

# LAST WEEK

June 26 - July 07, 2023

## US Housing Market: Pending Home Sales Decline, Prices Hold Steady Amidst Challenges

The US housing market experienced a decline in pending home sales in May, reaching its lowest level this year. High mortgage rates and inventory constraints continued to impact sales. The National Association of Realtors reported a 2.7% drop in the index of contract signings for previously owned homes, exceeding economists' expectations.

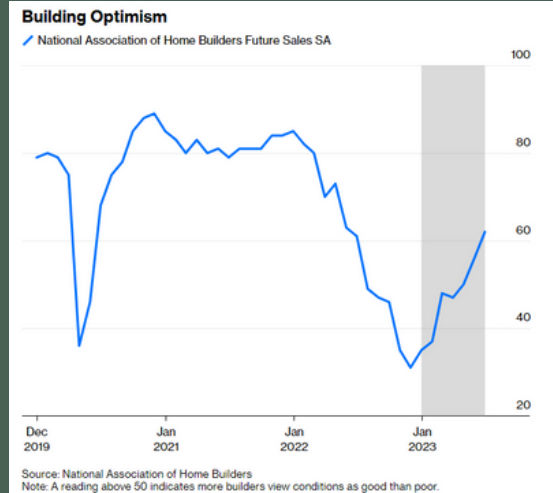
The housing market faces challenges due to high borrowing costs and limited supply, which are affecting sales. Homeowners who secured lower mortgage rates in the past are hesitant to move, exacerbating inventory constraints. As a result, many buyers are turning to the new-home market, leading to subdued existing-home sales.

The lack of housing inventory remains a significant obstacle to fulfilling housing demand. Although homebuilders have increased production, the supply from new construction takes time and remains insufficient, according to Lawrence Yun, the chief economist at NAR.

The pending home sales report is considered a leading indicator of existing-home sales, as homes typically go under contract before being sold. Sales declined in three of the four regions, with the Midwest experiencing the lowest level since April 2020. On an unadjusted basis, US home purchases decreased by nearly 21% compared to the previous year.

Despite the challenges, home prices in the US have been rising for three consecutive months due to growing buyer demand and limited supply. A national gauge of prices showed a 0.5% increase in April compared to March, according to S&P CoreLogic Case-Shiller data.

The US housing market is defying expectations of a crash, even with rising interest rates that would typically reduce demand. Unlike other countries where house prices are falling, the US market has remained relatively stable. One key factor supporting the market is the availability of 30-year fixed-rate mortgages. These mortgages, popular in the US, have helped sustain the housing market by keeping mortgage payments affordable for homeowners. As a result, the US housing market has not experienced significant price declines. However, the risk of a housing crash extends beyond potential wealth loss for homeowners. A housing downturn can lead to a severe recession, as housing constitutes a significant portion of household wealth. While the US housing market has been resilient, other countries such as New Zealand and the UK have experienced economic turmoil due to their housing markets.



The prevalence of 30-year fixed-rate mortgages in the US has provided stability, but it also limits housing market fluidity in the long term. Homeowners are less likely to move, impacting job mobility and limiting inventory for potential buyers. While this mortgage type protects Americans from the immediate pain of higher interest rates, it may result in a less dynamic US economy in the years to come.

In conclusion, the US housing market faces challenges with declining pending home sales, high mortgage rates, and limited supply. However, it has been resilient due to factors such as the availability of 30-year fixed-rate mortgages. While these mortgages protect homeowners and the market from immediate risks, they may hinder long-term economic dynamism and mobility.

## BlackRock Refiles Bitcoin ETF Proposal, Seeking SEC Approval Amid Growing Optimism

BlackRock Inc., the world's largest asset manager, has resubmitted its proposal for an exchange-traded fund (ETF) directly investing in Bitcoin to US regulators through Nasdaq. In response to the initial filings being deemed insufficient, BlackRock has included new details in the documents submitted to the US Securities and Exchange Commission (SEC). Notably, Coinbase Global Inc. will provide market surveillance to support the proposed ETF, which is seen as crucial for gaining SEC approval. Market surveillance can significantly reduce fraud and market manipulation, addressing concerns that have led to the rejection of numerous spot Bitcoin ETF applications.

BlackRock's filing in mid-June triggered a flurry of activity among other firms, as they filed or amended their applications for spot products. This surge in filings reflects market optimism that the SEC may reverse its longstanding stance against allowing such funds. The SEC has already approved ETFs linked to Bitcoin futures in 2021, along with a leveraged Bitcoin futures fund more recently. This development not only sparked a rally in cryptocurrencies, with Bitcoin experiencing significant gains, but it also heightened the anticipation surrounding the potential introduction of a spot ETF. The prospect of a spot ETF excites digital asset enthusiasts due to the increased accessibility it could offer everyday investors.

However, the SEC is pushing back against this wave of filings by asset managers, expressing concerns about the lack of clarity and additional information needed for consideration of approval. Exchanges such as Nasdaq and Cboe Global Markets, which filed applications on behalf of BlackRock and Fidelity Investments, were notified by the regulatory agency that their filings were insufficient. Cboe has confirmed its intention to refile on behalf of Fidelity, while Nasdaq is working to address inquiries and provide updates for its next filing iteration.

Sui Chung, the CEO of CF Benchmarks, the provider of the index set to be used in BlackRock's proposal, emphasized that the SEC's concerns are not related to the proposed provisions aligning with the 1933 Securities and Exchange Act, but rather stem from the lack of clarity and comprehensiveness in the filings. The SEC requires more descriptive details regarding the proposed provisions to make an informed judgment.

### Spot-Bitcoin ETF Applications in 2023

ETF Name	Issuer	Filing Date
ARK 21Shares Bitcoin ETF	ARK, 21Shares	4/25/23
iShares Bitcoin Trust	BlackRock	6/15/23
Bitwise Bitcoin ETP Trust	Bitwise Asset Management	6/16/23
Invesco Galaxy Bitcoin ETF	Invesco	6/20/23
WisdomTree Bitcoin Trust	WisdomTree	6/20/23
Valkyrie Bitcoin Fund	Valkyrie	6/21/23
Wise Origin Bitcoin Trust	Fidelity	6/29/23

Source: Bloomberg, SEC

Bloomberg Intelligence's tally indicates that there have been approximately 30 attempts to launch a Bitcoin product, but they have faced opposition from regulators. The SEC, in the past, has cited market concerns and a lack of investor protections as reasons for denying such applications. Fidelity's previous filing for the Wise Origin Bitcoin Trust was denied by the SEC in January 2022. However, the SEC has already approved a futures-based Bitcoin ETF.

The growing number of filings for Bitcoin ETFs has generated excitement among digital asset enthusiasts and has had a positive impact on token prices. Bitcoin's value has surged, with over 10% gains in the past month and an overall increase of more than 80% since the beginning of the year. Although Bitcoin traded around \$30,300 on Friday, it is still below the previous record high of nearly \$69,000 reached in November 2021.

# Last Week Summary

Recent economic indicators have shed light on the current state of the economy, providing valuable insights across various sectors. Beginning with the housing sector, the indicators revealed a mixed picture. Building Permits exceeded expectations by a very small margin, reaching 1.496M, compared to the forecasted 1.491M. New Home Sales also came in higher than expected, 763K vs 657K while Pending Home Sales fell short of expectations, -2.7% vs 0.5%. In terms of labor market data, Initial Jobless Claims came in slightly lower than anticipated at 239K compared to the forecasted 266K. Moving to the indicators showing market sentiment CB Consumer Confidence for the month of June was higher than expectations, 109.7 vs 104.0 while May Personal Spending numbers were in line with forecasts. The most surprising event of the week was the GDP Q1 growth rate which was much higher 2.0% compared to the 1.4% of forecast. Regarding Treasuries, the yield curve still remains inverted. Initially, yields for short term treasuries began the week at slightly higher levels than the previous week while long term treasuries experienced a lower yields. However, throughout the week, rates exhibited fluctuations, resulting in higher closing rates than their opening levels by the end of the week. For a more comprehensive understanding and detailed economic data, please refer to the comprehensive table provided below.

Indicator	Building Permits	Durable Goods Orders (MoM) (May)	CB Consumer Confidence (Jun)	New Home Sales (May)	GDP (QoQ) (Q1)	Initial Jobless Claims	Pending Home Sales (MoM) (May)	Personal Spending (MoM) (May)
Actual	1.496M	1.7%	109.7	763K	2.0%	239K	-2.7%	0.1%
Forecast	1.491M	-1.3%	104.0	657K	1.4%	266K	0.5%	0.2%

# THIS WEEK

This week presents a series of important economic indicators of great interest to the finance community. To commence the week, we anticipate the release of the June ISM Manufacturing PMI, which is expected to demonstrate a decline compared to the corresponding figures from the previous year, indicating a contraction in the sector. On the following day, the US Census Bureau will publish the Factory Orders report for May, which is anticipated to show a decrease of 0.8% compared to the previous year's corresponding period growth of 1.6%.

In the latter part of the week, we will receive the June ADP Nonfarm Employment Change, which is expected to exhibit a significant decrease compared to the trailing twelve months. Concurrently, the release of Initial Jobless Claims will provide insights into the number of individuals who filed for unemployment insurance for the first time during the preceding week. Additionally, the June ISM Non-Manufacturing PMI figures will be published, projected to be lower than the trailing twelve-month of 55.3, with an expected value of 51.0.

Finally, on the last day of the week, we will have the Nonfarm Payrolls and Unemployment Rate for the month of June. The former is expected to show a decrease compared to the figures reported one year ago, while the latter is anticipated to remain relatively stable.

Please refer to the table on the right for a comprehensive list of the scheduled reports.

Source: [Investing.com](https://www.investing.com)






# Economic Calendar

Date	Economic Indicator	Expectation vs TTM
07 - 03	ISM Manufacturing PMI (Jun)	47.2 vs 53.0
07 - 05	Factory Orders (MoM) (May)	0.8% vs 1.6%
07 - 05	FOMC Meeting Minutes	---
07 - 06	ADP Nonfarm Employment Change (Jun)	230K vs 380K
07 - 06	Initial Jobless Claims	245K vs 235K
07 - 06	ISM Non-Manufacturing PMI (Jun)	51.0 vs 55.3
07 - 07	Average Hourly Earnings (MoM) (Jun)	0.3% vs 0.3%
07 - 07	Nonfarm Payrolls (Jun)	225K vs 372K
07 - 07	Unemployment Rate (Jun)	3.7% vs 3.6%

# Technicals & Terms

1. Market surveillance for products ensures that products on the market conform to applicable laws and regulations. This helps to foster trust among consumers buying products or financial services and protects consumers and professionals from harm from non-compliant products.
2. Futures are a type of derivative contract agreement to buy or sell a specific commodity asset or security at a set future date for a set price.
3. A digital asset: anything stored digitally and uniquely identifiable that organizations can use to realize value. Examples of digital assets include documents, audio, videos, logos, slide presentations, spreadsheets and websites.

## Central Banks Rates

FED	ECB	BOE	BOJ	PBOC
				
5.25%	4.00%	5.00%	-0.10%	3.55%

S&P 500 @4,450.38 **15.91% YTD**

DJI @34,407.60 **3.80% YTD**


US2Y @ **4.87%**


As of June 30, 2023


# Our Fund


The fund invests in macro related ETFs, individual equities, and certain hedged options strategies. Our single strategy utilizes distribution and variance metrics for the placement of options. The main factor that determines these decisions centers around Implied Volatility.

Any interest in our fund, please visit at [www.ivylinecapital.com](http://www.ivylinecapital.com) or email us [info@ivylinecapital.com](mailto:info@ivylinecapital.com).  
*You must be an accredited investor*

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Disclosure: The following results statement presents the performance of IvyLine Dynamic Growth LP account managed by the managing member of the General Partner and Advisor. The fund results are unaudited and is only to display an approximation of the performance for the timeframe above. The results were calculated by Perennial Fund Services, LLC. Results are net of fees calculations. Any questions should be directed to the manager of the fund. Past performance does not indicate future results.

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