

Chart of the week

Gold > stocks since the October S&P low

For the first time in 50 years, Gold is outperforming the S&P 500 in the first 3 months off a low...

GOLD > STOCKS SINCE THE OCTOBER S&P LOW... UNUSUAL

S&P vs. Gold +3 Months Off Major S&P Bottoms			
S&P Low Date	S&P +3 Months	Gold +3 Months	S&P vs. Gold
10/3/1974	14.0%	3.6%	10.4%
8/12/1982	36.2%	17.8%	18.4%
12/4/1987	20.2%	-10.3%	30.5%
10/11/1990	6.2%	1.7%	4.5%
10/9/2002	19.2%	10.7%	8.6%
3/9/2009	38.8%	4.0%	34.8%
12/24/2018	20.6%	2.1%	18.5%
3/23/2020	36.3%	13.2%	23.1%
10/12/2022	11.8%	14.6%	-2.8%

Market focus shifts from inflation to growth

The major US equity indexes ended mixed for the week as recession fears appeared to weigh on sentiment. The Dow Jones underperformed and gave back a portion of its year-to-date advance while the Nasdaq recorded a modest gain. Indeed, dampening inflation fears helped growth stocks to outperform, as the prospects of lower interest rates support their valuation multiples. As a sign that the US economy is slowing down, retail sales dropped by 1.1% in December, which was roughly triple consensus estimates. Industrial production fell by 0.7% in December, the most since September 2021, driven by a 1.3% drop in manufacturing output. Meanwhile, inflation pressures are easing as producer prices fell 0.5% in December, the biggest drop since early in the pandemic. The job market remained strong, however, with weekly jobless claims falling to their lowest level since April 2022. On the earnings front, shares in Goldman Sachs fell sharply on Tuesday after reporting earnings misses. Netflix's earnings report on Friday boosted sentiment following news that it had added more subscribers than widely expected in Q4. Shares in Europe weakened after ECB policymakers signalled that they would still hike interest rates aggressively. Chinese equities rallied for a 4th consecutive week ahead of a weeklong holiday following reports indicating better-than-expected economic growth. Cryptocurrencies gained as Bitcoin hit \$22k.

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

21 JANUARY 2023

#markets

#weekly #returns

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	33,375	-2.7%	0.7%
S&P 500 Index	3,973	-0.7%	3.5%
NASDAQ	11,140	0.6%	6.4%
MSCI EAFE	2,070	-0.5%	7.0%
10-yr Treasury Yield	3.48%	0.0%	-0.4%
Oil (\$/bbl)	\$81.73	2.3%	1.8%
Bonds	\$100.09	0.2%	3.6%

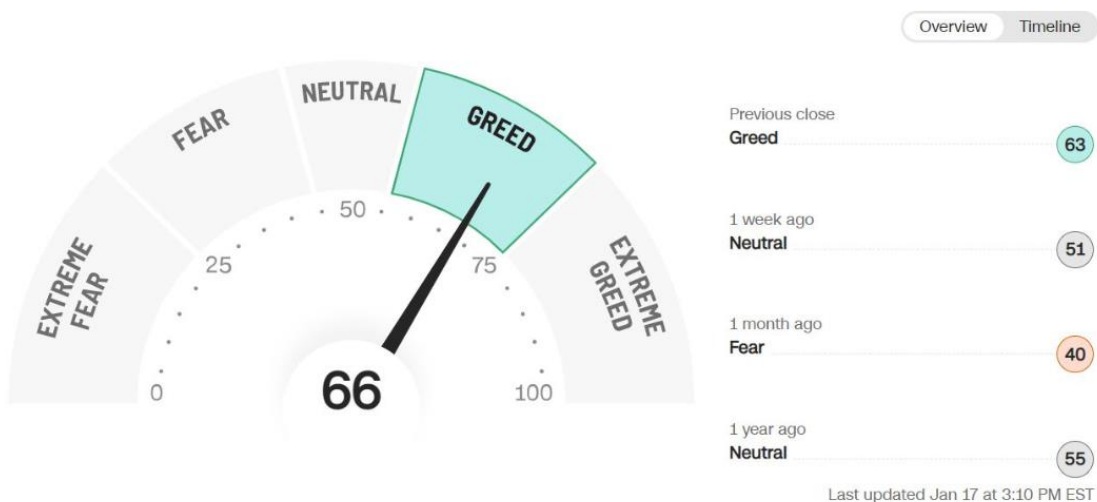
Source: Factset. 01/20/2023. Bonds represented by the iShares Core U.S. Aggregate Bond ETF. Past performance does not guarantee future results. * 4-day performance ending on Thursday.

Source: Edward Jones



#investors #sentiment

Greed getting greedier...

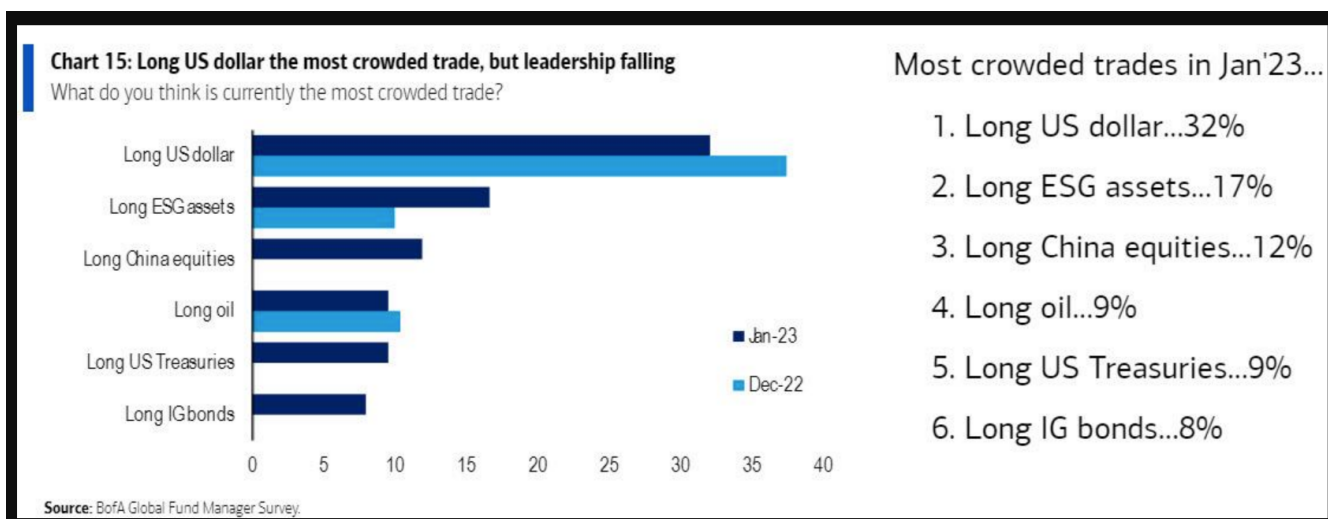


Source: CNN



#crowded-trades

What are the most crowded trades?



Source: BofA

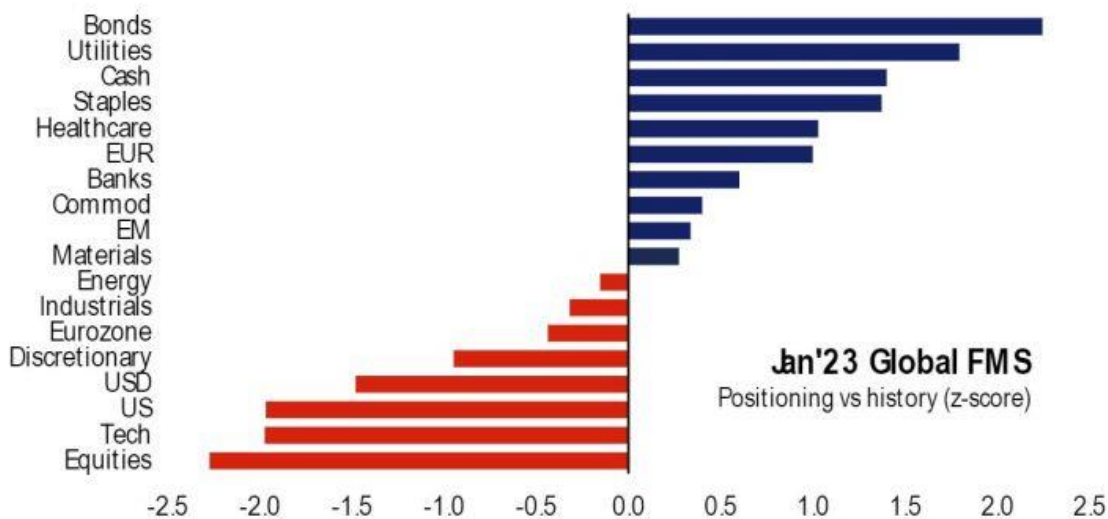


#investors #positioning

Fund managers expect bonds to beat stocks in 2023.

Chart 27: FMS investors are OW bonds and UW equities relative to history

Positioning vs history (z-score)



Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Source: BofA



#investors #positioning

Global investors are dumping US equities.

Chart 23: January sees collapse in US equity allocation...

Net % say they are overweight US equities



Source: BofA Global Fund Manager Survey.

BofA GLOBAL RESEARCH

Source: BofA



#emerging-markets #inflows

The latest week saw the biggest inflows into EM debt & equity funds ever (\$12.7bn) driven by China reopening.

Chart 2: Record inflow into EM equity & debt markets driven by China reopening
Inflows to EM debt + equity funds, \$bn



Source: BofA Global Investment Strategy, EPFR

Source: BofA



#us #eafe #equities

After 15 years of US dominance, other Developed Markets are ready for their chance to lead.



Source: Willie Delwiche



#sp500 #technicals

A range-bound market.



Source: Bloomberg, www.zerohedge.com



#sp500 #technicals

Technical levels dominated price action this week with the S&P breaking below its 200DMA and then trading around its 50DMA. Friday saw the S&P rally all the way up to its 200DMA perfectly tagging it before stalling...



Source: www.zerohedge.com, Bloomberg



#nasdaq #technicals

Nasdaq flip-flopped between its 50- and 100-DMA.



Source: Bloomberg, www.zerohedge.com



#us #equities #bonds #decorrelation

The U.S. Bloomberg Aggregate Bond Index was up over 0.5% this week, even as the S&P 500 fell by about 1.0%¹. The index has increased by over 3.0% so far this year, after falling over 13% last year¹. Part of this better performance is due to government bond yields moving lower, with the 10-year Treasury yield, for example, falling from 3.80% to around 3.45% this year alone. This move lower likely reflects lower inflationary trends as well as lower economic growth, driving yields lower and prices higher..



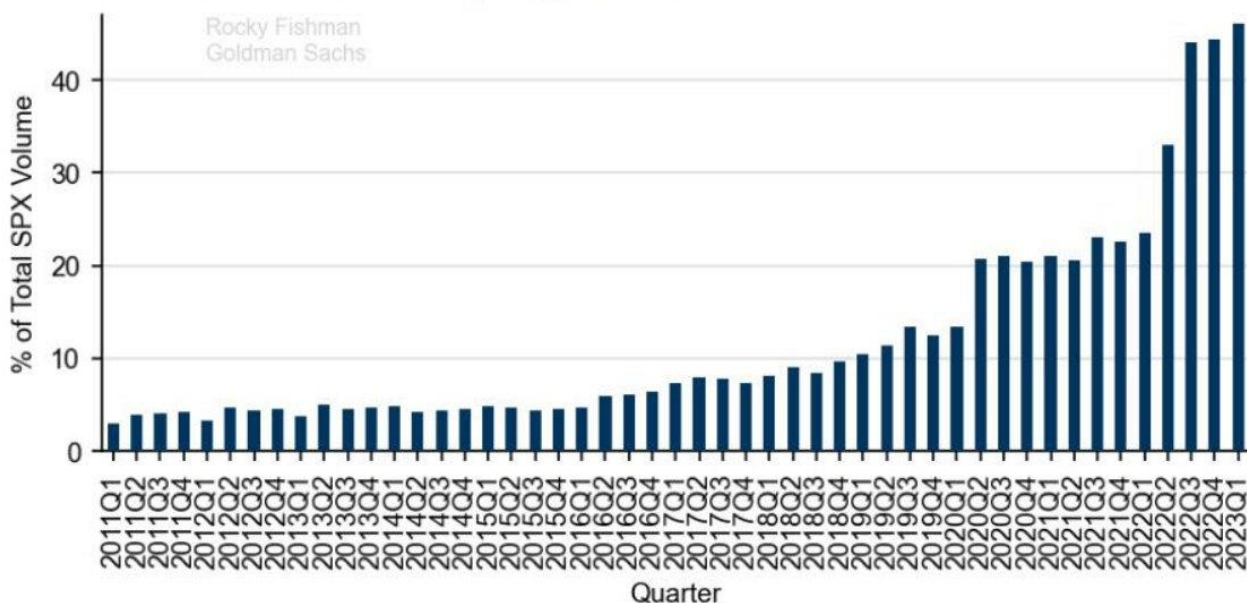
Source: Edward Jones



#sp500 #options

50% of \$SPX options traded expire in 6.5 hours or less. A new record suggesting that every day is now lotto Friday.

Short-dated SPX volume as a % of total volume
% of S&P 500 listed volume expiring within 24 hours

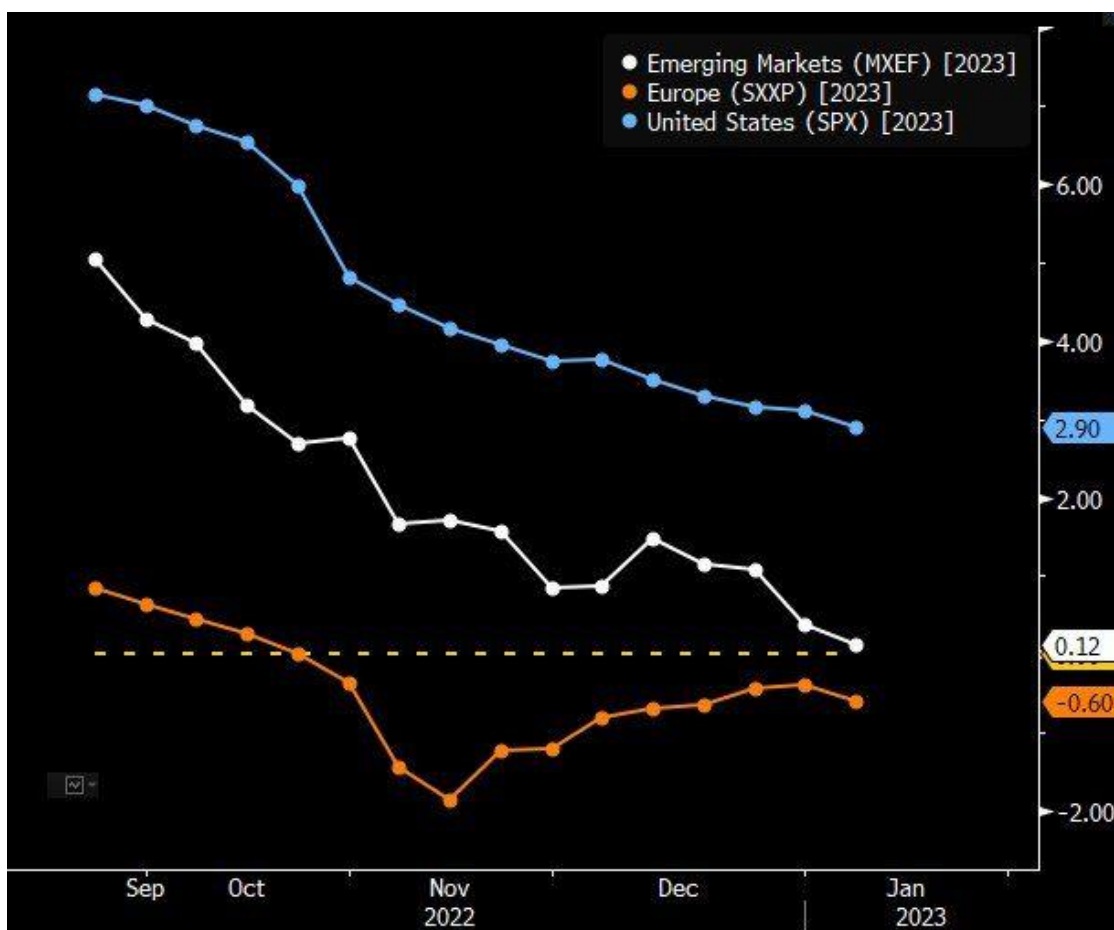


Source: Goldman Sachs, Markets & Mayhem



#global #earnings #estimates

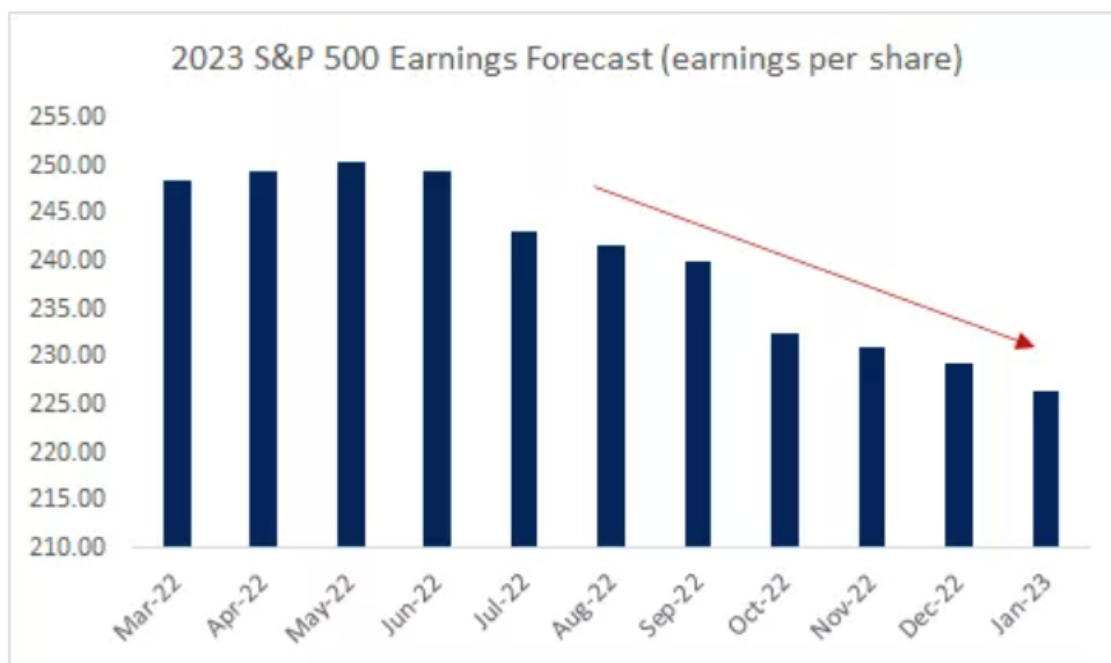
Expectations for global EPS growth in 2023 have declined significantly from 16 weeks ago -- and the trend doesn't appear to be reversing anytime soon.



Source: Gina Martin Adams, Bloomberg

#us #earnings

Earnings estimates for both first-quarter and full-year 2023 have moved notably lower in recent weeks. First-quarter growth is expected to fall by 1.2%, well below the expectation of 5.9% growth at the end of last quarter. And full-year 2023 estimates now call for 4.0% growth, also meaningfully below the 10.5% forecast as of last September. While earnings revisions may continue to weaken, a first leg lower for 2023 estimates has already occurred.

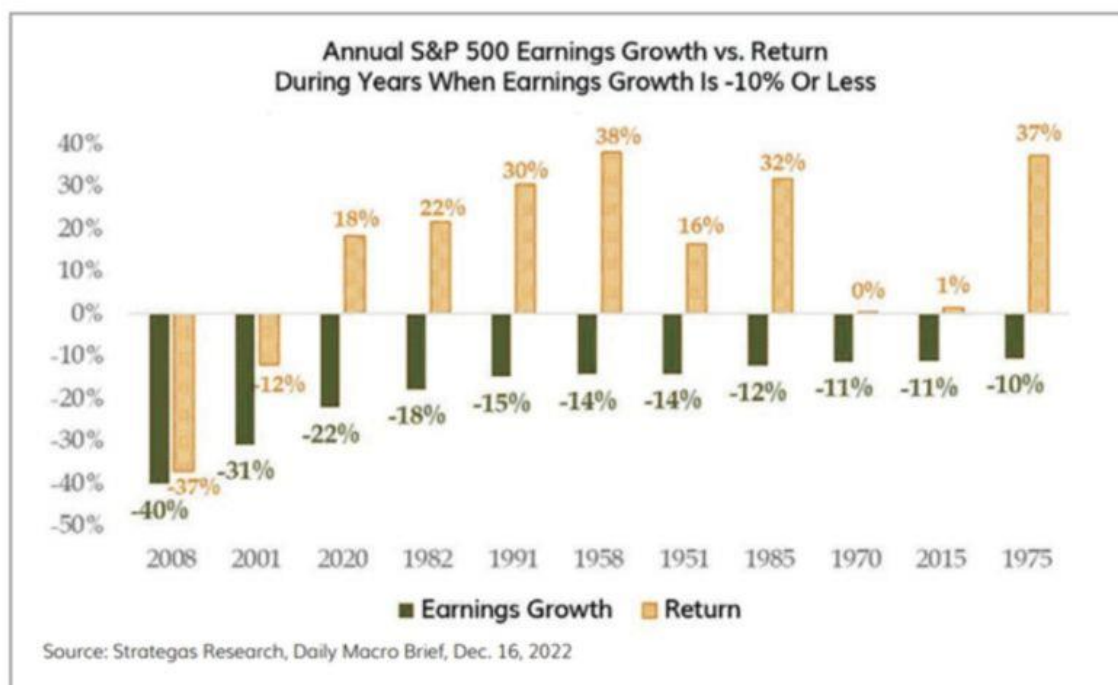


Source: Edward Jones



#us #earnings #recession

An earnings recession is seen as one of the major tailwind for global equity markets this year. But surprisingly, history shows that the S&P 500 (\$SPX) rarely has a down year when YoY EPS is negative. Investors avoid Inflation, War, and Fed, not EPS declines that will inevitably return to growth!



Source: Strategas



#us #earnings #equities #performance

Equities typically troughed 6-9 months before earnings reach their low in past bear markets

Equities have typically troughed 6–9 months before earnings reach their low in past bear markets.

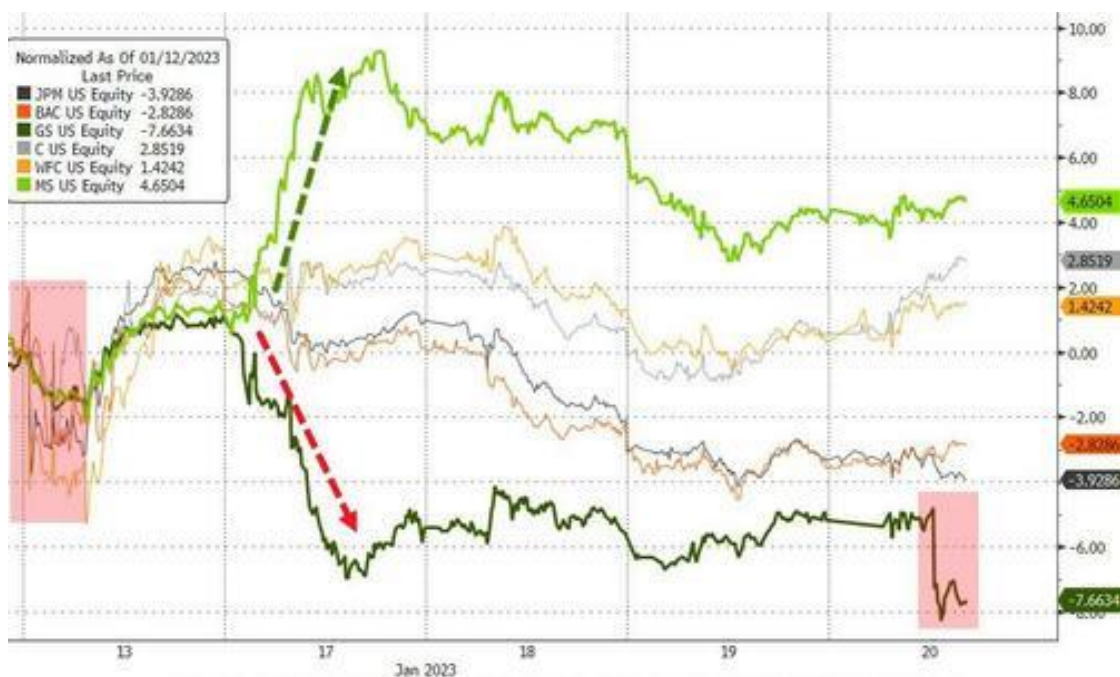


Source: Goldman Sachs



#us #banks

The big banks are very mixed since their earnings were announced with Goldman the biggest loser and Morgan Stanley leading the pack.



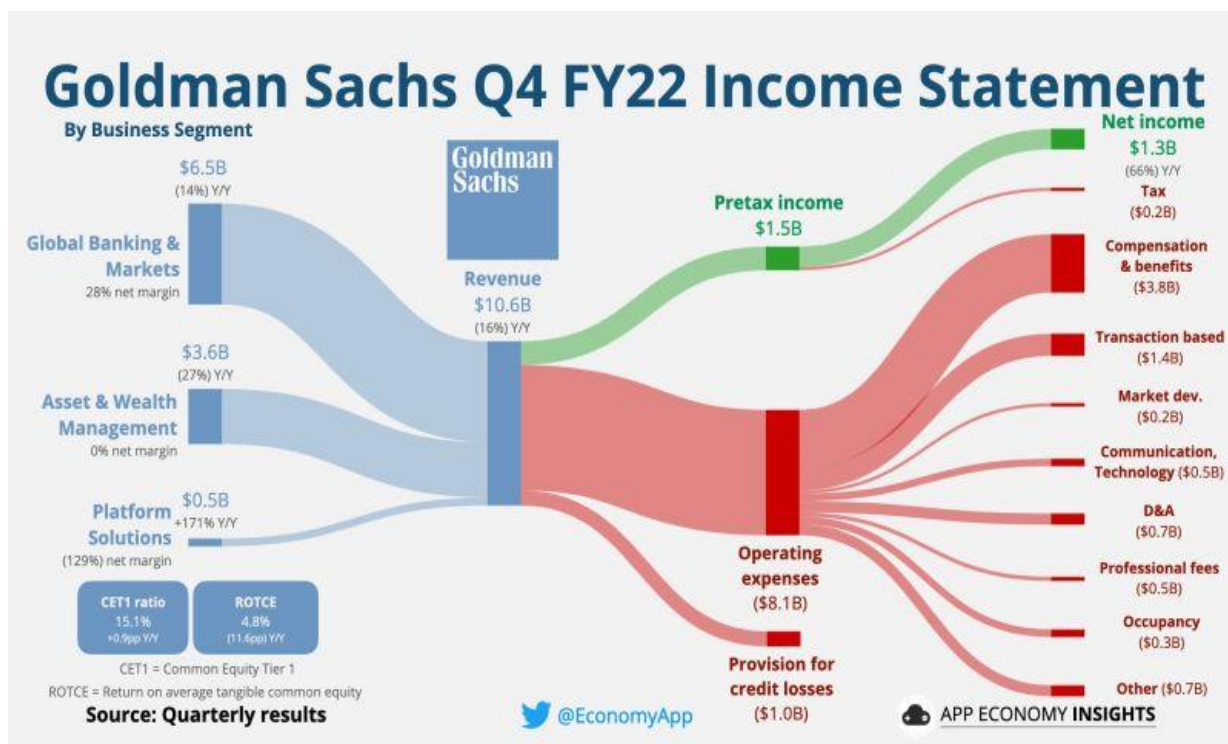
Source: Bloomberg, www.zerohedge.com



#goldman

Inside Goldman... Q4 is worst #earnings miss in a decade...

- Revenue -16% Y/Y to \$10.6B (\$320M miss).
- Net income \$1.3B (-66% Y/Y).
- EPS 3.32 (\$2.65 miss).



Source: App Economy Insights

#netflix

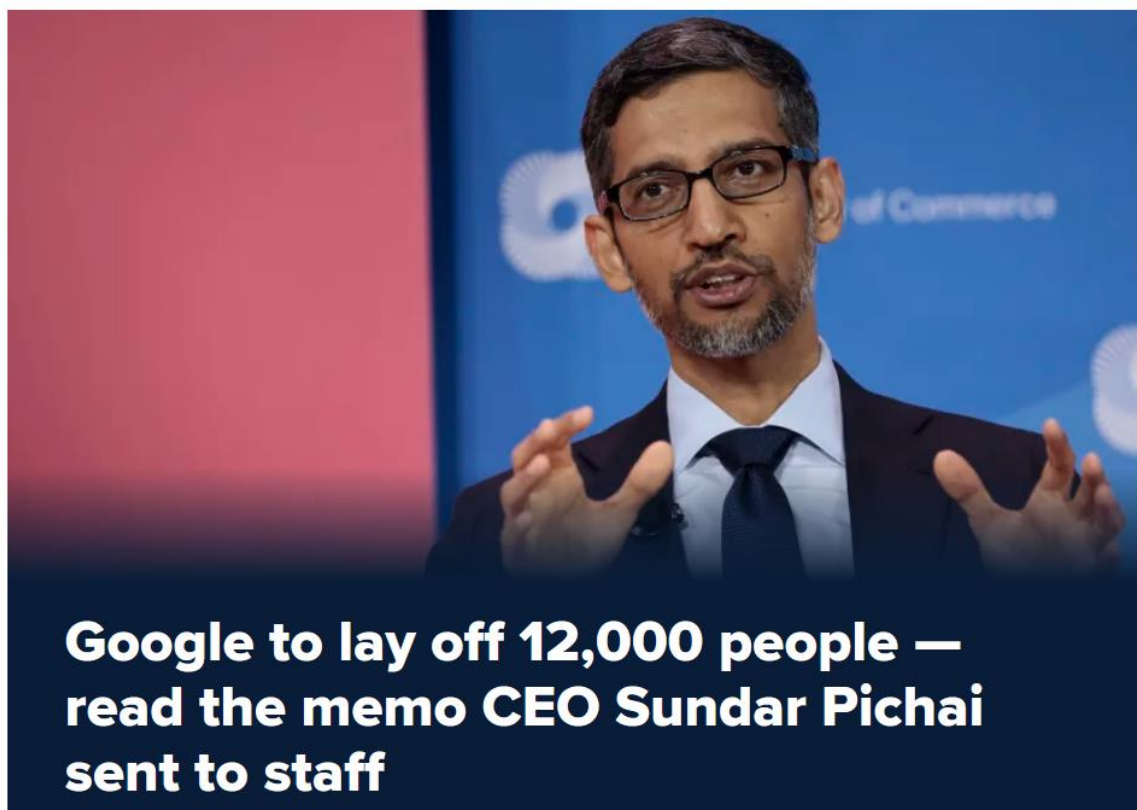
Netflix shares rallied after the company released its fourth-quarter results. The streaming giant missed its earnings goals but added an above-target 7.7 million subscribers. Also, Co-CEO Reed Hastings announced he would be quitting his current role.



Source: Business insider

#google #layoffs

Sundar Pichai, Google's CEO, said in an email sent to the company's staff that the firm will lay off 12,000 employees. It comes after Amazon and Microsoft laid off a combined 28,000 people.

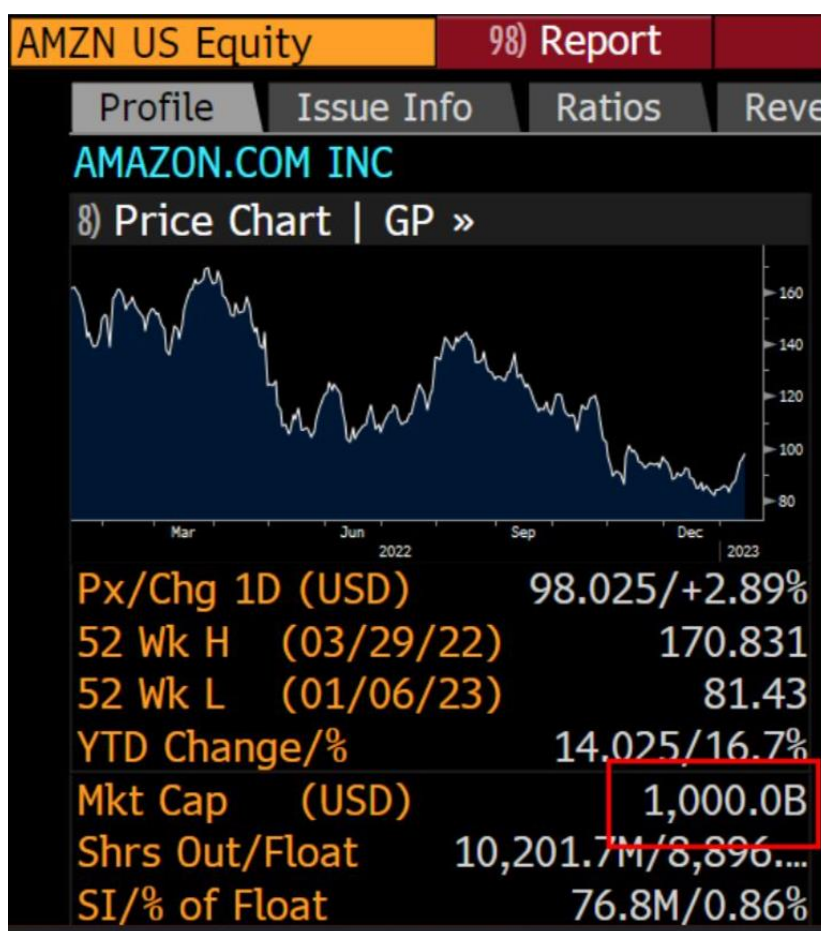


Source: CNBC

#markets

#stocks #amazon

Amazon re-joined the "Trillion Dollar Market Cap" club
(Includes AAPL GOOGL MSFT)



Source: Bloomberg

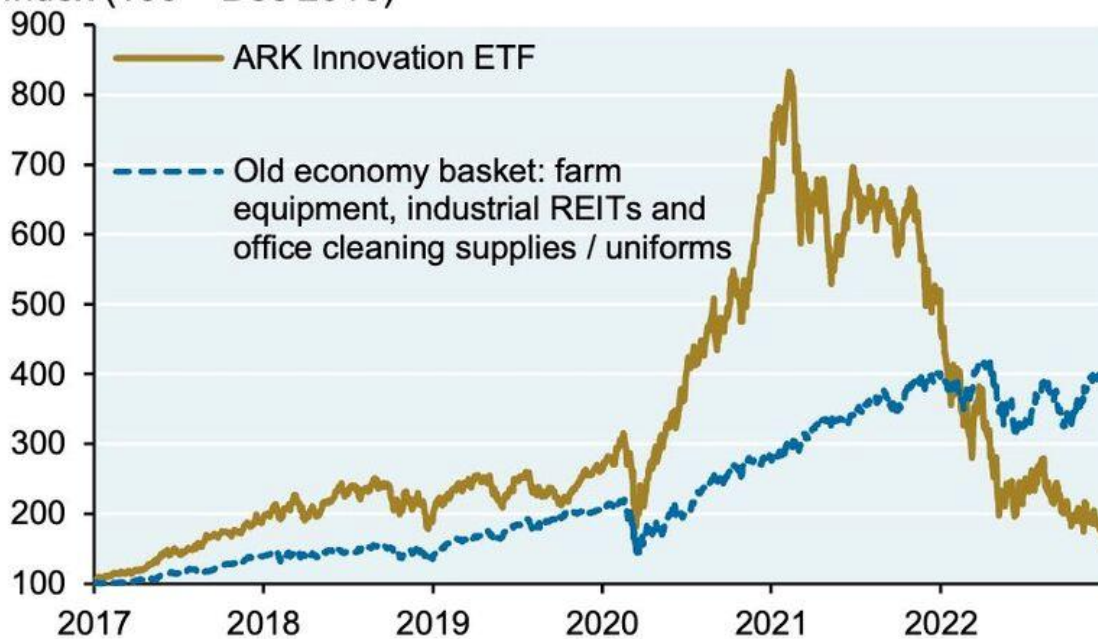


#us #equities #ark-invest

The Tortoise and the Hare by JP Morgan or how old economy stocks are doing better than Ark invest style high flyers.

The Tortoise and the Hare

Index (100 = Dec 2016)



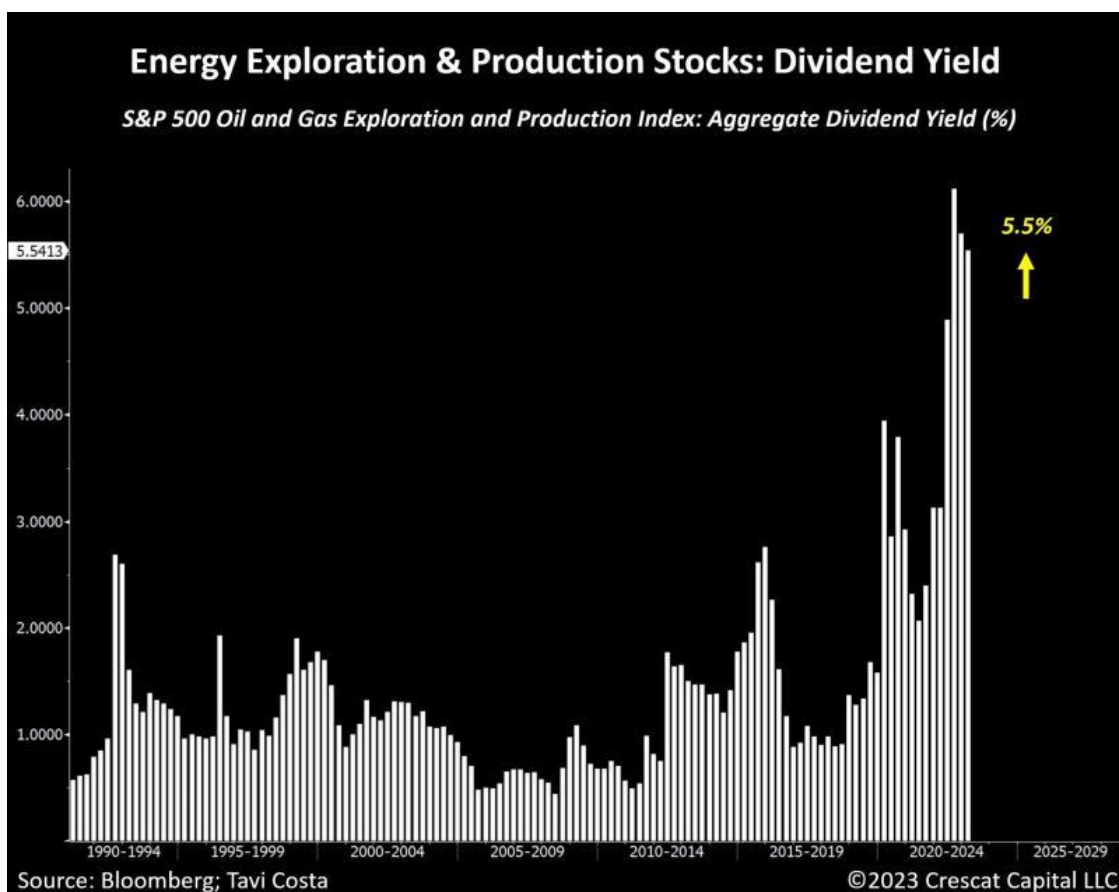
Source: Bloomberg, JPMAM. December 27, 2022.

Source: JP AM, Bloomberg



#oil #stocks

Oil and gas exploration & production companies are by far paying their highest dividend yield in history of the data



Source: Tavi Costa, Bloomberg



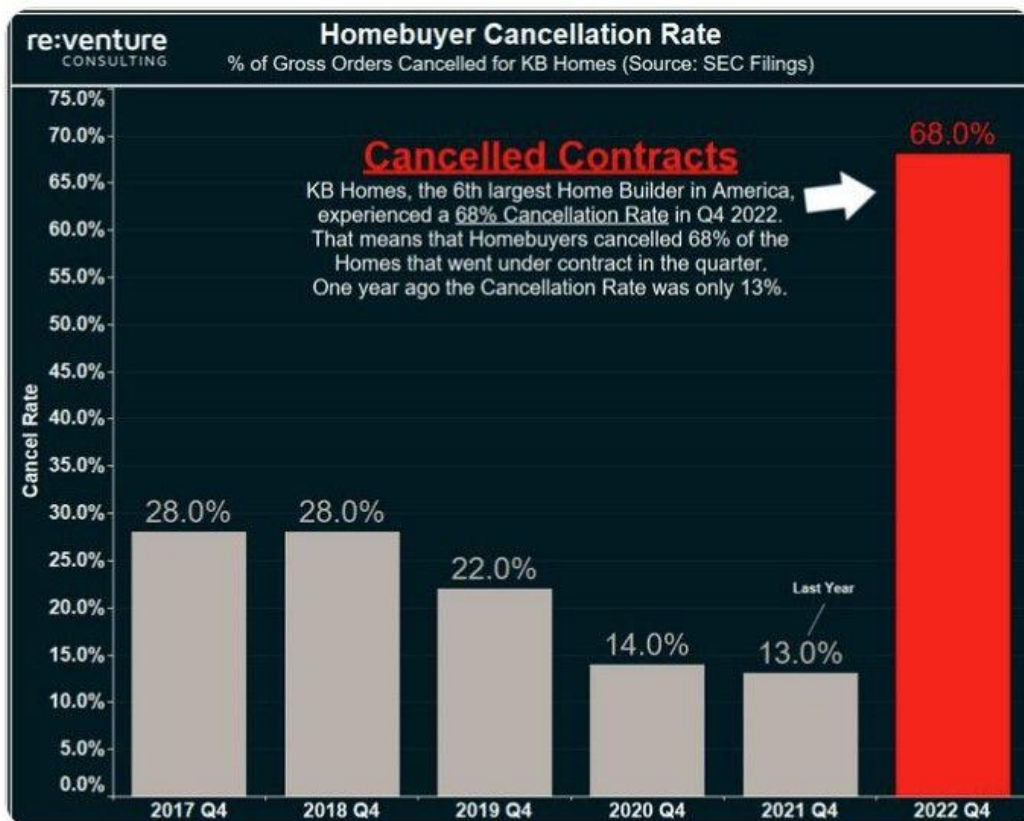
#us #homebuilders



Michael A. Arouet
@MichaelAArouet



KB Homes homebuyer cancellation rate at whopping 68% last quarter. 📌 There will be quite some unsold new homes inventory hitting the market. Chart @nickgerli1



Source: KB





#emerging-markets #equities #etf

Big flows are going into Emerging markets ETFs such as IEMG (iShares core Emerging Markets), which is now leading all ETFs YTD in cash intake. Source: Eric Balchunas, Bloomberg



Source: xxx



#china #equities

Mainland investors have been the main buyers of China equities since the start of the market recovery.



Brian Tycangco 鄭彥淵
@BrianTycangco



Mainland investor ownership of the CSOP Hang Seng Tech Index through the [#StockConnect](#) remains near ATH of 24%. No selling/profit-taking. They're holding on. Do they know something? [\\$KTEC](#) [\\$BABA](#) [\\$TCEHY](#) [\\$JD](#) [\\$MPNGF](#) [\\$BIDU](#) [\\$BILI](#) [\\$KUASF](#) [\\$KWEB](#)





#us #treasuries #weekly

Treasuries were dumped for the last two days, erasing the gains from the start of the week and dragging 30Y Yields higher on the week (as the short-end outperformed)

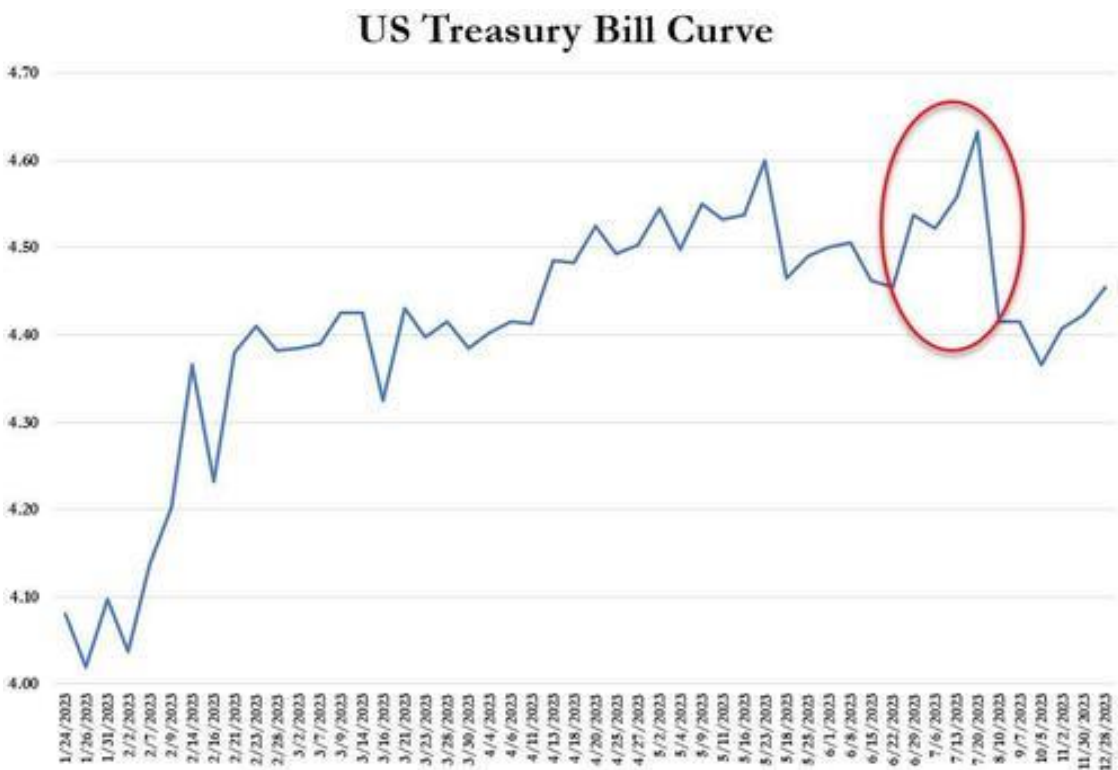


Source: Bloomberg, www.zerohedge.com



#us #treasuries

At the shortest-end of the curve, the T-Bill curve is starting to 'kink' around the June/July period in anticipation of the debt-ceiling debacle...

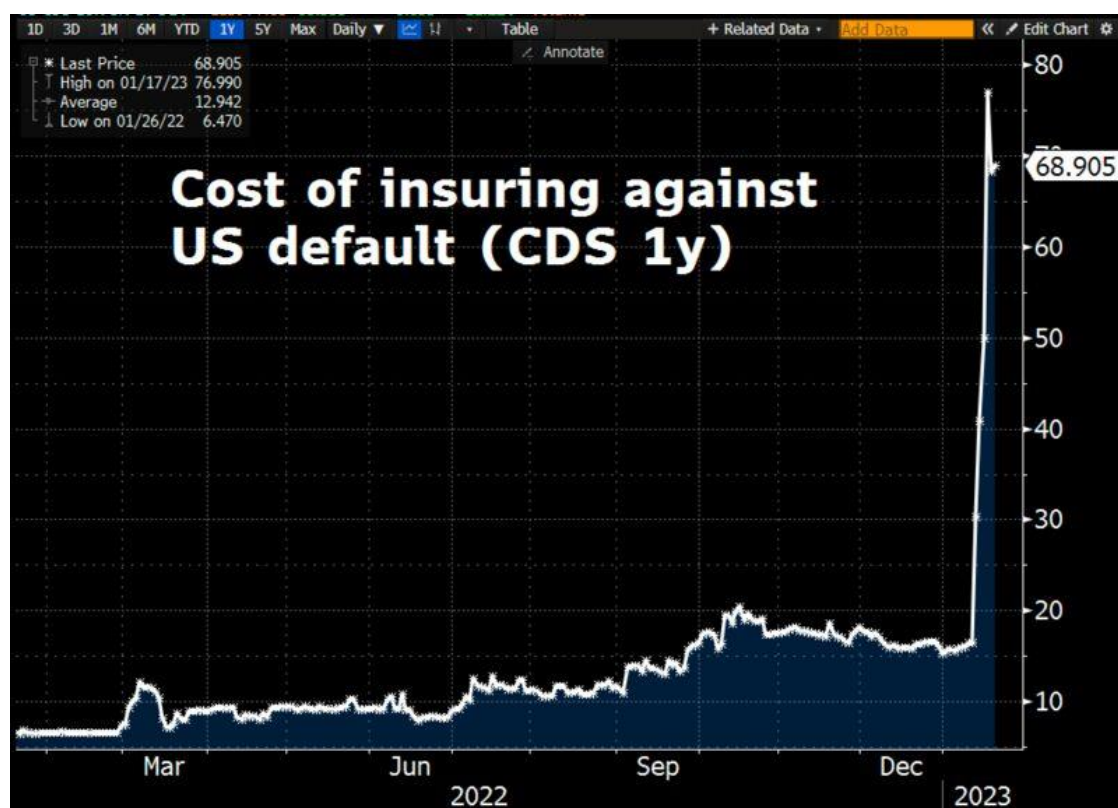


Source: www.zerohedge.com, Bloomberg



#us #cds #debt-ceiling

Cost of insuring against US default has jumped. 1y CDS price now trades at 69bps.

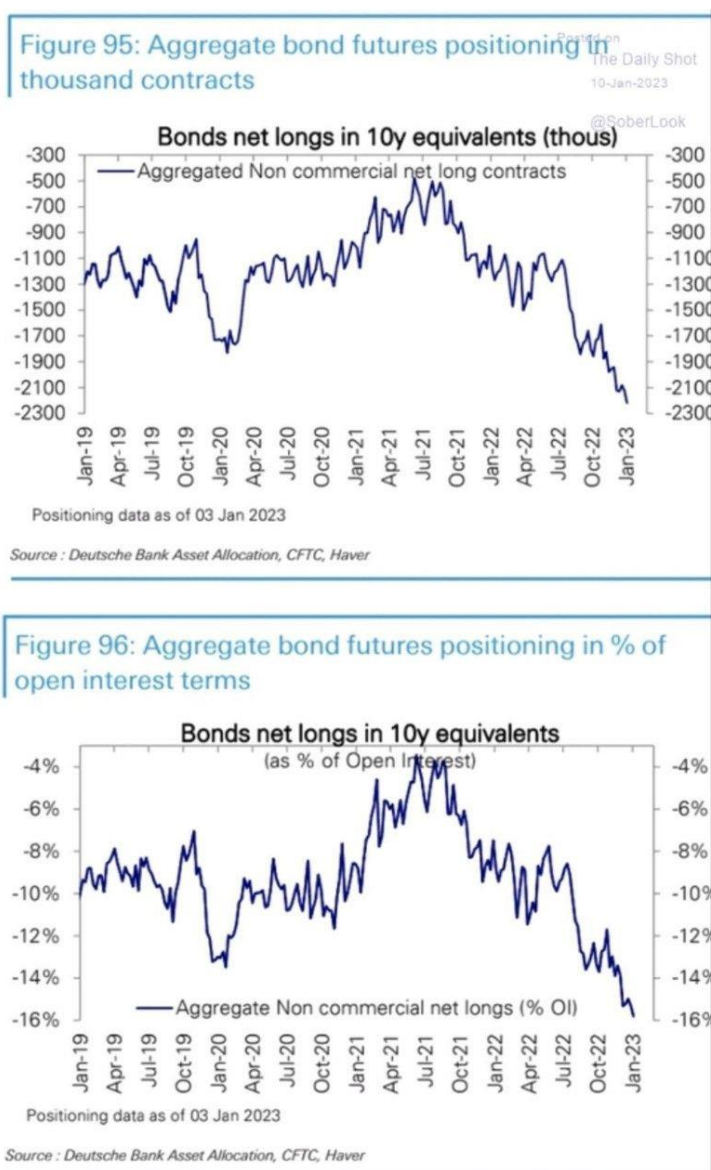


Source: Source: Bloomberg, HolgerZ



#fixed-income #investors #positioning

The big bond short. It is a significant tailwind for lower yields if inflation continues fall.



Source: DB, The Daily Shot



#us #10y #inflation #expectations

Market-based inflation expectations have moved down to 2.12%, their lowest level in 23 months (10-year breakeven rate).



Source: Charlie Bilello



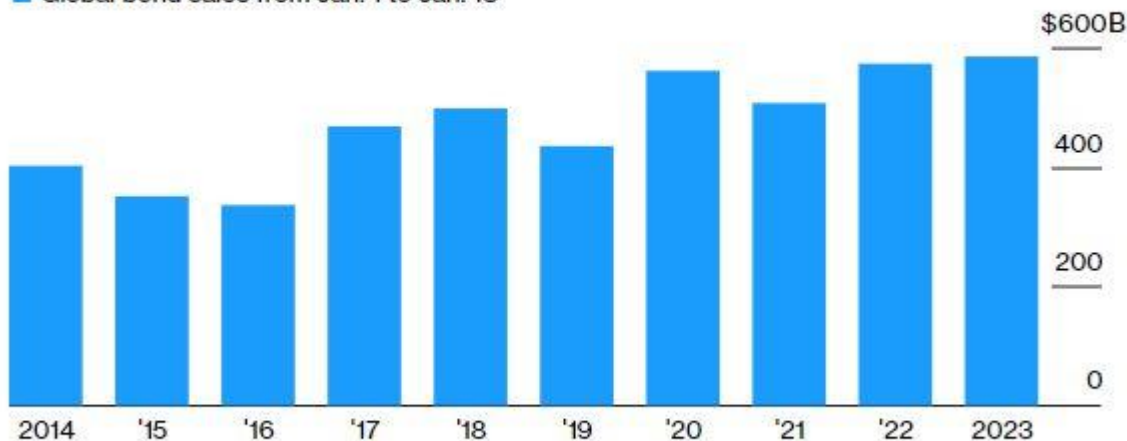
#global #bonds #issuance

Global bond sales surge to record start of nearly \$600 Billion.

Global Bond Sales Off to Record Start

Companies and governments sell nearly \$600 billion of bonds combined

■ Global bond sales from Jan. 1 to Jan. 18



Source: Bloomberg

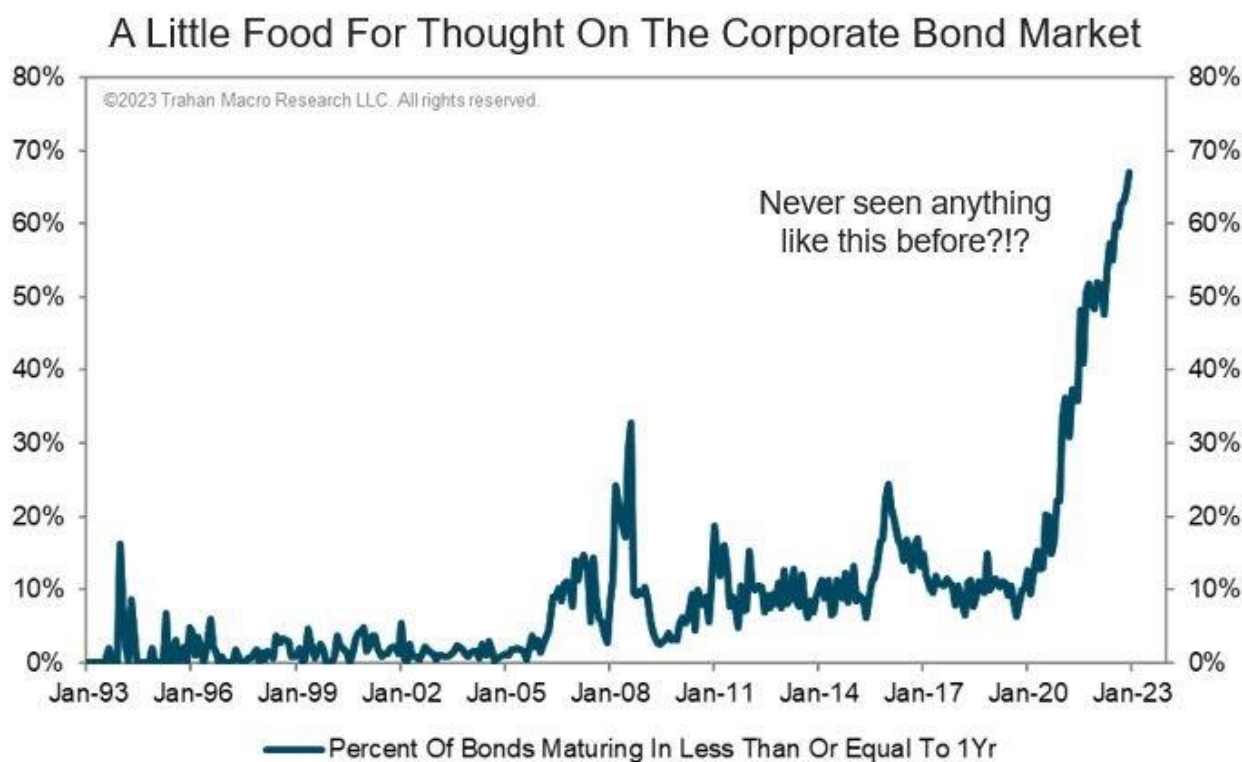
Note: Data are for bonds across multiple currencies

Source: Bloomberg



#us #corporate-bonds

Percentage of new bonds that mature in one year.

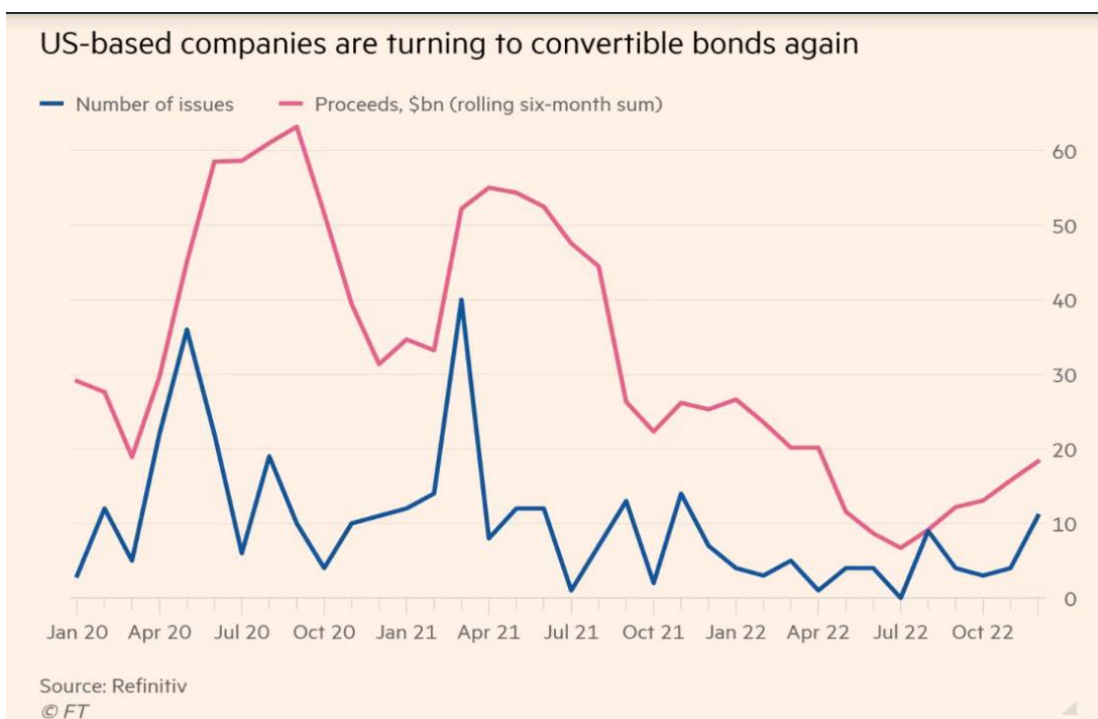


Source: Trahan Research



#us #convertibles #issuance

US companies turn to convertible bonds as equity fundraising stalls. December was the busiest month of last year for convertible issuance by deal count according to Refinitiv data, as activity picked up over the second half of 2022.



Source: FT



#dollar

The Dollar ended the week very modestly higher after some noise midweek shifted the greenback out of its narrow range...



Source: Bloomberg, www.zerohedge.com

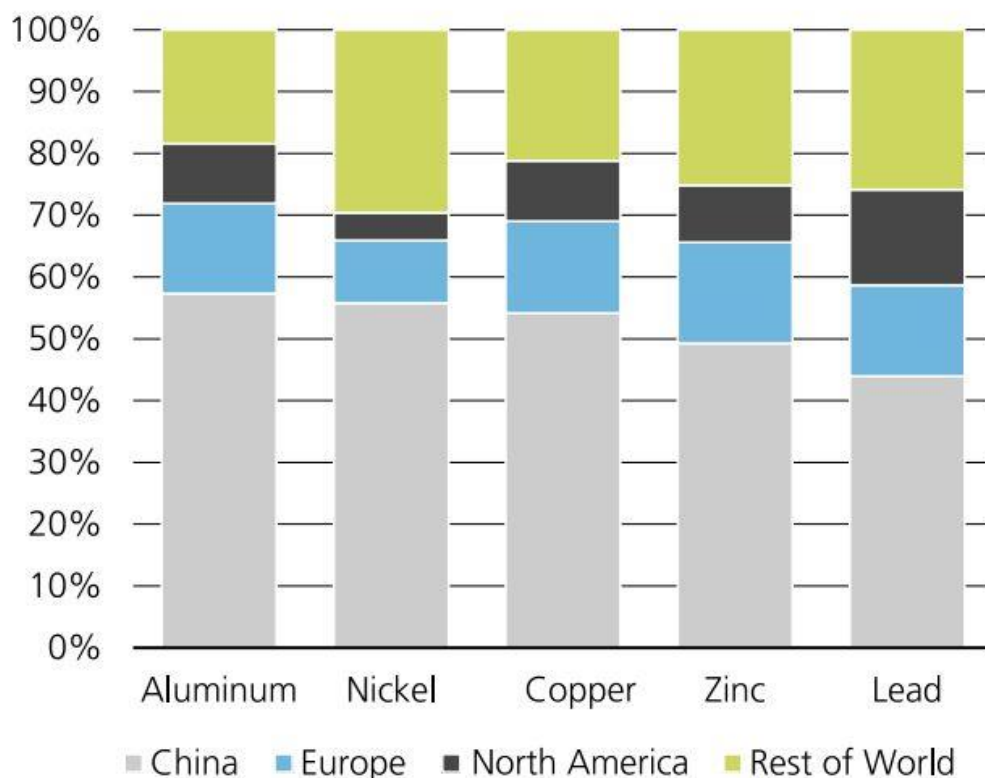


#commodities #metals

This chart from UBS shows why the China reopening could a tailwind for commodities and put upward pressure on inflation.

Chinese base metal demand in perspective

As a share of global (2021)



Source: Woodmac, UBS, as of January 2023

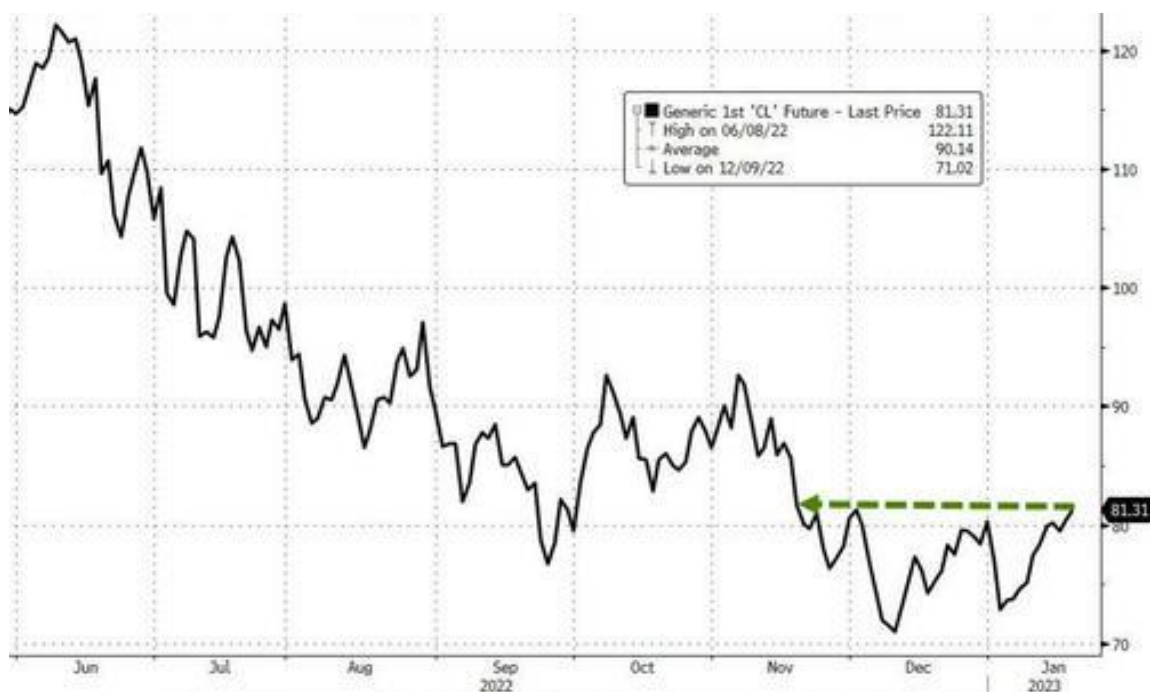


Source: Woodmac, UBS



#oil

Oil prices closed the week at their highest since November with WTI above \$81...

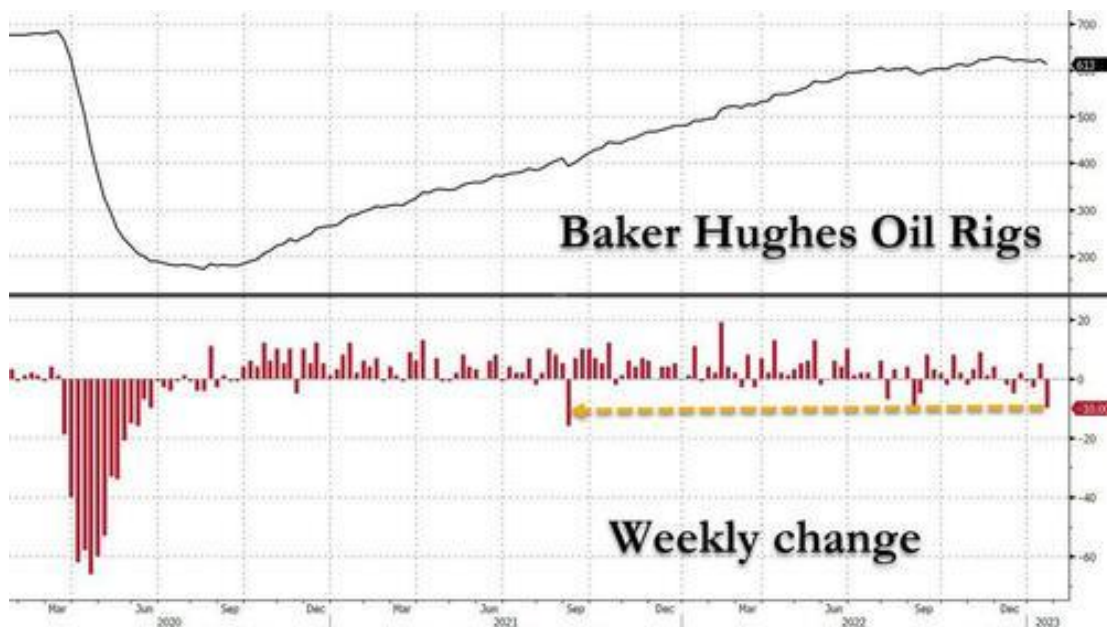


Source: www.zerohedge.com, Bloomberg



#oil #supply

Oil rigs in the United States fell by 10 this week, to 613. It is the largest single week drop in the number of oil rigs since September 2021. Gas rigs rose by 6, to 156. Miscellaneous rigs stayed the same at 2.

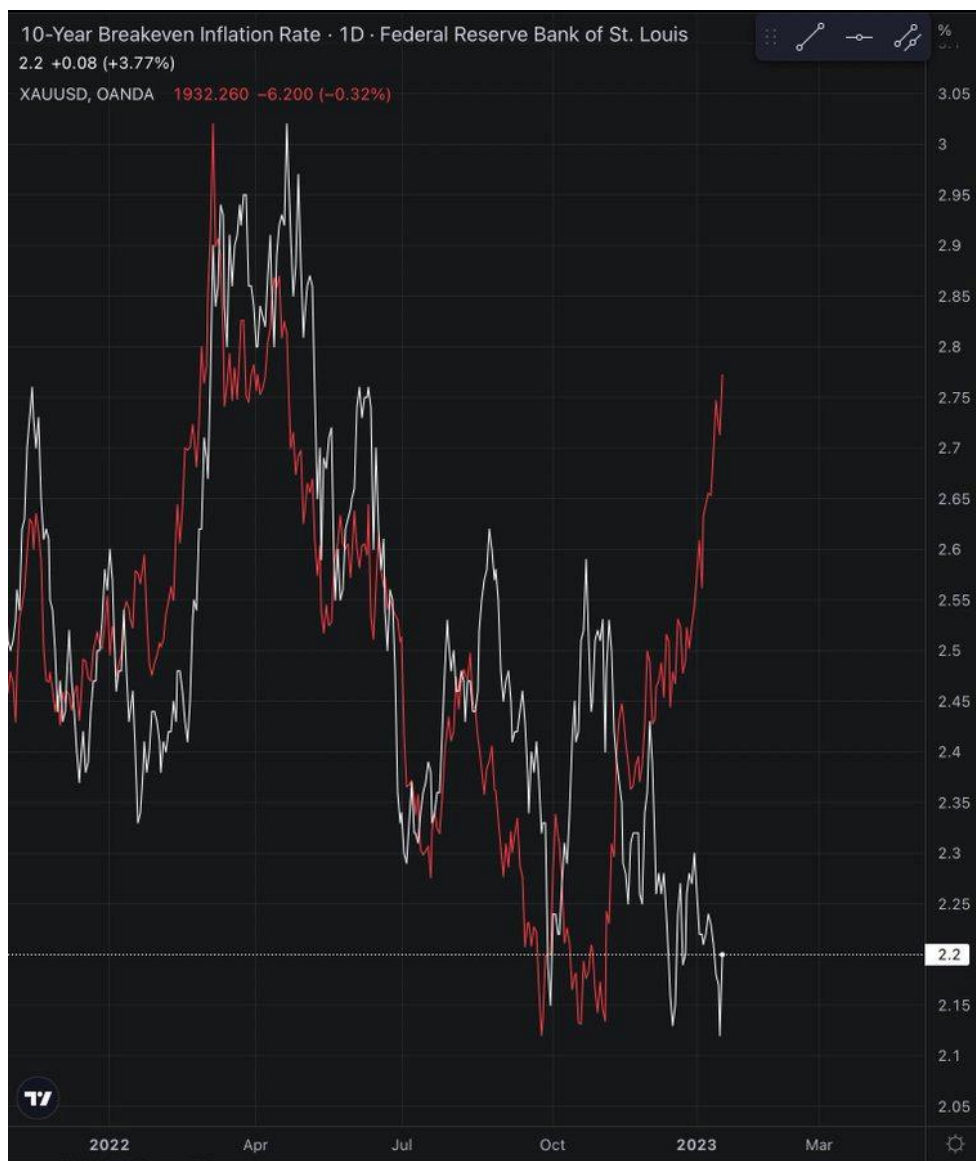


Source: Bloomberg, www.zerohedge.com



#gold #us #breakeven-inflation-rate

Gold (in red) vs. 10y breakeven Inflation rate (in white)



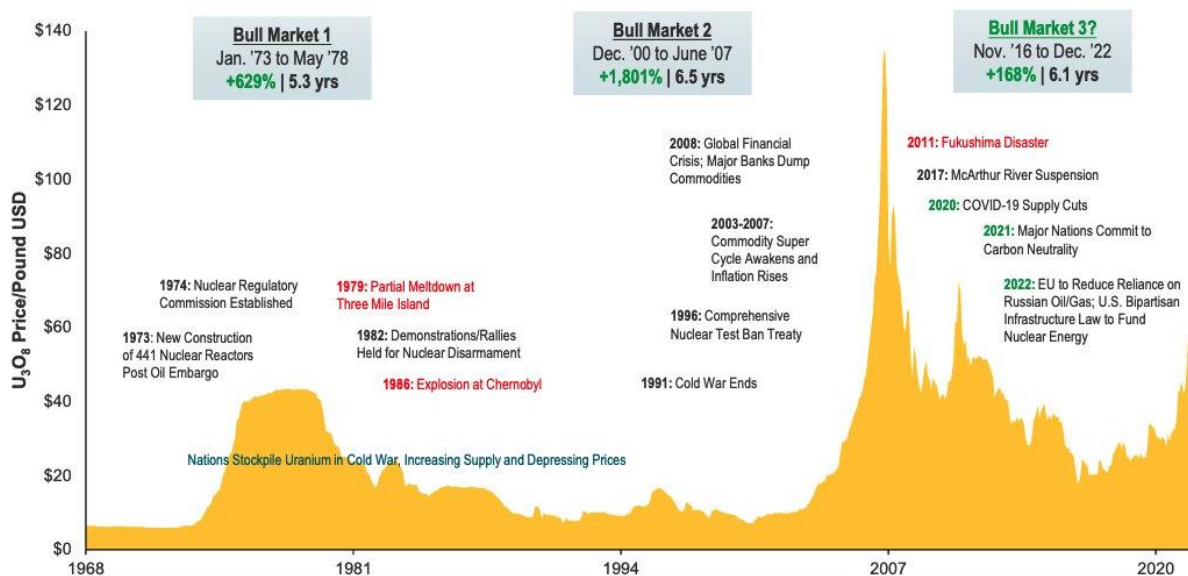
Source: Alessio Urban



#uranium

Is a new uranium bull market under way?

- Growing production/demand imbalance and future utility contracting provide primary price support



Note: A "bull market" refers to a condition of financial markets where prices are generally rising. A "bear market" refers to a condition of financial markets where prices are generally falling.
Source: TradeTech LLC. Data as of 12/31/2022.



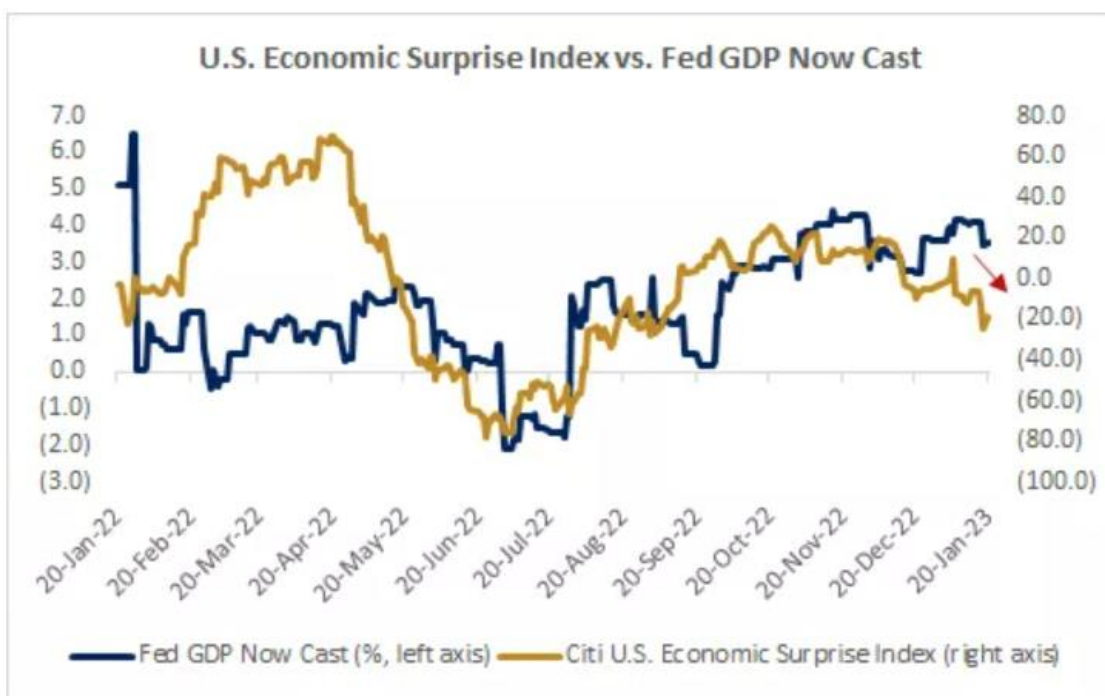
Source: Spratt



#macro

#us #growth

U.S. economic surprise index and the Federal Reserve's inflation nowcast which have both started to move lower in recent months.



Source: Edward Jones, Bloomberg



#us #retail-sales



In nominal terms, US Retail Sales still appear to be strong, rising 5.2% over the last year.

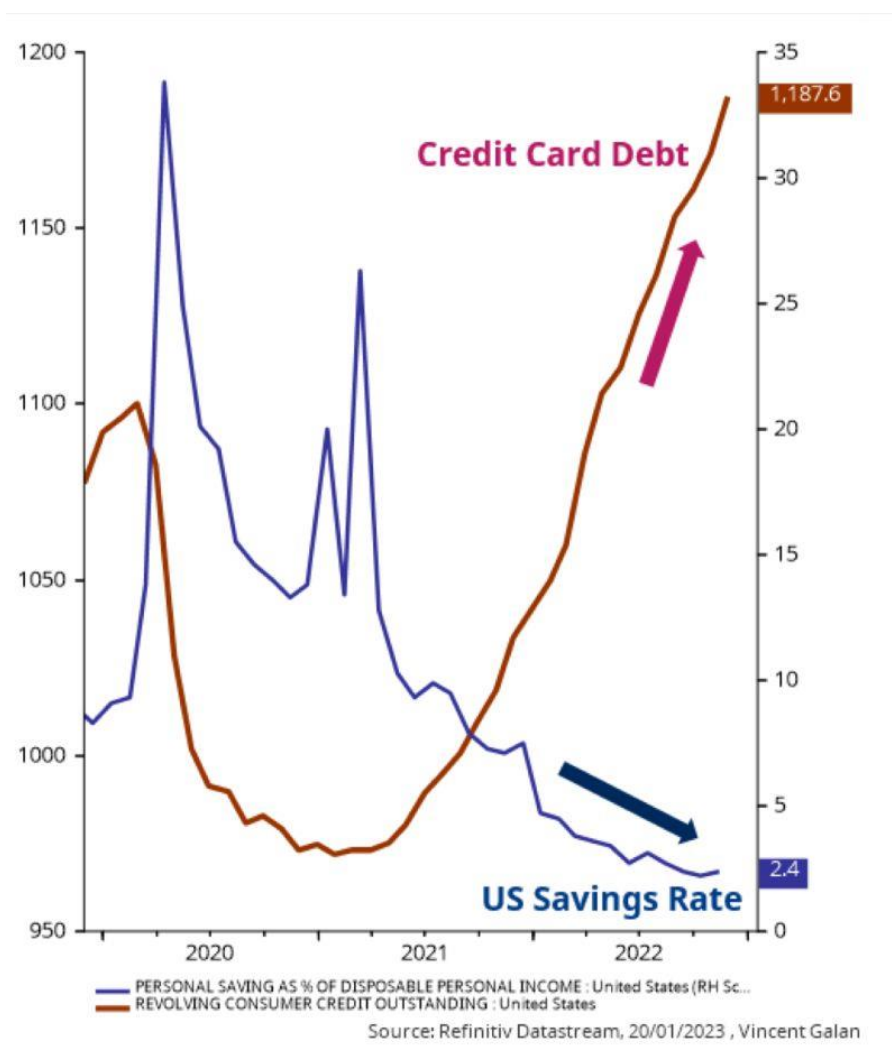
But after adjusting for inflation, the story changes. Real Retail Sales peaked in March 2021 & are down 1.2% over the last year. This was the 4th consecutive month w/ a YoY real decline.





#us #consumer

“The US consumer is VERY strong!”. Or not...
What could go wrong in a context of rising interest rates?



Source: Vincent Galan

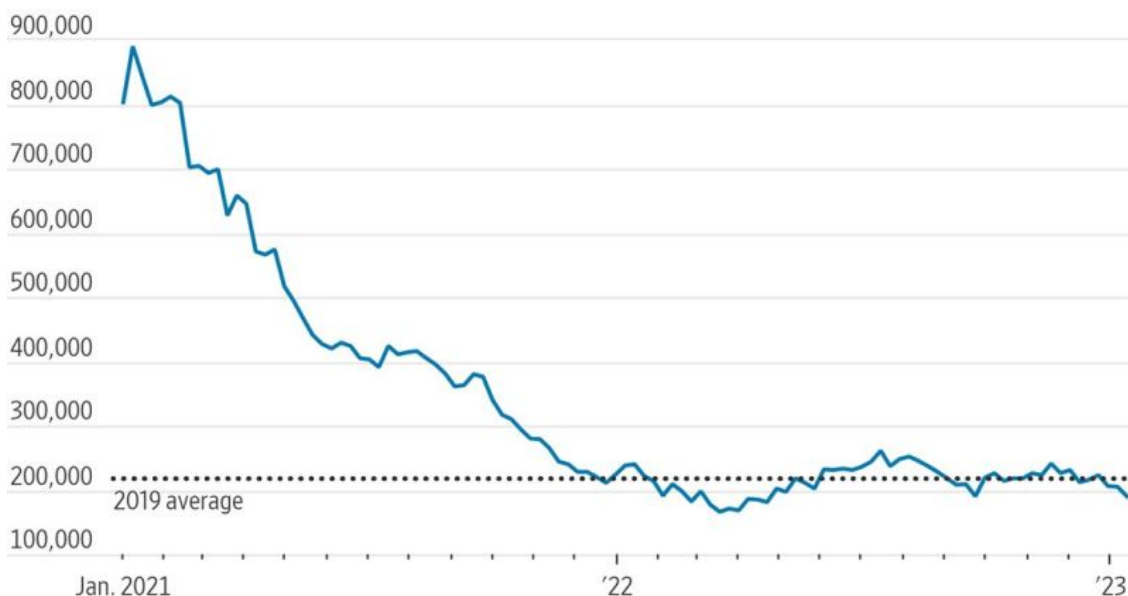




#us #jobs

Google layoffs, Microsoft, Amazon etc,. Still, the labor market in tech sector is tight and these people are able to find job again. US first time application for unemployment benefits remains low.

U.S. first-time applications for unemployment benefits



Note: Seasonally adjusted.

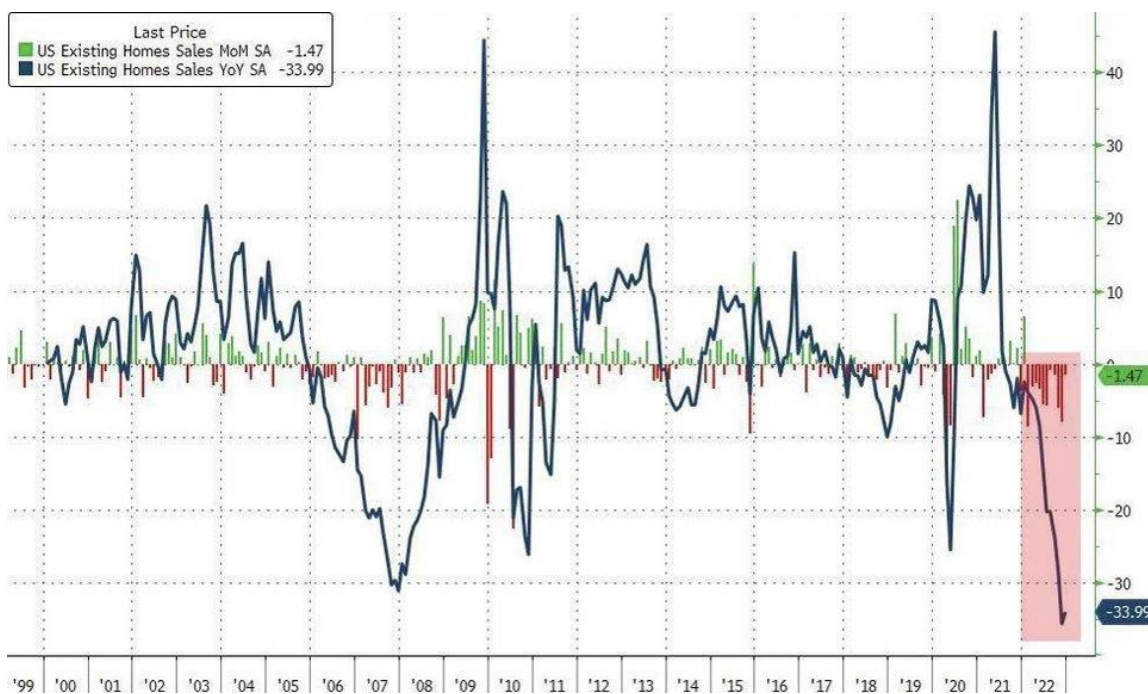
Source: U.S. Employment and Training Administration via St. Louis Fed

Source: St Louis Fed, Alessio Urban



#us #home-sales

US Existing Home Sales decrease - largest ever annual decline



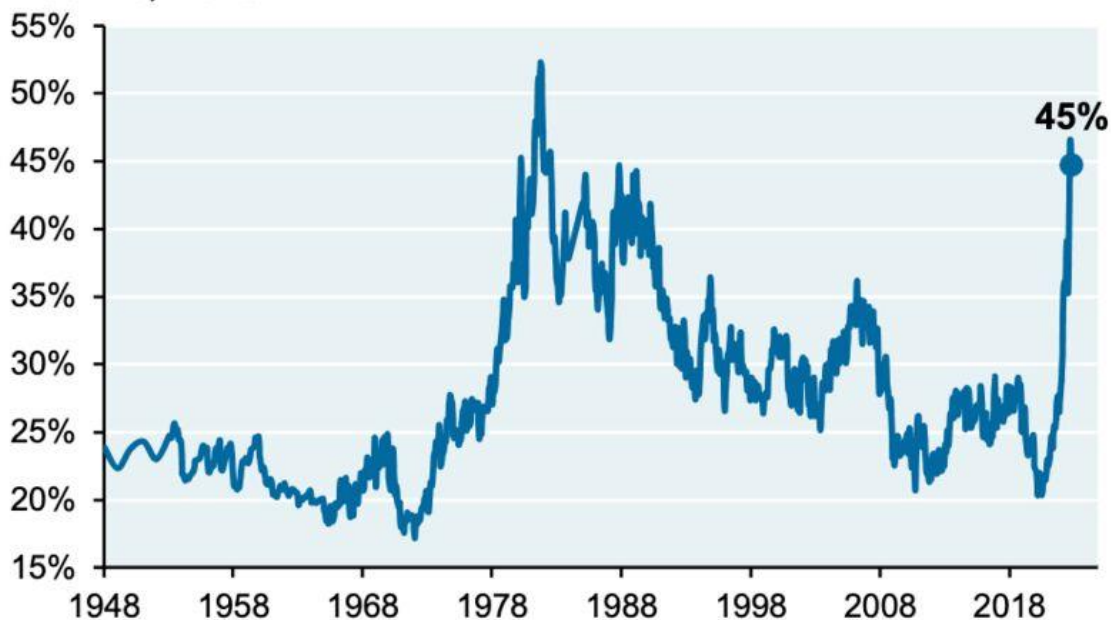
Source: Bloomberg, www.zerohedge.com



#us #housing

This is the highest mortgage cost as a percentage of household income in decades...another reason home ownership is unaffordable for many. Prices have to come down unless rates start to ease.

Annual mortgage cost as a percentage of household income, Percent



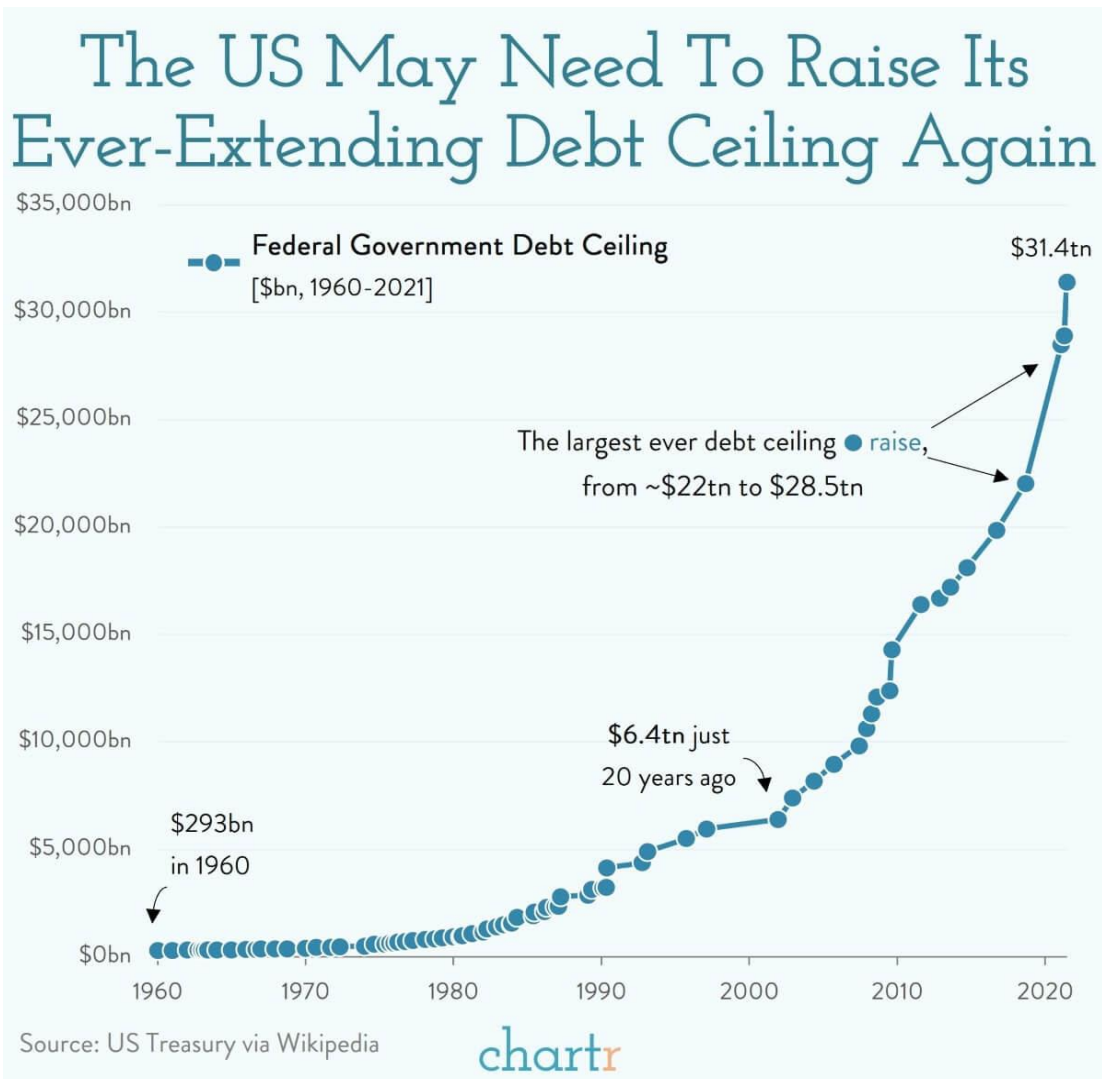
Source: Census, Shiller, Freddie Mac, Bloomberg, JPMAM. November 2022.

Source: JPM AM, Mayhem4Markets



#us #debt-ceiling

On Thursday, the Federal government hit its debt ceiling, the borrowing limit on the federal budget, which is currently set at a whopping \$31.4 trillion.



Source: Charttr



#us #debt-ceiling

While politics generate substantial headlines, they tend not to be a long-term driver of market performance. In the last several instances of more severe debt-ceiling showdowns, including 1995, 2011 (when S&P downgraded the U.S. credit rating), and 2013, markets were higher in the 12-month period after the debt ceiling was resolved

Event	Dates	Performance, During Standoff	Performance, 1 month after	Performance, 12 months after	Notes
1995 Debt Ceiling Standoff	Oct 1995 - Mar 1996	10.0%	1.3%	19.9%	Two periods of government shutdowns (5 and 21 days)
2011 Debt Ceiling Standoff	May 2011 - Aug 2011	(5.2%)	(6.9%)	10.4%	S&P downgrades U.S. credit rating from AAA to AA+
2013 Debt Ceiling Standoff	May 2013 - Oct 2013	3.2%	4.5%	8.2%	Government shutdown for 16 days
Average		2.7%	(0.4%)	12.8%	

Source: Bloomberg, past performance is not a guarantee of future returns

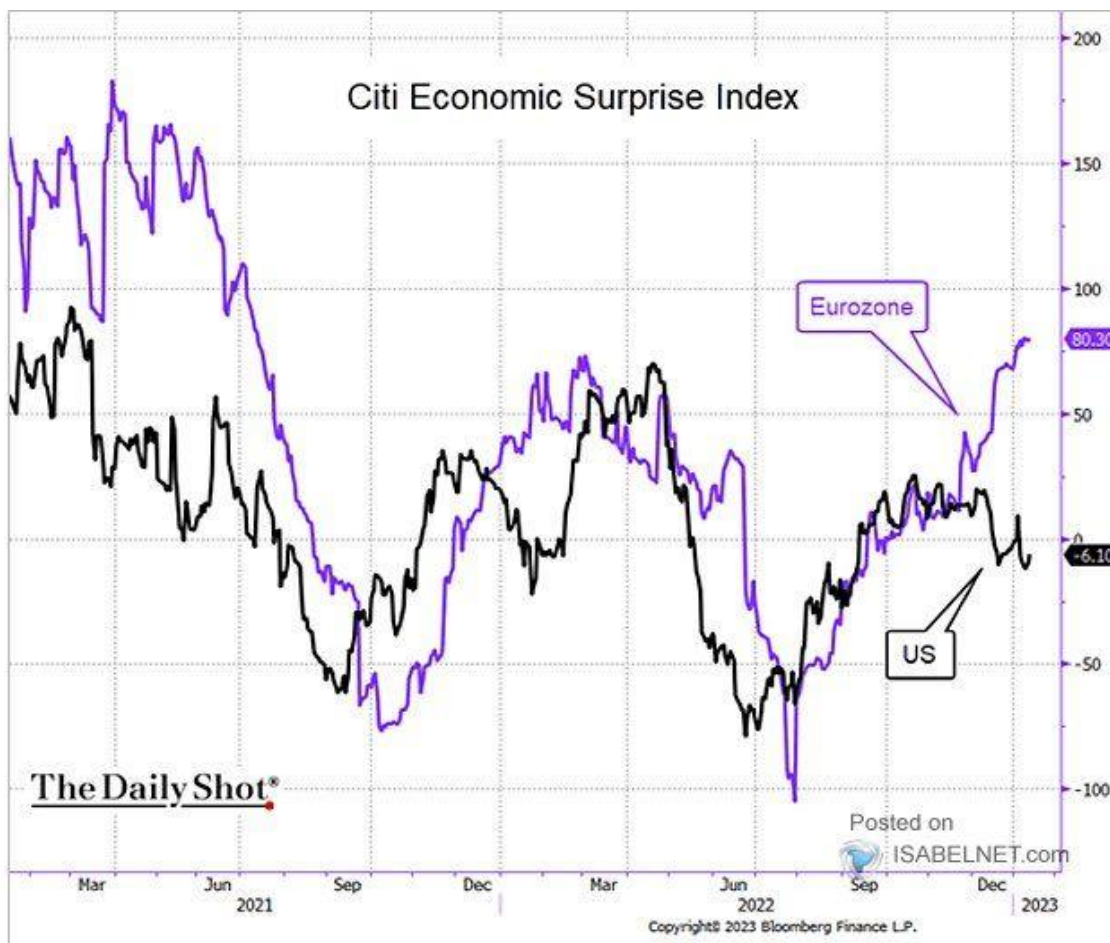
Source: Edward Jones





#eurozone #macro #surprises

An interesting chart: fiscal policies measures are helping european countries, meantime the US are dealing with debt ceiling.

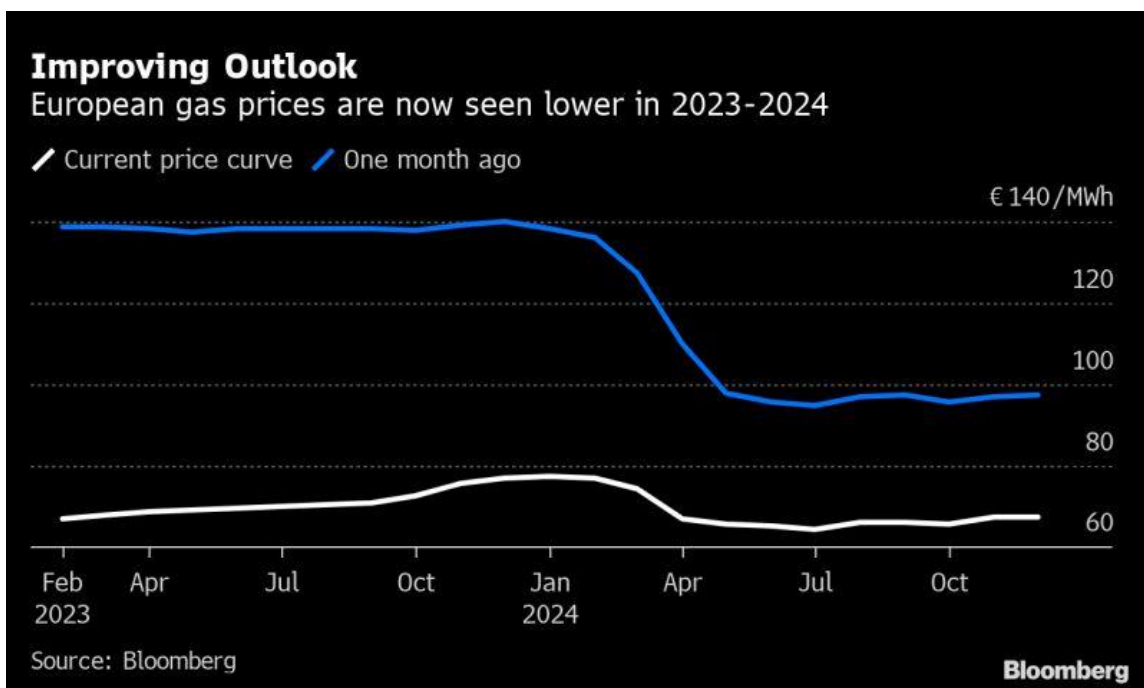


Source: The Daily Shot, Alessio Urban



#eu #gas-prices

What a difference a month makes. European gas price curve has moved massively.

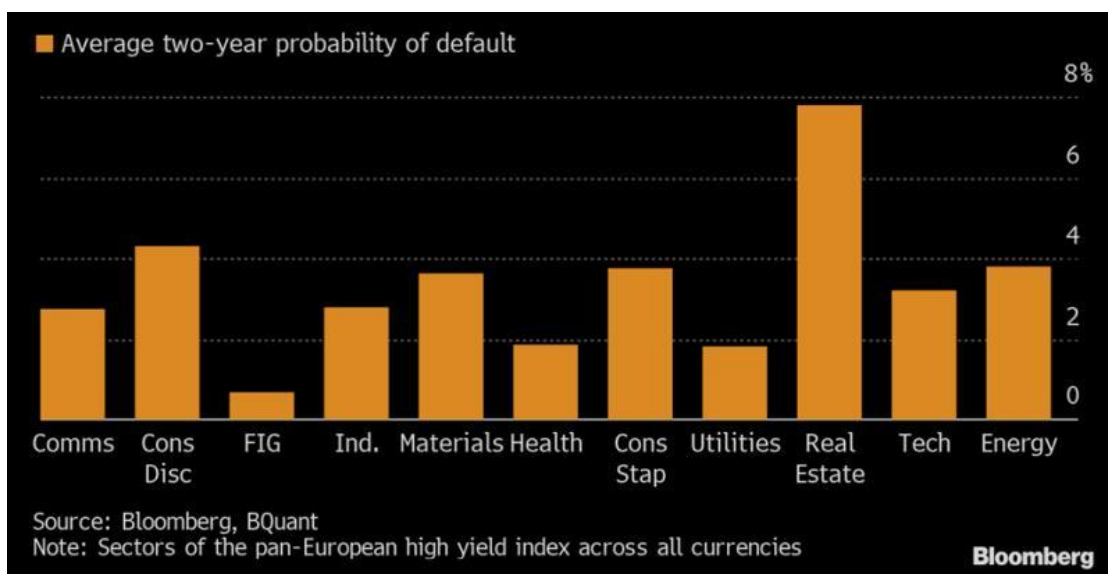


Source: Bloomberg



#european #real-estate

One of the main consequences of the sharp rise in interest rates is the level of damage it could have on the real estate sector. The European high yield market is already anticipating complicated months ahead for the real estate sector with a cumulated default probability of 8% over the next two years , the highest of all sectors. Is the worst to come?



Source: Bloomberg



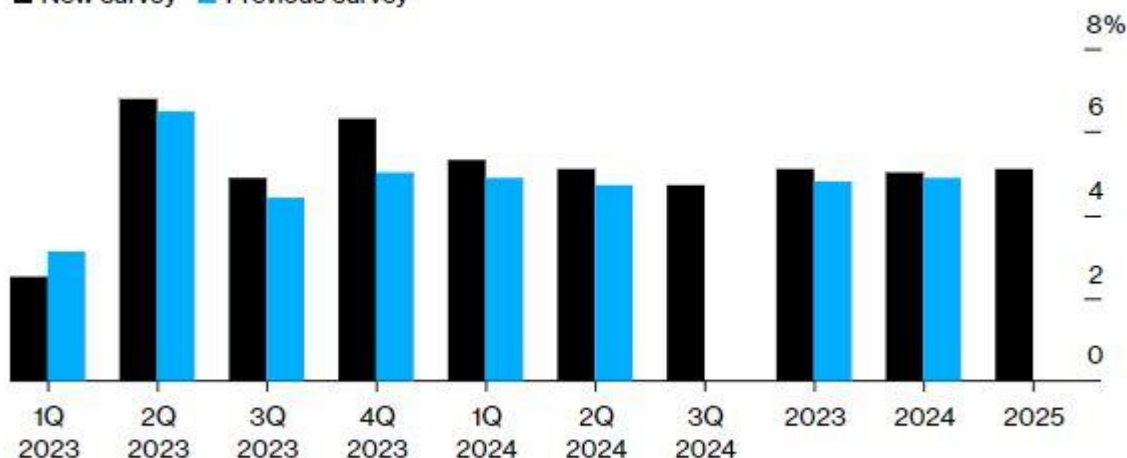
#china #growth #outlook

China's growth forecasts raised into next year as country reopens.

China's Growth Outlook Upgraded

Economists raise GDP growth forecasts as country reopens

■ New survey ■ Previous survey



Source: Bloomberg survey

Note: Previous forecasts for 3Q 2024 and 2025 are not available.

Source: - Bloomberg



#japan #inflation

Japan Core CPI rose to 4% YoY in December 2022, after rising 3.7% in the previous month, marking the strongest #inflation since Dec1981 on the back of high prices of imported raw commodities and the weakness of the Yen.



Source: Bloomberg



Source: xxx



#eggs-flation

A new “Meme” stock is born...

Average Price of Eggs



Source FRED. Eggs, Grade A, Cost per Dozen.

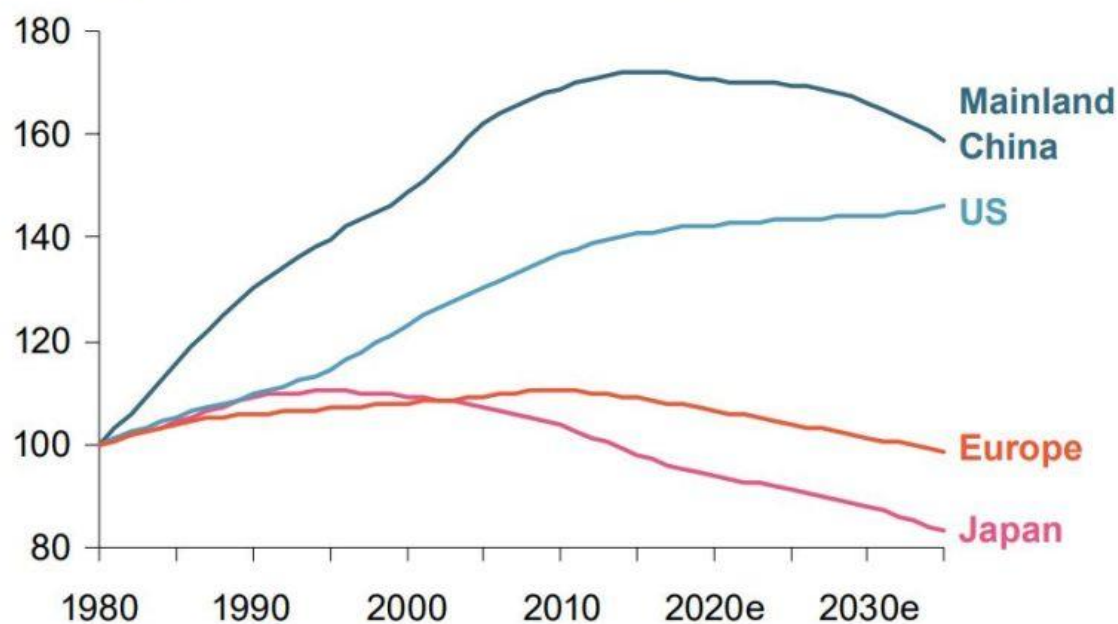
Source: Fred

#macro

#demographics

US trajectory of population in the working age is very different than in other super-powers.

Working age (16-64) population, 1980=100

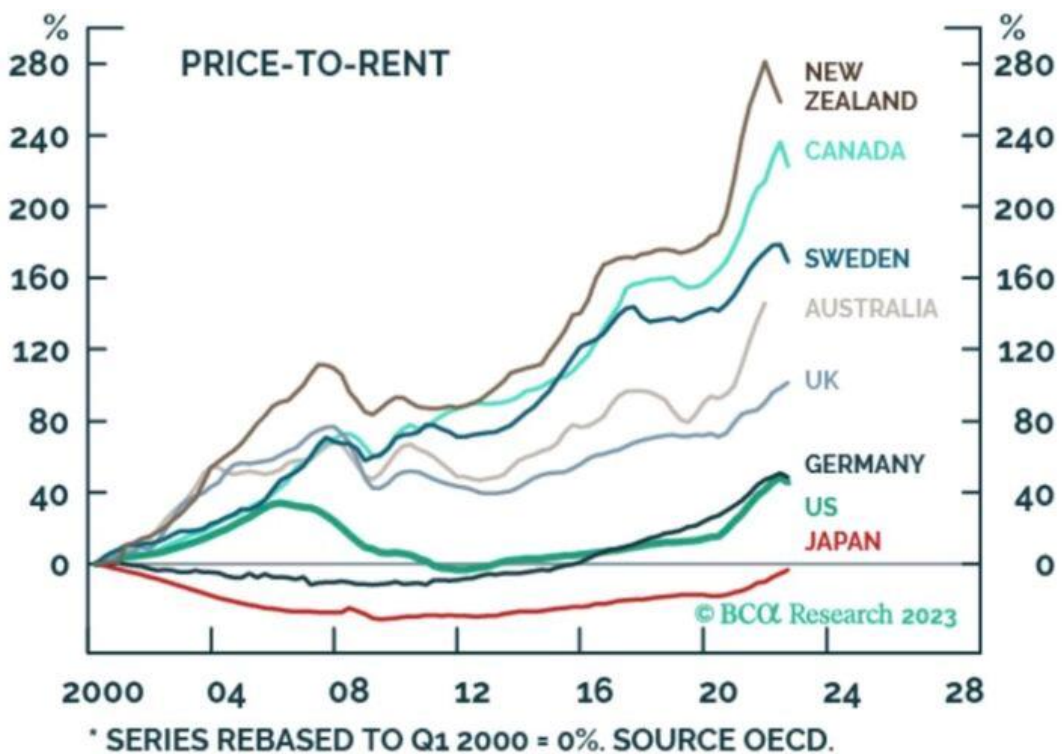


Source: Source: Michel A.Arouet

#macro

#global #housing #valuations

Change in house prices to rents ratio

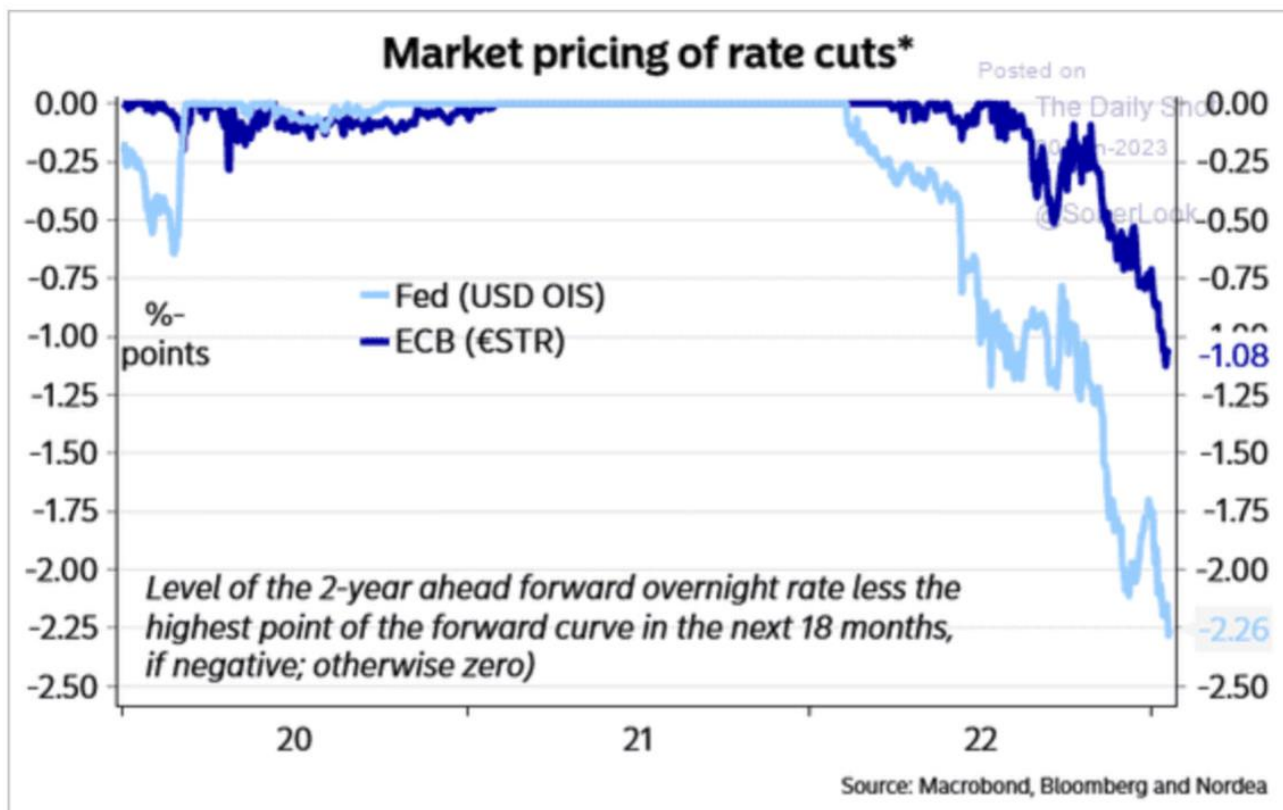


Source: BCA

#centralbanks

#rate-cuts #expectations

The unprecedented dissonance between Central Banks and markets placing their bets... The chart below shows how much the market expect the ECB and the Fed to cut rates over the next two years.

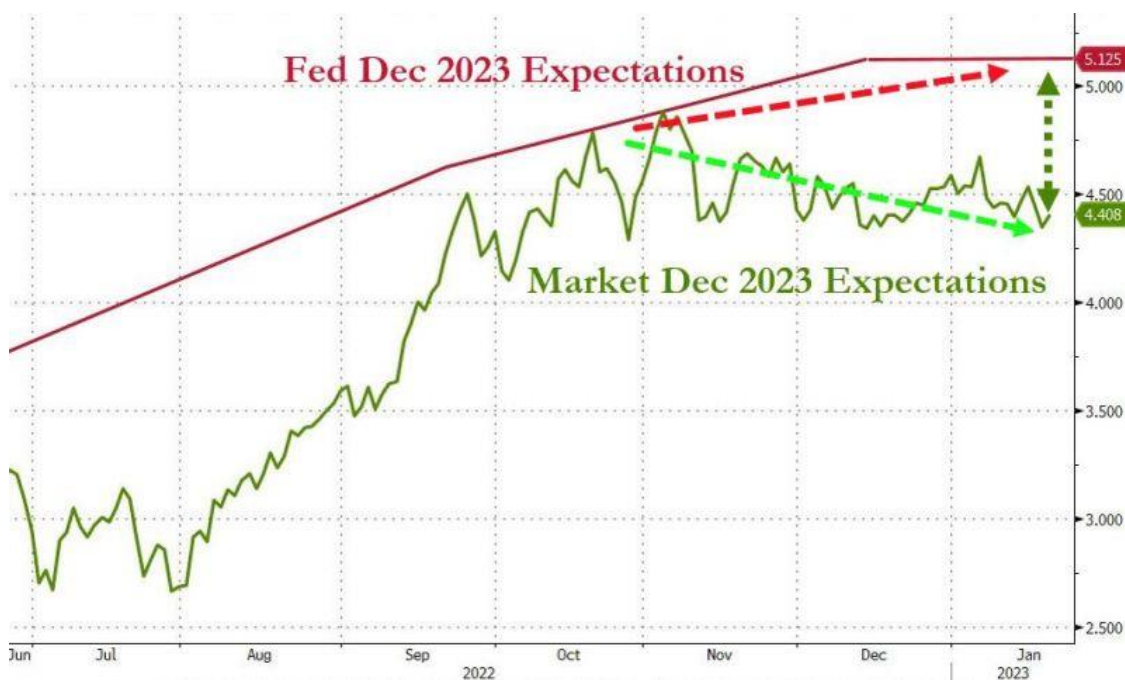


Source: Macrobond, The Dailyshot, Nordea

#centralbanks

#fed #rates #expectations

The market remains almost 75bps (3 x 25bps) more dovish than The Fed for where rates are at the end of this year...



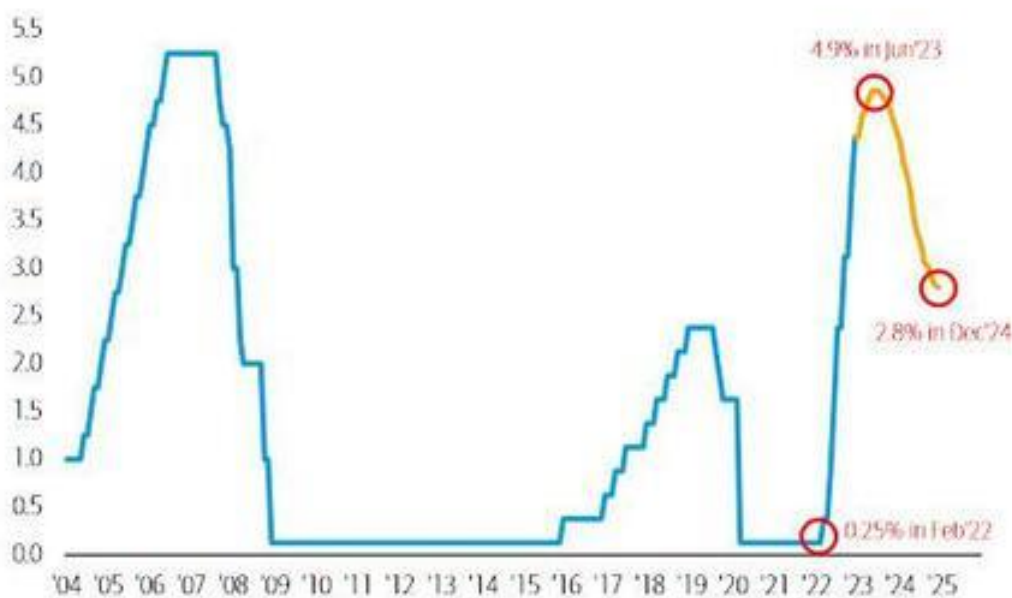
Source: Bloomberg, www.zerohedge.com

#centralbanks

#fed #rates #expectations

The market expects 210 basis points rate cuts in the next 18 months

Chart 4: Market sees 55bp hikes in 1H23, 210bp cuts next 18m
Current market pricing for Federal Funds Rate (%)



Source: BofA Global Investment Strategy, Bloomberg. As of 12 Jan'23. Fed funds rate expected in 12 months minus effective fed funds rate.

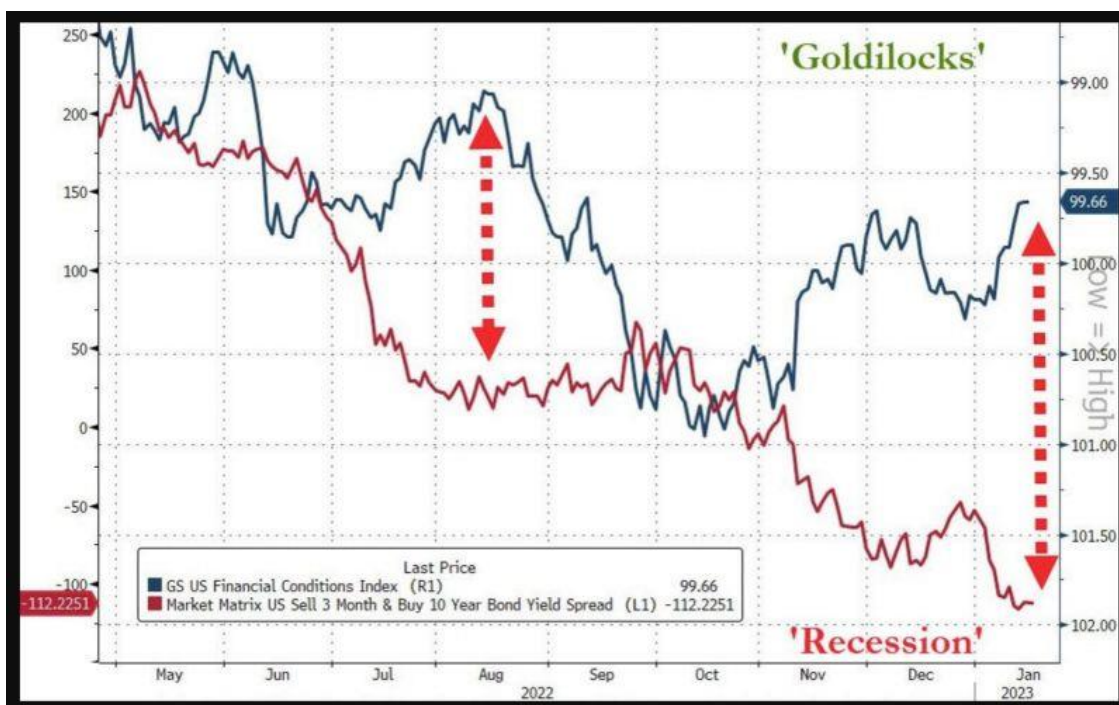
BofA GLOBAL RESEARCH

Source: BofA

#centralbanks

#us #financial-conditions

The market's decoupling between "goldilocks" financial conditions easing (in blue) and "recession" yield curve inversion (in red) continues to widen.



Source: Bloomberg, www.zerohedge.com

#centralbanks

#ecb #markets #expectations

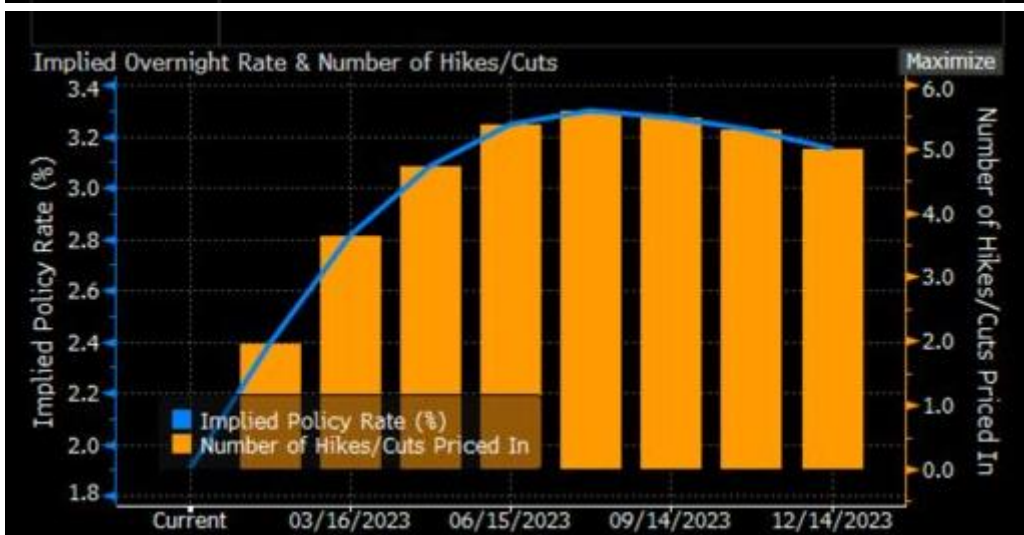
Markets are re-pricing ECB interest rate expectations w/terminal rate now at 3.29%, 130bps above current depo rate, as Christine Lagarde promises to ‘stay the course’ on high interest rates at WEF 2023.

Region: Eurozone » Instrument: Overnight Index Swaps »

Target Rate 2.0000 Pricing Date 01/19/2023

Effective Rate 1.9020 Cur. Imp. O/N Rate 1.902

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
02/02/2023	+1.950	+195.0%	+0.487	2.389	0.250
03/16/2023	+3.645	+169.6%	+0.911	2.813	0.250
05/04/2023	+4.712	+106.7%	+1.178	3.080	0.250
06/15/2023	+5.364	+65.2%	+1.341	3.243	0.250
07/27/2023	+5.590	+22.6%	+1.398	3.300	0.250
09/14/2023	+5.480	-11.0%	+1.370	3.272	0.250
10/26/2023	+5.283	-19.7%	+1.321	3.223	0.250
12/14/2023	+4.996	-28.8%	+1.249	3.151	0.250



Source: Bloomberg, HolgerZ

#centralbanks

#ecb #hawkish

 **Wall Street Silver** 
@WallStreetSilv ...

2023 should be interesting ...   

Italy and Greece probably cannot handle too much of this without a 2012 style debt crisis.

BREAKING 

 **WATCH LIVE** 

DAVOS WEF

European Central Bank member says will not stop at one single 50 basis point hike, 'that's for sure'

PUBLISHED THU, JAN 19 2023 • 2:31 AM EST
UPDATED 15 MIN AGO

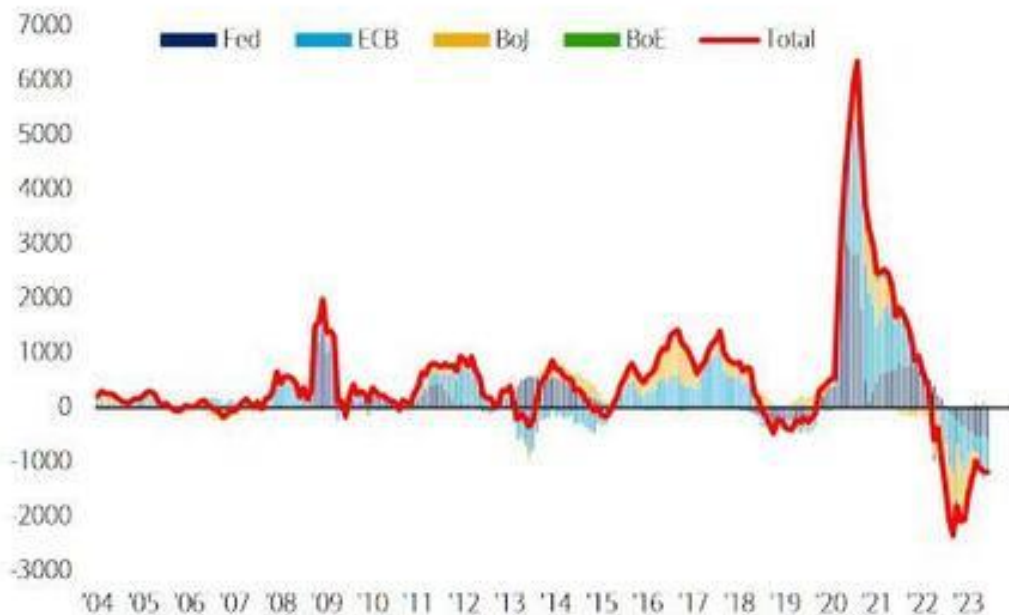
Posted in r/Wallstreetsilver by u/BoatSurfer600  reddit

#centralbanks

#central-banks #balance-sheets

G4 governments set to issue almost \$6tn of bonds in '23! Ironically, this coincides with central banks' balance sheets set to decline in six months from \$23.5tn in Dec'22 to \$21tn by Jun'23 thanks to QT, or US \$570bn, ECB €60bn, BoE £40bn as shown below.

Chart 10: Central banks' assets to drop to \$21tn by Jun'23
6m/6m change in G4 central banks' total assets (\$bn)



Source: BofA Global Investment Strategy, Datastream, Bloomberg

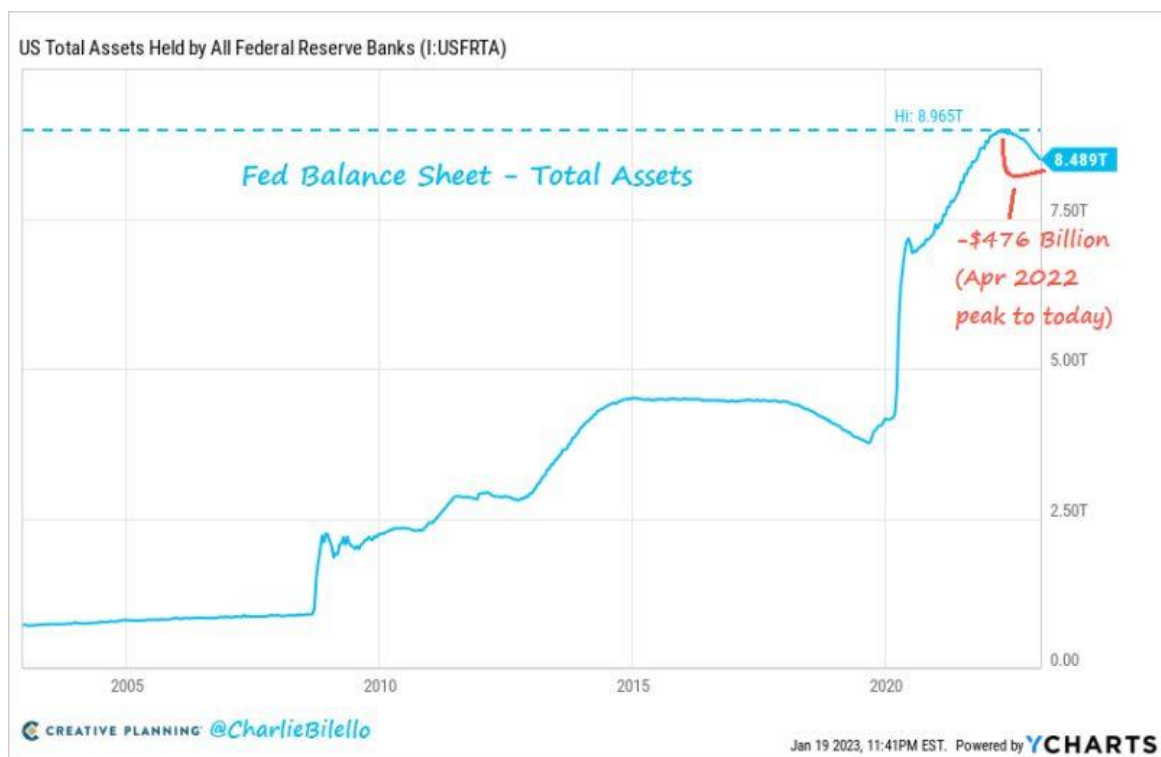
BoFA GLOBAL RESEARCH

Source: BofA

#centralbanks

#fed #balance-sheet

The Fed's balance sheet hit its lowest level since October 2021 this week, down \$476 billion from its peak in April 2022. But it is still \$4.3 trillion higher than where it was at the start of 2020.



Source: Source: Charlie Bilello

#centralbanks

#boj #balance-sheet

In just the past 7 months, the BoJ bought ¥76tn JGBs (\$550 billion) in debt equal to 14% of Japan's GDP = that's \$3.6bn every trading day in its "heroic" attempt to defend its failed YCC policy.

Chart 11: BoJ bought ¥76tn JGB past 7 mos = 14% of Japan's GDP
BoJ outright purchases of JGBs(¥76tn JGB = \$550bn)



Source: BofA Global Investment Strategy, Datastream, Bloomberg

BofA GLOBAL RESEARCH

Source: BofA

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

21 JANUARY 2023
21 JANUARY 2023



#cryptos #weekly

Cryptos rallied this week with Ethereum outperforming Bitcoin (and Solana leading them all)...



Source: www.zerohedge.com, Bloomberg



#bitcoin

Bitcoin is up for the 16th day of the last 17 days, closing above \$22,000, at its highest since September 2022 (above the November pre-FTX-plunge highs)...

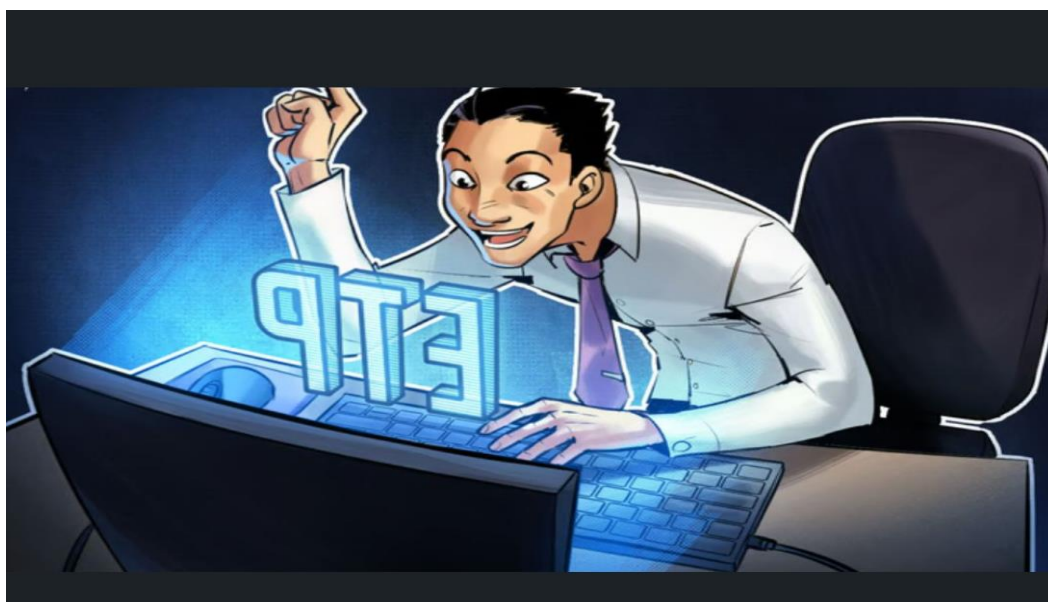


Source: www.zerohedge.com, Bloomberg

#cryptos

#crypto #staking

21Shares is betting on proof-of-stake (PoS) coins by launching a new crypto exchange-traded product (ETP) dedicated to staking. The ETP starts trading on the local stock exchange BX Swiss under the ticker STAKE. The 21Shares Staking Basket Index ETP tracks proof-of-stake cryptocurrencies including Binance Coin, Cardano, Cosmos, Polkadot, Solana and Tezos, the company said. The 21Shares staking index methodology was built in collaboration with Swedish index provider Vinter. The index will rebalance on a semi-annual basis in March and September to reflect market shifts.



Source: The Block

#cryptos

#ftx #sbf

Nearly \$700M Worth of Assets Linked to Sam Bankman-Fried, FTX Seized by US

The assets, including more than 55 million shares in Robinhood, were seized as part of the case against the FTX founder and former CEO.



By [Jason Nelson](#)

📅 Jan 21, 2023

🕒 2 min read



Source: Decrypt

#cryptos

#gemini #bankruptcy

Gemini, Hedge Funds, and a DeFi App: Bankrupt Genesis Reveals List of Creditors

Genesis owes \$3.6 billion to 50 different creditors including investment firms, hedge funds, and at least one consumer-facing DeFi app.

By [Will McCurdy](#)

Jan 20, 2023
3 min read

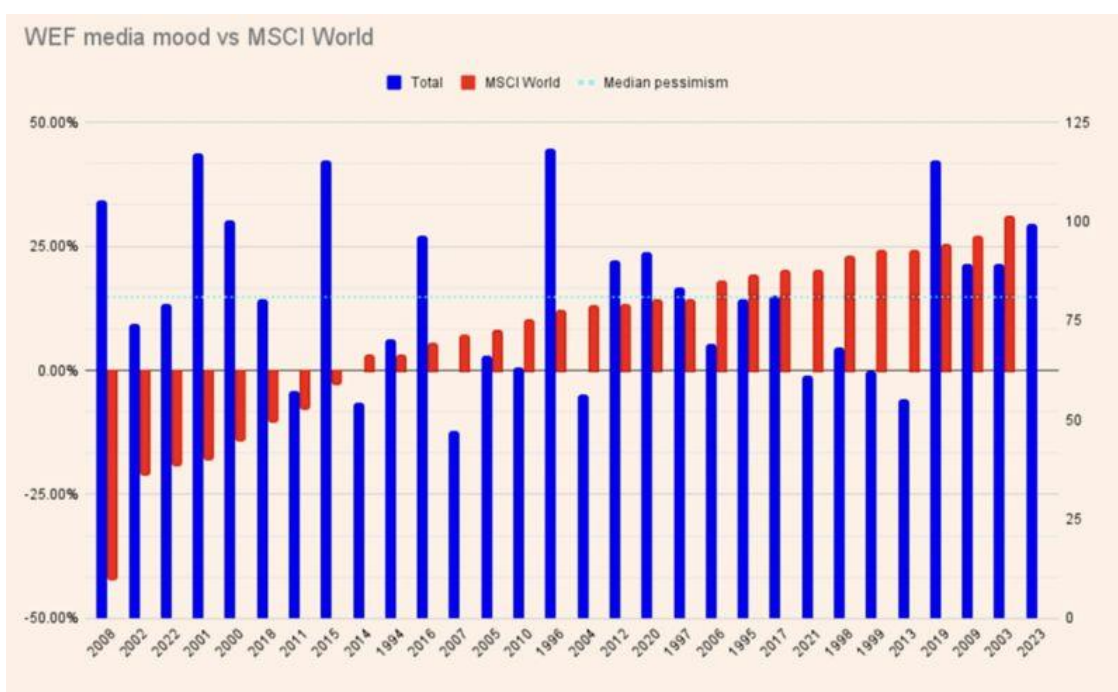


Source: Decrypt

#food-for-thought

#davos-mood #equities #return

Davos mood has no predictive power. Neither it's useful to predict the future nor you can use it as a contrarian indicator.



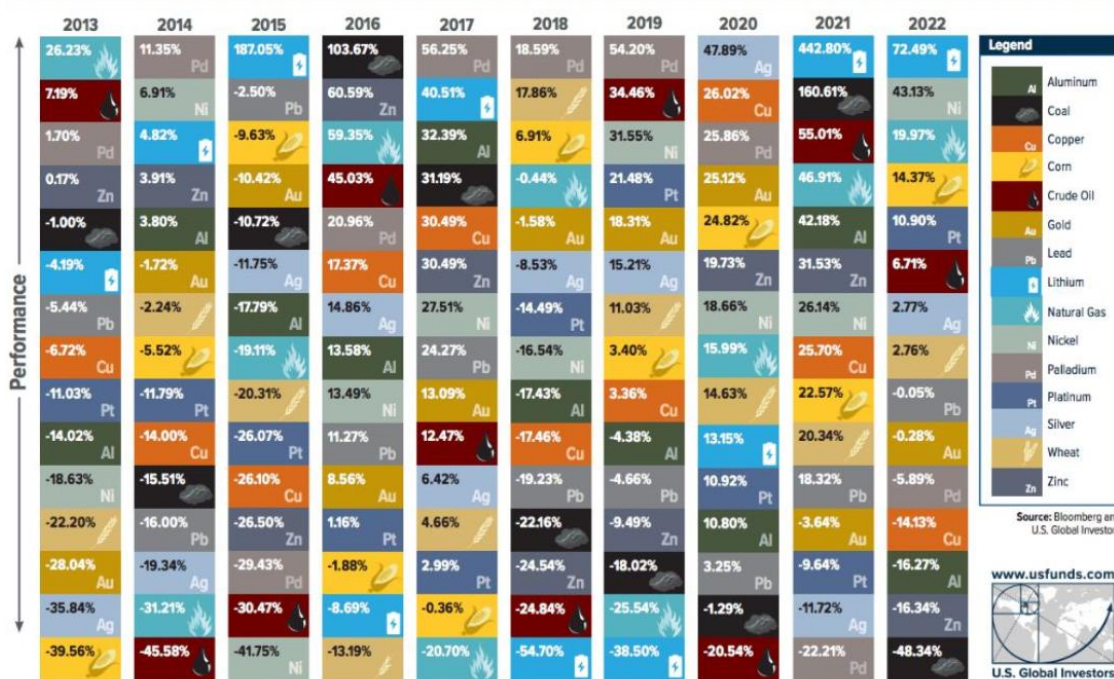
Source: FT, HolgerZ

#food-for-thought

#commodities

The periodic table of commodity returns (2013-2022).

The Periodic Table of Commodities Returns 2022



Natural resources are the building blocks of the world, essential to progress and prosperity. These commodities, like all investments, can have wide price fluctuations over time. This table shows the ebb and flow of commodity prices over the past decade and illustrates the principle of mean reversion—the concept that returns eventually move back towards their mean or average. The price movement of commodities is historically both seasonal and cyclical. That's why when investing in natural resources, we believe it is important for your portfolio to hold a diversified basket of commodities and to be actively managed by professionals who understand these specialized assets and the global trends impacting them. As with all investments, diversification does not protect an investor from market risks and does not assure a profit, and of course, past performance does not guarantee future results. Returns are based on historical spot prices or futures prices.

Source: The Visual Capitalist

#food-for-thought

#dollar #buying-power

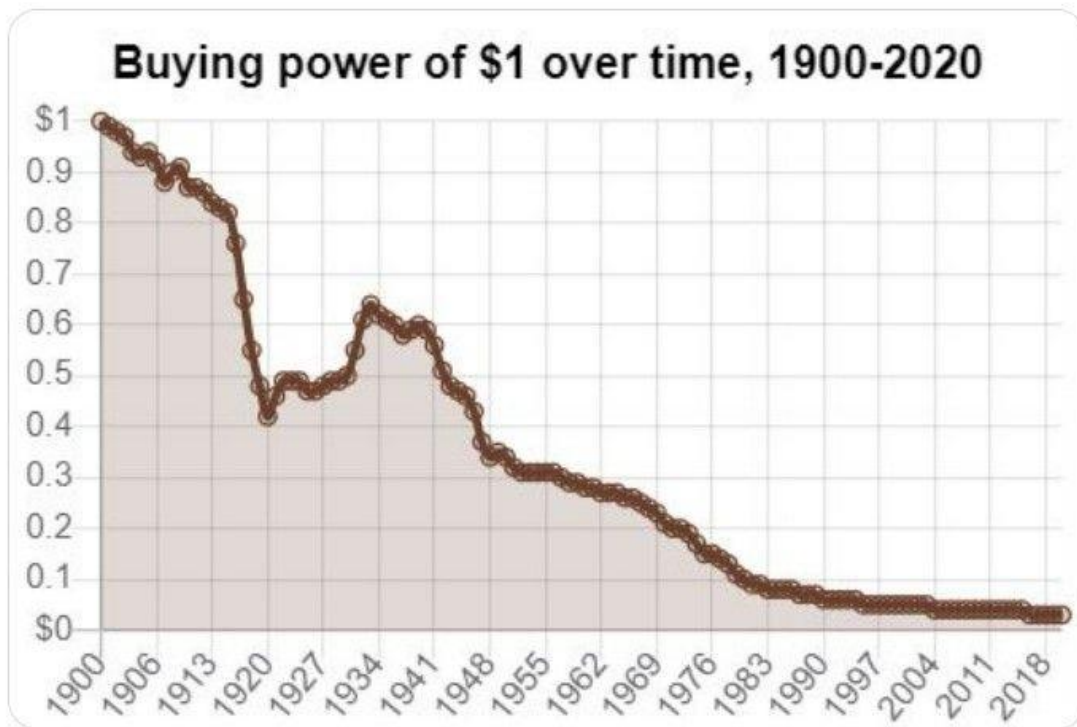
Not investing is risky.



Compounding Quality
@QCompounding



Not investing is risky:



Source: Compounding Quality

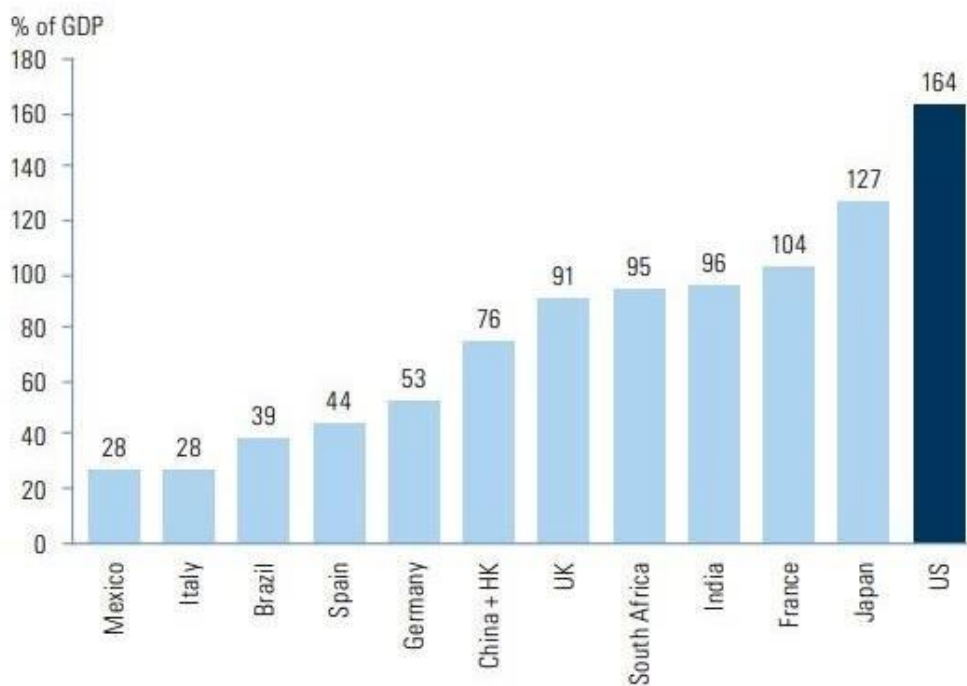
#food-for-thought

#us #dominance

Equity market cap of different countries as a share of GDP.

Exhibit 61: Equity Market Capitalization as a Share of GDP per Country

The US equity market stands at 164% of GDP.



Data as of December 31, 2022.
Source: Investment Strategy Group, Bloomberg.

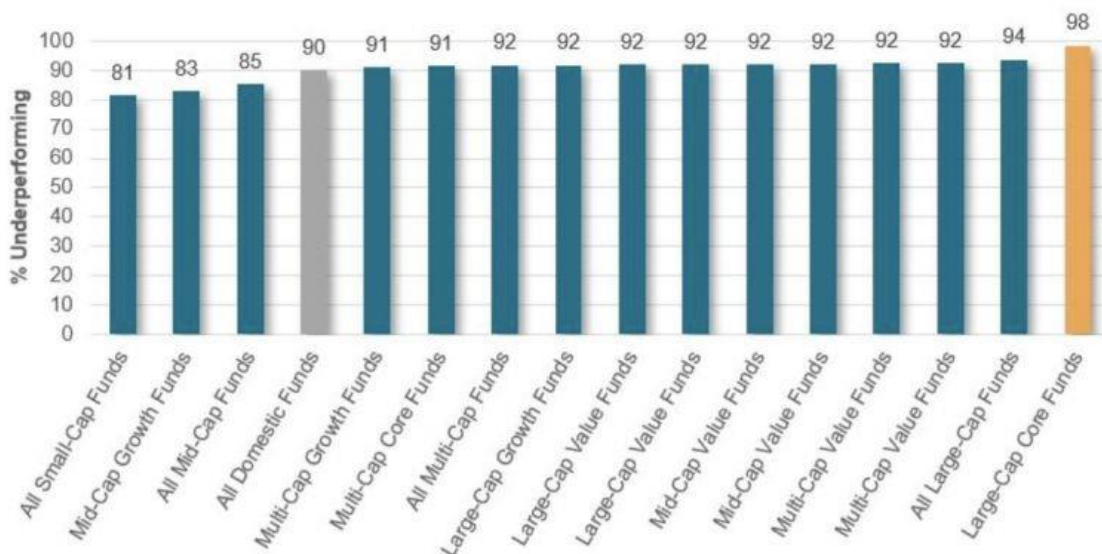
Source: Goldman Sachs

#food-for-thought

#us #equities #funds #active-management

Generation of UNDER PERFORMANCE. Only 10% of all domestic active equity funds have beaten S&P 500 over last 30 years. Only 2% of large cap core funds. Below chart shows % of funds underperforming by category.

Exhibit 1: Active Equity Funds versus the S&P 500



Sources: S&P Dow Jones Indices LLC, CRSP, Lipper. Data from Dec. 31, 1992, to Sept. 30, 2022, as compared to the S&P 500 total return in USD. For details on the methodology applied, see S&P DJI's SPIVA U.S. Scorecard. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

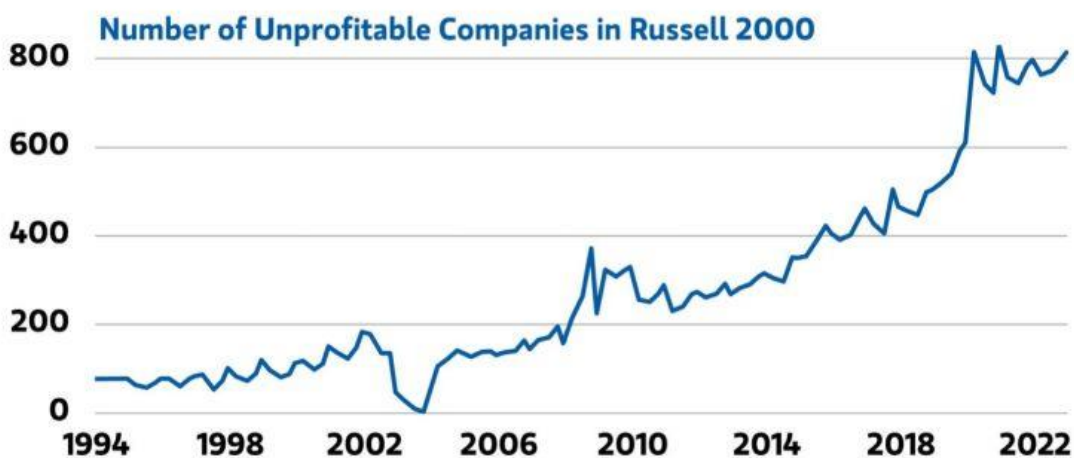
Source: CRSP, Lipper

#food-for-thought

#us #unprofitable #companies

40% of Russell 2000 companies were unprofitable last year. Add higher #interestrates to roll their debt to the equation and as painful as it will be for shareholders and employees, long overdue clean-up is necessary..

Exhibit 40: A Record Number of Russell 2000 Companies Have Been Unprofitable



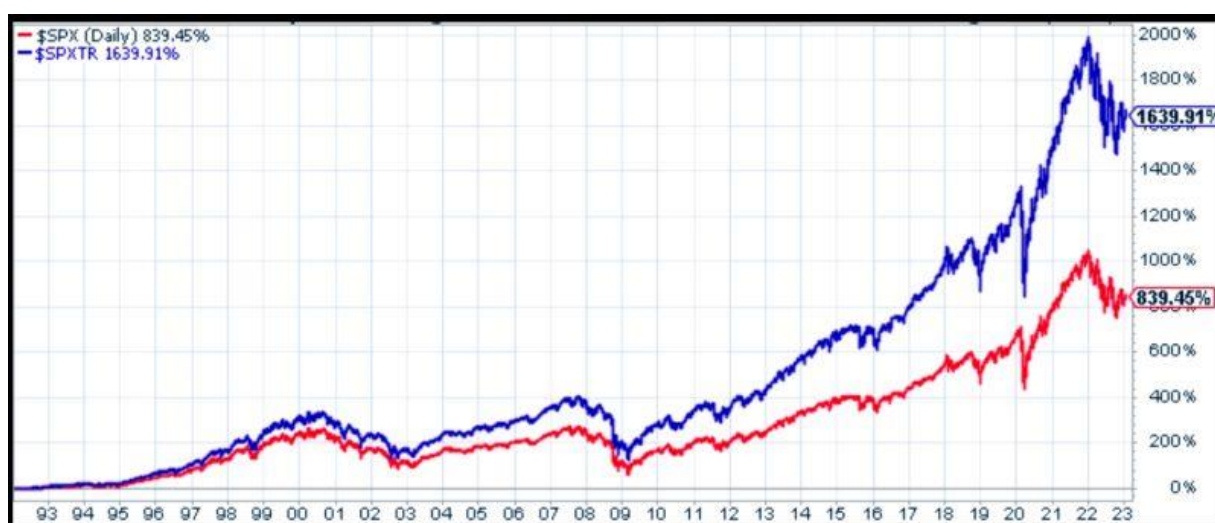
Source: Bloomberg, Morgan Stanley Wealth Management GIC as of Sept. 30, 2022

Source: Bloomberg, Morgan Stanley

#food-for-thought

#dividends #us #equities

Do not forget the divvies. In the last 30 years, the S&P 500 is up 839.45%. With dividends, it's up 1,639.91%.



Source: Eddy Elfenbein, TME

#food-for-thought

#quality #companies

The patterns commonly found in high quality companies, from the book titled "Quality Investing" by Lawrence Cunningham and Torkell Eide..

Patterns found in High Quality Companies
according to the book "Quality Investing"

There is not one way to define a "quality investment" but quality companies tend to have commonalities. This summary explores 12 of the most common traits found in quality companies

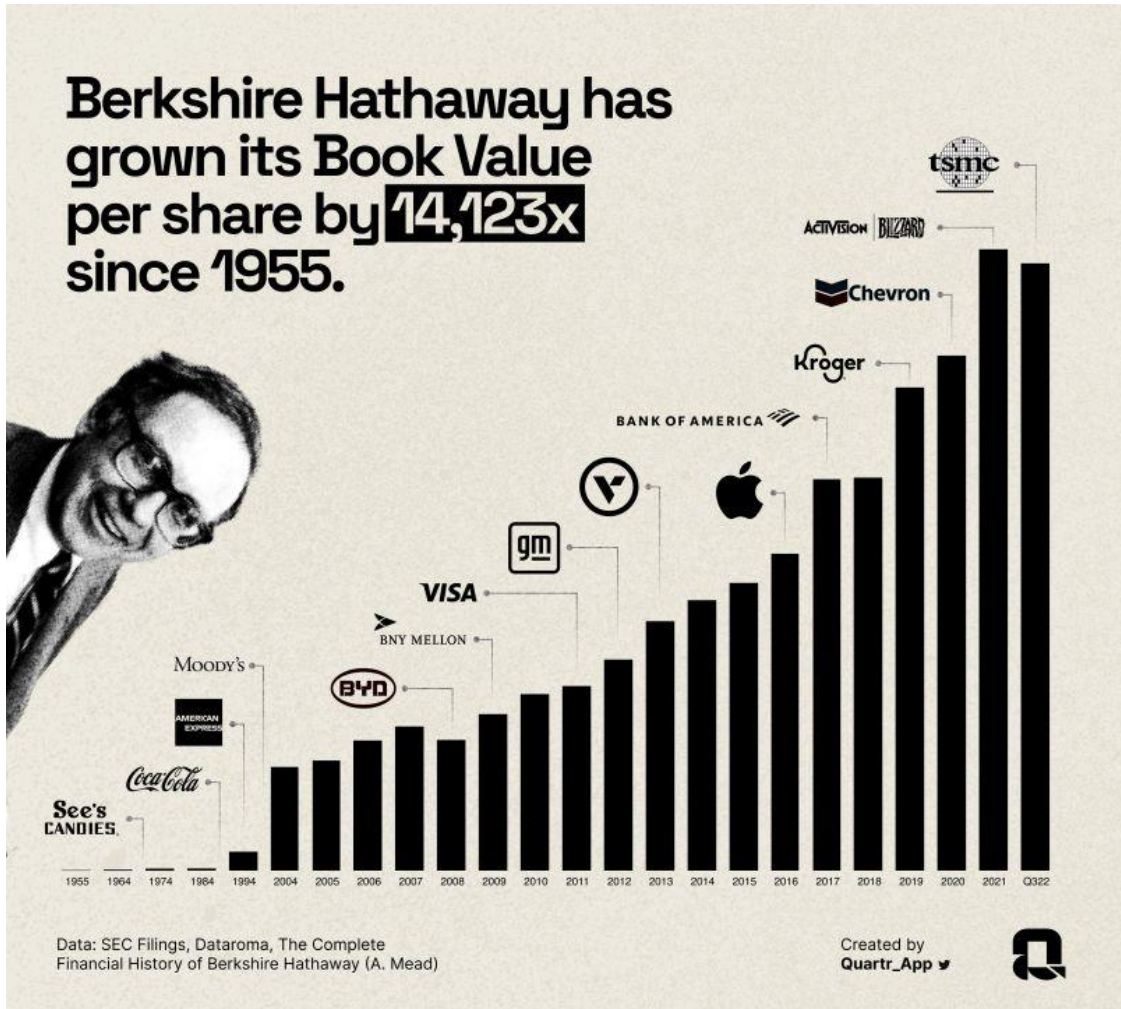
Recurring revenue Provides stability, predictability, and customer loyalty	Innovation dominance Innovation coupled with scale can create strong barriers to entry
Friendly Middlemen A benevolent third party between the company and its customers	Forward integrators Some companies source as much as they can from within
Toll Roads Companies in stable industries that are small and vital	Market share gainers Makes companies less dependent on macroeconomic cycles
Low-Price Plus Low cost strategy combined with protection against low costs	Cost to replicate Takes a substantial investment to replicate competitive advantages
Pricing power Companies that can raise prices above the inflation rate	Global capabilities Global companies portray adaptable business models
Brand strength There is no amount of capital that can replicate reputation	Leadership and culture Quality companies tend to have strong cultures

 @Invesquotes

#food-for-thought

#berkshire-hathaway

Almost 70 years of \$BRK compounding.

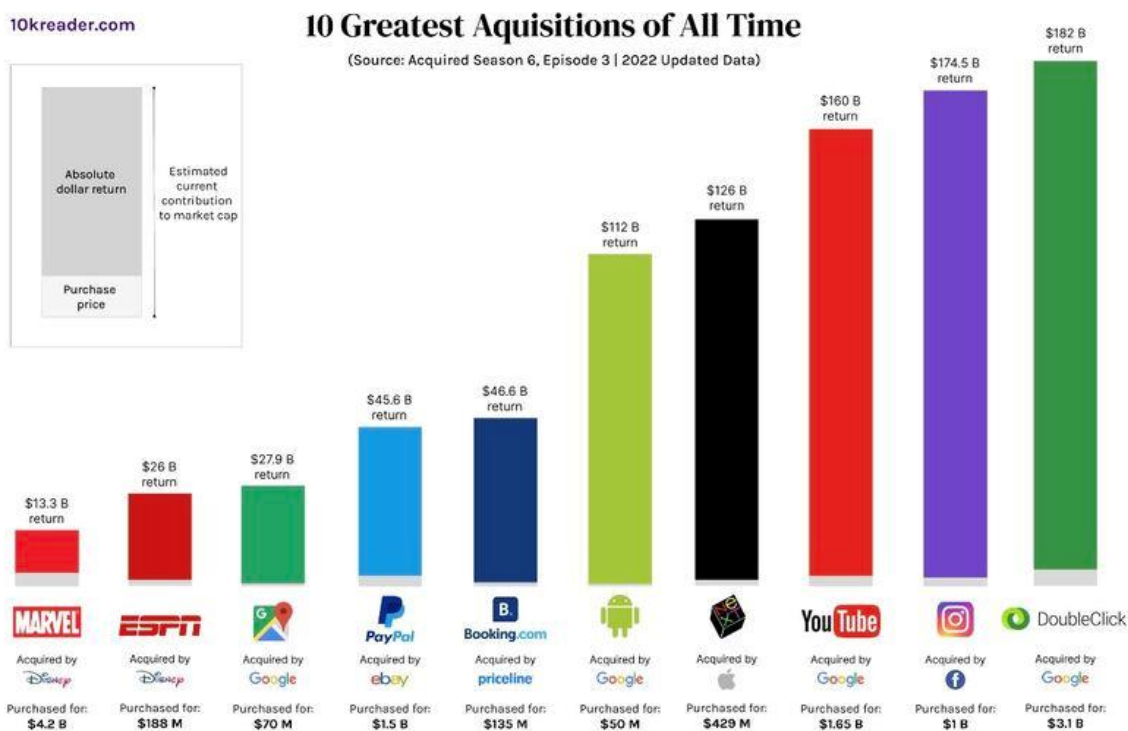


Source: Quatr

#food-for-thought

#acquisitions #history

The 10 greatest acquisitions of all time.

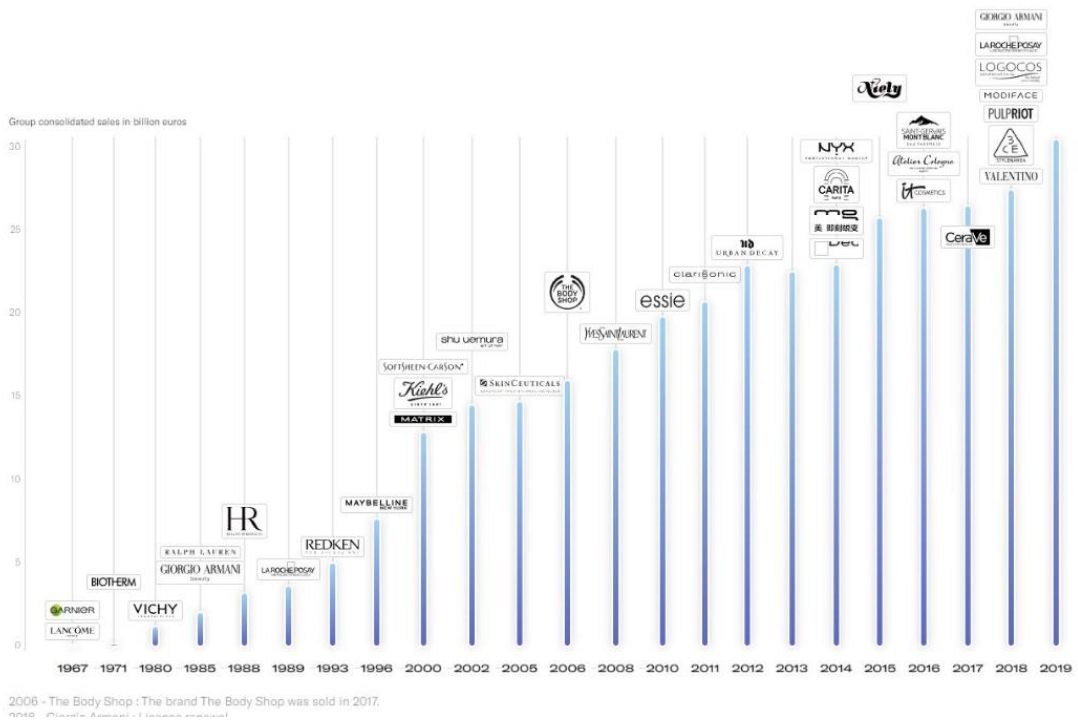


Source: 10kreaders, Compounding Quality

#food-for-thought

#l'oreal

L'Oréal Acquisitions in the last 60 Years. Since it was founded over a century ago, L'Oréal has built a palette of iconic and complementary brands through targeted acquisitions.



Source: L'oreal-finance

#food-for-thought

#luxury #goods

A world of luxury goods by Quartr

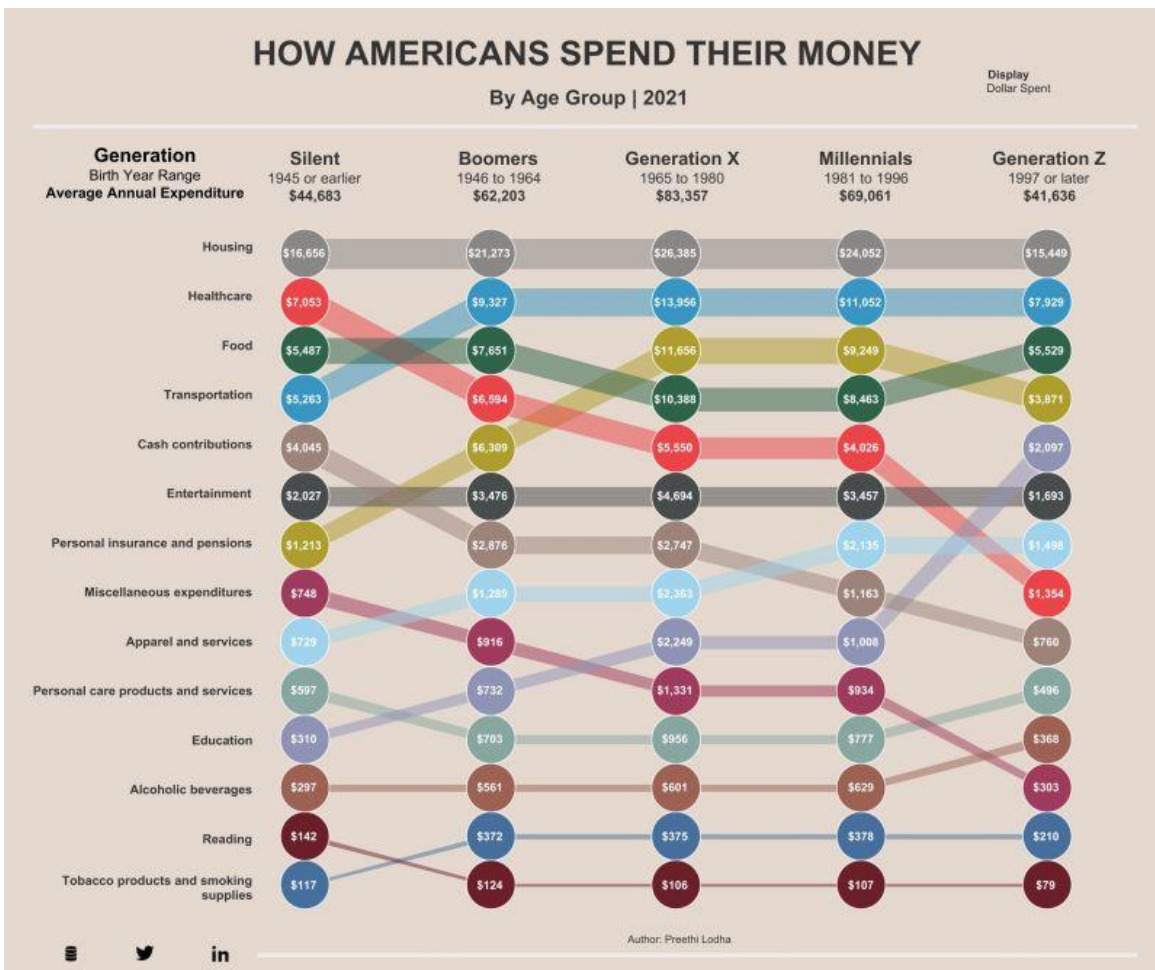


Source: Quartr

#food-for-thought

#spending

How Americans spend their money by group age.

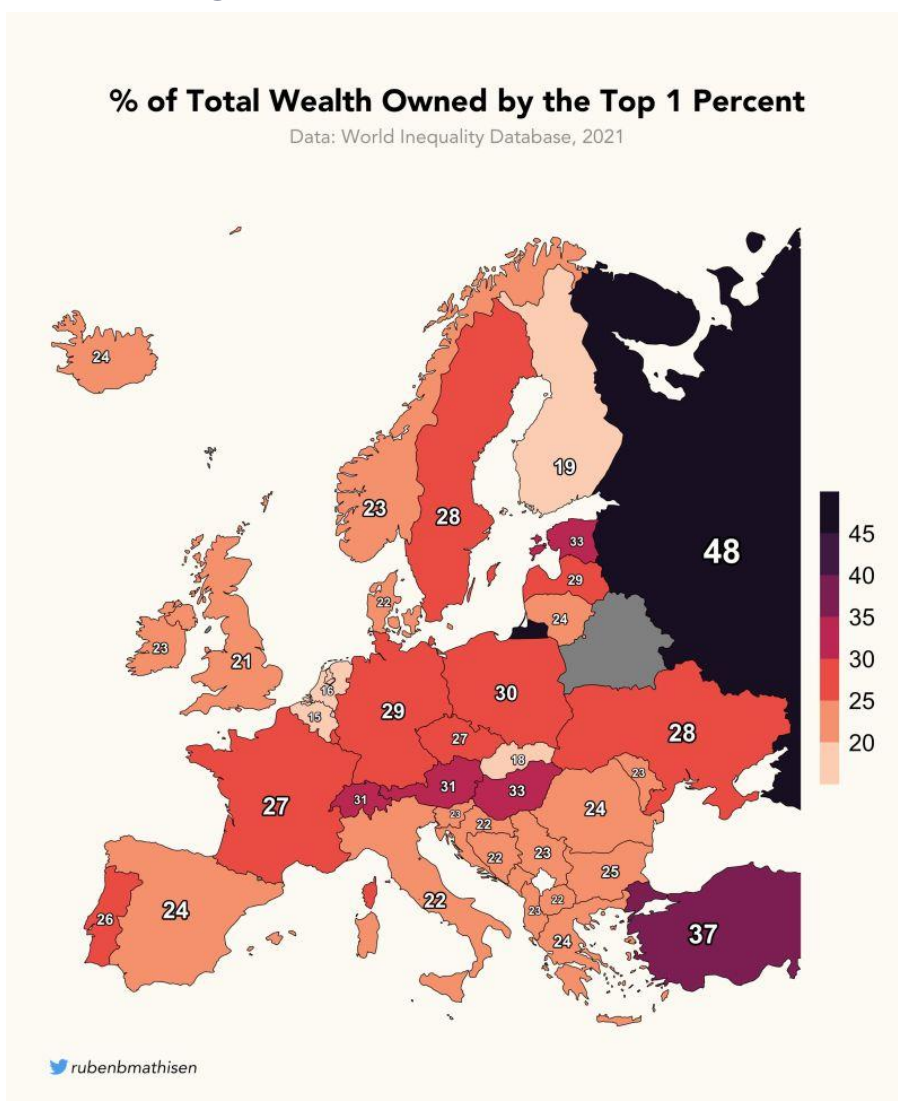


Source: Preethi Lodha, Peter Zeihan

#food-for-thought

#wealth #inequality

What percentage of total national wealth does the Top 1% in Europe own? Highest: Russia 48%; Lowest: Belgium 15%. Europe as whole: 🌐 26%



#food-for-thought

#covid19 #europe

You "know" its over when your Banker tells you... This was JP Morgan last COVID Europe report.

J.P.Morgan

COVID-19 Europe

Winter wave has ended without any issues, hence with the pandemic in the rearview mirror this will be our last report

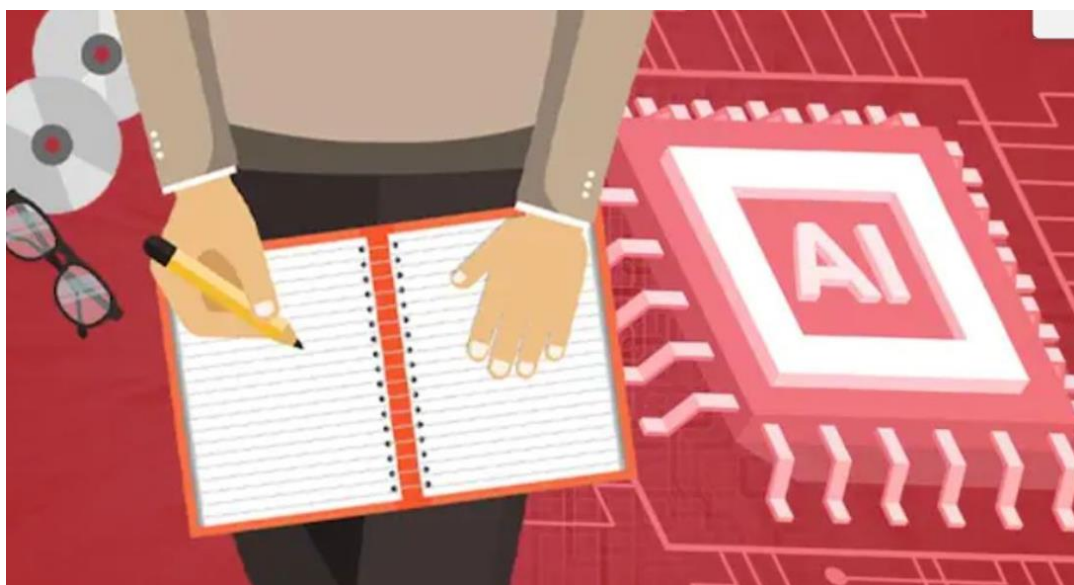
With the winter wave having been successfully negotiated with no intervention required and the severity of the 2022/23 wave substantially below the 2021/22 we believe that it is unlikely that there will be a need for intervention in the future. Thus against this backdrop, after producing this report for nearly three years, we have decided that this will be our last publication on COVID-19 in Europe. We look forward to continuing to

Source: phyron on Twitter

#food-for-thought

#openai #unicorn

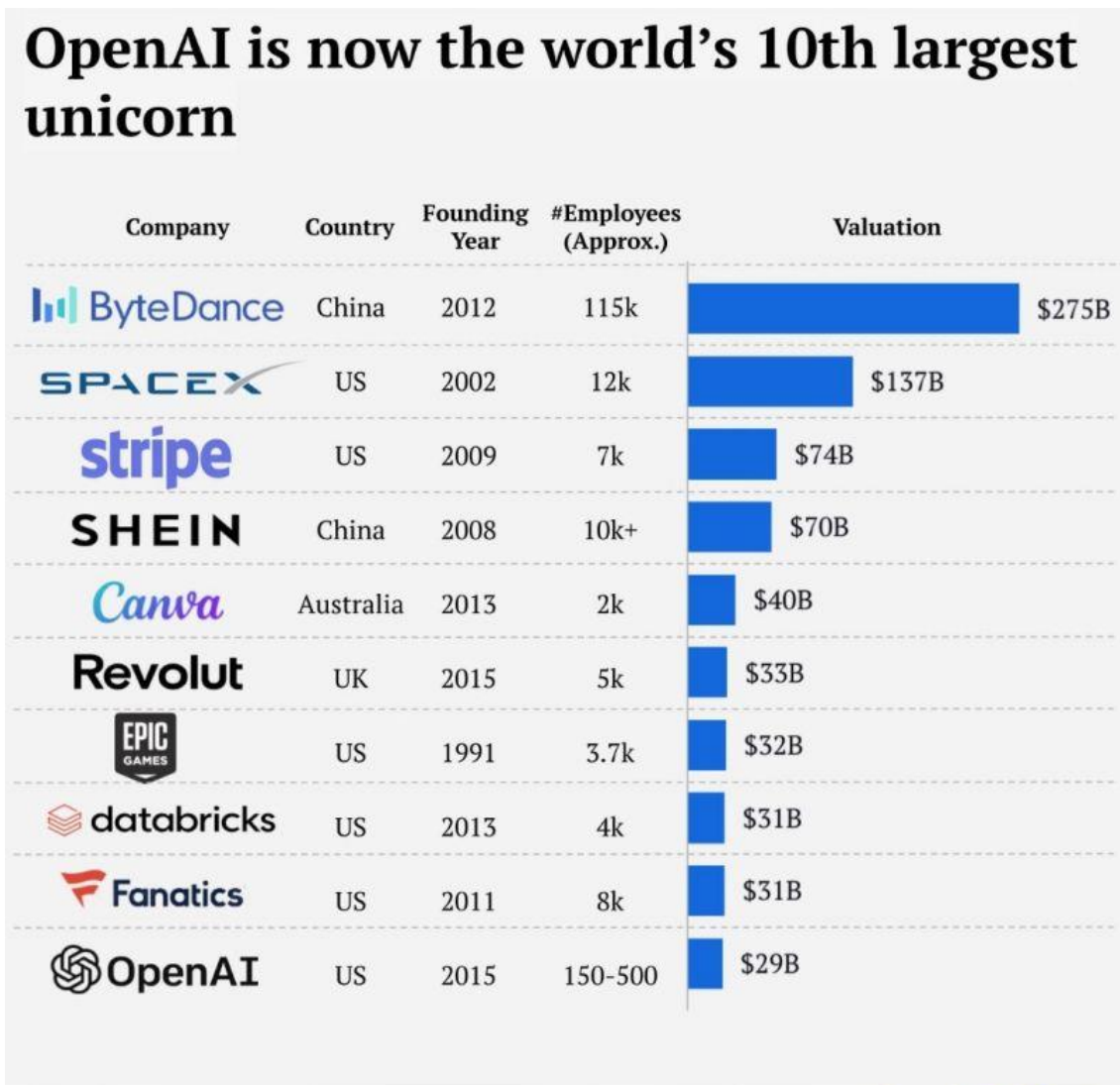
DeepL became a unicorn last week, raising a large round of funding at a \$1 billion valuation. Now, it's looking to expand from its popular AI-based translation tools into a new language product. The new tool, called Write, looks to take on Grammarly and other tools that fix your writing using the same neural network that powers the company's translator. The trend of companies building tools to alter how humans communicate with each other continues.



Source: Techcrunch

#food-for-thought

#openai #unicorn



Source: Collated across various media reports

More charts at www.trendlineHQ.com

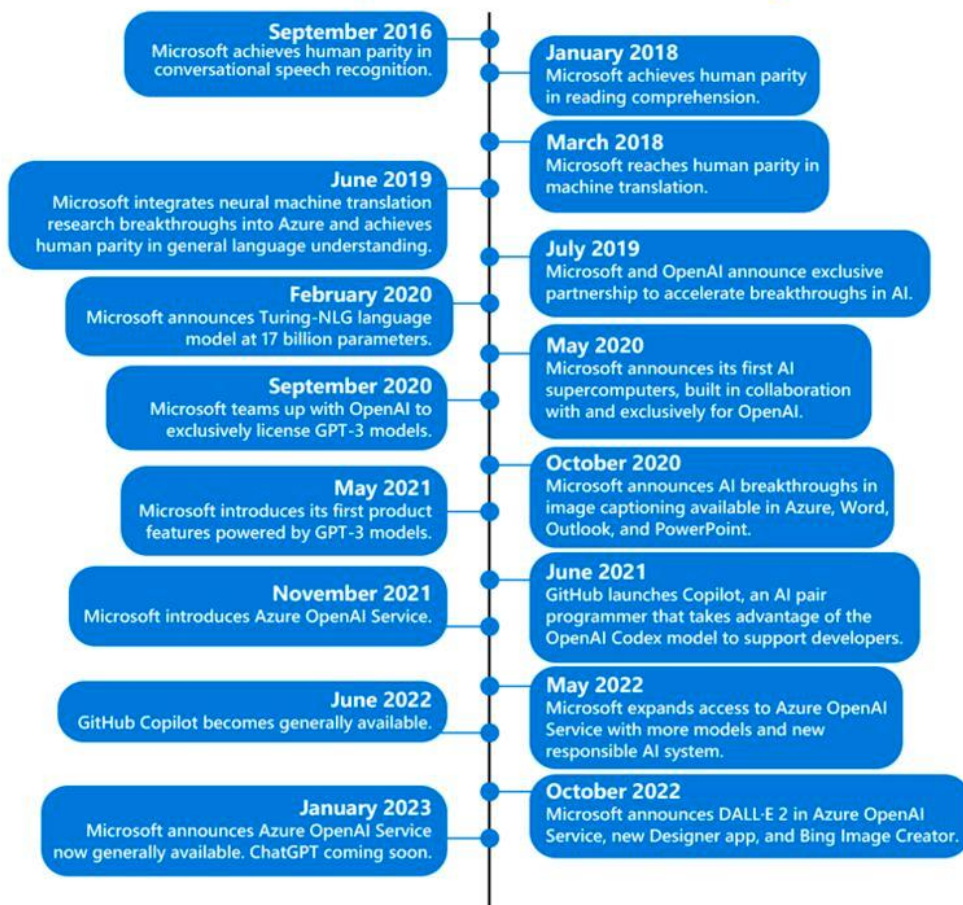
Source: www.trendlinehq.com

#food-for-thought

#artificial-intelligence #microsoft

MSFT brings ChatGPT to Azure OpenAI Service: "we are excited to announce the general availability of Azure OpenAI Service... Customers will also be able to access ChatGPT—a fine-tuned version of GPT-3.5 that has been trained and runs inference on Azure AI infrastructure"

Timeline of key Microsoft AI breakthroughs

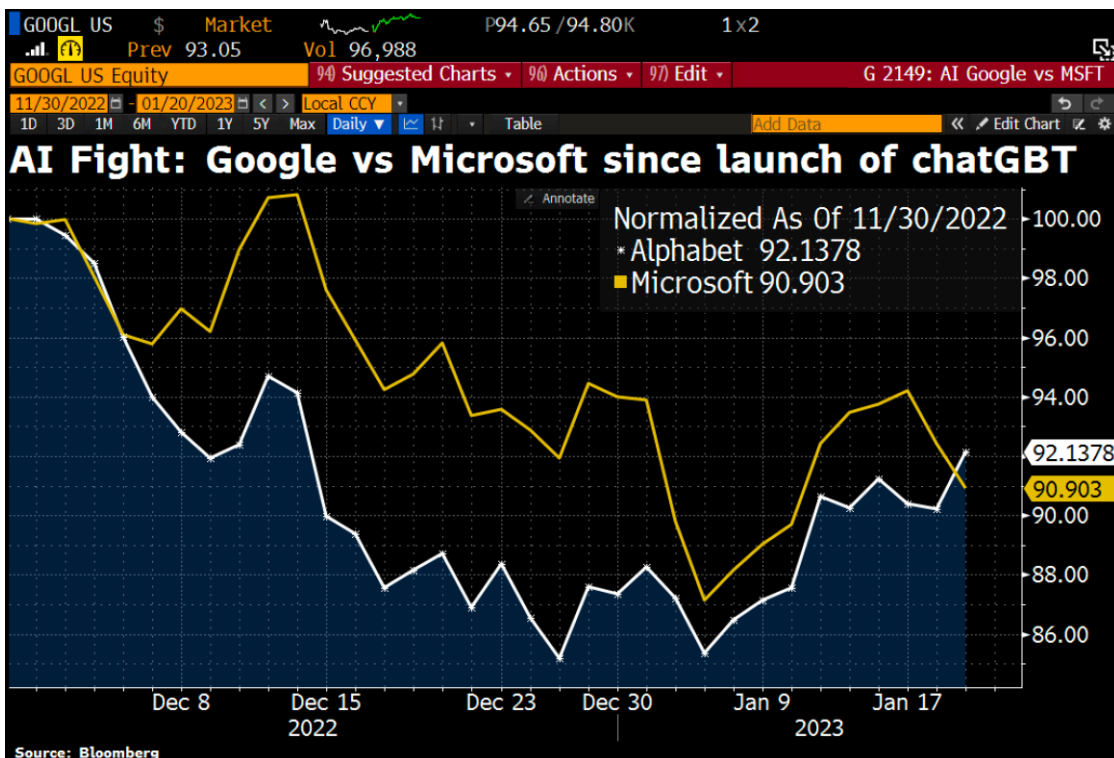


#food-for-thought

#artificial-intelligence #alphabet #microsoft

Alphabet is slightly outperforming Microsoft since the launch of ChatGPT (which has been developed by OpenAI – partly owned by Microsoft). Why’s that?

It might be the way Alphabet is ready to fight back. Indeed, Google decided to call Larry Page & Sergey Brin to the rescue for the AI fight. Rival chatbot has shaken Google out of its routine, with founders who left 3 years ago re-engaging and more than 20 AI projects in works...



Source: Bloomberg, HolgerZ

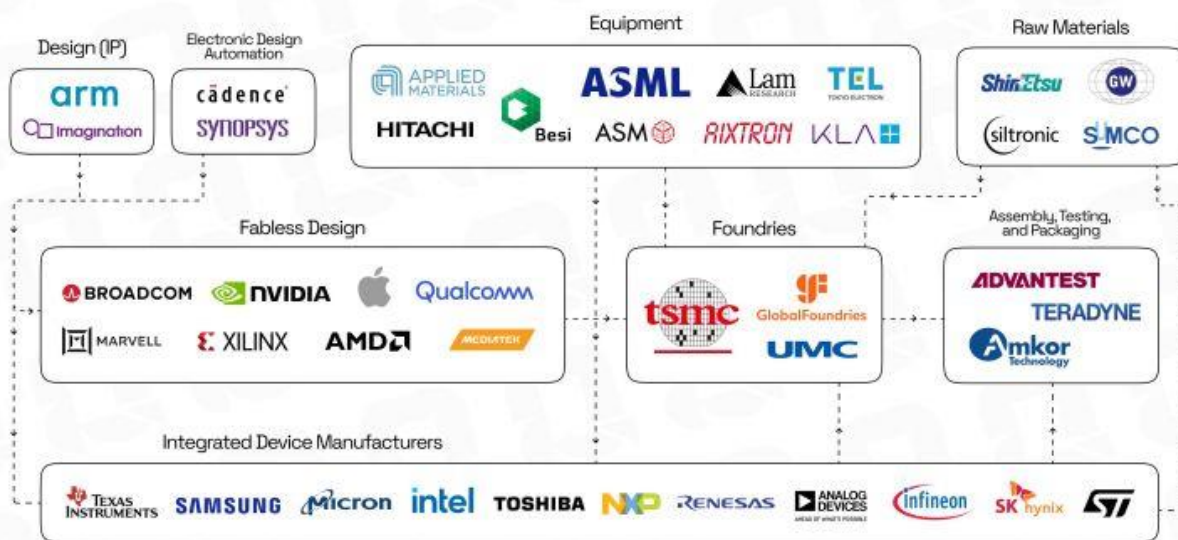
#food-for-thought

#semiconductors #value-chain

This infographic from Quartr explains the complex industry dynamics of semiconductor manufacturing, showing how key players like \$TSM, \$NVDA, \$ASML, \$TXN, and \$CDNS fit into the ecosystem.

The Semiconductor Value Chain

Created by Quartr



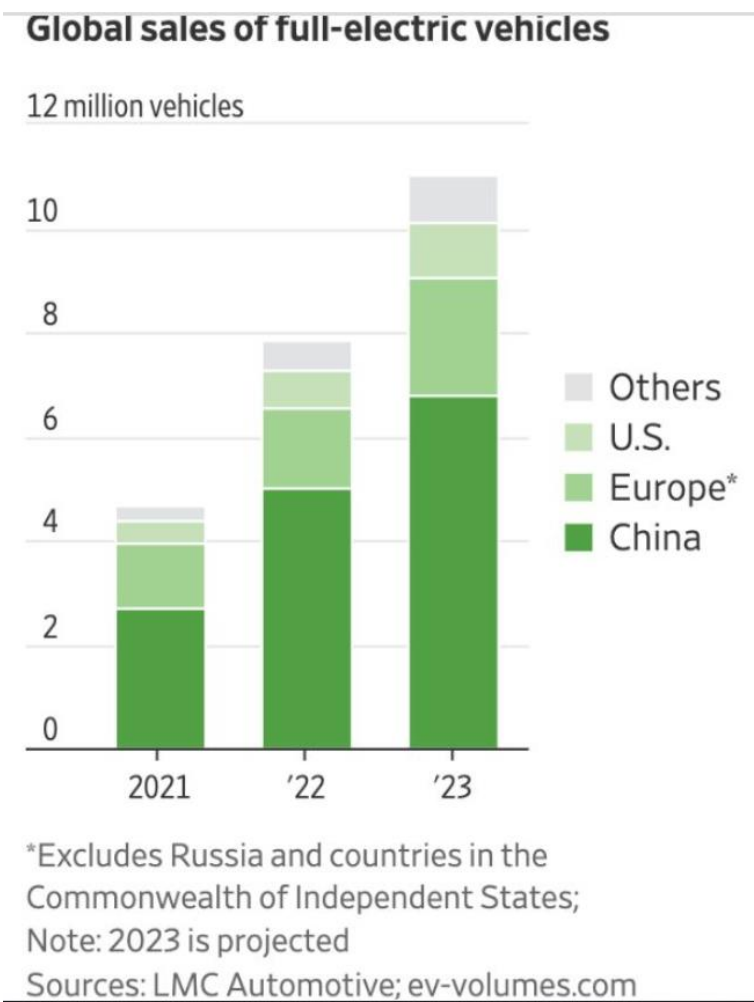
Note: The exact flows might differ between companies (subsidiaries, hybrid business models, etc) | Created by Quartr_App

Source: Quartr

#food-for-thought

#electric-vehicles

EVs Made Up 10% of All New Cars Sold Last Year. Global sales of fully electric vehicles totalled around 7.8 million units, an increase of as much as 68% from the previous year.



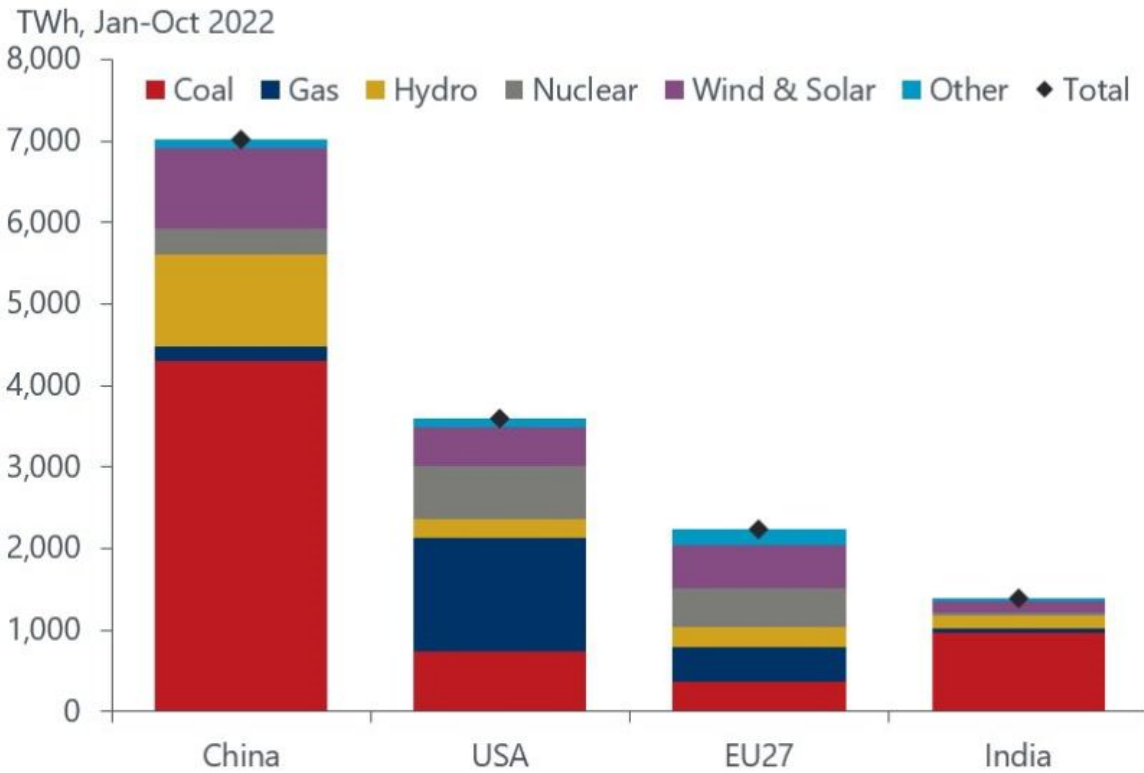
Source: WSJ

#food-for-thought

#energy #coal #china

China coal-based electricity generation is bigger than all US electricity sources combined.

World: Electricity generation by technology



Source: Oxford Economics/IEA

Source: Daniel Kral

#food-for-thought

#investing #rules

*** Stan Weinstein's checklist ***

Stan Weinstein wrote the book *How to Make Money in a Bull or Bear Market*. It is a classic. He is a teacher of stock technical analysis for the everyday investor.

- Don't buy when the overall market trend is bearish.
- Don't buy a stock in a negative group.
- Don't buy a stock below its 30-week MA.
- Don't buy a stock that has a declining 30-week MA (even if the stock is above the MA).
- No matter how bullish a stock is, don't buy it too late in an advance, when it is far above the ideal entry point.
- Don't buy a stock that has poor volume characteristics on the breakout. If you bought it because you had a buy-stop order in, sell it quickly.
- Don't buy a stock showing poor relative strength.
- Don't buy a stock that has heavy nearby overhead resistance.
- Don't guess a bottom. What looks like a bargain can turn out to be a very expensive Stage 4 disaster. Instead, buy on breakouts above resistance.

Source: Compounding Quality

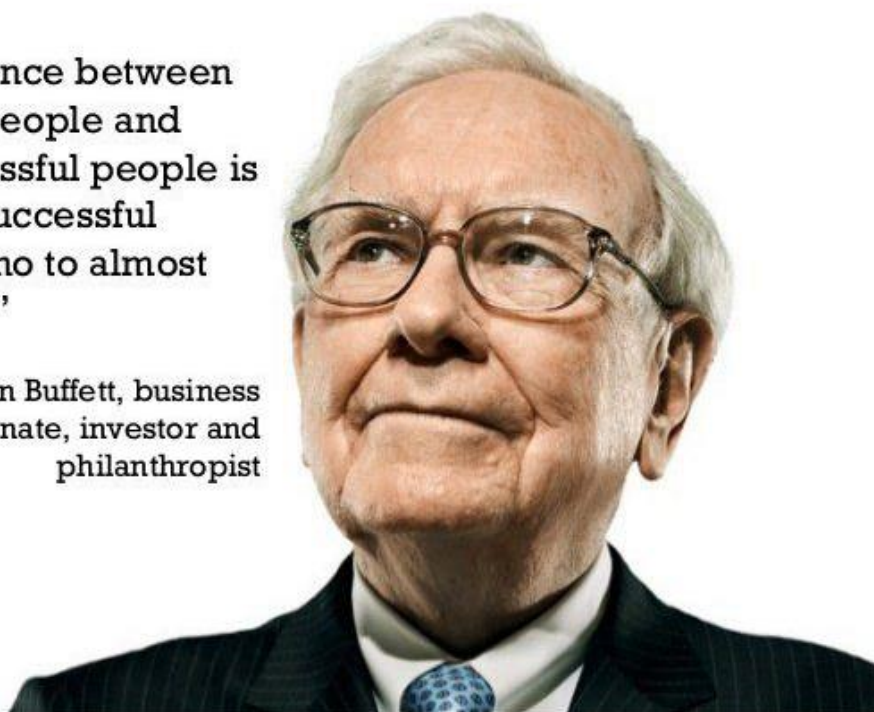
#food-for-thought

#leadership

The power of saying NO

“The difference between successful people and really successful people is that really successful people say no to almost everything.”

- Warren Buffett, business magnate, investor and philanthropist



Source: Compounding quality

#food-for-thought

#leadership

The 1% daily effort which can make a huge difference in the long-run...



Source: Audrey Wang

#food-for-thought

#entrepreneurship



Source: Compounding Quality

#food-for-thought

#central-banks #inflation #fiscal-stimulus



Michael A. Arouet
@MichaelAArouet



Central banks raising rates to fight inflation vs. governments providing stimulus to help offset impact of inflation



#food-for-thought

#us #debt-ceiling



Source: Hedgeye

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For the future...