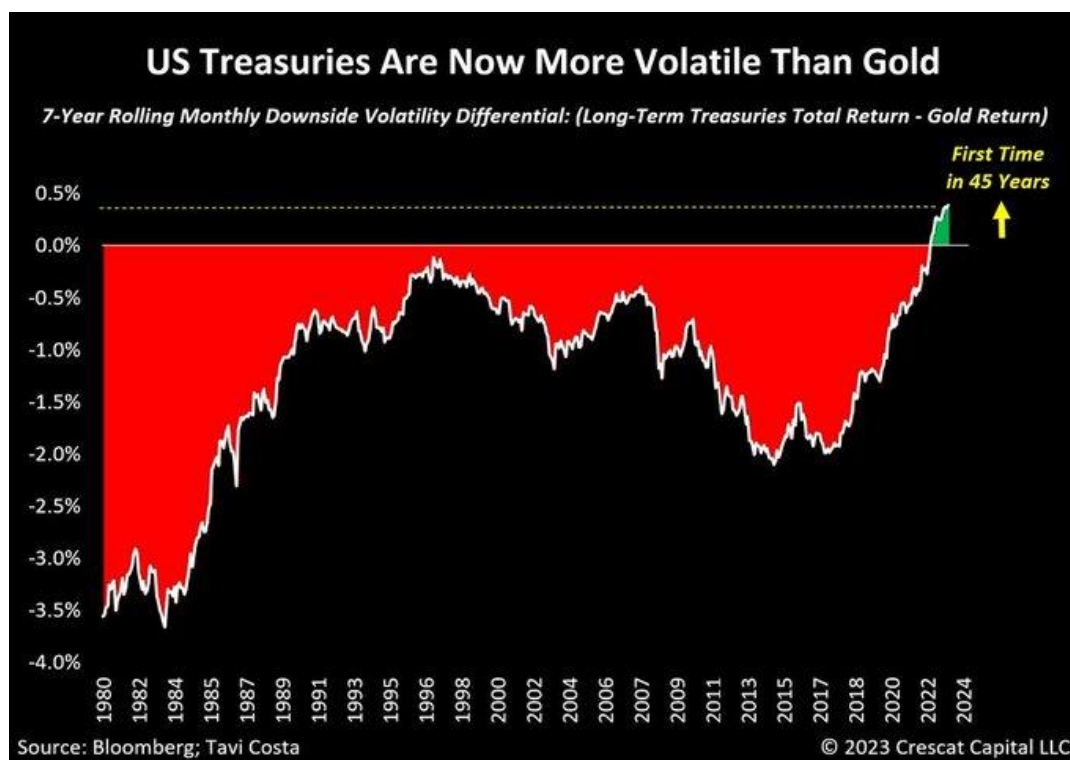


## Chart of the week

### US Treasuries are now more volatile than Gold

This chart is becoming increasingly more relevant as investors realize that Treasuries are no longer the safest alternative. Some central banks have already recognized this trend and are in the process of enhancing the quality of their international reserves by accumulating hard assets like gold. Hence the logic to include gold and other alternatives within traditional 60/40 portfolios.



### Friday's squeeze saved stocks from bonds bloodbath

The major US equity indexes closed mixed with a 1.6% weekly gain for the Nasdaq and a -0.3% decline for the Dow as Large-cap growth stocks sharply outperformed value and small-caps. An equally weighted version of the S&P 500 Index lagged its market-weighted counterpart by the largest margin since March. Similarly, the S&P 500 outperformed the small-cap Russell 2000 Index by the widest margin over the same period. The most important macro data of the week was the US payroll report on Friday. Employers added 336,000 nonfarm jobs in September, roughly double consensus estimates. The details in the jobs report offered a more nuanced picture, however, which appeared to foster a market rebound. Indeed, average hourly earnings rose 0.2% in the month, bringing down the year-over-year gain to 4.2%, its lowest level since June 2021. The workforce participation rate also stayed steady at 62.8%, its best level since the eve of the pandemic lockdowns in February 2020. Taken together, the data suggested that increasing supply instead of rampant demand for workers was driving the labor market, making for a more benign inflationary environment. The yield on the benchmark 10-year U.S. Treasury note spiked to another 16-year high of around 4.89% in early trading Friday but fell back somewhat as equities rallied later in the morning. The pan-European STOXX Europe 600 Index ended 1.2% lower while the Nikkei 225 Index down 2.7%. WTI Oil tumbled to \$81, a 6-weeks low.

## #GLOBALMARKETS WEEKLY WRAP-UP

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### #weekly #stats

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	33,408	-0.3%	0.8%
S&P 500 Index	4,309	0.5%	12.2%
NASDAQ	13,431	1.6%	28.3%
MSCI EAFE*	1,983	-2.4%	2.0%
10-yr Treasury Yield	4.79%	0.2%	0.9%
Oil (\$/bbl)	\$82.72	-8.9%	3.1%
Bonds	\$92.84	-1.3%	-1.7%

Source: Edward JOnes

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## #assetclasses #performance

Asset class and style returns by JP Morgan. As bonds and stocks fell simultaneously, commodities were the notable outperformer in Q3, returning 4.7% and echoing the market dynamics of 2022

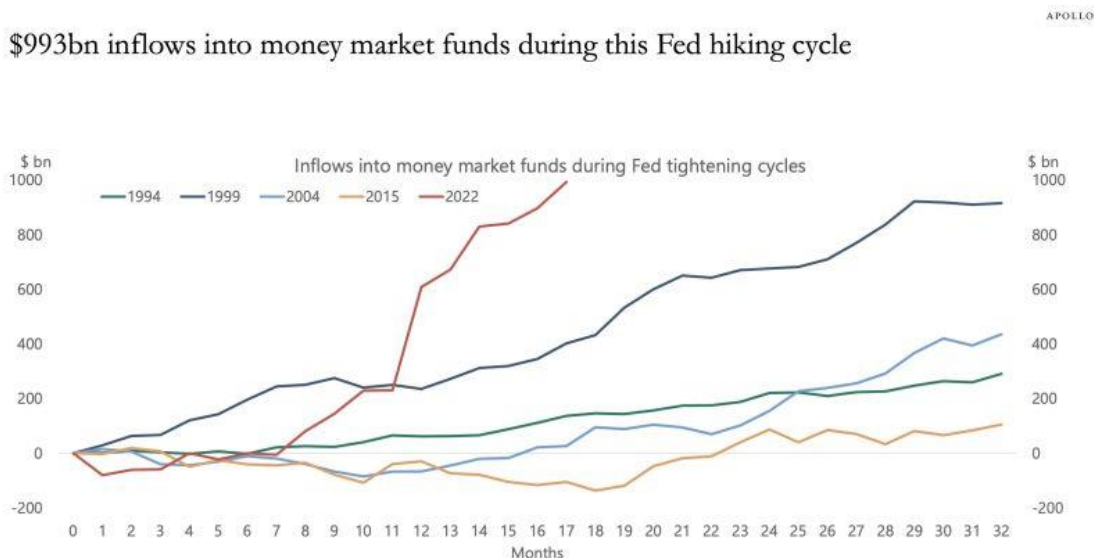
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	Q3'23
Global REITS 23.0%	Small cap 32.9%	Global REITS 22.9%	Growth 3.5%	Small cap 13.3%	MSCI EM 37.8%	Global Agg -1.2%	Growth 34.1%	Growth 34.2%	Global REITS 32.6%	Cmdty 16.1%	Growth 21.1%	Cmdty 4.7%
MSCI EM 18.6%	Value 27.5%	Growth 6.5%	Global REITS 0.6%	Value 13.2%	Growth 28.5%	Global REITS -4.9%	DM Equities 28.4%	MSCI EM 18.7%	Cmdty 27.1%	Value -5.8%	DM Equities 11.6%	Value -1.7%
Small cap 18.1%	DM Equities 27.4%	DM Equities 5.5%	Small cap 0.1%	Cmdty 11.8%	Small cap 23.2%	Growth -6.4%	Small cap 26.8%	DM Equities 16.5%	Value 22.8%	Global Agg -16.2%	Small cap 3.3%	MSCI EM -2.8%
Growth 16.6%	Growth 27.2%	Value 4.4%	DM Equities -0.3%	MSCI EM 11.6%	DM Equities 23.1%	DM Equities -8.2%	Global REITS 24.4%	Small cap 16.5%	DM Equities 22.3%	DM Equities -17.7%	Value 2.7%	DM Equities -3.4%
DM Equities 16.5%	Global REITS 2.3%	Small cap 2.3%	Global Agg -3.2%	DM Equities 8.2%	Value 18.0%	Value -10.1%	Value 22.7%	Global Agg 9.2%	Growth 21.4%	Small cap -18.4%	MSCI EM 2.2%	Global Agg -3.6%
Value 16.4%	MSCI EM -2.3%	Global Agg 0.6%	Value -4.1%	Global REITS 6.5%	Global REITS 8.0%	Cmdty -11.2%	MSCI EM 18.9%	Value -0.4%	Small cap 16.2%	MSCI EM -19.7%	Global Agg -2.2%	Small cap -4.3%
Global Agg 4.3%	Global Agg -2.6%	MSCI EM -1.8%	MSCI EM -14.6%	Growth 3.2%	Global Agg 7.4%	Small cap -13.5%	Cmdty 7.7%	Cmdty -3.1%	MSCI EM -2.2%	Global REITS -23.7%	Cmdty -3.4%	Growth -4.9%
Cmdty -1.1%	Cmdty -9.5%	Cmdty -17.0%	Cmdty -24.7%	Global Agg 2.1%	Cmdty 1.7%	MSCI EM -14.2%	Global Agg 6.8%	Global REITS -10.4%	Global Agg -4.7%	Growth -29.1%	Global REITS -4.1%	Global REITS -6.5%

Source: JP Morgan



## #moneymarket #inflows

The new safety trade -> An incredible \$993 billion has gone into money market funds since the Fed started raising rates in March 2020. Inflows to money market funds are well ahead those seen in 2015, 2004, 1999 and 1994 rate hike cycles. Why take risk on your "safety" trade when you can make 5% risk-free?

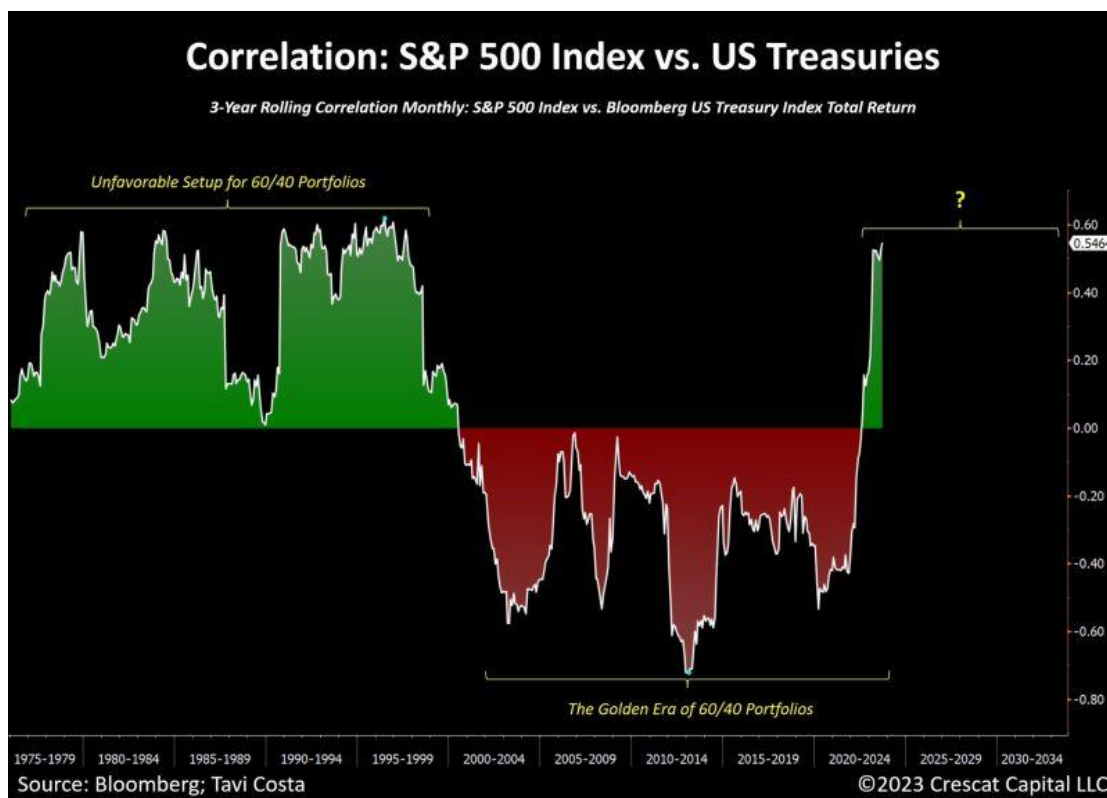


Source: The Kobeissi Letter



## #60/40 #sp500 #treasury #correlation

Is the golden era of 60/40s coming to an end? And if equities / bonds correlation stay positive, which asset classes should be added to portfolios? Hard assets and commodities? alternatives (private debt, private equities, etc.)? cash on an opportunistic basis?



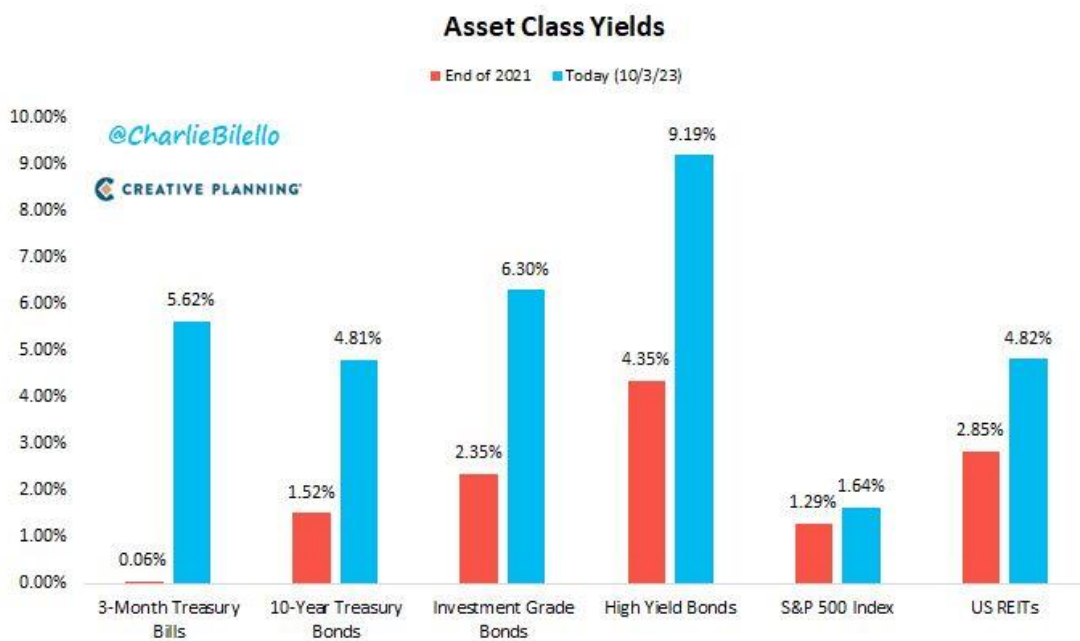
Source Chart: Tavi Costa, Bloomberg





## #assetclasses #yields

A lot has changed over the last two years...



Source: Charlie Bilello







## #us #yield #treasury

Yields on 10-year Treasuries are now almost equal to the trailing 12-month earnings yield on the S&P 500 index. This is the first time that's the case going back to 2002.



Source: Bloomberg, Lisa Abramowitz

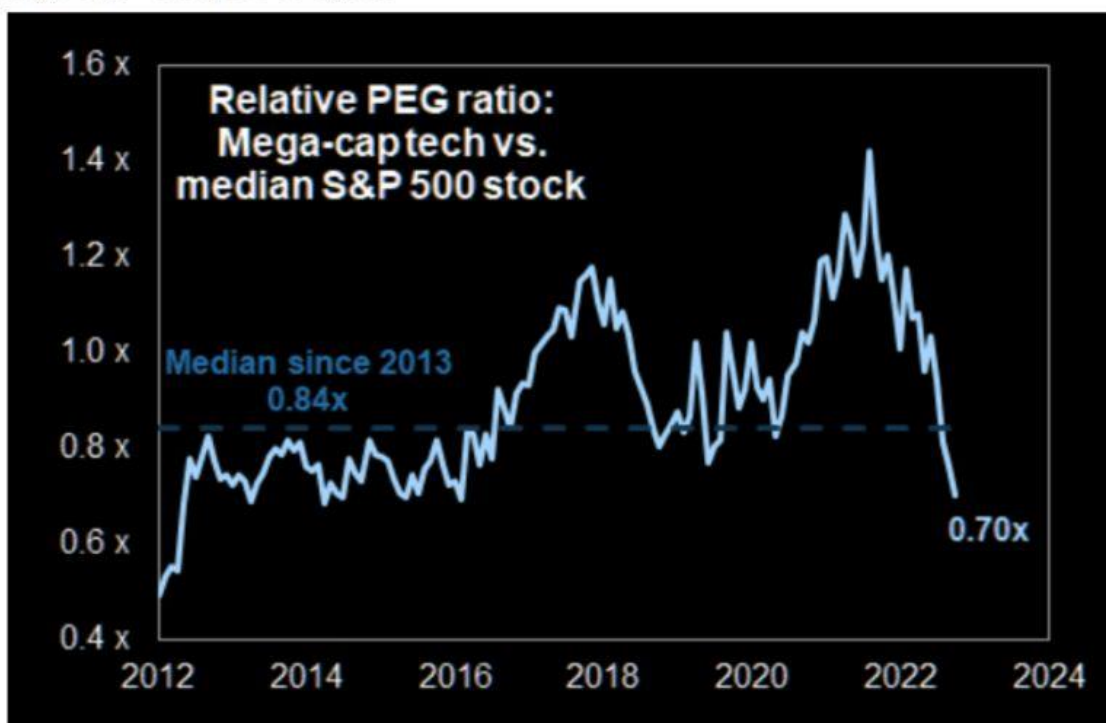




## #us #sp500 #megacaps #equities

On a growth-adjusted basis, the mega caps trade at the largest discount to the median S&P 500 stock in over six years.

Mega caps "cheapest" in 6 years



Source: Goldman

Source: TME, Goldman Sachs





## #us #sp500 #premium

The yield premium on the S&P 500 has completely disappeared for the first time in over 20 years. The US 10-year treasury now offers (theoretically) the same amount of sweet hot sauce goodness that's on offer in the stock market.



Source: David Ingles, Bloomberg

#markets

#sp500 #concentration #marketcap

Top 10 holdings in S&P 500 back up to nearly 32%...

### Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



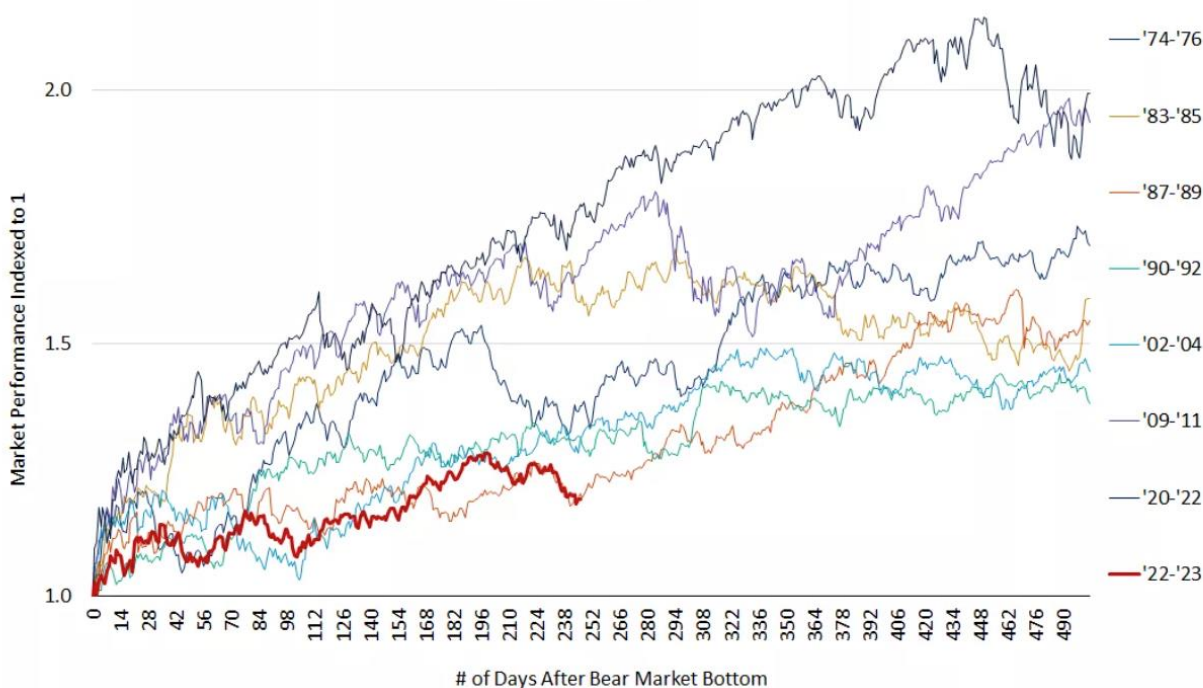
Source: jpm, nategeraci



## #us #equities #recovery

This chart shows the performance of the S&P 500 indexed to 1, at the market bottom. When prior market recoveries reached the one-year mark from the low, the S&P 500 has not revisited the prior low in any instance since 1974.

Stock Market Performance Following Prior Bear Market Bottoms



Source: Edward Jones





## #sp500 #technicals

So far the SPX has bounced right on the massive trend line and the 200 day moving average. Note the shorter term trend channel that has been in place since July highs. The upper part of that channel is the first big resistance, the 4400 area.



Source: The Market Ear



## #sp500 #friday-reversal

The S&P 500 just made a near 100 point reversal in 2 hours, adding +\$660 billion in market cap.

After jobs report numbers nearly doubled expectations, we saw a sharp move lower this morning.

Expectations of a more hawkish Fed grew which pressured equities.

Now, markets are buying the news on hopes of downward revisions and adjustments in the numbers.



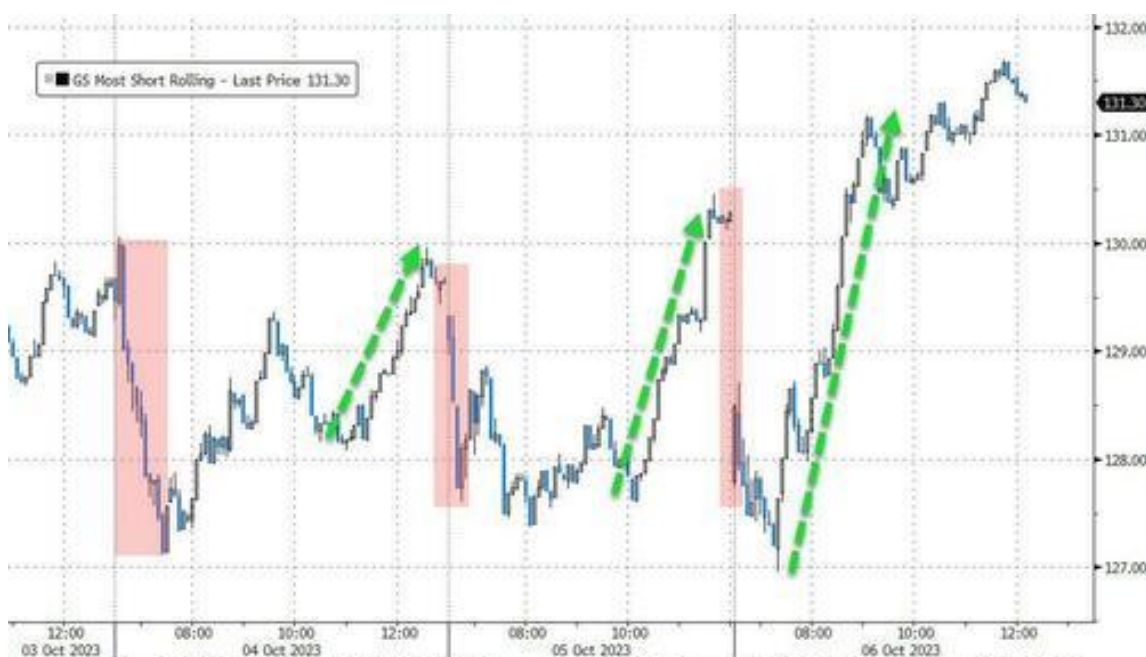
Source: Barchart





## #short-squeeze

The 'most shorted' US stocks basket also went vertical this week...



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



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### #us #equities #sector #performance

Tech and Healthcare were the only sectors green on the week with Energy the worst performer.

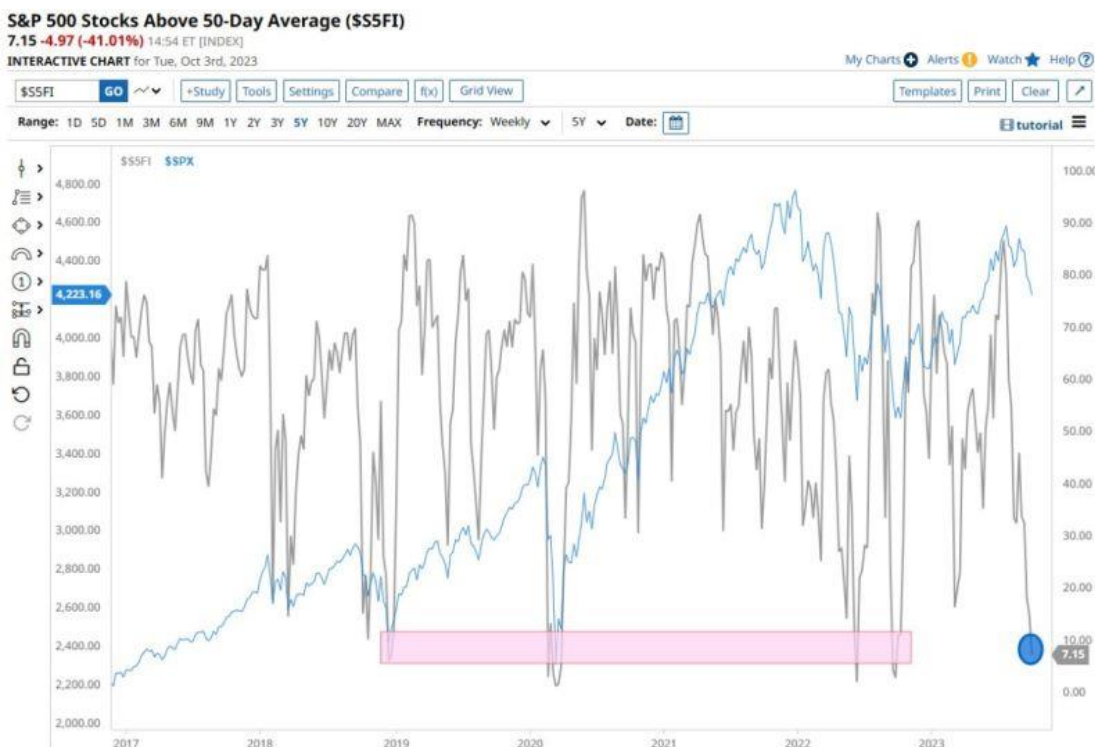


Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg



## #sp500 #technicalanalysis #50dma

Currently, 93% of S&P 500 stocks trade below their 50-day moving average, a percentage that stands out as one of the highest in the last six years.



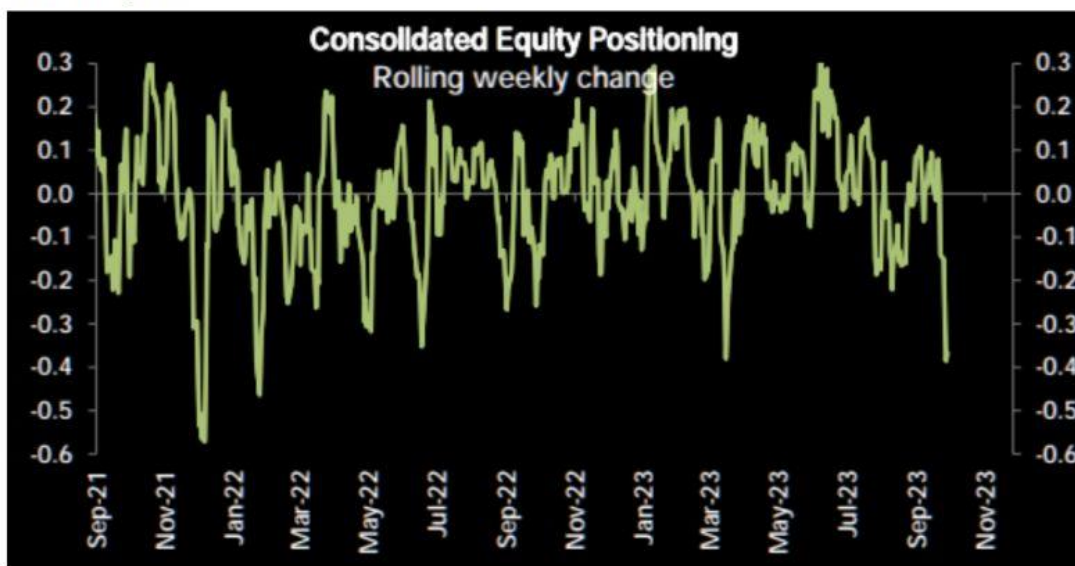
Source: barchart



## #equity #positioning

We have seen one of the fastest drops in equity positioning since early 2022. Time to think about the upside pain trade?

That was quick



Source: DB

Source: TME, DB



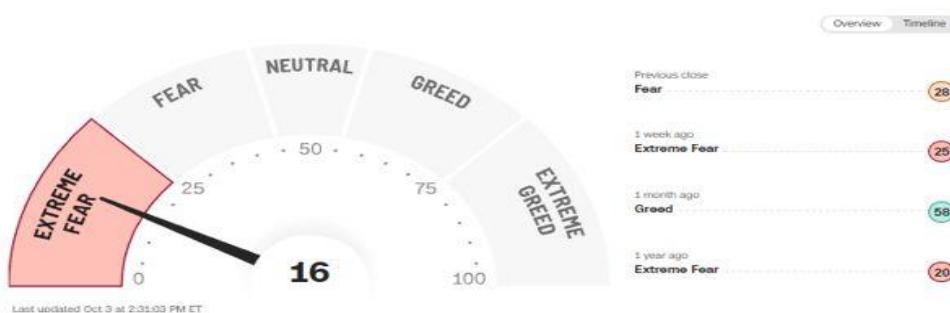


## #stockmarket #sentiment

EXTREME FEAR ? -> Stock Market Fear & Greed Index falls to 16, the most fearful its been in the last year. Meanwhile, only 8% of \$SPX stocks are currently trading above their respective 50-day moving averages, representing a 2%ile move over the last decade...

### Fear & Greed Index

What emotion is driving the market now?  
[Learn more about the index](#)



Source: barchart





## #spx #seasonality

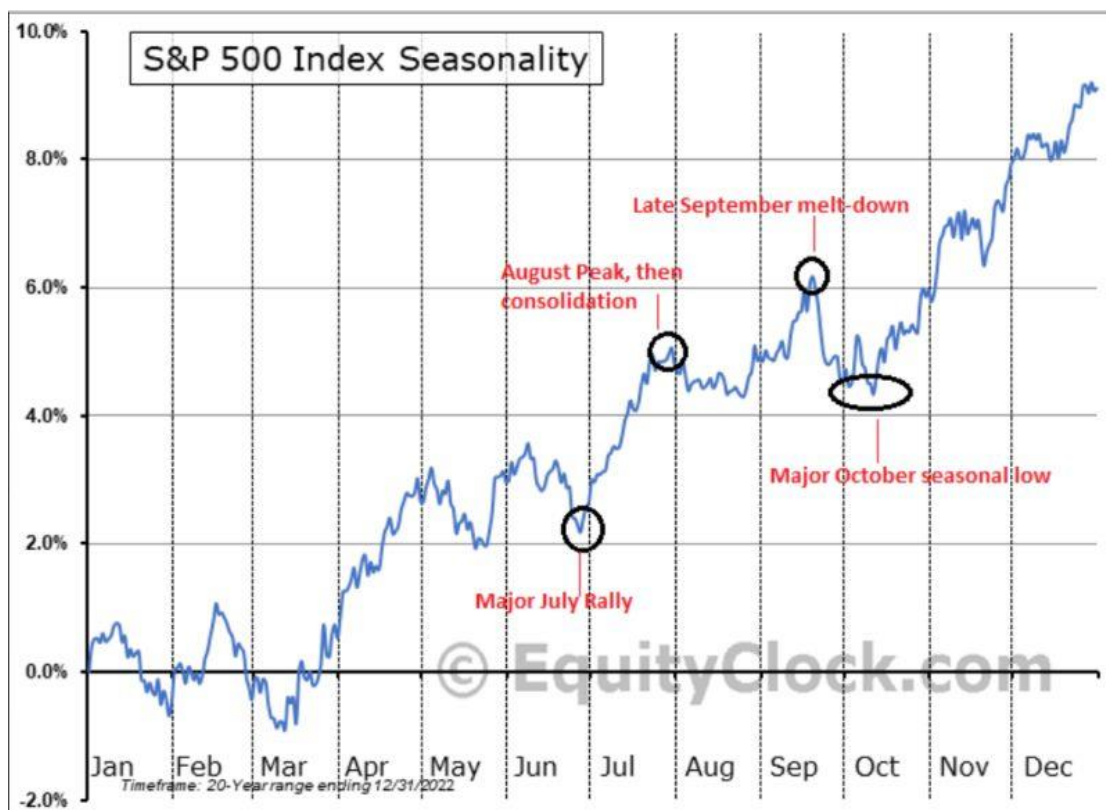
SPX seasonality continues

July most bullish month of the year ✓

Early August 1st peak then consolidation month ✓

Sept melt-down ✓

IF continues, the major seasonal low is early October



Source: mancini



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## #nvidia

Nvidia \$NVDA is now back above its 50D moving average after holding the 100D moving average perfectly for roughly a week



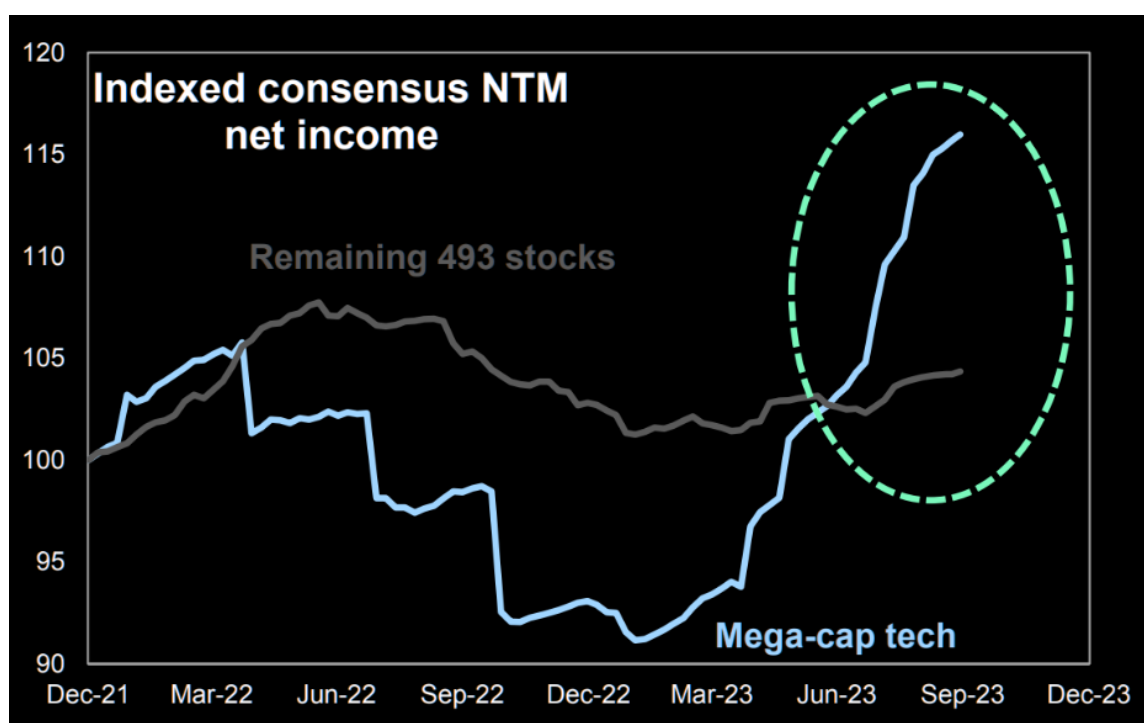
Source: Barchart



#markets

## #mega-cap #techs #stocks

In case you wonder why the NDX is holding up relatively well.



Source: TME, GS





## #megacaps #tech #equities

While mega-caps tech stocks are recording huge returns on their cash pile thanks to the rise of interest rates, this is not the case for the rest of the market. Small cap companies are paying the most interest expense ever recorded and unfortunately their interest income is not keeping pace. This will become an even larger problem when small companies are forced to refinance at significantly higher rates.

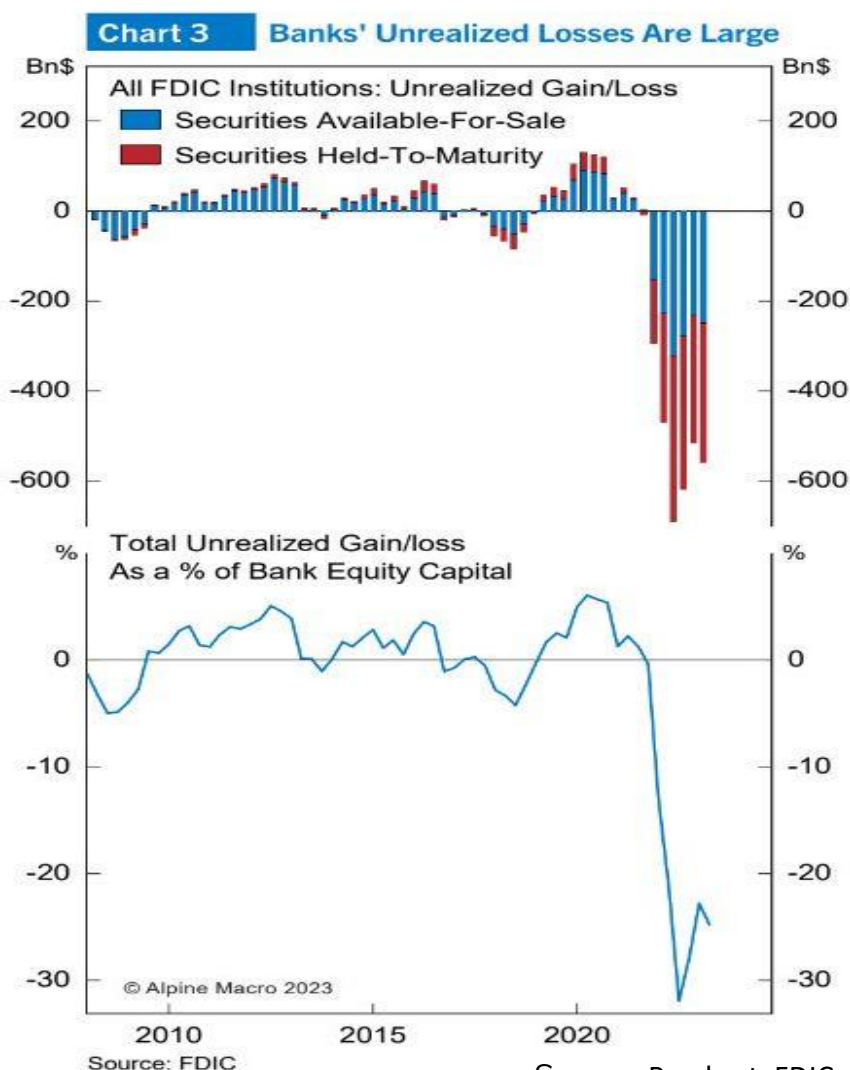


Source: FT, barchart



## #us #banks #losses

U.S. Banks are facing roughly \$600 billion of unrealized losses which accounts for roughly 25% of total banking capital, near the highest levels in history

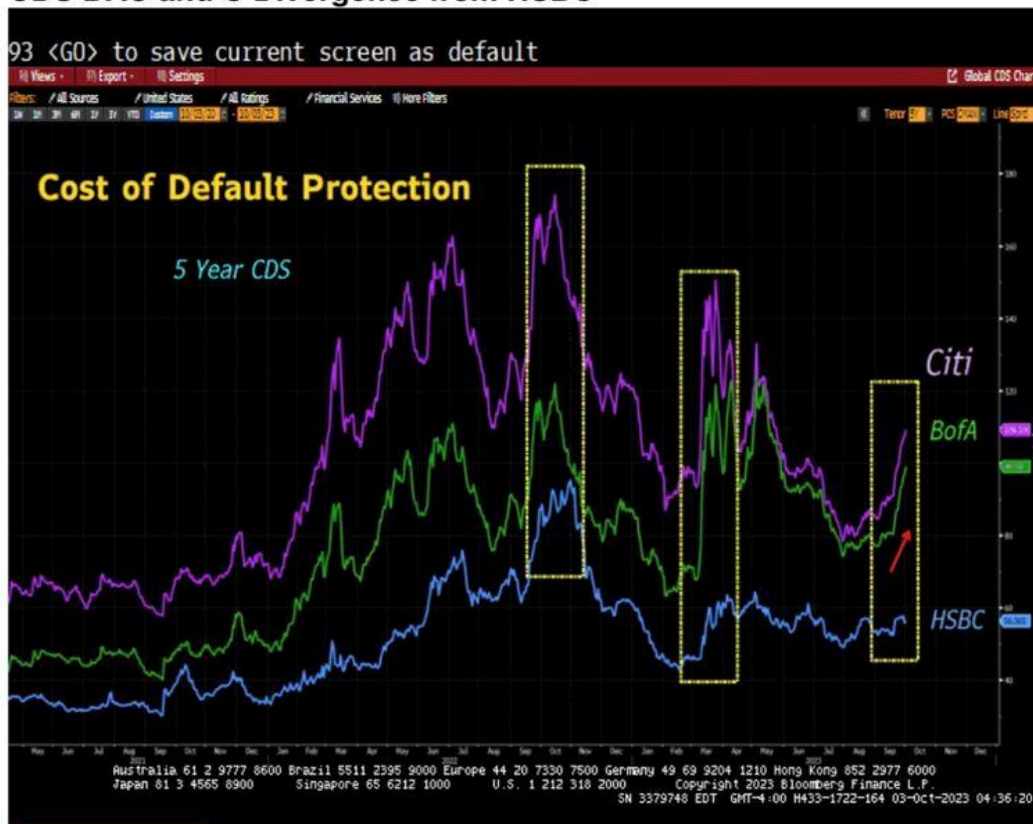




## #us #bond #yields #cbs

Rising bond yields is hurting US banks and it starts to show up in the CDS - see below. With US Treasuries at 5%, Bank of America is close to 45x levered, at 6-7% infinitely levered. Maybe the FED should have stress-tested the banks not only on credit quality but also duration...

CDS BAC and C Divergence from HSBC



**High Alert** - Bank of America and Citi credit risk is diverging from HSBC.

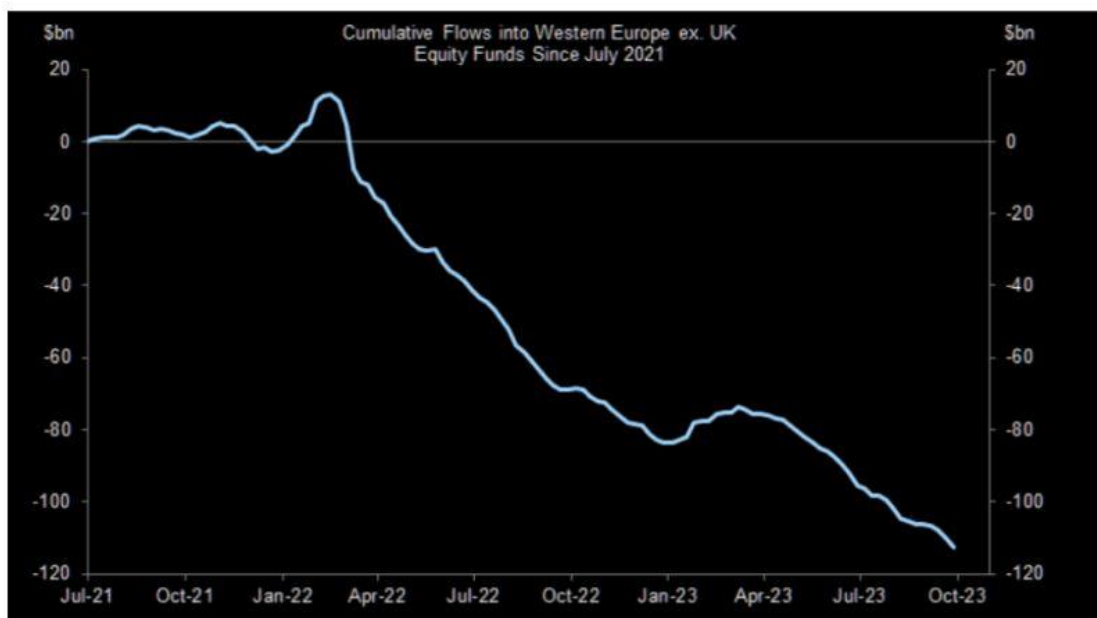


Source: Lawrence McDonald

## #europe #equity #outflows

### European Outflows

Western Europe continued to see net equity outflows, which have now more than erased the brief period of net inflows at the start of this year.



Source: EPFR

### #uk #metrobank #capitalraise

**BREAKING:** UK Metro Bank shares plunge 50% as it tries to urgently raise £600m capital.

- Metro Bank is seeking to raise up to £600mn after its share price fell almost 50 per cent in recent weeks, said people with knowledge of the plan.

The UK challenger bank is in talks with investors about raising £250mn in equity funding and £350mn in debt to shore up its balance sheet, the people said.

- The talks came after regulators last month failed to approve a request from Metro to lower the capital requirements attached to its mortgage business.

- Bank Crisis - Round II ?

#### Metro Bank in talks about urgent £600mn capital raise

UK lender's shares have plunged 50% in recent weeks



Metro Bank has hired Morgan Stanley to provide strategic advice and lead any potential capital raise, said a person familiar with the decision © Chris J Ratcliffe/Bloomberg

Source: FT

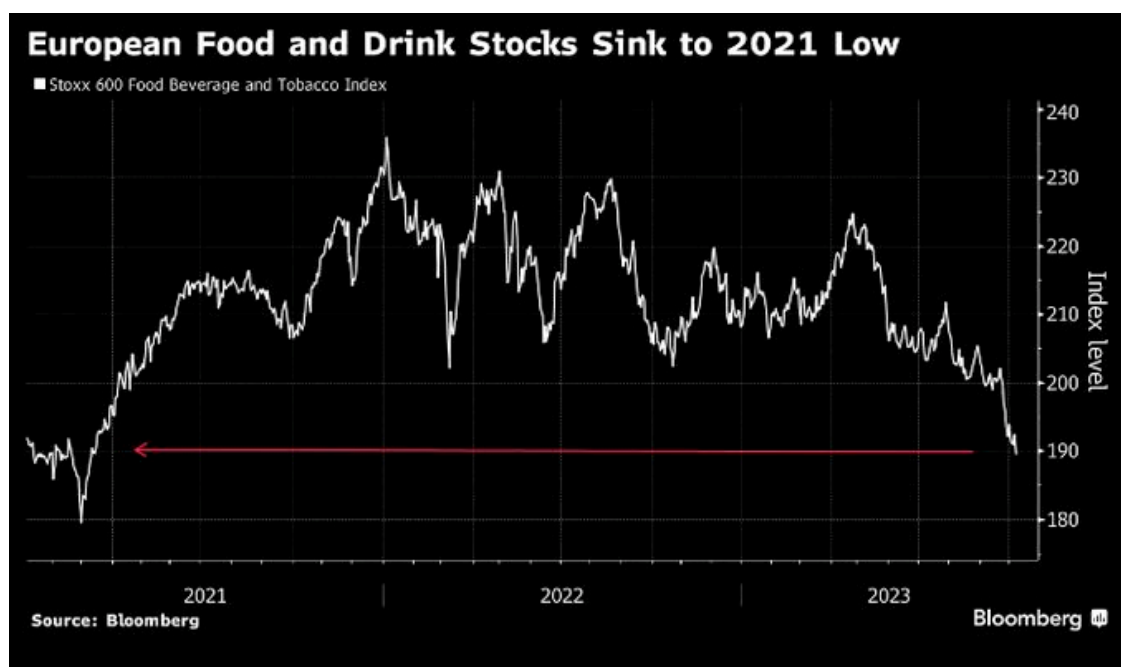


## #european #food&drinks #stocks

Weight loss drug Ozempic causing selloff in candy and beer stocks, per Bloomberg.

Walmart said it's already seeing an impact on shopping demand from people taking Ozempic.

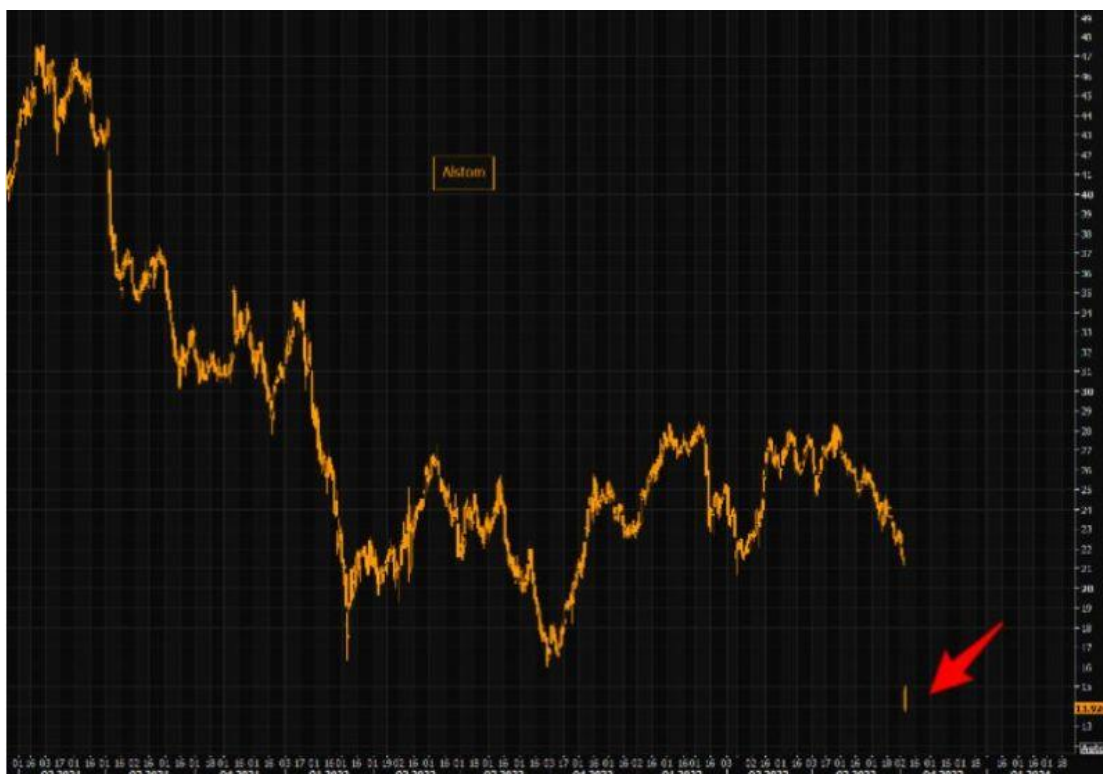
That sent shares of food and beverage companies sliding, some to multiyear lows.



Source: Genevieve Roch-Decter, Bloomberg

## #alstom #equity #performance

Alstom Derailed - Down 35%. Alstom SA will be “opportunistic” on potential asset sales after a warning on its financial guidance wiped out as much as €3.1 billion (\$3.3 billion) of the train maker’s market value.



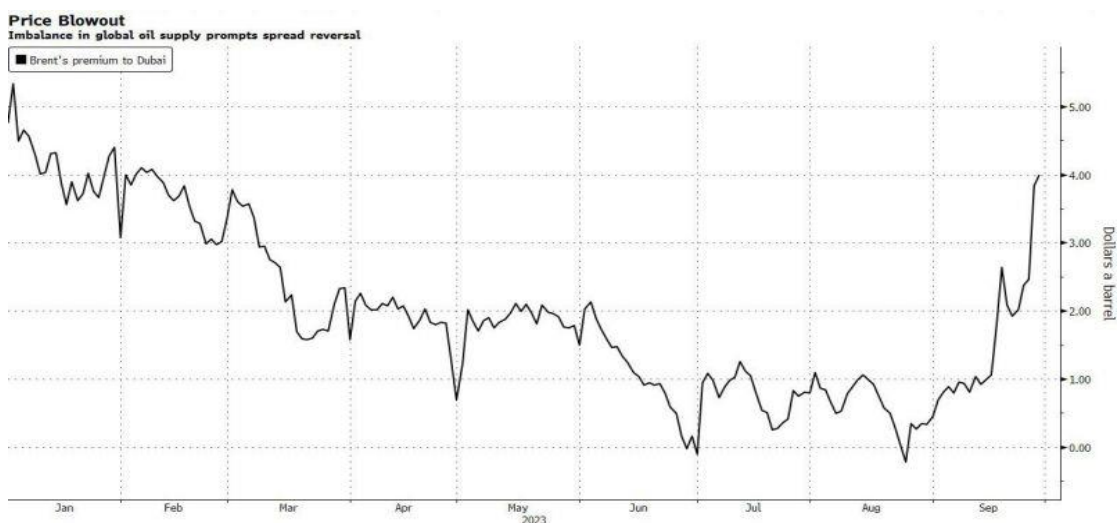
Source: bloomberg, tme





## #us #oil #supply

Plunging US Supply sends oil prices around the world soaring >>> In recent months, the US had helped fill a void left in the market, routinely sending more than 4 million barrels every day to sate global appetite. Between overseas shipments and strong domestic demand, stockpiles quickly declined in the US. As oil stockpiles are running out in the US, they're also running out in Europe, because it relies on US exports. As supplies collapse, cargoes of WTI Midland crude for January delivery to Asia are being offered for sale at premiums of \$9 a barrel above benchmark Dubai oil, the highest premium seen this year, data compiled by Bloomberg show. In the futures market, the tightness in US supplies narrowed the gap between US crude and international benchmark Brent to under \$3 a barrel, the smallest since May last year.



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



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## #us #oil #10y #decoupled

Looks like oil prices and bond yields have decoupled. Although the oil price has crashed sharply in the past 2 days, US 10y yields have fallen only slightly.



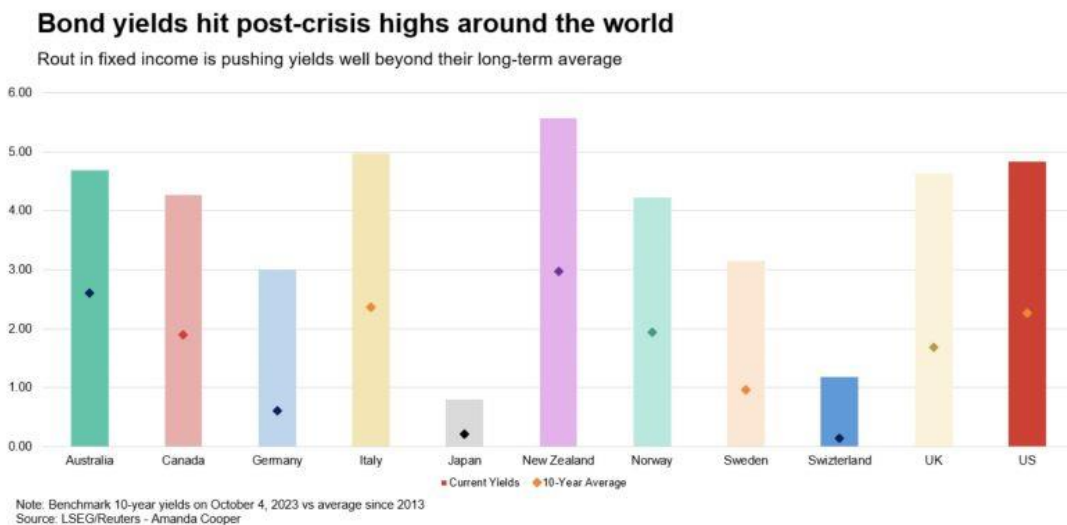
Source: HolgerZ, Bloomberg





## #us #bond #yields #selloff

The global bond markets rout in one chart. The world's biggest bond markets hit by heavy selloff: Bond yields hit post-crisis highs around the world: US 30y yields hit 5% before retreating. German bund yields hit 3%. Bond rout sounds alarm bells globally.

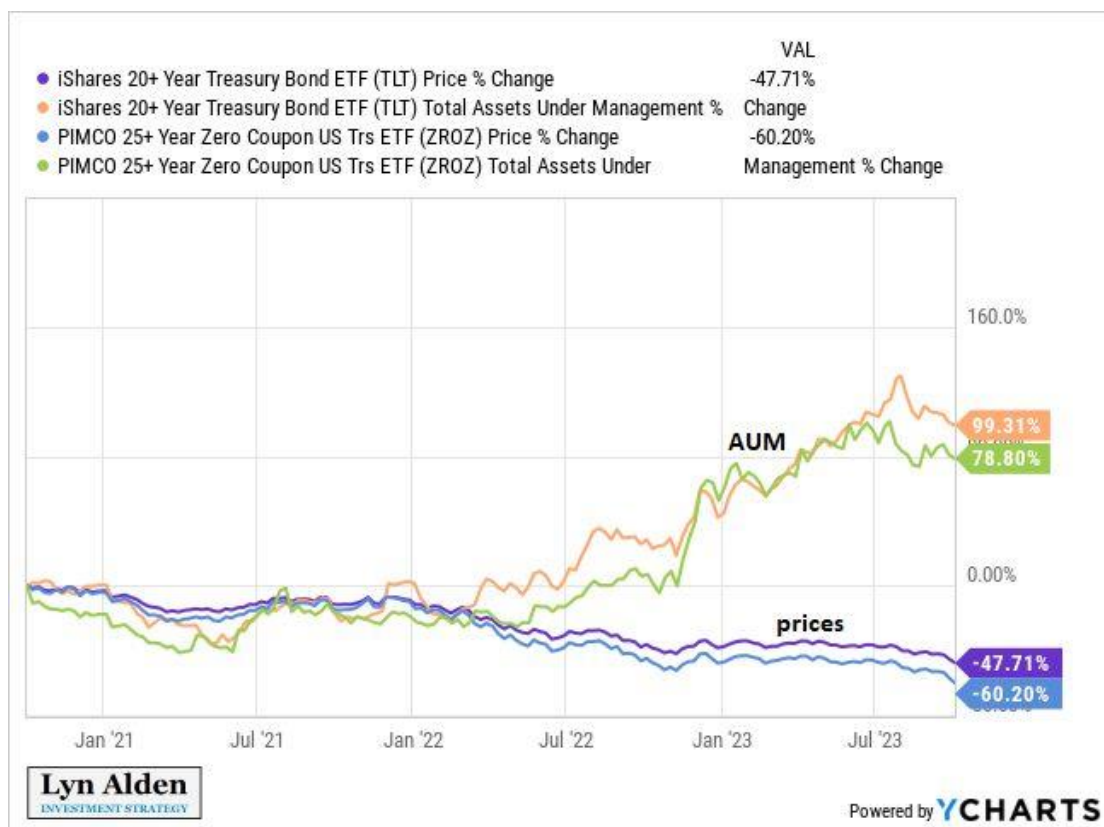


Rise in global yields beyond 10yr average levels Rise in global yields beyond 10yr average levels



## #bond #duration #performance

Long dated bonds: are investors in denial? As \$TLT and \$ZROZ duration bond funds fell in price, their assets under management kept increasing as investors just kept pouring their funds in.



Powered by YCHARTS

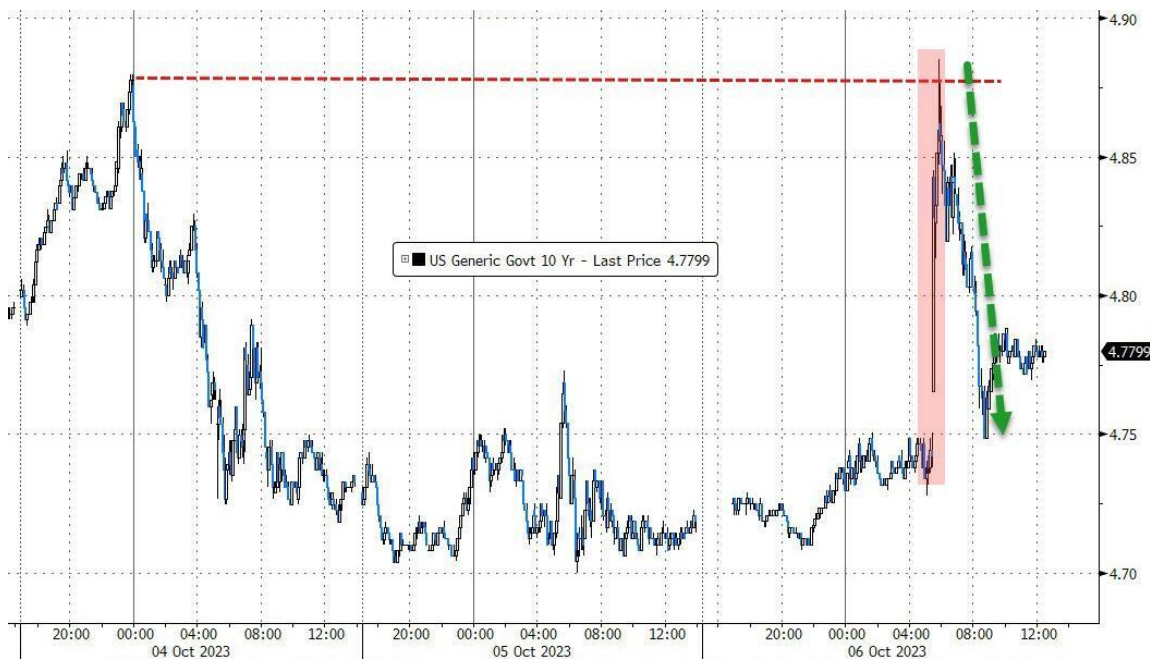


Source: Lyn Alden



## #us #treasuries #10y

Bond market reaction to Friday's payroll was quite volatile with yields spiking on the payrolls print and running stops from earlier in the week before collapsing back lower...



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



## #us #yield-curve

The yield curve (2s30s) bear steepened most of the week, surging back up to a key level... next stop 'un-inverted'



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





## #us #10y #yields

US 10y yields keep rising with most of the increase is due to the rise in real yields. US 10 year yields is now at 4.65%, 10 year real yields at 2.29%.



Source: Bloomberg, HolgerZ

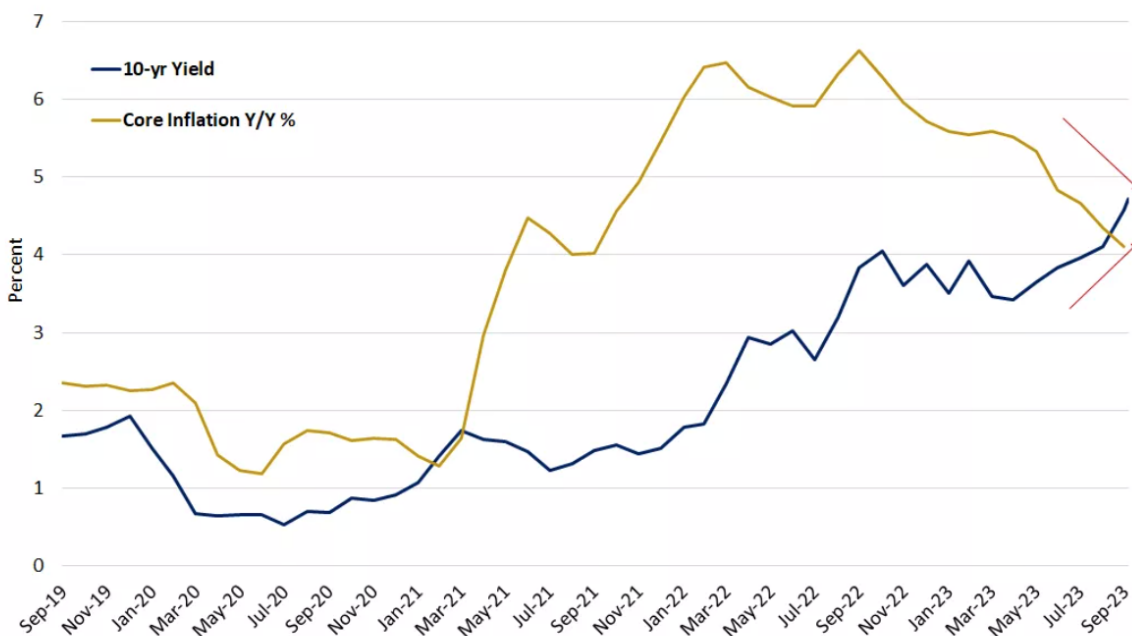




## #us-10-year #inflation

This chart shows the 10-year U.S. treasury yield and year-over-year change in core CPI inflation. Core CPI inflation peaked in September 2022 and has trended lower since. Historically, when core CPI has exceeded the 10-year treasury yield, core inflation peaked about a year before the peak in 10-year yields suggesting a peak in 10-year yields may not be far off.

10-year Rates Versus Inflation  
2019-Current



Source: Bloomberg, U.S. 10-year treasury rate and core consumer price index. Past performance does not guarantee future results.

Source: Edward Jones

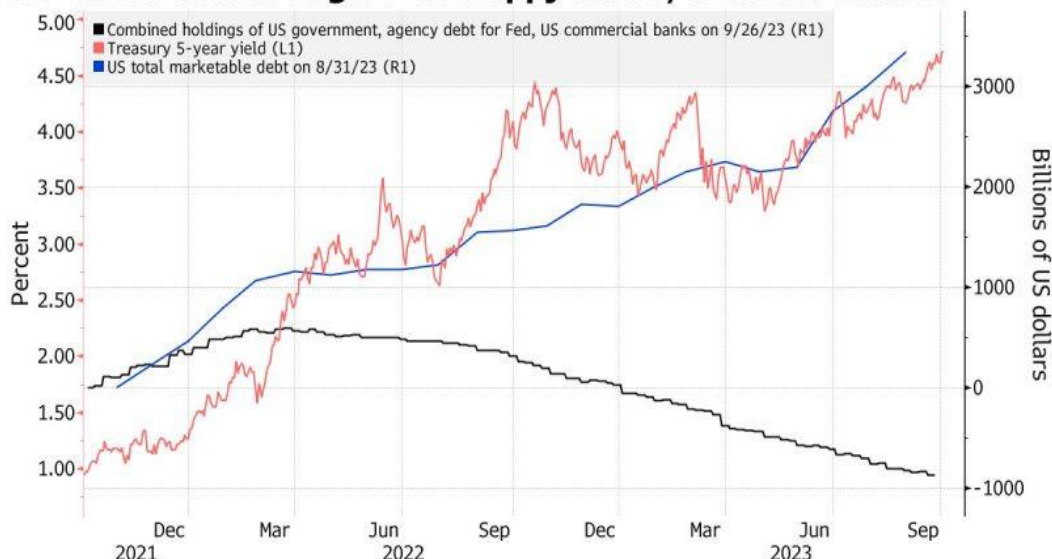




## #us #treasury #yield #30y

US 30-Year Treasury Yield hits 5% for the first time in 16 years while the 10-year hits 4.8%. Macro fundamentals and inflation fears are not the only culprit. Indeed, the slide in Treasuries now seems excessive given recent economic data and Federal Reserve policy. This could suggest it's instead being driven by fears over the swelling US deficit. As show on the chart below, the supply/demand balance context is clearly not favorable to US Treasuries. The recent move shows rising alarm at what fiscal policymakers are doing. Concerns over U.S. debt levels and large Treasury issuance have prompted investors to demand more compensation for the risk of holding long term bonds, driving long-term yields higher.

### US Yields March Higher as Suppy Rises, Demand Wavers



Source: Federal Reserve, US Treasury, Bloomberg

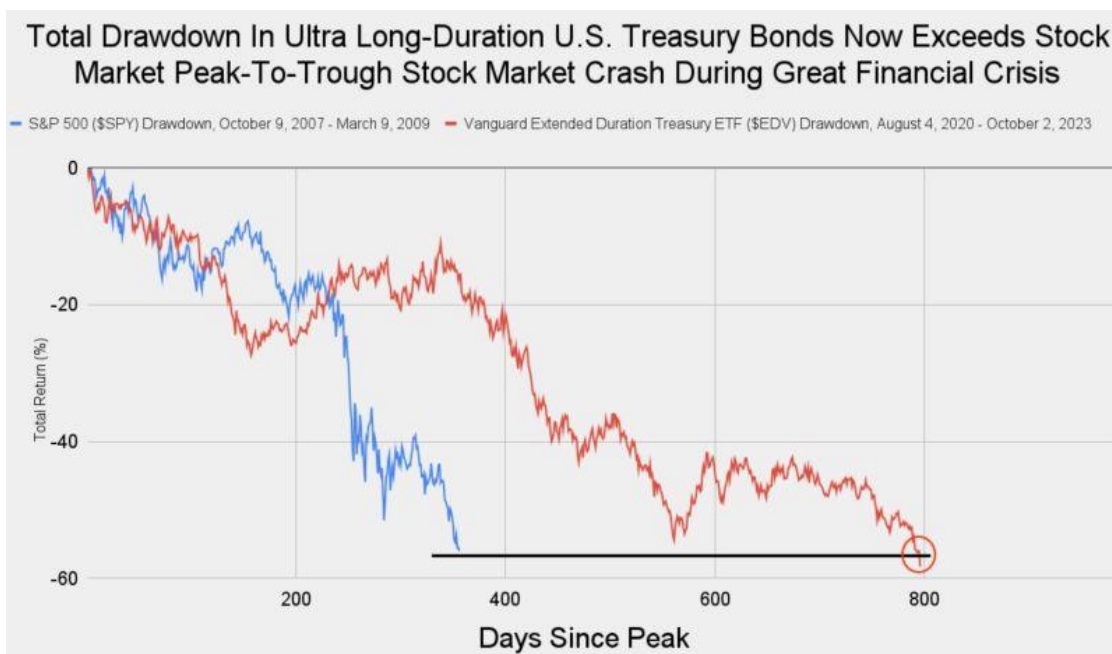


Source: Bloomberg



## #us #treasurybonds #drawdown

Incredibly, ultra long-duration Treasury bonds have now lost more in % terms than stocks did during Great Financial Crisis. The drawdown in extended duration Treasury ETF (58.3%) now exceeds PEAK-TO-TROUGH losses in S&P 500 during stock market crash of 2007 - 2009 (56.0%).

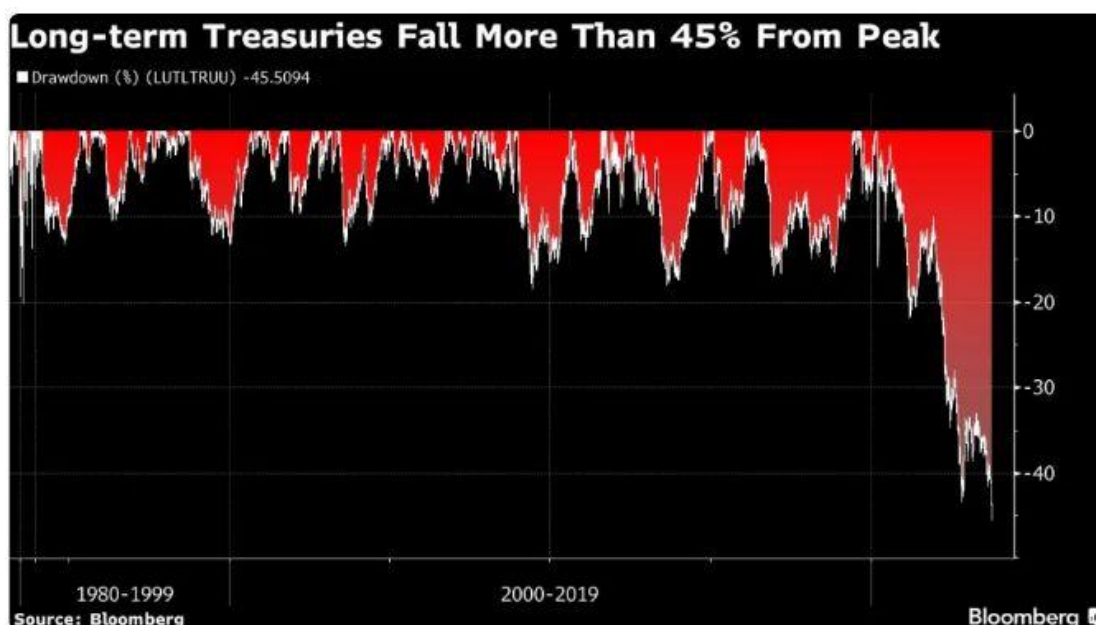


Source: Jack Farley

#markets

## #us #treasury #performance

10-Year Treasuries have declined 46% from the peak in March 2020 which is among the greatest meltdowns in financial history including the 49% drop in equities during the Dotcom Bubble



Long Bonds' Historic 46% Meltdown Rivals Burst of Dot-Com Bubble

Source: Bloomberg, Barchart

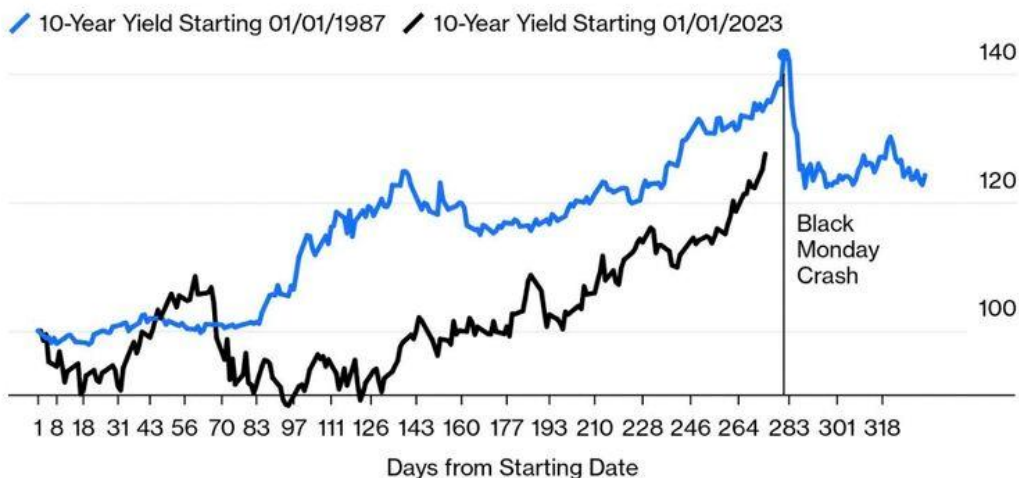


## #bonds #yields #blackmonday

Reminiscence of 1987 crash? Carl Quintanilla posted: “When I started in the business in 1987,” reminisces Steve Sosnick of Interactive Brokers, “bonds were mired in a bear market for most of the year while stocks rallied sharply. Until, of course, that reversed ..” John Authers. Comparison for bond yields bear a scarily unwelcome resemblance to 36 years ago ->

### Run for the Hills!

Yes, 2023's yield spike does look a lot like 1987, year of Black Monday



Source: Bloomberg

Bloomberg Opinion

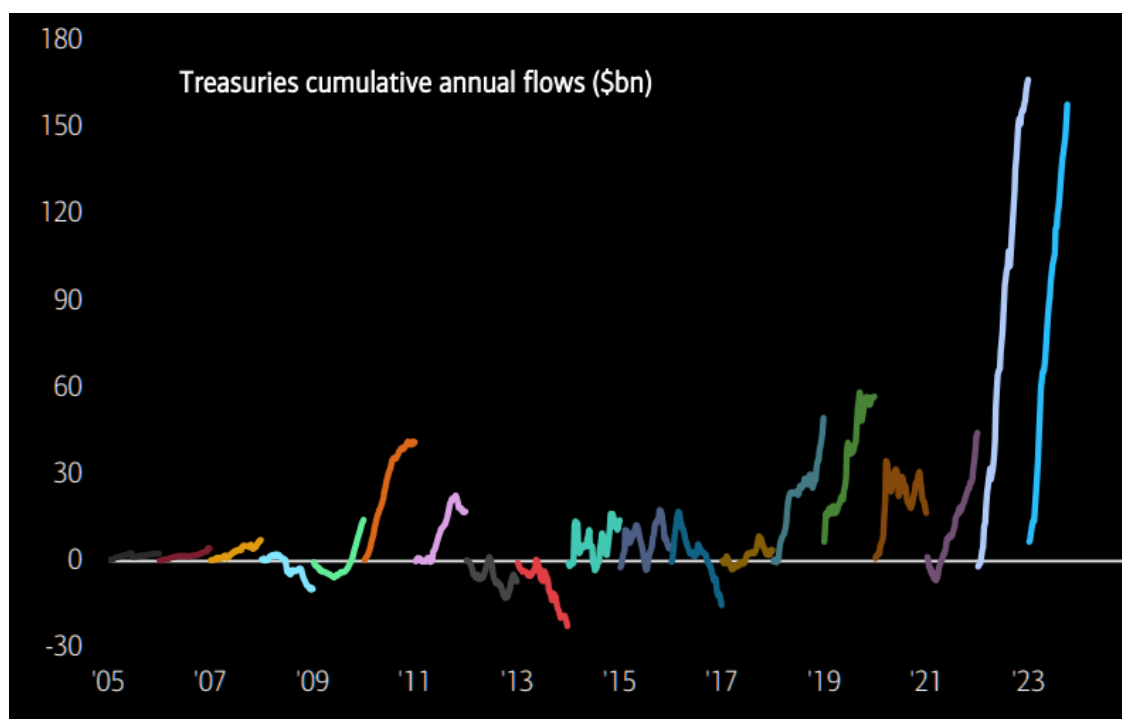
Source chart: Bloomberg



#markets

## #bonds #flows

US Treasuries: "...everybody is bearish, but nobody sold". Cumulative Treasury flows are impressive.

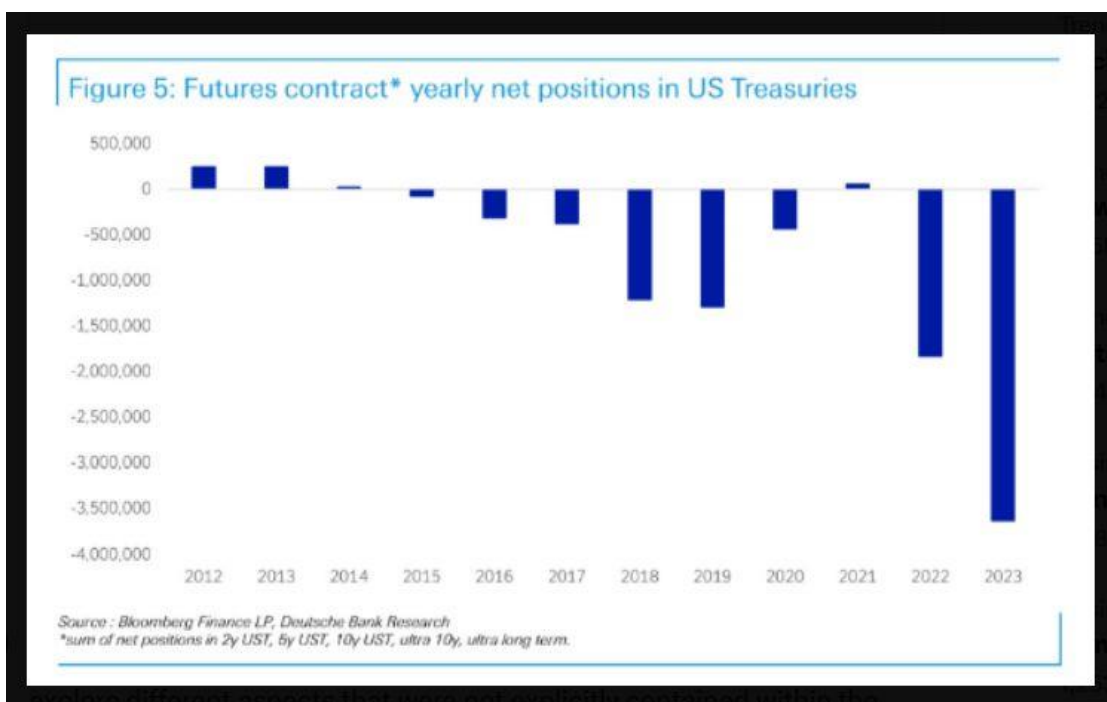


Source: BofA, TME



## #us #hedgefunds #treasuries

Hedge funds have now built the largest short position in U.S. Treasuries in history



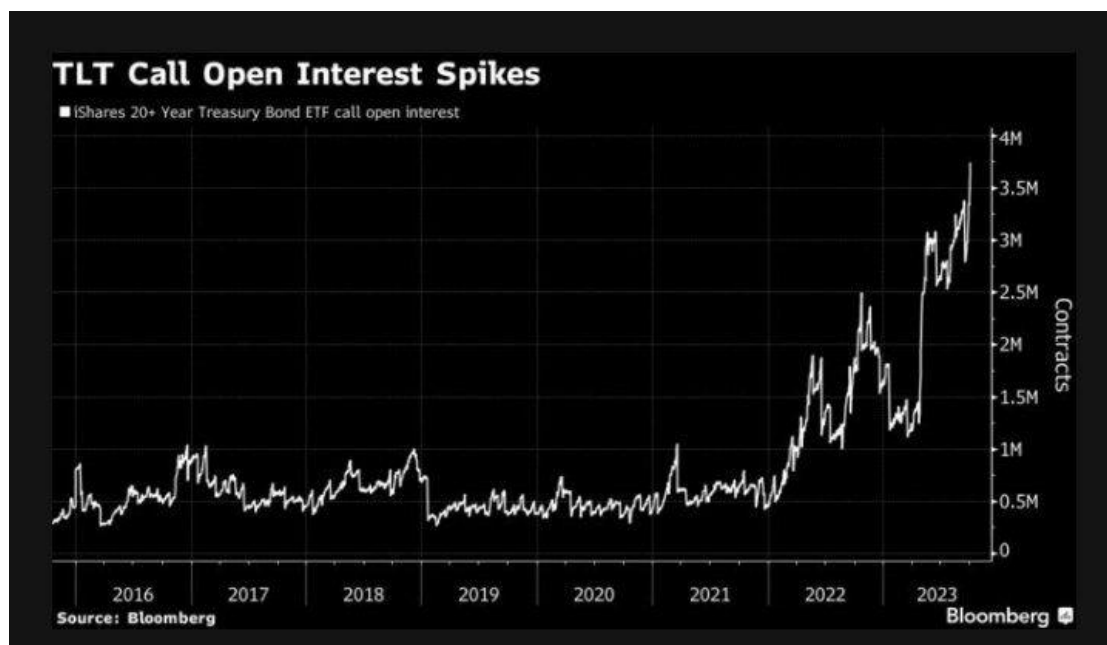
Source: DB, barchart



#markets

## #calls #interest

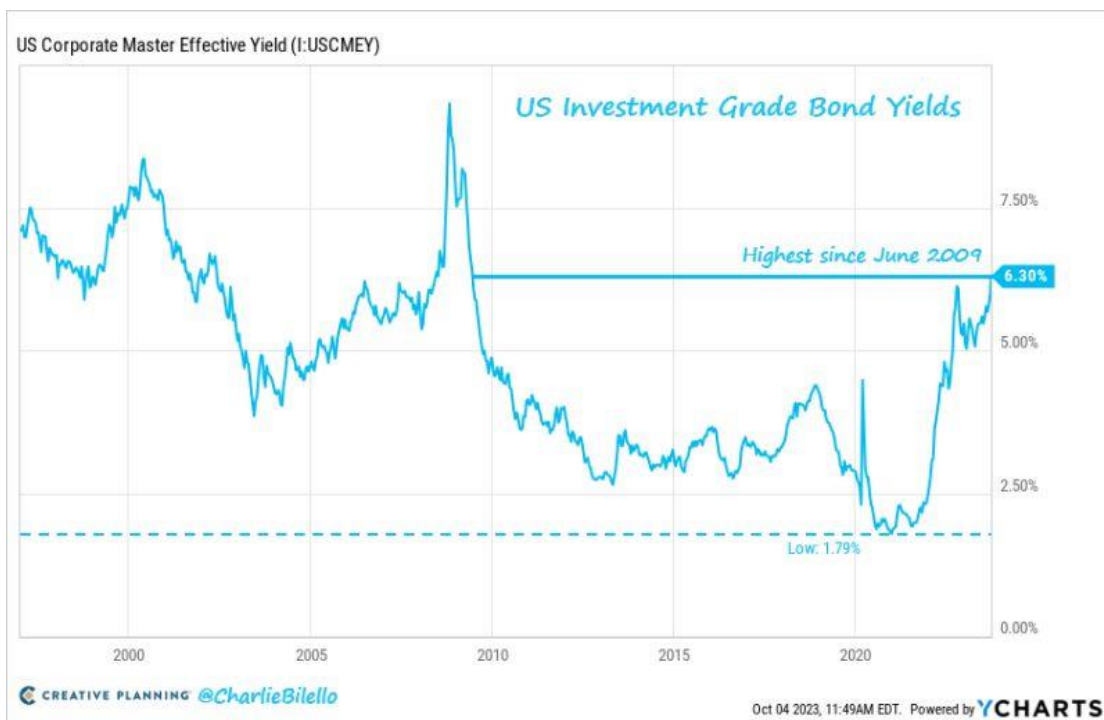
Open interest for bullish call contracts has soared to an all-time high for \$TLT. Traders see an end to the market rout that has led to TLT's longest streak of weekly losses since 2022.





## #us #ig #bonds

US Investment Grade bond yields have moved up to 6.3%, their highest level since June 2009. In early 2021 they hit an all-time low of 1.79%. A competition for stocks?



Source: Charlie Bilello



## #GLOBALMARKETS WEEKLY WRAP-UP

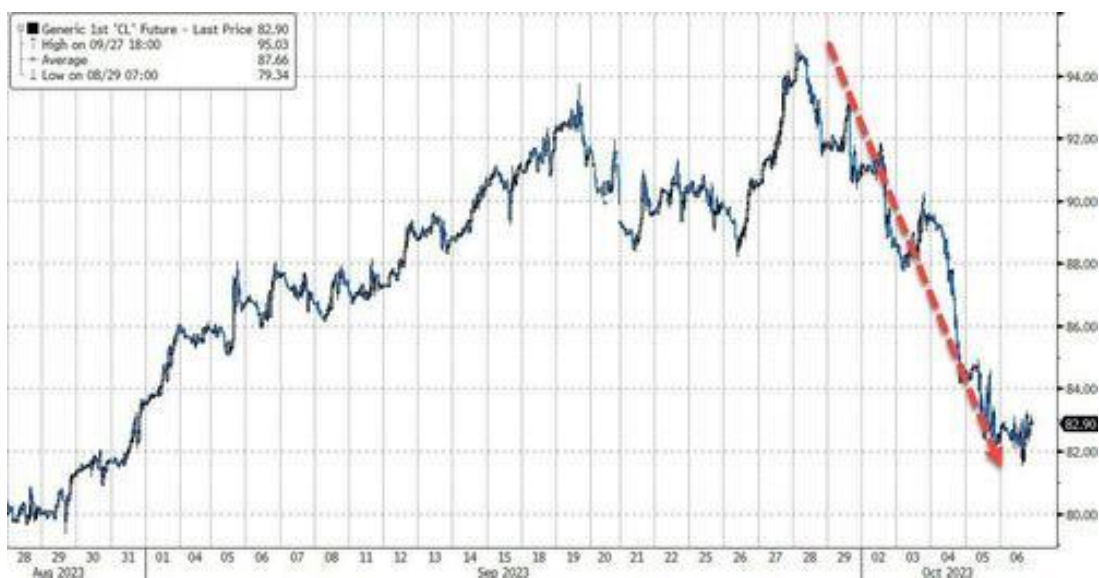
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### #oil

Ugly week for the energy complex with WTI puking down to a \$81 handle intraday - 6-week lows.

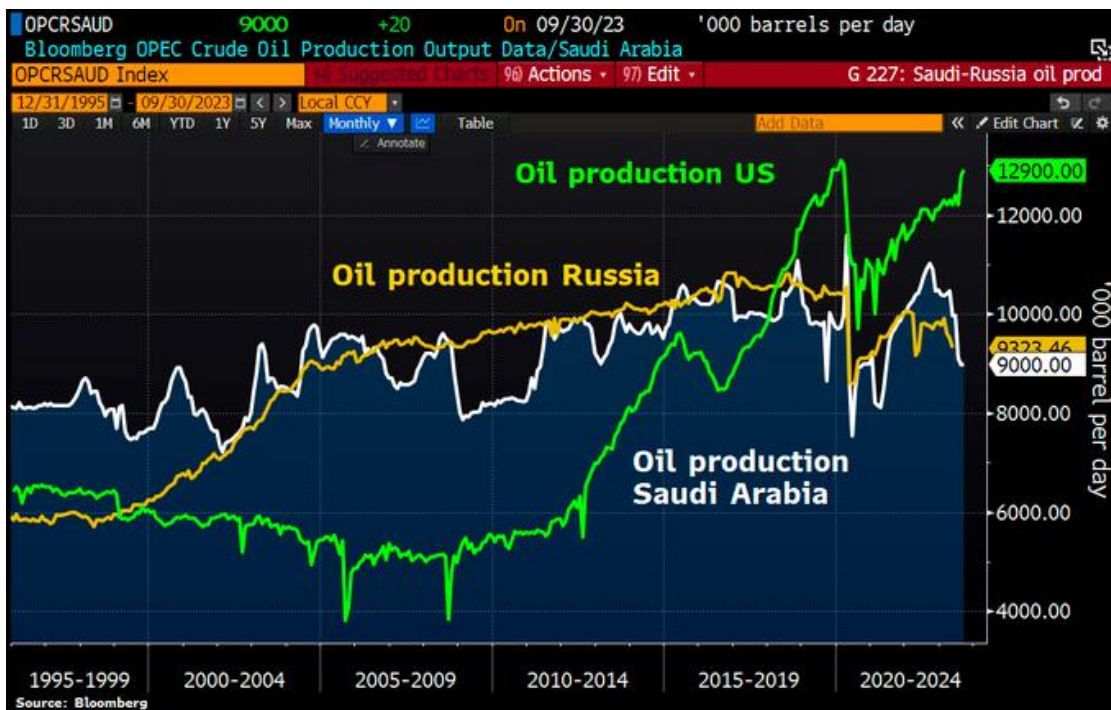


Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg



## #oil

The sudden drop in crude prices shows Russia & Saudi Arabia can't monopolize the #oil story. WTI settled near \$82/bbl, dropped 13.5% in only 6 trading days. That followed a plunge in gasoline futures after data showed stockpiles swelled in US



Source: HolgerZ, Bloomberg

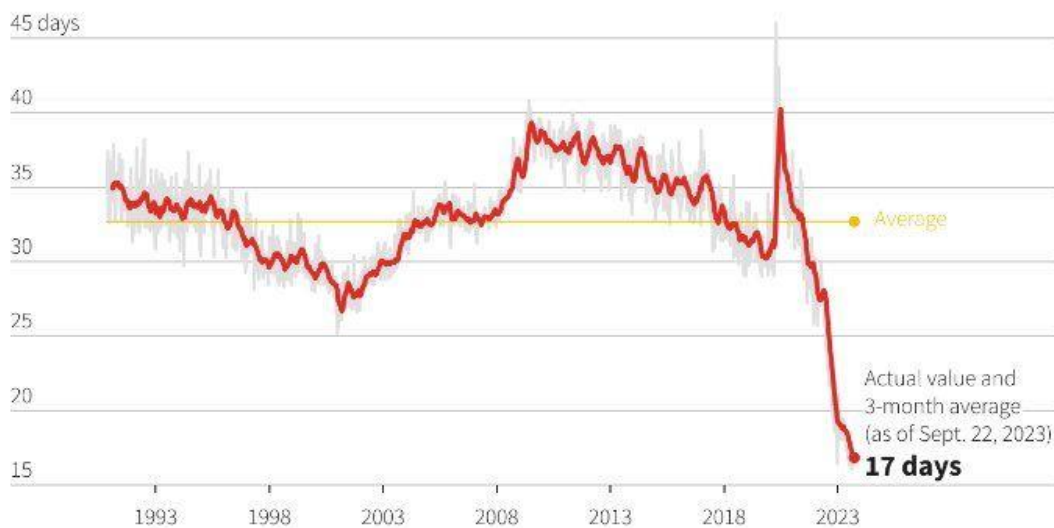


## #us #oil #spr

According to Reuters, the US currently has just 17 days of supply left in the Strategic Petroleum Reserves (SPR). This is roughly half the historical average of ~33 days dating back to 1990. Meanwhile, oil prices are still almost 30% above the target price the US is set to refill...

### Days Left in the Strategic Petroleum Reserve

U.S. Department of Energy



Source: LSEG Datastream | Reuters, Sept. 28, 2023

Reuters Graphics

Source: The Kobeissi Letter





## #japan #yen #dollar

Japanese Yen falling to lowest levels against the U.S. Dollar since the BOJ intervened last year. 150 level approaching fast 📉📉 Meanwhile, The Bank of Japan announced an extra bond-buying plan for this week as a global debt selloff forces policymakers into the market to curb sharp increases in yields. The BOJ will purchase extra amounts of 5-to-10-year debt on Wednesday as it strives to slow rising yields that are at the highest level in a decade. The benchmark 10-year maturity climbed to 0.775% Monday, a level last seen in 2013. Japan's 20- and 30-year yields are at similar peaks while Treasury yields also keep moving higher. Japanese sovereign yields have risen as speculation grows the central bank will end its negative interest rate sooner rather than later, while the US Federal Reserve will also keep borrowing costs high.



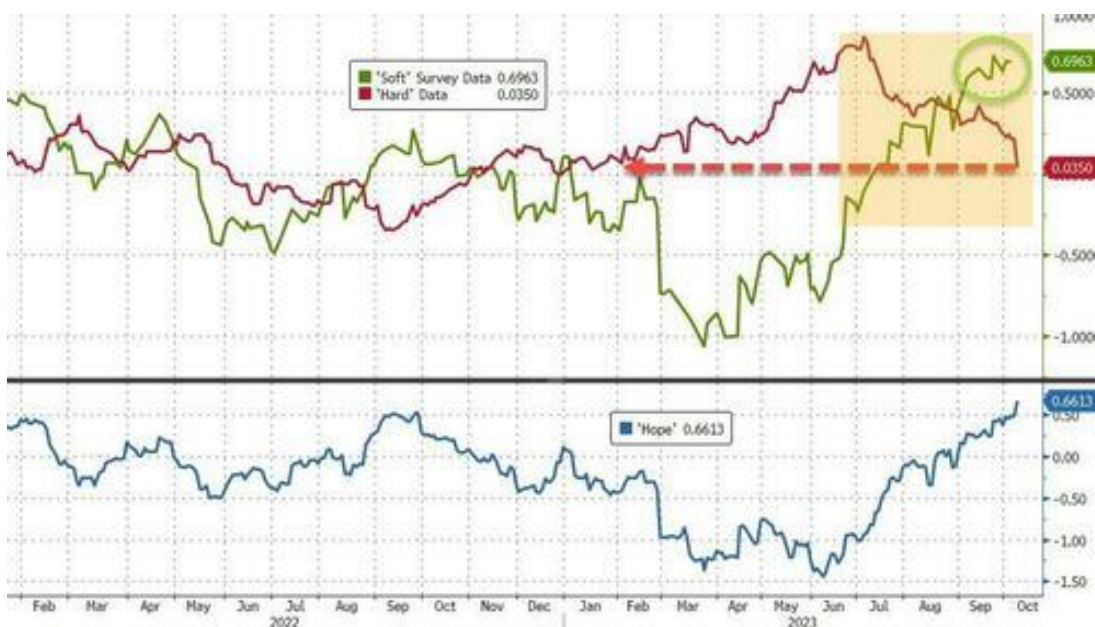
Source: Barchart, Bloomberg





#us #macro

'Hard' data collapsed further this week with 'soft' data staying near cycle highs as Friday's jobs data offered something for everyone with stalling wage growth (yay, we beat inflation), a jump in job gains (yay, growth and a soft landing), but a scratch or two below the surface



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





## #us #jobs #september

US jobs report looks a bit hot, at least the BLS headline jobs number: US economy added 336k jobs in Sep, double the Wall Street consensus; BUT household survey told a different story from establishment one, with job gains of just 86k in Sept in line with this week's ADP report. The unemployment rate held steady M/M at 3.8% unemployment rate unchanged at 3.8% vs 3.7% expected. And wage growth cooler than expected with +0.2% MoM despite major strikes: This year has been one of the biggest for strikes since 2000, w/more than 445k workers engaging in a work stoppage this year, according to Bloomberg data.

United States		Browse	14:35:54	10/06/23	10/13/23					
Economic Releases		All Economic Releases	View <input type="radio"/> Agenda <input checked="" type="radio"/> Weekly <input type="radio"/>							
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior	Revised
21)	10/06 14:30		🔔	📊	Two-Month Payroll Net Revision	Sep	--	119k	--	--
22)	10/06 14:30	🔊	🔔	📊	Change in Nonfarm Payrolls	Sep	170k	336k	187k	227k
23)	10/06 14:30		🔔	📊	Change in Private Payrolls	Sep	160k	263k	179k	177k
24)	10/06 14:30		🔔	📊	Change in Manufact. Payrolls	Sep	5k	17k	16k	11k
25)	10/06 14:30		🔔	📊	Unemployment Rate	Sep	3.7%	3.8%	3.8%	--
26)	10/06 14:30		🔔	📊	Average Hourly Earnings MoM	Sep	0.3%	0.2%	0.2%	--
27)	10/06 14:30		🔔	📊	Average Hourly Earnings YoY	Sep	4.3%	4.2%	4.3%	--
28)	10/06 14:30		🔔	📊	Average Weekly Hours All Employees	Sep	34.4	34.4	34.4	--
29)	10/06 14:30		🔔	📊	Labor Force Participation Rate	Sep	62.8%	62.8%	62.8%	--
30)	10/06 14:30		🔔	📊	Underemployment Rate	Sep	--	7.0%	7.1%	--



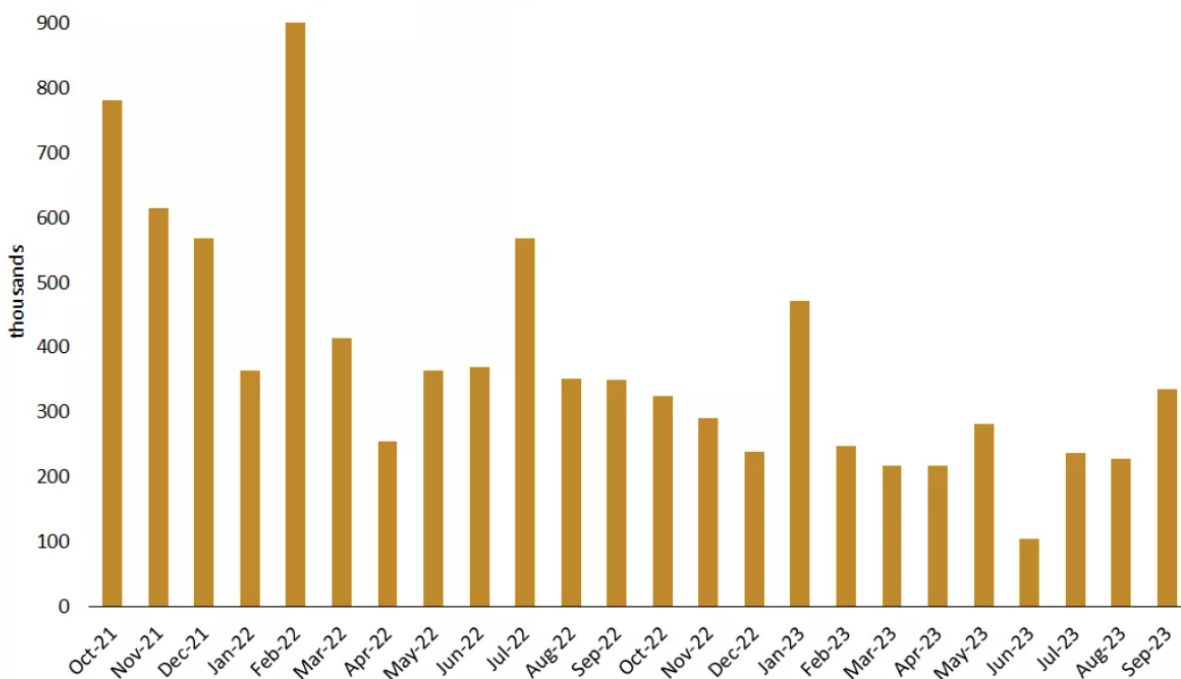
Source: Bloomberg



## #us #jobs #september

This chart shows the monthly change in U.S. nonfarm payrolls. The September reading of 336,000 was the highest since January and well above the previous three-month average.

Monthly Change in U.S. Nonfarm Payrolls



Source: FactSet.



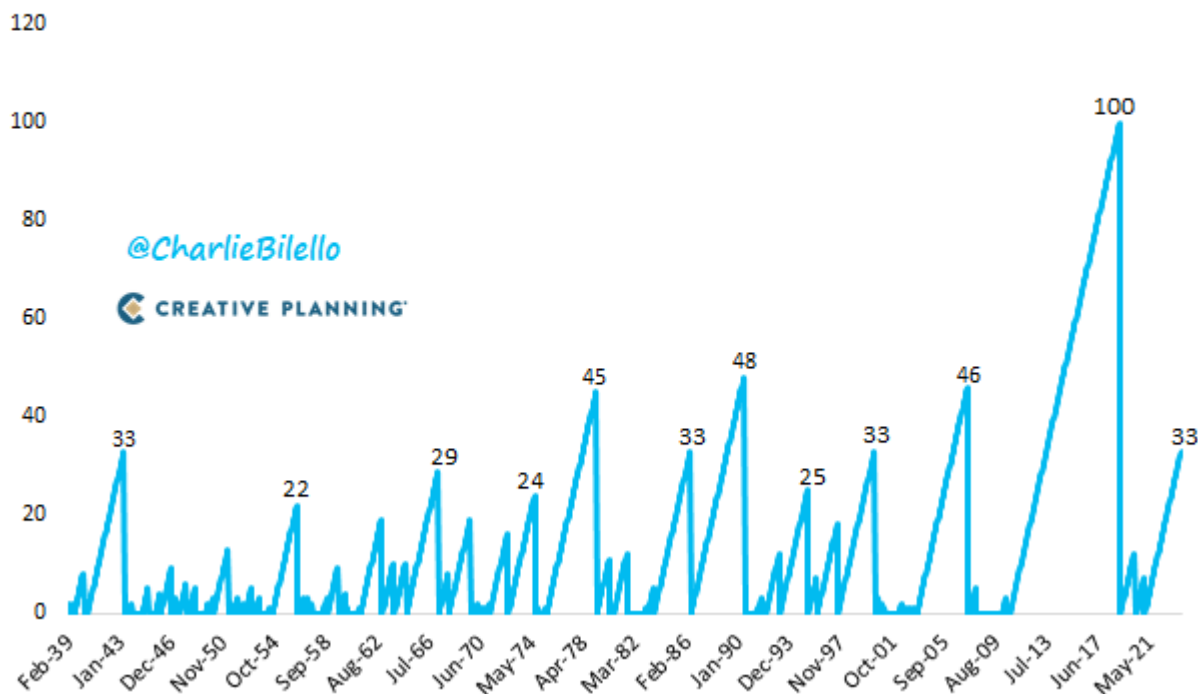
Source: Edward Jones



## #us #jobs #september

336,000 US jobs were added in September, well above expectations of 160,000 jobs. That's the 33rd consecutive month of jobs growth.

### US Non-Farm Payrolls: Consecutive Positive Months (1939 - 2023)

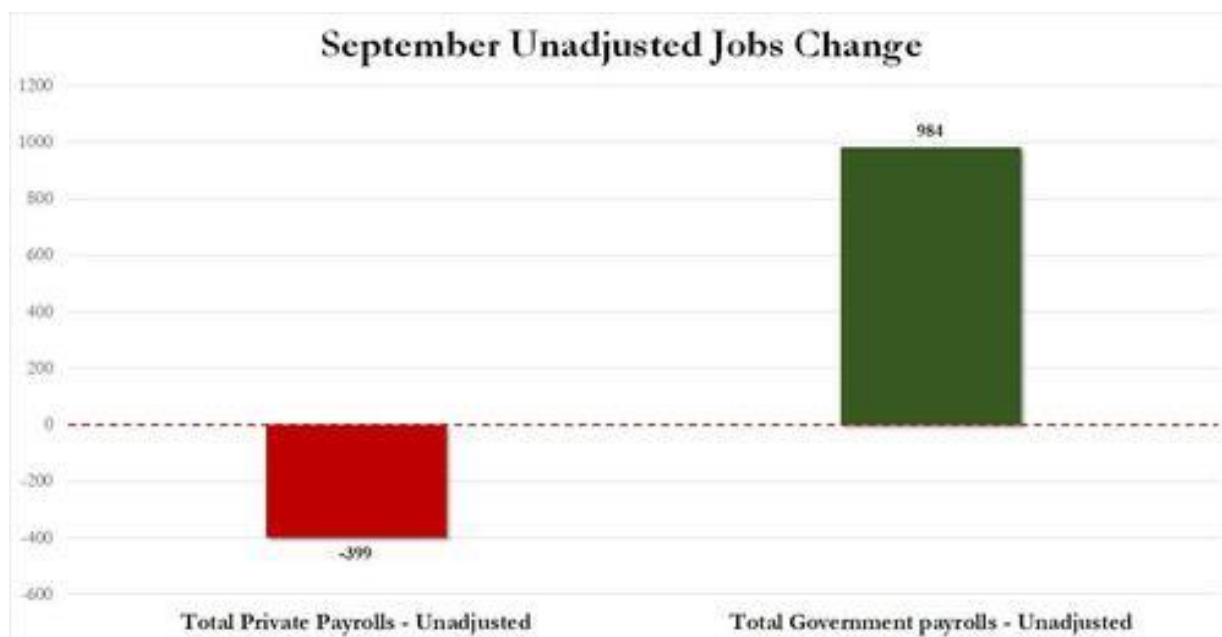


Source: Charlie Biello

#macro

## #us #jobs #september

Unadjusted total payrolls rose by 585K and yet private payrolls dropped by 399K all of the unadjusted jobs in September came from the government, which added a whopping 984K jobs (mostly teachers).





## #us #adp #jobs #employment

Is ADP the start of something big or an anomaly, knowledge\_vital asks as ADP report for September saw a huge drop in new jobs to just 89k vs. 150k forecast, & down from +180k in Aug. The 89k is the softest number since Jan 2021. Large comps drove downside, they shed 83k jobs in September.

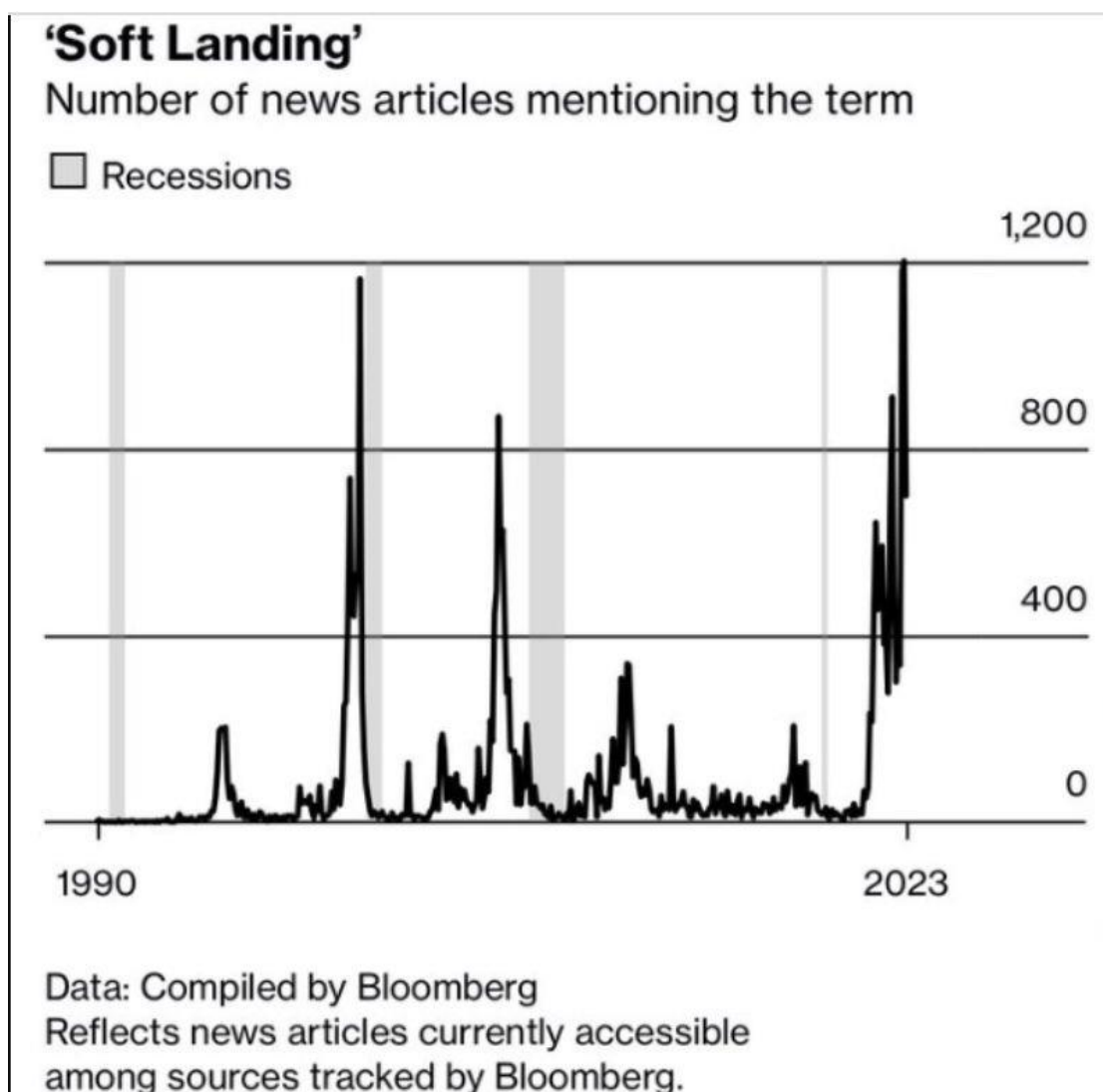


Source: HolgerZ, Bloomberg

#macro

## #recession #soft-landing

The Mentions of a "Soft Landing" have Surged to Their Highest Levels.

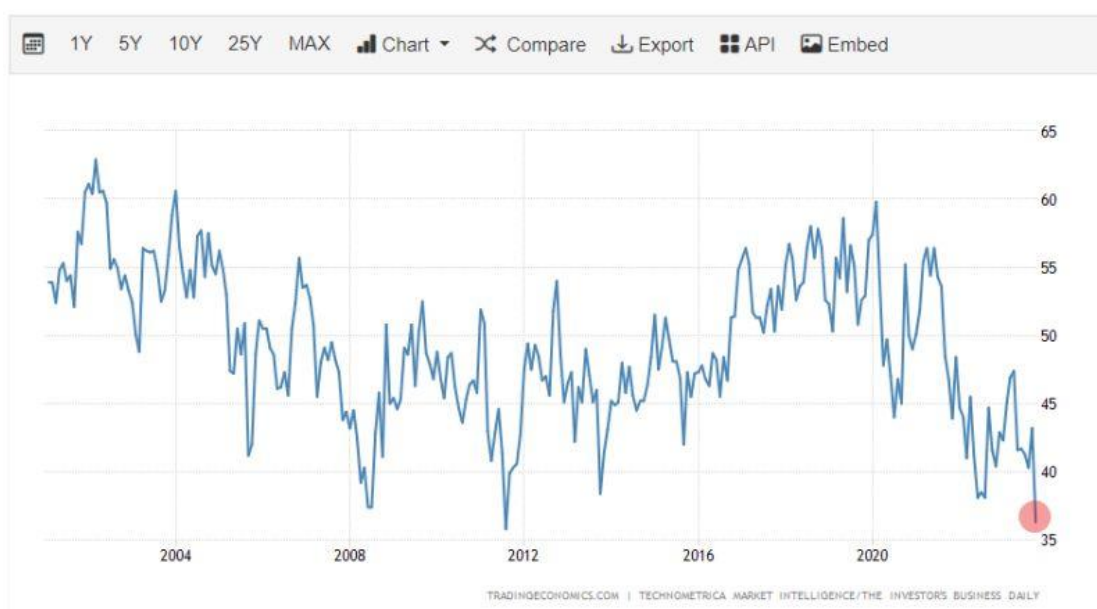


Source: bloomberg, mayhem4markets

#macro

## #us #optimism #sentiment

Soft landing? U.S. Economic Optimism Index plummeted to 36.3 in October, the lowest reading ever recorded.



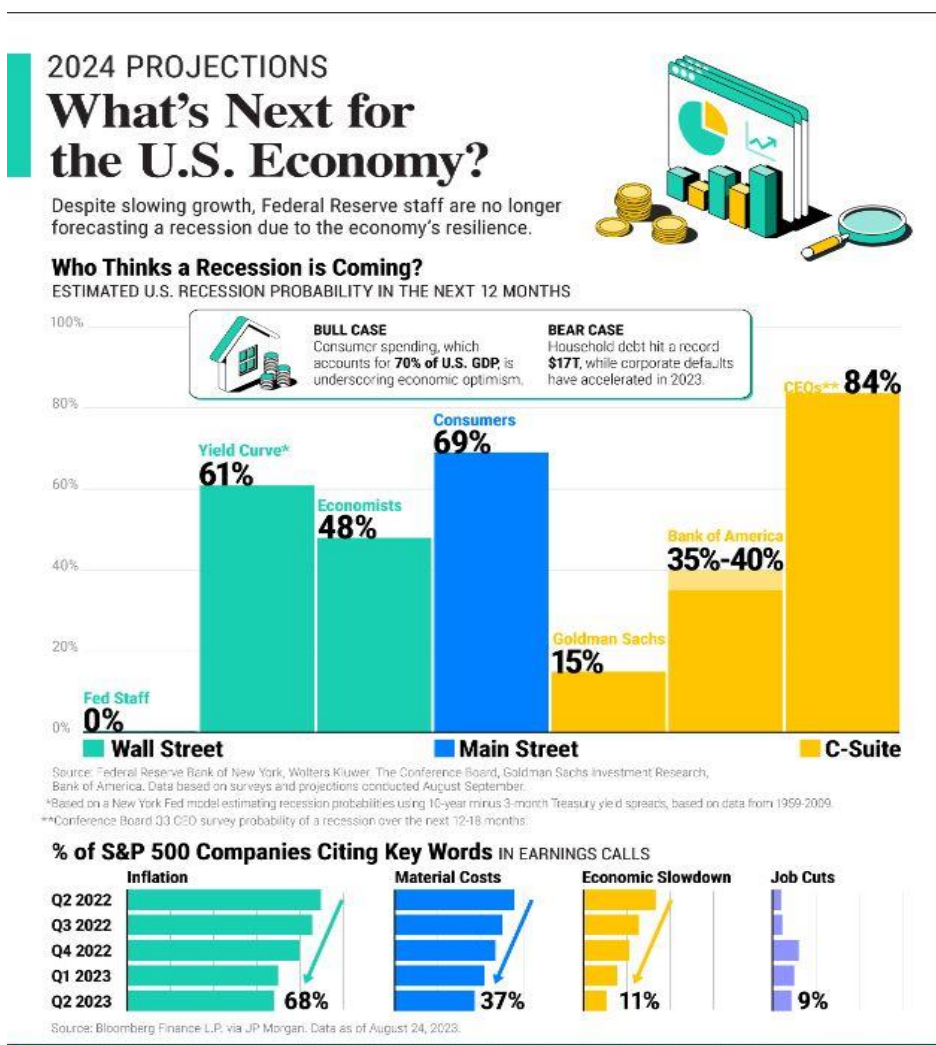
Source: Barchart





#us #recession #sentiment

Estimated US Recession Probability on the next 12 months: Fed Staff : 0% / CEOs : 84%



Source: visualcapitalist





## #us #household #savings

Bloomberg on the status of US “excess pandemic savings”

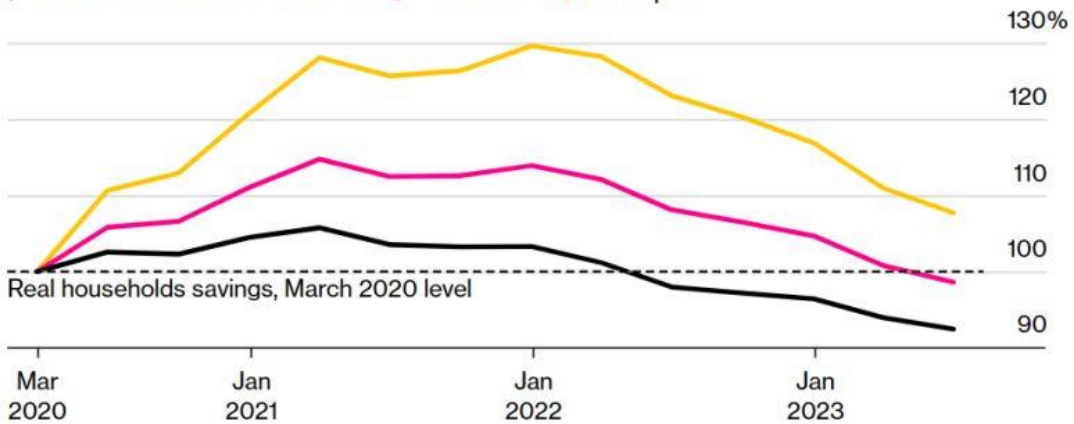
Americans outside the wealthiest 20% of the country have run out of extra savings and now have less cash on hand than they did when the pandemic began, according to the latest Federal Reserve study of household finances.

For the bottom 80% of households by income, bank deposits and other liquid assets were lower in June this year than they were in March 2020, after adjustment for inflation.

### US Excess Savings Depleted for Bottom 80% of Households

Rapid accumulation and drawdown of household excess savings

Household Incomes: 0 to 40% (black line), 40 to 80% (pink line), 80% plus (yellow line)



Source: Federal Reserve, Bloomberg calculations  
Note: March 2020 = 100



#macro

## #us #creditcard #delinquency

Credit Card Delinquency rates at small banks have reached 7.51%, the highest level ever recorded.



#macro

### #vehicle #payments #interest

New Vehicle Payments hit \$736 per Month. The average monthly payment on a new vehicle bought in the third quarter was \$736, up \$33 from a year earlier, car-research site Edmunds reported Tuesday. The average annual percentage rate (APR) on financed new vehicles was 7.4%, up from 5.7% a year earlier. The average new-vehicle borrower took out \$40,149 in loans. About 17.5% of new-vehicle borrowers — more than 1 in 6 — agreed to monthly payments of over \$1,000 in the third quarter, also marking an all-time high.



#macro

## #us #interestrates #mortgage

The impacts of rising interest rates on the costs of your mortgage over the life of the loan. In the US, A \$400,000 house now costs over \$1,000,000, with interest rates now at 7.7% from 3%.

### 2021 Rate: 2.96% 30y-fix

Loan amount ⓘ  
**\$399,999**

Total cost of loan  
**\$604,180**

Total interest paid  
**\$204,181**

50% of the home price  
over 30 years

### 2023 Rate: 7.7% 30y-fix

Loan amount ⓘ  
**\$399,999**

Total cost of loan  
**\$1,027,529**

Total interest paid  
**\$627,530**

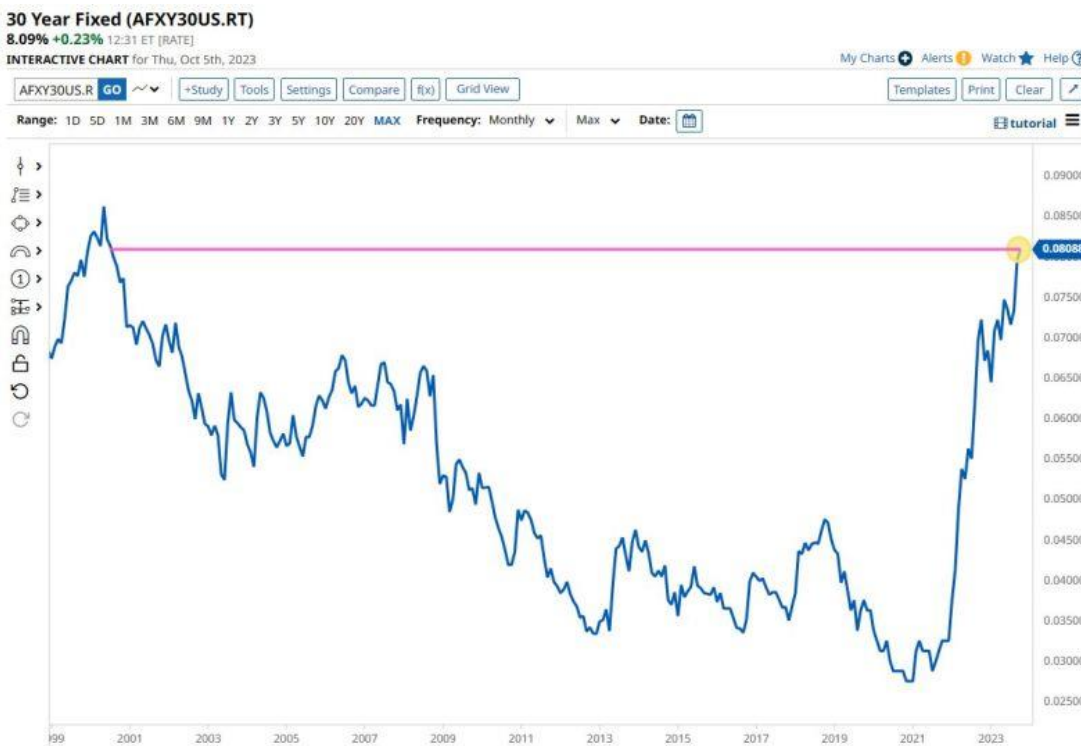
157% of the home price  
over 30 years





## #us #mortgage #rates

U.S. Mortgage Rates surpassed 8% this week for the first time in more than 23 years

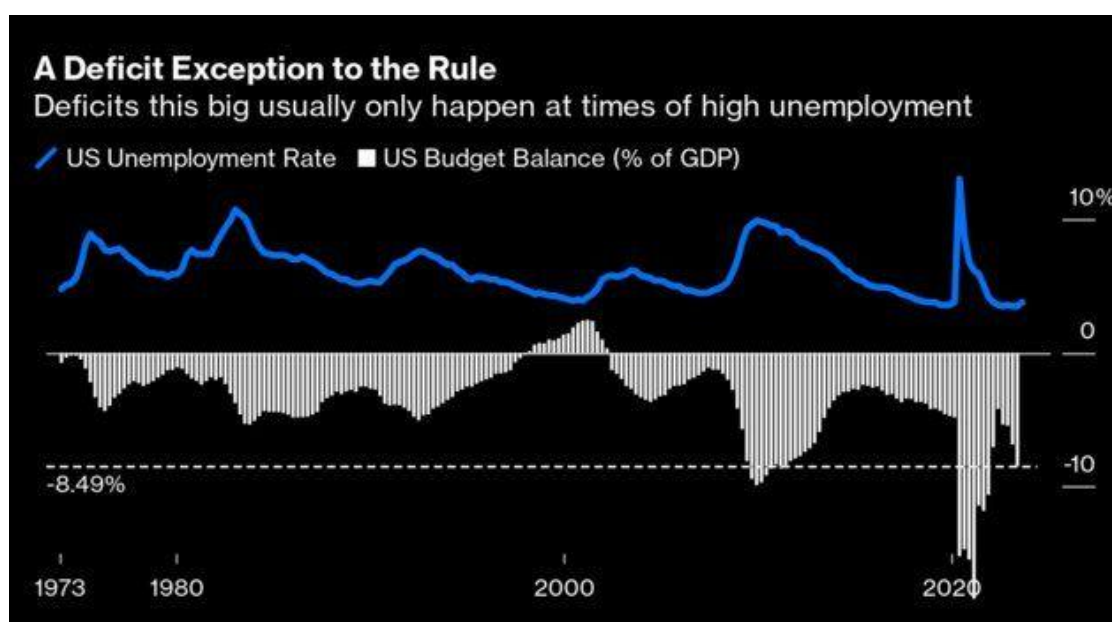


Source: barchart

#macro

## #us #unemployment #deficit

The US is running 10% deficit with record low unemployment. Imagine the deficit in next recession, whenever it may come. Enjoy these positive real rates as long as they last.



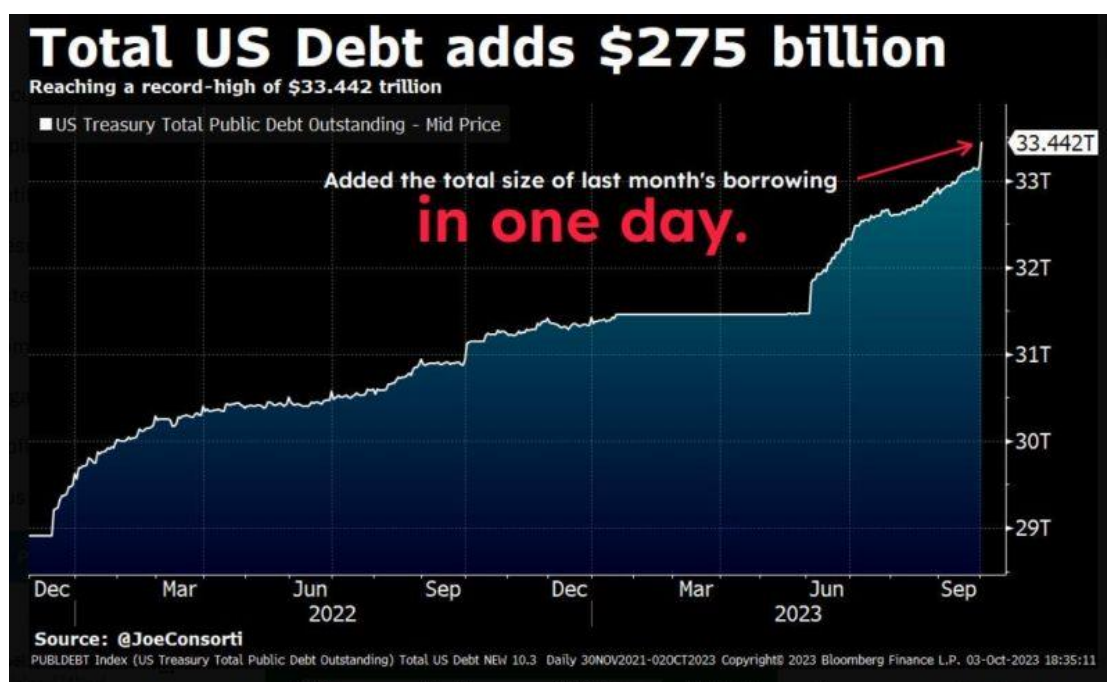
Source: Michel A.Arouet, Bloomberg



#macro

## #us #debt

One Day - \$275bln. In a single day, US debt surged by \$275 billion, reaching an unprecedented \$33.44 trillion. Just two weeks prior, US debt had breached the \$33 trillion mark for the very first time. This indicates that, on average, the US has accumulated \$32 billion in debt daily over these two weeks. If this rate continues, the US is on track to accrue \$1 trillion in debt within a month.

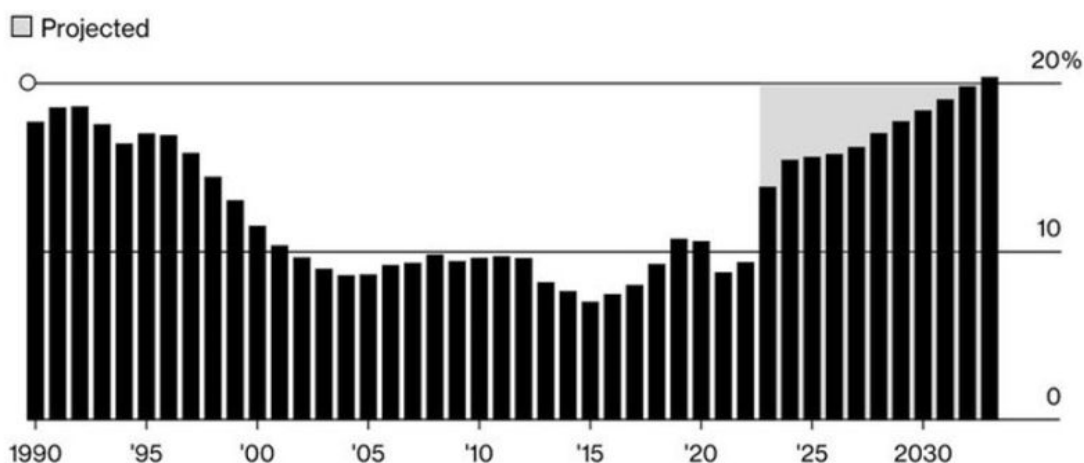




## #us #shutdown #interest #debt

For the next 45 days or so, the US government will NOT be shut down - this is most likely a relief for markets. Still, this stopgap bill is only a temporary solution. They are just kicking the can down the road another time. Indeed, the House and Senate are both struggling to approve yearlong spending bills, and the gulf between the two parties remains vast. And as highlighted by the Kobeissi letter, there is still NO LONG-TERM PLAN. For nearly 20 years, it was effectively free for the US to issue debt as debt service costs were ~1.5%. Now, debt service costs have doubled to 3% and will rise toward 5% as rates skyrocket. To put this in perspective, 5% on \$33 trillion is ~\$1.7 trillion PER YEAR on interest expense. As deficit spending rises, rates are also rising as the US issues trillions in bonds to cover the deficit.

### Net Interest on Debt as Share of Federal Revenue



Source: Congressional Budget Office

Source: CBO, The Kobeissi Letter





## #germany #construction #pmi

The construction sector in Germany is really crashing. The German PMI Construction Index fell to 39.3 in Sep from 41.5 in Aug, and the lowest level since statistics began



Source: HolgerZ, Bloomberg

#macro

## #brazil #trade #surplus

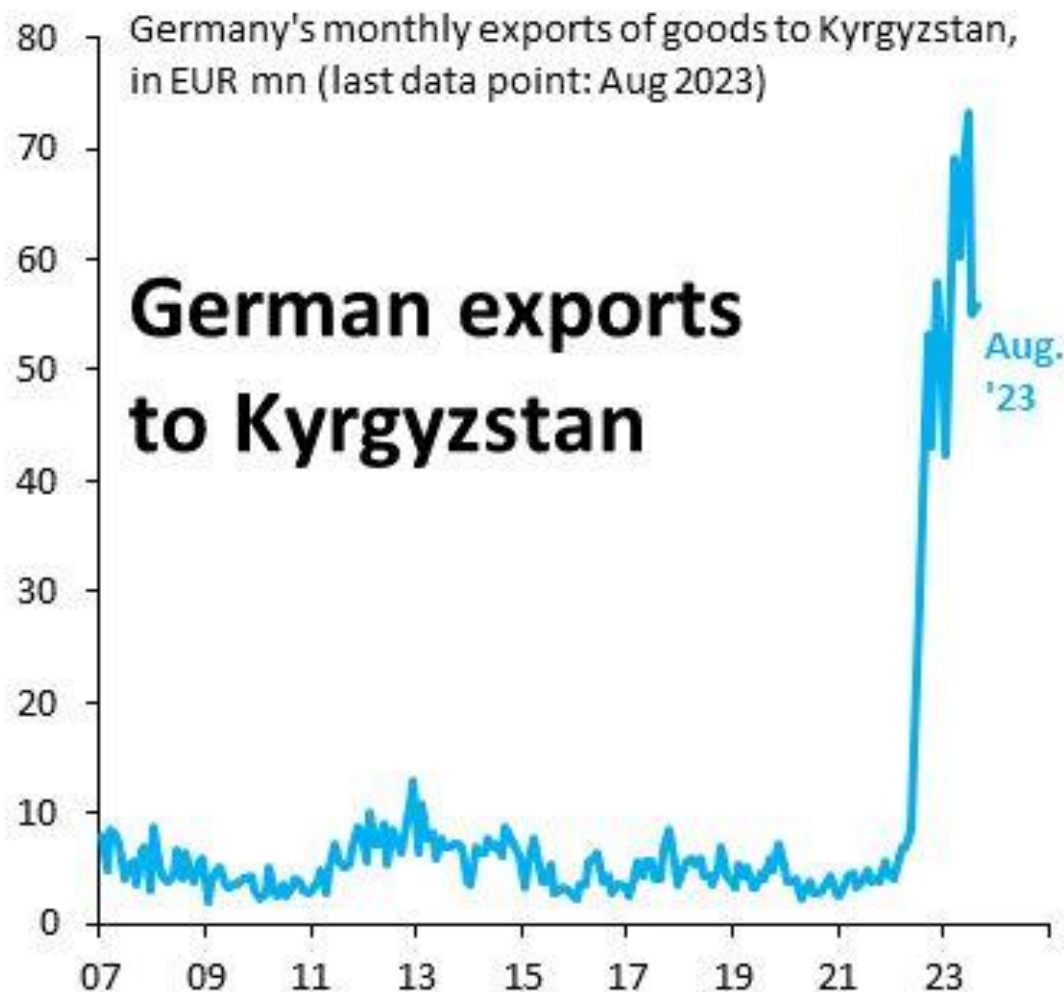
A tweet by Robin Brooks: "Brazil's trade surplus remains in the stratosphere. There is no other EM that has transformed itself over the past decade in the way that Brazil has. The sharp rise in US interest rates is currently weighing on Real, but that's temporary. The massive trade surplus is permanent..."



#macro

#germany #kyrgyzstan #russia

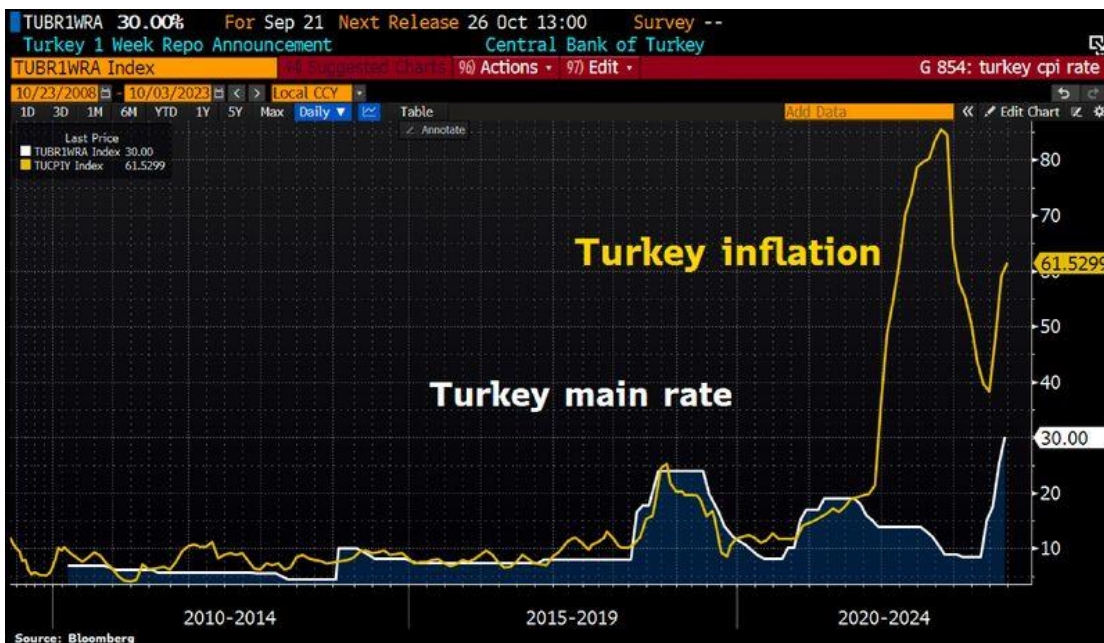
Robin Brooks tweet: "In the first 8 months of 2023, German exports to Kyrgyzstan were up 1400% from the same period in 2019. A lot of these goods - mostly cars and car parts - never ends up in Kyrgyzstan, but go directly or indirectly to Russia"





## #turkey #inflation #oil

Turkey's Inflation tops 60% despite massive interest rate hikes as oil surge worsens outlook.





**#geopolitics**

### #us #shutdown #congress

Congress Averts US Government Shutdown Hours Before Deadline – Bloomberg. The US narrowly averted a disruptive and costly shutdown of federal agencies as Congress passed compromise legislation to keep the government running until Nov. 17. The legislation, passed in both chambers Saturday just hours before a midnight deadline, buys Democrats and Republicans time to negotiate longer-term federal funding. It doesn't include new funding for Ukraine. President Joe Biden signed the bill late Saturday night, capping an extraordinary day in Washington that began with the country careening to what appeared to be an inevitable and prolonged federal funding lapse.





#geopolitics

### #us #housespeaker

House ousts Kevin McCarthy as speaker, a first in U.S. history. This is likely to add to bond and equity markets volatility.

- This is a big event, at least politically. The House has no Speaker and business can be conducted until a new Speaker is installed.

- There is a risk that this is an event for financial markets. The recent rise in bond yields is being driven by a lot of factors and political dysfunction is probably one of them. The US debt servicing cost has hit the inflection point for austerity at the same time basic governing is proving to be impossible.

- More bond and equity markets volatility are likely



#geopolitics

#china #us #treasury

Is China to blame for the rise in US long rates? China has cut its holdings in US Treasuries to \$822bn, lowest level since 2009. Beijing has been selling \$300bn in Treasuries since 2021, & pace of Chinese selling has been faster in recent months, Apollos's Slok has calculated.



Source: HolgerZ, Bloomberg

# #GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

07 OCTOBER 2023

#centralbanks

## #global #rates

Global Central Bank Policy Rates							
Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	YoY CPI Trend vs. Prior Reading	Last Move	Last Move Month
Japan	Policy Rate Bal	-0.10%	3.2%	-3.3%	Lower	Cut	Jan-16
Switzerland	Target Rate	1.75%	1.7%	0.1%	Higher	Hike	Jun-23
Taiwan	Discount Rate	1.88%	2.9%	-1.1%	Higher	Hike	Mar-23
Thailand	Policy Rate	2.50%	0.3%	2.2%	Lower	Hike	Sep-23
Malaysia	Policy Rate	3.00%	2.0%	1.0%	Unchanged	Hike	May-23
China	Loan Prime Rate	3.45%	0.1%	3.4%	Higher	Cut	Aug-23
South Korea	Repo Rate	3.50%	3.7%	-0.2%	Higher	Hike	Jan-23
Denmark	Deposit Rate	3.60%	2.4%	1.2%	Lower	Hike	Sep-23
Sweden	Repo Rate	4.00%	7.5%	-3.5%	Lower	Hike	Sep-23
Eurozone	Deposit Rate	4.00%	4.3%	-0.3%	Lower	Hike	Sep-23
Australia	Cash Rate	4.10%	5.2%	-1.1%	Higher	Hike	Jun-23
Norway	Deposit Rate	4.25%	4.8%	-0.6%	Lower	Hike	Sep-23
Canada	Overnight	5.00%	4.0%	1.0%	Higher	Hike	Jul-23
UK	Bank Rate	5.25%	6.7%	-1.5%	Lower	Hike	Aug-23
US	Fed Funds	5.38%	3.7%	1.7%	Higher	Hike	Jul-23
New Zealand	Cash Rate	5.50%	6.0%	-0.5%	Lower	Hike	May-23
Hong Kong	Base Rate	5.75%	1.8%	4.0%	Unchanged	Hike	Jul-23
Indonesia	Repo Rate	5.75%	2.3%	3.5%	Lower	Hike	Jan-23
Poland	Repo Rate	5.75%	8.2%	-2.5%	Lower	Cut	Oct-23
Saudi Arabia	Repo Rate	6.00%	2.0%	4.0%	Lower	Hike	Jul-23
Philippines	Key Policy Rate	6.25%	6.1%	0.2%	Higher	Hike	Mar-23
India	Repo Rate	6.50%	6.8%	-0.3%	Lower	Hike	Feb-23
Czech Republic	Repo Rate	7.00%	8.5%	-1.5%	Lower	Hike	Jun-22
Peru	Policy Rate	7.25%	5.0%	2.2%	Lower	Cut	Oct-23
South Africa	Repo Rate	8.25%	4.8%	3.5%	Lower	Hike	May-23
Chile	Base Rate	9.50%	5.1%	4.4%	Lower	Cut	Sep-23
Mexico	Overnight Rate	11.25%	4.6%	6.6%	Lower	Hike	Mar-23
Brazil	Target Rate	12.75%	4.6%	8.1%	Higher	Cut	Sep-23
Russia	Key Policy Rate	13.00%	5.2%	7.8%	Higher	Hike	Sep-23
Colombia	Repo Rate	13.25%	11.4%	1.8%	Lower	Hike	Apr-23
Turkey	Repo Rate	30.00%	61.5%	-31.5%	Higher	Hike	Sep-23
Argentina	Benchmark Rate	118.00%	124.4%	-6.4%	Higher	Hike	Aug-23

CREATIVE PLANNING

@CharlieBilello

Data as of 10/6/23



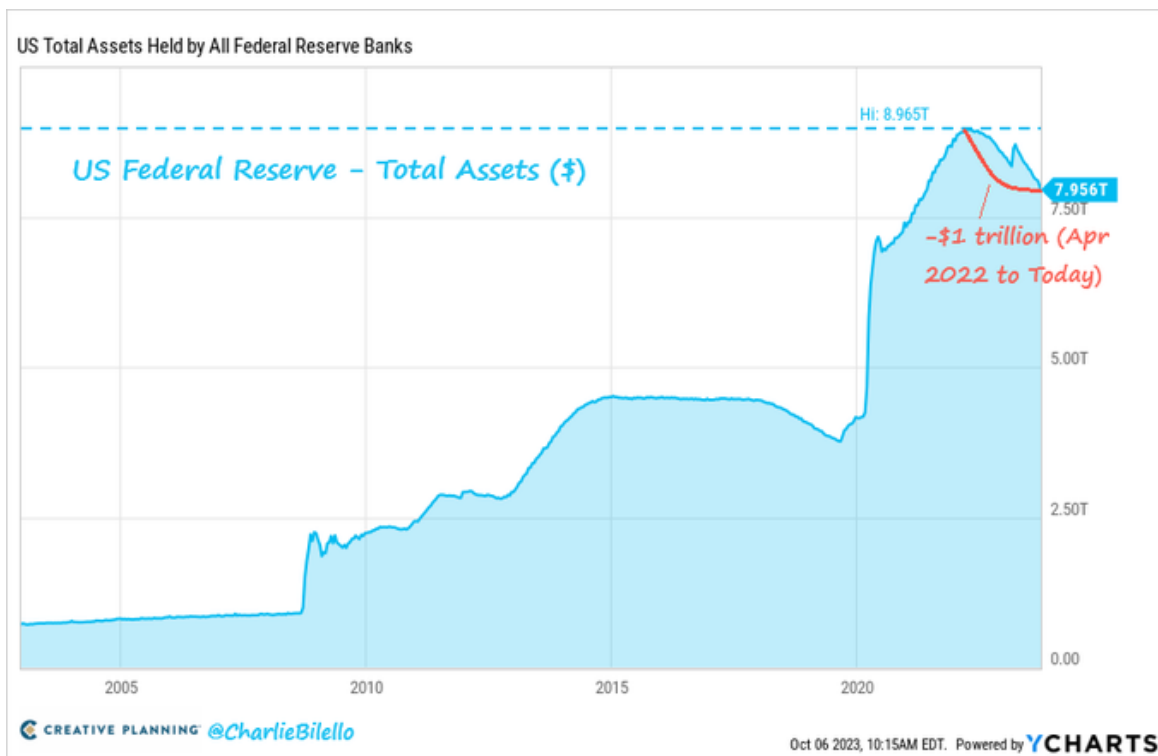
Source: Charlie Bilello

#centralbanks

#fed #balance-sheet #qe

The Fed's balance sheet is now over \$1 trillion lower than its peak in April 2022.

How much more QT to unwind the massive QE from March 2020- April 2022? \$3.8 trillion.



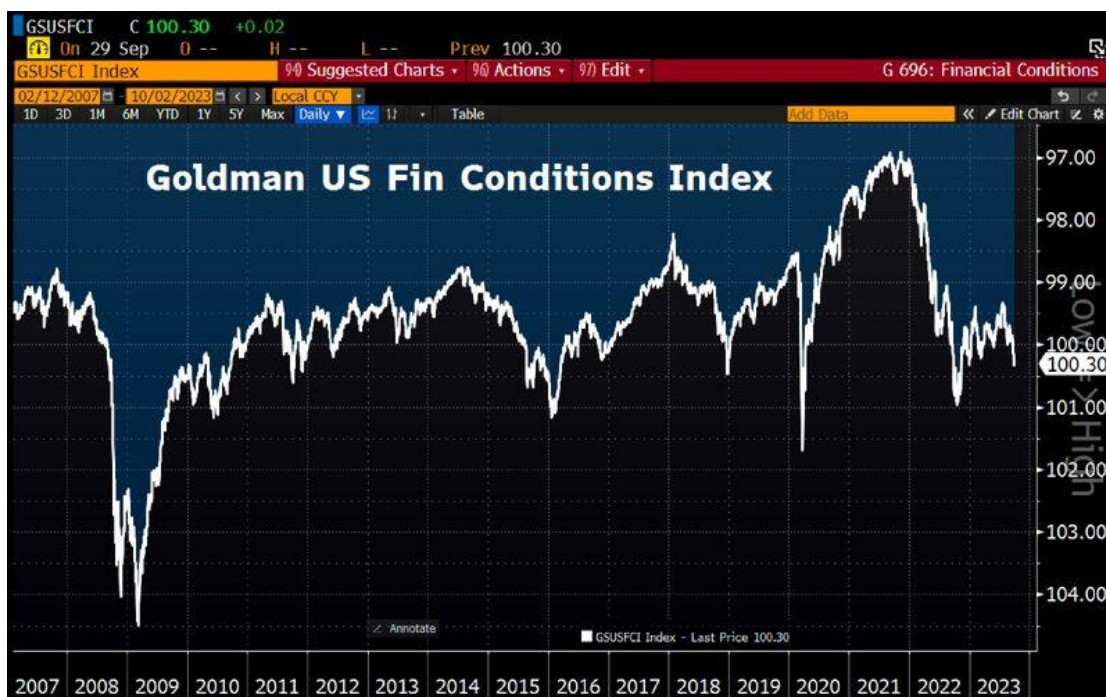
Source: Charlie Bilello



#centralbanks

## #us #financial-conditions #tightening

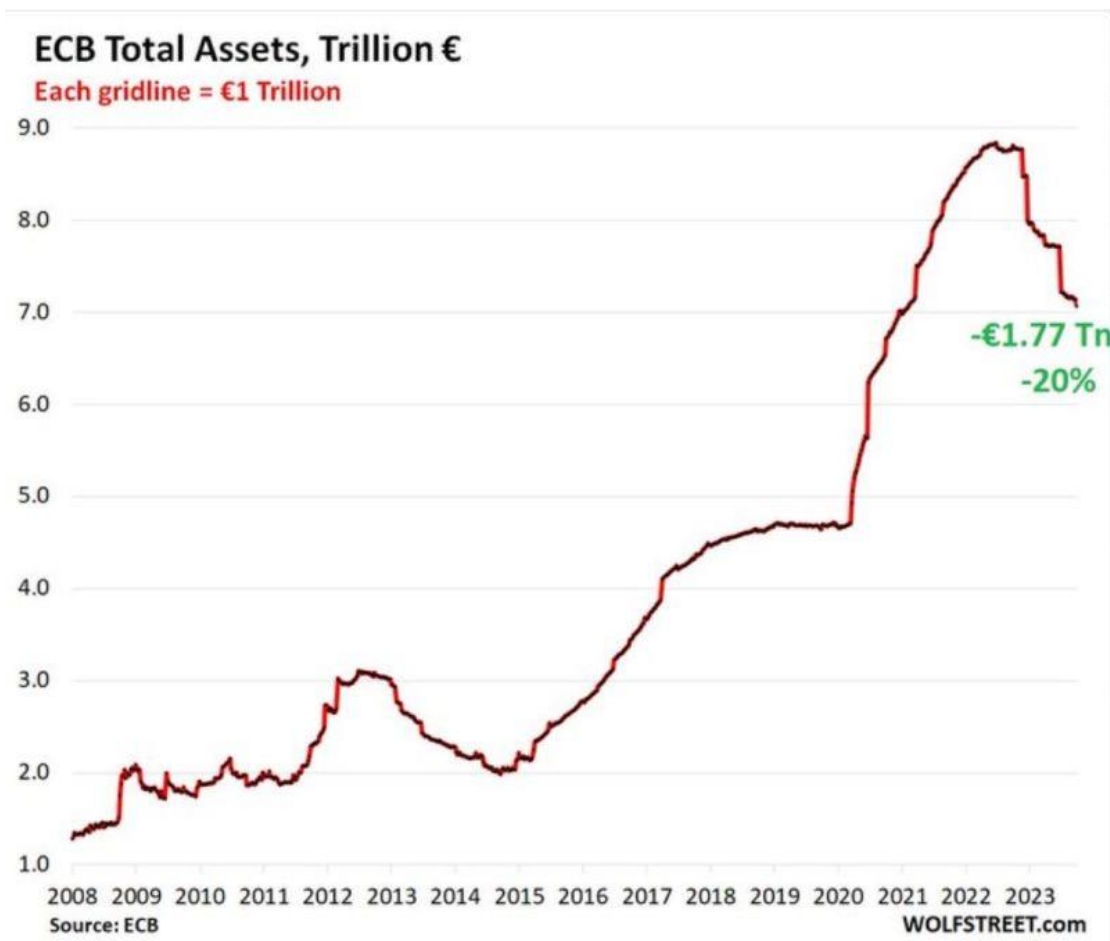
In case you missed it: The past few months have brought a very significant tightening of US financial conditions; the Goldman Sachs Financial Conditions Index is now at the most restrictive point since November 2022. (HT GS)



#centralbanks

#ecb #qt #europe #assets

Quantitative Tightening. The ECB's weekly balance sheet saw a reduction of €75 billion, bringing the total assets down to €7.07 trillion - a figure last seen in December 2020. Since its peak in June 2022, the ECB has decreased its total assets by €1.77 trillion (\$1.86 trillion), a 20% reduction.

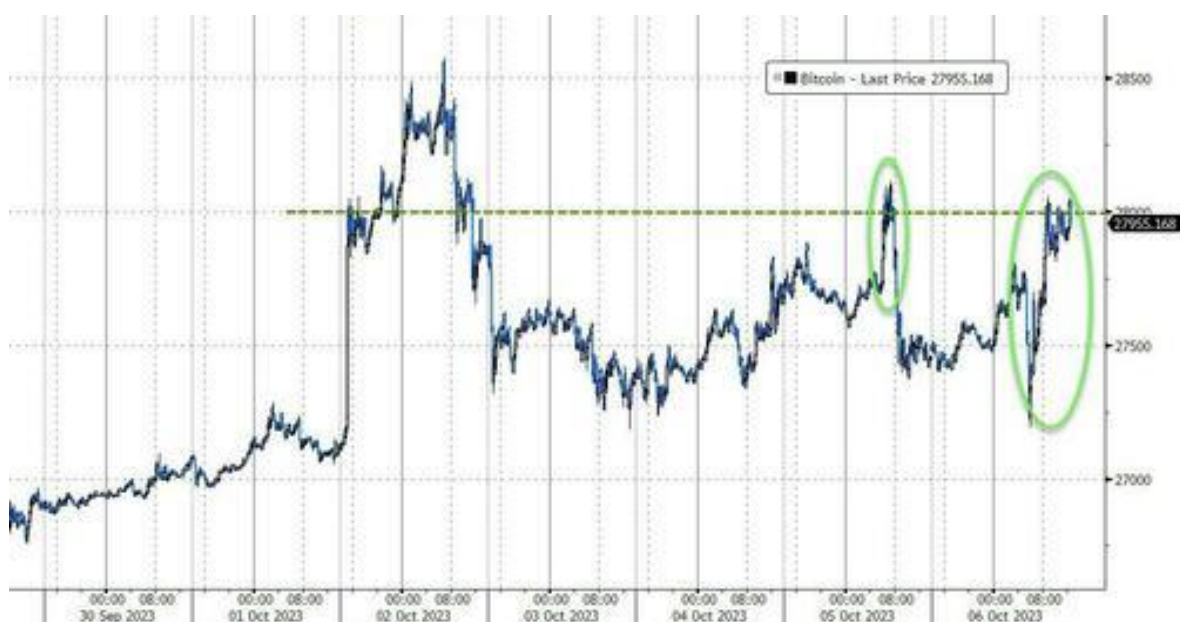


Source: Wolfstreet



## #bitcoin #weekly

Bitcoin was its usual chaotic self this week, but ended higher (Friday to Friday), back above 28k...




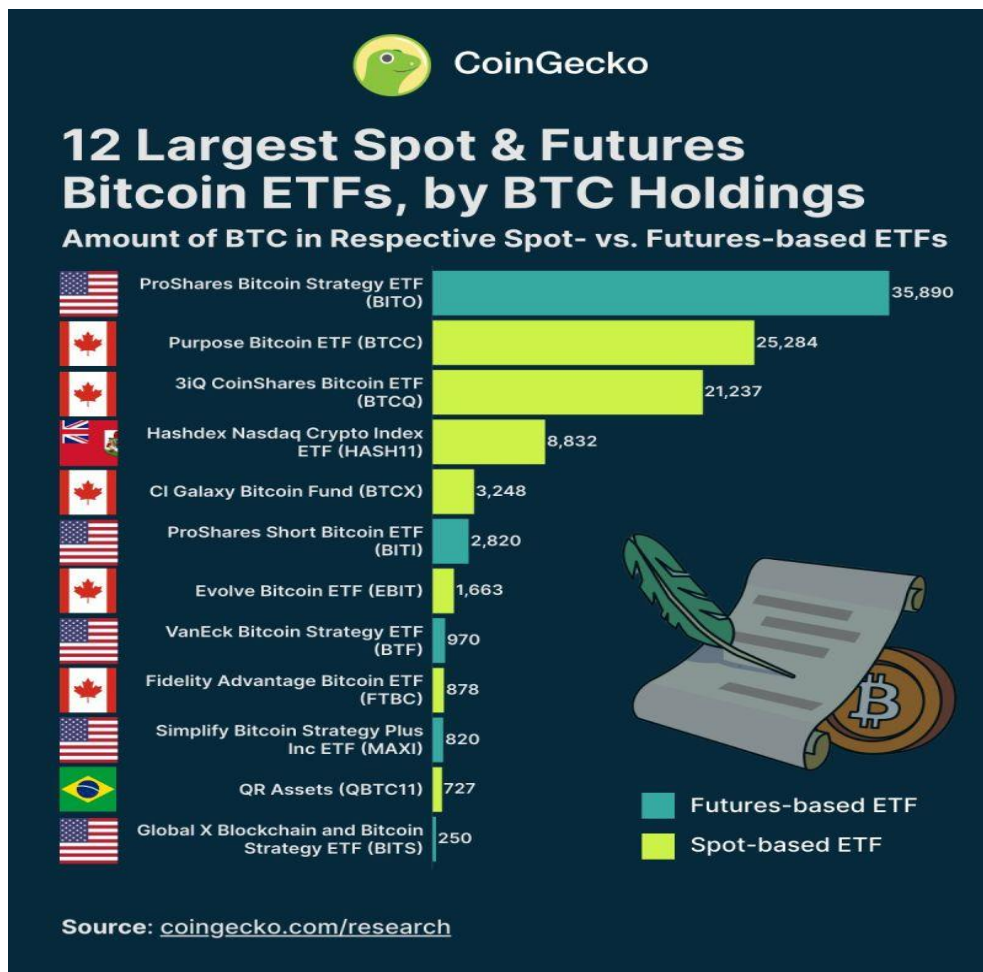
Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg





## #bitcoin #etf #holdings

ProShares Bitcoin Strategy ETF was the first Bitcoin ETF to trade on a major exchange in the US, launched Q4 2021 at the height of the last bull market. The ETF currently holds 35,890 BTC, and is the oldest and largest fund in the space. How much Bitcoin does each ETFs hold? 



Source: Coingecko



## #microstrategy #bitcoin #performance

MicroStrategy has been able to outperform the underlying Bitcoin price mostly because of its use of leverage. Specifically, \$MSTR took on a total of \$2.2 billion in debt to purchase its BTC, the earliest of which matures at the end of 2025. This debt has a blended interest rate of only 1.6%. The markets in 2021 were distorted, and \$MSTR capitalized by offering \$1.05 billion in convertible debt with a 2027 maturity at 0%, which it used to buy \$BTC. In other words, MSTR was able to borrow \$1.05 billion until 2027 at 0% interest! This \$2.2 billion of debt finances a \$BTC position with a current market value of \$4.3 billion.

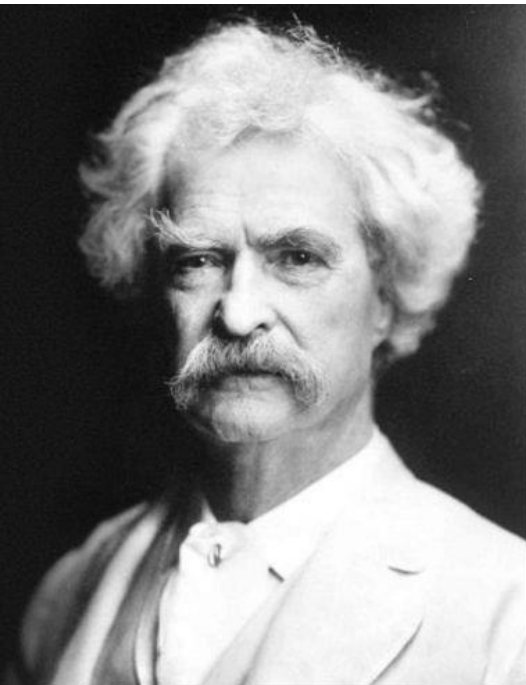


Source: Mark Harvey

#food-for-thought

#investing #humor

“October: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February.”

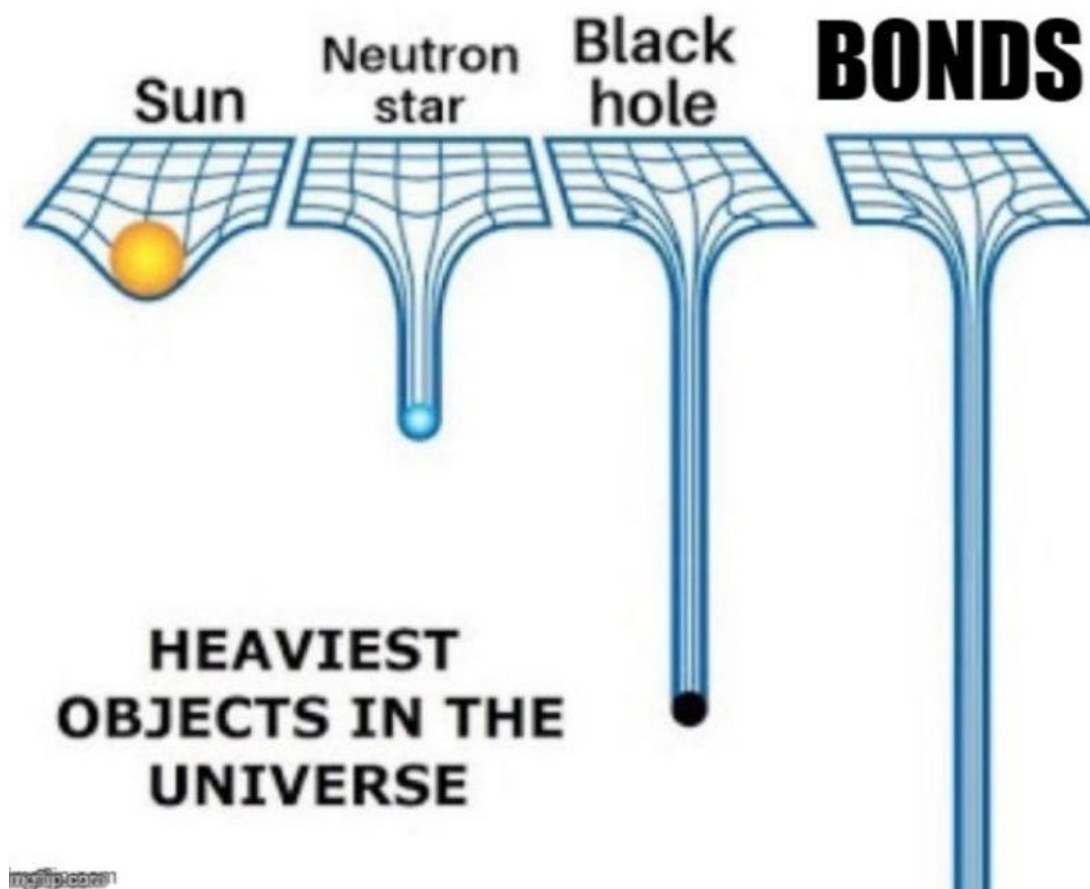


Source: mark twain

#food-for-thought

#humor #bonds

Embrace the new normal...



Source: Nikolay Kolarov

#food-for-thought

#us #real-estate #humor

New home buyers in the US



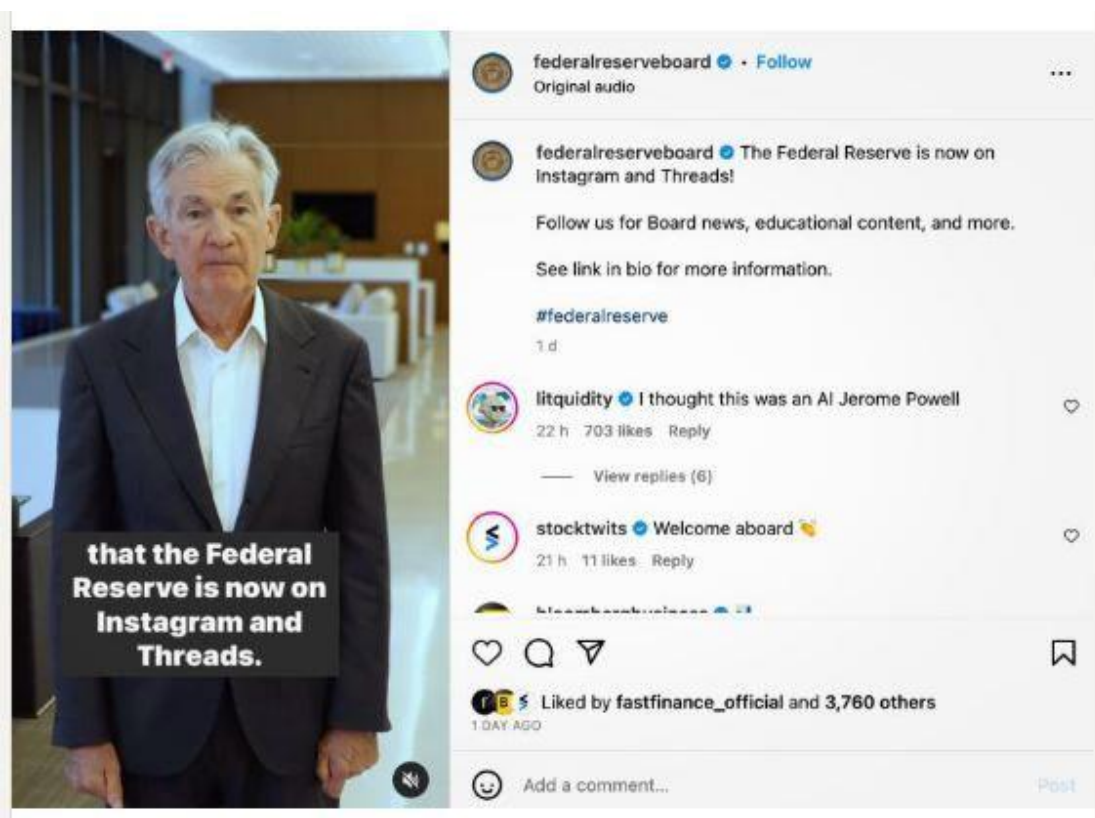
JAKE CLARK TUMBLR  
Source: Michel A. Gayed



#food-for-thought

#fed #instagram #socialmedia

The Federal Reserve Board has just joined Instagram. The aim is to "increase the accessibility and availability of Board news and educational content." Let see if the young generation finds this picture inspiring...



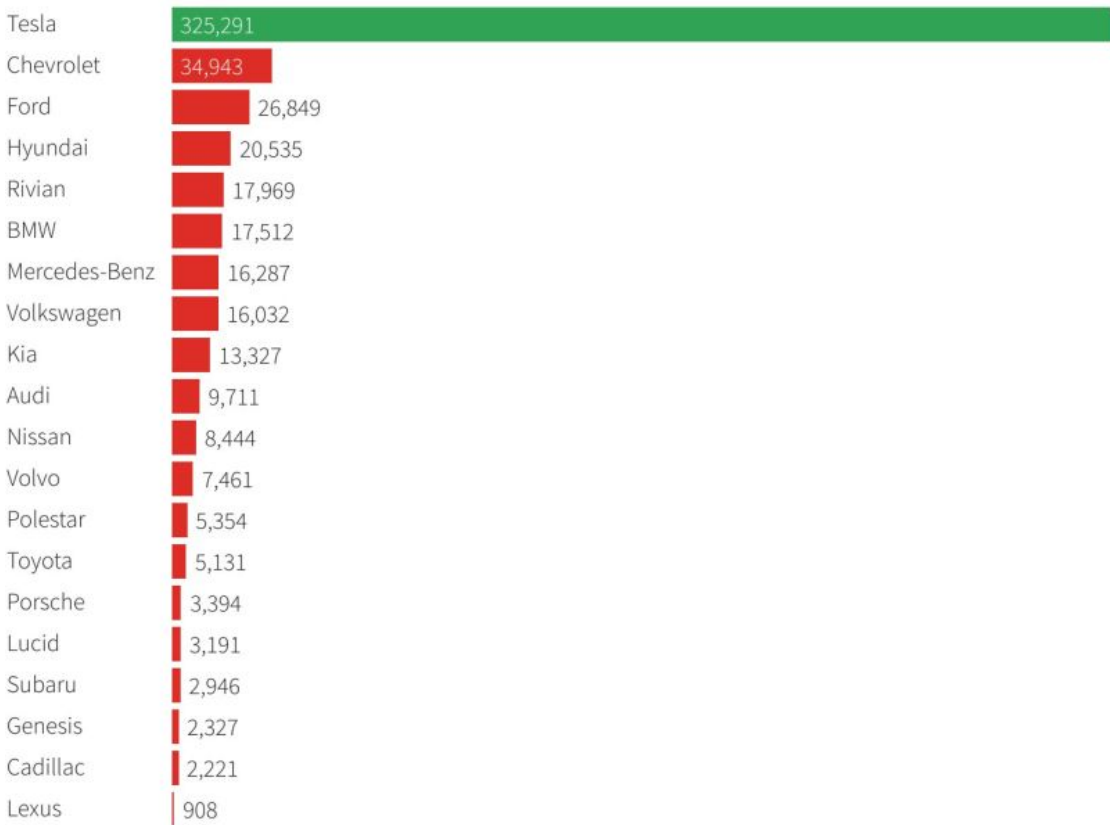
#food-for-thought

#tesla #ev #sales #dominance

Tesla dominance in the US electric vehicle market

In U.S. EV sales, no brand comes close to Tesla

In the first six months of 2023, Tesla outsold its next 19 rivals combined by a wide margin. The sales figures raise questions about the industry's ambitious EV investment plans.



Source: S&P Global Mobility

Source: Vital Knowledge Media



#food-for-thought

#uk #neobanks #satisfaction

Interesting FT article on UK neobanks: "UK fintech: neobanks may end up blending in". Low fees mean profits have remained elusive. But higher interest rates are now compensating for that, not least with better returns on client money put out on deposit. Satisfaction scores by customers are also much higher than traditional banks. Some lessons need to be learned.



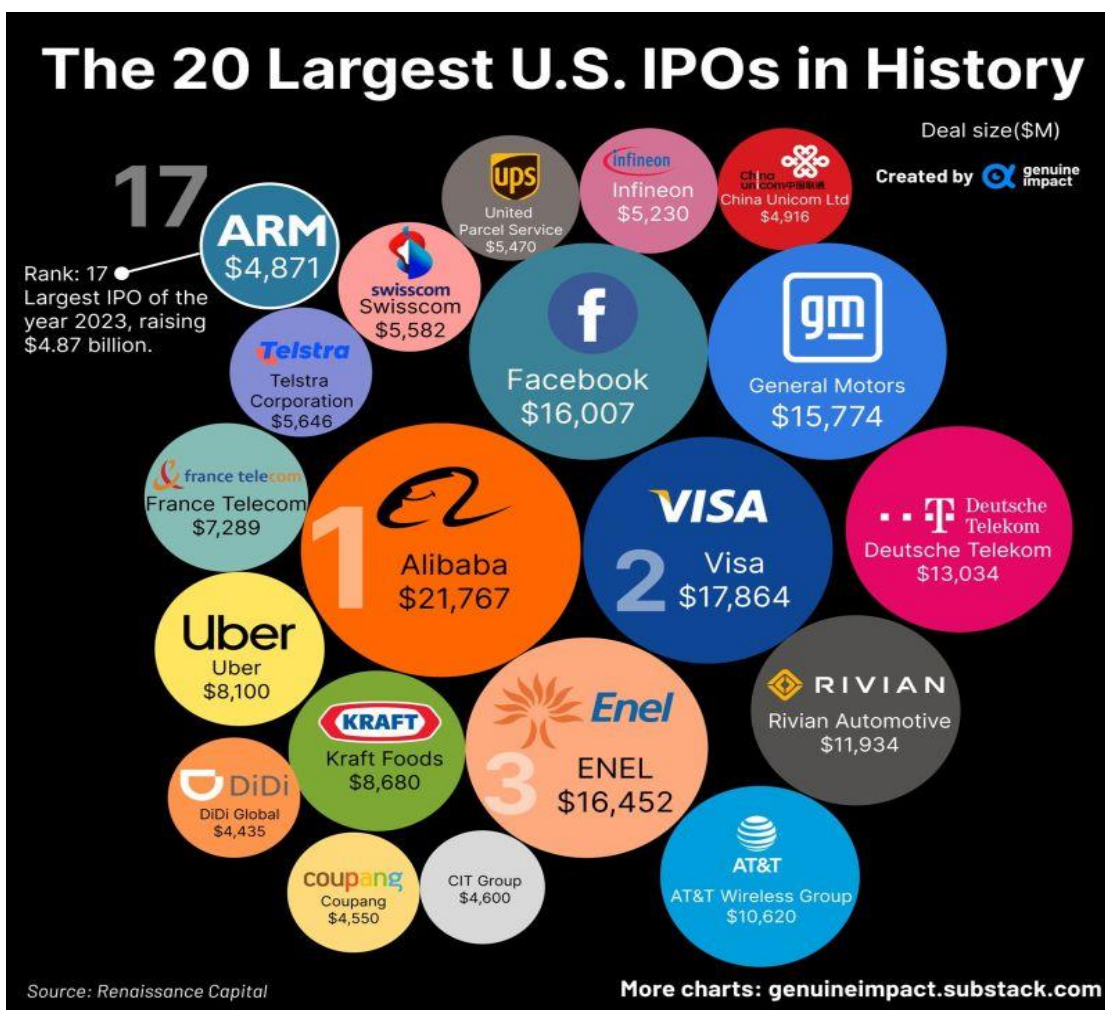
Source :FT



#food-for-thought

#us #ipo #arm

Arm takes the spotlight as the largest 2023 IPO, a year that has been almost deathly quiet for I.P.O.s. The chip designer, which is owned by SoftBank, had priced its offering at \$51 a share, raising \$4.87B.



Source: [Genuine Impact](https://genuineimpact.substack.com)

#food-for-thought

#success #leadership



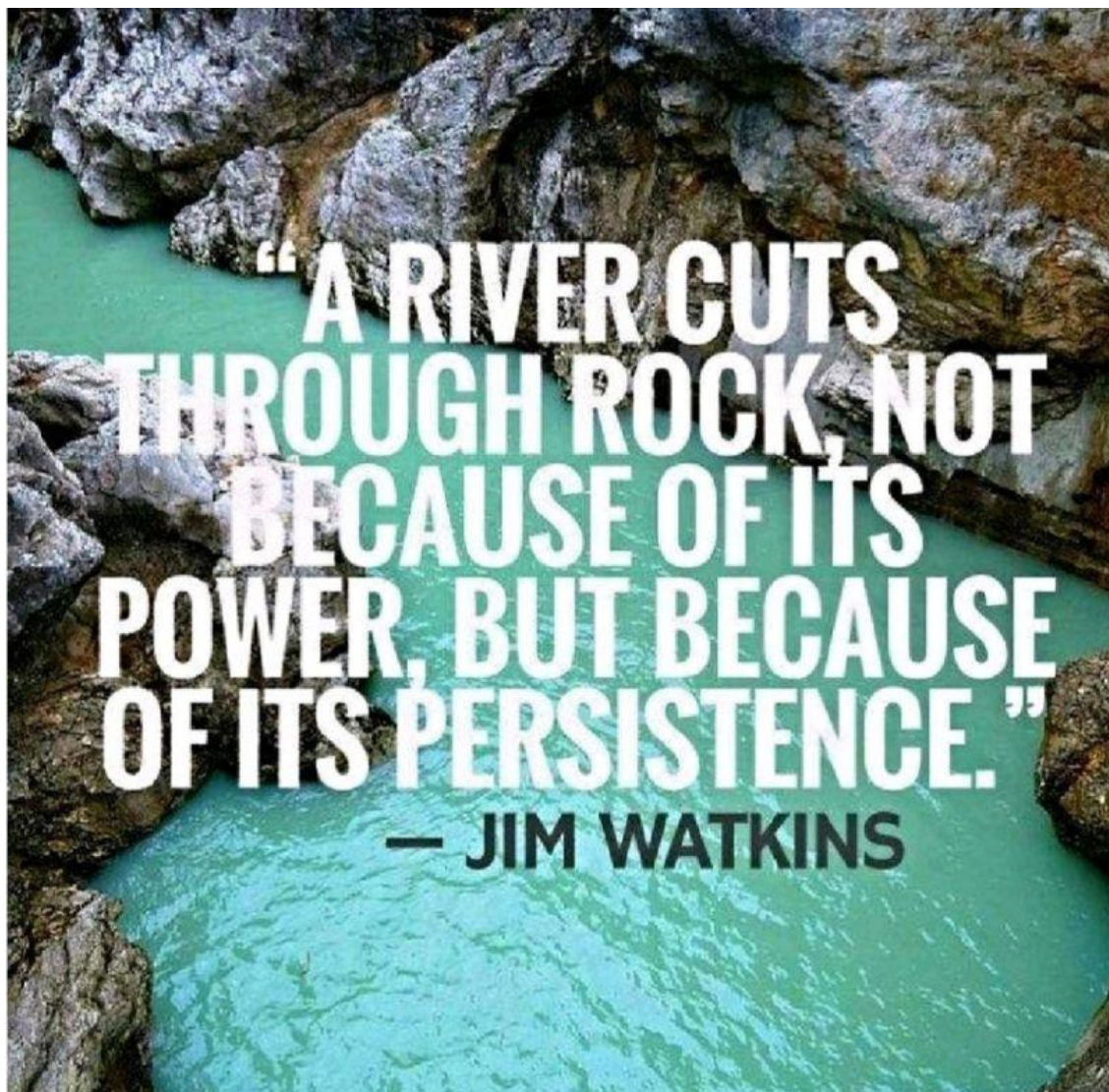
**Tim Denning**  
@timcdenning



Success often comes  
to those who are  
willing to ignore the  
job description.

#food-for-thought

#leadership



Source: European Leadership




#food-for-thought

#antifragility

# ANTIFRAGILE

Adj: Objects, people, or properties that improve with chaos and disorder.

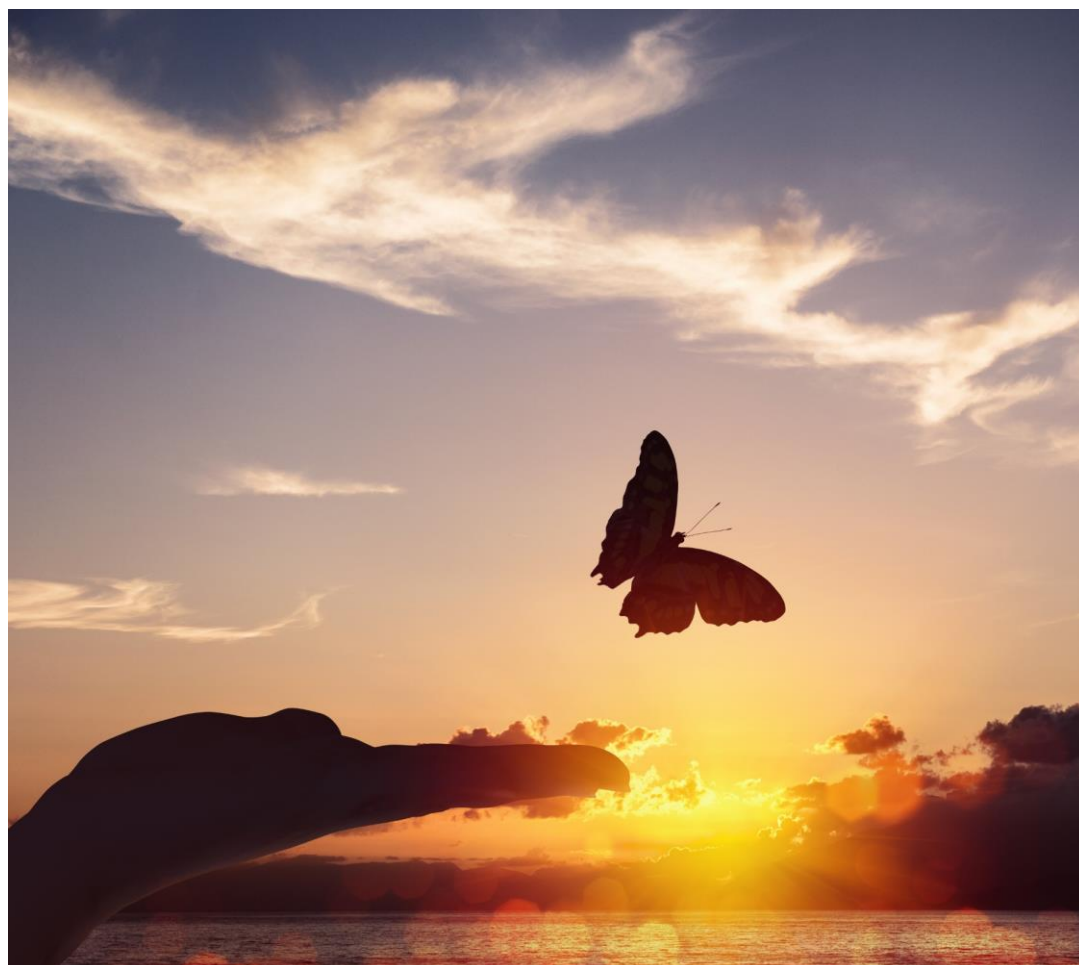
The opposite of fragile, it is often confused with robustness, resilience, or strength. However, while these are merely indifferent to chaos and disorder, Antifragile things relish, improve, and otherwise benefit from chaos and disorder.

AMITIJ LIKHARI 

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