

Why Investor Positioning Matters More Than Ever (With Eric Liu)

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This week's episode explores the growing tension between resilient economic growth, cooling inflation data, and rising interest rates. Liz Ann Sonders and Collin Martin discuss the recent flattening of the Treasury yield curve, the latest inflation and GDP reports, and what higher yields mean for stocks and bonds. While inflation data showed encouraging signs of moderation, both Collin and Liz Ann note that risks remain, particularly from higher energy costs and the inflationary effects of AI-related investment spending.

The conversation then shifts to an interview with Vanda Research co-founder Eric Liu, who explains how investor positioning and capital flows can provide valuable clues about market direction over short-term horizons. Liu discusses the growing influence of retail investors, quantitative funds, and prediction markets, arguing that traditional ways of analyzing markets have become less useful as market leadership and participant behavior evolve. Despite geopolitical uncertainty and higher bond yields, he sees a supportive backdrop for equities due to neutral positioning, reduced crowding in markets, and the resilience stocks have shown in the face of recent shocks. The discussion also covers retail trading trends, emerging markets, market concentration, and why large-cap technology stocks remain the dominant market leadership group.

Finally, Collin and Liz Ann look ahead to next week's upcoming macroeconomic indicators and key data releases.

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