



Macro Ops

The Trifecta Report

The best trades are the ones in which you have all three things going for you: fundamentals, technical, and market tone. ~ Michael Marcus

Weekly Summary

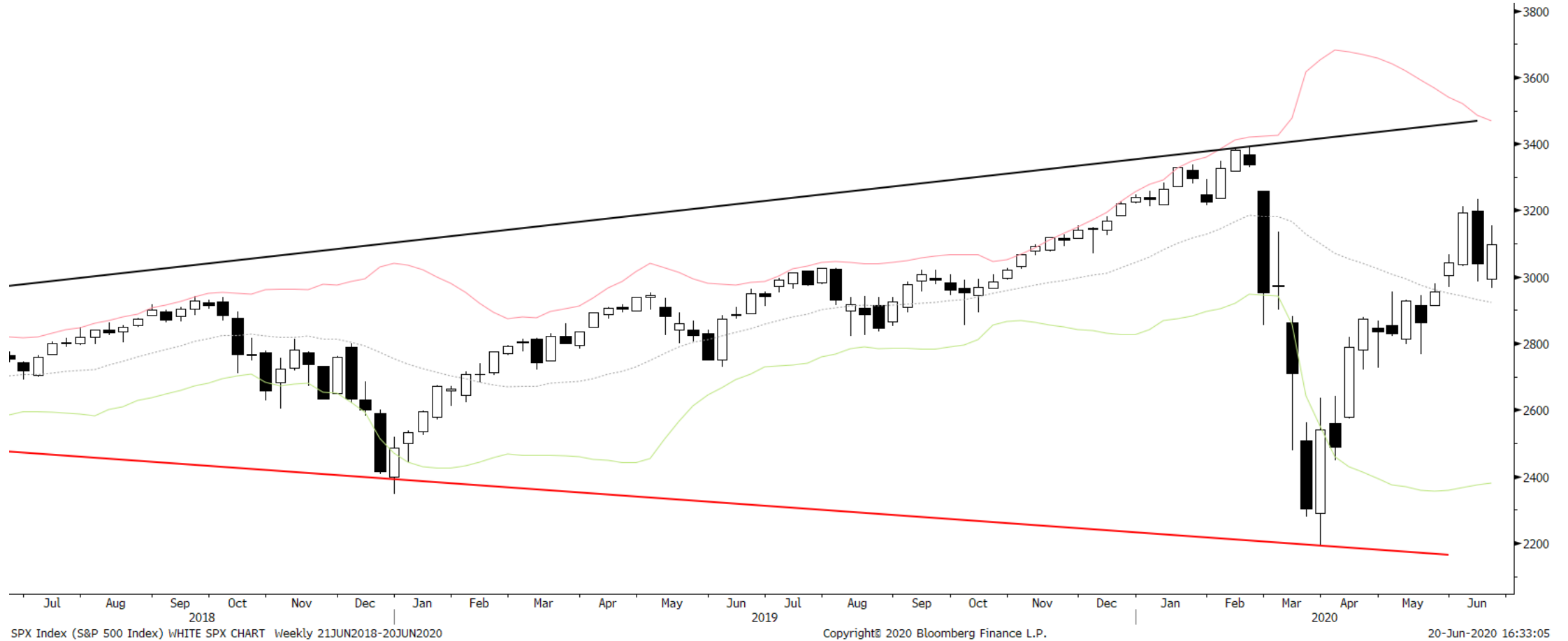


S&P 500	UST 10-year Bonds	Gold	EURUSD
<ul style="list-style-type: none">➤ The SPX is in a 28-month trading range that began in early 2018. The law of inertia means that we should expect this range to continue until there's a clear price signal – a monthly close above 3,300 or below 2,500➤ It traded in a range for most of the week and closed Friday on a somewhat weak note as the coronavirus narrative began to seep back into the fore➤ AAll Net Sentiment fell back to near its March lows last week, showing there's still widescale skepticism of this rally. But Put/Call ratios are still extremely elevated and this increases the fragility of the current bull trend➤ Liquidity remains accommodative and though breadth weakened somewhat last week, it's still supportive of the bull trend. This means the intermediate term path of least resistance remains up though we should expect some bumps along the way to wash out weak hands➤ On a short-term basis, we're still in correction mode and odds favor more sideways to down action over the coming week	<ul style="list-style-type: none">➤ Bonds are in an 18-month bull trend / buy climax on a monthly basis. The current monthly bar broke below the inside-inside (ii) breakout pattern but has since reversed back up, forming a large tail on the monthly chart so far➤ This would be a bullish development and signal a likely continuation of the trend if it can hold near these levels into the close of the month➤ However, each one of our bond indicators suggest that bonds are likely in an intermediate topping process which puts it odds on that we see bonds trade sideways to slightly down over the next 1-2 months➤ The path for bonds, as well as the SPX itself, will largely be driven by the developments and narrative surrounding COVID-19 as we move through summer and into the Fall. Currently, new hospitalization trends in a growing number of US states does not look promising. The countervailing force is, of course, the next fiscal package currently being worked on in Congress. These are the two opposing macro forces at work	<ul style="list-style-type: none">➤ Gold is in a 12-month + uptrend / buy climax on a monthly basis. It's in a 2-month trading range on a weekly basis➤ We should expect it to continue to stay in this trading range until a breakout is confirmed. Currently, the odds are slightly in favor of a breakout lower➤ Net small specs and net positioning as a percentage of open interest are both slightly stretched on the upside and are moving lower. Action that typically precedes weak action in gold➤ However, real yields are the main driver of this rise in gold – lower real yields make gold more attractive on an all-else equal basis. And a resurgence in COVID-19 along with its accompanying bearish narratives, could continue to drive risk-off flows into the yellow metal. Plus, we're about to move into a seasonally strong period for gold➤ Basically, gold needs to close above 1,770 or below 1,670 on a weekly basis to signal the continuation or start of a new trend	<ul style="list-style-type: none">➤ EURUSD is trying to breakout above a 30-month bear trend. It's attempted to break below the 1.08600 level every month over the last four months but has been rejected each time – note the large lower tails on the monthly candles➤ On a weekly basis, EURUSD attempted to breakout above its upper weekly Bollinger Band but was rejected. The next 2-3 weeks should tell us whether or not EURUSD can kick off a new bull trend or if it will be driven back down into its trading range where then a restart of the bear trend will become high odds➤ EURUSD indicators are currently a mixed bag but slightly favor a move lower in EURUSD. Relative growth and economic surprises greatly favor the US dollar. However, the indicators are coming off such extremes that it could be considered bullish since there's little chance of them turning more in favor of the dollar from here➤ The current action on the daily timeframe looks more like a bullish wedge than it does a bearish reversal. Look for a strong bullish breakout from this wedge

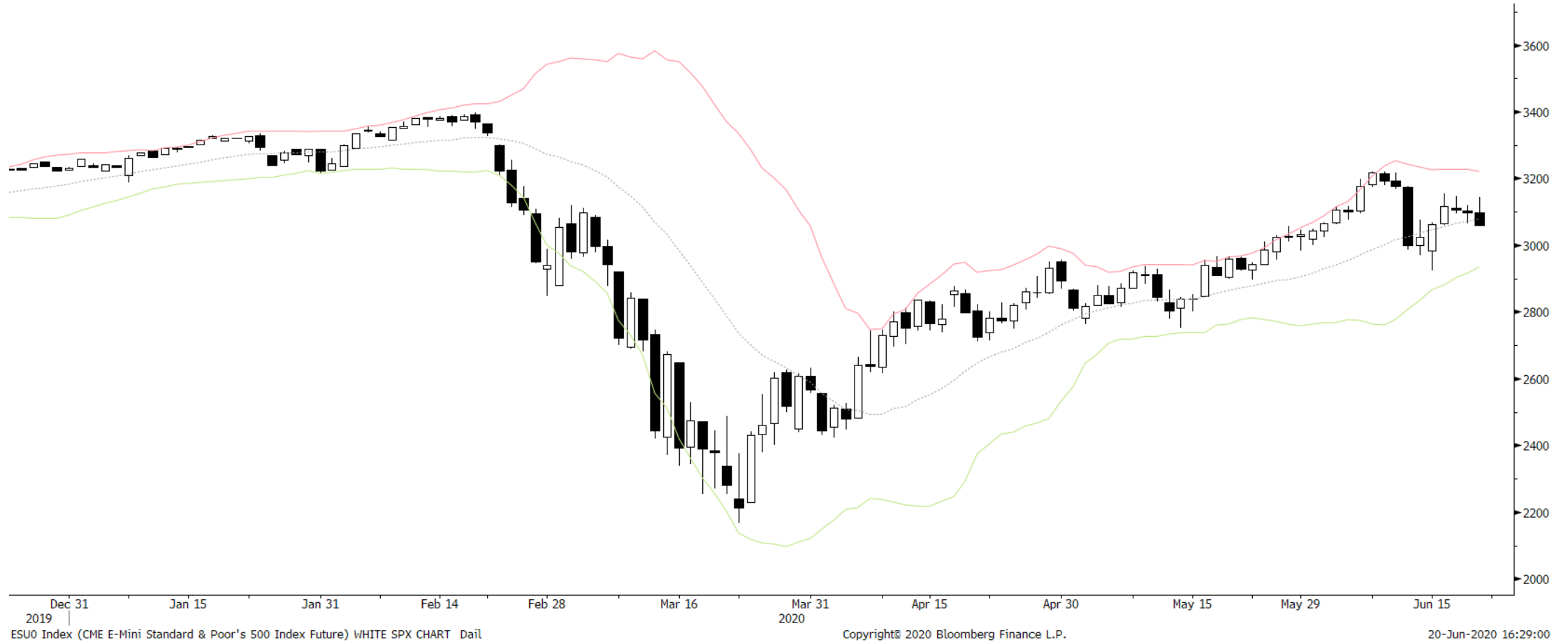
S&P 500 E-Mini Monthly



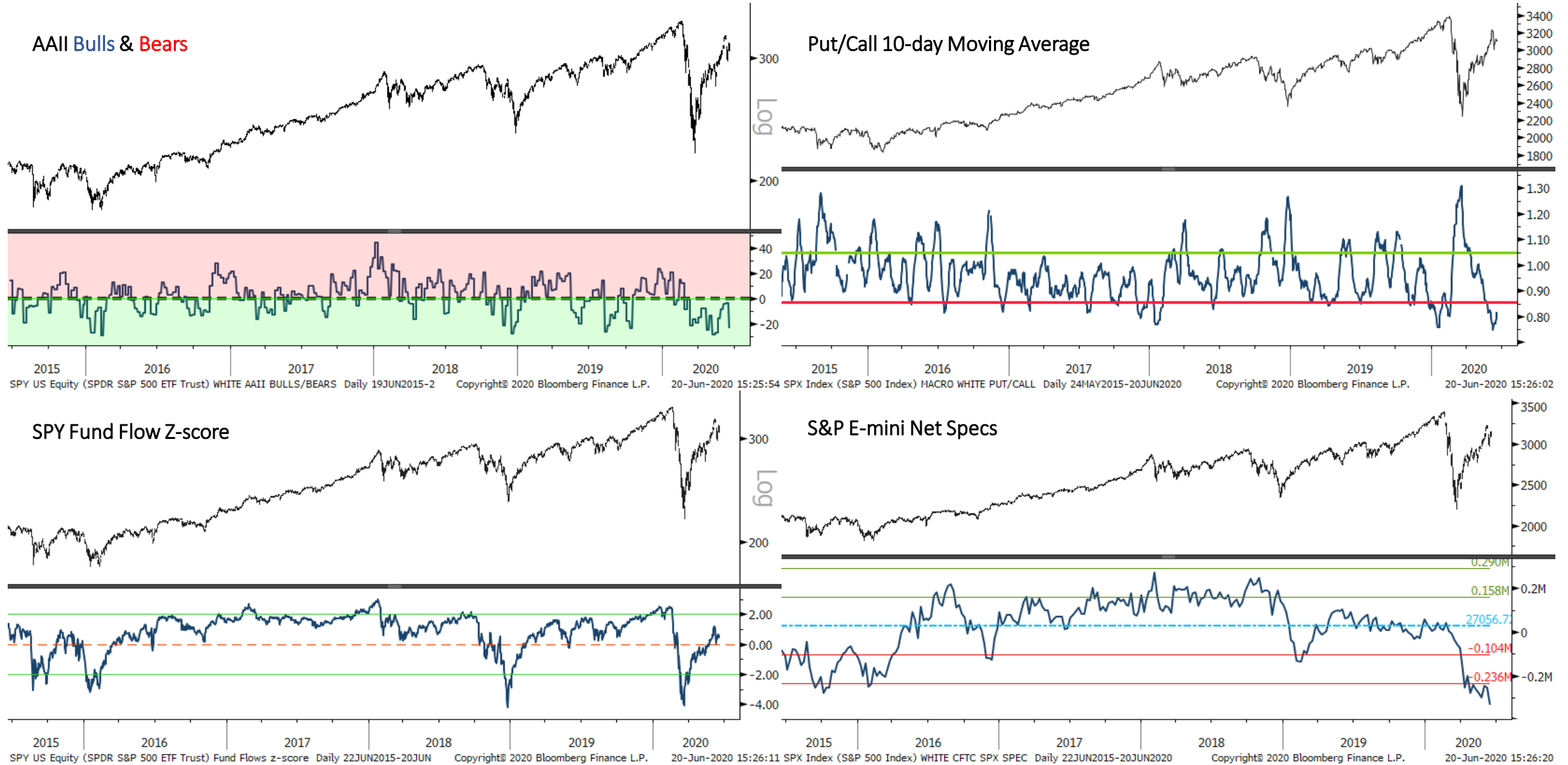
S&P 500 E-Mini Weekly



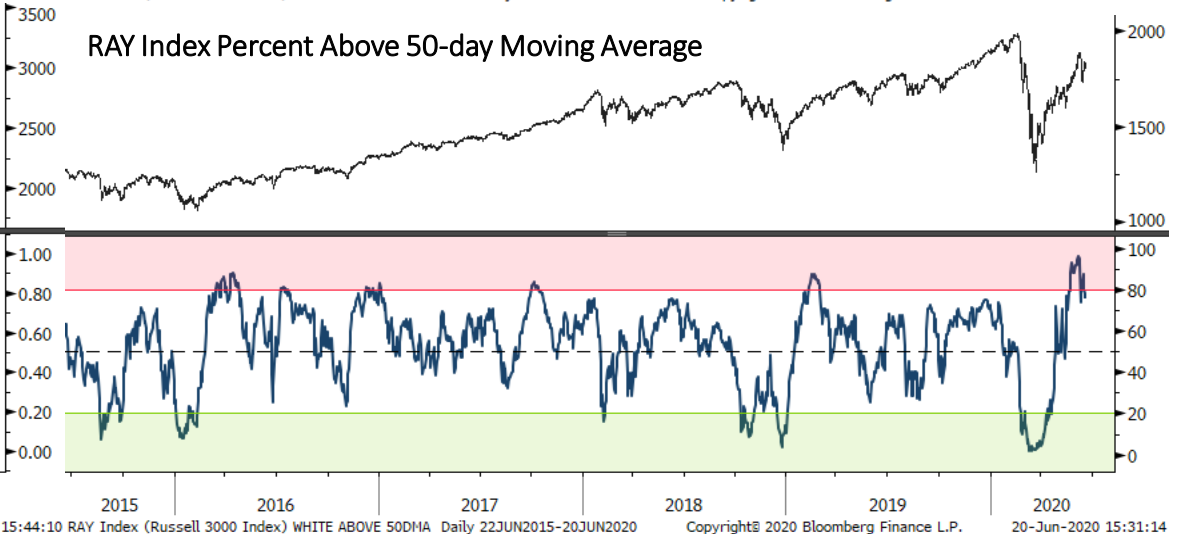
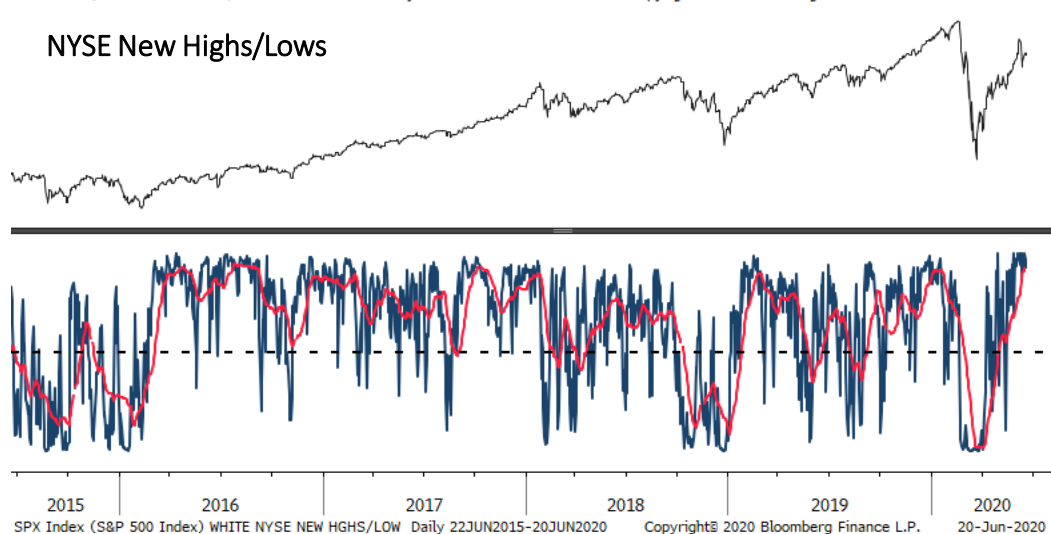
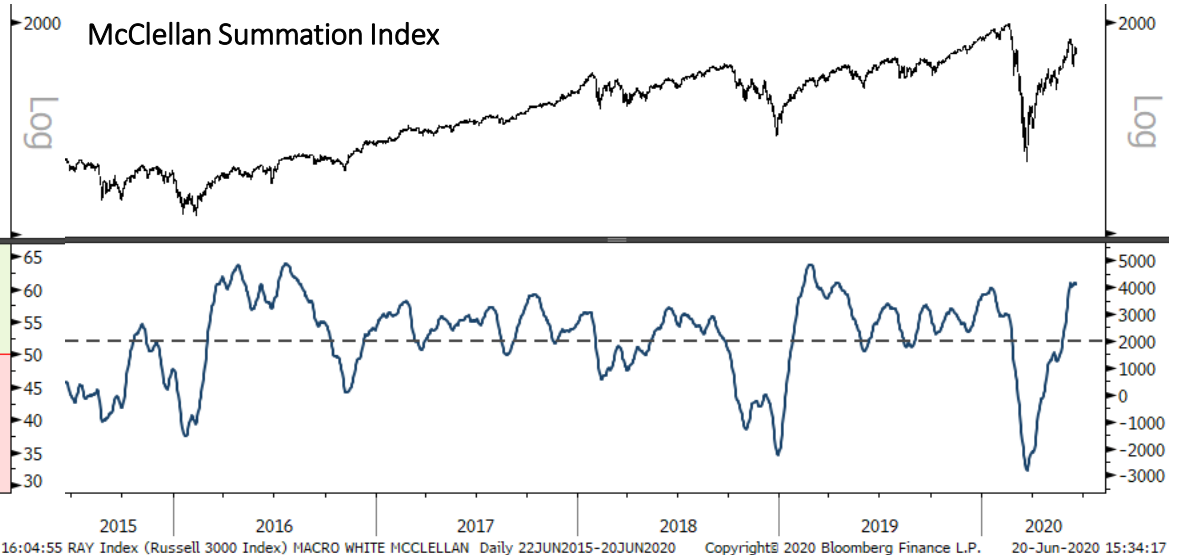
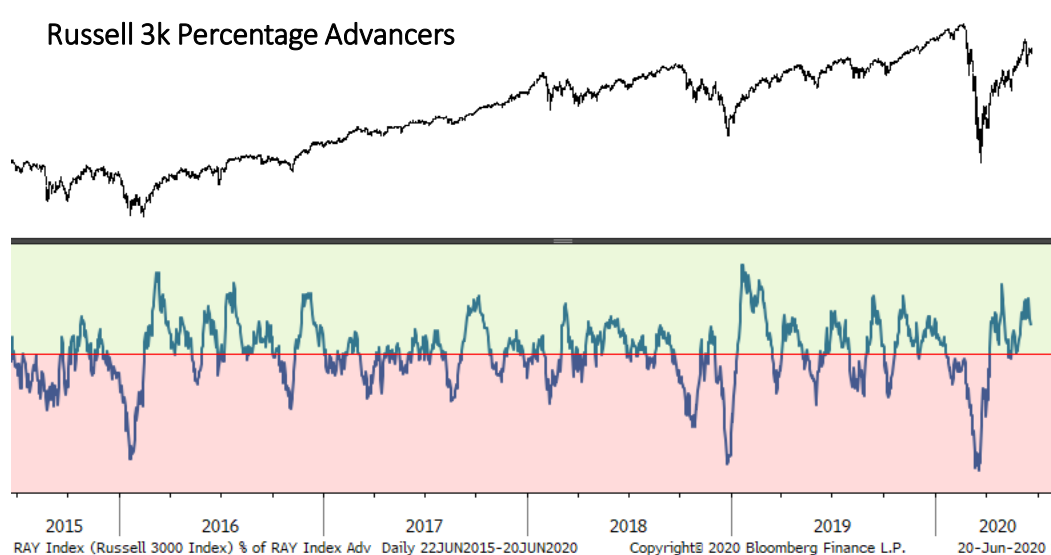
S&P 500 E-Mini Daily



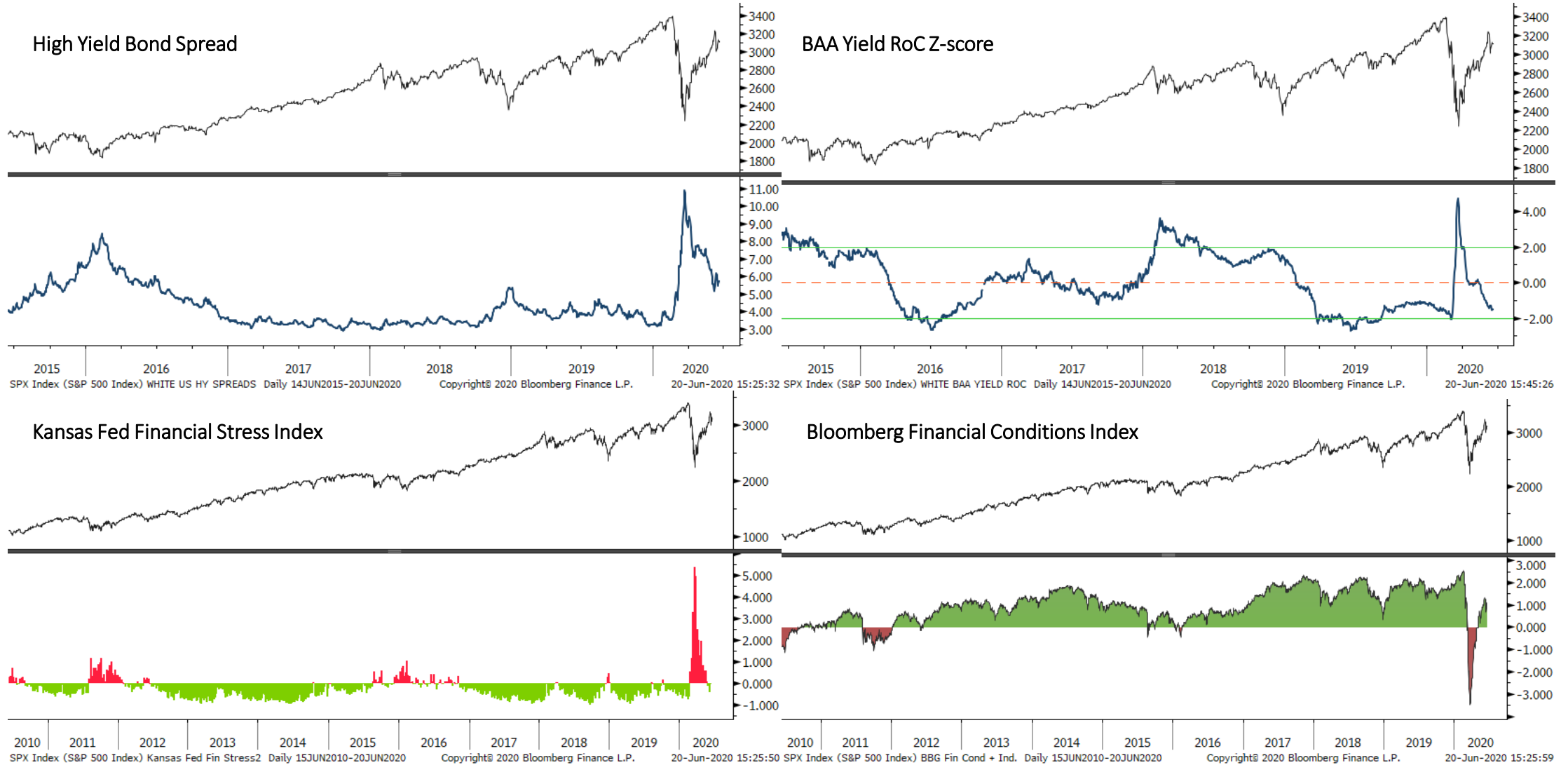
Sentiment & Positioning



Breadth



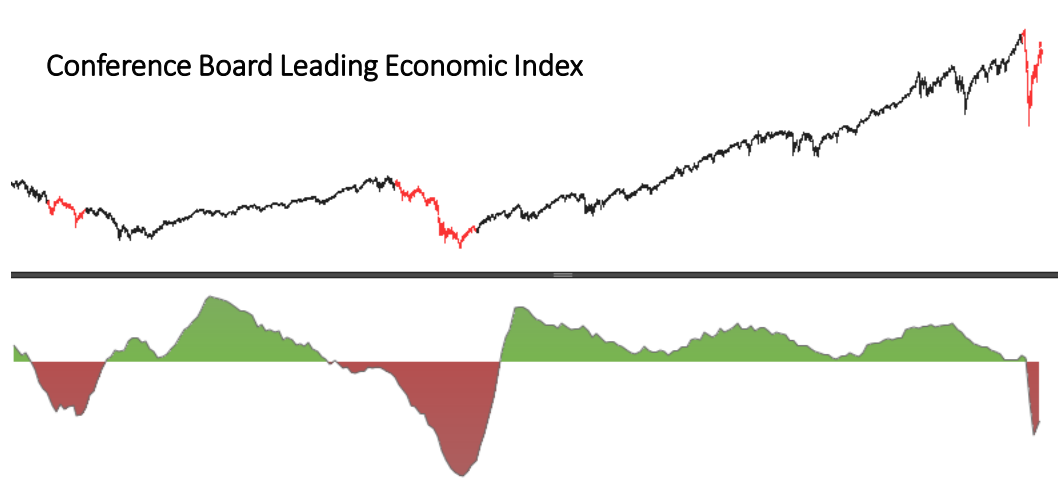
Liquidity





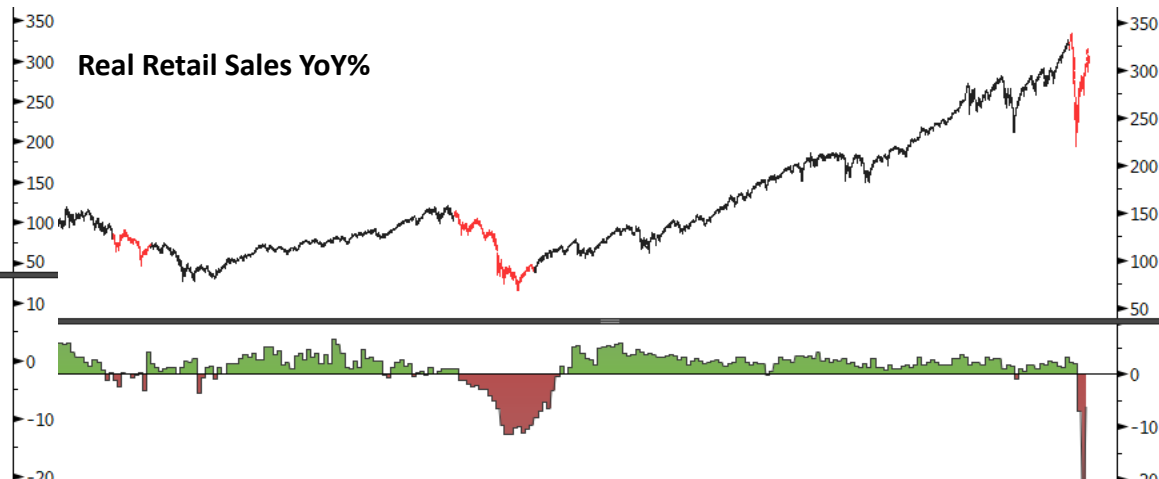
Macro

Conference Board Leading Economic Index



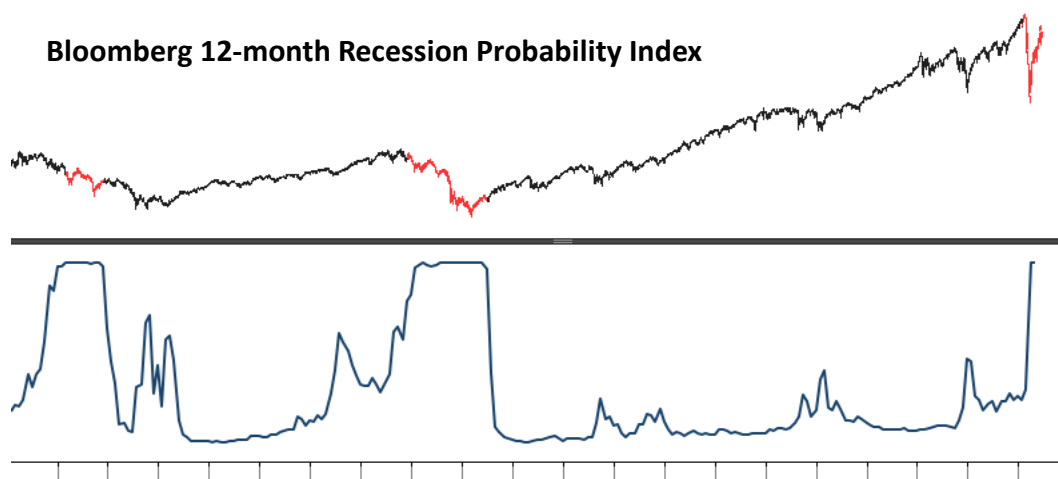
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SPY US Equity (SPDR S&P 500 ETF Trust) MACRO LEI Daily 15JUN2000-20JUN2020 Copyright© 2020 Bloomberg Finance L.P. 20-Jun-2020 15:26:09

Real Retail Sales YoY%



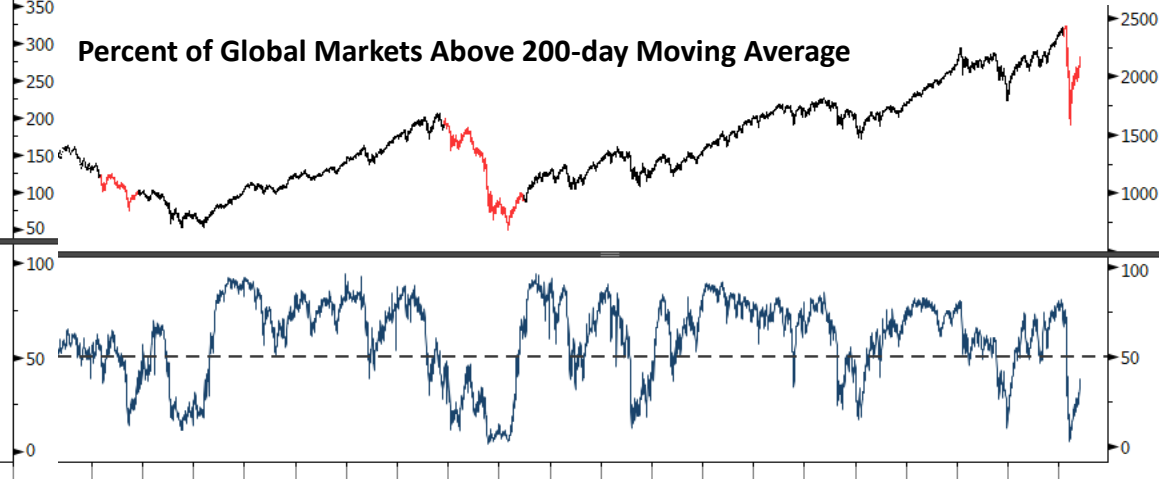
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SPY US Equity (SPDR S&P 500 ETF Trust) Macro Real Retail Sales Daily 31JAN2000- Copyright© 2020 Bloomberg Finance L.P. 20-Jun-2020 15:26:18

Bloomberg 12-month Recession Probability Index



'00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20
SPY US Equity (SPDR S&P 500 ETF Trust) Macro BBG 12m recession Daily 31JAN2000- Copyright© 2020 Bloomberg Finance L.P. 20-Jun-2020 15:26:26

Percent of Global Markets Above 200-day Moving Average

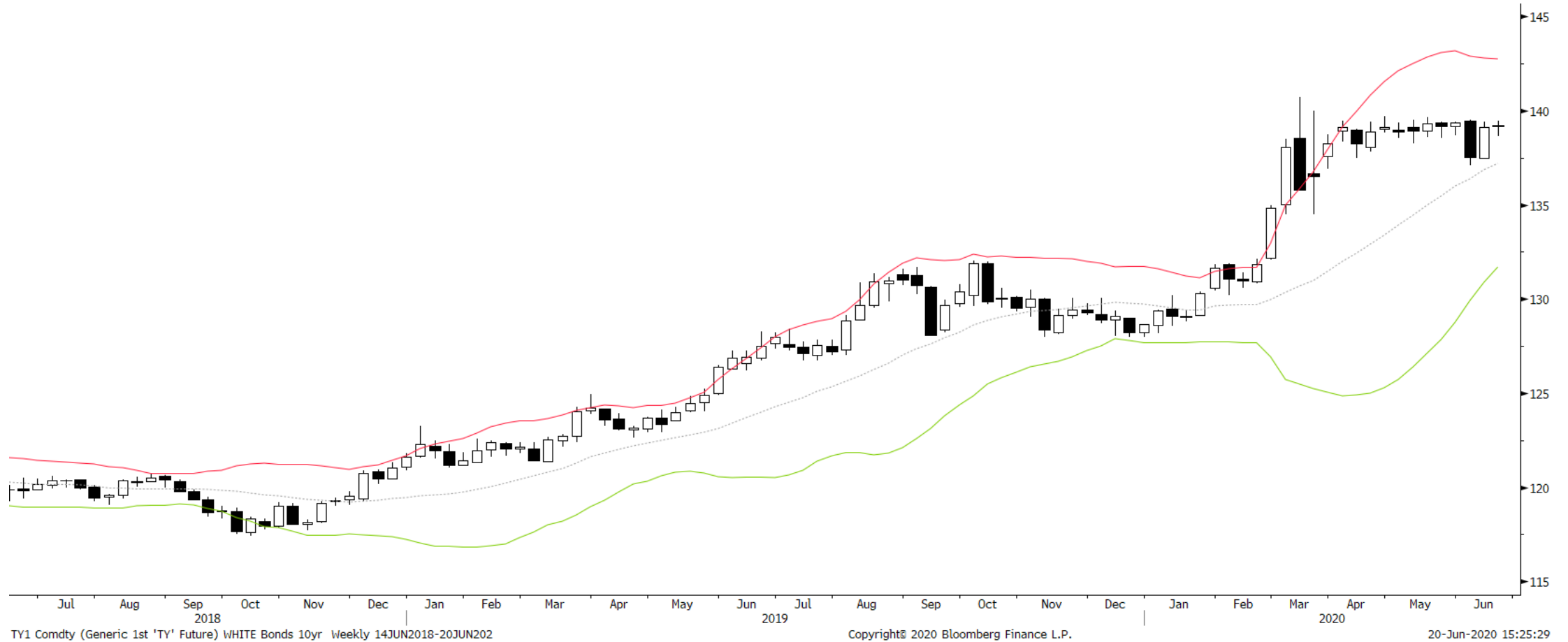


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SPY US Equity (SPDR S&P 500 ETF Trust) MSCI World PCT 200dma Daily 08MAY2000-29MAY2020 Copyright© 2020 Bloomberg Finance L.P. 20-Jun-2020 15:26:37

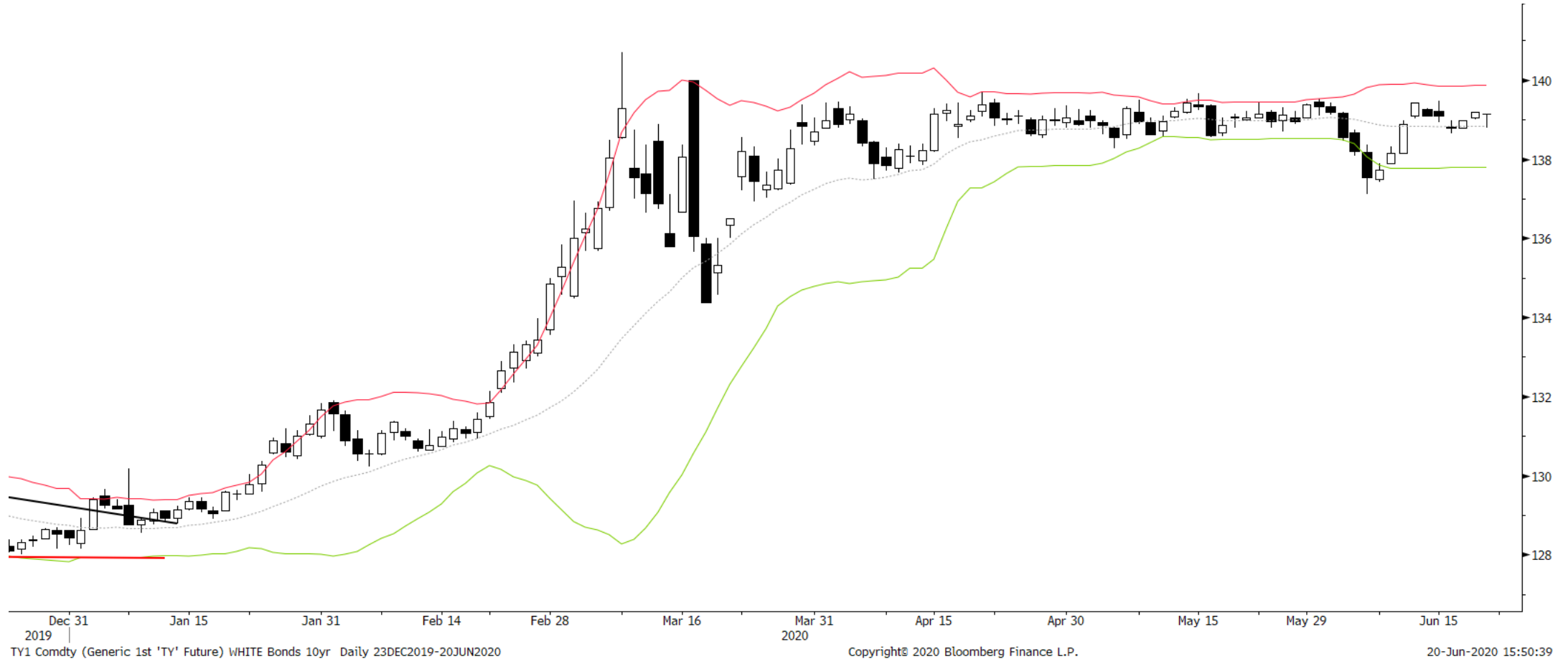
Bonds: 10-year Futures Monthly



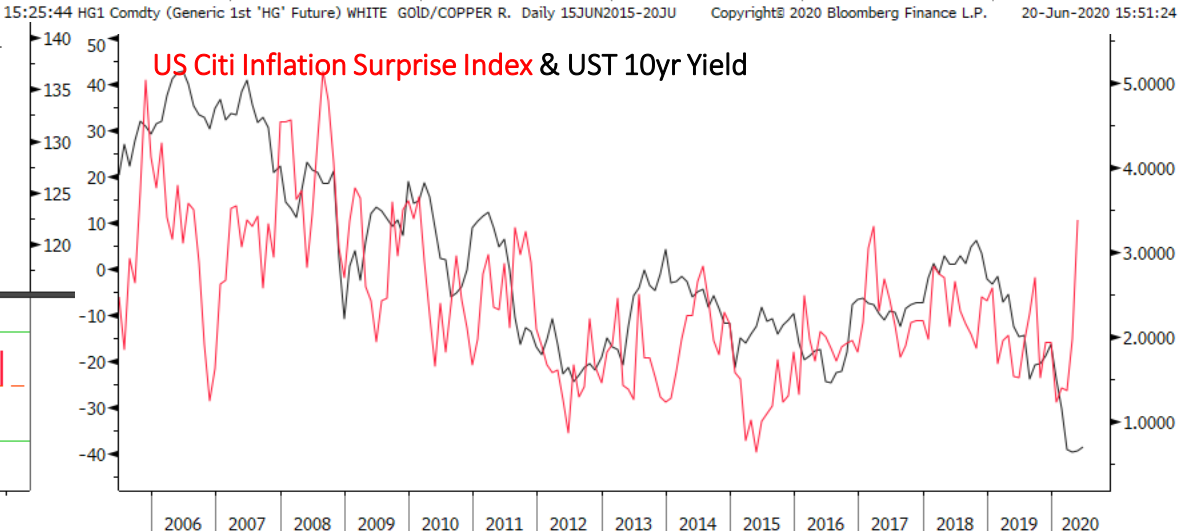
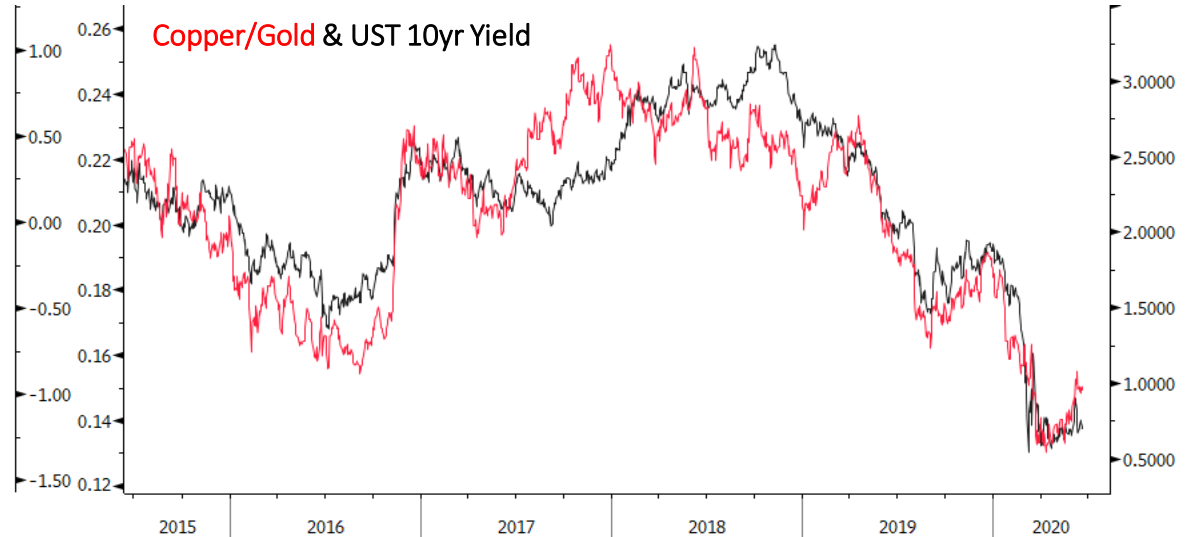
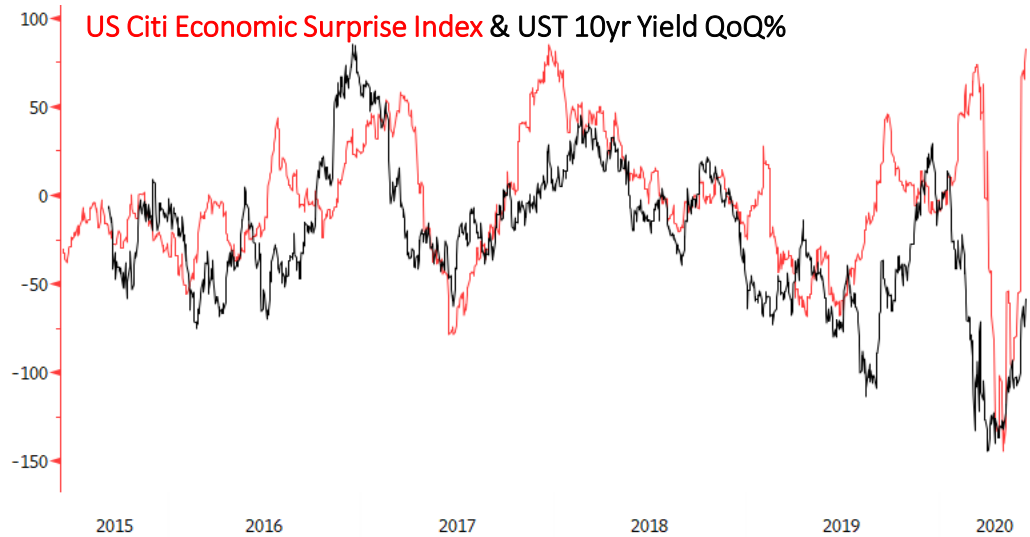
Bonds: 10-year Futures Weekly



Bonds: 10-year Futures Daily



Bond/Yield Indicators



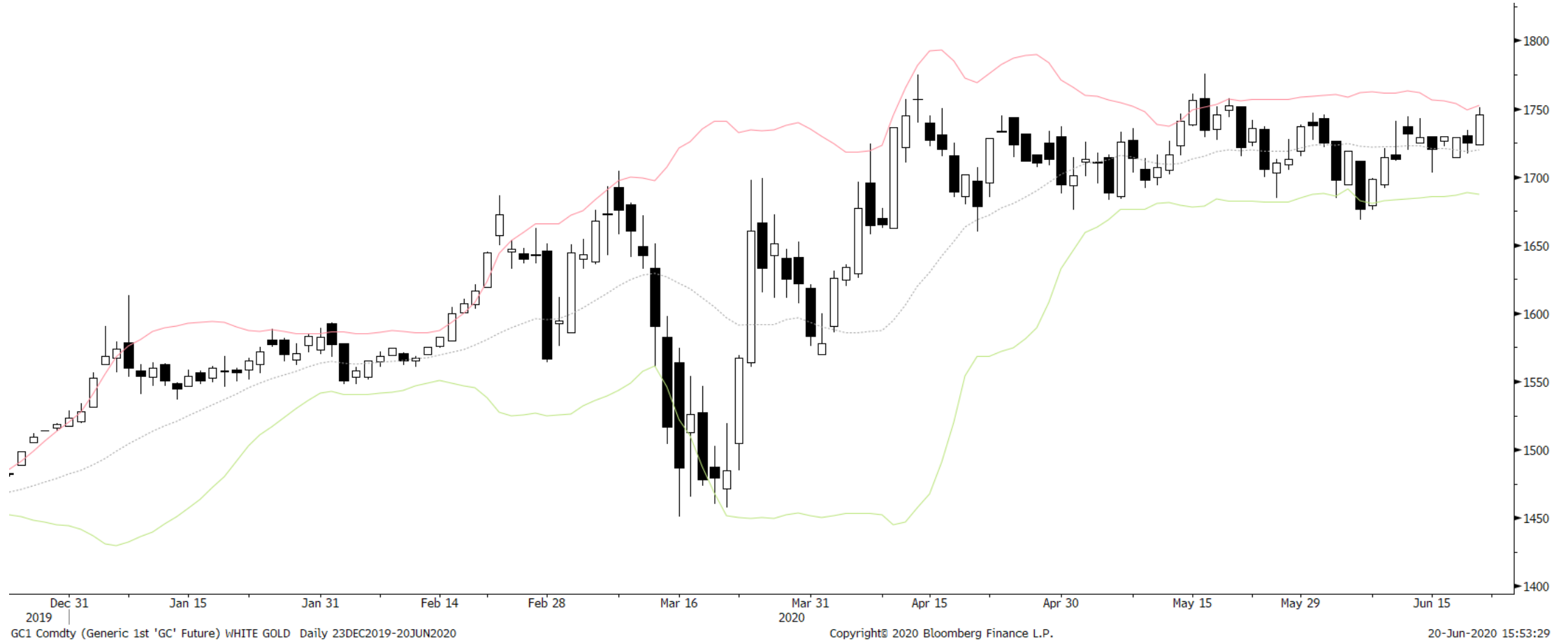
Gold Monthly



Gold Weekly



Gold Daily





Gold Indicators

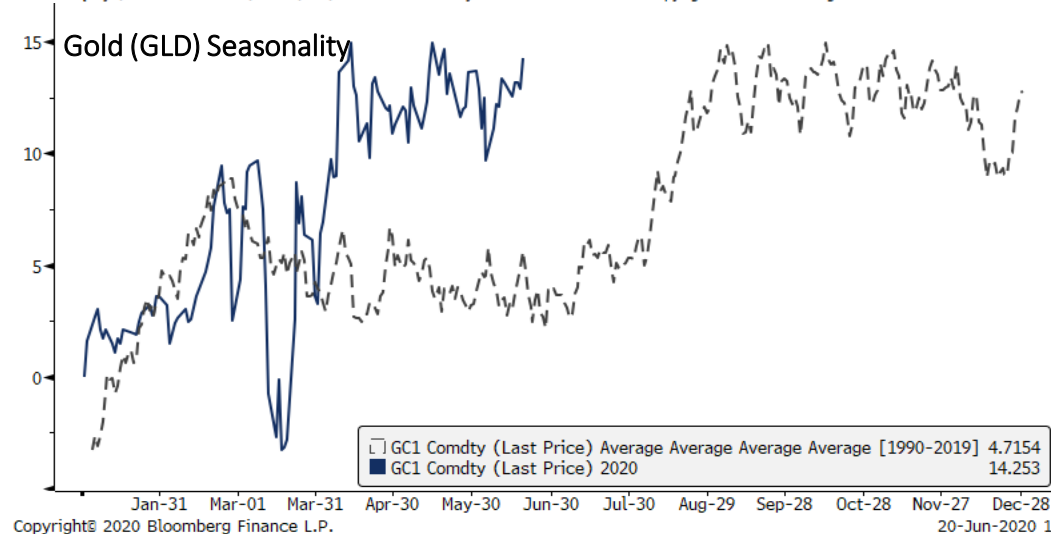
Gold ETF (GLD) Fund Flow Z-score



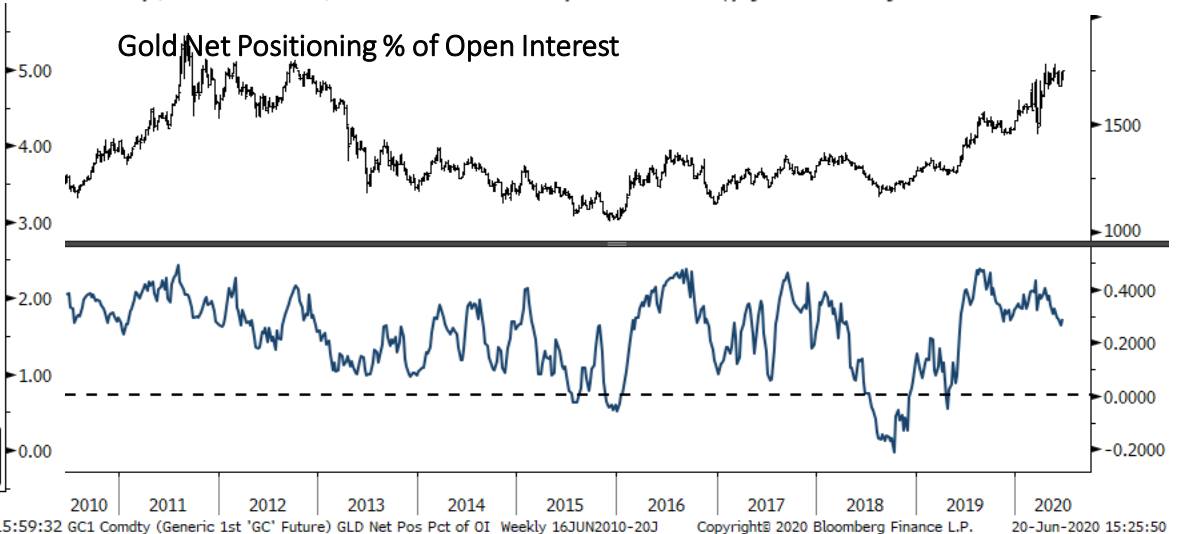
Gold Net Small Specs Z-score



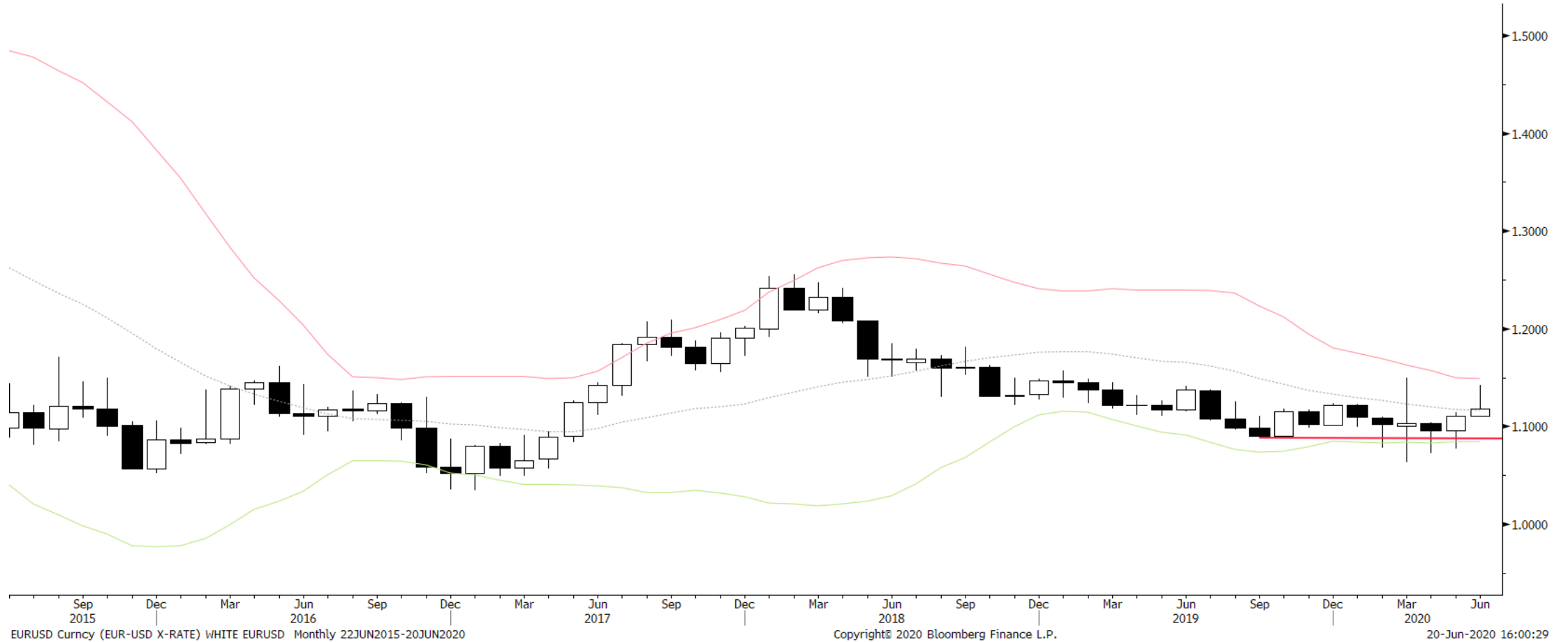
Gold (GLD) Seasonality



Gold Net Positioning % of Open Interest



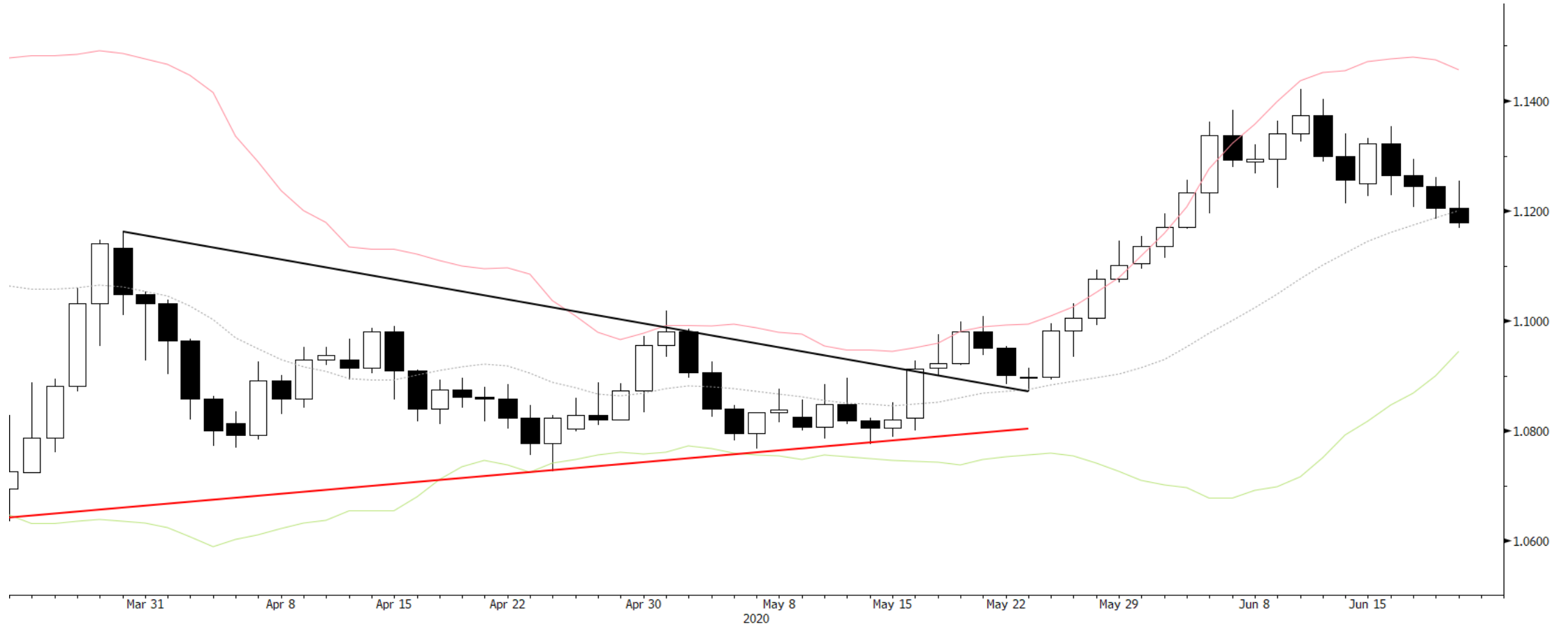
EURUSD Monthly



EURUSD Weekly



EURUSD Daily



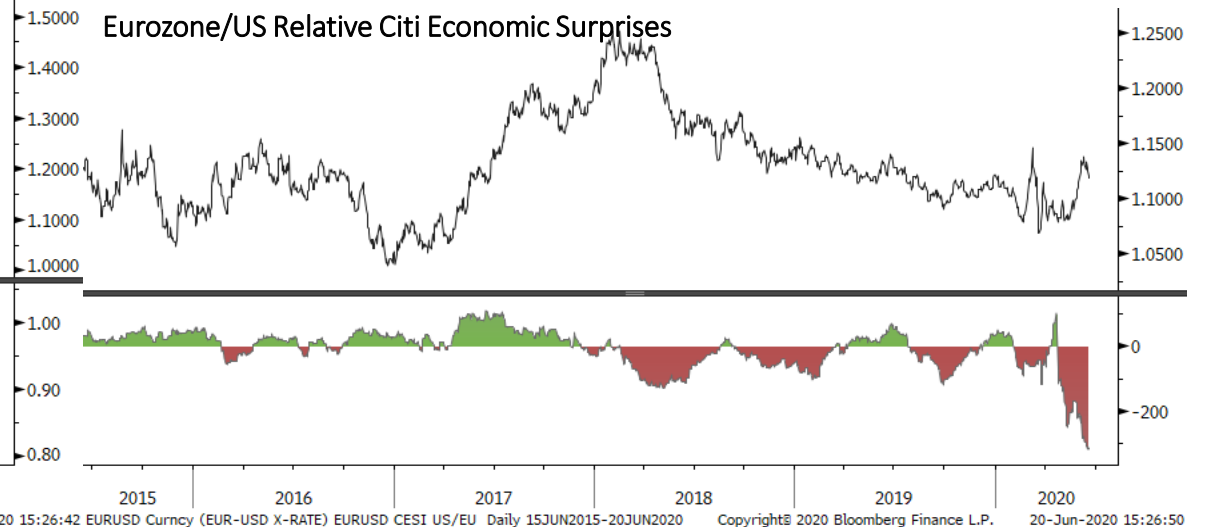
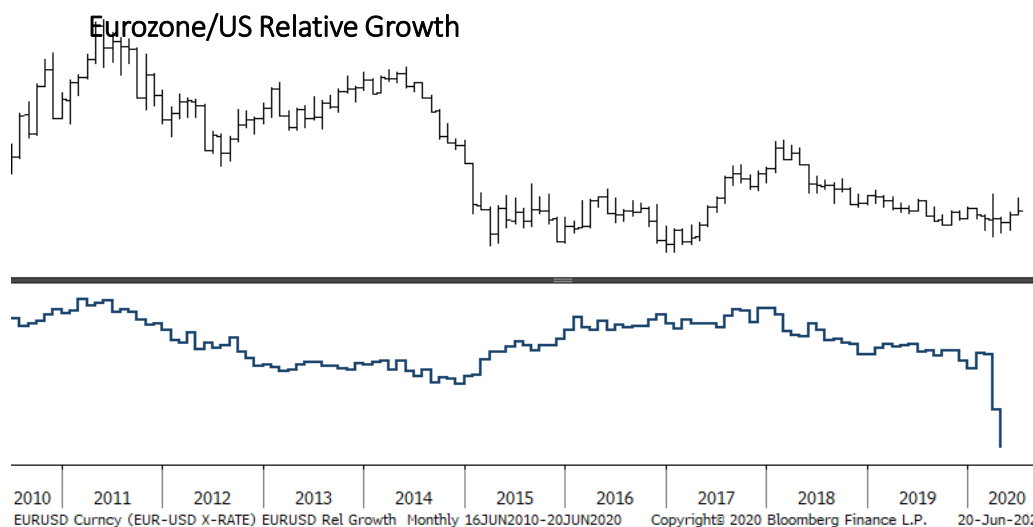
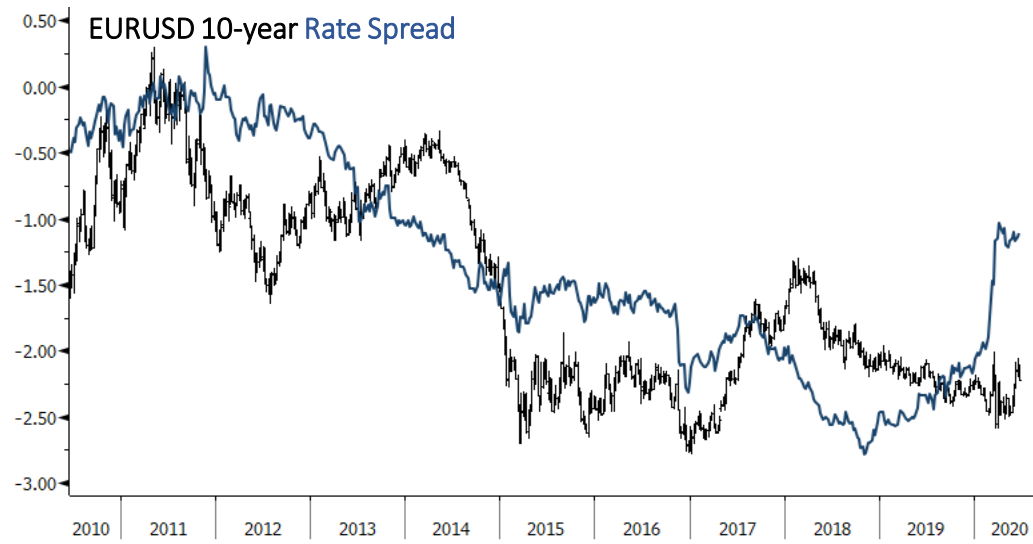
EURUSD Cmcny (EUR-USD X-RATE) WHITE EURUSD Daily 22MAR2020-20JUN2020

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EURUSD Indicators



The Four Pillars Portfolio

YTD Return

15.3%

The Core

Allocation

Large Cap Equities (/ES_F or VOO)	25%
Short-term Bills (/ZT_F or VGSH)	25%
Long-term Bonds (/ZB_F or TLT)	25%
Gold (/GC_F or GLD)	25%

Big Bets

	Thematic	Cost Basis	At Risk	Notional %	Risk Point	Last Price
Overseas Shipholding Group (OSG)	Deep Value/Cyclical	\$2.27	200bps	9%	\$1.70	\$2.02
Cameco (CCJ)	Deep Value/Cyclical	\$7.25	Above B/E	13%	\$8.50	\$10.31
Altisource Portfolio Solutions (ASPS)	Deep Value/Swing	\$10.16	B/E	7%	\$10.16	\$11.70
Bed Bath & Beyond (BBBY)	Deep Value	\$7.86	50bps	6%	\$6.85	\$9.84
Bollore (BOL)	Hidden Deep Value	\$2.46	B/E	14%	\$2.46	\$2.86
MXNUSD (6MU2020)	Swing	0.04191	B/E	--	0.04045	0.04374