

## MARKET COMMENTARY

It's that time again when we review [the top five most memorable trades of the year](#). When reflecting on our 2022 picks, the most glaring takeaway is the striking difference compared to 2021. While dull old 'cash' tops our list this year, Bored Ape #3749, a non-fungible token (NFT) depicting an ape with gold fur and laser eyes, was 2021's winner. As a reminder, Bored Ape #3749 exchanged hands at \$2.9mm late last year. That same NFT is now receiving bids for under \$100K. If nothing else, this annual exercise serves as a reminder to heed caution when investment propositions look and feel like a lottery ticket rather than based on measurable fundamentals.

## Top Five Most Memorable Trades of 2022

**#5 Taylor Swift Concert Tickets** - Whether a sign of Taylor Swift's unwavering popularity or inflation's broad reach or both, the pop star's concert tickets sold out instantaneously and now trade in the secondary market for multiples of the initial price. You'll need to shell out \$5,400 (before fees) to sit front row at Lincoln Financial Field, about the same price as upper-level seating for Super Bowl LVII.

**#4 US Dollar** - The ICE US Dollar Index (index of USD versus a basket of foreign currencies) reached a two-decade high of \$114 this year amid aggressive Fed rate hikes and demand for safe-haven assets. This has led to a wide divergence between hedged and unhedged equity returns, illustrating the meaningful impact currency moves can have on shorter-term time horizons.

**#3 I-Bonds** - The TreasuryDirect website crashed in October as investors clamored to purchase I-Bonds (a type of US savings bond designed to protect against inflation) before the deadline passed to lock in a risk-free rate of 9.62%. Although individuals are limited to buying a maximum amount of \$10,000 and the interest rate is not fixed (resets semi-annually based on CPI), demand jumped to record levels as worries about inflation and the economy permeated through the markets.

**#2 US Oil & Gas Producers** - The S&P Oil and Gas Exploration Industry Index is up 50% year to date, outperforming the broader US equities market by 65%. Similar outperformance was last recorded in late 2008 when the US energy sector hit peak earnings with oil trading above \$140 per barrel. Continued supply disruptions and the potential lifting of China's Covid lockdowns could extend this year's rally into 2023.

**#1 Cash** - Cash was king in 2022. Anecdotally, we received more inbound requests from clients about cash management options than any other topic throughout the year. And with good reason. After years of earning next to nothing, savers are now earning > 4% yields from 3-month T-bills with the likelihood for even higher rates as the Fed continues down its tightening path in 2023.

## QUICK LINKS

- [December Update: Head Fake or Turning Point?](#)
- [Turkey Inflation](#)
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- [Near-term Macro Headwinds Persist for Non-US Stocks](#)

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