales).

ELON MUSK OFFERS TO BUY TWITTER IN A DEAL THAT VALUES THE SOCIAL NETWORK AT \$43 BILLION. He added the [#socialmedia](#) company needs to be transformed privately. Twitter shares are up 12% in pre-market trading.

Source: CNBC



Source: CNBC

#markets

#twitter #musk

Investment Bank Stifel Downgrades Twitter to 'Sell' Amid 'Full-Blown Elon Circus'

The bank issued its updated guidance this morning following news that Tesla CEO Elon Musk had filed paperwork with the SEC to take Twitter private in a \$43 billion bid.

Twitter is headed for a “full-blown Elon circus,” investment bank Stifel wrote in a new report as it downgraded the social-media company's shares to “sell.” The bank issued its updated guidance this morning following news that Tesla CEO Elon Musk had filed paperwork with the U.S. Securities and Exchange Commission to take Twitter private in a \$43 billion bid. “We’re downgrading Twitter to a Sell following Elon Musk’s offer to take the company private for a ‘best and final offer’ price of \$54.20 per share,” Stifel wrote in its report. “We believe this sets a near-term ceiling on shares, detaches the company from fundamentals, and offers significant downside risk if Mr. Musk decides to abandon his offer or sell down his stake.” The bank had previously recommended that investors hold their TWTR shares. It also lowered its revenue estimates slightly, predicting Twitter would see \$5.87 billion in 2022 and \$6.98 billion in 2023—down from \$5.98 billion and \$7.08 billion, respectively.

Source: Decrypt

#twitter #musk

Saudi Prince Alwaleed bin Talal and his company Kingdom Holding, which have held big stakes in Twitter, dismissed Elon Musk's offer to buy the social-media platform



#GLOBALMARKETS WEEKLY WRAP-UP

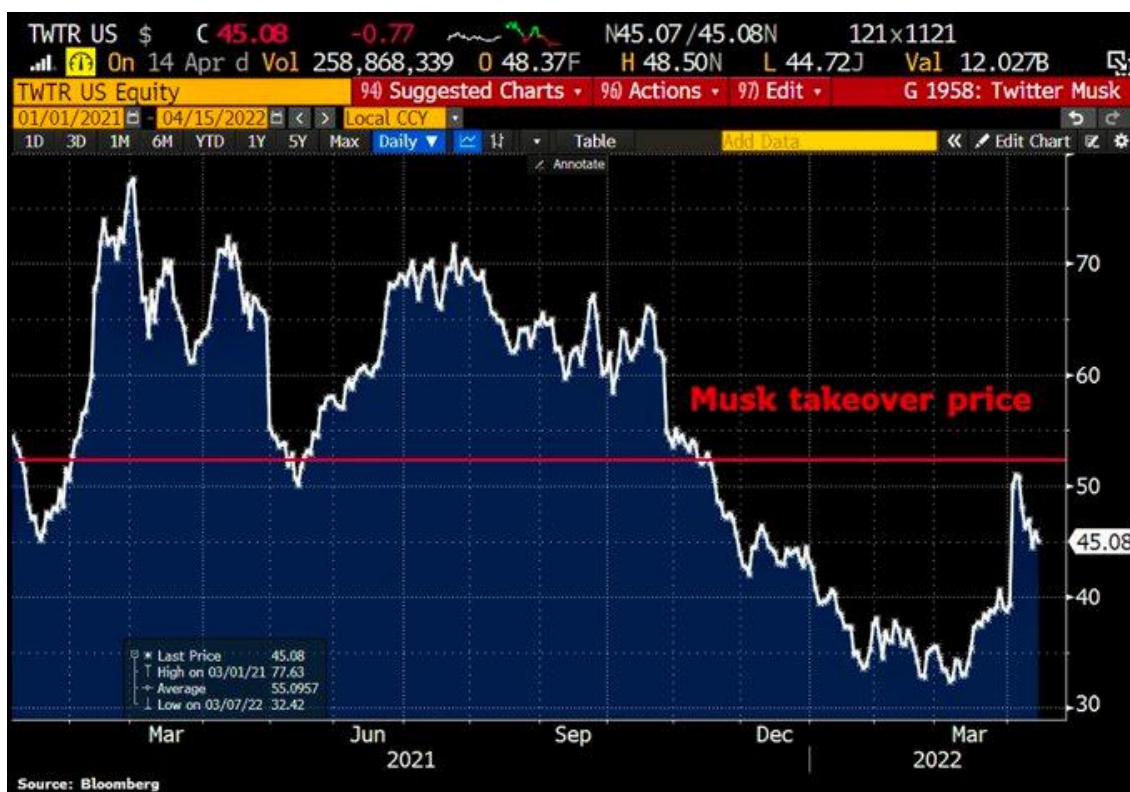
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#markets

#twitter #poison-pill

Twitter launches 'poison pill' to thwart \$43bn bid by Elon Musk. Under the plan, if a group or individual acquires >15% of Twitter's shares in a transaction not approved by board, then other shareholders will be able to buy additional shares at discount.



Source: Bloomberg, HolgerZ


#twitter #goldman






zero hedge
@zerohedge

...

Well this is awkward: TWTR board hired Goldman to "advise" it that the [@elonmusk](#) \$54.20 offer is too low. Only problem: Goldman has a SELL rating with a \$30 price target. Oops.

**Twitter Inc. (TWTR)**
Q4'21 Review: Investments Continue To Fuel Multi-Year Transition

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In analyzing Twitter's Q4 '21 earnings report (& forward operating commentary), a few key themes (many of them reiteration of the past year) were front and center. First, Twitter mgmt expressed optimism on their ability to grow users (by YE '23) at an accelerated pace vs prior periods – however, we remain below that forecast. Second, Twitter remains in investment mode (as evidenced by mgmt 2022 opex / capex / SBC guidance) against goals aimed at user growth, product innovation, advertising diversification & measurement/attribution. Over the medium term, we still see the main debate for Twitter being whether the company can either: a) morph its core use case to appeal to a wider, more scaled audience base; and/or b) execute against a wide array of monetization opportunities (e.g., creator monetization, etc.) that align with the platform's current distribution. Twitter's new CEO (formerly CTO) expressed an alignment with prior mgmt commentary on key objectives in the years ahead.

Given Twitter's need to make heavy opex/capex investments, we see its GAAP EBIT margin structure (and, as an output, its earnings power) as capped relative to peers (especially over the medium term). For instance, on our estimates, TWTR (at current levels) trades at ~57x EV/24E GAAP Operating Income with our forecast of ~L-MSD % GAAP EBIT margins in FY23 & FY24. As a result, we still see a more negative risk/reward skew from current levels until


Twitter's valuation is more reflective of the current multi-year investment cycle. We reiterate our Sell rating and lower our PT from \$36 to \$30 reflecting the same valuation multiples on lowered forward operating estimates (discussed herein).

4:31 PM · Apr 14, 2022 · TweetDeck



#tesla #ark-invest

ARK Invest came out with their new TSLA price target at \$4,600 by 2026 versus current price of \$985.

<div><div>ARK INVEST</div><div><div>Q</div><div>≡</div></div></div>		
Expected Value	\$4,600	This projection is our expected value for Tesla’s stock price in 2026, based on our Monte Carlo analysis.
Bear	\$2,900	We believe that there is a 25% probability that Tesla could be worth \$2,900 per share or less in 2026.
Bull	\$5,800	We believe that there is a 25% probability that Tesla could be worth \$5,800 per share or more in 2026.

Source: Ark Invest

#china #equities #etf

Blackrock is reportedly planning to launch its first exchange-traded fund in mainland China, marking the first wholly-owned foreign fund manager to enter the country's passives market. The first BlackRock ETF product launch is scheduled for the fourth quarter, said the people, which will add to 6.8 billion yuan (\$1.07 billion) worth of assets BlackRock manages through two mutual funds with investments in Chinese and Hong Kong stocks.



Source: Finews, Reuters

#markets

#fixedincome #us

If the year ended today, it would be the worst in history for the US Bond Market with a loss of 8.5%. Entering the year, the 2.9% decline for bonds in 1994 was the largest ever.

Bloomberg Barclays Aggregate, Total Return (1977 - 2022)					
Year	Return	Year	Return	Year	Return
1977	3.0%	1993	9.7%	2009	5.9%
1978	1.4%	1994	-2.9%	2010	6.5%
1979	1.9%	1995	18.5%	2011	7.8%
1980	2.7%	1996	3.6%	2012	4.2%
1981	6.2%	1997	9.7%	2013	-2.0%
1982	32.6%	1998	8.7%	2014	6.0%
1983	8.4%	1999	-0.8%	2015	0.6%
1984	15.1%	2000	11.6%	2016	2.7%
1985	22.1%	2001	8.4%	2017	3.5%
1986	15.3%	2002	10.3%	2018	0.0%
1987	2.8%	2003	4.1%	2019	8.7%
1988	7.9%	2004	4.3%	2020	7.5%
1989	14.5%	2005	2.4%	2021	-1.5%
1990	9.0%	2006	4.3%	2022 YTD	-8.5%
1991	16.0%	2007	7.0%		
1992	7.4%	2008	5.2%		



COMPOUND

@CharlieBiello

#fixed-income #etfs

A tough year so far for bonds ETFs... Mind the duration

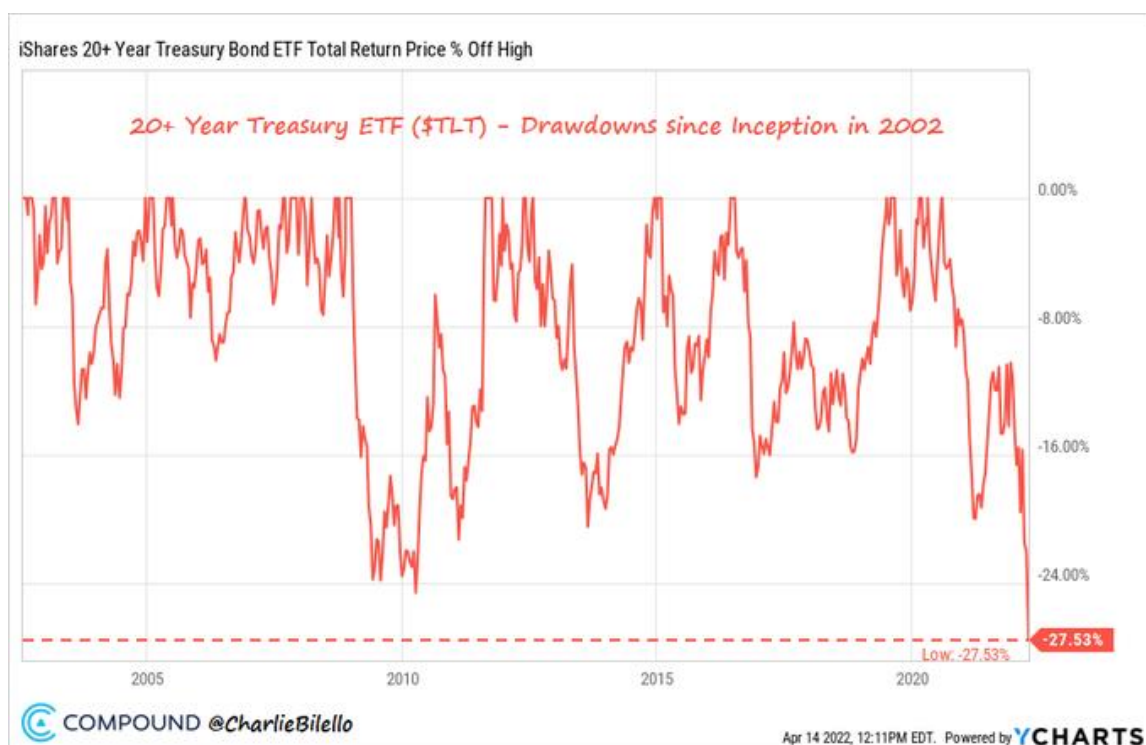
@CharlieBilello		Bond ETFs: Durations, Yields and Returns						
Data Source: YCharts as of 4/9/22				Total Returns (>1 Year = Ann.)				
Category	Ticker	Duration (Years)	30-Day SEC Yield	2022 YTD	1-Year	3-Year	5-Year	10-Year
1-3 Month Treasury	BIL	0.1	0.1%	0.0%	-0.1%	0.6%	0.9%	0.5%
Floating Rate IG	FLOT	0.1	0.6%	-0.3%	0.0%	1.1%	1.5%	1.3%
Leveraged Loans	BKLN	0.1	3.3%	-0.3%	1.5%	2.3%	2.7%	3.0%
Short Duration IG	GSY	0.6	1.1%	-0.9%	-0.8%	1.1%	1.6%	1.4%
1-3 Year Treasury	SHY	1.9	1.4%	-2.8%	-3.5%	0.6%	0.9%	0.7%
Inflation Protected	TIP	7.4	8.3%	-4.7%	2.0%	5.6%	3.9%	2.3%
International	BNDX	8.2	1.2%	-6.1%	-6.4%	0.3%	1.7%	N/A
Municipal	MUB	5.4	1.9%	-6.2%	-5.0%	1.4%	2.1%	2.5%
EM Local Currency	EMLC	4.8	6.3%	-6.3%	-10.9%	-2.5%	-0.9%	-1.4%
3-7 Year Treasury	IEI	4.7	1.8%	-6.3%	-7.0%	0.6%	1.0%	1.2%
US High Yield	HYG	3.9	5.3%	-6.7%	-4.2%	2.2%	3.2%	4.3%
Commercial Mortgage	CMBS	4.7	2.7%	-6.9%	-6.7%	1.2%	1.9%	2.2%
Mortgage Backed	MBB	6.0	1.8%	-7.0%	-7.4%	-0.2%	0.8%	1.3%
US Aggregate	AGG	6.8	2.4%	-7.8%	-6.8%	1.0%	1.6%	1.9%
7-10 Year Treasury	IEF	8.0	1.8%	-9.2%	-7.7%	0.8%	1.3%	1.8%
EM High Yield	HYEM	3.7	7.1%	-9.6%	-10.8%	0.5%	1.6%	N/A
US Investment Grade	LQD	9.3	3.4%	-11.0%	-8.5%	2.4%	2.9%	3.5%
EM Sovereign (USD)	EMB	8.1	5.3%	-11.8%	-9.9%	-0.6%	1.0%	2.9%
20+ Year Treasury	TLT	18.9	2.3%	-15.2%	-7.9%	2.1%	2.8%	3.5%
25+ Zeros	ZROZ	27.7	2.1%	-18.9%	-7.2%	4.0%	4.4%	5.0%

Source: Charlie Bilello

#markets

#fixed-income #etfs

At -27%, this is now the largest drawdown ever for the 20+ Year Treasury bond ETF



Source: Charlie Biello

#markets

#mbs

Average 30-Year Mortgage Rate in the US...

1970s: 8.9%

1980s: 12.7%

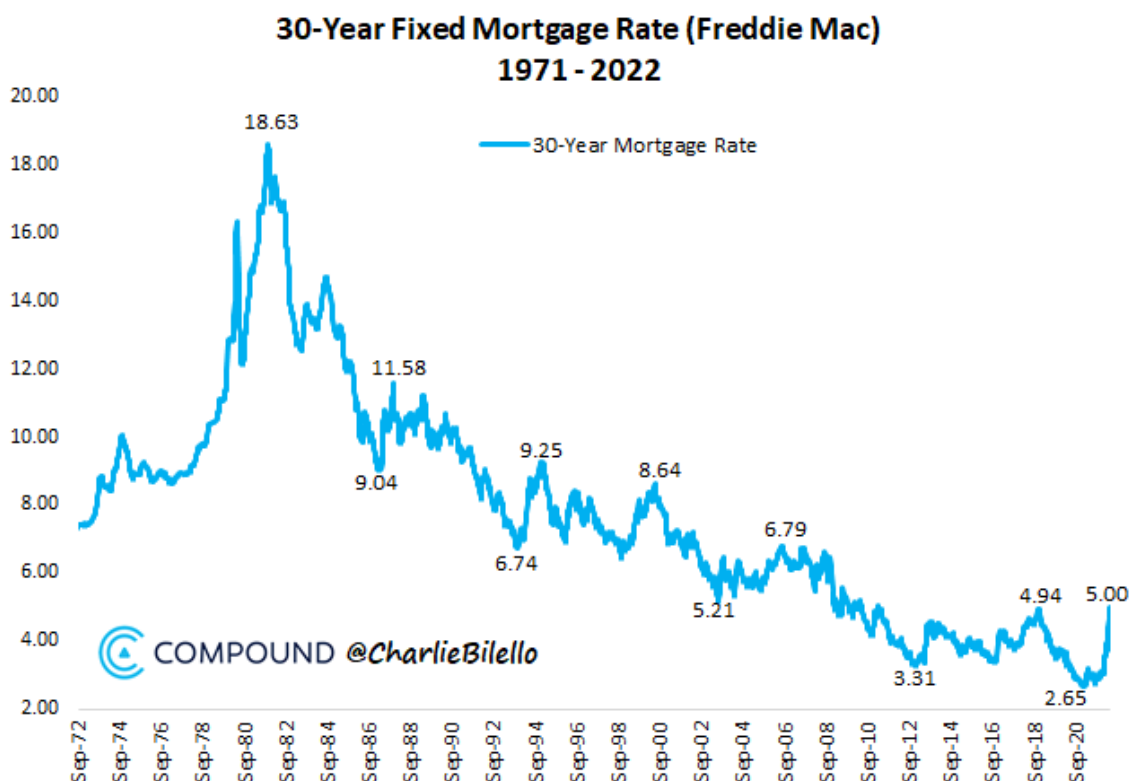
1990s: 8.1%

2000s: 6.3%

2010s: 4.1%

2020s: 3.2%

Rate Today: 5.0%



Source: Charlie Biello

#markets

#russia #default

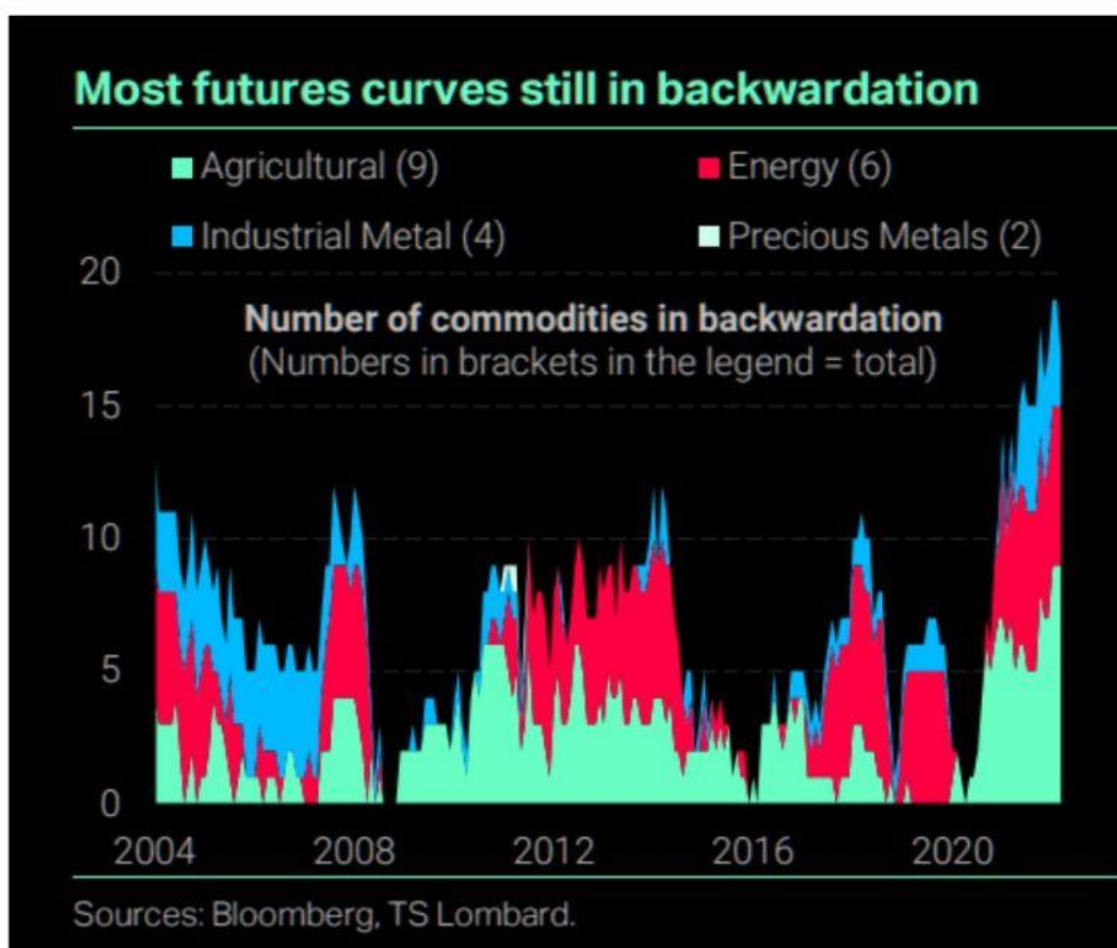
Russia may be in #default, Moody's says. Russia paid rubles on dollar bonds. Russia defaulted on foreign bonds after 1917 revolution, and defaulted on domestic bonds in 1998. Russia's economy facing worst year since 1994



Source: Bloomberg, HolgerZ

#commodities #backwardation

Another sign of commodity markets strength: most commodities futures curves are still in backwardation.



Source: The Market Ear, TS Lombard

#GLOBALMARKETS WEEKLY WRAP-UP

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16 APRIL 2022

#markets

#uranium

Since the invasion of Ukraine the price of #uranium has increased by nearly 40% (in 6 weeks). The uranium #stocks #etf (\$URA) also firmed with a 33% gain.



Source: Bloomberg

#markets

#forex #euro

The Euro drops to <\$1.08 on Thursday after a less hawkish ECB than expected. This is the lowest level for the #euro against dollar since May 2020. As highlighted in a tweet by HolgerZ, the Euro depreciated by almost 10% against the dollar in the past 12 months due to an inactive ECB. This puts the Euro in a worse position than the Russian ruble, which has lost only 8% over the period...

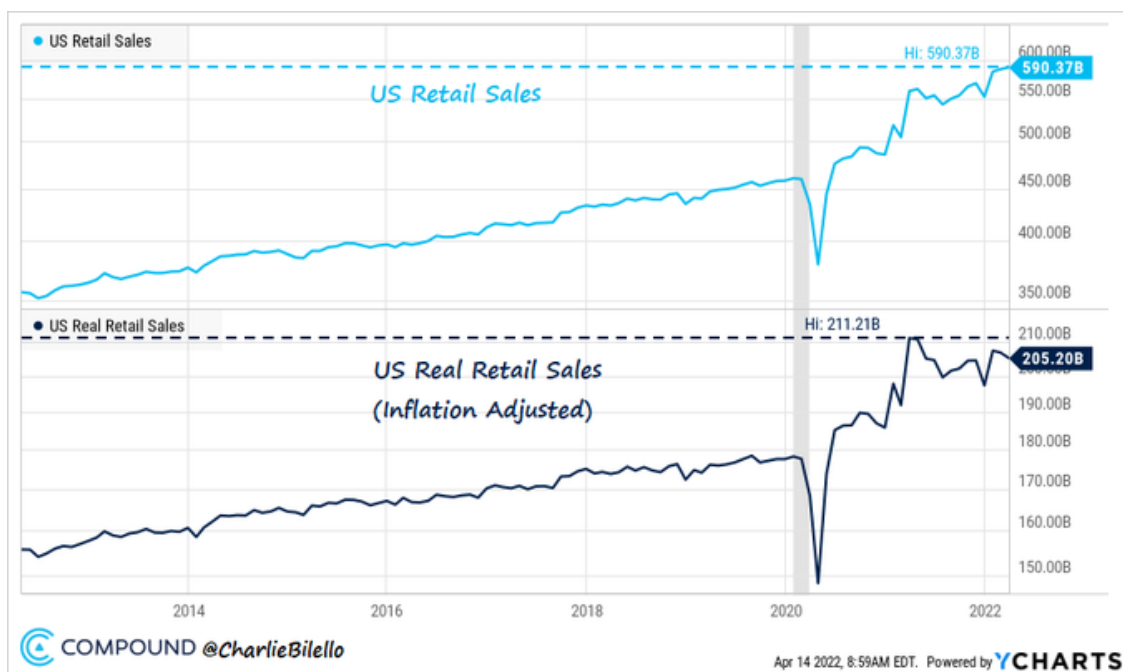


Source: Bloomberg, HolgerZ

#macro

#us #retail-sales

Part of the rise in retail sales is simply due to higher prices as inflation-adjusted sales peaked last April. But real retail sales are still 15% higher than pre-covid levels. So demand remains strong irrespective of inflation.

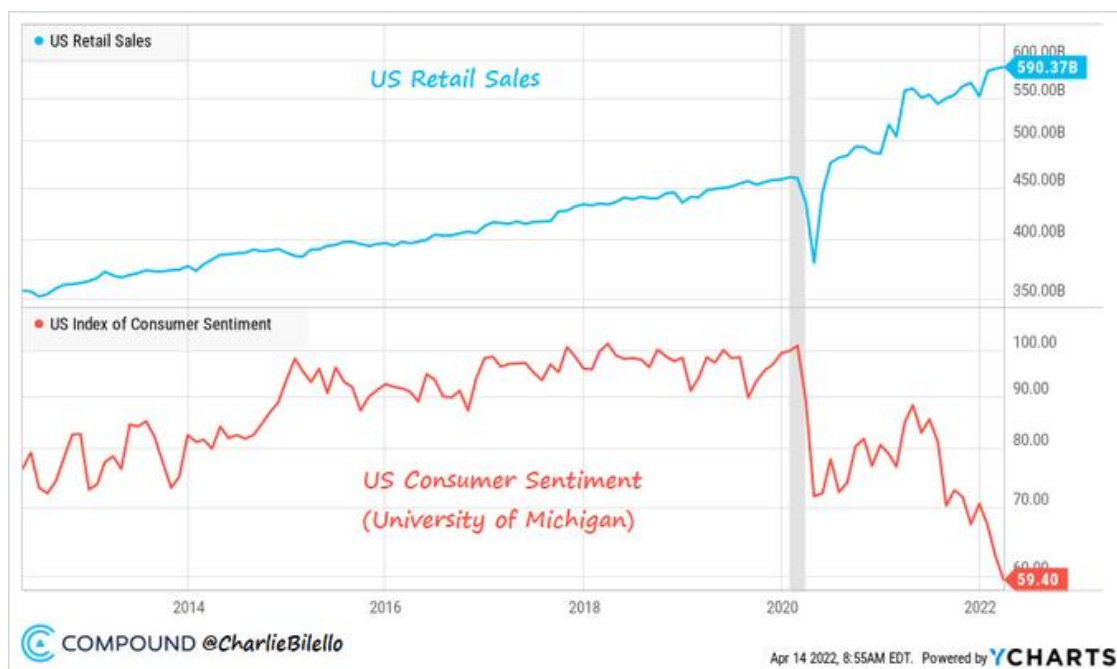


Source: Charlie Bilello

#macro

#us #retail-sales #consumer-sentiment

US Retail Sales hit a new high while Consumer Sentiment is at its lowest level in over a decade. Americans are not happy about rising prices but they're still spending.



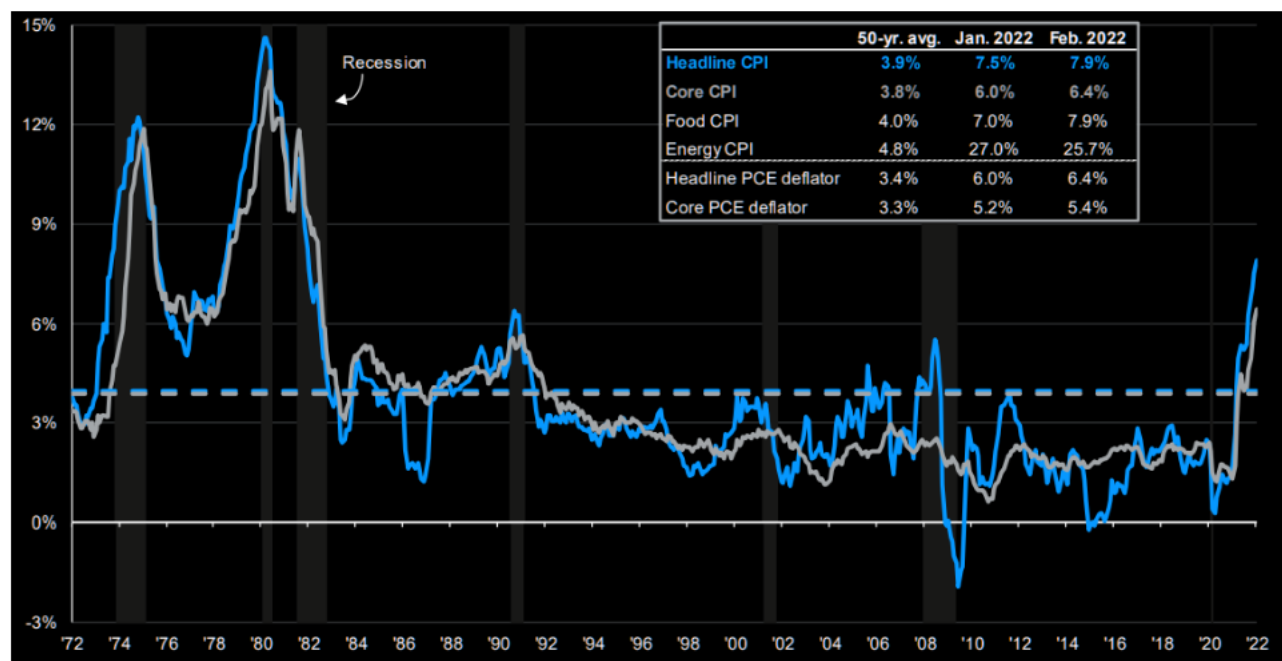
Source: Charlie Bilello

#macro

#us #inflation

CPI and core CPI % change vs. prior year, seasonally adjusted.

CPI in perspective



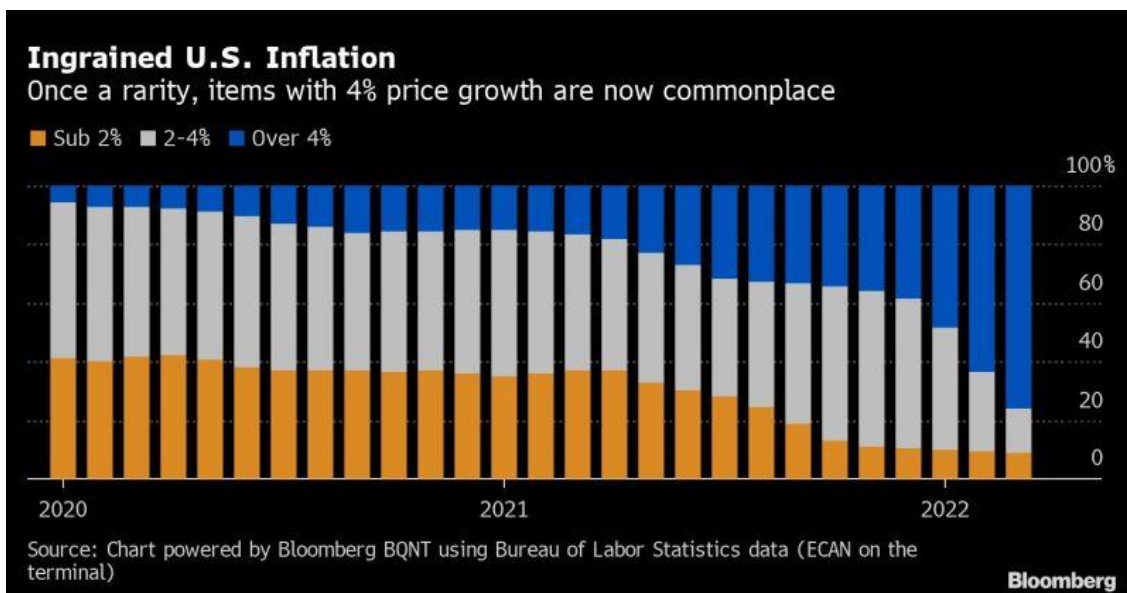
Source: JPM AM

Source: JP AM, The Market Ear

#macro

#us #inflation

PEAK US INFLATION? MAYBE NOT...Many investment banks (Goldman, JP Morgan, DB) made calls for "peak inflation" yesterday as #us core #cpi came out lower than expected. But as usual, the devil is in the details. Yes indeed, base effect will normalize after March due to 2-year anniversary of post-covid collapse. The 0.3% M/M core CPI not only missed expectations but also rose to the lowest level since Sept 2020. Moreover, shelter & rent space slowed down. Last but not least, used car prices FELL 3.8% in March, its second monthly decline after a series of large increases. There is this room for some hopes.



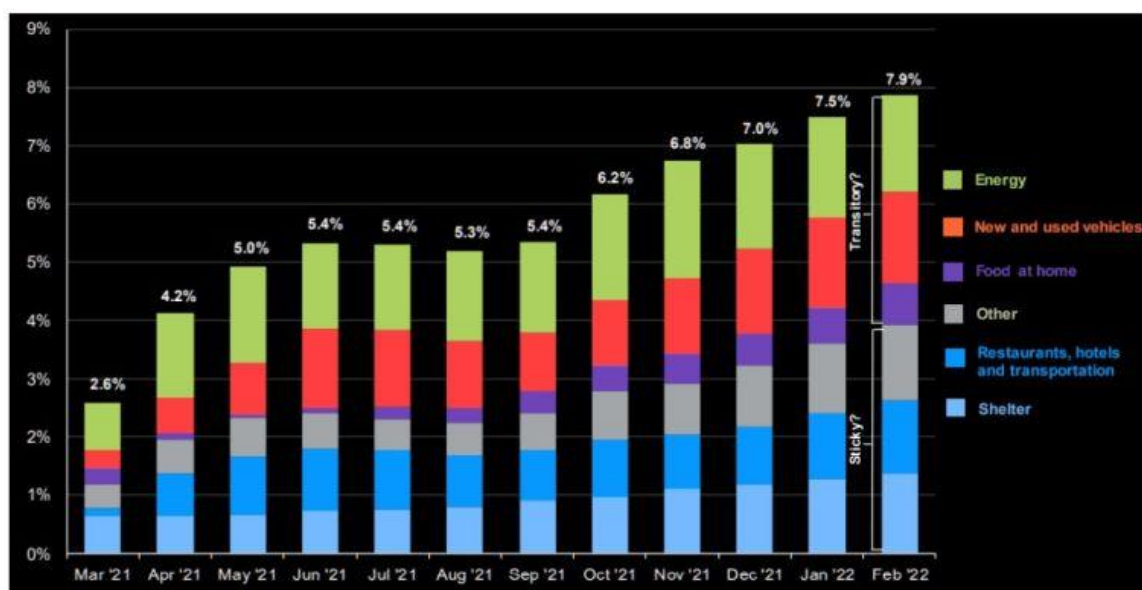
Source: Bloomberg

#macro

#us #inflation

See below contributors to US headline inflation (contribution to y/y % change in CPI, non seasonally adjusted). Some components are supposed to be sticky (shelters, restaurants), others to be transitory (energy, food, used cars).

Inflation components



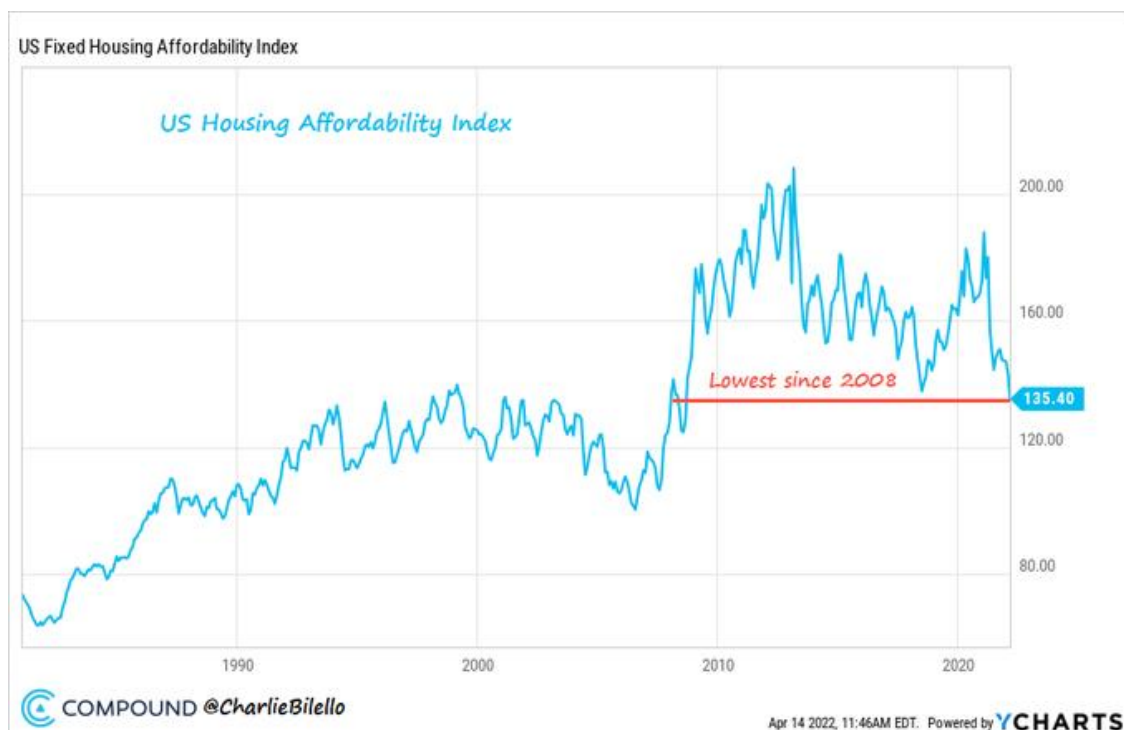
Source: JPM AM

Source: JPM AM

#macro

#us #inflation #housing

The US Housing Affordability Index has moved down to its lowest level since 2008. This is based on February data when mortgage rates were over 1% lower than they are today. The result: current affordability is much lower, plummeting over the last 2 months.

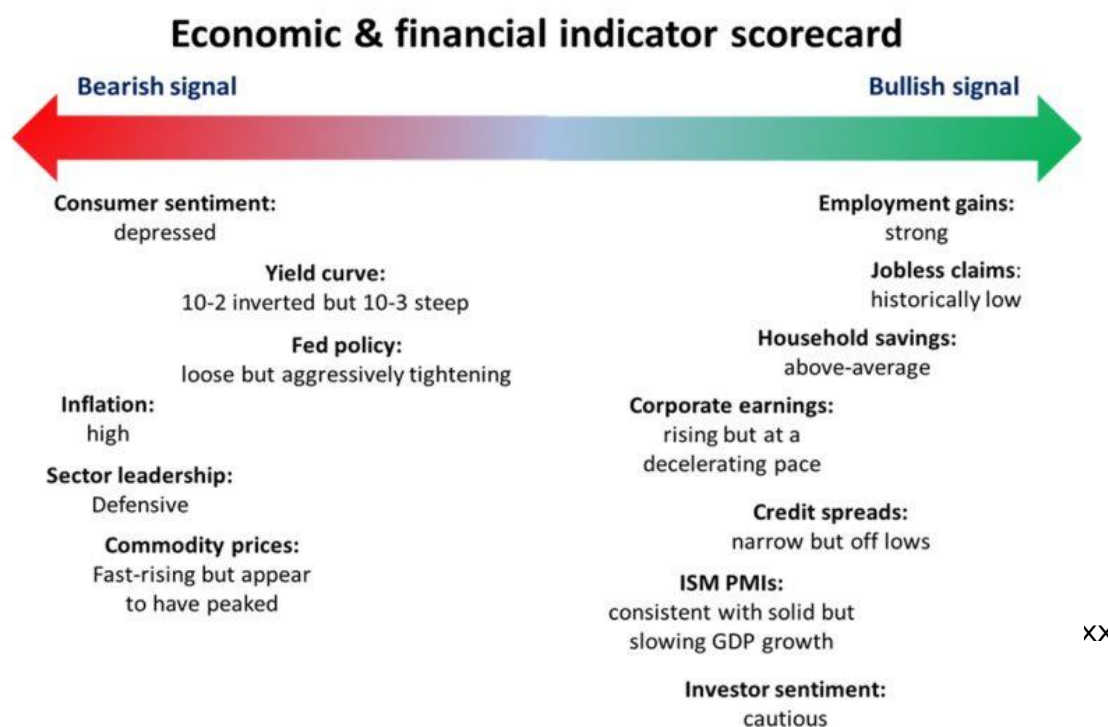


Source: Charlie Bilello

#macro

#us #recession #risk

Recession or no-recession in the US? The scorecard below by Edward Jones summarizes well the mixed signals we are getting from #economic and #financial indicators. On one-hand, the strong labor market, narrow credit spreads and PMIs consistent with solid but slowing GDP growth provide us with bullish signals. On the other hand, depressed consumer confidence, tightening Fed policy, inverted yield curve and defensive sector leadership should be taken as warning signals.



Source: Edward Jones

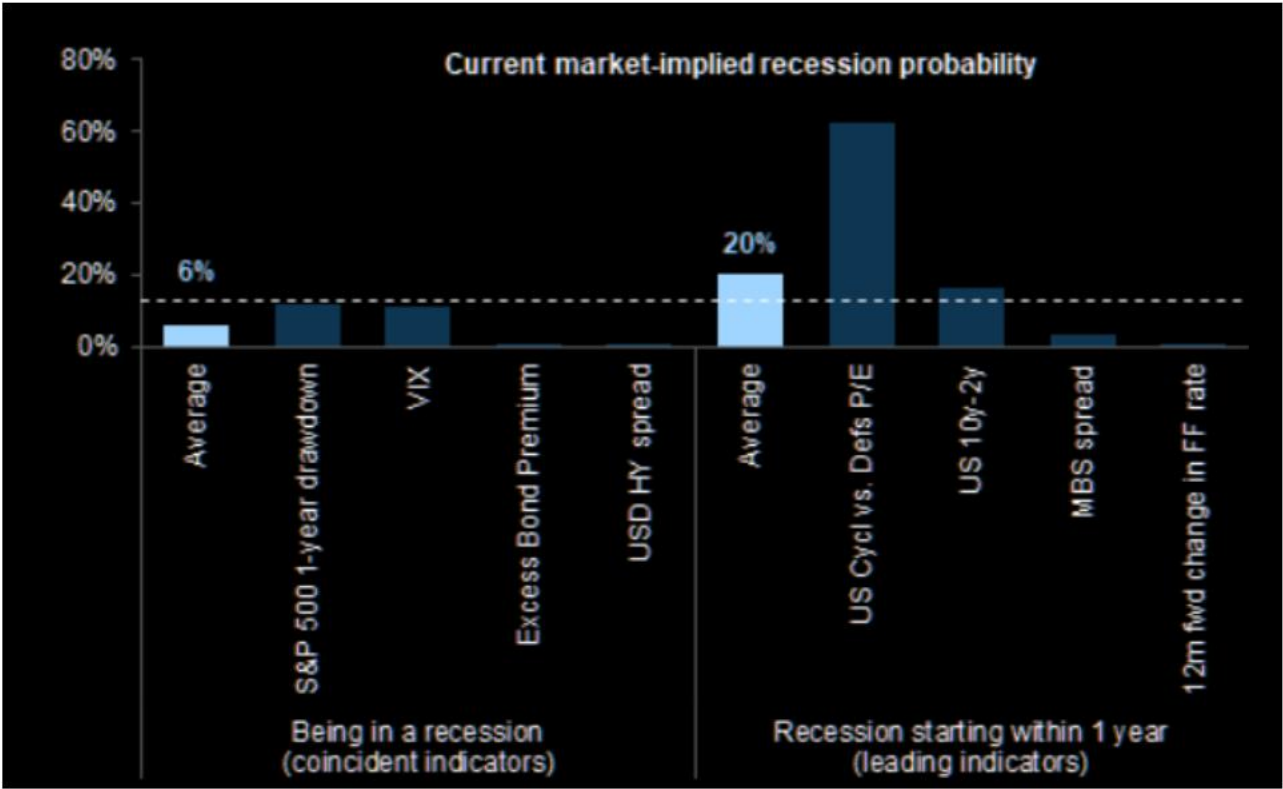
Source: Bloomberg

#macro

#us #recession #risk

US 10y-2y yield curve and cyclicals/defensives point to highest probability of a recession

Which indicators scream "recession" the loudest?




Source: Goldman

Source: Goldman

#macro

#us #yieldcurve #recession

The inverted Yield Curve omen...

Inverted Yield Curve (10-Yr minus 2-Yr) and Recessions (1976 - 2022)				
Recession Start	Recession End	Inverted Yield Curve Before Recession?	First Yield Curve Inversion	Lead vs. Recession Start (Months)
Feb-80	Jul-80	Yes	Aug-78	18
Aug-81	Nov-82	Yes	Sep-80	11
Aug-90	Mar-91	Yes	Dec-88	20
Apr-01	Nov-01	Yes	May-98	35
Jan-08	Jun-09	Yes	Dec-05	25
Mar-20	Apr-20	Yes	Aug-19	7
?	?	?	Apr-22	?
Average Lead Time				19
 COMPOUND			@CharlieBilello	

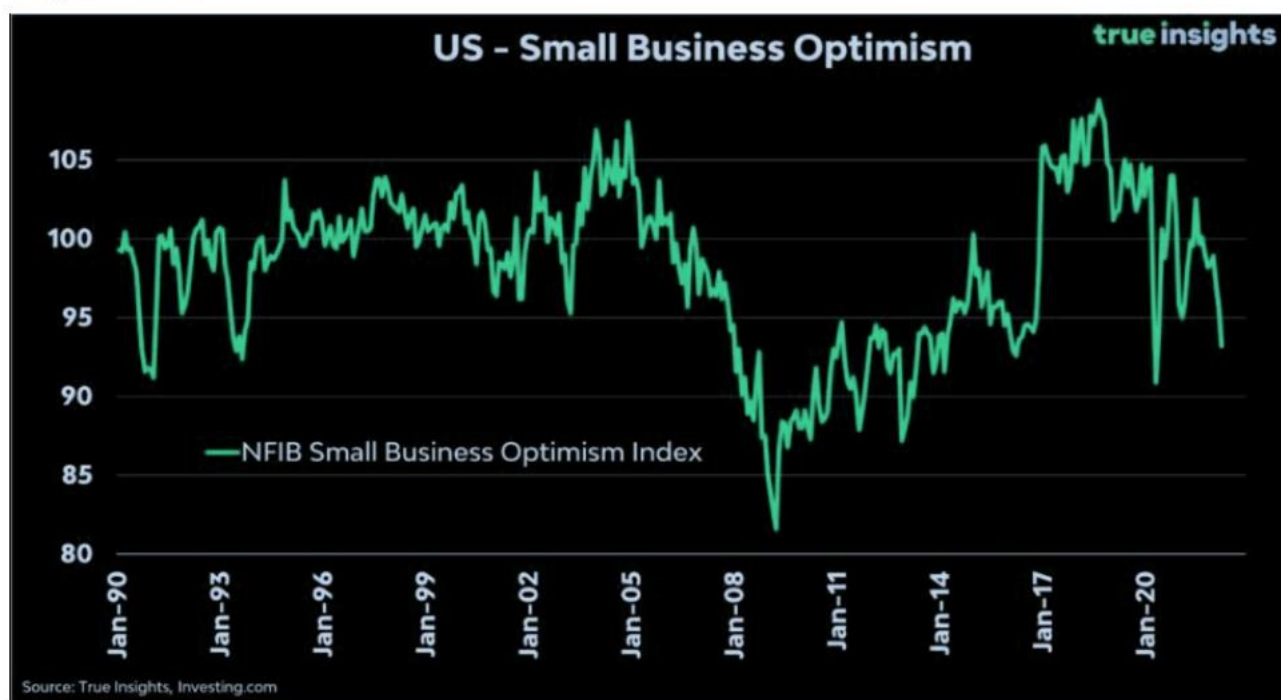
Source: Charlie Bilello

#macro

#us #yieldcurve #recession

Just a reminder that the NFIB Small Business Optimism Index for March is significantly below the long-term average

Why so serious?



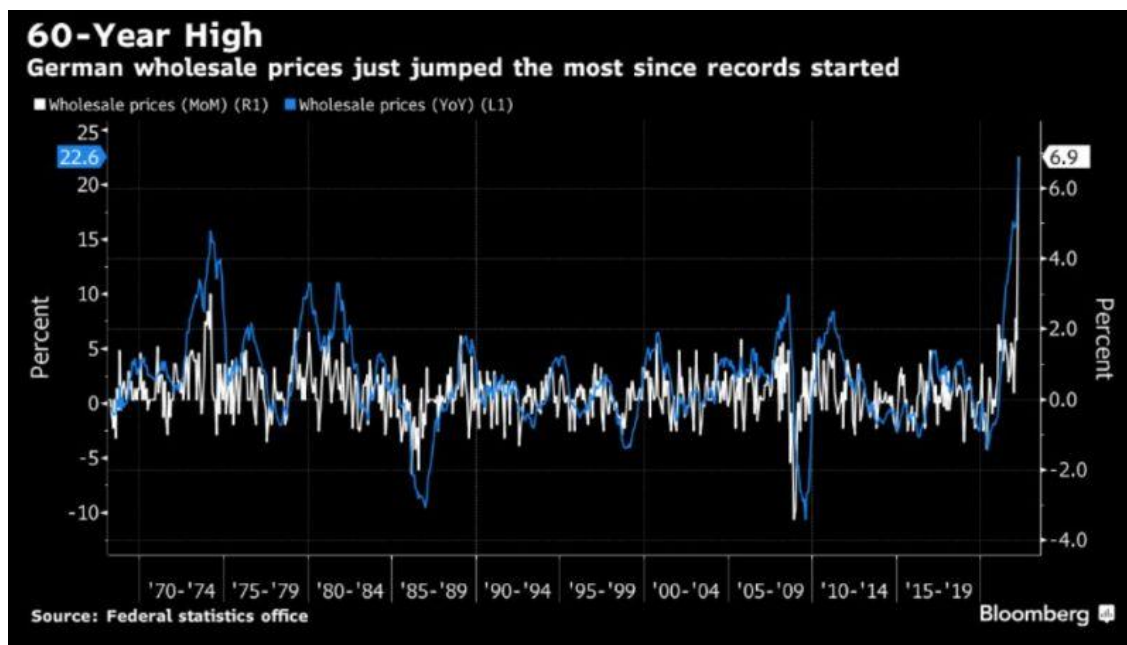
Source: True Insight

Source: True Insights, The Market Ear

#macro

#inflation #germany

Inflation pressure intensifies in Germany. Selling prices in wholesale trade rose by 22.6% YoY. This was the highest annual rate of change since the beginning of the calculation of the wholesale price indices in 1962. Germany wholesale prices rose the most on both an annual and monthly basis, as the high price of petroleum products and solid fuels drove up costs, according to report from the German Federal Statistics Office in Wiesbaden on Tuesday. Meanwhile, the ZEW business confidence hits it lowest level since March 2020 as German investor mood sours further amid war-driven #inflation..



Source: Bloomberg

#macro

#inflation #germany

10y inflation expectations (derived from linkers) jumped to a fresh ATH of 2.91% after inactive ECB. The market reaction shows that investors had expected a tougher stance against inflation.

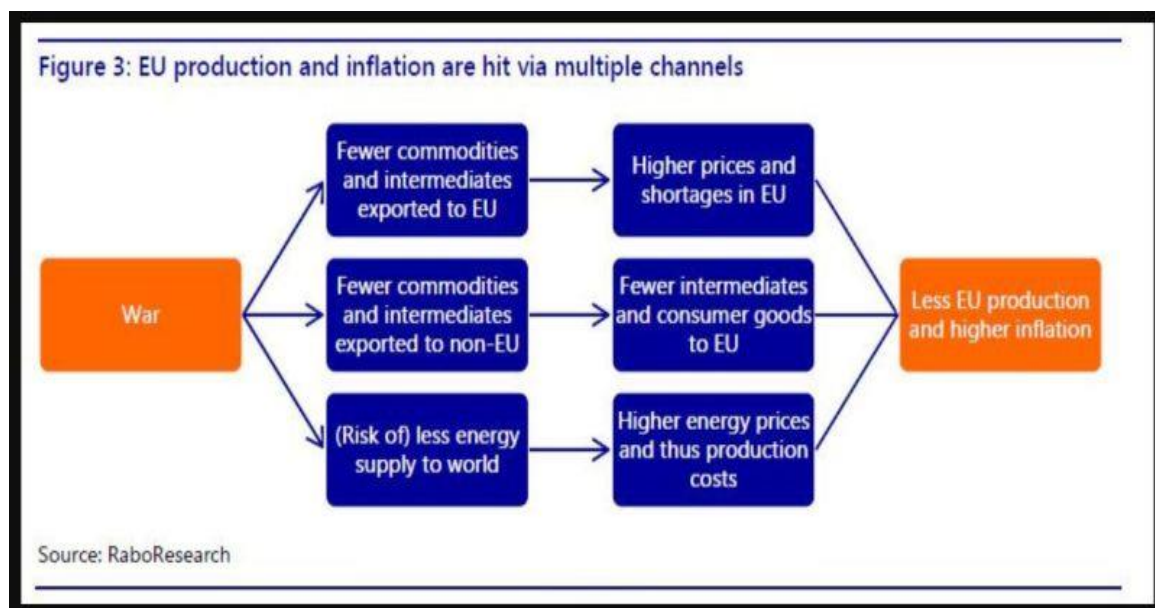


Source: Bloomberg

#macro

#inflation #eu #supplychains

Rabobank wrote about how the Ukraine war revives Supply chains crisis: "We can split up the effects on supply chains into first order and second order effects. First order effects are caused by a reduction in direct trade between the warzone and the European Union. There are two types of second order effects. The first is less trade between the warzone and third countries that results in fewer supply of products to the EU from those third countries. The second ,is less EU production of intermediate goods due to higher energy prices -or even shortages- as a result of the war and, consequently, less production of downstream goods for which these intermediates serve as inputs".



Source: Rabobank

#centralbanks

#global #rates

Global Central Bank Update: South Korea hikes rates for the 4th time in the last year, 25 bps increase to 1.50%.

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%	2.4%	-3.2%	Cut	Jan-15
Denmark	Deposit Rate	-0.60%	5.4%	-6.0%	Cut	Sep-21
Eurozone	Deposit Rate	-0.50%	7.5%	-8.0%	Cut	Sep-19
Japan	Policy Rate Bal	-0.10%	0.9%	-1.0%	Cut	Jan-16
Sweden	Repo Rate	0.00%	6.0%	-6.0%	Hike	Dec-19
Australia	Cash Rate	0.10%	3.5%	-3.4%	Cut	Nov-20
US	Fed Funds	0.38%	8.5%	-8.1%	Hike	Mar-22
Thailand	Policy Rate	0.50%	5.7%	-5.2%	Cut	May-20
UK	Bank Rate	0.75%	6.2%	-5.5%	Hike	Mar-22
Norway	Deposit Rate	0.75%	4.5%	-3.8%	Hike	Mar-22
Hong Kong	Base Rate	0.86%	1.6%	-0.7%	Cut	Mar-20
Canada	Overnight	1.00%	5.7%	-4.7%	Hike	Apr-22
Saudi Arabia	Repo Rate	1.25%	2.0%	-0.8%	Hike	Mar-22
Taiwan	Discount Rate	1.37%	3.3%	-1.9%	Hike	Mar-22
South Korea	Repo Rate	1.50%	4.1%	-2.6%	Hike	Apr-22
New Zealand	Cash Rate	1.50%	5.9%	-4.4%	Hike	Apr-22
Malaysia	Policy Rate	1.75%	2.2%	-0.5%	Cut	Jul-20
Philippines	Key Policy Rate	2.00%	4.0%	-2.0%	Cut	Nov-20
Indonesia	Repo Rate	3.50%	2.6%	0.9%	Cut	Feb-21
China	Loan Prime Rate	3.70%	1.5%	2.2%	Cut	Jan-22
India	Repo Rate	4.00%	7.0%	-3.0%	Cut	May-20
South Africa	Repo Rate	4.25%	5.7%	-1.5%	Hike	Mar-22
Poland	Repo Rate	4.50%	10.9%	-6.4%	Hike	Apr-22
Peru	Policy Rate	4.50%	6.8%	-2.3%	Hike	Apr-22
Czech Republic	Repo Rate	5.00%	12.7%	-7.7%	Hike	Mar-22
Colombia	Repo Rate	5.00%	8.5%	-3.5%	Hike	Mar-22
Mexico	Overnight Rate	6.50%	7.5%	-0.9%	Hike	Mar-22
Chile	Base Rate	7.00%	9.4%	-2.4%	Hike	Mar-22
Brazil	Target Rate	11.75%	11.3%	0.4%	Hike	Mar-22
Turkey	Repo Rate	14.00%	61.1%	-47.1%	Cut	Dec-21
Russia	Key Policy Rate	17.00%	16.7%	0.3%	Cut	Apr-22
Argentina	Benchmark Rate	44.50%	55.1%	-10.6%	Hike	Mar-22



COMPOUND

@CharlieBilello



PRIVATE
BANKING

Source: xxx

#centralbanks

#behind-the-curve

Global Central Bank Update: South Korea hikes rates for the 4th time in the last year, 25 bps increase to 1.50%.



Charlie Bilello ✓
@charliebilello

...

Inflation Rates...

Switzerland: 2.4%

Denmark: 5.4%

Canada: 5.7%

Sweden: 6.0%

UK: 6.2%

Eurozone: 7.5%

US: 8.5%

Central Bank Rates...

Switzerland: -0.75%

Denmark: -0.60%

Canada: 1.00%

Sweden: 0.00%

UK: 0.75%

Eurozone: -0.50%

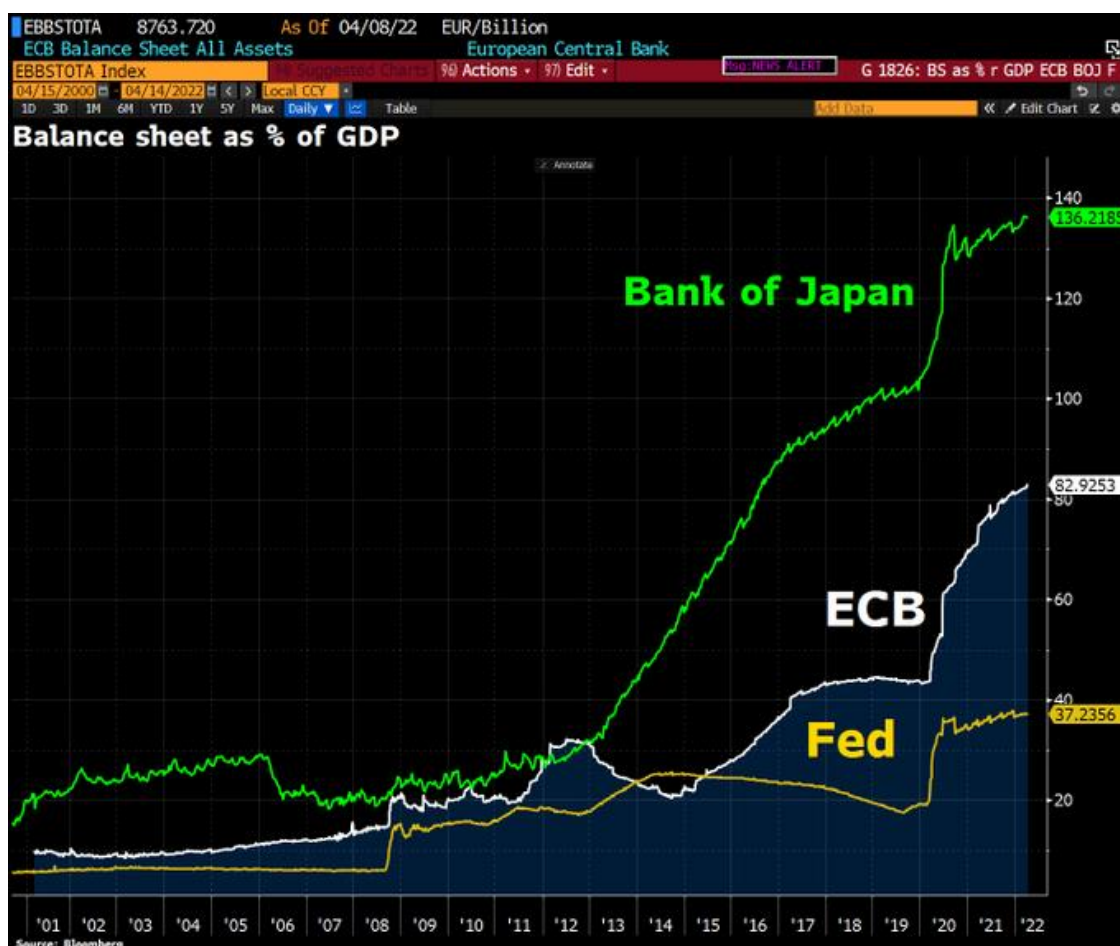
US: 0.375%

Behind the curve.

#centralbanks

#central-banks #balance-sheet

ECB's Lagarde: #ECB will complete asset purchases first, hike some time thereafter. "Some time after" can be anytime between a week and several months.

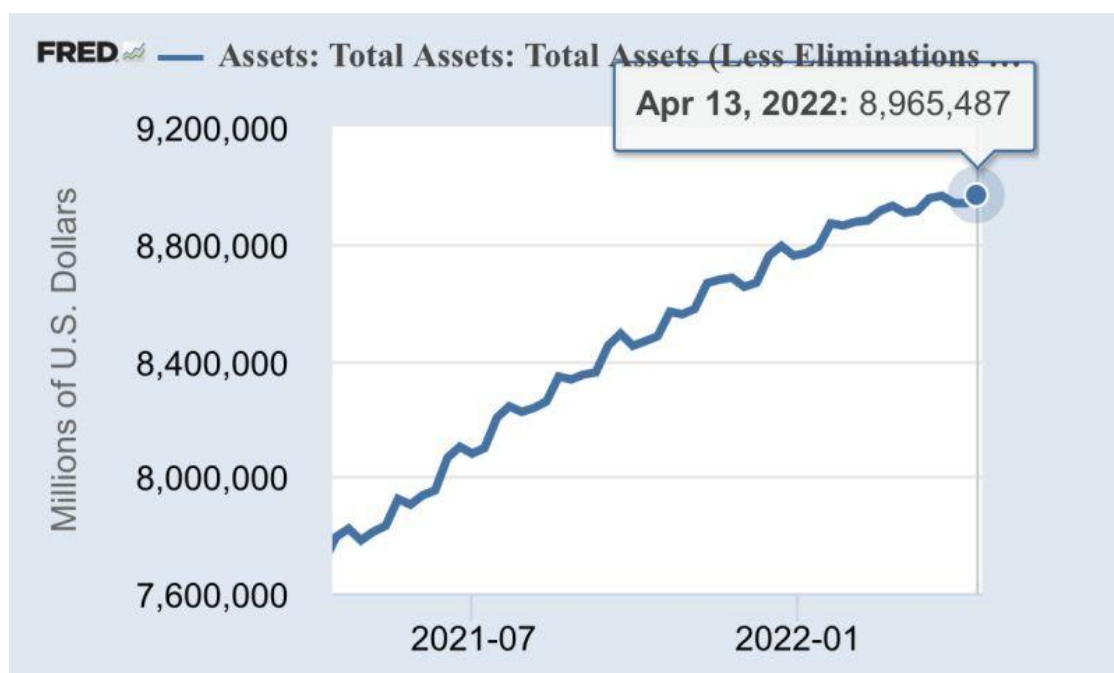


Source: Bloomberg, HolgerZ

#centralbanks

#fed #balance-sheet

The @federalreserve balance sheet just hit ANOTHER NEW RECORD HIGH \$8.965 TRILLION! Up \$30 Billion from JUST LAST WEEK! How are they suppose to reduce it by \$95 billion a month?

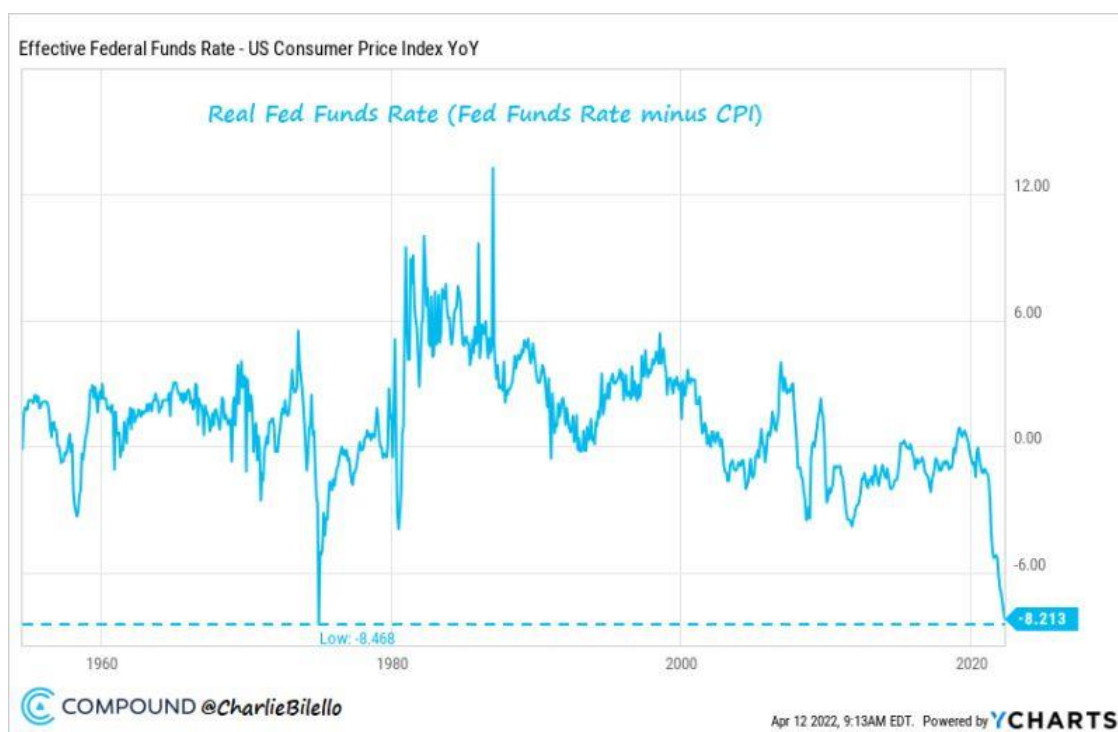


Source: Golden Coast Consultants, FRED

#centralbanks

#us #real rates

FINANCIAL REPRESSION AT FULL SPEED: With #us #inflation jumping by 8.5% yoy (highest since 1981), the real #fed Funds rate (Fed Funds rate minus CPI) now stands at -8.2% in the US, which is the lowest level we've seen since 1974. Many market participants believe this is a through for the real fed funds rate as inflation is expected to peak soon while the Fed should aggressively hike #rates at the upcoming Fed meetings..

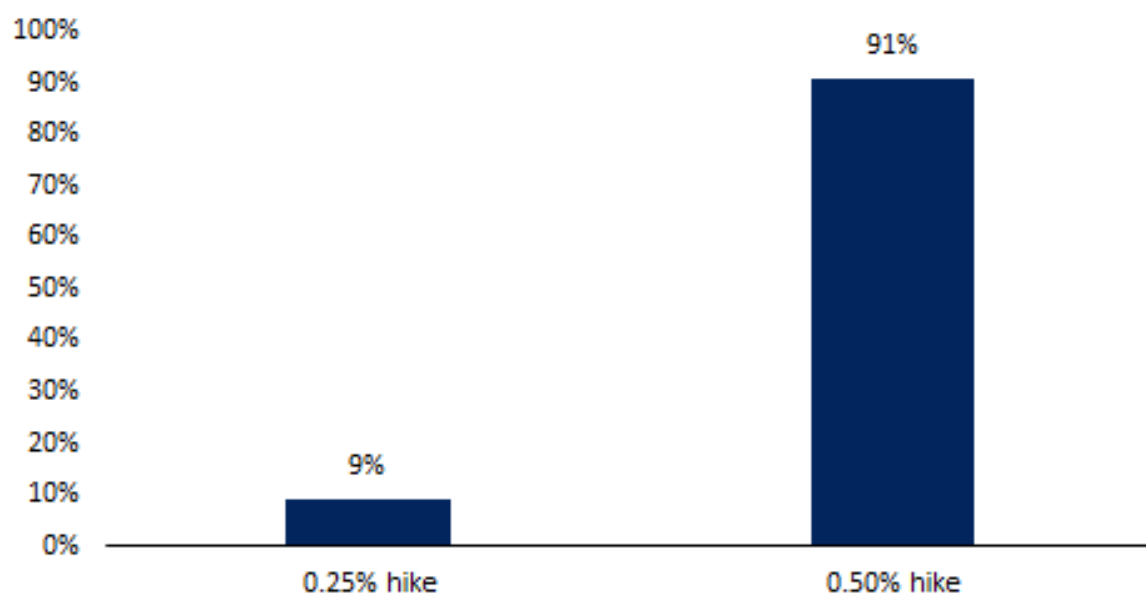


Source: Charlie Bilello

#centralbanks

#us #rates #expectations

Probability of a 0.50% rate hike at May Federal Reserve meeting



Source: Edward Jones

#centralbanks

#ecb

Ahead of Thursday's ECB meeting, the European central bank balance sheet just hit fresh all-time-high at €8,763.7bn. Total assets now equal to 83% of Eurozone GDP vs Fed's 37% and BOJ's 136%.



Source: Bloomberg, HolgerZ

#centralbanks

#ecb

ECB President Christine Lagarde said "The Governing Council will take whatever action is needed to fulfil the ECB's mandate to pursue price stability and to contribute to safeguarding financial stability". Well, looking at the Bloomberg chart below, there is still some work to be done...

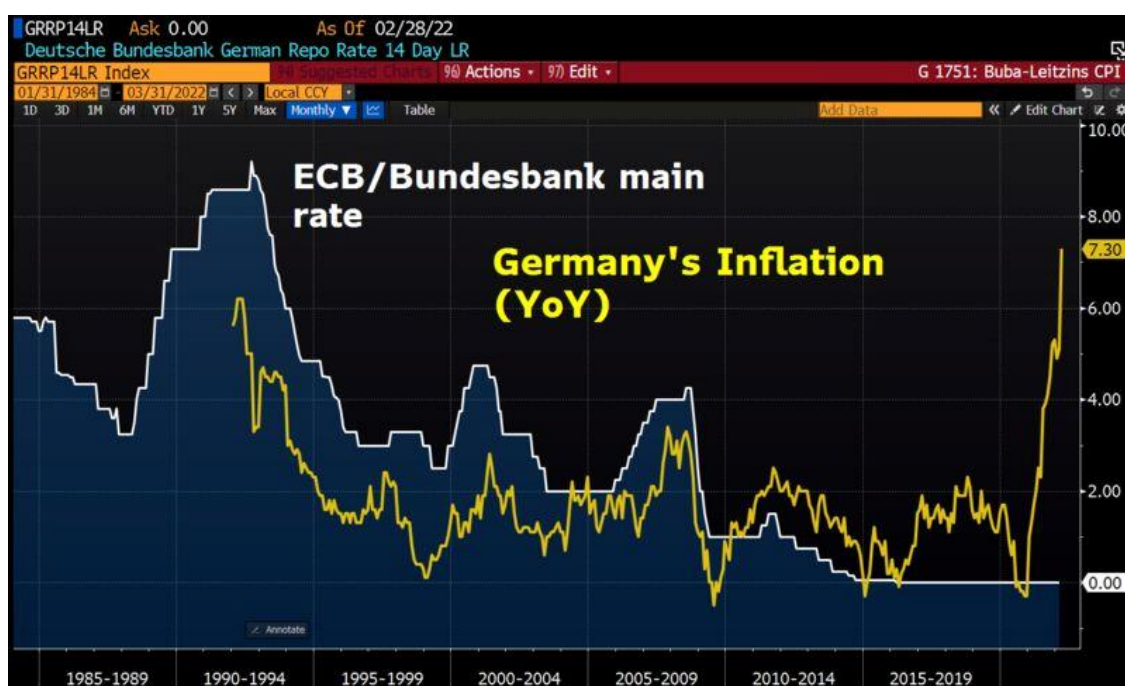


Source: Bloomberg

#centralbanks

#lithuania #inflation

Lithuania's inflation has jumped to almost 16% but the ECB will print another €90bn by June.

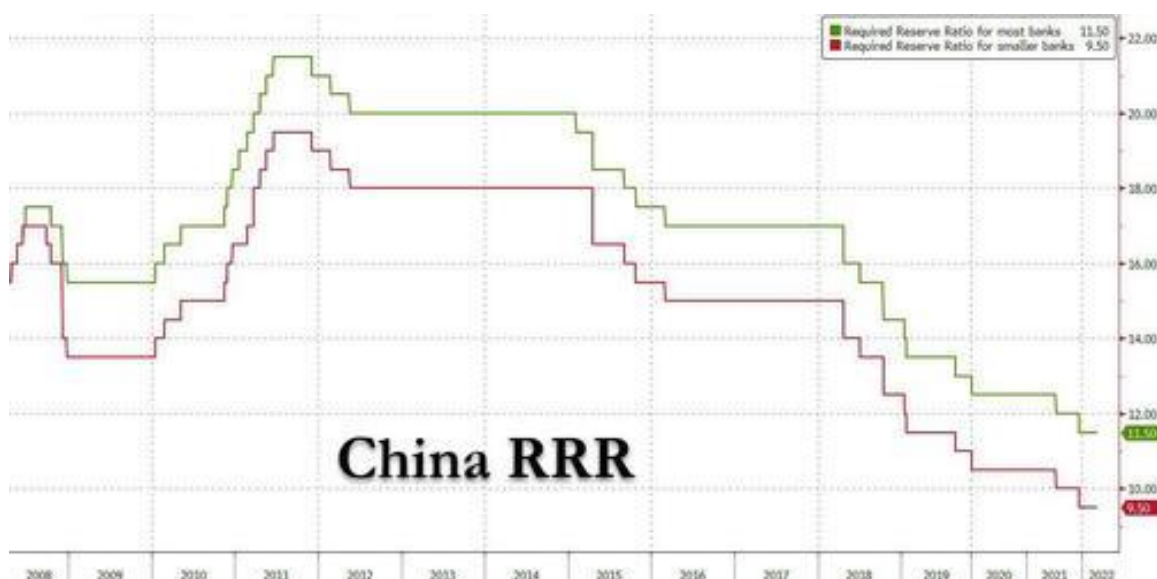


Source: Bloomberg

#centralbanks

#pboc

The People's Bank of China lowered the reserve requirement ratio for most banks by 25 basis points and for smaller banks by 50 basis points to the lowest level since 2007, according to a statement published Friday. The change is effective on April 25 and will unleash 530 billion yuan (\$83 billion) of long-term liquidity into the economy, the central bank said. This was the first RRR cut since December.



Source: www.zerohedge.com

#cryptos

#spot #crypto #etf

New Nasdaq survey of financial advisors (who control \$26T in assets) finds 72% of them would be more likely to invest in crypto if a spot ETF were available. While 86% plan to boost their allocations to the space in the next 12 months, none plan to decrease over that span. Advisers, on average, report wanting to allocate 6% of a client's total portfolio to crypto.

Nasdaq, Inc.: Spot Crypto ETF in Demand by Majority of Financial Advisors, Finds New Nasdaq Survey

Advisors most likely to consider using an index fund when deciding how to allocate to crypto over coming year

86% of advisors who are already investing in crypto plan to increase allocations within 12 months

NEW YORK, April 11, 2022 (GLOBE NEWSWIRE) -- According to a new Nasdaq survey of 500 financial advisors who are currently or considering allocating to crypto, 72% of advisors would be more likely to invest client assets in crypto if a spot ETF product were offered in the United States.

Among advisors already investing in crypto, 86% expect to increase their allocations over the next 12 months, while 0% report plans to decrease. Of the same group, 50% are already using Bitcoin futures ETFs and 28% plan to start using them in the next 12 months.

On average, advisors currently or considering investing in crypto state that their ideal crypto allocation is 6% of a client's total portfolio. Notably, some 69% of these advisors would consider using an index fund for broad exposure, followed by sector-specific index funds (57%), actively managed funds (52%), individual digital assets (40%) and high-yield funds (31%).

Source: Bloomberg

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

16 APRIL 2022

#cryptos

#microstrategy

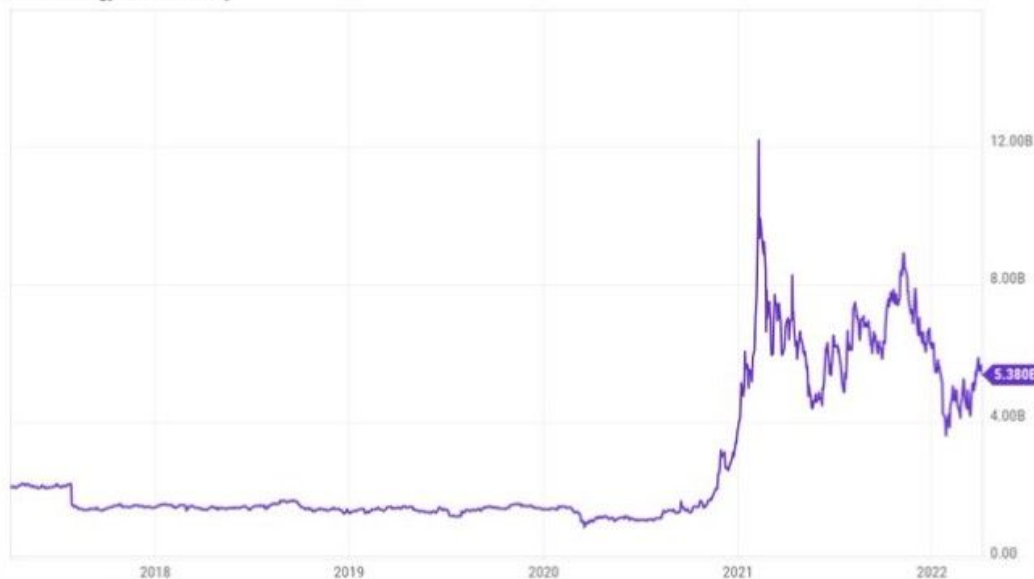


Michael Batnick

@michaelbatnick

MicroStrategy holds ~\$5.9 billion in Bitcoin. Its market cap is \$5.3 billion.

MicroStrategy Inc Market Cap



RITHOLTZ

Apr 05 2022, 10:54AM EDT. Powered by YCHARTS

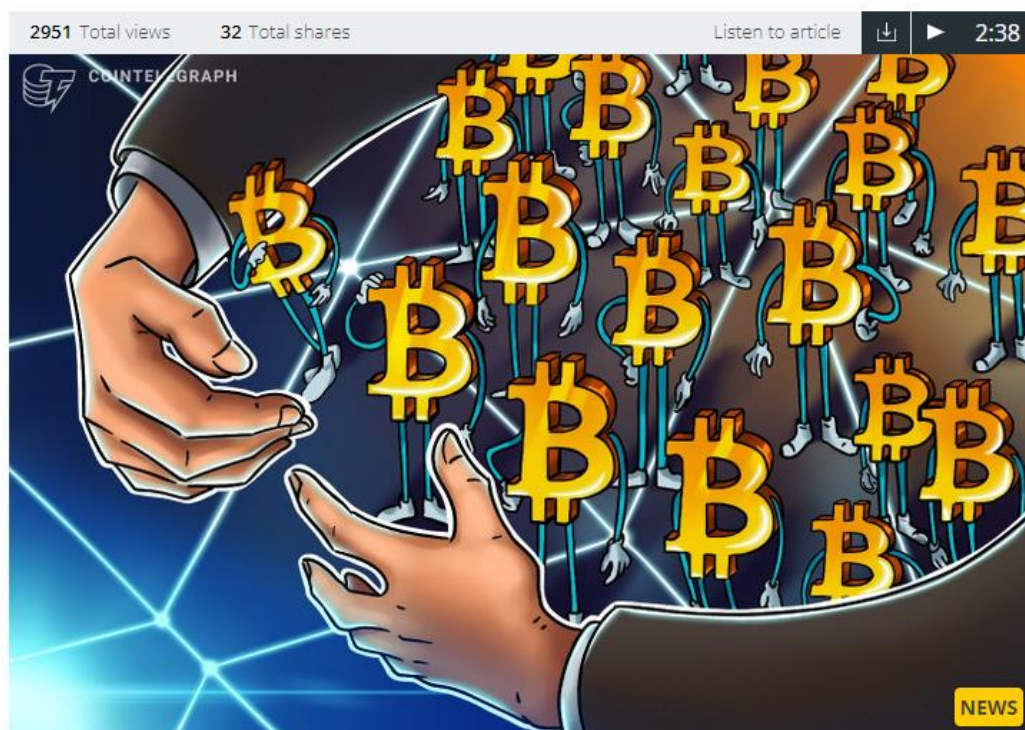
4:56 PM · Apr 5, 2022 · Twitter Web App

#cryptos

#microstrategy

MicroStrategy shareholders letter: We'll 'vigorously pursue' more BTC buys

MicroStrategy will not be taking a break from buying and hodling Bitcoin any time soon according to a letter to investors from the company's CEO, Michael Saylor.



MicroStrategy CEO Michael Saylor has proclaimed to shareholders of his company that his firm intends to "vigorously pursue" its reserve assets strategy to buy and hold more Bitcoin.

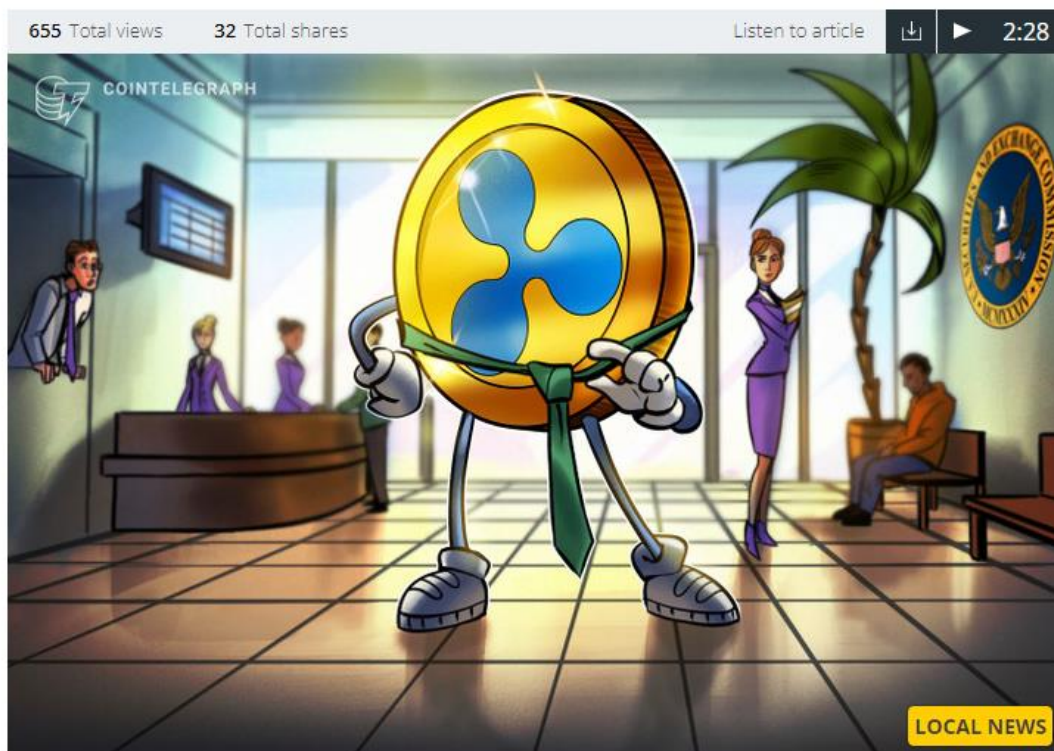
Source: www.cointelegraph.com

#cryptos

#ripple

Ripple CEO: SEC case is going 'much better than I hoped'

Ripple CEO Brad Garlinghouse told attendees of the Paris Blockchain Week that the ongoing case with the SEC is going exceedingly well.



Ripple CEO Brad Garlinghouse is increasingly optimistic that the long-running case with the Securities and Exchange Commission (SEC) will deliver a positive result for the blockchain-based global payments company.

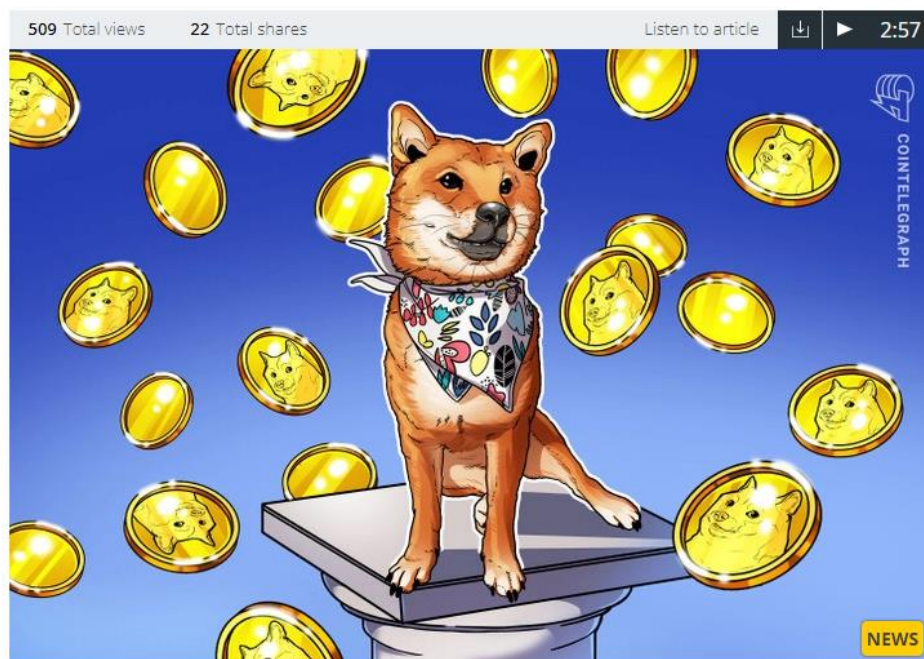
Source: Cointelegraph

#cryptos

#dogecoin #robinhood

Robinhood CEO outlines how DOGE could become 'currency of the internet'

Robinhood CEO Vladimir Tenev took to Twitter to explain how DOGE could become the future currency of the internet just hours after Dogecoin's creator criticized Elon Musk for his Twitter antics.



Robinhood CEO Vladimir Tenev took to Twitter on Thursday afternoon to explain how Dogecoin could become the “future currency of the internet.”

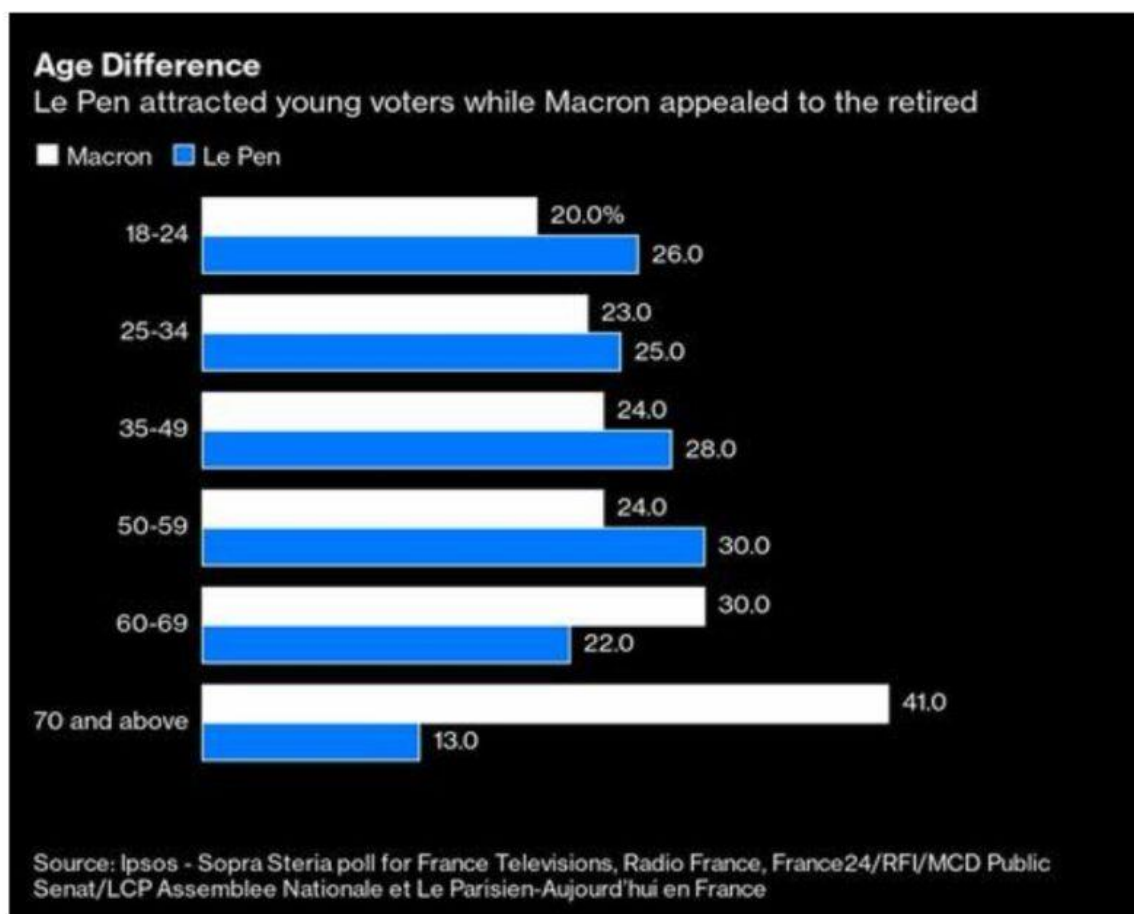
In a thread of 12 posts to his nearly 200,000 followers, Tenev outlined what steps need to be taken to transform the memecoin into a usable asset for everyday payments and transactions on the internet.

Source: www.cointelegraph.com

#food-for-thought

#french-elections

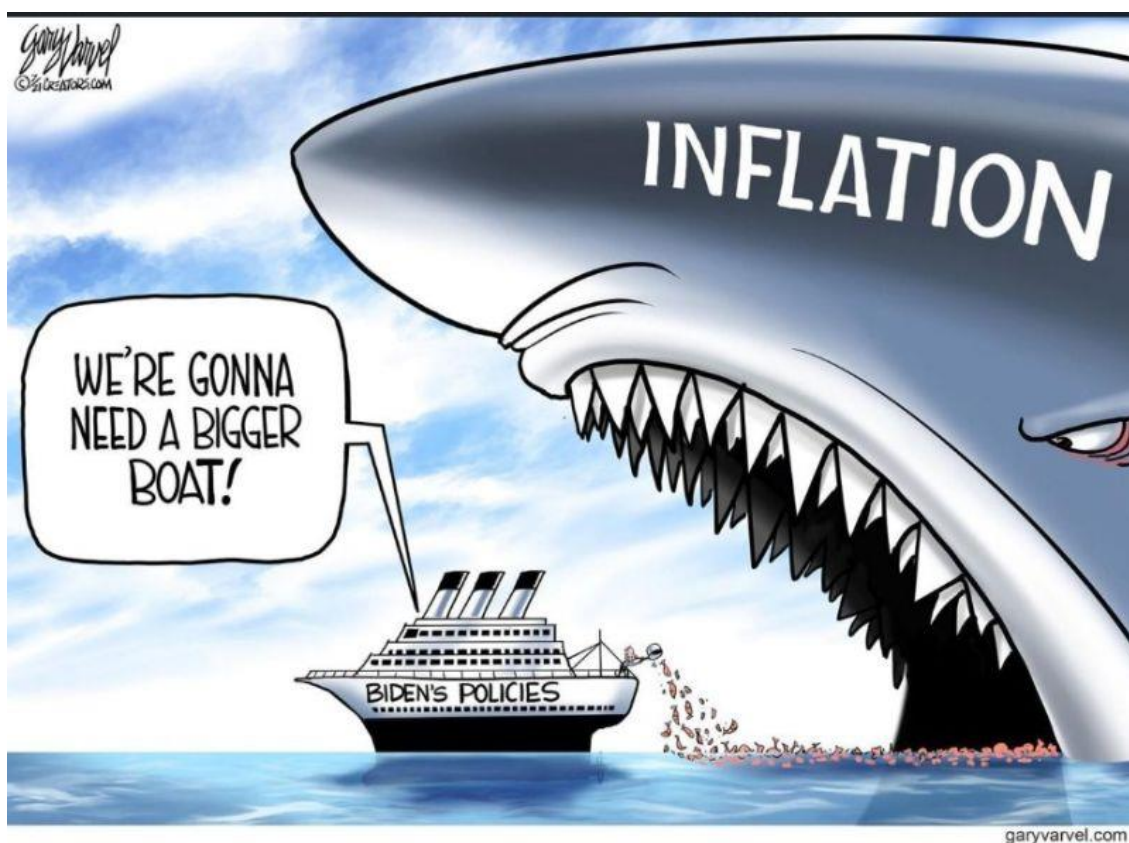
FRENCH ELECTION 2022 1st ROUND DEMOGRAPHICS: Majority of "boomers" voted for Macron while majority of the younger voted for Le Pen. Compared with 2017 elections, French President Macron has lost ground with every age group below 60, while Le Pen took around twice as much of the blue collar vote..



Source: Bloomberg

#food-for-thought

#inflation

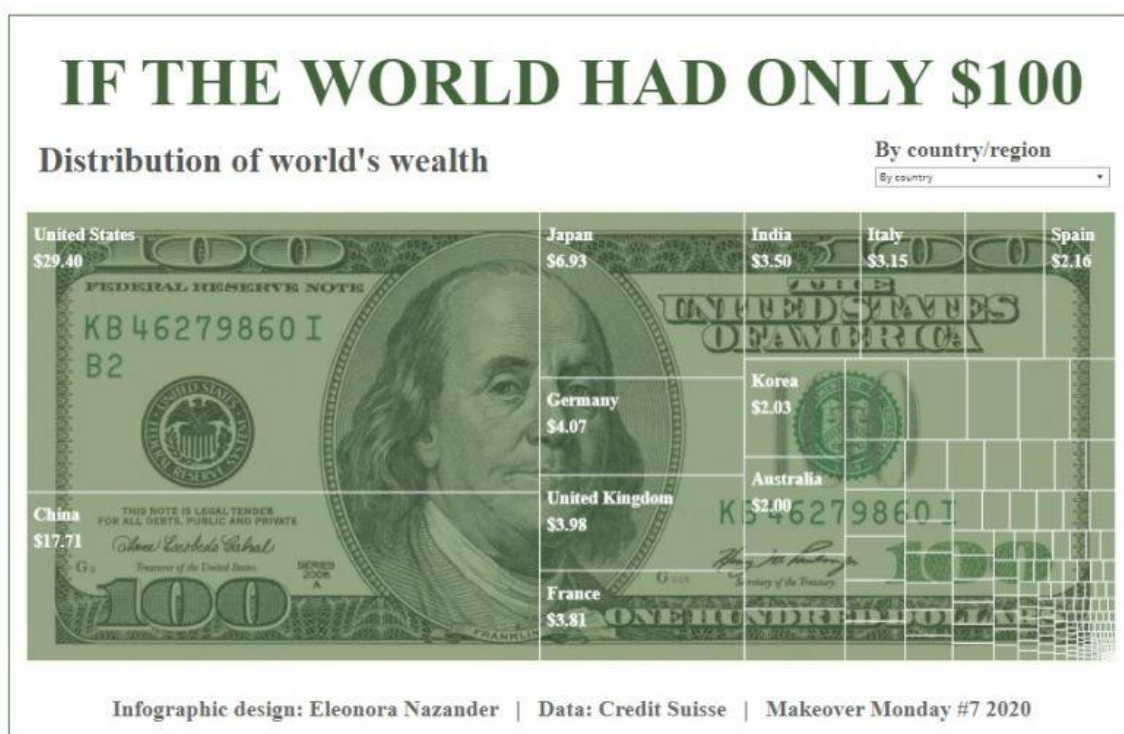


Source: garyvarvel.com

#food-for-thought

#wealth #inequality

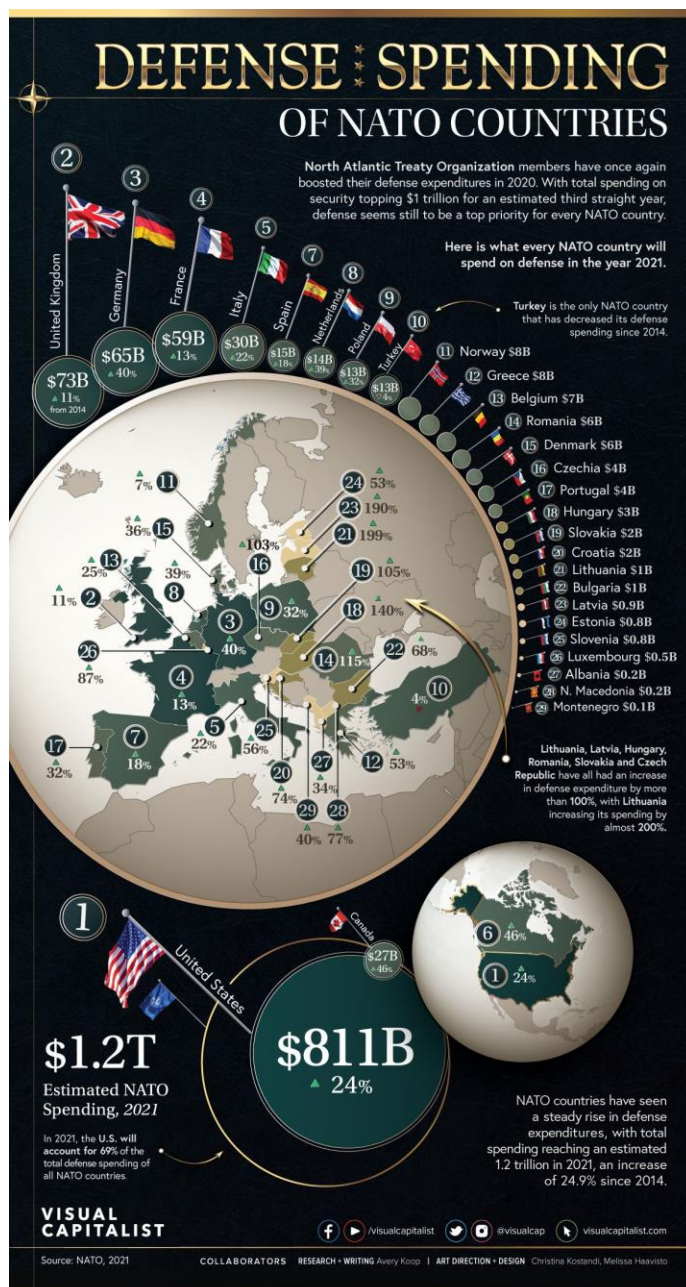
Visualizing the distribution of household wealth, by Country and by using a \$100 note (source: The Visual Capitalist). A majority of the world's wealth is concentrated in just a few countries. In fact, almost a third of household wealth is held by Americans, while China's population accounts for nearly a fifth. Using data from Credit Suisse, this graphic by Eleonora Nazander shows the distribution of household wealth worldwide, highlighting the wealth gap that exists across regions.



Source: The Visual Capitalist

#food-for-thought

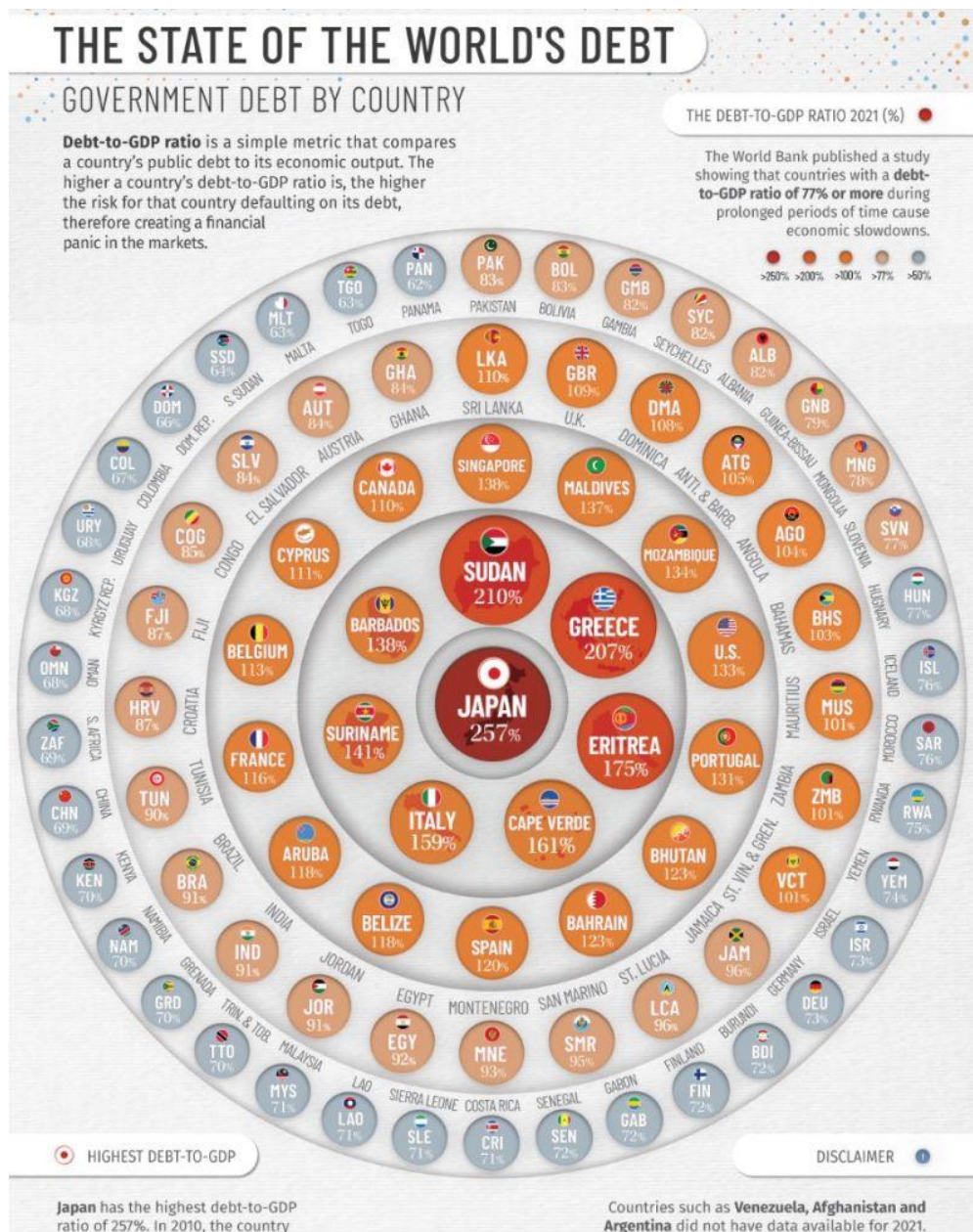
#defense #spending



Source: The Visual Capitalist

#food-for-thought

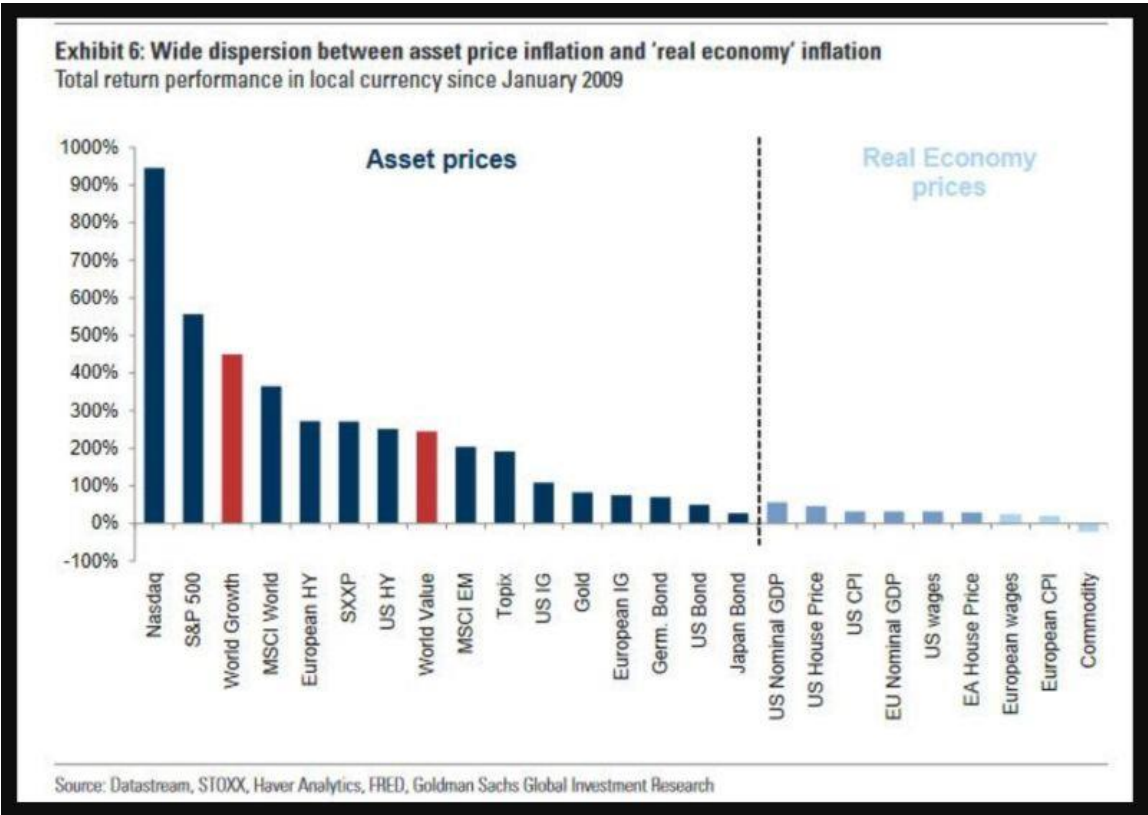
#debt



#food-for-thought

#fincialization

WALL STREET vs. MAIN STREET. Since 2009, financial assets inflation has outpaced real economy #inflation by a huger margin. Is its time for mean reversion, i.e real assets inflation outpacing financial assets returns?



Source: Goldman

#food-for-thought

#housing #inflation

Home Price changes since 2000...

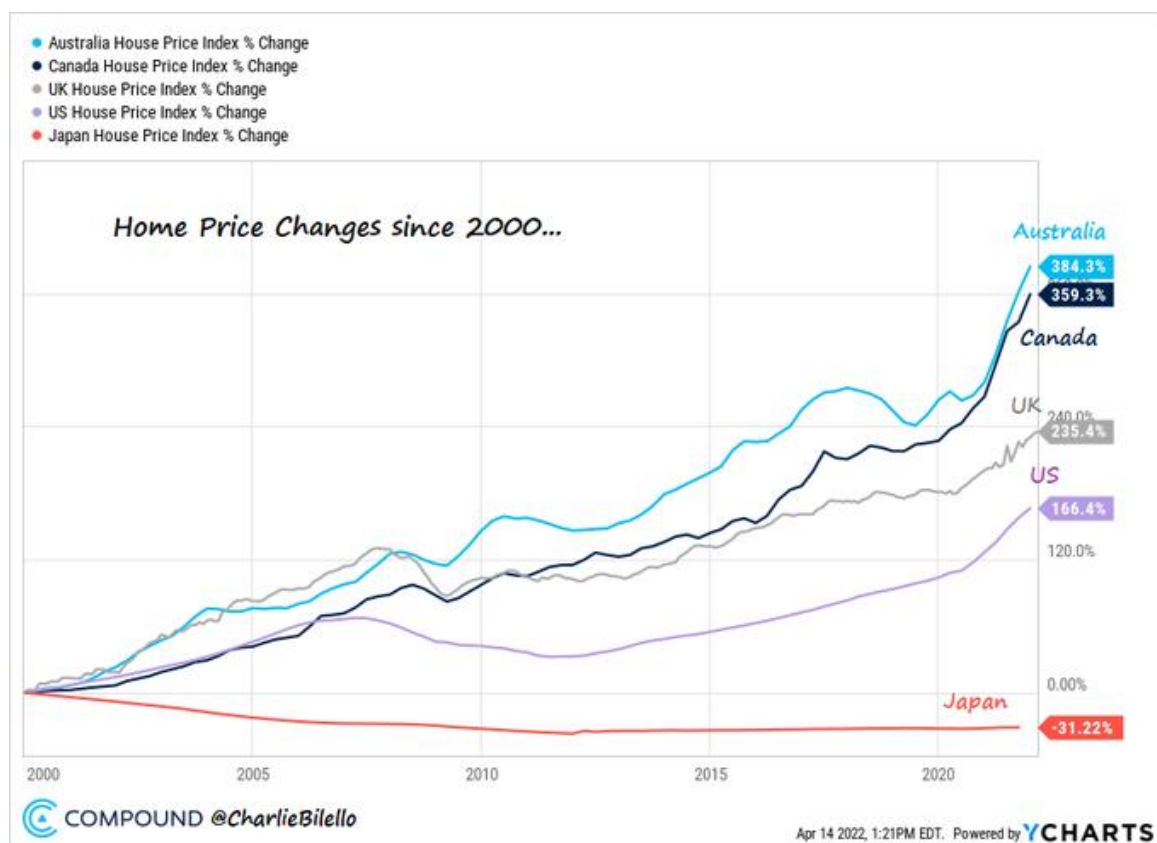
Australia: +384%

Canada: +359%

UK: +235%

US: +166%

Japan: -31%

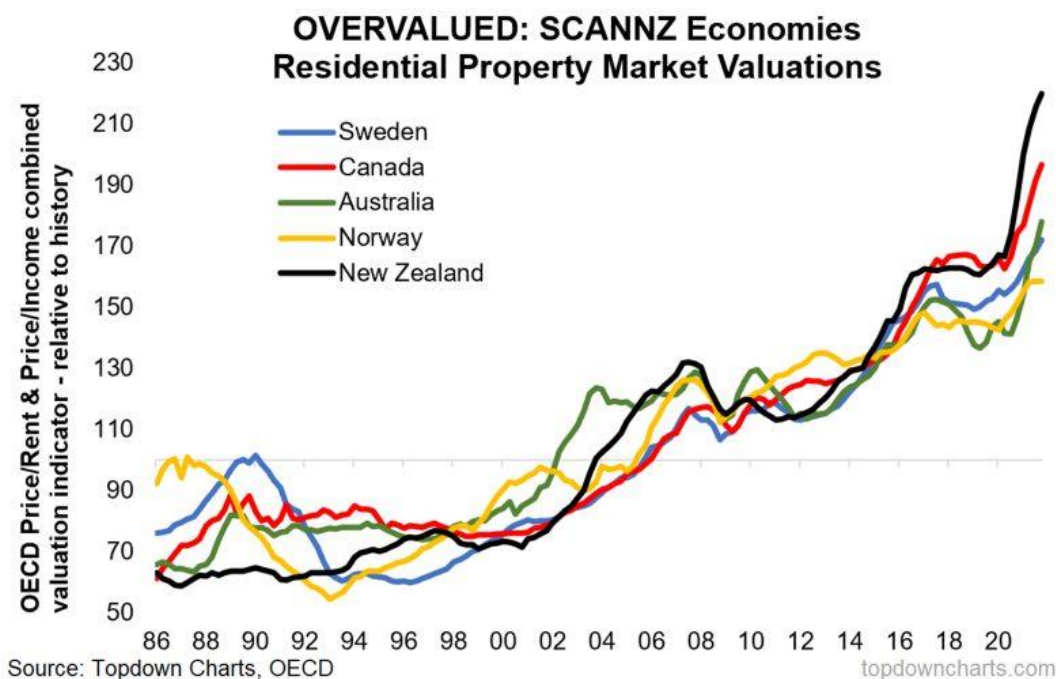


Source: Charlie Bilello

#food-for-thought

#scannz #property #bubble

“The SCANNZ economies (Sweden, Canada, Australia, Norway, New Zealand) share an interesting set of common features e.g. small open economies, exposure to commodities, have their own currency, independent central bank, and of course they all have overvalued housing markets. These economies have a significant vulnerability and sensitivity to a significant increase in borrowing costs in the form of record high housing market valuations”. With rise in bond yields, will the bubbles burst?



Source: Topdowncharts.com, OECD

#food-for-thought

#us #equities #dominance



Jeff Weniger
@JeffWeniger



Country weights in the MSCI All Country World Index, 3/31/22.

United States is:

11x Japan

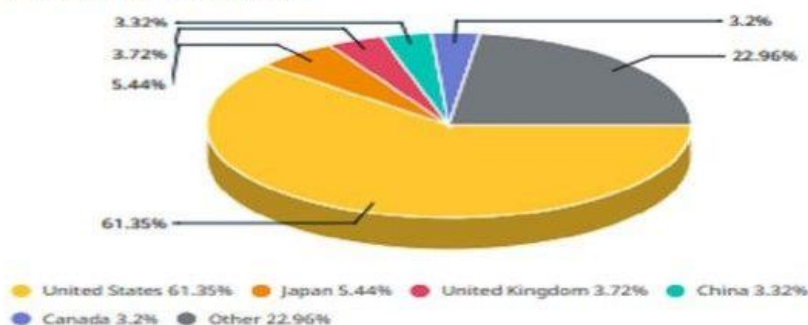
16x United Kingdom

18x China

19x Canada

2.7x All Other Countries Combined

COUNTRY WEIGHTS

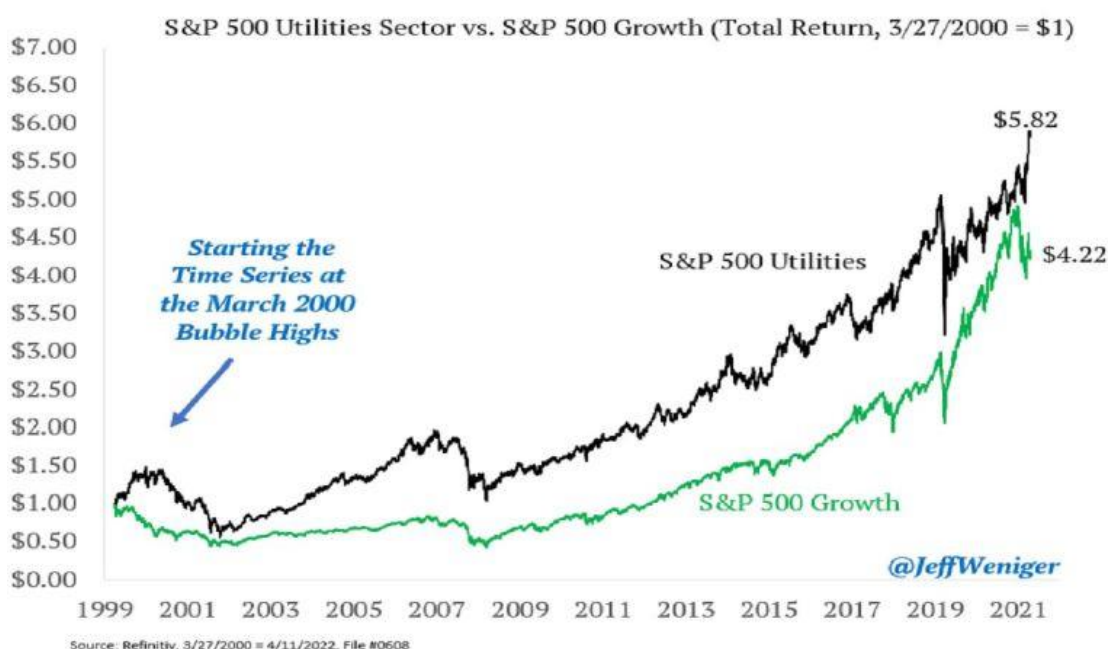


MSCI ACWI Index (USD) | msci.com

#food-for-thought

#bad-companies #good-stocks

A GREAT COMPANY IS NOT NECESSARILY A GREAT STOCK AND VICE VERSA... As shown on the #chart below courtesy of Jeff Weniger, US Utilities have outperformed US growth stocks since Q1 2000. Note that that the clock at the Year 2000 bubble high... so timing is everything as usual...



Source: Jeff Weniger

#food-for-thought

#us #equities #share-buybacks

Companies engaged in share buybacks not only beat companies that diluted shareholders -- they destroyed them. In every decade. Stocks on the right side of the table hold up in bull markets, then collapse in recessions, when there is no one left to give them more money.

Stock Market Returns, 1963-2021: Ranked by Share Buybacks vs. Share Issuance

Decade	Stock Repurchasers	Neither Issuing Nor Buying	Lowest Quintile Share Issuance	2nd Quintile Share Issuance	3rd Quintile Share Issuance	4th Quintile Share Issuance	Highest Quintile Share Issuance
1960s	10.0%	8.5%	7.4%	9.1%	11.6%	9.0%	6.0%
1970s	10.2%	8.9%	6.0%	6.4%	6.4%	3.6%	1.6%
1980s	21.6%	18.6%	17.2%	16.7%	16.5%	14.8%	12.5%
1990s	18.7%	12.6%	15.5%	16.5%	21.0%	20.7%	13.5%
2000s	2.7%	9.2%	3.3%	2.2%	2.9%	-2.7%	-6.5%
2010s	14.3%	16.4%	13.0%	11.6%	16.3%	12.4%	9.8%
2020-2021	24.3%	32.6%	14.7%	20.8%	24.1%	36.7%	20.6%

Source: Ken French database, using CRSP, as of 12/31/2021. Data for the 1960s commences July 1963. File #0543

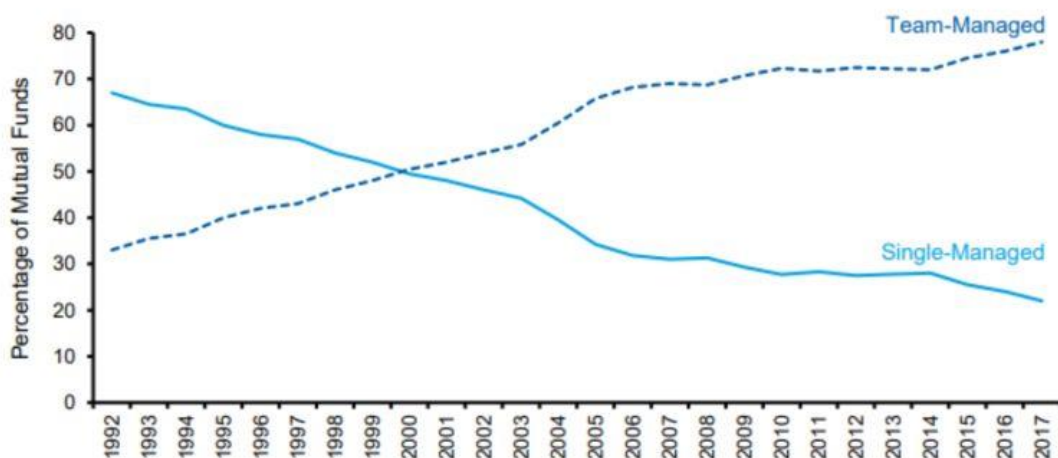
Source: Jeff Weniger

#food-for-thought

#fund-management

A profound change in the investment industry: 30 years ago 65% of funds were managed by a single manager, today this is down to 20%. Wonder what impact this has had?

Exhibit 5: Mutual Funds Shift from One to Multiple Managers



Source: Campbell R. Harvey, Yan Liu, Eric K.K. Tan, and Min Zhu, "Crowding: Evidence from Fund Managerial Structure," Working Paper, April 9, 2021.

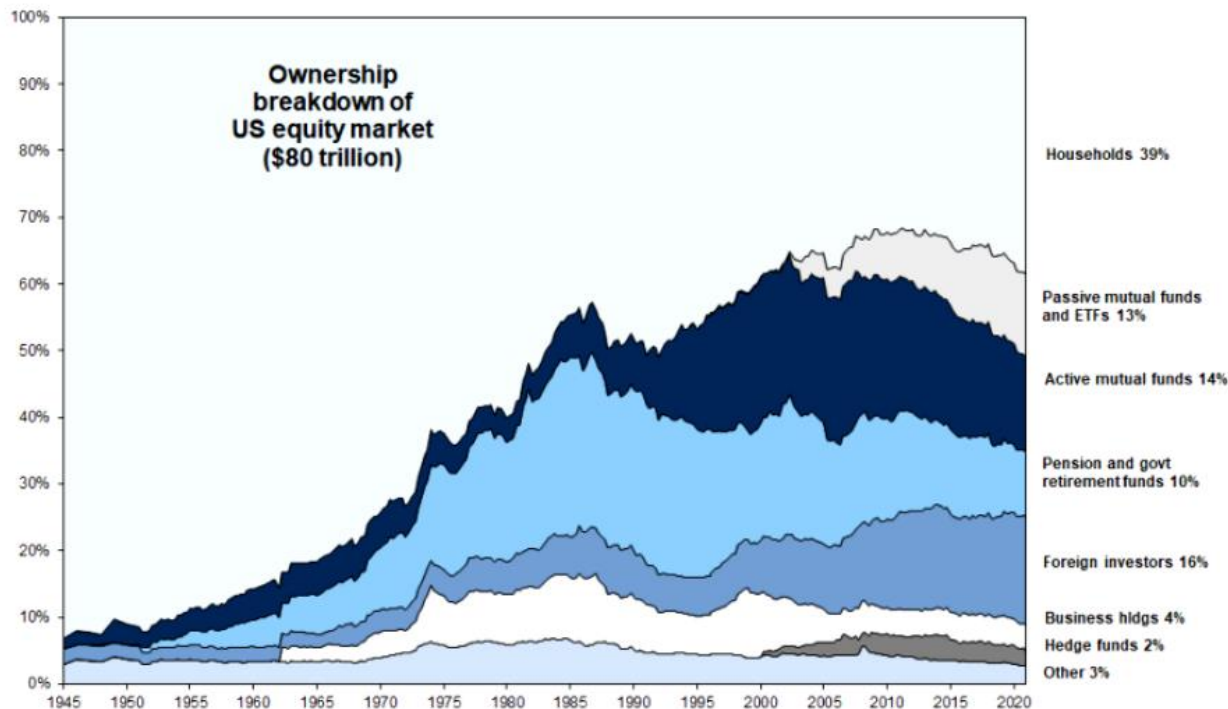
Source: Campbell R Harvey, Yan Liu, Eric KK Tan and Min Zhu, Twitter

#food-for-thought

#us #equities #ownership

As Scott Rubner of GS writes: "We estimate a record \$2.14 Trillion worth of realized capital gains in 2021, which means a record capital gains tax bill of \$346 Billion due on Monday. This tax bill exceeds last year's prior record of \$270 Billion by 28%. This resembles trading activity from 2021. Retail traders saw a resurgence on call option activity during the second half of April after taxes were paid." Note that households are the biggest holders of stocks.

Time to front run call buying in April?



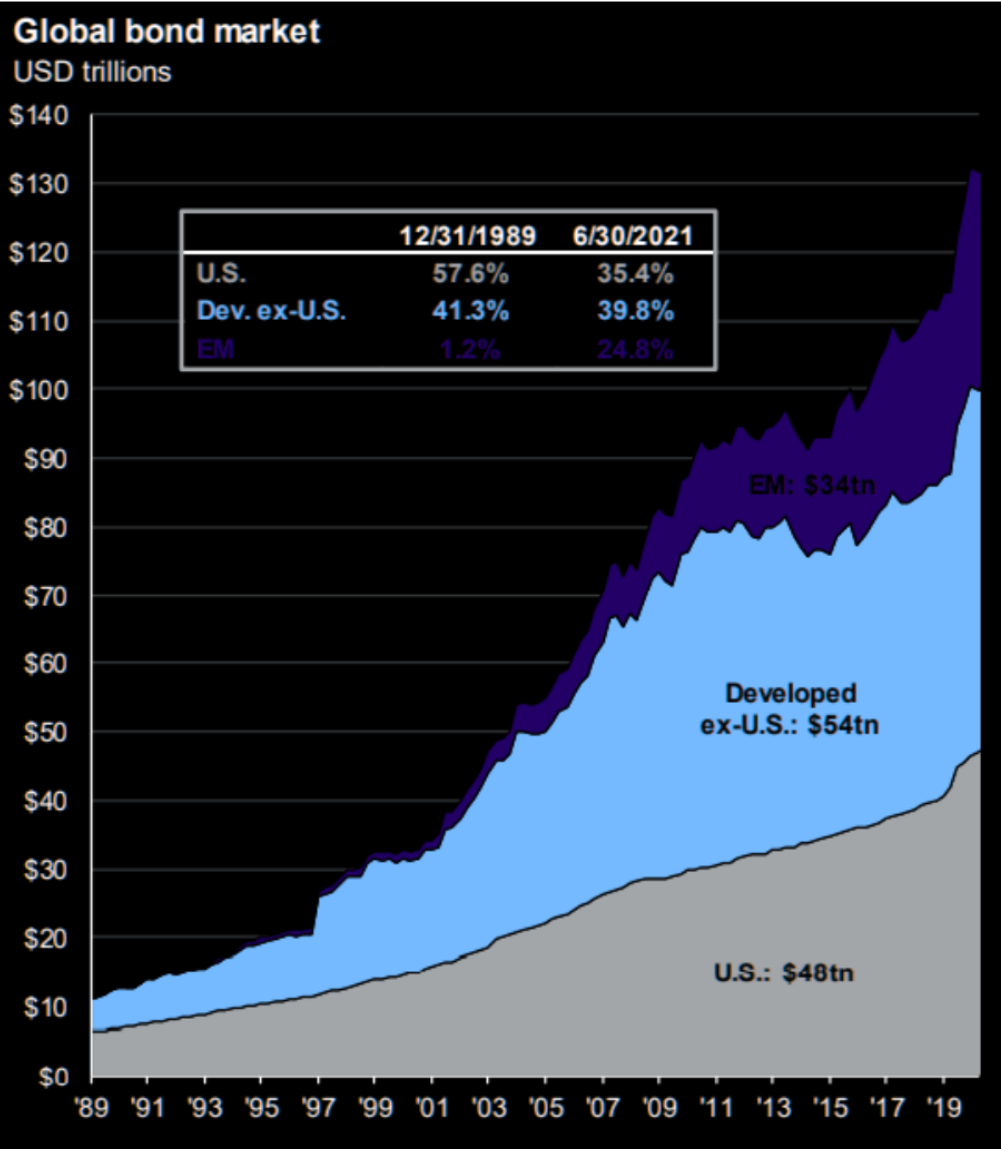
Source: GS

Source: The Market Ear, Goldman

#food-for-thought

#global #bonds #market

Size of global bond market



Source: JPM AM

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For the future...