



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 10yr Bonds	Gold	EURUSD
<ul style="list-style-type: none">➤ Long-term: 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. Odds currently favor a resumption of the trend higher➤ Sentiment/Positioning: Outside of Put/Calls, sentiment and positioning continue to recover from bearish extremes. They remain supportive of the intermediate trend higher while the stretched P/C ratios increase short-term trend fragility➤ Breadth: Breadth is beginning to materially weaken. If it fails to improve soon then a correction will be likely in the coming weeks➤ Macro/Liquidity: Macro conditions are recovering from bearish levels. Liquidity is flush and yields are staying low despite the rise in equities. This is a supportive backdrop for risk assets➤ Short-term: SPX had a strong monthly, weekly, and daily close Friday. <u>Odds favor a continuation of the trend higher and a closing of the Feb 24th gap</u>	<ul style="list-style-type: none">➤ Long-term: Bonds are in an 18m+ bull trend / buy climax on a monthly basis. Bonds are making an effort to breakout to the upside of their sideways channel. Another strong week would confirm the breakout. The long-term path of least resistance is up➤ Sentiment/Positioning: There isn't a clear consensus currently in bond positioning or the narrative structure➤ Yield Indicators: Copper/Gold has been diverging higher from yields, but this is likely due to Chilean COVID driven supply restraints. Our other indicators, such as Cyclical vs Defensive and Regional Banks vs SPX are moving right in line with yields➤ Short-term: The fact that bonds continue to hold their ground despite the rise in stocks and the return of some semblance of risk-on action, is a powerful point for the bond bulls camp. Bonds are in bullish breakout mode and we should expect this to continue. <u>Now is a good time to increase our long bond exposure as it's giving us a free hedge to our long positioning</u>	<ul style="list-style-type: none">➤ Long-term: Gold is in a 15-month uptrend / buy climax on a monthly basis. It closed at 1,985 on Friday, marking a new all-time high. The close was near its high for the month which means its odds on that we'll see more upside follow-through in the weeks ahead➤ Sentiment/Positioning: The bullish gold narrative is nearing consensus which raises the odds of short-term volatility. Positioning and flows both hit 2std dev moves this past week, increasing the fragility of the current trade and raising the odds we're nearing a short-term consolidation zone➤ Gold Indicators: As long as real yields continue to fall, the macro backdrop will remain incredibly supportive for gold and silver➤ Short-term: Gold saw another strong close last week. Precious metals can go vertical when the conditions are ripe, which they currently are. Short-term, the metal is over-extended but that is characteristic of buy climaxes. <u>Buy dips and new highs until the chart clearly says otherwise. Also, silver should continue to close the large silver/gold performance gap</u>	<ul style="list-style-type: none">➤ Long-term: EURUSD closed on Friday at its highest monthly close since April of 2018. This is likely the start of a major trend change in the USD, from bullish to bearish. The long-term path of least resistance in EURUSD is up➤ Sentiment/Positioning: The short US dollar trade is becoming somewhat of a consensus theme on the Street. Long positioning in EURUSD and aggregate short USD is stretched. This just means we should expect an eventual shakeout in the weeks ahead➤ EURUSD Indicators: The trend in yield differentials favor the euro while the absolute levels favor USD. Relative growth favors the US, but the disparity is at such extremes it could be used as a contra indicator. It's a mix bag with no clear edge on future trend direction➤ Short-term: <u>EURUSD is in a strong uptrend on a monthly, weekly, and daily basis. It's in a short-term buy climax and buy climaxes tend to last longer than anybody expects.</u> However, after six bullish weekly candles, we should expect some profit taking/consolidation soon

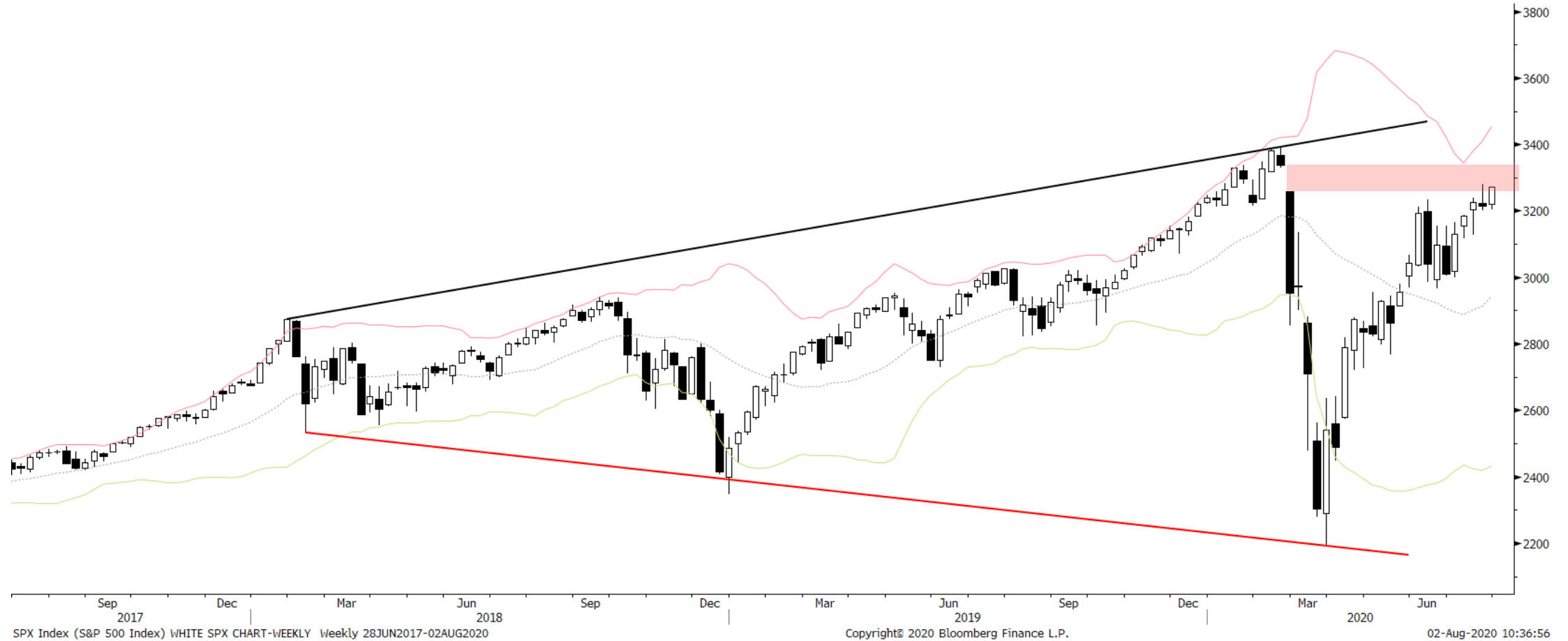
S&P 500 E-Mini Monthly



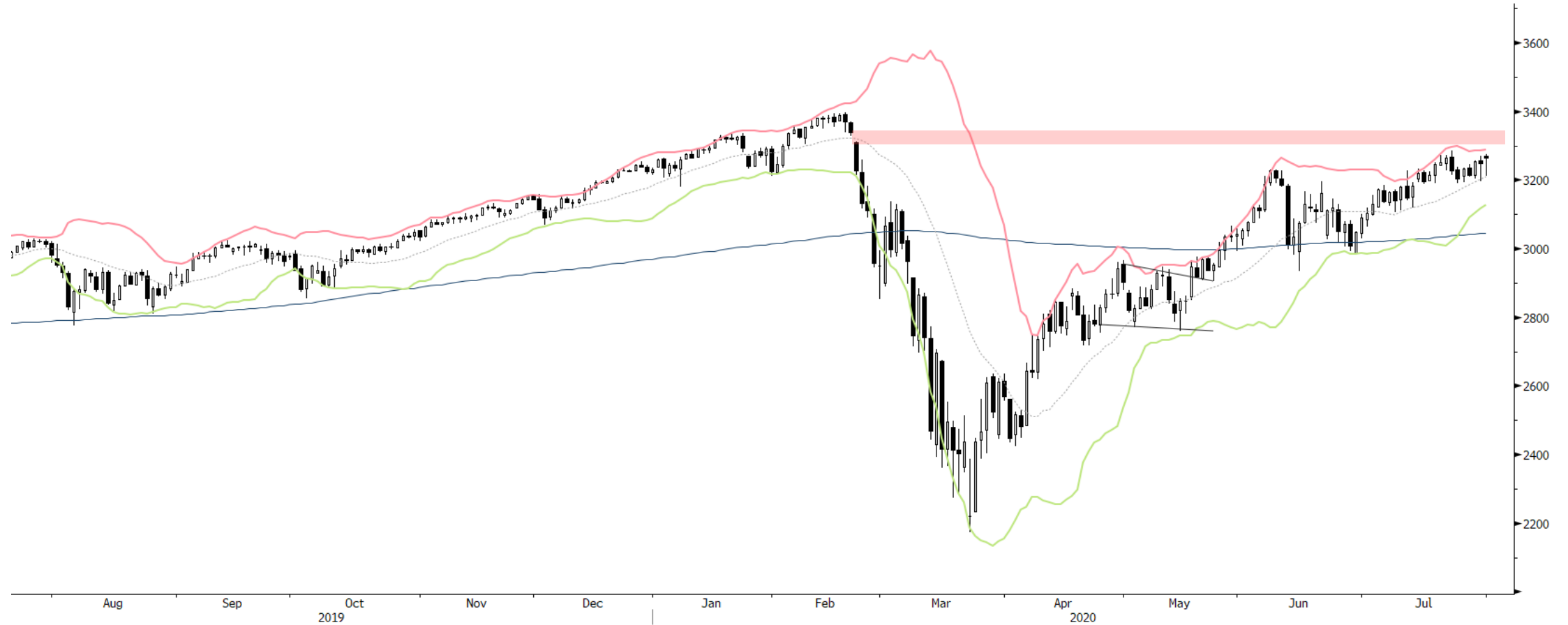
SPX closed at 3,271, near its highs on the month, forming another bullish continuation candle. This raises the odds we see some follow-through in September



S&P 500 E-Mini Weekly



S&P 500 E-Mini Daily

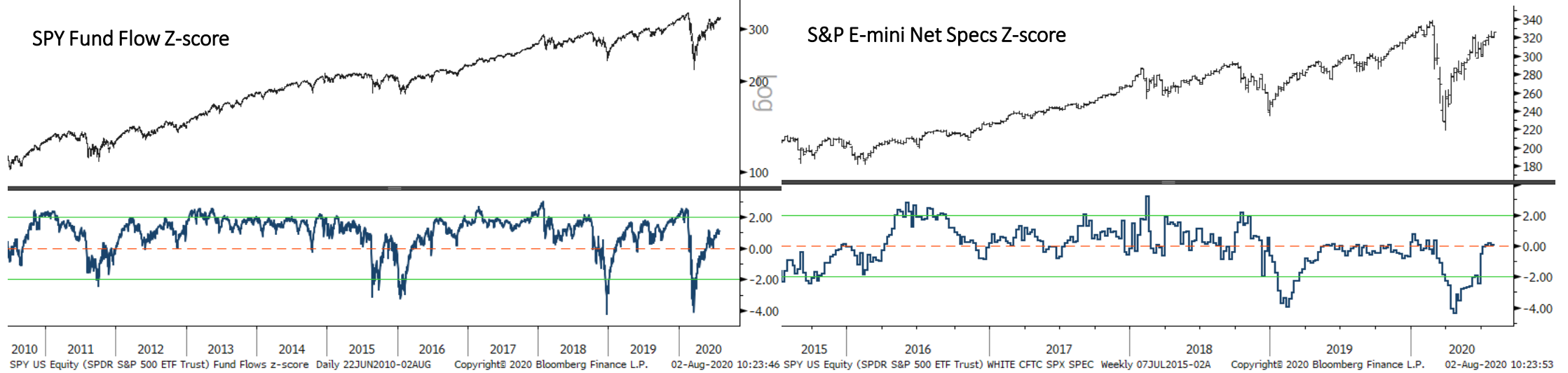
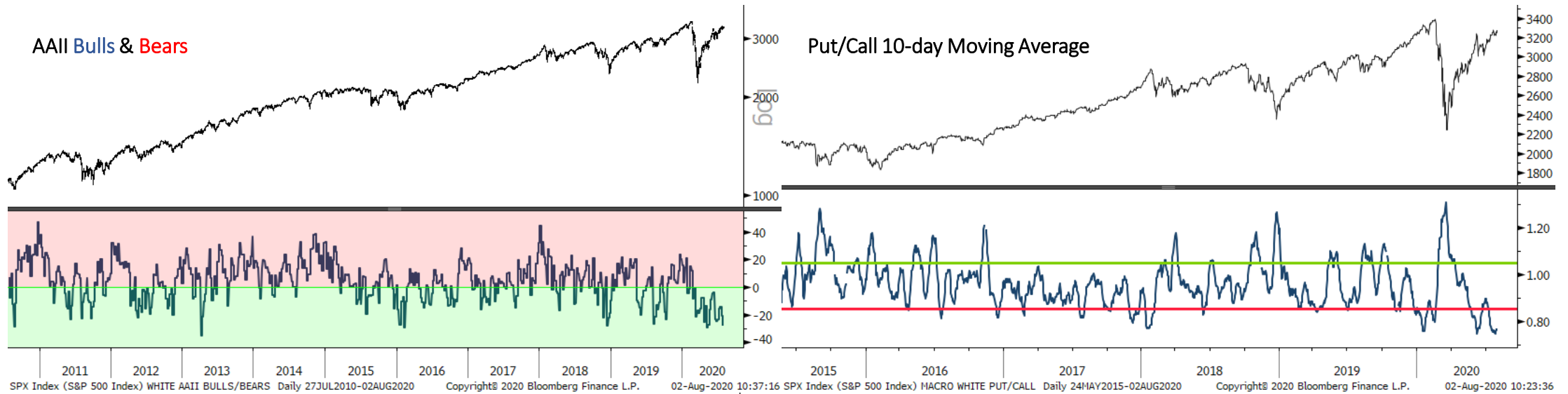


ES1 Index (CME E-Mini Standard & Poor's 500 Index Future) WHITE SPX CHART-DAILY

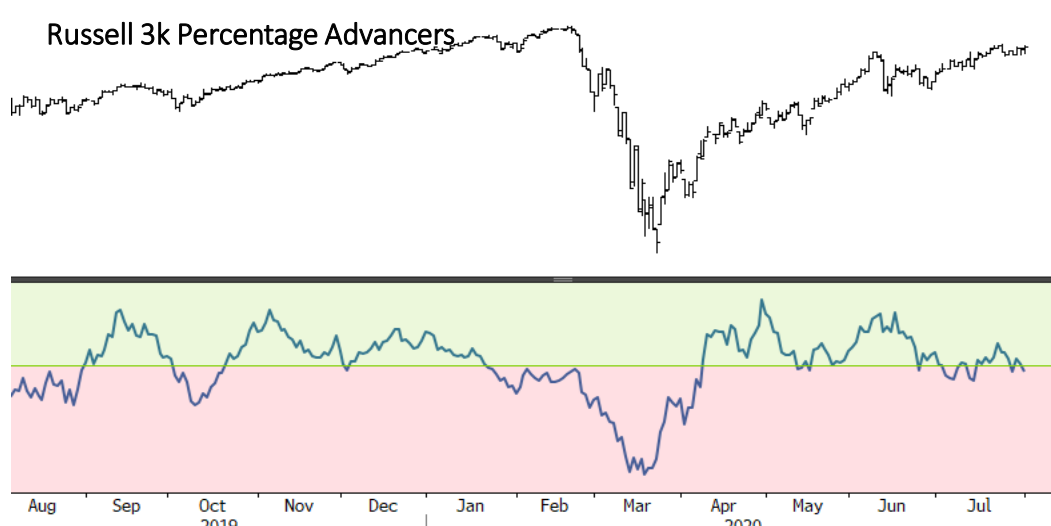
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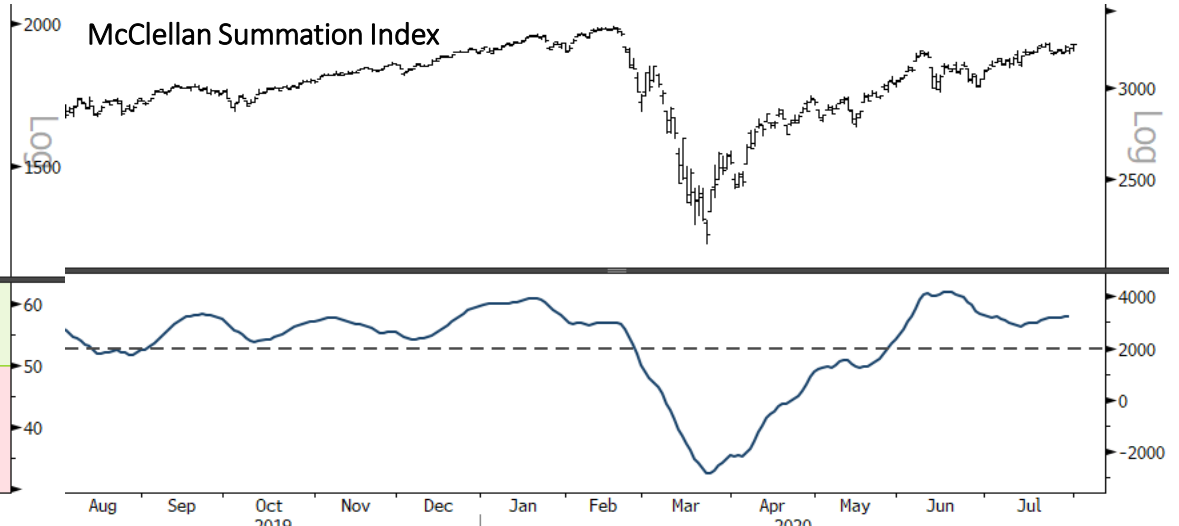
Sentiment & Positioning



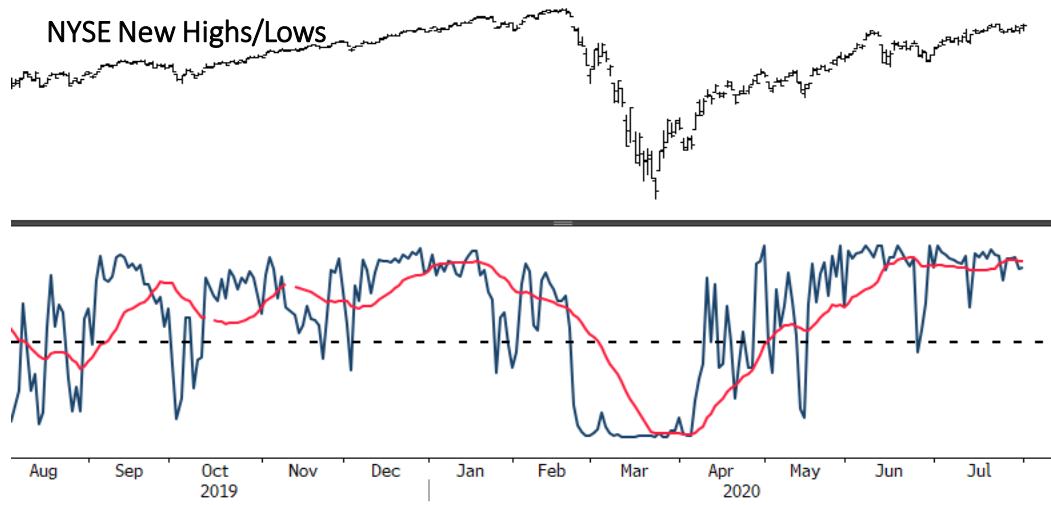
Breadth



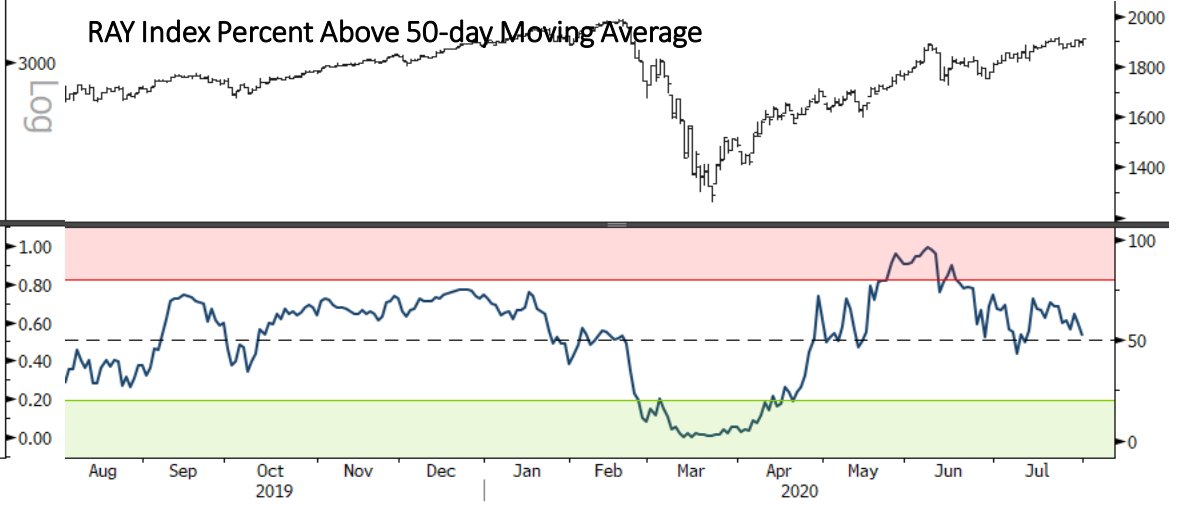
RAY Index (Russell 3000 Index) % of RAY Index Adv Daily 03AUG2019-02AUG2020 Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:32:00



SPX Index (S&P 500 Index) MACRO WHITE MCCLELLAN Daily 03AUG2019-02AUG2020 Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:32:43

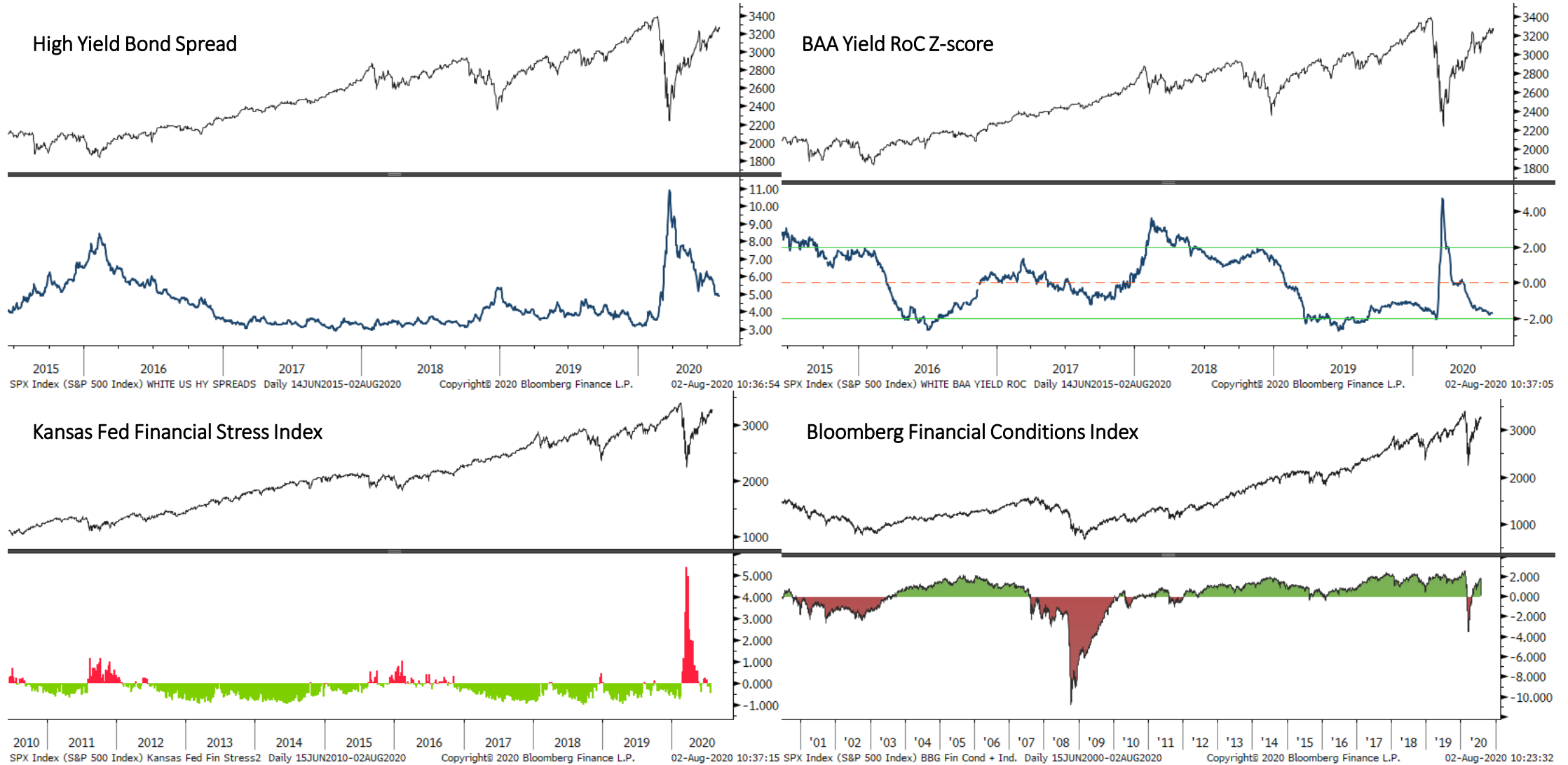


SPX Index (S&P 500 Index) WHITE NYSE NEW HGHS/LOW Daily 03AUG2019-02AUG2020 Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:36:13



RAY Index (Russell 3000 Index) WHITE ABOVE 50DMA Daily 03AUG2019-02AUG2020 Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:36:44

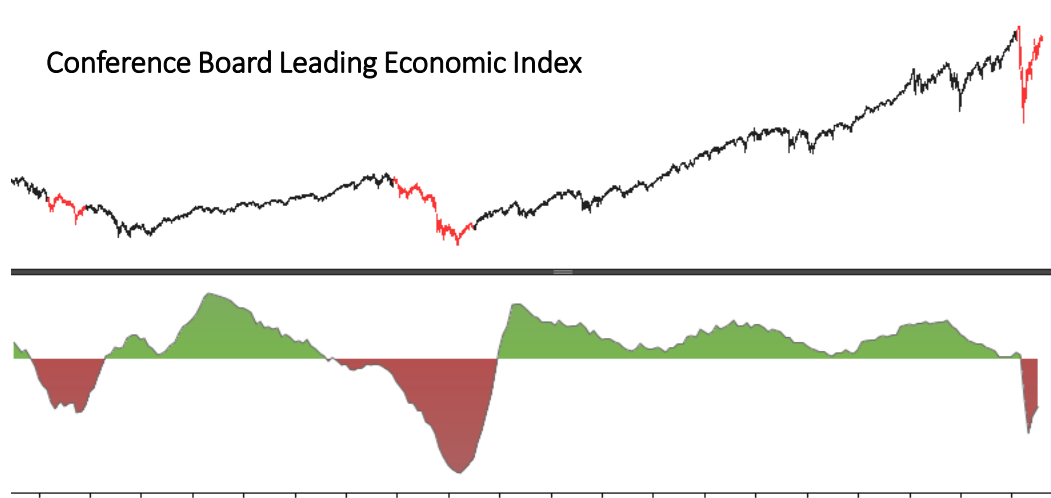
Liquidity



Macro

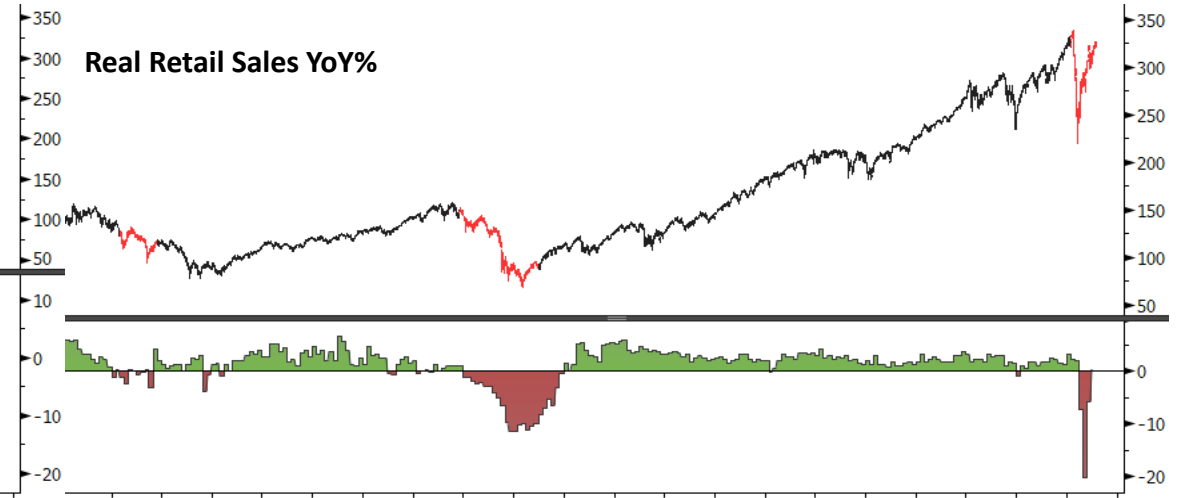


Conference Board Leading Economic Index



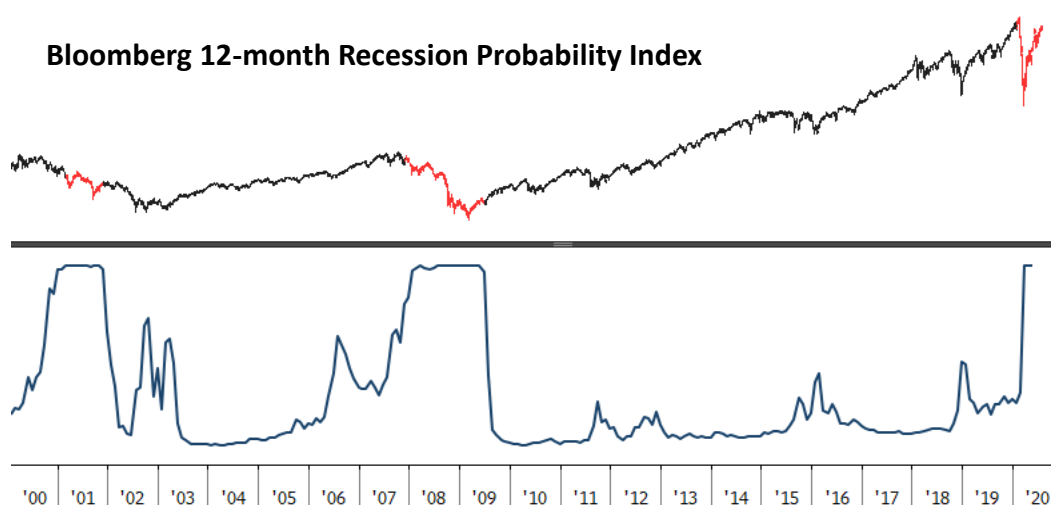
'01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20
 SPY US Equity (SPDR S&P 500 ETF Trust) MACRO LEI Daily 15JUN2000-02AUG2020 Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:23:42

Real Retail Sales YoY%



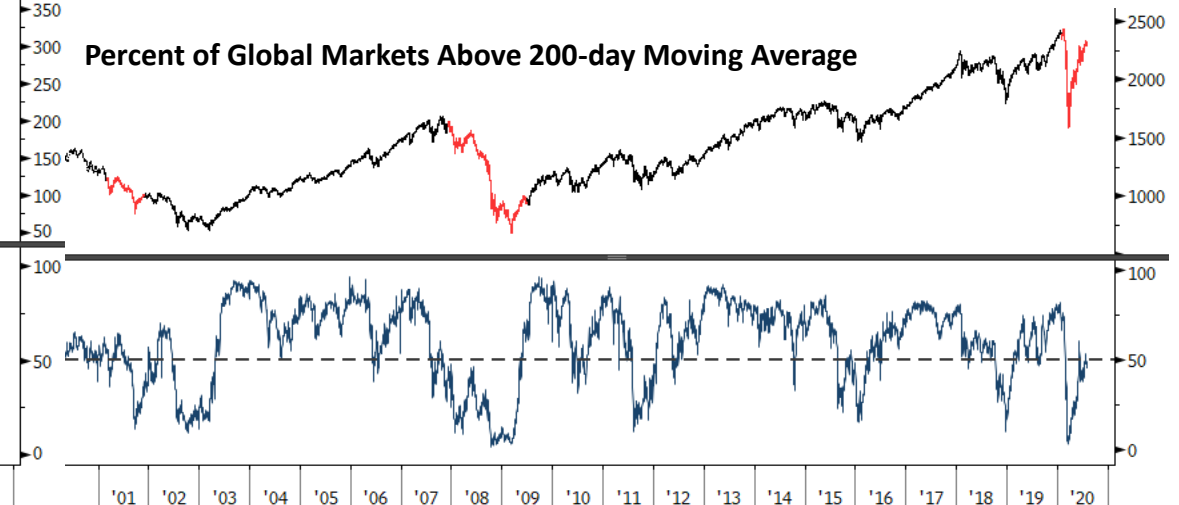
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Bloomberg 12-month Recession Probability Index



'00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20
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Percent of Global Markets Above 200-day Moving Average

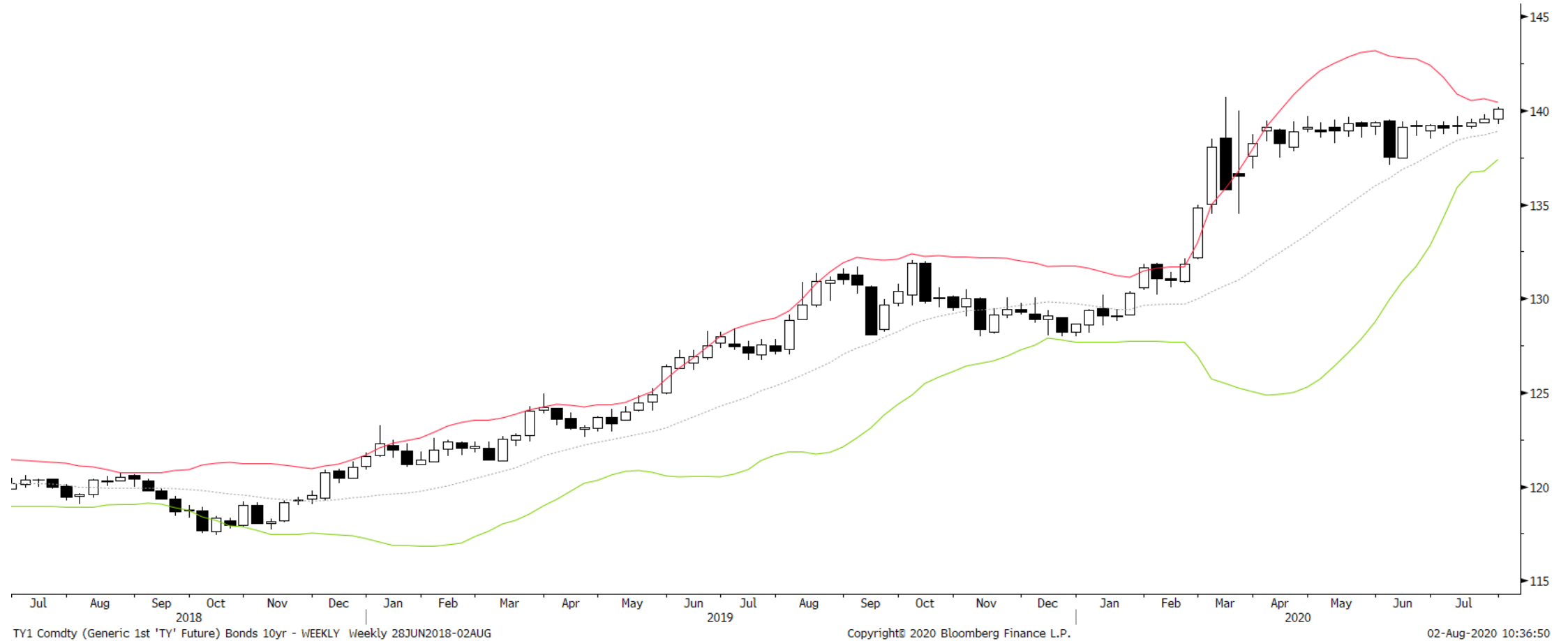


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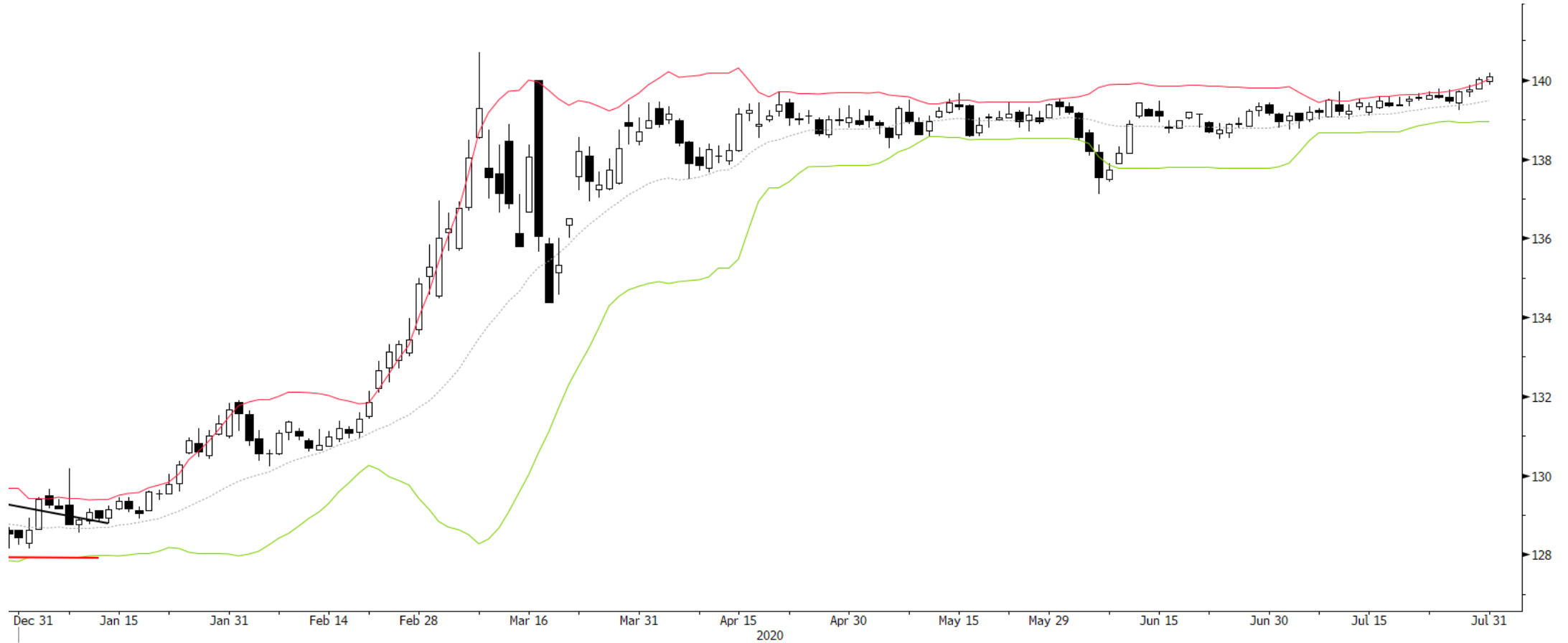
Bonds: 10-year Futures Monthly



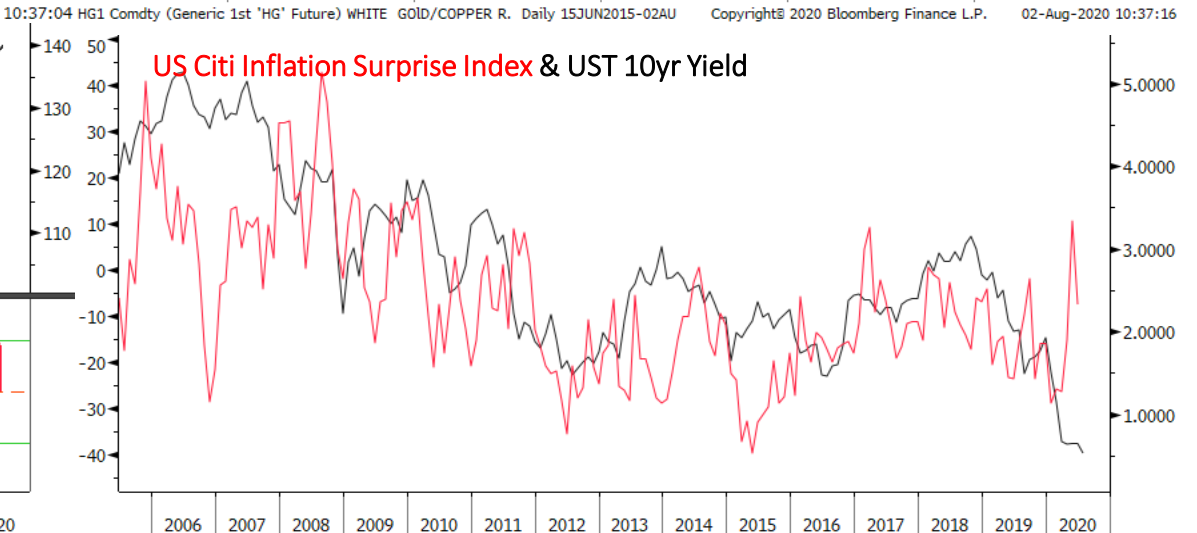
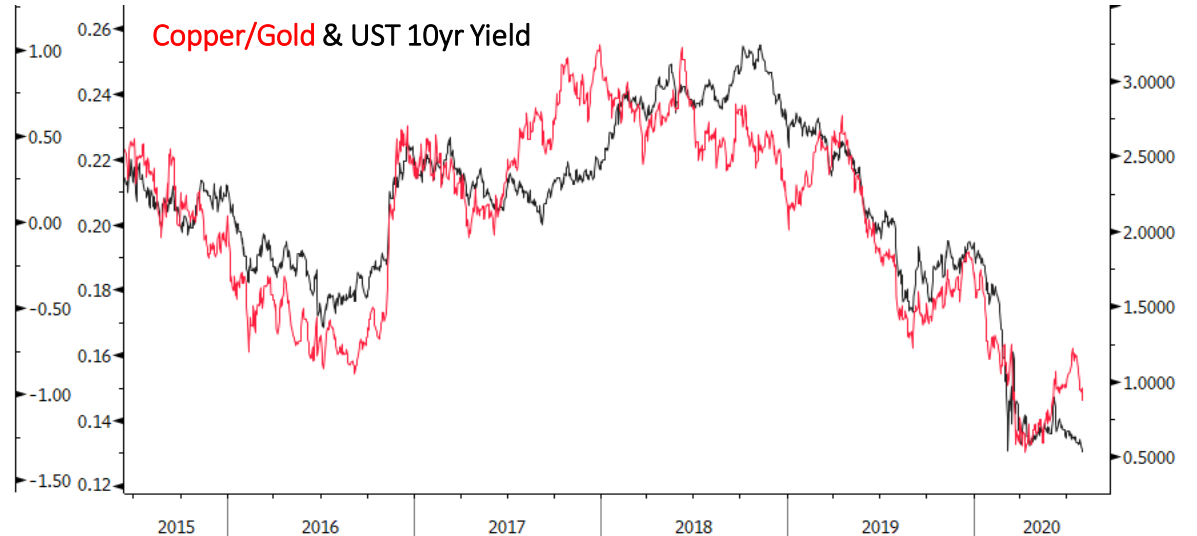
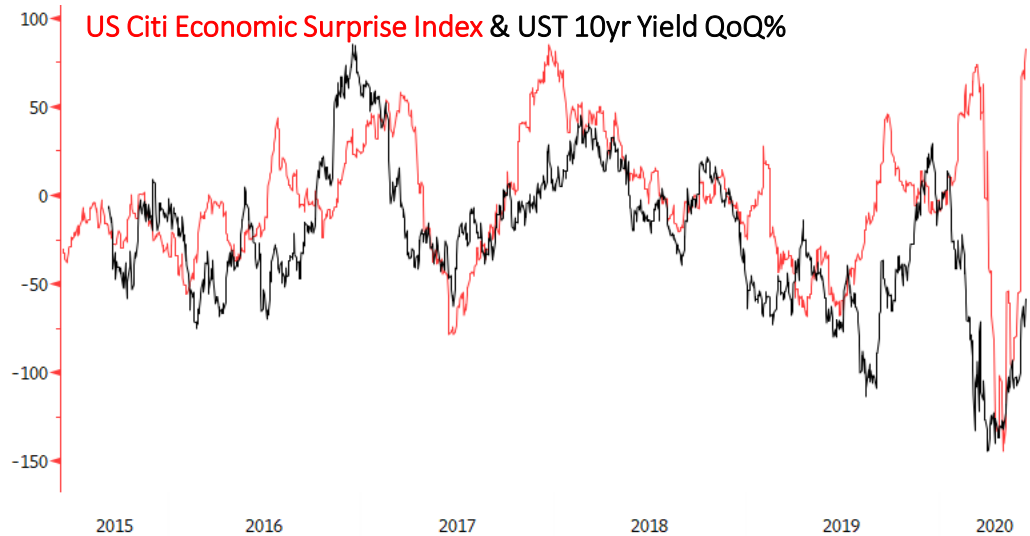
Bonds: 10-year Futures Weekly



Bonds: 10-year Futures Daily



Bond/Yield Indicators

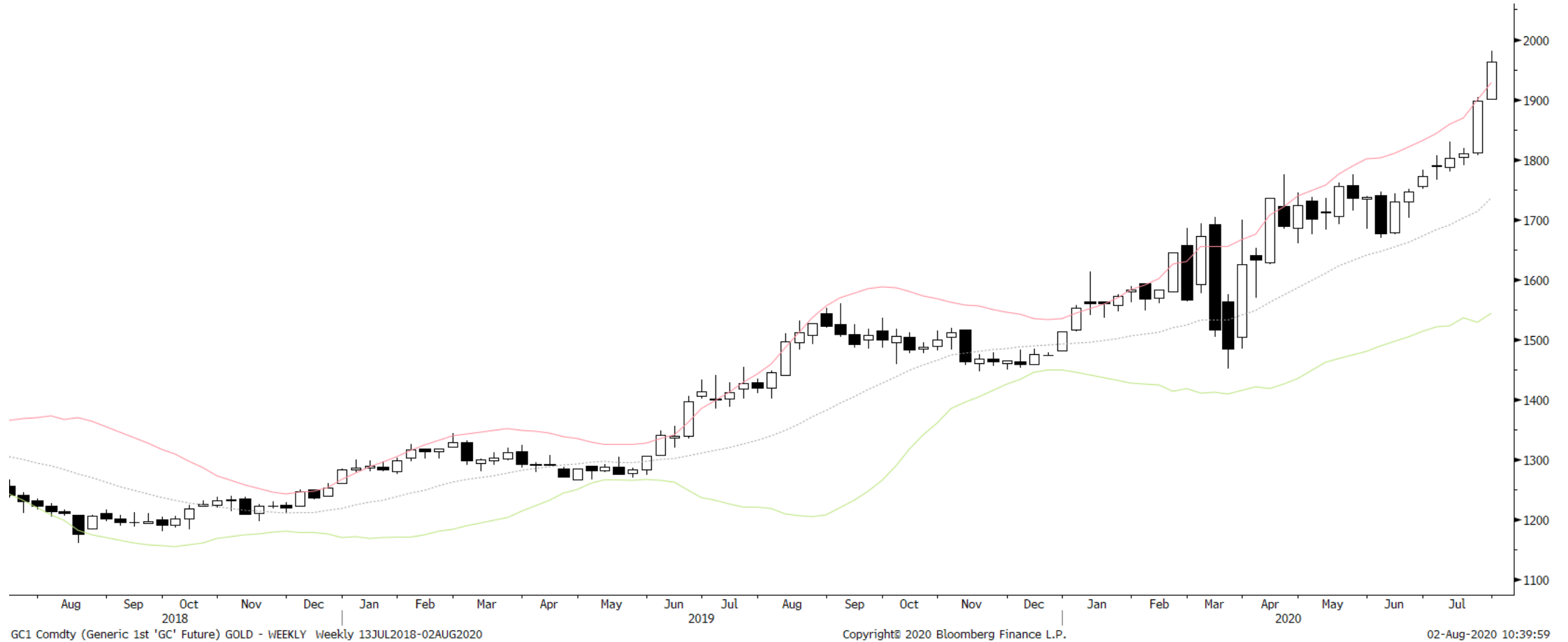


Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:37:04 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-02AU Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:37:16
 TY1 Comdty (Generic 1st 'TY' Future) 10yr CoT Positioning Daily 28JUN2005-01AUG Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 11:05:01 USGG10YR Index (US Generic Govt 10 Yr) US CESI Infl 10yr yield Monthly 17JUN200 Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:23:46

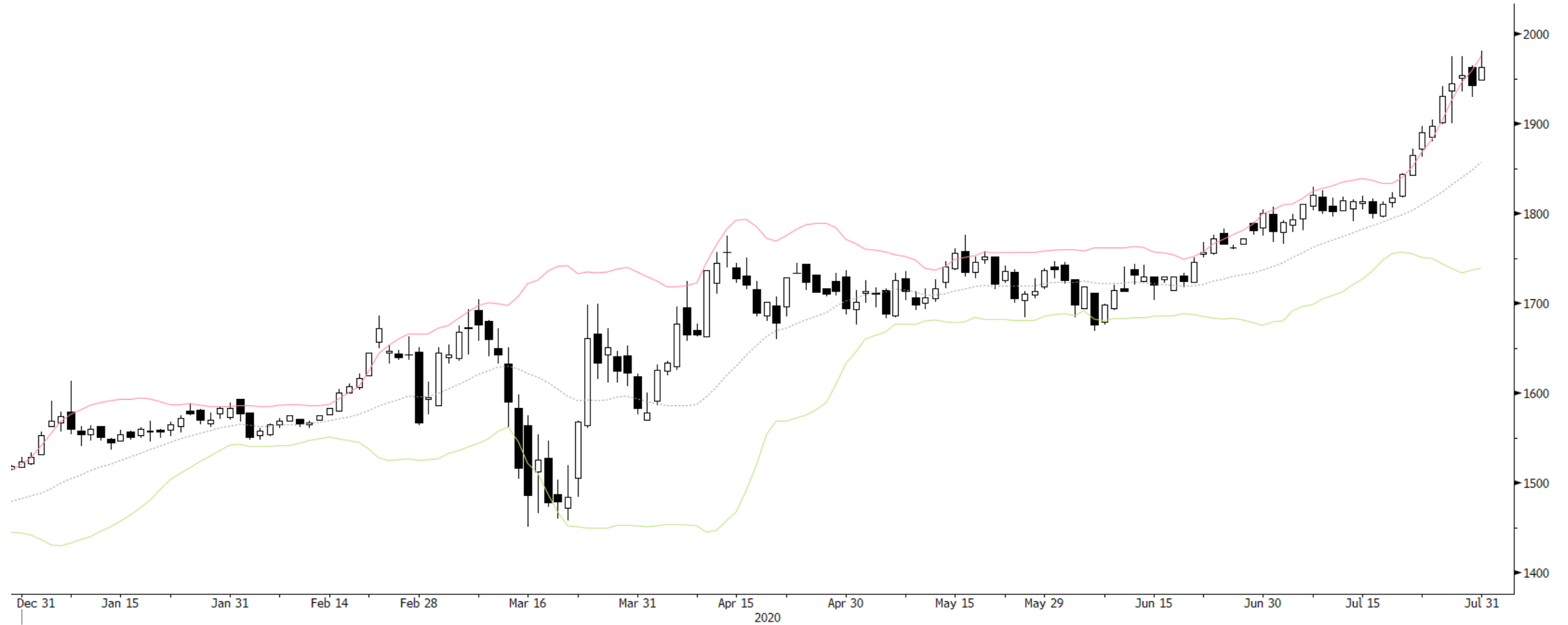
Gold Monthly



Gold Weekly



Gold Daily



GC1 Comdty (Generic 1st 'GC' Future) GOLD - DAILY Daily 30DEC2019-02AUG2020

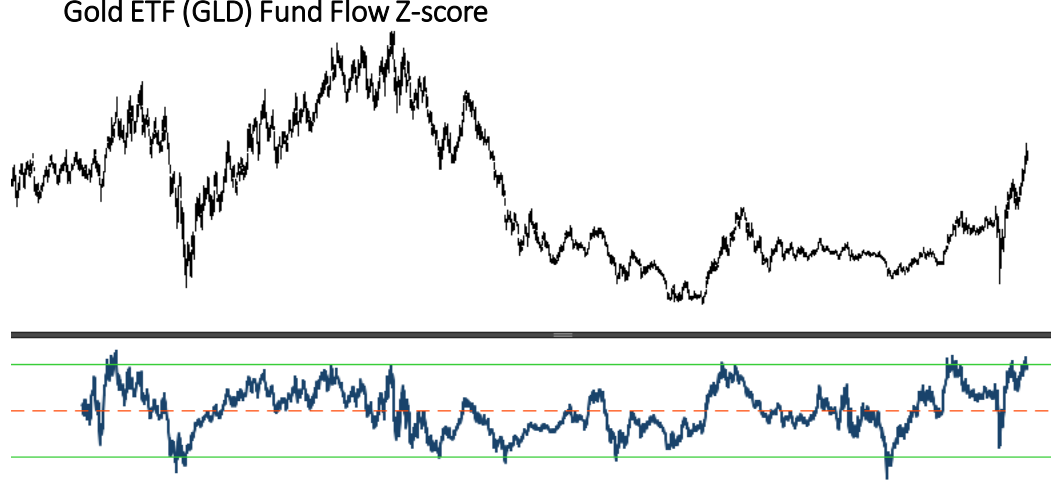
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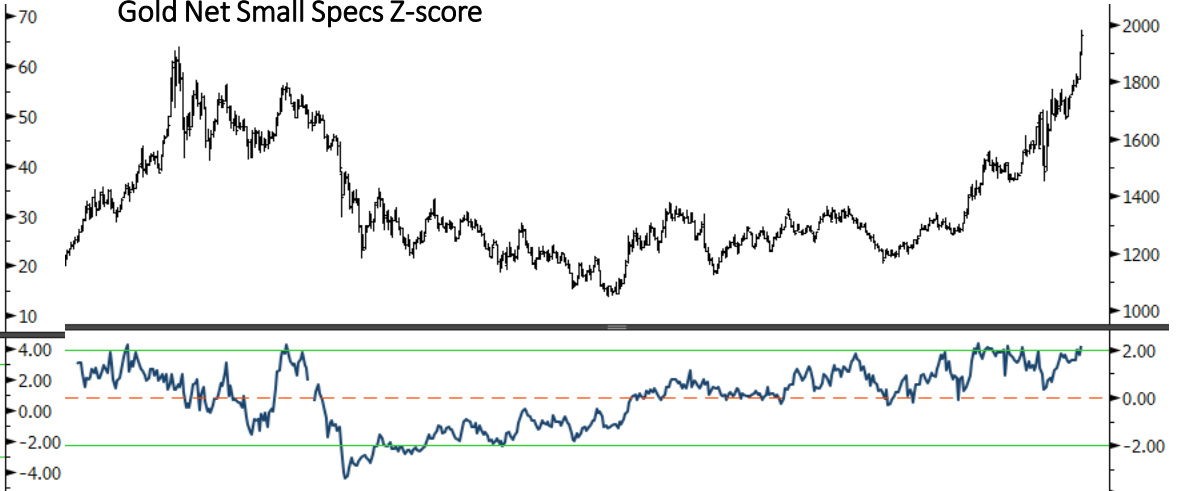


Gold Indicators

Gold ETF (GLD) Fund Flow Z-score



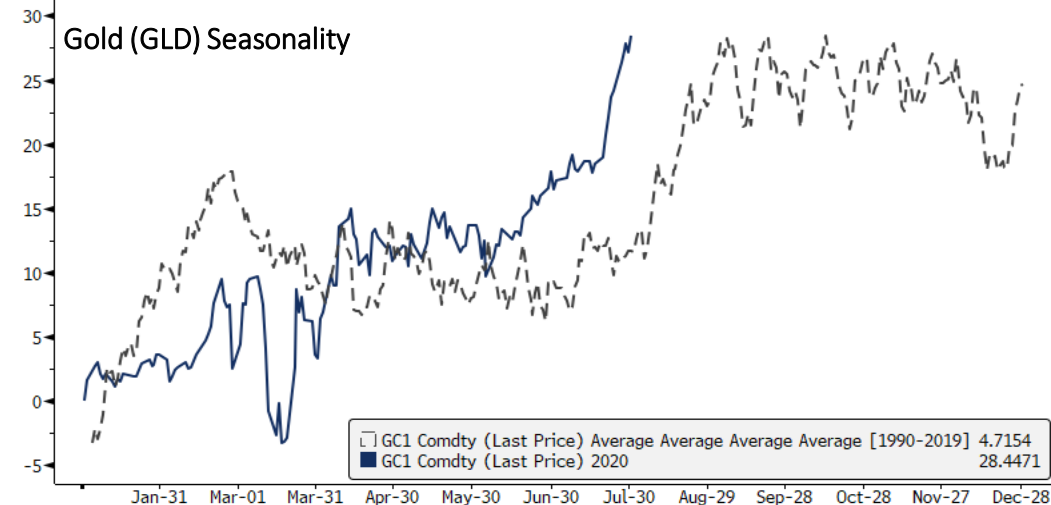
Gold Net Small Specs Z-score



GDx US Equity (VanEck Vectors Gold Miners ETF) Gold (GLD) Fund Flows z Daily 18 Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:40:44

GC1 Comdty (Generic 1st 'GC' Future) GLD NET NON REPORTABLE Weekly 28JUL2010-02 Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:36:50

Gold (GLD) Seasonality



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Gold Net Positioning % of Open Interest



GC1 Comdty (Generic 1st 'GC' Future) GLD Net Pos Pct of OI Daily 26JUN2010-27JU Copyright© 2020 Bloomberg Finance L.P. 02-Aug-2020 10:37:12

EURUSD Monthly



EURUSD Weekly



EURUSD Daily



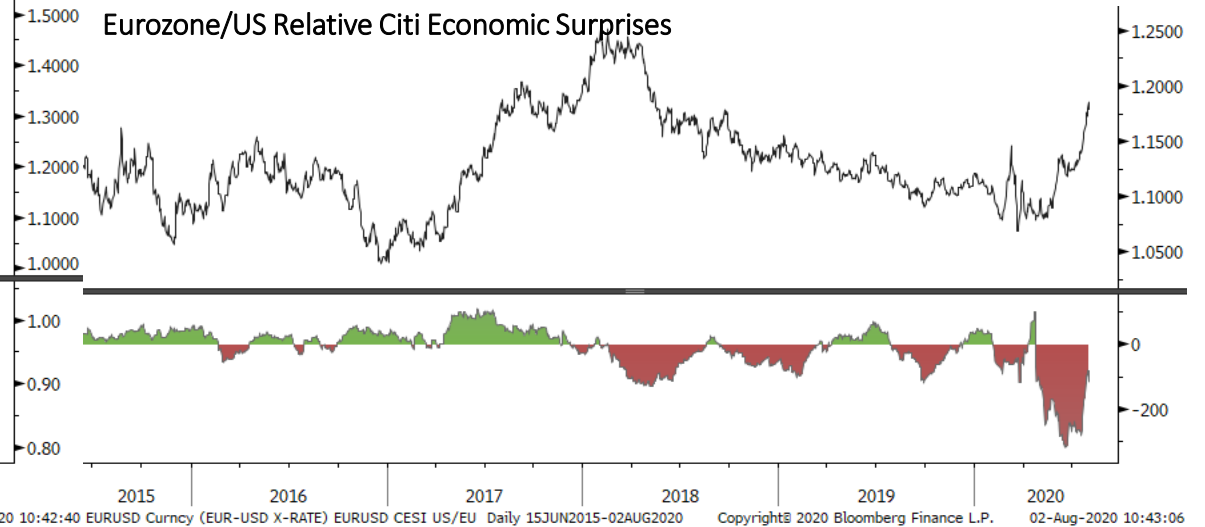
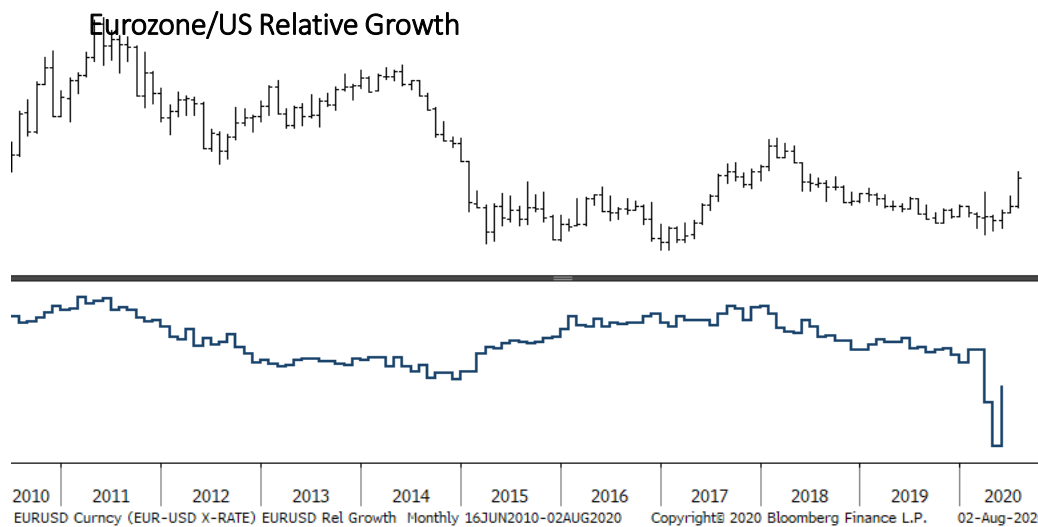
EURUSD Cmcny (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-02AUG2020

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EURUSD Indicators



<i>The Four Pillars Portfolio</i>		<u>YTD Return</u>			
		26.40%			
The Core	<u>Allocation</u>				
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	Risk Point	Last Price
Cameco (CCJ)	Deep Value/Cyclical	\$7.25	Above B/E	\$8.50	\$10.16
Altisource Portfolio Solutions (ASPS)	Deep Value/Swing	\$10.16	B/E	\$10.16	\$13.43
Bollore (BOL)	Hidden Deep Value	\$2.46	B/E	\$2.46	\$2.83
Interactive Brokers (IBKR)	Value/Technical	\$47.39	100bps	\$41.14	\$49.38
Ammo, Inc (POWW)	Value/Growth	\$2.30	150bps	--	\$2.69
Centrus Energy (LEU)	Deep Value/Cyclical	\$10.50	100bps	\$9.15	\$14.80
Hello Fresh (HFG.F)	Value/Growth	\$45.57	50bps	\$41.58	\$46.24
Silver (SI_U20)	Trend	18.88	100bps	17.78	24.215
CADUSD (6CU2020)	Swing	0.74515	100bps	0.73845	0.74720
MXNUSD (6MU2020)	Swing	0.04191	B/E	0.04045	0.04474
Bitcoin (BTCQ2020)	Trend/Breakout	10040	100	9230	11610