Saxo Market Call

Slide deck

Friday, June 9, 2023

Questions and comments to marketcall@saxobank.com

Disclaimer
The slides here that accompany the podcast will occasionally mention financial instruments that are not tradable for all retail clients, depending on the relevant appropriateness test. Financial instruments mentioned can range from low to high risk, and our thoughts on the market should not be viewed as investment recommendations, but inspiration and information to gain a better understanding of current market dynamics.

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US equities: worst sell-off since late April for Nasdaq. Huge divergences

Saxo equity themes performance overview

Sorted on one-week return (updated as of 08 Jun 2023)

Theme	1D	1W	MTD	YTD	1Y	5Y
Construction	0.8	5.6	7.3	14.9	13.3	69.5
Green transformation	0.8	5.2	6.1	7.8	-31.8	155.9
Commodities	0.5	4.9	6.1	2.0	-3.8	86.6
Energy storage	-0.5	4.5	5.1	-4.9	-24.0	313.1
Travel	0.5	4.3	5.5	20.1	10.2	-8.6
China consumer & technology	0.3	4.0	5.7	-3.3	-8.2	74.7
Nuclear power	1.6	4.0	8.1	2.4	-0.5	113.9
Bubble stocks	-0.7	3.6	4.7	29.9	3.5	149.8
E-commerce	1.4	3.5	6.2	7.2	-15.7	27.4
MSCI EM (USD)	-0.1	3.4	3.8	4.9	-4.7	-5.0
Women in leadership	0.4	3.4	4.5	8.4	3.2	91.1
NextGen medicine	-0.5	3.3	4.6	9.0	2.9	137.7
Payments	-0.4	3.1	4.5	11.4	-11.2	42.4
Luxury	0.4	2.8	2.6	16.9	20.7	43.1
Logistics	0.7	2.4	3.1	9.6	5.6	125.7
Defence	1.1	1.8	3.5	15.1	16.9	78.8
Mega Caps	0.7	1.8	3.3	23.0	13.4	130.7
MSCI World (USD)	0.6	1.8	3.0	11.7	5.3	46.1
Gaming	0.3	1.8	3.9	15.1	0.3	93.4
Financial trading	0.6	1.7	2.6	6.6	5.3	77.4
India (GDRs)	-0.4	1.5	2.0	-2.1	-3.0	51.9
Transportation infrastructure	0.4	1.3	1.9	3.7	-0.5	32.8
Semiconductors	0.8	0.1	1.4	34.1	17.6	153.9
Renewable energy	0.2	0.0	1.3	-7.1	-8.4	249.6
Cyber security	0.9	-1.2	-1.9	18.5	-1.8	94.6
China's little giants	-0.8	-4.1	-3.7	-18.0	-28.6	137.6

Source: Bloomberg and Saxo

Source: Saxo

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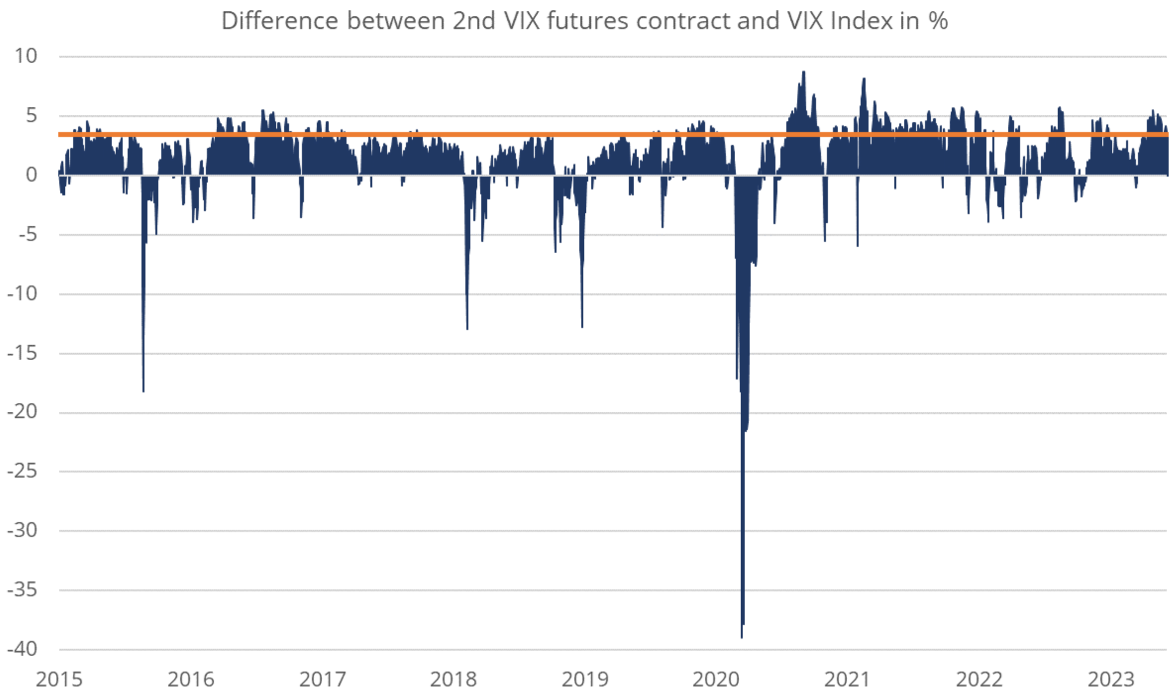
VIX Index sends strong sentiment signal...but also worrying



Source: Bloomberg and Saxo Group

Source: Saxo

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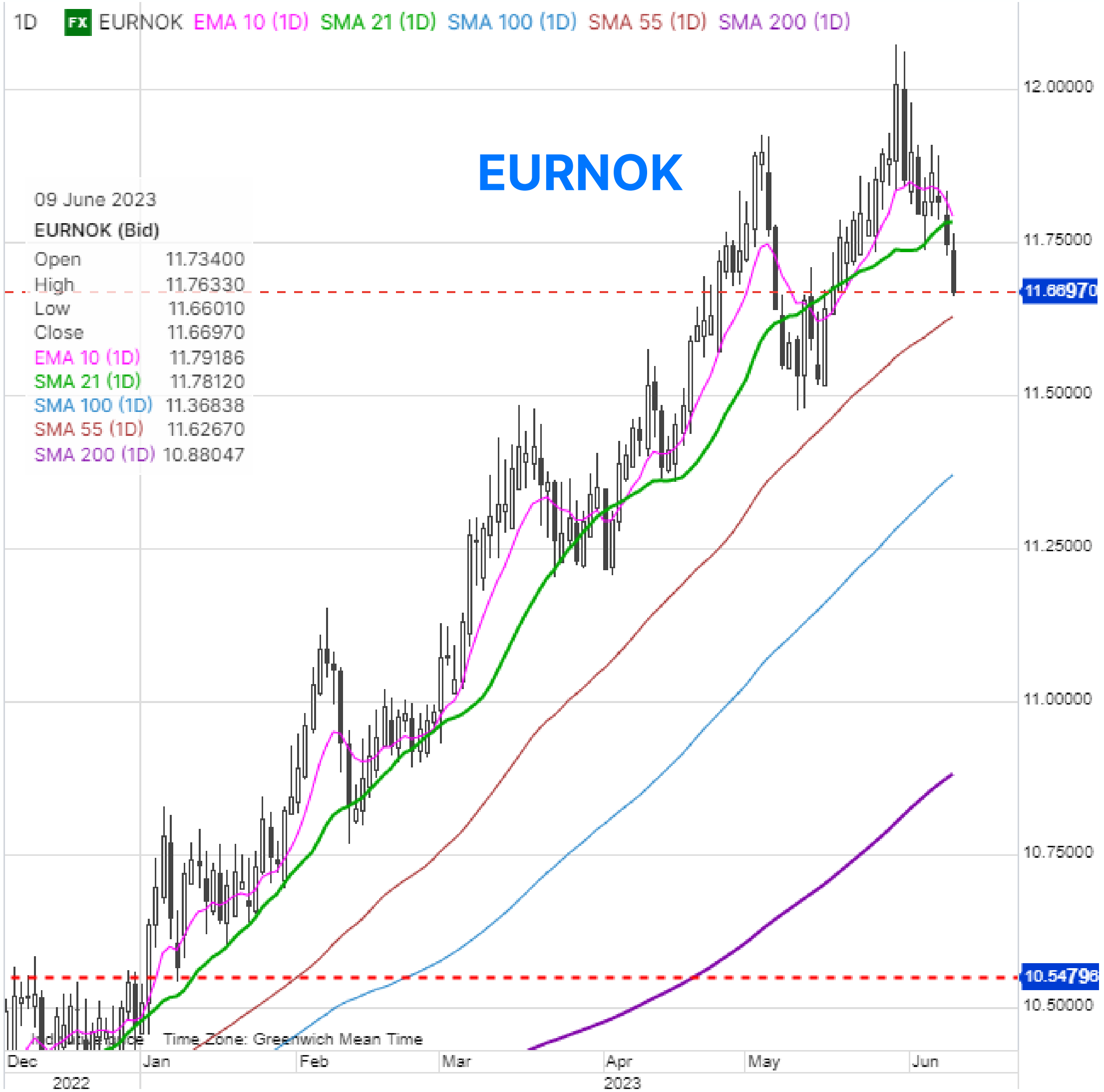
FX: Norway's very hot inflation will need a Norges Bank response



FX Board - Tren[illegible]vol[illegible]n for G10 FX + CNH Friday, June 9, 2023

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Aggregate	EUR	USD	CNH	JPY	GBP	CHF	AUD	CAD	NZD	SEK	NOK	XAU	XAG
Trends ->	-0.6	0.4	-4.0	-2.0	3.0	1.0	4.3	3.9	-2.2	-4.0	0.5	-0.8	1.7
2D Change	0.2	-2.0	-1.3	-0.4	0.5	0.9	0.2	-1.7	0.3	1.0	2.2	0.1	2.3
5D Change	-0.3	-2.5	-2.2	-0.5	-1.1	0.6	3.3	-0.8	0.8	0.3	2.8	-0.8	1.9

↑ Momentum

Trend readings for last five weeks

Date	EUR	USD	CNH	JPY	GBP	CHF	AUD	CAD	NZD	SEK	NOK	XAU	XAG
9-Jun	-0.6	0.4	-4.0	-2.0	3.0	1.0	4.3	3.9	-2.2	-4.0	0.5	-0.8	1.7
8-Jun	-0.7	1.1	-3.4	-1.6	2.9	0.6	4.4	4.6	-2.4	-4.5	-0.7	-0.7	0.7
7-Jun	-0.9	2.3	-2.7	-1.6	2.5	0.1	4.1	5.6	-2.5	-5.0	-1.7	-0.9	-0.7
6-Jun	-0.9	2.4	-2.3	-1.4	2.6	0.5	3.6	5.2	-2.0	-5.2	-2.2	0.2	-0.4
5-Jun	-0.6	2.6	-2.0	-1.5	3.3	0.6	2.0	4.8	-2.5	-4.5	-1.8	0.0	-0.5
2-Jun	-0.3	2.9	-1.8	-1.5	4.1	0.4	1.0	4.8	-3.0	-4.3	-2.2	0.1	-0.3
1-Jun	0.4	3.6	-1.5	-0.8	5.1	1.1	-0.4	4.1	-3.2	-5.0	-3.0	1.1	-0.3
31-May	0.5	4.8	-0.6	-1.1	4.6	1.7	-1.0	3.4	-3.4	-5.1	-3.3	0.7	-1.5
30-May	1.0	4.9	0.1	-2.1	3.7	2.8	-0.7	3.1	-2.9	-5.4	-4.0	-0.1	-2.5
29-May	0.6	5.1	0.3	-2.9	2.8	3.0	-0.6	3.1	-2.6	-5.0	-3.3	-0.8	-2.9
26-May	0.9	5.2	0.3	-2.9	2.6	2.9	-1.2	2.8	-2.2	-5.0	-3.0	-0.6	-3.4
25-May	0.6	5.0	-0.5	-2.6	2.3	2.6	-1.2	2.7	-1.0	-4.9	-2.7	-0.8	-4.5
24-May	-0.1	3.9	-1.2	-2.8	2.1	2.0	-0.6	2.8	1.0	-4.1	-2.8	-0.5	-3.9
23-May	-0.8	3.1	-2.2	-3.1	1.7	1.8	0.2	2.9	3.6	-3.6	-3.4	-0.6	-3.5
22-May	-0.9	2.7	-2.1	-3.4	1.6	1.7	0.6	2.6	3.8	-3.1	-3.2	-1.0	-3.2
19-May	-1.2	2.8	-1.8	-3.2	1.7	1.2	0.4	2.8	3.2	-2.8	-3.0	-1.0	-3.3
18-May	-1.2	2.9	-1.9	-3.2	1.9	1.0	0.2	3.3	2.2	-2.4	-2.6	-1.1	-4.0
17-May	-1.3	1.8	-1.9	-2.6	1.8	1.2	0.1	2.5	1.6	-1.4	-1.7	-0.3	-3.9
16-May	-1.5	1.3	-1.8	-1.7	1.6	1.2	0.0	1.8	0.9	-0.9	-0.9	0.3	-3.8
15-May	-1.8	0.8	-1.4	-1.5	1.5	0.9	0.3	1.2	0.9	-0.5	-0.4	1.4	-3.1
12-May	-1.6	0.6	-1.7	-0.8	1.3	0.9	0.1	0.9	1.7	-0.1	-1.0	1.4	-2.5
11-May	-1.7	-0.8	-2.7	-1.0	1.5	0.5	0.8	1.0	3.5	0.0	-1.2	1.3	-0.9
10-May	-1.9	-1.9	-3.3	-2.2	2.0	0.4	1.3	1.3	3.8	1.0	-0.6	1.4	1.7
9-May	-1.5	-1.8	-2.9	-2.9	2.2	0.6	1.1	1.2	3.3	1.6	-1.2	1.6	2.4
8-May	-0.7	-1.9	-2.9	-2.8	2.2	1.0	0.9	0.8	2.8	1.9	-1.4	1.3	2.7

Source: Saxo

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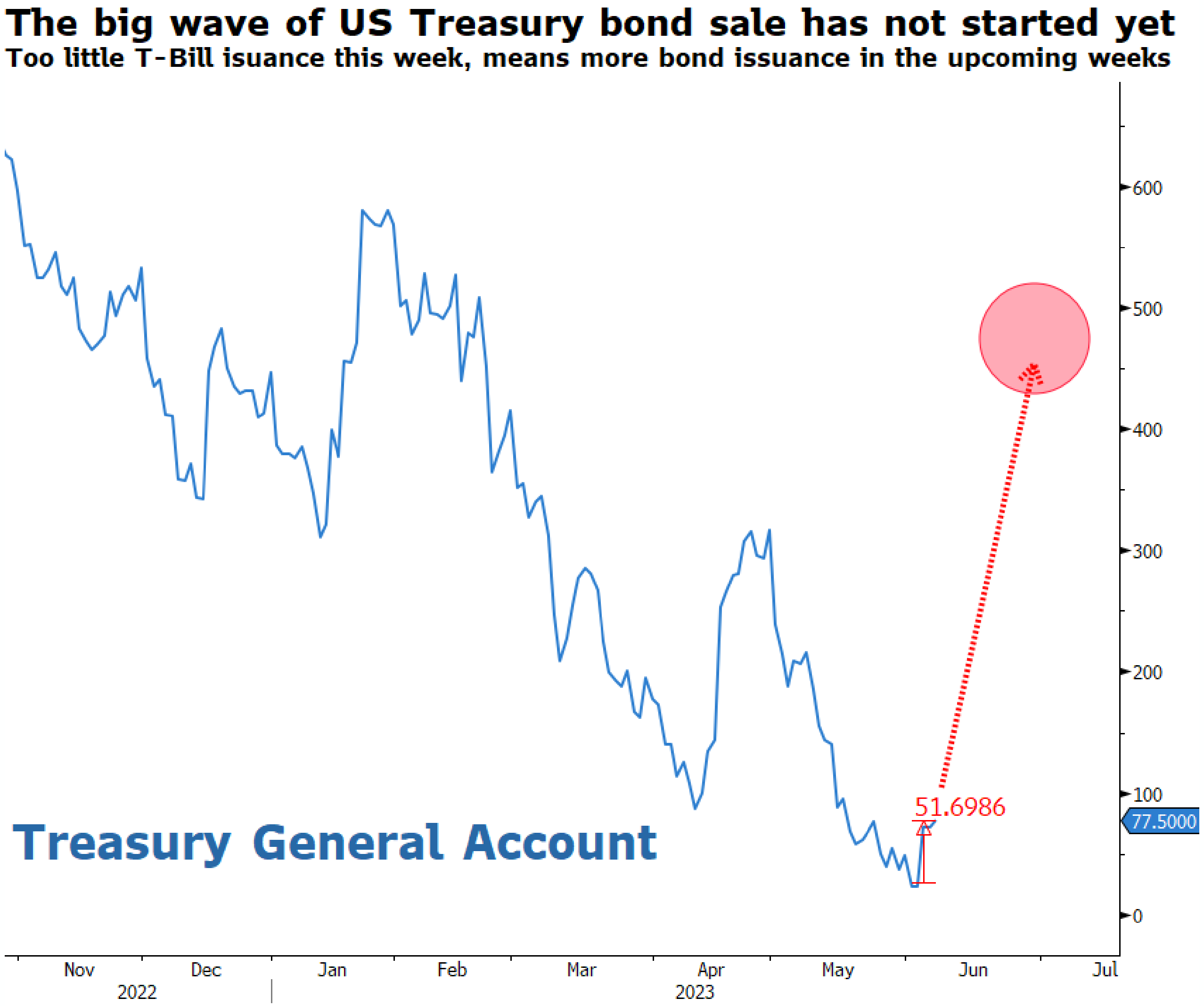
The US Treasury hasn't ramped up bond issuance yet



Source: Bloomberg.

The Treasury General Account has increased just by $50bn this week. More than $400bn are left to rebuild the TGA.

Monday-Tuesday next week will see $296bn of bills and coupon sales. More will come on Wednesday and Thursday, but the Treasury has to announce sizes, yet.

Yesterday:

$60bn 4-week T-Bills. Cleared at 5.09% tailed by 4.5bps. Bid-to-cover 2.5x. Indirect bidders 39% the lowest since May 2022.

$50bn 8-week T-Bill. Cleared at 5.12%, stopped through by .05bps. Bid-to-cover 0.5bps. Inderect bidders 53%.

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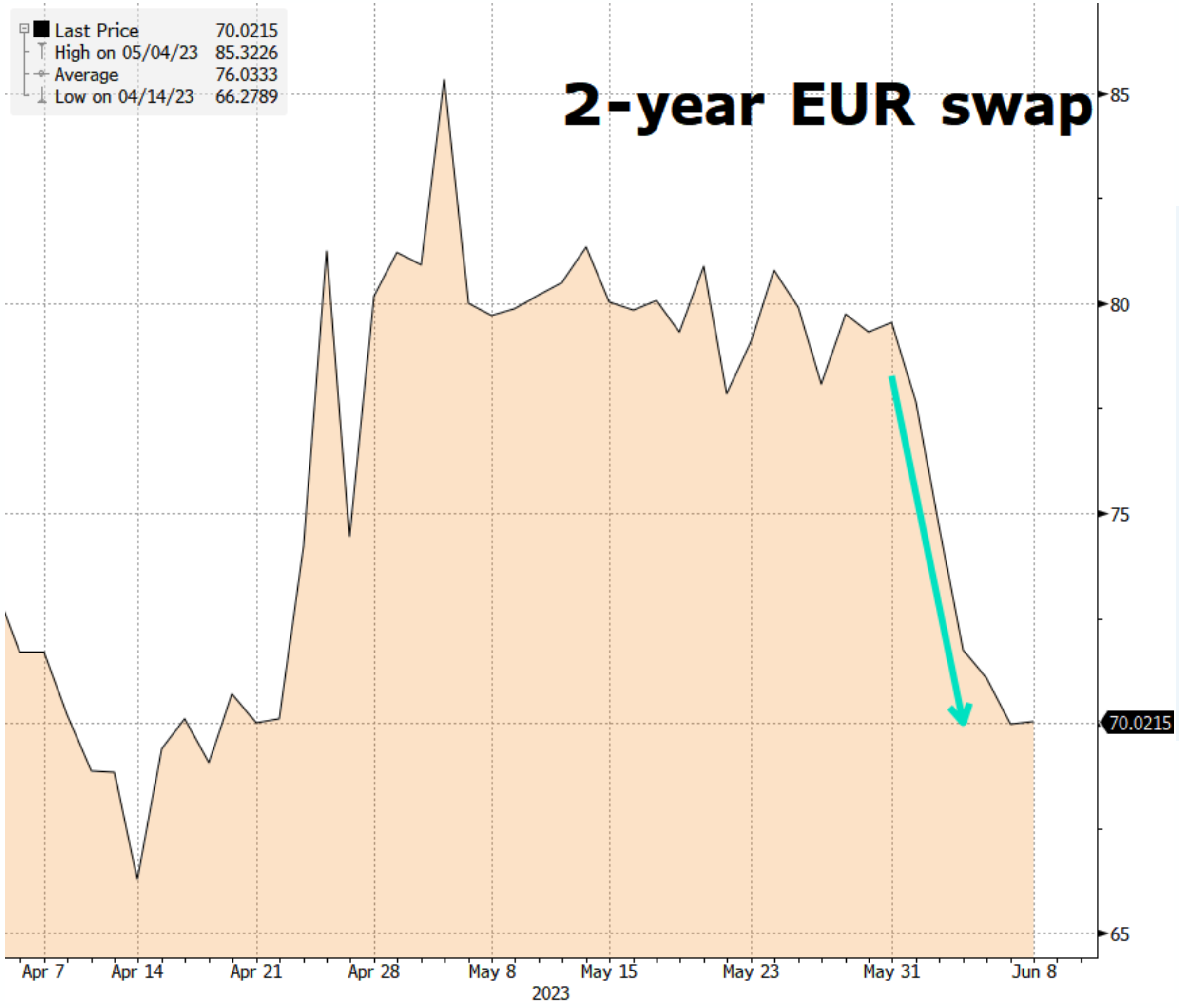
The gap between cash market and swap market is narrowing



Source: Bloomberg.

Comparison of recent forecasts for euro area real GDP growth and HICP inflation

(annual percentage changes)

	Date of release	Real GDP growth			HICP inflation		
		2023	2024	2025	2023	2024	2025
ECB staff projections	March 2023	1.0	1.6	1.6	5.3	2.9	2.1
Consensus Economics	February 2023	0.4	1.2	1.6	5.5	2.4	2.0
European Commission	February 2023	0.9	1.5	-	5.6	2.5	-
Survey of Professional Forecasters	February 2023	0.2	1.4	1.7	5.9	2.7	2.1
IMF	January 2023	0.7	1.6	-	5.7	3.3	-
OECD	November 2022	0.5	1.4	-	6.8	3.4	-

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Earnings Watch

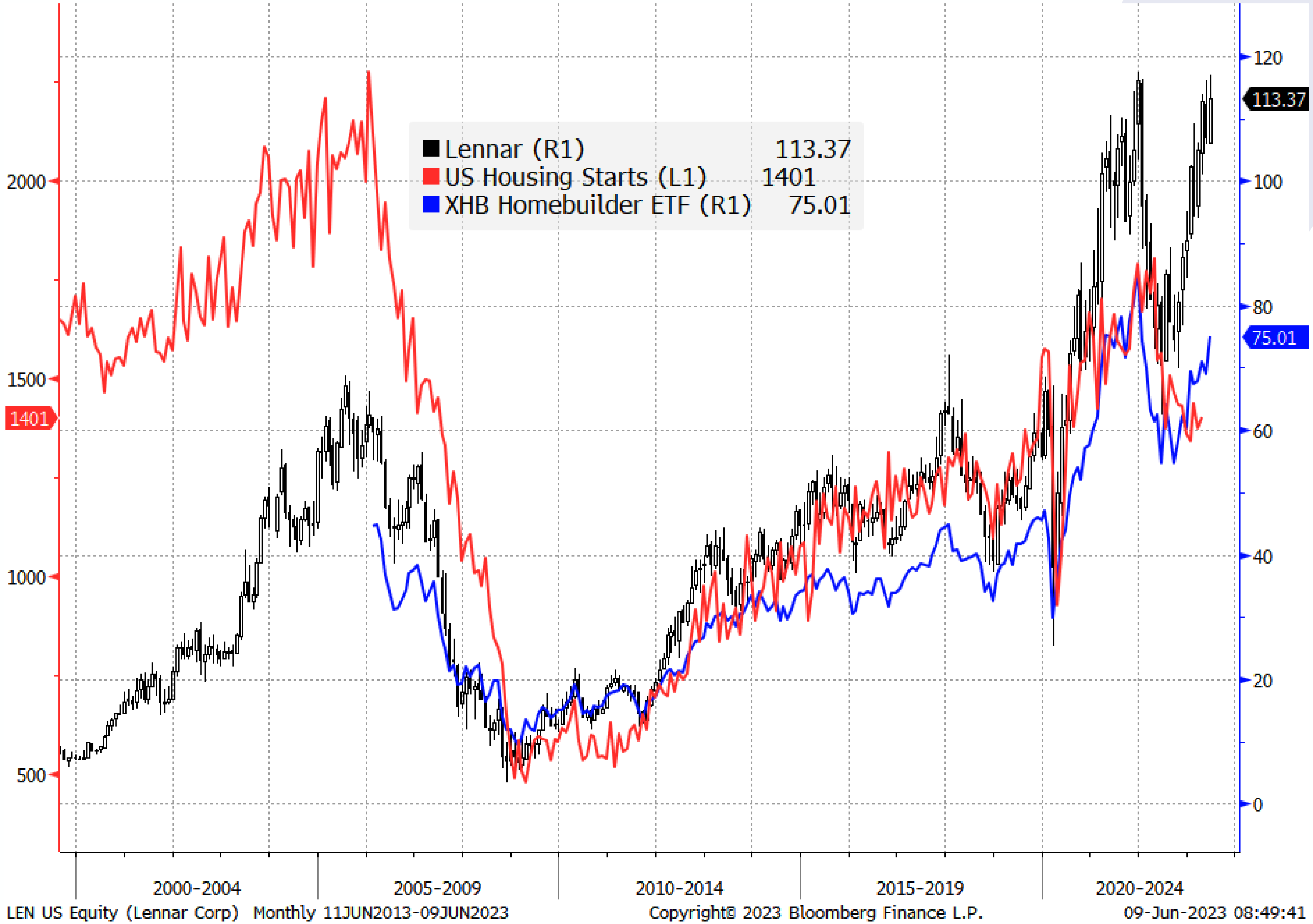
Friday: NIO

Earnings highlights for next week:

Monday: Oracle

Wednesday: Lennar

Thursday: Jabil, **Adobe**



Source: Bloomberg

Macro – calendar highlights (all times GMT)

1230 – Canada May Employment Data

Upcoming Calendar Highlights

MON: US Treasury Auctions 3yr and 10yr Notes
TUE: **UK May Jobless Claims Change**, **UK May Payrolls**, UK Apr. Employment Change, **US May CPI**, US Treasury Auctions 30yr T-Bonds
WED: Sweden May CPI, US May PPI, **US FOMC Meeting**,,
THU: Australia May Employment Data, China May Industrial Production, China May Retail Sales, **ECB Meeting**, **US May Retai Sales**
FRI: **Bank of Japan meeting**, US Jun. Preliminary University of Michigan Sentiment

Longer Term Highlights

June 22 – Bank of England Meeting

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Appendix: S&P 500 Index 5-year chart

Source: Saxo

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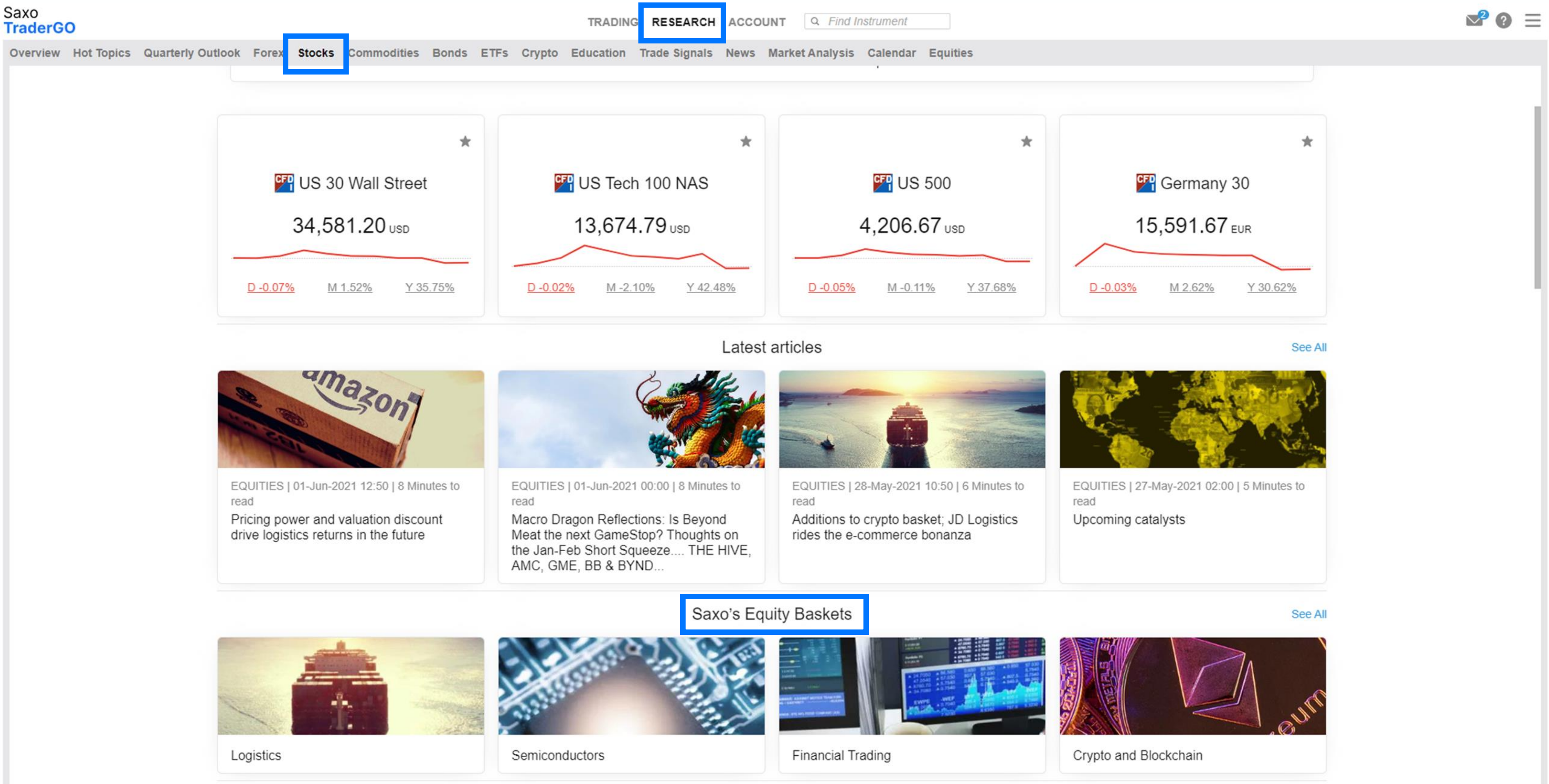
Appendix: Where do you find the equity theme baskets?



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