EMERGING MARKETPLACES, UNVEILING DANGER

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In the film "The Deer Hunter" (Michael Cimino, director), a character asks: "Did you ever think life would turn out like this?"

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OVERVIEW AND CONCLUSION

Prices for both emerging marketplace stocks and emerging marketplace debt securities "in general" peaked in first quarter 2021. The price tops (yield bottoms) in key emerging marketplace interest rate instruments (around early January 2021) preceded mid-February 2021's summit in "overall" emerging marketplace equities. Emerging marketplace debt securities established interim price troughs in March 2021, and their prices thereafter rallied (yields fell) for several months. However, yields for those benchmark interest rate securities thereafter have climbed, and that has coincided with slumping prices for emerging marketplace stocks. Moreover, stocks for these developing nations have made a pattern of lower and lower interim highs since February 2021.

This price convergence between emerging marketplace stock and debt securities probably will continue, and prices in both arenas will continue to decline.

The latest coronavirus variant (Omicron) can encourage falls in both advanced nation and emerging stock marketplace prices, but it is not the only bearish factor for them. Rising interest rates and massive debt also play critical roles in this theater. Substantial global inflation and increasing debt burdens encourage higher interest rates around the world, despite the efforts of leading central banks such as the Federal Reserve Board and its allies to repress yields. The Fed's recent tapering scheme and its related rhetoric portend eventual increases in policy rates (Fed Funds) and higher yields in the United States Treasury field and elsewhere. Moreover, long run United States interest rate history shows that noteworthy yield increases lead to peaks for and subsequent declines in American signposts such as the S+P 500 and Dow Jones Industrial Average.

The recent rally in the US dollar undermines prices for emerging marketplace debt instruments (both dollar-denominated sovereign and corporate fields) and thereby emerging marketplace stocks. All else equal, rising interest rates (particularly in the US dollar domain), especially when linked with US dollar appreciation, increase burdens on emerging marketplace sovereign and corporate borrowers.

Convergence and divergence (lead/lag) patterns between marketplaces can change or transform, sometimes dramatically. Marketplace history does not necessarily repeat itself, either entirely or even partly. But marketplace history nevertheless provides guidance regarding the probabilities of future relationships.

America's S+P 500 and stocks in other advanced nations soared to new highs after February 2021 while emerging marketplace equities have marched downhill (price divergence). However, the chronicle of those two broad marketplace realms at least since the Goldilocks Era of the mid-2000s reveals that their price and time trends tend to coincide. Over the long run, these arenas are bullish (or bearish) "together". In the current environment of rising American and international yields, that warns of eventual price convergence between the S+P 500 and emerging marketplace stocks. The S+P 500's record high, 11/22/21's 4744, occurred near in time to prior interim highs in developing nation equities. These intertwined patterns warn that the S+P 500 probably has established a notable top or soon will do so.

Many pundits label commodities in general as an "asset class". Like stocks as well as low grade debt securities around the globe, and likewise assisted by yield repression (with UST yields low relative to inflation) and gigantic money printing, the commodities arena in recent years has represented a landscape in which "investors" and other players hunting for good (acceptable, sufficient) "returns" ("yields") avidly foraged and bought. Sustained falls in commodity prices in general probably will link to (confirm) price slumps in both advanced and emerging marketplace stocks.

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Recall past financial crises in the past few decades in emerging (developing) nations (for example, Mexico; "Asian" financial crisis) and other important countries (Russia; Greece and several other Eurozone countries) which substantially influenced marketplace trends in more advanced nations. The "Mexican Peso" crisis emerged in December 1994, the terrifying "Asian" problem in July 1997. Russia's calamity began around August 1998. The fearsome Eurozone debt troubles walked on stage in late 2009/2010. The coronavirus pandemic obviously has been a very severe global economic problem which has generated international responses by central bankers, politicians, and others. However, at present, no crisis similar to these various past national or regional ones, and which eventually might significantly affect the "world as a whole", has spread on a sustained basis substantially beyond local (regional) boundaries. However, given current international inflation and debt trends, traders and policy-makers should not overlook minimize signs of and the potential for a genuine, wide-ranging economic crisis (perhaps sparked or exacerbated by the coronavirus situation).

Nowadays, consider country candidates for such dangers like Brazil, South Africa, Pakistan, and Turkey. For many emerging marketplace nations, their significant economic, political, and social divisions and related internecine conflicts can make it especially difficult for them to solve major economic challenges. After all, America is not the only country with significant internal "culture wars". Though China's troubled corporate real estate sector is not a nation, its massive size and influence makes it analogous to one. Those with long memories undoubtedly recall the "surprising" ("shocking") problem uncovered in the United States housing (and related mortgage securities) marketplace (and other areas) during the 2007-09 worldwide economic disaster. Nowadays, if such a substantial predicament appears and is not quickly contained, it likely will be bearish for stock marketplaces around the globe.

SUBMERGING: EMERGING MARKETPLACE STOCKS

The Band sings in "The Shape":
"Out of nine lives I spent seven
Now, how in the world do you get to Heaven?
Oh, you don't know the shape I'm in"

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"EEM" is the iShares MSCI Emerging Stock Markets ETF. It covers over 800 large and mid-size companies. Despite Mainland China's global economic power, most classify it as an emerging market nation from the economic perspective. It possesses a 33.5 percent portion of the EEM (see BlackRock's iShares website, 9/30/21).

	1Q 2020 **High (date)**	1Q 2020 **Low (date)**	Interim **High**	Take-Off **Low (date)**	Subsequent **Highs (to date)**
EEM	46.32 (1/13/20) 44.84 (2/12/20) 40.83 (3/3/20)	30.10 (3/23/20)	45.56 (8/28/20)	42.29 (9/25/20) 44.41 (10/30/20)	58.29 (2/16/21) 56.18 (6/1/21) 55.62 (6/28/21) 53.58 (9/7/21) 52.62 (10/20/21) 52.14 (11/15/21)

Emerging marketplace stocks, as they began to decline in mid-January 2020, "led" the decline in the S+P 500 and other advanced nation stock playgrounds. Note also the similarity in the EEM's drop-off points in mid-February 2020 and early March 2020 to those in the S+P 500.

Since February 2021 in the EEM, highlight the pattern of lower interim tops. This substantially contrasts with the S+P 500's magnificent bull move. The EEM's low since 2/16/21's summit is 48.35, reached on 11/30/21, a 17.1 percent drop from its 2/16/21 peak.

The latest two minor EEM highs, 10/20/21 and 11/15/21, occurred close in time to the S+P 500's stellar high to date, 11/22/21's 4744.

What about China's Shanghai Composite Index? Its price and time picture resembles that of the EEM.

	1Q 2020 **High (date)**	1Q 2020 **Low (date)**	Interim **High**	Take-Off **Low (date)**	Subsequent **Highs (to date)**
Shang Comp	3127 (1/14/20)	2647 (3/19/20)	3459 (7/13/20) 3457 (9/3/20)	3202 (9/30/20) 3210 (11/2/20)	3732 (2/18/21) 3724 (9/14/21)

The Shanghai Composite fell 7.6 percent from 2/18/21's high to 11/10/21's 3448 low.

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Let's review the S+P 500 since its early first quarter 2020 peak and March 2020's major bottom. In recent decades, the economic (financial; business; commercial) world increasingly has become interconnected and thus globalized. Although the supply/demand situation can vary across equity marketplaces (and marketplace sectors and individual stocks within them), broad stock benchmarks for advanced nations (such as Germany, the United Kingdom, and Japan) generally have followed (moved together with) United States stock trends.

	1Q 2020 High (date)	1Q 2020 Low (date)	Interim High	Take-Off Low (date)	Subsequent High (to date)
S+P 500	3394 (2/19/20)	2192 (3/23/20)	3588 (9/2/20)	3209 (9/24/20)	4744 (11/22/21)
	3137 (3/3/20)			3234 (10/30/20)	

The awesome 11/22/21 high skyrocketed 116.4 percent from 3/23/20's depth, and it surpasses 2/19/20's peak by 39.8 percent.

The S+P 500's glorious advance after end-October 2020 had a later acceleration point as well, 7/19/21's 4233 and 10/4/21's 4279 trough.

Many define a "correction" in stocks as a decline of ten percent or more from a notable high, with a bear move a collapse of at least twenty percent from a peak. The S+P 500's largest slump since its March 2020 major trough is the 10.6 percent fall from 9/2/20's 3588 to 9/24/20's 3209. Since March 2020's major bottom, this has been the single modest (and brief) correction. The slide from 9/2/21's 4546 interim high to the subsequent low, 10/4/21's 4279, was 5.9 percent.

The S+P 500's low since its November 2021 high is 12/2/21's 4505, a 5.0 percent retreat. Suppose the S+P 500 sustains a fall of greater than five percent from its recent high. That probably will further weaken emerging marketplace stocks and prices in other search for yield battlegrounds. A sustained correction in the S+P 500 of around 10 percent or more (and especially a bear move of at least 20 percent) probably will devastate EEM prices and propel sovereign and corporate debt yields of many emerging marketplaces higher.

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Emerging marketplace stock price and time patterns since the last years of the Goldilocks Era and 2007-09's ensuing global economic crisis generally have converged (traded "together") with those of the S+P 500. For example, the EEM's Goldilocks Era major high occurred 10/31/07 at 55.83. Compare the neighboring timing of the Goldilocks Era's S+P 500 summit, 10/11/07's 1576.

However, since around mid-February 2021, emerging marketplace stock trends have diverged from those of the S+P 500 and related advanced nation equity benchmarks.

Supply-demand considerations of emerging stock marketplaces vary to some extent from those of advanced nations. However, given the long run historical convergence pattern between the S+P 500 and emerging stock marketplaces, and given the importance of emerging/developing nations (especially China) to the intertwined international economy, this sustained divergence over the since first quarter 2021 probably will not persist.

In this divergence context, the pattern of rising worldwide interest rates (though yield boosts in basis point terms in the US Treasury marketplace indeed have been modest thus far) and the current high valuations for the S+P 500 warn that the eventual convergence between emerging and developed nation stock domains probably will involve falling prices for the S+P 500 and associated advanced country stocks. Thus rising yields and sliding emerging stock marketplace prices probably will lead the S+P 500 downhill.

RISING EMERGING MARKETPLACE INTEREST RATES

"Beautiful credit! The foundation of modern society. Who shall say this is not the golden age of mutual trust, of unlimited reliance upon human promises?" "The Gilded Age", by Mark Twain and Charles Dudley Warner (chapter 26; published 1873)

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The "EMB" ETF, from iShares (BlackRock)/J.P. Morgan, offers exposure to United States dollar-denominated government bonds issued by emerging market countries. The EMB includes over 30 countries. The EMB is quoted in price terms, so falling prices reflect rising yields. "EMHY", the iShares J.P. Morgan emerging markets "high yield bond" ETF, tracks the investment results of an index composed of US dollar-denominated, emerging market high yield sovereign and corporate bonds.

Another iShares ETF product, "LEMB", tracks an index composed of local currency-denominated sovereign bonds issued by emerging market countries. "EMLC" is the VanEck J.P. Morgan emerging market local currency bond ETF; it tracks bonds issued by emerging market governments denominated in the issuer's local currency.

	Early 2020 Price High/ Yield Low (date)	**Subsequent Price High/ Yield Low (date)**
EMB	117.20 (2/21/20); 117.08 (3/4/20)	116.09 (1/4/21)
EMHY	48.12 (1/21/20); 47.99 (2/14/20)	46.73 (1/4/21)
LEMB	45.42 (12/18/19); 44.07 (1/21/20)	45.54 (1/4/21)
EMLC	34.08 (1/10/20); 33.14 (3/4/20)	33.52 (12/17/20)

Significantly, and like the EEM stock signpost, prices for these emerging marketplace interest ETFs have not exceeded their first quarter 2021 (mid-December 2020 for the EMLC) pinnacles.

	1Q20 Price Low	**Price High**	**Interim Price Low**	**Price High**	**Price Low**	**Recent Price High/Yield Low**
EMB	85.00 (3/18/20)	114.65 (8/11/20)	109.20 (9/24/20)	116.09 (1/4/21)	106.70 (3/8/21)	113.64 (8/31/21) 111.08 (11/9/21)
EMHY	32.81 (3/19/20)	45.27 (9/3/20)	42.93 (9/24/20)	46.73 (1/4/21)	43.99 (3/8/21)	46.13 (6/11/21) 45.87 (8/31/21) 44.11 (10/27/21)
LEMB	34.53 (3/19/20)	42.79 (9/16/20)	41.21 (9/28/20)	45.54 (1/4/21)	42.15 (3/30/21)	44.59 (6/10/21) 43.82 (9/1/21) 42.22 (11/9/21)

	1Q20 Price Low	Price High	Interim Price Low	Price High	Price Low	Recent Price High/Yield Low
EMLC	26.02 (3/20/20)	31.92 (7/27/20) 31.83 (9/16/20)	30.39 (9/28/20)	33.52 (12/17/20) 33.48 (1/4/21)	30.35 (3/30/21)	32.21 (6/9/21) 31.23 (8/31/21) 29.69 (11/9/21)

Recent lows in these four emerging marketplace debt ETFs edged beneath their March 2021 lows. The EMB's low was 106.16 on 11/26/21, the EMHY's 42.08 occurred that day. The LEMB's trough following its 11/9/21 interim top occurred on 11/29/21 at 40.24; the EMLC's low was 28.22 on 11/26/21. If prices for these four securities sustain ventures beneath their March 2021 valleys, that probably will be bearish for both emerging marketplace stocks and the S+P 500.

Compare the timing of the late summer 2021 and November 2021 price drop off-points in these emerging marketplace debt battlefields with interim highs in the EEM. Rising yields in emerging marketplaces apparently helped to lead to emerging stock marketplace (EEM) highs. Note also the UST 10 year note's trend of rising yields since March 2020.

WARNING SIGNALS: INFLATION AND DEBT

Significant inflation and massive government debt are important variables for a rising interest rate outlook. Increasing yields for an array of debt securities around the globe probably are leading to an important top and subsequent bear trends for the American stock battlefield and related advanced nation stock territories, as well as further falls in emerging marketplace stocks.

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For the past several months, US CPI-U inflation has surpassed five percent. The Fed and other central banking magicians and evangelical finance ministers repeatedly claimed (prayed) that inflationary signs in America and elsewhere in recent months were merely "transitory", "temporary", or the "result of special factors" (such as high prices for used cars; or, supply bottlenecks). However, many of these economic high priests have heralded that inflation may last longer than they had initially proclaimed.

In any case, underscore the notable upward march in recent months of American and global inflation measures such as the Consumer Price Index. America's CPI-U (all items) jumped up 6.2 percent in October 2021 year-on-year. This continued the soaring year-on-year trend of between 5.0 and 5.4pc for the months of May, June, July, August, and September 2021. Compare the 1.4pc year-on-year rise in December 2020 (Bureau of Labor Statistics, 11/10/21).

The OECD's October 2021 CPI (all items, Table 1; 12/2/21) for the OECD countries spiraled upward 5.2 percent year-on-year, achieving the highest rate since February 1997. Compare interest rate yields in America and elsewhere. This rising inflation trend has existed for several months. The OECD CPI measure ascended 4.6 percent year-on-year in September 2021, 4.5pc year-on-year in August 2021, and 4.6 percent year-on-year in July 2021). Compare the 1.2 percent climb of October 2020.

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Government debt levels as a percentage of GDP in America and many other key countries were substantial and very elevated from the historical perspective prior to the advent of the coronavirus pandemic in early 2020. Massive government deficit spending (fiscal stimulus) thereafter by many nations (demand for credit) further assists yield ascents.

Spotlight the international debt assessment by the International Monetary Fund's "Fiscal Monitor" ("Foreword", page ix; 10/7/21). "Debt--issued by governments, nonfinancial corporations, and households--in 2020 reached $226 trillion and increased by $27 trillion. Both the level and the increase in debt are unprecedented. High and growing levels of public and private debt ae associated with risks to financial stability and public finances."

Though the IMF's Fiscal Monitor does not directly address the overall global debt situation for governments, nonfinancial corporations, and households combined for calendar 2021, it probably has improved little if at all for that year. For the global general government gross debt as a percentage of GDP category, the IMF's statistics show little change.

According to the International Monetary Fund's scoreboard (Table 1.2), the world's general government gross debt (which includes not only national debt, but also regional/local obligations) as a percentage of GDP leaped from 83.6 percent in 2019 (recall the much lower levels prior to the 2007-09 global economic disaster) to 98.6 percent in 2020, with 2021's height forecast at 97.8pc (and 2022's at 96.9pc).

For advanced economies, 2019's general government gross debt of 103.8 percent of GDP spiked to 122.7pc in 2020; the IMF predicts 2021's will remain near that, at 121.6pc, with upcoming years from 2022 to 2026 hovering around 119.0, a still-lofty elevation ("Fiscal Monitor"; 10/7/21; Table A7). For the United States alone, as federal stimulus spending ballooned, general government gross debt soared from 108.5 percent of GDP in 2019 to 133.9pc in 2020, with 2021's forecast at 133.3pc and 2022's at 130.7pc. These statistics do not include America's November 2021 enactment of a (bipartisan) infrastructure package.

For "Emerging Market and Middle Income Economies" (Table A15), general government gross debt as a percentage of GDP has motored substantially higher from 2012's 37.1 percent (China's was 34.4pc of GDP that year). It expanded to 54.7pc in 2019 (China's grew to 57.1pc), racing to 64.0pc in 2020 (China's flew up to 66.3pc). The IMF predicts 2021's emerging market government debt will grow only slightly, to 64.3 percent (China 68.9pc), with 2022's edging up to 65.8pc (72.1pc for China). Its 2026 estimate is 69.8pc. The IMF clairvoyant declares that China's government debt continues its steady climb, reaching 80.1pc in 2026.

Suppose government and corporate interest rates yields rise significantly. All else equal, that tends to put pressure on substantial debtors.

US INTEREST RATE HISTORY AND STOCKS

In "On Wall Street", Finley Peter Dunne's famed character Mr. Dooley declares: "They'se no intoxicant in th'wurruld, Hinnissy, like money. It goes to th' head quicker thin th' whiskey th' dhruggist makes in his back room." (The spelling is Dunne's.)

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"History on Stage: Marketplace Scenes" (8/9/17) and subsequent essays updating it (such as "Hunting for Yield: Stocks, Interest Rates, Commodities, and Bitcoin; 11/7/21) emphasized: "Marketplace history need not repeat itself, either entirely or even partly. Yet many times over the past century, significantly increasing United States interest rates have preceded a noteworthy peak in key stock marketplace benchmarks such as the Dow Jones Industrial Average and S+P 500. The yield climb sometimes has occurred over a rather extended time span, and the arithmetical (basis point) change has not always been large."

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A major yield increase trend in the United States Treasury marketplace (use the UST 10 year note as a benchmark) probably started with 3/9/20's .31 percent bottom, which the lows at .54 pc on 4/21/20 at .54 pc and 8/6/20 at .50pc on 8/6/20 confirmed. The UST 10 year note yield high to date is 3/30/21's 1.77 percent. Ongoing yield repression by the Federal Reserve (its huge UST buying assists this) and other countries probably has delayed substantial UST yield increases. However, the UST 10 year note yield has ascended since 8/4/21's 1.13pc low, reaching 1.70pc on 10/21/21).

Moreover, tapering (reduced buying) of UST and agency mortgage-backed securities by the Fed reduces demand for them, thus helping interest rates to increase. Watch for tightening action by other central banks as well.

	1Q20 Yield Bottom	**Interim Yield Spike**	**Spring 2020 Yield Low**	**Later 2020 Yield Low**	**1Q21 Yield High**	**8/2021 Low**
UST 10 Year	.31 pc (3/9/20)	1.27pc (3/19/20)	.54pc (4/21/20)	.50pc (8/6/20)	1.77pc (3/30/21)	1.13pc (8/4/21)

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The UST 10 year note yield highs since 8/4/21 are 1.70 percent on 10/20/21 and 1.69pc on 11/24/21. Rising yields probably have led (or are leading) to an important S+P 500 top.

Perhaps increasing fears regarding the coronavirus consequences for the international economy may spark occasional "flights to quality" and buying of UST.

However, looking forward over the long run, United States Treasury yields probably will continue to rise. So will yields for government debt in Germany and other advanced nations. In general, yields of emerging market sovereign debt securities probably will keep climbing as well. US dollar-denominated corporate debt yields will ascend.

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Watch interest rate credit spread trends, such as those between high-quality and low quality sovereigns, or between high-grade sovereign debt and lower-quality corporate debt. Sharply widening credit spreads probably will be a danger signal warning of (confirming) weakness in key emerging stock marketplaces and the S+P 500.

KEEPING IT REAL: COMMODITIES

In Frank Norris's 1934 novel "The Pit", Cressler observes regarding Chicago commodities trading: "I tell you the fascination of this Pit gambling [Cressler says you can call the gamblers 'speculators'] is something no one who hasn't experienced it can have the faintest conception of. I believe it's worse than liquor, worse than morphine. Once you get into it, it grips you and draws you and draws you, and the nearer you get to the end the easier it seems to win, till all of a sudden, ah! There's the whirlpool…"

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Many marketplace guides label commodities as an asset class. Such wizards typically claim commodities in general (and some commodities in particular) are suitable instruments for "investment".

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Commodities do not pay dividends or interest. But commodities "in general" in recent years often have been a vehicle by which purchasers (investors, speculators, and other traders) have sought to win sufficient "yields" (returns) from rising prices.

Not only have commodities in general enjoyed bull moves alongside the S+P 500 since their major bottom in first half 2020. Over at least the past dozen years, price and time trends for commodities roughly have moved alongside those of the S+P 500 (and emerging stock marketplaces). The latest stage of the bull move in commodities diverged from the gradual down trend in emerging marketplace stocks (EEM pinnacle 2/16/21) until around late October 2021, when commodities precipitously slumped and converged with the downward pattern in emerging stock equities.

Looking forward, will price trends for petroleum (and commodities "in general") converge with those in the S+P 500 and other stock marketplaces? At the dawn of the global economic crisis of 2007-09, the S+P 500 peaked on 10/11/07 at 1576. However, the trends for the broad GSCI and petroleum complex diverged from that of the S+P 500 for a while. The broad GSCI peaked on 7/3/08 at 894. ICE Brent/North Sea crude oil attained its pinnacle on 7/11/08 at 14750, not long after the S+P 500's final top, 5/19/08's 1440.

However, though price divergence may exist between commodities in general and the S+P 500, long run history and the trend since first half 2020 indicates they probably will trade "together" over the long run. Often changes in major trends for commodities in general have occurred at around the same time as those in the S+P 500. In general, a notable slump in commodity prices probably will lead to (confirm) a fall in the S+P 500 and other stock territories. Sustained declines from recent highs in the broad GSCI and the petroleum complex, especially if a slump in base metals accompanies them, probably warn of a fall in the S+P 500.

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The following table enlists the S&P broad GSCI index, although it is heavily petroleum-weighted. ICE Brent/North Sea crude oil is the nearest futures continuation contract. "LMEX" is the London Metal Exchange's base metals index.

.	**1Q 2020 High (date)**	**1Q 2020 Low (date)**	**Take-Off Low (date)**	**Subsequent High (to date)**
Broad S&P GSCI	453.2 (1/8/20)	218.0 (4/21/20)	333.1 (11/2/20)	599.9 (10/25/21)

Asset price inflation in commodities in general, as in the S+P 500, has been large. The broad GSCI's 32.4 percent advance above its first quarter 2020 peak, like that for the S+P 500, is substantial.

In first quarter 2020, the broad S&P GSCI peaked about the same time as emerging marketplace stocks (EEM). The GSCI cratered from 2/20/20's 406.6; compare the time of the S+P 500's crowning height. The GSCI's spring 2020 trough, like that of the petroleum complex, occurred about a month after those in the S+P 500 and the EEM. Note the timing coincidence of the important autumn 2020 price lows for the S+P 500 and various other stock marketplace benchmarks and the broad GSCI's early November 2020 trough.

The broad S&P GSCI's 7/6/21 interim high at 594.5 bordered 10/25/21's summit. The GSCI descended a sharp 16.9 percent from 7/6/21's high to its 8/20/21 low at 494.0. Compare the timing of the GSCI's August 2021 low with the S+P 500's summertime interim troughs, 7/19/21's 4233 and 8/19/21's 4368. The GSCI's October 2021 zenith occurred rather close in time to the S+P 500's high to date at 4744 on 11/22/21.

The GSCI withered 15.1 percent from 10/25/21 to its 12/2/21 low at 509.1.

.	**1Q 2020 High (date)**	**1Q 2020 Low (date)**	**Take-Off Low (date)**	**Subsequent High (to date)**
ICE Brent/ North Sea Crude Oil	7175 (1/8/20) 6000 (2/20/20)	1598 (4/22/20)	3574 (11/2/20)	8670 (10/25/21)

Brent/North Sea crude oil crashed from 5390 on 3/3/20; the S+P 500 nosedived from its 3/3/20 interim top. The timing of Brent/North Sea crude oil's interim high on 7/6/21 at 7784 paralleled the broad GSCI's 594.5 high that day. Recall the timing of Brent's lows on 7/20/21 at 6774 and 6460 on 8/23/21 (plummeting 17.3 percent from 7/6/21) in conjunction with those of the GSCI and the S+P 500 (7/19/21 at 4233 and 8/19/21 at 4368).

Compare Brent's recent high level at 8670 with 10/3/18's 8674 peak. Ongoing failure to sustain a move above this barrier confirms that the bull move in commodities in general probably has ended. Brent collapsed a bloody 24.2 percent from 10/25/21's 8670 to its subsequent low at 6572 on 12/2/21.

LMEX (base metals)	2894 (1/20/20) 2699 (2/13/20)	2232 (3/23/20)	2873 (10/1/20)	4763 (10/15/21)

The LMEX index made an intermediate top at 4402 on 5/11/21, diving 9.3 percent to 6/18/21's 3993. The LMEX's recent low, at 4290 on 11/17/21, tumbled 9.9 percent from its mid-October 2021 summit.

OTHER FINANCIAL THEATERS: THE US DOLLAR

In "The Big Heat", Debby Marsh remarks: "The main thing is to have the money. I've been rich and I've been poor. Believe me, rich is better." (Fritz Lang, director)

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History shows that significant trends for the United States dollar in relationship to those in US stock and interest rate marketplaces (and other important equity and debt realms) are complex and often change. However, let's glance at a US dollar move in the context of the S+P 500's first quarter 2020 high and subsequent decline. These US dollar adventures connect not only to the S+P 500, but also to related price pinnacles and falls in other key equity stock arenas and "search for yield/return" debt marketplaces (such as the EMB).

The Federal Reserve (H.10) releases a real as well as a nominal "Broad Dollar Index" (including both goods and services). The US real "Broad Dollar Index" is a monthly average (January 2006=100; 12/1/21 latest release). The Fed's nominal Broad Dollar Index release provides daily data (11/29/21 latest release, 11/26/21 most recent data point).

The real Broad Dollar Index ("BDI") started a major bull appreciation from July 2011's bottom at 83.9. The rally, though it had various twists and turns, persisted for almost ten years. The real BDI peaked in April 2020 at 113.6.

The United States dollar sometime in early 2020 probably became "too strong" for many emerging marketplace sovereign (and emerging marketplace corporate) issuers of dollar-denominated debt needing to repay their dollar obligations. This probably assisted yield increases in (price falls for) not only for such emerging marketplace sovereign (and corporate) debt instruments, but also yield climbs in "related" relatively low quality sovereign and other corporate debt around the globe.

Note the significant run up in the real BDI in the final stage of its bull trend from February 2020's 107.9 to March 2020's 111.9 and April 2020's 113.6. But the real BDI, as it is a monthly average, does not tell the whole story of the final stage in the US dollar's appreciation and its interrelation with trends in international securities domains. The nominal BDI on 2/19/20, the day of the S+P 500's peak, was 116.8, close to its 3/3/20 height (it started calendar 2020 with 1/2/20's 115.0). Recall the nominal BDI's sharp appreciation (rally) in March 2020. From 3/3/20's 116.6 (the same day as the critical 3137 drop off point for the S+P 500), it blasted up to 126.5 on 3/23/20, an 8.6pc leap in only 20 days. This US dollar spike probably led to (contributed to; confirmed) the S+P 500 and many other marketplace price crashes. The S+P 500 bottomed on 3/23/20 (the same day as the nominal Broad Dollar Index) at 2192. Keep in mind the timing of the price trends in other stock marketplaces as well as in emerging marketplace sovereign debt and US dollar-denominated corporate securities.

What does a more current vista on the US dollar unveil? The real BDI fell to 103.4 in January 2021 (compare March 2009's global economic disaster pinnacle at 101.5). The high since then is November 2021's 109.3, a noteworthy rally of 5.7 percent. From a long run historical perspective, November 2021's real Broad Dollar Index level is rather strong. This represents a risk for emerging marketplace sovereign and corporate debtors, especially for those with substantial US dollar-denominated debt, and more especially within an overall trend of rising interest rates (for dollar debt securities).

.	**First Quarter 2020 Key High (date)**	**Subsequent Low Level (date)**	**Percentage Fall from 1Q20 High**
Nominal Broad Dollar Index	126.5 (3/23/20)	111.1 (1/6/21) 111.0 (5/28/21) 110.8 (6/7/21)	Nominal Dollar Index depreciation 12.4pc

Since 6/7/21's trough, the nominal BDI's high is 116.9 on 11/26/21, a 5.5 percent advance. This price appreciation in the US dollar is not as substantial or rapid as the 8.6 percent rally during March 2020. However, when interpreted alongside rising yield trends in the UST 10 year note as well as in emerging marketplace sovereign debt and US dollar-denominated corporate securities, this BDI strength (bull move) probably has assisted weakness in emerging marketplace stocks, and it also warns of significant price falls in the S+P 500 and various advanced nation stock marketplaces linked to it.

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For further detailed discussion of stock, interest rate, currency, and commodity marketplaces and the political scene, see essays such as "Hunting for Yield: Stocks, Interest Rates, Commodities, and Bitcoin" (11/7/21); "Rising Global Interest Rates and the Stock Marketplace Battlefield" (10/5/21); "America Divided and Dollar Depreciation" (9/7/21); "Great Expectations: Convergence and Divergence in Stock Playgrounds" (8/14/21); "Financial Fireworks: Accelerating American Inflation" (7/3/21); "Marketplace Rolling and Tumbling: US Dollar Depreciation" (6/1/21); "American Inflation and Interest Rates: Painting Pictures" (5/4/21); "Financial Marketplaces: Convergence and Divergence Stories" (4/6/21); "Truth and Consequences: Rising American Interest Rates" (3/9/21); "GameStop and Game Spots: Marketplace and Other Cultural Backgrounds" (2/13/21); "The Fear Factor: Financial Battlefields" (1/5/21).

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