

■ First to Market

August 13, 2024

## Despite the Odds

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A daily market update from FS Insight – what you need to know ahead of opening bell

“Remembering what you’ve been through and how that has strengthened your mindset can lift you out of a negative brain loop and help you bypass those weak, one-second impulses to give in. I guarantee you can think of a time or two when you overcame odds and tasted success.” – David Goggins

### Overnight

Wall Street mixed ahead of economic data; CPI in focus [RT](#)

Futures mixed as PPI set to kick off data barrage [RT](#)

Oil prices steady after rising for five sessions [RT](#)

U.S. NFIB July small business survey, July producer price index [NFIB](#)

Chipmakers face a looming crisis in labor [FT](#)

Starbucks replaces CEO as activist investors push for changes [WSJ](#)

Jobhunters flood recruiters with AI-generated CVs [FT](#)

The gig economy is staying strong on Americans’ love of convenience [FT](#)

Berkshire Hathaway could pay \$15 billion in taxes on Apple stock sale [Barron’s](#)

Guardian Life Insurance increases stake in private credit group HPS Investment Partners [FT](#)

Carlyle explores €3bn sale of Dutch salt and chemicals producer Nobian [FT](#)



Janus Henderson expands private credit footprint with stake in \$6bn boutique [FT](#)

B. Riley's shares slide on losses from Franchise Group stake [WSJ](#)

Equinox-owned Blink Fitness chain files for Chapter 11 bankruptcy [WSJ](#)

After global IT outage caused by an update from CrowdStrike, its president accepts 'Most epic fail' award at the DefCon hacking conference [TR](#)

At 120x a full-time worker's average salary, CEO salaries at Britain's 100 largest companies are tame compared to the U.S., where the multiple is 185 [IW](#)

Dockworkers along the East Coast are threatening to strike in October [Axios](#)

China's Hesai, a laser sensor maker, to be removed from U.S. DoD blacklist [FT](#)

Paris Olympics are the first Olympics since Sydney where the total costs came in under \$10 billion [CNN](#)

Which college won the Olympics? [WSJ](#)

As tech giants pour billions into AI, a recent study shows that tacking the 'AI' label on products may actually drive people away [CNN](#)

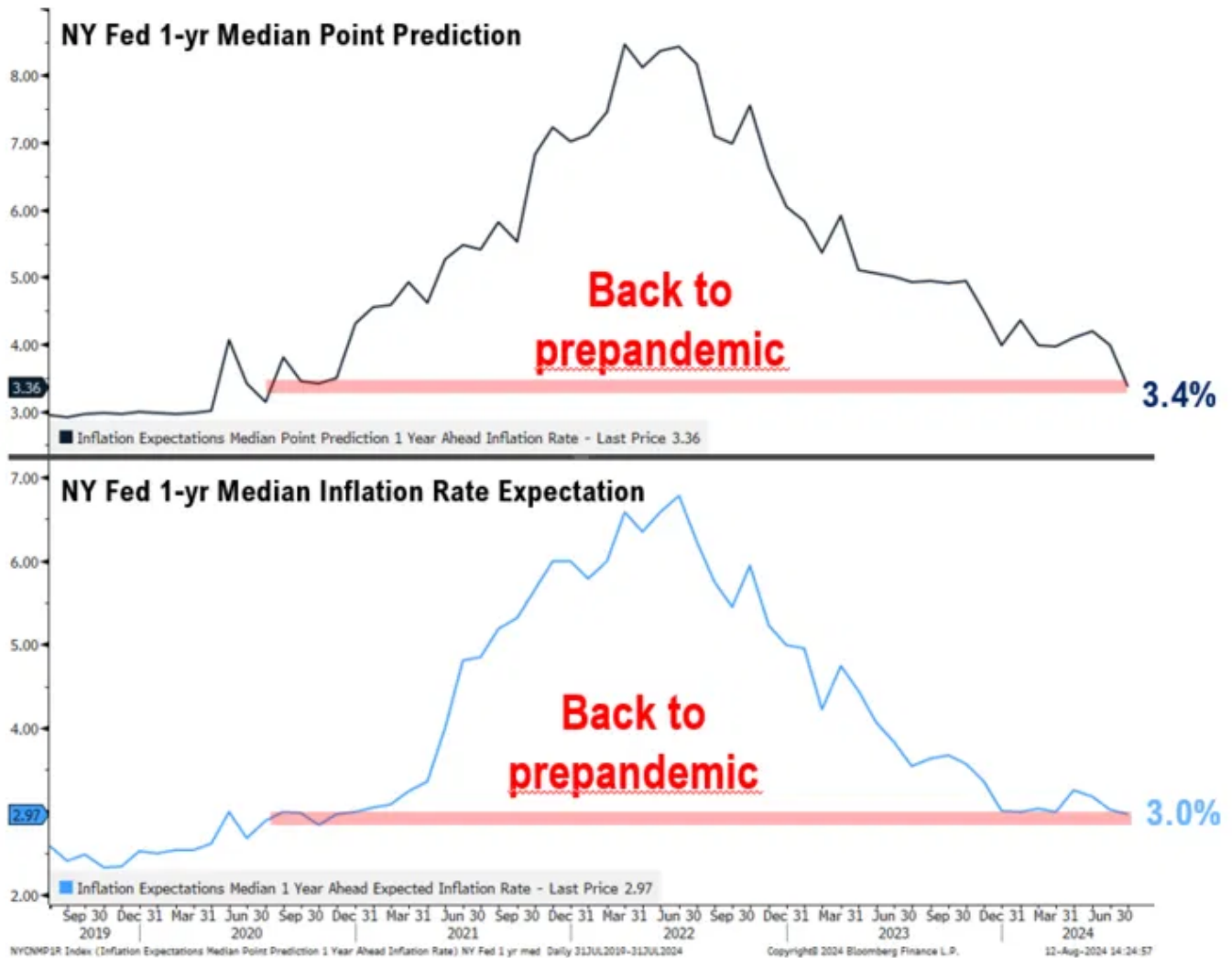
A magnitude 4.4 earthquake occurred in Los Angeles on Monday afternoon; no reports of injuries or structural damage. Much of western Japan is on high alert after a 7.1-magnitude quake hit the region last week. [CNN](#)

'This could be the origin of the Atlantis legend': mountain that sank beneath the waves discovered off Canary Islands [LS](#)

## Chart of the Day



### Median NY Fed 1-yr Point Prediction and Inflation Rate Expectations Last 5 Years



Source: [Fundstrat](#), NY Fed, Bloomberg

## MARKET LEVELS

### Overnight

S&P Futures +24 ▲ point(s) (+0.5% ▲)  
 Overnight range: -2 ▼ to +32 ▲ point(s)

**APAC**

Nikkei +3.45% ▲  
Topix +2.83% ▲  
China SHCOMP +0.34% ▲  
Hang Seng +0.36% ▲  
Korea +0.12% ▲  
Singapore +0.72% ▲  
Australia +0.17% ▲  
India -0.81% ▼  
Taiwan +0.11% ▲

**Europe**

Stoxx 50 +0.32% ▲  
Stoxx 600 +0.2% ▲  
FTSE 100 +0.02% ▲  
DAX +0.3% ▲  
CAC 40 +0.11% ▲  
Italy +0.22% ▲  
IBEX +0.47% ▲

**FX**

Dollar Index (DXY) +0.06% ▲ to 103.21  
EUR/USD -0.07% ▼ to 1.0923  
GBP/USD +0.22% ▲ to 1.2798  
USD/JPY +0.43% ▲ to 147.85  
USD/CNY -0.1% ▼ to 7.1676  
USD/CNH -0.11% ▼ to 7.1707  
USD/CHF +0.27% ▲ to 0.8675  
USD/CAD -0.09% ▼ to 1.3731  
AUD/USD +0.26% ▲ to 0.6603



## Crypto

BTC +0.06% ▲ to 58890.93  
ETH -1.66% ▼ to 2637.0  
XRP +0.53% ▲ to 0.5682  
Cardano -0.48% ▼ to 0.3329  
Solana -1.46% ▼ to 144.36  
Avalanche -2.54% ▼ to 20.74  
Dogecoin -1.04% ▼ to 0.1042  
Chainlink -2.35% ▼ to 10.17

## Commodities and Others

VIX -3.62% ▼ to 19.96  
WTI Crude -0.17% ▼ to 79.92  
Brent Crude -0.28% ▼ to 82.07  
Nat Gas flat at 2.19  
RBOB Gas -0.68% ▼ to 2.426  
Heating Oil +0.1% ▲ to 2.409  
Gold -0.51% ▼ to 2460.34  
Silver -0.81% ▼ to 27.75  
Copper -0.76% ▼ to 4.037

## US Treasuries

1M -1.9bps ▼ to 5.3363%  
3M -5.8bps ▼ to 5.1507%  
6M -2.1bps ▼ to 4.9531%  
12M -1.1bps ▼ to 4.4614%  
2Y +0.8bps ▲ to 4.0251%  
5Y +1.5bps ▲ to 3.7612%  
7Y +1.8bps ▲ to 3.8079%  
10Y +1.7bps ▲ to 3.9207%



20Y +1.5bps ▲ to 4.3064%

30Y +1.6bps ▲ to 4.2159%

### UST Term Structure

2Y-3 ▼M Spread widened 5.0bps to -114.6 ▼ bps

10Y-2 ▼Y Spread widened 0.9bps to -10.6 ▼ bps

30Y-10 ▼Y Spread widened 0.0bps to 29.3 bps

### Yesterday's Recap

SPX +0.0% ▲

SPX Eq Wt -0.48% ▼

NASDAQ 100 +0.16% ▲

NASDAQ Comp +0.21% ▲

Russell Midcap -0.57% ▼

R2k -0.91% ▼

R1k Value -0.44% ▼

R1k Growth +0.29% ▲

R2k Value -1.15% ▼

R2k Growth -0.66% ▼

FANG+ +0.04% ▲

Semis +0.94% ▲

Software -0.64% ▼

Biotech +0.28% ▲

Regional Banks -1.04% ▼ SPX GICS1 Sorted: Tech +0.92% ▲

Energy +0.49% ▲

Utes +0.16% ▲

SPX +0.0% ▲

Cons Disc -0.36% ▼

Healthcare -0.39% ▼

Materials -0.43% ▼

Fin -0.49% ▼



Indu -0.5% ▼  
 Cons Staples -0.5% ▼  
 Comm Srvcs -0.62% ▼  
 REITs -0.65% ▼

### USD HY OaS

All Sectors +4.4bp ▲ to 396bp  
 All Sectors ex-Energy +4.7bp ▲ to 371bp  
 Cons Disc +4.3bp ▲ to 345bp  
 Indu +6.3bp ▲ to 300bp  
 Tech +4.2bp ▲ to 386bp  
 Comm Srvcs +2.7bp ▲ to 681bp  
 Materials +4.6bp ▲ to 374bp  
 Energy +3.0bp ▲ to 316bp  
 Fin Snr +5.2bp ▲ to 358bp  
 Fin Sub +2.8bp ▲ to 251bp  
 Cons Staples +4.5bp ▲ to 339bp  
 Healthcare +5.2bp ▲ to 432bp  
 Utes +6.8bp ▲ to 246bp \*

| DATE | TIME   | DESCRIPTION             | ESTIMATE | LAST |
|------|--------|-------------------------|----------|------|
| 8/13 | 6AM    | Jul Small Biz Optimisum | 91.5     | 91.5 |
| 8/13 | 8:30AM | Jul PPI m/m             | 0.2      | 0.2  |
| 8/13 | 8:30AM | Jul Core PPI m/m        | 0.2      | 0.4  |
| 8/14 | 8:30AM | Jul CPI m/m             | 0.2      | -0.1 |
| 8/14 | 8:30AM | Jul Core CPI m/m        | 0.2      | 0.1  |
| 8/14 | 8:30AM | Jul CPI y/y             | 3.0      | 3.0  |
| 8/14 | 8:30AM | Jul Core CPI y/y        | 3.2      | 3.3  |
| 8/15 | 8:30AM | Jul Import Price m/m    | -0.1     | 0.0  |
| 8/15 | 8:30AM | Jul Retail Sales m/m    | 0.4      | 0.0  |



| DATE | TIME | DESCRIPTION               | ESTIMATE | LAST  |
|------|------|---------------------------|----------|-------|
| 8/15 | 10AM | Aug Homebuilder Sentiment | 43.0     | 42.0  |
| 8/15 | 4PM  | Jun Net TIC Flows         | n/a      | 15.84 |
| 8/16 | 10AM | Aug P UMich 1yr Inf Exp   | 2.9      | 2.9   |
| 8/16 | 10AM | Aug P UMich Sentiment     | 66.9     | 66.4  |

## MORNING INSIGHT

Good morning!

There are 7 concerns facing markets in the coming weeks, with the hostilities between Iran and Israel at the top of the list. Core CPI, released Wed., is key this week.

More in today's Macro Minute Video, linked [HERE](#).

## TECHNICAL

**As Mark Newton is on break, there will be no new reports or videos this week.**





## Reasons for Optimism in August

- Technology now nearing former lows from 2024 while the broader market has shown minimal true evidence of deterioration.
- USDJPY now seems to be nearing support and could bounce.
- Volume dispersion as 90% of volume fell into Declining stocks and produced just our second “90% Down Day” of 2024.
- Elliott-wave structure still shows the move from mid-July as being part of an ABC corrective structure, and should lead back to highs
- Sentiment polls such as “Fear and Greed” have now moved into “Extreme Fear” territory while the VIX pushed above 60 briefly on Monday
- -Last week brought about a move back to new all-time highs for SPDR Select Healthcare ETF (\$XLV) while Invesco’s Equal-weighted Financials, and Industrials ETF’s ( \$RSPF, \$RSPN respectively) both moved to new highs one week prior.
- Weekly charts of MSFT, AAPL, AMZN, META, NVDA, and GOOGL have not shown much intermediate-term technical deterioration.
- Cycle Composite of SPX shows this selloff to be likely completed by 8/19 at the latest ahead of a sharp rally back to highs into mid-September.
- Seasonality shows strong August performance in Election years, and normally in 2H following a strong first half. Our current August performance shows -6% returns over the first three days of August. I expect the back half of August to prove much more positive.

Source: Fundstrat

Click [HERE](#) for more.

## CRYPTO



Marathon Digital Holdings (\$MARA) has announced plans to privately offer \$250 million in convertible senior notes, with the primary goal of using the proceeds to acquire additional bitcoin and support general corporate purposes. The notes, which will be unsecured and senior obligations of the company, will bear interest payable semi-annually and may be convertible into cash, shares of common stock, or a combination of both, at MARA's discretion. The offering, subject to market conditions, also includes an option for initial purchasers to acquire an additional \$37.5 million in notes. Proceeds will be used for acquiring more #BTC, as well as for other purposes such as working capital, strategic acquisitions, and debt repayment. This follows their \$100 million purchase of BTC in July, and is likely to further its high-beta relationship to BTC price. It is interesting to see a miner pursue this strategy, since, while there is potential additional upside, this increases the level of same way risk for the company should BTC move lower, although according to their latest Q2, the company only had about \$346 million in total debt, which is rather tame compared to historical debt levels.

Click [HERE](#) for more.

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## First News

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**On the Boats and on the Planes They're Coming to America.** Immigrants to the U.S. are turning into American citizens at the fastest pace in roughly a decade. As immigration [tops U.S. voters' priorities](#) ahead of November's election, [the accelerated](#) pace of naturalization comes on the back of improved technology, additional staffing, and simplified procedures. Although the issue has been made a political one, the fact that global conflicts and climate change are helping drive people from their homes precisely as Western countries confront aging populations strengthens the economic incentives for these Western host countries support of immigration. The trend is a worldwide one; the issue is neither unique to the U.S. nor is it peaking. [Semafor](#)

**From Sink to Fountain.** Speaking of climate change, the Amazon rainforest, a crucial carbon sink storing the equivalent of two years' global carbon emissions, faces a critical tipping point. A recent Amazon Conservation report warns that *escalating deforestation could transform this vital ecosystem from a carbon absorber to a net emitter*. Despite Brazilian officials' pledges to curb illegal logging, particularly by gold prospectors, the practice persists. Small-scale gold mining in Brazil's protected areas saw a near doubling between 2018 and 2022. A local environmental researcher highlighted chronic underfunding and weak enforcement as key obstacles in safeguarding the Brazilian Amazon. [Semafor](#)

**Landlocked Grift.** And from illegal logging to illegal lugging (of maritime freight), some countries will stop at nothing to make a buck, even if it's running ships as a landlocked country. Maritime law requires all ships to fly a national flag to facilitate maintain global maritime-safety standards and vessel tracking. While the likes of Liberia and the Marshall Islands are traditionally popular for registering oil tankers, some countries with little stake in ocean welfare are now offering their flags to vessels seeking to circumvent sanctions, such as those transporting Russian oil. In response to this, the UAE recently imposed a ban on all ships flying the flag of Eswatini (formerly Swaziland), a landlocked African nation, on suspicion of flag-selling activities. As of last year, Eswatini had no registered ships under its flag, but the current count stands at 26 vessels, with several having previously transported Russian and Iranian oil. [Bloomberg BNN](#)

**Stress on No Salt.** Water from oceans and seas is being desalinated at an increasing pace, and now half a billion people globally rely at least partly on it for their water needs – *a figure that could rise sixfold by mid-century*. Not surprisingly, the surge in demand for desalinated water has propelled a fat-flowing industry. Some \$14 billion is invested each year to refurbish the ~1,500 large desalination plants around the world them or to build new ones. Experts say that [water will continue to be a singular point of stress](#), particularly in the era of climate change. [Semafor](#)

**Free as a Fish.** Water sports, especially rowing and swimming, were crucial to the United States' dominance in the medal count at the Paris Olympics, which was largely fueled by achievements rooted in the collegiate system. Notably, Stanford athletes claimed 39 medals – surpassing the totals of the Netherlands, Germany, and South Korea – which would have placed the university eighth in the national rankings. This success highlights a broader trend: following China in second place, the next 14 countries in the medal table are all affluent democracies. This pattern suggests that athletic prowess may indicate wider societal strengths, particularly in education. Nations adept at providing widespread access to sports facilities and coaching – a common trait among democracies – often excel in delivering comprehensive healthcare and education to their citizens. [Semafor](#)

**Something to Clap For.** The 1974 album *One Hand Clapping*, by Paul McCartney and Wings, was shelved for decades, but has finally been released in full. Recorded at the legendary Abbey Road studios, the album is “intimate and exploratory, showcasing a seldom heard, anything-goes side of the former Beatle”. [Listen to it on Spotify.](#)

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