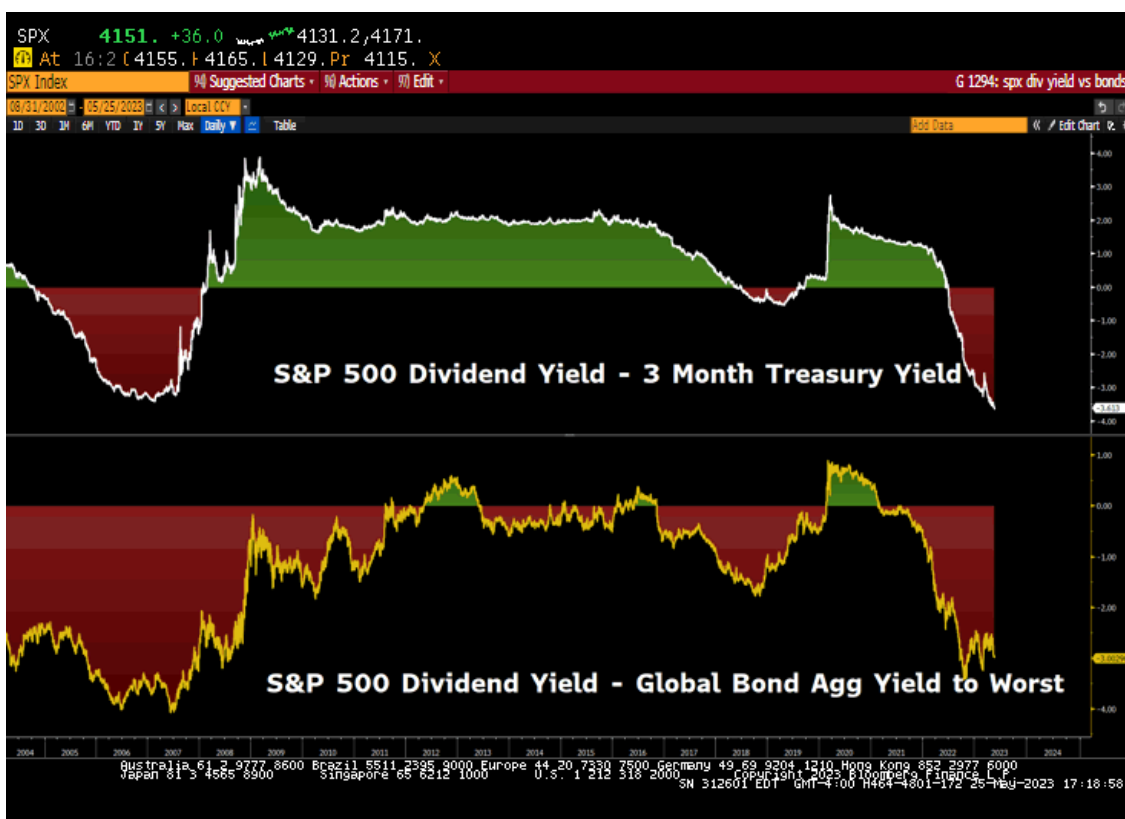


Chart of the week

Cash & bonds extreme cheapness vs. equities

Great chart by Bastien Chenivresse showing how S&P 500 dividend yield looks expensive vs. T-bills or global bond yield to worst. Note that the S&P 500 dividend yield less 'free money' is the lowest since 2007...



Source: Bastien Chenivresse, Bloomberg

The Nasdaq outpaced the Dow by 3.5% this week

The Tech-heavy Nasdaq Composite index is up 24% year-to-date — a stark contrast to the 0.16% decline of the narrowly focused Dow Jones Industrial Average over the period. Alongside the debt ceiling negotiations, the signal event in the week may have been Thursday's 24% jump in the shares in chipmaker NVIDIA, which took the company's market capitalization to nearly USD 1 trillion, the sixth most highest market cap in the world. Shares rose after the company beat consensus Q1 earnings expectations by a wide margin and raised its profit outlook. Debt ceiling negotiations resumed after President Biden returned from Japan at the start of the week, but markets headed downward as signs emerged that little progress was being made. Signs of renewed momentum in the talks seemed to spur a market rally on Friday, however. Gains may have been capped by some discouraging US inflation data. The core (less food and energy) personal consumption expenditures (PCE) price index, rose by 0.4% in April, a tick above expectations. On a y-o-y basis, the index rose by a notch to 4.7%, indicating no progress in bringing inflation down since the start of the year. Shares in Europe fell on signs that the economic outlook may be worsening and continued uncertainty over U.S. debt ceiling talks. The pan-European STOXX Europe 600 Index slid 1.59% while European government bond yields broadly climbed on concern that central bank policymakers would extend their policy tightening to cope with persistent inflationary pressures.

#GLOBALMARKETS WEEKLY WRAP-UP

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#markets

#weekly #returns

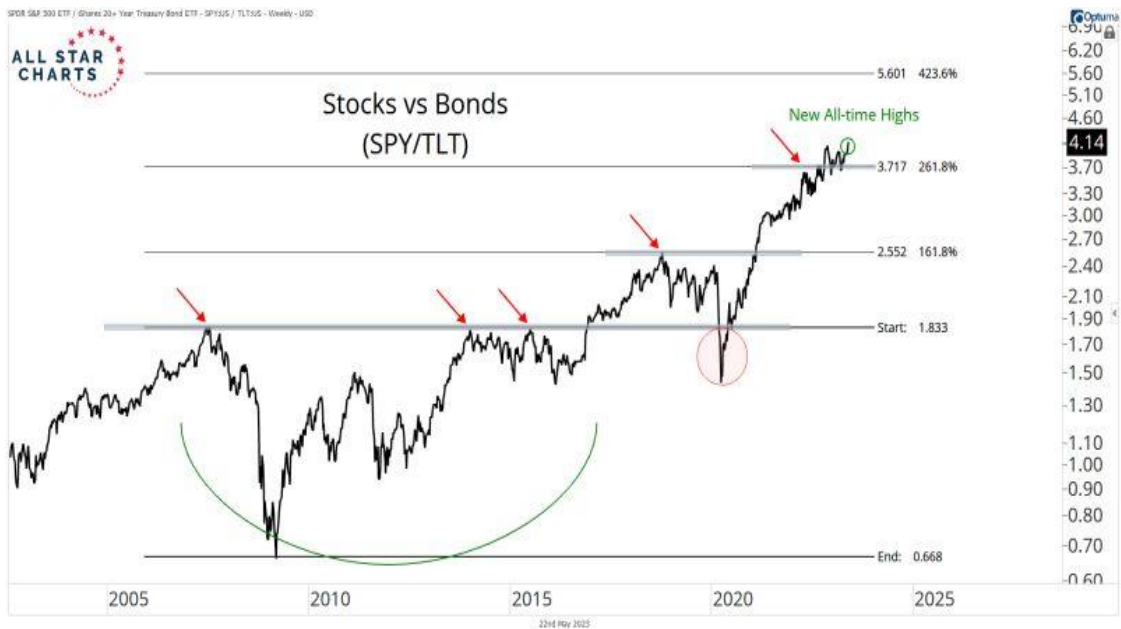
INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	33,093	-1.0%	-0.2%
S&P 500 Index	4,205	0.3%	9.5%
NASDAQ	12,976	2.5%	24.0%
MSCI EAFE *	2,069	-2.9%	9.9%
10-yr Treasury Yield	3.80%	0.1%	-0.1%
Oil (\$/bbl)	\$72.77	1.5%	-9.3%
Bonds	\$97.57	-0.5%	1.5%

Source: Edward Jones



#us #equities #bonds

US stocks are breaking to new all-time highs relative to bonds.

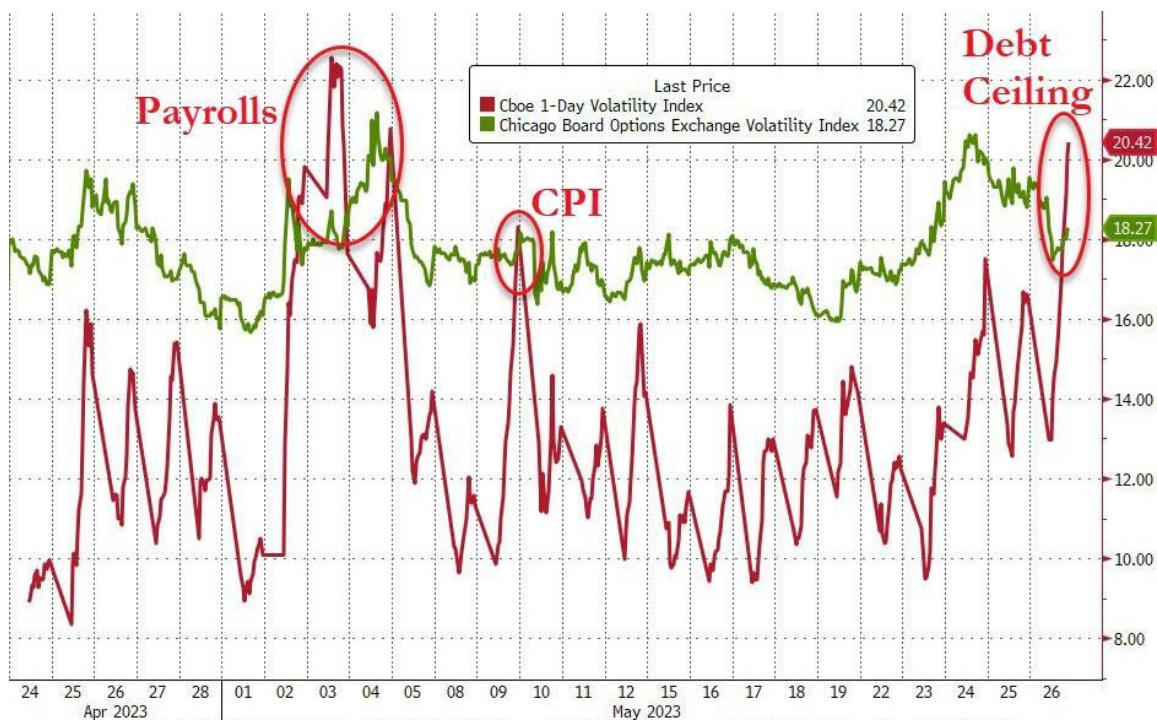


Source: Alfonso / AlfCharts



#vix #debt-ceiling

1D-VIX surged higher today, once again recoupling with VIX as the debt ceiling doubts remain...

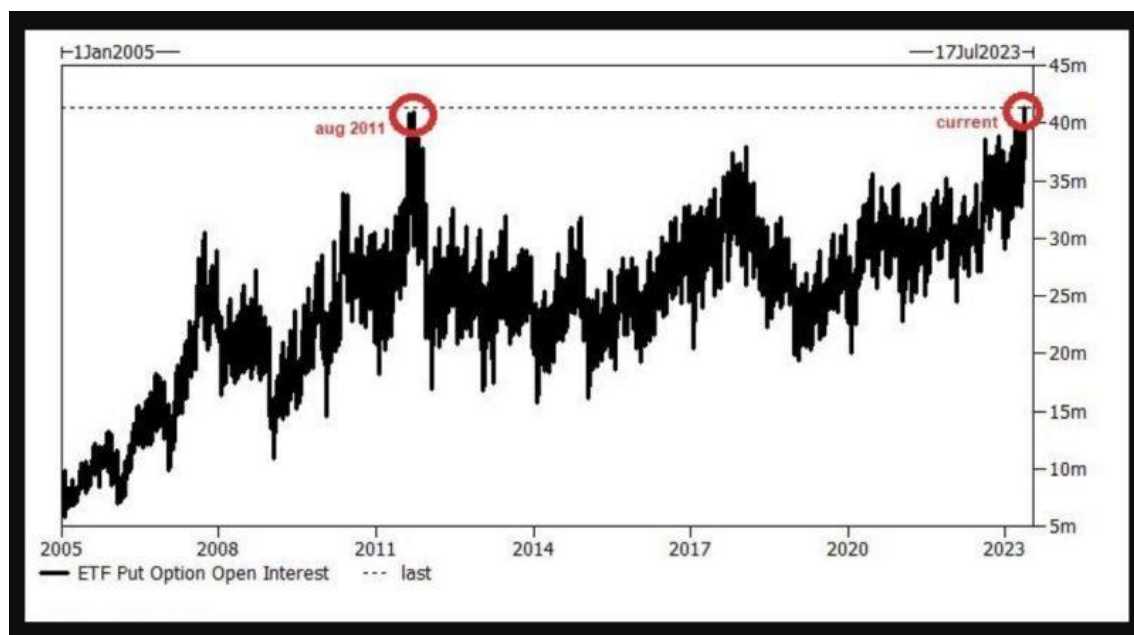


Source: www.zerohedge.com, Bloomberg



#put #contracts

Are investors too bearish? Goldman's Brian Garrett notes that the combined put open interest across major equity ETFs stands at ~41mm contracts (as of last data count // Thursday close). This is the highest ETF put open interest in history...

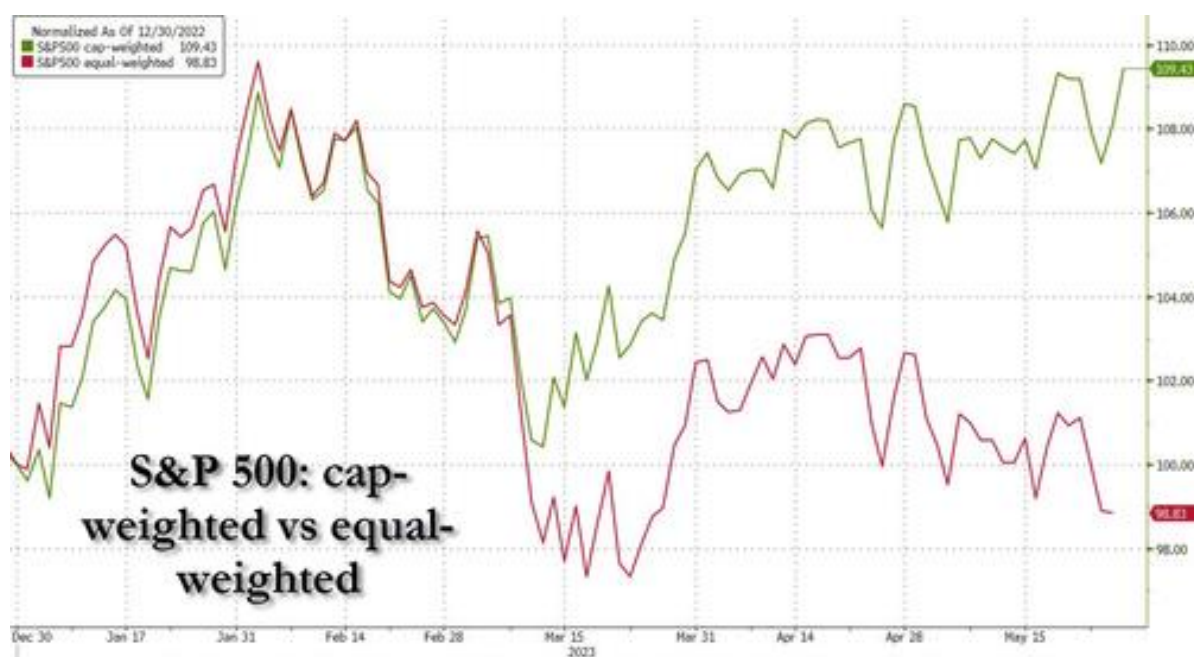


Source: www.zerohedge.com, Bloomberg

#markets

#us #equities #narrow-market

The equal-weighted S&P 500 is now underwater for the year while the cap-weighted S&P is up around 10%...



Source: www.zerohedge.com, Bloomberg



#us #equities #narrow-market

This is the biggest divergence in at least 30 years for this time of year...

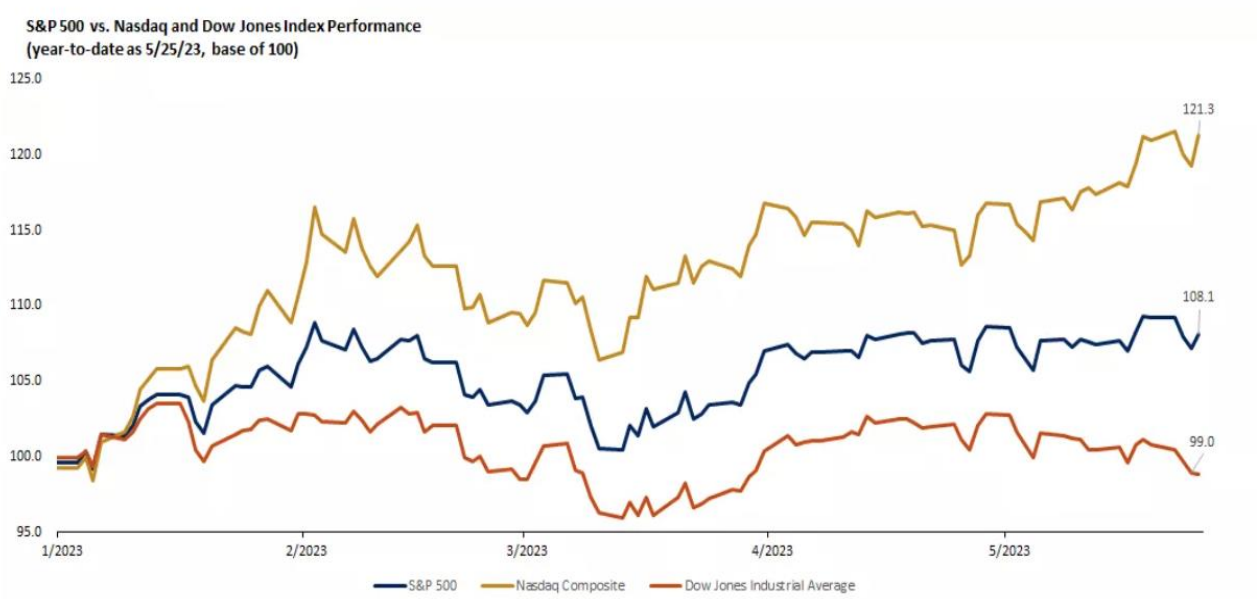


Source: www.zerohedge.com, Bloomberg



#us #equities #narrow-market

The technology-heavy Nasdaq has been sharply outperforming the broader S&P 500 and Dow Jones indexes this year.



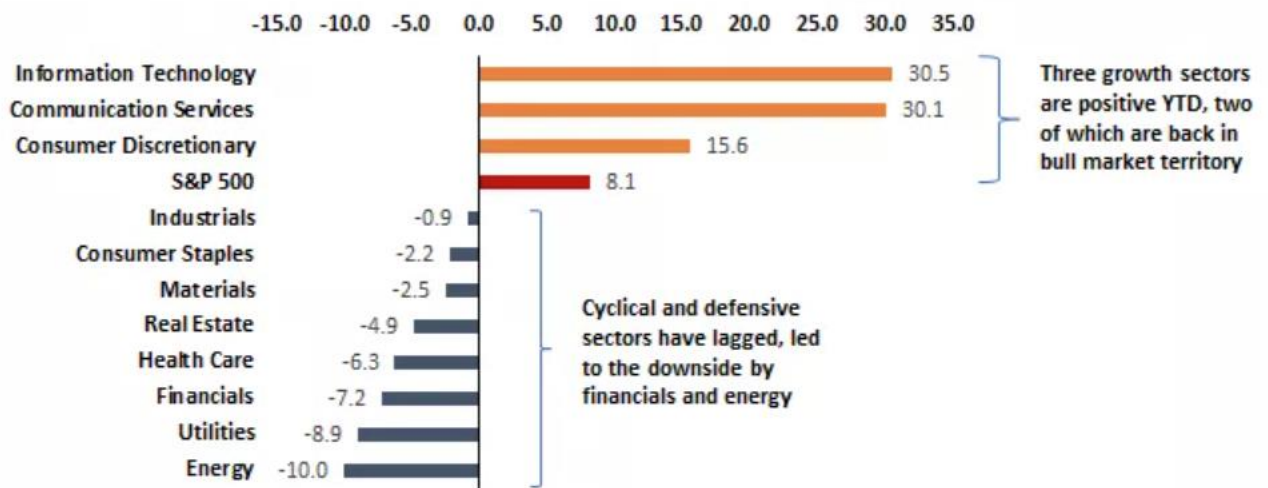
Source: Edward Jones



#us #equities #narrow-market

The S&P 500 sector outperformance this year has been led by technology and growth areas.

S&P Sector Performance Year-to-Date, as of 5/25/23



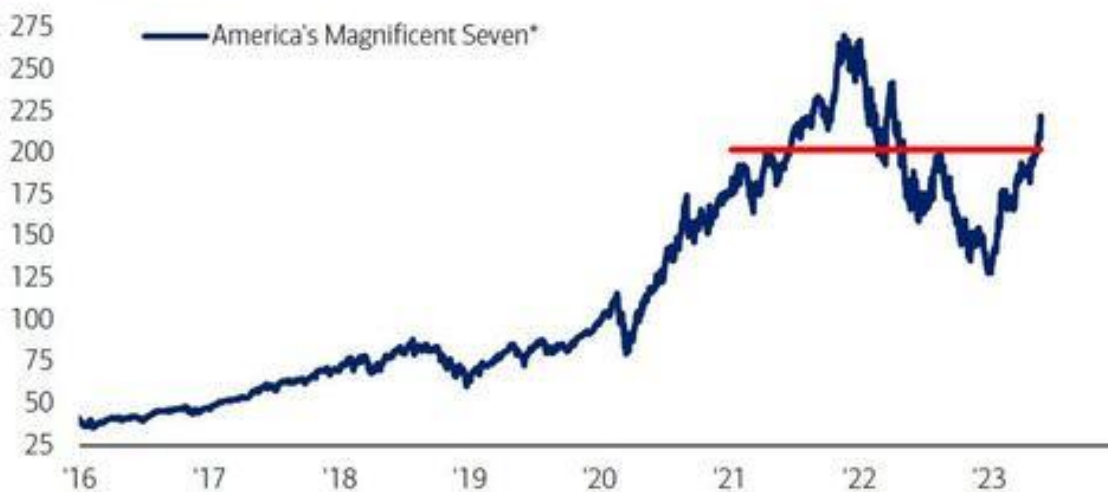
Source: Edward Jones



#us #equities #narrow-market

America's Magnificent Seven stocks up 70% YTD (equal-weighted), the other 493 stocks in S&P 500 up only 0.1%. In price terms, 228 issues of the SPX are up vs 275 down YTD.

Chart 5: Bubbles for the Few, Bears for the Many
America's Magnificent Seven



Source: BofA Global Investment Strategy, Bloomberg. *equal-weighted AAPL + MSFT + GOOGL + AMZN + NVDA + META + TSLA
BofA GLOBAL RESEARCH

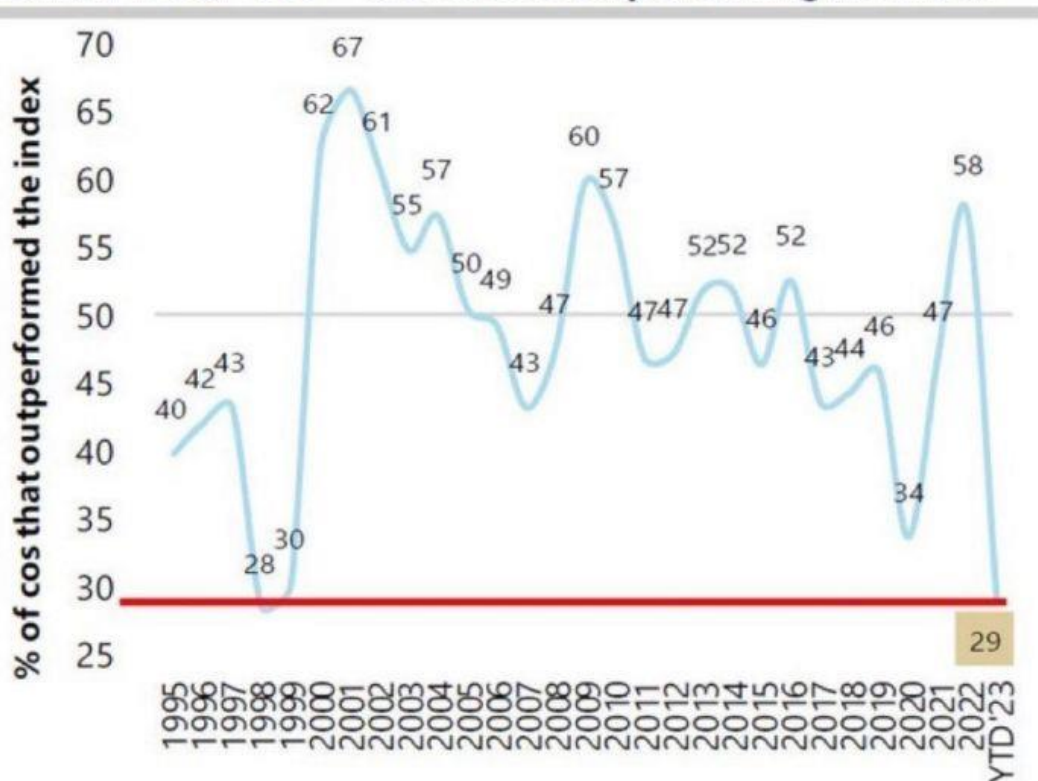
Source: BofA



#us #equities #narrow-market

A very narrow US equities market makes it very difficult for active managers to outperform ..Just 29% of stocks are outperforming the S&P 500 index, the lowest number since 1999.

Exhibit 4: S&P 500 – % of stocks outperforming the index



Note: Yearly rebalanced Dec end universe. Source: Jefferies, FactSet

Source: Jefferies / Michael A. Arouet)





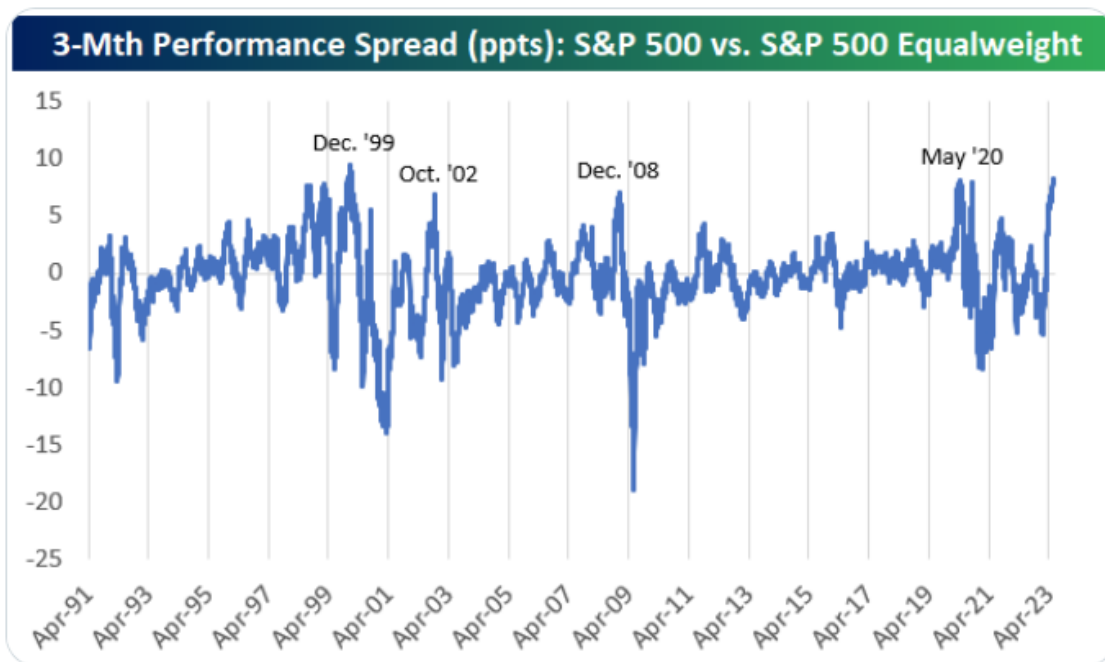
#us #equities #narrow-market



Bespoke @bespokeinvest



The 3-month performance spread between the S&P 500 and the S&P 500 Equalweight is the widest it has been since December 1999.

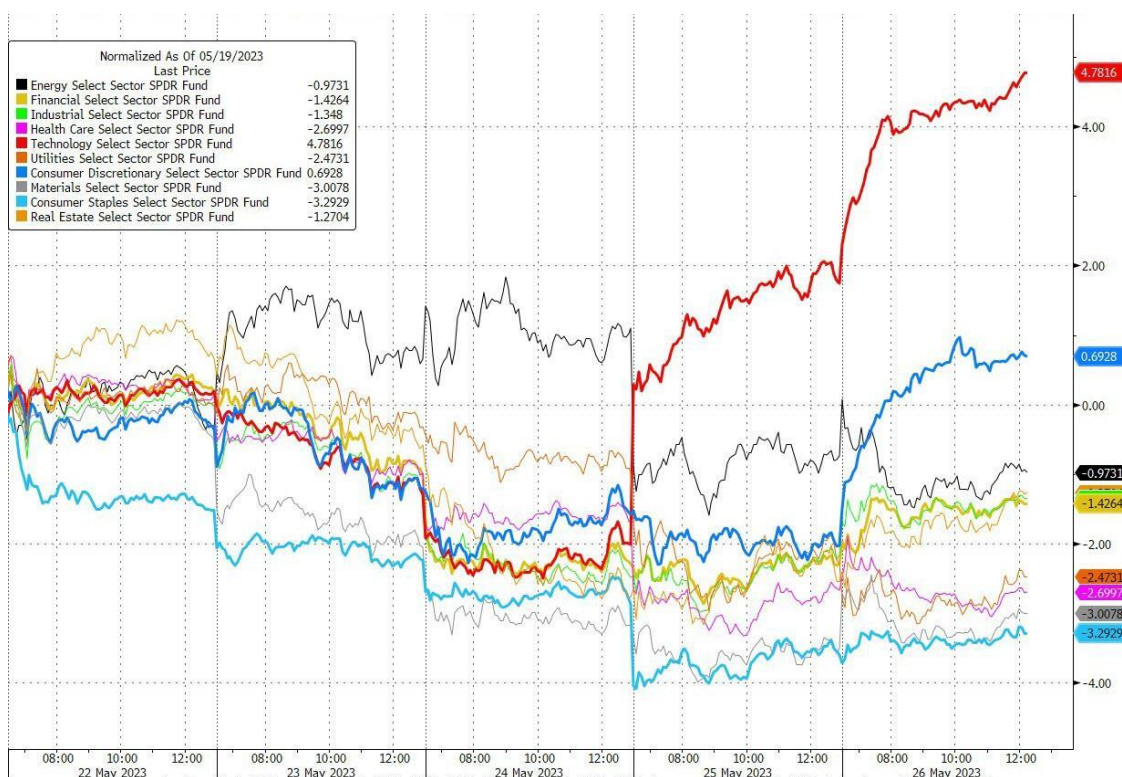


Source: Bespoke



#tech #weekly #outperformance

Tech massively outperformed this week, with only Consumer Discretionary joining them in the green. All other sectors were red on the week with Staples and Financials lagging....

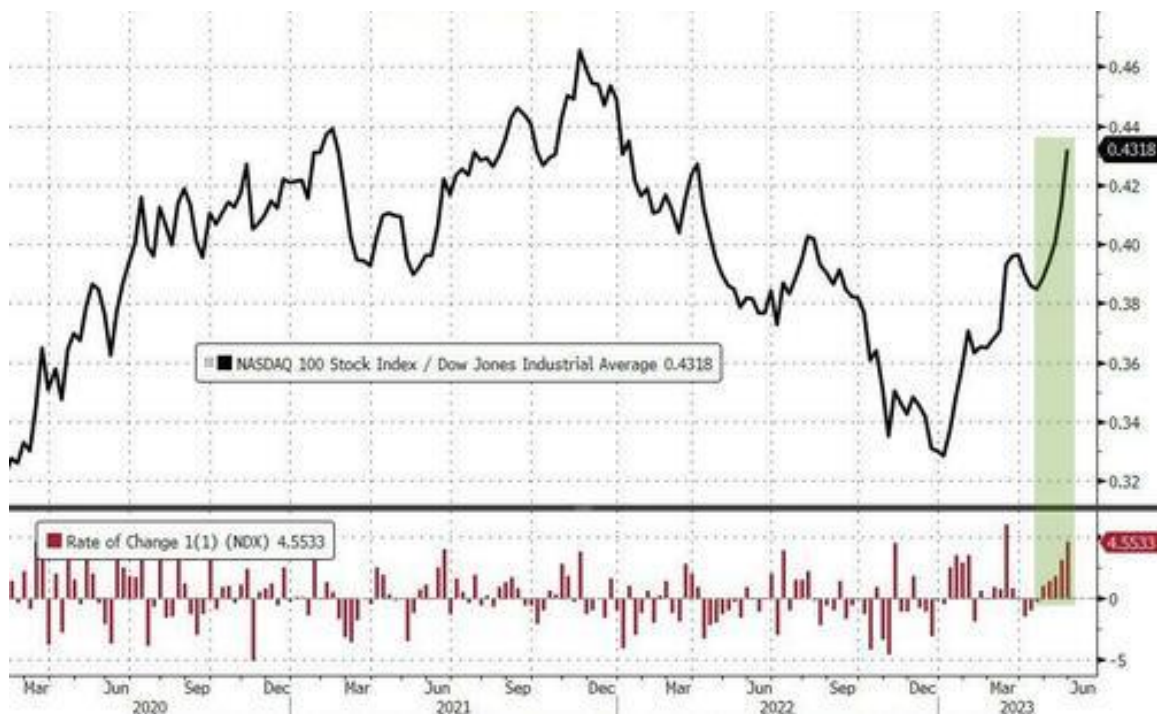


Source: Bloomberg, www.zerohedge.com



#tech #weekly #outperformance

This was the biggest weekly outperformance of Nasdaq over The Dow since early March (and this is the 5th week that Nasdaq has outpaced The Dow)...



Source: www.zerohedge.com, Bloomberg

#nvidia

Nvidia is sky-rocketing after hours (+26%) THANKS TO a surge in artificial intelligence chip demand and DESPITE a-13% decline in earnings. The company raised Q2 guidance massively, with revenues \$11bn vs \$7.2bn cons estimate (+64% y/y). This Implies non-GAAP EBIT \$5.8bn vs \$3bn consensus!

NVIDIA CEO SAYS AT THE BEGINNING OF A TEN YEAR CYCLE...

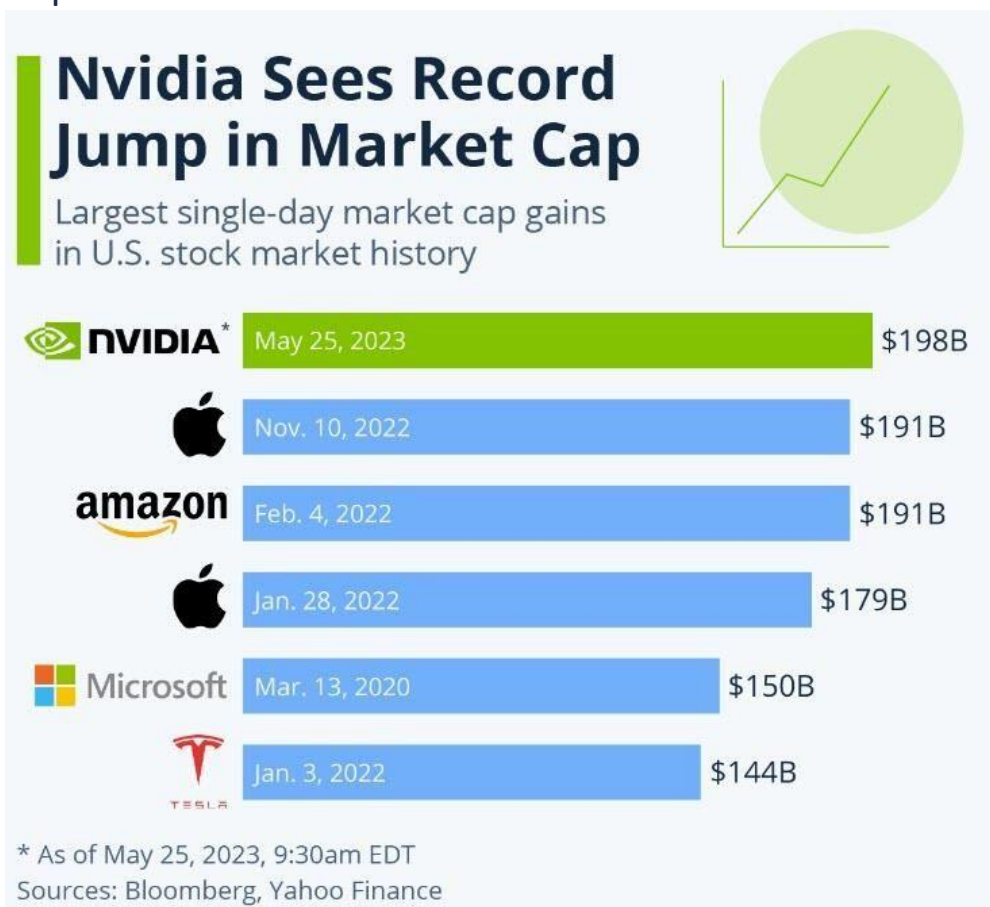
Last quarter was ok (Data Center +14%, Gaming -38% y/y) but investors see Nvidia as the company which is leading the AI revolution.





#nvidia

Yesterday was all about one stock - NVDA, soaring 25% or so and adding just under \$200 billion in market cap - that is 2 Intels! - and from the Oct 2022 lows, NVDA has added \$665 billion in market cap...That is the largest single-day market cap gain for any stock in US equity market history... NVDA added more market cap today than the total market cap of 472 of 500 S&P companies.




Source: Statista



#nvidia

What a run for Nvidia stock...

 **Charlie Bilello** ✓
@charliebilello

Growth of \$100k invested in Nvidia over the last...

- 1 Year: \$226k
- 2 Years: \$245k
- 3 Years: \$426k
- 5 Years: \$624k
- 7 Years: \$3.45 million
- 10 Years: \$11.2 million
- 20 Years: \$23.8 million

[\\$NVDA](#)



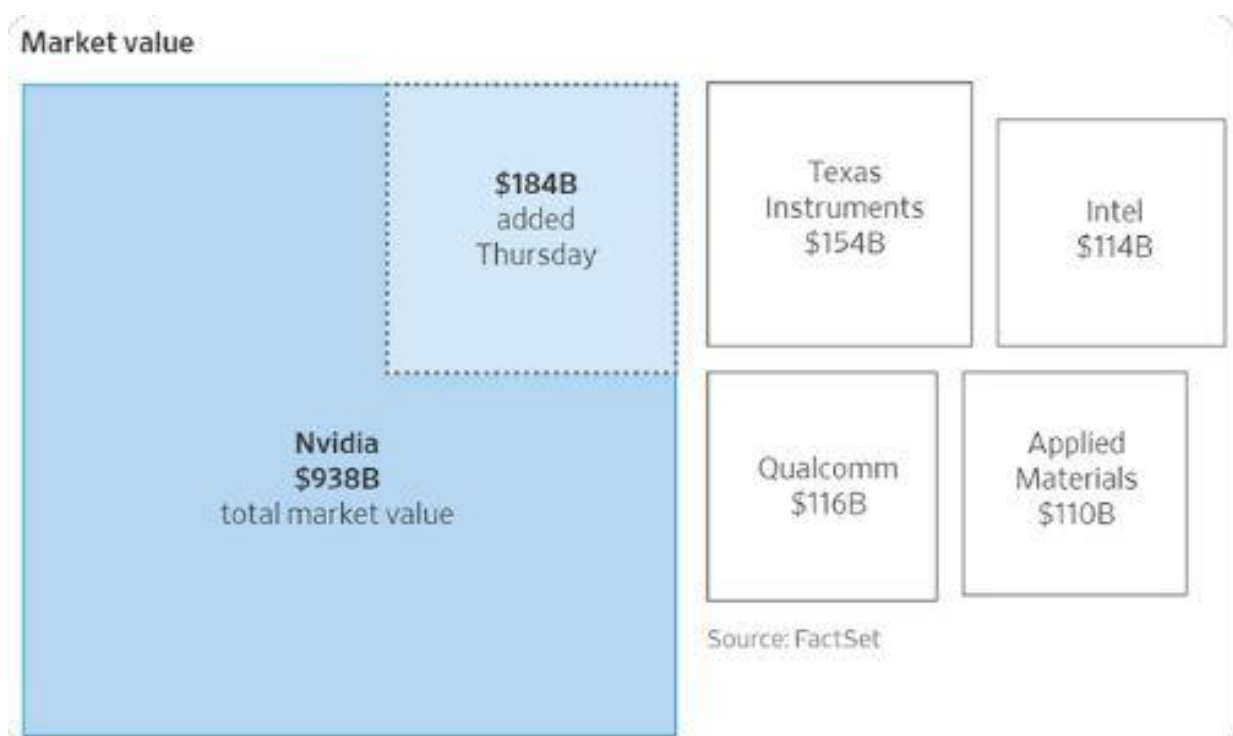
Source: Charlie Bilello, Bloomberg





#nvidia

Market value added on Thursday is equivalent to one Texas Instruments and 1 Intel altogether...



Source: Factset

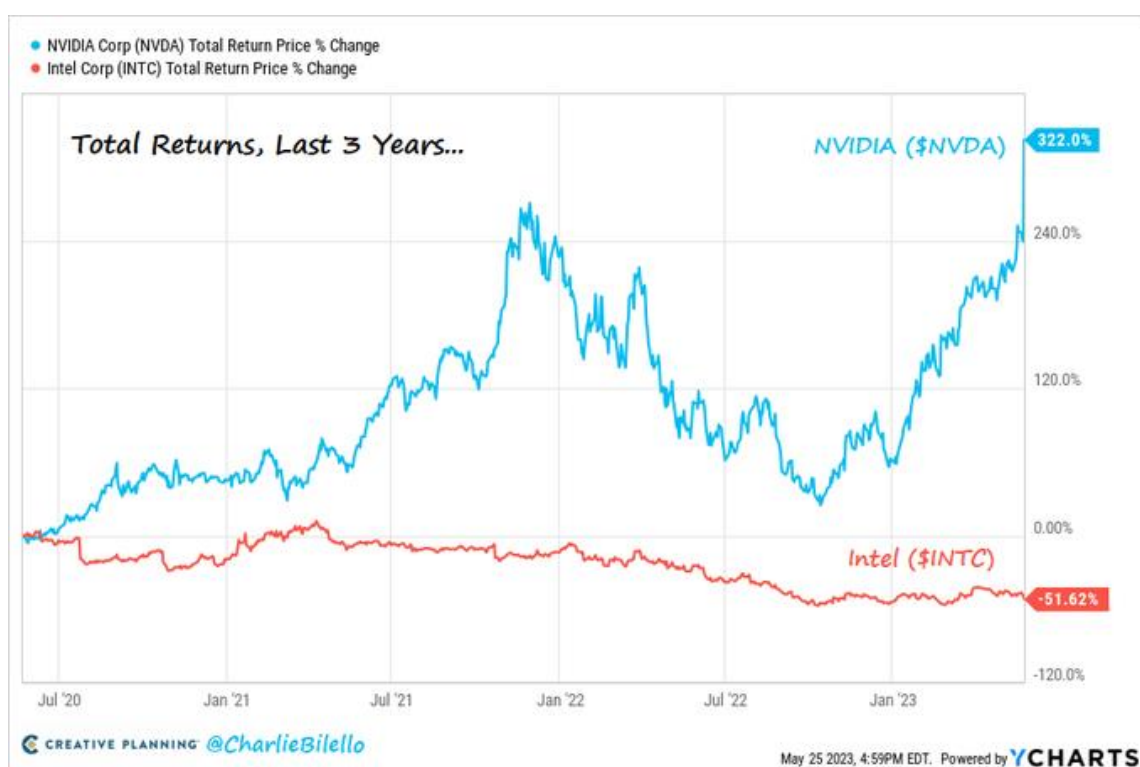
#markets

#semiconductors

Returns over last 3 year...

Nvidia \$NVDA: +322%

Intel \$INTC: -52%



Source: Charlie Bilello



#tech #outperformance

Interesting fact highlighted by Tavi Costa / Crescat Capital: the only other times when the tech sector surged over 4% while overall stocks declined (see yesterday) were at the onset and in the middle of the Tech Bust. April 2000 and March 2001.



Source: Crescat Capital



#tech #outperformance

The traditional relationship between higher yields and tech performance (long-duration equities) has completely blown up...

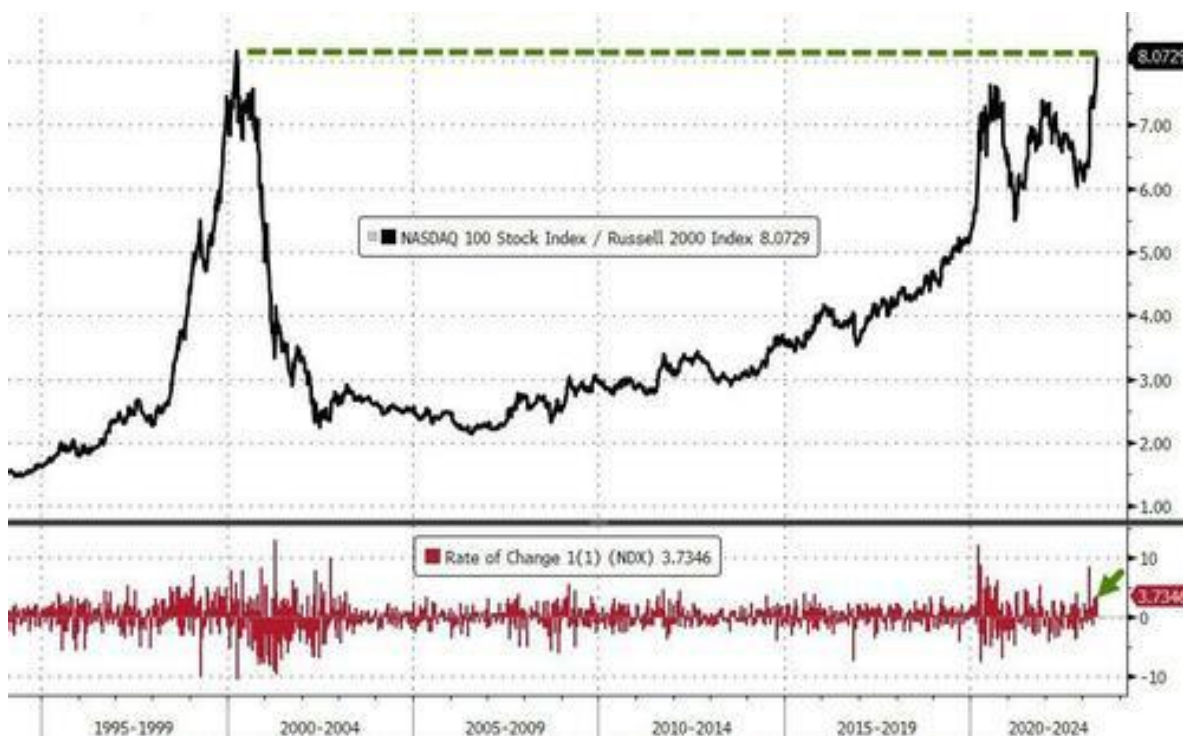


Source: www.zerohedge.com, Bloomberg



#tech #outperformance

The last time Nasdaq traded at more than 8x Small Caps did not end well...



Source: www.zerohedge.com, Bloomberg

#markets

#sun-microsystems #nvidia

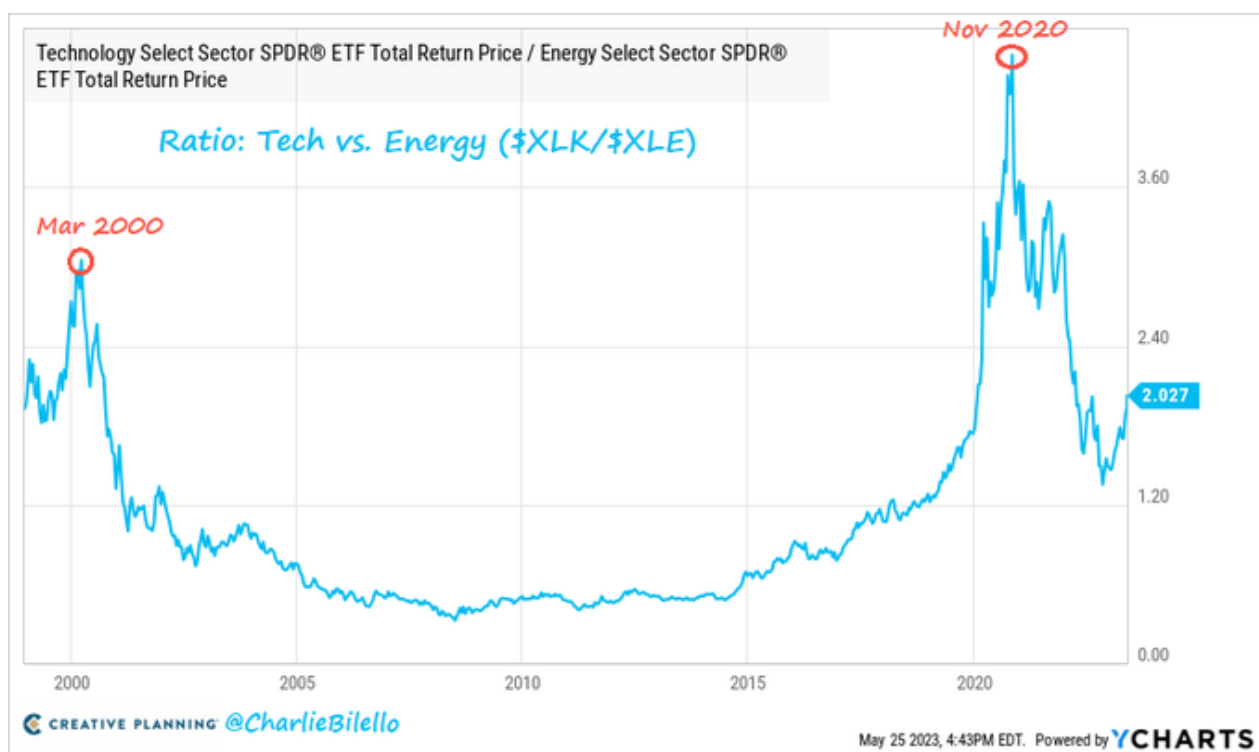
Sun Microsystems, a former darling of the Internet bubble in the 90s hit a valuation of 10x sales at its peak. When stocks took a massive beating later on, this is what its CEO Scott McNealy had to say to investors:

At 10 times revenues, to give you a 10-year payback, I have to pay you 100% of revenues for 10 straight years in dividends. That assumes I can get that by my shareholders. That assumes I have zero cost of goods sold, which is very hard for a computer company. That assumes zero expenses, which is really hard with 39,000 employees. That assumes I pay no taxes, which is very hard. And that assumes you pay no taxes on your dividends, which is kind of illegal. And that assumes with zero R&D for the next 10 years, I can maintain the current revenue run rate. Now, having done that, would any of you like to buy my stock at \$64? Do you realize how ridiculous those basic assumptions are? You don't need any transparency. You don't need any footnotes. What were you thinking?



#tech #energy

Tech vs. Energy...



Source: www.zerohedge.com, Bloomberg

#GLOBALMARKETS WEEKLY WRAP-UP

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#energy #stocks #buffet #occidental-petroleum

Warren Buffett's Berkshire Hathaway \$BRK.B bought almost 3.5 Million more shares of Occidental \$OXY this week

1. Name and Address of Reporting Person* BERKSHIRE HATHAWAY INC			2. Issuer Name and Ticker or Trading Symbol OCCEIDENTAL PETROLEUM CORP /DE/ [OXY]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input checked="" type="checkbox"/> 10% Owner		
3555 FARNAM STREET			3. Date of Earliest Transaction (Month/Day/Year) 05/16/2023			Officer (give title below)		
(Last)	(First)	(Middle)	4. If Amendment, Date of Original Filed (Month/Day/Year)			6. Individual or Joint/Group Filing (Check Applicable Line) Form filed by One Reporting Person		
(Street)						Form filed by More than One Reporting Person		
OMAHA	NE	68 131				<input checked="" type="checkbox"/>		
(City)	(State)	(Zip)	Rule 10b5-1(c) Transaction Indication					
			<input type="checkbox"/> Check this box to indicate that a transaction was made pursuant to a contract, instruction or written plan that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). See Instruction 10.					

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)			4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price				
Common Stock	05/16/2023		P		1,625,257	A	\$58.2203 ⁽¹⁾	215,498,168	I	See footnotes ⁽²⁾ (3)(4)	
Common Stock	05/17/2023		P		614,020	A	\$58.6597 ⁽⁵⁾	216,112,188	I	See footnotes ⁽²⁾ (3)(4)	
Common Stock	05/18/2023		P		1,217,945	A	\$58.1144 ⁽⁶⁾	217,330,133	I	See footnotes ⁽²⁾ (3)(4)	
Series A Preferred Stock								93,532	I	See footnotes ⁽³⁾ (4)(7)	

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

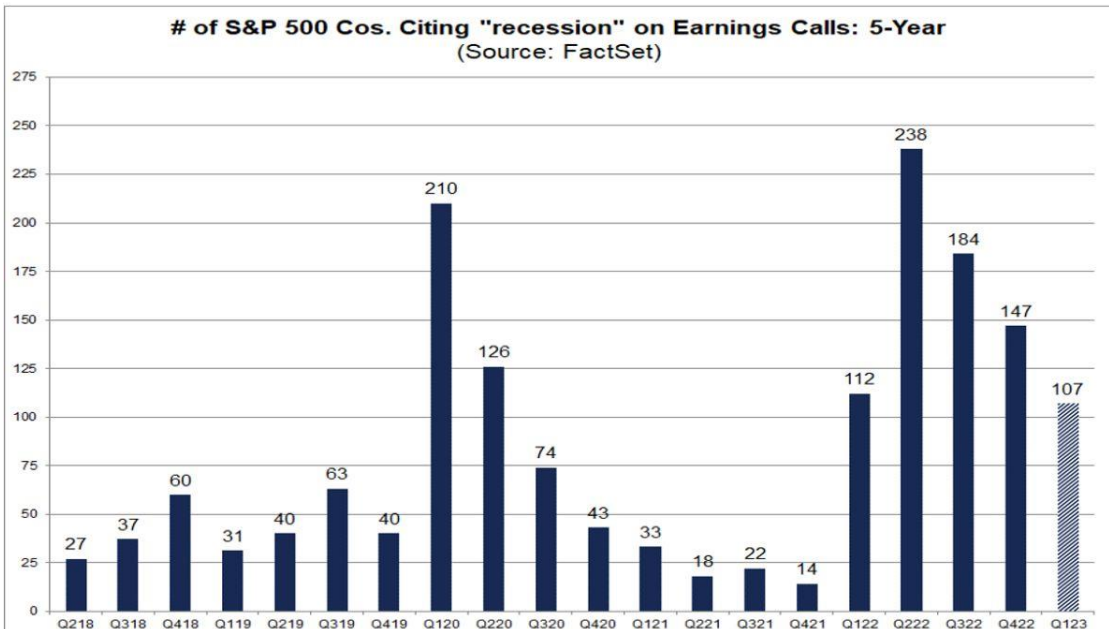
1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Warrants to Purchase Shares of Common Stock	\$59.624 ⁽⁸⁾							(9)	(9)	Common Stock	83,858,848.81 ⁽⁸⁾	83,858,848.81 ⁽⁸⁾	I	See Footnotes ⁽³⁾ (4)(10)	

Source: Barrons



#sp500 #earnings #recession

The number of S&P 500 companies citing “recession” on earnings calls for Q1 2023 is 27% below the number in Q4 2022 (147), 42% below the number in Q3 2022 (184) and 55% below the number in Q2 2022 (238). There are still about 25 S&P 500 companies that have not reported actual earnings for the first quarter. Thus, while the final number could finish higher than 107, it will fall short of the numbers from the previous three quarters. It is also interesting to note that few S&P 500 companies are discussing the debt ceiling as well. The term “debt ceiling” has been cited on the earnings calls of just 13 S&P 500 companies from March 15 through May 18.



Source: Factset



#sp500 #earnings #recession

Market has flipped from EPS recession to no recession as inflation, fiscal stimulus, labor market boosted nominal GDP which should be good news...unless of course debt ceiling ends fiscal stimulus, slow deterioration in labor market accelerates...

Chart 8: Where did my EPS recession go?
S&P 500 EPS and consensus forecast



Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

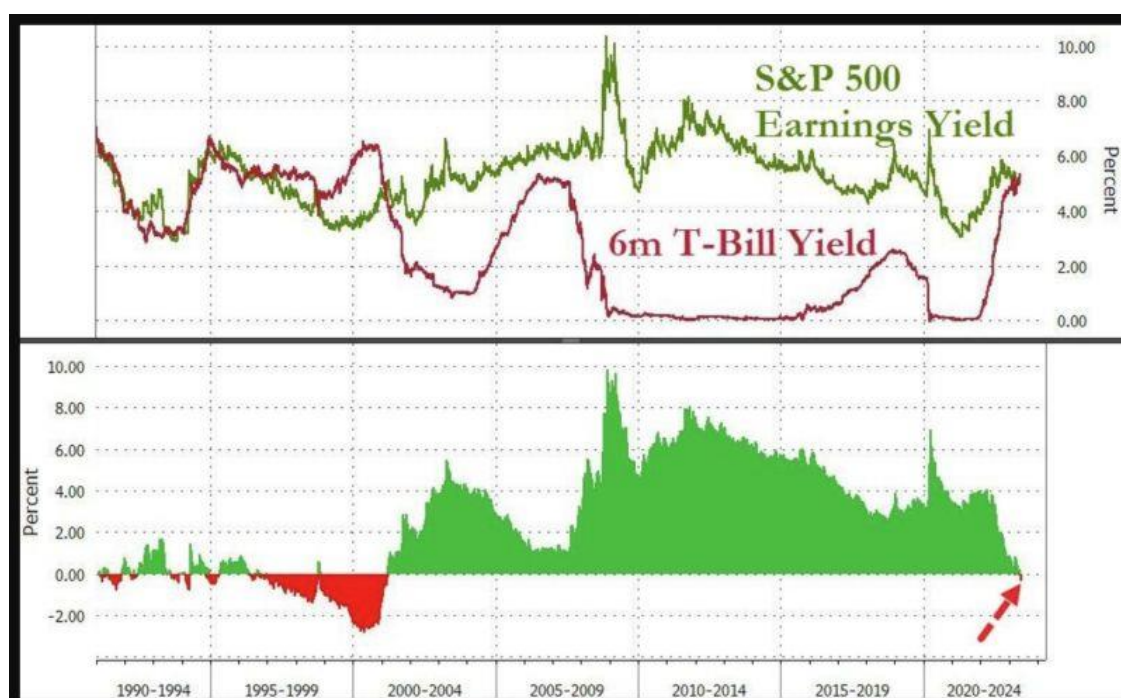
Source: BofA



#markets

#equities #valuations

Equity markets are facing competition from cash... The 6-month US T-Bill yields are now trading at a 33bps PREMIUM to the earnings yield of the #SP500...

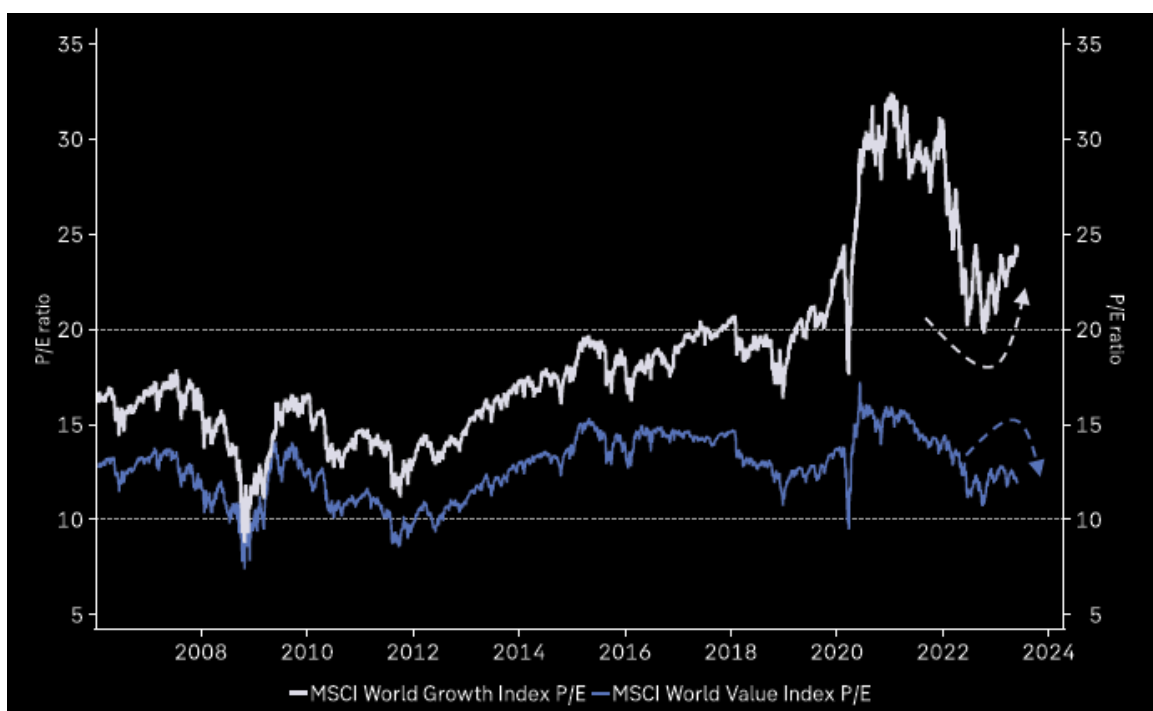


Source: www.zerohedge.com, Bloomberg



#equities #valuations

MSCI World Growth P/E is expanding while MSCI World Value P/E is heading south. Could AI make Tech less rate-dependant?



Source: TME, Macrobond



#debt-ceiling #cross-assets #historical-performance

This is how different assets performed into the debt ceiling drama of 2011. History doesn't repeat itself but often rhymes...

How did assets perform around the 2011 debt ceiling drama?



Source: TheMacroCompass.com, Bloomberg

Source: Macro Alf)



#debt-ceiling #us #equities #historical-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.

Figure 3: Historically, the S&P 500 is higher in the 12 months after a debt-ceiling standoff:

Event /Dates	S&P 500 Performance During Standoff	S&P 500 Performance 1 month after	S&P 500 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%	

Bloomberg, Edward Jones. Past performance does not guarantee future results. Market indexes are unmanaged and cannot be invested into directly and are not meant to depict an actual investment.



Source: Edward Jones

#china #equities

Michael Burry is bullish on China.

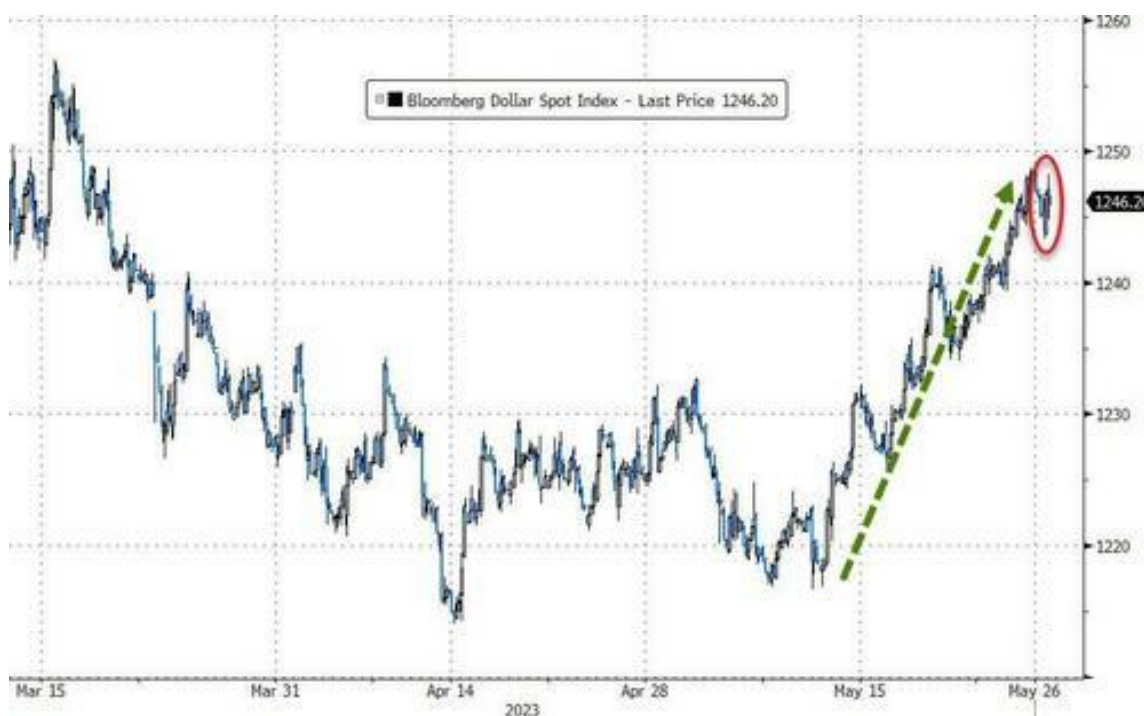


Source: Compounding Quality



#dollar-index

The dollar rallied for the 3rd straight week (5 of last 6), but ended the week with selling pressure...



Source: www.zerohedge.com, Bloomberg



#us #rating

The tension around the US debt-limit negotiations ratcheted up after Fitch Ratings warned the nation’s AAA rating was under threat from a political standoff that’s preventing a deal. Fitch may downgrade its assessment to reflect the increased partisanship that is hindering a resolution despite the fast-approaching so-called X date, it said in a statement, referring to the point at which Washington runs out of cash. It moved the US to “rating watch negative” under its classification.



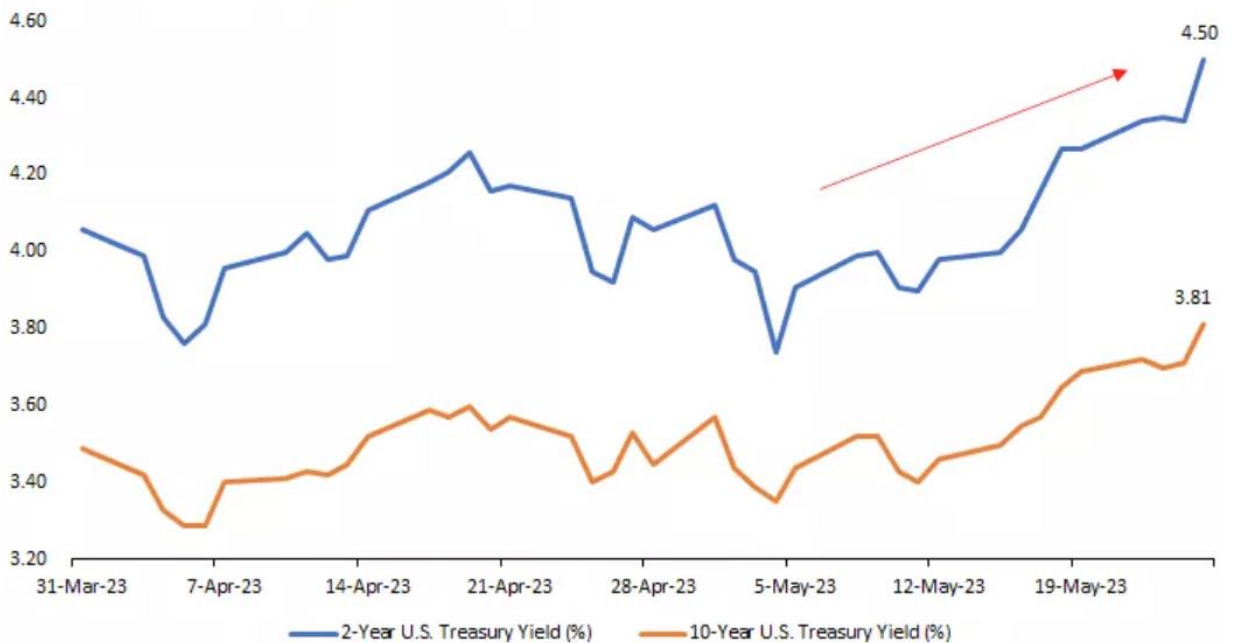
Source: Bloomberg



#us #treasuries #yield

U.S. Treasury yields have moved higher, particularly for shorter-term bonds, as expectations rise for another Fed rate hike once again

U.S. Treasury Yields Climb Higher in Recent Weeks



Source: Edward Jones

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#us #treasuries #weekly

Treasury yields were dumped all week, but Friday saw some buying come back into the long-end, leaving the short-end (2Y) up 30bps on the week while 30Y yields were up only 3bps...



Source: www.zerohedge.com, Bloomberg



#us #treasuries #yield-curve

The biggest weekly curve (2s10s) flattening since April 2022 led to its most inverted since the peak of the SVB crisis...



Source: www.zerohedge.com, Bloomberg



#us #credit

US High Yield market is not trading well...

Chart 11: Credit...the great canary, HY bonds, not trading well at all
Global HY bond prices



Source: BofA Global Investment Strategy, Bloomberg

BofA GLOBAL RESEARCH

Source: BofA



#cmbs

Spreads on BBB CMBS (commercial-mortgage-backed securities) have moved above 1,000 bps, their widest levels since March 2020.



— ICE BofA BBB US Fixed Rate CMBS Index (CB40) -OAS

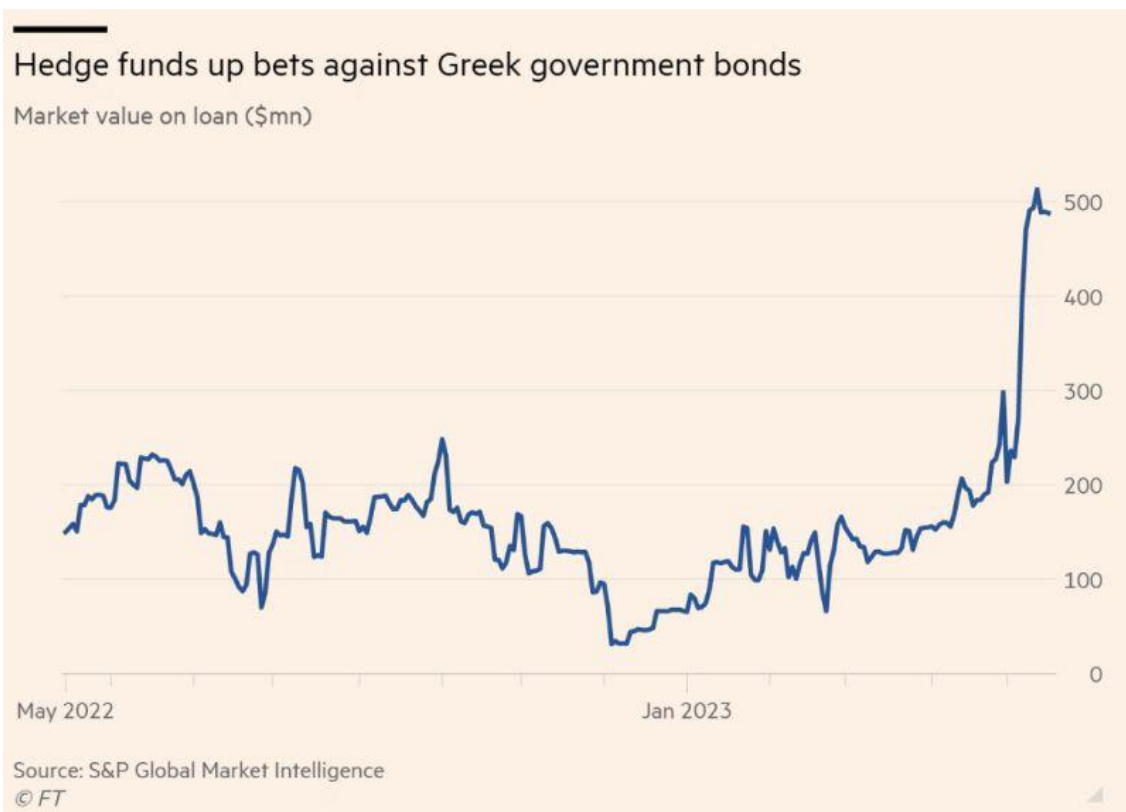
CREATIVE PLANNING @CharlieBilello

Source: Charlie Bilello



#greece #shorts #hedge-funds

Bets against Greek bonds hit highest level since 2014. The total value of Greece’s bonds borrowed by investors to wager on a fall in prices — known as shorting — hit its highest level since 2014 this week at over \$500mn, according to data from S&P Global Market Intelligence — up from around \$65mn at the start of the year.





Source: FT

#macro

#global #inflation

Global Inflation Rates		
Country/Region	CPI Inflation (YoY %)	Trend vs. Prior Reading
CHINA	0.1%	Lower
RUSSIA	2.3%	Lower
TAIWAN	2.4%	Unchanged
SWITZERLAND	2.6%	Lower
THAILAND	2.7%	Lower
SAUDI ARABIA	2.7%	Unchanged
JAPAN	3.5%	Higher
SOUTH KOREA	3.7%	Lower
SPAIN	4.1%	Higher
BRAZIL	4.2%	Lower
INDONESIA	4.3%	Lower
CANADA	4.4%	Higher
INDIA	4.7%	Lower
US	4.9%	Lower
NETHERLANDS	5.2%	Higher
SINGAPORE	5.7%	Higher
PORTUGAL	5.7%	Lower
FRANCE	5.9%	Higher
MEXICO	6.3%	Lower
PHILIPPINES	6.6%	Lower
NEW ZEALAND	6.7%	Lower
SOUTH AFRICA	6.8%	Lower
EUROZONE	7.0%	Higher
AUSTRALIA	7.0%	Lower
GERMANY	7.2%	Lower
IRELAND	7.2%	Lower
FINLAND	7.9%	Unchanged
ITALY	8.2%	Higher
UK	8.7%	Lower
SWEDEN	10.5%	Lower
POLAND	14.7%	Lower
TURKEY	43.7%	Lower
ARGENTINA	109%	Higher
VENEZUELA	471%	Lower



Source: Charlie Bilello



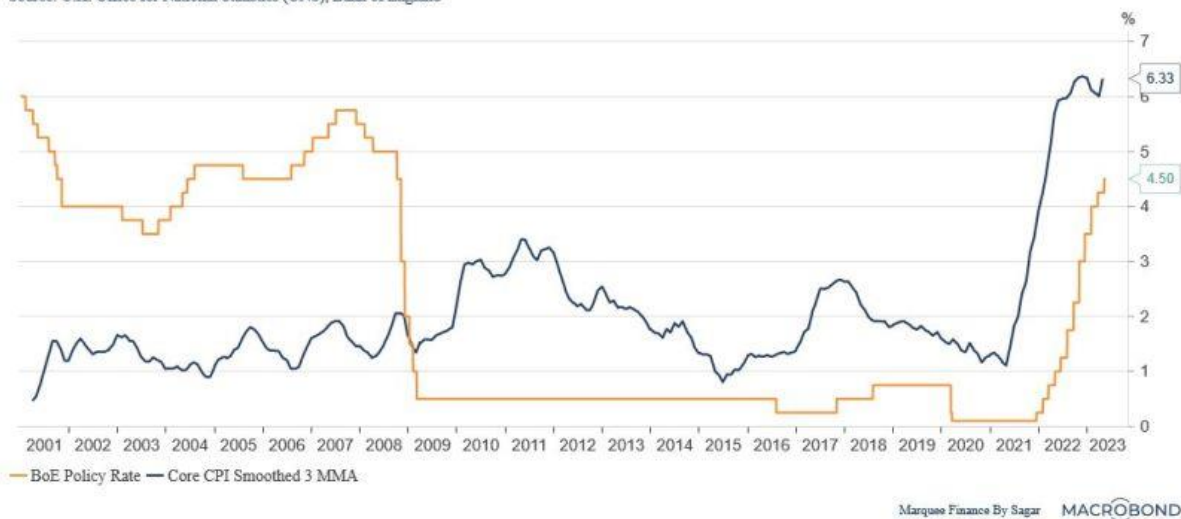
#uk #inflation

UK Core inflation is turning out to be sticky. It's getting more and more clear that #fiscalpolicy is not helping and adding fuel to fire.

The only way to bring down inflation is none other than cracking the labor market (which entails a recession).

UK Inflation And BoE Rates

Source: U.K. Office for National Statistics (ONS), Bank of England

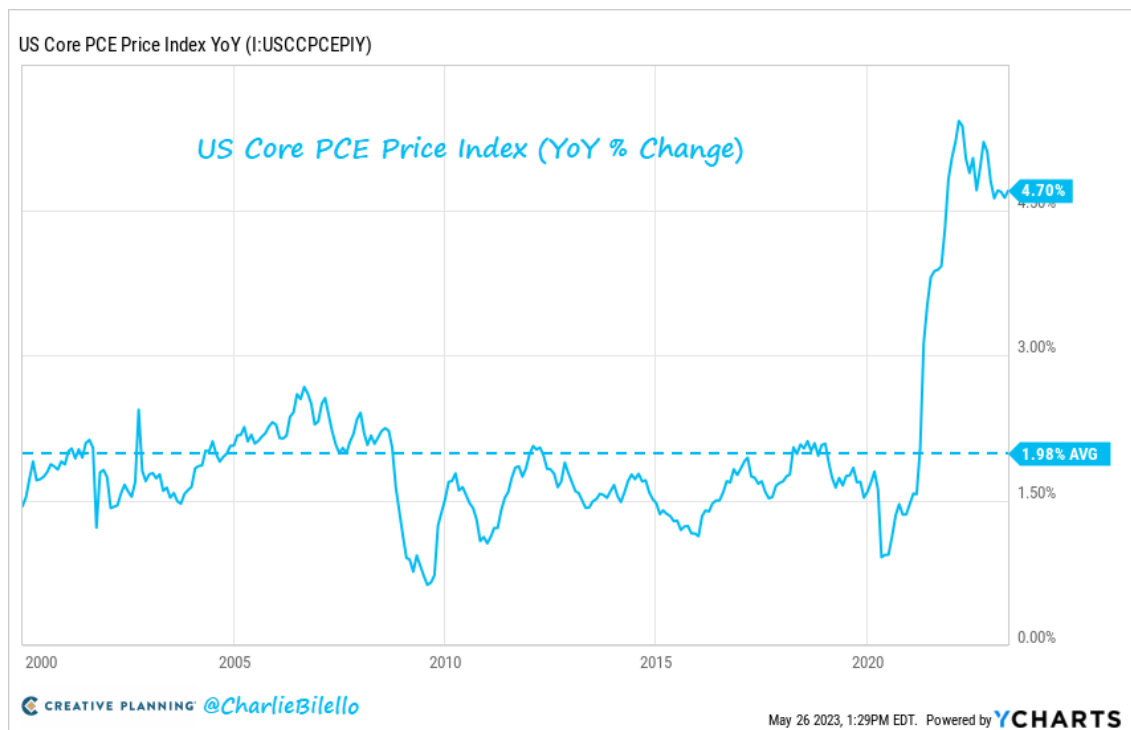


Source: The Macro guy, Macrobond



#us #inflation #pce

The Fed's preferred measure of inflation (core PCE) came in above expectations (4.7% vs. 4.6% estimate) and remains well above the Fed's 2% target level. The market is now pricing in a 65% probability of a rate hike at the June FOMC meeting and no rate cuts until November.



Source: Charlie Bilello



#us #inflation #expectations

US economic data surprised to the upside this week - but most notably in terms of inflation signals that showed no signs of trending lower.

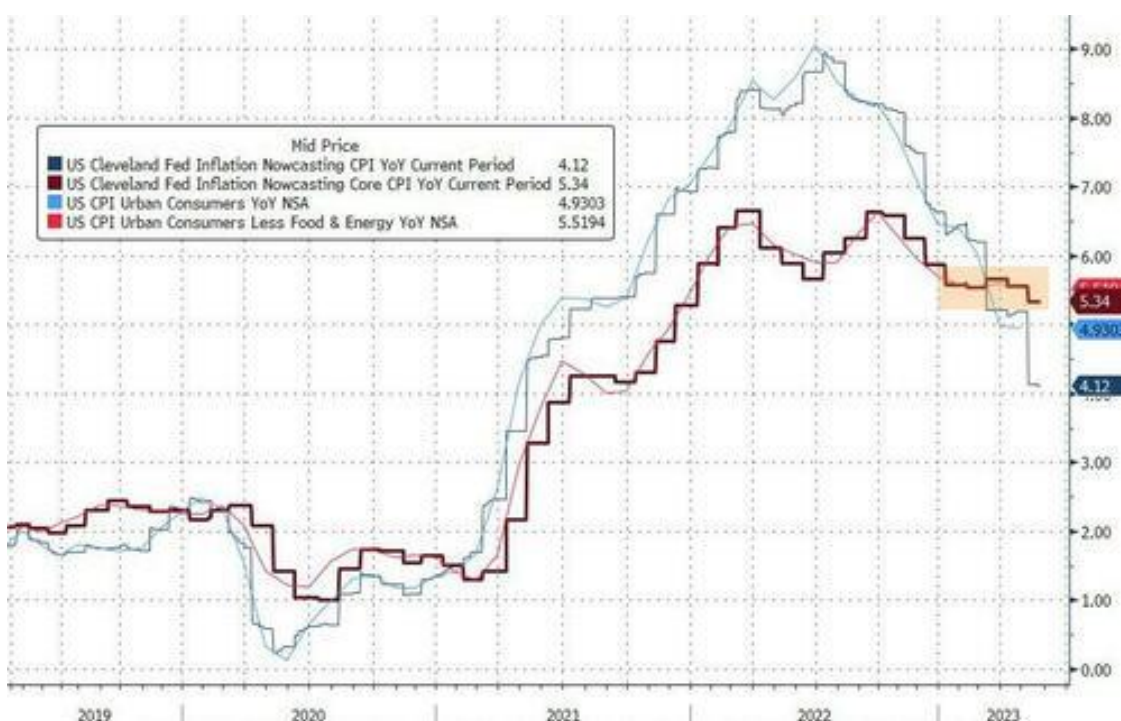


Source: www.zerohedge.com, Bloomberg



#us #inflation #expectations

While core inflation NOWCAST did drop a smidge, it remains a mile away from The Fed's mandated levels - and the drop has stalled...



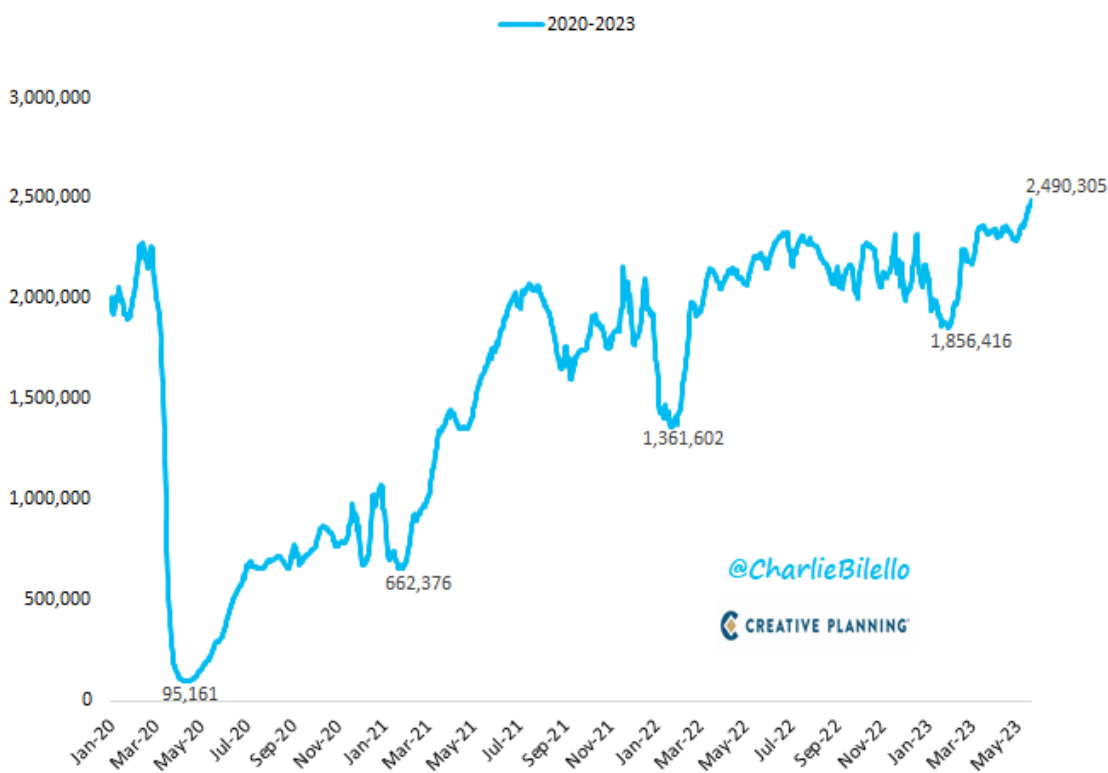
Source: www.zerohedge.com, Bloomberg



#us #re-opening

There was an average of over 2.49 million US airline travelers per day over the last week, the highest number since August 2019.

TSA Checkpoint Travel Numbers - 7-Day Average
(Source: TSA.Gov)



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CREATIVE PLANNING

Source: Charlie Bilello

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#us #reopening



Charlie Bilello ✓

@charliebilello



"Royal Caribbean reported that the occupancy rate across its cruise lines averaged 102.1% during the first quarter of 2023, up from 57.4% in early 2022." - WSJ

[wsj.com/articles/cruis...](https://www.wsj.com/articles/cruise-lines-report-102-1-percent-occupancy-rate-in-q1-2023-11682544000)

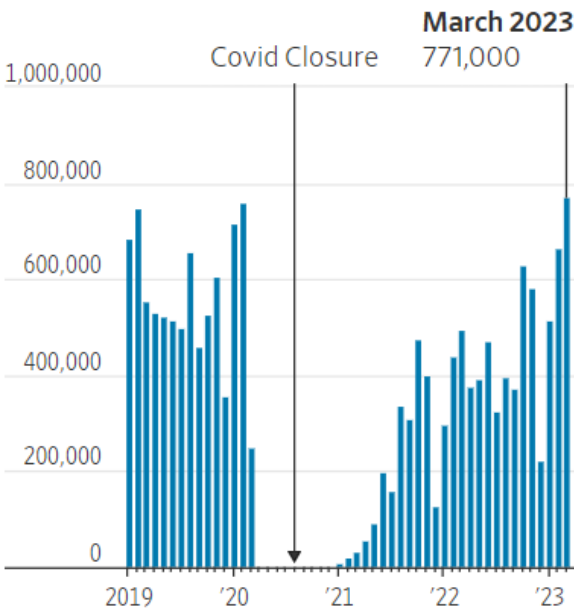




#us #reopening

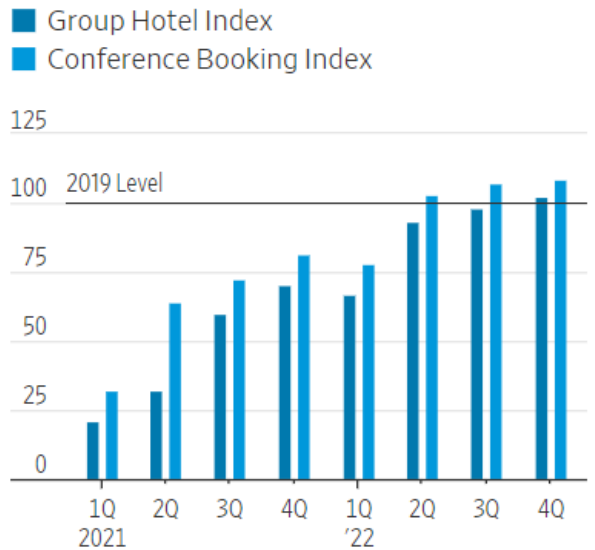
Conference attendance and related hotel demand has fully recovered, now above 2019 levels...

Las Vegas convention attendance, monthly totals



Source: Las Vegas Convention and Visitors Authority

Conference demand measurements



Note: Indexes track conference and related hotel booking requests in the U.S., Canada and Mexico. Index of 100 equals 2019 levels.

Source: Events Industry Council

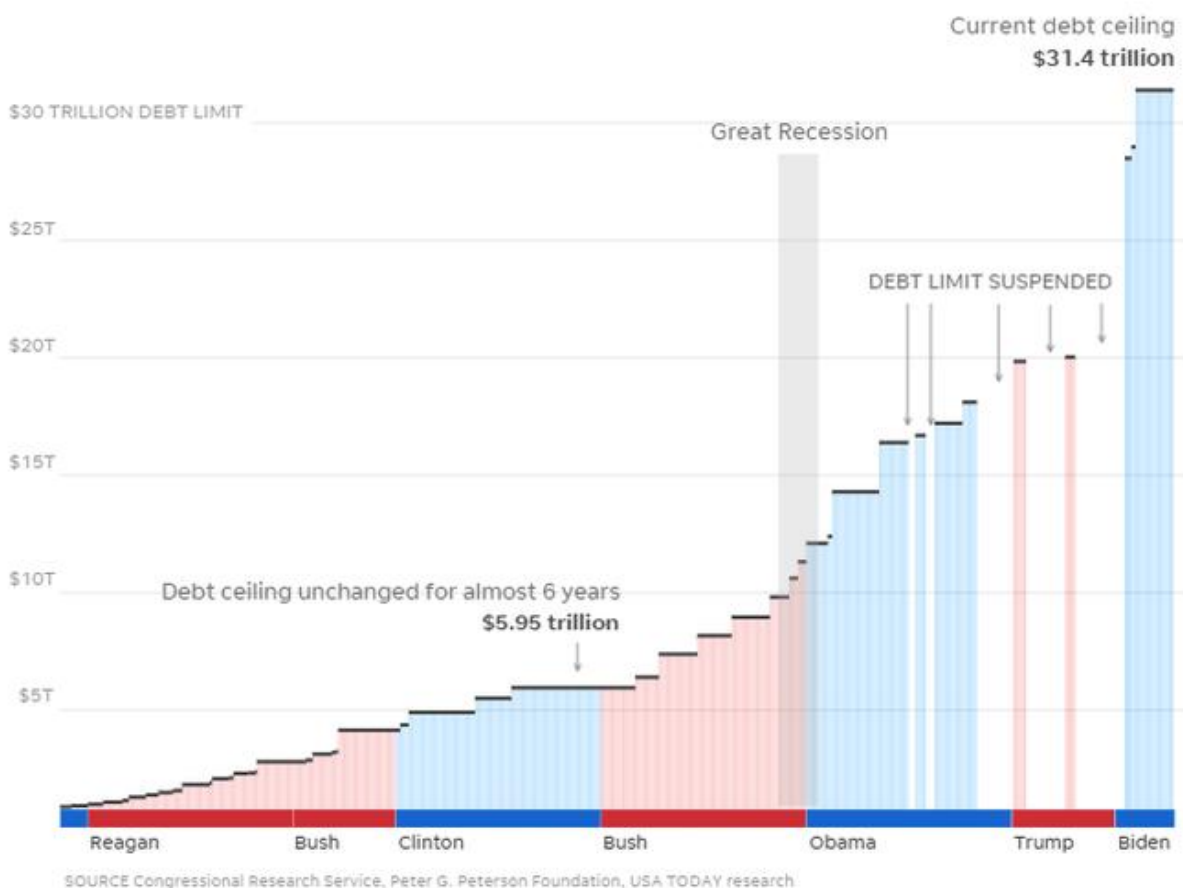
Source: Charlie Bilello





#debt-ceiling

We've see this before... Since 1941, Congress has raised the debt ceiling at least 100 times (56x during Republican administrations and 44x during Democratic administrations).



Source: Charlie Bilello



#debt-ceiling #us-treasury #cash

Treasury says it won't run out money until at least June 5, buying time for debt ceiling talks, despite Treasury cash balance has dropped to \$38.8bn.



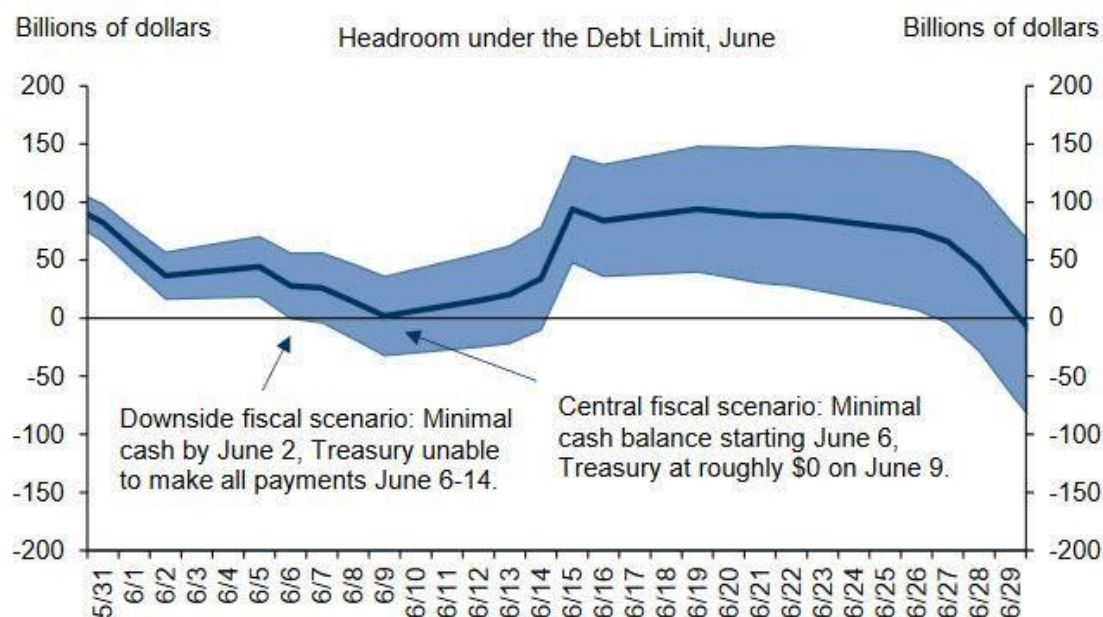
Source: Bloomberg



#debt-ceiling #us-treasury #cash

Goldman Sachs believes that the US Treasury will run out of funds by June 6th... At this moment Goldman's central scenario is that "by June 2 the Treasury's room under the debt limit will barely exceed \$30bn (the minimum cash the Treasury has targeted in prior debt limit projections) and that funds will be exhausted entirely by June 9." And in a downside scenario in which withheld tax collections slow slightly, Goldman forecasts that the Treasury would run out of funds as soon as June 6....

Exhibit 1: Our Current Central Scenario Is That the Treasury's Room Under the Debt Limit Will Barely Exceed \$30bn by June 2



Source: Treasury, Goldman Sachs Global Investment Research

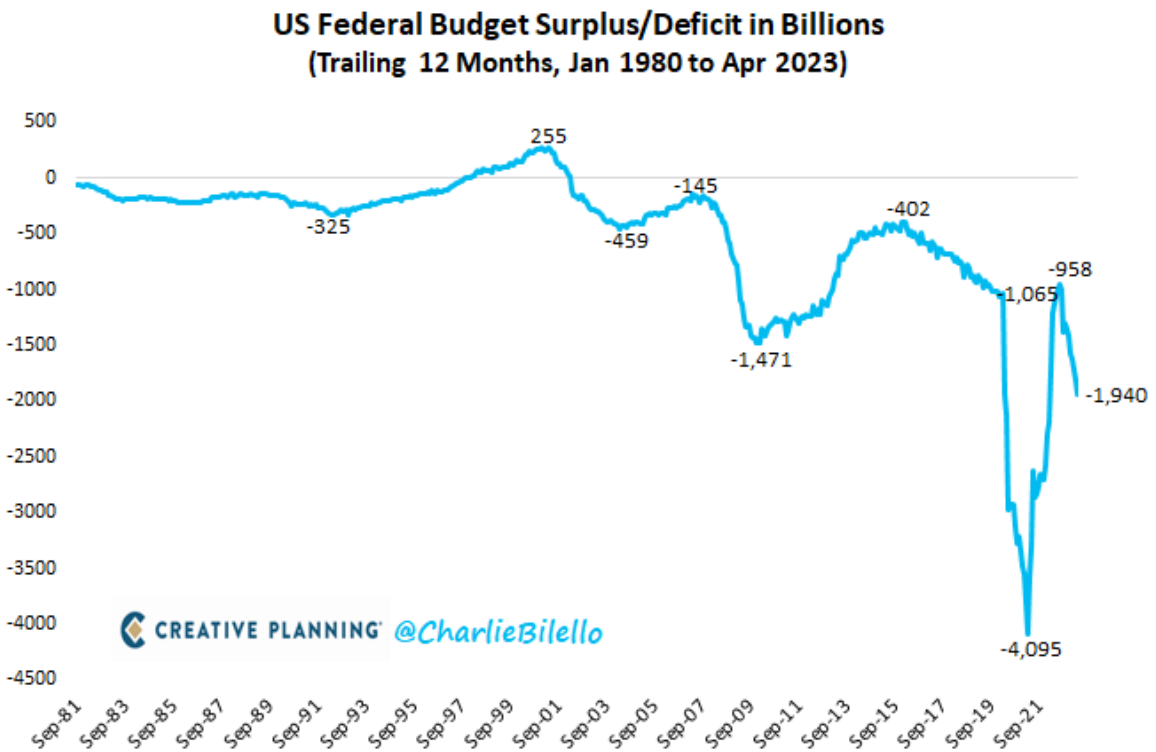
Source: Goldman Sachs





#us #national-debt

US National Debt has increased from \$23 trillion in 2019 to over \$31 trillion today. The US has a \$2 trillion deficit, making any notion of a "ceiling" a complete farce. It will be raised and we'll soon see \$32 trillion...



Source: Charlie Bilello



#us #banking-crisis

The US bank run in slow motion continues. Data published yesterday shows that money market weekly inflows soared by the most since the first week, up \$47 billion to a new record high at \$5.39 trillion...This huge resurgence in money market fund inflows strongly suggests tomorrow's H8 deposit report will show the bank walk/run is continuing...



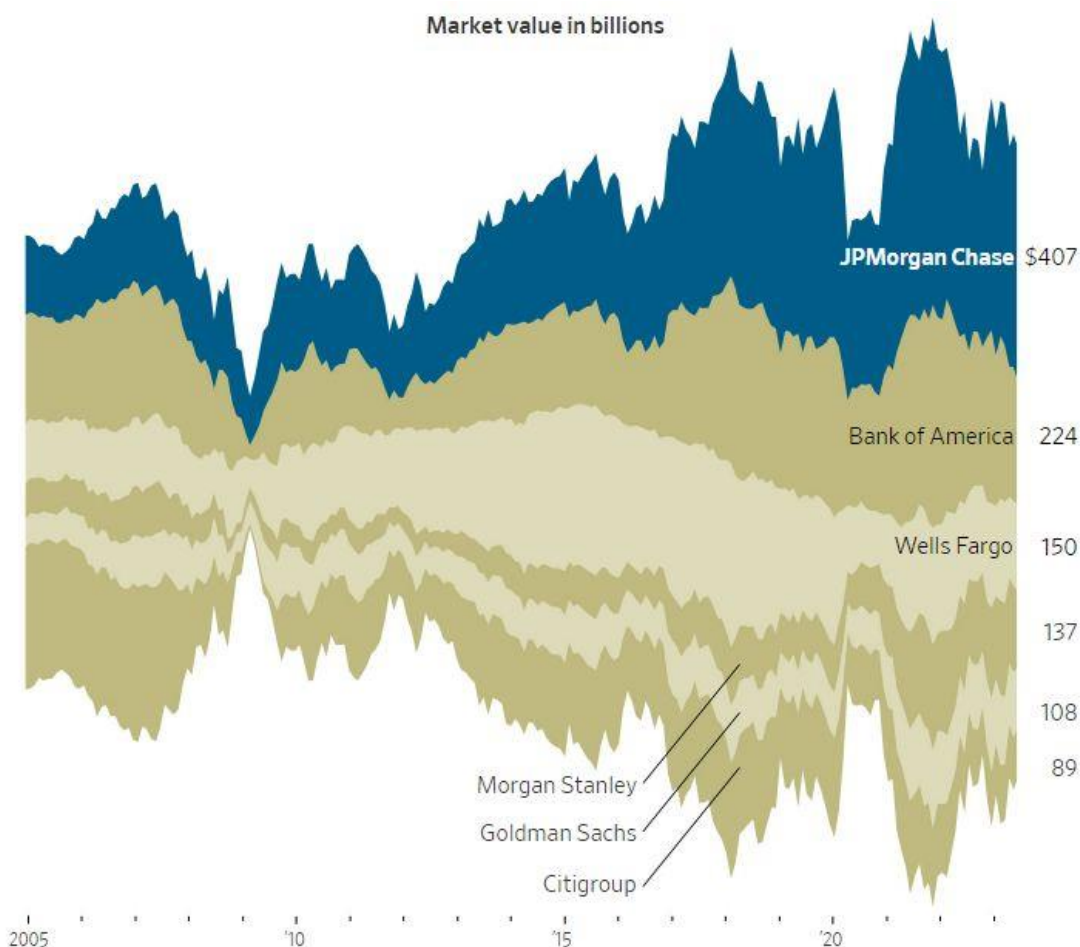
Source: Bloomberg, www.zerohedge.com



#macro

#us #banking-crisis

JPM now has more than 13% of the US nation's deposits and 21% of all credit card spending. That's a bigger share than any other bank, and it keeps growing



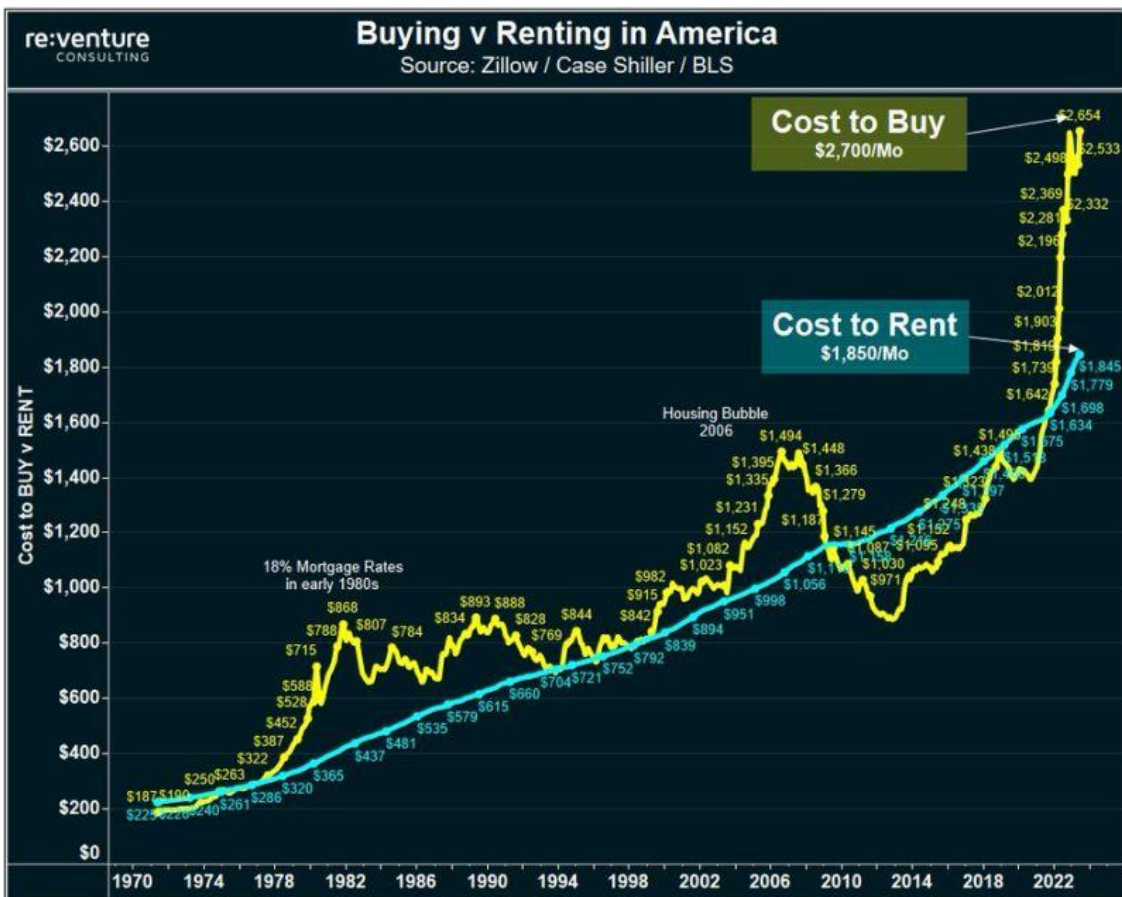


#us #real-estate

Cost to buy = \$2,700/month

Cost to rent = \$1,850/month

Biggest gap ever? How long will the #us housing market handle 7% mortgage rates?



Source: Wall Street Silver, re-venture



#eurozone #growth

Europe's economy engine is breaking down: Germany is at risk of a long, slow decline. Decades of flawed energy policy, demise of combustion-engine cars & sluggish transition to new technologies converging to pose most fundamental threat to nation's prosperity since reunification.



Source: HolgerZ, Bloomberg



#eurozone #natural-gas

Price of EU Natural Gas has hit 2y low, in contrast to German electricity price, which remains considerably higher. This divergence can be attributed, in part, to inclusion of carbon certificates in coal-fired & other fossil fuel power generation, adding ~€80/MWh to overall cost

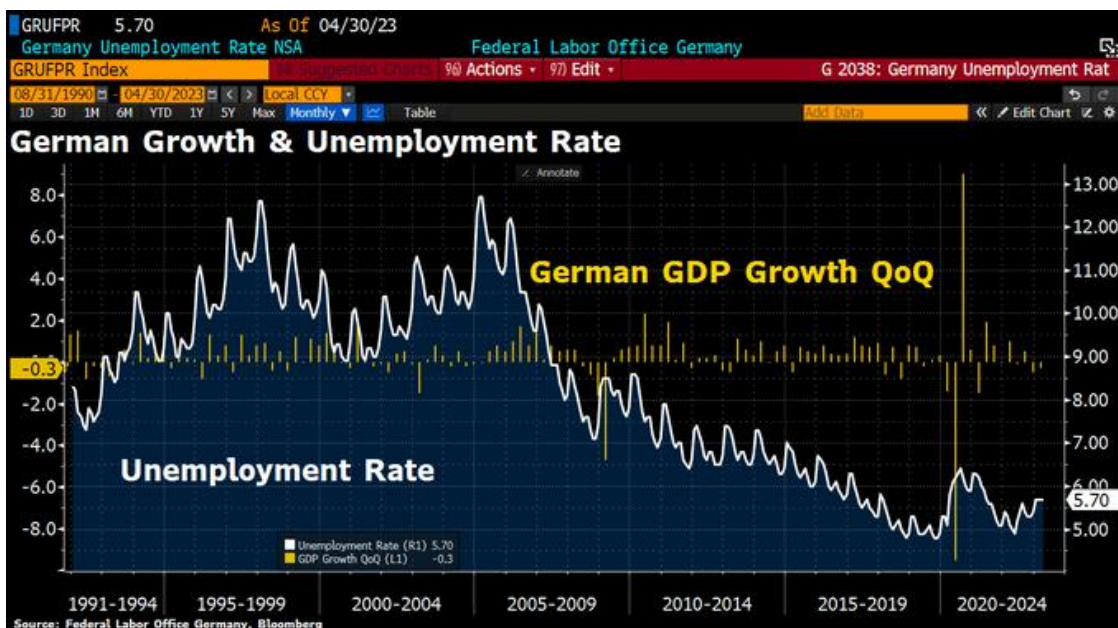


Source: HolgerZ, Bloomberg



#germany #economy

Welcome to the Full-Employment Recession: #Germany plunged into recession w/Q1 GDP shrink 0.3% QoQ after -0.5% in Q4 2022 while the unemployment rate remained stable at 5.7%. What's behind the paradox?



Source: HolgerZ, Bloomberg



#german #economy

Germany which suffered a winter recession as data revised down. Q1 output shrank 0.3% QoQ following a 0.5% drop between October and December. Its initial estimate, last month, was for stagnation.



Source: Bloomberg, HolgerZ



#german #economy

Doesn't look like a good year for the German economy in 2023. After 7 consecutive months of growth, the Ifo Expectations Index has suddenly turned sharply negative. This index is a good leading indicator for economic growth.



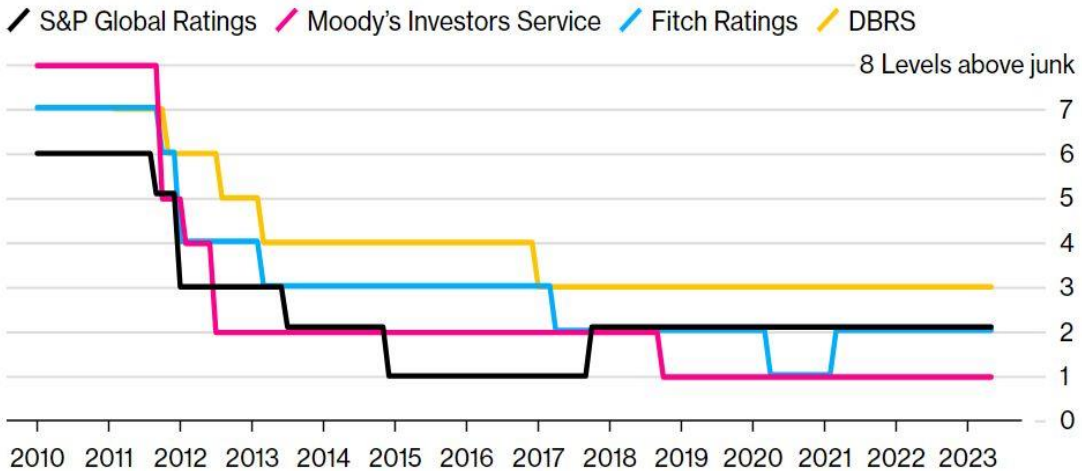
Source: HolgerZ, Bloomberg



#italy #rating

Italy won't lose its investment-grade status at Moody's Investors Service for now after the company chose not to issue a new assessment. A possible announcement scheduled for Friday didn't materialize. Moody's currently assesses Italy at Baa1, just one notch above junk, with a negative outlook. A spokesperson said there's no plan to publish a report on Friday. Moody's has a markedly more downbeat view on Italy than its main rivals. Both S&P and Fitch Ratings, the two other major rating agencies, recently reaffirmed investment-grade assessments on the country that are one notch higher.

Italy Credit-Rating Watch



Source: Bloomberg

Source: Bloomberg



#macro

#china #production

CHINA ECONOMY

China's industrial profits tumble 18% in April as demand sputters

PUBLISHED FRI, MAY 26 2023-11:32 PM EDT

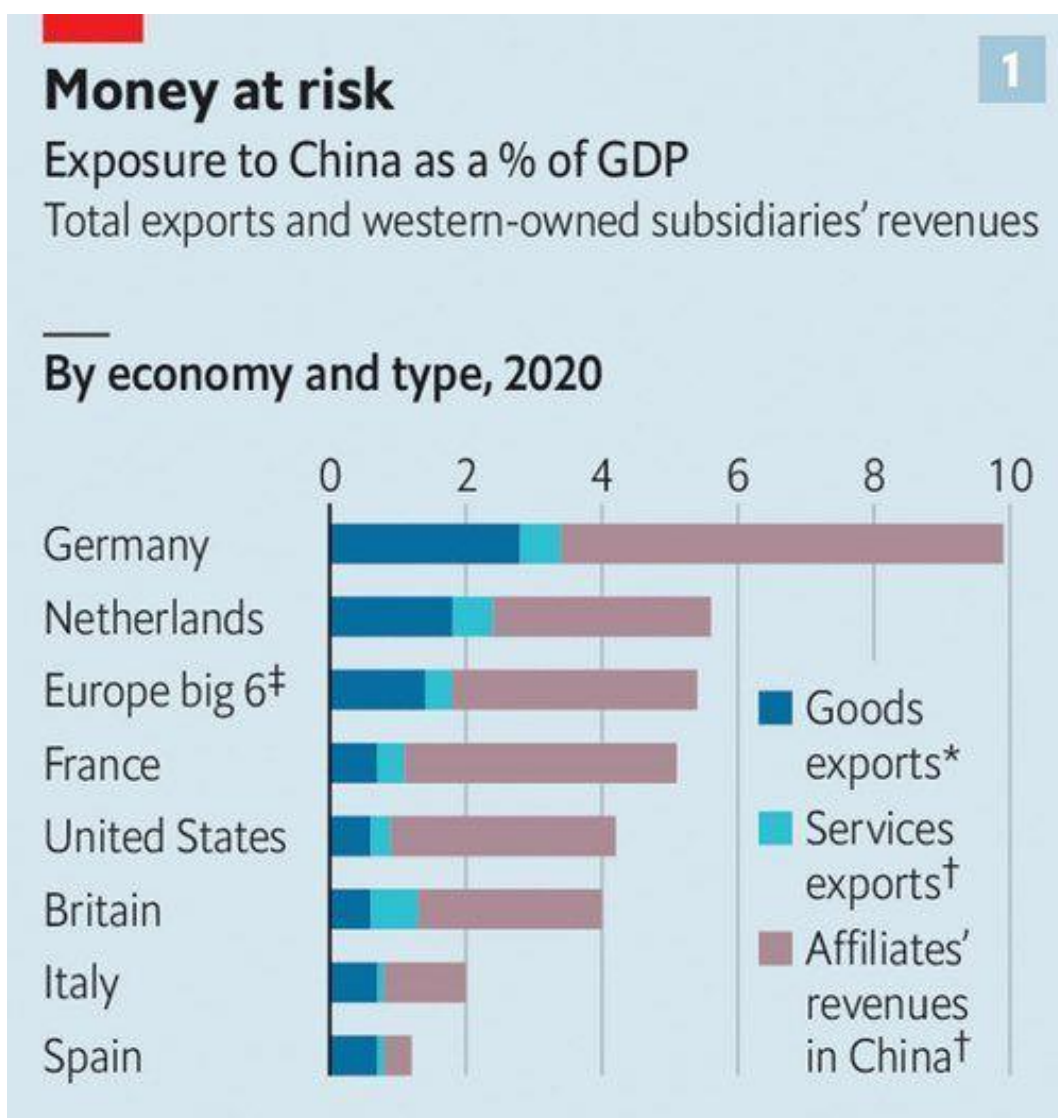


Source: CNBC

#macro

#china #exposure

Exposure to China - The Economist

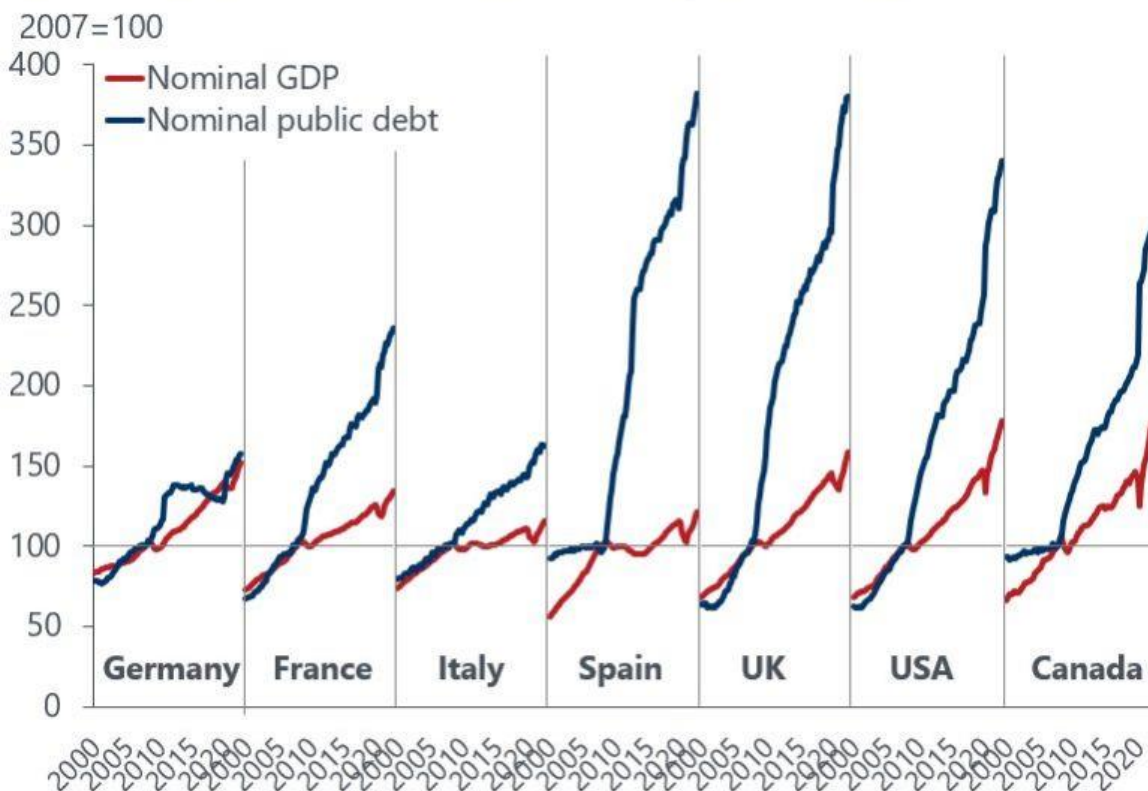




#global #debt

Regardless what politicians say as response to public cost of living outcry, they will need inflation to inflate away excess debt via negative real rates. It's simply not sustainable.

World: Nominal GDP and nominal public debt



Source: Oxford Economics/Haver Analytics

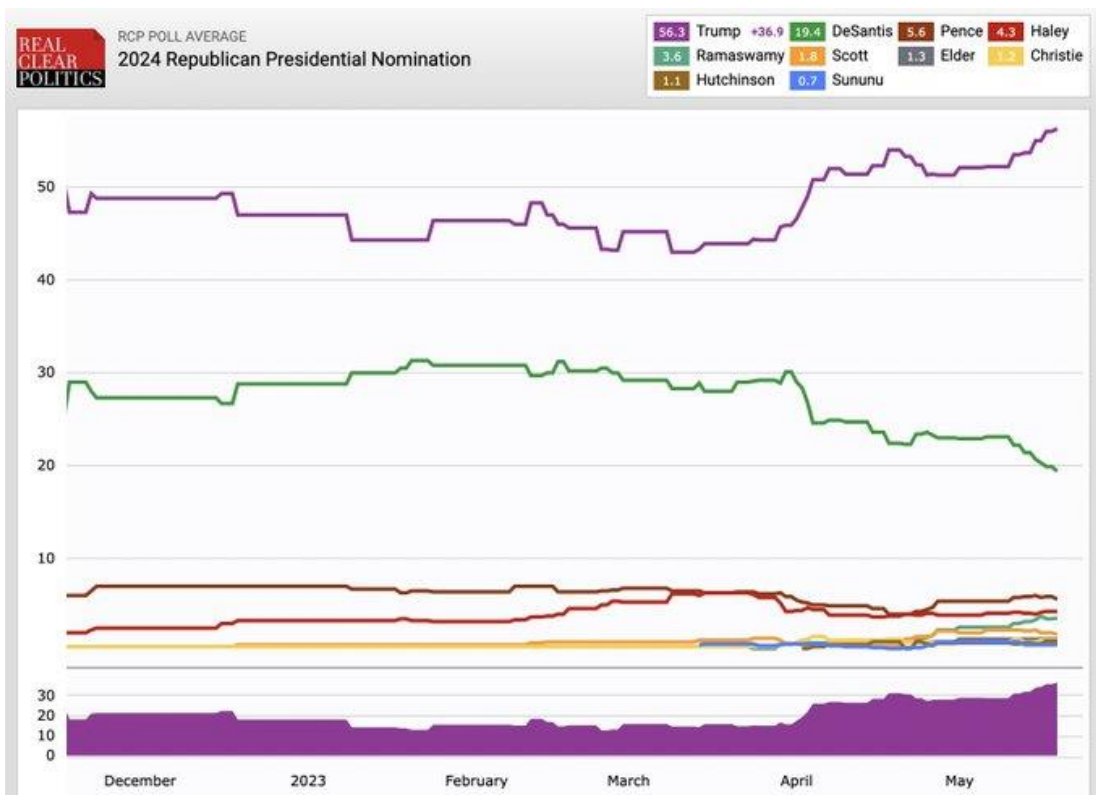
Source: Ht DanielKral1, Michel Arouet, Oxford Economics



#geopolitics

#republicans #desantis

Ron DeSantis will launch presidential bid during #Twitter chat with Elon Musk. DeSantis, 44, will begin his presidential campaign considerably weakened by eroding polling numbers, withering attacks from Trump & self-inflicted missteps. Trump holds a lead of ~36ppts.



Source: HolgerZ

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

27 MAY 2023

#centralbanks

#global #centralbanks

Global Central Bank Policy Rates						
Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	Last Move	Last Move Month
Japan	Policy Rate Bal	-0.10%	3.5%	-3.6%	Cut	Jan-16
Switzerland	Target Rate	1.50%	2.6%	-1.1%	Hike	Mar-23
Thailand	Policy Rate	1.75%	2.7%	-0.9%	Hike	Mar-23
Taiwan	Discount Rate	1.88%	2.4%	-0.5%	Hike	Mar-23
Denmark	Deposit Rate	2.85%	5.3%	-2.5%	Hike	May-23
Malaysia	Policy Rate	3.00%	3.4%	-0.4%	Hike	May-23
Eurozone	Deposit Rate	3.25%	7.0%	-3.8%	Hike	May-23
Norway	Deposit Rate	3.25%	6.4%	-3.2%	Hike	May-23
Sweden	Repo Rate	3.50%	10.5%	-7.0%	Hike	Apr-23
South Korea	Repo Rate	3.50%	3.7%	-0.2%	Hike	Jan-23
China	Loan Prime Rate	3.65%	0.1%	3.6%	Cut	Aug-22
Australia	Cash Rate	3.85%	7.0%	-3.2%	Hike	May-23
UK	Bank Rate	4.50%	8.7%	-4.2%	Hike	May-23
Canada	Overnight	4.50%	4.4%	0.1%	Hike	Jan-23
US	Fed Funds	5.13%	4.9%	0.2%	Hike	May-23
New Zealand	Cash Rate	5.50%	6.7%	-1.2%	Hike	May-23
Hong Kong	Base Rate	5.50%	2.1%	3.4%	Hike	May-23
Saudi Arabia	Repo Rate	5.75%	2.7%	3.1%	Hike	May-23
Indonesia	Repo Rate	5.75%	4.3%	1.4%	Hike	Jan-23
Philippines	Key Policy Rate	6.25%	6.6%	-0.4%	Hike	Mar-23
India	Repo Rate	6.50%	4.7%	1.8%	Hike	Feb-23
Poland	Repo Rate	6.75%	14.7%	-8.0%	Hike	Sep-22
Czech Republic	Repo Rate	7.00%	12.7%	-5.7%	Hike	Jun-22
Russia	Key Policy Rate	7.50%	2.3%	5.2%	Cut	Sep-22
Peru	Policy Rate	7.75%	8.0%	-0.3%	Hike	Jan-23
South Africa	Repo Rate	8.25%	6.8%	1.5%	Hike	May-23
Turkey	Repo Rate	8.50%	43.7%	-35.2%	Cut	Feb-23
Chile	Base Rate	11.25%	9.9%	1.4%	Hike	Oct-22
Mexico	Overnight Rate	11.25%	6.3%	5.0%	Hike	Mar-23
Colombia	Repo Rate	13.25%	12.8%	0.4%	Hike	Apr-23
Brazil	Target Rate	13.75%	4.2%	9.6%	Hike	Aug-22
Argentina	Benchmark Rate	97.00%	108.8%	-11.8%	Hike	May-23

CREATIVE PLANNING

@CharlieBilello

Data as of 5/25/23



Source: Charlie Bilello

#centralbanks

#us #fed #expectations

This week the market very hawkishly repriced the entire short-term rate curve with 100% odds of another hike by July and pricing in rates being only 25bps lower by Jan 2024 (from 125bps lower right after the FOMC)...



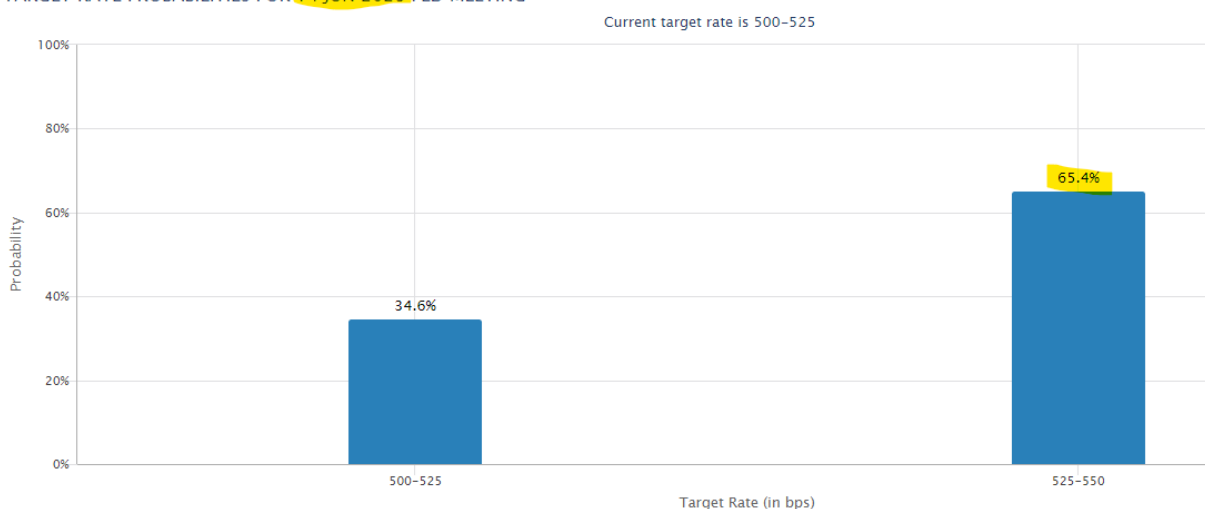
Source: Bloomberg, www.zerohedge.com



#us #fed #june #expectations

The market is now pricing in a 65% probability of a rate hike at the June FOMC meeting and no rate cuts until November.

TARGET RATE PROBABILITIES FOR 14 JUN 2023 FED MEETING



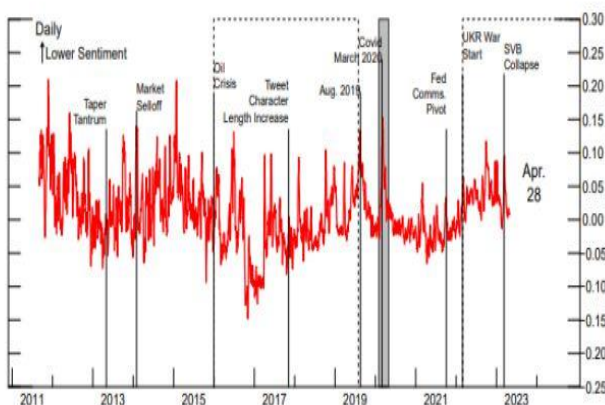
Source: Charlie Bilello

#centralbanks

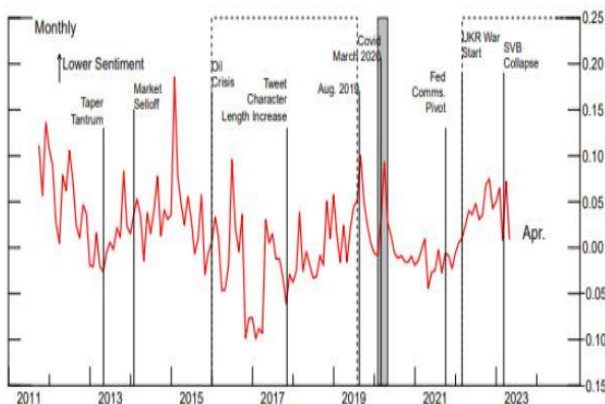
#fed-market-sentiment

The Twitter Financial Sentiment Index uses natural language processing on the social media platform. The index provides a real-time indicator for Fed officials, who have stressed their data dependency to inform policy decisions while acknowledging many statistics are often reported with a lag. The Twitter index “correlates highly” with other sentiment measures, such as corporate bond spreads and the University of Michigan index of consumer confidence, the researchers said. It was built from 4.4 million tweets related to financial market developments going back to 2007.

Figure 3: Twitter Financial Sentiment Index, Daily (Up), Monthly (Down)



(a) Daily Twitter Financial Sentiment Index — Seven-Day Moving Average



Source: Bloomberg

#centralbanks

#fed #trust

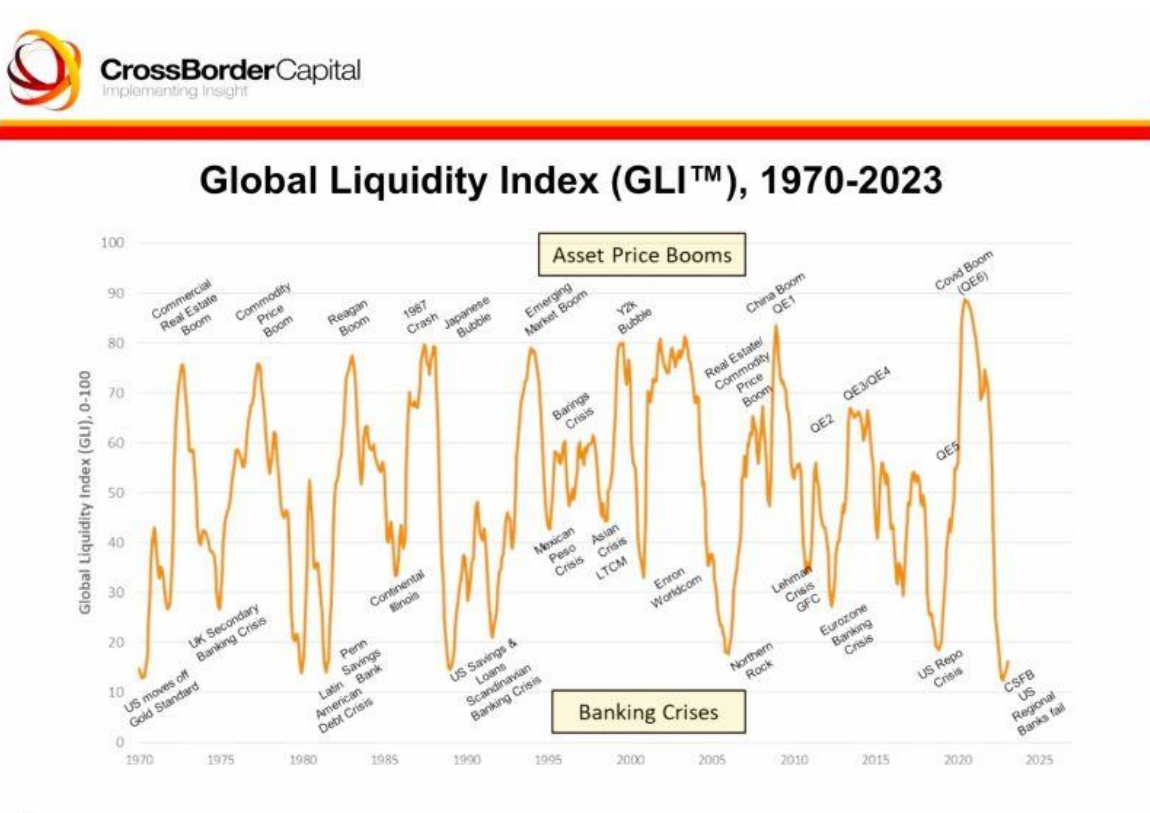
Each year, Gallup conducts a survey of American adults on various economic topics, including the country’s central bank, the Federal Reserve. More specifically, respondents are asked how much confidence they have in the current Fed chairman to do or recommend the right thing for the U.S. economy.



#centralbanks

#global-liquidity

50-year history of Global Liquidity index with latest update showing CSFB and SVB ...at the low. Up from here!?



Source: CrossBorderCapital



#bitcoin #weekly

Bitcoin ended the week unchanged, hovering around \$26-27,000...



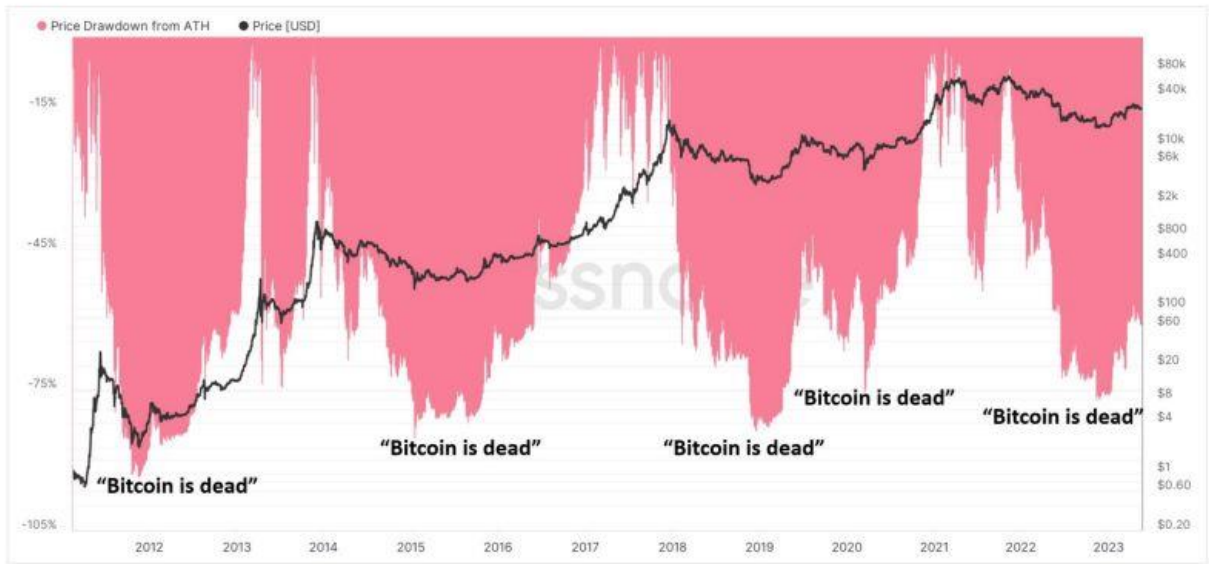
Source: www.zerohedge.com, Bloomberg



#bitcoin #weekly

Bitcoin Obituaries: "Bitcoin is Dead" was declared many times since its launch

Bitcoin: Price Drawdown from ATH



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glassnode

Source: Glassnode

#food-for-thought

#eafe #us #equities #relative-performance

Markets move in cycles. US stocks have DOMINATED EAFE (European And Far East) stocks during the last 14 years. Will the 2020s belong to international stocks?

MSCI EAFE and MSCI USA relative performance

U.S. dollar, total return, cumulative outperformance

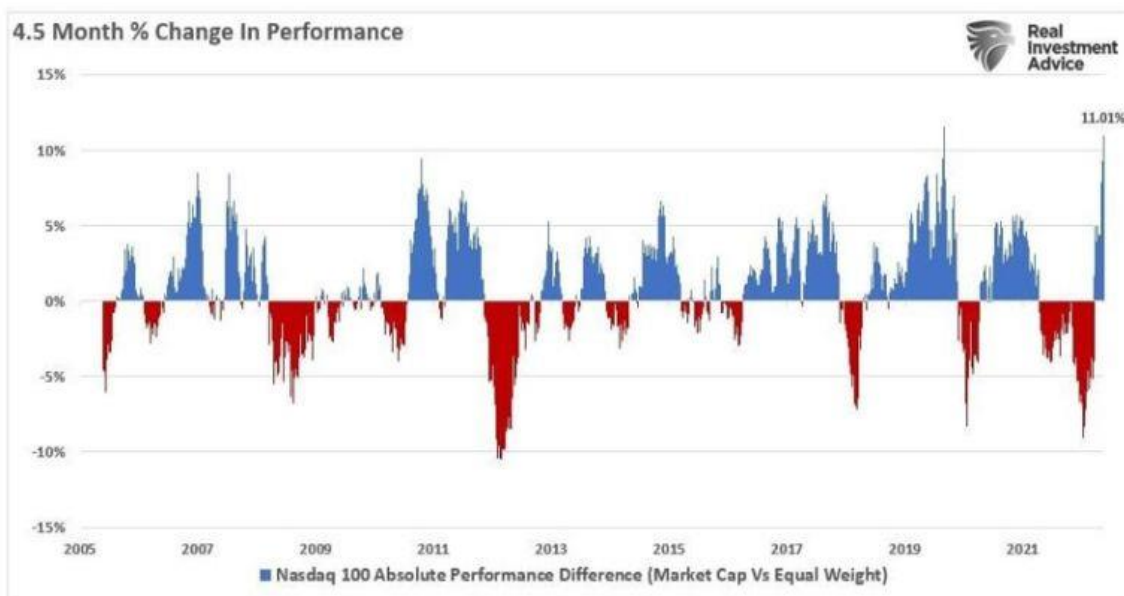


Source: Brian Feroldi

#food-for-thought

#new-tina

IS THERE A NEW TINA? As explained by Real Investment Advice, nowadays TINA can arguably be associated with a small group of large-cap tech stocks – Microsoft, Meta, Apple, Alphabet, Nvidia, and Amazon. To many, there is no alternative to these six stocks, and their leadership is as conspicuous as the last narrow market advance in history...that of The Nifty Fifty. The above chart below underscores the remarkable year-to-date outperformance of the unweighted Nasdaq versus the equal-weighted Index. This NDX > NDXE spread is now +11% on the year, by far the widest spread over any 4.5 month period in the last 18 years.”

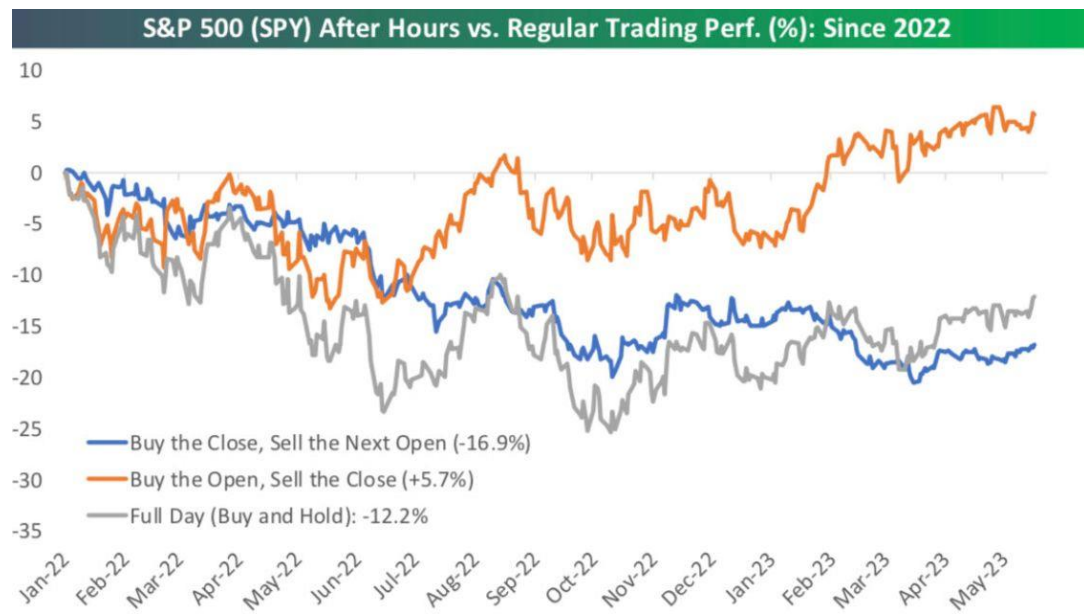


Source: Real Investment Advice

#food-for-thought

#sp500 #intra-day-strength

Since the start of 2022, SPY is down 12.2%. The open to close trade (avoiding the after hours and pre-market move) is actually up 5.7% over the same period. Intraday strength, after hours weakness.



Source: Bespoke

#food-for-thought

#debt-ceiling #humor

Don't go chasing waterfalls...



Source: Hedgeye

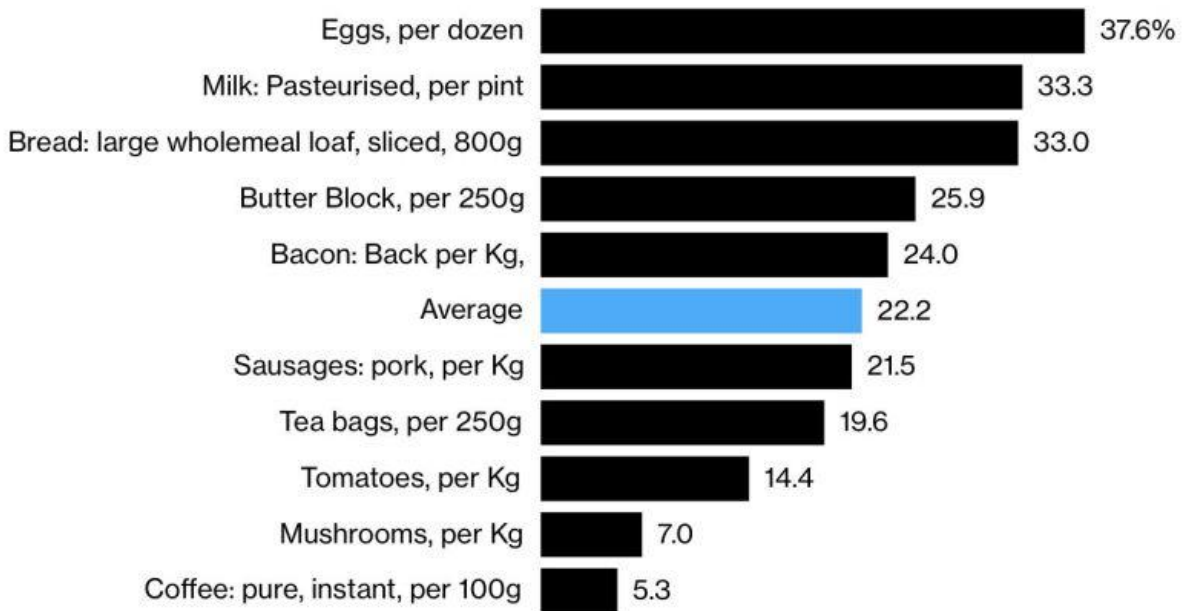
#food-for-thought

#english-breakfast

The English breakfast has increased by more than a fifth in 1 year... Food inflation proving sticky in the UK as the average cost of an English Breakfast is up an average of 22% year-over-year. In fact, every single item that makes up Bloomberg's Breakfast Index has increased since April 2022.

The English Breakfast Versus 2022

Year-over-year price changes



Source: ONS

Source: Barchart, Bloomberg



#food-for-thought

#top-1-per-cent

Here is how much money you need to be among the Top 1% in the World's 10 Richest Countries:

1. Monaco: \$12.4 million
2. Switzerland: \$6.6 million
3. Australia: \$5.5 million
4. New Zealand: \$5.2 million
5. United States: \$5.1 million
6. Ireland: \$4.3 million
7. Singapore: \$3.5 million
8. France: \$3.5 million
9. Hong Kong SAR: \$3.4 million
10. United Kingdom: \$3.3 million

Source: Barchart

#food-for-thought

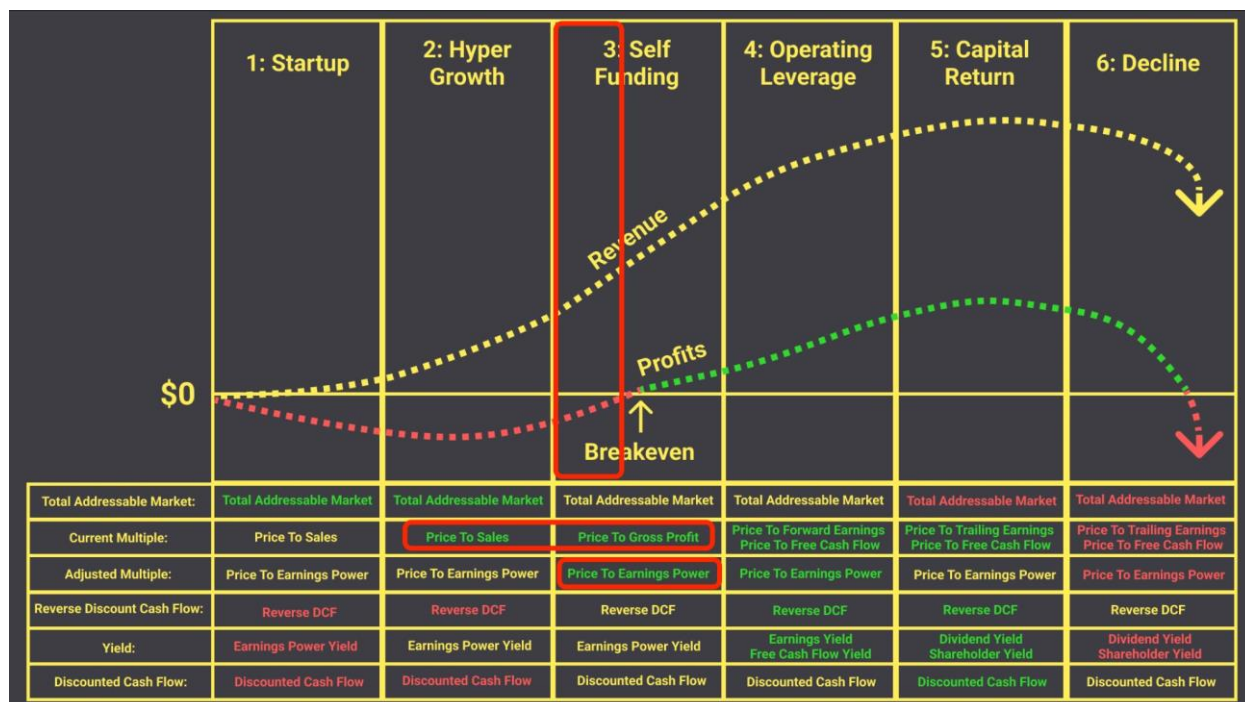
#innovate-companies



#food-for-thought

#english-breakfast

The most helpful valuation methods by Brian Feroldi




#food-for-thought

#cashflow #cheat-sheet

THE CASHFLOW CHEAT SHEET

by Oana Labes



Cash Flow KPIs

- OPERATING CASH FLOW**
OCF = Net Income + Non-cash Expenses + Change in Working Capital
- OPERATING CASH FLOW TO CURRENT LIABILITIES RATIO**
Operating Cash Flow / Current Liabilities + Operating Cash Flow / Current Liabilities
- CASH FLOW RETURN ON ASSETS (CFROA)**
CFROA = Operating Cash Flow / Total Assets
- CASH FLOW TO NET INCOME**
Cash Flow to Net Income Ratio = Operating Cash Flow / Net Income
- CASH FLOW PER SHARE**
CFPS = Operating Cash Flow / Preferred Dividends / Weighted Average Number of Common Shares Outstanding

THE 5 TYPES OF CASH FLOWS

OPERATING CASH FLOW	INVESTING CASH FLOW	FINANCING CASH FLOW	FREE CASH FLOW TO FIRM (FCFF OR UNLEVERED CF)	FREE CASH FLOW TO EQUITY (FCFE OR LEVERED CF)
Net Income Depreciation and Amortization Change in Working Capital	Capital Expenditures Acquisitions Sale of Fixed Assets	Debt Issuance Dividend Payments Share Buybacks	Net Income Depreciation and Amortization Change in Working Capital	Net Income Depreciation and Amortization Change in Working Capital Change in Debt Change in Equity

Direct vs. Indirect Statements

Cash from Customers	Net Income
Trade Revenue Accounts Receivable Deferred Revenue	Net Income Amortization Expense Depreciation Expense Gain Loss Share Based Comp. Deferred Taxes
Cash to Suppliers	Prepaid Expenses
Cost of Good Sold Inventory Accounts Payable	Inventory Write Down Provision for Future Losses Accounts Receivable Prepaid Expenses Inventory Accounts Payable Accrued Liabilities Accrued Interest
Cash for Operating Expenses	Cash for Taxes
Prepaid Expenses Supplies Account Salaries Wages	Tax Expense
Cash for Interest	Total Cash Flow from Operations
Interest Expense	Total Cash Flow from Operations
Cash for Taxes	Total Cash Flow from Investing
Tax Expense	Total Cash Flow from Investing

THE CASH FLOW DRIVERS

Revenue Growth	Operating Margin	Capital Efficiency
Volume Price COGS	SG&A PP&E Wkg. Capital	

EBITDA vs. OCF

EBITDA	Operating Cash Flow
Net Income Depreciation and Amortization Interest Expense Tax Expense	Net Income Depreciation and Amortization Changes in AP Balances Changes in Inventory Balances Changes in Other Current Assets & Liabilities

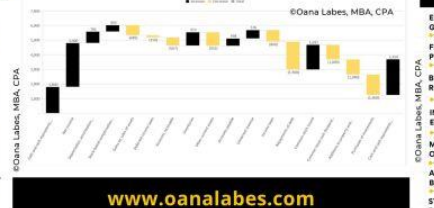
5 STEPS TO MANAGE YOUR CASH FLOW

- UNDERSTAND YOUR OPERATING CASH INFLOWS AND OUTFLOWS
- CALCULATE THE CASH CONVERSION CYCLE
- OPTIMIZE EACH OF THE 5 COMPONENTS OF THE CCC
- FINANCE THE CCC WITH APPROPRIATE SOURCES OF CAPITAL
- MONITOR AND REPEAT

16 Cash Flow Mistakes

- NO ROLLING FORECAST
- NO SHORT TERM WORKING CAPITAL LINE
- INACCESSIBLE WORKING CAPITAL LINE
- UNMANAGED CASH CONVERSION CYCLE
- FAILING TO NEGOTIATE TERMS
- INVOICING LATE
- OVERSTOCKING INVENTORY
- MANUAL & PAPER BASED COLLECTION PROCESS
- MISALIGNING CASH FLOW SOURCES
- IGNORING CASH FLOW QUALITY
- UNDER BUDGETING DEBT PAYMENTS
- NO CASH FLOW CULTURE
- NOT FOLLOWING UP
- MISCALCULATING COVENANTS
- EARLY SUPPLIER PAYMENTS W/O BENEFIT
- IMPROPERLY USING PAYMENT DISCOUNTS

THE CASH FLOW STORY



www.oanalabes.com

15 Benefits of Cash Flow Management

ENABLE GROWTH	IMPROVE PROFITABILITY
FINANCE CAPITAL PROJECTS	REDUCE RELIANCE ON OUTSIDE CAPITAL
BUILD OPERATIONAL RESILIENCE	REDUCE COST OF CAPITAL
IMPROVE OPERATIONAL EFFICIENCY	INCREASE BUSINESS COMPETITIVENESS
MEET FINANCING OBLIGATIONS	INCREASE EMPLOYEE ATTRACTION AND RETENTION
AVOID COVENANT BREACHES	INCREASE SHAREHOLDER VALUE
IMPROVE THE BALANCE SHEET	MAXIMIZE BUSINESS VALUATION

FOLLOW @OANA LABES FOR MORE FINANCE, BUSINESS AND CASH FLOW INSIGHTS ©Oana Labes, MBA, CPA



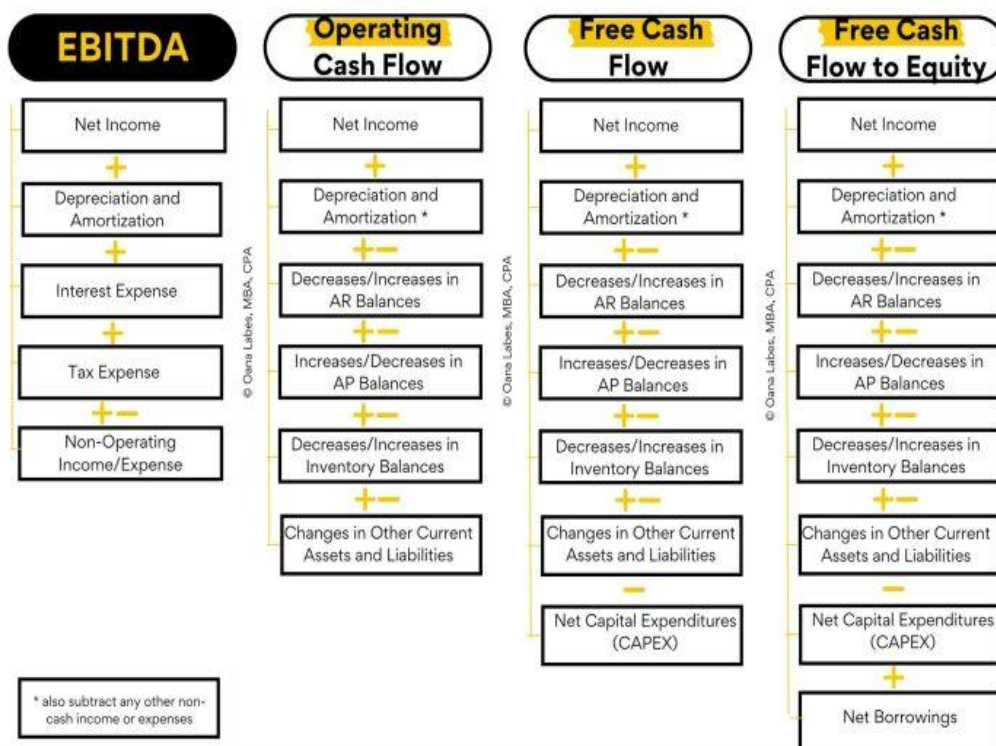
Source: Oana Labes, MBA, CPA

#food-for-thought

#ebitda

EBITDA ISN'T CASH FLOW

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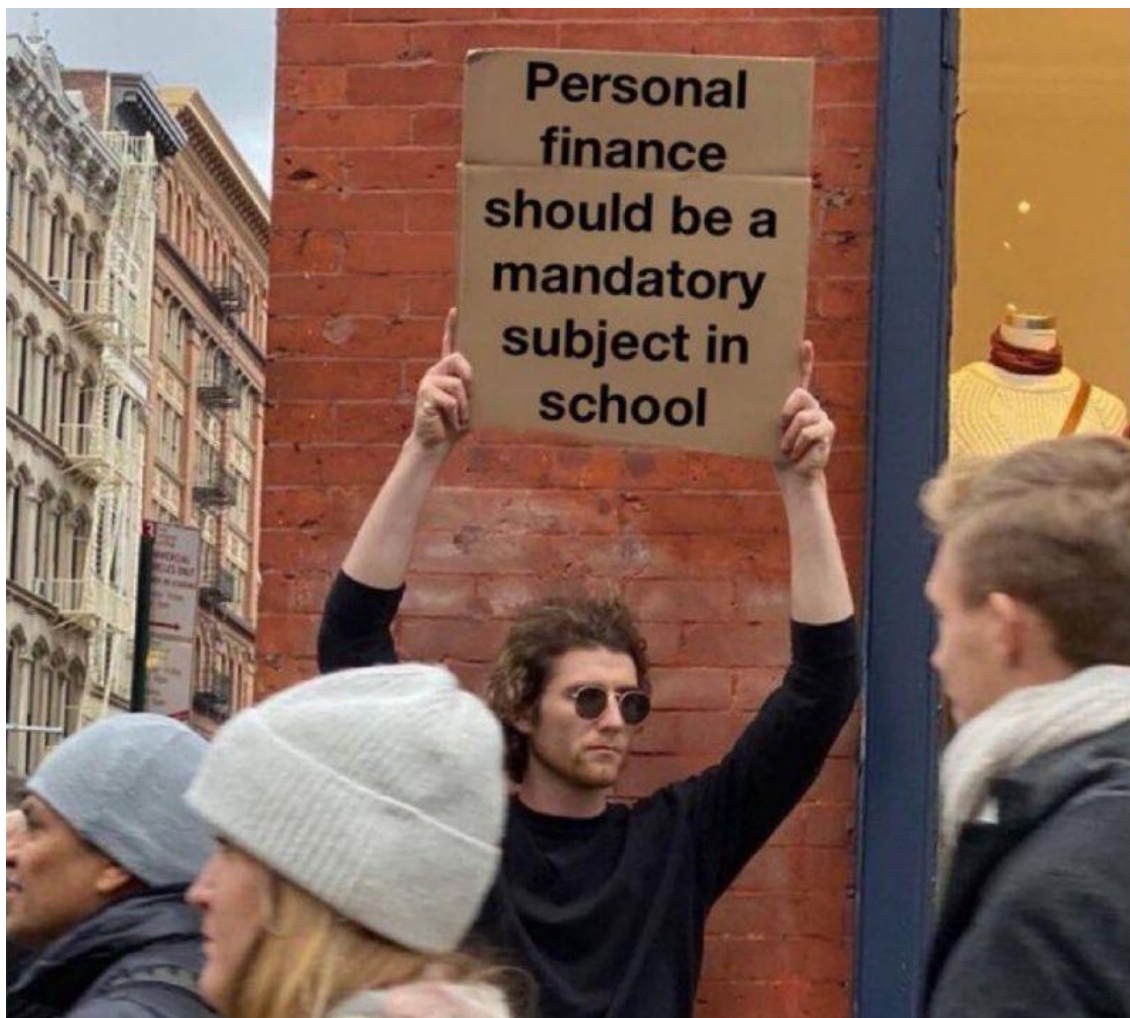
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Source: Oana Labes, MBA, CPA

#food-for-thought

#personal-finance



Source: Brian Feroldi

#food-for-thought

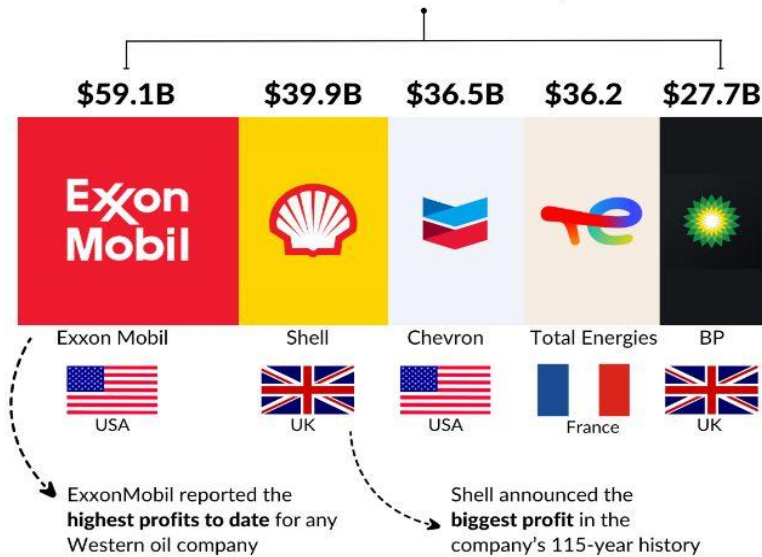
#oil-companies #2022 #profits

In this graphic, Vipul Sharma of Mastermind Investor uses accumulated earnings data from Energy Monitor to highlight the five companies that made a cumulative profit of over \$200 billion in 2022.

Big Oil Profits

At Record Highs in 2022

Record Profit of **\$200B**



Source: Energy Monitor

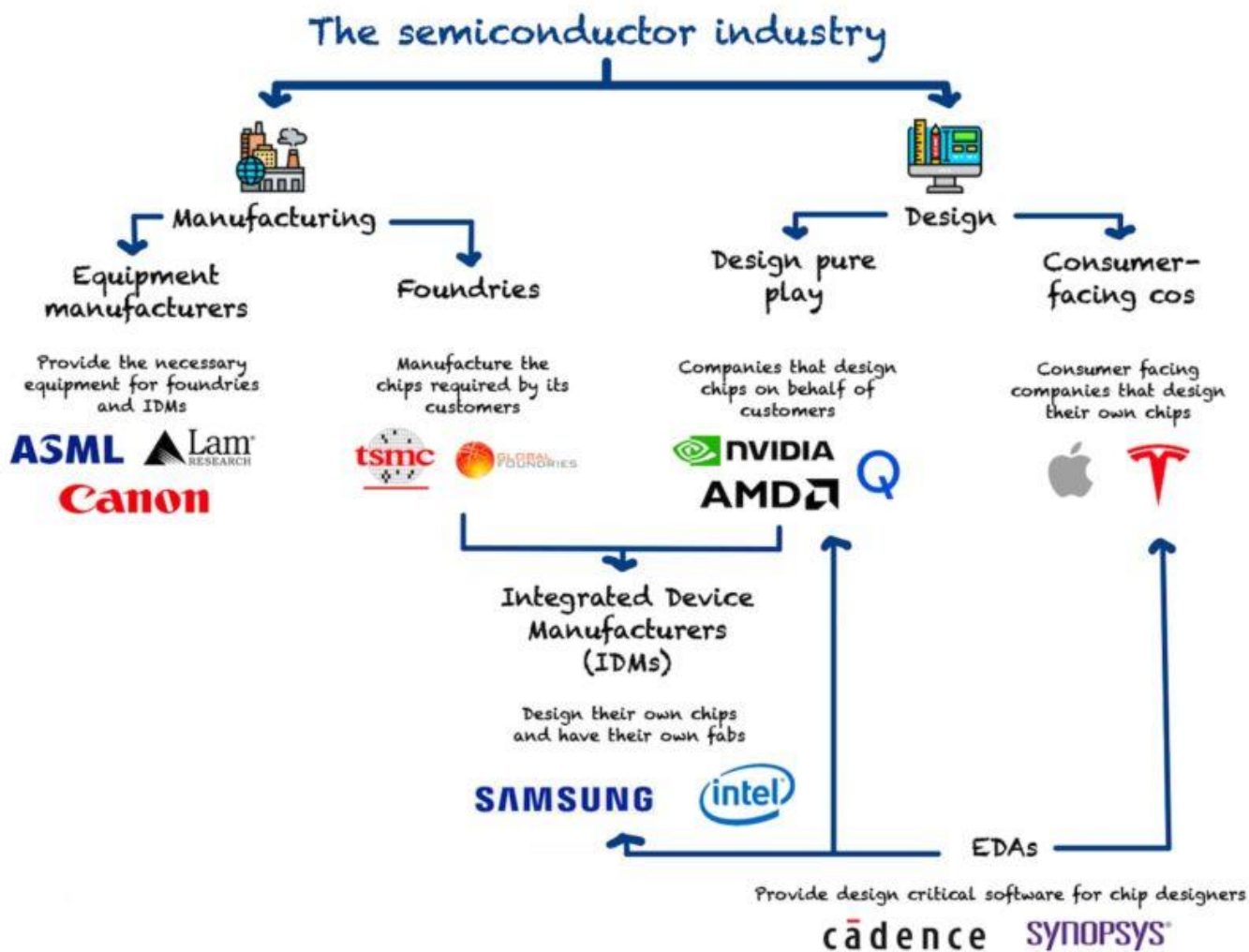
MastermindInvestor



Source: Visual Capitalist

#food-for-thought

#semiconductors




Source: Oana Labes, MBA, CPA

#food-for-thought

#artificial-intelligence #pentagon

Is artificial general intelligence too dangerous for the markets? This morning, an AI generated image of an explosion at the US Pentagon surfaced. With multiple news sources reporting it as real, the S&P 500 fell 30 points in minutes. This resulted in a \$500 billion market cap swing on a fake image. It then rebounded once the image was confirmed fake.

TKL The Kobeissi Letter 
@KobeissiLetter

This morning, an AI generated image of an explosion at the US Pentagon surfaced.

With multiple news sources reporting it as real, the S&P 500 fell 30 points in minutes.

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It then rebounded once the image was confirmed fake.

AI is becoming dangerous.



#food-for-thought

#meta #whatsapp

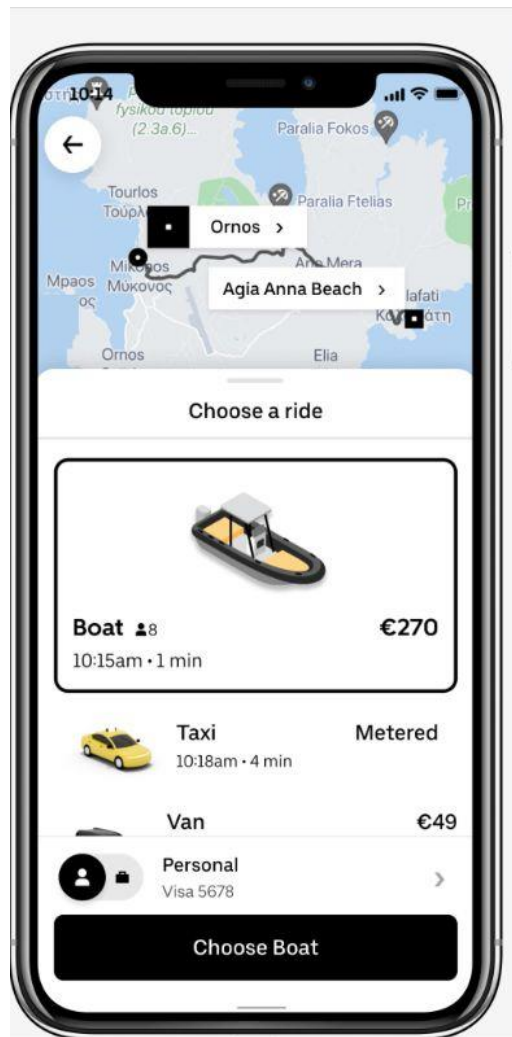
You get 15 minutes... Meta is rolling out editable messages on WhatsApp. The messaging service announced the new feature via its blog . WhatsApp's blog notes that the feature has already started rolling out globally and will be available to all users "in the coming weeks." You access the feature by long-pressing the message you want to edit and selecting "edit." Messages are editable for up to 15 minutes, so you're not going to be able to amend any older mistakes. Edited messages will display a small "edited" notice next to their timestamp to let chat participants know they've been changed.



#food-for-thought

#uber #mykonos #boat

UBER launches private chartered boats in Mykonos, Greece. The boating option will allow up to eight people to cruise to destinations around the island of Mykonos. That'll be the first supported location in Greece, with potentially more to come in the future..



#food-for-thought

#mindset

How to tell the difference between Growth Mindset and Fixed Mindset Employees

Original creativity: digisoftpayline.com | Infographic redesign by agrassoblog.org for educational and motivational purposes

GROWTH MINDSET EMPLOYEES

FIXED MINDSET EMPLOYEES

Excited to learn new technologies, embrace changes



Resist learning new technologies, oppose changes almost instinctively

View setbacks as challenges to overcome



View setbacks as a reason to give up

Ask for help when they need it



Simply don't do things they determine are "too hard"

Collaborate with colleagues, look for ways to ensure everyone's success, and learn from others' successes



Feel threatened when others succeed, resent having to work with others

Willing to put in time and effort to succeed



Resent being asked to do anything they view as extra

Use negative feedback as a way to improve performance



Ignore any negative feedback or criticism

Constantly seek to improve performance



Actively resist any new challenge

#food-for-thought

#chatgpt

Best ChatGPT Prompts to help you master ChatGPT by Hasan Toor

ChatGPT Prompt Cheatsheet

By @hasantoxr

<p>1. Explain like I'm a beginner: Prompt: "Explain [topic] in simple terms. Explain to me as if I'm a beginner."</p>	<p>2. Learn & develop any new skill. Prompt: "I want to learn / get better at [insert desired skill]. I am a complete beginner. Create a 30 day learning plan that will help a beginner like me learn and improve this skill."</p>
<p>3. Let's make easier for ChatGPT to help you: Prompt: I am a content creator, and I am new to using ChatGPT. Can you give me a list of essential ChatGPT prompts that will help content creators get more done and save time.</p>	<p>4. Enhance your problem solving skills. Prompt: "Share a step-by-step systematic approach for solving [specific problem or challenge]."</p>
<p>5. All in one prompt for you Train ChatGPT to write its own unlimited prompts for you. Prompt: You are GPT-4, OpenAI's advanced language model. Today, your job is to generate prompts for GPT-4. Can you generate the best prompts on ways to <what you want></p>	<p>6. Brainstorm unique content ideas: Prompt: "Topic: How to go viral on Instagram using AI tools. Come up with unique and innovative content ideas that are unconventional for the topic above."</p>
<p>7. 80/20 principle to learn faster than ever before via ChatGPT. You can use this prompt to learn and enhance your knowledge using the 80/20 principle. Prompt: "I want to learn about [insert topic]. Identify and share the most important 20% of learnings from this topic that will help me understand 80% of it."</p>	<p>8. Consult an expert: Prompt: "I will give you a sample of my writing. I want you to criticize it as if you were [person]: [your paragraph]"</p>
	<p>9. Create a crash courses: Prompt: "I have 3 days free in a week and 2 months. Make a crash study plan diving into English literature and grammar."</p>

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#money-rules

SUCCESS PROFESSIONAL

10 Money Rules For Everyone

1. Always have **1 year of emergency fund**, cash.
2. Save **10%** and invest **20%** of **gross income**, minimum.
3. **Pay cash** for large expenses (engagement ring, wedding, dream honeymoon). **20% down, minimum** on a house.
4. Never question spending money on **books, appetizers, health, or donating** to a friend's charity fundraiser.
5. Business class on flights **over 4 hours**.
6. No limit on spending for **health** (personal trainer) or **education** (courses, events, etc.)
7. Buy the **best and keep it for as long** as possible.
8. Earn enough to **work only with people I respect and like**.
9. **Marry the right person**.
10. Prioritize time **outside** the spreadsheet.

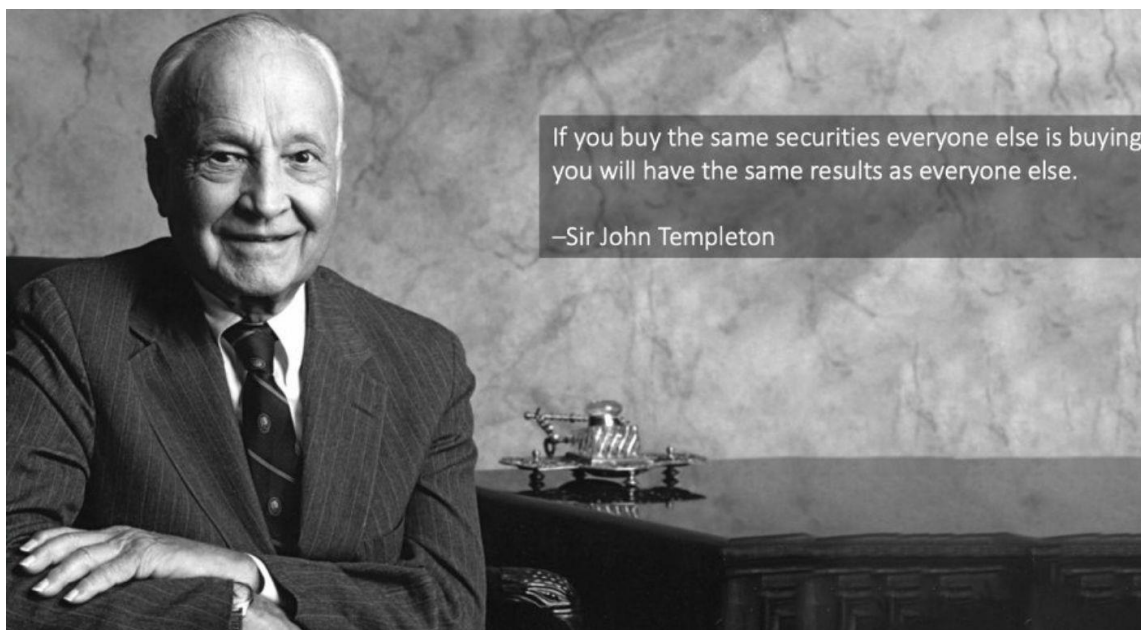
#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

#food-for-thought

#food-for-thought

Be Different



Source: Compounding Quality

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#leadership

**THE STRONGEST
PEOPLE ARE NOT
THOSE WHO SHOW
STRENGTH IN FRONT
OF US BUT THOSE WHO
WIN BATTLES WE
KNOW NOTHING
ABOUT.**

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For the future...