Chart of the week

Finally some pain...

This week was the worst one for the S&P 500 since October 2023. Inflation fears, geopolitical concerns and a broad decline in US bank stocks on Friday led to a -1.6% weekly decline for the main US equities benchmark. All the 4-major indexes—$SPY, $QQQ, $DJI, $IWM —closed the week in RED for the 6th time this year 2024.

Source: Bloomberg, Wall Street Engine

Gold & the dollar surged, stocks & crypto purged

The major US equity benchmarks retreated for the week amid heightened fears of conflict in the Middle East and some signs of persistent inflation pressures that pushed long-term Treasury yields higher. Large-caps held up better than small-caps, with the Russell 2000 Index suffering its biggest daily decline in almost two months on Wednesday. Growth stocks fared better than value shares. Wednesday morning's release of the US CPI data, which came in higher than expected, weighed on investors' sentiment. Overall inflation rose 3.5% yoy, its biggest gain since September. The "supercore" inflation (services prices excl. energy and housing costs) jumped 4.8% yoy, substantially higher than expectations and its biggest increase in 10 months. Thursday's release of PPI data seemed to help calm inflation fears and help equity markets recoup a portion of their losses. But stocks pulled back sharply to end the week in the wake of reports that Iran was preparing to directly attack facilities on Israeli soil for the first time. On the week, US Treasury yields were higher, led by the short-end/belly of the curve. The dollar roared higher this week (its biggest weekly gain since Sept 2022) to its highest since Nov 2023. Gold surged to $2430 – a new all-time high – before pulling back on Friday afternoon. The STOXX Europe 600 Index ended 0.26% lower as the ECB left its key deposit rate but hinted at a rate cut in June. The Nikkei 225 gained 1.4% as the yen tumbled to fresh lows. Cryptos tumbled on Friday, erasing all weekly gains.

#markets

#weekly #stats

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	37,983	-2.4%	0.8%
S&P 500 Index	5,123	-1.6%	7.4%
NASDAQ	16,175	-0.5%	7.8%
MSCI EAFE*	2,298	-0.9%	2.7%
10-yr Treasury Yield	4.52%	0.1%	0.6%
Oil ($/bbl)	$85.51	-1.6%	19.3%
Bonds	$95.96	-0.7%	-2.6%

Source: Edward Jones

#markets

#cross-assets #weekly #performance

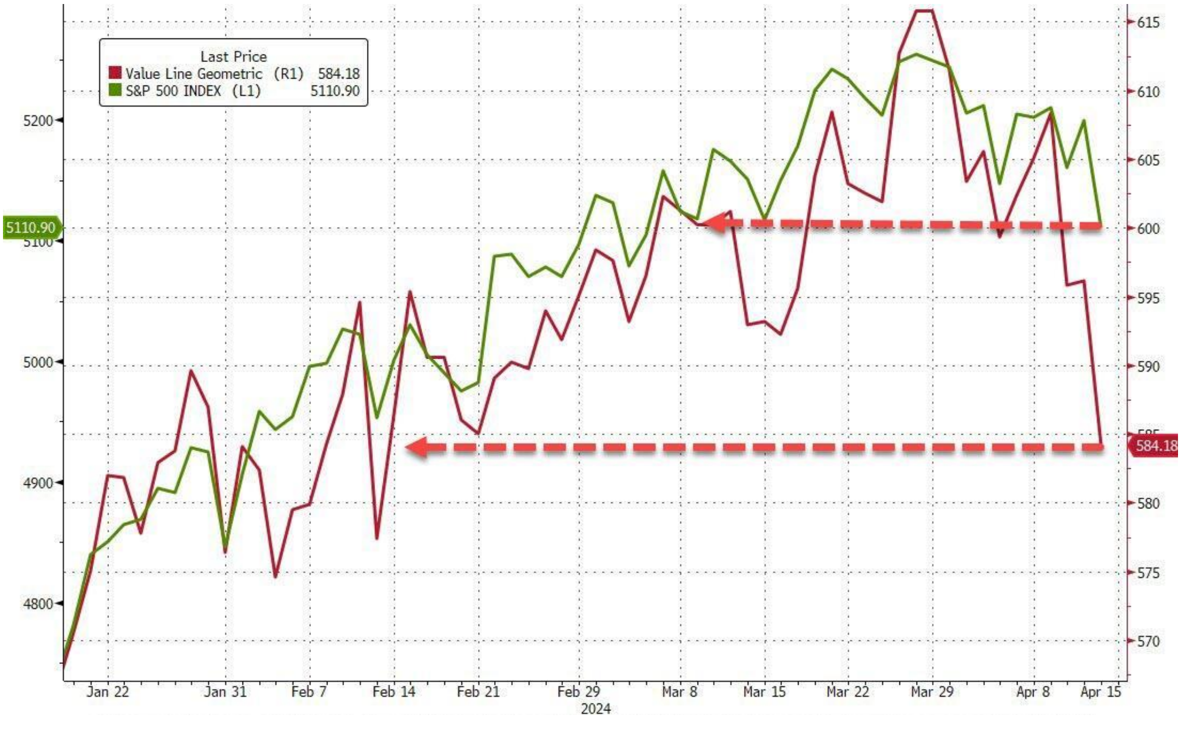
Even with late Friday's pullback, lGold was impressive this week - interestingly rallying along with the US Dollar on the week. Stocks were spanked but had a wild ride and Friday saw Bitcoin & Black Gold pulling back aggressively.

Source: Bloomberg, www.zerohedge.com

#markets

#sp500 #2024

The S&P 500 suffered its worst weekly loss since October (second week lower in a row) and closed at one-month lows, while the median stock closed at two-month lows...



Source: Bloomberg, www.zerohedge.com

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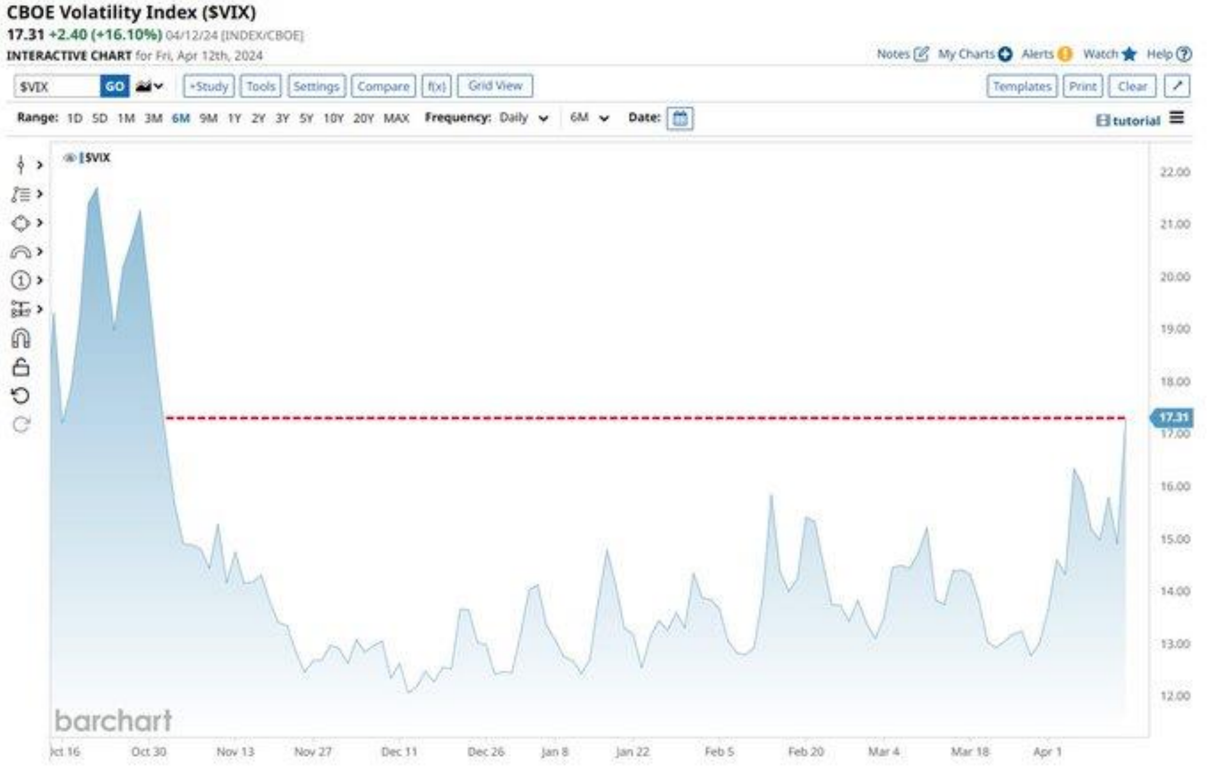
#markets

#vix

CBOE Volatility Index $VIX closes at highest level since Halloween 🎃



Source: Barchart

#markets

#sp500 #sectors #weekly

Energy stocks - which were the only sector green on the week as of last night's close - were dumped on Friday as all S&P sectors ended red with Financials being the biggest losers (on the back of JP Morgan disappointing earnings results)...

Source: Bloomberg, www.zerohedge.com

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#markets

#sp500 #friday

On Friday, the Dow Jones tumbled 475 points and the S&P 500 suffered its worst day since January. as inflation and geopolitical worries once again dented investor sentiment on Wall Street. A broad decline in major bank shares also weighed on the market. The Dow dropped by -1.24%, the S&P 500 by -1.46% and the Nasdaq by -1.62%.

Source: Bloomberg

#markets

#us #banks #friday #pullback

🚨 BANKING PULLBACK 🚨

Not only are regional banks continue their orderly selling BIG Banks are selling off drastically after a TERRIBLE Earnings report

JPM JPMorgan Chase & Co.	184.36 × 1	184.37 50 @ 08:27	184.37 × 1	–	11.06 5.66%
NYCB New York Community...	2.89 × 75	2.895 1 @ 08:27	2.90 × 198	–	0.105 3.50%
C Citigroup Inc.	59.08 × 1	59.08 300 @ 08:27	59.09 × 2	–	1.63 2.68%
GS The Goldman Sachs Gr...	388.75 × 1	388.86 1 @ 08:27	388.96 × 1	–	8.62 2.17%
SOFI SoFi Technologies, Inc.	7.48 × 232	7.49 15 @ 08:27	7.49 × 191	–	0.15 1.99%
BAC Bank of America Corpo...	35.61 × 21	35.62 100 @ 08:27	35.62 × 23	–	0.74 2.02%

Source: The Coastal Journal

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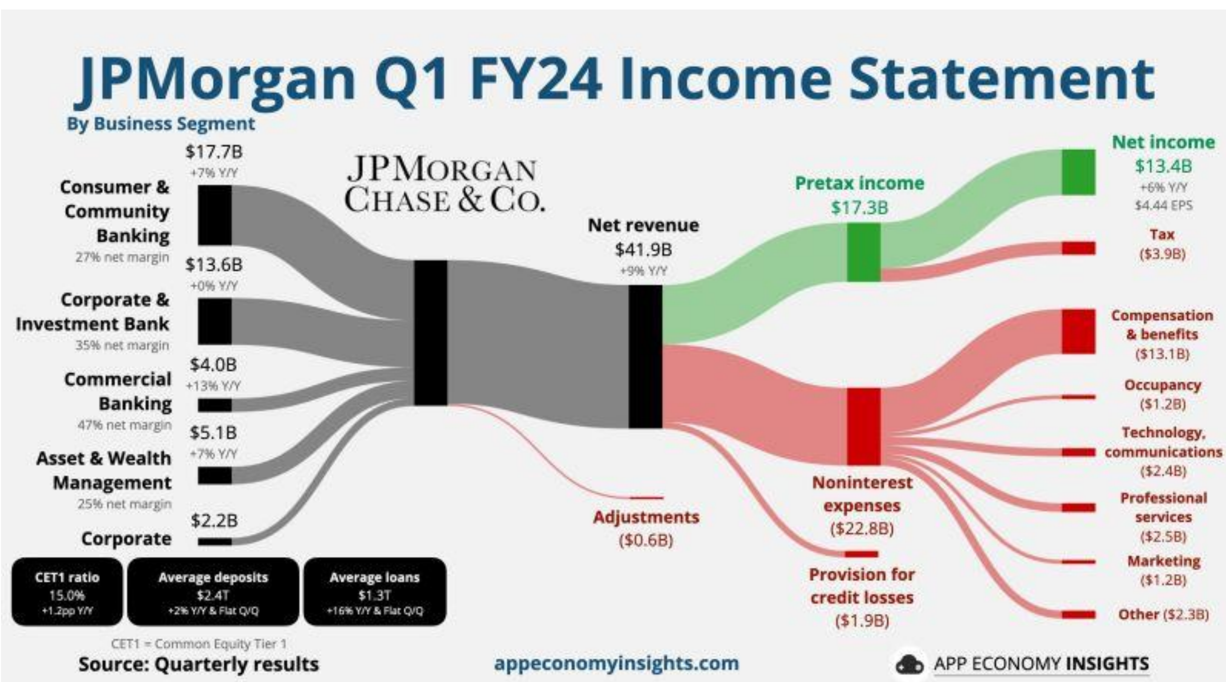
#markets

#jpmorgan #q1 #earninngs

JP Morgan said first-quarter profit rose 6% to $13.42 billion, or $4.44 per share, from a year earlier, boosted by its takeover last year of First Republic during the regional banking crisis. But in guidance for 2024, the bank said it expected net interest income of around $90 billion, which is essentially unchanged from previous wording. That appeared to disappoint investors, who expected JPMorgan to raise its guidance by $2 billion to $3 billion for the year. Shares of JPM slipped 4.8% in early trading.



Source: App Economy Insights

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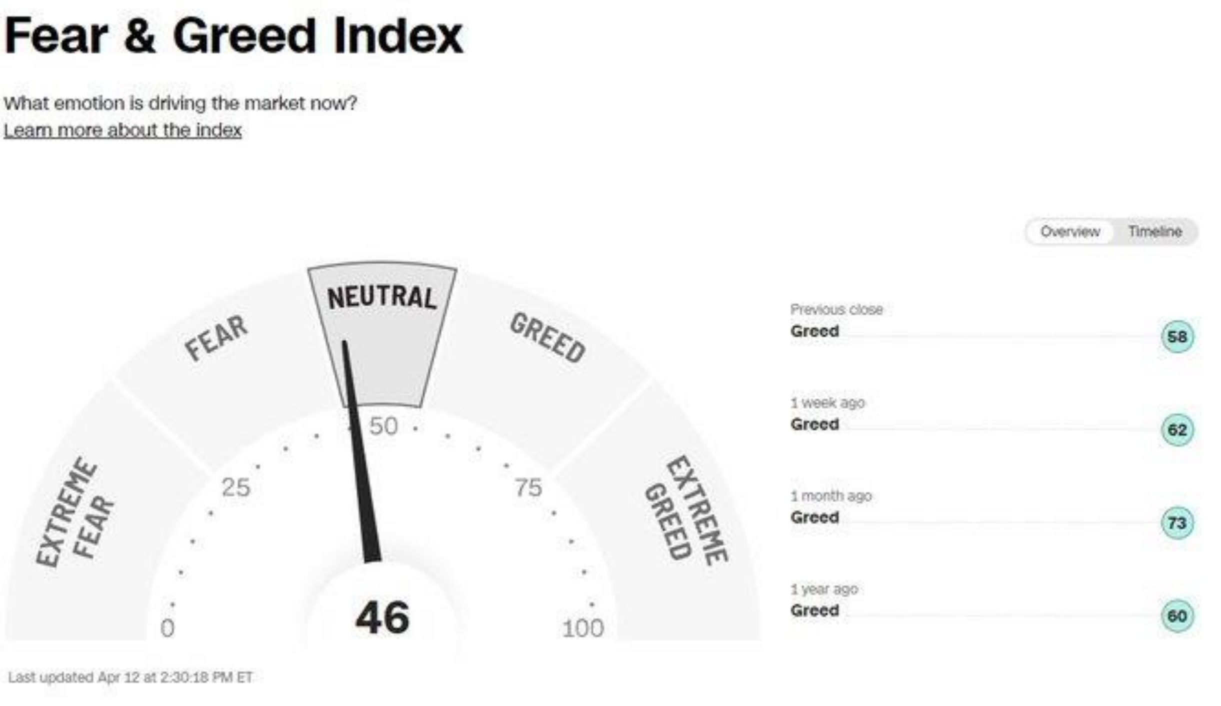
#markets

#us #equities #sentiment

On Friday, the Stock Market Fear & Greed Index plunged to its lowest level since November

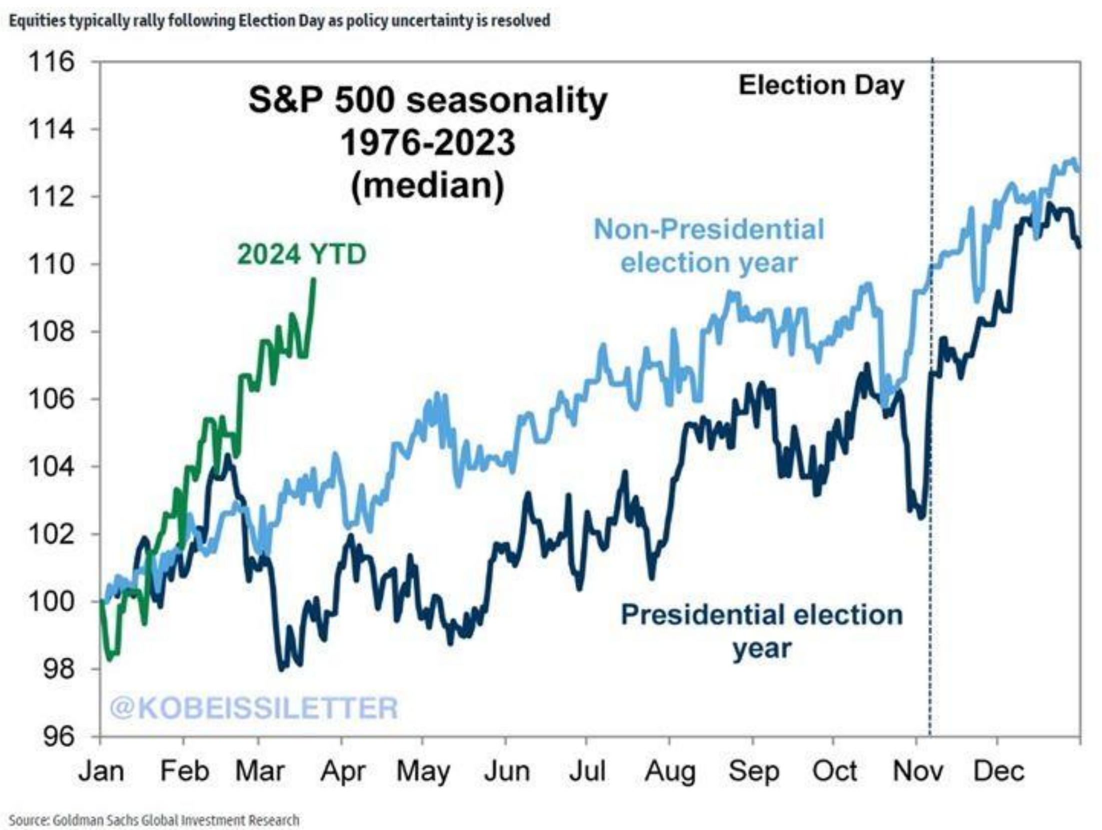


Source: CNN

#markets

#sp500 #performance #seasonality

The S&P 500's performance has been truly outstanding this year. The index is up 9% year to date which is more than DOUBLE the average YTD return in an election year. In the past, the median return during a US presidential election year was about 11%. There are still several months until the presidential election but the index is on track to significantly exceed its historical performance.



Source: The Kobeissi Letter

#markets

#us #stocks #resilience

Putting things into perspective: equities have been more resilient to higher rates recently versus previous periods of rising rates

Source: Edward Jones

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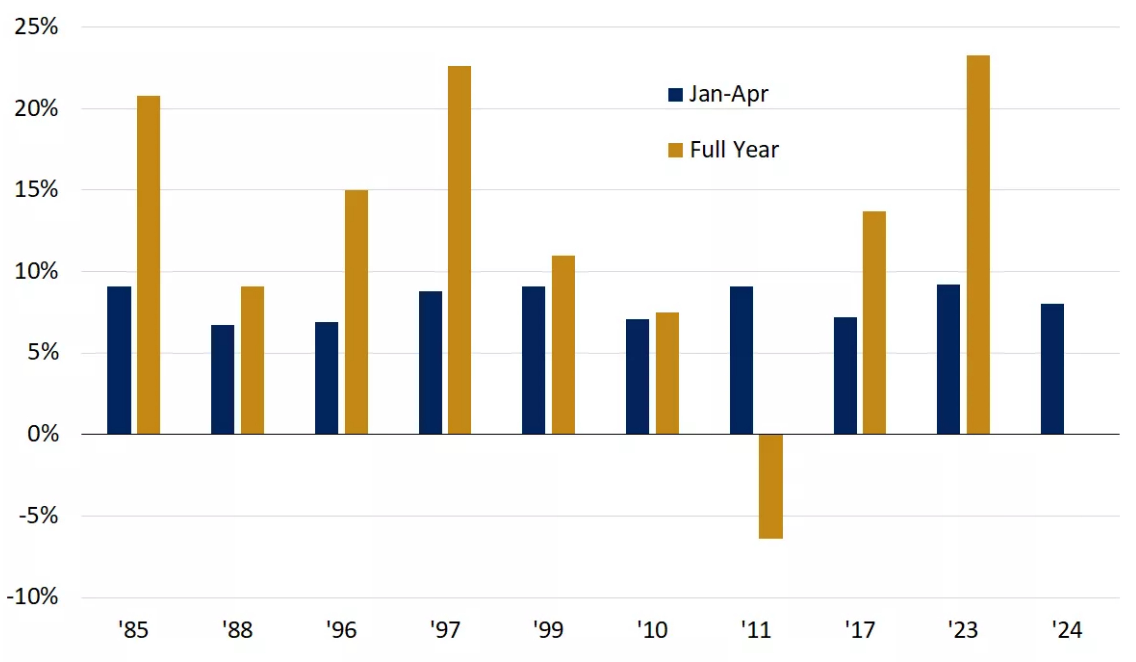
#sp500 #performance #history

Healthy gains heading into May have historically been a good signal of a positive year for stocks. Since 1982, when the stock market was higher on the year heading into May, it went on to post a full-year gain roughly 90% of the time. In that period, 1987, 2011 and 2015 were the only years in which the market was higher from January to April but finished the year lower.1 There were nine years in which the year-to-date increase heading into May was in the 6.5%–9.5% range, comparable to 2024's 8% year-to-date gain. In those instances, the stock market went on to post an average full-year increase of 13%.

Returns in Years With a January-to-April Gain Similar to 2024



Source: Edward Jones

#markets

#us #equities #positioning

Equity market positioning is VERY extended (which is bad from a contrarian perspective). As shown in the chart below, Asset Managers have built the largest equity futures position in history 🚨 🚨 🚨

Exhibit 49: Equity future asset managers' positions

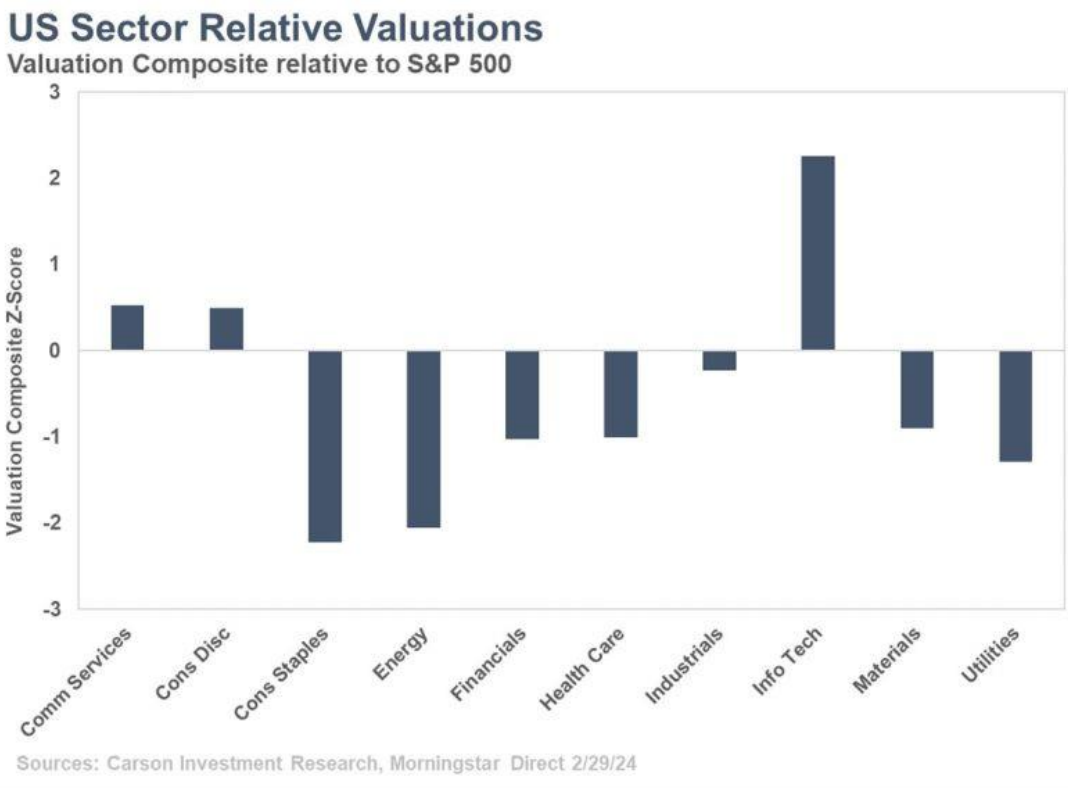
Asset manager net positioning in $bn

Source: CFTC, Haver, Goldman Sachs Global Investment Research

Source: Barchart, Goldman Sachs, CFTC

#us #equities #valuations

US stocks are expensive. That is true, but it is mainly due to tech. If you look around you'll notice that areas like the cyclicals (energy, financials, materials, and industrials) are all fairly valued and in some cases outright cheap.



Source: Carson Investment Research

#us #equities #earnings

A key tailwind for US stocks: EPS forecasts keep being revised higher. This goes alongside better economic forecasts.

Source: Bloomberg

#markets

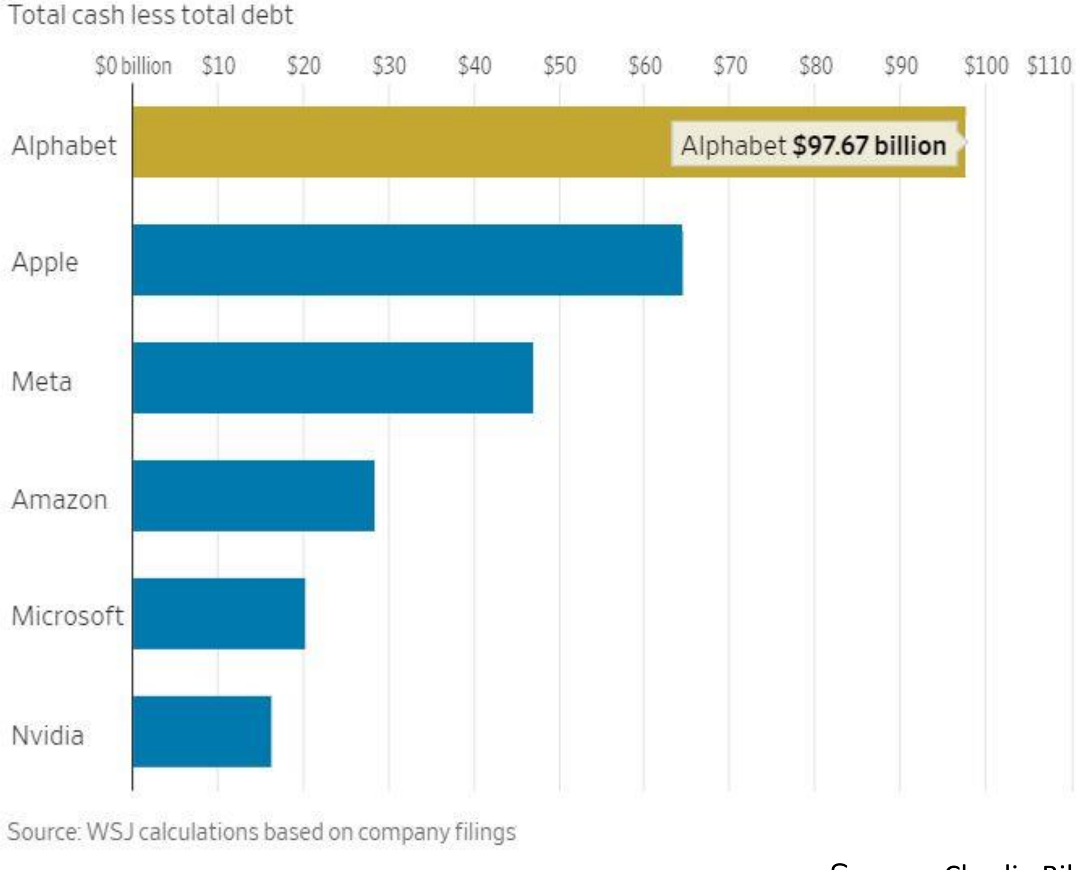
#us #equity #buyback

We are currently in the corporate buyback blackout period for most of the $SPX. Since 2000, US corporations have bought back $5.5T of stock. This has amounted to more demand than any other market participant, and it's not even close. 👇

Source: David Marlin, Goldman Sachs

#mag7 #cash

Total Cash Net of Debt...
Google $GOOGL: $98 billion
Apple $AAPL: $65 billion
Meta $META: $47 billion
Amazon $AMZN: $28 billion
Microsoft $MSFT: $20 billion
Nvidia $NVDA: $16 billion



Source: Charlie Bilello

#goldman #tech #positioning

Goldman is embracing the rotational trade as well: "Sell your Tech Stocks and invest elsewhere" says Goldman Sachs

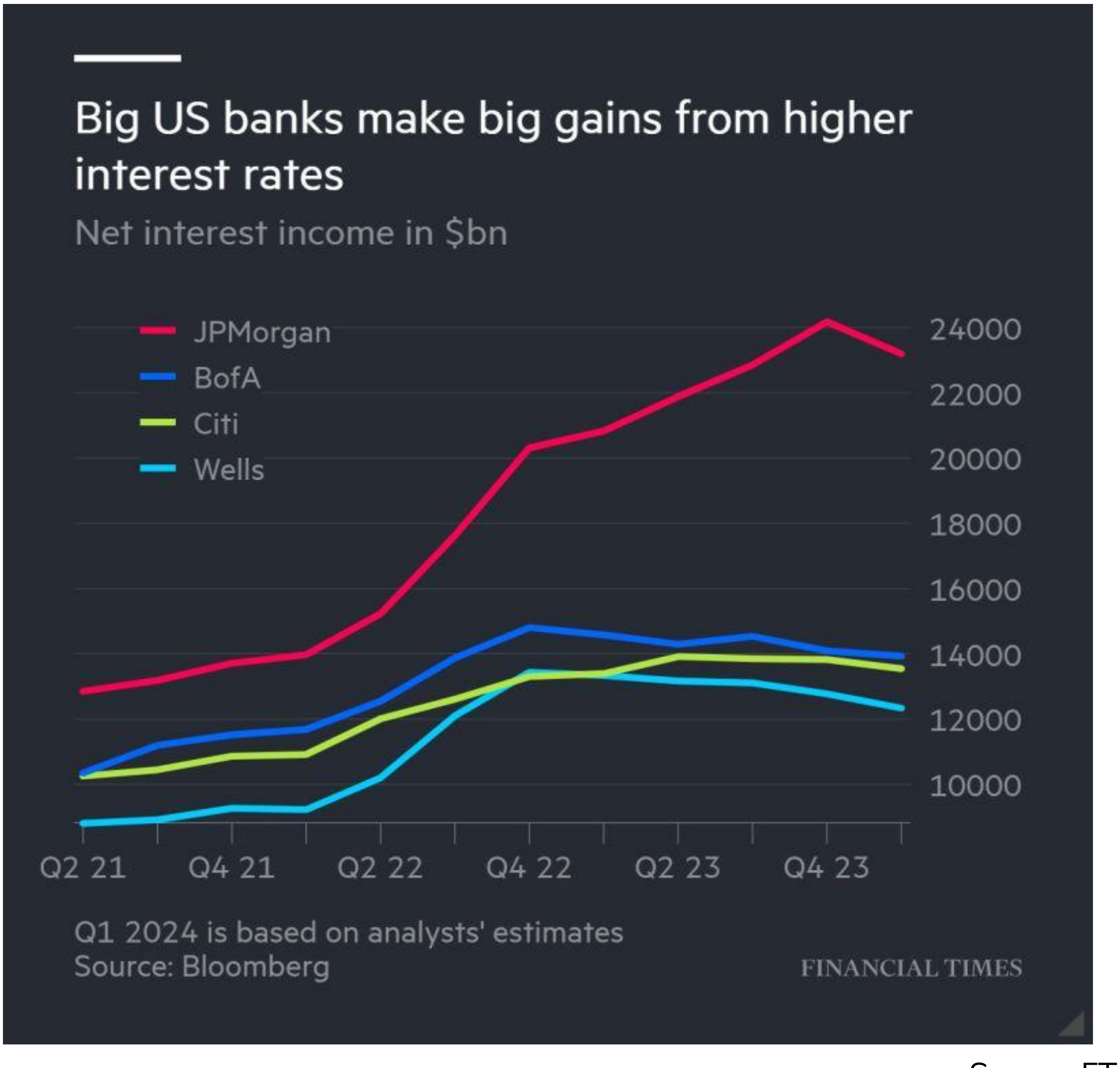
Goldman Says It's Time to Take Tech Profits and Invest Elsewhere

- Asset manager is overweight on energy and Japanese shares
- AI stock returns will diverge as industry matures, GSAM says

By Natalia Kniazhevich
April 10, 2024 at 8:48 AM CDT

#us #banks #profits

The largest US banks are set to earn higher profits than expected this year as the Federal Reserve looks likely to make only modest cuts to benchmark interest rates.

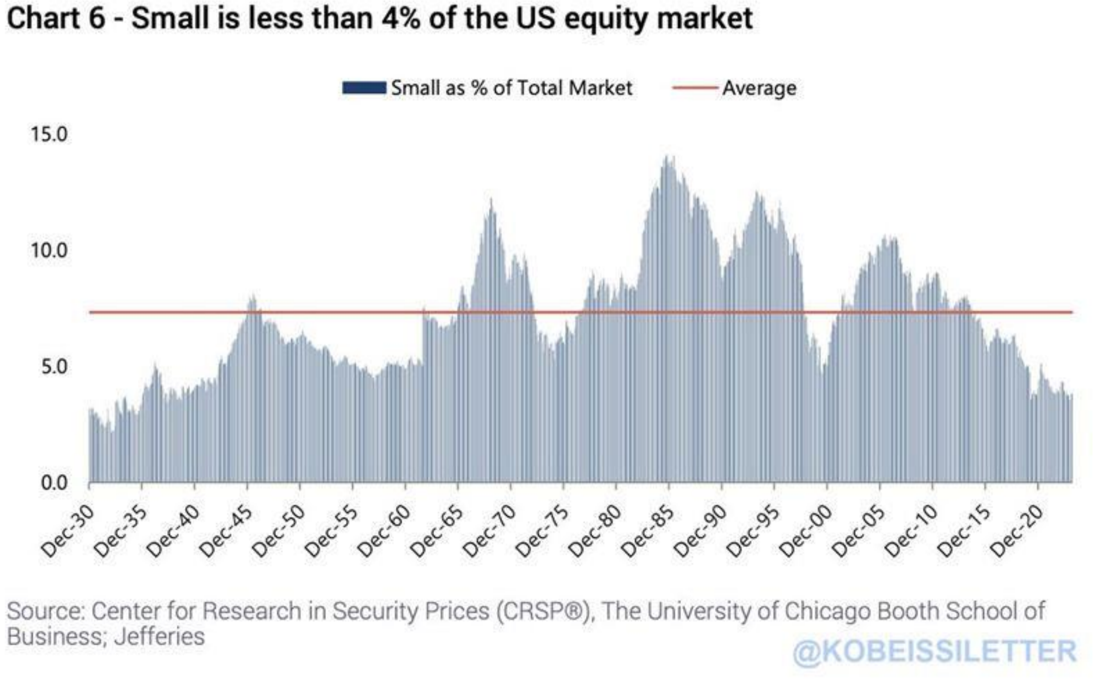


Source: FT

#markets

#us #smallcap #equities

US smallcap stocks now account for less than 4% of the entire US equity market. They now reflect the same percentage of the market as 1930 before the Great Depression. As AI-hype as spreads, small cap stocks have significantly underperformed large caps. Currently, more than one-third of the Russell 2000 index has negative earnings, down from ~45% in 2020. Small-cap stocks are now hated more than ever.



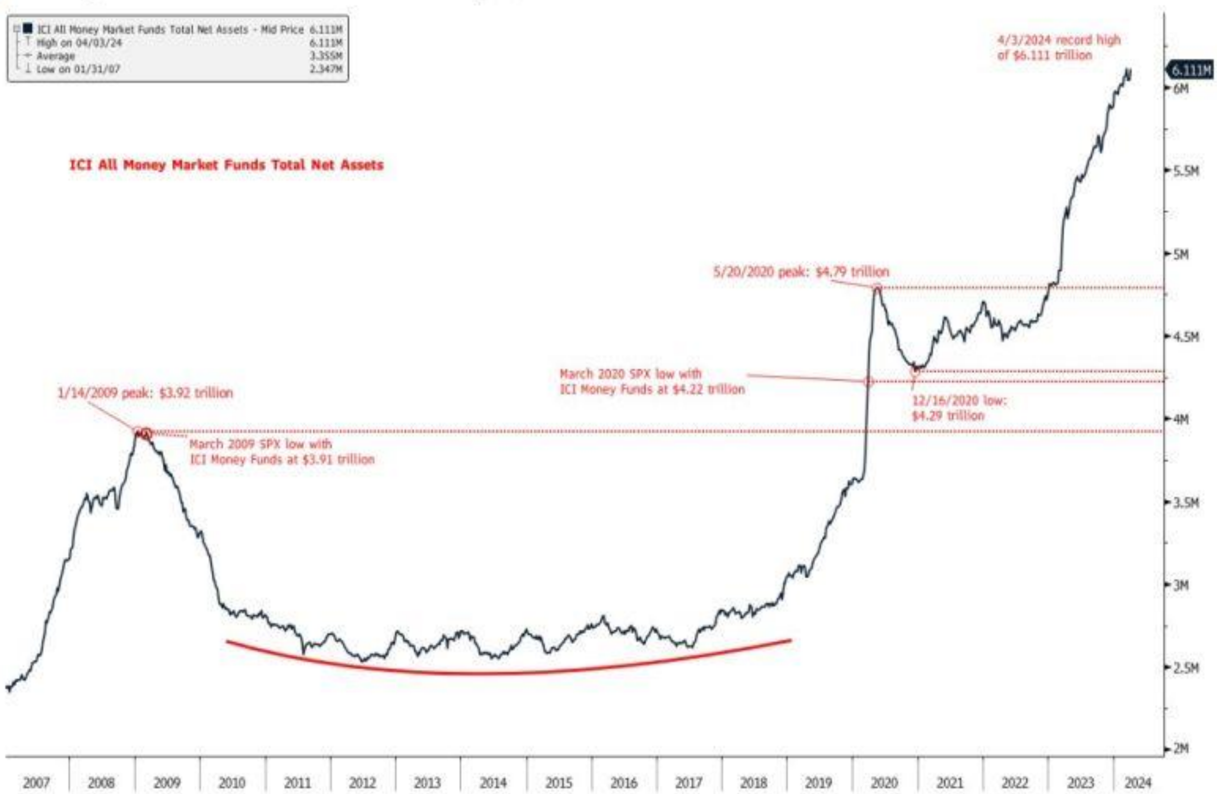
Source: The Kobeissi Letter

#markets

#money-market-funds #assets

Money market fund levels to record high of $6.111 trillion

Chart 8: ICI All Money Market Funds Total Net Assets: Weekly chart
ICI All Money Market Funds Total Net Assets hit another record high of $6.111 trillion last week.



Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

Source: WinfieldSmart

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#markets

#us #treasuries #weekly

US Treasuries were bid on Friday (yields down and stocks down) with yields down around 7-9bps across the board. On the week though, yields were higher, led by the short-end/belly of the curve. Obviously the big move was around CPI on Wednesday.

Source: www.zerohedge.com, Bloomberg

#markets

#us #treasuries #return

The 10y annualized return of US Treasuries has dropped to a 65-year low of 0.6%. The 2020s era of war, protectionism, fiscal excess, scarce energy/housing/labor killed the 4 decades-long bond bull market.

Chart 2: Biggest Story of 2020s...Ugly End of 40-year Bond Bull
Long-term US government bond (15+ year) rolling 10-year annualized returns, %

Source: BofA Global Investment Strategy, Ibbotson, Bloomberg, Refinitiv Datastream

Source: BofA; HolgerZ

#markets

#sothebys #bond-sale

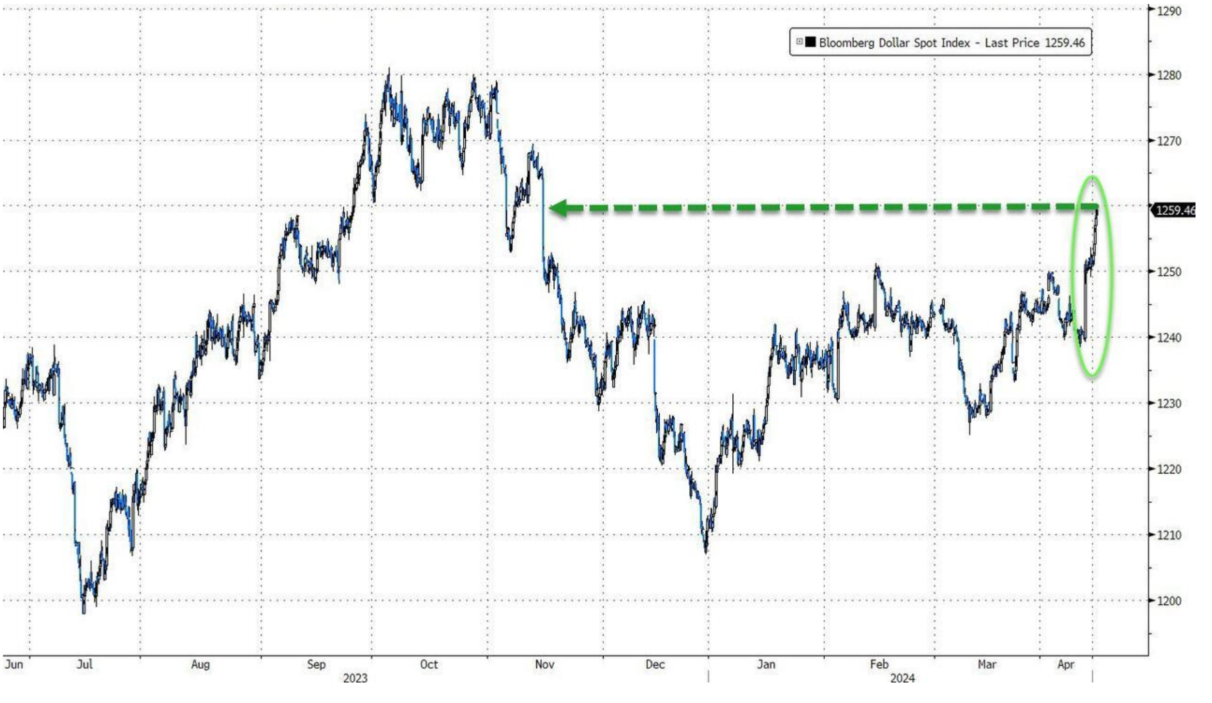
Sotheby's Plans $500 Million Bond Sale Secured by Art, Collectibles. Sotheby's, the auction house owned by telecom billionaire Patrick Drahi, plans to borrow about $500 million through bonds backed by personal loans made to art collectors. The loans Sotheby's is bundling together are secured by art and other collectibles, making the auction house the first to bring such an ABS-style product to public markets. The auction house started talking to investors about this deal more than a year ago, before the US regional-banking crisis roiled credit markets.

Source: bloomberg

#markets

#forex #dollar #weekly

The dollar roared higher this week (its biggest weekly gain since Sept 2022) to its highest since Nov 2023..



Source: Bloomberg, www.zerohedge.com

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#markets

#forex #euro-dollar

OOPS! Euro drops to lowest since November 2023.

Source: Bloomberg

#forex #yen #technical-analysis

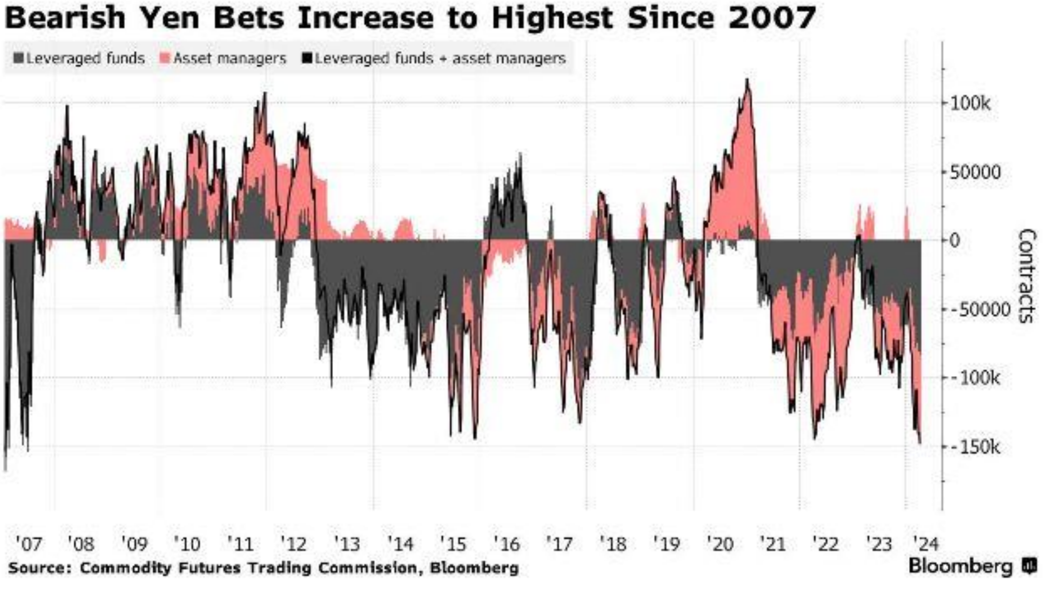
If technical analysis works on this chart, the yen might see considerable more weakness againt dollar in the coming weeks...

Source: Ole S Hansen

#markets

#forex #yen #bears

Bearish Bets against the Japanese Yen reach highest level in 17 years



Source: Barchart, Bloomberg

#forex #yen #fiscal-crisis

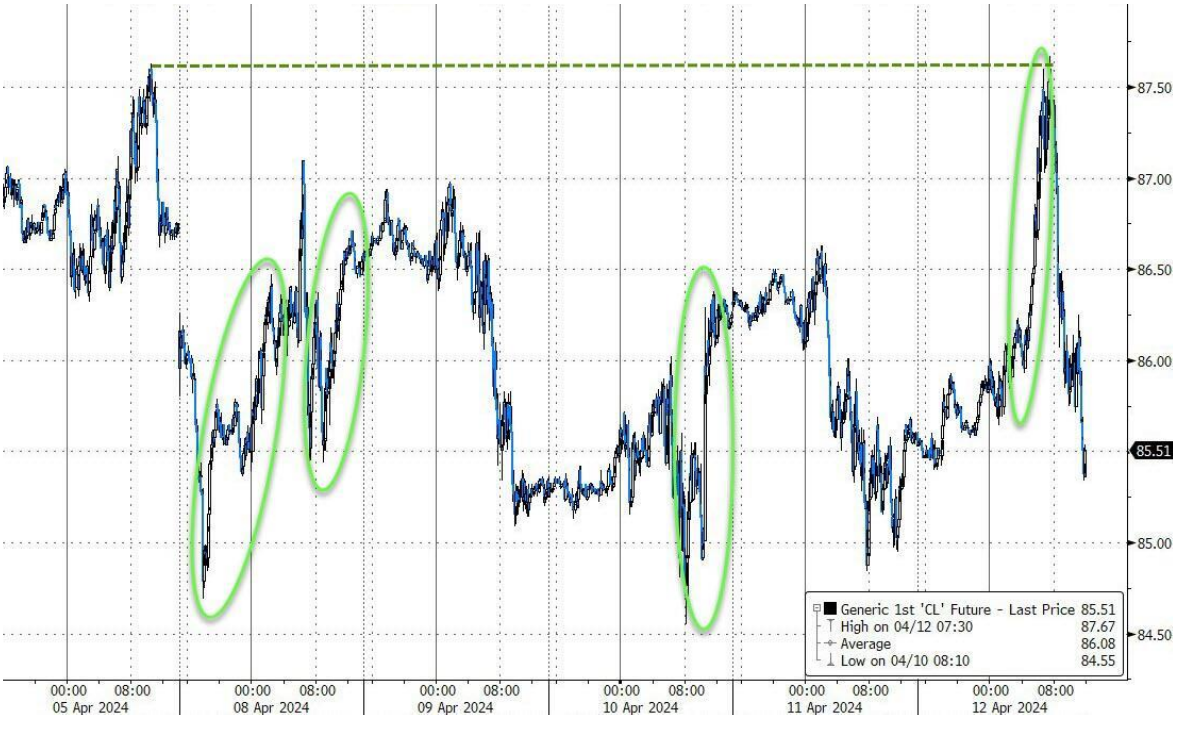
As highlighted by Robin Brooks, Japan has a current account surplus and is a big net creditor to the world. So the falling yen isn't about any of that. Instead, it's about Japan's huge debt load, which forces BoJ to keep rates low even as they rise everywhere else. A fiscal crisis playing out in currency space.

Source chart: Bloomberg

#markets

#crude-oil #weekly

Crude prices also had a wild ride this week amid "WW3-on / WW3-off" headlines...



Source: www.zerohedge.com, Bloomberg

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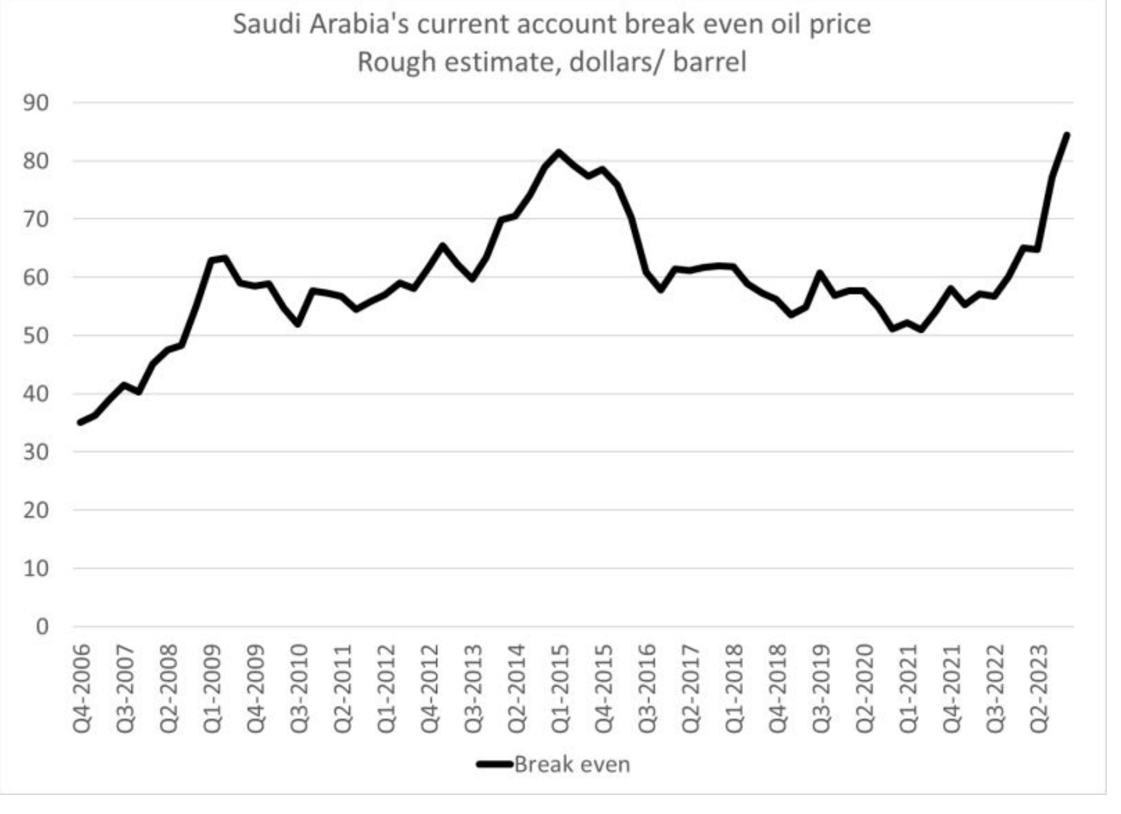
#saudi-arabia #oil #breakeven

Looks like Saudi Arabia's balance of payments breakeven oil price (oil price that avoids a current account deficit) is now close to $85 a barrel... This could explain why there is some scale back from NEOM + the need for oil prices to stay higher for longer...

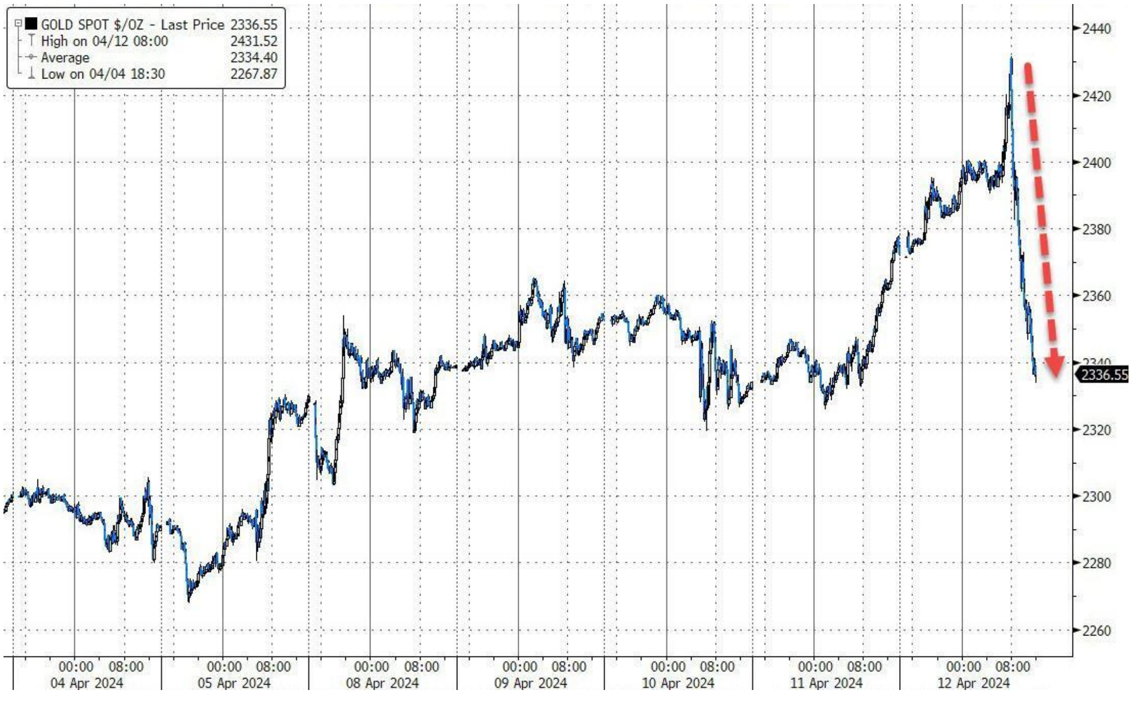


Source: Brad Setser

#markets

#gold #weekly

Gold surged to $2430 – new all-time high – this week before pulling back on Friday afternoon.



Source: www.zerohedge.com, Bloomberg

#markets

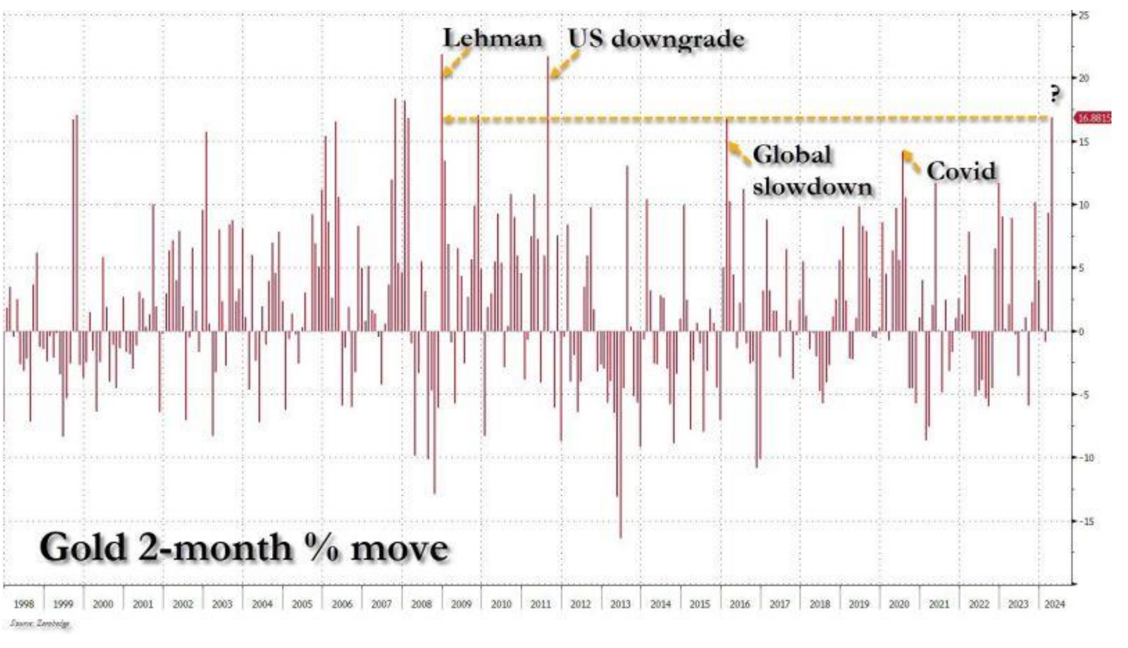
#gold #etf #holdings

Gold is rallying despite retail and institutional investors dumping. This is bullish. But who is buying by the way? central banks... Do they knew something investors don't know?

Source: BofA

#gold #performance

What is it this time?



Source: www.zerohedge.com

#markets

#gold #forecast

Have a look at the yearly Gold Forecast based on Bloomberg:
Highest forecast for 2024: 2,260, Median: 2,050
Highest forecast for 2025: 2,220, Median: 2,050
Highest forecast for 2026: 2,280, Median: 1,887
Highest forecast for 2027: 2,350, Median: 1,807

Consensus doesn't look optimistic at all on gold. We are far from bubble territory. Is the bull market just starting?

Gold $/t oz 99) Browse As Of 04/09/24 Ticker Type Actual

Quarterly Forecast Yearly Forecast

Overview Curve Analysis Ranking

Firms Standard Custom Rank All Updated Last 6 Months

Consensus	Spot	As Of	2024	2025	2026	2027	2028
Median		04/08/24	2055.00	2050.00	1887.50	1807.00	1725.00
Mean		04/08/24	2056.33	2025.11	1879.75	1872.09	1795.36
High		04/08/24	2260.00	2220.00	2280.00	2350.00	2430.00
Low		04/08/24	1835.00	1700.00	1500.00	1500.00	1500.00
Forward	2346.53	04/09/24	2309.08	2482.41	2593.46	2652.68	2686.00
Diff (Median - Curr)			-254.08	-432.41	-705.96	-845.68	-961.00

Source: Ronnie Stoeferle

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#gold #forecast

Goldman raises gold price target to $2700 from $2300

Goldman Sachs | Commodities Research

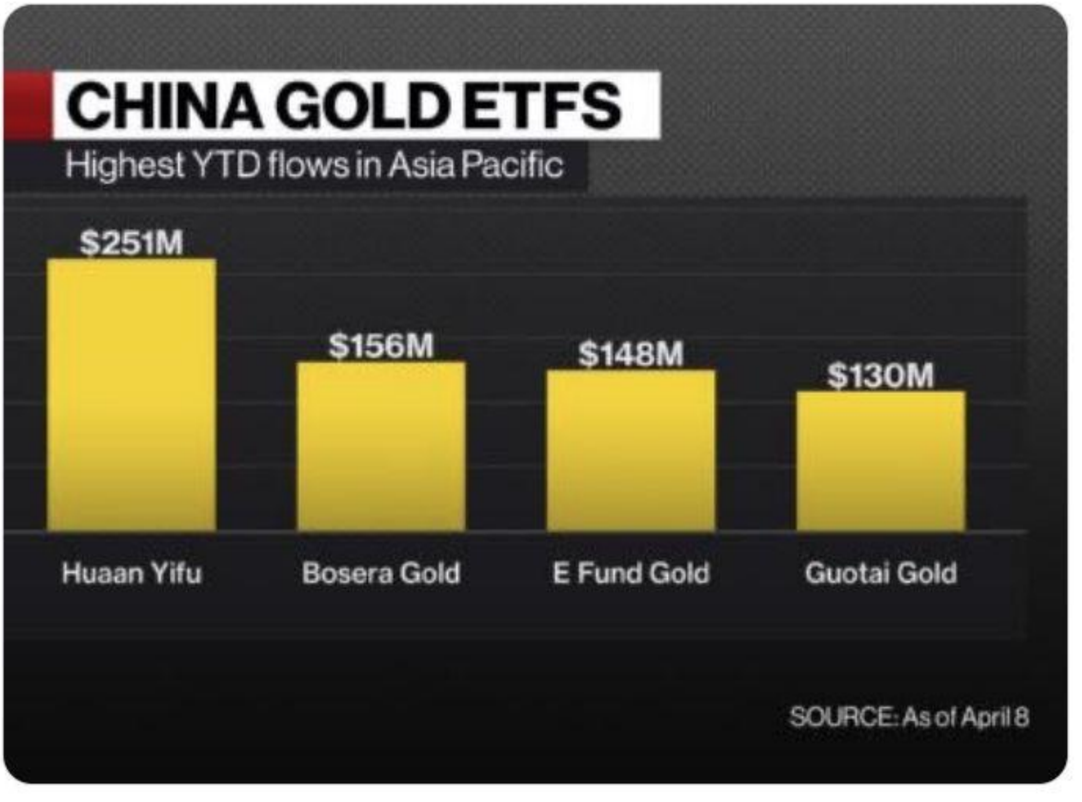
Gold: An unshakeable bull market

Unsurprising resilience. Gold's relative stability in the aftermath of this week's stronger than expected US CPI print was yet another demonstration that the metal's bull market is not being driven by the usual macro suspects. Indeed, despite the market pricing progressively fewer Fed cuts, stronger growth trends and record equity markets, gold has rallied 20% over the past two months. The traditional fair value of gold would connect the usual catalysts – real rates, growth expectations and the dollar – to flows and the price. None of those traditional factors adequately explain the velocity and scale of the gold price move so far this year. Yet that substantial residual from the traditional gold price model is neither a new feature nor a sign of overvaluation. Indeed, the majority of the gold upside since mid-2022 has been driven by new incremental (physical) factors, not least a significant acceleration in EM Central Bank accumulation as well as Asian retail buying. Those factors remain well affirmed by current macro policy and geopolitics. Moreover, with Fed cuts still a likely catalyst to soften the ETF headwind later in the year, and right tail risk from the US election cycle and fiscal setting, gold's bullish skew remains clear. From the rebased price level, with these positive price factors still set to play out ahead of us, we upgrade our price forecast to $2,700/toz by year-end (vs $2,300/toz year-end previously).

#markets

#china #gold #etf

Chinese gold ETFs have cornered the bulk of the inflows in Asia this year.

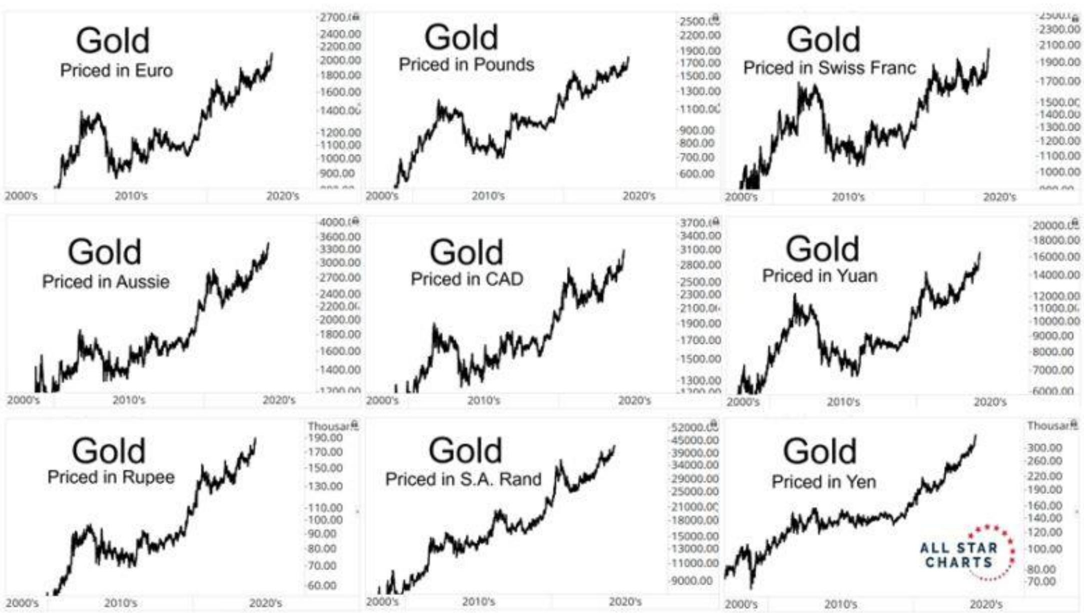


Source: David Ingles

#markets

#gold #currencies

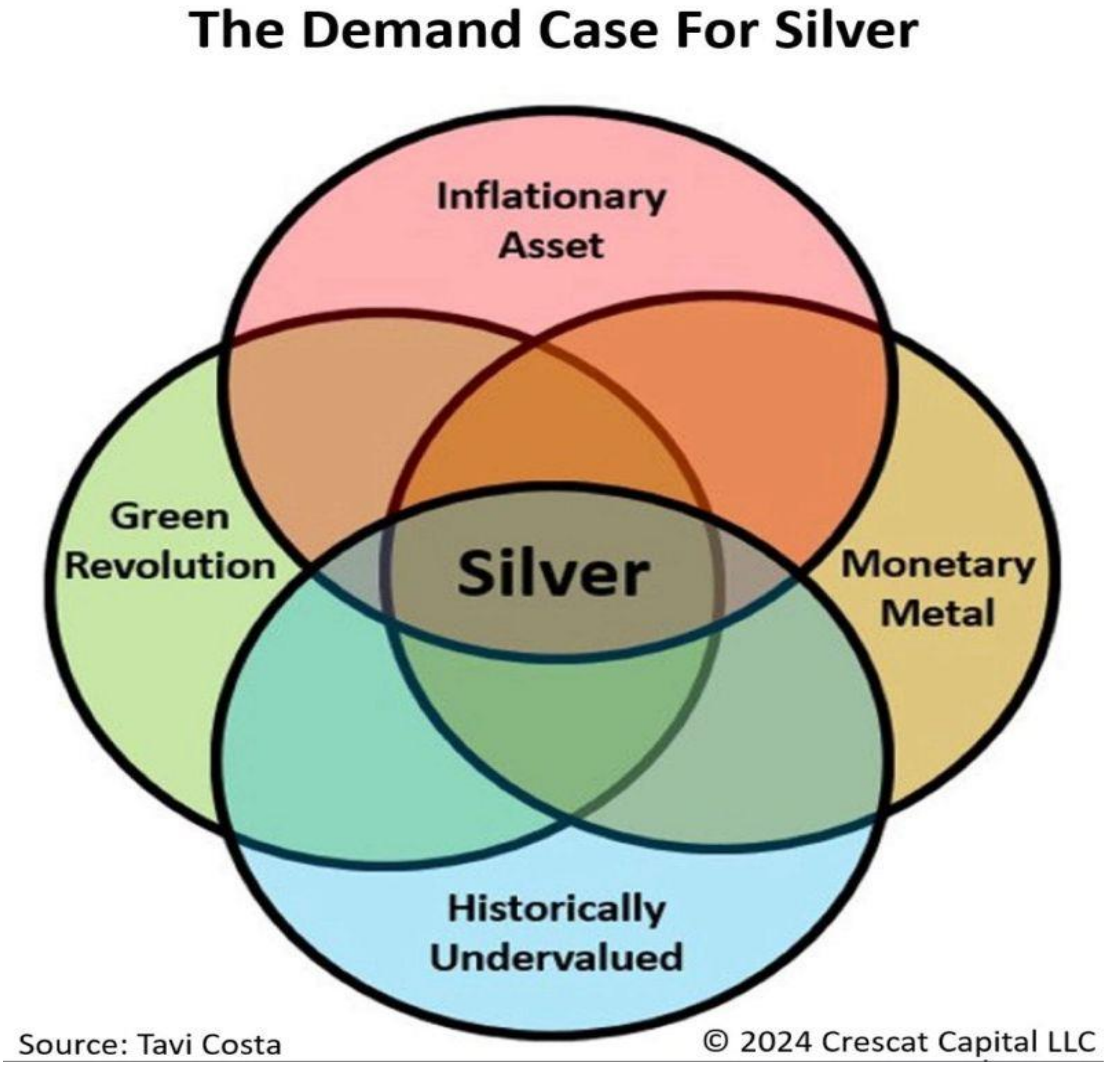
Gold making new all-time highs, priced in US Dollars... but when you take a look at how Gold has been doing, priced in other foreign currencies, it's already been making new all-time highs for quite some time. Take a look at the behavior of Gold when priced in some of the other currencies here below:



Source: allstarscharts

#silver #demand

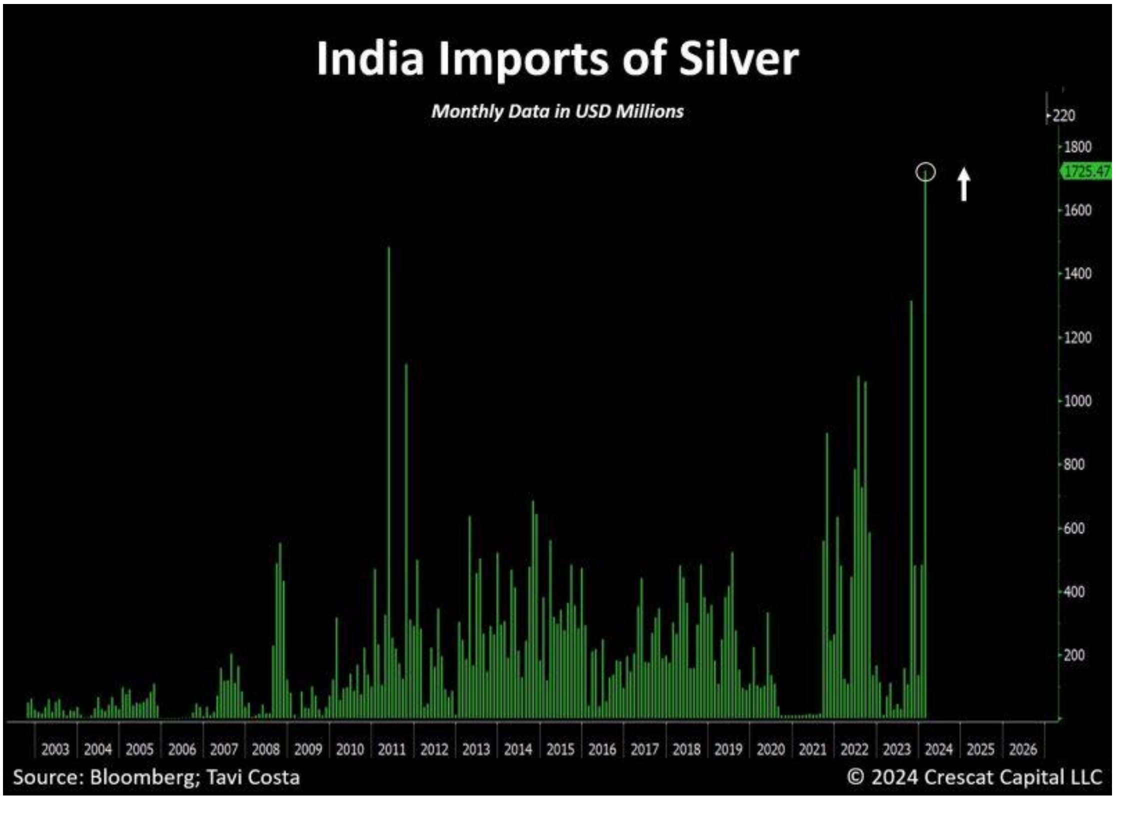
The diagram below sums up well the demand case for silver in today's environment.



Source: Otavio (Tavi) Costa

#india #silver

India just reported record monthly imports of silver.



Source: Tavi Costa, Bloomberg

#markets

#industrial-metals #technical-analysis

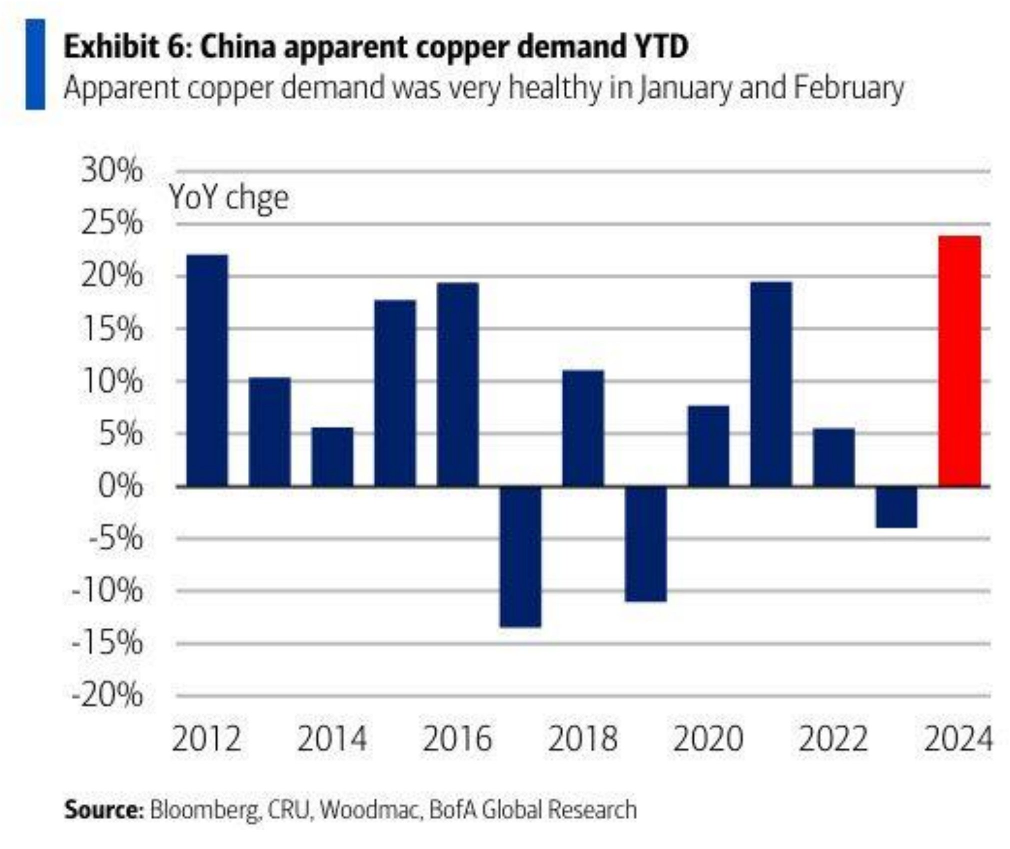
Industrial Metals relative strength (vs. $SPX) ready to turn?

Source: Nautilus Research

#markets

#china #copper

China copper demand surge 📈 What is China going to do with all this copper?

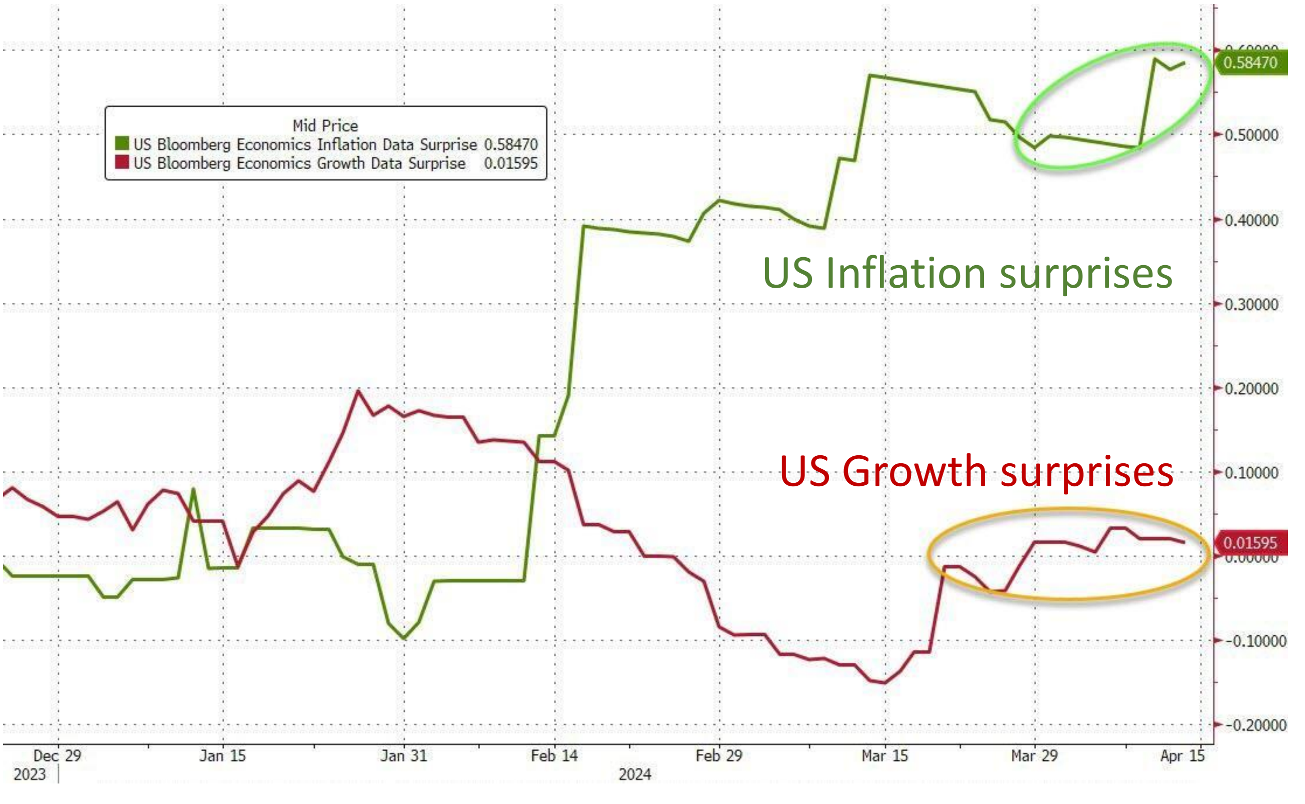


Source: CEO Technician

#macro

#us #inflation #growth #surprises

Inflation fears/promises/threats were realized this week with CPI and PPI hot (yes PPI) and UMich infl exp rising too. Inflation data has been surprising to the upside all year and growth data not so much...



Source: www.zerohedge.com, Bloomberg

#macro

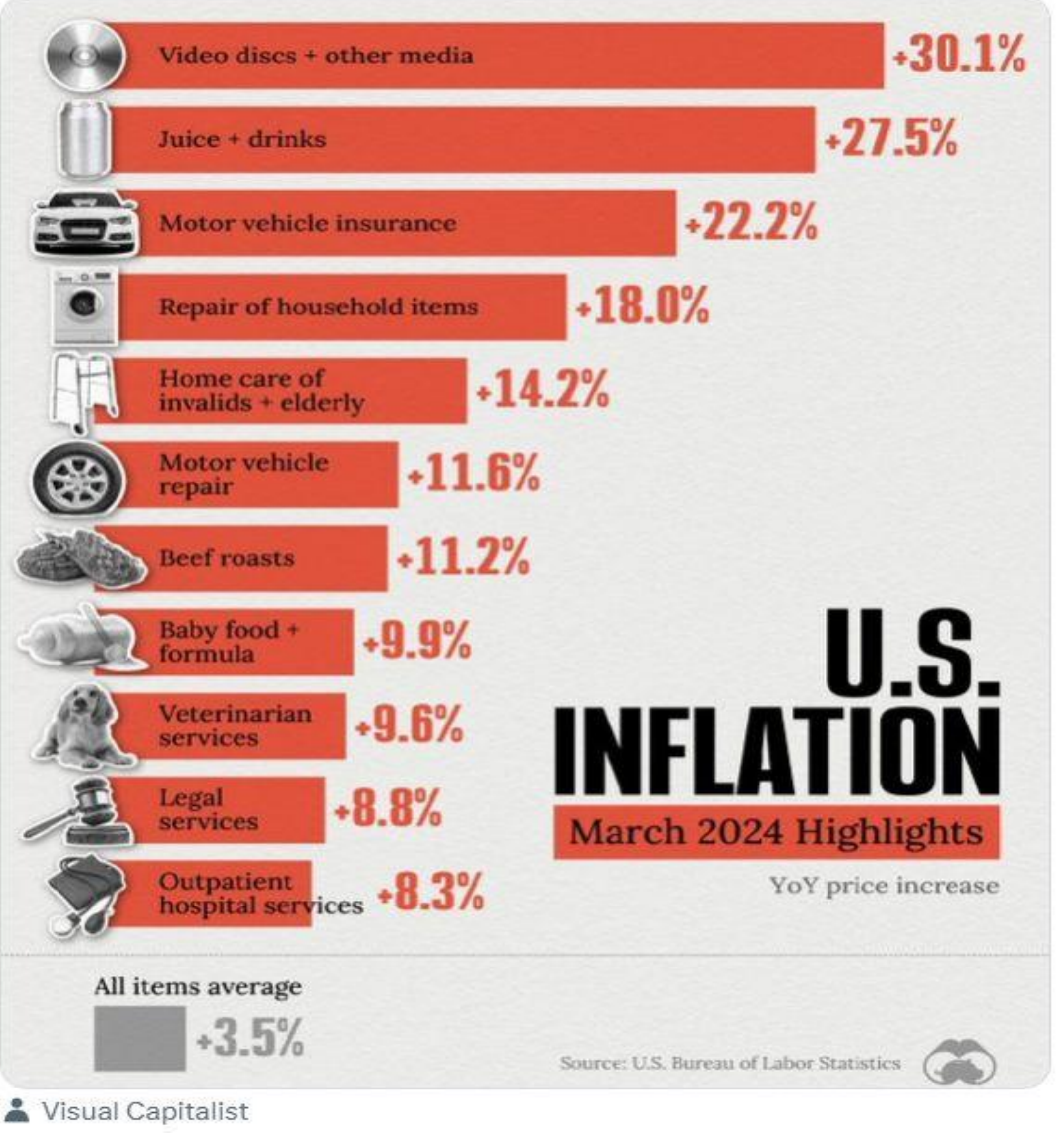
#us #inflation #cpi

BREAKING >>> Oups... March CPI inflation rate RISES to 3.5%, above expectations of 3.4%. Core inflation beat as well... -> The Headline CPI for March came in at +0.4% above expectations of +0.3% month-over-month. On a YoY basis, Headline CPI increased 3.5% vs. 3.4% expected and 3.2% in February. This follows January and February being hotter readings than expected. This is the highest headline CPI reading since last September. -> The core CPI (ex-food and energy) also came in above estimates: +0.4% MoM (vs. +0.3% estimates) and 3.8% yoy vs. 3.7% expected and 3.76% in February. This is the first uptick in core inflation since March 2023. Transportation prices are up +10.7% yoy; Shelter is up +5.7% yoy. -> Even the "Supercore services" index which FED policymakers have been emphasizing, which strips out housing, ROSE +0.65% on the month, continuing the trend of higher prints. It is up 4.77% yoy, a 11 months high...

#macro

#us #inflation

Where Inflation is hitting the hardest



Source: visualcapitalist

#macro

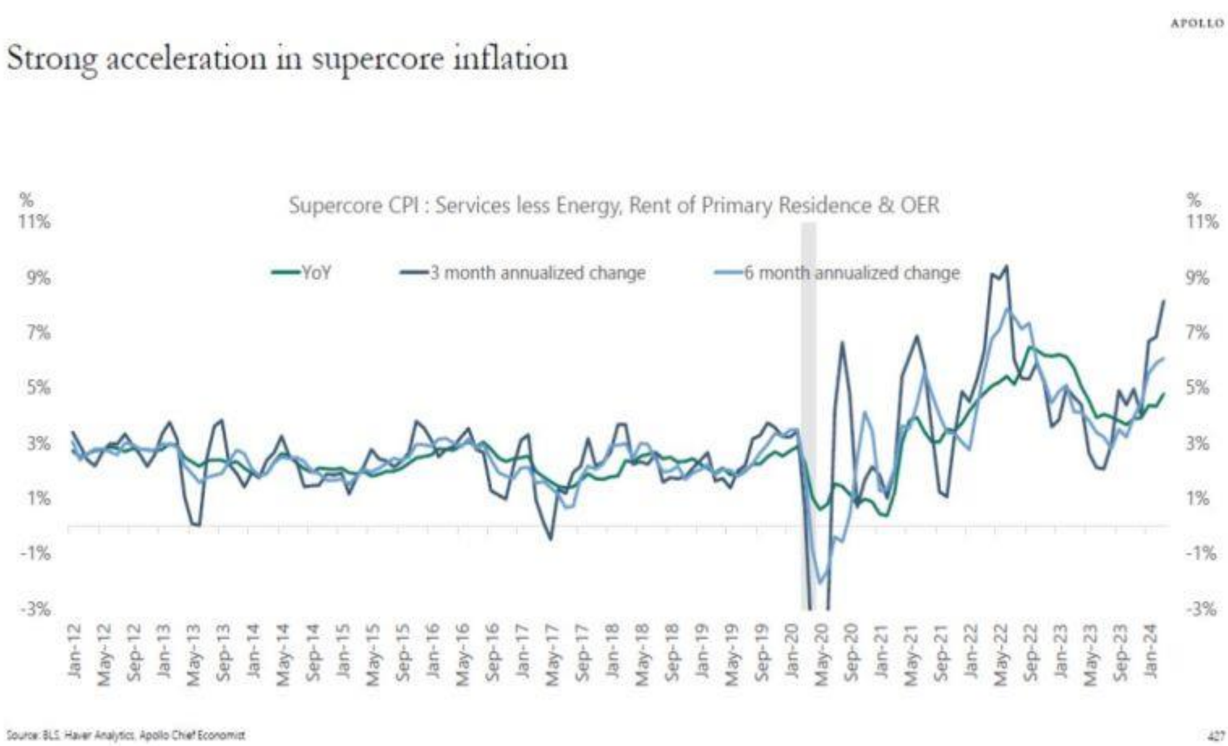
#us #inflation #second-wave

In our 2024 “10 surprises 2024”, we had surprise #6: "What if inflation rises again?" The idea here was that inflation could experience a second wave similar to that seen in the 70s and 80s. And this would lead inflationary assets (e.g., cyclical stocks) to catch up with deflationary assets (e.g. technology stocks). Below an update chart (courtesy of HZ on X) taking into account yesterda’ys US CPI print... Has a second inflationary wave begun?

#macro

#us #supercore-inflation

APOLLO: A strong acceleration in SUPERCORE INFLATION... ".. The 3-month annualized change in supercore inflation is now over 8% and accelerating .. the Fed is not done fighting inflation and rates will stay higher for longer. .. We are sticking to our view that the Fed will not cut rates in 2024." [Slok] CPI

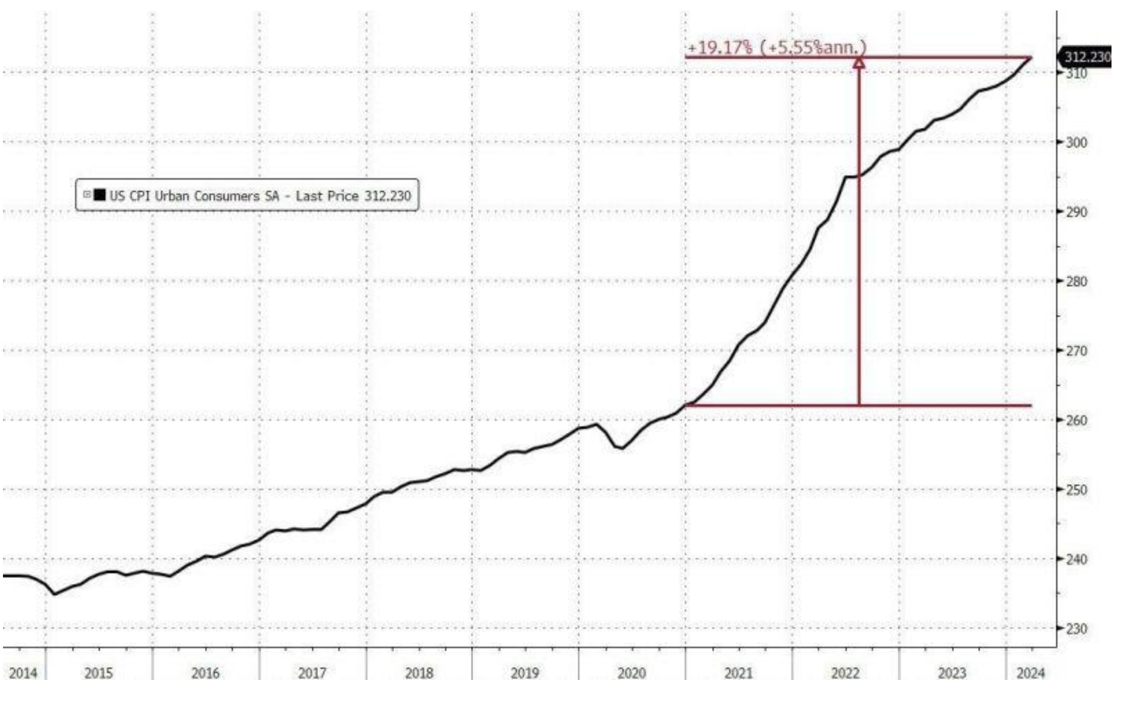


Source: Carl Quintanilla

#macro

#us #inflation #cpi

US inflation continues to rise, with no decrease in sight according to Zerohedge. Since January 2021, inflation has not fallen in a single month, leading to an overall increase of 19% in less than four years. Additionally, the US has not seen a year-over-year inflation print below 3% in 36 consecutive months. The Fed's 2% target has also been surpassed for 37 straight months. This compounding inflation may have long-term impacts on the economy.



Source: The Kobeissi Letter

#macro

#us #inflation #cpi

Inflation Every Month Since 2014 (CPI YoY)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2014	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8
2015	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7
2016	1.4	1.0	0.9	1.1	1.0	1.0	0.8	1.1	1.5	1.6	1.7	2.1
2017	2.5	2.7	2.4	2.2	1.9	1.6	1.7	1.9	2.2	2.0	2.2	2.1
2018	2.1	2.2	2.4	2.5	2.8	2.9	2.9	2.7	2.3	2.5	2.2	1.9
2019	1.6	1.5	1.9	2.0	1.8	1.6	1.8	1.7	1.7	1.8	2.1	2.3
2020	2.5	2.3	1.5	0.3	0.1	0.6	1.0	1.3	1.4	1.2	1.2	1.4
2021	1.4	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8	7.0
2022	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.1	6.5
2023	6.4	6.0	5.0	4.9	4.0	3.0	3.2	3.7	3.7	3.2	3.1	3.4
2024	3.1	3.2	3.5									

#macro

#us #inflation #groceries

US inflation has officially been at 3% or higher for exactly 3 years. The Average American is now paying nearly 40% MORE for groceries than what they were paying in 2019.

The Kobeissi Letter
@KobeissiLetter

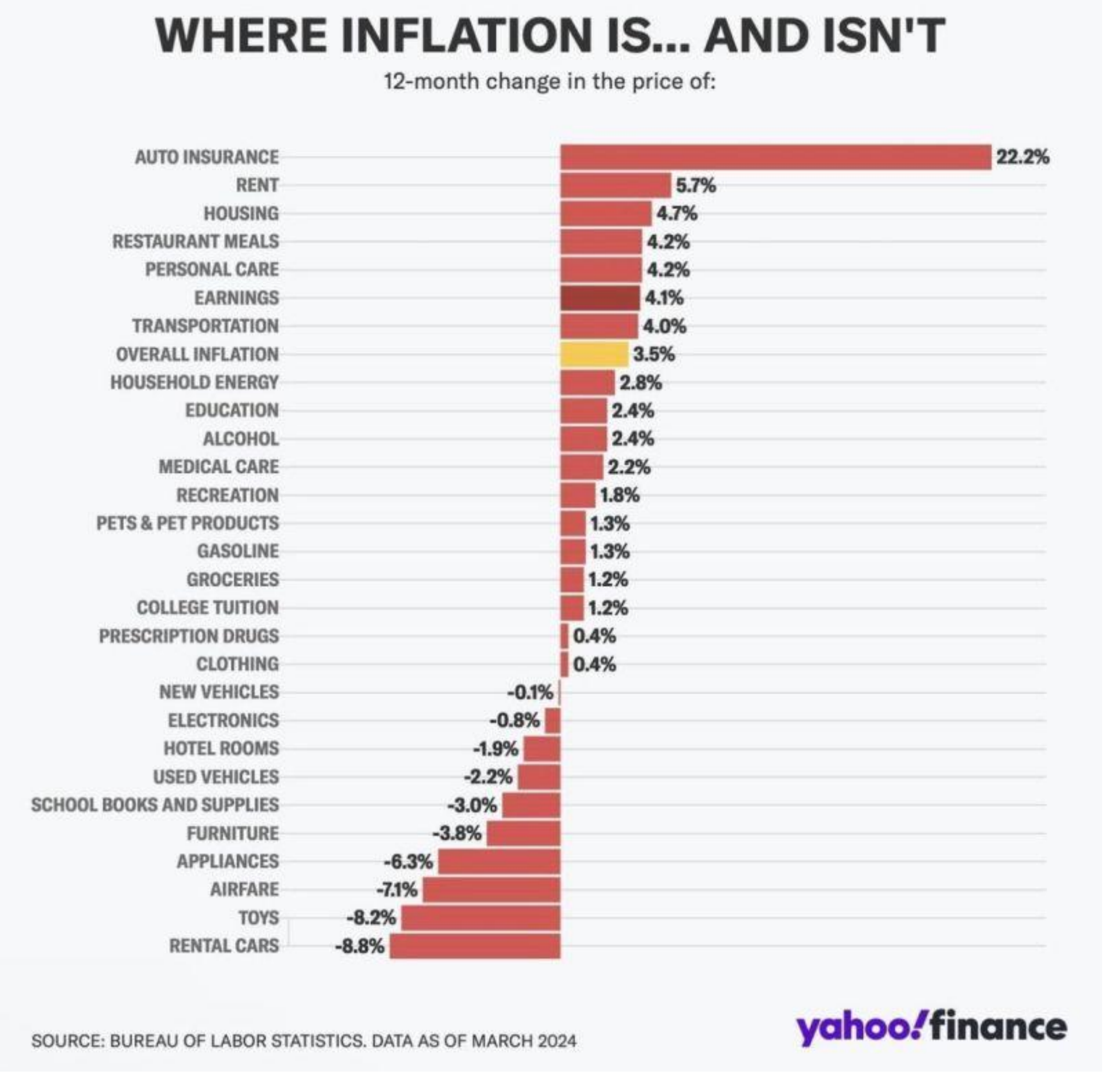
Change In Price Since 2019, by Food Item:

1. Cocoa: +345%
2. Orange Juice: +260%
3. Olive Oil: +219%
4. Sugar: +120%
5. Fruit Snacks: +77%
6. Cooking Oil: +54%
7. Chocolate Bars: +52%
8. Apple sauce: +51%
9. Beef: +51%
10. Mayonnaise: +50%
11. Loaf of Bread: +42%
12. Eggs: +40%
13. Milk: +40%
14. Cereal: +38%
15. Butter: +24%

#macro

#us #inflation

Where US inflation is and where it isn't 👀

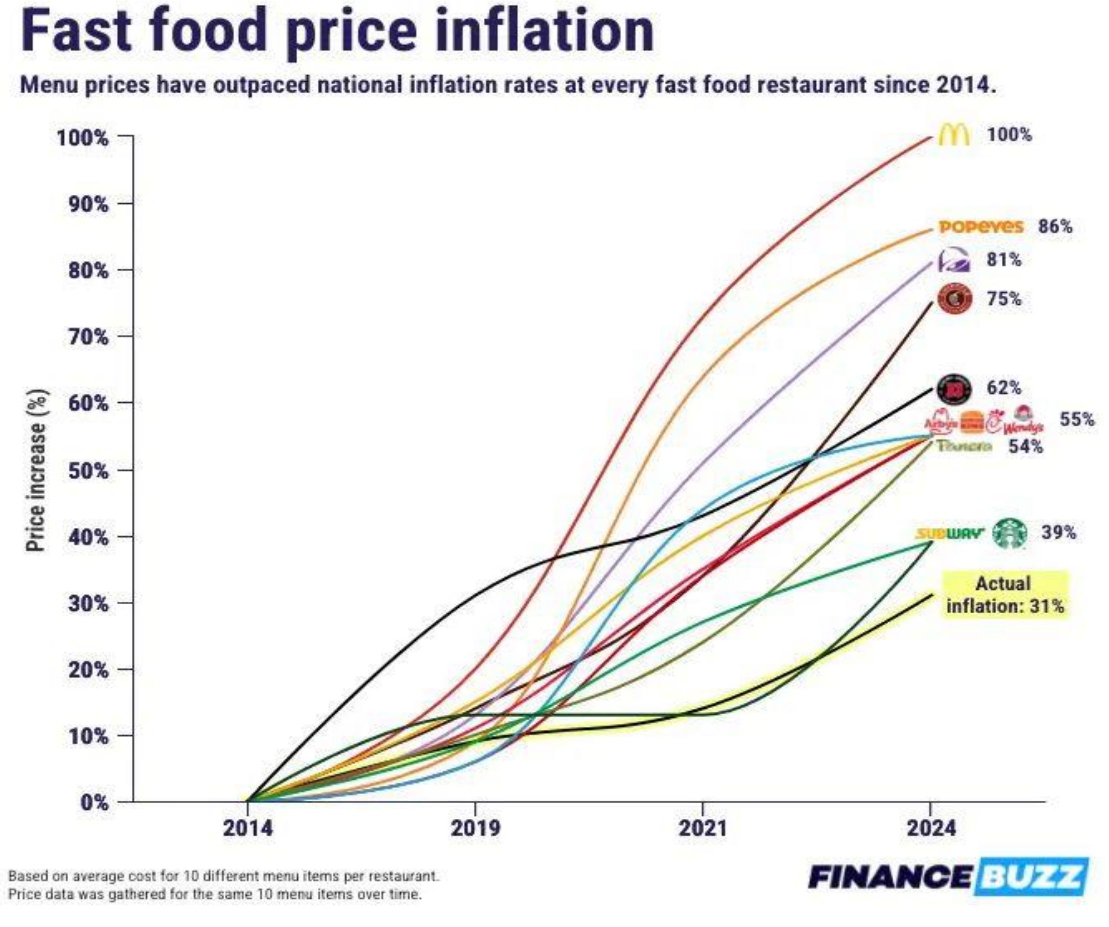


Source: Yahoo Finance, Evan

#macro

#us #inflation

Price increases over last decade... McDonald's: +100% - Popeyes: +86% - Taco Bell: +81% - Chipotle: +75% - Jimmy John's: +62% - Arby's: +55% - Burger King: +55% - Chick-fil-A: +55% - Wendy's: +55% - Panera: +54% - Subway: +39% - Starbucks: +39% - US Government Reported Inflation (CPI): +31%



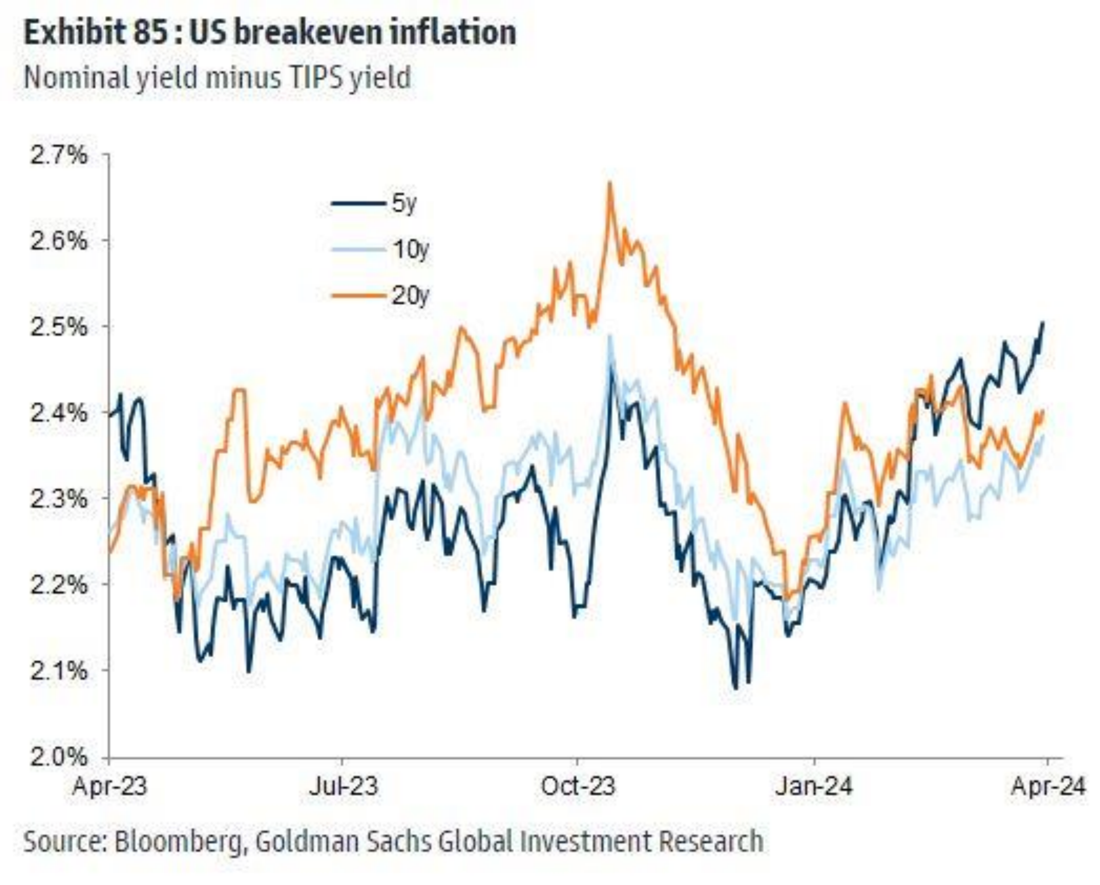
Source: Yahoo Finance, Evan

PRIVATE BANKING

#macro

#us #breakeven #inflation

US breakeven inflation rates rising

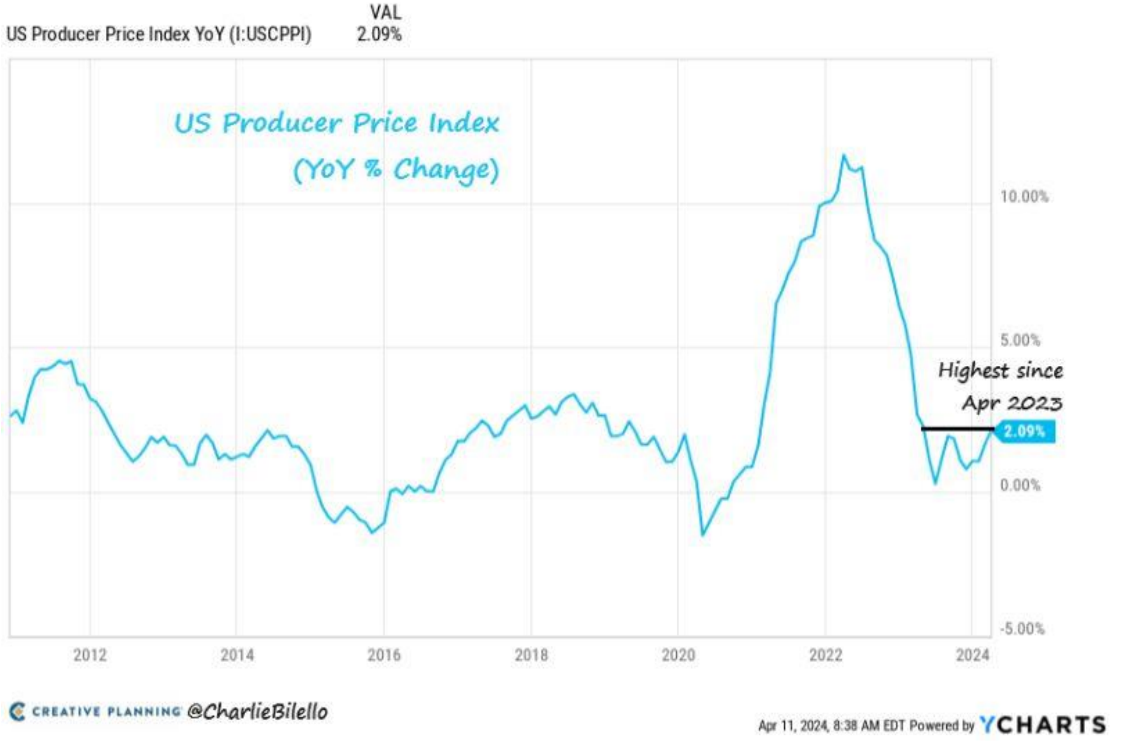


Source: Win Smart; Goldman Sachs, Bloomberg

#macro

#us #ppi #inflation

US Producer Prices increased 2.1% over the last year, below expectations of 2.2%. Still, this is the highest PPI reading since April 2023. Core PPI inflation RISES to 2.4%, above expectations of 2.3%. PPI and CPI inflation are now both up for 2 straight months for the first time since September 2023.

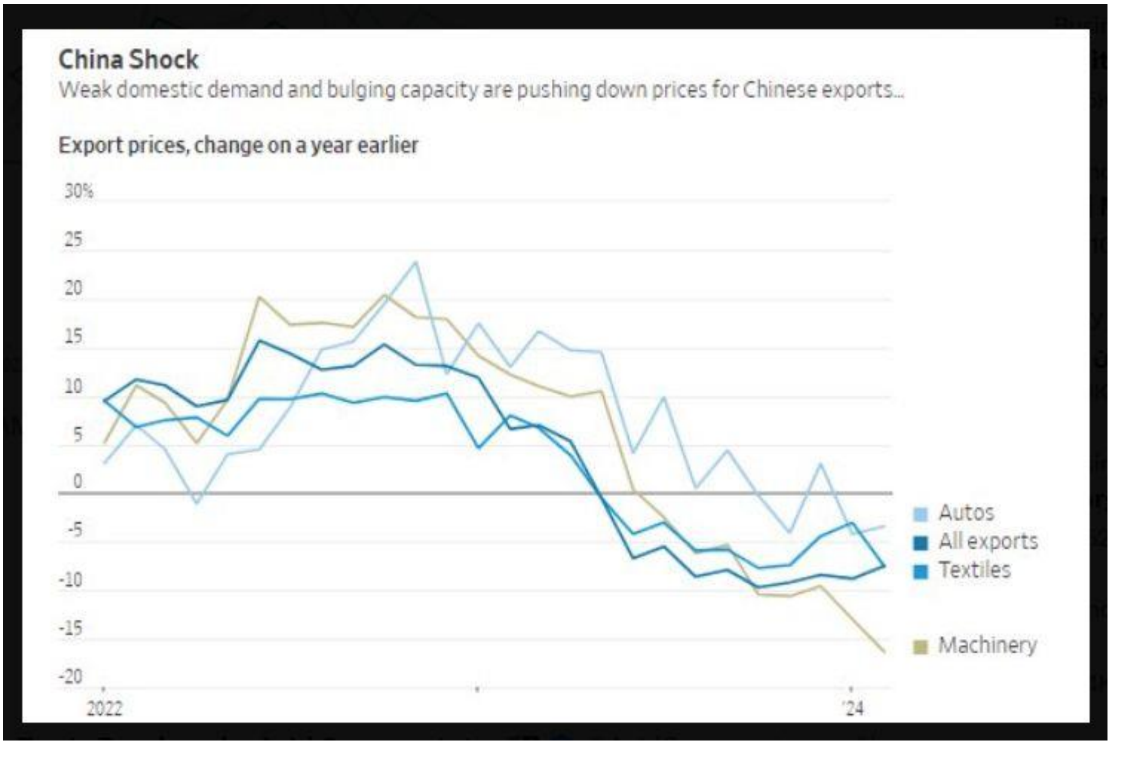


Source: Charlie Bilello

#macro

#china #deflation

Will the big deflationary wave out of China offset the inflationary pressures stemming from rising oil prices and hot job market in the US?

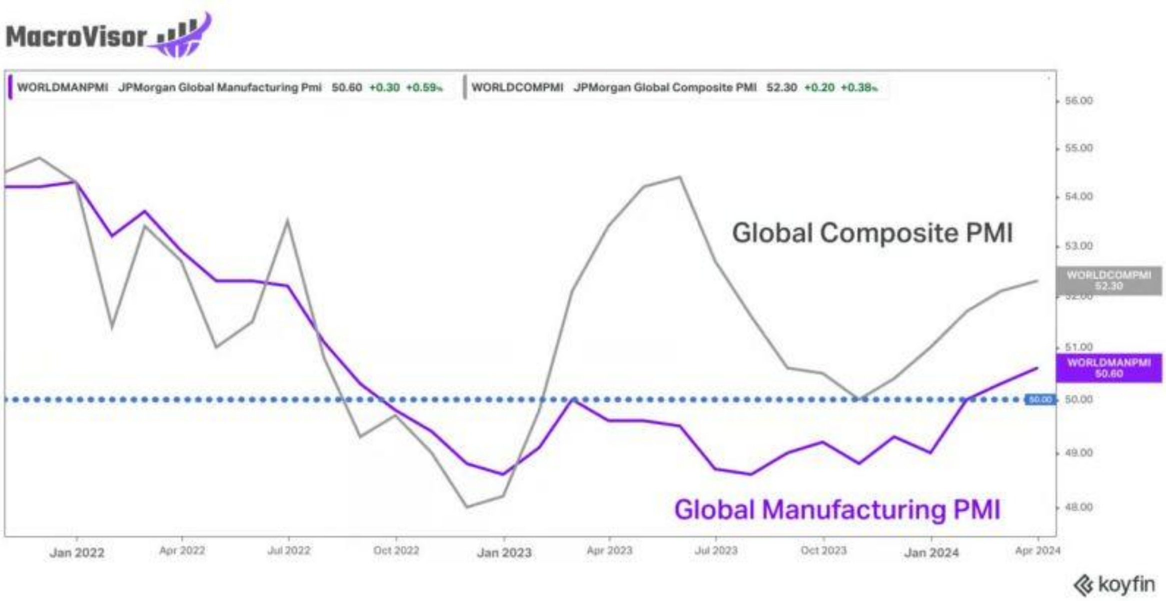


Source: Michel A.Arouet

#macro

#global-pmi

Global PMIs recovering nicely. This is a big reason for the bid in commodities and the RE-acceleration in inflation.

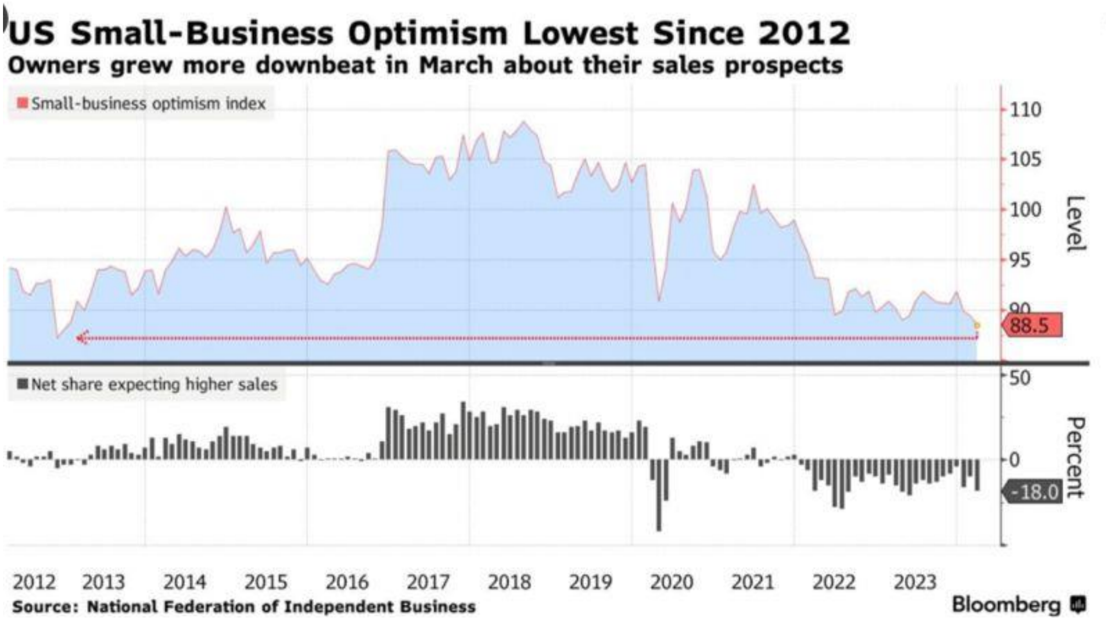


Source: Markets & Mayhem reposted Ayesha Tariq

#macro

#us #small-business #optimism

US Small-Business Optimism Falls to a More Than 11-Year Low

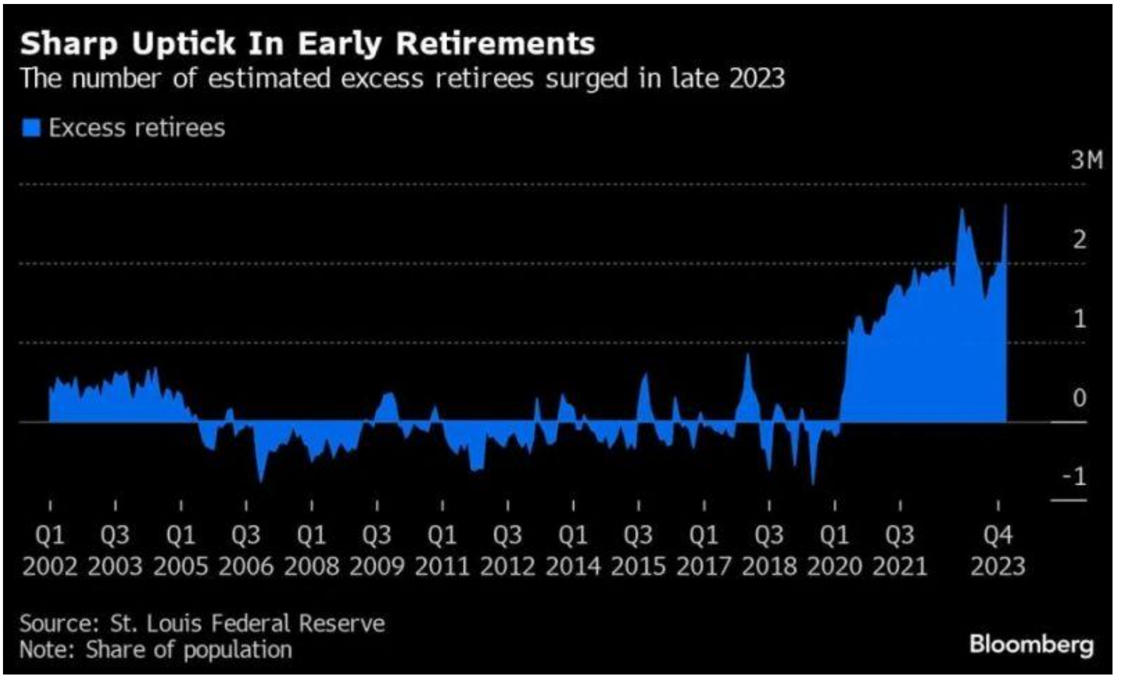


Source: Bloomberg

#macro

#us #early-retirement

Early retirements surged again in late 2023 with the gains in the stock market and home prices, leading to a record 2.7 million excess retirees in the US.

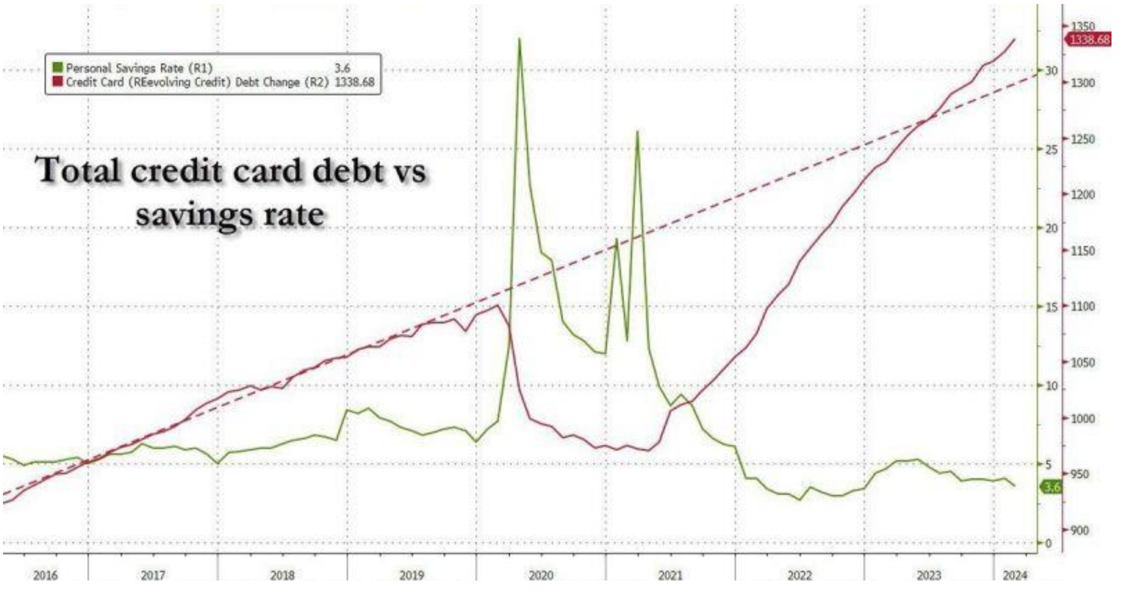


Source: Bloomberg, Charlie Bilello

#macro

#us #credit-card #savings

Total credit card debt in the US is skyrocketing as savings rates have crashed. Total revolving credit in the US is now at $1.3 TRILLION, up from ~$960 billion in 2021. Meanwhile, the savings rate has plummeted to just 3.6% as affordability hits record lows. Interest rates on credit card debt are also hitting record highs, near 25%. The US has record high credit card debt, record high interest rates and record low savings rates...

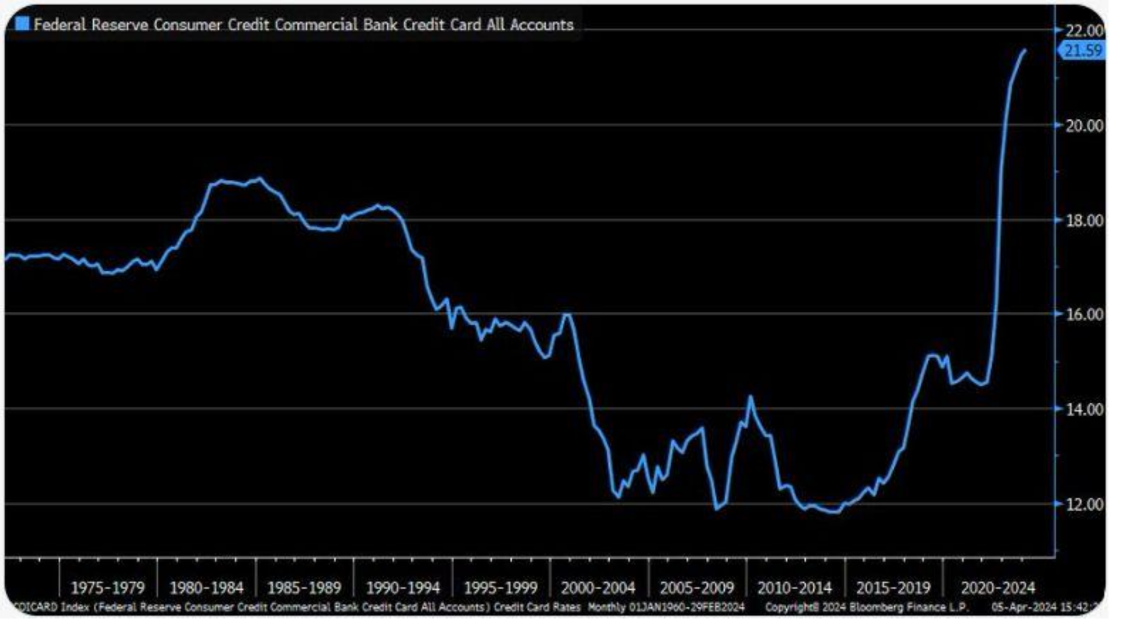


Source: The Kobeissi Letter, www.zerohedge.com

#macro

#us #credit-card #rates

Credit card Rates Keep Climbing to Reach Unprecedented Levels



PRIVATE BANKING

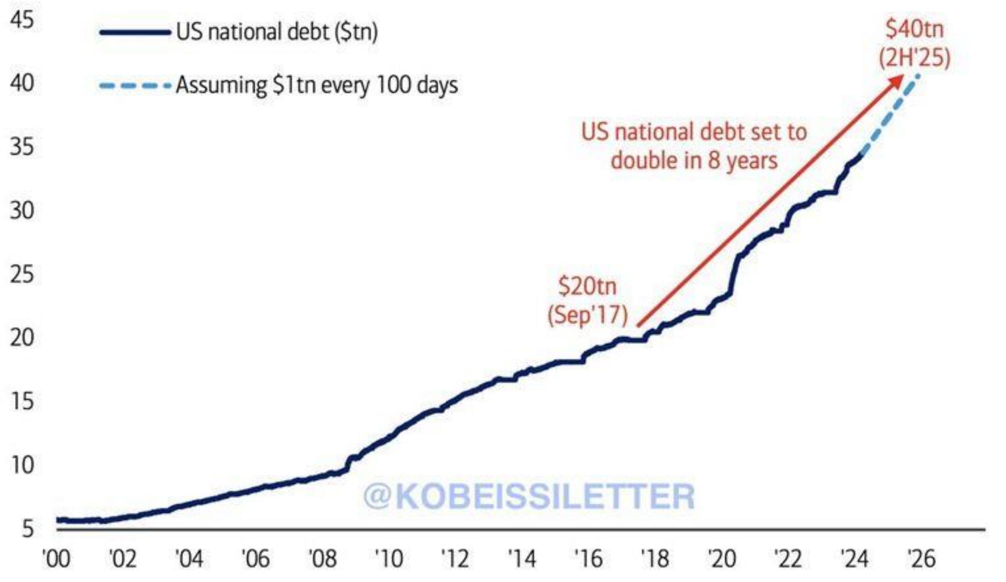
#macro

#us #debt

The US Federal debt is set to DOUBLE in just 8 years, rising from $20 trillion in 2017 to $40 trillion in 2025. Currently, US Federal debt is rising by a whopping $1 trillion every 100 days. To put this in perspective, if US debt hits $40 trillion in 2025 that would be a $17 TRILLION increase since 2020. That would be a ~570% jump in US Federal debt since 2000, a 25-year period. The worst part? This analysis assumes that we are on track for a "soft landing." What happens if a recession hits?

Chart 3: US national debt on course to double in just 8 years

US national debt ($tn) and projection assuming $1tn increase every 100 days



Source: BofA Global Investment Strategy, Bloomberg

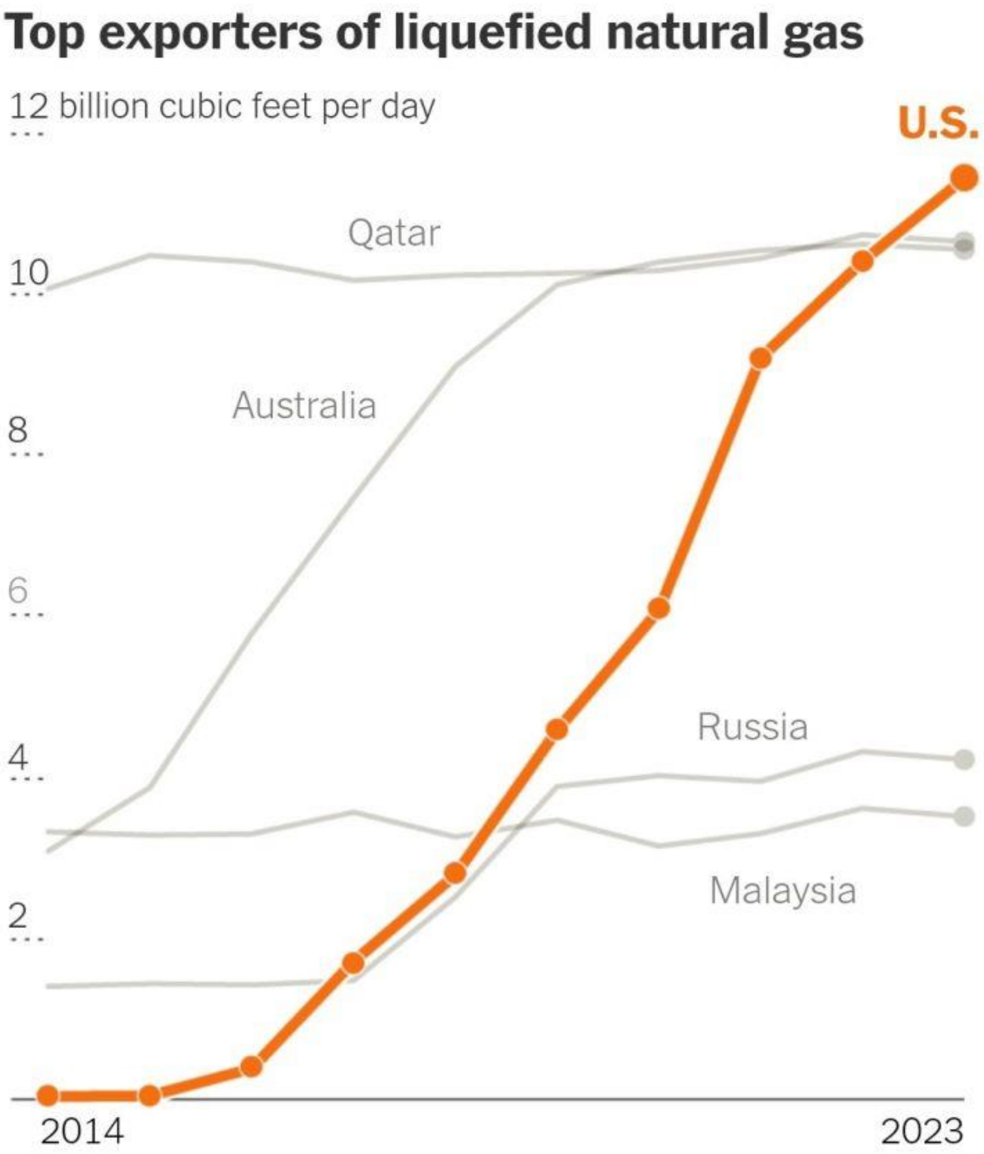
BofA GLOBAL RESEARCH

Source: The Kobeissi Letter, BofA

#macro

#us #natural-gas #exports

And the Winner is…



Source: @PendulumFlow thru Michel A.Arouet

#fitch #china #outlook

Breaking News: Fitch revises outlook on China to negative

Fitch Revises Outlook on China to Negative; Affirms at 'A+'

Fitch Revises Outlook on China to Negative; Affirms at 'A+'

Fitch Ratings-Hong Kong-09 April 2024:

Fitch**Ratings has revised the Outlook on China's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Negative from Stable, and affirmed the IDR at 'A+'.**

A full list of rating actions is at the end of this rating action commentary.

Key Rating Drivers

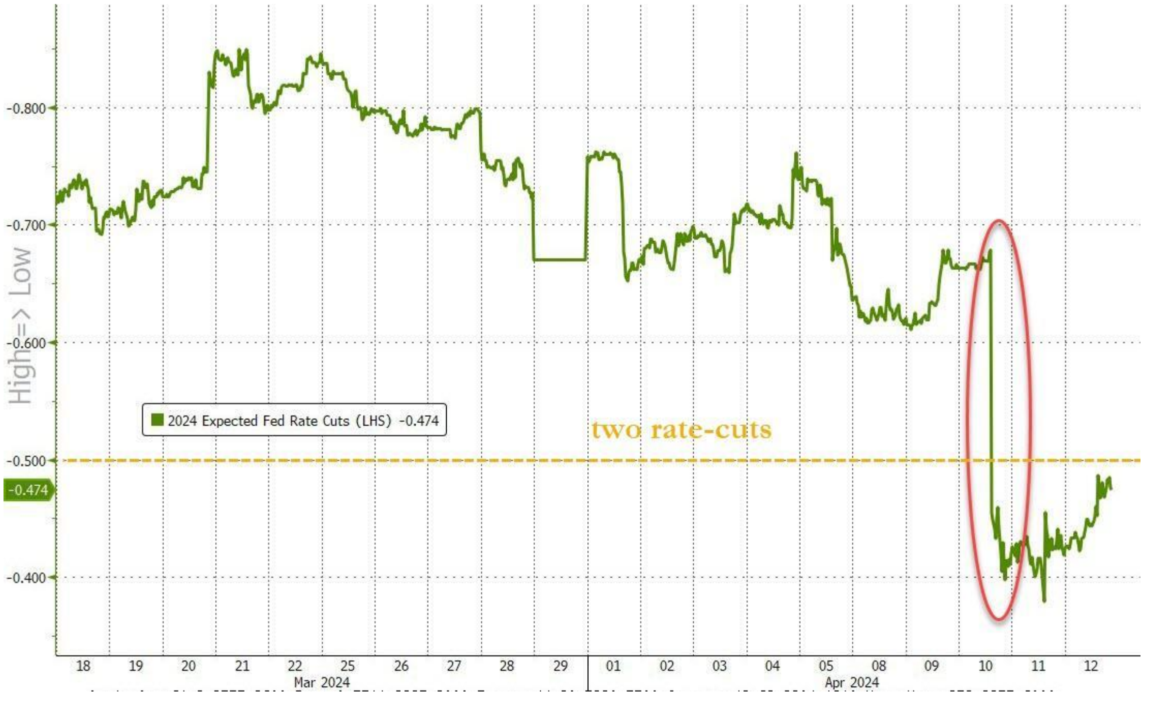
Negative Outlook: The Outlook revision reflects increasing risks to China's public finance outlook as the country contends with more uncertain economic prospects amid a transition away from property-reliant growth to what the government views as a more sustainable growth model. Wide fiscal deficits and rising government debt in recent years have eroded fiscal buffers from a ratings perspective. Fitch believes that fiscal policy is increasingly likely to play an important role in supporting growth in the coming years which could keep debt on a steady upward trend. Contingent liability risks may also be rising, as lower nominal growth exacerbates challenges to managing high economy-wide leverage.

Ratings Affirmed: China's 'A+' rating is supported by its large and diversified economy, still solid GDP growth prospects relative to peers, integral role in global goods trade, robust external finances, and reserve currency status of the yuan. These strengths are balanced against high economy-wide leverage, rising fiscal challenges and per capita income and governance scores below those of 'A' category peers.

Source: Bloomberg, David Ingles

#fed #interest-rates #expectations

BREAKING: rising inflation expectation wrecked the hopes and dreams of the doves this week, smashing expectations for The Fed to less than two total cuts in 2024 now priced in... Just 4 months ago, markets saw 6-8 rate cuts in 2024 with cuts beginning in March. Odds of a rate cut in June are down from ~60% before the CPI report to ~22% now.

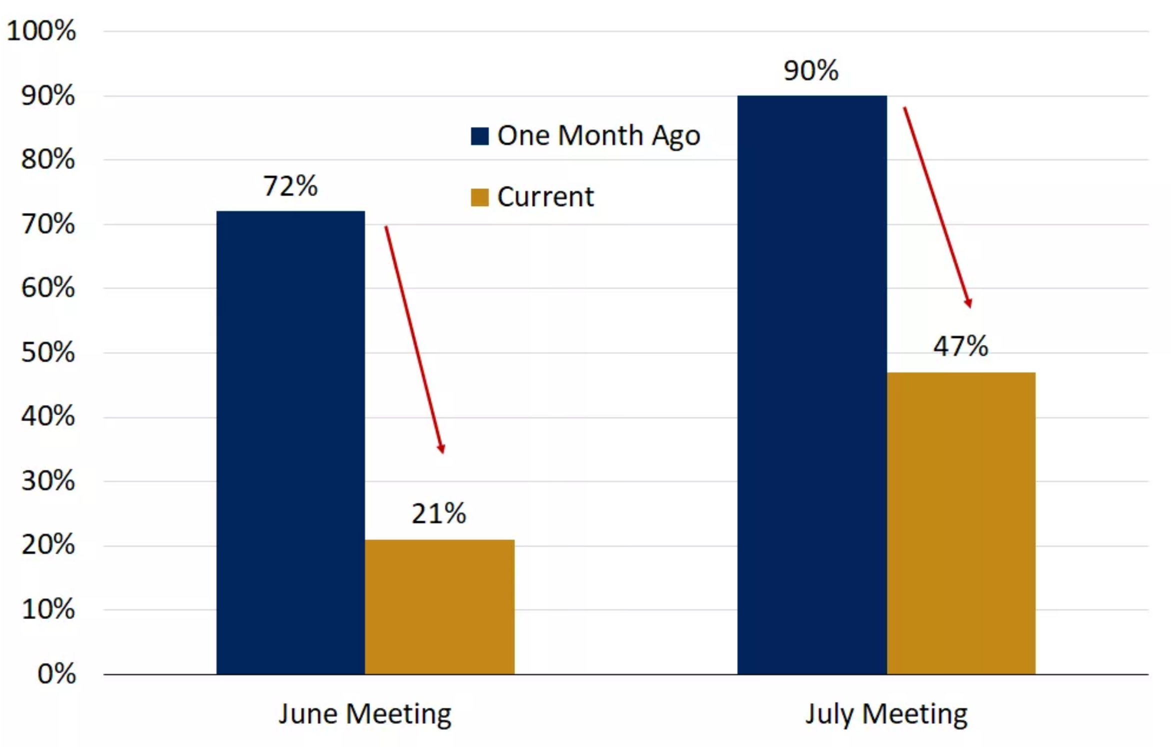


Source: The Kobeissi Letter, www.zerohedge.com

#fed #rate-cuts #expectations

This chart shows the market implied probability of a Fed rate cut at the June and July meetings currently versus one month ago. Markets have lowered expectations over the past month for the Fed to cut rates due to higher inflation readings 😉

Fed Funds Futures Market Implied Probability of a Rate Cut in June and July



Source: Edward Jones

#fed #speakers #hawkish

Even the armada of Fed Speakers launched on Friday spoke as one...

*FED'S COLLINS: NOW SEE FED CUTTING LATER THAN PREVIOUSLY THOUGHT

*FED'S GOOLSBEE: IF PCE REINFLATES, 'WE WILL STABILIZE THE PRICES'

*FED'S SCHMID: REASON TO THINK RATES WILL STAY HIGHER FOR LONGER

*FED'S BOSTIC: `I AM NOT IN A HURRY' TO CUT INTEREST RATES

*FED'S DALY: NO URGENCY TO CUT INTEREST RATES

Source: www.zerohedge.com

#jamie-dimon #interest-rates

Jamie Dimon's 61 page annual shareholder letter is finally out for FY2023! - A rate spike is very possible with stickier inflation. interest rates could soar to 8%. - Says Federal deficit is a real issue hurting business confidence (govt spending could keep rates high). - US economy resilient so far with consumer spending, but the economy has also been fueled by government deficit spending and past stimulus. - Market is pricing in 70-80% chance of a soft landing/no landing...Dimon thinks that is too high. - Inflation resurgence, political polarization are risks for this year (Ukraine, Middle East, China) - AI may be as impactful on humanity as the printing press.

Interest rates could hit 8% or more and wars are creating outsize geopolitical risks, Jamie Dimon warns

Last Updated: April 8, 2024 at 9:07 a.m. ET
First Published: April 8, 2024 at 7:05 a.m. ET

By Ciara Linnane (Follow) and Steve Gelsi (Follow)

JPMorgan CEO sees opportunity with AI, and says war in Ukraine and hostilities in Middle East pose risks that could eclipse World War II

Source: SpecialSitsNews, Barchart

#centralbanks

#fed #rate-hike

The Federal Reserve's next move might be to raise interest rates warns Former Treasury Secretary Larry Summers.

‘Serious possibility’ that Fed’s next rate move is a hike, warns Larry Summers

Published: April 10, 2024 at 3:13 p.m. ET

By William Watts (Follow) 35

Lawrence Summers AGENCE FRANCE-PRESSE/GETTY IMAGES

Source: barchart

#fed #rate-cuts

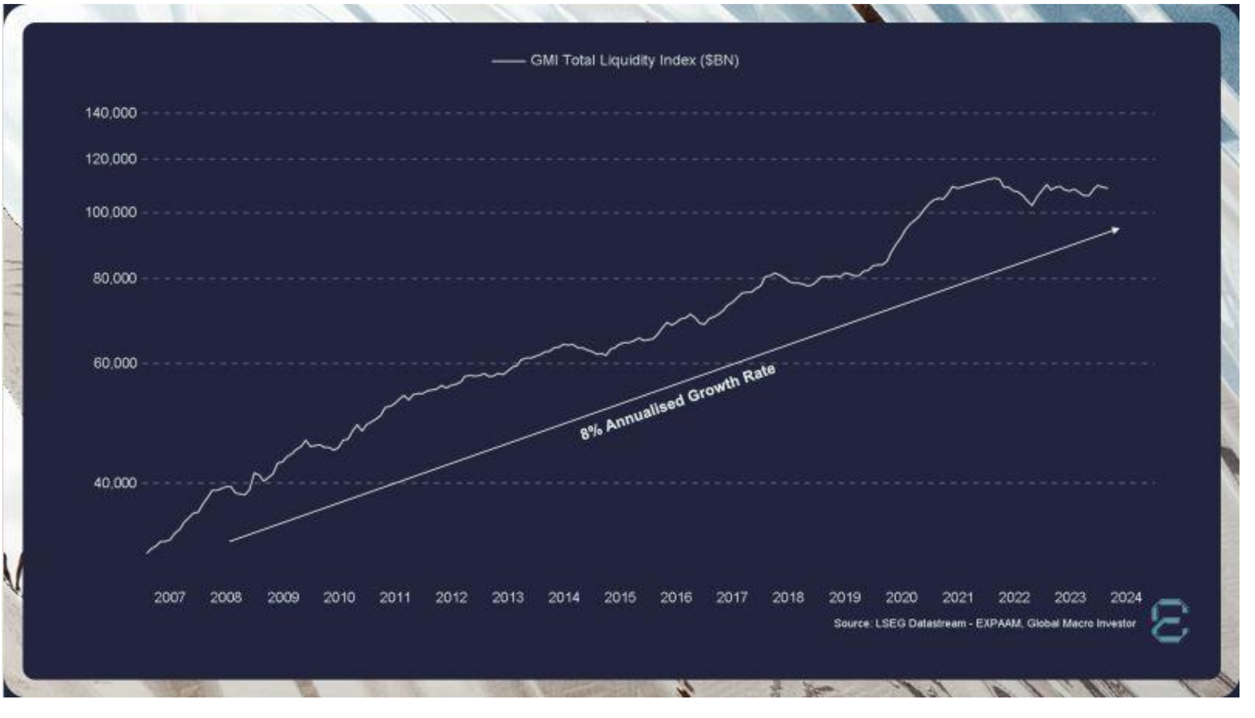
JUST IN: Federal Reserve will cut interest rates by 50 basis points as soon as June and 150 points by the end of this year, says State Street in call against Wall Street consensus - Bloomberg

Source: radar

#centralbanks

#monetary-debasement

Raoul Pal - Global Macro Investors (GMI) has shared this chart on X showing Global liquidity growing at a CAGR of 8%. His view: "While everyone is worried about 3.5% inflation, the real issue is the ongoing 8% per annum debasement of currency, on top of inflation. Your hurdle rate to break even is around 12%, which is the 10-year average returns of the S&P 500...just to keep your purchasing power". Key takeaway: if you want to protect your purchasing power in a global monetary debasement, you have 3 choices: 1/ spend; 2/ invest into risk assets; 3/ invest into store of values



#centralbanks

#ecb #rates

ECB rates unchanged as expected but gives quite explicit indication of coming rate cut in June - unless they are surprised. No rate cut size given. Note also a Critical Change In The ECB's Language (UBS): "The ECB noted that wage pressures are moderating and those wage gains there are, are tending to be absorbed by companies in their profits. That is something ECB President Lagarde said a month ago was a prerequisite – indeed it was a worrisome signal as far as equity was concerned, specifically requiring lower profit margins. But contrast today's wording with last month's: that inflation remained high because in part of high wages. So, having set up a margin squeeze on wage absorption as a critical requirement, Lagarde should draw attention to that in the press conference". The first indication out of today's ECB governing body meeting is consistent with President Lagarde's previous statment that the Eurozone's central bank is not "Fed dependent."

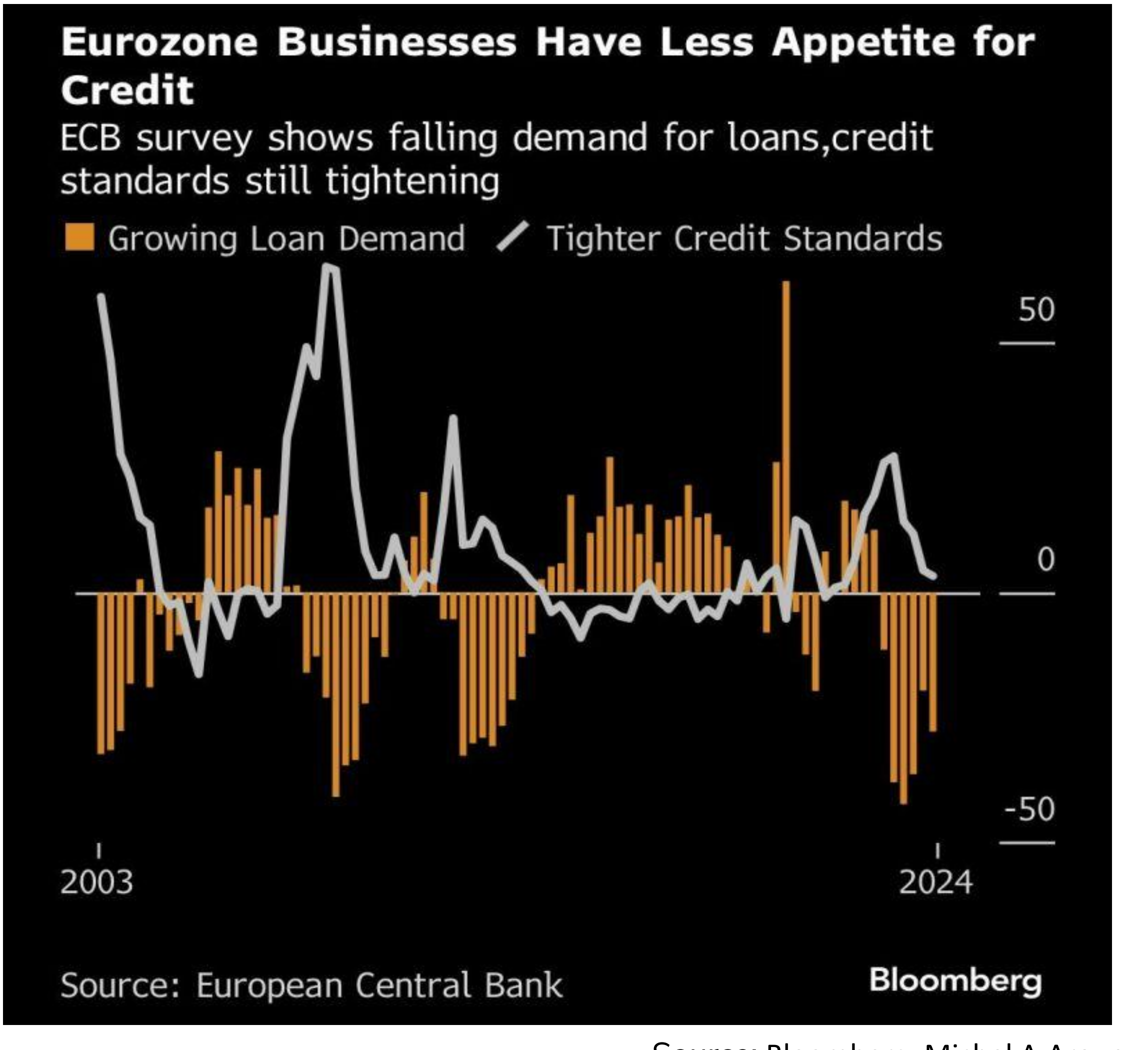
policy rates will stay sufficiently restrictive for as long as necessary. If the Governing Council's updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission were to further increase its confidence that inflation is converging to the target in a sustained manner, it would be appropriate to reduce the current level of monetary policy restriction. In any event, the Governing Council will continue to follow a data-dependent and meeting-by-meeting approach to determining the appropriate level and duration of restriction, and it is not pre-committing to a particular rate path.

Source: Piet Haines Christiansen

PRIVATE BANKING

#ecb #rates #credit

Could a ECB rate cut change reverse this trend? It might not be enough to offset some of teh structural issues the old continent is facing (overregulation, demographics, lack of tech innovation and energy dependence among others).

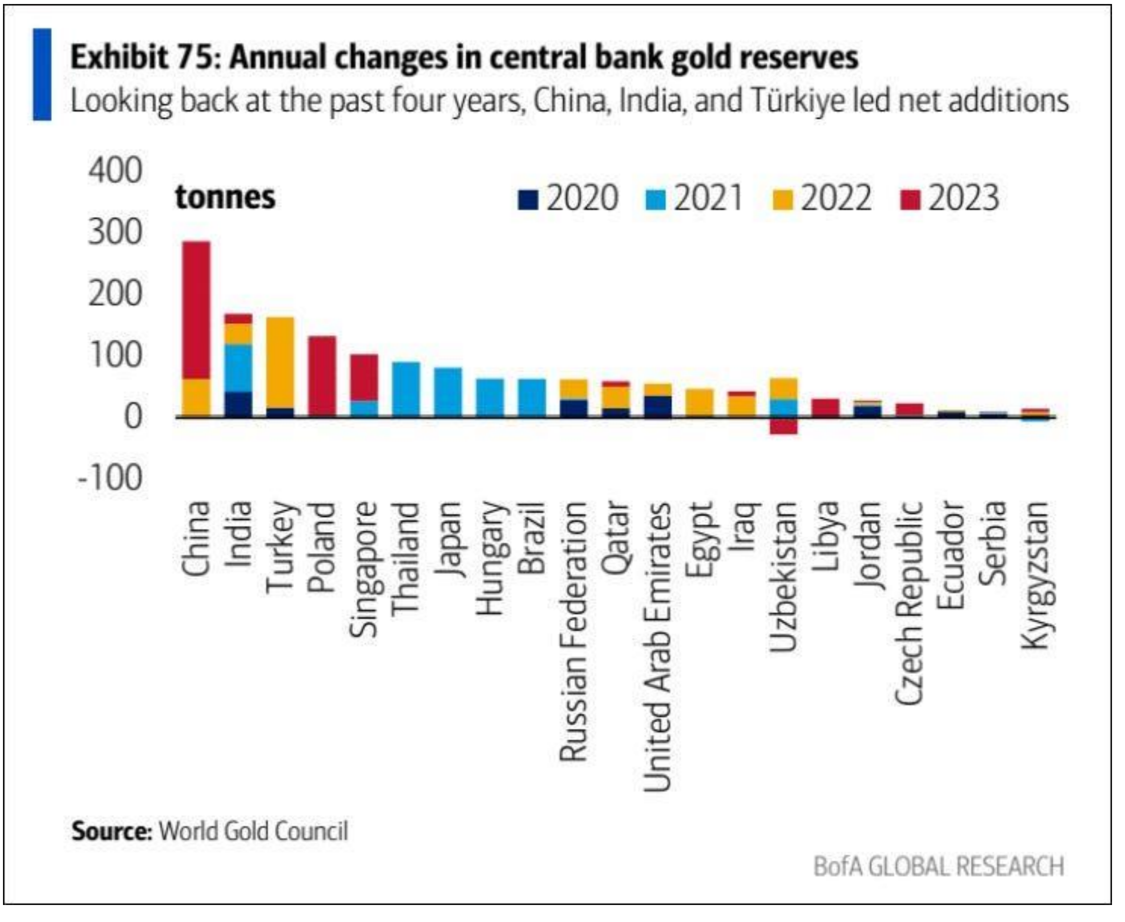


Source: Bloomberg, Michel A.Arouet

#centralbanks

#gold-reserves

Nice chart by BofA showing central bank gold purchases from 2020-2023. thru Ronnie Stoeferle

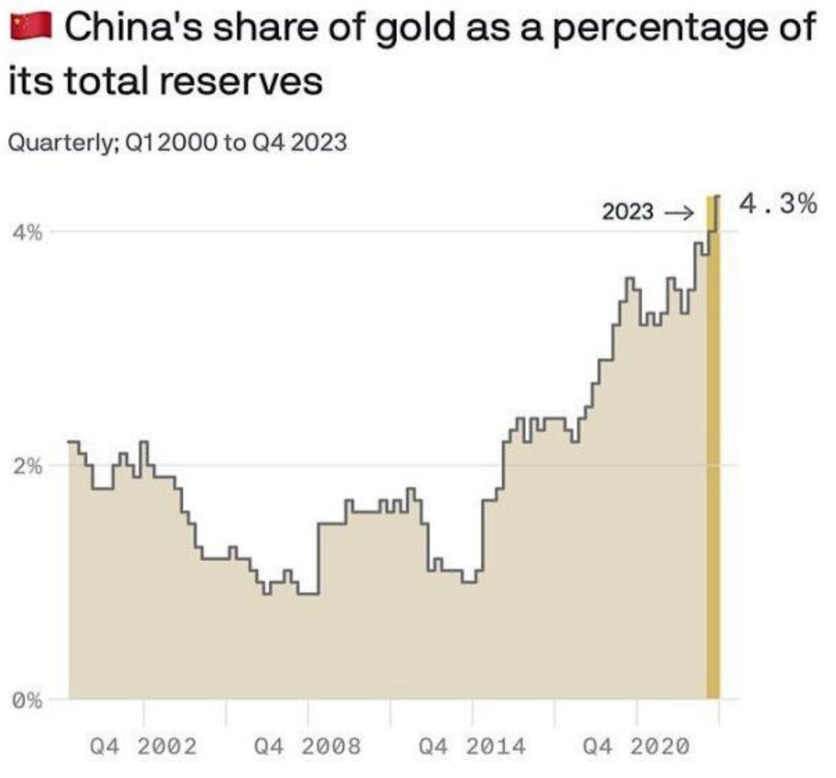


PRIVATE BANKING

#centralbanks

#china #gold

Central bank purchases, mainly by China have been quoted as the main reason for recent gold rally. Gold makes out only 4.3% of China's reserves, there is still large room for further purchases.

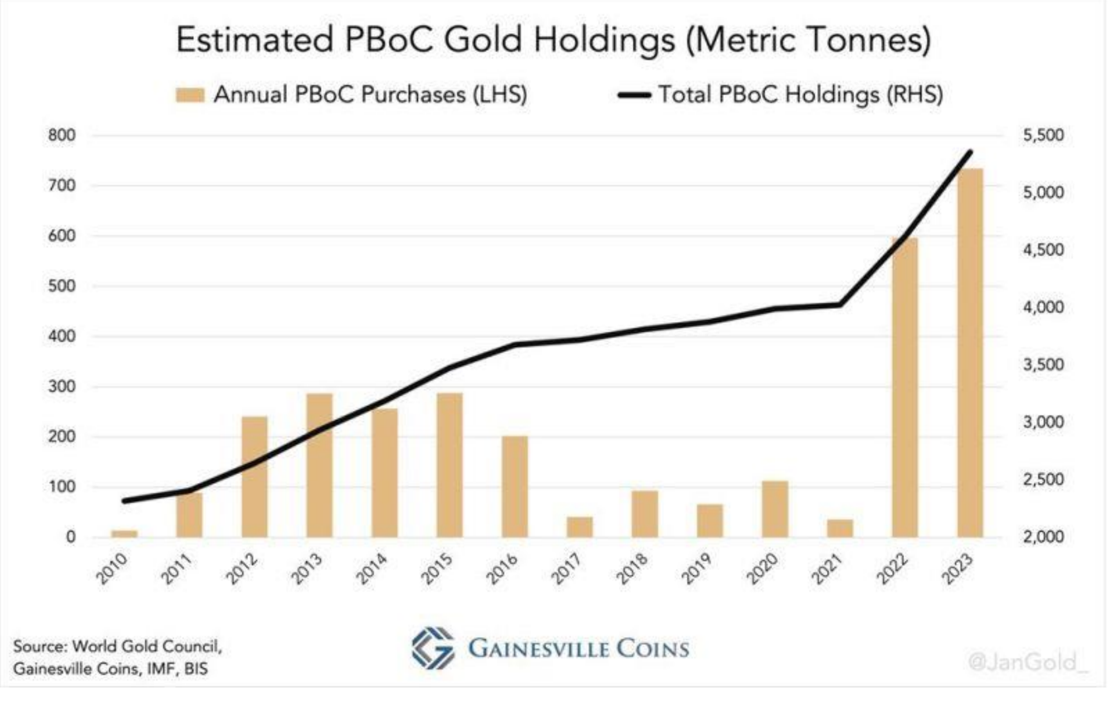


Source: Michel A.Arouet

#centralbanks

#china #pboc #gold

Estimated People's Bank of China (PBOC) gold holdings



Source: World Gold Council, Gainesville Coins

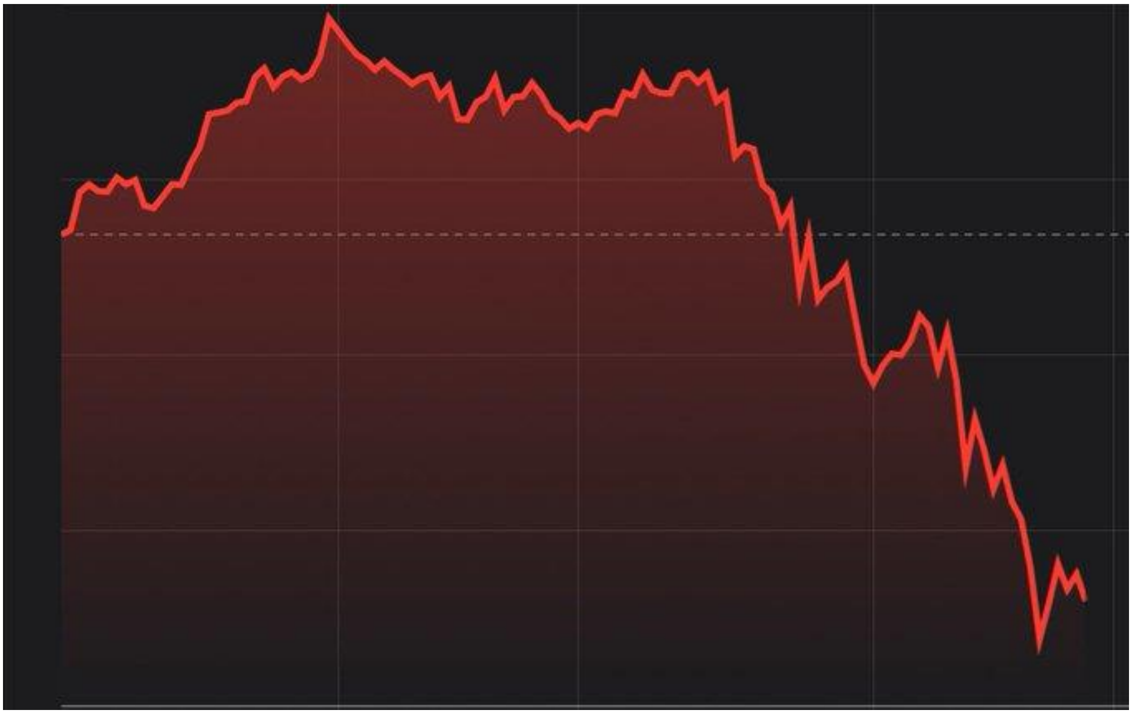
#cryptos #weekly

Cryptos were hammered on Friday, with Bitcoin erasing the week's gains.

Source: www.zerohedge.com, Bloomberg

#bitcoin #futures #liquidation

On Friday, over $200 million of leveraged Bitcoin and crypto positions liquidated in just 1 hour.



Source: Radar

#cryptos

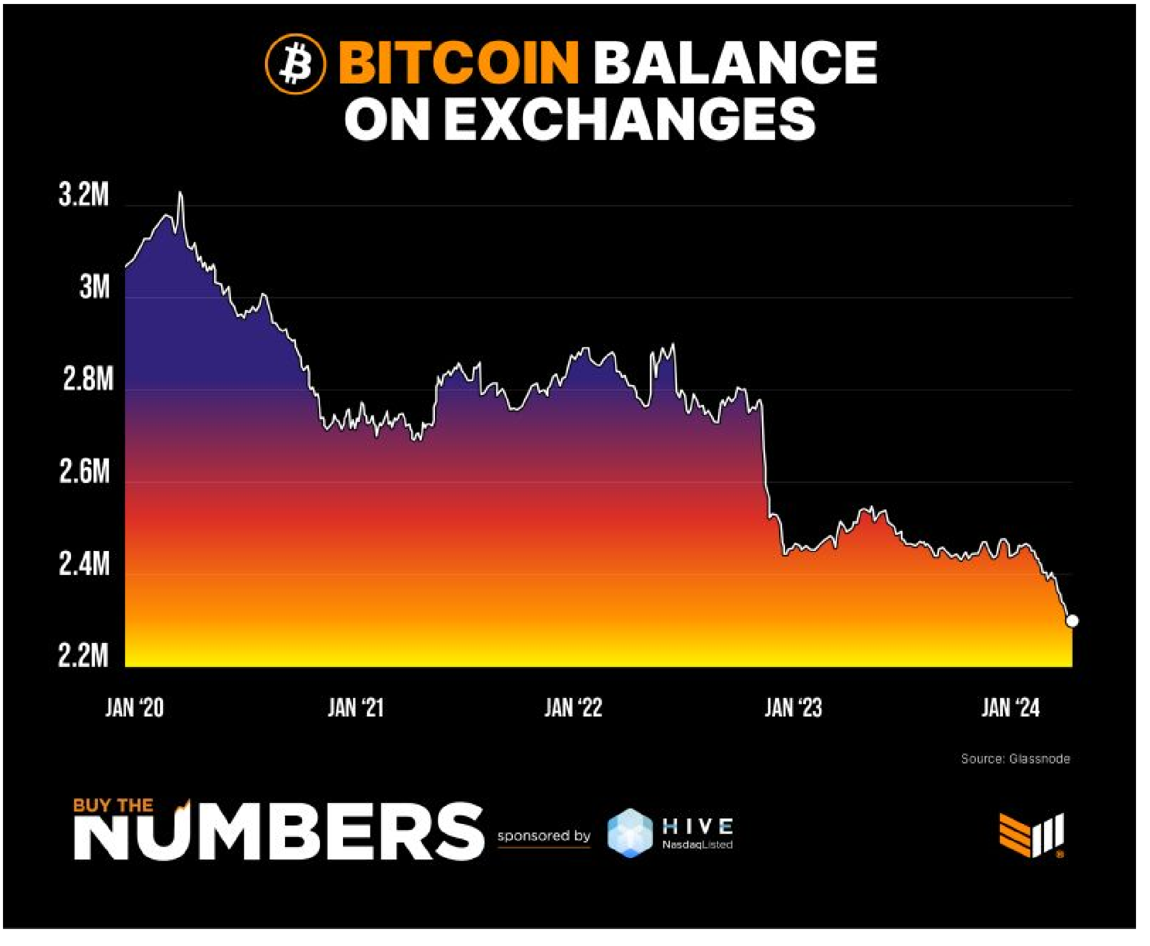
#ethereum #weekly

Ethereum was even worse with ETH/BTC plunging back below recent support (which is also January support) to its lowest since April 2021...

Source: www.zerohedge.com, Bloomberg

#bitcoin #halving

JUST IN: #Bitcoin is being taken off exchanges in record numbers leading up to the halving 💥



Source: Bitcoin Magazine

#cryptos

#fidelity #bitcoin

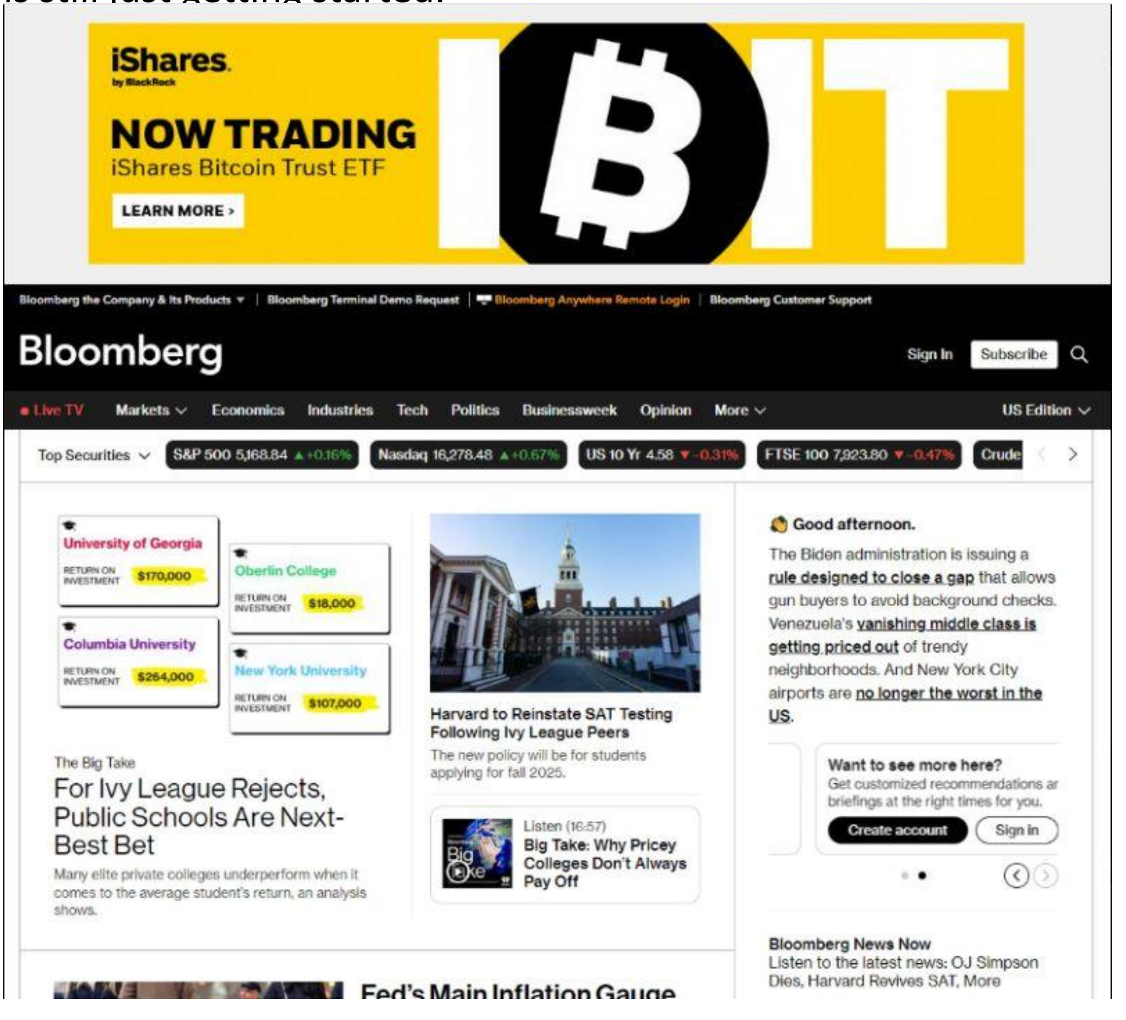
JUST IN 🚨: Fidelity now holds more than 150,000 Bitcoin $BTC worth over $10.2 billion

Quantity Held	Notional Value	Market Value	% of Net Assets
150563.5000		$ 10,209,785,742.92	100.00%
		$ 0.00	0.00%
		============	=======
		$ 10,209,785,742.92	100.00%

Source: barchart

#blackrock #bitcoin #etf

IBIT on the Bloomberg homepage.. iShares is going all-in on spot Bitcoin ETF ads… BlackRock is clearly trying to strike while the iron is hot, which is ETF marketing 101. The marketing war is still just getting started.



Source: EricBalchunas

#cryptos

#sec #bitcoin #options

SEC delays decision on spot bitcoin ETF options. American regulators are again delaying a decision by 45 days on whether to allow options on spot bitcoin ETFs. The Securities and Exchange Commission published a notice Monday saying that it "designates May 29, 2024 as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove," allowing the New York Stock Exchange to start listing options on spot bitcoin ETFs.

Source: theblock

#cryptos

#china #bitcoin #etf

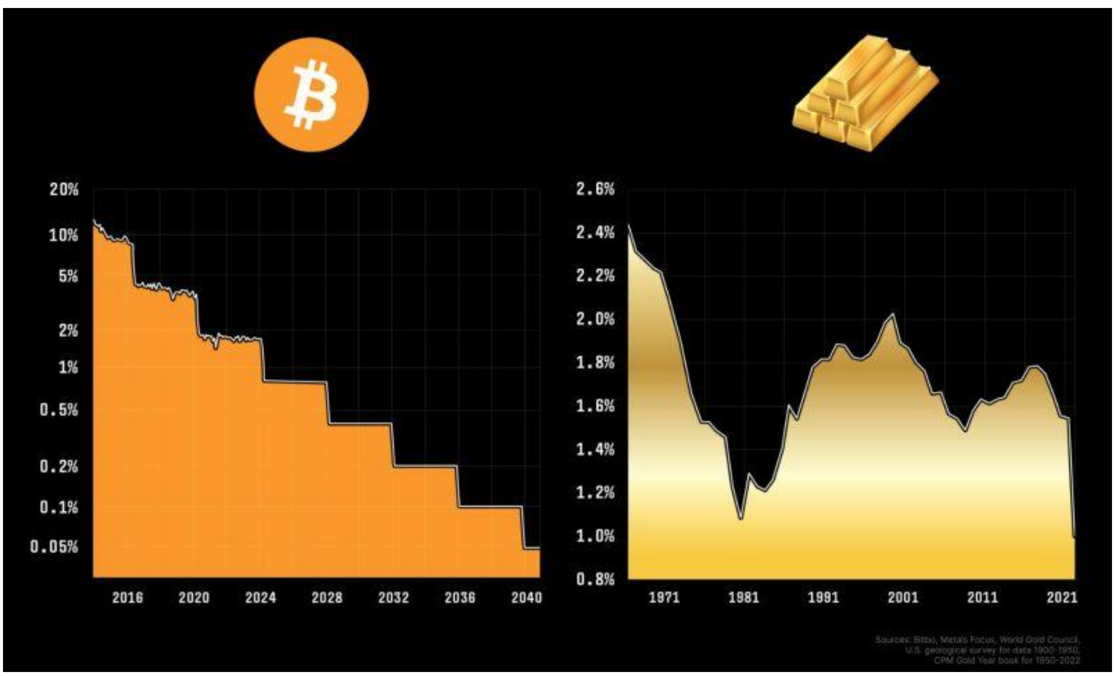
Chinese Institutions to Launch Bitcoin ETFs in Hong Kong. Multiple Chinese institutions are gearing up to launch Bitcoin ETFs (Exchange-Traded Funds) in Hong Kong. Securities Times reported on Monday that key players include financial giants Harvest Fund and China Southern Fund, managing $230 billion and $284 billion in assets, respectively have submitted applications via their Hong Kong arms and are awaiting regulatory approval.

Source: altcoinbuzz

#cryptos

#bitcoin #gold

Bitcoin's inflation rate will become lower than gold's post-halving

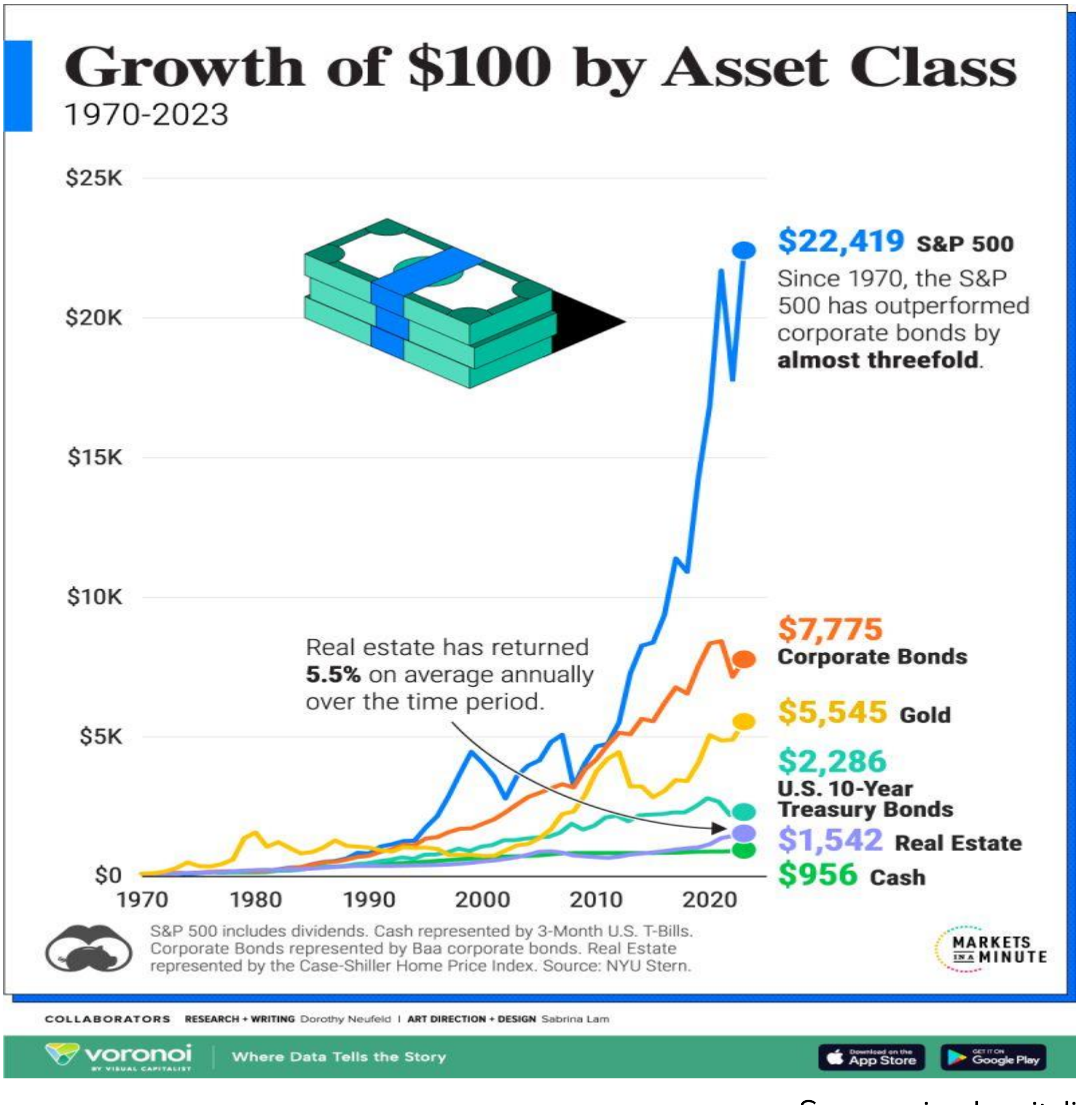


Source: Bitcoin Magazine

#food-for-thought

#asset-class #returns

Visualizing the growth of $100, by asset class returns across U.S. equities, bonds, real estate, gold and cash since 1970.



Source: visual capitalist

#food-for-thought

#60/40 #macro

The 60/40 portfolio doesn't fit all macro regimes by Alfonso Peccatiello / The macro compass. The 60/40 portfolio (60% equities / 40% bonds) did work great for 3 of the last 4 decades, and that's because the macro regime was one of predictably low growth and inflation, and Central Banks ready to support markets and economies. But are you sure the next 10 years be the same as the last 10 years?

The 60/40 portfolio doesn't fit all macro regimes

Decade	Total Return	Inflation	Real Total Return
1880 - 1889	6.0%	-2.2%	8.2%
1890 - 1899	5.7%	0.1%	5.6%
1900 - 1909	10.2%	2.4%	7.8%
1910 - 1919	4.5%	6.6%	-2.1%
1920 -1929	15.2%	-0.9%	16.1%
1930 - 1939	0.1%	-2.0%	2.1%
1940 - 1949	8.9%	5.4%	3.5%
1950 - 1959	19.3%	2.2%	17.1%
1960 - 1969	7.7%	2.5%	5.2%
1970 - 1979	5.7%	7.4%	-1.7%
1980 - 1989	17.4%	5.1%	12.3%
1990 - 1999	18.1%	2.9%	15.2%
2000 - 2009	-1.0%	2.5%	-3.5%
2010 - 2019	13.4%	1.8%	11.6%

#food-for-thought

#treasuries #gold #60-40

As shown by Meb Faber, holding 40% gold instead of US treasuries within your 60-40 portfolio would have delivered similar results as the 'traditional' 60-40 portfolio... Going forward, with US Treasuries expected to be a poor diversifier due to supply overhang and sticky inflation, gold might prove to be even more useful within multi-assets portfolios

Meb Faber
@MebFaber

Here's a crazy stat that no one will believe.

The universal investment benchmark is the 60/40 portfolio of stocks and bonds.

What if you replaced the bonds entirely with gold....crazy right?

Turns out it makes no real difference.

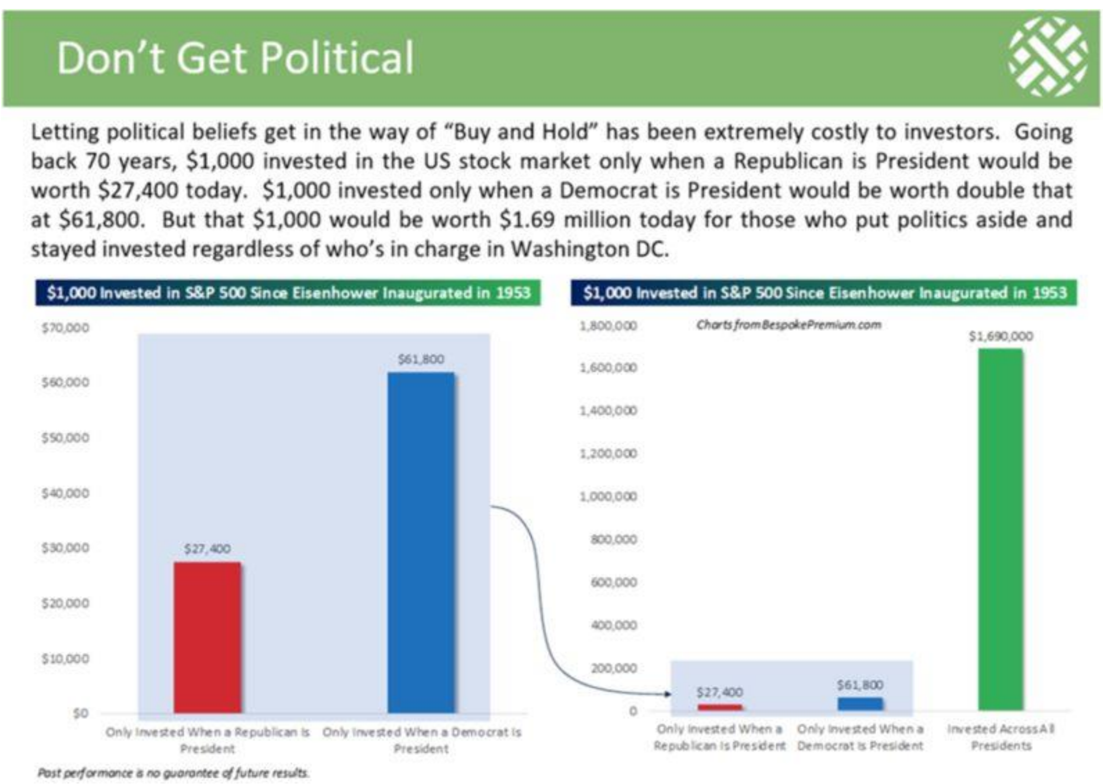
1973-2024	Stocks Bonds	Stocks Gold
Returns	9.73%	9.93%
Volatility	10.12%	12.12%
Sharpe Ratio	0.53	0.46
Max DD	-29.30%	-30.20%

5:19 AM · Apr 9, 2024 · **223.2K** Views

#food-for-thought

#us #presidency #returns

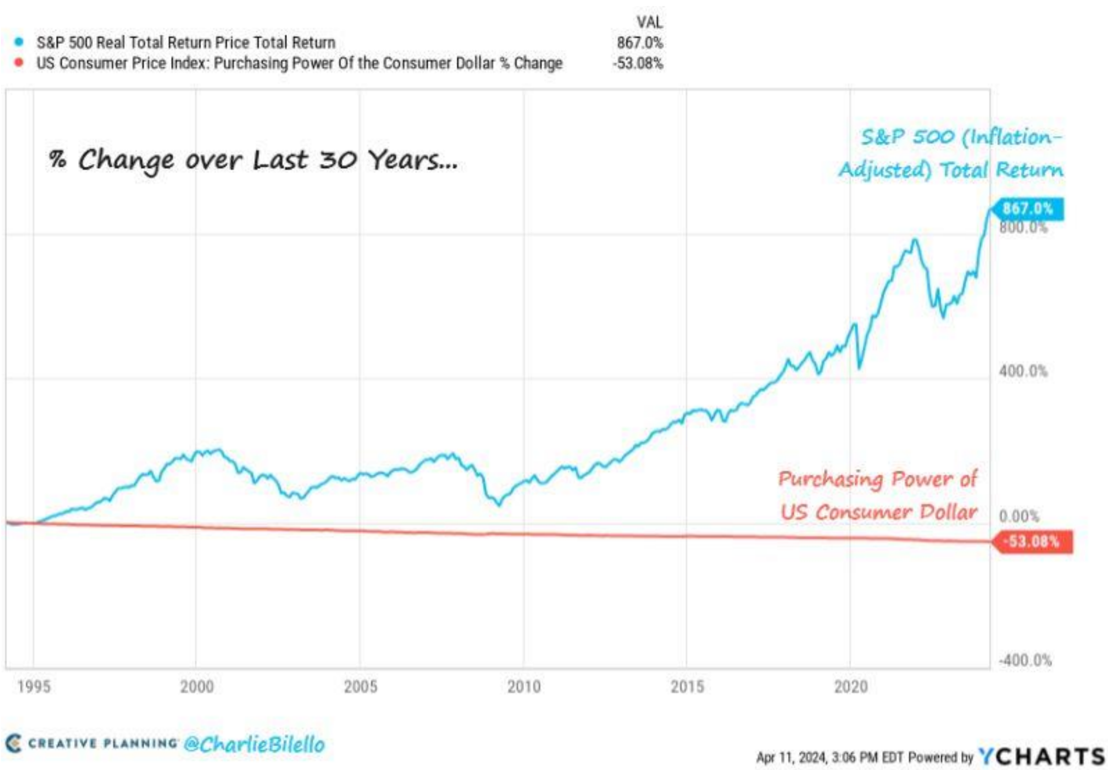
$1,000 invested under Republican Presidents is worth $27,400. $1,000 invested under Democratic Presidents is worth $61,800. But that same $1,000 invested the whole time is worth $1.7 million today. Another gem from bespoke invest thru Ryan Detrick.



#food-for-thought

#investing #dollar-debasement

Why you need to invest, in one chart... Over the last 30 years, the purchasing power of the US consumer dollar has been cut in half due to inflation. At the same time, the SP500 has gained 867% (7.9% per year) after adjusting for inflation.



Source: Charlie Bilello

#food-for-thought

#investing #traits

Traits of Successful Investors by Seth Klarman

Traits of successful investors

> "Successful investors tend to be unemotional, allowing the greed and fear of others to play into their hands. By having confidence in their own analysis and judgment, they respond to market forces not with blind emotion but with calculated reason. Indeed, the very way an investor views the market and its price fluctuations is a key factor in his or her ultimate investment success or failure".

Successful investors:

- Demonstrate caution in frothy markets and steadfast conviction in panicky ones.
- Know how to take advantage of Mr Market.
- Look beyond security prices to underlying business value, always comparing the two as part of the investment process.
- Look to Mr Market as a creator of investment opportunities.
- Understand that a stock price rises does not ensure that the underlying business is doing well or that the price increase is justified by a corresponding increase in underlying value.

Source: Investment Talk Newsletter @investmentbook1

Source: Investment Books (Dhaval)

#food-for-thought

#us #real-estate

BREAKING 🚨 : St. Louis Commercial Real Estate
The Former AT&T Building in St. Louis just sold for $3.6 million. In 2006, it sold for $205 million. A total loss of more than 98%.

One of St. Louis' Tallest Office Towers, Empty for Years, Sells for Less Than 2% of Its Peak Price

Goldman Group Buys 44-Story Former AT&T Office Tower for $3.6 Million

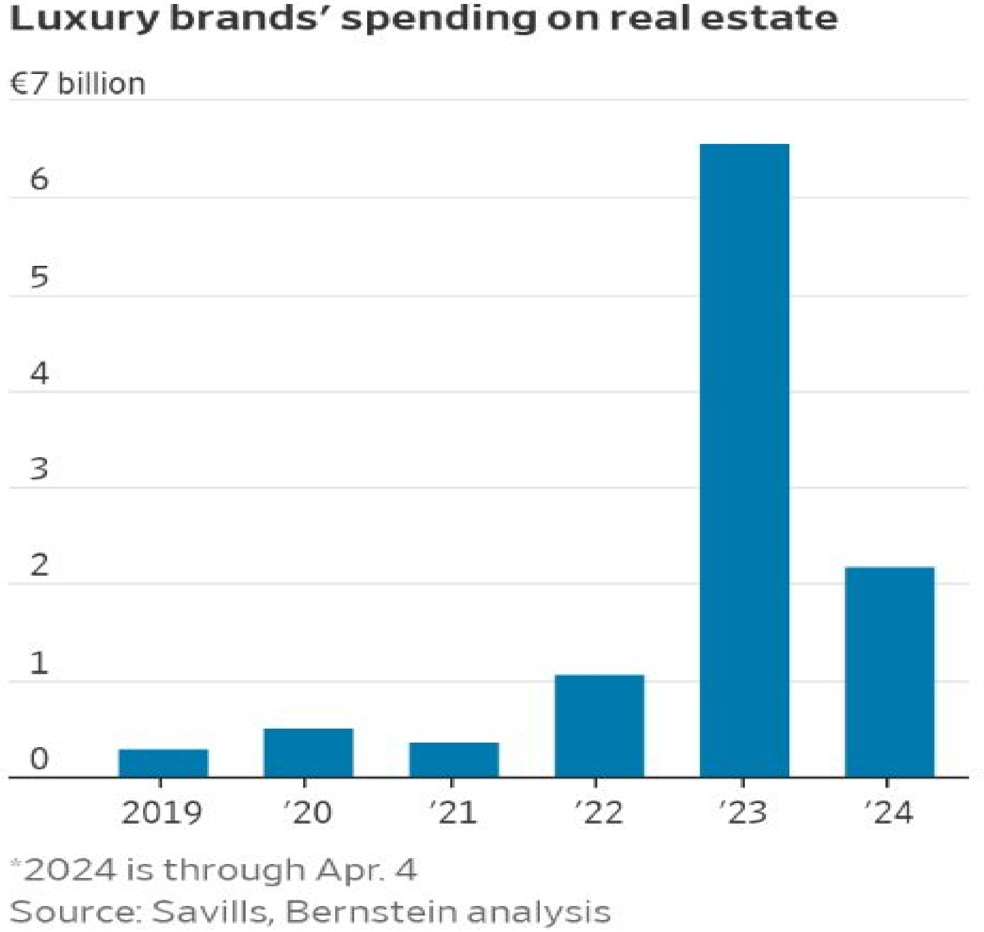
A new investor now owns the former AT&T Tower in downtown St. Louis. (Dusty Walker/CoStar)

Source: Barchart

#food-for-thought

#luxury-brands #real-estate

Luxury Brands Go Shopping for Upmarket Boutiques. Luxury brands are racing to buy properties on the world's most famous shopping streets. One reason is the fear that, if they don't buy their flagship store from the landlord, one of their rivals will do so and send them packing.

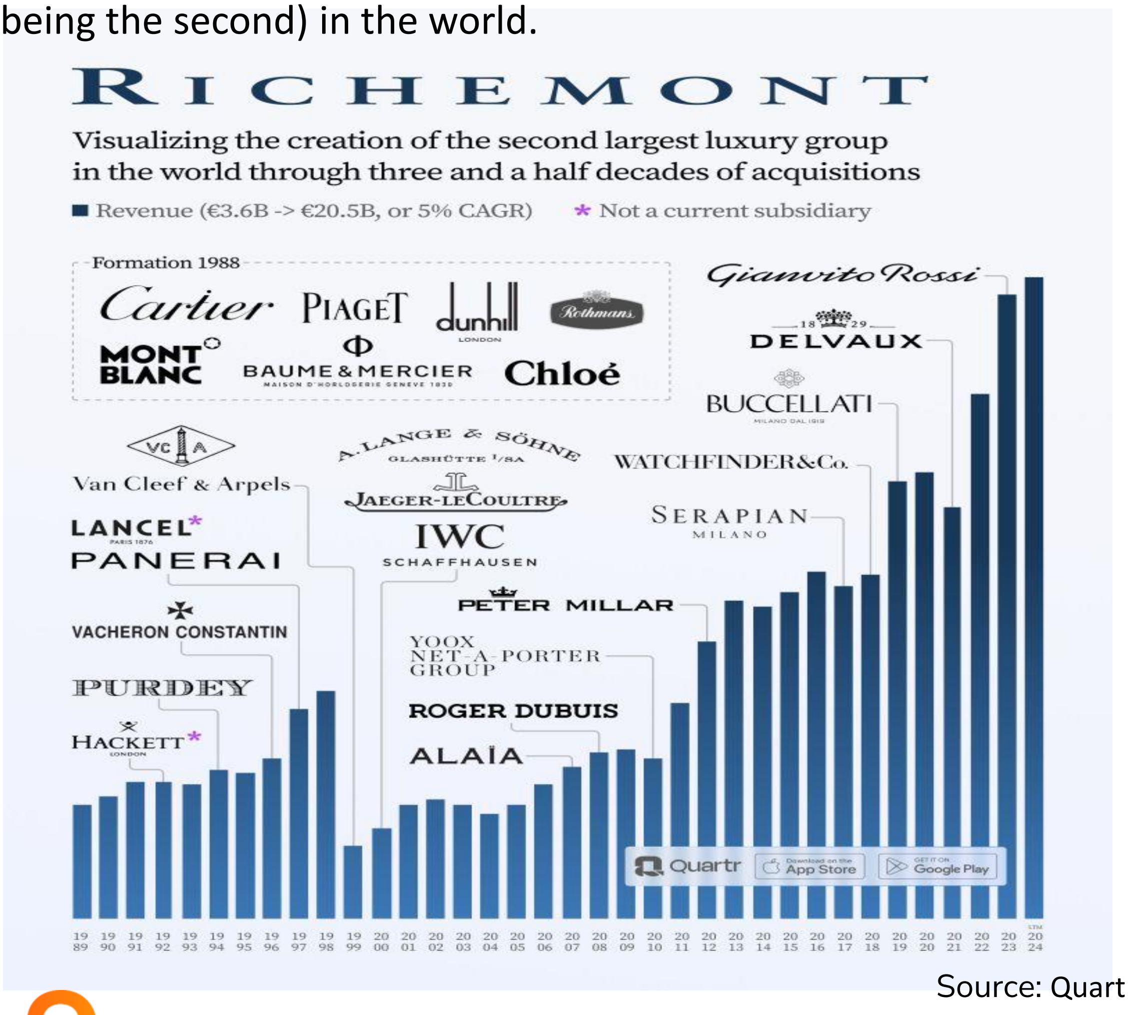


Source: wsj

#food-for-thought

#richemont #luxury

In 1987, Bernard Arnault created $LVMH. In 1988, Johann Rupert created Richemont $CFR.SW – an acquisition-driven luxury group much like LVMH, and to date, one of Arnault's largest competitors. Richemont is now the second largest luxury conglomerate and the third largest luxury company (with $RMS being the second) in the world.



Source: Quartr

#food-for-thought

#tiger-woods #putters

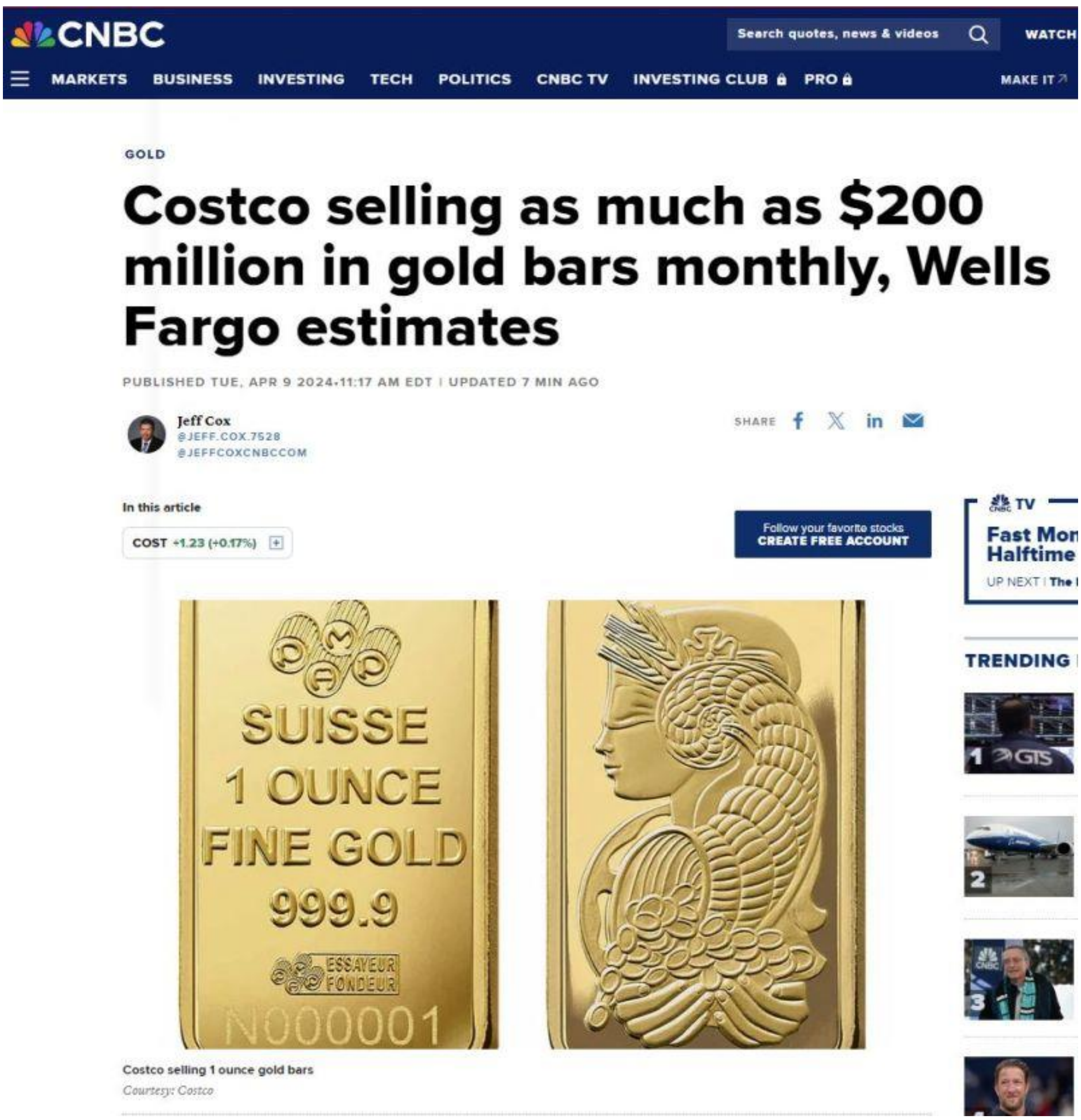
Tiger Woods' Putter Choice Has Created an Asset Class. It's no surprise that Tiger Woods is also regarded as one of the greatest putters ever. Putters hold a unique place in golf blending personal attachment with performance, and if you've ever seen Tiger's Scotty Cameron putter, it's easy to tell that both of those are true. Scotty Cameron putters aren't just any old putter though, as the highly coveted Circle T models have turned into both a collector's dream and a speculative market, with prices ranging from \$2,000 to \$8,000 and resale values soaring. Tiger's use of Cameron putters, even while contracted with other brands, has significantly boosted the brand's profile, turning these clubs into sought-after items that could even qualify as art.

Source: bloomberg

#food-for-thought

#costco #gold

Costco is selling a lot of Gold



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GOLD

Costco selling as much as $200 million in gold bars monthly, Wells Fargo estimates

PUBLISHED TUE, APR 9 2024·11:17 AM EDT | UPDATED 7 MIN AGO

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TRENDING

Costco selling 1 ounce gold bars

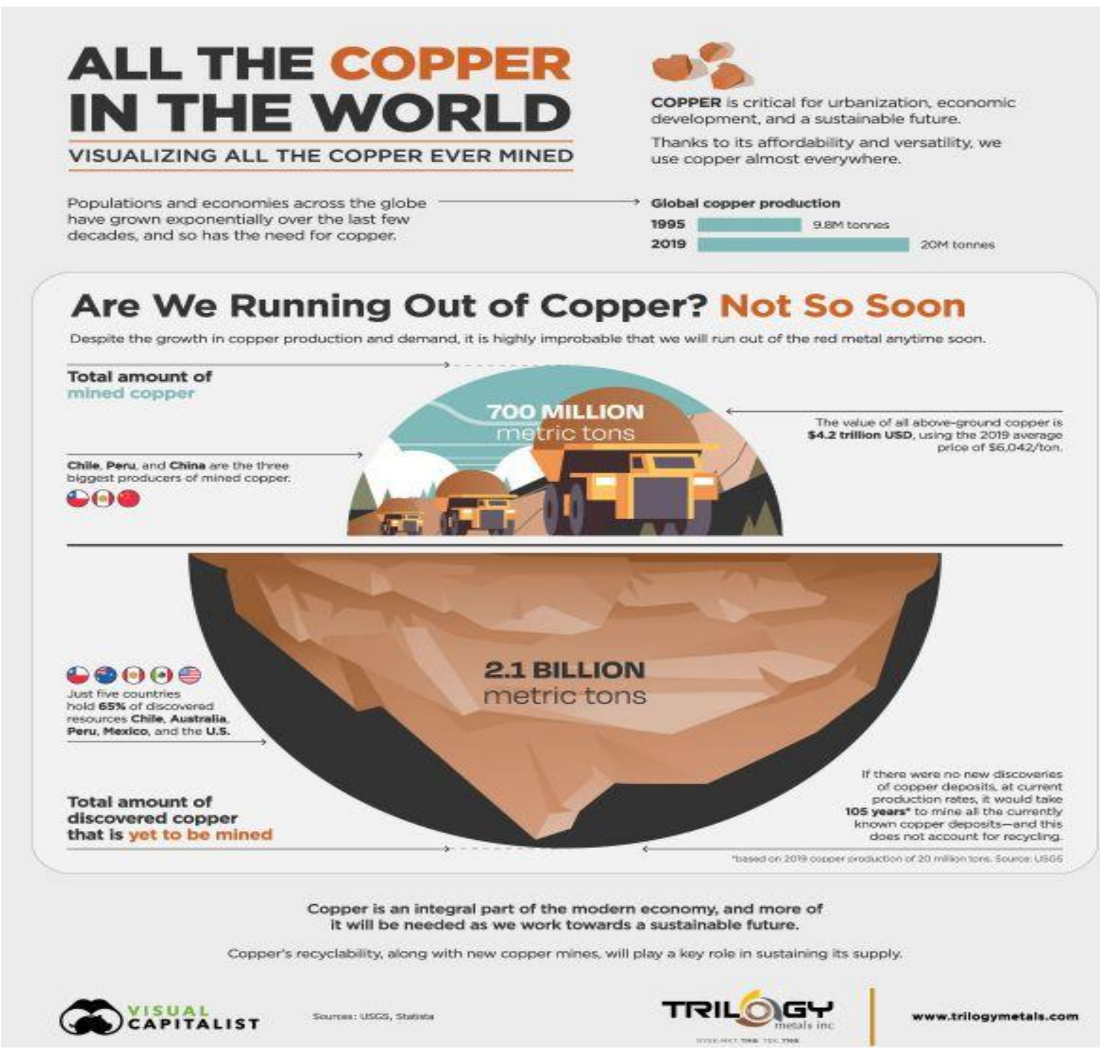
Courtesy: Costco

Source: Nostra, House of Gold, CNBC

#food-for-thought

#copper #data-center

What does a $1T data center upgrade cycle mean for copper demand? Here is how to do the math 👇 Is copper not that scarce after all?



Source: Visual Capitalist thru IVANA SPEAR

#food-for-thought

#jp-morgan #blackrock #insider

JP Morgan and BlackRock were given insider information about Wednesday's inflation numbers by the Bureau of Labor Statistics 🚨

JPMorgan, BlackRock Among BLS Economist's CPI 'Super Users'

- Records request shows correspondence about inflation details
- Economist sent emails to select group about rent, used cars

Economists have been clamoring to find out more about these "super users" after the BLS staffer addressed an email to those people in February. *Photographer: Chris Ratcliffe/Bloomberg*

By Molly Smith and Reade Pickert

April 9, 2024 at 1:43 PM CDT

Source: Barchart

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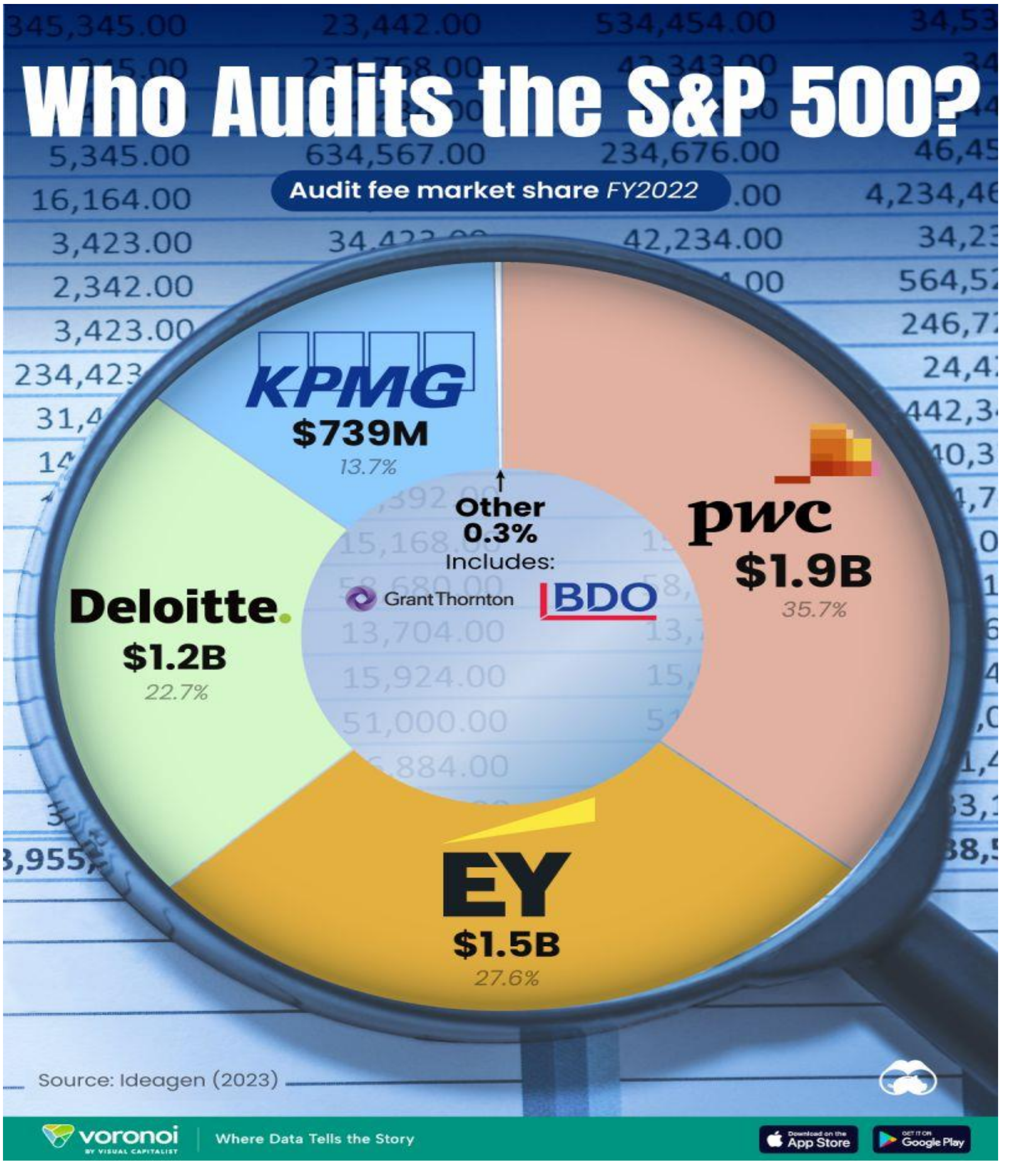
#big4 #audits



Source: Visual Capitalist

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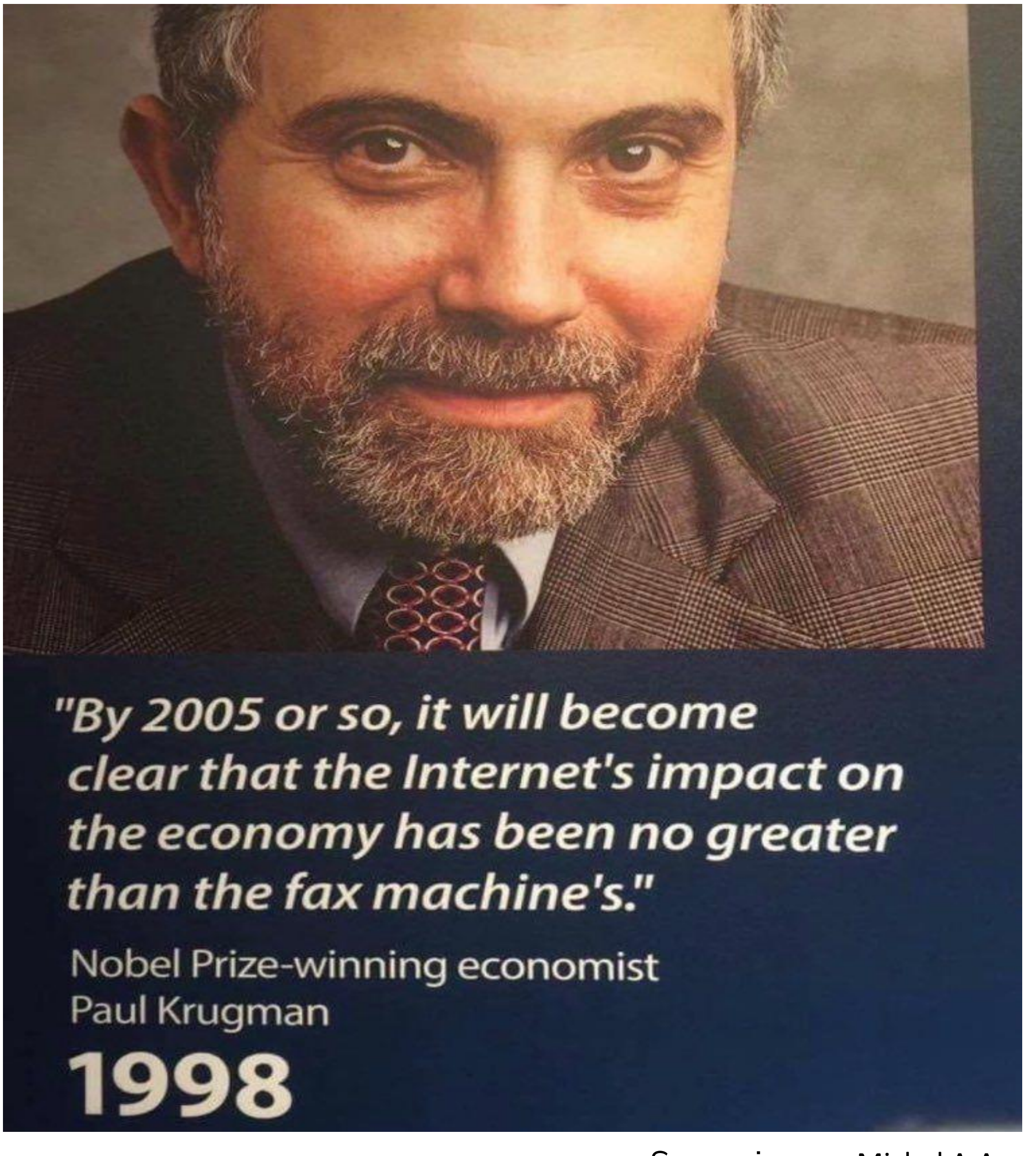
#internet #history

Just a friendly reminder that experts are not always right

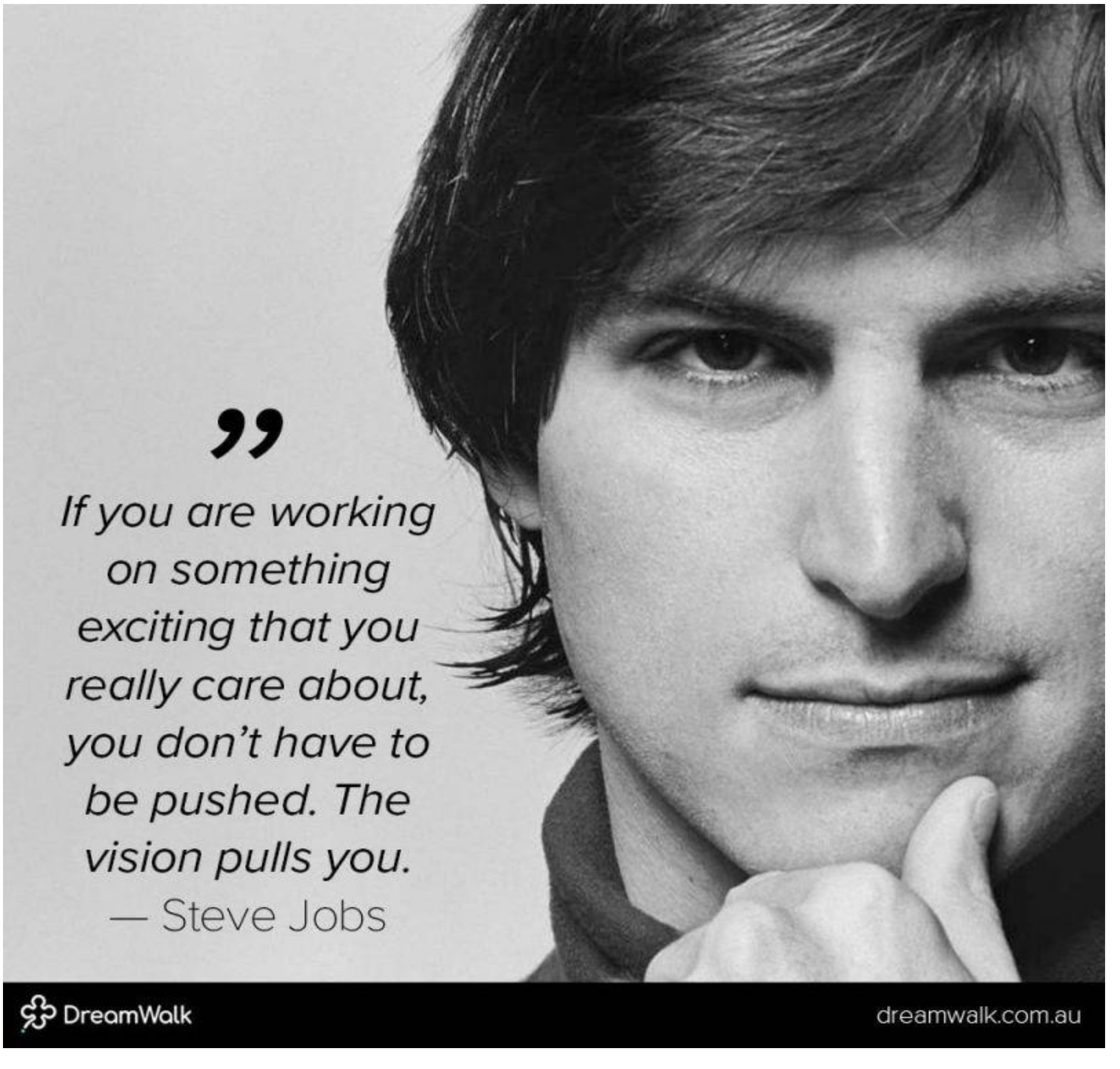


Source image: Michel A.Arouet

#food-for-thought

#vision #quotes

The Power of Vision or Why Exceptional Founders Embrace the Future, Define Their Destiny, and Forge the Path to Remarkable Success...



Source: R yan Junee

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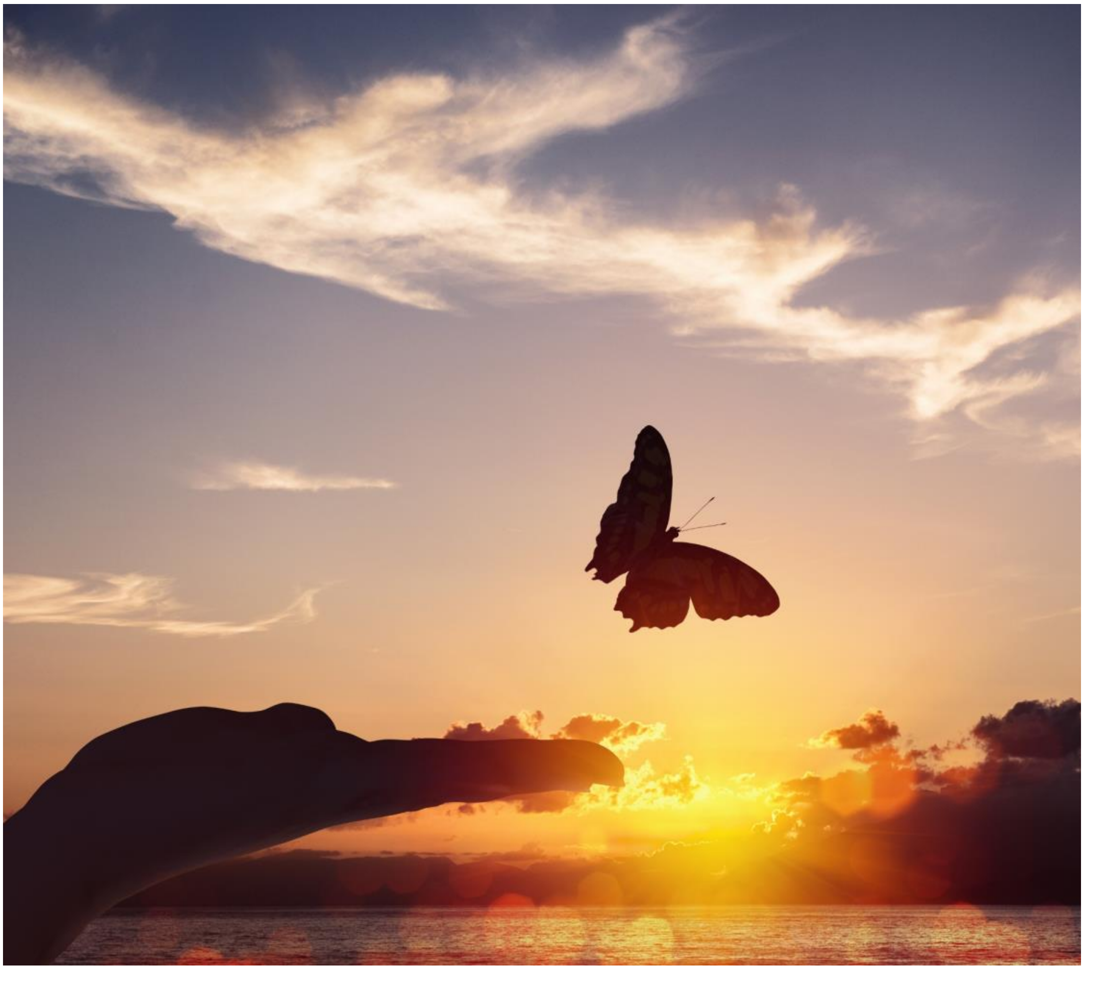

For the future...