

The Great Deleveraging Is Upon Us

June 18, 2022



Federal Reserve Chair Jerome Powell

Our top 3 scoops this week

1. The Dow Jones is 1% above the pre-covid market high

Stocks got dumped across the board this past week starting with a spooky CPI number suggesting inflation continues to roar out of control. Then the Fed came out and [hiked rates](#) by 75 basis points (0.75%) - that's the highest single hike in 28 years to give you a sense of how aggressive things need to be right now to stop your summer gas prices from eating through your grocery budget. The easy money days are over. [Will the Dow bounce at the technical support level of 28,000 - the pre-pandemic high?](#)

2. De-Fi is facing a moment of reckoning

Flashback to your cousin Greg who tried to convince you that his De-Fi investing hustle paying out hourly interest was the future of the financial system - Celsius Network, one of the largest lenders in the crypto world [halted](#) customer withdrawals this week. Hot on the heels of the Luna meltdown, Celsius could be the next poster child for a De-Fi dump. The knock on effects are already being felt; there are rumors spreading of mega crypto hedge fund Three Arrows Capital (3AC) taking [a big hit](#) on the back of this. [Is Avalanche next?](#)

3. Value is starting to rear it's head in tech stocks

The market selloff for technology has been pronounced, taking some P/E ratios down from pandemic highs of 50+ to single digits. Could there be value down here to pick up? Robinhood (HOOD) and Coinbase (COIN) both pandemic darlings are down 85% from highs late last year. Robinhood's market cap of \$6B is now [less](#) than the cash it has on its balance sheet. Coinbase (COIN) trading at \$51 is also [approaching](#) \$40 which is where it's market cap would line up with cash on its balance sheet. Netflix (NFLX) which traded as high as \$700 is now down to 2017 prices of \$173. [Will higher unemployment mean more sign ups for Netflix & Chill?](#)

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What this means for your portfolio

If you're looking to protect against inflation

Here's a great piece from [Investopedia](#) on how you can protect your portfolio using various asset classes.

If you're looking for a value play

Here's an article on how legendary investor Benjamin Graham did his [analysis](#).

If you're about to start investing

Bear markets are like a Black Friday sale. Selloffs are great opportunities to buy into index funds or dollar cost average into them.

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Weekly Poll

How low will the Bitcoin price go?

- [\\$12,000](#)
- [\\$18,000](#)
- [\\$9,000](#)
- [It's at the bottom now.](#)

Click a response to see the poll results.



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Pasiv Financial Ltd

P4-10A Park Towers DIFC, Dubai, UAE

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