

## Chart of the week

### NOT EVERYTHING IS CALM...

US CDS 1 year (in yellow) vs VIX (in purple)



Source: Refinitiv

Source: TME

### VIX hits lowest level since late 2021

The major US equity indices ended mixed following a week while the Cboe Volatility Index (VIX), Wall Street's so-called fear gauge, fell to its lowest level since late 2021. 88 S&P 500 Index companies had reported earnings as of Friday. Financials outperformed overall during the week despite a brief plunge in shares of Goldman Sachs after the investment banking giant missed consensus revenue estimates. US economic data were mixed: Weekly jobless claims rose a bit more than expected, but continuing claims jumped by much more than anticipated and reached their highest level (1.87 million) since November 2021. Housing data were also soft, with starts and permits slowing from February's readings. Existing homes sales fell, and year-over-year home prices dropped 0.9%, the largest decrease in 11 years. However, S&P Global US PMIs painted a much different picture as it rose to its highest level in almost a year (53.5). The yield on the 10-year U.S. Treasury note jumped following the S&P Global data release, reversing earlier declines and leaving it modestly higher for the week. The pan-European STOXX Europe 600 Index gained 0.45%, as optimism about the economic outlook outweighed concerns about interest rates staying higher for longer. Annual UK consumer price growth in March slowed by less than expected to 10.1% from 10.4% in February, driven by surging food and drink prices. Gold and cryptos slid as US Sovereign risk roared to record high.

## #GLOBALMARKETS WEEKLY WRAP-UP

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22 APRIL 2023

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### #weekly #returns

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	33,809	-0.2%	2.0%
S&P 500 Index	4,134	-0.1%	7.7%
NASDAQ	12,072	-0.4%	15.3%
MSCI EAFE *	2,148	0.1%	9.7%
10-yr Treasury Yield	3.57%	0.1%	-0.3%
Oil (\$/bbl)	\$77.90	-5.6%	-2.9%
Bonds	\$99.17	-0.2%	3.2%

Source: Factset 04/21/2023. Bonds represented by the iShares Core U.S. Aggregate Bond ETF. Past performance does not guarantee future results. \* 4-day performance ending on Thursday.

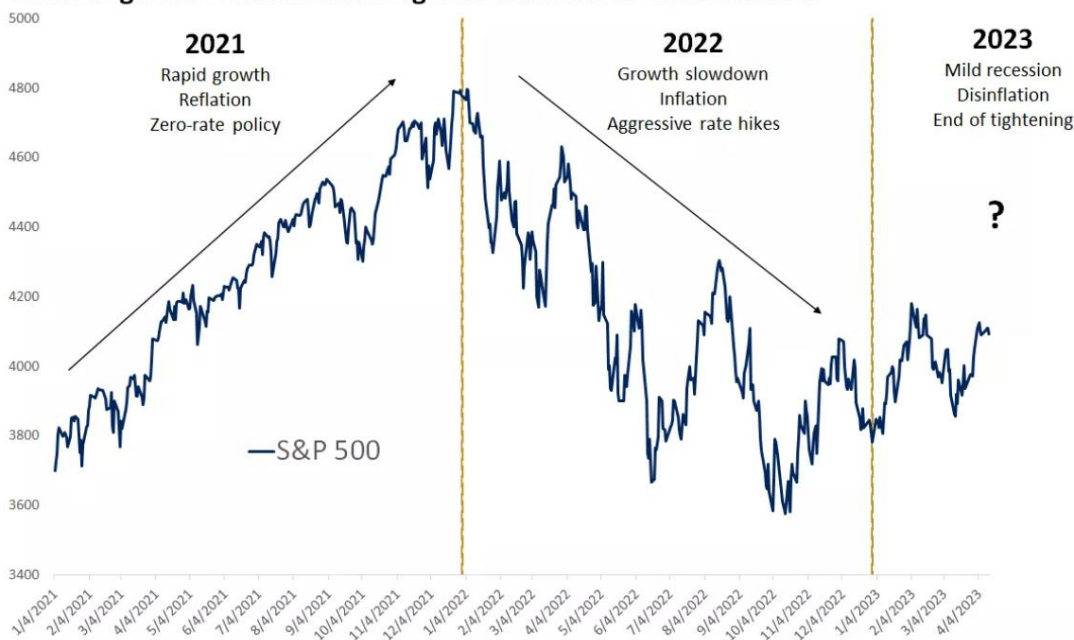
Source: Edward Jones



## #us #equities #sp500

The rebound in stocks and bonds over the past six months has been supported by the turn in inflation, economic resilience, and peak in yields. There are good reasons why stocks are off their lows. But there are conflicting signals, suggesting that markets might need some further fuel to continue to move higher.

Shifts in growth and inflation regimes continue to drive markets



Source: Edward Jones, Bloomberg

## #us #equities #technicals

NASDAQ continues trading the incredibly boring range in April. We have basically seen a 2.5% max move from low to high so far in April.

Boring is king



Source: Refinitiv

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

## #GLOBALMARKETS WEEKLY WRAP-UP

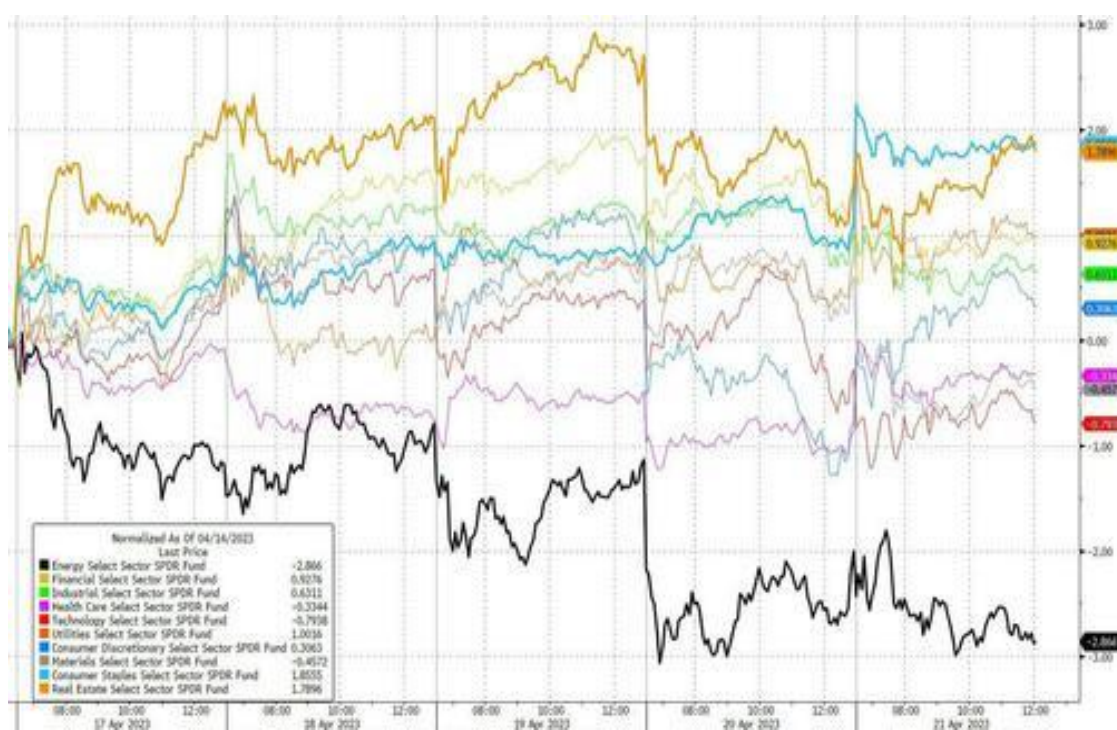
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### #us #equities #sectors

Energy stocks were the weakest this week while Staples and Real Estate outperformed...



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

## #GLOBALMARKETS WEEKLY WRAP-UP

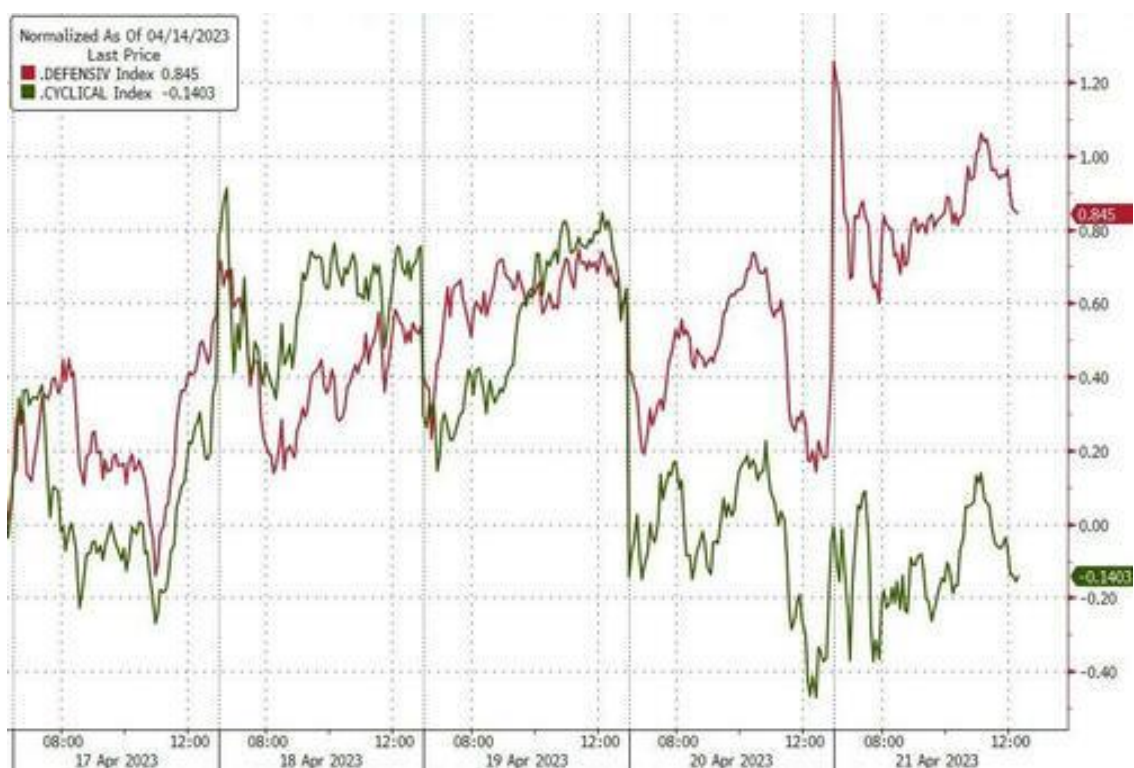
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#us #equities #style

Defensives outperformed Cyclical over the week.



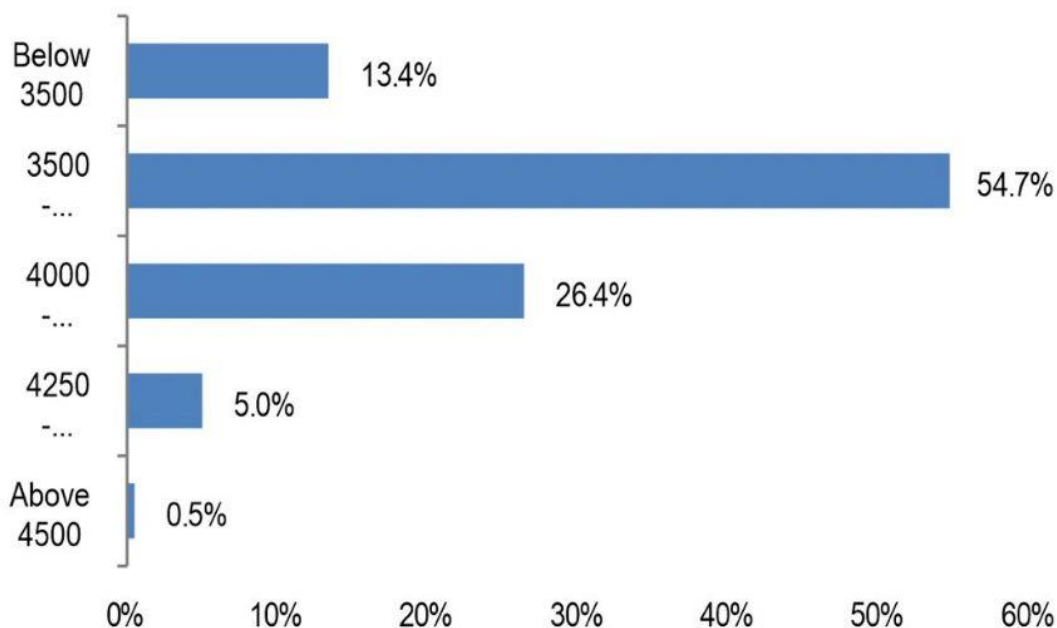
Source: Bloomberg, [www.zerohedge.com](http://www.zerohedge.com)



## #investors #sentiment

JPMorgan’s Investor Survey: majority of investors polled do see the S&P 500 closing the year at a lower level than current one (4,100).

### Exhibit 3: Where do you see S&P 500 at year end?



Source: J.P. Morgan Strategic Research.

Source: JPM



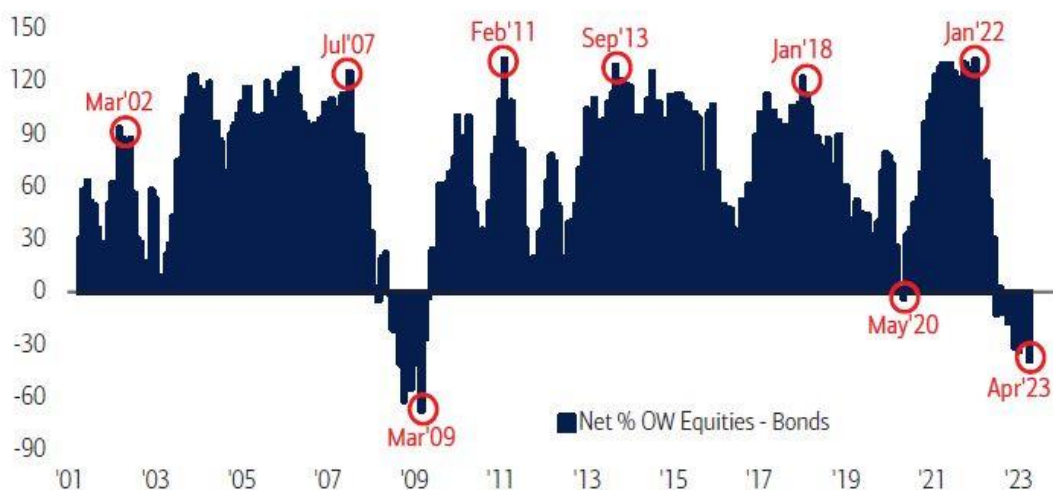




## #investors #sentiment

TOO MUCH BEARISHNESS? According to the last BofA Fund manager survey, investor allocation to #stocks relative to bonds has fallen to lowest level since the Global Financial Crisis.

**Chart 12: ...and relative basis**  
Net % overweight equities vs bonds



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Source: BofA

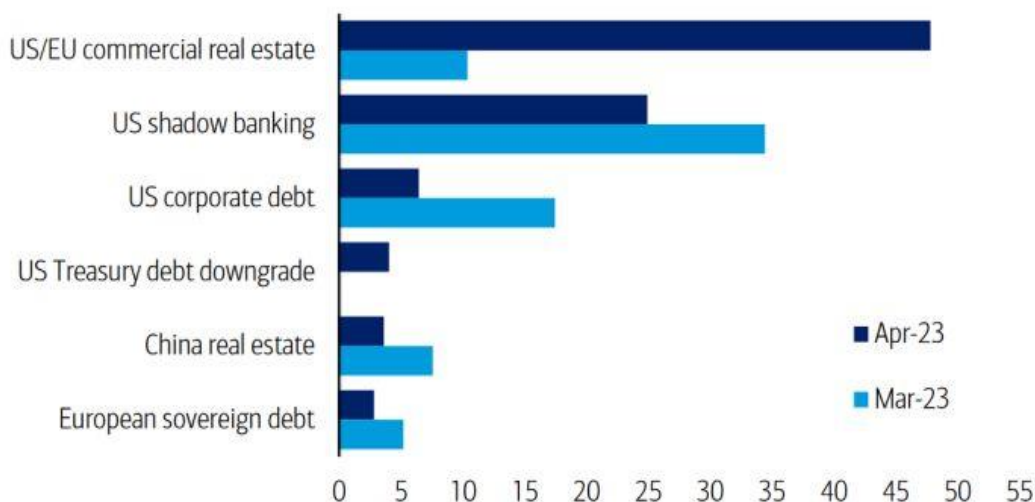


## #investors #sentiment

According to April BofA Fund manager survey, 48% of fund manager believe that US Commercial Real Estate is the source of the next credit event.

**Chart 15: Half of FMS investors say US/EU CRE the most likely source of credit event**

What is the most likely source for a systemic credit event?



Source: BofA Global Fund Manager Survey.

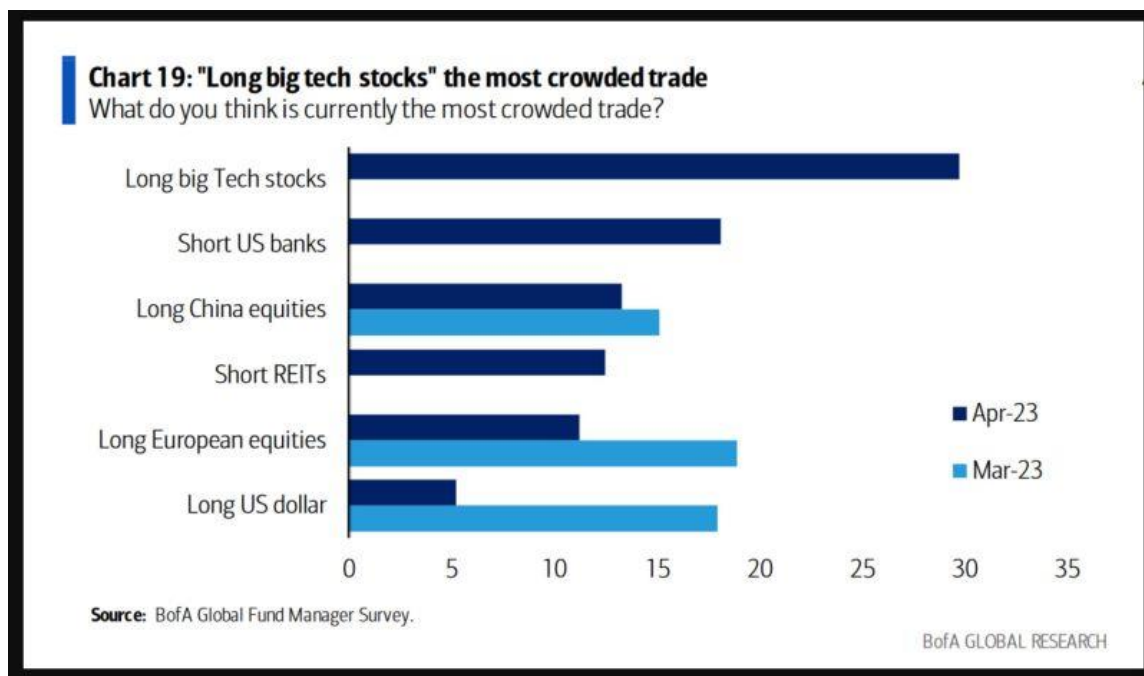
BofA GLOBAL RESEARCH

Source: BofA



## #investors #sentiment

LONG BIG TECH STOCKS IS THE MOST CROWDED TRADE according to BofA Fund manager survey in April. Perhaps what is even more interesting is what is viewed as the second most crowded trade, which in April is “short US banks” (according to 18%).

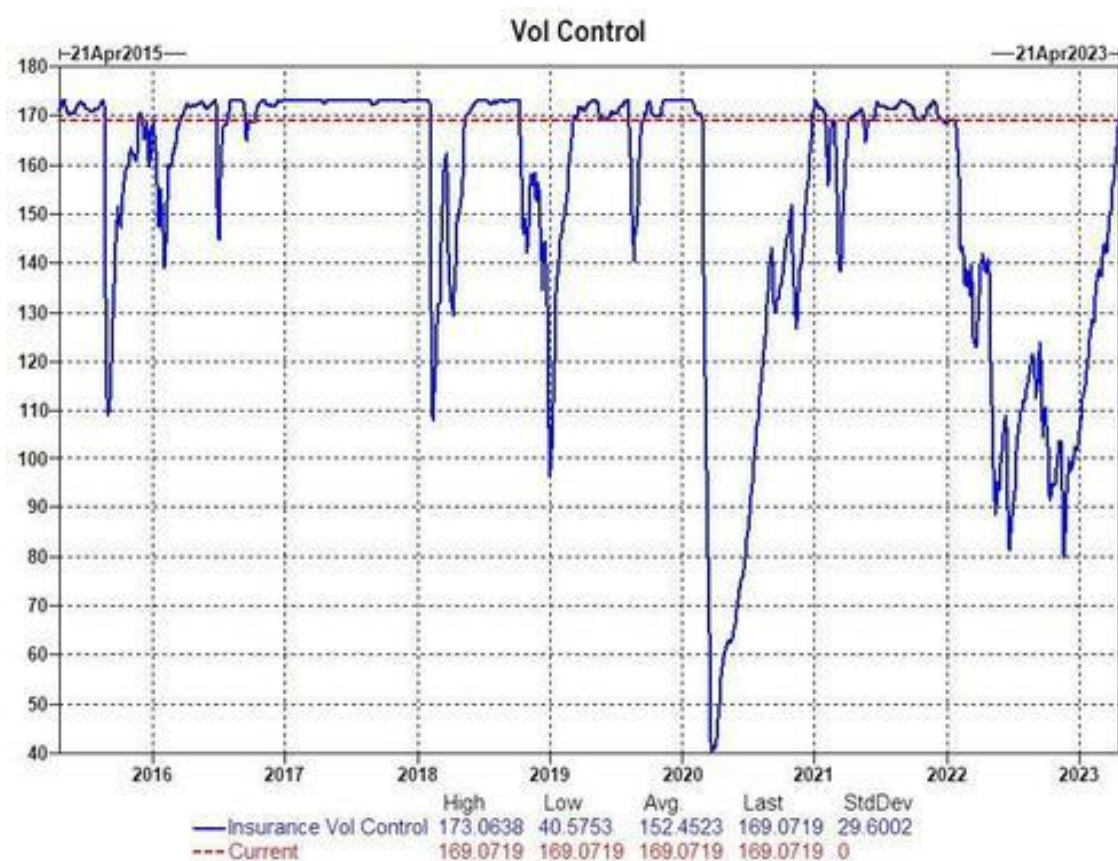


Source: BofA



## #systematic #investors #positioning

Systematic investors have added exposure, with Vol Control strategies near MAX LONG. What happens if vol moves higher?

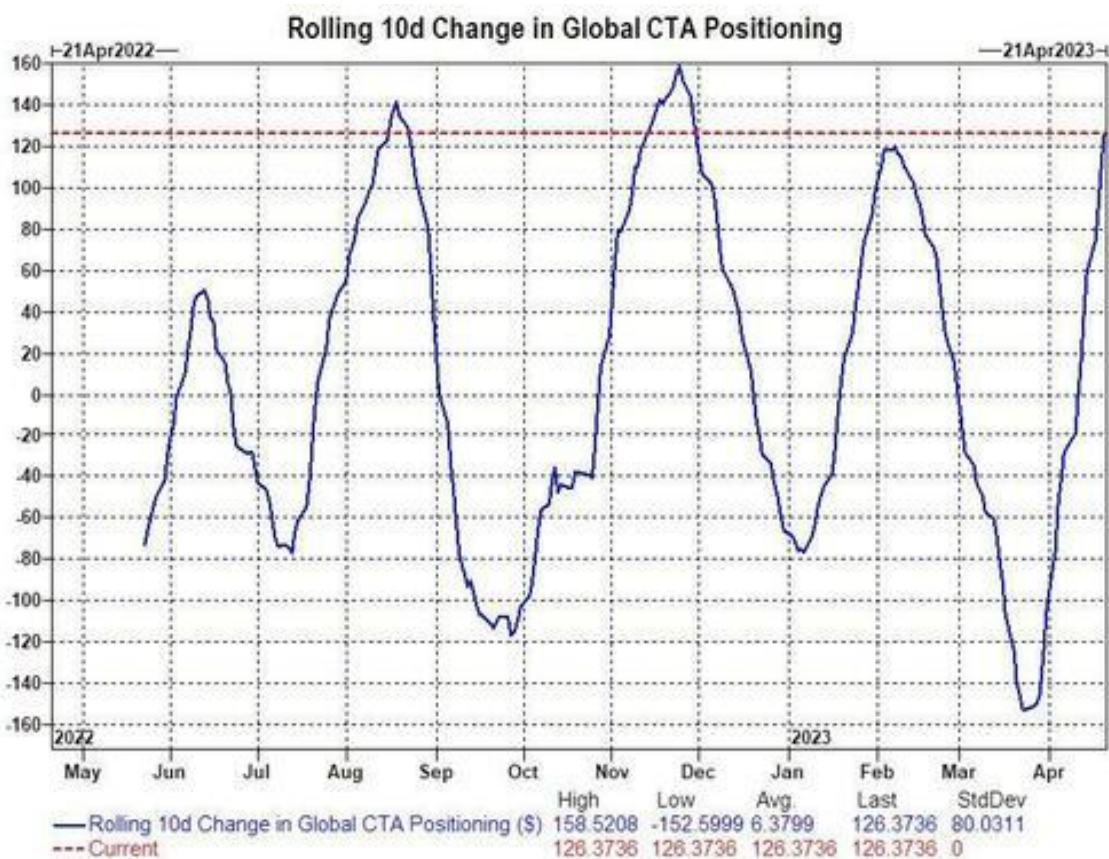


Source: Goldman Sachs



## #cta #positioning

Buyers are officially out of ammo in an up tape and opens large asymmetric skew to the downside if the market were to sell off.



Source: Goldman Sachs

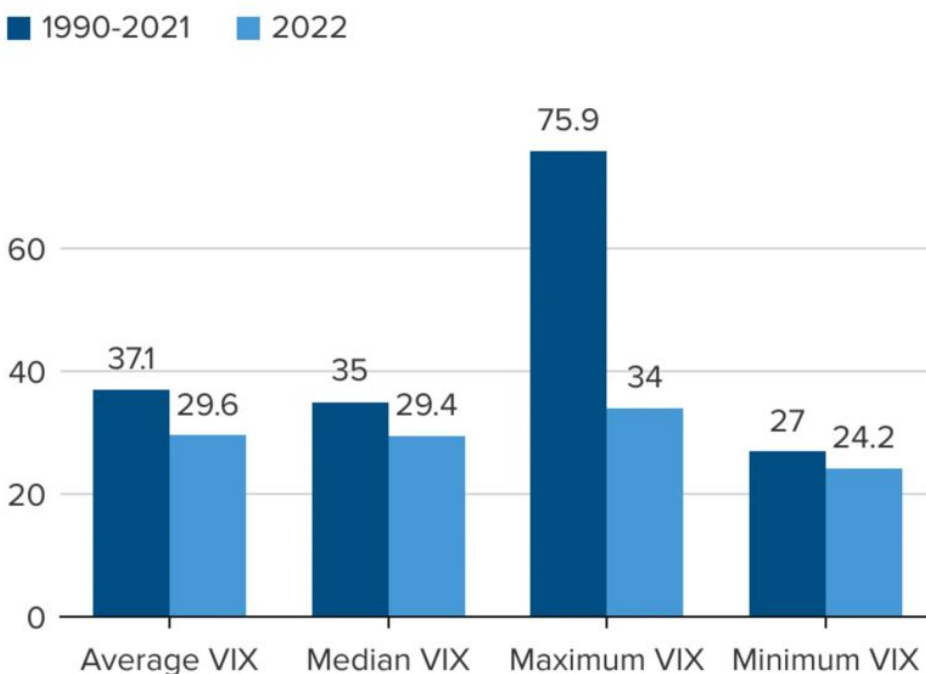


## #vix

Has the rise of ODTE\* options rendered the CBOE Volatility Index (\$VIX) obsolete? LPL Financial analyzed \$VIX levels for all trading days when the S&P 500 was in a drawdown of between 18.5% and 28.5%. The \$VIX was higher across all measures from 1990-2021 than in 2022.

### VIX levels during S&P 500 sell-offs

Drawdowns from 18.5% to 28.5%



Source: LPL Financial



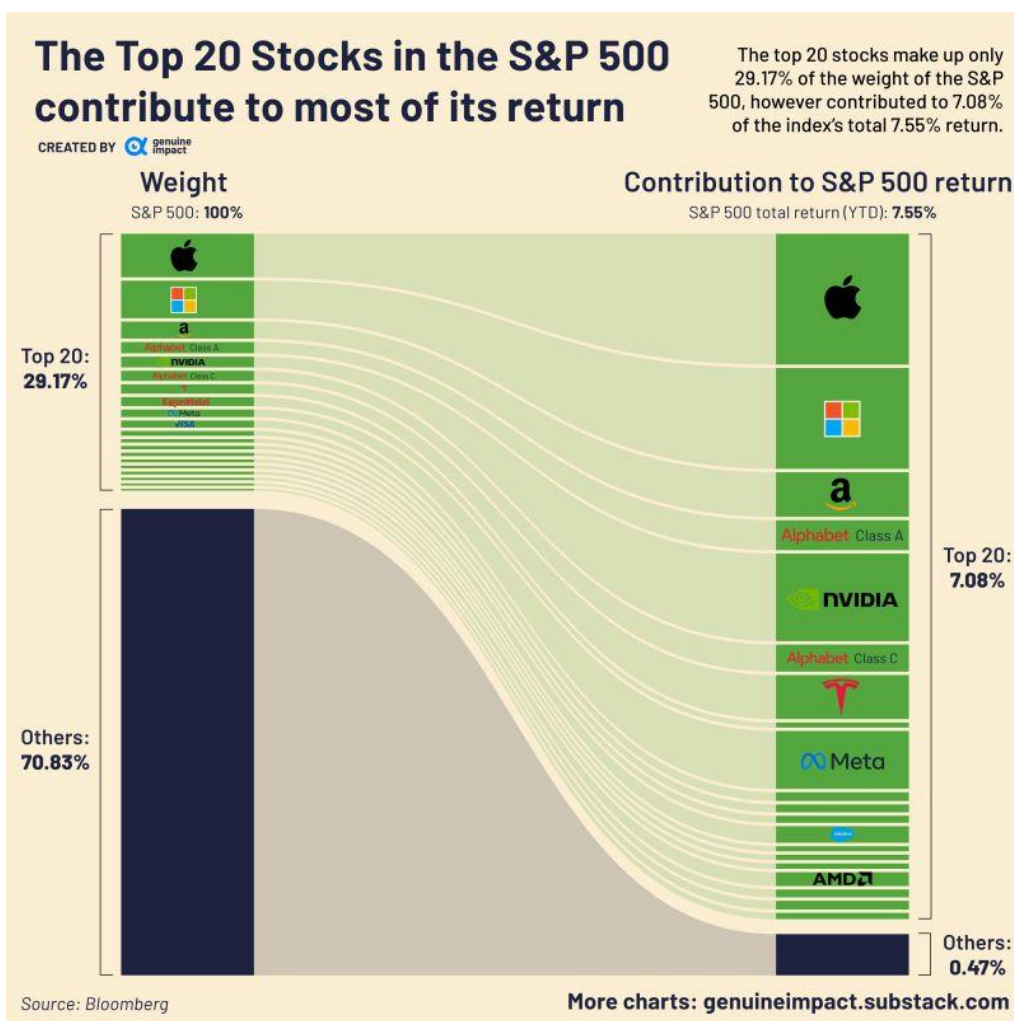
Source: CNBC, LPL Financial





## #us #equities #concentration

Concentration alert! A handful of tech stocks are responsible for a large portion of stock market returns lately. Powerhouses like Apple, Microsoft, Amazon, and Alphabet are driving the rally, so far in 2023.

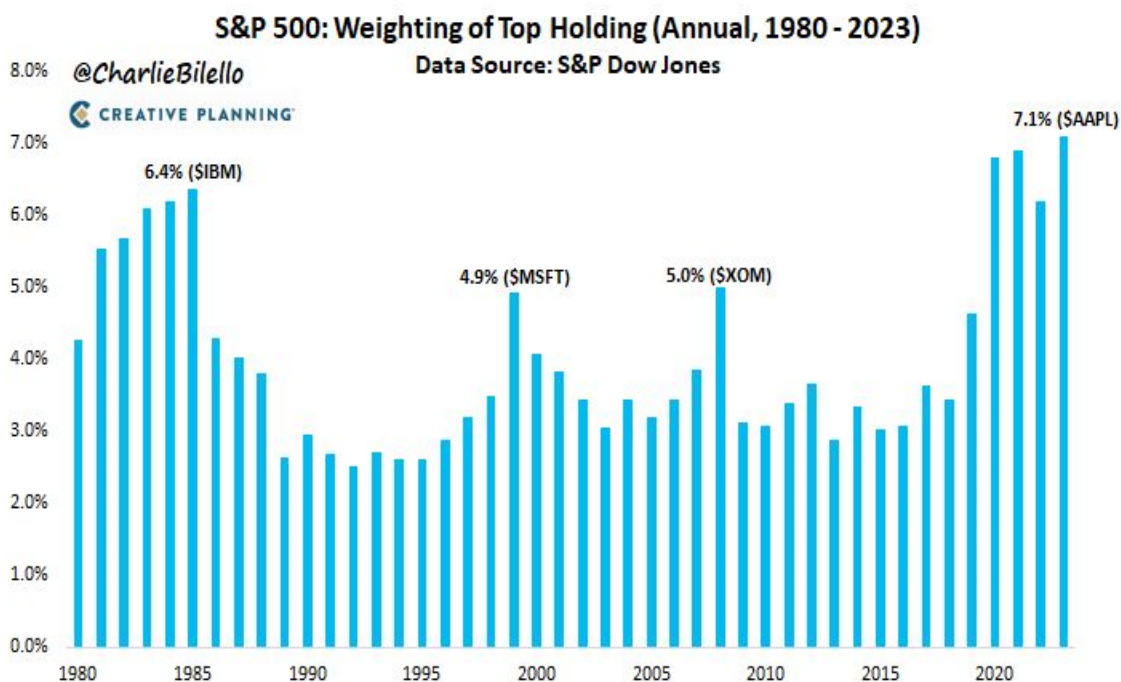


Source: Genuine Impact



## #us #equities #concentration

If the year ended today, Apple's 7.1% weighting in the S&P 500 would be the largest for any single company in the index with data going back to 1980...



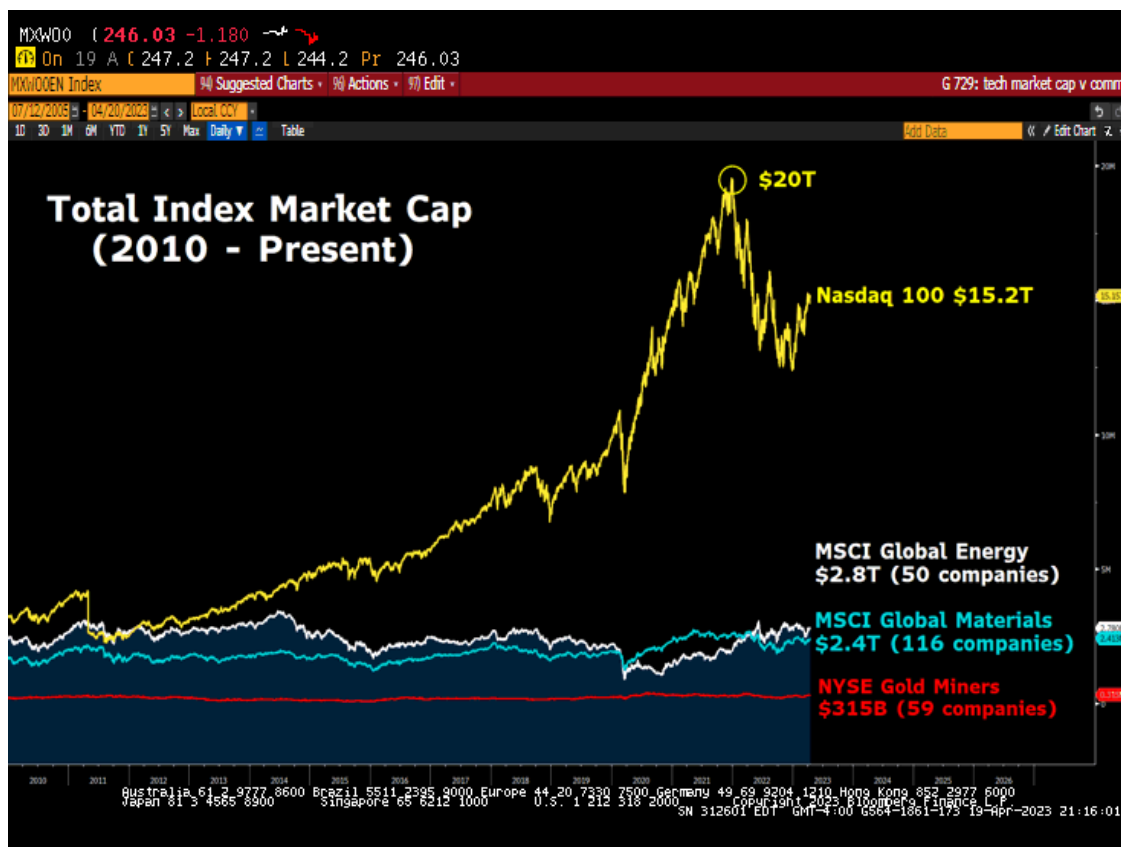
Source: Charlie Bilello





## #us #equities #concentration

Great chart by Bastien Chenivresse showing the market cap gap between the Nasdaq 100 (back to \$15T+ total market cap) and the commodity space/hard assets (a fraction of the tech market cap).



Source: Bloomberg, Bastien Chenivresse



## #us #equities #valuations

ON A PRICE-TO-SALE BASIS, IS THE S&P 500 CHEAP ENOUGH? It depends on if your glass is half-full or half-empty. Glass half-full: The damage wrought by 2022's declines pushed the S&P 500's price-to-sales ratio down from 3.21 to the current 2.19, so a full point has been taken out. Glass half-empty: Just now getting to 2000 levels.



Source: WisdomTree, S&P, as of March 2023. File #0745

Source: Jeff Weniger

# #GLOBALMARKETS WEEKLY WRAP-UP

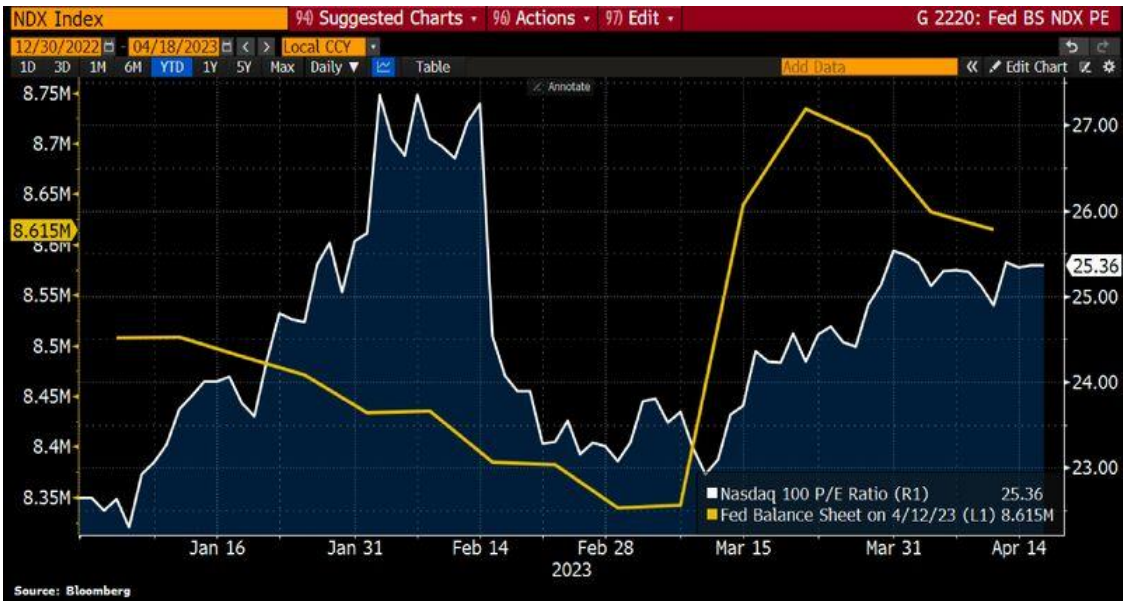
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## #us #equities #tech #valuations

It looks as if the size of the #Fed balance is having a significant impact on valuations. Fed balance sheet has jumped since SVB in tandem w/Nasdaq 100 PE ratio.



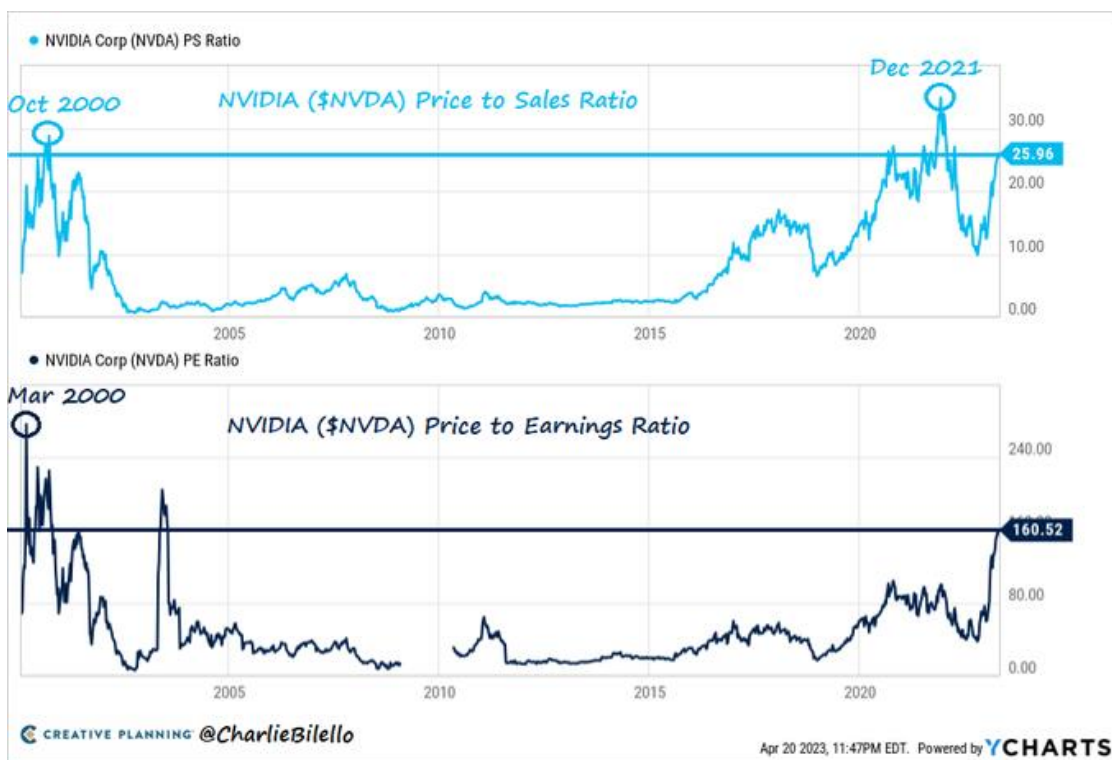
Source: HolgerZ, Bloomberg





#us #equities #tech #valuations

NVIDIA trading at 26x sales and 160x earnings. Investors pricing in huge growth rates but are expectations too high?



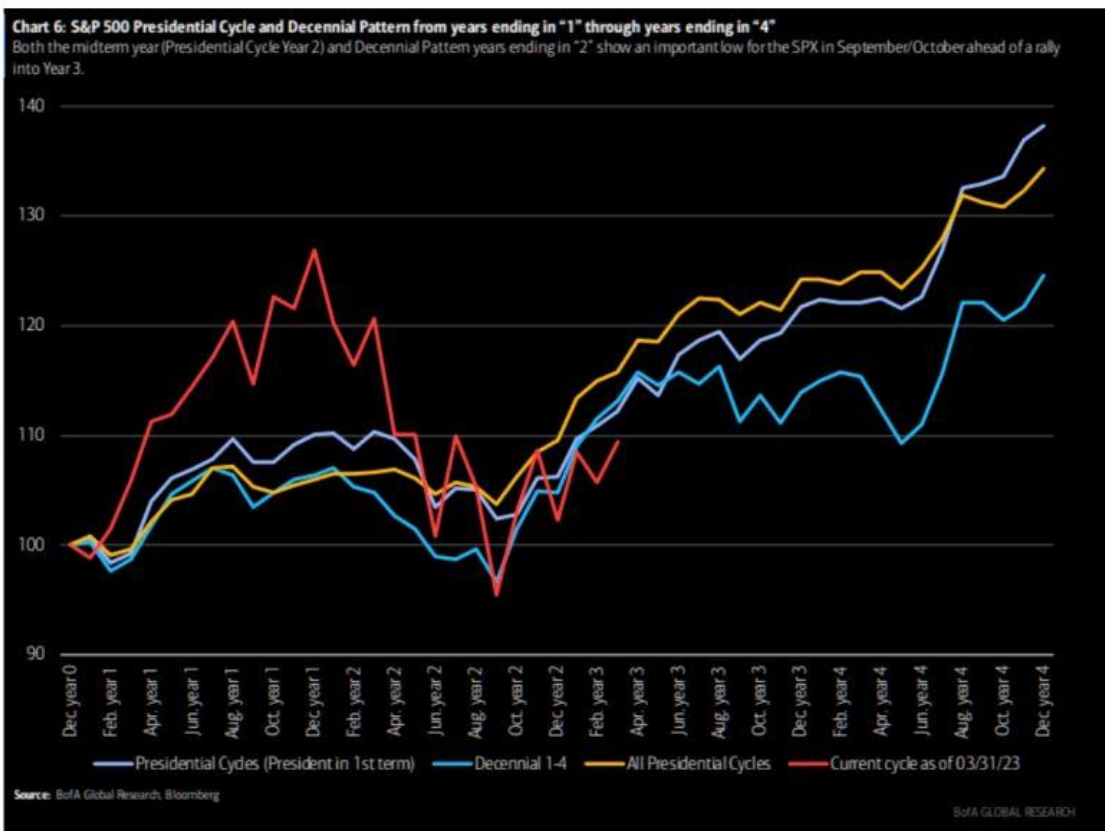
Source: Charlie Bilello



#us #equities #cycle

The SPX's September/October 2022 lows align with this pattern, and there is potential for a catch-up trade into late 2Q/early 3Q, despite lagging behind the Presidential Cycle pattern since December.

SPX and the presidential cycle



Source: BofA

Source: BofA, The Market Ear



## #us #equities #debt-ceiling

How did equity markets during previous debt ceiling episodes? A note by David Kostin (Goldman Sachs) - looking at equity moves over debt ceiling episodes – show that during the 2011 debt limit showdown the S&P 500 fell by 17% from peak to trough in 22 trading days (see table below).

Debt ceiling episode	Equity peak to trough drawdown		VIX		Rise in 1m T-Bill yield (bp)
	S&P 500	Gov't exposure basket (GSRHGOVT)	Rise (pts)	Peak level	
1995-96	(3)%	NA	6	21	NA
2011	(17)	(25)	32	48	16
2013	(4)	(2)	7	20	34
2015	(2)	(4)	6	20	10
2021	(4)	(8)	14	31	6
<b>Median</b>	<b>(4)%</b>	<b>(6)%</b>	<b>7</b>	<b>27</b>	<b>13 bp</b>
<b>Average</b>	<b>(6)</b>	<b>(10)</b>	<b>13</b>	<b>29</b>	<b>17</b>

Source: Haver, Goldman Sachs Global Investment Research

Source: Goldman Sachs



## #us #equities #recession

The S&P 500 (\$SPX) has NEVER bottomed before a recession (data going back almost 100 years)

### S&P 500 Index Never Bottoms Before a Recession

Data going back almost 100 years suggests more downside if economy falters

Recession Start	Market Bottom	Difference in month
Aug-1929	Jun-1932	34
May-1937	Mar-1938	10
Feb-1945	Mar-1945	1
Nov-1948	Jun-1949	7
Jul-1953	Sep-1953	2
Aug-1957	Oct-1957	2
Apr-1960	Oct-1960	6
Dec-1969	May-1970	5
Nov-1973	Oct-1974	11
Jan-1980	Mar-1980	2
Jul-1981	Aug-1982	13
Jul-1990	Oct-1990	3
Mar-2001	Oct-2002	19
Dec-2007	Mar-2009	15
Feb-2020	Mar-2020	1

Source: Bloomberg

Source: Barchart, Bloomberg

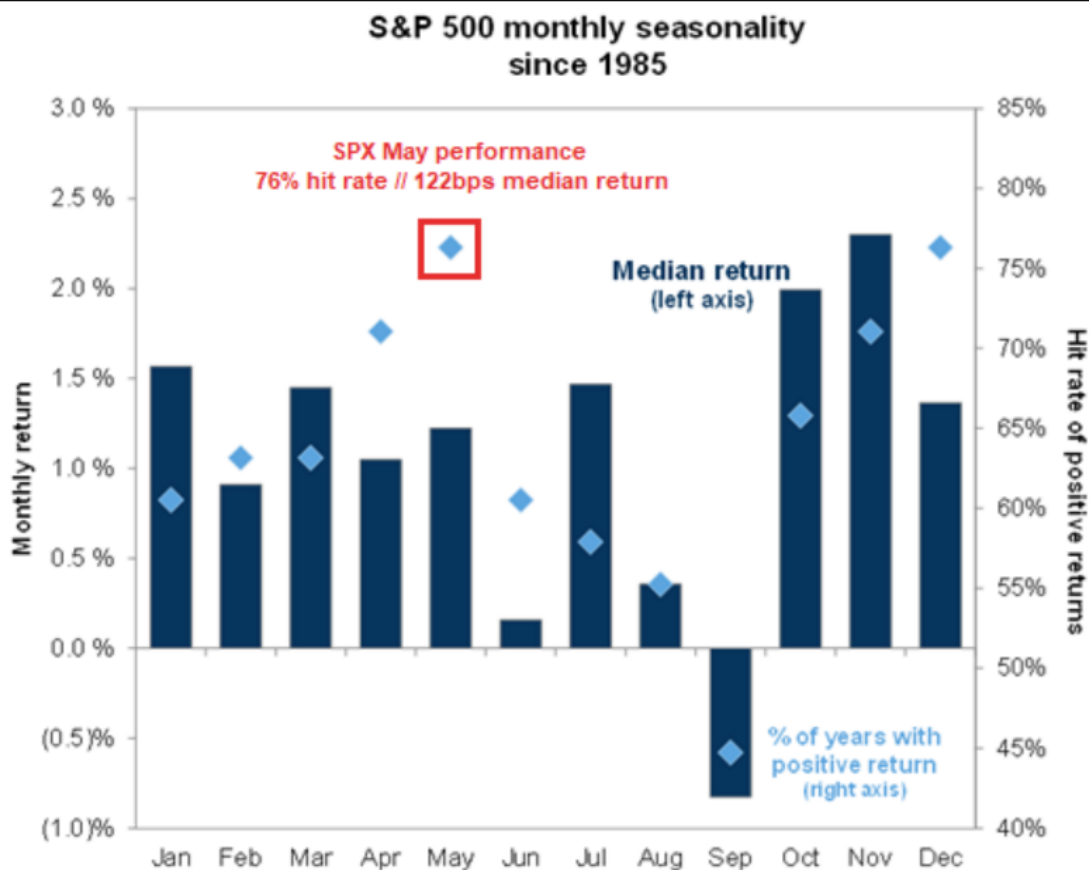






## #us #equities #seasonality

With one week left in the month of April, data back to 1985 shows that May is historically quite good for risk. As Goldman notes, SPX is positive 76% of the time during the month of May with a median return of 122bps.



Source: Goldman Sachs

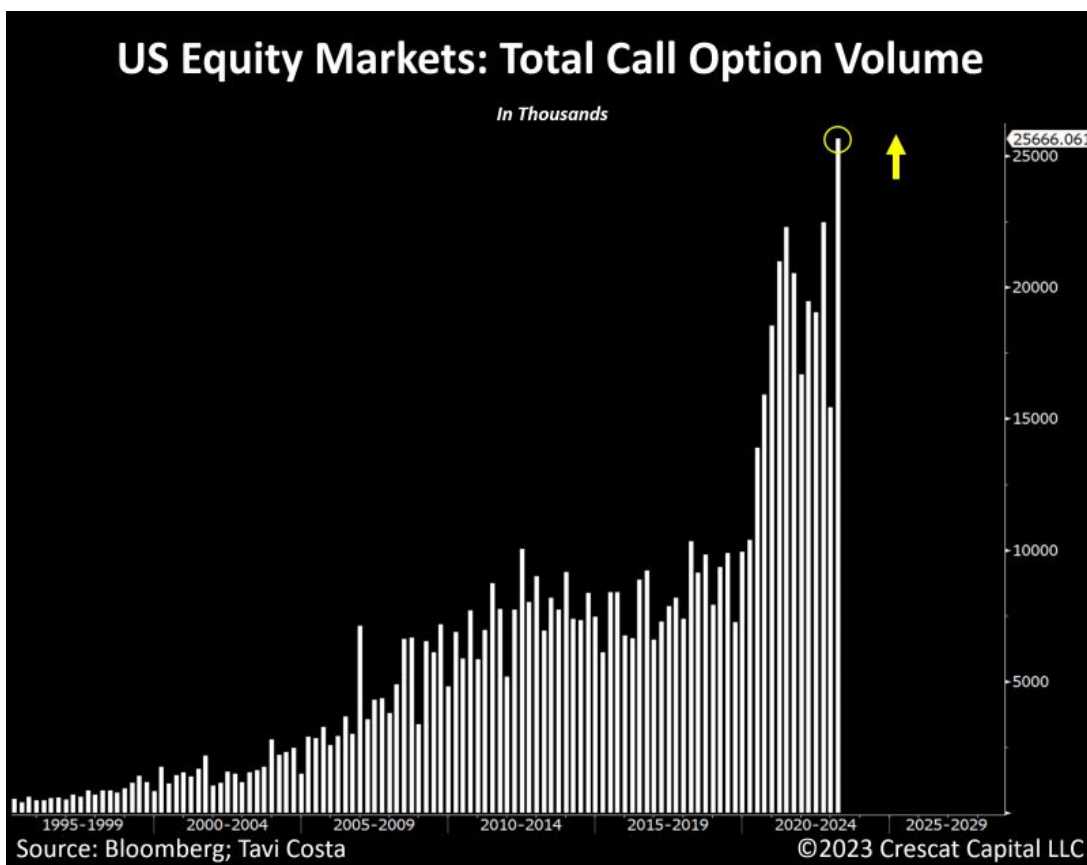






## #us #equities #derivatives

Call option volumes surged again to all-time highs this last quarter. This level of interest in derivatives is highly associated with the current retail trading frenzy.



Source: Bloomberg, Crescat Capital



## #us #equities #derivatives

Around 43% of all options volume has been recently driven by one-day options. And more than half of call options traded have expired by the end of a single trading session, up from roughly 48% around a month ago.

Index performance



Source: FactSet

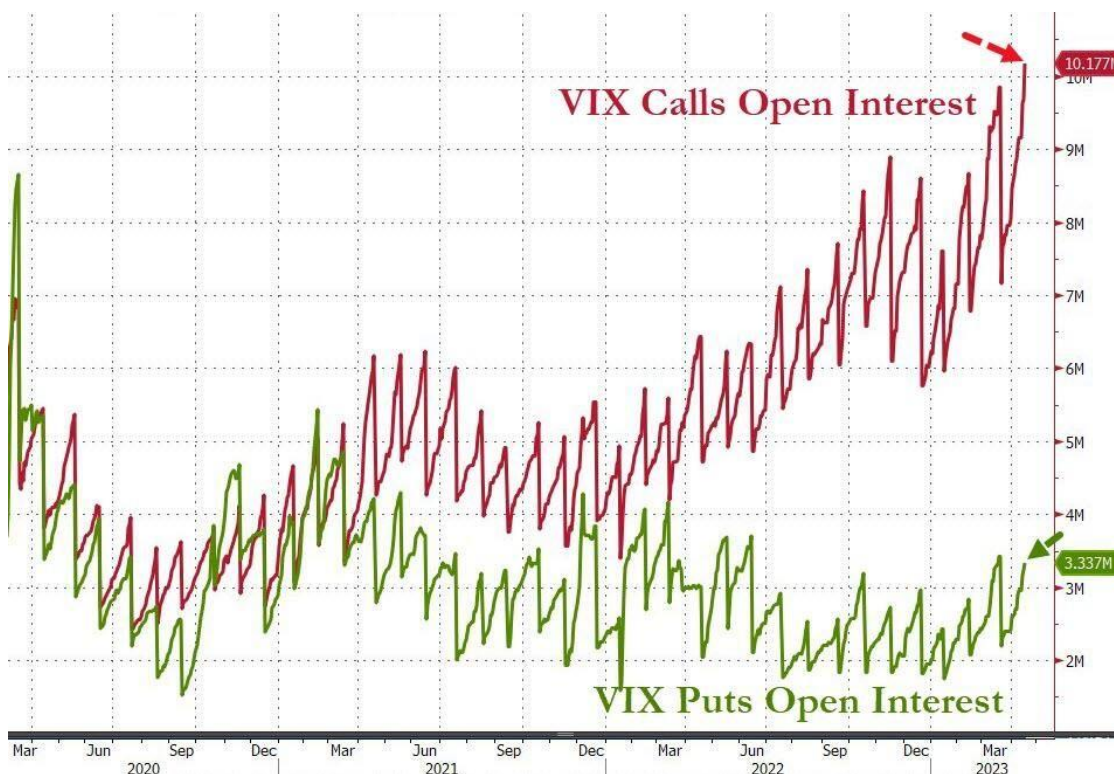
As of April 17, 4 p.m. ET

Source: WSJ



#vix

VIX plunged to fresh lows not seen since Nov 2021 (16.17 intraday lows) as VIX calls have exploded higher relative to puts...



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

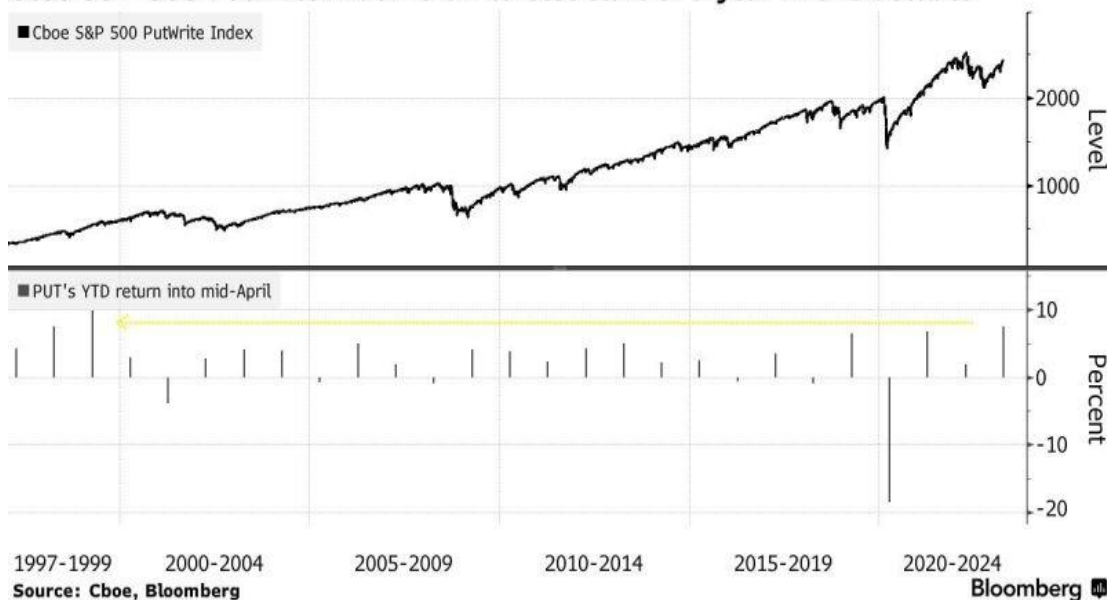


## #s&p500 #put-writing-strategy

CBOE S&P 500 PutWrite Index is off to best start of a year in 2 decades. At-The-Money Put Sellers are cleaning up in 2023! Up more than 7% YTD, the strategy is off to its best start in more than 2 decades.

### Selling Puts Pays Out in 2023's Stock Market

Cboe S&P 500 PutWrite Index is off to best start of a year in two decades



Source: Bloomberg

#markets

## #us #earnings-season

More than 90% of #sp500 companies that have reported have beaten #earnings estimates which means that this earnings season is off to its best start in a decade says Bank of America.

### Earnings Season Is Off to Best Start in a Decade, Bank of America Says

- Of the S&P 500 firms that reported 90% beat EPS estimates
- Bank says its 2023 EPS target too low if March scare temporary



Deutsche Bank's Chadha Says S&P 500 to Rally Above 4,250

By [Alexandra Semenova](#)  
April 17, 2023 at 1:08 PM CDT

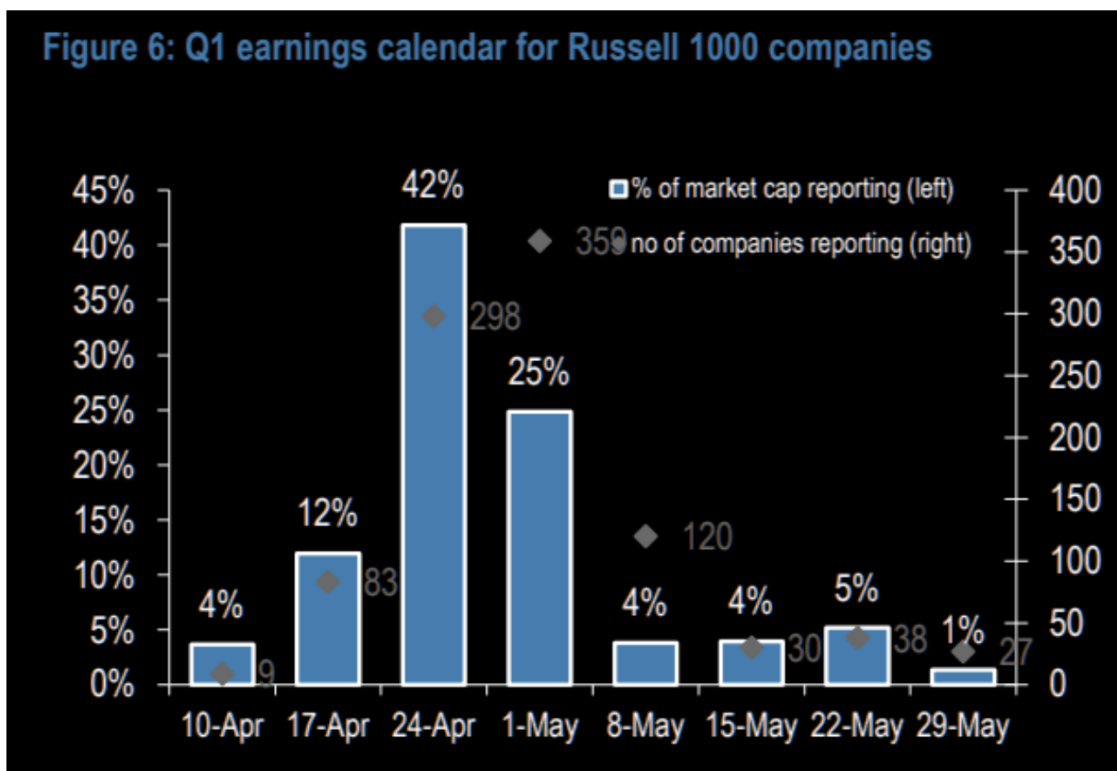
Source: Barchart, Bloomberg



## #us #earnings #season

Two busy weeks ahead of us...

Earnings just getting started



Source: JPM

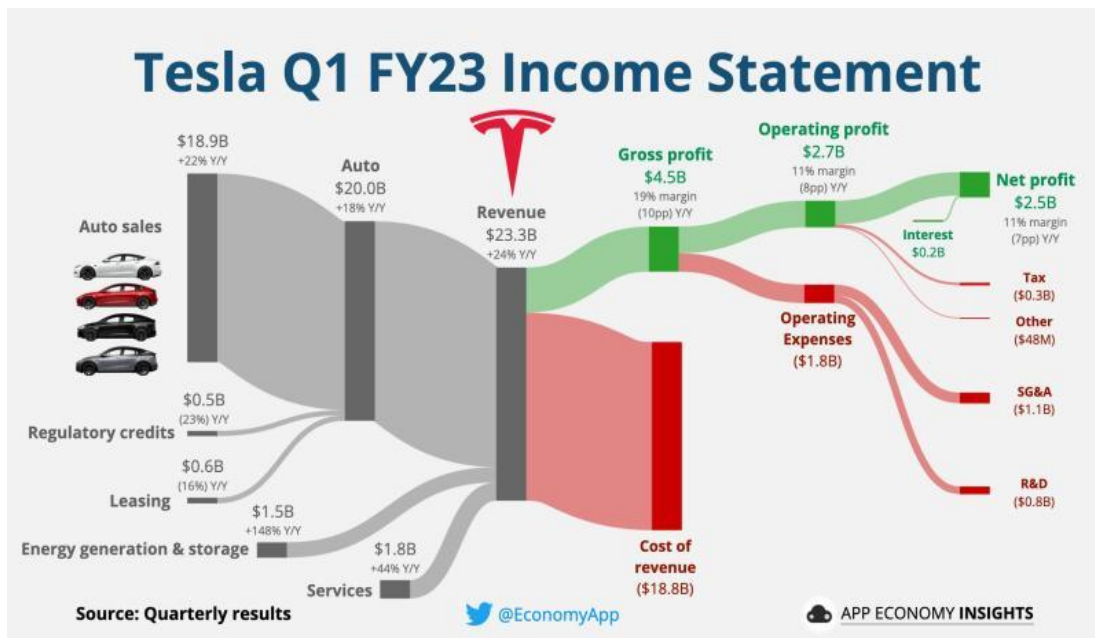
Source: JPM, TME



## #tesla #earnings

\$TSLA Tesla Q1 FY23:

- Revenue +24% Y/Y to \$23.3B (\$60M miss).
- Gross margin 19% (-10pp Y/Y).
- Operating margin 11% (-8pp Y/Y).
- Capex +17% Y/Y to \$2.1B. • Free cash flow -80% Y/Y to \$0.4B.
- Non-GAAP EPS \$0.85 (in-line).
- Deliveries +36% Y/Y to 422,875..



Source: App Economy Insights





## #netflix #earnings

\$NFLX Netflix Q1 FY23:

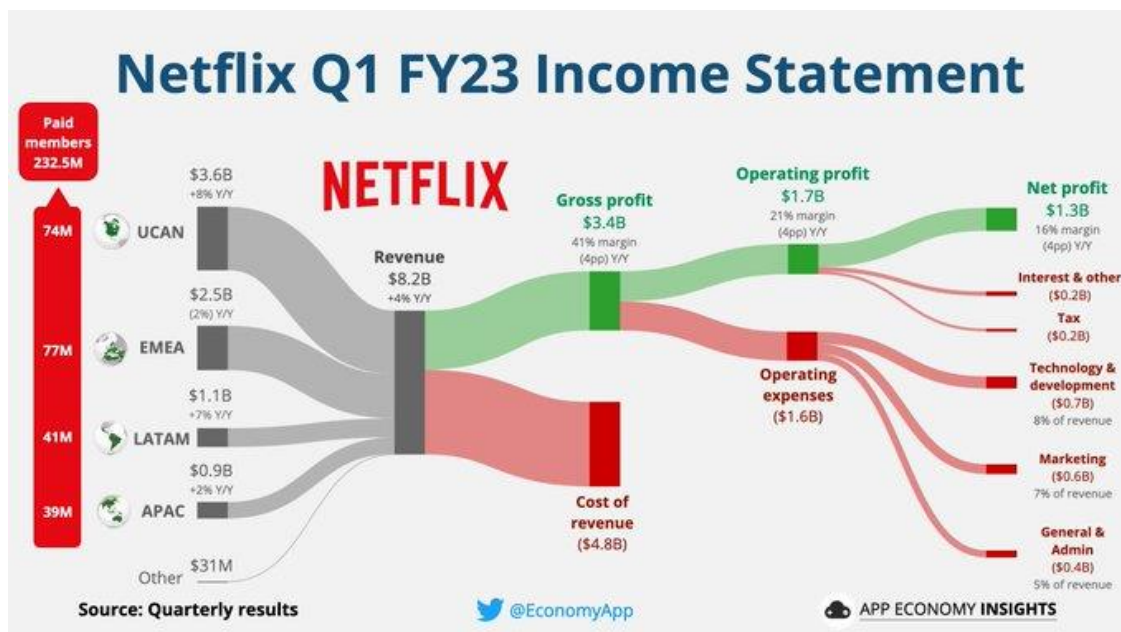
Subs +1.75M Q/Q.

ARM +4% Y/Y fx neutral.

- Revenue +4% Y/Y to \$8.16B (\$20M miss).
- +8% Y/Y fx neutral.
- Operating margin 21% (1pp beat).
- EPS \$2.88 (\$0.01 beat).

Q2 FY23 Guidance:

- Revenue +3% Y/Y (+6% fx neutral).
- Operating margin 19%.



Source: App Economy Insights





## #bank-of-america #earnings

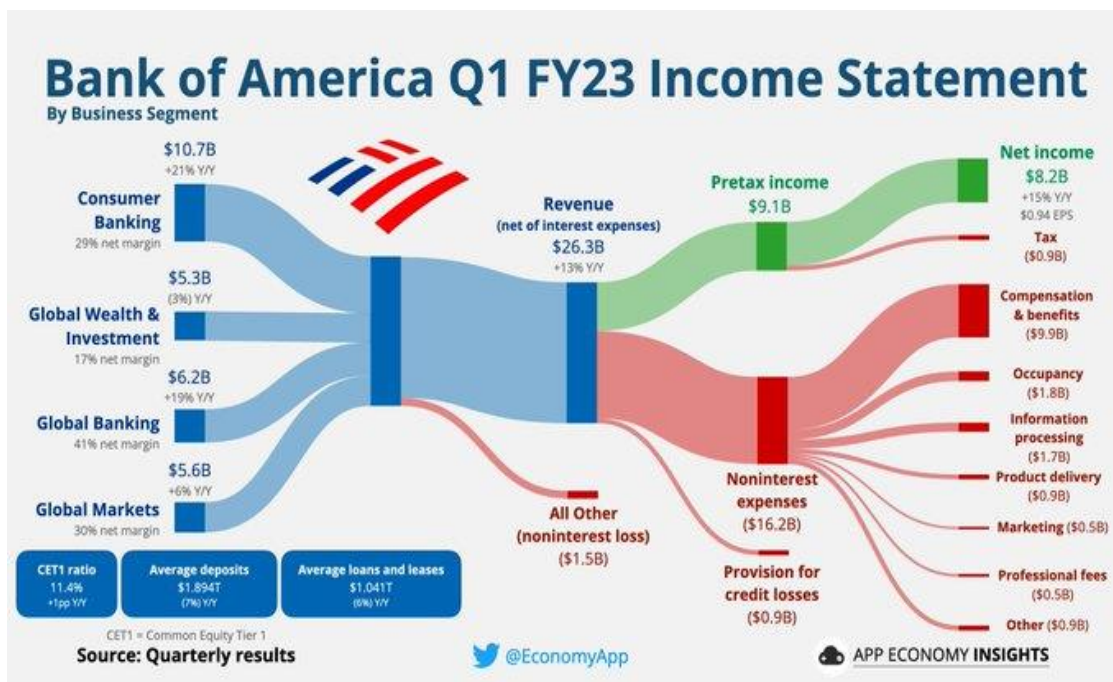
\$BAC Bank of America Q1 FY23.

- Revenue +13% to \$26.3B (\$1.0B beat):
- Net Interest income: \$14.4B (+25% Y/Y).
- Noninterest income \$11.8B (+1% Y/Y).

Net Income \$8.2B.

Earnings per share: \$0.94 (\$0.11 beat).

CET1 ratio of 11.4%.



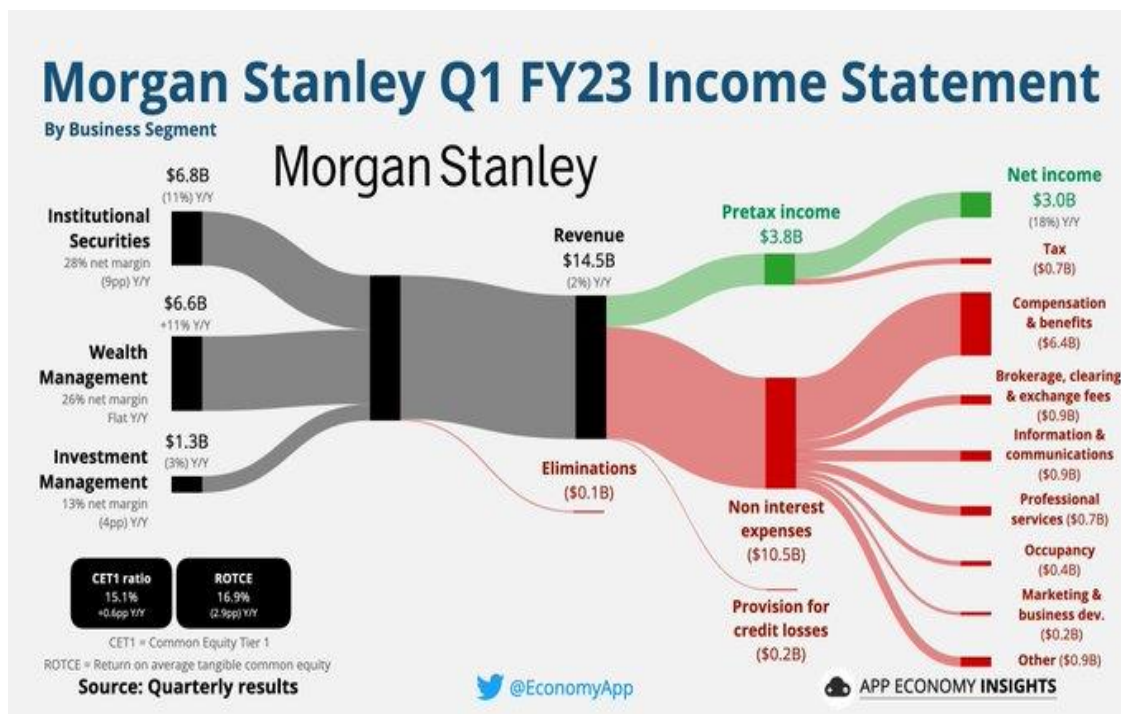
Source: App Economy Insights



## #morgan-stanley #earnings

\$MS Morgan Stanley Q1 FY23.

- Revenue -2% Y/Y to \$14.5B (\$570M beat).
- Net income \$3.0B (-18% Y/Y).
- EPS 1.70 (\$0.05 beat).

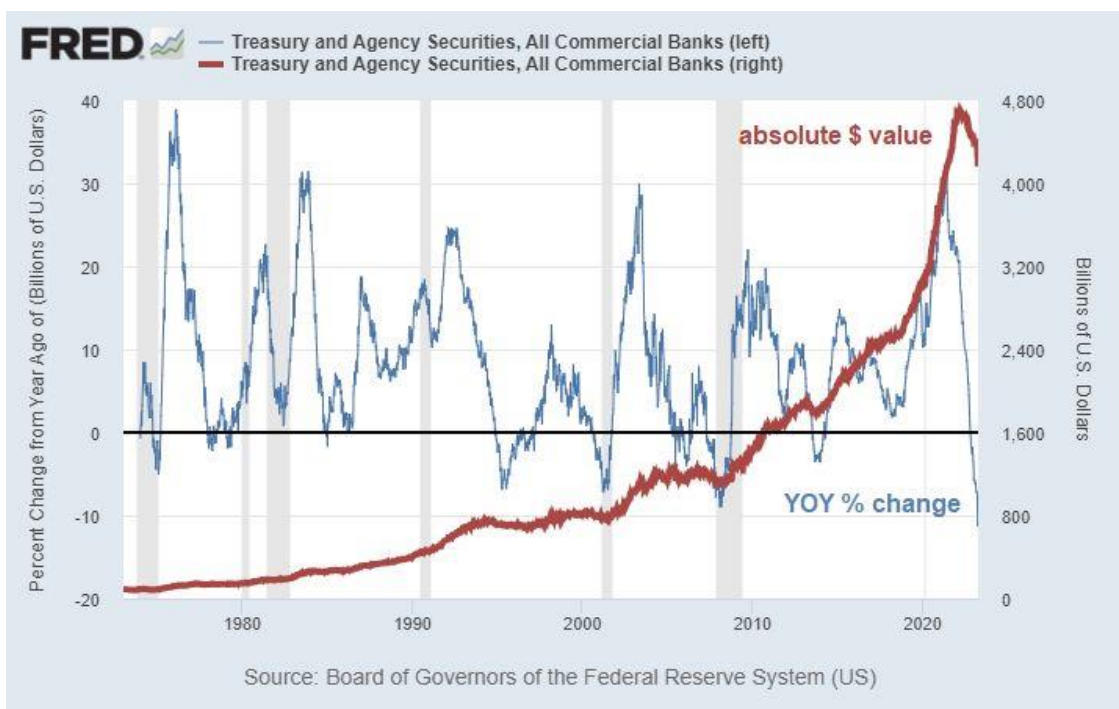


Source: App Economy Insights



## #us #banks

US banks had their biggest reduction in Treasury holdings on record. NB: the right side scale can be partly explained by the price of USTs dropping.



Source: Lyn Alden, FRED

#markets

## #us #banks

The chart of the US Regional Banks (KRE) is not a bullish chart... feels like consolidation before a break lower.

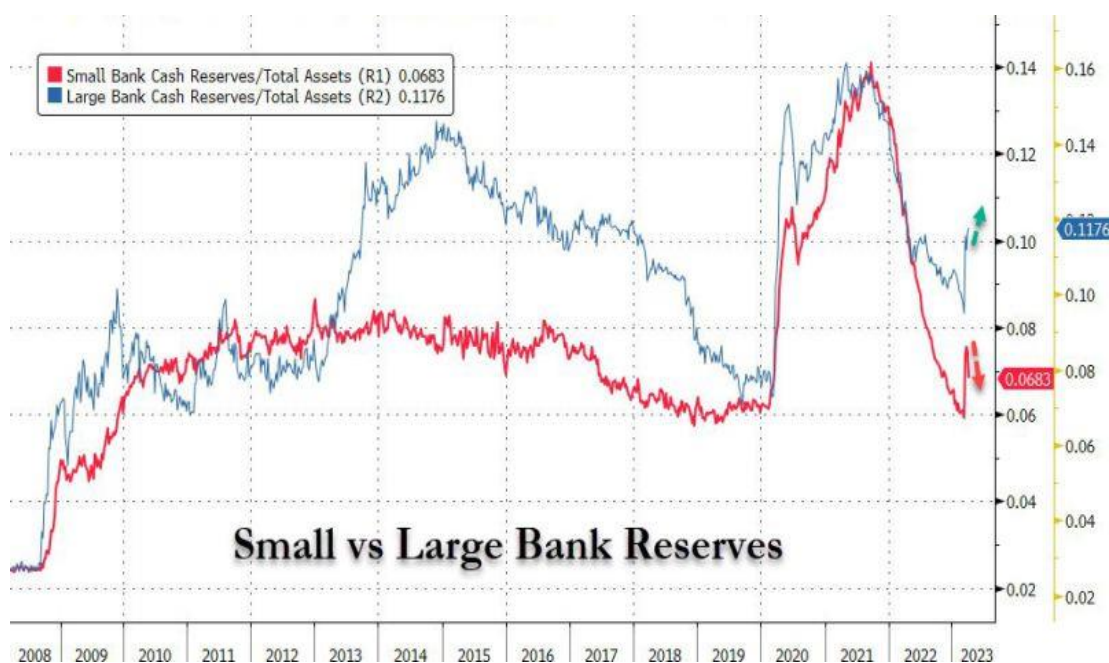


Source: Raoul Pal, Bloomberg



## #us #banks #reserves

The US #banks reserve divergence. Good news for big banks... Meanwhile, small banks could hit reserve constraint AGAIN in 3-4 weeks. Will we then go to more failures?



Source: www.zerohedge.com, Bloomberg



### #us #banks #deposits

Big US financial groups Charles Schwab, State Street and M&T suffered almost \$60bn in combined bank deposit outflows in Q1 2023 as customers continued to move their money in search of higher returns.

## Depositors pull nearly \$60bn from three US banks as Apple raises pressure

Charles Schwab, State Street and M&T report outflows as savers hunt for better rates

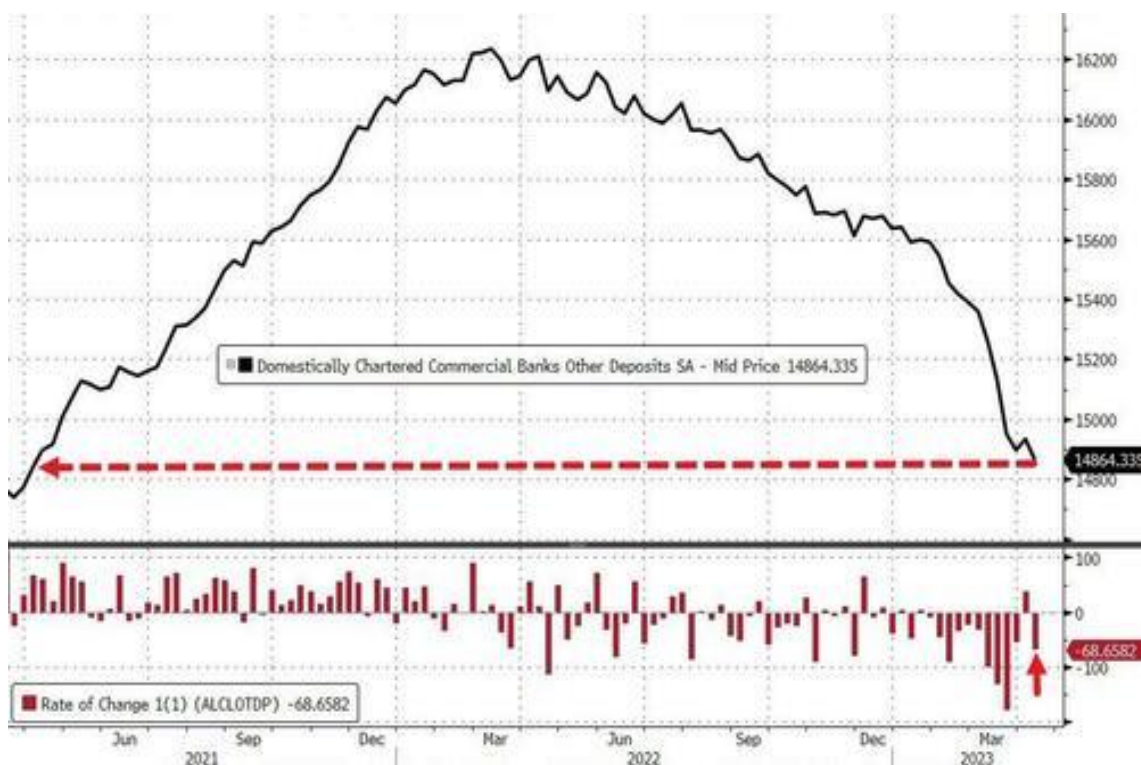


State Street told analysts that another \$4bn to \$5bn of outflows of non-interest-bearing deposits could leave in the second quarter  
© Alamy Stock Photo



## #us #banks #deposits

US commercial bank deposits (ex-large time deposits) unexpectedly resumed their freefall (during the week-ending 4/12), tumbling \$68.66 billion to the lowest since April 2021... Large banks saw the largest outflows.



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



## #us #money-market-funds #inflows

Interesting table by Eric Balchunas / Bloomberg about YTD ETF & mutual funds flows. The Money Market Mutual Fund Bonanza has totally upset the typical fund flow (MFs + ETFs) leader board. Vanguard is "only" number 6 in the YTD ranking flows (although if you exclude money market they rule as usual, and they #1 in ETFs). Meanwhile, Fidelity & JPM took in over \$100b each. That's real.

Fund Company	Total Q1 Flows \$B	Money Market Funds \$B	MMKT % of Total Flows
Fidelity	119.3	105.0	88.0
JPMorgan	113.2	88.0	77.7
Schwab	87.2	76.0	87.2
Goldman Sachs	43.1	42.1	97.7
UBS	32.0	35.3	110.3
Vanguard	67.1	30.3	45.2
Federated	17.5	19.2	109.7
Northern Trust	14.0	15.4	110.0
Alliance Bernstein	11.6	11.5	99.1
RBC	6.5	6.5	100.0

Source: Bloomberg, Eric Balchunas

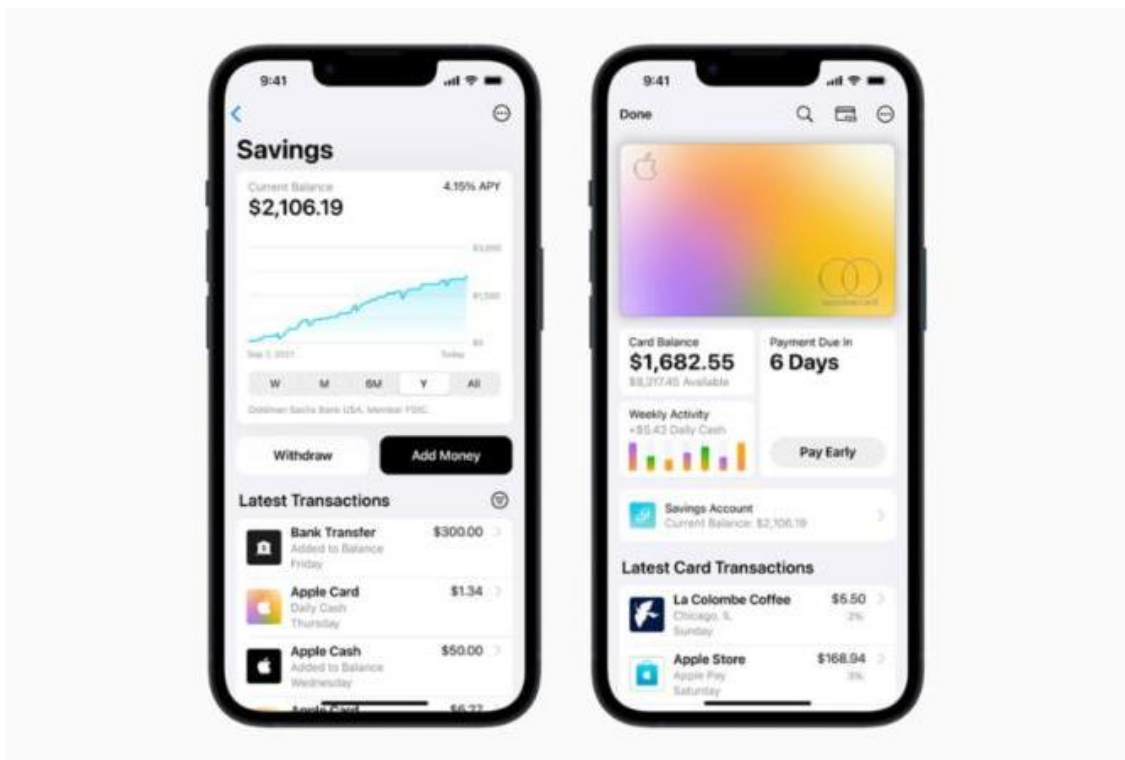




## #apple #bank

Apple launches its savings account with Goldman Sachs offering an eye-catching 4.15pct interest rate. The timing (just after SVB collapse and at a time when depositors are moving their cash from commercial #banks to money markets funds) is quite interesting.

With 1.8 billion active devices worldwide, Apple has the potential to disrupt the #banking industry.



Source: CNBC

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## #apple #size

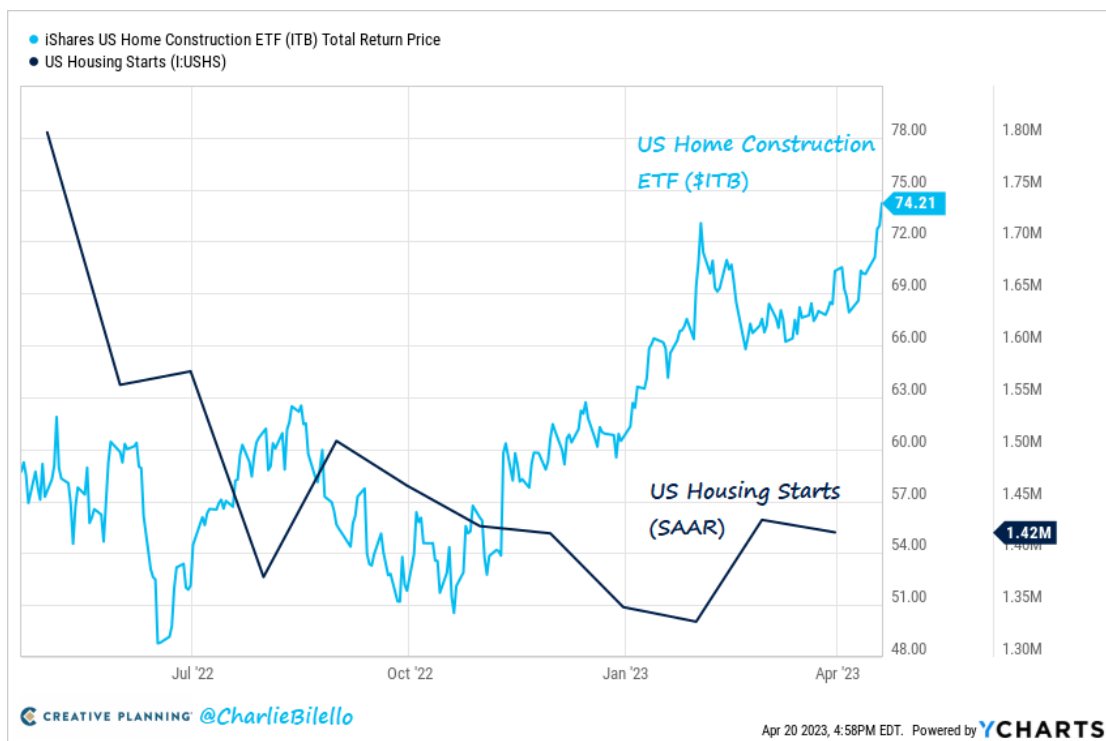
Apple (\$AAPL) is in a league of its own. With a market cap of \$2.6 Trillion, Apple is \$500 Billion bigger than Microsoft. It's bigger than the GDP of - South Korea, Canada, Russia, Brazil and Italy. \$AAPL is up +305% over the last 5 years.





## #us #homebuilders

There is a huge dichotomy between US Homebuilders stocks performance and US housing starts. US Home Construction ETF (\$ITB) is at a 52-week high, up 25% over the last year. Meanwhile US Housing Starts are down 21% from their peak last April.



Source: Charlie Bilello



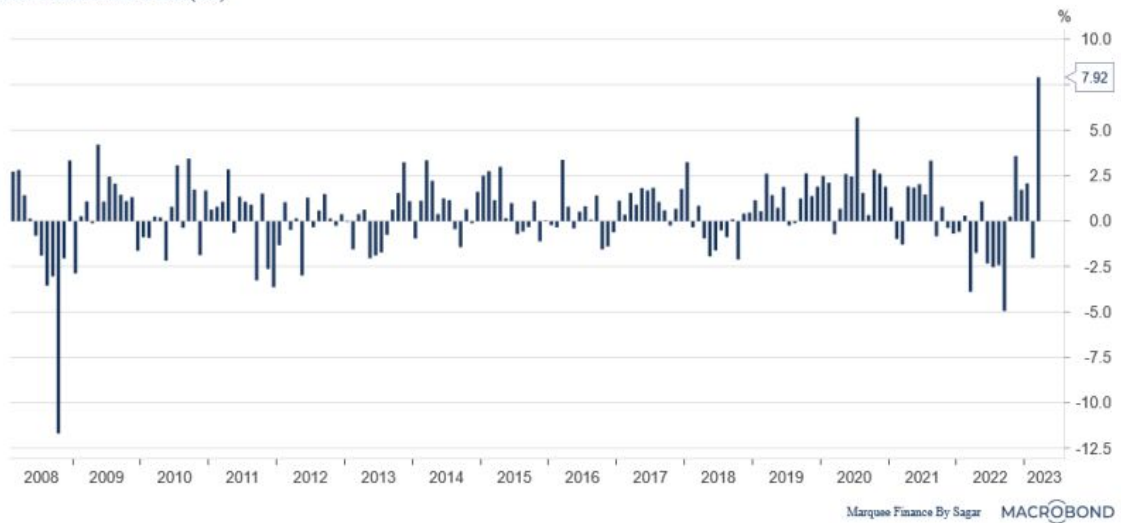


## #india #liquidity #equities

India recorded highest MoM increase in Foreign Reserves (USD) last month since 2007. This also means higher INR liquidity in domestic markets thus helping equity markets. Liquidity is KING.

### India Foreign Reserves (MoM % Change)

Source: Reserve Bank of India (RBI)



Source: Macrobond



## #gold

Spot Gold closed back below \$2000 this week, having tried and failed to rally back above it a few times...



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



## #oil

WTI has erased most of the post-OPEC+ production-cut spike gains.

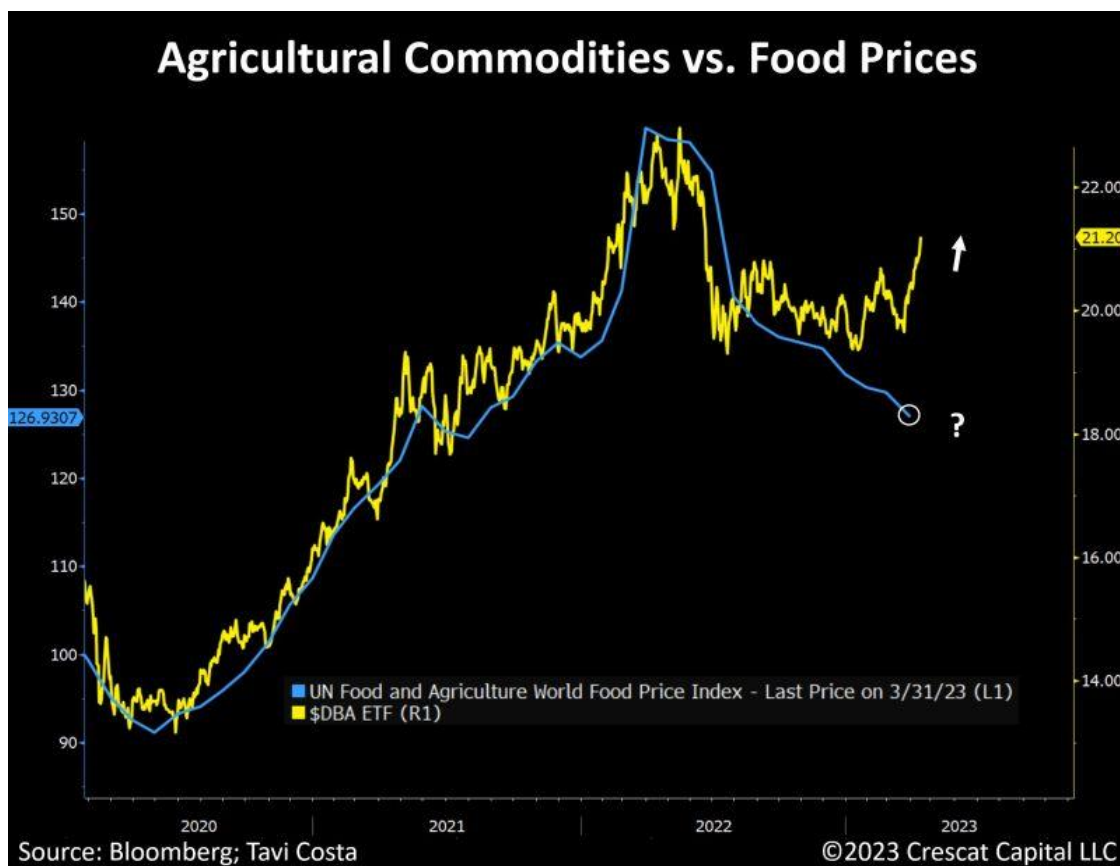


Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg



## #agricultural #commodities

Agricultural commodities just had another significant move this week, which indicates that Food prices are poised to rise considerably from their current levels. So if OIL PRICES + FOOD PRICES start to rise again, HEADLINE inflation might pick up as well. Can the Fed afford to cut rates or even pause if headline inflation start to rise again?



Source: Bloomberg. Crescat Capital





## #silver

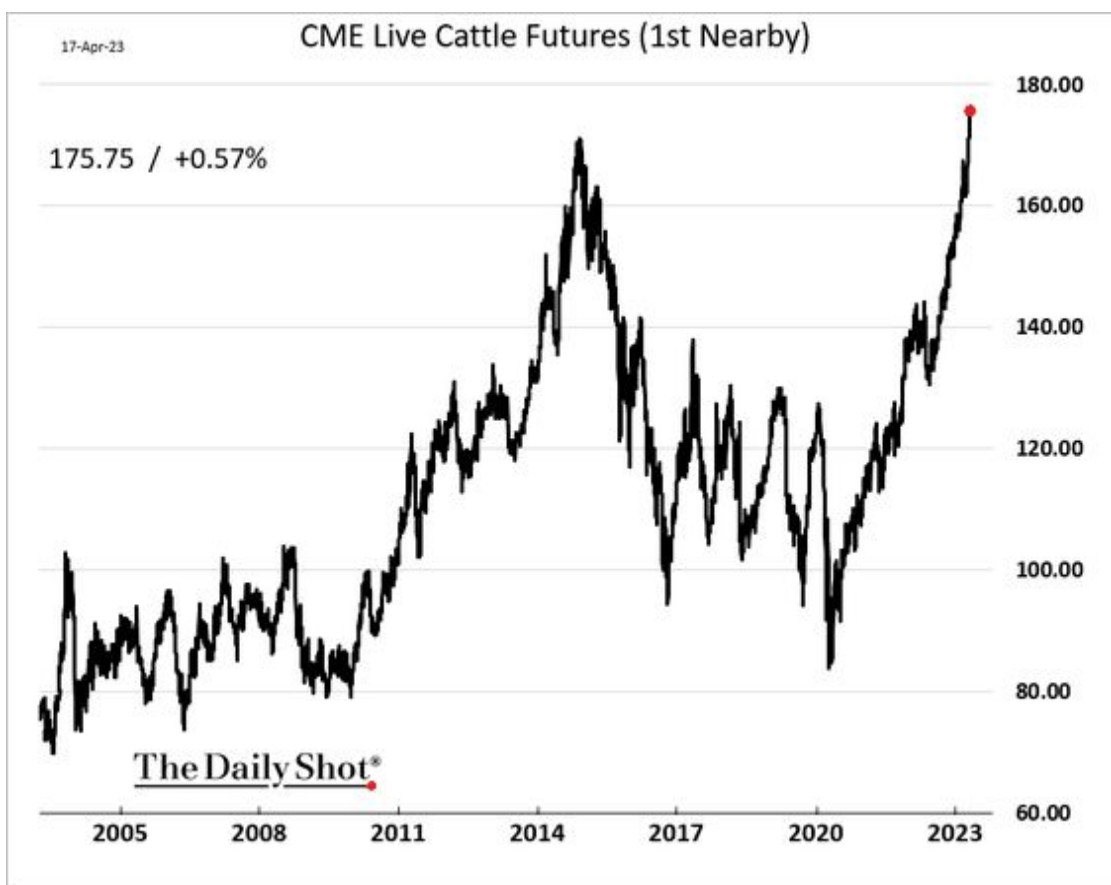
All major silver demand categories achieved record highs in 2022, pushing total silver demand to a new high of 1.242 billion ounces (Boz) last year. Since 2020, the global total has increased by 38%. The silver market achieved its second consecutive annual structural deficit, at a significant 237.7 million ounces (Moz) last year.

<b>World Silver Supply &amp; Demand</b> (million ounces)		
<i>(totals may not add due to rounding)</i>		
	<b>2021</b>	<b>2022</b>
<b>Supply</b>		
Mine Production	827.6	822.4
Recycling	175.3	180.6
Net Hedging Supply	-	-
Net Official Sector Sales	1.5	1.7
<b>Total Supply</b>	<b>1,004.5</b>	<b>1,004.7</b>
<b>Demand</b>		
Industrial (total)	528.2	556.5
Electrical & Electronics	351.0	371.5
...of which Photovoltaics	110.0	140.3
Brazing Alloys & Solders	50.4	49.0
Other Industrial	126.8	136.0
Photography	27.7	27.5
Jewelry	181.5	234.1
Silverware	40.7	73.5
Net Physical Investment	274.0	332.9
Net Hedging Demand	3.5	17.9
<b>Total Demand</b>	<b>1,055.6</b>	<b>1,242.4</b>
Silver Price (US\$/oz, London Price)	25.14	21.73
Source: Metals Focus		



## #live-cattle-futures

Time to go Vegan?

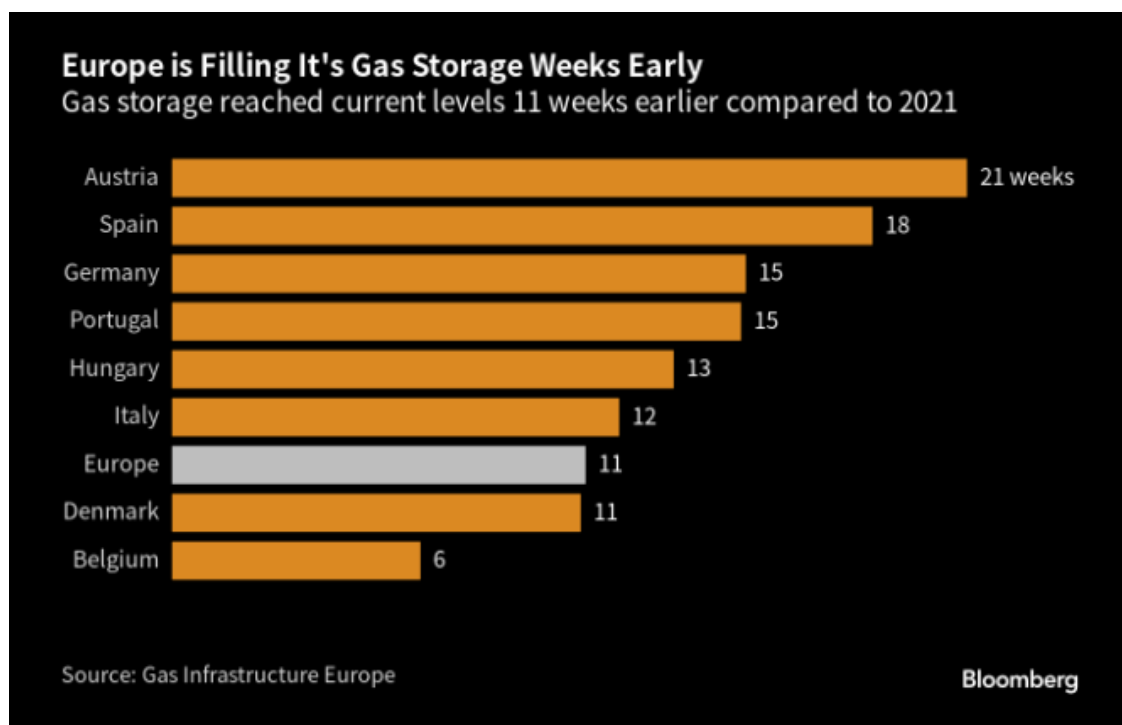


Source: The Daily Shot

#markets

## #natural-gas #supply

The world is becoming awash with natural gas, pushing prices lower and creating an overabundance of the fuel in both Europe and Asia — at least for the next few weeks.



Source: Bloomberg



## #us #treasuries

Treasury yields ended the week higher (with the short-end underperforming) as Friday's post-PMI spike changed the week...

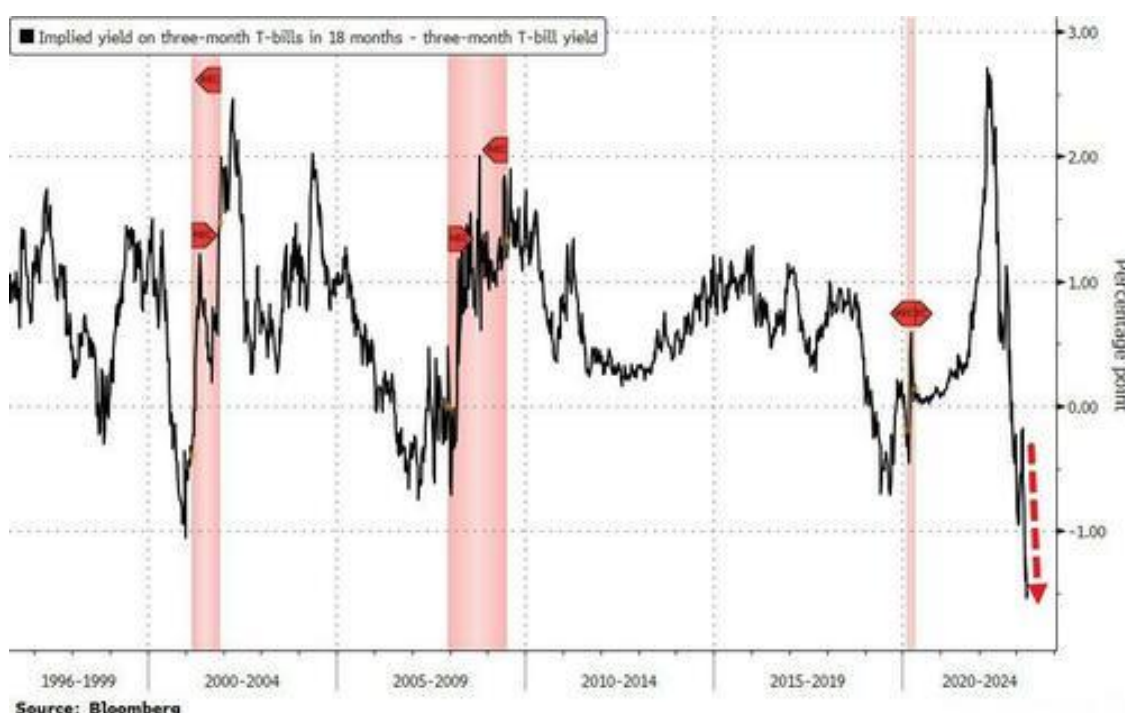


Source: Bloomberg, [www.zerohedge.com](http://www.zerohedge.com)



## #us #yield-curve

Fed Chair Powell's favorite yield-curve-based recession-signal (3-months T-bills in 18 months minus spot 3m yield) hit its most inverted ever this week....

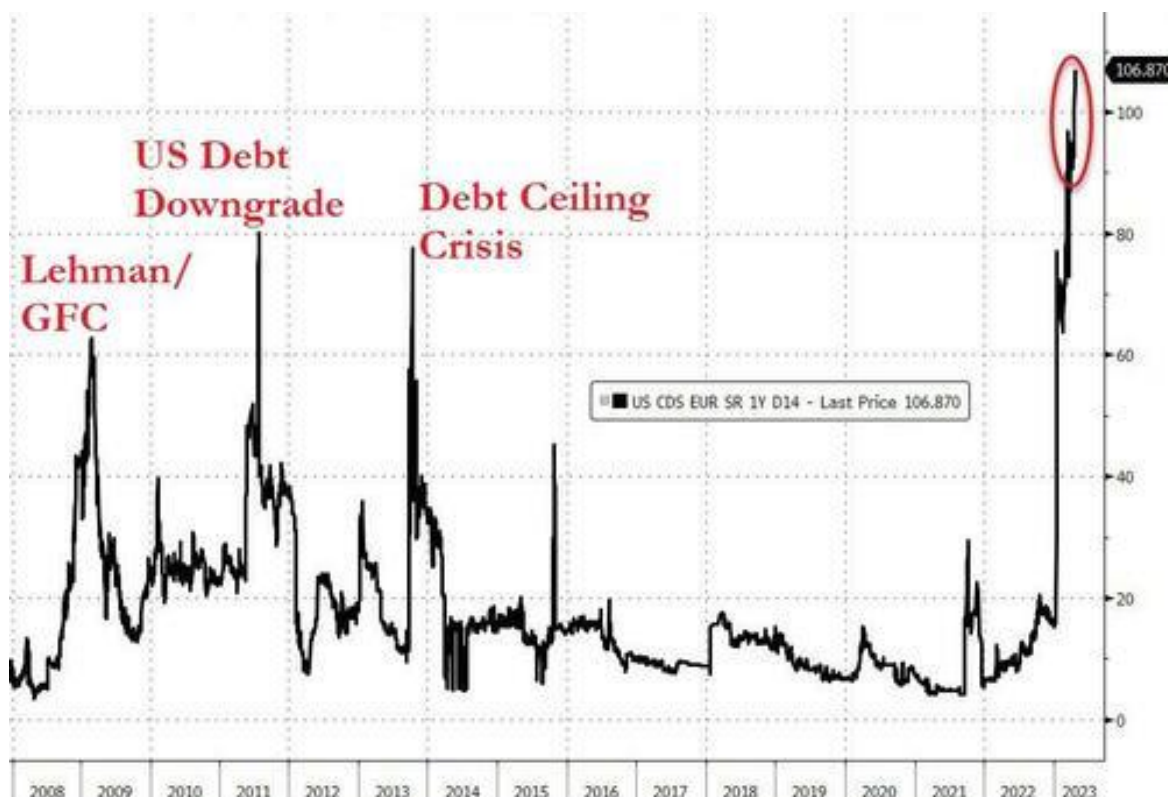


Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg



## #us #cds

A potential sooner-than-expected X-Date is reflected in the surge to record highs for short-dated USA sovereign protection costs.

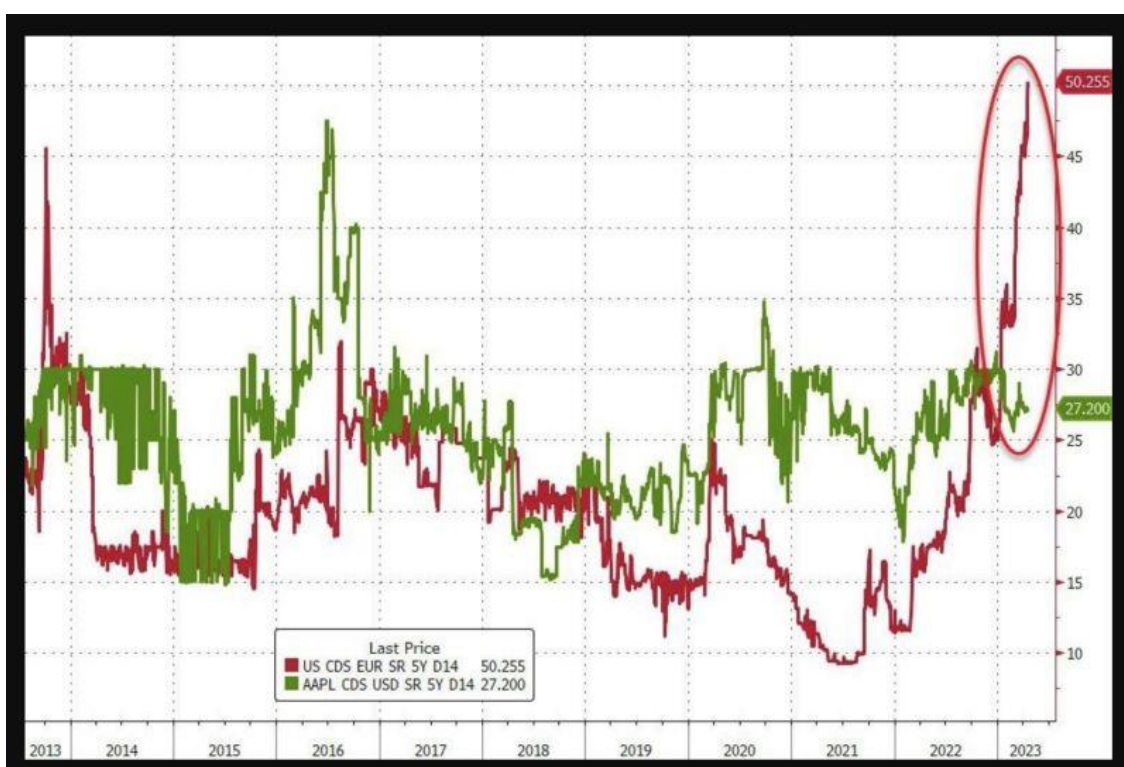


Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg



## #us #cds

Amid all the chaos surrounding the debt ceiling debacle, USA (1 year CDS in red) is now 'riskier' than Apple (1 year CDS in green)...



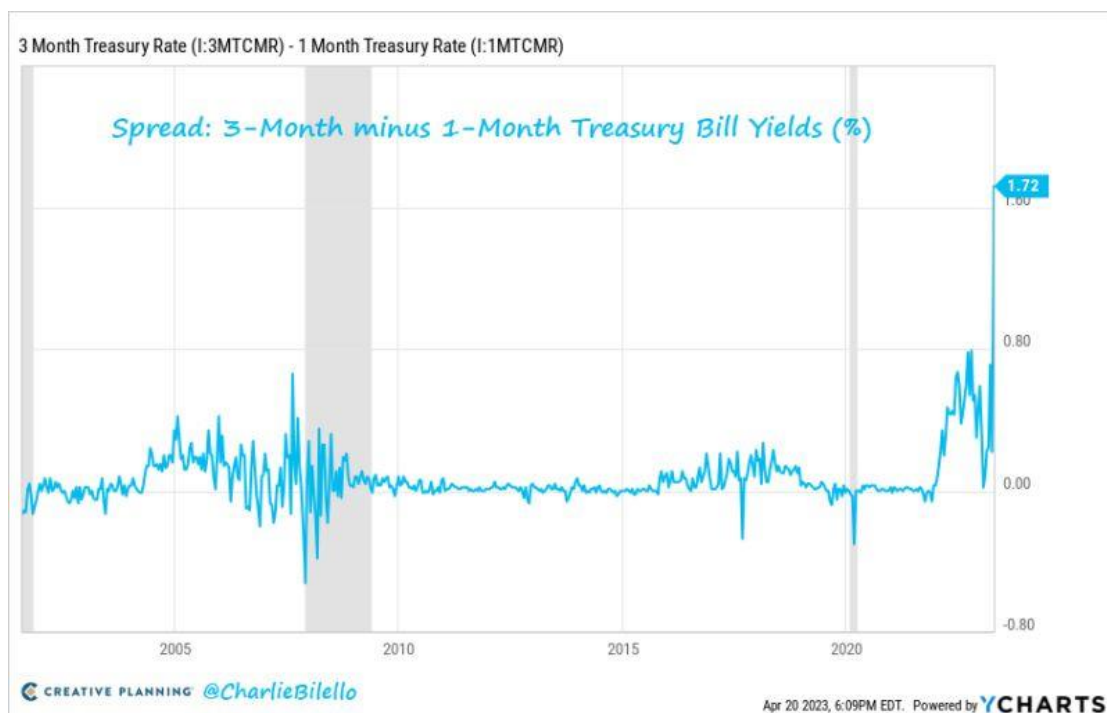
Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg





## #us #treasury-bills #debt-ceiling

HOUSTON WE HAVE A PROBLEM... The spread between 3-month (5.12%) and 1-month (3.40%) Treasury yields has never been higher: 1.72%. Indeed, the yield on US T-Bill which mature BEFORE June is much lower than it should be given the current level of the Fed Funds rate: below 4% vs. a Fed Funds rate already close to 5%. This premium is probably related to the fact that, for T-Bill maturing before the end of May, there is no uncertainty related to the debt ceiling, since the US Treasury will have the cash needed to meet principal redemptions.



Source: Charlie Bilello



## #cocos

The market for CoCo bonds (AT1 paper) is back in business with a big offering by a Japanese bank just weeks after Credit Suisse's collapse hammered the notes. CoCo Bond Index climbs to level before Credit Suisse rescue. The \$1 Billion sale marks first major bank's AT1 Bond Offer since Credit Suisse wipeout. Sumitomo Mitsui Financial Group Inc. sold 140 billion yen (\$1 billion) of AT1 notes Wednesday, the first major global lender to tap the market since Swiss regulators wiped out more than \$17 billion of the risky debt as part of Credit Suisse's forced takeover by UBS Group AG.



Source: HolgerZ, Bloomberg



## #credit-suisse #cocos #lawsuit

80+ Credit Suisse bondholders in Singapore are prepared to file a lawsuit against Switzerland because of the government's decision to wipe out roughly \$17 Billion worth of Credit Suisse CoCo bonds.

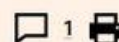
### Singapore bondholders prepare to sue Switzerland over Credit Suisse

Potential lawsuit will argue the \$17bn wipeout of bonds violates free trade agreement



Multiple legal challenges are being prepared globally against Switzerland for its decision to write down the bonds © Reuters

Mercedes Ruehl in Singapore 30 MINUTES AGO

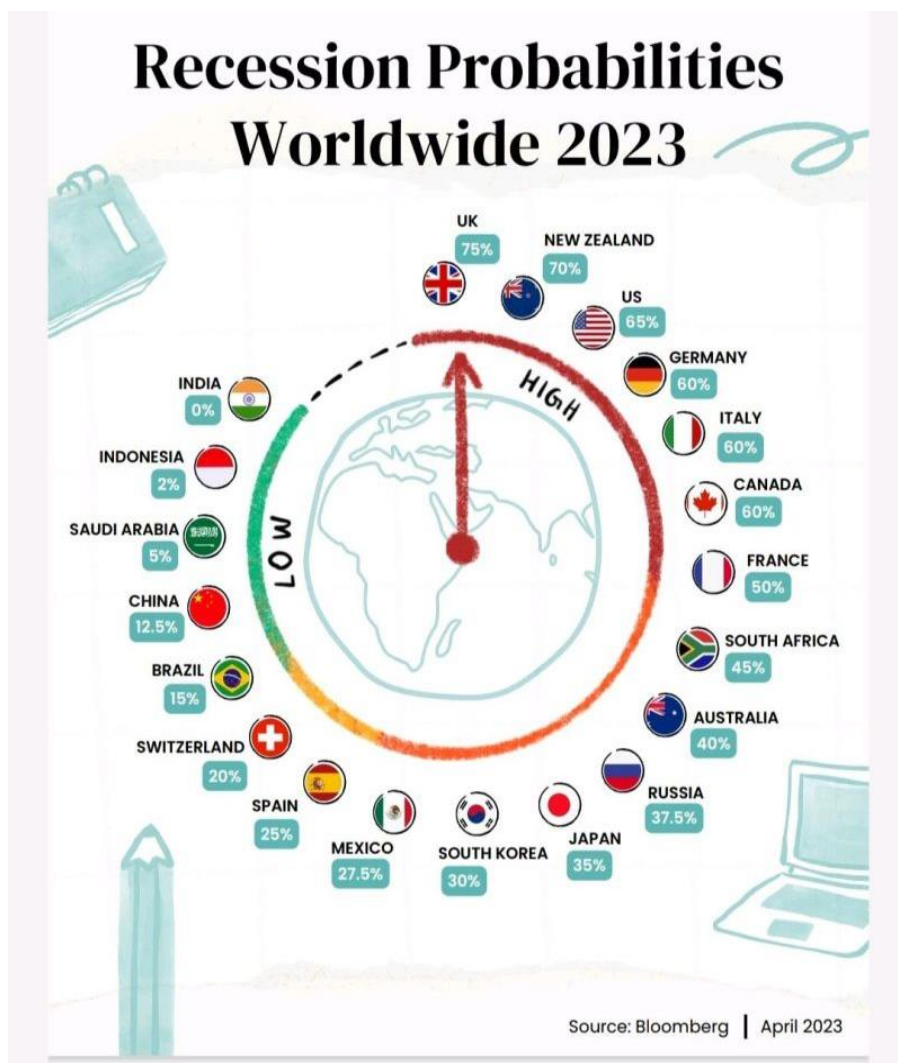


Source: FT

#macro

## #recession #probabilities

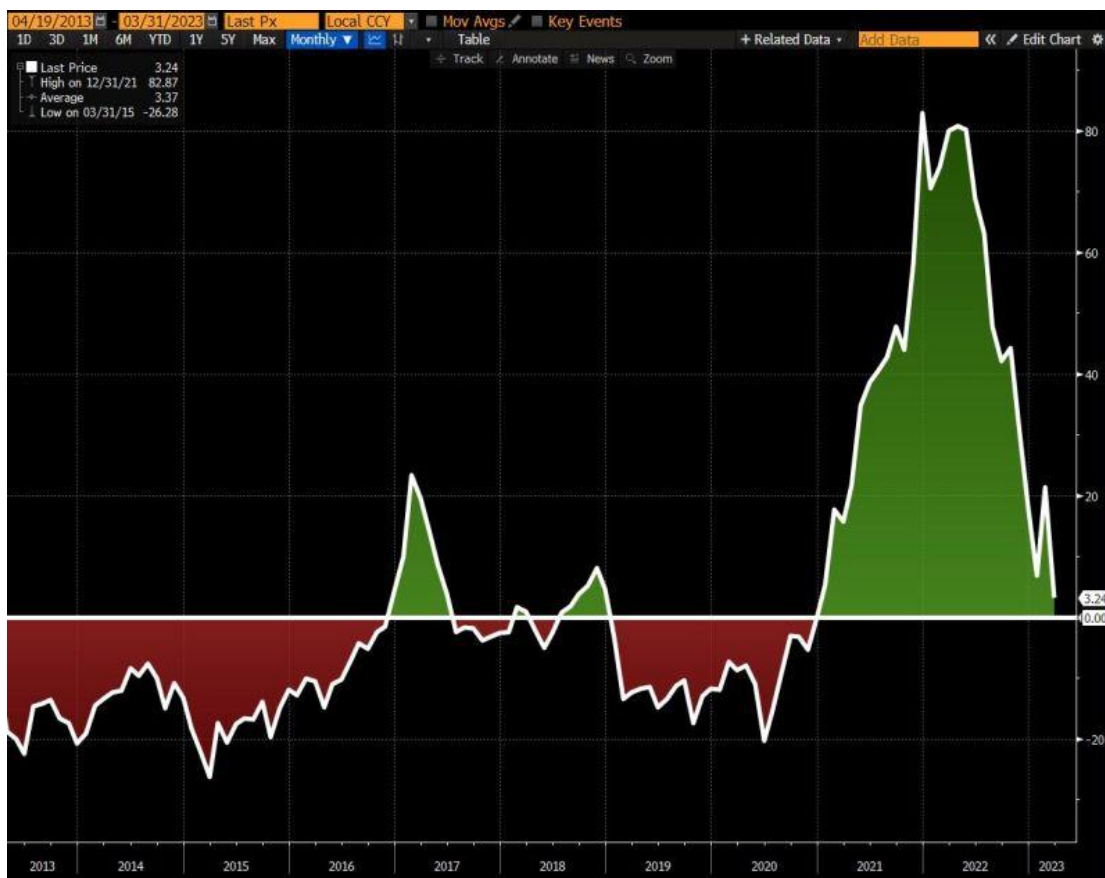
Recession probabilities across the globe. In developed markets, the question is more about the EXTENT of the upcoming recession (mid or deep). The good news is that superpowers like China or India are NOT facing recession risk.





## #us #economic #surprises

CITIGROUP US ECONOMIC SURPRISES INDEX ABOUT TO TURN NEGATIVE. Looks like Citi's global inflation surprise index is about to turn negative for the first time this cycle.



Source: Bloomberg, David Ingles

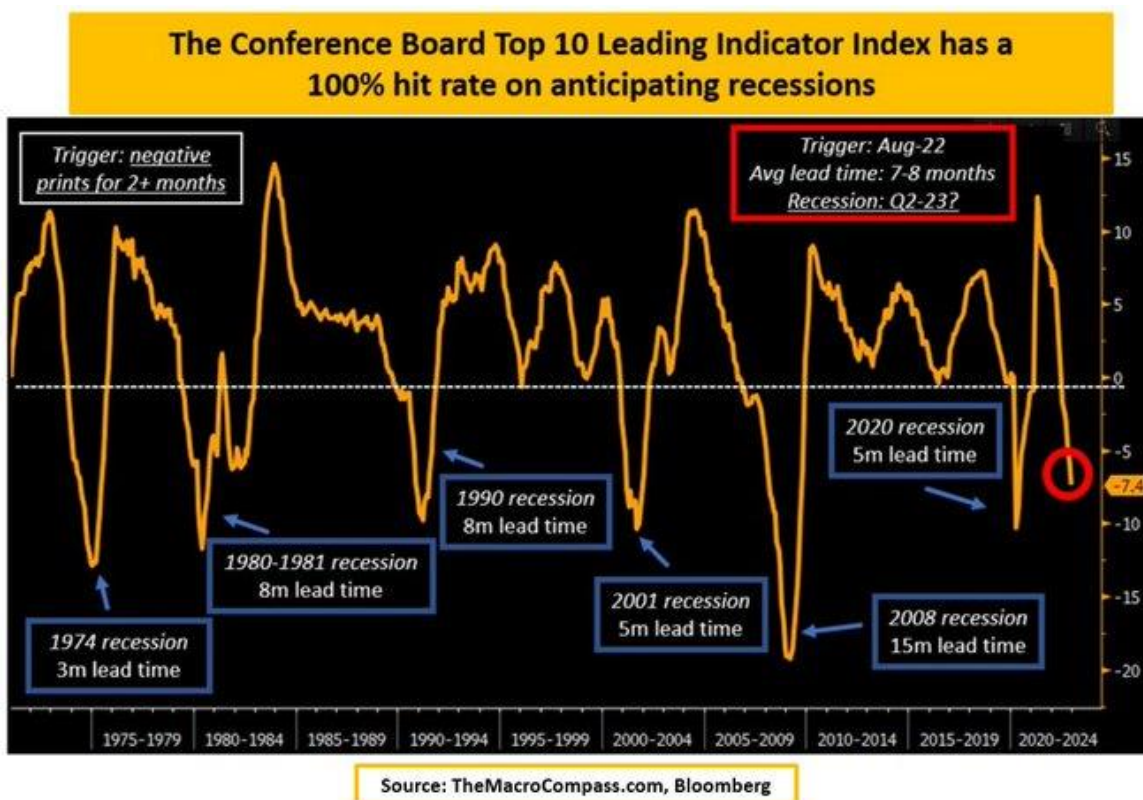


#macro

## #us #recession

The US Conference Board LEI takes the 10 most effective leading indicators and aggregates them into an index. The YoY change dropped further below -7%

Over the last 40+ years, every time this indicator drops < 0 and stays there for 2+ months we are in a recession. 100% hit rate.

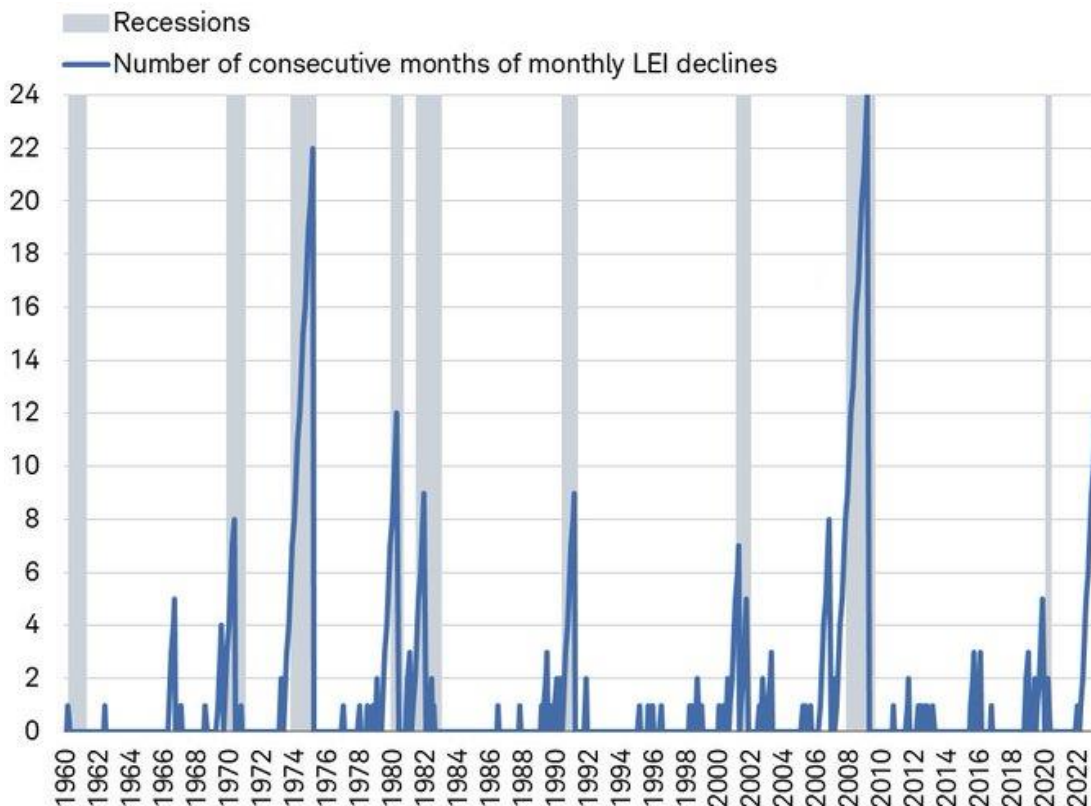


Source: MacroAlf



## #us #leading-indicators

March marked 12 consecutive monthly declines for LEI, which has only been reached and/or exceeded during recessions that started in 1973, 1980, and 2007 ... last time it hit 12m mark was March 2008, which was when Bear Stearns collapsed.



Source: Charles Schwab, Bloomberg, as of 3/31/2023.

Source: Liz Ann Sonders



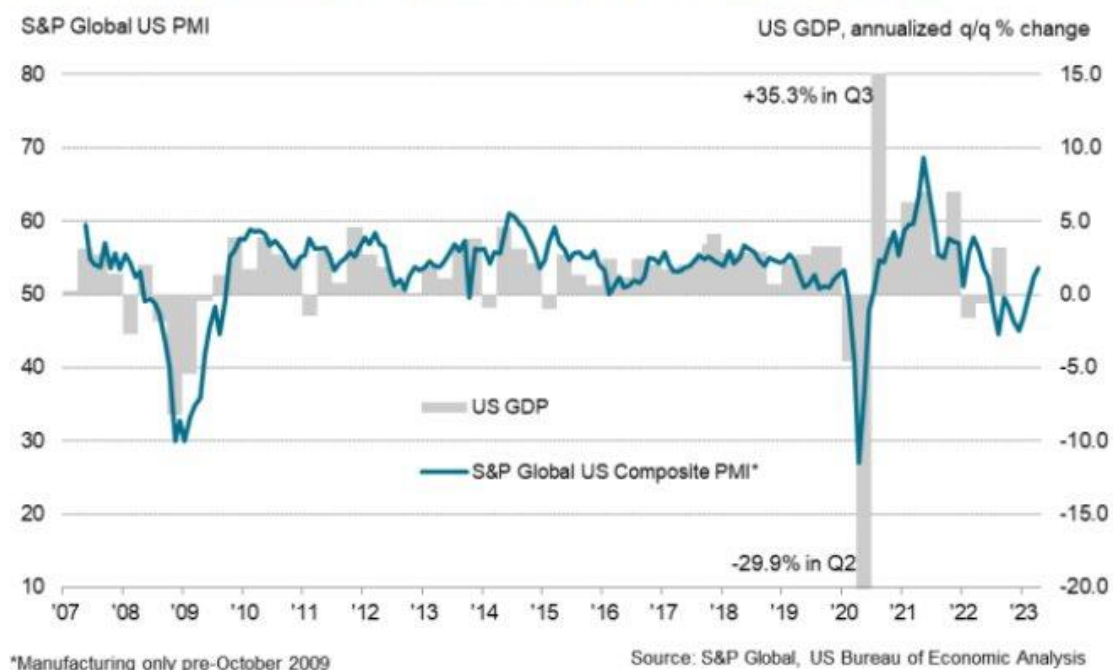




## #us #pmi

Back to expansion for S&P Global PMI for Manufacturing, to 50.4 in April vs. 49 est. & 49.2 prior; Services PMI up to 53.7 vs. 51.5 est. & 52.6 prior; Composite (chart) up to 53.5 vs. 51.2 est. & 52.3 prior ... firms noted greater consumer confidence and uptick in new orders.

### S&P Global Flash US PMI Composite Output Index

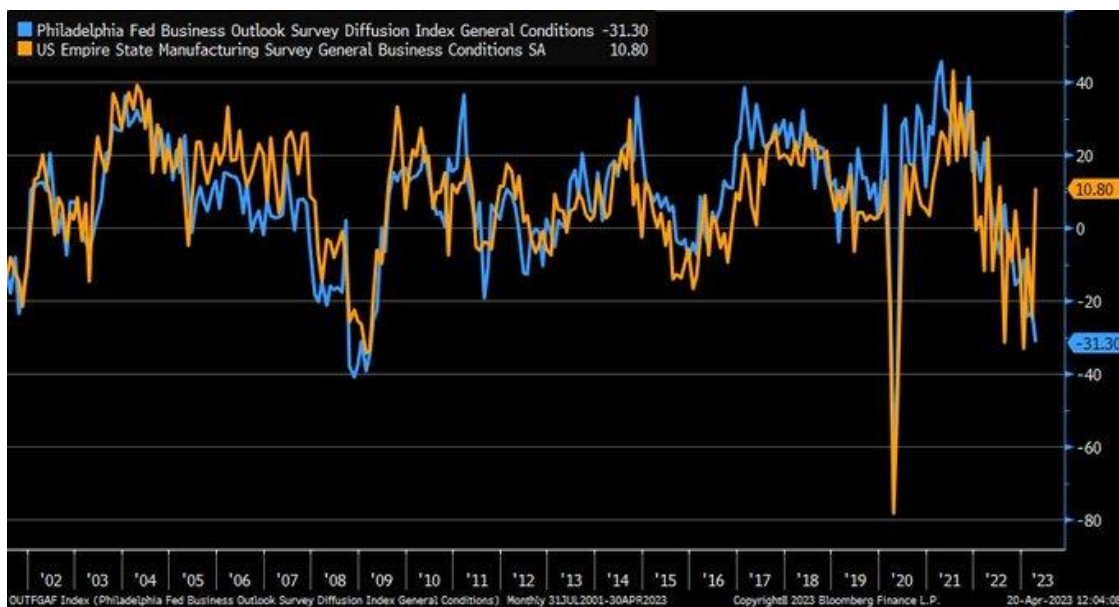


Source: Liz Ann Sonders



## #us #manufacturing #indexes

Widest gap on record between Philadelphia fed (blue) and Empire (orange) manufacturing indexes, as former continued to sink in April while latter soared

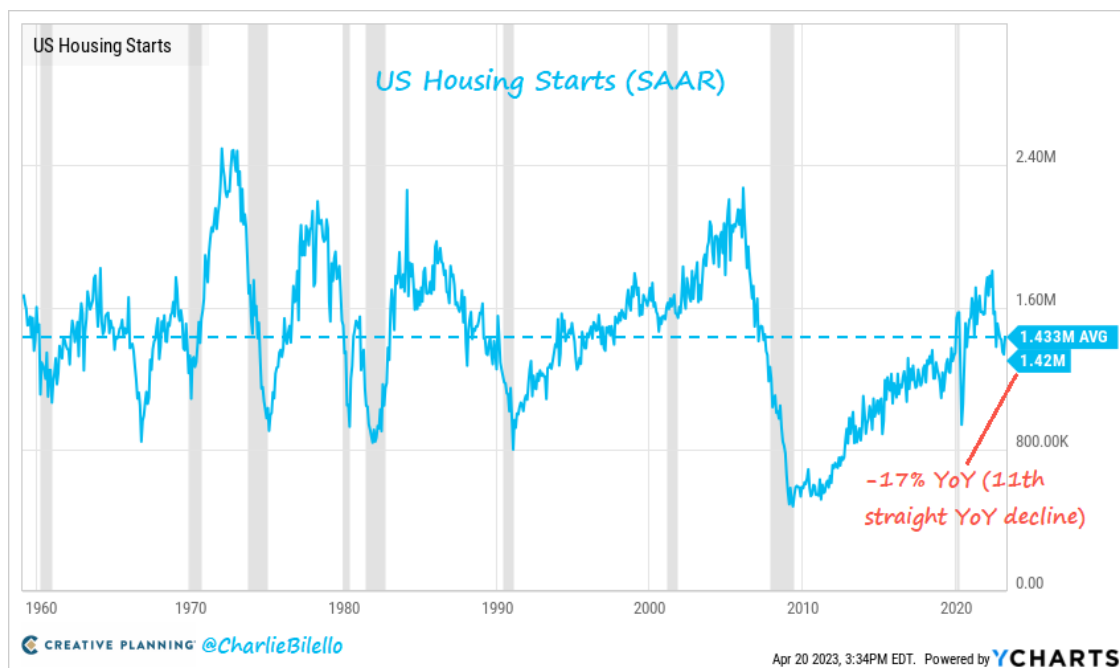


Source: Liz Ann Sonders



## #us #housing-starts

US Housing Starts were down 17% over the last year, the 11th consecutive YoY decline (longest down streak since 2009). Tends to be a leading indicator for the economy, recessionary signals continue to build.

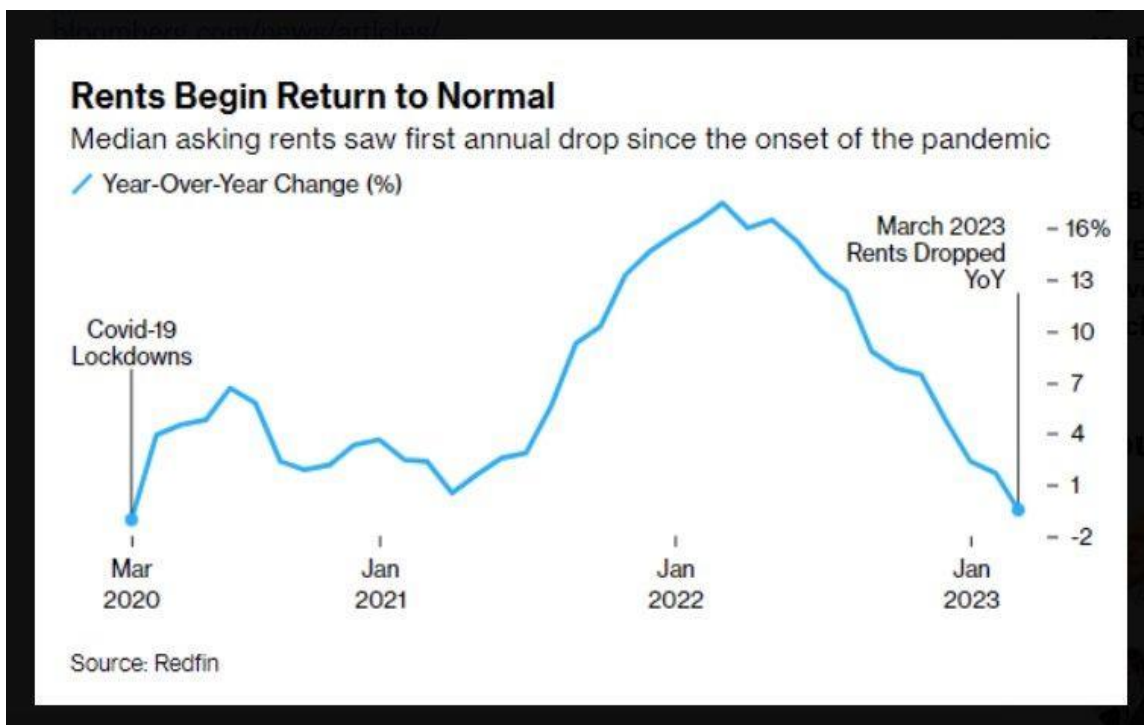


Source: Charlie Bilello



## #us #rents

Median asking US rent fell by 0.4% in March to \$1,937, the first year-over-year decline in three years.

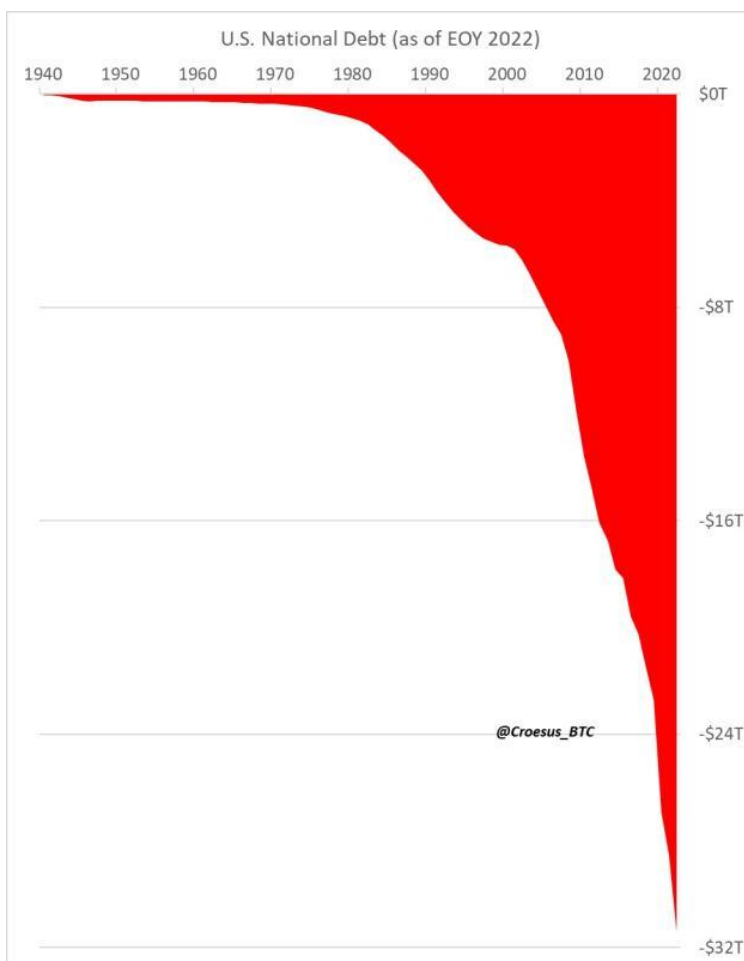


Source: Bloomberg

#macro

## #us #debt

The US debt hole grows bigger. Higher interest rates do not help. The problem with deficits is that they add up. Each annual deficit adds to the total National Debt. This debt hole grows bigger because of annual interest expense on all this debt. Not a problem when interest rates are ~0%. Big problem when they're 5% per year (now).

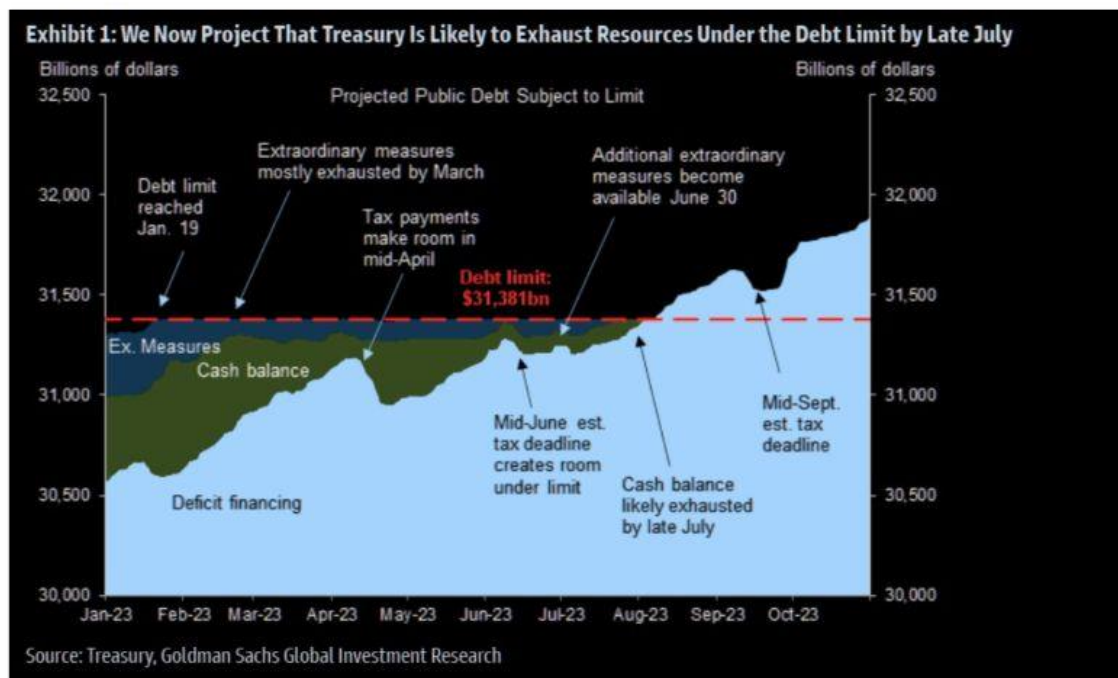




## #us #debt-ceiling

Goldman on the US Debt limit: "While the data are still very preliminary, weak tax collections so far in April suggest an increased probability that the debt limit deadline will be reached in the first half of June."

### Debt debacle



Source: Goldman

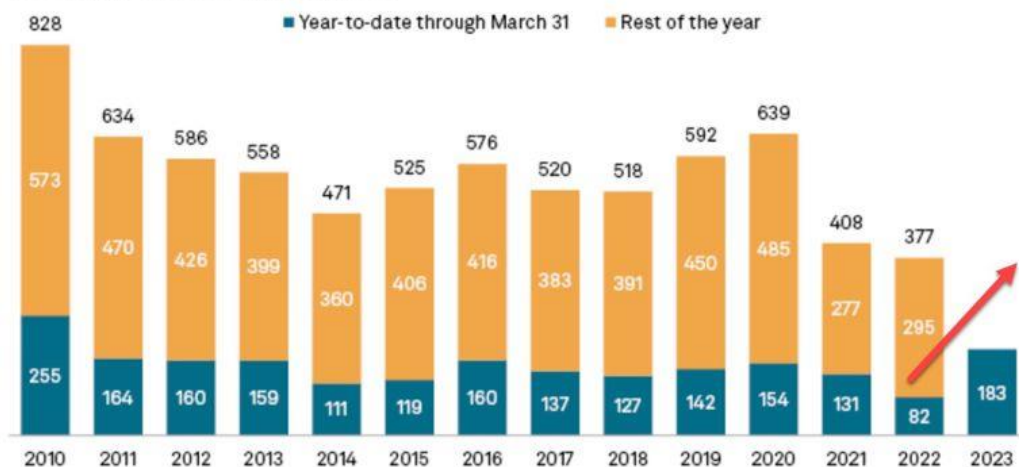
Source: Goldman Sachs



## #us #bankruptcies

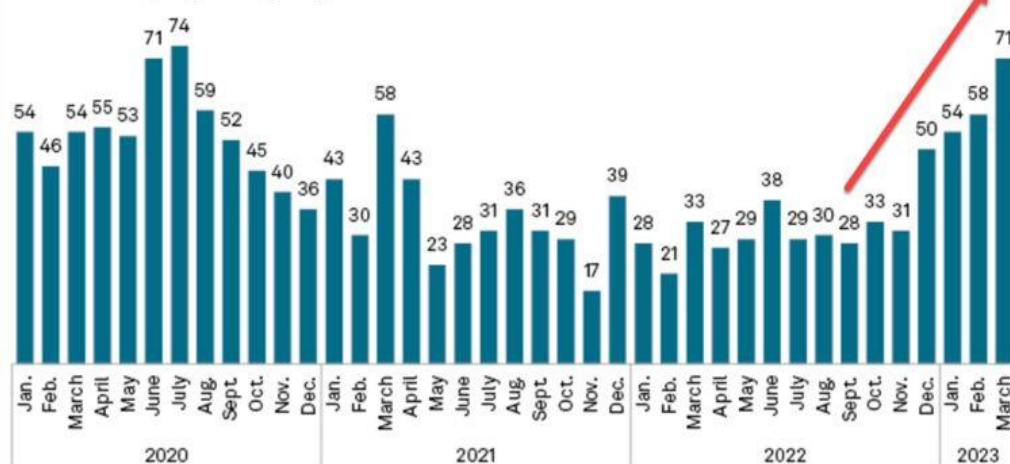
March US corporate bankruptcy filings push Q1 total to highest since 2010.

US bankruptcy filings by year



Includes S&P Global Market Intelligence-covered US companies that announced a bankruptcy between Jan. 1, 2010, and March 31, 2023.

US bankruptcy filings by month



Source : Hedgeye

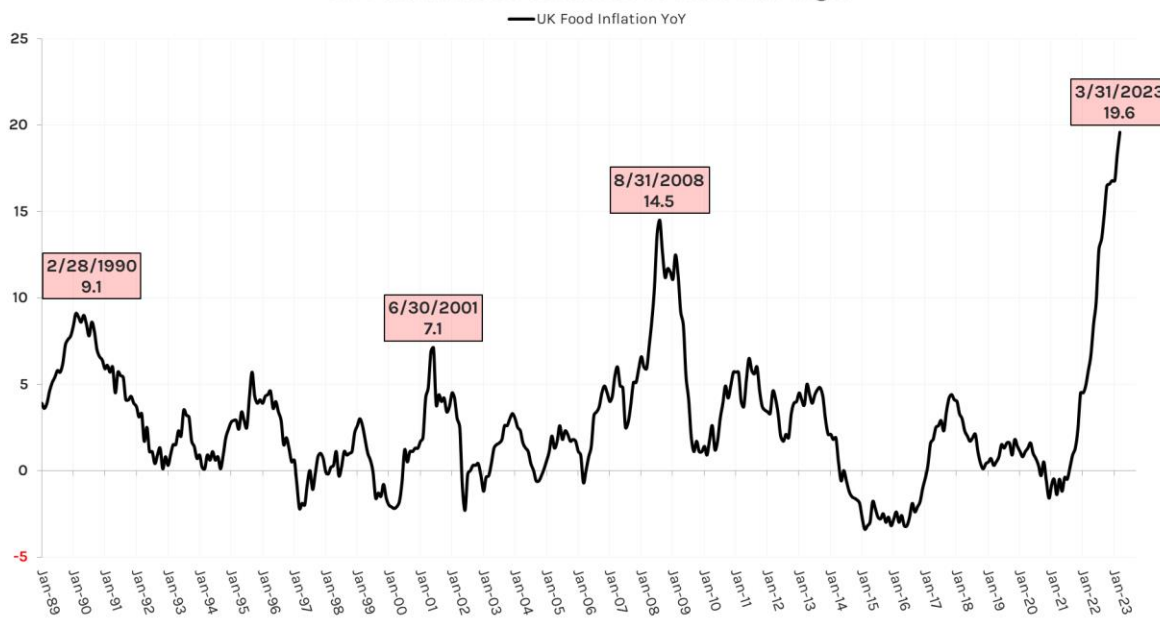




## #uk #inflation

UK Food Inflation continuing to make cycle highs of up +19.6%  
UK Inflation surprises to the upside at +10.1% YoY. The surge in UK Food Inflation has been contributing to it.

### UK Food Inflation Continues To Make New Highs



Source: UK Office for National Statistics

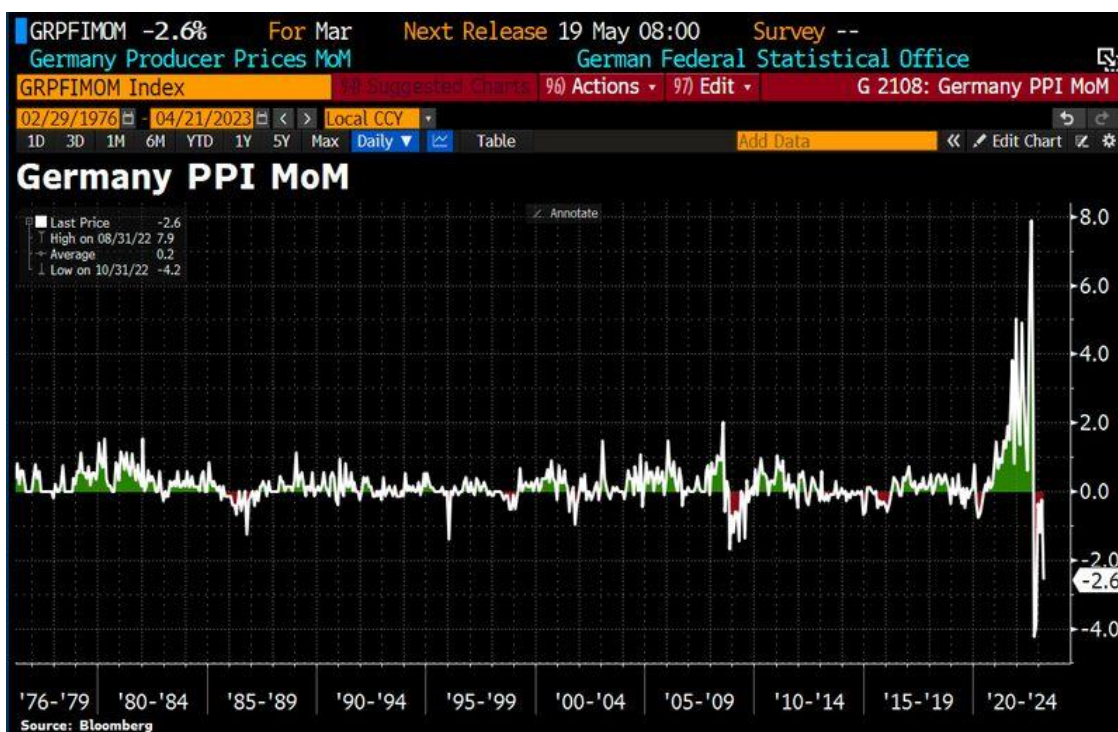
© Hedgeye Risk Management

Source: Hedgeye



## #germany #ppi

Disinflation is the new narrative: Producer Price Inflation MoM plunged by 2.6% in March MoM after -0.3% in Feb, much below the consensus of -0.5%.



Source: HolgerZ, Bloomberg



## #germany #real-estate

The crisis in the German housing sector is deepening. The number of building permits for dwellings fell by an astonishing 20.6% in February. This was the 10th consecutive decline due to higher interest rates & construction costs.



Source: Bloomberg, HolgerZ

#macro

### #china #q1 #gdp

China's economy grew 4.5% in the first quarter, the fastest pace in a year and faster than forecasts.

- China's growth has been under the spotlight as it reopens after ending most of its strict Covid restrictions that were in place for nearly three years.
- GDP grew by 4.5% in the first quarter, China's National Bureau of Statistics said Tuesday.
- That was higher than the 4% forecast in a Reuters poll of economists and marks the highest growth since the first quarter of last year. Quarter-on-quarter, the economy grew 2.2%.



Source: CNBC

#macro

## #china #retail-sales

China retail sales rose the most in 2 years as consumer ate out, bought bling, bought fashion and start buying up cars again.



Source: David Ingles, Bloomberg





## #dollar #reserve-currency #status

The dollar's standing as a reserve currency of choice saw a steep decline in 2022 even though its strength in international trade remains unchallenged, according to Eurizon SLJ Asset Management.

### The dollar's dominance as a reserve currency eroded last year at 10 times the pace seen in the past 2 decades

Phil Rosen Apr 17, 2023, 12:54 PM



dollar SOPA images

- The US dollar's reserve currency status has seen gradual erosion for two decades, Eurizon strategists said.
- But last year, the pace of erosion was 10 times faster amid currency sanctions against Russia.

## #GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

22 APRIL 2023

#centralbanks

## #global #real-rates

Global Central Bank Policy Rates						
Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	Last Move	Last Move Month
Turkey	Repo Rate	8.50%	50.5%	-42.0%	Cut	Feb-23
Argentina	Benchmark Rate	78.00%	104.3%	-26.3%	Hike	Mar-23
Poland	Repo Rate	6.75%	16.1%	-9.4%	Hike	Sep-22
Czech Republic	Repo Rate	7.00%	15.0%	-8.0%	Hike	Jun-22
Sweden	Repo Rate	3.00%	10.6%	-7.6%	Hike	Feb-23
UK	Bank Rate	4.25%	10.1%	-5.9%	Hike	Mar-23
Denmark	Deposit Rate	2.60%	6.7%	-4.1%	Hike	Mar-23
Eurozone	Deposit Rate	3.00%	6.9%	-3.9%	Hike	Mar-23
Norway	Deposit Rate	3.00%	6.5%	-3.5%	Hike	Mar-23
Japan	Policy Rate Bal	-0.10%	3.3%	-3.4%	Cut	Jan-16
Australia	Cash Rate	3.60%	6.8%	-3.2%	Hike	Mar-23
New Zealand	Cash Rate	5.25%	6.7%	-1.5%	Hike	Apr-23
Switzerland	Target Rate	1.50%	2.9%	-1.4%	Hike	Mar-23
Philippines	Key Policy Rate	6.25%	7.6%	-1.4%	Hike	Mar-23
Thailand	Policy Rate	1.75%	2.8%	-1.1%	Hike	Mar-23
South Korea	Repo Rate	3.50%	4.2%	-0.7%	Hike	Jan-23
Peru	Policy Rate	7.75%	8.4%	-0.7%	Hike	Jan-23
Malaysia	Policy Rate	2.75%	3.4%	-0.7%	Hike	Nov-22
Taiwan	Discount Rate	1.88%	2.4%	-0.5%	Hike	Mar-23
Colombia	Repo Rate	13.00%	13.3%	-0.3%	Hike	Mar-23
US	Fed Funds	4.88%	5.0%	-0.1%	Hike	Mar-23
Chile	Base Rate	11.25%	11.1%	0.2%	Hike	Oct-22
Canada	Overnight	4.50%	4.3%	0.2%	Hike	Jan-23
South Africa	Repo Rate	7.75%	7.1%	0.7%	Hike	Mar-23
Indonesia	Repo Rate	5.75%	5.0%	0.8%	Hike	Jan-23
India	Repo Rate	6.50%	5.7%	0.8%	Hike	Feb-23
Saudi Arabia	Repo Rate	5.50%	2.7%	2.8%	Hike	Mar-23
China	Loan Prime Rate	3.65%	0.7%	3.0%	Cut	Aug-22
Hong Kong	Base Rate	5.25%	1.7%	3.6%	Hike	Mar-23
Russia	Key Policy Rate	7.50%	3.5%	4.0%	Cut	Sep-22
Mexico	Overnight Rate	11.25%	6.9%	4.4%	Hike	Mar-23
Brazil	Target Rate	13.75%	4.7%	9.1%	Hike	Aug-22

CREATIVE PLANNING

@CharlieBilello

Data as of 4/20/23



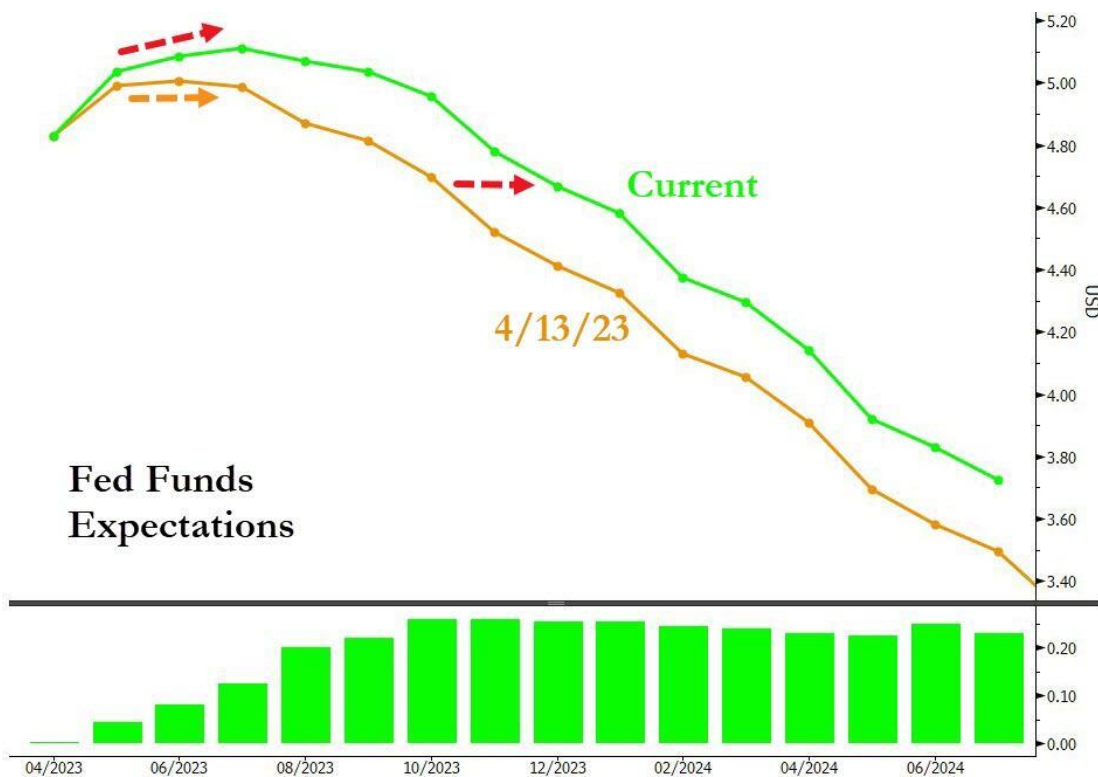
Source: Charlie Bilello



#centralbanks

#us #rates #expectations

Rate-hike expectations continue to rise for next week (now 92% odds of a 25bps hike) but we also saw the entire STIRs curve shift hawkishly (with June now at 25% odds of a 25bps hike) and the terminal rate back above 5.00%...

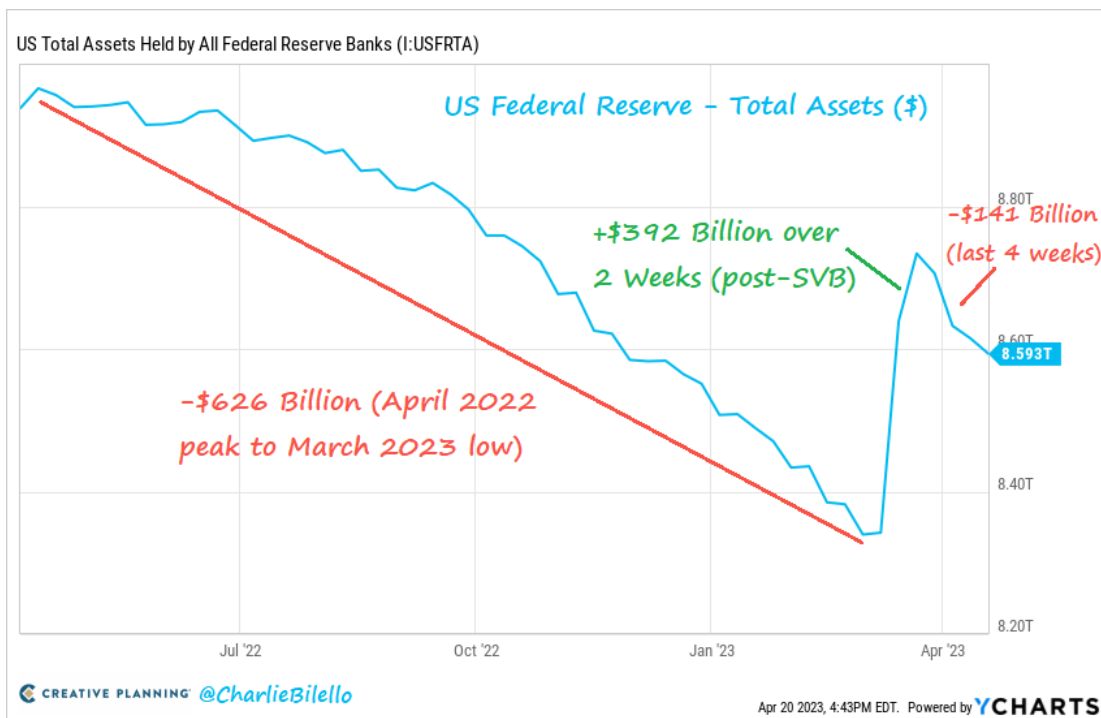


Source: [www.zerohedge.com](http://www.zerohedge.com), Bloomberg

#centralbanks

## #fed #balance-sheet

The Fed balance sheet is shrinking again. Over the last 4 weeks, the Fed's balance sheet has reversed 36% of the post-SVB liquidity injections (\$392 billion) with a total decline of \$141 Billion.



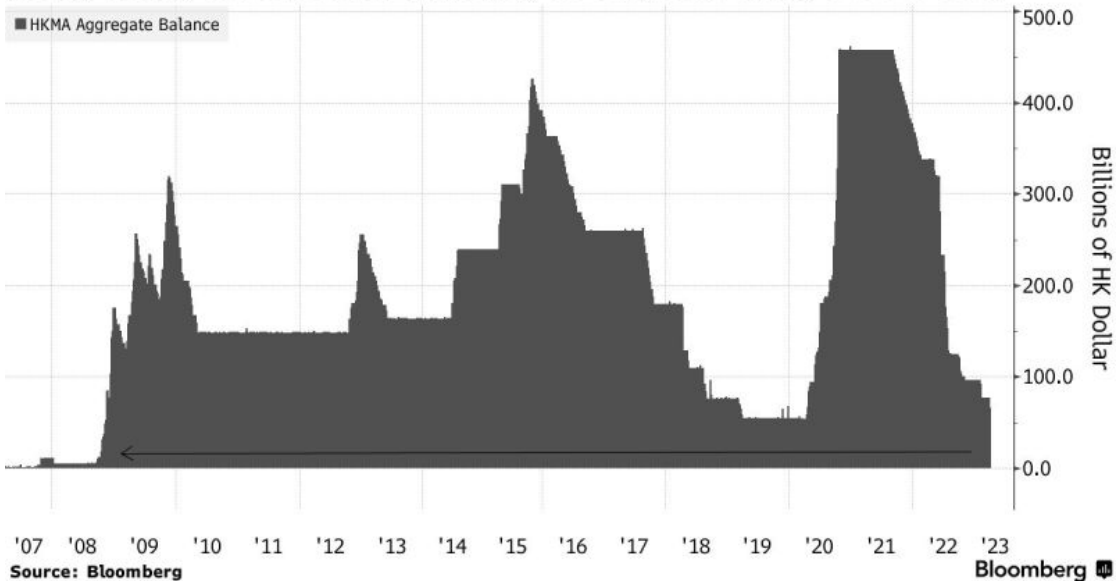
Source: Charlie Bilello

#centralbanks

#hong-kong #interbank #liquidity

Hong Kong’s interbank liquidity is falling toward its lowest level since the global financial crisis, following a series of intervention by the city’s de facto central bank to defend the local currency’s peg to the dollar. The city’s aggregate balance is set to drop to HK\$49.2 billion (\$6.3 billion) on Thursday when the Hong Kong Monetary Authority settles its earlier purchase of HK\$6.9 billion to keep the currency peg intact. The key gauge of interbank liquidity already has shrunk about 90% from its peak in 2021, though the impact on borrowing costs have been muted so far.

Hong Kong Interbank Liquidity is Approaching 2008 Low



Source: Bloomberg



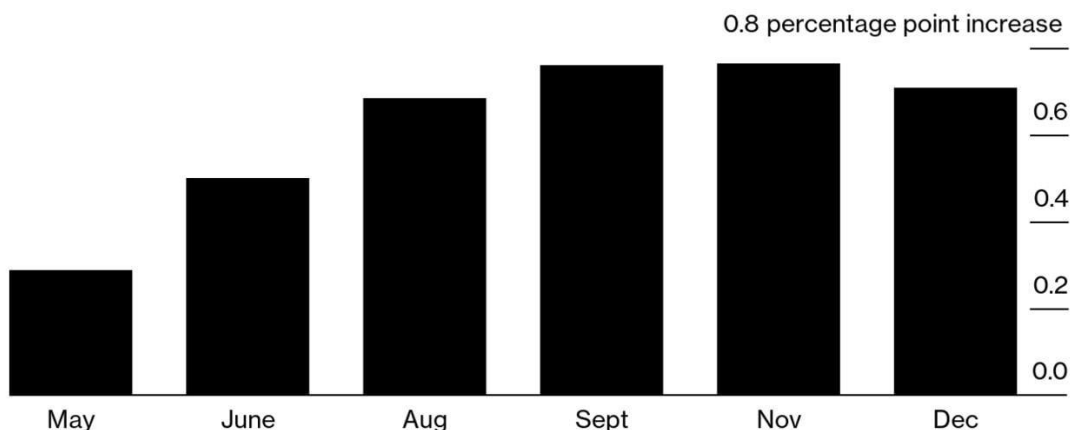
#centralbanks

#boe #rates #expectations

Inflation remains hot in the UK, lifting prospects for interest-rate hikes. Britain’s inflation rate remained stubbornly high at 10.1% in March. The pace was driven by the strongest increase in food prices in more than four decades. Economists had expected a slowdown to 9.8%. Traders ramped up bets on further rate increases from the BOE as the double-digit reading provided a wake-up call for investors who thought the tightening cycle was close to over.

Markets See An Additional 75 bps in BOE Rate Tightening

Traders bet on 25 bps hikes in May, June and September



Source: Bloomberg

Bloomberg

Source: Bloomberg



## #cryptocurrencies #weekly

Cryptos had an ugly week...



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



## #bitcoin #weekly

Bitcoin surged back above \$30,000 and then ran out of steam fast, tumbling back to support at \$28,000...



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



#cryptos

### #ethereum #shapella

Over 1 million Ether (\$ETH) has been withdrawn since the Shapella hard fork on April 12. However, a significant chunk of addresses has gone back to re-staking their ETH.



ETH staking passes withdrawals for the first time after Shapella upgrade

Source: [www.cointelegraph.com](https://www.cointelegraph.com)

#cryptos

### #crypto #derivatives #cme

CME is adding to its cryptocurrency offerings with daily expirations for bitcoin (BTC) and ether (ETH) futures options contracts, the company said, pending regulatory review. Effective May 22, bitcoin and ether futures options will have expirations Mondays through Fridays.



Source: Yahoo! Finance

#cryptos

### #mica #eu

The European Parliament voted in favor of adopting the Markets in Crypto-Assets (MiCA) regulation and rules around crypto transfers. The new regulatory regime will start to come into force in 2024 and is expected to be fully implemented within the next two years. The texts are now only pending final endorsement by the European Council before they are published in the Official Journal.



Source: Cryptoslate

#cryptos

#crypto #recommendations #sec

# SEC Warns Advisers to Apply 'Heightened Scrutiny' When Recommending Crypto Assets

Protecting retail investors, including those seeking exposure to cryptocurrencies, remains a priority for the SEC.



By [Andrew Asmakov](#)

📅 Apr 21, 2023

🕒 3 min read



Source: Decrypt





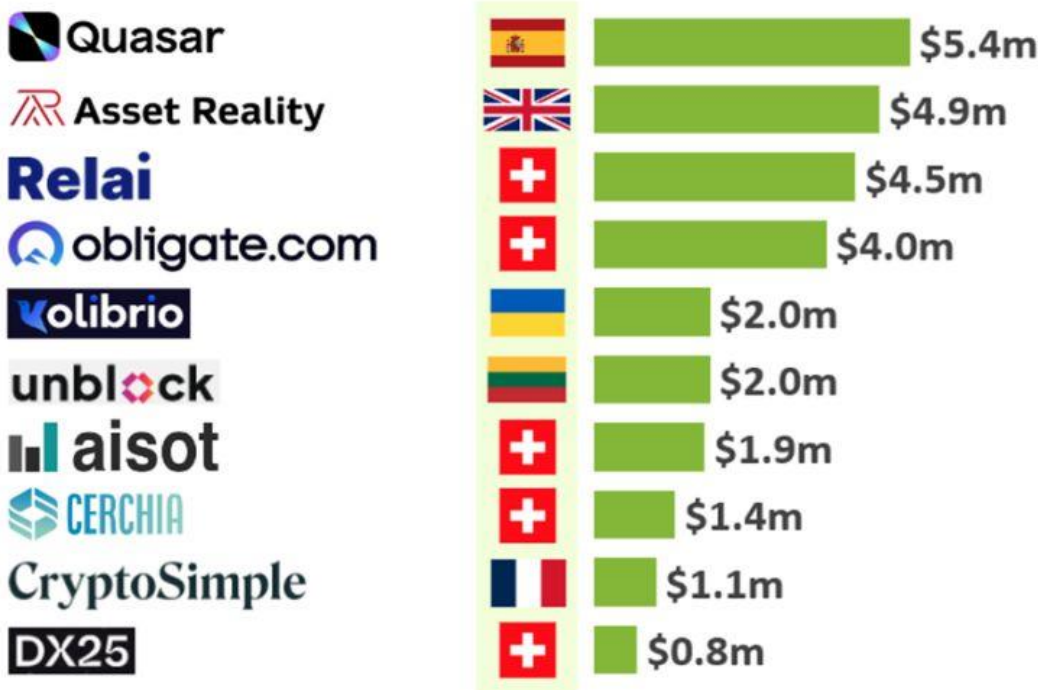
## #blockchain #crypto #seed

European Blockchain & Crypto seed deal activity drops 12% in Q1 2023 YoY

European Blockchain & Crypto seed deal activity drops 12% in Q1 2023 YoY



Top 10 European Blockchain & Crypto seed deals in Q1 2023

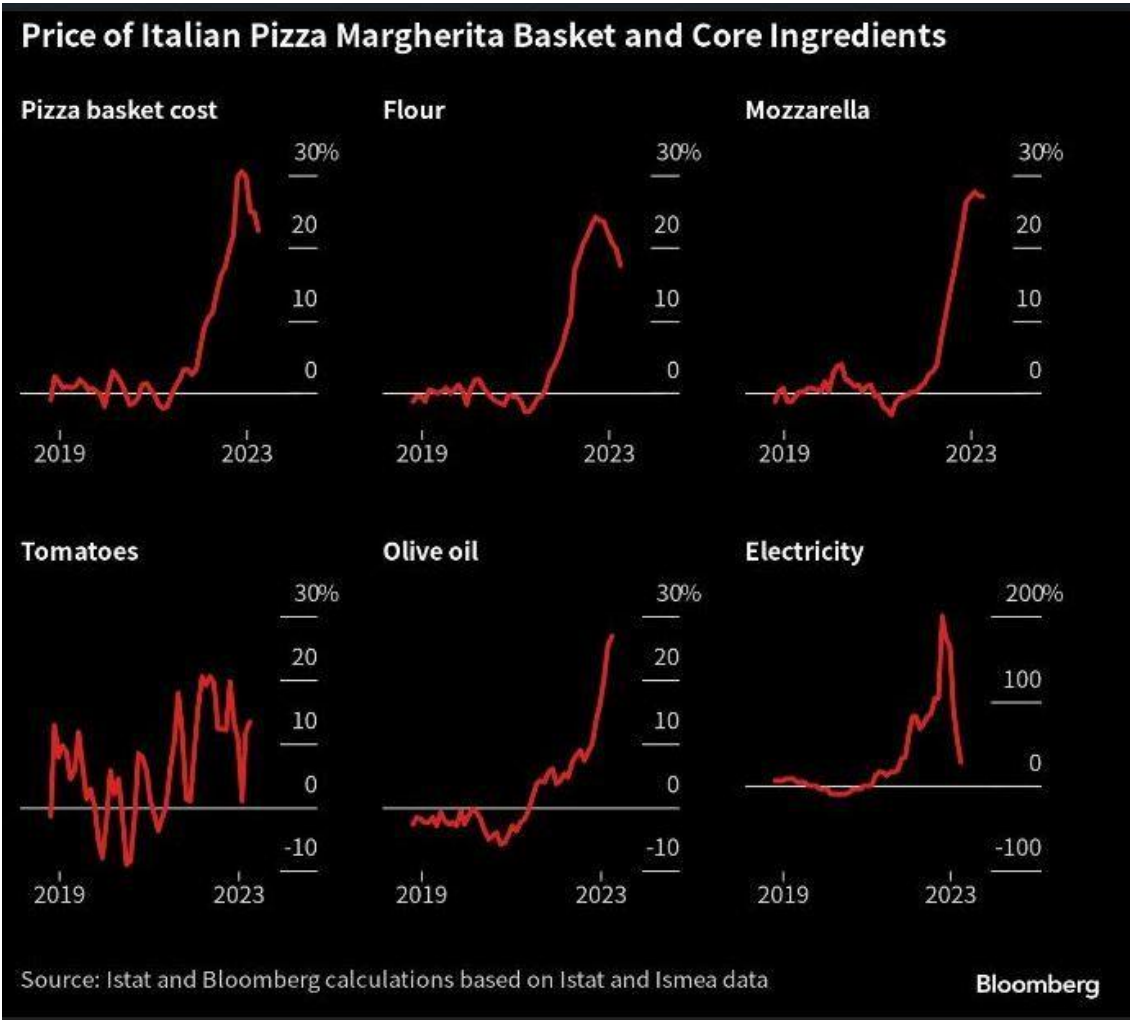


Source: FinTech Global Research

Source: Fintech Global

#food-for-thought

#pizza-flation



Source: Bloomberg, Bruno Puricelli

#food-for-thought

#inflation #alcoholism

Inflation is just like alcoholism. In both cases when you start drinking or when you start printing too much money, the good effects come first. The bad effects only come later. That's why in both cases there is a strong temptation to overdo it. To drink too much and to print too much money. When it comes to the cure, it's the other way around. When you stop drinking or when you stop printing money, the bad effects come first and the good effects only come later.

**MILTON FRIEDMAN**

Source: European Leadership



#food-for-thought

## #markets #signals

Signs the top and bottom of a market cycle has been reached.



### Signs of Excessiveness and Extremism

#### TOP SIGNS

1. Large no. of IPOs
2. Rapidly Rising Prices
3. Excess Leverage
4. Availability of Credit
5. Over-optimistic Front Covers of Newspapers & Magazines
6. Very High Trading Volumes
7. Historically High P/E & EV/EBITDA Multiples
8. Art & Luxury Markets Booming
9. Financial Press and Financial TV become Favourites
10. "This Time is Different" Declared
11. Amateur Investors move to Equity Asset Class
12. Innovation Leads to Euphoria
13. Social Proof Leads to Herding

#### BOTTOM SIGNS

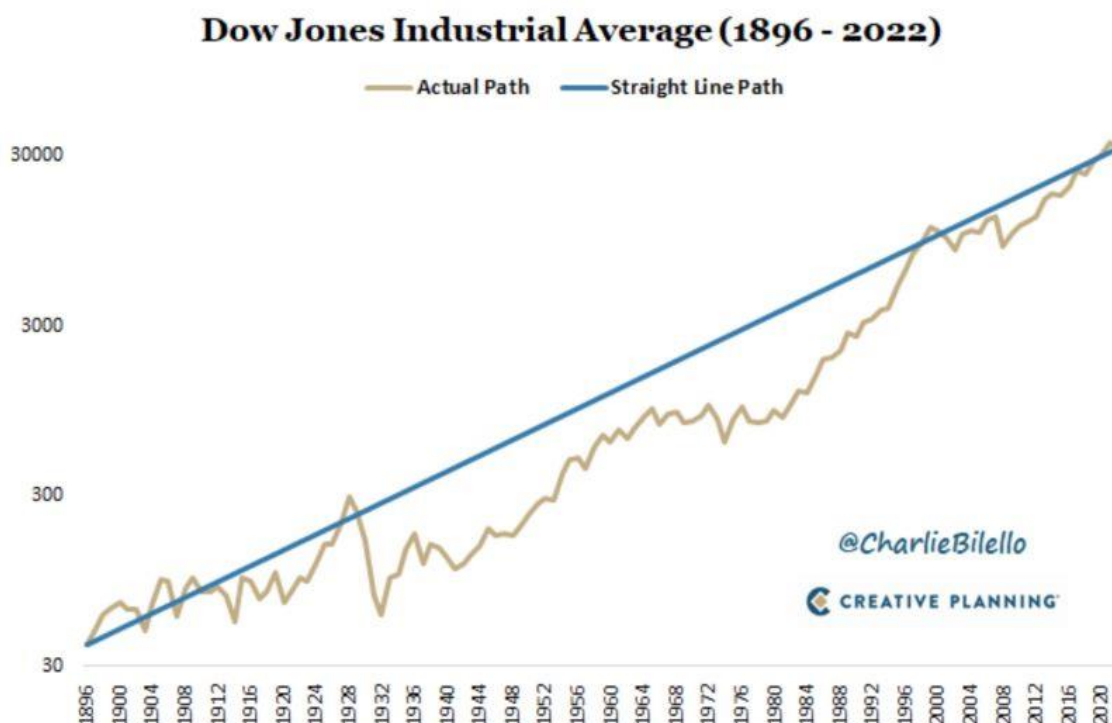
1. No Mergers and Acquisitions
2. No IPOs
3. No new money for Venture Capital
4. Low Price/Sales & EV/EBITDA Multiples
5. Many Companies Trading below Book Value
6. Very Low P/E Multiple
7. Central Banks eased for 6 to 12 Months
8. Recession Declared Officially, News is Stale
9. Previously Favourite Sectors are Hated
10. Credit only available to High Quality Borrowers
11. Investors are Cautious and Out of the Market
12. Negative Front Covers of Newspapers and Magazines
13. Negative and Depressed Consumer Sentiment

Source: Compounding Quality / FLAME University

#food-for-thought

## #long-term #investing

A long-term view on the Dow Jones...



Source: Peter Malouk

#food-for-thought

#sp500 #time-frame

Time Frame S&P500 - 1926 - 2015

**S&P 500: 1926-2015**

<b>Time Frame</b>	<b>Positive</b>	<b>Negative</b>
<b>Daily</b>	<b>54%</b>	<b>46%</b>
<b>Quarterly</b>	<b>68%</b>	<b>32%</b>
<b>One Year</b>	<b>74%</b>	<b>26%</b>
<b>5 Years</b>	<b>86%</b>	<b>14%</b>
<b>10 Years</b>	<b>94%</b>	<b>6%</b>
<b>20 Years</b>	<b>100%</b>	<b>0%</b>

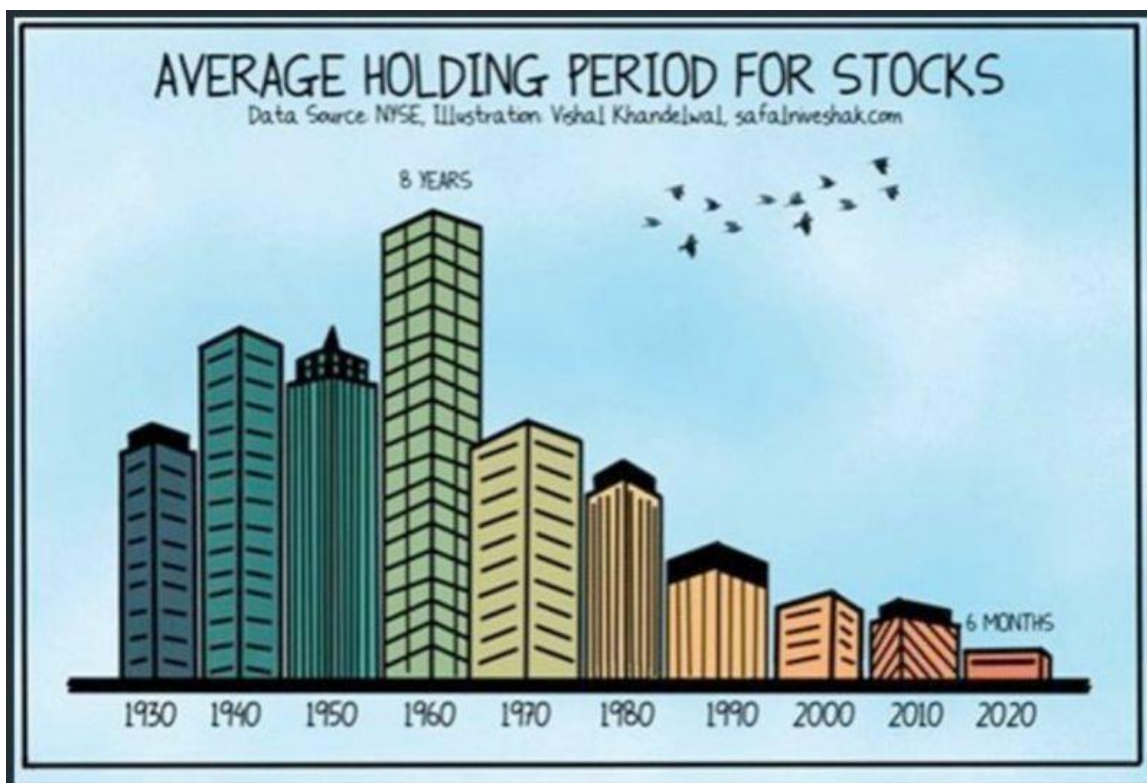
Source: Returns 2.0

Source: Compounding Quality

#food-for-thought

## #holders

Times are changing...



Source: Compounding Quality

#food-for-thought

#retail-investors

The average retail investor portfolio is down by about 27% since November 2021



Source: Vandatrack



#food-for-thought

#options #trading

Options Trading 101

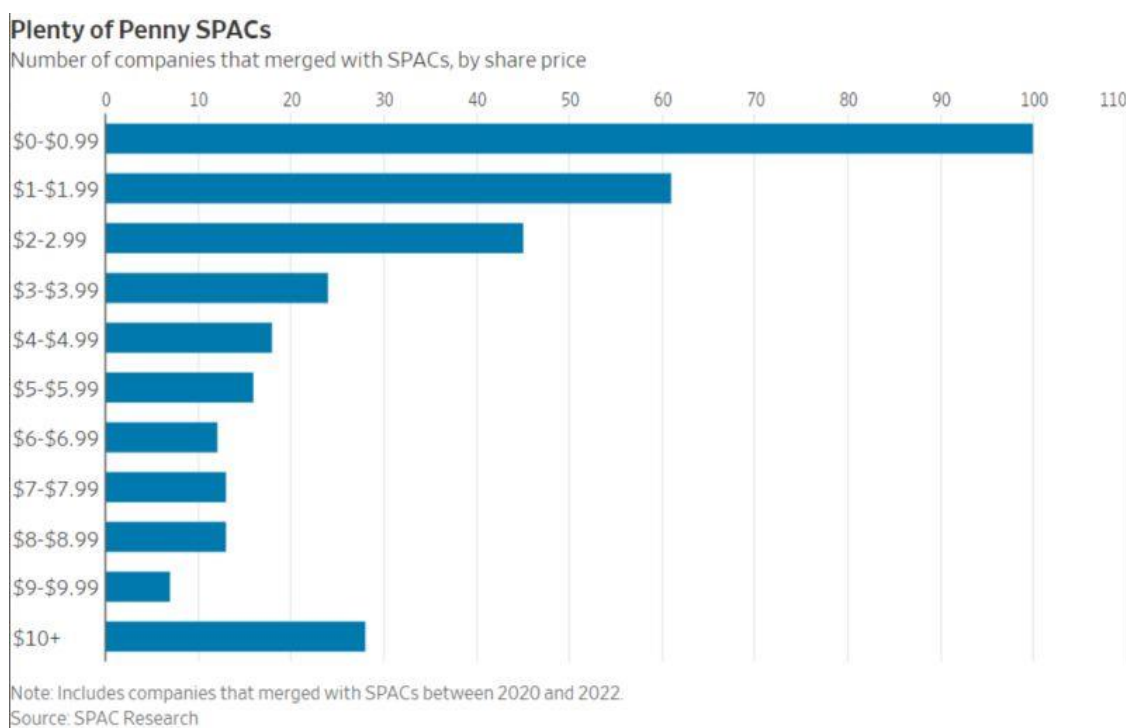


Source: Wallstreetbets

#food-for-thought

## #spacs

More Than 25% of The Companies That Merged With SPACs During the Boom are Penny Stocks Now Trading Below \$1.



Source : WSJ








































#food-for-thought

#pe #vc

The difference between "Private Equity" (PE) and "Venture Capital" (VC)

## Venture Capital vs Private Equity What's the difference?

	Stage of investment				
	Angel	Seed	Growth	Crossover	Late Stage / Buyout
<b>Investment Size (US\$)</b>	US\$10K - US\$250K	US\$250K - US\$2M	US\$10M - US\$50M	US\$50M - US\$100M	Depends. Could be millions to billions.
<b>Holding Period (Years)</b>	8 - 10 years	6 - 8 years	5 - 7 years	> 5 years	3 - 5 years
<b>Return Expectation (% Per Year Or Multiple)</b>	>75% IRR or +10x	>60% IRR or +10x	>40% IRR or +7x	~25 to 35% IRR or +5x	>18% IRR or +3x
<b>Investor Type / Stage</b>	Individuals or group of individuals	First institutional check	Series A through C	Series C through IPO	Majority control / debt financed
<b>Firms Involved (Reference Only)</b>	       	      	     	       	        

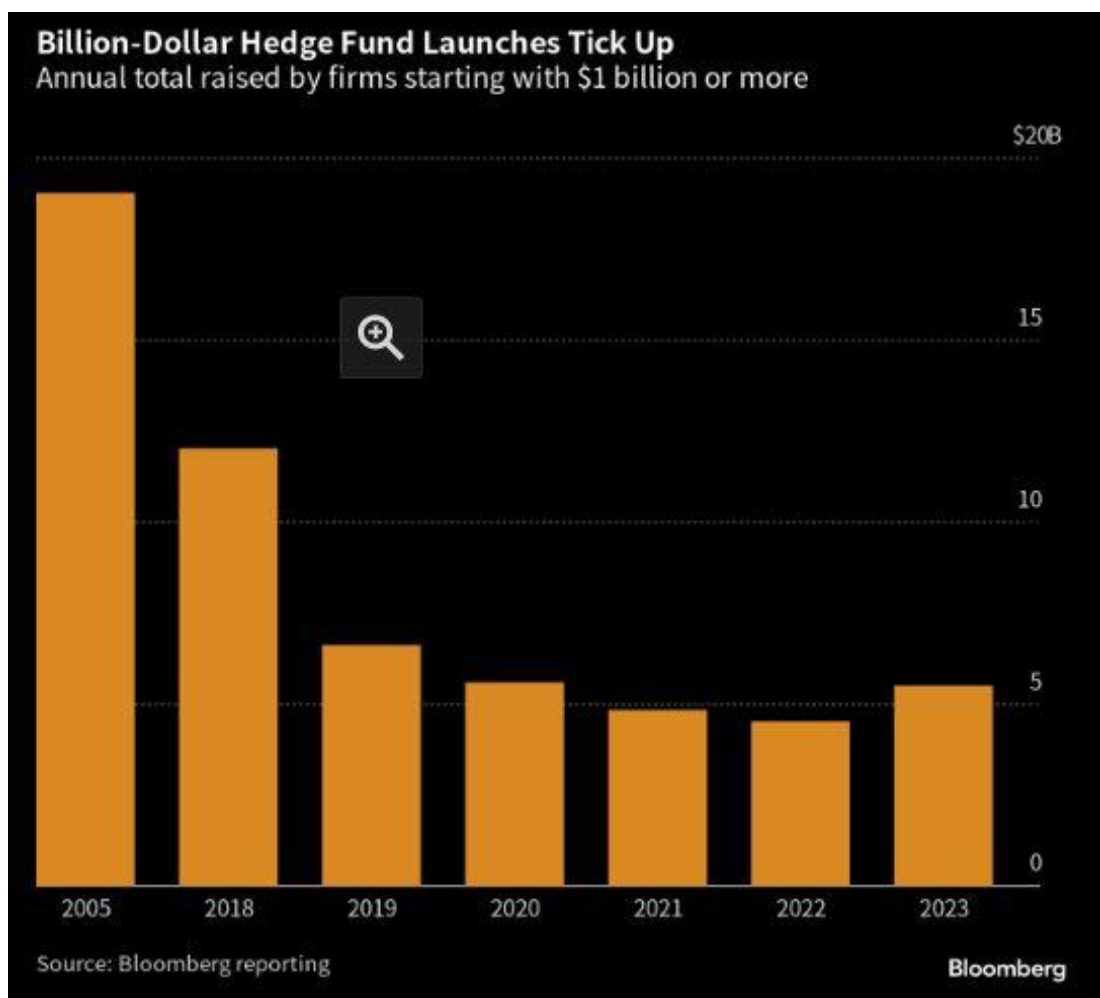


Source: AmplifyME and Ken Shih

#food-for-thought

#hedge-funds #launches

Billion-Dollar Hedge Fund Startups Rise to Pre-Pandemic Levels. Four firms launching this year are on track to top \$1 billion.

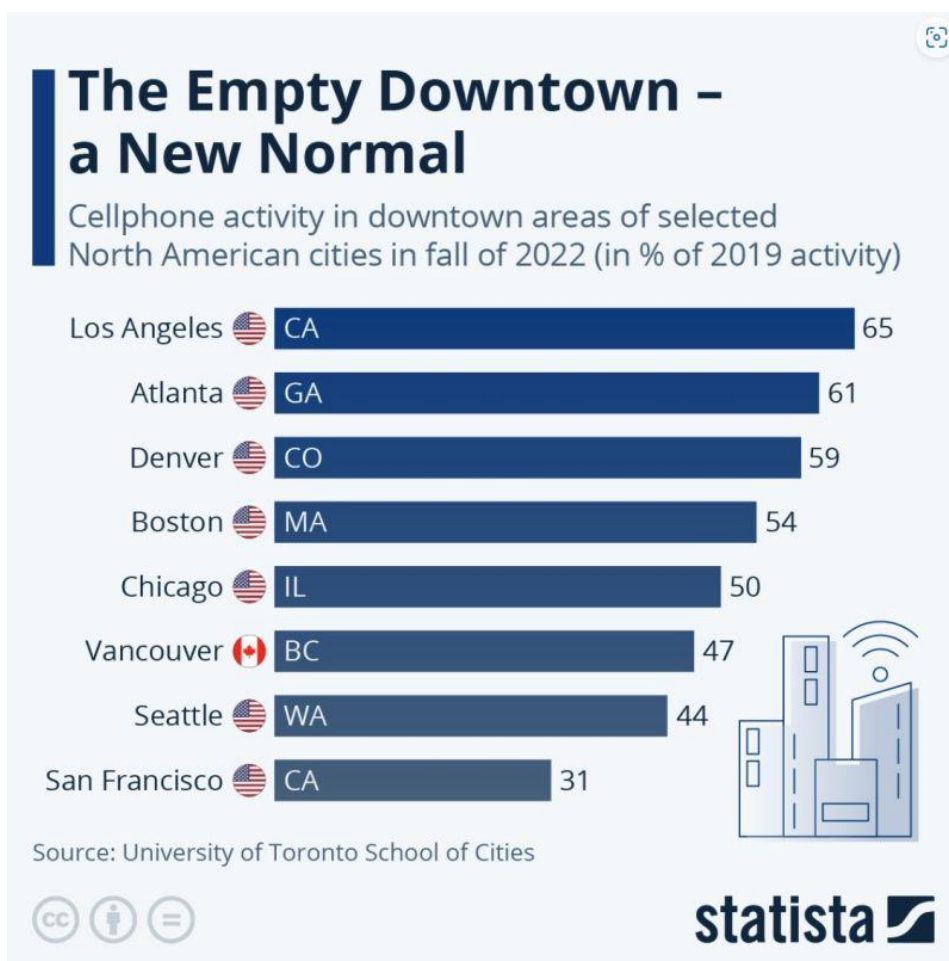


Source: Bloomberg

#food-for-thought

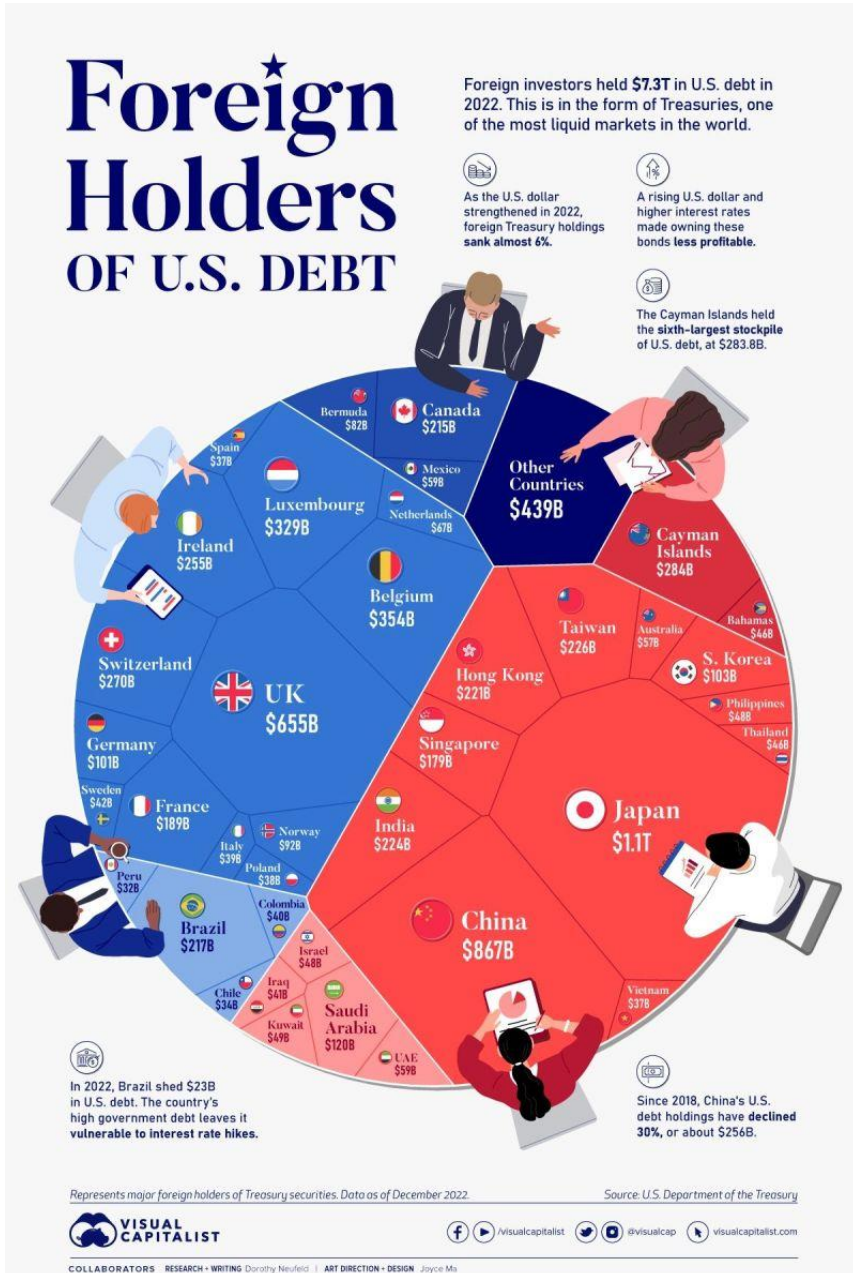
#us #downtowns

The Empty Downtown - a New Normal by Statista. Three years after the coronavirus pandemic began, the situation of North American downtowns remains fundamentally changed. While most people's lives have returned to normal, the legacies of the lockdown era continue to affect formerly bustling city centers to a point that could cause a downwards spiral.



#food-for-thought

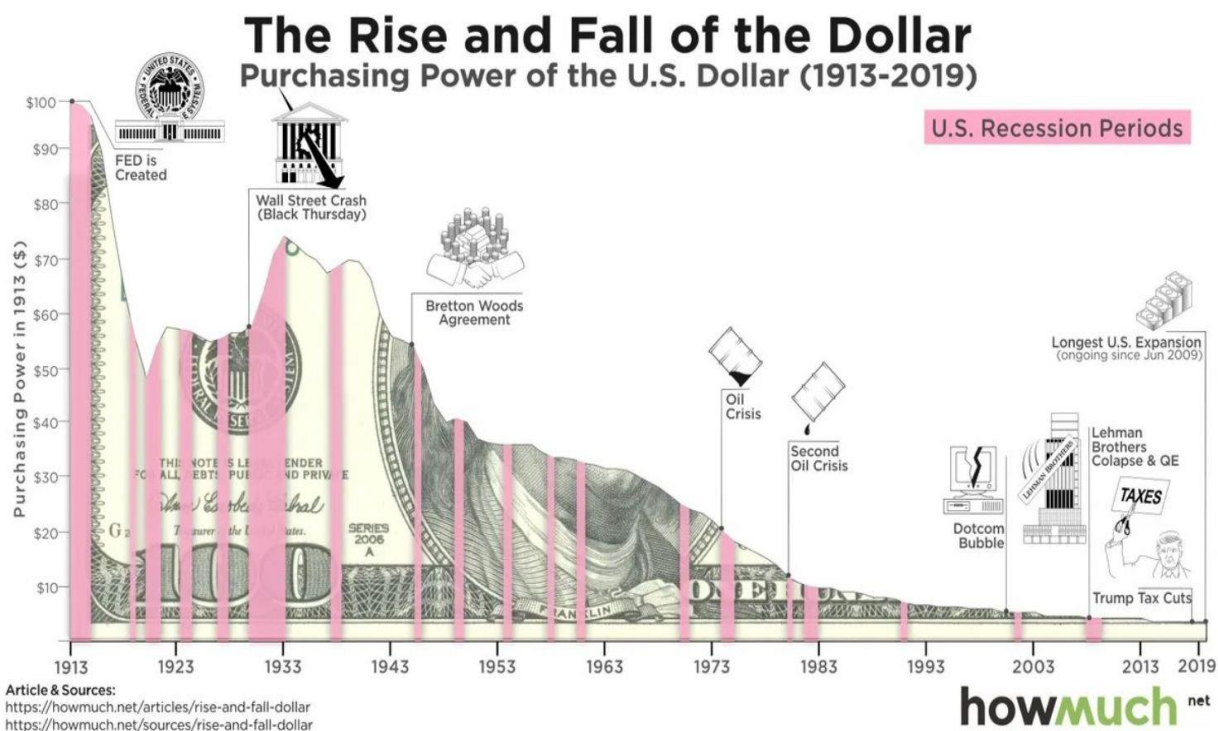
#us #debt



#food-for-thought

#dollar

Purchasing Power of the US Dollar since 1913 to 2019.



Source: howmuch.net



#food-for-thought

## #bitcoin #adoption



Dan Held • Following

Follow Me To Learn About Bitcoin | 10 yrs in Crypto, 9 yr marketing leader, 2 Exits  
2d • Edited •

"#Bitcoin will never go mainstream"

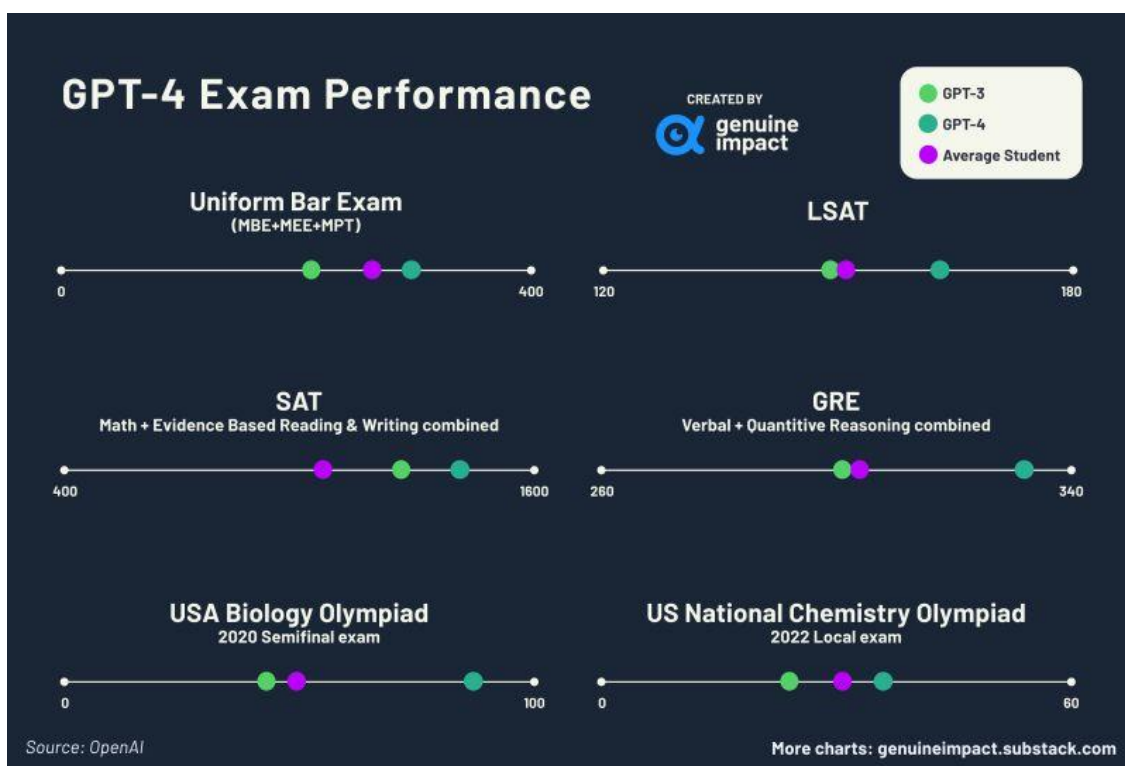
### Anti-electricity cartoon from 1900



#food-for-thought

#gpt4

Major milestone: ChatGPT-4 has outperformed humans in exam scores, by a big margin. What's next to conquer?



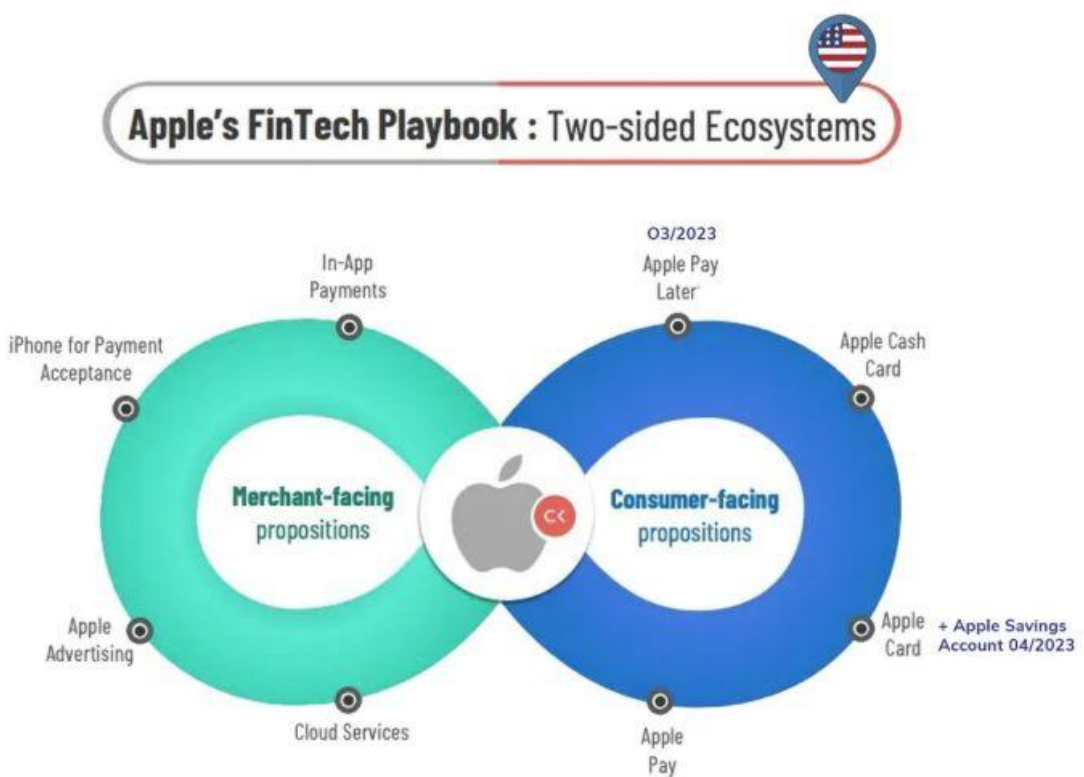
Source: Genuine Impact



#food-for-thought

#apple #fintech

🍏 Two recent consecutive Apple Fintech moments have once again led to claims `Apple is becoming a Bank` by Efi Pylarinou.



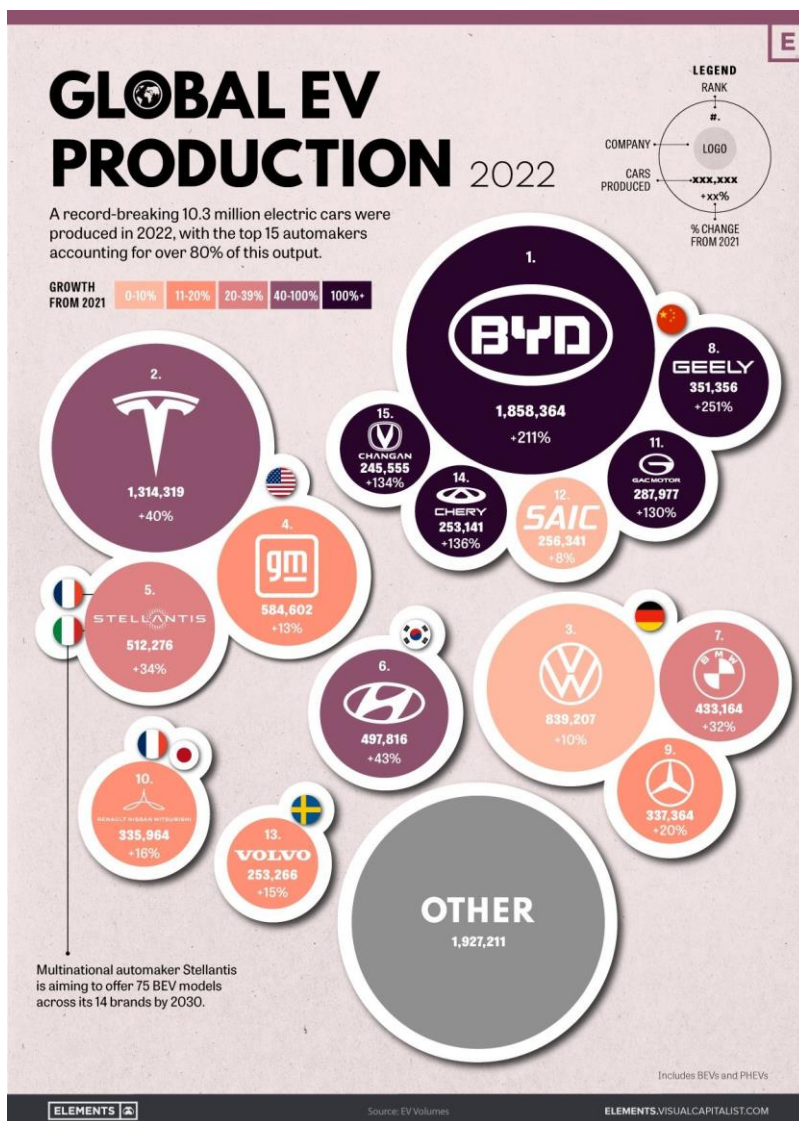
Adapted by Efi Pylarinou.

Source: Efi Pylarinou

#food-for-thought

#electric-vehicles

EVs visualized are the top 15 brands by output—the color of each represents their growth from 2021, with darker shades depicting a larger increase.



#food-for-thought

### #mcdonald's #history

April 15, 1955: Ray Kroc opened the first McDonald's franchise in Des Plaines, Illinois, from the founders, Maurice and Richard McDonald. The first day's sales were \$366.12. Within four years, Kroc had opened his 100th franchise with a restaurant in Fond de Lac, Wisconsin. Kroc bought the company from the brothers in 1961 for 2.7M. As of September 2014, McDonald's sells 6.4M hamburgers per day worldwide, which works out to 75 hamburgers every second.



Source: Wikipedia

#food-for-thought

#luxury #airjordan

Earlier this week, a pair of Nike Air Jordan 13s worn by Michael Jordan himself sold for \$2.2 million at Sotheby’s, flying by the previous record set in 2021 by a pair of Nike Air Ships also worn by Jordan in 1984.

# Air Jordan: Most Valuable Sneaker

Selling price of the most expensive publicly-sold sneakers (as of April 13, 2023)

	Worn by		Sold in/ Price
Nike Air Jordan 13 'The Last Dance' (1998)	Michael Jordan		2023 \$2,200,000
Nike Air Yeezy 1 Sample Worn at Grammys (2008)	Kanye West		2021 \$1,800,000
Nike Air Ship Rookie season (1984)	Michael Jordan		2021 \$1,472,000
Nike Air Jordan 1 'Shattered Backboard' (1985)	Michael Jordan		2020 \$615,000
Nike Air Jordan 1 'The One' (1985)	Michael Jordan		2020 \$560,000
Nike Moon Shoe Made for Olympic trials (1972)	Unworn		2019 \$437,500

Sources: Sotheby’s, Christie’s, media reports



Source: Statista



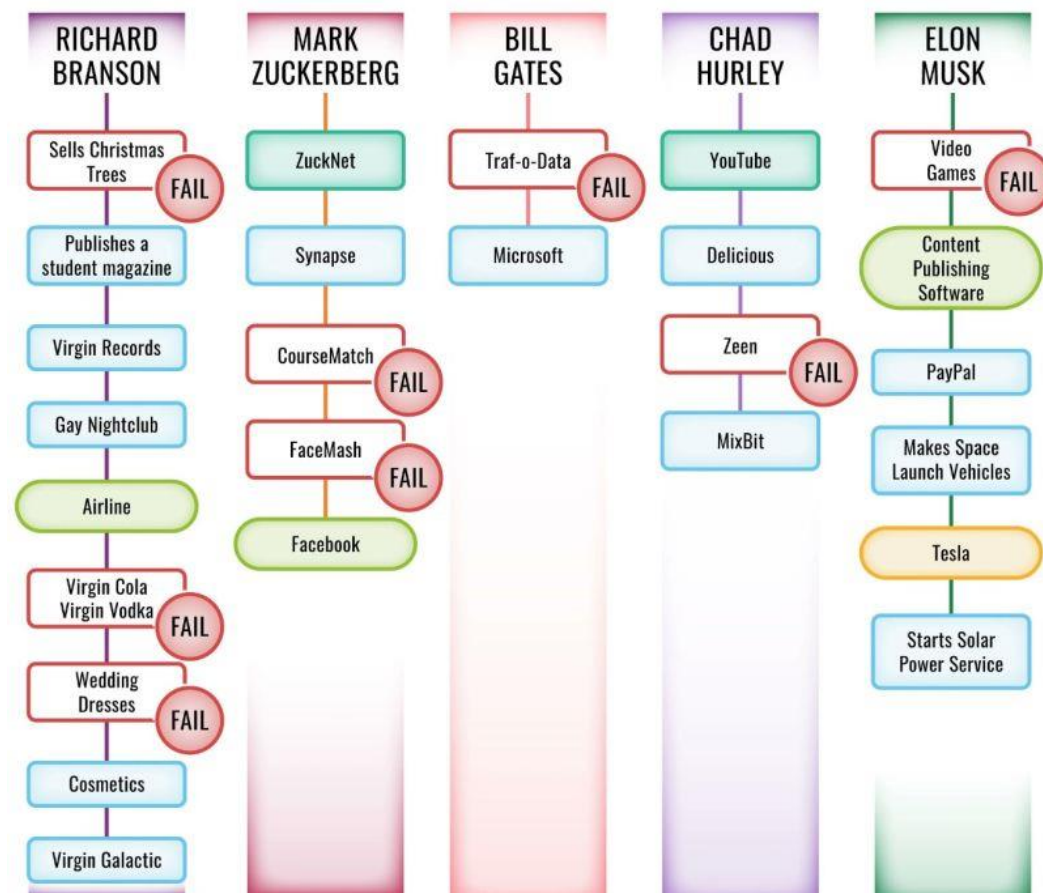
#food-for-thought

#success

Here are some examples of why we must not stop at the first failure but must continue with perseverance and self-confidence.

# HOW TO SUCCEED?

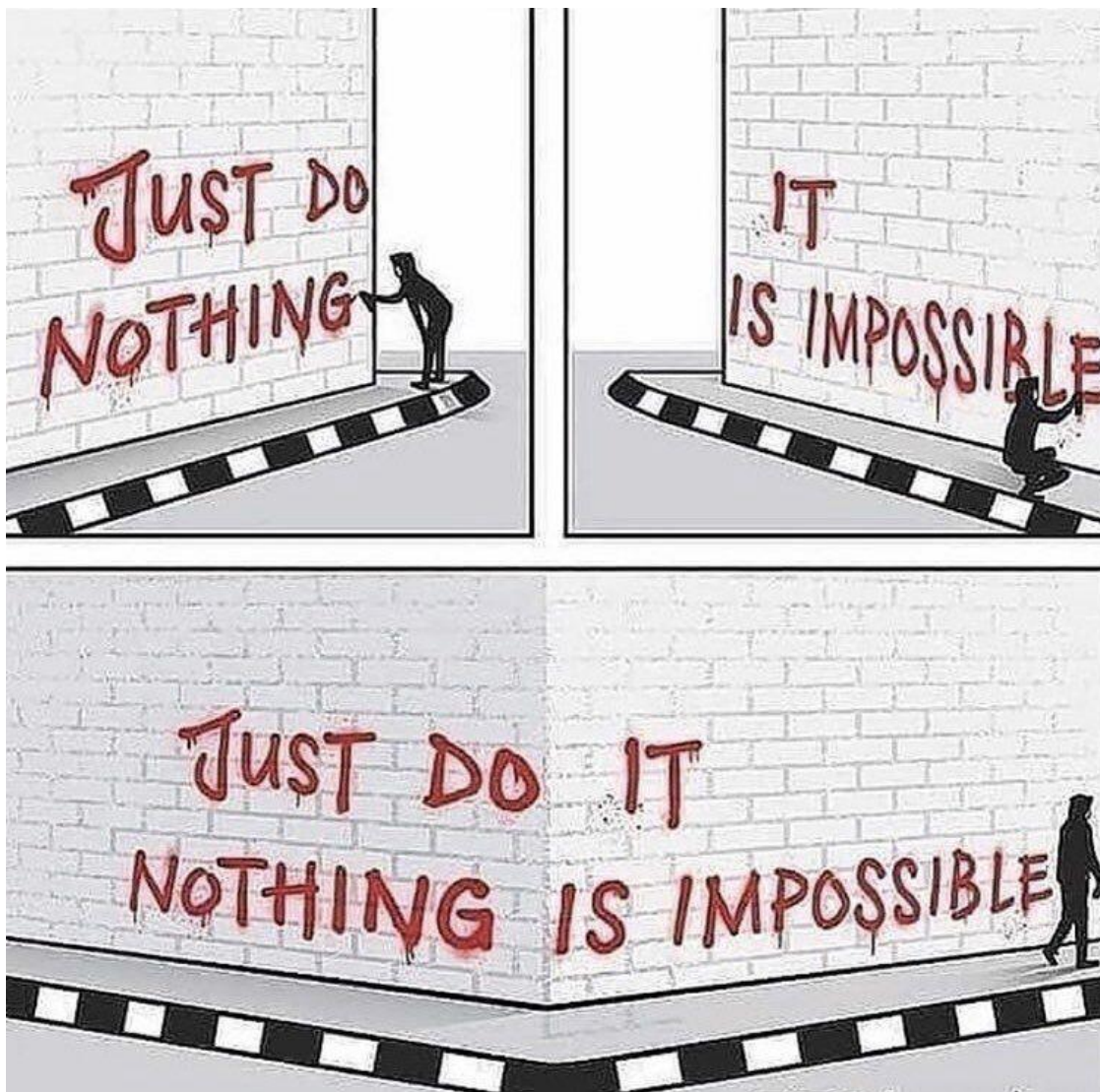
Original Creativity: Anna Vital | Infographic redesign by @agrassoblog for educational and motivational purposes





#food-for-thought

#leadership



Source: European leadership



#food-for-thought

#leadership

There will always be  
someone who can't see  
your worth.

Don't let it be you.

Source: European leadership

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**For the future...**