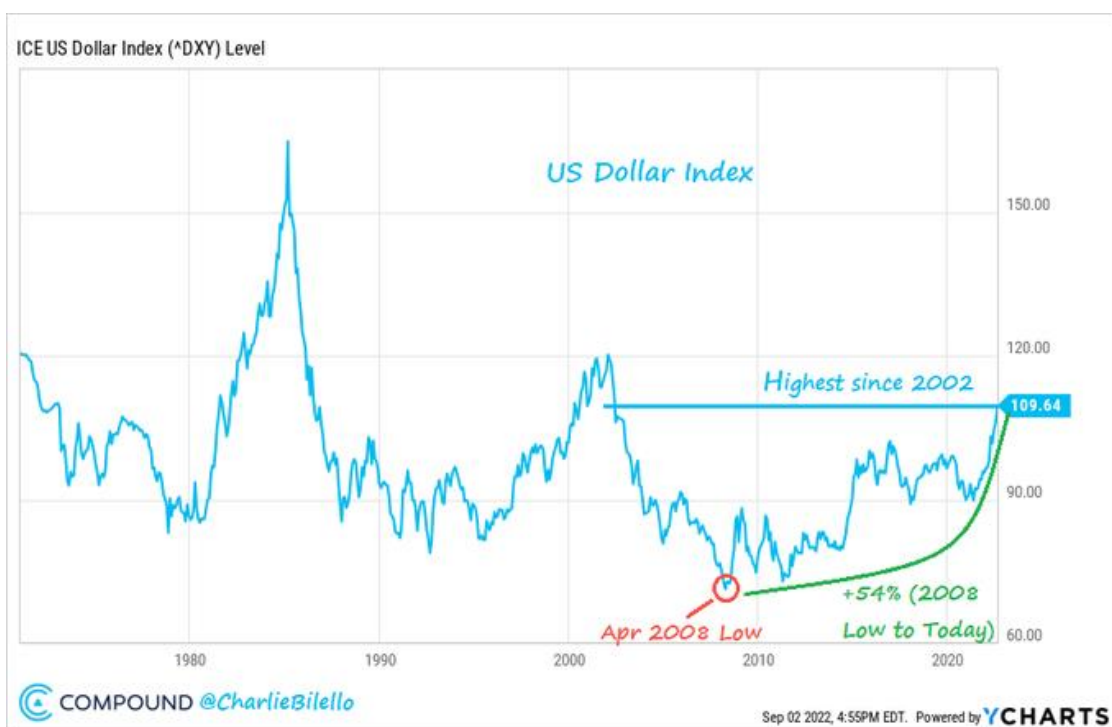


Chart of the week

The US Dollar index at a 20-year high

The US Dollar Index (\$DXY) is at its highest level in 20 years (since June 2002), up 54% from its low in 2008. Will dollar margin calls sweep emerging markets? And will the “Fed Pivot” come from a “rest of the world financial crisis” instead of “domestic inflation target being hit”?



Source: Charlie Bilello

EU energy woes and hawkish Fed weigh on stocks

U.S. equities fell on Friday after a solid August jobs report failed to ease fears that the Fed would keep aggressively hiking interest rates to fight inflation. All of the major US equity averages were lower to end the week, making it their third negative week in a row. The Nasdaq Composite is down 6 days in a row - something it hasn't done since early August 2019. Value stocks continued to outperform high-valuation growth stocks, and large-caps held up significantly better than small-caps. Energy shares suffered as oil prices declined below \$90 per barrel for WTI crude. Much awaited Friday's August US jobs report showed that the economy added 315,000 jobs last month while the unemployment rate rose to 3.7% from 3.5% in July as the labor force participation rate increased. Earlier in the week, the JOLTS Survey for July indicated that job postings unexpectedly increased, reaching nearly two per unemployed worker. The evidence of continued tightness in the labor market helped push the U.S. Treasury yields higher, with the two-year Treasury yield reaching levels not seen since late 2007. Shares in Europe fell sharply on fears that central banks could tighten monetary policy aggressively for an extended period. Worries that Russia might stop natural gas supplies to Europe also weighed on sentiment. After the market closed on Friday, Gazprom announced that a technical fault would extend the pipeline's closure. The dollar hit a 20-year high.

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

3 SEPTEMBER 2022

#markets

#markets #stats #weekly

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	31,319	-3.0%	-13.8%
S&P 500 Index	3,924	-3.3%	-17.7%
NASDAQ	11,631	-4.2%	-25.7%
MSCI EAFE *	1,790	-4.9%	-23.4%
10-yr Treasury Yield	3.20%	0.2%	1.7%
Oil (\$/bbl)	\$87.02	-6.5%	15.7%
Bonds	\$100.37	-1.2%	-11.0%

Source: Factset. 09/02/2022. Bonds represented by the iShares Core U.S. Aggregate Bond ETF. Past performance does not guarantee future results. * 4-day performance ending on Thursday.

Source: Edward Jones

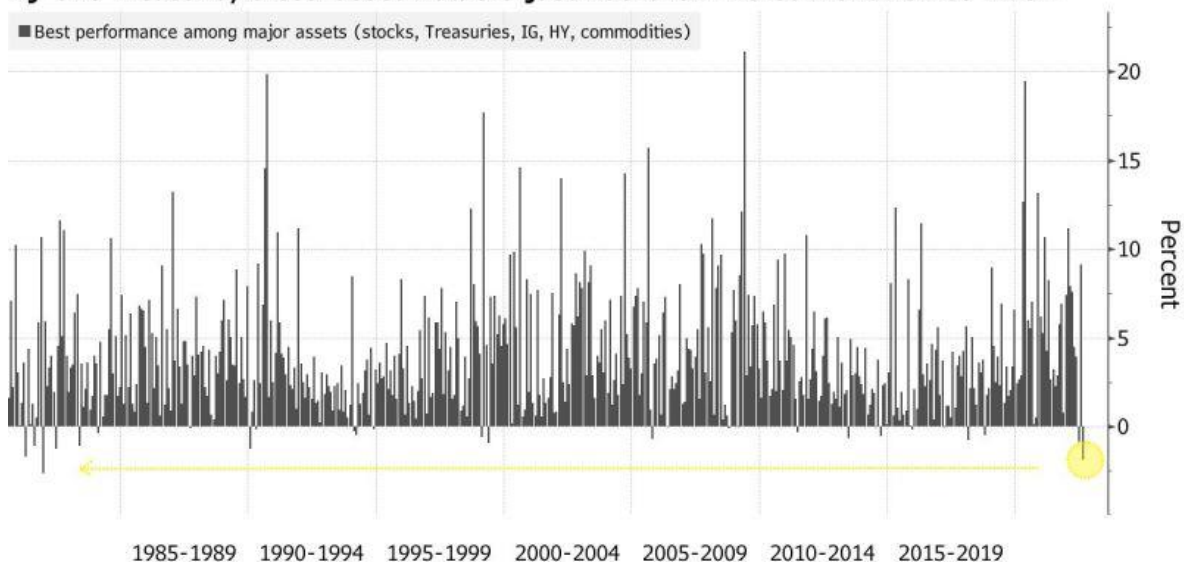


#august #cross-assets #returns

FINANCIAL MARKETS PERFORMANCE IN AUGUST ILLUSTRATED IN ONE CHART: last month was the broadest cross-assets (stocks, treasuries, investment grade, high yield, commodities) drop since '81, i.e nowhere to hide...

Nowhere to Hide

By one measure, cross-asset holders just had their worst month since 1981



Source: Bloomberg



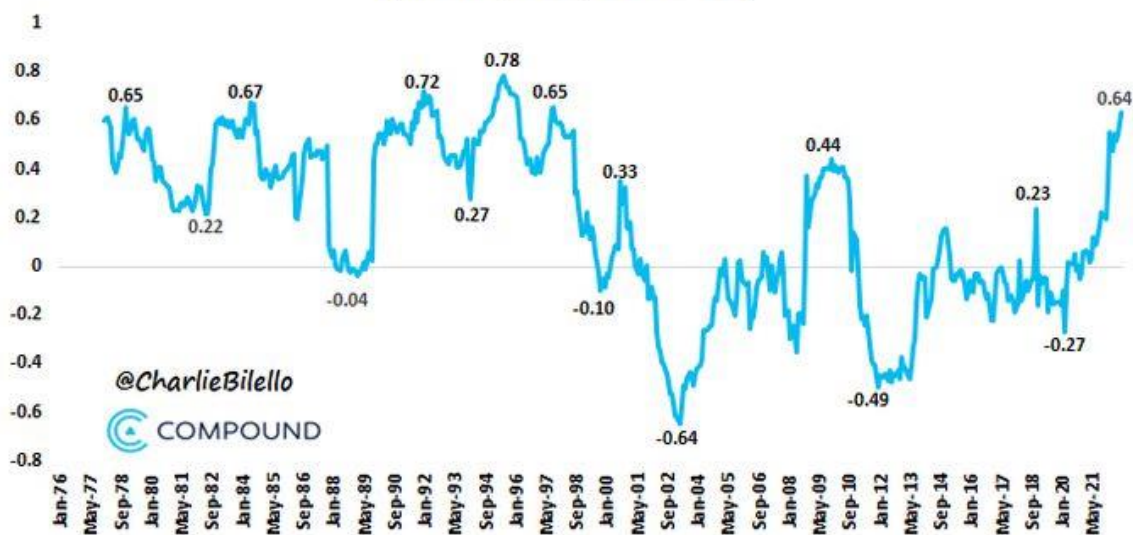
Source: Bloomberg



#cross-assets #correlation

The correlation between stocks and bonds over the last 2 years is the highest we've seen since 1995-1997.

Rolling 2-Year Correlation:
S&P 500 and Bloomberg US Agg Bond Index
(Monthly Data, 1978 - 2022)

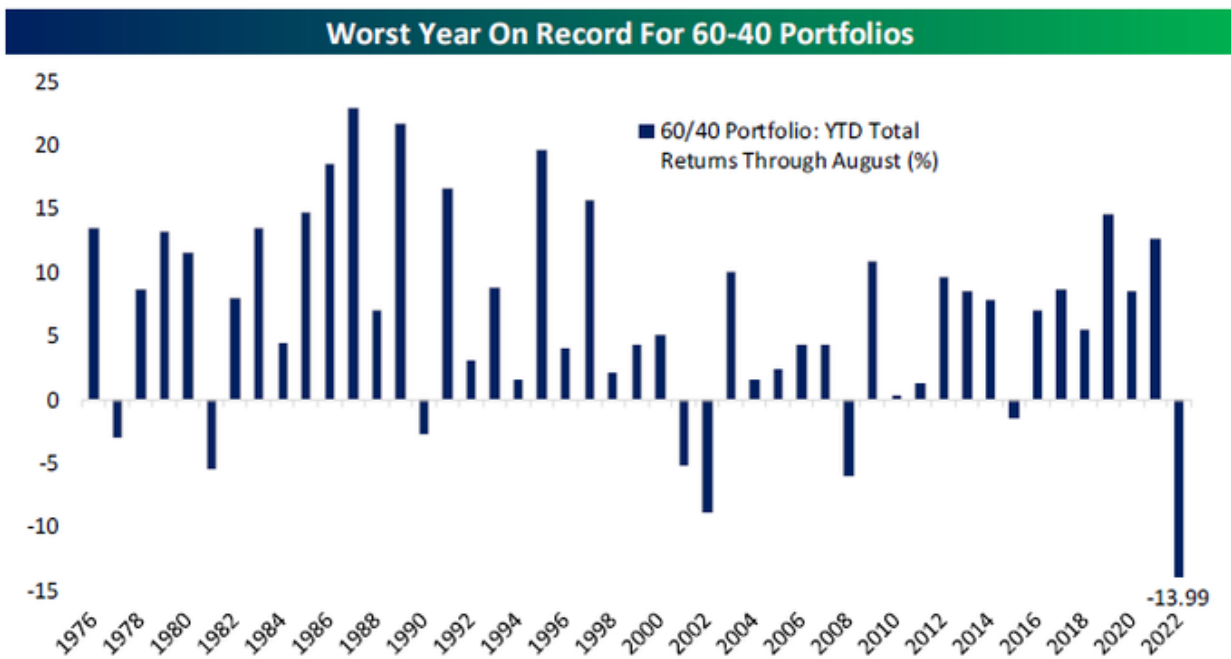


Source: Charlie Bilello



#60-40 #portfolio

Worst year on record for a 60-40 (US equities – US bonds) portfolio.



Source: Bespoke



#equity #august #performance

August Country equity ETFs declines all around the World in one table by bespoke.

Global Macro Dashboard ETFs Trading Ranges														
ETF	Index	Price	YTD %		MTD %		COVID Crash 52-Wk High*		Current 52-Wk High		Current 1 Wk Ago	Trading Range		
			Chg	Chg	Date	% Chg	Date	% Chg	OS	N		OB		
EWZ	Brazil	30.94	10.22	6.62	1/2/20	-36.09	4/4/22	-21.71	N	OB				
INDA	India	43.18	-5.81	1.17	6/3/19	18.68	11/12/21	-14.98	N	OB				
MCHI	China	49.69	-20.84	0.00	1/13/20	-26.69	9/7/21	-32.80	N	OS				
EWM	Malaysia	22.42	-10.43	-0.75	2/20/19	-28.51	10/20/21	-16.99	N	N				
EWT	Taiwan	50.38	-24.37	-1.77	1/13/20	20.50	1/4/22	-25.66	N	N				
EWS	Singapore	18.20	-14.91	-2.78	5/3/19	-28.18	11/8/21	-25.74	N	N				
EWA	Australia	22.05	-11.20	-3.03	1/16/20	-6.33	4/4/22	-17.97	N	N				
SPY	United States	397.40	-16.33	-3.54	2/19/20	17.46	1/3/22	-16.81	N	N				
EWH	Hong Kong	20.53	-11.49	-3.41	4/5/19	-24.37	9/8/21	-20.91	OS	OS				
EWX	Mexico	45.04	-10.99	-3.76	1/17/20	-6.19	4/1/22	-18.64	OS	N				
EWY	South Korea	58.18	-25.29	-3.92	2/25/19	-10.07	9/3/21	-33.67	N	N				
EWJ	Japan	53.87	-19.56	-4.07	12/13/19	-11.30	9/15/21	-27.33	N	N				
EWC	Canada	34.13	-11.19	-3.34	2/19/20	10.88	3/30/22	-16.06	N	OB				
ENOR	Norway	25.86	-11.23	-4.12	4/22/19	-1.97	10/20/21	-18.73	N	OB				
EZA	South Africa	40.46	-12.80	-4.69	4/18/19	-30.45	4/1/22	-28.36	OS	N				
EWP	Spain	21.92	-16.56	-4.45	4/17/19	-27.05	11/1/21	-23.81	OS	N				
EWI	Italy	23.27	-29.08	-5.56	2/19/20	-23.53	11/5/21	-32.32	N	N				
EWU	United Kingdom	29.05	-12.34	-6.02	12/16/19	-15.06	2/9/22	-16.43	OS	N				
EWL	Switzerland	40.93	-22.38	-5.89	2/19/20	-3.15	12/29/21	-22.80	OS	N				
EWQ	France	29.97	-22.92	-6.26	1/17/20	-9.07	11/8/21	-25.91	N	N				
EWG	Germany	21.93	-33.10	-7.00	1/2/20	-26.61	9/2/21	-37.68	OS	OS				
EWD	Sweden	30.33	-34.53	-10.82	2/12/20	-11.39	9/2/21	-38.01	OS	N				
DM Average			-19.48	-4.82		-11.30		-24.83						
EM Average			-11.80	-1.24		-12.54		-23.22						
World Average			-16.69	-3.52		-11.75		-24.24						

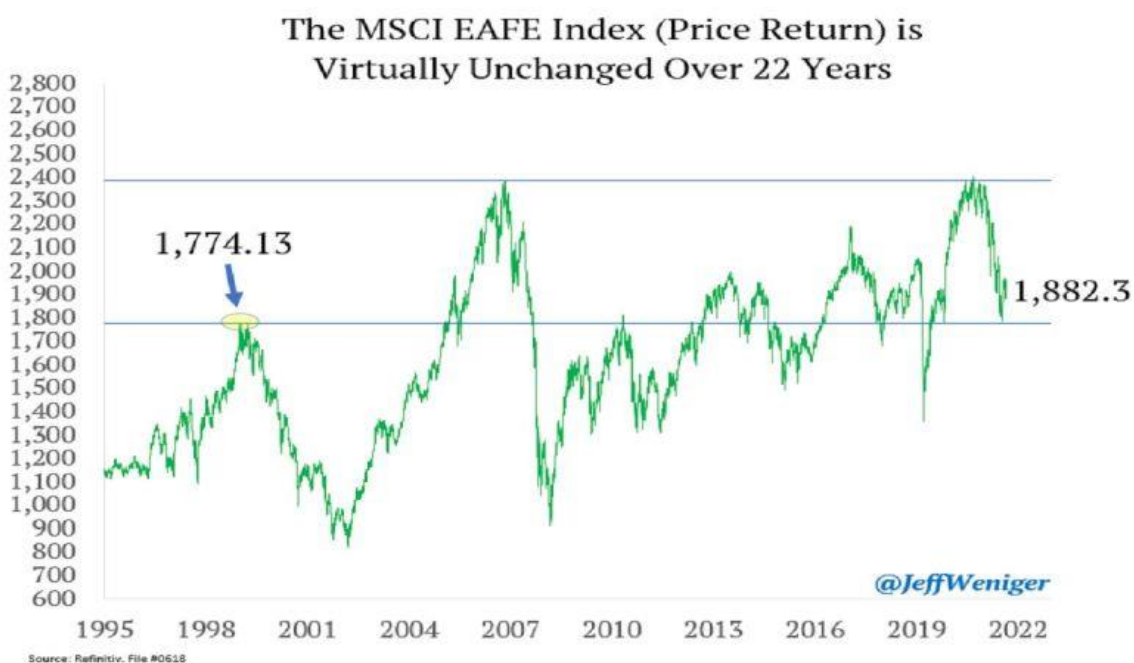
* Each respective 52-week high as of 2/19/20.

Source: Bespoke



#msci #eafe

ZERO. This is the 22-year (price) return of the MSCI EAFE (Europe, Australasia, and the Far East) index... (so basically developed #equities ex-US & Canada).




Source: Jeff Weniger



#us #equities #2022 #performance

The S&P 500 is down 17.7% in the first 169 trading days of 2022, the 4th worst start to a year in history.

S&P 500: Worst Performance through 169 Trading Days (1928 - 2022)				
Rank	Year	Price Return: First 169 Trading Days	Price Return: Day 170 to Year-End	Price Return: Full Year
1	1974	-26.0%	-5.0%	-29.7%
2	2002	-23.5%	0.2%	-23.4%
3	1962	-18.0%	7.5%	-11.8%
4	2022	-17.7%	?	?
5	1966	-16.6%	4.2%	-13.1%
6	1940	-15.7%	0.8%	-15.1%
7	2001	-14.1%	1.3%	-13.0%
8	1939	-14.0%	10.3%	-5.2%
9	1946	-13.6%	2.0%	-11.9%
10	2008	-13.0%	-30.3%	-39.3%
11	1953	-12.2%	6.4%	-6.6%
12	1973	-11.7%	-6.4%	-17.4%
13	1970	-11.4%	13.0%	0.0%
14	1937	-10.6%	-31.3%	-38.6%
15	1977	-9.9%	-1.8%	-11.5%


@CharlieBilello

Source: Charlie Bilello



#markets

#us #equities #valuations

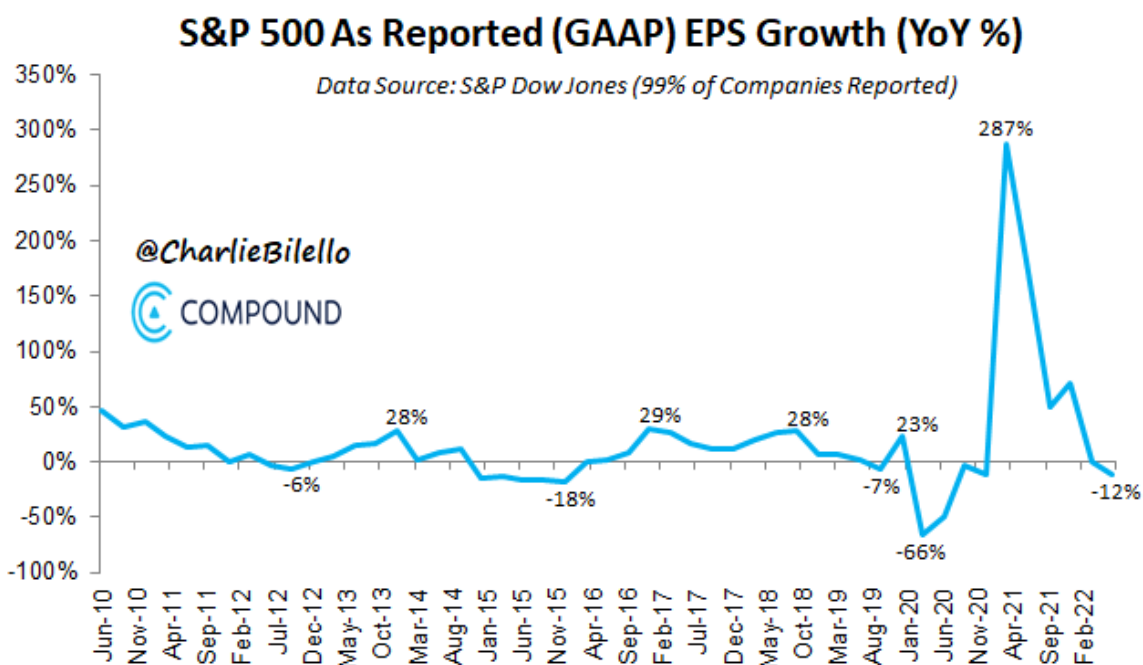
The most expensive part of the S&P 500 is at the top.





#us #gaap #earnings

With 99% of companies reported, S&P 500 GAAP earnings are down 12% year-over-year, the largest YoY decline we've seen since Q2 2020.

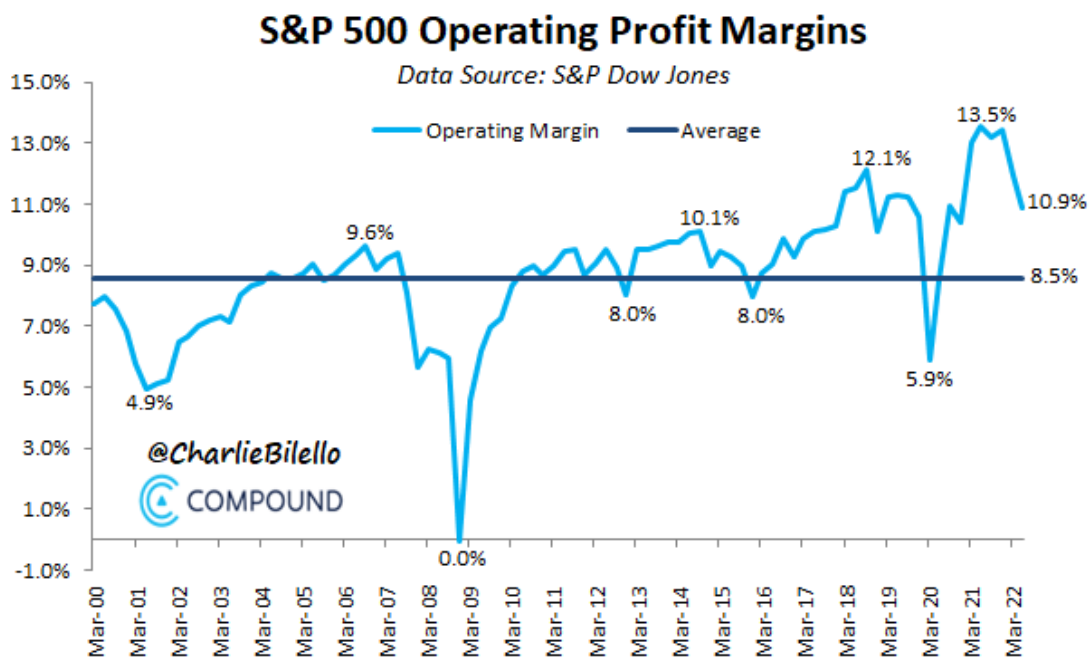


Source: Charlie Bilélló



#us #operating-margins

After hitting a record high in Q2 2021 of 13.5%, S&P 500 profit margins have moved down to 10.9% in Q2 2022 as sales growth has slowed and companies are having a more difficult time passing on rising costs to their customers...



Source: Charlie Bilello



#us #equities #sectors #weekly

All S&P Sectors ended the week in the red with Tech and Materials the worst performers. Energy stocks were the most volatile...

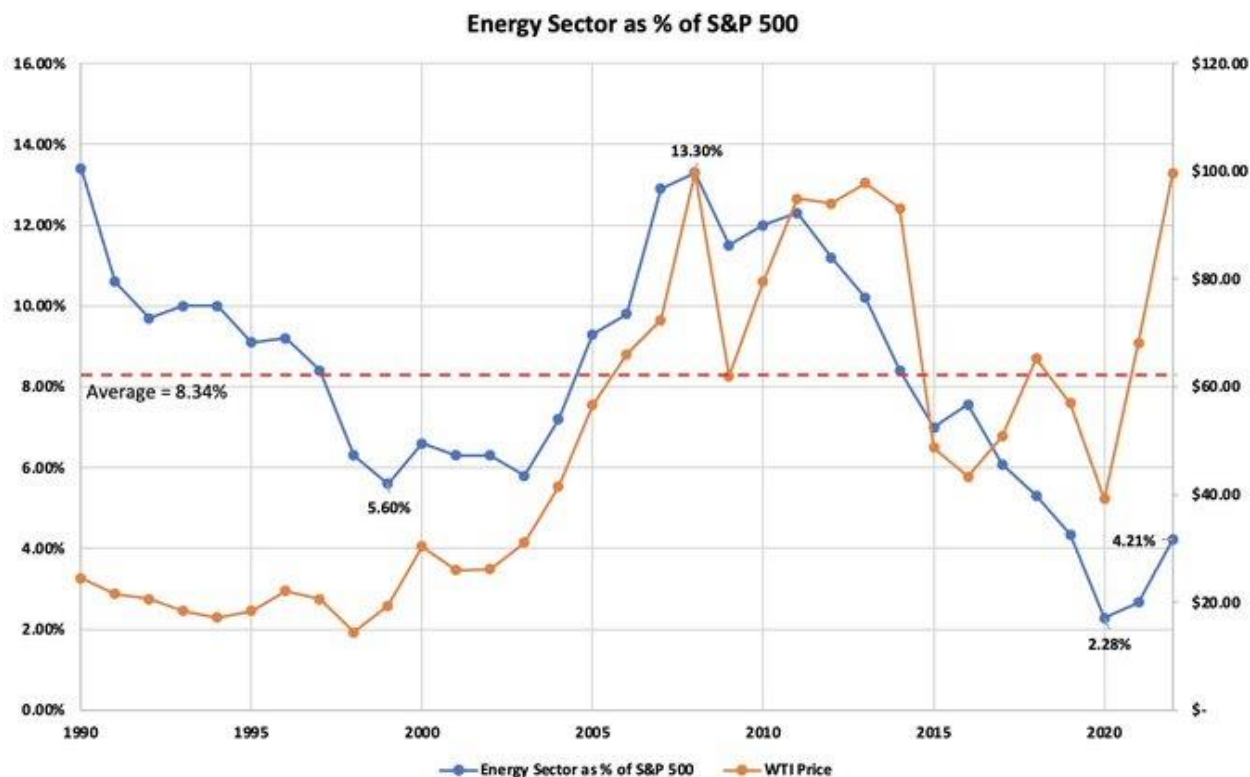


Source: Bloomberg



#oil #equities

Oil equities are significantly dislocated from the oil price, from a multi-decade perspective. Even if WTI oil were to go down to \$80 and stay there, there would be room for a significant "catch up" in share prices.



Source: Josh Young



#us #equities #labor-day

Tuesday after Labor Day leans bearish last 21 years. DJIA, S&P 500 and Russell 2000 down five years in a row.

Market Performance After Labor Day Holiday								
	DJIA		S&P 500		NASDAQ		Russell 2000	
	Tuesday	Wednesday	Tuesday	Wednesday	Tuesday	Wednesday	Tuesday	Wednesday
2001	0.48	0.36	-0.06	-0.11	-1.92	-0.66	-0.34	-0.95
2002	-4.10	1.41	-4.15	1.75	-3.88	2.25	-3.03	2.80
2003	1.14	0.47	1.39	0.42	1.71	0.62	2.03	0.63
2004	0.80	-0.28	0.69	-0.45	0.76	-0.43	1.20	-0.91
2005	1.36	0.42	1.26	0.24	1.20	0.24	1.68	0.42
2006	0.04	-0.55	0.17	-0.99	0.57	-1.72	0.82	-2.13
2007	0.68	-1.07	1.05	-1.15	1.30	-0.92	0.99	-1.28
2008	-0.23	0.14	-0.41	-0.20	-0.77	-0.66	-0.13	0.46
2009	0.59	0.53	0.88	0.78	0.94	1.11	1.03	1.74
2010	-1.31	0.45	-1.15	0.64	-1.11	0.90	-2.19	0.79
2011	-0.90	2.47	-0.74	2.86	-0.26	3.04	-0.36	4.20
2012	-0.42	0.09	-0.12	-0.11	0.26	-0.19	1.24	-0.11
2013	0.16	0.65	0.42	0.81	0.63	1.01	0.53	0.92
2014	-0.18	0.06	-0.05	-0.08	0.39	-0.56	0.44	-0.62
2015	2.42	-1.45	2.51	-1.39	2.73	-1.15	2.25	-1.16
2016	0.25	-0.06	0.30	-0.01	0.50	0.15	0.12	0.61
2017	-1.07	0.25	-0.76	0.31	-0.93	0.28	-0.98	0.18
2018	-0.05	0.09	-0.17	-0.28	-0.23	-1.19	-0.42	-0.33
2019	-1.08	0.91	-0.69	1.08	-1.11	1.30	-1.51	0.85
2020	-2.25	1.60	-2.78	2.01	-4.11	2.71	-2.00	1.45
2021	-0.76	-0.20	-0.34	-0.13	0.07	-0.57	-0.72	-1.14
Average:	-0.21	0.30	-0.13	0.29	-0.16	0.26	0.03	0.31
Median:	-0.05	0.25	-0.06	-0.01	0.26	0.15	0.12	0.42
% Up:	47.6	71.4	42.9	47.6	57.1	52.4	52.4	57.1

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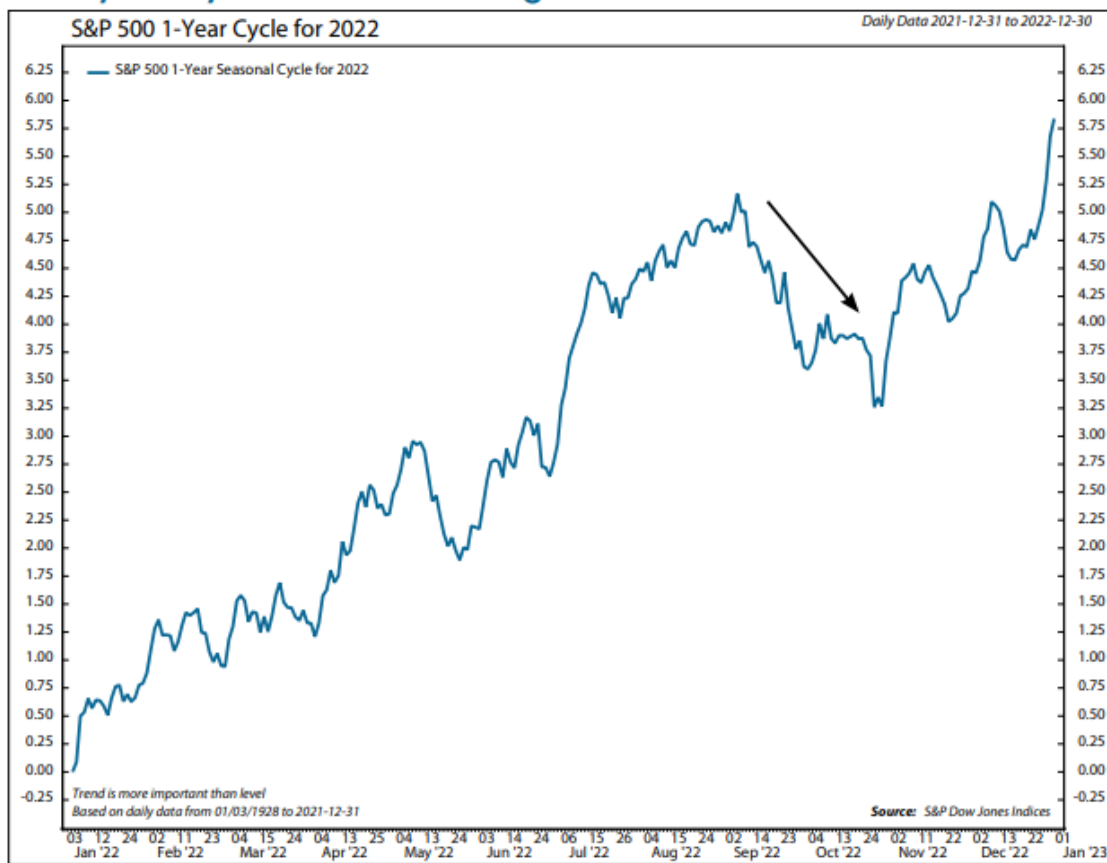
Source: stocktradersalmanac



#us #equities #cycle

Historically speaking, the weakest time of the year for the S&P 500 has been from September 6 to October 25..

One-year cycle is weak through late October



SMF_29.RPT



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Source: NDR

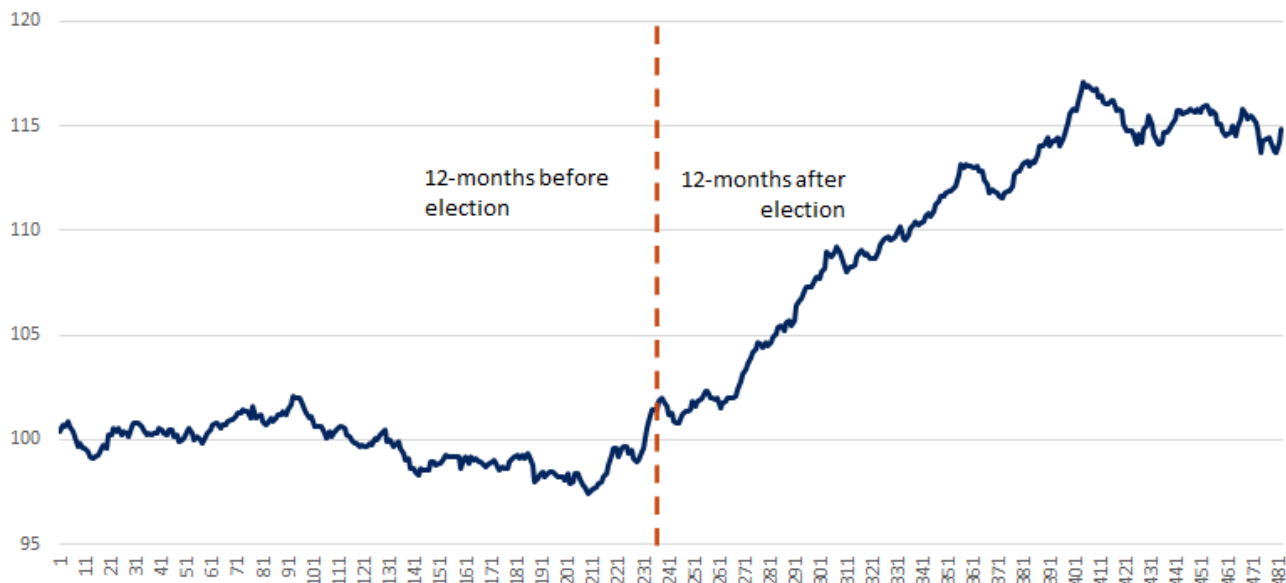




#us #equities #cycle

Market performance after midterm elections tends to be positive by close to 15% on average.

Stock Performance Before & After Mid-Term Elections (S&P 500, since 1930)



Source: Edward Jones



#us #treasuries #weekly

Treasuries were very mixed on the week after yields puked on the jobs data, leaving the 2Y yield unchanged but the long-end up 15bps...

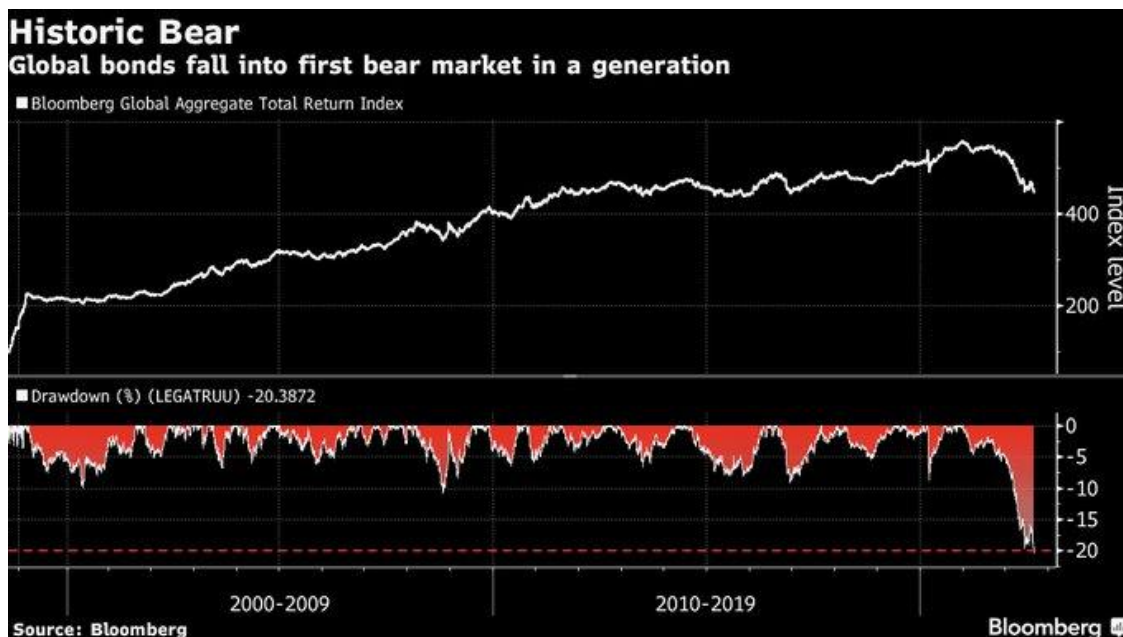


Source: Bloomberg, www.zerohedge.com



#global #bonds

Global Bonds tumble into their first Bear Market in a generation. Bloomberg Global Bonds Index drops 20% from its Jan2021 peak. European bonds have been hit hardest w/almost -40% year-to-date as Russia’s invasion of Ukraine sends gas prices soaring.




Source: Bloomberg



#us #fixed-income

This is the longest US bond market drawdown in history (25 months and counting) and the largest (-12.3%) since 1980 (note: using monthly total return data).

Bloomberg US Aggregate Bond Index: Drawdowns >3% (Monthly, 1976 - 2022)					
Start Month	End Month	# Months	Max Drawdown (Monthly)	New High Month	# Months: Low to New High
Aug-20	Aug-22	25	-12.3%	?	?
Aug-16	Nov-16	3	-3.3%	Aug-17	9
May-13	Aug-13	3	-3.7%	May-14	9
Apr-08	Oct-08	6	-3.8%	Dec-08	2
Jun-03	Jul-03	1	-3.6%	Dec-03	5
Feb-96	May-96	3	-3.2%	Oct-96	5
Feb-94	Jun-94	4	-5.1%	Feb-95	8
Mar-87	Sep-87	6	-4.9%	Dec-87	3
Feb-84	May-84	3	-4.9%	Jul-84	2
May-83	Jul-83	2	-3.5%	Sep-83	2
Jul-80	Sep-81	14	-9.0%	Nov-81	2
Aug-79	Feb-80	6	-12.7%	May-80	3


@CharlieBilello

Source: Charlie Bilello





#us #fixed-income

US Treasury Yields since 1999...

@CharlieBilello		US Treasury Yields: 1999 - 2022										Yield Curve	
Period	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	30 Yr	10-Yr - 3-Mo	10-Yr - 2-Yr	
Aug-22	2.43	2.97	3.31	3.48	3.46	3.47	3.27	3.22	3.11	3.23	0.14	-0.35	
Dec-21	0.06	0.06	0.19	0.39	0.73	0.97	1.26	1.44	1.52	1.90	1.46	0.79	
Dec-20	0.08	0.09	0.09	0.10	0.13	0.36	0.36	0.65	0.93	1.65	0.84	0.80	
Dec-19	1.48	1.55	1.60	1.59	1.58	1.62	1.69	1.83	1.92	2.39	0.37	0.34	
Dec-18	2.44	2.45	2.56	2.63	2.48	2.46	2.51	2.59	2.69	3.02	0.24	0.21	
Dec-17	1.28	1.39	1.53	1.76	1.89	1.98	2.20	2.33	2.40	2.74	1.01	0.51	
Dec-16	0.44	0.51	0.62	0.85	1.20	1.47	1.93	2.25	2.45	3.06	1.94	1.25	
Dec-15	0.14	0.16	0.49	0.65	1.06	1.31	1.76	2.09	2.27	3.01	2.11	1.21	
Dec-14	0.03	0.04	0.12	0.25	0.67	1.10	1.65	1.97	2.17	2.75	2.13	1.50	
Dec-13	0.01	0.07	0.10	0.13	0.38	0.78	1.75	2.45	3.04	3.96	2.97	2.66	
Dec-12	0.02	0.05	0.11	0.16	0.25	0.36	0.72	1.18	1.78	2.95	1.73	1.53	
Dec-11	0.01	0.02	0.06	0.12	0.25	0.36	0.83	1.35	1.89	2.89	1.87	1.64	
Dec-10	0.07	0.12	0.19	0.29	0.61	1.02	2.01	2.71	3.30	4.34	3.18	2.69	
Dec-09	0.04	0.06	0.20	0.47	1.14	1.70	2.69	3.39	3.85	4.63	3.79	2.71	
Dec-08	0.11	0.11	0.27	0.37	0.76	1.00	1.55	1.87	2.25	2.69	2.14	1.49	
Dec-07	2.76	3.36	3.49	3.34	3.05	3.07	3.45	3.70	4.04	4.45	0.68	0.99	
Dec-06	4.75	5.02	5.09	5.00	4.82	4.74	4.70	4.70	4.71	4.81	-0.31	-0.11	
Dec-05	4.01	4.08	4.37	4.38	4.41	4.37	4.35	4.36	4.39	4.55	0.31	-0.02	
Dec-04	1.89	2.22	2.59	2.75	3.08	3.25	3.63	3.94	4.24	4.82	2.02	1.16	
Dec-03	0.90	0.95	1.02	1.26	1.84	2.37	3.25	3.77	4.27	5.07	3.32	2.43	
Dec-02	1.20	1.22	1.23	1.32	1.61	1.99	2.78	3.36	3.83	4.78	2.61	2.22	
Dec-01	1.68	1.74	1.83	2.17	3.07	3.59	4.38	4.84	5.07	5.48	3.33	2.00	
Dec-00		5.89	5.70	5.32	5.11	5.06	4.99	5.16	5.12	5.46	-0.77	0.01	
Dec-99		5.33	5.74	5.98	6.24	6.29	6.36	6.55	6.45	6.48	1.12	0.21	

Source: Charlie Bilello



#us #fixed-income #liquidity

As highlighted by Christophe Barraud, a Bloomberg #liquidity index that measures deviations of bond yields from their fair value climbed to the highest level since March 2020 this week. Such “noise” in the US bond market suggests a general lack of arbitrage capital and tightening of liquidity in the overall market

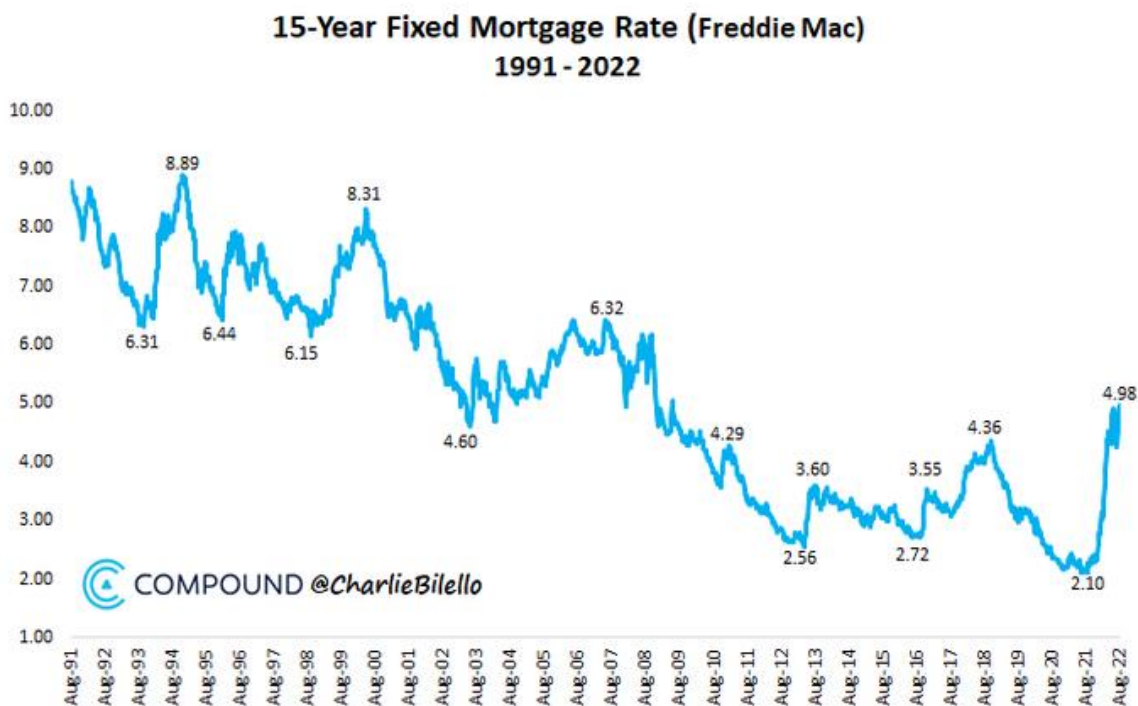


Source: Bloomberg



#us #mortgage #bonds

The 15-year mortgage rate in the US rises to 4.98%, its highest level since 2009. A year ago it hit an all-time low of 2.10%.



Source: Charlie Bilello



#british-pound #dollar

Sterling in August suffered its sharpest monthly fall against the dollar since the aftermath of Brexit, as political uncertainty and a historic cost-of-living crisis weigh heavily on the British currency. Sterling dropped 4.5% against the greenback last month and continued to slide on Thursday. The pound also fell nearly 3% against the euro last month. Meanwhile, a new prime minister will be named next week following a ballot among Conservative Party members, causing uncertainty over the outlook for fiscal policy. The energy crisis arising from Russia's war in Ukraine is now widely expected to push the U.K. economy into recession.



Source: Mac10



#british-pound #swissfranc

There was a time when it took 25 Swiss francs to buy one British pound

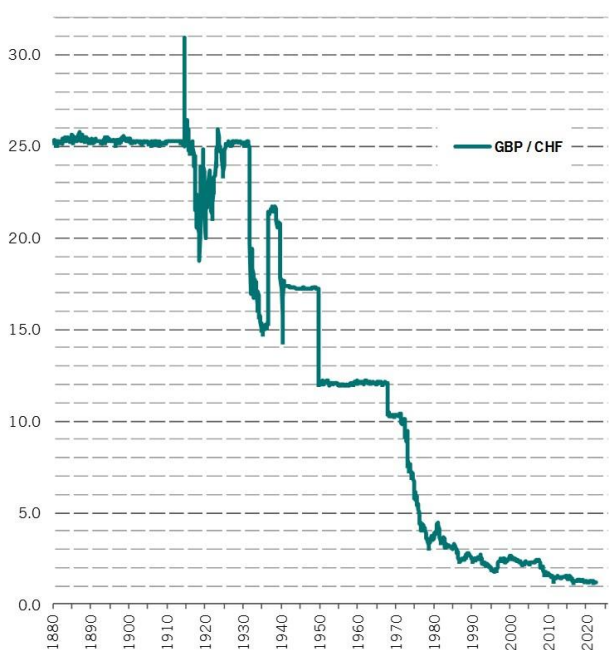
140 years of history:

✓ British prices have been multiplied by 50 (ann. inflation: 2.9%)

✓ Swiss prices by 10 (inflation: 1.6%)

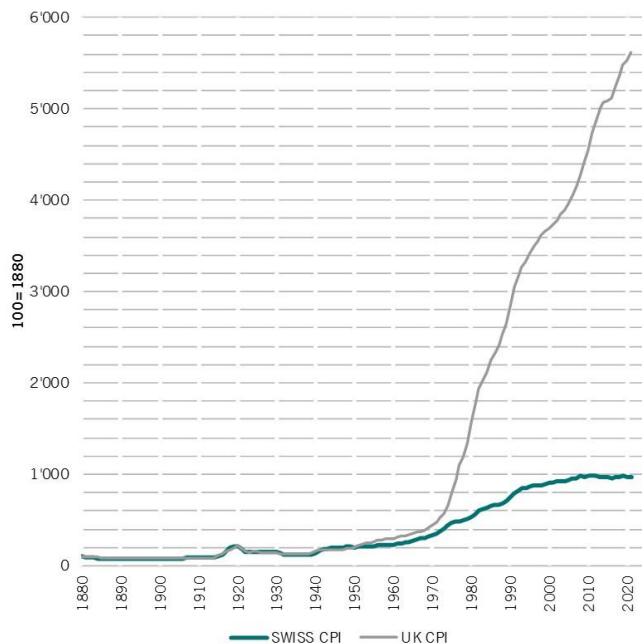
=> PPP points to a 16% depreciation of the pound for a 10% inflation gap

British pound vs Swiss franc since 1880



Source: Pictet Asset Management, CEIC; Refinitiv, Global Financial Data

Consumer Price Indices: UK vs Switzerland



Source: Pictet Asset Management, CEIC; Refinitiv, Global Financial Data

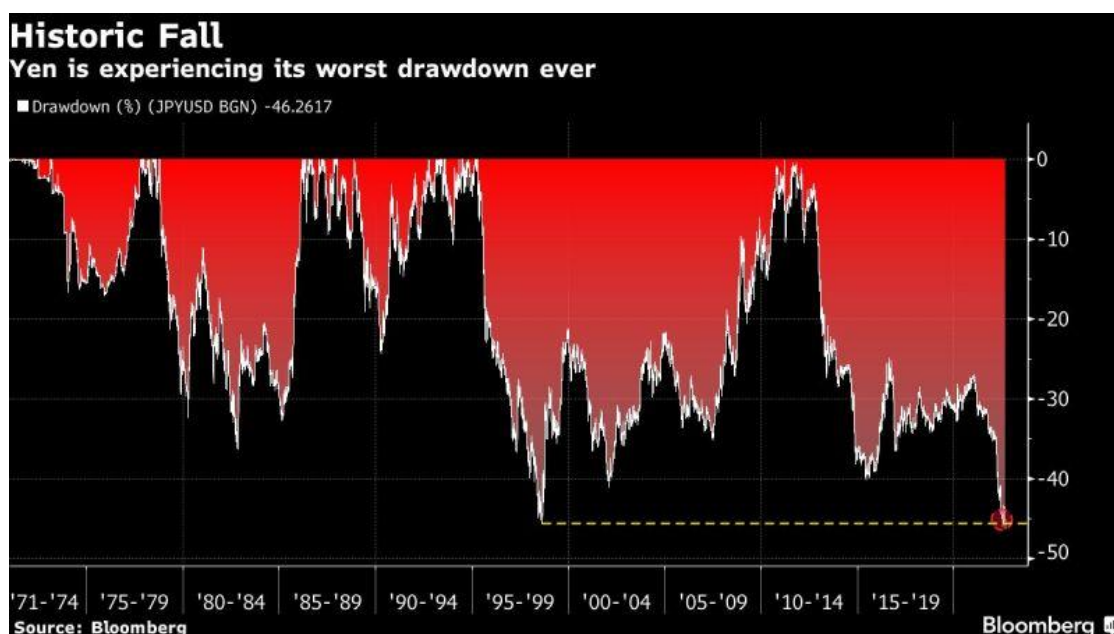
Source: Patrick Zweifel (Pictet Asset Management)



#markets

#japanese-yen

Japanese Yen's drawdown worst ever seen since Asian Financial Crisis. With the #yen breaking a key psychological level of 140 against the dollar overnight, the currency is edging closer to the 146 level where it intervened with the US in 1998



Source: Bloomberg



#asia #currencies

As the USD soars, Asia currencies (ADXY) are now at COVID low and GFC low.

Chart 2: Asia currencies now at COVID low & GFC low

Asia Dollar Index



Source: BofA Global Investment Strategy, Bloomberg

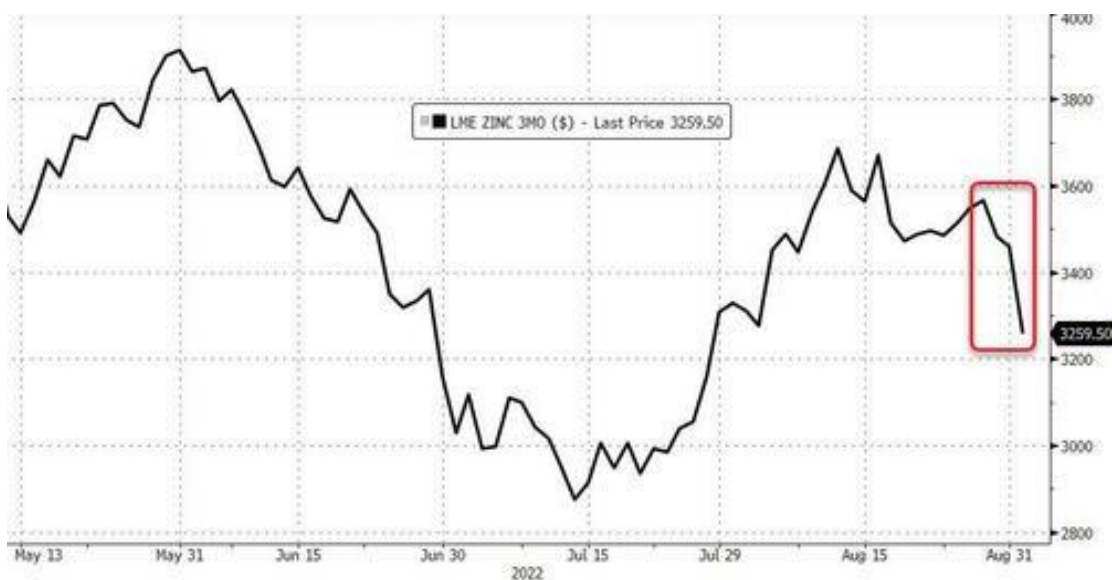
BofA GLOBAL RESEARCH

Source: BofA



#zinc

Zinc headed for its biggest weekly loss in over a decade on concern Chinese demand will be hamstrung by new virus restrictions.




Source: www.zerohedge.com, Bloomberg

#macro

#global #inflation

Global Inflation Rates	
Country/Region	CPI Inflation (YoY %)
JAPAN	2.6%
SAUDI ARABIA	2.7%
CHINA	2.7%
TAIWAN	3.4%
SWITZERLAND	3.4%
INDONESIA	4.9%
FRANCE	6.1%
AUSTRALIA	6.1%
SOUTH KOREA	6.3%
PHILIPPINES	6.4%
INDIA	6.7%
SINGAPORE	7.0%
NEW ZEALAND	7.3%
GERMANY	7.5%
CANADA	7.6%
THAILAND	7.6%
SOUTH AFRICA	7.8%
FINLAND	7.8%
ITALY	7.9%
MEXICO	8.2%
US	8.5%
SWEDEN	8.5%
EUROZONE	8.9%
PORTUGAL	9.1%
IRELAND	9.1%
BRAZIL	10.1%
UK	10.1%
NETHERLANDS	10.3%
SPAIN	10.8%
RUSSIA	15.1%
POLAND	15.6%
ARGENTINA	71.0%
TURKEY	79.6%
VENEZUELA	137%

 @CharlieBilello

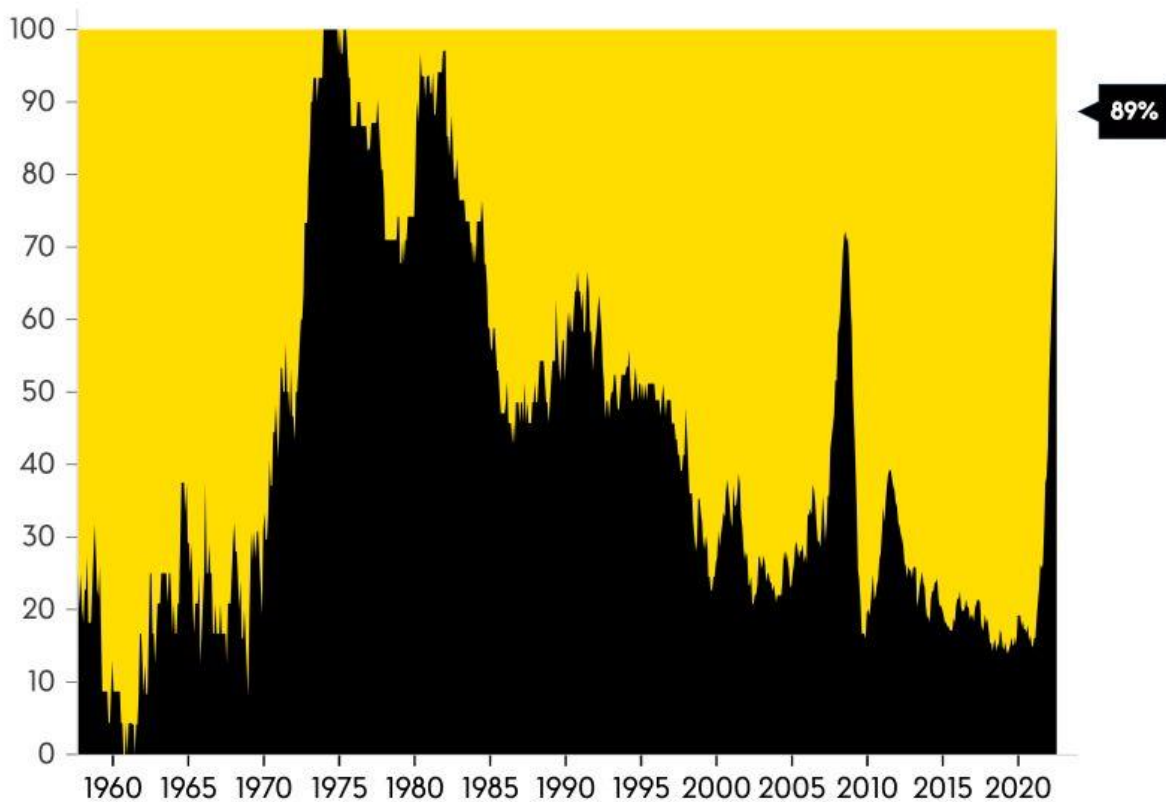
#macro

#global #inflation

89% of countries experiencing inflation above 6%

Share of countries with above / below 6% inflation

- Share of countries with inflation below 6%
- Share of countries with inflation above 6%



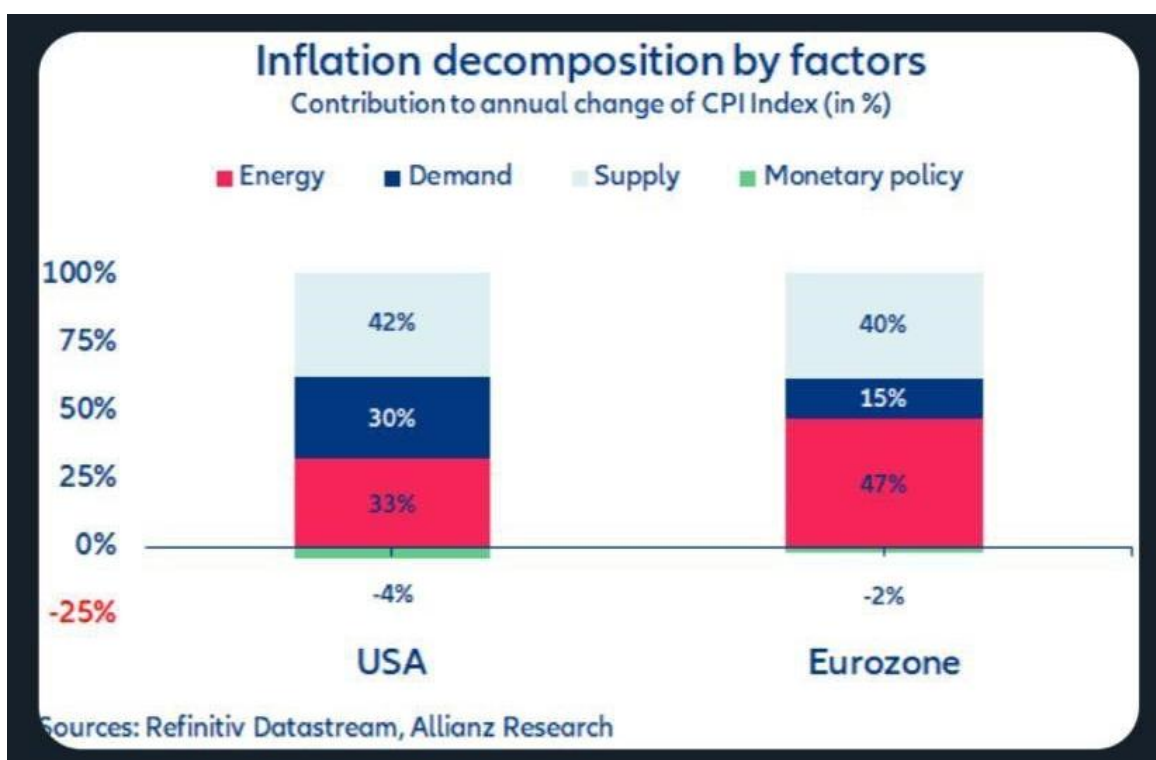
Source: Western Union Business Solutions, Macrobond

Source: Macrobond

#macro

#global #inflation

Only 30% of US inflation and 15% of inflation in Europe are demand driven.



Source: Allianz

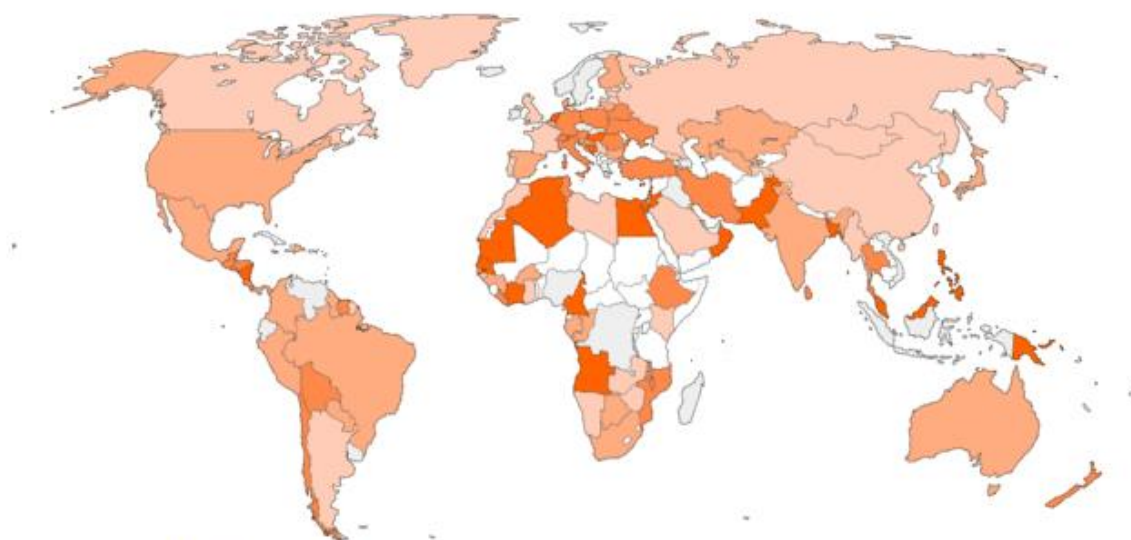
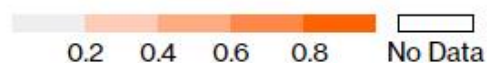
#macro

#civil-unrest #risk

Inflation and war are stoking civil unrest across the Globe, research shows - Bloomberg

Civil Unrest Set to Spiral

Probability of increased risk in next six months

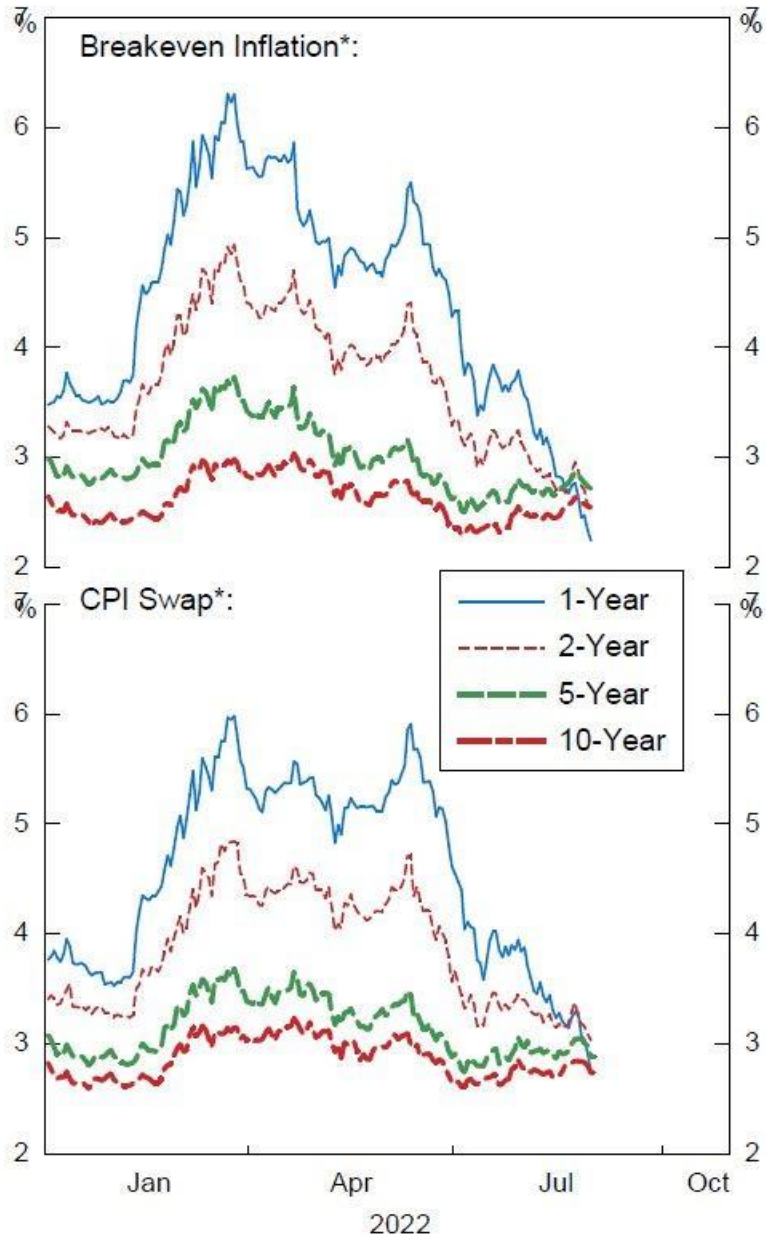


Source: Verisk Maplecroft

Source: C.Barraud



#us #breakeven #inflation

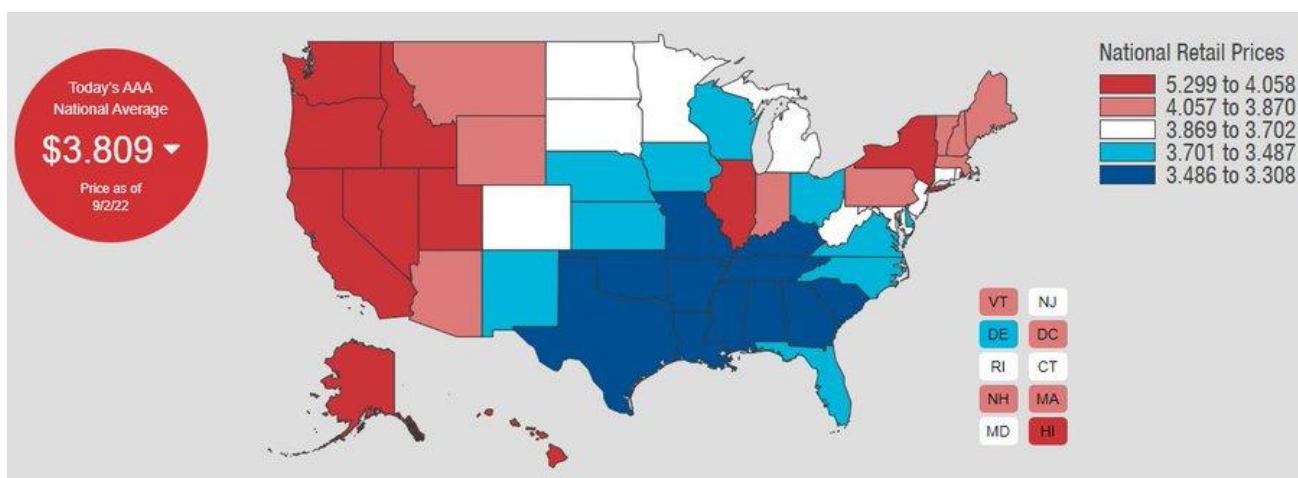


Source: Alpine Macro



#us #gas-prices

Gas prices in the US move down to \$3.81/gallon (national average), down \$1.21 (-24%) from their all-time high in mid-June and at their lowest levels in 6 months.

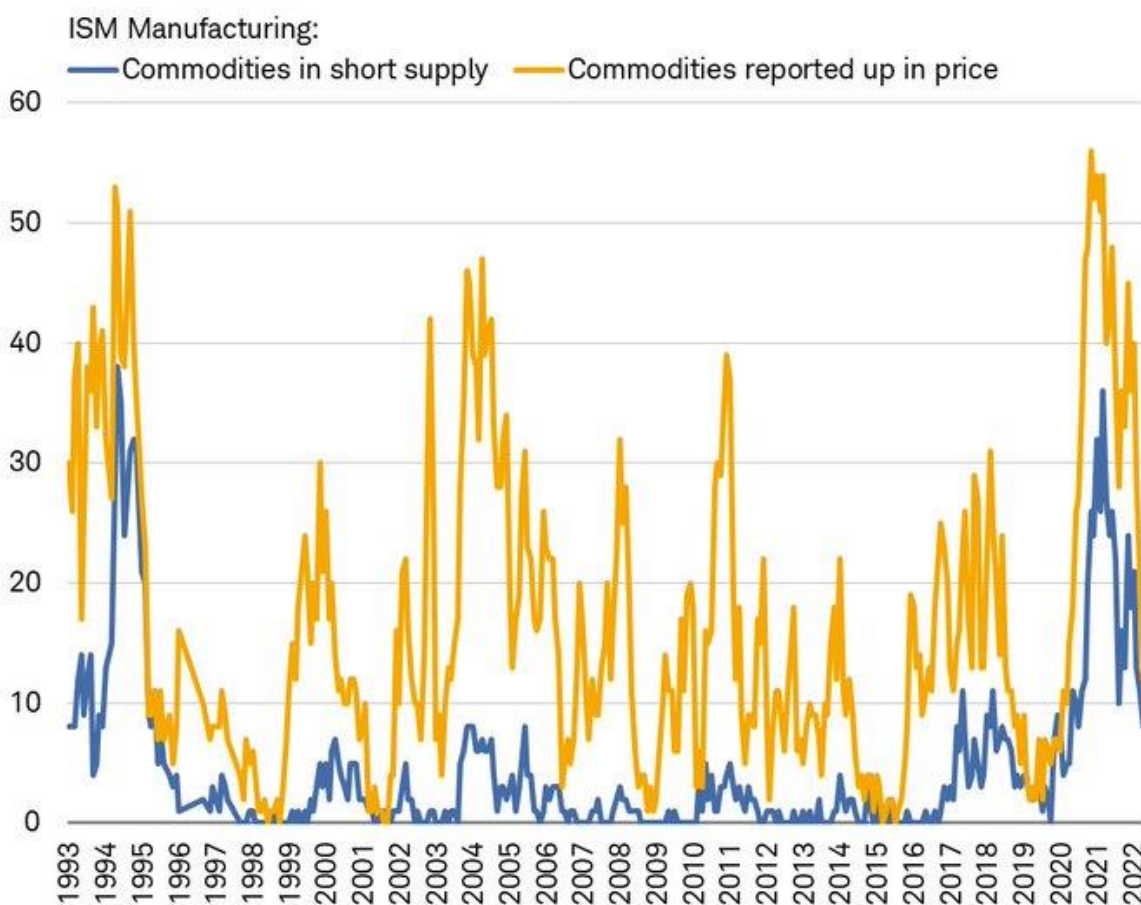


Source: Charlie Bilello



#us #inflation #commodities #supply

Looks like commodity crisis is fading for manufacturers ... number of commodities reported as being in short supply and up in price has collapsed per August ISM Manufacturing report.



Source: Charles Schwab, Bloomberg, ©Copyright 2021 Ned Davis Research, Inc., as of 8/31/2022.

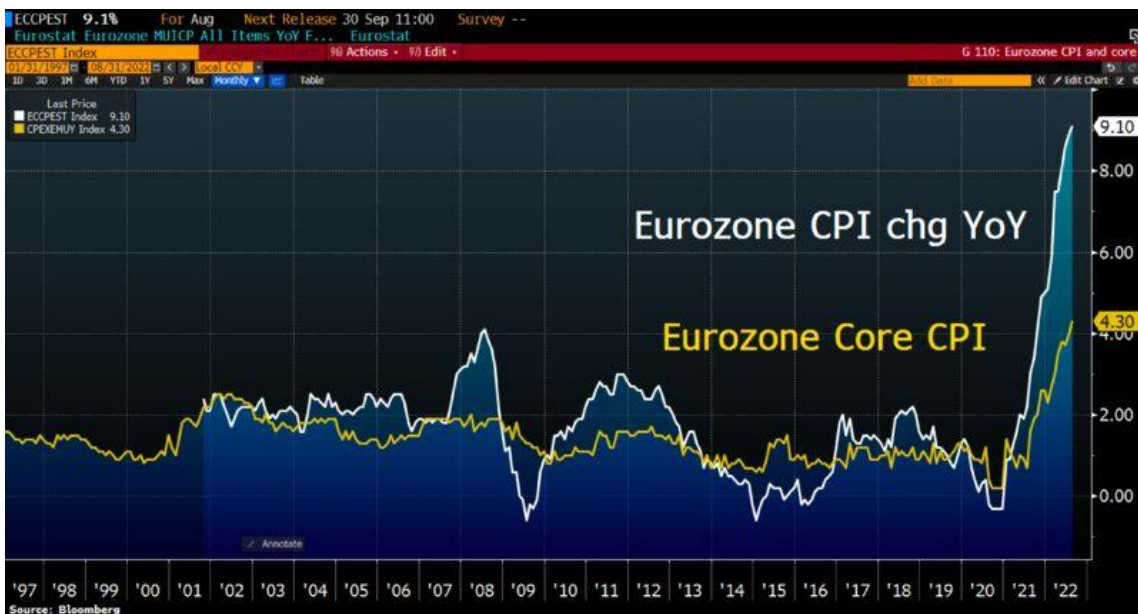
Source: Liz Ann Sonders





#eurozone #inflation

Consumer prices in the #eurozone surged 9.1% YoY in August outpacing est. of 9%. Core #inflation jumped 4.3%, a fresh all time high as well. The #ECB is obviously under intense pressure..



Source: xxx

#macro

#eurozone #ppi

Eurozone Producer Price Index continues to climb.

Eurozone Producer Price Index (PPI) YoY

Latest Release
Sep 02, 2022


Actual
37.9%

Forecast
35.8%

Previous
36.0%

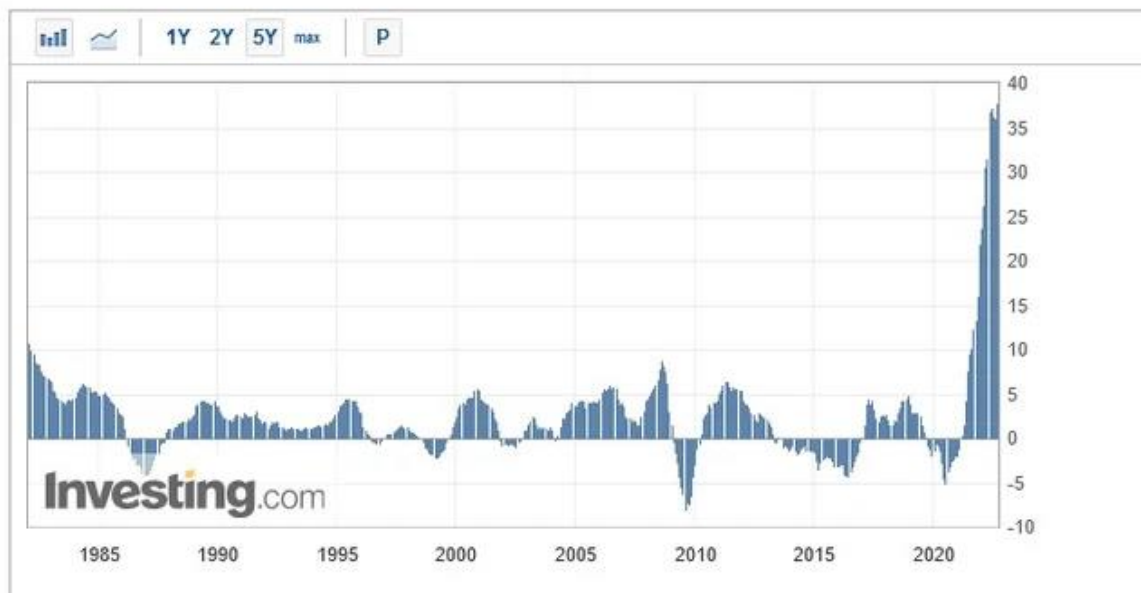
The Producer Price Index (PPI) measures average changes in prices received by domestic producers for their output. It is a leading indicator of consumer price inflation, which accounts for the majority of overall inflation. Usually a rise in PPI will lead in a short time to a rise in CPI and therefore to a rising interest rates and rising currency. during recession, the producers are not able to roll over the rising cost of material to the consumer, so a rise in PPI will not be rolled over to the consumer but will lower the profitability of the producer and will deepen the recession, that will lead to a fall in local currency.

Importance: ★☆☆

Country: 

Currency: EUR

Source: Eurostat



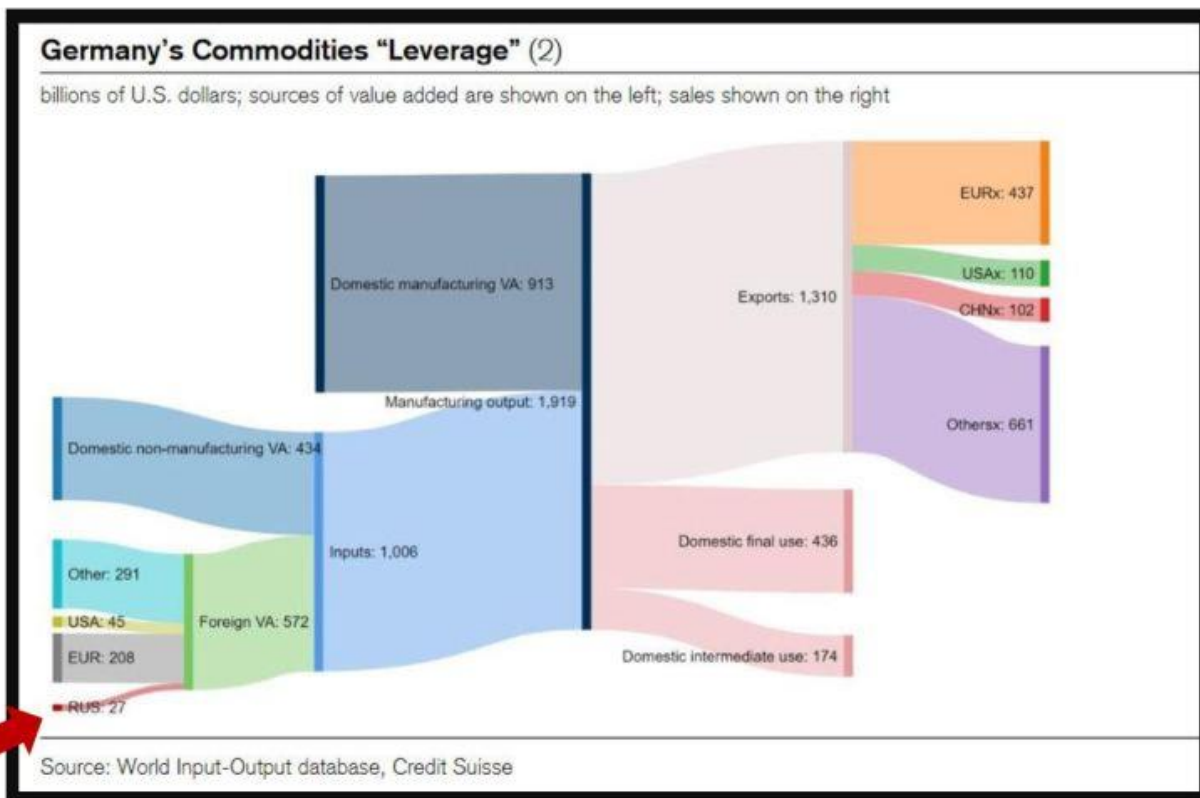
Source: Wall Street Silver, www.investing.com



#eu #energy-crisis

GERMANY'S COMMODITIES LEVERAGE: \$2 TRILLION OF VALUE ADDED DEPENDS ON \$20 BILLION OF GAS FROM RUSSIA

"Minsky moments are triggered by excessive financial leverage, and in the context of supply chains, leverage means excessive operating leverage: in Germany, \$2 trillion of value added depends on \$20 billion of gas from Russia...that's 100-times leverage – much more than Lehman's."



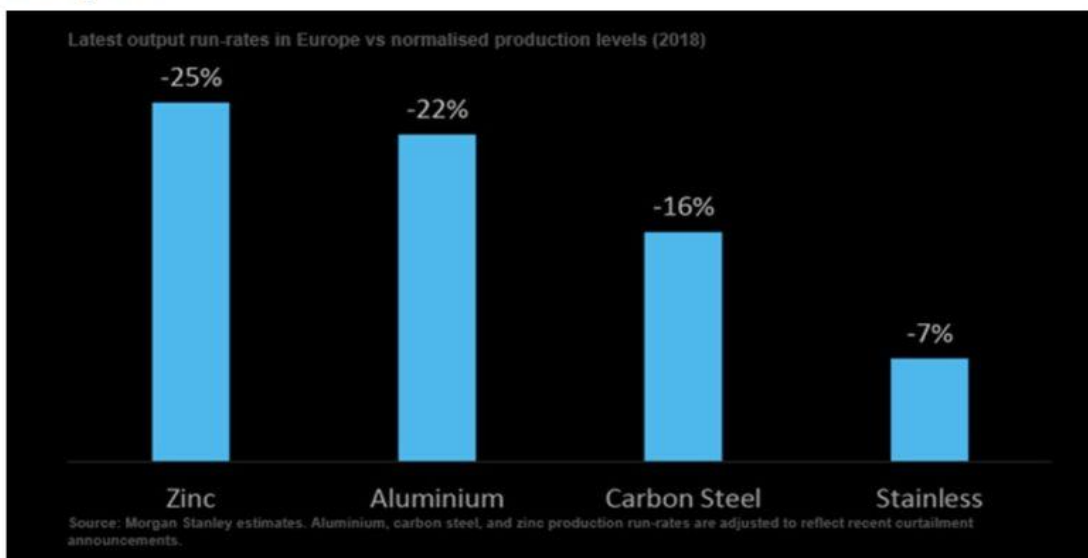
Source: Crédit Suisse



#eu #energy-crisis

THE IMPLICATIONS OF THE EU ENERGY CRISIS ON METALS OUTPUT. According to Morgan Stanley, the energy crisis in Europe is having first and second order implications for metals output. The impact has been most significant on electricity-intensive industries such as zinc and aluminum where curtailments have risen to 22-25% of normalised output with potential for more cuts into the winter months as hedges roll off (and assuming electricity prices remain elevated). Carbon steel has not been spared from this dynamic. Meanwhile, stainless steel is faring better on relatively lower energy intensity and import protectionism.

Zinking fast...



Source: Morgan Stanley

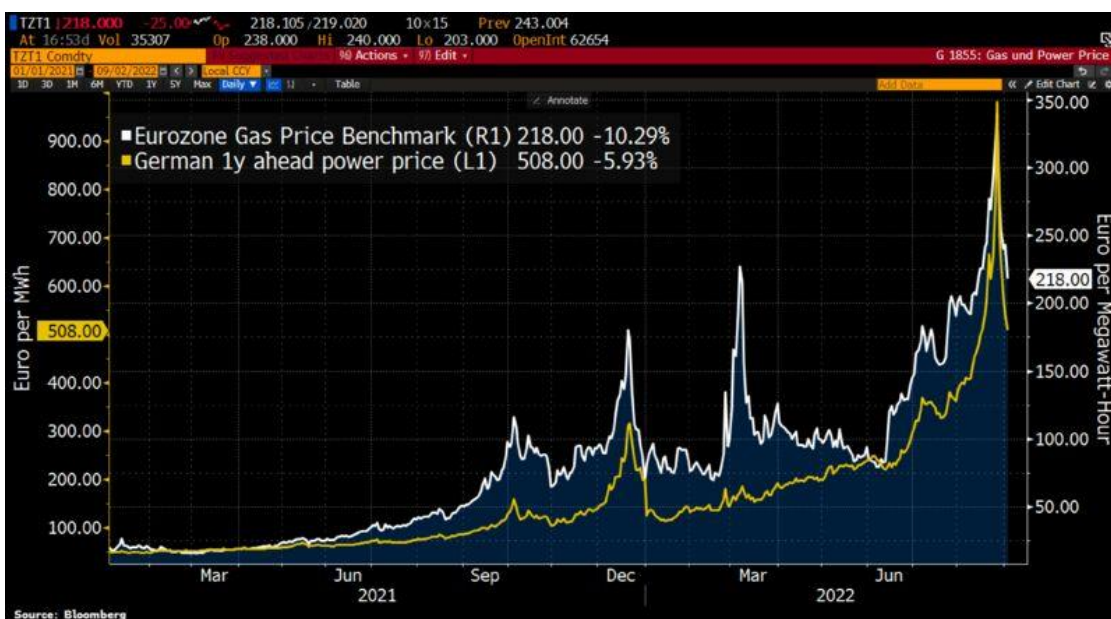
Source: TME





#eu #energy-crisis

German electricity and gas prices keep crashing. Natural gas is now €218/MWh, down 38% from all-time-high while 1-year Power Price now is at €508/MWh, down 52% from all-time high...

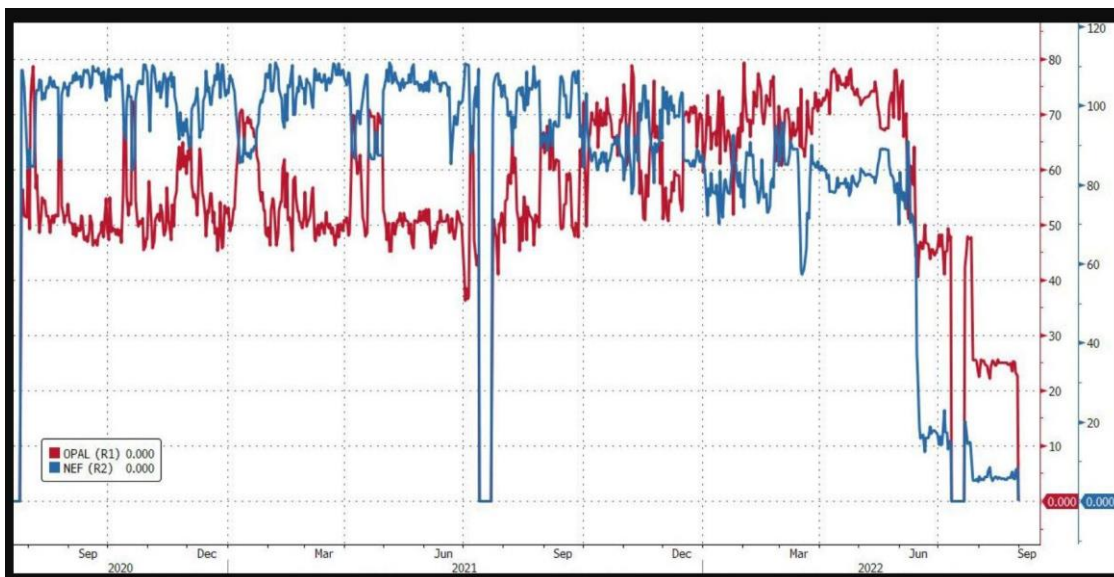


Source: HolgerZ, Bloomberg



#eu #energy-crisis

Gazprom announced on Friday afternoon that it had "completely halted" transport of gas to Nord Stream until a previously undetected oil leakage is rectified. That could takes hours, days... or months. That means that Europe will now be forced to rely even more on the much more expensive LNG resold by China. And after tumbling by more than 50% in the past few days, European gas prices might move up again on Monday.

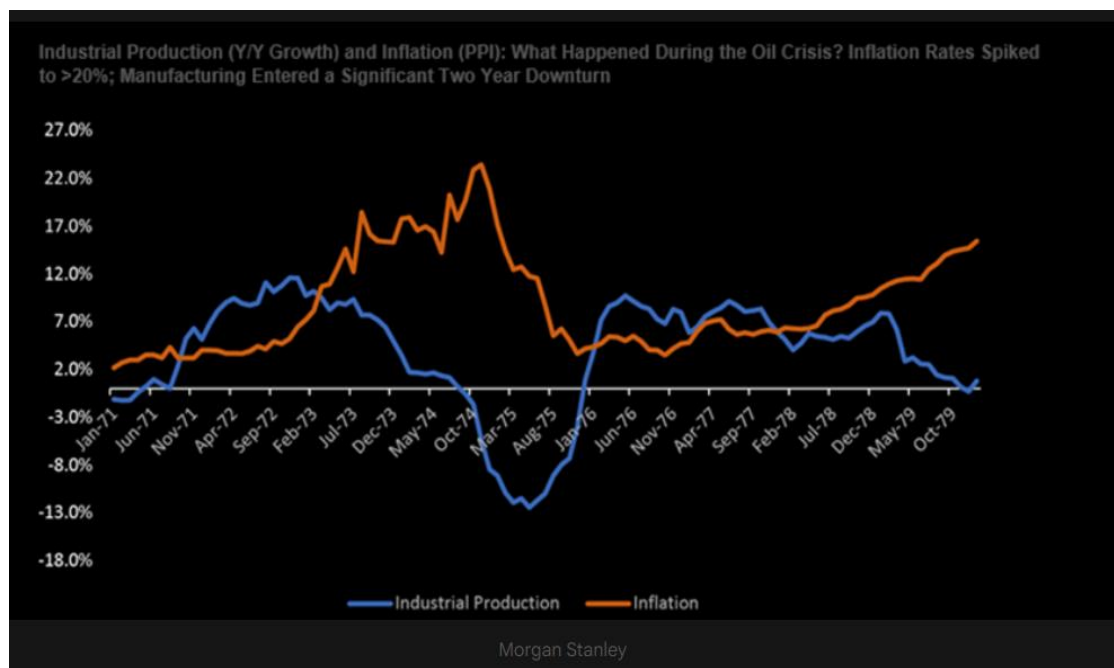


Source: www.zerohedge.com, Bloomberg

#macro

#eu #energy-crisis

A sevenfold increase in European power prices is an exogenous shock – one which is reminiscent of the 1973-4 oil crisis. The lesson is that although manufacturing can take time to slow down, when it does, the downturn in demand can be quite profound.



Source: The Market Ear, Morgan Stanley

#macro

#uk #inflation

UNBELIEVABLE... GOLDMAN SEES UK INFLATION AT 22% IN JANUARY 2023 if natural gas prices remain elevated in the coming months... last week, Citi was forecasting 18.6% (which was already a shock)...To put things into perspectives, The Bank of England is currently forecasting a peak of 13.3%... If Goldman's view materializes, this could lead to a 3.4% decline in GDP.

Goldman Sachs warns UK inflation could hit 22% in January; German inflation at near 50-year high - business live

Investment bank warns inflation could exceed 20% if UK energy price cap rises 80% in January, while baseline forecast has inflation rising to almost 15%

Source: The Guardian

#uk #cost-of-living-crisis

Nearly 70% of food banks say they may need to turn people away or shrink the size of emergency food available.



UK cost of living crisis

Food banks warn surge in demand will prevent feeding hungriest this winter

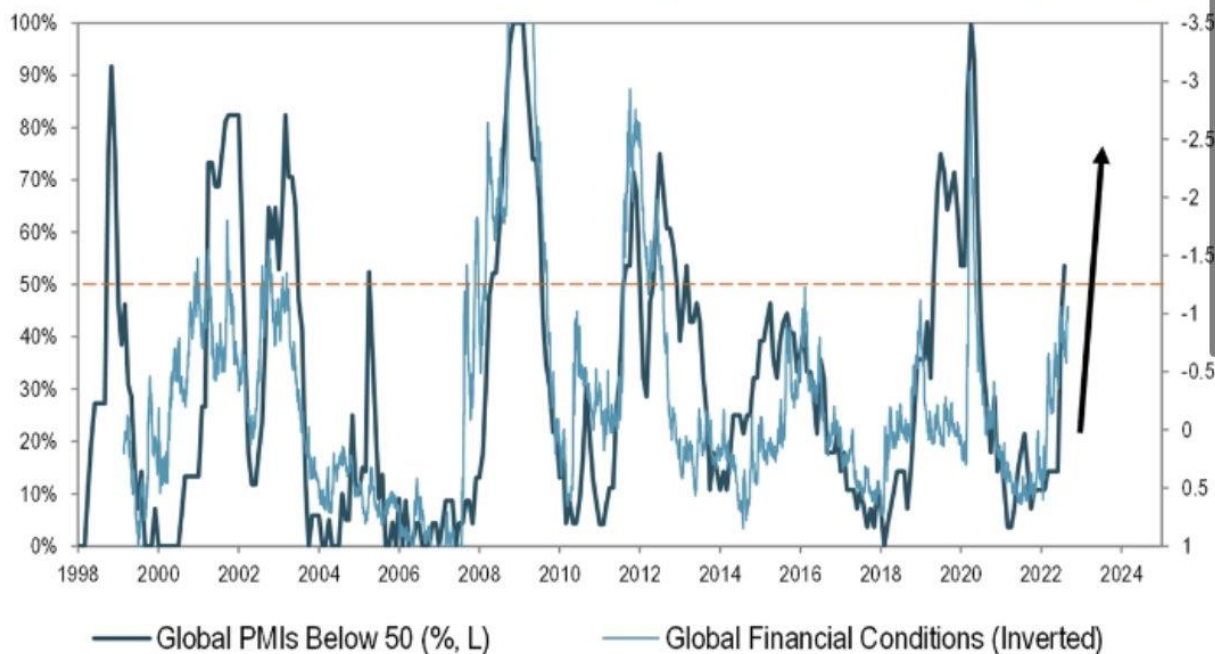
Source: Wall Street Silver



#global #manufacturing #pmis

More than half the world's manufacturing PMIs are contracting now (<50). All indicators point to that % increasing into mid-23.

>50% Of The World's Manufacturing PMIs Are Contracting Today

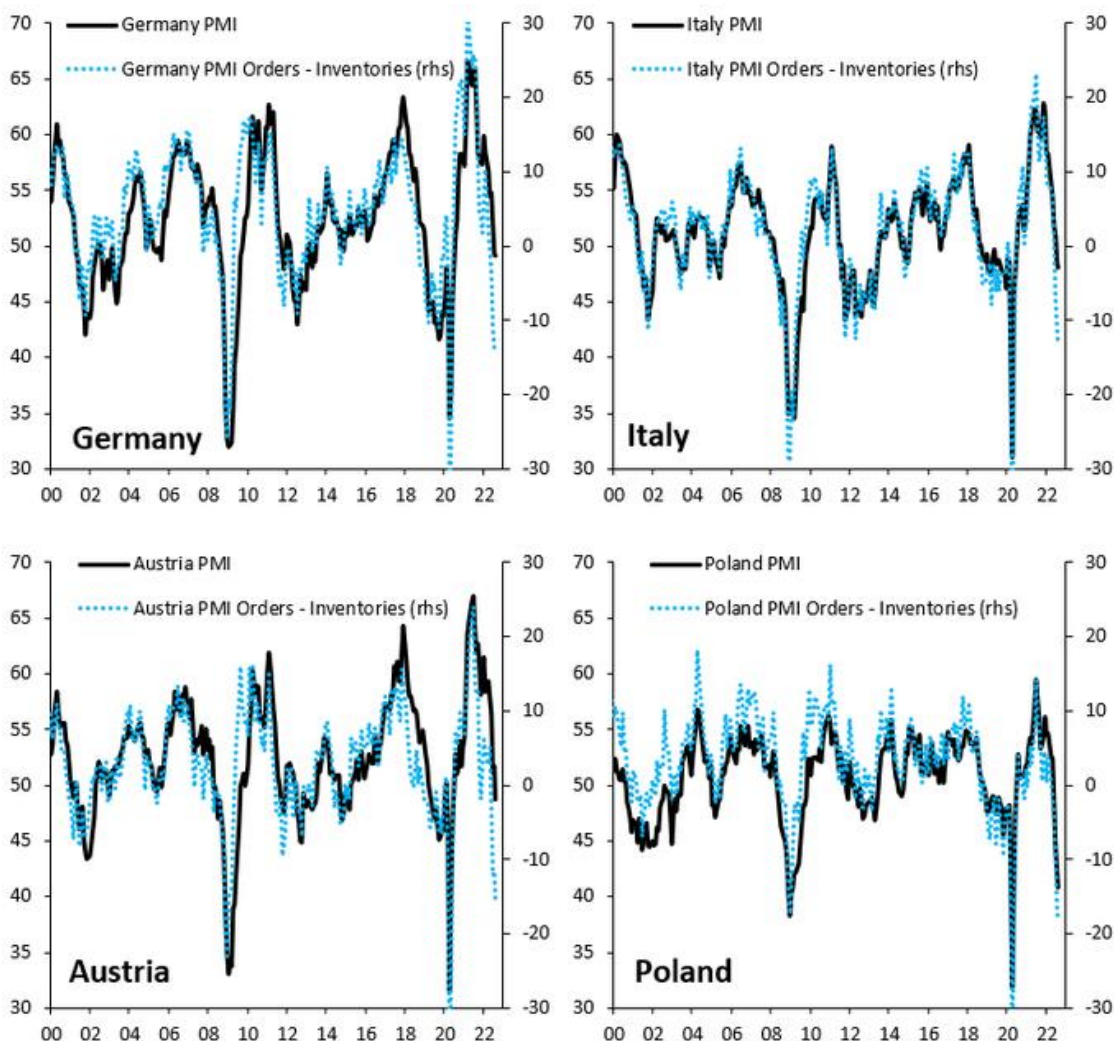


Source: Michael Kantro



#eurozone #growth

Eurozone growth outlook: consensus has shifted from "there won't be recession" to "recession will be shallow." Next up is: "we're headed for a deep recession."



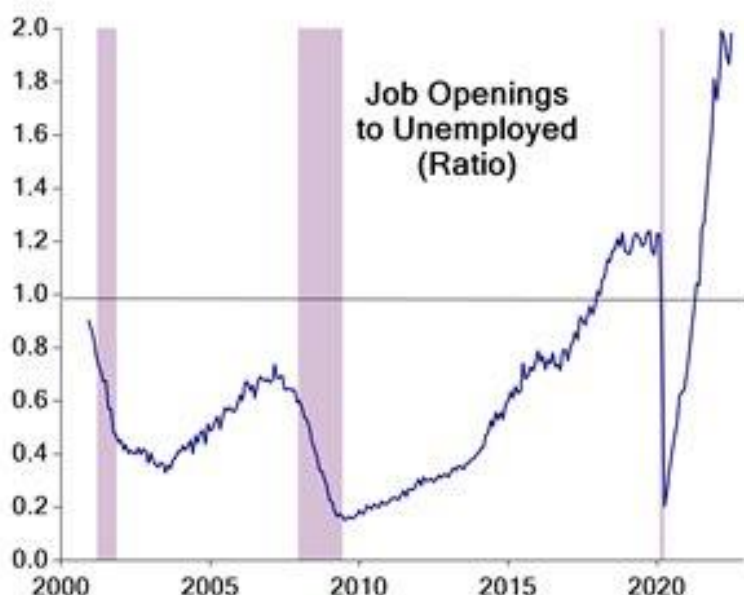
Source: Robin Brooks

#macro

#us #jobs

A tight job market is among the reasons for inflation being way above Fed target. Today's job openings numbers show that there is still a lot of work to do to cool down the US job market. Indeed, while job openings increase, the number of unemployed workers continued to decline, and in July it shrank to 5.670, the lowest since before the Covid pandemic. It means that there are now an almost record 5.569 more job openings than unemployed workers...or roughly 2 openings for every unemployed person..

Job Openings Relative to Unemployment Is High.



#macro

#us #jobs

Another month of solid job gains for the #us #jobmarket: the economy added 315k jobs in August, while unemployment rate ticked up to 3.7% from 3.5% as more workers entered labor force. Labor participation rate rose to 62.4% from 62.1%. Wage growth came a bit cooler than estimates at +5.2% YoY. Should be bullish for stocks (and bonds to a lesser extent).

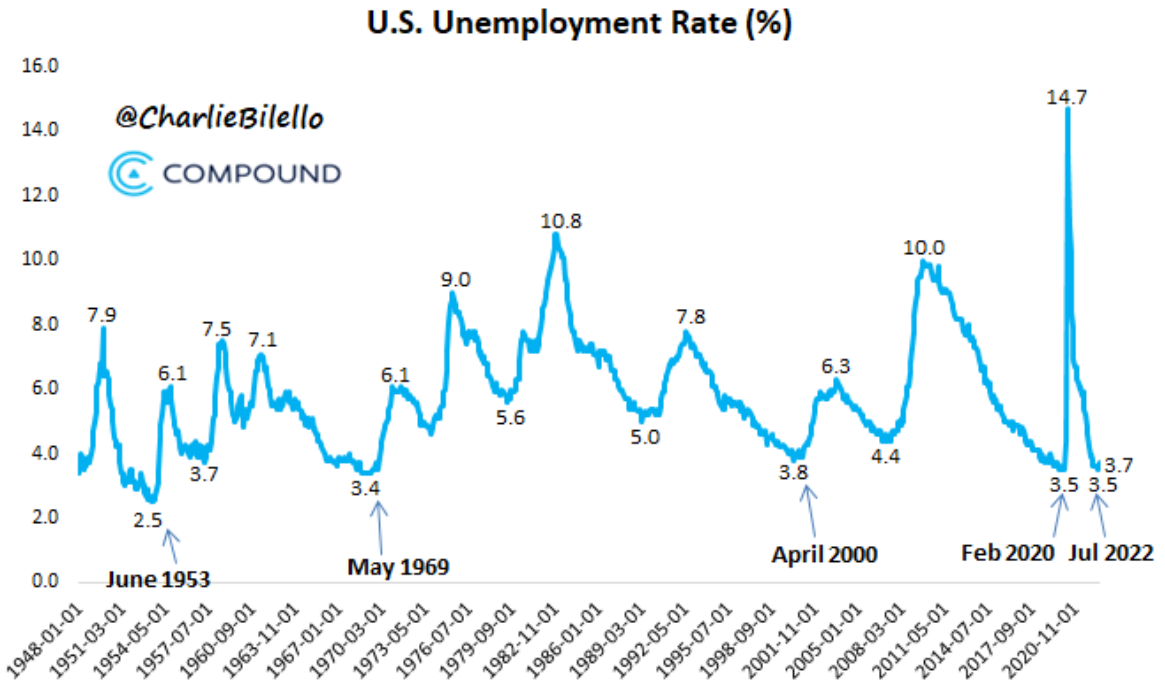
United States		Browse	14:35:18	09/02/22	09/09/22					
Economic Releases		All Economic Releases		View	Agenda	Weekly				
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	09/02 14:30				Two-Month Payroll Net Revision	Aug	--	-107k	--	--
22)	09/02 14:30				Average Hourly Earnings MoM	Aug	0.4%	0.3%	0.5%	--
23)	09/02 14:30				Change in Nonfarm Payrolls	Aug	298k	315k	528k	526k
24)	09/02 14:30				Change in Private Payrolls	Aug	300k	308k	471k	477k
25)	09/02 14:30				Change in Manufact. Payrolls	Aug	15k	22k	30k	36k
26)	09/02 14:30				Unemployment Rate	Aug	3.5%	3.7%	3.5%	--
27)	09/02 14:30				Average Hourly Earnings YoY	Aug	5.3%	5.2%	5.2%	--
28)	09/02 14:30				Average Weekly Hours All Employees	Aug	34.6	34.5	34.6	--
29)	09/02 14:30				Labor Force Participation Rate	Aug	62.2%	62.4%	62.1%	--
30)	09/02 14:30				Underemployment Rate	Aug	--	7.0%	6.7%	--

Source: Bloomberg



#us #jobs

After hitting a 53-year low in July (3.5%), the US Unemployment Rate moved up 0.2% to 3.7% in August, its largest move higher since April 2020.

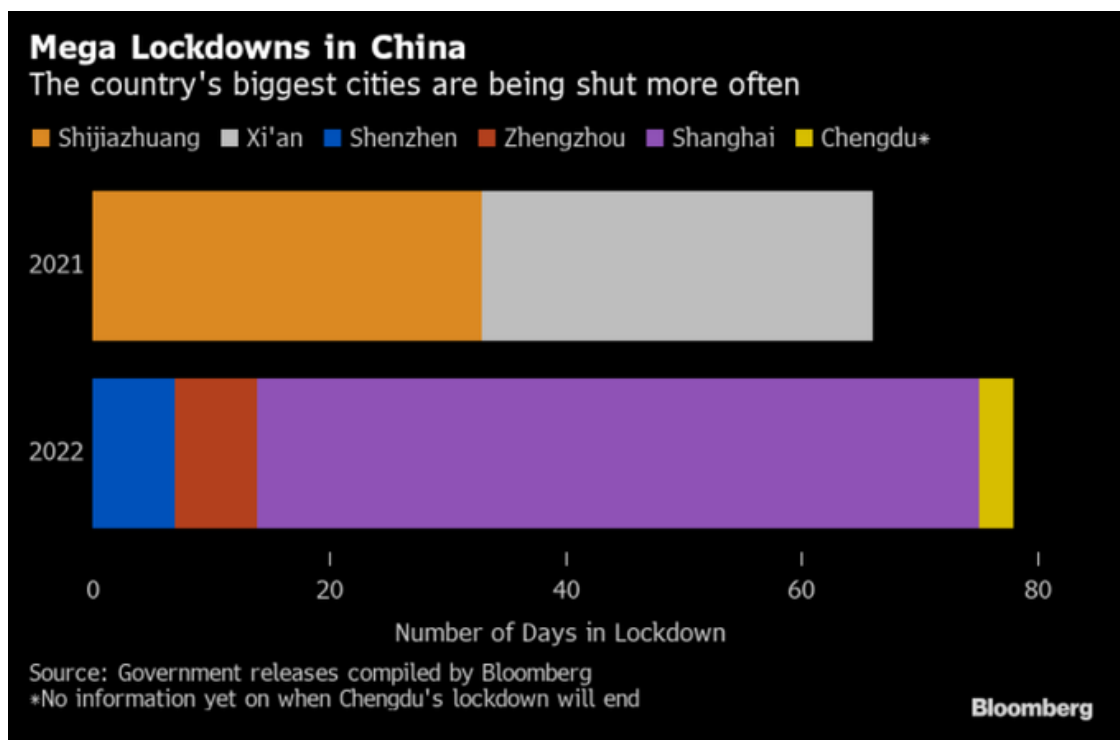


Source: Charlie Bilello

#macro

#china #covid

After hitting a 53-year low in July (3.5%), the US Unemployment Rate moved up 0.2% to 3.7% in August, its largest move higher since April 2020.



Source: Bloomberg

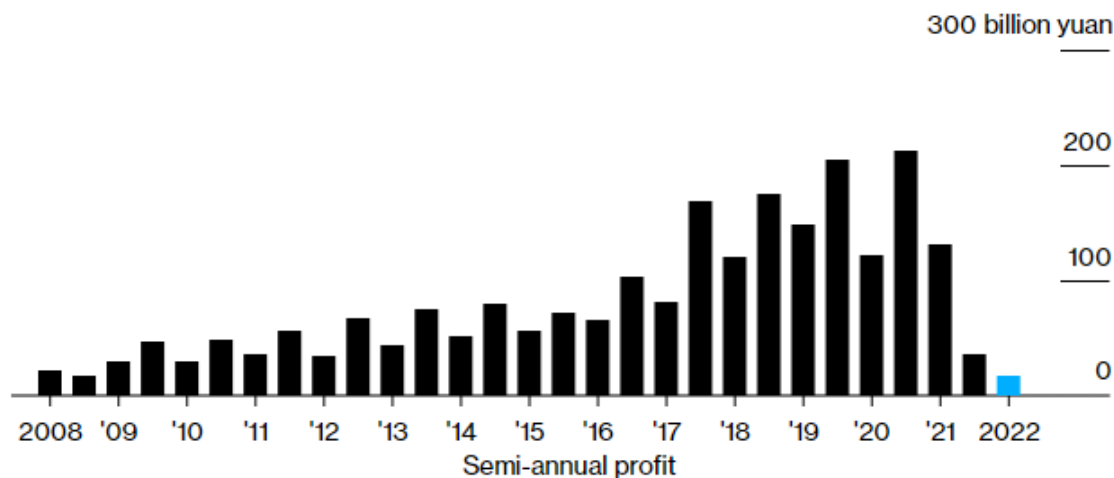


#china #real-estate

Worst China Property Earnings Since 2008 Signal More Stock Angst – Bloomberg

Poor Show

Chinese developers post the worst earnings season since at least 2008



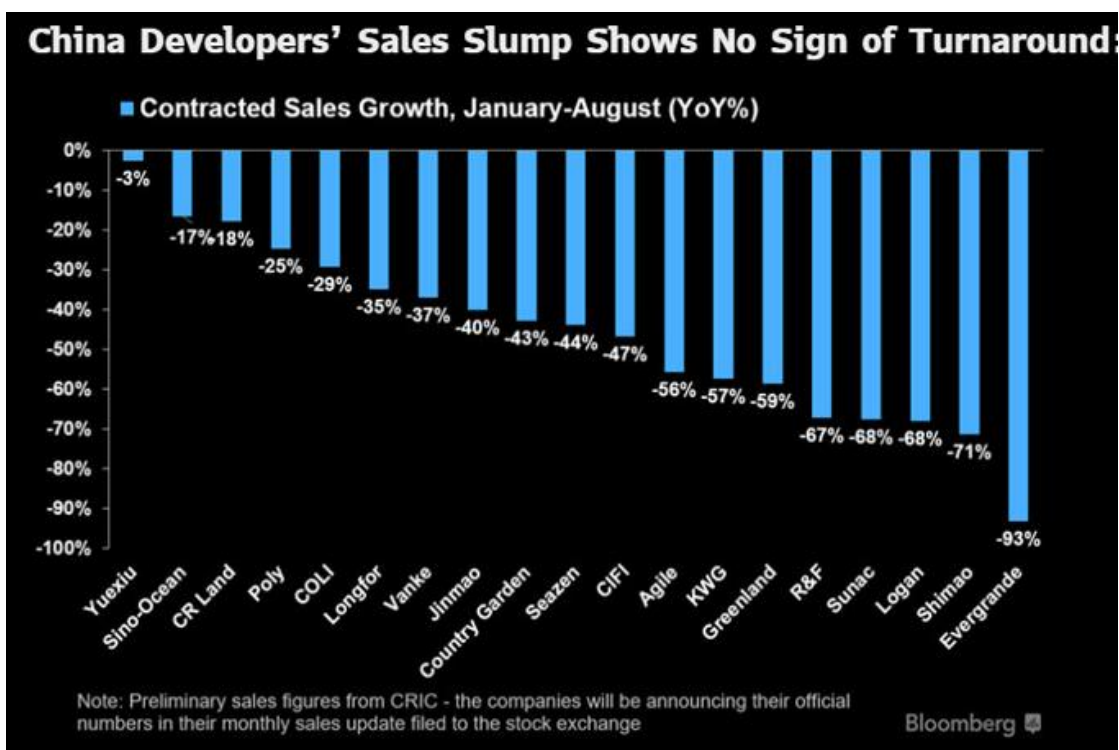
Source: Bloomberg

Source: C.Barraud

#macro

#china #real-estate

Contracted sales for the 19 developers BI covers slumped an average 46% in January through August, as many struggled to find financing and homebuyers affected by uncompleted projects boycotted mortgage payments - Bloomberg



Source: C.Barraud

#centralbanks

#fed #rates #expectations

The odds of a 75bps hike this month dropped from 75% to 55% after Putin announced that the amount of Russian gas that he will allow to flow to Europe through Nord Stream 1 will be ZERO (officially due to an oil leak which keeps the crucial pipeline closed).



Source: www.zerohedge.com, Bloomberg

#centralbanks

#fed #funds #expectations

Current market expectations for Fed Funds Rate (most likely event):

-September: 75 bps hike to 3.00-3.25%

-November: 50 bps hike to 3.50%-3.75%

-December: 25 bps hike to 3.75%-4.00%

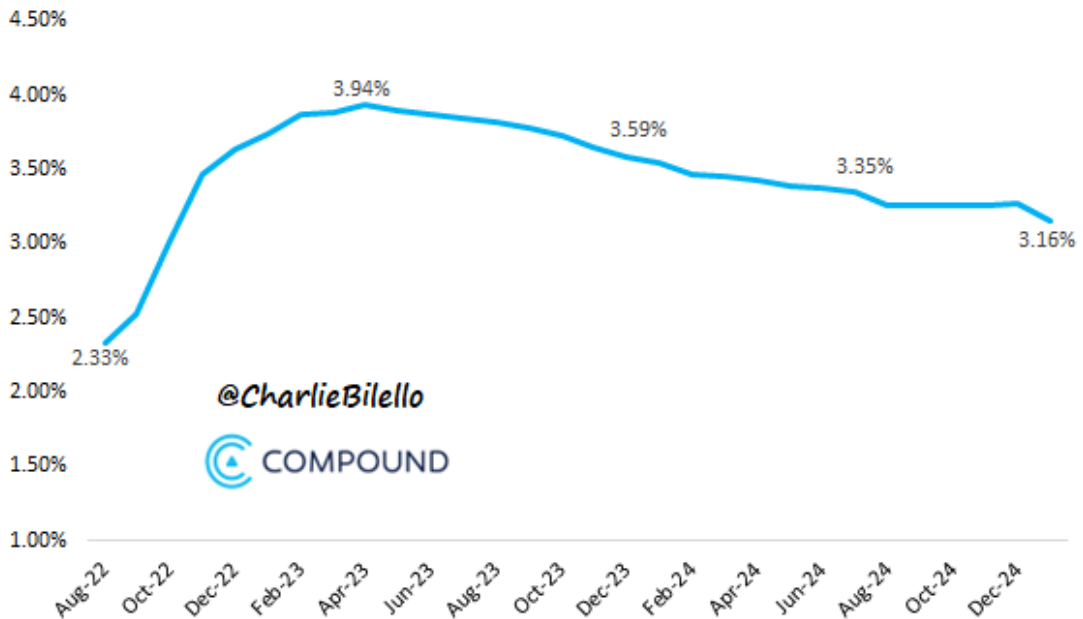
Pause

-May 2023: 25 bps hike to 4.00%-4.25%

No more hikes

-Rate cuts start in back half of 2023, continue in 2024...

**Market Expectations for Fed Funds Rate
(Fed Funds Futures, Aug 2022 - Jan 2025)**



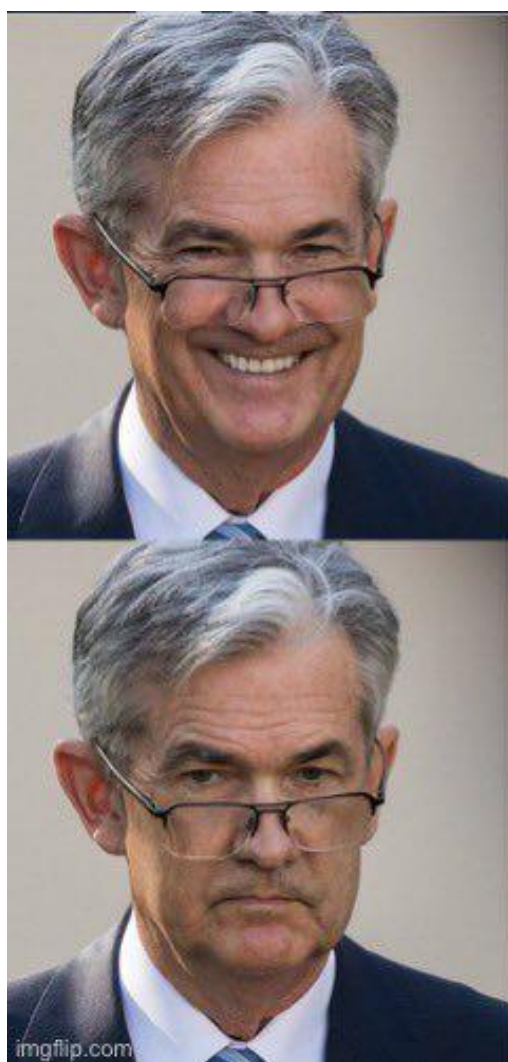
@CharlieBilello
COMPOUND

Source: Charlie Bilello

#centralbanks

#fed #quantitative-tightening

As a reminder, the Fed is 2x the pace of QT (quantitative tightening) to a \$95bn cap per month starting Thursday 1st of September.



**IF YOU'RE
ENJOYING
THE RATE HIKES...**

**...YOU'RE GONNA
LOVE WHEN QT KICKS
IN ON THURSDAY 🤔🤔**


Source: hkuppy

#centralbanks

#fed #bear-markets

"During the previous 8 bear markets, the Fed responded with easy money (rate cuts, QE, etc.). This year they're doing the opposite, hiking rates & expected to continue hiking for the rest of the year [+ 2x the pace of #qt]. Last time we saw a hawkish Fed during a bear market? Early 1980s under Volcker"

Bear Market	Fed Chair	Fed Response
1987	Greenspan	Rate cuts from 7.3% to 6.5%
1990	Greenspan	Rate cuts from 8.0% to 3.0%
1998	Greenspan	Rate cuts from 5.25% to 4.75%
2000-02	Greenspan	Rate cuts from 6.5% to 1.0%
2007-09	Bernanke	Rate cuts from 5.25% to 0.0%
2011	Bernanke	Hold rates at 0% until 2015, Starts "operation twist", QE3 starts in 2012
2018	Powell	Ends rate hikes, Rate cuts in 2019 from 2.25% to 1.50% and starts QE4
2020	Powell	Rate cuts from 1.50% to 0%, Record balance sheet expansion with QE5
2022	Powell	Rate hikes from 0% to 2.25%, Additional hikes to 3.75% expected, Balance Sheet Reduction


@CharlieBilello

Source: Charlie Bilello

#centralbanks

#ecb #rates #expectations

Traders price an almost 100% chance of a 75bp ECB hike by September followed by another 50bp hike in October.



Source: Bloomberg

#centralbanks

#ecb #inflation #projections

Easier to say afterwards but inflation assumptions by ECB staff were indeed wrong. Germany inflation just came out at 7.9% y/y, accelerating from 7.5% y/y in July... The ECB remains well behind the curve. "Pain is coming" applies to Eurozone as well.



Source: Bloomberg, Laurence McDonald



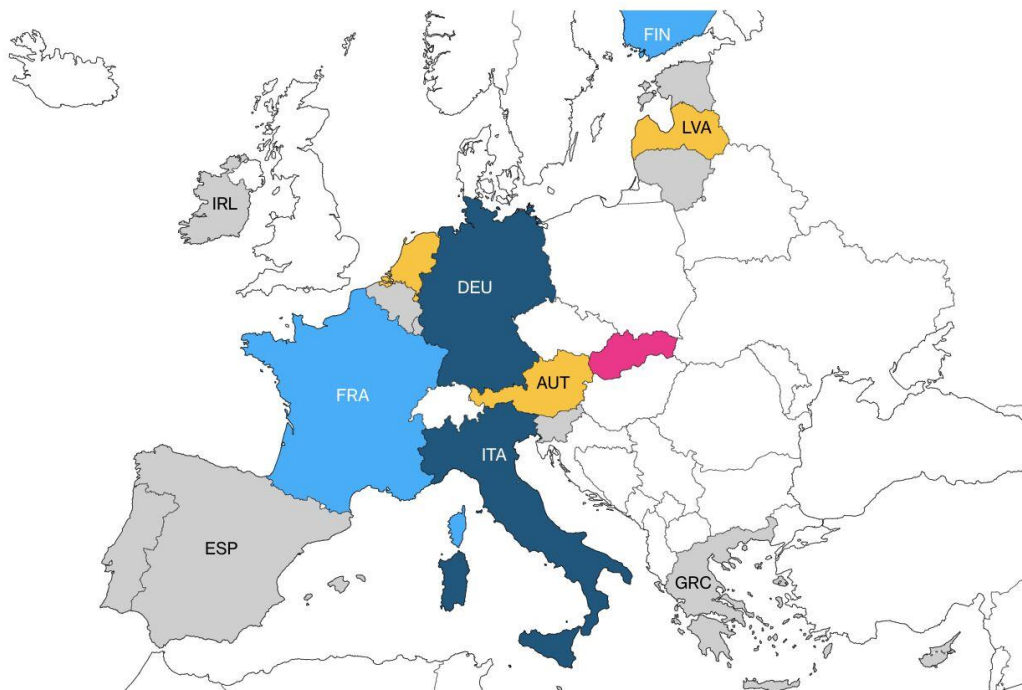
#ecb #september #rates #expectations

The weak Euro and high dispersion of inflation levels among the 19-member Euro-area make policy decisions that much tougher.

September Wish List

Some ECB Governing Council members have publicly indicated what they'd like to happen

- 50 bps or 75 bps hike
- 25 bps or 50 bps hike
- "Significant" move
- Data dependent
- Other ECB countries



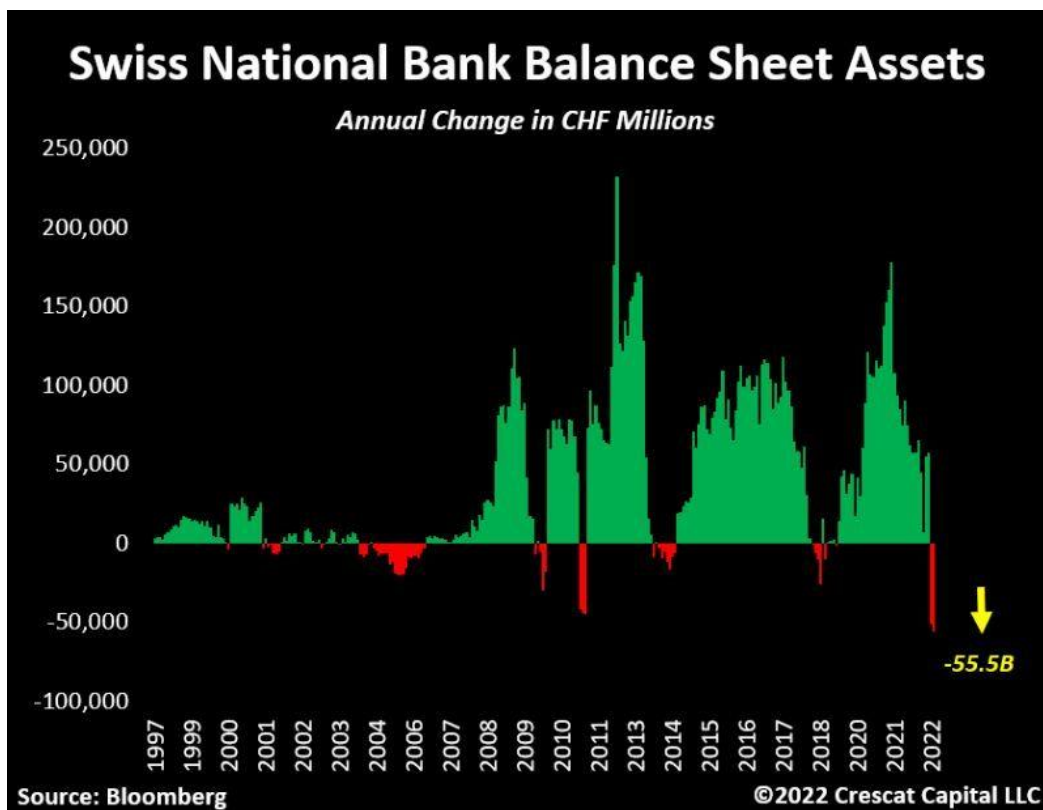
Source: Bloomberg
Note: Map doesn't include Executive Board members

Source: Bloomberg

#centralbanks

#snb

A 180 degrees shift of strategy by the #snb. The Swiss National Bank assets decreased by the largest amount in the history of the data. MINUS \$55B in the last 12 months (with obviously some mark-to-market effects). We are now in a "reverse currency war" regime. A stronger your currency helps to fight against inflation. Switzerland has the lowest inflation rate of the European continent. Much lower than in the Eurozone (the energy mix helps as well).



Source: Crescat



#centralbanks

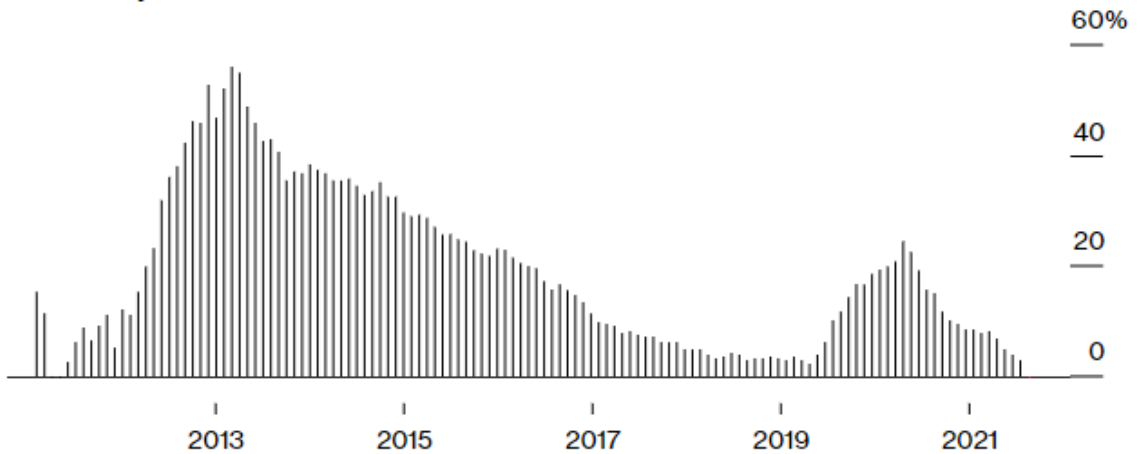
#boj

Japan's Monetary Base Stops Rising for First Time Under Kuroda - Bloomberg

Slowing Down

Monetary base growth has slowed as the BOJ's Covid program shrunk

■ Monetary base YOY



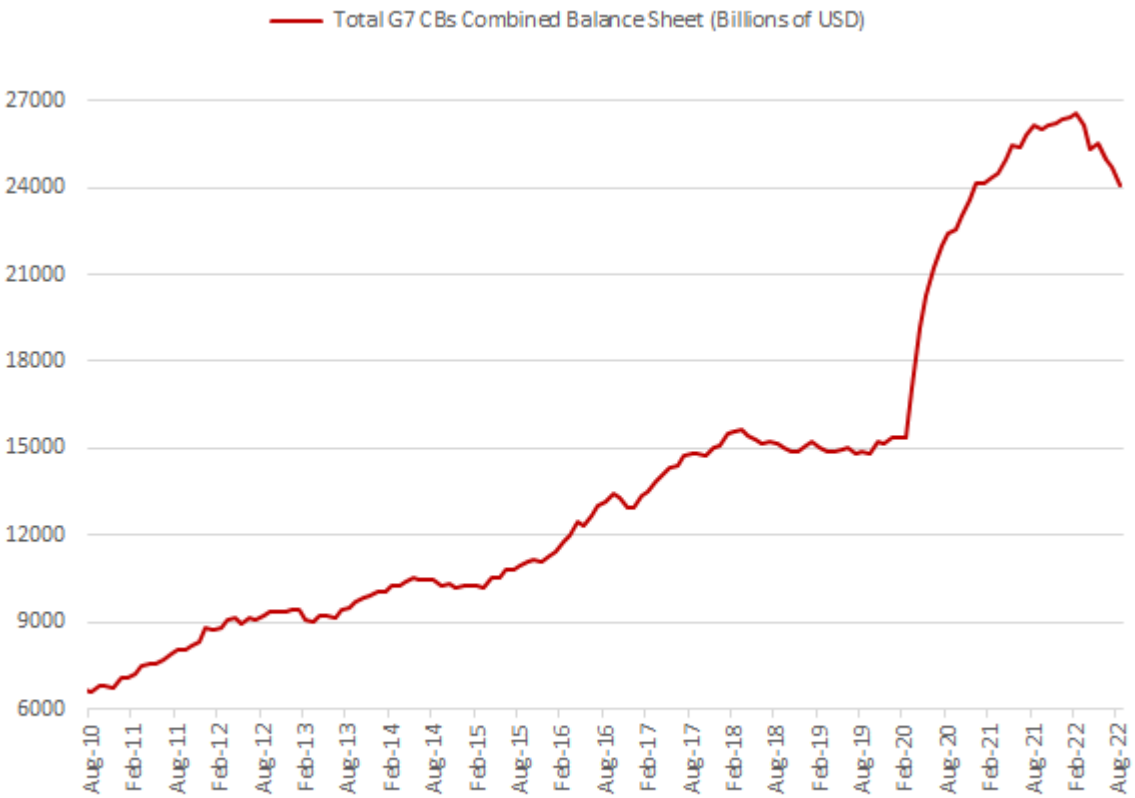
Source: Bank of Japan. Note: The August 2022 figure is based on Bloomberg calculation

Source: Bloomberg

#centralbanks

#g7 #central-banks #balance-sheets

BOC BOE BOJ ECB FED | G7 CBs combined balance sheet (BS), converted in USD, kept declining in August



Sources: Bloomberg, christophe-barraud.com

Source: C.Barraud

#centralbanks

#bank-of-russia #yuan

Russia mulls buying as much as \$70bn in China Yuan and other “friendly” currencies this year to slow the ruble’s surge. Russia is considering a plan to buy as much as \$70 billion in yuan and other “friendly” currencies this year to slow the ruble’s surge, before shifting to a longer-term strategy of selling its holdings of the Chinese currency to fund investment. The yuan briefly extended gains against the dollar after the news, rallying to a session high. The Turkish lira rose as much as 0.2% on the news. India’s rupee also gained.

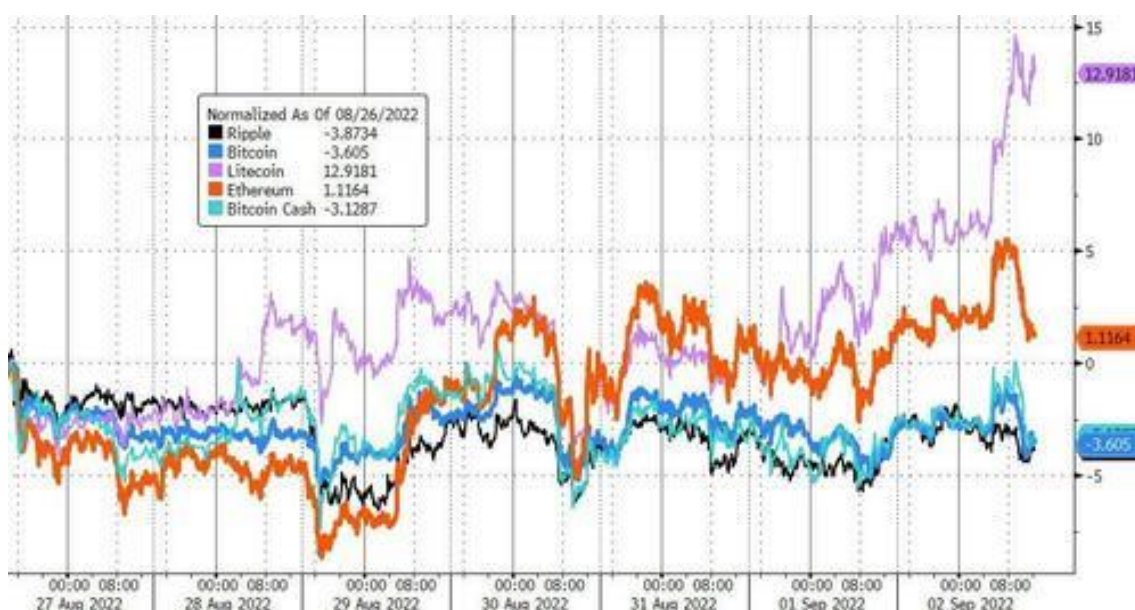


Source: Bloomberg



#cryptocurrencies #weekly #performance

Litecoin managed some gains on the week but the rest of crypto was dumped with Bitcoin underperforming Ethereum...

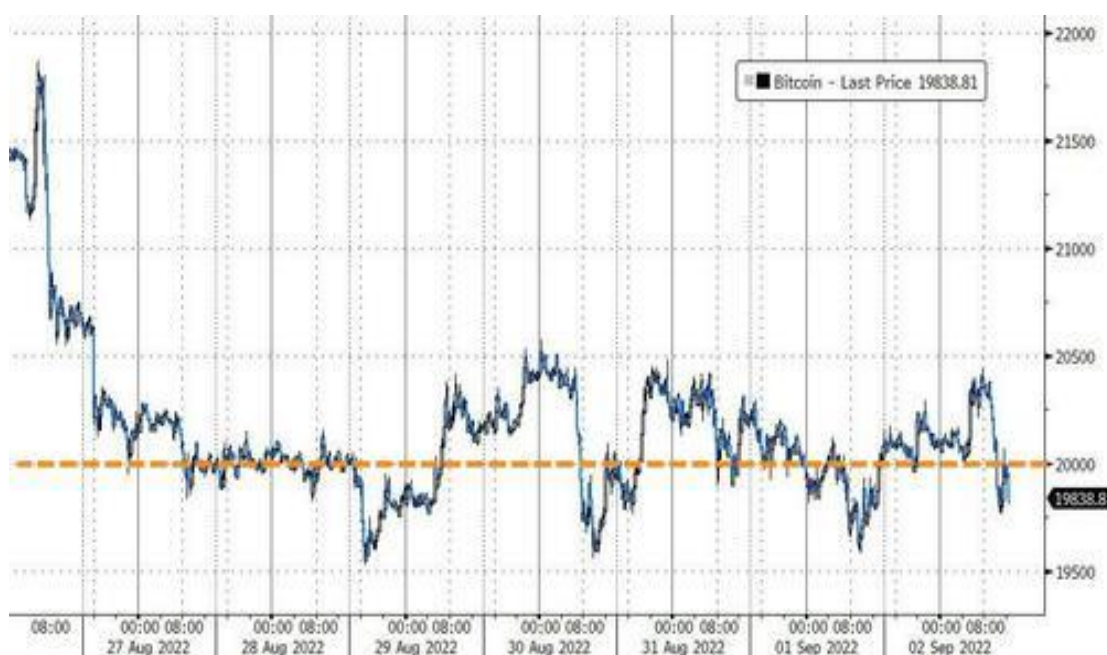


Source: www.zerohedge.com, Bloomberg



#bitcoin #20k

Bitcoin has now hovered around \$20,000 for 10 days...



Source: www.zerohedge.com, Bloomberg



#bitcoin #correlation

Rolling 120d correlation between S&P 500 and #bitcoin is hovering near an all-time high



Source: Liz Ann Sonders, Bloomberg

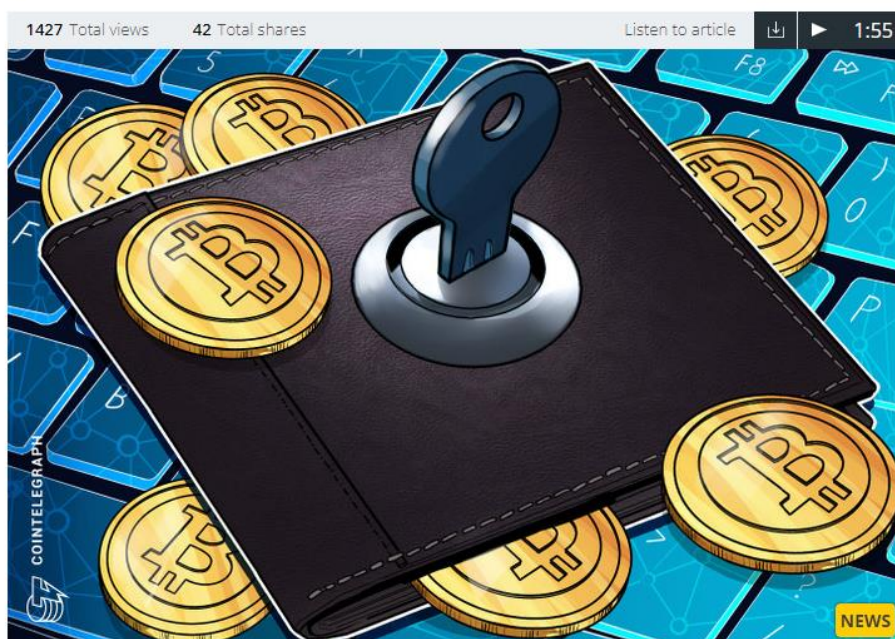
#cryptos

#bitcoin #wallets

According to data from the trading analysis platform TipRanks, while on-chain signals remain bearish for BTC, 62% of wallets have held BTC for one year and above. On the other hand, 32% of wallets are shown to have held for a month up to a year. Lastly, those who have been holding for less than a month are only 6%.

62% of wallets did not sell Bitcoin for a year amid the bear market: Data

The majority of traders have held Bitcoin for one year and above, 32% held BTC for one month up to a year and 6% have held for less than a month, data reveals.



Source: cointelegraph



#cryptocurrencies #positioning

JPM's position proxy based on open interest in CME Bitcoin and Ethereum futures contracts is looking very ugly...



Source: TME, Morgan Stanley

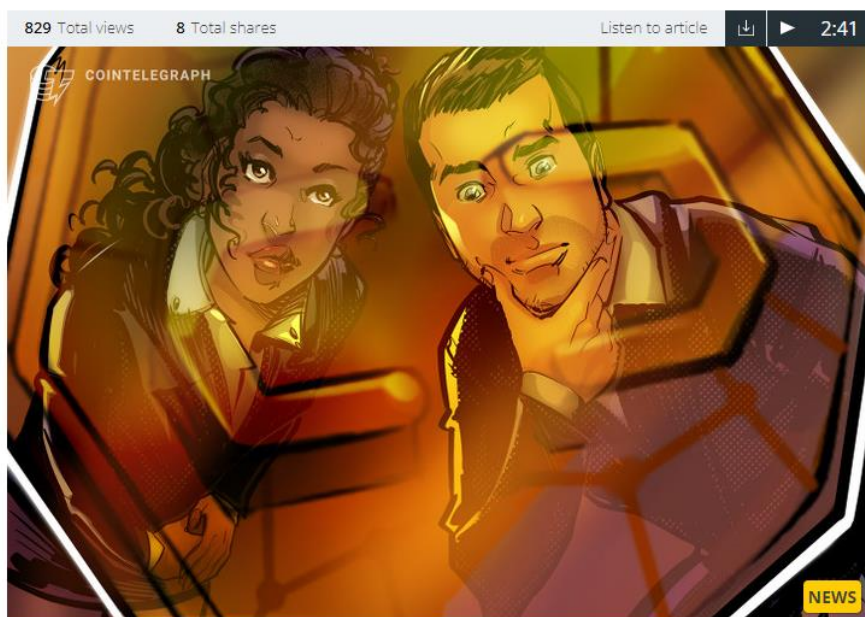


#cryptocurrencies #trust

Despite the downward market, global trust in cryptocurrencies like Bitcoin (BTC) remains mostly unshakable, Bitstamp said in its latest Crypto Pulse report. The survey suggests that the percentage of global retail investors who find crypto trustworthy has slightly dropped from 61% in Q1 to 65% in Q2 2022. The survey signaled a similar trend among institutional investors as 67% of respondents deemed crypto trustworthy in Q2 versus 70% in Q1.

Trust in crypto remains strong despite bear market: Bitstamp survey

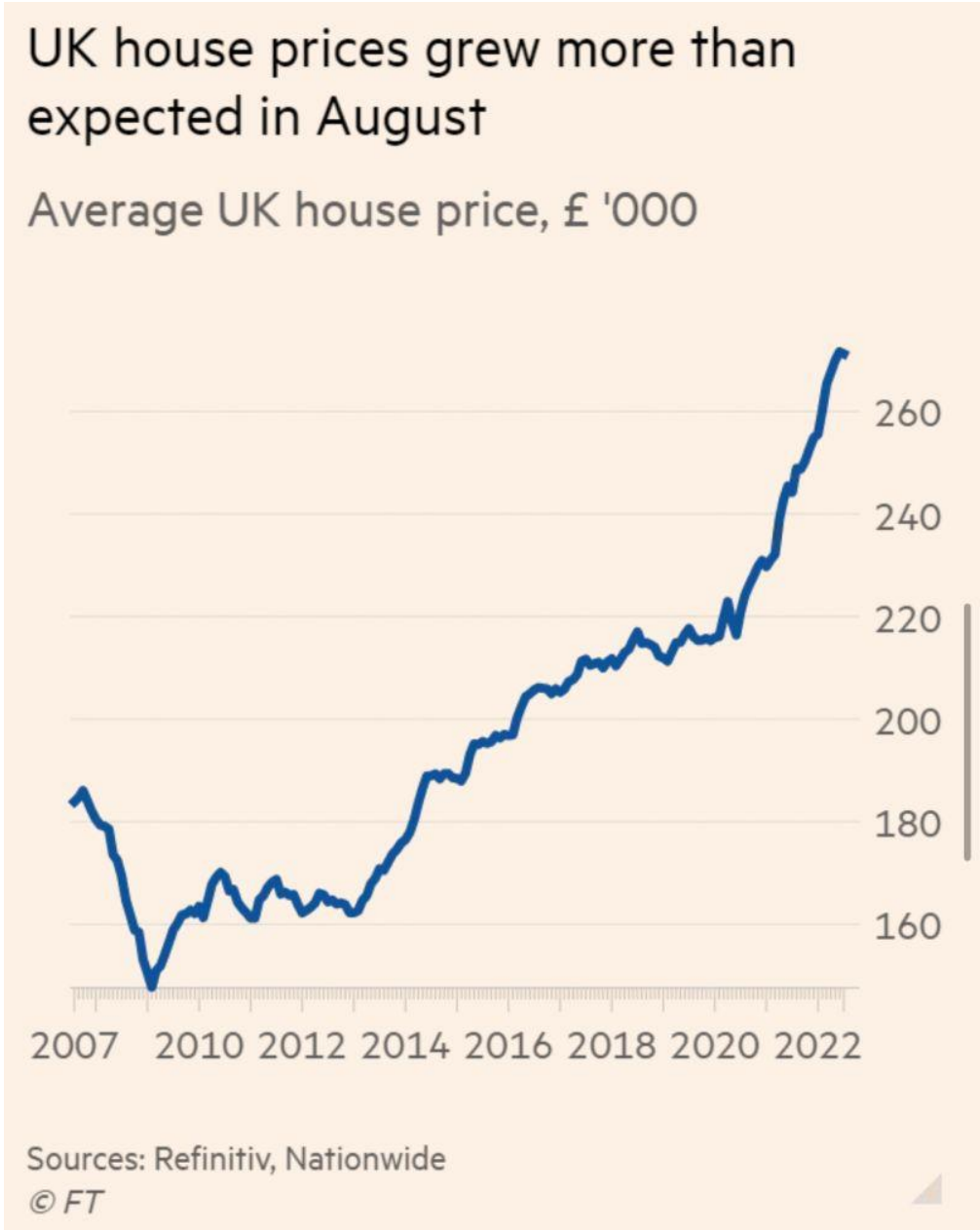
Despite the downward market, global trust in cryptocurrencies like Bitcoin remains mostly unshakable, with countries like the U.S. showing more trust in crypto in Q2.



Source: cointelegraph

#food-for-thought

#uk #real-estate



#food-for-thought

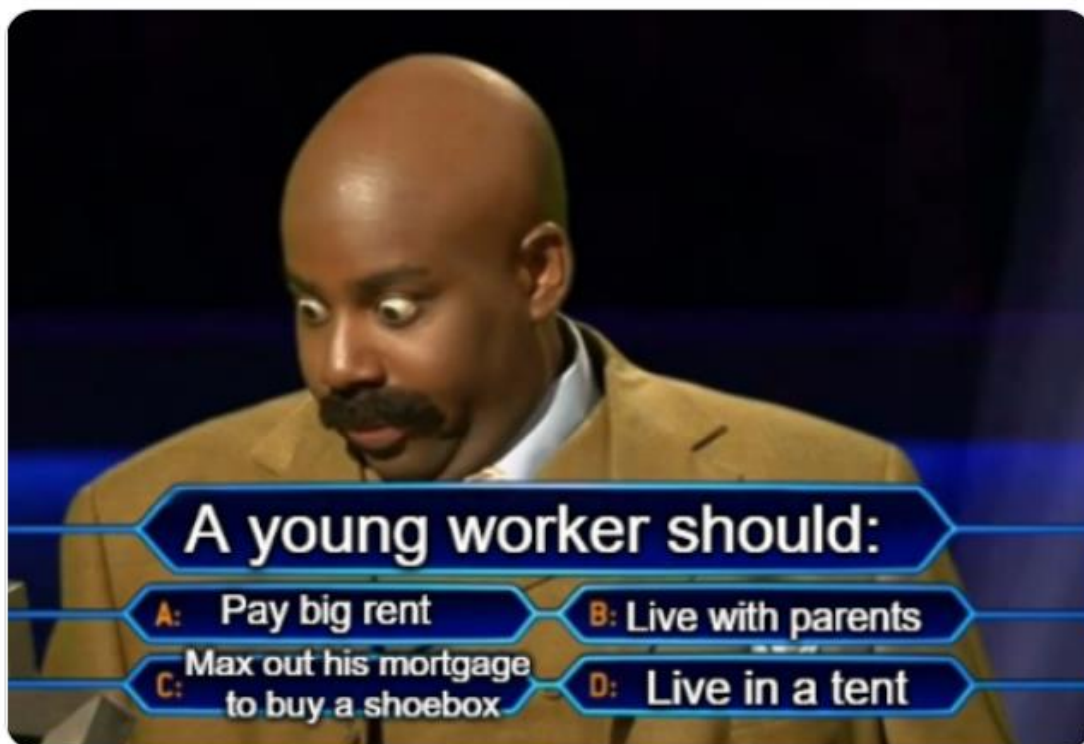
#millenials



Alf
@MacroAlf



Millennials be like:



#food-for-thought

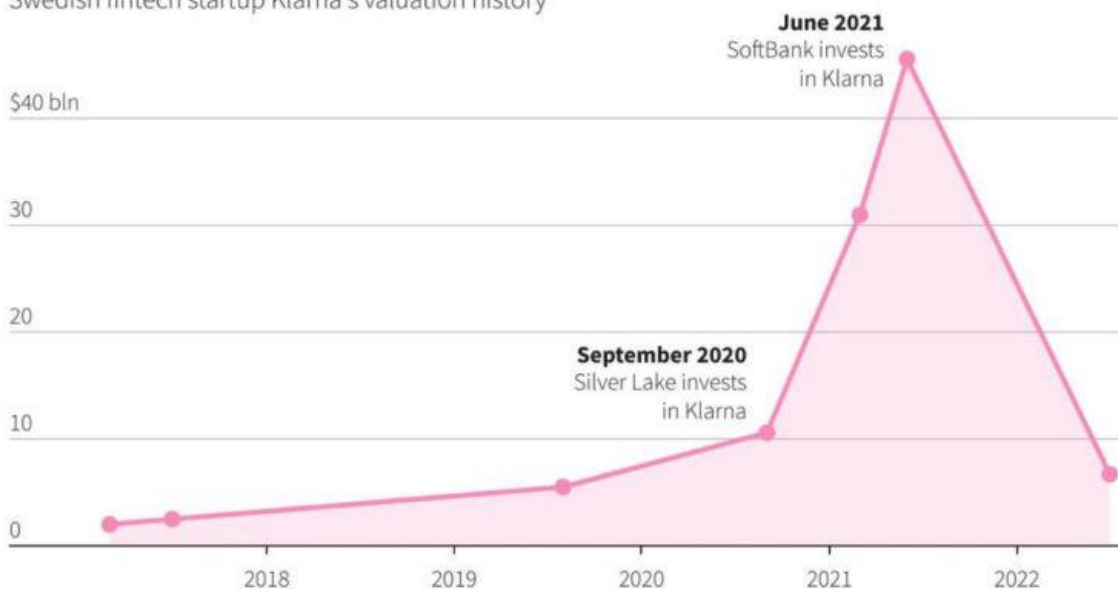
#klarna

Klarna racked up major losses on the back of rising costs and cash-strapped customers.

Klarna got into the buy-now-pay-later (BNPL) game early, and went on to become Europe’s most valuable startup for a time. But now Klarna’s just one of many, which – along with investors’ mounting skepticism about high-growth tech firms – has squashed its valuation to \$7 billion, down 85% from last year.

Buy now cry later

Swedish fintech startup Klarna's valuation history



Source: Dealroom

Source: Finimize

#food-for-thought

#berkshire-hathaway

Some of the big Berkshire buyers in the second quarter

Hedge fund	Position in June 2022	Position in March 2022	Increase
Renaissance Technologies	1,791,000	72,500	1,718,500
Hudson Bay Capital Management	745,000	0	745,000
DE Shaw	818,341	257,714	560,627
Qube Research & Technologies	541,117	0	541,117
Bronte Capital Management	426,694	61,045	365,649
Bridgewater Associates	571,762	301,705	270,057
Capital Fund Management S.A.	416,747	152,840	263,907
Squarepoint Ops	267,392	48,047	219,345
Chilton Investment Company	108,378	11,841	96,537
Water Street Capital	123,605	28,605	95,000
Millennium Management	246,103	153,921	92,182
Schonfeld Strategic Advisors	92,271	1,159	91,112

Source: FT Research, Company filings

Source: FT Research

#food-for-thought

#nancy-pelosi



Quoth the Raven
@QTRResearch



NVIDIA STOCK FALLS 5% AFTER U.S. GOVERNMENT RESTRICTS CHIP SALES TO CHINA - CNBC

One month ago:

[Home](#) > [Economy & Politics](#)

Nancy Pelosi's husband sells \$4 million worth of Nvidia stock at a major loss

Last Updated: Aug. 2, 2022 at 11:27 a.m. ET
First Published: July 27, 2022 at 1:36 p.m. ET

By Weston Blasi

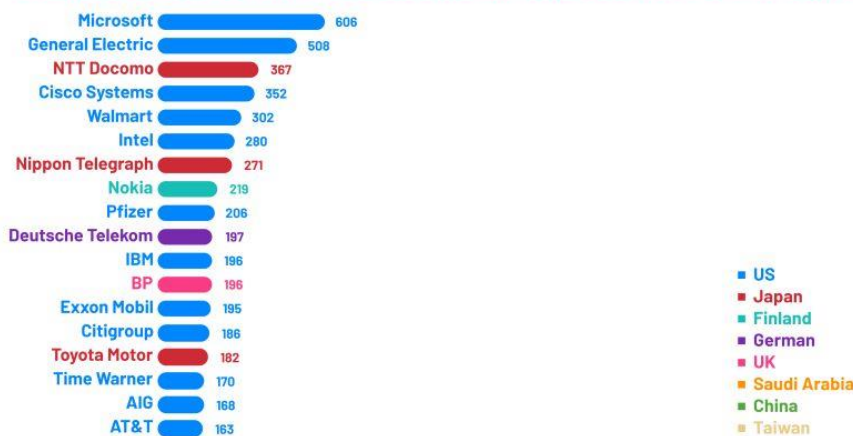
1:56 AM · Sep 1, 2022 · Twitter for iPhone

#food-for-thought

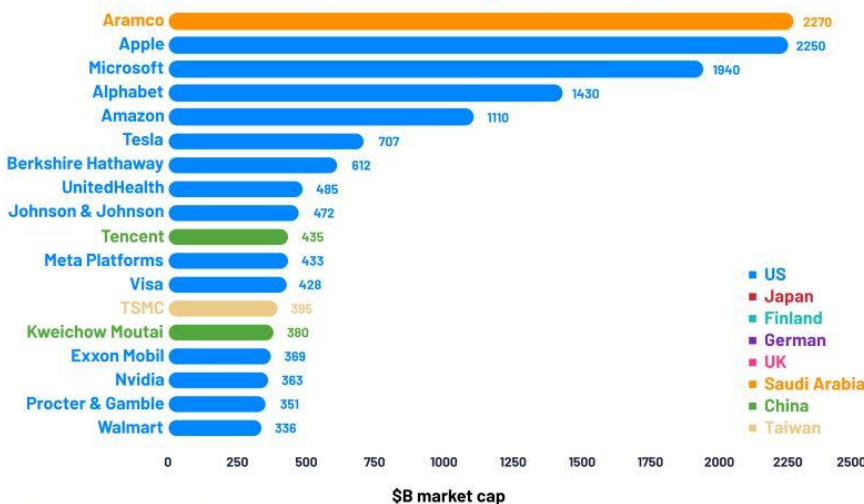
#biggest #us #stocks

Companies are getting bigger. Apple today has larger market cap than the 5 biggest companies in 2000 - combined.

Largest public companies on January 1st, 2000 (\$B market cap)



Largest public companies on July 1st, 2022 (\$B market cap)



Source: Google Finance, Bloomberg

More charts at (link in bio): genuineimpact.substack.com

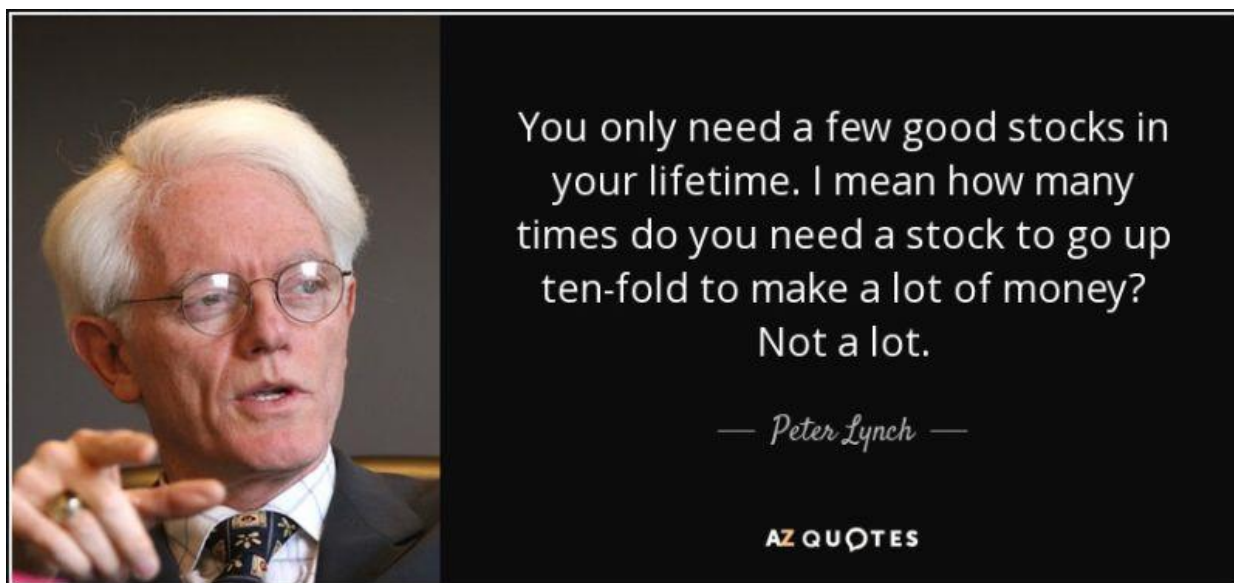
Created by genuine impact

Source: Genuine Impact



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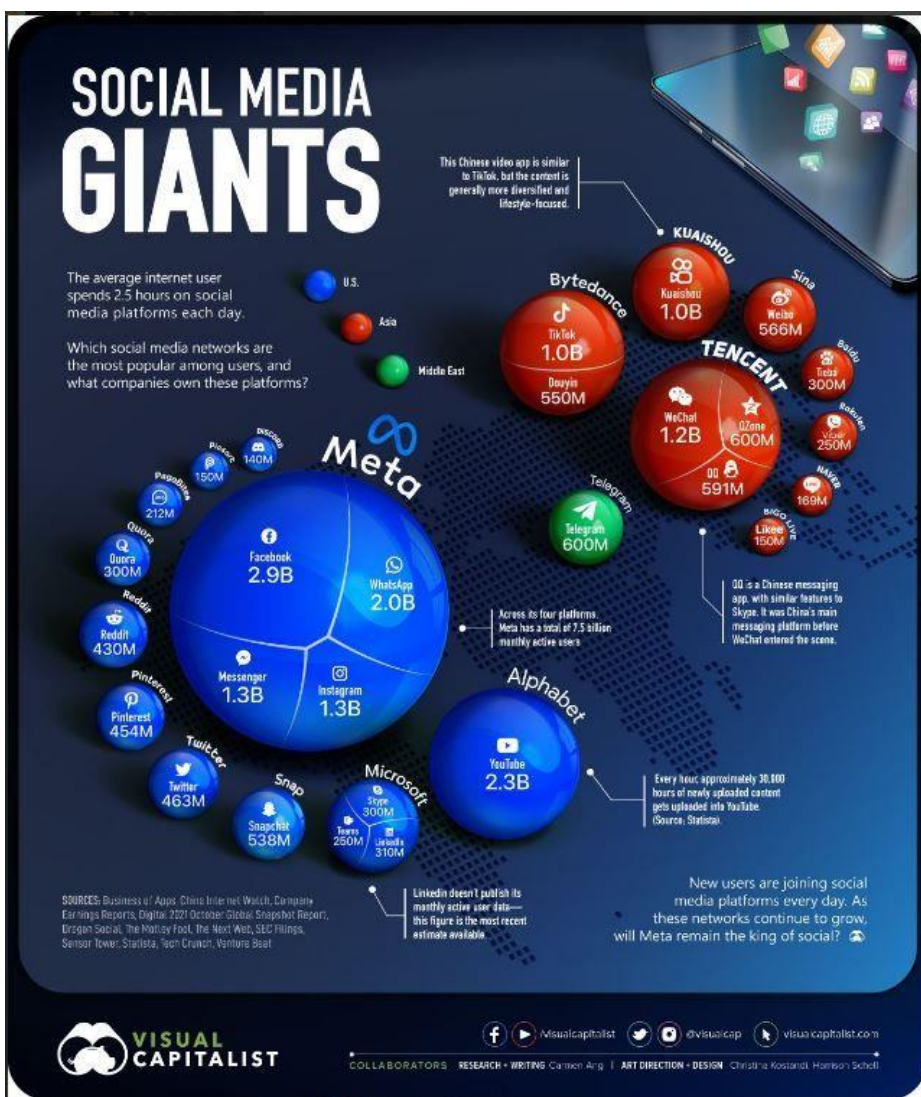
#peter-lynch #stock-picking



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#social-media

There are over 4.5 billion people around the world who use some form of social media—about 57% of the global population.



Source: The Visual Capitalist

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#electric-vehicles #electricity

NEWS

California Asks Residents To Avoid Charging Electric Vehicles Due To Blackout Risk Days After Unveiling New Gas Car Ban

By Ben Zeisloft

Aug 31, 2022 DailyWire.com



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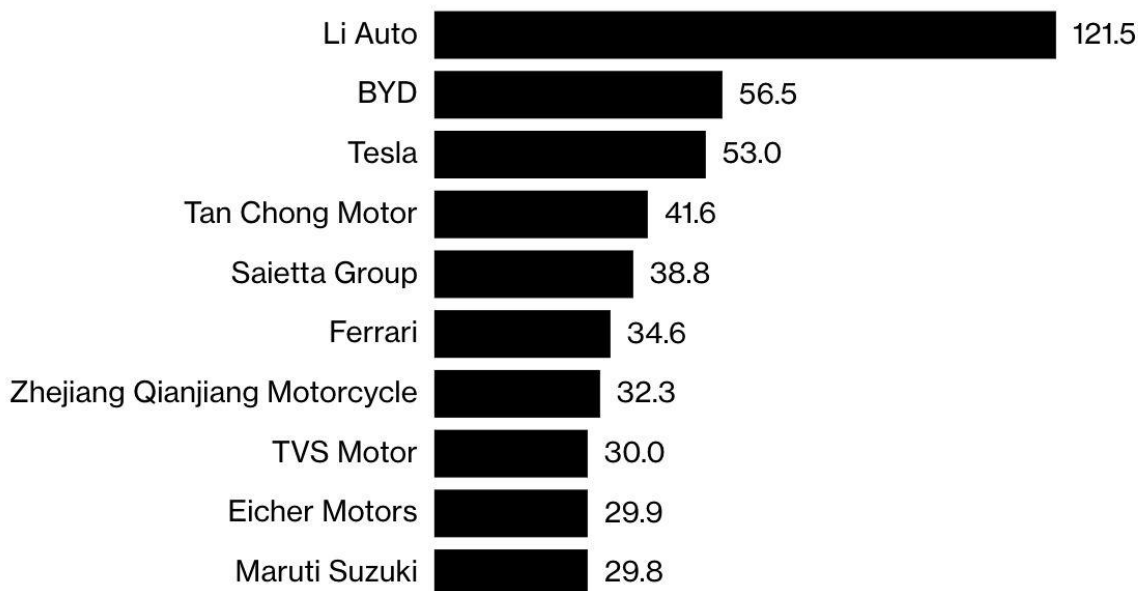
#electric-vehicles #p/e

The Forward P/E on Li Auto is nearly twice as high.

High Valuation

BYD is one of the world's most expensively valued automakers

■ Price to 12-month estimated earnings ratio as of August 30



Source: Bloomberg

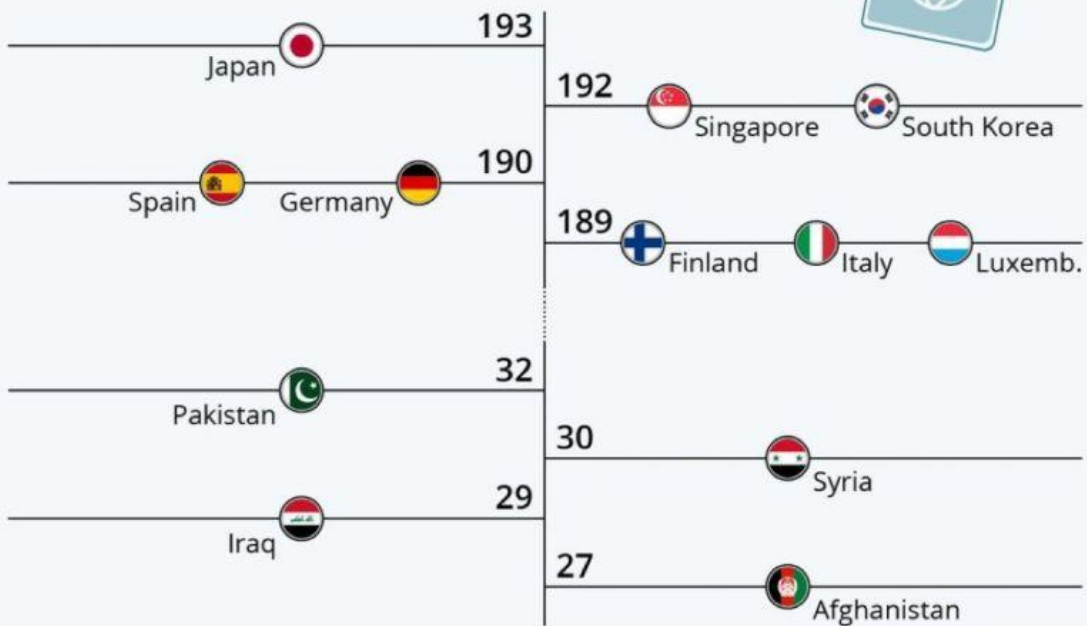
Source: Bloomberg

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#passports

The World's Most (And Least) Powerful Passports

Number of countries passport holders can visit without a visa in 2022



Source: Henley Passport Index



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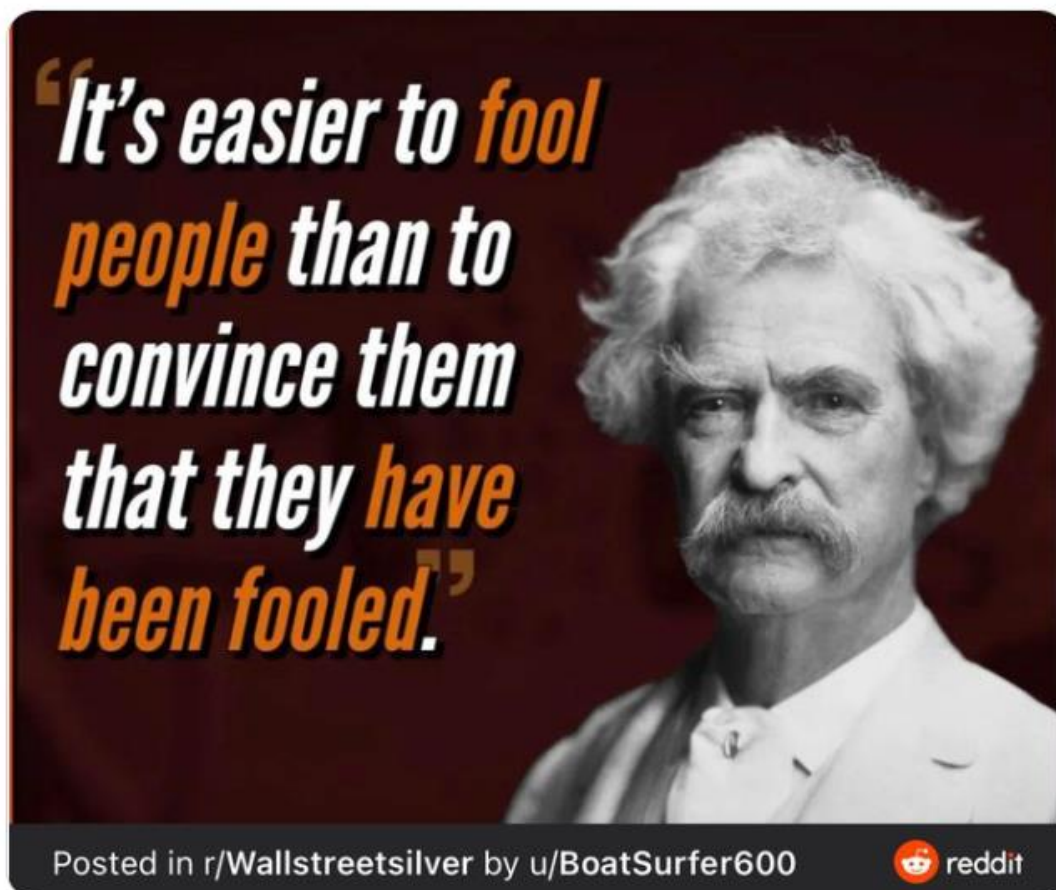
#fooled



Wall Street Silver 
@WallStreetSilv



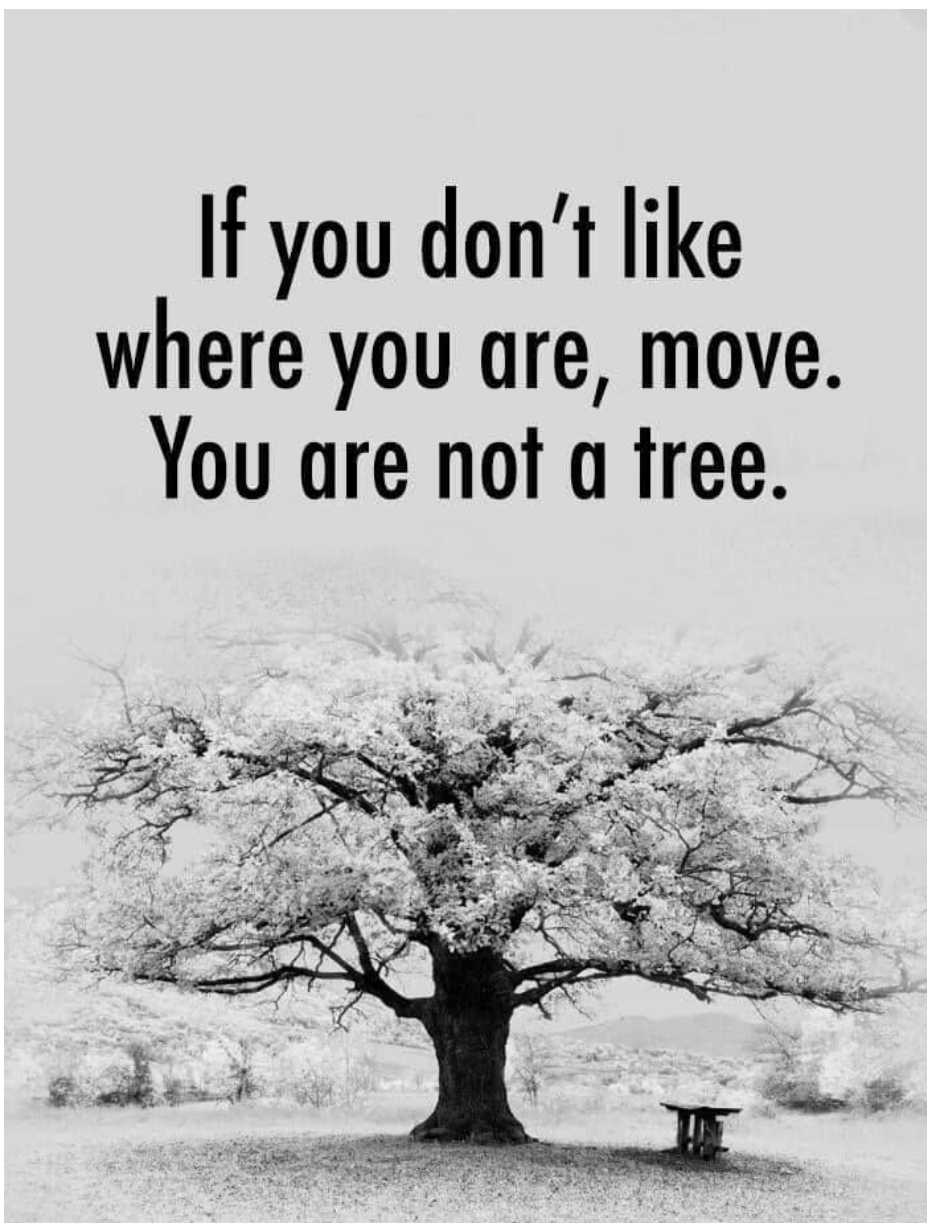
Mark Twain:



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#leadership

If you don't like
where you are, move.
You are not a tree.



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For the future...