



What's next for the Markets?

Thursday July 16, 2020



BIG PICTURE
T R A D I N G

S&P500 Futures



3400.00
3350.00
3300.00
3250.00
3196.25
05:42:54
3150.00
3100.00
3050.00
3000.00
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2550.00
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2250.00
2200.00
2150.00

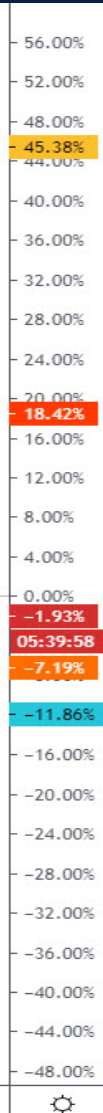
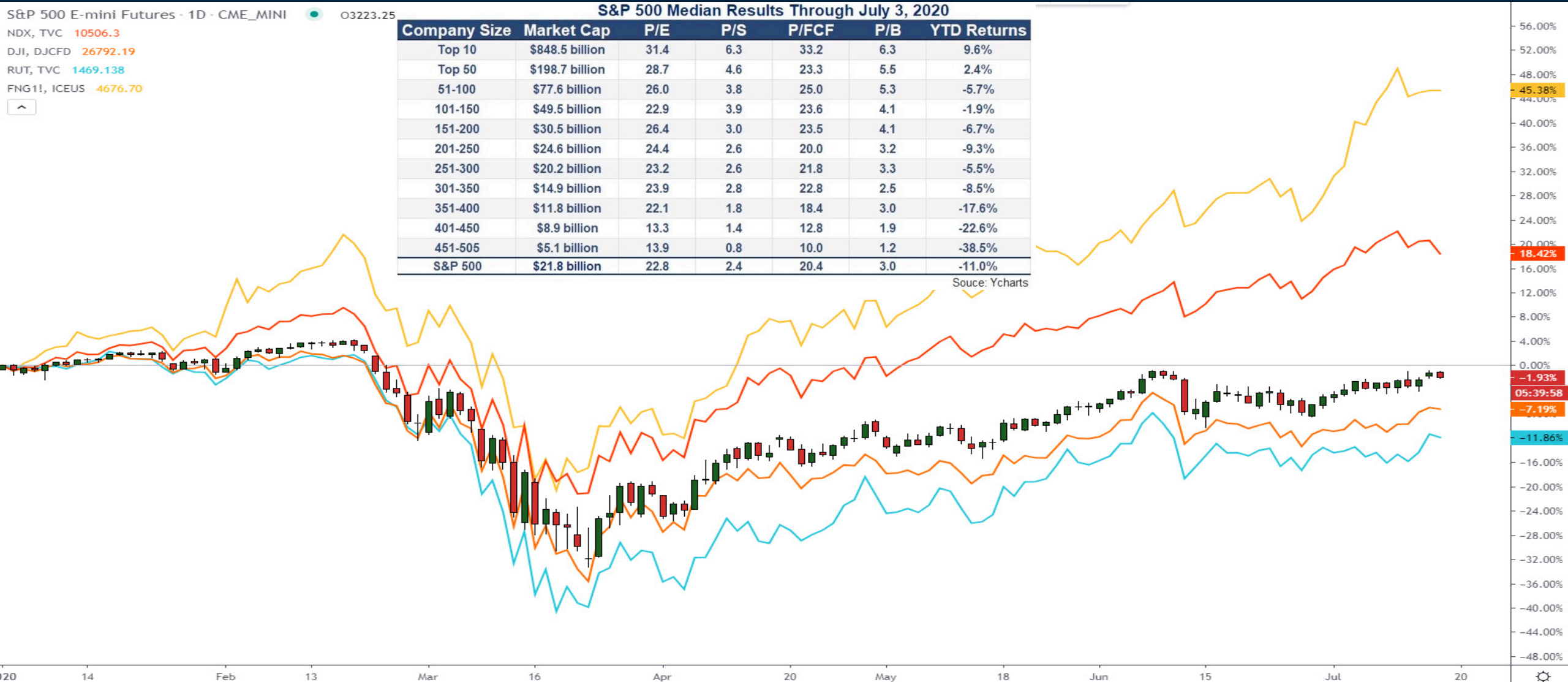
US Equity Performance

S&P 500 E-mini Futures - 1D - CME_MINI ● O3223.25
 NDX, TVC 10506.3
 DJI, DJCFD 26792.19
 RUT, TVC 1469.138
 FNG1!, ICEUS 4676.70

S&P 500 Median Results Through July 3, 2020

| Company Size | Market Cap | P/E | P/S | P/FCF | P/B | YTD Returns |
|--------------|-----------------|------|-----|-------|-----|-------------|
| Top 10 | \$848.5 billion | 31.4 | 6.3 | 33.2 | 6.3 | 9.6% |
| Top 50 | \$198.7 billion | 28.7 | 4.6 | 23.3 | 5.5 | 2.4% |
| 51-100 | \$77.6 billion | 26.0 | 3.8 | 25.0 | 5.3 | -5.7% |
| 101-150 | \$49.5 billion | 22.9 | 3.9 | 23.6 | 4.1 | -1.9% |
| 151-200 | \$30.5 billion | 26.4 | 3.0 | 23.5 | 4.1 | -6.7% |
| 201-250 | \$24.6 billion | 24.4 | 2.6 | 20.0 | 3.2 | -9.3% |
| 251-300 | \$20.2 billion | 23.2 | 2.6 | 21.8 | 3.3 | -5.5% |
| 301-350 | \$14.9 billion | 23.9 | 2.8 | 22.8 | 2.5 | -8.5% |
| 351-400 | \$11.8 billion | 22.1 | 1.8 | 18.4 | 3.0 | -17.6% |
| 401-450 | \$8.9 billion | 13.3 | 1.4 | 12.8 | 1.9 | -22.6% |
| 451-505 | \$5.1 billion | 13.9 | 0.8 | 10.0 | 1.2 | -38.5% |
| S&P 500 | \$21.8 billion | 22.8 | 2.4 | 20.4 | 3.0 | -11.0% |

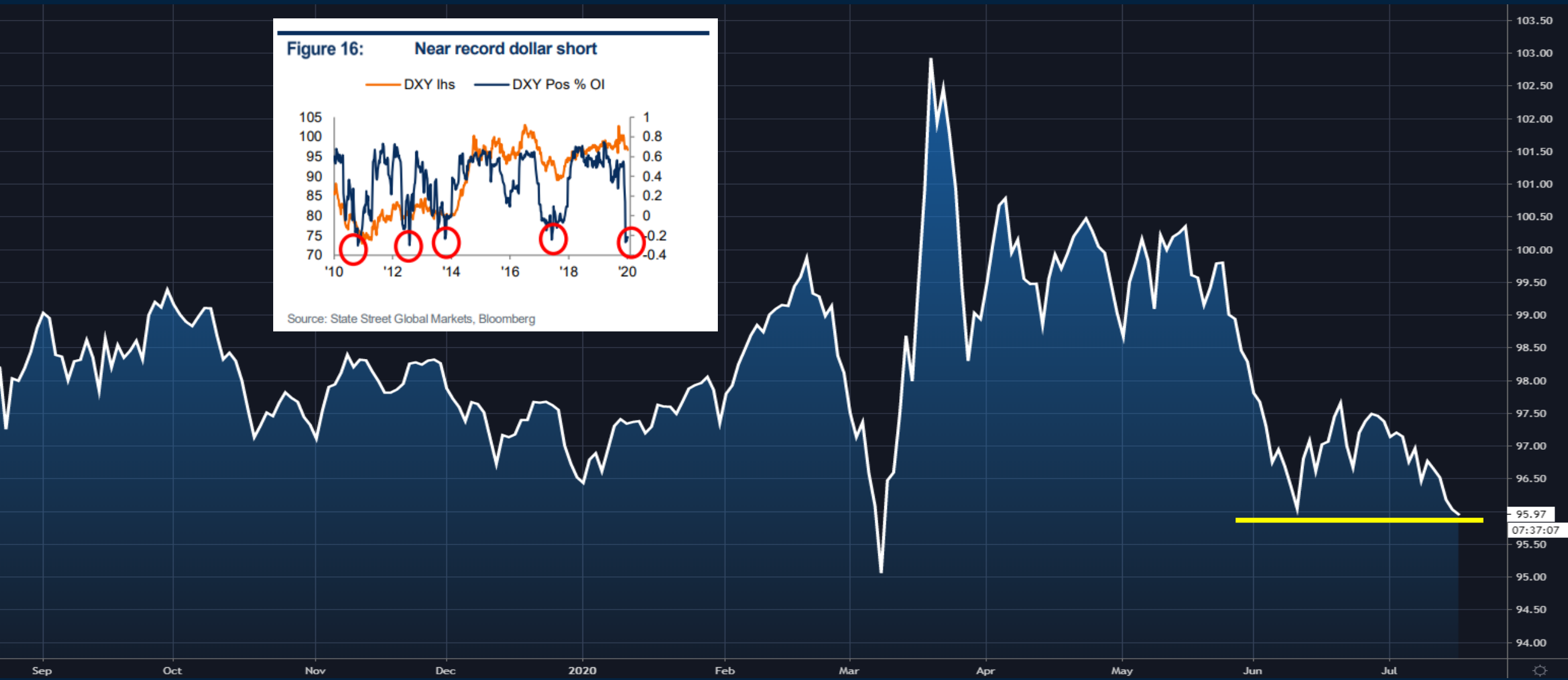
Source: Ycharts



Tesla Weekly Chart (TSLA)



U.S. Dollar Index



Crude Oil Futures (Aug 2020)



Crude Oil

OPEC transition from 9.7 mb/d to 7.7 mb/d has little impact on the market since most of the increase in production will NOT translate into increase in oil exports:

1- Power generation demand in most oil-producing countries, especially in the Gulf region, is expected to skyrocket this summer as COVID19 keeps people at home and prevent people from taking international vacations

2- Significant decline in oil production because of the OPEC+ agreement reduced associated gas production.

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3- To meet the growing power generation demand and compensate for the decline in associated gas production, more oil (in form of fuel oil or crude) will be used in power generation.

4- Most people in the Gulf region take international vacations in the summer. Since this is **not** an option for most people this summer because of COVID19, gasoline and diesel consumption is expected to be higher than usual.

5- Since some countries promised additional cuts to compensate for their over-quota production in May and June, the cut in August will be higher than 7.7 mb/d and might reach 8.3-8.5 mb/d.

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In short, increase in production is one thing, increase in exports is another.

Gold Futures



10-Year Treasury Bond Yields



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