


#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

14 SEPTEMBER 2024

Chart of the week

S&P 500 & Nasdaq had their best week of 2024

 **BULLS ON PARADE...** The S&P 500 has officially posted its best week of 2024, up 4.0% while the Nasdaq Composite was up just under 6%.



Source: Stocktwits, Bloomberg

ECB cuts rates; markets prepare for 1st Fed cut

Stocks managed to post solid gains and largely recovered from the previous week's steep losses. Growth stocks outpaced value shares by a wide margin, helped by strong performance from technology stocks which rallied aggressively higher midweek after NVDA CEO Jensen Huang said "demand was incredible". They extended that sudden squeeze into Friday. On Wednesday, stocks initially headed sharply lower following news that core (less food and energy) consumer inflation rose to 0.3% in August, a tick higher than consensus expectations. Meanwhile, headline inflation showed an annual increase of 2.5%, well below July's increase of 2.9% and its lowest level since early 2021. But the news from NVIDIA seemed to help drive a turnaround later Wednesday morning. Treasury yields ticked lower during the week with the yield on the 10-year Treasury note trading at year-to-date lows. The STOXX Europe 600 Index ended the week 1.85% higher, lifted by an interest rate cut from the ECB. Japan's stock markets registered mixed performance over the week, with the Nikkei 225 Index gaining 0.5%. Chinese stocks declined as weak inflation data spurred concerns about a downward price-wage spiral weighing on the economy. The dollar's weakness helped lift gold, which surged to a new record high with its best week in five months. Bitcoin surged to its best week in two months, testing back up to \$60,000 today.

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#markets

#weekly #stats

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	41,394	2.6%	9.8%
S&P 500 Index	5,626	4.0%	18.0%
NASDAQ	17,684	6.0%	17.8%
MSCI EAFE*	2,388	0.2%	6.8%
10-yr Treasury Yield	3.66%	-0.1%	-0.2%
Oil (\$/bbl)	\$69.17	2.2%	-3.5%
Bonds	\$101.74	0.5%	4.7%

Source: FactSet, 9/13/2024. Bonds represented by the iShares Core U.S. Aggregate Bond ETF. Past performance does not guarantee future results. *4-day performance ending on Thursday.

Source: Edward Jones



#GLOBALMARKETS WEEKLY WRAP-UP

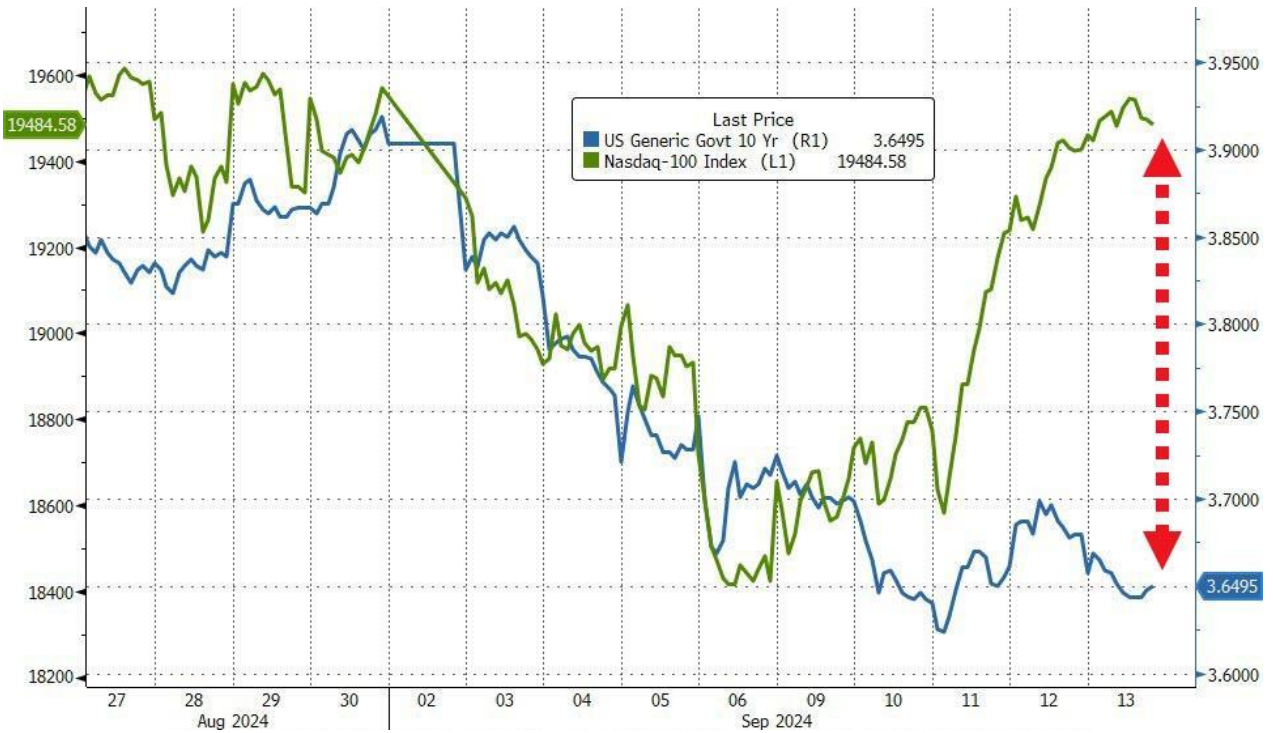
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#stocks #bonds #weekly

Stocks notably decoupled from bonds this week...



Source: Bloomberg, www.zerohedge.com

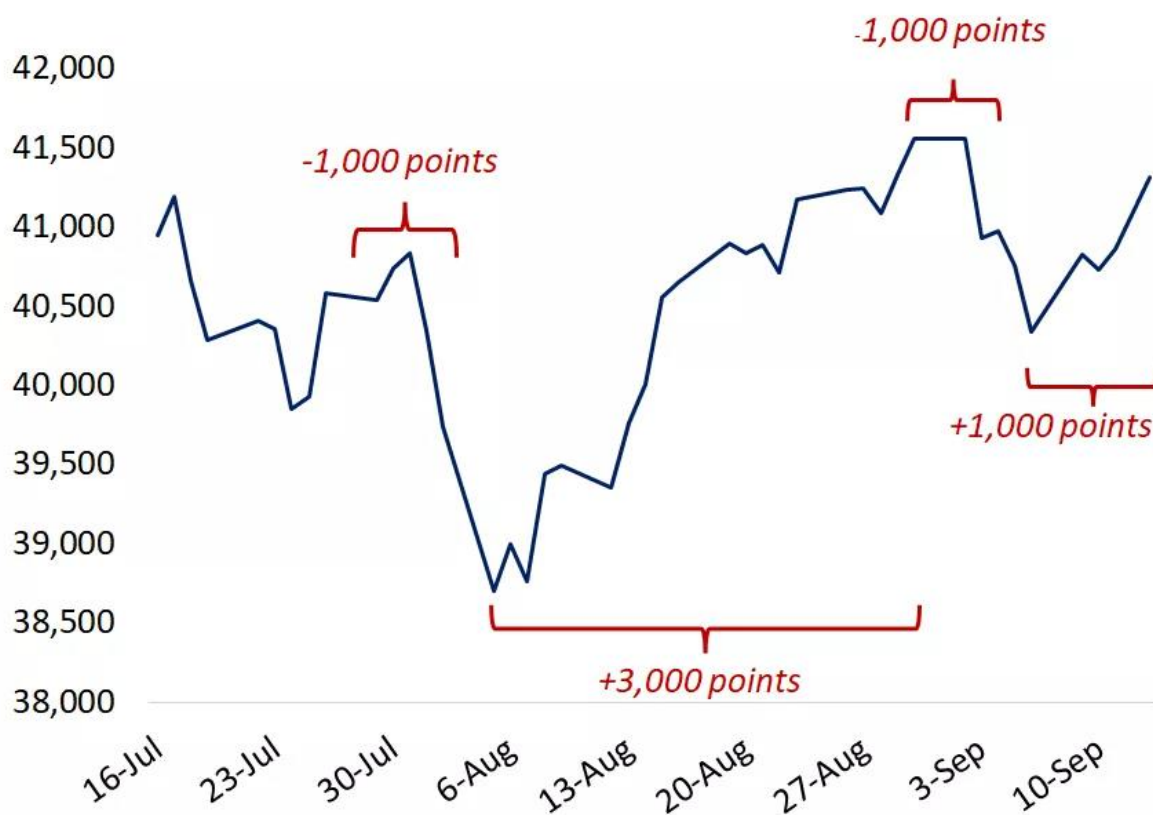




#dowjones #1-year

This chart shows the level of the Dow over the past two months.

The Dow: Last 2 Months



Source: Edward Jones



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#markets

#us #equities #sp500

We are a SNEEZE away from new all-time highs. 🤧 \$SPY



Source: Trend Spider

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#mag7 #weekly

Mag7 stocks were up 5 days in a row (soaring to their best week since March 2023)...



Source: Bloomberg, www.zerohedge.com



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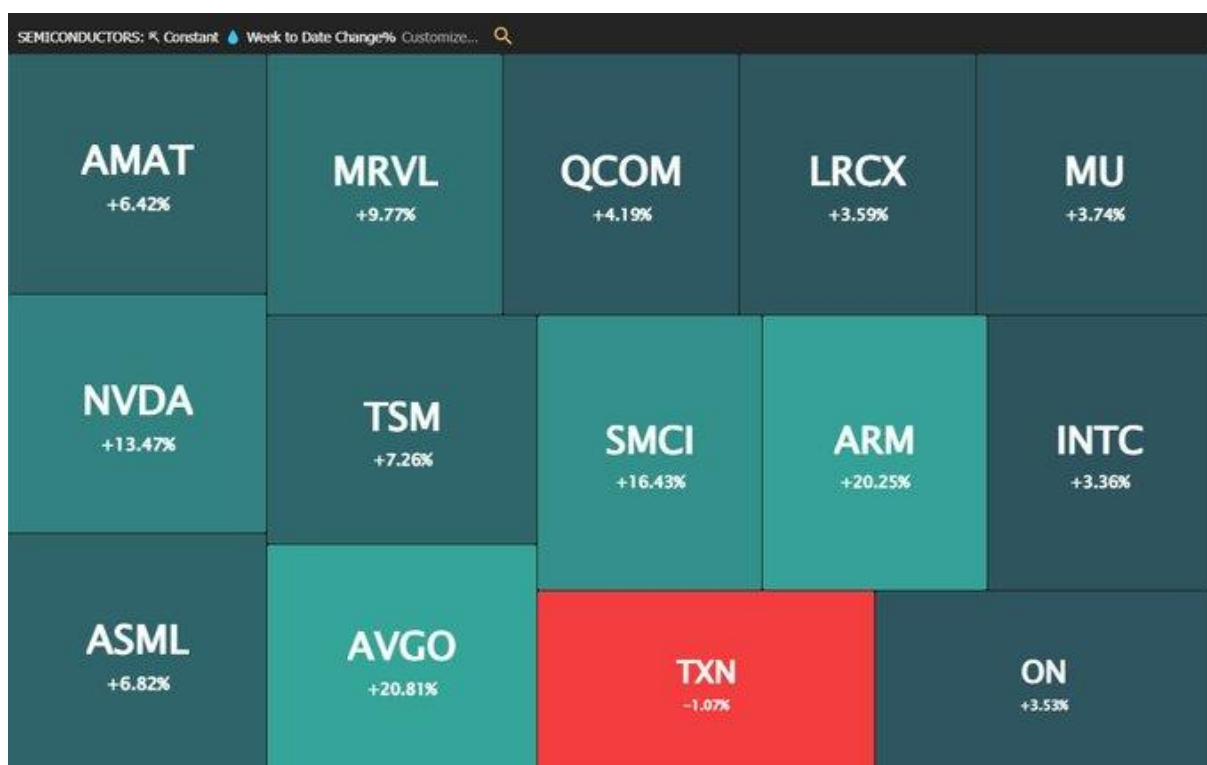
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#semis #weekly

It was a good week to own semi stocks. ❤️ \$SOXX



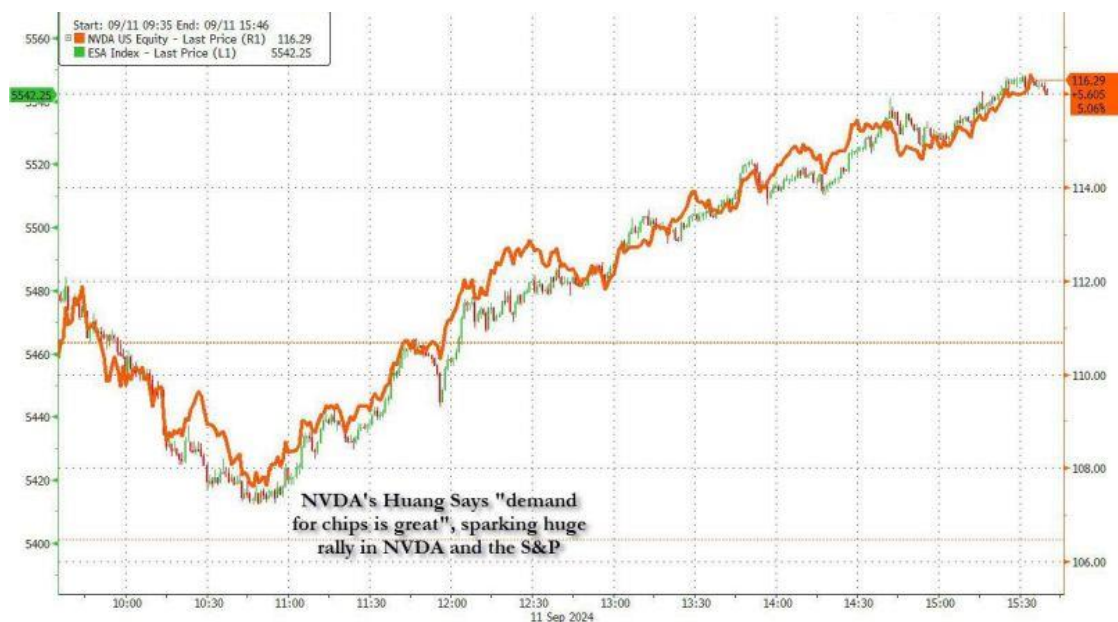
Source: Trend Spider





#nvidia #performance

All it took was 5 words... Nvidia's Huang says "demand for chips is great", sparking huge rally in \$NVDA and the S&P



Source: www.zerohedge.com





#sp500 #performance

\$SPX The last two bullish engulfing patterns: Today and May 31st.



Source: Frank Cappelleri



#sp500 #performance

Fun Stat of the Day: Today is the 176th trading day of 2024 and the S&P 500 is up 17.6% YTD. Last year on the 176th trading day of the year, the S&P 500 was up 17.7% YTD.

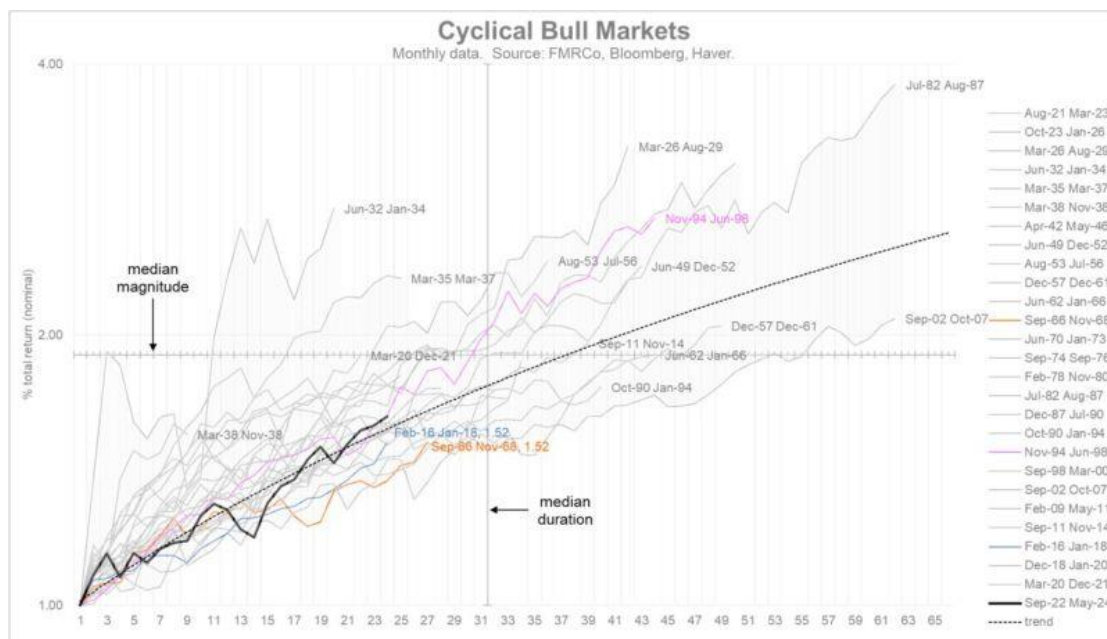


Source: bespoke



#us #equities

US equities bull market => are you afraid to be too late to the party? If history is any guide, you aren't. As shown on the chart below, history shows there is still rooms to go for this bull market in terms of duration AND magnitude.



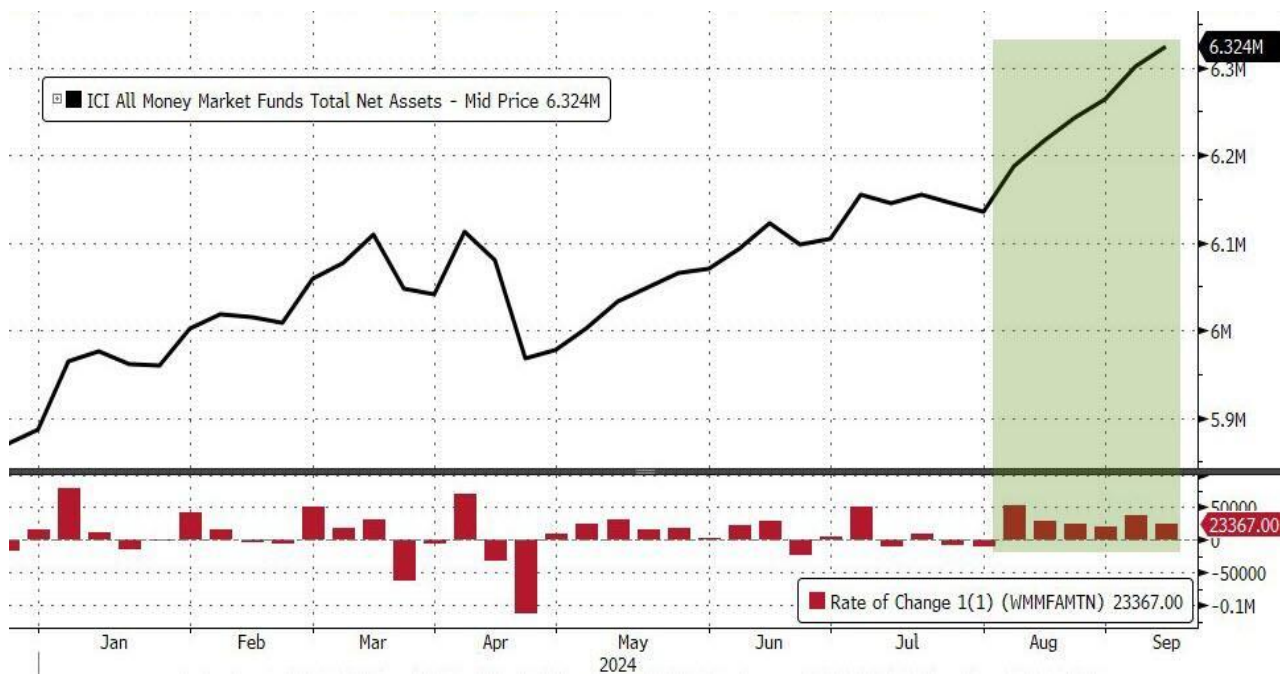
Source: RBC





#money-markets #assets

Amid all the volatility of the last few weeks in stocks, money markets have seen a constant inflow of funds (six straight weeks) with the last week adding \$23.4BN to total MM fund AUM to a new record high of \$6.324TN...



Source: Bloomberg, www.zerohedge.com





#money-markets #asset-allocation

Ahead, of interest rates cut, how does the average asset allocation look like? Are we going to see cash moving out of money markets into risk assets? Well, according to this chart by Mike Zaccardi, CFA, CMT, MBA, as a percent of total assets, money market fund holdings are now at 2-year LOWS !!!





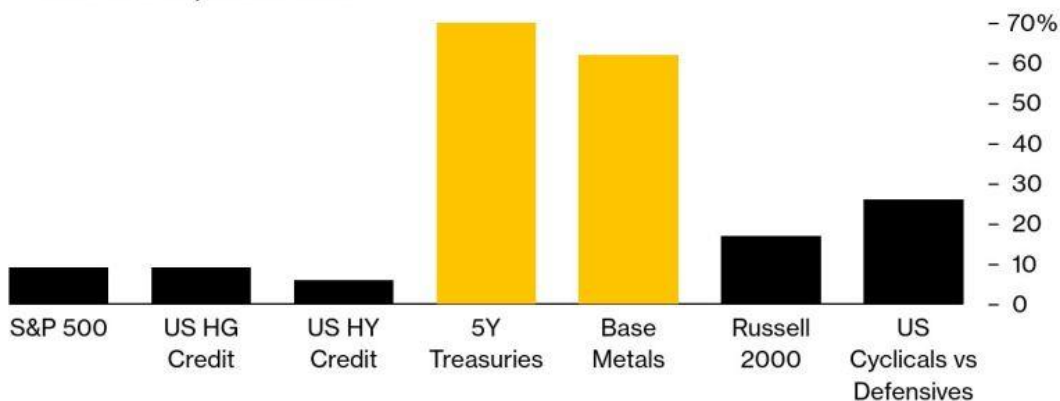
#recession #asset-classes

RECESSION PROBABILITIES ARE DIVERGING ACROSS ASSET CLASSES. Treasuries and and base metals price a recession as other asset classes, like stocks and credit do not. Who's right?

Recession Probabilities Are Diverging Across Asset Classes

Stocks price in much lower odds of a contraction than Treasuries

■ Odds as of September 2024



Probability of a recession currently priced in across assets

JPMorgan

The bank calculates the metrics by comparing the pre-recession peaks of various classes and their troughs during the economic contraction.

Source: Bloomberg





#sp500 #rate #performance

Are rate cuts necessarily bullish for stocks? Not if they're associated with an economic downturn and earnings decline. E.g 2007-2008



CREATIVE PLANNING @CharlieBilello

Sep 10, 2024, 9:41 AM EDT Powered by YCHARTS

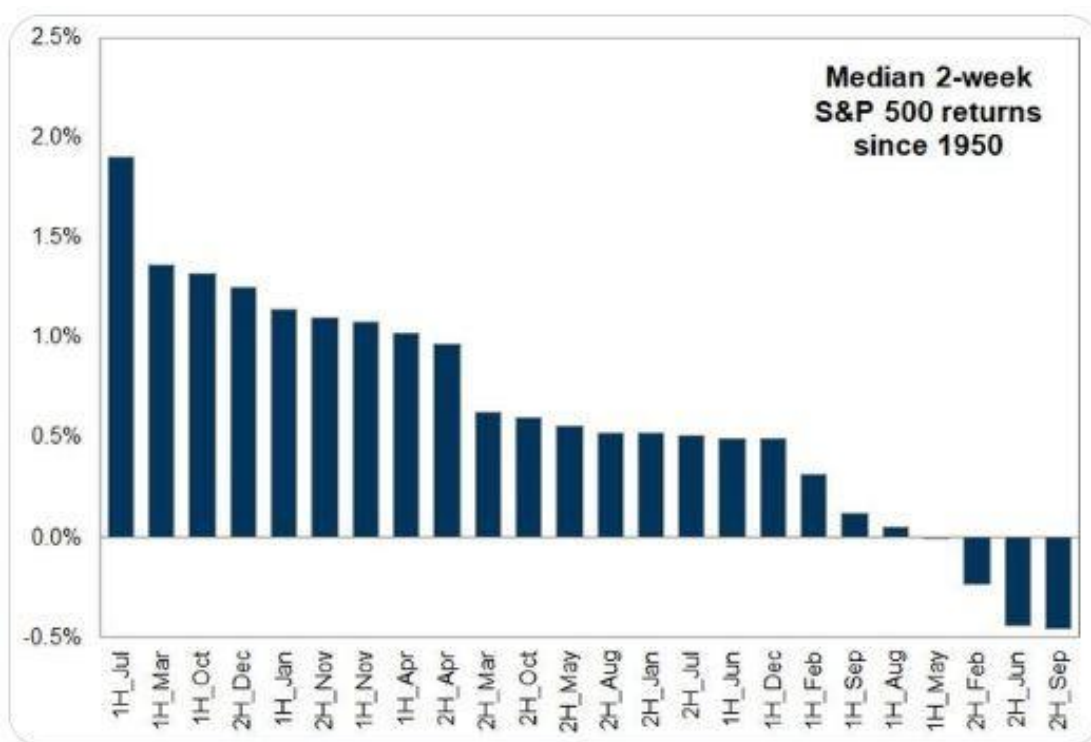
Source: Charlie Bilello





#sp500 #september #performance

According to Goldman Sachs, the latter half of September has historically been the most challenging two-week period for the S&P 500, based on data going back to 1950.



Source: gs



#us #equities #valuation

🚨 THIS IS ONE OF THE MOST EXPENSIVE MARKETS IN HISTORY 🚨 valuation remains a headwind for US equities (out of the 5 pillars of our investment process, valuation is the only negative one). S&P 500 is expensive on 19 out of 20 metrics according to the Bank of America analysis. Some metrics are over 100% above historical averages. Shiller P/E and S&P 500 Market Cap to GDP are now 101% and 147% above averages.

Exhibit 11: S&P 500 Valuations – shading indicates that metric is statistically expensive relative to history (as of 8/24)
 S&P 500 valuation metrics

Metric	Current	Average	Avg. ex. Tech Bubble	Min	Max	% Above (below) avg	Z-Score	History
Trailing PE	24.9	14.9	14.5	5.2	30.5	67.6%	2.1	1900-present
Trailing GAAP PE	28.7	15.2	14.8	4.2	122.4	89.4%	1.6	1832-present
Forward Consensus PE	21.6	15.9	15.1	9.8	25.1	36.1%	1.6	1986-present
Trailing Normalized PE	26.5	19.1	17.9	9.2	34.5	39.0%	1.5	9/1987-present
Median Forward P/E	18.4	15.5	15.3	10.0	21.9	18.6%	1.3	1986-present
Shiller PE	35.1	17.5	16.9	4.8	44.2	100.5%	2.4	1881-present
P/BV	5.09	2.70	2.53	0.98	5.34	88.5%	2.3	1978-present
EV/EBITDA	15.5	10.6	10.3	6.0	17.1	46.0%	2.0	1986-present
Trailing PEG	1.83	1.68	1.65	1.05	3.24	9.3%	0.4	1986-present
Forward PEG	1.59	1.44	1.42	0.93	3.50	10.0%	0.4	1986-present
P/OCF	19.1	11.4	10.9	5.4	19.3	67.3%	2.2	1986-present
P/FCF	32.6	27.9	25.1	12.9	65.7	16.8%	0.5	1986-present
EV/Sales	3.27	2.00	1.94	0.86	3.40	63.4%	2.1	1986-present
ERP (Market-Based)	546	506	522	136	880	7.9%	-0.2	11/1980-present
Normalized ERP	227	382	428	-120	929	-40.6%	0.7	1987-present
S&P 500 Div. Yld. vs. 10yr Tsy. Yld.	0.32	1.23	1.25	0.17	4.20	-74.4%	1.5	1792-present
S&P 500 in WTI terms	74.2	27.3	25.1	2.7	175.3	171.9%	2.4	1960-present
S&P 500 in Gold terms	2.25	1.65	1.44	0.17	5.48	36.0%	0.5	1968-present
S&P 500 vs. R2000 Fwd. P/E	1.38	1.04	1.00	0.76	1.70	32.0%	1.6	1986-present
S&P 500 Market Cap/GDP	1.66	0.67	0.64	0.22	1.66	147.0%	2.8	1964-present

Source: FactSet/Compustat, Bloomberg, FactSet/First Call, BofA US Equity & Quant Strategy

Source: Global Markets Investor, Facset, Bloomberg, BofA

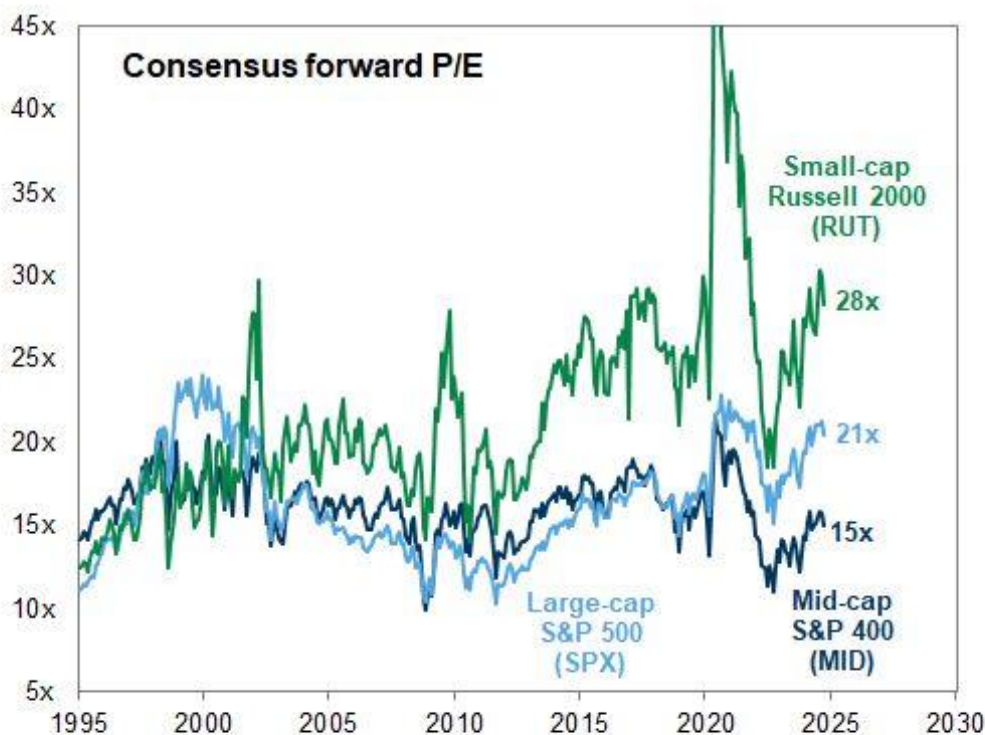




#us #equities #valuations

GS: The S&P 400 trades at 15x NTM P/E, which ranks in the 25th percentile since 1995.

Exhibit 4 : Forward valuation multiples for large-cap, mid-cap, and small-cap indices



Source: FactSet, Goldman Sachs Global Investment Research

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#sp500 #peg #ratios

Glowtime Day: \$AAPL PEG ratio high at 3.03x
Below a SP500 heatmap with PEG ratios...



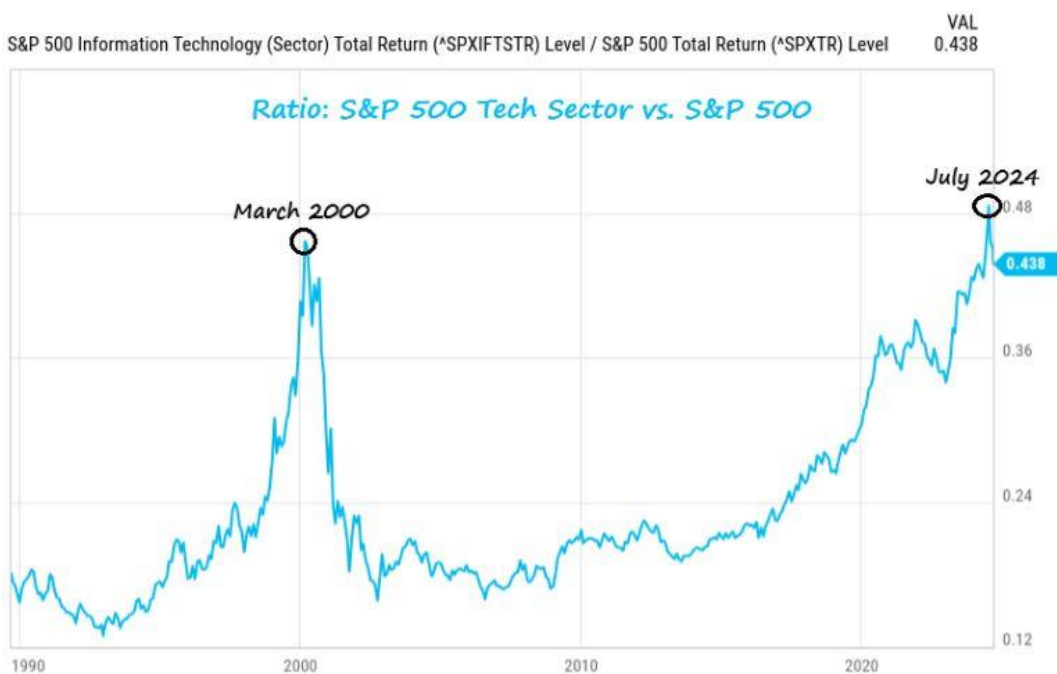
Source: Mike Zaccardi, CFA, CMT, MBA, Bloomberg





#sp500 #tech #performance

After surpassing the March 2000 relative strength high, the Tech sector has sharply underperformed over the last 2 months. Is this the start of a secular change in leadership?



CREATIVE PLANNING @CharlieBilello

Sep 8, 2024, 11:06 AM EDT Powered by YCHARTS

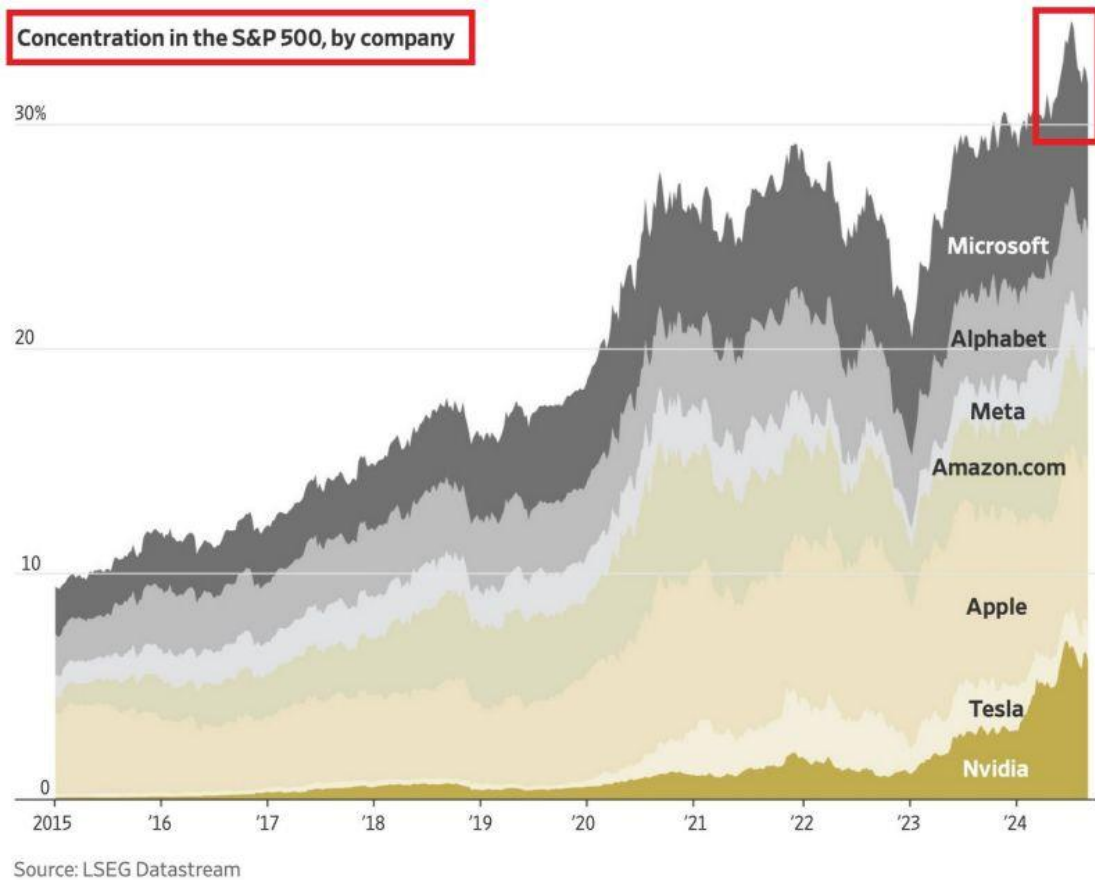
Source: Charlie Bilello





#sp500 #mag7

🚨 IS THIS THE BIGGEST CONCENTRATION BUBBLE IN HISTORY? 🚨 Magnificent 7 stocks now account for ~32% of the S&P 500, near the all-time high. This share has increased by 10 percentage points in just 1.5 years. This is even 10 percentage pts HIGHER than in the 2000 DOT-COM BUBBLE.

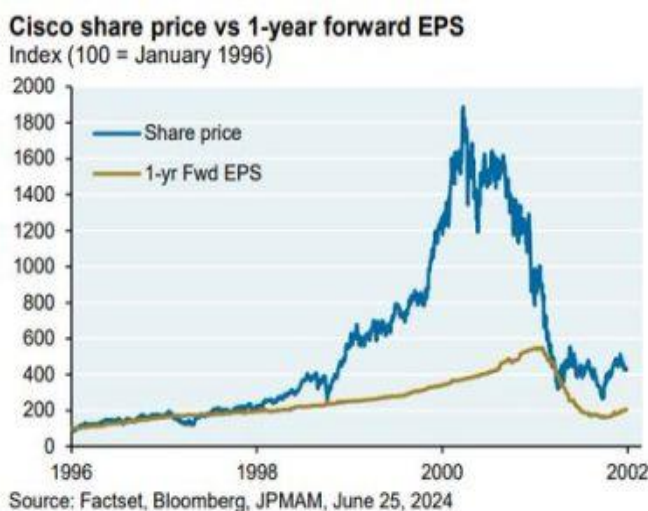


Source: LSEG Datastream, Global Markets Investor



#nvidia #cisco

Why Nvidia is a different story than Cisco in 2 charts...



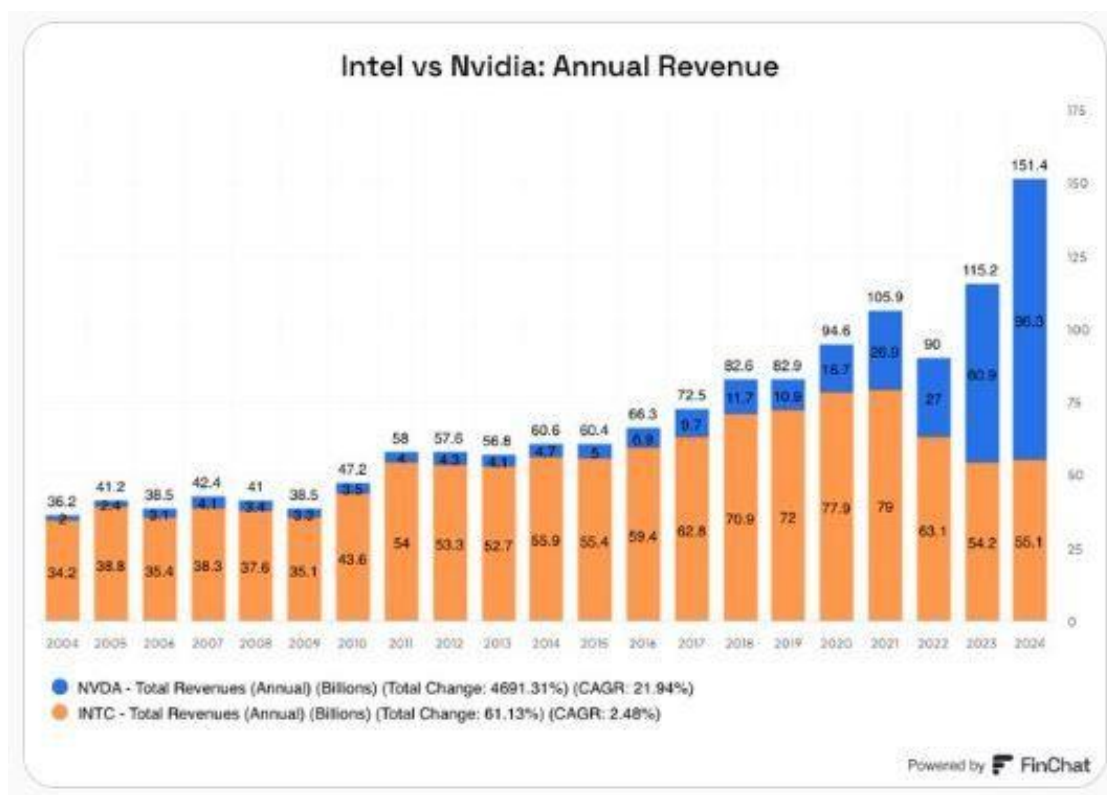
Source: JPAM





#nvidia #intel #revenue

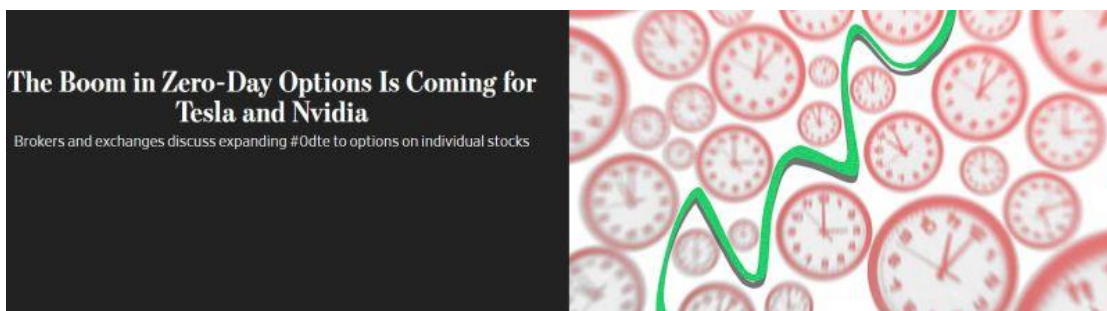
The Rise of Nvidia \$INTC vs Nvidia \$NVDA Annual Revenue from 2004 to 2024



Source: evan

#nvidia #tesla #options

Is the Boom in Zero-Day Options Coming for Tesla and Nvidia? So far, the Odte boom has been limited to options tied to indexes such as the S&P 500 or Nasdaq-100. The next frontier could be options on stocks such as Tesla TSLA or Nvidia. Currently, options tied to individual stocks expire weekly, on Fridays. To bring Odte to single-stock options, exchanges would need to add new expirations for Monday through Thursday. The earliest that Odte might come to options on individual stocks is late 2025, the people said. Some proponents of the move have suggested a limited launch, covering options on just a small number of stocks initially, to give investors time to adapt.



Source: wsj



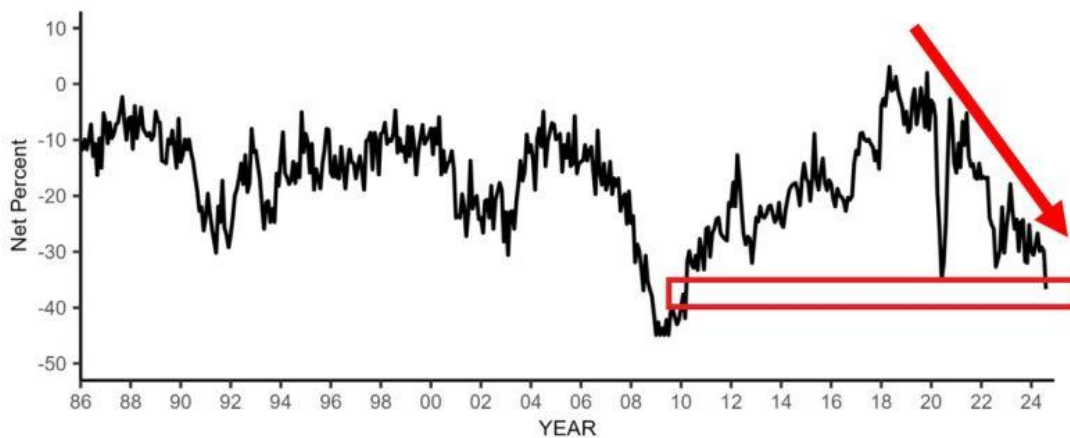
#us #earnings

🚨 US SMALL FIRMS STRUGGLE THE MOST SINCE THE GREAT FINANCIAL CRISIS 🚨 The number of businesses with rising profits dropped to the LOWEST SINCE 2009. Firms posting falling earnings is the highest in 15 years. As a reminder, there are 33 MILLION small firms in the US, 44% of GDP.

SMALL BUSINESS EARNINGS

EARNINGS

Actual Last Three Months
January 1986 to August 2024
(Seasonally Adjusted)



Source: Global Markets Investor



#us #bank #loss

⚠️ US BANKS UNREALIZED LOSSES HIT \$512.9 BILLION IN Q2 2024 ⚠️ Q2 marks the 11th STRAIGHT quarter of unrealized losses on investment securities for banks, a streak never seen before. The number of banks on the FDIC Problem Bank List increased to 66 and represents 1.5% of total.

Unrealized Gains (Losses) on Investment Securities



Source: FDIC.

Note: Insured Call Report filers only. Unrealized losses on securities solely reflect the difference between the market value and book value of non-equity securities as of quarter end.

Source: Global Markets Investor



#us #banks #ally

\$ALLY tumbled 17.5% on Wednesday as auto loan repayments see rising delinquency rates spook investors. More evidence that a growing portion of consumers are increasingly struggling.

Ally's stock drops 15% as its credit challenges grow

Polo Rocha

Tue, Sep 10, 2024, 11:25 AM • 3 min read

In This Article:



Credit: Adobe Stock

Ally Financial said Tuesday that more borrowers struggled to repay their auto loans over the summer, prompting a 16% plunge in the company's stock.

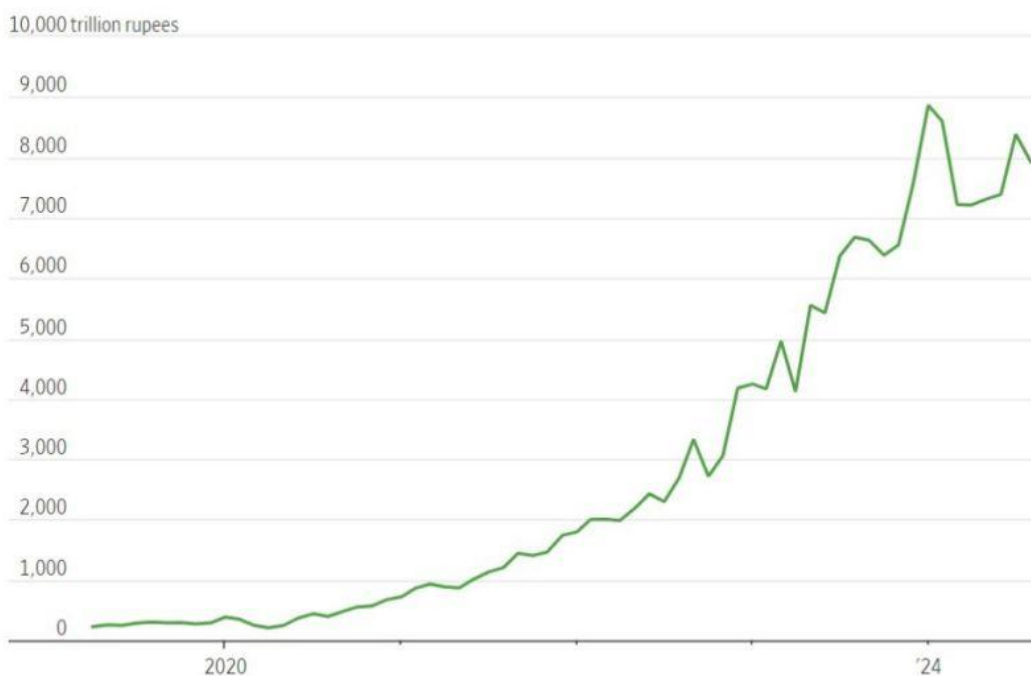
Source: Markets & Mayhem



#india #derivatives

Indian Derivatives are on Fire. The total notional value of equity derivatives traded on the National Stock Exchange of India in the first eight months this year reached 63 quadrillion rupees, a 52% rise from the same period last year. Around \$5 trillion notional value of derivatives are traded daily in September. A vast majority of them are very short-dated options, approximately a week.

Monthly equity derivatives turnover in notional value on the National Stock Exchange of India



Note: 1 trillion rupees = \$12 billion
Source: National Stock Exchange of India

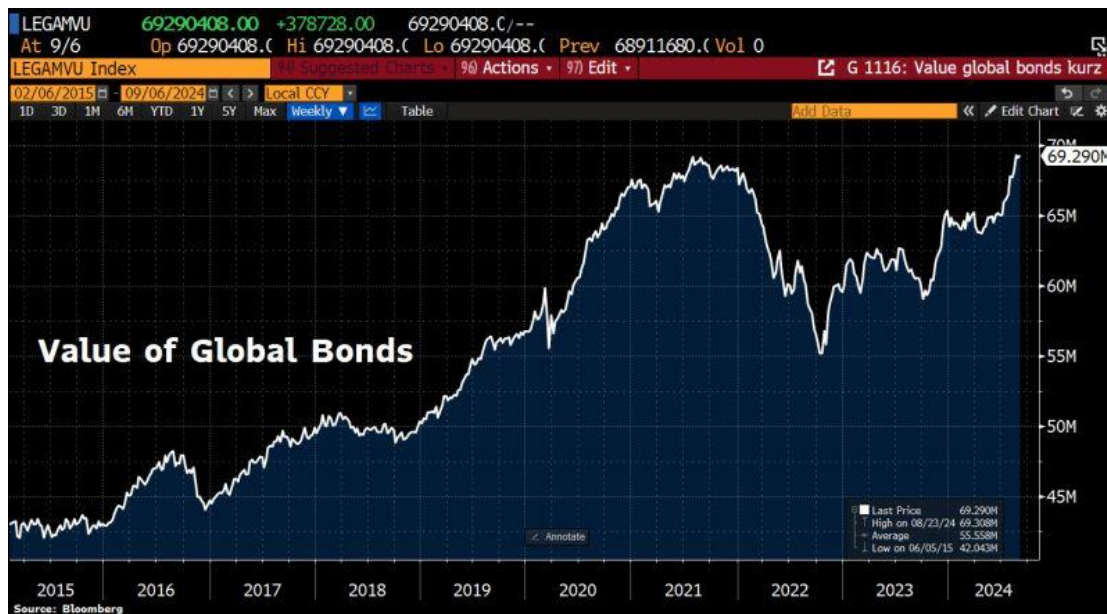
Source: wsj





#bond #value

The global bond rally has regained momentum due to econ concerns in the US and weak figures in the Eurozone. Value of global bonds rose 0.3% this week to \$69.29tn, almost a fresh ATH.

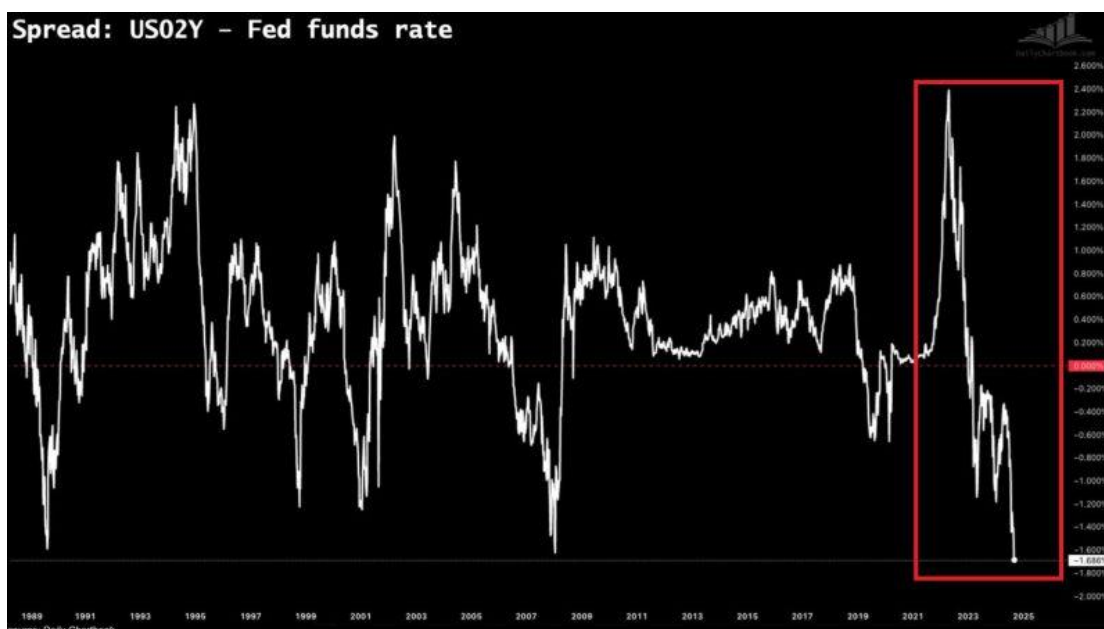


Source: HolgerZ, Bloomberg

#markets

#us #bond #spread

!!THIS HAS NOT HAPPENED IN AT LEAST 35 YEARS!!
The spread between the 2-year US government bonds and Fed's rates FELL to -1.686%, the most in over 3 decades. In other words, bond market expects the Fed to cut BIG in the next months. Question: Is the bond market too dovish? Or is the Fed too much behind the curve?



Source: Global Markets Investor, Bloomberg



#us #treasuries #weekly

Treasury yields were all lower on the week, led by the short-end...



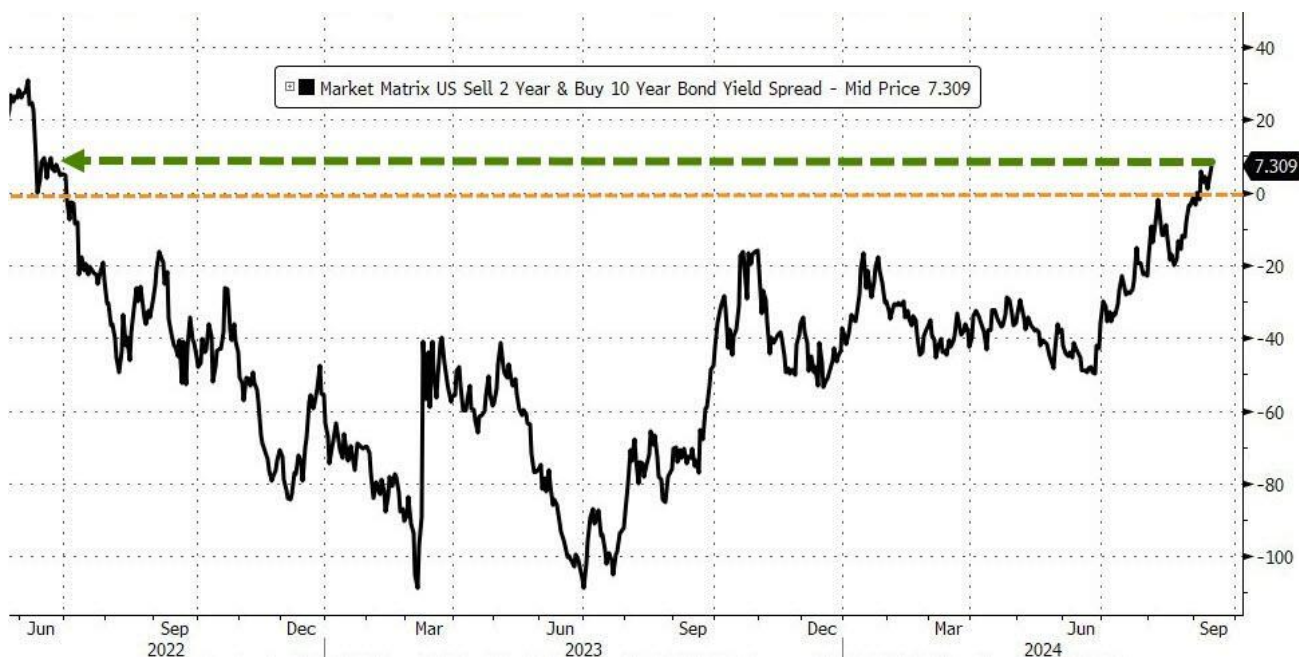
Source: Bloomberg, www.zerohedge.com





#us #treasuries #curve

The Treasury curve (2s10s) steepened back into dis-inversion and its steepest since June 2022.



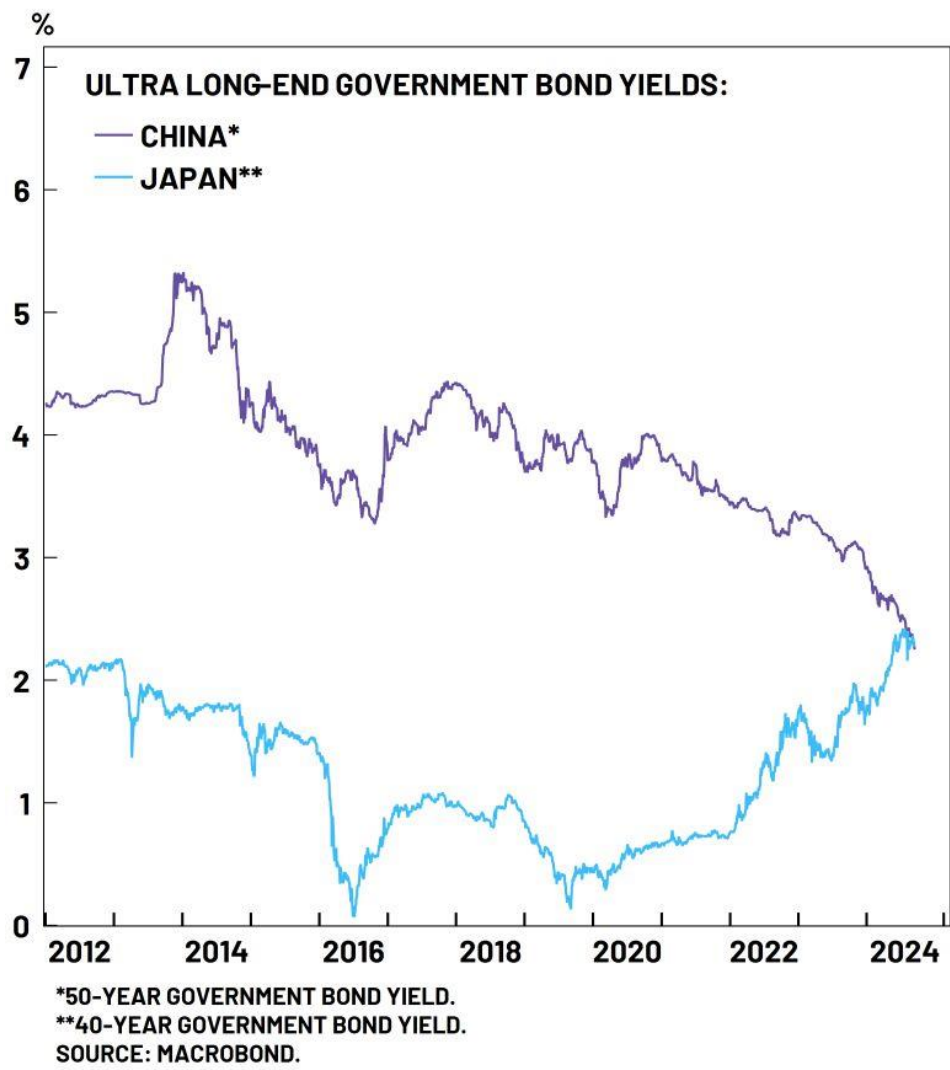
Source: Bloomberg, www.zerohedge.com





#china #japan #bonds #yields

This is a milestone chart for the global economy: For the first time, China's ultra long-end government bond yields have fallen below those of Japan.



Source: Bloomberg, www.zerohedge.com



#oil #demand

⚠️ GLOBAL OIL DEMAND FELL TO THE LOWEST SINCE THE COVID CRISIS ⚠️ World consumption rose by 800,000 barrels a day in H1 2024, a 1/3 of the growth seen in H1 2023. THE LOWEST rate since demand crashed in 2020...



Markets

World Oil Demand Growth Is Slowest Since Pandemic as China Cools, IEA Says

- Demand growth in first half slowed sharply from a year earlier
- Oil markets face 2025 glut even if OPEC+ prolongs supply cuts



By [Grant Smith](#)
September 12, 2024 at 10:00 AM GMT+2



Global oil demand growth is “slowing sharply” as China’s economy cools, pushing prices to a three-year low, the International Energy Agency said.



Source: Global Markets Investor



#oil #positioning

Investors are currently holding one of the lowest long positions in WTI oil contracts in the last ten years.



Source: Bloomberg, Tavi Costa

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#gold #weekly

The dollar's weakness helped lift gold, which surged to a new record high with its best week in five months...



Source: Bloomberg, www.zerohedge.com



#russia #gold

Russia's Gold Reserves Approach Historic Landmark. Bullion holdings stood at nearly \$190 billion as of September 1, according to the central bank. Russia's holdings of gold have reached a new high of \$188.8 billion and bullion's share in the country's international reserves now exceeds 30% for the first time in almost a quarter century, according to the central bank. The Bank of Russia reported on Friday that the value of monetary gold in international reserves had increased by more than \$9 billion, or 5.1%, since the beginning of August.



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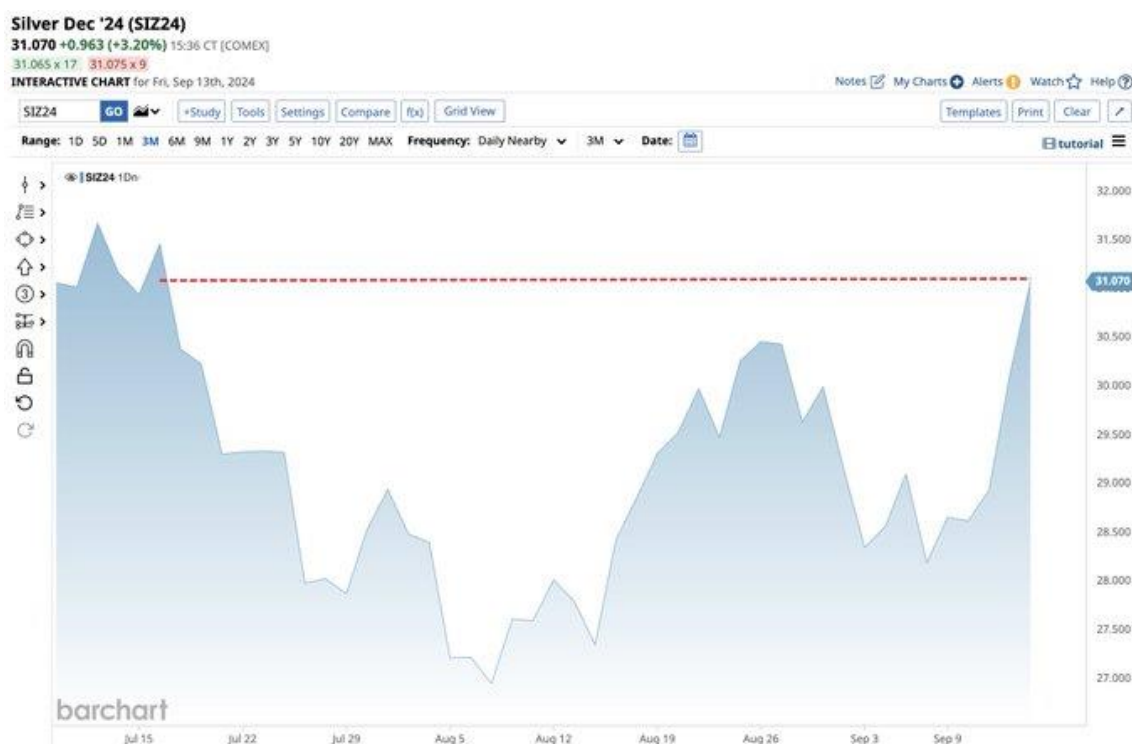
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#silver

Silver now at its highest price since July



Source: Bloomberg, www.zerohedge.com





#dollar-index #weekly

The dollar's weakness helped lift gold, which surged to a new record high with its best week in five months...



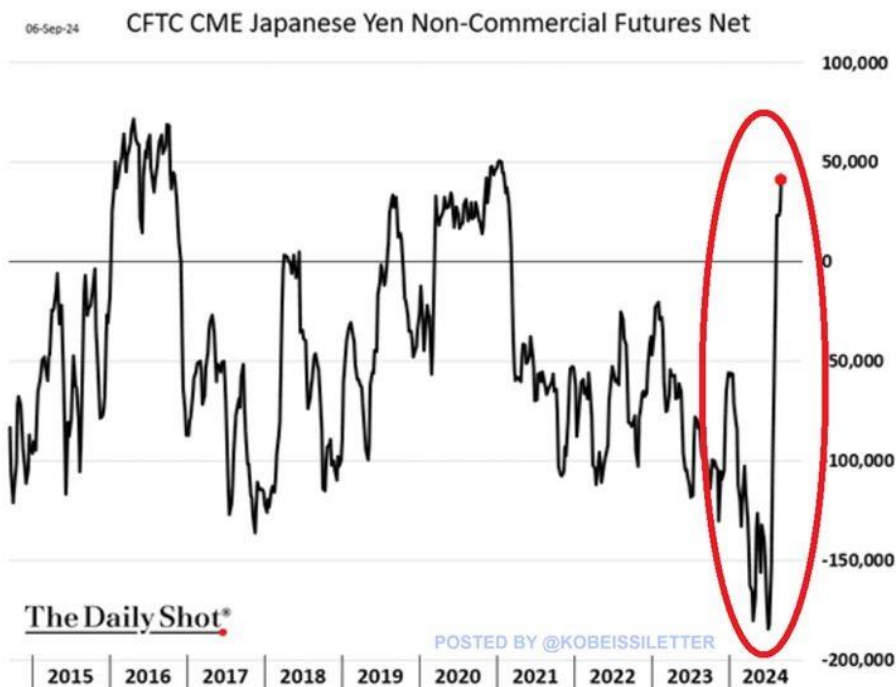
Source: Bloomberg, www.zerohedge.com





#yen #trading

Net long positions on the Japanese yen hit ~45,000 last week, the highest level in 3.5 years. By comparison, in early August, speculative positions reached net short ~180,000 contracts, the most in at least 20 years. The last time such a sharp reversal from short to long occurred was during the 2008 Financial Crisis. This comes after the Japanese Yen has strengthened against the US dollar by 12% since July as the carry trade has scaled back. The \$USDJPY pair is flat year-to-date and is trading at its lowest level since the first week of January. Japanese Yen volatility is still here.



Source: The Kobeissi Letter



#us #macro-surprises

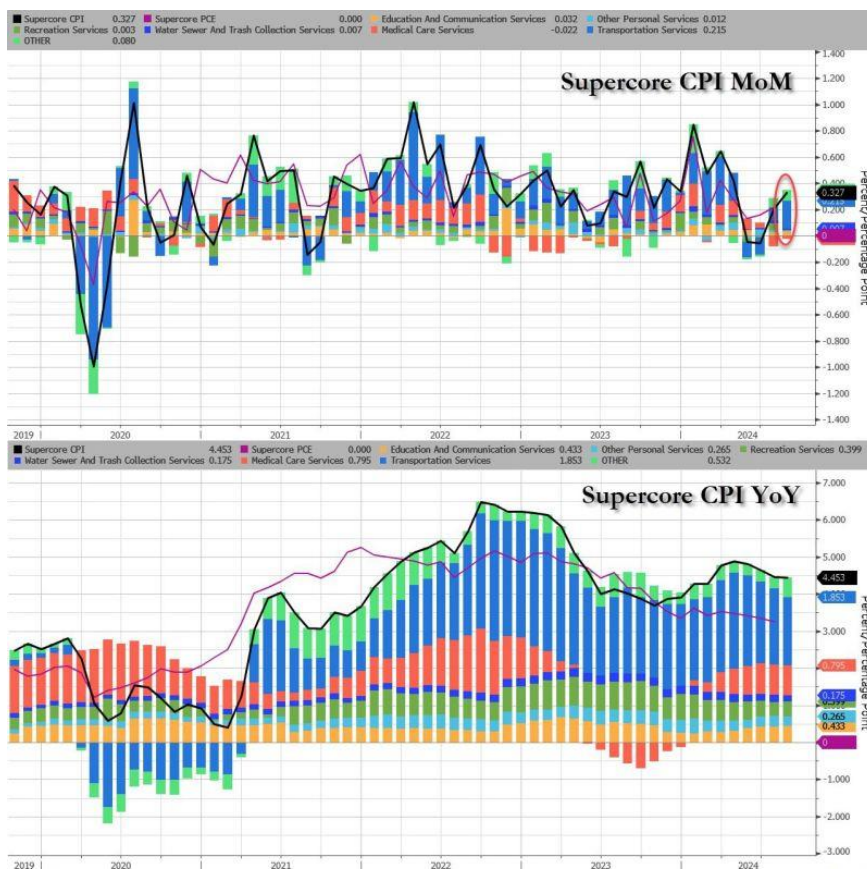
Soft survey data continues to rebound higher (full of hope) while hard data - most notably labor market-related - has been significantly lagging expectations...





#us #cpi #inflation

The most important number of the day was US CPI number. Inflation in August declined to its lowest level since February 2021, according to a Labor Department report Wednesday that also showed a key measure higher than expected. Indeed, while the headline CPI increased 0.2% for the month, in line with the Dow Jones consensus, the core CPI, which excludes volatile food and energy prices, increased 0.3% for the month, slightly higher than the 0.2% estimate.

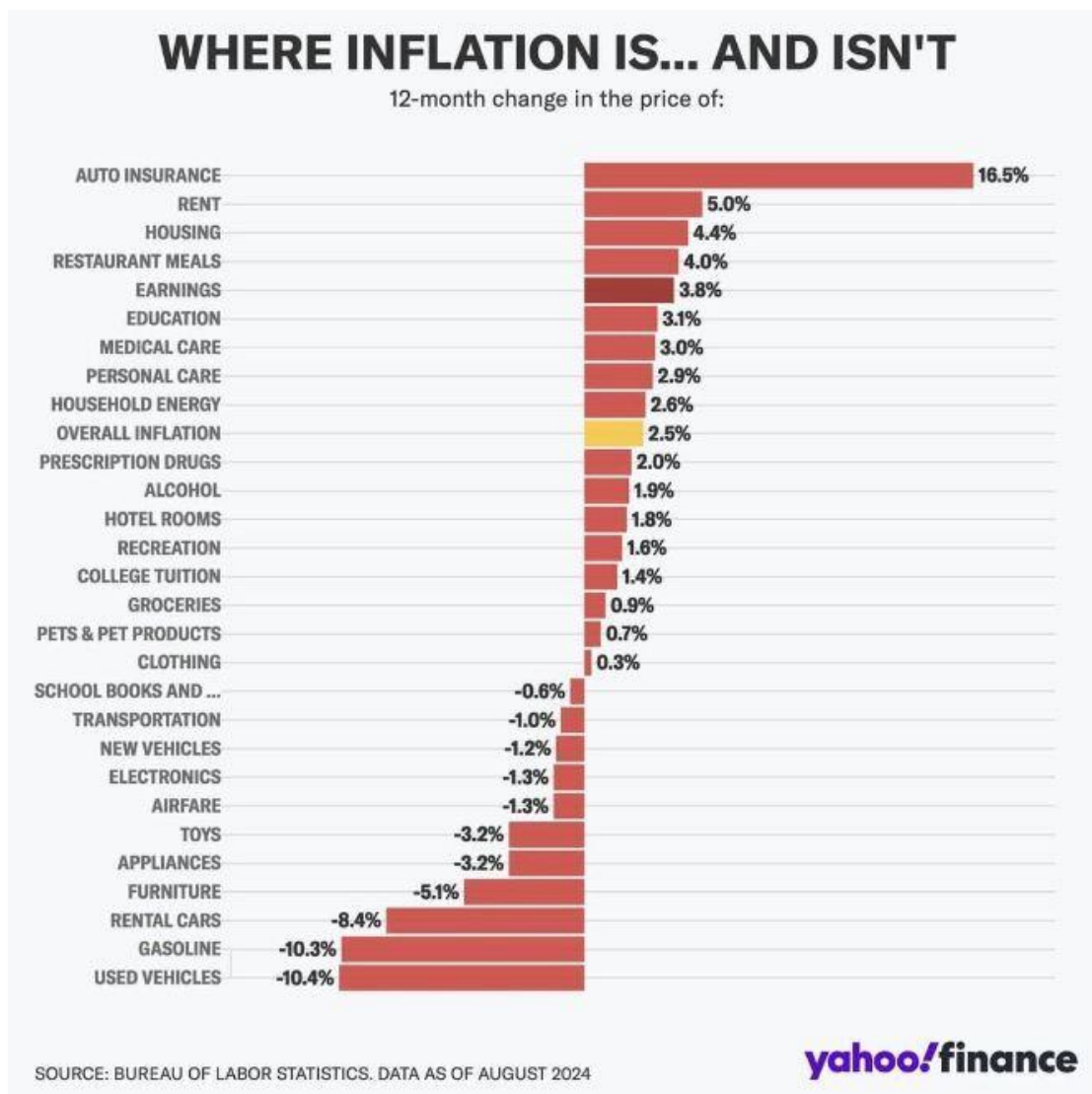


Source: Bloomberg, www.zerohedge.com



#us #inflation

Where Inflation is and Where It Isn't



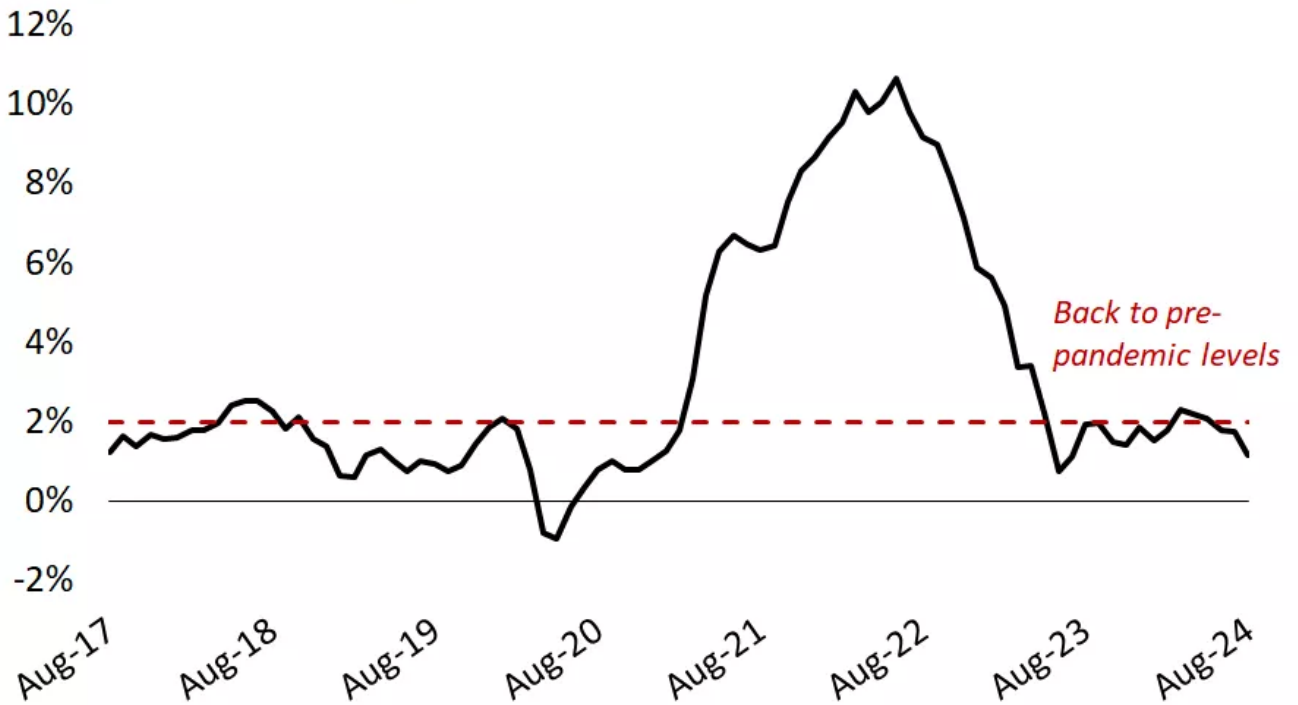


#us #inflation

Shelter prices were largely to blame, with inflation elsewhere showing more progress. This chart shows the year over year change in U.S. CPI excluding shelter. The 1.2% year-over-year gain in August is in line with pre-pandemic levels.

Inflation Excluding Shelter Prices

Year-over-Year % Change



Source: Edward Jones

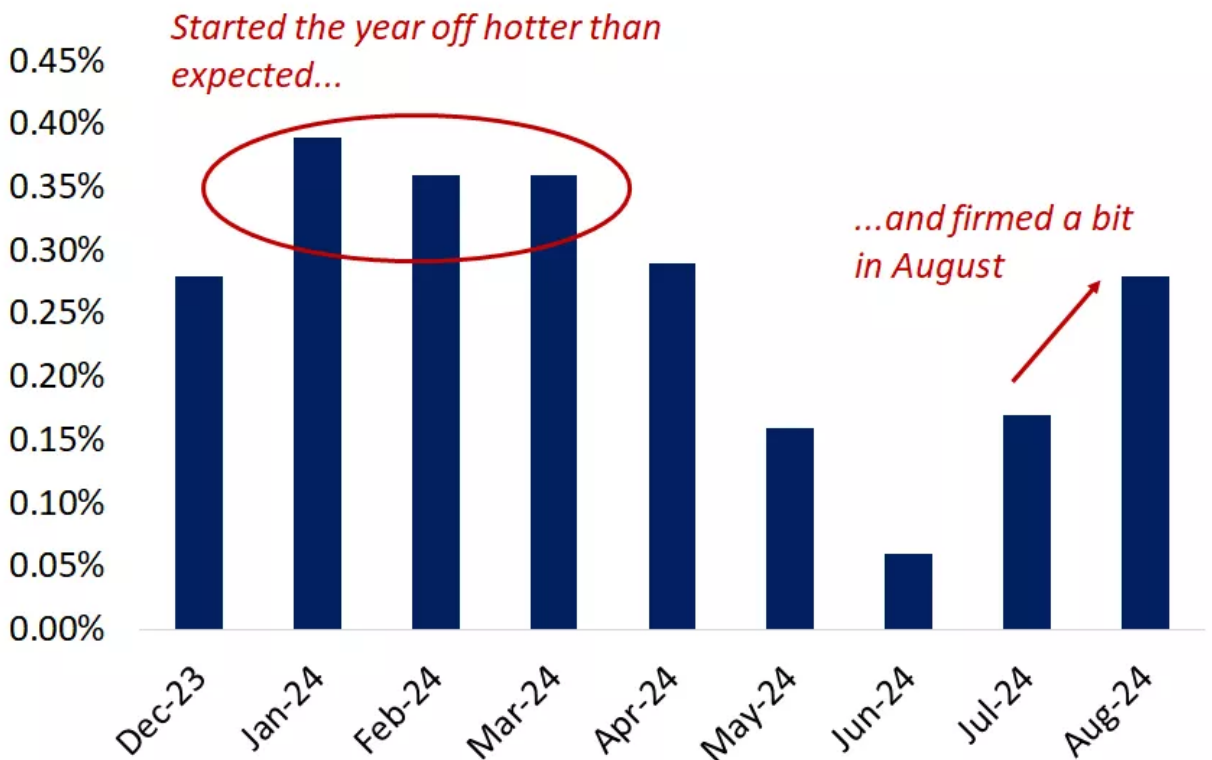




#us #core #cpi

This chart shows the monthly percent change in U.S. CPI excluding food and energy. The August increase of 0.3% was the highest since April.

Core CPI: % Change From Previous Month



Source: Edward Jones

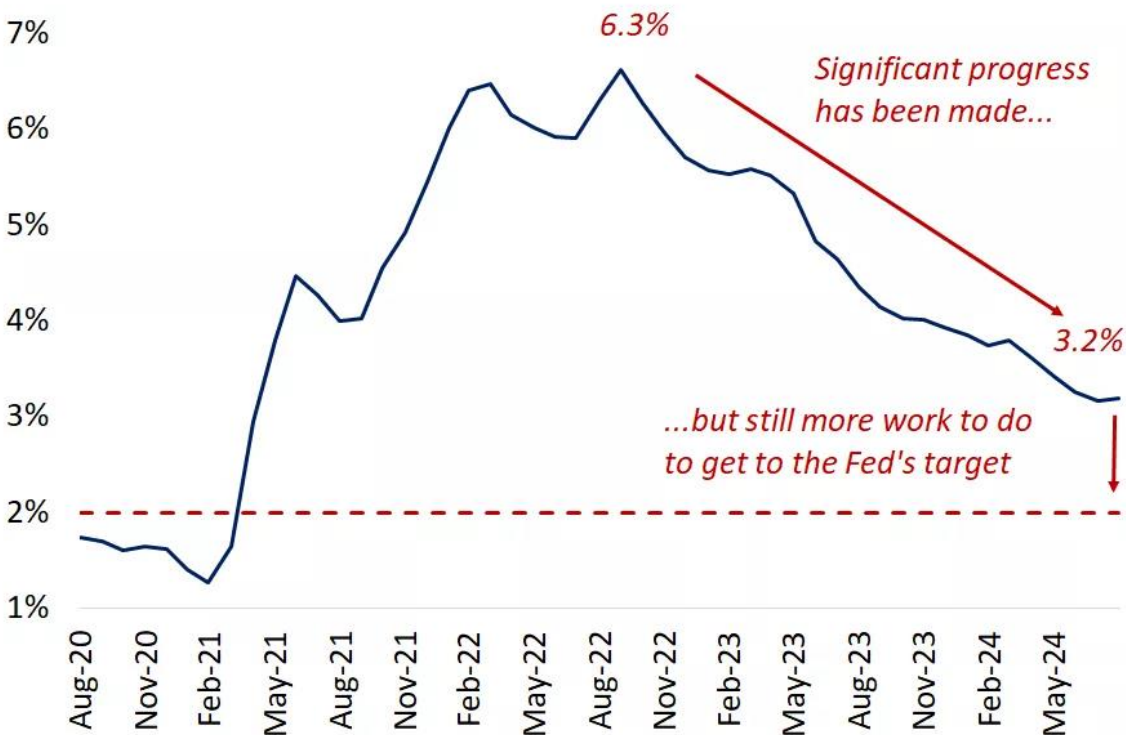


#us #core #cpi

This chart shows the year-over-year percent change in U.S. CPI excluding food and energy over the past four years. Inflation has moderated but remains above the Fed's 2% target.

Core Inflation: Last 4 Years

Year-over-Year % Change

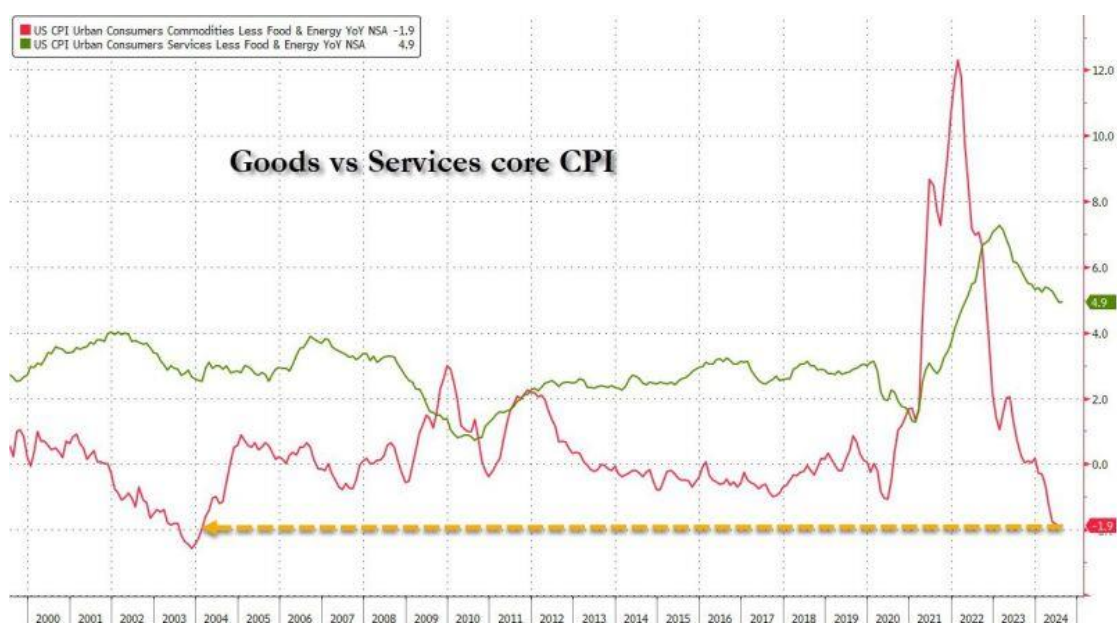


Source: Bloomberg, www.zerohedge.com

#macro

#us #goods #deflation

In case you missed it... Goods deflation in the US is the biggest in 20 years...

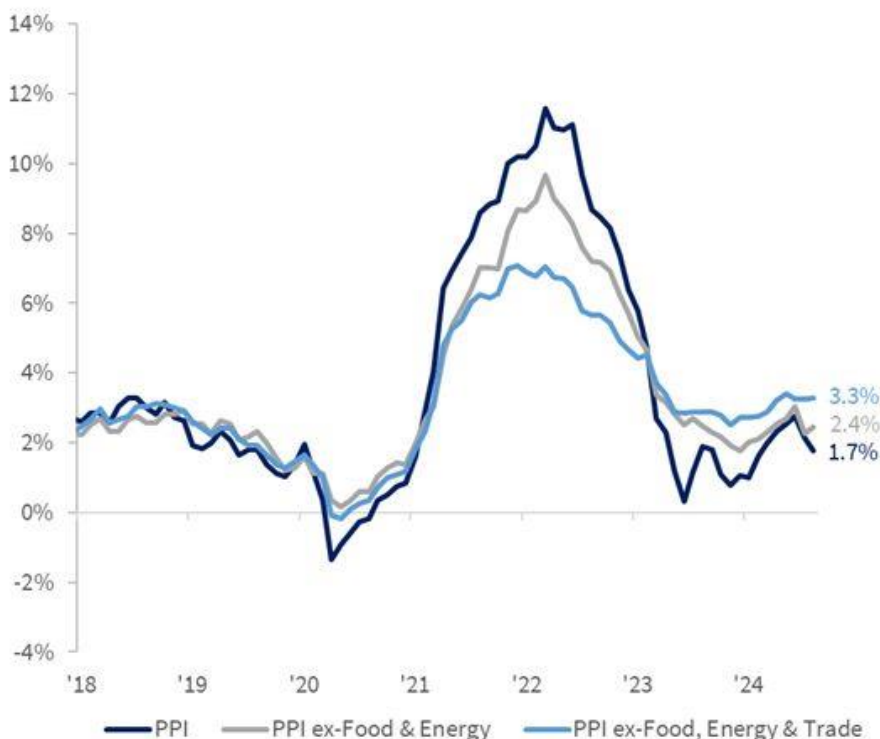




#us #ppi #inflation

📊 August PPI inflation falls to 1.7%, below expectations of 1.8%. Core PPI inflation was unchanged, at 2.4%, below expectations of 2.5%. PPI inflation is now at its lowest level since February 2024. On a sequential basis (MoM), the picture is not the same: August's core PPI rose more than expected, driven by higher service prices, while goods prices stayed flat. PPI 0.2% MoM, Exp. 0.1% PPI Core 0.3% MoM, Exp. 0.2%

Producer Price Index:



Source: FactSet

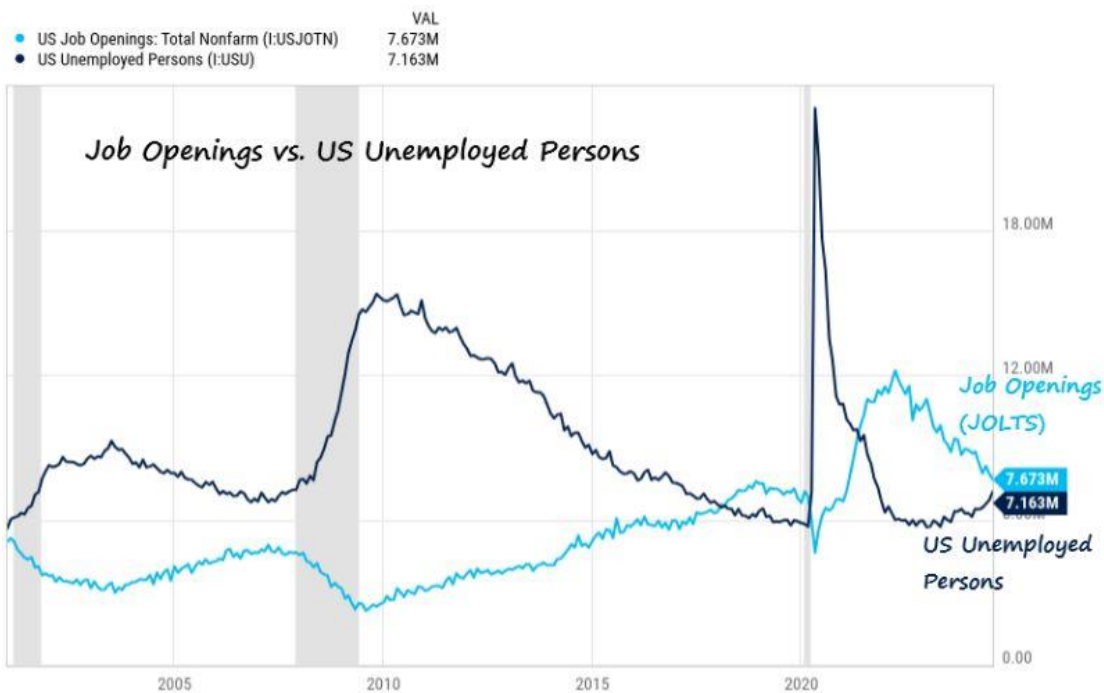
Source: Ali Dhanjion X, Factset





#us #labor

There are now 510k more Job Openings than Unemployment Persons in the US. That's the smallest differential since April 2021, down from a peak of over 6 million in March 2022. The labor market is rapidly cooling...



CREATIVE PLANNING @CharlieBilello

Sep 4, 2024, 4:18 PM EDT Powered by YCHARTS

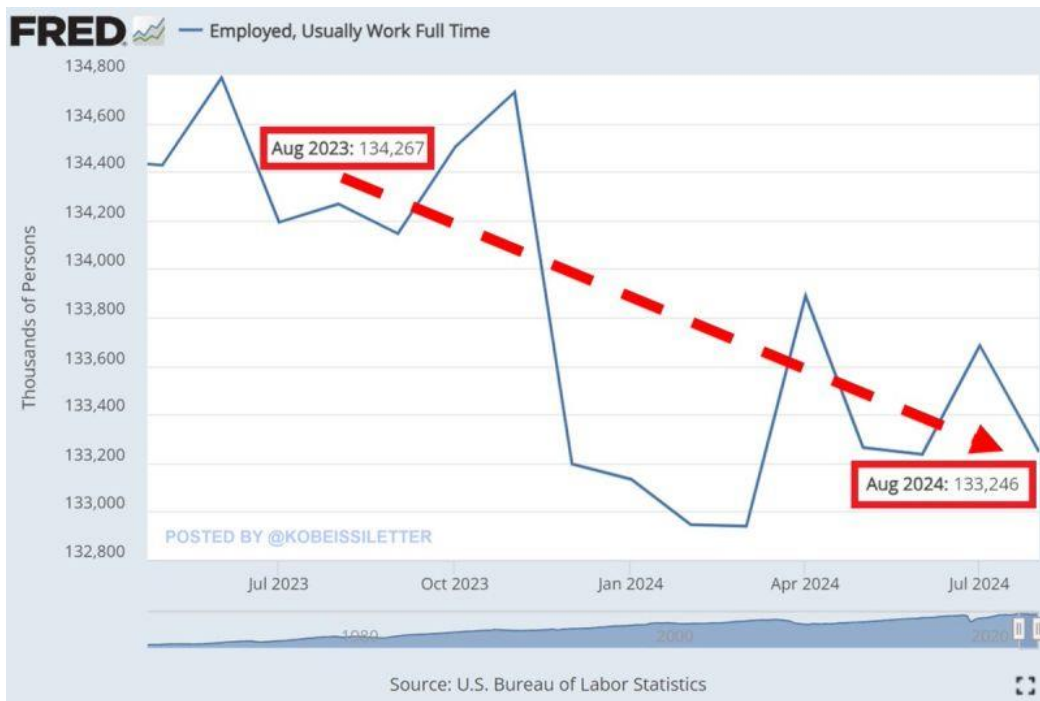


Source: Charlie Bilello, Y charts



#us #labor

Full-time employment DROPPED by 1 million workers in August on a year-over-year basis, marking the 7th consecutive monthly decline. Since the June 2023 peak, full-time job count in the US has fallen by a whopping 1.5 million. Meanwhile, part-time employment rose by 1 million year-over-year in August. Additionally, the number of permanent job losers jumped by 324,000 year-over-year, to 2.5 million, the highest since November 2021. This was the 16th straight month of part-time job gains, the longest streak since the 2008 Financial Crisis. The US job market is cooling down.



Source: FRED, The Kobeissi Letter



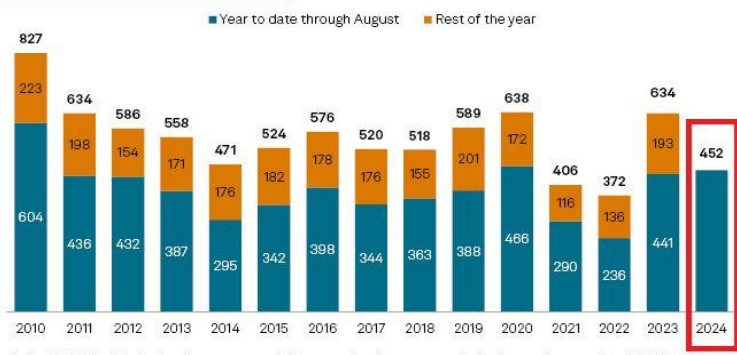


#us #bankruptcies

🚨 US BANKRUPTCIES ARE ON THE RISE 🚨

The number of bankruptcy filings hit 452 year-to-date, the 2nd largest in 13 YEARS. In August alone, 63 companies went under, the 4th LARGEST since the COVID CRISIS. Most bankruptcies have been seen in the consumer discretionary sector.

US bankruptcy filings by year



Includes S&P Global Market Intelligence-covered US companies that announced a bankruptcy between Jan. 1, 2010, and Aug. 31, 2024.

US bankruptcy filings by month



Data compiled Sept. 2, 2024.
 Includes S&P Global Market Intelligence-covered US companies that announced a bankruptcy between Jan. 1, 2020, and Aug. 31, 2024.
 S&P Global Market Intelligence's bankruptcy coverage is limited to public companies or private companies with public debt where either assets or liabilities at the time of the bankruptcy filing are greater than or equal to \$2 million, or private companies where either assets or liabilities at the time of the bankruptcy filing are greater than or equal to \$10 million. Involuntary bankruptcy filings are also included.
 Source: S&P Global Market Intelligence.
 © 2024 S&P Global.

Source: Global Markets Investor





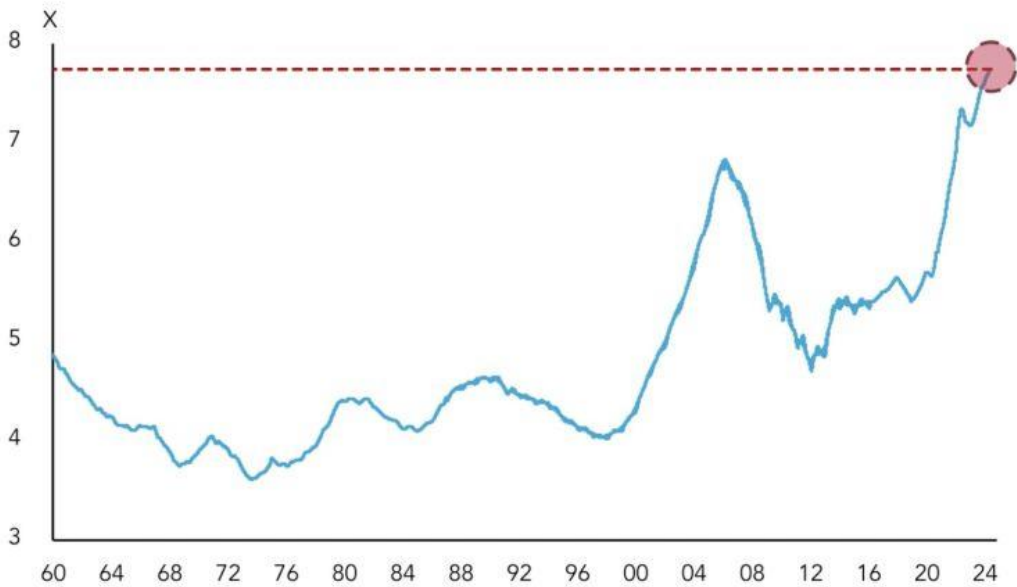
#us #housing

US home price relative to median income is now at the highest level ever seen

Housing is Expensive



Home Price to US Median Household Income Ratio

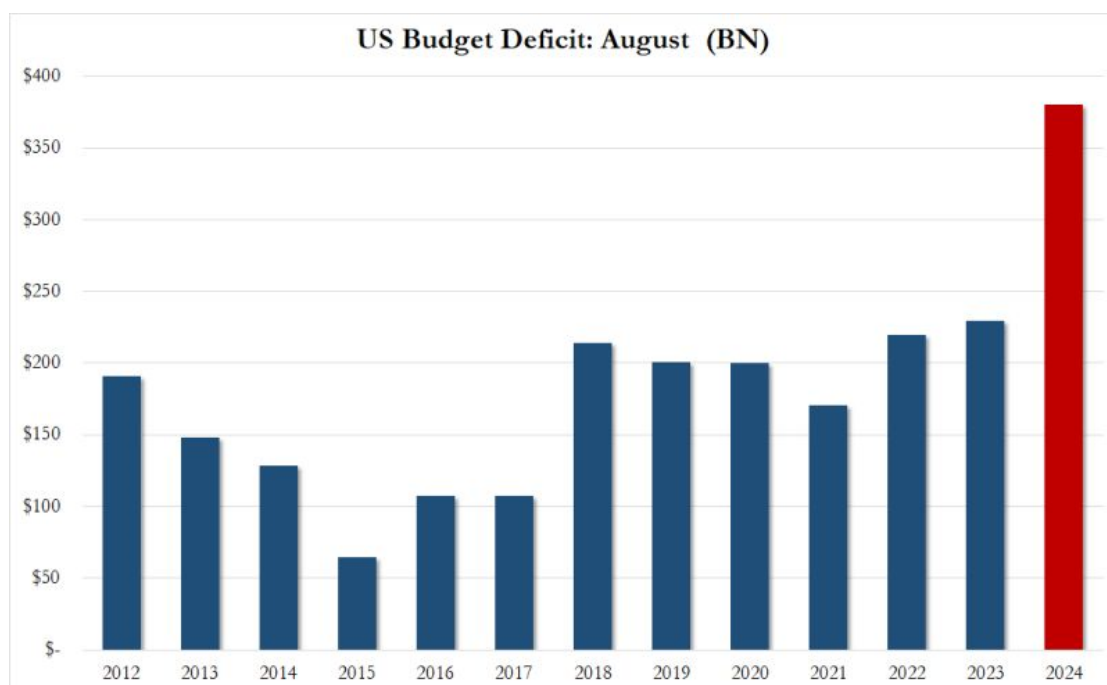


Dates: 1960 Through 1st August 2024.
Source: Bloomberg L.P., Game of Trades.

#macro

#us #budget #deficit #stimulus

US fiscal stimulus: no surprise, we haven't seen any slowdown in terms of spending ahead of the elections...

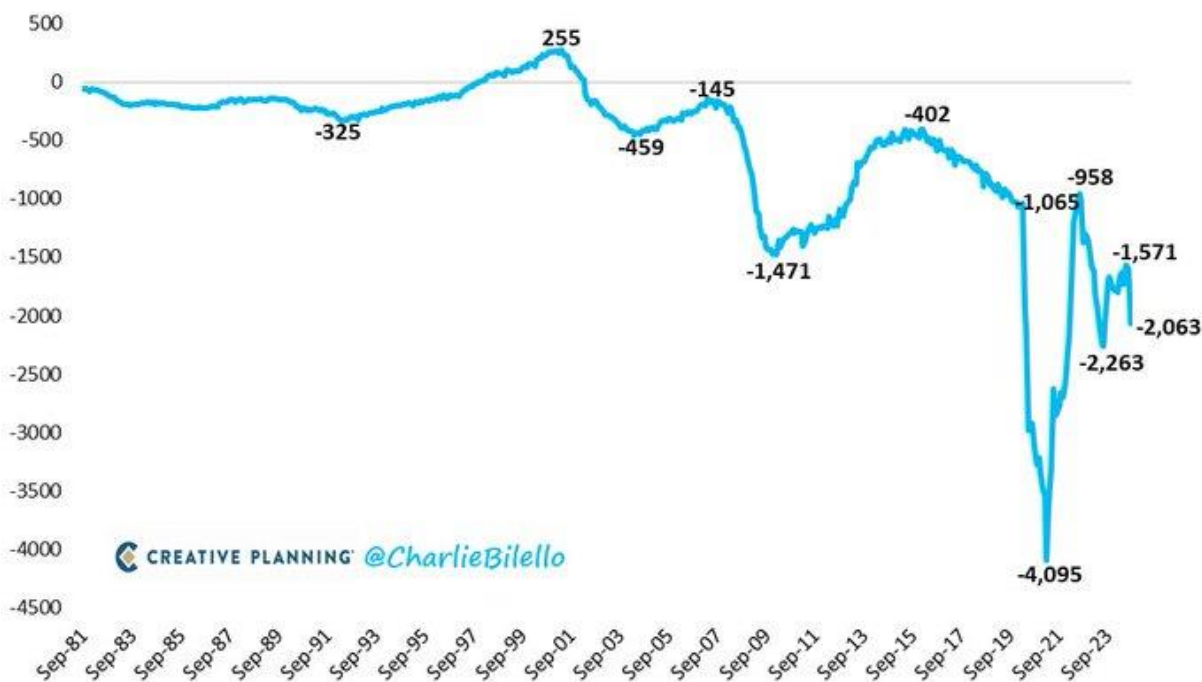




#us #budget #deficit

The US government continues to spend money like a drunken sailor with a budget deficit of -\$2 trillion over the past year. This is occurring when the economy is still in an expansion and home/stock prices are at record highs. What happens to the deficit when a recession hits?

US Federal Budget Surplus/Deficit in Billions
(Trailing 12 Months, Jan 1980 to Aug 2024)



CREATIVE PLANNING @CharlieBilello



Source: Charlie Bilello



#us #germany #growth

Germany has significantly lagged behind the US in economic growth over the past 30yrs. Since 1980, the US econ has expanded tenfold, while Germany's has only grown fivefold. This disparity is partly due to faster population growth in the US. However, the underperformance since the 1990s is no accident. The US has capitalized on digitalization far more effectively, driving economic gains, whereas Germany has been slower to embrace technological transformation. A clear example of this is Volkswagen, which highlights Germany's cautious approach to modernization.



Source: HolgerZ, Bloomberg



#germany #france #economy

Everyone is aware of German economy being a train wreck in slow motion, but what's brewing in France is at least as concerning as the self-inflicted demise of German industry. With 6% fiscal deficits during good times, French heavy state model is simply broken and not sustainable.

France: General government fiscal balance



Source: Oxford Economics/Haver Analytics



Source: @DanielKral1 thru Michel A.Arouet



#china #startup

One of the most striking charts this year: China's startup ecosystem has almost completely collapsed in the last 5 years

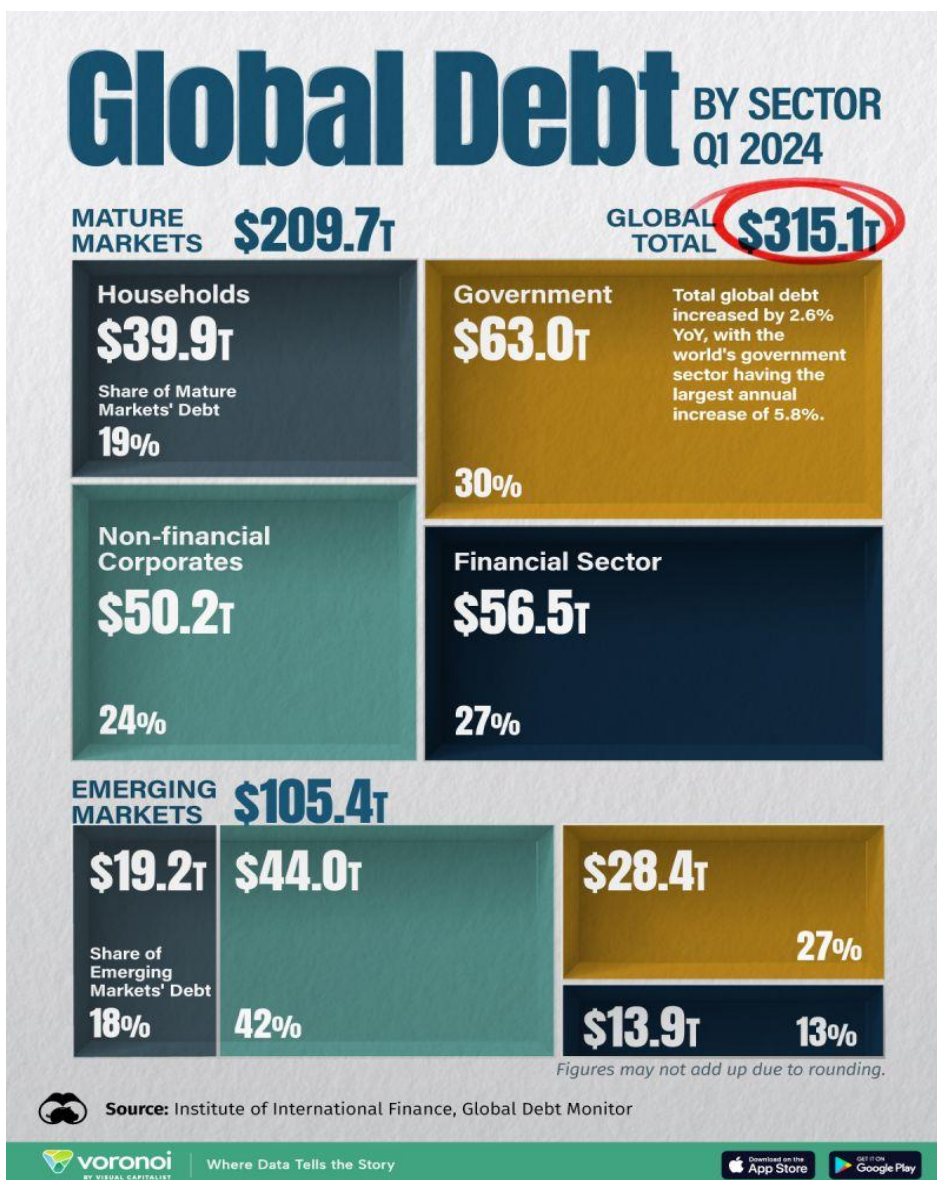


Source: FT thru Alec Stapp on X



#global-debt #sectors

Charted: \$315 Trillion in Global Debt, by Sector.



Source: visual capitalist





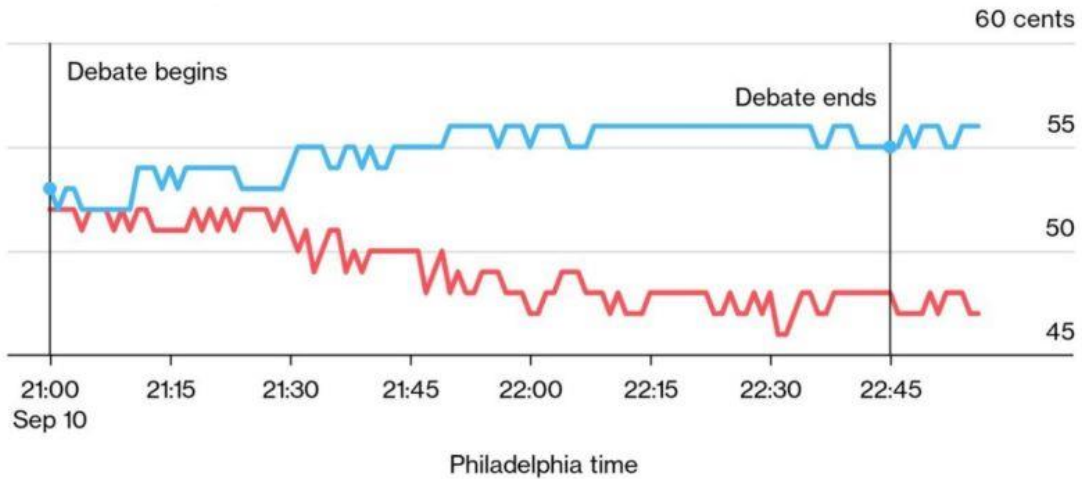
#us #elections

According to the Betting Market Kamala Harris win over Donald Trump

Harris Odds Increase in Prediction Markets

Price of an election contract in the PredictIt market

— Harris — Trump



Source: PredictIt

Bloomberg

Source: bloomberg



#geopolitics

#us #elections #debate #debt

US Presidential debate: Not all topics have been tackled... Nothing about government spending. Nothing about national debt. Nothing about taxes. Meanwhile, the US debt clock is ticking...



Source: Kurt Altrichter on X

#geopolitics

#us #elections #taylor-swift

"Swiftonomics" describe the economic influence of Taylor Swift. How should we call her POLITICAL influence?

The image is a screenshot of a tweet from Mario Nawfal (@MarioNawfal). The tweet text reads: "OVER 330,000 VISIT TAYLOR SWIFT'S LINK TO REGISTER TO VOTE". Below the text, it says: "More than 330,000 people have visited a voter registration link shared by Taylor Swift after she endorsed Harris/Walz." and "Swift's post linked to vote.gov, encouraging her fans to register ahead of the 2024 election." The source is cited as "Source: NBC News". At the bottom of the tweet, there are two side-by-side images: on the left, a portrait of Taylor Swift; on the right, Kamala Harris and Mike DeWine celebrating on a stage with "HARRIS" and stars in the background.

#geopolitics

#us #sovereign-fund

A US sovereign wealth fund ? The White House is developing plans to set up a US sovereign wealth fund able to make big investments in strategic sectors, in a break from Washington’s economic orthodoxy as it tries to compete with deep-pocketed geopolitical rivals.

Biden administration looking at setting up a US sovereign wealth fund

Proposal for pool of capital to invest in strategic sectors has also been floated by Donald Trump



Senior members of Joe Biden’s administration have been working on the SWF proposals for months, the White House said © AP

#geopolitics

#dollar #tariffs #trump

Donald Trump Trump threatens to impose a 100% tariff on countries that conduct business in currency other than the USDollar, adding a new pillar to his tariff platform. Trump, who has long embraced protectionist trade policies, said the dollar has been “under major siege” for 8yrs. China, India, Brazil, Russia, and South Africa discussed de-dollarization at a summit last year. By contrast, Trump has said he wants the dollar to remain the world’s reserve currency, a pledge he renewed at Saturday’s rally. While Dollar dominance has lessened in recent decades, the US currency still accounted for 59% of official FX reserves in Q1 2024, w/Euro 2nd at almost 20%.



Source: Bloomberg, HolgerZ



#geopolitics

#eu #investment #debt

It seems that the EU finally realizes that their de-industrialization process has been going too far and put them at a huge competitive disadvantage vs. the US. The European Union requires radical reforms through a new industrial strategy to ensure its competitiveness, to boost social equality and to meet climate targets, according to a keenly awaited report from economist and politician Mario Draghi. The proposals laid out in the report would require between 750 billion and 800 billion euros in additional investment each year, the European Commission estimates.

ECONOMY

Draghi urges radical European Union reform requiring extra 800 billion euros a year

PUBLISHED MON, SEP 9 2024 5:03 AM EDT | UPDATED MOMENTS AGO



Italian Prime Minister Mario Draghi during the press conference at the Multifunctional Hall of the Prime Minister on July 12, 2022 in Rome, Italy.

Massimo Di Vita | Mondadori Portfolio | Getty Images

Source: CNBC

#geopolitics

#eu #investment #debt

The former ECB head Mario Draghi said yesterday that unless Europe invests an extra €800BN per year, it is "doomed. This boost in investment (which equals 5% of GDP), would be more than double the size of the Marshall Plan. In other words, Europe is about to unleash a historic orgy of debt and spending... It would most likely raises taxes (and inflation?) This announcement hits its wall of opposition in Germany, irrespective of warning that it's the only way to make EU more competitive w/China & US. "That can be summarized briefly: Germany should pay for others. That can't be a master plan," FinMin Lindner said.

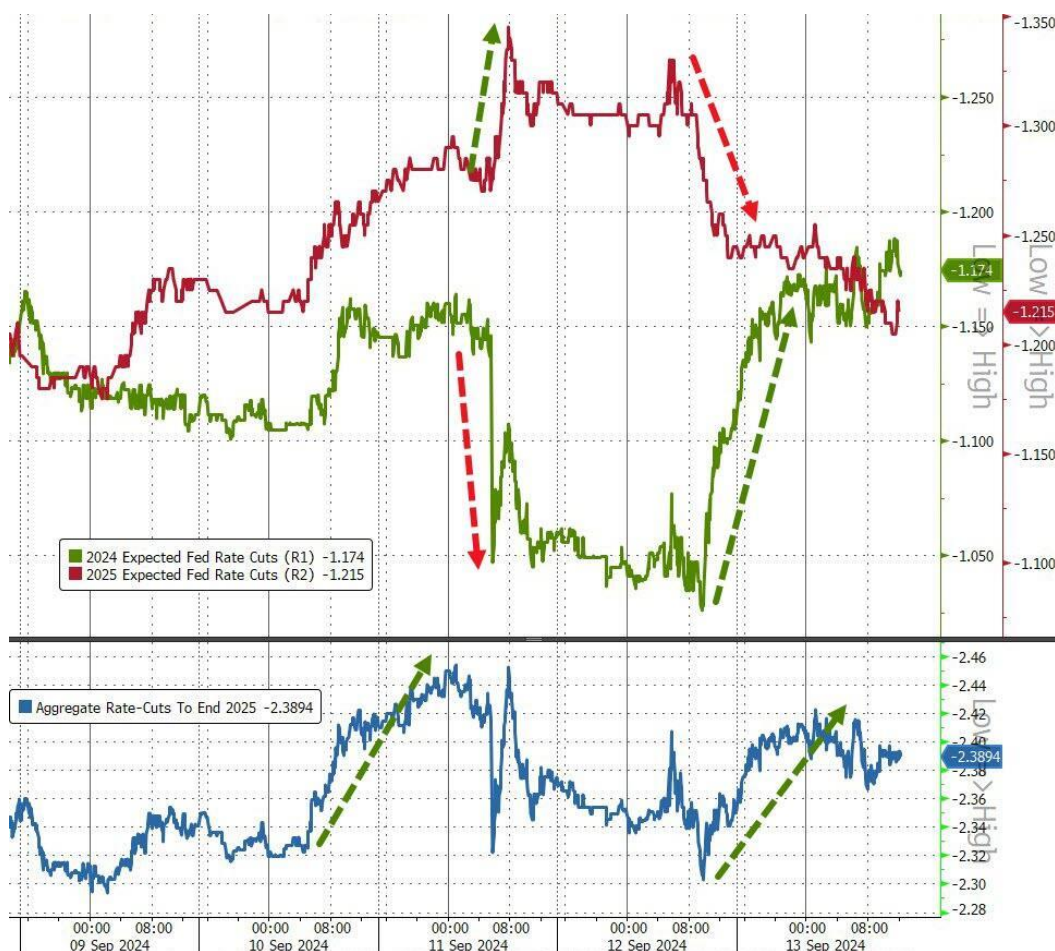


Source: Bloomberg, HolgerZ



#fed #rates #expectations

Softening hard data along with comments from The Wall Street Journal's Fed-Whisperer (NikiLeaks) on discussions about a 50bps cut next week, sent rate-cut expectations higher on the week (despite plenty of chop around the hotter-than-expected core CPI print)...

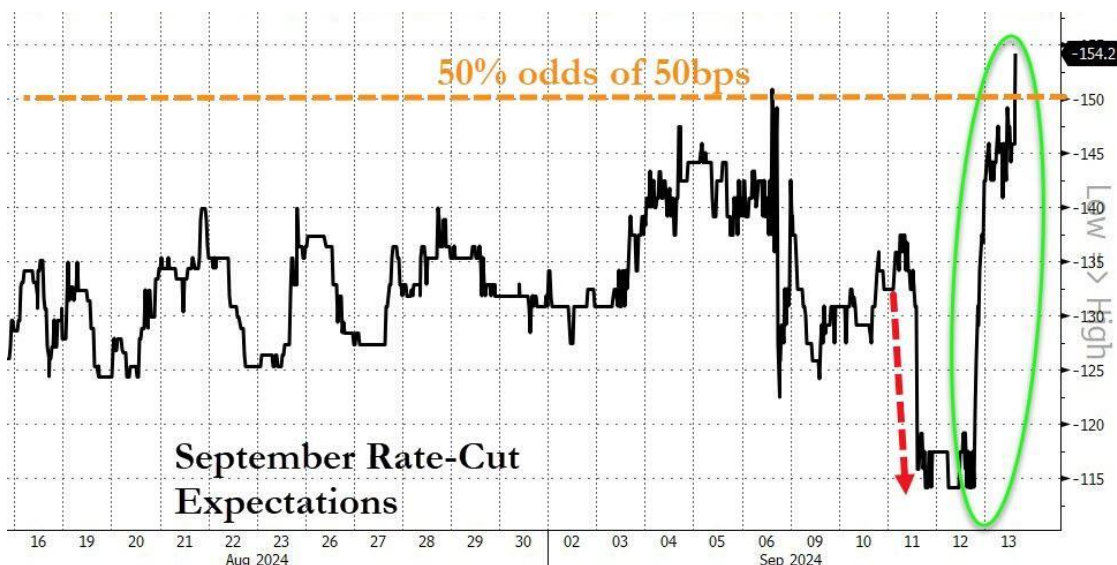


Source: www.zerohedge.com, Bloomberg

#centralbanks

#fed #rates #expectations

Odds of a 50bps cut next week just hit 50% as Wall Street Journal report Nick Timiraos – occasionally referred to as "Nikileaks" due to his excellent sources inside the Fed – published an article suggesting the decision on the size of the rate cut was still up for debate. A 25 basis point Fed rate cut was nearly fully priced in, but a WSJ article questioned that assumption: "I think [it] is a close call," Jon Faust, previously a senior advisor to Fed Chair Jerome Powell, told Timiraos. "You can make a very good case for 50," said Esther George, president of the Kansas City Federal Reserve for more than a decade until last year. She noted that the Fed moved quickly to tighten policy above the "neutral" rate, so it might make sense for the central bank to move just as quickly to ease.



Source: Charlie Bilello

#centralbanks

#fed #rates #expectations

Markets are close to pricing in the 230bps of cuts (a hard landing!!!)...



#centralbanks

#fed #rates #cuts #markets #performance

Those calling for a 50 bps rate cut next week should take a look back at January 2001 & September 2007 when the Fed started cutting cycles with a 50 bps move. If the Fed feels the need to go big because of a weakening economy, that's not bullish.

First Fed Rate Cut After a Hiking Cycle			S&P 500 Forward Total Returns				
First Fed Rate Cut	Move	Fed Funds Rate after Cut	1-Year	2-Year	3-Year	4-Year	5-Year
8/1/2019	25 bps cut	2.00% - 2.25%	13.0%	54.1%	46.6%	65.7%	100.1%
9/18/2007	50 bps cut	4.75%	-18.9%	-26.3%	-20.7%	-12.6%	7.2%
1/3/2001	50 bps cut	6.00%	-12.4%	-30.6%	-13.7%	-4.8%	2.3%
9/29/1998	25 bps cut	5.25%	22.5%	40.4%	3.0%	-16.9%	3.0%
7/6/1995	25 bps cut	5.75%	21.5%	72.9%	121.7%	169.6%	186.4%
Average All Periods (1995 - 2024)			11.6%	23.6%	36.3%	48.8%	59.4%



@CharlieBilello

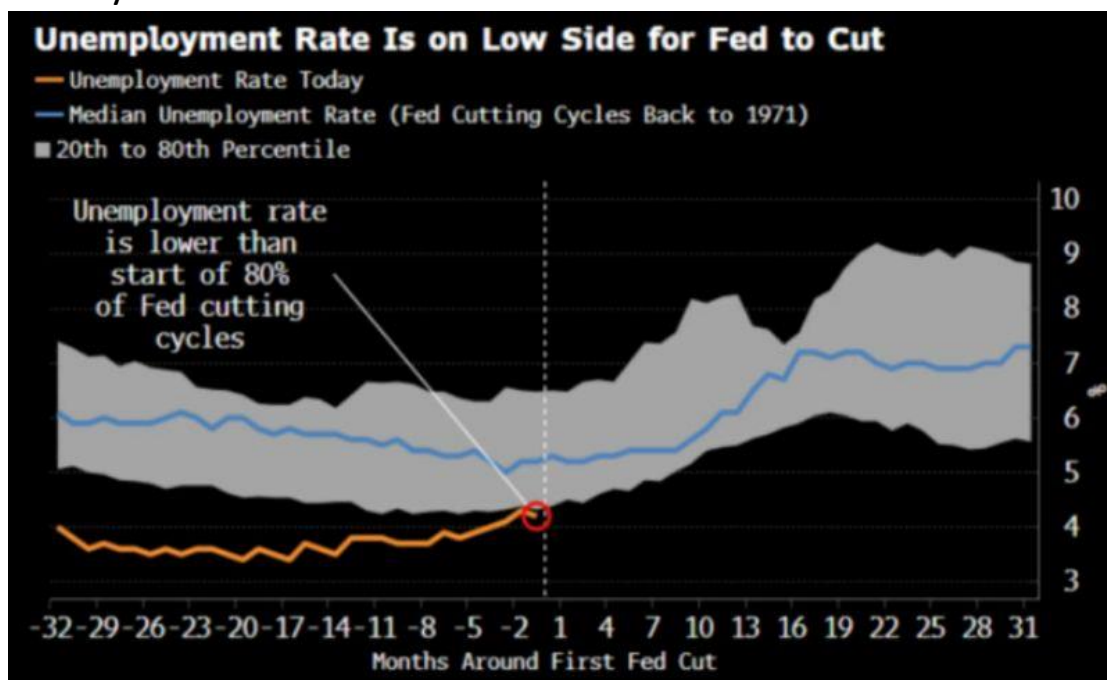
Source: Charlie Bilello



#centralbanks

#fed #rate #cuts #cycle

Should the fed cut rates next week, the easing cycle will start with an unemployment rate which is on the low side vs. history.



Source: RBC, Bloomberg

#centralbanks

#ecb #decision

ECB's Lagarde: ECB decision on the size of the depo rate cut was unanimous. Says inflation will drop to 2% in course of 2025. Our take: 👉 As widely expected, the ECB just cut its key rates for the second time this year after a first move in June. The Deposit Facility Rate (the rate at which commercial banks' deposits at the ECB are remunerated) was lowered by 25bp to 3.50%. The main Refinancing rate (the rate applied to short-term liquidity lent by the ECB to commercial banks) was lowered to 3.65%. 👉 After those rate cuts, monetary policy remains restrictive, as short-term interest rates are still significantly above the inflation rate of the euro area. However, this is "another step in moderating the degree of monetary policy restriction", as stated by the ECB.



Source: Bloomberg

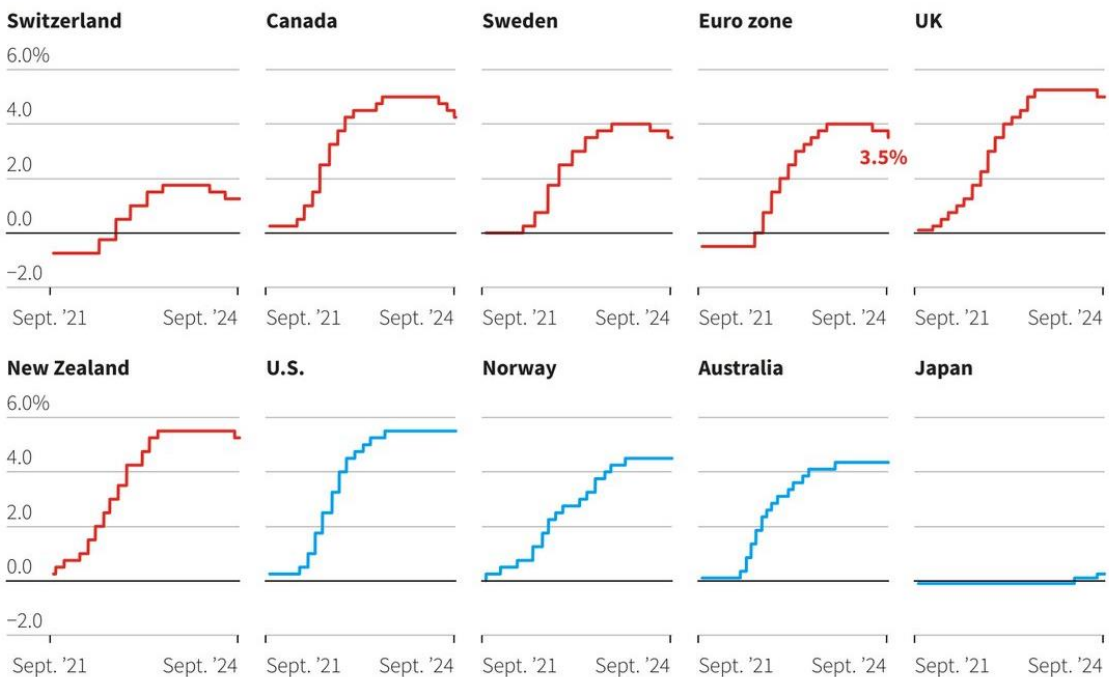
#centralbanks

#global #rate-cut #cycle

THIS IS THE BIGGEST GLOBAL RATE CUTTING CYCLE SINCE THE COVID CRISIS 6 out of 10 top central banks started slashing their interest rates this year. The BoC cut 3 times, the SNB and the ECB 2 times, and the BoE once. On Sep 18, the most important one, the Fed is set to join

The ECB cut its deposit rate for the second time since June. Six of the 10 major central banks started cutting their policy rates

Change in policy rates by central banks overseeing the 10 most traded currencies



Source: LSEG | Reuters, Sep. 12, 2024 | By Sumanta Sen

Multiple line charts showing the policy rates of the central banks overseeing the 10 most traded currencies between September 2021 and September 2024.



Source: Global Markets Investor



#bitcoin #weekly

Bitcoin surged to its best week in two months, testing back up to \$60,000 on Friday...



Source: www.zerohedge.com, Bloomberg



#cryptos

#tether #profit

Tether generated more profit than BlackRock last year

Tether: \$6.2 billion

BlackRock: \$5.5 billion

Tether has under 100 employees. BlackRock has 20,000



WSJ

Tether is arguably the first successful real-world product to emerge from the cryptocurrency revolution that began over a decade ago. It has made its owners immensely rich. Tether has \$120 billion in assets, mostly risk-free U.S. Treasury bills, along with positions in bitcoin and gold. Last year it generated \$6.2 billion in profit, outearning BlackRock, the world's largest asset manager, by \$700 million.

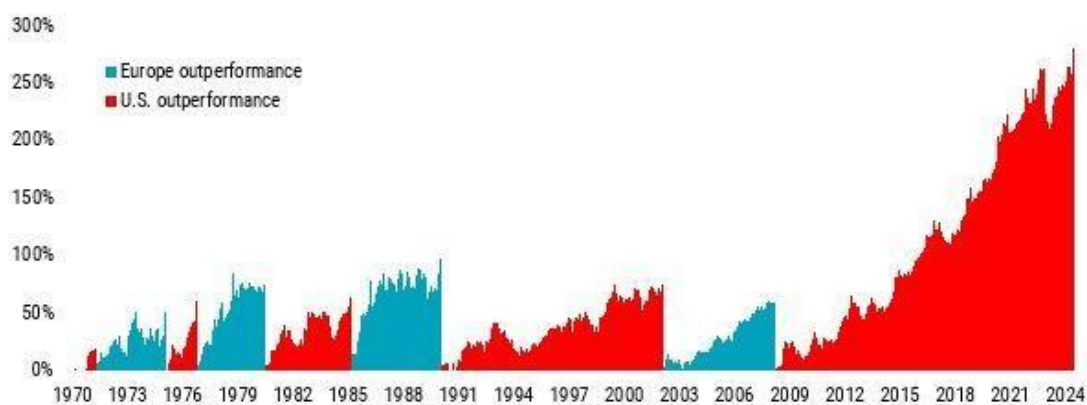
Tether's CEO, Paolo Ardoino, boasted earlier this year that, with under 100 employees, it earned more profit per person than any company ever.

Source: wsj

#food-for-thought

#us #europe #outperformance

Will Europe ever outperform again?



Source: Robeco and MSCI. USD cumulative total returns, Jan 1970 – June 2024.

Source: Robeco thru Mike Zaccardi, CFA, CMT, MBA.

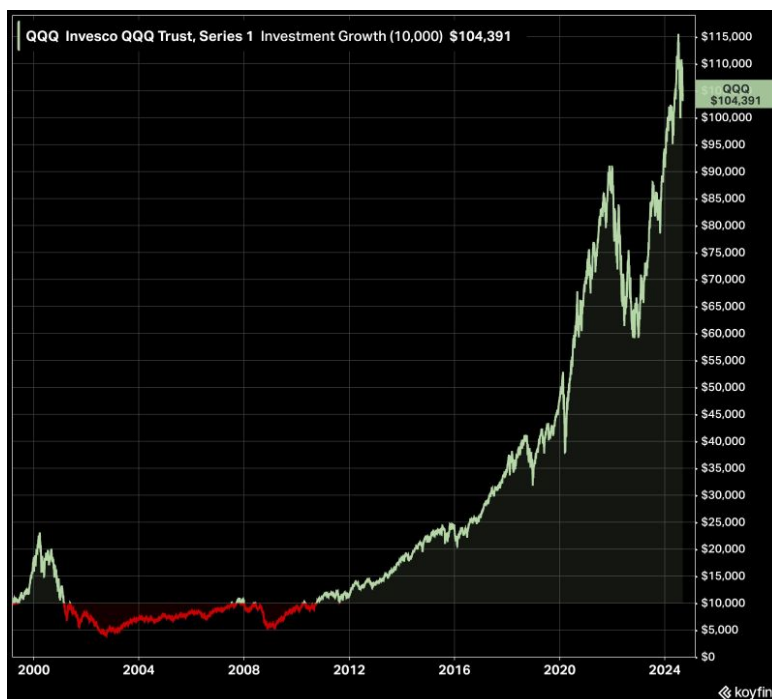
#food-for-thought

#nasdaq #performance

A person who invested \$10k in the Nasdaq 100 \$QQQ in 1999 would have faced:

- Dotcom bubble, 2000
- GFC, 2007
- EU debt crisis, 2010
- Global pandemic, 2020
- Several >20% drawdowns
- Numerous recessions

Yet, their initial investment would be worth \$104k today (10% CAGR).



Source: Koyfin

#food-for-thought

#investing #market

Timing the market

INVESTING | **Timing the stock market really is a loser's proposition**

Staying invested is the best strategy, if you can focus on purely financial terms

FRANÇOIS ROCHON
FOR POSTMEDIA NEWS

Many years ago, filmmaker Woody Allen said "80 per cent of success in life is showing up." And so far he has lived up to his standards: for more than 40 years, he's been making a new movie every year.

I think this notion applies to the stock market as well: To earn the return of stocks – on average around 10 per cent per year – you first and foremost have to be invested in stocks.

My favourite annual reading (besides Warren Buffett's letter to his shareholders) is the Dalbar research on investors' behaviour. Let's go through the results as of 2011.

First, the average equity mutual fund retention rate over the past 20 years has been 3.29 years. Dalbar concludes: "One of the most startling and ongoing facts is that at no point in time have average investors remained invested for sufficiently long periods to derive the benefits of the investment markets."

Now if investors are not holding their equity investments for long periods of time, it is probably because they believe they can "time" their buy and sell decisions wisely.

Dalbar shows in its study that "data further underscores the fact that investors fail at timing the market." Last year was a disaster for equity investors: The average investor lost 5.73 per cent in 2011 compared with a gain of 2.12 per cent for the S&P 500.

This is far from a one-year anomaly. Over the past 20 years, the average equity investor earned 3.49 per cent annually, compared with 7.81 per cent for the S&P 500. This 4.32 point difference is mostly linked to investors not having a long-term outlook.

They juggle their portfolio between stocks and bonds with few rewards. If they had simply stayed invested over those 20 years, they could have doubled their return. For investors, success really would be to stay invested instead of trying to "time" their entries and exits.

The professional (or institutional) investor is not immune to the psychological tendencies of trying to time the stock market. Like individual investors, they rarely can time their asset allocation decisions properly.

For example, I know a great money manager who has a 13.3 per cent annual return over many decades. This is an outstanding track record. Would you believe the stocks he owned have actually returned 15.8 per cent per year? But by holding lots of cash (on average, something like 20 per cent of assets), his annual return has been reduced by 2.5 per cent on average.

I never understood this. For me, it's quite simple: if stocks return 10 per cent a year over the long run, bonds return five per cent and cash returns three per cent, why on earth would you not be 100 per cent invested in stocks?

Ah ... but we hear all the time that we need diversification; we need a balanced portfolio; we need to hold cash for when the market goes down. These sayings are long on tradition but short on wisdom. If you can't sleep at night with a 100 per cent stock portfolio, I agree that holding fixed income securities makes sense (what's the point of being rich, if you don't sleep at night?). But for the sake of this article, let's put emotional reasons on the side and focus on purely financial parameters.

If holding stocks is far more rewarding than holding bonds and cash, why buy anything else than stocks? Moreover, if investors – individual and institutional – have proved time and time again that they can't predict when to buy and sell stocks, why even try?

That is why, 20 years ago, when I started to invest in the stock market, I decided I would always be invested in stocks and that I would spend no time trying to predict market fluctuations. I've focused all my efforts in finding the best companies to own for our portfolios and it's worked out pretty well.

François Rochon is the head of wealth-management firm Giverny Capital, which he founded in 1998.

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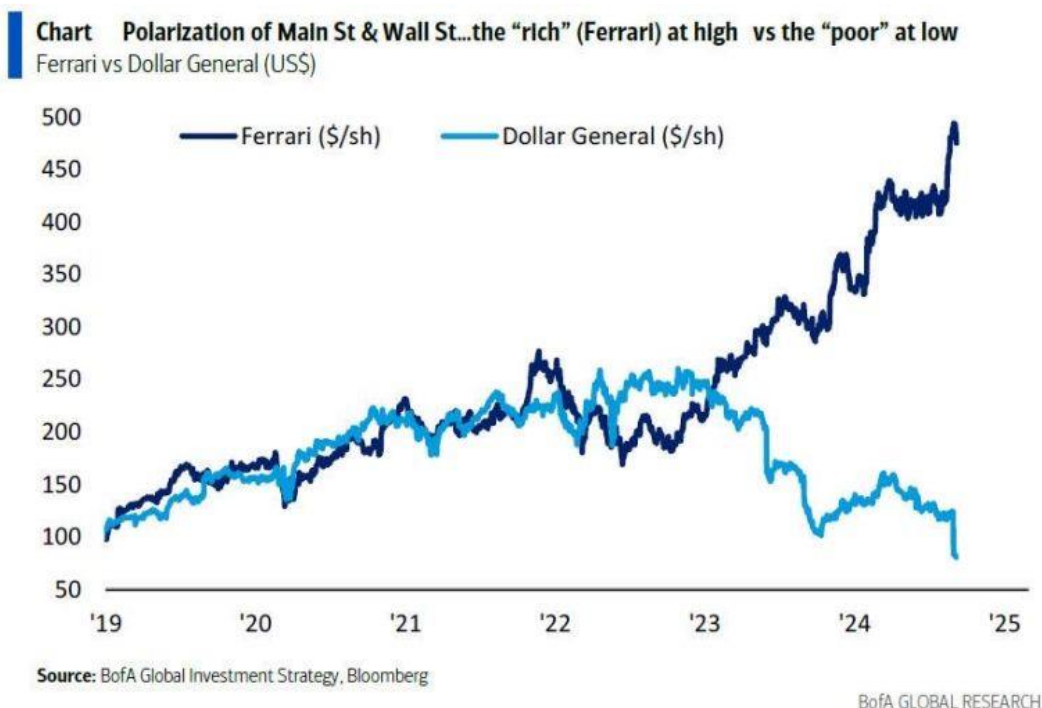
Source: @InvestInAssets



#food-for-thought

#rate #ferrari #dollar-general

Who does cutting rates benefit?



Source: Jim Banco, BofA

#food-for-thought

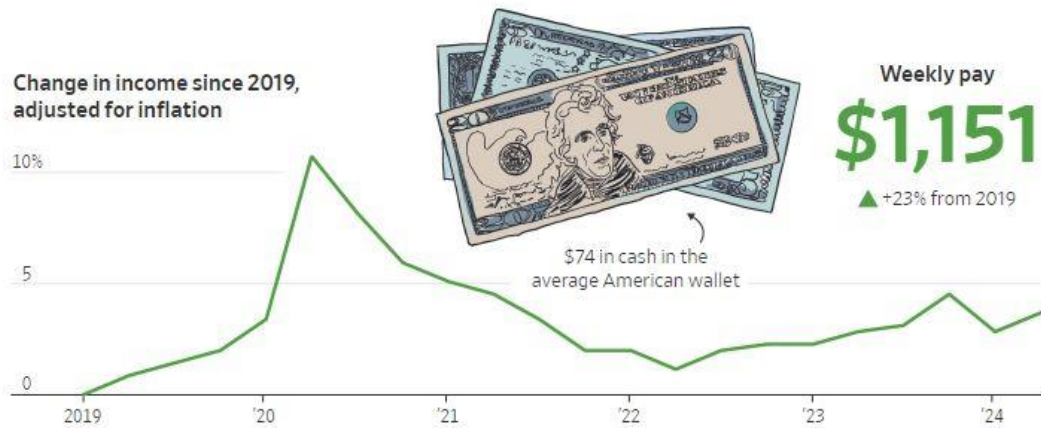
#us #income #inflation

Americans make more money than they did at the end of 2019, even after adjusting for unusually high inflation since then.

Money

Americans make more money than they did at the end of 2019, even after adjusting for unusually high inflation since then.

Our emotions are harder to adjust for inflation. The pain of higher prices brought on whiplash or even [nostalgia for the recent past](#).



Note: Weekly pay figure is median and nominal, from 2Q 2024 and 4Q 2019. Chart data is median weekly income. Sources: Federal Reserve; Labor Department

This wage data is adjusted for inflation using the consumer-price index. It shows that real median earnings were about 3.5% higher in the second quarter of 2024 than they were at the beginning of 2019.

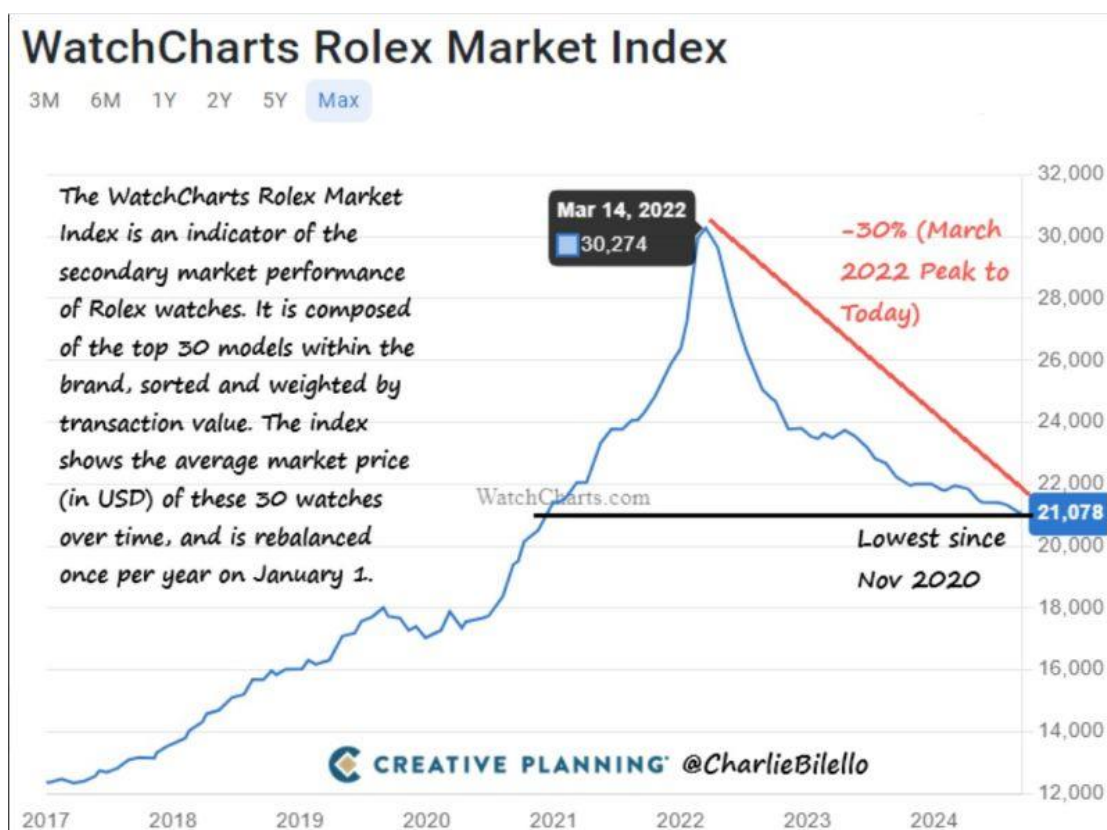


Source: WSJ, Mike Zaccardi, CFA, CMT, MBA

#food-for-thought

#rolex #index #performance

An index of Rolex Watch Prices is at its lowest level since November 2020, down 30% from the peak in March 2022.



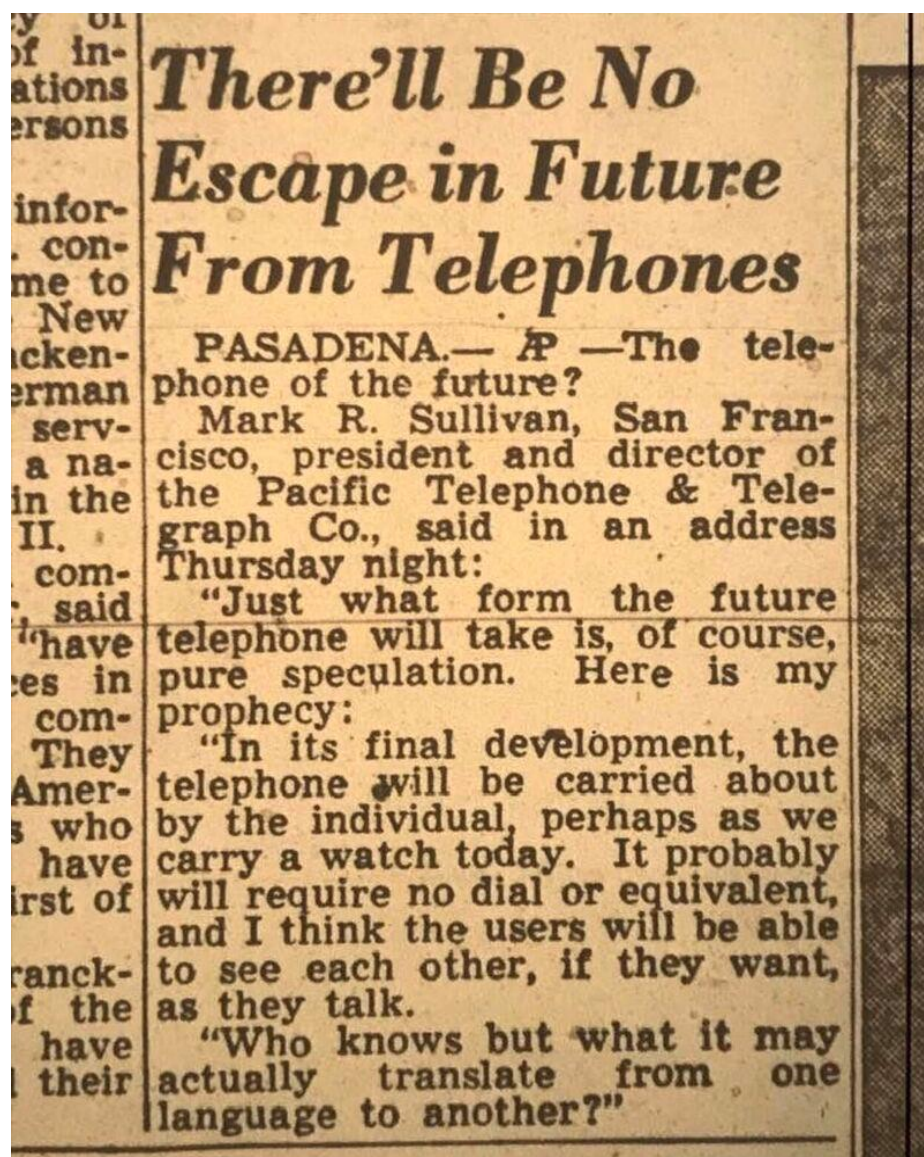
Source: charlie bilello



#food-for-thought

#prediction #telephone

Predicting the future in 1953.



Source: Jon Erlichman on X

#food-for-thought

#apple #iphone

Apple just wrapped up an event at its headquarters in Cupertino, California where it unveiled new versions of the iPhone, AirPods and Apple Watch.

Here's what Apple announced:

- iPhone 16 and iPhone 16 Plus
- iPhone 16 Pro and iPhone 16 Pro Max
- Apple Watch Series 10 with an updated design, a polished titanium option, and a new S10 chip.
- The Apple Watch Ultra 2 in satin black.
- AirPods 4 and updated AirPods Max in new colors and with USB-C charging.

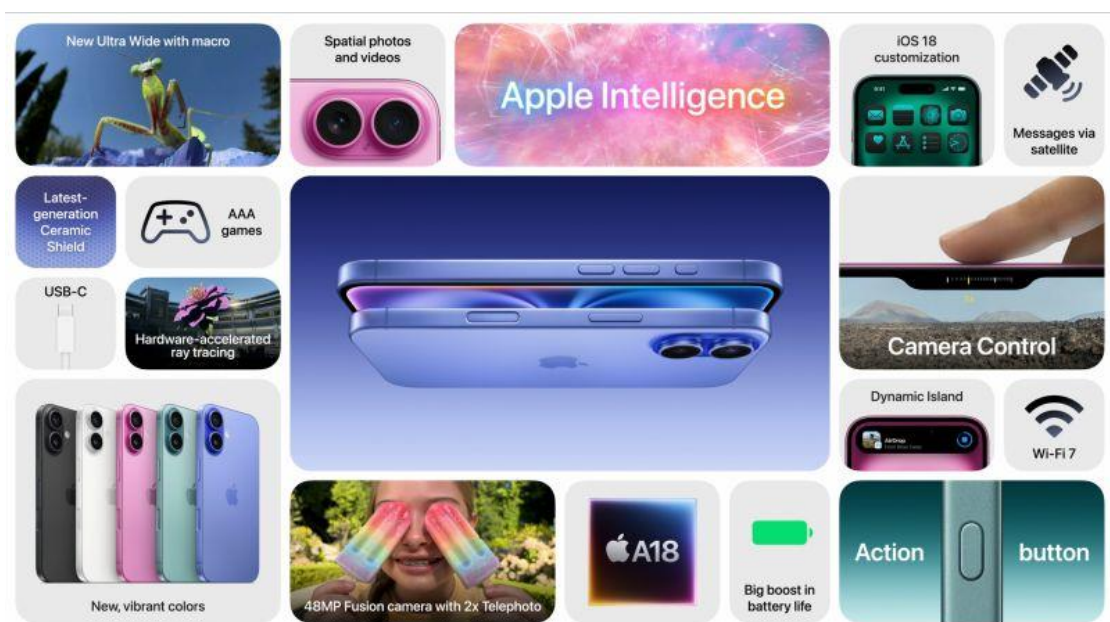


Source: cnbc

#food-for-thought

#apple #iphone

Here's a full breakdown of the \$AAPL iPhone 16 and 16 Plus
Price starts at \$799 and \$899 for the Plus

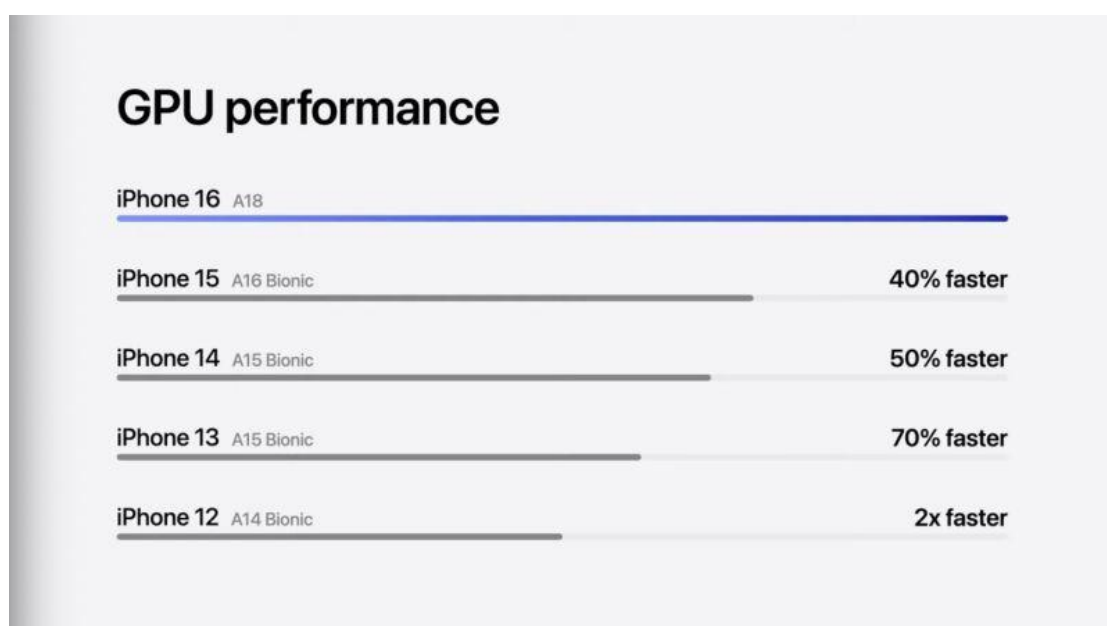


Source: Stocktwits

#food-for-thought

#apple #iphone #gpu

Apple's \$AAPL new A18 chip for the iPhone 16 has 40% faster GPU performance than the iPhone 15

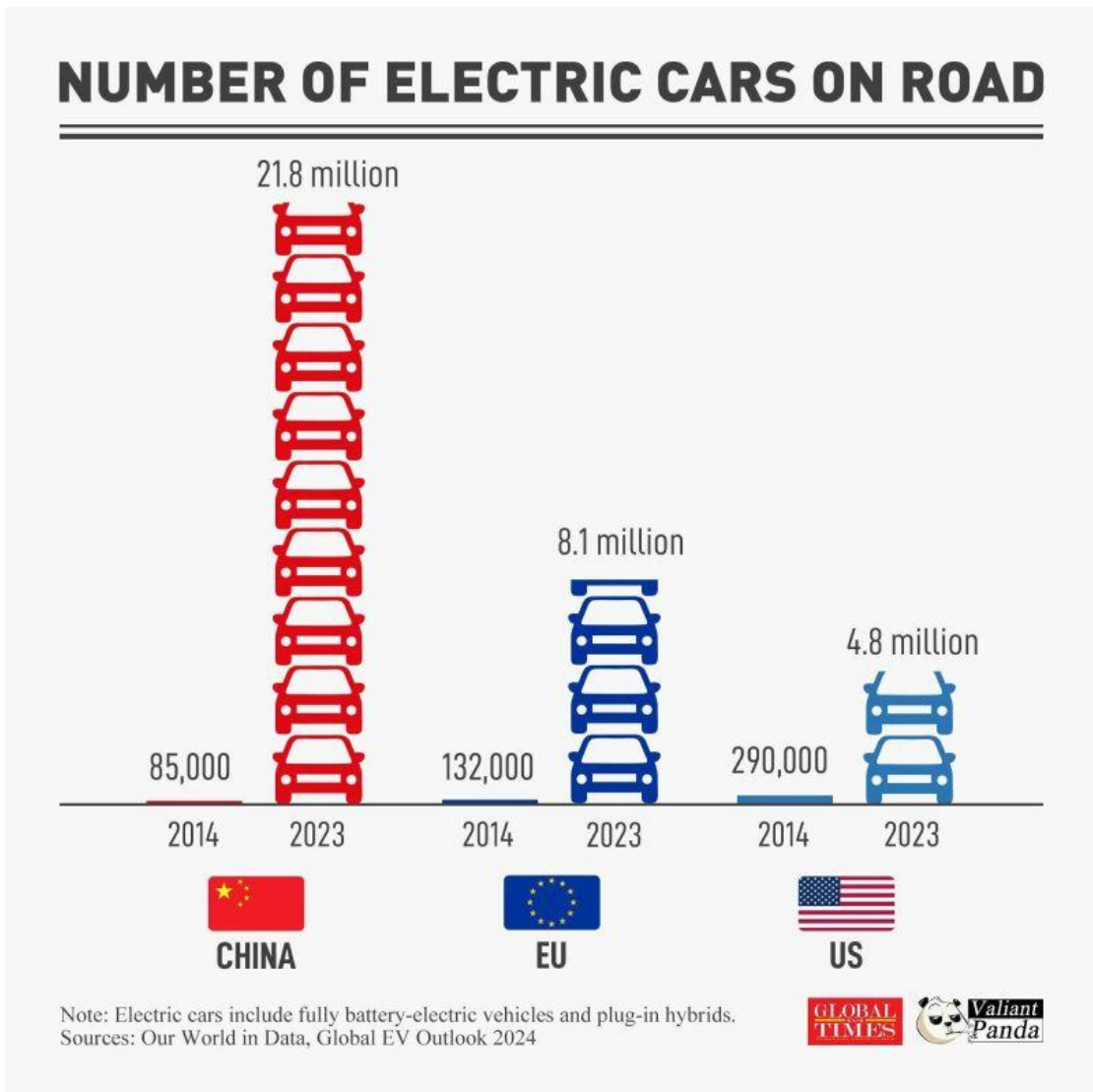


Source: Evan

#food-for-thought

#china #ev

China has 70% more electric cars on the road than the EU and US combined

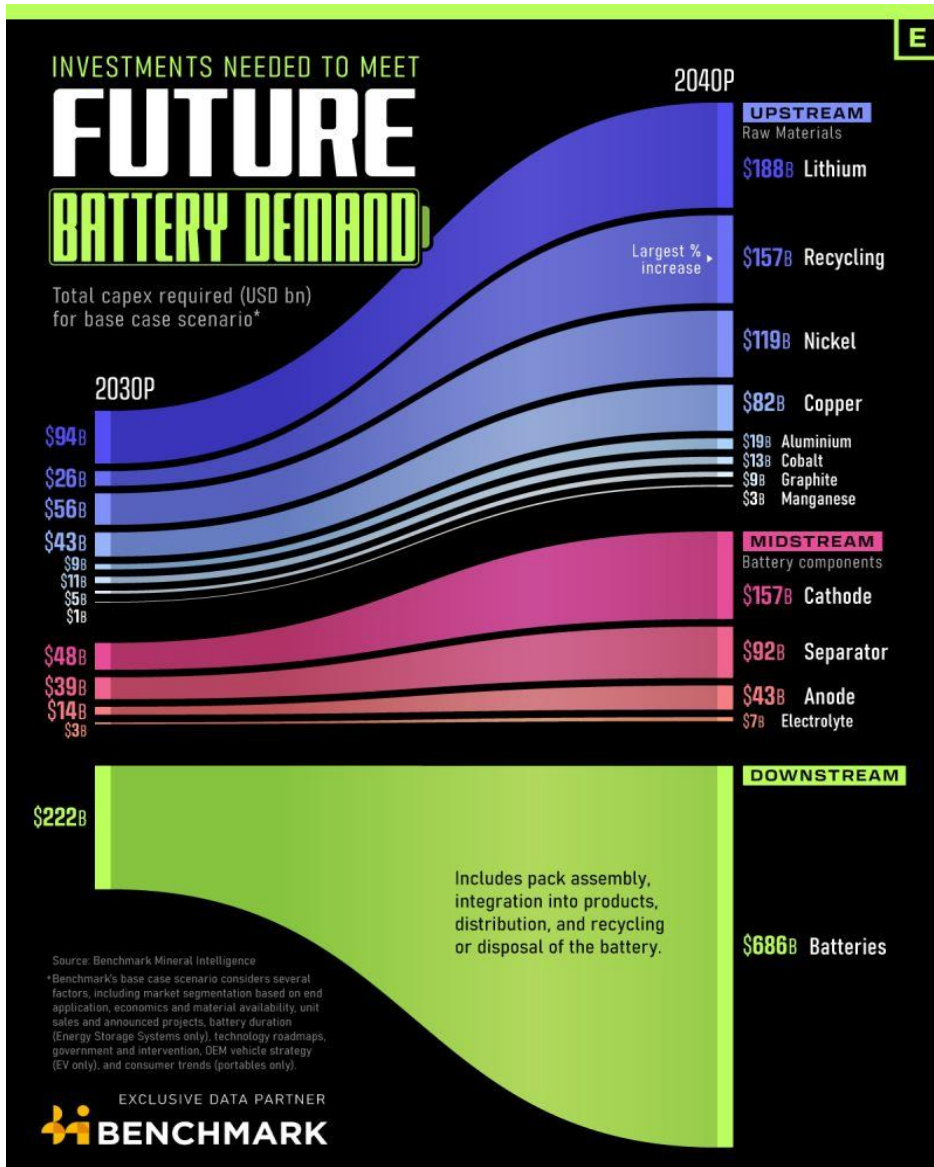


Source: Markets & Mayhem

#food-for-thought

#battery #investment

Estimated investments needed to meet battery demand

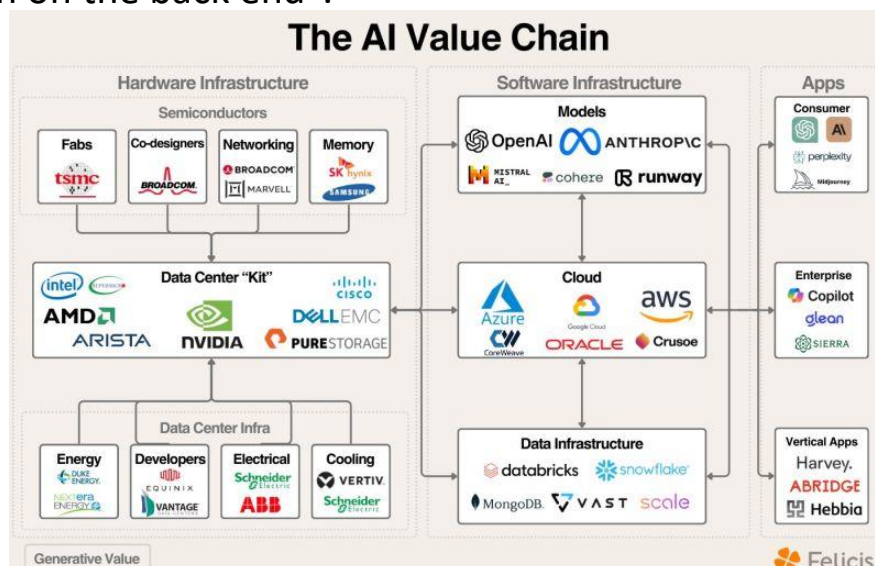


Source: Visual Capitalist

#food-for-thought

#ai #value-chain

Mapping out the current state of AI markets by : "Most value has accrued to the semiconductor ecosystem (\$130B+ in revenue this year from AI) and the data center buildout (number of US data centers is expected to double in the next four years). Energy is a legitimate bottleneck to the data center buildout, and hyperscalers/developers are aggressively acquiring real estate with power availability. The cloud companies are at a ~\$20B run rate, with Microsoft generating ~\$5B of that. We're seeing increasing interest in AI applications but little large scale value creation yet. The AI app layer will ultimately determine the value of the industry as the current infrastructure buildout will become a bubble without value creation on the back end".



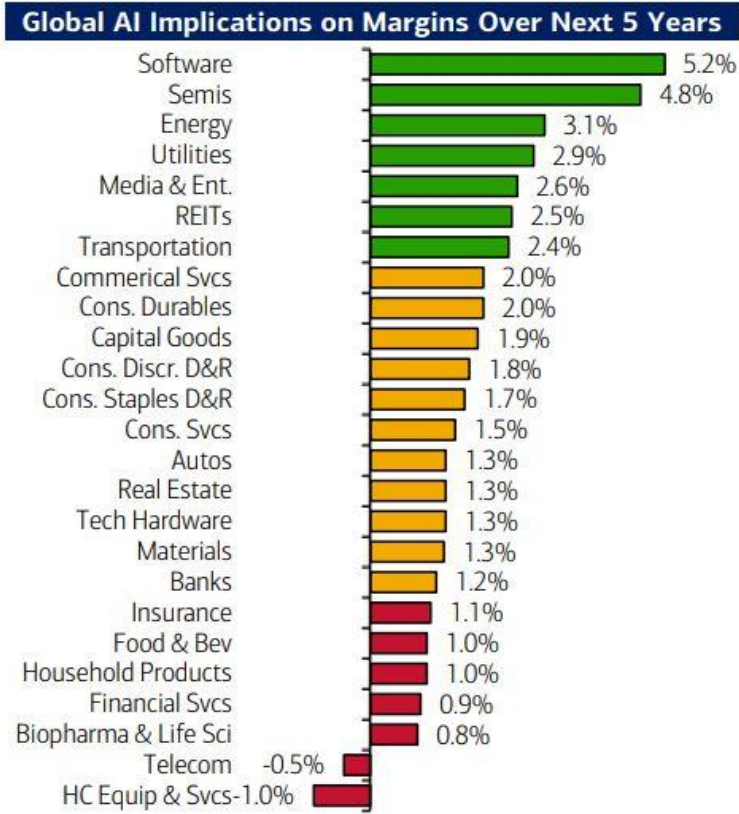
Source: @EricFlaningam, Felicis

#food-for-thought

#ai #margin

BofA: AI may drive margin expansion for 23 of 25 industry groups

Exhibit 1: According to BofA Global Research analysts, AI may drive margin expansion for 23 of 25 industry groups
Global AI-driven operating margin expansion/contraction (% change)



Source: BofA Global Research. Results based on May '24 responses. 5% = margins from 20% to 21%. Green/red shading indicates the top/bottom 25% of industry groups by analyst votes received.

BANK OF AMERICA INSTITUTE

Source: Mike Zaccardi, CFA, CMT, MBA



#food-for-thought

#openai #fundraising

OpenAI Fundraising Set to Vault Startup's Value to \$150 Billion
OpenAI is in talks to raise \$6.5 billion from investors at a valuation of \$150 billion, according to people familiar with the situation. The new valuation, a figure that doesn't include the money being raised, is significantly higher than the \$86 billion valuation from the company's tender offer earlier this year, and cements its place as one of the most valuable startups in the world.



Source: bloomberg

#food-for-thought

#meta #whatsapp #regulations

Meta will let third-party apps place calls to WhatsApp and Messenger users — in 2027. Meta is planning to enable third-party apps to place calls to WhatsApp and Messenger users by 2027, as part of their compliance with the EU's Digital Markets Act (DMA). As Meta notes in a blog post, the DMA requires that it provide an option in WhatsApp and Messenger to connect with interoperable third-party messaging services and apps. Meta says it's building notifications into WhatsApp and Messenger to inform users about these third-party integrations and alert them when a newly compatible third-party messaging app comes online.



Source: techcrunch

#food-for-thought

#jpmorgan #work

\$JPM is now capping junior investment bankers' hours to 80 per week. Only 16 HOURS per day, not bad...

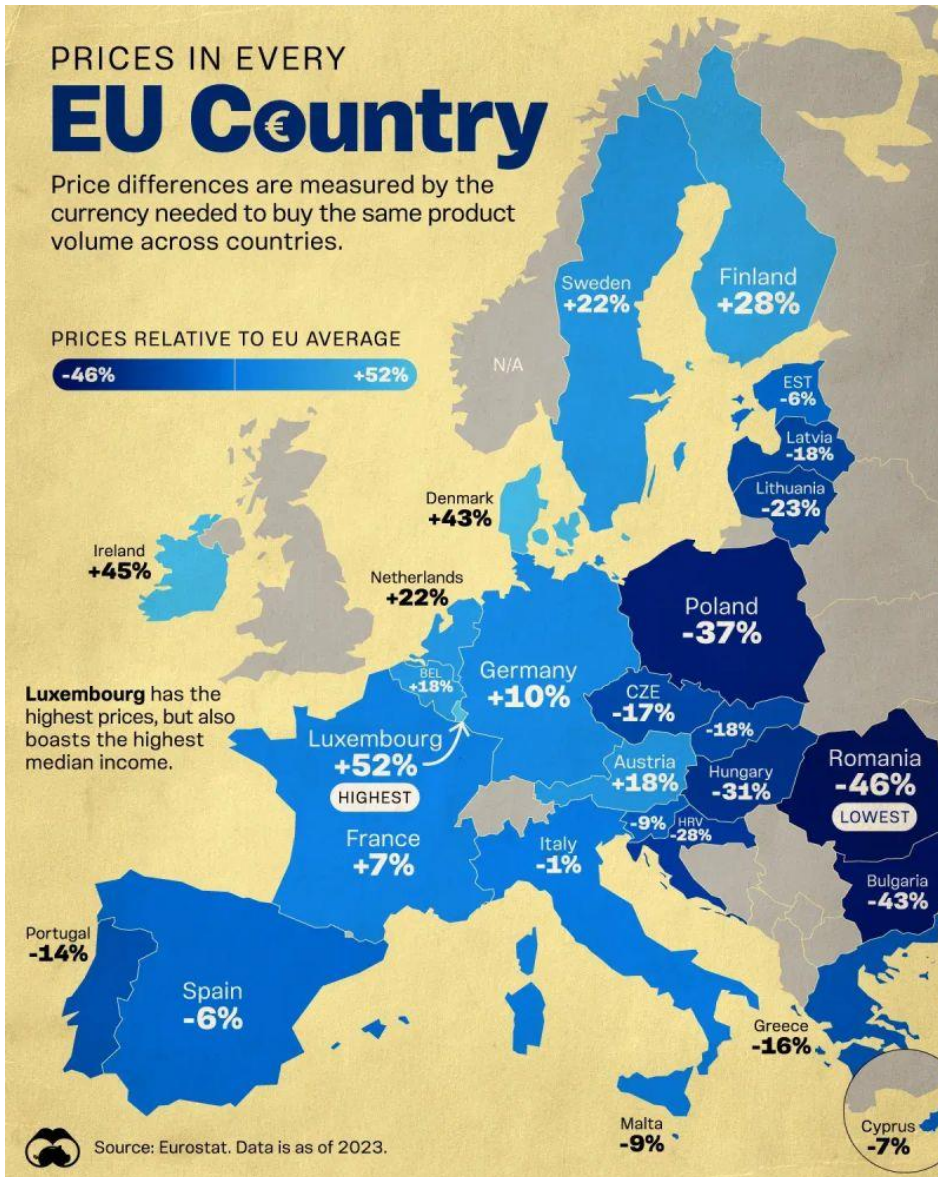


Source: Stocktwits

#food-for-thought

#eu #price

Which EU Countries are the Most Expensive?



#food-for-thought

#9/11

September 10, 2021 Twenty years ago Dan Nicholls, a London-based trader, printed out a page of Bloomberg News headlines.

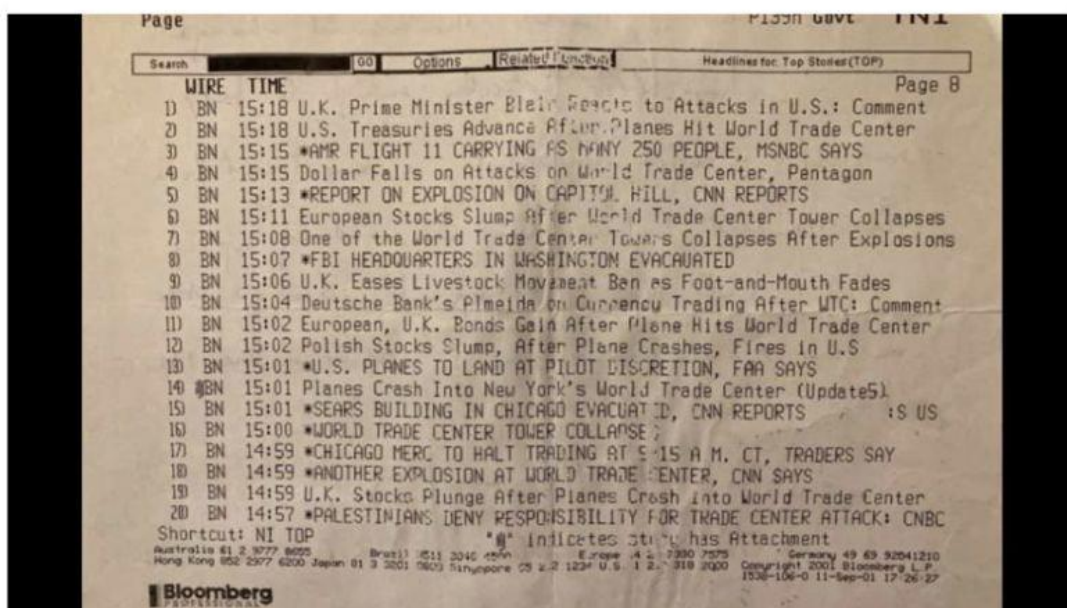


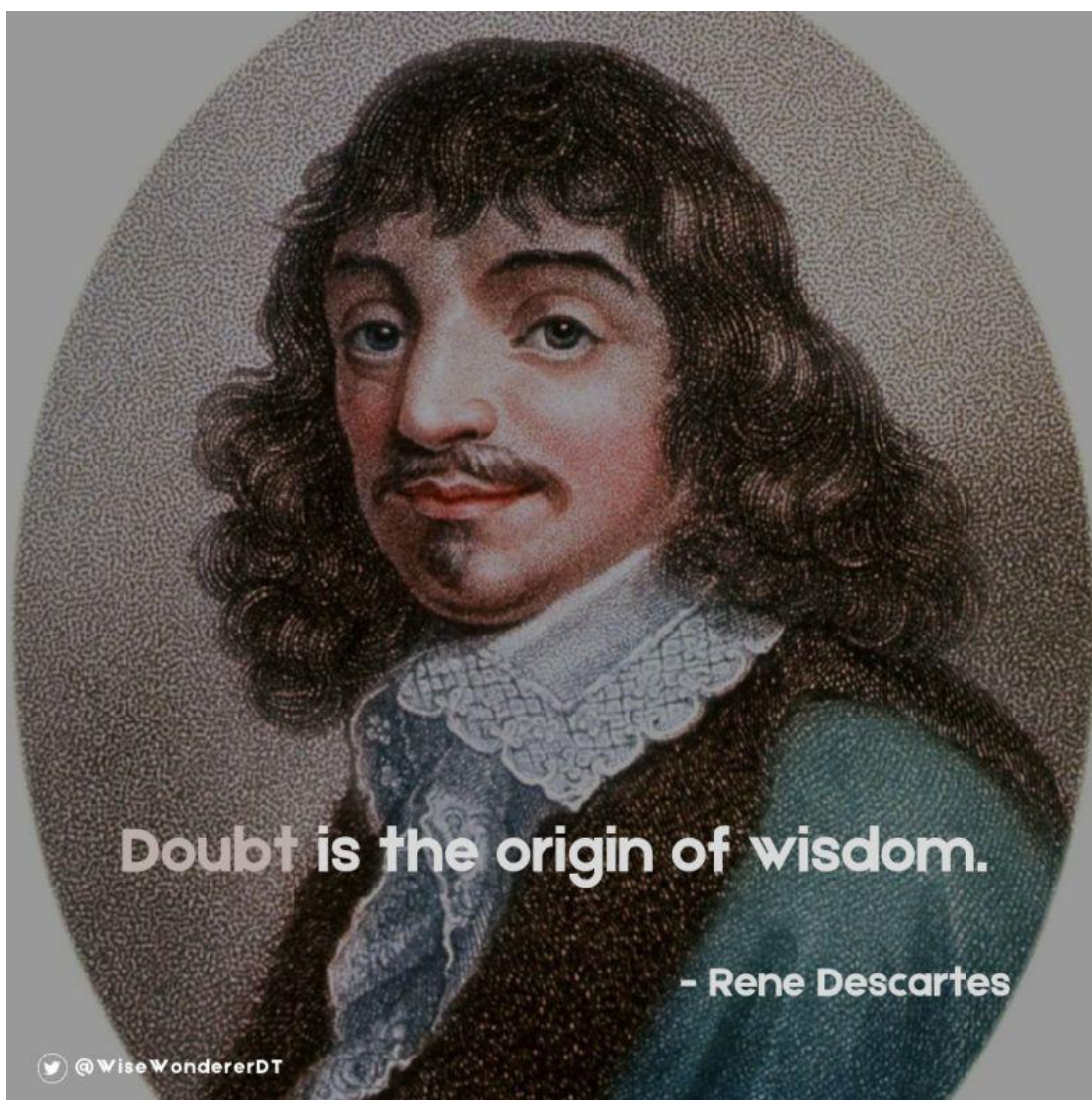
Photo: Dan Nicholls

Source: Ted Merz, CFA

#food-for-thought

#descartes #wisdom

"Doubt is the origin of wisdom" - Rene Descartes

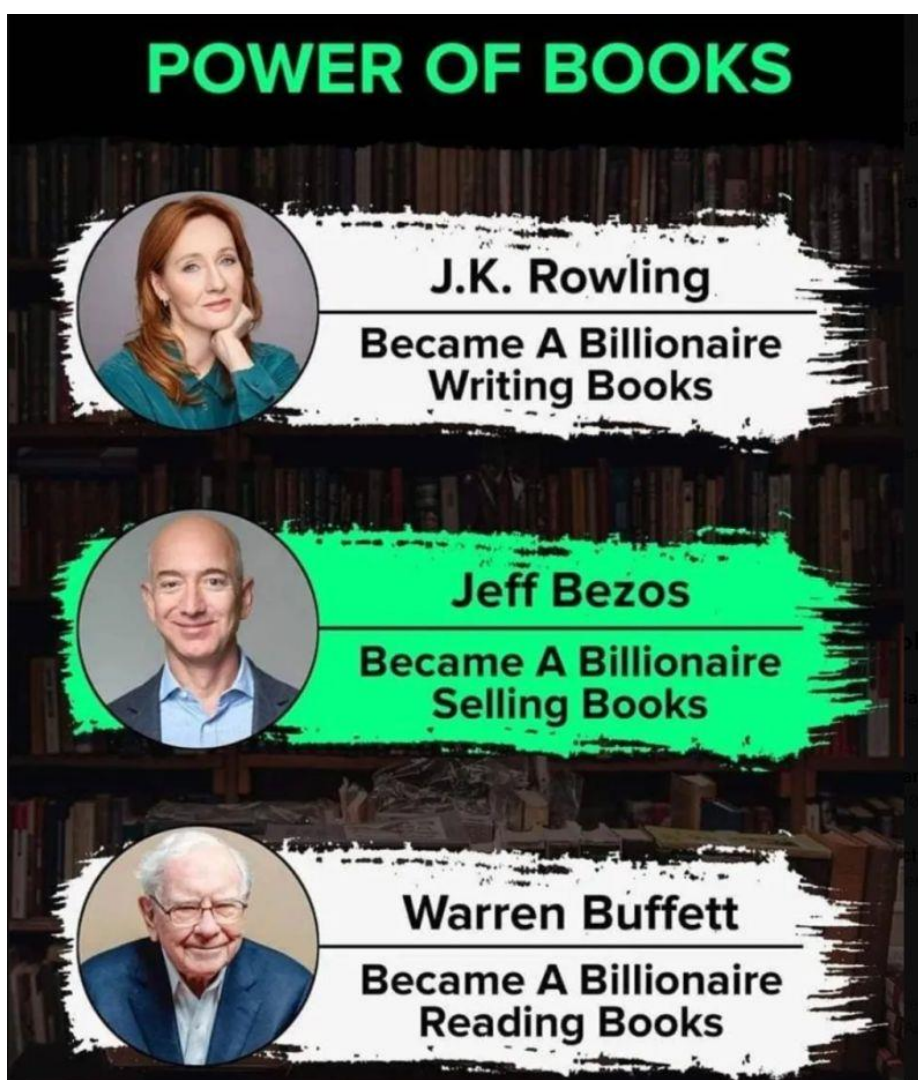


Source: Wise Wonderer

#food-for-thought

#books #success

The power of books



Source: Compounding Quality

#food-for-thought

#quote #advice



**Be curious about all fields;
the future belongs to
those who can connect
creativity to technology.”**

Walter Isaacson

Forbes

Source: Vala Afshar

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For the future...