5.18.25

Monday, May 19, 2025 7:34 PM

Key Data

- Moodys downgraded the USA credit from AAA - its off that rating now
- Moodys has not cut the US rating since 1917
- We will see by futures but the general vibe is that the moodys action is somewhat priced in. the US officially lost its perfect credit rating but most people were already aware of the path we were on
- The spending bill is other big news this week into the next 4 years
- Emerging markets & sell the rip. Those will be the big themes coming into the middle of the year
- Not much data wise this week so could be slow, watch for trade deal momentum and word on EU, otherwise be prepared for more stop and go, both in the short term & long term

Plays

- Crypto - plays into the deficit theme and you cant downgrade bitcoin…
- BABA/AAPL - washington is scrutinizing AAPL plan to strike AI deal with BABA
- ABNB - services is getting some traction, it will go crazy or die when the earnings hit but general perception towards ABNB is increasing

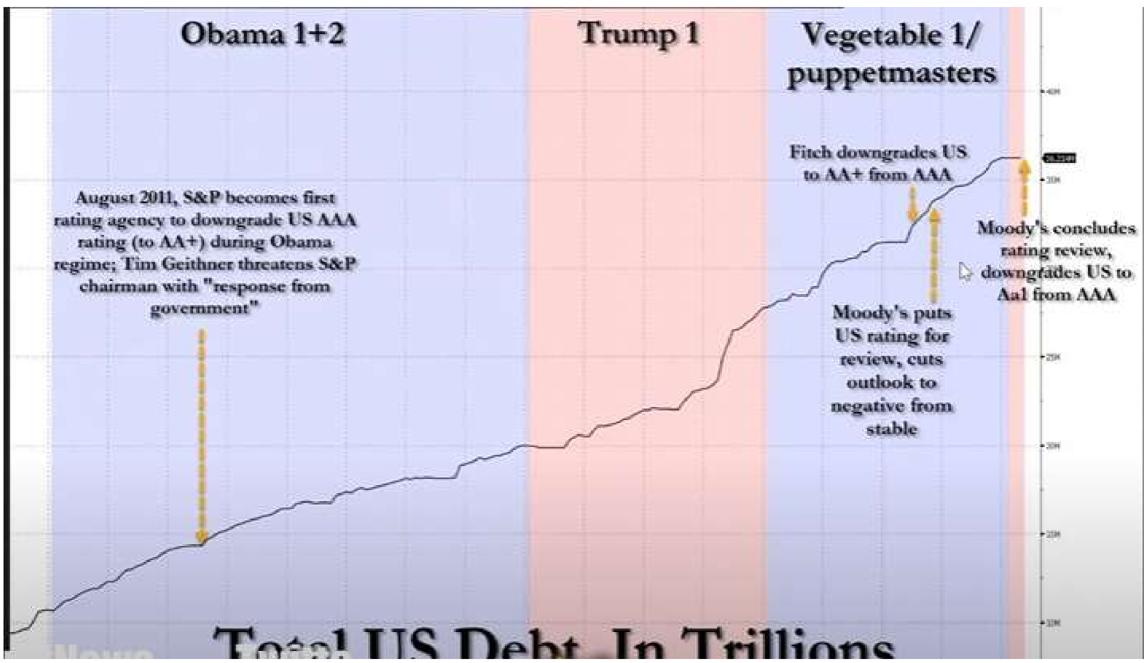
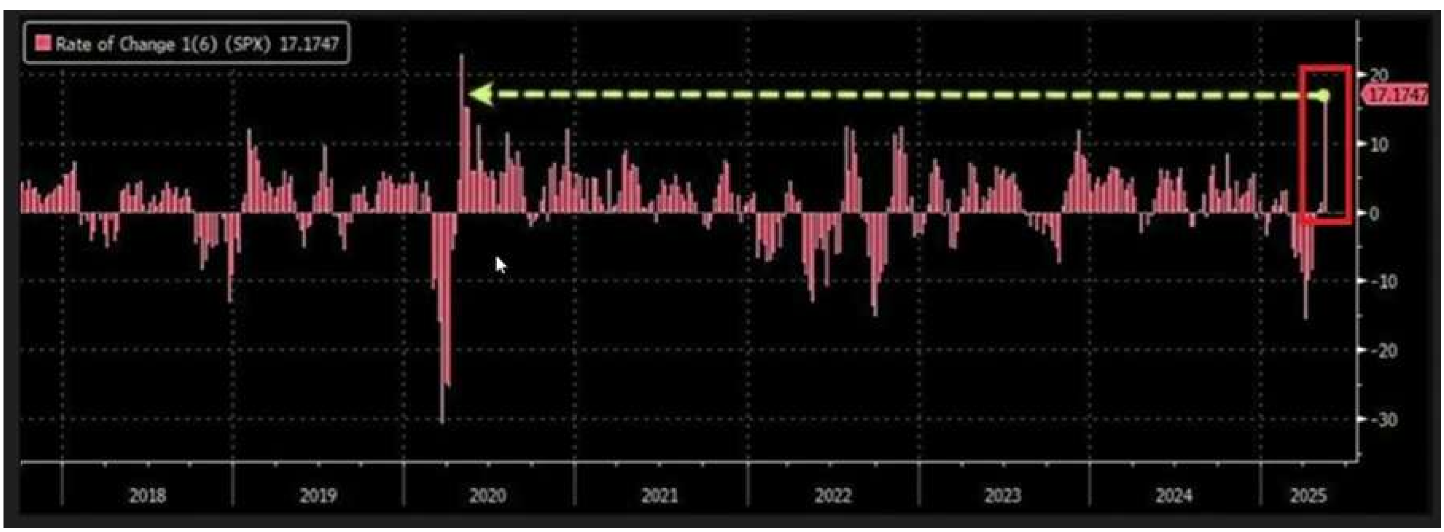
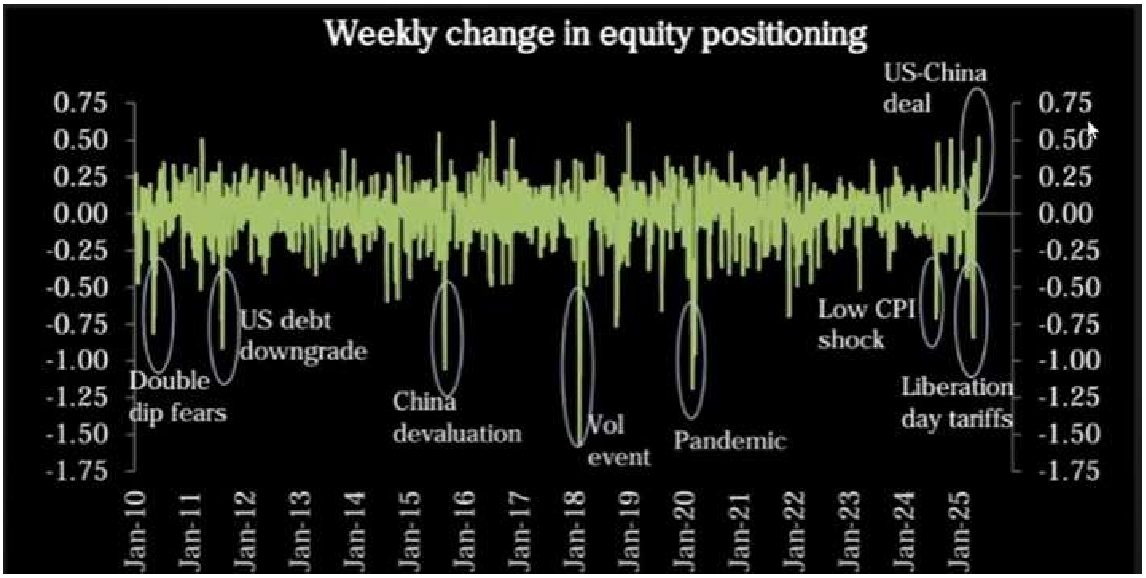
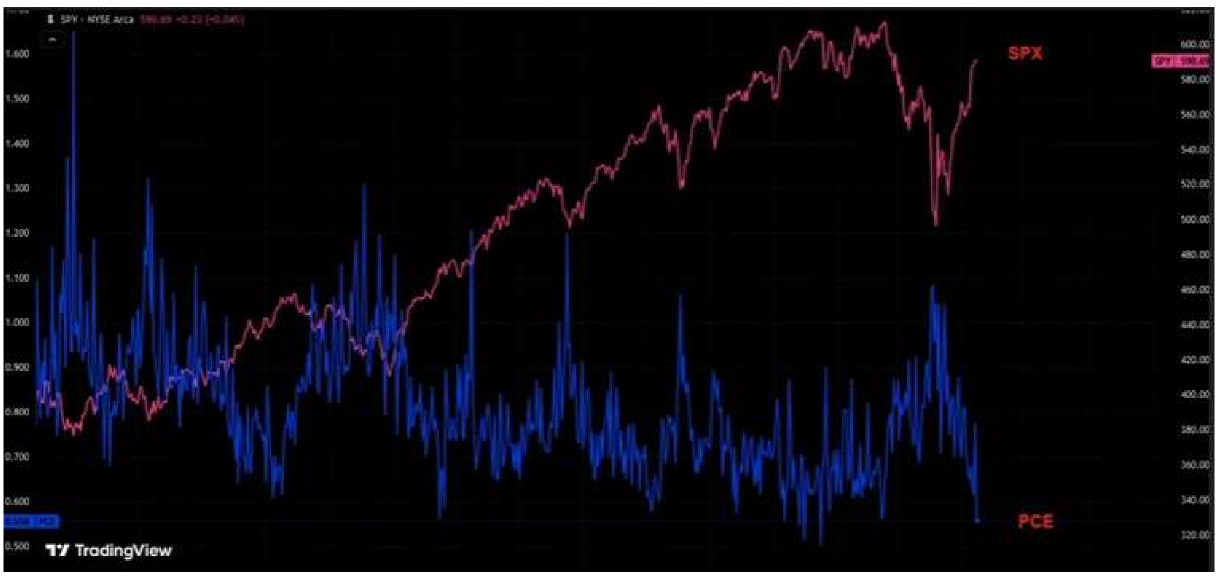


Table 5: Major Foreign Holders of Treasury Securities		
Holdings at end of time period		
Billions of dollars		
Link: https://ticdata.treasury.gov/resource-center/data-chart-center/tic/Documents/slt_table5.txt		
Country	2025-03	2025-02
Japan	1130.8	1125.9
United Kingdom	779.3	750.3
China, Mainland	765.4	784.3
Cayman Islands	455.3	417.8
Canada	426.2	406.1
Luxembourg	412.4	412.4
Belgium	402.1	394.7
France	363.1	354.0
Ireland	329.3	339.0
Switzerland	311.6	290.8



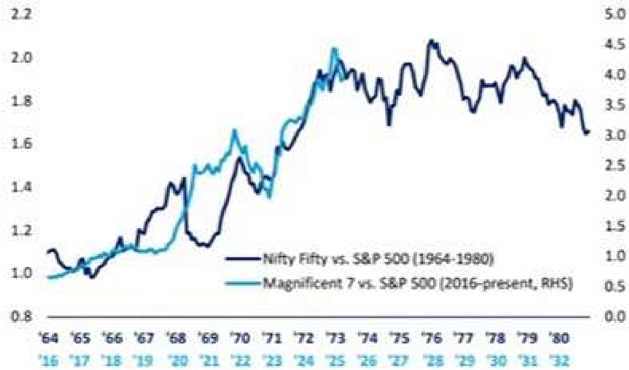




- Biotechs & medical could be a diamond in the rough

Chart 5: "Magnificent 7" mirroring "Nifty Fifty" performance

"Nifty Fifty" vs. S&P 500 & Magnificent 7 vs. S&P 500



Source: BofA Global Investment Strategy, GFD Finaeon, Bloomberg. "Nifty Fifty" data from BofA Research Investment Committee, The RIC Report: The Furious Fed and Five Lessons of the Nifty Fifty.