



Macro Ops

The Trifecta Report

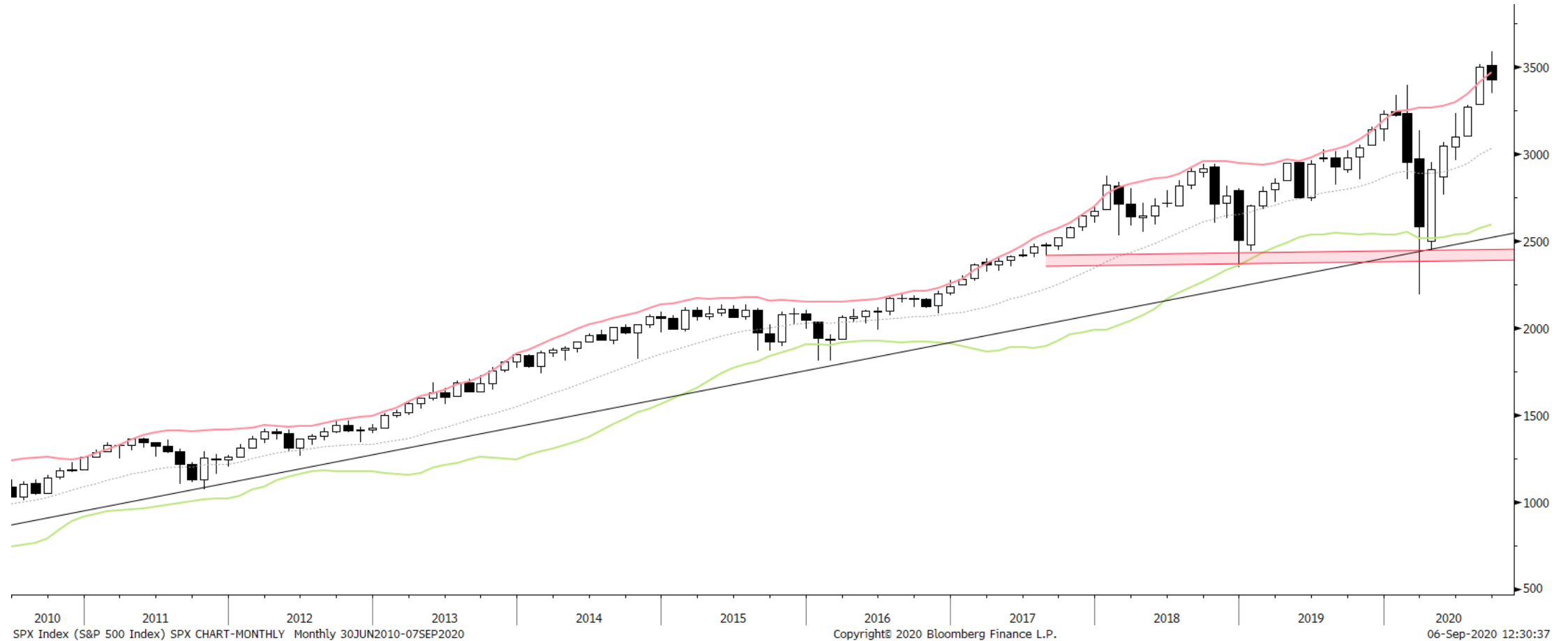
The best trades are the ones in which you have all three things going for you: fundamentals, technical, and market tone. ~ Michael Marcus

Weekly Summary

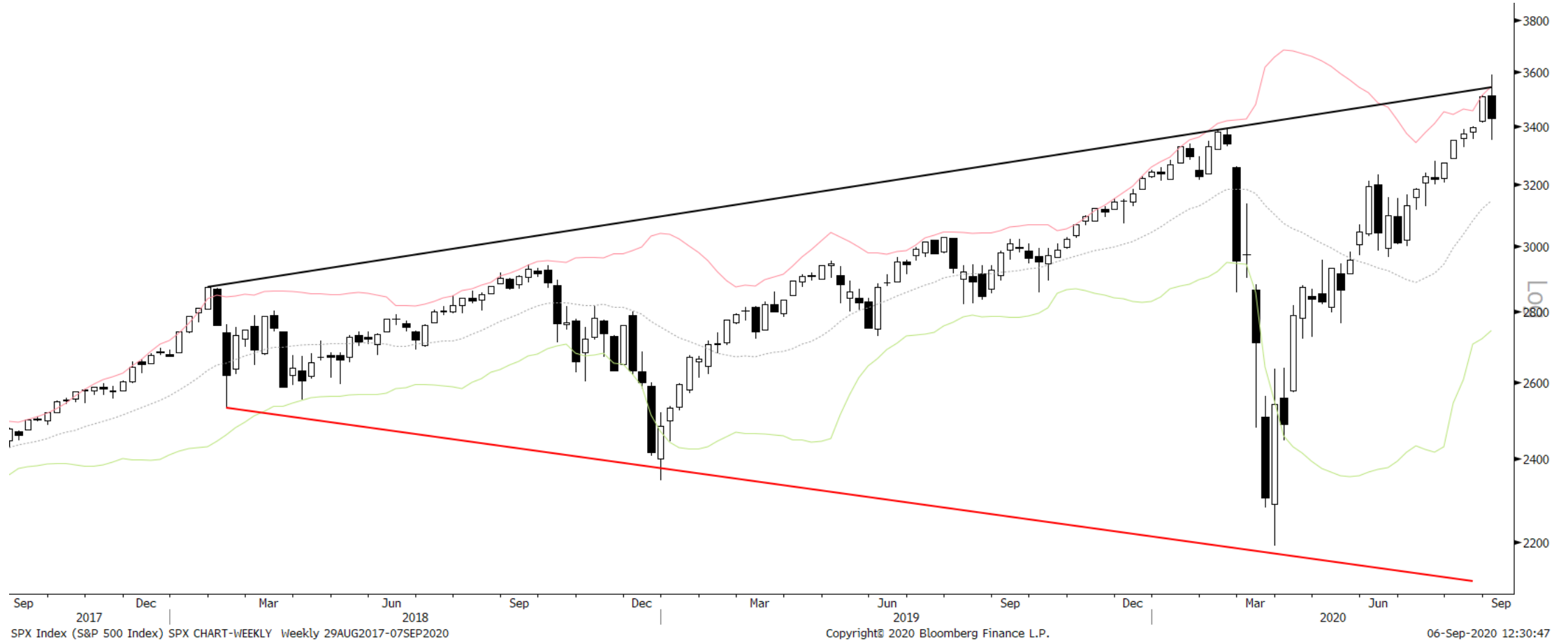


S&P 500	UST 10yr Bonds	Gold	EURUSD
<ul style="list-style-type: none">➤ Long-term: The SPX saw a strong bullish close for the month of August. This raises the odds that the market trades higher into the end of the year. It's still at the top of its 2 ½ year trading range but an eventual breakout higher is very likely➤ Sentiment/Positioning: The narrative that the “Fed will keep printing money and not let the market fall” is now consensus. NAAIM and Investors Intelligence Bull/Bear surveys are at multi-year highs. Speculative call buying is at record highs. <u>Sentiment & positioning are now major headwinds and sources of trend fragility</u>➤ Breadth: Breadth is weakening and is likely setting up a near-term top and 10-20% retrace in the coming weeks if it fails to significantly recover➤ Macro/Liquidity: Macro conditions are rebounding. Liquidity is flush but yields are starting to rise. <u>Credit spreads continue their negative divergence from stocks. This divergence will likely lead to a near-term top in the coming weeks</u>➤ Short-term: SPX is in a bull volatile regime with a TL score of -2. <u>Buyers came into the market on Friday which raises the odds we see a continuation bounce this week</u>	<ul style="list-style-type: none">➤ Long-term: Bonds are in a 5-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: A bullish bonds consensus is beginning to form. The narrative of yield-curve control and yield suppression are becoming mainstream➤ Bond Indicators: Positive economic data surprises and leading growth/inflation 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➤ 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)	<ul style="list-style-type: none">➤ Long-term: Gold is in a 15-month uptrend / buy climax on a monthly basis. Precious metals are still working off the extreme overbought levels we pointed out last month. The long-term path of least resistance is up but expect continued vol in the near-term➤ Sentiment/Positioning: The bullish gold narrative is consensus which raises the odds of volatile action. The selloff over the last few weeks has helped wring out some of the excess sentiment /positioning, though both remain headwinds➤ Gold Indicators: Gold is near the end of its positive seasonality and is under pressure from rising real yields.➤ Short-term: <u>Gold is in a Bull Quiet regime in a clear uptrend. Odds favor a breakout and continuation of the trend up, but this will be negated if/when bonds breakdown</u>	<ul style="list-style-type: none">➤ Long-term: EURUSD is likely in the early stages of a cyclical bull trend.➤ 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 favor the euro while Citi Econ surprises are neutral. It's a mix bag with no clear edge on future trend direction➤ Short-term: EURUSD is overbought, over-loved, and momentum has waned. Odds favor an eventual pullback to around its March highs. Keep an eye on US yields. A move higher will in US yields will kickstart this pullback

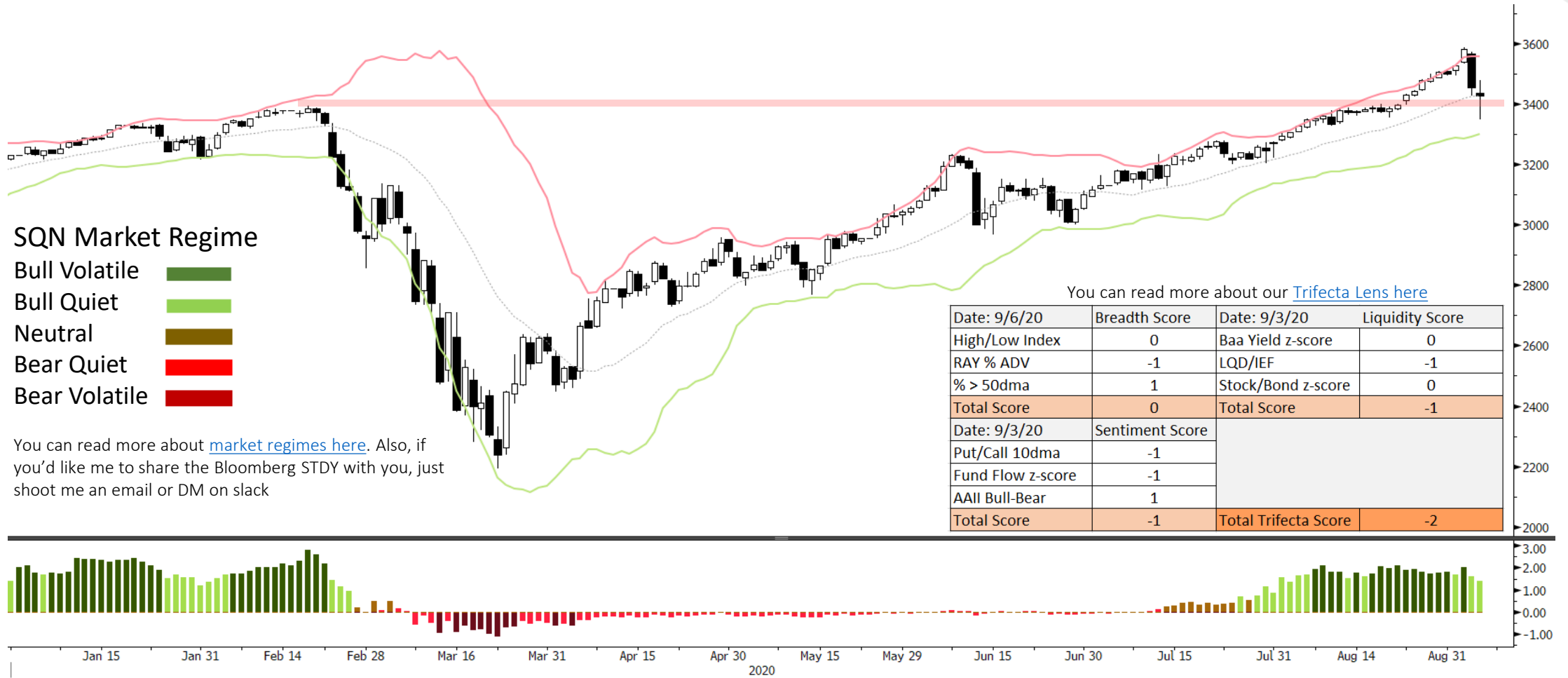
S&P 500 E-Mini Monthly



S&P 500 E-Mini Weekly



S&P 500 E-Mini Daily



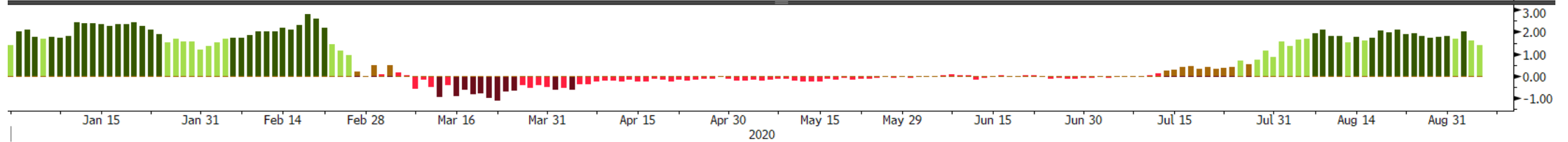
SQN Market Regime

- 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: 9/6/20	Breadth Score	Date: 9/3/20	Liquidity Score
High/Low Index	0	Baa Yield z-score	0
RAY % ADV	-1	LQD/IEF	-1
% > 50dma	1	Stock/Bond z-score	0
Total Score	0	Total Score	-1
Date: 9/3/20	Sentiment Score		
Put/Call 10dma	-1		
Fund Flow z-score	-1		
AAll Bull-Bear	1		
Total Score	-1	Total Trifecta Score	-2

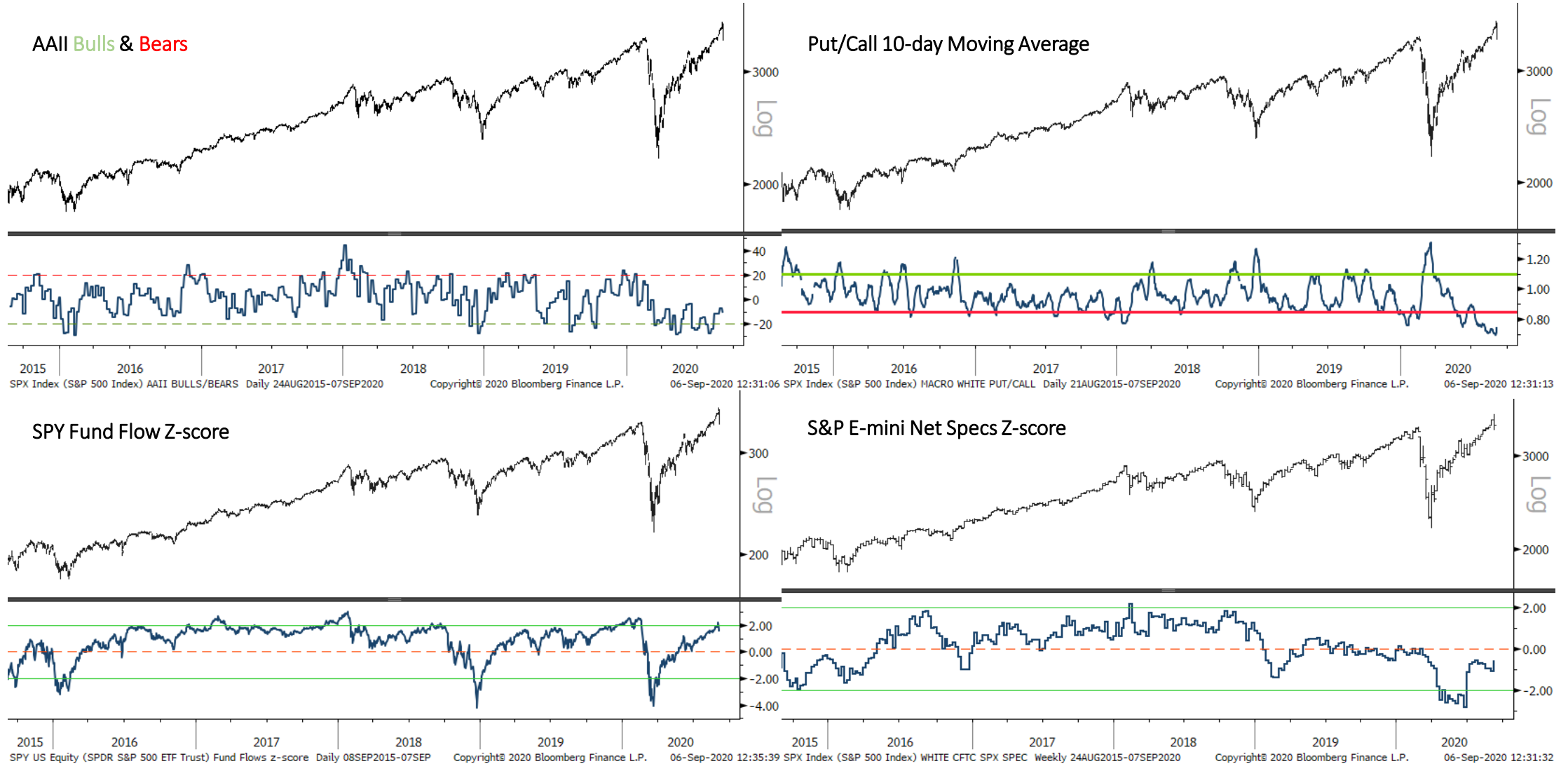


SPXFAST Index (S&P 500 Fast Cash Index) SPX CHART-DAILY Daily 31DEC2019-07SEP20

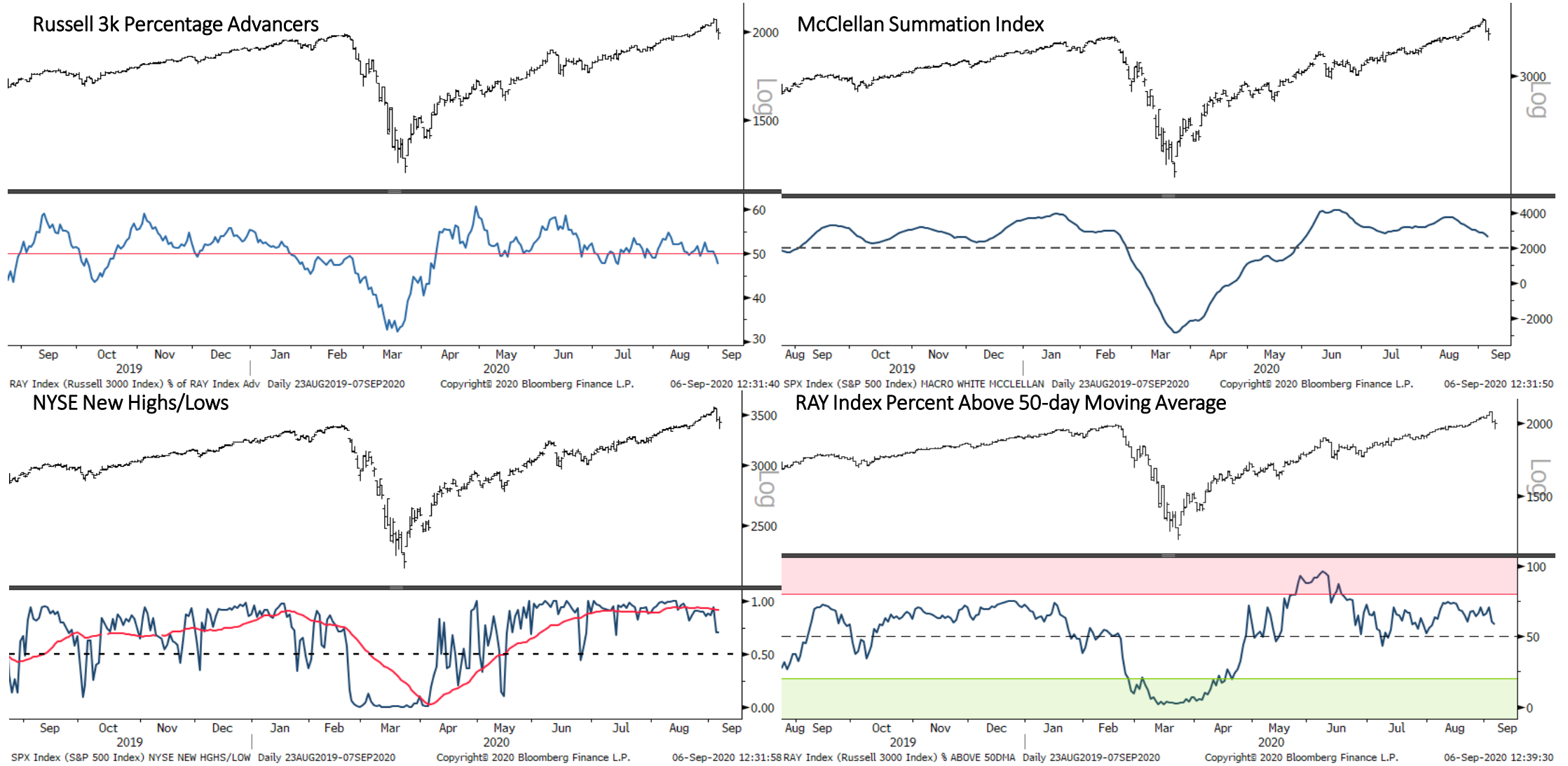
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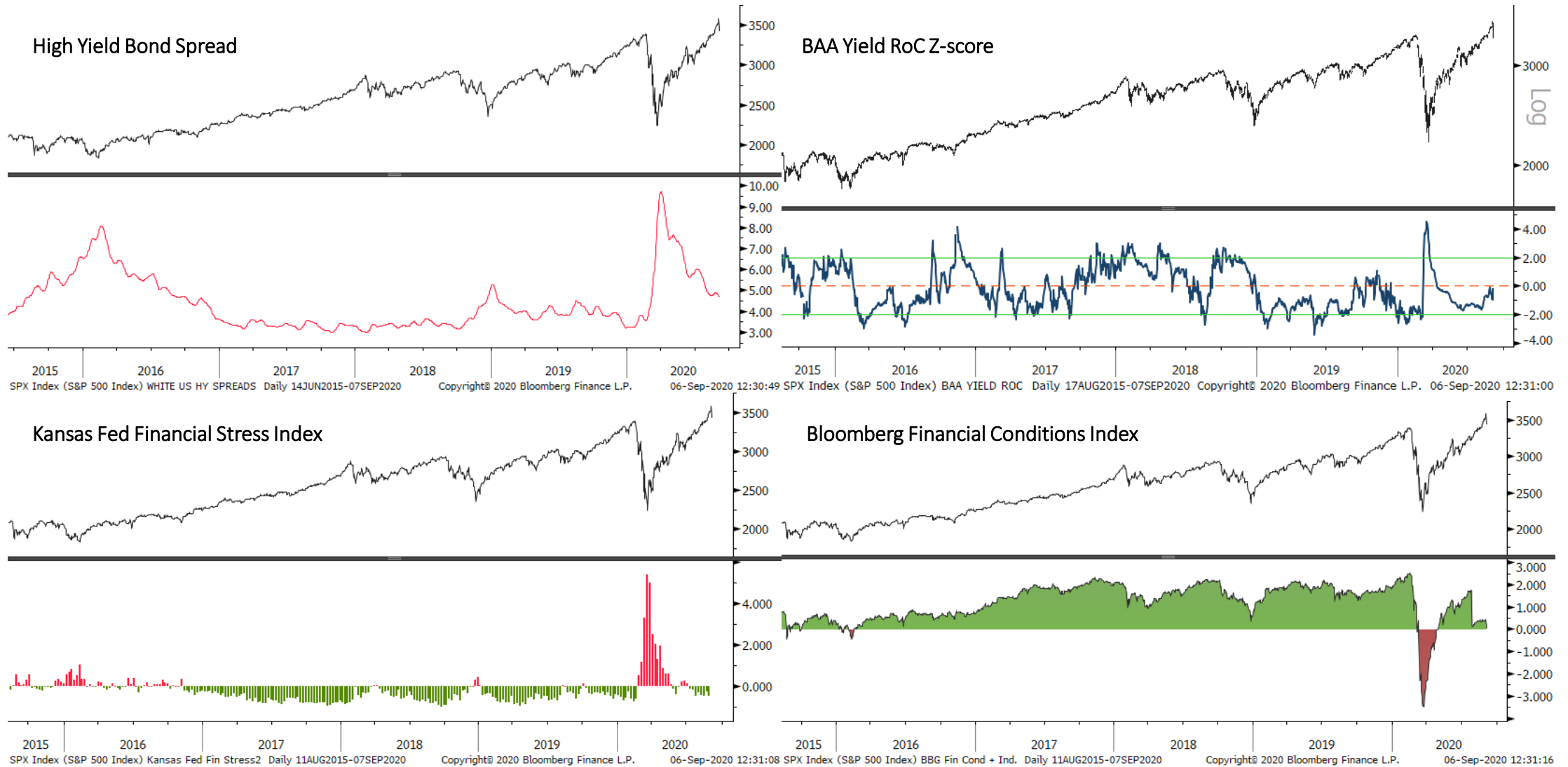
Sentiment & Positioning



Breadth



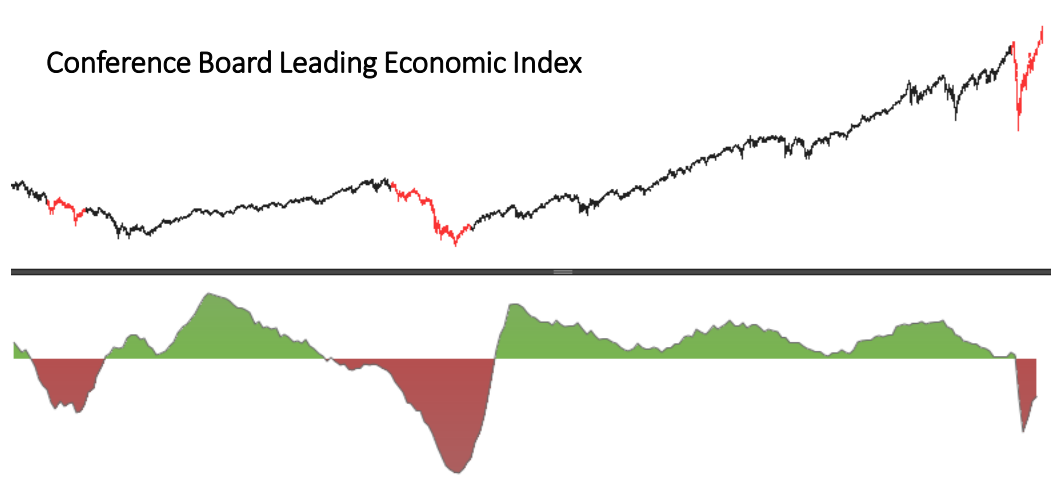
Liquidity



Macro

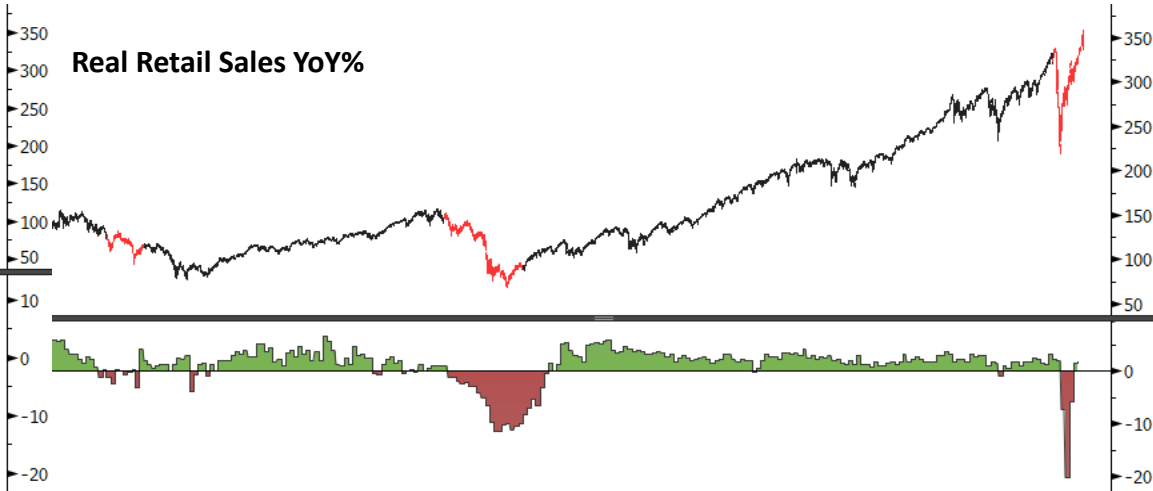


Conference Board Leading Economic Index



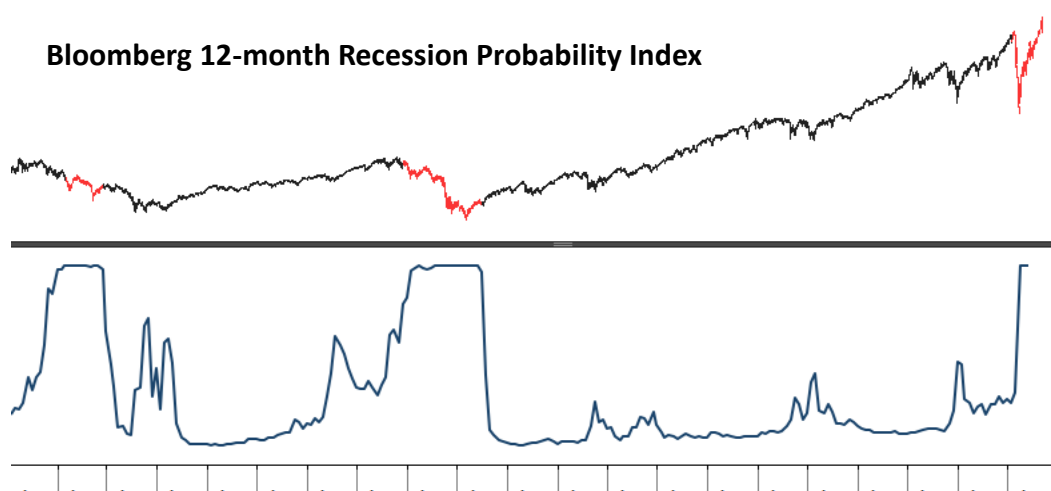
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 SPY US Equity (SPDR S&P 500 ETF Trust) MACRO LEI Daily 15JUN2000-07SEP2020 Copyright© 2020 Bloomberg Finance L.P. 06-Sep-2020 12:31:32

Real Retail Sales YoY%



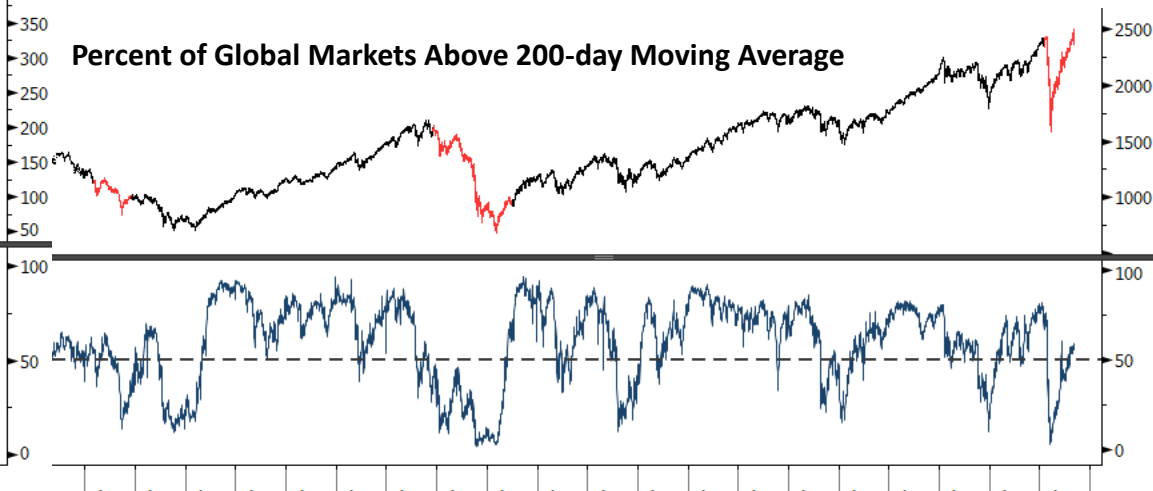
'00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20
 SPY US Equity (SPDR S&P 500 ETF Trust) Macro Real Retail Sales Daily 31JAN2000- Copyright© 2020 Bloomberg Finance L.P. 06-Sep-2020 12:31:44

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. 06-Sep-2020 12:31:51

Percent of Global Markets Above 200-day Moving Average

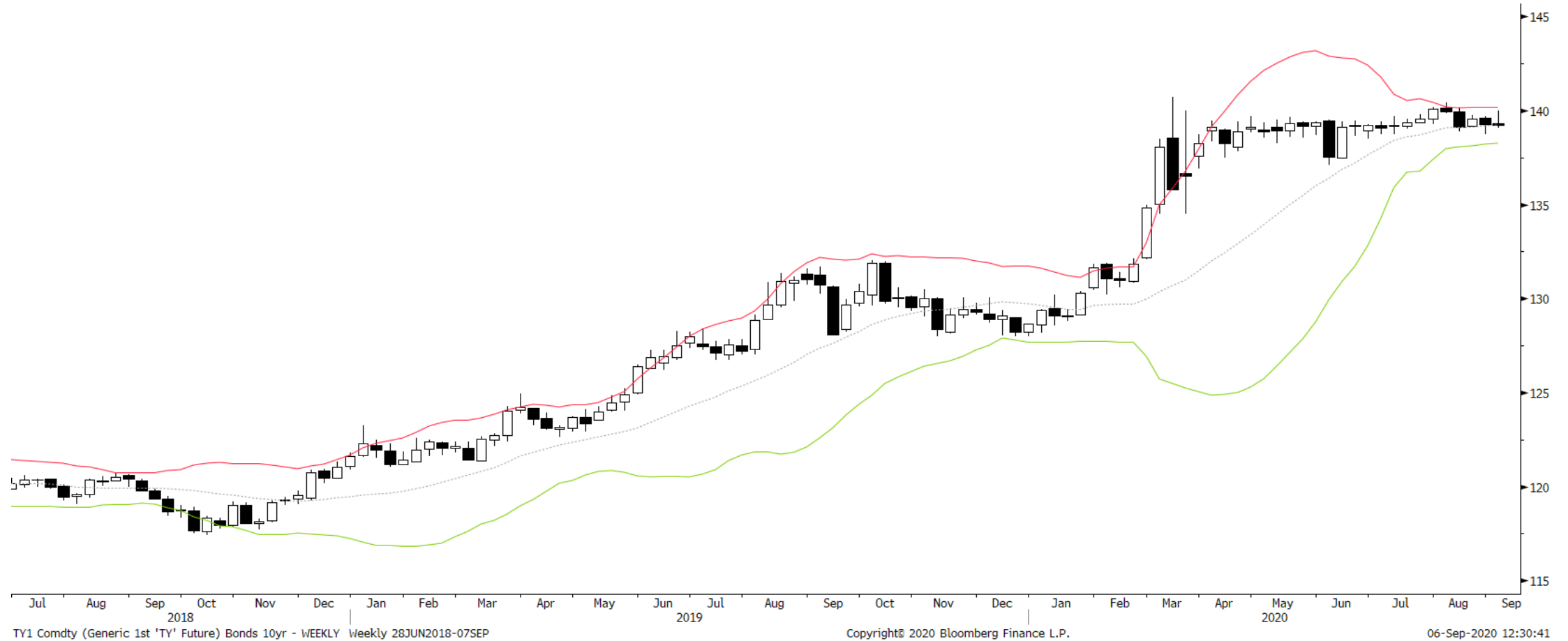


'01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 '17 '18 '19 '20
 MWO Index (MSCI World Index) MSCI World PCT 200dma Daily 08MAY2000-07SEP2020 Copyright© 2020 Bloomberg Finance L.P. 06-Sep-2020 12:32:01

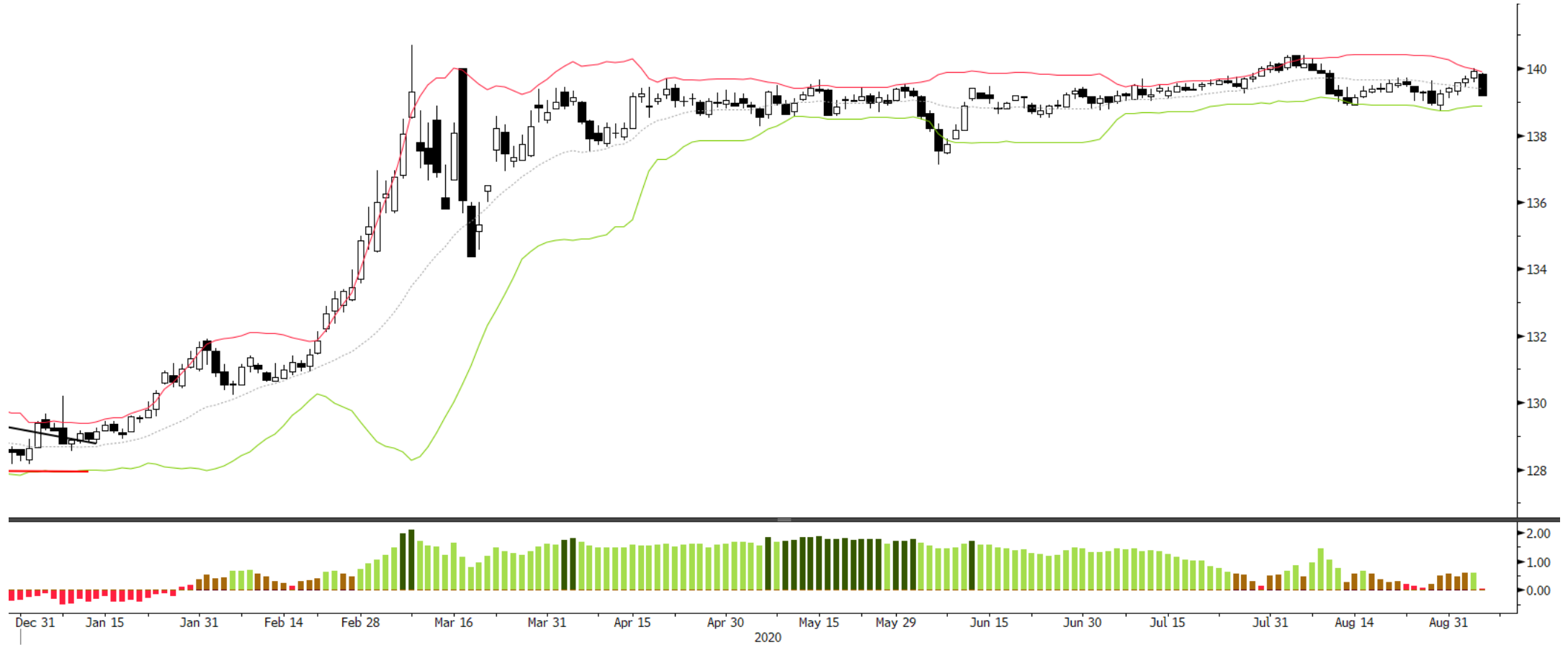
Bonds: 10-year Futures Monthly



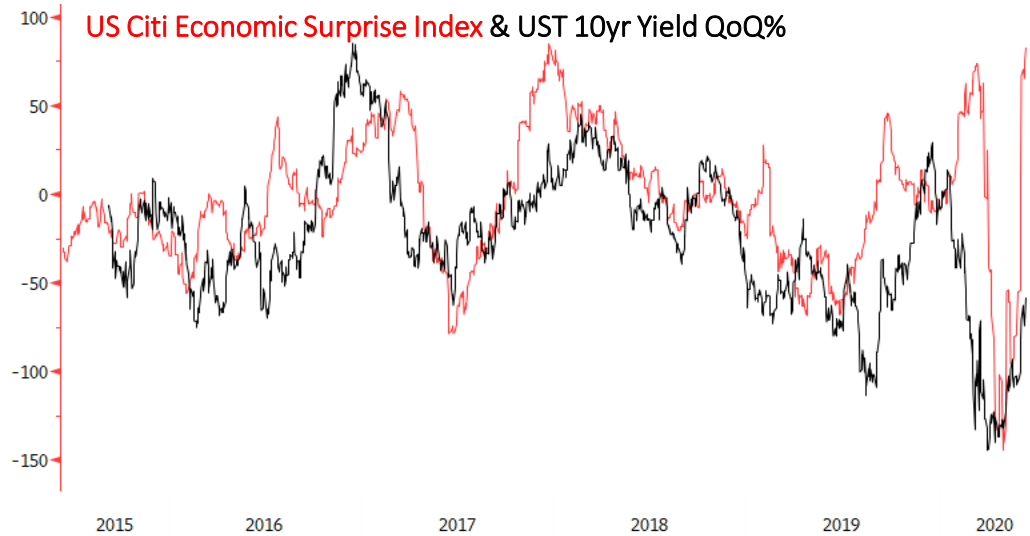
Bonds: 10-year Futures Weekly



Bonds: 10-year Futures Daily



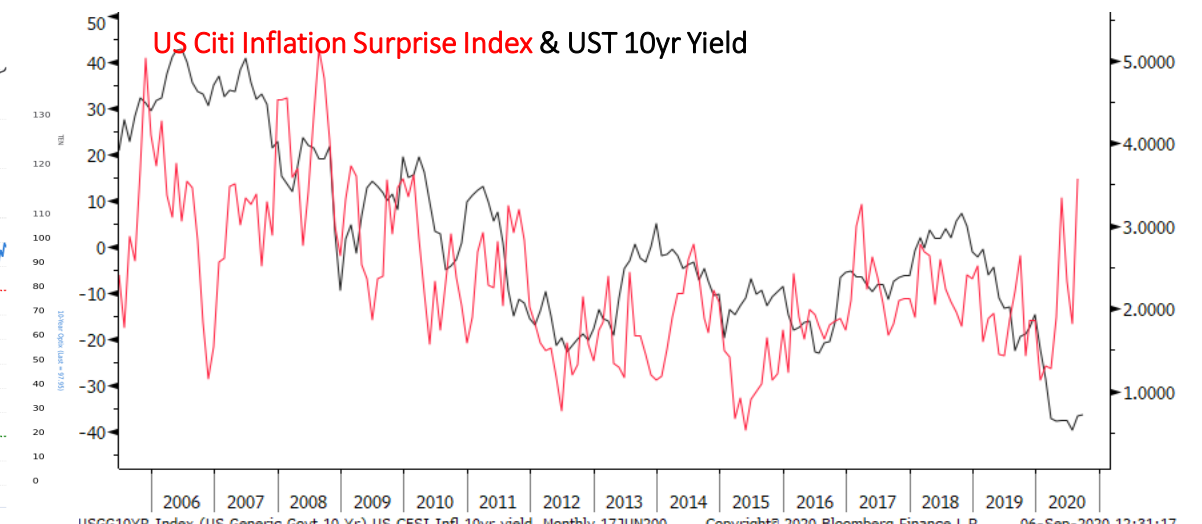
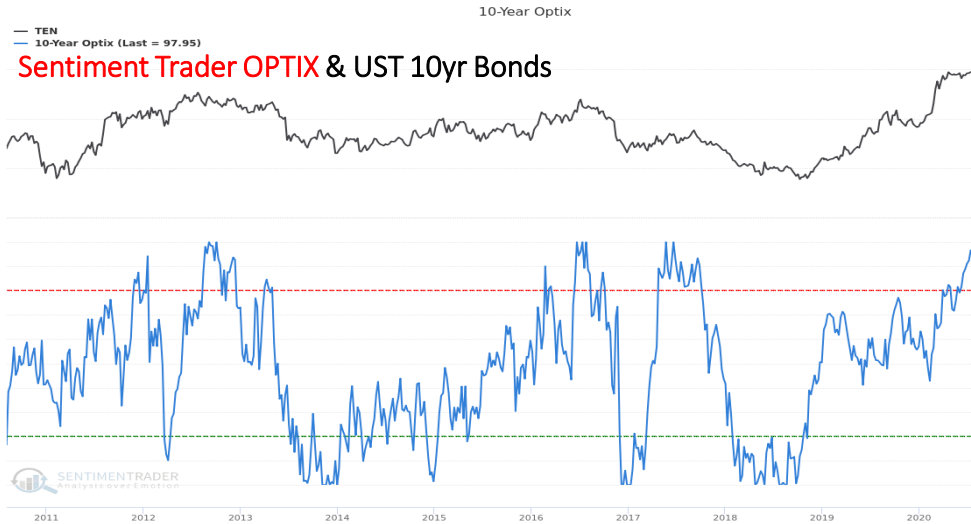
Bond/Yield Indicators



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06-Sep-2020 12:30:59 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-07SE Copyright © 2020 Bloomberg Finance L.P. 06-Sep-2020 12:31:08

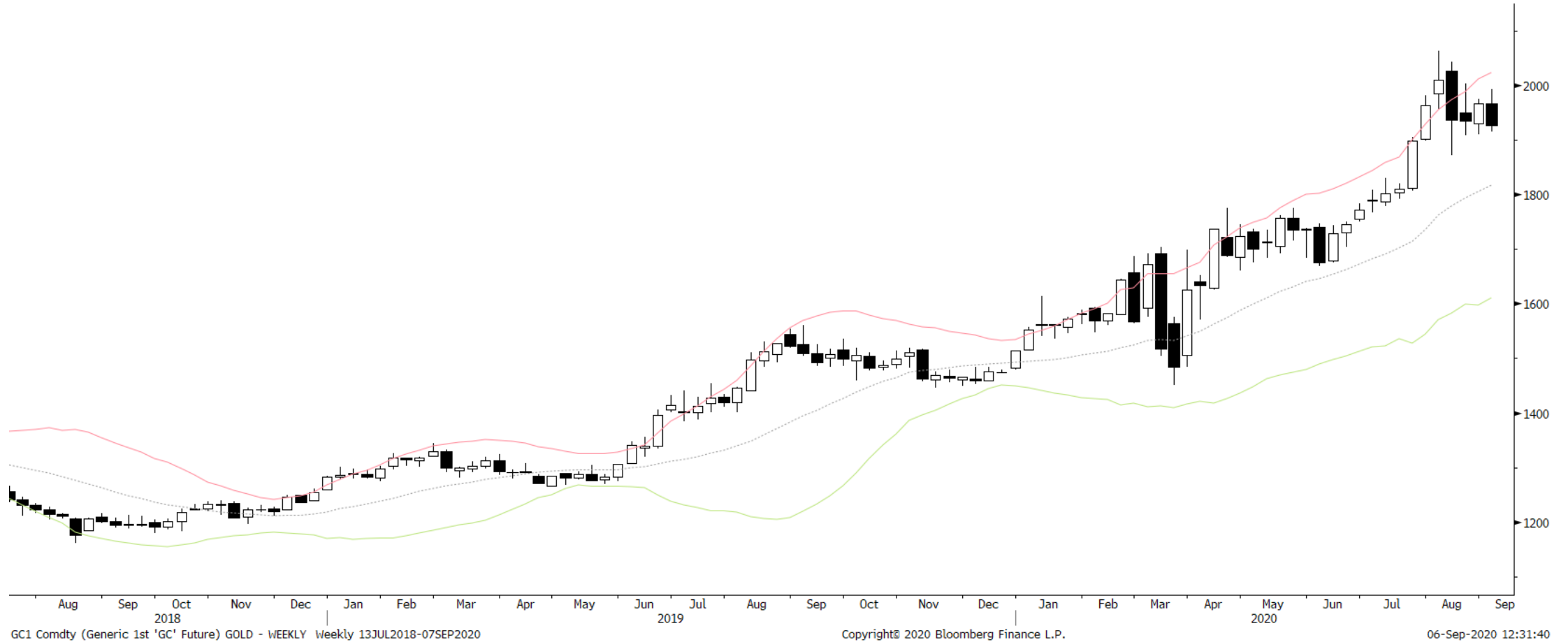


USGG10YR Index (US Generic Govt 10 Yr) US CESI Infl 10yr yield Monthly 17JUN200 Copyright © 2020 Bloomberg Finance L.P. 06-Sep-2020 12:31:17

Gold Monthly



Gold Weekly



Gold Daily





Gold Indicators

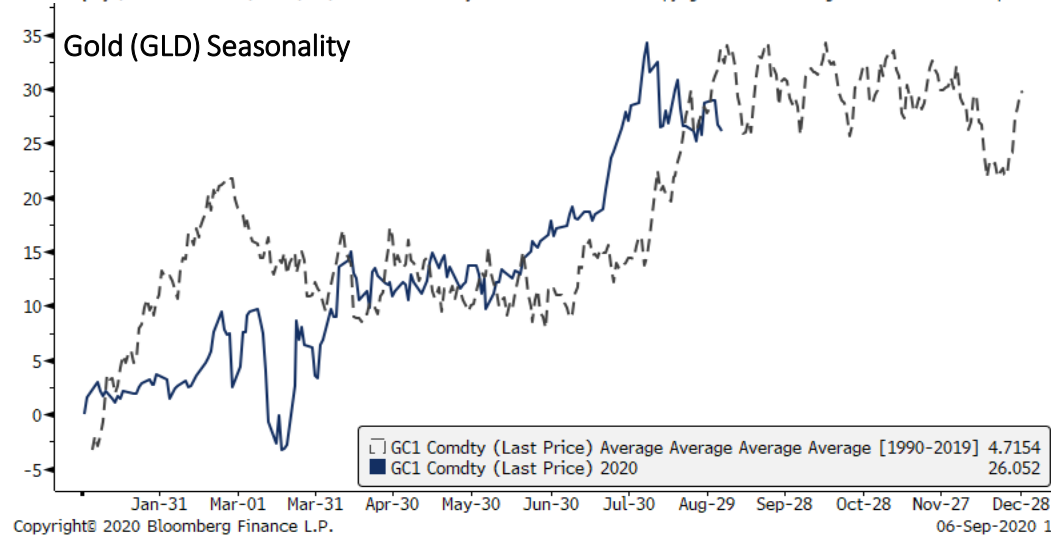
Gold ETF (GLD) Z-score



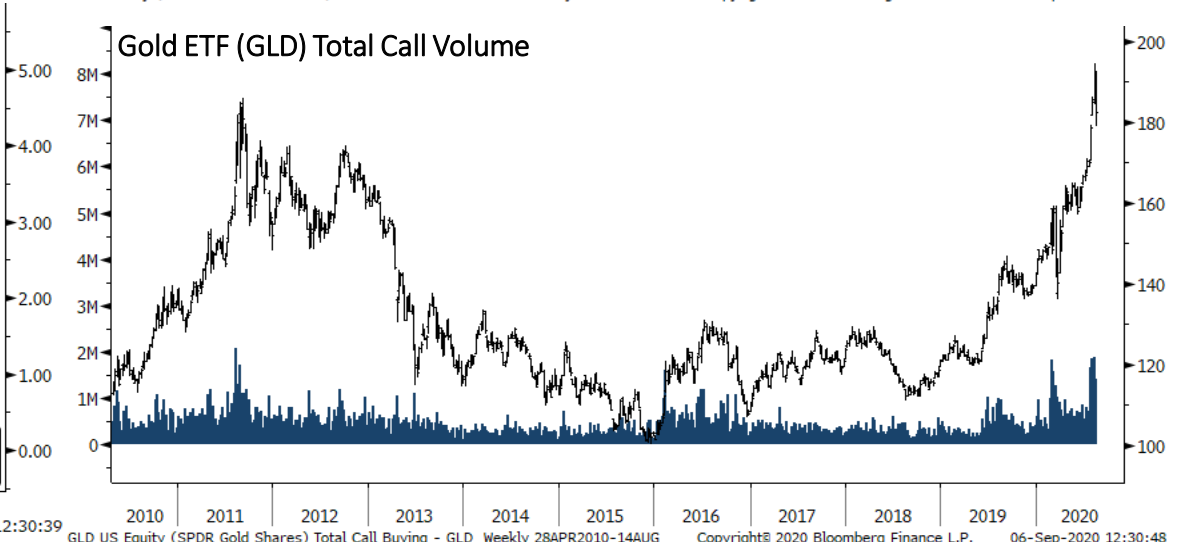
Gold Net Small Specs Z-score



Gold (GLD) Seasonality



Gold ETF (GLD) Total Call Volume



EURUSD Monthly



EURUSD Weekly



EURUSD Daily



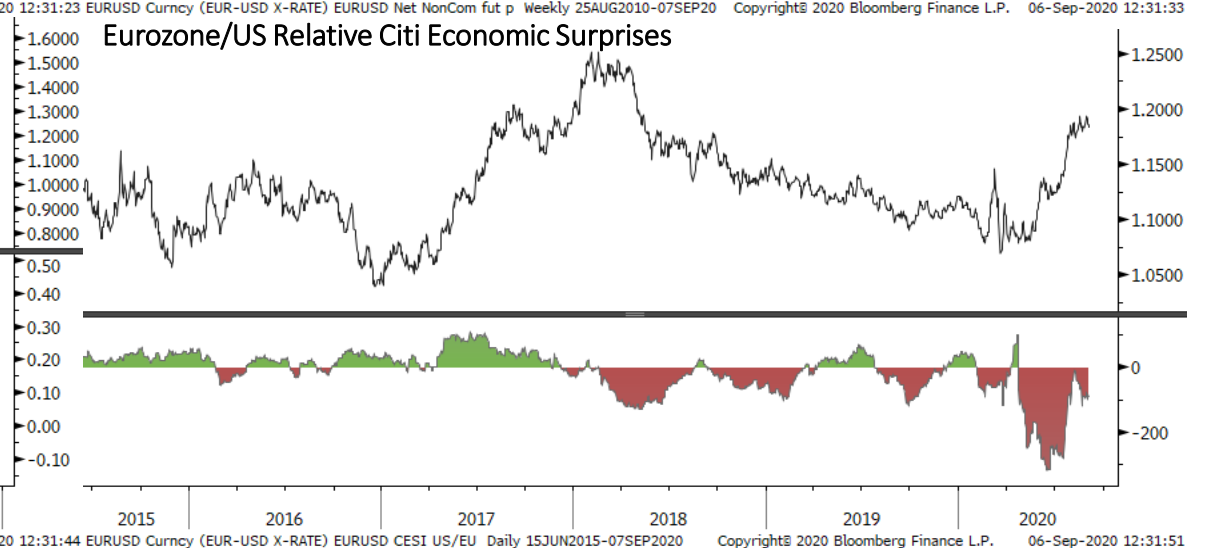
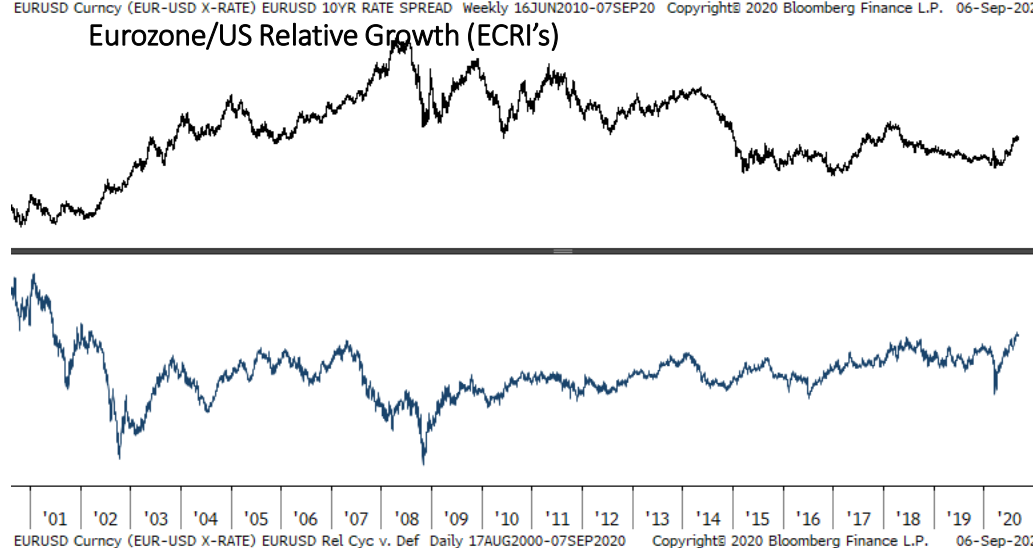
EURUSD Curncy (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-07SEP2020

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EURUSD Indicators



Bitcoin Weekly

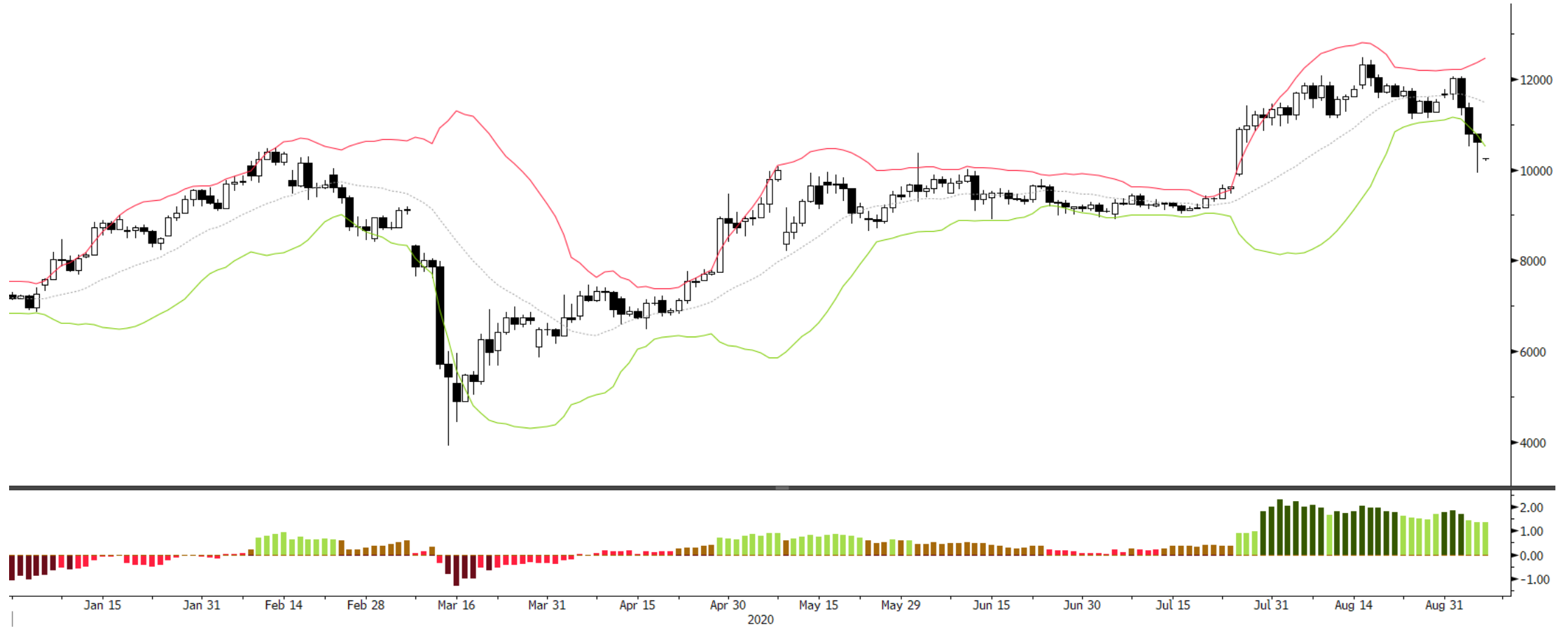


Bitcoin is trying to breakout of its 12-month+ trading range and is chewing through some major resistance. It's in a bull quiet regime and the path of least resistance is up.

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 mean we should expect continued sideways chop until there's a confirmed breakout.



Bitcoin Daily

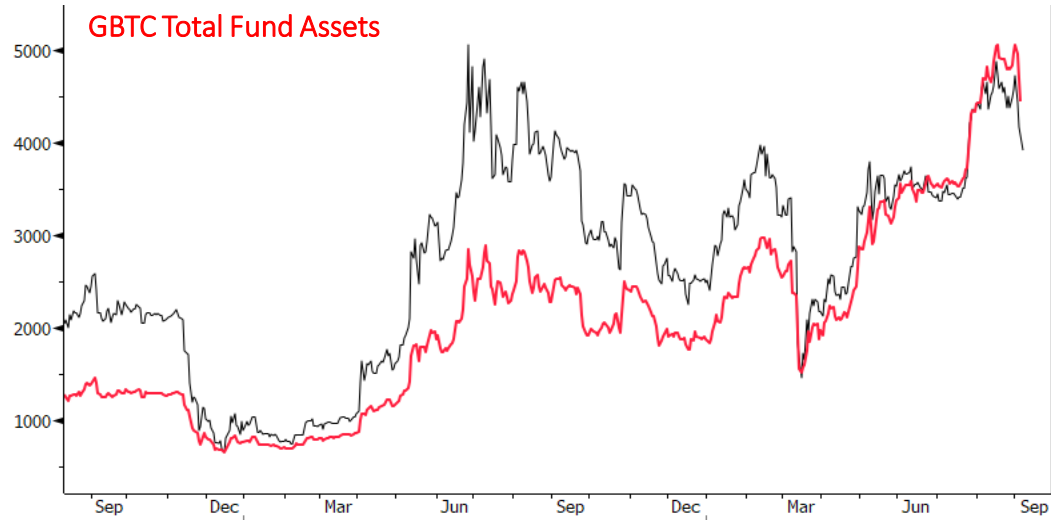


XBTUSD Curncy (XBT-USD Cross Rate) bitcoin Daily Daily 31DEC2019-07SEP2020

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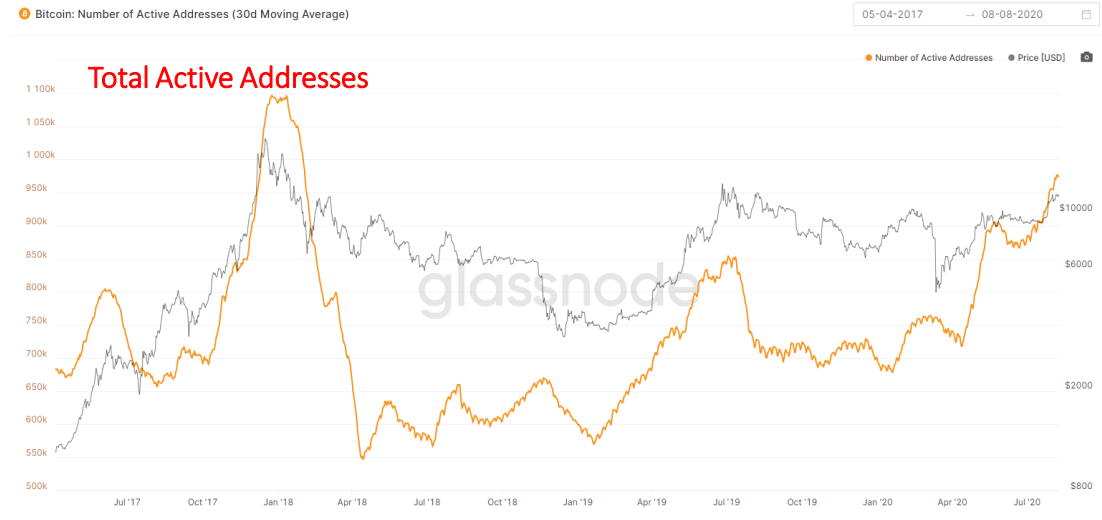
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Bitcoin Indicators



XBTUSD Currency (XBT-USD Cross Rate) GBTC Fund Total Assets Daily 10AUG2018-07SEP Copyright© 2020 Bloomberg Finance L.P. 06-Sep-2020 12:32:13

BTC1 Currency (Generic 1st 'BTC' Future) Bitcoin Total OI Daily 10AUG2018-07SEP20 Copyright© 2020 Bloomberg Finance L.P. 06-Sep-2020 12:32:20



The Four Pillars Portfolio

YTD Return

26.42%

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	\$10.87	
Bolloré (BOL)	Hidden Deep Value	\$2.46	B/E	\$2.46	\$3.18	
Interactive Brokers (IBKR)	Value/Technical	\$47.39	B/E	\$41.14	\$51.89	
Ammo, Inc (POWW)	Value/Growth	\$2.30	150bps	--	\$2.37	
Centrus Energy (LEU)	Deep Value/Cyclical	\$10.50	100bps	\$9.15	\$9.75	8/6/20 Took half profits
Dorian LPG (LPG)	Deep Value/Cyclical	\$8.34	B/E	\$7.59	\$7.96	
Enlabs (NLAB)	Secular Growth	\$27.25	100bps	\$21.10	\$30.05	
Red Violet (RDVT)	Cyclical Growth	\$17.85	100bps	\$13.45	\$19.28	9/2/20 Added to position
Revolve, Inc (RVLV)	Secular Growth	\$18.71	B/E	\$14.20	\$20.78	
Frontdoor (FTDR)	Secular Growth	\$44.22	100bps	\$39.50	\$42.29	
Gan, Ltd. (GAN)	Secular Growth	\$24.76	100bps	\$19.15	\$20.90	9/3/20 Stopped out
Nintendo (NTDOY)	Secular Growth	\$62.71	100bps	\$54.00	\$70.68	
Cardlytics (CDLX)	Secular Growth	\$86.07	100bps	\$60.50	\$70.09	
Guillemot (GUI)	Secular Growth	\$7.76	100bps	\$4.50	\$6.68	
CADUSD (6CU2020)	Swing	0.74515	B/E	0.73845	0.76660	
MXNUSD (6MU2020)	Swing	0.04191	B/E	0.04045	0.04642	
Bitcoin (BTCU2020)	Trend/Breakout	10040	100bps	9230	10620	
Nikkei/USD (NKDU2020)	Trend/Breakout	23290	100bps	22440	23175	