



Macro Ops

The Trifecta Report

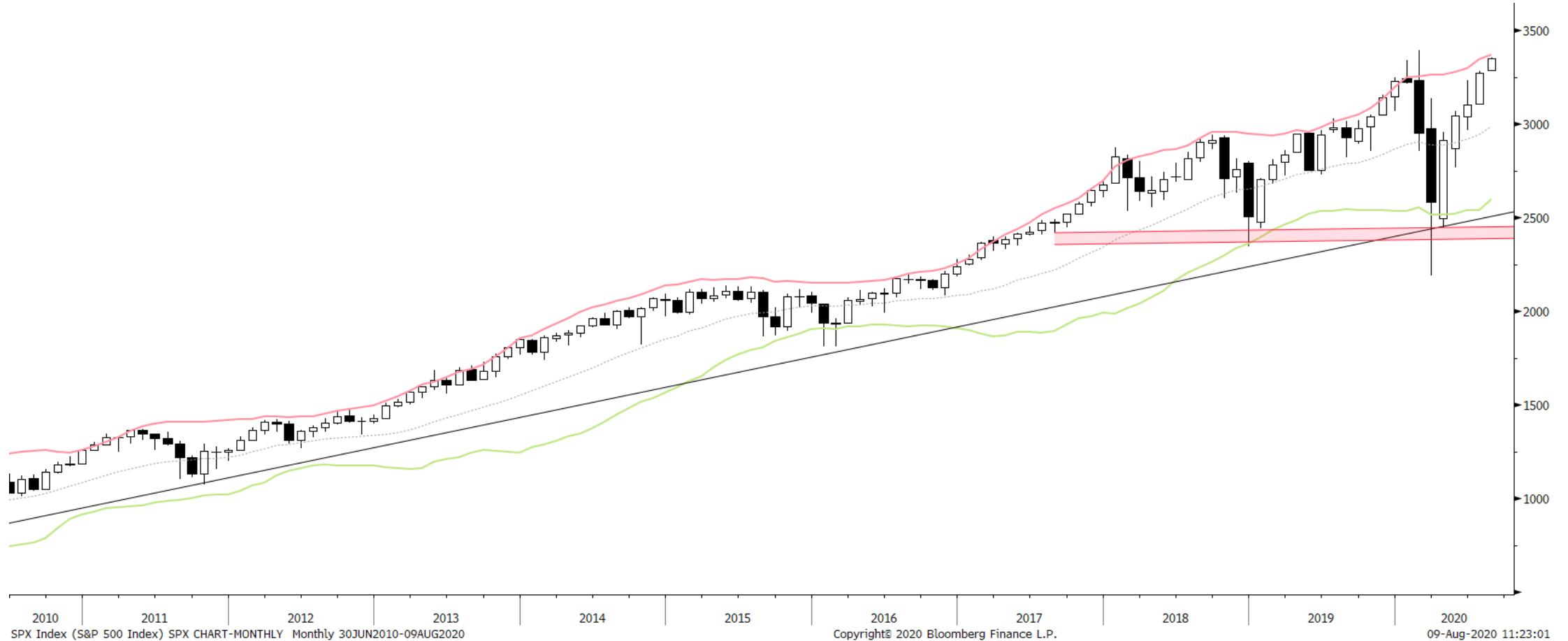
The best trades are the ones in which you have all three things going for you: fundamentals, technical, and market tone. ~ Michael Marcus

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: The sentiment and positioning picture is now mixed and in neutral territory with various conflicting signals. Neither optimism or pessimism is clearly visible in the data➤ Breadth: Breadth rebounded last week. It's not terribly strong but not giving a sell signal either and remains supportive of the trend higher➤ 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 close near its highs for the week. It's within 50 points of its Feb all-time highs. <u>Odds highly favor the market touching or taking out those highs within the next 2-weeks</u> | <ul style="list-style-type: none">➤ Long-term: Bonds are in an 18m+ bull trend / buy climax on a monthly basis. They made an effort to breakout to the upside but stalled and closed near their lows last week➤ Sentiment/Positioning: A bullish bonds/bearish yields consensus is beginning to form. The narrative of yield-curve control and yield suppression are becoming mainstream. Long positioning in bonds is beginning to become stretched➤ Yield Indicators: Yield indicators are mostly neutral, but we need to watch cyclical vs defensive performance closely as cyclicals may be putting in a bottom on a relative performance basis. Positive economic data surprises and leading growth indicators suggest we're moving into a more bearish bonds environment➤ Short-term: This week will be the tell on whether bonds can confirm their bullish breakout or fail and reverse back into their range or lower. <u>Completion of the fiscal discussions and a move by SPX to new highs could put pressure on bonds over the near-term</u> | <ul style="list-style-type: none">➤ Long-term: Gold is in a 15-month uptrend / buy climax on a monthly basis. Buy climaxes tend to last longer than anyone expects. But gold is now four SD's above its 200-week moving avg. This makes it <u>highly overbought</u> and susceptible to a significant pullback over the intermediate term➤ Sentiment/Positioning: The bullish gold narrative is consensus which raises the odds of coming 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 retracement/ consolidation area➤ Gold Indicators: If bonds fail to move higher than real yields will put pressure on a very crowded precious metals trade. One that's nearing the end of its positive seasonality➤ Short-term: Gold had a weak bullish weekly candle. Its SQN is now in bull volatile regime which raises the odds of further volatility and the potential for a short-term top. <u>Odds favor sideways to down action this week</u> | <ul style="list-style-type: none">➤ Long-term: 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.➤ Sentiment/Positioning: The short US dollar trade is a consensus theme on the Street. Long positioning in EURUSD and aggregate short USD is stretched. This increases short-to-intermediate term fragility➤ 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 may have put in a double-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> |

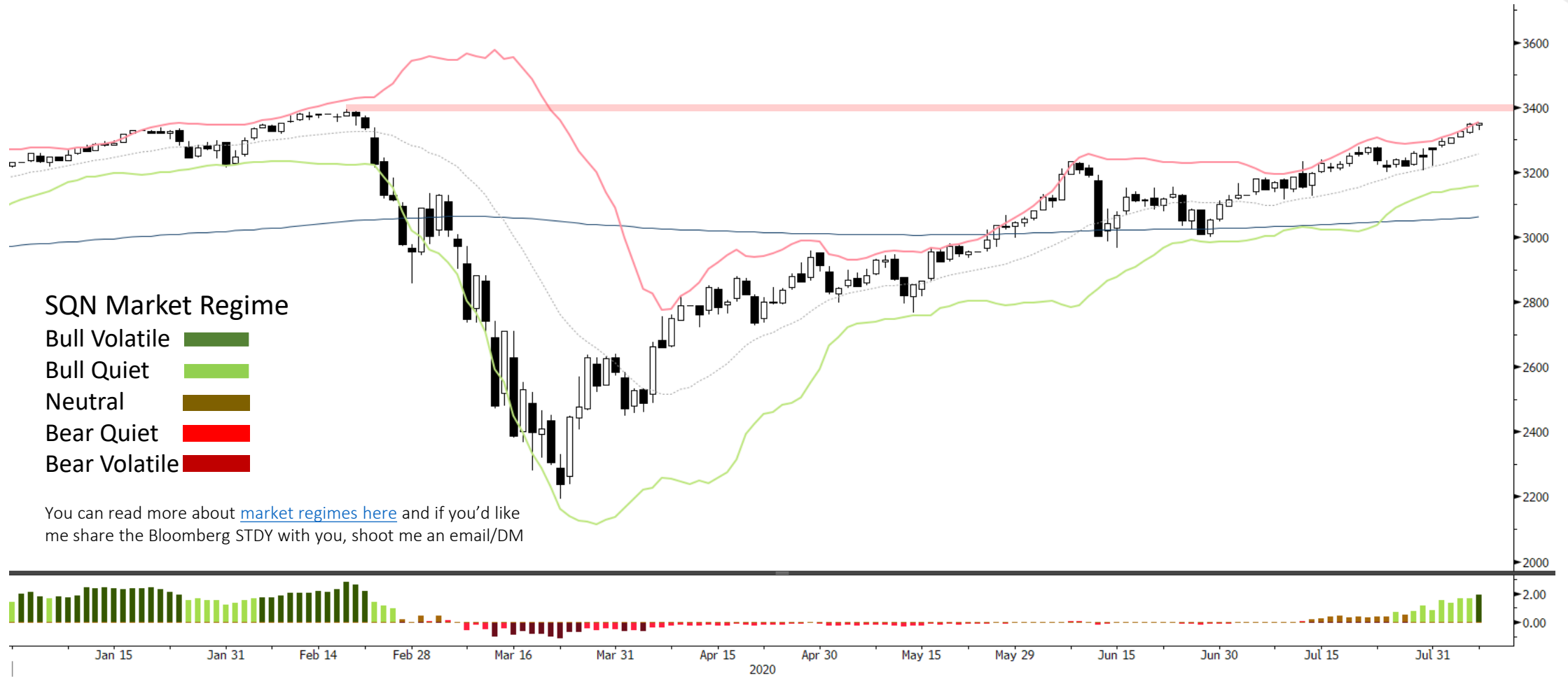
S&P 500 E-Mini Monthly



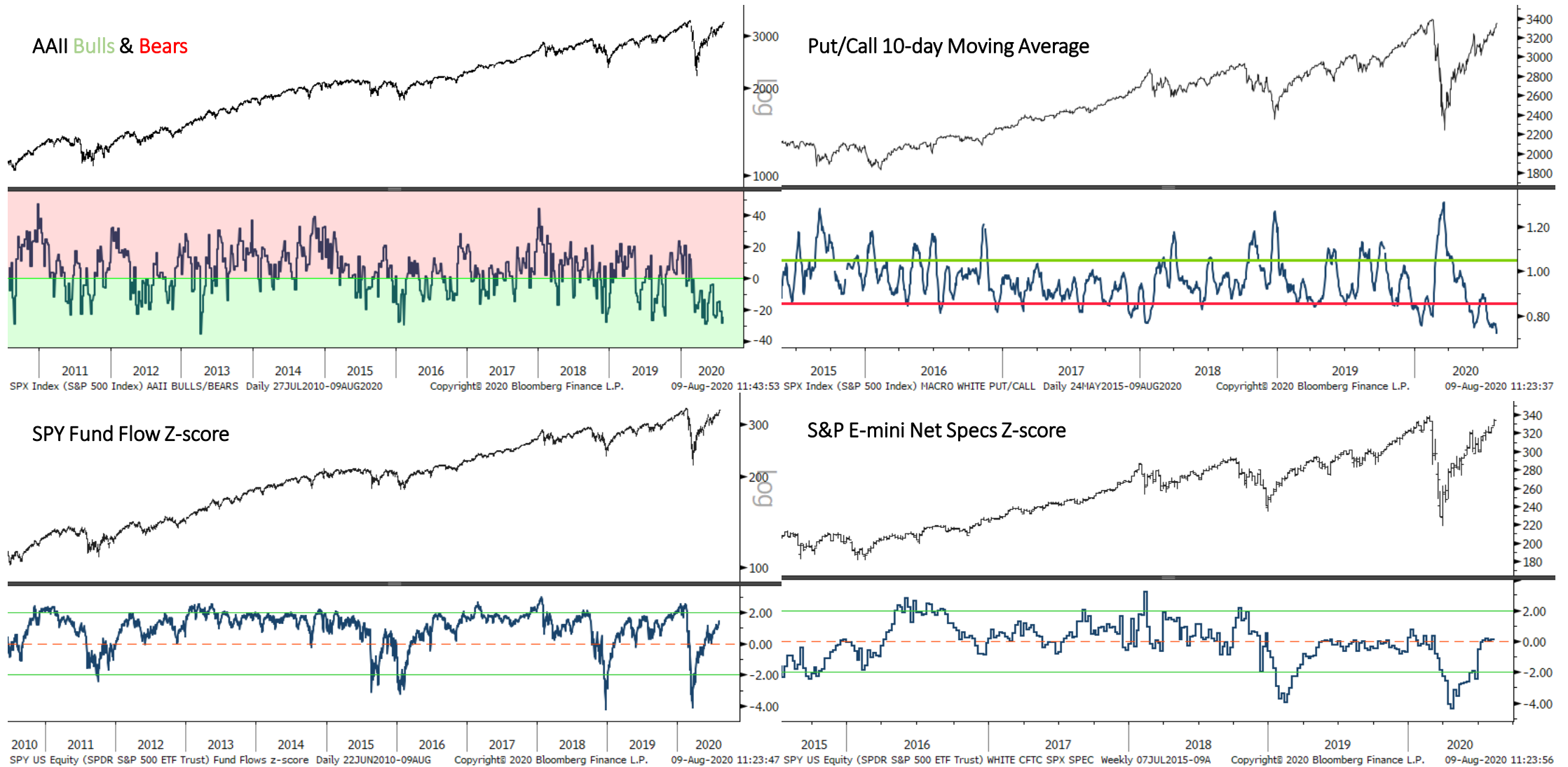
S&P 500 E-Mini Weekly



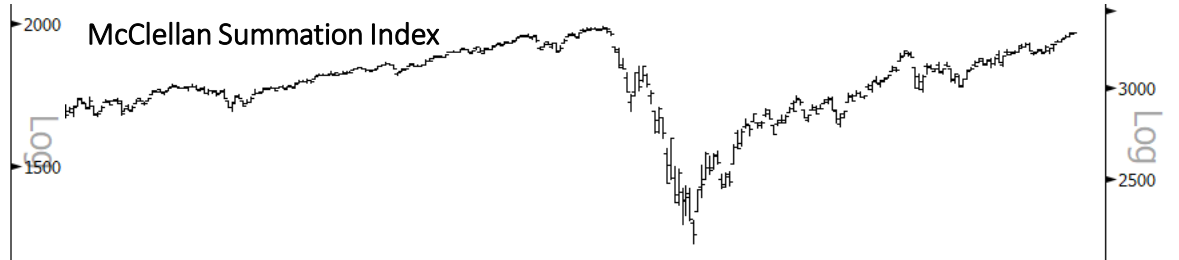
S&P 500 E-Mini Daily



Sentiment & Positioning

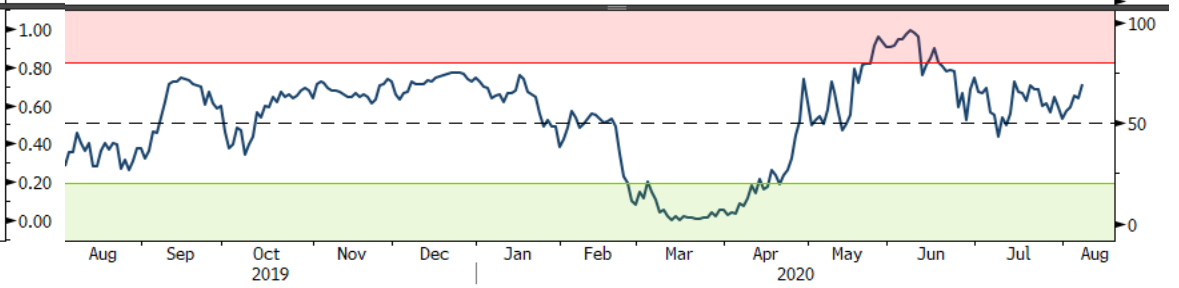
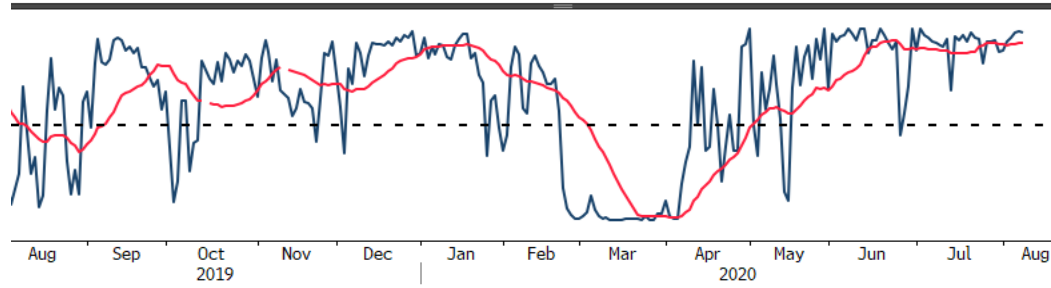
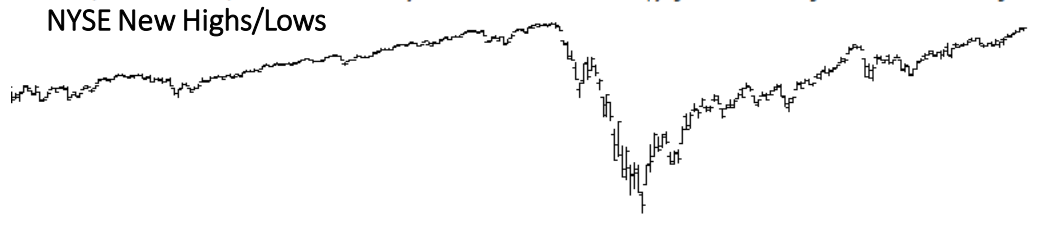


Breadth



RAY Index (Russell 3000 Index) % of RAY Index Adv Daily 03AUG2019-09AUG2020 Copyright© 2020 Bloomberg Finance L.P. 09-Aug-2020 11:24:05

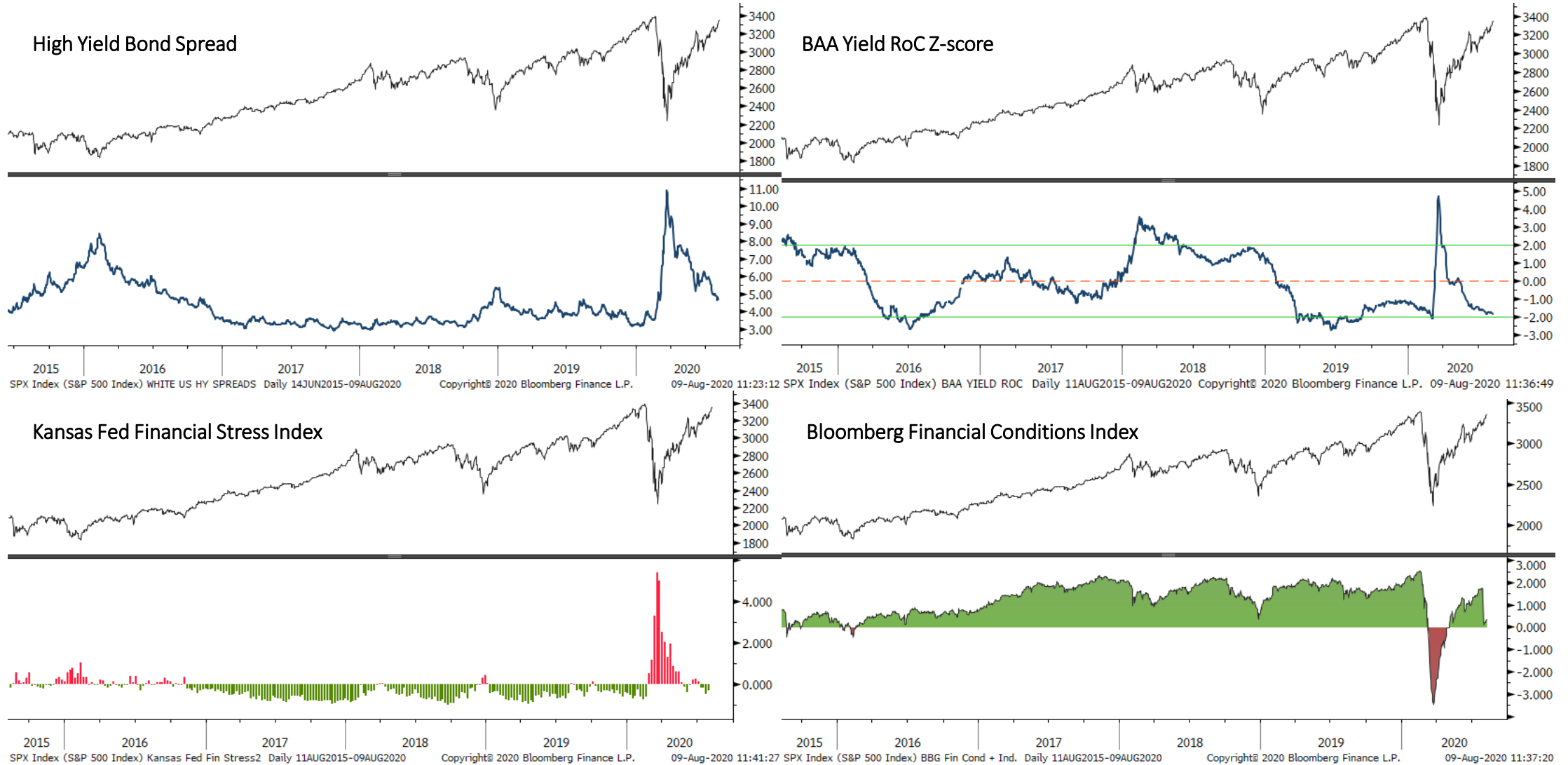
SPX Index (S&P 500 Index) MACRO WHITE MCCLELLAN Daily 03AUG2019-09AUG2020 Copyright© 2020 Bloomberg Finance L.P. 09-Aug-2020 11:24:16



SPX Index (S&P 500 Index) WHITE NYSE NEW HGHS/LOW Daily 03AUG2019-09AUG2020 Copyright© 2020 Bloomberg Finance L.P. 09-Aug-2020 11:24:24

RAY Index (Russell 3000 Index) WHITE ABOVE 50DMA Daily 03AUG2019-09AUG2020 Copyright© 2020 Bloomberg Finance L.P. 09-Aug-2020 11:23:00

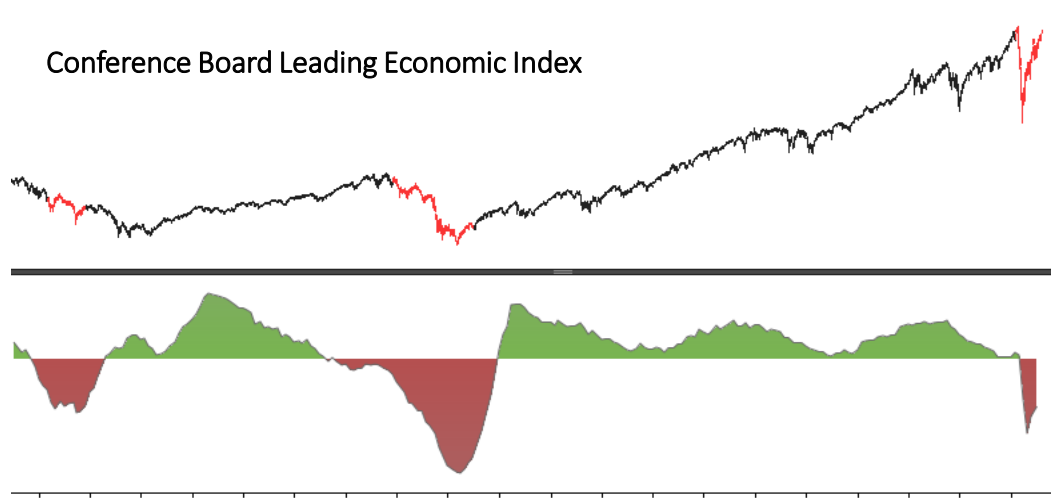
Liquidity



Macro

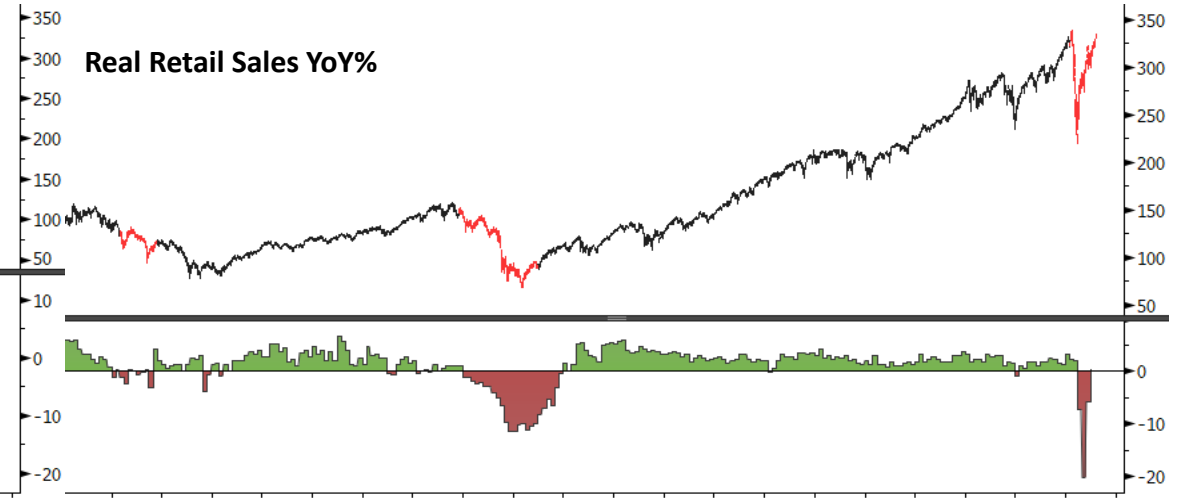


Conference Board Leading Economic Index



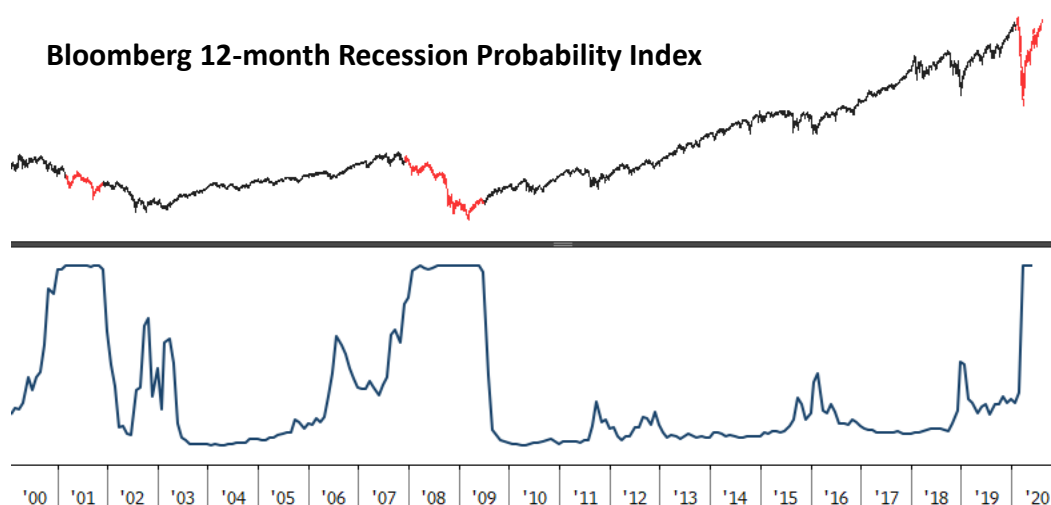
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 SPY US Equity (SPDR S&P 500 ETF Trust) MACRO LEI Daily 15JUN2000-09AUG2020 Copyright© 2020 Bloomberg Finance L.P. 09-Aug-2020 11:23:52

Real Retail Sales YoY%



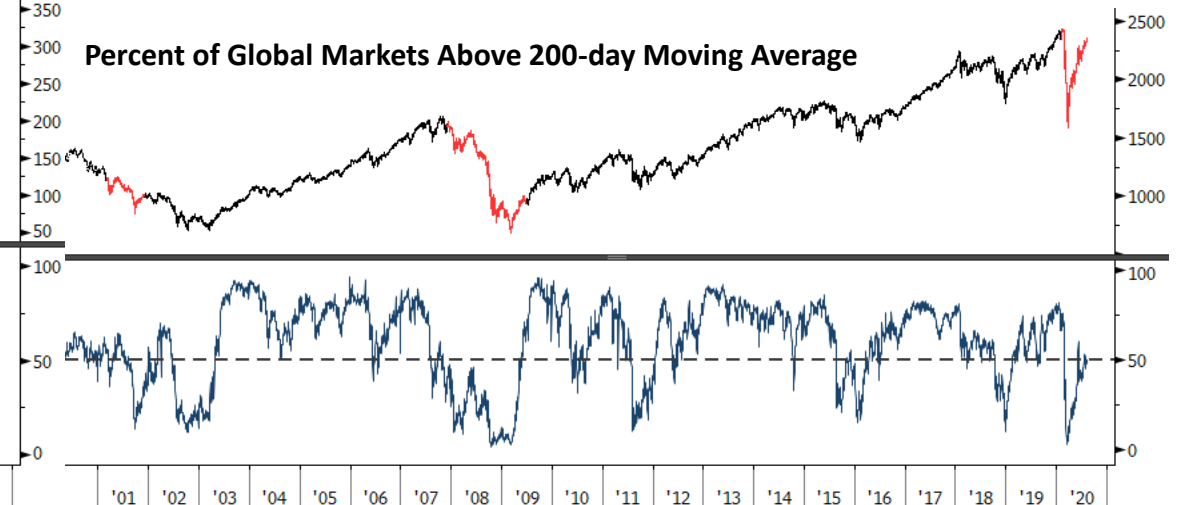
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 SPY US Equity (SPDR S&P 500 ETF Trust) Macro Real Retail Sales Daily 31JAN2000- Copyright© 2020 Bloomberg Finance L.P. 09-Aug-2020 11:24:03

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. 09-Aug-2020 11:24:15

Percent of Global Markets Above 200-day Moving Average

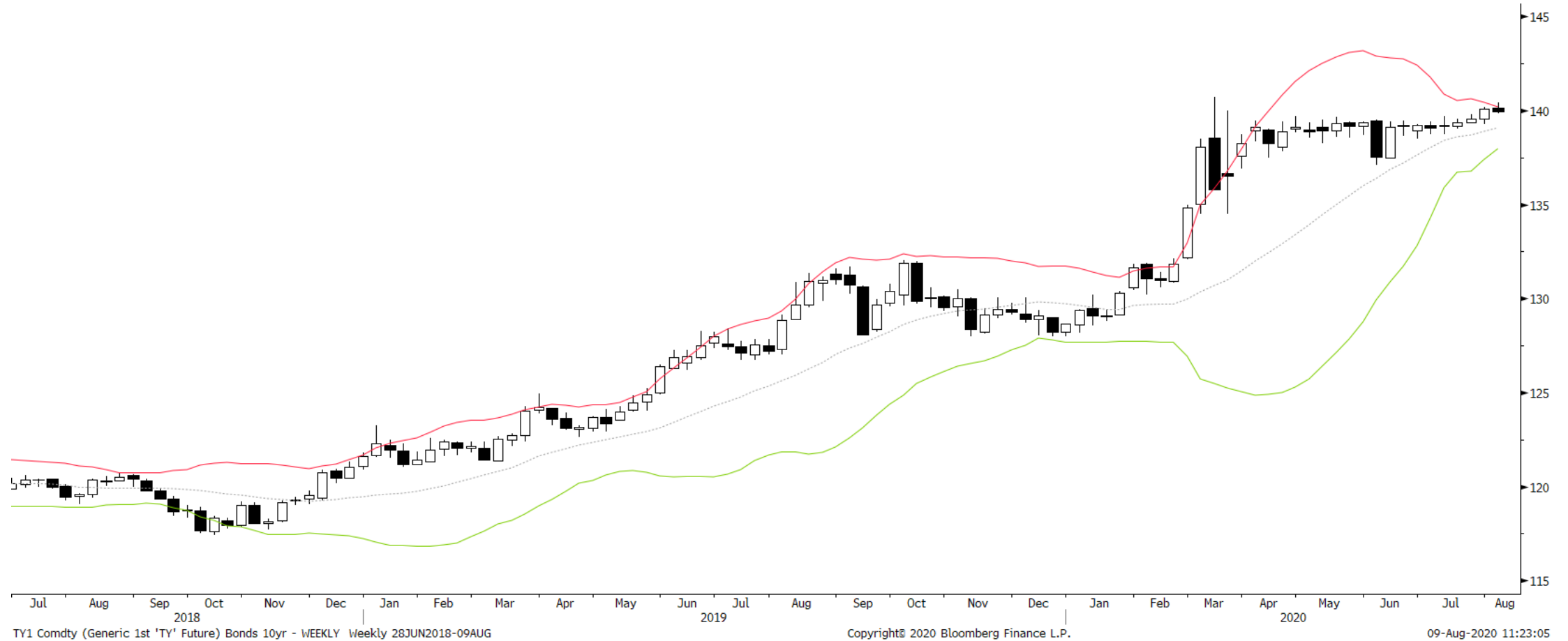


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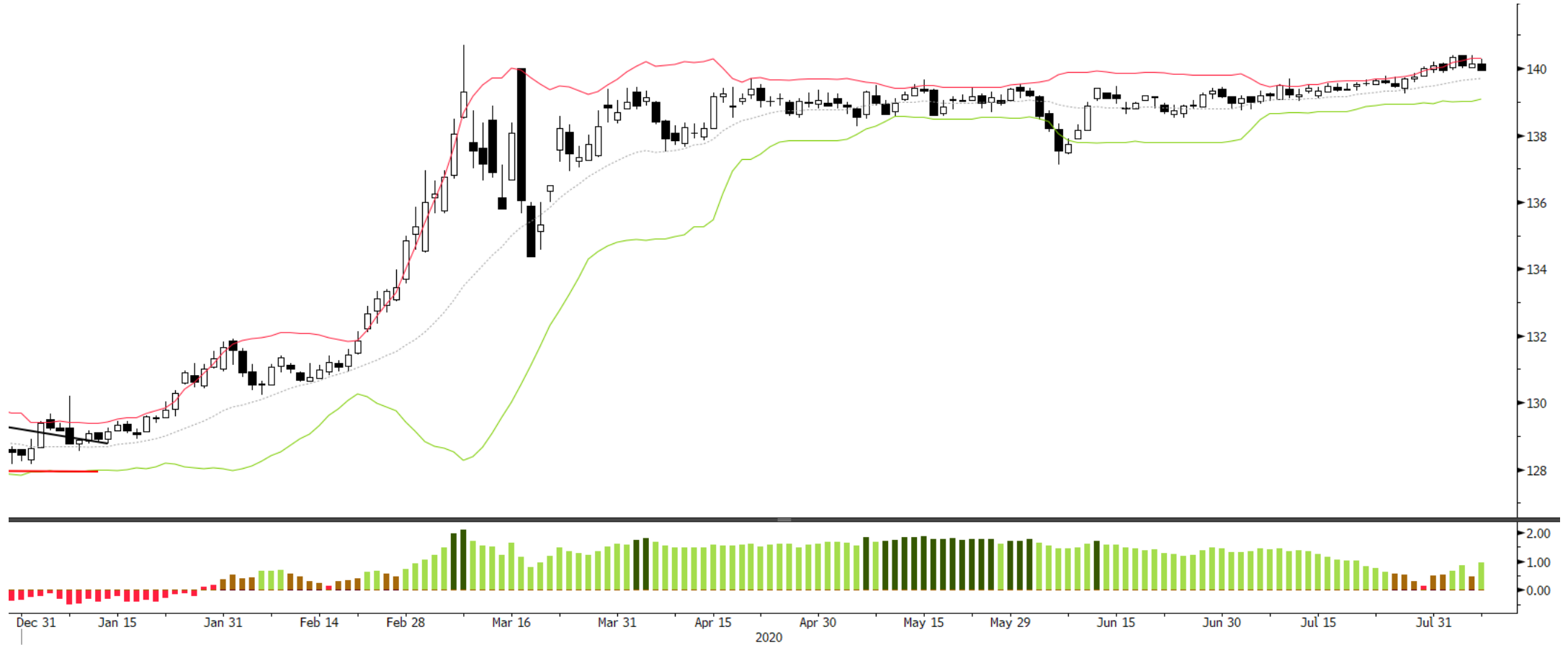
Bonds: 10-year Futures Monthly



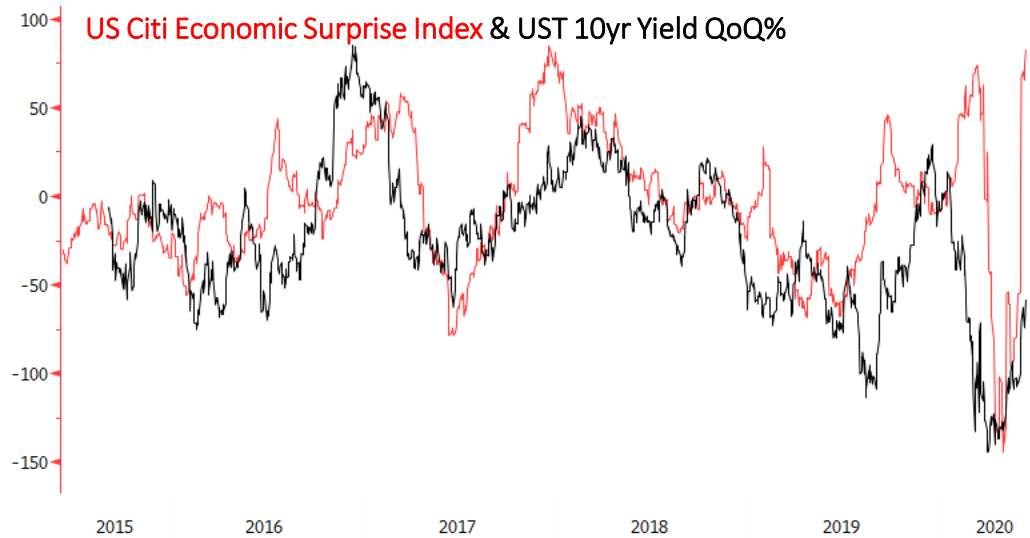
Bonds: 10-year Futures Weekly



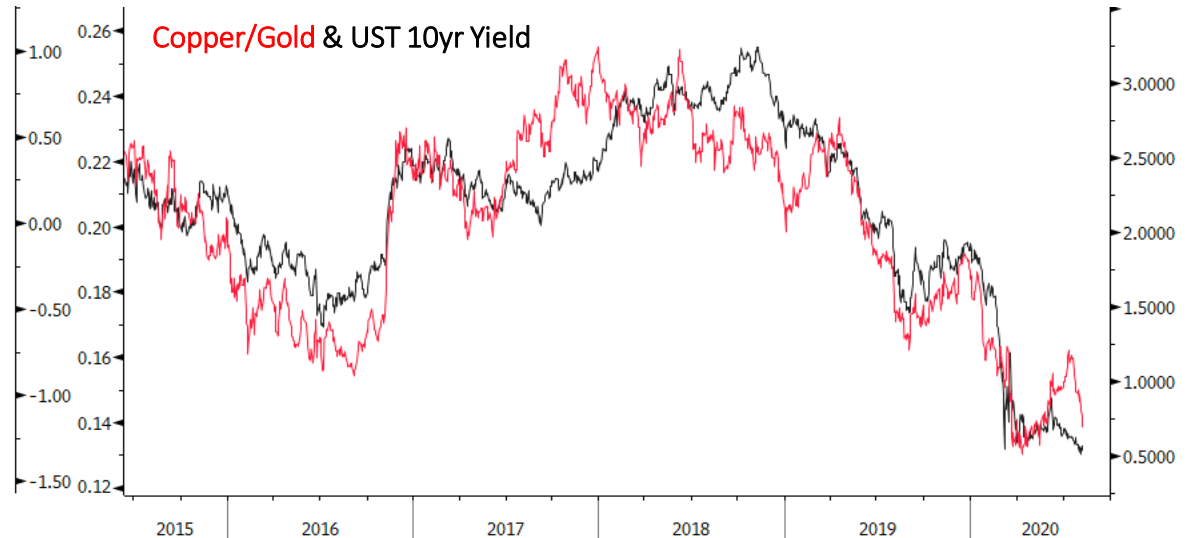
Bonds: 10-year Futures Daily



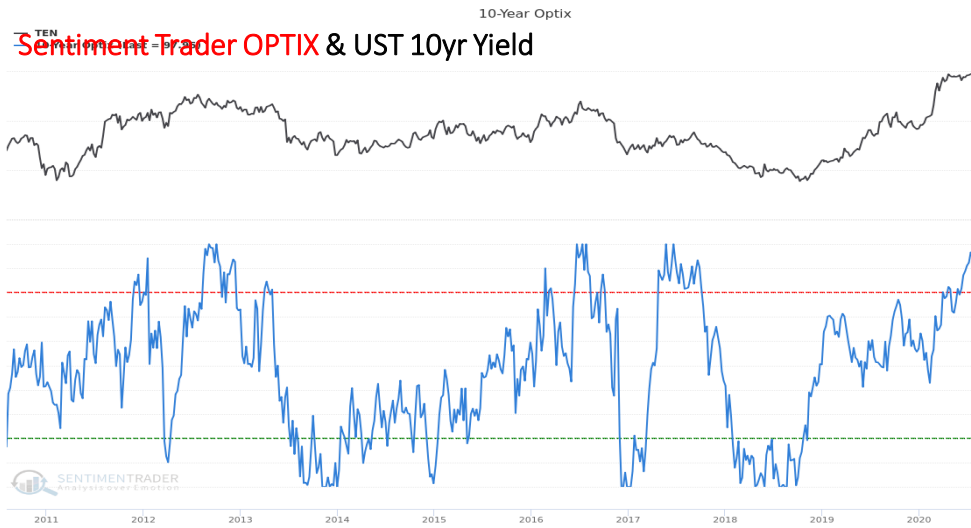
Bond/Yield Indicators



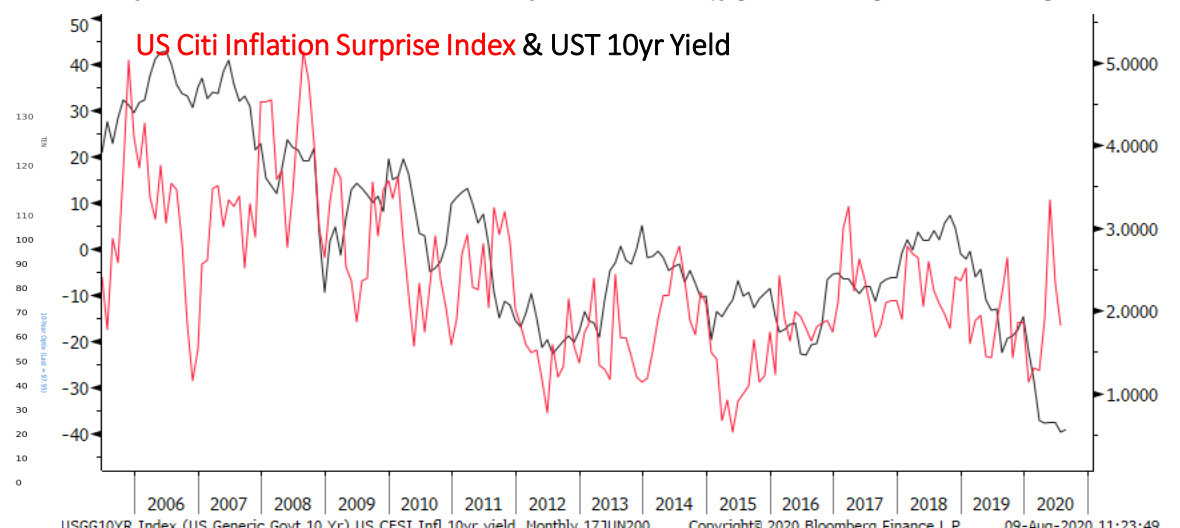
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09-Aug-2020 11:23:20 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-09AU Copyright © 2020 Bloomberg Finance L.P. 09-Aug-2020 11:23:29



SENTIMENTRADER
Analysis over Emotion



USGG10YR Index (US Generic Govt 10 Yr) US CESI Infl 10yr yield Monthly 17JUN200 Copyright © 2020 Bloomberg Finance L.P. 09-Aug-2020 11:23:49

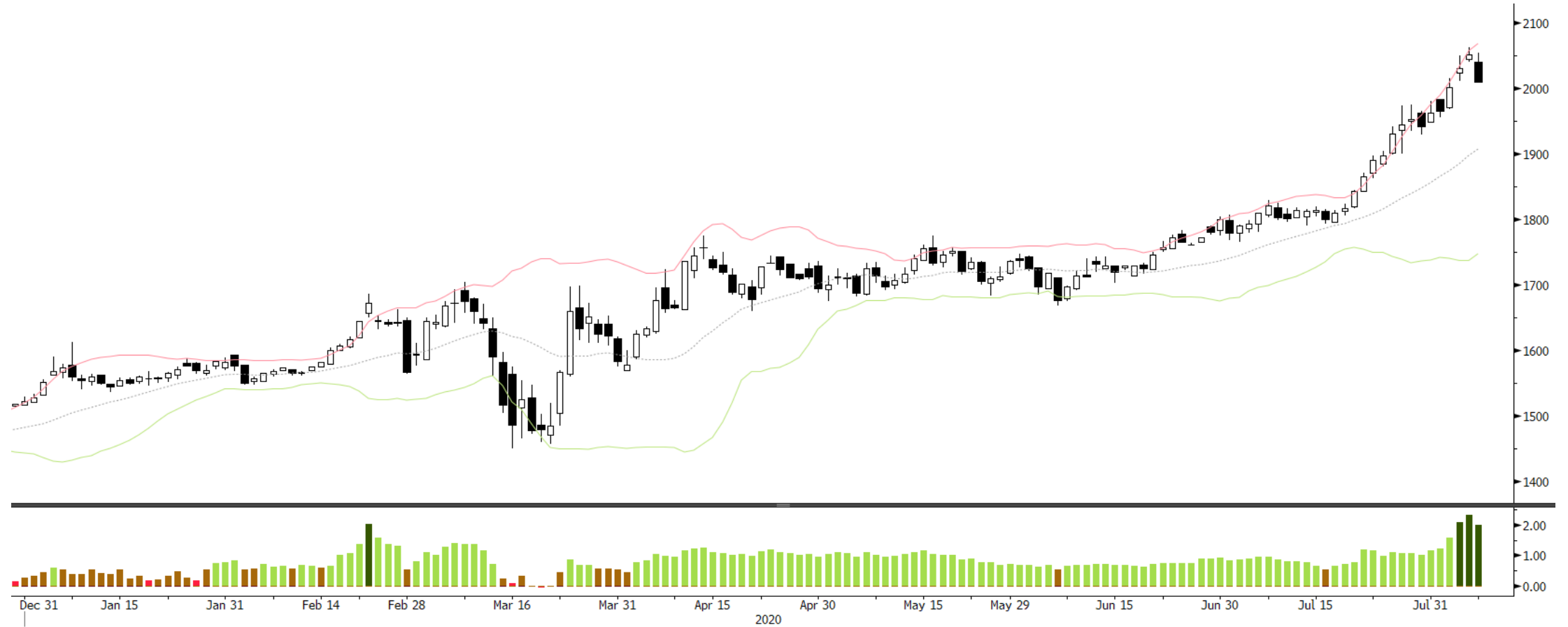
Gold Monthly



Gold Weekly



Gold Daily



GC1 Comdty (Generic 1st 'GC' Future) GOLD - DAILY Daily 30DEC2019-09AUG2020

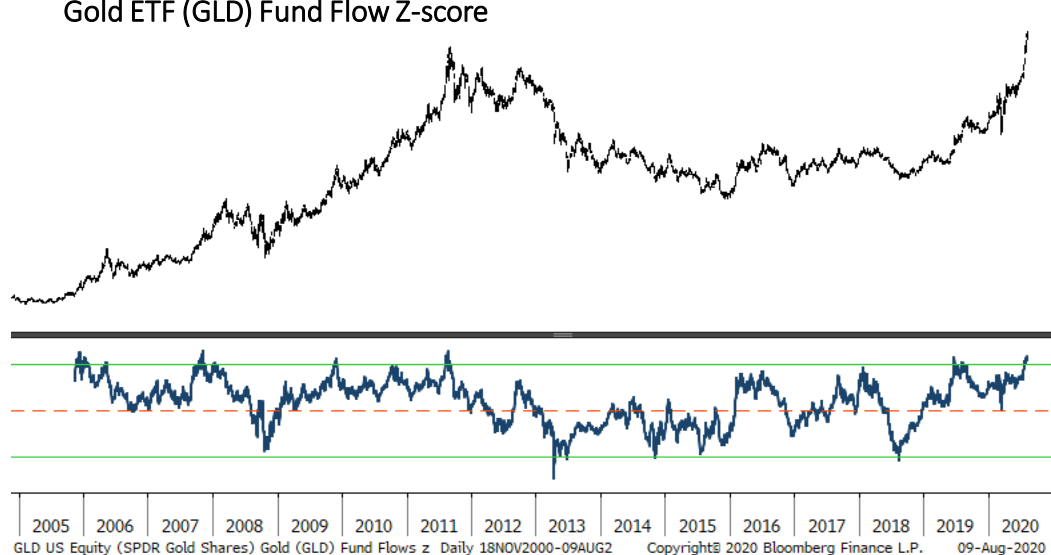
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Gold Indicators

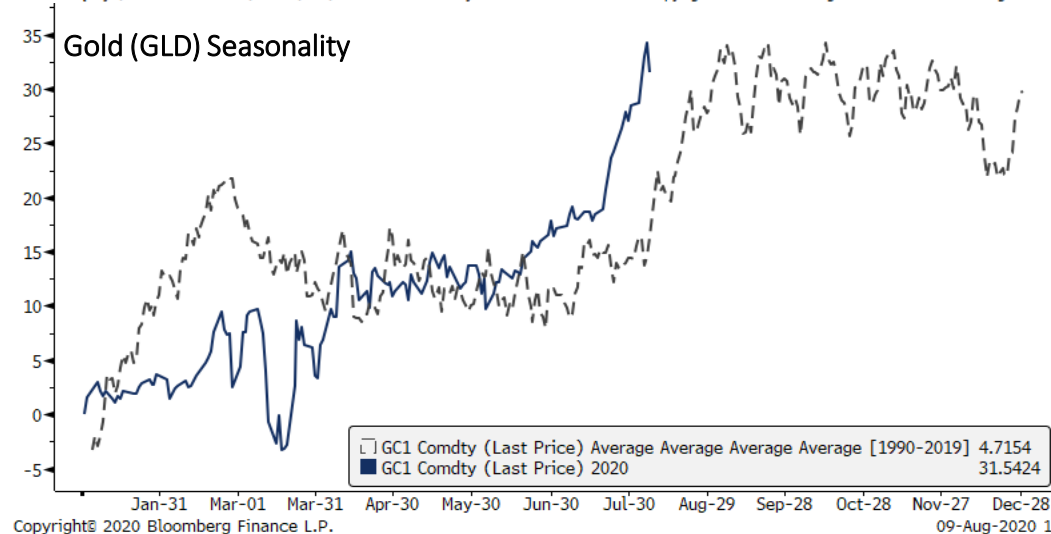
Gold ETF (GLD) Fund Flow Z-score



Gold Net Small Specs Z-score



Gold (GLD) Seasonality



Gold Net Positioning % of Open Interest Z-score



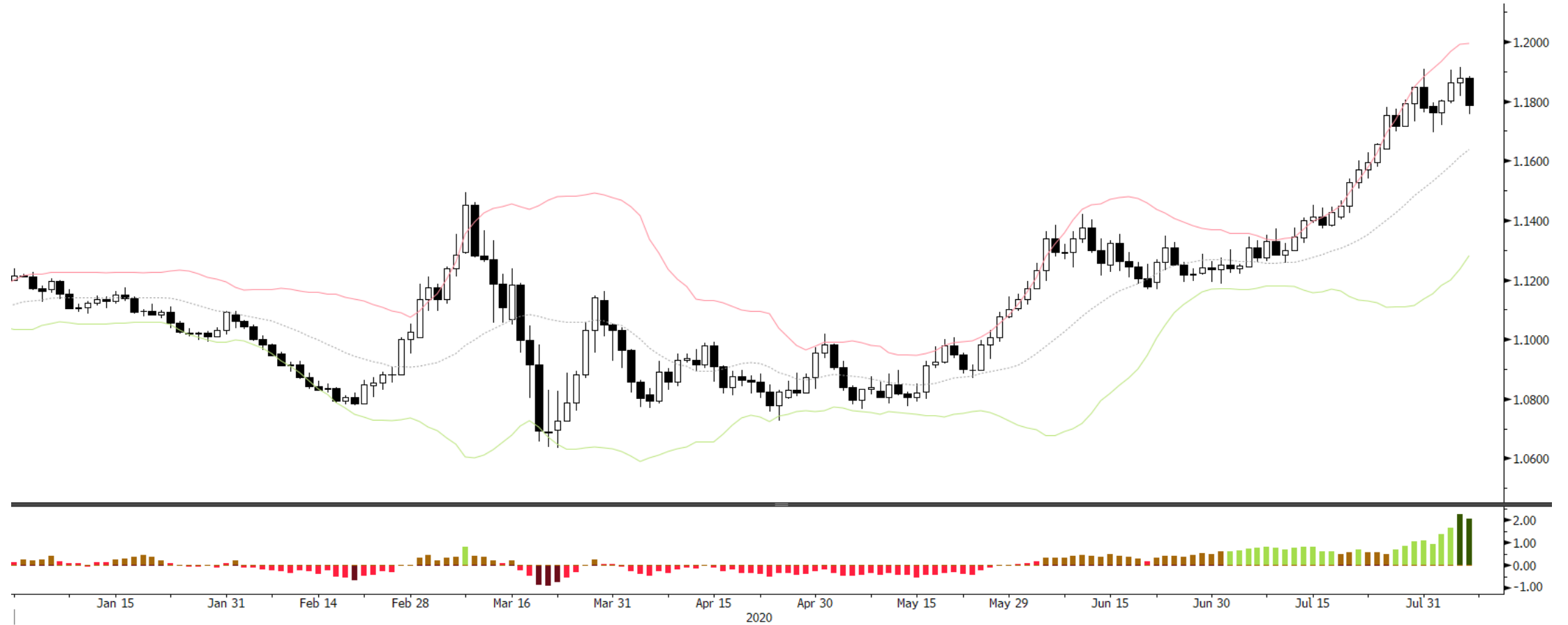
EURUSD Monthly



EURUSD Weekly



EURUSD Daily



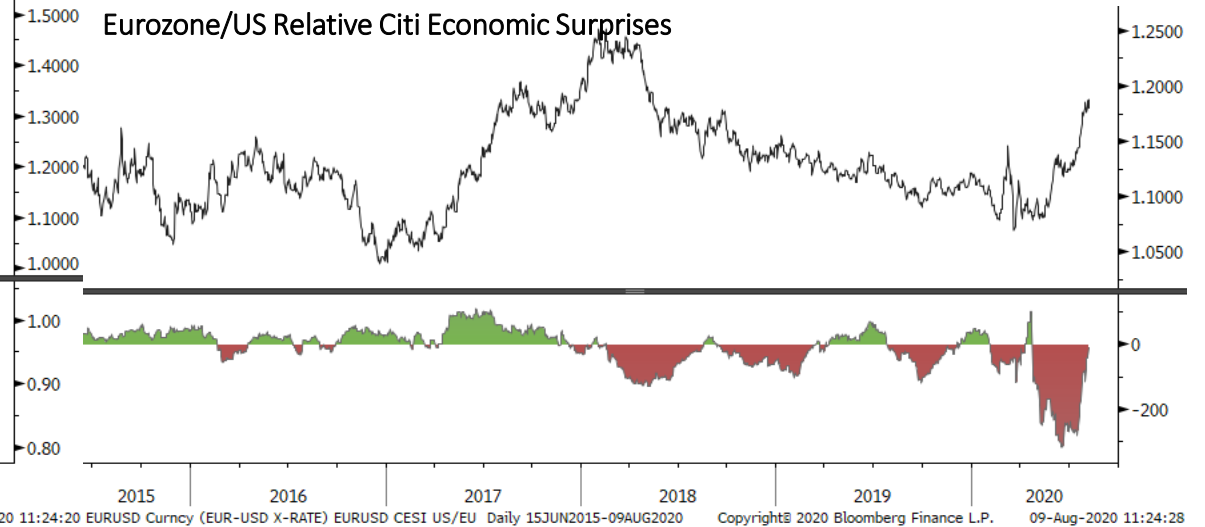
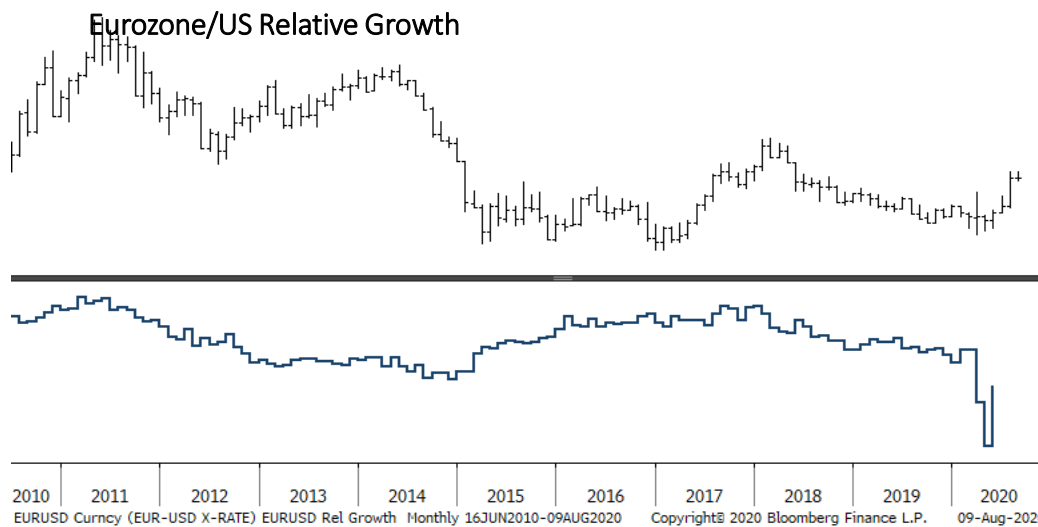
EURUSD Curncy (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-09AUG2020

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EURUSD Indicators



Bitcoin Weekly

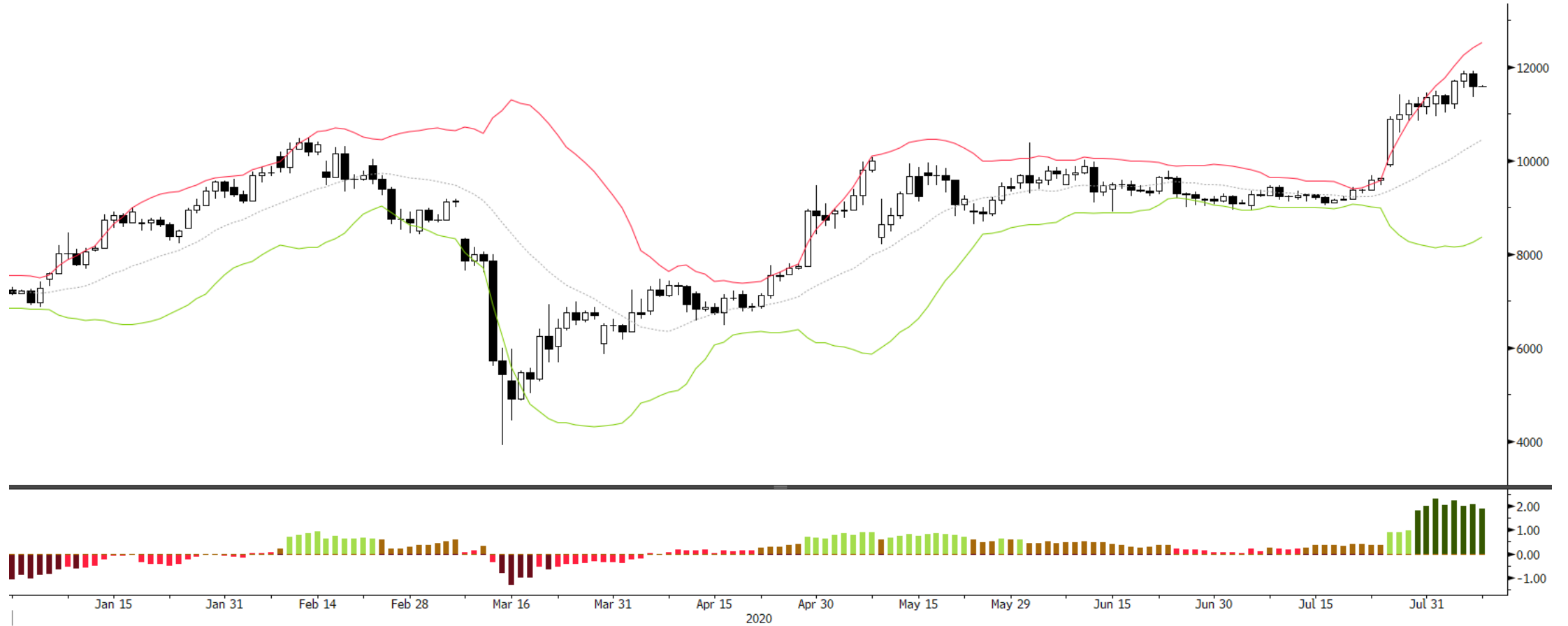


Bitcoin is trying to breakout of its 12-month+ trading range. It stalled at its upper weekly Bollinger Band last week and is chewing through some major resistance. It's in a bull volatile regime which favors higher volatility.

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



Bitcoin Daily



XBTUSD Curncy (XBT-USD Cross Rate) bitcoin Daily Daily 31DEC2019-09AUG2020

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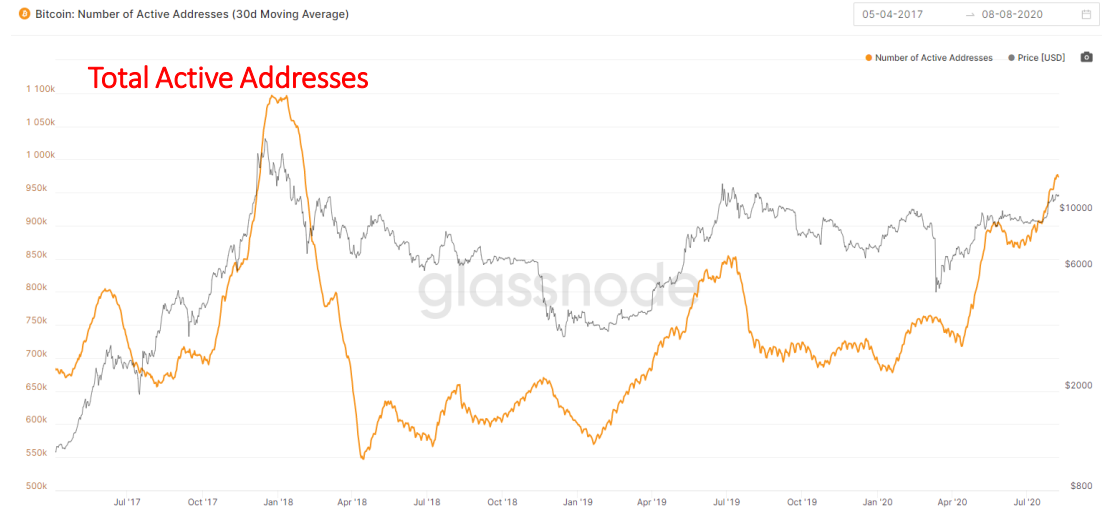
Bitcoin Indicators



XBTUSD Curncy (XBT-USD Cross Rate) GBTC Fund Total Assets Daily 10AUG2018-09AUG Copyright© 2020 Bloomberg Finance L.P. 09-Aug-2020 12:27:51



BTC1 Curncy (Generic 1st 'BTC' Future) Bitcoin Total OI Daily 10AUG2018-09AUG20 Copyright© 2020 Bloomberg Finance L.P. 09-Aug-2020 12:31:45



8/9/2020



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| <i>The Four Pillars Portfolio</i> | | <u>YTD Return</u> | | | | |
|--|---------------------|------------------------|-------------------|--------------------|--------------------|--------------------------|
| | | 27.9% | | | | |
| 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) | 0% | 8/7: Took full profits | | | | |
| 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 | \$10.16 | |
| Altisource Portfolio Solutions (ASPS) | Deep Value/Swing | \$10.16 | B/E | \$10.16 | \$13.43 | 8/6/20 Closed remainder |
| 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 | 8/6/20 Took half profits |
| Hello Fresh (HFG.F) | Value/Growth | \$45.57 | 50bps | \$41.58 | \$46.24 | |
| Dorian LPG (LPG) | Deep Value/Cyclical | \$8.34 | 100bps | \$7.59 | \$9.01 | |
| Enlabs (NLAB) | Secular Growth | \$27.25 | 100bps | \$21.10 | \$27.25 | |
| Cardlytics (CDLX) | Growth | \$72.35 | 70bps | \$61.31 | \$72.35 | 8/5/20 Stopped out |
| Silver (SI_U20) | Trend | 18.88 | 100bps | 17.78 | 24.215 | 8/7/20 Took full profits |
| 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 | |