

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



2024

2026

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

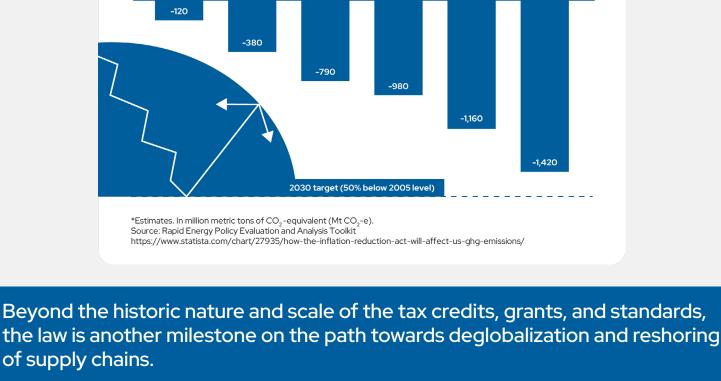
The IRA is already supercharging U.S.

domestic investments. How the Inflation Reduction Act Will Affect U.S. Emissions

2030

2035

2028



Big tech sell-off

\$1,600bn Change In Marker Capitalization \$1,400bn [2020-[present, cumulative] \$1,200bn \$1,000br

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.



The surprising 2M barrel daily output cut

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

by OPEC+

120

100

80

2021

2022

Commissioned by: Erste Asset Management, source: APA

into a full-blown chip war

advanced semiconductors.

\$50 billion in investments over 5 years.

1=most exposed)

Netherlands (2)

New Zealand (=3)

United States (=7)

Sweden (6)

Britain (10)

Finland (=11)

France (=14)

Spain (16)

*Average of three indicators †Or latest

the market.

Source 2,3

Source 4, 5, 6

Source 1

OPEC Agrees Oil Production Cuts Crude Oil Prices, OPEC Production Volume & US Oil Reserves* **Brent Crude Oil Price OPEC Crude Oil Production US Oil Reserves**

60 390 26 Cut of 2m 40 Barrels/Day Starting in November 20 0 350

2022

2021

*Crude oil price and production for previous year, reserves from Jan 2022-present

450

430

2022

APA-Chart on Demand

\$75 billion Direct loan and loan guarantee program

2019-Q2 2022

41.7

39.7

26.7

38.1

26.4

32.2

45.3

29.0

23.6

18.8

14.1

28.1

17.2

21.8

5.3

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.

U.S., China tech cold war poised to turn

The US Department of Commerce will oversee \$50 billion in investments to expand domestic manufacturing of mature and

> . including \$11 billion for advanced semi conductor R&D...

Budget to expand domestic manufacturing of mature and advanced semicondctors

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.

\$6 billion to cover and \$39 billion to accelerate and drive domestic \$2 billion for legacy chip production Source: US Department of Commerce

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. Trouble in the housing market The cost of housing, whether rent or a mortgage, has gone up precipitously since 2012. Housing-risk indicators, selected countries **Policy rates** Household debt as % of House prices (Ranking out of 17 countries*, (Ranking out of 17 countries*, net disposable income

186

222

203

122

241

203

187

101

126

148

249

156

102

124

119

106

1=most exposed)

3.00

1.25

2.50

3.25

2.25

1.75

1.25

3.00

1.25

2.15

1.25

1.25

1.25

1.25

1.25

Sources: Knight Frank Research, Macrobound: OECD: Refinitiv Datastream

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. Need more details? Read our comprehensive analysis here. Authored by:

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

Sources:

content/3abt8c3l-95bb-4/ea-a46l-35la5tbtaa4d

biden-and-aids-putin-with-oil-output-cut

Source 7,8

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assurance that an investment will provide positive performance over any period of time. An investor may experience loss

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