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"Learn how to see. Realize that everything connects to everything else."

— Leonardo da Vinci

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US Banks visibly disconnected from US Rates and US Curve

It is interesting to note that **US Banks are testing 10-year highs**, despite **interest rates falling fast** (50bps from recent highs) and the **curve flattening now testing 10-year lows** (50bps from recent highs). The three had shown strong correlation prior to Q2, amid rates/curve being powerful drivers of commercial banks' core profitability (correlation is causation here).

Rephrased, US curve is **back to** pre-Trump levels, rates are halfway through **back to** pre-Trump levels, Banks **instead** are 25% higher

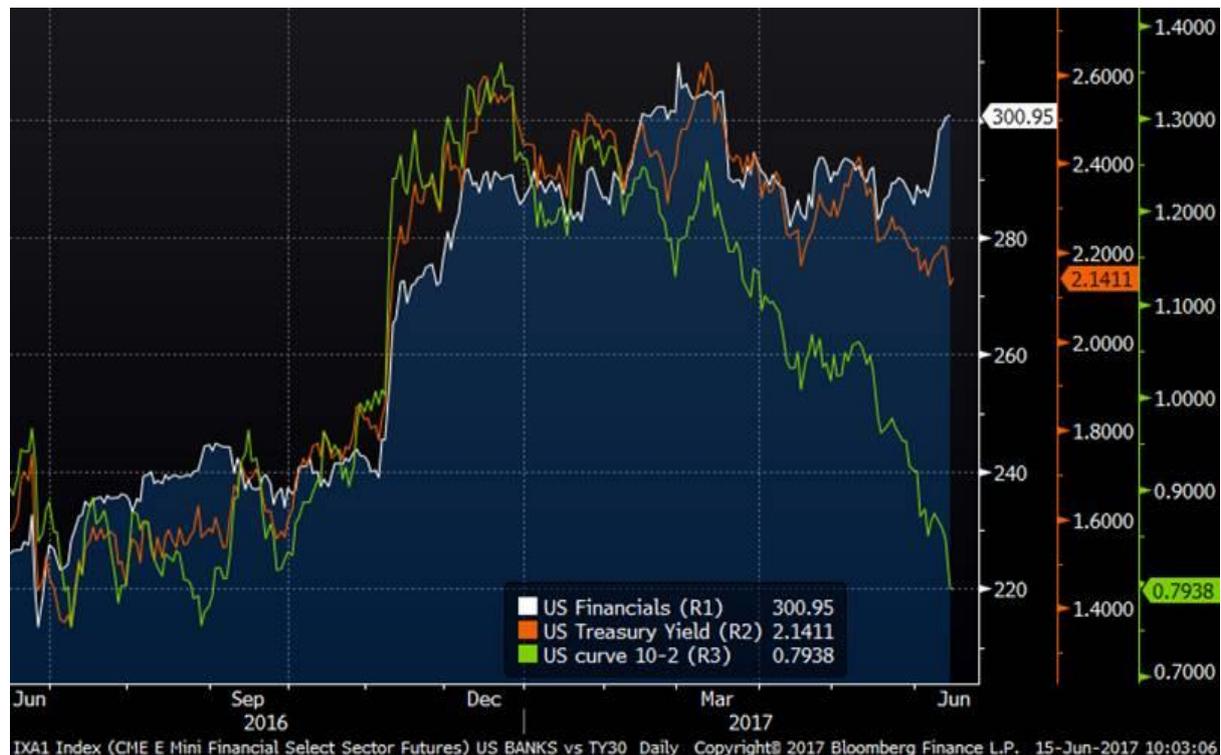
Deregulation, tax cuts might or might not justify the decoupling. Growth and Inflation/Reflation expectations cannot.

Intuitively, historical correlation at test here

EU and UK banks are also disconnected to rates/curve, but not nearly as much

Our most recent market analysis available here: [read](#)

US Banks decoupled from US Rates and US Curve



The US interest rates curve (US 10-yr vs US 2-yr) is visibly flatter and testing pre-Trump lows, which are also 10-year lows

The German curve is also flattening, but not so violently.



Banks are 25% above pre-Trump levels, while outperforming the S&P by 10% since then



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