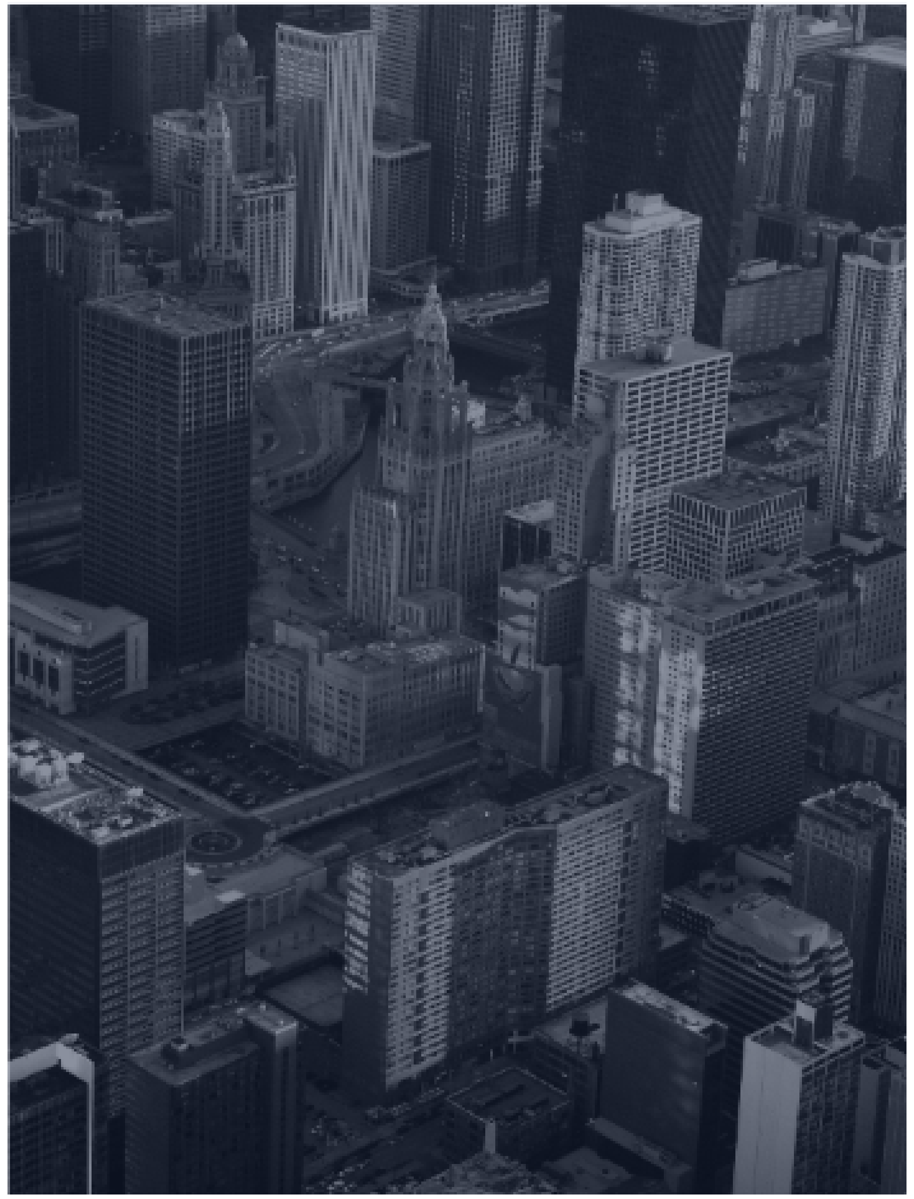
PINETREE MACRO

PINETREE MACRO CANOPY

Cross-Assets, Narratives, Opportunities, and the Year Ahead

August 2026



Index

PINETREE MACRO

01 / Section

CROSS-ASSETS

What Happened in July?

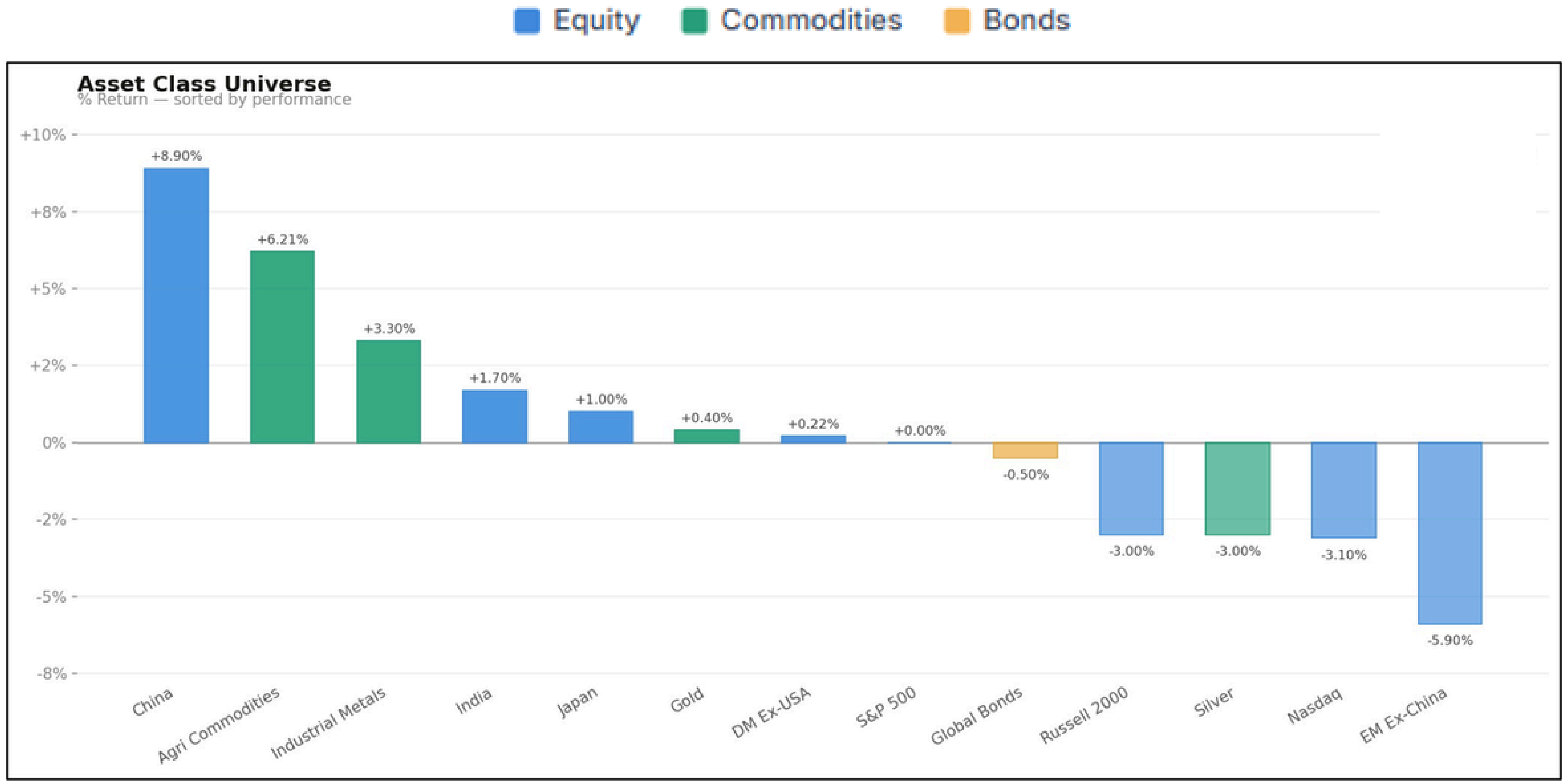
Chinese equities surged, leading global asset performance as targeted stimulus and policy support came through, while the rest of emerging markets saw notable weakness.

Commodities recovered, led by agricultural commodities and industrial metals. Precious metals were mixed: gold ticked higher after recent steep declines, while silver gave back ground.

Liquidity continued to roll out of AI-concentrated names, and this month high-beta small-caps followed the same path.

Global bonds drifted lower amid shifting central-bank policy expectations.

Indian equities posted another positive month.



Source: S&P GSCI, Investing.com, GoldPrice.org, SilverPrice.org, Bloomberg

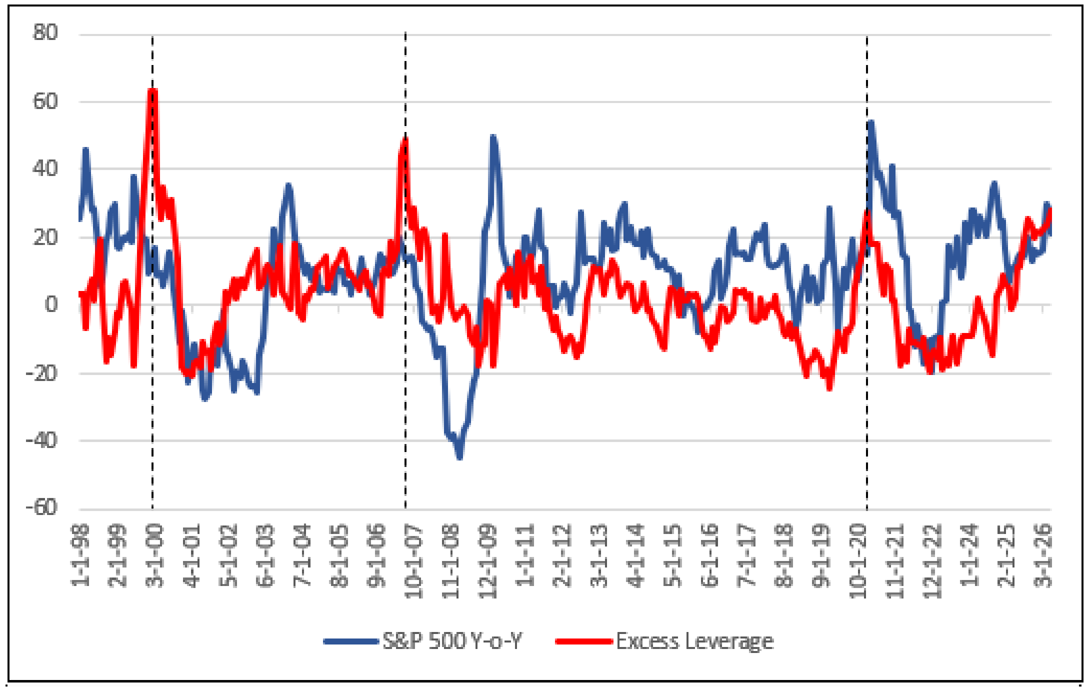
Cross-Assets

Leverage – The Destroyer of Wealth

At PineTree Macro, tracking liquidity and capital flows across our asset universe is central to our strategy. Understanding where that liquidity originates matters just as much, because anticipating leverage unwinds is what preserves wealth.

When leverage reaches historical peaks, we wait on the sidelines while speculation gets punished. Margin debt now stands at 6.1% of M2, above both the 2007 and the 2021 peaks.

Meanwhile, mega-cap technology companies are leveraging their own balance sheets, issuing record volumes of new debt to fund their expanding AI capital expenditure.



Excess market leverage, in percentage points

Margin debt year-on-year minus S&P 500 year-on-year, in percentage points. Sustained readings above +20 marked the late stages of the 2000, 2007, and 2021 cycles, while deep negatives mark forced deleveraging. We are presently back at those late-cycle levels.

Margin debt as a percentage of M2

Margin debt as a share of the M2 money supply, that is, how much of the economy's spendable money is borrowed against portfolios. This normalizes the dollar level for monetary growth across decades.

Source: PineTree Macro, FINRA, The Trading Tools

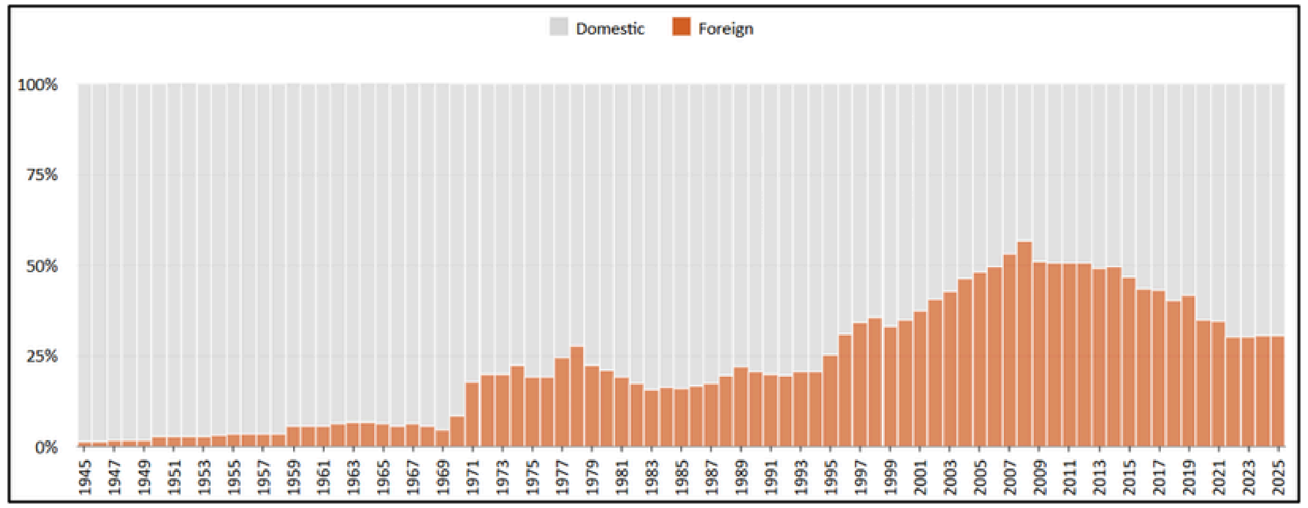
Dollar – Three-way Tug of War

Despite the DXY holding above 100 through most of July on safe-haven sentiment, major structural shifts are unfolding beneath the surface. Three forces now pull at the dollar at once: safe-haven demand supporting it, Western fiscal expansion undermining it, and the steady build-out of a renminbi-denominated alternative drawing at the margin.

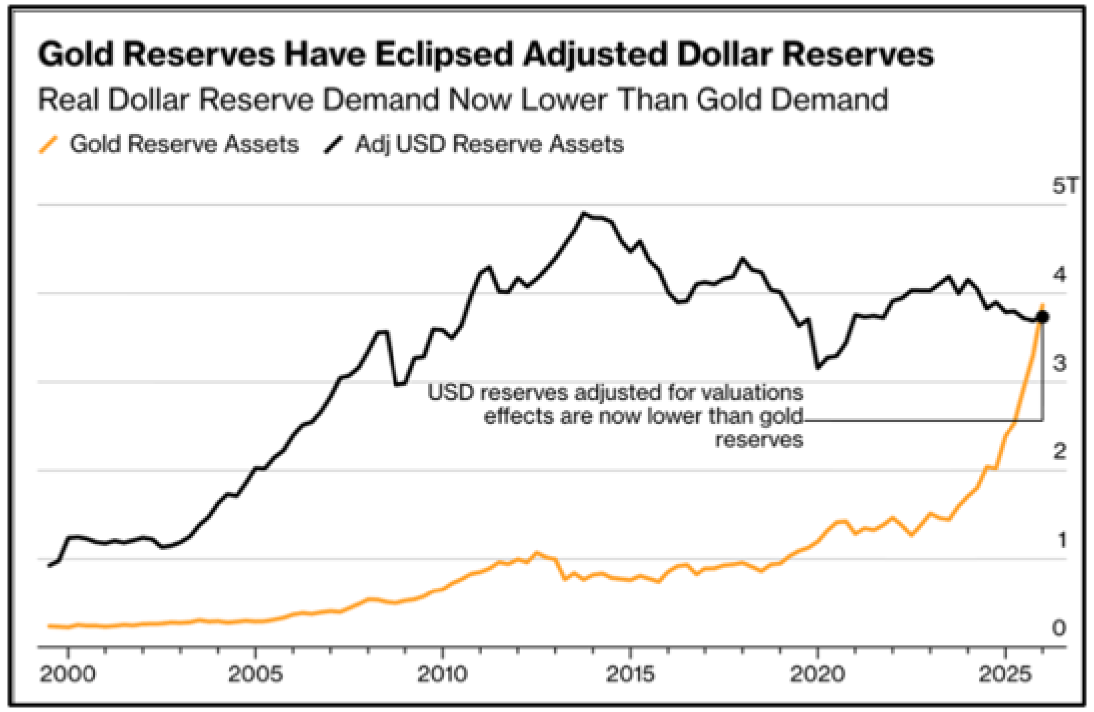
Crucially, these elevated levels are not driving flows into traditional risk-on or risk-off assets. Instead, capital remains parked in its most liquid form, awaiting a macro trigger.

Growing discomfort with Western fiscal expansion is pushing liquidity away from the US dollar, while central bank reserves rotate into gold.

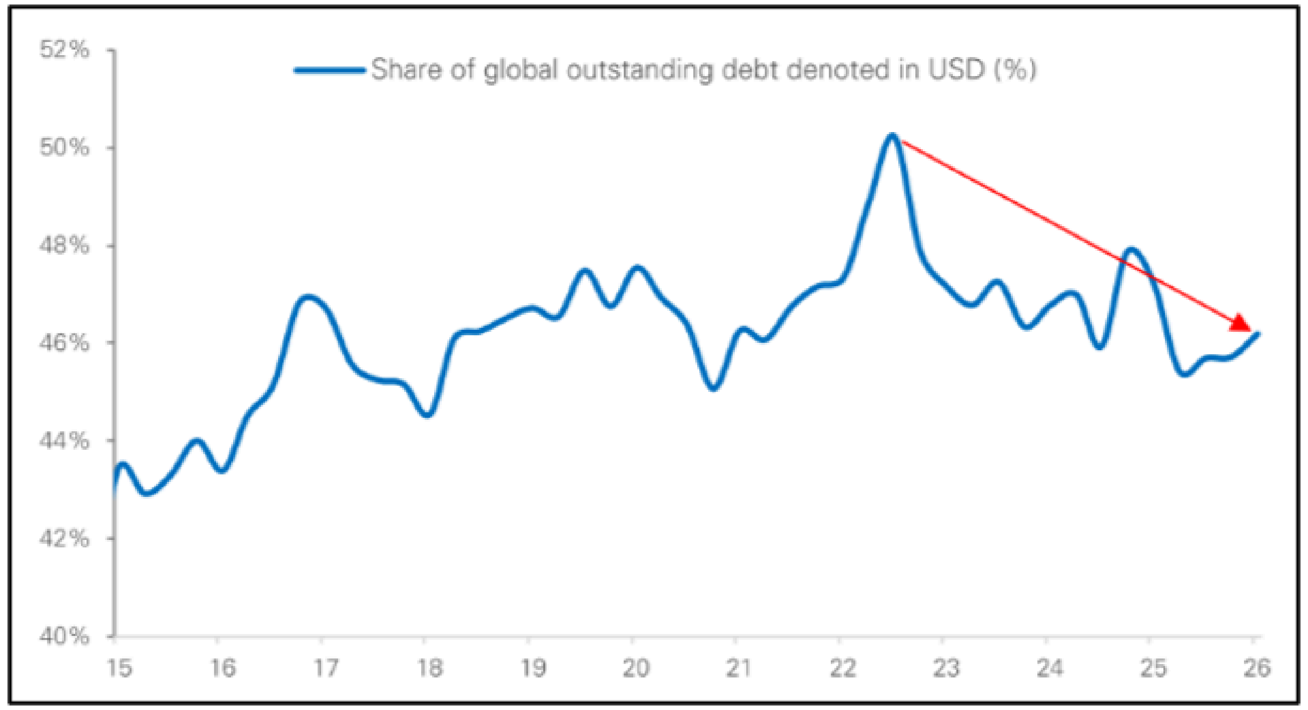
We are closely tracking these flows to position for the assets best placed to benefit.

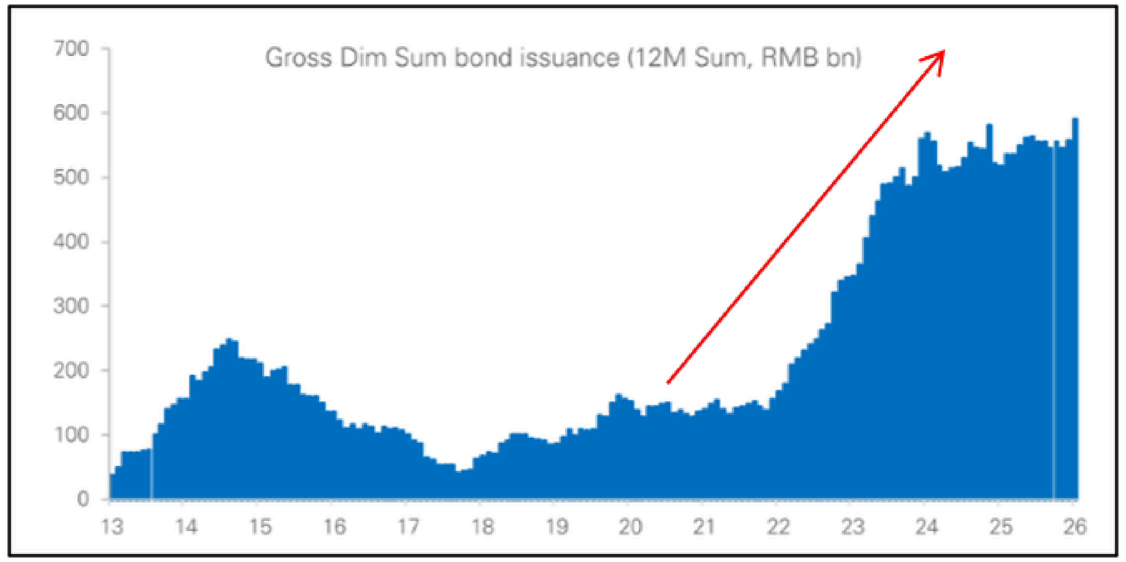


Foreign and domestic holdings of Treasury securities



Central bank liquidity is also rotating into gold





Global outstanding debt is increasingly being replaced by renminbi-denominated Dim Sum and Panda bond issuance

Source: PineTree Macro, Congress.gov, Deutsche Bank

Cross-Assets

Higher Oil in a Financialized Western World

We must picture a world for oil beyond the ongoing Strait of Hormuz crisis to understand what may happen to the wider energy complex.

As the crisis began, the United States, the world's largest oil consumer, cut back on consumption and drew down its strategic reserves.

We believe it is highly likely that energy prices settle into a range at a higher level than we have seen over the past decade.

As energy prices rise, large nations will cut back, and as prices fall, they will rush to refill reserves, because in the "**Brave New World**" nations will adopt **just-in-case** inventory rather than just-in-time inventory.

That said, different asset classes may perform very differently against oil.

Gold vs Oil

Historically, gold and oil held a stable relationship. That changed after the Global Financial Crisis, when gold began to outperform oil, and the trend strengthened further after the Russia-Ukraine conflict.

We believe the risk-reward continues to favour gold. On our reading of the ratio, oil may outperform gold by roughly 30% from here, while gold could outperform oil by close to 80%.

S&P 500 vs Oil

At first glance, one might not think twice about going long the S&P 500, reading this as a multi-decade cup and handle.

We would place strong emphasis, however, on the last seven candles of this monthly chart. They point to a possible false breakout and the beginning of a new regime in which oil again starts to outperform the tech-heavy US index.

Long-Term US Bonds vs Oil

This ratio broke a critical support level at the start of the year and is now retesting it from below. We would not jump the gun, but the direction this chart takes from here will tell us whether the next decade belongs to real assets or to financial assets.

Source: PineTree Macro, TradingView

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02 / Section

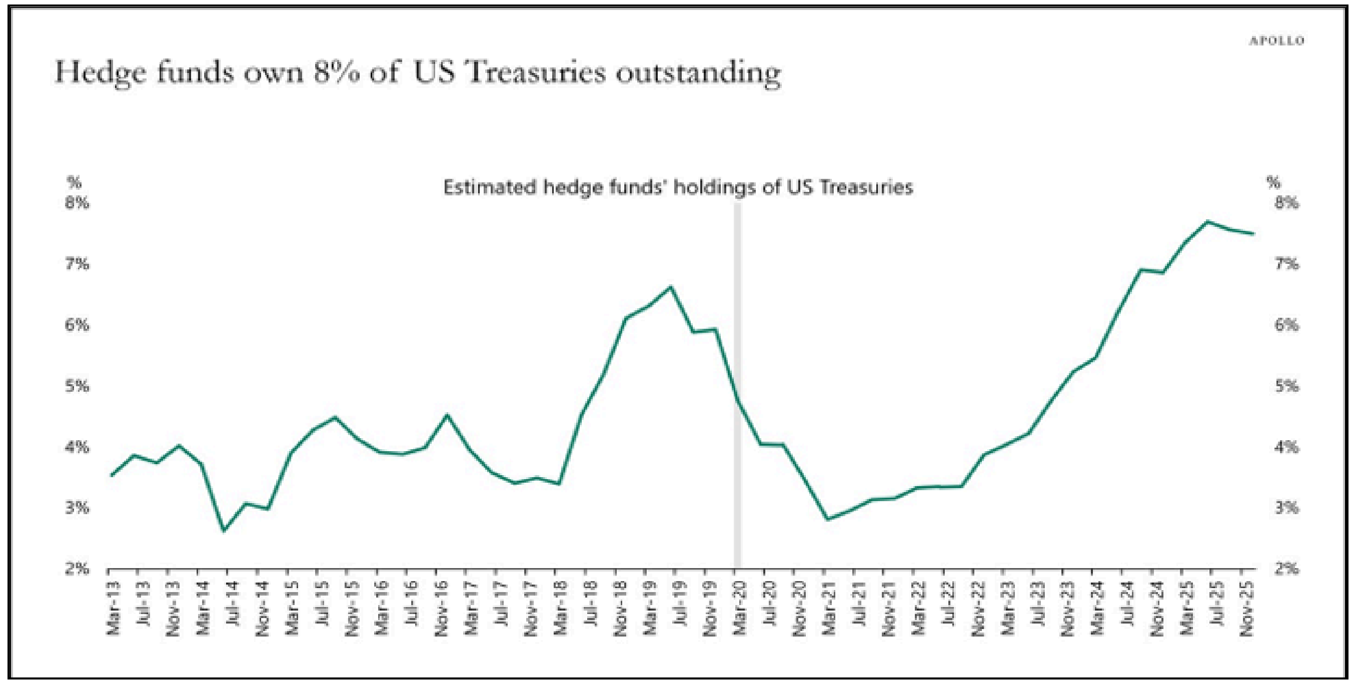
NARRATIVES

Warsh – A High Rates Chair?

Markets have been gripped by narrative confusion following the Federal Reserve's leadership shift. Here is our breakdown of the core dilemma:

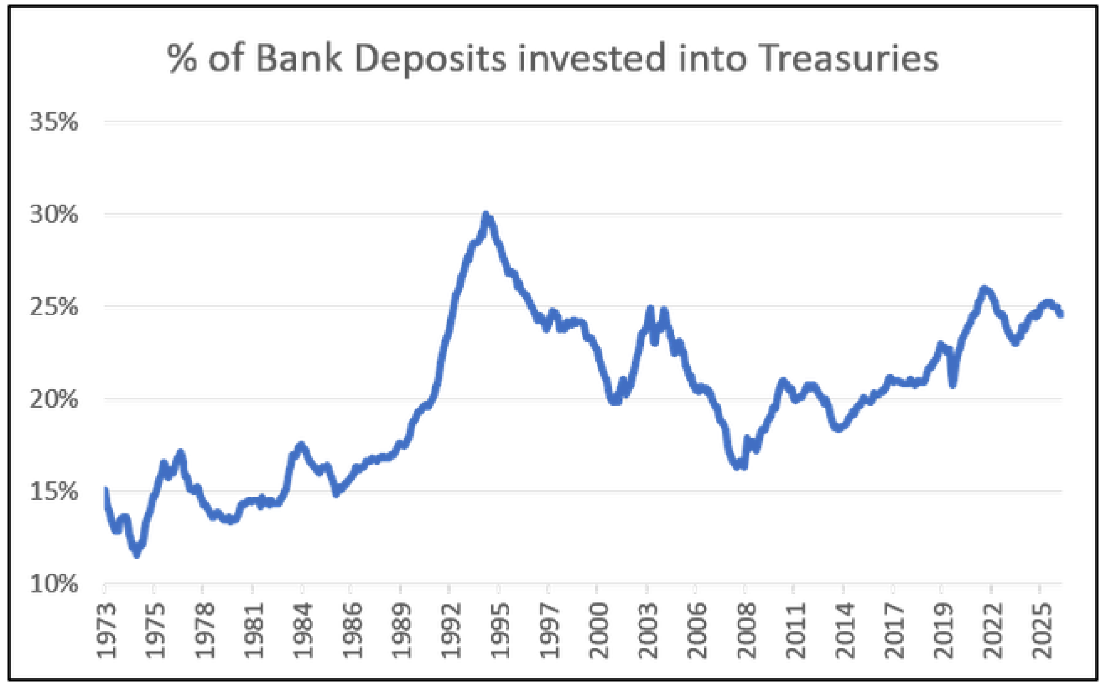
Can the Fed Chair afford to raise interest rates? Highly leveraged capital markets, heavily dependent on the asset wealth effect, cannot easily digest high rates, especially alongside mounting government debt.

Furthermore, much of the current inflation is driven by supply-side forces beyond the Fed's control: depleted commodity inventories, trade weaponization, and the cost of reshoring critical industries. While rate hikes defend the US dollar, the economics of deglobalization benefit from a weaker currency. Forcing higher rates onto structural supply constraints risks triggering a recession on Main Street and a sustained bear market on Wall Street, at a time when policymakers need at least one of the two to thrive.



Leveraged hedge funds

Hedge funds have borrowed heavily to arbitrage small price gaps between Treasury bonds and Treasury futures, a position known as the basis trade. If rates move higher, the trade can lose money quickly, forcing funds to unwind. Because these funds are now significant holders of Treasuries, a rushed sell-off can transmit stress to the wider market.



Banks are holding more Treasuries

For the first time since 1996, the value of foreign central banks' gold holdings has overtaken their Treasury holdings. Regulation-driven US banks are absorbing the resulting supply, raising Treasury allocations from 17% to 25% of deposits. This is financial repression: it holds nominal yields below where they would otherwise sit and erodes household purchasing power.

The higher this chart goes, the greater the incentive for the Treasury to keep funding costs contained.

Source: PineTree Macro, Apollo, Crescat Capital

Bull Market Creates Many Geniuses

While the broader indices sit just shy of their all-time highs, the most popular US names are far below their 52-week highs, with June and July together forming one of the most difficult two-month stretches for markets in recent memory.

Over the past two years, we watched many AI-focused hedge funds deliver extraordinary returns by leaning on two tools we have consciously chosen to avoid: concentration and leverage.

Within the space of a few months, several of those same funds have faced margin calls, been forced to raise capital, or liquidated their books entirely.

We believe the “**Brave New World**” of investing demands proper risk management, active diversification, and continuous reassessment of existing theses in order to protect wealth and compound returns.

Leopold Aschenbrenner’s Situational Awareness seeks to raise capital after AI rout

Hedge fund has held talks with existing investors and lenders in recent days

Concentration and leverage: the institutional version

Polymarket
@Polymarket

JUST IN: More than 360,000 South Korean margin accounts have reportedly been liquidated, with nearly two-thirds held by investors under 35.

7:26 AM · Jul 30, 2026 · **115K** Views

Concentration and leverage: the retail version

52-Week Drawdowns

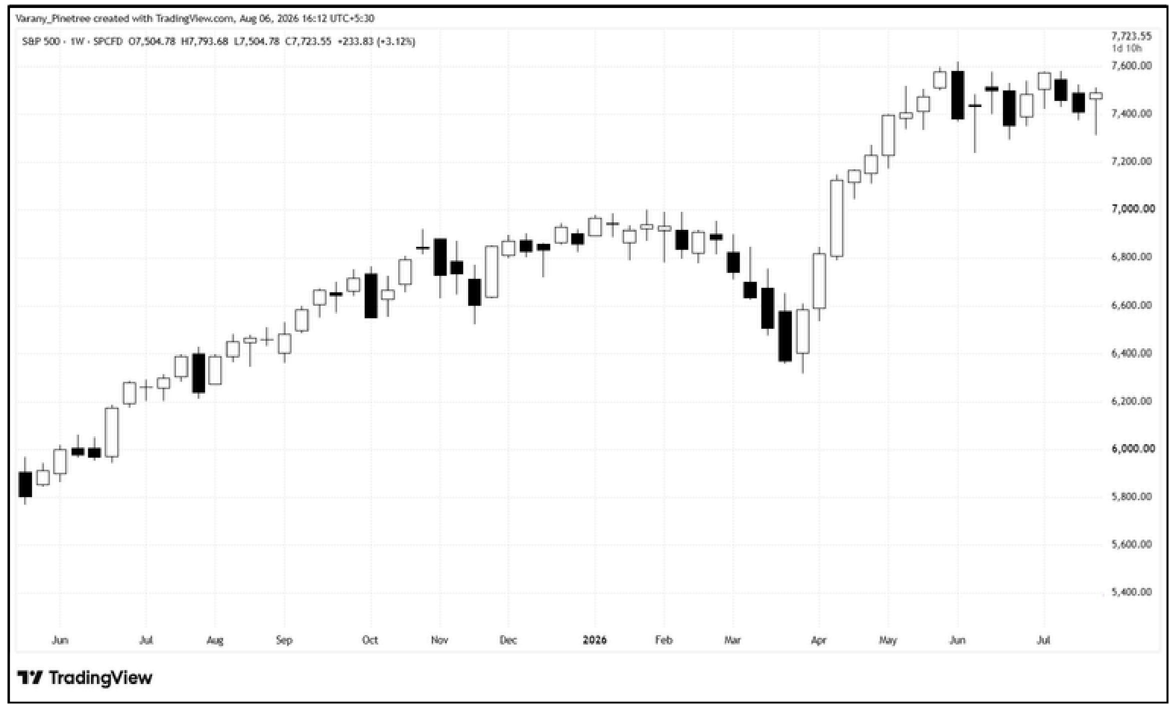
THE COMPOUND

52-Week Drawdowns of Select S&P 500 Constituents
As of 7/28/2026.

Company Name	52Wk Drawdown	Sector
Oracle	-65%	Tech
Coinbase	-59%	Financials
SanDisk	-54%	Tech
Nike	-46%	Discretionary
ServiceNow	-45%	Tech
Western Digital	-43%	Tech
Netflix	-42%	Comm Services
Palantir	-41%	Tech
Robinhood	-40%	Financials
Tesla	-39%	Discretionary
Salesforce	-33%	Tech
Adobe	-33%	Tech
Uber	-31%	Industrials
Microsoft	-28%	Tech
Chipotle	-28%	Discretionary
Paypal	-26%	Financials
Meta	-25%	Comm Services
Broadcom	-23%	Tech
Caterpillar	-23%	Industrials
AMD	-22%	Tech

52-week drawdowns of selected S&P 500 constituents, as of 28 July 2026

Fed forward guidance is over, which will force fund managers to think beyond their quant models or continue to suffer market whipsaws



Individual names fell far further than the index, which was down only around 2% over the period

Source: *PineTree Macro, Financial Times, The Compound, Polymarket, TradingView*

PINETREE MACRO

03 / Section

OPPORTUNITIES

Opportunities

Singapore

There is a rotation taking place today, and the Western world has yet to come to grips with it.

We see a possible return to Alexander Hamilton-style economic statecraft: a systemic approach favouring active state intervention, strategic tariffs, and centralized credit management over full financial openness. That implies a partial reintroduction of capital controls. Smart money appears to have caught wind of this and has begun diversifying across asset classes, notably gold, and more importantly across geographies.

This rotation will not be even. Capital will move only into countries with the deepest liquidity, the strongest talent pools, geopolitical safety, low liabilities, and a broad tax base.

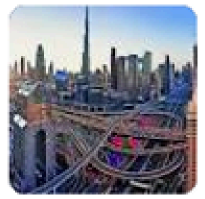
BEFORE we proceed to examine any other objections to an indefinite power of taxation in the Union, I shall make one general remark; which is, that if the jurisdiction of the national government, in the article of revenue, should be restricted to particular objects, it would naturally occasion an undue proportion of the public burdens to fall upon those objects. Two evils would spring form this source: the oppression of particular branches of industry; and an unequal distribution of the taxes, as well among the several States as among the citizens of the same State.

Suppose, as has been contended for, the federal power of taxation were to be confined to duties on imports, it is evident that the government, for want of being able to command other resources, would frequently be tempted to extend these duties to an injurious excess. There are persons who imagine that they can never be carried to too great a length; since the higher they are, the more it is alleged they will tend to discourage an extravagant consumption, to produce a favorable balance of trade, and to promote domestic manufactures. But all extremes are pernicious in various ways. Exorbitant duties on imported articles would beget a general spirit of smuggling; which is always prejudicial to the fair trader, and eventually to the revenue itself: they tend to render other classes of the community tributary, in an improper degree, to the manufacturing classes, to whom they give a premature monopoly of the markets; they sometimes force industry out of its more natural channels

IV. Asset freezes and financial restrictions: The sanctions impose comprehensive asset-freeze measures on designated Iranian individuals and entities, prohibiting the direct or indirect provision of funds, economic resources and certain financial messaging services to them. The asset freezes also entail reporting obligations and prohibitions on the provision of funds or economic resources to designated persons.

TOI The Times of India

US-Iran war jitters push Dubai real estate bonds into distress as refinancing risks rise



News News: Investor concern over credit quality and refinancing risks has pushed bonds issued by two Dubai-based property developers into...

26 Mar 2026

Why Singapore?

Constrained in its ability to raise broad income taxes, Washington has leaned toward targeted sector levies. Meanwhile, traditional safe havens face mounting headwinds: Switzerland has eroded its perceived neutrality by adopting sanctions on Russia and Iran, while conflict in the Middle East has unsettled the DIFC's role as a custody centre. As global liquidity searches for safety amid a possible US pivot to Hamiltonian economics, Singapore stands out as the primary destination. The MSCI Singapore ETF (EWS) has broken out of a 19-year consolidation and has made a new all-time high.

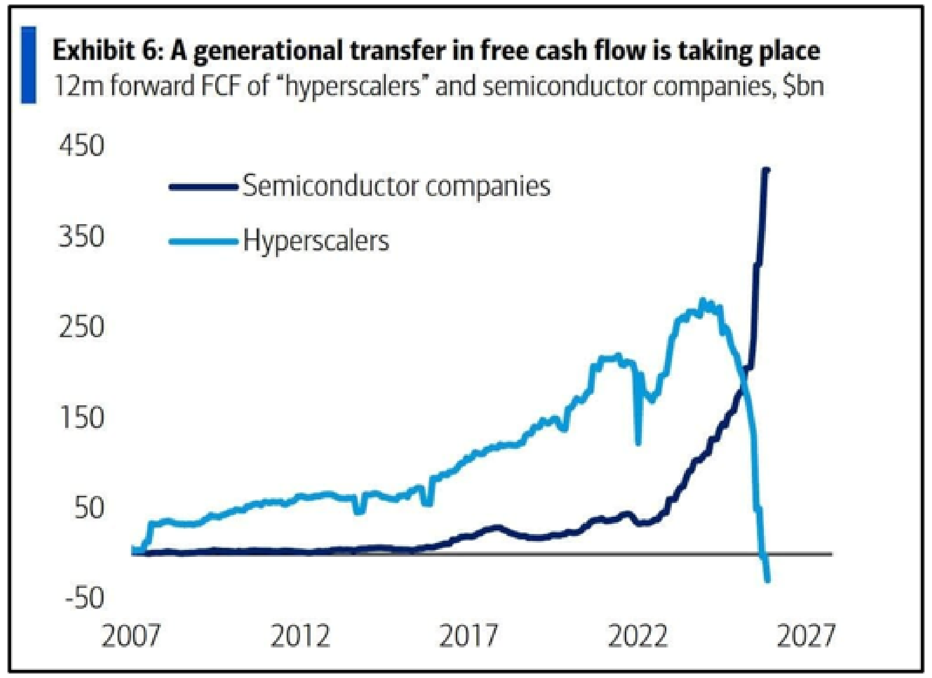
Source: PineTree Macro, Federalist No. 35 (Alexander Hamilton, 1788), The Times of India, Lexology

Opportunities

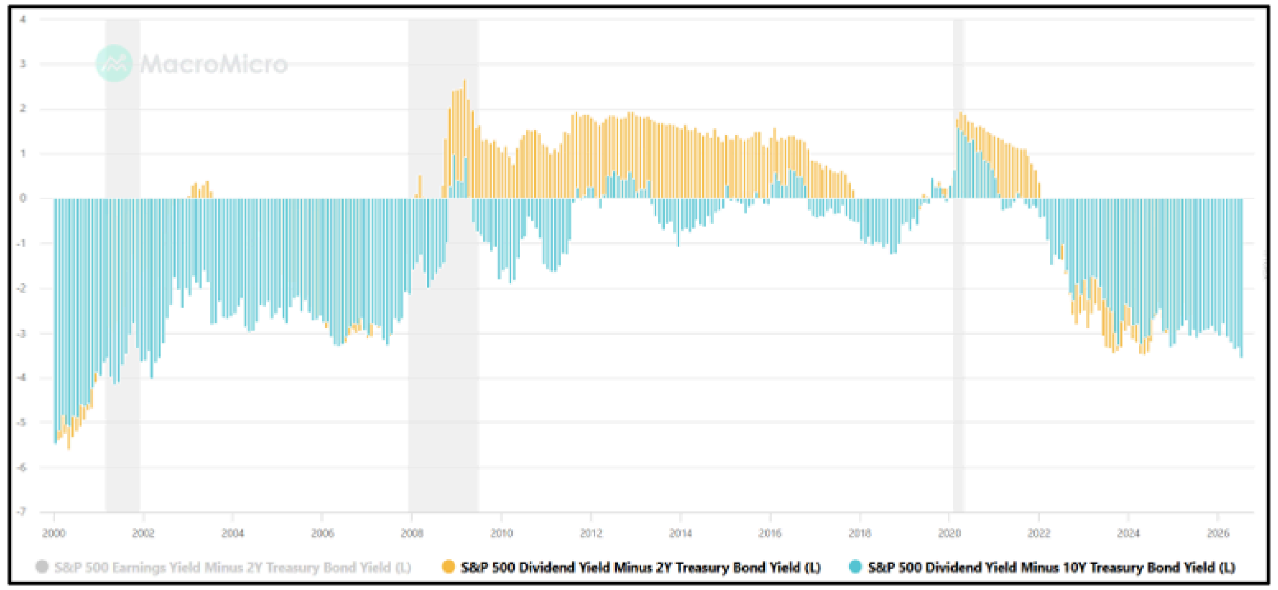
Free Cashflow Rotation

A major regime shift is taking place in balance-sheet strength. Mega-cap technology companies, once celebrated for cash-rich balance sheets and steady shareholder payouts, have become net absorbers of capital in order to fund AI infrastructure capital expenditure (Chart 1).

With capital costs rising and equity yields at their lowest relative to bond yields since 2002 (Chart 2), investors will naturally migrate back toward companies with strong, cash-rich balance sheets (Chart 3). The pool of such companies has itself been shrinking (Chart 4).

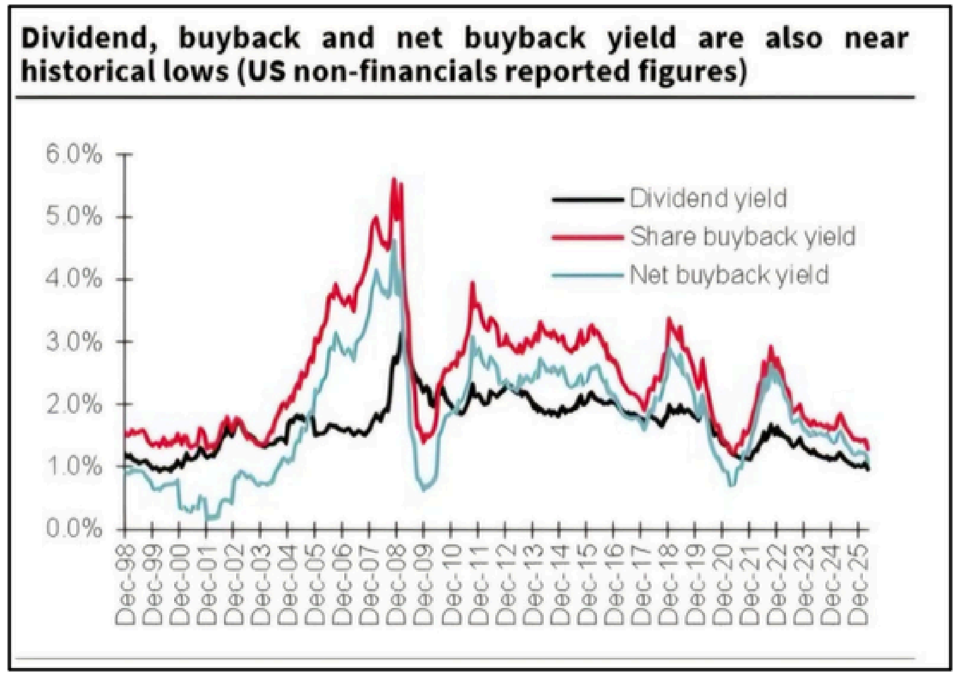


Free cash flow is changing hands (Chart 1)



SThe S&P 500 dividend yield now sits below both the 2-year and the 10-year Treasury yield, close to the widest gap since 2002 (Chart 2)

The VictoryShares Free Cash Flow ETF (VFLO) broke out against the Invesco QQQ Trust in July (Chart 3)



Dividend, buyback, and net buyback yields are near historical lows, so the pool of companies with strong internal cash flows has shrunk (Chart 4)

Source: PineTree Macro, : BofA, MacroMicro, Société Générale

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04 / Section

YEAR AHEAD

Year Ahead

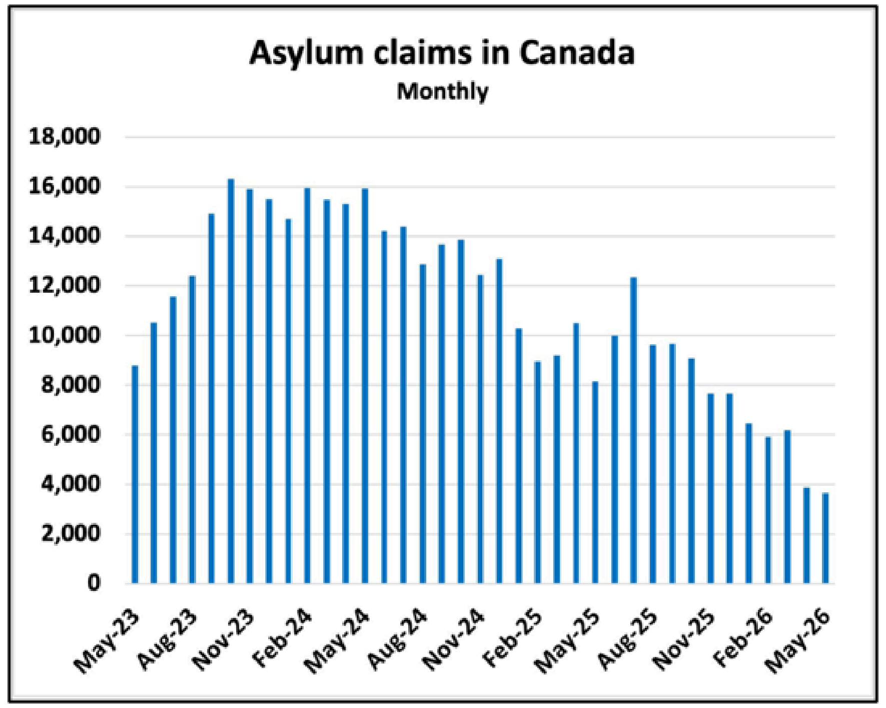
Canada – Pro-Market Triggers

Having served at the helm of two major central banks, the Bank of Canada and the Bank of England, Prime Minister Mark Carney brings a deep grasp of financial history and macro policy, giving Canada a genuine opportunity to drive real GDP growth.

We see a strong case for falling unemployment paired with rising wages, further accelerated by an influx of foreign capital. Slowing population inflows are already tightening domestic labour supply.

Statistics Canada's flash estimate points to 3.4% annualized growth in Q2 2026, against the Bank of Canada's July forecast of 2.5%. The official release follows on 28 August 2026.

Furthermore, as a resource- and asset-centric economy, Canada stands to benefit directly from higher real asset prices. While positioning and sentiment toward Canada remain depressed, underlying indicators continue to head higher.



Falling asylum claims are tightening labor supply, a major trigger for wage growth

Home / News / Economy

Canada's GDP beats expectations as second quarter rebound gathers steam

Economy on track for 3.4% annualized growth in second quarter

Pro-market policies drive growth

Financial Post

Saudis eye Canadian assets as investment fund accepts Carney's invite to Toronto

Prime Minister Mark Carney said Saudi Arabian investors are interested in Canadian energy, mining and infrastructure. Find out more here.

3 weeks ago

The Logic

Canada needs an investment 'hub' as Carney steps up push for foreign money, says federal agency

The prime minister wants $500B in private investments but the government keeps tripping over itself, warns an internal plan obtained by The...

1 week ago

Rising potential for foreign capital to move into Canada.

Source: X, Yahoo Finance Canada, Financial Post, The Logic, Statistics Canada

Year Ahead

India-China Rekindling Relationships

China is coming to the realization that its infrastructure-to-population ratio far exceeds what it had previously assumed. There is a real need for the two nations to collaborate in their own interests.

India's tertiary sector carries large exposure to the disruption AI may bring to white-collar work. China, meanwhile, is coming to terms with the need to absorb a substantial and selectively chosen foreign population if it is to meet the consumption goals set out in its latest five-year plan.

India-China relations have so far been panning out positively. But if the two nations are to establish a lasting agreement, both must first come to terms with several long-standing disagreements.

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TOI The Times of India

6 yrs on, India-Tibet border trade via Lipulekh resumes, but now on wheels, not hooves

India-Tibet border trade via Lipulekh Pass resumes after 6 years; new road enables vehicle transport, cutting time and costs and boosting...

1 Jun 2026

Reuters
https://www.reuters.com › world › asia-pacific › china-...

China aims to spur consumption in first five-year blueprint

13 Jul 2026 — **China** will aim for **annual** retail sales of around 60 trillion yuan ($9 trillion) by 2030 under its first **five-year plan** focusing on **consumption**,

IND India TV News

Amid global conflicts, India takes centre stage as Putin, Xi Jinping visit New Delhi in September | DETAILS

India is set to host one of its most significant diplomatic events in recent years as Russian President Vladimir Putin and Chinese President...

2 days ago

Source: *NYT, Crypto Briefing, London Daily, The Times of India, Reuters, India TV News*

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05 / Section

MONTHLY ROUNDUP

Monthly Roundup

Recent Publications

Chapter Seven – The Three Suns	The AI Capex Bubble: Bigger Than You Think , Funded by You Don’t Know Who

Clickable Tabs

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06 / Section

QUOTE OF THE MONTH

"

We all attend the school of the market and pay our tuition, but only those who study their mistakes truly graduate.

-Ritesh Jain

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