



Morning Snapshot

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Risk Barometer: Neutral

Liquidity	Sentiment
Technicals	Valuation

Global Markets

S&P Futures	0.05%	DXY	-0.23%
Nasdaq Futures	0.03%	AUD	0.34%
Russell 2000 Futures	-0.04%	NZD	0.22%
Nikkei 225 Index	-1.77%	MXN	-0.27%
MSCI EM Futures	0.28%	EUR	0.04%
Hang Seng Index	0.80%	GBP	0.02%
Euro Stoxx 50	0.42%	NOK	0.73%
DAX Index	0.13%	JPY	0.94%
UK 100	-0.04%	CAD	-0.04%
WTI Crude Oil	-0.73%	30yr TSY	0.20%
Gasoline	-0.39%	10yr TSY	0.06%
Copper	1.00%	2yr TSY	0.02%
Gold	-0.44%	VIX	15.67

Intermediate Trends

Sector ETF	Trend	Relative	Sector ETF	Trend	Relative
Financials (XLF)	Bullish	Neutral	Gold Miners (GDX)	Bullish	Bullish
Regional Banks (KRE)	Bullish	Neutral	Silver Miners (SIL)	Bullish	Neutral-Bullish
Real Estate (XLRE)	Bullish	Neutral-Bearish	Copper Miners (COPX)	Neutral-Bullish	Neutral
Homebuilders (XHB)	Bullish	Neutral-Bullish	Oil Exploration & Prod (XOP)	Neutral	Bearish
Industrials (XLI)	Bullish	Bearish	Oil Services (OIH)	Neutral	Bearish
Materials (XLB)	Bullish	Beansh	Metals & Mining (XME)	Neutral	Bearish
Energy (XLE)	Neutral-Bullish	Beansh	Aerospace & Defense (XAR)	Bullish	Neutral
Healthcare (XLV)	Bullish	Neutral-Bearish	Transportation (IYT)	Neutral	Bearish
Biotechnology (XBI)	Bullish	Bullish	Emerging Markets (EEM)	Bullish	Bearish
Information Technology (XLK)	Bullish	Bearish	China (FXI)	Bullish	Bearish
Communication Services (XLC)	Bullish	Neutral	Germany (EWG)	Bullish	Bearish
Semiconductors (SMH)	Bullish	Neutral-Bullish	European Financials (EUFN)	Bullish	Bearish
Consumer Discretionary (XLY)	Bullish	Bearish	iShares 20+ Yr Treasury (TLT)	Bullish	Neutral-Bearish
Retail (XRT)	Bullish	Bearish	US Inv Grade Credit (LQD)	Bullish	Neutral
Consumer Staples (XLP)	Bullish	Neutral-Bearish	US High Yield Debt (JNK)	Bullish	Bearish
Utilities (XLU)	Bullish	Bullish	EM Local Ccy Debt (EMB)	Bullish	Neutral

What I'm Seeing...

"When it comes to trading macro, you cannot rely solely on fundamentals; you have to be a tape reader, which is something of a lost art form..."

- Paul Tudor Jones

Taking a break from the daily slog in US equity indices, I thought I'd share some interesting information on one of our themes since November of last year – Argentina. Yes, President Milei has probably found things to be a bit more challenging than his initial beliefs. Some of his sweeping laws have been dialed back, but we still have to give credit where credit's due. Milei has delivered Argentina's first quarter with a budget surplus in the past 16 years.

With the austerity measures, we've seen falling inflation – May came in at 4.2%, the lowest in two and a half years. But with falling inflation, we've also seen mounting job losses. The news reports that job losses and a 'technical recession' for Argentina is making it difficult for its people to see the benefits of Milei's drastic measures. That said, it's hard to say a 'technical recession' is worse than what they were experiencing before Milei's election – the worst economic crisis in over two decades.

Yes, the one thing about austerity is that there tends to be pain at first. Pain in eliminating excess subsidies – the same subsidies that have led to runaway inflation. On the other hand, we've seen what austerity measures can provide in the long-run. Just look at Greece.

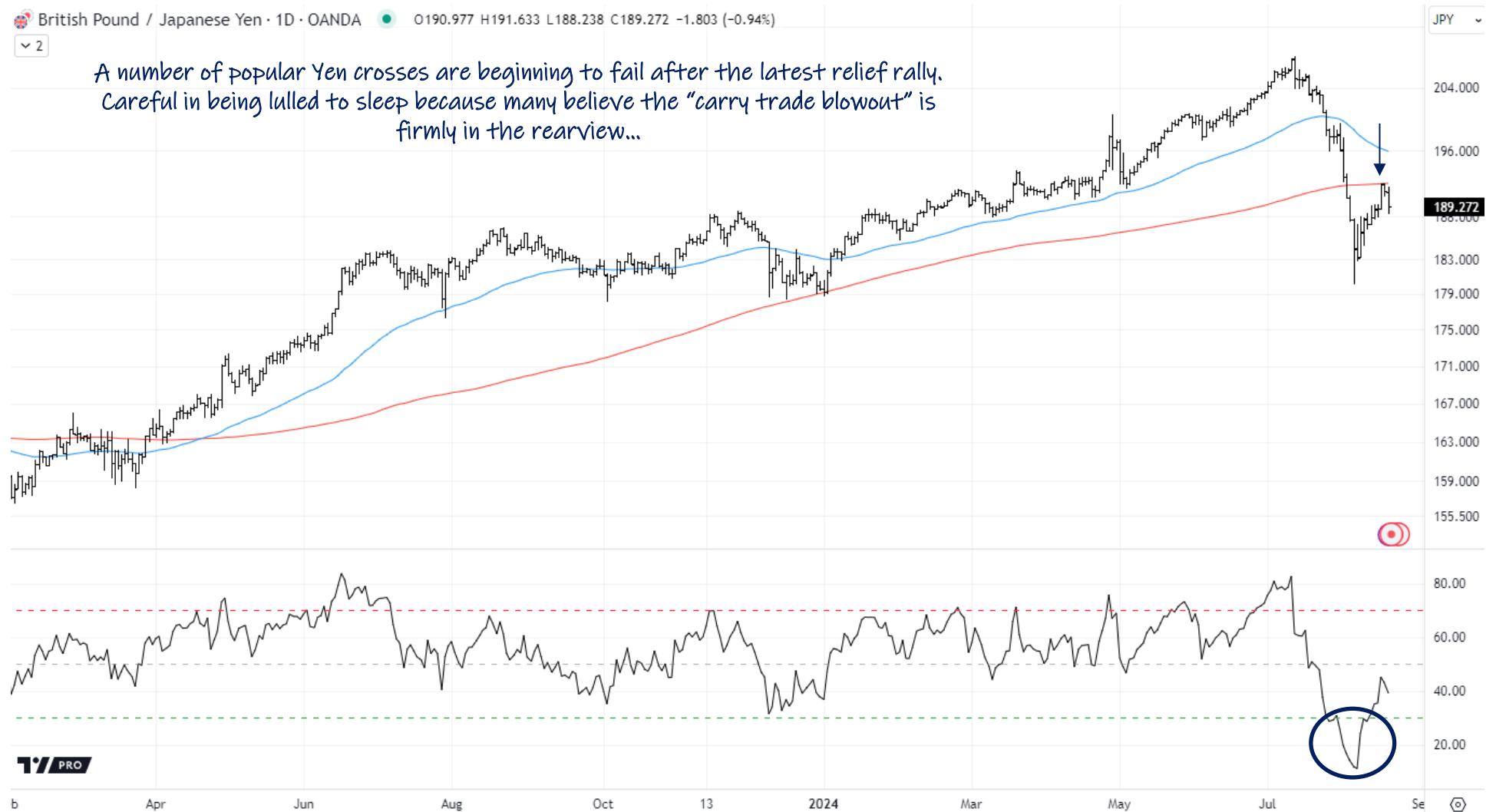
Lower government financing costs. Greater access to global capital markets. And, yes, even a more stable currency – caveat with the Greece example as they benefitted from being part of the Euro.

Well, there's been some further developments with Milei's 'shock therapy' and, oddly enough, it doesn't seem to be getting the same news coverage. President Milei recently repealed a rent control law (2020) in Argentina and the results thus far have been fantastic. It's led to a surge in housing supply - according to the Statistical Observatory of the Real Estate Market of the Real Estate College (CI), the supply of rental housing in Buenos Aires has jumped by 195.23% - and the ability to negotiate contracts has led to lower rental prices. More great news for inflation.

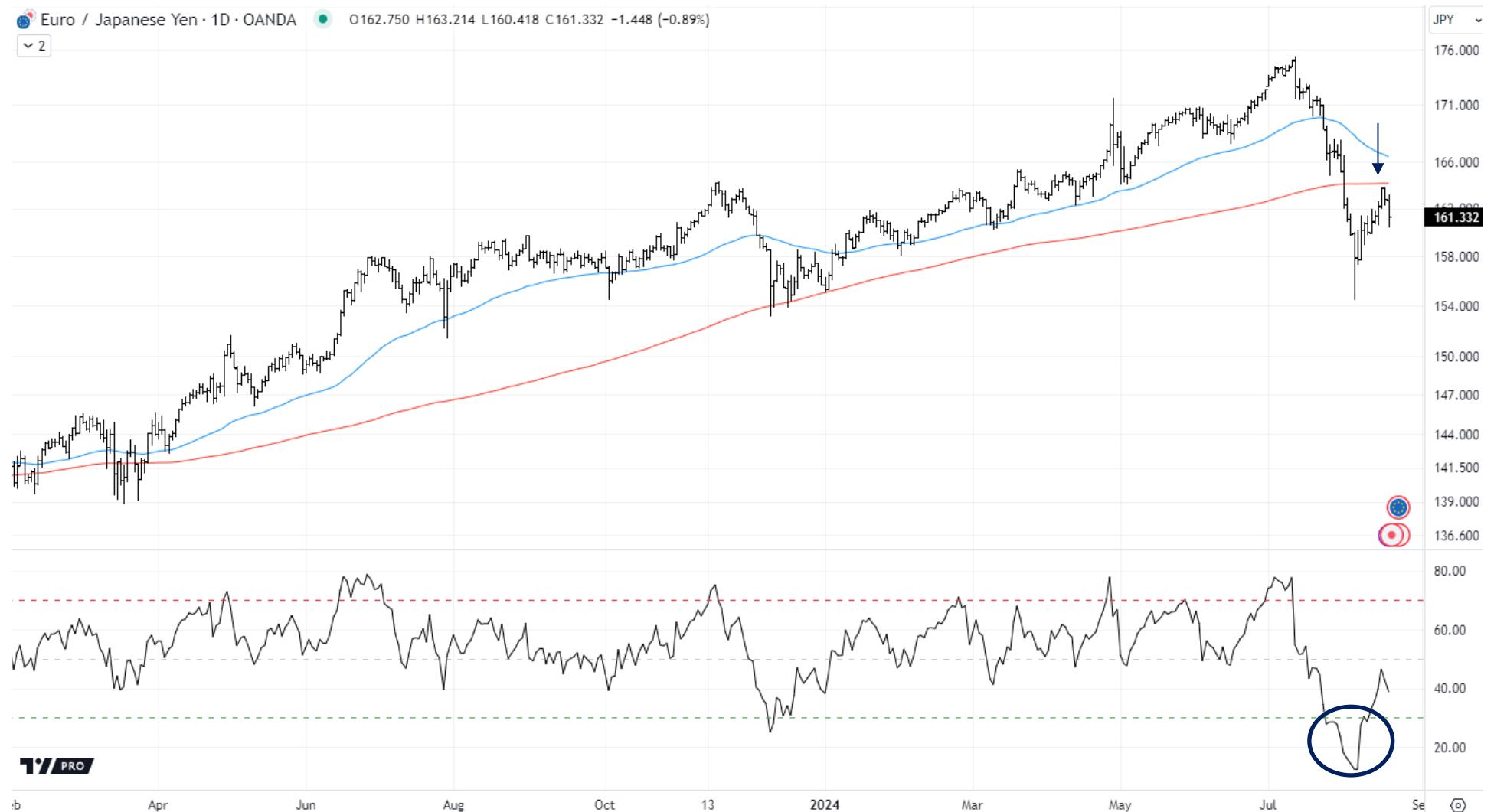
And while this seems like an Argentina-specific story, it does carry words of caution for us here in the United States, as well. Kamala Harris, the presumptive Democratic candidate in this year's presidential election, has recently indicated support for rent controls. It sounds good on the campaign trail, especially with inflation being such a concern amongst US citizens. But the evidence from Argentina is alarming. Last year, one in seven homes in Buenos Aires sat empty as landlords chose not to rent them out.

The first order of effect would be decreased maintenance on rental units (less revenue = cut back on expenses). The second order effect is that landlords may convert rentals into condos. It sounds good for the supply of housing for purchase, but that then puts the onus back on homebuying affordability – something that has recently been shown to be the highest on record (both in terms of house prices versus incomes, as well as total housing costs – house price, mortgage, insurance, and utilities). For reference, check the articles in the 'What I'm Reading' section.

Chart(s) of the Day – British Pound / Japanese Yen Cross (GBP/JPY)



Chart(s) of the Day – Euro / Japanese Yen Cross (EUR/JPY)



Acceleration Monitor

Bullish Trend + Up Signal	Bearish Trend + Down Signal
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AVNT
CAT
CNX
ELV
HMY
INTU
IVE
OKTA
PSX
XLI
YPF

AZTA
DBRG

What I'm Reading & Today's Economic Calendar

[Renting Is Cheaper Than Buying in All 50 States. How Does Your City Compare?](#)

[It's 38% More Expensive to Buy A House Than Rent in US, Analysis Finds](#)

[Buying vs. Renting in America](#)

[Javier Milei Got Rid of Rent Control in Argentina](#)

Today's Economic Calendar

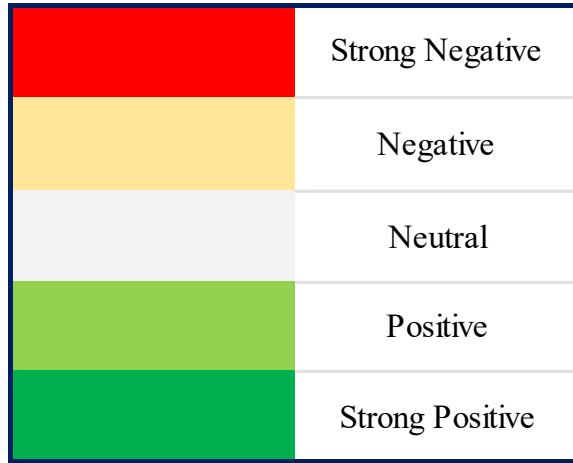
9:15am – Fed Waller Speech

10am – CB Leading Index

11:30am – 3mo & 6mo Bill Auctions

Dashboard Legends

Risk Barometer



Intermediate Trends



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