

# BITE THE ASS OFF BEAR: THE BLOG

*Highs & Lows:  
What's moving  
markets and why*



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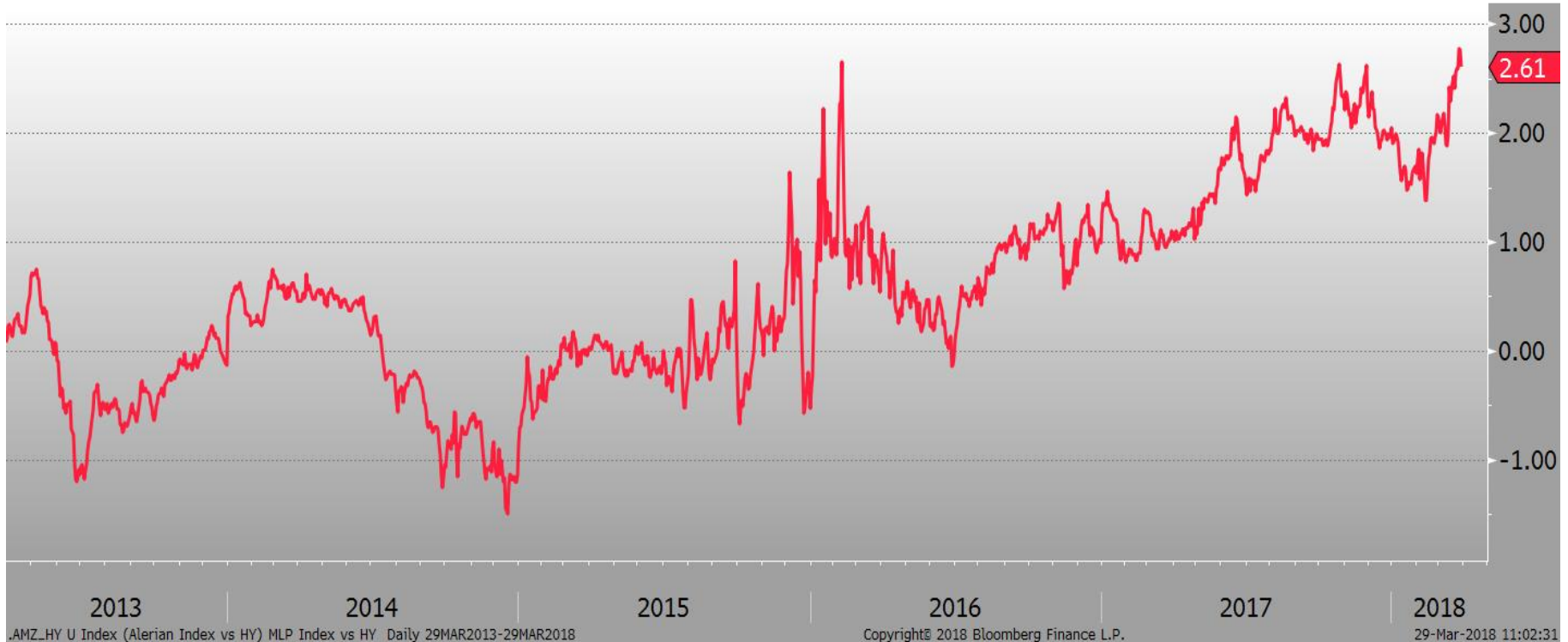
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April 2nd, 2018

# MLP Sector



## Alerian MLP Index (Spread to High Yield)



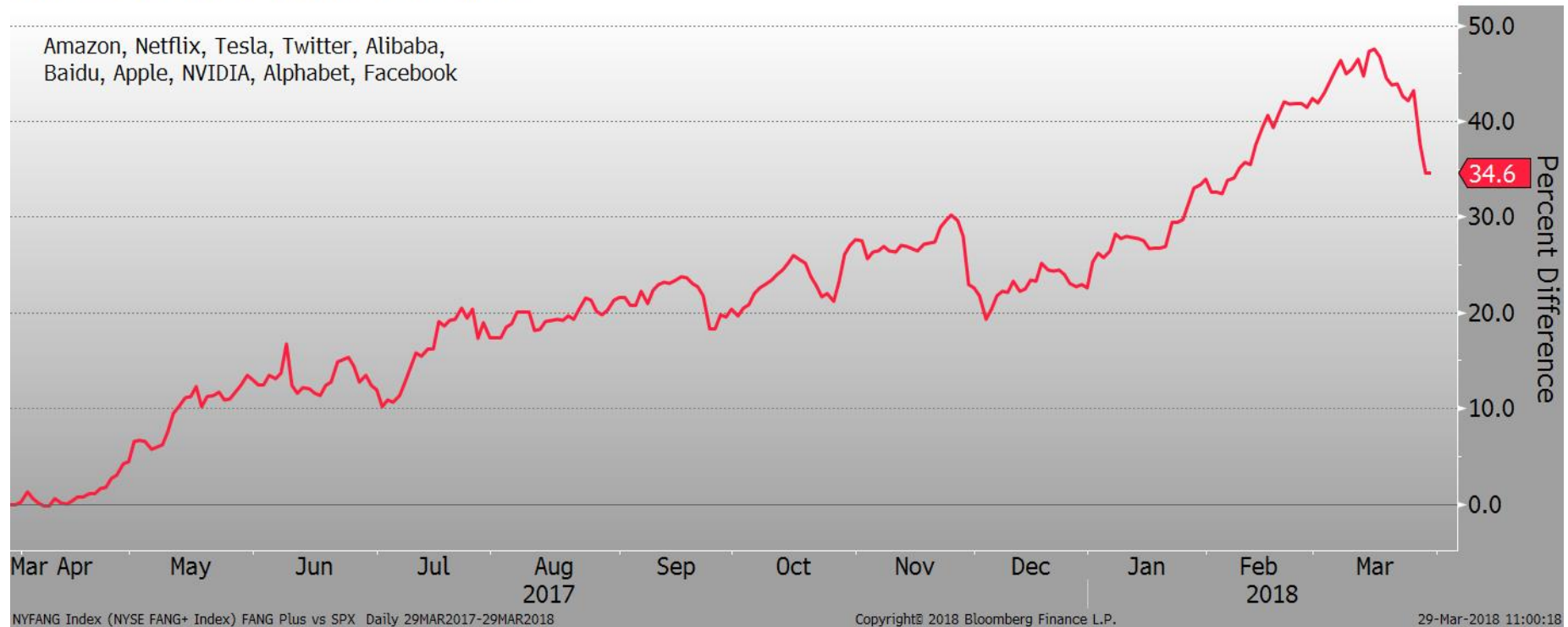
Oil & gas infrastructure firms continue to get hurt due to changes in tax legislation. At a 2.61% spread to high yield, they are at the cheapest valuations in recent history.

# FANG Plus Stocks



## NYSE FANG Plus vs SPX

Amazon, Netflix, Tesla, Twitter, Alibaba,  
Baidu, Apple, NVIDIA, Alphabet, Facebook



High growth tech stocks underperformed last week, but are still massively ahead of the S&P over the last year.

# Crypto Currency Returns



Cryptocurrency	2018 Return	2017 Return
VeChain	30%	2584%
Tether	-1%	1%
NEO	-23%	756%*
EOS	-24%	457%*
TRON	-24%	1439%*
Litecoin	-34%	4976%
Ethereum	-35%	9190%
Bitcoin	-39%	1251%
Monero	-41%	2392%
Ethereum Classic	-44%	1988%
OmiseGO	-46%	2626%*
ICON	-49%	970%*
Lisk	-51%	13827%
Stellar	-53%	13375%
zCash	-55%	958%
Bitcoin Cash	-60%	879%*
Dash	-62%	9117%
IOTA	-68%	484%*
Ripple	-71%	32440%
Qtum	-71%	976%*
NEM	-73%	25939%
Bitcoin Gold	-76%	11%*
Cardano	-76%	2593%*

\*Partial Year

Pension Partners @CharlieBiello

Change in fortune, literally, for holders of crypto currencies in 2018 compared to 2017.

# Money Market Stress



## Funding Spreads

Last Price ■ 3m T-Bills vs OIS 1.9 ■ US CP/3-Mo Spread 46.6 ■ 3m GC-OIS spread 14.2 ■ US Libor OIS Spread 58.7



Funding spreads such as LIBOR/OIS remain elevated and are causing concern in the money market.

# China Trade Figures



## One-sided deal? U.S.-China trade in 2017

China runs up huge surpluses in tech, manufacturing

### U.S. deficits with China, in billions



U.S. goods deficit  
with China in 2017:  
**\$375.2 billion**

### U.S. surpluses with China, in billions



Source: U.S. Census

Computers and electronics account for the bulk of the trade deficit with China.

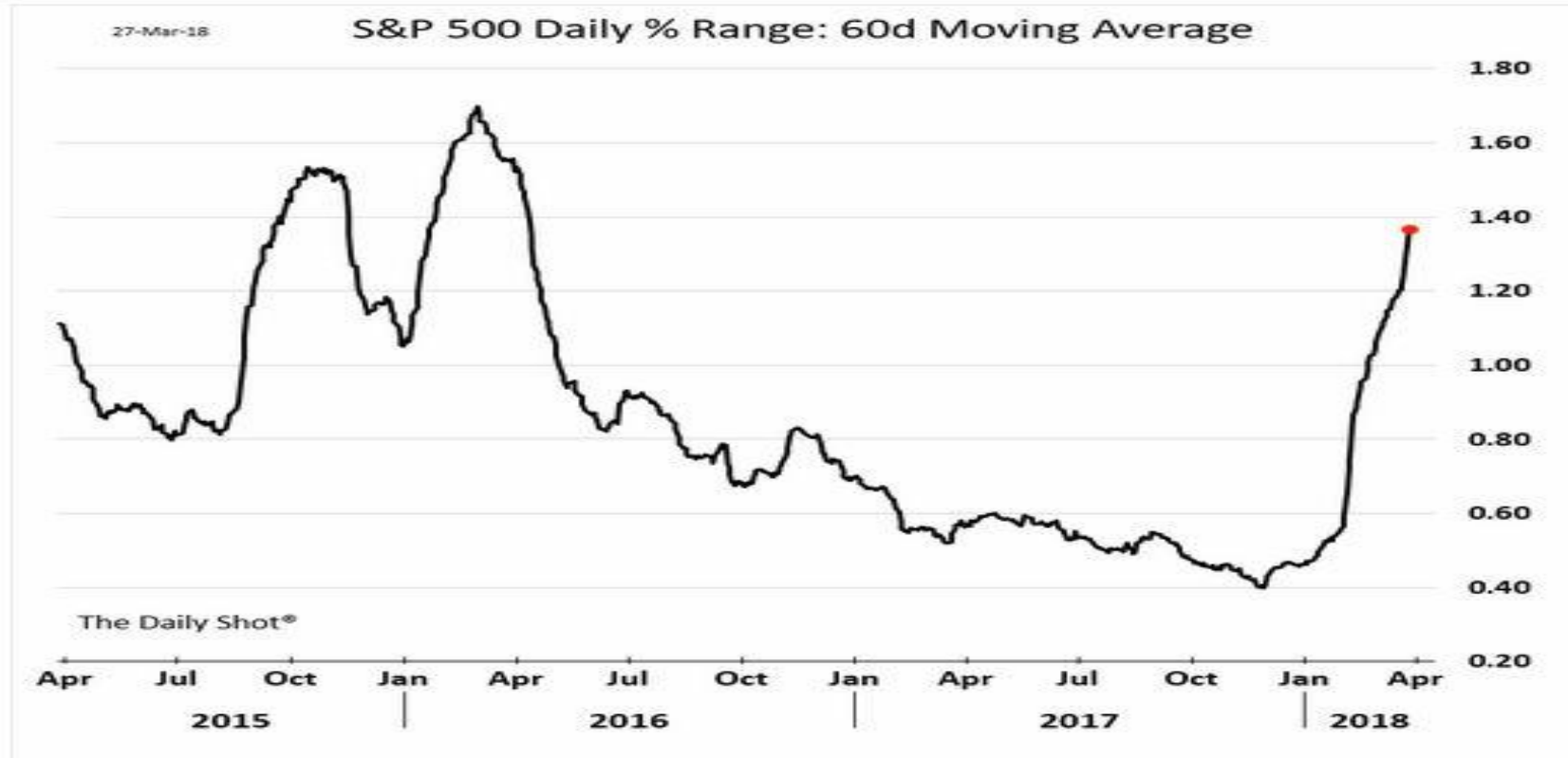
# Turkish Lira



Inflation concerns are haunting Turkish assets. Both bonds and the currency are under pressure and have underperformed other EM markets.

Source: Bloomberg

# S&P Daily Range



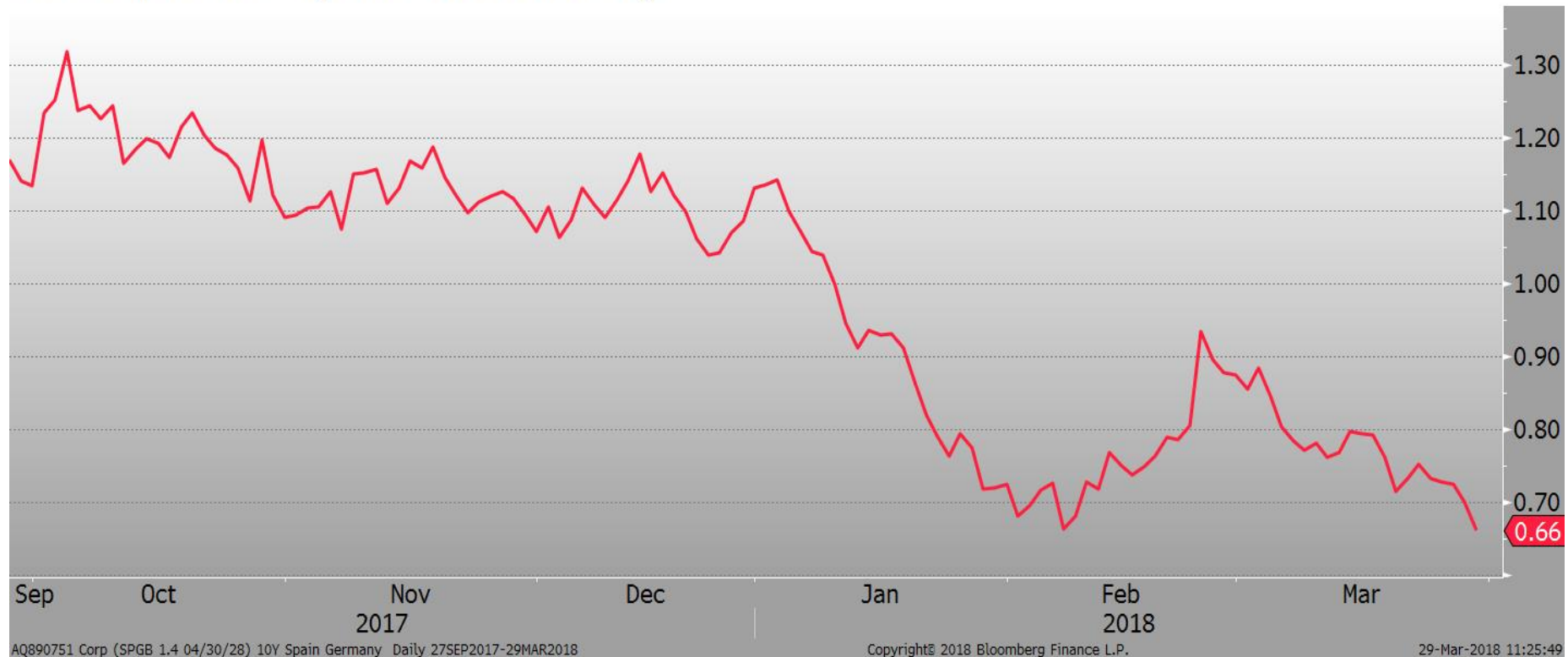
The average daily range for the S&P is almost 3 times greater so far in 2018 compared to 2017.



# Spanish Bonds



## 10Y Spread: Spain vs Germany



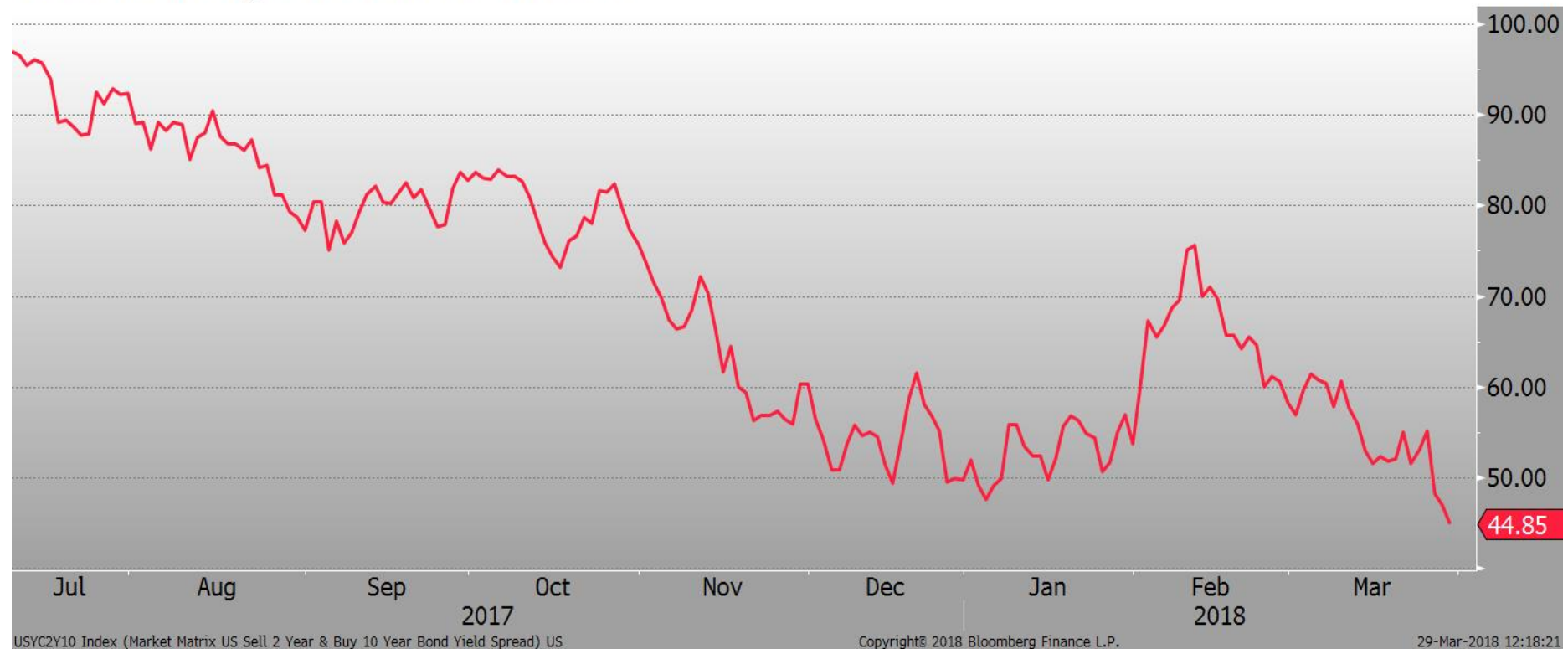
Post-Italian election relief, a ratings upgrade and grab for yield/duration have all contributed to the compression of 10Y Spanish bond yields to Germany.

Source: Bloomberg, III Capital Mgmt

# Yield Curve Flattening



## US Treasury Curve: 2Y vs 10Y



The 7 bp rally in 10 year rates this week brought the 2's/10's UST curve to flattest level this cycle.

# Investor Sentiment



## AAII Bull Bear Spread

(% Bulls - % Bears)



Individual investor stock market sentiment has turned negative. The excessive bullishness from earlier in the year has been eroded.

Source: Bloomberg, III Capital Mgmt

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