



Macro Ops

The Trifecta Report

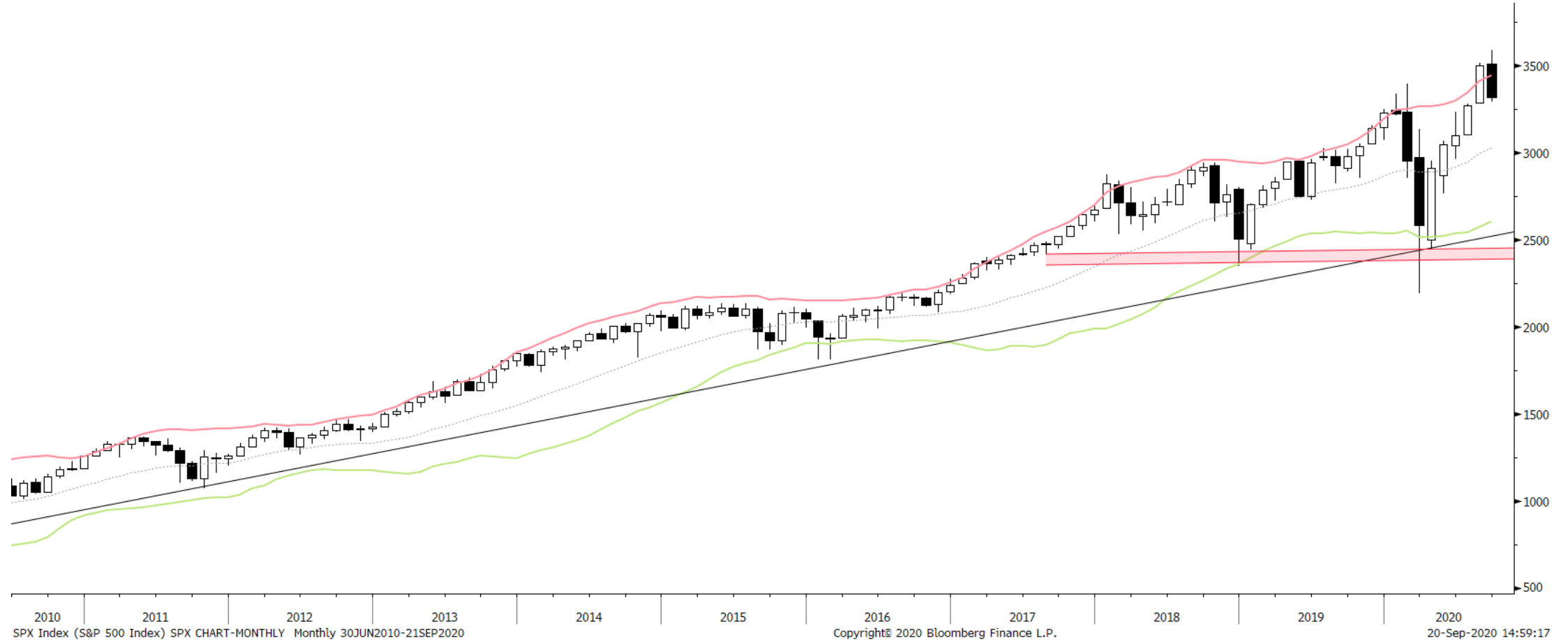
The best trades are the ones in which you have all three things going for you: fundamentals, technical, and market tone. ~ Michael Marcus

Weekly Summary

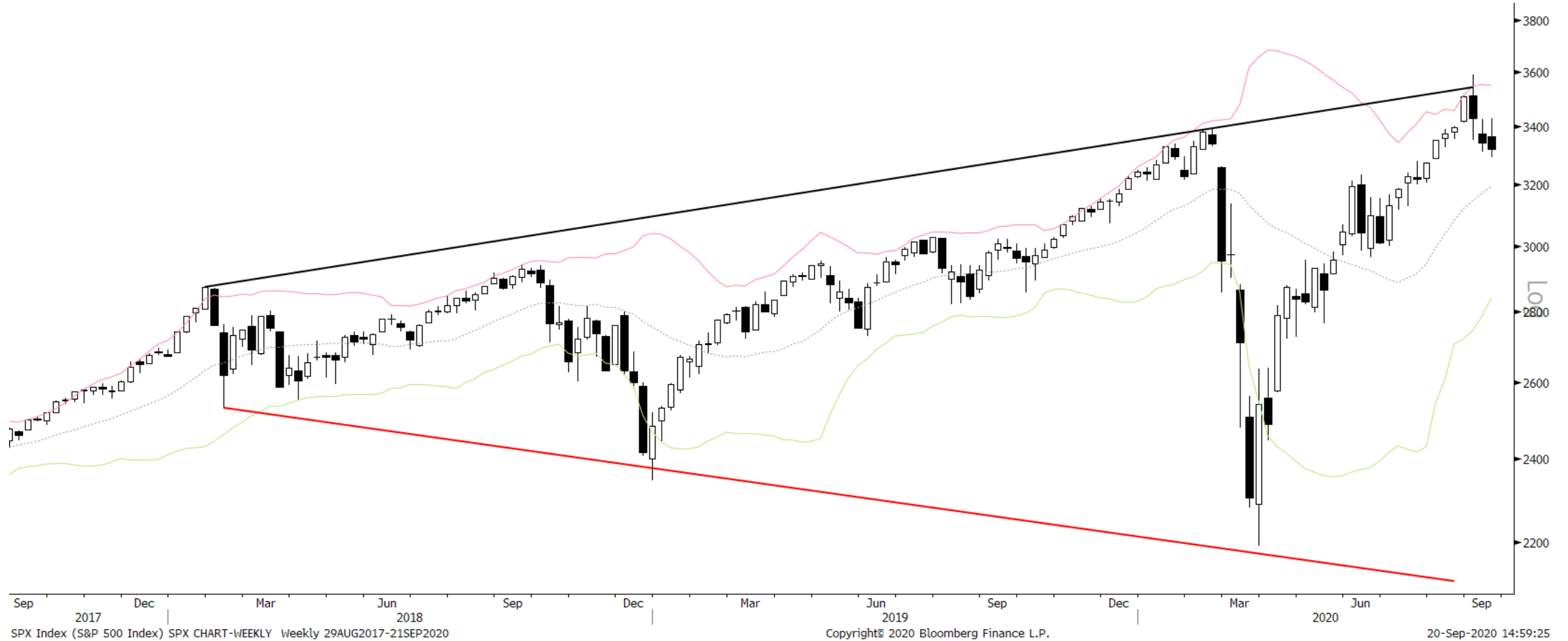


S&P 500	UST 10yr Bonds	Gold	EURUSD
<ul style="list-style-type: none">➤ Long-term: There are 8 trading days left in the month of September. And so far, the SPX has a large bear bar. If it closes near its lows for the month it will be a sell signal and put odds in favor of more downside in October. But the preceding 5 consecutive monthly bull bars mean further downside should be limited➤ Sentiment/Positioning: The narrative that the “Fed will keep printing money and not let the market fall” is now consensus. <u>Sentiment & positioning are headwinds and sources of trend fragility. But large asset managers remain grossly underweight risk assets which = cash on sidelines ready to buy into selloffs</u>➤ Breadth: Breadth remains poor and is likely indicative of more weakness but is not at levels that typically precede a larger selloff➤ Macro/Liquidity: Macro conditions are rebounding. Liquidity is flush but yields are starting to rise. Credit spreads continue to signal equity weakness over the short-term➤ Short-term: <u>SPX is in a bull quiet regime with a TL score of -4. It formed another small weekly bear bar but with a large lower wick, showing demand pressure. Odds are mixed but slightly favor further down to sideways action this week</u>	<ul style="list-style-type: none">➤ Long-term: Bonds are in a 6-month neutral sideways regime. The Law of Inertia states that we should expect this range to continue until there’s a clear breakout➤ Sentiment/Positioning: The narrative of yield-curve control and yield suppression are mainstream➤ Bond Indicators: Positive economic data surprises and leading growth/inflation indicators suggest we’re moving into a more bearish long bonds environment (higher yields).➤ Short-term: Bonds are now probing the lower support area of their trading range. We should expect this range to continue until there’s a confirmed breakout, but odds now favor a breakout lower (yields up), though debt levels, structural demand, and the Fed should keep a relative ceiling on how high yields can climb. <u>We should expect to see a slight bear steepening in the curve. This will accelerate should CARES 2 fiscal stimulus get passed</u>	<ul style="list-style-type: none">➤ Long-term: Gold is in a 16-month uptrend / buy climax on a monthly basis. Precious metals are still working off their extreme overbought levels. The long-term path of least resistance is up but expect continued sideways chop in the near-term➤ Sentiment/Positioning: The bullish gold narrative is consensus which raises the odds of continued volatile action. Small specs hold crowded long positions and GLD call volume remains elevated➤ Gold Indicators: Gold is near the end of its positive seasonality and is under pressure from a steepening curve➤ Short-term: <u>Gold is in a Bull Quiet regime in a longer-term uptrend. Odds favor an eventual breakout and continuation of the trend up, but this will be negated if bonds breakdown and yields rise. Expect continued sideways action in the short-term until there’s a confirmed breakout</u>	<ul style="list-style-type: none">➤ Long-term: EURUSD is likely in the early stages of a cyclical bull trend. Excessive capital concentration in the US and rich relative valuations + growing UST funding needs support the longer-term USD bear thesis➤ Sentiment/Positioning: 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 & Positioning are major headwinds to EURUSD over the short-to-intermediate term</u>➤ EURUSD Indicators: The trend in yield differentials favor the euro while the absolute levels favor USD. Relative leading growth indicators slightly favor the euro while Citi Econ surprises favor the USD. It’s a mix bag with no clear edge on future trend direction➤ Short-term: EURUSD is overbought, over-loved, and momentum has waned. <u>Odds favor an eventual pullback to around its March highs. Downside should be limited due to the strength of buying pressure we’ve seen over the preceding 4-months</u>

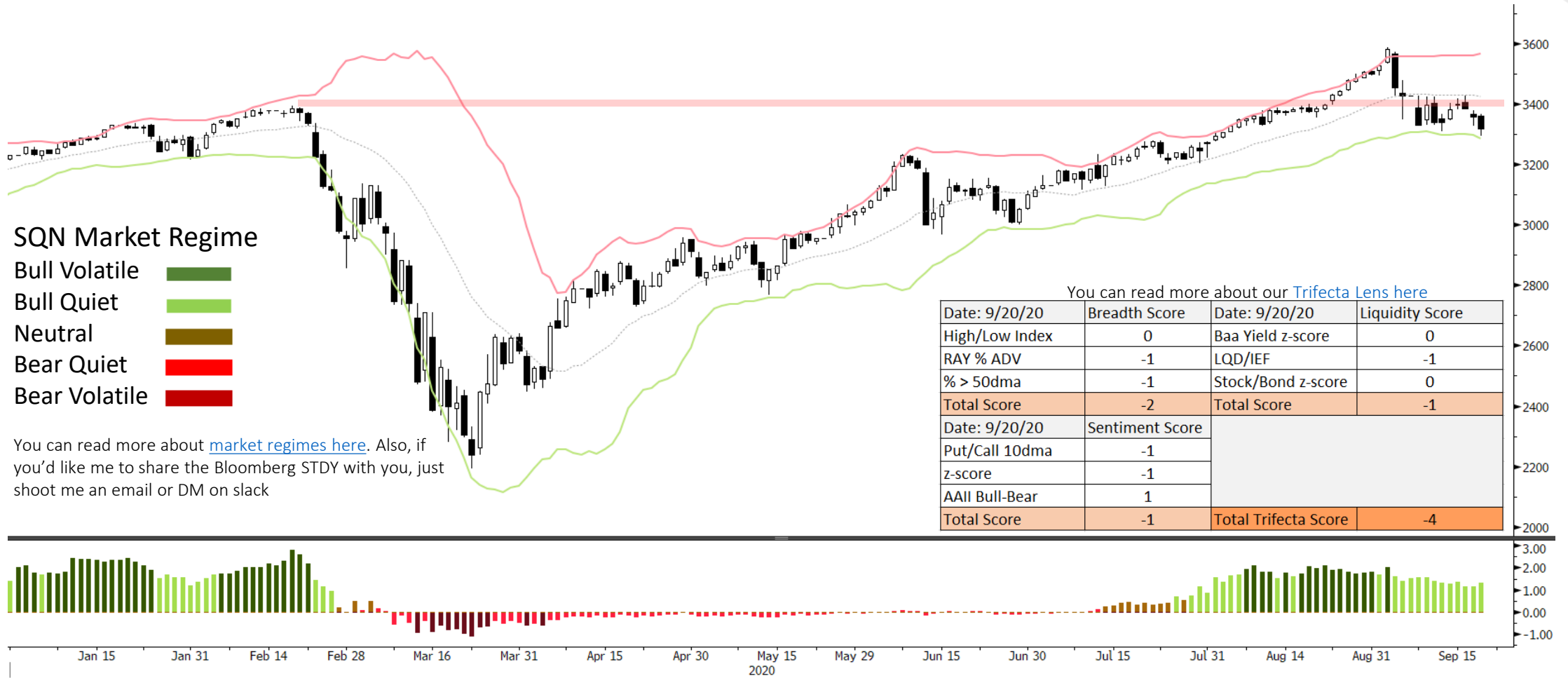
S&P 500 Monthly



S&P 500 Weekly



S&P 500 Daily

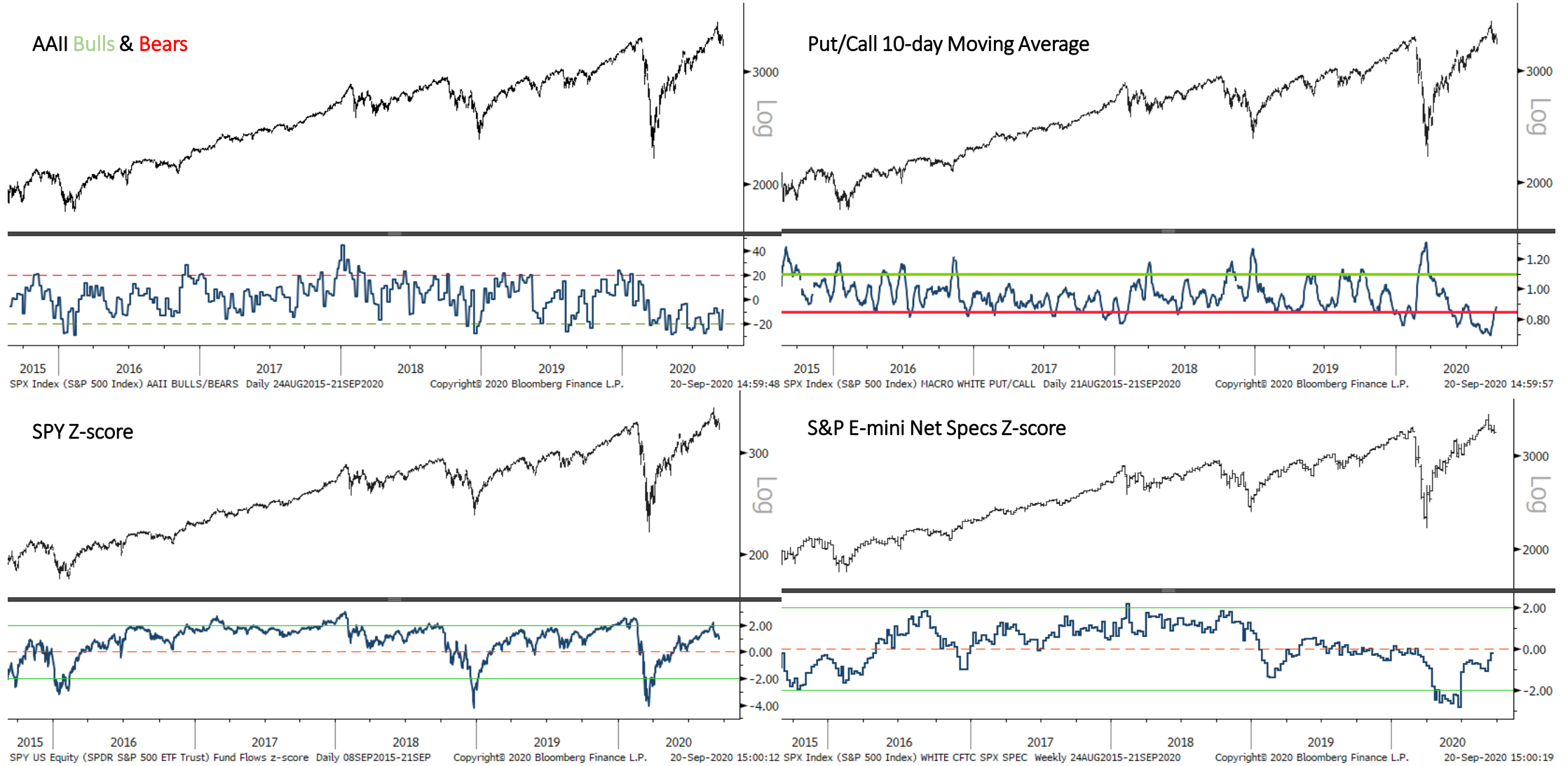


SPXFAST Index (S&P 500 Fast Cash Index) SPX CHART-DAILY Daily 31DEC2019-21SEP20

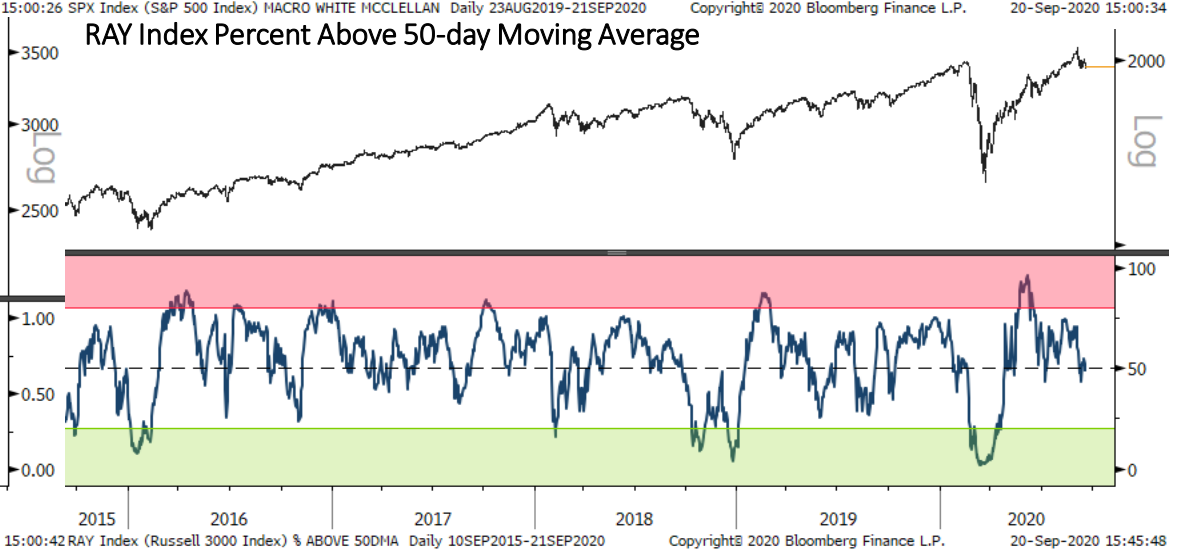
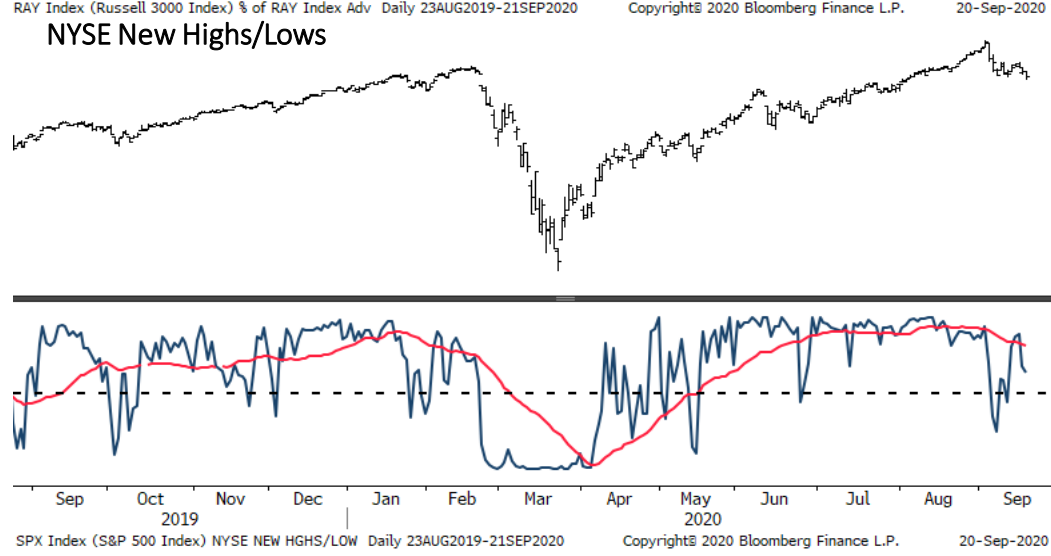
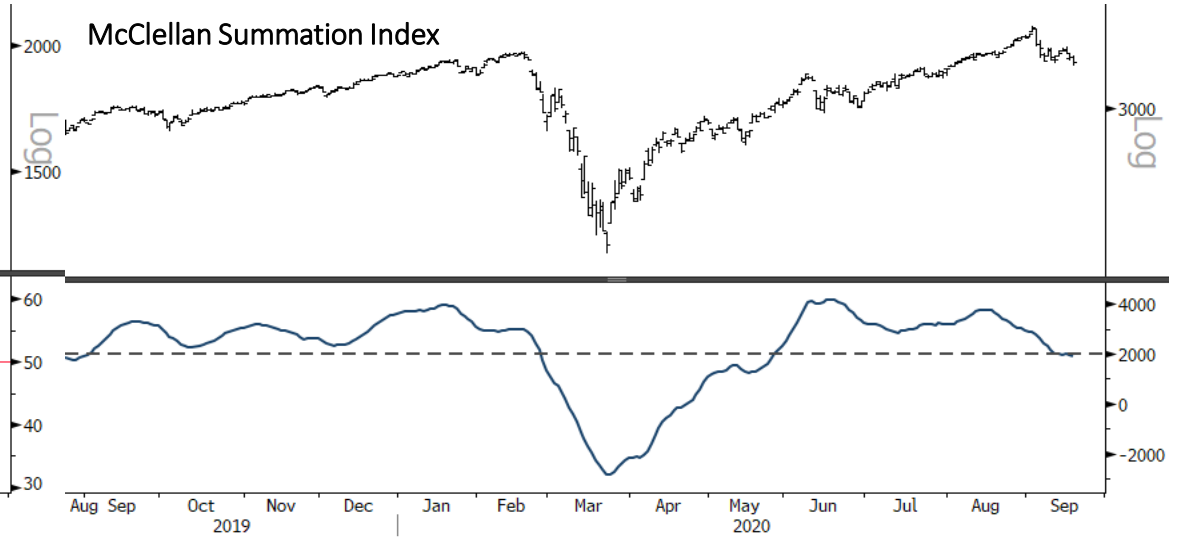
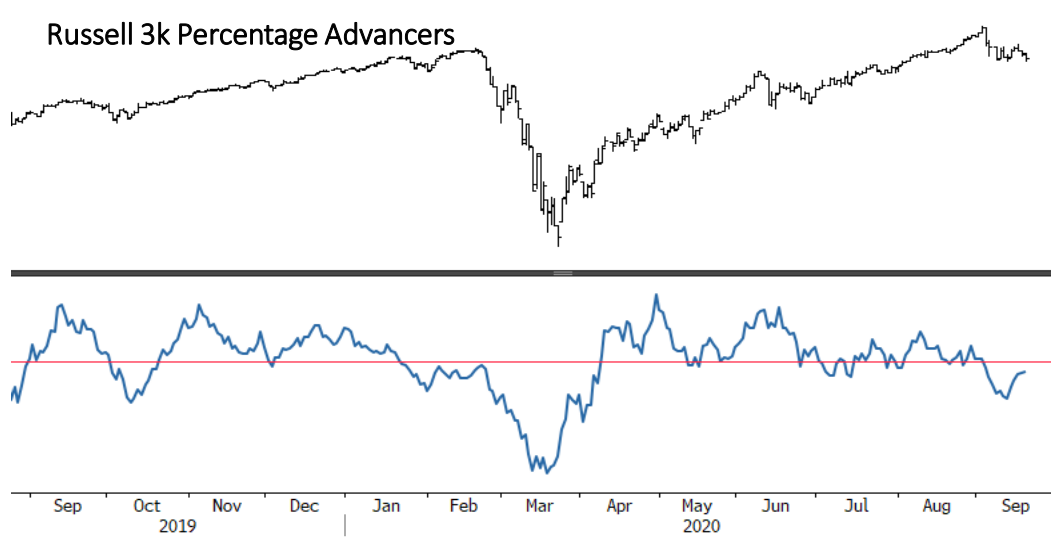
Copyright© 2020 Bloomberg Finance L.P.

20-Sep-2020 14:59:34

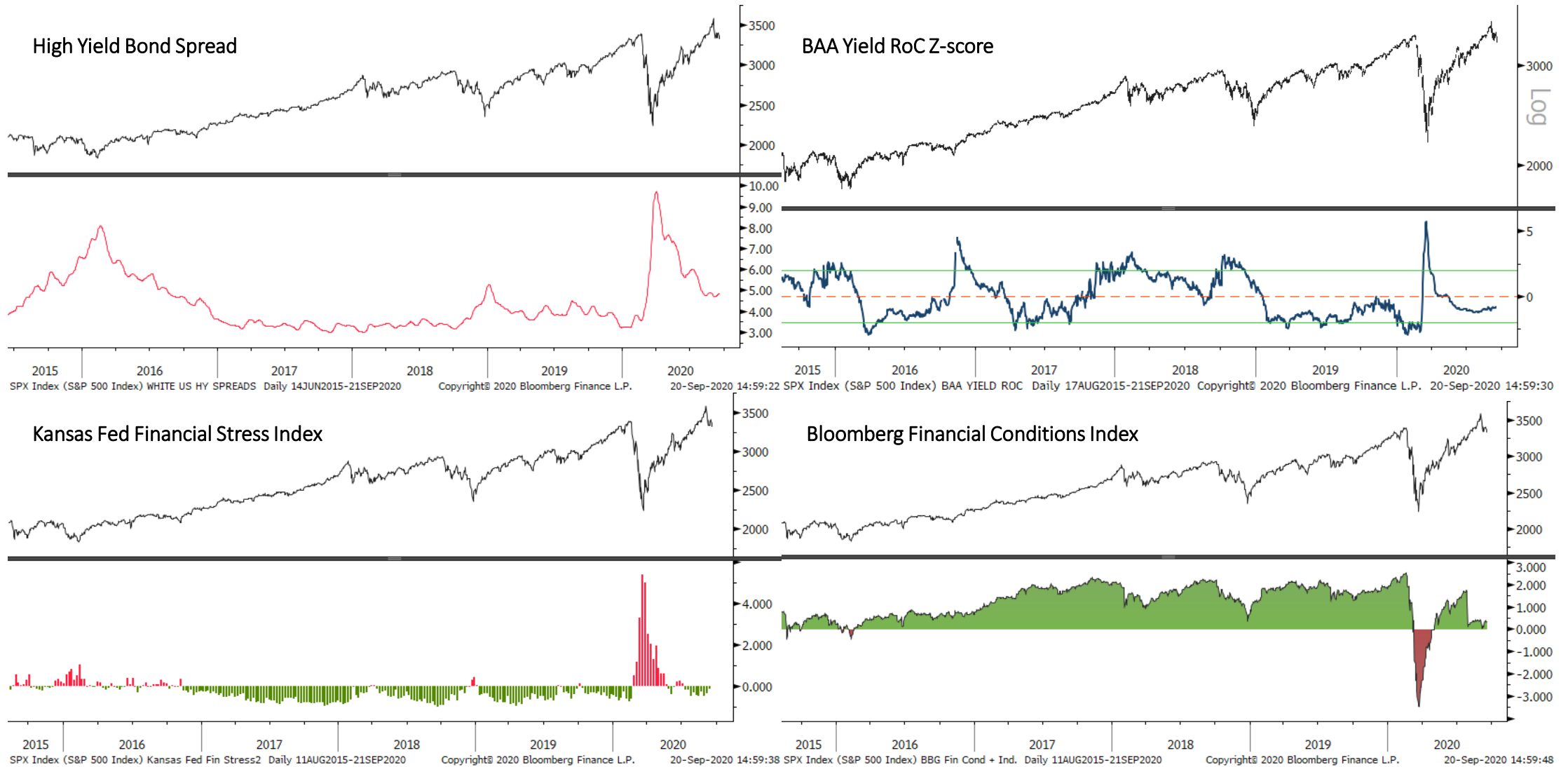
Sentiment & Positioning



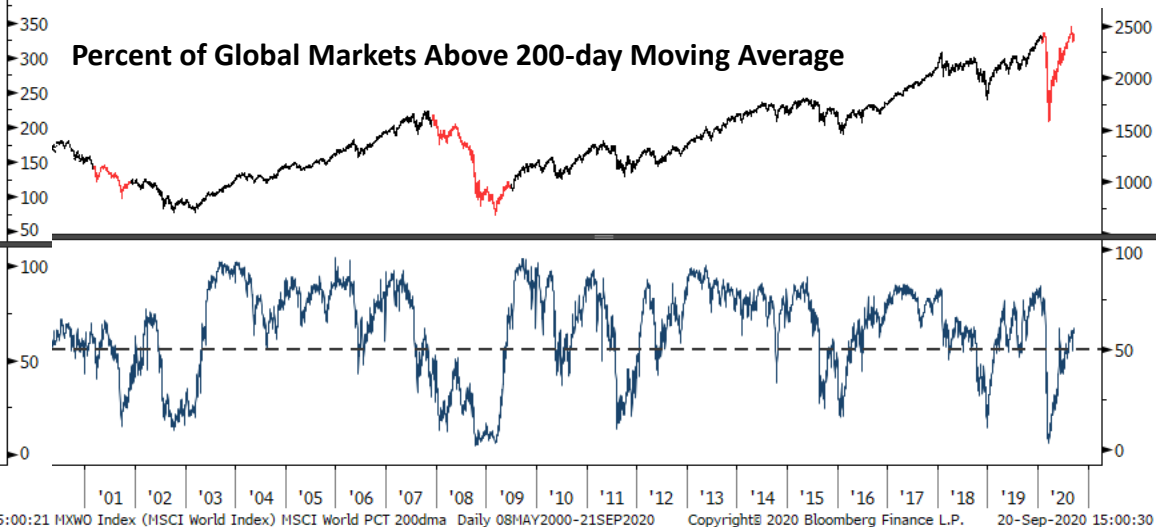
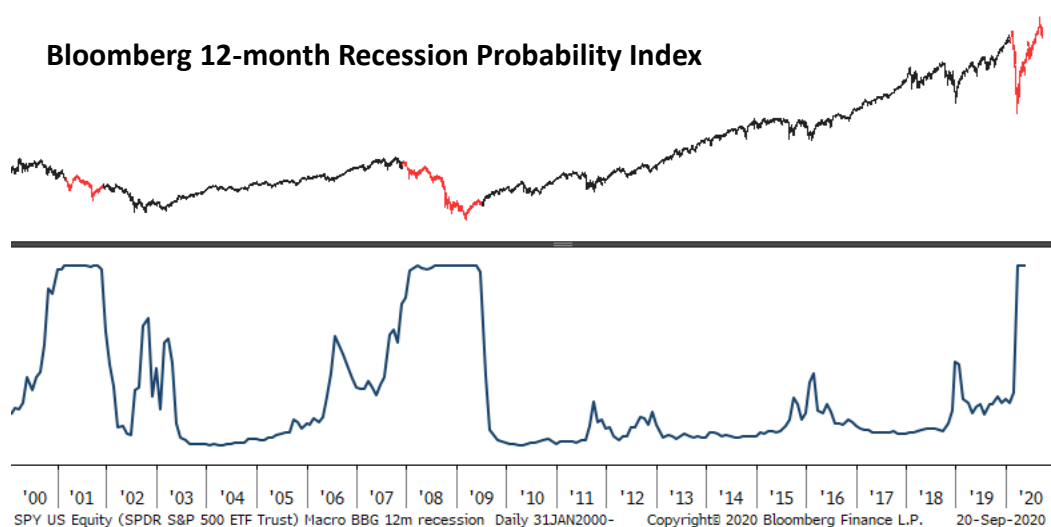
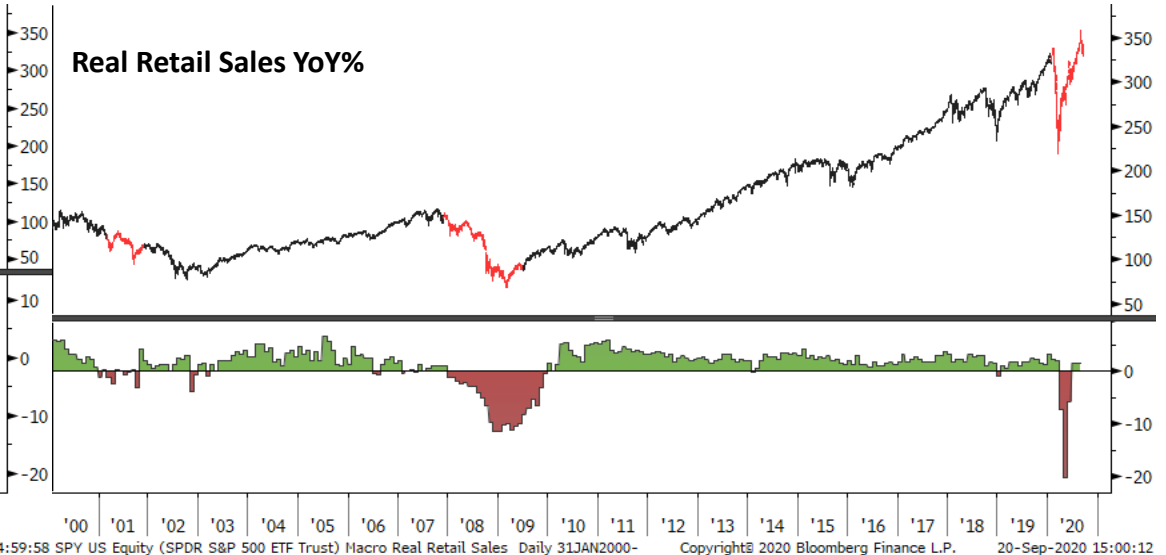
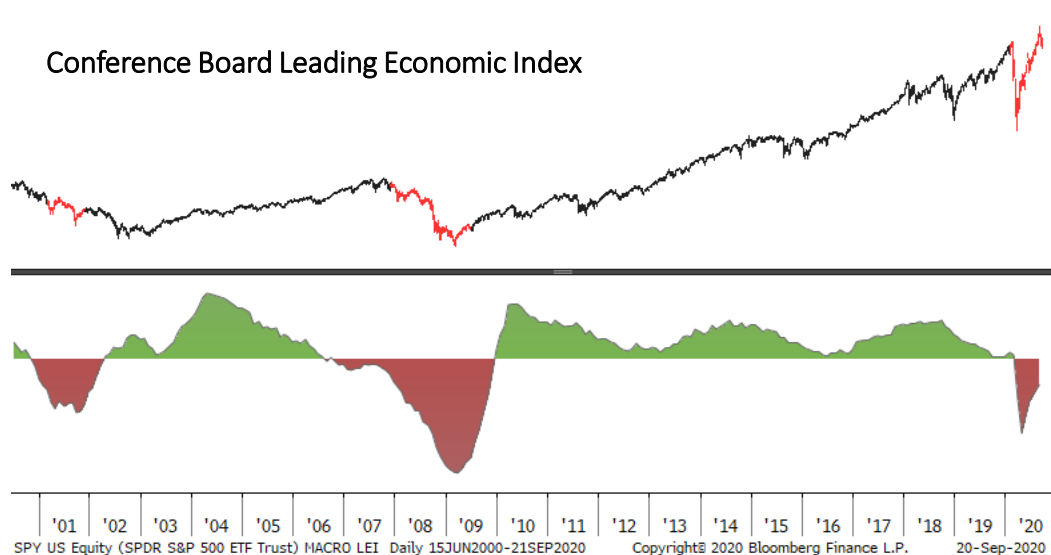
Breadth



Liquidity



Macro



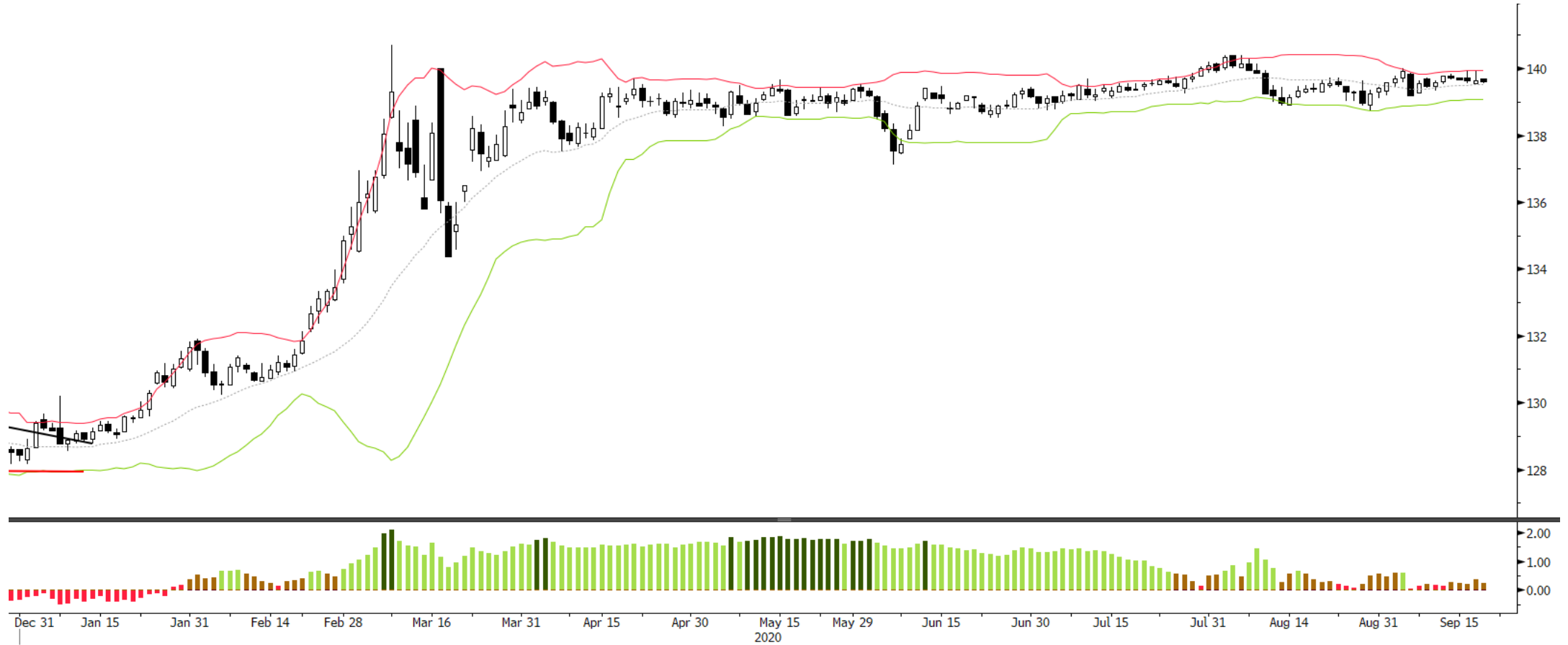
Bonds: 10-year Futures Monthly



Bonds: 10-year Futures Weekly



Bonds: 10-year Futures Daily



TY1 Comdty (Generic 1st 'TY' Future) Bonds 10yr - DAILY Daily 30DEC2019-21SEP20

Copyright© 2020 Bloomberg Finance L.P.

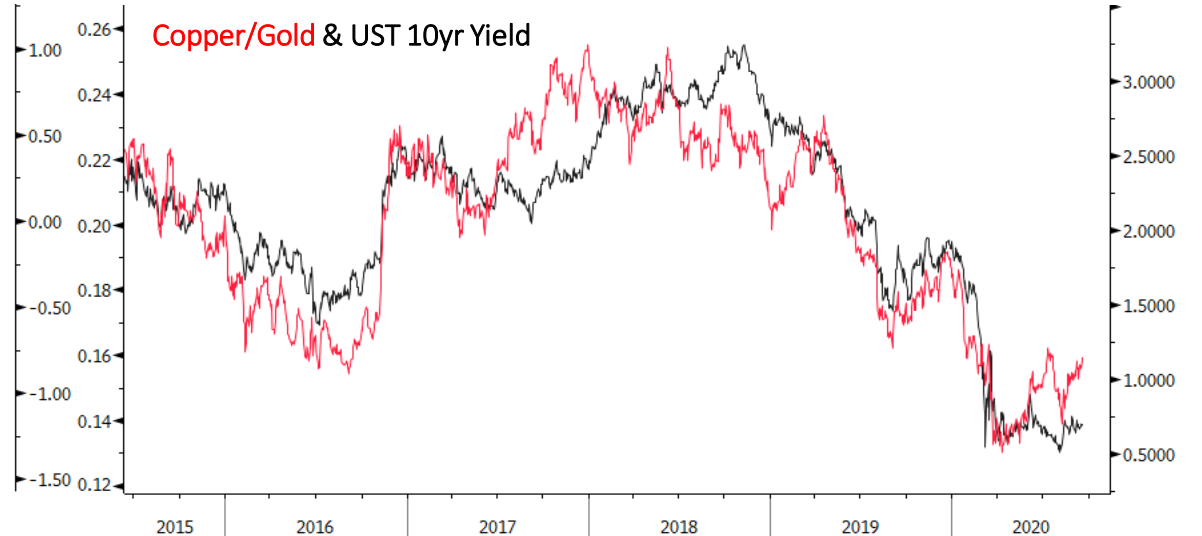
20-Sep-2020 14:59:28

Bond/Yield Indicators

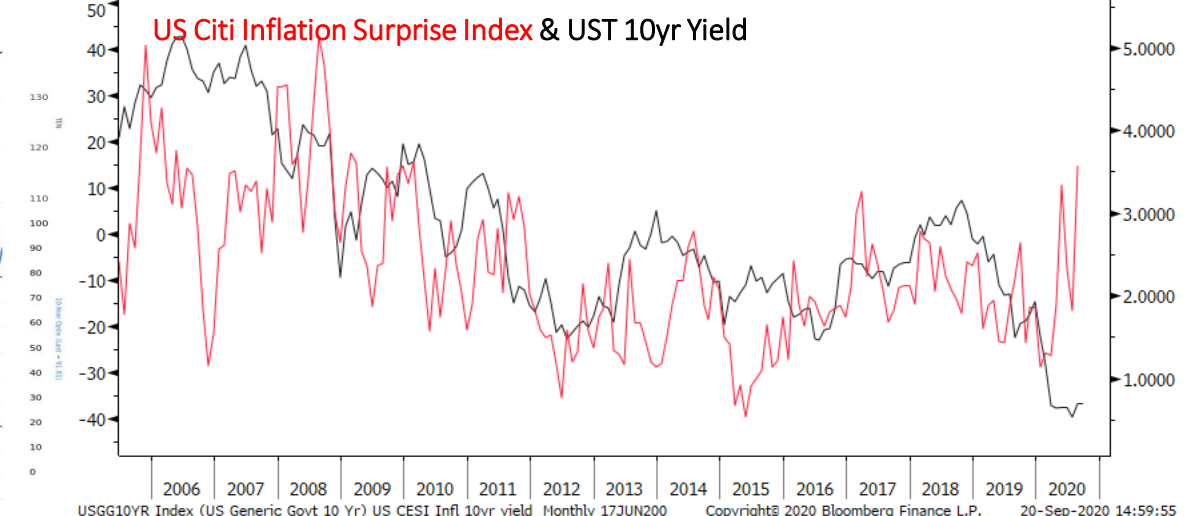
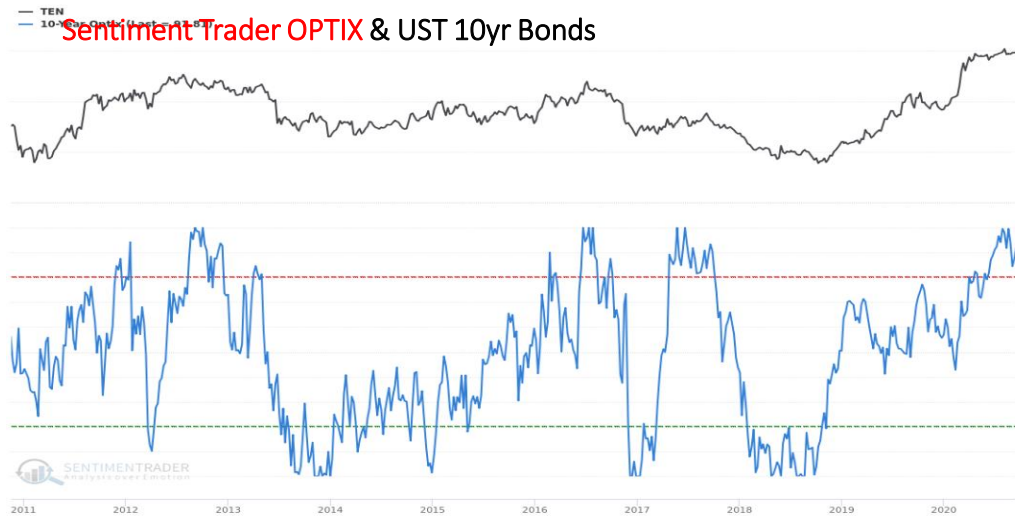


Copyright © 2020 Bloomberg Finance L.P.

10-Year Optix

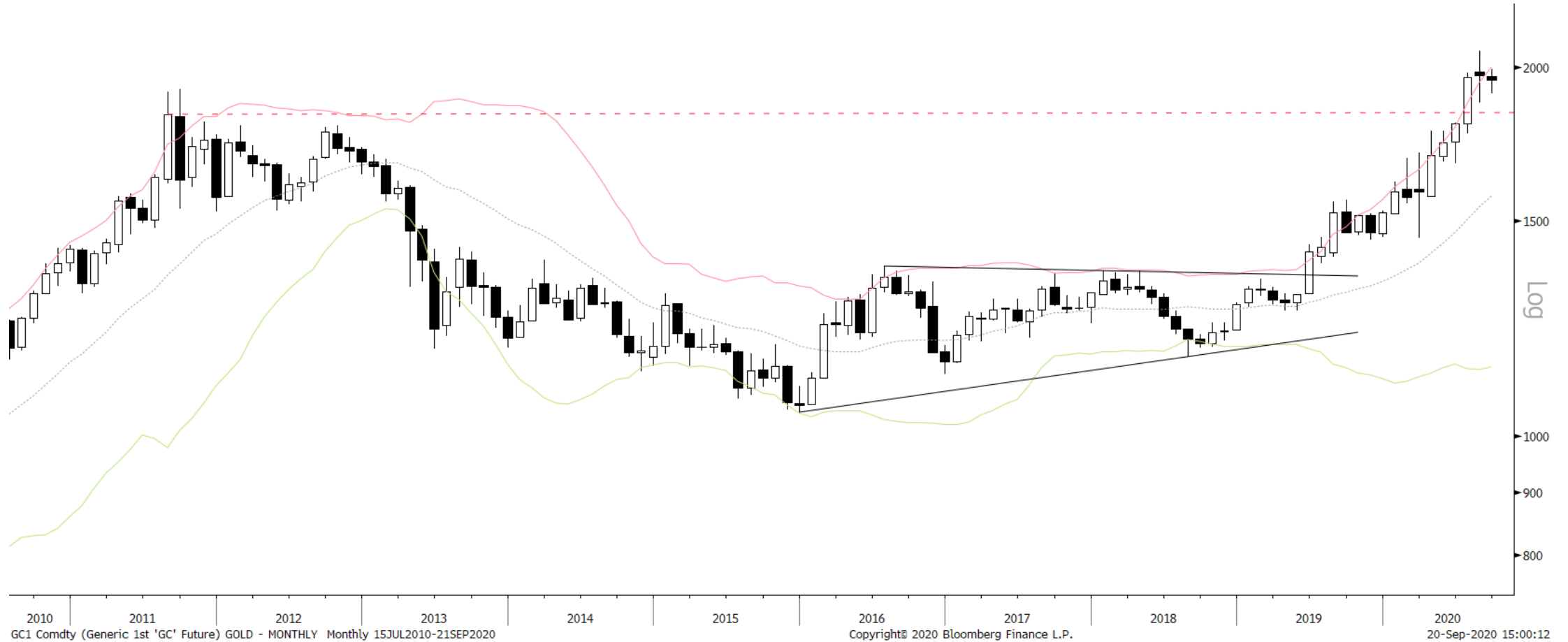


20-Sep-2020 15:05:58 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-21SE Copyright © 2020 Bloomberg Finance L.P. 20-Sep-2020 14:59:48

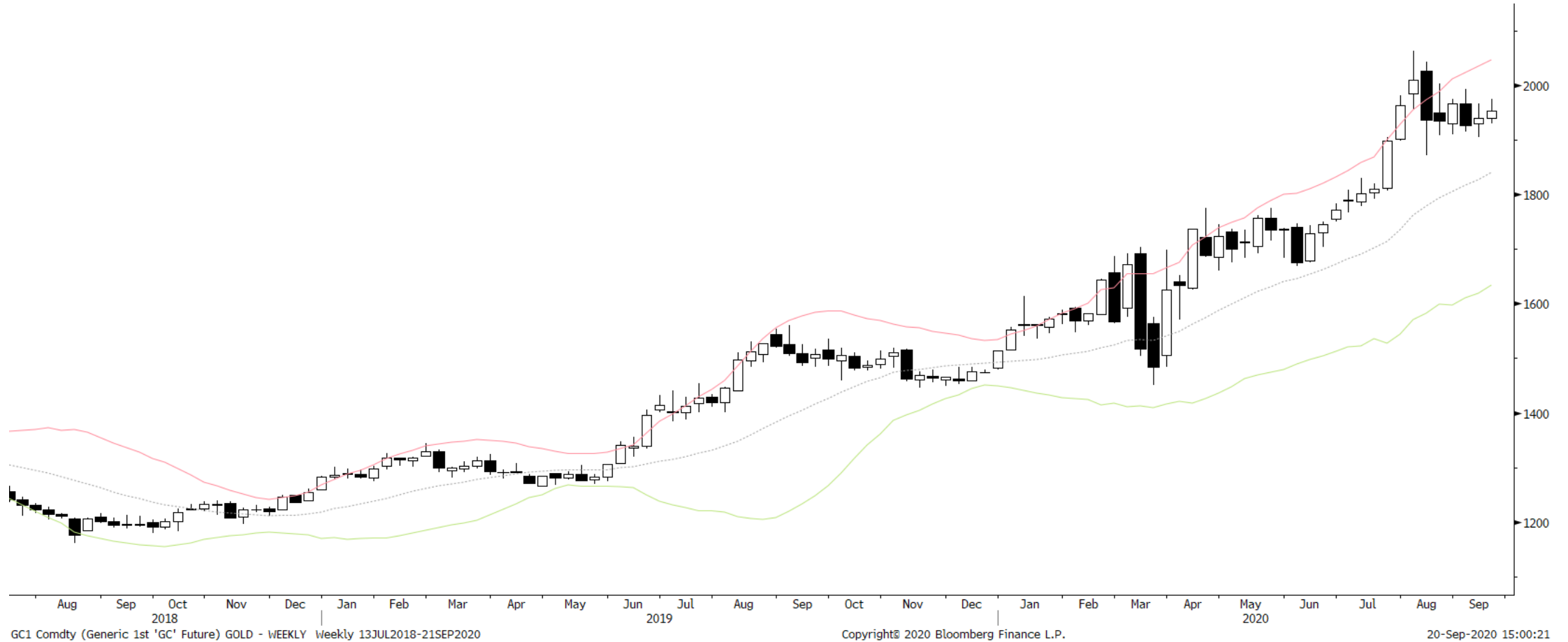


USGG10YR Index (US Generic Govt 10 Yr) US CESI Infl 10yr yield Monthly 17JUN200 Copyright © 2020 Bloomberg Finance L.P. 20-Sep-2020 14:59:55

Gold Monthly



Gold Weekly



Gold Daily

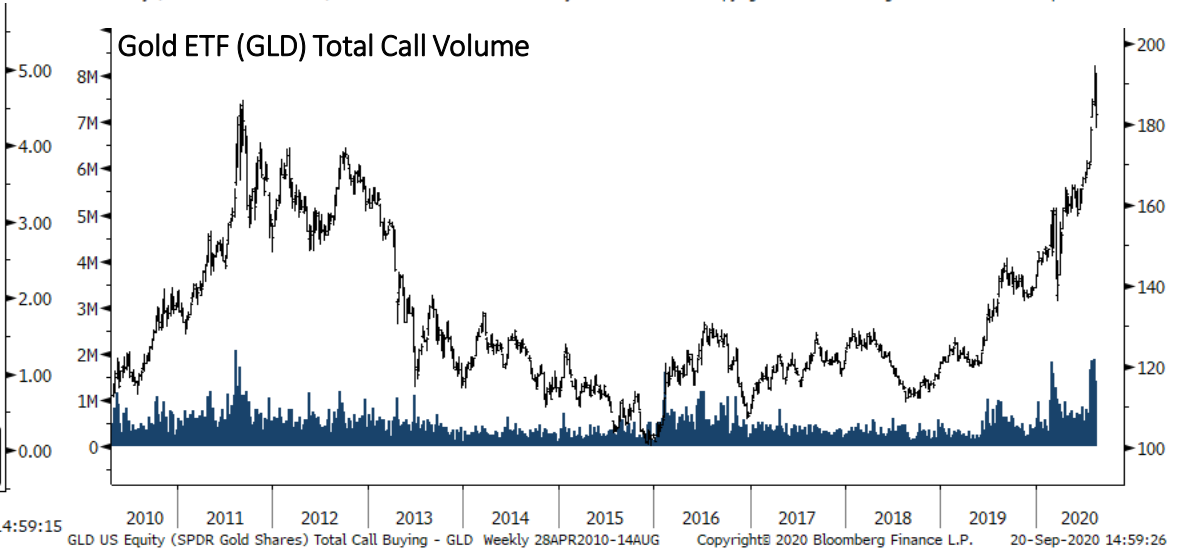
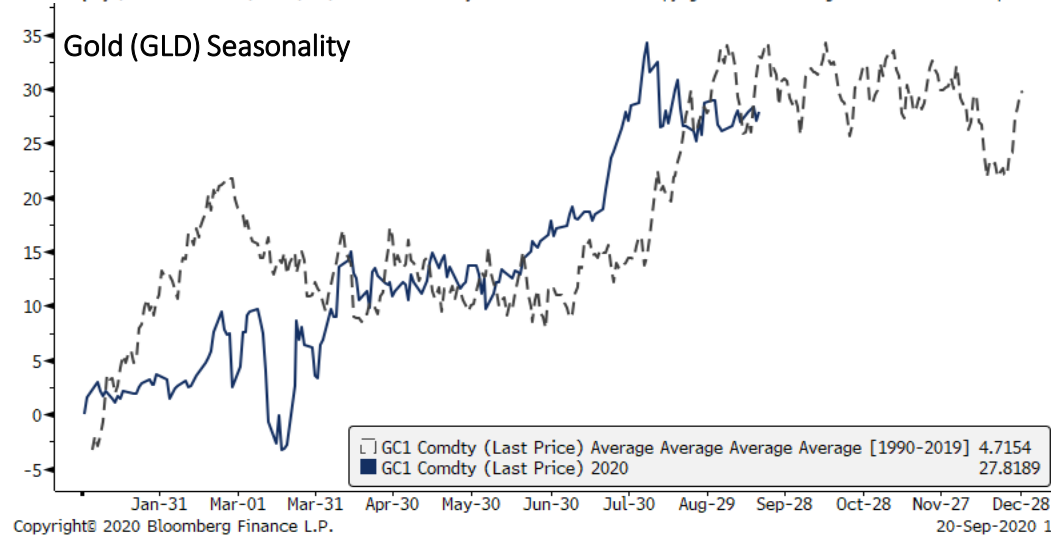


GC1 Comdty (Generic 1st 'GC' Future) GOLD - DAILY Daily 31DEC2019-21SEP2020

Copyright© 2020 Bloomberg Finance L.P.

20-Sep-2020 15:00:30

Gold Indicators



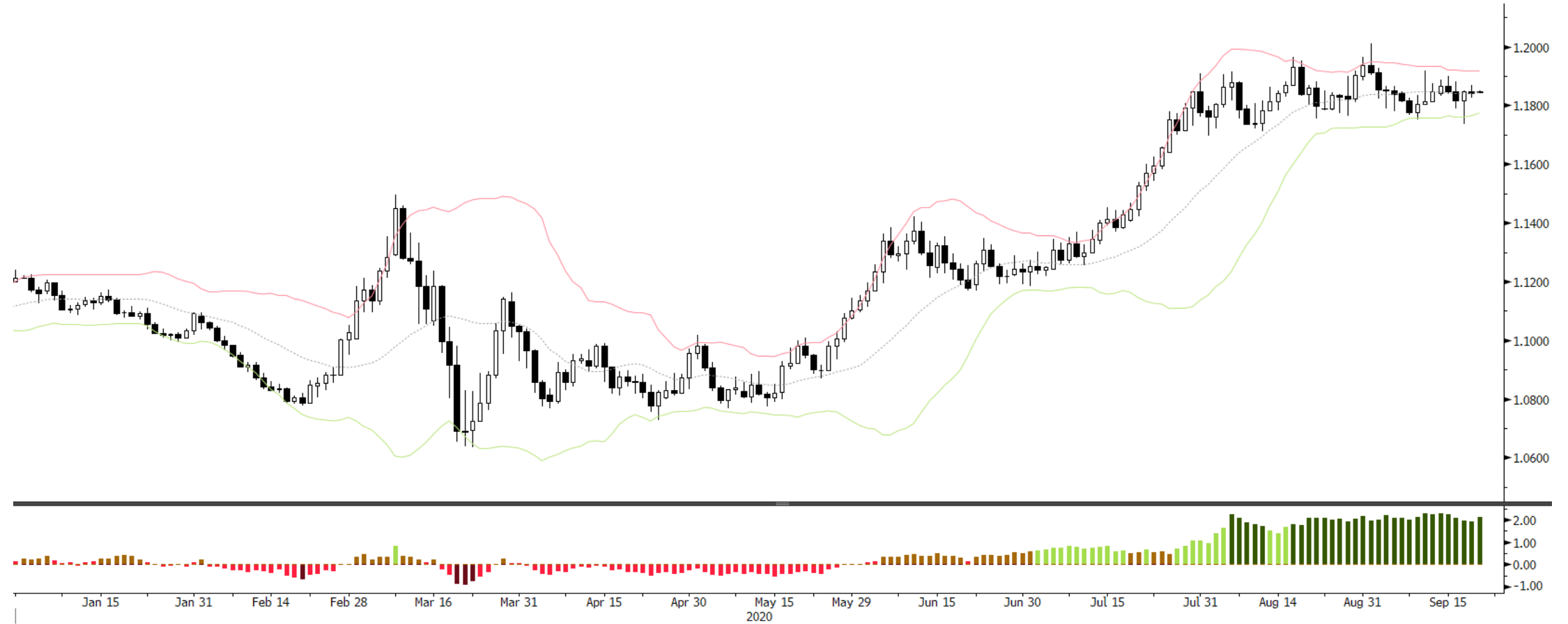
EURUSD Monthly



EURUSD Weekly



EURUSD Daily



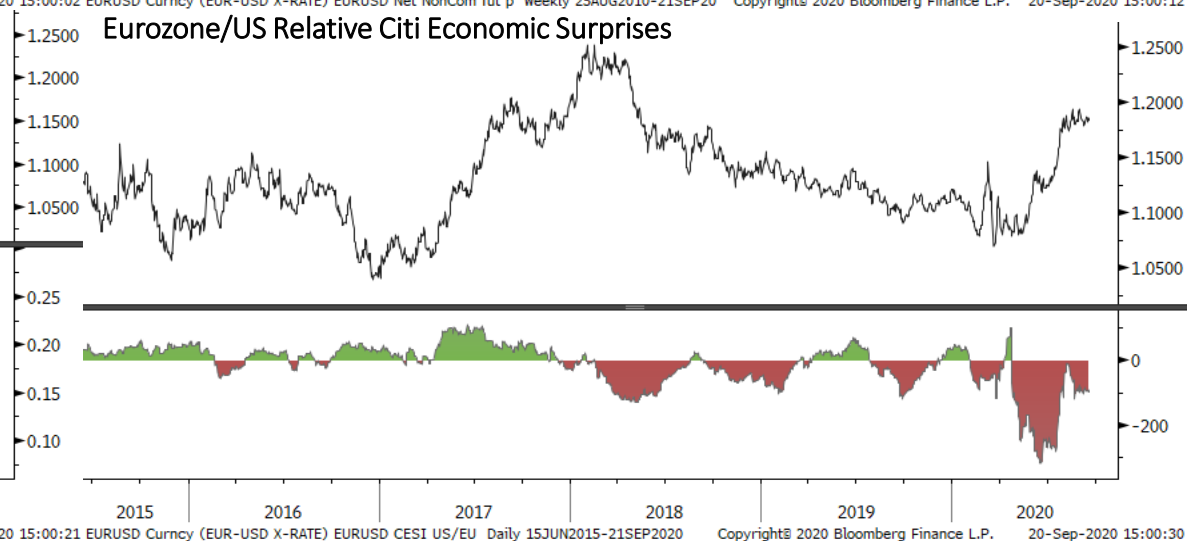
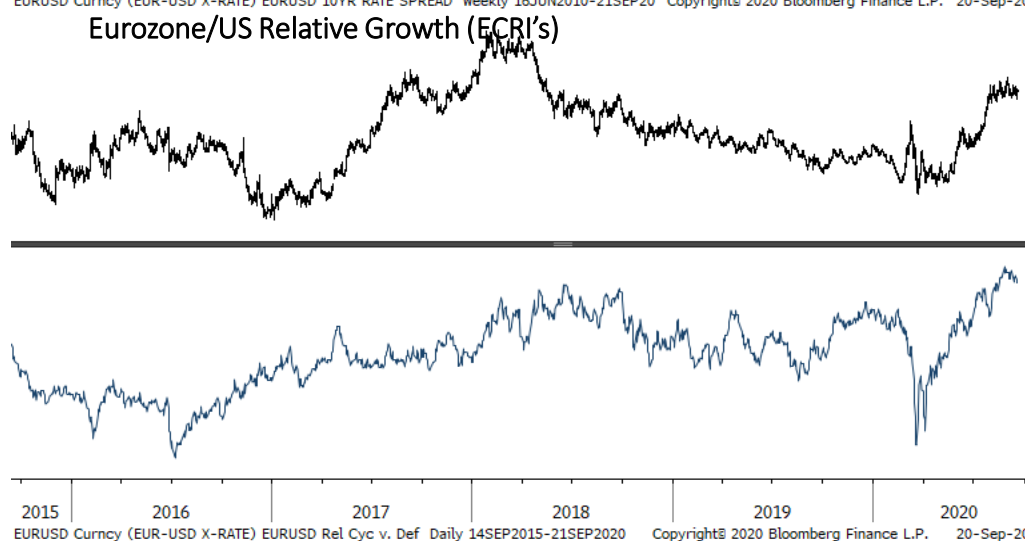
EURUSD Curncy (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-21SEP2020

Copyright© 2020 Bloomberg Finance L.P.

20-Sep-2020 14:59:52



EURUSD Indicators



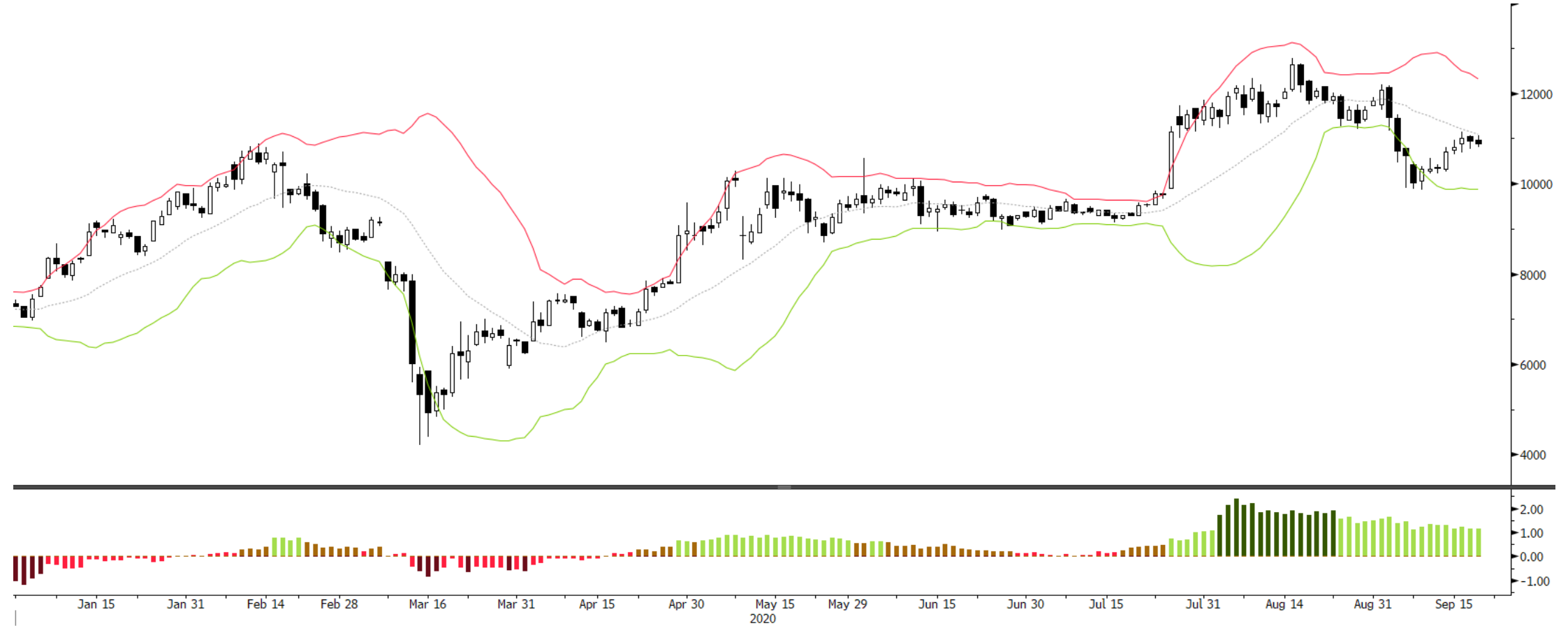
Bitcoin Weekly

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. Excessive bullish sentiment has largely reset and while we should expect continued sideways action until there's a confirmed breakout, current levels represent a good area to build a position.



Bitcoin Daily



BTC1 Curncy (Generic 1st 'BTC' Future) bitcoin Daily Daily 31DEC2019-21SEP2020

Copyright© 2020 Bloomberg Finance L.P.

20-Sep-2020 15:14:53

Bitcoin Indicators



XBTUSD Currency (XBT-USD Cross Rate) GBTC Fund Total Assets Daily 10AUG2018-21SEP20 Copyright© 2020 Bloomberg Finance L.P. 20-Sep-2020 15:00:54 BTC1 Curcnv (Generic 1st 'BTC' Future) Bitcoin Total OI Daily 10AUG2018-21SEP20 Copyright© 2020 Bloomberg Finance L.P. 20-Sep-2020 15:00:59



The Four Pillars Portfolio

YTD Return (updated 9/12)

23.2%

The Core

Allocation

Large Cap Equities (/ES_F or VOO)	25%	8/3 Flattened Long ES_F & went short equivalent NQ_F
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	\$10.48	
Bolloré (BOL)	Hidden Deep Value	\$2.46	B/E	\$2.46	\$3.18	
Interactive Brokers (IBKR)	Value/Technical	\$47.39	B/E	\$41.14	\$48.06	
Ammo, Inc (POWW)	Value/Growth	\$2.30	150bps	--	\$2.40	
Centrus Energy (LEU)	Deep Value/Cyclical	\$10.50	100bps	\$9.15	\$10.19	8/6/20 Took half profits
Dorian LPG (LPG)	Deep Value/Cyclical	\$8.34	B/E	\$7.59	\$8.50	
Enlabs (NLAB)	Secular Growth	\$27.25	100bps	\$21.10	\$32.85	9/17/20 Added to position
Red Violet (RDVT)	Cyclical Growth	\$17.85	100bps	\$13.45	\$18.93	
Revolve, Inc (RVLV)	Secular Growth	\$18.71	B/E	\$14.20	\$17.34	
Frontdoor (FTDR)	Secular Growth	\$44.22	100bps	\$39.50	\$41.90	
Nintendo (NTDOY)	Secular Growth	\$62.71	100bps	\$54.00	\$72.06	
Cardlytics (CDLX)	Secular Growth	\$86.07	100bps	\$60.50	\$65.52	
Guillemot (GUI)	Secular Growth	\$7.76	100bps	\$4.50	\$7.14	
Jumbo Interactive (JIN)	Secular Growth	\$14.52	100bps	\$12.30	\$14.93	