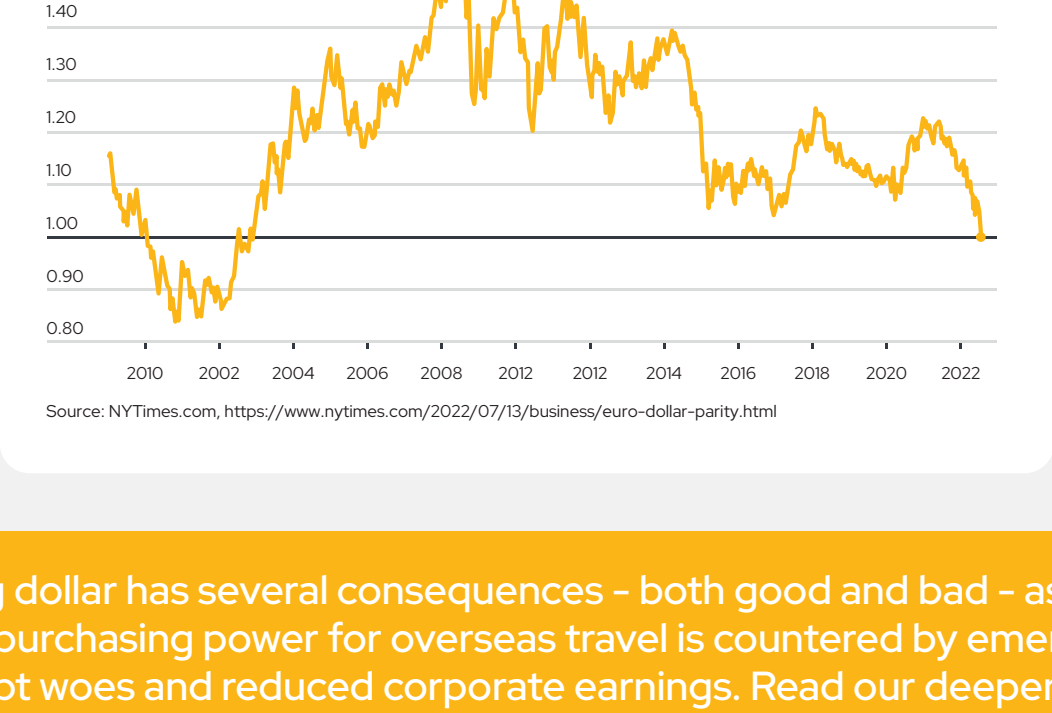


Trends We’re Tracking: U.S. Dollar, Recession Risk, and Single-Stock ETFs

August 2022

Record breaking U.S. dollar

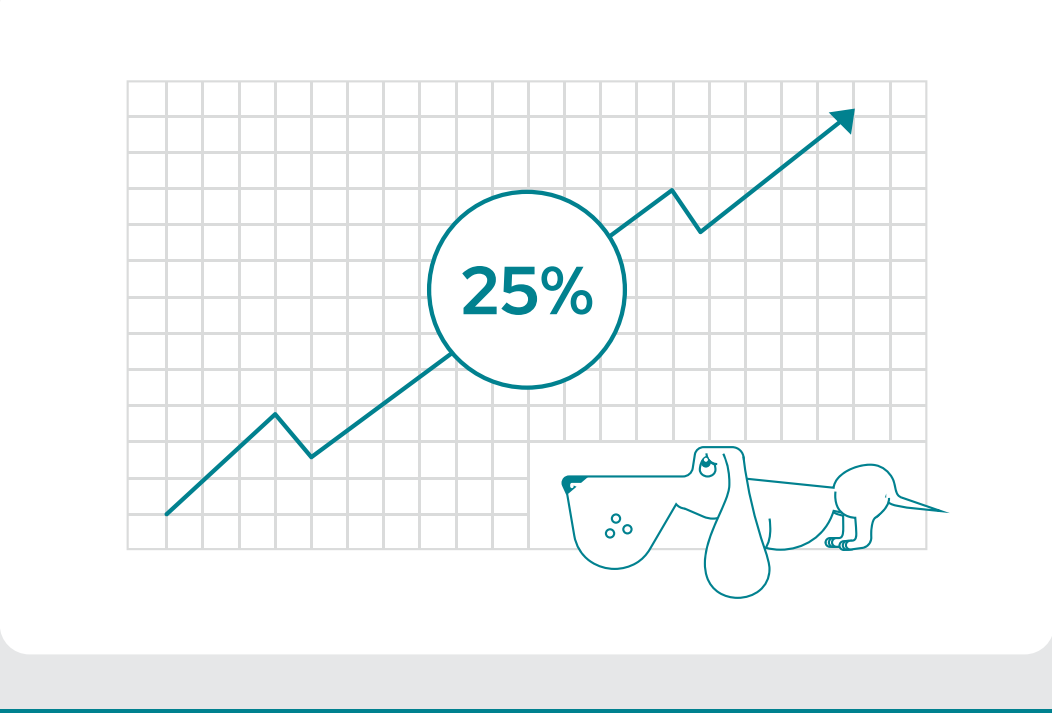
The U.S. dollar broke new records last month, trading above parity with the Euro for the first time since 2002 and reaching a 20-year high against the Japanese Yen.



The strong dollar has several consequences – both good and bad – as increased purchasing power for overseas travel is countered by emerging market debt woes and reduced corporate earnings. Read our deeper analysis of this situation [here](#).

Inflation and rising rents result in high pet abandonment rates

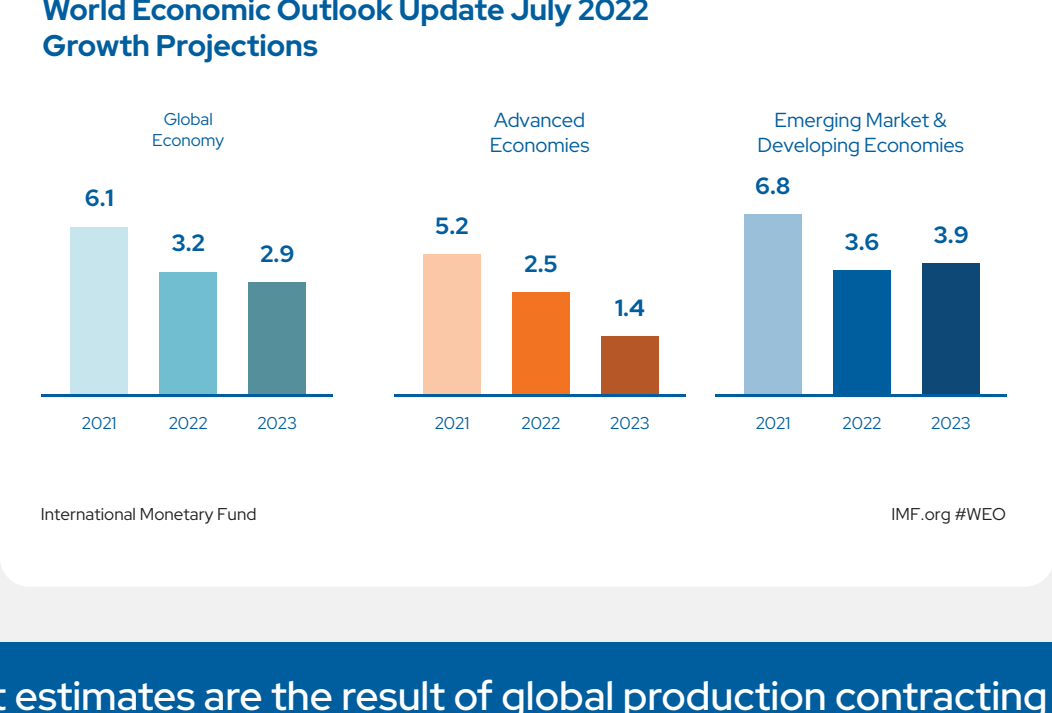
Animal Care Centers are seeing an increase in people surrendering their pets in the first half of 2022. The number of owners surrendering their pets was up 25% compared to the same time last year.



Fewer adoptions combined with higher abandonment rates are making animal lovers worry about euthanasia due to overcrowding of shelters.

The International Monetary Fund updates global growth projections

IMF’s July report has global growth projections tumbling, coming in 0.4 percentage points lower than the April World Economic Outlook.



The recent estimates are the result of global production contracting in Q2 due to downturns in China and Russia, and U.S. consumer spending. In addition, higher-than-expected inflation and monetary policies continue to shock the world economy creating gloomy outlooks into 2023.

Source: ⁴

Big profits for big oil

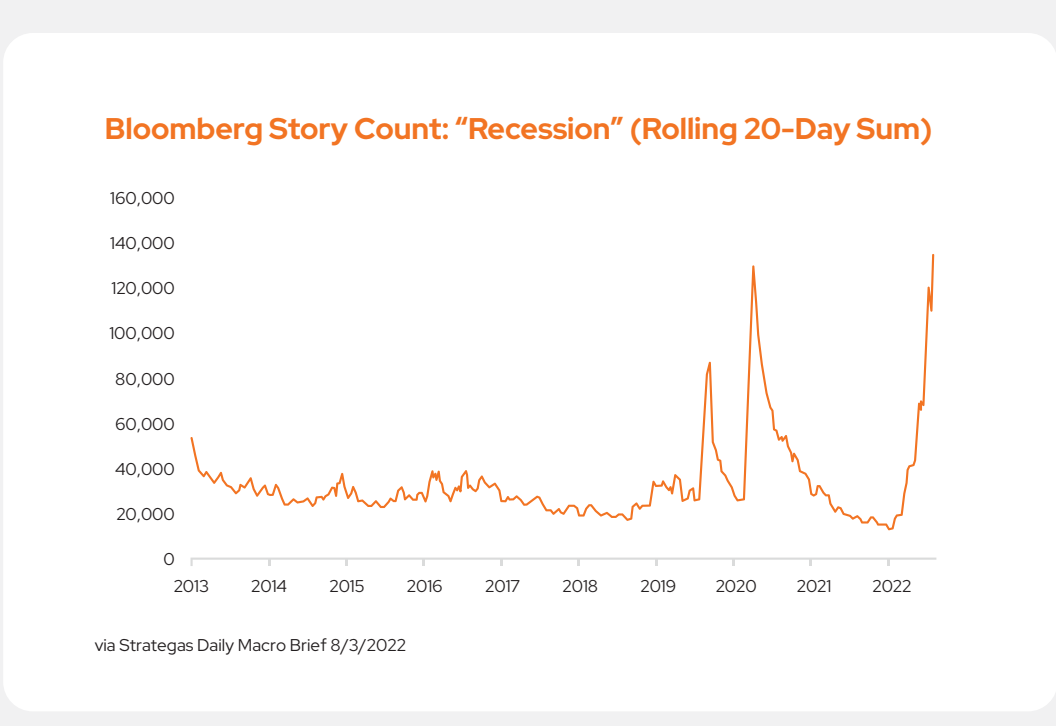
During Q2, ExxonMobil and Chevron set profit records as energy prices soared after the Russian invasion of Ukraine.



Source: ⁵

Two quarters of negative GDP don’t always make a recession

Bloomberg’s story count shows the number of stories mentioning the word “recession” has surpassed the level at the very start of the COVID-19 pandemic.





But even as the U.S. posted its second consecutive quarter of negative real growth, it is too early to announce a recession. The National Bureau of Economic Research’s Business Cycle Dating Committee is the official arbiter of U.S. recessions, which they define as “a significant decline in economic activity that is spread across the economy and lasts more than a few months.” We’re not officially there yet.


Source: ^{6,7}

Era of single-stock ETFs has begun

On July 14, AXS Investments launched eight first ever single-stock ETFs in the U.S. The initial suite of AXS single-stock ETFs provides investors with leveraged long (“Bull”) and short (“Bear”) daily exposure to the following stocks:

**Tesla:** AXS TSLA Bear Daily ETF (TSLQ)

**Nike:** AXS 2X NKE Bull Daily ETF (NKEU) and AXS 2X NKE Bear Daily ETF (NKEQ)

**Pfizer:** AXS 2X PFE Bull Daily ETF (PFEL) and AXS 2X PFE Bear Daily ETF (PFES)

**NVIDIA:** AXS 1.25X NVDA Bear Daily ETF (NVDS)

**PayPal:** AXS 1.5X PYPL Bull Daily ETF (PYPT) and AXS 1.5X PYPL Bear Daily ETF (PYPS)

Since leveraged and inversed ETFs can be highly speculative, regulators like the SEC vow to keep close scrutiny on them. That said, if managed appropriately, they can be useful vehicles for retail investors to utilize to perform risk management like hedging or tax management.

Source: ^{8,9}

Need more details?
Read our comprehensive analysis [here](#).

Authored by:

Envestnet | PMC Global Macro Team

A monthly review of the latest trends shaping the markets.

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