

**KTS**  
CAPITAL  
MANAGEMENT



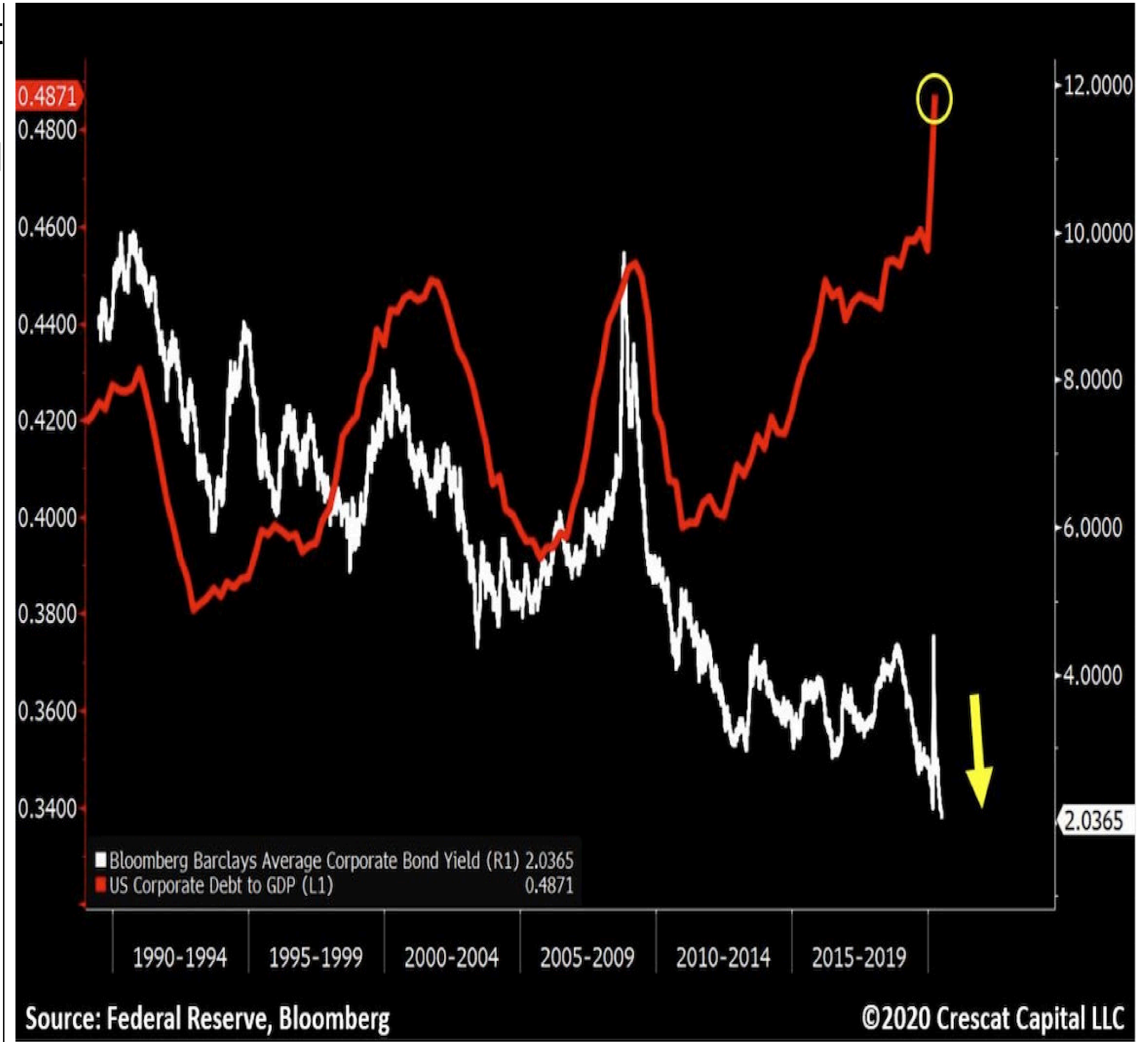
## Update COVID-19 - nr 13

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The 6<sup>th</sup> of July 2020

# FED hats created its own monster

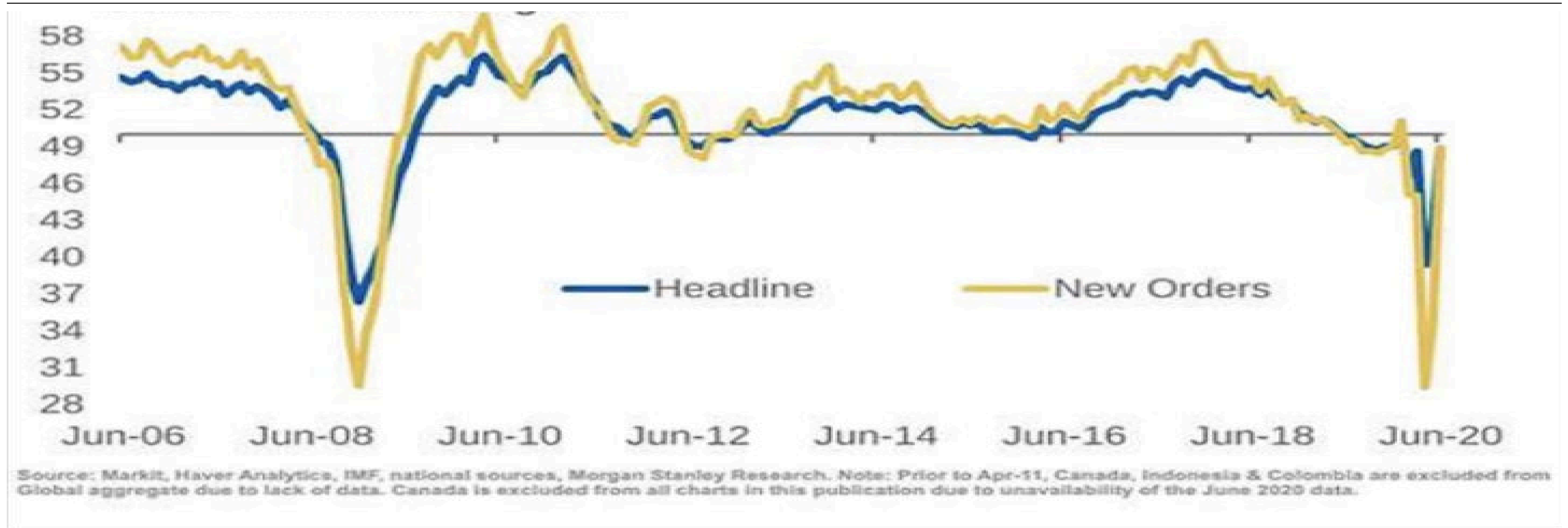
- Corporate bond yields are now at record lows even though debt levels have soared to new highs
- FED can not stop buying assets otherwise the whole system will collapse.
- (Source Crescat)



US Corporate Debt vs. Bond Yields

# Global Manufacturing: V shaped recovery in global economy

- Global manufacturing PMI in June rose to 48.9 and suggests a V-shaped recovery in global economy (Source: Morgan Stanley)
- Such optimism is also confirmed from the Citi Economic Surprise Index for the US, which just reached an all time high.

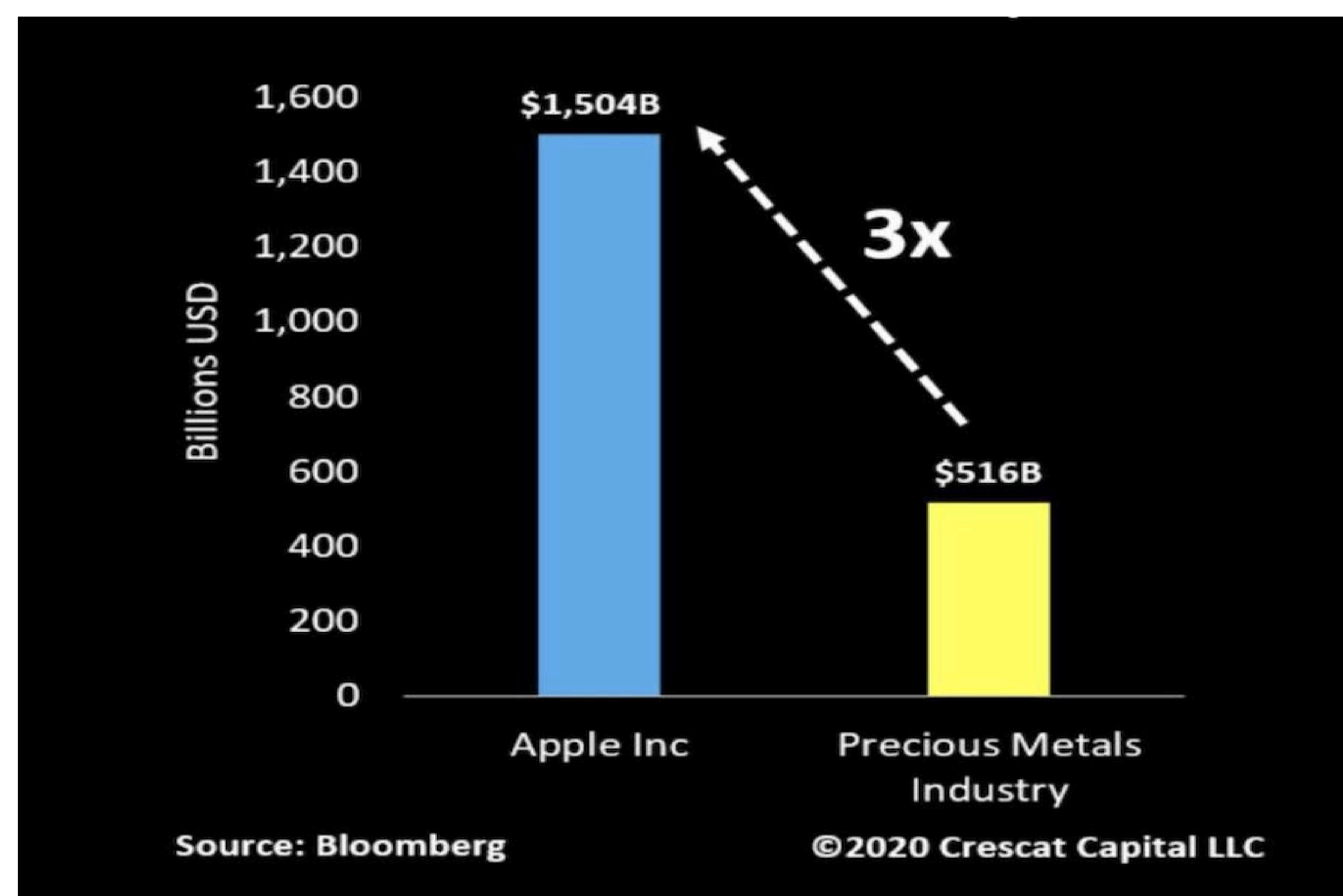


## Global Manufacturing PMI

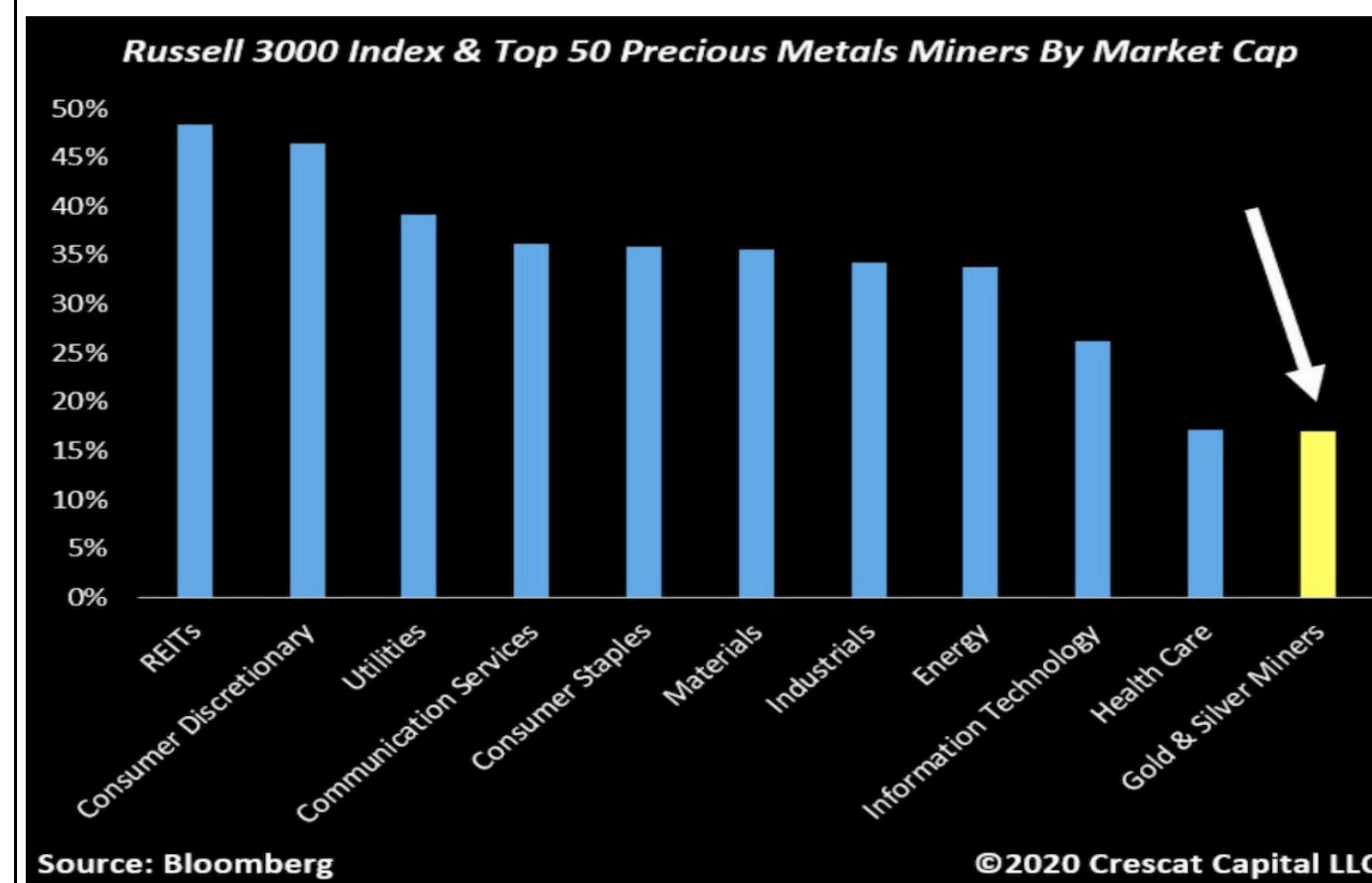


# Valuation Goldmines

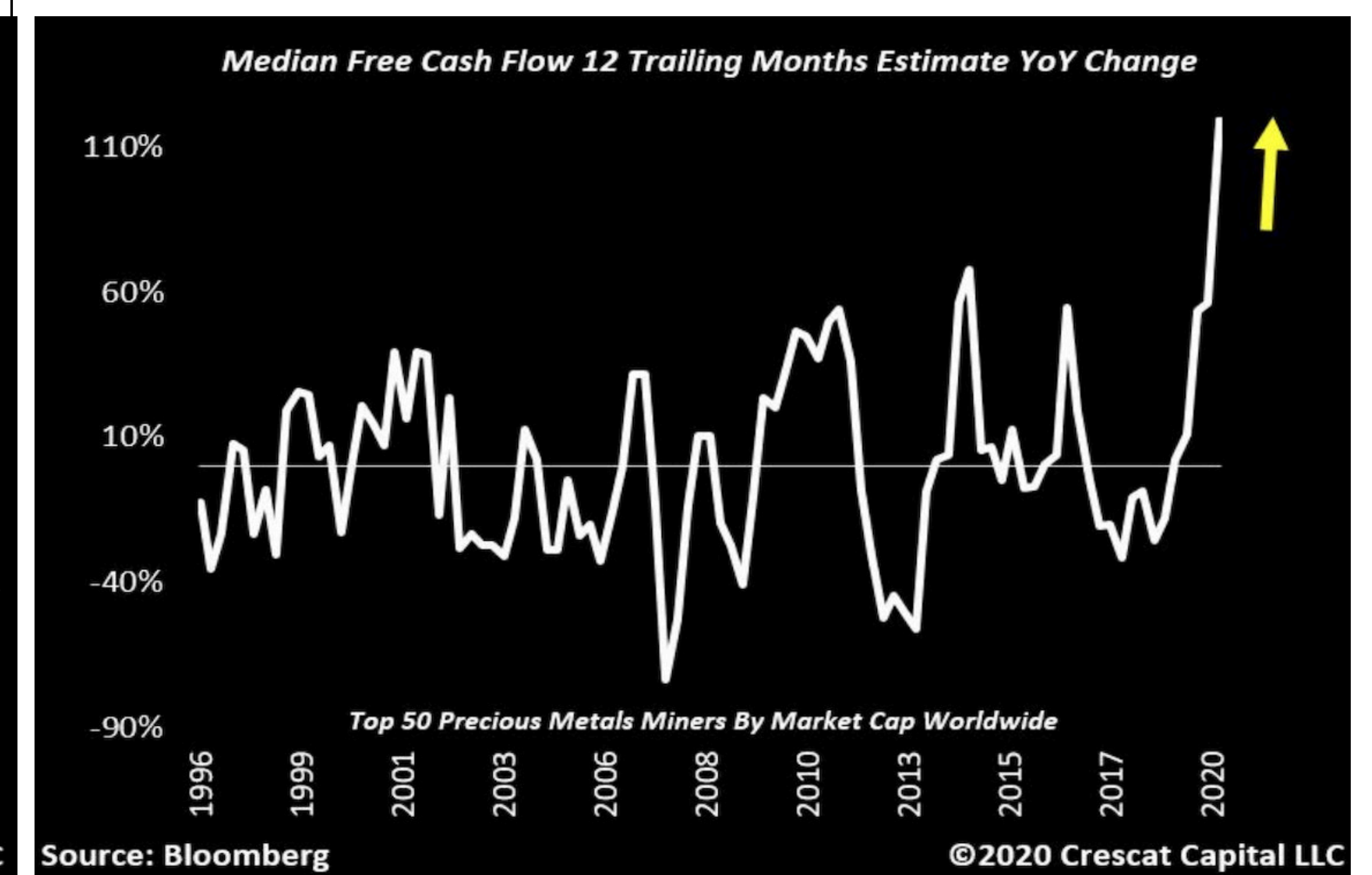
- Chart 1: Apple's market cap is 3 times the size of the entire precious metals industry (source: Crescat Capital)
- Chart 2: Goldmines suppose to have the most solid balance sheets vs other sectors.
- Chart 3: On top, margins are improving and Free Cash Flow are about to double. This is the result of years of consolidation and restructuring during the period of lower gold prices (2012 to 2015). (Source Crescat)



Total Market Cap Apple vs. Goldmines



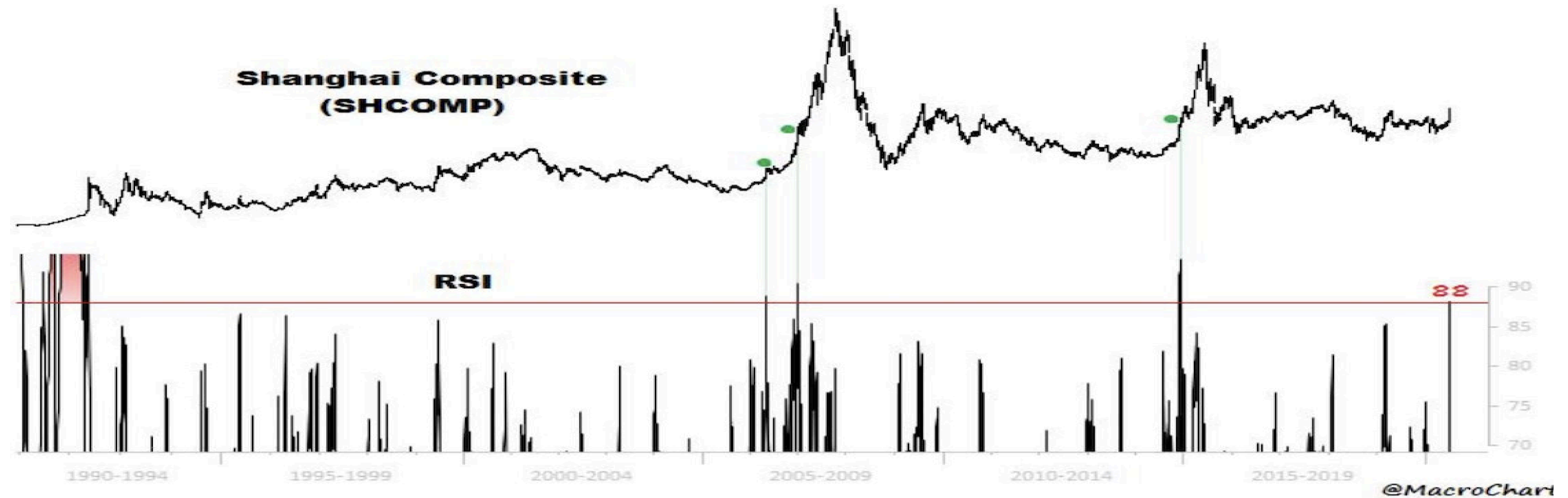
Sector median Total Debt To Asset Ratio



Median FCF Gold & Silver Miners

# Technicals : extreme momentum on Shanghai Composite Index

- The daily RSI of Shanghai Composite Index hit 88, one of the highest of all time. In 30 years statistical data, every time the index reached such levels was associated with the early stages of massive rallies. (Source Azimut)



## Shanghai Composite - RSI



# Nasdaq is 22% above the 200 day moving average

- Last time Nasdaq was 20% above the 200d was February 2020



Nasdaq level vs. 200 days moving average

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