



# Macro Ops

## The Trifecta Report

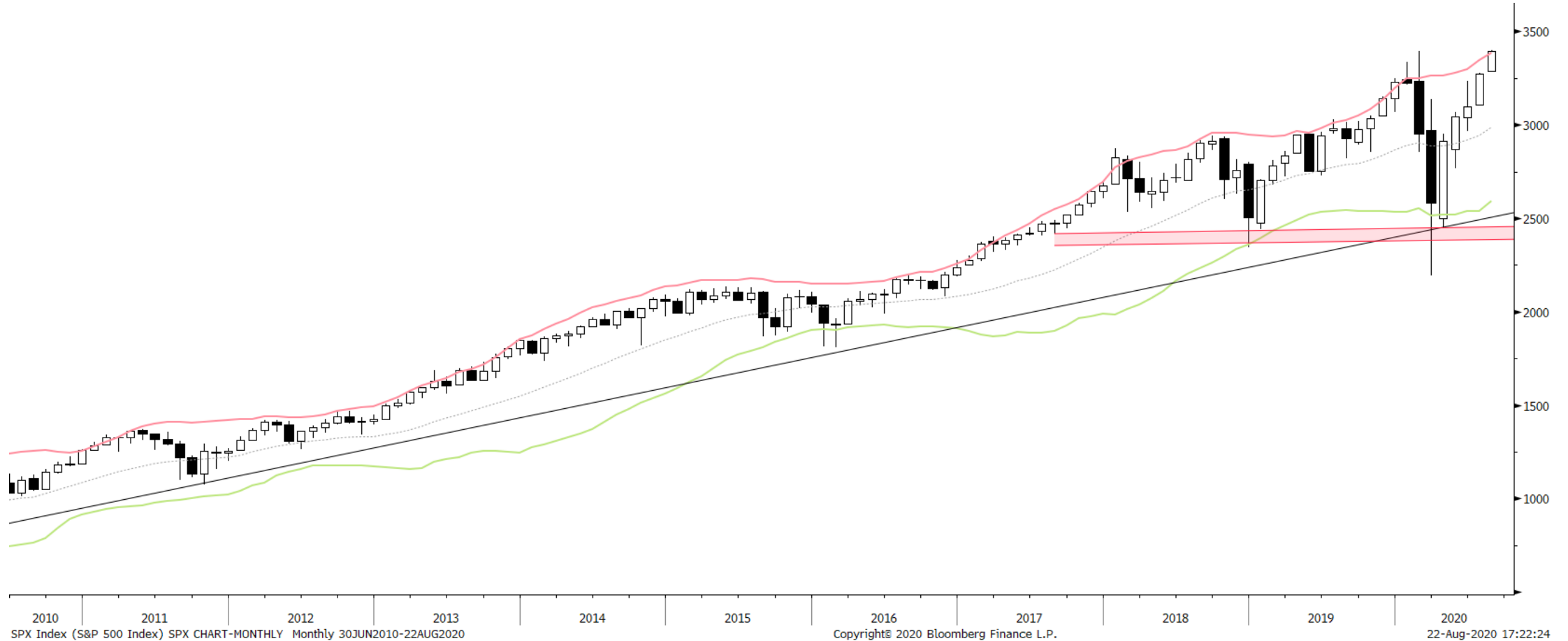
*The best trades are the ones in which you have all three things going for you: fundamentals, technical, and market tone. ~ Michael Marcus*

# Weekly Summary



S&P 500	UST 10yr Bonds	Gold	EURUSD
<ul style="list-style-type: none"><li>➤ <b>Long-term:</b> 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 favor a resumption of the trend higher</li><li>➤ <b>Sentiment/Positioning:</b> The narrative that the “Fed will keep printing money and not let the market fall” is now a consensus take. NAAIM and Investors Intelligence Bull/Bear surveys hit multi-year highs last week. <u>Sentiment &amp; positioning are now major headwinds and sources of trend fragility</u></li><li>➤ <b>Breadth:</b> Deteriorated last week and <u>we're starting to see a widening divergence between the tape and breadth that is typical of pre-retrace action</u></li><li>➤ <b>Macro/Liquidity:</b> Macro conditions are rebounding. Liquidity is flush but yields are starting to rise. Credit spreads continued their negative divergence from stocks last week. This divergence will likely lead to a near-term top in the coming weeks</li><li>➤ <b>Short-term:</b> SPX is in a bull volatile regime with a TL score of +1. <u>Momentum still favors another bullish week, but this trend is nearing its end</u></li></ul>	<ul style="list-style-type: none"><li>➤ <b>Long-term:</b> Bonds are in an 18m+ bull trend / buy climax on a monthly basis. They are in a 6-month sideways channel on a weekly/daily basis and we should expect them to stay there until there's a confirmed breakout</li><li>➤ <b>Sentiment/Positioning:</b> A bullish bonds consensus is beginning to form. The narrative of yield-curve control and yield suppression are becoming mainstream.</li><li>➤ <b>Yield Indicators:</b> Yield indicators are mostly neutral. Positive economic data surprises and leading growth indicators suggest we're moving into a more bearish bonds environment. But this would change if fiscal stimulus plans fail to get passed or COVID cases begin accelerating</li><li>➤ <b>Short-term:</b> Bonds are now probing the lower support area of their trading range. The downside on bonds is limited because if yields were to rise too much, they'd spark a selloff in equities and drive safety flows back into bonds. <u>With odds rising we enter a “risk-off” period in the near-term, bonds should perform well over the short-term</u></li></ul>	<ul style="list-style-type: none"><li>➤ <b>Long-term:</b> Gold is in a 15-month uptrend / buy climax on a monthly basis. Precious metals started to work off the extreme overbought levels we pointed out last week. The long-term path of least resistance is up but expect higher vol in the near-term</li><li>➤ <b>Sentiment/Positioning:</b> The bullish gold narrative is consensus which raises the odds of continued volatility. Last week, <u>Small Spec positioning hit its highest level on a z-score basis since Jan 03', which preceded a large retracement</u></li><li>➤ <b>Gold Indicators:</b> Gold is near the end of its positive seasonality and is under pressure from rising real yields.</li><li>➤ <b>Short-term:</b> Gold put in a small bearish trading range candle on the weekly. It's in a bull volatile regime which raises the odds of further volatility and the potential for a short-term top. <u>Odds favor further sideways action in the near-term</u></li></ul>	<ul style="list-style-type: none"><li>➤ <b>Long-term:</b> Last month, EURUSD saw its highest monthly close since April of 2018. This may be the start of a major trend change in the USD</li><li>➤ <b>Sentiment/Positioning:</b> The short US dollar trade is a consensus theme on the Street. Long positioning in EURUSD and aggregate short USD is at multi-year highs. <u>Sentiment &amp; Positioning are now a major headwind to EURUSD over the short-to-intermediate term</u></li><li>➤ <b>EURUSD Indicators:</b> The trend in yield differentials favor the euro while the absolute levels favor USD. Relative leading growth indicators favor the euro while Citi Econ surprises are neutral. It's a mix bag with no clear edge on future trend direction</li><li>➤ <b>Short-term:</b> EURUSD may have put in a triple-top on a weekly basis. After six bullish weekly candles, it's likely we see a multi-week period of sideways to down action. <u>We saw a bull-trap false breakout last week. Odds favor sideways to down action in EURUSD in the coming weeks</u></li></ul>

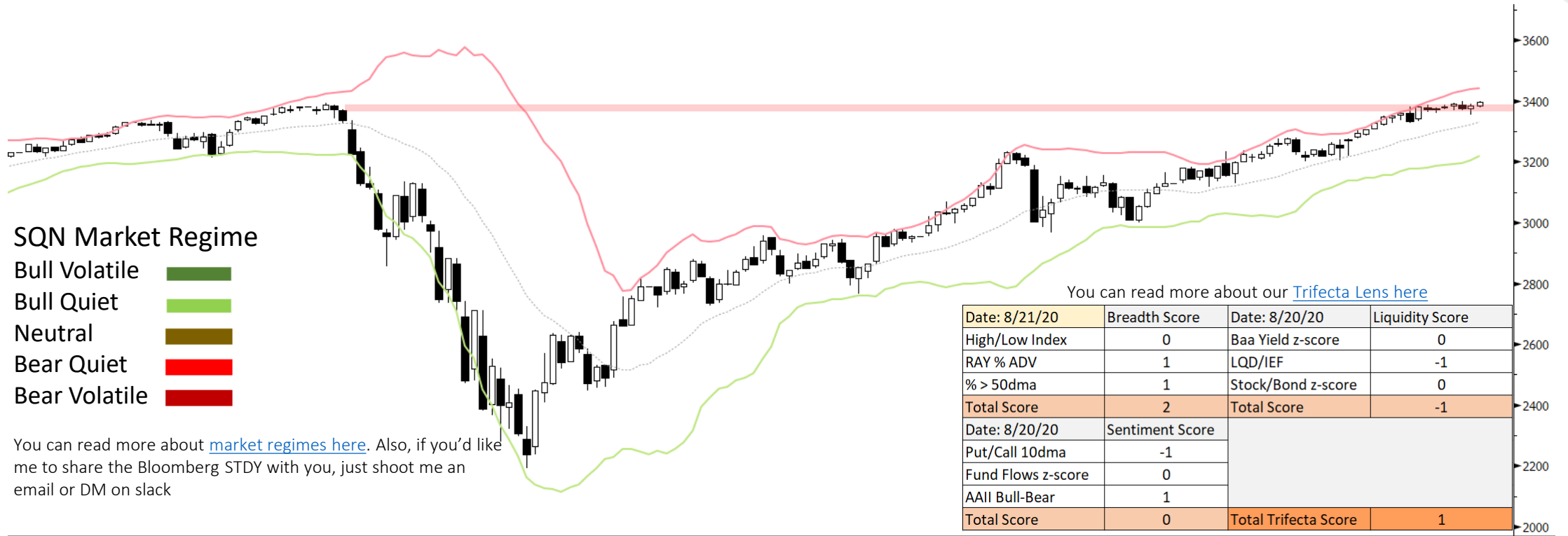
# S&P 500 E-Mini Monthly



# S&P 500 E-Mini Weekly



# S&P 500 E-Mini Daily



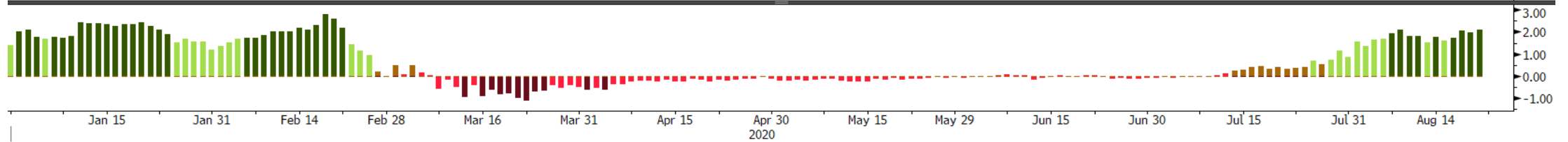
## SQN Market Regime

- Bull Volatile
- Bull Quiet
- Neutral
- Bear Quiet
- Bear Volatile

You can read more about [market regimes here](#). Also, if you'd like me to share the Bloomberg STDY with you, just shoot me an email or DM on slack

You can read more about our [Trifecta Lens here](#)

Date: 8/21/20	Breadth Score	Date: 8/20/20	Liquidity Score
High/Low Index	0	Baa Yield z-score	0
RAY % ADV	1	LQD/IEF	-1
% > 50dma	1	Stock/Bond z-score	0
<b>Total Score</b>	<b>2</b>	<b>Total Score</b>	<b>-1</b>
Date: 8/20/20	Sentiment Score		
Put/Call 10dma	-1		
Fund Flows z-score	0		
AAll Bull-Bear	1		
<b>Total Score</b>	<b>0</b>	<b>Total Trifecta Score</b>	<b>1</b>

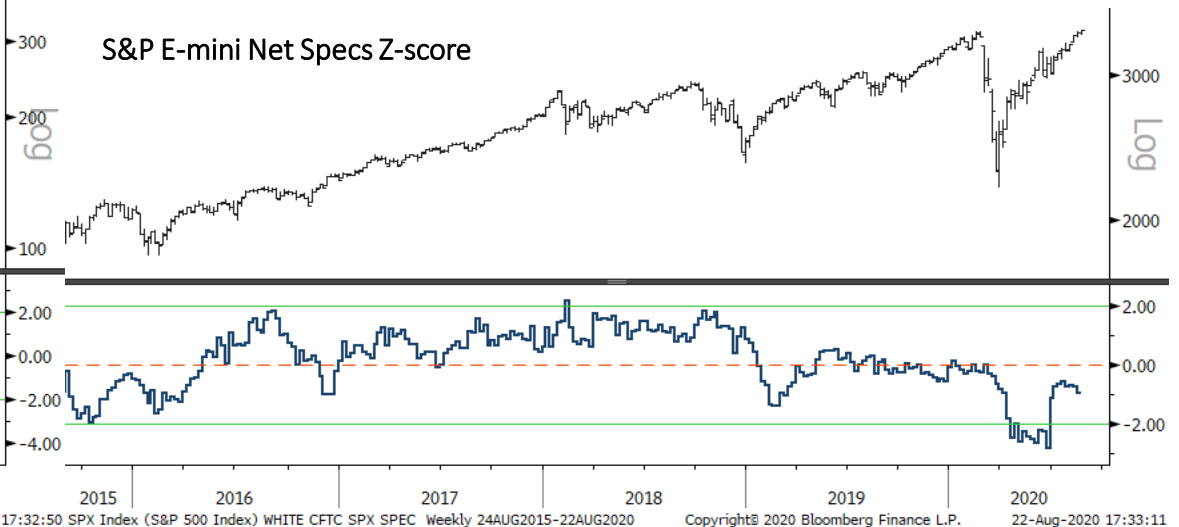
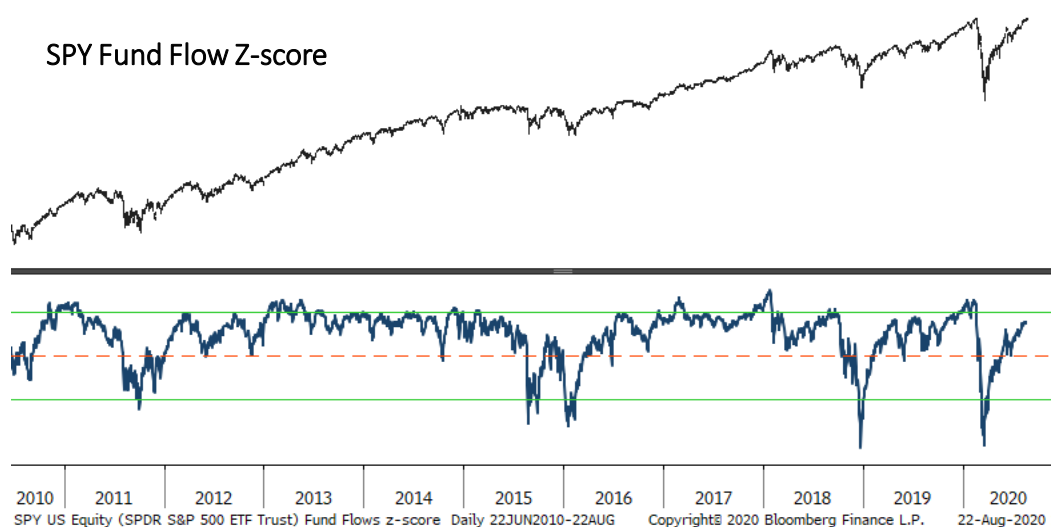
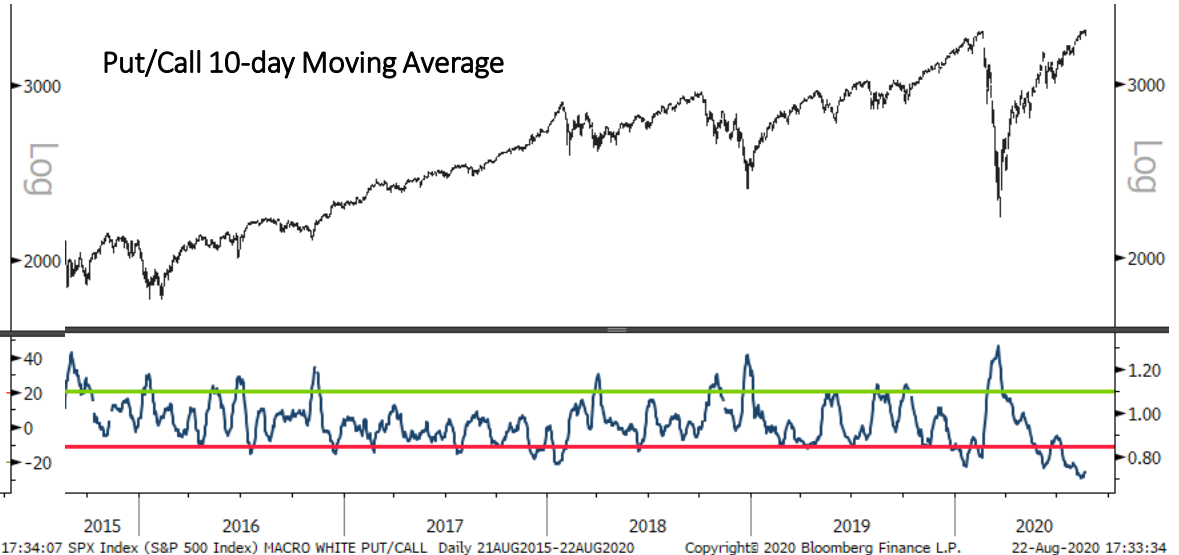


SPXFAST Index (S&P 500 Fast Cash Index) SPX CHART-DAILY Daily 31DEC2019-22AUG20

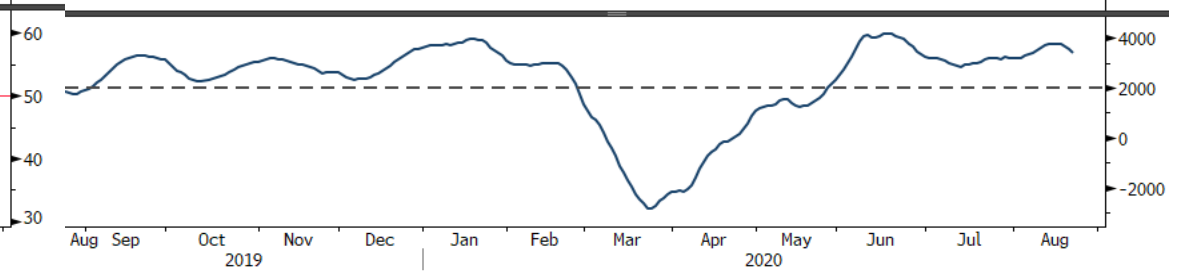
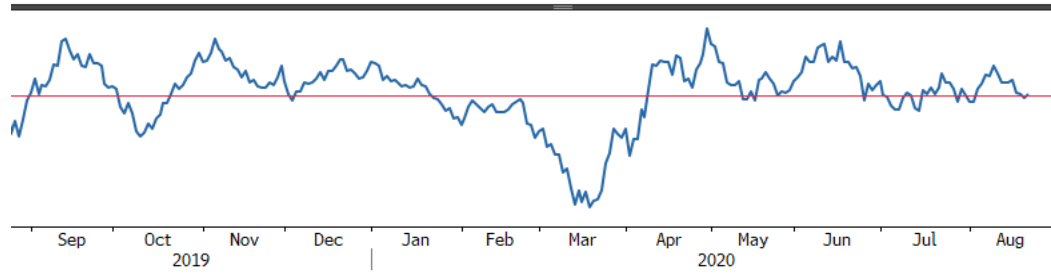
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# Sentiment & Positioning

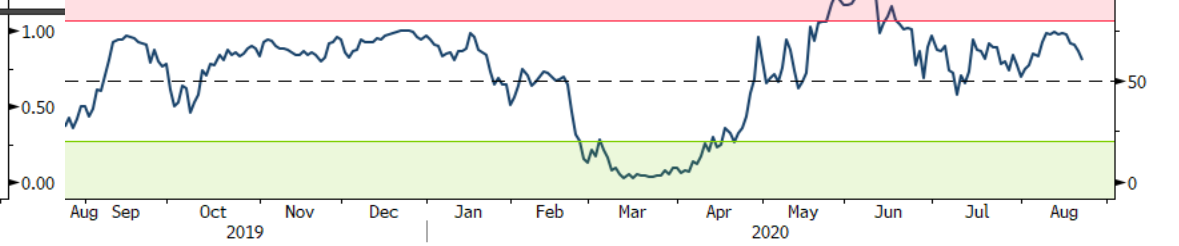
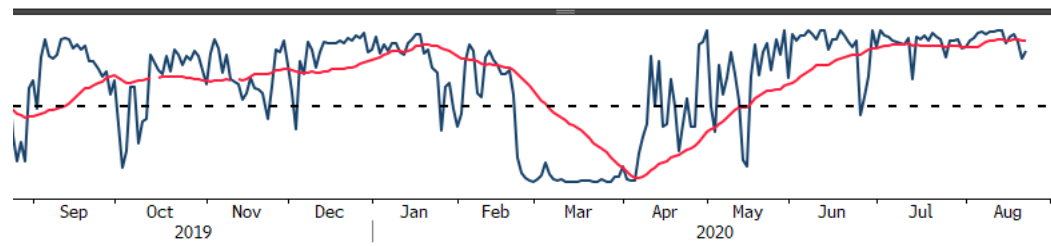
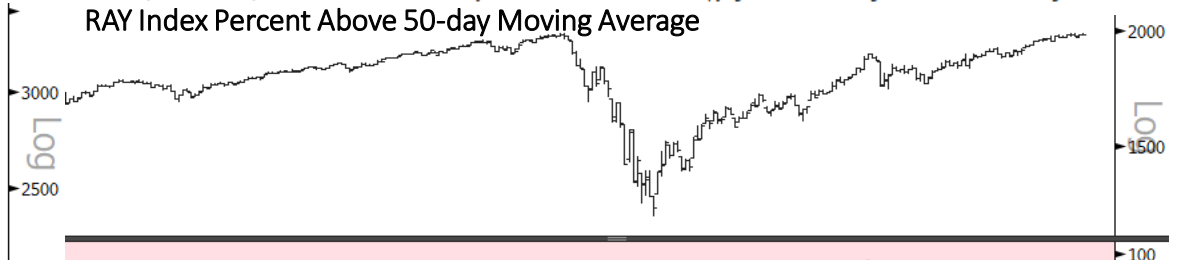


# Breadth



RAY Index (Russell 3000 Index) % of RAY Index Adv Daily 23AUG2019-22AUG2020 Copyright© 2020 Bloomberg Finance L.P. 22-Aug-2020 17:44:03

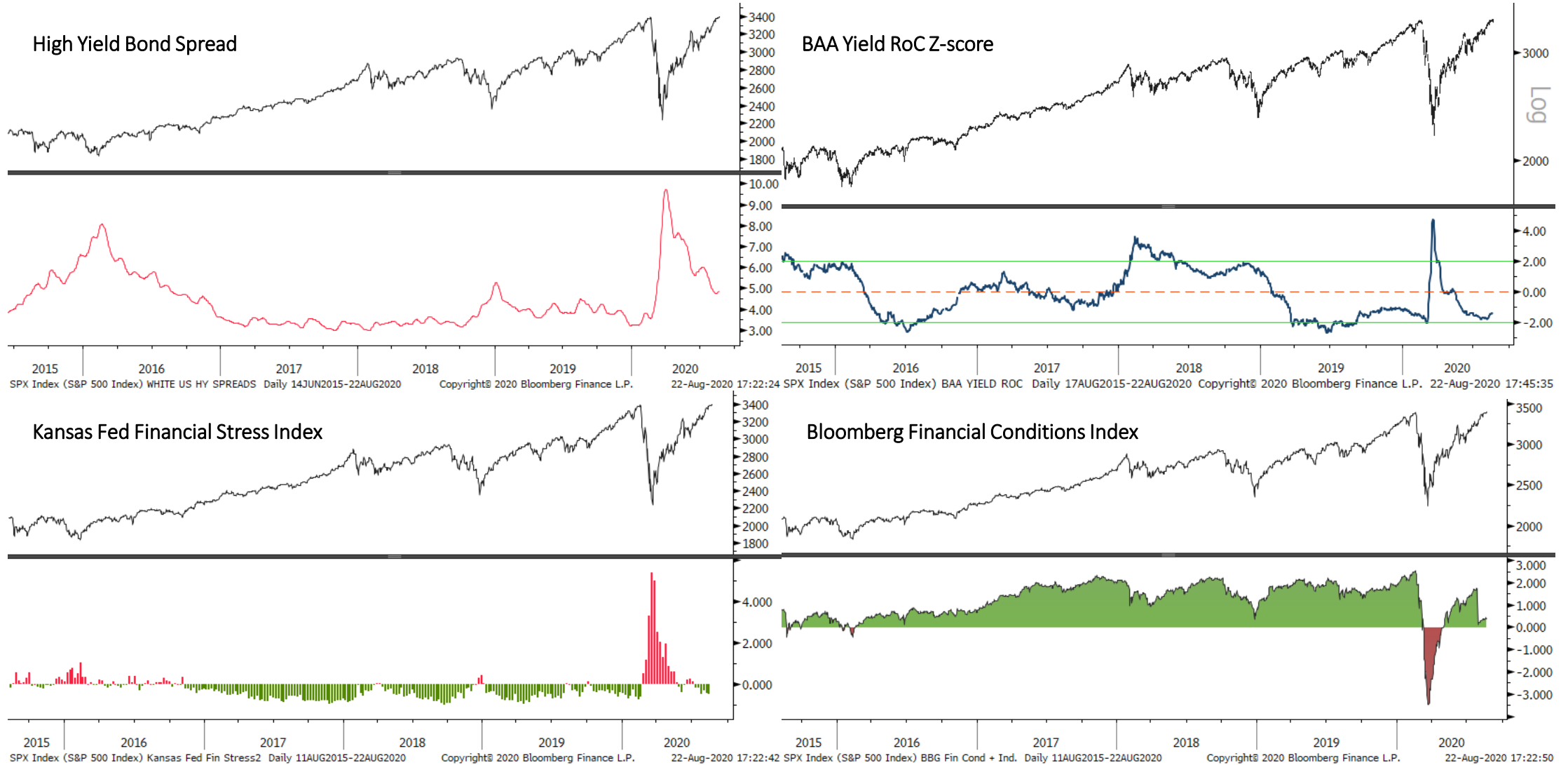
SPX Index (S&P 500 Index) MACRO WHITE MCCLELLAN Daily 23AUG2019-22AUG2020 Copyright© 2020 Bloomberg Finance L.P. 22-Aug-2020 17:35:53



SPX Index (S&P 500 Index) WHITE NYSE NEW HGHS/LOW Daily 23AUG2019-22AUG2020 Copyright© 2020 Bloomberg Finance L.P. 22-Aug-2020 17:36:47

RAY Index (Russell 3000 Index) % ABOVE 50DMA Daily 23AUG2019-22AUG2020 Copyright© 2020 Bloomberg Finance L.P. 22-Aug-2020 17:41:24

# Liquidity

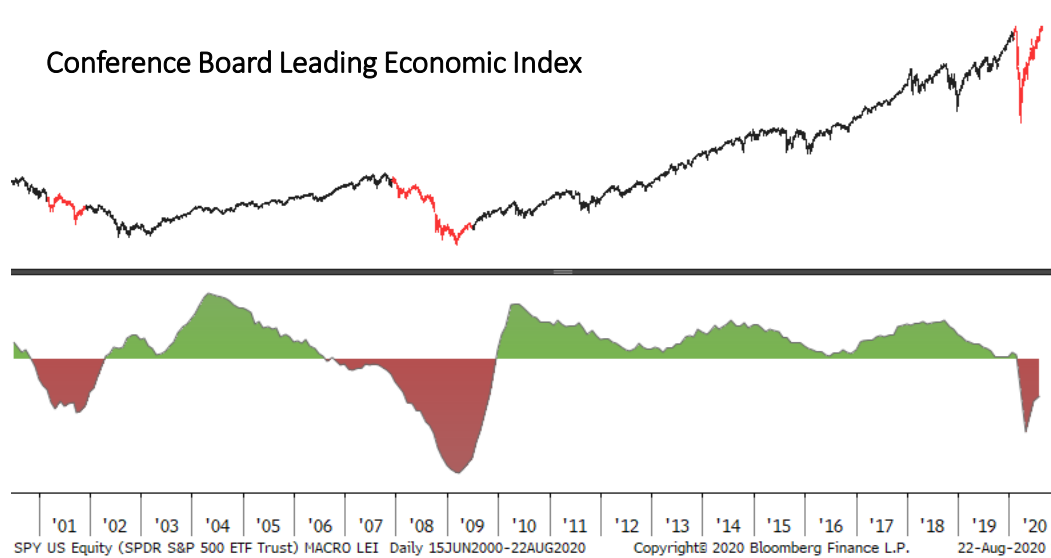




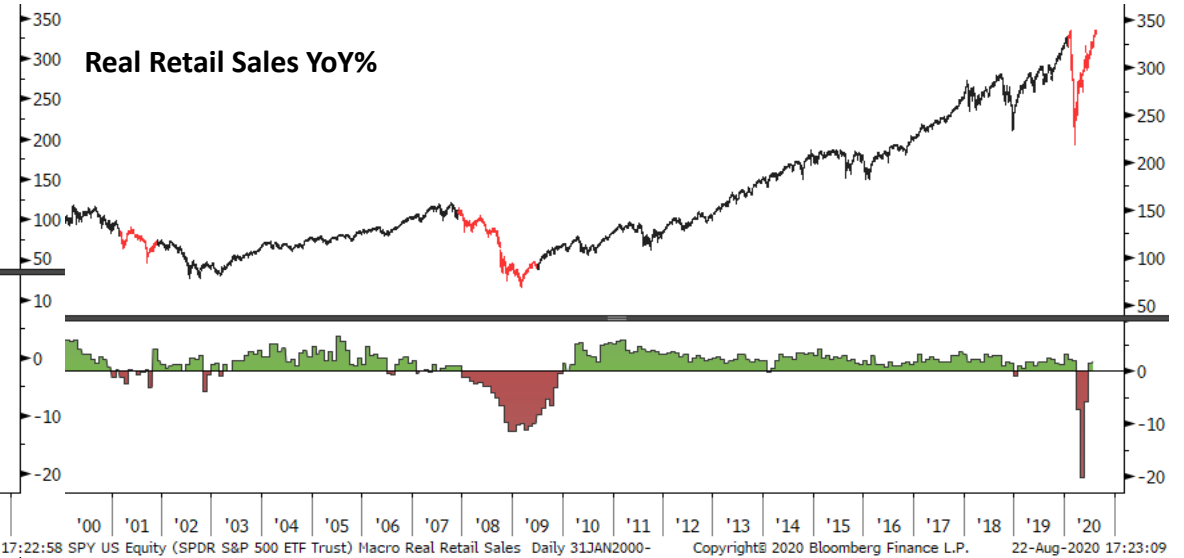
# Macro



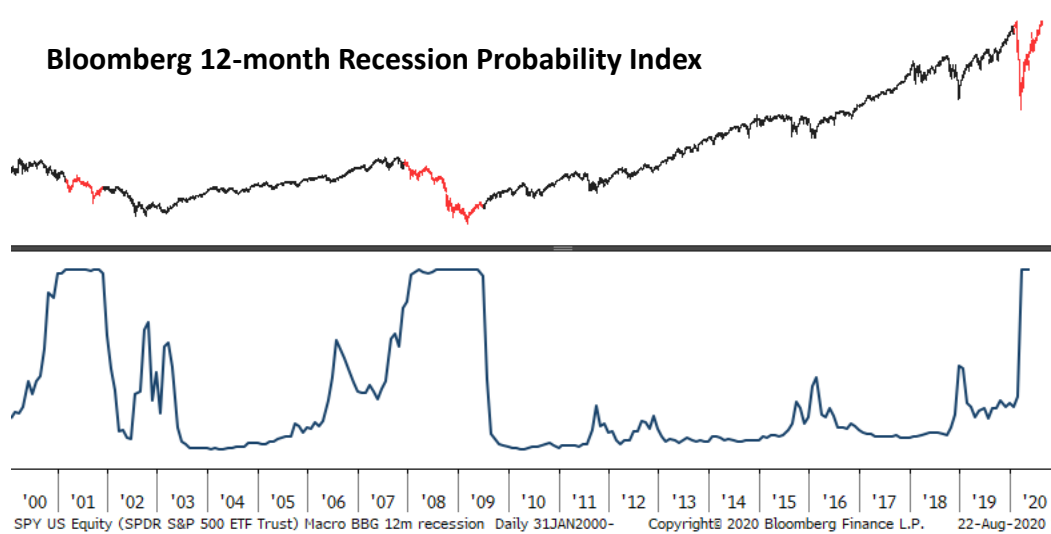
### Conference Board Leading Economic Index



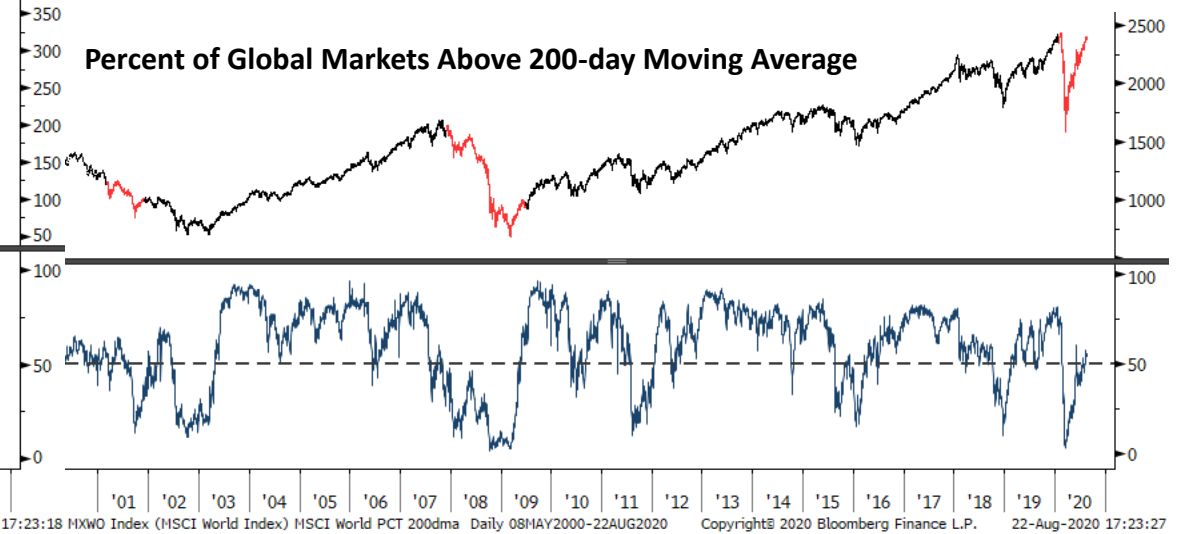
### Real Retail Sales YoY%



### Bloomberg 12-month Recession Probability Index



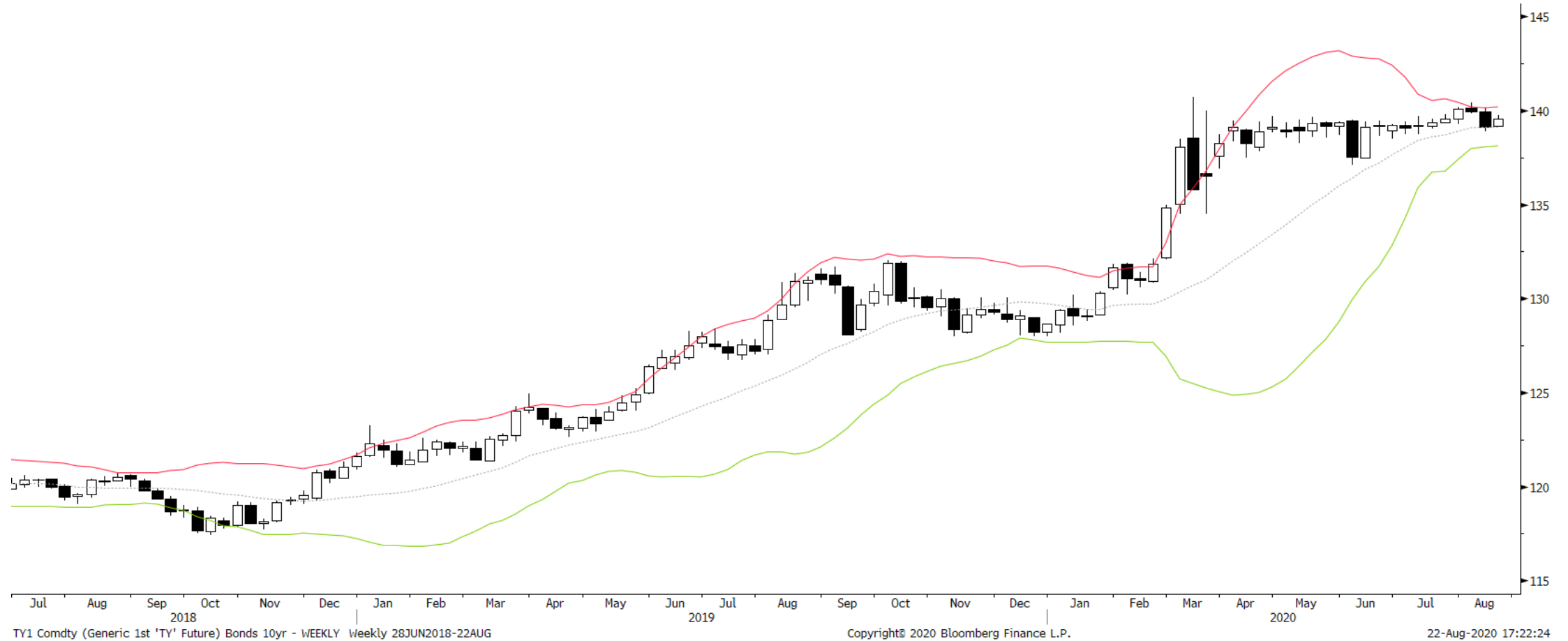
### Percent of Global Markets Above 200-day Moving Average



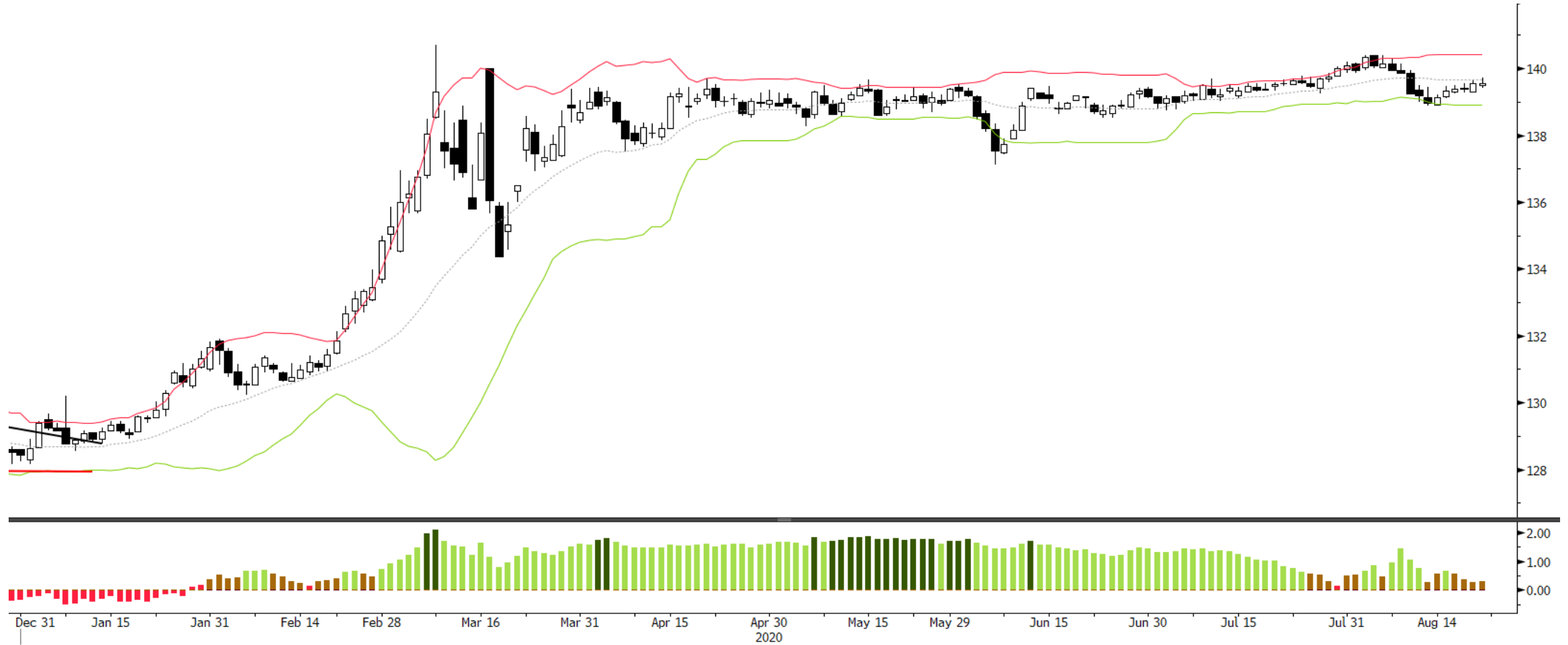
# Bonds: 10-year Futures Monthly



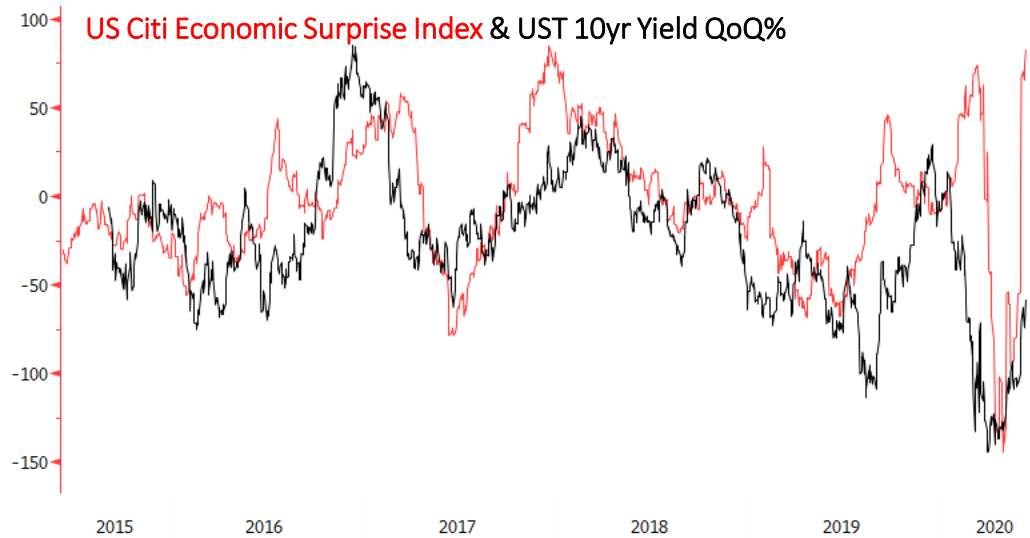
# Bonds: 10-year Futures Weekly



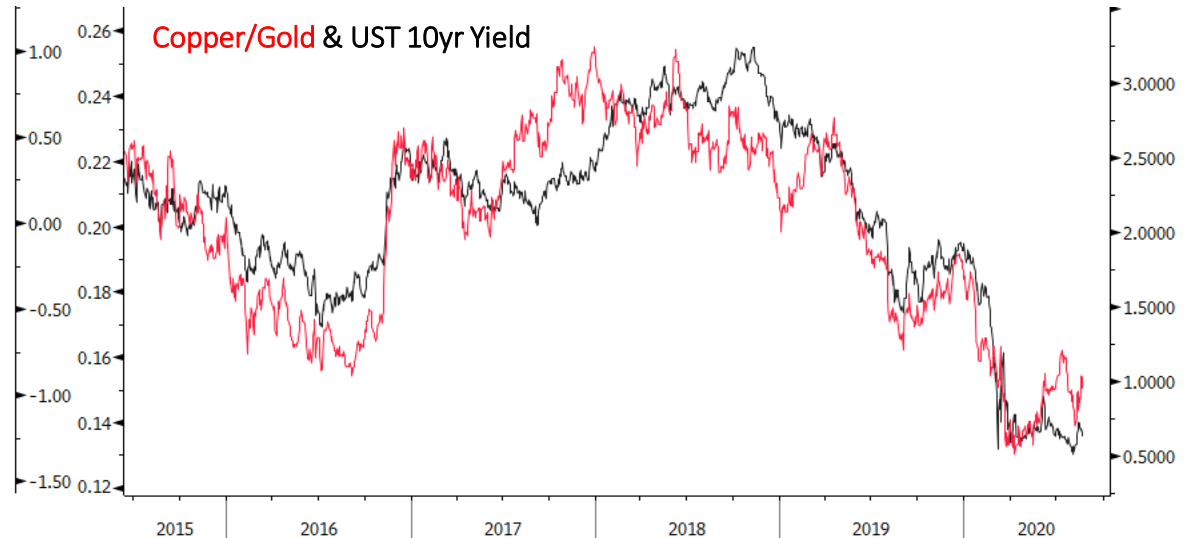
# Bonds: 10-year Futures Daily



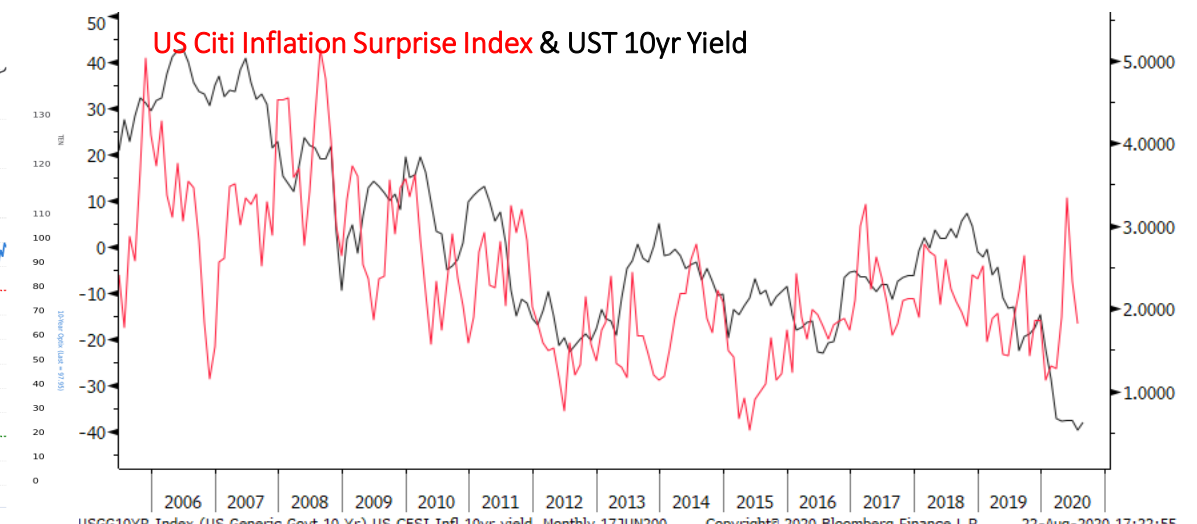
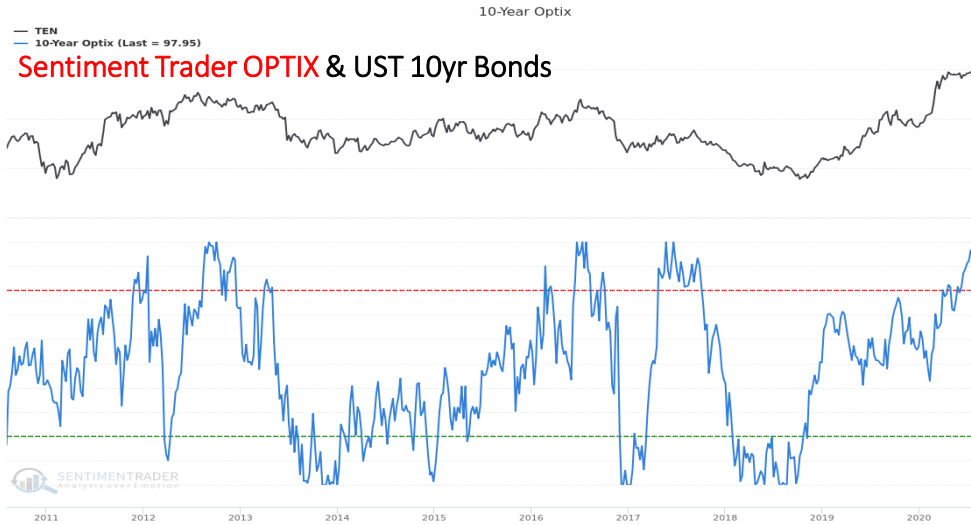
# Bond/Yield Indicators



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22-Aug-2020 17:22:39 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-22AU Copyright © 2020 Bloomberg Finance L.P. 22-Aug-2020 17:22:48

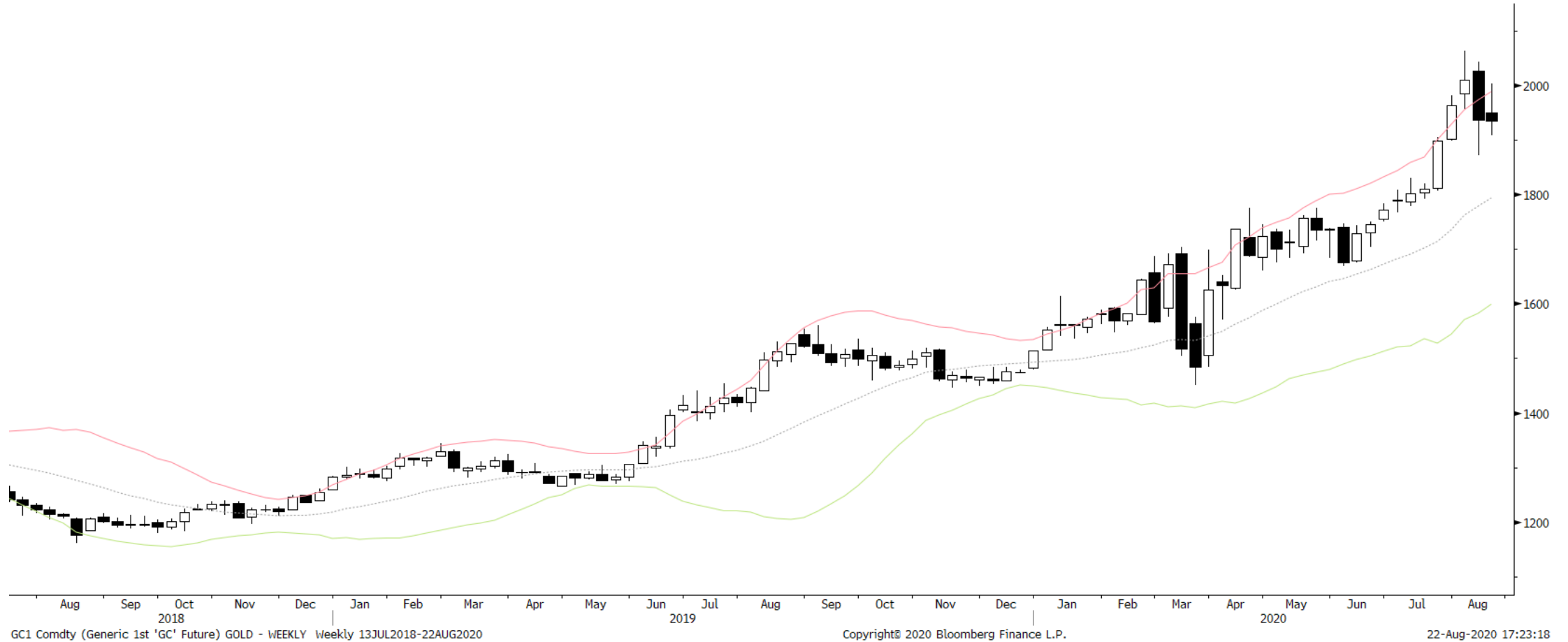


USGG10YR Index (US Generic Govt 10 Yr) US CESI Infl 10yr yield Monthly 17JUN200 Copyright © 2020 Bloomberg Finance L.P. 22-Aug-2020 17:22:55

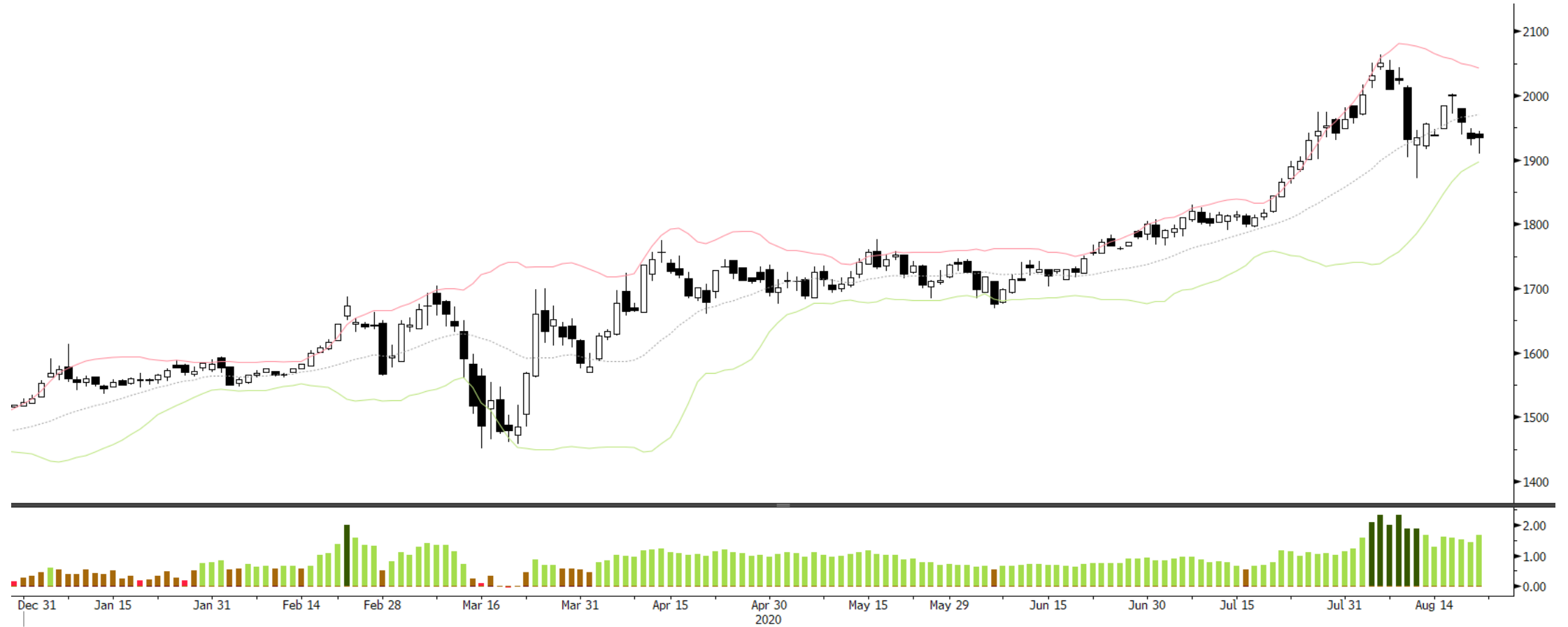
# Gold Monthly



# Gold Weekly



# Gold Daily



GC1 Comdty (Generic 1st 'GC' Future) GOLD - DAILY Daily 30DEC2019-22AUG2020

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# Gold Indicators

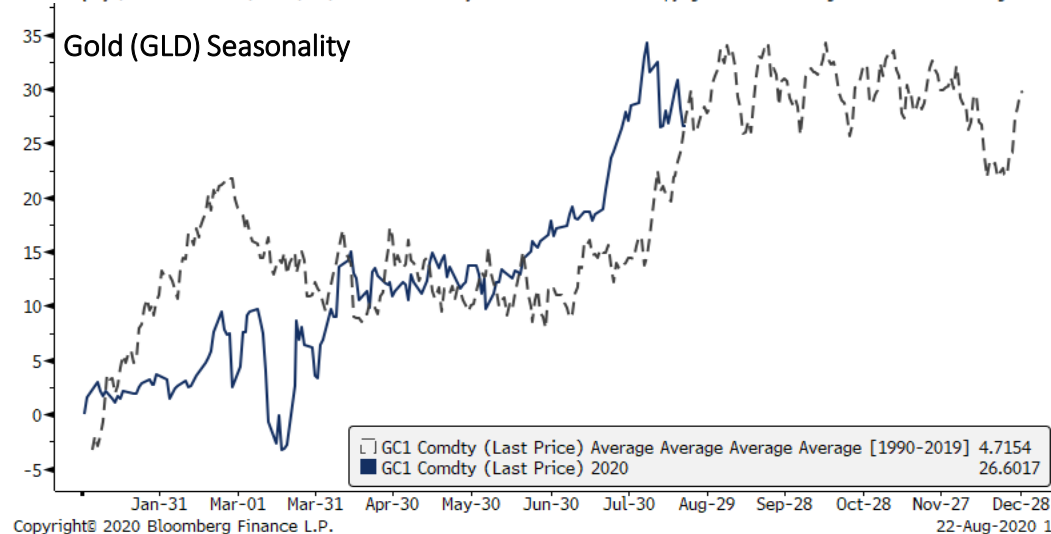
### Gold ETF (GLD) Fund Flow Z-score



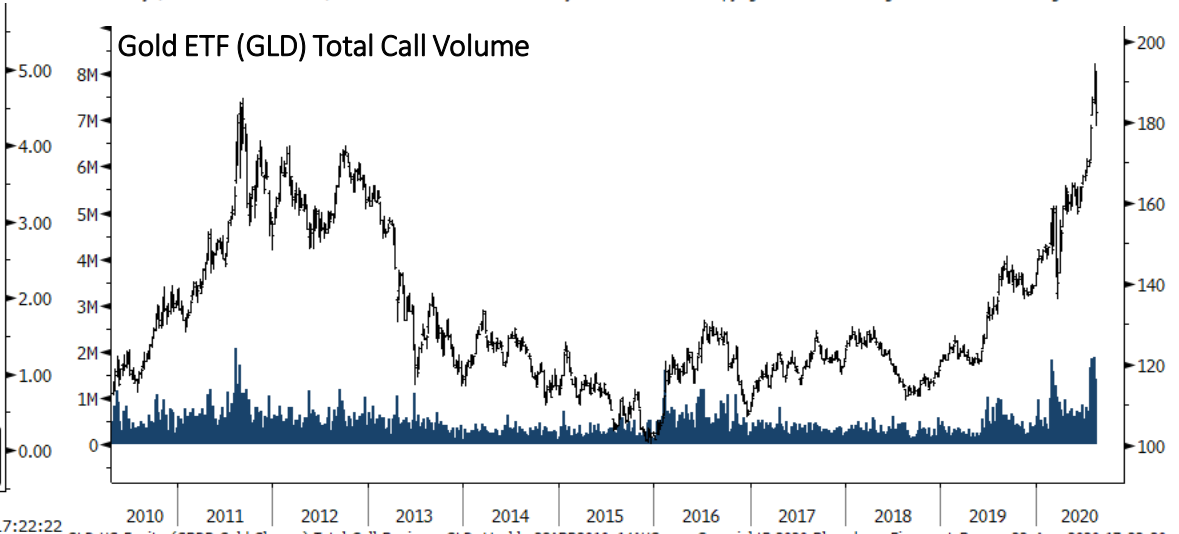
### Gold Net Small Specs Z-score



### Gold (GLD) Seasonality



### Gold ETF (GLD) Total Call Volume



# EURUSD Monthly



# EURUSD Weekly



# EURUSD Daily



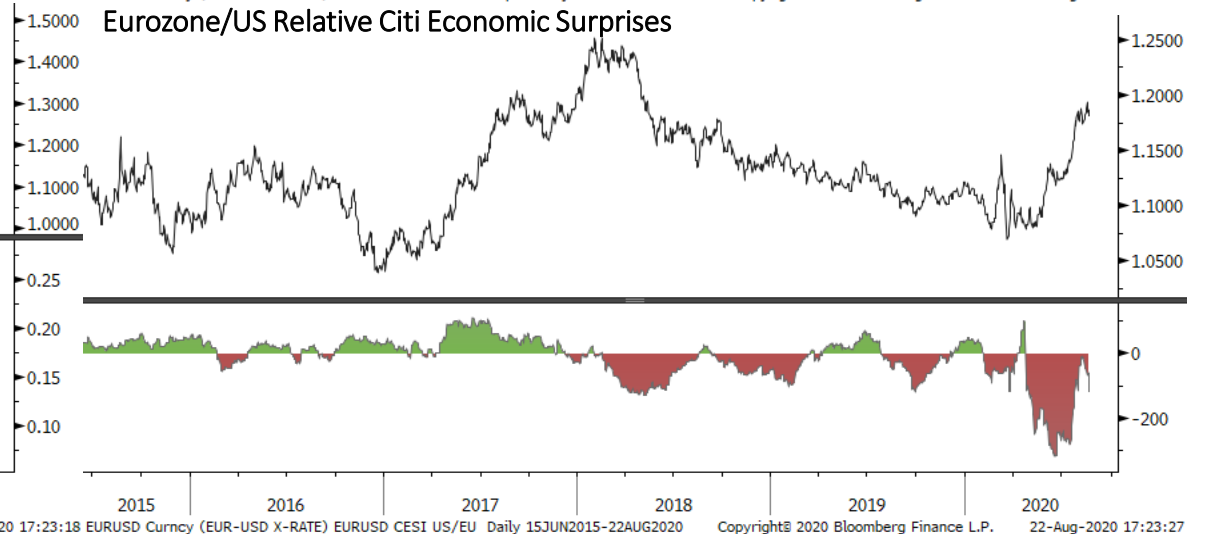
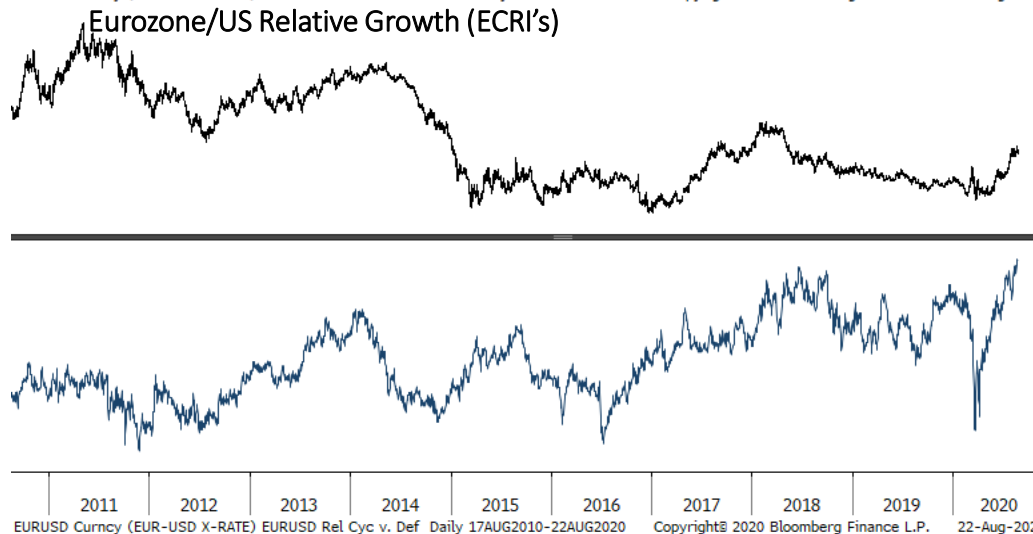
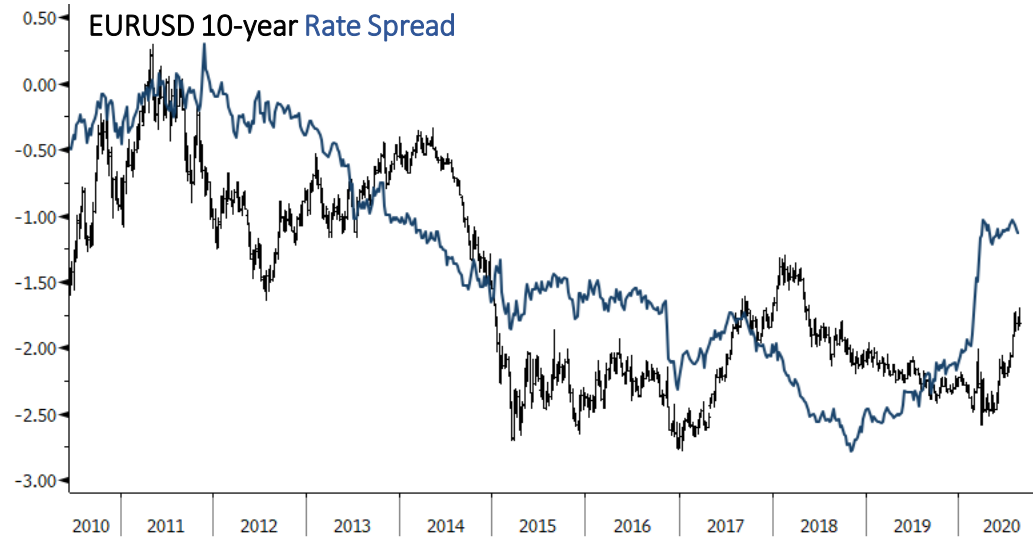
EURUSD Curncy (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-22AUG2020

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# EURUSD Indicators

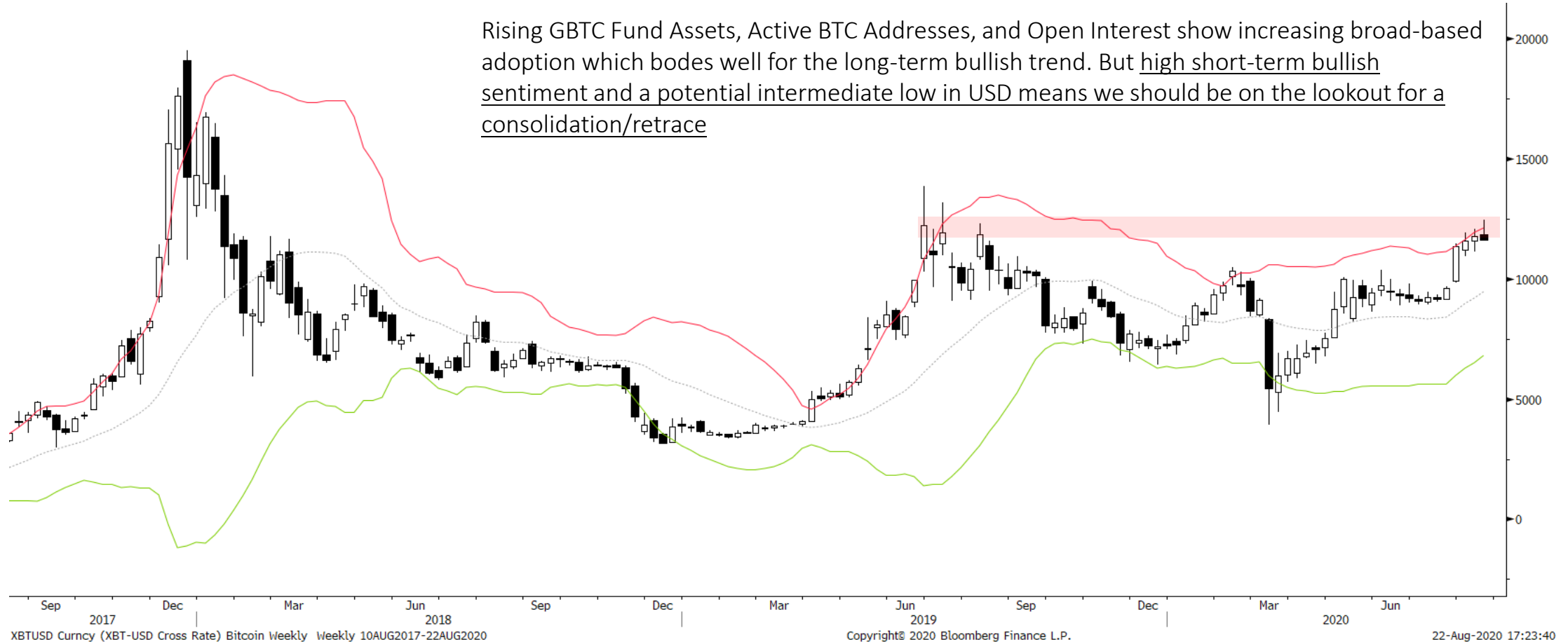


# Bitcoin Weekly



Bitcoin is trying to breakout of its 12-month+ trading range and is chewing through some major resistance. It's in a bull quiet regime and the path of least resistance is up.

Rising GBTC Fund Assets, Active BTC Addresses, and Open Interest show increasing broad-based adoption which bodes well for the long-term bullish trend. But high short-term bullish sentiment and a potential intermediate low in USD means we should be on the lookout for a consolidation/retrace

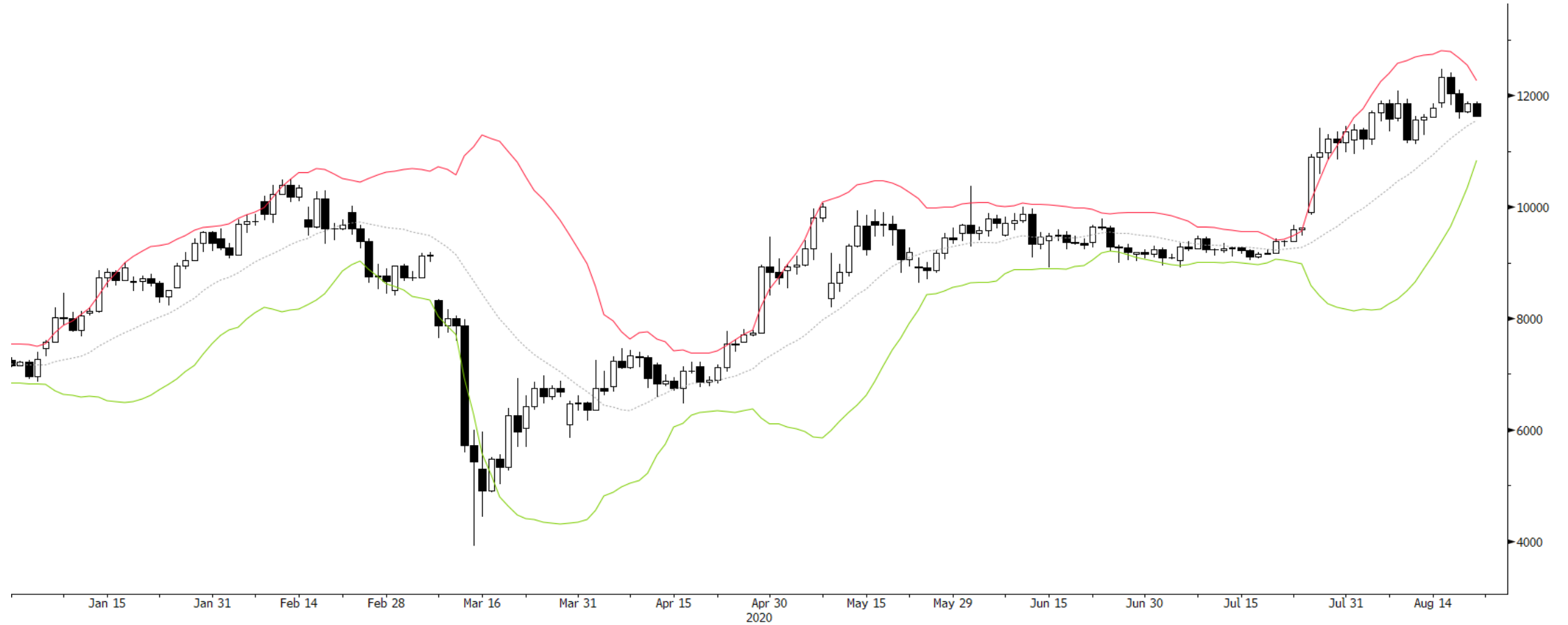


XBTUSD Currency (XBT-USD Cross Rate) Bitcoin Weekly Weekly 10AUG2017-22AUG2020

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# Bitcoin Daily





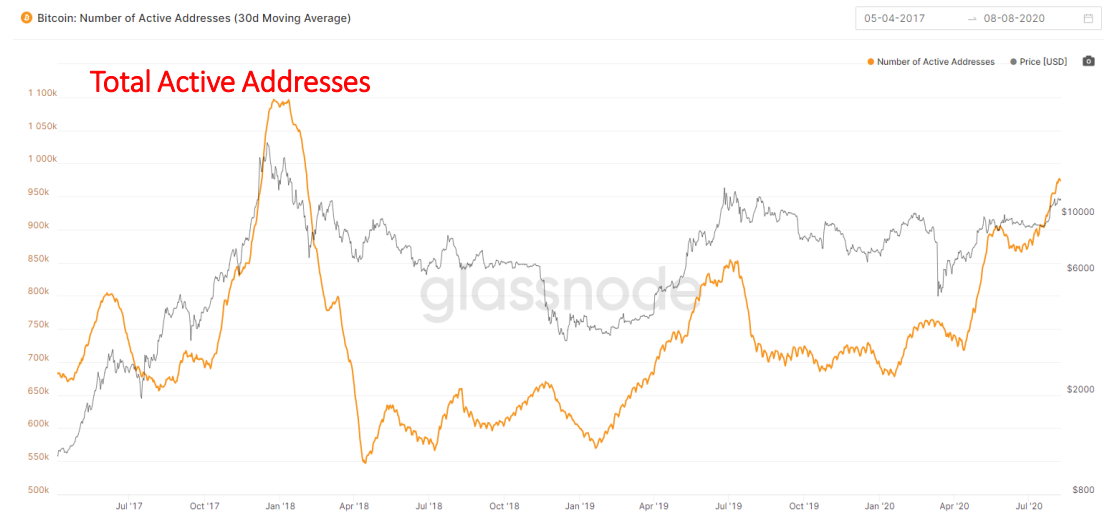
# Bitcoin Indicators



XBTUSD Currency (XBT-USD Cross Rate) GBTC Fund Total Assets Daily 10AUG2018-22AUG Copyright© 2020 Bloomberg Finance L.P. 22-Aug-2020 17:23:51



BTC1 Currency (Generic 1st 'BTC' Future) Bitcoin Total OI Daily 10AUG2018-22AUG20 Copyright© 2020 Bloomberg Finance L.P. 22-Aug-2020 17:23:57



8/22/2020



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## The Four Pillars Portfolio

YTD Return

27.62%

### 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	Risk Point	Last Price	Last Action
Cameco (CCJ)	Deep Value/Cyclical	\$7.25	Above B/E	\$8.50	\$10.55	
Bolloré (BOL)	Hidden Deep Value	\$2.46	B/E	\$2.46	\$3.13	
Interactive Brokers (IBKR)	Value/Technical	\$47.39	B/E	\$41.14	\$51.50	
Ammo, Inc (POWW)	Value/Growth	\$2.30	150bps	--	\$2.39	
Centrus Energy (LEU)	Deep Value/Cyclical	\$10.50	100bps	\$9.15	\$9.88	8/6/20 Took half profits
Dorian LPG (LPG)	Deep Value/Cyclical	\$8.34	B/E	\$7.59	\$8.60	
Enlabs (NLAB)	Secular Growth	\$27.25	100bps	\$21.10	\$30.50	
Revolve, Inc (RVLV)	Secular Growth	\$18.71	B/E	\$14.20	\$19.59	
Frontdoor (FTDR)	Secular Growth	\$44.22	100bps	\$39.50	\$40.48	
Gan, Ltd. (GAN)	Secular Growth	\$24.76	100bps	\$19.15	\$20.68	
Nintendo (NTDOY)	Secular Growth	\$62.71	100bps	\$54.00	\$64.31	
Cardlytics (CDLX)	Secular Growth	\$86.07	100bps	\$60.50	\$82.73	
CADUSD (6CU2020)	Swing	0.74515	B/E	0.73845	0.75820	
MXNUSD (6MU2020)	Swing	0.04191	B/E	0.04045	0.0454	
Bitcoin (BTCQ2020)	Trend/Breakout	10040	100bps	9230	11695	
Nikkei/USD (NKDU2020)	Trend/Breakout	23290	100bps	22440	22900	