

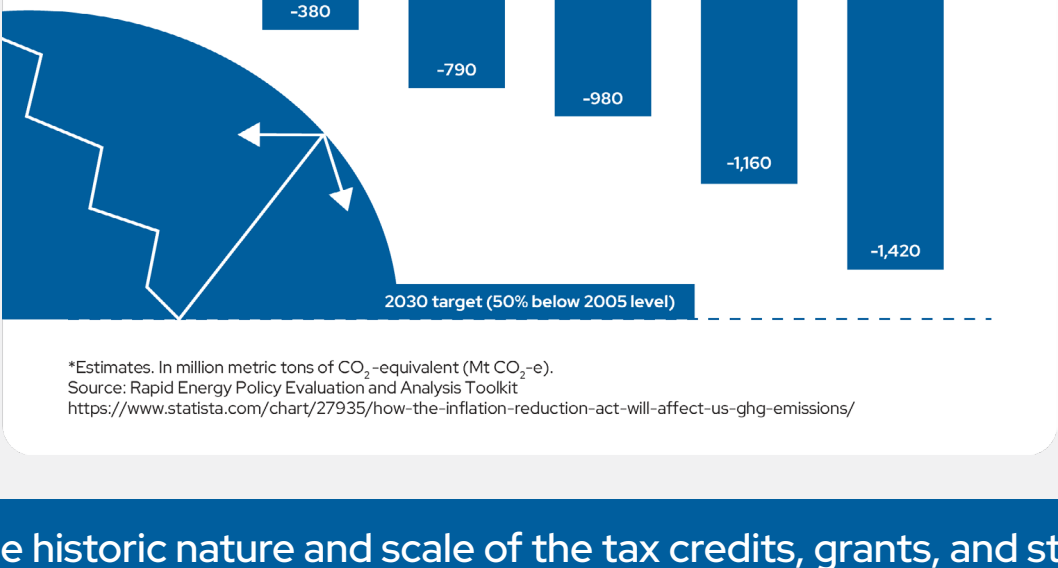
Trends We're Tracking: Inflation Reduction Act of 2022, Oil Cuts, and Semiconductors

📅

November 2022

The IRA is already supercharging U.S. investment

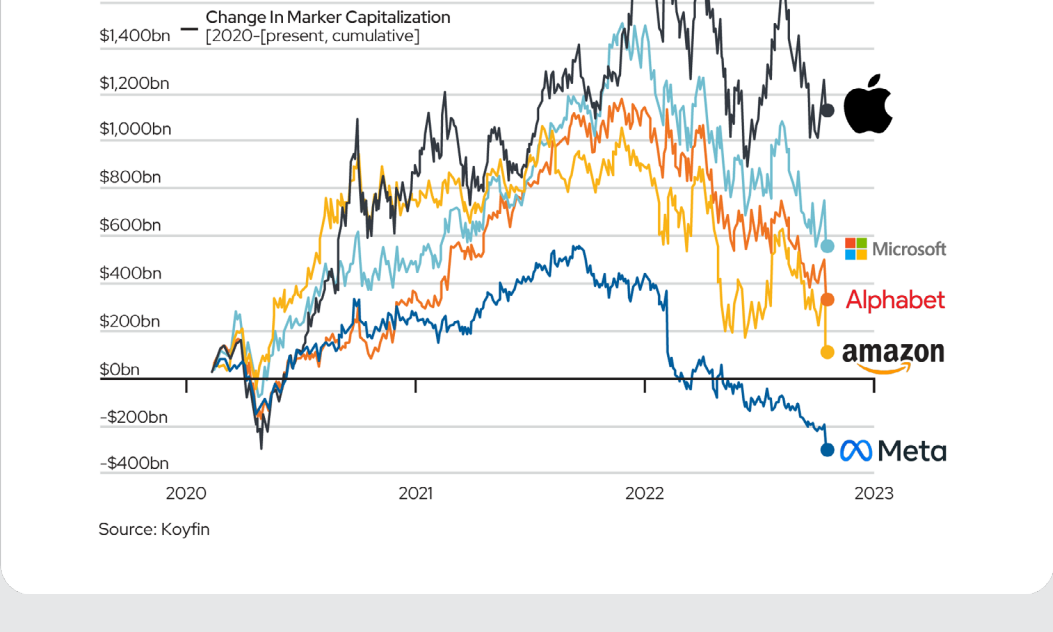
It has only been a few months since the landmark Inflation Reduction Act of 2022 was signed into law, but it may already be pushing the private sector to make massive domestic investments.



Beyond the historic nature and scale of the tax credits, grants, and standards, the law is another milestone on the path towards deglobalization and reshoring of supply chains.

Big tech sell-off

Big Technology companies announced Q3 earnings, with reports coming in weaker than expected. Management teams also indicated weaker forward guidance for Q4. As a result, shareholders moved quickly to liquidate positions within the five largest tech companies: Apple, Amazon, Meta, Alphabet, and Microsoft.

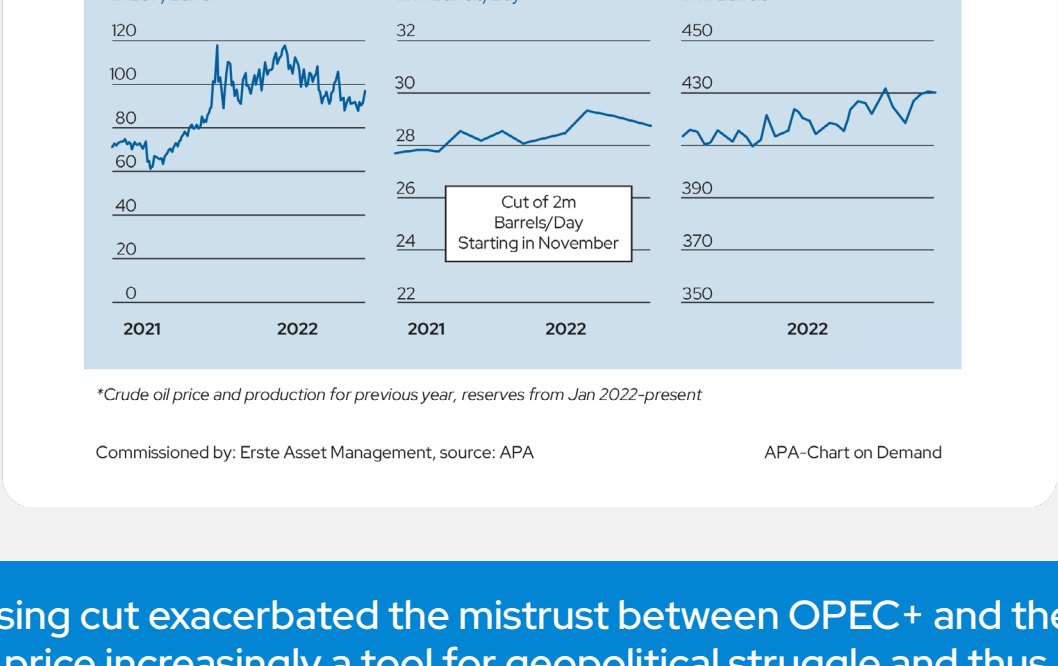


In aggregate, Apple, Amazon, Meta, Alphabet, and Microsoft saw a \$950 billion decrease in equity valuation.

Source ¹

The surprising 2M barrel daily output cut by OPEC+

On October 5, OPEC+ surprised the world by announcing a cut of two million barrels of oil a day in November, doubling the one million barrels a day reduction expected by the market.

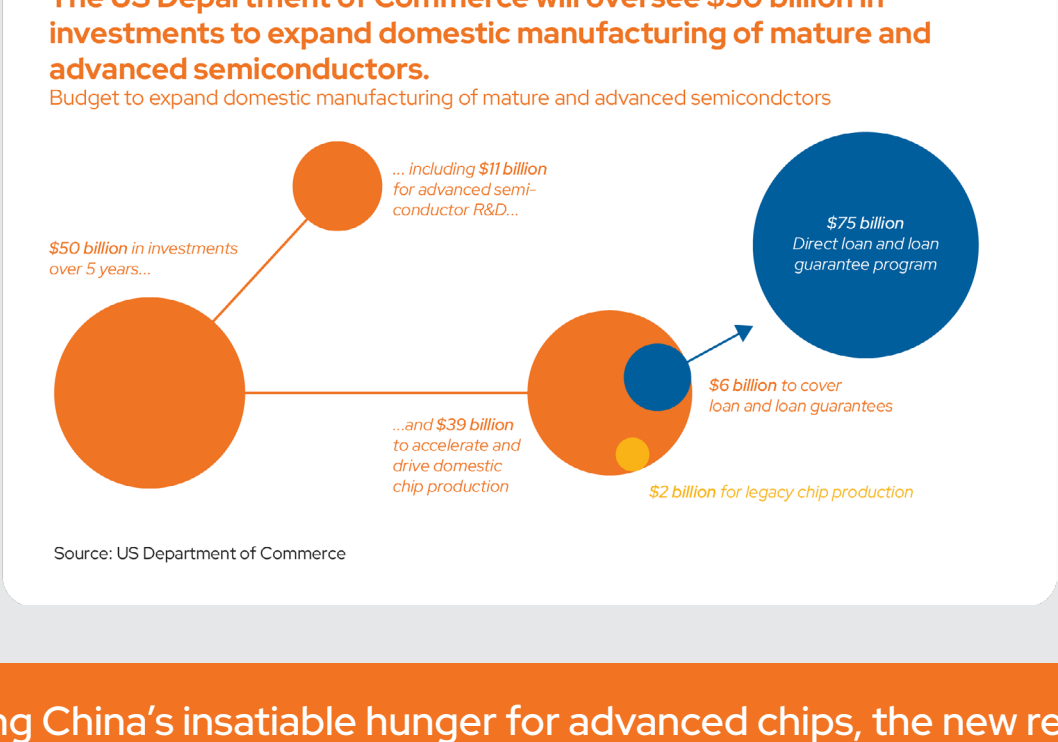


The surprising cut exacerbated the mistrust between OPEC+ and the U.S., making oil price increasingly a tool for geopolitical struggle and thus making it even more volatile.

Source ^{2,3}

U.S., China tech cold war poised to turn into a full-blown chip war

Supply chain disruptions and the rising tensions with China have prompted the U.S. to take control of the situation through supportive policies and trade restrictions.



Considering China's insatiable hunger for advanced chips, the new restrictions come at a time when their aggression in the Taiwan Strait is at escalated levels. Given the fact that around 90% of high-end advanced chip manufacturing happens in Taiwan, supply shocks have the potential to result in prolonged technological slowdowns and market meltdowns.

Source ^{4,5,6}

Trouble in the housing market

The cost of housing, whether rent or a mortgage, has gone up precipitously since 2012.



It now seems that these trends are facing larger headwinds as interest rates continue to climb. Home sales fell by 20% year-over-year in August, signaling weaker demand. Demand for rentals in previously hot markets (Las Vegas and Phoenix) has slowed as well, applications have fallen, and listings are staying up much longer.

Source ^{7,8}

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

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A monthly review of the latest trends shaping the markets.

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