

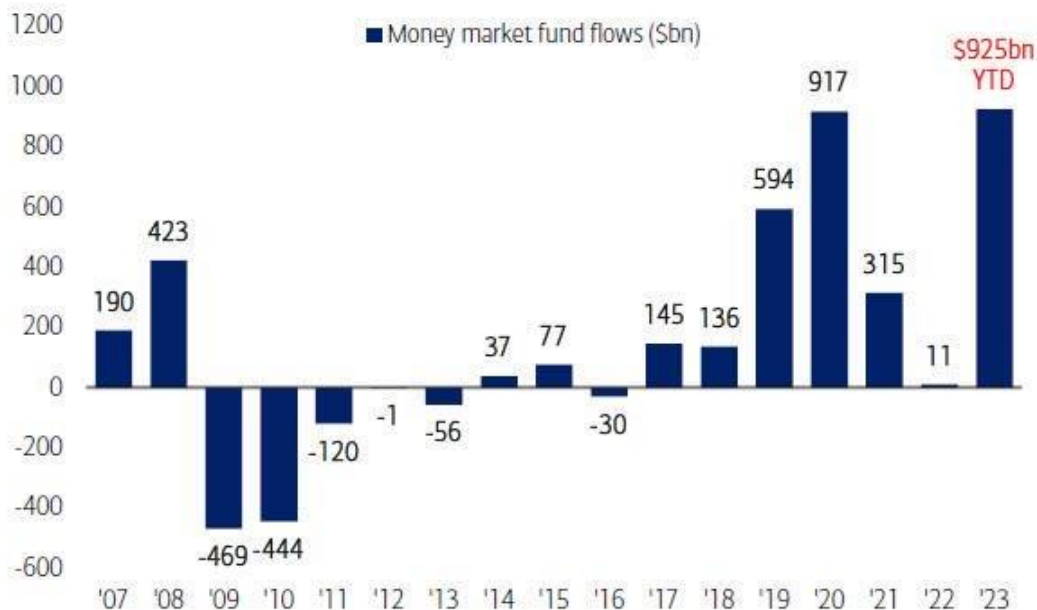
Chart of the week

THE 5% RISK FREE TEMPTATION

Year-to-Date, money market funds have seen \$925 billion of inflows. That's more than 80x the amount seen in 2022 and already above 2020 levels. We have seen more than DOUBLE the amount of inflows in 2008. Investors simply can't resist making 5% risk free in this environment

Chart 15: YTD cash inflows are now higher than in all of 2020

Global money market fund flows – annual (\$bn)



Source: BofA Global Investment Strategy, EPFR

BofA GLOBAL RESEARCH



Source: BofA, The Kobeissi Letter

Nasdaq gained despite hawkish Powell

The main US equity indices were mixed with the Nasdaq outperforming (along with the S&P 500) while The Dow ended lower on the week. Growth stocks handily outperformed value shares, helped by another substantial earnings and revenue beat by artificial intelligence chipmaker NVIDIA. Financials pulled back early in the week after S&P Global downgraded its credit ratings of five regional banks. Several retailers reported 2Q results, which arguably offered a generally cautious picture on the health of the U.S. consumer. On the macro side, disappointing data dominated the week with the Citi macro surprise index tumbling most since April. There were some bright spots: the weekly jobless claims report came in at 320,000, the lowest level in three weeks while US new home sales reached their highest level in July since early 2022, despite the highest mortgage rates in years. On Friday, before the central bank's annual symposium in Jackson Hole, Fed Chair Powell's speech was hawkish but more balanced than last year and than some had feared. The highlight was on data-dependency as options remain open. After hitting its highest intraday level (4.36%) since 2007 on Tuesday, the US 10-year yield fell back to end relatively unchanged for the week at 4.24%. In Europe, the STOXX Europe 600 Index ended 0.66% higher as European natural gas prices dropped and expectations grew that interest rates may soon peak. Chinese stocks fell as investors grew more pessimistic about the country's economic outlook.

#GLOBALMARKETS WEEKLY WRAP-UP

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26 AUGUST 2023

#markets

#weekly #summary

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	34,347	-0.4%	3.6%
S&P 500 Index	4,406	0.8%	14.7%
NASDAQ	13,591	2.3%	29.8%
MSCI EAFE *	2,074	0.8%	6.7%
10-yr Treasury Yield	4.23%	0.0%	0.3%
Oil (\$/bbl)	\$80.06	-0.7%	-0.2%
Bonds	\$95.87	0.3%	0.7%

Source: Factset 08/25/2023. Bonds represented by the iShares Core U.S. Aggregate Bond ETF. 4-day performance ending on Thursday.

Source: Edward Jones



#GLOBALMARKETS WEEKLY WRAP-UP

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#us #equities #spx

In spite of the Jackson Hole angst, the S&P 500 is up 0.8% for the week. However, the index remains below 50 days moving average.



Source: Alan Cohen





#us #sp500 #stock #bond

S&P 500 to 10-year note ratio is going parabolic.



Source: Barchart, The Daily Shot



#us #sp500 #bonds #equities

Since the COVID Crash lows in March 2020, US equity markets have more than doubled the performance of bonds. As shown below, that's the best performance ever over a similar time window, topping the strongest stocks-bonds outperformance from the tech bubble of the late 1990s and early 2000s.



Source: Bespoke, J-C Gand



#sp500 #investing #returns

The median year since 1928 has experienced a 13% intra-year drawdown in the S&P 500, making 2023 relatively mild by comparison. The 7.8% pullback in February-March is the largest thus far

S&P 500 Index: Max Intra-Year Drawdowns vs. End of Year Total Returns (1928 - 2023)														
Year	DD	TR	Year	DD	TR	Year	DD	TR	Year	DD	TR	Year	DD	TR
1928	-10.3%	43.8%	1948	-13.5%	5.7%	1968	-9.3%	10.8%	1988	-7.6%	16.6%	2008	-48.8%	-37.0%
1929	-44.6%	-8.3%	1949	-13.2%	18.3%	1969	-16.0%	-8.2%	1989	-7.6%	31.7%	2009	-27.6%	26.5%
1930	-44.3%	-25.1%	1950	-14.0%	30.8%	1970	-25.9%	3.6%	1990	-19.9%	-3.1%	2010	-16.0%	15.1%
1931	-57.5%	-43.8%	1951	-8.1%	23.7%	1971	-13.9%	14.2%	1991	-5.7%	30.5%	2011	-19.4%	2.1%
1932	-51.0%	-8.6%	1952	-6.8%	18.2%	1972	-5.1%	18.8%	1992	-6.2%	7.6%	2012	-9.9%	16.0%
1933	-29.4%	50.0%	1953	-14.8%	-1.2%	1973	-23.4%	-14.3%	1993	-5.0%	10.1%	2013	-5.8%	32.4%
1934	-29.3%	-1.2%	1954	-4.4%	52.6%	1974	-37.6%	-25.9%	1994	-8.9%	1.3%	2014	-7.4%	13.7%
1935	-15.9%	46.7%	1955	-10.6%	32.6%	1975	-14.1%	37.0%	1995	-2.5%	37.6%	2015	-12.4%	1.4%
1936	-12.8%	31.9%	1956	-10.8%	7.4%	1976	-8.4%	23.8%	1996	-7.6%	23.0%	2016	-10.5%	12.0%
1937	-45.5%	-35.3%	1957	-20.7%	-10.5%	1977	-15.6%	-7.0%	1997	-10.8%	33.4%	2017	-2.8%	21.8%
1938	-28.9%	29.3%	1958	-4.4%	43.7%	1978	-13.6%	6.5%	1998	-19.3%	28.6%	2018	-19.8%	-4.4%
1939	-21.2%	-1.1%	1959	-9.2%	12.1%	1979	-10.2%	18.5%	1999	-12.1%	21.0%	2019	-6.8%	31.5%
1940	-29.6%	-10.7%	1960	-13.4%	0.3%	1980	-17.1%	31.7%	2000	-17.2%	-9.1%	2020	-33.9%	18.4%
1941	-22.9%	-12.8%	1961	-4.4%	26.6%	1981	-18.4%	-4.7%	2001	-29.7%	-11.9%	2021	-5.2%	28.7%
1942	-17.8%	19.2%	1962	-26.9%	-8.8%	1982	-16.6%	20.4%	2002	-33.8%	-22.1%	2022	-25.4%	-18.1%
1943	-13.1%	25.1%	1963	-6.5%	22.6%	1983	-6.9%	22.3%	2003	-14.1%	28.7%	2023 YTD	-7.8%	?
1944	-6.9%	19.0%	1964	-3.5%	16.4%	1984	-12.7%	6.1%	2004	-8.2%	10.9%			
1945	-6.9%	35.8%	1965	-9.6%	12.4%	1985	-7.7%	31.2%	2005	-7.2%	4.9%			
1946	-26.6%	-8.4%	1966	-22.2%	-10.0%	1986	-9.4%	18.5%	2006	-7.7%	15.8%			
1947	-14.7%	5.2%	1967	-6.6%	23.8%	1987	-33.5%	5.8%	2007	-10.1%	5.5%			

Note: Closing Prices for Drawdowns (does not include intra-day or dividends)



@CharlieBilello

Source: Bespokeinvest





#sp500 #seasonality #volatility

Stock market (sp500) volatility in 2023 has tracked alongside historical seasonality. A continuation of that trend would imply a spike in volatility is coming...



Source: SoFi, Bloomberg

Source: Liz Young, SoFi, Bloomberg



#GLOBALMARKETS WEEKLY WRAP-UP

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#us #equities #systematic #positioning

The systematic long is very long and tracks the SPX closely.



Source: GS

Source: TME, GS





#us #equities #jackson-hole

More often than not, stocks rise the week after Jackson Hole
Will this year follow the pattern, or will it be one of the outlier years with a sell-off? 🤔

Jackson Hole Pattern

US stocks historically rise in week after Fed chair's speech

- 1-week post S&P 500 return
- 📈 1-week volatility measuring the standard deviation of S&P 500 daily price moves



Source: Bloomberg Intelligence

Source: Markets & Mayhem, Bloomberg





#us #equities #jackson-hole

Price changes before/on/after FED speeches at Jackson hole " since 2003, there are 7 instances \$SPX down 2 weeks prior to Jackson Hole .. 6 of 7 instances, equities rose in the week post-JH .."

S&P 500 Price Change before/on/after Fed Speeches at Jackson Hole (JH)

Since 1998 Jackson Hole Speech Day	Cumulative 2 Weeks Into JH	S&P 500 1D Speech Day	Cumulative 1 Week Post JH	Cumulative 1 Month Post JH	Cumulative 2 Months Post JH
8/28/1998	-3.0%	-1.5%	-6.6%	-2.5%	5.4%
8/27/1999	4.9%	-1.0%	-0.4%	-6.9%	0.1%
8/25/2000	3.3%	-0.1%	0.8%	-5.4%	-8.5%
8/31/2001	-4.5%	0.4%	-3.2%	-6.4%	-0.9%
8/30/2002	-1.3%	-0.2%	-1.6%	-9.8%	-1.8%
8/29/2003	1.2%	0.5%	2.9%	1.5%	4.8%
8/27/2004	3.9%	0.2%	0.8%	0.9%	2.3%
8/26/2005	-2.1%	-0.6%	0.5%	0.4%	-1.2%
8/25/2006	1.9%	-0.1%	1.2%	3.1%	6.3%
8/31/2007	3.3%	1.1%	-0.4%	5.6%	3.6%
8/22/2008	0.9%	1.1%	0.4%	-7.2%	-31.4%
8/21/2009	1.0%	1.9%	2.1%	5.3%	7.2%
8/27/2010	-3.4%	1.7%	5.5%	9.3%	13.0%
8/26/2011	-1.1%	1.5%	1.3%	-0.7%	10.9%
8/31/2012	-1.1%	0.5%	2.1%	3.7%	2.1%
8/22/2014	4.3%	-0.2%	0.6%	0.3%	-1.4%
8/26/2016	-0.6%	-0.2%	0.3%	-0.1%	-2.1%
8/25/2017	0.0%	0.2%	1.5%	2.8%	5.8%
8/24/2018	0.1%	0.6%	1.6%	1.7%	-6.9%
8/23/2019	-0.5%	-2.6%	0.1%	2.1%	3.4%
8/27/2020	2.9%	0.2%	-0.7%	-4.1%	-4.8%
8/27/2021	0.2%	0.9%	1.5%	-2.5%	3.0%
8/26/2022	-0.2%	-3.4%	-6.5%	-11.4%	-7.1%
Average	0.4%	0.0%	0.2%	-0.9%	0.1%
Median	0.1%	0.2%	0.6%	0.3%	2.1%
Win Ratio	57%	57%	70%	52%	57%
Positive 2 Weeks Into Jackson Hole (N=13)					
Average	2.2%	0.4%	0.9%	-0.4%	-1.5%
Median	0.1%	0.2%	0.6%	0.3%	2.1%
Win Ratio	-	69%	77%	62%	62%
Negative 2 Weeks Into Jackson Hole (N=10)					
Average	-1.8%	-0.4%	-0.8%	-1.5%	2.2%
Median	0.1%	0.2%	0.6%	0.3%	2.1%
Win Ratio	-	40%	60%	40%	50%
Since 2003 - Negative 2 Weeks Into Jackson Hole (N=7)					
Average	-1.3%	-0.4%	0.5%	0.5%	2.7%
Median	0.2%	0.4%	1.0%	1.2%	2.7%
Win Ratio	-	43%	86%	57%	57%
8/25/2023	-2.2%				

Source: Fundstrat, Bloomberg

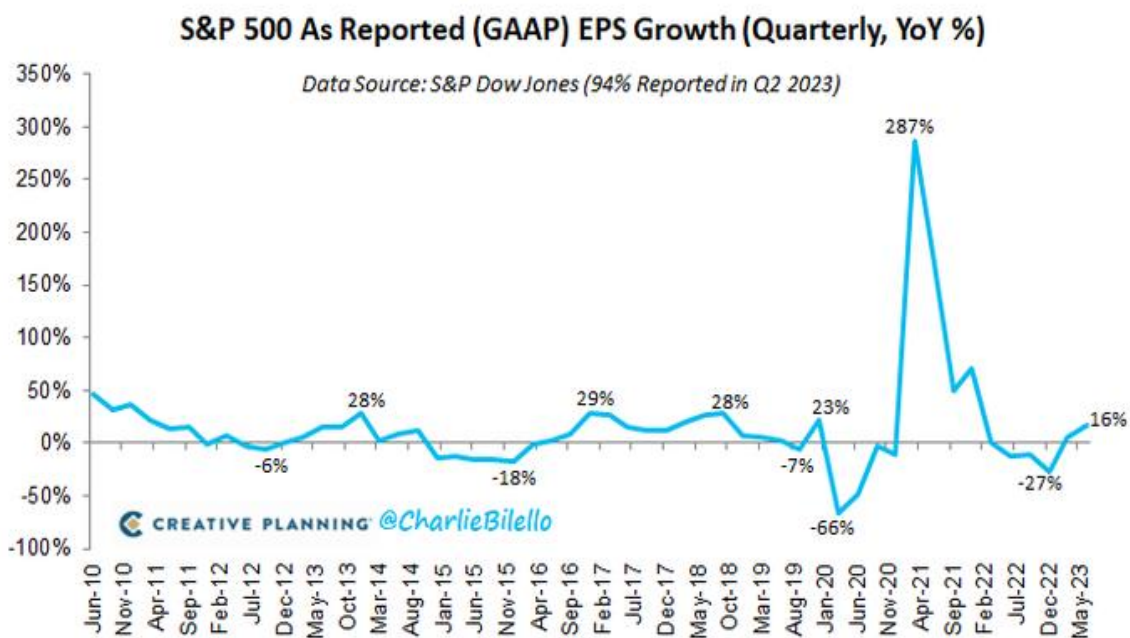
Source: Fund Strat thru Carl Quintanilla





#us #2q #earnings

With 94% of companies reported, S&P 500 Q2 GAAP earnings per share are up 16% over the prior year, much better than expected.



Source: Charlie Bilello

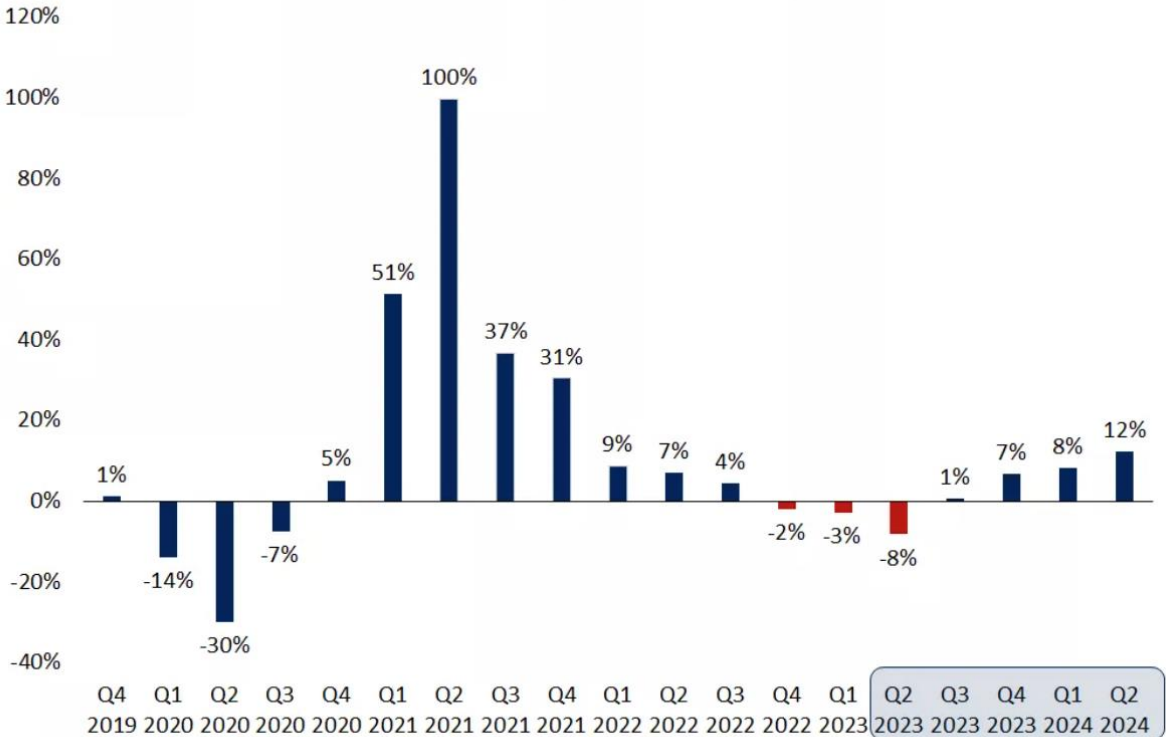




#us #earnings #momentum

If consensus estimates prove true, the second quarter will mark the end of the earnings downturn. S&P 500 earnings are expected to turn positive in the third quarter and rebound further in 2024.

Consensus expects an EPS trough before a Q3, Q4, and 2024 rebound



Source: Bloomberg, Edward Jones

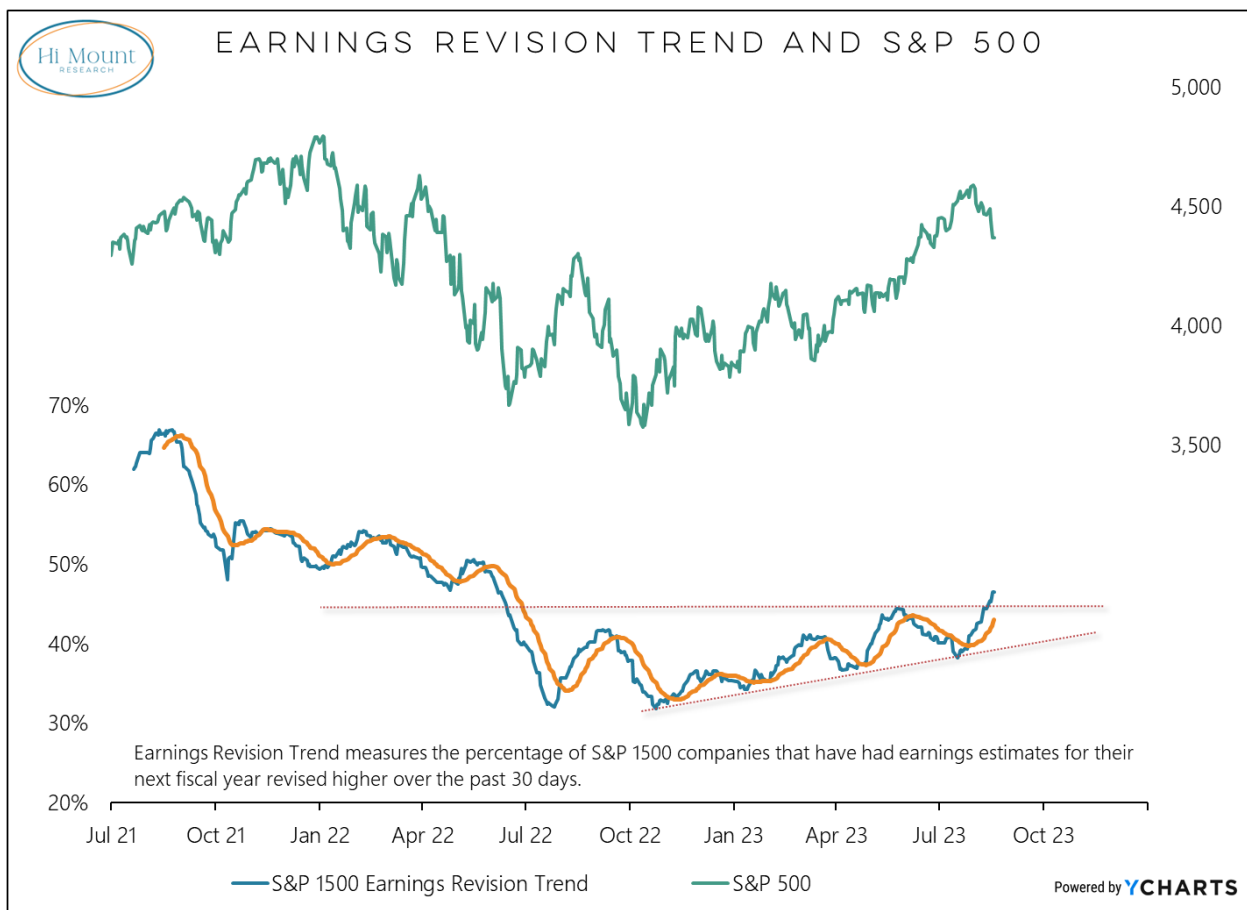
Source: Edward Jones





#us #earnings #revisions

If building a case that August equity mkt weakness is likely to be limited in degree & duration, then you probably like what you see from the earnings revision trend (which is still up and to the right).



Source: @allstarcharts @sstrazza





#us #equities #relative-valuations

The last time US 10Y yields were this far above sp500 dividend yields was sept/oct 2007 (BNP Paribas funds liquidate, Fed slashes rates, market peaks...)



Source: Bloomberg, www.zerohedge.com





#us #equities #relative-valuations

- On the positive side, absolute) valuations have improved as stock prices have dipped and earnings have held up
- On the negative side, the rise in bond yields imply a lower Equity Risk Premium, now at 39bps (19-year low), i.e equities are more expensive vs. bonds than at the start of the Summer...



Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

Source: Edward Jones, BofA



#markets

#us #equities #absolute-valuations

Price to Earnings Ratios...

NVIDIA: 114

Amazon: 104

Tesla: 66

Netflix: 44

Microsoft: 33

Facebook: 33

Apple: 30

Google: 28

S&P 500: 24

Price to Sales Ratios...

NVIDIA: 36

Microsoft: 11

Tesla: 8.8

Apple: 7.4

Facebook: 6.3

Google: 5.9

Netflix: 5.9

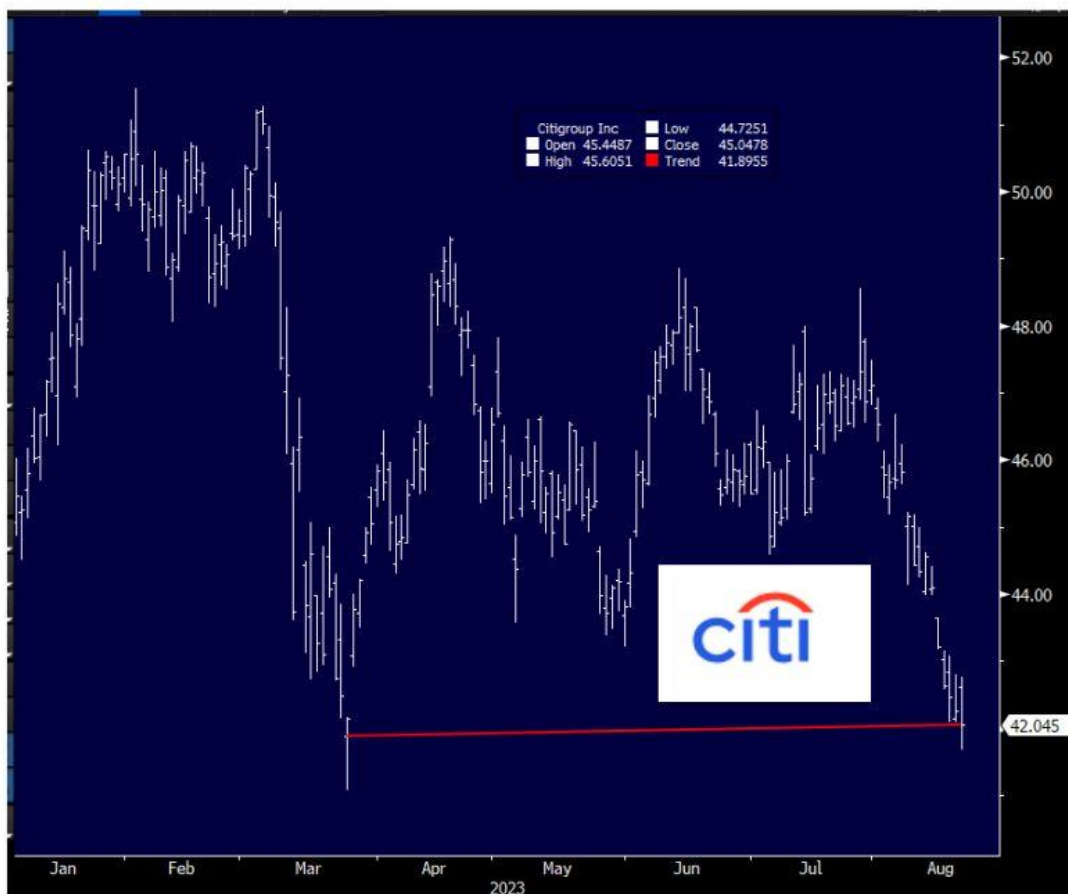
Amazon: 2.6

S&P 500: 2.4



#us #banks #citigroup

In case you missed it...what's going on with Citigroup? yesterday it had its lowest close of 2023, back to the panic levels of mid-March when Silicon Valley Bank failed



Source: James Bianco

#GLOBALMARKETS WEEKLY WRAP-UP

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#us #banks #charles-schwab #fhfb #loans

In case you missed it... Charles Schwab owes 130% of their total equity capital to short duration FHLB* loans that have to be paid back soon. Total assets \$350 billion... Source: FinanceLancelot. * What Is the Federal Home Loan Bank System (FHLB)? The Federal Home Loan Bank System (FHLB) is a consortium of 11 regional banks across the U.S. that provide a reliable stream of cash to other banks and lenders for additional housing, infrastructure, economic development, and other individual and community needs. The FHLB is a network of 11 regional banks that provide cash to other banks in order to keep money flowing to consumers and businesses. The FHLB was created by the federal government during The Great Depression.

	Total Assets	Total Deposits	Deposits over \$250K	% deposits over \$250K	No. accts >\$250K	% increase	Av. asset size >\$250K	% increase	Deposit size >\$250K	Total Equity Capital	Eq %	FHLB advances less than 1 year	FHLB advances 1-3 years	TOTAL SHORT TERM FHLB	FHLB as % of Equity	FDIC Cert no.	Net Loans	Loans %
Signature Bank	110,363,650	888,612,811	\$63,472,812	34.20%	27,228	57.28%	\$3,098	54.41%	\$0.29%	\$8,013,101	7.29%	\$1,259,000	\$24,738	\$11,238,738	140.23%	57,273	\$1,747,993	87.40%
Charles Schwab	348,731,000	825,983,000	\$80,971,000	24.84%	13,953	80.27%	\$6,803	0.66%	83.48%	\$7,664,000	2.20%	\$10,000,000	\$0	\$10,000,000	130.48%	67,450	\$40,830,000	11.71%
USA Federal Savings	110,694,000	\$102,056,000	\$18,609,000	18.23%	41,045	73.49%	\$0,453	-12.22%	92.04%	\$3,009,000	2.71%	\$3,500,000	\$0	\$3,500,000	116.32%	28	\$1,000,000	36.25%
Silicon Valley Bank	209,028,000	\$175,378,000	\$156,747,000	89.38%	37,468	103.39%	\$4,184	42.27%	83.90%	\$13,456,000	7.39%	\$15,000,000*	\$0	\$15,000,000	97.35%	24725	\$79,613,000	65.22%
Keybank	187,590,465	\$145,991,717	\$89,602,342	61.37%	59,625	21.99%	\$1,503	11.24%	77.82%	\$13,033,651	6.99%	\$11,252,256	\$18,764	\$11,271,020	86.48%	17534	\$19,433,468	63.67%
First Republic	212,638,872	\$176,436,706	\$140,333,329	79.56%	84,880	88.72%	\$1,660	15.56%	82.97%	\$17,445,927	8.20%	\$6,225,000	\$4,375,000	\$13,600,000	77.86%	59617	\$166,863,667	78.11%
PNC Bank	552,207,127	\$441,983,679	\$243,209,848	55.03%	178,685	68.22%	\$1,361	-2.99%	80.02%	\$43,894,962	7.95%	\$30,075,000	\$0	\$30,075,000	73.07%	6384	\$322,313,154	58.36%
Trust Bank	146,522,884	\$134,597,862	\$46,102,861	37.00%	17,557	27.23%	\$2,703	28.97%	83.63%	\$10,897,234	7.55%	\$7,600,000	\$0	\$7,600,000	68.82%	913	\$42,748,996	27.67%
U.S. Bank	546,228,000	\$424,773,000	\$203,930,000	55.07%	176,875	168.11%	\$1,323	-6.74%	77.78%	\$59,943,000	10.97%	\$26,700,000	\$1,000	\$26,701,000	48.55%	8648	\$322,851,000	59.11%
Aly Bank	181,890,000	\$156,058,000	\$44,400,000	28.47%	91,814	71.95%	\$0,464	-14.73%	85.80%	\$13,197,000	7.26%	\$3,303,000	\$13,103,000	\$6,466,000	48.33%	67803	\$132,377,000	73.78%
First-Citizens Bank	108,150,139	\$89,537,312	\$43,658,488	48.76%	99,598	242.83%	\$0,728	-9.73%	82.01%	\$9,934,614	9.10%	\$4,250,000	\$0	\$4,250,000	42.78%	11063	\$69,734,032	64.00%
U.S. Bank	586,136,606	\$464,830,641	\$268,486,134	57.87%	140,950	47.22%	\$1,912	-11.64%	79.44%	\$44,715,034	7.64%	\$19,000,074	\$0	\$19,000,074	42.49%	6548	\$330,951,076	56.56%
Citizens Bank	226,401,391	\$182,994,749	\$88,329,523	53.73%	68,110	41.82%	\$1,444	10.64%	80.83%	\$23,673,882	10.60%	\$6,500,000	\$13,240	\$6,513,240	35.96%	67957	\$185,791,282	68.81%
TD Bank	386,799,237	\$329,741,187	\$133,419,592	40.46%	123,012	50.30%	\$1,085	0.87%	85.25%	\$42,576,000	11.01%	\$9,500,588	\$1,472	\$9,502,060	22.32%	18409	\$165,288,197	42.73%
Fifth Third Bank	298,299,179	\$169,530,550	\$89,576,418	58.74%	58,819	36.36%	\$1,693	-14.00%	82.18%	\$19,481,117	9.44%	\$4,308,469	\$4,407	\$4,312,876	22.14%	6672	\$120,290,169	58.31%
Wells Fargo	1,717,501,000	\$1,401,842,000	\$887,410,000	62.46%	569,008	17.97%	\$1,560	-5.99%	82.73%	\$181,470,000	8.40%	\$32,000,000	\$0	\$32,000,000	18.82%	3511	\$906,316,000	52.77%
MUFJ International Bank	104,449,496	\$81,893,325	\$54,292,885	66.22%	39,275	-17.39%	\$1,382	8.36%	78.50%	\$15,156,416	14.61%	\$2,250,000	\$0	\$2,250,000	14.85%	23836	\$52,517,536	50.28%
BMO Harris	202,262,989	\$165,980,984	\$88,953,300	53.59%	69,069	100.36%	\$1,288	-17.87%	82.88%	\$24,419,791	12.19%	\$3,200,281	\$7,834	\$3,208,115	13.11%	548	\$126,665,599	64.74%
Citibank	1,768,752,000	\$1,399,637,000	\$813,968,000	45.87%	297,884	30.86%	\$2,953	12.08%	79.22%	\$184,945,000	9.34%	\$19,250,000	\$0	\$19,250,000	11.47%	7213	\$625,386,000	35.43%
Huntington Nat'l	182,203,074	\$151,720,662	\$108,580,732	70.25%	58,908	83.14%	\$1,812	53.74%	83.21%	\$17,283,683	9.57%	\$1,700,982	\$200,000	\$1,500,982	10.94%	6560	\$118,589,700	65.03%
State Street Bank	298,020,000	\$247,844,000	\$152,898,000	61.22%	14,401	9.18%	\$10,617	31.64%	81.15%	\$26,578,000	8.92%	\$2,000,000	\$0	\$2,000,000	7.52%	14	\$32,276,000	19.83%
HSBC	162,436,537	\$126,884,772	\$107,968,858	74.49%	39,784	-9.03%	\$3,212	23.92%	84.27%	\$16,885,717	7.89%	\$1,000,000	\$0	\$1,000,000	6.29%	67890	\$56,994,616	35.09%
Discover	129,283,283	\$84,876,159	\$18,148,114	20.18%	41,078	71.42%	\$0,466	-2.59%	73.33%	\$11,507,547	9.21%	\$0,000,000	\$0	\$0,000,000	4.40%	5649	\$104,742,034	80.95%
Bank of America	2,418,608,000	\$2,042,255,000	\$1,106,513,000	54.13%	796,862	56.69%	\$1,369	-1.47%	84.44%	\$25,449,000	9.32%	\$9,250,000	\$16,000	\$9,266,000	3.47%	3510	\$1,029,699,000	42.58%
JPMorgan Chase	3,201,942,000	\$2,898,270,000	\$1,229,025,000	42.41%	801,094	81.38%	\$1,534	-21.12%	80.52%	\$303,672,000	9.48%	\$11,004,000	\$28,000	\$11,032,000	3.42%	628	\$1,124,240,000	38.11%
UBS Bank	120,897,397	\$103,816,007	\$4,750	0.00%	6	500.00%	\$0,792	42.90%	85.81%	\$9,413,530	7.78%	\$0	\$0	\$0,000,000	2.46%	67565	\$89,183,018	73.70%
Bank of NY Mellon	324,446,000	\$287,533,000	\$181,778,000	64.57%	21,933	10.79%	\$8,403	22.05%	86.72%	\$26,750,000	8.24%	\$0	\$0	\$0,000,000	0.00%	639	\$31,381,000	9.87%
Capital One	453,313,240	\$355,083,771	\$208,257,725	58.66%	177,518	46.67%	\$1,173	38.46%	78.33%	\$49,552,832	10.93%	\$0	\$0	\$0,000,000	0.00%	4787	\$299,293,018	66.02%
Goldman Sachs	486,967,000	\$352,005,000	\$203,752,000	57.88%	118,968	118.82%	\$1,742	47.03%	72.29%	\$48,341,000	9.93%	\$0	\$0	\$0,000,000	0.00%	28134	\$158,254,000	32.50%
Regions Bank	154,203,000	\$133,792,000	\$63,801,000	47.69%	58,372	68.48%	\$1,075	-7.05%	86.78%	\$13,138,000	9.82%	\$0	\$0	\$0,000,000	0.00%	12368	\$35,483,000	62.18%
Morgan Stanley Private	208,664,000	\$192,285,000	\$76,157,000	39.61%	1,846	4,893.74%	\$39,135	-88.37%	91.70%	\$15,871,000	7.62%	\$0	\$0	\$0,000,000	0.00%	34221	\$129,708,000	61.86%
Morgan Stanley N.A.	201,263,000	\$177,356,000	\$69,018,000	38.91%	47	38.24%	\$1,468,468	37.89%	88.08%	\$19,977,000	9.92%	\$0	\$0	\$0,000,000	0.00%	22992	\$75,201,000	37.39%
AMEX	156,278,079	\$119,923,682	\$48,241,906	38.56%	71,553	75.81%	\$2,646	29.33%	77.18%	\$4,251,382	9.17%	\$0	\$0	\$0,000,000	0.00%	27471	\$124,964,474	80.45%

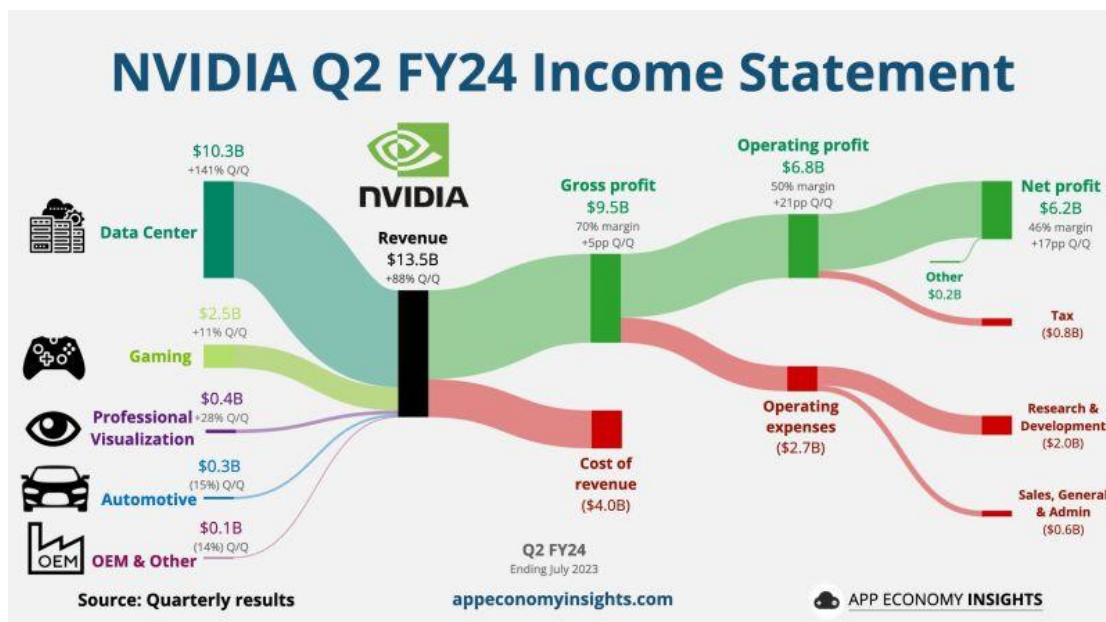
Source: Investopedia





#nvidia #equities #earnings

\$NVDA NVIDIA Q2 FY24 in one chart by App Economy Insight. Nvidia shares climbed 8% in extended trading on Wednesday after the chipmaker beat estimates for the second quarter and issued optimistic guidance for the current period. Nvidia said it expects third-quarter revenue of about \$16 billion, higher than \$12.61 billion forecast by Refinitiv. Nvidia’s guidance suggests sales will grow 170% on an annual basis in the current quarter.

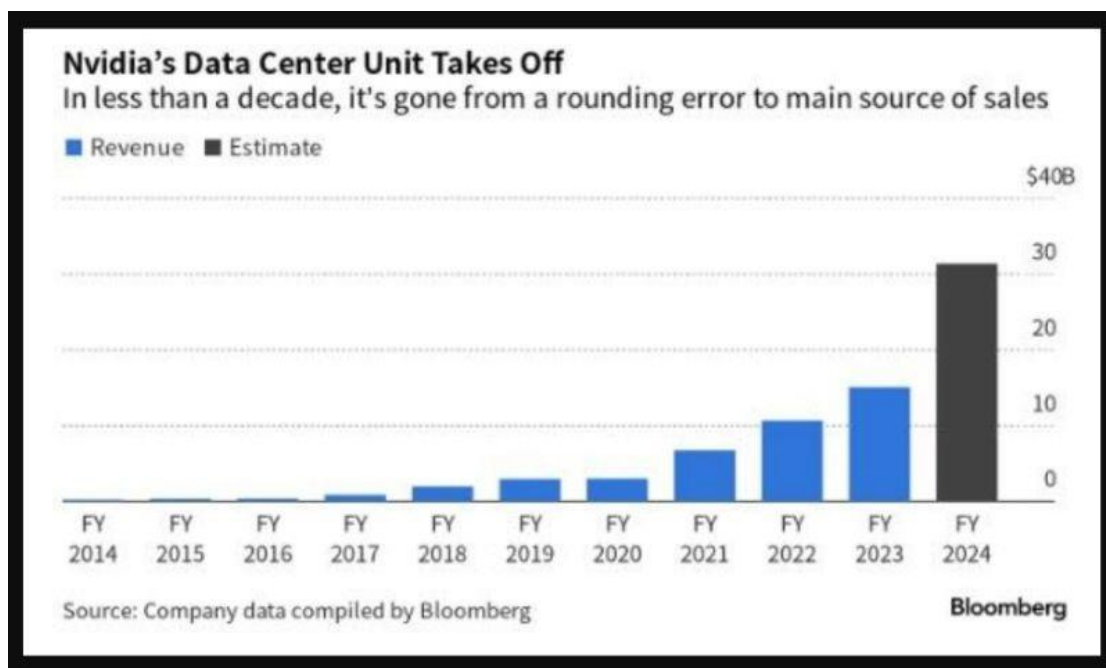


Source: CNBC, App Economy Insight



#nvidia #data-center #revenues

Nvidia (\$NVDA) data center revenue in 2Q was \$10.32 billion vs. \$3.81 billion y/y, beating estimates of \$7.98 billion. In less than a decade, it's gone from a rounding error to the main source of sales.



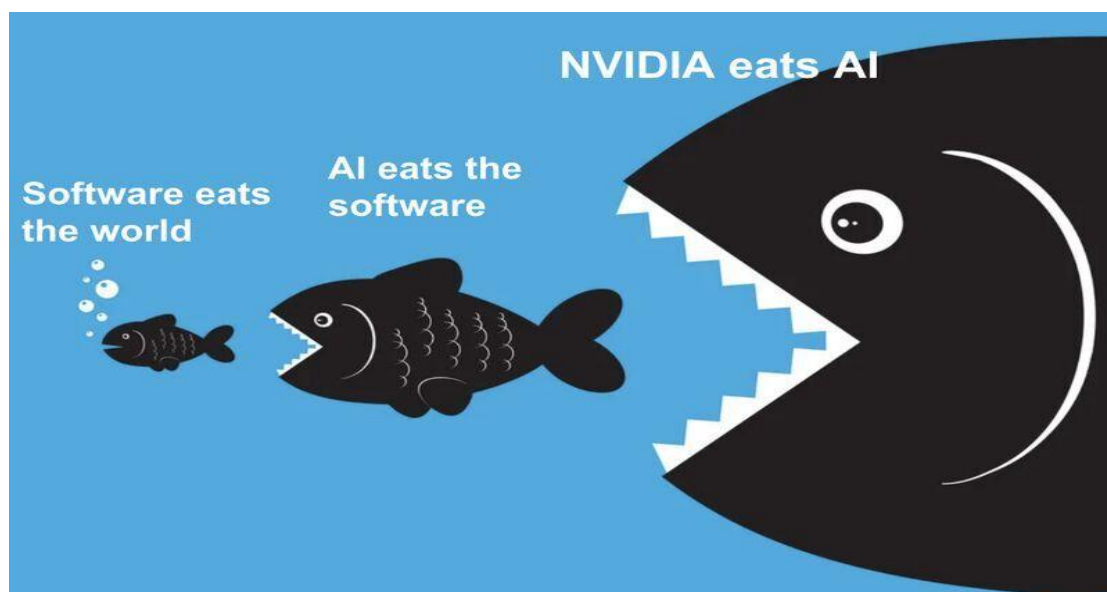
Source: Bloomberg

#nvidia #ai

Nvidia CEO: "Software Is Eating the World, but AI Is Going to Eat Software" (and Nvidia eats AI?)

After Nvidia \$NVDA earnings 🚀 🚀 🚀 yesterday:

1. Nvidia is now worth 8.8x more than Intel
2. Nvidia is now worth 6.9x more than AMD
3. Nvidia is now worth nearly 3x as much as JP Morgan by market cap
4. Nvidia is now the 5th most valuable public company
5. Nvidia expects \$183 million in revenue per DAY in Q3
6. EPS increased by nearly 900% since last year
7. Short sellers have now lost nearly \$10 BILLION this year



Source: [Baris Aksoy](#), The Kobeissi Letter



#nvidia #market-cap #trillion

Nvidia establishes itself in the \$1 trillion club. But expectations for Wednesday's numbers are immense. In Q1, Nvidia \$NVDA crushed analysts' revenue estimates by 10.4% as revenues rose 19% QoQ to \$7.19 billion. The strong sequential growth was led by record data center revenue, primarily helped by accelerated computing as generative AI drove high demand for Nvidia's products. For Q2, Nvidia is projecting revenues of \$11B, up 68% QoQ, with a 400 bp increase in gross margins as AI takes center stage. The AI-hype has driven some stocks valuations to extreme levels. Nvidia is the most emblematic one among large-caps is with a P/E ratio which went from under 50x to 224x in just 8 months.



Source: Bloomberg





#nvidia #dax #marketcap

If Nvidia continues like this, the chip company will soon be as big as all 40 Dax comps combined



Source: Bloomberg, HolgerZ



#nvidia #price #analysts

After the outstanding Nvidia figures and outlook, analysts have raised the avg price target for the chip giant from \$520 to \$620

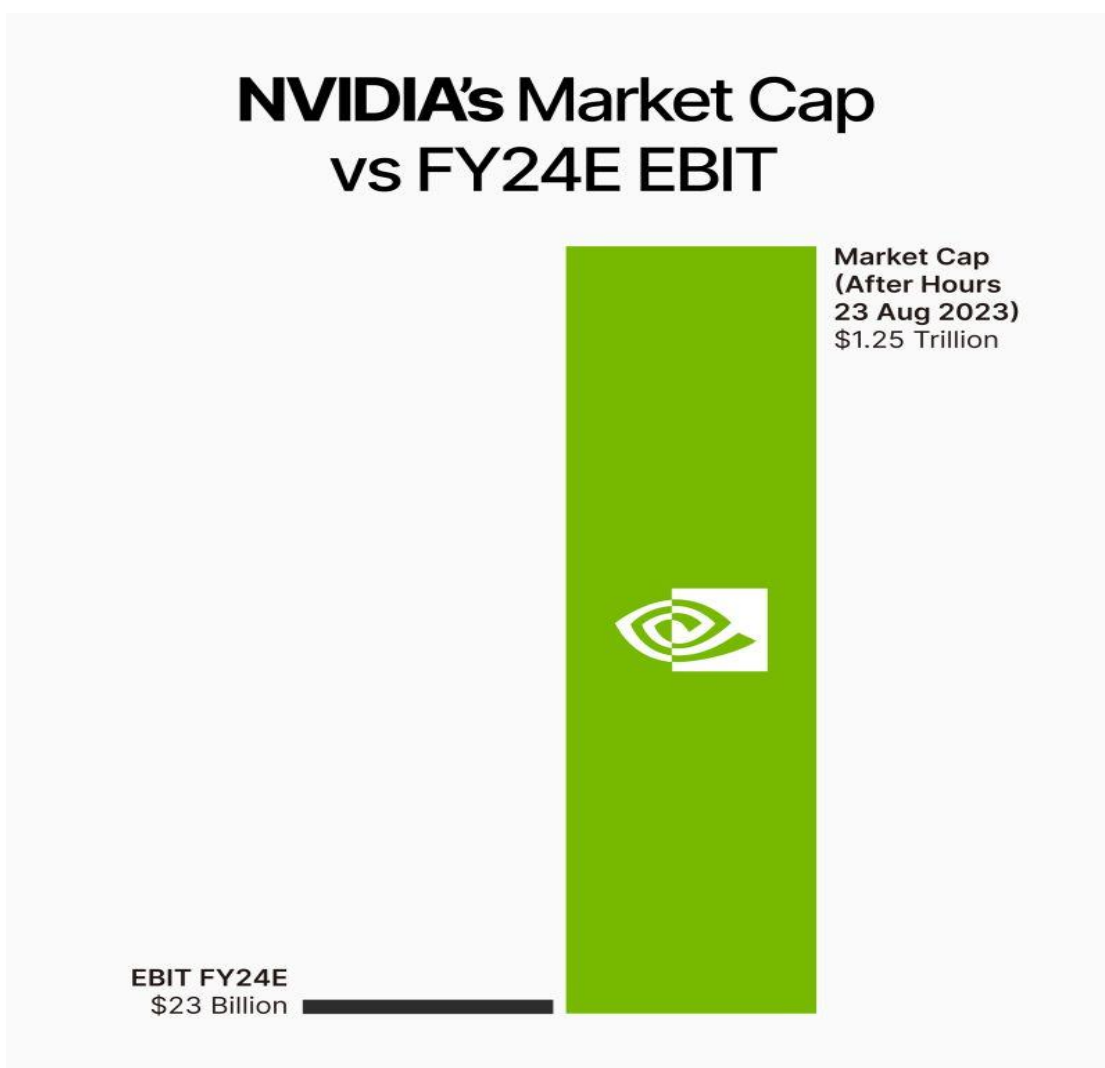


Source: HolgerZ, Bloomberg

#markets

#nvidia #valuation #price

Let's keep in mind that part of the Nvidia / AI buzz is already baked in the valuation as illustrated below





#us #equities #eli-lilly

Eli Lilly stock hit a new record high yesterday as the company continues to record a surge in sales for its buzzy diabetes drug Mounjaro. Sales of Mounjaro, which has also gained popularity for weight loss, came in at \$979.7 million for the second quarter, up from \$16 million a year earlier when it was introduced (2Q results were published 2 weeks ago). That helped the drug company post higher-than-expected sales for the second quarter. Novo Nordisk is also surfing on the strong demand for a similar weight loss blockbuster



#berkshire #aum #trillion

Warren Buffett's Berkshire Hathaway reported \$1 trillion of assets for the first time last quarter. That's roughly triple the assets of Apple, 10 times Tesla's figure, and 20 times Nvidia's total. Berkshire's assets have ballooned 33,000-fold under Buffett, from under \$30 million when he started.



Source: business insider



#global #equities #us #non-us

This year, US stocks have outperformed global equities by nearly 3x. To put this in perspective, even in the 2001 Dot-Com bubble, US stocks peaked at 1.5x outperformance. No bubble in history has even come close to US stocks outperforming global equities by 2x, let alone 3x. Tech stocks are carrying the entire stock market.

Chart 9: Global stocks massively underperforming US (tech) stocks

US vs Global equities (relative price performance)



Source: BofA Global Investment Strategy, Global Financial Data, Bloomberg

BofA GLOBAL RESEARCH



Source: BofA



#global #equities #breadth

48pct of global stocks are BELOW pre-covid levels...



Source: BofA

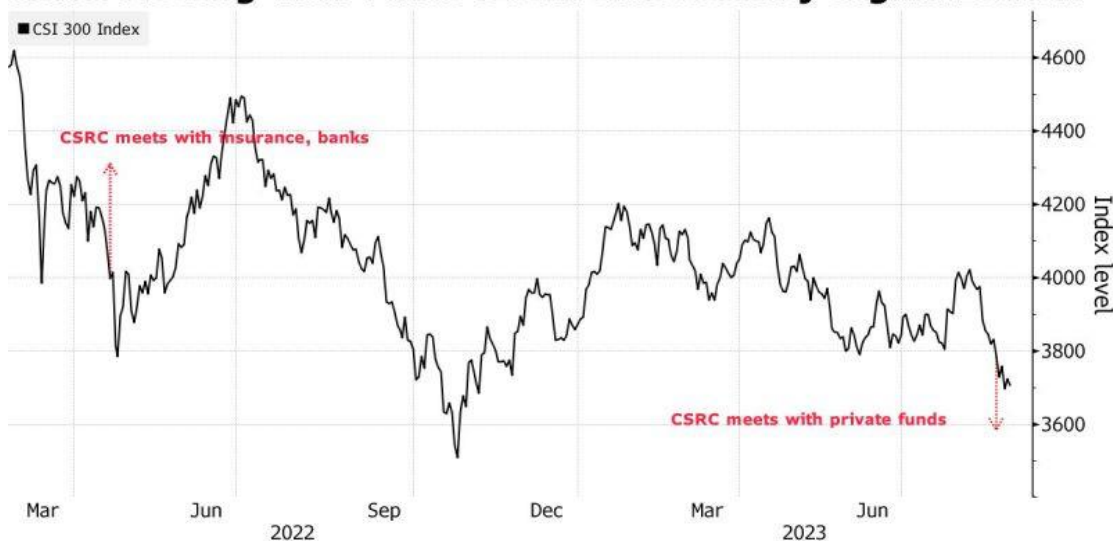




#china #equities #interventions

Chinese stocks slid in early Friday trading, an indication of entrenched investor pessimism even after authorities urged the nation's top financial institutions to help stabilize a struggling market. The CSI 300 Index of shares in Shanghai and Shenzhen dropped as much as 0.7% shortly after the opening bell, extending its slump this month to 7.7% and keeping it as one of the world's worst performers this year. A key gauge of Hong Kong-listed Chinese firms declined a maximum 1.3%. The selling came after the China Securities Regulatory Commission used a seminar Thursday with executives from the country's pension fund, some large banks and insurers to ask them to boost support for the market.

CSRC Meeting With Funds Doesn't Necessarily Signal Bottom



Source: Bloomberg



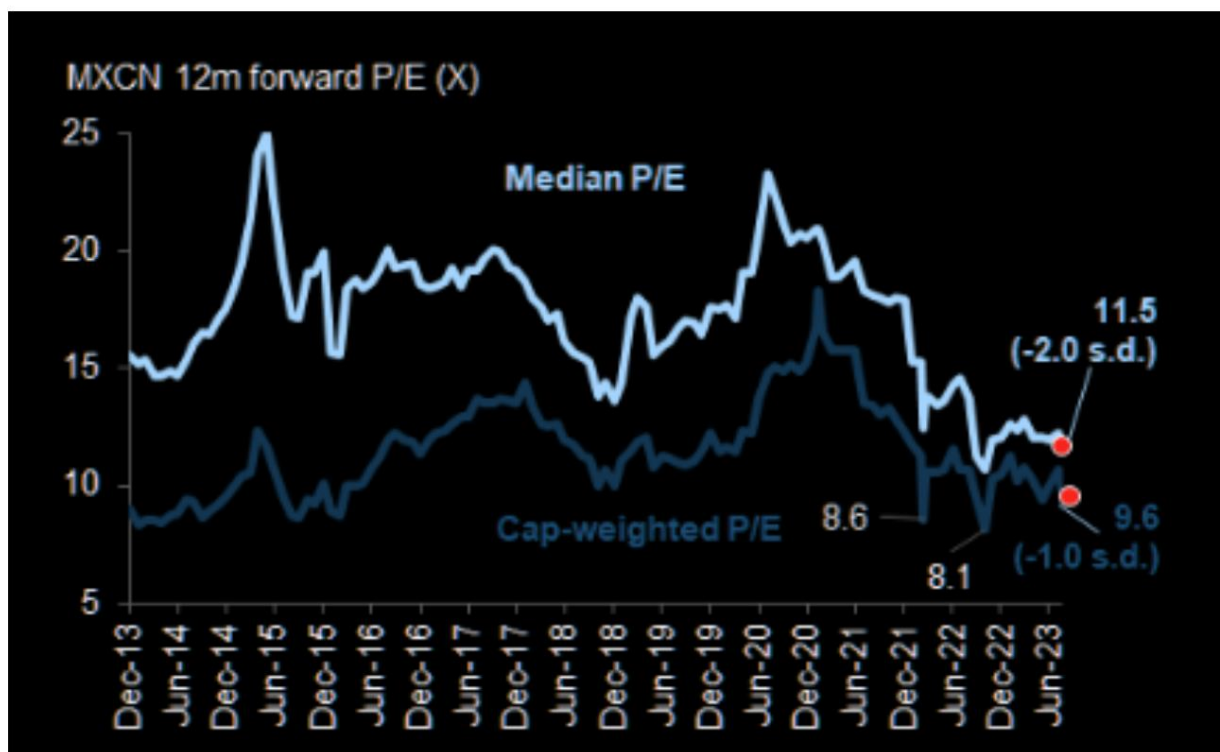
Source: Bloomberg





#china #equities #valuations

MSCI China equity valuations are almost back to the October '22 trough levels on a median stock basis.



Source: FactSet

Source: TME, Factset



#us #treasuries #weekly

US Treasuries were very mixed this week with the long-end dramatically outperforming (2Y +10bps, 30Y -10bps)... The 2Y Yield surged back above 5.00%, rising to the July highs and reversing modestly...



Source: Bloomberg, www.zerohedge.com





#us #yield-curve

The US yield curve flattened dramatically, inverting deeper (back towards the July FOMC meeting reversal)...



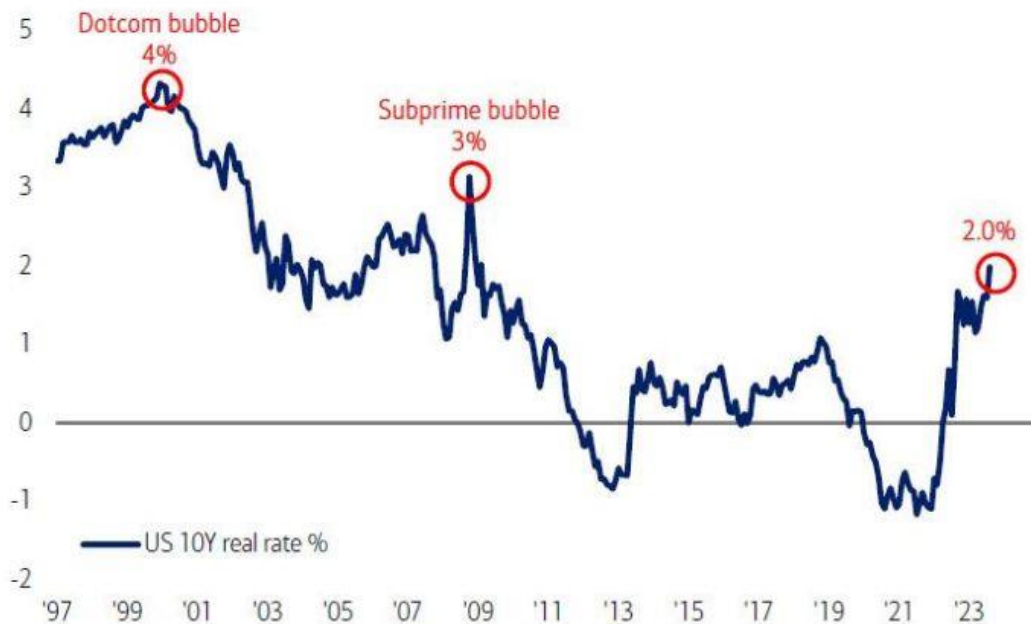
Source: Bloomberg, www.zerohedge.com



#us #treasuries #10y #yields

US real yields are at a 14-year high

Chart 4: US 10Y real yield at 14-yr high = markets saying 'risk-off' ...
US 10-year real yield (TIPS)



Source: BofA Global Investment Strategy, Bloomberg (GTII10 Govt)

BofA GLOBAL RESEARCH

Source: BofA





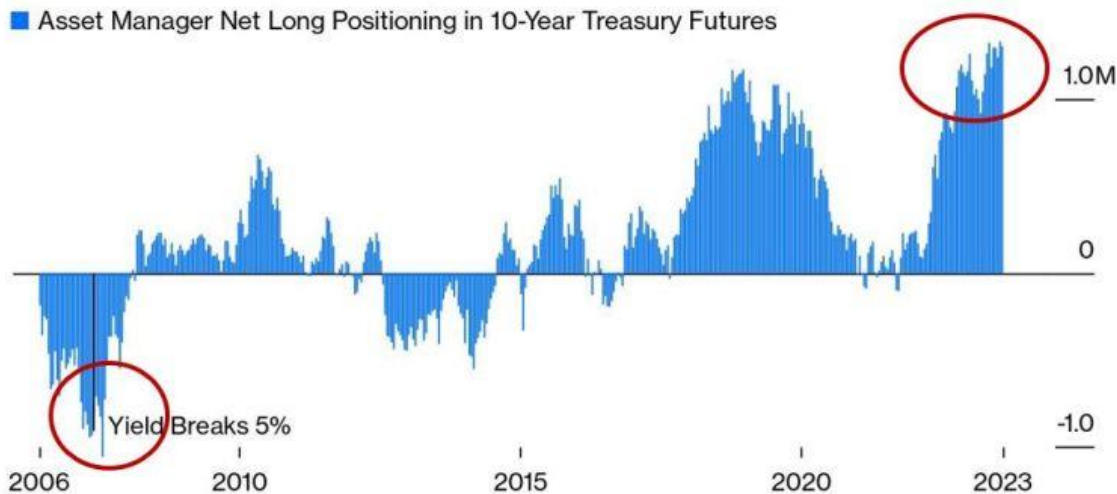
#us #treasuries #positioning

Why is this time different? Asset managers are very long 10-year futures, expecting yields to fall from here! This is a very different set-up than in 2007 when asset managers were expecting yields to rise...

Investors Are Positioned for Yields to Fall

Positioning is very different from the last peak for yields in 2007

■ Asset Manager Net Long Positioning in 10-Year Treasury Futures



Source: Bloomberg, CFTC

Bloomberg Opinion

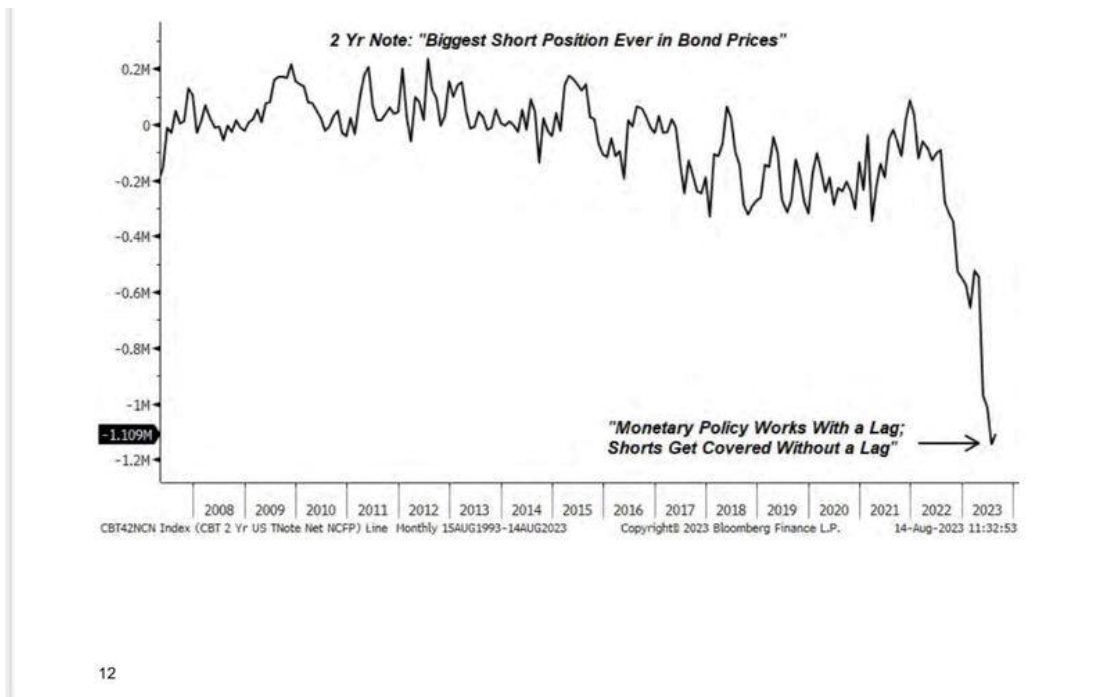
Source: Bloomberg





#us #treasuries #short

This is the largest short position ever in the US Treasuries 2 year note.



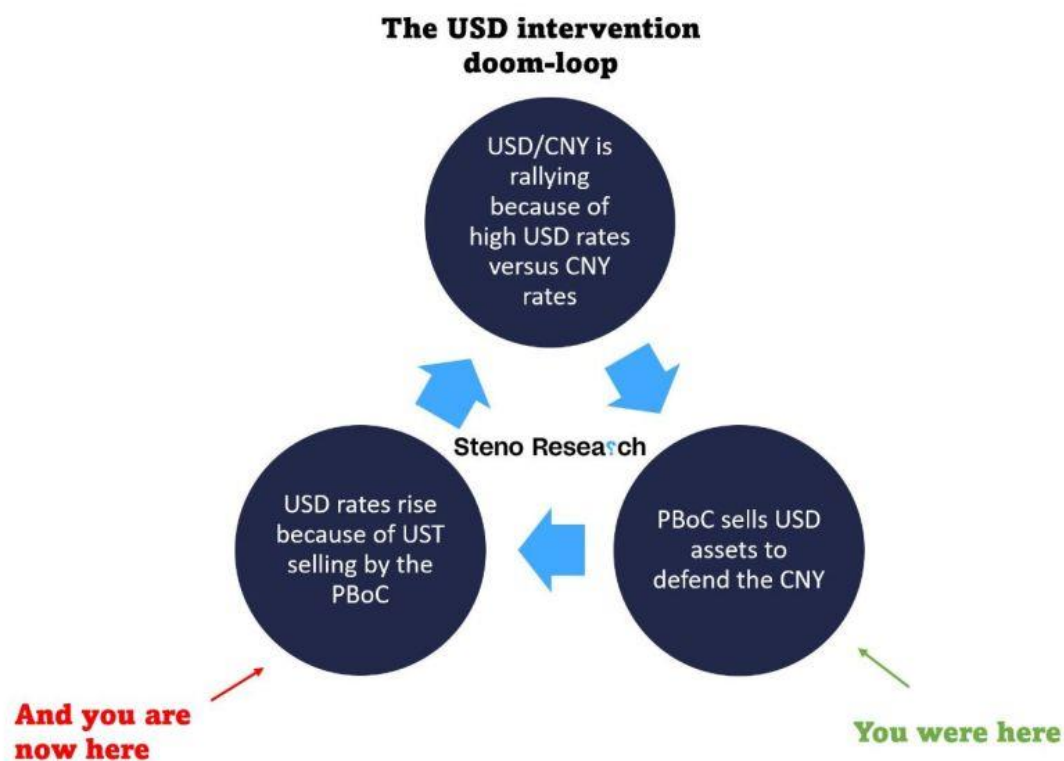
12

Source: ISI chart



#us #treasuries #treasury

Nice one by Steno research. While there are some fundamental reasons for US Treasury yields to keep rising (check out the Atlanta Fed Nowcast model pointing towards nearly 6% annualized real GDP growth in 3Q), what is currently going in China probably has some impact as well



Source: Steno research

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

26 AUGUST 2023



#apple #duration #bank

Duration risk in one chart. \$1 million invested in this Apple AAPL bond is now worth \$600k, duration risk is on stage here. Now think of all those mortgage-backed securities on bank balance sheets...



Source: Lawrence McDonald, Bloomberg





#austria #100y #bond

This is not the price chart of a meme stock going under or a "pump and dump" altcoin. This is the Austria AA+ 100 year bond being hammered by the rise of bond yields... The price of the 100 year Austrian government bond has plunged near all-time lows and is trading 72% below its All-Time-High.



Source: Bloomberg, HolgerZ



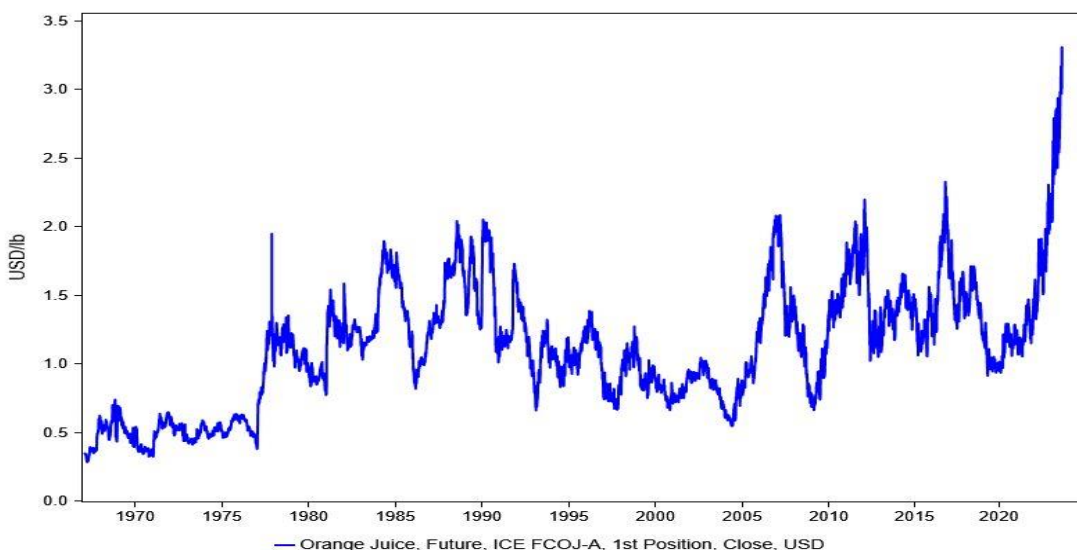


#orange-juice #futures

Orange juice futures are trading like a meme stock! The surge is mainly driven by supply driven (exacerbated by speculators positioning). The 2 supply issues are the following:

1/ Extreme weather intensified by global heating ravaged this season's crop of the citrus fruit: last year Florida, which produces more than 90% of the US's orange juice supply, was hit by Hurricane Ian, Hurricane Nicole and freezing conditions in quick succession, devastating orange

2/ A bacterial disease -> Florida Producers battled an incurable citrus greening disease that is spread by an invasive insect, rendering fruit unusable. Most infected trees die within a few years, and some producers said they were giving up farming and selling their land.



Source: Longview Economics, Macrobond



Source: The Guardian, Longview Economics



#dollar-index

The surge in the DXY continues. The index hasn't traded this much above the 200 day since November last year.



Source: Refinitiv

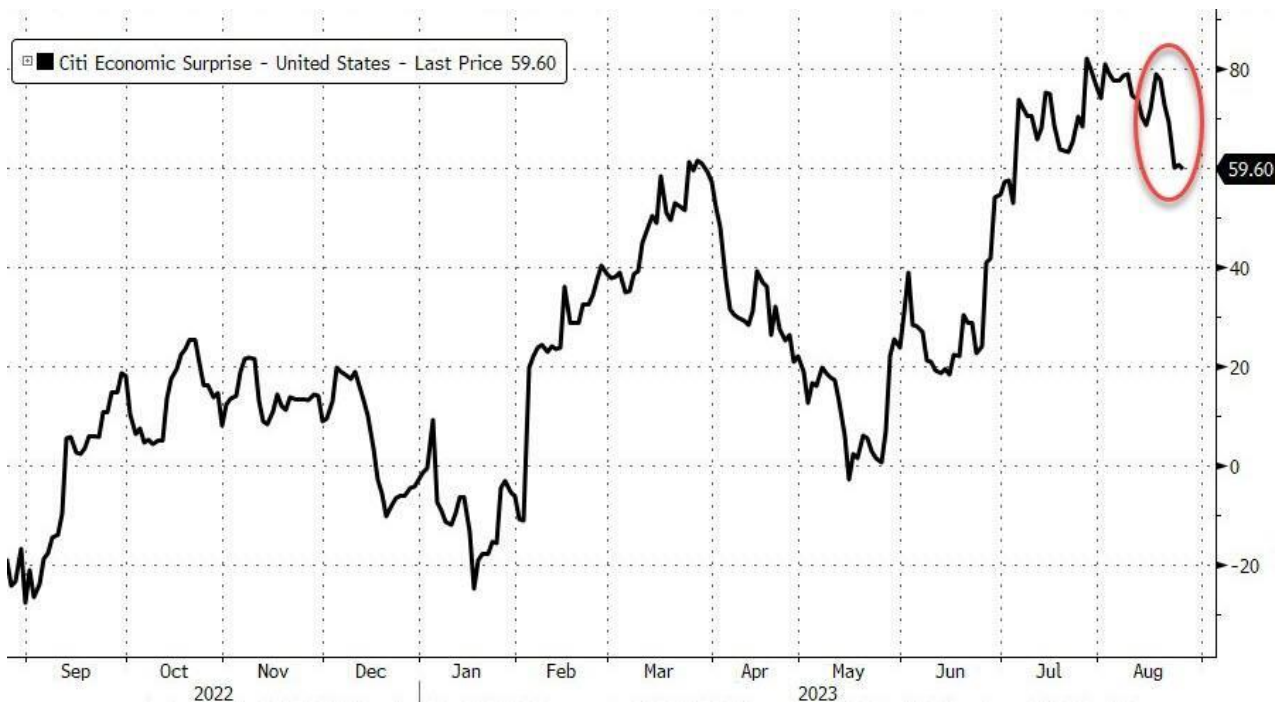
Source: TME, Refinitiv



#macro

#us #economic-surprises

From a US macro perspective, "bad data" dominated the week with the Citi macro surprise index tumbling most since April...

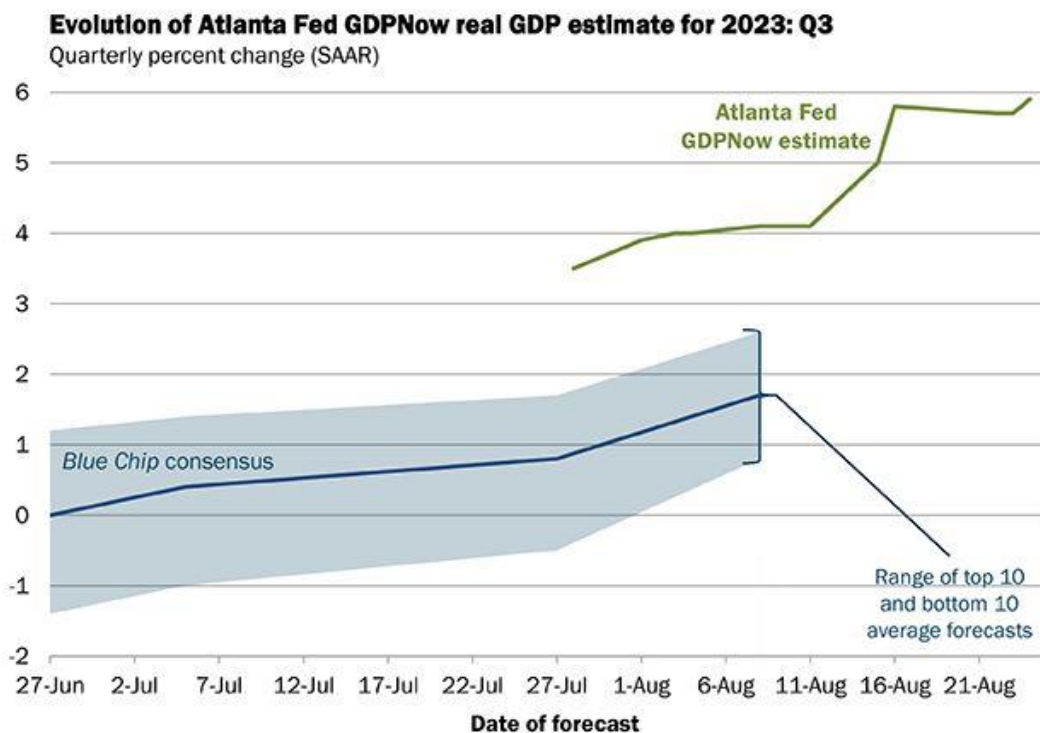


Source: www.zerohedge.com, Bloomberg



#us #3q #gdp

A fresh increase in the Atlanta Fed’s GDPNow model reinforces the reasoning behind hawkish-for-longer monetary policy, which is weighing on equities and bonds. The latest model estimate shows real 3Q GDP growth of 5.9%, up from 5.8% on Aug. 16 (it was less than 4% two weeks ago).



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Source: J-C Gand, Atlanta Fed





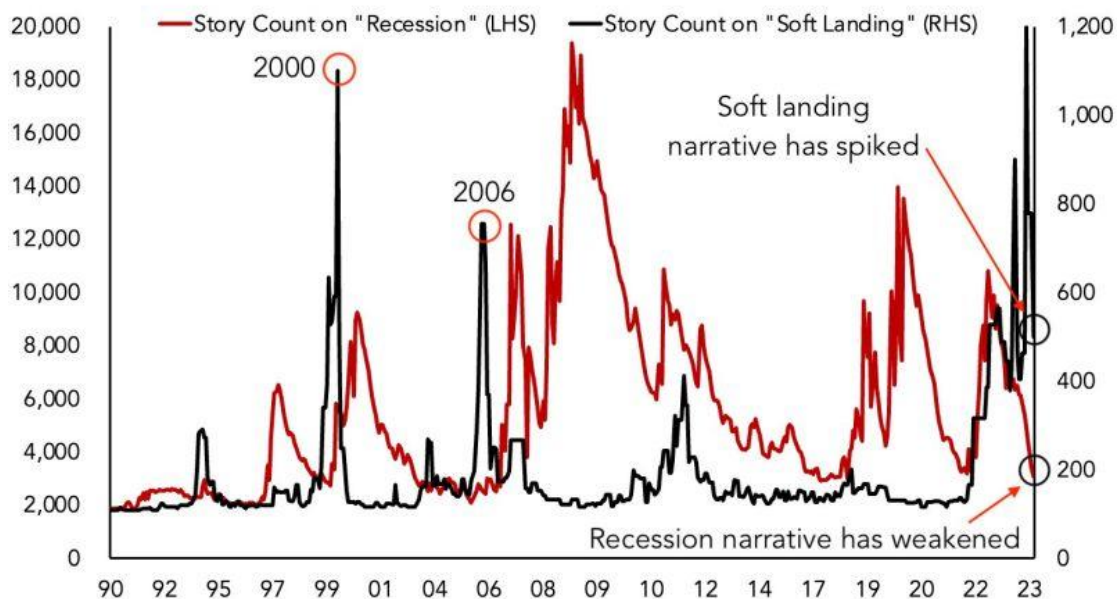
#us #soft-landing

"Soft landing" narrative is now the consensus. This also happened in 2000 and 2006...

Most Soft Landing Stories Since '08



Story Counts on "Recession" and "Soft Landing" on the Bloomberg Terminal



Dates: 1990 Through August 3rd 2023.
Source: Bloomberg Finance L.P., Game of Trades.

Source: Game of Trades



#macro

#wage #inflation #ups

Wage inflation: UPS workers approve massive new labor deal with big raises. The deal passed with 86.3% of votes, the highest contract vote in the history of Teamsters at UPS, according to the union. Under the new agreement: 1. Part time workers will make no less than \$21/hour, up from a minimum of \$15.50 currently, 2. Full time workers will average \$49/hour. Current workers will get \$2.75 more an hour this year and \$7.50 an hour more over the five-year contract. 3. UPS drivers will average \$170,000/year 4. Contract impacts ~340,000 workers 5. The company cut its full-year revenue and margin forecasts, citing the “volume impact from labor negotiations and the costs associated with the tentative agreement.” UPS has put \$30 billion aside for this new contract



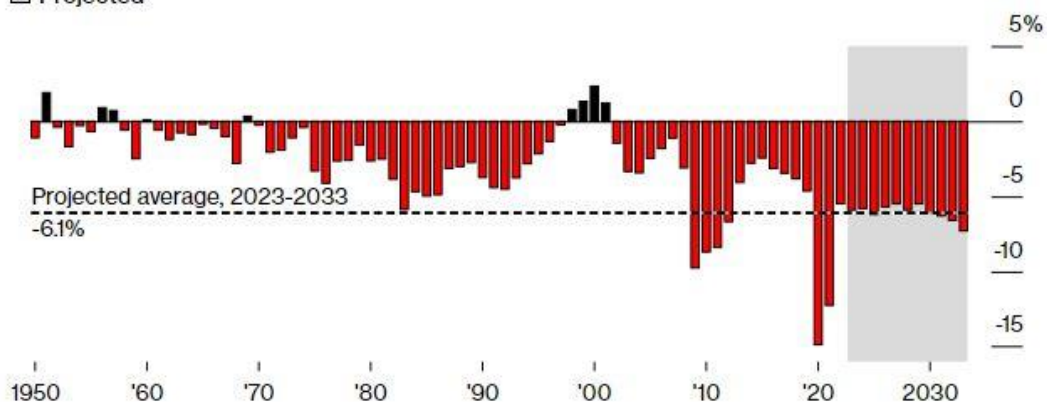


#us #budget #bidenomics

US Budget Deficits Are Exploding Like Never Before. Some economists and investors warn that the Biden administration’s fiscal spending—it’s pouring hundreds of billions of dollars into programs to bolster domestic manufacturing of electric cars and semiconductors, and to repair roads and bridges—could rekindle inflation and make it hard for the Fed to dial back its rate hikes.

US Budget Balance as Share of GDP

□ Projected



Sources: Congressional Budget Office, Office of Management and Budget

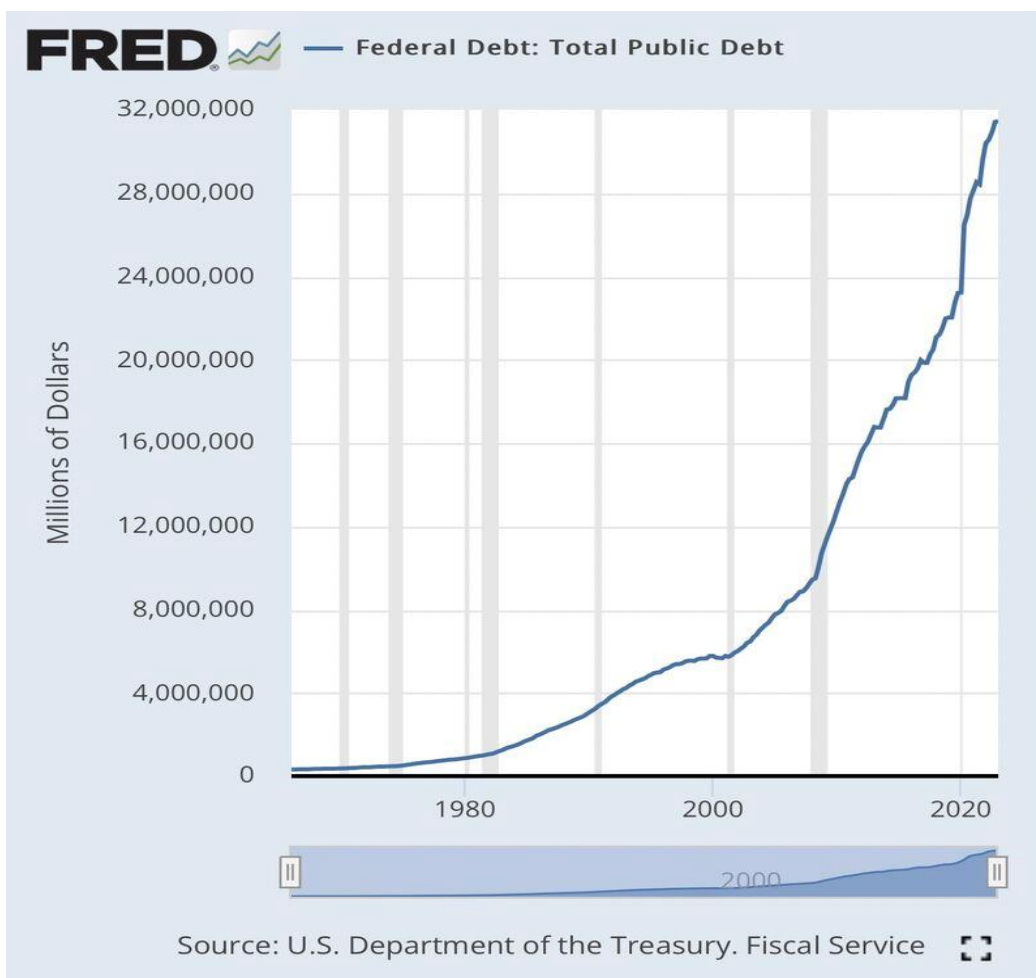


#us #debt

The U.S. has accumulated as much debt in the last 10 years as in the entire 100 years before that.

From 1923 - 2013: \$16 trillion

From 2013 - 2023: \$16 trillion



Source: FRED



#us #mortgages #applications

U.S. Home Purchase applications drop to lowest level in nearly 30 years

US Home Purchase Applications Drop to Lowest Since 1995

Recent spike in mortgage rates contributed to streak of declines



Source: Mortgage Bankers Association

Bloomberg



Source: Bloomberg, Barchart

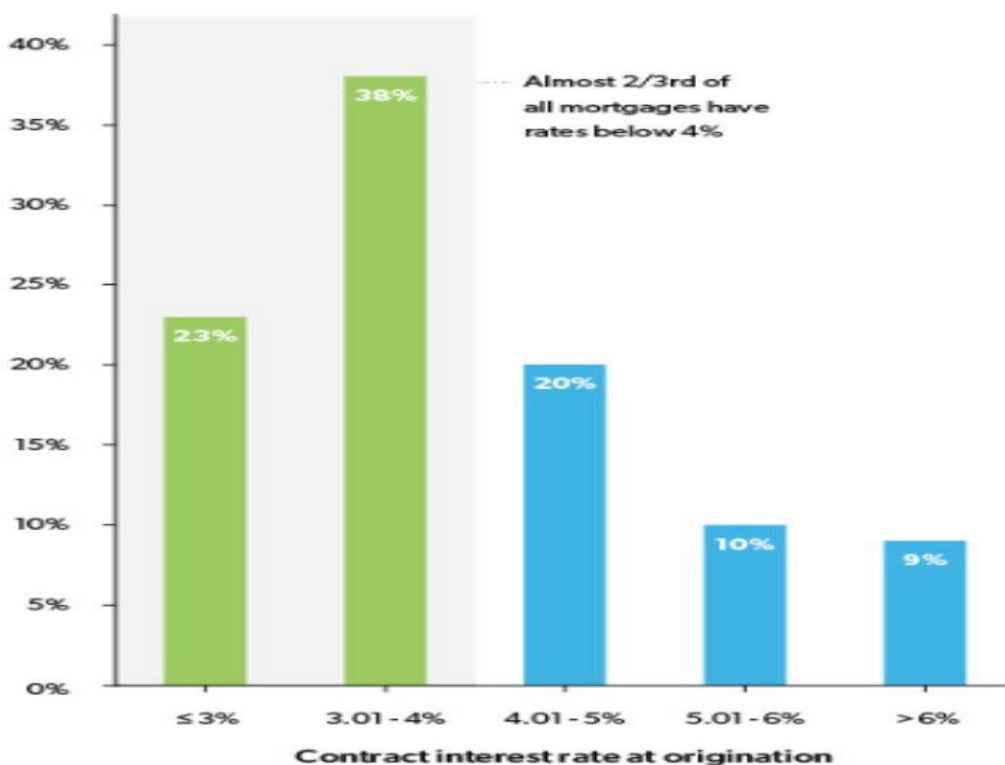


#us #mortgages #interest-rate

Over 60% of outstanding US mortgages have an interest rate below 4%. Current average 30y mortgage rate is north of 7.5%... This is the #1 factor driving the limited housing supply as many of these homeowners can't afford to move...

EXHIBIT 1

Share of outstanding mortgages by interest rate at origination (Q1 2023, %)



Source: National Mortgage Database

Source: Charlie Bilello, National Mortgage Database





#us #housing #affordability

The US housing market affordability index is now ~10% BELOW the 2006 lows. Even if prices fell 30%, housing affordability would still be above pre-pandemic levels. It's a tough time to be a homebuyer in the US.

Exhibit 5 : Housing Affordability Index hit the lowest level on record this week

GS Housing Affordability Index



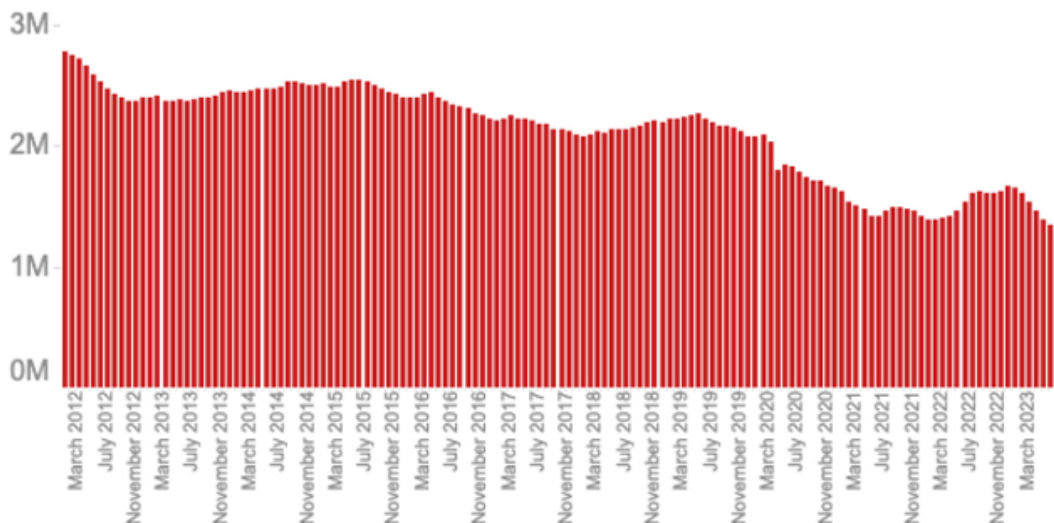
Source: The Kobeissi Letter



#us #housing #affordability

Active listings of homes for sale in the US fell 19.5% over the last year to the lowest level on record (Redfin data going back to 2012).

Active Listings



Source: Charlie Bilello





#eu #pmi #monetary

EU Composite PMI... monetary policy works with a long and variable lag...



#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

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#macro

#germany #ifo

More negative news out of Germany. German Ifo Business Climate Index declined to 85.7 in August, lowest since Oct2022 vs. 86.7 expected as both components disappointed. Ifo Current Assessment Index dropped to 89 vs 90 expected. Ifo Expectations Index dropped to 82.6 vs 83.6 expected.



Source: HolgerZ, Bloomberg



#germany #disinflation #ppi

Disinflationary forces are intensifying in Germany. Producer Prices drop for 1st time since 2020, a good leading indicator for Consumer Prices. In July, producer prices (PPI) fell by 6.0% YoY, the biggest decline since October 2009, when the financial crisis has caused prices to collapse. Last year, the prices received by manufacturers for their goods had at times risen at a record rate of 45.8%.

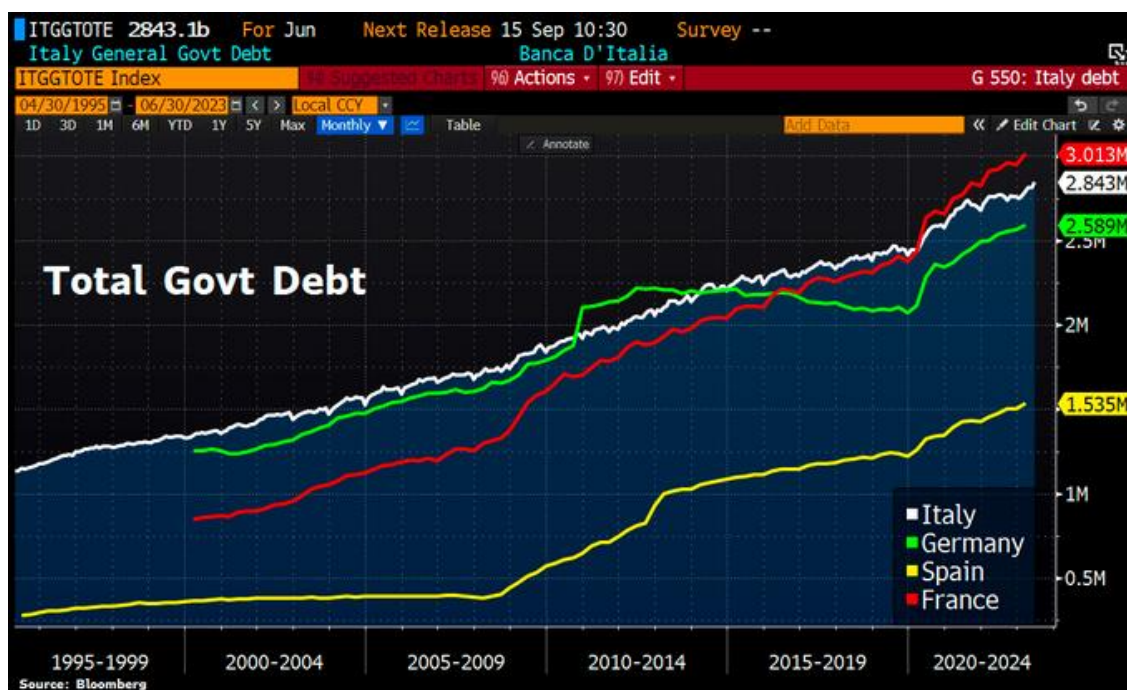


Source: HolgerZ, Bloomberg

#macro

#eu #debt

German government deficit increased to €42.1bn in H1 2023, €37.6bn higher than in H1 2022, as revenue rose by 3.5%, expenditure by 7.7% compared w/H1 2022. Deficit ratio was 2.1%. This means that Germany still compares favorably w/France or Italy in terms of debt. In France, debt recently topped €3tn mark, Italy is on its way to €3tn.

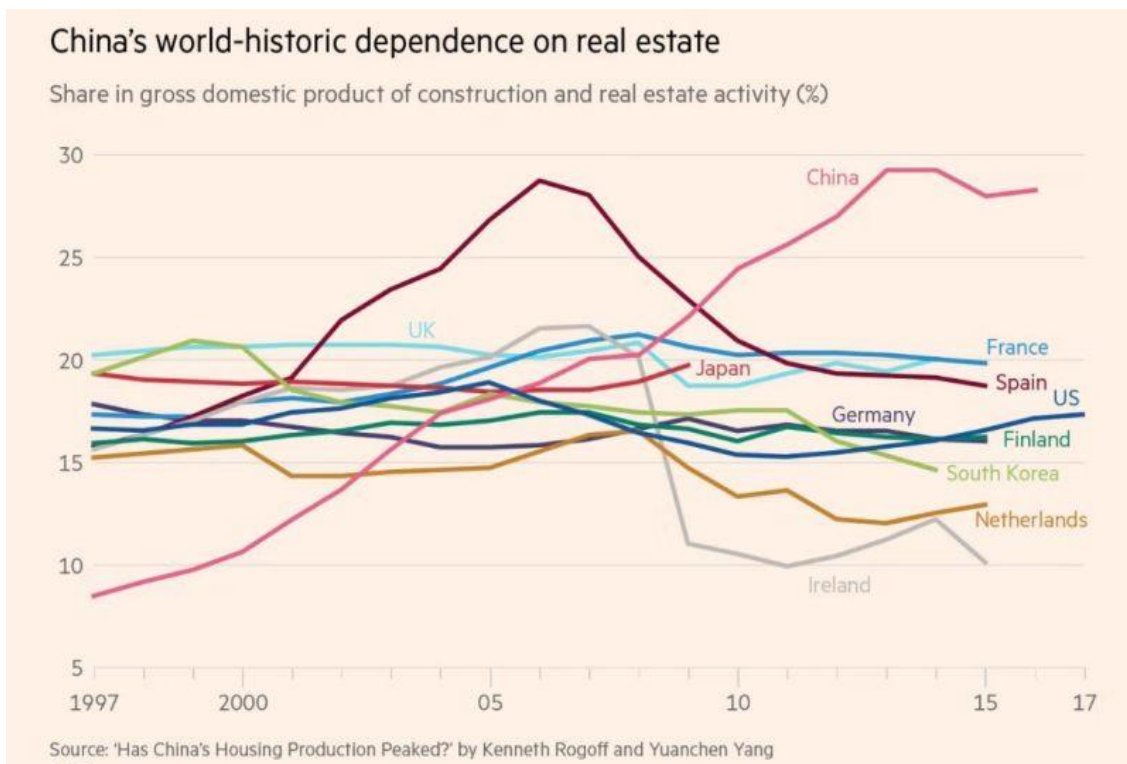


Source: HolgerZ, Bloomberg



#china #real-estate

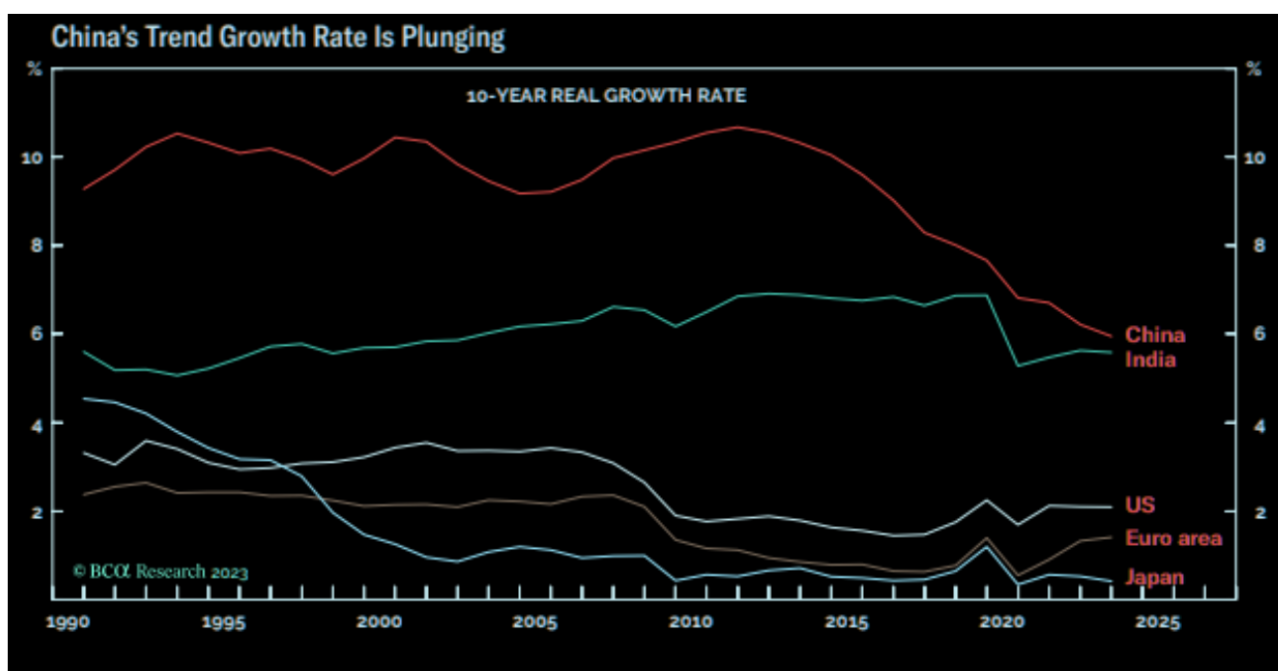
China is more dependent on real estate than any other country. Almost 30% of Chinese GDP dependent on real estate combined with 50 million vacant apartments is a dangerous mix.



#macro

#china #growth

China's growth rate is plunging...



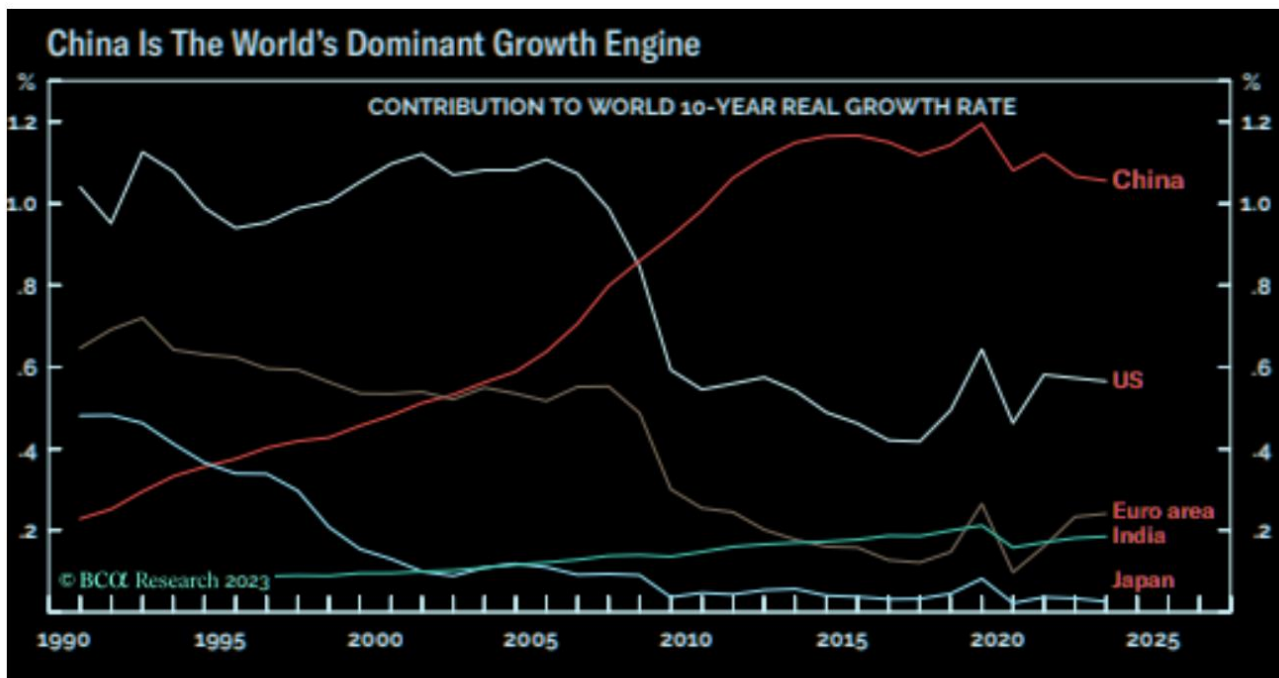
Source: BCA

Source: BCA, TME

#macro

#china #growth

BCA views: 1. Over the past decade, China contributed 41% of global economic growth, nearly double the US's 22%. 2. China's economic dominance is due to its 10% growth rate, five times that of the US's 2%. 3. China's growth rate is now dropping to 4% or below....India is not large enough to replace China's economic influence. 4. Global growth decline will severely impact demand for commodities. 5. Caution is advised against the 'commodity super-cycle' narrative promoted by some investment banks.



Source: BCA

Source: BCA, TME

#geopolitics

#brics #expansion

The BRICS alliance — which presently reunites Brazil, Russia, India, China and South Africa — is set to invite Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates to join. The new composition of BRICS will control 80% of world oil production. The same goes for the sharp GDP growth of the new BRICS countries. It will amount to 30% of world GDP and exceed \$30 trillion.



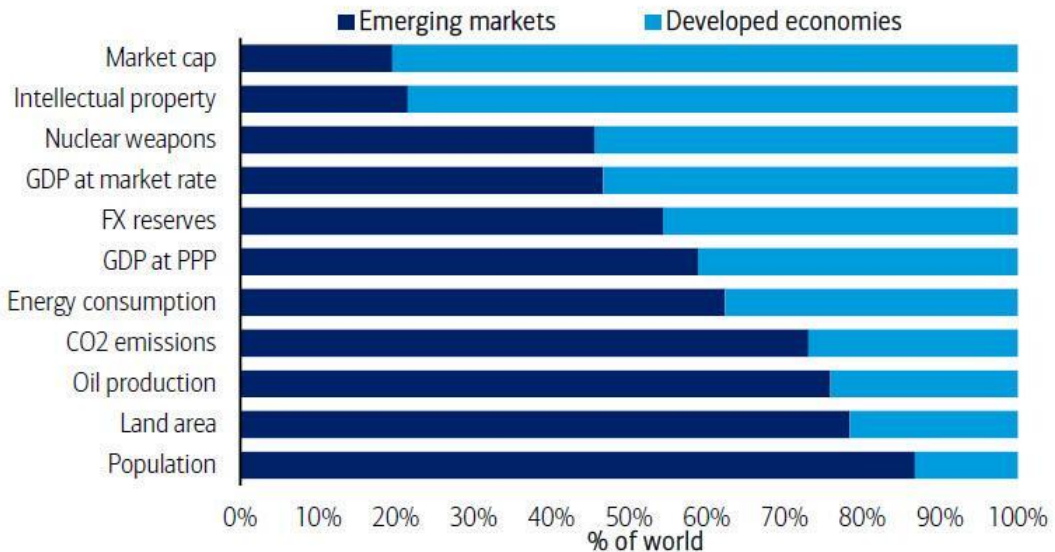
#geopolitics

#brics #expansion

The ongoing expansion of Emerging Markets in the form of the recent BRICS+6 expansion. As summarized in the chart below, EMs are:

- 87% world population,
 - 76% oil supply,
 - 73% CO2 emissions,
 - 54% FX reserves,
 - 46% nuclear weapons
- And just 20% global equity market cap

Chart 2: Nyet Zero
Emerging Markets vs. Developed Markets (% of world)



Source: BofA Global Investment Strategy, World Bank, IMF, CIA World Factbook

BofA GLOBAL RESEARCH



Source: BofA

#geopolitics

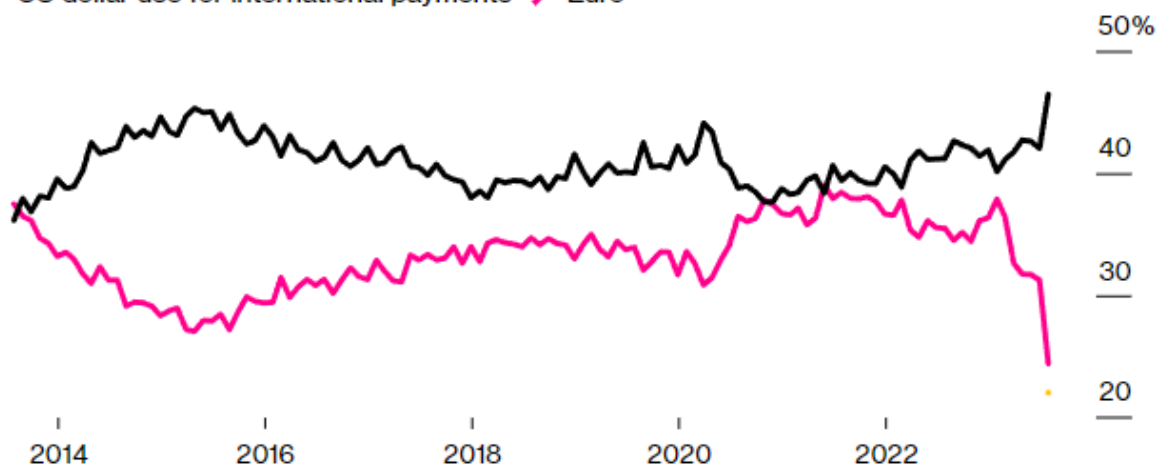
#dollar

The U.S. Dollar was used for 46% of all international payment transactions in July, a RECORD high. So much for King Dollar's demise!

US Dollar Widens Gap With Euro

Gap widen to 22 percentage points in July

US dollar use for international payments Euro



Source: SWIFT

#centralbanks

#fed #jackson-hole

SUMMARY OF POWELL'S JACKSON HOLE SPEECH (8/25/23):

1. We are "prepared" to raise further if needed
2. The Fed will not change 2% inflation target
3. "Will proceed carefully" on whether to hike again
4. Lowering inflation will require softer labor markets
5. Above trend growth could warrant more rate hikes

It seems like a long PAUSE is coming.





#fed #rate #expectations

Odds of a 25 basis point rate hike in September more than double, to 21.5%, after Powell speech.

Odds of an additional rate hike this year just hit a 2-month high of 52.1%.

Rate CUTS are now NOT expected to begin until JUNE 2024.

The Fed wants 2% inflation and will do whatever it takes to get there.

MEETING PROBABILITIES											
MEETING DATE	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575	575-600
9/20/2023				0.0%	0.0%	0.0%	0.0%	0.0%	78.5%	21.5%	0.0%
11/1/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	47.9%	43.7%	8.4%
12/13/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.1%	47.6%	41.4%	7.8%
1/31/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	9.6%	46.7%	36.6%	6.7%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	3.4%	21.5%	43.5%	27.0%	4.6%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.1%	1.5%	10.9%	30.6%	36.6%	17.7%	2.7%
6/12/2024	0.0%	0.0%	0.0%	0.0%	0.9%	7.3%	23.2%	34.4%	24.8%	8.3%	1.0%
7/31/2024	0.0%	0.0%	0.0%	0.6%	5.2%	17.8%	30.6%	28.1%	13.9%	3.5%	0.3%
9/18/2024	0.0%	0.0%	0.5%	4.1%	14.9%	27.6%	28.6%	17.2%	5.9%	1.1%	0.1%
11/7/2024	0.0%	0.3%	2.9%	11.2%	23.2%	28.3%	21.1%	9.8%	2.7%	0.4%	0.0%
12/18/2024	0.2%	2.1%	8.5%	19.3%	26.6%	23.4%	13.5%	5.0%	1.2%	0.2%	0.0%

Source: The Kobeissi Letter



#centralbanks

#fed #rate #expectations

Fed terminal rate nudged higher following Powell's Jackson Hole speech. Markets are now pricing in another 15bps of rate hikes.



Source: Bloomberg, HolgerZ

#centralbanks

#fed #rate #expectations

Fed terminal rate nudged higher following Powell's Jackson Hole speech. Markets are now pricing in another 15bps of rate hikes.

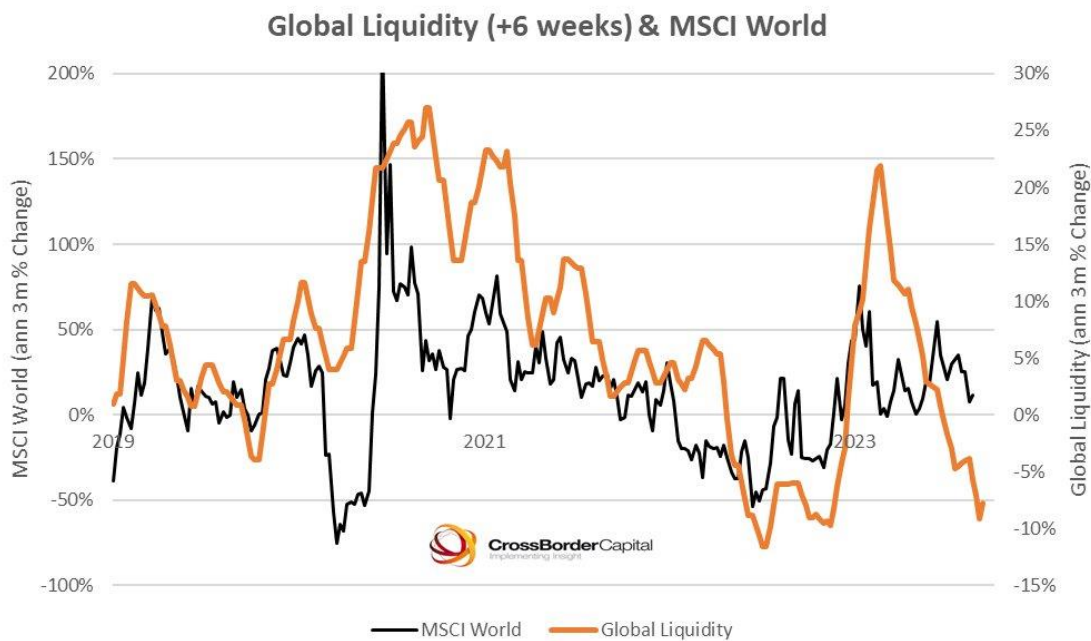


Source: Bloomberg, www.zerohedge.com

#centralbanks

#global #liquidity

Latest Global #liquidity data \$163.4 trillion (8/25/23, spoiler alert: full measure including private sector) becoming a drag on risk assets.



Source: Crossborder Capital

#centralbanks

#china #pboc

China's central bank issues Sunday statement. They said that on Friday, China's central bank and financial regulators met with bank executives and told lenders again to boost loans to support a recovery, adding to signs of heightened concern from policymakers about the deteriorating economic outlook. Authorities also urged for adjustments and an optimization of policies for home mortgages at the meeting on Friday, according to a statement from the People's Bank of China on Sunday, without elaborating on the housing initiatives.

BREAKING



China's PBOC, Regulators Urge Boosting Loans, Cutting Debt Risk

[Read More](#)

Markets

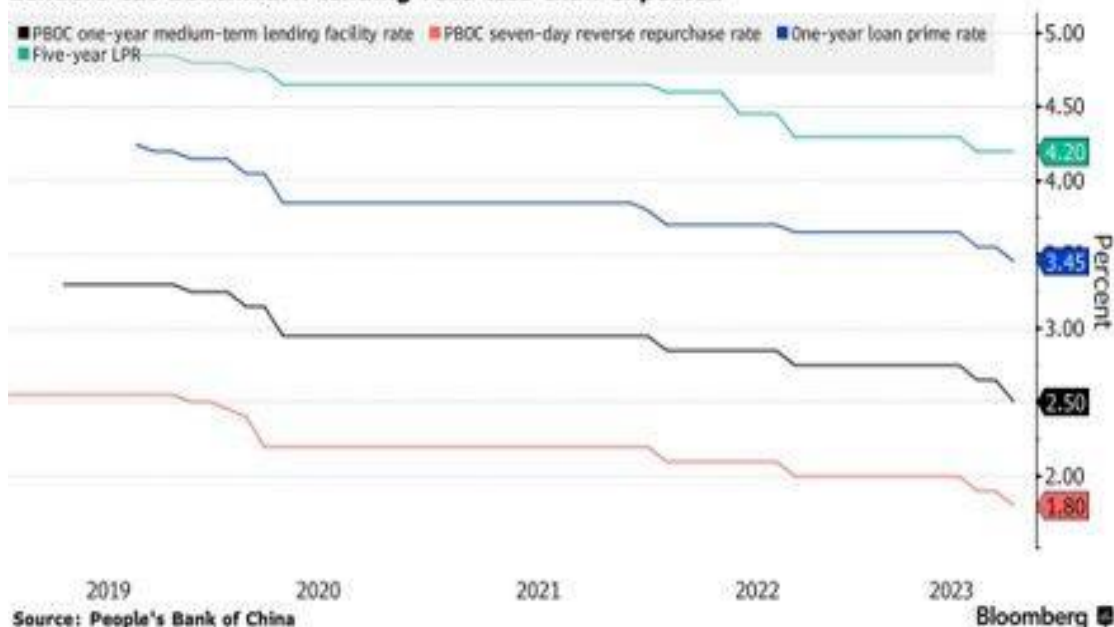
China's PBOC, Regulators Urge Boosting Loans, Cutting Debt Risk

#centralbanks

#china #banks #lending

Chinese banks made a smaller-than-expected cut to their benchmark lending rate (cut 1-year rate by 10bps; no change in 5-year while the market was expecting a 15-basis-point cut on both rates) and avoided trimming the reference rate for mortgages, despite the PBOC urging lenders to boost loans. Banks' failure to follow the central bank suggests they were unprepared, but that cuts to their lending rates may still arrive in the coming months..

Chinese Banks Keep Mortgage Reference Unchanged
Lenders cut benchmark lending rate less than expected



Source: People's Bank of China

Bloomberg

Source: Bloomberg



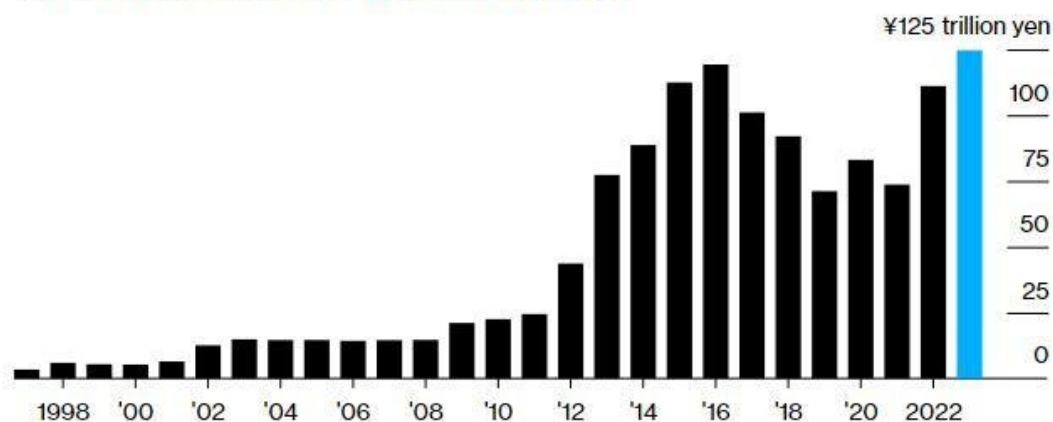
#centralbanks

#boj #jgbs

The Bank of Japan is purchasing government bonds at a record pace this year, a factor that likely prompted its recent move to allow larger yield movements to reduce the strain on its control of longer-term interest rates. Doubling the effective cap on benchmark yields in December and again last month has yet to significantly reduce the BOJ's bond buying, raising the possibility that more changes will be needed to help rein in purchases. The increase in buying after each policy tweak also raises the question of whether the BOJ moved too slowly in adjusting its settings, given how aggressively it had to respond to stop investors pushing yields too far.

BOJ Set to Buy Largest Amount of Bonds on Record

■ BOJ annual bond purchases ■ Projected purchases



Sources: BOJ, Bloomberg
Note: 2023 figures based on monthly average so far this year

Source: Bloomberg



#centralbanks

#global #interest-rates

Turkey hiked rates 750 bps to 25% (3rd straight monthly hike, reversing policy after 10 straight rate cuts)

Global Central Bank Policy Rates						
Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	Last Move	Last Move Month
Japan	Policy Rate Bal	-0.10%	3.3%	-3.4%	Cut	Jan-16
Switzerland	Target Rate	1.75%	1.6%	0.2%	Hike	Jun-23
Taiwan	Discount Rate	1.88%	1.9%	0.0%	Hike	Mar-23
Thailand	Policy Rate	2.25%	0.4%	1.9%	Hike	Aug-23
Malaysia	Policy Rate	3.00%	2.4%	0.6%	Hike	May-23
Denmark	Deposit Rate	3.35%	3.1%	0.3%	Hike	Jul-23
China	Loan Prime Rate	3.45%	-0.3%	3.8%	Cut	Aug-23
South Korea	Repo Rate	3.50%	2.3%	1.2%	Hike	Jan-23
Eurozone	Deposit Rate	3.75%	5.3%	-1.6%	Hike	Jul-23
Sweden	Repo Rate	3.75%	9.3%	-5.6%	Hike	Jun-23
Norway	Deposit Rate	4.00%	5.4%	-1.4%	Hike	Aug-23
Australia	Cash Rate	4.10%	5.4%	-1.3%	Hike	Jun-23
Canada	Overnight	5.00%	3.3%	1.7%	Hike	Jul-23
UK	Bank Rate	5.25%	6.8%	-1.6%	Hike	Aug-23
US	Fed Funds	5.38%	3.2%	2.2%	Hike	Jul-23
New Zealand	Cash Rate	5.50%	6.0%	-0.5%	Hike	May-23
Hong Kong	Base Rate	5.75%	1.8%	4.0%	Hike	Jul-23
Indonesia	Repo Rate	5.75%	3.1%	2.7%	Hike	Jan-23
Saudi Arabia	Repo Rate	6.00%	2.3%	3.7%	Hike	Jul-23
Philippines	Key Policy Rate	6.25%	4.7%	1.6%	Hike	Mar-23
India	Repo Rate	6.50%	7.4%	-0.9%	Hike	Feb-23
Poland	Repo Rate	6.75%	10.8%	-4.1%	Hike	Sep-22
Czech Republic	Repo Rate	7.00%	8.8%	-1.8%	Hike	Jun-22
Peru	Policy Rate	7.75%	5.9%	1.9%	Hike	Jan-23
South Africa	Repo Rate	8.25%	4.7%	3.6%	Hike	May-23
Chile	Base Rate	10.25%	6.5%	3.8%	Cut	Jul-23
Mexico	Overnight Rate	11.25%	4.8%	6.5%	Hike	Mar-23
Russia	Key Policy Rate	12.00%	4.3%	7.7%	Hike	Aug-23
Colombia	Repo Rate	13.25%	11.8%	1.5%	Hike	Apr-23
Brazil	Target Rate	13.25%	4.0%	9.3%	Cut	Aug-23
Turkey	Repo Rate	25.00%	47.8%	-22.8%	Hike	Aug-23
Argentina	Benchmark Rate	118.00%	113.4%	4.6%	Hike	Aug-23

CREATIVE PLANNING

@CharlieBilello

Data as of 8/24/23



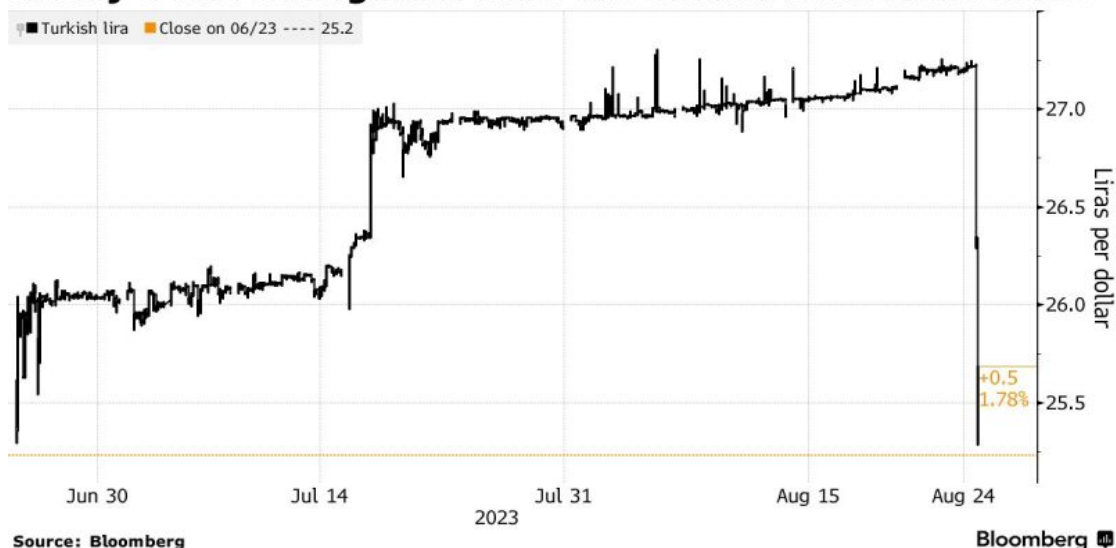
Source: Charlie Bilello

#centralbanks

#turkey #rates #dollar #lira

Lira Rallies as Turkey stuns with biggest rate hike in years. The central bank raises benchmark rate by 750 basis points. Turkish currency surges more than 5% against the dollar. The Monetary Policy Committee, under Governor Hafize Gaye Erkan, raised the benchmark one-week repo rate to 25% from 17.5%, the sharpest increase since 2018. Most economists polled by Bloomberg predicted a hike to 20%. It's the latest indication that Turkey's new administration is prepared to move away from the unorthodox policies — including ultra-loose borrowing costs — that were championed by President Recep Tayyip Erdogan but caused foreign traders to flee the country's bond and stock markets en masse.

Turkey's Lira Strengthens After the Central Bank Hikes Rates



Source: Bloomberg





#cryptocurrencies #weekly

Crypto was volatile and mixed but while Ripple rallied and Solana sold off, Bitcoin and Ethereum ended the week practically unchanged...



Source: Bloomberg, www.zerohedge.com

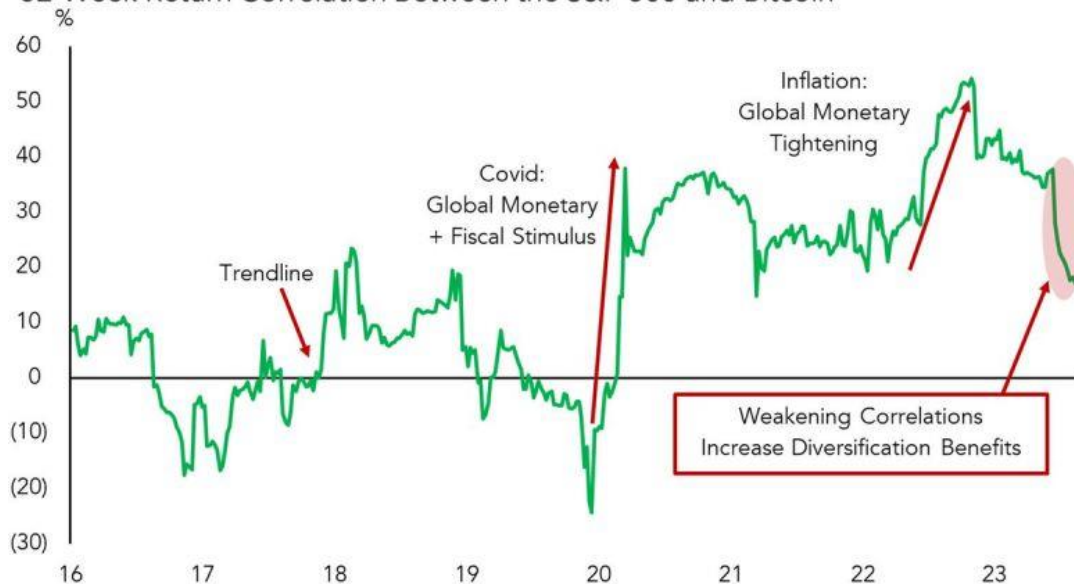


#bitcoin #sp500 #correlation

Bitcoin's correlation to the sp500 has shown signs of breaking down. Lower correlation boosts BTC's diversification potential

The Bitcoin/S&P 500 Correlation is Breaking Down

52-Week Return Correlation Between the S&P 500 and Bitcoin



Dates: 2016 Through August 11th 2023
Source: Bloomberg Finance L.P., Game of Trades.

Source: Game of trades





#bitcoin #robinhood #wallet

The secret wallet that bought \$3,000,000,000 worth of Bitcoin in the last 3 months belongs to Robinhood. While the market panicked, they bought.



Source: Crypto Rover

#food-for-thought

#humor #powell #fed

Images of Powell arriving at Jackson Hole have just surfaced. \$SPY

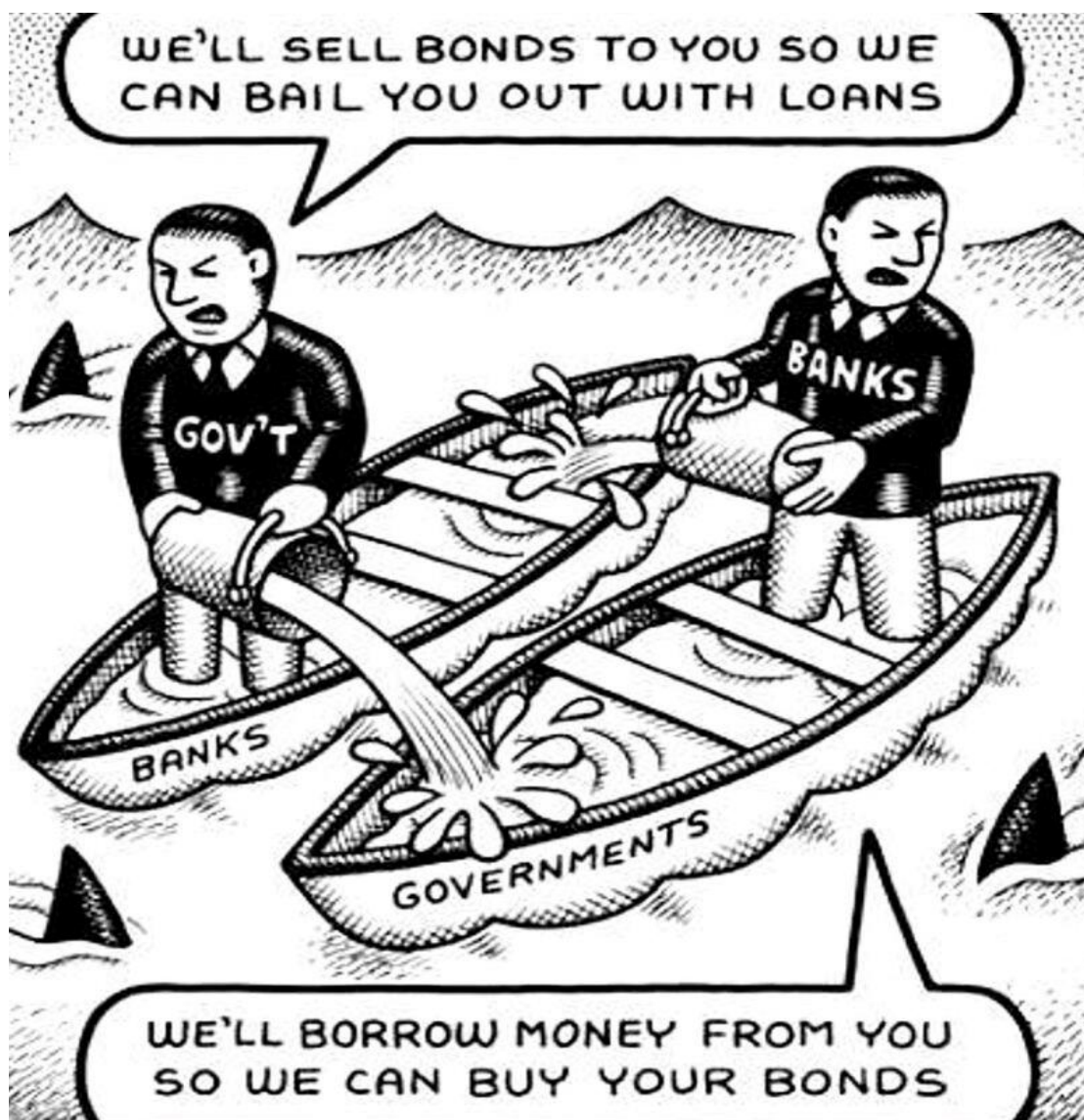


Source: TrendSpider

#food-for-thought

#banks #government

This is an old one but still actual



#food-for-thought

#reserve-currencies #history

Major reserve currencies since 1250

Major reserve currencies since 1250



Source: James Eagle

#food-for-thought

#democracy #switzerland

The virtues of direct democracy



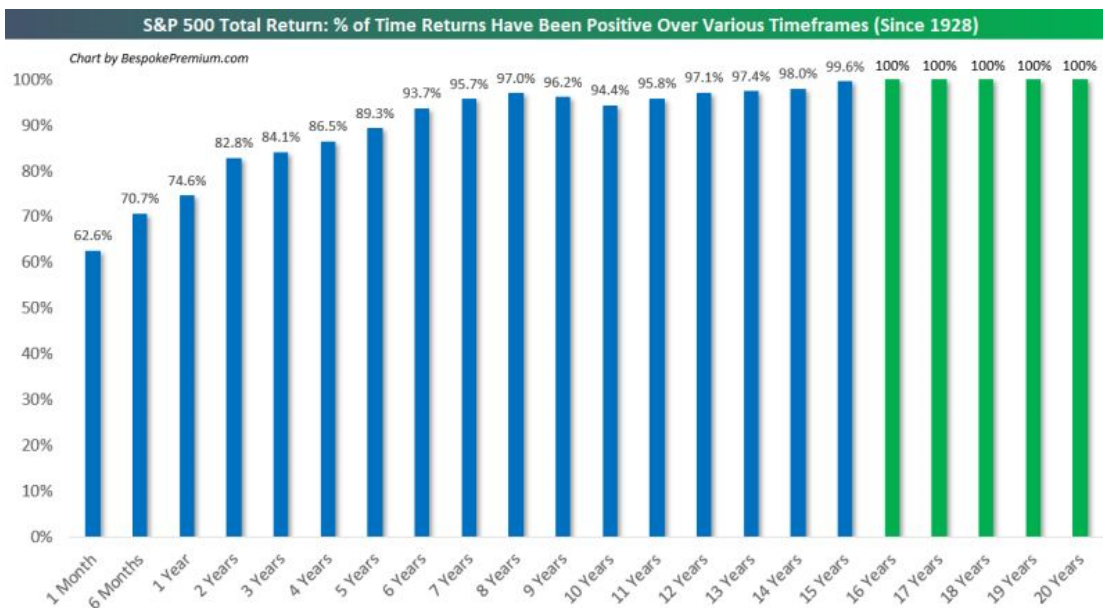
Trust in government (% of population):

- Switzerland: 83.78%
- Luxembourg: 78.02%
- Finland: 77.54%
- Sweden: 68.79%
- Norway: 63.61%
- Denmark: 63.54%
- Ireland: 62.34%
- Austria: 61.05%
- Costa Rica: 60.01%
- Portugal: 58.92%
- Belgium: 57.24%
- Mexico: 52.88%
- Iceland: 51.53%
- New Zealand: 51.39%
- South Africa: 50.90%
- Estonia: 50.85%
- Canada: 50.67%
- Australia: 49.91%
- Netherlands: 47.23%
- Russia: 45.70%
- Slovenia: 45.07%
- Hungary: 44.19%
- Israel: 43.96%
- South Korea: 43.38%
- France: 43.35%
- Japan: 43.15%
- Türkiye: 42.60%
- United Kingdom: 39.48%
- Brazil: 39.16%

#food-for-thought

#sp500 #investing #returns

Bespokeinvest posted: "Here's one way to think about investing in equities and "buy and hold." Casinos make money by making sure bettors eventually lose more often than they win. The stock market is the opposite. The longer you play, the better your odds. Historically, the odds of the S&P 500 being up over any one-month time frame have been 62.6%. Over a year, the odds of being up jump to 74.6%, and over eight years, they jump to 97%. Since 1928, all 16+ year time frames have seen positive returns. Check out this chart Bespokeinvest created to help people visualize this data a couple of years ago (updated through July 2023):



*Past performance is no guarantee of future results.

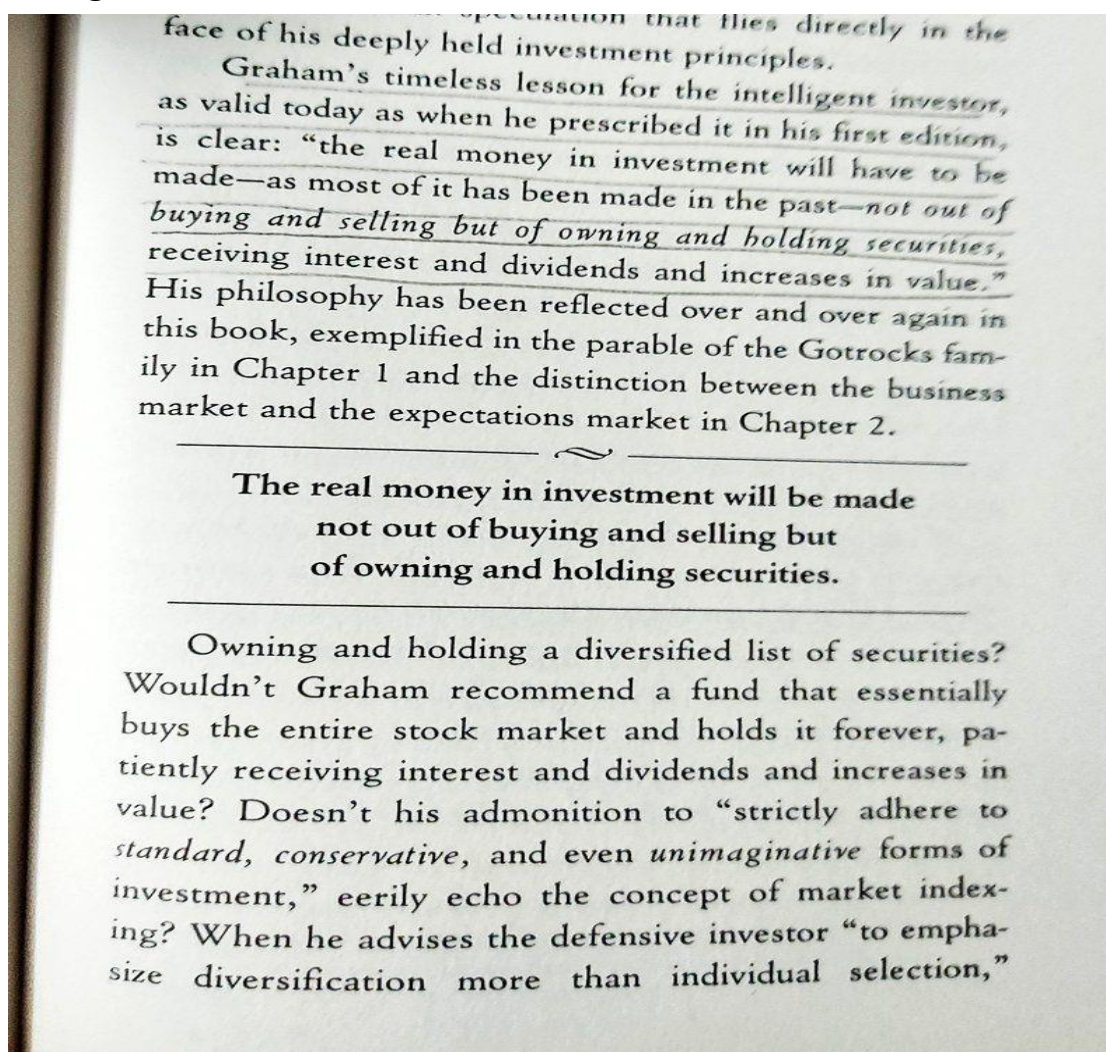
Source: Bespokeinvest



#food-for-thought

#long-term #holding

"The real money in investment will be made not out of buying and selling but of owning and holding securities" - Charlie Munger

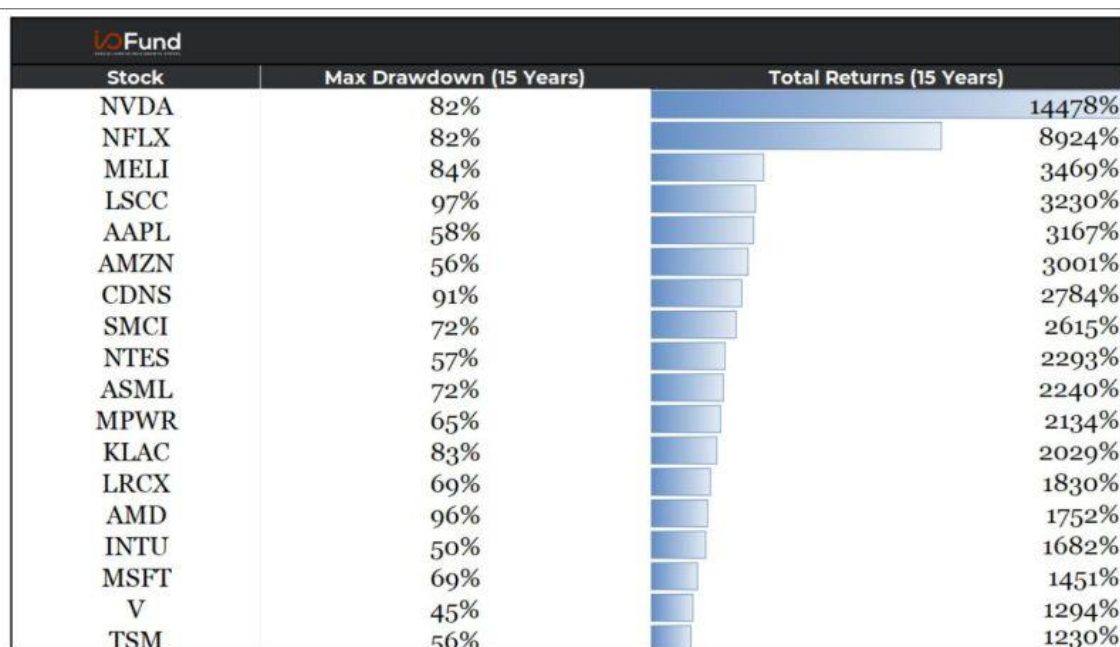


Source: Investment Books (Dhaval)

#food-for-thought

#investing #patience

Investing requires patience. Over the past 15 years, investors in these stocks navigated significant drawdowns before reaping substantial gains. The same principle might apply to bitcoin and some cryptocurrencies as well.



Source: ycharts, Beth Kindig

#food-for-thought

#uk #gilt #brexit #pension

A nice tweet by Rich Kleinbauer. In February 2020, 70% of private sector employee schemes were allocated to long-term debt (mostly UK Gilts). This investment is down -53% since then, i.e a MINUS 37% contribution to performance...

Rich Kleinbauer @RMKOutFront · 1 h

Hope you're not involved in the UK pension system but if so, so sorry-

When Brexit took place in early 2020 private sector employee schemes were 70% allocated to long-term debt, mostly UK Gilts.

Chart has a State Street long-term Gilt ETF down 53% since Brexit. Contributes -37%

GLTL
Long-dated UK Gilt ETF

Brexit Feb 1, 2020

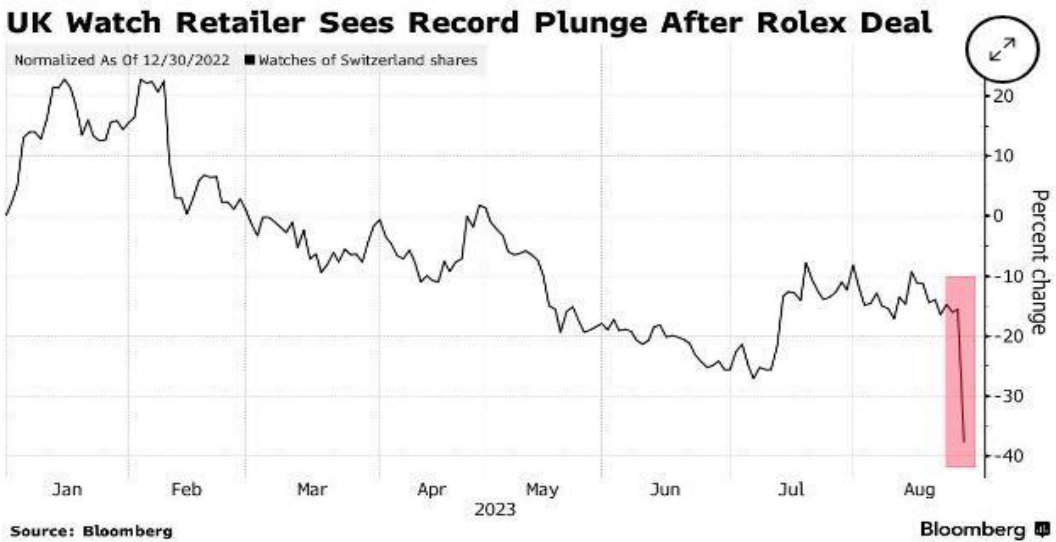
-53%

1 4 181

#food-for-thought

#swiss #watches #bucherer

Watches of Switzerland shares plunge by a quarter after Rolex buys retailer Bucherer. The UK's biggest seller of Rolex watches lost nearly a third of its value on Friday after the Swiss brand bought Bucherer AG, taking its first major step into retailing. Watches of Switzerland Group Plc shares fell as much as 30%, wiping out almost £500 million (\$629 million) in market capitalization. Rolex unveiled the surprise move to buy Bucherer late Thursday, prompting analysts to question what the deal means for Watches of Switzerland's future relationship with the brand. Peel Hunt's Jonathan Pritchard noted that Rolex accounts for half of the company's sales and cut his rating on the stock to hold from buy.

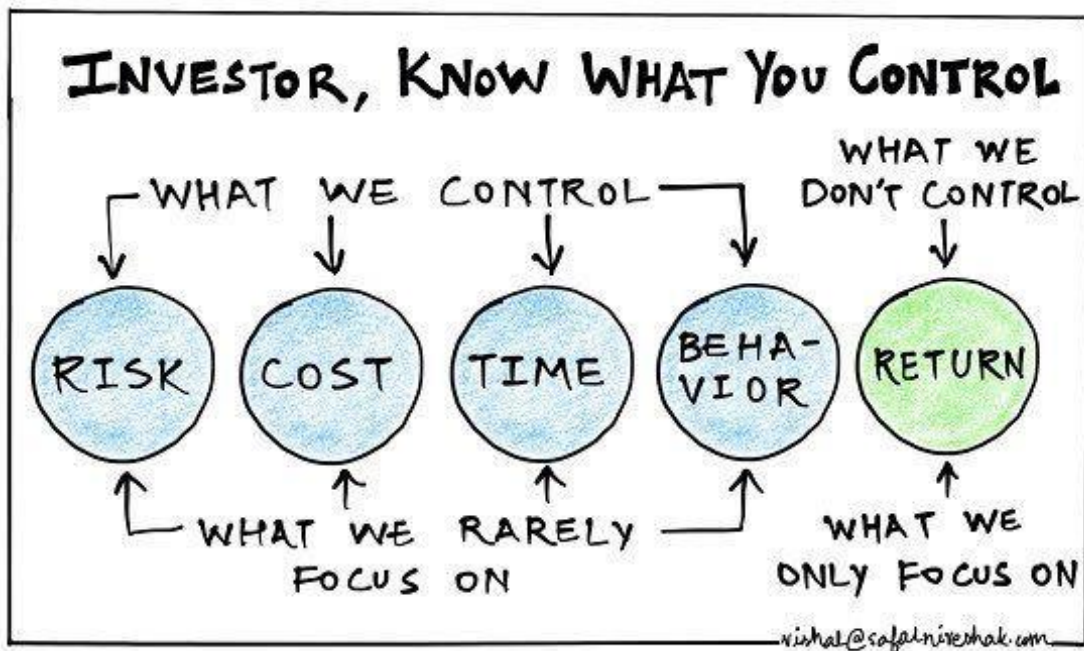


Source: Bloomberg

#food-for-thought

#investing #lessons

Nice visualization 🖱️



Source: Blake Millard thru Michel A. Arouet

#food-for-thought

#useful #lessons #investing

Investors learn the most by studying other investors' mistakes.

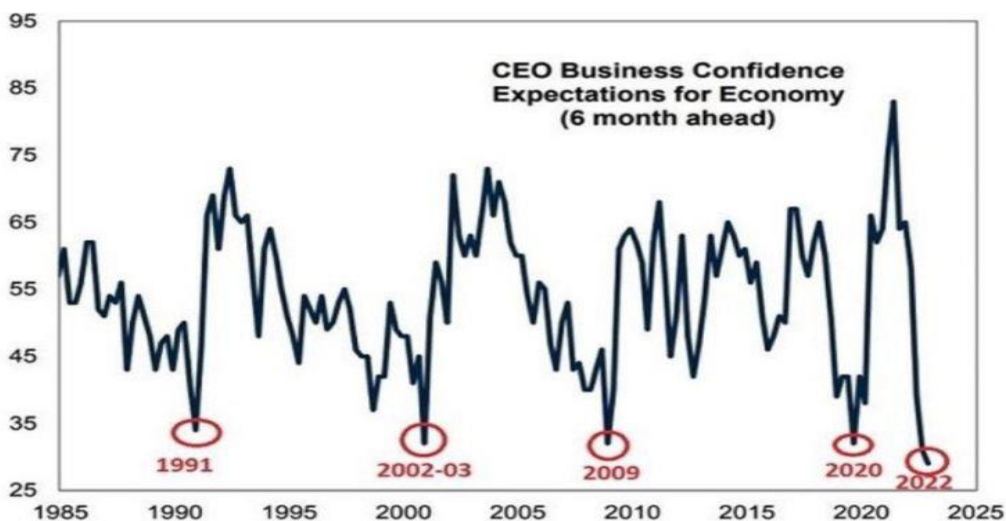


Source: Brian Feroldi

#food-for-thought

#ceo #business-confidence

Think you're bad at timing the market? CEOs Business Confidence historically hits the lowest level at market bottoms... Sounds like an effective contrarian indicator...



Source: The Conference Board, Goldman Sachs Global Investment Research



Source: Brian Feroldi

#hedge-fund #q2

What were hedge funds buying in Q2? Here are some findings when diving into 13F:

- 🤖 AI models
- ⚙️ Semiconductors
- 🎤 A bit of Taylor Swift
- 💊 And... weight-loss drugs?!

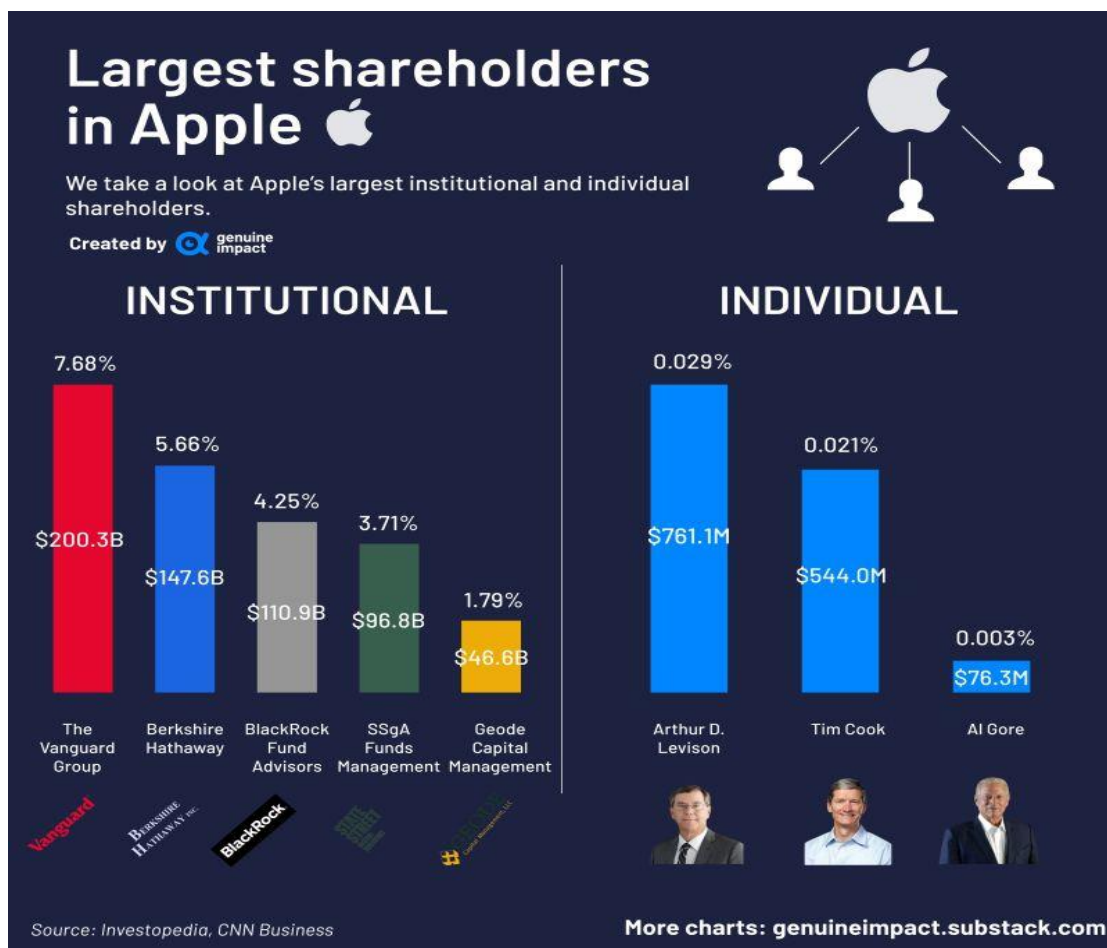


Source: App Economy Insights

#food-for-thought

#apple #shareholders

Who are the largest shareholders in Apple? The major shareholders of Apple are primarily institutional investors, with individuals holding only a small stake.

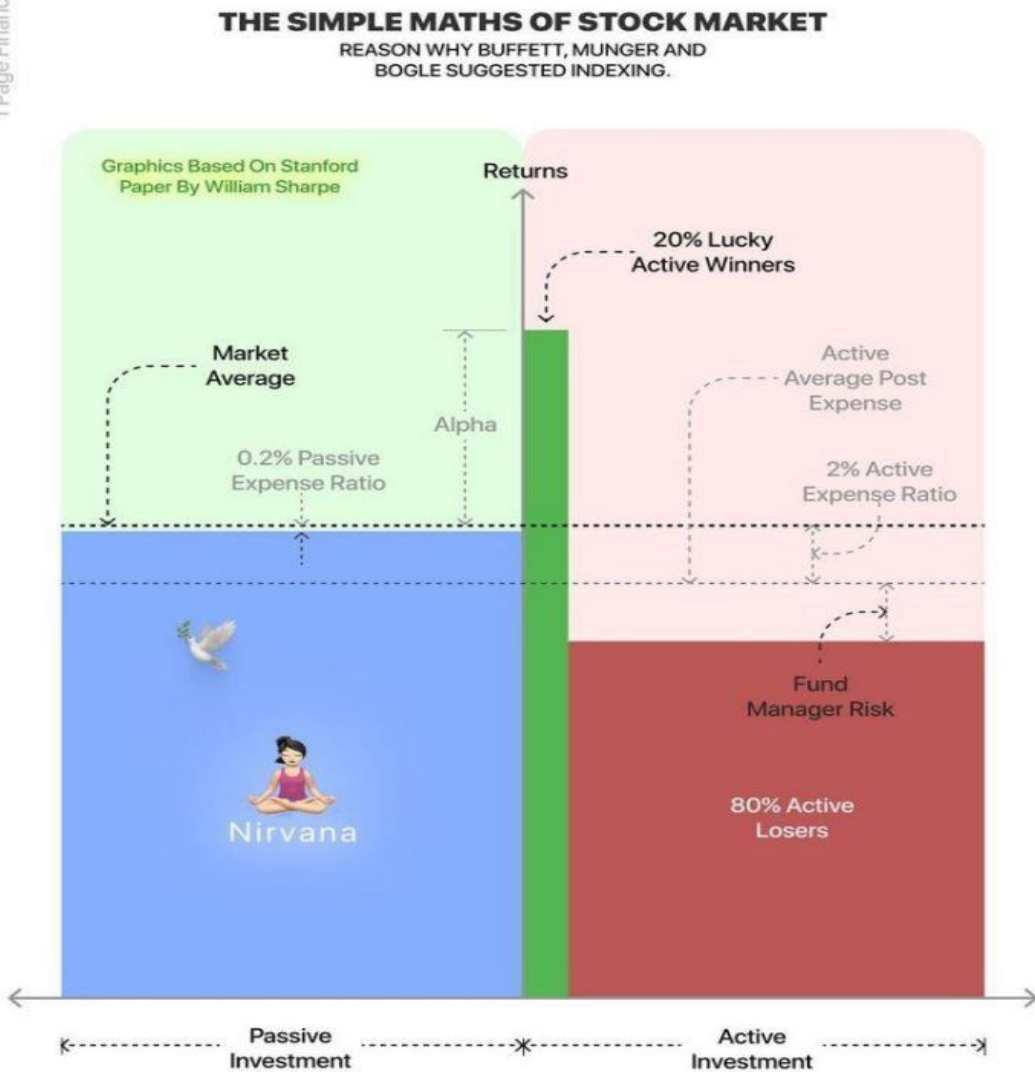


#food-for-thought

#active #passive #management

Active vs. passive management

1 Page Finance

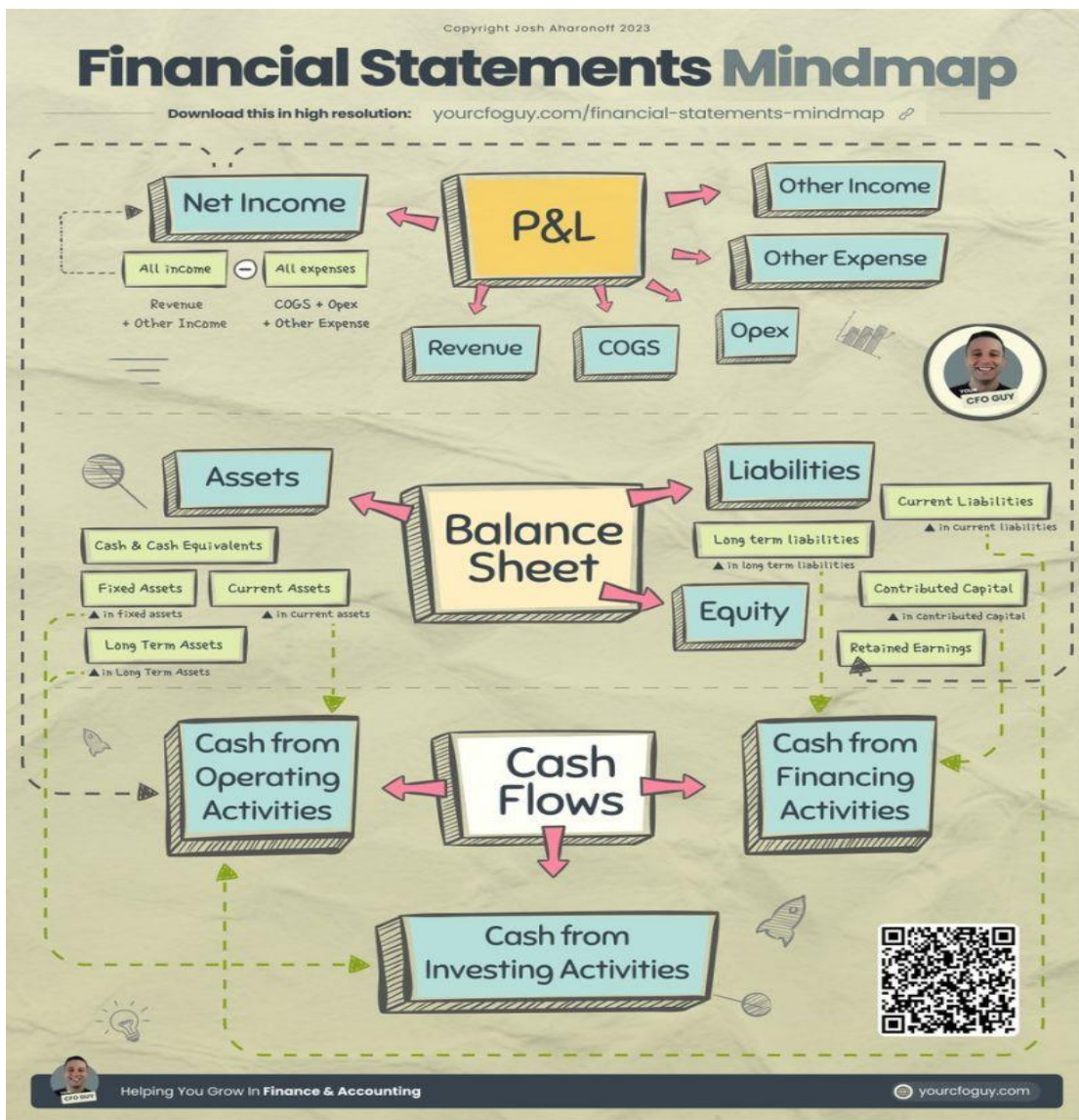


Source: Brian Feroldi

#food-for-thought

#useful #financial-statements

How all 3 Financial Statements Connect



Source: Josh YourCFOGuy


#food-for-thought

#10k #analysis

How to analyze a 10-K


HOW TO ANALYZE A 10-K

BY COMPOUNDING QUALITY




What is a 10-K?

- It's an official document that contains a lot of (financial) information about a company
- Companies must publish a 10-K every year




Structure of a 10-K:

- A 10-K always has the same structure:
 1. Business
 2. Risk Factors
 3. Financial Statements
 4. Management Discussions and Analysis (MD&A)




Business:

- Describes a company's main products and services
- It shows you how the company makes money
- Never invest in companies of which you don't understand the business model




Risk Factors:

- Shows the risk a company faces (in order of importance)
- Be wary of companies who have a high risk of disruption




Financial Statements:



- This is one of the most important sections of a 10-K
- There are 3 Financial Statements:
 1. Balance sheet: overview of a company's assets and liabilities
 2. Income Statement: show you a company's revenue and expenses
 3. Cash Flow Statement: overview about how much cash enters and leaves a company



Management Discussions and Analysis (MD&A)

- Management's view on the business results
- Allows you to look at the qualitative factors behind the numbers



 @QCompounding www.compoundingquality.net 

Source: [Compounding Quality](#) / [Chris Quinn](#)

#food-for-thought

#business #valuation



"100 percent of the information you have about any business reflects the past, and 100 percent of the value of that business depends on the future."

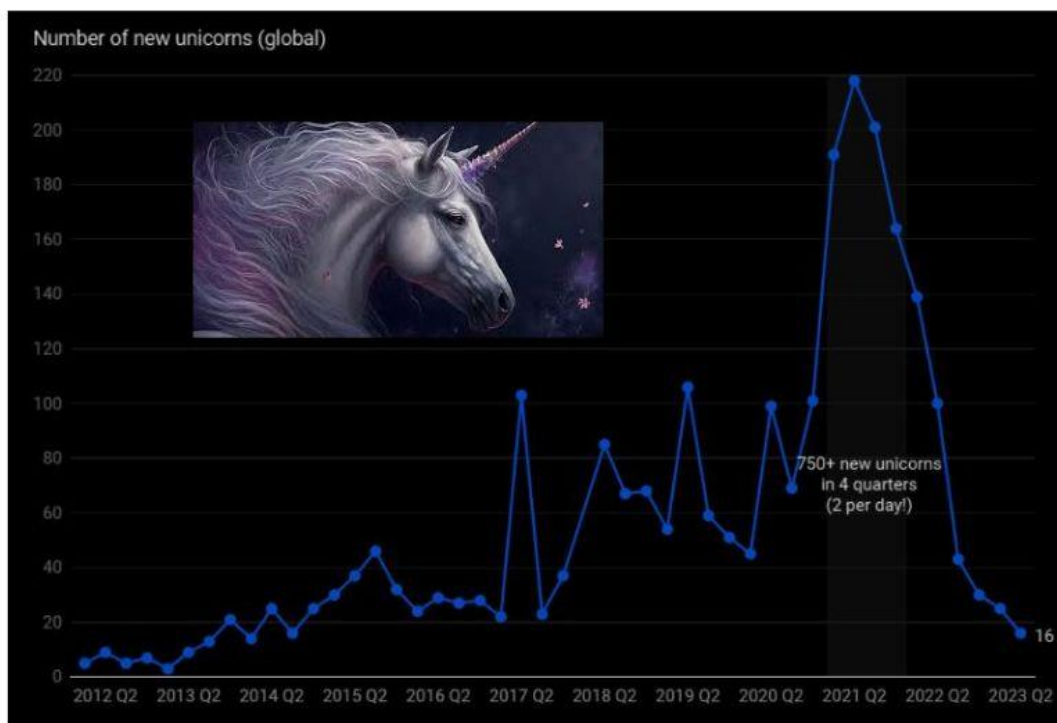
Bill Miller

Source: Brian Feroldi / [Compounding Quality](#)

#food-for-thought

#unicorns #extinction

The number of unicorns is plummeting. Since 2018, over 250 new unicorns have been minted each year, with the exception of 2021, when this number spiked to 787 – a rate of more than two unicorns per day. In 2022, new unicorn creation collapsed in 2022. Peak to trough there was a 90% drop in the new unicorn rate within five quarters. Just 21 new unicorns were created in Q1 2023.



Source: Dealroom.co

Source: [Dealroom.co](https://dealroom.co), TME

#food-for-thought

#leadership

Nice one by Netflix

A friendly reminder from Netflix



Source: Daniel Abrahams

#food-for-thought

#apple #leadership

According to Steve Jobs, the BEST LEADERS are GREAT INDIVIDUAL CONTRIBUTORS (and NOT professional managers) "You know who the best managers are? They're the great individual contributors who never ever want to be a manager, but decide they have to be a manager, because no one else is going to be able to do as good a job as them.. Because the best managers know how to do the work and manage the team to get it done".



Source: youtube, Daniel Abrahams

#food-for-thought

#leadership



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For the future...