

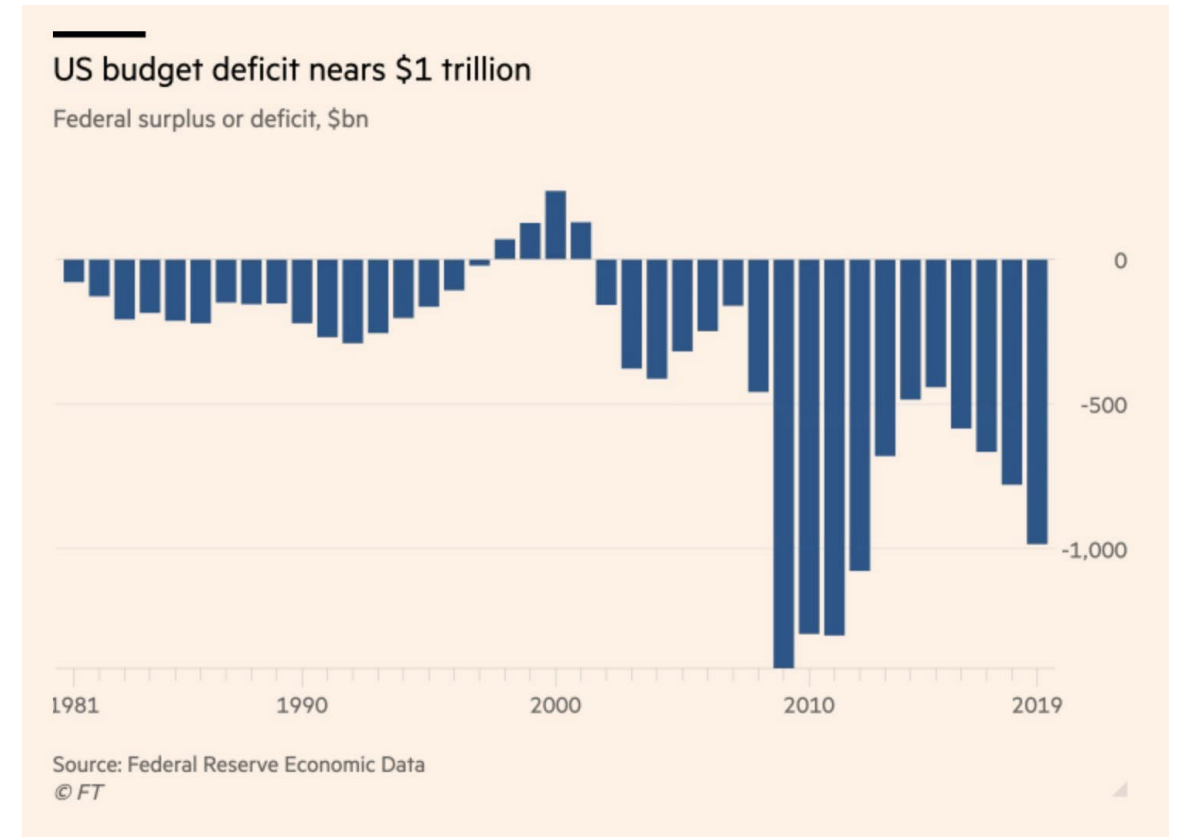


Brave New world

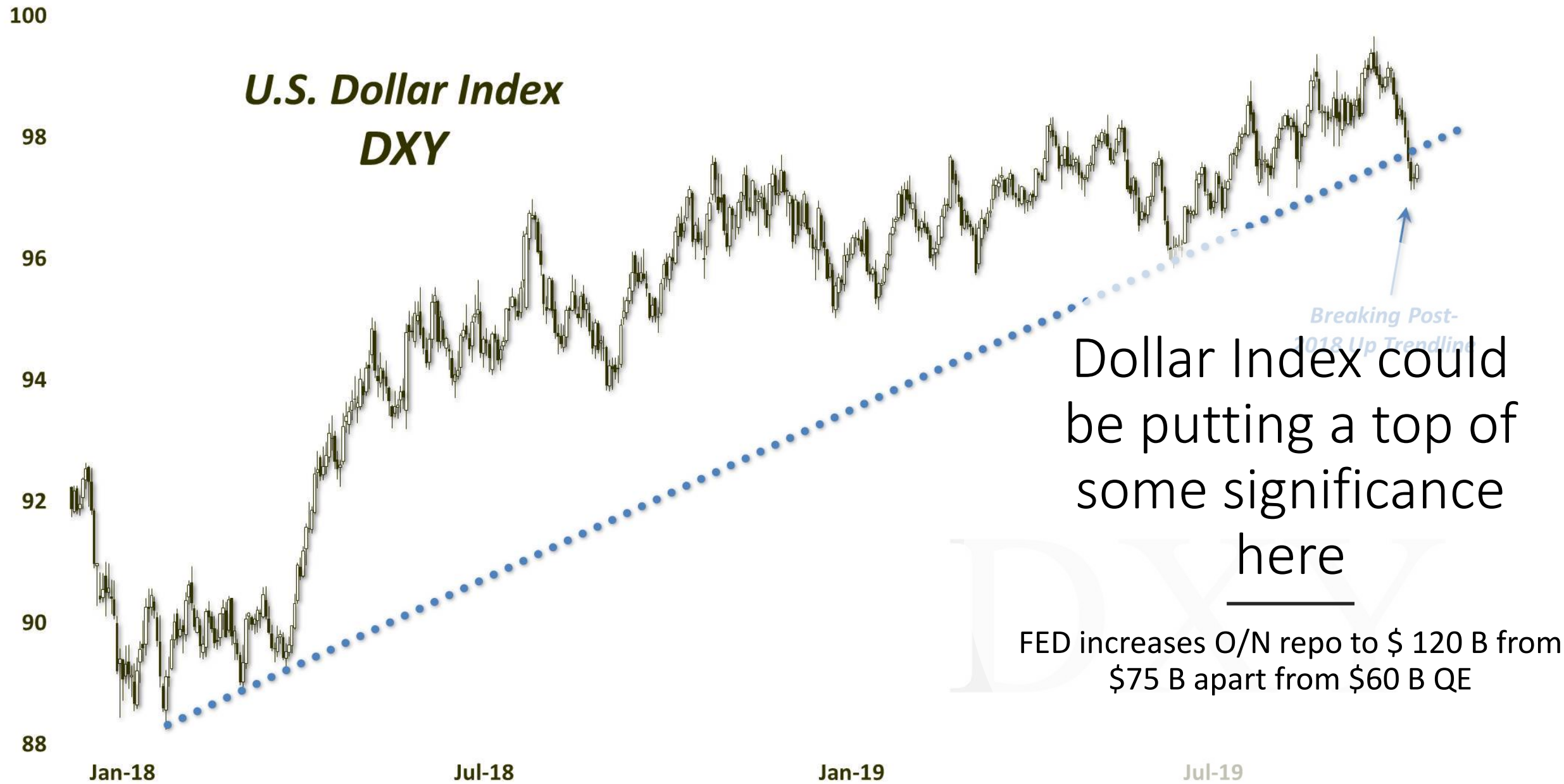
Ritesh Jain

US Budget deficit almost USD 1 T

At \$984 billion, or 4.6% of GDP, the U.S. reported its largest late-cycle of an economic expansion, non-war, deficit to GDP in American history.



U.S. Dollar Index \$DXY Breaking Post-2018 Up Trendline



U.S. Dollar Index
DXY

Dollar Index could
be putting a top of
some significance
here

FED increases O/N repo to \$ 120 B from
\$75 B apart from \$60 B QE

BGMI/GOLD ratio

- The extent of underperformance of gold mining stocks compared to bullion gold becomes particularly clear when we make a longer-term comparison.
- • The oldest available gold mining index, the Barron's Gold Mining Index (BGMI), is currently at its lowest level relative to gold in 78 years.
- • In addition, the current value is miles below the long term median of 1.5.

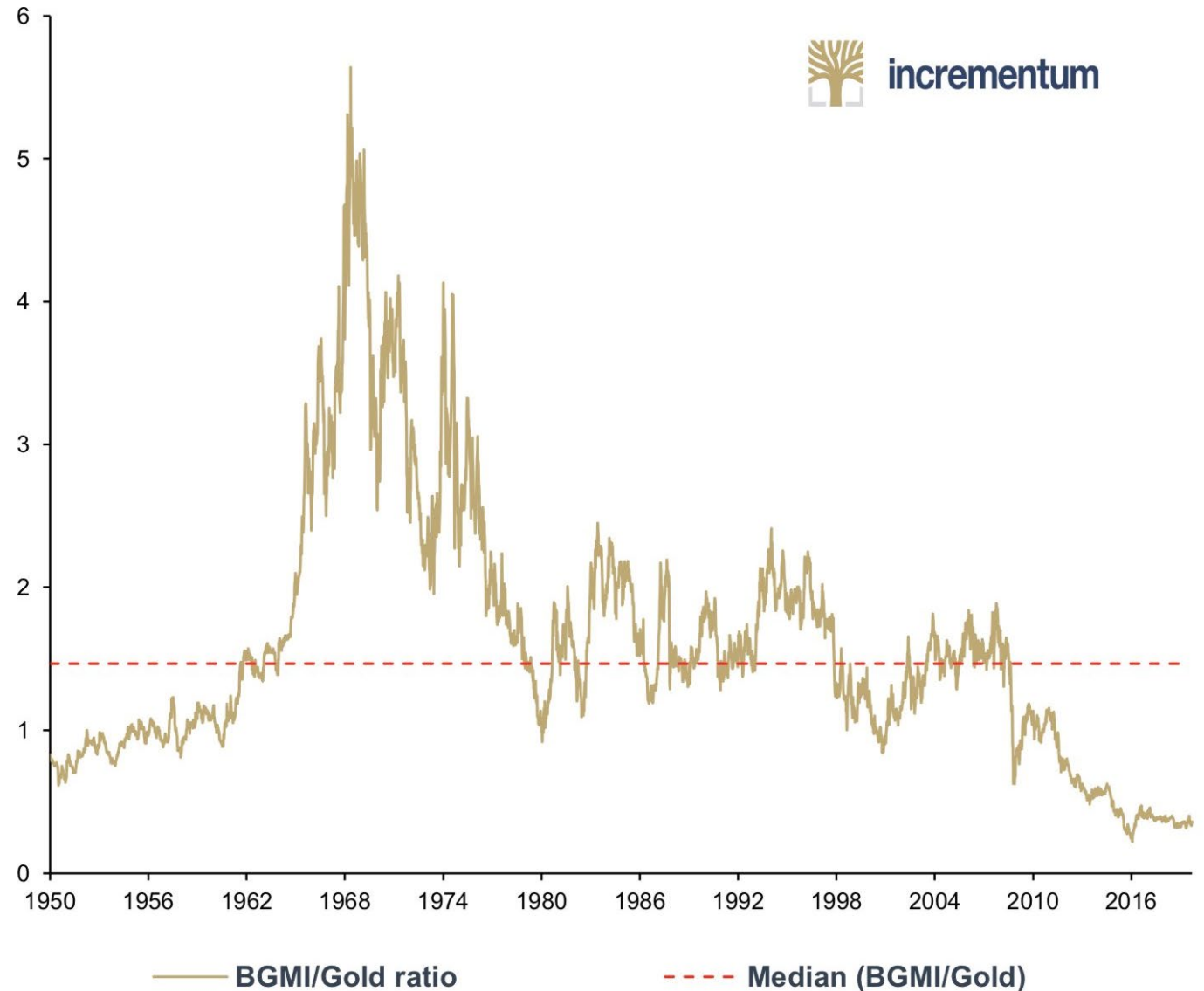
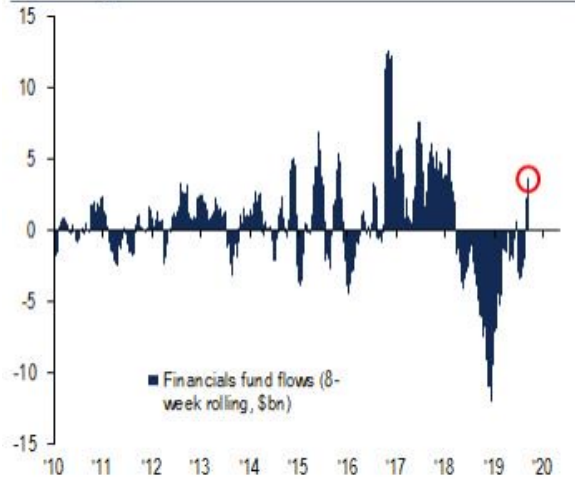


Chart 2: Biggest 8-week inflows to financials in 18-months



Source: BofA Merrill Lynch Global Investment Strategy, EPFR Global

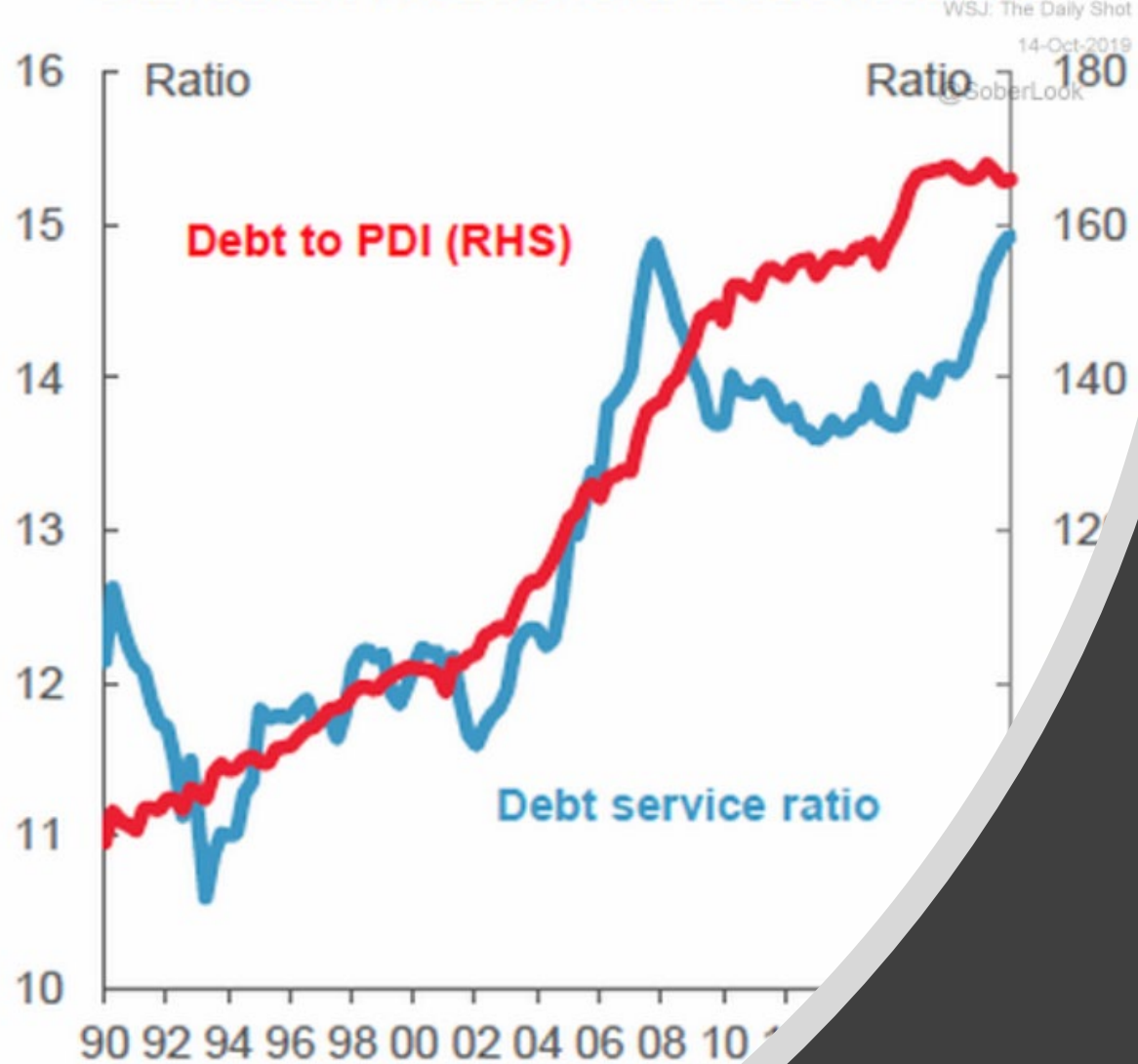
Chart 4: Another moment of love for the unloved



Source: BofA Merrill Lynch Global Investment Strategy, Bloomberg

Cyclicals & Financials catching some love of late. Still a LONG way to go to reverse the trend.

Canadian Household Debt Metrics



Sources: Scotiabank Economic
Canada.

Canada running hot: Despite an all-time high household debt-service ratio and a near-record ratio of debt to personal disposable incomes, Canadians are still responding to lower market interest rates and strong labor markets by borrowing more.