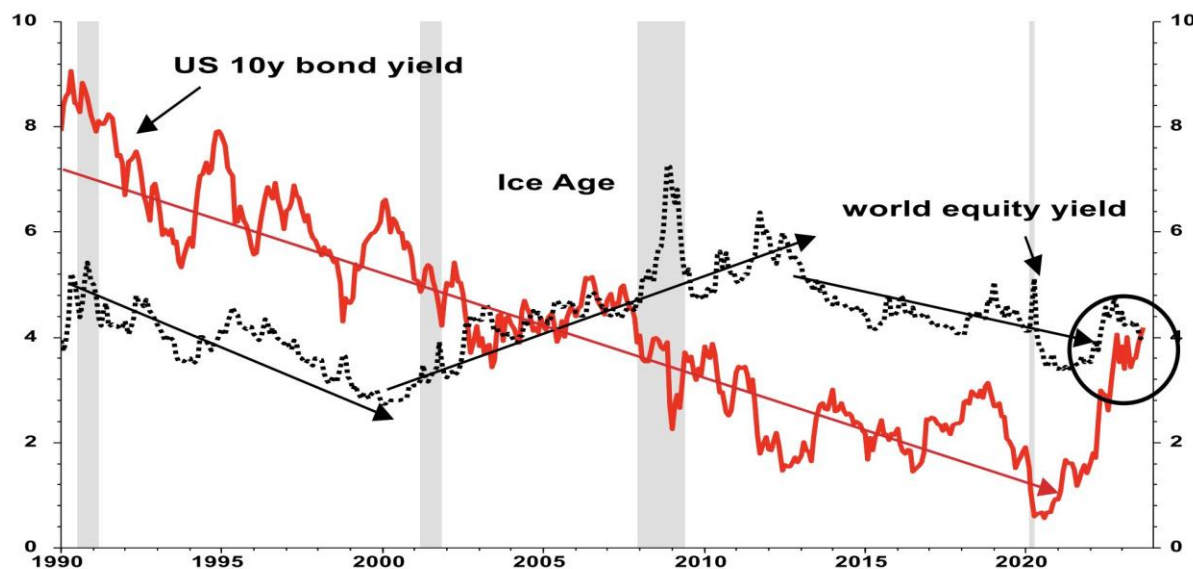


## Chart of the week

### What is the pain threshold for equities?

US 10-year bond yields have risen above global equity yield for the first time since 2007. How much more pain from rising bond yields can equities now tolerate?

**The global equity yield has just risen back above the US 10y bond yield (equity yield here is the average of the world dividend yield and forward earnings yield)**



Source: Datastream

Source: SocGen

### S&P 500 & Nasdaq post worst weeks since March

The Fed held its September meeting and the message from Jay Powell was clear: they will continue to keep rates elevated until inflation moves more convincingly toward 2.0%. The Fed held rates steady at 5.25% - 5.5% at this meeting but kept the option of an additional rate hike on the table, maintaining its outlook for a peak fed funds rate of 5.6%. The S&P 500 and the technology-heavy Nasdaq Composite reacted negatively, dropping 2.9% and 3.6% respectively. That marked the third straight negative week and worst weekly performance since March for each. As Vanda Research notes, inflows into the artificial intelligence (AI) sector continue to decline. The VIX jumped back above 17 on the week. Bond yields surged after the central bank forecasted one more rate hike for 2023. The pan-European Stoxx 600 index lost nearly 1,6% for the week — its worst performance since mid-August. Within Fixed Income, the benchmark 10-year Treasury yield popped to its highest level since 2007 this week. Meanwhile, the 2-year rate touched its highest level since 2006. Concern also grew around a government shutdown, which could dent consumer confidence and slow down the economy further. House Republican leaders sent the chamber into recess on Thursday. The dollar rallied on the week (up for the 8th week of the last 9)... Oil prices caused lots of excitement intraweek but ended unchanged with WTI hovering around \$90.50. Bitcoin was noisy on the week but basically closed unchanged at around \$26,500...

## #GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

23 SEPTEMBER 2023

#markets

### #weekly #markets #review

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	33,964	-1.9%	2.5%
S&P 500 Index	4,320	-2.9%	12.5%
NASDAQ	13,212	-3.6%	26.2%
MSCI EAFE*	2,071	-1.8%	6.5%
10-yr Treasury Yield	4.43%	0.1%	0.6%
Oil (\$/bbl)	\$90.34	-0.5%	12.6%
Bonds	\$95.03	-0.5%	-0.3%

Source: FactSet, 9/22/2023. 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

Hand-curated selection of the best charts & news flow

23 SEPTEMBER 2023



## #sp500 #weekly

Worst weekly performance for the S&P 500 since March   
 \$SPY



Source: Trend spider





## #sp500 #pullback

This is the first 5% pullback in the S&P 500 since March (closing prices). Tis but a flesh wound with the index still up 13% on the year.



Source: Charlie Bilello



## #sp500 #technicals

S&P 500 Index (SPX) is back once again on major support 4'325. Keep an eye on this important level. Next support at 4'195



Source: Bloomberg





## #us #equities #technicals

All the major US equities indices closed below key technical levels...



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

## #GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

23 SEPTEMBER 2023

#markets

### #vix

VIX jumped back above 17 on the week (which is a relatively big deal given its compression of late)...



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





## #vix #seasonality #index

VIX seasonality perfection???

You are here



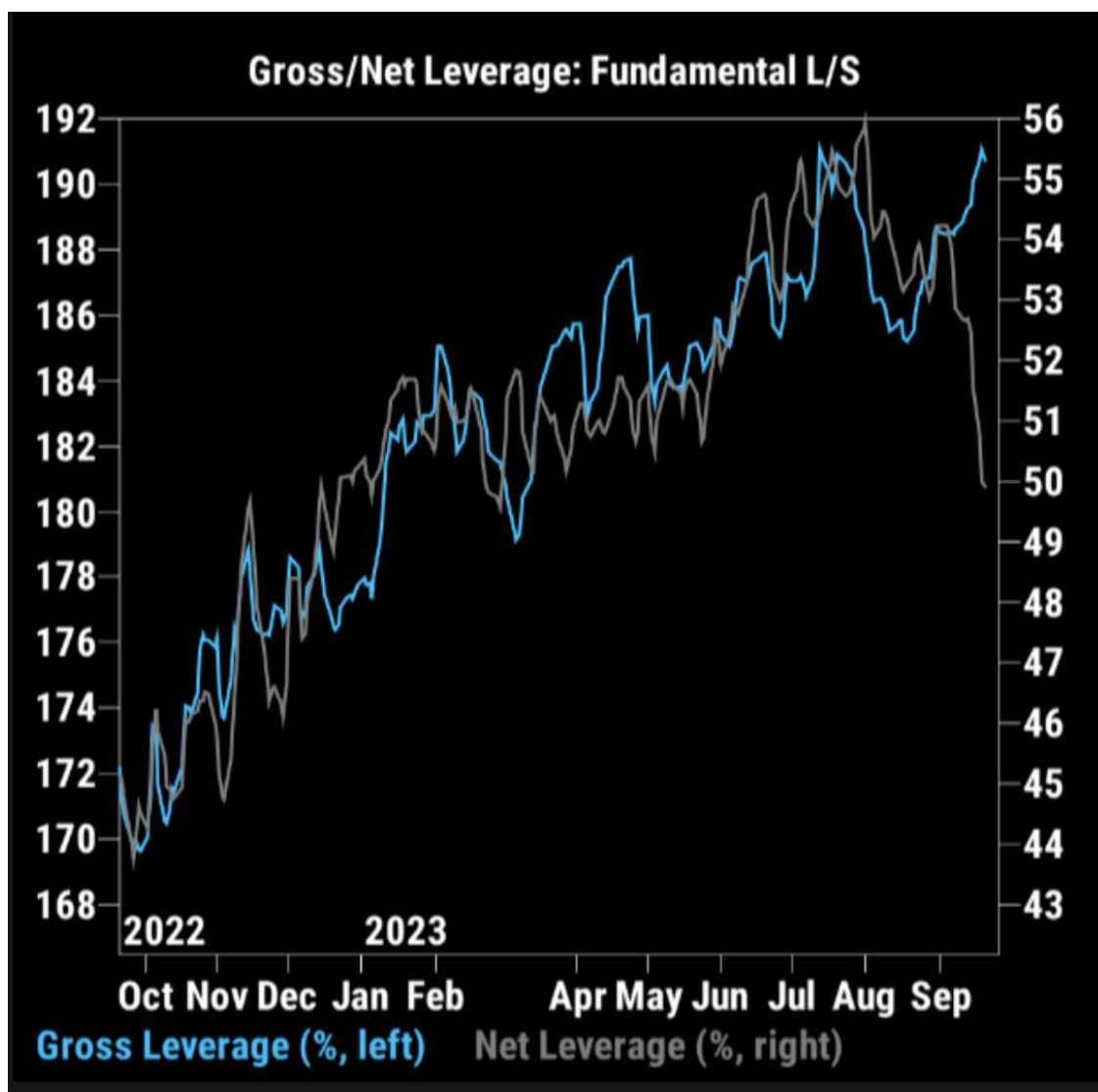
Source: Equity Clock

Source: Source: [Equityclock.com](https://www.equityclock.com), TME



## #hedge-funds #leverage

Fundamental hedge fund net leverage has come down a lot since August highs and is now at YTD lows.

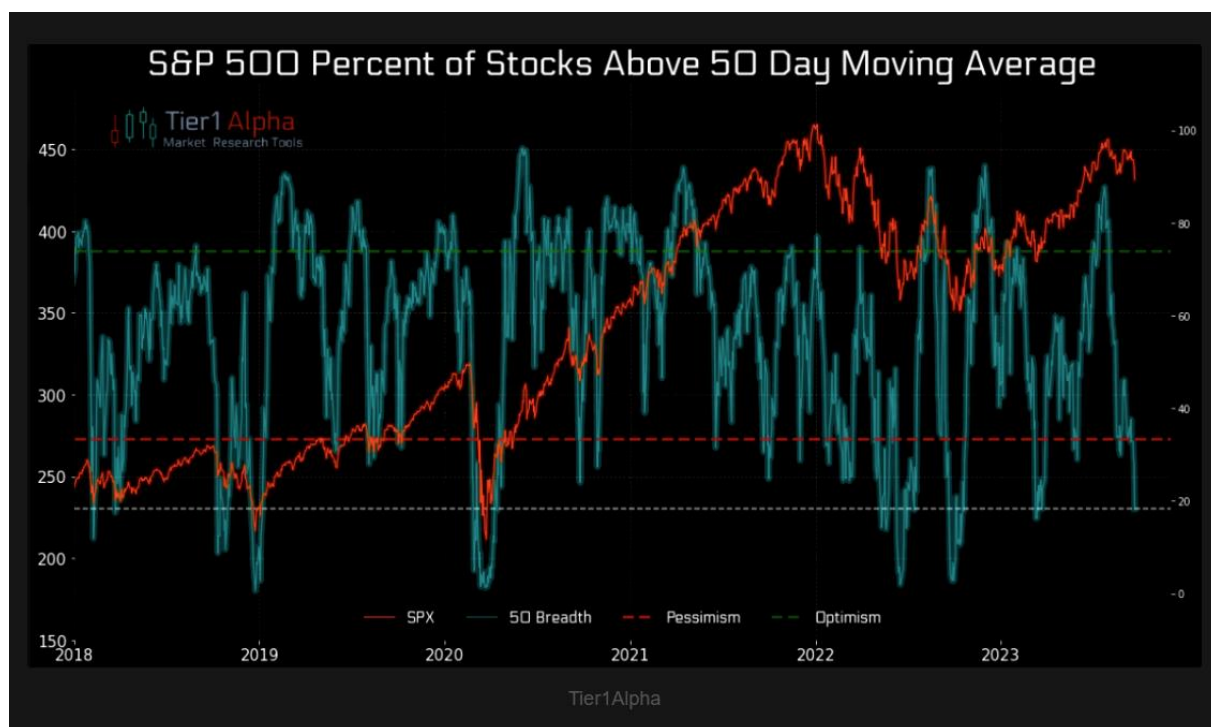


Source: TME



## #sp500 #breadth

The percentage of stocks trading above the 50 day moving average has collapsed.

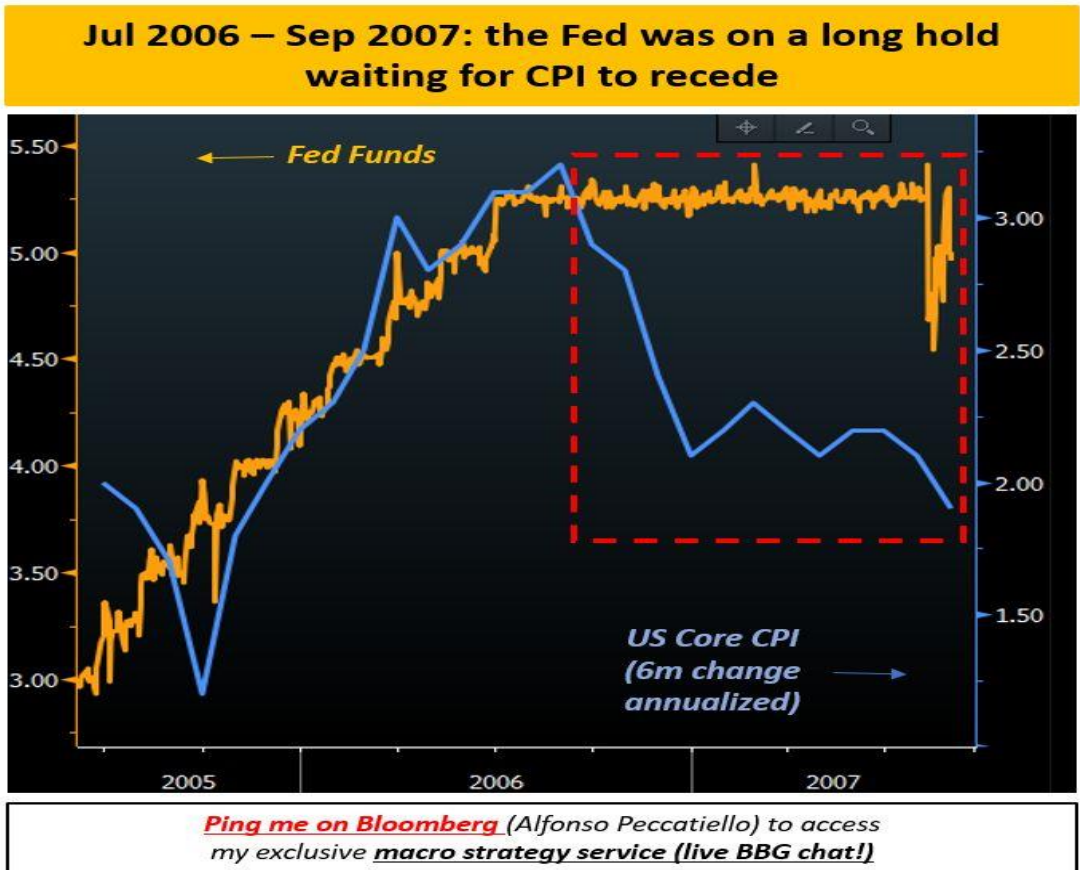


Source: Tier1Alpha



## #h2-2007

Can be the second half of 2007 be a good parallel for today's market? As highlighted by MacroAlf, back in 2007, the FED kept rates at 5.25% (orange) despite core inflation was trending around 2% (blue) for quarters already. That "higher for longer" stubbornness kept policy unnecessarily tight - as we figured out in 2008...



Source: Alfonso Peccatiello

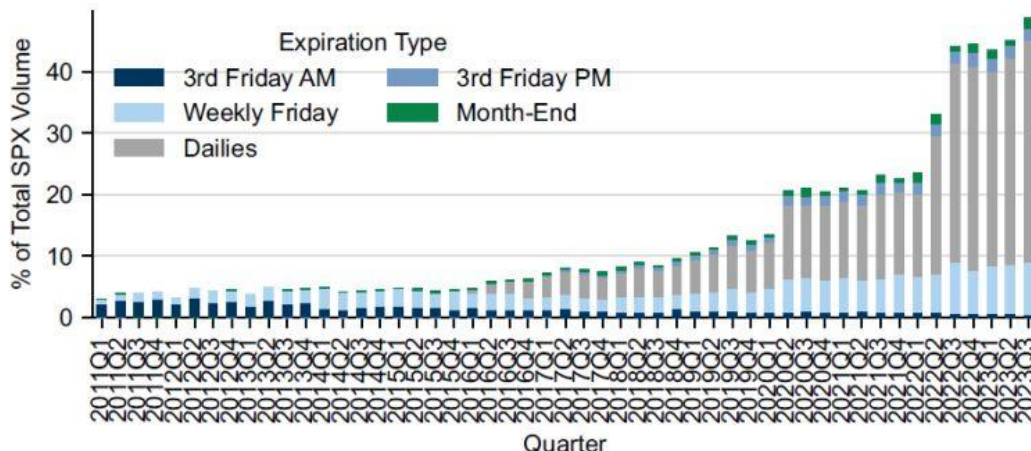




## #sp500 #spx #options #0dte

0DTE trading in \$SPX options accounts for a record 49% of total trading volume.

**Exhibit 4: % of SPX volume with < 24 hours remaining**  
% of S&P 500 listed volume expiring within 24 hours, by expiration type



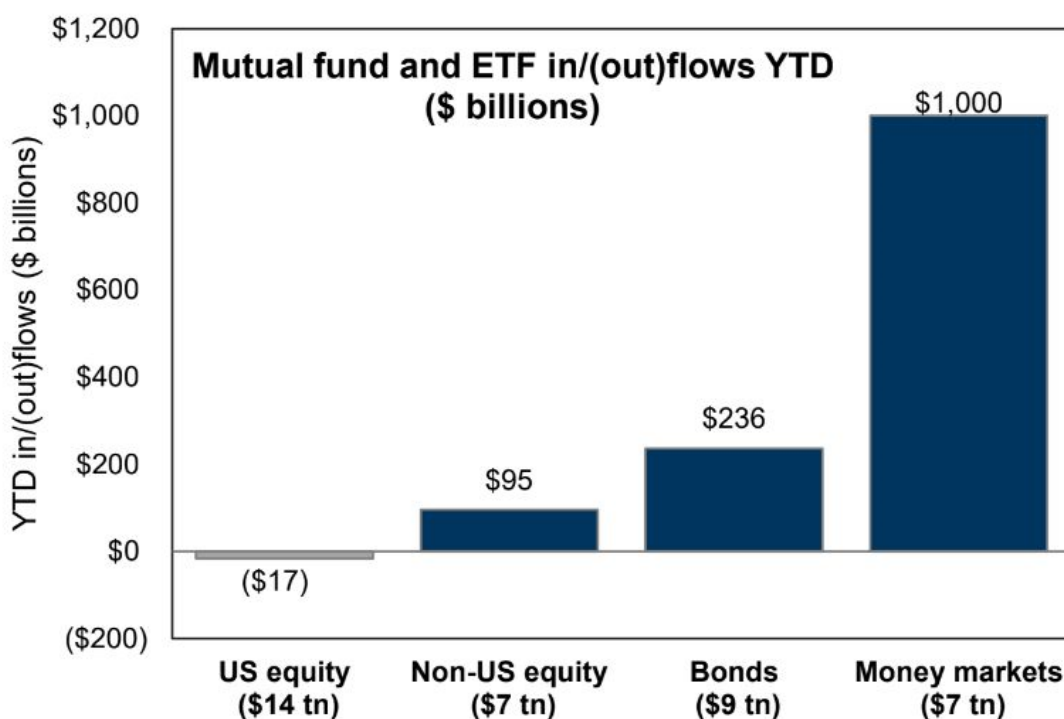
Source: Goldman Sachs Global Investment Research, OptionMetrics

Source: Markets & Mayhem



## #mutual-funds #etf #flows

CASH IS KING...Where investors have put their cash this year (hint: NOT stocks)



Source: Goldman

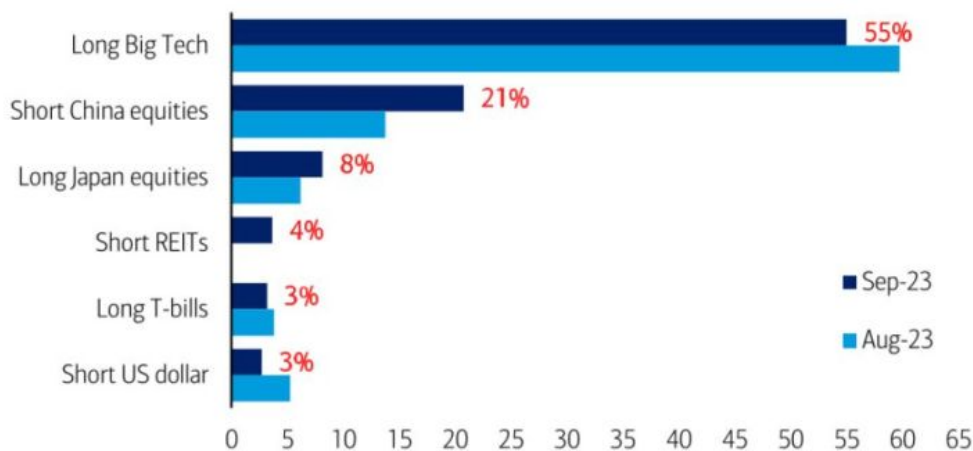


## #crowded-trades

Long Big tech is now the most crowded trade in the latest Global Fund Manager Survey by BofA. Short China equities comes next.

**Chart 16: Conviction "Long Big tech" still the 'winning' trade**

What do you think is currently the most crowded trade?



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Source: BofA



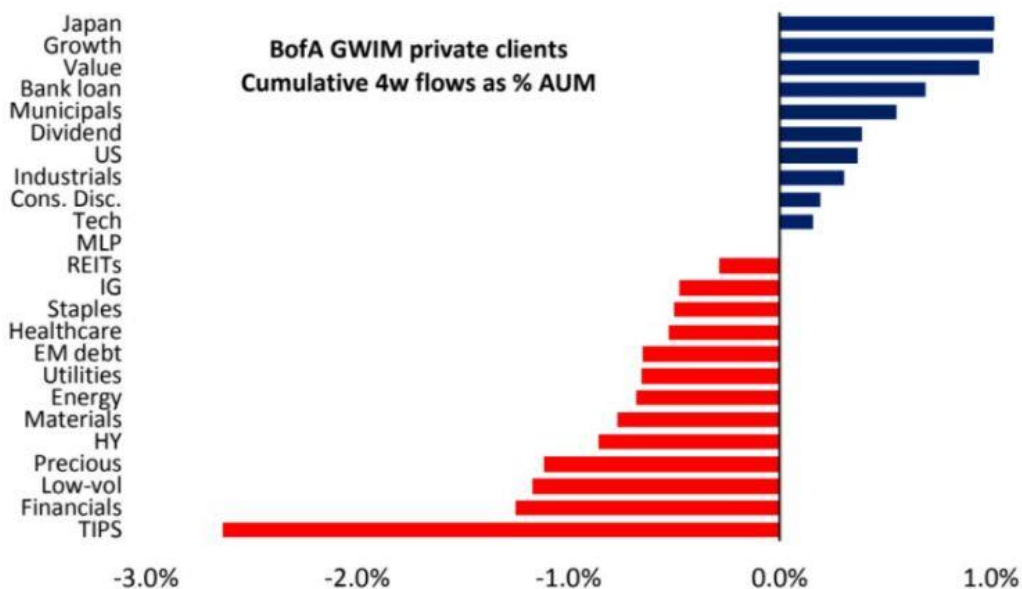


## #etf #flows

"Private clients buying Japan, growth & value, bank loan & muni ETFs past 4 weeks, selling TIPS, financials, low vol, gold ETFs."

**Chart 14: Private clients bought Japan, growth, value, sold TIPS**

BofA private clients 4-week ETF flows as % of AUM



Source: BofA Global investment Strategy

BofA GLOBAL RESEARCH

Source: BofA

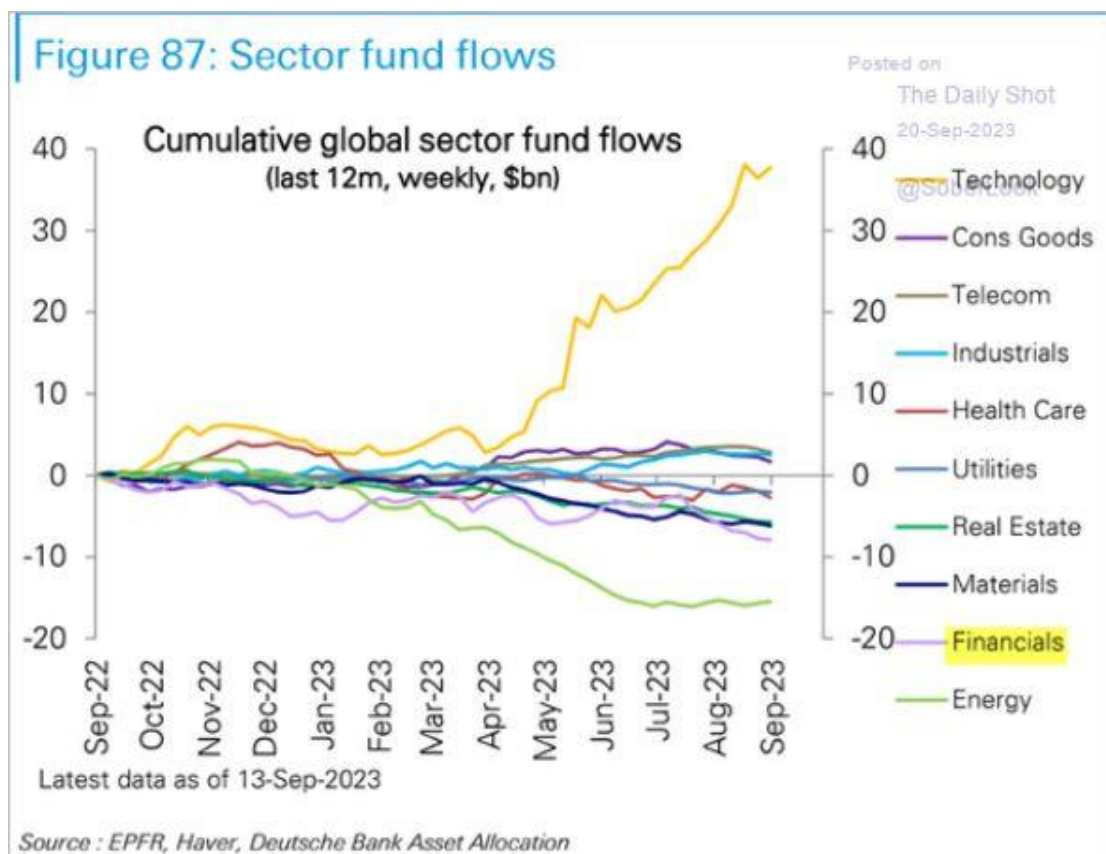






## #funds #tech #overweight

Long-only institutional & retail investors are all-in overweight tech and meaningfully underweight energy. Will elevated tech valuations, rising long-end yields, and rising oil prices trigger a squeeze in positioning?



Source: The Daily Shot, EPFR, DB

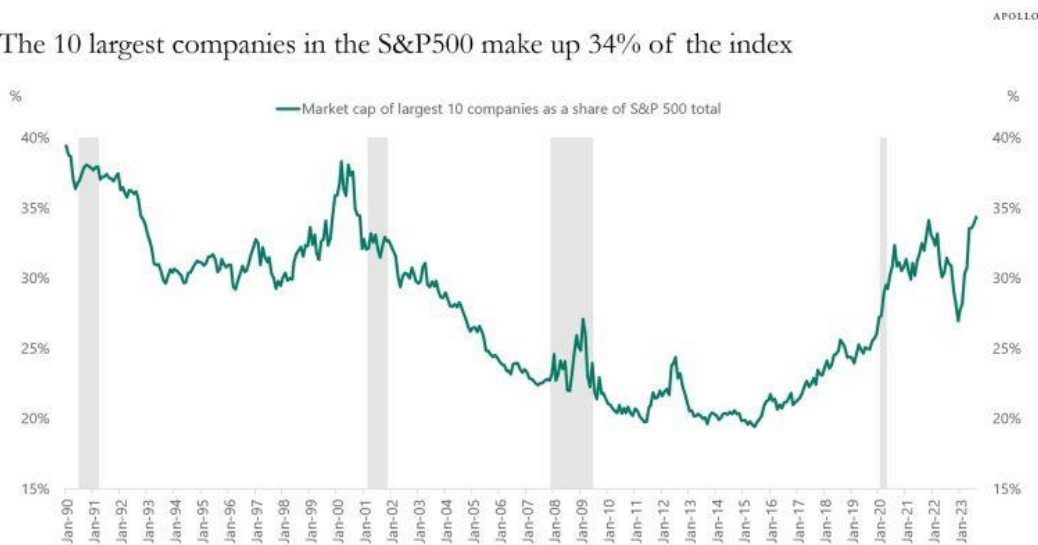




## #sp500 #pe-ratio #market-cap

The 10 largest companies in the S&P 500 now make up 34% of the index with an average P/E ratio of 50x. This is the highest percentage since 2001 during the Dot-com bubble. Even in the 2008 bubble, this percentage peaked at ~26%. These same 10 companies have accounted for ~80% of the Nasdaq's entire rally this year. Markets are increasingly held up by a few stocks, particularly in the technology sector.

The 10 largest companies in the S&P500 make up 34% of the index



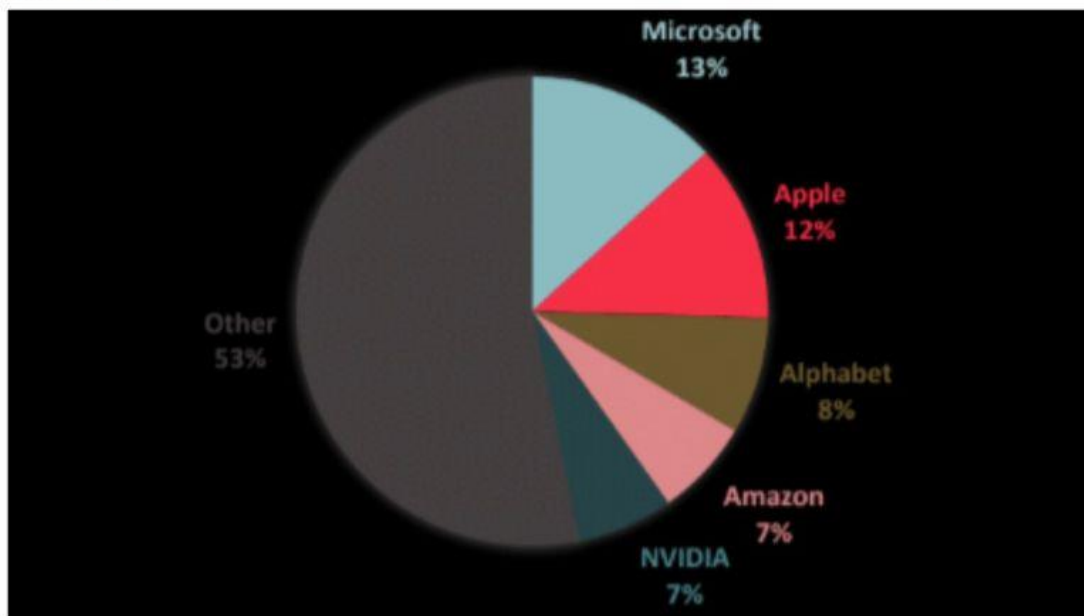
Source: The Kobeissi Letter, Apollo



## #market-cap #nasdaq #equities

Top five stocks by market cap are c.50% of Nasdaq-100 Index market cap

5 for 50%



Source: Soc Gen

Source: SG

## #energy #sector

JPM upgrades energy. Main bullets:

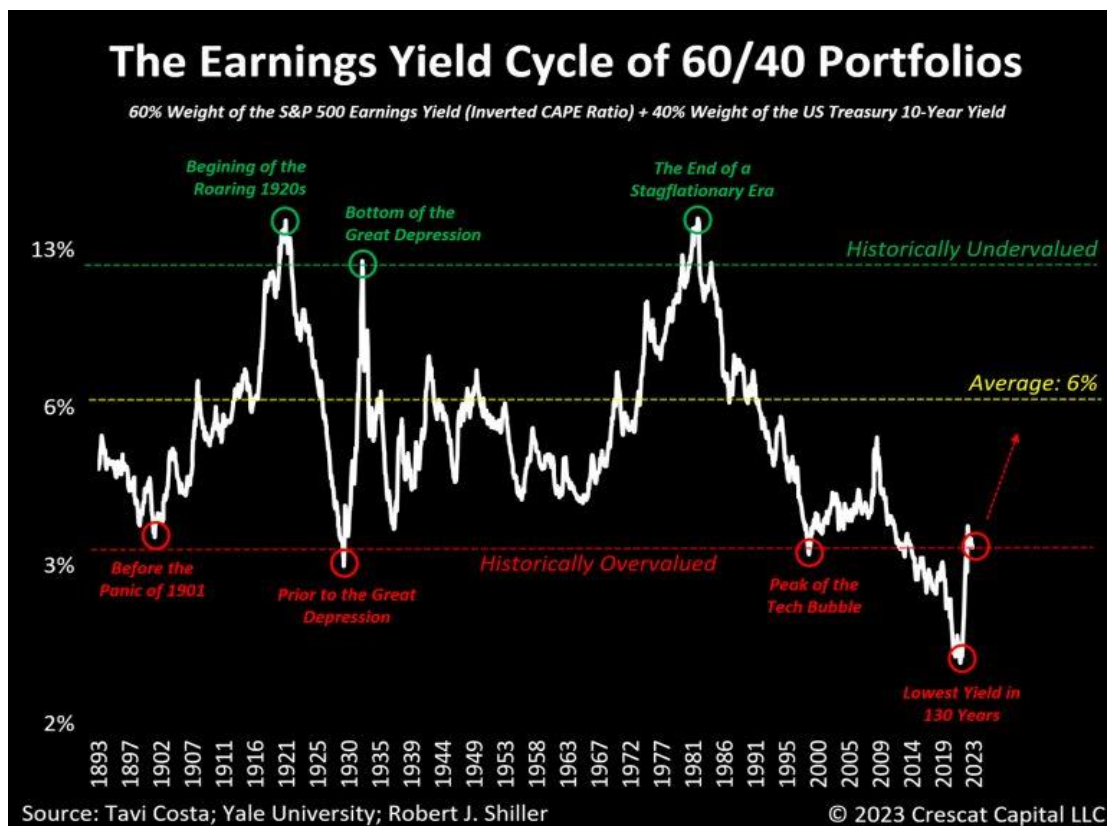
1. Capital Slowdown: Prolonged high rates diminish new supply investments.
2. Equity Costs Rise: Cash breakevens surpass \$75/bbl Brent post-buybacks, elevating oil's marginal cost as more cash returns to shareholders.
3. Transition Pressure: Accelerated shifts from hydrocarbons due to institutional and policy pressures amplify 'higher-for-longer' energy prospects, predicting a supply/demand gap of 1.1mbd by 2025, growing to 7.1mbd by 2030.





## #us #60/40 #earnings-yield #treasuries

Is the 60/40 portfolio overvalued? In August 2021, the combined valuation of overall equities and US Treasuries had reached its most expensive level in 130 years. To put the current valuation imbalance into perspective, its recent peak was a staggering 61% higher than its previous peak in the early 2000s. Although prices have corrected somewhat, particularly in the Treasury market, multiples are still elevated today.



Source: Tavi Costa, Bloomberg





#us #sp500 #treasuries #valuation

US treasuries yields hit their highest since 2007...bonds are now at their cheapest to stocks since Oct 2007...





## #us #tech #equities #valuation

Valuation premium of US tech stocks vs. rest of the world is going beyond parabolic...

In US tech stocks we trust



Source: Topdowncharts

Source: Topdowncharts, TME

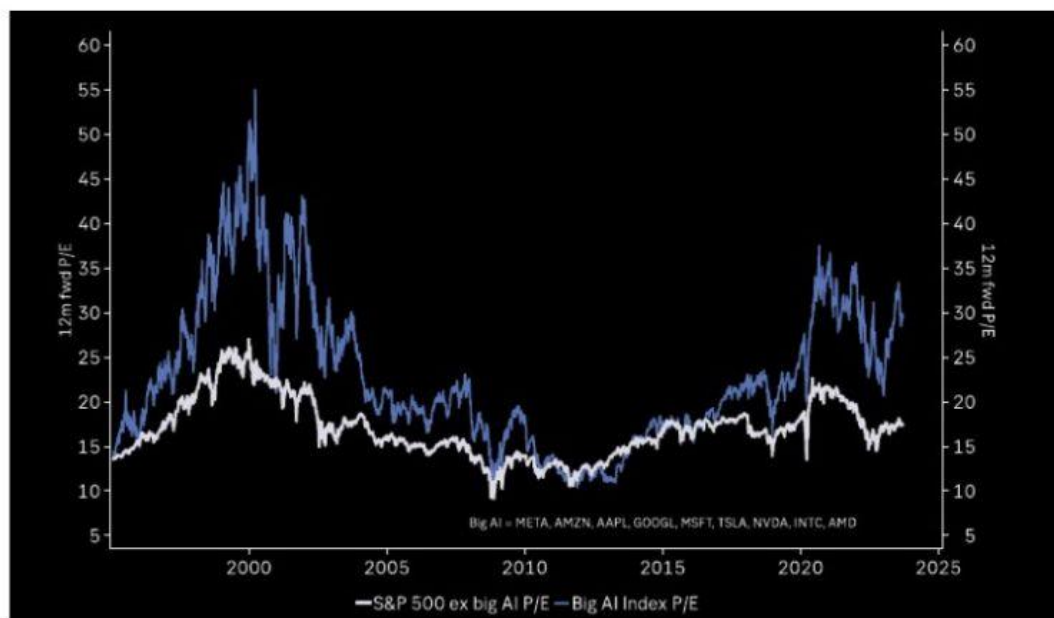


## #sp500 #ai #pe

A tale of 2 markets: S&P 500 "big AI" stocks 12-month forward P/Es vs. S&P 500 "ex-big AI" stocks 12-month forward P/Es

### Ex AI

S&P 500 and S&P 500 ex AI P/E.



Source: Macrobond

Source: TME, Macrobond

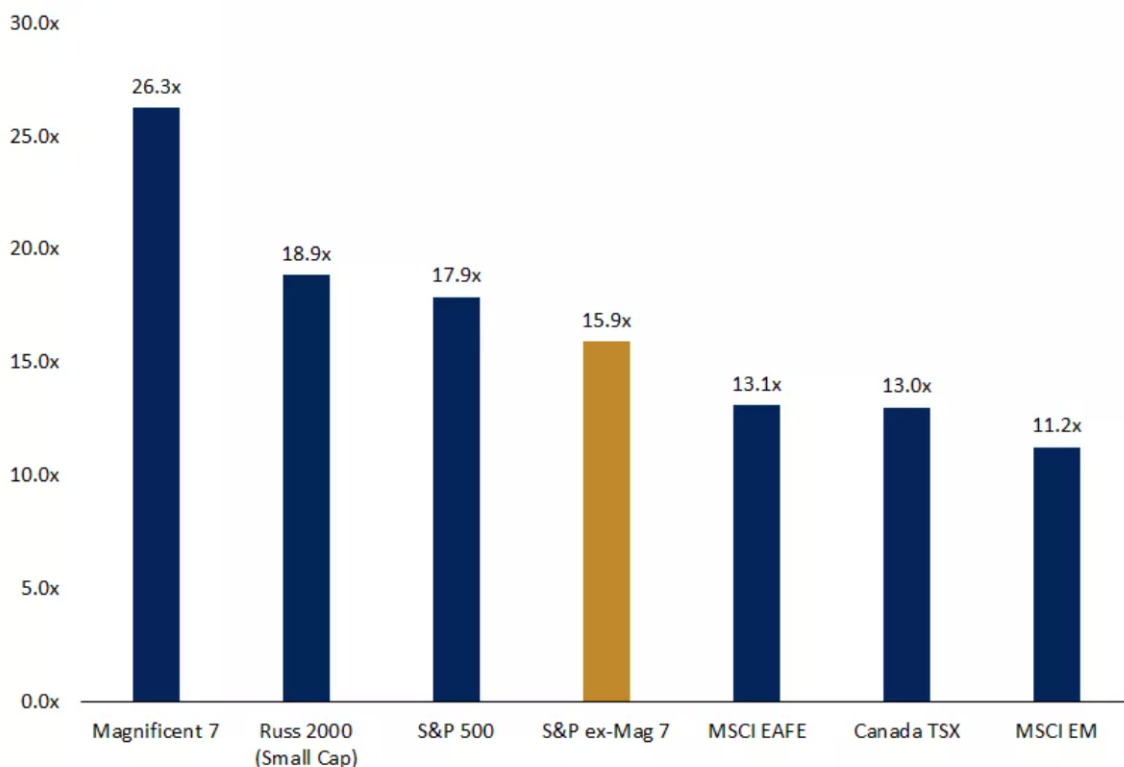




## #global #equities #valuations

This chart shows the forward price-to-earnings ratio of the "Magnificent 7" compared to other U.S. and international equity market indices. Valuations outside of the "Magnificent 7" appear less stretched.

**Valuations more reasonable outside of large-cap technology (Fwd P/E ratio)**



Source: Bloomberg. Magnificent 7 stocks include AAPL, AMZN, GOOGL, META, MSFT, NVDA & TSLA.

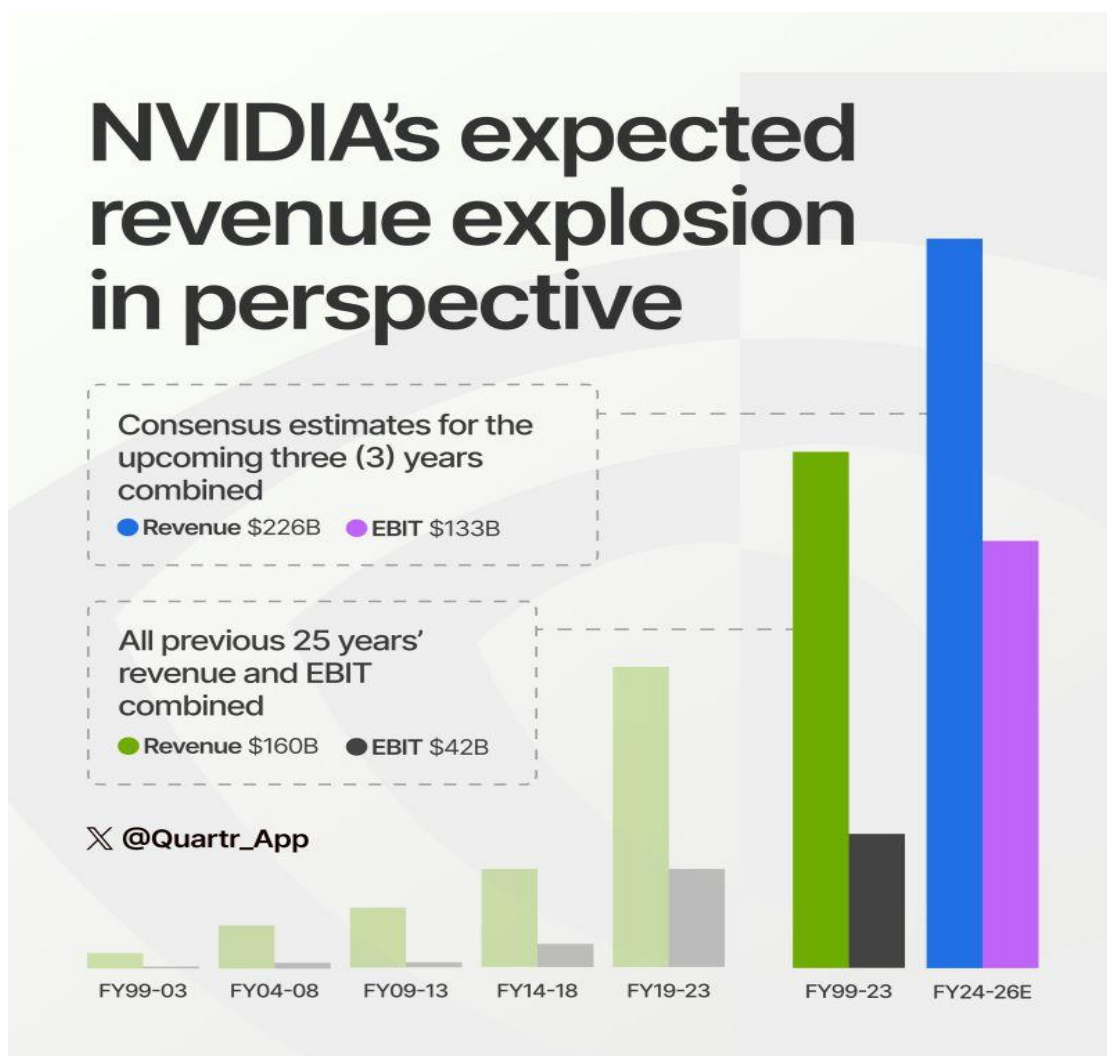
Source: Edward Jones





## #ebit #nvidia #revenue

If analysts are correct, \$NVDA will generate more revenue & EBIT over the upcoming three (3) years than in ALL its previous 25 years COMBINED.



Source: Quartr

### #apple #iphone15

People flocked to a flagship Apple store in downtown Beijing on Friday morning to pick up the iPhone 15.

As of 10 a.m. Beijing time on Friday, iPhone 15 sales via JD's Dada one-hour delivery app surged by 253% versus that of the iPhone 14 last year, Dada said.

Counterpoint Research's most optimistic outlook for Apple in China predicts a 4% year-on-year decline in Apple shipments in the fourth quarter.

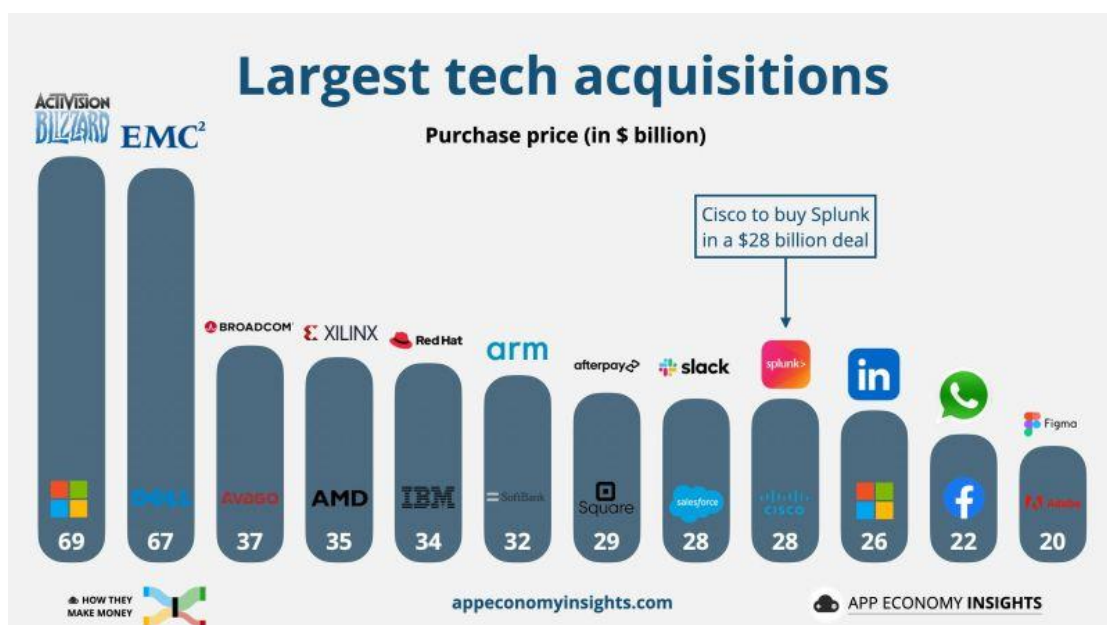
## Apple's iPhone 15 launches in China with people flocking to stores — even as Huawei revival emerges





## #cisco #cybersecurity #splunk #acquisition

Cisco is acquiring cybersecurity software company Splunk for \$157 per share in a cash deal worth about \$28 billion, the company said Thursday, in its largest acquisition ever. The chart below shows how this acquisition ranks among the largest tech ones in history

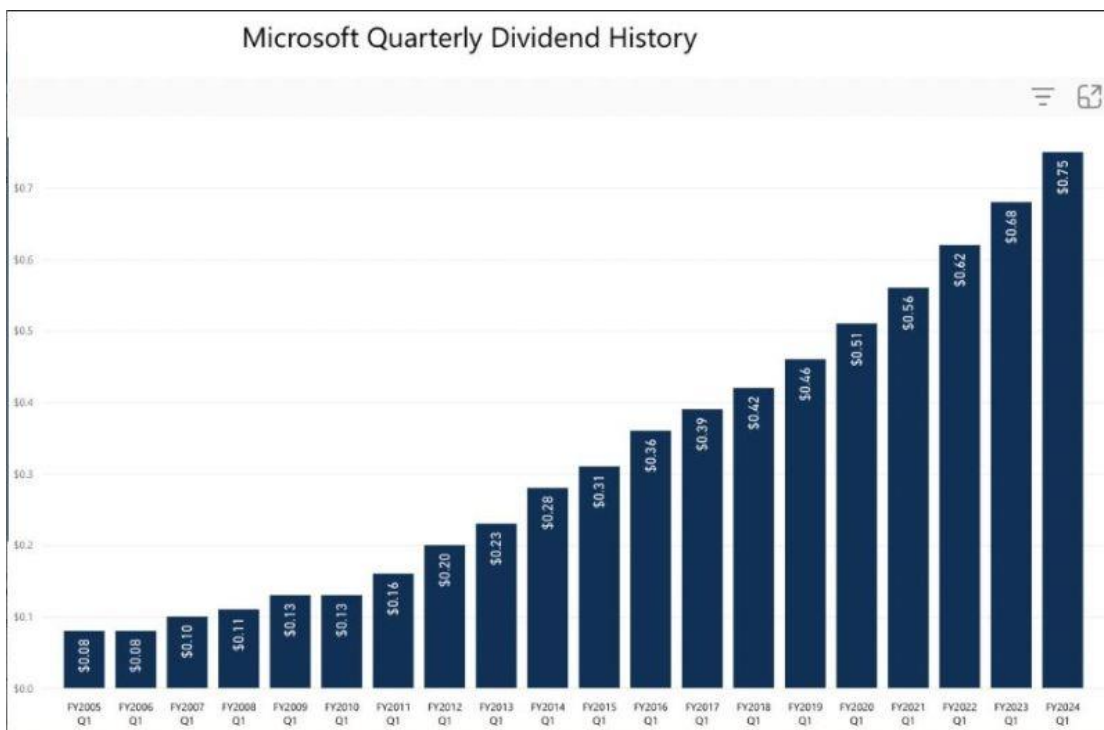


Source: App Economy Insights



## #microsoft #dividend #shareholders

Microsoft Corp is boosting its quarterly dividend by 10%, the company announced Tuesday. Microsoft's new quarterly dividend will be 75 cents a share, 7 cents above what it was before. The dividend will be payable Dec. 14 to shareholders of record as of Nov. 16. This is in line with the company's 5 year dividend growth rate of 10.12%.



Source: morningstar





## #tesla #production #ev #5million

Tesla Just Announced it Produced its 5 Millionth Car. Tesla officially announced that it has produced a total of 5 million cars as of this week. Tesla currently produces vehicles at four factories, two in US, California, and Texas. Tesla also has two super factories in Shanghai, China and Berlin, Germany. It is worth mentioning that the 2 millionth China-made Tesla vehicle just rolled off the assembly line at the Shanghai Gigafactory on September 6. Tesla said that it takes less than 40 seconds for a complete vehicle to roll off the assembly line at Tesla’s Shanghai Gigafactory. The vehicle leaves the production line and whistles twice to indicate completion of assembly. Tesla said that 99.9% of the Shanghai Gigafactory are Chinese employees, and the localization rate of the parts of the Shanghai Gigafactory is higher than 95%. It adopts a vertical procurement model to avoid “middlemen making the difference.”

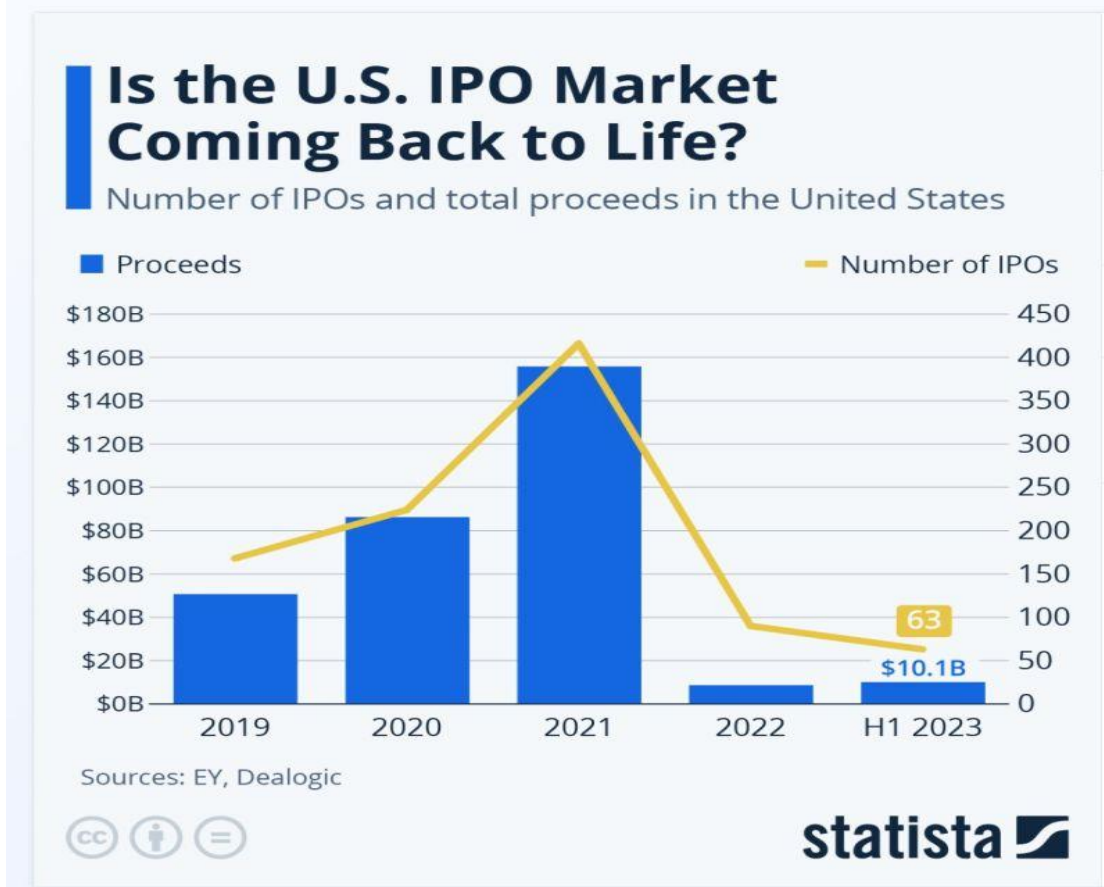


Source: techgoing



## #us #ipo #instacart

Is the US IPO market coming back to life? Instacart sold 22 million shares at \$30 each in an initial public offering on Monday, raising \$423 million in the process. This is the second high-profile IPO in a matter of days, after British chipmaker Arm had made its trading debut on the Nasdaq stock exchange last Thursday.



Source: Statista

## #us #banks #deposits #outflows

In the US, the slow motion bank run continue...

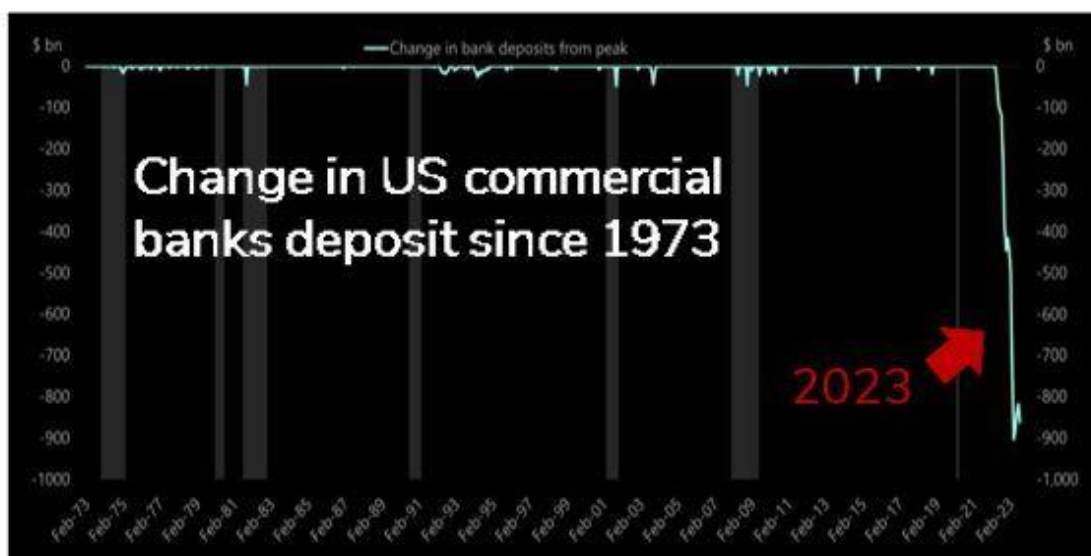
Interest Rates on Deposits, by Bank:

1. Wells Fargo: 0.15%
2. Citibank: 0.05%
3. Chase: 0.01%
4. Bank of America: 0.01%

Rates on Alternatives to Bank Deposits:

1. CDs: 5.0%
2. Money Market: 4.5%
3. Treasury Bonds: 4.0%

Deposits continue to flow out of banks at a historic pace with \$1 trillion+ withdrawn over the last year.



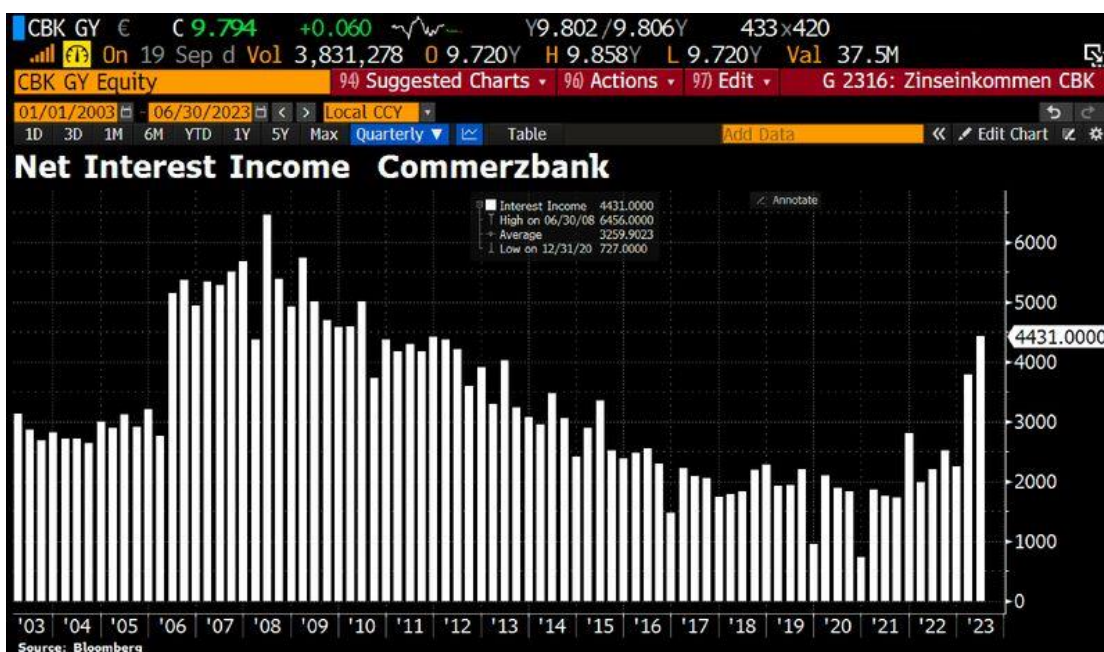
Source: Apollo





## #german #banks #rates

German banks are NOT passing on the increased interest rates to their customers. Commerzbank, Germany's 2n-largest retail bank, has announced it will increase net interest income to €8bn. Commerzbank has increased its deposit beta - a measure of how much of a rate increase it passes along to savers - slower than initially expected. The bank will end this year with something around a deposit beta of avg 40%.

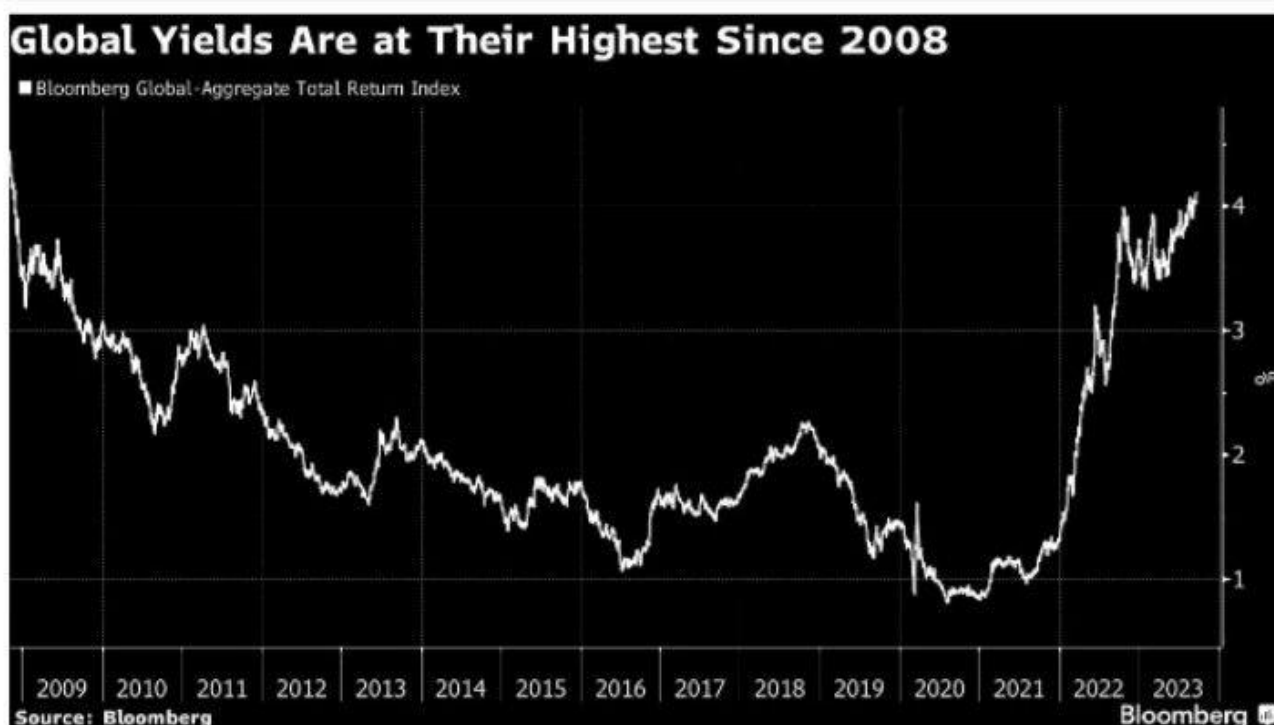


Source: HolgerZ, Bloomberg



## #global #yields

The Bloomberg Global Aggregate Total return index yield is at the highest since the months that precede the Great Financial Crisis,



Source: Bloomberg



## #us #treasuries #yields

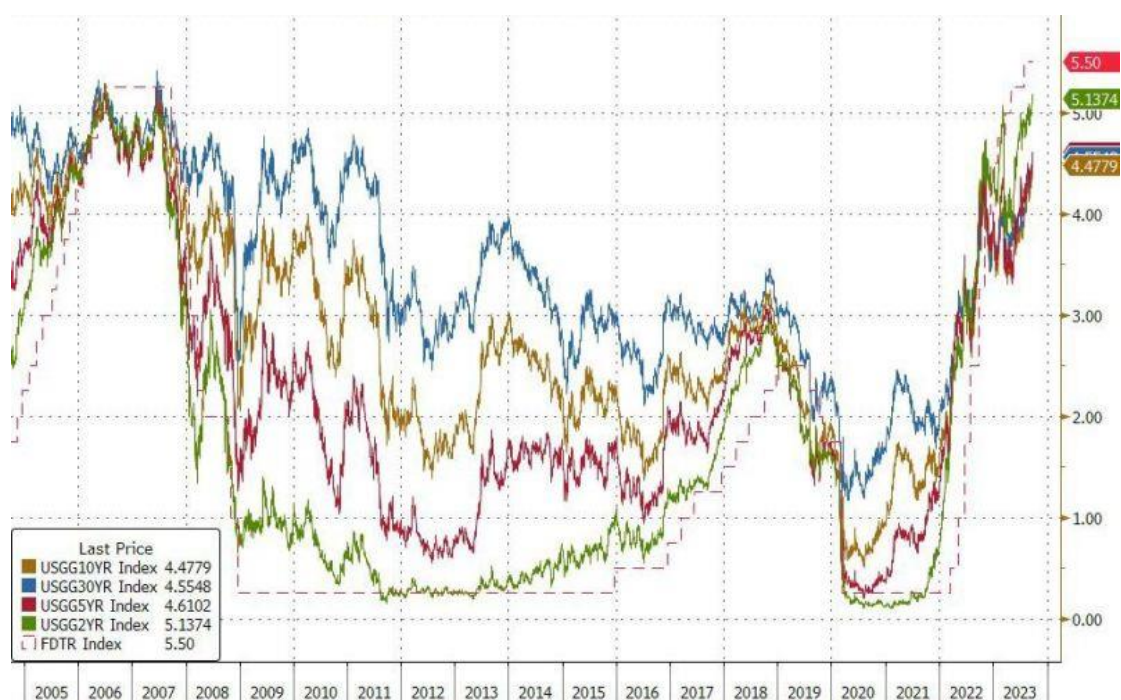
On the back of FOMC decision:

US 2Y yields hit their highest since July 2006

US 5Y yields highest since Aug 2007

US 10Y highest since Nov 2007

US 30Y highest since April 2011



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

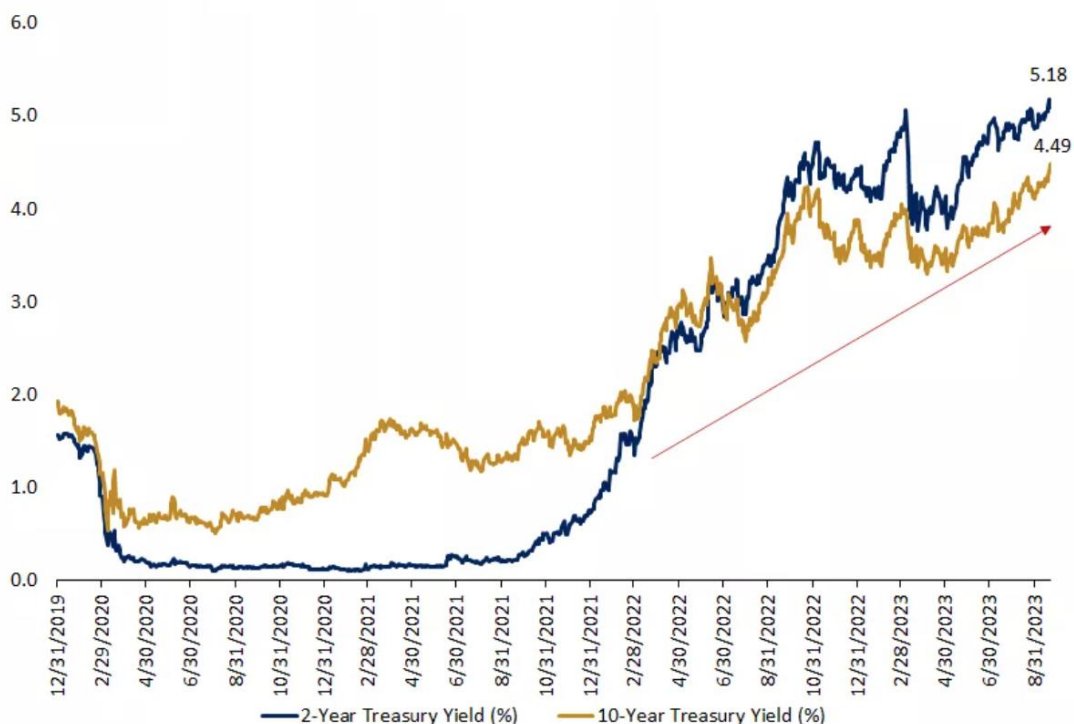




## #us #treasuries #yields

This chart shows that 2- and 10-year Treasury yields moved to new cycle highs following the Fed meeting.

U.S. 10-Year and 2-Year Treasury yields reach a high for this cycle, adding downward pressure to stocks and bonds



Source: Bloomberg.

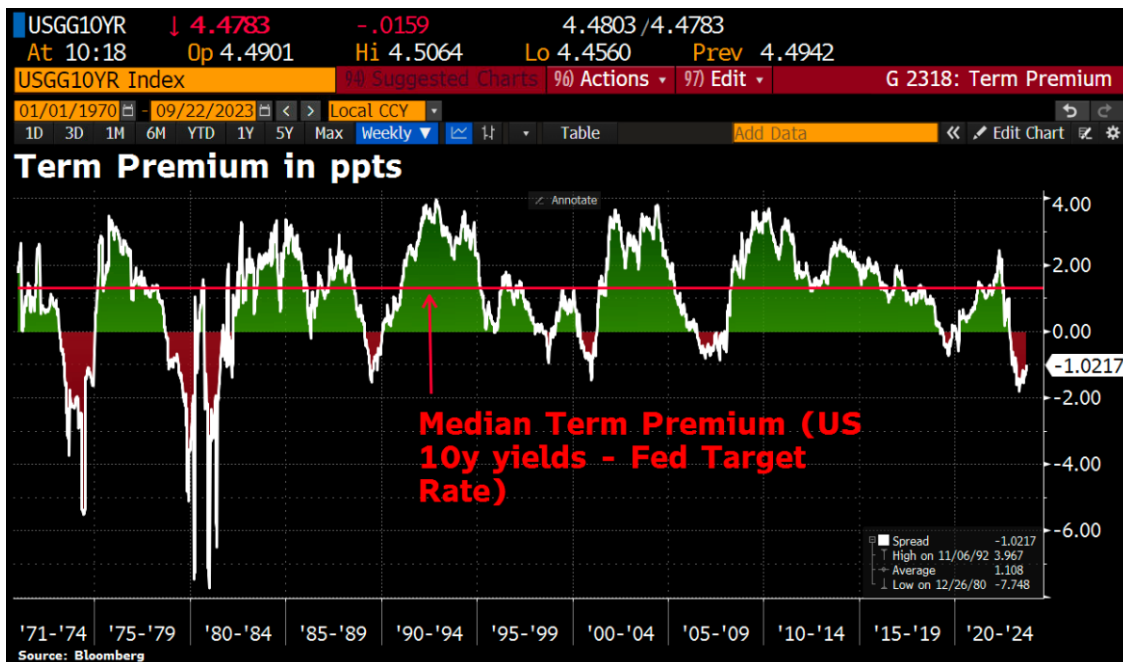
Source: Edward Jones





## #us-treasuries #term-premium

This chart shows why the crash in US bonds may not be over yet. Historically, the term premium, the spread between 10y US bonds and Fed funds rate, has been 1.3ppts. Even if the Fed were to cut rates again, we are still miles away from that.



Source: Bloomberg, HolgerZ





## #us #real-yields

Inflation fear is NOT the driver of rising yields. Indeed, 10y real yields (10y nominal yields - 10y inflation expectations) jumped to 2.11%, the highest since 2009. In other words, investors are demanding higher REAL yields in the face of political chaos in Washington and high debt.



Source: Bloomberg, HolgerZ



#bond #performance #loans

The best performing segment of the bond market this year?  
Leveraged Loans, up close to 10%. \$BKLN

Bond ETFs: Durations, Yields and Returns								
Data Source: YCharts as of 9/18/23				Total Returns (>1 Year = Ann.)				
Category	Ticker	Duration (Years)	30-Day SEC Yield	2023	1-Year	3-Year	5-Year	10-Year
Leveraged Loans	BKLN	0.1	8.5%	9.8%	10.9%	3.9%	3.2%	2.9%
US High Yield	HYG	3.6	8.1%	5.5%	6.6%	0.9%	2.2%	3.1%
EM Local Currency	EMLC	4.8	6.8%	5.4%	9.5%	-3.1%	0.3%	-1.6%
Floating Rate IG	FLOT	0.0	6.0%	4.7%	6.1%	2.2%	2.2%	1.7%
Short Duration IG	GSY	0.8	5.5%	3.7%	4.6%	1.3%	1.9%	1.7%
EM High Yield	HYEM	3.3	8.5%	3.4%	8.2%	-2.1%	1.6%	2.8%
1-3 Month Treasury	BIL	0.1	5.2%	3.4%	4.3%	1.6%	1.5%	0.9%
EM Sovereign (USD)	EMB	7.3	7.2%	3.2%	5.5%	-4.9%	0.1%	1.9%
International	BNDX	7.4	3.3%	2.8%	0.7%	-3.9%	0.1%	1.9%
US Investment Grade	LQD	8.5	5.7%	1.9%	1.5%	-5.6%	1.3%	2.4%
1-3 Year Treasury	SHY	1.9	4.9%	1.5%	1.6%	-1.0%	0.9%	0.7%
Municipal	MUB	6.0	3.6%	1.1%	2.8%	-1.3%	1.7%	2.5%
Inflation Protected	TIP	6.8	5.6%	0.9%	-1.7%	-1.7%	2.3%	1.8%
US Aggregate	AGG	6.3	4.4%	0.6%	-0.3%	-4.7%	0.4%	1.3%
Commercial Mortgage	CMBS	4.3	4.1%	0.4%	-0.6%	-4.0%	0.8%	1.2%
3-7 Year Treasury	IEI	4.4	4.4%	0.4%	-0.2%	-4.0%	0.6%	0.8%
Mortgage Backed	MBB	6.1	3.2%	0.0%	-0.8%	-4.4%	-0.3%	0.8%
7-10 Year Treasury	IEF	7.4	4.2%	-0.9%	-3.0%	-7.0%	0.1%	1.0%
20+ Year Treasury	TLT	17.2	4.4%	-4.1%	-9.9%	-15.2%	-2.4%	1.2%
25+ Zeros	ZROZ	26.2	4.0%	-7.9%	-17.1%	-21.2%	-4.1%	1.7%



@CharlieBilello

Source: Charlie Bilello





## #long-duration #bonds #etf #performance

The longest duration bond ETF is now down 60% from its peak in March 2020. How is that possible? The 30-Year Treasury yield has moved from an all-time low of 0.8% in March 2020 up to 4.6% today. Long duration + Rising interest rates from extremely low levels = Pain \$ZROZ



Source: Charlie Bilello

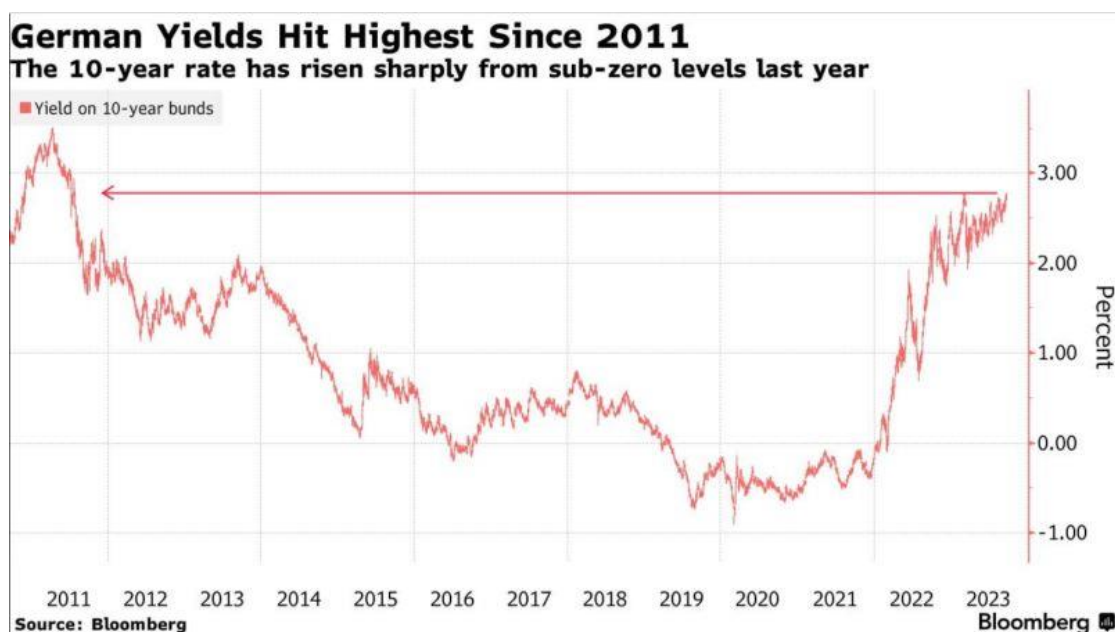






## #german #bond #yields

### German Bond Yields Hit Their Highest Level in 12 Years



Source: bloomberg, barchart

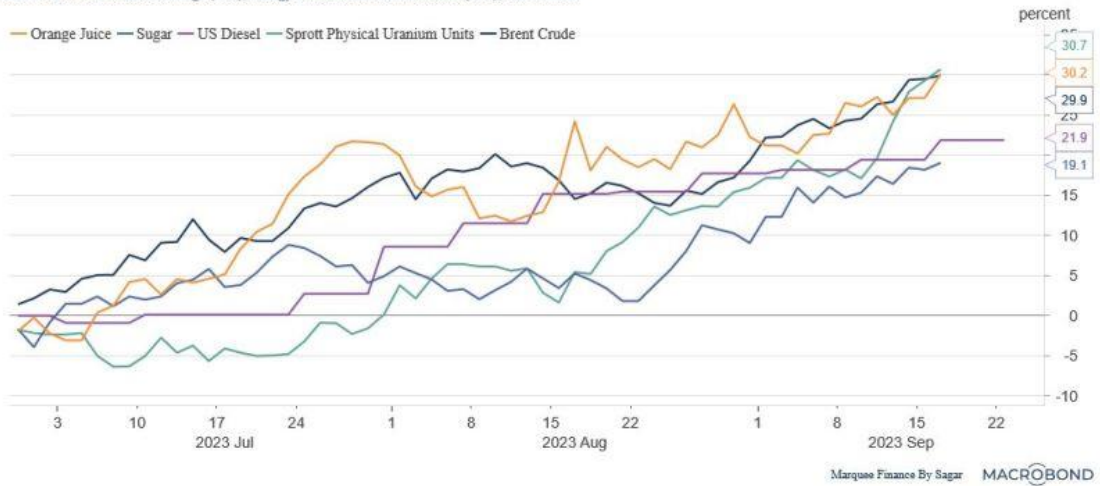


## #commodities #oj

Since the June bottom, crude oil, uranium, sugar and orange juice are up 20-30%. Is the risk of a second wave increasing?

### Commodities On Fire!

Source: Intercontinental Exchange (ICE), Energy Information Administration (EIA), S&P Global



Source: The Macro Guy



## #diesel #oil #crack #russia #exports

Oil, diesel crack spread soar after Russia bans diesel, gasoline exports. With Diesel prices already soaring, recently sending the diesel crack to 2023 highs and assuring that refiners have another blowout quarter, Russia just handed a gift to the Exxons of the world when it "temporarily banned" exports of the diesel in a bid to stabilize domestic supplies, adding pressure on already tight global fuel markets. "Temporary restrictions will help saturate the fuel market, that in turn will reduce prices for consumers" in Russia, the government's press office said on its website.



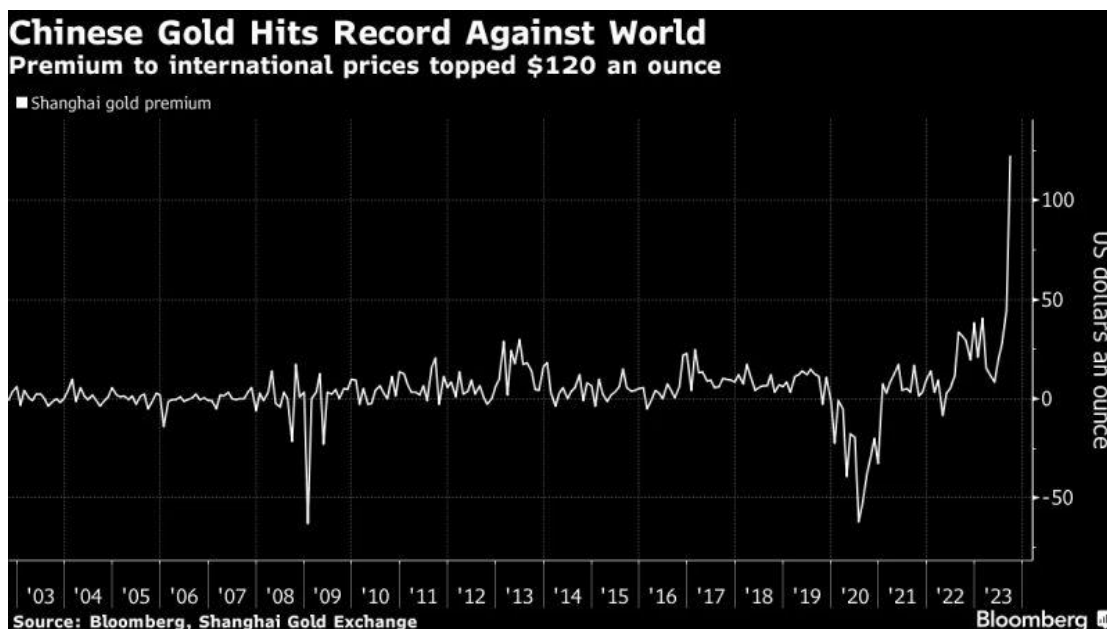
Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg





## #china #yuan #gold #premium

China Gold Premium to the rest of the world hit a new record of \$120 an ounce as Beijing defends yuan. Gold in China is trading at a record premium to international prices, a sign of Beijing’s escalating battle to defend its currency. Bullion on the Shanghai Gold Exchange traded at a premium of more than \$120 an ounce on Thursday, according to calculations by Bloomberg. That’s the highest since the exchange was founded over two decades ago, as a weak yuan drove up prices in recent weeks.



Source: Bloomberg





## #dollar #technicals

The DXY golden cross is now in place. There are some resistance levels around here, but a proper close above 106, and this risks squeezing even more....

The dollar is up for the 8th week of the last 9...



Source: TME



## #canada #mortgages #banks

Have you ever heard about mortgages in negative amortization? As highlighted by The Kobeissi Letter, three of Canada's largest banks are seeing ~20% of their outstanding mortgages in negative amortization. What does this mean? Monthly payments on ~20% of mortgages at BMO, TD, and CIBC are no longer enough to cover interest expense. This means you end up owing more than your original loan amount over time. Typically, variable rate mortgages with fixed payments experience this in a rapidly rising interest rate environment. These homeowners may begin to foreclose over the next few months. This is an important trend worth watching.



**\$32.8 Billion in Negative Amortization**  
= 22% of BMO's \$147.7 Billion Mortgage Portfolio

As a result of increases in interest rates, the portfolio included ~~\$22.8 billion~~ (\$28.4 billion as at April 30, 2023) of variable rate mortgages in negative amortization, where all of the contractual payment is currently being applied to interest and the portion of interest requirement not met by the payment is being added to the principal.



**\$45.7 Billion in Negative Amortization**  
= 18% of TD's \$257.7 Billion Mortgage Portfolio

\$45.7 billion or 18% of the mortgage portfolio in Canada (October 31, 2022: \$39.6 billion or 16%) relates to mortgages in which the fixed contractual payments are no longer sufficient to cover the interest based on the rates in effect at July 31, 2023 and October 31, 2022, respectively.



**\$49.8 Billion in Negative Amortization**  
= 19% of CIBC's \$264.8 Billion Mortgage Portfolio

Includes variable rate mortgages of \$65.6 billion (October 31, 2022: \$67.5 billion), of which ~~\$49.8 billion~~ (October 31, 2022: \$38.5 billion) relates to mortgages in which all of the fixed contractual payments are currently being applied to interest based on the rates in effect at July 31, 2023 and October 31, 2022, respectively, and the terms of the mortgages, with the portion of the contractual interest requirement not met by the payments being added to the principal. Since the amortization profile reflected in this table is based on the current amount of existing contractual payments, it does not reflect that the contractual payment amount is required to be increased at the time of renewal by the amount necessary to reduce the amortization period down to the period in effect at the time the mortgage was originally provided.

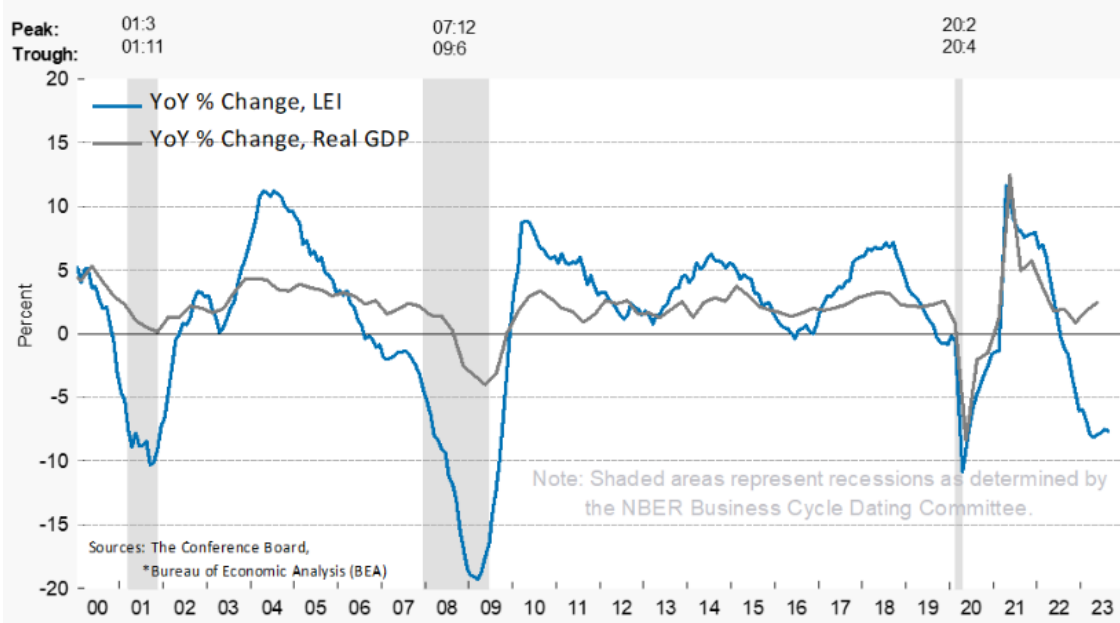




## #us #leading-indicators

The Leading Economic Index declined in August for the 17th month in a row, the longest down streak since 2007-08. The Conference Board is forecasting a decline real GDP growth from 2.2% in 2023 to 0.8% in 2024.

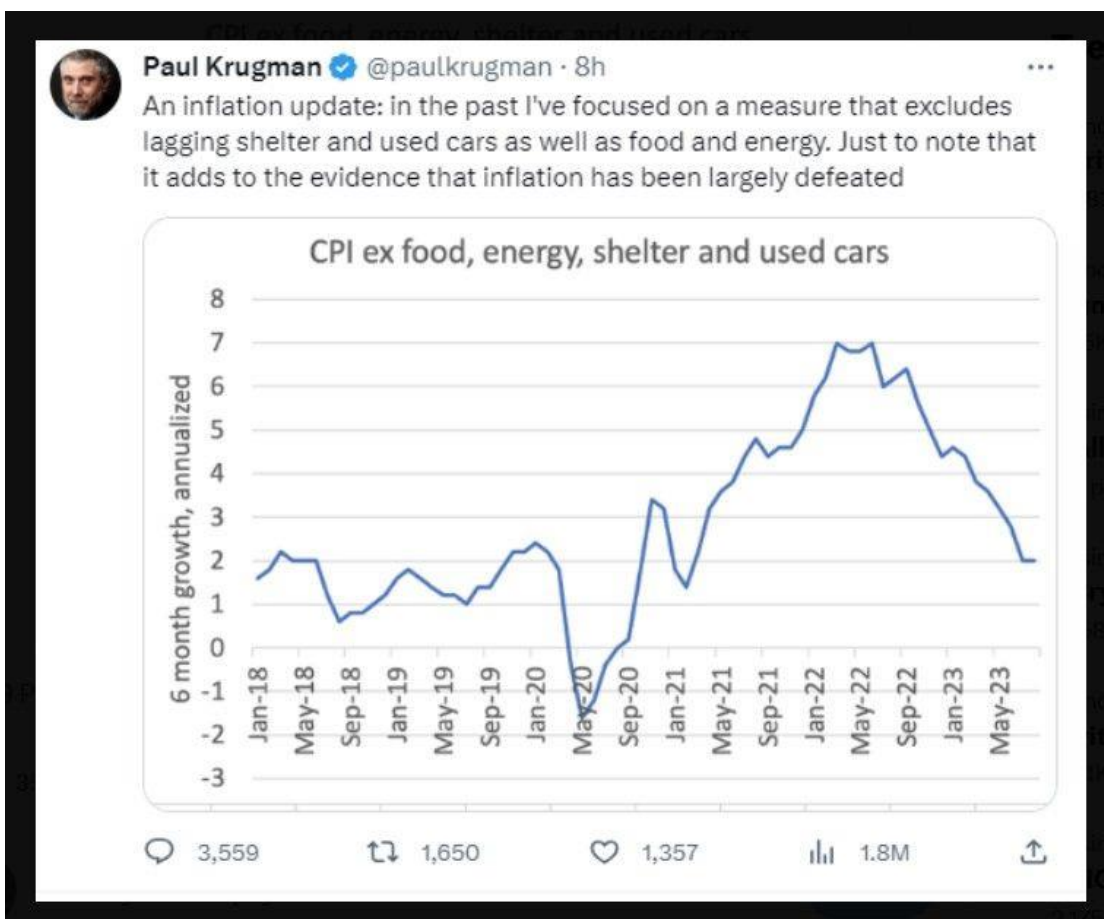
The annual growth rate of the LEI remained negative, suggesting weaker future economic activity





## #cpi #inflation

Translation: If you exclude everything you need in life, inflation has been vanquished!

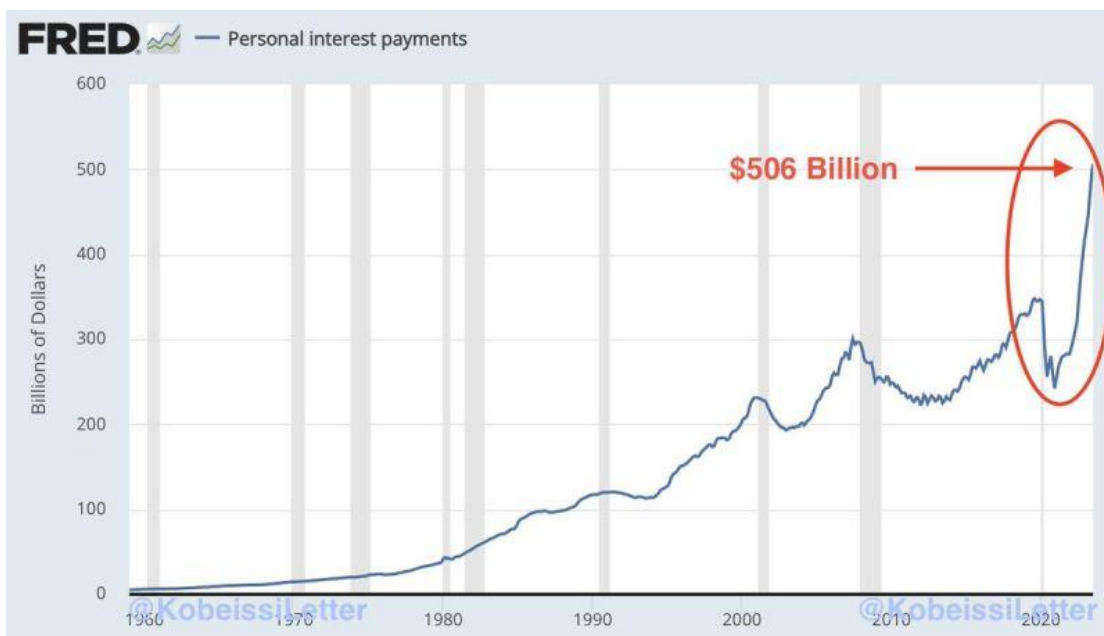






## #us #personal-interest #payments

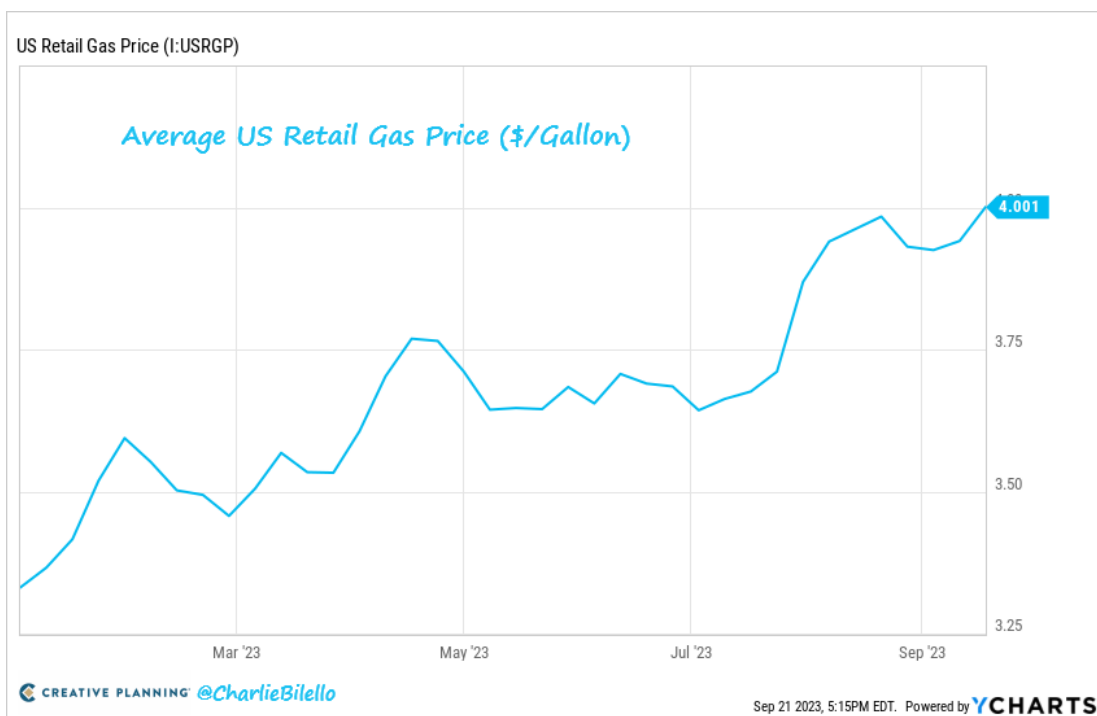
JUST IN: Personal interest payments in the US hit a record \$506 BILLION in July. During the first 7 months of 2023, Americans paid a total of \$3.3 TRILLION in personal interest. This is up a staggering 80% since 2021 and nearly above the entire 2022 total. The worst part? These numbers do NOT include interest on mortgage payments.





## #us #gas-prices

Gas Prices in the US have risen to their highest levels of the year @ \$4/gallon. Negative YoY gas prices were a big tailwind helping to drive CPI down in June/July but were much less of a tailwind in August and are on pace to be a headwind in CPI for September.

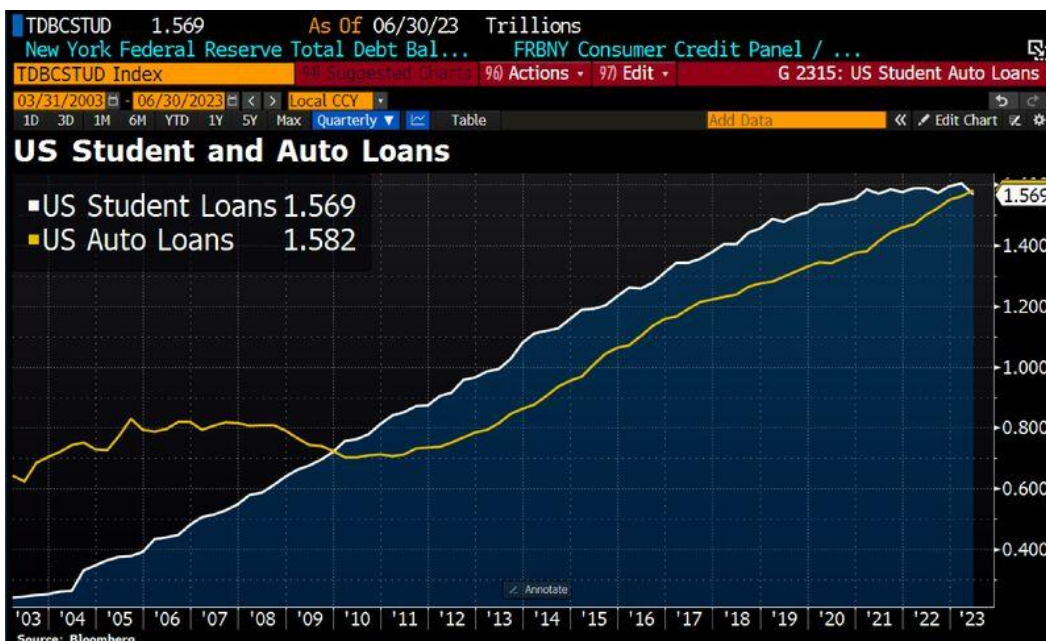


Source: Charlie Bilello



## #us #consumers #student #auto #loans

From October onwards, US consumers face a double whammy: student loans + auto loans... Suspended Student loan payments helped fuel the auto market over the last several years. Auto loans pass Student loans in consumer debt load for the first time in 13yrs, which means consumers face a double-whammy starting in October w/existing auto payments & resumed student loan obligations. Auto loan delinquencies are on the rise and more consumers could fall behind if unemployment increases.



Source: Bloomberg, HolgerZ





## #homebuilder #confidence #sentiment

Home Sentiment Goes Negative for the First Time in 7 months.

Builder confidence in the single-family housing market fell 5 points in September to 45 on the National Association of Home Builders/Wells Fargo Housing Market Index. The decrease follows a 6-point drop in August. Anything below 50 is considered negative. The chart below shows the Homebuilder Confidence vs Home Construction ETF.

Homebuilder Confidence vs. Home Construction ETF (Monthly Charts)



Source: cnbc

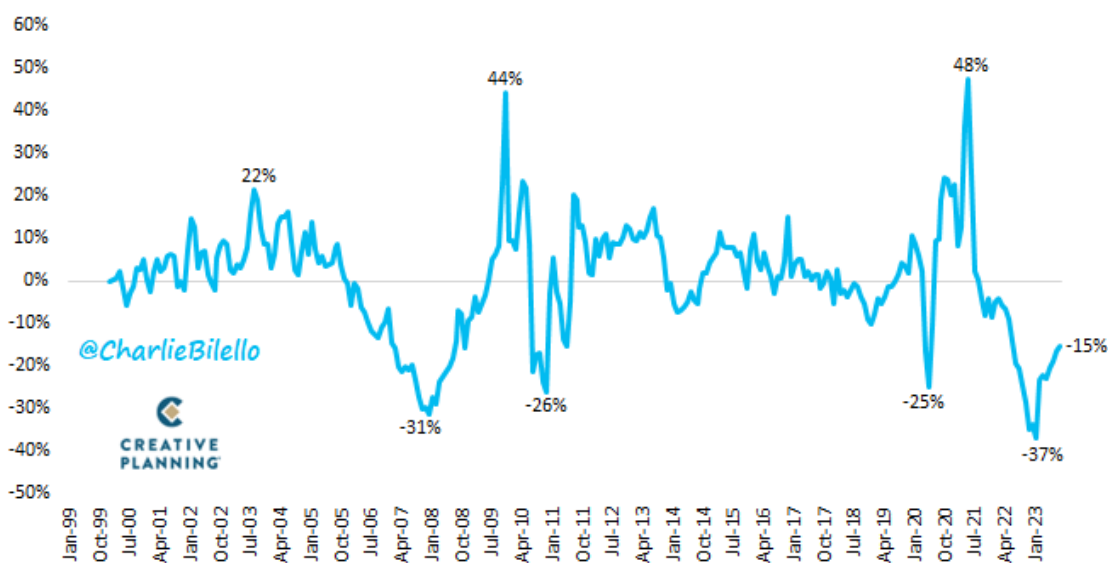




## #us #home-sales

US Existing Home Sales fell 15% over the last year, the 24th consecutive YoY decline. That's the longest down streak since 2007-2009.

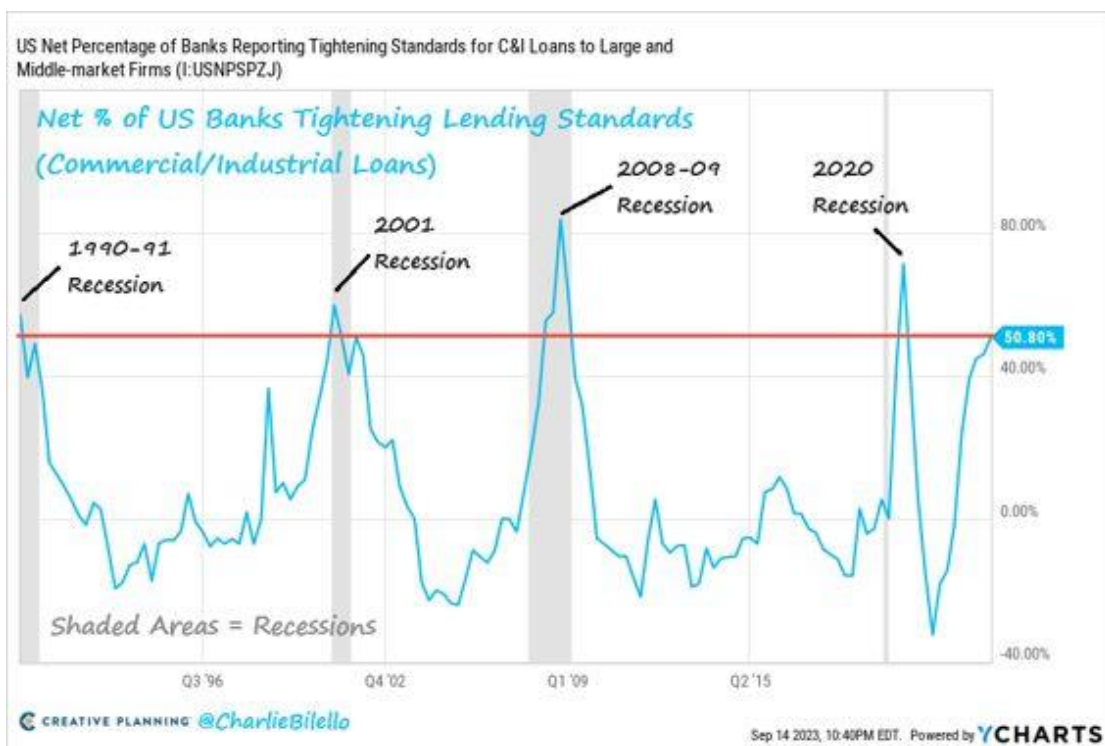
US Existing Homes Sales (YoY % Change)





## #us #banks #lending #tightening

A net 51% of US Banks are now tightening their lending standards, the highest since 2020 and at levels that have coincided with recessionary periods in the past.



Source: Charlie Bilello



#macro

#us #corporate #profit-margins

Corporate profit margins jump to highest level in 73 years 📈



#macro

### #us #debt #increase

It is official? Total US Debt surpasses \$33 trillion for the first time. For those keeping tabs, the US added \$1 trillion in debt in just 3 months.

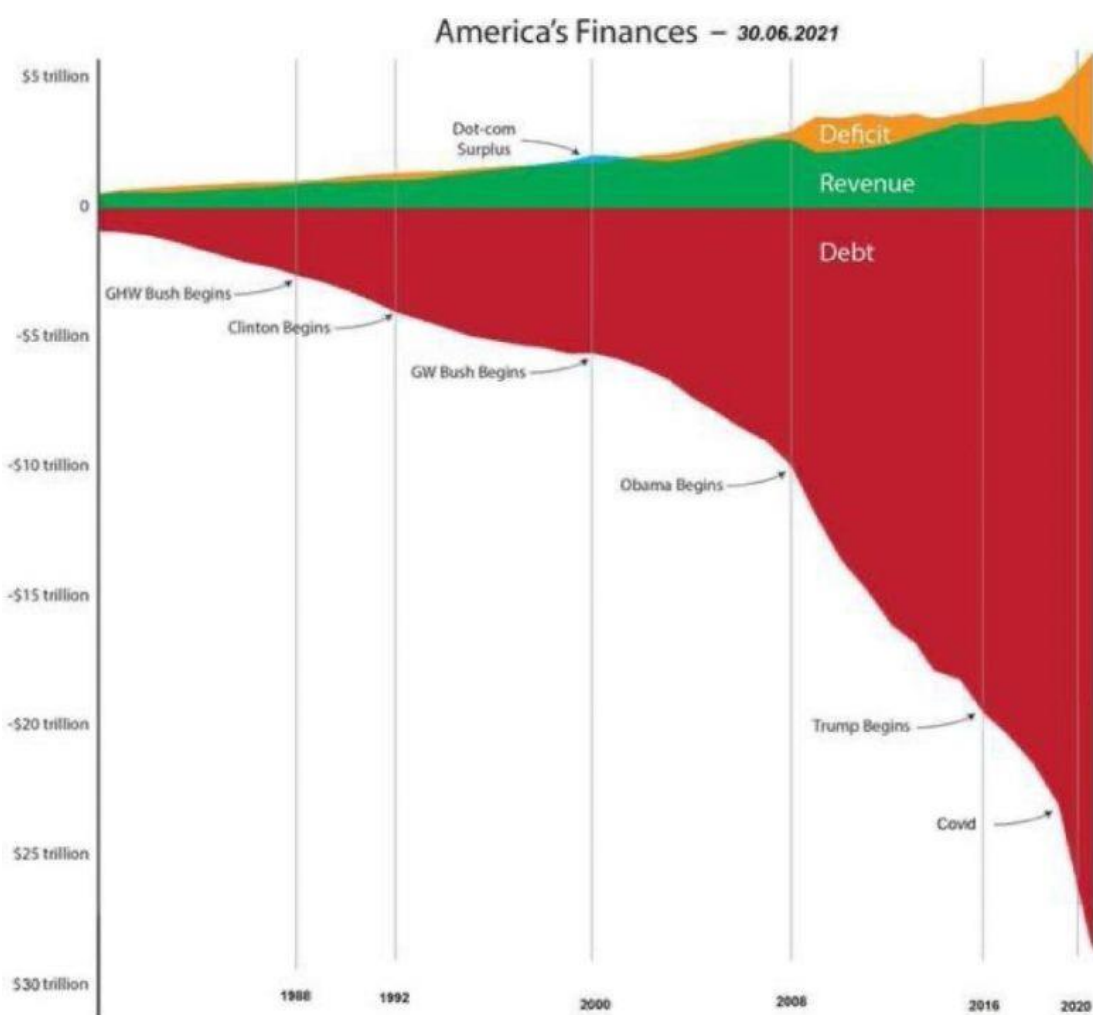






#us #debt #finances

America's finance in one chart



Source: Michel A.Arouet

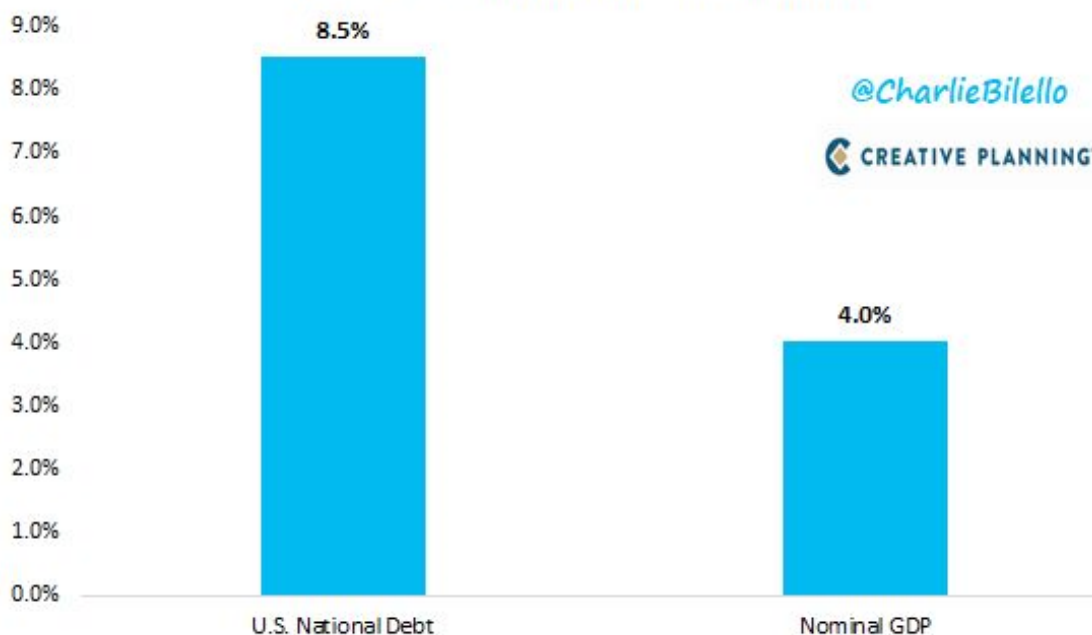




#us #debt #gdp #growth

Over the last 15 years, the US National Debt has increased at a rate of 8.5% per year versus an increase in economic growth (nominal GDP) of 4.0% per year.

US National Debt vs. Nominal GDP Growth  
(2008 - 2023, Annualized % Change)





## #us #unemployment

In case you missed it... US Jobless Claims Fall to 201,000, Lowest Level Since January...There haven't been many times in the last 50+ years that US initial jobless claims have been lower.





## #germany #ppi #deflation

In case you missed it: German PPI deflation deepened w/PPI down 12,6%, most since the start of the statistic in 1949.



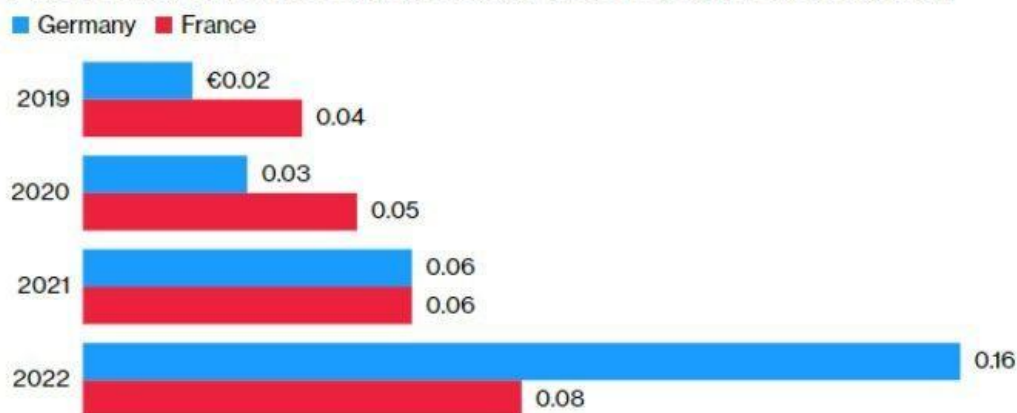


#germany #energy #cost #industry

Why German industrial model is at risk in one chart... Without reliable access to affordable power, Germany fears energy-intensive companies will invest elsewhere, and “we will lose this industrial base,” vice-chancellor Robert Habeck said.

**Energy Prices for Germany’s Heavy Industry Have Spiked**

Power supply costs for companies using 150,000 MWh or more annually



Source: Eurostat

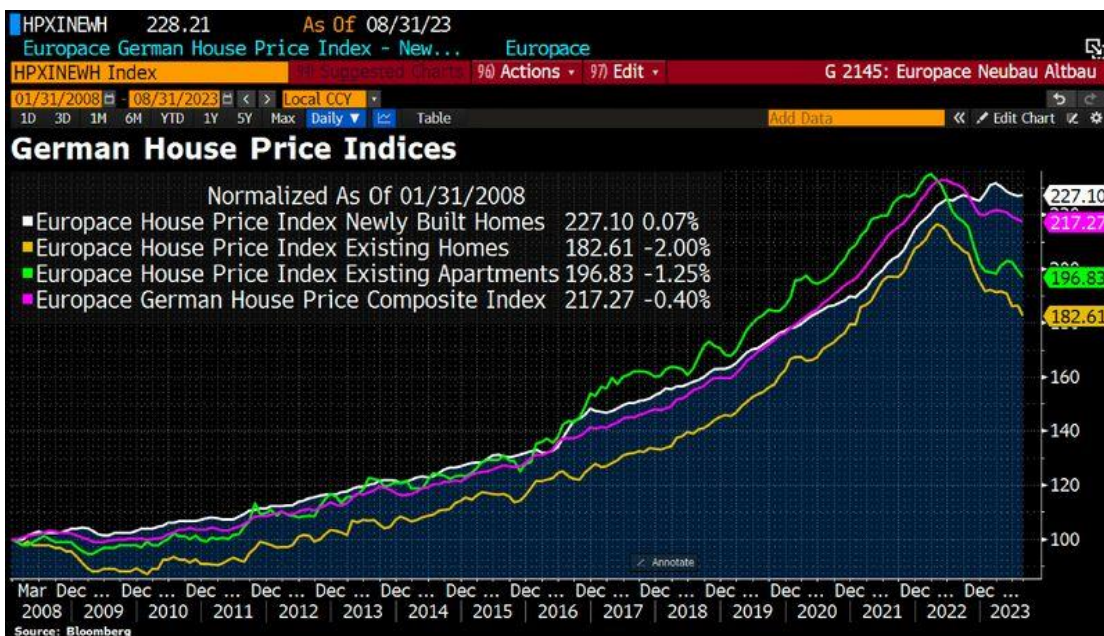
Source: Eurostat, [Gustavo Philippsen Fuhr](#)





## #germany #realestate #bubble

Is the German real estate bubble bursting? The Europace House Price Index for existing homes crashed by 2% in August, and has now lost 16% from the top in Apr2022. Only the index for newly built homes has remained unch, this is due to the low level of new construction activity.

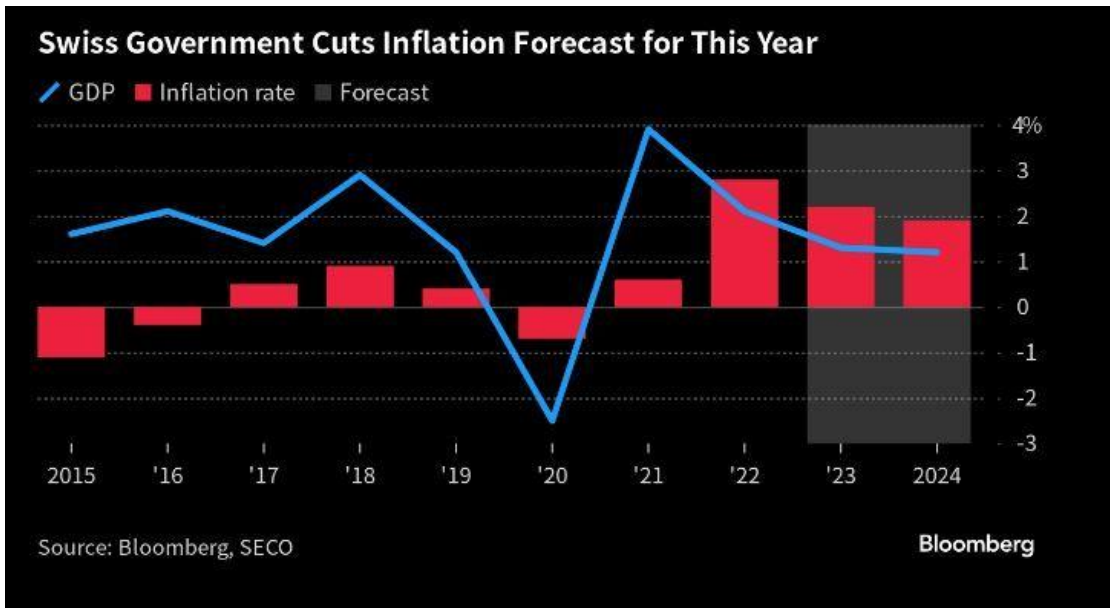


Source: Bloomberg, HolgerZ



## #switzerland #inflation #prices

Switzerland’s government expects inflation to exceed the central bank’s goal in 2023. Consumer prices will rise 2.2% this year, the State Secretariat for Economic Affairs which draws up economic forecasts for the government, said Wednesday. That’s down from its June estimate of 2.3% but still above the top end of the Swiss National Bank’s 0%-2% target range. SECO boosted its 2024 projection, however, to 1.9% from 1.5%. It predicted economic expansion, under its preferred measure, of 1.3% this year and 1.2% next.



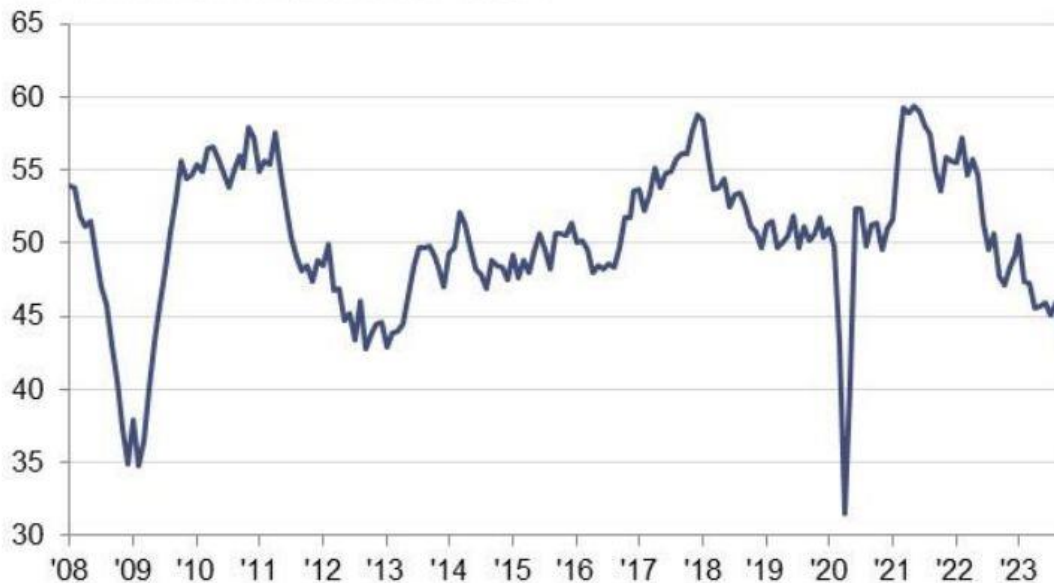


## #eurozone #pmi #france

Outlook for the Eurozone starts to get ugly...First, it was Germany and now France is also going feeling the pain. September Manufacturing PMI: 43.6, a 40(!) month low. September Services PMI: 43.9, a 34(!) month low. And the rise in interest rates hasn't truly impacted the economy yet...

**HCOB France Manufacturing PMI**

sa, >50 improvement since previous month



Sources: HCOB, S&P Global PMI.



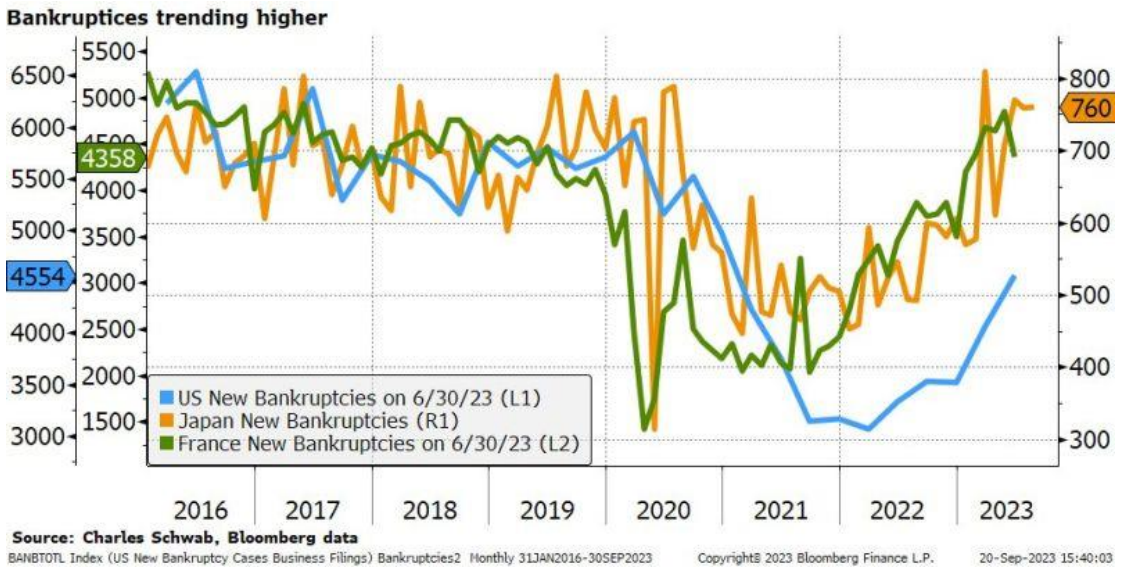
Source: Jeroen Blokland





## #global #bankruptcies

Bankruptcies are trending higher and it is a global trend



Source: Charles Schwab, Bloomberg

#centralbanks

#us #fed #fomc #rates

FOMC KEEPS RATES UNCHANGED AS EXPECTED BUT MAKES CLEAR THAT HIGHER RATES ARE THE NEW NORMAL... Bottom-line: FED futures now no longer show rate CUTS beginning until September 2024. To put this in perspective, three months ago futures were expecting 4 rate CUTS in 2023. Now, interest rates are expected to PAUSE for at least 1 year... One remark: Fed estimates that  $r^*$  (the real short-term interest rate expected to prevail when an economy is at full strength and inflation is stable) remains at 0.5%, and yet rates in 2026, when US debt may hit \$50 trillion will be 3%. This means that blended interest on US debt will be ~\$2 trillion, double where it is now.



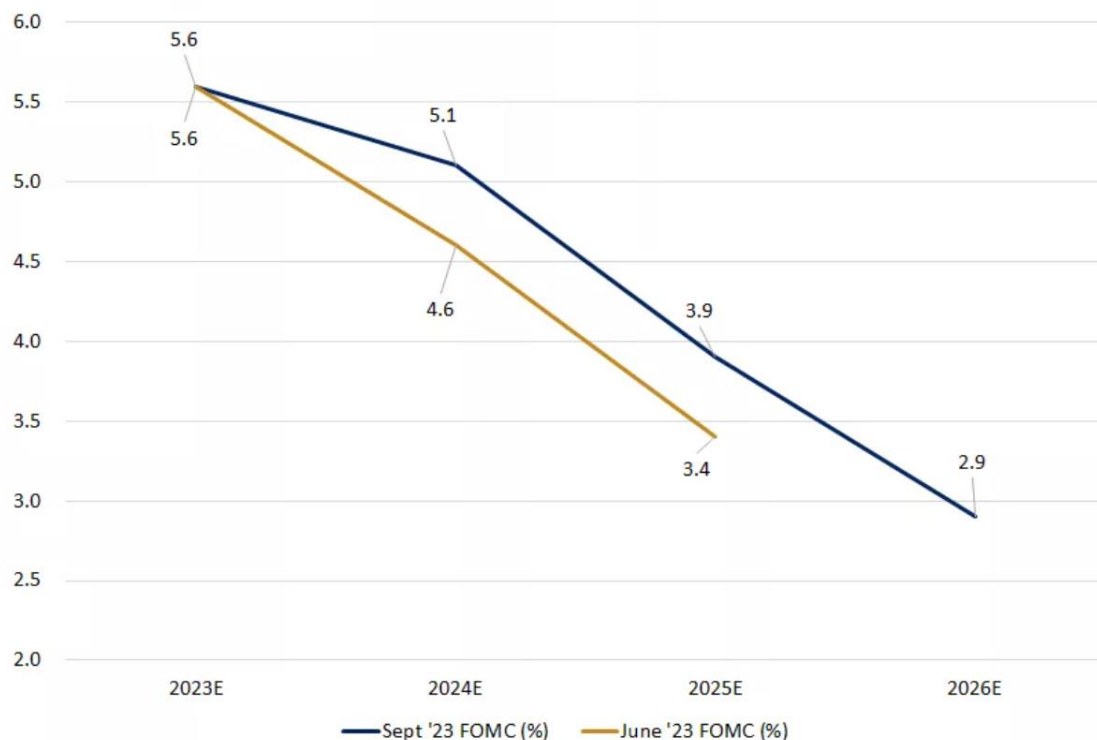
Source: Bloomberg, HolgerZ

#centralbanks

## #fed #dots

This chart compares the median projections for the federal funds rate in the June and September meetings. Median projections for the federal funds rate at the end of 2024 and 2025 rose in the September meeting, signaling a potentially higher for longer interest rate environment.

The Sept "Dot Plot" Shifted Upwards, Implying Rates Would Stay Higher For Longer



Source: FOMC, September 2023.

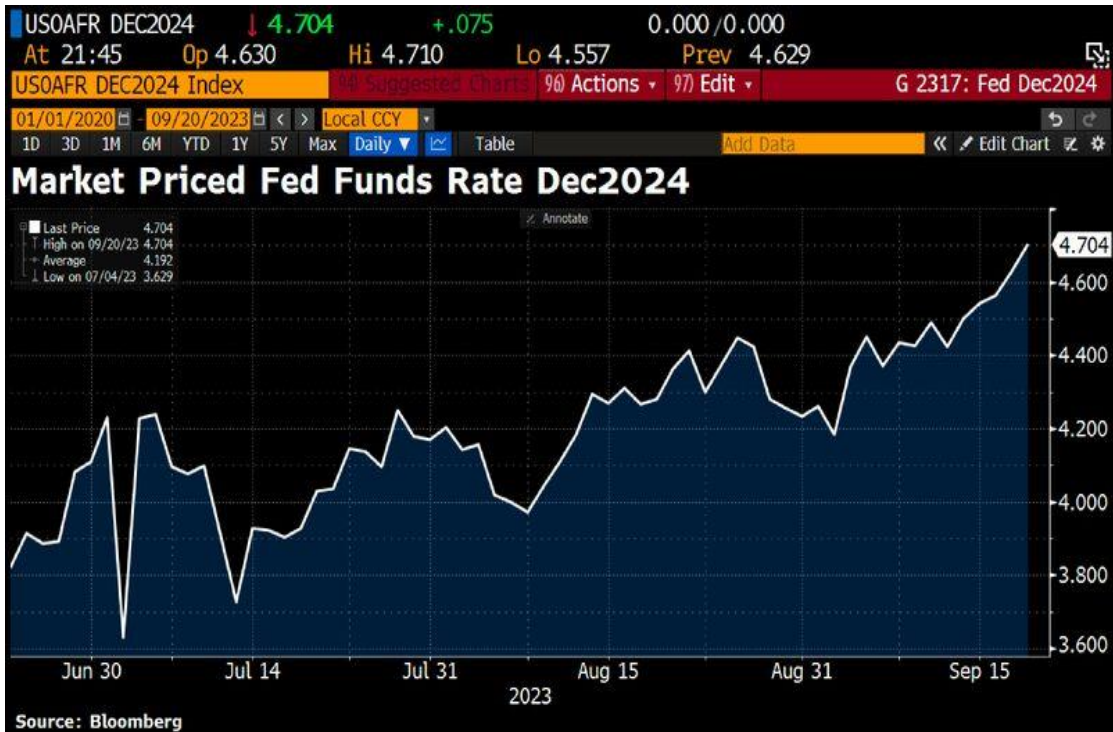


Source: Edward Jones

#centralbanks

#fed #rate #expectations

This chart tells the story: The rate priced in for the Fed's December 2024 meeting hit a new high for this cycle at 4.7%, meaning investors have sharply trimmed their hopes of interest rate cuts in 2024.



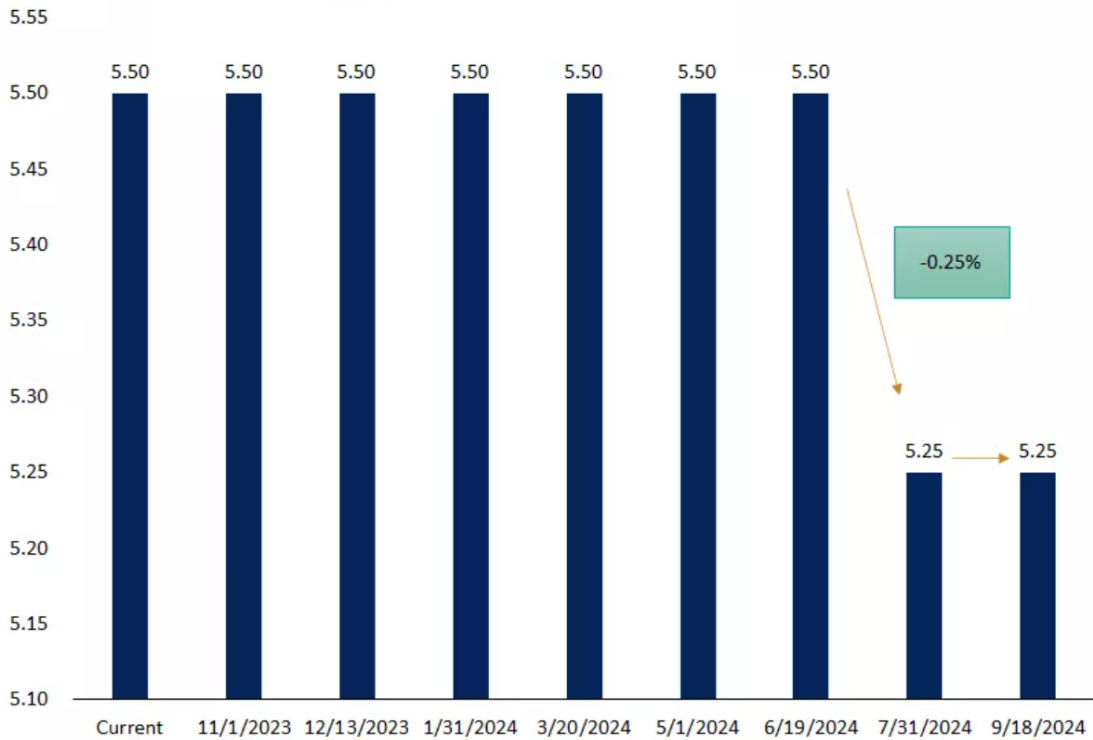
Source: HolgerZ, Bloomberg



## #fed #rate #expectations

This chart shows that markets are now pricing-in Fed rate cuts in July 2024.

Markets have pushed back their expectations for the first Fed rate cut, from June to July 2024



Source: CME FedWatch

Source: Edward Jones



#centralbanks

#fed #rates #expectations

Fed fund futures now pricing-in rate CUTS beginning in July 2024.

We briefly saw rate cuts not beginning until September 2024 according to futures after the Fed meeting.

Meanwhile, odds of another rate HIKE this year are up to 44% and rising.

MEETING PROBABILITIES											
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575	575-600	600-625
11/1/2023			0.0%	0.0%	0.0%	0.0%	0.0%	72.5%	27.5%	0.0%	0.0%
12/13/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	57.7%	36.7%	5.6%	0.0%
1/31/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	55.3%	37.5%	6.9%	0.2%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%	52.1%	32.0%	5.7%	0.2%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	23.1%	45.9%	23.8%	4.0%	0.1%
6/12/2024	0.0%	0.0%	0.0%	0.0%	1.2%	11.0%	32.1%	37.2%	16.0%	2.5%	0.1%
7/31/2024	0.0%	0.0%	0.0%	0.6%	5.9%	21.2%	34.6%	26.9%	9.4%	1.3%	0.0%
9/18/2024	0.0%	0.0%	0.3%	3.6%	14.5%	28.7%	30.3%	17.1%	4.9%	0.6%	0.0%
11/7/2024	0.0%	0.2%	2.0%	9.1%	21.7%	29.5%	23.6%	10.9%	2.7%	0.3%	0.0%
12/18/2024	0.1%	1.4%	6.9%	17.8%	27.1%	25.4%	14.8%	5.2%	1.0%	0.1%	0.0%



Source: The Kobeissi Letter

#centralbanks

## #fed #rate #expectations

The market has repriced its expectations for The Fed's rate trajectory significantly with rate-hike odds in 2023 lower and rate-cut odds in 2024 significantly lower...



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

#centralbanks

### #end-fed-blackout

The Fed's blackout window lifts and the jawboning begins - and everyone said the same thing: "higher for longer":

\*FED'S COLLINS: FURTHER FED HIKES 'CERTAINLY NOT OFF THE TABLE', EXPECT RATES MAY HAVE TO STAY HIGHER FOR LONGER

\*FED'S BOWMAN: MORE RATE HIKES LIKELY NEEDED TO GET INFLATION TO 2%, NEED TO REPEAT MONETARY POLICY ISN'T ON PRESET COURSE

\*FED'S DALY: I DON'T GET TO A POINT WHERE I'M READY TO DECLARE VICTORY, UNLIKELY INFLATION WILL REACH 2% GOAL IN 2024





#centralbanks

#us #fed #balancesheet #assets

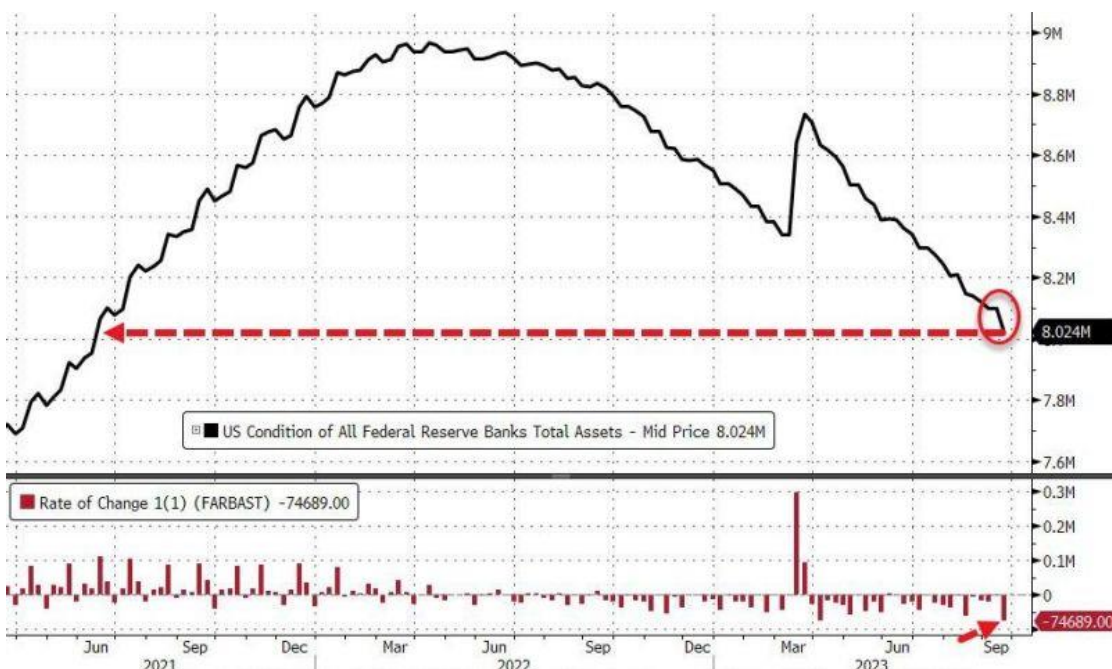
The Fed's balance sheet plunged by almost \$75BN last week - its biggest weekly drop since July 2020.

The Fed's balance sheet is now over 10% below its April 2022 peak.

The 2 largest drawdowns over the last 20 years?

1) Dec '08 - Feb '09: -18.2% (balance sheet hit new high in Jan '10).

2) Jan '15 - Aug '19: -16.7% (balance sheet hit a new high in Mar '20).



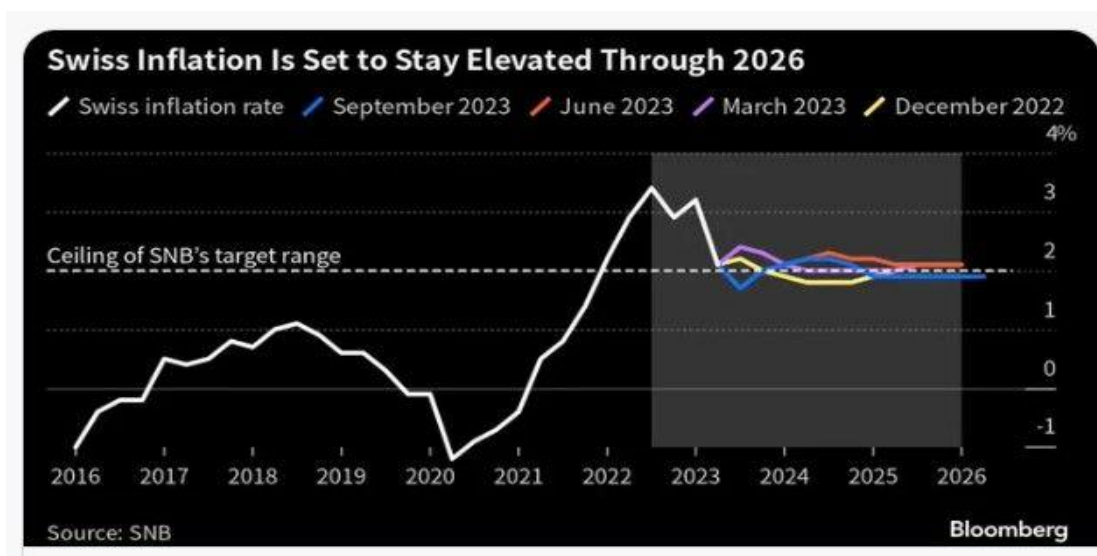
Source: www.zerohedge.com

## #centralbanks

### #switzerland #snb #tightening

The Swiss National Bank pauses its monetary tightening, defying expectations of another interest-rate hike to avoid adding constriction on a stalled economy.

- The SNB left its key rate unchanged at 1.75%, debunking market expectations of an additional 25bp hike
- The slowdown in inflation, the magnitude of the monetary policy tightening already implemented and rising risks surrounding the global outlook underpin this decision.
- Indeed, as inflation is within the SNB target (1.6%, in the 0%-to-2% target), economic activity is slowing down (0% GDP growth in Q2 2023) and the Swiss franc remains firm, the case for further tightening had turned much less compelling in the past few weeks.



Source: Bloomberg

#centralbanks

## #turkey #rates #inflation

Turkey CenBank raised main interest rate to 30% from 25%, but w/inflation at ~60%, real rates are still very heavily negative. The hike continues what many see as a return to more orthodox monetary policy under Governor Hafize Gaye Erkan, a former executive of First Republic Bank & Goldman Sachs, who was appointed in June after President Recep Tayyip Erdogan won a close-fought re-election. Erkan now hiked rates by a cumulative 2150bps.



Source: Bloomberg, HolgerZ

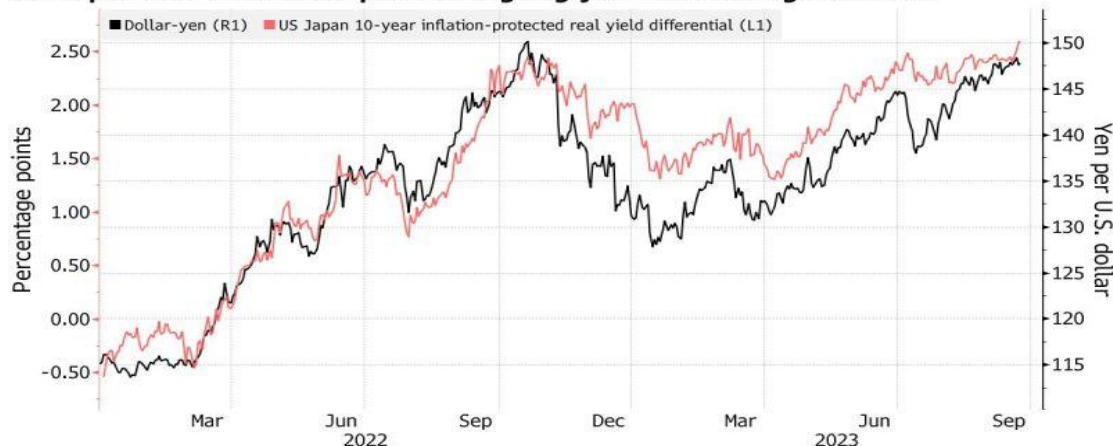
#centralbanks

#japan #boj #yen

Japan | BOJ left its monetary settings unchanged and offered no clear sign of a shift in its policy stance, putting a damper on market speculation over the prospects for a near-term interest rate hike and adding pressure on the yen. The bank of Japan kept its negative interest rate and the parameters of its yield curve control program intact on Friday in an outcome predicted by all 46 economists surveyed by Bloomberg. It also maintained a pledge to add to its stimulus without hesitation if needed, a vow that offers yen bears a reason to keep betting against it. Japan's currency weakened as much as 0.4% after the decision to around the 148.20 mark against the dollar. This helped stocks, which trimmed about half of their losses for the day. The benchmark 10-year bond yield was down half a basis point from Thursday's closing level at 0.74%.

Differential Direction

US-Japan rate differences point to ongoing yen weakness against dollar



Source: Bloomberg

Bloomberg Source: Bloomberg

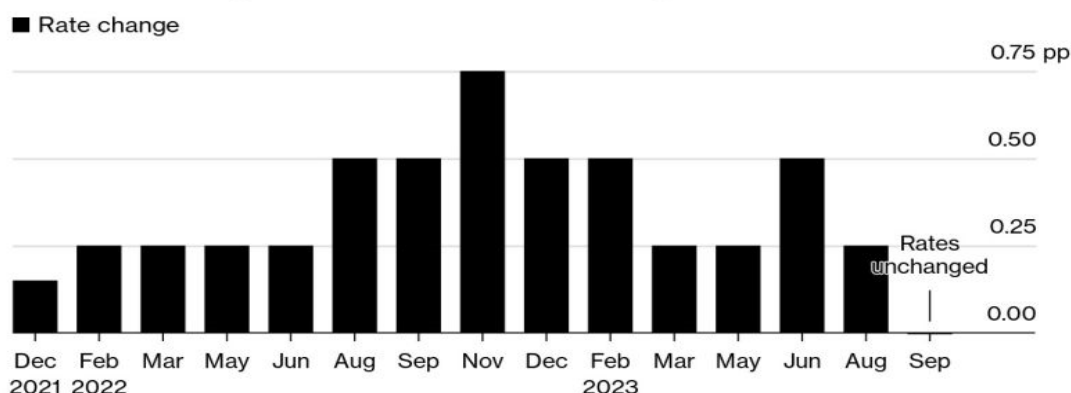


#centralbanks

#boe #uk #rates

The Bank of England halted the most aggressive cycle of rate rises in more than 3 decades as inflation falls and recession fears mount. The BOE held its key rate at 5.25% after 14 successive hikes... - Bank of England surprised markets by leaving the key policy rate unchanged at 5.25% after nearly two years of hikes. Consensus was looking for a 25bps rate hike to 5.50% (markets were split before the vote, betting on a roughly 50% chance of a vote to hold). This decision follows weaker than expected inflation data in August. This pause put an end to the most aggressive cycle of interest-rate rises in more than three decades amid falling inflation and mounting fears of recession. - Five members of the Monetary Policy Committee voted to

The Bank of England Held Rates After Hiking For Almost 2 Years



Source: Bank of England

Bloomberg

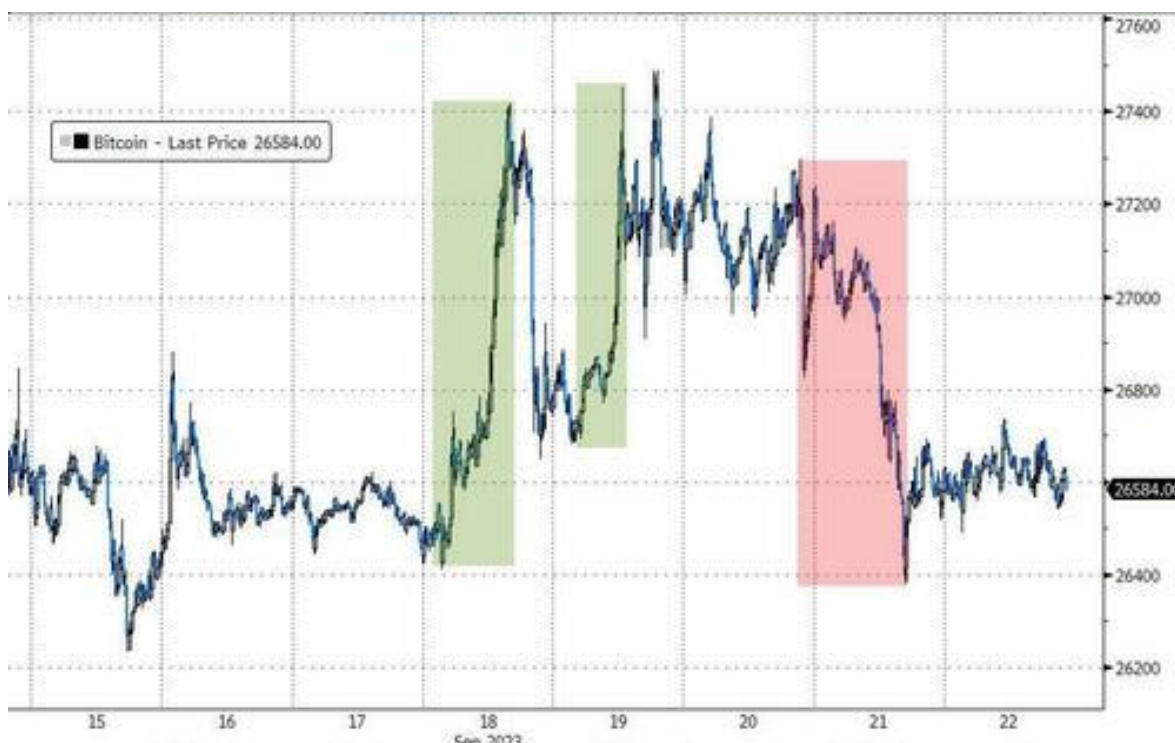
Source: Bloomberg





## #bitcoin #weekly

Bitcoin was noisy on the week but basically closed unch around \$26,500...

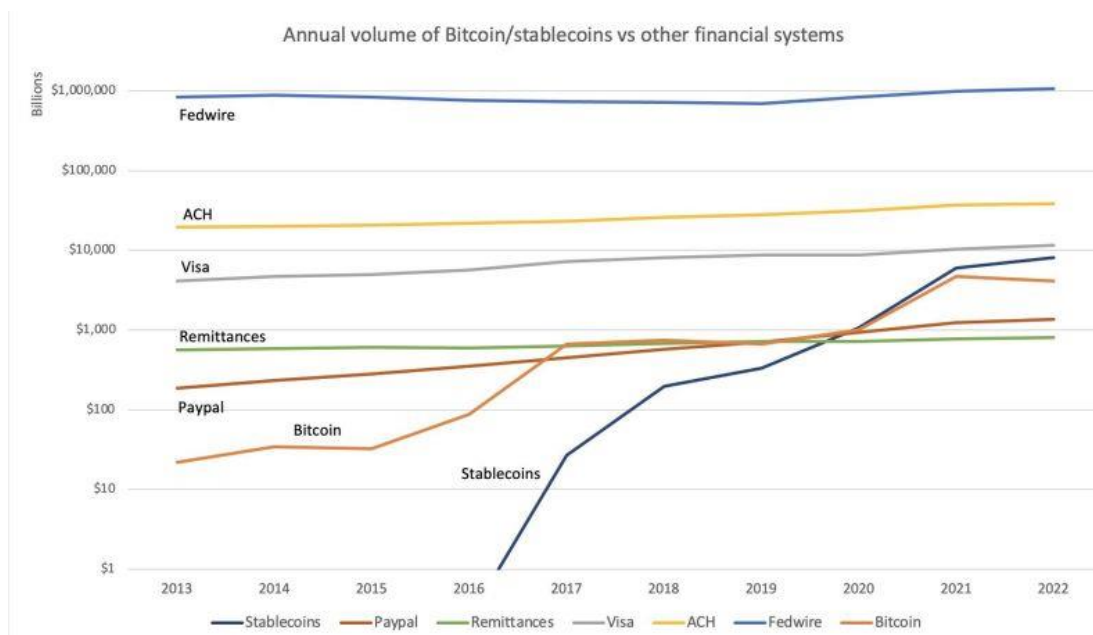


Source: [www.zerohedge.com](http://www.zerohedge.com)



## #bitcoin #blockchain #volume #paypal

Money sent on the bitcoin blockchain this year has surpassed PayPal and is nearing Visa

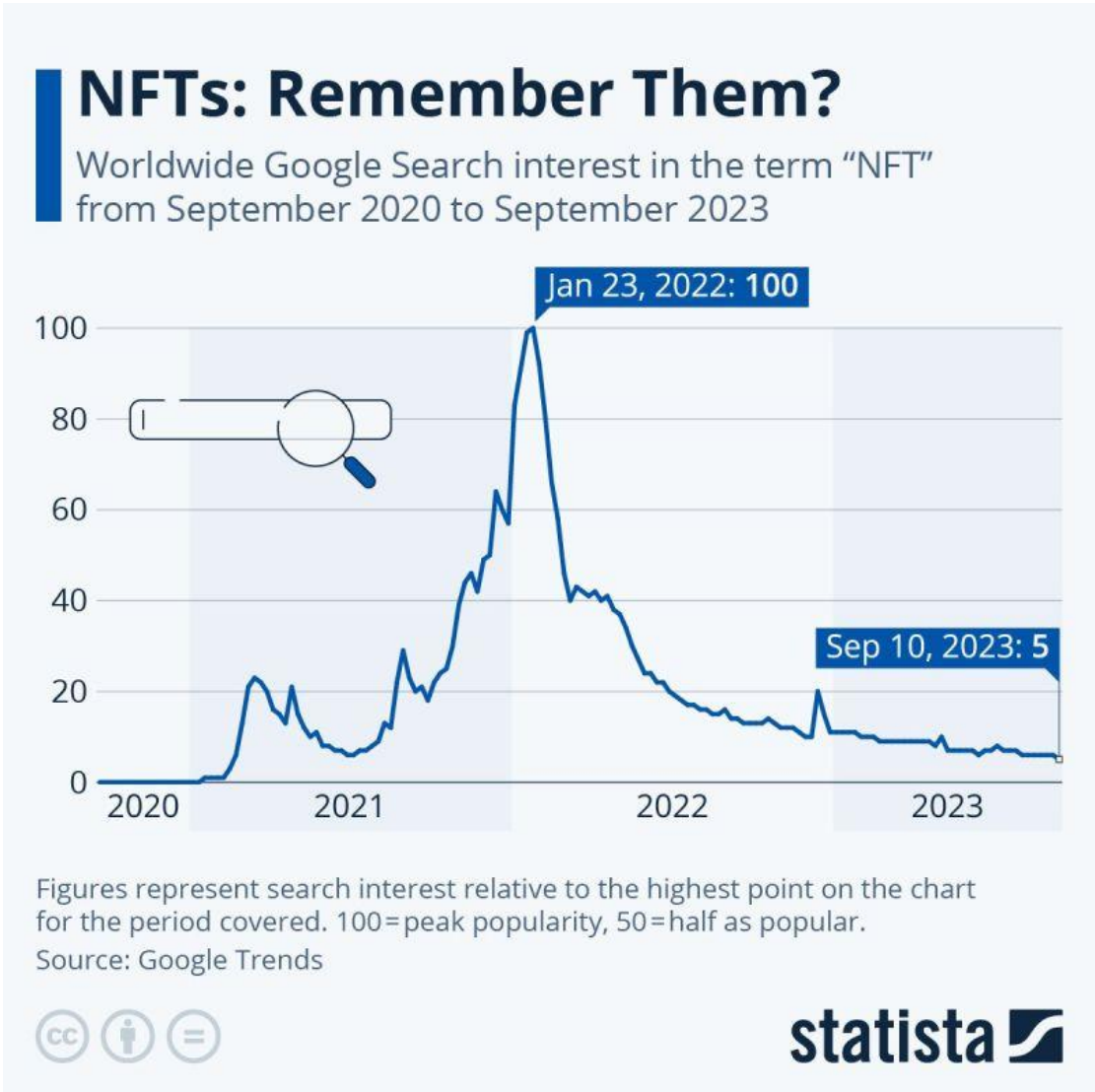


Source: Documenting Bitcoin



## #nft #interest #searches

### NFT interest since 2020





#food-for-thought

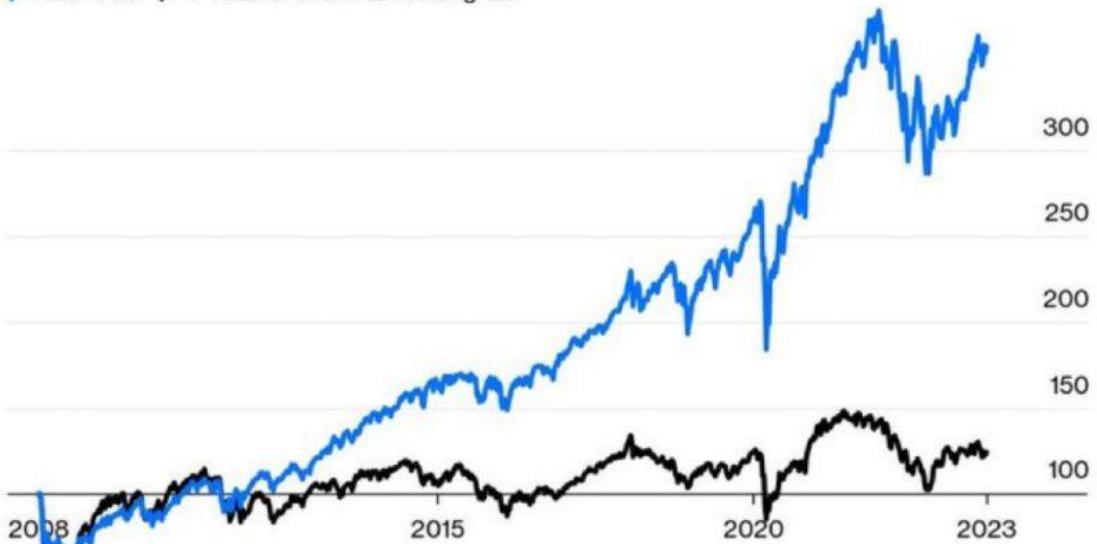
#us #world #performance #crisis

US vs. The World since the Collapse of Lehman Brothers

**The World Post-Lehman**

Outside the US, markets went sideways; but not in the US itself

■ S&P 500 ■ FTSE All-World Excluding US



Source: Bloomberg

Bloomberg Opinion

Source: bloomberg, barchart

#food-for-thought

#trading #gambling #risk

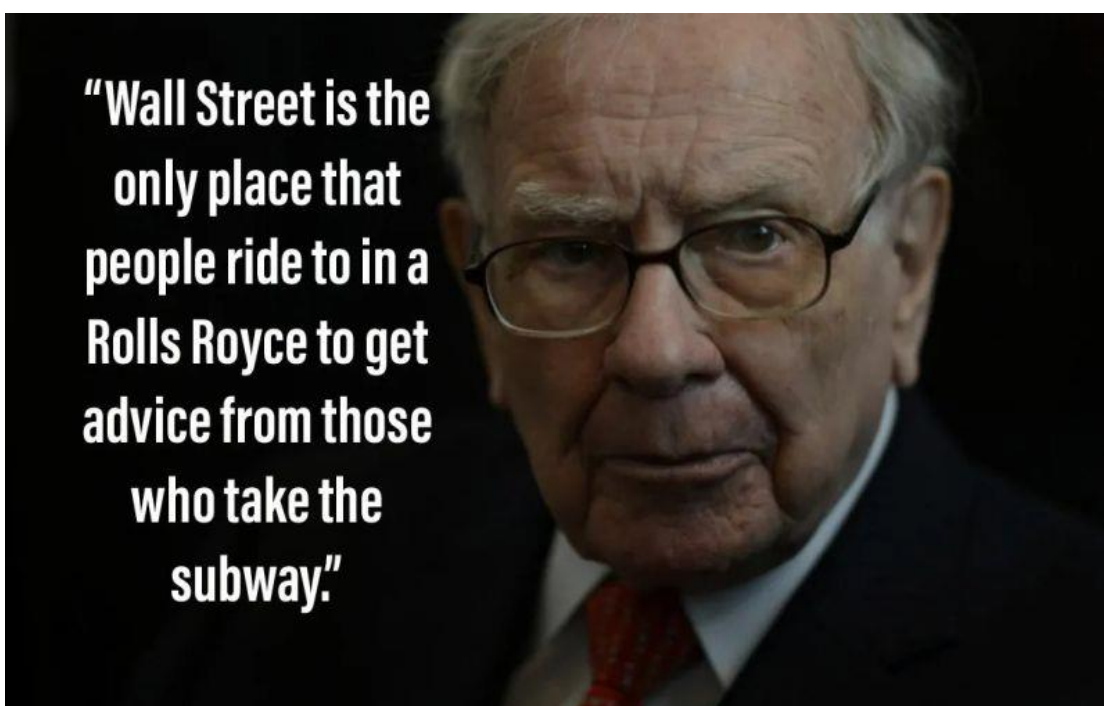
In case Anyone Tries to Tell You Trading is Easy...



Source: barchart

#food-for-thought

#warren-buffett #quotes



Source: Compounding quality

#food-for-thought


































#moat #investing

5 types of powerful moat:

# 5 Types Of MOATS



BY BRIAN FEROLDI

MOAT SOURCES	INTANGIBLE ASSETS	SWITCHING COST	NETWORK EFFECT	COST ADVANTAGE	EFFICIENT SCALE
<b>WIDE MOAT</b> 	 It's just sugar water, but consumers pay a premium. 	 Switching from Oracle's databases could cause massive disruptions. 	 Its clearinghouse function keeps volume captive. 	 Ground delivery network have low marginal costs. 	 Competitors have no incentive to enter. 
<b>NARROW MOAT</b> 	 Good brands, but a lack of scale hurts returns. 	 A popular product, but switching costs are low for users. 	 Equity volume is interchangeable and competitors have been aggressive. 	 The high fixed-cost air segment is a large portion of revenue. 	 Regulators restrain returns. 
<b>NO MOAT</b> 	 Name recognition doesn't result in pricing power. 	 Consumers easily pick among many retailers. 	 Commoditized inputs and outputs prevent economic profits despite network. 	 Low-cost resources can't offset industry oversupply. 	 Geographic monopoly, but regulation prevents economic profit generation. 



Follow Brian Feroldi on LinkedIn 

Source: [Brian Feroldi](#) / Morningstar

#food-for-thought

## #useful #advice #investing

Phil Fisher's advice on when to buy and when to sell, as described in Common Stocks and Uncommon Profits.

### When to buy and when to sell according to Phil Fisher (author of "Common Stocks and Uncommon Profits")

Who is Phil Fisher? He is one of the first proponents of growth investing. For most of his career he run his own company Fisher & Company, where he carefully chose his clients and remained out of the spotlight

#### When should investors buy?

"Once the investor is sure he has found an outstanding stock, isn't it any time at all a good time to buy it? The answer to this depends somewhat on the investor's objective. It also depends on his temperament."

- \* Some thought should be given to timing of fundamental trends of the business (not economic forecasting). Investors should buy...
  - \* When a company is undergoing temporary troubles (according to the investor) but is guided by exceptional management
  - \* When future increases in earnings have not yet been reflected in the share price (for example when a company has poured significant cash into increasing production but returns are still to be realized)
- \* Summary: buy great businesses when the market deems a temporary problem as permanent and when pessimism is high

#### When should investors sell?

- \* When a mistake had been made: depends on an investors ability to be honest with himself
  - \* When it no longer complies with the characteristics that made the investor buy: investors should continuously revisit their original thesis
  - \* When there's another opportunity that is more attractive from a risk return perspective (ie., opportunity cost): the investor has to be very sure that the other opportunity is better
- "If the job has been correctly done when a common stock is purchased, the time to sell is - almost never."



 @invesquotes

Source: Invesquotes via Investment books Dhaval

#food-for-thought

#cashflow #financial-statements #useful

The Cash Flow Statement Explained Simply

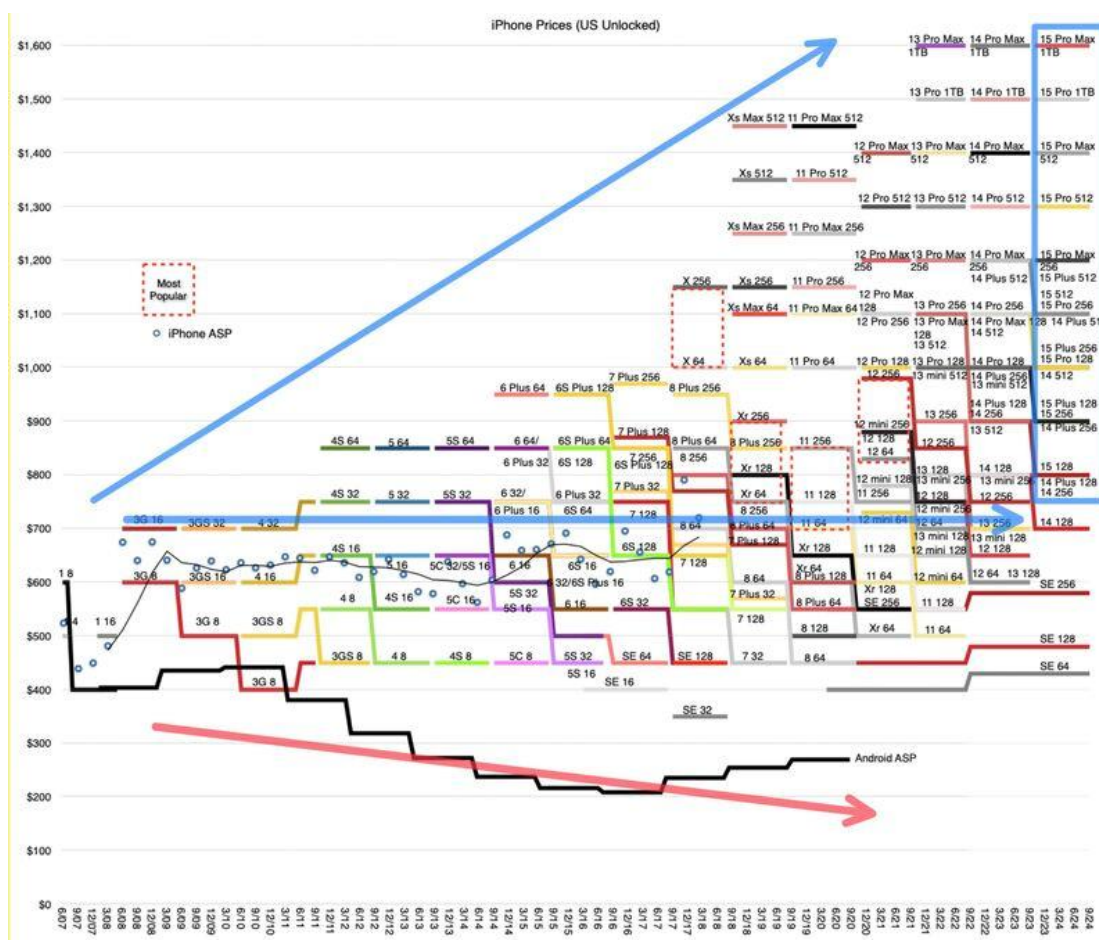
Cash Flow Statement Period			
Operating Activities		<b>Net Income</b>	From Income Statement
	+	Non-Cash Charges	Depreciation, Amortization, Stock-based Compensation
	±	Changes In Working Capital	Accounts Receivable / Accounts Payable / Inventory
		<b>Operating Cash Flow</b>	Cash Generated From Operating The Business
Investing Activities	-	Capital Expenditure for property, plant, equipment	O.C.F. - CapEx = Free Cash Flow!
	-	Acquisitions	Cash Paid to Acquire Other Businesses
	+	Proceeds From Sale of Investments	Cash Proceeds From Asset Sales
		<b>Net Cash From Investing Activities</b>	Cash Generated From Investing In The Business
Financing Activities	±	Borrow / Repay debt	Cash Proceeds / Outlays From Debt
	±	Issue / Repurchase Stock	Cash Proceeds / Outlays From Stock
	-	Pay Dividends	Cash Payments of Dividends
		<b>Net Cash From Financing Activities</b>	Cash Generated From Financing The Business
	±	<b>Changes in Cash During Period</b>	Total Change In Cash During Period
		<b>Cash Start of Period</b>	Starting Cash Level
		<b>Cash End of Period</b>	Ending Cash Level

Source: [Brian Feroldi](#)

#food-for-thought

#apple #pricing-power

The king of pricing power...How Apple's \$AAPL iPhone pricing evolved over time (higher and across more price points), and versus Android (lower)

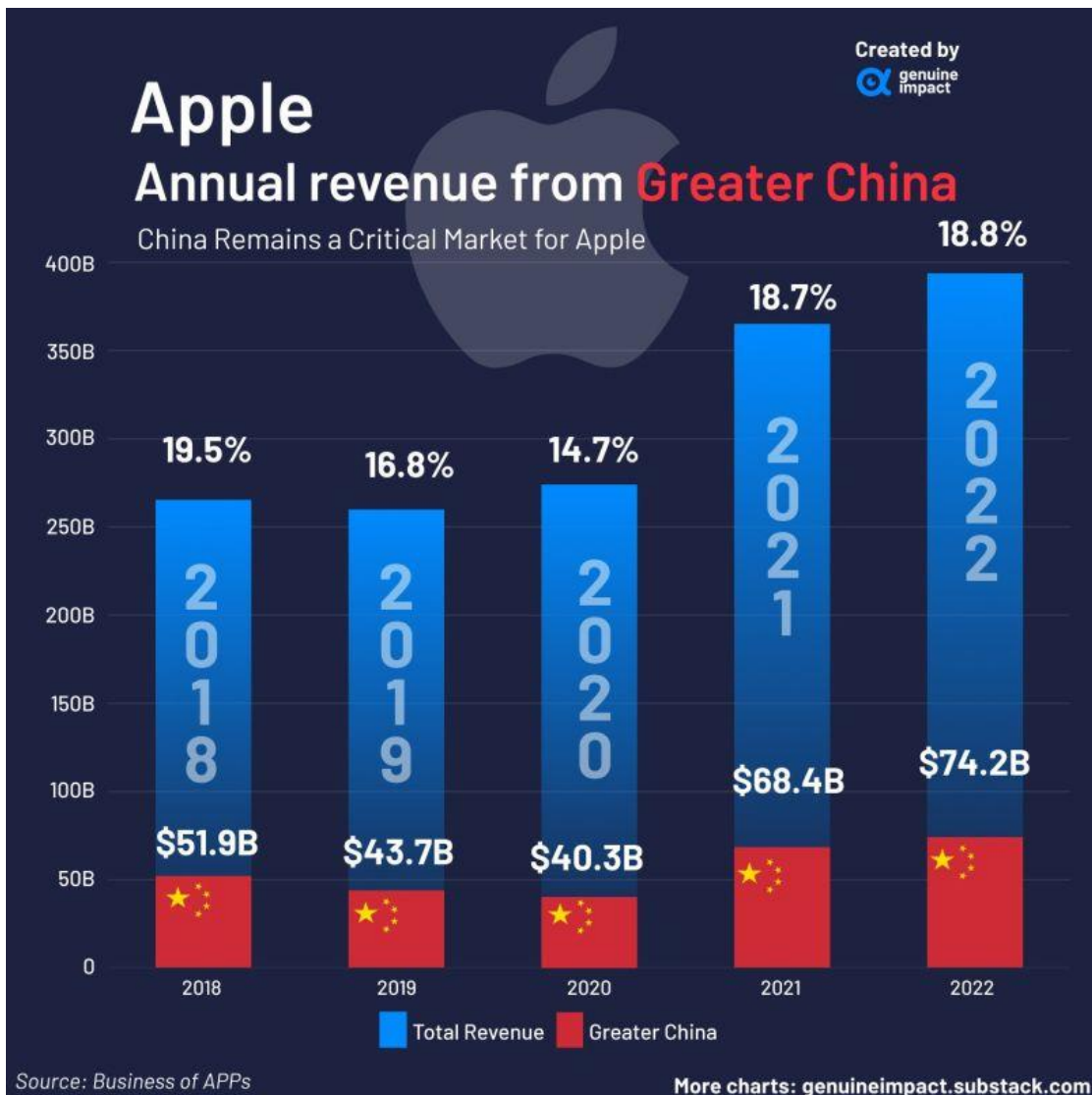


Source: Eugene Ng

#food-for-thought

## #apple #revenue #china

Apple annual revenue from Greater China



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



#food-for-thought

### #japan #toshiba

Japan's Toshiba set to end 74-year stock market history

Toshiba, one of Japan's oldest and biggest firms, is set to end its 74-year stock market history as a group of investors have bought a majority stake. The company has announced that a consortium led by private equity firm Japan Industrial Partners (JIP) has purchased 78.65% of its shares. Owning more than two-thirds of the firm allows the group to complete a \$14bn (£11.4bn) deal to take it private. The firm's roots date back to 1875, as a maker of telegraph equipment.



Source: bbc

### #food-for-thought

## #mcdonalds #royalties #franchise

Mcflation...McDonald's to raise royalty fees for new franchised restaurants for first time in nearly 30 years. - McDonald's franchise royalty fees for U.S. restaurants will rise from 4% to 5% for operators opening new locations. - The fast-food giant hasn't hiked royalty fees in nearly three decades. - While the change won't affect many operators initially, backlash will likely come, due to the company's rocky relationship with its U.S. franchisees. - Franchisees run about 95% of McDonald's roughly 13,400 U.S. restaurants. They pay rent, monthly royalty fees and other charges, like annual fees toward the company's mobile app, in order to operate as part of McDonald's system. - The royalty fee hikes probably won't impact many franchisees right away. However, backlash will likely come, due to the company's rocky relationship with its U.S. operators.



Source: CNBC

#food-for-thought

#millionaires #first-million

How long it took to Billionaires to earn their first \$1 million?

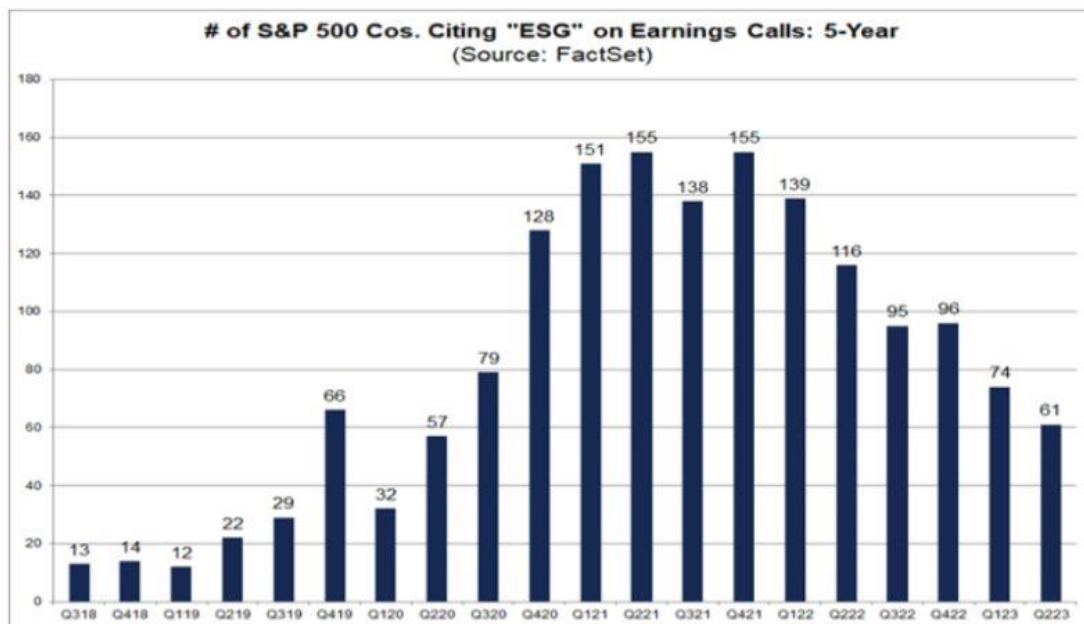


Source: [Genuine Impact](https://genuineimpact.com)

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#sp500 #esg #earnings

Lowest Number of S&P 500 Companies Citing “ESG” on Earnings Calls Since Q2 2020. FactSet searched for the term “ESG” in the conference call transcripts of all S&P 500 companies that conducted earnings conference calls from June 15 through September 14. 61 cited the term “ESG” during their earnings calls. This is the lowest number of S&P 500 companies citing “ESG” on earnings calls going back to Q2 2020 (57)



Source: factset

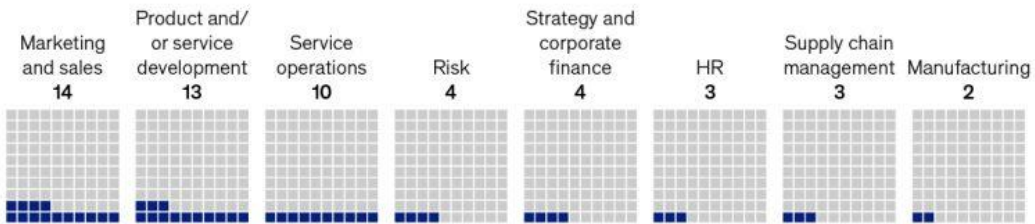
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#artificial-intelligence #generative-ai #uses

McKinsey annual State of artificial intelligence survey is here, and the results confirm 2023 is all about generative AI:

The most commonly reported uses of generative AI tools are in marketing and sales, product and service development, and service operations.

Share of respondents reporting that their organization is regularly using generative AI in given function, %<sup>1</sup>



Most regularly reported generative AI use cases within function, % of respondents

Marketing and sales	Product and/or service development	Service operations
Crafting first drafts of text documents 9	Identifying trends in customer needs 7	Use of chatbots (eg, for customer service) 6
Personalized marketing 8	Drafting technical documents 5	Forecasting service trends or anomalies 5
Summarizing text documents 8	Creating new product designs 4	Creating first drafts of documents 5

<sup>1</sup>Questions were asked of respondents who said their organizations have adopted AI in at least 1 business function. The data shown were rebased to represent all respondents.

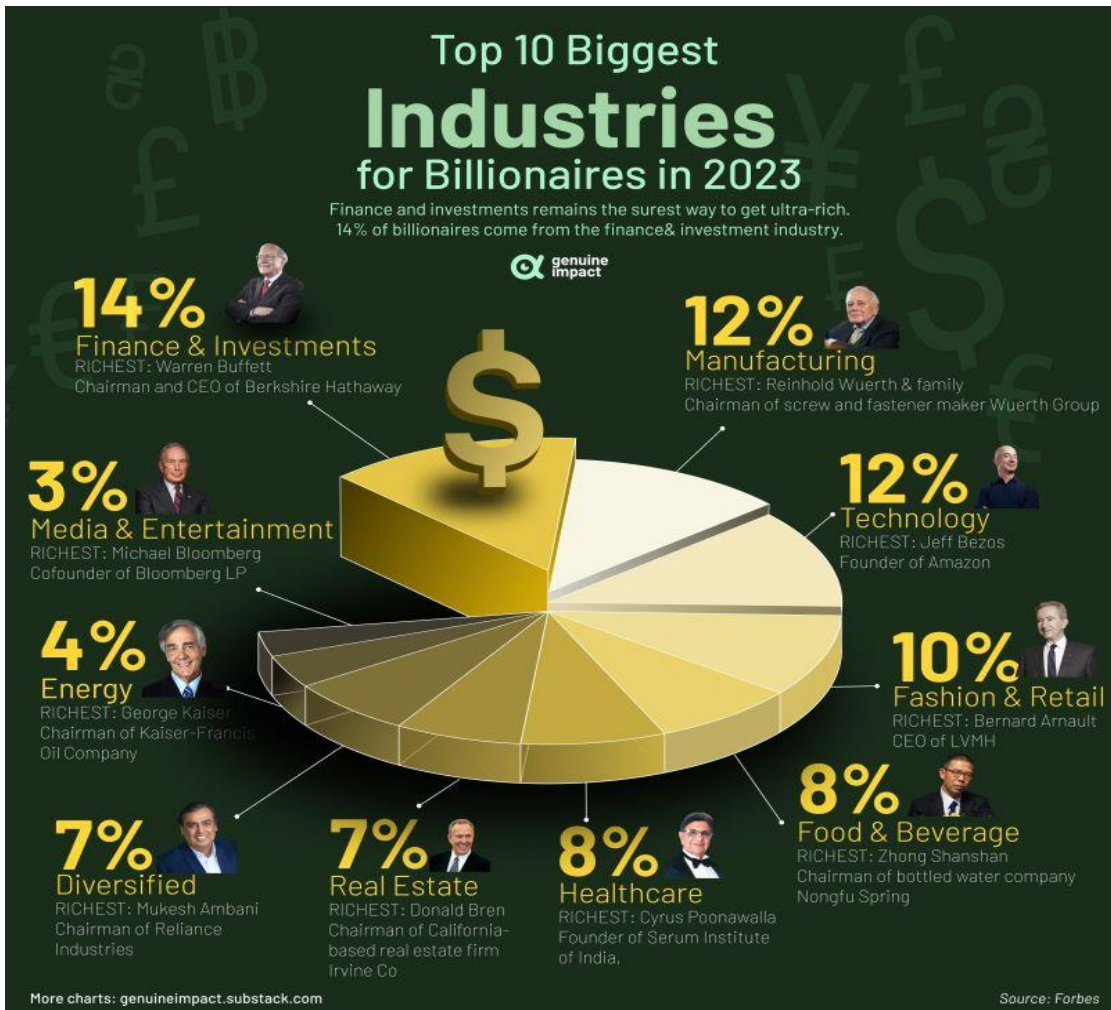
Source: McKinsey Global Survey on AI, 1,684 participants at all levels of the organization, April 11–21, 2023



#food-for-thought

#billionaires #industries #wealth

From which industries are billionaires coming from? 💰 There are various ways to become wealthy. But finance and investments remain the surest path to becoming a billionaire 🏦



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

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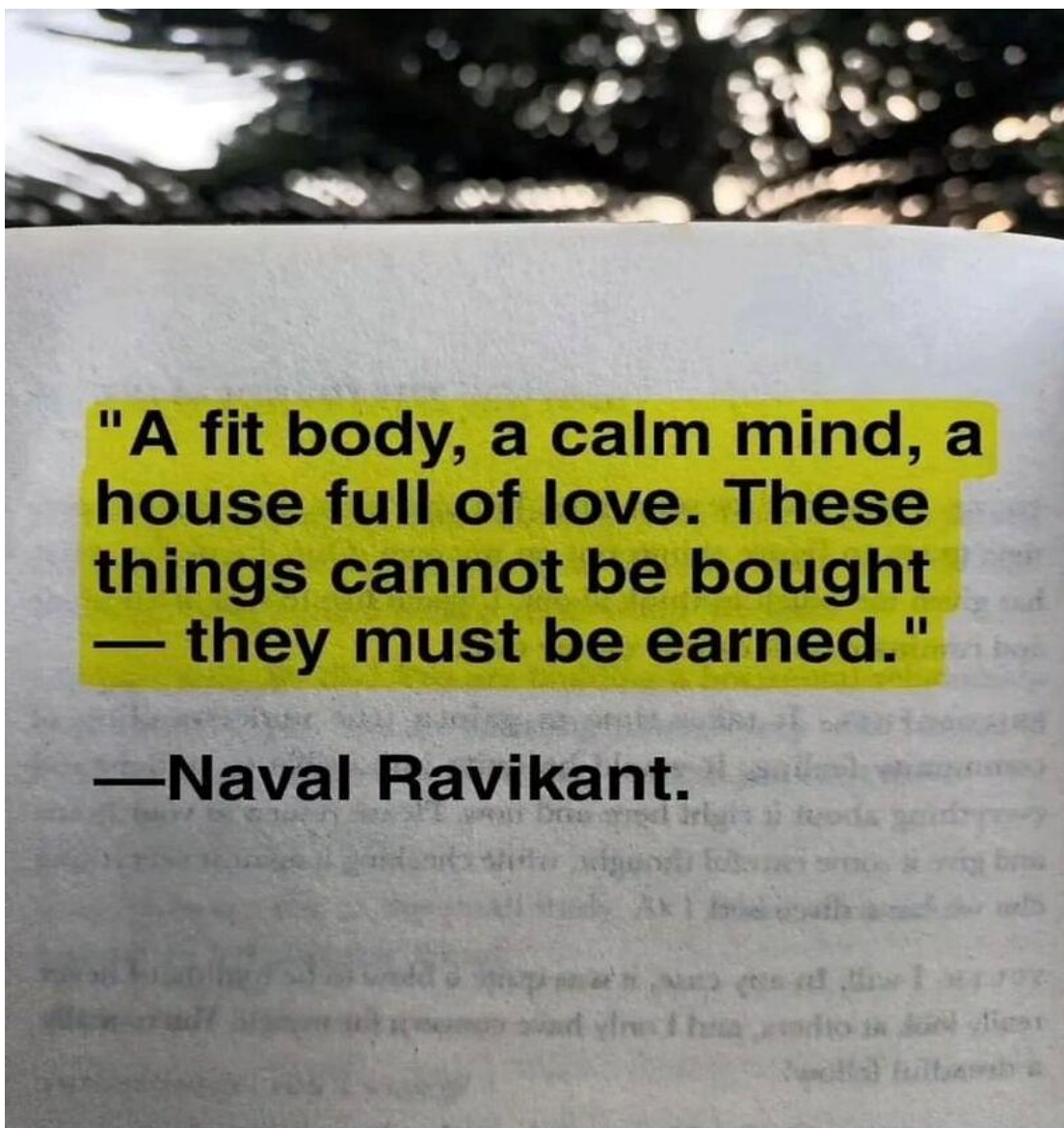
#real-estate #humor

The Housing Market in 2023



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#quotes #mindset

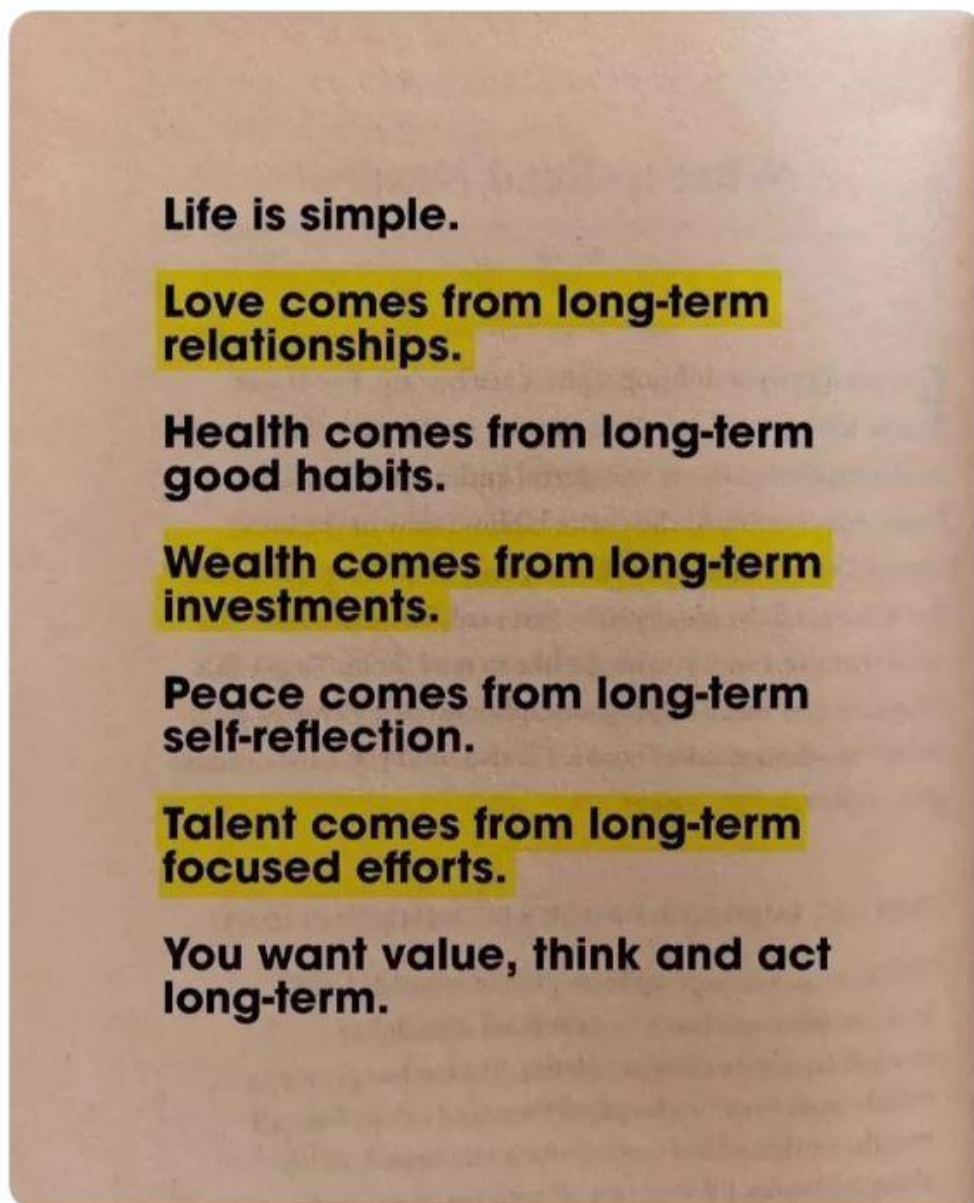


Source: DividendBuilder



#food-for-thought

#leadership



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#leadership

**I'm Proud of You...**

Truth is, if most people really knew your story, and all of the things you've been through, they'd probably wonder why you're still smiling. So if you don't hear it from anyone else, I'm proud of you.

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**For the future...**