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Alternative Intelligence is a curated newsletter featuring hedge fund news from around the web along with additional content including podcasts and academic research papers.

Wednesday August 12, 2020

Latest News

From Cocoa to Coffee and Sugar, Soft Commodities Stage Simultaneous Rally

The Wall Street Journal

Cocoa, coffee and other soft commodities trading on the Intercontinental Exchange have bounced back from their lows earlier this year and now number among the world's best-performing major assets. In the past month alone, cocoa futures have risen 15% to \$2,448 a metric ton and coffee futures have climbed 14% to \$1.11 a pound.

Steve Cohen's Point72 And Other Hedge Funds Are Sending Urgent Requests To Find A Replacement After Robinhood's Data On Hot Stock Trades Suddenly Went Dark

Business Insider

Point72 is among hedge funds scrambling to find alternative data sources after day-trading app Robinhood decided to stop providing data on which stocks are most popular on its platform, according to people with direct knowledge of its outreach.

High-Speed Trader Virtu Discloses \$6.9 Million Hacking Loss

The Wall Street Journal

Virtu said it lost \$6.9 million to hackers who seized control of the email account of one of its executives and used fake emails to send two fraudulent wire transfers to bank accounts in China. Virtu, one of the world's largest high-speed trading firms, disclosed the May breach in a lawsuit filed Monday against Axis Insurance Co., in an effort to get the insurer to cover the loss.

Coronavirus Tests the Leadership Style of Goldman Sachs's C.E.O.

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approach in tune with the bank's young work force.

The Pandemic Is Spurring OCIO Growth. Transparency Will Follow.

Institutional Investor

53% of investors expect to review their consultant and OCIO relationships over the next two years, new data shows.

Legendary trader Salem Abraham opens Fortress strategy to outside investors

Alternatives Watch

The Fortress Fund leverages the ability of Abraham's team to gain optimal exposure to equities and fixed income, while at the same time sourcing allocations to alternative investment managers.

More cash, less buzz for 2020 investment bank interns

Reuters

Buzzing trading floors, classrooms and networking drinks have been replaced by online projects, 'hackathons' and fitness sessions for the class of 2020 investment banking interns.

Tesla announces five-for-one stock split

CNBC

Tesla announced a five-for-one stock split on Tuesday evening. The split goes into effect on August 31.

Software firm MicroStrategy makes a massive bet on Bitcoin with a \$250 million purchase

Fortune

MicroStrategy, a Virginia-based business intelligence software company that trades on the NASDAQ, announced on Tuesday it has acquired 21,454 Bitcoin in what describes as a "capital allocation strategy."

Retail Chains Abandon Manhattan: 'It's Unsustainable'

The New York Times

Many stores are still closed, some permanently, while those that are open have very little foot traffic.

Big Ten and Pac-12 Are First Marquee Conferences to Postpone Football

The New York Times

Two of the nation's wealthiest and most powerful football conferences abandoned their plans to play this fall over coronavirus concerns, a move that fractured the season and promised repercussions far beyond the playing field, even as other top leagues were publicly poised to begin games next month.

Alternative Media

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Nearly 500 billion cups of coffee are consumed every year, making it easily one of the most popular goods in the world. It's cultivated in dozens of countries by nearly 25 million farmers who depend on it to make a living. But coffee is becoming harder to grow. It's a notoriously picky plant that requires very specific conditions to grow. And as climate change warms the planet, the places that can sustain the plant are shrinking. A recent study estimates that by 2050, the amount of land that can sustain coffee will have fallen by 50 percent. But while there may be time to save the coffee plant, the crisis has already arrived for coffee farmers. Deteriorating conditions and plummeting prices have made it difficult to make a living growing coffee, not to mention invest in measures to adapt to climate change. This episode of Vox Atlas explains the coming coffee crisis and what coffee farmers need to survive it

Academic Corner

The Persistence of Miscalibration

Multiple Authors; July, 2020

Using 14,800 forecasts of one-year S&P 500 returns made by Chief Financial Officers over a 12-year period, we track the individual executives who provide multiple forecasts to evaluate how they adapt and recalibrate in response to return realizations. We present a simple model of Bayesian learning which suggests that the evolution of beliefs should be impacted by return realizations, but that stronger priors yield a sluggish response. While CFOs' forecasts are unbiased, their confidence intervals are far too narrow, implying a very strong conviction in their beliefs. Consistent with Bayesian learning, we find that when return realizations fall outside of ex-ante confidence intervals, CFOs' subsequent confidence intervals become significantly wider. However, the magnitude of the updating is apparently dampened by the tightness of prior beliefs and, as a result, miscalibration persists.

Editorial: **Peter Lacalamita**



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