



Morning Snapshot

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Risk Barometer: Neutral		Global Markets				Intermediate Trends					
Liquidity	Sentiment					Sector ETF	Trend	Relative	Sector ETF	Trend	Relative
		S&P Futures	0.05%	DXY	-0.23%	Financials (XLF)	Bullish	Neutral	Gold Miners (GDX)	Bullish	Bullish
		Nasdaq Futures	0.03%	AUD	0.34%	Regional Banks (KRE)	Bullish	Neutral	Silver Miners (SIL)	Bullish	Neutral-Bullish
		Russell 2000 Futures	-0.04%	NZD	0.22%	Real Estate (XLRE)	Bullish	Neutral-Bearish	Copper Miners (COPX)	Neutral-Bullish	Neutral
		Nikkei 225 Index	-1.77%	MXN	-0.27%	Homebuilders (XHB)	Bullish	Neutral-Bullish	Oil Exploration & Prod (XOP)	Neutral	Bearish
		MSCI EM Futures	0.28%	EUR	0.04%	Industrials (XLI)	Bullish	Bearish	Oil Services (OIH)	Neutral	Bearish
		Hang Seng Index	0.80%	GBP	0.02%	Materials (XLB)	Bullish	Bearish	Metals & Mining (XME)	Neutral	Bearish
		Euro Stoxx 50	0.42%	NOK	0.73%	Energy (XLE)	Neutral-Bullish	Bearish	Aerospace & Defense (XAR)	Bullish	Neutral
		DAX Index	0.13%	JPY	0.94%	Healthcare (XLV)	Bullish	Neutral-Bearish	Transportation (IYT)	Neutral	Bearish
		UK 100	-0.04%	CAD	-0.04%	Biotechnology (XBI)	Bullish	Bullish	Emerging Markets (EEM)	Bullish	Bearish
		WTI Crude Oil	-0.73%	30yr TSY	0.20%	Information Technology (XLK)	Bullish	Bearish	China (FXI)	Bullish	Bearish
		Gasoline	-0.39%	10yr TSY	0.06%	Communication Services (XLC)	Bullish	Neutral	Germany (EWG)	Bullish	Bearish
		Copper	1.00%	2yr TSY	0.02%	Semiconductors (SMH)	Bullish	Neutral-Bullish	European Financials (EUFN)	Bullish	Bearish
		Gold	-0.44%	VIX	15.67	Consumer Discretionary (XLY)	Bullish	Bearish	iShares 20+ Yr Treasury (TLT)	Bullish	Neutral-Bearish
						Retail (XRT)	Bullish	Bearish	US Inv Grade Credit (LQD)	Bullish	Neutral
Technicals	Valuation					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)

British Pound / Japanese Yen · 1D · OANDA ● O190.977 H191.633 L188.238 C189.272 -1.803 (-0.94%)

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A number of popular Yen crosses are beginning to fail after the latest relief rally.
Careful in being lulled to sleep because many believe the "carry trade blowout" is
firmly in the rearview...



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



Acceleration Monitor

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

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

	Strong Negative
	Negative
	Neutral
	Positive
	Strong Positive

Intermediate Trends

	Improvement From Last
	Deterioration > Neutral
	No Change
	Deterioration < Neutral

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