

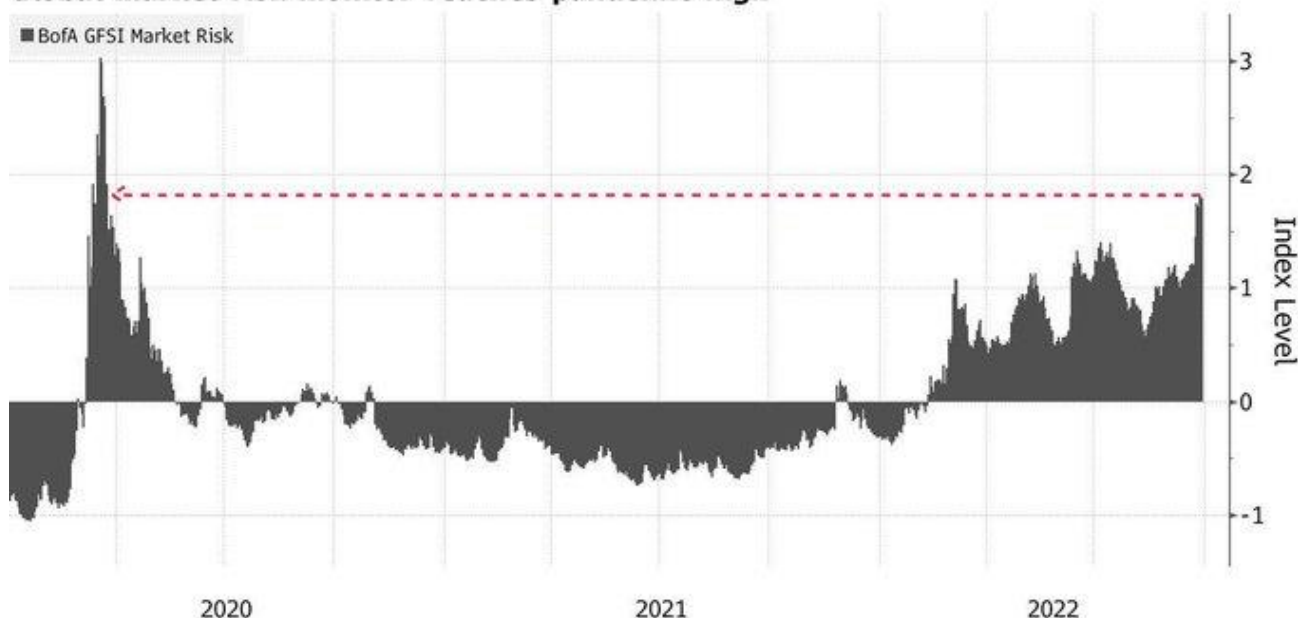
### Chart of the week

## CROSS ASSETS CONTAGION

The GFSI (Global Financial Stress Index) tracks risk, hedging demand & investor risk appetite. BofA believes this index is a more accurate market risk indicator than the VIX. It can be used for investment and risk management decisions. The index uses 23 measures of financial risk, hedging demand and investor risk appetite across global credit, equity, interest rates, forex and commodity markets. This indicator is now at the highest level since the Pandemic.

### Cross-Asset Contagion

Global market risk monitor reaches pandemic high



Source: BofA

Bloomberg

Source: BofA

### S&P 500 back to November 2020 levels

Stocks were down for a 3<sup>rd</sup> week in a row on the back of turmoil in UK financial markets and signs that the Fed still has much more to tighten. In Fixed income, the 10-year U.S. Treasury note briefly breached 4% for the first time since 2008. The S&P 500 Index broke below its mid-June lows and fell back to November 2020 levels. The market's biggest moves came Wednesday, following a surprise decision by the Bank of England to purchase long-dated UK government bonds. The end result was an easing of recent upward pressure on interest rates and the U.S. dollar and a rally for stocks. Markets reversed their gains on Thursday, however, with the selling seemingly caused by data showing continued resilience in the economy and inflationary pressures. Weekly jobless claims fell to 193,000, well below consensus expectations and their lowest level since late April. Meanwhile, the core PCE price index, widely recognized as the Fed's preferred inflation gauge, rose at an annualized pace of 4.7% in the second quarter—well above expectations of around 4.4% as well as the Fed's long-term 2.0% inflation target. In Europe, yields jumped at the start of the week amid worries about a severe deterioration in the public finances and then eased after the BoE said it would make temporary purchases of long-dated bonds “on whatever scale is necessary” in an effort to “restore orderly market conditions.” Shares in Europe fell slightly amid disappointing corporate earnings and fears of recession.

## #GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

1 OCTOBER 2022

#markets

### #weekly #returns

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	28,726	-2.9%	-20.9%
S&P 500 Index	3,586	-2.9%	-24.8%
NASDAQ	10,576	-2.7%	-32.4%
MSCI EAFE*	1,655	-1.9%	-29.1%
10-yr Treasury Yield	3.82%	0.1%	2.3%
Oil (\$/bbl)	\$79.67	1.2%	5.9%
Bonds	\$96.26	-1.0%	-14.1%

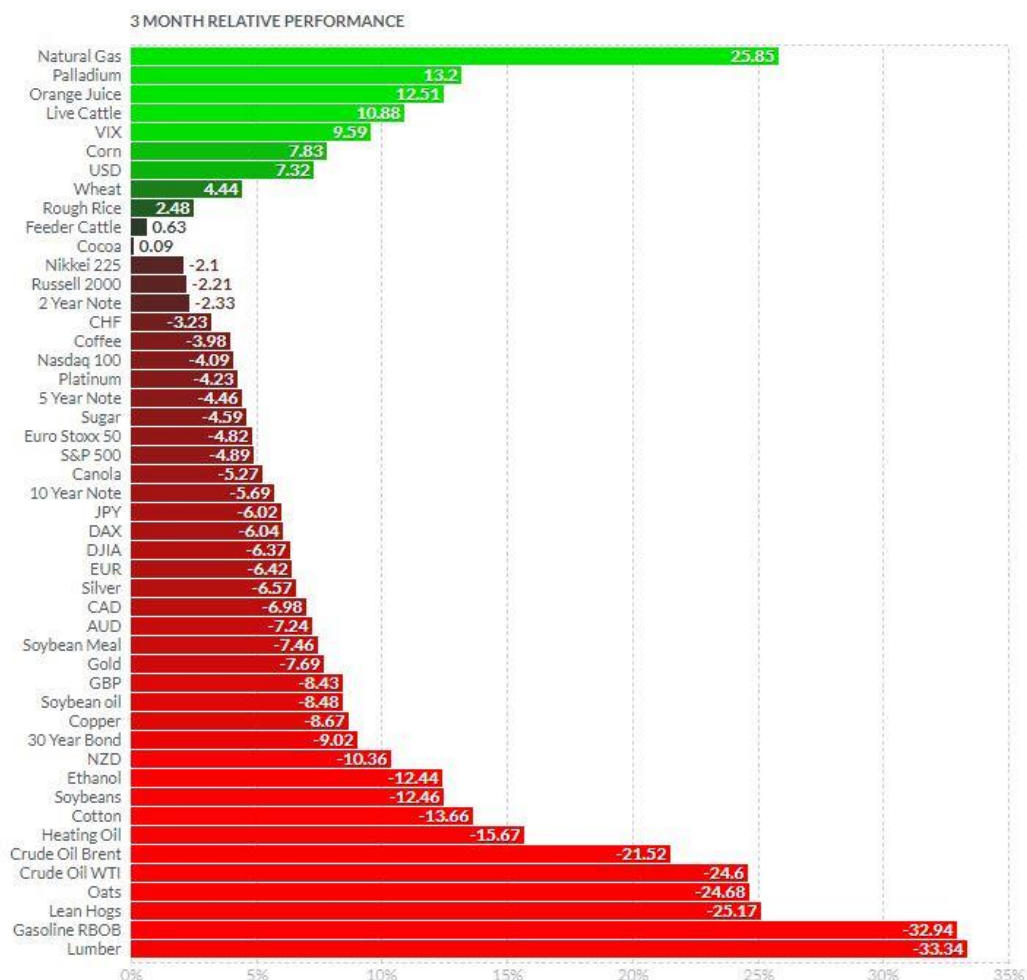
Source: Factset. 09/30/2022. Bonds represented by the iShares Core U.S. Aggregate Bond ETF. Past performance does not guarantee future results. \* 4-day performance ending on Thursday.

Source: Edward Jones

#markets

### #globalmarkets #quarterly #performance

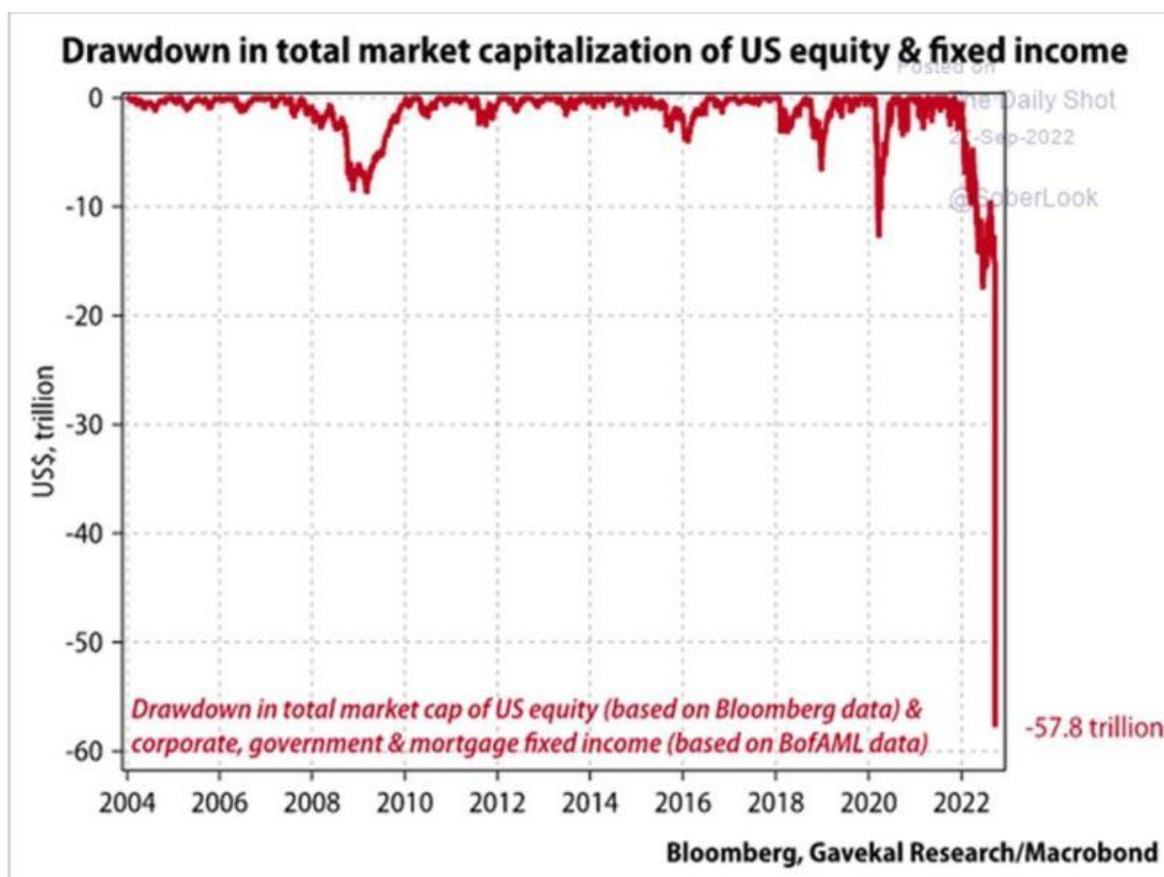
It's been a long one... Stocks, bonds and commodities like oil and lumber fell the most. Meanwhile, the U.S. Dollar, volatility index, and some commodities like Palladium, Orange Juice, and Live Cattle held up well..



#markets

### #us #markets #drawdown

We just had a \$57.8 trillion drawdown in US stocks and fixed income market value.

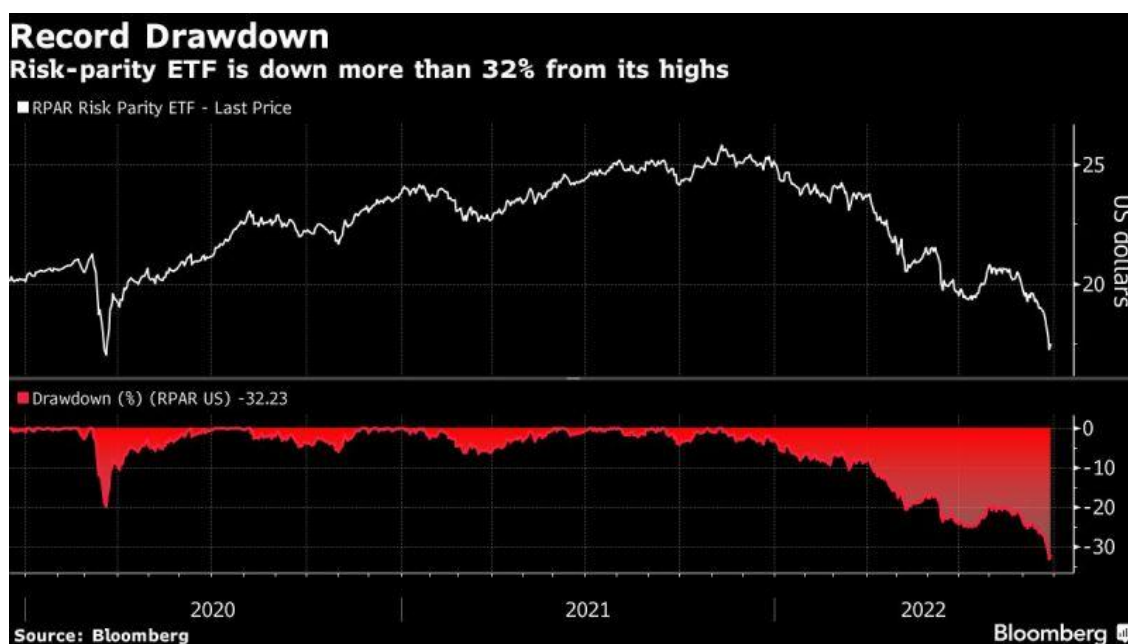


Source: Gavekal

#markets

### #risk-parity #drawdown

This is your risk PARITY. In a liquidity/deleveraging situation there is not such a thing. Source: Alessio Urban, Bloomberg

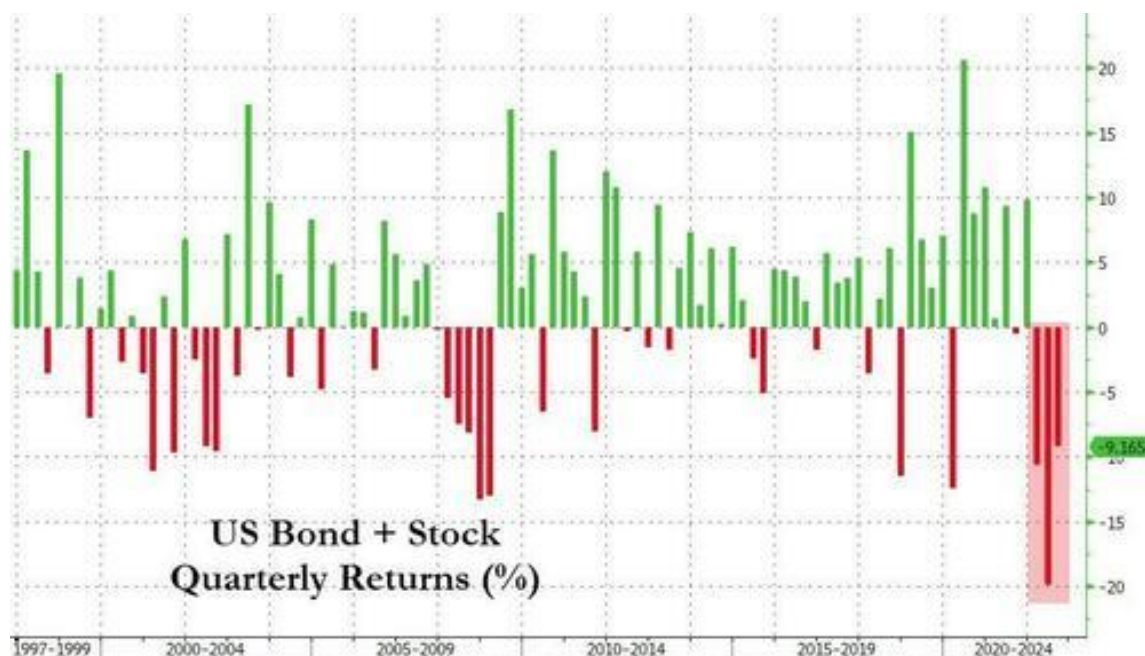


Source: Bloomberg

#markets

### #us #balanced #quarterly #performance

Q3 is the 3rd quarter in a row during which a 'balanced' stocks/bonds portfolio lost money (if it wasn't for July's gains, this would have been the worst quarter ever for a stock/bond portfolio)



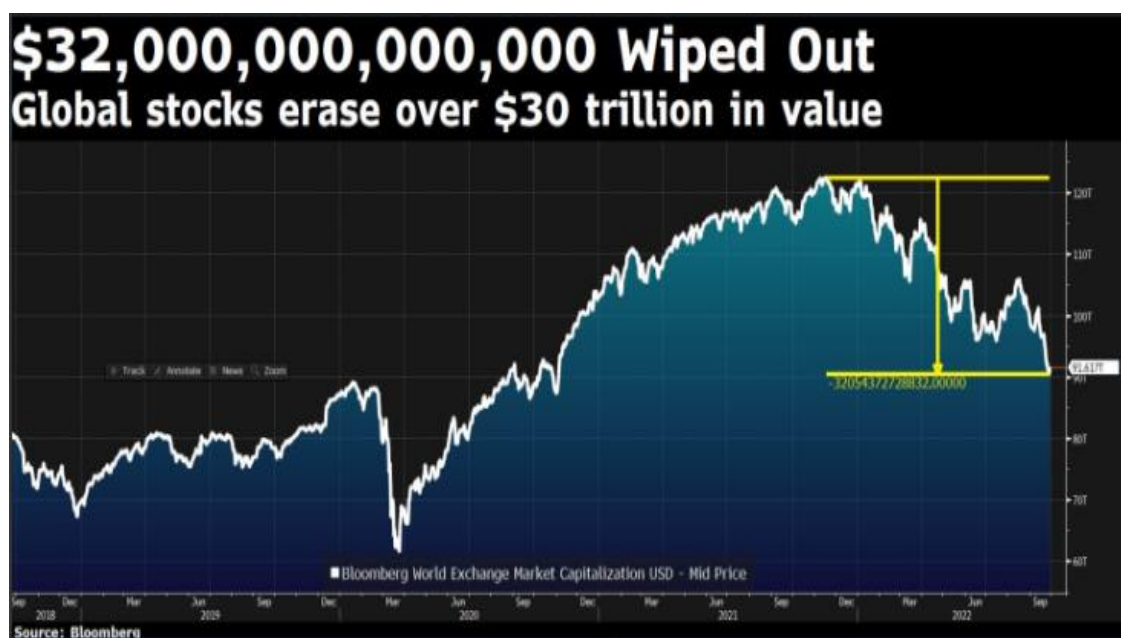
Source: Bloomberg, [www.zerohedge.com](http://www.zerohedge.com)



#markets

### #global #stocks

\$32T in Worldwide Stock Market Value has been wiped out Since November 2021.



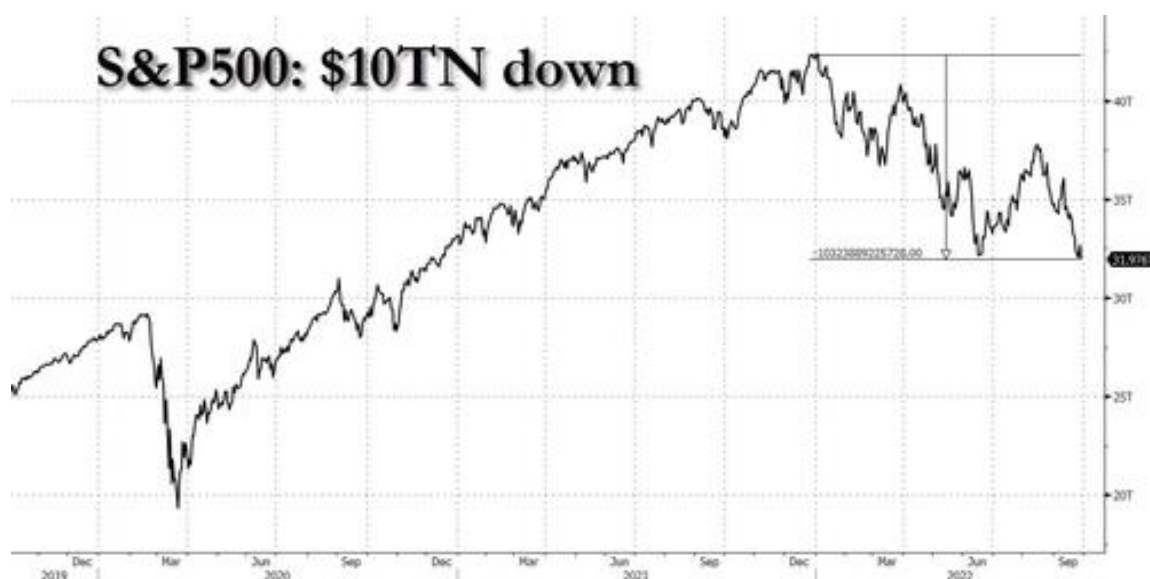
Source: Bloomberg TV Chart



#markets

#us #equity #markets #drawdown

The S&P 500 has lost \$10 trillion in market value...



Source: Bloomberg

#markets

## #us #equity markets #drawdown

Historical drawdowns in the S&P 500 of 20% or more...


S&P 500 Index Bear Markets (defined by 20% Drawdown from All-Time High): 1929 - Present								
Bear Market Period	Length of Bear Market (Months)	S&P High	S&P Low	% Change	New High Month	Months: Prior High to New High	Months: Low to New High	% Gain: Low to New High
Jan 2022 to Sep 2022	8	4819	3623	-25%	?	?	?	33%
Feb 2020 to Mar 2020	1	3394	2192	-35%	Aug 2020	6	5	55%
Sep 2018 to Dec 2018	3	2941	2347	-20%	Apr 2019	7	4	25%
Oct 2007 to Mar 2009	17	1576	667	-58%	Mar 2013	65	48	136%
Mar 2000 to Oct 2002	31	1553	769	-51%	May 2007	86	55	102%
Jul 1998 to Oct 1998	3	1191	923	-22%	Nov 1998	4	1	29%
Jul 1990 to Oct 1990	3	370	295	-20%	Feb 1991	7	4	26%
Aug 1987 to Oct 1987	2	338	216	-36%	Jul 1989	23	21	56%
Nov 1980 to Aug 1982	22	142	102	-28%	Nov 1982	25	3	39%
Jan 1973 to Oct 1974	21	122	61	-50%	Jul 1980	90	69	100%
Dec 1968 to May 1970	17	109	69	-37%	Mar 1972	39	22	59%
Feb 1966 to Oct 1966	8	95	72	-24%	May 1967	15	7	31%
Dec 1961 to Jun 1962	6	73	51	-29%	Sep 1963	21	15	41%
Aug 1956 to Oct 1957	14	50	39	-21%	Sep 1958	25	11	27%
Sep 1929 to Jun 1932	33	32	4	-86%	Sep 1954	300	267	624%
Average	13			-37%		51	38	97%
Median	11			-32%		24	13	48%
COMPOUND		Note: Index Prices Only, Does Not Include Dividends, Intraday High/Low				@CharlieBilello		

Source: Charlie Bilello

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## #us #equities #correction #length

This is now the longest S&P 500 correction (peak to trough) since the March 2009 low at 269 days (and counting).

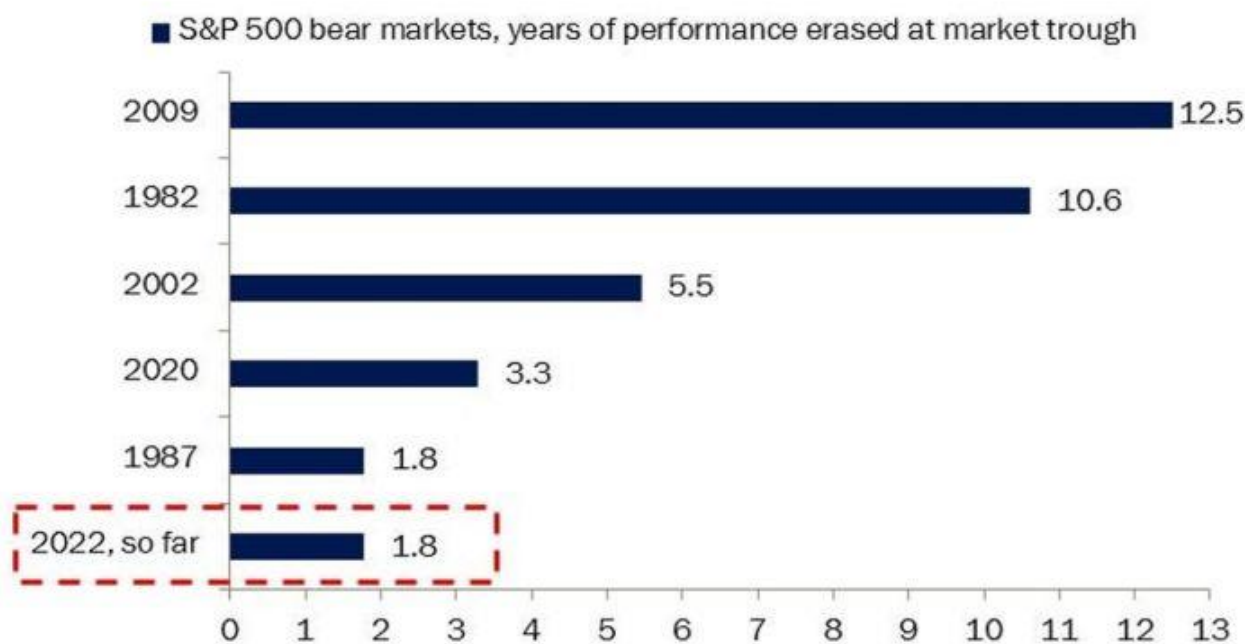
@CharlieBilello	S&P 500 Corrections >5% since March 2009 Low				
Correction Period	# Days	S&P High	S&P Low	% Decline	"Stocks Fall On..."
2022: Jan 4 - Sep 30	269	4819	3602	-25.2%	Inflation, Rising Rates/Fed Tightening, Russia/Ukraine War, Recession Fears
2021: Nov 22 - Dec 3	11	4744	4495	-5.2%	Covid Omicron Variant, Fed Taper Fears
2021: Sep 2 - Oct 4	32	4546	4279	-5.9%	China Contagion Fears, Fed Taper Fears, Covid Delta Variant
2021: Feb 16 - Mar 4	16	3950	3723	-5.7%	Inflation Fears, Rising Rates
2020: Sep 2 - Sep 24	22	3588	3209	-10.6%	Coronavirus, No New Stimulus Deal, Election Fears
2020: Feb 19 - Mar 23	33	3394	2192	-35.4%	Coronavirus, Global Depression Fears
2019: Jul 26 - Aug 5	10	3028	2822	-6.8%	Trade War, Tariffs, Yuan Devaluation, Recession Fears
2019: May 1 - Jun 3	33	2954	2729	-7.6%	Trade War, Tariffs, Inverted Yield Curve, Global Slowdown/Recession Fears
2018: Sep 21 - Dec 26	96	2941	2347	-20.2%	Rising Rates, China Slowdown, Trade War/Tariffs, Housing Slowdown
2018: Jan 26 - Feb 9	14	2873	2533	-11.8%	Inflation Fears, Rising Rates
2016: Aug 15 - Nov 4	81	2194	2084	-5.0%	Election Fears/Concerns/Jitters
2015/16: May 20 - Feb 11	267	2135	1810	-15.2%	Greece Default, China Stock Crash, EM Currencies, Falling Oil, North Korea
2014/15: Dec 29 - Feb 2	35	2094	1981	-5.4%	Falling Oil, Strong Dollar, Weak Earnings
2014: Dec 5 - Dec 16	11	2079	1973	-5.1%	Falling Oil, Strong Dollar
2014: Sep 19 - Oct 15	26	2019	1821	-9.8%	Ebola, Global Growth Fears, Falling Oil
2014: Jan 15 - Feb 5	21	1851	1738	-6.1%	Fed Taper, European Deflation Fears, EM Currency Turmoil
2013: May 22 - Jun 24	33	1687	1560	-7.5%	Fed Taper Fears
2012: Sep 14 - Nov 16	63	1475	1343	-8.9%	Fiscal Cliff Concerns, Obama's Re-Election
2012: Apr 2 - Jun 4	63	1422	1267	-10.9%	Europe's Debt Crisis
2011: May 2 - Oct 4	155	1371	1075	-21.6%	Europe's Debt Crisis, Double-Dip Recession Fears, US Debt Downgrade
2011: Feb 18 - Mar 16	26	1344	1249	-7.1%	Libyan Civil War, Japan Earthquake/Nuclear Disaster
2010: Apr 26 - Jul 1	66	1220	1011	-17.1%	Europe's Debt Crisis, Flash Crash, Growth Concerns
2010: Jan 19 - Feb 5	17	1150	1045	-9.2%	China's Lending Curbs, Obama Bank Regulation Plan
2009: Oct 21 - Nov 2	12	1101	1029	-6.5%	Worries About The Recovery
2009: Sep 23 - Oct 2	9	1080	1020	-5.6%	Worries About The Recovery
2009: Jun 11 - Jul 7	26	956	869	-9.1%	World Bank Neg Growth Forecast, Fears Market Is Ahead Of Recovery
2009: May 8 - 15	7	930	879	-5.5%	Worries That Market Has Gotten Ahead Of Itself
Median	26			-7.6%	 COMPOUND

Source: Charlie Bilello

#markets

## #us #equity #bear-markets

Below the years of performance erased at market trough through during various markets. Looking at 2022 (so far), the number is rather small by historical standards

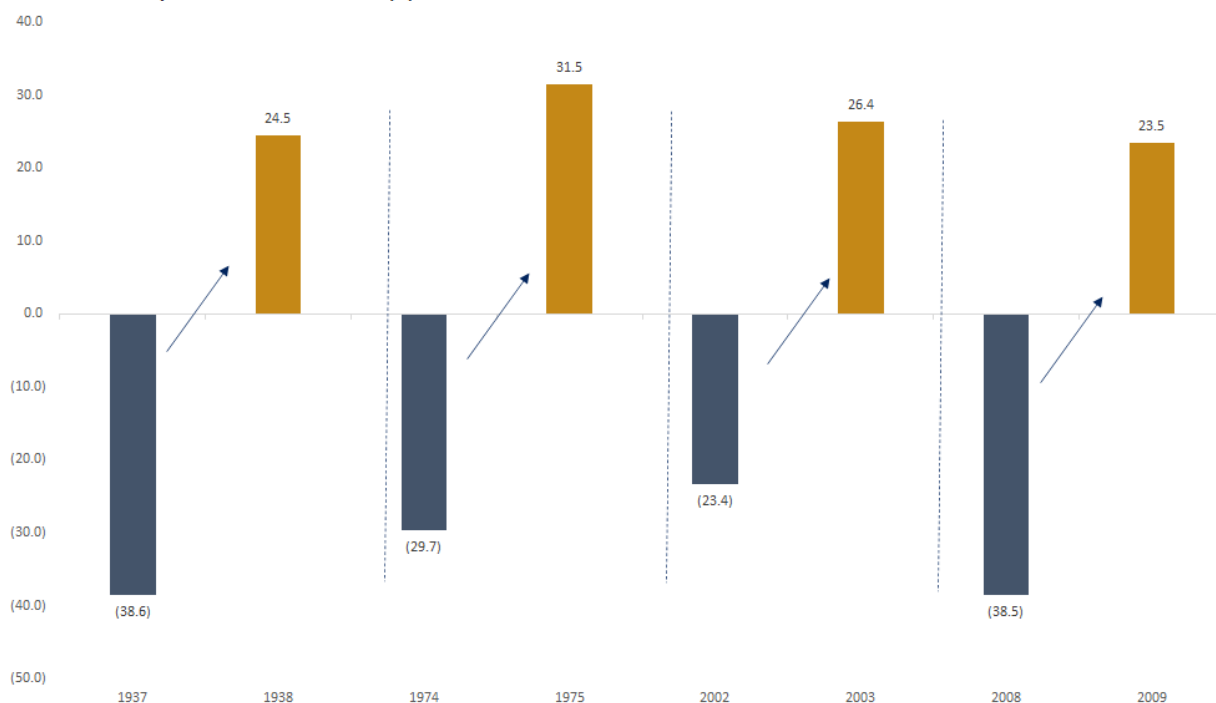


Source: Goldman

### #us #equity #markets #drawdown #rebound

Since 1935, years when the S&P 500 was down 20% or more were followed by years with strong double-digit returns

S&P returns in the years after a 20%+ drawdown (%)



Source: Edward Jones

#markets

## #us #stocks #liquidity

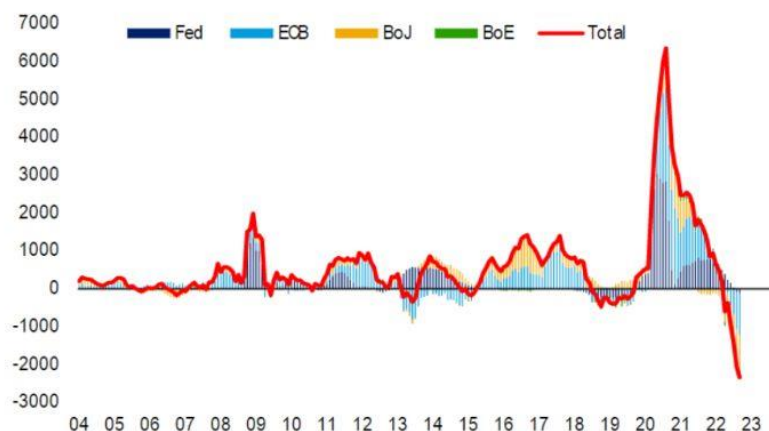
### NYSE Composite Index (best Wall St barometer) breaking down

NYSE Composite Index



### G4 Central Banks' balance sheet -\$3.1tn in past 7 months

6m change in G4 central banks balance sheet (\$bn)



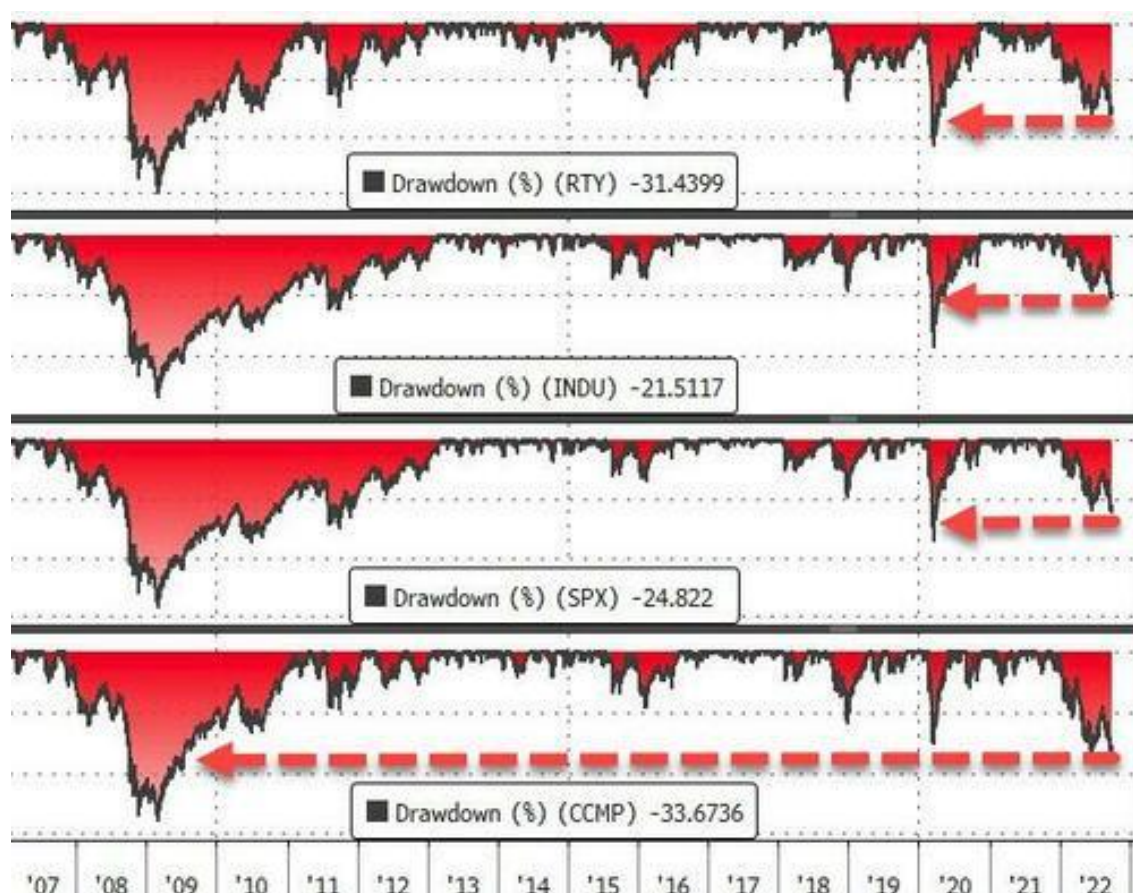
Source: BofA Global Investment Strategy, Bloomberg, Haver



#markets

## #us #equity #markets quarterly #performance

The S&P 500 Index is ending this quarter deep in the red (back below 3600), fully erasing an earlier 14% gain that occurred in July through mid-August. All the majors are back in bear market territory, but Small Caps and the Nasdaq are the worse (Nasdaq is now below the June 16 lows).



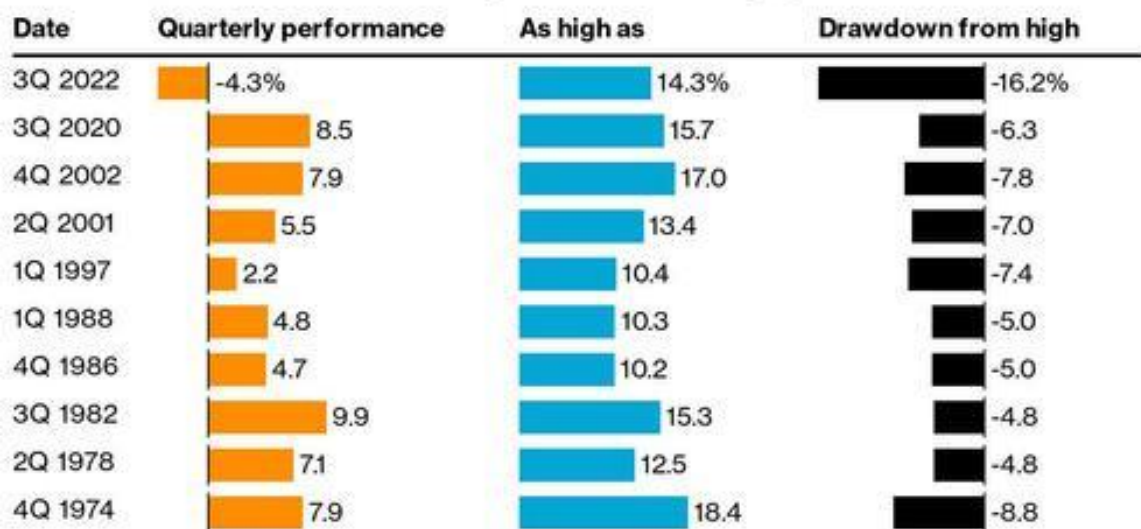


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## #us #equity #markets #quarterly #performance

As Bloomberg notes, this marks the first time since 1938 that the S&P 500 is closing a quarter with a negative return after earlier rising more than 10% and posting the biggest drawdown from a quarterly high in recent decades.

S&P 500 Index never closed negative after strong gains since 1938



Source: Bloomberg

Bloomberg

Source: Bloomberg

#markets

### #us #equity #markets #quarterly #performance

The quarterly performance for stocks shows the real swing around Powell's Jackson Hole speech...



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

## #nasdaq #quarterly #performance

Closing out the 3rd quarter, we see that the Nasdaq's first three quarters in 2022 are far worse than the first three quarters of 2008.



#markets

#nasdaq100 #leveraged-etf #qqq

\$QQQ returns over the last 13 years...



Charlie Bilello ✓  
@charliebilello

3x Long Nasdaq 100 ETF Returns...

2010: +89%

2011: -8%

2012: +52%

2013: +140%

2014: +57%

2015: +17%

2016: +11%

2017: +118%

2018: -20%

2019: +134%

2020: +110%

2021: +83%

2022 YTD: -75%

[\\$TQQQ](#)

4:43 PM · Sep 28, 2022 · Twitter Web App

Source: xxx

#markets

### #us #tech #stocks

S&P 500 Tech sector has now erased all gains since November 2020

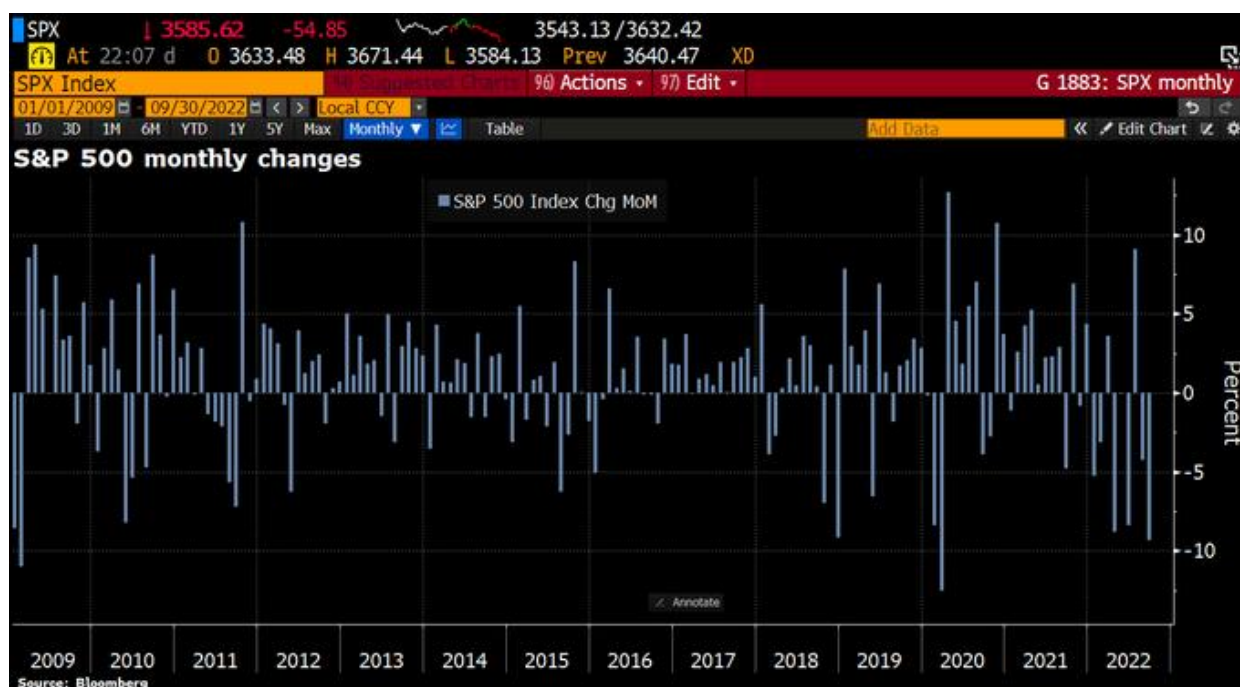


Source: Bloomberg

#markets

### #us #equity #markets #september #performance

S&P 500 dropped 369.38 points or 9.34% in Sep, largest one-month percentage decline since March 2020.

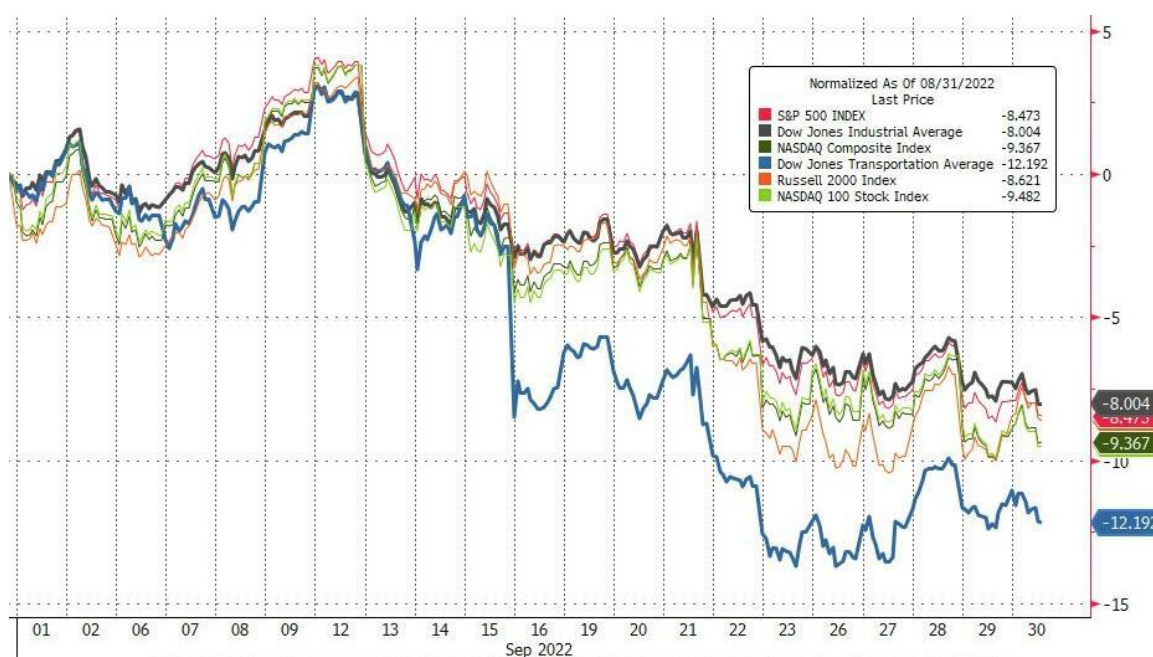


Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg

#markets

### #us #equity #markets #september #performance

Stocks tumbled unable to find enough 'bad news' in macro to prompt more hype/hope of a pivot in September...



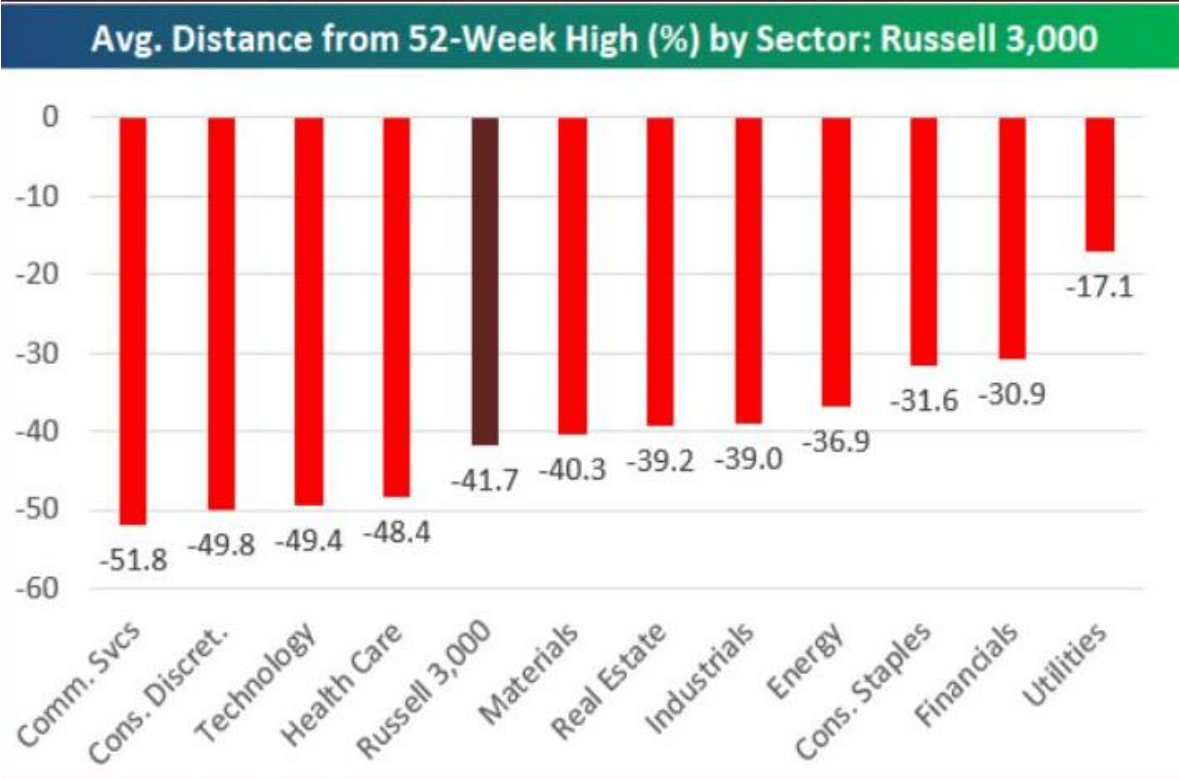
Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg





#russell-3000 #drawdown #sectors

Russell 3,000 stocks in Communication Services, Consumer Discretionary, Technology, and Health Care are basically cut in half from 52-week highs.



Source: bespoke

#markets

### #us #equities #valuations

#### Buffett Indicator Moved to Fair Value...



Source: currentmarketevaluation

#markets

#us #equities #valuations

S&P 500 targets by SocGen based on monetary policy and EPS growth expectations.

The downside risk of a mild recession could lead the S&P500 to slip to 3,200 or to 2,500 if the Fed keeps hiking in a recession to control inflation.

	PE	2023 EPS growth				
		-10%	-5%	0%	5%	10%
1970s style Fed inflation fight	11.8	2358	2489	2620	2751	2882
Inflation moderation phase (30yr avg)	16.5	3287	3469	3652	3834	4017
QE-boom (Last 10yrs)	17.2	3437	3627	3818	4009	4200

Source: SocGen

## #us #equities #valuation

The Normalized S&P 500 PE closed yesterday at 23.4x—exactly ten points above the median of the last 12 bear market lows.

© 2022 The Leuthold Group	
Date of S&P 500 Bear Market Low	S&P 500 P/E on 5-Yr. Normal EPS
October 22, 1957	12.5
June 26, 1962	16.2
October 7, 1966	16.3
May 26, 1970	12.5
October 3, 1974	9.3
March 6, 1978	9.4
August 12, 1982	7.4
December 4, 1987	14.6
October 11, 1990	14.7
October 9, 2002	17.0
March 9, 2009	9.9
March 23, 2020	18.1
Median	13.6

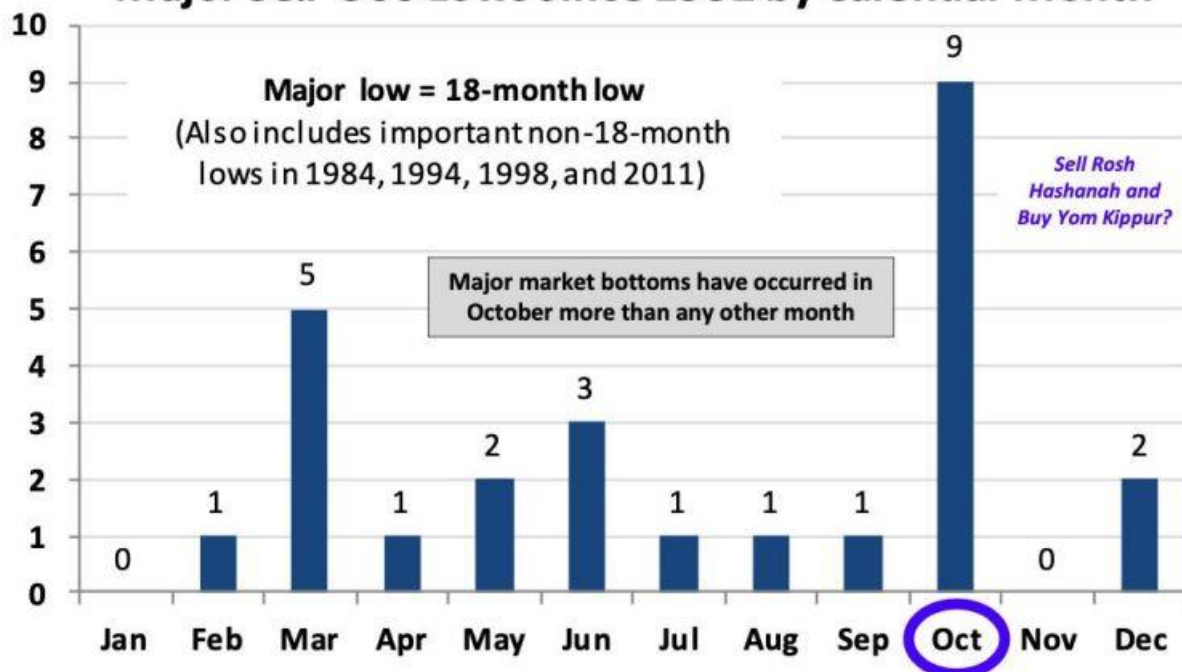
September 26, 2022

23.4

### #us #equities #bottom

A bottom in October?

#### Major S&P 500 Lows since 1932 by Calendar Month

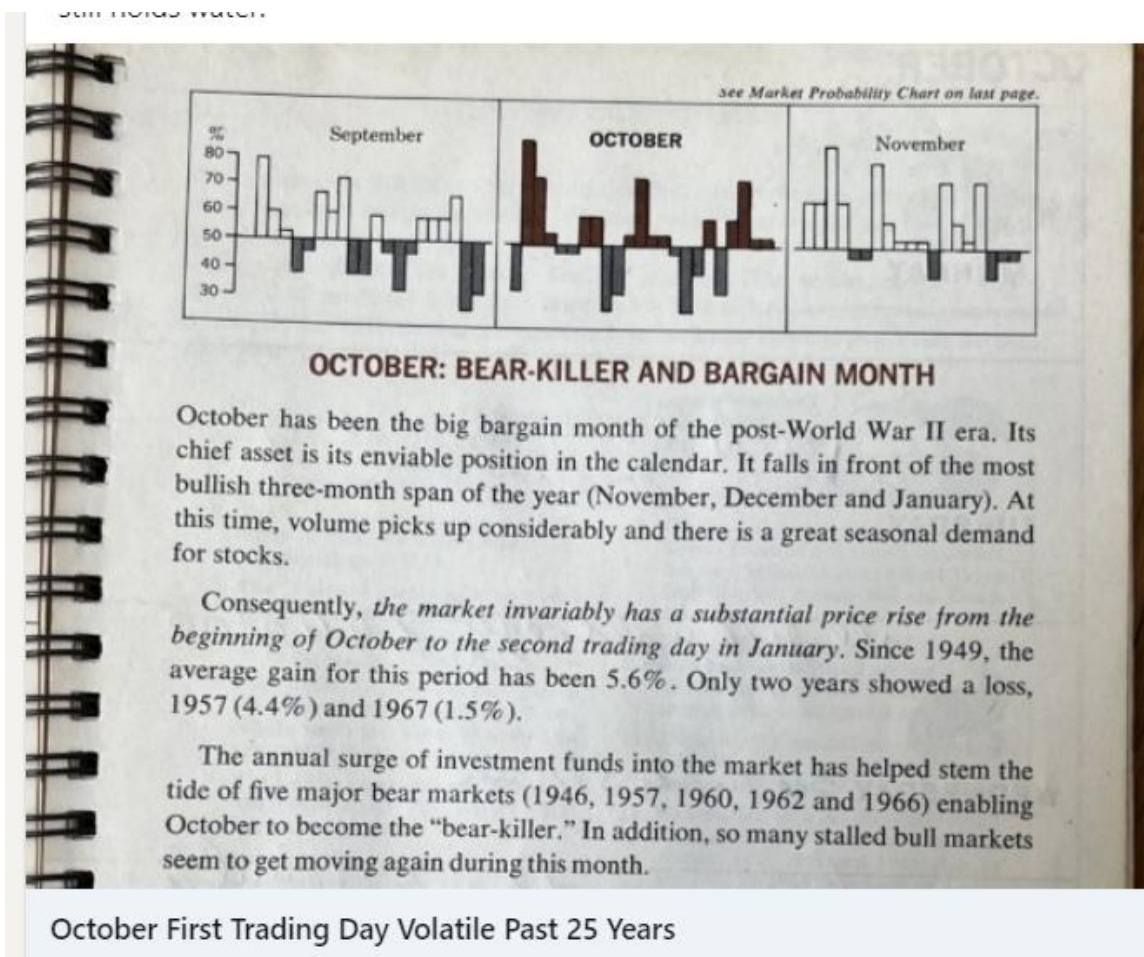


Source: Oppenheimer & Co. and Bloomberg. Note: These results cannot and should not be viewed as an indicator of future performance.

Source: Goldman, Michel A. Arouet

### #us #equities #bottom

#### A bottom in October?



Source: Stock's trader Almanacj



### #apple

One of the culprits for Thursday's bloodbath in equity markets: a rare rating downgrade on Apple by BofA.

**BoFA GLOBAL RESEARCH**

**BoFA SECURITIES**

### Apple Inc.

## Risk/reward more balanced again; Downgrading to Neutral; PO to \$160

Rating Change: NEUTRAL | PO: 160.00 USD | Price: 149.84 USD

#### Strong outperformance once again at risk

We downgrade shares of Apple to Neutral from Buy and lower our PO to \$160. Shares have outperformed significantly YTD (AAPL down 16%, S15INF down 29%) and have been perceived as a relative safe haven. However, we see risk to this outperformance over the next year, as we expect material negative est. revisions driven by weaker consumer demand (Services already in slowdown and we expect products to follow). Our F23 rev/EPs are at \$379bn/\$5.87, significantly below consensus of \$412bn/\$6.46. Apple's FY23 EPS ests. have only compressed from a peak of \$6.56 to \$6.46. Although Apple's long-term prospects remain favorable, we see incremental risk to earnings and valuation over the near term. We lower our PO to \$160 (from \$185) on approx. 27x C23 EPS of \$5.98.

#### Downside risks to the stock

We view the key risks as the following: (1) a weaker iPhone 14 cycle as risk to consumer spending is elevated globally (especially in Europe) and lead time data has been moderating even for Pro models; (2) weaker near-term Services trajectory where App Store and Licensing (Google payments), which account for over 60% of Services, have incremental risk of deceleration; (3) stronger Pro-mix won't offset decline in rev/profit if overall units decline (see Figure 3); (4) stock performance is correlated to gross profit dollars that will likely decline y/y over the next few qtrs.; (5) reversion to pre-COVID levels for iPads and partially on Macs; and (6) pressure from a stronger dollar (headwinds from yen, pound approx. 20% y/y in C4Q, euro 15%, RMB 11% and while hedges/pricing

29 September 2022

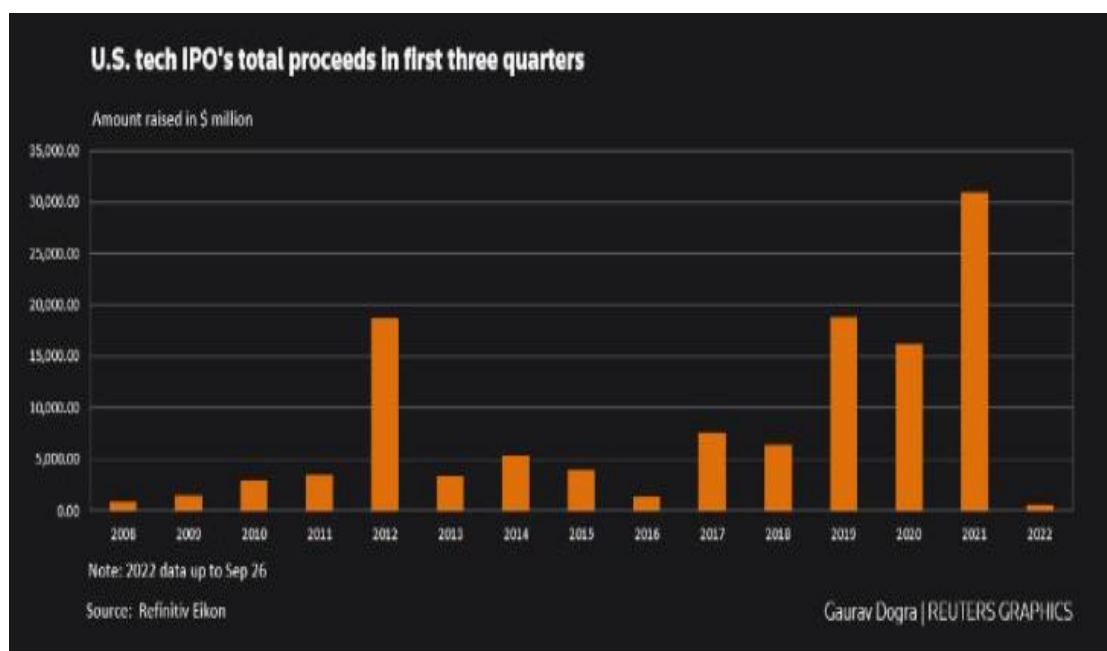
Equity

Key Changes	Previous	Current
(USD)		
Inv. Opinion	B-1-7	B-2-7
Inv. Rating	BUY	NEUTRAL
Price Obj.	185.00	160.00
2022E Rev (m)	391,165.8	390,695.3
2023E Rev (m)	406,468.7	379,399.0
2024E Rev (m)	421,283.3	405,886.0
2022E EPS	6.03	6.02
2023E EPS	6.24	5.87
2024E EPS	6.73	6.48



### #ipo

Initial public offerings by U.S. tech companies have sunk to their lowest levels since the global financial crisis of 2008. According to Refinitiv data, only 14 tech companies have floated their shares on stock exchanges so far this year, compared with 12 in 2009. The IPOs this year have raised \$507 million, the lowest amount that has been raised through flotations since 2000. Total IPO volumes fell 90.4% in the first nine months of this year, compared with last year.



Source: Reuters

#markets

### #europe #equity #markets #september #performance

European stocks were just as ugly in September with UK's FTSE suffering worst...

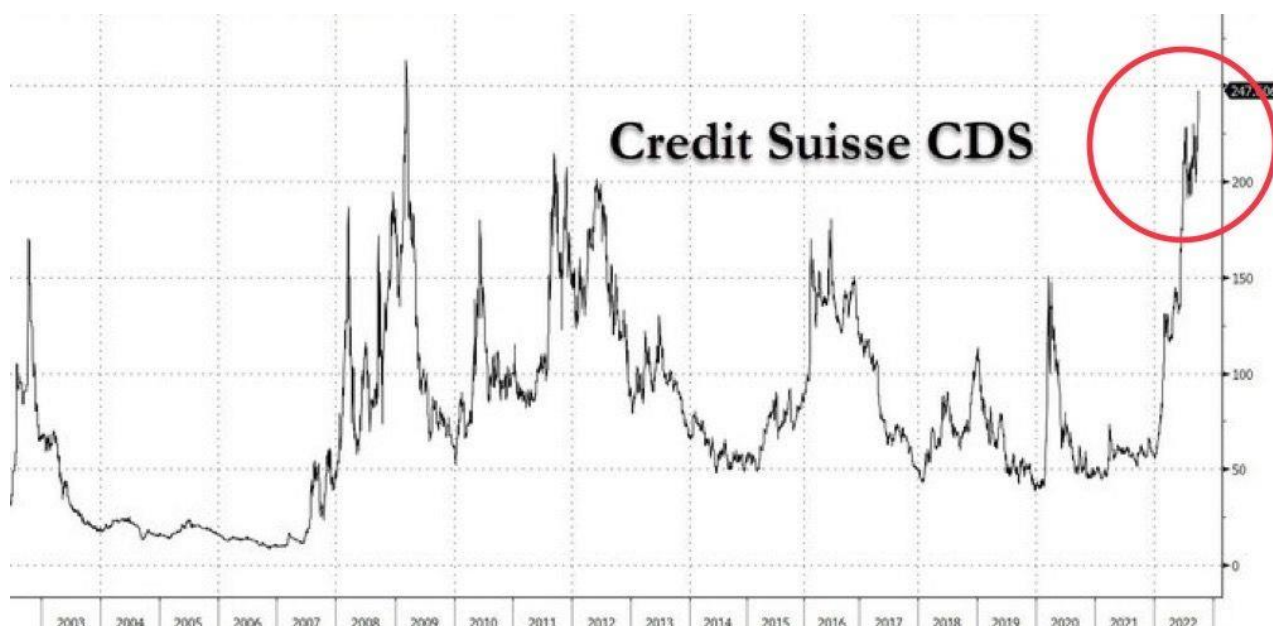


Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg

### #credit-(squeeze)-suisse

Credit Suisse's credit default swaps (CDS), which investors purchase to insure against default and other risks have hit the highest level since the banking crisis in 2008

Its shares have collapsed from \$14.90 in February 2021, to \$3.90 where it is trading now.



Source: Finimize

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Hand-curated selection of the best charts & news flow

1 OCTOBER 2022

#markets

### #credit-(squeeze)-suisse

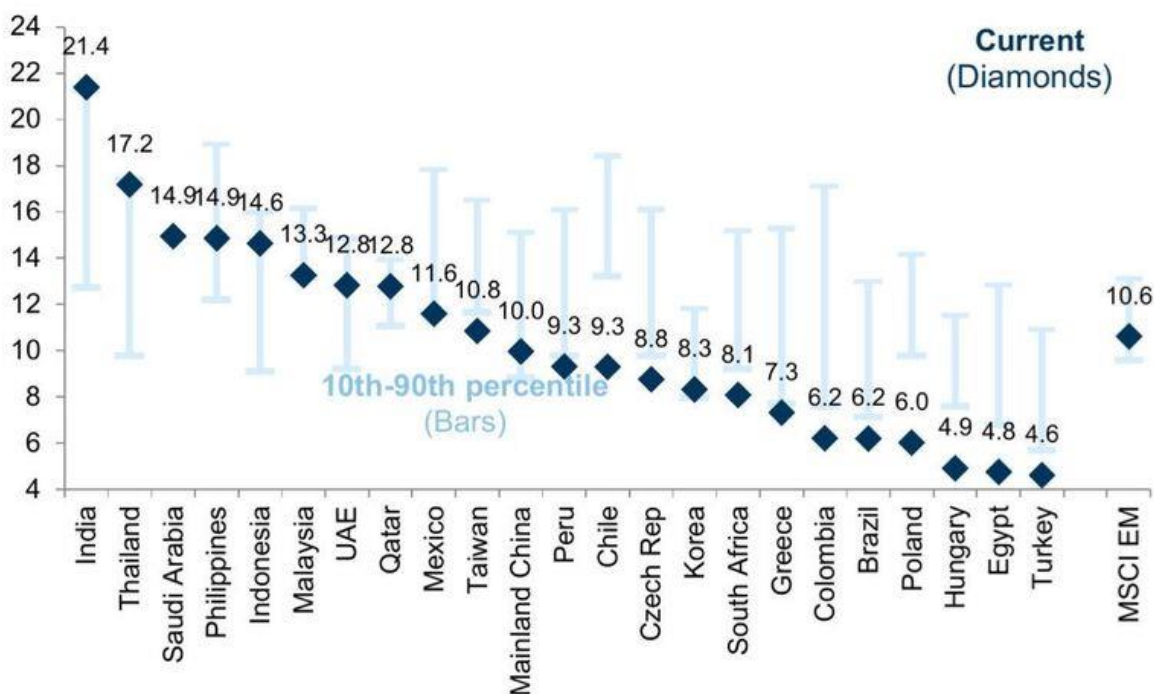


#markets

## #emerging-markets #equities #valuations

Emerging markets PE ratios in historical context. India is the most expensive, Turkey the least

### PE Ratios (since 2003)

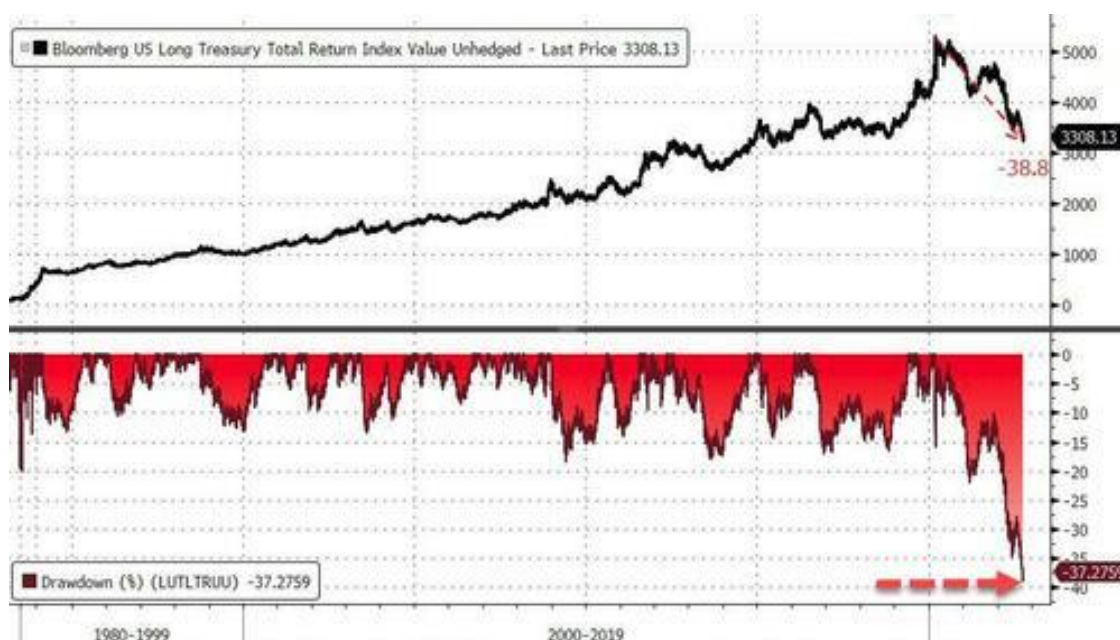


Source: Factset, Goldman Sachs Global Investment Research

Source: Goldman Sachs

### #us #bonds #quarterly #performance

The global bond market is currently undergoing its worst drawdown ever...



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



#markets

### #us #bonds #monthly #performance

While weakness spread across global bonds, it was the US Treasury market that led the way in September with the short-end up over 70bps in yield...



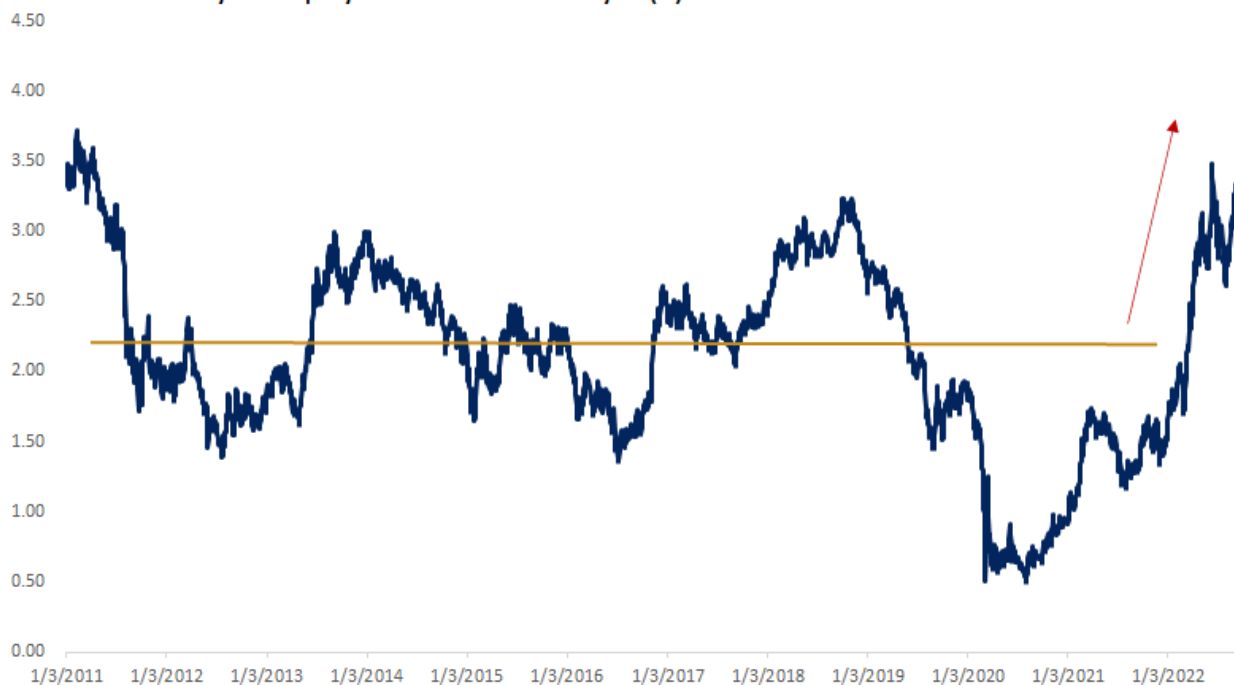
Source: Bloomberg, [www.zerohege.com](http://www.zerohege.com)



### #us #treasuries #10y

If long bond yields stabilize from current elevated rates, this could support a more sustainable rebound.

10-Year U.S. Treasury Yield rapidly climbs towards 4.0% this year (%)



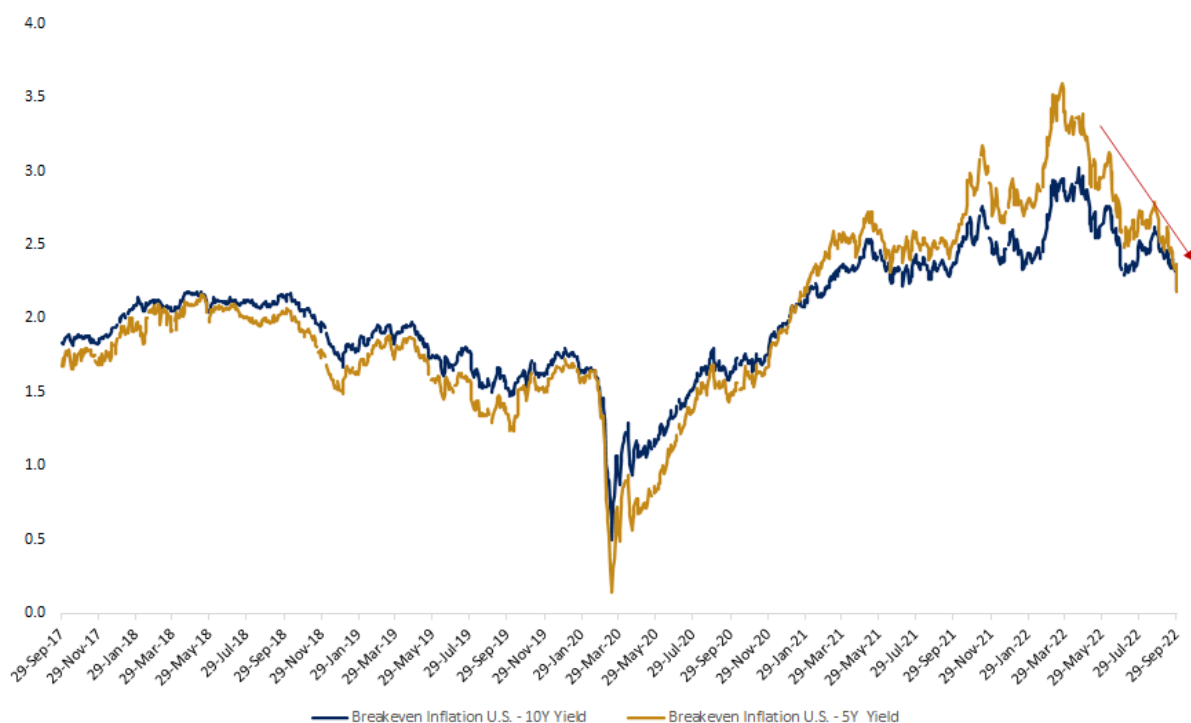
Source: Edward Jones

#markets

### #us #breakeven-inflation

Break-even inflation rates indicate that inflation may be moderating

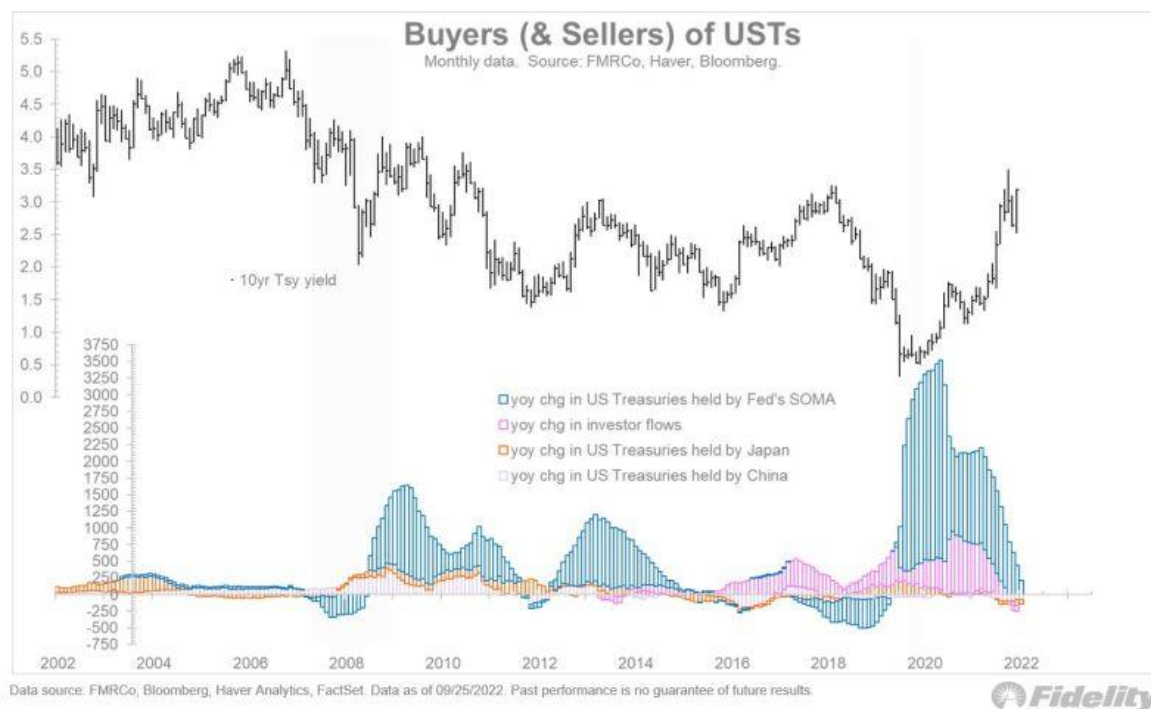
Breakeven inflation rates in the U.S. starting to rollover (%)



Source: Edward Jones

### #us #treasuries #sell-off

The chart below explains well the current rise in #us #real #bond #yield. Indeed, we are currently facing a conundrum: US nominal bond yields are rising while #inflation expectations are falling. So what's going on? Answer: a buyer's strike. Foreigners (China, Japan) are selling Treasuries and SOMA (The Federal Reserve System Open Market Account) is now turning net seller (from QE to QT).



Source: Fidelity

### #us #treasuries #long-duration

The longest duration bond ETF is now down 53% from its high in March 2020. How is that possible? The 30-Year Treasury yield has moved from an all-time low of 0.8% in March 2020 up to 3.8% today.



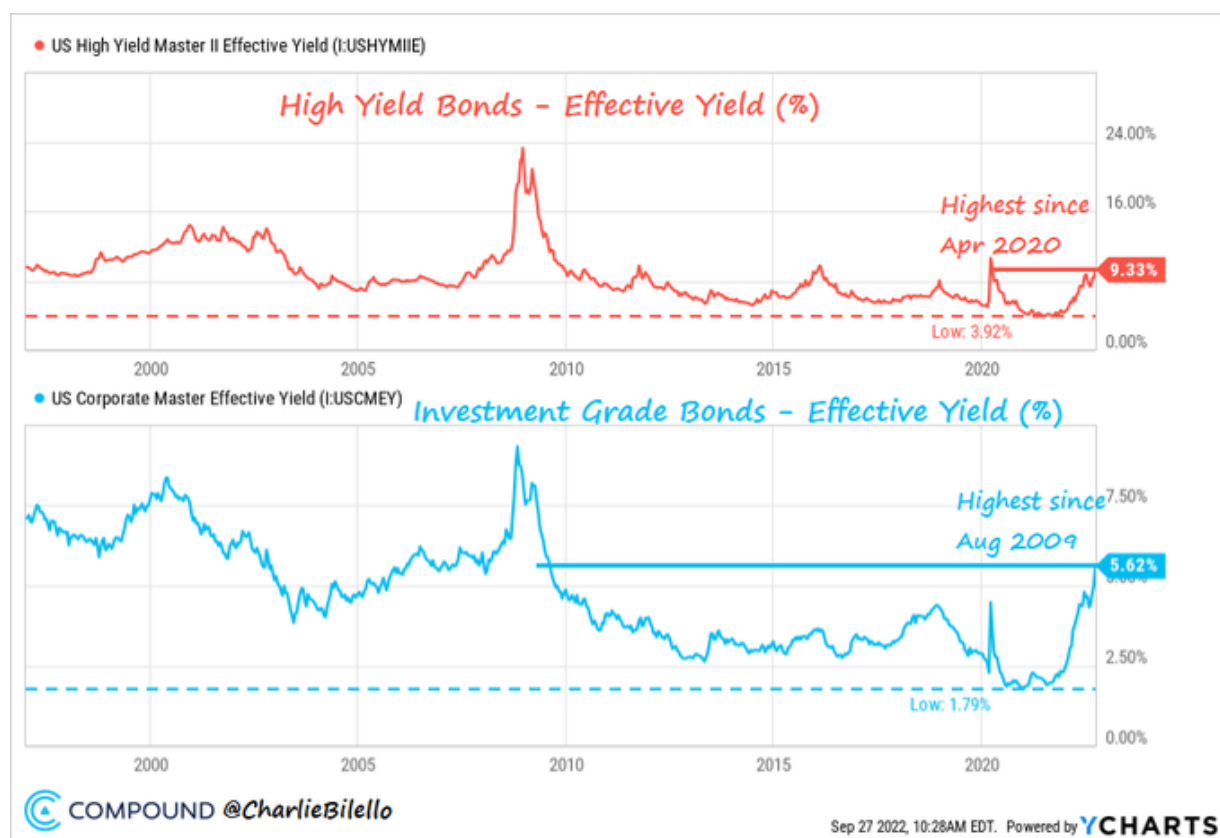
Source: Charlie Bilello

### #us #credit

Rising yields on US Corporate Bonds...

-High Yield up to 9.33%, highest since Apr 2020.

-Investment Grade up to 5.62%, highest since Aug 2009.



Source: Charlie Bilello

### #uk #gilts

How could you have earned 42% return on Wednesday from AA-rated investment?, DB's Reid asks & explains: Simple. At anytime between 8-11am all you had to do was buy 40y Gilts before BoE effectively restarted QE only days before QT was suppose to start...



Source: HolgerZ, Bloomberg



#markets

### #uk #gilts

LONG-TERM GILTS IN HISTORIC SWING. BoE warns of risk to UK financial stability as it intervenes in bond market. Emergency action follows sell-off in UK government bonds. Gilts rallied. UK 30y yields, which earlier touched 20y high >5%, fell by 0.75ppts to 4.3%, biggest daily drop in yields ever.



Source: FT

#markets

### #turkey #cbs



Holger Zschaepitz   
@Schuldensuehner

...

S&P cuts [#Turkey](#)'s debt rating further into junk on loose policy ahead of 2023 parliamentary & presidential elections. The rating company lowered Turkey to B from B+, leaving it on par w/Mongolia & Egypt. The outlook on the rating is stable. Mkts price in 42% default probability.



#markets

### #forex #dollar-index

The dollar rose for the 4th straight month (and 8th of the last 9) to its strongest since April 2002...



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

## #forex #quarterly #returns

Russia's Ruble was the best performing currency (along with the Mexican Peso) while the rest of the world's fiat faded against the greenback...



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

## #forex #2022

The best and worst performing currencies in 2022



Source: Bloomberg, Finimize

### #forex #strong-dollar

STRONG DOLLAR OR WEAK EUROPE? USD isn't strong against emerging markets currencies (blue). Second, where the Dollar is strong is vs European currencies like euro or the pound. So we might actually not be seeing a strong dollar but rather a weak Europe...

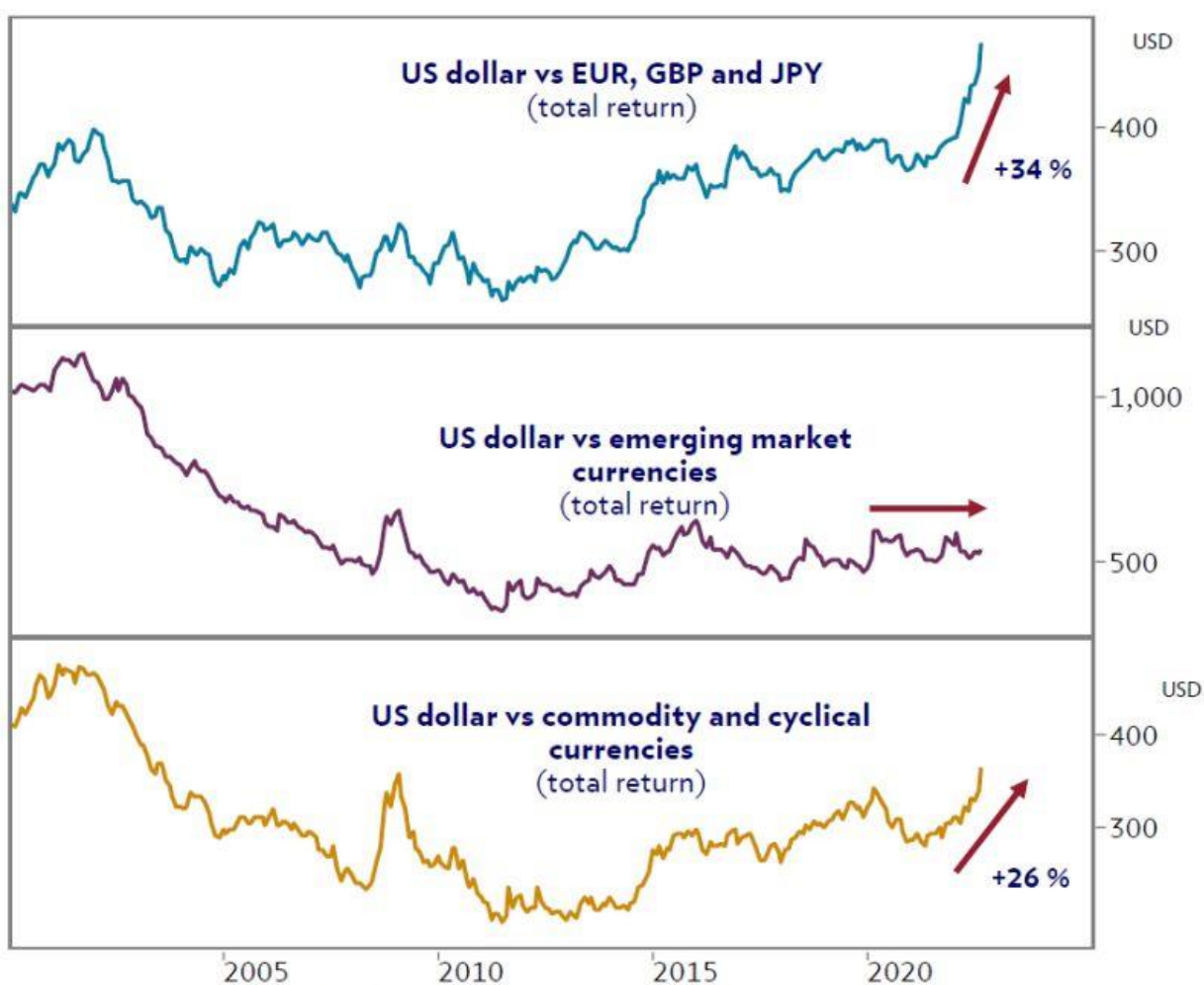




#markets

### #forex #strong-dollar

A developed markets currency crisis...



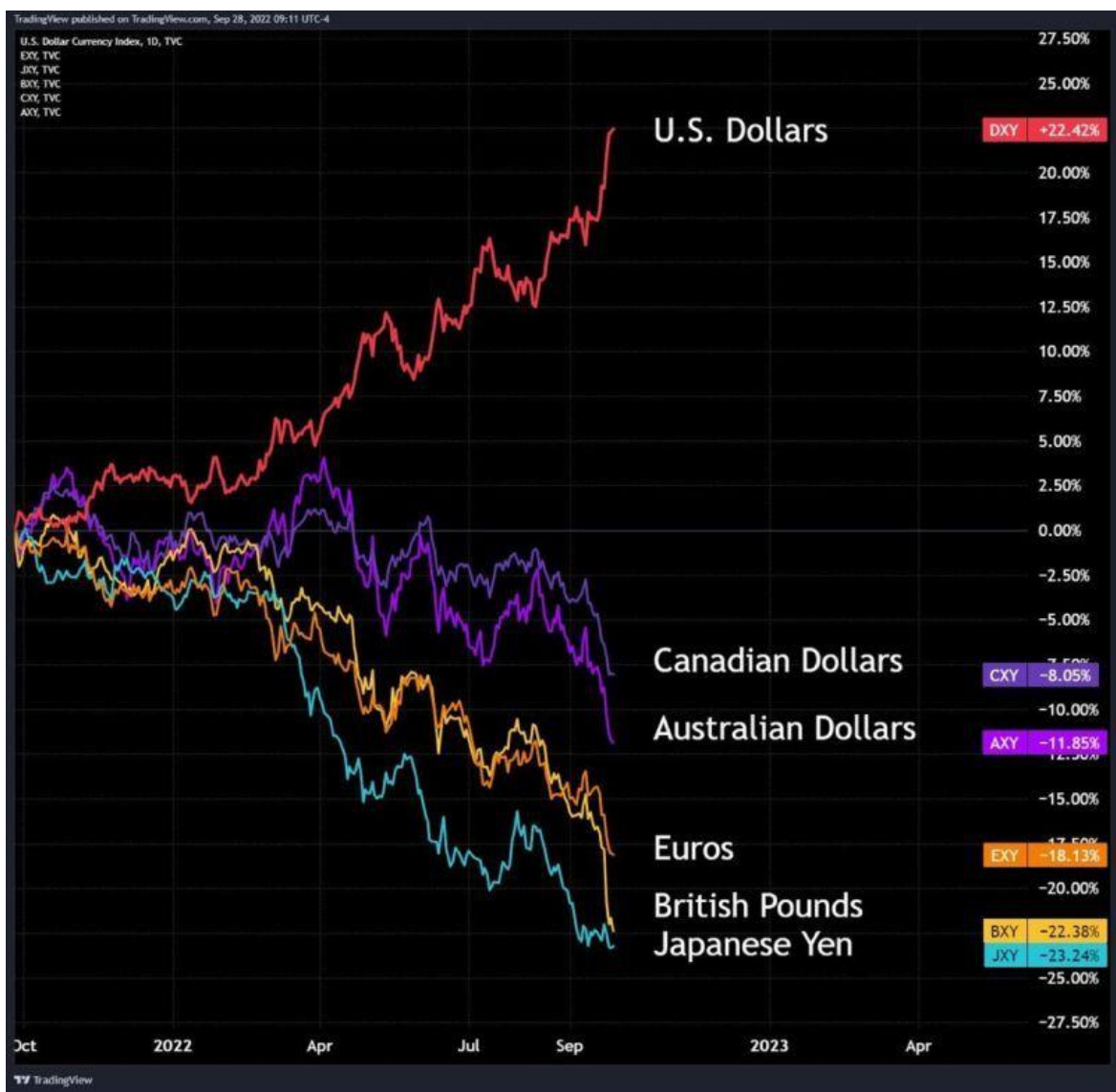
Source: Bloomberg Finance L.P., Julius Baer

Source: Julius Baer

#markets

## #forex #strong-dollar

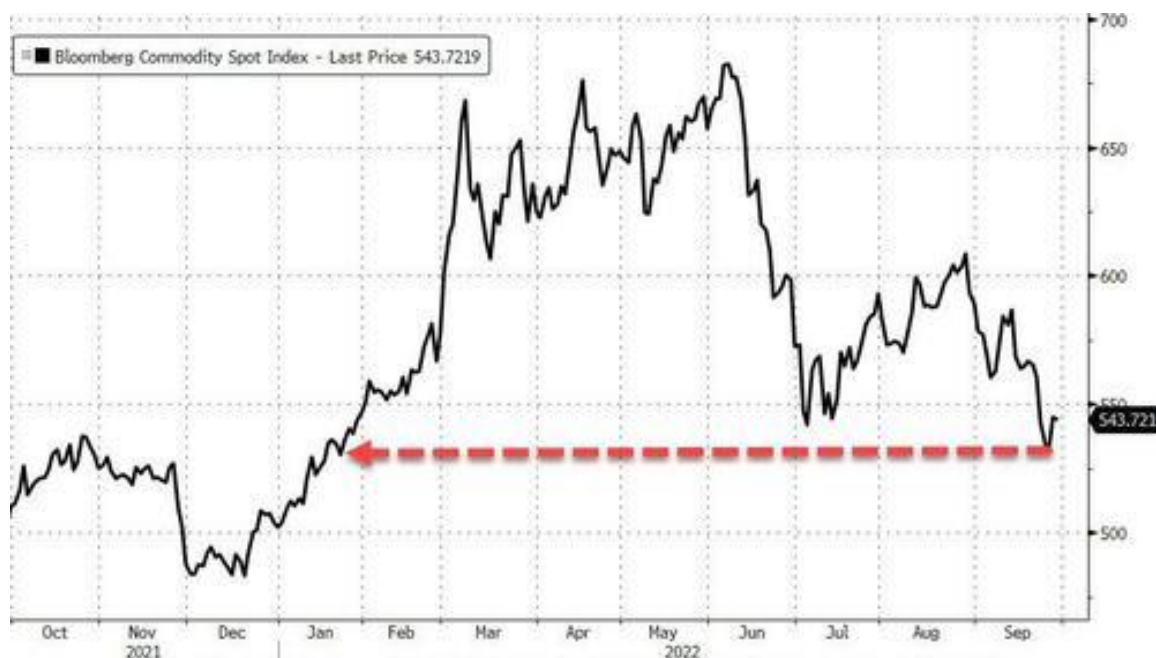
The big crocodile jaw in G10 forex...



#markets

### #commodities #quarterly #performance

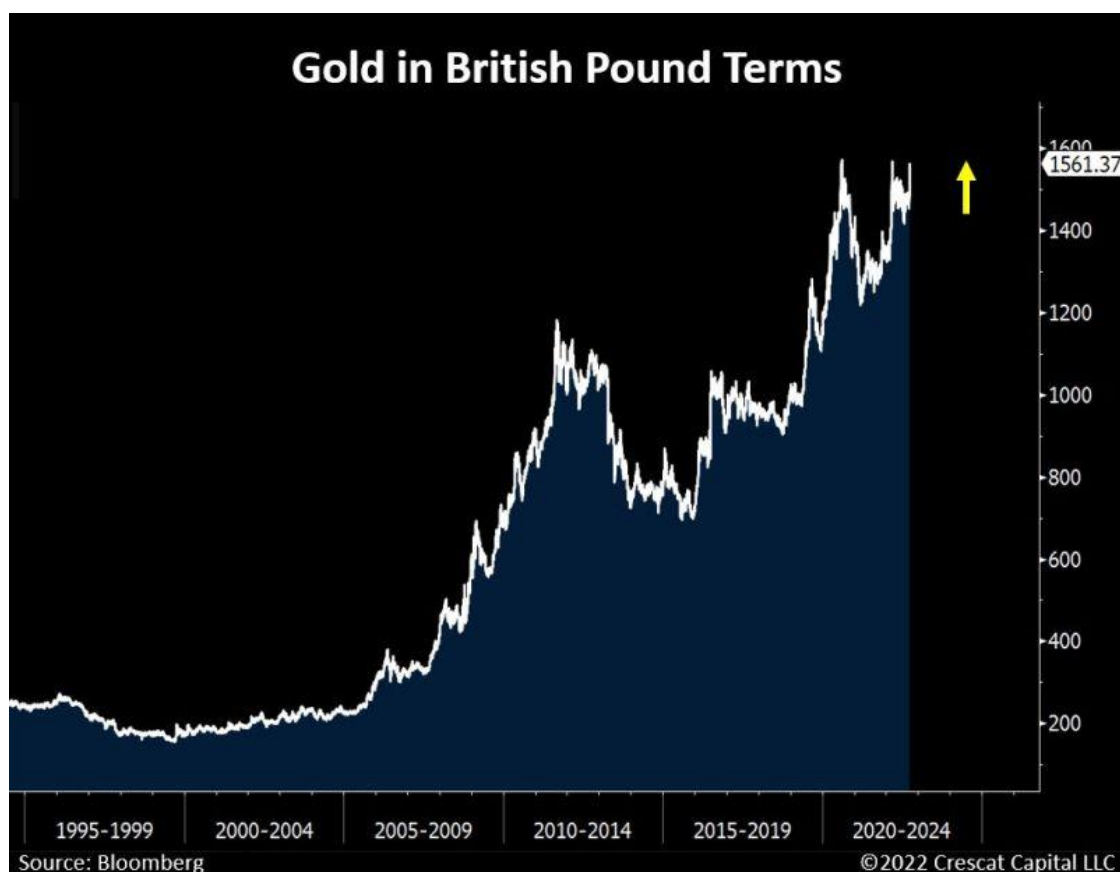
The strong dollar weighed on everything with Bloomberg's Spot Commodity Index down for the 3rd month of the last 4 and back at its lowest since Jan 2022...



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

### #gold #gbp

The pound is in free fall. It hits a new record low and is quickly heading toward parity with the US dollar. Meanwhile, #gold is about to make new highs in GBP terms (despite poor absolute performance). With global monetary debasement, will other fiat currencies face the same outcome?

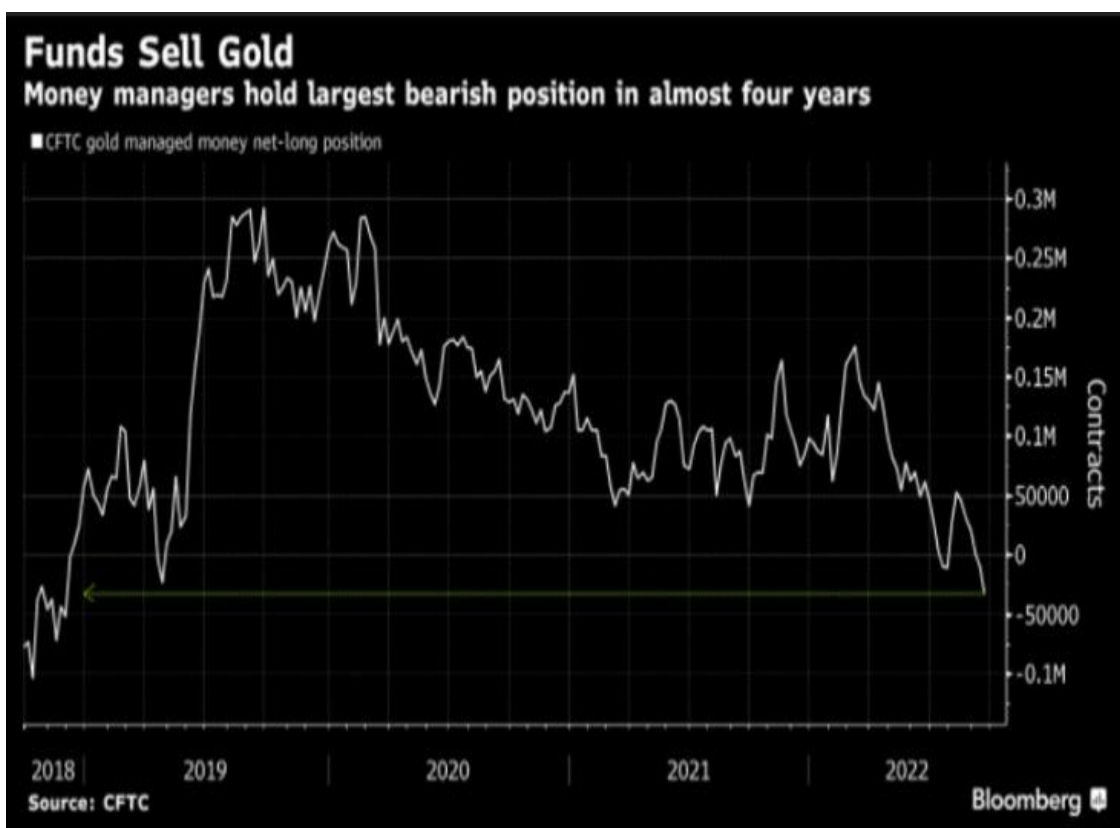


Source: Crescat Capital

#markets

### #gold #positioning

Hedge funds and other large speculators boosted their net-short position in Comex futures and options by 22,834 contracts in the week through Sept. 20, according to US government data.




Source: bloomberg, cftc

## #oil #us #strategic-reserves

The US Strategic Petroleum Reserve has moved down to 423 million barrels, its lowest level since 1984. The 29% decline this year is already the largest ever for a calendar year by a wide margin, and there's still 3 months to go.

US Strategic Petroleum Reserve							
Year End	Barrels (in Millions)	Change (in Millions)	% Change	Year End	Barrels (in Millions)	Change (in Millions)	% Change
1982	293			2003	636	37	6.3%
1983	378	85	29.0%	2004	674	38	5.9%
1984	449	71	18.7%	2005	685	11	1.6%
1985	493	44	9.7%	2006	689	4	0.6%
1986	511	18	3.7%	2007	696	8	1.1%
1987	540	29	5.7%	2008	702	5	0.8%
1988	560	19	3.6%	2009	726	24	3.5%
1989	580	20	3.6%	2010	727	0	0.1%
1990	586	6	1.0%	2011	696	-31	-4.2%
1991	569	-17	-2.9%	2012	695	-1	-0.1%
1992	575	6	1.1%	2013	696	1	0.1%
1993	587	12	2.2%	2014	691	-5	-0.7%
1994	592	5	0.8%	2015	695	4	0.6%
1995	592	0	0.0%	2016	695	0	0.0%
1996	567	-24	-4.1%	2017	664	-31	-4.5%
1997	563	-4	-0.7%	2018	649	-15	-2.2%
1998	569	5	0.9%	2019	635	-14	-2.2%
1999	568	-1	-0.1%	2020	638	3	0.5%
2000	541	-26	-4.7%	2021	594	-44	-7.0%
2001	549	8	1.5%	2022 YTD	423	-171	-28.8%
2002	599	50	9.1%				


@CharlieBilello
Source: US Energy Information Administration

Source: Charlie Bilello



#markets

## #oil #drawdown



Charlie Bilello  
@charliebilello

Crude Oil closed at its lowest level since Jan 3, down 41% from its high. The 3.7% YoY increase is the lowest since early 2021. Following the same pattern as the 2nd half of 2008 when high prices & a global recession destroyed demand, leading to a collapse in commodity prices.



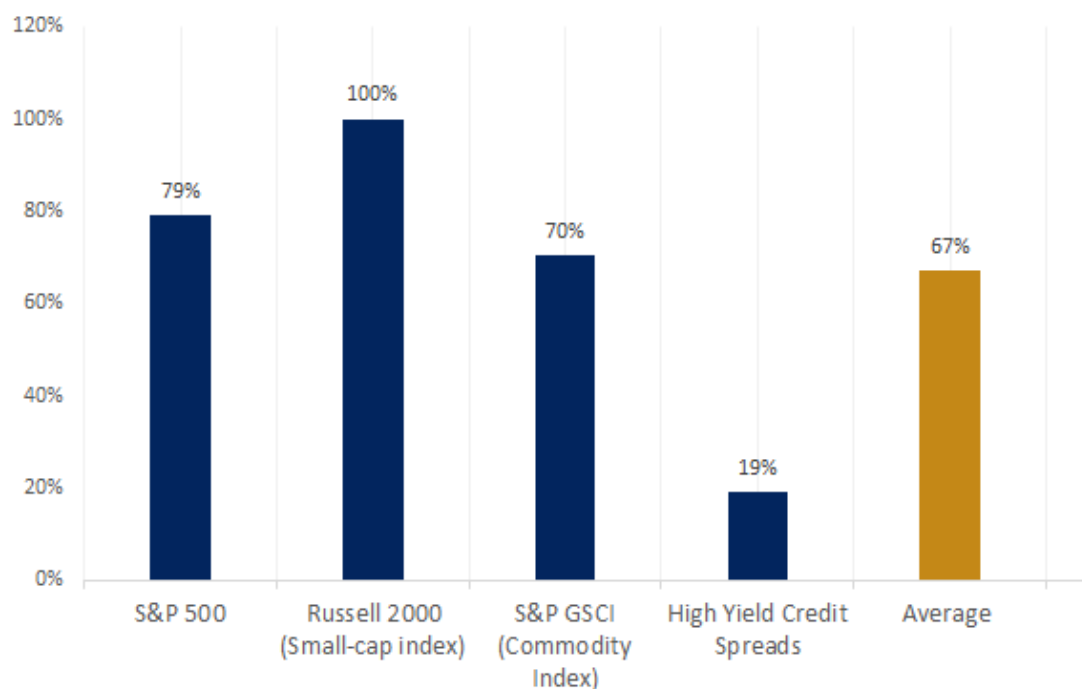
4:13 AM · Sep 27, 2022 · Twitter Web App

#macro

### #us #recession #probability

Financial markets are pricing in higher probabilities that a U.S. recession is on the horizon

**The implied recession probability across financial markets averages nearly 70%**



Source: Edward Jones

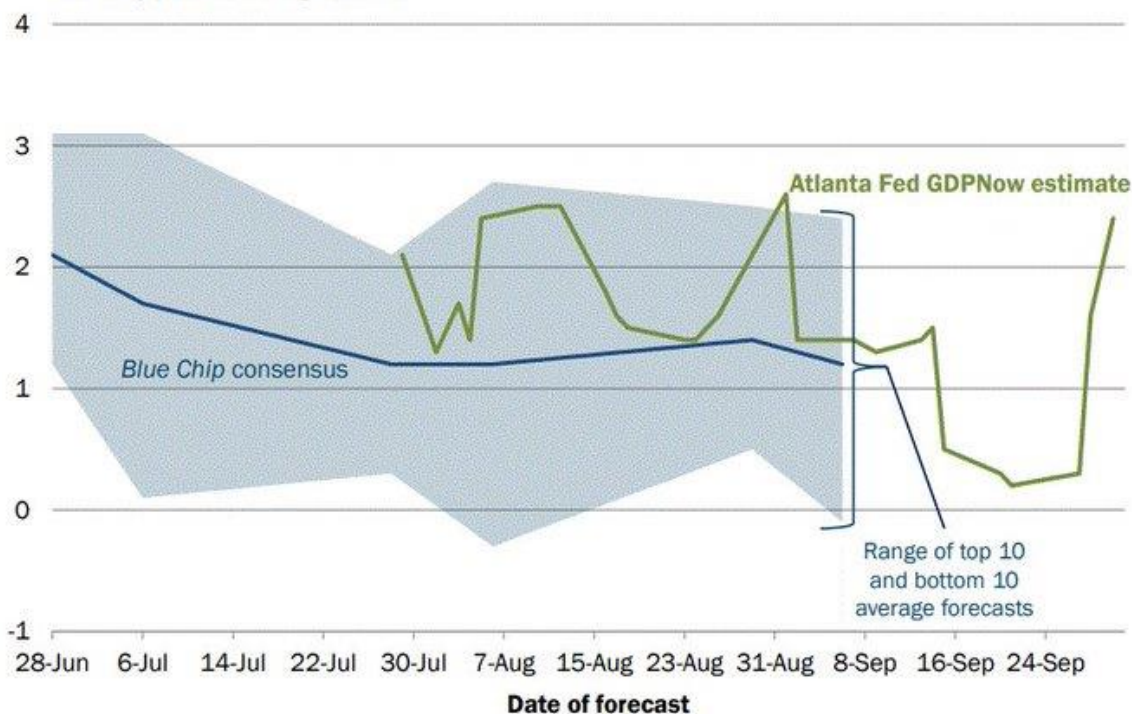
#macro

### #us #gdp #nowcast

From GDP ow to wow. Atlanta Fed GDPNow model for 3Q2022 has surged to +2.4% (q/q ann.), which is up considerably from +0.3% just a few days ago. Reasons are higher exports and consumption (neither likely to persist)

#### Evolution of Atlanta Fed GDPNow real GDP estimate for 2022: Q3

Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Source: Liz Ann Sonders

#macro

### #us #pce #inflation

August PCE #inflation still hot at +6.2% y/y vs. +6% est. & +6.4% prior; core PCE +4.9% y/y vs. +4.7% est. & +4.7% prior ... headline PCE +0.3% m/m vs. +0.1% est. & -0.1% prior; core +0.6% vs. +0.5% est. & +0.1% prior.



Source: Liz Ann Sonders

#macro

### #eurozone #inflation

Eurozone inflation hit double digits for the 1st time ever. Jumps to record 10% in Sep. Core CPI accelerates to fresh ATH as well.



Source: Bloomberg, HolgerZ

#macro

### #german #inflation

German inflation hits double digits for 1st time since WWII. Sep CPI accelerates to 10% from 7.9% in August.



Source: Bloomberg, HolgerZ



#macro

### #german #food #inflation

FOODFLATION IN GERMANY. Supermarket prices in Germany are rising much faster than in other eurozone countries. Food CPI jumped 19% YoY in Sep, the highest food price #inflation since the start of the statistic.



Source: Bloomberg, HolgerZ

#macro

### #freight-rates

Global container freight rates hit an 20-month low this week, down 63% from their peak. Still over 2x higher than pre-pandemic levels but continuing to move in the right direction.

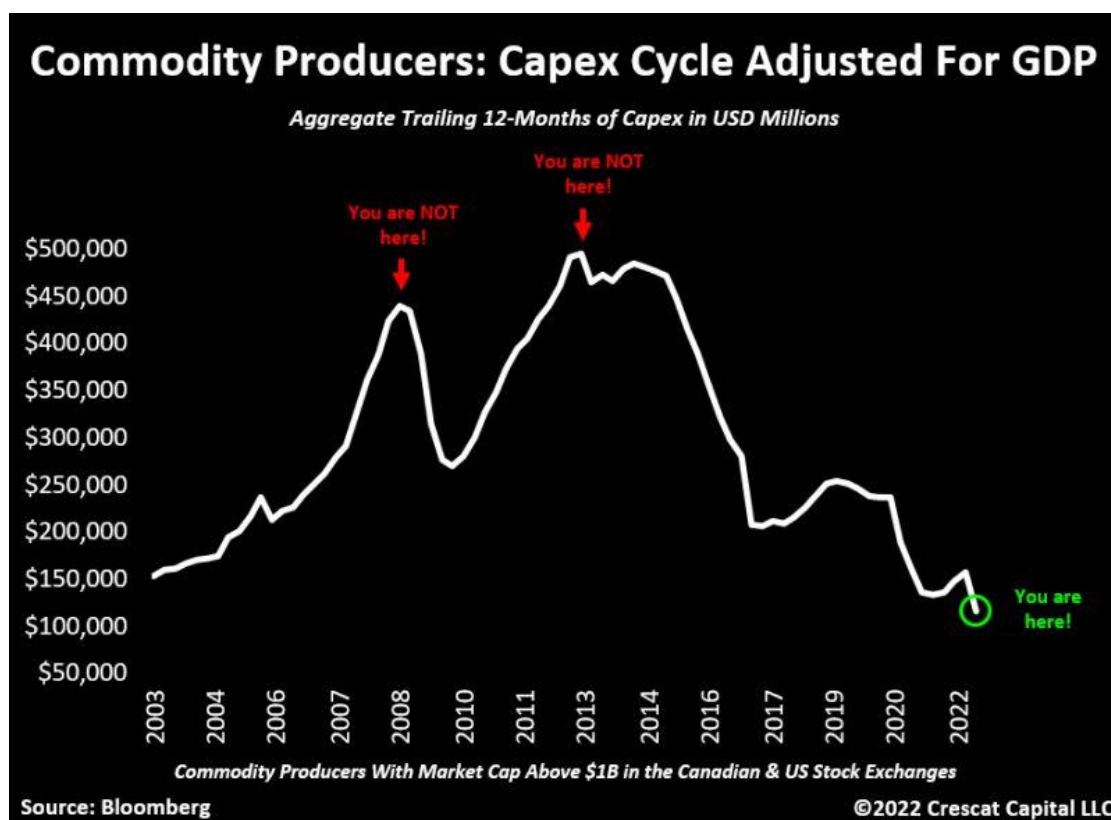


Source: Charlie Bilello

#macro

### #commodity #supply

Capex for commodity producers just hit new lows when adjusted for GDP levels. \$10M dollars today can't do what it did a decade ago. Fed tightening and availability for capital drying up certainly doesn't help. Supply constraints likely to stay with us for a long time...



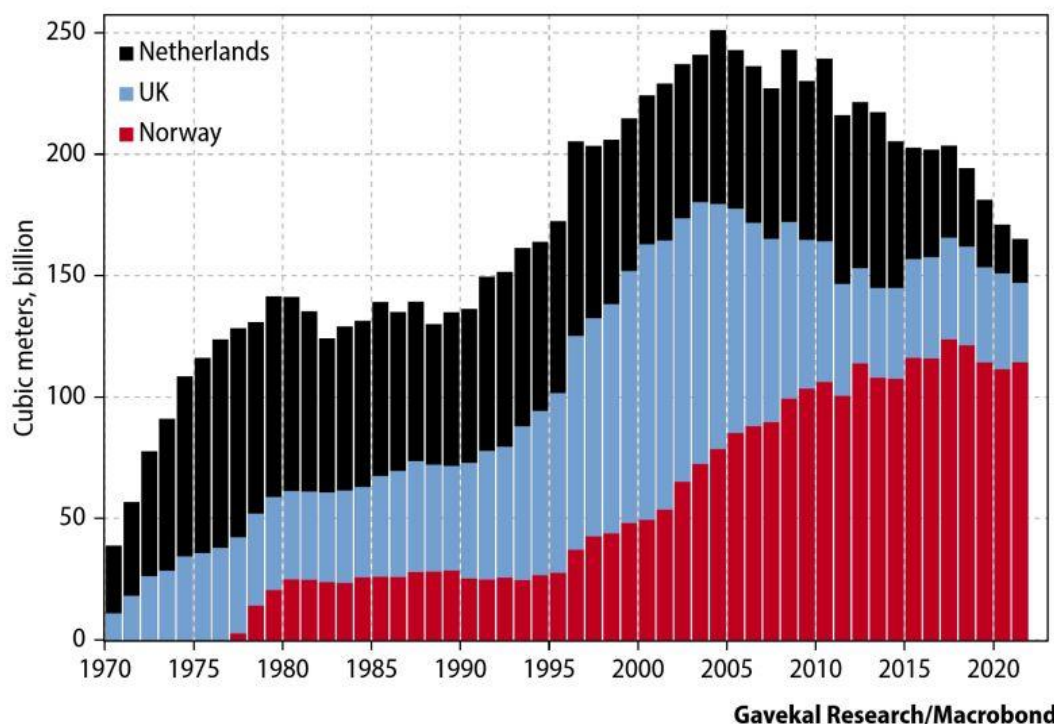
Source: Crescat Capital, Bloomberg

#macro

## #europe #natural-gas

The UK, Norway and the Netherlands produced 9% of the world's natural gas up to 2005, when Europe's gas supply was more secure. Since 2005 natural gas production fell sharply due to a combination of maturing gas fields, high production costs, low prices, high taxes and tighter environmental regulation. This downward production trend is now reversing—least in the UK where natural gas production is up 26% this year, spurred on by high gas prices.

**Europe's natural gas production fell by a third over the last 15 years**

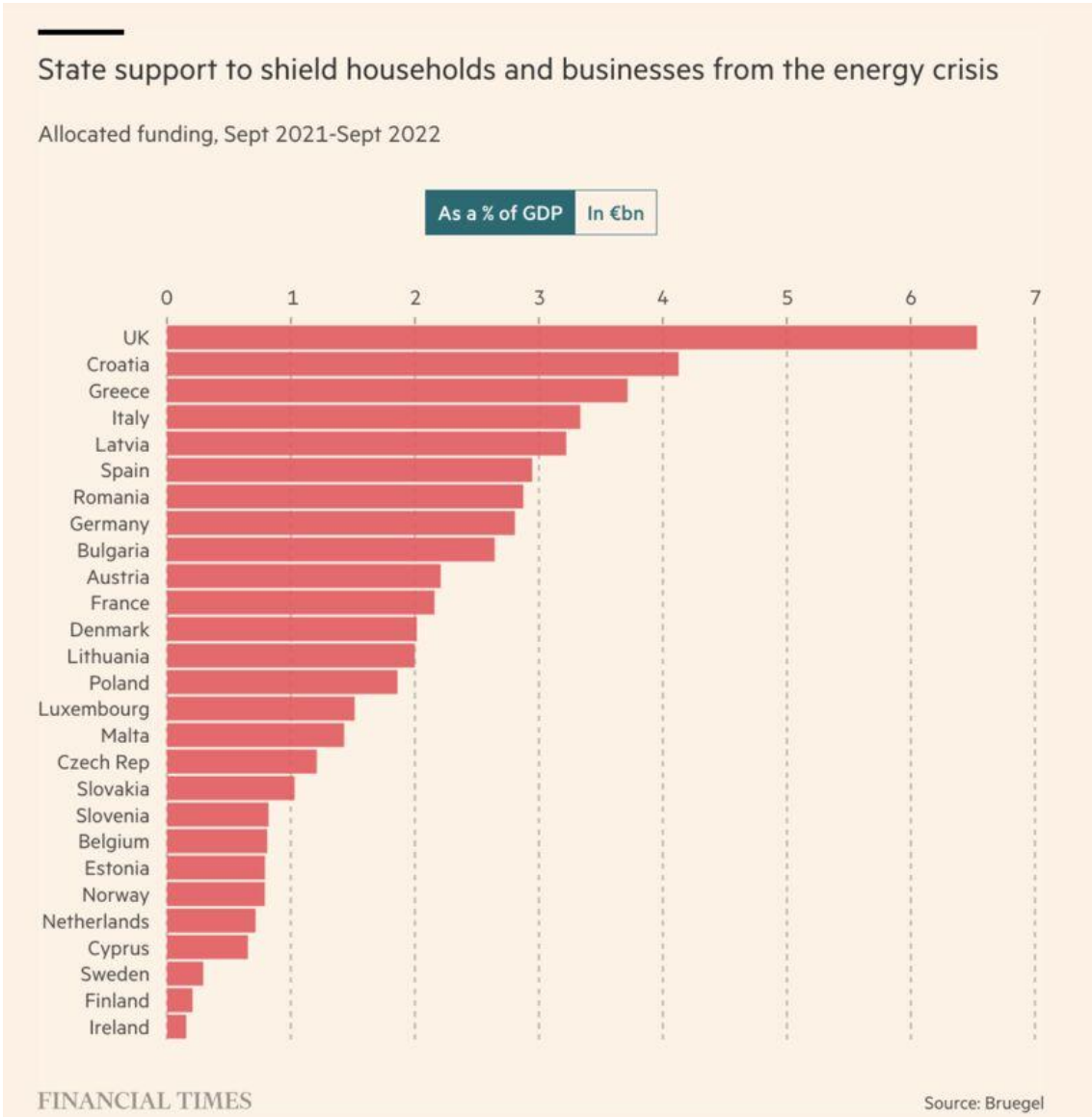


Source: Gavekal



#eu #energy-crisis

Is Europe doing enough to get through winter?

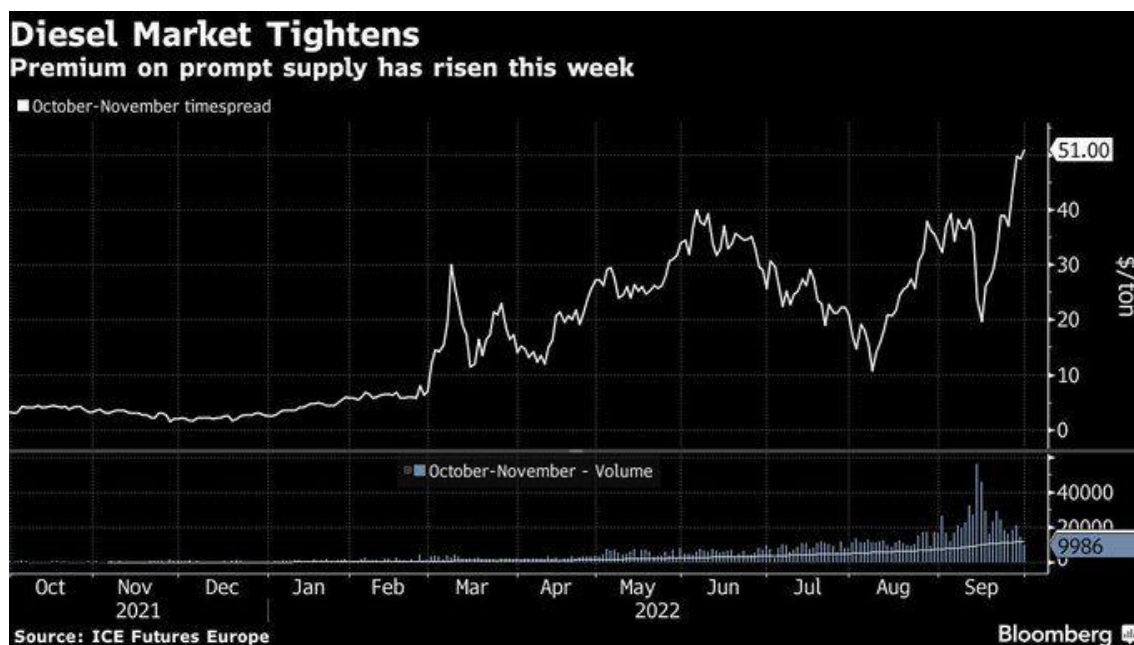


Source: FT

#macro

### #eu #energy-crisis

Another negative development EU energy crisis front...Diesel market tightens in France due to strike... French oil refinery strikes leave some filling stations dry. CGT union says area around Le Havre and Lyon are affected. French government is looking to replenish fuel stockpiles.



Source: Bloomberg



## #uk #sovereign-crisis

Here's a simple but inspiring chart by Federal Reserve of Saint Louis: what was done by BoE is actually what happens when nations can no longer take the burden of rising debt levels: soft default. Consequence is even higher inflation (even hyperinflation), so potentially weaker Pound which will require even more fiscal support. Is the BoE trapped?



#macro

#uk #sovereign-crisis

# IMF gives damning verdict on Britain's tax cuts

PUBLISHED WED, SEP 28 2022 1:45 AM EDT

UPDATED WED, SEP 28 2022 3:29 AM EDT

Hannah Ward-Glenton

@HANNAHSWG

WATCH LIVE

## KEY POINTS

- The new economic measures laid out by the U.K. government "will likely increase inequality," according to the IMF.
- The IMF does "not recommend large and untargeted fiscal packages at this juncture," a spokesperson said.

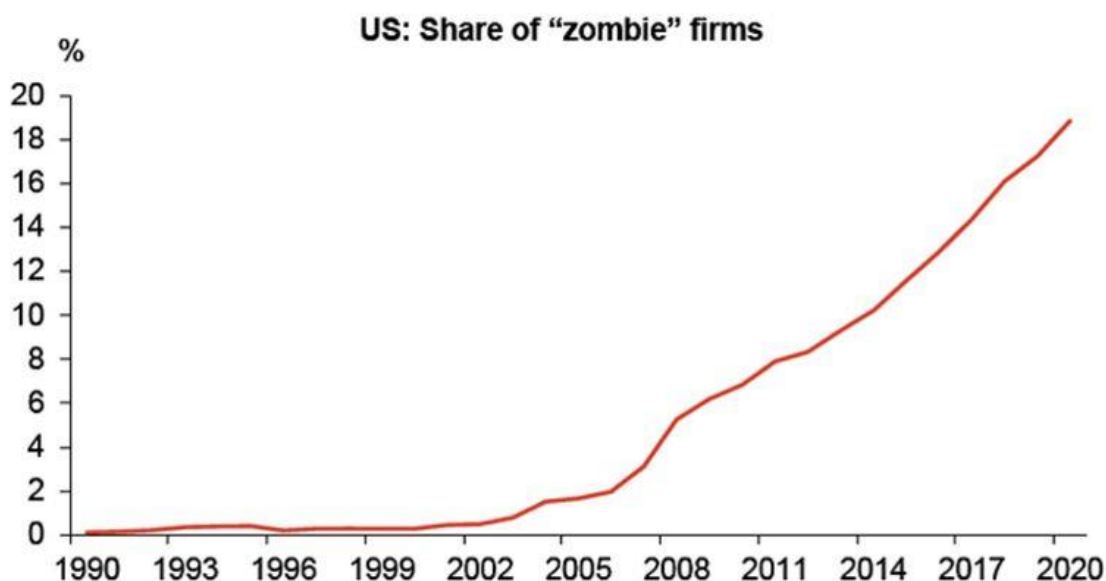


#macro

### #us #zombies

Do you remember this chart by DB? US share of zombie companies is 3x higher than during GFC (2008). With the rise of bond yields and credit spreads widening, many of them could be at risk of blowing up

US: Rising share of companies with debt servicing costs that are higher than profits



Note: Firm-level data is used to calculate the share of listed firms that are more than ten years old with an interest coverage ratio less than one for three years in a row.

Source: Datastream, Worldscope, DB Global Research

Source: DB

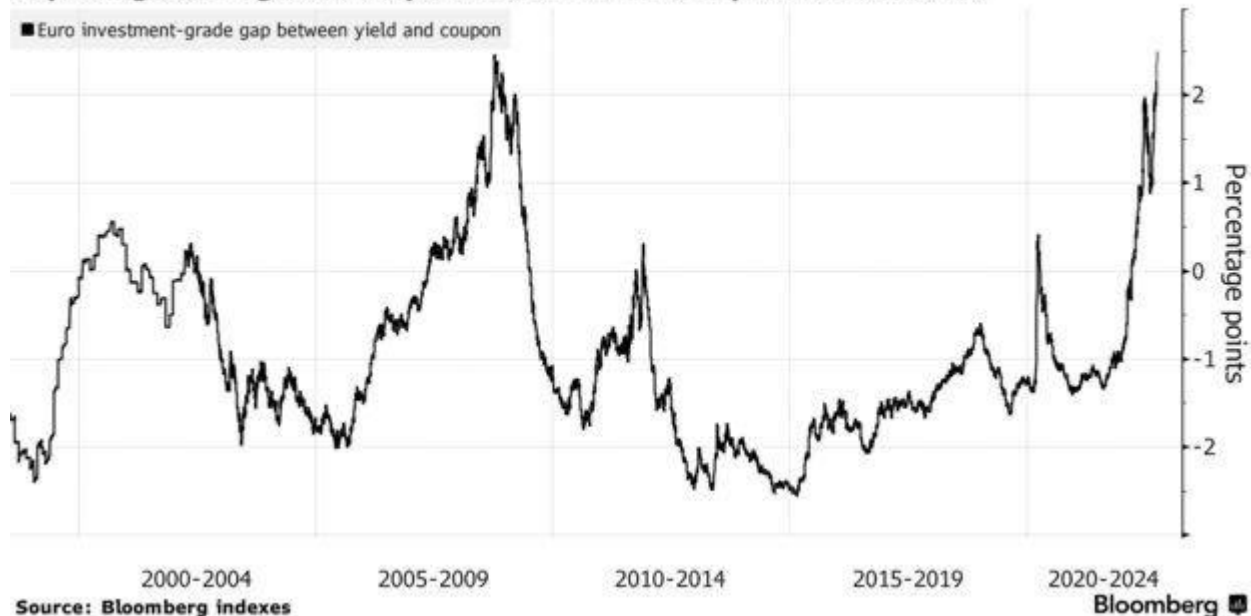
#macro

### #european #zombies

European zombie companies which need to refinance their debt are facing most expensive rates on record.

#### Record Refi Cost

Replacing existing euro corporate debt is most expensive on record

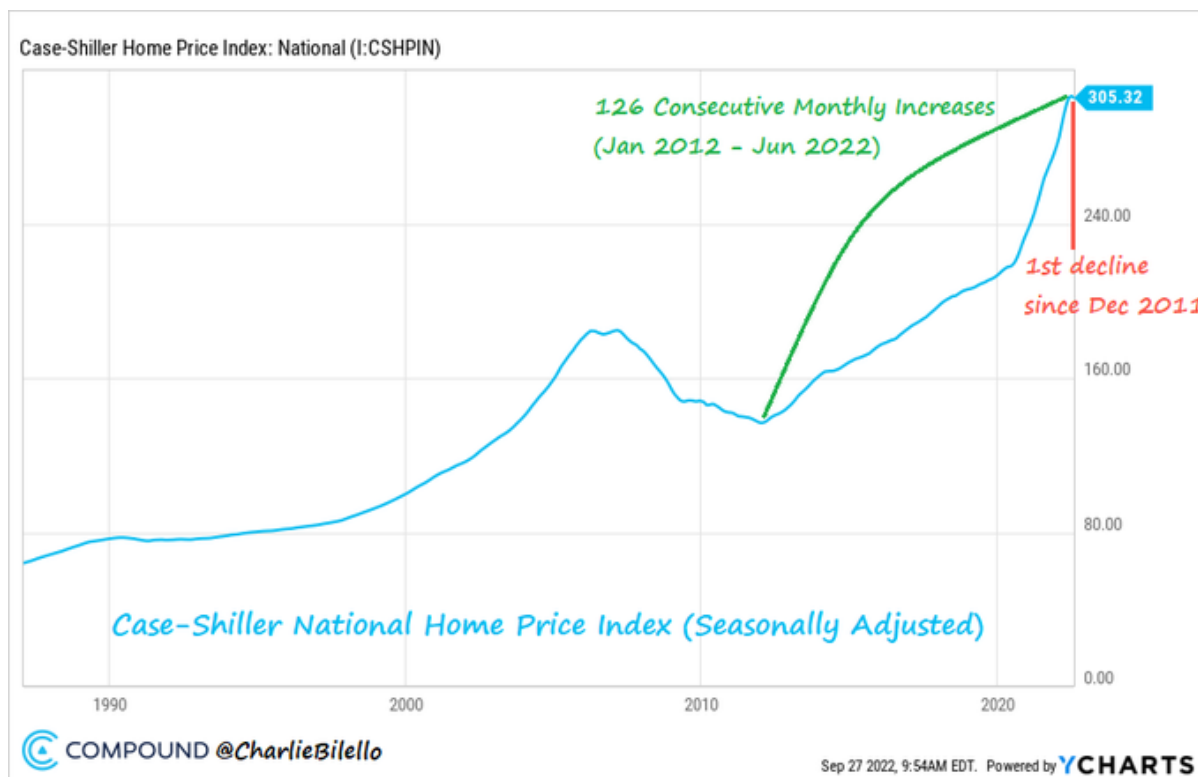


Source: Bloomberg

#macro

### #us #housing

US Home prices fell in July for the first time since December 2011, ending a streak of 126 consecutive monthly increases (note: case-shiller national home price index, seasonally adjusted).

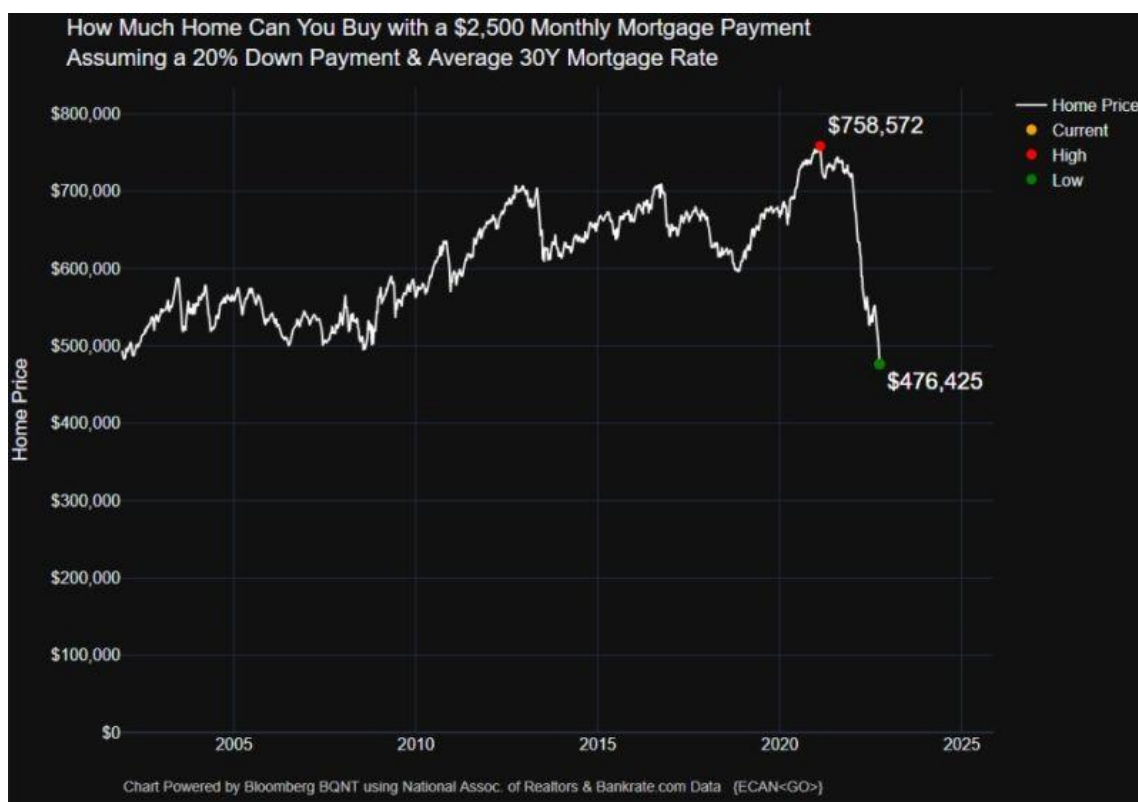


Source: Charlie Biello

#macro

### #us #housing

THE IMPACT OF RISING MORTGAGE RATES IN THE US... How much home you can buy with a \$2,500/month payment (and 20% down payment)? In early 2021, one could afford a \$759k house. Today, the same monthly payment allows you to buy a \$476k house (-37%)...



Source: Bloomberg, Liz Ann Sonders



#centralbanks

## #central-banks

## Global Central Bank Update:

Global Central Bank Policy Rates						
Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	Last Move	Last Move Month
Japan	Policy Rate Bal	-0.10%	3.0%	-3.1%	Cut	Jan-16
Switzerland	Target Rate	0.50%	3.5%	-3.0%	Hike	Sep-22
Denmark	Deposit Rate	0.65%	8.9%	-8.3%	Hike	Sep-22
Eurozone	Deposit Rate	0.75%	10.0%	-9.3%	Hike	Sep-22
Thailand	Policy Rate	1.00%	7.9%	-6.9%	Hike	Sep-22
Taiwan	Discount Rate	1.63%	2.7%	-1.0%	Hike	Sep-22
Sweden	Repo Rate	1.75%	9.8%	-8.1%	Hike	Sep-22
Norway	Deposit Rate	2.25%	6.5%	-4.3%	Hike	Sep-22
UK	Bank Rate	2.25%	9.9%	-7.7%	Hike	Sep-22
Australia	Cash Rate	2.35%	6.8%	-4.5%	Hike	Sep-22
Malaysia	Policy Rate	2.50%	4.7%	-2.2%	Hike	Sep-22
South Korea	Repo Rate	2.50%	5.7%	-3.2%	Hike	Aug-22
New Zealand	Cash Rate	3.00%	7.3%	-4.3%	Hike	Aug-22
US	Fed Funds	3.13%	8.3%	-5.2%	Hike	Sep-22
Canada	Overnight	3.25%	7.0%	-3.8%	Hike	Sep-22
Hong Kong	Base Rate	3.50%	1.9%	1.6%	Hike	Sep-22
China	Loan Prime Rate	3.65%	2.5%	1.2%	Cut	Aug-22
Saudi Arabia	Repo Rate	3.75%	3.0%	0.8%	Hike	Sep-22
Indonesia	Repo Rate	4.25%	4.7%	-0.4%	Hike	Sep-22
Philippines	Key Policy Rate	4.25%	6.3%	-2.1%	Hike	Sep-22
India	Repo Rate	5.90%	7.0%	-1.1%	Hike	Sep-22
South Africa	Repo Rate	6.25%	7.6%	-1.4%	Hike	Sep-22
Peru	Policy Rate	6.75%	8.4%	-1.7%	Hike	Sep-22
Poland	Repo Rate	6.75%	16.1%	-9.4%	Hike	Sep-22
Czech Republic	Repo Rate	7.00%	17.2%	-10.2%	Hike	Jun-22
Russia	Key Policy Rate	7.50%	14.3%	-6.8%	Cut	Sep-22
Mexico	Overnight Rate	9.25%	8.7%	0.6%	Hike	Sep-22
Colombia	Repo Rate	10.00%	10.8%	-0.8%	Hike	Sep-22
Chile	Base Rate	10.75%	14.1%	-3.4%	Hike	Sep-22
Turkey	Repo Rate	12.00%	80.2%	-68.2%	Cut	Sep-22
Brazil	Target Rate	13.75%	8.7%	5.0%	Hike	Aug-22
Argentina	Benchmark Rate	75.00%	78.5%	-3.5%	Hike	Sep-22

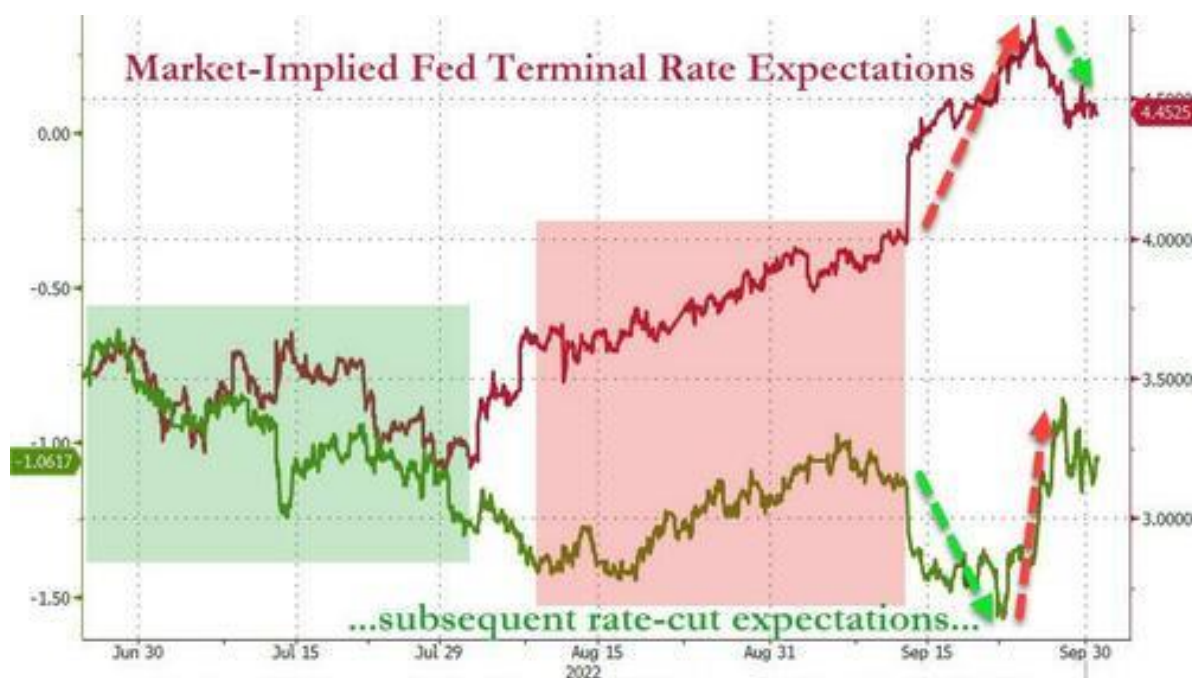
COMPOUND

@CharlieBilello

#centralbanks

### #fed #market-implied-rates

Rate-hike expectations surged during the quarter, and at the same time, expectations for subsequent recession-saving rate-cuts languished...

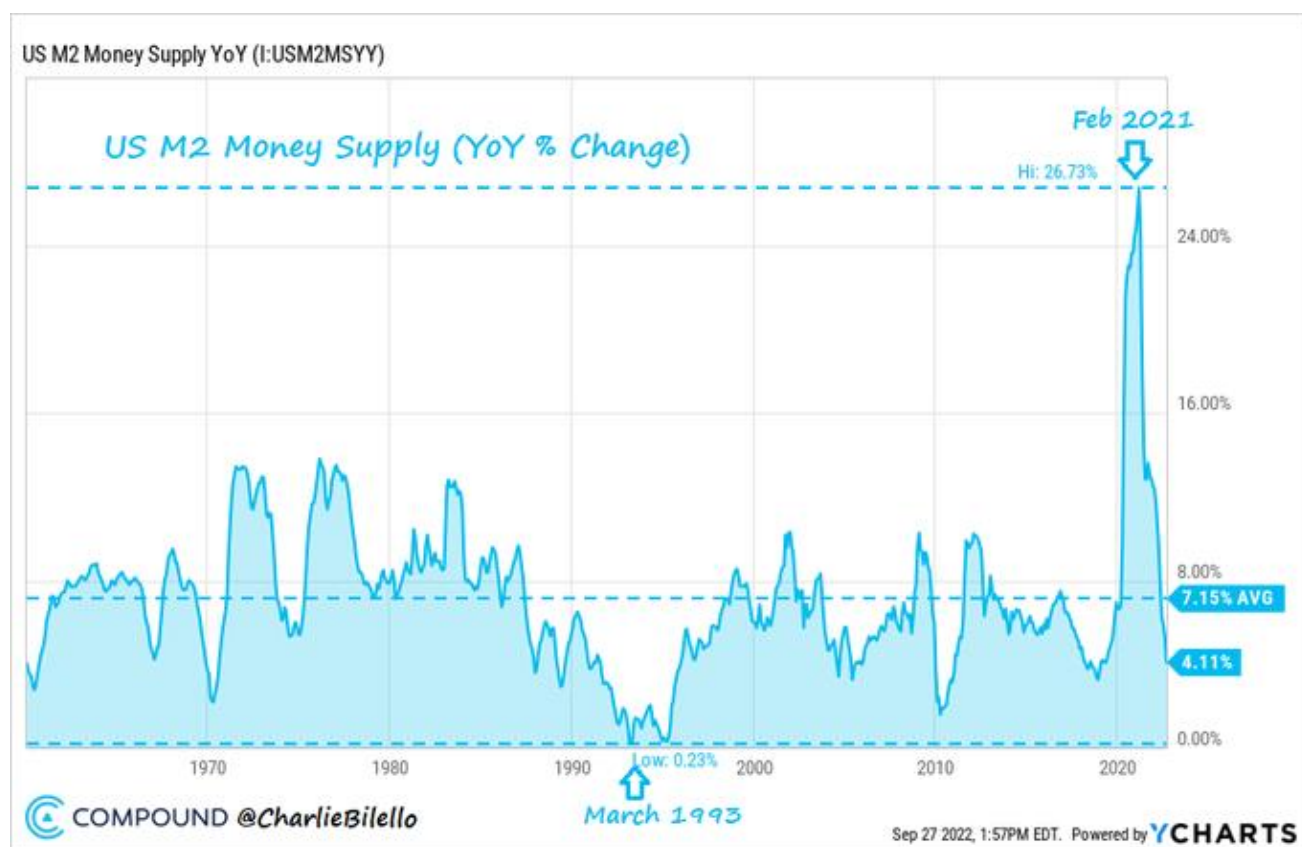


Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg

#centralbanks

## #us #money-supply

The YoY growth rate in the US Money supply moved down in August for the 12th straight month. At 4.1%, it's now below the historical average of 7.2% since 1959. There's more work to be done but moving in the right direction to break the back of inflation.

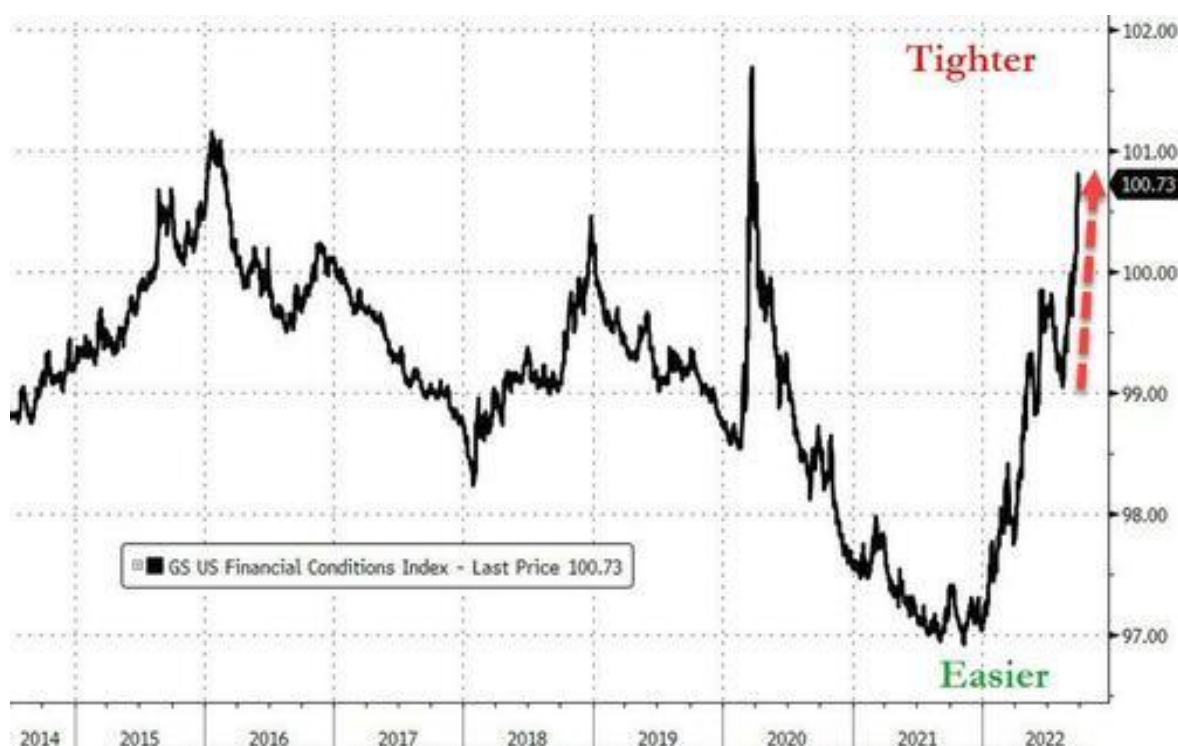


Source: Charlie Bilello

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### #us #financial-conditions

US financial conditions have tightened dramatically in the last quarter as Powell punched the 'pivot-hoppers' in the face...



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

#centralbanks

## #fed #balance-sheet



Wall Street Silver  
@WallStreetSilv

Fed has in the last 6 months managed to reduce its balance sheet from \$8.96 trillion to \$8.80 trillion, a reduction of 2% and markets are already in trouble.

Fed now plans to accelerate QT just as the markets are getting extremely illiquid...

Where is the breaking point ?





#centralbanks

### #boe #qe

THE REAL REASON BEHIND BOE ACTION: UK pension funds would have collapsed today without BoE action - with 'mass defaults'.

Bank staff worked through the night on Tuesday and into Wednesday morning to prepare the unprecedented package, which will see it buying up a potentially limitless number of targeted government bonds (aka targeted QE).



Pension funds would have collapsed today without BoE action - with 'mass insolvencies'

news.sky.com • 2 min read



#centralbanks

## #uk #sovereign-crisis

G10 countries try diverging paths



**Otavio (Tavi) Costa**  
@TaviCosta



BOE joins Japan.

We now have three groups.

- The ones suppressing rates at the cost of their currency: Japan & BOE
- The ones protecting their currency and at the cost of their bond market: US & Brazil
- The ones letting their currency and bond market collapse: ECB & others

#centralbanks

### #ecb #balance-sheet

No QT in the eurozone... ECB balance sheet has risen by >€20bn in the past week to €8,777.4bn, just €58.6bn shy of an ATH. Total assets now equal to 81% of Eurozone GDP vs Fed's 35.4%, BoJ's 128.1%, BoE's 39%.



Source: HolgerZ, Bloomberg

### #geopolitics

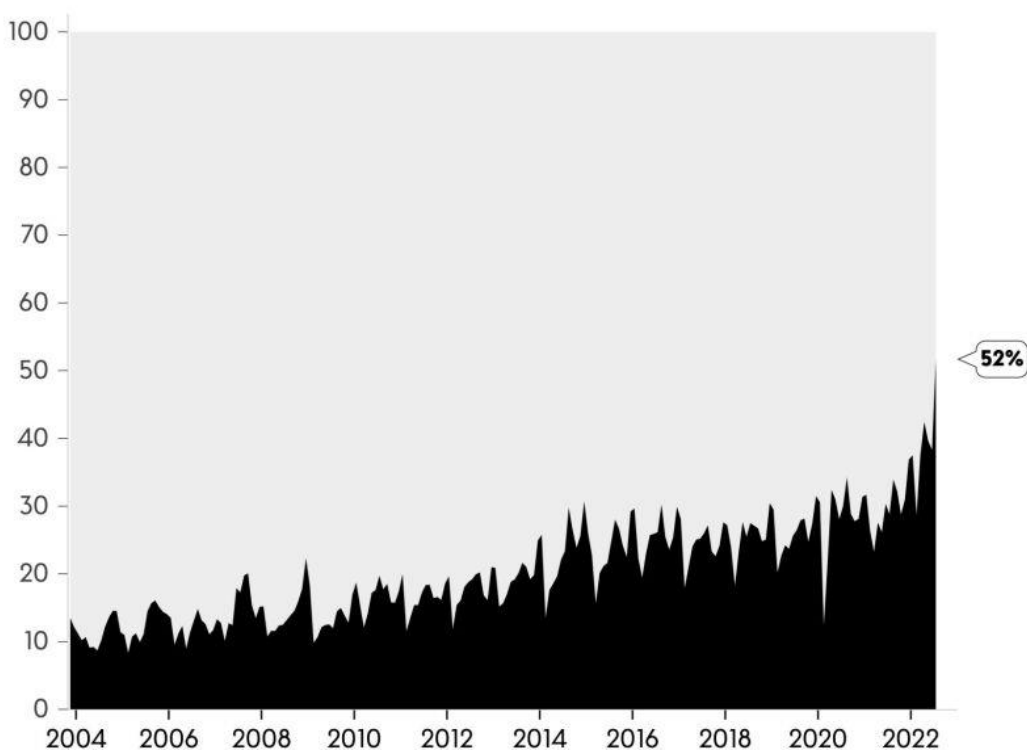
## #russia #china

Is Russia becoming too dependent on #china? Looking at July data from Macrobond Financial, the share of China within the top 40 import partners of Russia increased to a record of around 52%. China's share has doubled from levels just seen before the invasion of Ukraine in February this year.

### Russia has been increasing its reliance on China

Where do Russian imports come from? Top 40 partners vs. China

■ Share of China in the top 40 import partners




Source: Western Union Business Solutions, Macrobond

Source: Western Union Business Solutions

#geopolitics


#russia #ukraine

 **max seddon**   
@maxseddon · [Follow](#)

I've watched a lot of Putin speeches over the last 10-15 years and this is the most anti-US one by a really long way.

If I were a western policymaker wondering if he'd really use nuclear weapons – and he hasn't even got to them yet – I'd be very concerned.



2:47 PM · Sep 30, 2022 

#geopolitics

### #russia #ukraine



Geeta Mohan گیتا موہن गीता मोहन ✓  
@Geeta\_Mohan · Follow



#Breaking

India abstains in the US/Albania-sponsored draft resolution at the UNSC against Russia's annexation of Ukrainian territories.

Of 15 votes-

1 against: Russia

4 abstain: India, China, Brazil, Gabon

10 For the resolution

Draft not adopted as Russia wielded its veto.



9:41 PM · Sep 30, 2022





#geopolitics

#italy



**Giorgia Meloni and her far-right Brothers of Italy party top vote in Italian elections, exit poll shows**

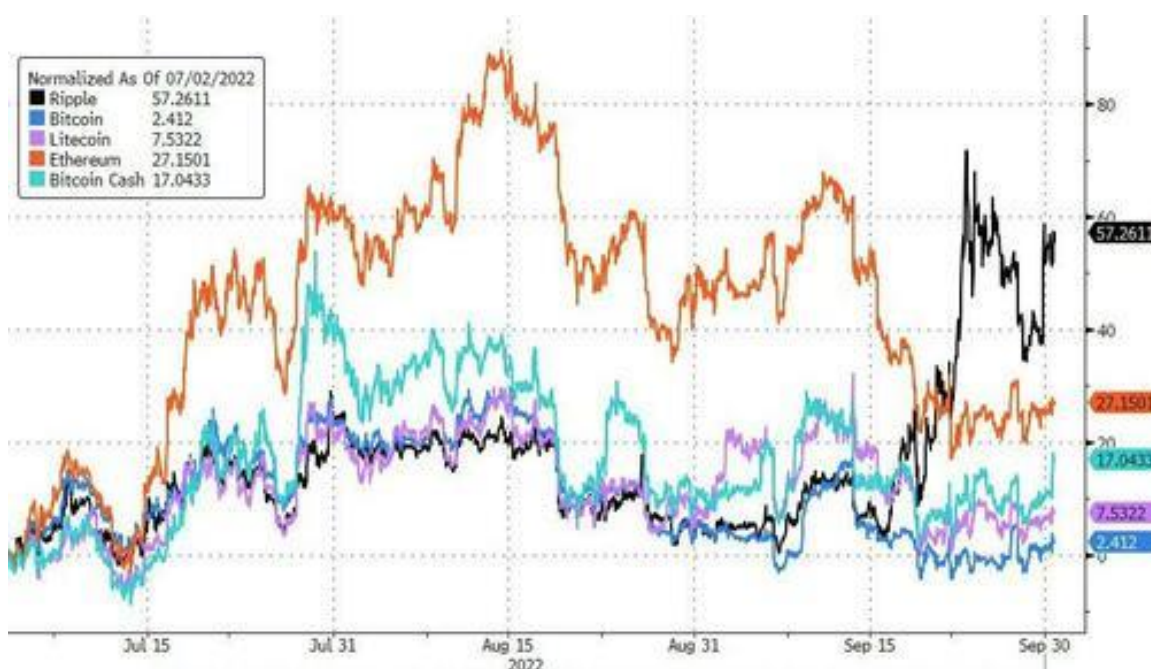
- Brothers of Italy at 23.5%
- Democratic Party at 20.3%
- Five Star Movement at 16.4%
- League at 9.6%
- Forza Italia 7.8%
- Centrist bloc 7.2%



#cryptos

### #cryptos #quarterly #performance

Cryptos ended the quarter higher with Ripple and Ethereum outperforming (bitcoin was the laggard)...



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

#cryptos

#bitcoin #profitability

# Bitcoin profitability for long-term holders declines to 4-year low: Data

The decline in profitability for long-term holders reached a level last seen during the peak of the bear market in 2018. However, the market bottomed and bounced back during the previous cycle.



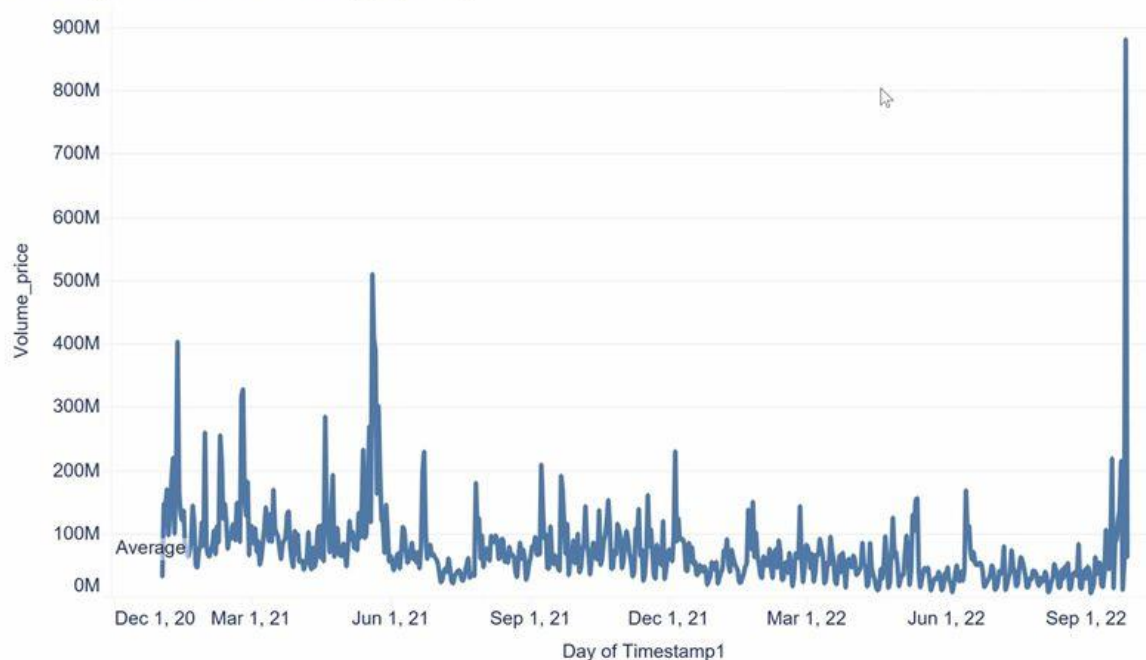
Source: [www.cointelegraph.com](https://www.cointelegraph.com)

#cryptos

### #bitcoin #gbp

ARE THE BRITS MOVING THEIR POUND INTO BITCOIN? Trade volume for the GBP/BTC pair on exchanges Bitstamp and Bitfinex, usually worth a combined \$70 million per day, hit a giant \$881 million on Sept. 26 — an increase of over 1,150%...

Trading volumes in USD (gbp/btc)



Source: King of Fugazi , Nicolas Lampis

#cryptos

## #cryptocurrencies #adoption

### T-Mobile Parent Deutsche Telekom Launches Ethereum Validator, Staking Support

The telecommunications giant will allow customers to get involved in staking Ethereum.

By [Mat Di Salvo](#)

Sep 30, 2022

3 min read



Source: Decrypt

#cryptos

## #cryptocurrencies #adoption

### Telefónica Invests in Crypto Exchange, Launches Payments Pilot

Telefónica continues its move into crypto which already includes an NFT market and token, plus partnerships with Qualcomm, Unity, and Niantic.

By [Zi Wang](#)

📅 Sep 30, 2022

🕒 2 min read



Telefónica is Spain's largest telecom firm. Image: Shutterstock.

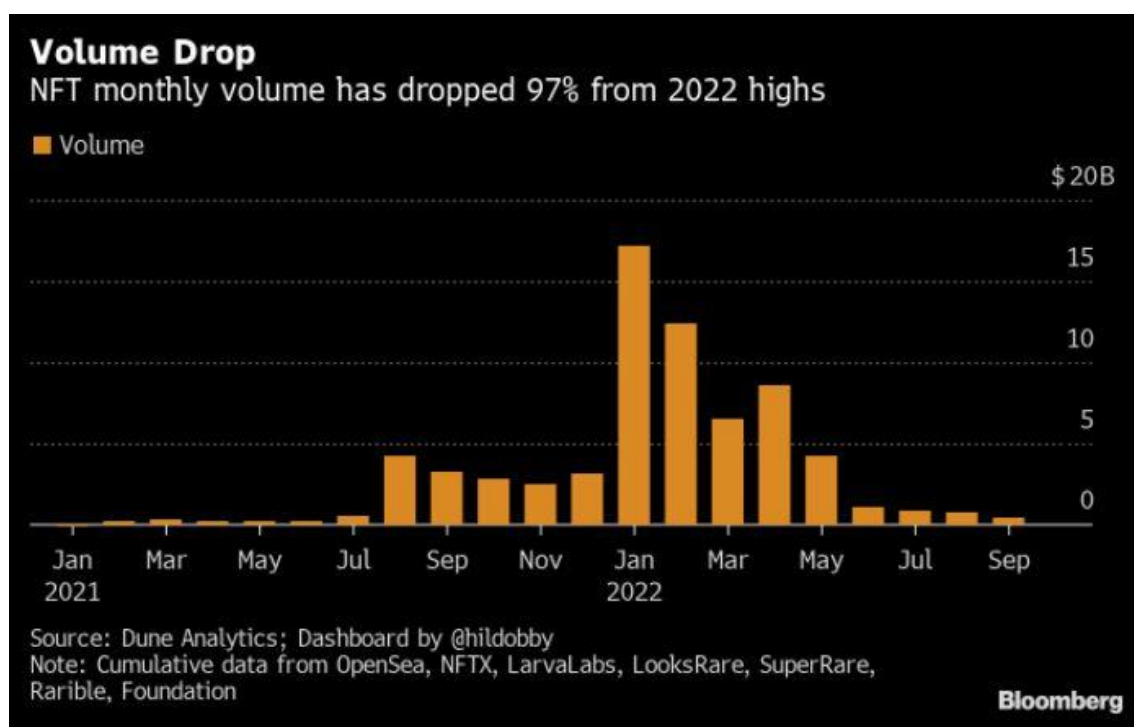
Source: Decrypt



#cryptos

### #nfts

Trading volumes in nonfungible tokens (NFTs) have tumbled 97% from a record high in January this year. They slid to just \$466 million in September from \$17 billion at the start of 2022, according to data from Dune Analytics.



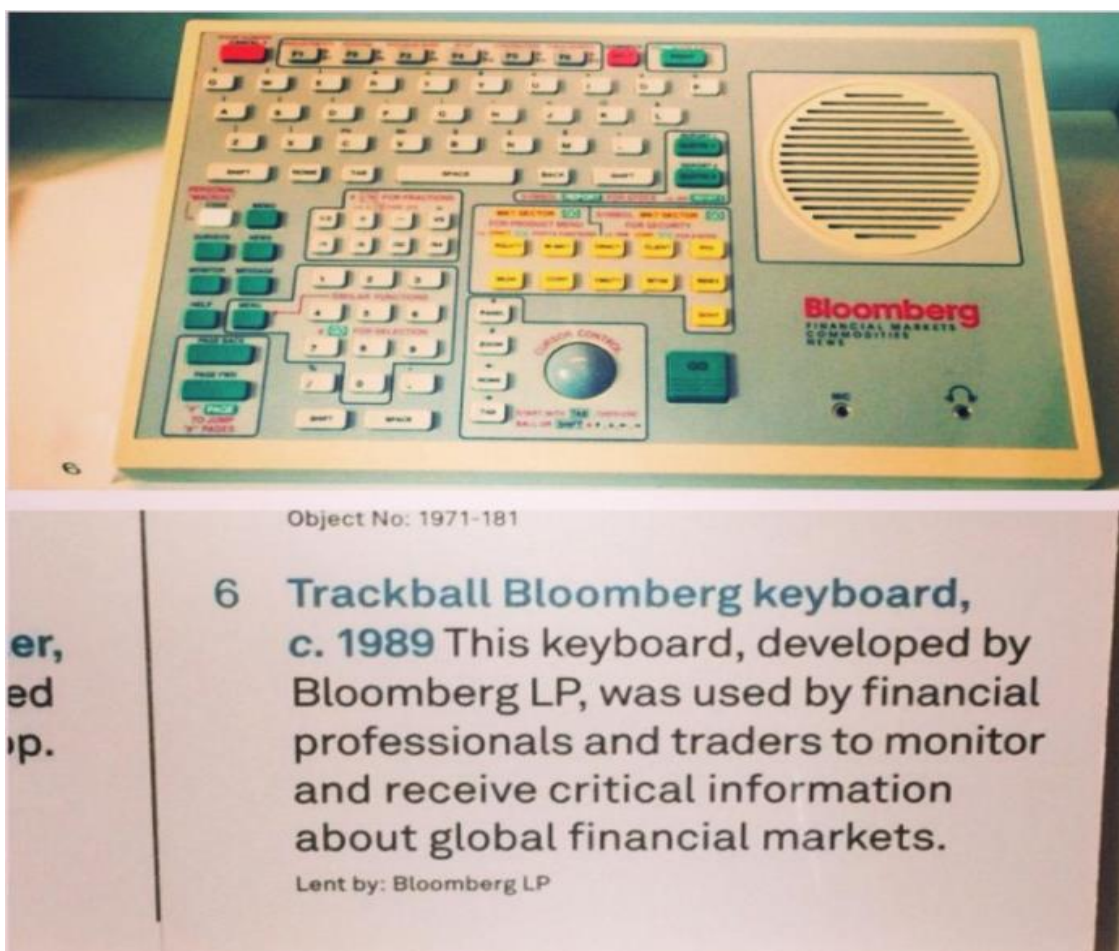
Source: Bloomberg



#food-for-thought

## #bloomberg #history

### Vintage Bloomberg Trading Keyboard (1989)



Object No: 1971-181

- 6 **Trackball Bloomberg keyboard, c. 1989** This keyboard, developed by Bloomberg LP, was used by financial professionals and traders to monitor and receive critical information about global financial markets.

Lent by: Bloomberg LP

Source: bloomberg

#food-for-thought

### #crash #anniversary

September 29th - Anniversary of 2008 market crash

The stock market crash of 2008 occurred on September 29, 2008. The Dow would have its worst single day point decline in history, falling 777.68 points in intraday trading.

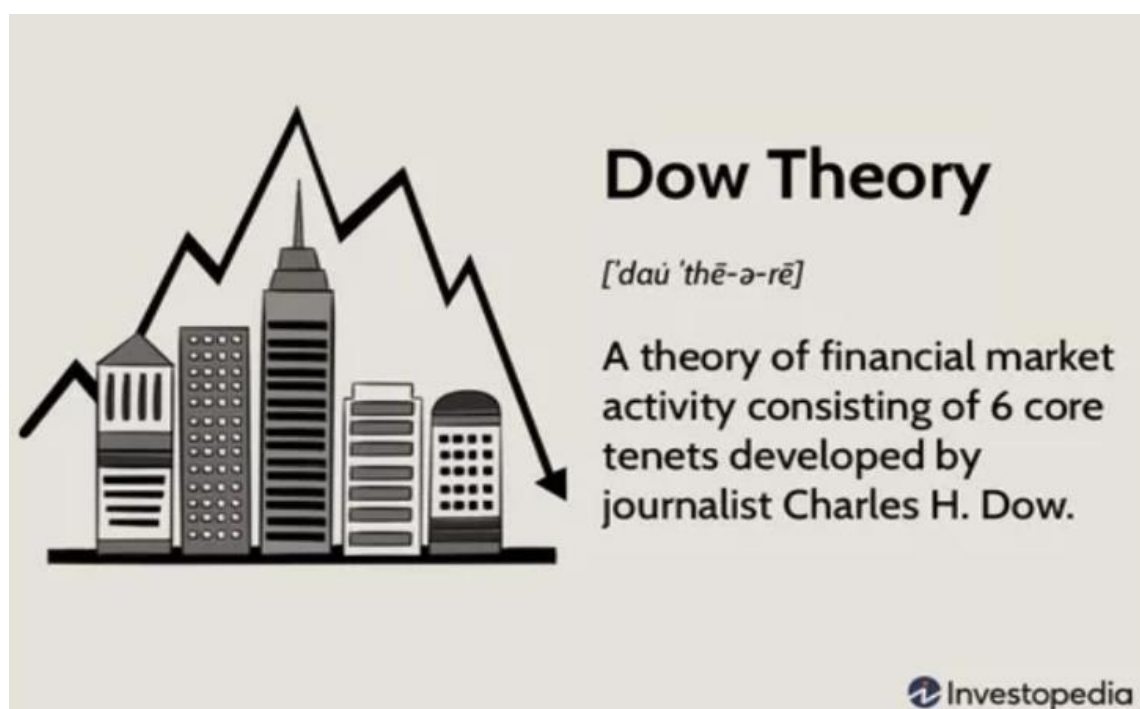


#food-for-thought

### #dow-theory

The six main components to the Dow theory:

1. The market discounts everything;
2. There are three primary kinds of market trends;
3. Primary trends have three phases;
4. Indices must confirm each other;
5. Volume must confirm the trend; and
6. Trends persist until a clear reversal occurs

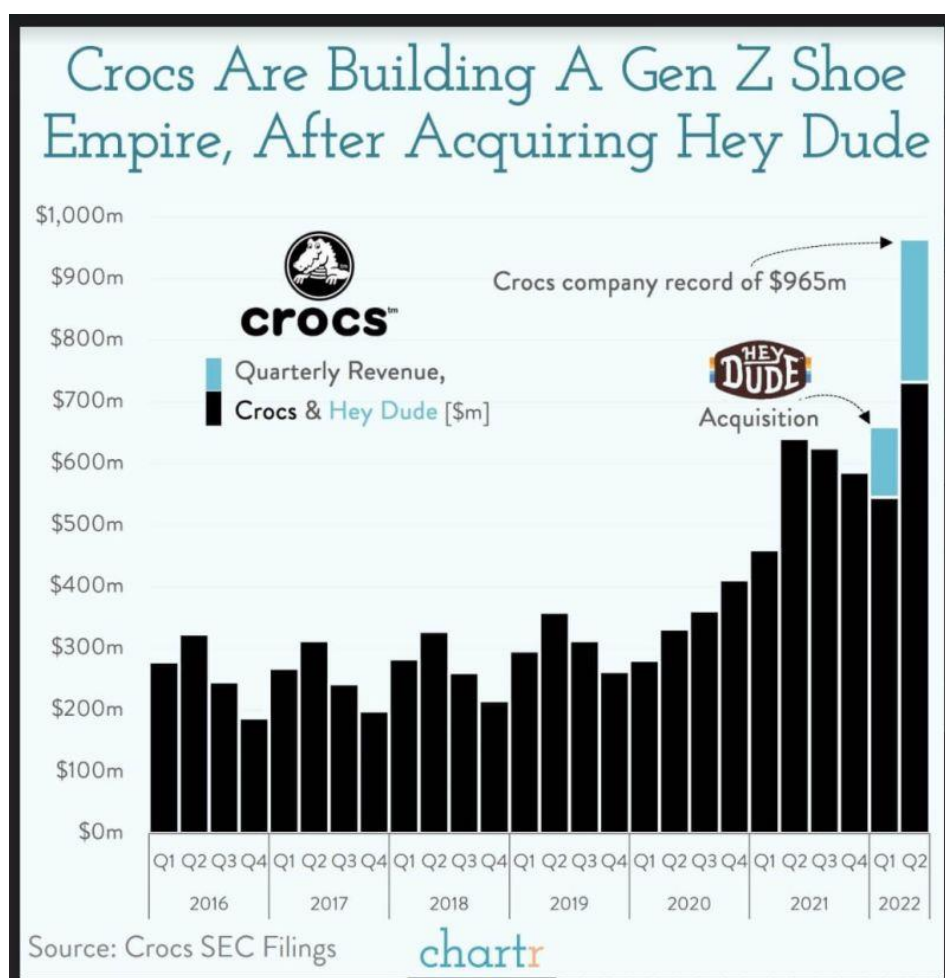


Source: Investopedia

## #food-for-thought

### #crocs

Crocs are still in growth mode. The company, known for its foam footwear, capitalized on its recent success earlier this year, acquiring shoe brand Hey Dude for some \$2.5bn. Under the Crocs corporate umbrella, Hey Dude is now itself looking to open a new 730,000 sq ft distribution center in Las Vegas.



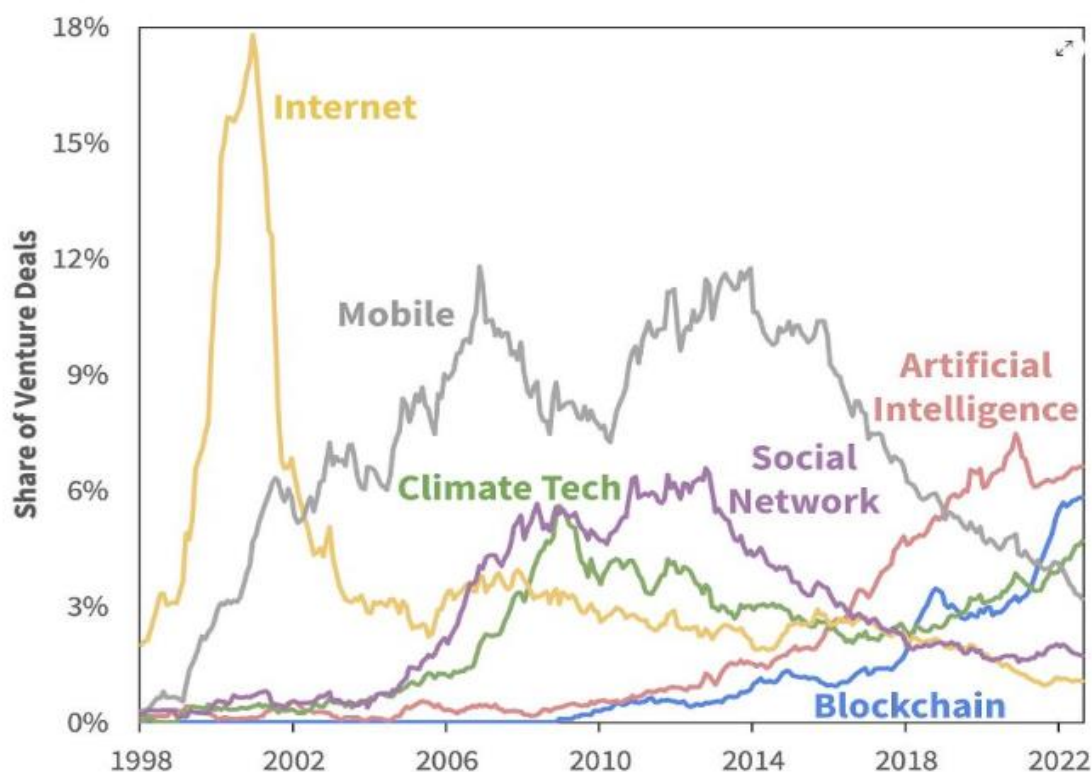
Source: Chart

#food-for-thought

## #venture-capital

Historic Illustration of Venture Investment Trends as a % of Total Venture Deals. Artificial Intelligence and Blockchain are currently leading the way.

Exhibit 13  
History of Venture Investment



Source: Sparkline. Rolling 1-year sum. As of 8/31/2022.

Source: Sparkline Capital.



## #food-for-thought

### #venture #etf #ark-invest

The ARK Venture Fund (XARKX) is launching today, which invests 70% in private cos and 30% in public. It is an interval fund which only allows redemptions quarterly. Minimum inv is \$500. Management fee is 2.75%, net expense ratio is 4.22%.



Source: Eric Balchunas



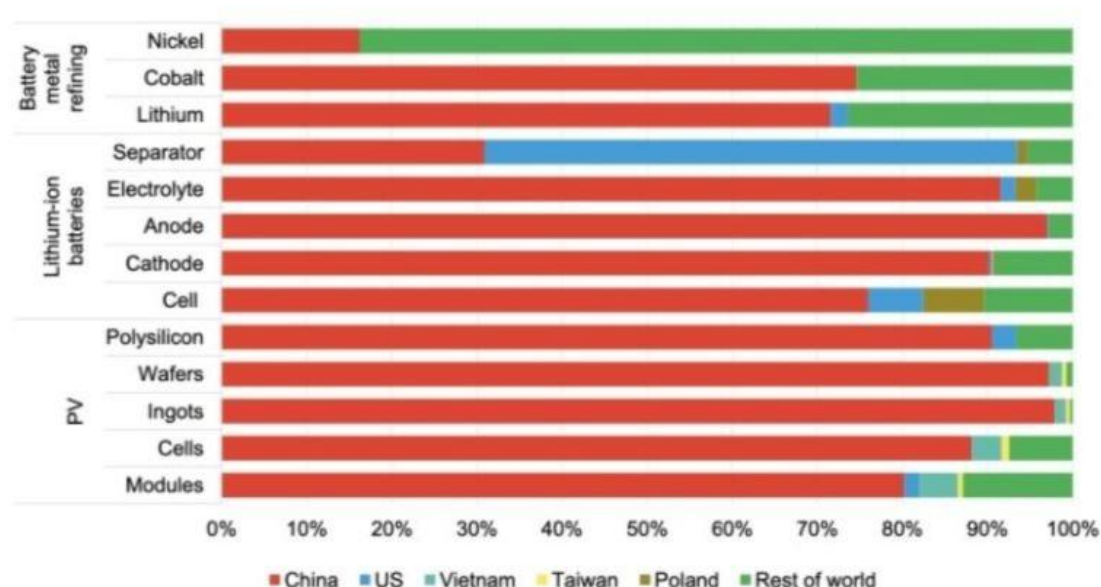
#food-for-thought

## #energy-transition #china

China's domination over commodities needed for the energy transition" is outrageous.

### Battery and solar commodities production remains highly geographically concentrated

Current production capacity by location



Source: BNEF. Note: PV components expressed in MW; separators in m2; battery metals and other battery components in tons. Data for August 2022 except metal refining which is 2021. Oversupply in the solar sector is such that nameplate capacity for most segments of the PV value chain far exceeds yearly output. Nickel is the battery-grade class 1 variety.

Source: KillinGswitCH98

### #food-for-thought

## #renewables

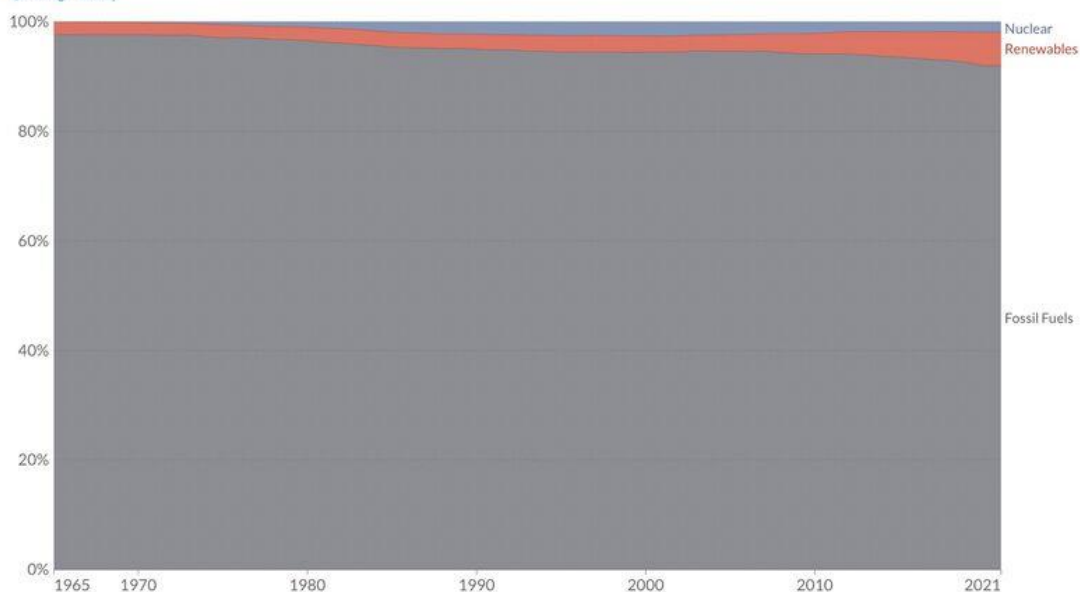
The difficult take-off of renewables energy in one chart. Direct primary energy consumption from fossil fuels, renewables and nuclear in the world.

Direct primary energy consumption from fossil fuels, nuclear and renewables, World

Direct primary energy does not account for inefficiencies in fossil fuel production.



Change country



Source: Our World in Data based on BP Statistical Review of World Energy (2022)

Note: Renewables includes hydropower, solar, wind, geothermal, wave, tidal and bioenergy. It does not include traditional biofuels.

OurWorldInData.org/energy • CC BY

Source: Michel A. Arouet

#food-for-thought

### #eurozone #russia #gaz

What did they know in 1982?

This cartoon was shared by Sven Sakkov (the Ambassador of Estonia to Finland).



### #food-for-thought

### #fed

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

### #uk #government

The Economist: “Britain’s new government may already be dead in the water. It has shredded its own reputation and poisoned the politics of growth. Incredibly, only three weeks into Liz Truss’s premiership, her growth agenda may already be damaged beyond repair”



### #food-for-thought

## #italy #lira

The story of Italian Lira. In 25 years before Euro Italian Lira lost 83% against Deutsche Mark, since then they are pegged. How long will it work?



Source: Bloomberg, Michel A. Arouet



#food-for-thought

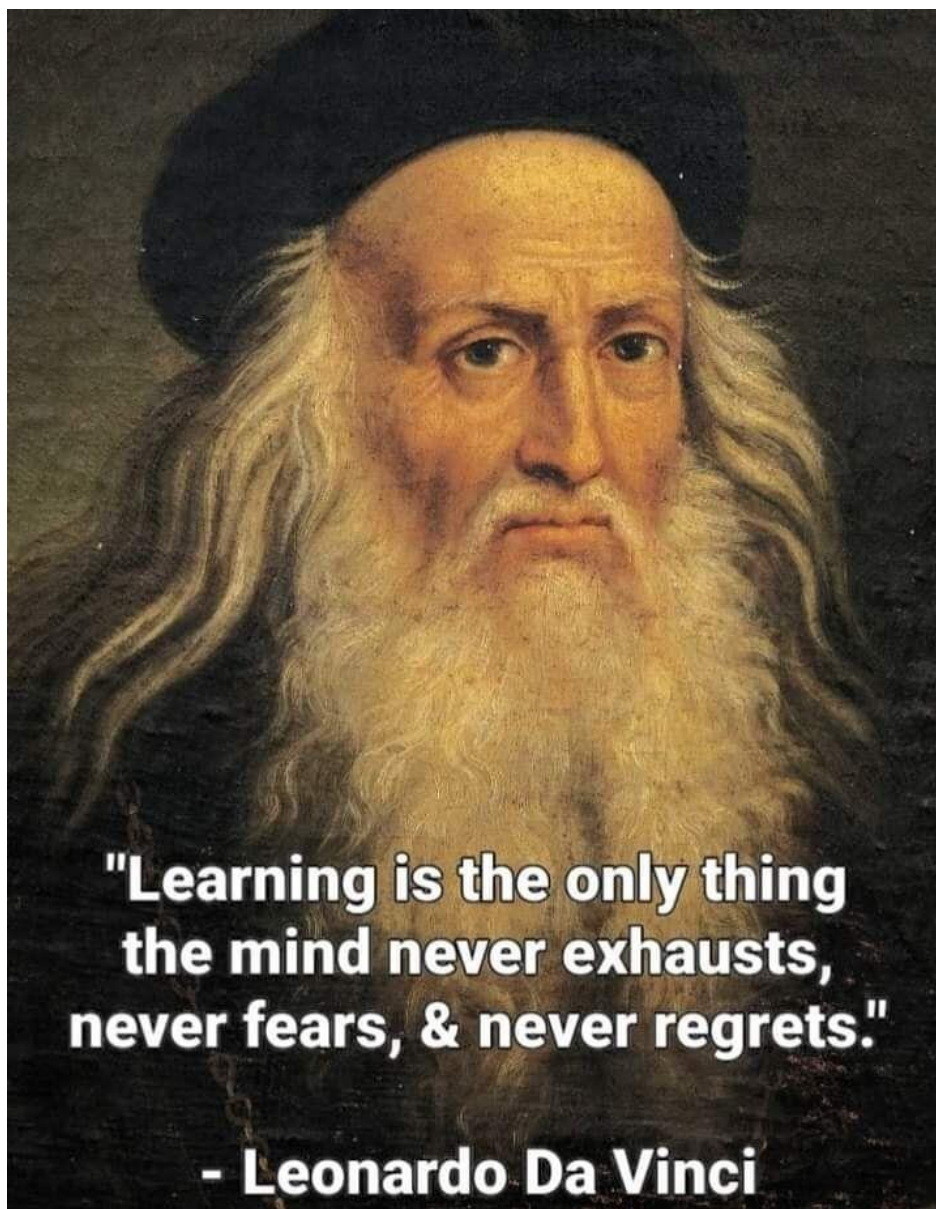
#2022



Source: Michel A.Arouet

#food-for-thought

#learning



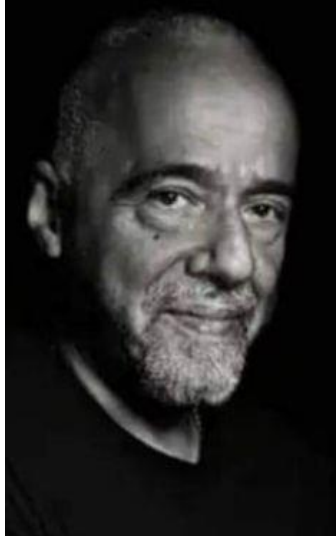
Source: European Leadership

#food-for-thought

#peace

“If it costs you your peace,  
it is too expensive.”

— Paulo Coelho



#food-for-thought

### #anti-social

Sometimes those who don't socialize much aren't actually anti-social. They just have no tolerance for drama, stupidity, and fake people.

Source: European Leadership



#food-for-thought

#leadership



**Tim Denning**  
@timcdenning



Micromanagement  
is a red flag for  
a lack of  
leadership skills.

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**For the future...**