

If you want more evidence that the recent spate of intense volatility was related to the yen carry trade, look no further than last night's market-calming comments from Bank of Japan Deputy Governor Uchida Shinichi.

*In fact, in contrast to the process of policy interest rate hikes in Europe and the United States, Japan's economy is not in a situation where the Bank may fall behind the curve if it does not raise the policy interest rate at a certain pace. **Therefore, the Bank will not raise its policy interest rate when financial and capital markets are unstable.***

When Bank of Japan Shinichi's comments were released at 10 pm ET, the yen fell sharply, stocks started rallying, and U.S. bond yields rose. In no uncertain terms does the Bank of Japan recognize that instability in the currency markets related to its rate hikes has a massive effect on global financial markets. Given the importance of the yen, we provide a technical review in a section below. The graphs may prove helpful in navigating all financial markets, not just the yen.



What To Watch Today

Earnings

Time	Symbol	Company Name	Market Cap ▼	Fiscal Quarter Ending	Consensus EPS* Forecast	# Of Ests	Last Year's Report Date	Last Year's EPS*
🌟	LLY	Eli Lilly and Company	\$753,842,544,067	Jun/2024	\$2.64	9	8/08/2023	\$2.11
🌟	GILD	Gilead Sciences, Inc.	\$92,429,849,575	Jun/2024	\$1.61	11	8/03/2023	\$1.34
🌟	PBR	Petroleo Brasileiro S.A.-Petrobras	\$89,028,144,362	Jun/2024	\$0.55	2	8/03/2023	\$0.90
🌟	PBR.A	Petroleo Brasileiro S.A.-Petrobras	\$82,881,579,163	Jun/2024		1	N/A	\$0.90
🌟	BN	Brookfield Corporation	\$73,391,700,218	Jun/2024	\$0.78	1	8/10/2023	\$0.75
🌟	PH	Parker-Hannifin Corporation	\$66,586,803,639	Jun/2024	\$6.23	8	8/03/2023	\$6.08
🌟	CRH	CRH PLC	\$53,515,723,340	Jun/2024	\$1.87	1	N/A	N/A
🌟	TTD	The Trade Desk, Inc.	\$41,473,081,128	Jun/2024	\$0.19	9	8/09/2023	\$0.07
🌟	LNG	Cheniere Energy, Inc.	\$40,396,189,051	Jun/2024	\$1.71	5	8/03/2023	\$5.61
🌟	DDOG	Datadog, Inc.	\$35,279,589,701	Jun/2024	\$0.05	12	8/08/2023	N/A
🌟	MLM	Martin Marietta Materials, Inc.	\$33,584,041,119	Jun/2024	\$5.73	9	7/27/2023	\$5.60
🌟	VST	Vistra Corp.	\$25,847,549,474	Jun/2024	\$1.59	1	8/09/2023	\$1.03
🌟	TTWO	Take-Two Interactive Software, Inc.	\$24,012,806,432	Jun/2024	(\$0.39)	10	8/08/2023	(\$0.02)
🌟	CQP	Cheniere Energy Partners, LP	\$23,969,691,650	Jun/2024	\$0.83	6	8/03/2023	\$0.84
🌟	QSR	Restaurant Brands International Inc.	\$22,687,784,700	Jun/2024	\$0.85	9	8/08/2023	\$0.85
🌟	PBA	Pembina Pipeline Corp.	\$22,051,040,400	Jun/2024	\$0.55	4	8/03/2023	\$0.45
🌟	EDR	Endeavor Group Holdings, Inc.	\$18,832,161,753	Jun/2024	\$0.46	2	8/08/2023	(\$0.35)
🌟	TKO	TKO Group Holdings, Inc.	\$18,570,271,572	Jun/2024	\$0.82	1	N/A	\$0.91
🌟	FWONK	Liberty Media Corporation	\$17,972,978,862	Jun/2024	\$0.32	3	8/04/2023	\$0.41
🌟	GMAB	Genmab A/S	\$17,489,929,414	Jun/2024	\$0.29	7	8/03/2023	\$0.30
🌟	FWONA	Liberty Media Corporation	\$16,405,308,286	Jun/2024	\$0.34	1	8/04/2023	\$0.41
🌟	RPRX	Royalty Pharma plc	\$16,190,550,044	Jun/2024	\$0.95	3	8/08/2023	\$0.85
🌟	EXPE	Expedia Group, Inc.	\$15,601,841,764	Jun/2024	\$2.54	7	8/03/2023	\$2.34
🌟	BAP	Credicorp Ltd.	\$15,432,452,652	Jun/2024	\$4.64	3	8/14/2023	\$4.76
🌟	NWS	News Corporation	\$15,335,708,738	Jun/2024		1	N/A	\$0.14
🌟	PARAA	Paramount Global	\$15,022,429,492	Jun/2024	\$0.18	1	8/07/2023	\$0.10
🌟	NWSA	News Corporation	\$14,851,303,222	Jun/2024	\$0.15	3	8/10/2023	\$0.14
🌟	NRG	NRG Energy, Inc.	\$14,841,381,309	Jun/2024	\$1.30	1	8/08/2023	\$1.10
🌟	AKAM	Akamai Technologies, Inc.	\$14,061,863,711	Jun/2024	\$1.06	8	8/08/2023	\$1.01
🌟	PODD	Insulet Corporation	\$13,752,257,984	Jun/2024	\$0.57	11	8/08/2023	\$0.38
🌟	VTRS	Viatris Inc.	\$13,514,170,545	Jun/2024	\$0.68	4	8/07/2023	\$0.75
🌟	USFD	US Foods Holding Corp.	\$12,652,315,408	Jun/2024	\$0.90	7	8/10/2023	\$0.73
🌟	NTRA	Natera, Inc.	\$12,393,247,878	Jun/2024	(\$0.69)	6	8/03/2023	(\$0.97)
🌟	SUZ	Suzano S.A.	\$11,984,840,881	Jun/2024		N/A	8/02/2023	\$0.79
🌟	EPAM	EPAM Systems, Inc.	\$11,980,983,510	Jun/2024	\$1.72	9	8/03/2023	\$2.21
🌟	WMS	Advanced Drainage Systems, Inc.	\$11,937,581,537	Jun/2024	\$1.98	1	8/03/2023	\$2.04
🌟	LAMR	Lamar Advertising Company	\$11,513,324,551	Jun/2024	\$2.01	1	8/03/2023	\$1.90
🌟	SBS	Companhia de saneamento Basico Do Estado De Sao Paulo - Sabesp	\$10,813,126,127	Jun/2024	\$0.26	1	8/10/2023	\$0.22
🌟	INSM	Insmid Incorporated	\$10,800,578,548	Jun/2024	(\$1.22)	7	8/03/2023	(\$1.78)
🌟	ELF	e.l.f. Beauty, Inc.	\$10,278,246,559	Jun/2024	\$0.67	9	8/01/2023	\$1
🌟	CYBR	CyberArk Software Ltd.	\$10,254,102,387	Jun/2024	(\$0.40)	11	8/10/2023	(\$0.58)
🌟	SN	SharkNinja, Inc.	\$10,251,835,128	Jun/2024	\$0.59	5	8/24/2023	\$0.46
🌟	SOLV	Solventum Corporation	\$9,922,161,062	Jun/2024	\$1.46	1	N/A	N/A

Economy

Time	Event	Impact	Actual	Dev	Consensus	Previous
THURSDAY, AUGUST 8						
12:30	🇺🇸 USD Continuing Jobless Claims (Jul 26)	🟡	-	-	- 1.877M	🔔
12:30	🇺🇸 USD Initial Jobless Claims (Aug 2)	🟠	-	-	240K 249K	🔔
12:30	🇺🇸 USD Initial Jobless Claims 4-week average (Aug 2)	🟡	-	-	- 238K	🔔
14:00	🇺🇸 USD Wholesale Inventories (Jun)	🟡	-	-	0.2% 0.2%	🔔
14:30	🇺🇸 USD EIA Natural Gas Storage Change (Aug 2)	🟡	-	-	- 18B	🔔
15:30	🇺🇸 USD 4-Week Bill Auction	🟡	-	-	- 5.285%	🔔
17:00	🇺🇸 USD 30-Year Bond Auction	🟡	-	-	- 4.405%	🔔

Market Trading Update

As [noted yesterday](#), with the major markets deeply oversold short-term and sentiment becoming more bearish, we expected a bounce from the recent lows. However, as shown below, many investors were caught by the swiftness of the sell-off across all markets. These *trapped longs* will look for a rally to sell into, particularly in the more speculative areas of the market like small and mid-cap stocks, cryptocurrencies, and meme-stocks.

The S&P 500 is trading well into three (3) standard deviations below the 50-DMA. When these more extreme and sharp declines occur, they are often met with buyers looking to *buy the dip*. However, with the market *gapping down* over the previous sessions, many of these *trapped longs* will look to exit closer to the 100-DMA. We saw such happen yesterday following a strong opening rally that faded into the afternoon.



I would be unsurprised to see the market retest recent lows or decline further over the next month towards the 200-DMA. We have not resolved the issues that sparked the rout on Monday, and with *trapped longs* now exiting, it may take several more days before we find the actual bottom of the current market decline. Be patient and continue to manage risk.



Technical Review Of The Yen/USD

Note the graphs below are in yen to the dollar. Therefore, yen appreciation occurs when the ratio falls.

The first graph is the monthly long-term view of the yen to the U.S. dollar. The yen has depreciated about 50% since 2021. The recent price action is still minor in comparison. Accordingly, the recent appreciation of the yen may have more to go. It is currently sitting on a meaningful support line

(blue). The trend remains intact if the monthly bar closes above the support line. The MACD, in the top graph, just had a bearish cross. However, it had two similar crosses over the last few years with limited downside (yen appreciation). While the graph sends a mixed message, it's important to realize that this time is different as the Bank of Japan tightens rates while the Fed nears easing rates.



The short-term daily graph below argues that the recent appreciation is very extended. The MACD is oversold, albeit still on a sell signal. The RSI at the bottom is also grossly oversold. Based on both graphs and the changing fundamental backdrop between the BOJ and the Fed, the yen will likely depreciate soon and work off its oversold condition. However, the longer-term graph and fundamentals argue that yen appreciation could be far from over.

Remember that a strong yen may not have the same effect on markets as we have seen if it appreciates with less volatility.



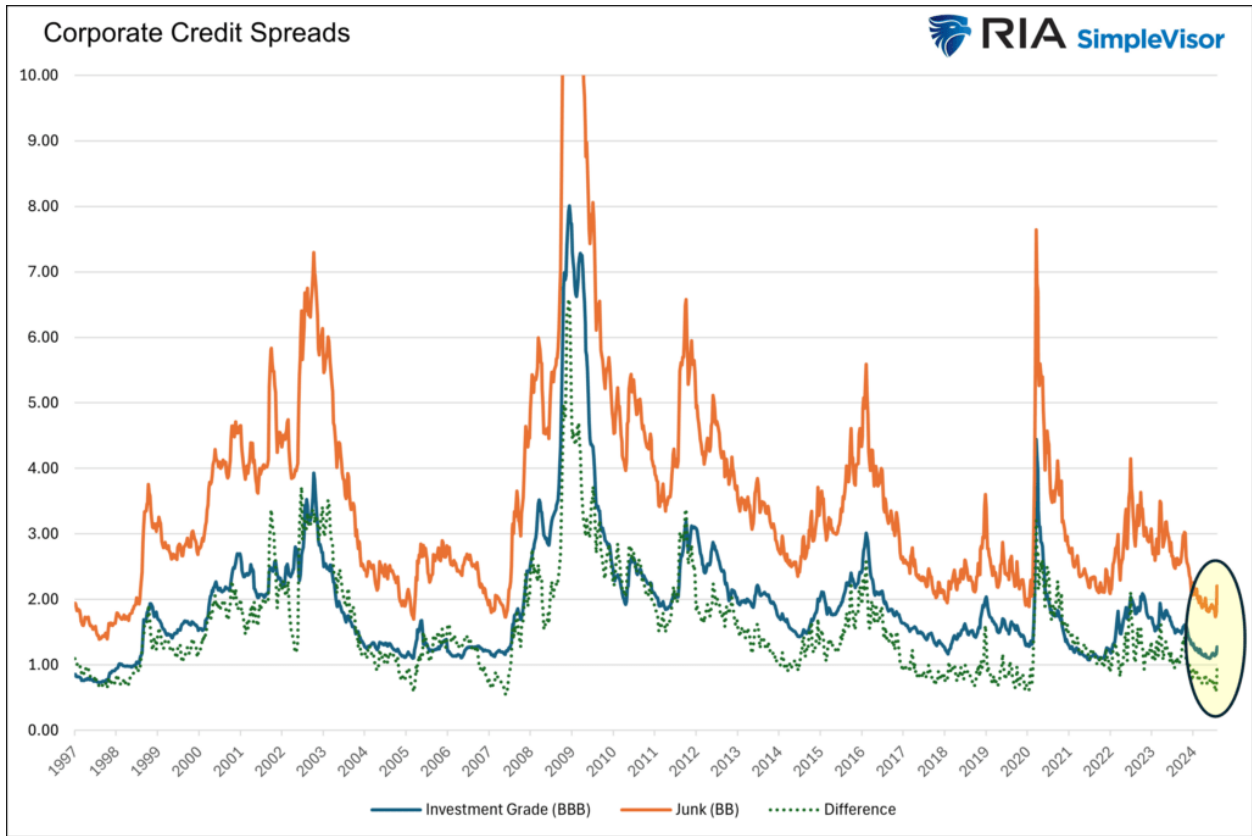
Richard Fisher Defines When The Fed Would Calm Markets

Many investment professionals and economists called upon the Fed to cut rates on Monday. For example, in yesterday's Commentary, we noted that economist Jeremy Siegel begged for an immediate 75bps rate cut. The market is like Paavlov's dogs and demands Fed action when markets don't behave.

Former Dallas Fed President Richard Fisher provided CNBC with a few interesting comments. His logic should help us appreciate when the Fed will and won't react. To wit:

"The Fed will always act if something occurs that threatens the credit system or the economy and it is not yet clear what has happened the last few days, including today with the Dow off over 1,000, that is going to threaten the economy or the credit system. If it does, then they would move."

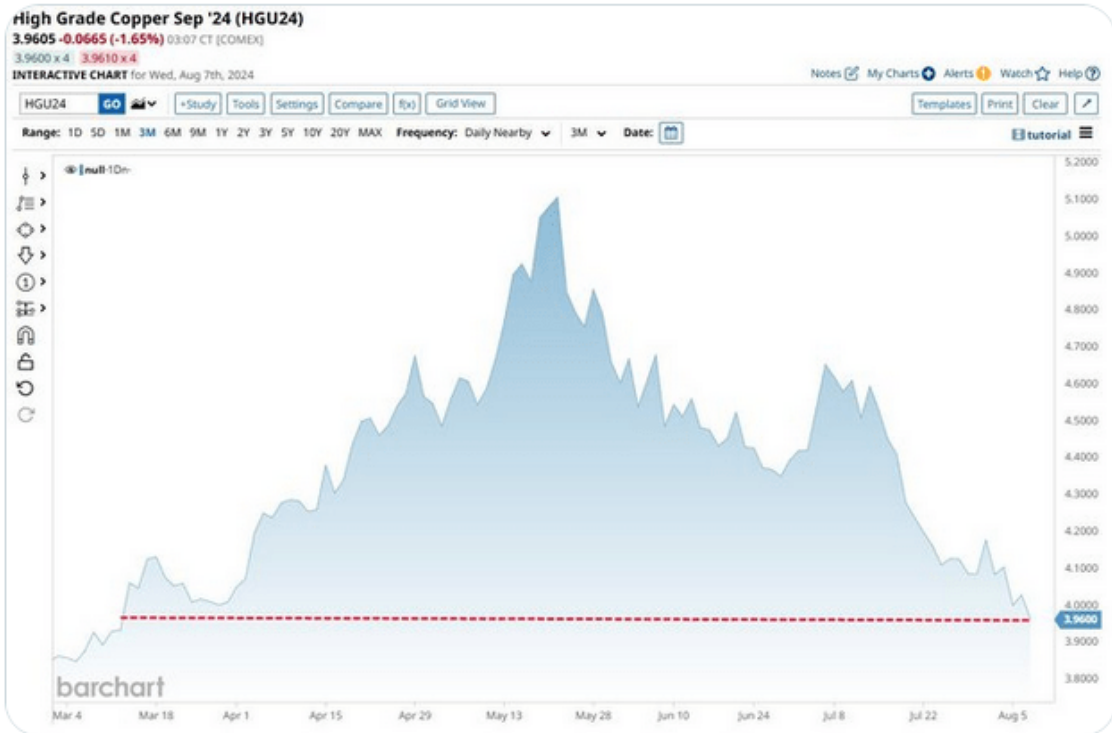
One of the best gauges of the health of the credit system is corporate bond spreads. The graph below compares investment grade and junk corporate credit spreads. Both have risen recently, and the difference between them has widened. Accordingly, there is some stress in the credit markets. However, the level of credit spreads is still extremely low. Thus, recent credit spread widening is not likely a primary Fed concern.



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