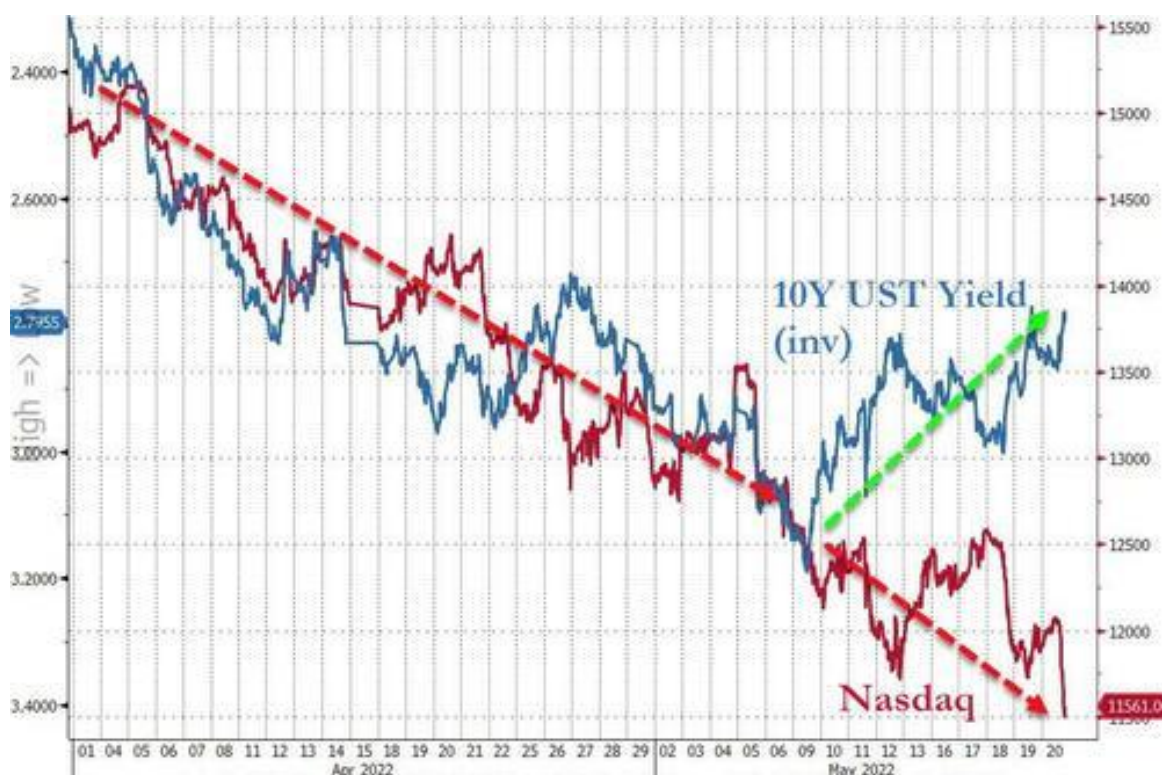


Chart of the week

A significant regime shift in the stock-bond relationship?

US 10 year bond yields are starting to diverge from US stocks (Nasdaq).



Source: Bloomberg, www.zerohedge.com

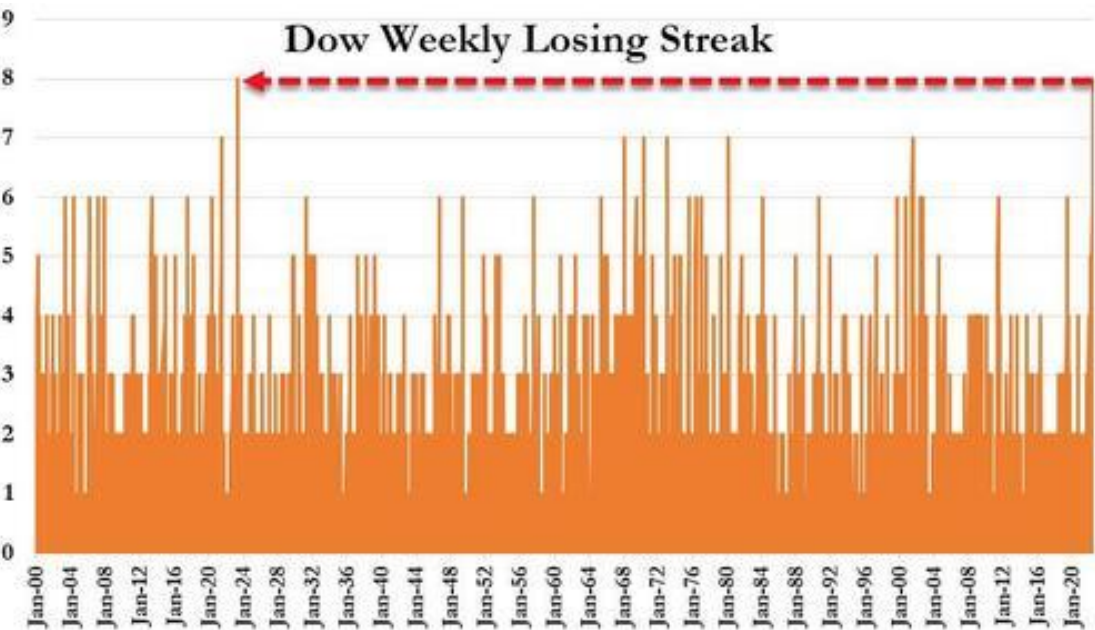
Dow Suffers Longest Losing Streak In 99 Years

US stocks continued their weekly losing streak as fears grow that inflation is causing consumers to pull back on discretionary spending, setting the stage for a coming recession. At its low point on Friday, the S&P 500 Index entered into bear market territory, exceeding the 20% drawdown threshold. The index's biggest declines came on Wednesday, when it suffered its biggest daily loss since June 2020. Disappointing earnings and revenue results from several US major retailers (Target, Walmart, Lowe's, and Home Depot) weighed on the broader market sentiment. Investors seemed to worry that major retailers would be forced to pass on more of their higher input costs to customers in coming months, keeping inflation elevated. Comments from Fed officials during the week did little to calm inflation and interest rate fears. The week's economic data offered mixed signals. However, a gauge of manufacturing activity in the Mid-Atlantic region fell short of expectations by a wide margin, and weekly jobless claims rose more than expected. The yield on the benchmark 10-year U.S. Treasury note fell as low as 2.77% in intraday trading on Thursday, its lowest level in nearly a month. Shares in Europe pulled back amid fears of slowing economic growth and faster interest rate increases. Core eurozone government bond yields fluctuated, ending roughly unchanged. Chinese stocks rose as the central bank cut interest rates to support the country's property sector.



#us #equities

The Dow Jones is down 8 straight weeks, its longest losing-streak since May 1923.



Source: Bloomberg, www.zerohedge.com

#us #equities

The S&P 500 dropped 3% this week, its 7th consecutive weekly decline. This is longest weekly down streak since 2001 which fell 8 straight weeks (and is tied w/ 1970 for the record). Here's a look at what happened following the longest down streaks in history...

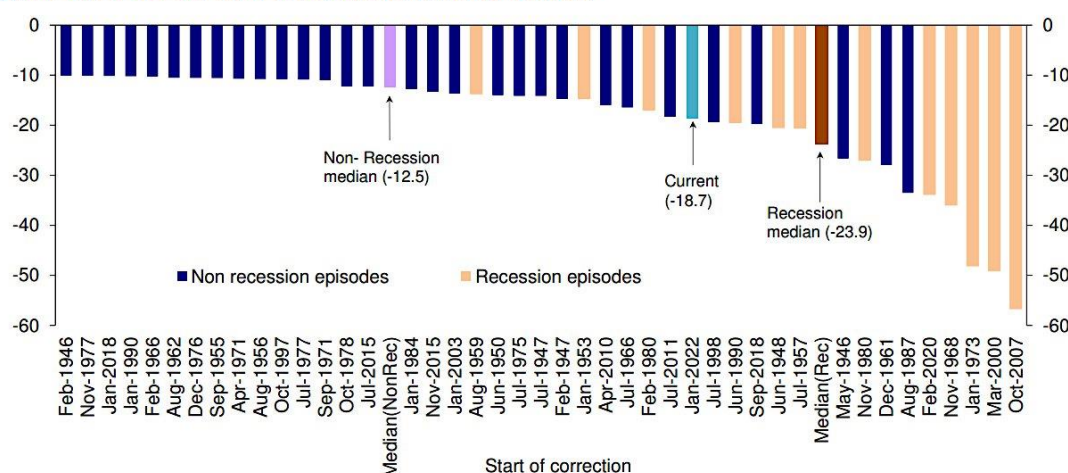
S&P 500: Longest Consecutive Down Weeks (1928 - 2022)									
Down Week Data			S&P 500 Forward Total Returns						
End Week	Streak % Decline	Streak	3-Month	6-Month	9-Month	1-Year	3-Year	5-Year	10-Year
5/22/1970	-14.5%	8	10%	16%	34%	40%	44%	25%	47%
3/23/2001	-14.9%	8	8%	-15%	1%	2%	2%	25%	38%
3/28/1980	-12.9%	7	17%	29%	41%	41%	78%	128%	421%
5/20/2022	-14.0%	7							
8/7/1931	-10.6%	6	-18%	-43%	-55%	-50%	-35%	16%	-24%
9/20/1946	-15.2%	6	6%	4%	3%	3%	7%	61%	225%
8/23/1957	-6.6%	6	-8%	-8%	-1%	7%	28%	33%	114%
1/10/1969	-4.0%	6	1%	-5%	-7%	-8%	3%	-2%	-5%
2/11/1977	-5.2%	6	-1%	-2%	-4%	-10%	18%	30%	279%
2/17/1984	-7.3%	6	1%	8%	9%	22%	103%	127%	327%
8/24/1990	-10.4%	6	2%	20%	24%	31%	61%	108%	495%
10/13/2000	-7.3%	6	-4%	-13%	-11%	-20%	-21%	-6%	1%
10/4/2002	-11.9%	6	14%	11%	25%	31%	62%	109%	123%
7/23/2004	-2.9%	6	1%	8%	7%	16%	49%	-4%	123%
7/11/2008	-9.6%	6	-27%	-27%	-29%	-27%	16%	47%	172%
6/10/2011	-4.4%	6	-9%	0%	10%	7%	64%	84%	305%
Average			-0.5%	-1.2%	3.1%	5.6%	31.8%	52.1%	176.1%
COMPOUND			@CharlieBilello						

Source: The Charlie Bilello

#us #equities

Current S&P500 correction is 6th largest non-recession (so far) correction in post WWII history, DB says, behind Jul98 (LTCM, Russia), Sep18 (QT, Fed hikes), May46 (post WWII), Dec61 (Kennedy slide), Aug87 (incl. Oct 87 crash). Including recessions, there are 15 larger sell-offs.

Figure 1: Size of S&P 500 10%+ corrections (%) (Post-war episodes)



Source : Shiller data, Haver, Deutsche Bank Asset Allocation, Deutsche Bank

Source: DB

#us #equities

The S&P broke below 3855, down 20% from its record highs to its lowest since March 2021, testing below the Fib 38.2% retracement of the post-COVID crash rally level at 3815...

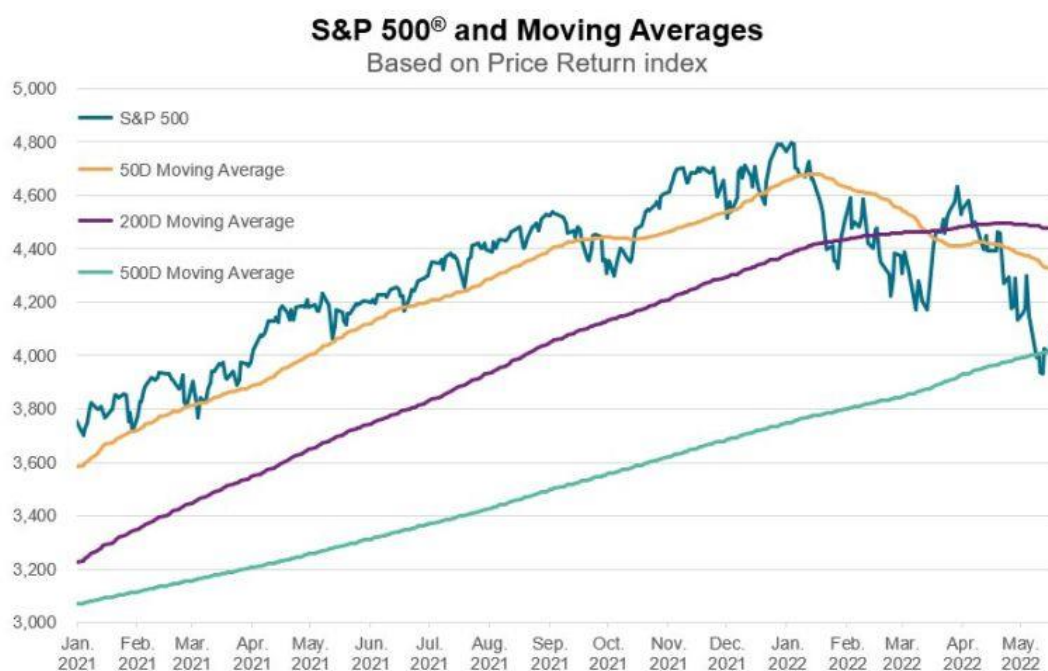


Source: Bloomberg, www.zerohedge.com

#markets

#us #equities

S&P 500 has recently fallen through each closely-watched 50-, 200-, and even 500-day moving average.

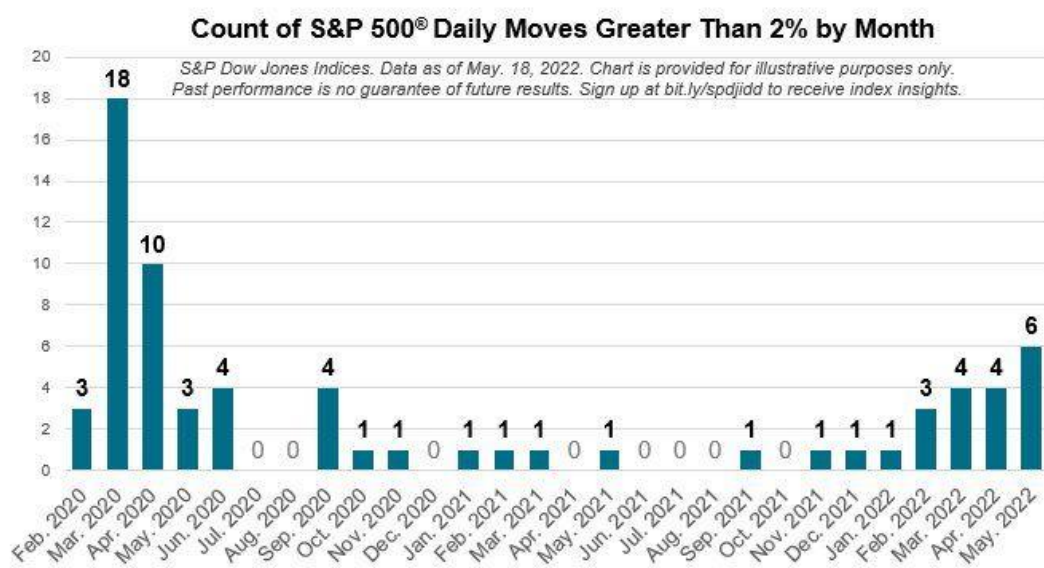


Source: S&P Dow Jones Indices. Data as of May 18, 2022. Chart is provided for illustrative purposes only. Past performance is no guarantee of future results. Sign up to receive index insights at bit.ly/spdjidd

Source: Bloomberg, Dow Jones indices

#us #equities #volatility

EQUITY VOLATILITY ON THE RISE. So far, we have seen sixth 2%-or-more swing in May, highest number since Spring 2020.

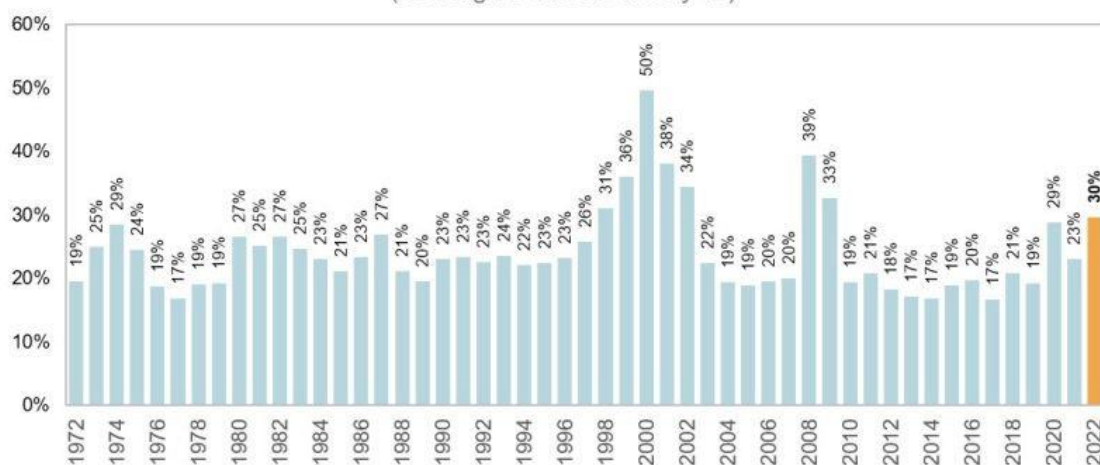


Source: Liz Ann Sonders, S&P Dow Jones indices

#us #equities #dispersion

Year-to-date, daily single-stock dispersion in S&P 500 is at highest level since 2009, averaging 30%; the right sector & industry bets are also paying off, with 78% separating Energy from Consumer Discretionary.

Annual Average Daily S&P 500® Stock Dispersion
(2022 figure YTD as of May 16)



Source: S&P Dow Jones Indices. Data as of May 16, 2022. Chart is provided for illustrative purposes only. Past performance is no guarantee of future results. Sign up at bit.ly/spdjidd to receive index insights.

Source: Liz Ann Sonders

#us #equities #sentiment

In the last week over 8,200 articles about the "bear market". By quantity, this is the second highest frequency over the last decade.

A spike in news about "bear markets"

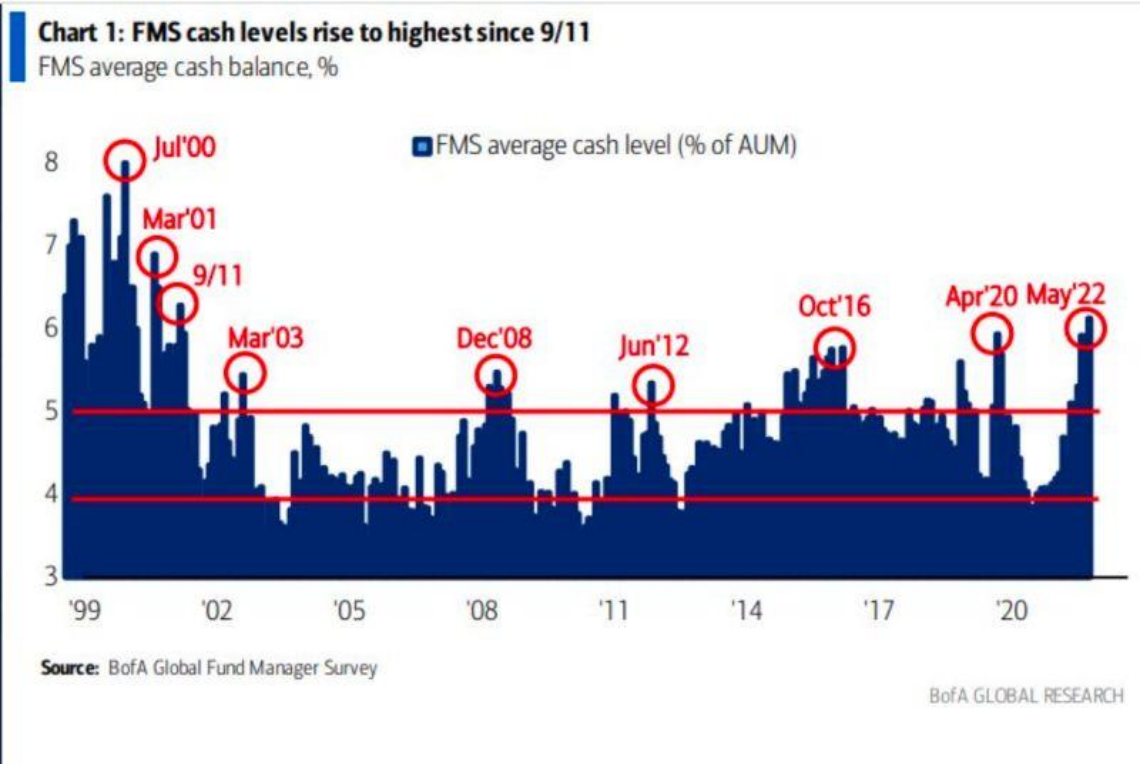


Source: Bloomberg, Dow Jones indices

#markets

#us #equities #sentiment

FMS cash levels jumped to the highest level since 9/11.



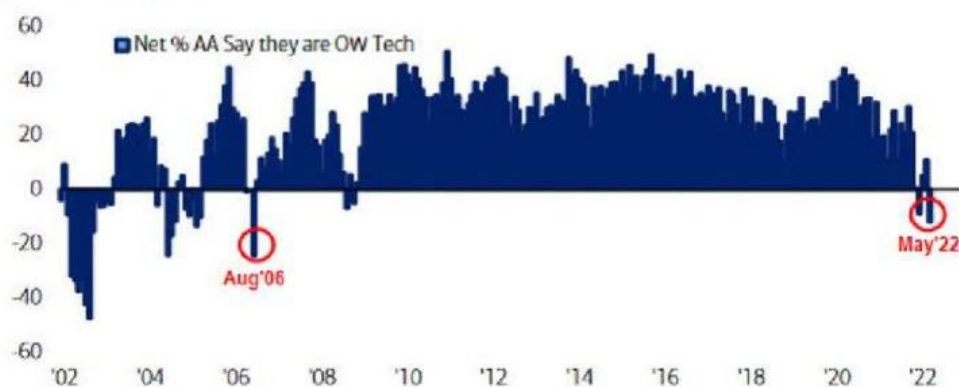
Source: FMS

#markets

#us #equities #sentiment

Mood On Wall Street Has Never Been More Apocalyptic; Tech Short Is Biggest Since 2006

Chart 4: Biggest tech "short" since Aug'06
FMS Net % OW tech



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

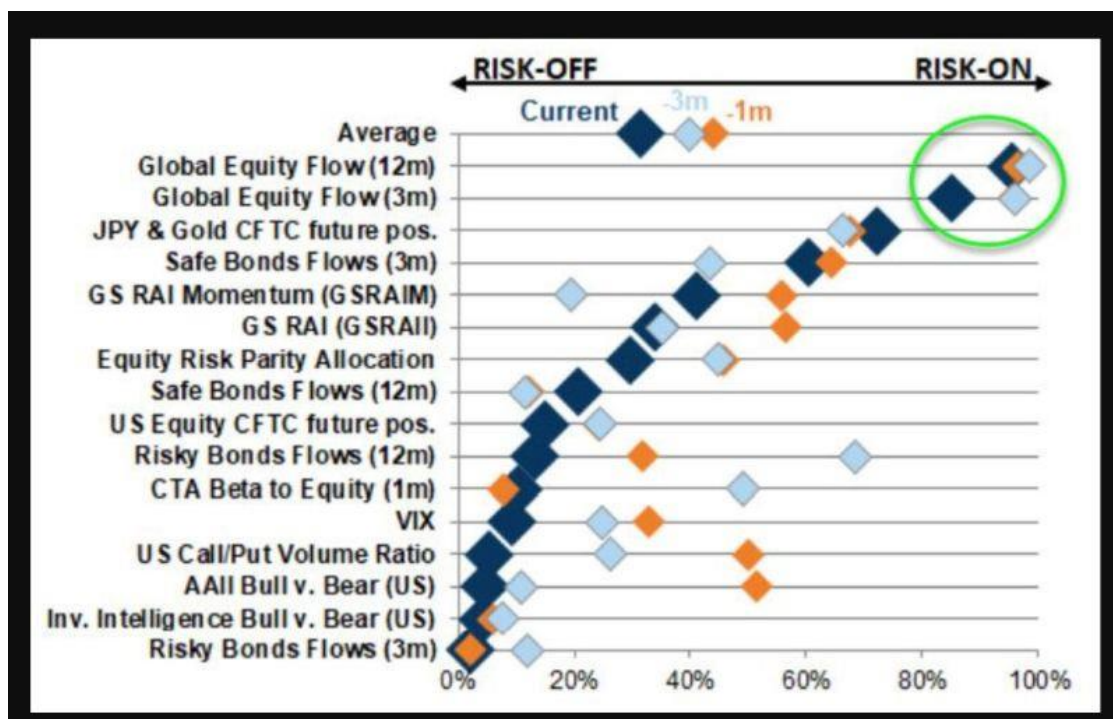
zerohedge.com

Mood On Wall Street Has Never Been More Apocalyptic; Tech Short Is Biggest Since 20...

4:49 PM · 17 May 22 · [Zero Hedge Publisher II](#)

#us #equities #sentiment

MARKET SENTIMENT: "WATCH WHAT THEY DO, NOT WHAT THEY SAY...". It is currently difficult to effectively gauge what the true market sentiment is. As highlighted by Goldman trading desk, sentiment is bad (i.e a positive from a contrarian point of views), but #fund flows certainly aren't...Goldman's Sales & Trading desk warns dip-buyers and knife-catchers to "watch what people do... not what they say."

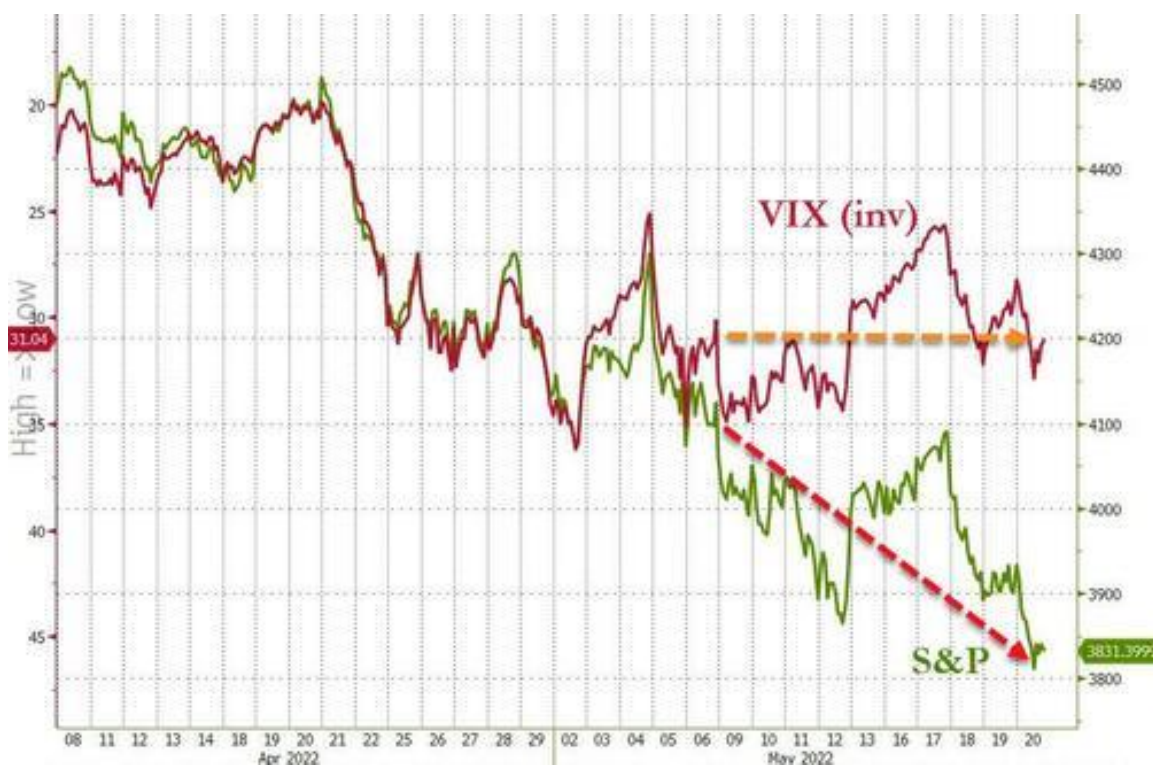


Source: Goldman Sachs

#markets

#us #equities #sentiment

VIX rose on the week (most notably after the VIXpiration) but remains decoupled from stocks...



Source: Goldman Sachs

#markets

#us #equities #drawdown #returns

The S&P 500 has returned 10% annualized since 1928 with an average intra-year drawdown of -16.3% (we're at -18.7% this year). There's no upside without downside, no reward without risk..

S&P 500 Index: Max Intra-Year Drawdowns vs. End of Year Total Returns (1928 - 2022)											
Year	DD	TR	Year	DD	TR	Year	DD	TR	Year	DD	TR
1928	-10.3%	43.8%	1947	-14.7%	5.2%	1966	-22.2%	-10.0%	1985	-7.7%	31.2%
1929	-44.6%	-8.3%	1948	-13.5%	5.7%	1967	-6.6%	23.8%	1986	-9.4%	18.5%
1930	-44.3%	-25.1%	1949	-13.2%	18.3%	1968	-9.3%	10.8%	1987	-33.5%	5.8%
1931	-57.5%	-43.8%	1950	-14.0%	30.8%	1969	-16.0%	-8.2%	1988	-7.6%	16.6%
1932	-51.0%	-8.6%	1951	-8.1%	23.7%	1970	-25.9%	3.6%	1989	-7.6%	31.7%
1933	-29.4%	50.0%	1952	-6.8%	18.2%	1971	-13.9%	14.2%	1990	-19.9%	-3.1%
1934	-29.3%	-1.2%	1953	-14.8%	-1.2%	1972	-5.1%	18.8%	1991	-5.7%	30.5%
1935	-15.9%	46.7%	1954	-4.4%	52.6%	1973	-23.4%	-14.3%	1992	-6.2%	7.6%
1936	-12.8%	31.9%	1955	-10.6%	32.6%	1974	-37.6%	-25.9%	1993	-5.0%	10.1%
1937	-45.5%	-35.3%	1956	-10.8%	7.4%	1975	-14.1%	37.0%	1994	-8.9%	1.3%
1938	-28.9%	29.3%	1957	-20.7%	-10.5%	1976	-8.4%	23.8%	1995	-2.5%	37.6%
1939	-21.2%	-1.1%	1958	-4.4%	43.7%	1977	-15.6%	-7.0%	1996	-7.6%	23.0%
1940	-29.6%	-10.7%	1959	-9.2%	12.1%	1978	-13.6%	6.5%	1997	-10.8%	33.4%
1941	-22.9%	-12.8%	1960	-13.4%	0.3%	1979	-10.2%	18.5%	1998	-19.3%	28.6%
1942	-17.8%	19.2%	1961	-4.4%	26.6%	1980	-17.1%	31.7%	1999	-12.1%	21.0%
1943	-13.1%	25.1%	1962	-26.9%	-8.8%	1981	-18.4%	-4.7%	2000	-17.2%	-9.1%
1944	-6.9%	19.0%	1963	-6.5%	22.6%	1982	-16.6%	20.4%	2001	-29.7%	-11.9%
1945	-6.9%	35.8%	1964	-3.5%	16.4%	1983	-6.9%	22.3%	2002	-33.8%	-22.1%
1946	-26.6%	-8.4%	1965	-9.6%	12.4%	1984	-12.7%	6.1%	2003	-14.1%	28.7%
									2004	-8.2%	10.9%
									2005	-7.2%	4.9%
									2006	-7.7%	15.8%
									2007	-10.1%	5.5%
									2008	-48.8%	-37.0%
									2009	-27.6%	26.5%
									2010	-16.0%	15.1%
									2011	-19.4%	2.1%
									2012	-9.9%	16.0%
									2013	-5.8%	32.4%
									2014	-7.4%	13.7%
									2015	-12.4%	1.4%
									2016	-10.5%	12.0%
									2017	-2.8%	21.8%
									2018	-19.8%	-4.4%
									2019	-6.8%	31.5%
									2020	-33.9%	18.4%
									2021	-5.2%	28.7%
									2022	-18.7%	?

Note: Closing Prices (does not include intra-day or dividends)

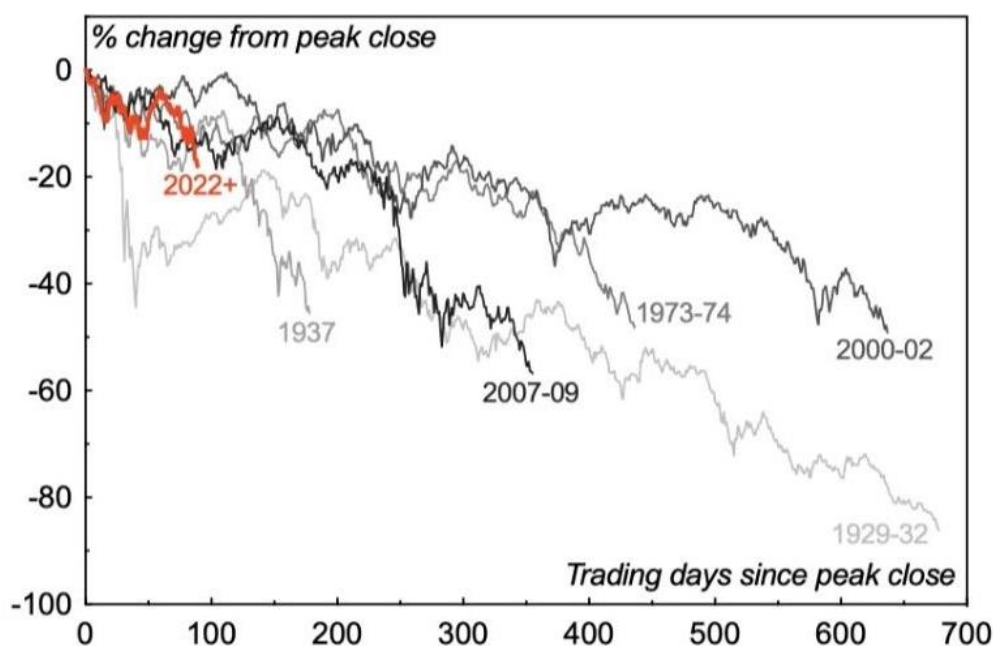


@CharlieBilello

Source: Charlie Bilello

#us #equities #bear-markets

The 2022+ Bear Market in Historical Perspective



Note: The series show the percentage change in the S&P500 share price index from the peak close before each bear market began; the final trading day is the bear market's trough, except for 2022+, which ends on May 11th.

Sources: Calculated from Yahoo! Finance, online at <https://finance.yahoo.com/quote/^GSPC/history>.

Source: Bloomberg, Dow Jones indices

#markets

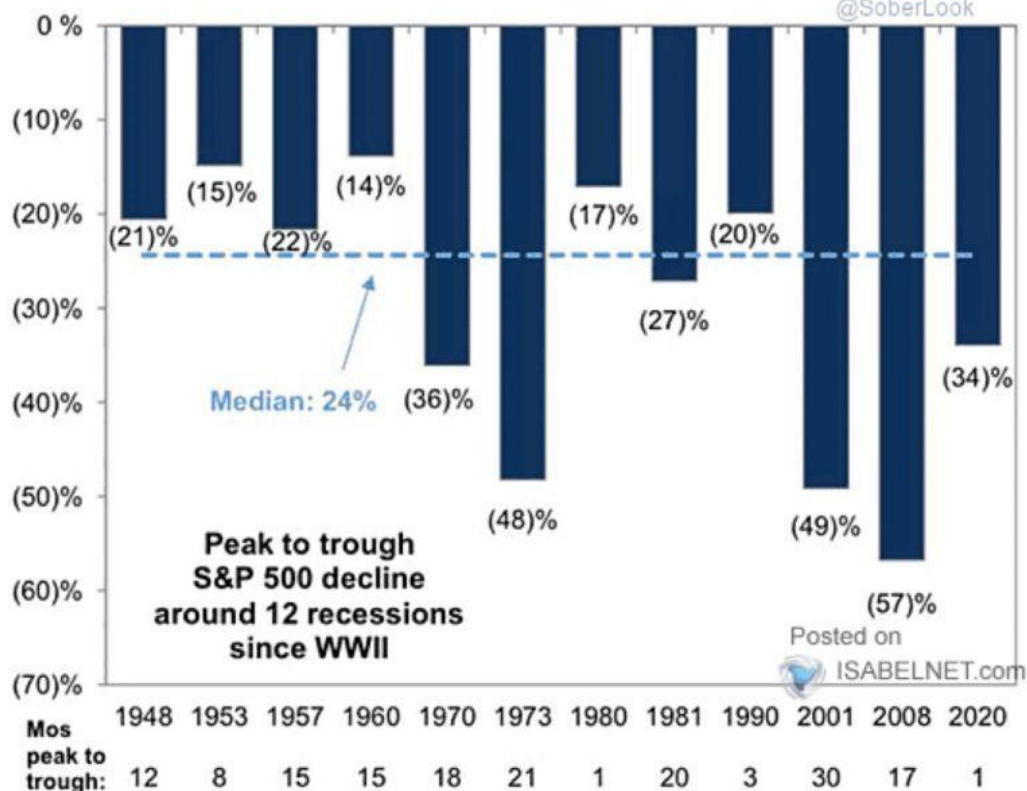
#us #equities #recession

Historically, the S&P 500 has fallen by a median 24% from peak to trough around recessions...

Exhibit 4: S&P 500 has contracted 24% from peak to trough around the median recession since WWII

The Daily Shot
19-May-2022

@SoberLook

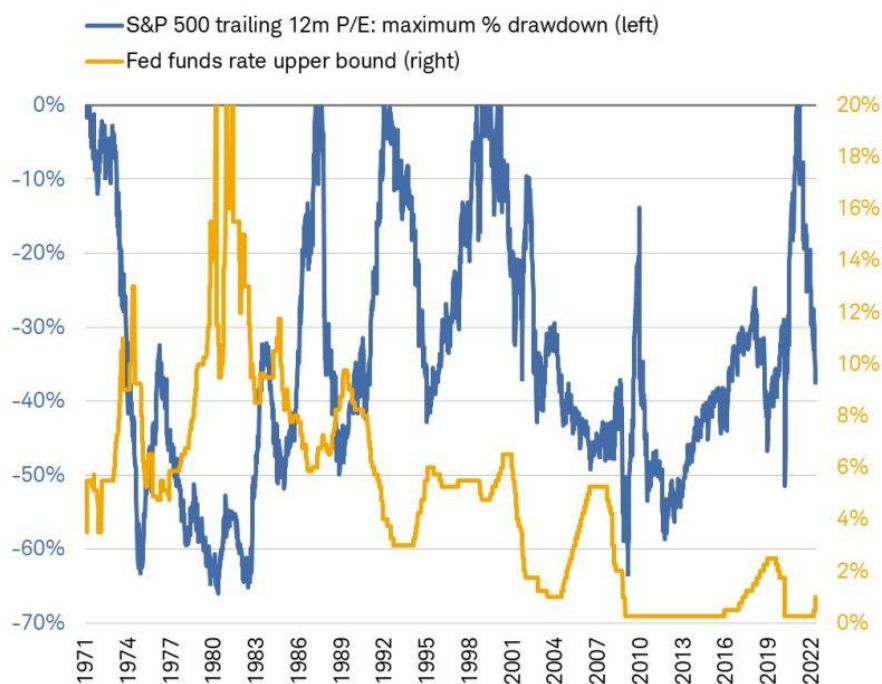


Source: Goldman Sachs Global Investment Research

Source: Goldman Sachs

#us #equities #valuations

Are US equities cheap enough? The S&P 500's trailing 12m P/E (blue line) has collapsed by ~40% from peak, sparking discussion over whether market is attractive at current valuation levels. However, current environment is different vs. prior drawdowns in terms of today's #monetarypolicy cycle (yellow line). If inflation remains an issue that Fed aims to tackle, interest rates will continue to move up and this might prevent any repeat of historical occurrences (2002, 2008) when the Fed was cutting rates while the market was cheap.



Source: Charles Schwab, Bloomberg, as of 5/13/2022. Past performance is no guarantee of future results.

Source: Charles Schwab

#us #equities #valuation

Stocks are getting cheaper. Shiller PE Ratio is back to 30. Note that this was the level around pre-1929 crash as well...

Shiller PE Ratio



Source: Charlie Bilello

#markets

#us #equities #fangs

FANG stocks have fallen for 8 straight weeks, seeing over \$ 2 trillion in market cap erased from record highs (over \$220 billion this week alone)...



Source: Bloomberg, www.zerohedge.com

#markets

#us #equities #high #growth

The Boom (2020) and Bust (2021-22) in High Growth Stocks...

The High Growth Boom (2020) & Bust (2021-2022)							
Company	Ticker	2020 Return	2021-2022 Return	Company	Ticker	2020 Return	2021-2022 Return
NIO Inc.	NIO	1112%	-68%	Redfin Corp	RDFN	225%	-85%
QuantumScape	QS	753%	-86%	FuboTV Inc	FUBO	214%	-88%
Twist Bioscience	TWST	580%	-76%	Chewy Inc	CHWY	210%	-73%
Workhorse Group Inc	WKHS	551%	-86%	DocuSign Inc	DOCU	200%	-67%
Farfetch Ltd.	FTCH	517%	-88%	Unity Software	U	195%	-76%
eXp World Holdings	EXPI	457%	-58%	Shopify	SHOP	185%	-68%
Peloton Interactive Inc	PTON	434%	-90%	Zillow Group Inc	Z	183%	-68%
Pacific Biosciences Inc	PACB	405%	-80%	Five9 Inc	FIVN	166%	-46%
Sunrun Inc.	RUN	402%	-68%	Carvana Co	CVNA	160%	-85%
Zoom Video Communications Inc	ZM	396%	-75%	Invitae Corp	NVTA	159%	-92%
Sea Ltd	SE	395%	-63%	CRISPR Therapeutics AG	CRSP	151%	-64%
Beam Therapeutics	BEAM	380%	-61%	Wayfair Inc	W	150%	-79%
Pinduoduo Inc	PDD	370%	-78%	Roku Inc	ROKU	148%	-71%
Fate Therapeutics	FATE	366%	-76%	Teladoc Health Inc	TDOC	139%	-85%
FuelCell Energy	FCEL	345%	-68%	Chegg Inc	CHGG	138%	-80%
Fastly	FSLY	335%	-87%	GSX Techedu Inc.	GOTU	137%	-97%
DraftKings Inc	DKNG	335%	-70%	Palantir Technologies Inc	PLTR	136%	-66%
Appian Corp	APPN	324%	-70%	Coupa Software Inc	COUP	132%	-81%
Lemonade	LMND	322%	-84%	Stitch Fix Inc	SFIX	129%	-87%
ChargePoint Holdings	CHPT	309%	-74%	Elastic NV	ESTC	127%	-61%
Etsy Inc	ETSY	302%	-56%	RingCentral	RNG	125%	-84%
Ontrak Inc.	OTRK	279%	-97%	Okta Inc	OKTA	120%	-69%
Tupperware Brands	TUP	278%	-80%	PayPal Holdings Inc	PYPL	117%	-67%
Pinterest Inc	PINS	254%	-66%	Spotify Technology SA	SPOT	110%	-67%
iRhythm Technologies	IRTC	248%	-47%	StoneCo Ltd	STNE	110%	-90%
Block Inc	SQ	248%	-62%	Opendoor Technologies Inc	OPEN	110%	-70%
Twilio Inc	TWLO	244%	-71%	Virgin Galactic Holdings Inc	SPCE	105%	-73%
Penn National Gaming Inc	PENN	238%	-65%	Wix.com Ltd	WIX	104%	-75%
C3.ai Inc	AI	230%	-88%	Lordstown Motors Corp	RIDE	102%	-88%



COMPOUND

Data via YCharts as of 5/18/22

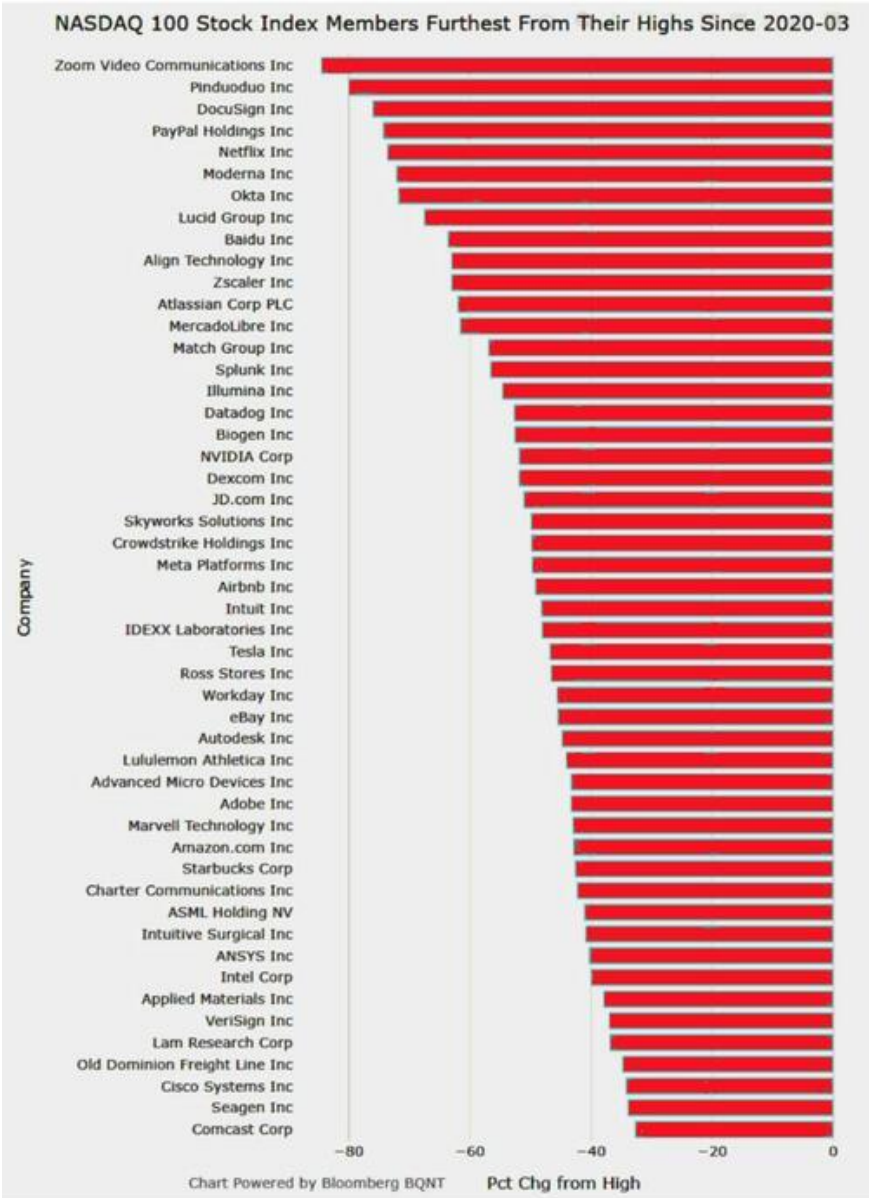
@CharlieBilello

Source: Charlie Bilello



#us #equities #covid

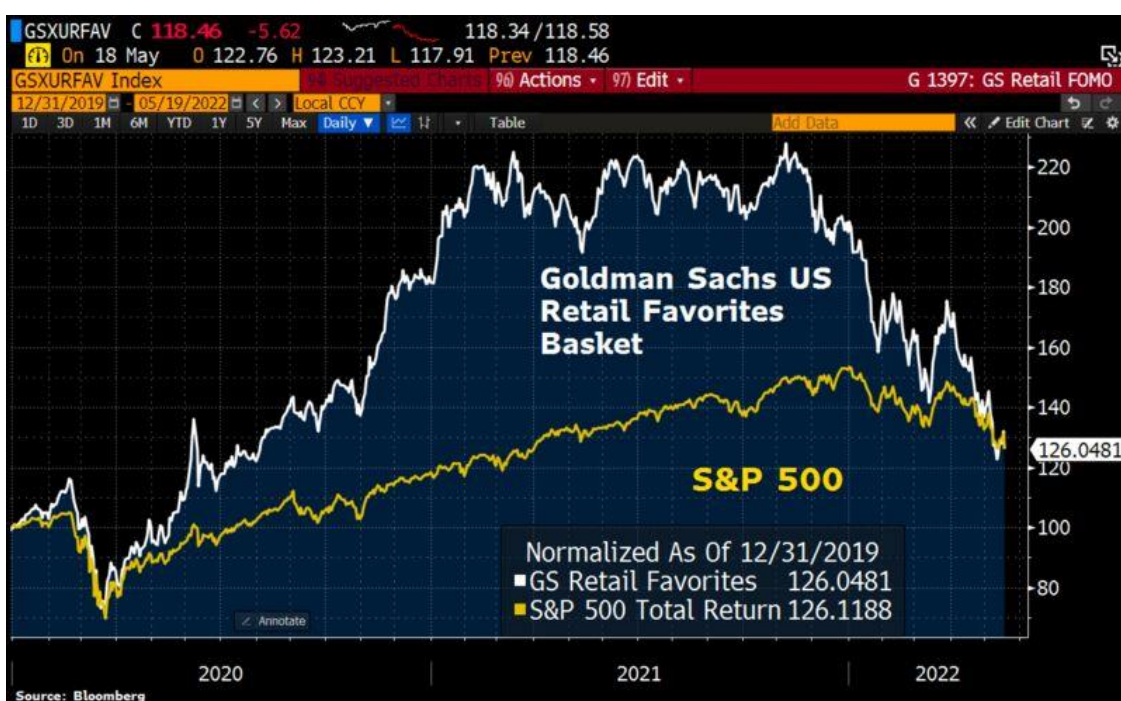
Here are the biggest loser from their post-COVID highs...



#markets

#us #equities #meme

“The meme crash”: GS Retail Basket (favorite names held by retail investors) has now erased all outperformance vs S&P500.

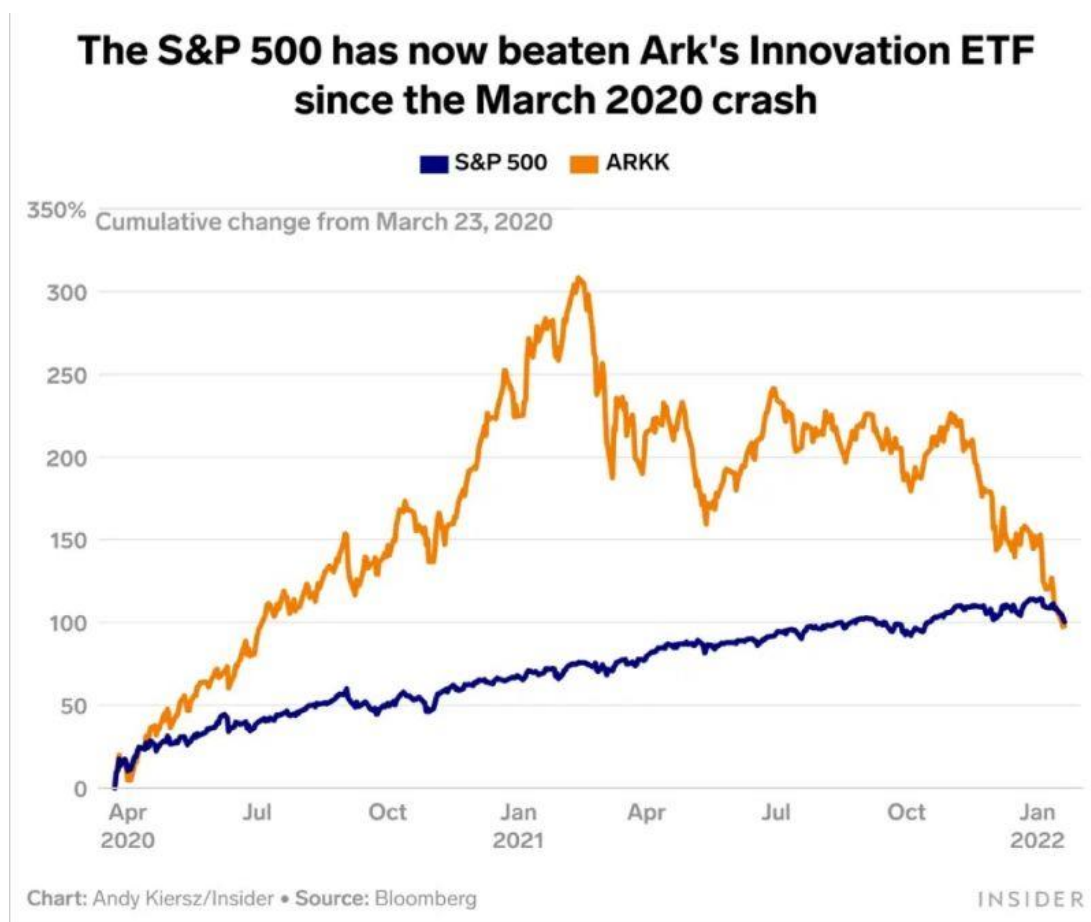


Source: Bloomberg, HolgerZ

#markets

#ark-invest

The -75% decline that Ark Invest Innovation ETF (\$ARKK) has suffered since the highs of February 2021 was executed with an asset base of US\$28 billion! What's surprising is to observe that fund has continued to receive net inflows this year.

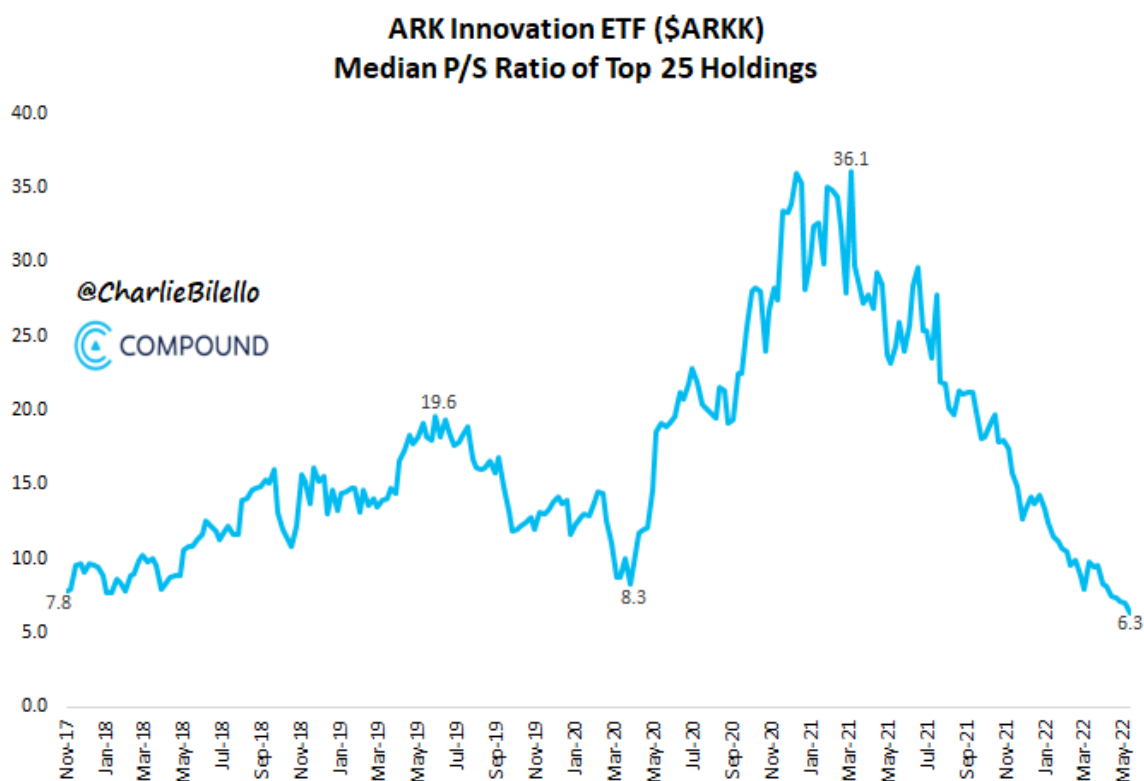


Source: Bloomberg, Insider

#markets

#ark-invest

ARK Innovation ETF: median Price to Sales ratio of top 25 holdings... March 2020 low: 8.3x; February 2021 high: 36.1x; Today: 6.3x

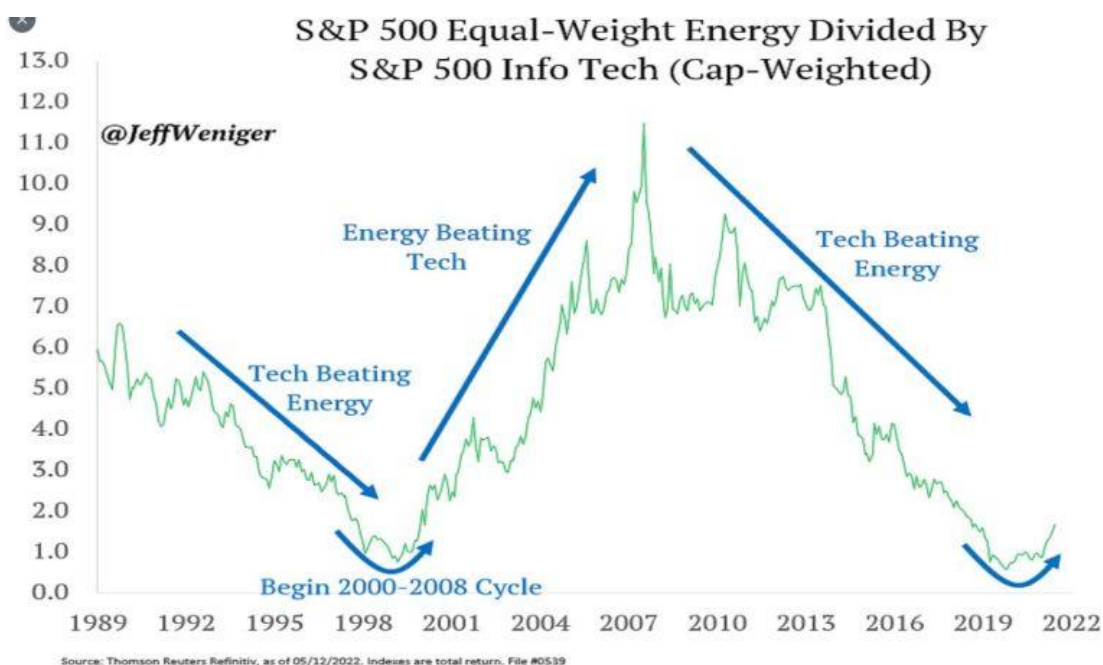


Source: Ark Invest

#markets

#energy #tech #stocks

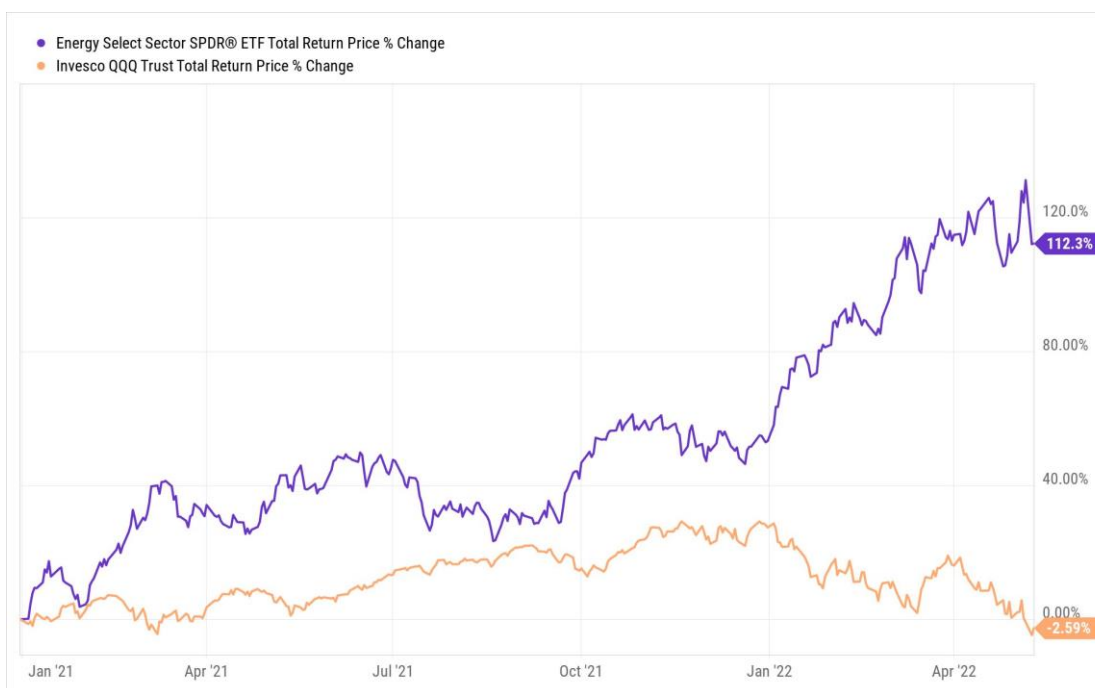
1990 - 2000: Tech Stocks 2000 - 2008: Energy Stocks 2008 - 2020: Tech Stocks 2020 - 2030: ???????



Source: Jeff Weniger

#energy #tech #stocks

Energy was one of the worst-performing sectors of the 2010s, rising just 3.3% per year from 2010-2019 versus 13.4% annual returns for the S&P 500. The Nasdaq 100 was up almost 18% per year during the teens. Since the start of 2021, an energy ETF (\$XLE) is up 112% vs.-2.6% for the QQQ (Nasdaq 100 ETF).

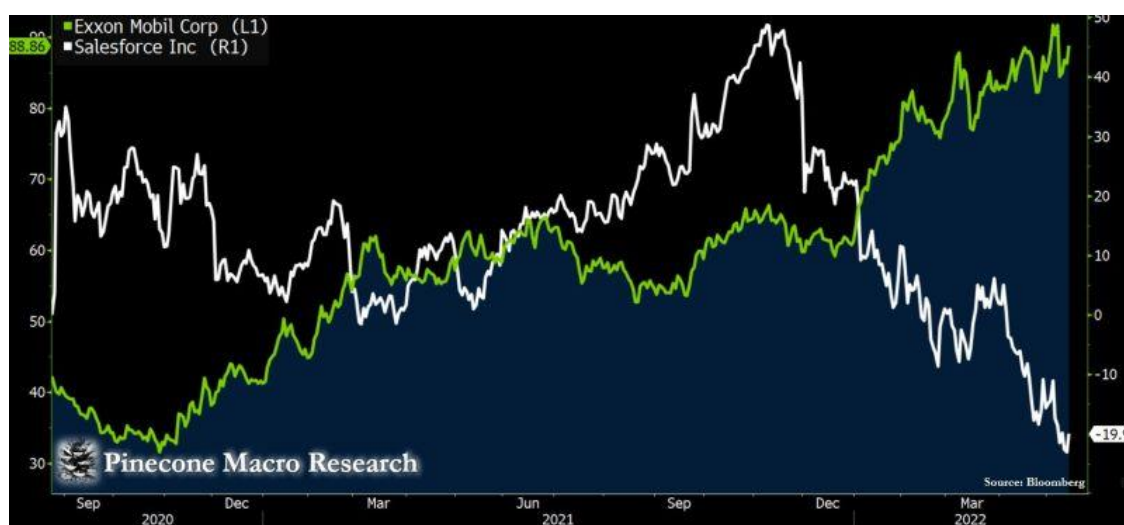


Source: Bloomberg, Dow Jones indices

#markets

#us #equities #style #rotation

Since Salesforce replaced Exxon in the Dow... Exxon is up 88% and Salesforce is down 20%.



Source: Bloomberg, pineconemacro

#markets

#us #equities #style #rotation

Momentum ETFs are rotating out of Tech and Growth into Energy and Value.



Charles Norton

@charles_norton1

A \$10 billion momentum ETF abt to dump tech for energy in massive rebalancing.

(Bloomberg) -- A \$10 billion quant strategy that chases the biggest stock-market winners is about to undergo its largest-ever reshuffle -- underscoring the dramatic shift in the fortunes of Corporate America over the past six months as the free-money era ends.

BlackRock Inc.'s iShares MSCI USA Momentum Factor ETF (ticker **MTUM**) is facing its latest semi-annual rebalance, with the fund's underlying index due to start the process next week.

Wells Fargo & Co. estimates a whopping 75% of the smart-beta product's holdings will be turned over in favor of sectors that gain from elevated inflation like **value** and energy, at the expense of technology names. At the same economically sensitive companies like banks will likely be slashed in favor of defensives like health care.

Source: Bloomberg, Dow Jones indices

#tesla #esg

The S&P ESG Index including Exxon Mobil but not Tesla tells you pretty much all you need to know about ESG.

Security	Ticker	Position	% of Portfolio
1) Apple Inc	AAPL US	468,669	9.1
2) Microsoft Corp	MSFT US	226,636	7.1
3) Amazon.com Inc	AMZN US	13,235	4.1
4) Alphabet Inc Class A	GOOGL US	9,095	2.1
5) Alphabet Inc Class C	GOOG US	8,403	2.1
6) UnitedHealth Group Inc	UNH US	28,472	1.1
7) NVIDIA Corp	NVDA US	75,505	1.1
8) Exxon Mobil Corp	XOM US	127,877	1.1
9) Procter & Gamble Co/The	PG US	72,360	1.1
10) JPMorgan Chase & Co	JPM US	89,330	1.1
11) Visa Inc Class A	V US	50,080	1.1
12) Mastercard Inc Class A Common Stock	MA US	26,069	1.1
13) Pfizer Inc	PFE US	169,504	1.1
14) AbbVie Inc	ABBV US	53,392	1.1
15) Bank of America Corp	BAC US	214,496	1.1
16) Coca-Cola Co/The	KO US	117,277	1.1
17) PepsiCo Inc	PEP US	41,720	1.1
18) Eli Lilly & Co	LLY US	23,998	1.1
19) Merck & Co Inc	MRK US	76,267	1.1
20) Thermo Fisher Scientific Inc	TMO US	11,898	1.1
21) Cisco Systems Inc	CSCO US	127,364	1.1
22) Verizon Communications Inc	VZ US	126,904	1.1
23) Abbott Laboratories	ABT US	53,369	1.1
24) Walt Disney Co/The	DIS US	54,969	1.1
25) Comcast Corp Class A	CMCSA US	136,498	1.1
26) Adobe Inc	ADBE US	14,237	1.1
27) Walmart Inc	WMT US	42,687	1.1
28) Intel Corp	INTC US	122,951	1.1
29) McDonald's Corp	MCD US	22,560	1.1
30) Bristol-Myers Squibb Co	BMJ US	65,818	1.1
31) Advanced Micro Devices Inc	AMD US	49,385	1.1
32) Linde PLC	LIN US	15,467	1.1
33) Texas Instruments Inc	TXN US	27,882	1.1
34) Salesforce Inc	CRM US	29,761	1.1
35) QUALCOMM Inc	QCOM US	34,034	1.1
36) NIKE Inc Class B	NKE US	38,541	1.1

Source: Bloomberg, Michael Jackson

#markets

#tesla #esg



Source: Twitter

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

21 MAY 2022

#markets

#tesla #esg



Elon Musk 
@elonmusk

...



11:14 PM · May 19, 2022 · Twitter for iPhone

Source: Twitter

#saudi-aramco

Oil giant Saudi Aramco became the world's most valuable company ahead of Apple. The iPhone maker snagged that crown in 2020 & became the first company in the world to hit the \$3tn mark. This week, Saudi Aramco posted highest profit (\$39.5bn) since its record IPO.

Short Name	Rank(Current Market Cap)↑	Market Cap
SAUDI ARABIAN OI	1	2.38T
APPLE INC	2	2.38T
MICROSOFT CORP	3	1.95T
ALPHABET INC-A	4	1.53T
AMAZON.COM INC	5	1.15T
TESLA INC	6	797.30B
BERKSHIRE HATH-A	7	684.43B
META PLATFORMS-A	8	537.53B
JOHNSON&JOHNSON	9	465.36B
UNITEDHEALTH GRP	10	455.39B
TSMC	11	444.59B
NVIDIA CORP	12	443.36B
TENCENT	13	433.95B
VISA INC-CLASS A	14	428.31B
WALMART INC	15	407.55B
EXXON MOBIL CORP	16	374.33B
PROCTER & GAMBLE	17	368.58B
JPMORGAN CHASE	18	349.77B
NESTLE SA-REG	19	344.23B
CHEVRON CORP	20	329.83B

Source: Aramco

#saudi-aramco #ipo

Saudi Aramco weighs IPO of its trading unit. Could be worth \$30 billion.



Source: Bloomberg

#markets

#saudi #stocks

Saudi stock market which is down >10% in the past 10 days.
Peak oil price?

Chart 3: Saudi stock market down >10% in 10 days = peaky oil price

Tadawul (Saudi Stock Market)



Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

Source: BofA

#apple #shorts

ARE THE FAANGs THE NEW BIG SHORT? 'Michael Burry reveals bet against #apple stock — and built stakes in #alphabet and #meta last quarter. Michael Burry, the investor of "The Big Short" fame, placed a bet against Apple and loaded up on other stocks last quarter, a SEC filing revealed on Monday. Burry's Scion Asset Management held bearish put options against 206,000 Apple shares as of March 31.



'Big Short' investor Michael Burry reveals bet against Apple stock — and built stakes in Alphabet and Meta last quarter

markets.businessinsider.com • 2 min read

#monkeypox

Another black swan?

Monkeypox: WHO convenes emergency meeting as UK cases 'double'

It comes as the WHO convenes a meeting of monkeypox experts to discuss the worldwide outbreak

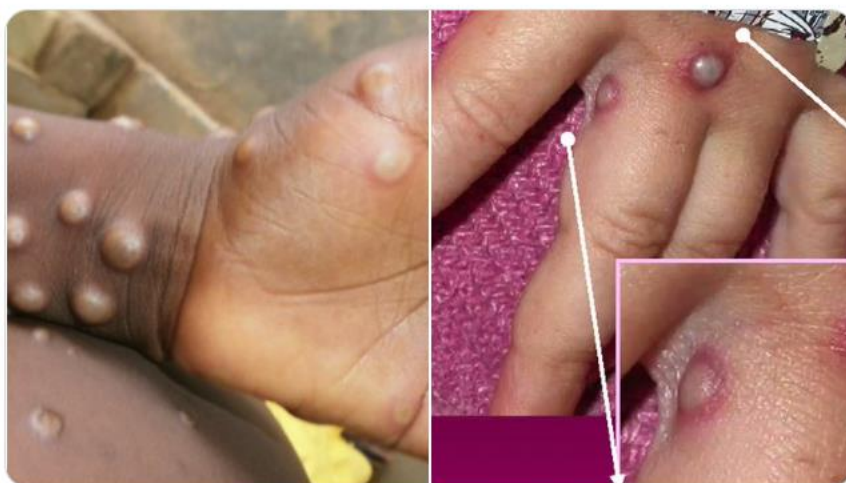


Sebastien Powell
@sebpowell



1/ A thread taking a closer look at the alleged 'monkeypox virus'. 🐒 🦠 🧵 📌

It's short and sweet!



10:32 PM · May 18, 2022 · Typefully

Source: The Telegraph, Twitter

#GLOBALMARKETS WEEKLY WRAP-UP

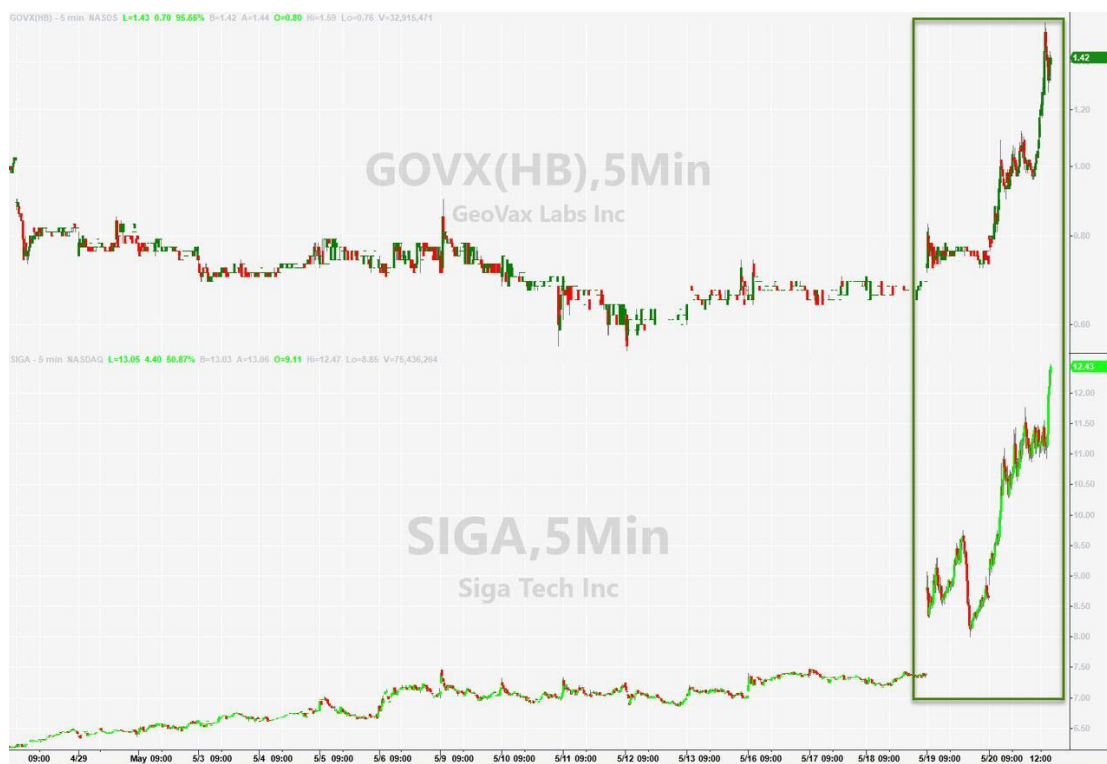
Hand-curated selection of the best charts & news flow

21 MAY 2022

#markets

#monkeypox

For Monkeypox vaccine makers, it has been a big week!!



Source: Bloomberg, www.zerohedge.com

#markets

#commodities #performance



Charlie Bilello  @charliebilello · 12h

Commodity price changes over the last year

Natural Gas: +180%

Heating Oil: +83%

Wheat: +77%

Gasoline: +75%

Cotton: +74%

WTI Crude: +73%

Brent Crude +64%

Nickel: +57%

Coffee: +44%

Corn: +19%

Sugar: +17%

Soybeans: +10%

US CPI: +8.3%

Gold: -2%

Copper: -6%

Silver: -22%

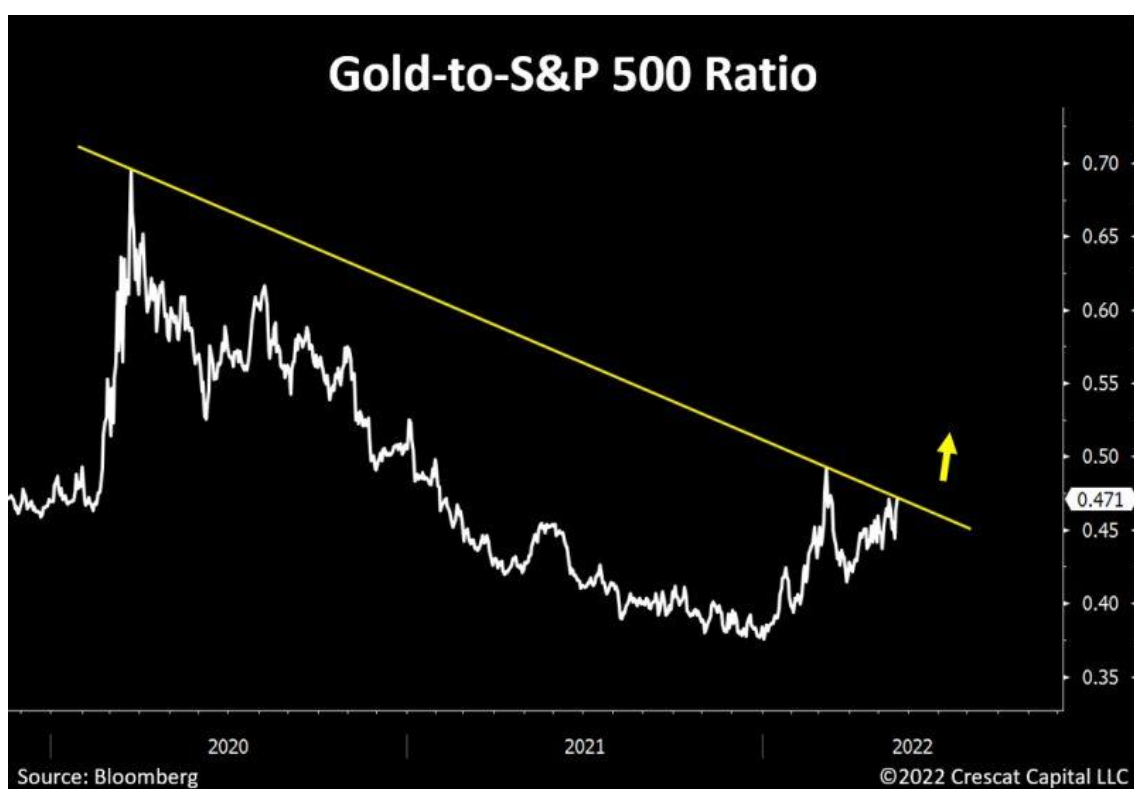
Lumber: -48%

Source: Charlie Bilello

#markets

#gold

Is the gold-to-S&P 500 ratio close to a significant breakout?



Source: Crescat Capital

#markets

#us #treasuries

US 10Y yields tagged 3.00% during the week and then puked back lower, to their lowest close in a month.



Source: Bloomberg, www.zerohedge.com

#markets

#us #treasuries

The US Yield curve flattened significantly...

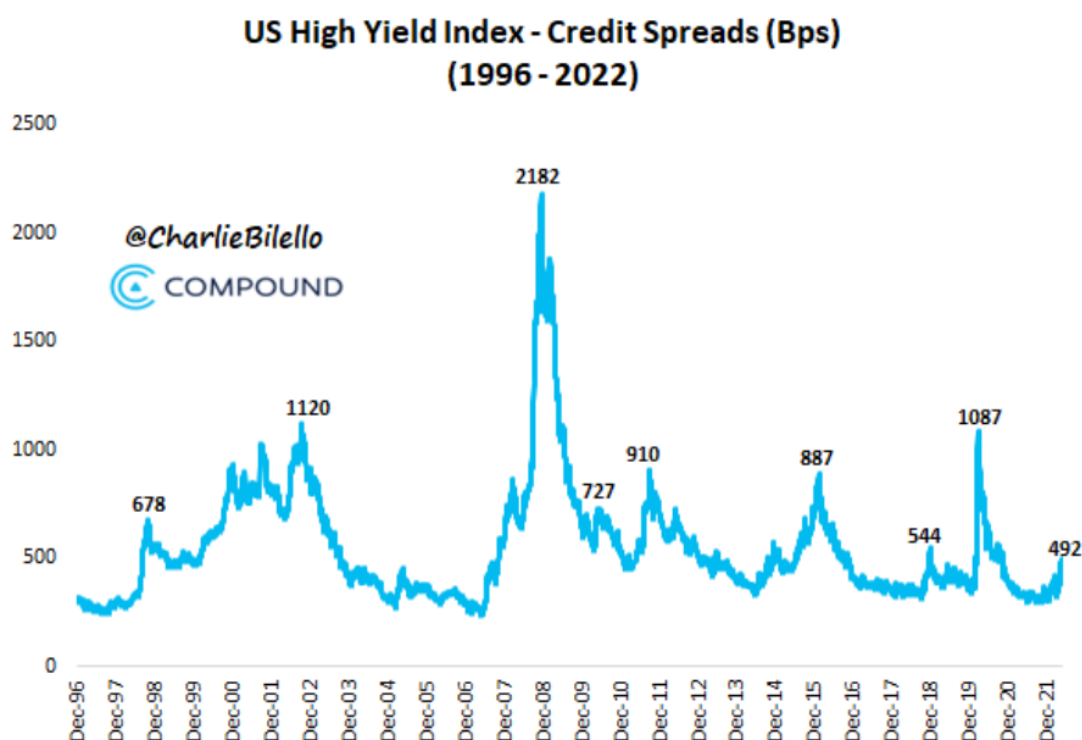


Source: Bloomberg, www.zerohedge.com

#markets

#us #high-yield

US High Yield credit spreads have increased to 492 bps, their widest levels since Nov 2020. But compared to other major stock market corrections, this is the lowest spread we've seen, and still below the historical average of 543 bps.



Source: Charlie Bilello

#markets

#us #high-yield

Compared to other major stock market corrections, this is the lowest credit spread we've seen, and still below the historical average of 543 bps.

US High Yield Index: Peak Credit Spreads During Large S&P 500 Declines (1996 - 2022)		
Period	S&P 500 Decline	Peak High Yield Spread (bps)
Jan 2022 - May 2022	-20%	492
Feb 2020 - Mar 2020	-35%	1087
Sep 2018 - Dec 2018	-20%	544
May 2015 - Feb 2016	-15%	887
May 2011 to Oct 2011	-22%	910
Apr 2010 to Jul 2010	-17%	727
Oct 2007 to Mar 2009	-58%	2182
Mar 2000 to Oct 2002	-51%	1120
Jul 1998 to Oct 1998	-22%	678
COMPOUND		@CharlieBilello

Source: Charlie Bilello

#sri-lanka #default

Sri Lanka's central bank has confirmed the country has missed a deadline for foreign debt repayments, the first sovereign default in the Asia-Pacific region this century, according to Moody's.

Sri Lanka becomes first Asia-Pacific country in decades to default on foreign debt

Economic crisis deepens as nation misses interest payments on two international sovereign bonds

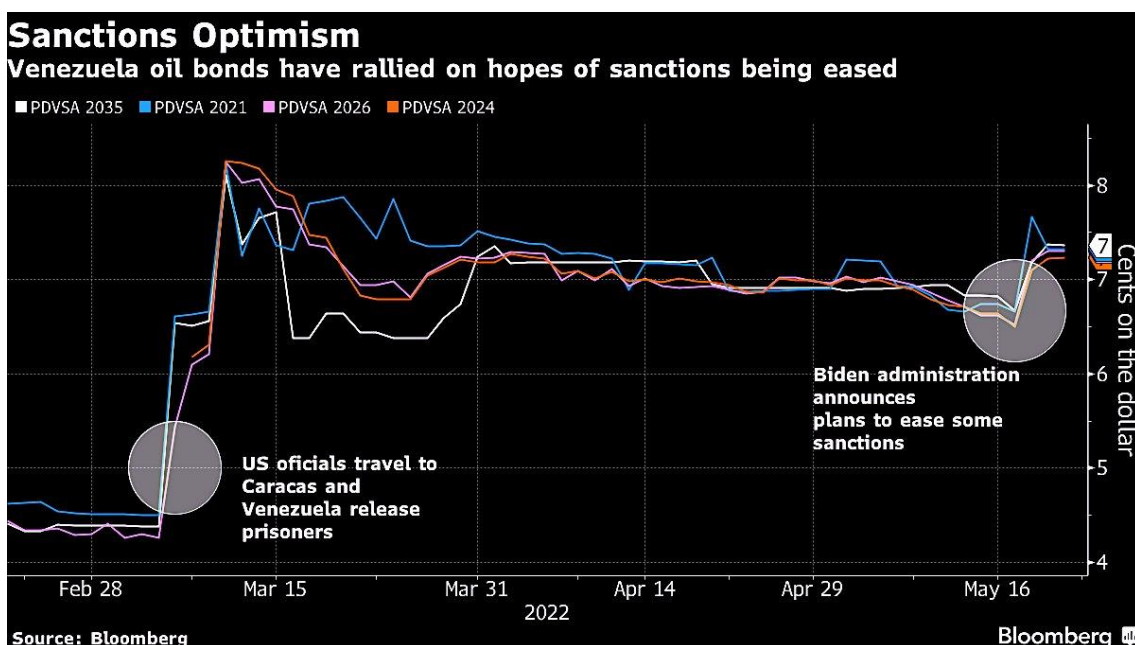


Residents wait to buy kerosene oil for cooking in Colombo, Sri Lanka. A dearth of fuel has led to long queues for petrol and multi-hour power cuts © AP

Source: FT

#venezuela #bonds

#Venezuela creditors are holding a rare meeting at #Davos2022 next week to discuss potential opportunities in Venezuelan oil sector amid increasing optimism for investment in the country as US floats easing sanctions. Defaulted state-oil comp bonds rose.

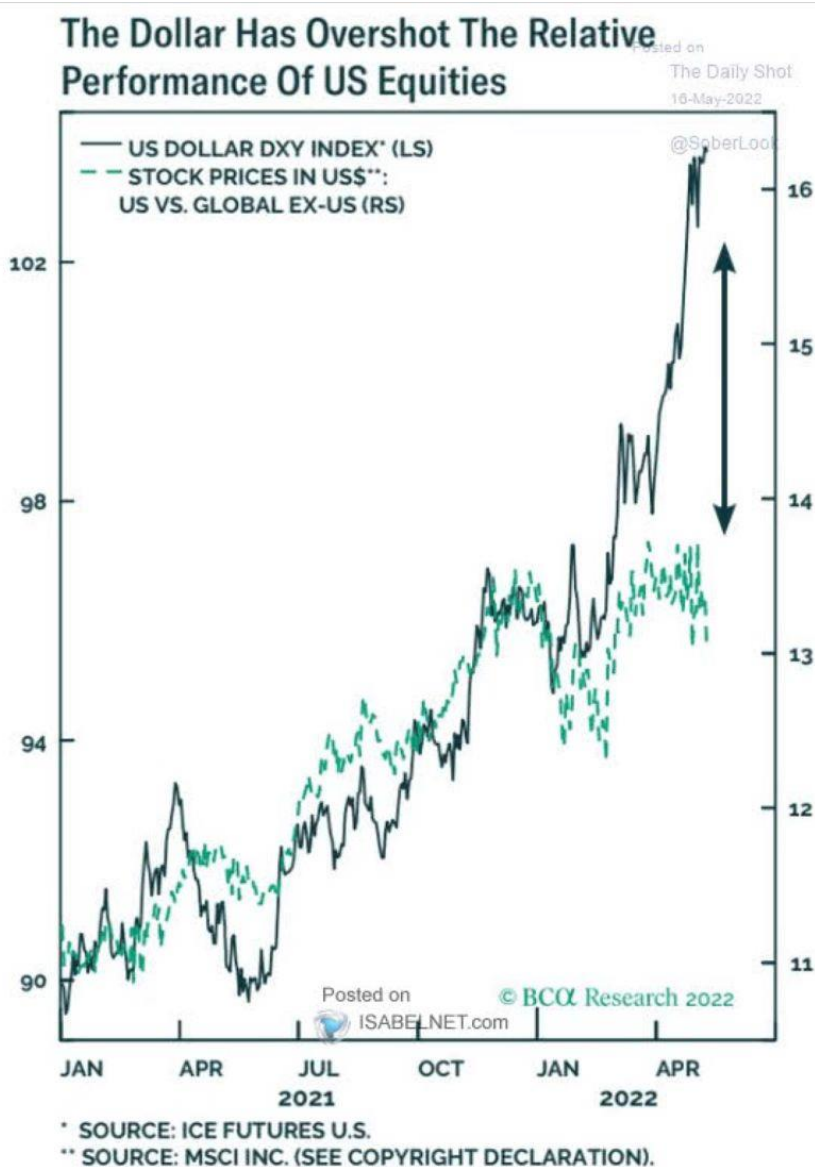


Source: Bloomberg, HolgerZ

#markets

#dollar

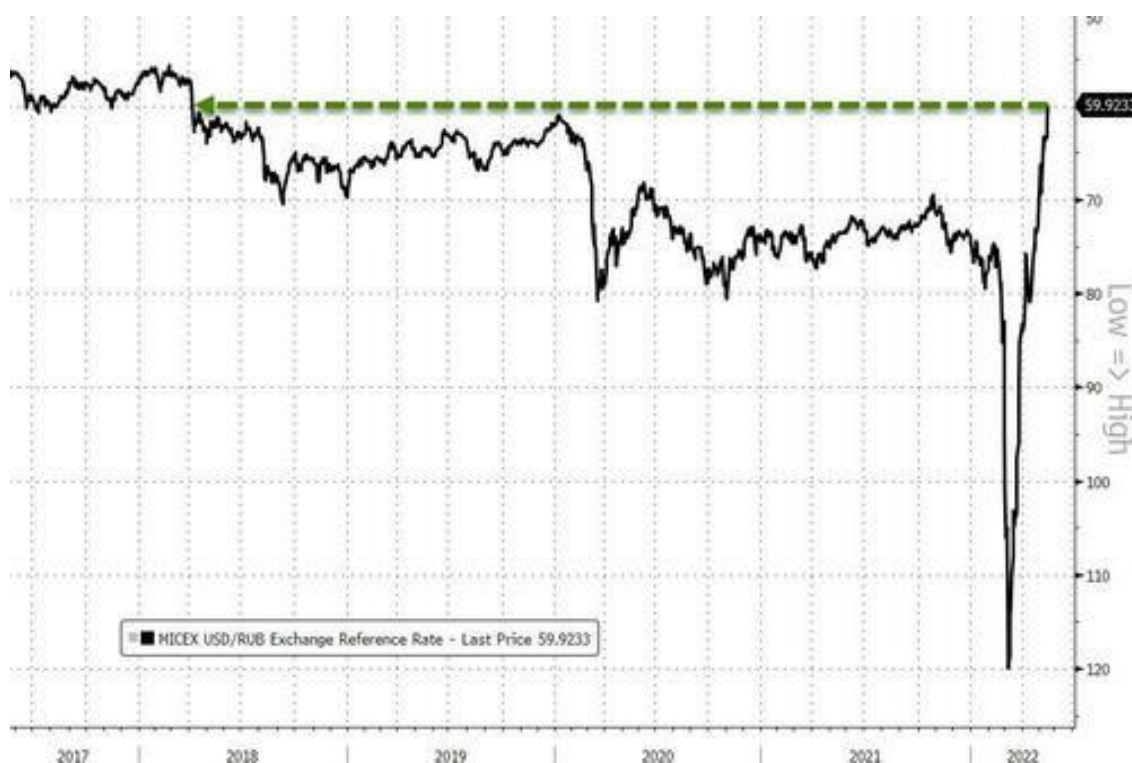
The dollar has overshot the relative performance of US Equities.



#markets

#ruble

The Ruble soared to greater than 4 year highs against the dollar (and 7 year highs against the euro)...



Source: Bloomberg

#macro

#us #macro-surprises

US Macro Surprise data slumped for the 5th straight week, back into negative territory at its weakest weekly close since Nov 2021...



Source: Bloomberg

#macro

#us #stagflation

Ex-Fed's Bernanke predicts #stagflation reminiscent of 1970: "There should be period in the next year or 2 where growth is low, unemployment is at least up a little bit & #inflation is still high. So you could call that stagflation."

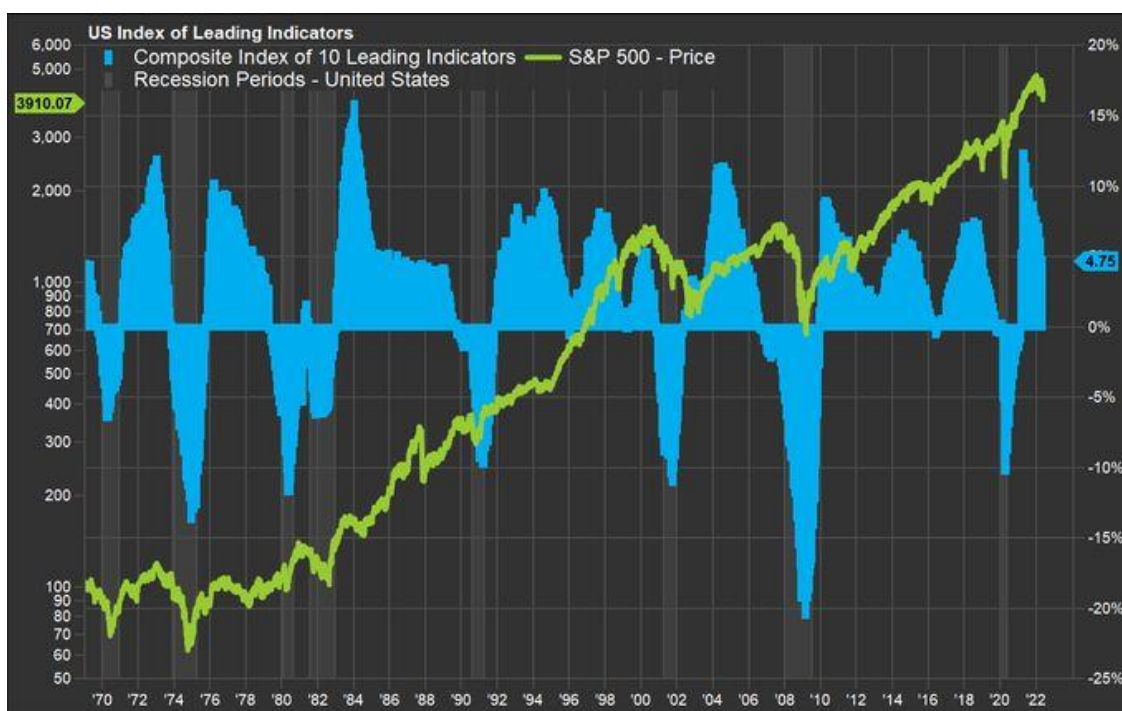


Source: Bloomberg

#macro

#us #leading-indicators

U.S. leading economic indicators (LEI) for April slowing to 4.75% year-over-year. This is down from 6.13% last month. There is now a greater deceleration trend in leading economic data.

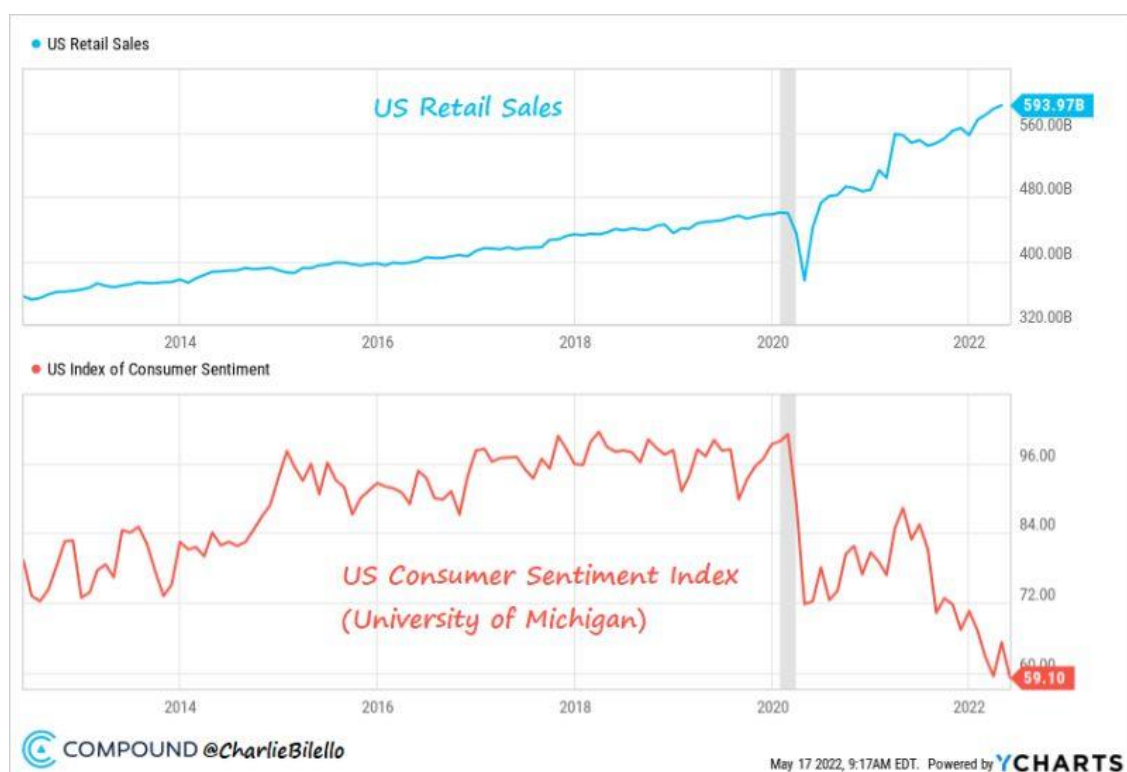


Source: Factset

#macro

#us #retail-sales

Americans are not happy about rising prices but they're still spending. US Retail Sales hit a record high while Consumer Sentiment is at its lowest level in over a decade. True, 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 16% higher than pre-covid levels. So demand remains quite strong irrespective of inflation.

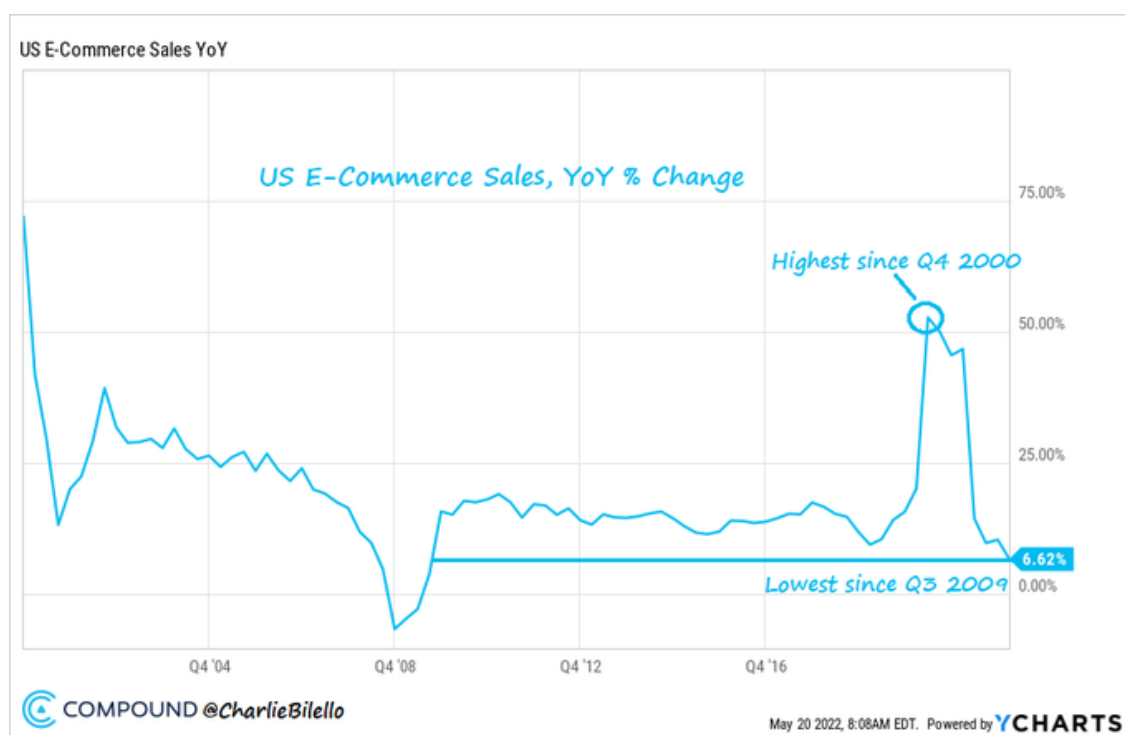


Source: Charlie Bilello

#macro

#e-commerce #sales

E-commerce sales in the US increased 6.6% over the last year, the slowest rate of growth since Q3 2009.

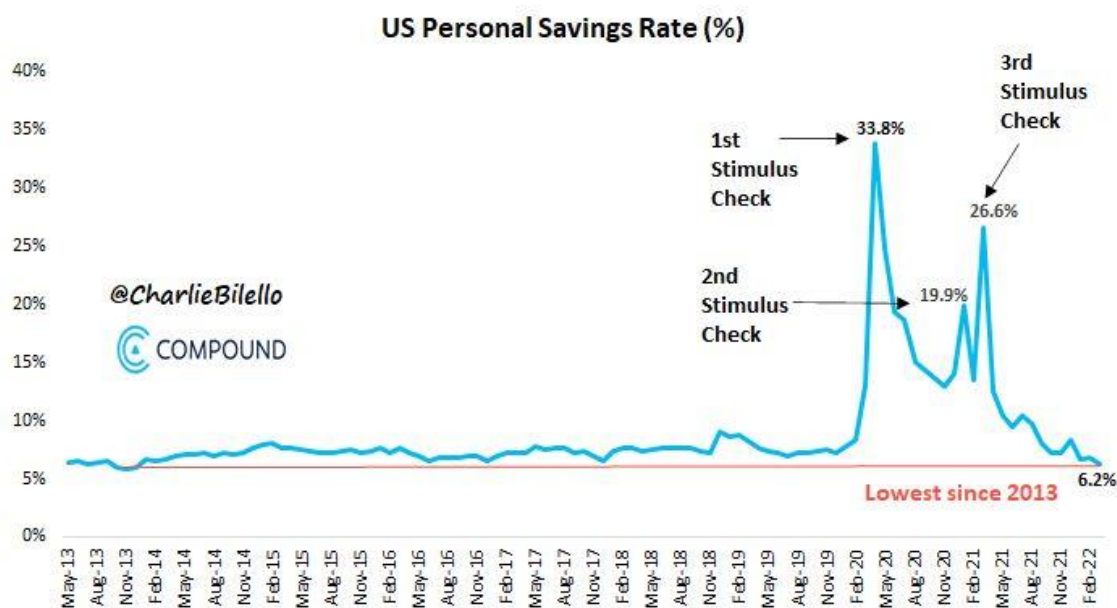


Source: Charlie Bilello

#macro

#us #consumer #savings

How US consumer spending still so strong despite inflation outpacing wage gains for 13 straight months? Americans are simply saving less, with the savings rate moving down to 6.2%, lowest since 2013.

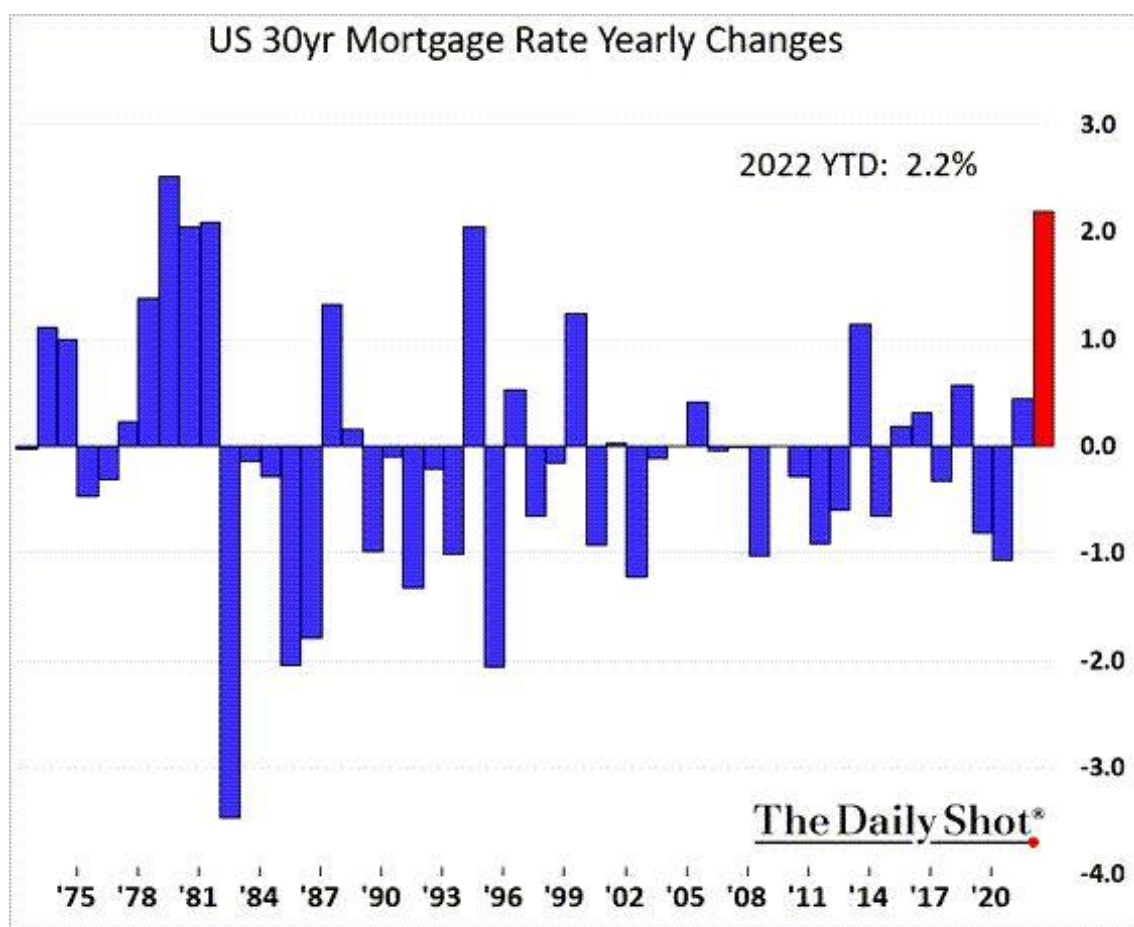


Source: Charlie Bilello

#macro

#us #housing

The fastest increase in US mortgage rates in decades is finally starting to take a toll on housing demand.



Source: The Daily Shot

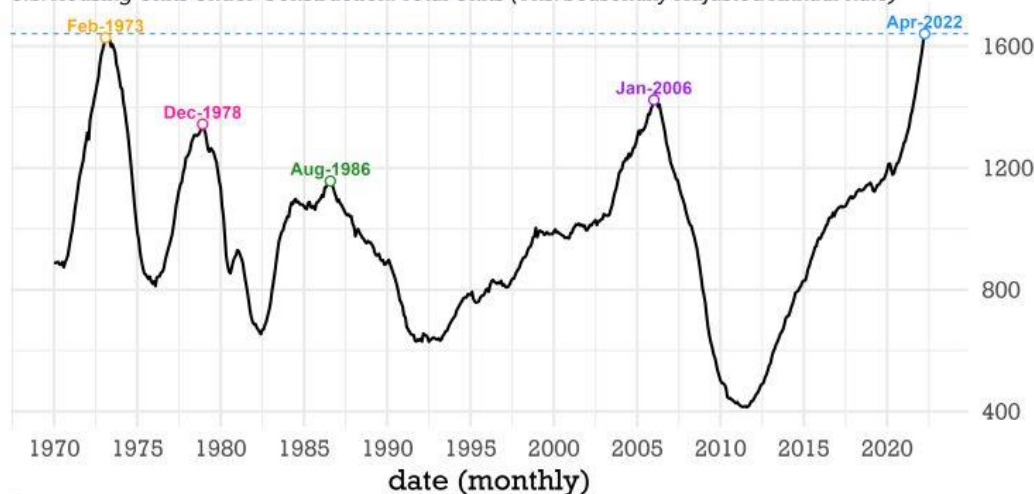
#macro

#us #housing

Through the first four months of this year, there were 545 thousand housing units started in the U.S., the most through April since 2006. Together with delays in completion this has pushed the number of units under construction to a record high.

Housing Under Construction at a Record High

U.S. Housing Units Under Construction: Total Units (Ths. Seasonally Adjusted Annual Rate)



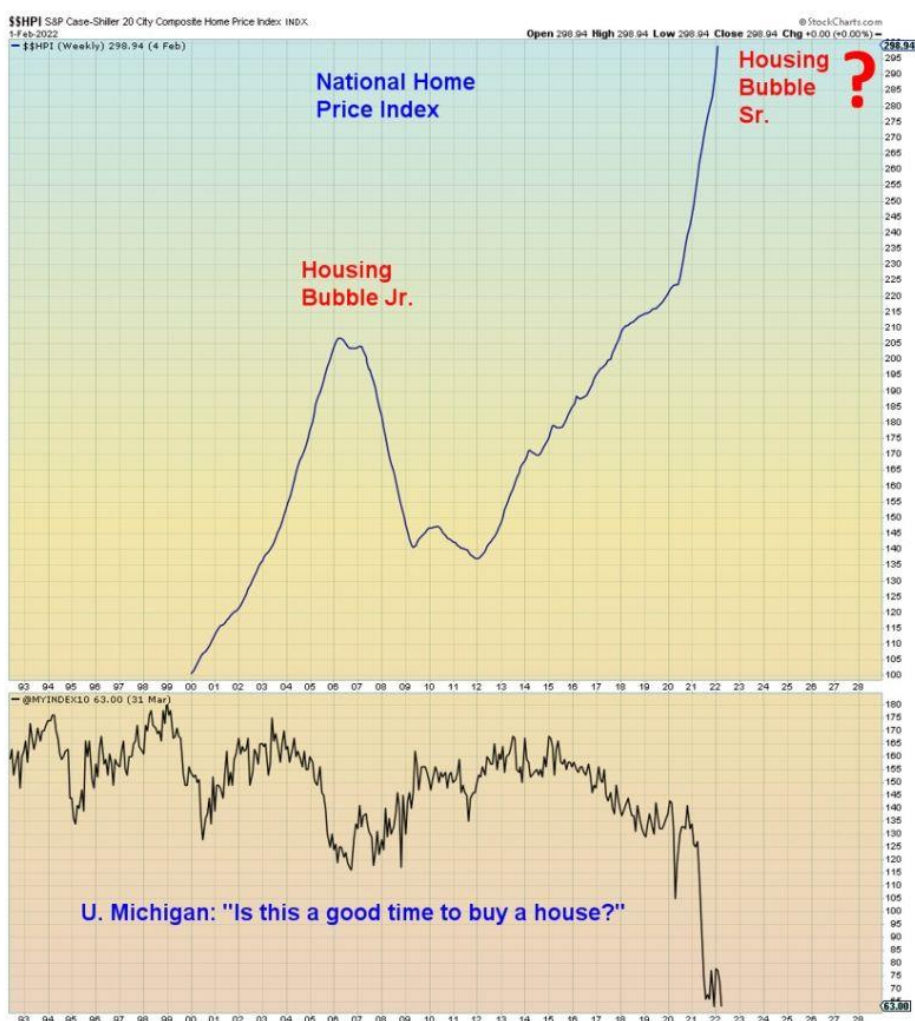
@lenkier Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development
Dotted line at value for April 2022

Source: Freddie Mac

#macro

#us #housing

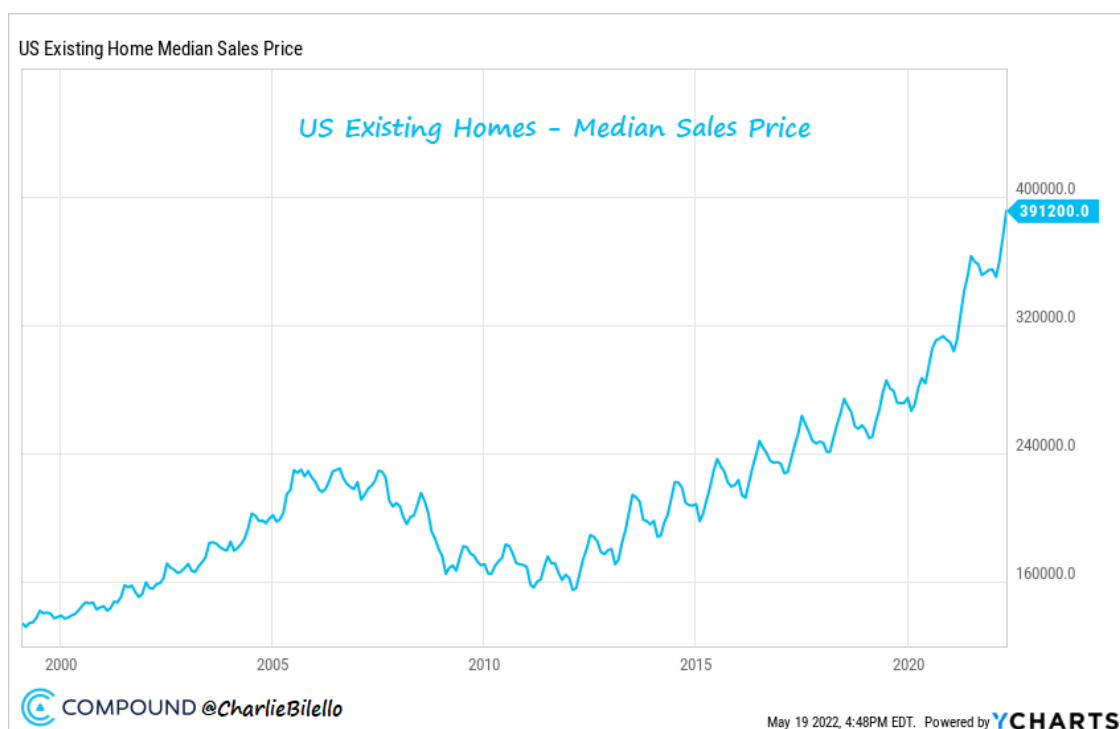
Home buying conditions in the US is at the lowest level in 50 years due to double-whammy effect: higher mortgage rates + record high prices.



#macro

#us #housing

At \$391,000, the median sales price of an existing home in the US hit another record high in April, up 15% over the last year and 36% over the last 2 years.



Source: Charlie Bilello

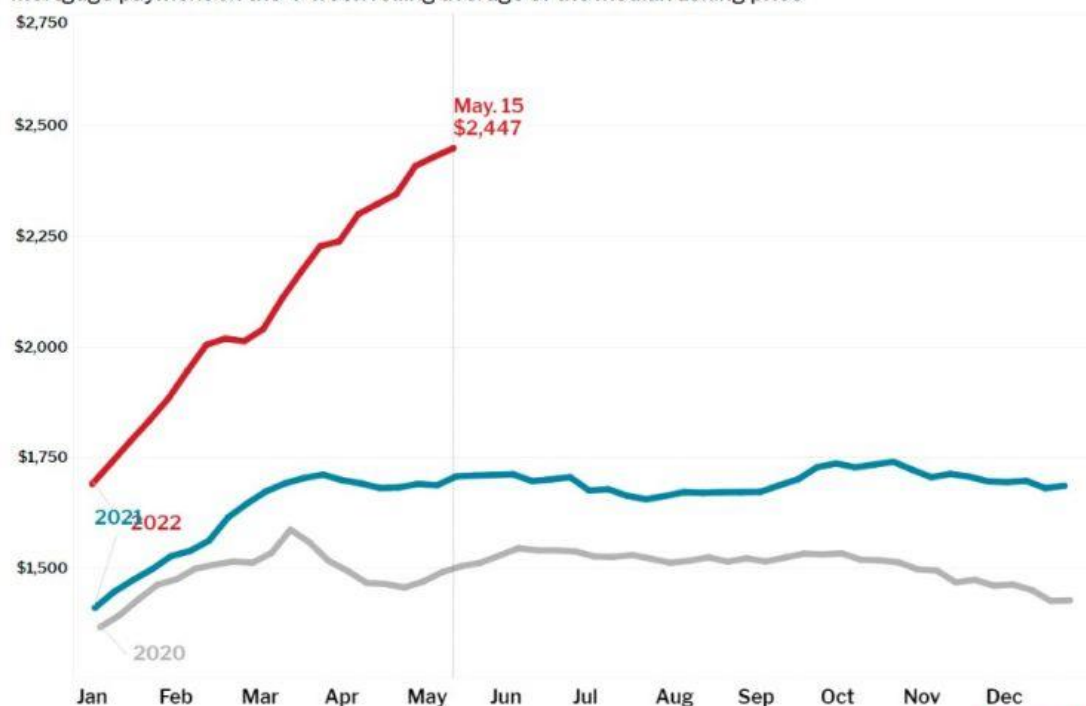
#macro

#us #housing

Will US housing be the next shoe to drop? Mortgage payments are up +43.4% yoy. Meanwhile, #lumber prices have been cut in half since early March. They tend to lead home sales and housing starts. It shows that higher mortgage rates are starting to bite..

Homebuyer Mortgage Payments +43.4% Year Over Year

Mortgage payment on the 4-week rolling average of the median asking price



Source: Redfin analysis of MLS data, Freddie Mac Primary Mortgage Market Survey

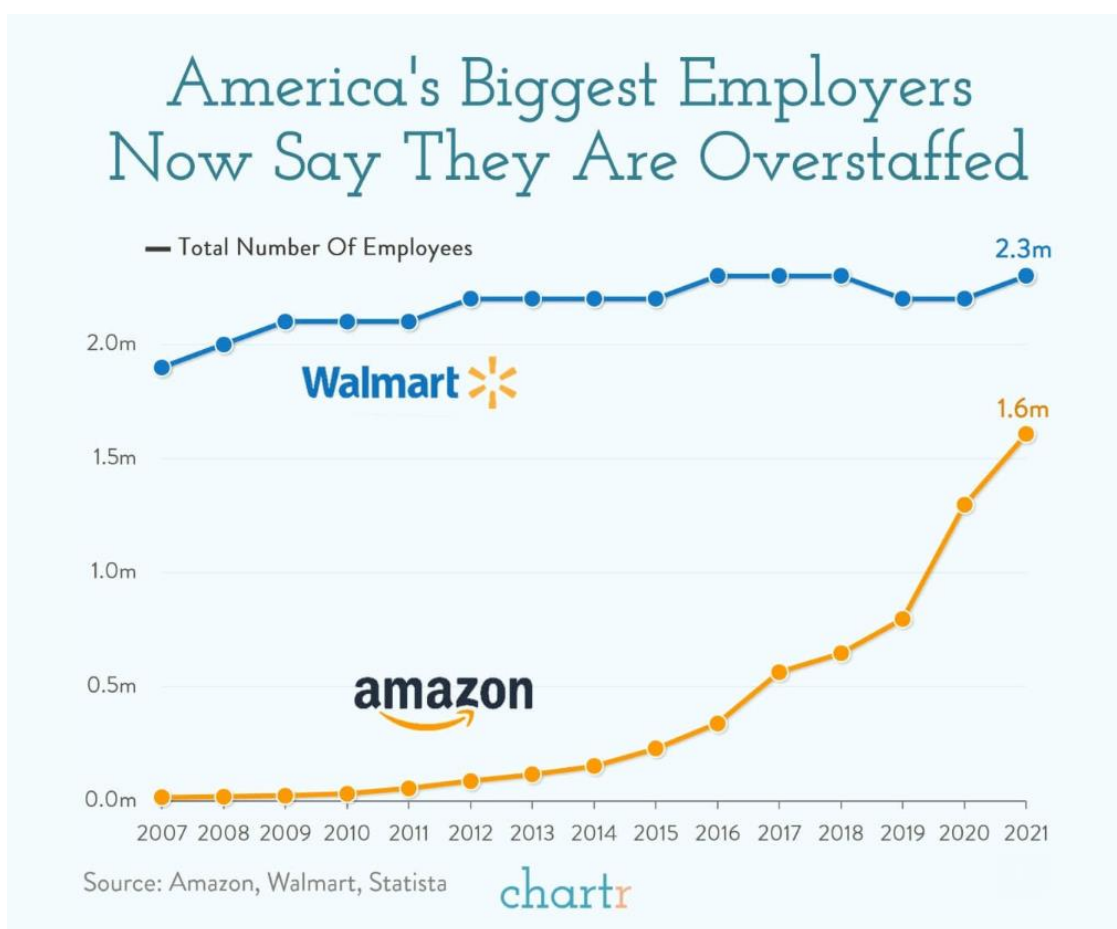
REDFIN

Source: Jeff Weniger

#macro

#us #labor

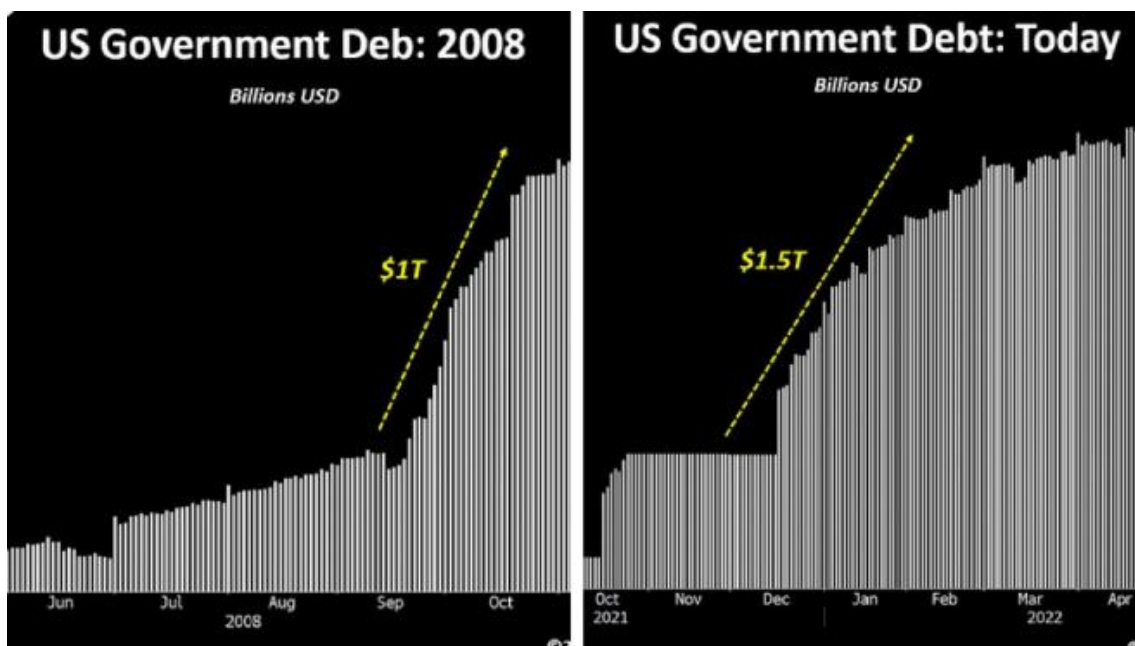
Walmart and Amazon — America's biggest private employers — both reported being overstaffed in the first quarter of this year.



#macro

#us #debt

US government debt increased by \$1 trillion during the global financial crisis of 2008, But in the last 5 months, US government debt rose by \$1.5 trillion.



Source: Atefeh Ebadian

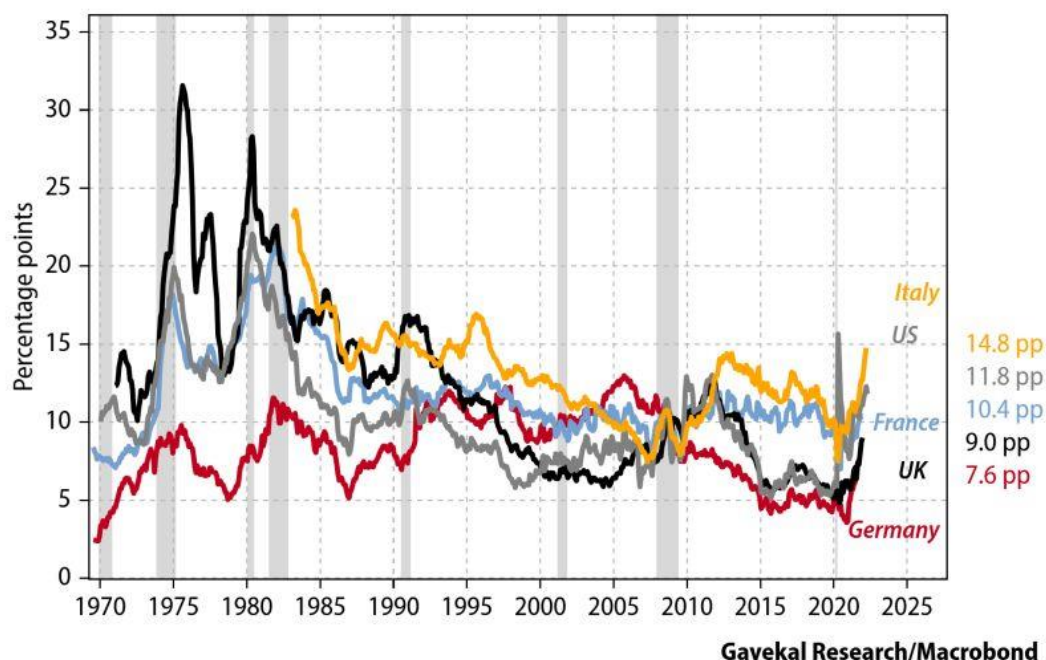
#macro

#misery-index

The Misery Index adds up the year-on-year inflation rate and the unemployment rate to measure the degree of economic stress for regular folks. The higher the index, the more people struggle to get by. Today, the rapid acceleration of inflation has sent the index to its highest level since at least the global financial crisis, reflecting the rising cost of living across the Western world. The Misery Index points to tough times ahead.

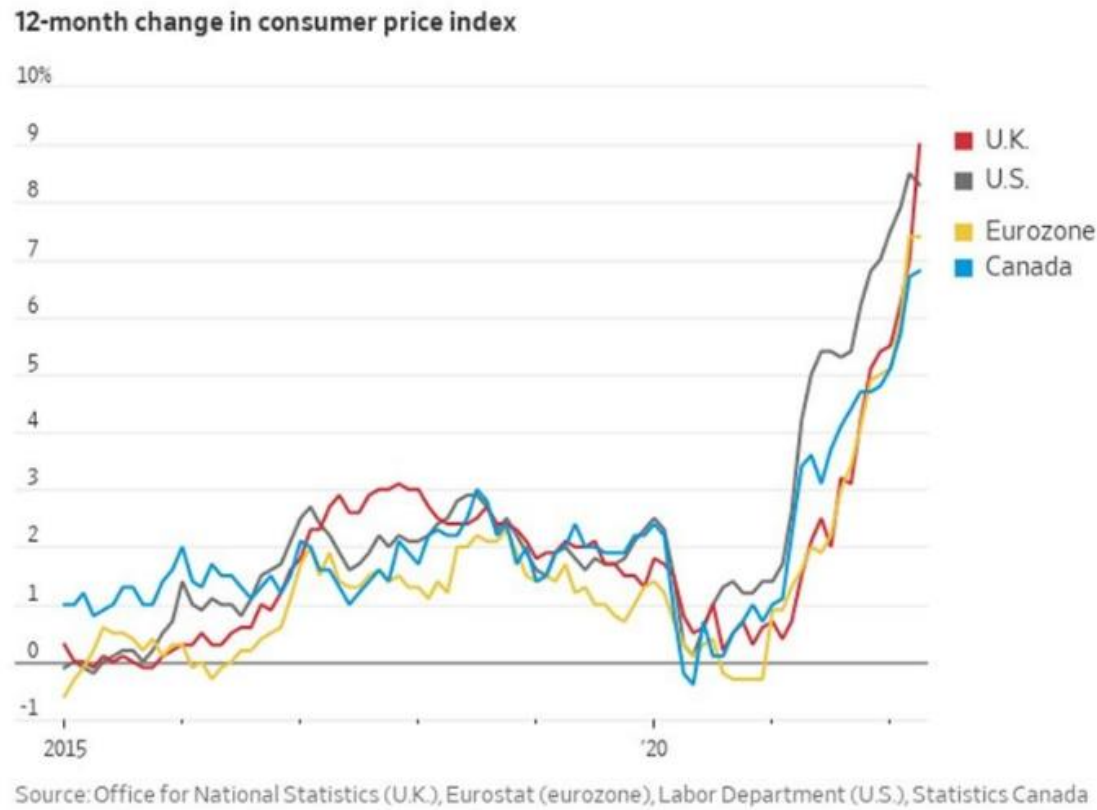
The Misery Index points to rising pain across the Western world

Misery Index = unemployment rate + YoY CPI | grey = US recessions



#macro

#global-inflation



Source: WSJ

#macro

#inflation #eurozone

I thought this chart was as fascinating as it is colourful. After the GFC, we saw how the EU's "one-size-fits-all" austerity project hammered Southern European countries.

So how will they tackle inflation when they have rates as high as 15% in some countries and as low as 5% in others?

Inflation dispersion in euro area (based on accession date)

Source: Eurostat



MACROBOND

Source: Macrobond

#macro

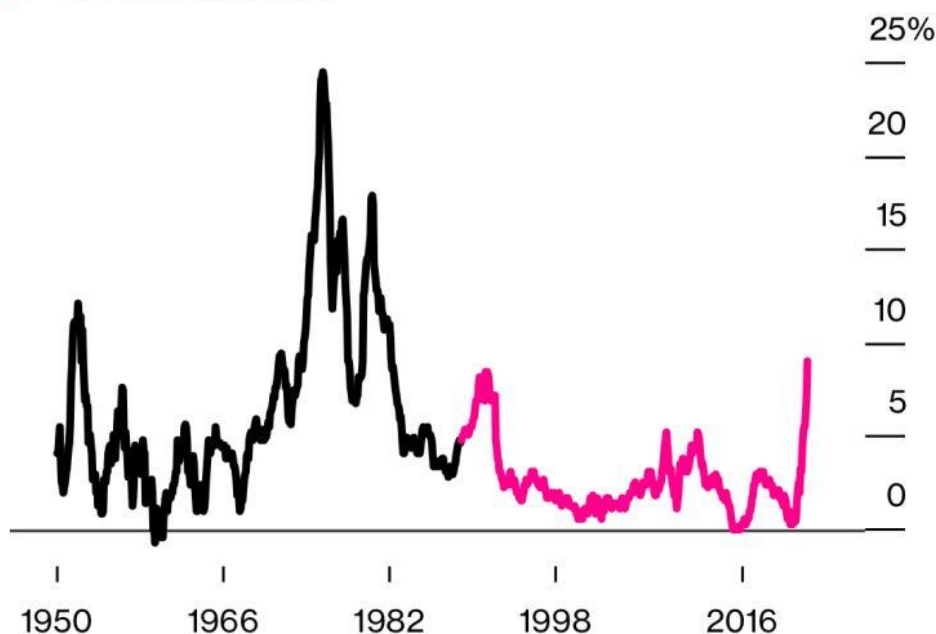
#uk #inflation

40-YEAR High: Latest British inflation data reminds us there is still a long way to go in the cost-of-living crisis.

9% and Rising

The UK has recorded its fastest inflation rate in 40 years

- ✓ CPI inflation rate (remodelled series 1950 to 1989)
- ✓ CPI (official series)



Source: Office for National Statistics

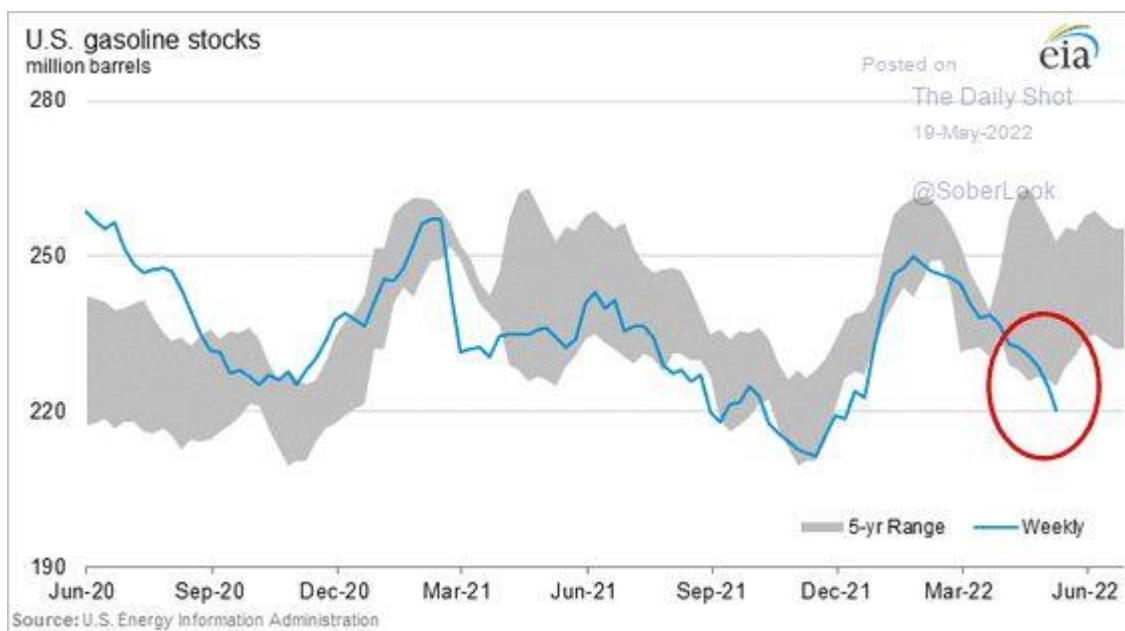
Bloomberg

Source: Bloomberg

#macro

#us #gasoline

US gasoline inventories are tumbling as demand picks up.

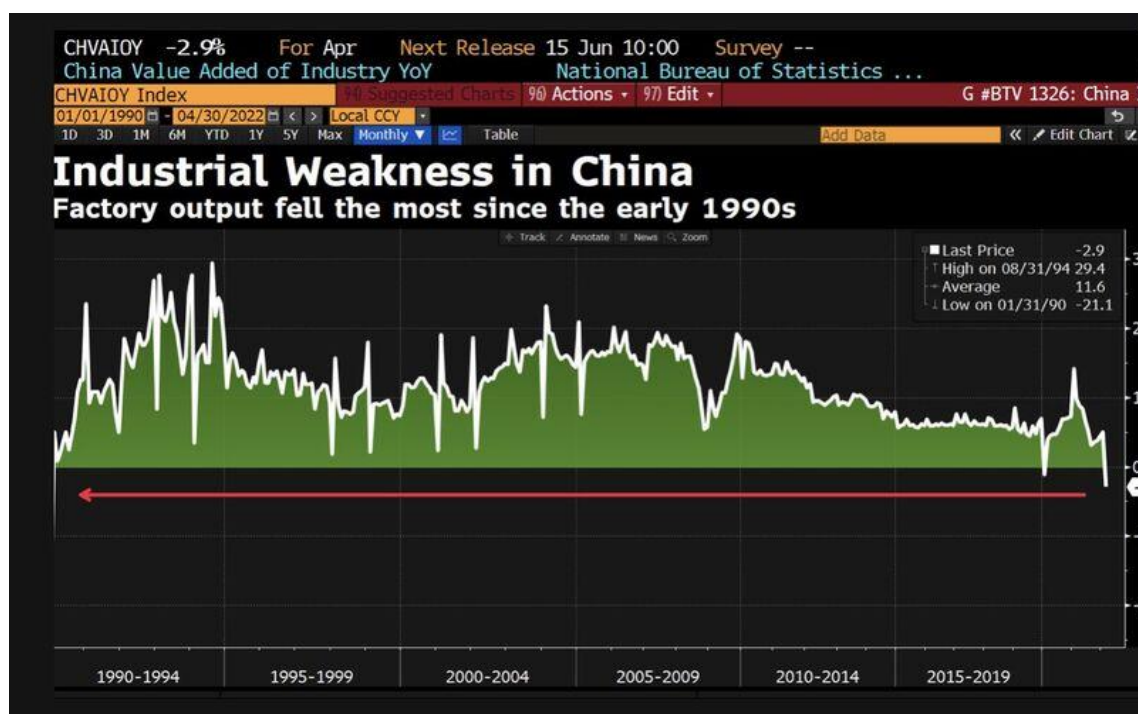


Source: IEA,, The Daily Shot

#macro

#china #industrial-production

China's factory output fell the most in 32 years (or since industrial production data began on the terminal). April was only the second monthly contraction for industrial production since 1990. This decline seems to be mostly led by the strict lockdown imposed due to a new wave of covid cases in China.



Source: Bloomberg

#centralbanks

#global #rates

Global Central Bank Update: Philippines hiked rates for the first time since 2018, South Africa hiked rates for the 4th time in the last year.

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%	2.5%	-3.3%	Cut	Jan-15
Denmark	Deposit Rate	-0.60%	6.7%	-7.3%	Cut	Sep-21
Eurozone	Deposit Rate	-0.50%	7.4%	-7.9%	Cut	Sep-19
Japan	Policy Rate Bal	-0.10%	1.2%	-1.3%	Cut	Jan-16
Sweden	Repo Rate	0.25%	6.4%	-6.2%	Hike	Apr-22
Australia	Cash Rate	0.35%	5.1%	-4.8%	Hike	May-22
Thailand	Policy Rate	0.50%	4.7%	-4.2%	Cut	May-20
Norway	Deposit Rate	0.75%	5.4%	-4.7%	Hike	Mar-22
US	Fed Funds	0.88%	8.3%	-7.4%	Hike	May-22
UK	Bank Rate	1.00%	9.0%	-8.0%	Hike	May-22
Canada	Overnight	1.00%	6.8%	-5.8%	Hike	Apr-22
Hong Kong	Base Rate	1.25%	1.7%	-0.5%	Hike	May-22
Taiwan	Discount Rate	1.37%	3.4%	-2.0%	Hike	Mar-22
New Zealand	Cash Rate	1.50%	6.9%	-5.4%	Hike	Apr-22
South Korea	Repo Rate	1.50%	4.8%	-3.3%	Hike	Apr-22
Saudi Arabia	Repo Rate	1.75%	2.3%	-0.6%	Hike	May-22
Malaysia	Policy Rate	2.00%	2.2%	-0.2%	Hike	May-22
Philippines	Key Policy Rate	2.25%	4.9%	-2.7%	Hike	May-22
Indonesia	Repo Rate	3.50%	3.5%	0.0%	Cut	Feb-21
China	Loan Prime Rate	3.70%	2.1%	1.6%	Cut	Jan-22
India	Repo Rate	4.40%	7.8%	-3.4%	Hike	May-22
South Africa	Repo Rate	4.75%	5.9%	-1.2%	Hike	May-22
Peru	Policy Rate	5.00%	8.0%	-3.0%	Hike	May-22
Poland	Repo Rate	5.25%	12.4%	-7.2%	Hike	May-22
Czech Republic	Repo Rate	5.75%	14.2%	-8.5%	Hike	May-22
Colombia	Repo Rate	6.00%	9.2%	-3.2%	Hike	Apr-22
Mexico	Overnight Rate	7.00%	7.7%	-0.7%	Hike	May-22
Chile	Base Rate	8.25%	10.5%	-2.3%	Hike	May-22
Brazil	Target Rate	12.75%	12.1%	0.6%	Hike	May-22
Turkey	Repo Rate	14.00%	70.0%	-56.0%	Cut	Dec-21
Russia	Key Policy Rate	14.00%	17.8%	-3.8%	Cut	Apr-22
Argentina	Benchmark Rate	49.00%	58.0%	-9.0%	Hike	May-22

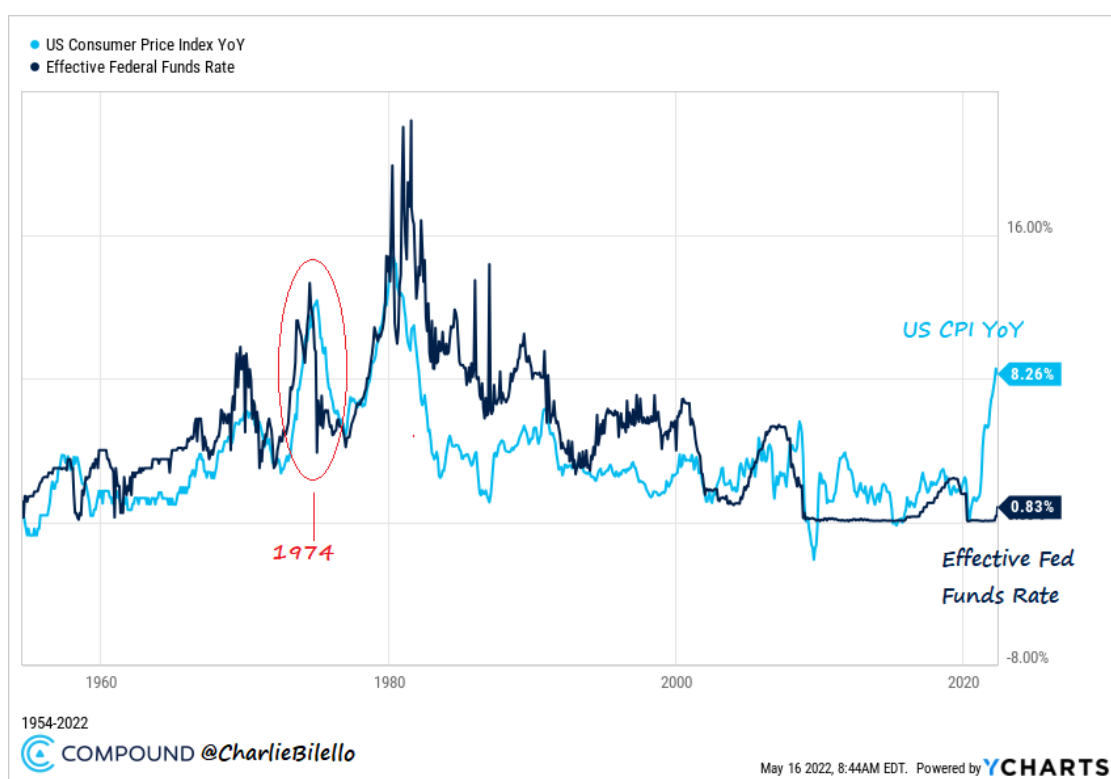
COMPOUND

@CharlieBiello

#centralbanks

#us #effective-fund-rate

US CPI vs,. Effective fund rate. This time is very different than 1974...



Source: Charlie Bilello

#ecb

Investors ramp up ECB rate hike expectations as Knot floats bigger move. ECB's Knot said he supports 25bp increase in July, but a bigger move may be justified. Money markets price in 104bps of tightening by December after comments compared to 86bps at the end of last week.



Source: Bloomberg, HolgerZ

#centralbanks

ecb

The ECB will soon hike rates for the first time in more than a decade, a member of the central bank's governing council told CNBC Friday.

EUROPE POLITICS

European Central Bank member says to expect first rate hikes this summer



Joachim Nagel, Germany's central bank governor and ECB member, shares his latest thoughts on inflation and the possibility of rate hikes in the euro zone.

Bloomberg | Bloomberg | Getty Images

#centralbanks

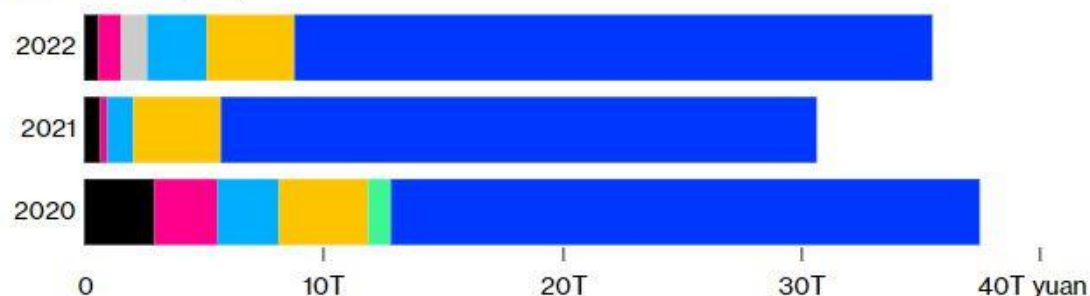
#china

China's stimulus tops \$5 Trillion as Zero Covid policy hits the economy.

A \$5.3 Trillion Boost

Beijing is pumping more into the economy than 2021, but less than 2020

■ Structural PBOC tools ■ Liquidity via RRR, policy loans ■ PBOC profit transfer
■ Tax and fee cuts ■ Local special bonds ■ Special sovereign Bonds
■ General budget spend



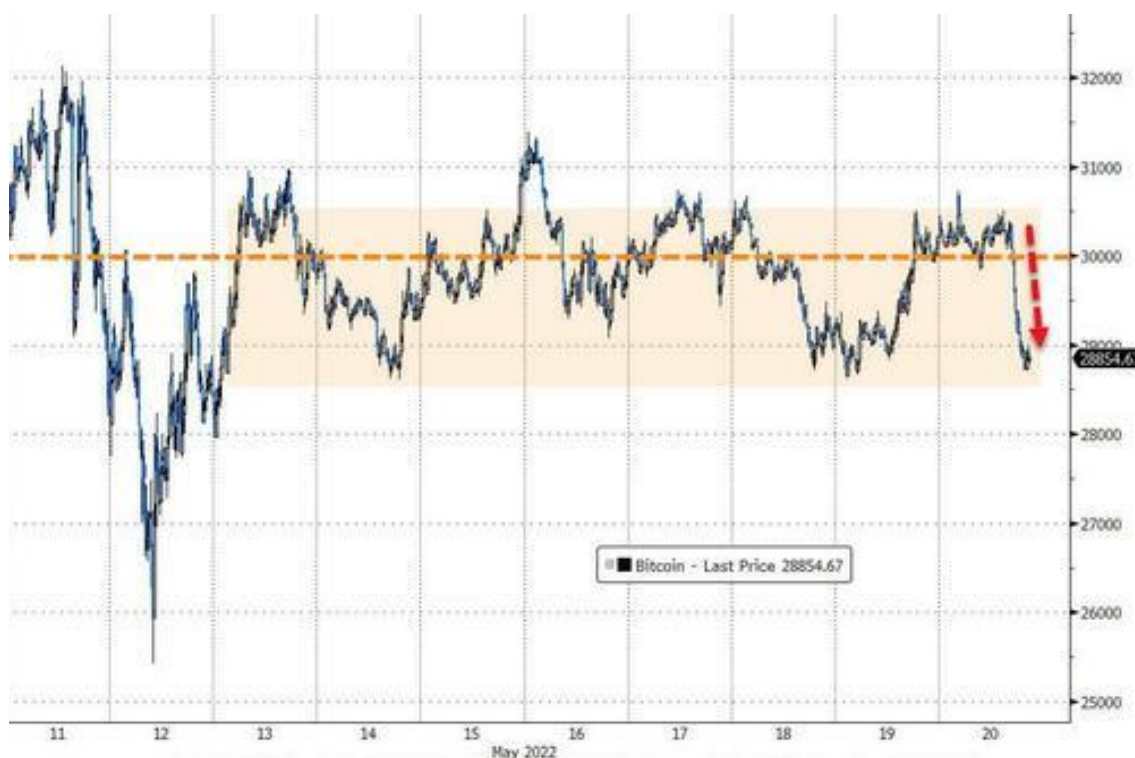
Source: People's Bank of China, Ministry of Finance, government work reports, Bloomberg estimates
Note: The budget spend for 2022 is a target figure.

Source: Jeff Weniger

#cryptos

#bitcoin

Bitcoin ended the week lower from last Friday's "close" but has traded in a relatively narrow range since then (albeit trading at the lows of that range now, back below \$30k)...



Source: Bloomberg

#cryptos

#ethereum

Ethereum's move to proof of stake could be in the cards for this summer. That move will shift the network from mining—where people run powerful computers for the chance to earn ETH—to staking, in which Ethereum holders can deposit their ETH in exchange for rewards.

Ethereum Merge Coming in August 'If Everything Goes to Plan': Core Dev

If developers can complete the merge to proof of stake in August, they won't have to worry about defusing the "difficulty bomb" that is about to go off.



By [Jeff Benson](#)

May 20, 2022

3 min read



Source: Decrypt

#food-for-thought

#bear-markets

BEAR MARKET FREQUENCY

BEAR MARKETS HAPPEN ...

- -20% ... Every 4.2 Years
- -25% ... Every 6.6 Years
- -30% ... Every 8 Years
- -40% ... Every 13 Years
- -50% ... Every 20 Years



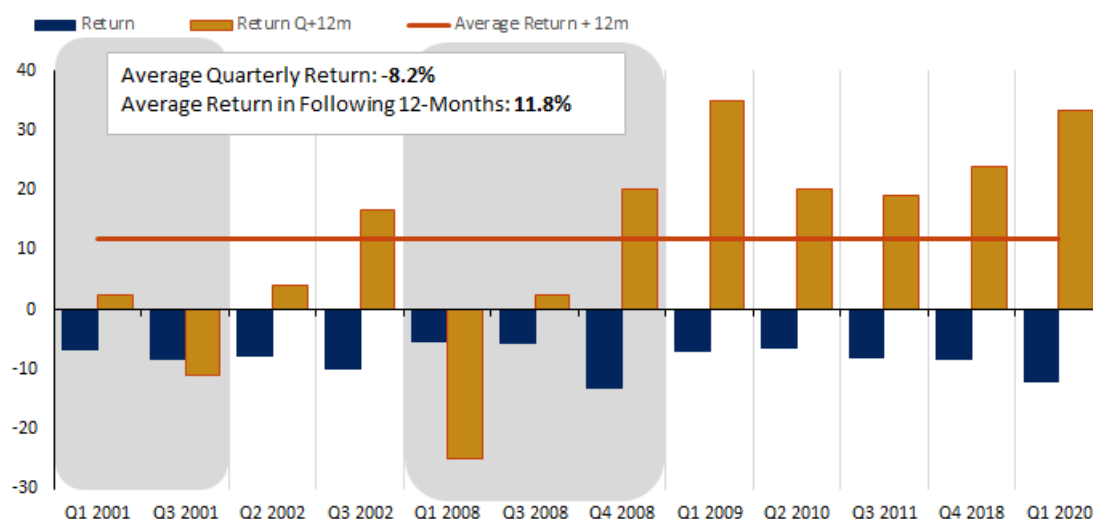
Source: Charlie Bilello

#food-for-thought

#balanced #portfolios

In periods when balanced portfolios have been down over 5% in a quarter, over the next four quarters we tend to see about a 12% return on average

Returns following a -5% Quarter for Balanced Portfolio (%)

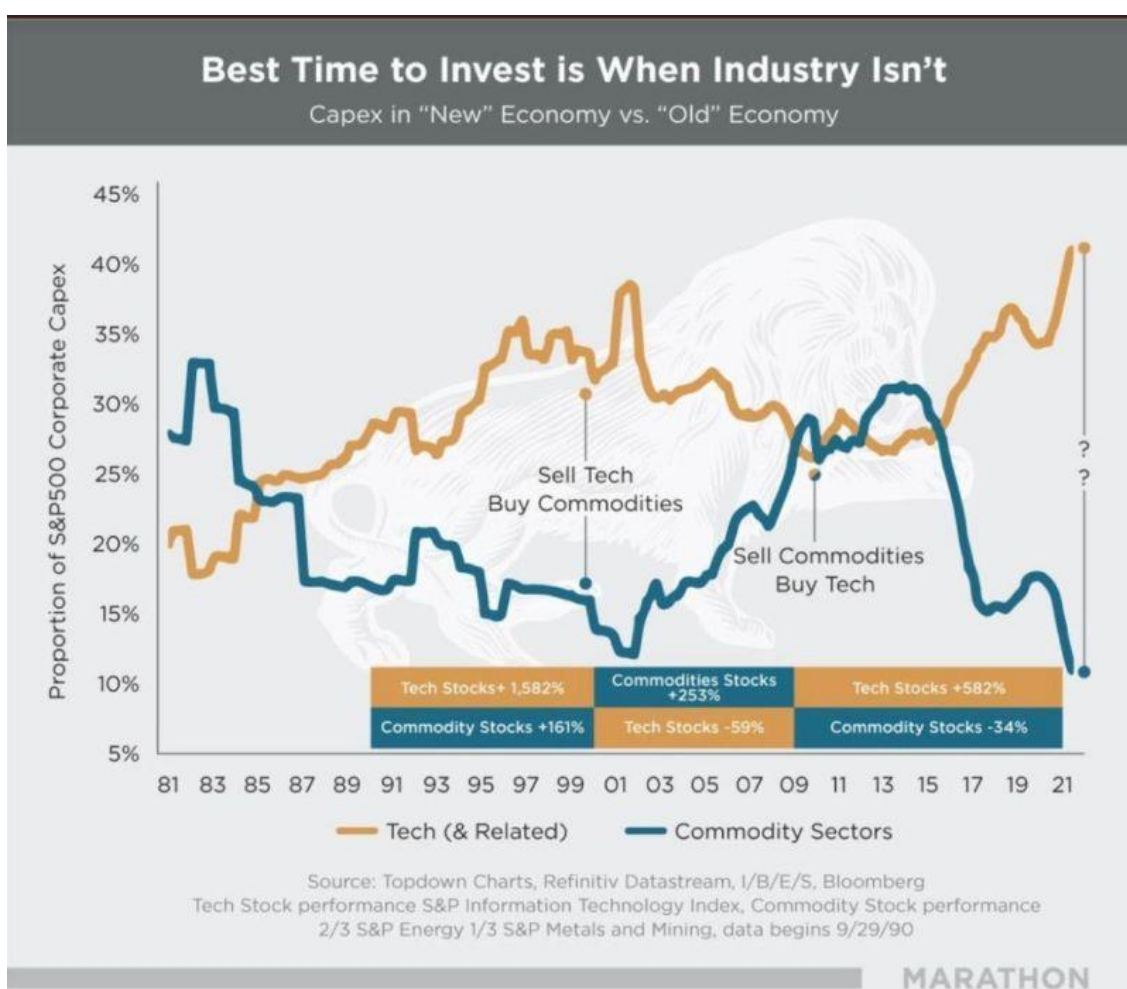


Source: Morningstar Direct, Edward Jones Calculations. Balanced por

#food-for-thought

#cycle #investing

CAPEX IN "OLD" AND "NEW" ECONOMY AS A MARKET TIMING INDICATOR.



Source: Marathon

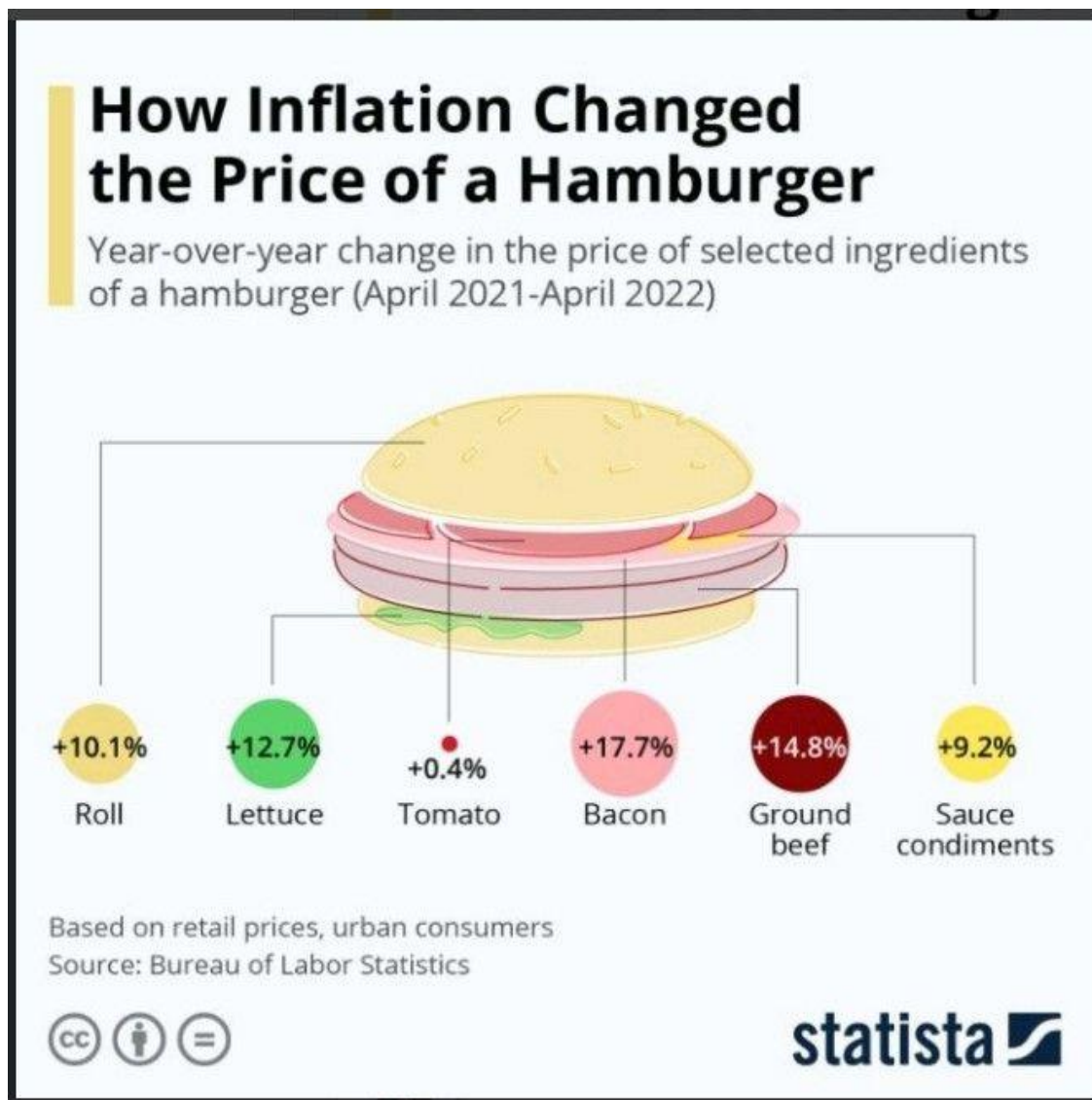
#food-for-thought

#food-crisis



#food-for-thought

#hamburger-flation

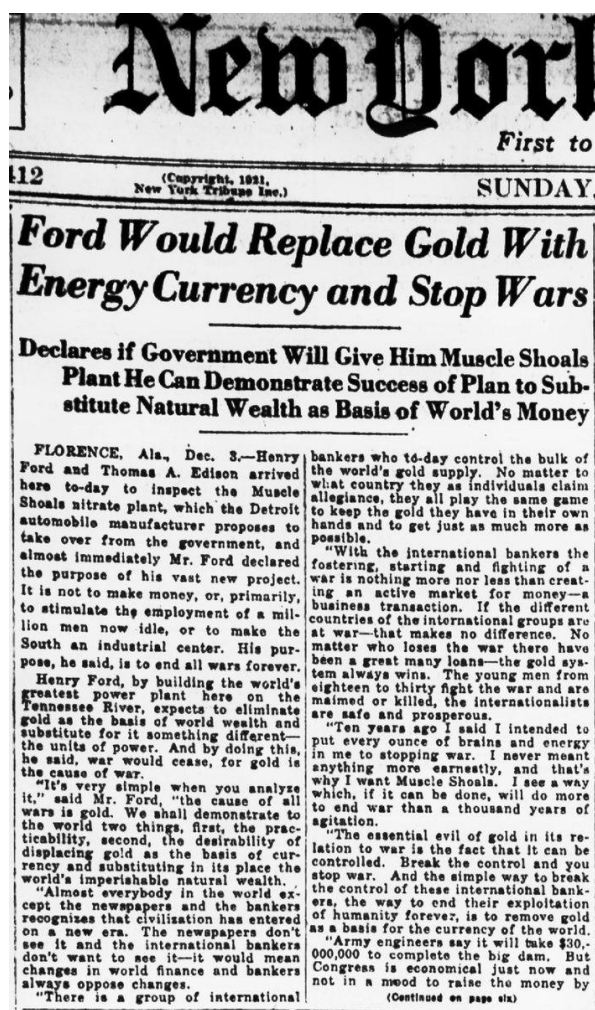


Source: Statista

#food-for-thought

#energy-currency

Henry Ford had a vision of replacing gold with a currency based on energy. He was convinced such a move could break banking's powerful grip on global wealth and put an end to wars. He proposed to build "the world's greatest power plant" and create a new currency system based on units of energy. This article appeared on the front page of the New York Tribune on December 4, 1921.



#food-for-thought

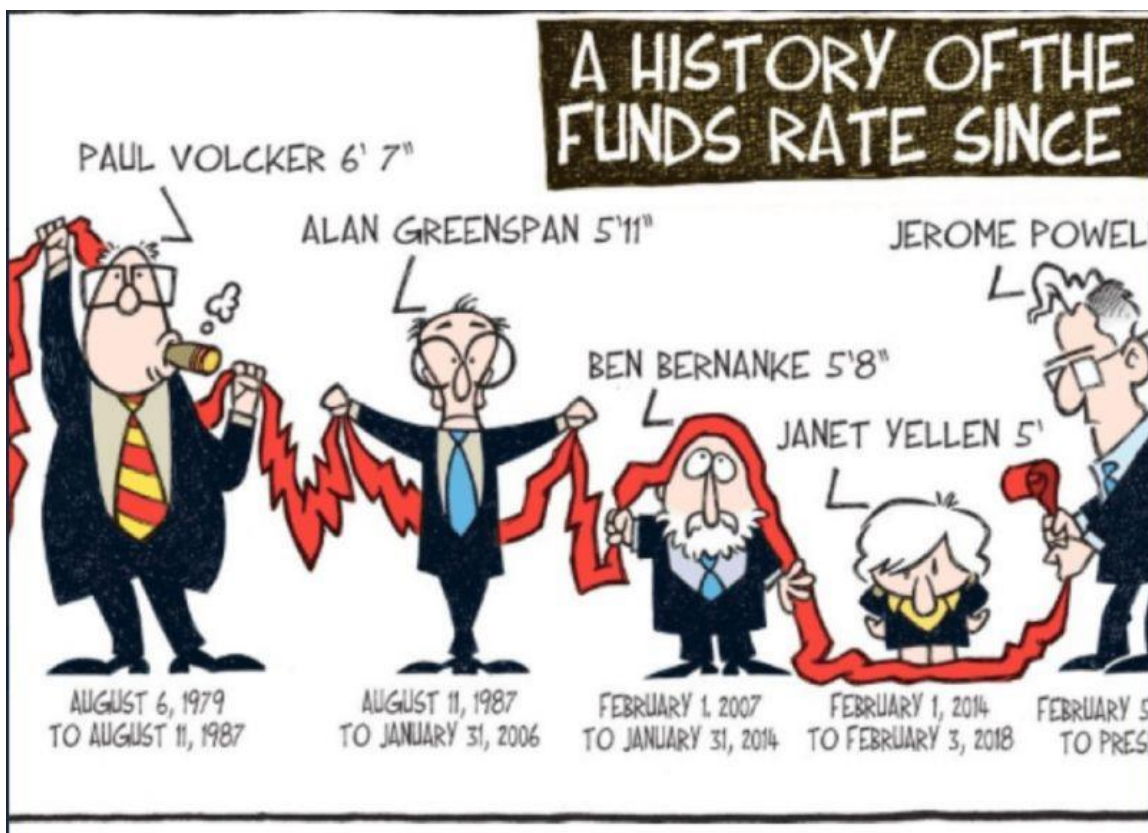
#fed #inflation

Q1 '21		"QE wont cause inflation"
Q2 '21		"Some inflation but transitory"
Q3 '21		"Ok high inflation but we are peaking"
Q4 '21		"Ok inflation maybe not transitory but job market, wage growth very strong"
Q1 '22		"Need to hike aggressively to curb inflation but no worries economy very strong and soft landing possible"
Q2 '22		"Negative growth in Q1 but no recession risk"
Q3 '22		"Ok recession coming but you will not lose your home"
Q4 '22		"Ok you may lose your home but you wont starve to death"

#food-for-thought

#fed

A history of the funds rate since...



Source: Twitter

#food-for-thought

#graham

“My experience teaches me that by far the largest losses have been sustained by investors through buying securities of inferior quality under favorable general conditions.”

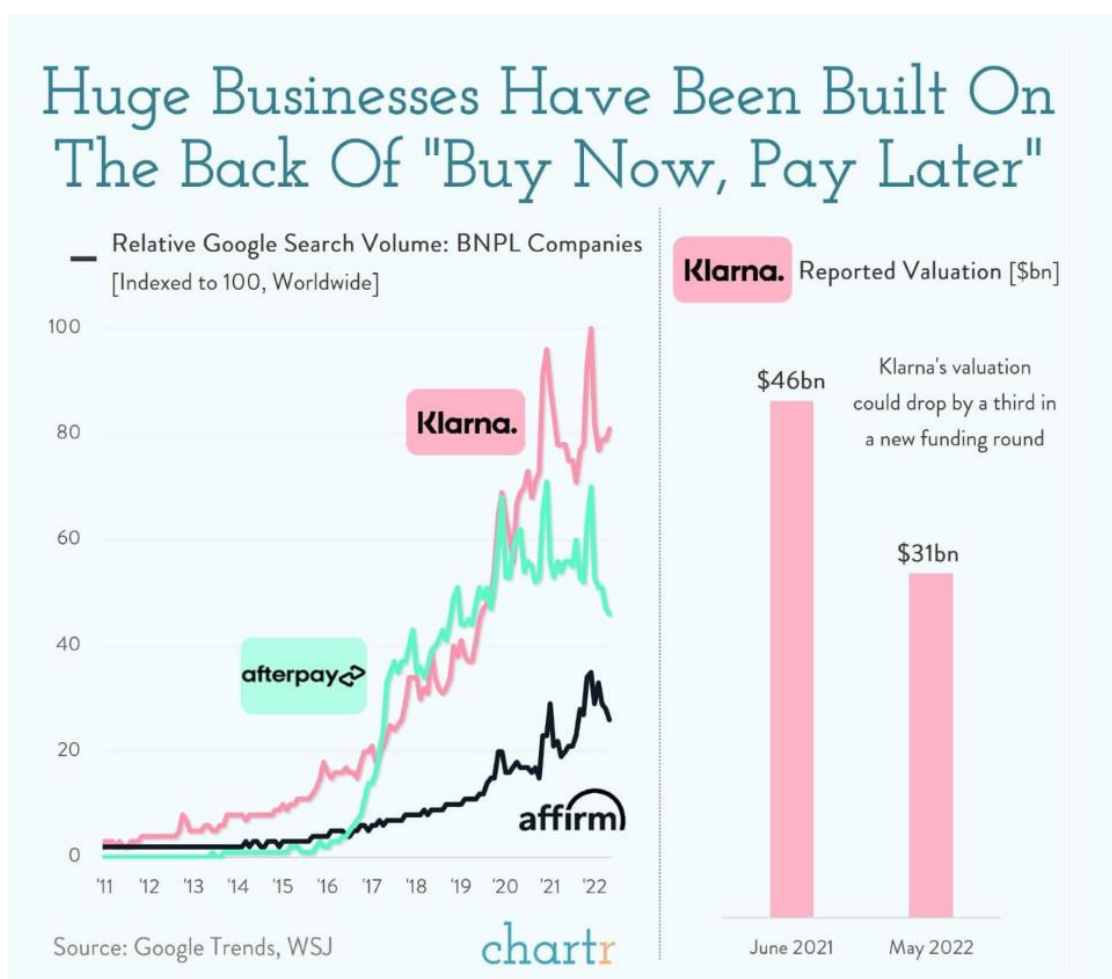
- Ben Graham



#food-for-thought

#klarna #affirm

The most recent innovation being "buy now, pay later" (BNPL) — a simple mechanism offered by companies like Klarna, Afterpay and Affirm - have become enormous businesses in the last few years.



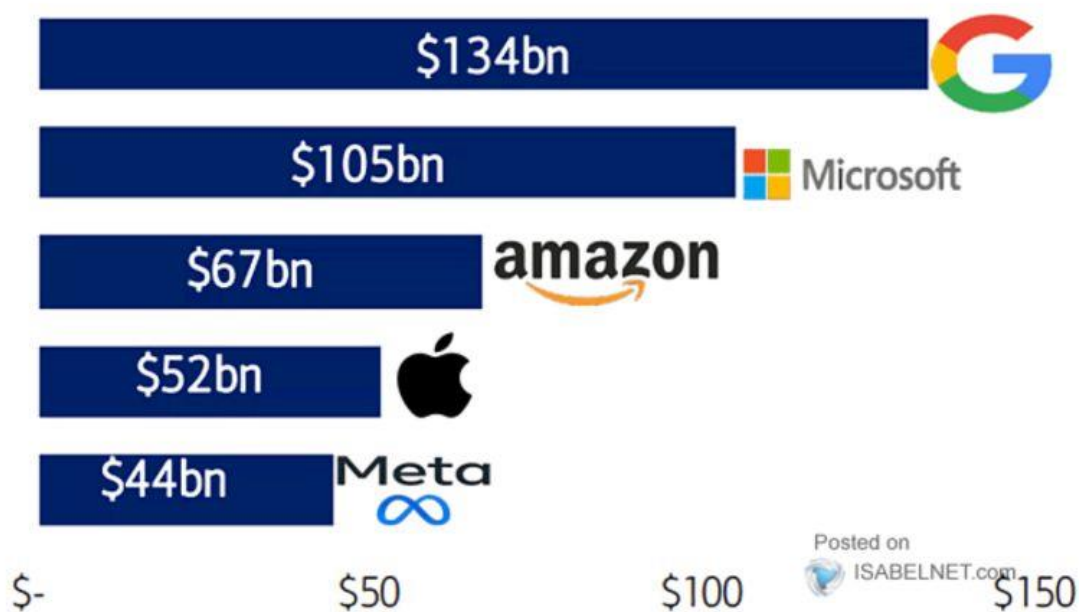
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#cash

FAAMG have the highest cash balances in the S&P500

Exhibit 9: FAAMG have the highest cash balances in the S&P 500

Cash & equivalents and short term investment (\$bn)



Source: BofA Research Investment Committee, FactSet, Company filings.

Source: Isabelnet, BoFa

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#cities

4 most expensive cities = Tel Aviv + Paris + SG + Zurich

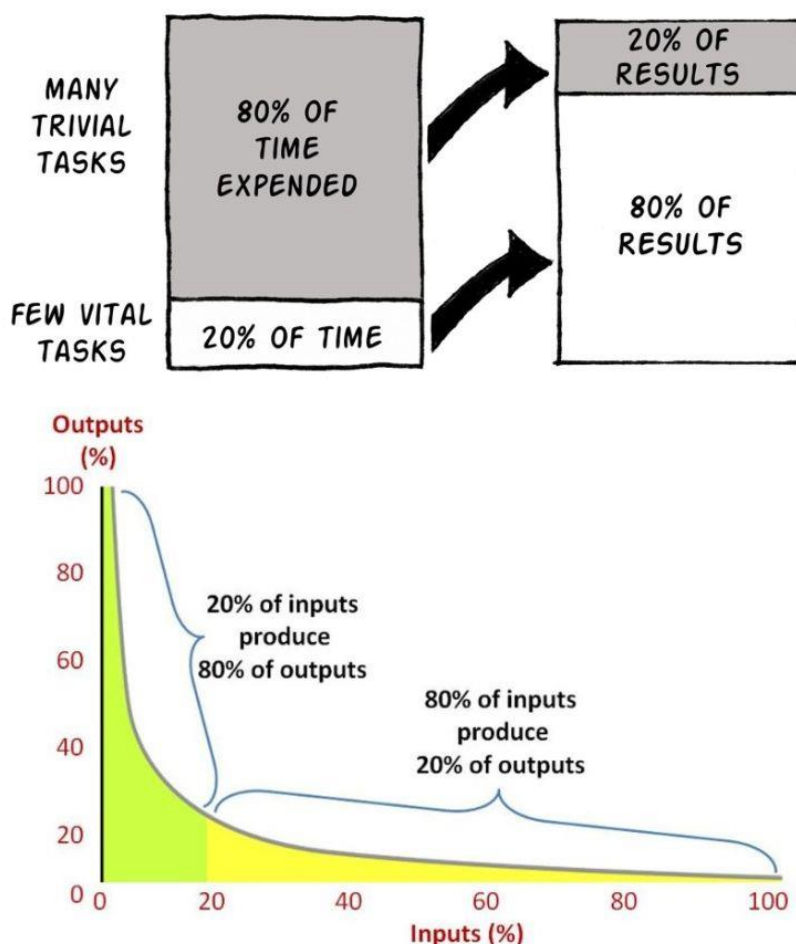


Source: Statista

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#productivity

The Pareto's Principle (80/20 Rule for Prioritization) shows that 20% of inputs (work, time, effort) often leads to 80% of outputs (performance, sales, revenue, etc.), creating an extremely vivid mental framework for making prioritization decisions.



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#entrepreneurship

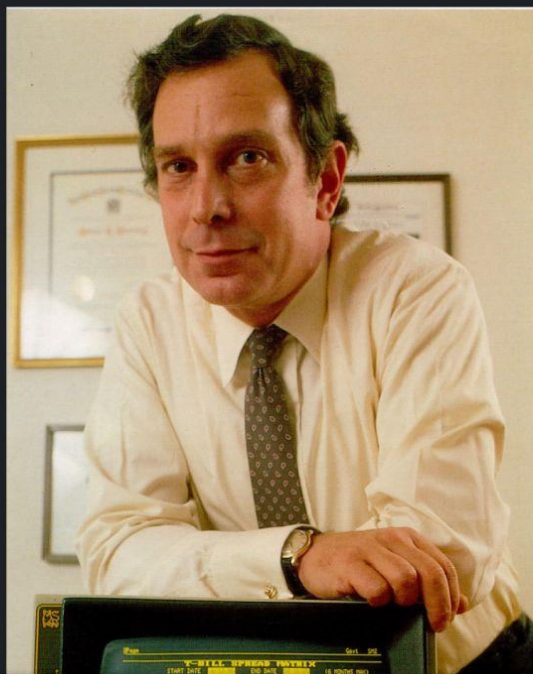


Mike Bloomberg • Following

Entrepreneur, philanthropist, UN Secretary-General's Special Envoy for Climate Ambition & So...
19h •

Bloomberg LP was started because I hadn't planned on losing my job. And in the process of building the company, things worked out that we hadn't anticipated: unforeseen uses arose for our products, customers appeared whom we hadn't known existed.

Don't let planning get in the way of doing, in business and in life. Predicting the future's impossible. Enhance your skills, put in the time, and make tactical plans for the next few steps. Then, based on what happens, look one more move ahead and adjust the plans.



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For the future...