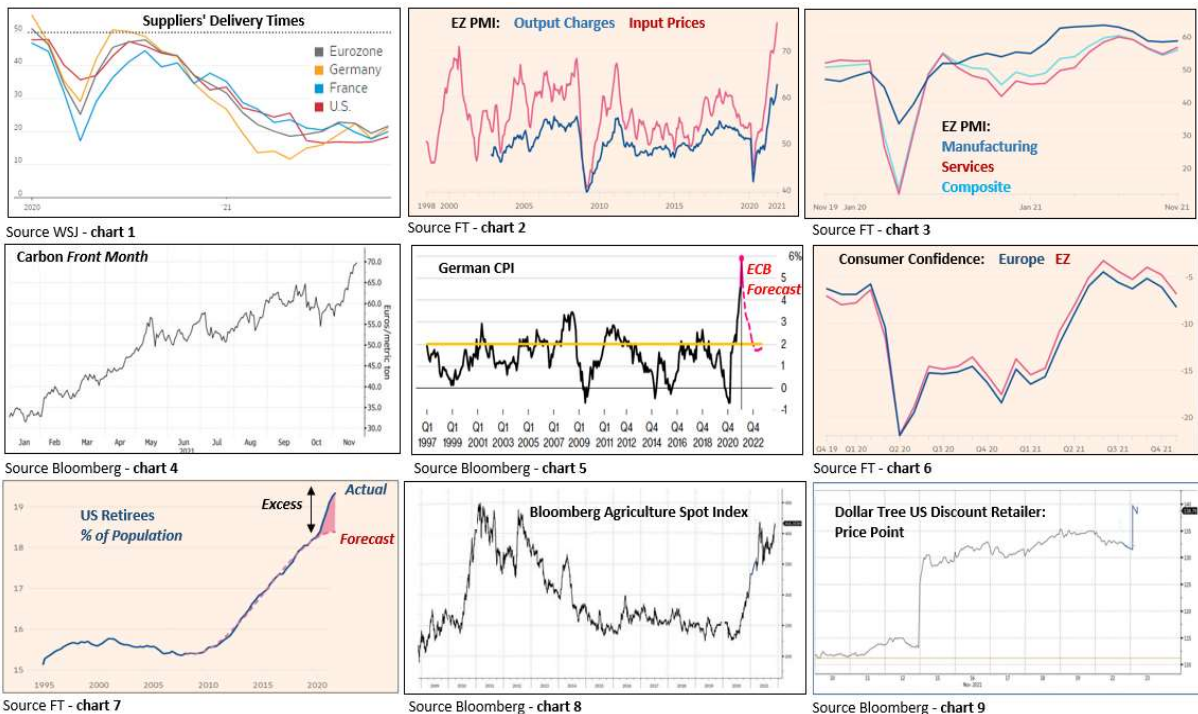


November 24th 2021

GOOD LUCK

**SUPPLIERS DELIVERY TIMES + EZ INPUT PRICES & OUTPUT CHARGES + EZ & EU PMI + CARBON PRICE
 + GERMAN CPI + EZ & EU CONSUMER CONFIDENCE + US RETIREES + BLOOM AGRICULTURE INDEX
 + DOLLAR TREE PRICE POINT**



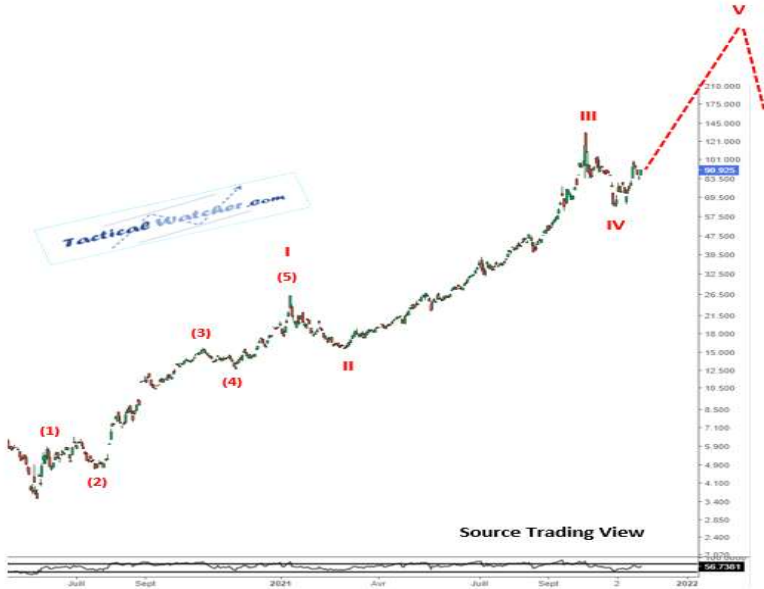
Yes, bottlenecks may have bottomed out (chart 1), but focusing only on supply-chain disruptions is to miss the point that current price tensions have many & different origins; starting with the energy crisis which is far from over, as witnessed yesterday by the (expected) price action of the oil barrel that followed the release of reserves. Not only the latter is a drop in the ocean, but it does not fix current imbalances resulting from the lack of capex at a time when demand is growing + European Nat Gas prices are already resuming their uptrend, based on weather forecasts (regarding the coming winter) whereas the Nord Stream 2 pipeline is not yet operational (not to mention the risk of a conflict between Ukraine and Russia). Hence the price of Carbon which keeps going higher (chart 4).

We would add (among others) the food inflation (chart 8), which is not only due to delivery issues. Climate disruption + labour shortage + more expensive fertilizers + industrial greenhouses turned off + etc, are all factors pushing food prices up (with EM as first victims). Here also, the energy transition comes at a cost while, as the uptrend in commodities is taking shape at the same time the greenback rises (which is rare), the Forex impact is exacerbating the negative consequences on all regions excluding America + it highlights the strength of the commodities cycle.

We would also mention the 25% increase of the price point at the US discount retailer Dollar Tree (chart 9) which is another confirmation that inflation is here (if there was any doubt left), while the unexpected surge in retirements that followed the Covid crisis in the US (chart 7), thanks to massive stimulus + the wealth effect, confirms our view that NAIURU has shifted upward. Hence the current labour shortage & the wage pressures coming along with it, while getting back to a better balance on the labour market will take a long time (based on history & previous recessions).

As a result, as inflation cycles are always resulting from a combination of factors, the fact that a growing number of ECB members (with the Dutch cenbank Chair + ECB market Chief yesterday) are changing their stance is hardly surprising (we always believed Lagarde will be forced to blink). The price pressures highlighted on chart 2, while the EZ economy is still performing well (chart 3), despite lower consumer confidence (resulting from inflation + new covid restrictions – chart 6), no longer justify any QE. Hence the reaction of European Fixed Income markets yesterday with, as an immediate side effect, a deterioration of the sovereign spreads. Meanwhile, we wish good luck to those in charge of selling the transitory story to the Germans (chart 5).

DUTCH NAT GAS FUT – DAILY



Like on oil & the US Nat Gas, we consider that the uptrend is far from over on energy commodities.

10-YEAR SPREAD ITALY minus BUND– MONTHLY



Graphically, based on a large double bottom since 2015 and the 9-demarc signals, we expect the spread to enter a deterioration phase that will hit Italy.

US BANKS BKX INDEX – DAILY



The chart is clearer than in Europe and so far, as the top of wave 1 or a is intact, the uptrend is still on.

BITCOIN – DAILY



The top of wave 1 or A has almost been tested while a 9-demarc signal is now flashing: the Bitcoin is at a key juncture as to whether it will resume its uptrend.

NIKKEI INDEX – DAILY



As expected, the announcement of a \$490m stimulus did not have any impact. We stick to our negative scenario. Valid especially as long as the key resistance holds.

S&P 600 ETF – DAILY



Meanwhile, although the recent setback of the small-cap Russell 2000 is raising concerns, both the US small-cap S&P 600 index (as shown above) & the US mid-cap S&P 400 index are still calling for an extension of the rally since they broke out of their past months' corrective triangle. Valid as long as the top of wave (1) (which is under pressure on the Russell 2000) is intact.

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