

Recession Indicators

- FRED civilian unemployment rate
- Yield curve inversion
- GDP gap
- FRED heavy truck orders
- LEI (Leading Economic Index)
- Purchasing Managers' Index (PMI)
- AAll Sentiment Index
- CLI (Credit Leading Indicator)
- Survey of senior banks
- FRED shipping orders

“It’s impossible to know when an overheated market will turn down, or when a downturn will cease and appreciation will take its place.

**But while we never know where we’re going,
we ought to know where we are.**

We can infer where markets stand in their cycle from the behavior of those around us. When other investors are unworried, we should be cautious; when investors are panicked, we should turn aggressive.”

Howard Marks

Oaktree Capital, Billionaire

Unemployment Rate



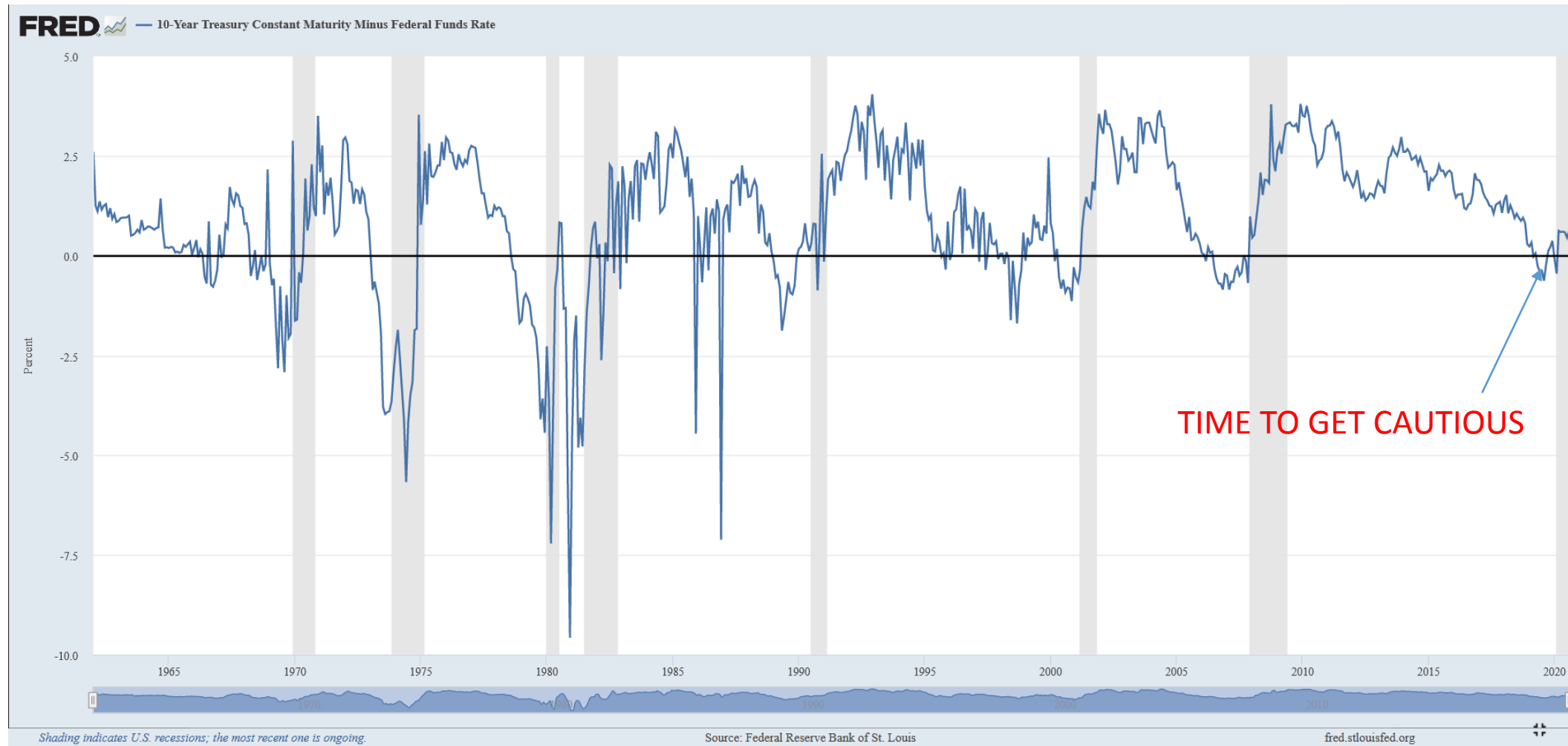
Source:

U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/UNRATE>, August 16, 2020.

Removed picture of yield curve

Taken from here:
<https://medium.com/@bytemaster/block-chain-governance-proposal-470478e42686>

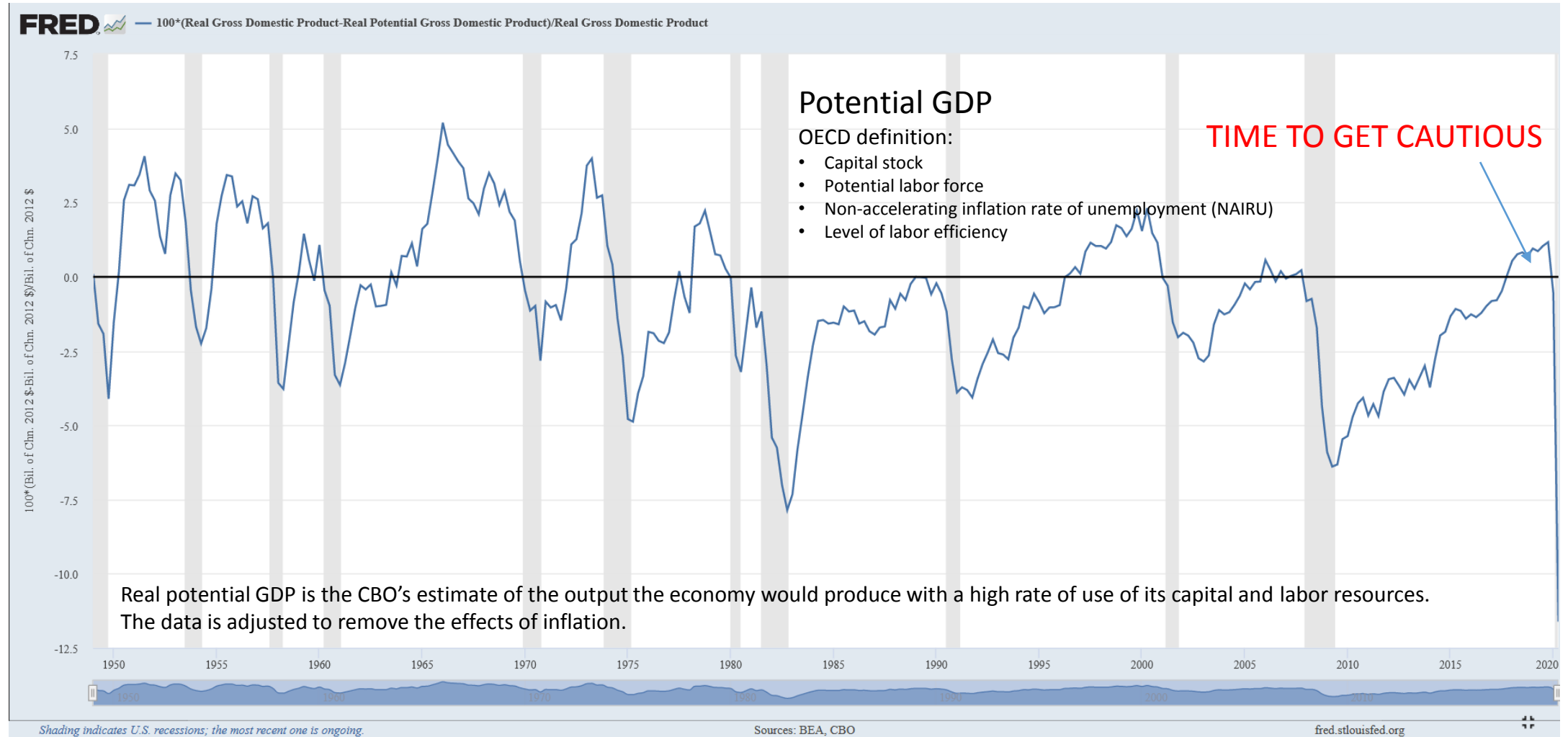
Yield Curve Inversion



Source:
Federal Reserve Bank of St. Louis, 10-Year Treasury Constant Maturity Minus Federal Funds Rate [T10YFF], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/T10YFF>, October 29, 2019.

GDP gap

$$\frac{\text{Real GDP} - \text{Real Potential GDP}}{\text{Real GDP}}$$



Sources:

U.S. Congressional Budget Office, Real Potential Gross Domestic Product [GDPPOT], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDPPOT>, August 16, 2020.

Heavy Trucking Orders



Sources

U.S. Bureau of Economic Analysis, Motor Vehicle Retail Sales: Heavy Weight Trucks [HTRUCKSSAAR], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/HTRUCKSSAAR>, September 1, 2020.

Heavy Trucking Orders



Sources

U.S. Bureau of Economic Analysis, Motor Vehicle Retail Sales: Heavy Weight Trucks [HTRUCKSSAAR], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/HTRUCKSSAAR>, September 1, 2020.

Leading Economic Index (LEI)

LEI INDEX REMOVED

https://conference-board.org/pdf_free/press/US%20LEI%20PRESS%20RELEASE%20-%20JULY%202020.pdf

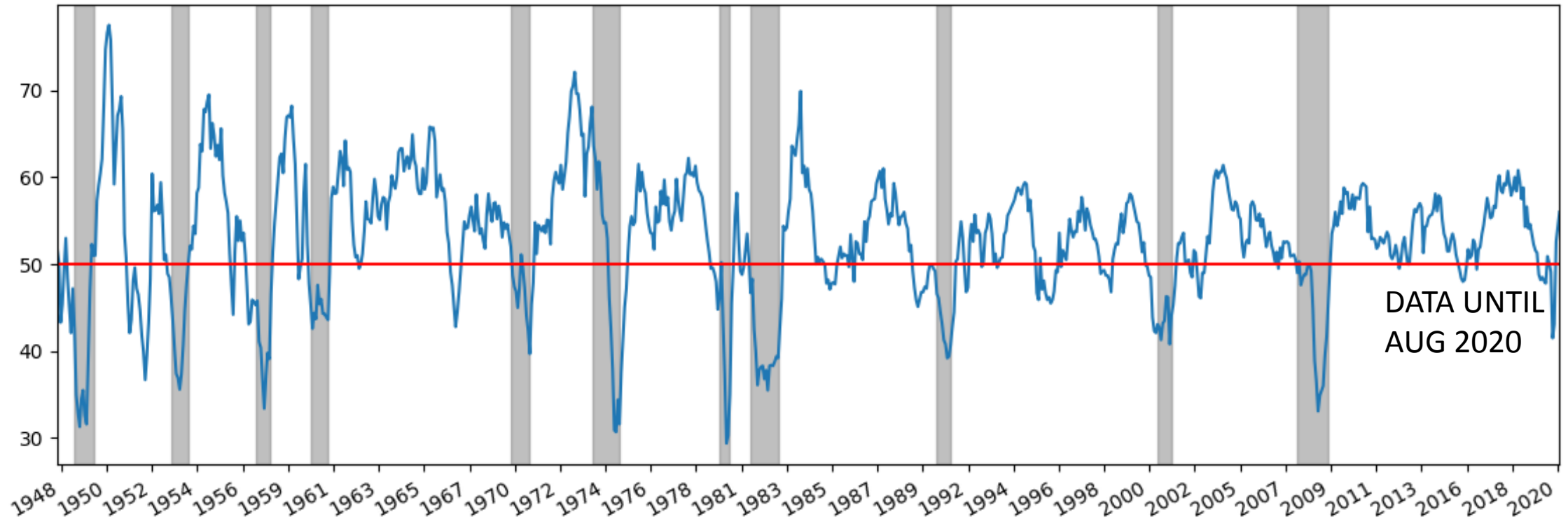
TOO SLOW!

Purchasing Managers' Index (PMI)

Institute for Supply Management (ISM)

The PMI is a composite index based on:

- New Orders (seasonally adjusted)
- Production (seasonally adjusted)
- Employment (seasonally adjusted)
- Supplier Deliveries (seasonally adjusted)
- Inventories



Data source:

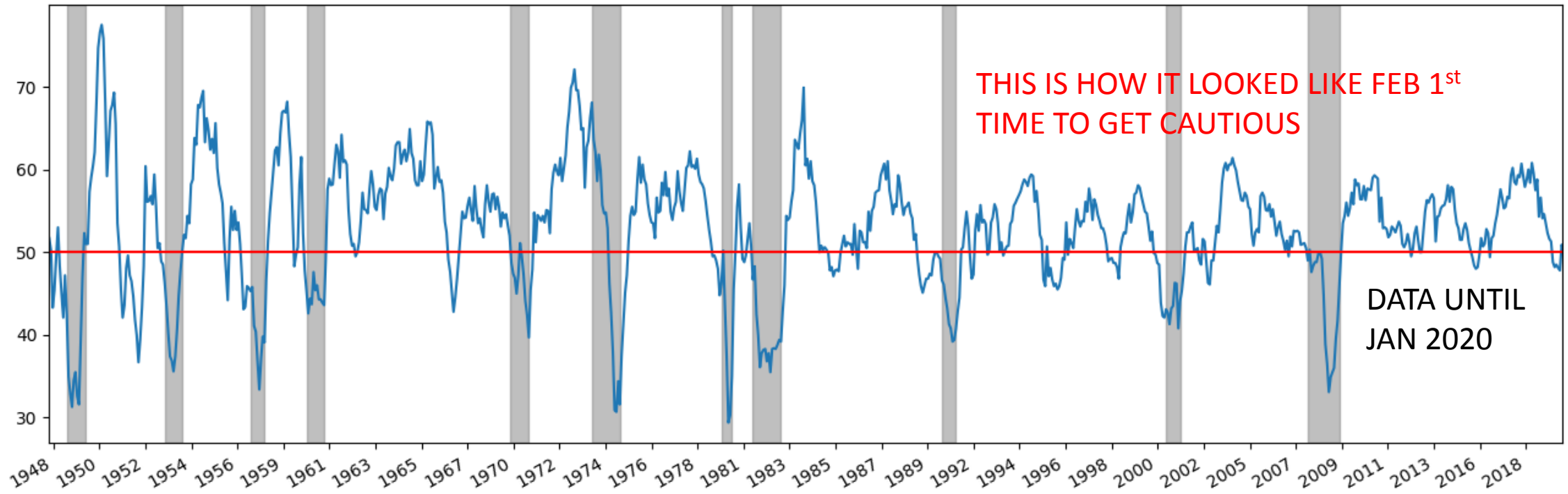
https://www.quandl.com/data/ISM/MAN_PMI-PMI-Composite-Index

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Data source:

https://www.quandl.com/data/ISM/MAN_PMI-PMI-Composite-Index

Templeton Cycle – Emotions in the Market

- Are the news good or bad?
- How many “newcomers” in the markets?
- Does the taxi driver talk about stock?

Picture of Templeton Cycle removed

one example could be found here:

<https://www.outsiderclub.com/financial-quotes-are-the-worst/81808>

AAll Sentiment Survey

US Investor Sentiment, % Bull-Bear Spread: -7.55% for Wk of Aug 27 2020 [Add to Watchlists](#) [Create an Alert](#)

Overview **Interactive Chart**

US Investor Sentiment, % Bull-Bear Spread is at -7.55%, compared to -12.01% last week and -13.08% last year. This is lower than the long term average of 7.35%.

Category: [Sentiment Surveys](#)

Region: [United States](#)

Report: [AAll Sentiment Survey](#)

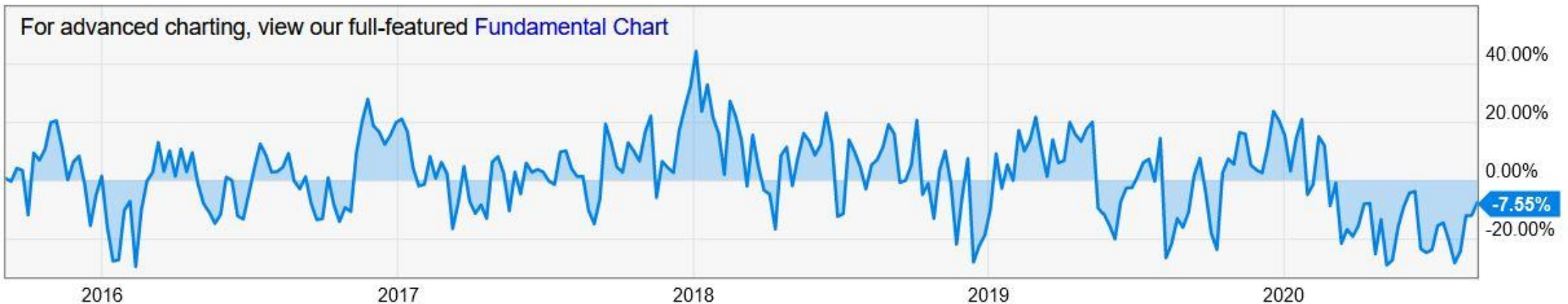
Source: [The American Association of Individual Investors](#)

Chart

[View Full Chart](#)

5d 1m 3m 6m YTD 1y 5y 10y Max

[Export Data](#) [Save Image](#) [Print Image](#)



https://ycharts.com/indicators/reports/aaii_sentiment_survey

AAll Sentiment Survey

US Investor Sentiment, % Bullish: **32.08% for Wk of Aug 27 2020**

[Add to Watchlists](#)

[Create an Alert](#)

Overview

Interactive Chart

US Investor Sentiment, % Bullish is at 32.08%, compared to 30.39% last week and 26.64% last year. This is lower than the long term average of 37.94%.

US Investor Sentiment, % Bullish is an indicator that is a part of the AAll Sentiment Survey. It indicates the percentage of investors surveyed that had a bullish outlook on the market. An investor that is bullish, will primarily think that the market will head higher in the next six months. One of the highs of the bullish survey was in 2000 during the technology boom. This sentiment indicator reached 75% during that time frame.

Category: [Sentiment Surveys](#)

Region: [United States](#)

Report: [AAll Sentiment Survey](#)

Source: [The American Association of Individual Investors](#)

Chart

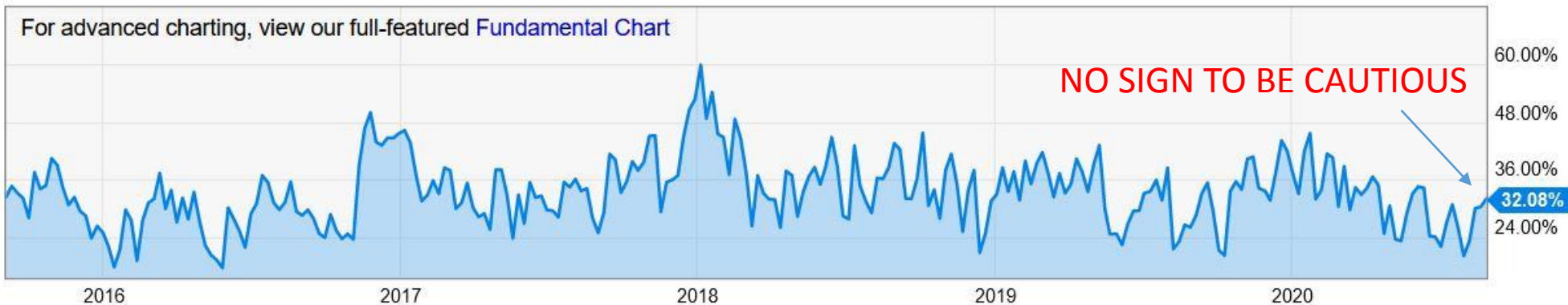
[View Full Chart](#)

5d 1m 3m 6m YTD 1y 5y 10y Max

Export Data

Save Image

Print Image



https://ycharts.com/indicators/us_investor_sentiment_bullish

AAll Sentiment Survey

US Investor Sentiment, % Bearish: 39.62% for Wk of Aug 27 2020

[Add to Watchlists](#)

[Create an Alert](#)

Overview

Interactive Chart

US Investor Sentiment, % Bearish is at 39.62%, compared to 42.40% last week and 39.72% last year. This is higher than the long term average of 30.58%.

Category: [Sentiment Surveys](#)

Region: [United States](#)

Report: [AAll Sentiment Survey](#)

Source: [The American Association of Individual Investors](#)

Chart

[View Full Chart](#)

5d 1m 3m 6m YTD 1y 5y 10y Max

Export Data Save Image Print Image

For advanced charting, view our full-featured [Fundamental Chart](#)



https://ycharts.com/indicators/us_investor_sentiment_bearish

Fear & Greed Index

What emotion is driving the market now?



Now:
Extreme
Greed

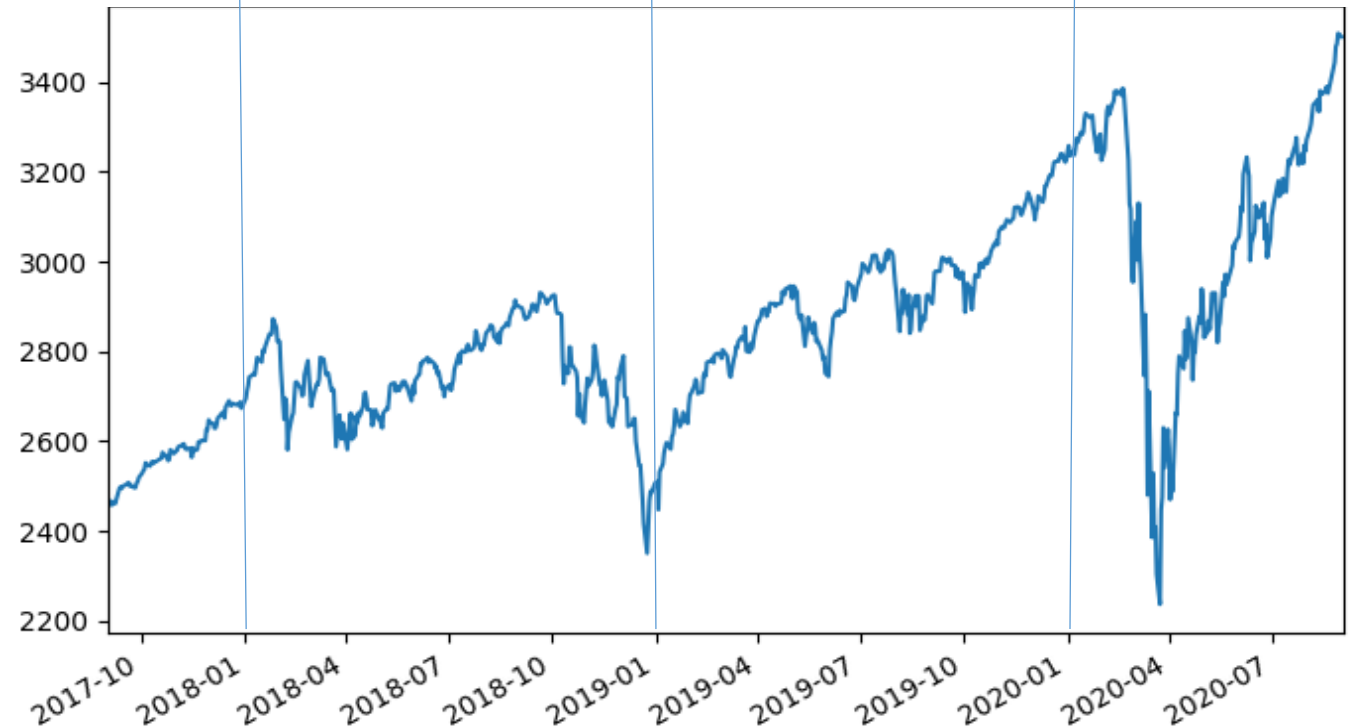
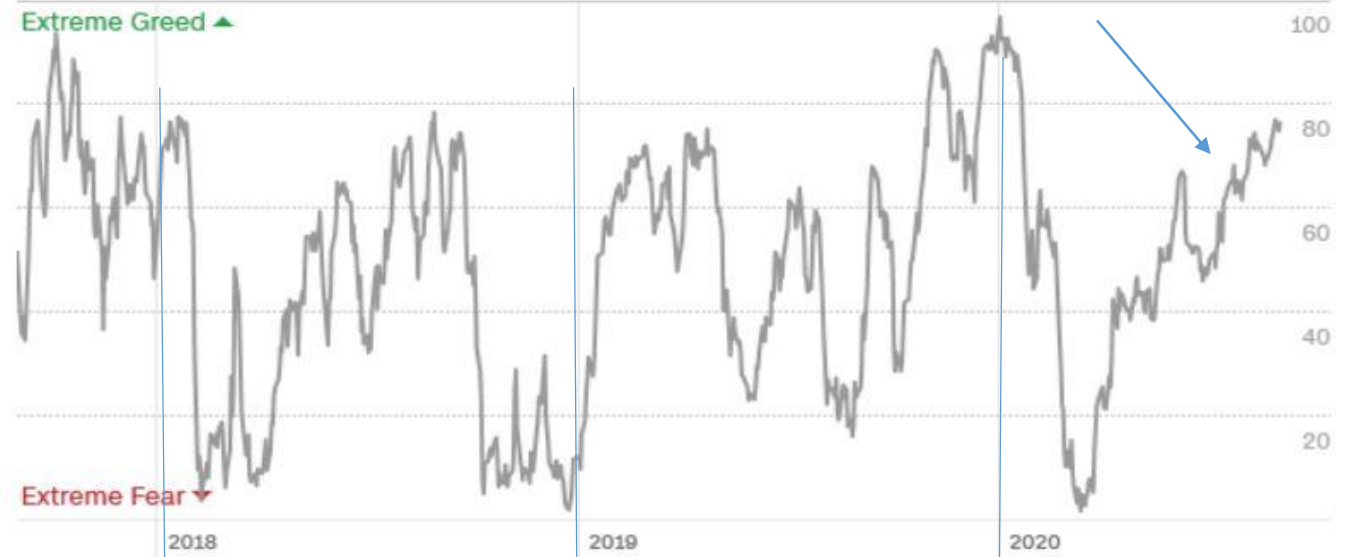
Previous Close	75
Extreme Greed	
1 Week Ago	73
Greed	
1 Month Ago	65
Greed	
1 Year Ago	23
Extreme Fear	

Last updated Sep 1 at 6:30pm

Source: <https://money.cnn.com/data/fear-and-greed/>

Fear & Greed Over Time

TIME TO GET CAUTIOUS



Fear & Greed Index

What emotion is driving the market now?



Previous Close	67
1 Week Ago	59
1 Month Ago	52
1 Year Ago	7

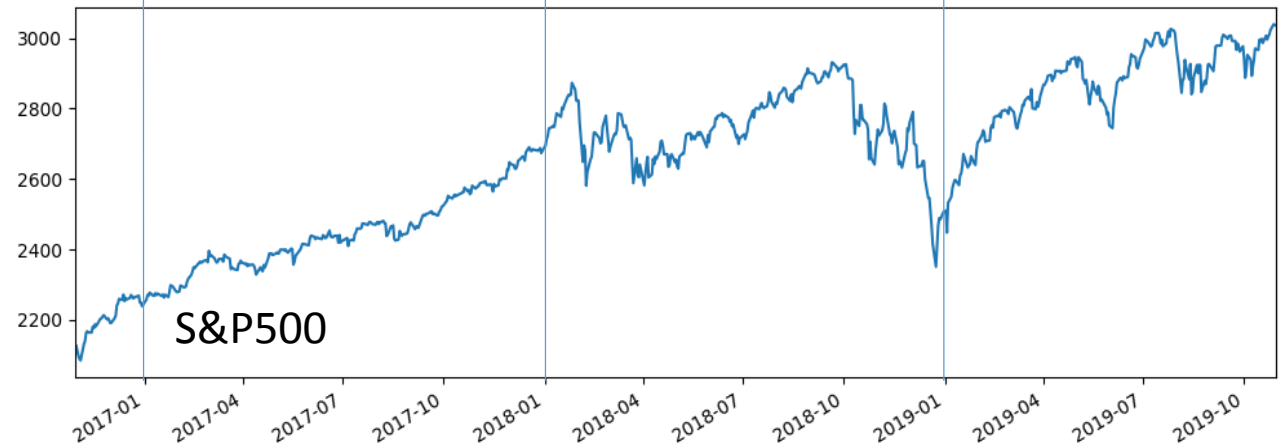
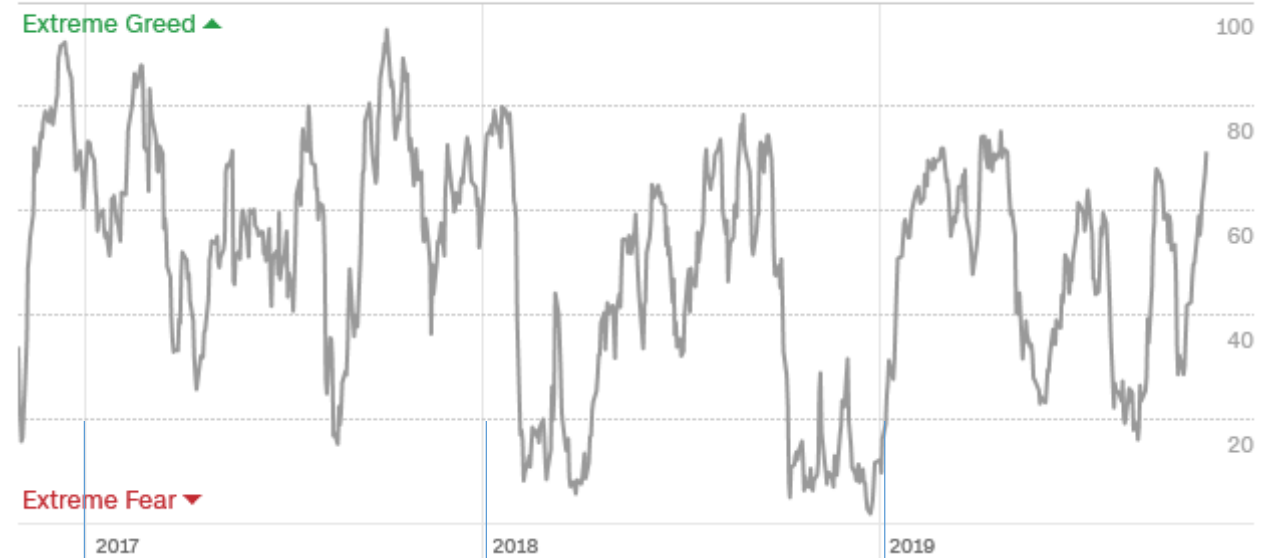
Last updated Oct 29 at 6:30pm

Source: <https://money.cnn.com/data/fear-and-greed/>

7 indicators for calculation:

- Stock Price Momentum:** The S&P 500 ([SPX](#)) versus its 125-day moving average
- Stock Price Strength:** The number of stocks hitting 52-week highs and lows on the New York Stock Exchange
- Stock Price Breadth:** The volume of shares trading in stocks on the rise versus those declining.
- Put and Call Options:** The put/call ratio, which compares the trading volume of bullish call options relative to the trading volume of bearish put options
- Junk Bond Demand:** The spread between yields on investment grade bonds and junk bonds
- Market Volatility:** The VIX ([VIX](#)), which measures volatility
- Safe Haven Demand:** The difference in returns for stocks versus Treasuries

Fear & Greed Over Time



Gamblers - Sign of Euphoria?

Robintrack chart with Robinhood users
buying the stock is removed

You can find it here:

<https://www.investopedia.com/program-mer-who-built-robintrack-5025228>

or directly on robintrack.net
with the ticker symbol „HTZ“



Kodak



Nikola



Asset Allocation

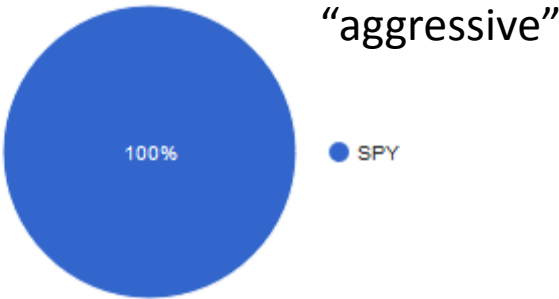
www.portfoliovisualizer.com

Portfolio Allocations

Portfolio 1

Ticker	Name	Allocation
SPY	SPDR S&P 500 ETF	100.00%

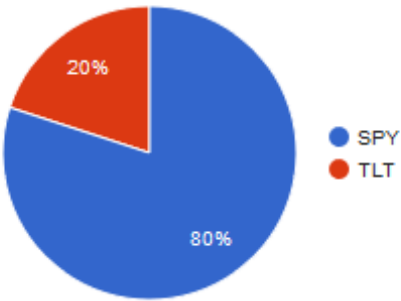
[Save portfolio »](#)



Portfolio 2

Ticker	Name	Allocation
SPY	SPDR S&P 500 ETF	80.00%
TLT	iShares 20+ Year Treasury Bond ETF	20.00%

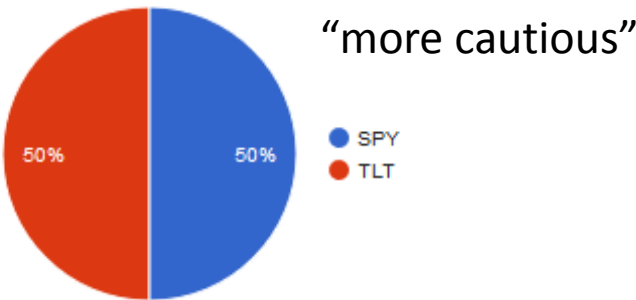
[Save portfolio »](#)



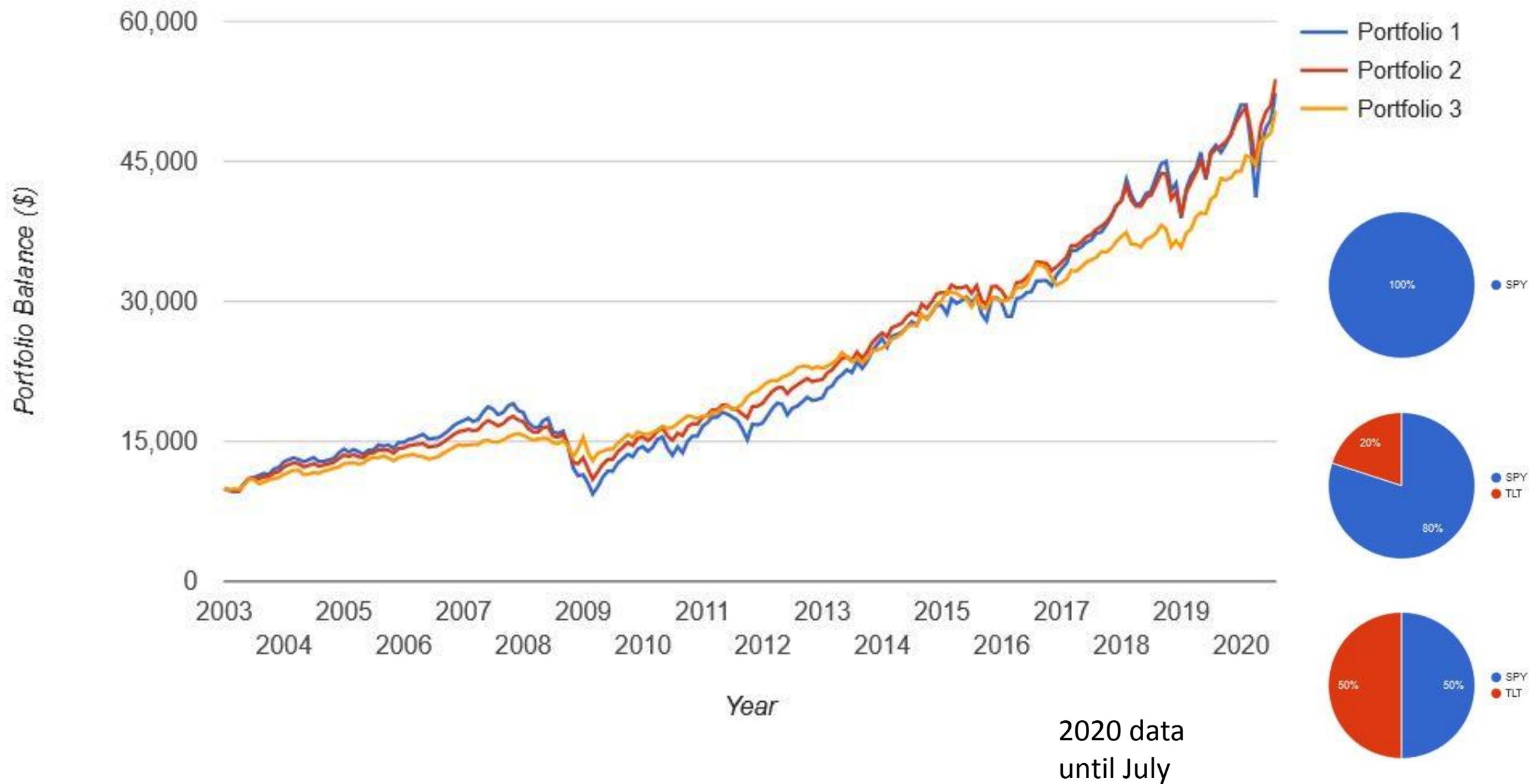
Portfolio 3

Ticker	Name	Allocation
SPY	SPDR S&P 500 ETF	50.00%
TLT	iShares 20+ Year Treasury Bond ETF	50.00%

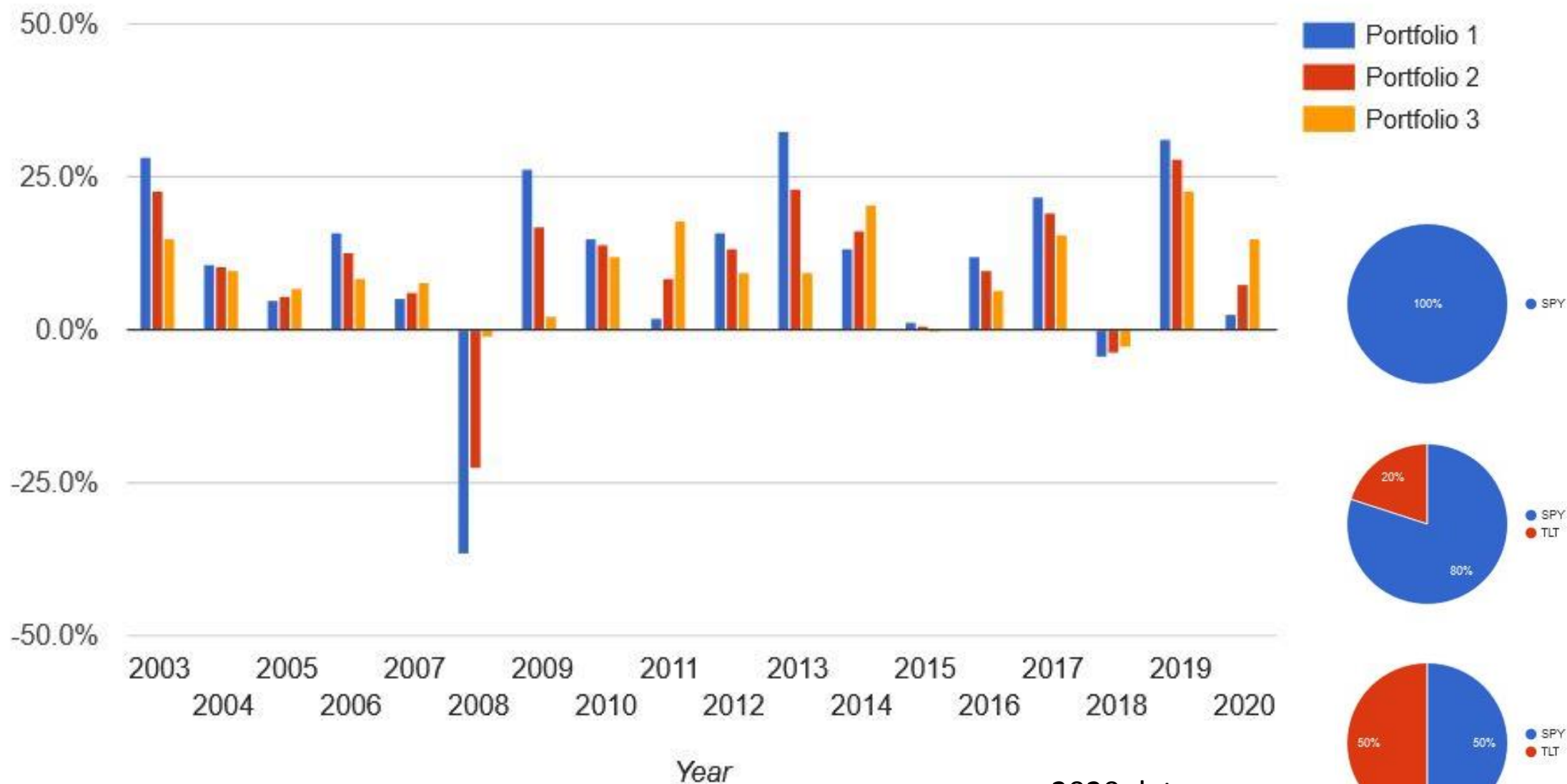
[Save portfolio »](#)



Portfolio Growth



Annual Returns



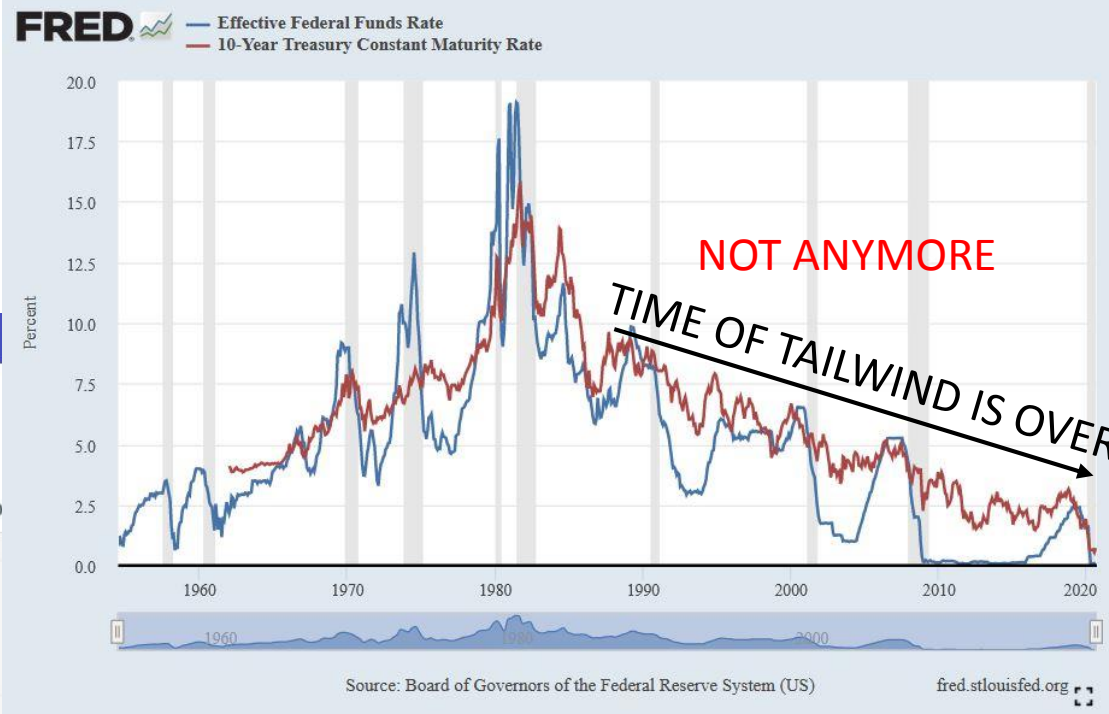
What to invest in?

- Bonds?



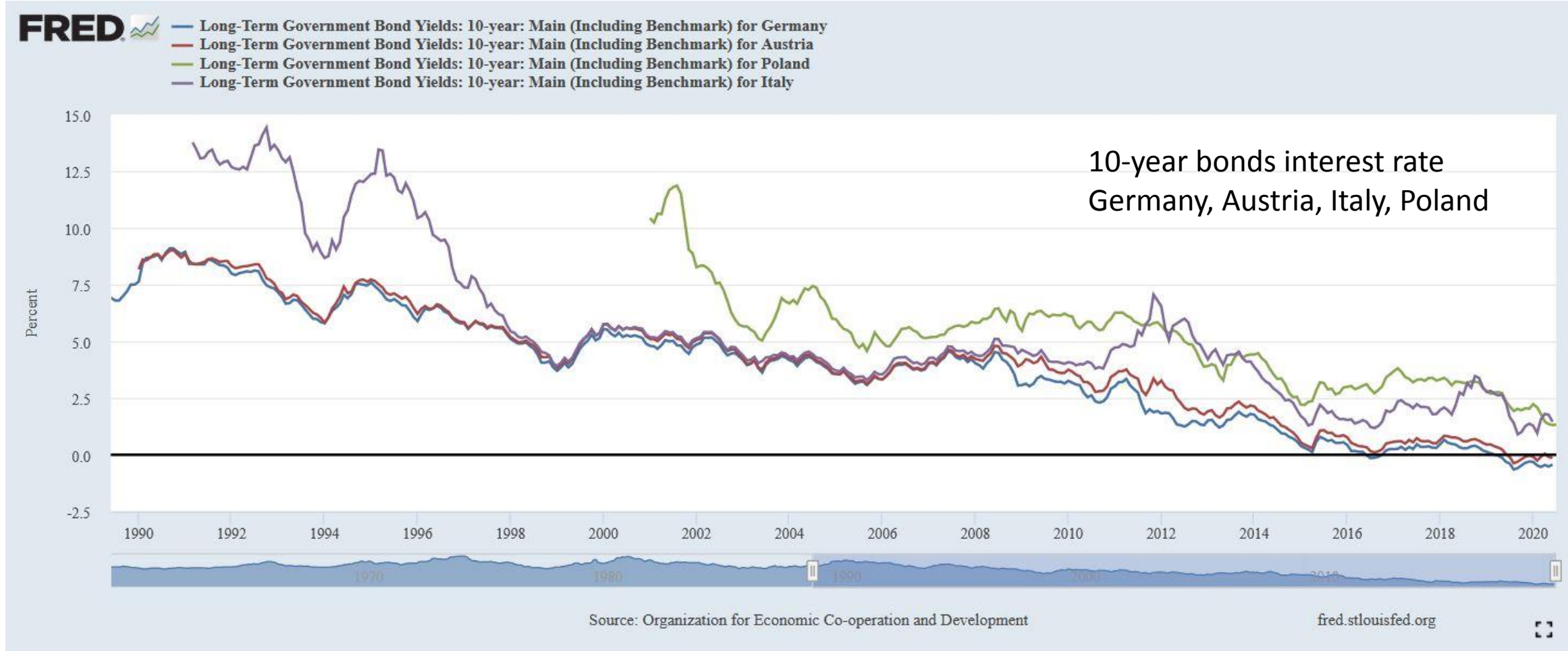
What to invest in?

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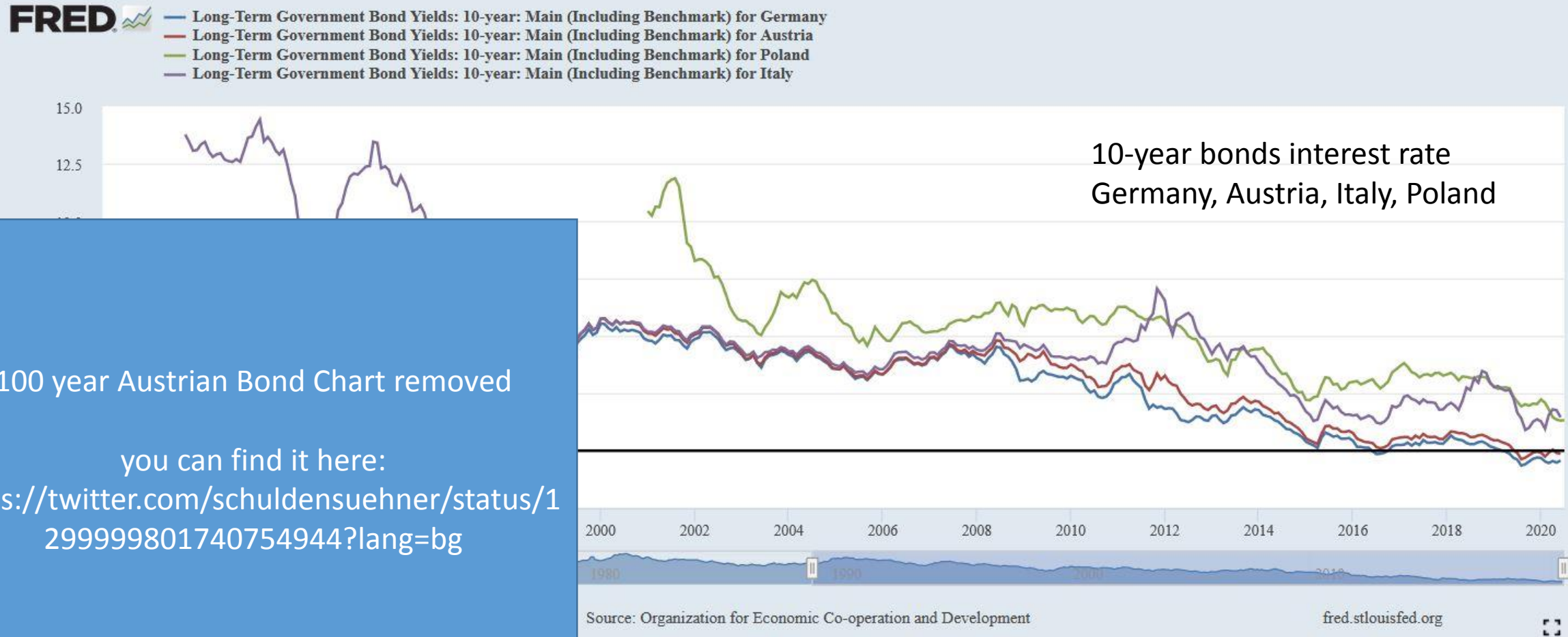
What to invest in?

- Bonds?



What to invest in?

- Bonds?



What to invest in?

- TIPS? (Treasury Inflation-Protected Securities)

THEY WILL DO WELL IN WORLD OF HIGH INFLATION



What to invest in?

- Real Estate?

- Apartment
- Real Estate Investment Trust (REIT)

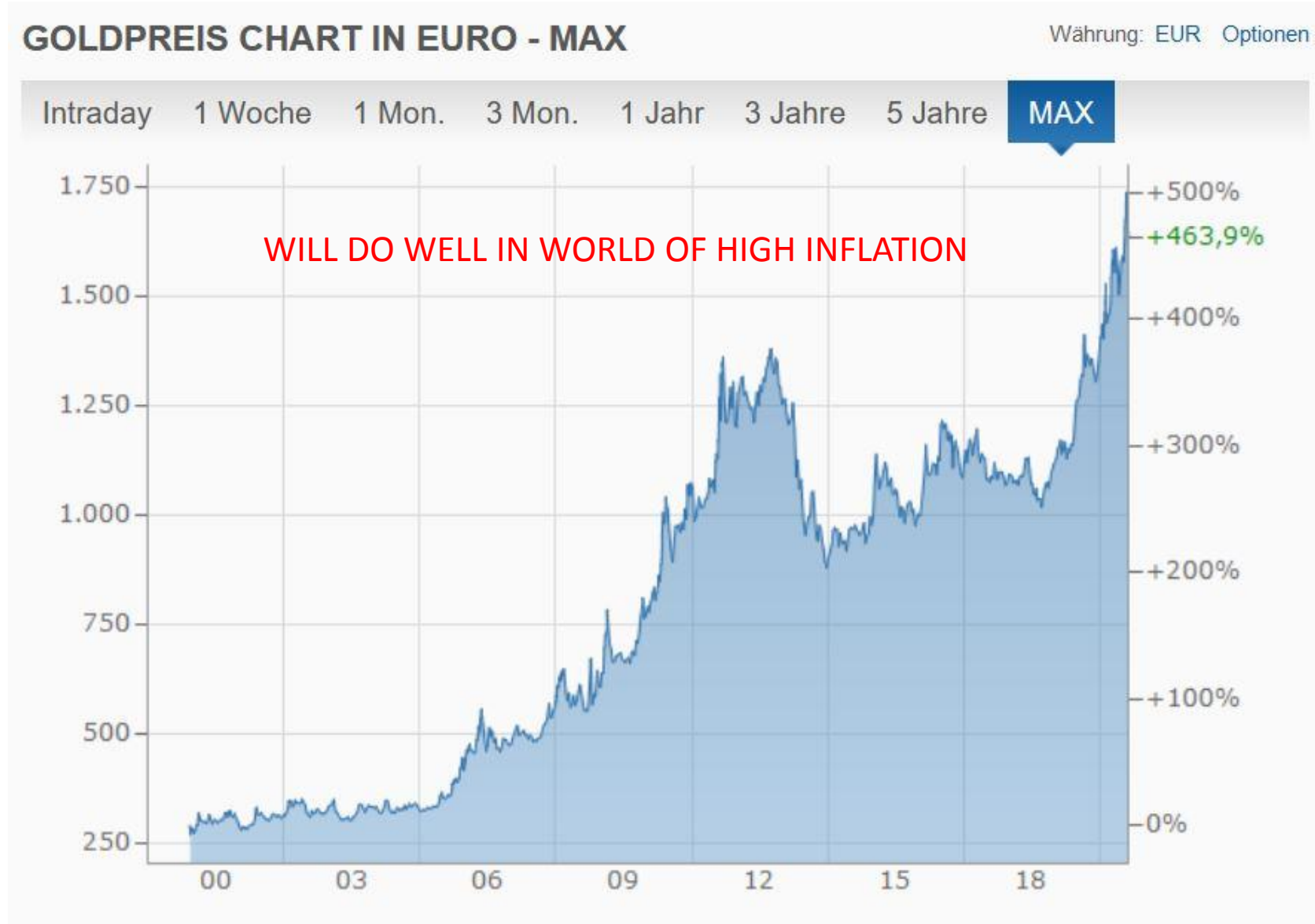
LEVERAGE AND FIXED MORTGAGE
INTEREST -> GOOD DEAL IN
INFLATIONARY ENVIRONMENT

Source: <https://www.ubs.com/content/dam/static/emailer/2019/sept/BR-108576/global-real-estate-bubble-index-2019-global-version.pdf>

What to invest in?

- Gold?

- Physical (Coins)
- ETF
- Goldminer



Source: <https://www.finanzen.net/rohstoffe/goldpreis>

What to invest in?

- Commodities?
 - ETCs/ETFs (short term)
 - Copper
 - Iron Ore
 - Crude Oil
 - Cotton
 - Producer Stocks (long term)

Copper Price Chart removed

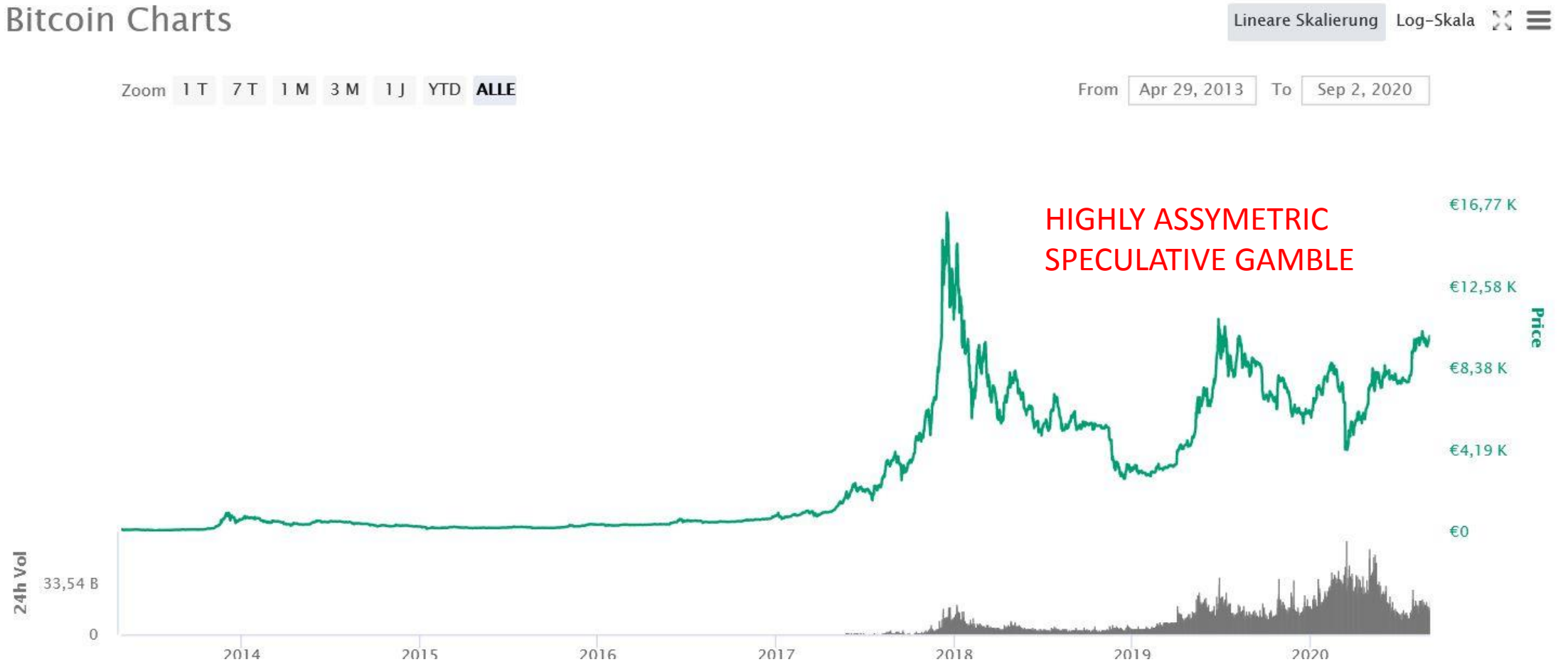
You can find it here:

<https://tradingeconomics.com/commodity/copper>

What to invest in?

- Cryptocurrencies?

Bitcoin Charts



coinmarketcap.com

What to invest in?

- Stocks?
 - Passive in ETFs (Indexing)
 - Active Funds
 - Stock Picking

What to invest in?

- Stocks?

Principles

1. Meaning – Am I interested in the company?
2. Management – Do they have integrity? Are their interests aligned with the shareholders interests?
3. Moat – Does the company have a durable competitive advantage?
4. Margin of Safety – Is the price right?

What to invest in?

- Stocks?

Principles

1. Meaning – Am I interested in the company?
2. Management – Do they have integrity? Are their interests aligned with the shareholders interests?
3. Moat – Does the company have a durable competitive advantage?
4. Margin of Safety – Is the price right?

Which companies?

- Disruptive companies and companies able to create new markets will thrive in the future
- Strong Balance Sheets (low debt level)
- Strong Cash Flows
- Growth

or

- Undervalued companies (value investing)

Innovation Platforms of the Past and Future
Page 6 in:

https://canadiansta.starchapter.com/images/other/ARK_Invest_053119_Presentation_Foreword-Keynote__2_.pdf

Asset Allocation

Mixed portfolio to manage risk

- xx% Stocks
- xx% Bonds and TIPS
- xx% Commodities
- xx% Real Estate
- xx% Gold
- xx% Cash
- xx% Cryptocurrencies

Asset Class Behaviours in Different Inflation and Growth Environments removed.

You can find it here:

<https://www.bnnbloomberg.ca/mike-philbrick-s-top-picks-march-25-2020-1.1412229>

Literature on Investing in Innovation and Growth

- Peter Lynch – One up on Wall Street
- Jim McKelvey – The Innovation Stack
- Steven Kotler, Peter Diamandis – The Future Is Faster Than You Think
- Peter Thiel – Zero to One
- Christoph W. Mayer – 100 Baggers
- Phil Fisher – Common Stocks and Uncommon Profits

- <https://ark-invest.com/>

Further Investing Literature

- The Richest Man of Babylon – George Clason
- Rule #1 – Phil Town
- You Can Be a Stock Market Genius – Joel Greenblatt
- The Dhandho Investor – Mohnish Pabrai
- The Education of a Value Investor – Guy Spier
- Mastering the Market Cycle – Howard Marks
- Beat the Crowd – Ken Fisher
- The Intelligent Investor – Ben Graham
- The Snowball: Warren Buffett and the Business of Life – Alice Schroeder
- Skin in the Game – Nassim Nicholas Taleb
- Think and Grow Rich – Napoleon Hill
- Basic Economics – Thomas Sowell

Thank you!

Leading Economic Index (LEI)

LEI INDEX REMOVED

https://www.conference-board.org/pdf_free/press/US%20LEI%20PRESS%20RELEASE%20-%20OCTOBER%202019.pdf

The LEI can be broken down into 10 indicators that can be used to answer the following questions.

Are people needed to build things?

This indicator includes:

- Average weekly hours, manufacturing
- Average weekly initial claims for unemployment insurance

How much is being produced for consumers and businesses?

This indicator encompasses four components:

- Manufacturers' new orders for consumer goods and materials
- ISM Index of New Orders
- Manufacturers' new orders for nondefense capital goods, excluding aircraft orders
- Building permits for new private housing units

How are markets and people seeing the world?

Here, the components include:

- S&P 500
- Leading Credit Index
- Interest rate spread (10-year Treasury bonds less federal funds)
- Average consumer expectations for business conditions

Source: <https://blog.commonwealth.com/independent-market-observer/a-closer-look-at-the-conference-board-leading-economic-index>