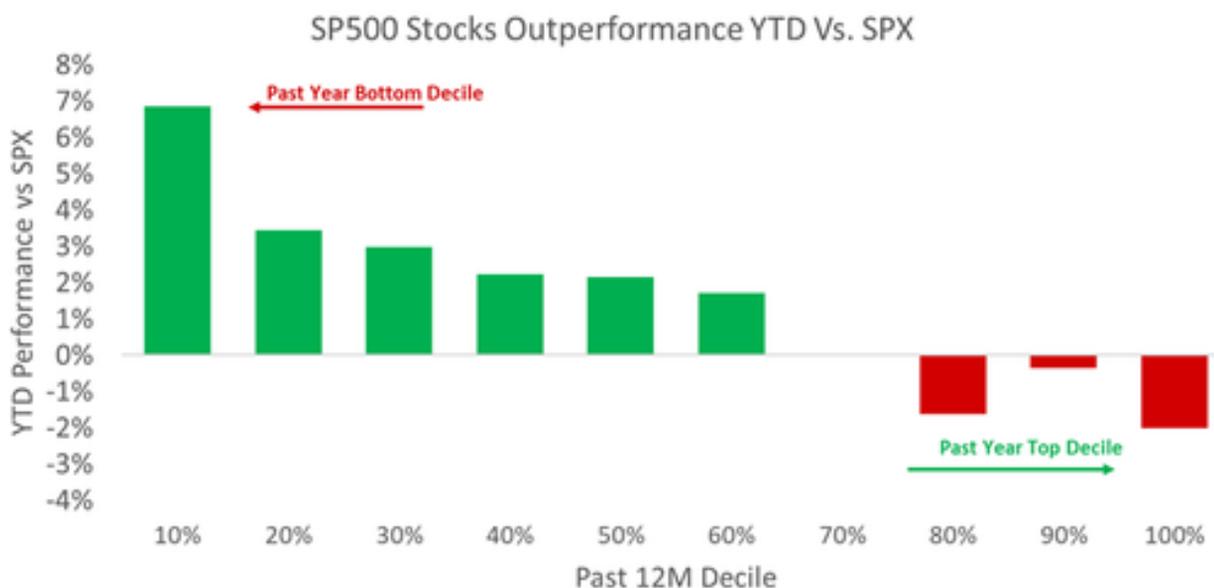


Chart of the week

S&P 500 past year losers have been this year winners (and vice versa)

2022 bottom decile performers are outperforming so far in 2023 while 2022 top decile performers are underperforming.



Source: Nomura

Best week since November for S&P 500 & Nasdaq

Stocks recorded a 2nd consecutive week of gains as investors weighed key inflation data and quarterly earnings reporting season kicked off in earnest on Friday. The Nasdaq and growth-oriented sectors outperformed, helped by rebounds in some mega-cap technology-related names. Large US Investment banks (JPMorgan, etc.) beat consensus expectations 4th quarter earnings estimates but issued cautious outlooks. The good news of the week came from US CPI inflation data on Thursday. Headline prices fell 0.1% in December, a tick lower than expected and the first decline since May 2020. The drop brought the year-over-year gain to 6.5%, its lowest level since October 2021. Other macro data (jobless claims, consumer sentiment) suggested that the US economy remained relatively healthy even as inflation pressures eased—bolstering hopes that the Fed would manage a “soft landing.” The cooling inflation data helped U.S. Treasury yields to continue trending lower, with the yield on the 10-year falling to 3.43% on Friday. Shares in Europe rallied for a 2nd consecutive week as early data suggest German economic growth stagnated in Q4. Eurozone jobless rate stays at record low; investor morale rises. In Asia, Chinese stocks continued to be bid. In Forex, the dollar suffered its worst week in 2 months, falling to its weakest since June. Gold surged above \$1925 on Friday its highest since April 2022. Bitcoin is up 10 straight days (and 12 of last 13), topping \$19,000 on Friday.

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

14 JANUARY 2023

#markets

#weekly #returns

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	34,303	2.0%	3.5%
S&P 500 Index	3,999	2.7%	4.2%
NASDAQ	11,079	4.8%	5.9%
MSCI EAFE *	2,062	3.3%	4.4%
10-yr Treasury Yield	3.50%	-0.1%	-0.4%
Oil (\$/bbl)	\$79.98	8.4%	-0.3%
Bonds	\$99.87	0.8%	3.4%

Source: Edward Jones



#vix

The VIX is at its lowest level since January 2022...

S&P 500 VIX Overview



Source: www.investing.com



#us #equities #technicals

SPX is closing in on big levels at 3,999, just above its 200-days moving average. But the long-term negative trend line still need to be broken. The entire 4000-4080 area is basically a big resistance area.

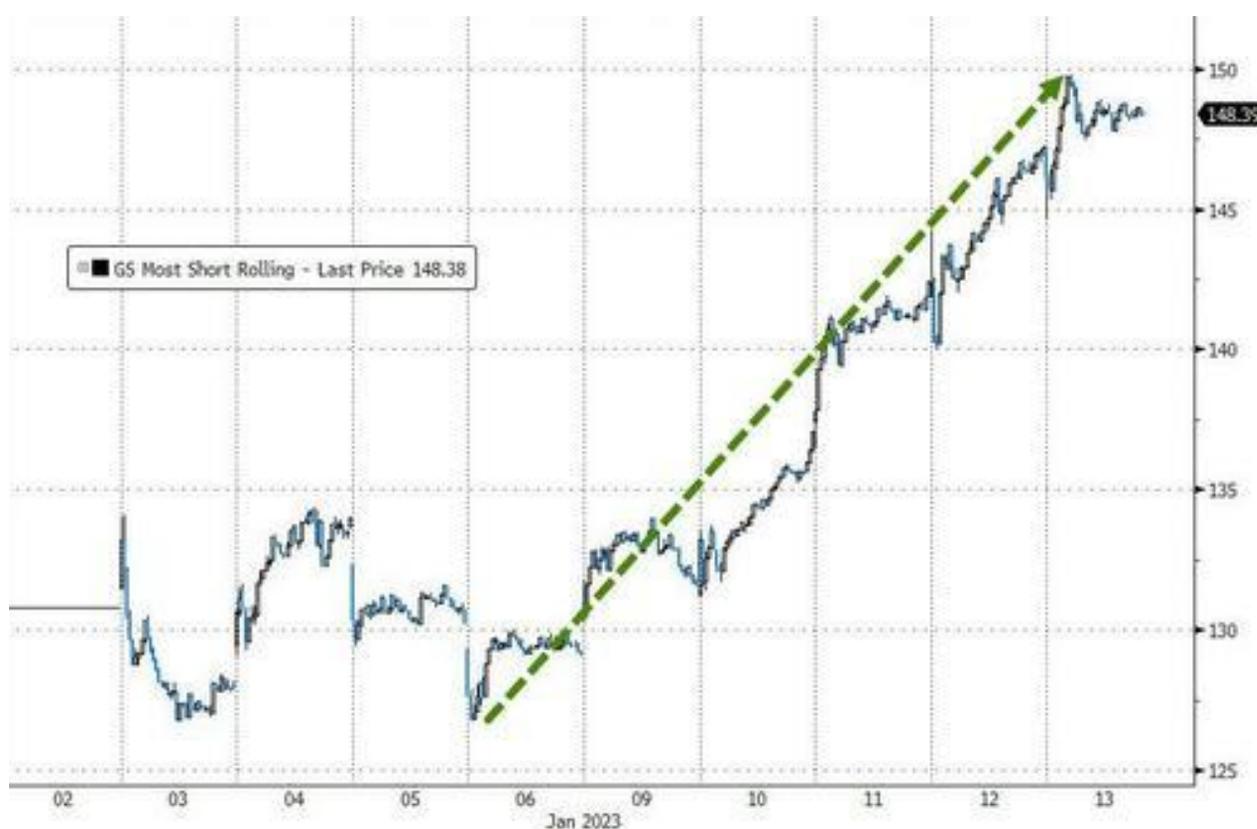


Source: The Market Ear

#markets

#us #most-shorted #stocks

The last six days have been one giant short-squeeze with 'most shorted' stocks up over 18% in an almost unbroken buying panic...



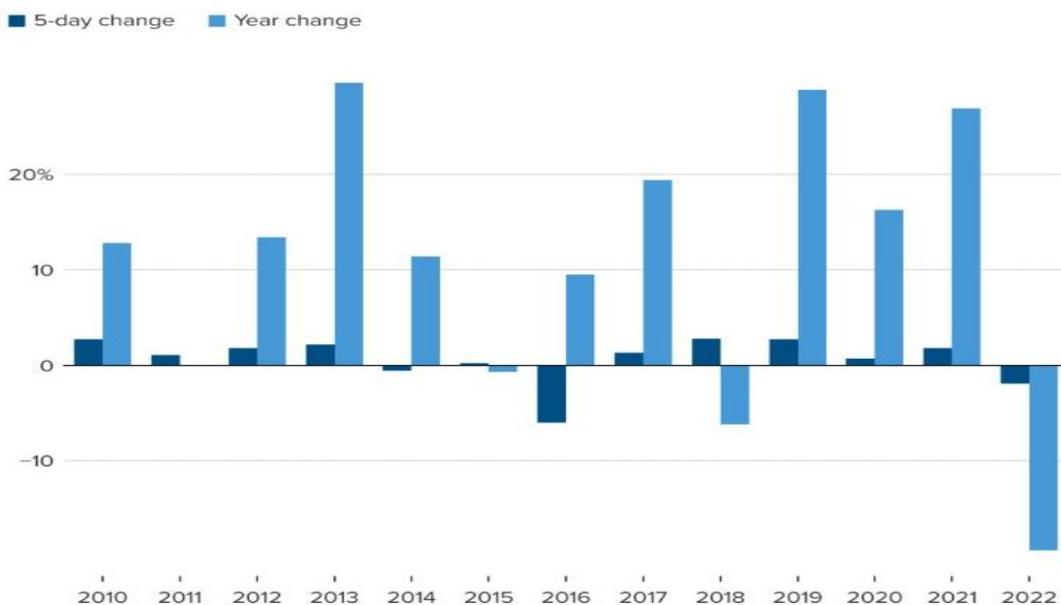
Source: Bloomberg, www.zerohedge.com



#sp500 #5-days-rule

Have you heard of the first five days rule? When stocks finish green after the first 5 days of trading in the new year, the S&P 500 has finished with a year-end gain 83% of the time, along with an average gain of 14%, according to the Stock Trader's Almanac (data back to 1950)..

S&P 500 returns in the first 5 days vs. full year



Source: Stock Trader's Almanac



Source: stocktraderalmanac



#markets

#sp500 #historical-returns

The series is not long enough to be statistically significant. Nevertheless, the data set below shows that if the previous year is negative, but the S&P 500 gains during the Santa Claus Rally, first 5 days, and January ==> very good things could be coming.

The full year has never been lower and never gained less than double digits. Up 27.1% on average.

If Stocks Are Down the Previous Year, This Trifecta is Very Bullish

Trifecta Of The Santa Claus Rally, First 5 Days of the Year, and January All Green (1950 - Current)

S&P 500 Index Returns

Year	Santa Claus Rally	First 5 Days	January Return	Previous Year Returns	Full Year Return
1954	0.5%	1.7%	5.1%	-6.6%	45.0%
1958	2.5%	3.5%	4.3%	-14.3%	38.1%
1961	1.2%	1.7%	6.3%	-3.0%	23.1%
1963	2.6%	1.7%	4.9%	-11.8%	18.9%
1971	0.0%	1.9%	4.2%	-0.1%	10.8%
1975	2.2%	7.2%	12.3%	-29.7%	31.5%
1995	0.3%	0.2%	2.4%	-1.5%	34.1%
2012	1.8%	1.9%	4.4%	0.0%	13.4%
2019	2.7%	1.3%	7.9%	-6.2%	28.9%
2023	1.4%	0.8%	?	-19.4%	?
Average					27.1%
Median					28.9%
% Higher					29.0%

Source: Carson Investment Research, FactSet 01/11/2022

The Santa Claus Rally is the final 5 trading days of a calendar year and the first two of the following year.



Source: Carson

#markets

#sp500 #historical-returns

History suggests that a Fed pause can be a catalyst for lower bond yields and higher equity valuations. This is consistent with our view that balanced portfolios, like a 60/40 stock-bond mix, are poised for a rebound after a historically tough year.

Last hike	First cut	Months from last hike to first cut	S&P 500 return	Investment grade bonds return
08/1984	10/1984	1.4	11%	4%
09/1987	10/1987	1.5	-2%	-2%
02/1989	06/1989	3.3	11%	7%
02/1995	07/1995	5.1	19%	10%
05/2000	01/2001	7.6	-7%	11%
06/2006	09/2007	14.6	25%	10%
12/2018	07/2019	7.3	18%	7%

Source: Edward Jones

#markets

#sp500 #seasonality

Conditional Seasonality: seasonality works very different during bull vs bear markets...



Source: Top-down charts

#us #equities #valuations

The P/E ratio on the S&P 500 ended 2022 at 19.2, with a multiple contraction of 16% during the year. The average year-end P/E ratio for the S&P 500 since 1989 is 19.6 (note: using trailing 12-months operating EPS)

S&P 500: Earnings Growth, Price Returns, TTM P/E Ratios (1989 - 2022)							
Year	S&P Operating EPS	% Change Operating EPS	S&P End Price	% Change S&P 500 (Price)	S&P 500 TTM P/E	P/E % Change	Multiple Expansion/Contraction
1989	24	0.8%	353	27.3%	14.5	26.4%	Expansion
1990	23	-6.9%	330	-6.6%	14.6	0.3%	Expansion
1991	19	-14.8%	417	26.3%	21.6	48.2%	Expansion
1992	21	8.1%	436	4.5%	20.9	-3.4%	Contraction
1993	27	28.9%	466	7.1%	17.3	-16.9%	Contraction
1994	32	18.0%	459	-1.5%	14.5	-16.6%	Contraction
1995	38	18.7%	616	34.1%	16.3	12.9%	Expansion
1996	41	7.8%	741	20.3%	18.2	11.6%	Expansion
1997	44	8.3%	970	31.0%	22.1	20.9%	Expansion
1998	44	0.6%	1229	26.7%	27.8	25.9%	Expansion
1999	52	16.7%	1469	19.5%	28.4	2.4%	Expansion
2000	56	8.6%	1320	-10.1%	23.5	-17.3%	Contraction
2001	39	-30.8%	1148	-13.0%	29.6	25.6%	Expansion
2002	46	18.5%	880	-23.4%	19.1	-35.3%	Contraction
2003	55	18.8%	1112	26.4%	20.3	6.4%	Expansion
2004	68	23.8%	1212	9.0%	17.9	-11.9%	Contraction
2005	76	13.0%	1248	3.0%	16.3	-8.8%	Contraction
2006	88	14.7%	1418	13.6%	16.2	-1.0%	Contraction
2007	83	-5.9%	1468	3.5%	17.8	10.0%	Expansion
2008	50	-40.0%	903	-38.5%	18.2	2.6%	Expansion
2009	57	14.8%	1115	23.5%	19.6	7.5%	Expansion
2010	84	47.3%	1258	12.8%	15.0	-23.4%	Contraction
2011	96	15.1%	1258	0.0%	13.0	-13.1%	Contraction
2012	97	0.4%	1426	13.4%	14.7	13.0%	Expansion
2013	107	10.8%	1848	29.6%	17.2	16.9%	Expansion
2014	113	5.3%	2059	11.4%	18.2	5.8%	Expansion
2015	100	-11.1%	2044	-0.7%	20.3	11.7%	Expansion
2016	106	5.8%	2239	9.5%	21.1	3.5%	Expansion
2017	125	17.2%	2674	19.4%	21.4	1.5%	Expansion
2018	152	21.8%	2507	-6.2%	16.5	-22.6%	Contraction
2019	157	3.6%	3231	28.9%	20.6	24.4%	Expansion
2020	122	-22.1%	3756	16.3%	30.7	49.3%	Expansion
2021	208	70.1%	4766	26.9%	22.9	-25.4%	Contraction
2022*	200	-4.0%	3840	-19.4%	19.2	-16.1%	Contraction

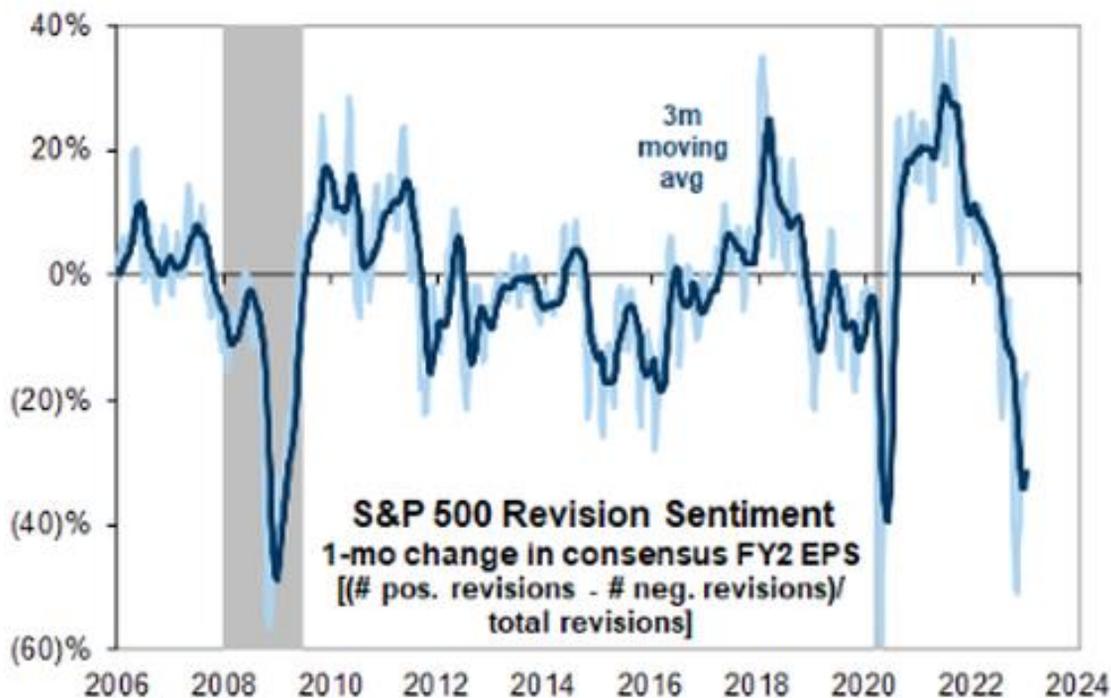
*2022 TTM EPS includes estimates for Q4 2022, S&P 500 Price as of 12/31/22

@CharlieBilello Data Source: S&P Dow Jones



#us #earnings #revisions

While stocks are pricing in a 'soft landing', Goldman's Jan Hatzius warns the biggest red flag: downward earnings revisions have been extreme and have only looked like this in past recessions (2000 and 2008).



Source: Goldman Sachs

#us #financials

JPMorgan tops estimates for fourth-quarter revenue, but says mild recession is now 'central case'

KEY POINTS

- Here's what the company reported: Earnings of \$3.57 per share, which doesn't compare with the \$3.07 estimate, according to Refinitiv.



Jamie Dimon, chairman and chief executive officer of JPMorgan Chase & Co., speaks during the Institute of International Finance (IIF) annual membership meeting in Washington, DC, US, on Thursday, Oct. 13, 2022.

#markets

#us #homebuilders

Homebuilding stocks have been performing strongly recently which is at odds with some US housing number. One explanation is the strength of new home sales data. But it could be that these data do not reflect cancellations. On this topic, KB Homes just dropped some bad news - see below.

KBH: KB Home reports Q4 gross orders down 47%

The company states: "Reflecting sharply lower demand stemming from higher mortgage interest rates, inflation and other macroeconomic and geopolitical concerns, fourth quarter net orders of 692 and net order value of \$362.7 million decreased from 3,529 and \$1.77 billion, respectively. Gross orders for the quarter of 2,169 were down 47% from 4,072. The cancellation rate as a percentage of gross orders was 68%, compared to 13%."

Source: Bloomberg



#german #equities

After two weeks, Germany's benchmark index Dax has already returned 8.4%, which is more than the average return in a year.



Source: Bloomberg, HolgerZ



#china #equities

The CSI 300 is well above the negative trend crushed earlier in January. Noteworthy is that the index took out the 200-day moving average on Friday.



Source: The Market Ear



#commodities

Over the last 3 months, Gold broke out, then silver, copper, and others are already up double digits in the last 3 months. Will Energy & agricultural commodities be the next ones to move? Steep moves in commodity prices often lead to a ripple effect in the market.



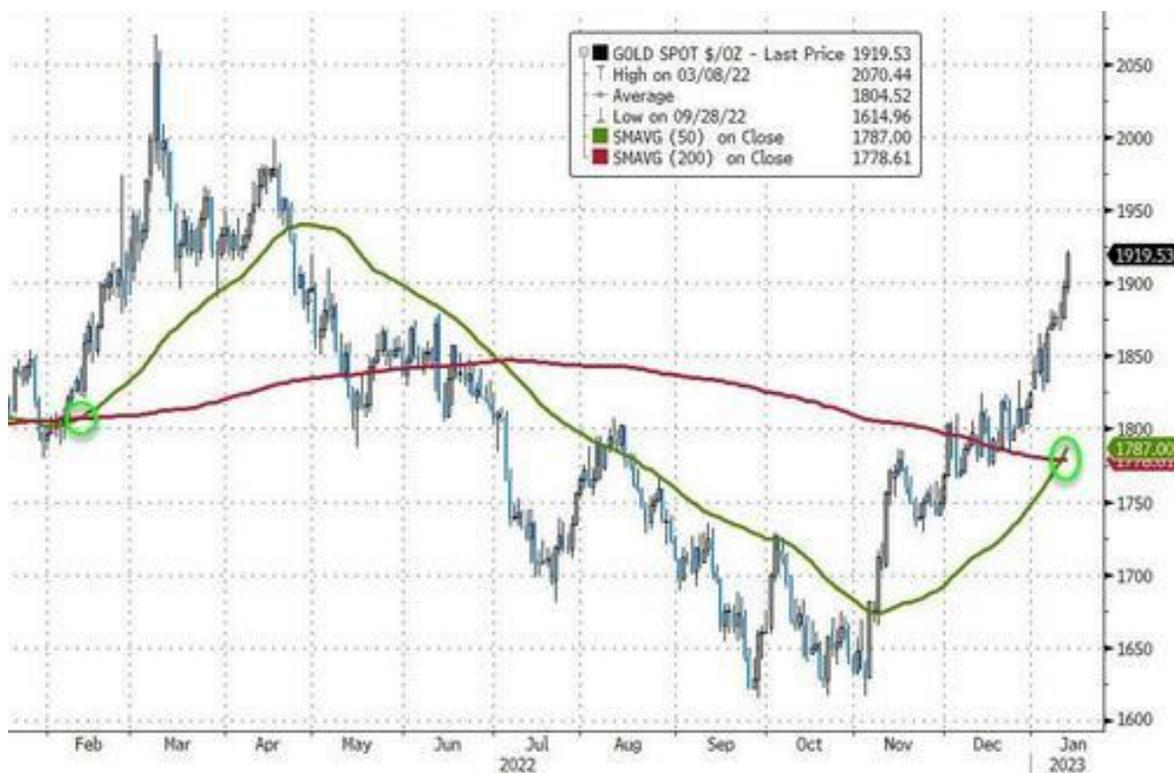
Source: Crescat Capital, Bloomberg





#gold #technicals

Gold surged above \$1925 on Friday (up six straight days, +5% since payrolls), now at its highest since April 2022... Gold's gains triggered a 'Golden Cross' this week (50DMA crossed above the 200DMA)...

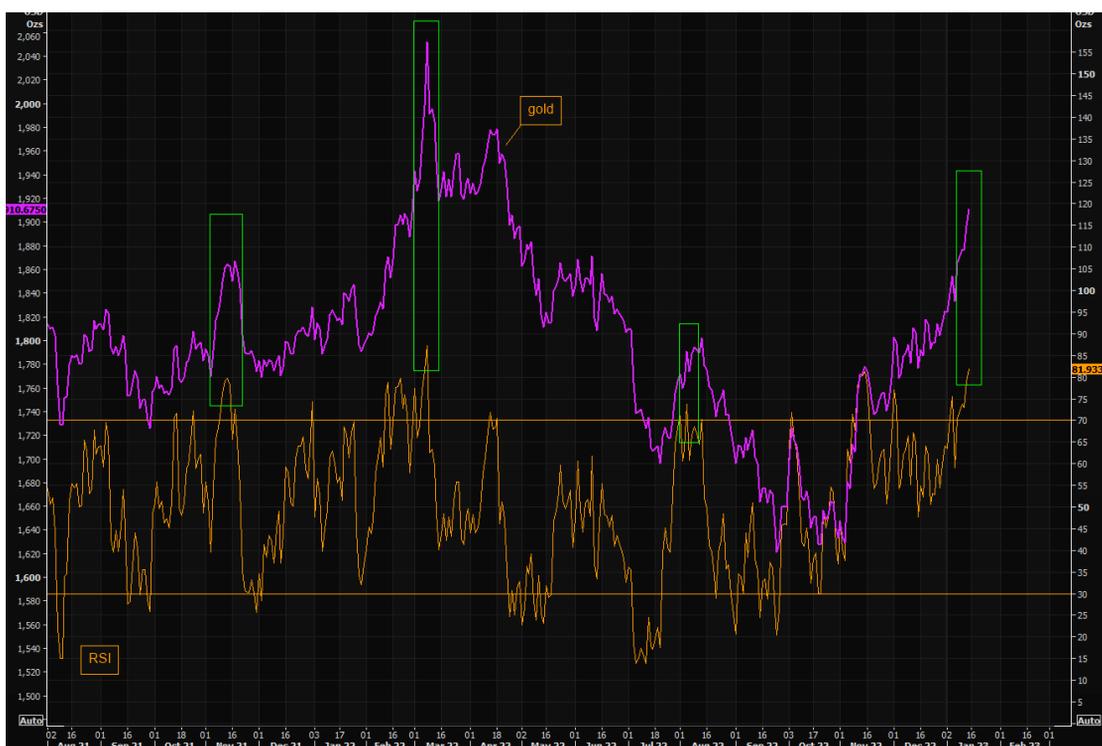


Source: www.zerohedge.com, Bloomberg



#gold #technicals

The shiny metal is becoming very overbought. Previous levels of extreme overbought levels have led to gold reversing lower.

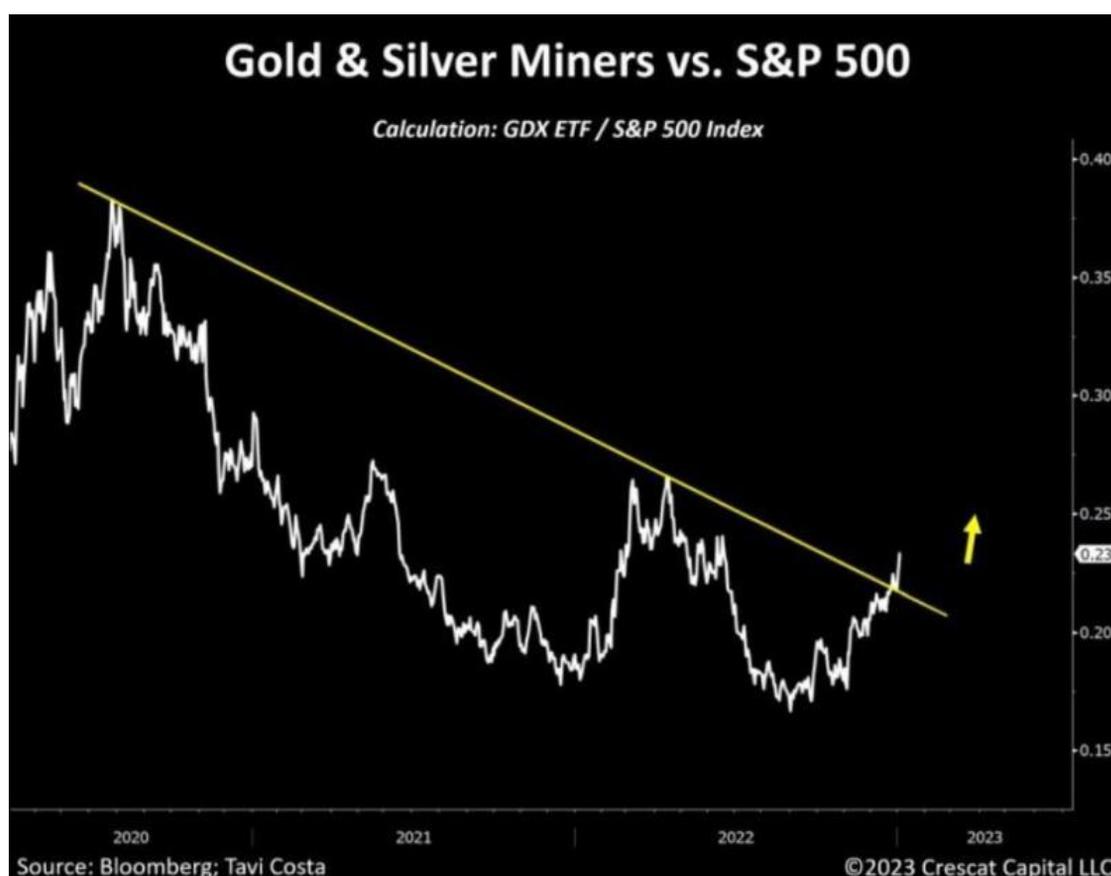


Source: The Market Ear

#markets

#gold #miners

The gold stocks-to-S&P500 ratio just broke out from key resistance



Source: Crescat Capital, Bloomberg

#markets

#oil

Oil prices are up for the 7th straight day, the longest streak of gains since Dec 2021, with WTI ending just shy of \$80 (best week for WTI since Oct)...



Source: www.zerohedge.com, Bloomberg



#coffee

Coffee futures had a rougher year than their peers. And so far, their decline has continued, with prices only slightly above where they began in 2020. For now, though, coffee lovers can drink up. Just maybe skip the eggs with breakfast for a while.

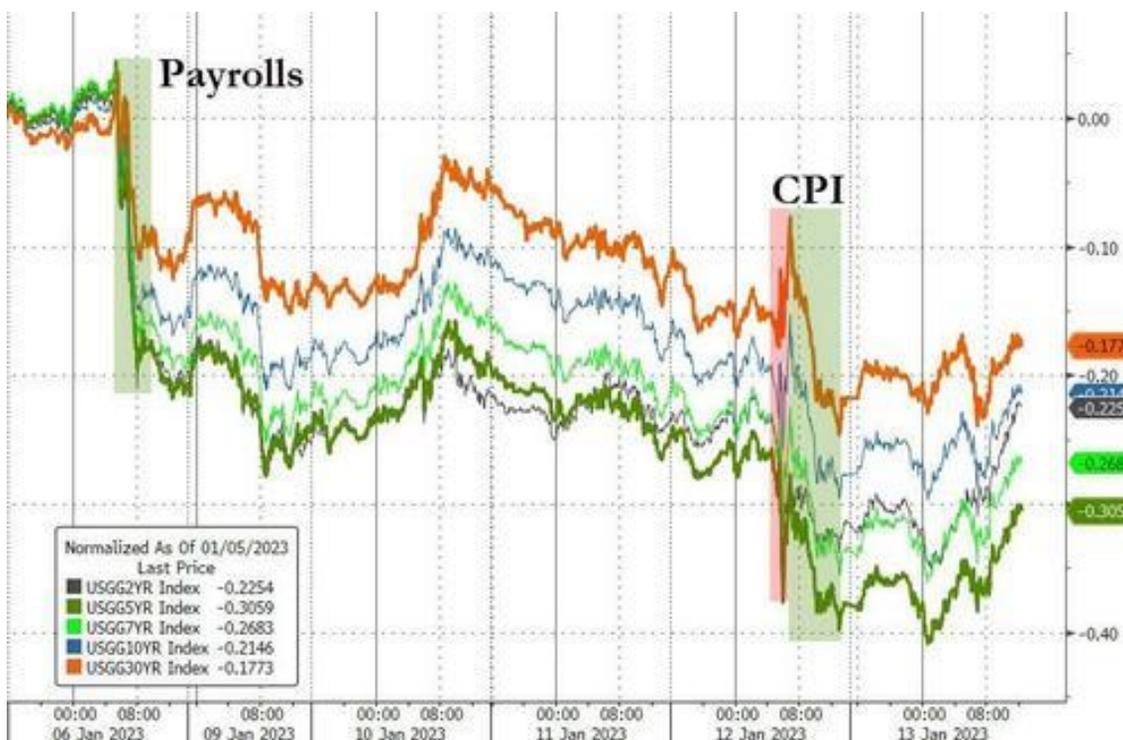


Source: Bloomberg



#us #bonds

Bonds were bid this week, also extending their gains from the payrolls print last Friday, with the belly outperforming (5Y - 31bps since before the jobs data). The long-end lagged the rest of the curve but yields were still down over 18bps since payrolls...



Source: Bloomberg, www.zerohedge.com



#us #yield-curve

The yield curve (3m10Y) has been flattening i.e (inverting more deeply) since the start of the year as recession fears grow. This is - by far - the deepest inversion of this key recession indicator... ever...

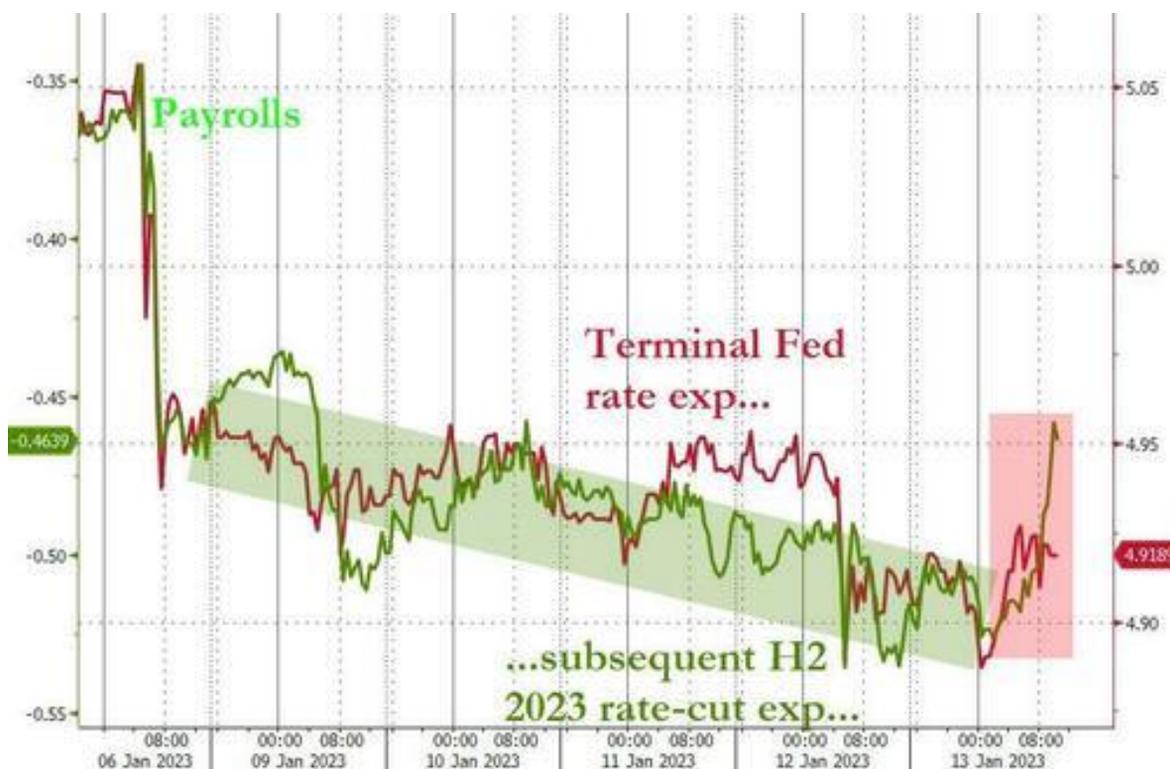


Source: www.zerohedg.com, Bloomberg



#us #bonds #short-end

On the short-end of the curve, while Fed rate trajectory expectations drifted dovishly most of the week, since the payrolls print sent them down hard, Friday saw a hawkish shift...

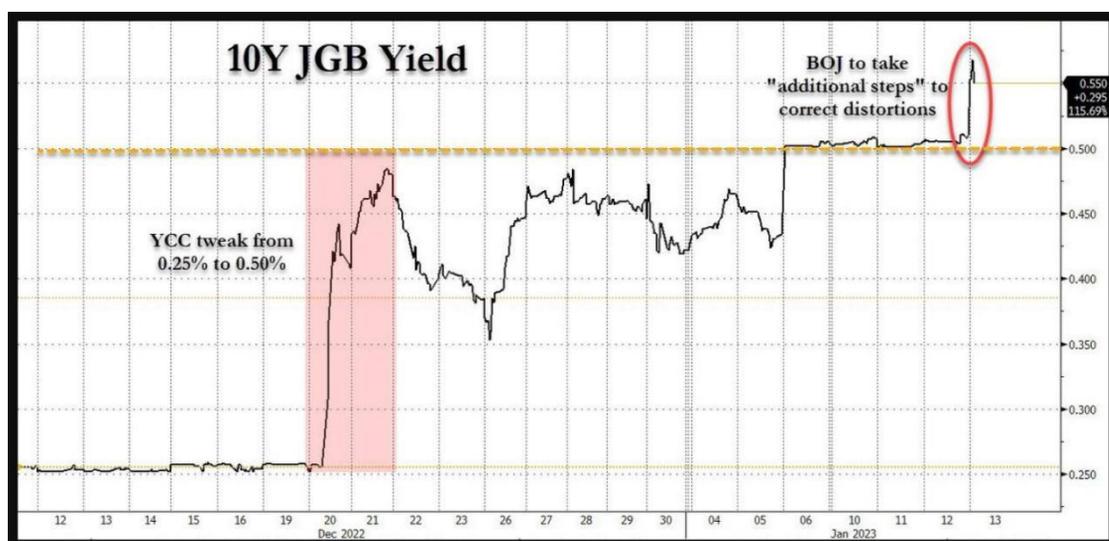


Source: Bloomberg, www.zerohedge.com



#jgb #yield-curve-control

Is the Bank of Japan losing control of its bond market? The Japanese yen soared overnight after Japan's Yomiuri reported that the BoJ is to review the side effects of its massive monetary easing at its policy meeting next week and may take additional steps to correct distortions in the yield curve, i.e there is a chance the BOJ will once again "surprise" the market with yet another #yieldcurvecontrol tweak. JGB 10y has penetrated the 0.50% cap, reaching 0.568%. The USDJPY had tumbled as low as 128.66 from 132 yesterday, before bouncing modestly just above 129



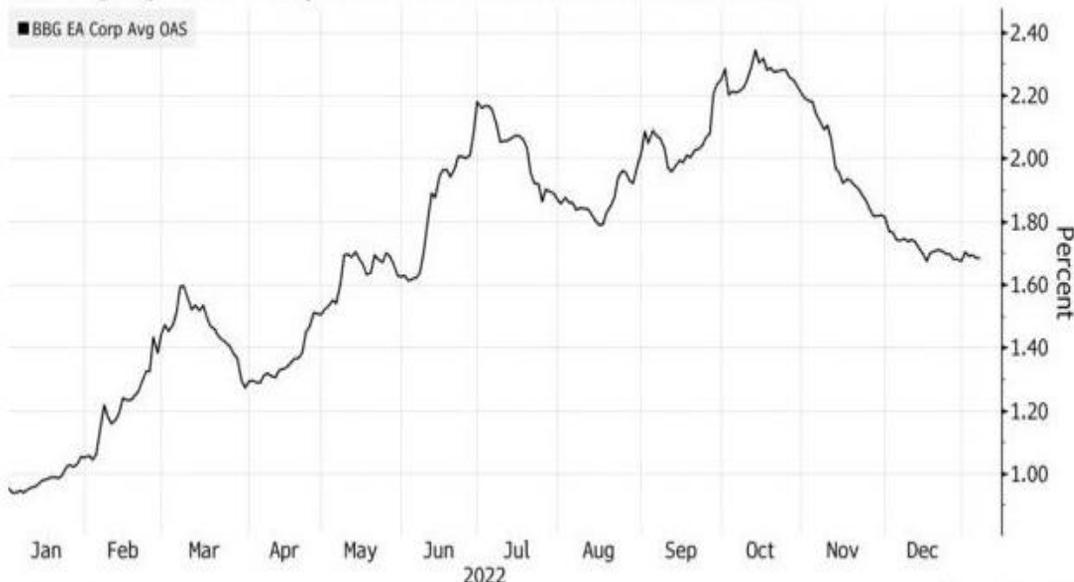
Source: Bloomberg, www.zerohedge.com



#eur #corporate #bonds

A deluge of debt sales in Europe has pushed issuance for the year beyond \$150 billion in the quickest time ever. More than 80 predominantly high-grade borrowers have piled in to the market in January to lock in funding that’s around the cheapest since the summer, according to data compiled by Bloomberg. It’s the fastest start to a year for Europe’s publicly-syndicated debt sales on record, Bloomberg data going back to 2014 show.

Borrowing Costs Have Fallen in Europe
Euro high-grade bond spreads near to the lowest since summer



Source: Bloomberg indexes



Source: Bloomberg





#leveraged-loans

An ETF tied to an economically-sensitive corner of the credit markets made a new eight-month high last week.

LEVERAGED LOAN ETF



Source: Chris Ciovacco



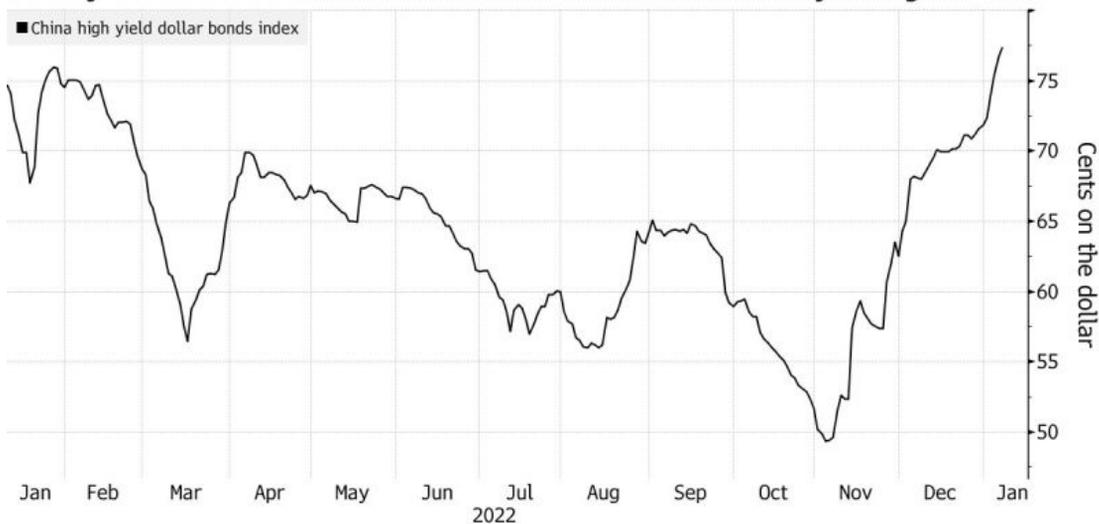
#china #junk #bonds

The worst may be over for some of China’s most cash-strapped firms, as signs grow that their access to financing is improving with Beijing’s pledge to support the private sector and alleviate a housing crisis.

Recent developments point to a notably better funding environment for private firms: a top developer is preparing to repay its \$ debt, a major conglomerate is working toward securing a credit line and a mid-sized builder plans to sell its first state-guaranteed bond.

Fast Recovery

China junk dollar bonds have soared from record low to a one-year high



Source: Bloomberg



Source: Bloomberg



#markets

#china #real-estate #bonds

First USD-denominated bond issued by a Chinese property developer since September 2021.

Issuer Information				Identifiers	
Name	WANDA PROPERTIES GLOBA			FIGI	BBG01C9Z6767
Industry	Other Financial (BCLASS)			ISIN	XS2577258713
Security Information				ID Number	ZM4064758
Mkt Iss	EURO-DOLLAR			Bond Ratings	
Ctry/Reg	VG	Currency	USD	Fitch	BB
Rank	Sr Unsecured	Series		Issuance & Trading	
Coupon	11.000000	Type	Fixed	Amt Issued/Outstanding	
Cpn Freq	S/A			USD	400,000.00 (M) /
Day Cnt	ISMA-30/360	Iss Price	97.62800	USD	400,000.00 (M)
Maturity	01/20/2025	Reoffer	97.628	Min Piece/Increment	
BULLET				200,000.00 / 1,000.00	
Iss Yield	12.375			Par Amount	1,000.00
Calc Type	(1)STREET CONVENTION			Book Runner	CS-sole
Pricing Date			01/12/2023	Exchange	SGX-ST
Interest Accrual Date			01/20/2023		
1st Settle Date			01/20/2023		
1st Coupon Date			07/20/2023		

Source: Bloomberg



#forex #dollar

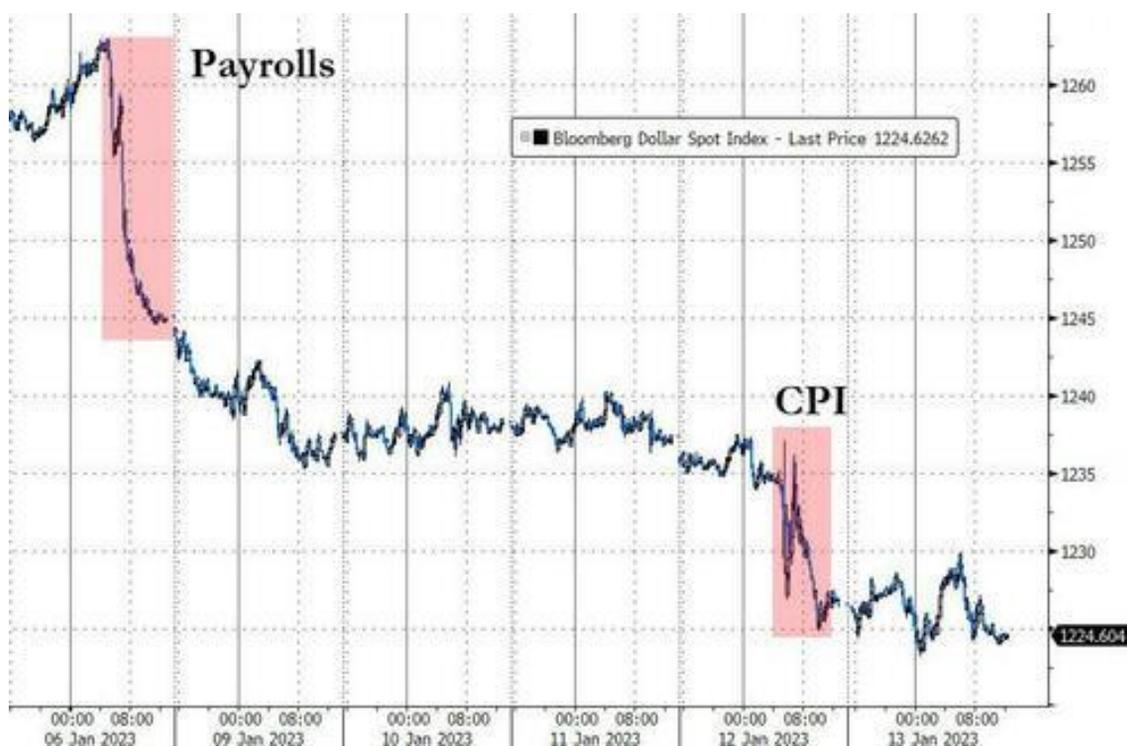
Looking at Futures Net positioning, the long euro short dollar seems a one-way FX trade while positive seasonality for the euro should soon fade.





#dollar

The dollar suffered its worst week in 2 months, falling to its weakest since June (and triggered a 'death cross'). The USD Index is down over 3% since the payrolls print last Friday...



Source: www.zerohedge.com, Bloomberg

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

14 JANUARY 2023

#markets

#forex #euro #swiss-franc

The Euro is once again trading above parity with the Swiss franc.

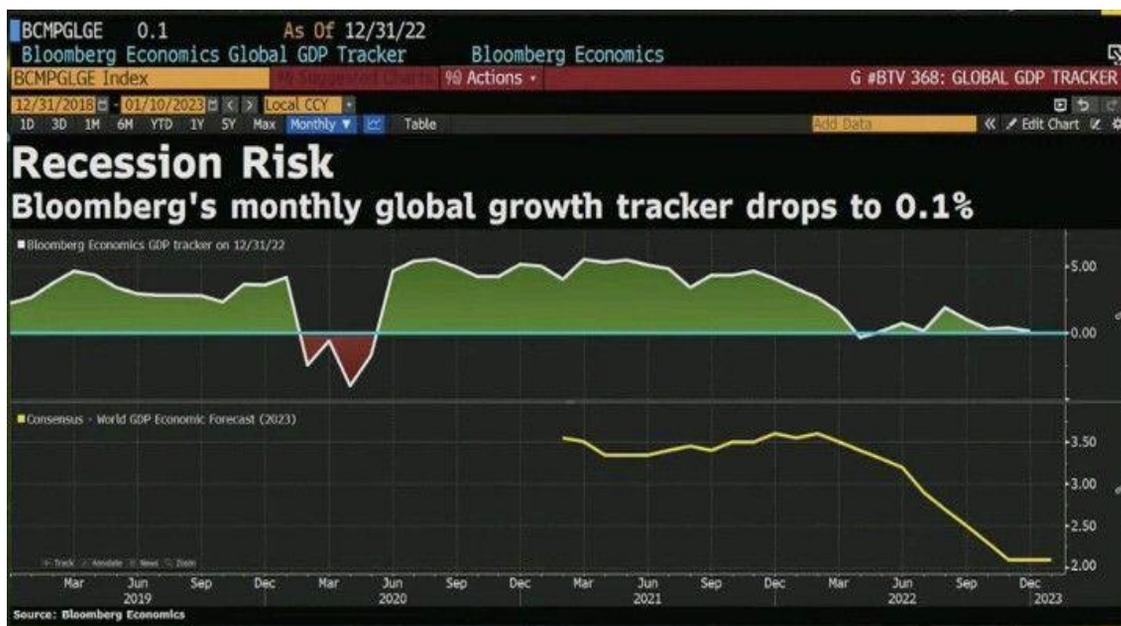


Source: Bloomberg

#macro

#global #recession

Bloomberg's monthly global growth tracker drops to 0.1%.



Source: Source: Bloomberg TV

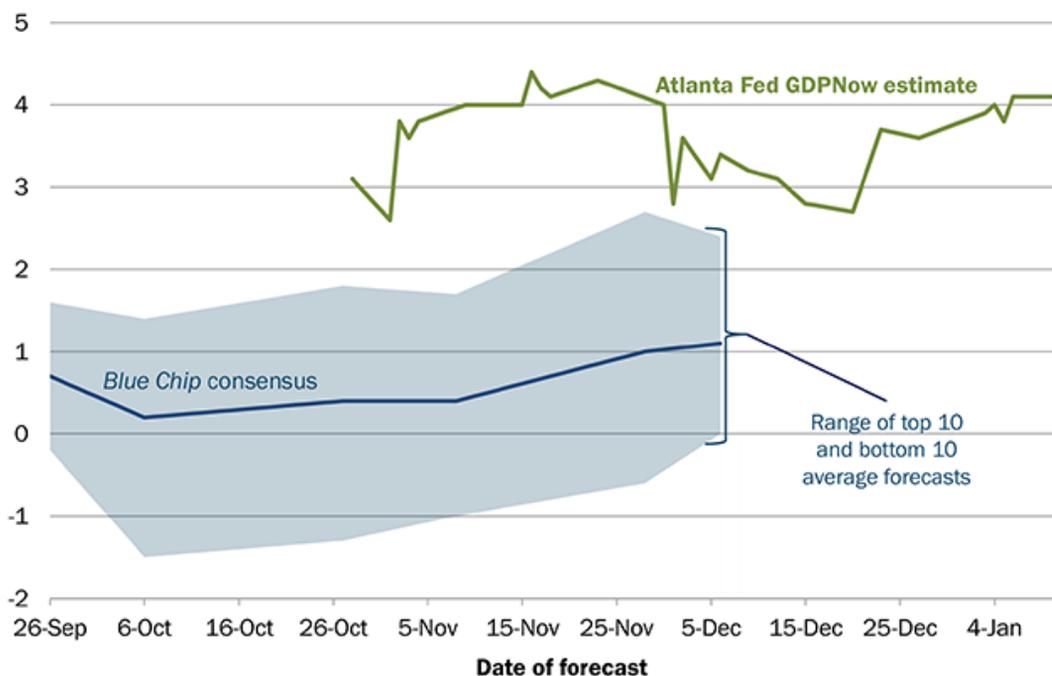


#us #gdp

On January 10, the GDPNow model nowcast of real GDP growth in Q4 2022 is 4.1%.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2022: Q4

Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

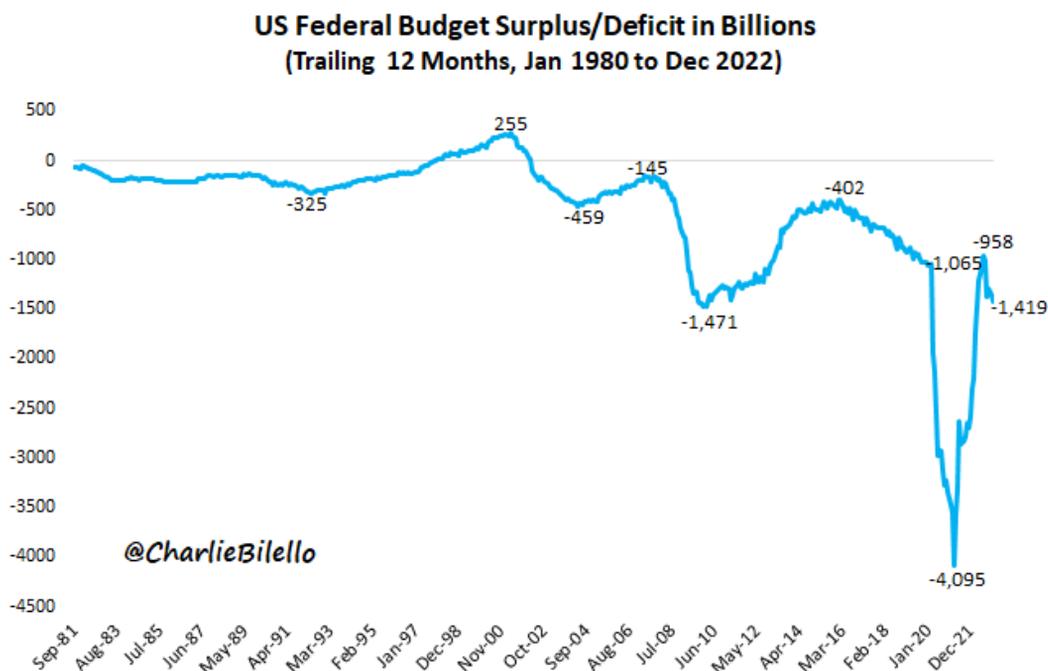
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Source: AtlantaFed



#us #deficit

The US Budget Deficit is widening again, hitting a 9-month high of \$1.419 trillion in December (YoY change).



Source: Charlie Bilello



#us #debt #ceiling

US will hit its debt limit Thursday, start taking steps to avoid default, Yellen warns Congress.



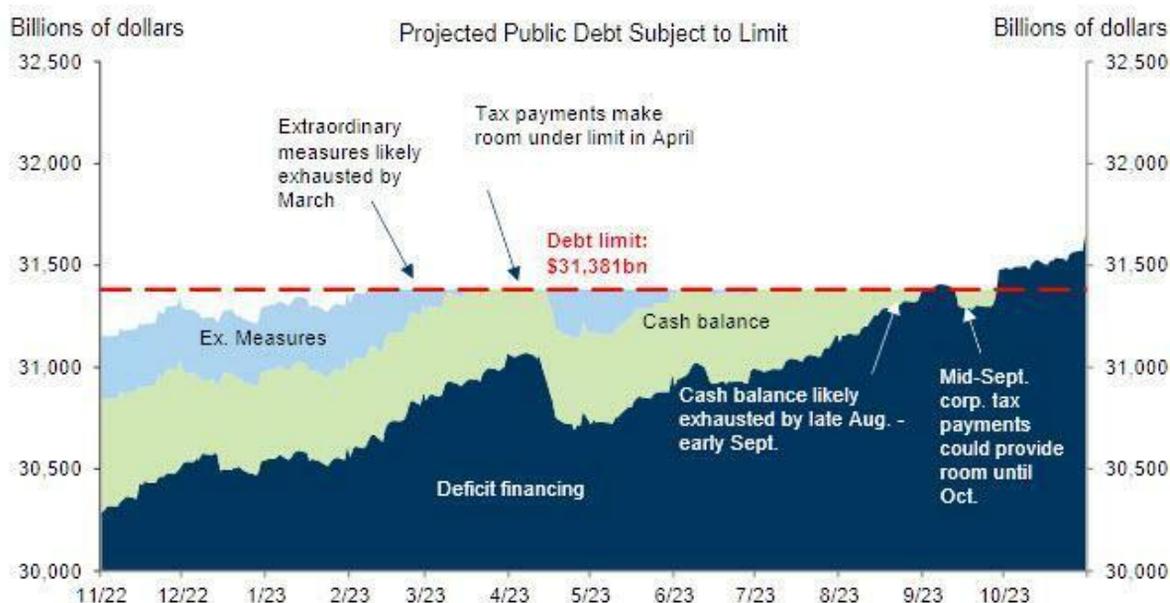
Source: Bloomberg



#us #debt #ceiling

Goldman believes the government is not actually at risk of defaulting until the second half of 2023 because of the extraordinary measures the Treasury usually uses to avoid exceeding the cap, including using up the existing Treasury cash balance and funding from tax payments.

Exhibit 15: Congress Has Until August and Possibly as Long as October to Raise the Debt Limit



Source: Department of the Treasury, Goldman Sachs Global Investment Research

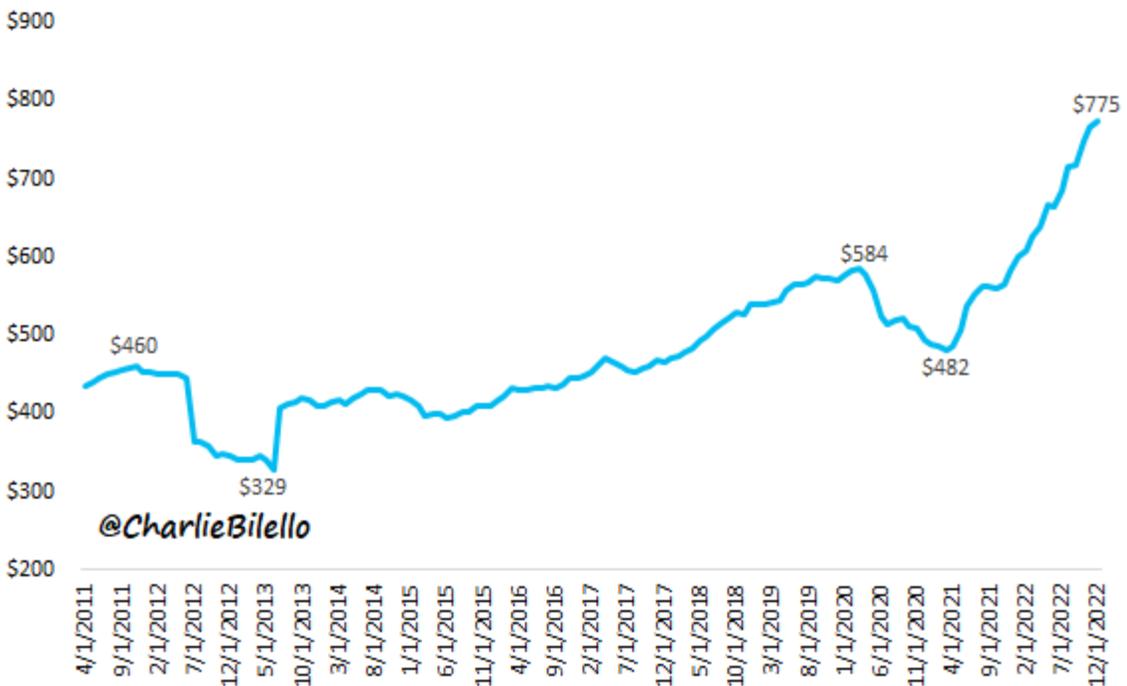
Source: Goldman Sachs



#us #debt #services

The Interest expense on US Public Debt rose to \$775 billion over the past year, a record high. If it continues to increase at the current pace it will soon be the largest line item in the Federal budget, surpassing Social Security.

Interest Expense on US Public Debt Outstanding
(\$Billions, Trailing 12 Months, Through December 2022)



@CharlieBilello

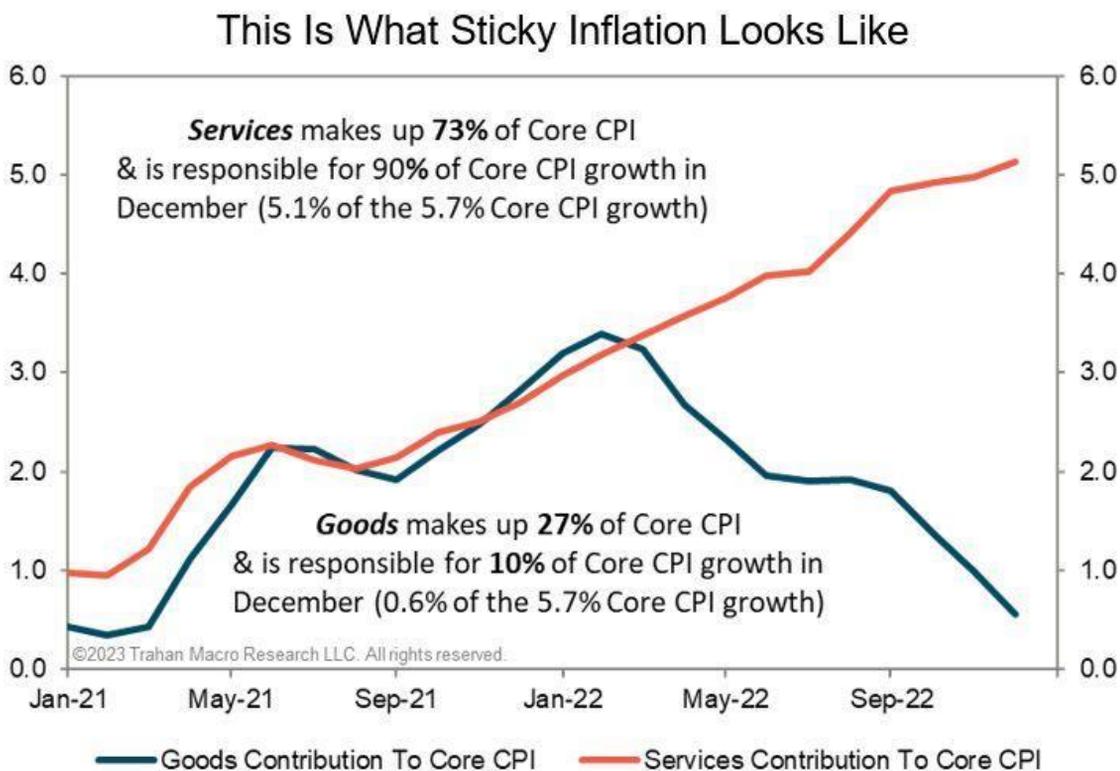
Source: Charlie Bilello





#us #inflation

The chart below from Trahan Macro Research shows why the Fed's job is probably NOT over. Even if Goods CPI goes to 0% , Services inflation alone would still leave Core inflation above 5%. As long as core inflation stays above 5%, the Fed is unlikely to pivot.

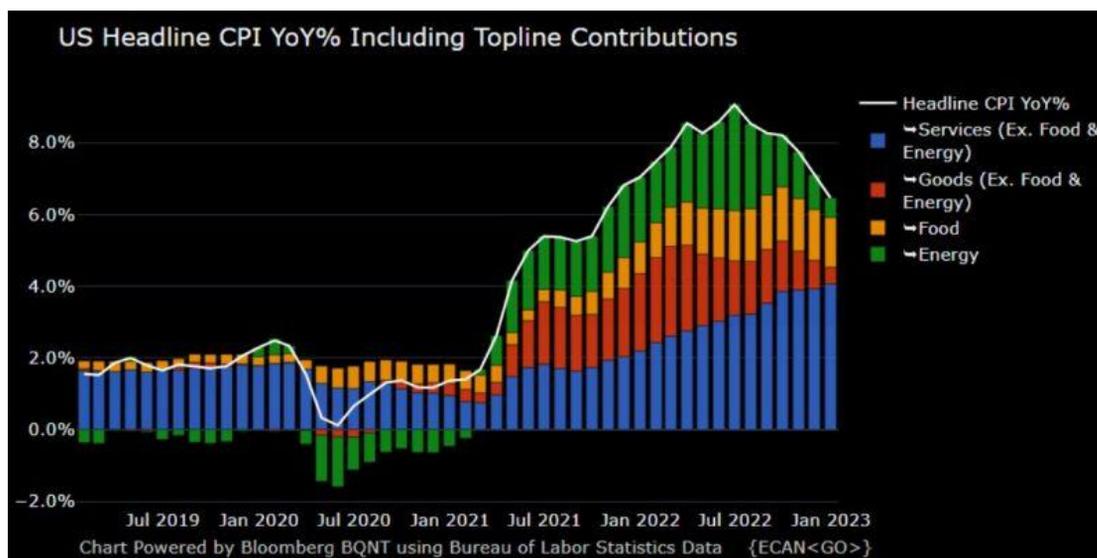


Source: Trahan Research

#macro

#us #inflation

Goods inflation continues to shrink, but services inflation staying sticky. Expectations for this morning's headline CPI were ranging from +6.3% to +6.8% YoY, with consensus seeing a 0.1% decline MoM. The headline print came in right as expected with a 0.1% decline MoM, leaving the YoY number at +6.5% as expected. Energy was the biggest driver of the decline in the YoY print along with Goods costs, which tumbled to its lowest since Feb 2021. However, Services and Food costs rose on a MoM basis. Services inflation soared to its highest since Sept 1982. Shelter is still rising on a MoM basis. Shelter was biggest contributor to Core CPI 0.3% gain.

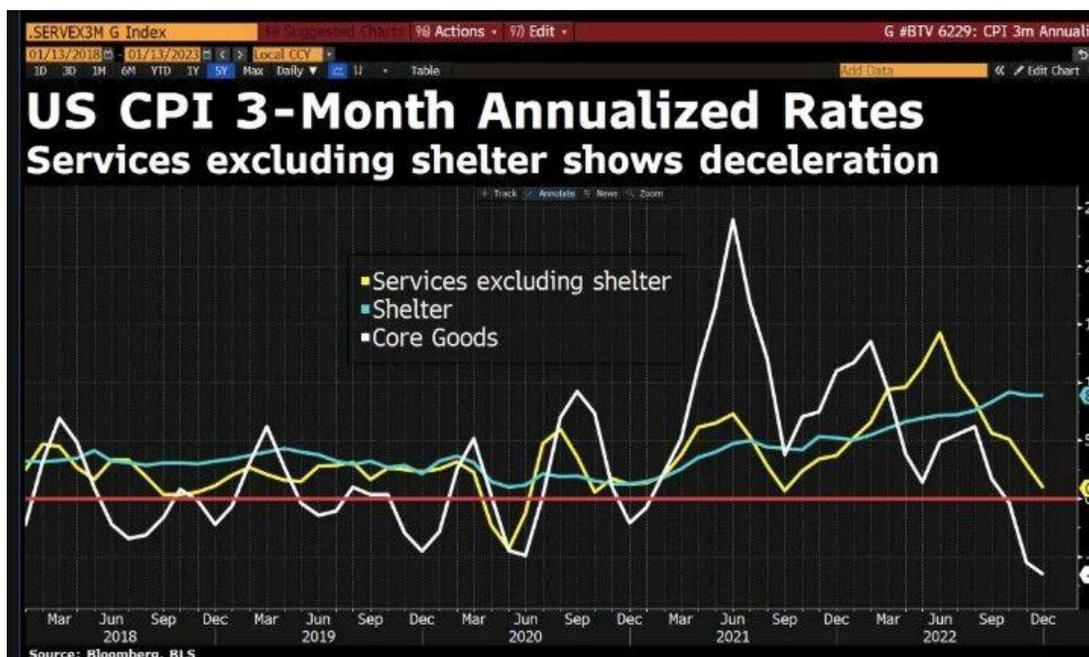


Source: Bloomberg



#us #inflation #shelter

U.S. CPI: Looking at inflation on 3-month annualized basis shows substantial progress for the Fed in their inflation fight especially in the services ex-shelter component.



Source: Bloomberg

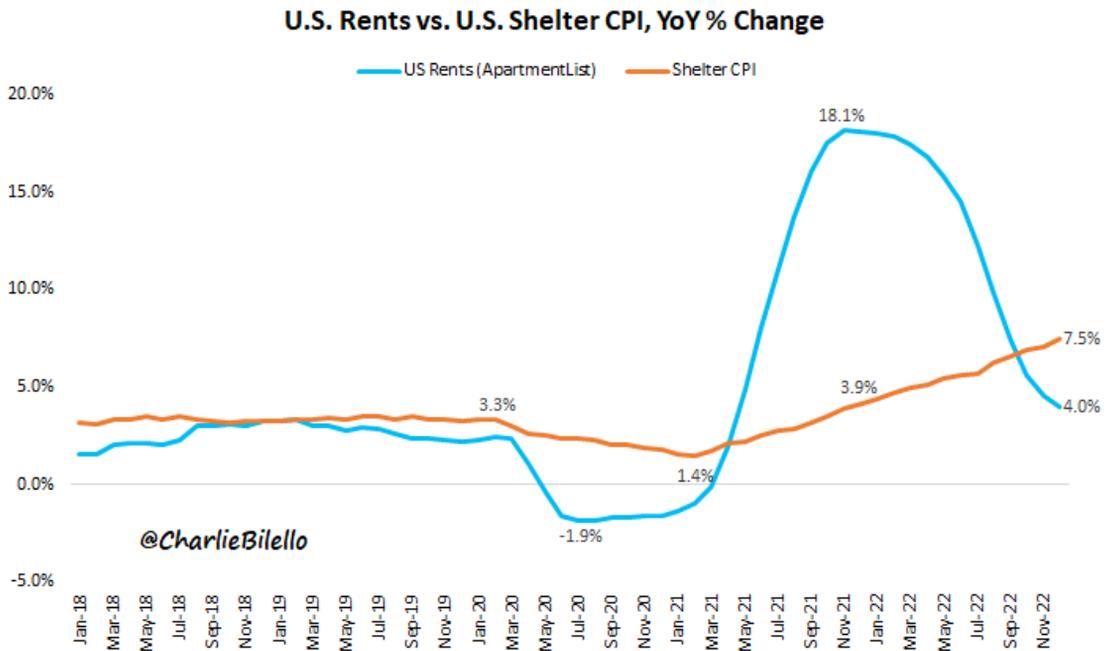


#us #inflation #shelter

Shelter CPI moved up to 7.5%, the highest rate of housing inflation since 1982.

Why is Shelter CPI still moving higher while actual rents are moving lower?

Shelter CPI is a lagging indicator that had significantly understated actual housing inflation over the last 2 years.

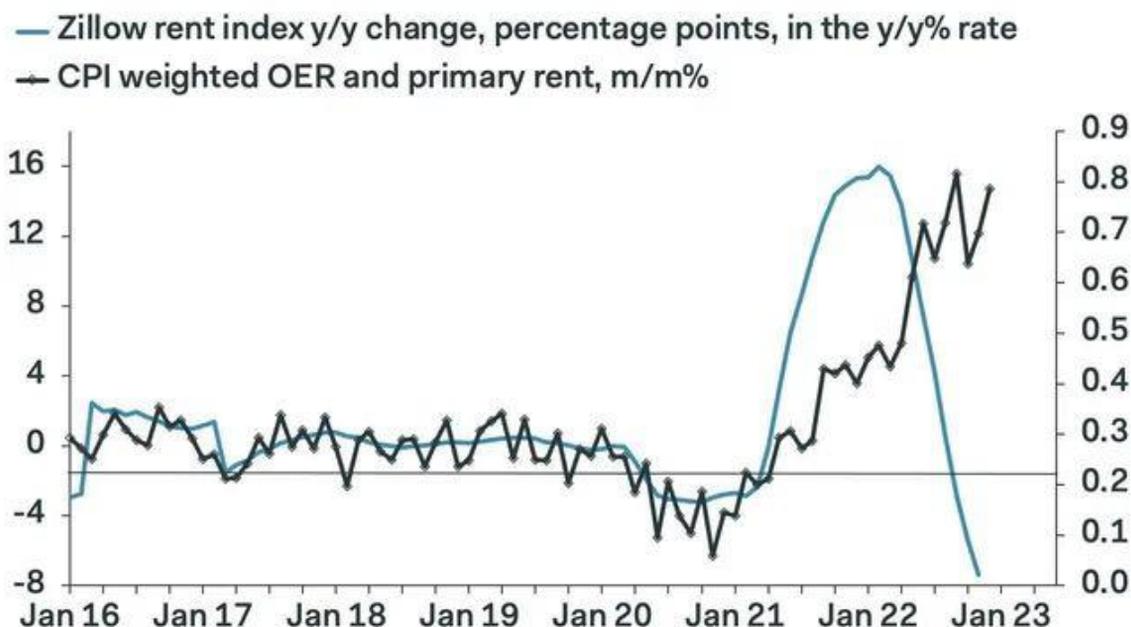


Source: Charlie Bilello



#us #rent #inflation

CPI rent inflation vs. Zillow rent inflation measures: one is at Peak Y/Y Inflation, the other is showing deflation.



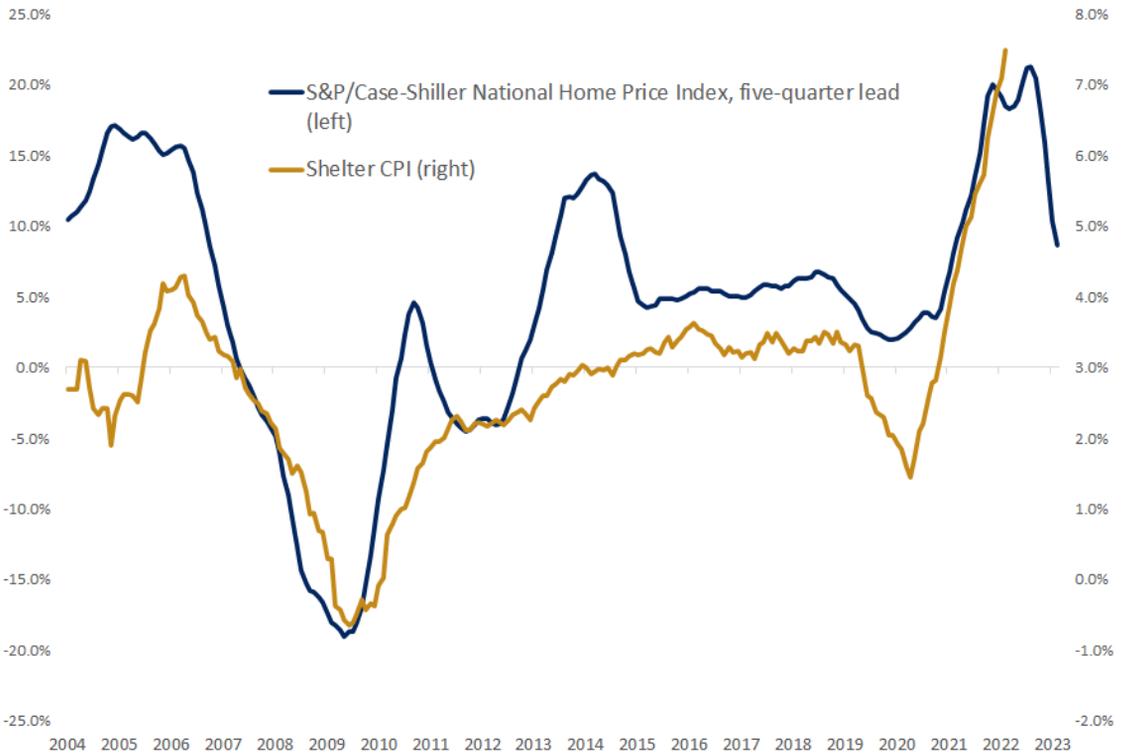
Source: Wall Street Silver



#us #home-prices #inflation

New leases and home prices tend to lead the shelter CPI by several quarters, and both have been declining in response to the spike in borrowing costs. It might be later in the year, but housing inflation should start moderating, as suggested by the more timely data.

Home prices suggest shelter inflation will roll over later this year



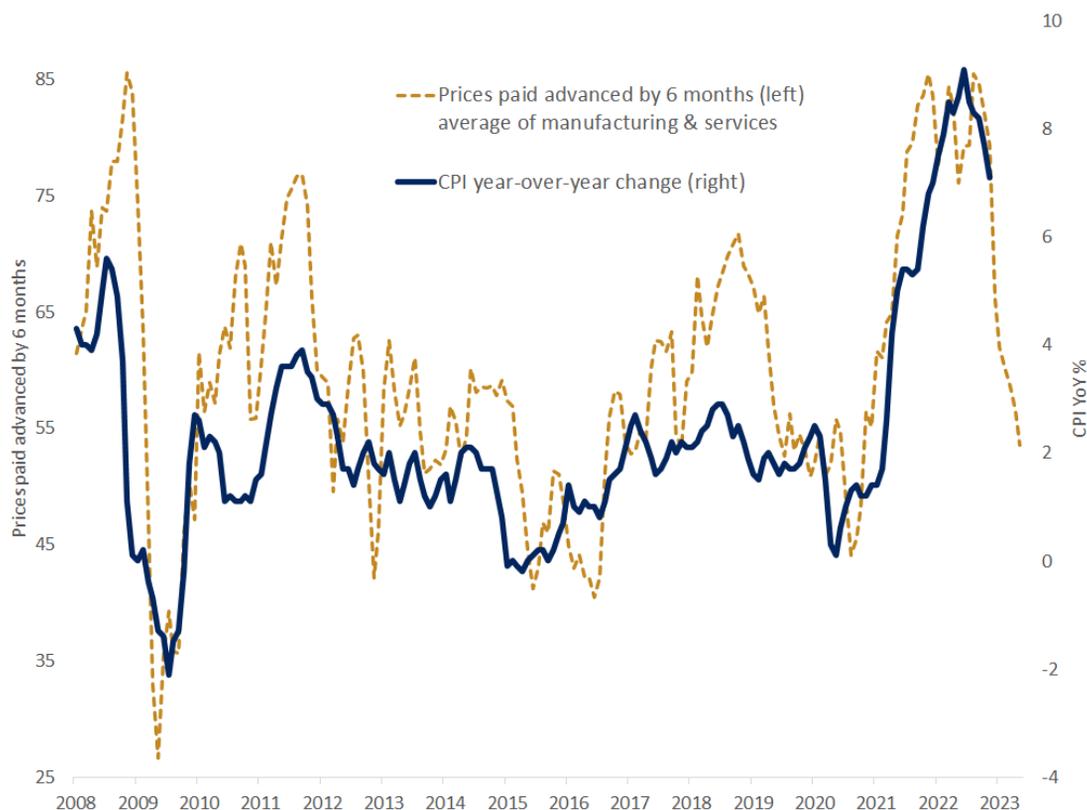
Source: Edward Jones



#us #disinflation

Evidence continues to build around moderating inflation. The CPI trajectory over the past three months, together with the signal from leading indicators of inflation (like the ISM prices paid for inputs by manufacturing and services firms), indicates that core inflation should cool down. However, the path of disinflation is unlikely to be a straight line.

More signs that disinflation will be a key theme in 2023



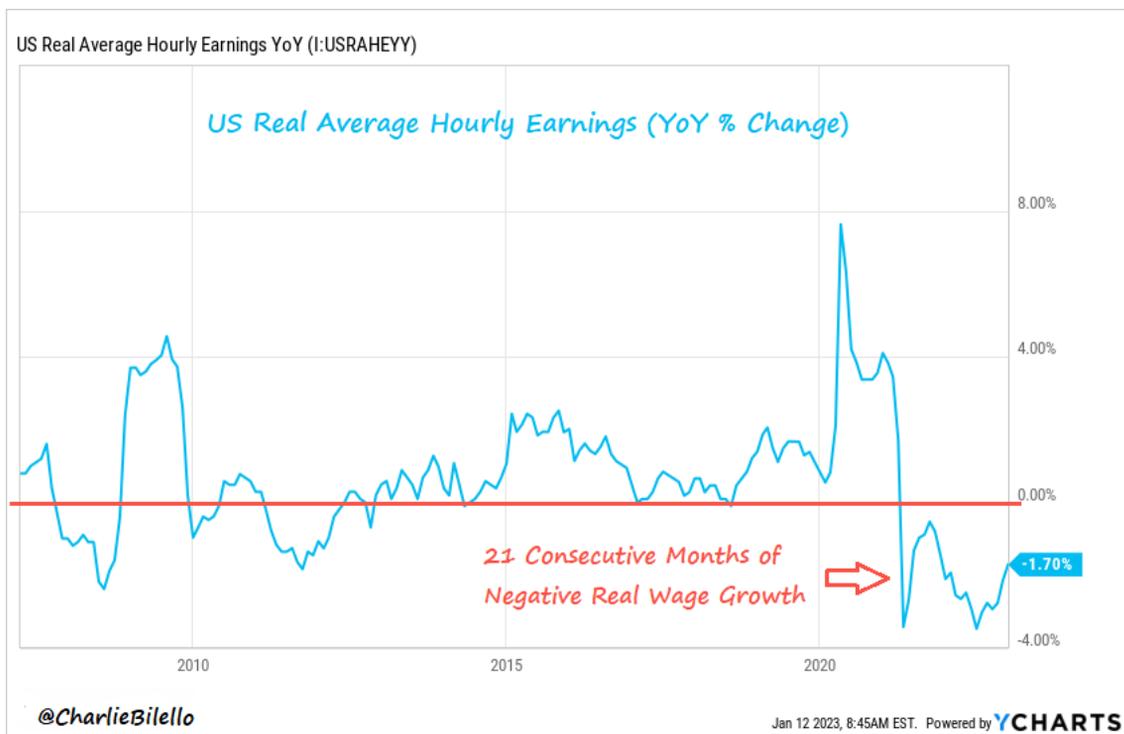
Source: Edward Jones





#us #real-wages

US wage growth has failed to keep pace with rising consumer prices for a record 21 consecutive months. This is a decline in prosperity for the American worker and the primary reason why the Fed will hike rates for the 8th time at the Feb 1 meeting.

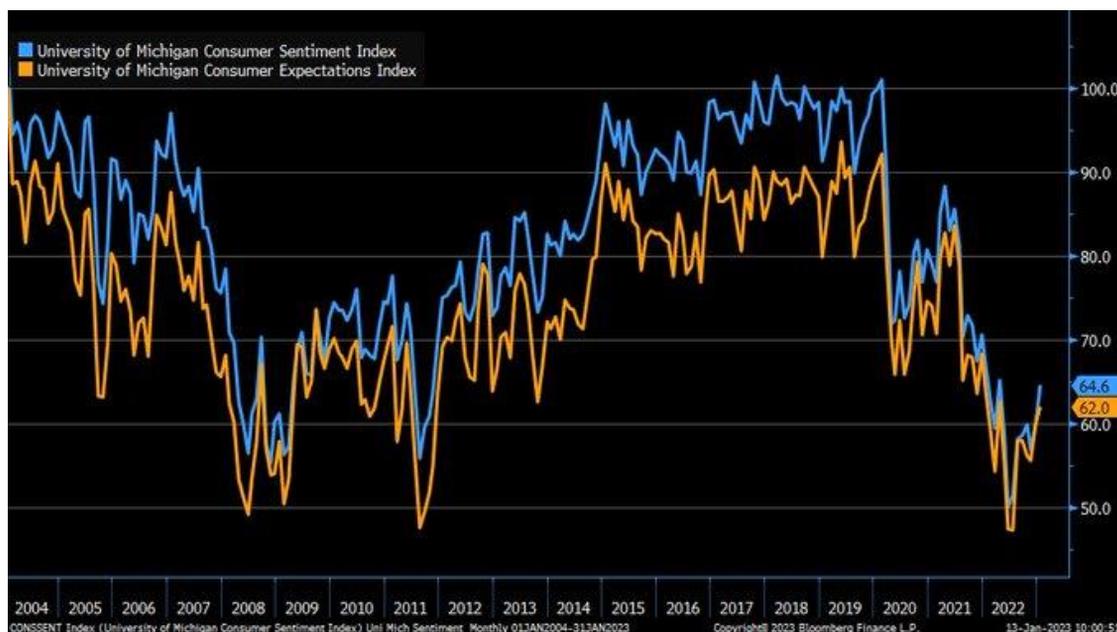


Source: Charlie Bilello



#us #consumer-sentiment

January University of Michigan Consumer Sentiment Index is up to 64.6 vs. 60.7 est. & 59.7 prior; current conditions up to 68.6 vs. 59.4 prior; expectations up to 62 vs. 59.9 prior.



Source: Liz Ann Sonders

#macro

#us #oil #strategic-reserves

The US Strategic Petroleum Reserve moved down for the 70th consecutive week to its lowest level since 1983. The 37% decline in reserves last year was the largest on record by a wide margin.

US Strategic Petroleum Reserve							
Year End	Barrels (in Millions)	Change (in Millions)	% Change	Year End	Barrels (in Millions)	Change (in Millions)	% Change
1982	293			2003	636	37	6.3%
1983	378	85	29.0%	2004	674	38	5.9%
1984	449	71	18.7%	2005	685	11	1.6%
1985	493	44	9.7%	2006	689	4	0.6%
1986	511	18	3.7%	2007	696	8	1.1%
1987	540	29	5.7%	2008	702	5	0.8%
1988	560	19	3.6%	2009	726	24	3.5%
1989	580	20	3.6%	2010	727	0	0.1%
1990	586	6	1.0%	2011	696	-31	-4.2%
1991	569	-17	-2.9%	2012	695	-1	-0.1%
1992	575	6	1.1%	2013	696	1	0.1%
1993	587	12	2.2%	2014	691	-5	-0.7%
1994	592	5	0.8%	2015	695	4	0.6%
1995	592	0	0.0%	2016	695	0	0.0%
1996	567	-24	-4.1%	2017	664	-31	-4.5%
1997	563	-4	-0.7%	2018	649	-15	-2.2%
1998	569	5	0.9%	2019	635	-14	-2.2%
1999	568	-1	-0.1%	2020	638	3	0.5%
2000	541	-26	-4.7%	2021	594	-44	-7.0%
2001	549	8	1.5%	2022	372	-221	-37.3%
2002	599	50	9.1%	2023 YTD	372	-1	-0.2%

@CharlieBilello

Source: US Energy Information Administration

Source: Charlie Bilello

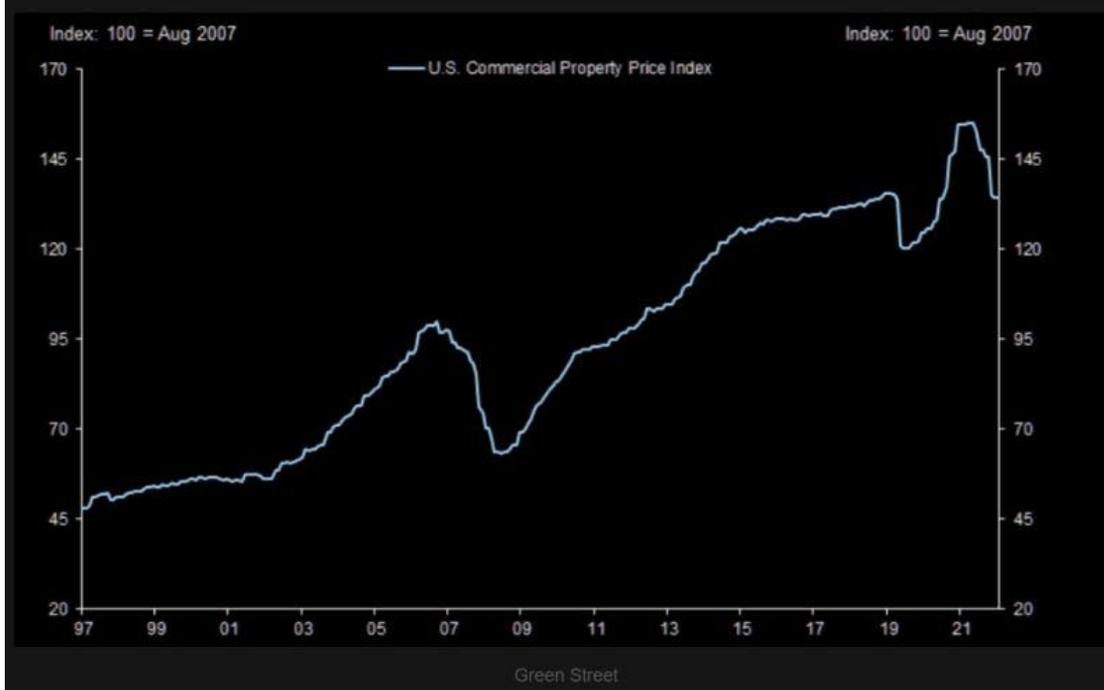
#macro

#us #commercial #property

US commercial property prices have already fallen by 13% since April 2022 peak.

How much more downside for US commercial property?

Just getting started...? : US commercial property prices have fallen by 13% from their peak in April 2022.

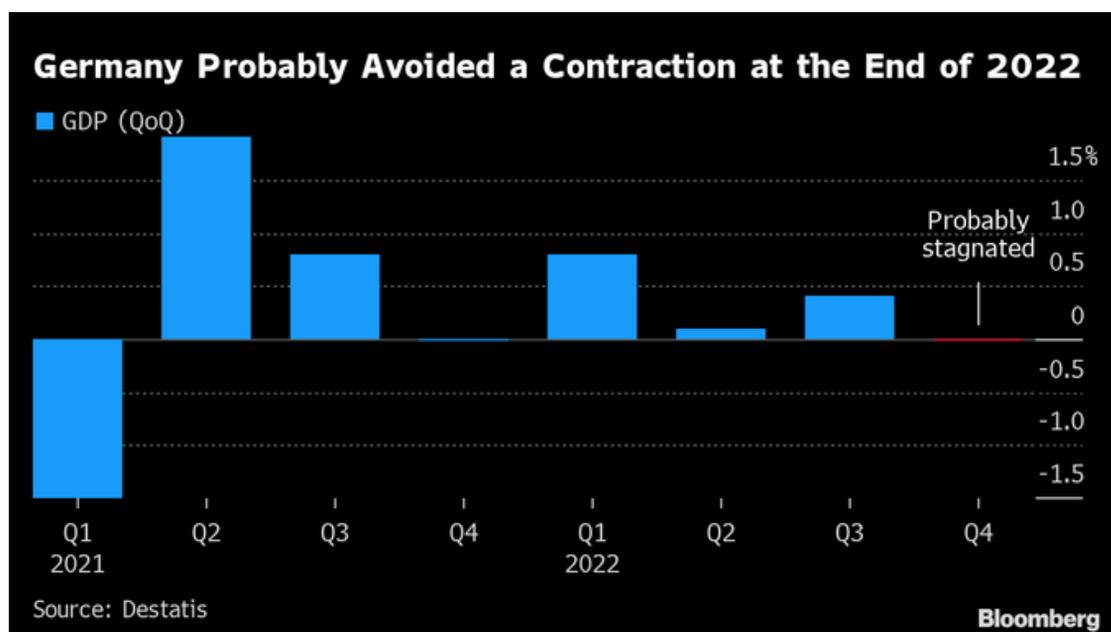


Source: The Market Ear

#macro

#german #economy

German recession fears ease on surprise year-end stagnation. German GDP in Q4 was probably flat compared w/third quarter – after a gain of 0.4% in Q3.



Source: Bloomberg, HolgerZ

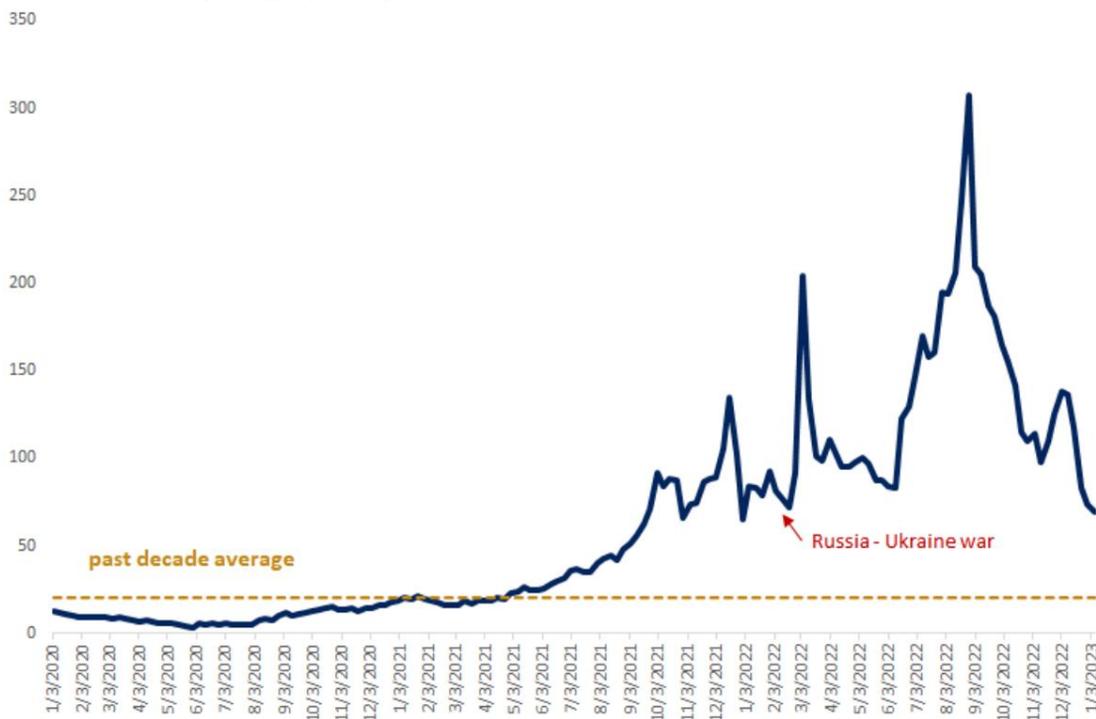


#eu #natural-gas

German recession fears ease on surprise year-end stagnation. German GDP in Q4 was probably flat compared w/third quarter – after a gain of 0.4% in Q3.

European nat gas prices trending in the right direction helped by weather

Dutch TTF forward prices (EUR/ MWh)



Source: Edward Jones



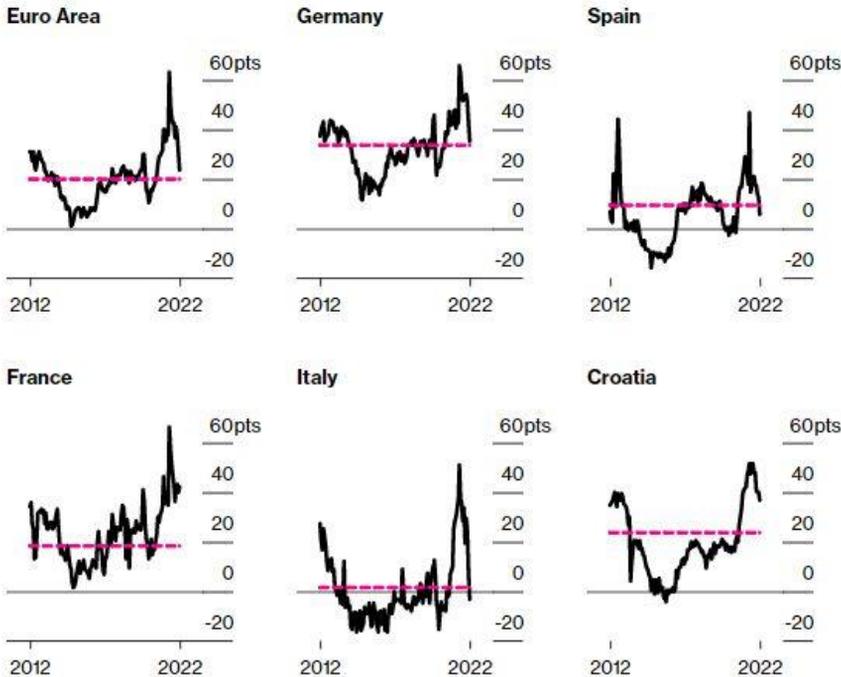
#eurozone #inflation #expectations

Eurozone inflation remains near a historic high, but consumer expectations about the path for prices have largely receded back to their long-term norm. In Germany, Italy and Spain — three of the currency bloc’s top four economies — anxiety at inflation over the next year is close to or below the average since the euro was introduced in 1999, European Commission data show. It is not the case elsewhere.

Inflation Isn't the Same Fear Factor Everywhere in Europe

Consumer expectations hint at different levels of alarm

■ Price trends over next 12 months ■ Average since euro introduction in 1999*



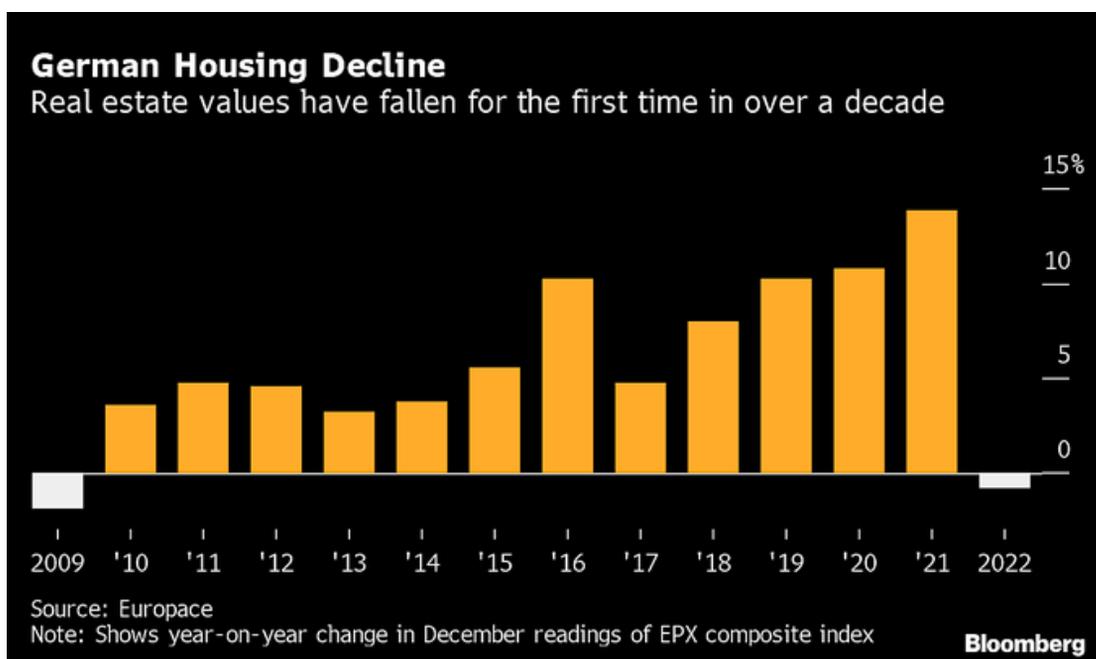
Source: European Commission
*Data for Croatia only available since May 2005

Source: Bloomberg

#macro

#german #housing

The housing boom is finally over in Germany as prices for residential properties drop for the first time since GFC in 2009. Europace German House Price Index dropped 0.8% in 2022 w/existing homes down 6%



Source: Bloomberg, HolgerZ

#macro

#switzerland #unemployment-rate

The unemployment rate in Switzerland in 2022 is the lowest in over 20 years. This corresponds to a decrease of 0.8% compared to 2021 (3.0%).



Source: Presence Switzerland

#macro

#japan #inflation

A 55% YoY price increase for the classic burger...
While inflation starts to cool down in the US and Europe, it is soaring in Japan.

INFLATION

McDonald's Japan to raise prices on 80% of its items

Series of hikes will leave classic burger 55% more expensive in less than a year



#macro

#japan #wages

Unlike other developed markets, government in Japan is urging companies to hike salaries well above inflation rate. Fast retailing is following government's "advice" with pay raises up to 40% for Uniqlo full-time employees...

The owner of Japanese fashion chain Uniqlo says it will raise the pay of staff in its home country by up to 40%.

Fast Retailing says the new pay policy will apply to full-time employees at its headquarters and company stores in Japan from the beginning of March.

Last week Japan's prime minister called on firms to put up wages to help people struggling with rising prices.

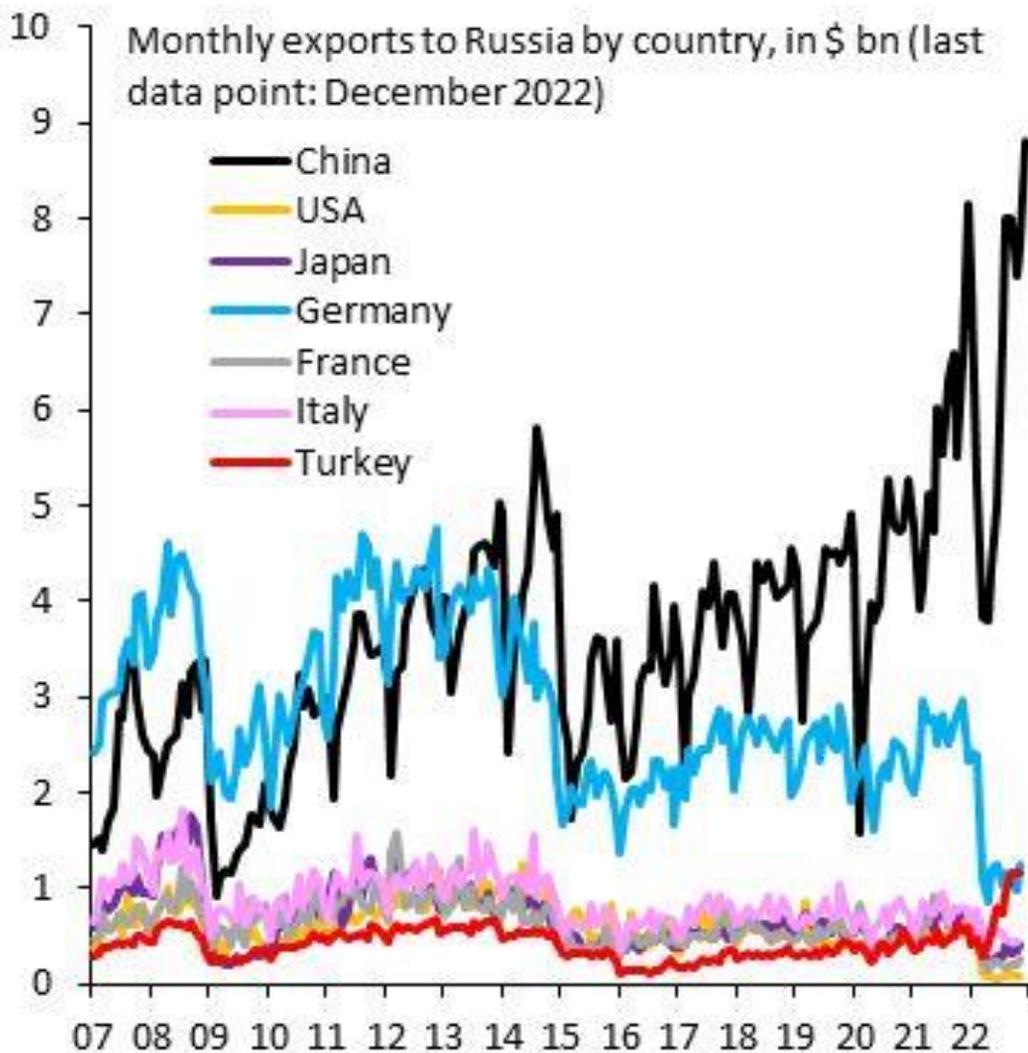
It comes as salaries in the country remain flat even as inflation is going up at its fastest rate in decades.

Source: BBC

#macro

#china #russia #trade

Putin is spending Russia's cash in #china



Source: Robin Brooks

#macro

#global #inflation

Global Inflation Rates	
Country/Region	CPI Inflation (YoY %)
CHINA	1.8%
TAIWAN	2.7%
SWITZERLAND	2.8%
SAUDI ARABIA	2.9%
JAPAN	3.8%
SOUTH KOREA	5.0%
INDONESIA	5.5%
INDIA	5.7%
BRAZIL	5.8%
SPAIN	5.8%
THAILAND	5.9%
FRANCE	5.9%
US	6.5%
SINGAPORE	6.7%
CANADA	6.8%
AUSTRALIA	6.9%
NEW ZEALAND	7.2%
SOUTH AFRICA	7.4%
MEXICO	7.8%
PHILIPPINES	8.1%
GERMANY	8.6%
IRELAND	8.9%
FINLAND	9.1%
EUROZONE	9.2%
PORTUGAL	9.6%
NETHERLANDS	9.6%
UK	10.7%
SWEDEN	11.5%
ITALY	11.6%
RUSSIA	12.0%
POLAND	16.6%
TURKEY	64.3%
ARGENTINA	92.4%
VENEZUELA	156%

 @CharlieBilello

#GLOBALMARKETS WEEKLY WRAP-UP

Hand-curated selection of the best charts & news flow

14 JANUARY 2023

#centralbanks

#global #interest-rates

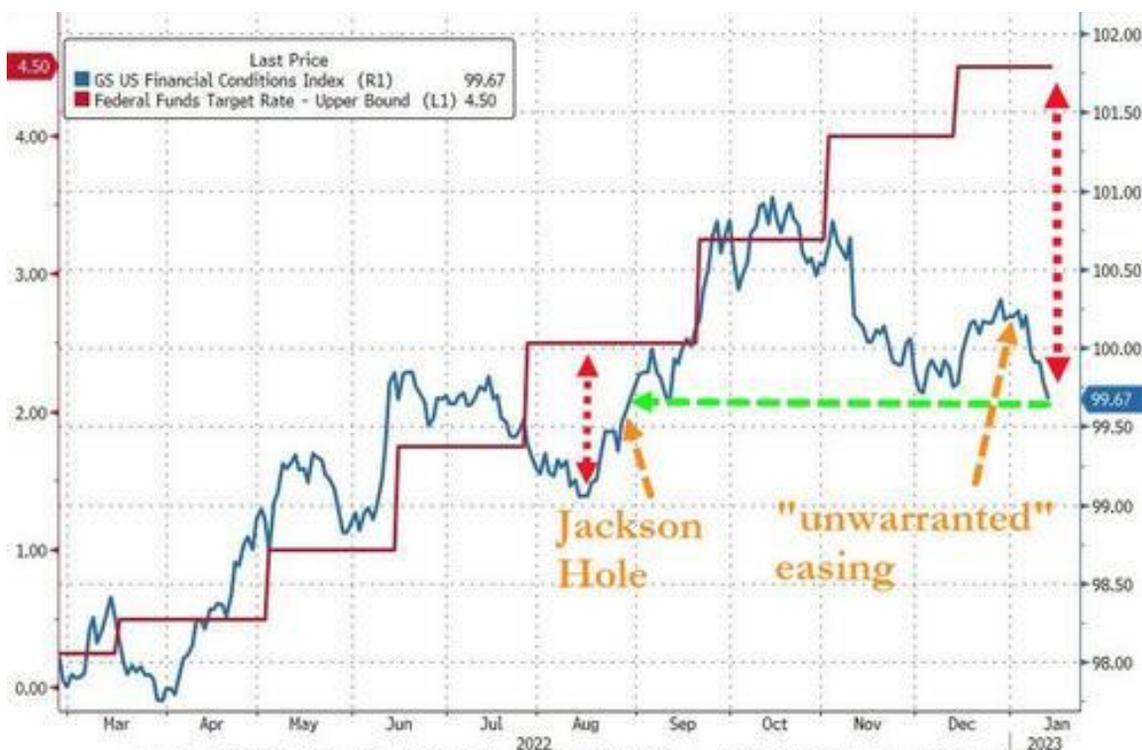
Global Central Bank Policy Rates						
Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	Last Move	Last Move Month
Japan	Policy Rate Bal	-0.10%	3.8%	-3.9%	Cut	Jan-16
Switzerland	Target Rate	1.00%	2.8%	-1.8%	Hike	Dec-22
Thailand	Policy Rate	1.25%	5.9%	-4.6%	Hike	Nov-22
Denmark	Deposit Rate	1.25%	8.7%	-7.5%	Hike	Oct-22
Taiwan	Discount Rate	1.75%	2.7%	-1.0%	Hike	Dec-22
Eurozone	Deposit Rate	2.00%	9.2%	-7.2%	Hike	Dec-22
Sweden	Repo Rate	2.50%	11.5%	-9.0%	Hike	Dec-22
Norway	Deposit Rate	2.75%	5.9%	-3.2%	Hike	Dec-22
Malaysia	Policy Rate	2.75%	4.0%	-1.3%	Hike	Nov-22
Australia	Cash Rate	3.10%	6.9%	-3.8%	Hike	Dec-22
South Korea	Repo Rate	3.25%	5.0%	-1.8%	Hike	Nov-22
UK	Bank Rate	3.50%	10.7%	-7.2%	Hike	Dec-22
China	Loan Prime Rate	3.65%	1.8%	1.9%	Cut	Aug-22
Canada	Overnight	4.25%	6.8%	-2.6%	Hike	Dec-22
New Zealand	Cash Rate	4.25%	7.2%	-3.0%	Hike	Nov-22
US	Fed Funds	4.38%	6.5%	-2.1%	Hike	Dec-22
Hong Kong	Base Rate	4.75%	1.8%	3.0%	Hike	Dec-22
Saudi Arabia	Repo Rate	5.00%	2.9%	2.1%	Hike	Dec-22
Indonesia	Repo Rate	5.50%	5.5%	0.0%	Hike	Dec-22
Philippines	Key Policy Rate	5.50%	8.1%	-2.6%	Hike	Dec-22
India	Repo Rate	6.25%	5.7%	0.5%	Hike	Dec-22
Poland	Repo Rate	6.75%	16.6%	-9.9%	Hike	Sep-22
South Africa	Repo Rate	7.00%	7.4%	-0.4%	Hike	Nov-22
Czech Republic	Repo Rate	7.00%	15.8%	-8.8%	Hike	Jun-22
Russia	Key Policy Rate	7.50%	12.0%	-4.5%	Cut	Sep-22
Peru	Policy Rate	7.75%	8.5%	-0.7%	Hike	Jan-23
Turkey	Repo Rate	9.00%	64.3%	-55.3%	Cut	Nov-22
Mexico	Overnight Rate	10.50%	7.8%	2.7%	Hike	Dec-22
Chile	Base Rate	11.25%	12.8%	-1.6%	Hike	Oct-22
Colombia	Repo Rate	12.00%	13.1%	-1.1%	Hike	Dec-22
Brazil	Target Rate	13.75%	5.8%	8.0%	Hike	Aug-22
Argentina	Benchmark Rate	75.00%	92.4%	-17.4%	Hike	Sep-22

@CharlieBilello Data as of 1/12/23

#centralbanks

#us #financial-conditions #fed

Financial conditions have been loosening dramatically recently. This is very much not what Powell and the Fed want to see, and specifically warned against "unwarranted easing" in the Fed's Minutes...

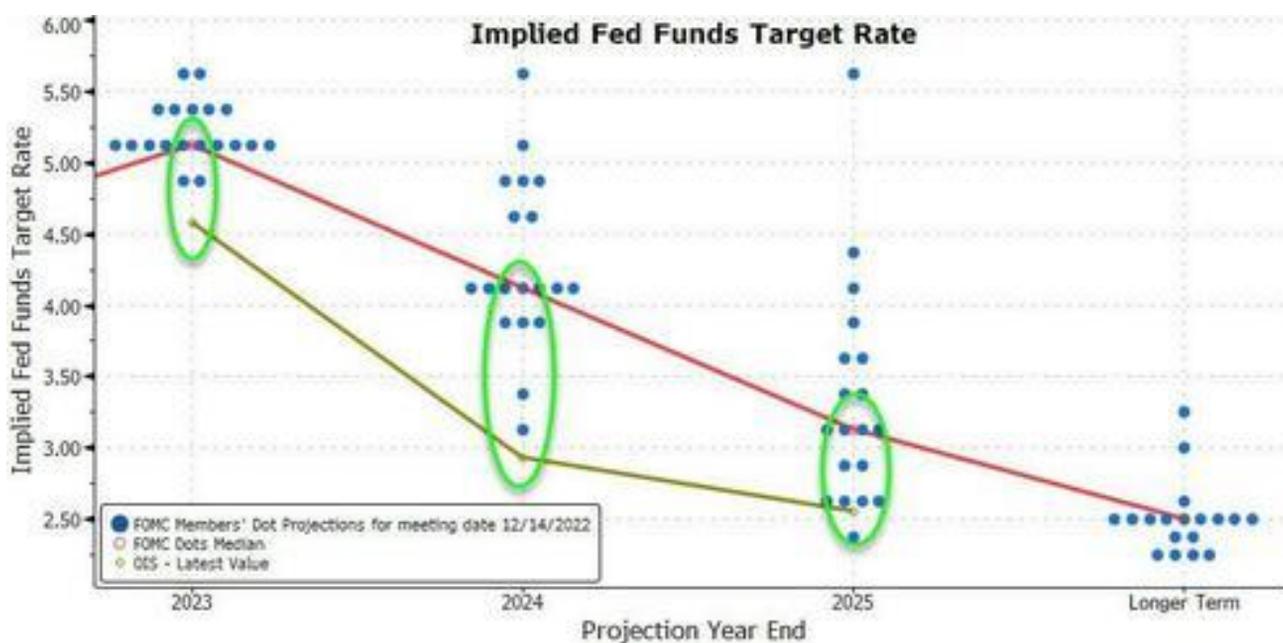


Source: Bloomberg, www.zerohedge.com

#centralbanks

#fed #markets #expectations

The last five days have seen one of the largest 'easings' in financial conditions on record. Simply put, the market believes the Fed is bluffing.



Source: www.zerohedge.com, Bloomberg

#centralbanks

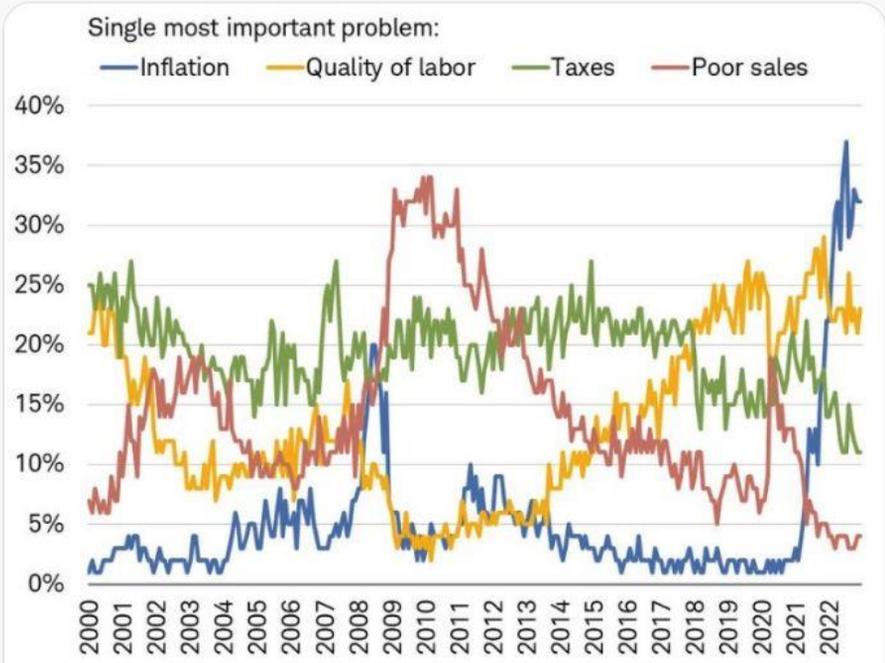
#fed #us #small-businesses

US small businesses most worry about inflation. Yet they don't worry about poor sales. Considering the Fed wants to 'destroy' demand, that suggests it has achieved very little so far. So no reason to pivot...

 **Fabian Wintersberger** @f_wintersberger · 8h

US small businesses most worry about inflation. Yet, what's more interesting about this chart is that they don't worry about poor sales.

Considering the Fed wants to 'destroy' demand, that suggests it has achieved very little so far. No reason to pivot.
(chart: @LizAnnSonders)



Single most important problem:

- Inflation
- Quality of labor
- Taxes
- Poor sales

Source: Charles Schwab, Bloomberg, NFIB (National Federation of Independent Business), as of 12/31/2022.

#centralbanks

#snb #faangs

Swiss National Bank balance sheet trades in tandem w/FANG Plus Index. The Swiss National Bank (SNB) is an active investor in stock markets, unlike most other central banks.



Source: Bloomberg, HolgerZ



#bitcoin #weekly

Bitcoin is up 10 straight days (and 12 of last 13), topping \$19,000 on Friday (with its best run since Oct 2021)...

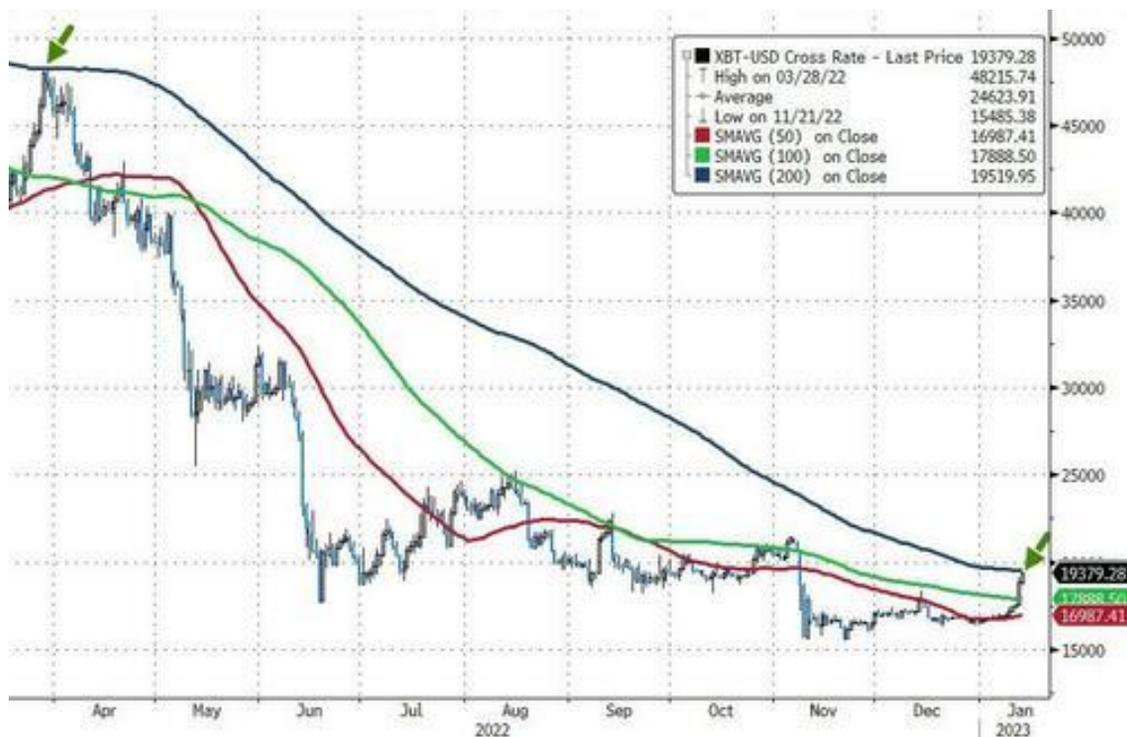


Source: Bloomberg, www.zerohedge.com



#bitcoin #technicals

For some context, BTC is trading just below its 200DMA...



Source: Bloomberg, www.zerohedge.com



#bitcoin #technicals

This is the highest momentum reading in 2 years as \$BTC tries to reclaim the prior-cycle highs

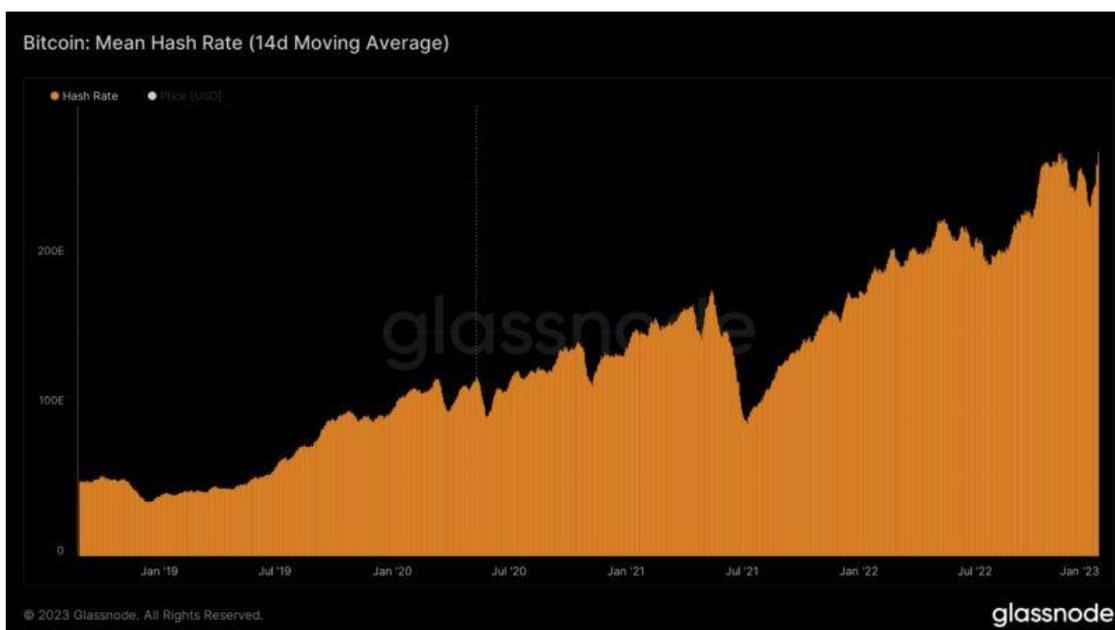


Source: All Star Charts



#bitcoin #hashrate

Bitcoin hash rate just hit new all-time high.



Source: Glassnode

#cryptos

#bitcoin #capitulation

Sentiment in cryptocurrencies is so bad that crypto mining companies are changing their names so investors forget what they even do.

@ News Business

Bitcoin Mining Firm Riot Ditches 'Blockchain' From Name in Rebrand

The company will rebrand as Riot Platforms, as it diversifies amid a bleak outlook for the wider Bitcoin mining industry.

Source: - source: J-C Parets, Decrypt



#ethereum

Ethereum also surged this week, topping \$1400 for the first time since the FTX debacle collapse...



Source: Bloomberg, www.zerohedge.com

#cryptos

#digital-pound

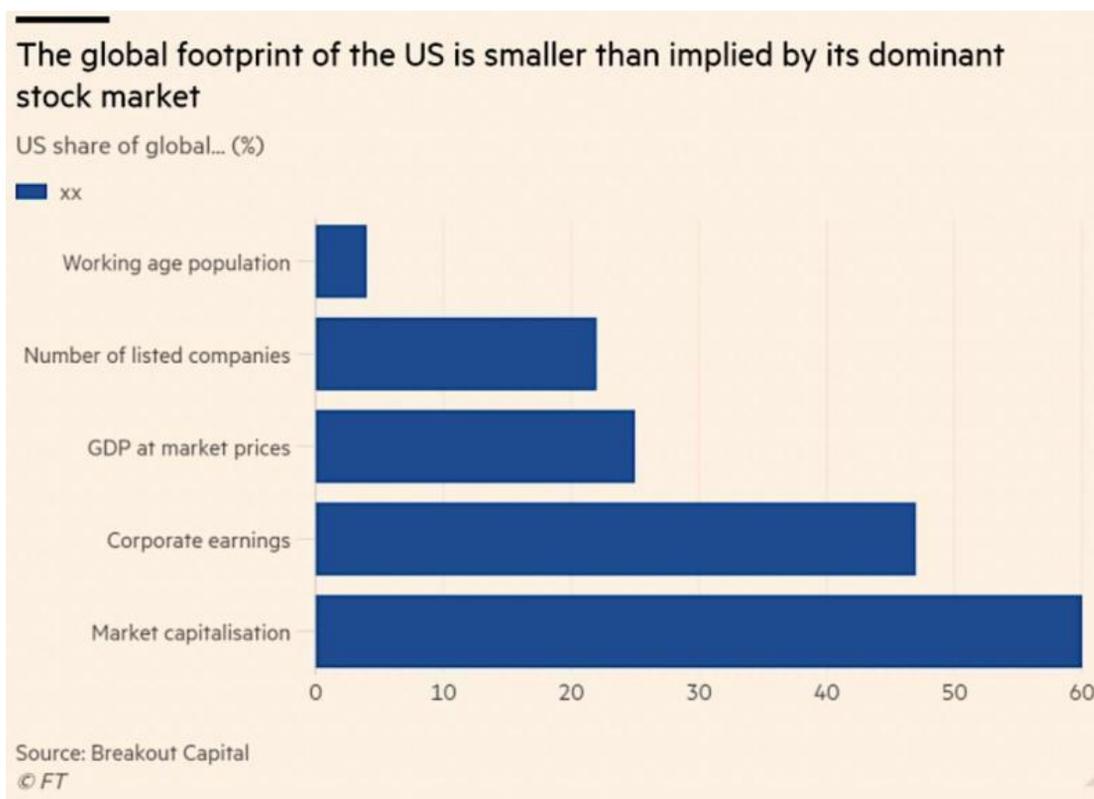
The government is considering introducing a "digital pound", the economic secretary to the Treasury has told MPs. The UK was committed to becoming a world crypto hub, Andrew Griffith said. And the government was "a long way down the road... to establish a regime for the wholesale use, for payment purposes, of stablecoins". Stablecoins are designed to have a predictable value linked to traditional currencies or assets such as gold. A public consultation on the attributes of a digital pound would be launched in coming weeks, Mr Griffith told the Treasury Select Committee. "I want to see us establish a regime, and this is within the FSMB [Financial Services and Markets Bill, currently being debated in Parliament], for the wholesale use for payment purposes of stablecoins," he said.



#food-for-thought

#us #dominance

What is the US real footprint? US is punching well above its weight, Ruchir Sharma says. US stock market value has reached 60% of global total, which is 15% higher than its long-term average. But the US real footprint much smaller: ~50% of corporate earnings, 25% of world GDP, 1/5th of listed companies and 4% of global population.

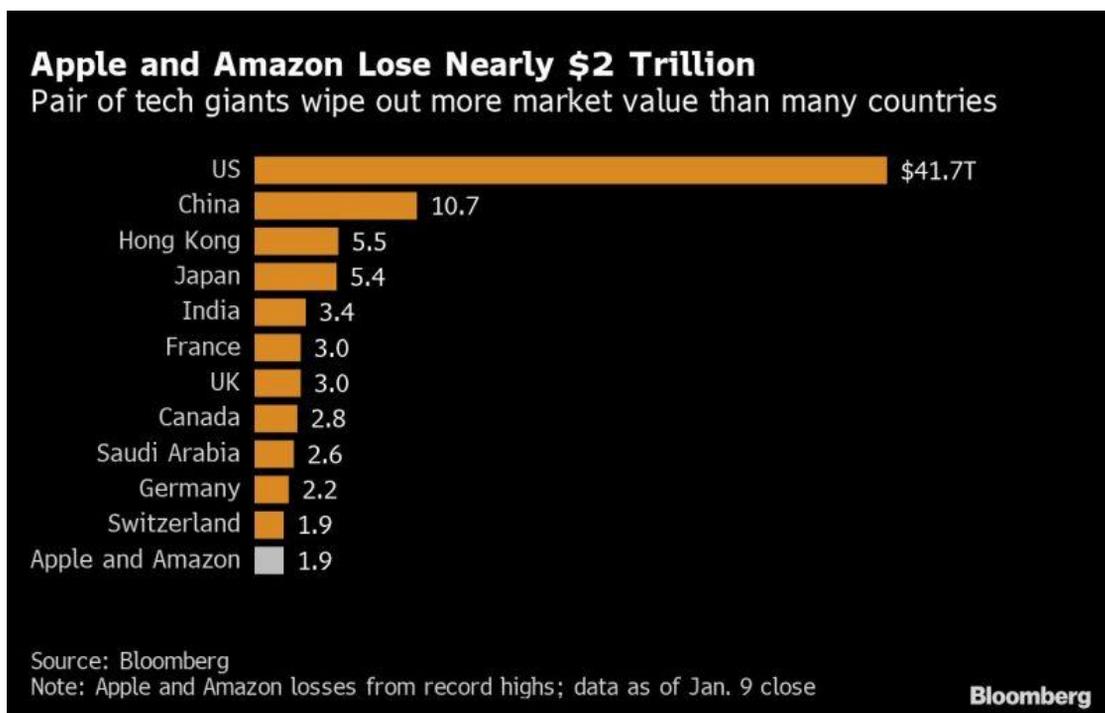


Source: FT

#food-for-thought

#faangs

From their record highs, Apple & Amazon have lost almost \$2tn in combined value - or roughly Switzerland's entire market cap - since hitting record highs, Bloomberg has calculated. The iPhone maker has lost \$916bn from its peak in January 2022, while e-commerce giant is down \$991bn since topping out in July 2021

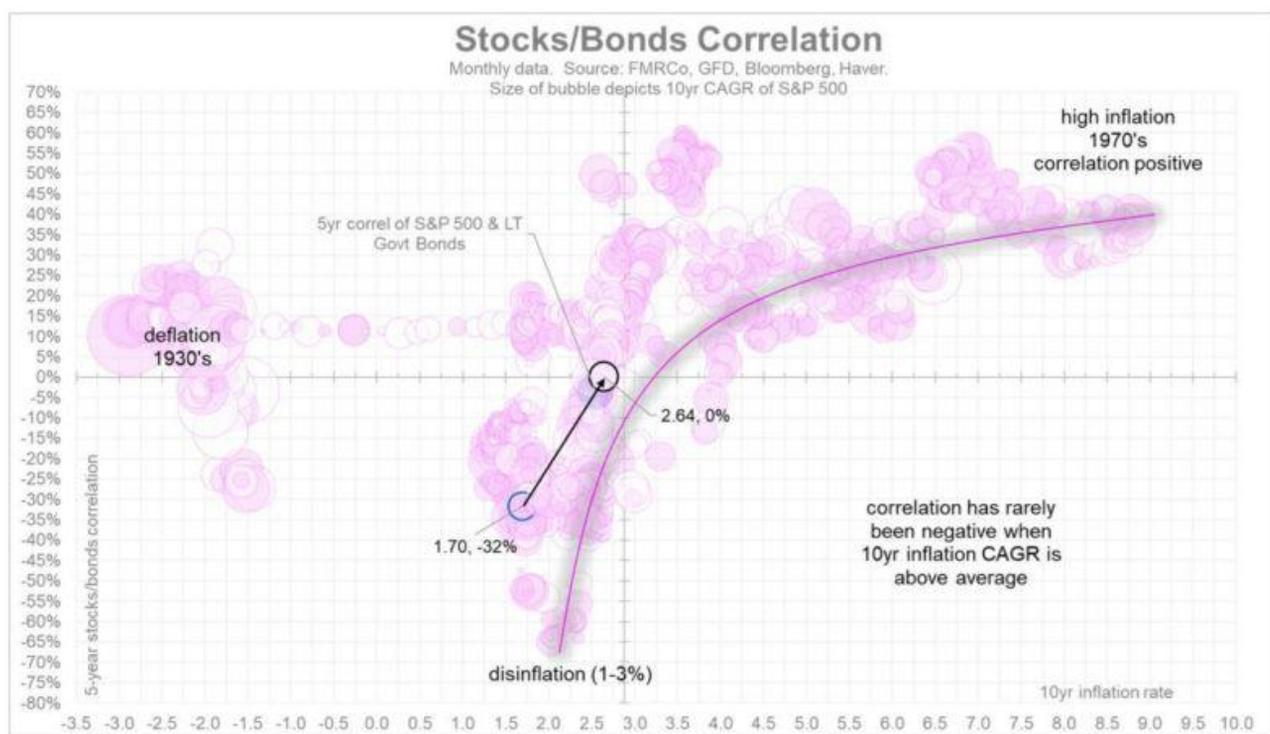


Source: Bloomberg

#food-for-thought

#us #stocks #bonds #correlation

What's next for the dance between stocks and bonds? This shows a 150-year history of stocks/bonds correlation



Data source: FMRCo, Bloomberg, Haver Analytics, FactSet. Data as of 01/08/2023. Past performance is no guarantee of future results.



Source: Fidelity

#food-for-thought

#sovereignwealthfunds

China Investment Corp is the world's largest sovereign wealth fund

Rankings by Total Assets

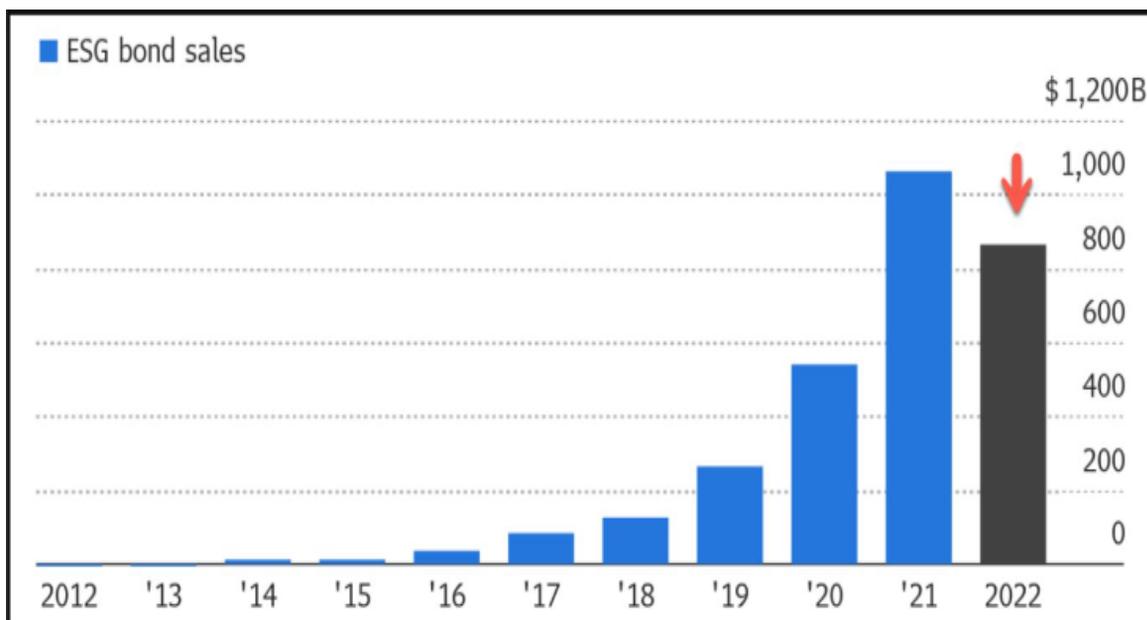
Rank	Profile	Total Assets	Type	Region
1.	China Investment Corporation	\$1,350,863,000,000	Sovereign Wealth Fund	Asia
2.	Norway Government Pension Fund Global	\$1,136,144,193,600	Sovereign Wealth Fund	Europe
3.	Abu Dhabi Investment Authority	\$790,000,000,000	Sovereign Wealth Fund	Middle East
4.	Kuwait Investment Authority	\$750,000,000,000	Sovereign Wealth Fund	Middle East
5.	GIC Private Limited	\$690,000,000,000	Sovereign Wealth Fund	Asia
6.	Public Investment Fund	\$607,418,895,000	Sovereign Wealth Fund	Middle East
7.	Hong Kong Monetary Authority Investment Portfolio	\$588,903,442,872	Sovereign Wealth Fund	Asia
8.	Temasek Holdings	\$496,593,722,700	Sovereign Wealth Fund	Asia
9.	Qatar Investment Authority	\$461,000,000,000	Sovereign Wealth Fund	Middle East
10.	National Council for Social Security Fund	\$447,358,000,000	Sovereign Wealth Fund	Asia

Source: swfinstitute

#food-for-thought

#esg #bonds

Global ESG Bond Issuance Records First-Ever Annual Decline. Bloomberg data shows companies and governments worldwide raised \$863 billion in ESG bonds in 2022, a 19% drop compared to a year earlier of a record \$1.1 trillion. This is the first decline in ESG bonds since green bonds first emerged on Wall Street in 2007.



Source: www.zerohedge.com

#food-for-thought

#esg #etfs

Morningstar data show that “sustainable” large-cap equity ETFs in Europe have underperformed their traditional large-cap equity ETF counterparts over the 12 months to the end of December, but also on a three-year and five-year annualized measure.



Source: FT

#food-for-thought

#etf #newlaunch #women

Launching with the ticker WCEO on the NYSE , The Hypatia Women CEO ETF is an exchange-traded fund incorporated in the USA. The ETF seeks to achieve its investment objective by investing at least 80% of its net assets in exchange-traded equity securities of U.S. companies that are led by a female Chief Executive Officer. The ETF expects to be primarily invested in components of the Hypatia Women CEO Index.

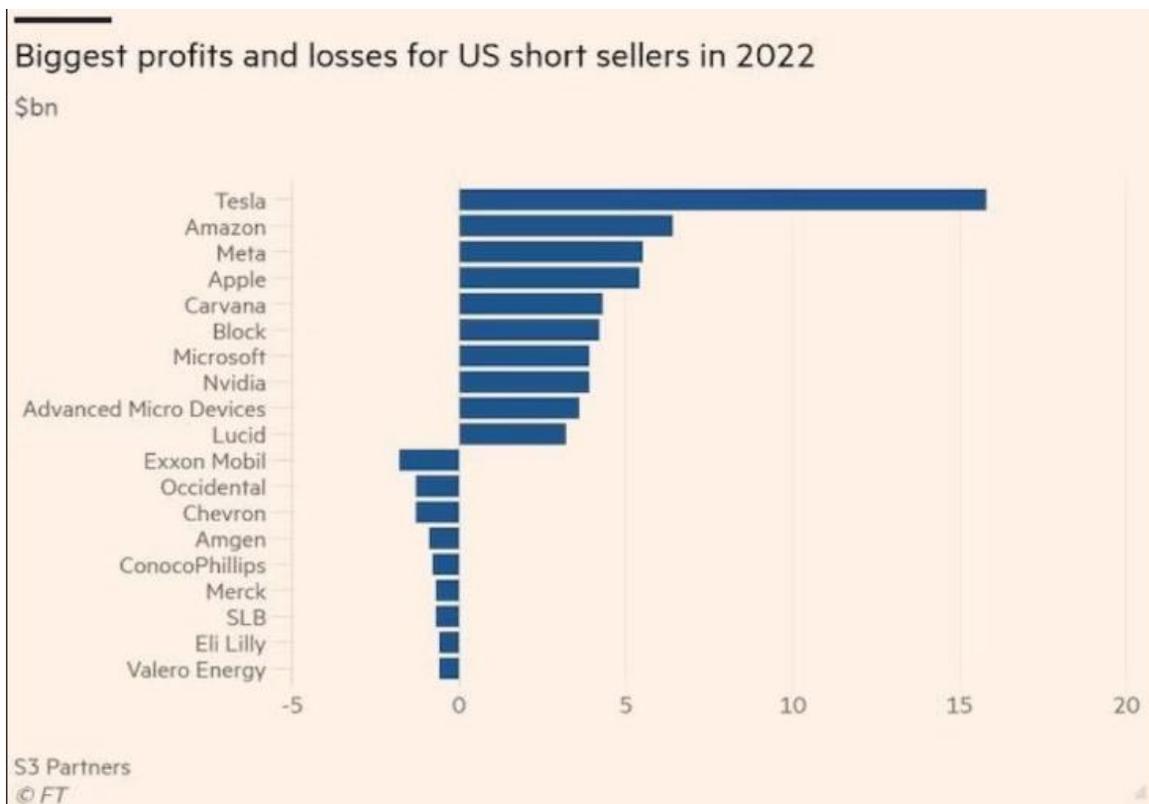


Source: patricia Lizarraga

#food-for-thought

#short-selling

Biggest Profits & Losses from US Short Sellers in 2022. "Short sellers - lost about \$572bn in US markets between 2019 and 2021 - but last year produced aggregate profits from the strategy of \$300bn, according to S3 Partners"



Source: ft

#food-for-thought

#bigmac #inflation

Big Mac Indicator

Biggest indicator of US decline: You could buy 6 BigMacs with 1 hour of minimum wage in 1980, but today you can't even buy one, despite minimum wage more than doubling.

	1980	2022
Minimum Wage	3.10	7.25
Big Mac	0.50	8.00
BM's per hour	6.20	0.91

Source: wallstreetsilver

#food-for-thought

#humor #inflation

Symbols of Wealth Through the Ages

600 BC



1900



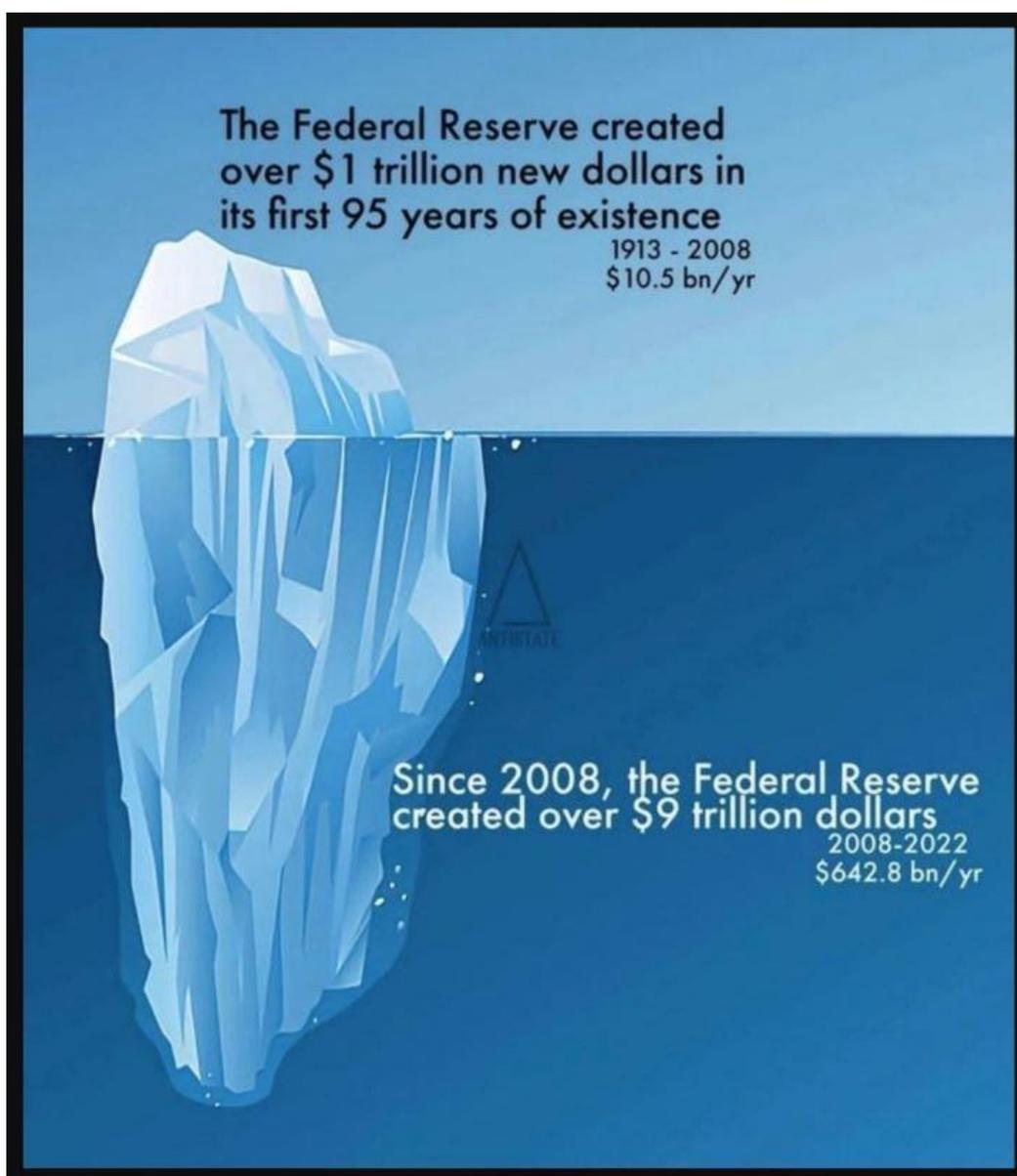
2023



Source: twitter

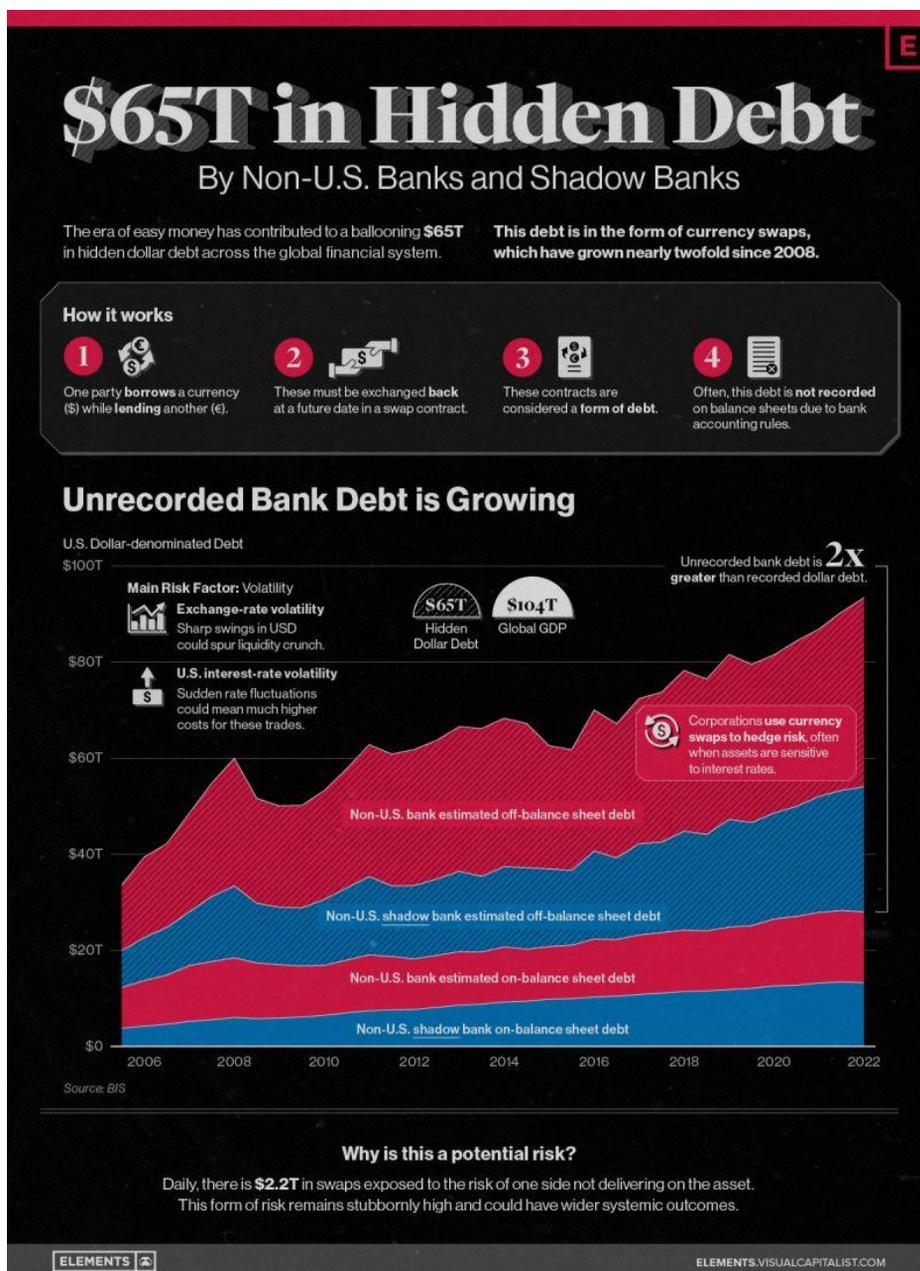
#food-for-thought

#fed



#food-for-thought

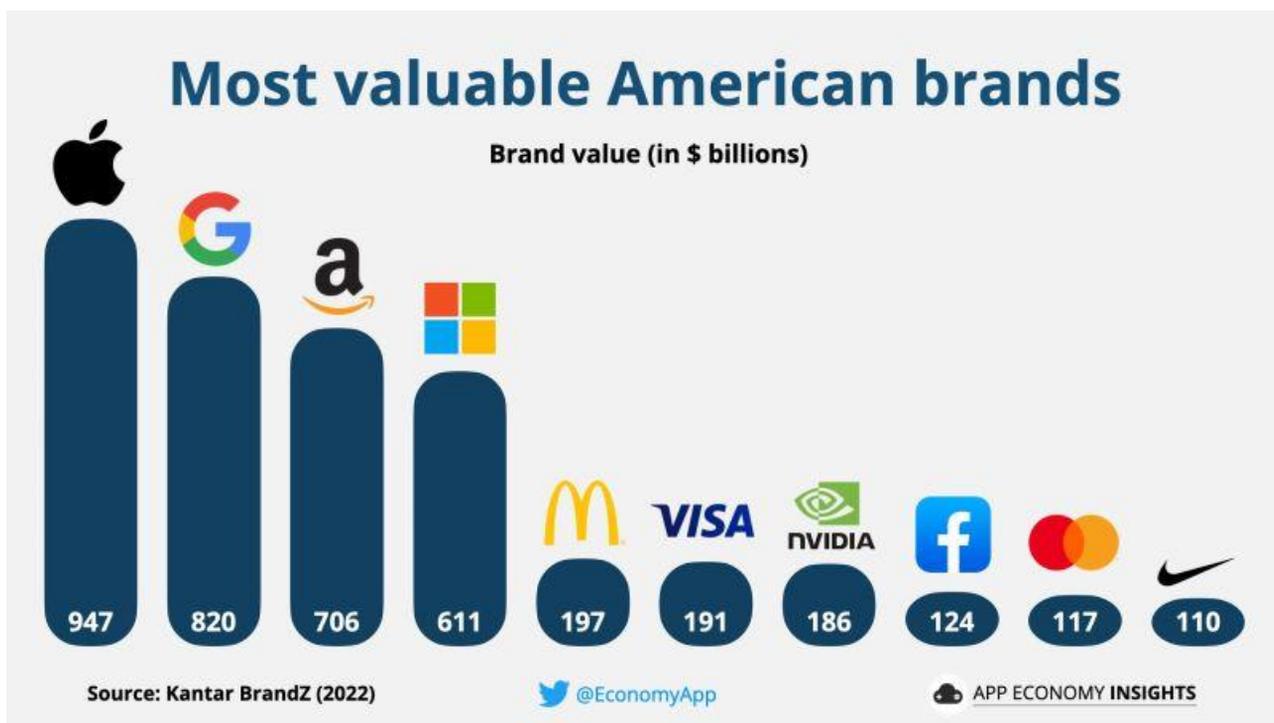
#us #hidden-debt



#food-for-thought

#us #brands

Based on financials & consumer insights.



Source: Kantar BrandZ 2022, App Economy Insights

#food-for-thought

#apple #india

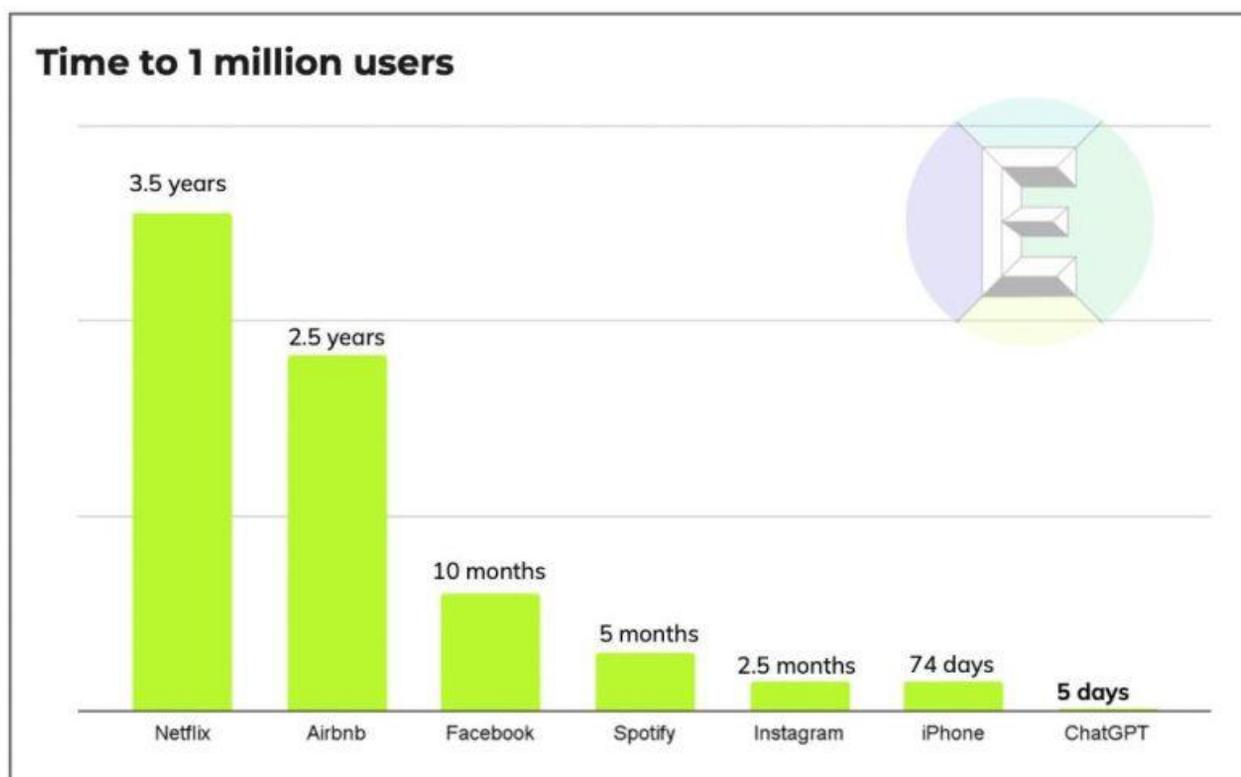
Apple Hires Workers In India As It Looks To Open First Flagship Stores. Last Friday, Apple's career page listed openings for 12 different job functions it seeks to fill in "various locations within India," including technical specialist, business expert, senior manager, store leader and "genius". Some of the functions on Apple's website, such as "market leader," describe managing teams "across Apple Stores," implying several locations are in the works beyond the widely reported 22,000 square foot location set to open in Mumbai as early as March.



#food-for-thought

#chatgpt

Time to reach 1 million users. For the iPhone, it took 74 days. For ChatGPT, just 5 days...



Exponential View via Linas Beliusas

Source: Exponential view via Linas Beliusas

#food-for-thought

#openai #valuation

OpenAI is currently raising funds at a \$29 billion valuation and is allowing employees along with early investors to sell their shares at that valuation.



#food-for-thought

#openai #microsoft

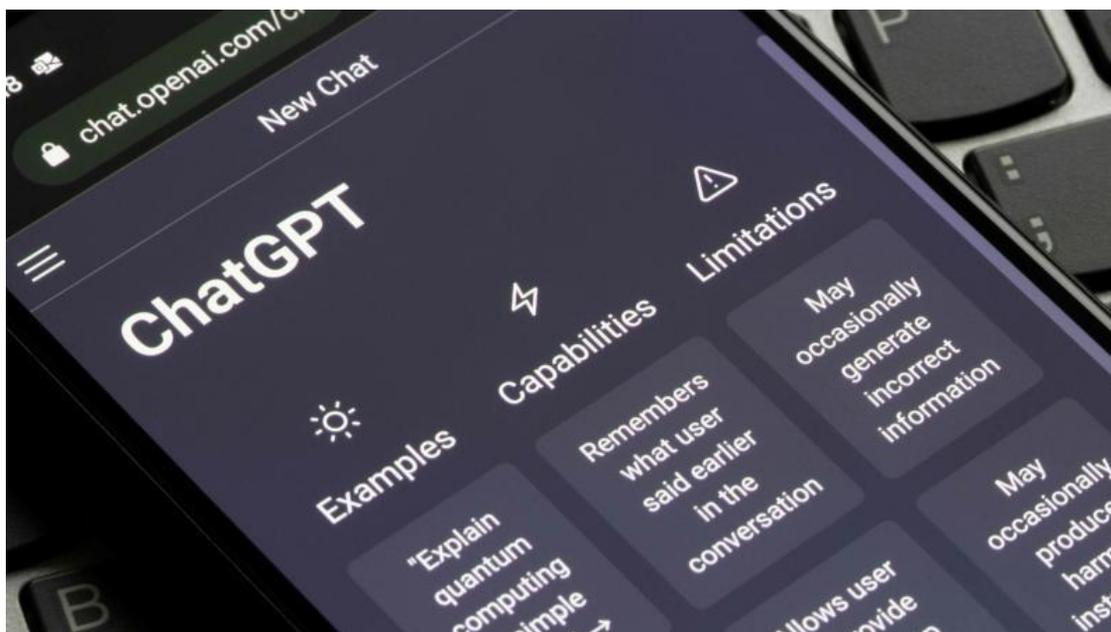
Microsoft has taken an unprecedented step in the world of artificial intelligence: they are set to purchase a 49% stake worth \$10 billion in OpenAI, the parent company behind AI services provider ChatGPT. With their investment, Microsoft would become part-owners of OpenAI with a 49% stake and the other 49% split between other investors. The OpenAI parent non-profit graciously took 2%.



#food-for-thought

#openai #unicorn

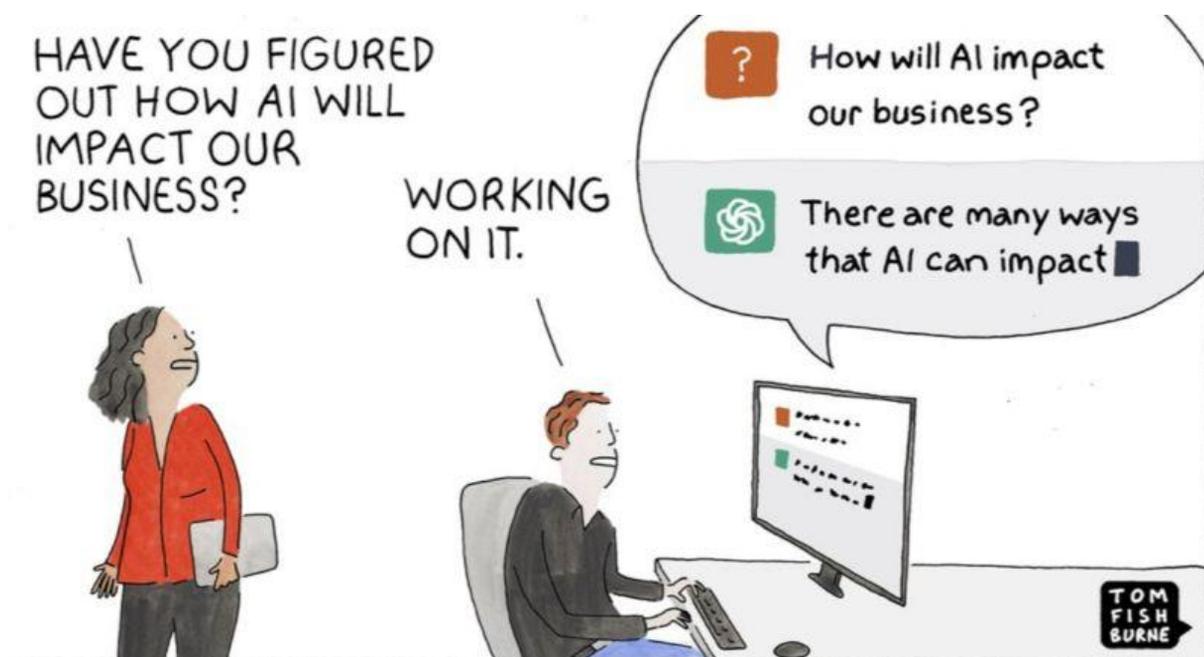
Here's how OpenAI can monetize ChatGPT: through a premium version always available, fast responses and allowing unlimited messages. Provided they charge \$10 or \$20 per annum for it and that their viral marketing enable them to reach 100, 200 or 300 millions premium users, a multiple of \$1bn revenues per year looks to be achievable.



Source: MobileSyrup

#food-for-thought

#artificial-intelligence

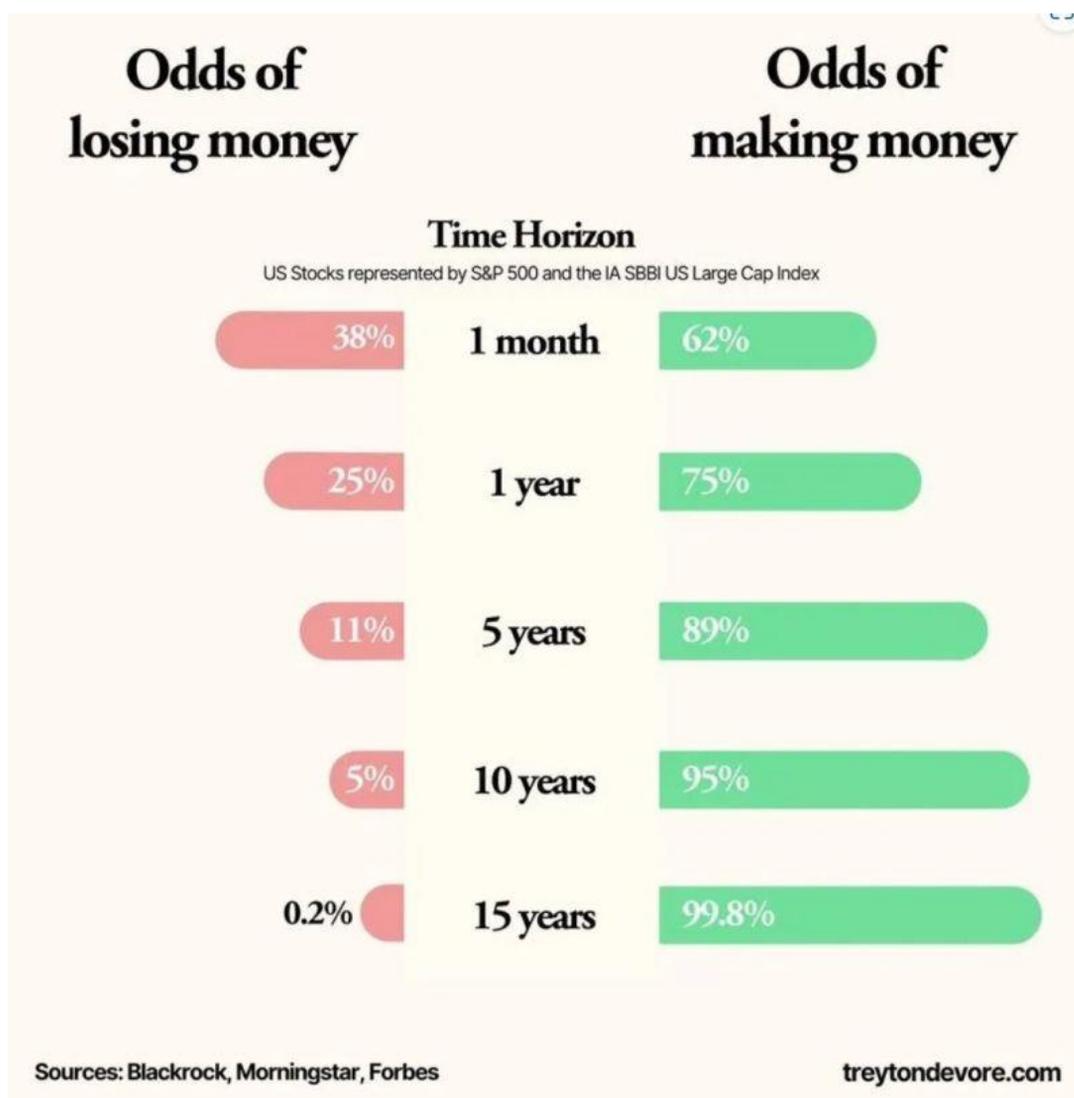


Source: Tomfishburne, Michel A.Arouet

#food-for-thought

#investing

Investing isn't gambling. Act like an owner and think on the long term (using S&P 500) .



Source: Compounding Quality, trytondevore.com

#food-for-thought

#warren-buffett

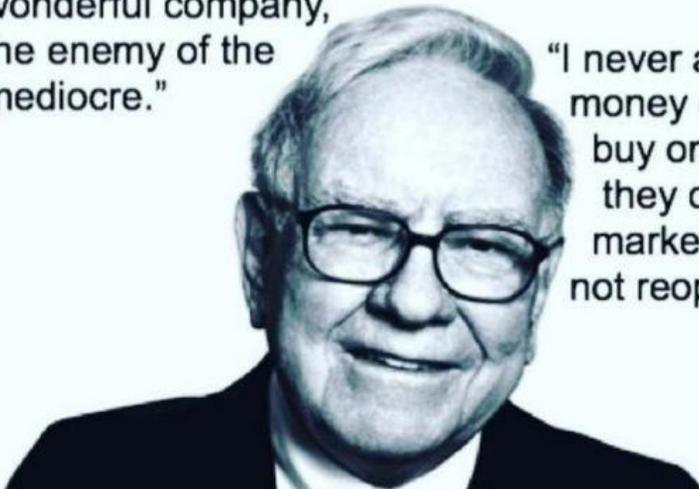
Long-Term Investing by Warren Buffett

“Successful investing takes time, discipline and patience. No matter how great the talent or effort, some things just take time: You can’t produce a baby in one month by getting nine women pregnant.”

“Buy a stock the way you would buy a house. Understand and like it such that you’d be content to own it in the absence of any market.”

“Time is the friend of the wonderful company, the enemy of the mediocre.”

“If you aren’t willing to own a stock for ten years, don’t even think about owning it for ten minutes.”



“I never attempt to make money on the stock market. I buy on the assumption that they could close the market the next day and not reopen it for five years.”

@investingmastery

Source: Compound Investing

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#warren-buffet



**WARREN BUFFETT'S
RULES FOR SUCCESS**

- ✓ FIND YOUR PASSION
- ✓ HIRE WELL
- ✓ DON'T CARE WHAT OTHERS THINK
- ✓ READ, READ, READ
- ✓ HAVE A MARGIN OF SAFETY
- ✓ HAVE A COMPETITIVE ADVANTAGE
- ✓ SCHEDULE FOR YOUR PERSONALITY
- ✓ ALWAYS BE COMPETING
- ✓ MODEL OF SUCCESS
- ✓ GIVE UNCONDITIONAL LOVE

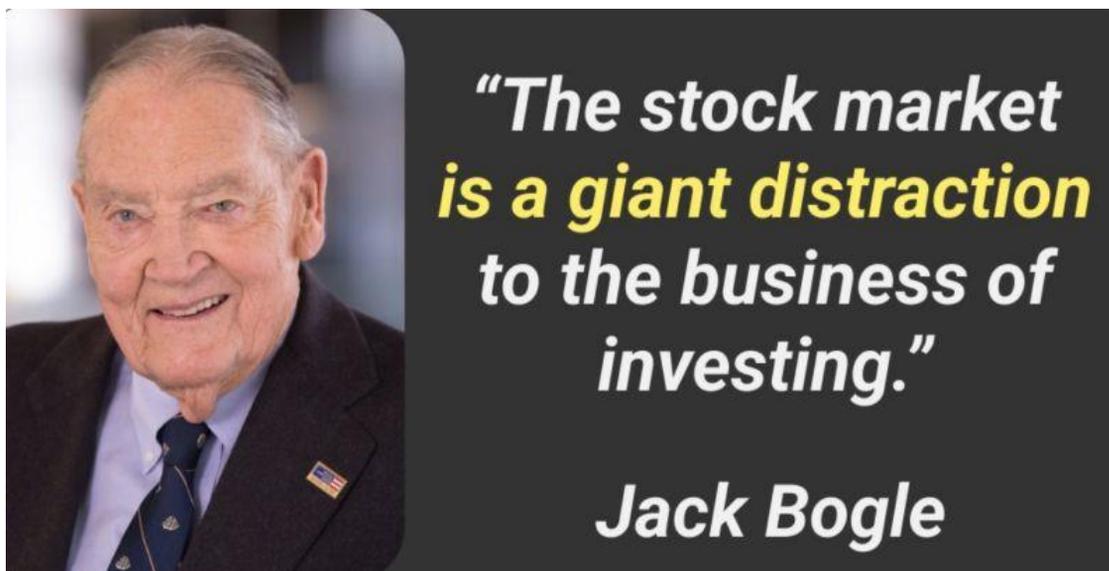
geniusU

The graphic features a portrait of Warren Buffett on the right side, wearing a dark suit, white shirt, and red patterned tie. On the left side, there is a dark vertical bar containing the title and a list of ten rules, each preceded by a yellow checkmark icon. The 'geniusU' logo is visible in the bottom right corner of the graphic.

Source: Compounding quality

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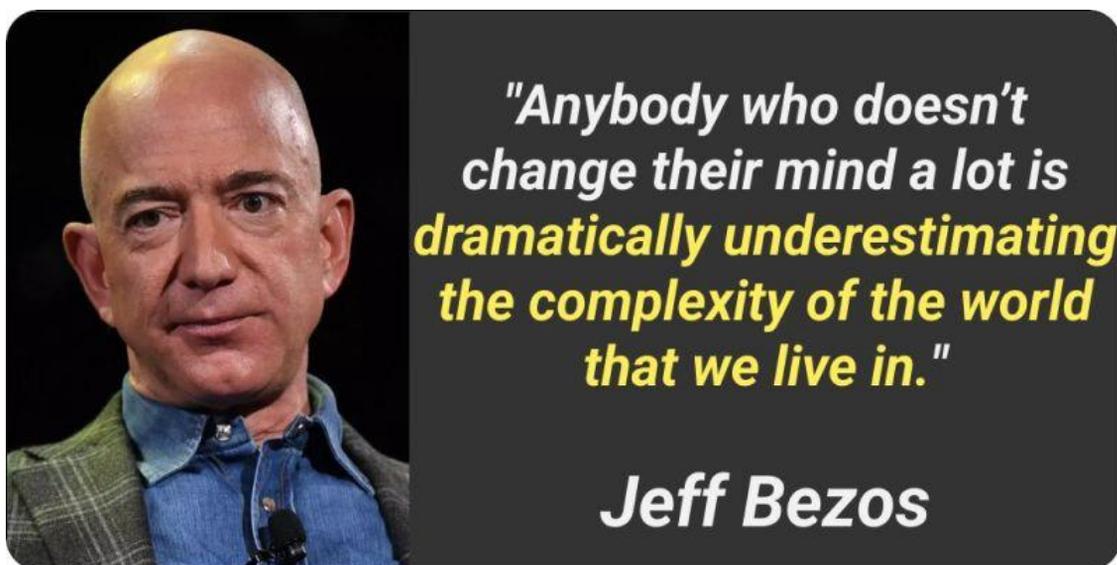
#stock-market



Source: Brian Feroldi

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#changes

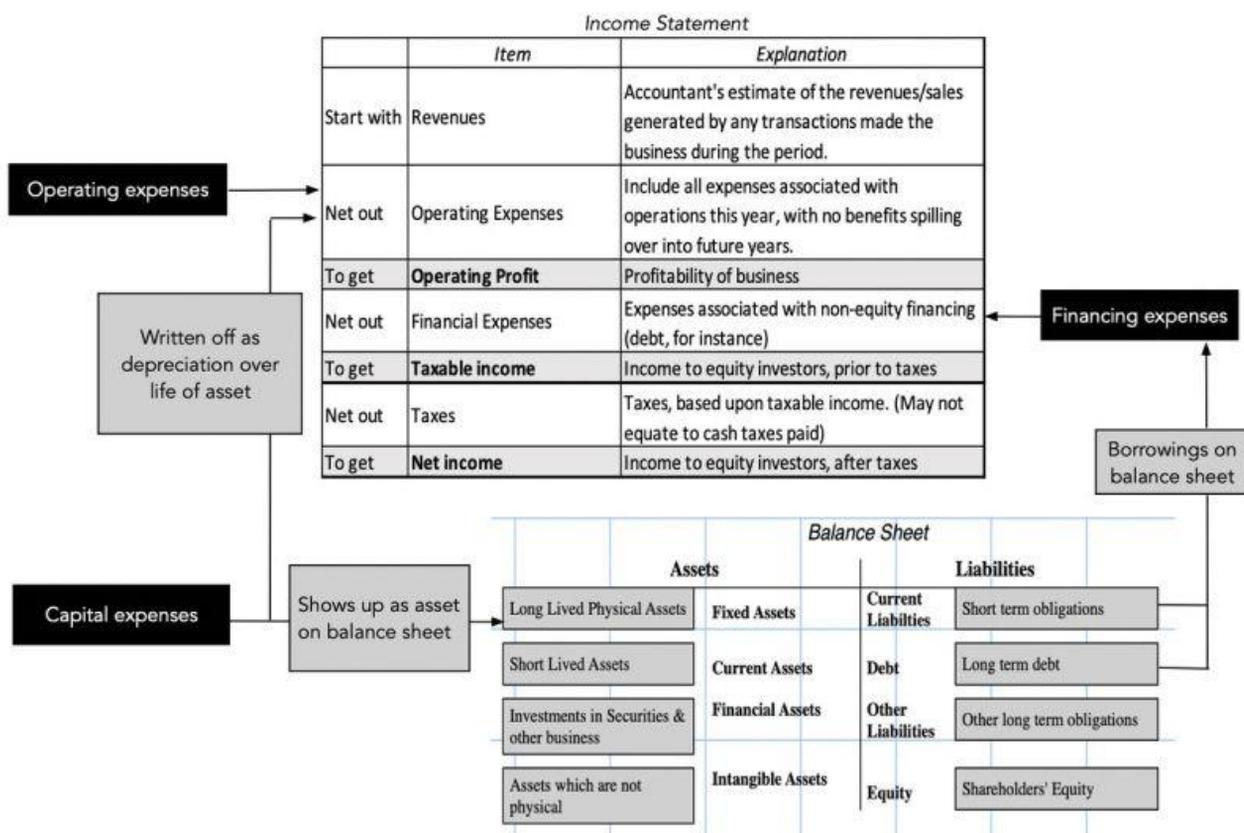


Source: Brian Feroldi

#food-for-thought

#accounting

How the income statement & balance sheet are interrelated.



Source: Brian Feroldi

#food-for-thought

#extrapolation

The dangers of extrapolating trends...



JESSIE ROBINSON

Source: Jessie Robinson

#food-for-thought

#world #demographics

Top 50 countries with largest population in 2022

| Top 50 countries 6.9B. Rest of world 1.1B. Total 8.0B



Top 50 countries with largest population in 2050

| Top 50 countries 8.3B. Rest of world 1.4B. Total 9.7B



Source: UN, INED

More charts at (link in bio): genuineimpact.substack.com

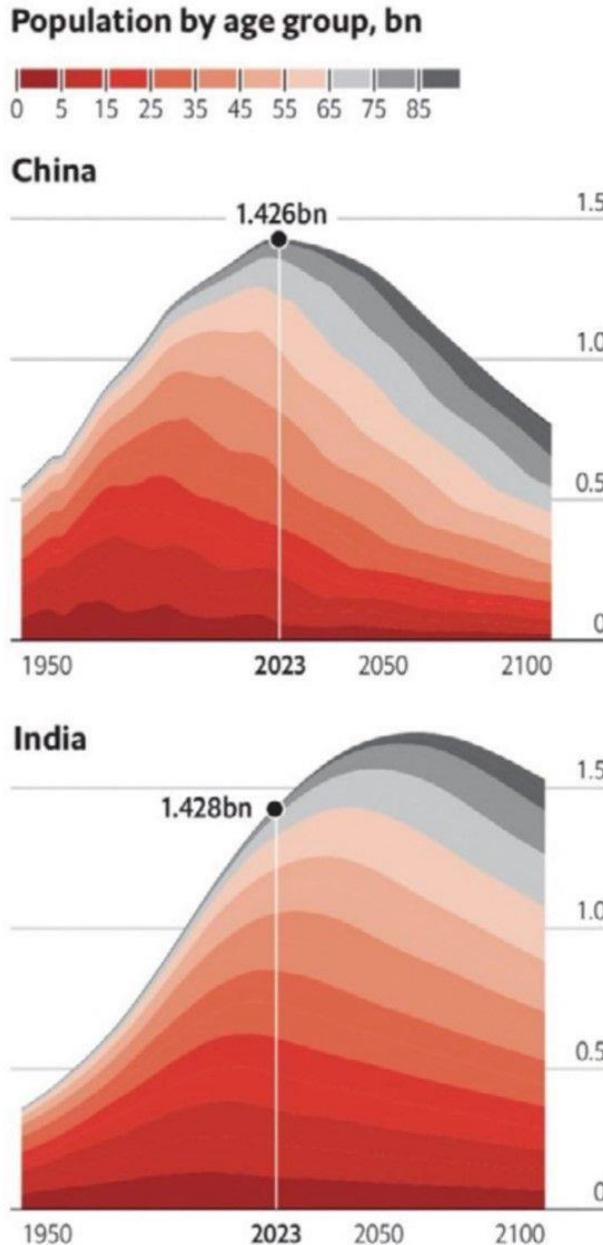
Created by genuine impact



Source: The Visual Capitalist

#food-for-thought

#china #india #demographics



Source: UN
The Economist

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#2022



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#2023 #predictions

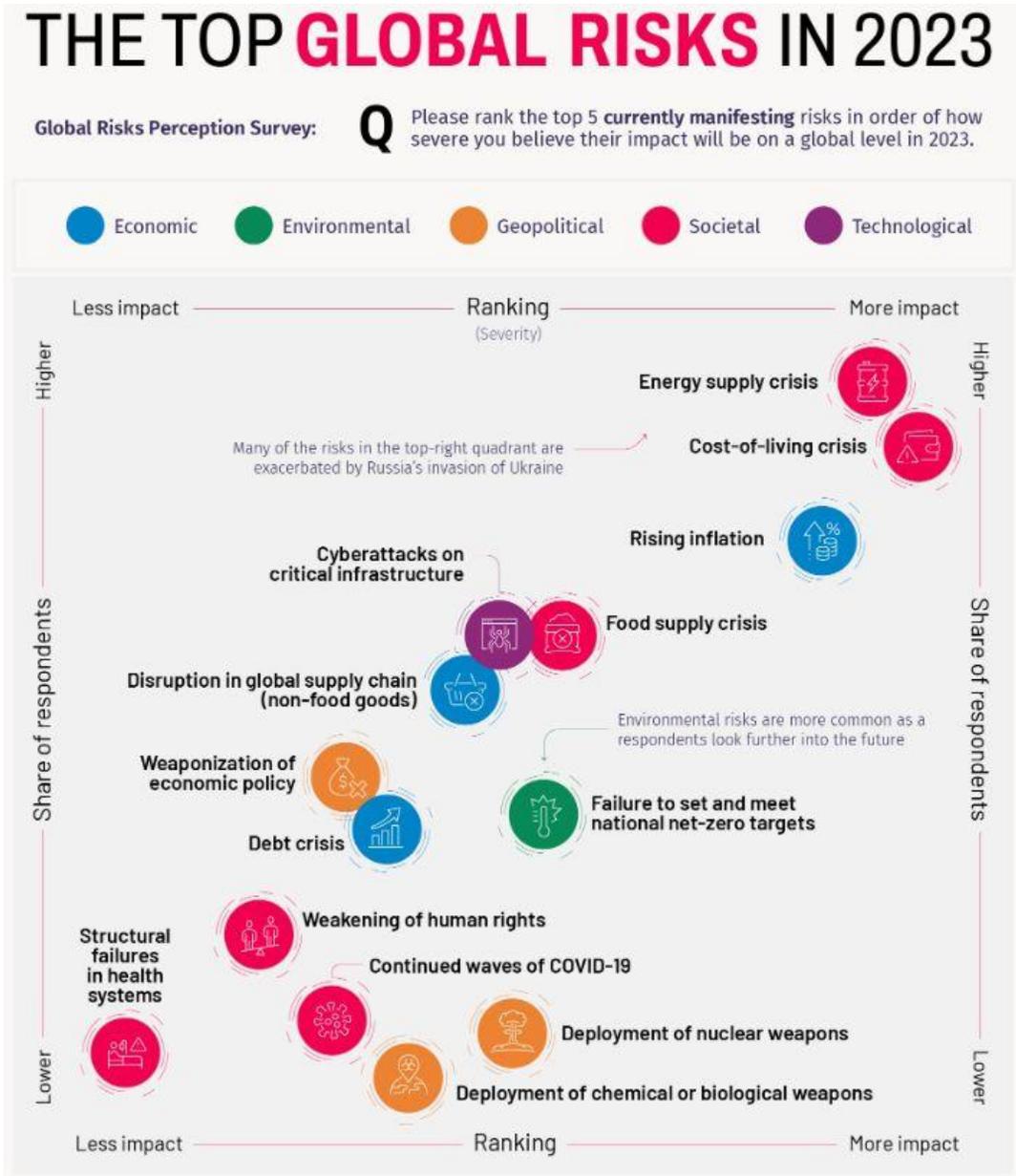
What experts expect for this year...

Experts believe that... More dots = more predictions

Regulators will clamp down on TikTok and other tech companies	Energy will remain expensive	Broad equity indices will rise ...but a rising tide won't lift all boats	Google's stranglehold on search will loosen	European unity will be tested as individual economies face headwinds
Value will trump hypergrowth	China will maintain its aggressive stance, but... No Taiwan invasion	Artificial intelligence will pop up everywhere	China's economy will bounce back after reopening	The U.S. dollar surge has come to an end
The outlook is positive for emerging markets and their currencies especially commodities exporters	Bonds are back, baby!	Global recession risk is high ...but the U.S. may narrowly avoid it	The Russia-Ukraine War will not end in 2023	The crypto winter will continue
Work culture will continue to bend towards flexibility	Tension will grow between citizens and governments particularly in authoritarian countries	Following Elon, Silicon Valley will slash headcount and costs	Education will face disruption from various angles	Real global GDP growth will be in the 1.5% to 2% range with high variance between nations
Interest rates will peak in 2023	India will have a strong year	Inflation will begin to cool off ...but will remain well above target levels	More big retail brands will launch recycling programs	More manufacturing will shift away from China

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#2023 #global #risks



Source: The Visual Capitalist

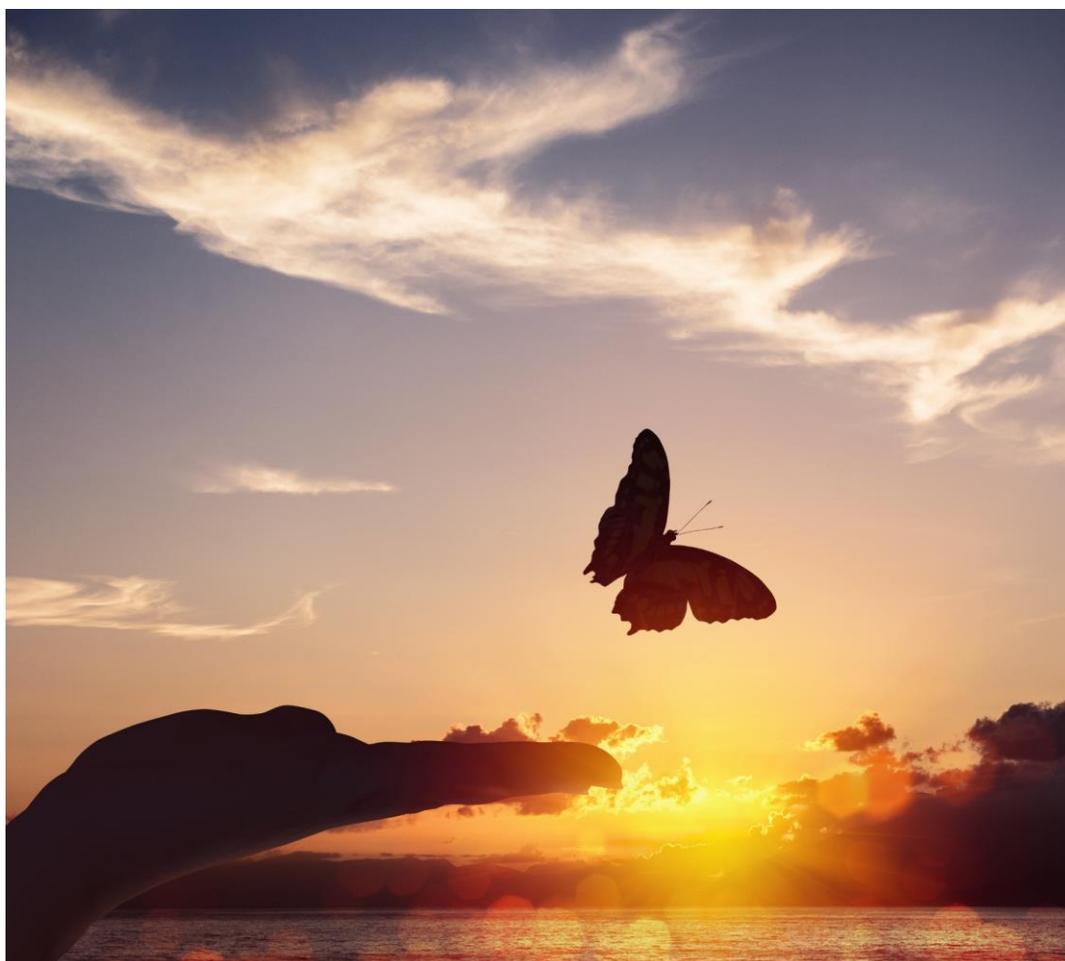
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#doers



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For the future...