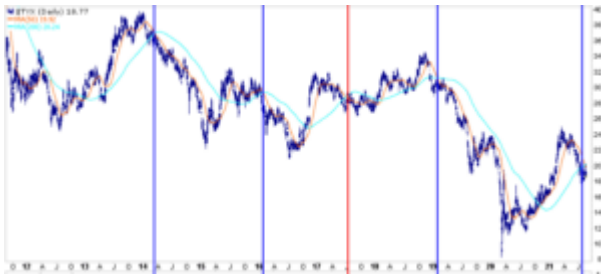


Bonds Flashing a Death Cross

Equity futures are opening weaker again this morning. The NASDAQ is faring better than the S&P and Dow futures, which are both down about .35%. This pattern follows yesterday in which the NASDAQ outperformed the S&P and Dow by over 50 bps. All three indexes recovered nicely from nearly 1% early declines. Crude oil continues to offer caution about slowing global economic activity. It is down another 50 cents this morning to \$63 a barrel.

The graph below shows 30-year UST yields with its 50 and 200 dma's. The vertical lines highlight the last five times, 30 year yields have witnessed its 50 dma falling below its 200 dma, also known technically as a "death cross." In 3 of the last 4 death cross instances yields fell appreciably and reached record lows. The only time they didn't was in 2017 (red vertical line). At that time yields consolidated to negate the death cross. As shown, on Monday 30-year yields witnessed a death cross.



Ford, Toyota, and Volkswagen are trading lower on plans to cut production in September due to the ongoing chip shortage. The Delta variant will only further complicate existing shortages.

Per Barons: *Production woes have hit Infineon, a German chip maker and major supplier to the car industry, which said earlier this week that plant shutdowns in Texas and Malaysia have caused deliveries to core auto clients to fall, according to reports.*

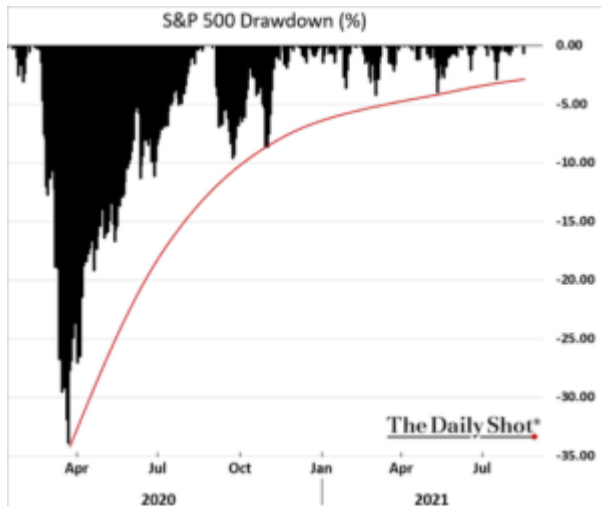
Ford's decision to shutter the Kansas City plant was rooted in shortages related to the pandemic in Malaysia, according to the Reuters report.

[Market Shock From Taper Talk](#)



The "Buy the Dip" (BTD) graph below from the Daily Shot, shows each consecutive market drawdown since the pandemic has fallen less than the prior one. Consequently, the VIX volatility index (graph on right) has a similar pattern. Investors and algorithms are increasingly quicker to buy dips and short volatility as such behavior has been rewarded with profits. The risk going forward occurs if the market keeps falling despite dip-buying, forcing traders to cover leveraged positions and unleashing new behaviors detrimental to prices. Until then, BTD!

Volatility experts at Spot Gamma had this to say about the graph- "*The longer volatility is suppressed the more it's going to pop.*"



An increasing number of companies are hopping on the crypto bandwagon and allowing their customers to use crypto on their sites. Software company Palantir recently reported, that in addition to crypto, they will now accept gold. Further, they bought about \$51 million dollars worth of gold. Per [Bloomberg](#), COO Shyam Sankar said: "*Accepting nontraditional currencies reflects more of a worldview, Shyam Sankar, the chief operating officer, said in an interview. You have to be prepared for a future with more black swan events.*"