



# Macro Ops

## The Trifecta Report

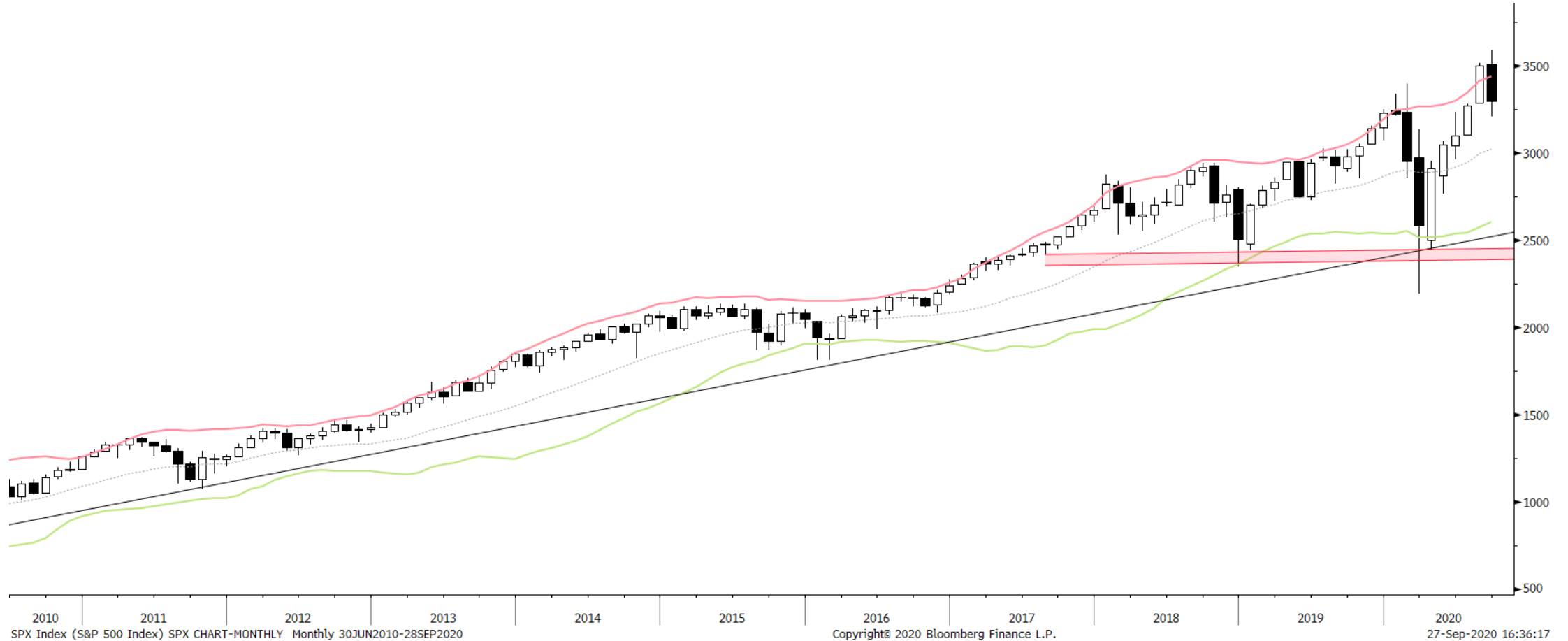
*The best trades are the ones in which you have all three things going for you: fundamentals, technical, and market tone. ~ Michael Marcus*

# Weekly Summary



S&P 500	UST 10yr Bonds	Gold	EURUSD
<ul style="list-style-type: none"><li>➤ <b>Long-term:</b> There are 3 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</li><li>➤ <b>Sentiment/Positioning:</b> The narrative that the “Fed will keep printing money and not let the market fall” is now consensus. <u>Sentiment &amp; 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></li><li>➤ <b>Breadth:</b> Breadth is weak and needs to materially turnaround in order to support an advance</li><li>➤ <b>Macro/Liquidity:</b> Macro conditions are rebounding and liquidity is flush. Credit spreads continue to signal equity weakness over the short-term</li><li>➤ <b>Short-term:</b> SPX is in a bull quiet regime with a TL score of -5. <u>It formed a double bottom last week on the daily. Bulls want to close the month above the Aug low (red line on charts below). They probably succeed.</u> With stimulus talks and the 1<sup>st</sup> presidential debates this week, there’s lots of tape bomb risks (both positive &amp; negative</li></ul>	<ul style="list-style-type: none"><li>➤ <b>Long-term:</b> 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</li><li>➤ <b>Sentiment/Positioning:</b> The narrative of yield-curve control and yield suppression are consensus</li><li>➤ <b>Bond Indicators:</b> Positive economic data surprises and leading growth/inflation indicators suggest we’re moving into a more bearish long bonds environment (higher yields).</li><li>➤ <b>Short-term:</b> 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></li></ul>	<ul style="list-style-type: none"><li>➤ <b>Long-term:</b> 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-to-down chop in the near-term</li><li>➤ <b>Sentiment/Positioning:</b> The bullish gold narrative is consensus which raises the odds of continued volatile action. <u>Small specs hold very crowded long positions and GLD call volume remains elevated</u></li><li>➤ <b>Gold Indicators:</b> Gold no longer has favorable tailwinds from seasonality. Gold Miners breadth is bearish and precious metals may see rising pressure from a steepening curve</li><li>➤ <b>Short-term:</b> Gold is in a Bull Quiet regime in a longer-term uptrend. Odds favor an eventual breakout and continuation of the trend up. <u>But a rising dollar, rising yields, crowded positioning, and major trend extension gap from its 200-day moving average favor further short-term downside. However, gold and silver both put in double bottoms on a daily basis last week, which means we should expect a small bounce to start the week</u></li></ul>	<ul style="list-style-type: none"><li>➤ <b>Long-term:</b> 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</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 major headwinds 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 slightly favor the euro while Citi Econ surprises favor the USD. It’s a mix bag with no clear edge on future trend direction</li><li>➤ <b>Short-term:</b> EURUSD is overbought, over-loved, and momentum has waned. <u>Odds favor a continued pullback to around its March highs. But downside should be limited due to the strength of buying pressure we’ve seen over the preceding 4-months</u></li></ul>

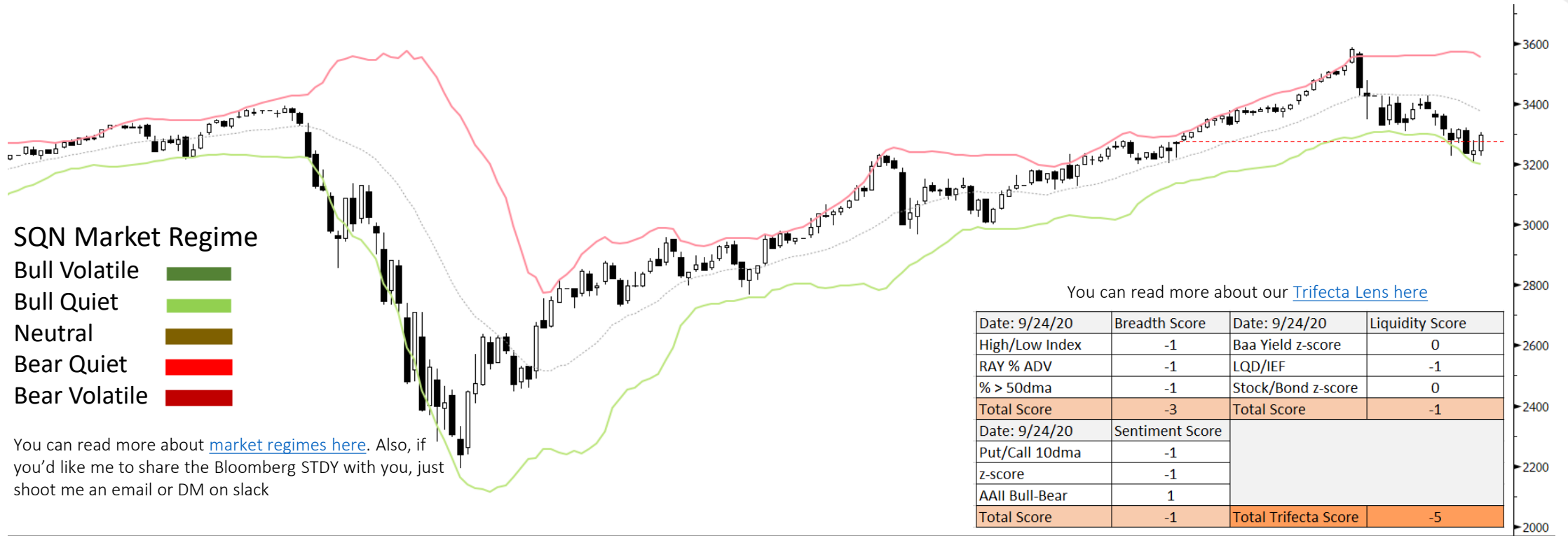
# S&P 500 Monthly



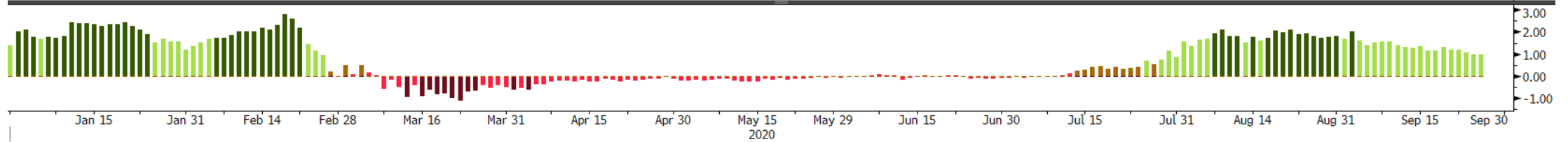
# S&P 500 Weekly



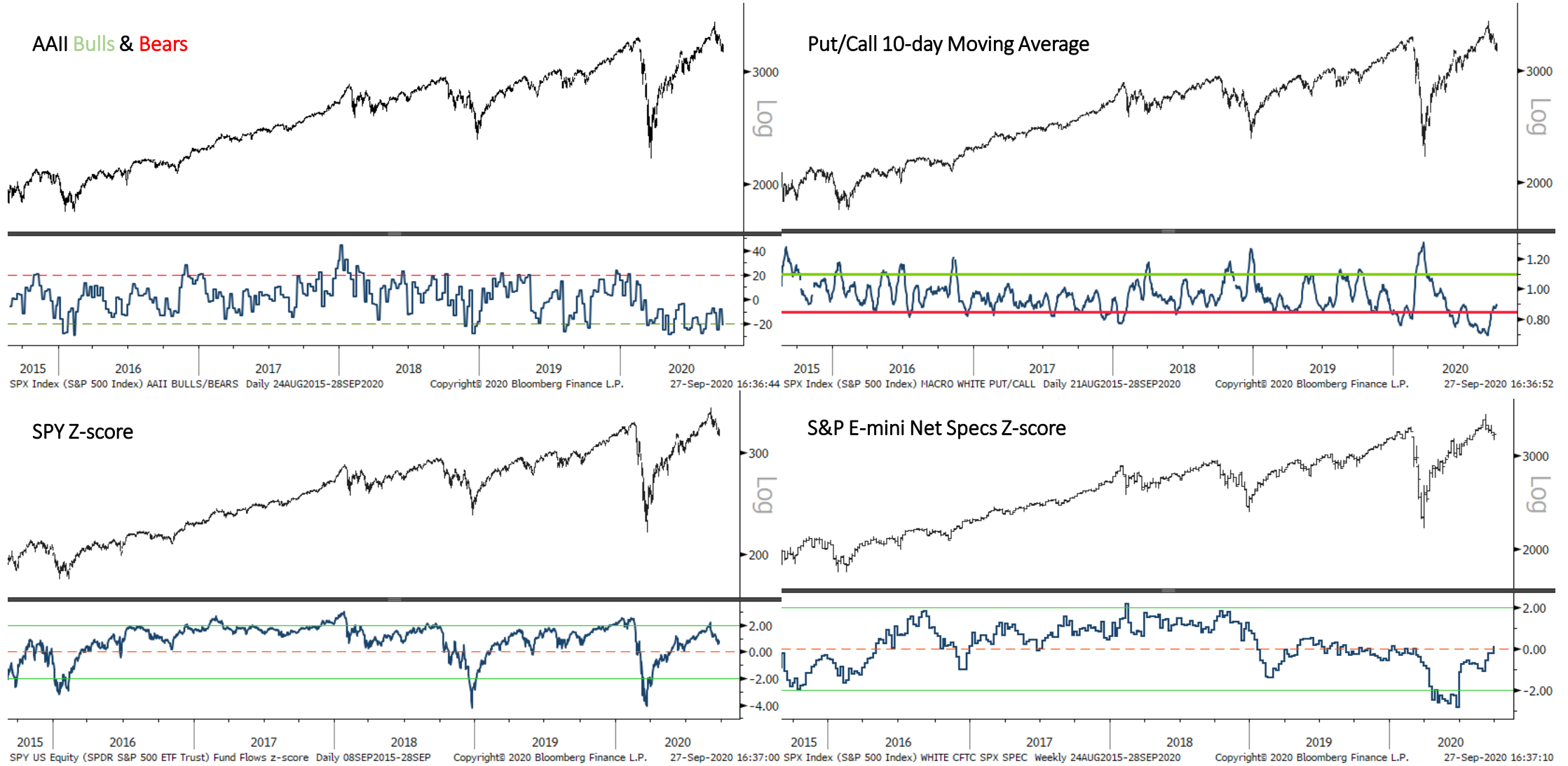
# S&P 500 Daily



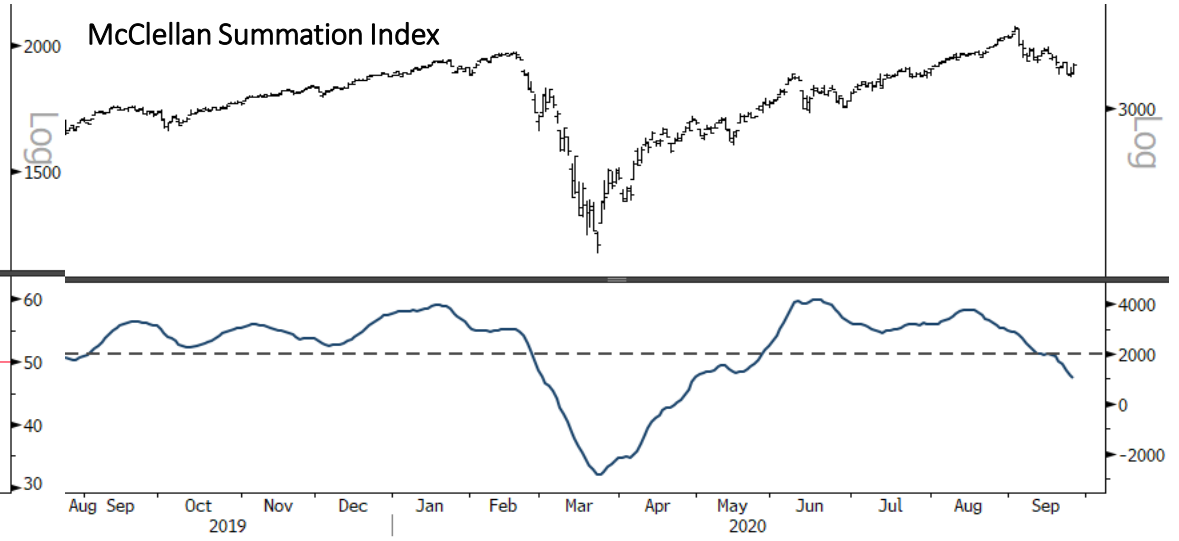
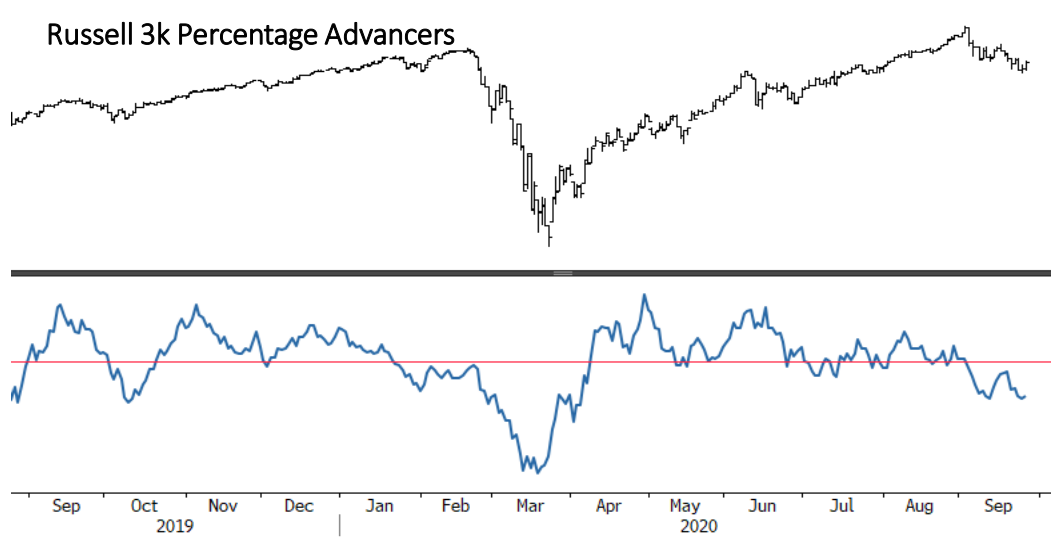
You can read more about [market regimes here](#). Also, if you'd like me to share the Bloomberg STDY with you, just shoot me an email or DM on slack



# Sentiment & Positioning

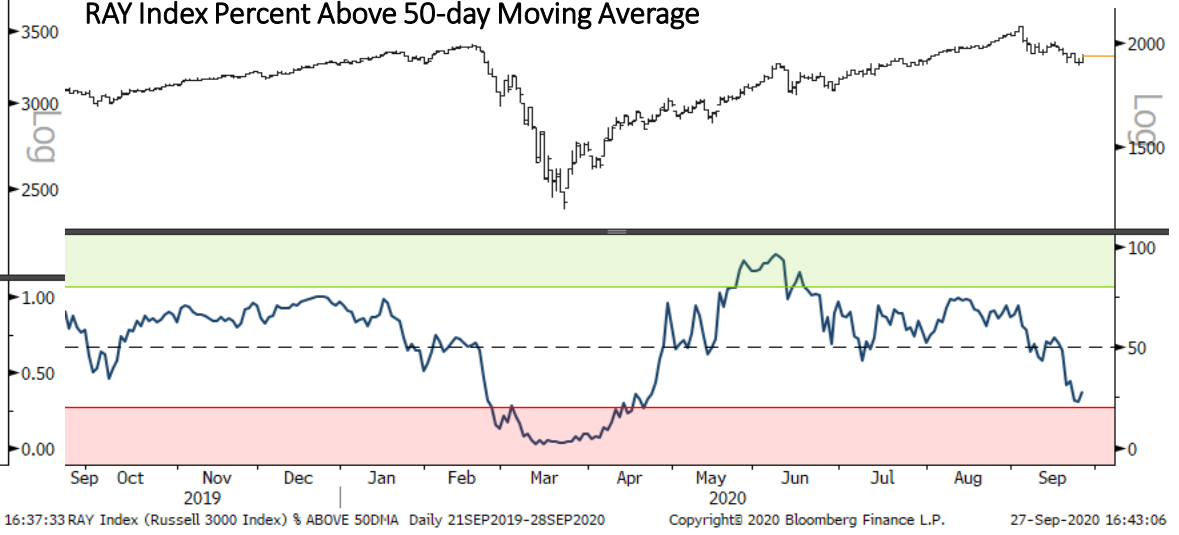
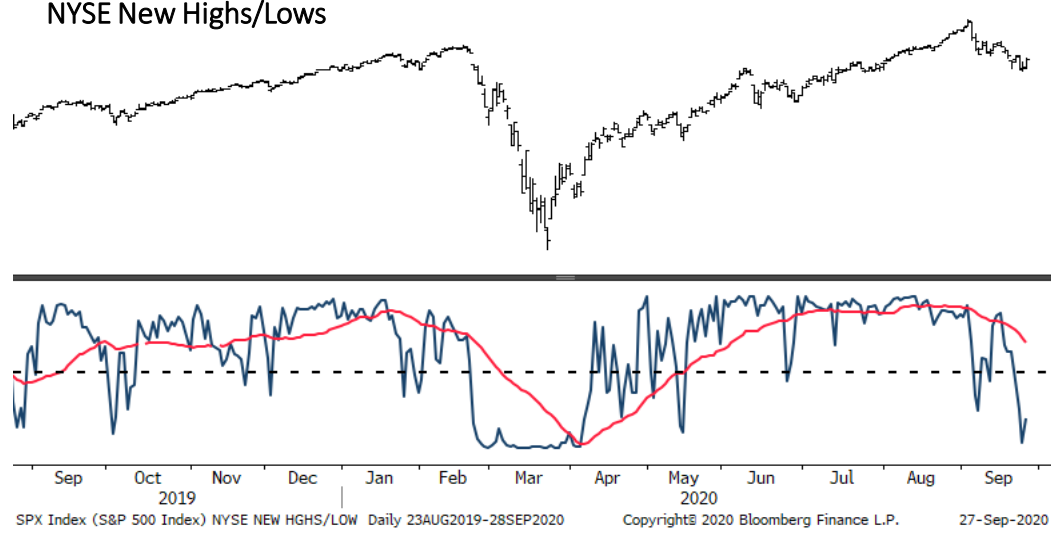


# Breadth



RAY Index (Russell 3000 Index) % of RAY Index Adv Daily 23AUG2019-28SEP2020 Copyright© 2020 Bloomberg Finance L.P. 27-Sep-2020 16:37:17

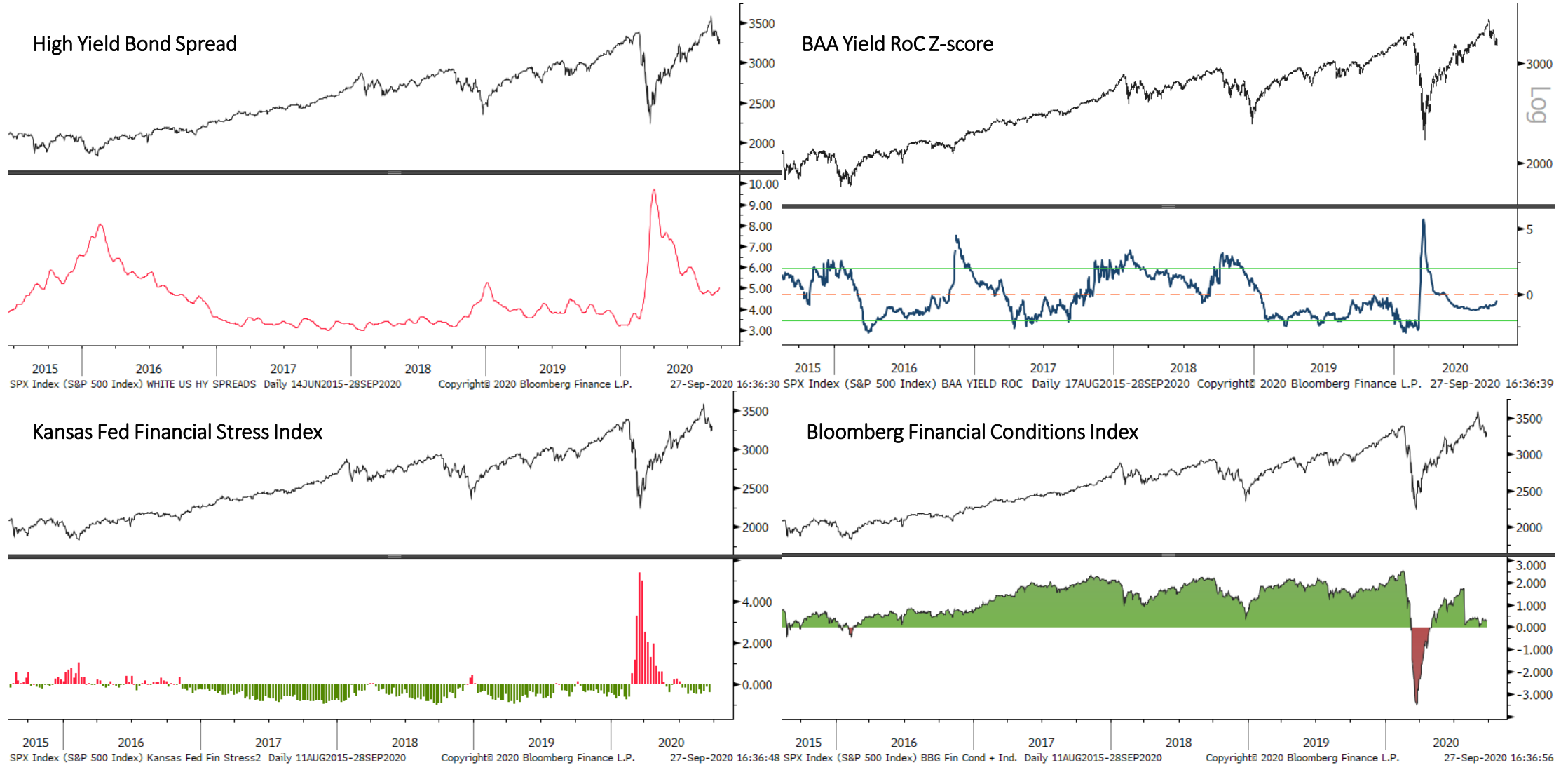
SPX Index (S&P 500 Index) MACRO WHITE MCCLELLAN Daily 23AUG2019-28SEP2020 Copyright© 2020 Bloomberg Finance L.P. 27-Sep-2020 16:37:25



SPX Index (S&P 500 Index) NYSE NEW HGHS/LOW Daily 23AUG2019-28SEP2020 Copyright© 2020 Bloomberg Finance L.P. 27-Sep-2020 16:37:33

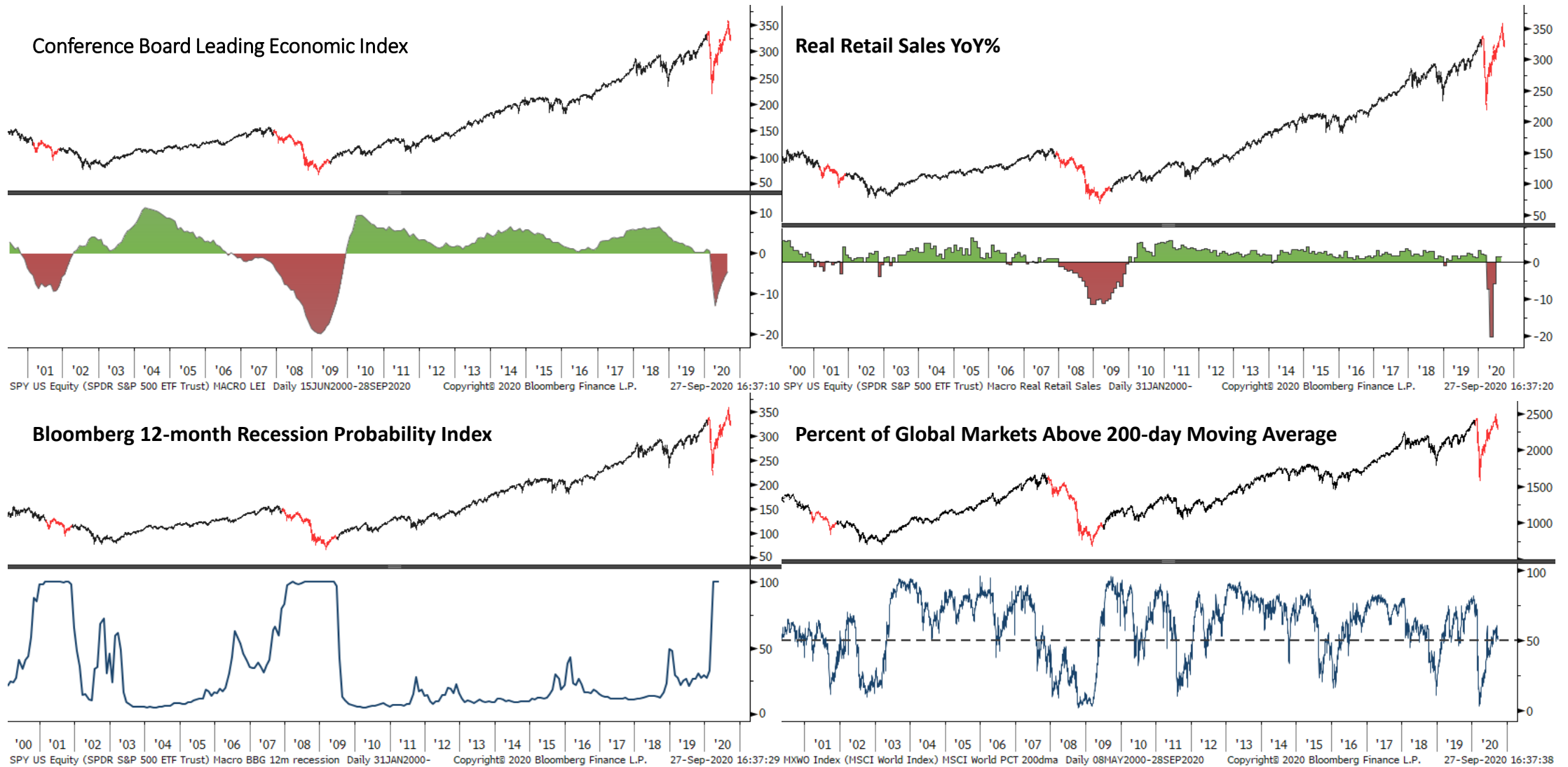
RAY Index (Russell 3000 Index) % ABOVE 50DMA Daily 21SEP2019-28SEP2020 Copyright© 2020 Bloomberg Finance L.P. 27-Sep-2020 16:43:06

# Liquidity





# Macro



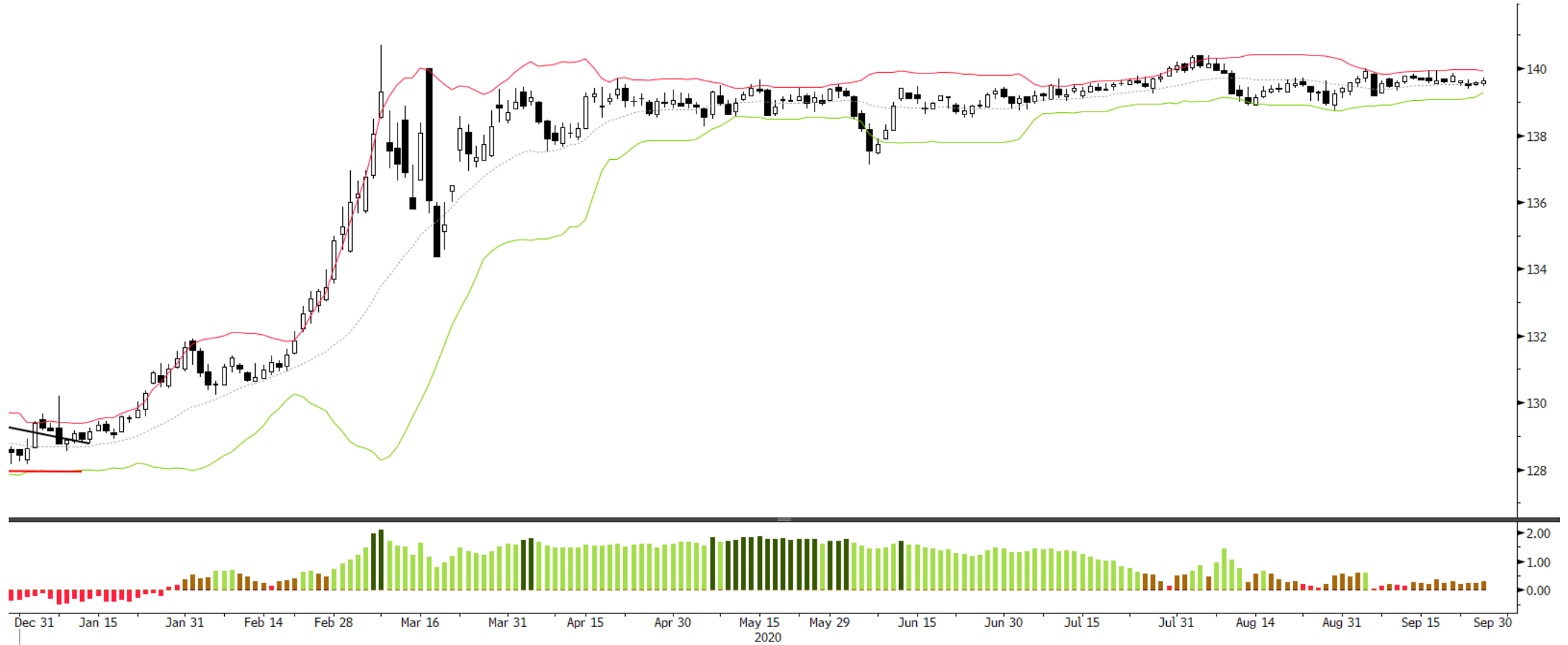
# Bonds: 10-year Futures Monthly



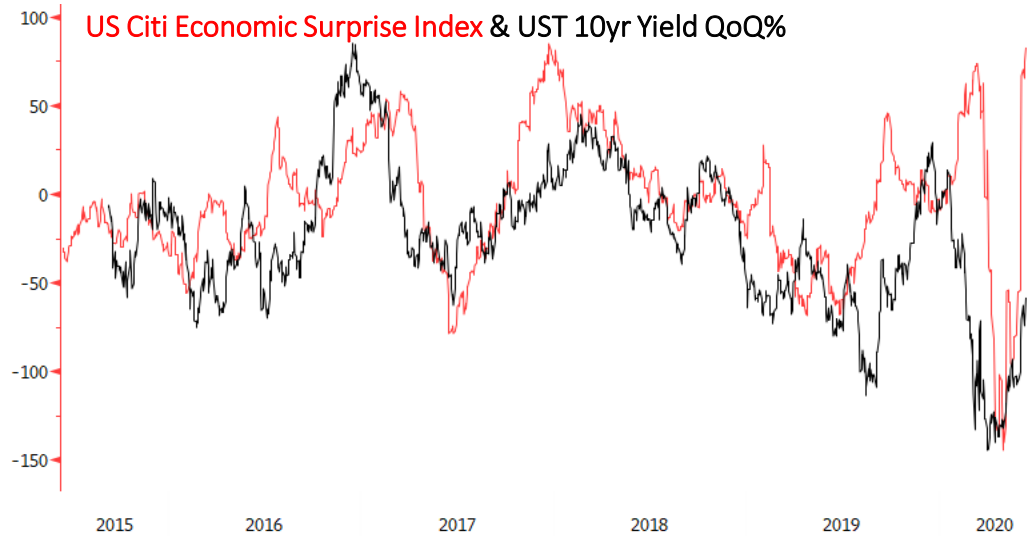
# Bonds: 10-year Futures Weekly



# Bonds: 10-year Futures Daily

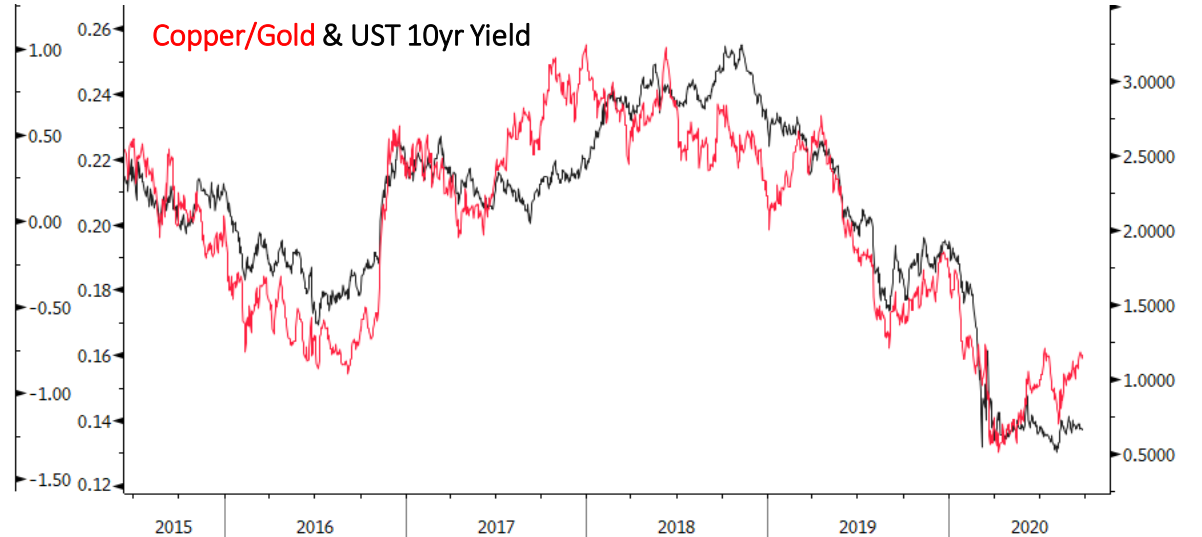


# Bond/Yield Indicators

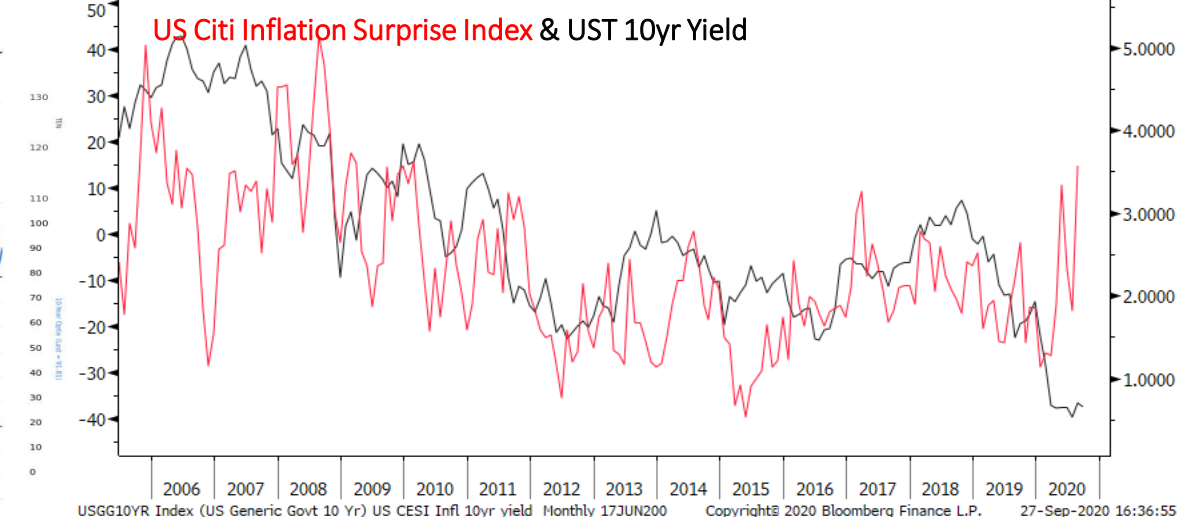
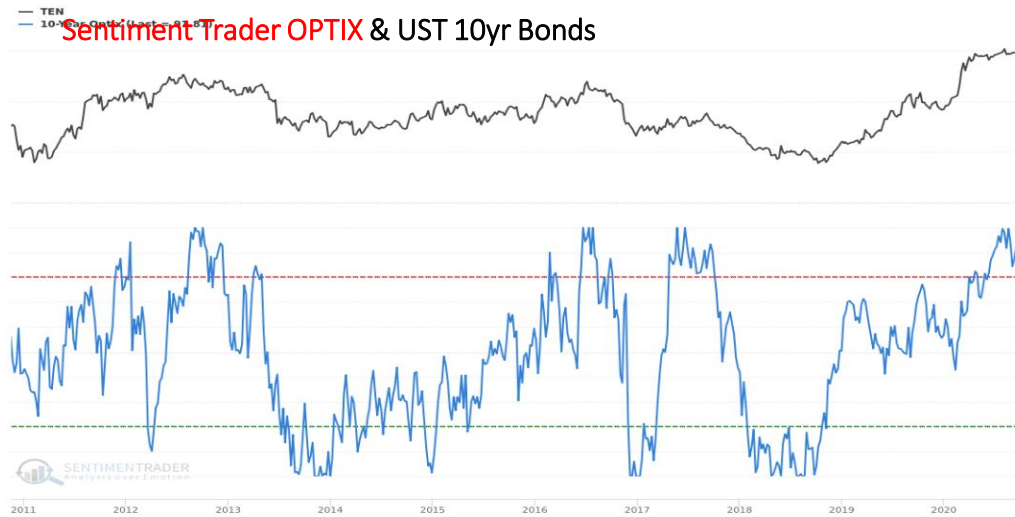


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10-Year Optix



27-Sep-2020 16:36:37 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-28SE Copyright© 2020 Bloomberg Finance L.P. 27-Sep-2020 16:36:45

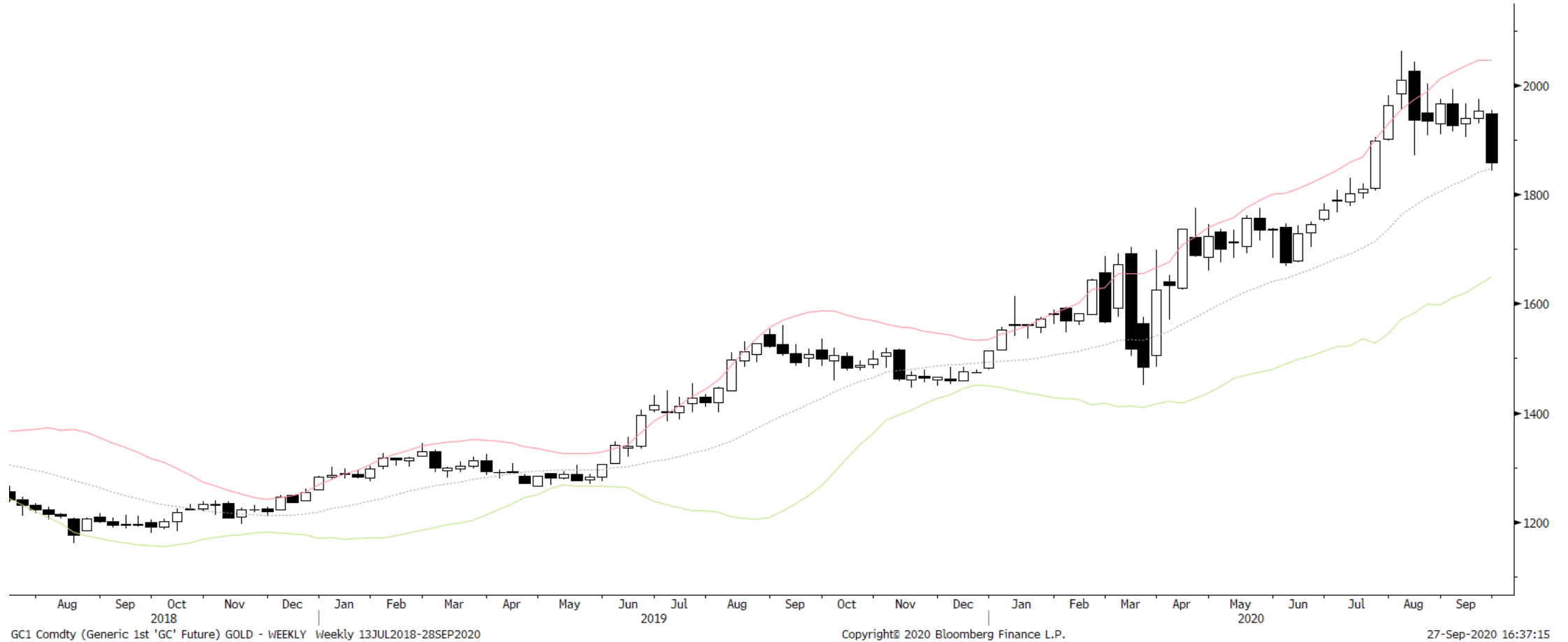


USGG10YR Index (US Generic Govt 10 Yr) US CESI Infl 10yr yield Monthly 17JUN200 Copyright© 2020 Bloomberg Finance L.P. 27-Sep-2020 16:36:55

# Gold Monthly



# Gold Weekly



# Gold Daily

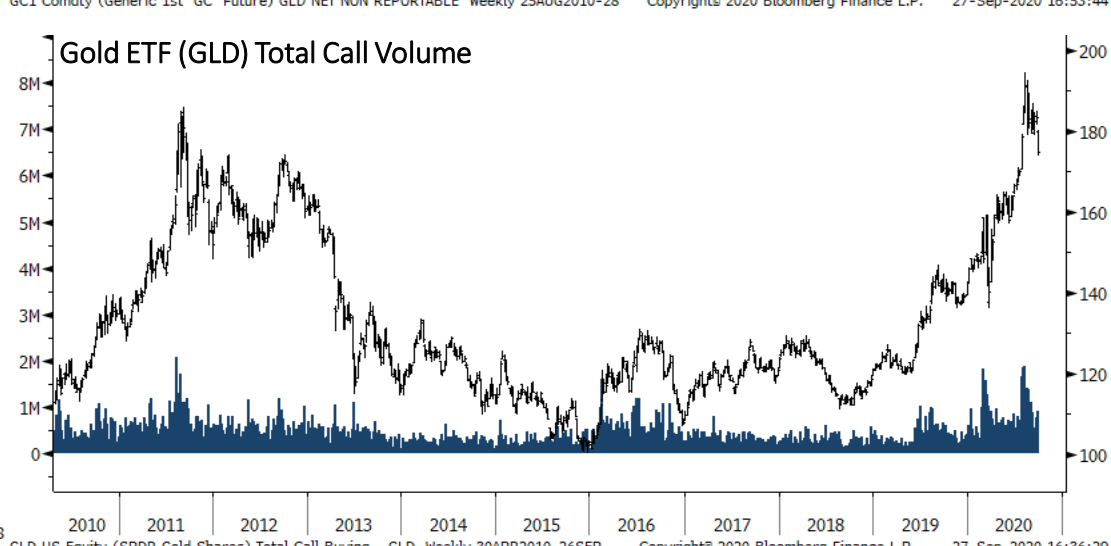
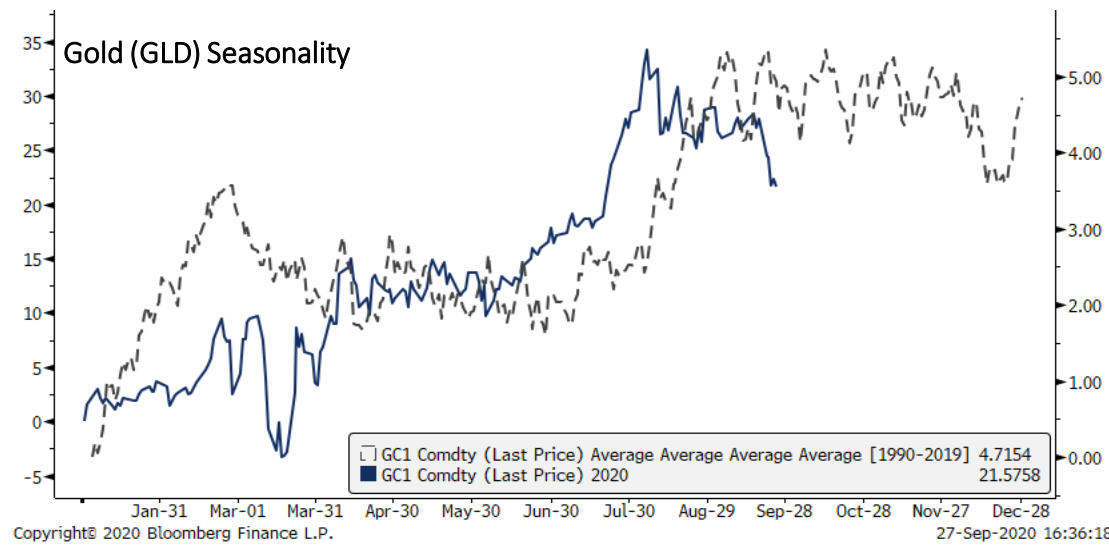
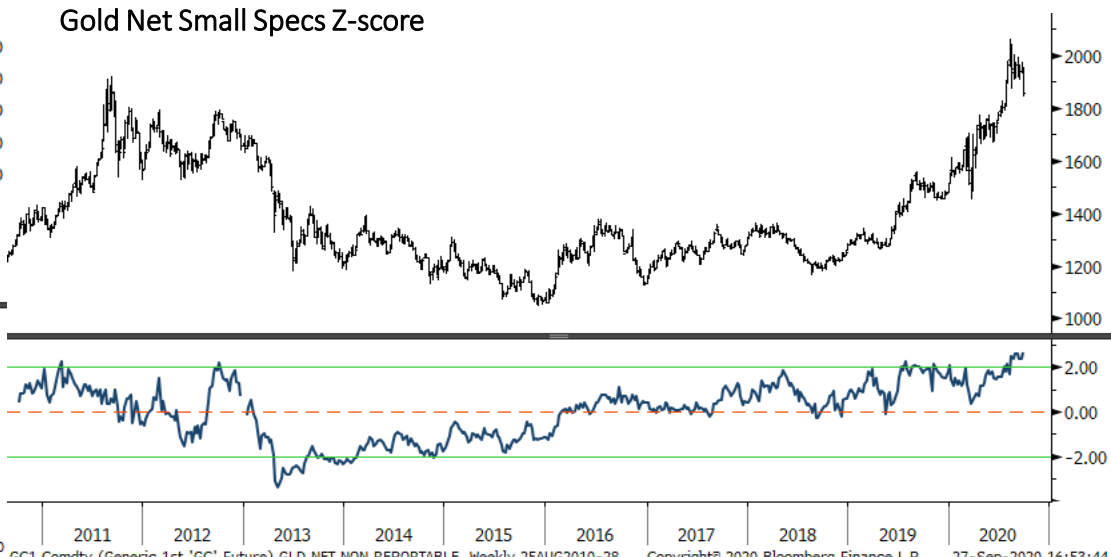
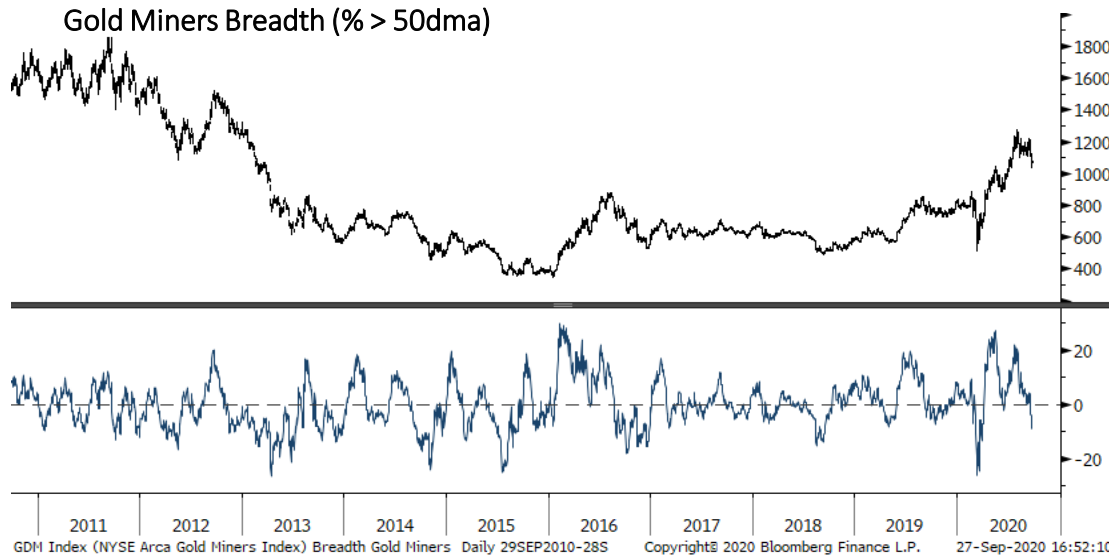


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# Gold Indicators



# EURUSD Monthly



# EURUSD Weekly



# EURUSD Daily



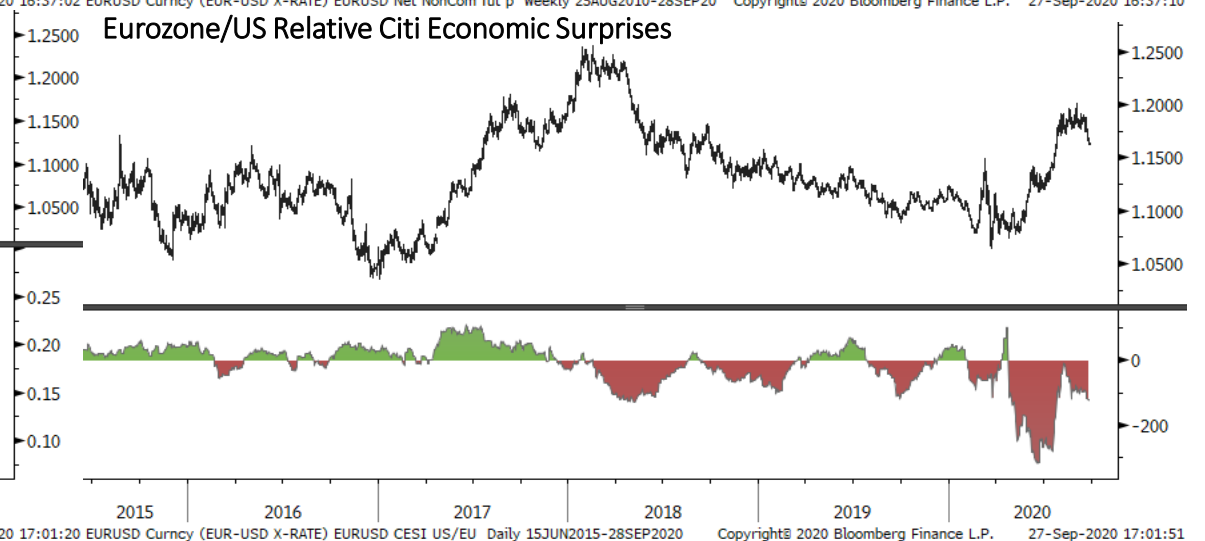
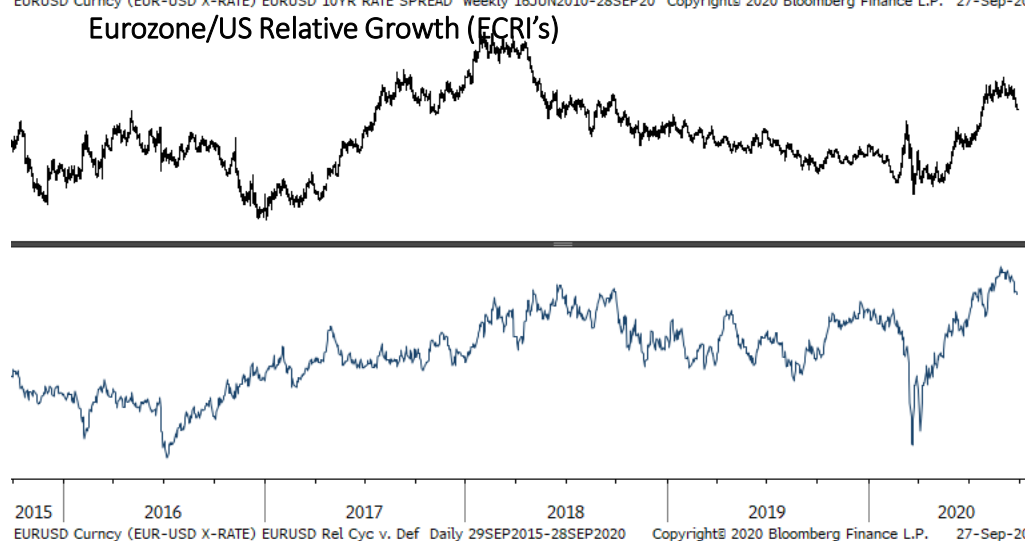
EURUSD Curncy (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-28SEP2020

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# EURUSD Indicators



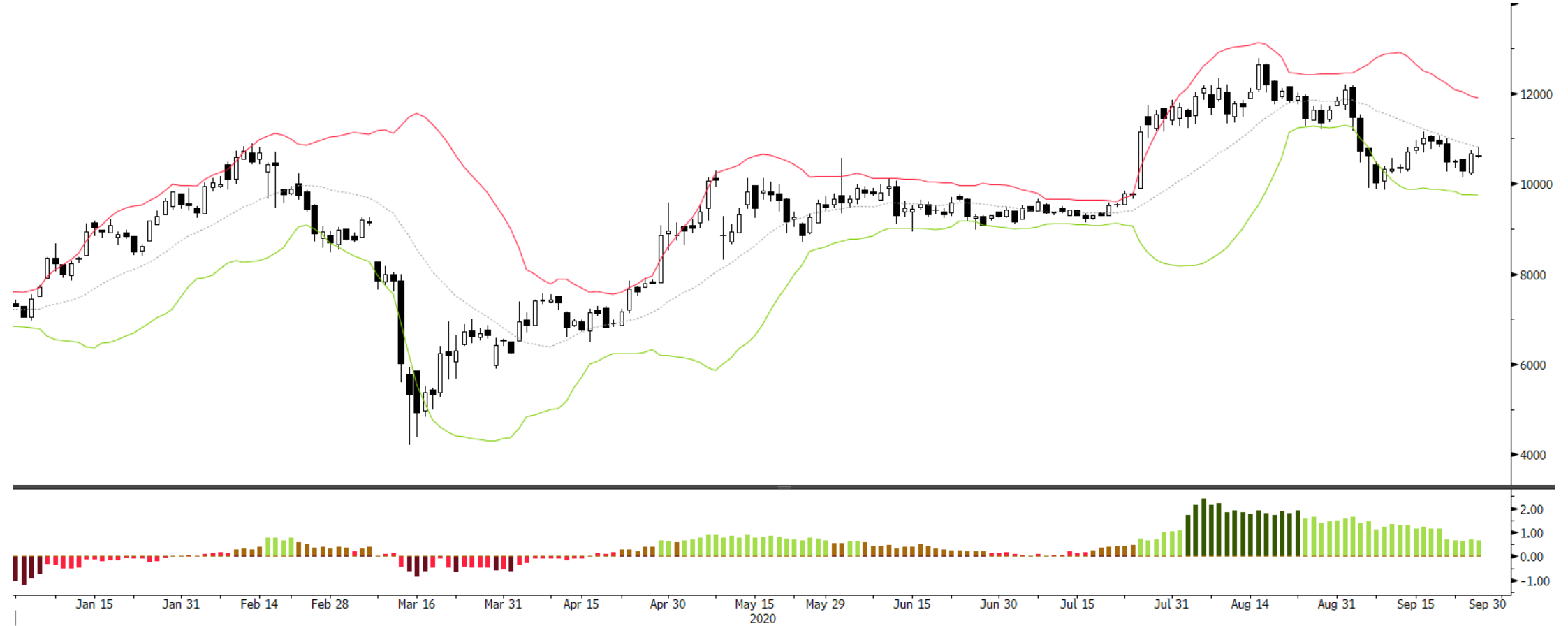
# Bitcoin Weekly

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. 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

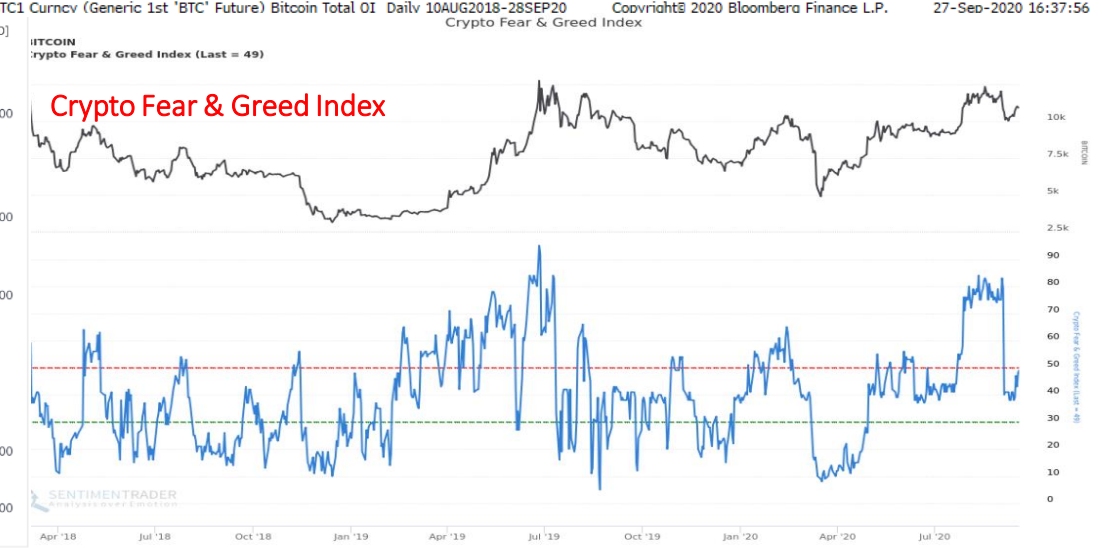
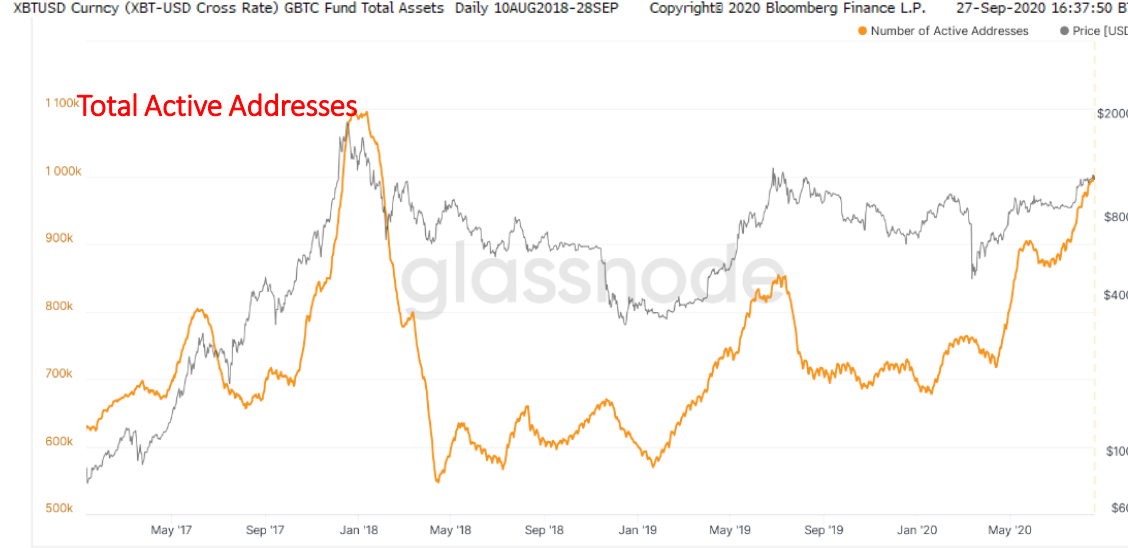


BTC1 Curncy (Generic 1st 'BTC' Future) bitcoin Daily Daily 31DEC2019-28SEP2020

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# Bitcoin Indicators





## The Four Pillars Portfolio

YTD Return (updated 9/12)

20.6%

### The Core Allocation

Large Cap Equities (/ES_F or VOO)	0%	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)	0%	9/22 Flattened gold position and went short

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	\$10.03	
Bolloré (BOL)	Hidden Deep Value	\$2.46	B/E	\$2.46	\$3.12	
Interactive Brokers (IBKR)	Value/Technical	\$47.39	B/E	\$41.14	\$47.47	
Ammo, Inc (POWW)	Value/Growth	\$2.30	150bps	--	\$2.37	
Centrus Energy (LEU)	Deep Value/Cyclical	\$10.50	100bps	\$9.15	\$10.19	9/23 Cut position
Derian LPG (LPG)	Deep Value/Cyclical	\$8.34	B/E	\$7.59	\$8.50	9/23 Cut position
Enlabs (NLAB)	Secular Growth	\$27.25	100bps	\$21.10	\$31.20	9/17/20 Added to position
Red Violet (RDVT)	Cyclical Growth	\$17.85	100bps	\$13.45	\$18.94	
Revolve, Inc (RVLV)	Secular Growth	\$18.71	B/E	\$14.20	\$17.34	9/23 Cut position
Frontdoor (FTDR)	Secular Growth	\$44.22	100bps	\$39.50	\$39.57	
Nintendo (NTDOY)	Secular Growth	\$62.71	100bps	\$54.00	\$70.34	
Cardlytics (CDLX)	Secular Growth	\$86.07	100bps	\$60.50	\$67.92	
Guillemot (GUI)	Secular Growth	\$7.76	100bps	\$4.50	\$7.26	
Jumbo Interactive (JIN)	Secular Growth	\$14.52	100bps	\$12.30	\$12.19	
Roku (ROKU)	Secular Growth	\$192.68	50bps	\$142.24	\$192.88	
Gold (QOZ2020) - Short	Swing Short	\$1,874.00	100bps	\$1,931.00	\$1,866.00	