



Macro Ops

The Trifecta Report

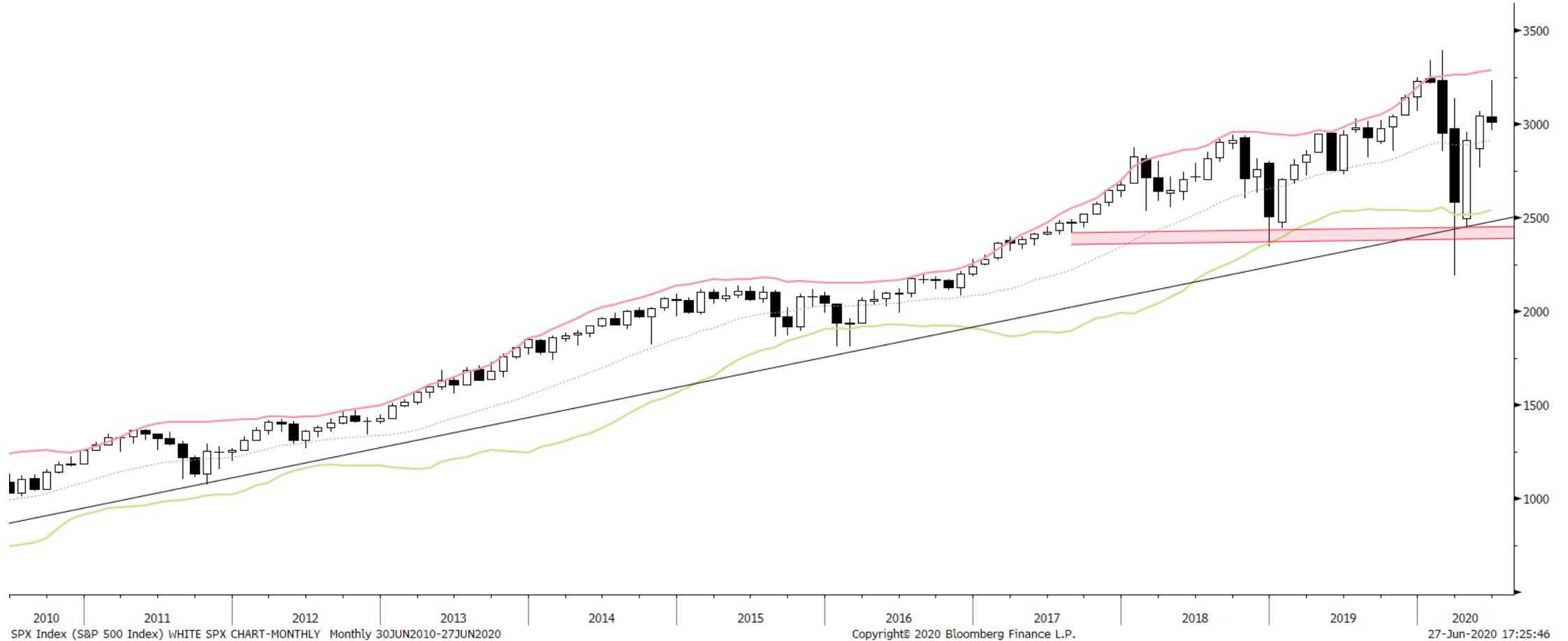
The best trades are the ones in which you have all three things going for you: fundamentals, technical, and market tone. ~ Michael Marcus

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 sideways-to-downward range and closed near its lows for the week. It's still in a 3-week+ correction after a strong bull run from the March 23 lows. We should expect this to continue until a clear reversal/buy signal forms➤ Sentiment/positioning shows widescale skepticism of this rally. Put/Calls are the exception. The ratio shows extreme short-term complacency. This increases the fragility of the current bull leg and will act as an accelerant on selloffs➤ Liquidity remains accommodative which should help put a floor under stronger bearish action. Breadth weakened again and is now at a level that tends to precede larger downside moves➤ The intermediate term path is still up but over the short-term the odds favor an acceleration of the downside correction | <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➤ 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, which is just two trading days away➤ 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. So short-term favors higher prices and intermediate-term, sideways to lower prices➤ The path for bonds, as well as the SPX, will largely be driven by the developments and narrative surrounding COVID-19. The accelerating number in hospitalization rates isn't 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 broke out to the upside of a 2-month trading range. Odds favor a continuation of the bull move over the short-term➤ Gold is also about to move into its strongest 2-months of seasonality. If it can close the month of June near its highs, it'll send a strong continuation signal to expect higher prices➤ Real yields are the main driver of gold – lower real yields make it more attractive on an all-else equal basis. A resurgence in COVID-19 along with its accompanying bearish narratives, could continue to drive risk-off flows into the yellow metal.➤ Positioning and flows are still elevated but have stabilized somewhat so I'd consider them more neutral than bearish. I'm willing to add to our gold position here. But, if the SPX bottoms and begins another leg higher soon and we move into a general risk-on period, then gold and bonds are ripe for a decent sized correction. So I'll be quick to flip our positioning if that ends up being the case | <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 is trading in a corrective bull flag after a failed breakout above its upper Bollinger Band. The next 1-2 weeks should tell us whether it can kick off a new bull trend or if it will be driven back down into its trading range➤ EURUSD indicators are currently a mixed bag but slightly favor a move lower. 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➤ Long positioning is becoming a bit stretched. This is something to keep an eye on as the "Dollar Bear" narrative picks up steam |

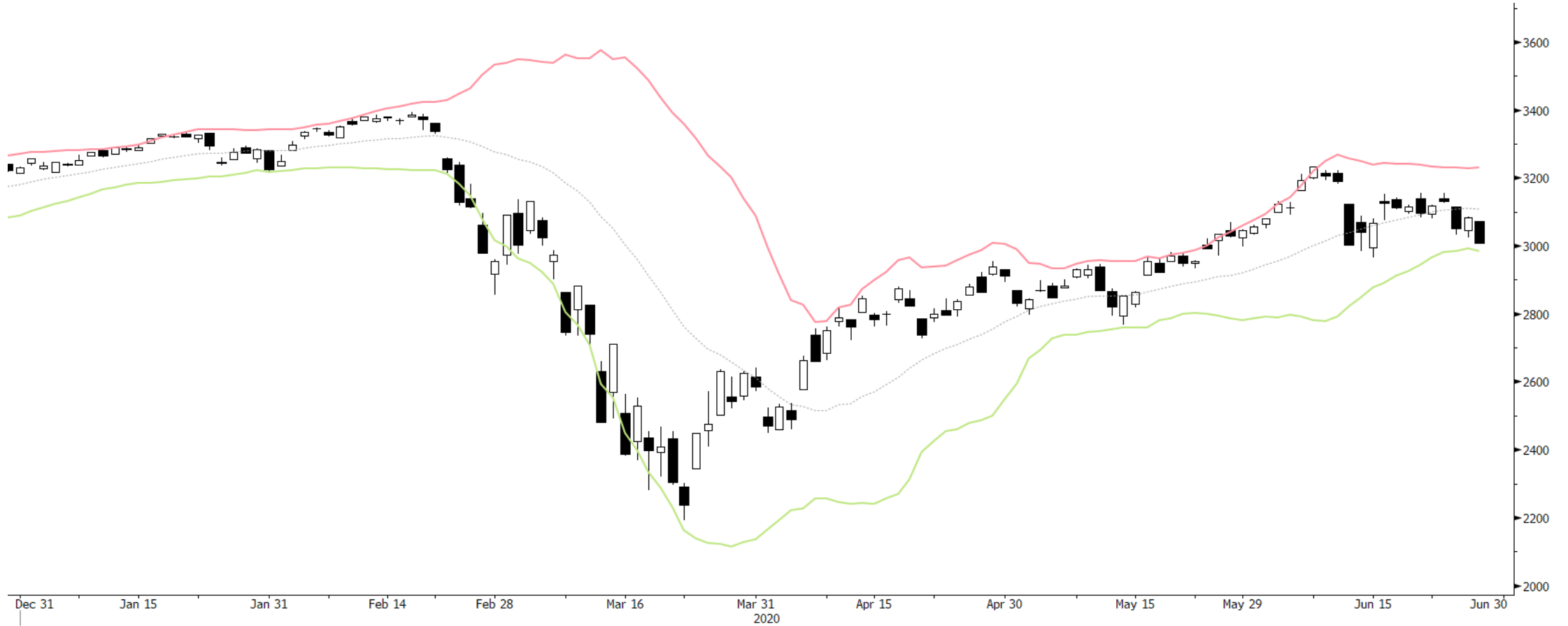
S&P 500 E-Mini Monthly



S&P 500 E-Mini Weekly



S&P 500 E-Mini Daily

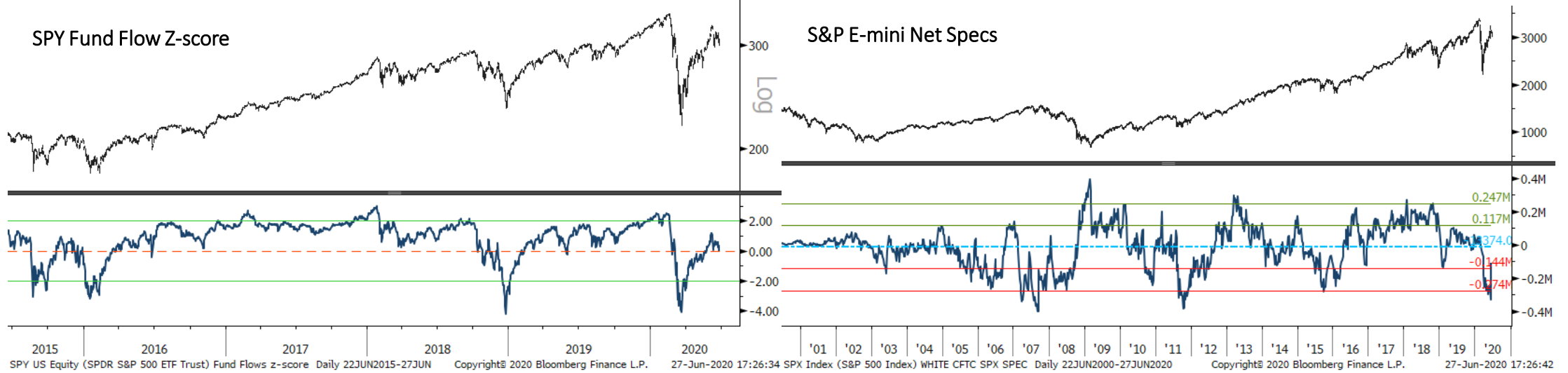
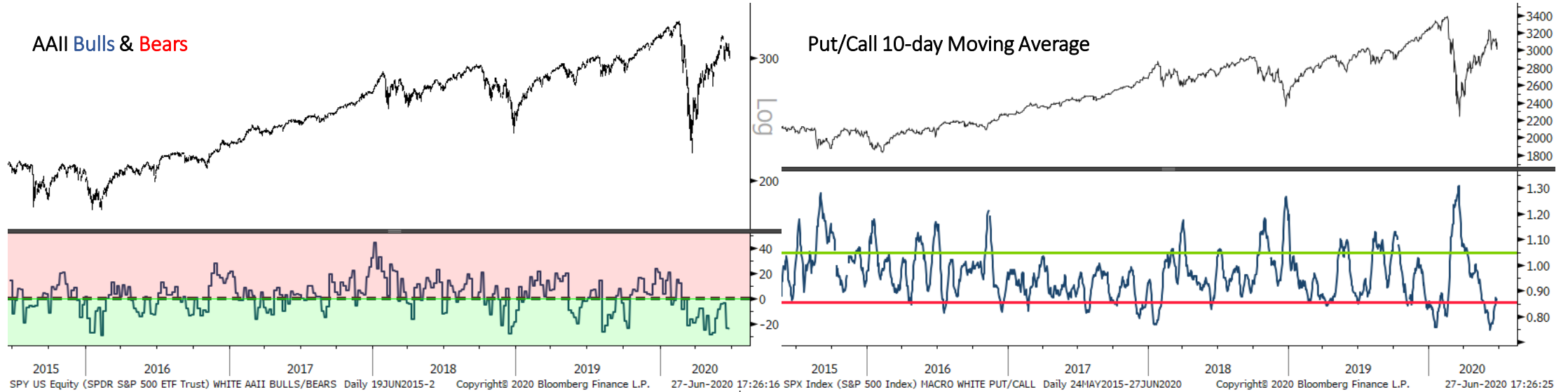


SPX Index (S&P 500 Index) WHITE SPX CHART-DAILY Daily 30DEC2019-27JUN2020

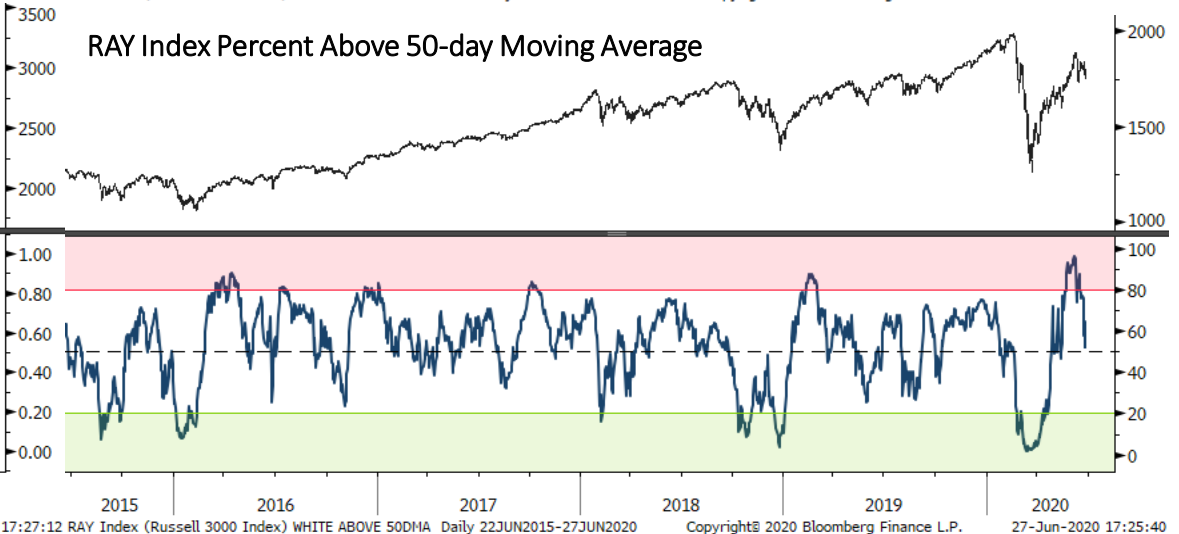
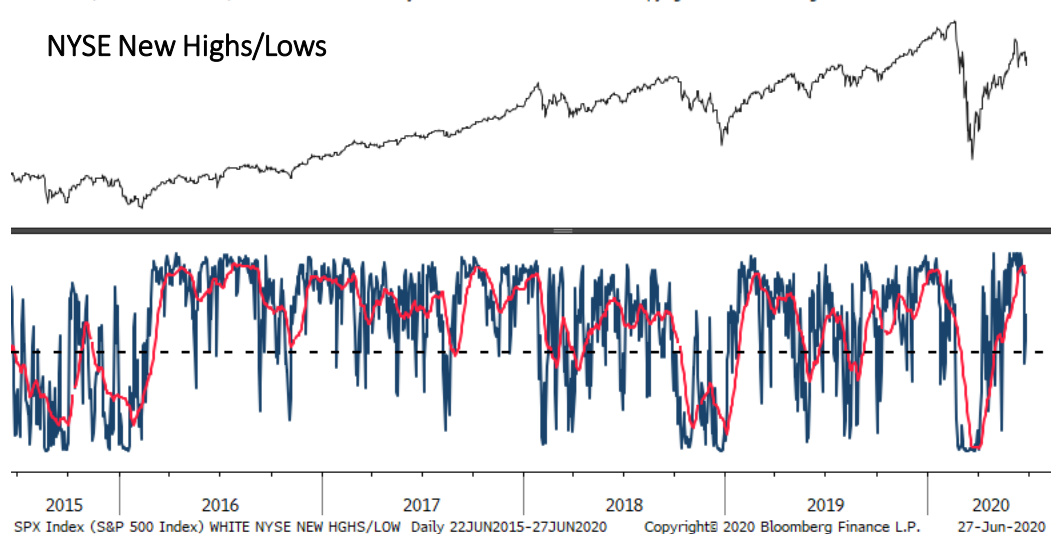
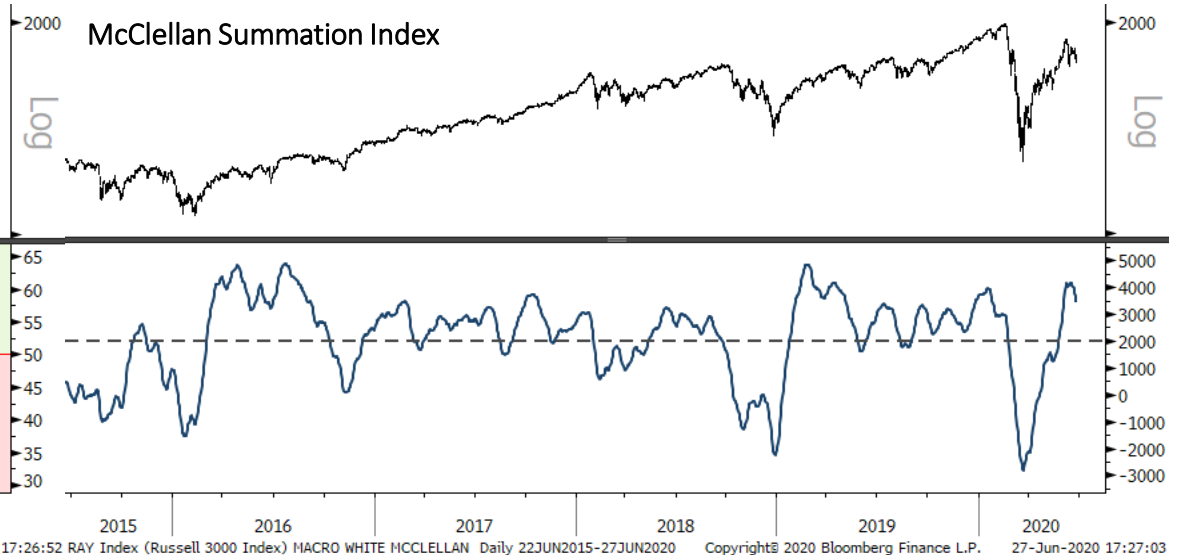
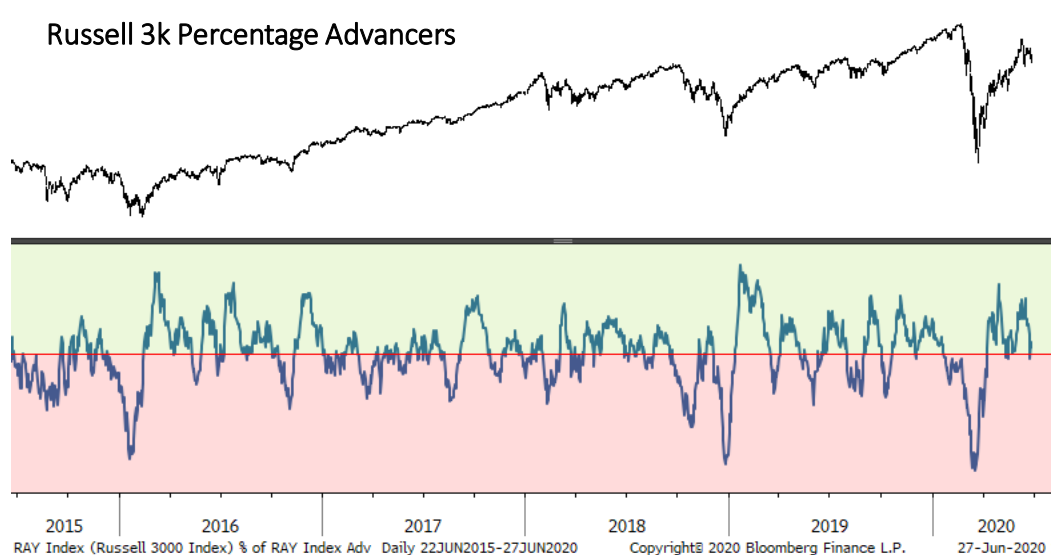
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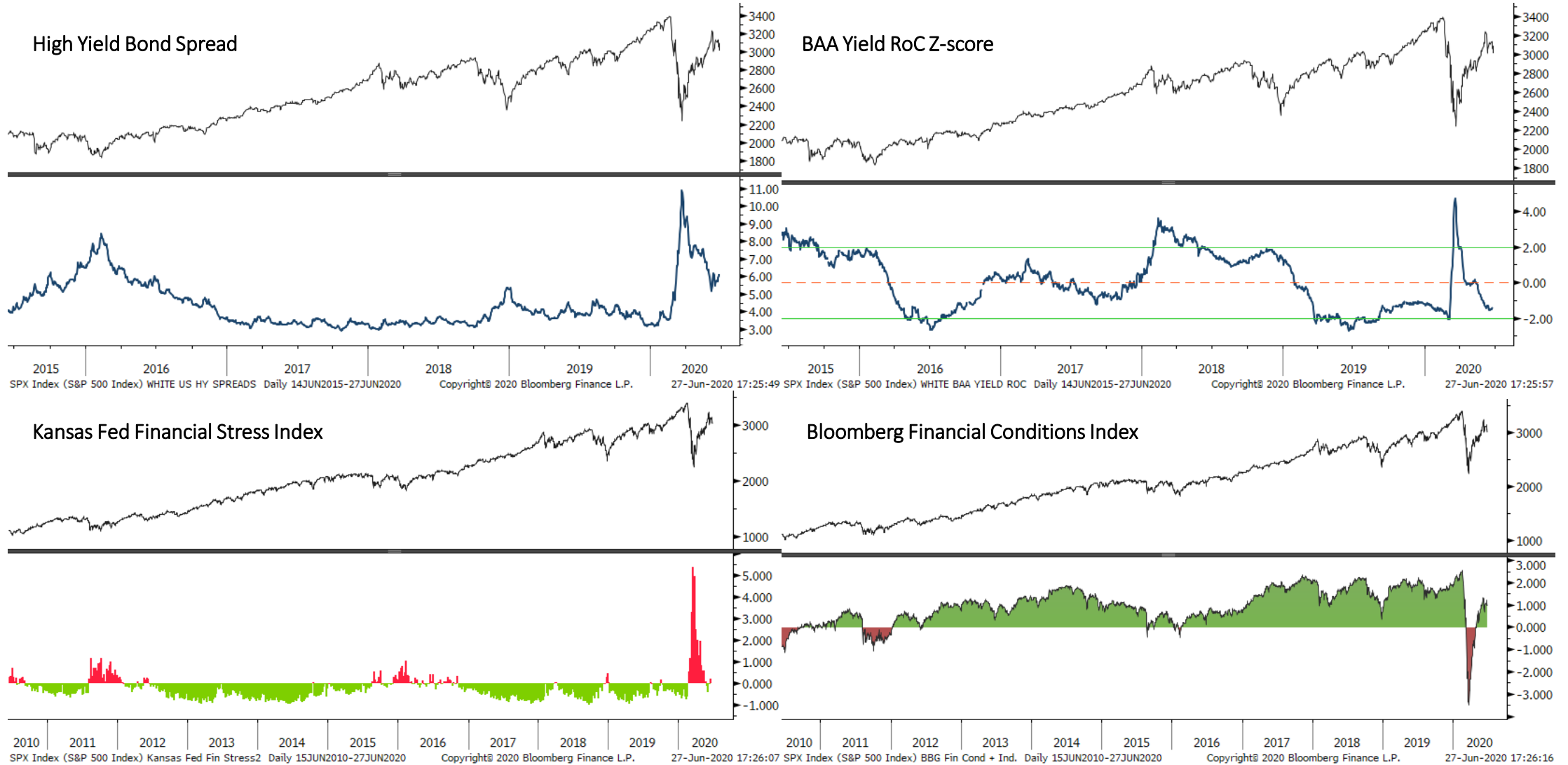
Sentiment & Positioning



Breadth



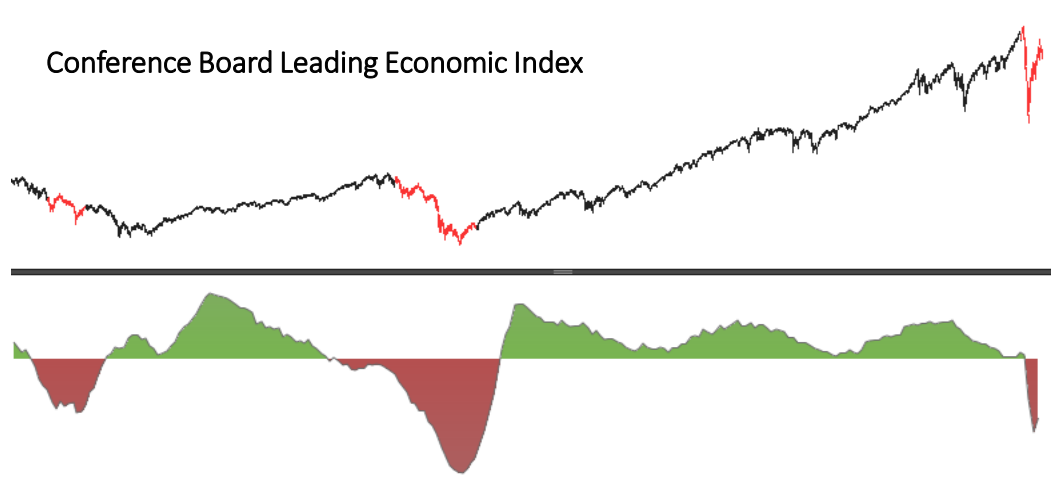
Liquidity



Macro

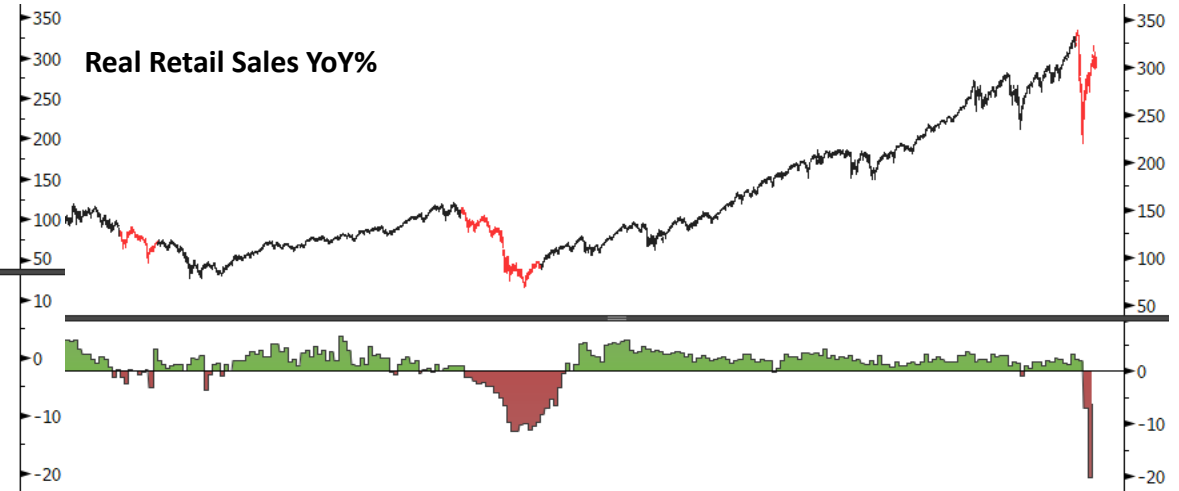


Conference Board Leading Economic Index



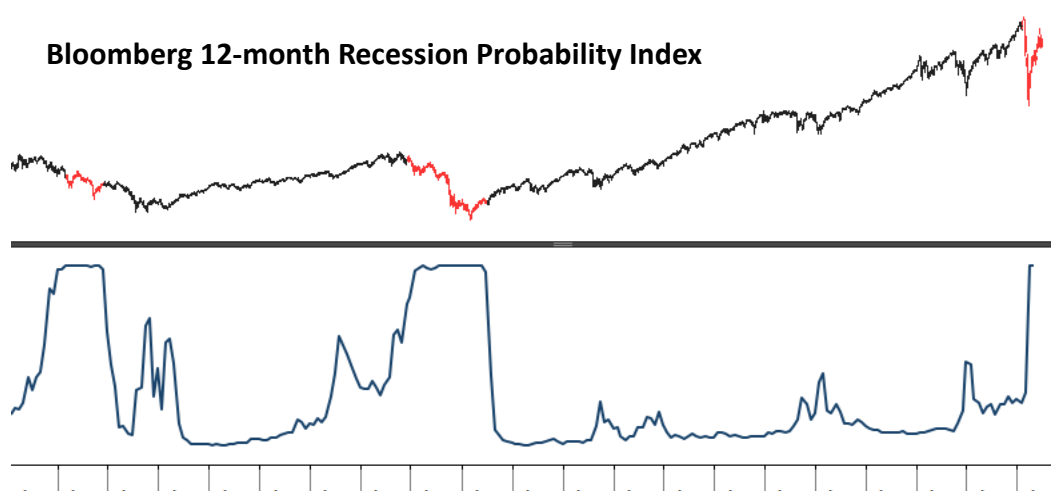
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 SPY US Equity (SPDR S&P 500 ETF Trust) MACRO LEI Daily 15JUN2000-27JUN2020 Copyright© 2020 Bloomberg Finance L.P. 27-Jun-2020 17:26:26

Real Retail Sales YoY%



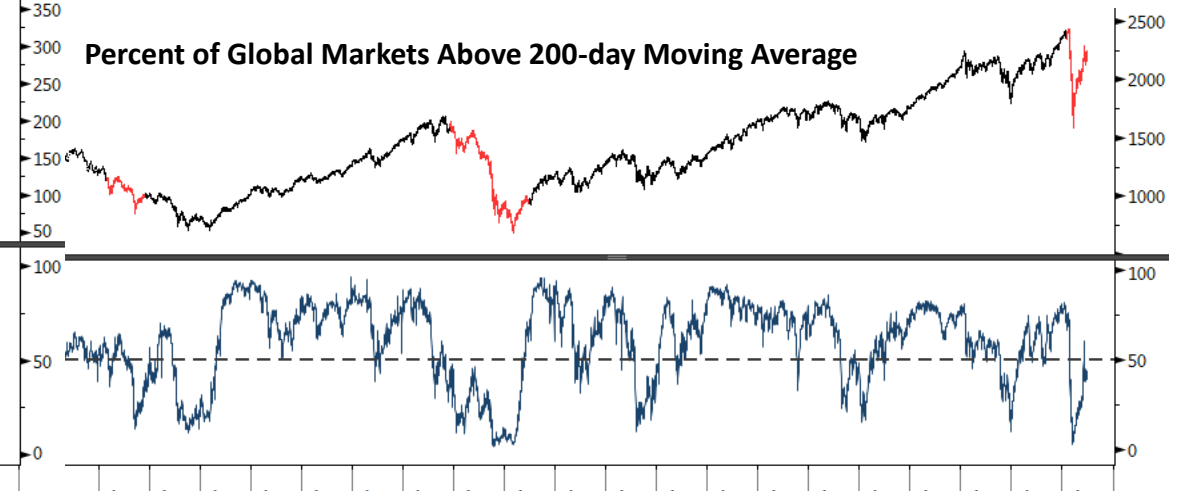
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 SPY US Equity (SPDR S&P 500 ETF Trust) Macro Real Retail Sales Daily 31JAN2000- Copyright© 2020 Bloomberg Finance L.P. 27-Jun-2020 17:26:37

Bloomberg 12-month Recession Probability Index



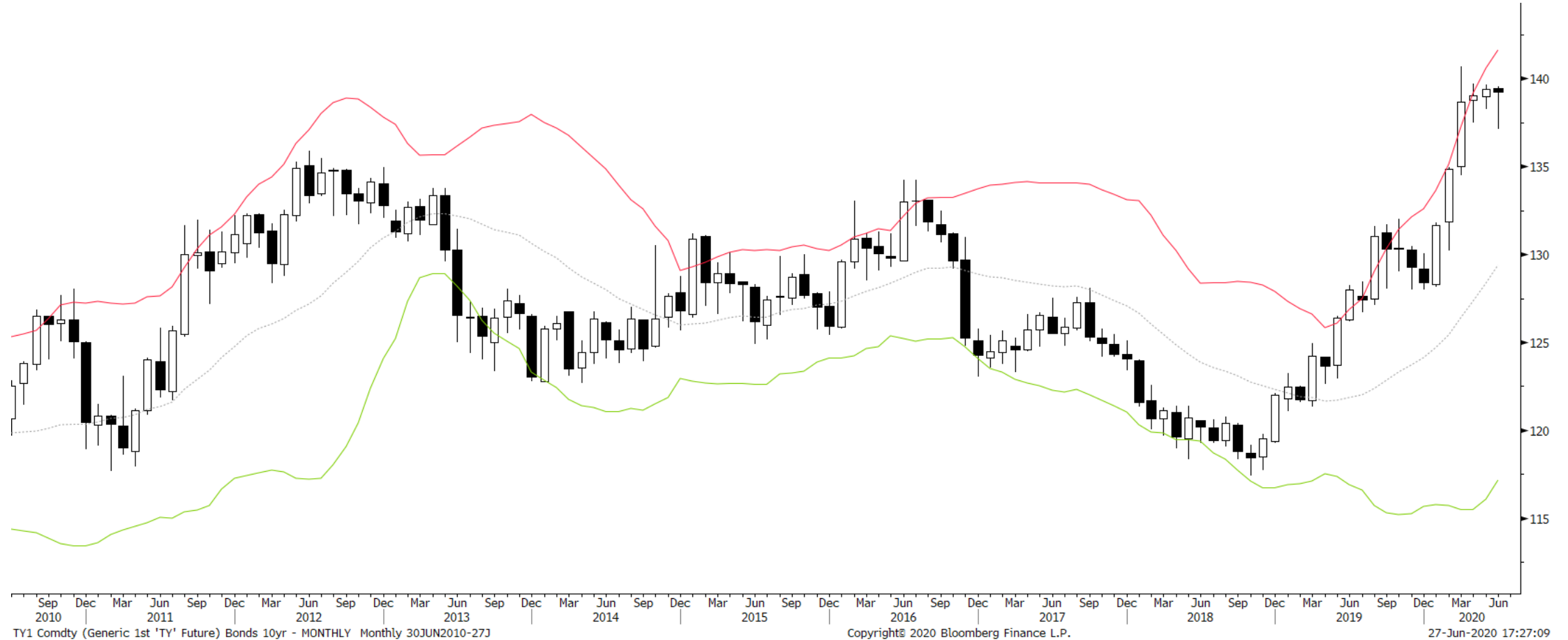
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 SPY US Equity (SPDR S&P 500 ETF Trust) Macro BBG 12m recession Daily 31JAN2000- Copyright© 2020 Bloomberg Finance L.P. 27-Jun-2020 17:26:45

Percent of Global Markets Above 200-day Moving Average

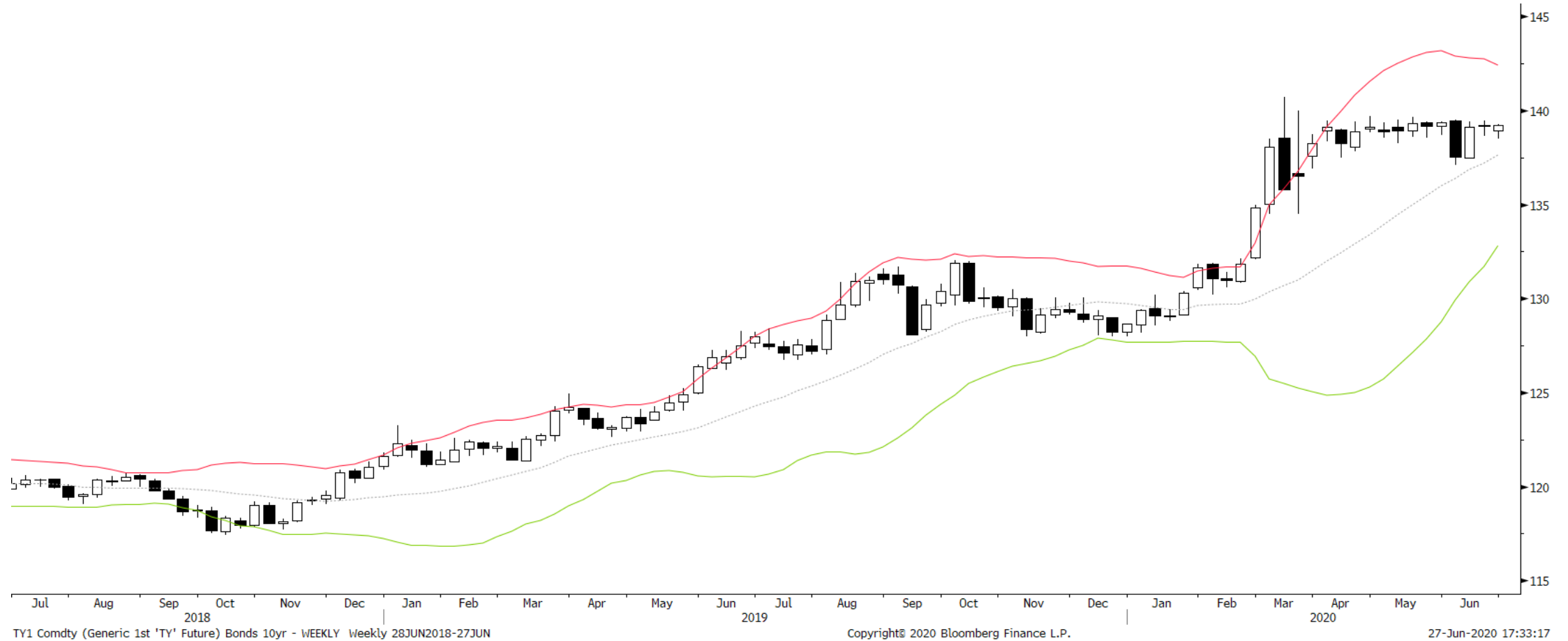


'01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20
 MWO Index (MSCI World Index) MSCI World PCT 200dma Daily 08MAY2000-27JUN2020 Copyright© 2020 Bloomberg Finance L.P. 27-Jun-2020 17:26:57

Bonds: 10-year Futures Monthly



Bonds: 10-year Futures Weekly



Bonds: 10-year Futures Daily

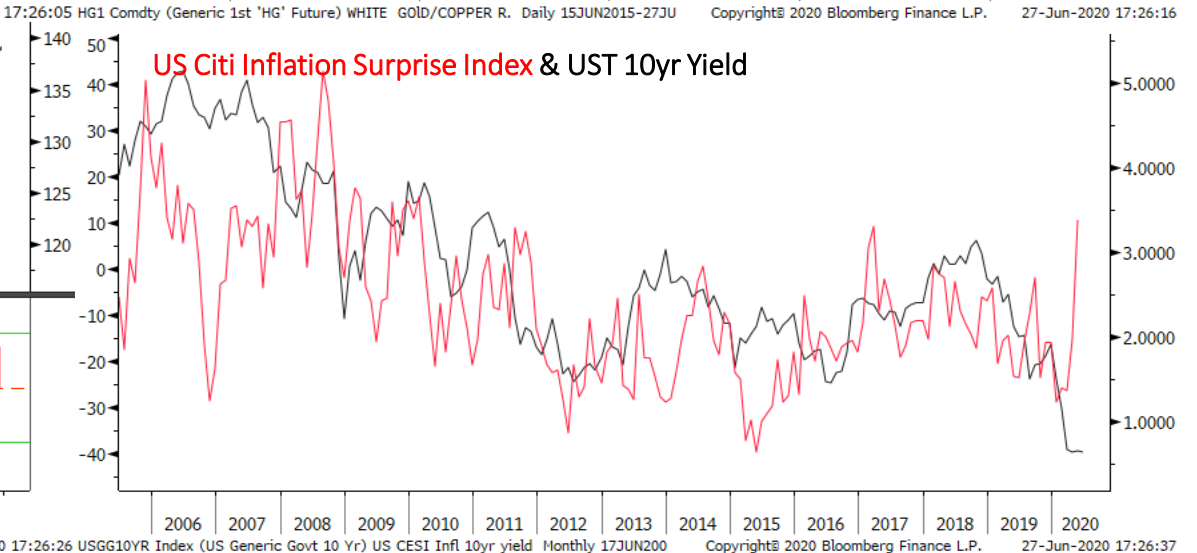
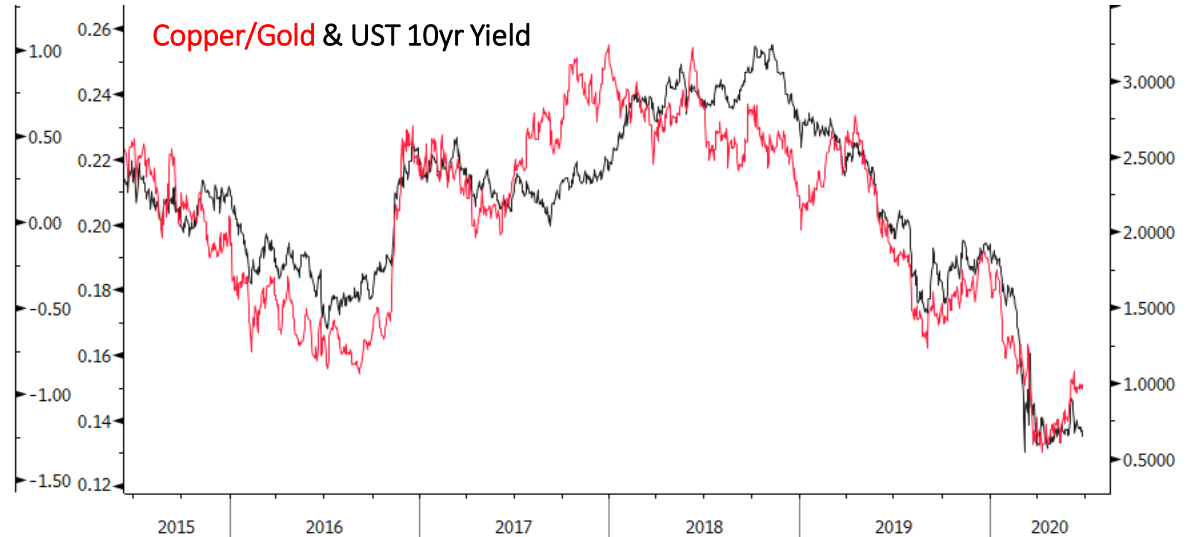
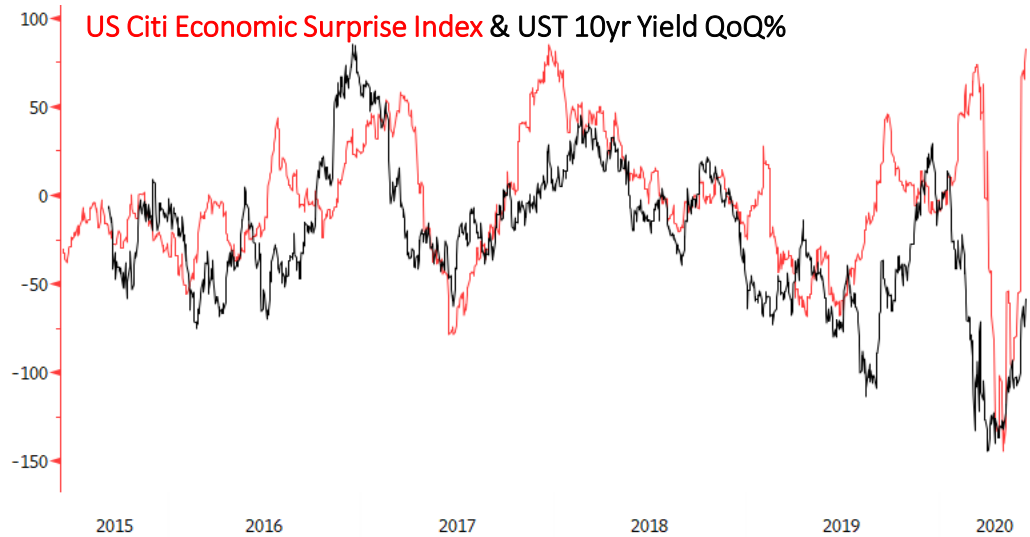


TY1 Comdty (Generic 1st 'TY' Future) Bonds 10yr - DAILY Daily 30DEC2019-27JUN20

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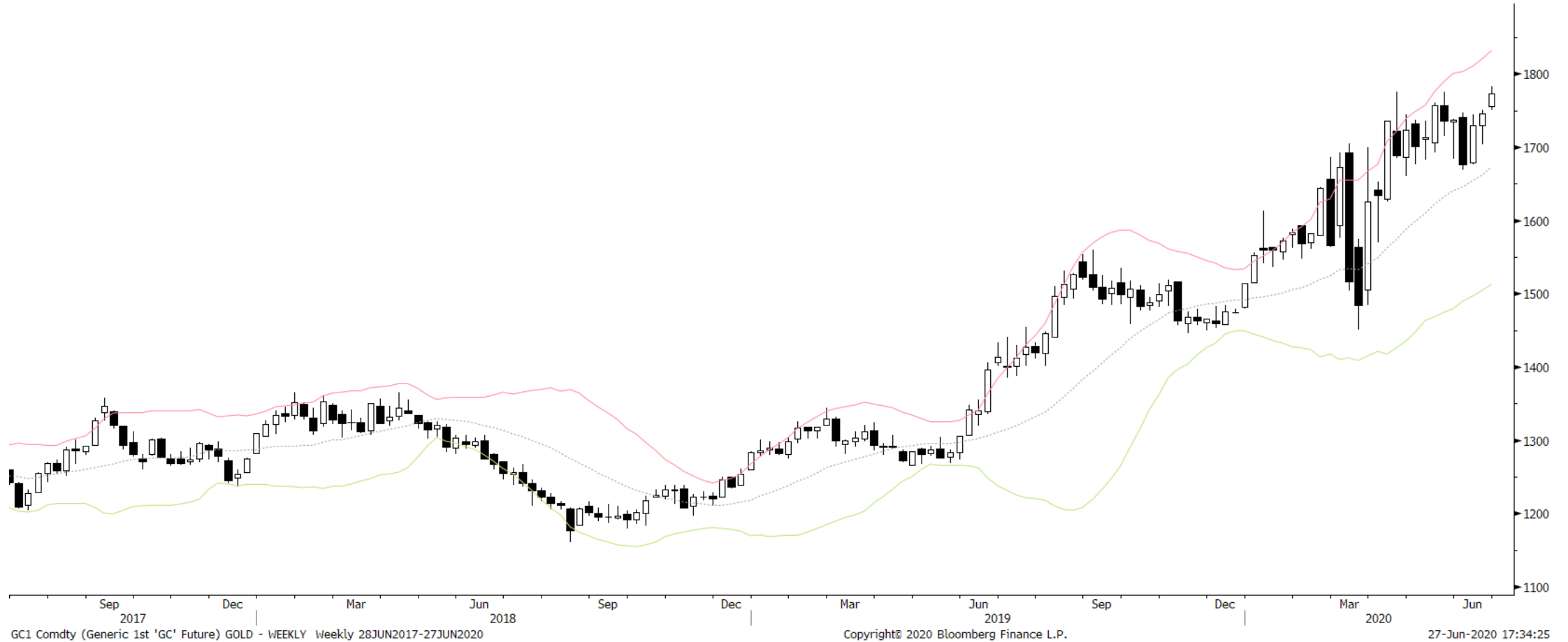
Bond/Yield Indicators



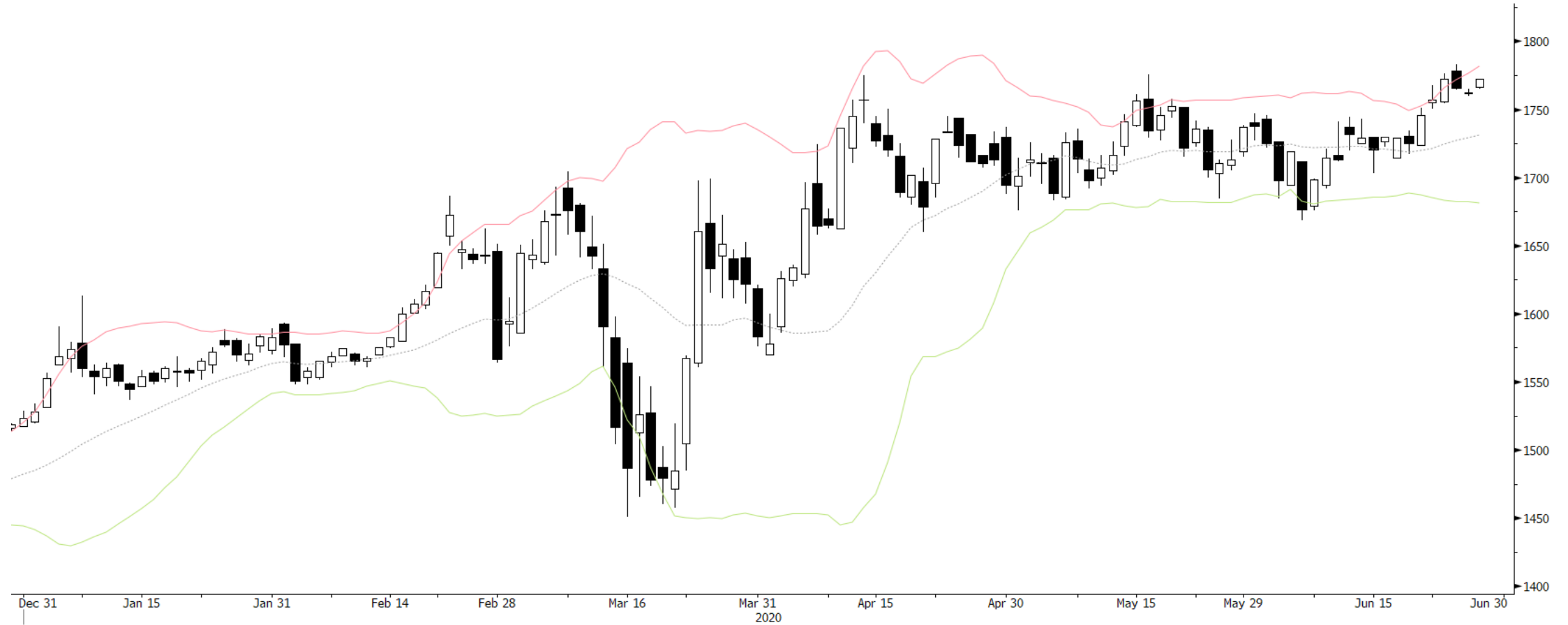
Gold Monthly



Gold Weekly



Gold Daily



GC1 Comdty (Generic 1st 'GC' Future) GOLD - DAILY Daily 30DEC2019-27JUN2020

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Gold Indicators

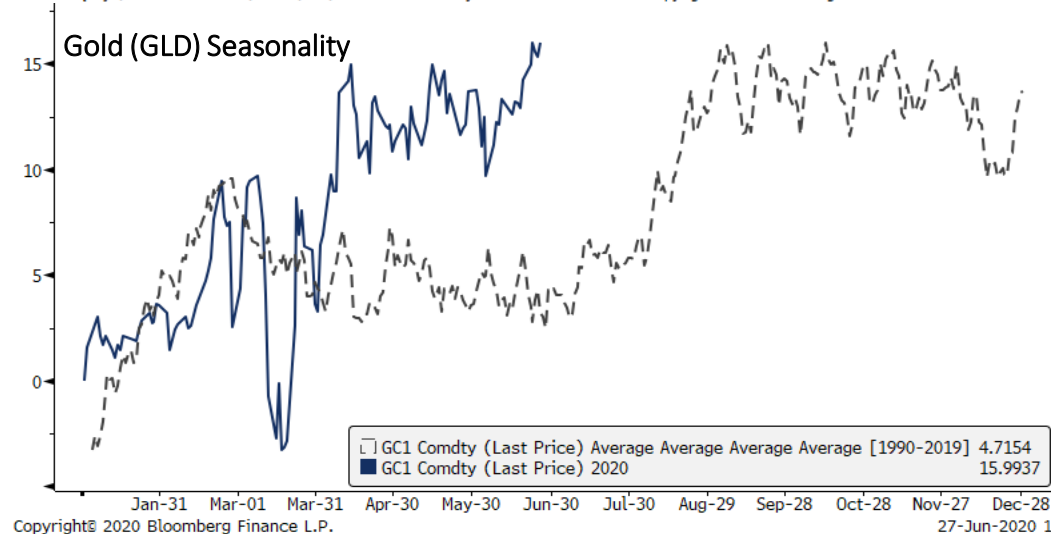
Gold ETF (GLD) Fund Flow Z-score



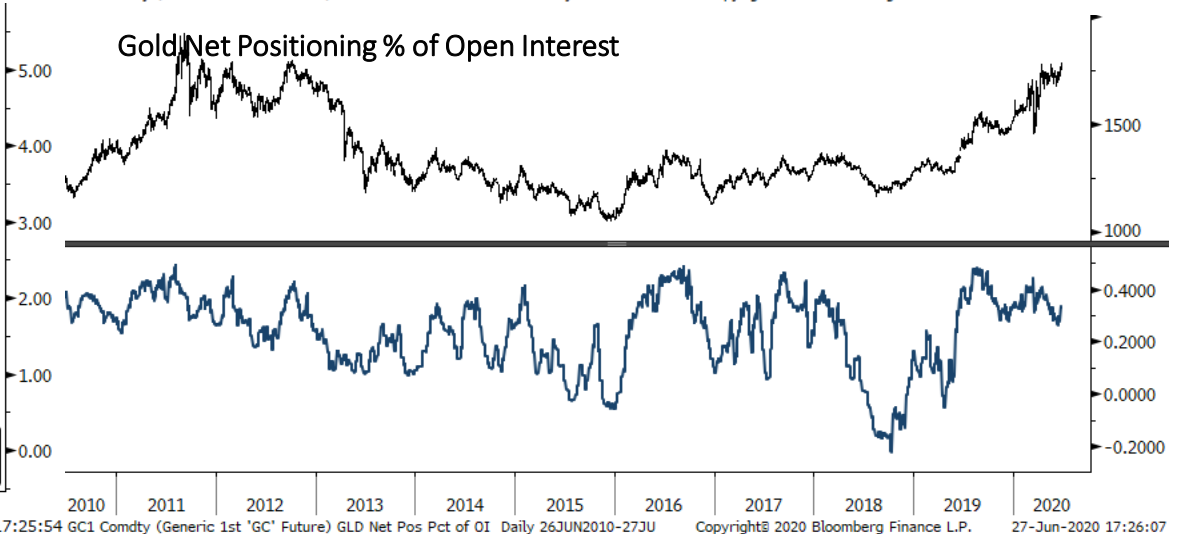
Gold Net Small Specs Z-score



Gold (GLD) Seasonality



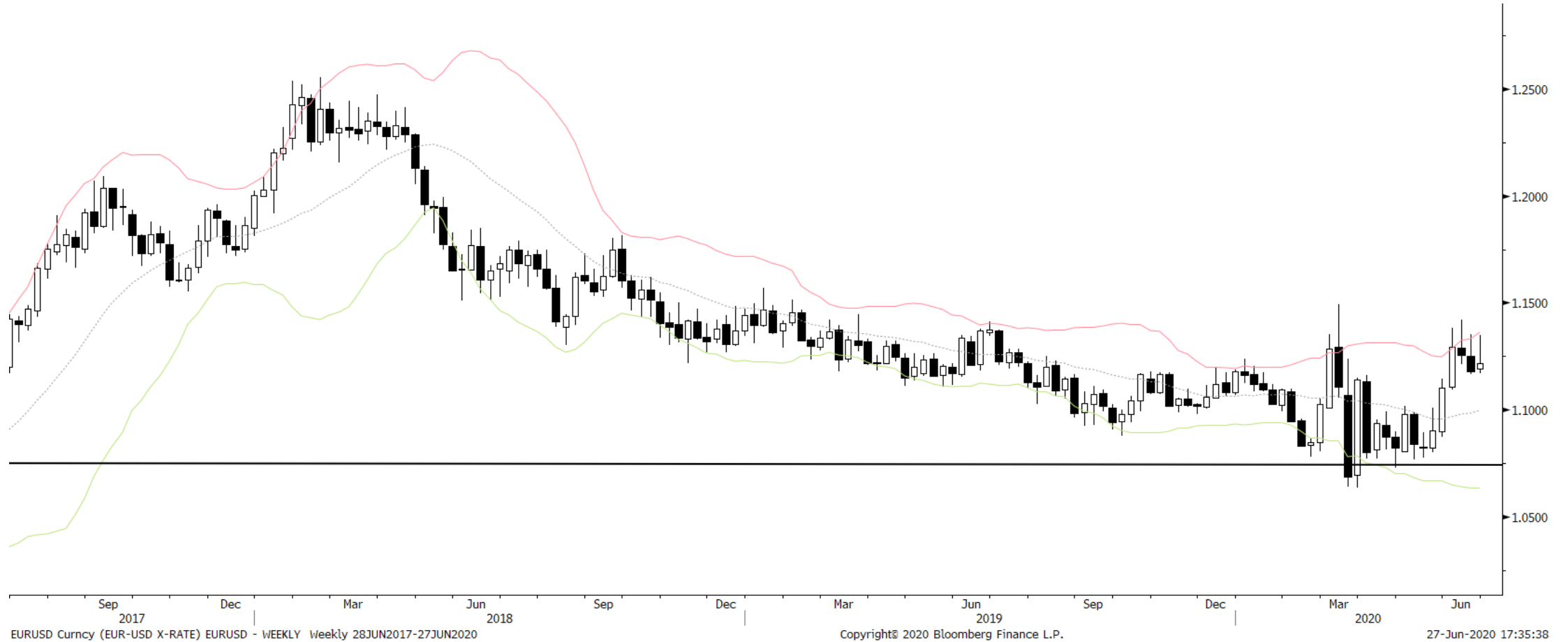
Gold Net Positioning % of Open Interest



EURUSD Monthly



EURUSD Weekly



EURUSD Daily



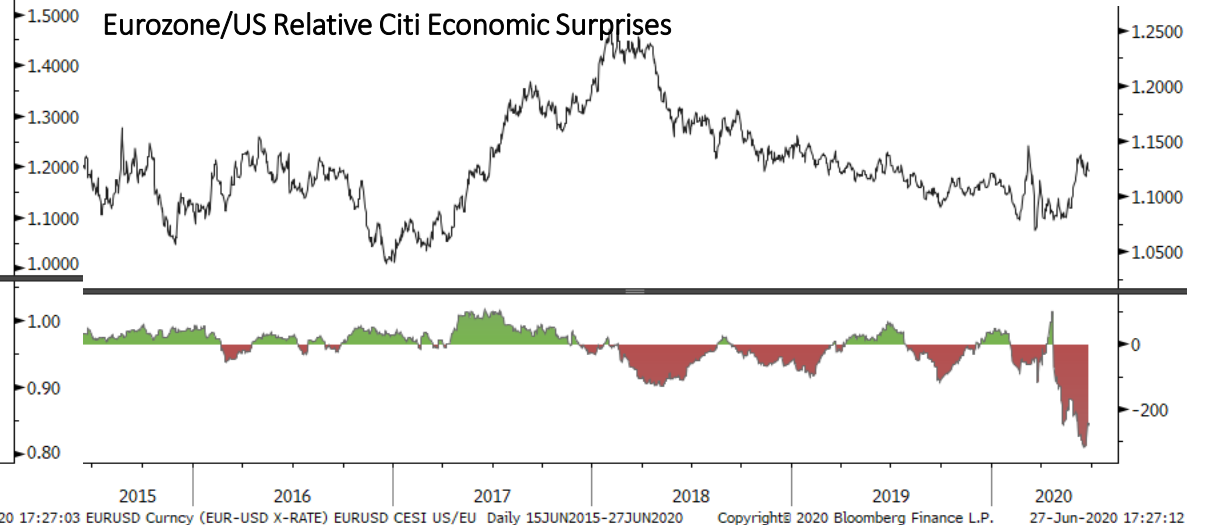
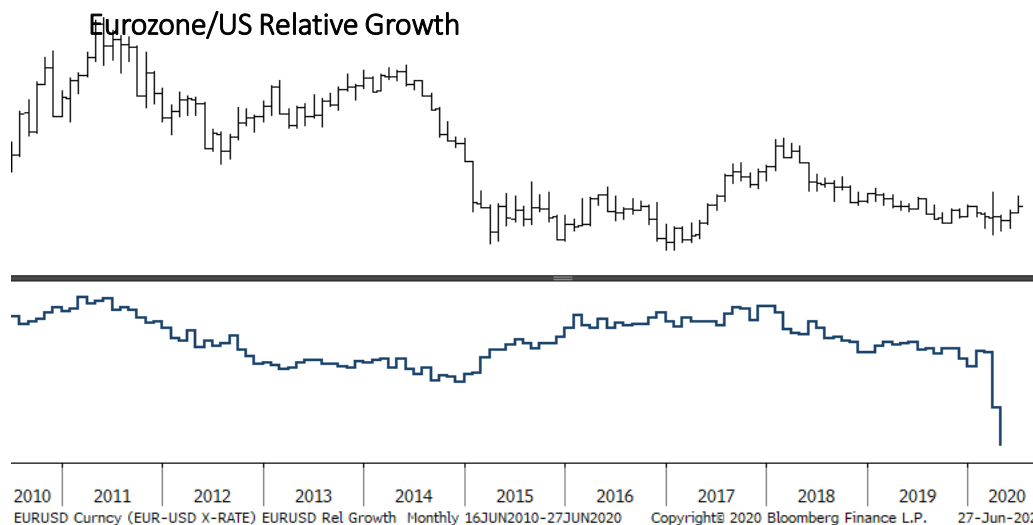
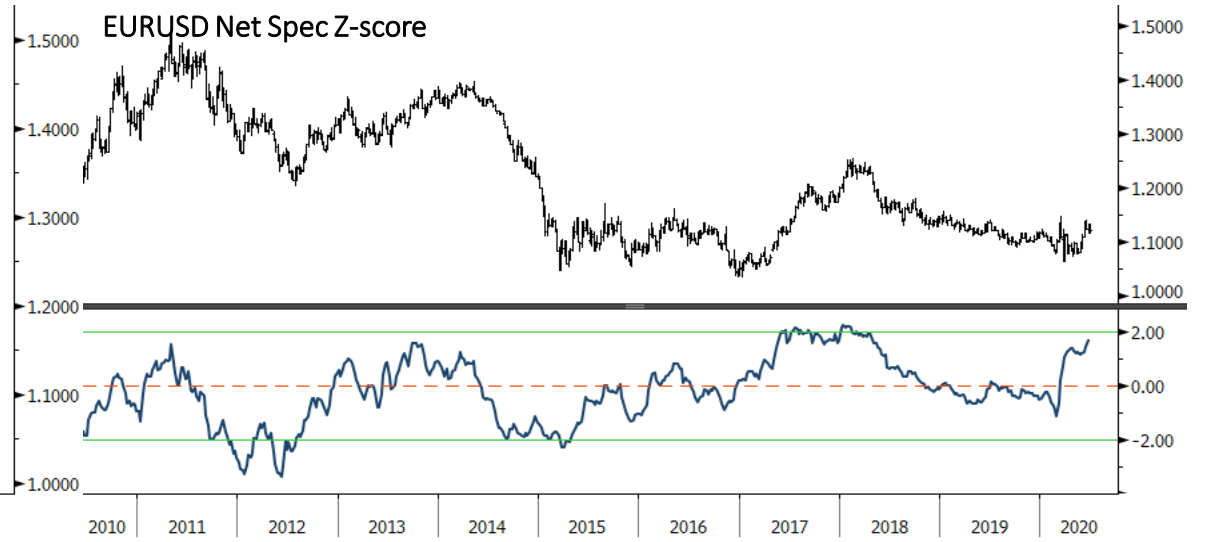
EURUSD Cmcny (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-27JUN2020

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EURUSD Indicators



The Four Pillars Portfolio

YTD Return

13.6%

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 | \$1.76 |
| Cameco (CCJ) | Deep Value/Cyclical | \$7.25 | Above B/E | 13% | \$8.50 | \$9.88 |
| Altisource Portfolio Solutions (ASPS) | Deep Value/Swing | \$10.16 | B/E | 7% | \$10.16 | \$15.07 |
| Bed Bath & Beyond (BBBY) | Deep Value | \$7.86 | 50bps | 6% | \$6.85 | \$10.04 |
| Bollore (BOL) | Hidden Deep Value | \$2.46 | B/E | 14% | \$2.46 | \$2.78 |
| MXNUSD (6MU2020) | Swing | 0.04191 | B/E | -- | 0.04045 | 0.04298 |