



Weekly Letter:

FOMO and China in focus

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Carlsquare

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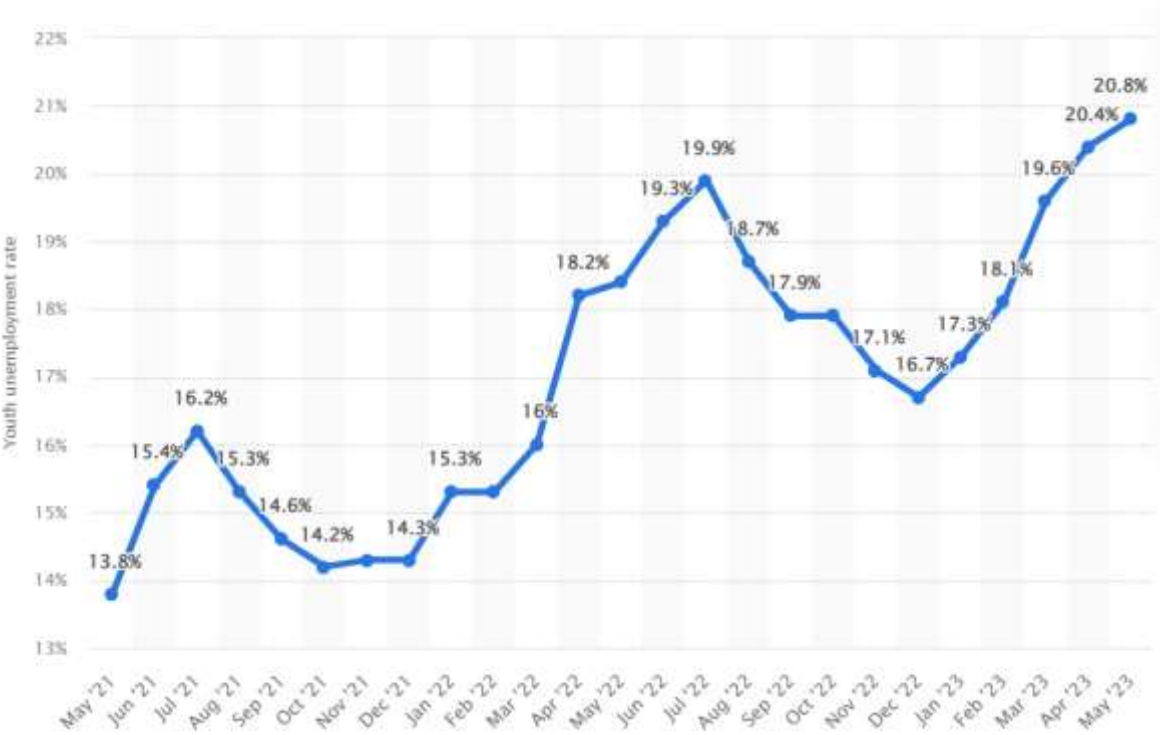
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- FOMO, the fear of missing out, still lingers.
- VIX hits new record - time to buy protection.
- China casts a shadow over markets.
- The summer doldrums may have already begun. It is time to recharge your batteries, which we recommend everyone do. Happy summer - see you all in August!

The positive trend in equity markets continues, although we are increasingly concerned about China.



China's stock index does not participate in the general market. China tends to lead the general market, not the other way around. Since Xi Jinping took over, the Communist Party has taken more and more control of the economy. The lockdown during the Covid was not good for the economy. The country has considerable problems in the housing market. But with China not leading the way with a new round of stimulus, GDP and credit are stagnating.



At the same time, unemployment is rising, and it is problematic for the regime that unemployment among young people is soaring, as seen above. This is a significant threat to the regime because it can lead to social unrest.

To solve this, the economy needs to return to previous growth. Otherwise, the leadership needs to find another target to focus on. Tensions between China and the US are rising again over Taiwan. Hopefully, China will not see a military campaign against Taiwan as a way of solving internal problems. Russia's failed attempt to invade Ukraine should certainly discourage this from happening.

FOMO and China in focus



S&P 500 has broken above its upper trend line.



The window is open to test the top again.

The summer months are usually quite good for the equity markets. The juniors are at the helm. But when a crisis hits the market, as the Greek crisis did in early 2009, the reaction can be huge as the juniors are not used to dealing with crises and tend to overreact.

FOMO and China in focus

The big seven still lead the market: Microsoft, Apple, Amazon, Google, Nvidia, Meta and Tesla. But they are now dragging everyone else down with them because FOMO is back: Fear of missing out.



The Nasdaq above is the absolute leader. Note that the move is becoming more and more parabolic. There is still plenty of room to go higher, but one day it will collapse because nothing can sustain parabolic growth.



Apple can always be used as a bellwether for the market. Apple tested above the upper trendline but is now back in the channel. The uptrend is still in place. A break below EMA9 or MA20 is a warning sign; when the lower trendline is broken, it will be a warning sign for the entire market.



VIX is still trading at very low levels, indicating high greed and low perceived risk in the market. This is usually an excellent time to buy protection.

FOMO and China in focus



Bitcoins are on the move again. This comes after several financial giants, led by Citadel, launched their crypto exchange, giving more credibility to the entire crypto market.



Finally, as having some exposure to the gold complex is good, the GDX ETF is testing its lower trend line. Can it find support here? The GDX is an exchange-traded fund for gold miners.

We wish you all a sunny and happy summer.

Happy trading!

Week Ahead

Reports on Wednesday, 21 June: -

The day starts with the Swedish unemployment rate for May (SCB) and the UK CPI and PPI for May at 8.00 CET. This is followed by the NIESR Economic Sentiment for Sweden at 9.15 CET. From the US, we get the weekly Redbook Retail Sales data. At 16.00 CET, the US House of Representatives will question Fed Chief Powell.

Reports and events on Thursday, 22 June: Accenture. Norske Skog holds a capital markets day.

French industrial expectations for June will be released at 8:45 CET. The Bank of England will release an interest rate statement at 13:00 CET. From the US, we will get the Q1 current account, weekly jobless claims, existing home sales and leading indicators for May, oil inventories (DOE) weekly statistics and the Kansas City Fed index for June. At 16.00 CET, the US Senate will question Fed Chief Powell.

Reports on Friday, 23 June: -

Stock markets in mainland China and Sweden (Stockholm) will be closed on Friday.

Japan's CPI for May will be released at 1.30 CET. UK retail sales for May will be due at 8.00 CET. Spain's Q1 GDP will be released an hour later. Most important on Friday will be the June PMIs from France, Germany, the Eurozone, the UK, and the US.

Reports and events on Monday, 26 June: Acerinox and Associated British Foods (operational update). Yara holds a capital markets day.

The Bank of Japan will release the meeting minutes on 16 June at 1.50 CET. Germany's IFO index for June is due at 10.00 CET. The Dallas Fed index for June from the US will be released at 16.30 CET.

Reports on Tuesday, 27 June: Dustin and Arcelor Mittal.

Statistics Sweden will publish the Trade Balance and PPI for Sweden for May at 8.00 CET. Canada's CPI for May is due at 14.30 CET. From the US, durable goods orders for May, weekly Redbook retail sales, S&P/CS and FHFA house price index for April, June household confidence indicator, May new home sales, June Richmond Fed index and weekly oil inventories (API) will be released

Valuation Tables, Swedish Equities

Lowest P/E-ratio

Bolag	Price	P/E NTM
Maha Energy AB (publ)	8,2	2,6x
Tethys Oil AB (publ)	50,1	3,2x
Bonava AB (publ)	17,5	3,7x
Starbreeze AB (publ)	0,8	3,7x
Samhällsbyggnadsbolaget i Norden	4,4	3,8x
Nordic Paper Holding AB (publ)	30,8	4,6x
Catella AB (publ)	28,0	4,8x
Humana AB (publ)	16,8	5,0x
Hoist Finance AB (publ)	27,2	5,3x
Stillfront Group AB (publ)	16,6	5,5x

Source: S&P Capital IQ/Carlsquare

Highest Yield

Bolag	Price	Yield, %
Aktiebolaget Fastator (publ)	5,1	15,1
Bonava AB (publ)	17,5	13,1
Nordic Paper Holding AB (publ)	30,8	11,8
Tethys Oil AB (publ)	50,1	11,0
SSAB AB (publ)	78,5	10,2
Cibus Nordic Real Estate AB (publ)	105,0	10,2
Resurs Holding AB (publ)	19,0	9,6
Dustin Group AB (publ)	25,9	9,1
Wästbygg Gruppen AB (publ)	30,5	9,0
Swedbank AB (publ)	184,7	8,9

Source: S&P Capital IQ/Carlsquare

Lowest priced Net Asset Value

Bolag	Price	P/B
Oscar Properties Holding AB (publ)	0,9	0,1x
Samhällsbyggnadsbolaget i Norden	4,4	0,2x
Cint Group AB (publ)	8,5	0,2x
Immunovia AB (publ)	1,9	0,2x
Bonava AB (publ)	17,5	0,2x
Corem Property Group AB (publ)	6,5	0,2x
Mendus AB (publ)	0,6	0,2x
Aktiebolaget Fastator (publ)	5,1	0,3x
Humana AB (publ)	16,8	0,3x
BHG Group AB (publ)	13,3	0,3x

Source: S&P Capital IQ/Carlsquare

Lowest priced NAV on a debt-free basis

Bolag	Price	EV/tB
Karolinska Development AB (publ)	1,6	0,4x
Vivesto AB	0,3	0,4x
Hoist Finance AB (publ)	27,2	0,4x
BICO Group AB (publ)	37,4	0,4x
Projektagemang Sweden AB (publ)	11,8	0,5x
Tethys Oil AB (publ)	50,1	0,5x
Alligator Bioscience AB (publ)	0,6	0,5x
Maha Energy AB (publ)	8,2	0,5x
FastPartner AB (publ)	41,1	0,5x
Byggmax Group AB (publ)	28,4	0,7x

Source: S&P Capital IQ/Carlsquare

Lowest priced earnings growth

Bolag	Price	PEG
Nordisk Bergteknik AB (publ)	28,6	0,1x
Volvo Car AB (publ.)	44,1	0,1x
RVRC Holding AB (publ)	34,6	0,3x
TF Bank AB (publ)	146,0	0,3x
New Wave Group AB (publ)	89,8	0,3x
Embracer Group AB (publ)	26,2	0,4x
Dustin Group AB (publ)	25,9	0,4x
H & M Hennes & Mauritz AB (publ)	153,4	0,5x
Sinch AB (publ)	25,9	0,5x
Nordic Paper Holding AB (publ)	30,8	0,5x

Source: S&P Capital IQ/Carlsquare

Top priced earnings growth

Bolag	Price	PEG
Skanska AB (publ)	141,6	134,2x
Stillfront Group AB (publ)	16,6	27,3x
Hufvudstaden AB (publ)	127,5	16,7x
Getinge AB (publ)	200,2	6,8x
Wallenstam AB (publ)	36,1	6,0x
Thule Group AB (publ)	292,6	5,0x
Axfood AB (publ)	235,6	4,0x
Inwido AB (publ)	94,9	3,3x
Karnov Group AB (publ)	49,1	3,2x
Atlas Copco AB	155,5	2,9x

Source: S&P Capital IQ/Carlsquare

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