

## Déjà vu All Over Again??

I couldn't help but notice a couple of things the past week. The first was the article on this page from Bespoke Investment Group who do great analysis (source: seekingalpha.com). As you can see, the US economy had a bad week and that's a bad sign for the recovery we are supposed to be having.

The other sobering observation comes from the Global Asset Class Overview that is a LongRun creation. It gives me a one-page perspective on all the major asset classes around the world. Two versions of it are attached.

The first is a picture as of Monday this week. I've annotated the key take-aways but the short version is that it's pretty ugly out there. US equities had been doing OK until May came along. Now they've been dragged into the mud with international equities and commodities. US Treasuries, the US dollar and the Yen are the only winners over 1 month, 3 months and 1 year time frames.

The second snapshot comes from Tuesday, September 2, 2008, just before Lehman hit the wall. There are a lot of similarities. Does that mean we're headed over the waterfall again? Not necessarily. One striking difference is the current lack of fear as reflected by volatility. Even the worst performing asset classes have been collapsing without above average volatility. Even so, the markets are showing that high degree of correlation that made 2008 really hurt.

Be careful out there!!

## Worst Week Ever For U.S. Economic Indicators?

June 1, 2012 | 7 comments | includes: [FXE](#), [GLD](#), [UDN](#)

CONTRIBUTOR



**Bespoke**  
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We can't recall a worse week for US economic indicators. While it was only a four-day week, there were a large number of indicators released - 21 to be exact. As shown below, of the 21 releases, a whopping 18 came in weaker than expected! Just 1 out of the 21 indicators came in stronger than expected. With US economic data completely collapsing this week, and the euro and gold rallying on Friday as US stocks tanked, have we just experienced a key pivot point in which the US starts to underperform the rest of the world again?

| Economic Scorecard: Week of 6/1 |                            |          |        |            |
|---------------------------------|----------------------------|----------|--------|------------|
| Date                            | Release                    | Estimate | Actual | Difference |
| 5/29                            | S&P/Case-Shiller           | 0.20     | 0.09   | -0.11      |
| 5/29                            | Consumer Confidence        | 69.60    | 64.90  | -4.70      |
| 5/29                            | Dallas Fed Manuf. Activity | 3.0      | -5.1   | -8.1       |
| 5/30                            | Pending Home Sales         | 0.0      | -5.5   | -5.5       |
| 5/31                            | ADP Employment             | 150k     | 133k   | -17k       |
| 5/31                            | Q1 GDP QoQ Revised         | 1.9      | 1.9    | 0.0        |
| 5/31                            | Q1 Personal Consumption    | 2.9      | 2.7    | -0.2       |
| 5/31                            | Initial Jobless Claims     | 370k     | 383k   | 13k        |
| 5/31                            | Continuing Claims          | 3250k    | 3242k  | -8k        |
| 5/31                            | Chicago Purchasing         | 56.8     | 52.7   | -4.1       |
| 6/1                             | Nonfarm Payrolls           | 150k     | 69k    | -81k       |
| 6/1                             | Private Payrolls           | 164k     | 82k    | -82k       |
| 6/1                             | Manufacturing Payrolls     | 15k      | 12k    | -3k        |
| 6/1                             | Unemployment Rate          | 8.1      | 8.2    | 0.1        |
| 6/1                             | Avg. Hourly Earnings       | 0.2      | 0.1    | -0.1       |
| 6/1                             | Avg. Weekly Hours          | 34.5     | 34.4   | -0.1       |
| 6/1                             | Personal Income            | 0.3      | 0.2    | -0.1       |
| 6/1                             | Personal Spending          | 0.3      | 0.3    | 0.0        |
| 6/1                             | ISM Manufacturing          | 53.8     | 53.5   | -0.3       |
| 6/1                             | ISM Prices Paid            | 57.0     | 47.5   | -9.5       |
| 6/1                             | Construction Spending      | 0.4      | 0.3    | -0.1       |

# Global Asset Class Overview

As of **Monday, June 04, 2012**

US stocks trending the wrong direction

Fear is not a factor

Most asset classes trading below major trend lines

International equities have been a disaster but volatility remains below average

Commodities are signalling weak global growth with no inflation

|                                     | Trailing Returns                   |         |        | Volatility (% ATR) |       | Moving Averages |          |      |     |      |   |   |   |   |   |
|-------------------------------------|------------------------------------|---------|--------|--------------------|-------|-----------------|----------|------|-----|------|---|---|---|---|---|
|                                     | 1 Mo                               | 3 Mo    | 1 Year | 3 Wks              | 6 Mos | 5/15/30         | 15/45/90 | 50   | 200 |      |   |   |   |   |   |
| <b>US Large Cap</b>                 |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| SPY                                 | SPDR S&P 500 Index                 | -8.01%  | 3      | -5.91%             | 2     | 0.28%           | 2        | 1.6% | 1   | 1.2% | 1 | 3 | 3 | 3 | 3 |
| DIA                                 | Diamonds Trust (DJIA)              | -8.05%  | 3      | -6.07%             | 2     | 2.15%           | 2        | 1.3% | 1   | 1.1% | 1 | 3 | 3 | 3 | 3 |
| QQQQ                                | Powershares QQQ (NASDAQ)           | -8.26%  | 3      | -5.02%             | 2     | 9.07%           | 2        | 1.8% | 1   | 1.4% | 1 | 3 | 2 | 3 | 1 |
| <b>US Mid Cap</b>                   |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| MDY                                 | iShares Russell 2000               | -8.95%  | 3      | -8.10%             | 2     | -6.05%          | 2        | 2.0% | 3   | 1.6% | 1 | 3 | 3 | 3 | 3 |
| <b>US Small Cap</b>                 |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| IWM                                 | iShares Russell 2000               | -8.65%  | 3      | -8.04%             | 2     | -7.58%          | 2        | 2.0% | 1   | 1.9% | 1 | 3 | 3 | 3 | 3 |
| <b>US Microcap</b>                  |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| IWC                                 | iShares Russell Microcap           | -7.55%  | 3      | -5.91%             | 2     | -7.55%          | 2        | 1.8% | 1   | 1.7% | 1 | 3 | 3 | 3 | 3 |
| <b>International Developed</b>      |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| EFA                                 | iShares EAFE Index                 | -11.57% | 3      | -13.84%            | 3     | -20.52%         | 2        | 1.8% | 1   | 1.7% | 1 | 3 | 3 | 3 | 3 |
| GWX                                 | SPDR Int'l Small Cap               | -13.04% | 3      | -14.02%            | 3     | -20.61%         | 2        | 1.8% | 1   | 1.7% | 1 | 3 | 3 | 3 | 3 |
| VGK                                 | Vanguard European                  | -12.18% | 3      | -14.99%            | 3     | -24.06%         | 3        | 2.0% | 1   | 2.1% | 1 | 3 | 3 | 3 | 3 |
| EPP                                 | iShares MSCI Asia ex-Japan         | -12.69% | 3      | -12.57%            | 3     | -16.16%         | 2        | 2.0% | 1   | 1.7% | 1 | 3 | 3 | 3 | 3 |
| ILF                                 | Latin America 40 Index             | -13.64% | 3      | -18.96%            | 3     | -21.48%         | 2        | 2.4% | 1   | 2.1% | 1 | 3 | 3 | 3 | 3 |
| <b>Emerging Markets Equity</b>      |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| EEM                                 | iShares Emerging Markets           | -12.47% | 3      | -16.00%            | 3     | -21.51%         | 2        | 2.1% | 1   | 1.9% | 1 | 3 | 3 | 3 | 3 |
| <b>Natural Resource/Commodities</b> |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| XME                                 | SPDR S&P Metals and Mining         | -13.67% | 3      | -18.38%            | 3     | -40.04%         | 2        | 3.9% | 1   | 3.8% | 1 | 3 | 3 | 3 | 3 |
| XLE                                 | Energy Select Energy SPDR          | -9.24%  | 3      | -14.81%            | 3     | -14.40%         | 2        | 2.4% | 1   | 2.0% | 1 | 3 | 3 | 3 | 3 |
| GSP                                 | iPath S&P GS Commodity Index       | -11.19% | 3      | -17.02%            | 3     | -17.50%         | 2        | 1.5% | 1   | 1.8% | 1 | 3 | 3 | 3 | 3 |
| <b>Real Estate</b>                  |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| VNQ                                 | Vanguard REIT Index (US)           | -8.02%  | 3      | -0.02%             | 2     | 5.14%           | 2        | 1.9% | 1   | 1.5% | 1 | 3 | 2 | 3 | 1 |
| RWX                                 | SPDR Dow Jones Int'l Real Estate   | -7.11%  | 3      | -3.74%             | 2     | -12.49%         | 2        | 1.6% | 1   | 1.6% | 1 | 3 | 3 | 3 | 3 |
| <b>US Corporate Debt</b>            |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| LQD                                 | iShares iBoxx Inv Grade Corp Bond  | -0.04%  | 2      | 0.45%              | 2     | 9.43%           | 1        | 0.5% | 1   | 0.4% | 1 | 2 | 2 | 1 | 1 |
| <b>High Yield Debt</b>              |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| HYG                                 | iShares iBoxx High Yield Corporate | -4.77%  | 3      | -2.34%             | 2     | 2.04%           | 2        | 1.0% | 1   | 0.6% | 1 | 3 | 3 | 3 | 3 |
| <b>US Treasuries</b>                |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| SHY                                 | iShares Barclays 1-3 Yr Treasury   | -0.01%  | 2      | 0.14%              | 2     | 0.69%           | 2        | 0.0% | 1   | 0.0% | 1 | 2 | 1 | 1 | 3 |
| TLT                                 | iShares Barclays 20+ Treasury      | 10.33%  | 1      | 11.84%             | 1     | 38.38%          | 1        | 1.3% | 3   | 1.1% | 1 | 1 | 1 | 1 | 1 |
| <b>Currencies</b>                   |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| UUP                                 | PowerShares DB US Dollar           | 3.68%   | 1      | 2.65%              | 2     | 7.90%           | 1        | 0.6% | 1   | 0.6% | 1 | 1 | 1 | 1 | 1 |
| FXE                                 | CurrencyShares Euro Trust          | -4.56%  | 3      | -4.81%             | 3     | -14.17%         | 3        | 0.8% | 1   | 0.7% | 1 | 3 | 3 | 3 | 3 |
| FXJ                                 | CurrencyShares Japanese Yen Trust  | 1.84%   | 2      | 3.07%              | 2     | 1.84%           | 2        | 0.6% | 1   | 0.6% | 1 | 1 | 2 | 1 | 1 |
| <b>Metals</b>                       |                                    |         |        |                    |       |                 |          |      |     |      |   |   |   |   |   |
| GLD                                 | SPDR Gold Shares                   | -1.35%  | 2      | -3.31%             | 2     | 4.55%           | 2        | 1.7% | 3   | 1.5% | 1 | 2 | 3 | 3 | 3 |
| SLV                                 | iShares Silver Trust               | -6.63%  | 2      | -14.21%            | 2     | -23.10%         | 2        | 2.8% | 1   | 3.0% | 3 | 3 | 3 | 3 | 3 |
| DBB                                 | PowerShares DB Base Metals         | -6.95%  | 3      | -10.43%            | 2     | -23.10%         | 2        | 1.4% | 1   | 1.8% | 1 | 3 | 3 | 3 | 3 |

US Treasuries, US dollar and Yen are the only assets with positive returns across all time frames

Treasuries and dollar the only assets above trend

# Global Asset Class Overview

As of **Tuesday, September 02, 2008**

## Trailing Returns

1 Mo 3 Mo 1 Year

## Volatility (% ATR)

3 Wks 6 Mos

## Moving Averages

5/15/30 15/45/90 50 200

### US Large Cap

SPY SPDR S&P 500 Index  
DIA Diamonds Trust (DJIA)  
QQQQ Powershares QQQ (NASDAQ)

### US Mid Cap

MDY iShares Russell 2000

### US Small Cap

IWM iShares Russell 2000

### US Microcap

IWC iShares Russell Microcap

### International Developed

EFA iShares EAFE Index  
GWX SPDR Int'l Small Cap  
VGK Vanguard European  
EPP iShares MSCI Asia ex-Japan  
ILF Latin America 40 Index

### Emerging Markets Equity

EEM iShares Emerging Markets

### Natural Resource/Commodities

XME SPDR S&P Metals and Mining  
XLE Energy Select Energy SPDR  
GSP iPath S&P GS Commodity Index

### Real Estate

VNQ Vanguard REIT Index (US)  
RWX SPDR Dow Jones Int'l Real Estate

### US Corporate Debt

LQD iShares iBoxx Inv Grade Corp Bond

### High Yield Debt

HYG iShares iBoxx High Yield Corporate

### US Treasuries

SHY iShares Barclays 1-3 Yr Treasury  
TLT iShares Barclays 20+ Treasury

### Currencies

UUP PowerShares DB US Dollar  
FXE CurrencyShares Euro Trust  
FXJ CurrencyShares Japanese Yen Trust

### Metals

GLD SPDR Gold Shares  
SLV iShares Silver Trust  
DBB PowerShares DB Base Metals

|       |   |        |   |         |   |
|-------|---|--------|---|---------|---|
| 1.45% | 2 | -6.85% | 2 | -11.53% | 2 |
| 2.02% | 2 | -6.56% | 3 | -11.66% | 2 |
| 1.51% | 2 | -7.21% | 2 | -6.51%  | 2 |
| 0.83% | 2 | -7.63% | 2 | -5.50%  | 2 |
| 3.41% | 2 | 0.01%  | 2 | -5.67%  | 2 |
| 2.22% | 2 | -1.24% | 2 | -15.39% | 2 |

|        |   |         |   |         |   |
|--------|---|---------|---|---------|---|
| -4.29% | 2 | -17.38% | 3 | -18.14% | 2 |
| -6.25% | 3 | -17.29% | 3 | -21.32% | 2 |
| -4.42% | 2 | -15.29% | 3 | -16.60% | 2 |
| -5.20% | 2 | -17.50% | 3 | -13.50% | 2 |
| -7.79% | 3 | -21.32% | 3 | 9.58%   | 2 |
| -8.52% | 3 | -20.63% | 3 | -11.91% | 2 |

|        |   |         |   |        |   |
|--------|---|---------|---|--------|---|
| -6.10% | 2 | -23.21% | 3 | 14.01% | 2 |
| -0.48% | 2 | -15.18% | 3 | 0.29%  | 2 |
| -8.16% | 3 | -12.51% | 3 | 33.40% | 1 |

|        |   |         |   |         |   |
|--------|---|---------|---|---------|---|
| 2.97%  | 2 | -4.53%  | 2 | -7.52%  | 2 |
| -3.27% | 2 | -16.93% | 3 | -27.09% | 2 |

|       |   |        |   |       |   |
|-------|---|--------|---|-------|---|
| 0.90% | 2 | -0.79% | 2 | 2.00% | 2 |
|-------|---|--------|---|-------|---|

|       |   |        |   |        |   |
|-------|---|--------|---|--------|---|
| 0.26% | 2 | -3.13% | 2 | -2.51% | 2 |
|-------|---|--------|---|--------|---|

|       |   |       |   |       |   |
|-------|---|-------|---|-------|---|
| 0.31% | 2 | 0.68% | 2 | 4.87% | 1 |
| 3.09% | 1 | 4.51% | 2 | 9.11% | 2 |

|        |   |        |   |        |   |
|--------|---|--------|---|--------|---|
| 6.01%  | 1 | 5.73%  | 1 | -1.83% | 2 |
| -6.94% | 3 | -5.77% | 3 | 7.57%  | 2 |
| -0.44% | 2 | -3.29% | 2 | 6.74%  | 2 |

|         |   |         |   |        |   |
|---------|---|---------|---|--------|---|
| -10.14% | 3 | -8.60%  | 3 | 17.44% | 2 |
| -22.70% | 3 | -22.24% | 3 | 6.15%  | 2 |
| -3.74%  | 2 | -7.46%  | 2 | -8.88% | 2 |

|      |   |      |   |   |   |   |   |
|------|---|------|---|---|---|---|---|
| 1.7% | 1 | 2.0% | 3 | 1 | 2 | 3 | 3 |
| 2.0% | 3 | 1.9% | 3 | 2 | 2 | 3 | 3 |
| 3.6% | 1 | 3.9% | 1 | 2 | 2 | 3 | 3 |
| 1.6% | 1 | 1.9% | 3 | 2 | 2 | 3 | 3 |
| 2.3% | 1 | 2.3% | 3 | 2 | 2 | 3 | 3 |
| 2.2% | 3 | 2.0% | 1 | 2 | 2 | 3 | 3 |

|      |   |      |   |   |   |   |   |
|------|---|------|---|---|---|---|---|
| 1.5% | 1 | 1.9% | 1 | 3 | 3 | 3 | 3 |
| 2.8% | 3 | 2.8% | 3 | 3 | 3 | 3 | 3 |
| 1.9% | 1 | 2.3% | 1 | 3 | 3 | 3 | 3 |
| 2.1% | 1 | 2.6% | 3 | 2 | 3 | 3 | 3 |
| 3.4% | 3 | 3.6% | 3 | 3 | 3 | 3 | 3 |
| 2.3% | 1 | 3.0% | 3 | 3 | 3 | 3 | 3 |

|      |   |      |   |   |   |   |   |
|------|---|------|---|---|---|---|---|
| 4.0% | 1 | 5.1% | 3 | 2 | 3 | 3 | 3 |
| 3.5% | 3 | 3.5% | 3 | 2 | 3 | 3 | 3 |
| 2.9% | 3 | 2.8% | 3 | 2 | 3 | 3 | 3 |

|      |   |      |   |   |   |   |   |
|------|---|------|---|---|---|---|---|
| 3.7% | 3 | 3.6% | 3 | 2 | 2 | 3 | 3 |
| 3.1% | 3 | 3.3% | 3 | 3 | 3 | 3 | 3 |

|      |   |      |   |   |   |   |   |
|------|---|------|---|---|---|---|---|
| 0.9% | 1 | 1.0% | 3 | 1 | 2 | 3 | 3 |
|------|---|------|---|---|---|---|---|

|      |   |      |   |   |   |   |   |
|------|---|------|---|---|---|---|---|
| 0.9% | 1 | 1.2% | 1 | 3 | 3 | 3 | 3 |
|------|---|------|---|---|---|---|---|

|      |   |      |   |   |   |   |   |
|------|---|------|---|---|---|---|---|
| 0.2% | 3 | 0.3% | 3 | 1 | 1 | 3 | 3 |
| 1.0% | 1 | 1.3% | 3 | 1 | 1 | 3 | 3 |

|      |   |      |   |   |   |   |   |
|------|---|------|---|---|---|---|---|
| 0.8% | 1 | 1.0% | 3 | 1 | 1 | 1 | 1 |
| 0.9% | 3 | 0.8% | 1 | 3 | 3 | 3 | 3 |
| 0.8% | 1 | 1.0% | 3 | 2 | 3 | 3 | 3 |

|      |   |      |   |   |   |   |   |
|------|---|------|---|---|---|---|---|
| 2.5% | 3 | 2.3% | 3 | 2 | 3 | 3 | 3 |
| 4.3% | 3 | 4.2% | 3 | 3 | 3 | 3 | 3 |
| 3.0% | 3 | 3.0% | 3 | 2 | 3 | 3 | 3 |

US stocks were well below 2007 highs but bounced in August (the last head fake)

Fear was showing up across every major asset class

All asset classes except US\$ were trading below their major trend lines

International equities were ugly and much worse than the US

Commodities had moved from strong to weak

US Treasuries were the only asset showing positive returns across all time frames