



# Blue Line Futures Macro Corner Regime Shift On Wall Street? Episode 23

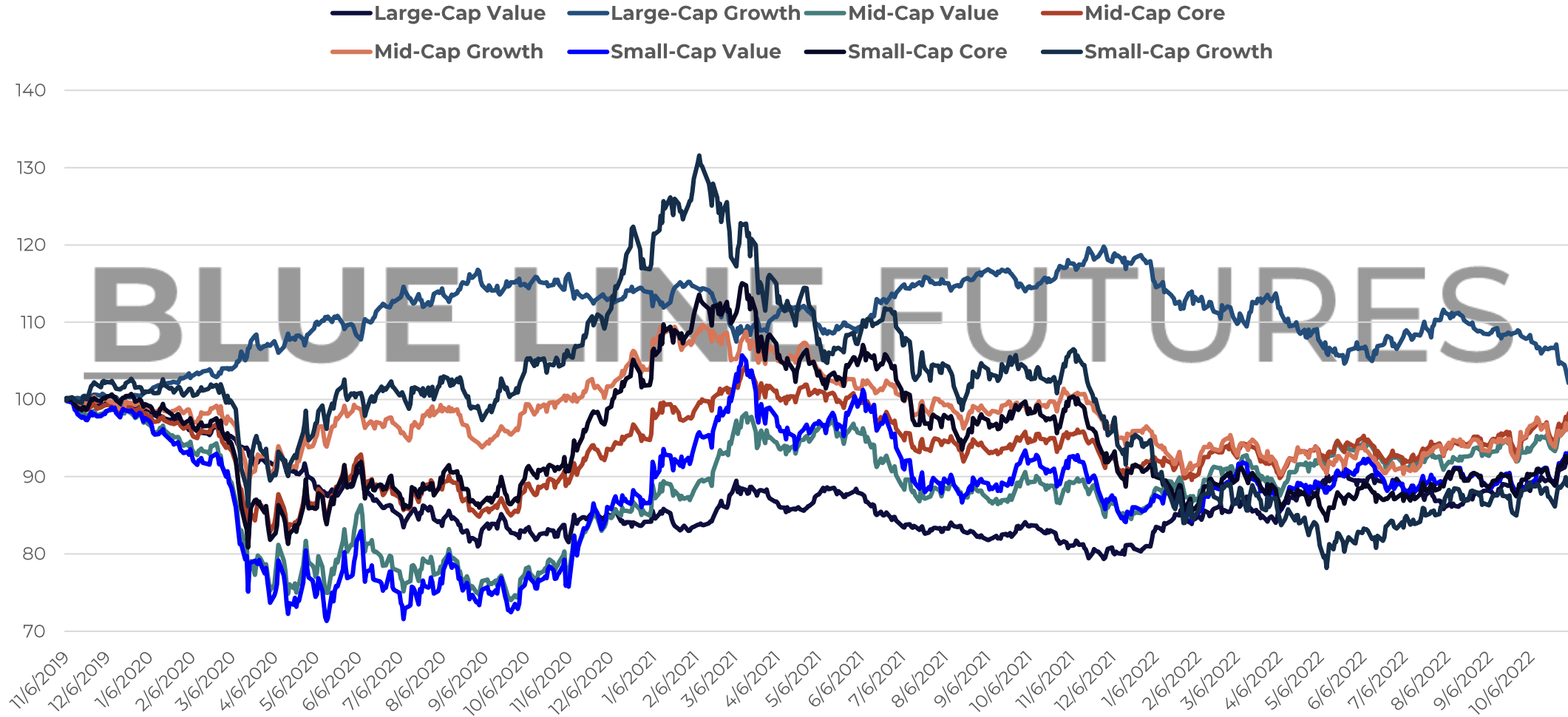
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Top Things to Watch 11/06/2022  
Macro Corner Episode 23

# Closing The Gap With Large-Cap Growth

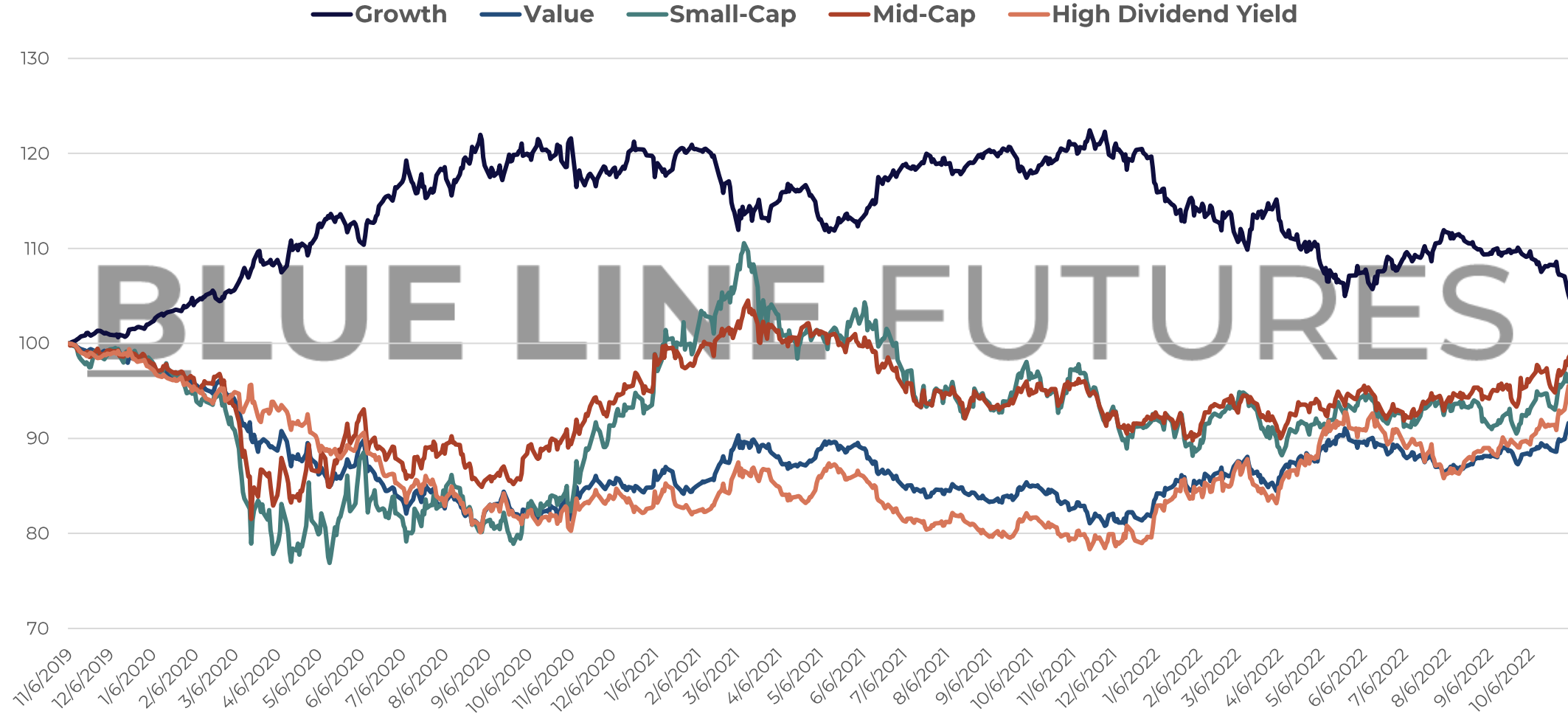
After significant outperformance, relative performance between large-cap growth and the rest of the market has started to close.



Sources: Blue Line Futures

# Growth Remains Vulnerable

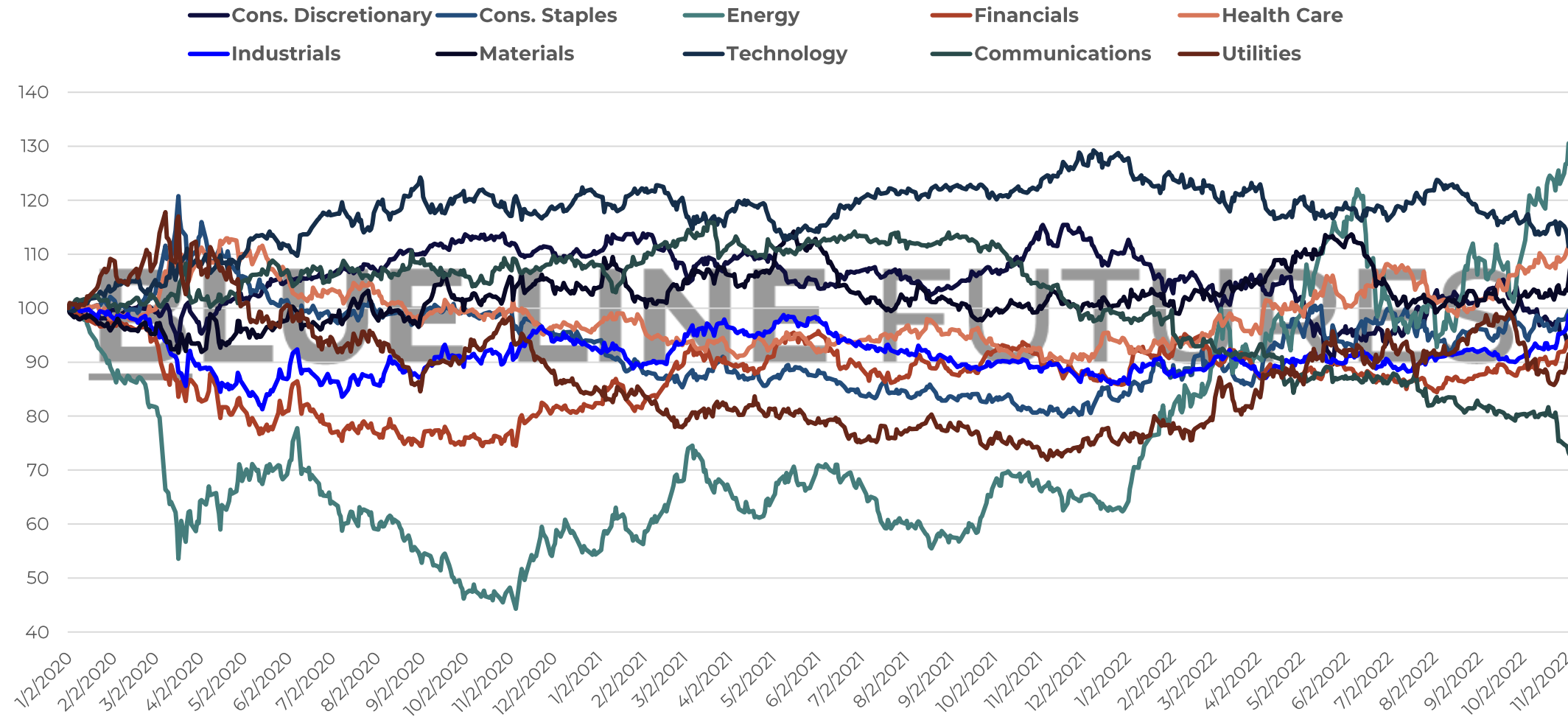
While investors pile into the safety-trade, including high-dividend yield stocks, growth names are increasingly worried about higher rates for longer.



Sources: Blue Line Futures

# Energy Significantly Outperforming

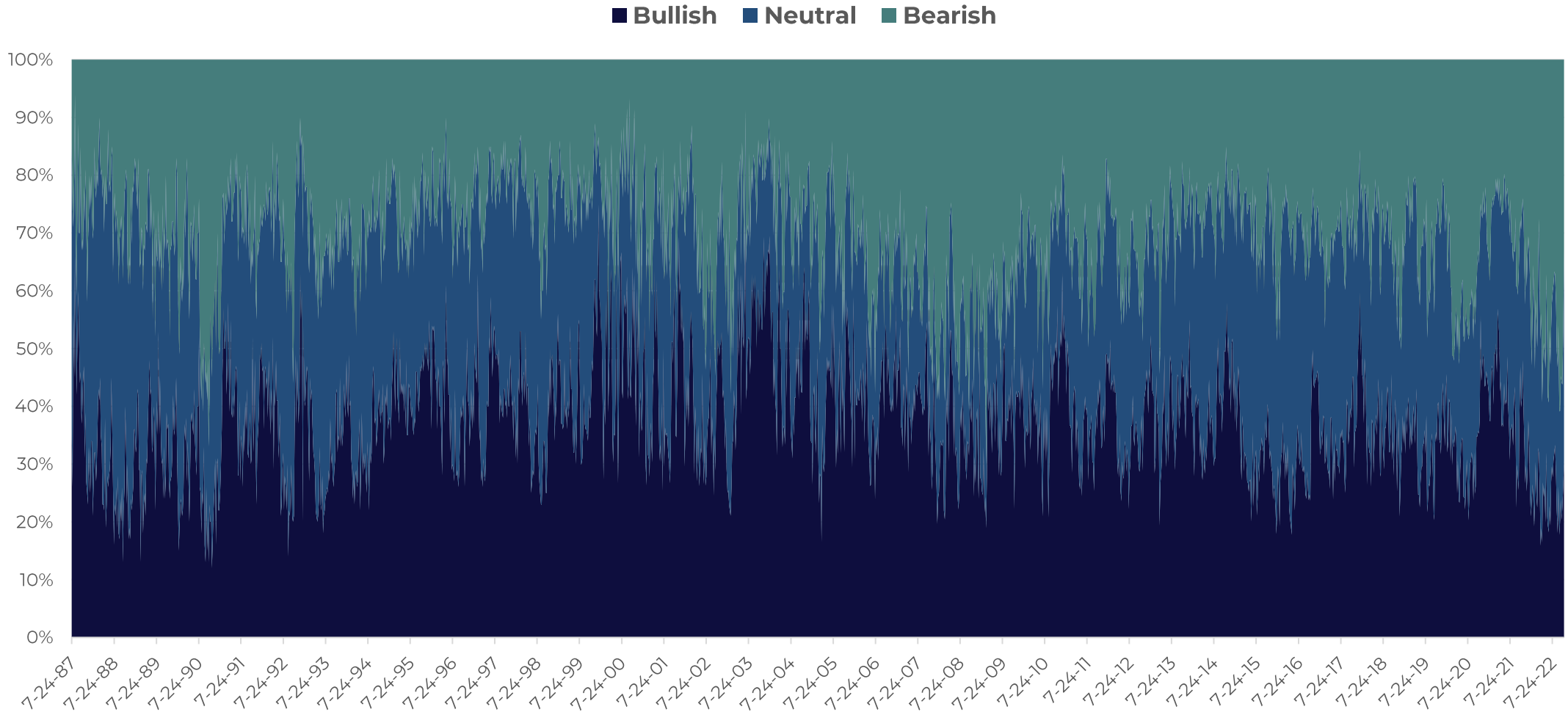
Some sectors of the economy look more recessionary than others. Energy, Industrials, health care, and materials have remained relatively strong throughout this sell-off.



Sources: Blue Line Futures

# Is Investor Sentiment Too Bearish?

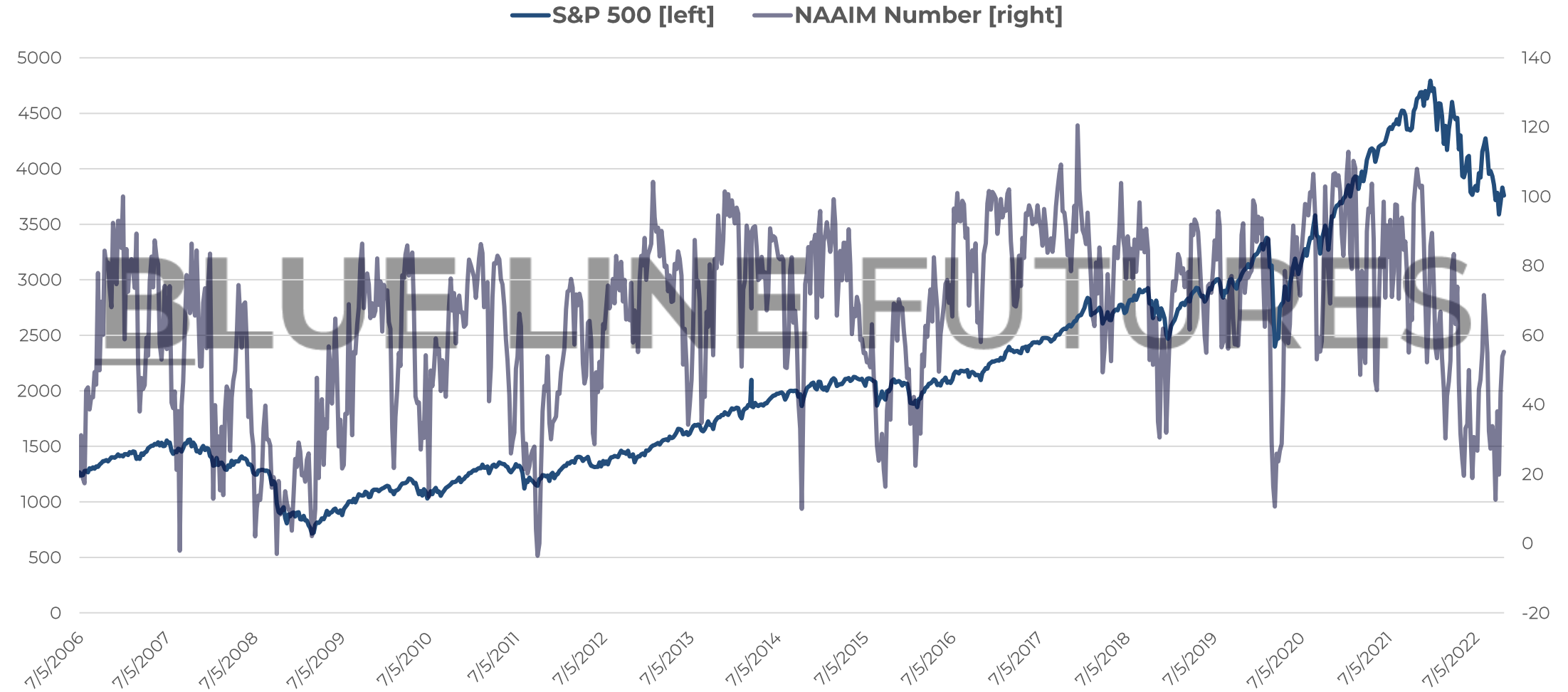
Retail investors have been rather bearish as cash as a % of aum has returned to historical averages (according to BofA data.)



Sources: AAI, Blue Line Futures

# Active Manager Exposure Off The Lows

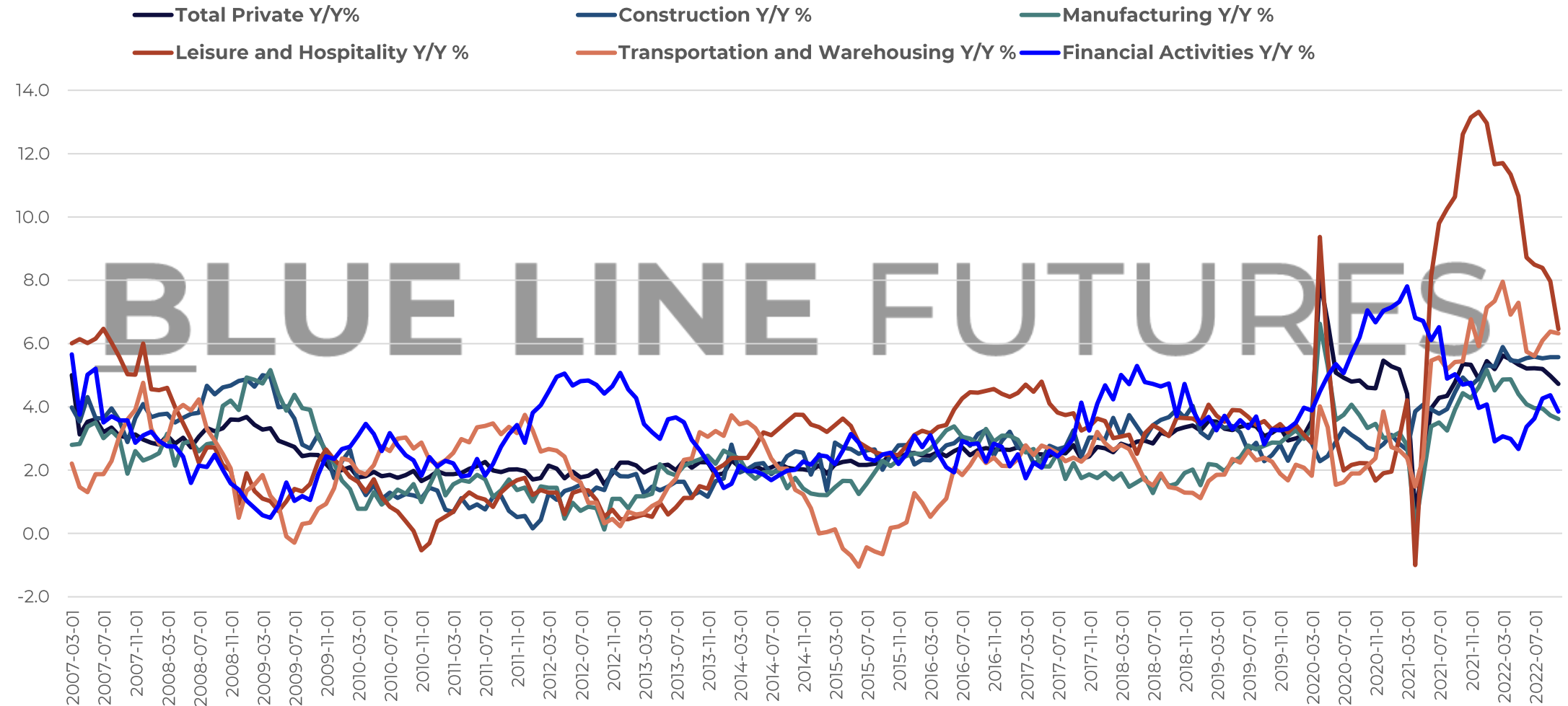
After the recent rally in risky assets, active manager exposure is off the lows, but not elevated in any shape or form.



Sources: NAAIM, Blue Line Futures

# Monitoring Wages As Labor Regains Ground

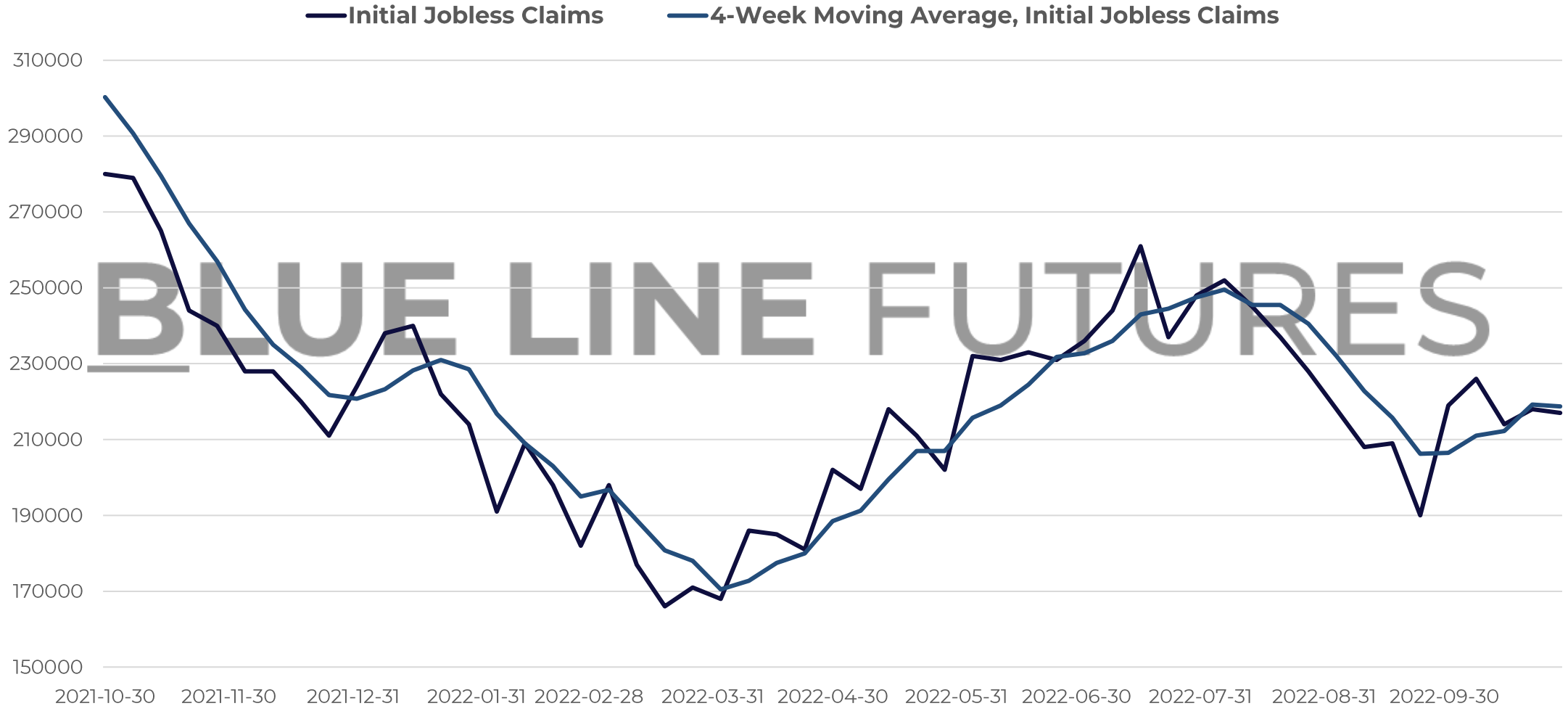
As labor regains some ground on capital, we continue to monitor wage pressures in the economy. While Jay Powell stated that we're not seeing a wage-price spiral, he made it clear that at the point at which the Fed sees a spiral, it is likely too late.



Sources: FRED, Blue Line Futures

# Jobless Claims Rock-Solid

While labor is a lagging indicator, we remain highly attentive to very solid jobless claims data. NSA numbers get us into the 180,000s, which means labor remains red hot.

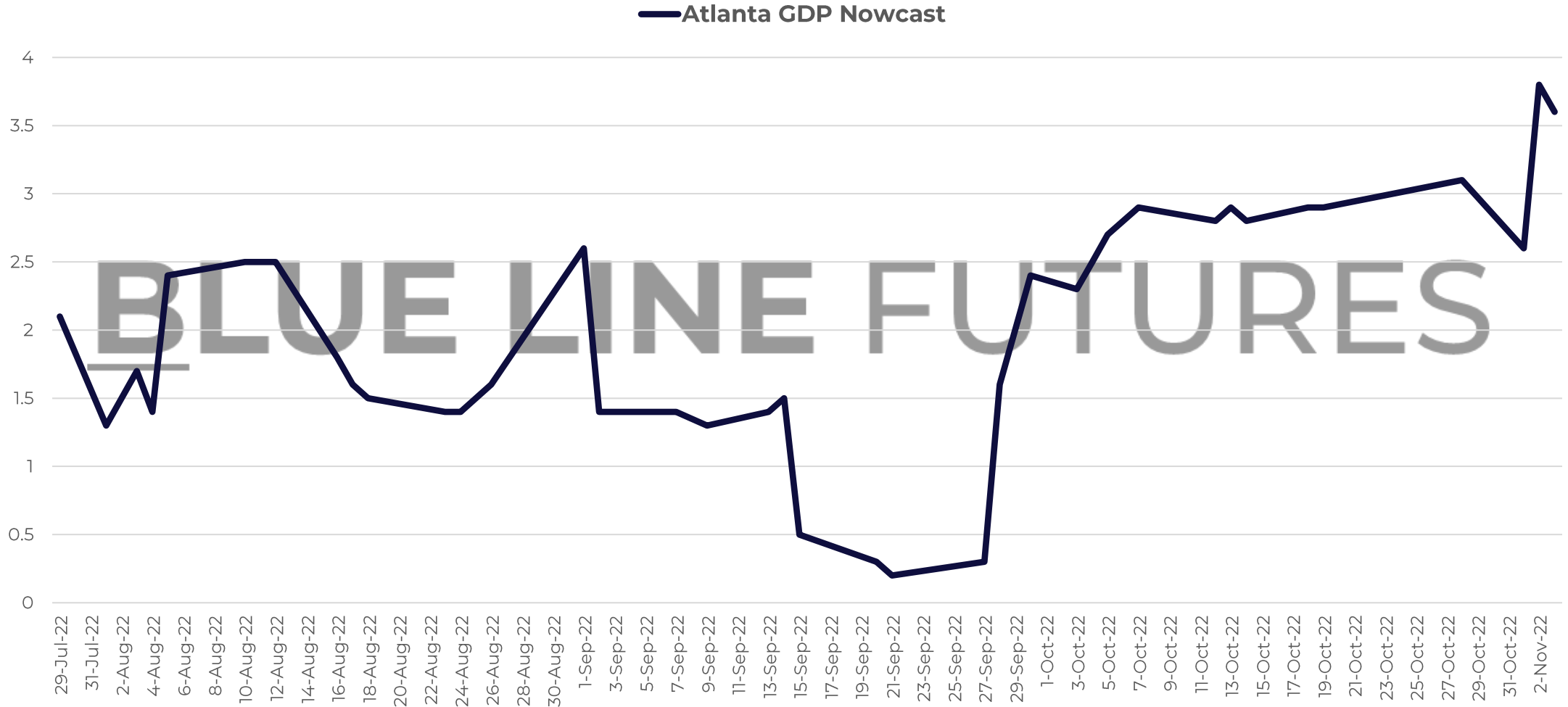


Sources: FRED, Blue Line Futures



# Elevated Economic Growth

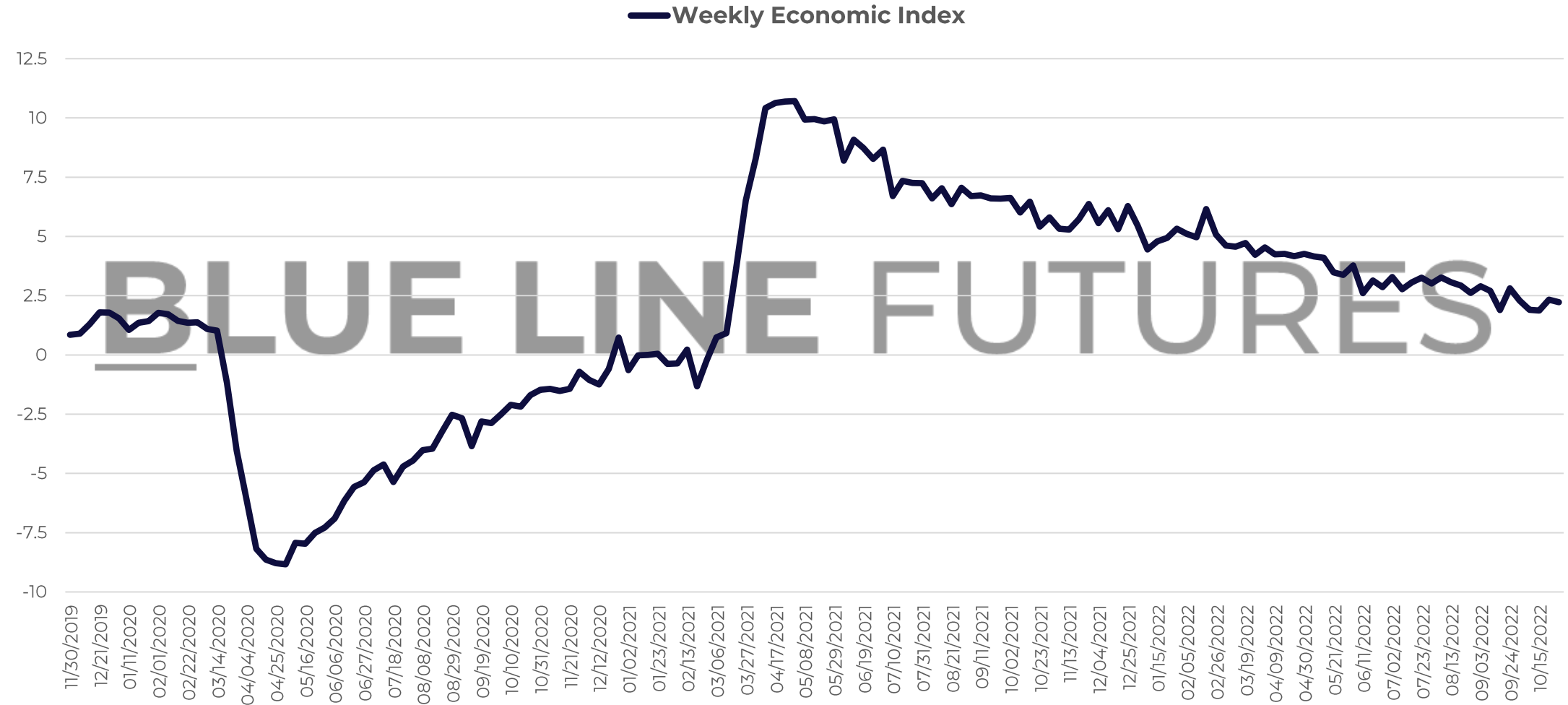
The economy is not yet showing signs of a slowdown. If the economy hangs in there, inflation stays relatively elevated, and the labor market remains tight, the Fed may have to keep rates higher for longer. That would mean a recalibration by portfolio managers much more broadly.



Sources: Chicago Fed, Blue Line Futures

# Economic Activity Above Pre-Covid Levels

Similar to Atlanta GDP Now, the New York Fed's Weekly Economic Index is showing little signs of a recession being imminent. Perhaps, higher rates for longer as the economy stays relatively buoyant with deleveraging along the way (is this a nominal growth story? We shall see.)



Sources: EIA, Blue Line Futures

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