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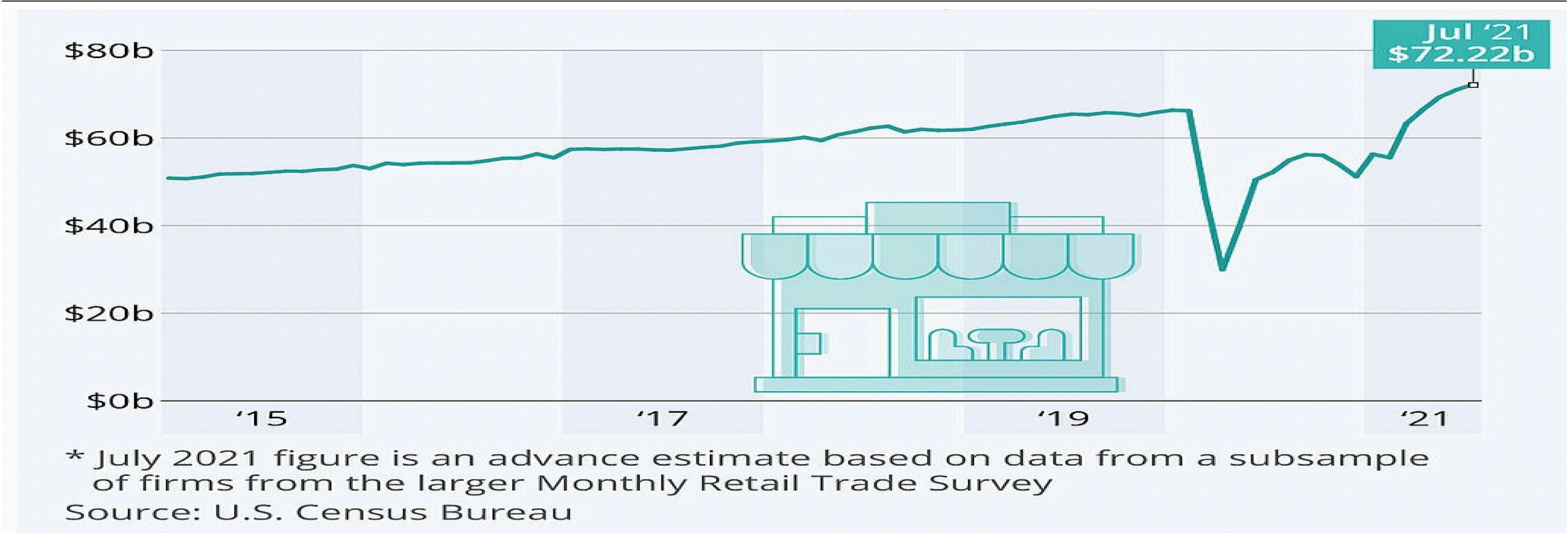


KTS weekly update Nr. 29

The 20th of August 2021

U.S. Restaurant sales

- US restaurant sales return to their pre-pandemic growth path.
- The chart below shows monthly sales of food services and drinking establishments in the United States- we can observe that sales are higher than pre-pandemic.
- Apparently, due to the surge of new covid cases, we should experience a setback of the sales in August.



Source: Flowbank/Statista

Fear & Greed Index

- Interesting bullish contrarian sign: despite the fact that markets are actually at their highs during the weakest seasonal period, general sentiment is quite bearish. There is no obvious sign of exuberance. On the contrary, after the latest FOMC meeting sentiment fell further.
- If markets do not correct soon, we could again experience a FOMO market rally (fear of missing out).

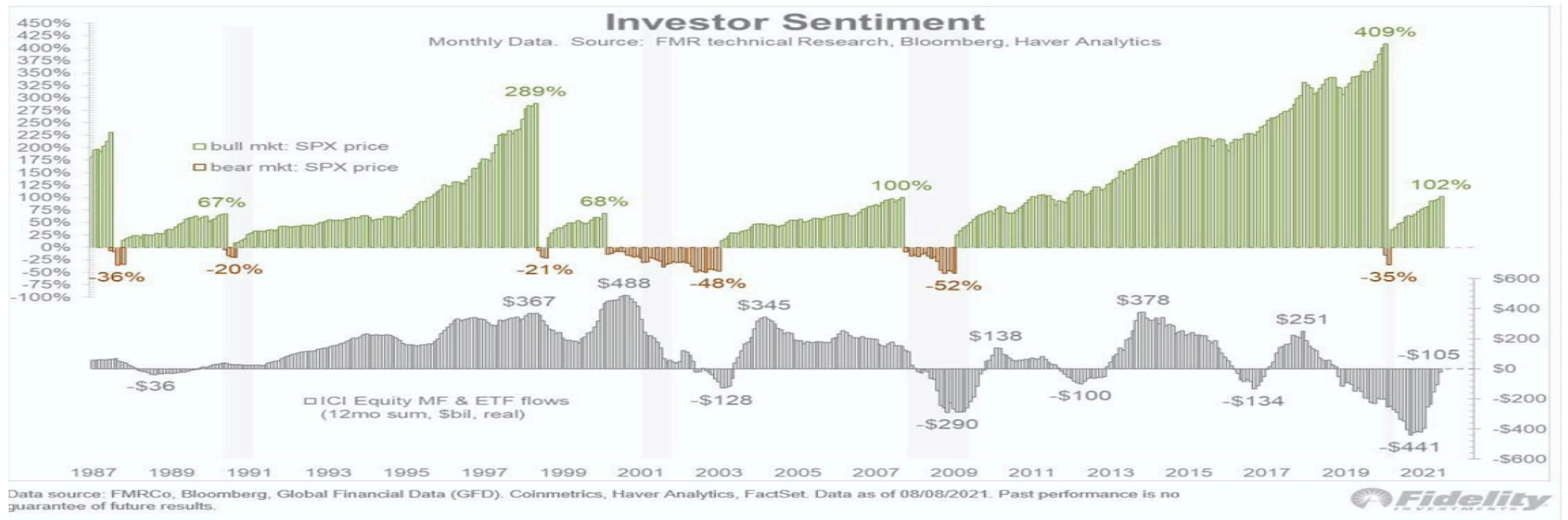


Last updated Aug 19 at 1:52pm

Sentiment is extremely negative (source: cnn)

Market sentiment

- As usual, Mr. Jurrien Timmer brings us very interesting historical statistics. The 12-month rolling net flow into equities is only now turning positive. And this, after a 102% rally following the dramatic Covid19 market correction last year.
- Basically, we are very far from an equity bubble and, in addition, there is a huge amount of liquidity on the sidelines suffering negative real rates of interest and losing purchasing power every year.



Net inflow in equities only turning positive now, after 102% market's rally. (source Jurrien Timmer, Fidelity)

General news

- The US Senate has finally passed the USD 1 trillion infrastructure package. The plan includes USD 550 billion in new spending, as well as USD 450 billion in previously approved infrastructure investments. In addition, the Biden administration is debating on USD 3.5 trillion additional spending in order to fight climate change and poverty. Contemporaneously, the Treasury Secretary Janet Yellen is urging the Congress to raise the debt limit in a bipartisan vote and also urges moving forward with the larger spending package of USD 1 trillion. We can assert that the real economy has yet to benefit from these promised spending packages, which are going to be bullish for markets and the US economy in the years to come. In addition, the FED will not take any dramatic steps to taper any time soon. Inflation and economic growth will be the only way to repay the debt needed to finance such huge spending programs in the coming years.
- The power of a brand: Lionel Messi will be paid an annual salary of USD 41 mio at PSG, plus a USD 30mio bonus, but in the first 24 hours of his arrival, the club has already sold 832k Messi jerseys bringing in around USD 105 mio in revenue.
- We are not going to discuss the politics surrounding the Afghanistan debacle, but we can opine on specific questions in the region. We expect increasing regional tensions to manifest themselves in the near future. Therefore, we feel comfortable with our cash position and holding put options to limit the downside risk. On the investment side, we would argue that such tensions are going to support both the gold and oil prices. Apparently, Afghanistan has USD 1 Trillion in rare earth metal reserves (China produces around 2/3 of rare earth metals). Therefore, the ETF REMX US could be interesting. We feel comfortable with our investment in the fund Bakersteel Electrum, which is also investing in this space.

General news

- The company Palantir (one of the founders is Mr. Peter Thiel) announced that is stockpiling gold bars, because it is preparing itself for the next “black swan event”. The company is also inviting customers to pay for its data analysis in gold and also bitcoin. The company spent USD 50.7 mio this month on gold.
- Market participants became nervous following the FEDs announcement on the FOMC meeting to introduce tapering by the end of 2021. We are still of the opinion that the FED is not in the position to change monetary policy drastically and, therefore, we do not foresee any major correction as a result of this particular threat.

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