



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

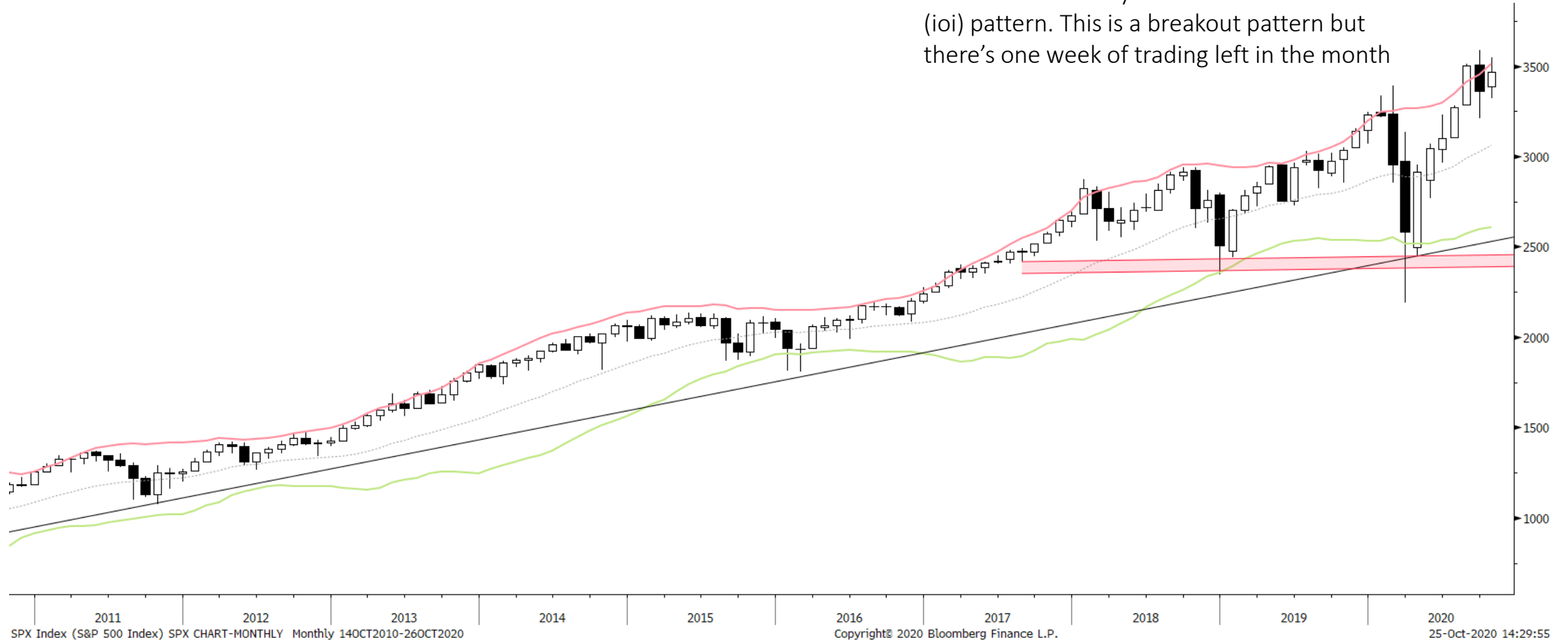


S&P 500	UST 10yr Bonds	Gold	EURUSD
<ul style="list-style-type: none">➤ Long-term: September formed an outside bear bar on the monthly chart. But buyers came in at the end of month and bid the market up well above the August lows – see the large lower wick for Sep. The path of least resistance remains in favor of higher prices➤ Sentiment/Positioning: Sentiment is improving and now tilts bullish-to-neutral, though it's not at extremes that typically mark longer-term tops. <u>But large asset managers remain underweight risk assets which = cash on sidelines ready to buy into dips</u>➤ Breadth: Breadth remained strong last week and is a tailwind for SPX in the near-term➤ Macro/Liquidity: Macro conditions are rebounding and liquidity is flush➤ Short-term: SPX is in a Bull Quiet regime with a TL score of +3. <u>Buyers kept coming into the market last week on every little down day. This is typical of BullQ regimes and shows that demand pressure remains strong. Odds favor a bounce this week, likely back into the red-zone (3,525-3,600) level</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 consensus➤ 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/down chop in the near-term➤ Sentiment/Positioning: The bullish gold narrative is consensus which raises the odds of continued volatile action. <u>Long positioning remains crowded</u>➤ Gold Indicators: Gold no longer has favorable tailwinds from seasonality➤ Short-term: Gold is in a Bull Quiet regime in a longer-term uptrend. <u>But rising yields, crowded positioning, and major trend extension gap from its 200-day moving average put odds in favor of more sideways/down chop before next leg higher</u>	<ul style="list-style-type: none">➤ Long-term: EURUSD is 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>But EURUSD is in a Bull Quiet regime and traders keep buying the dips. So any downside over the interim is likely to be moderate. Expect further sideways chop for now</u>

S&P 500 Monthly



October is currently an inside-outside-inside (ioi) pattern. This is a breakout pattern but there's one week of trading left in the month



S&P 500 Weekly



SPX formed a weak bear bar with a large lower wick last week, indicating buying pressure. Odds favor another run up into the red-zone this week



SPX Index (S&P 500 Index) SPX CHART-WEEKLY Weekly 29AUG2017-26OCT2020

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S&P 500 Daily

SPX pulled back to BB midline in a Bull Quiet regime with a positive TL score of 3. Odds favor a move higher this week with September high 3,525-3,600 level acting as an attractor



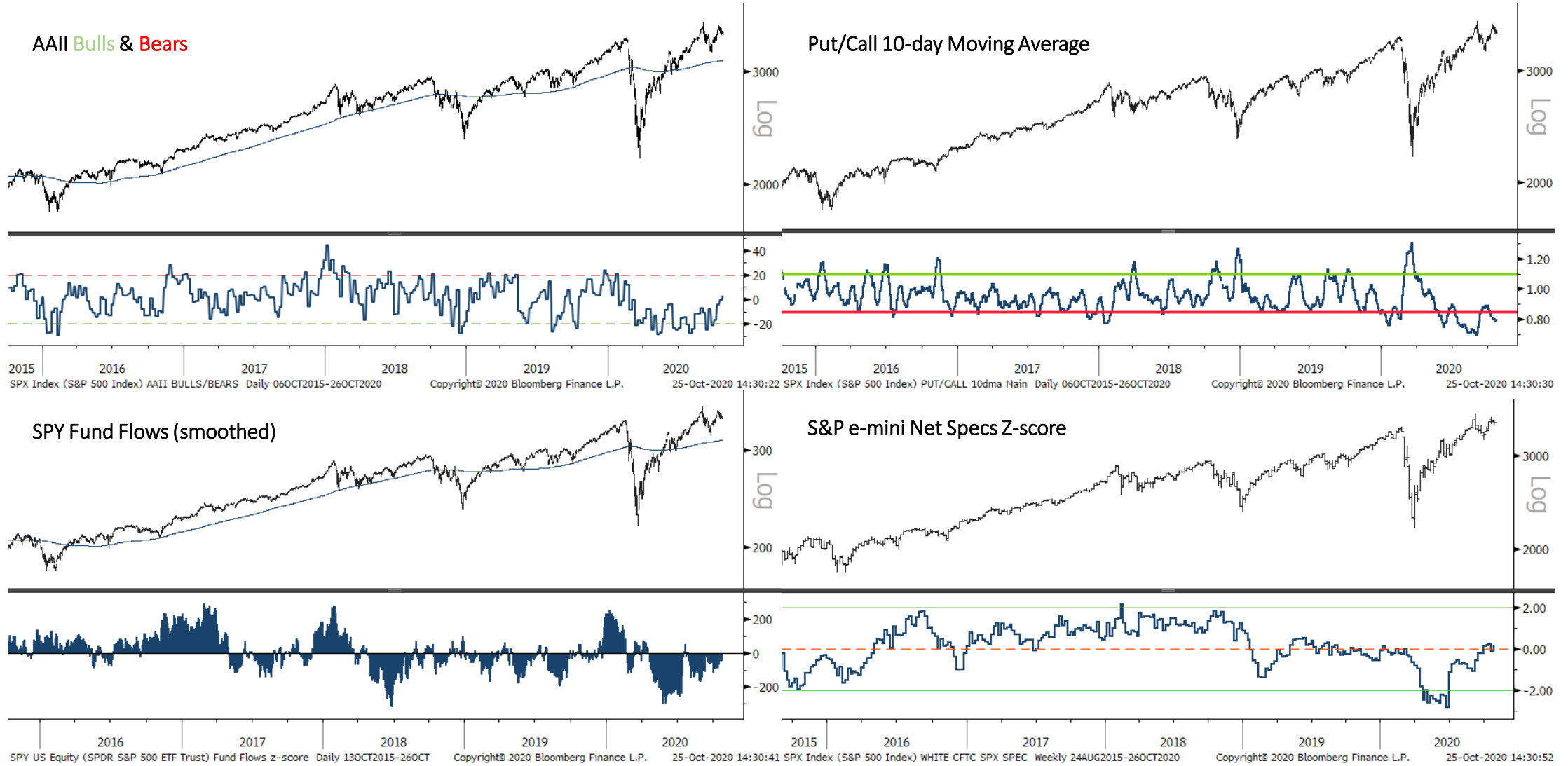
You can read more about [market regimes here](#). Also, you'd like me to share the Bloomberg STDY with you, just shoot me an email or DM on slack

SPXFAST Index (S&P 500 Fast Cash Index) SPX CHART-DAILY Daily 31DEC2019-26OCT20

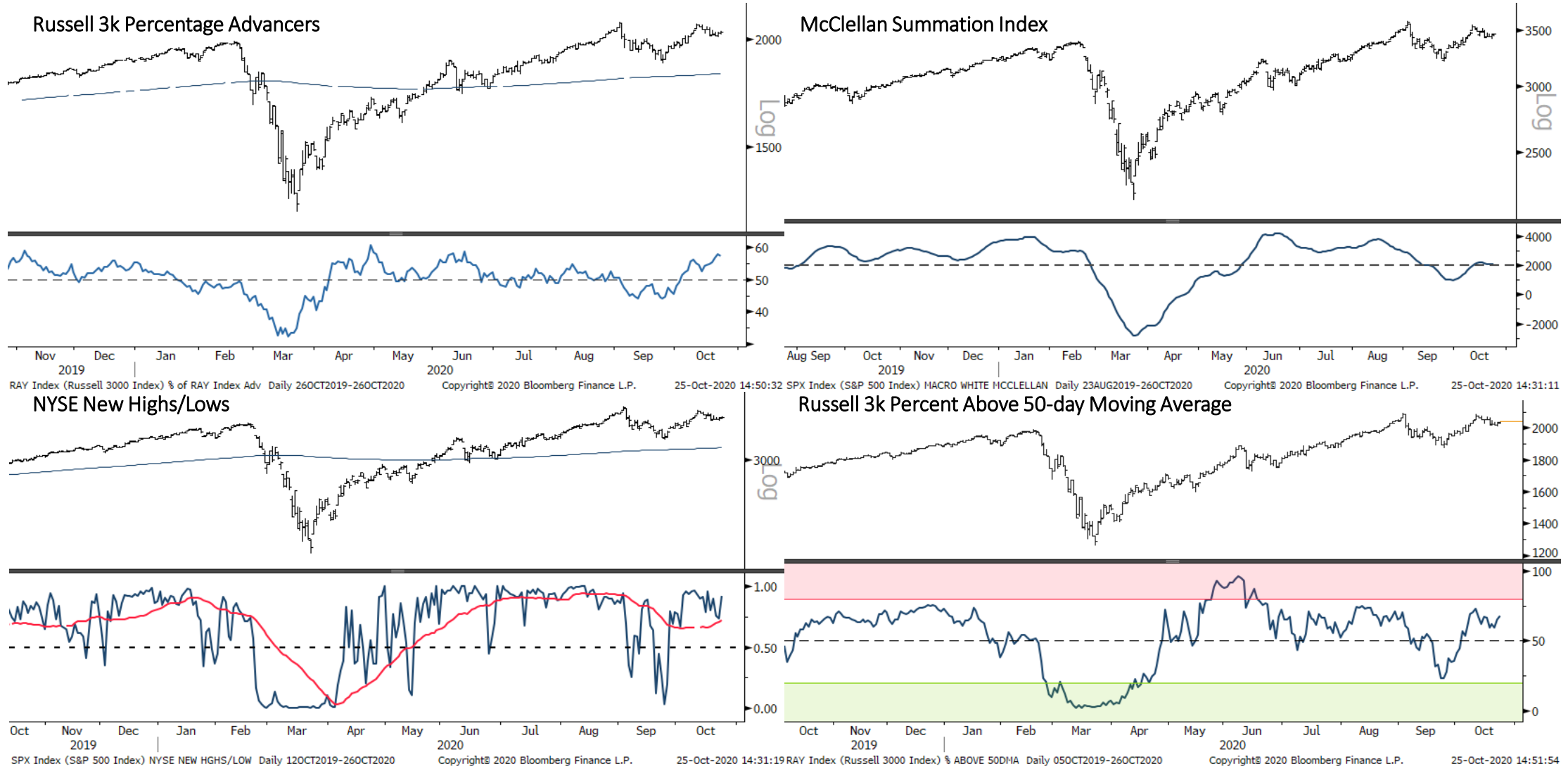
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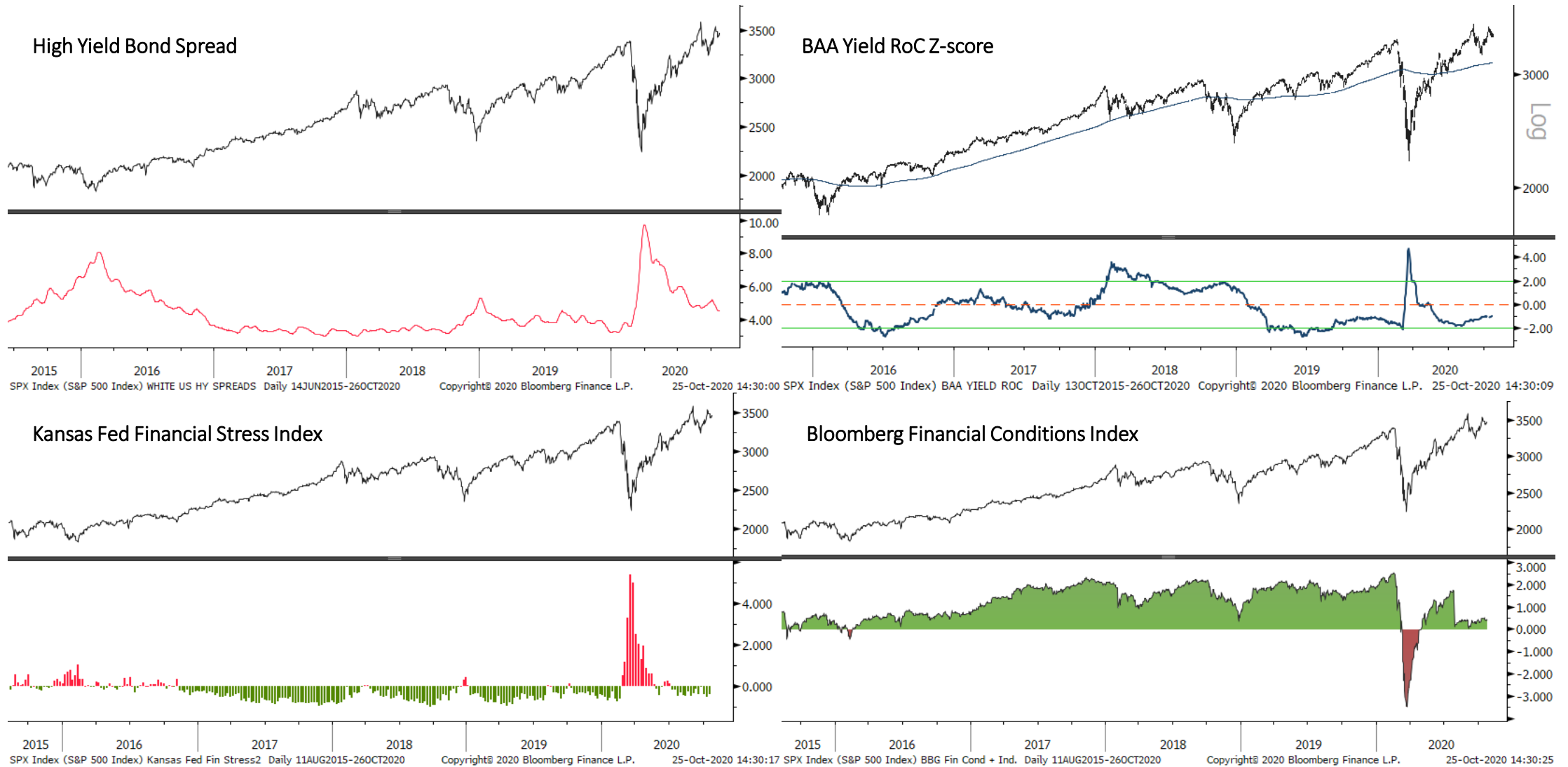
Sentiment & Positioning



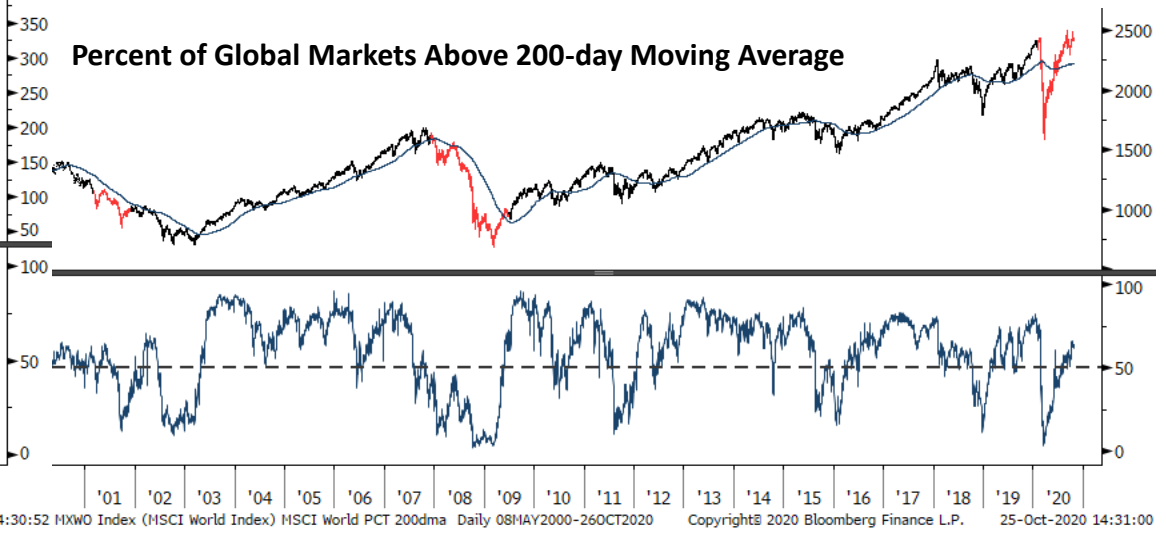
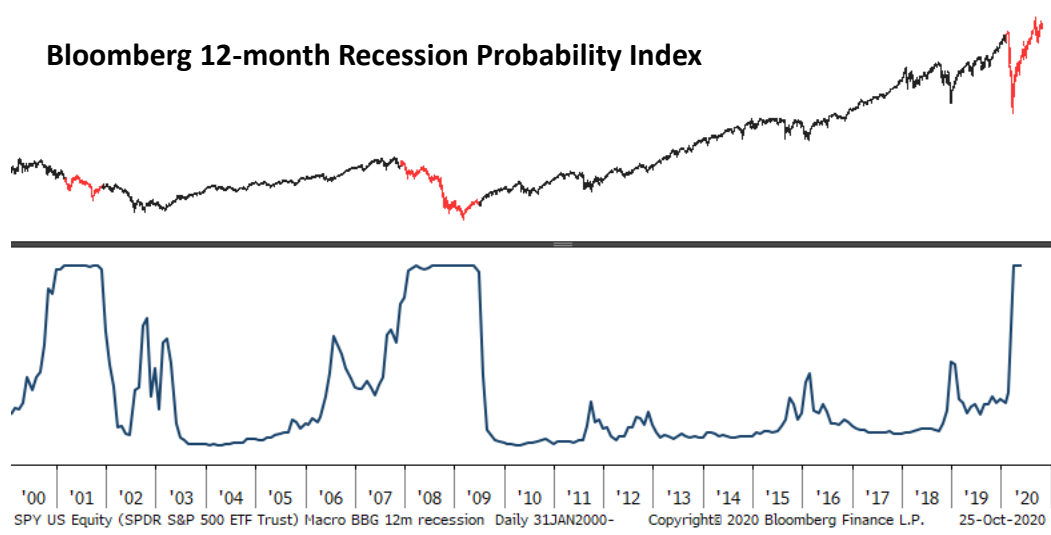
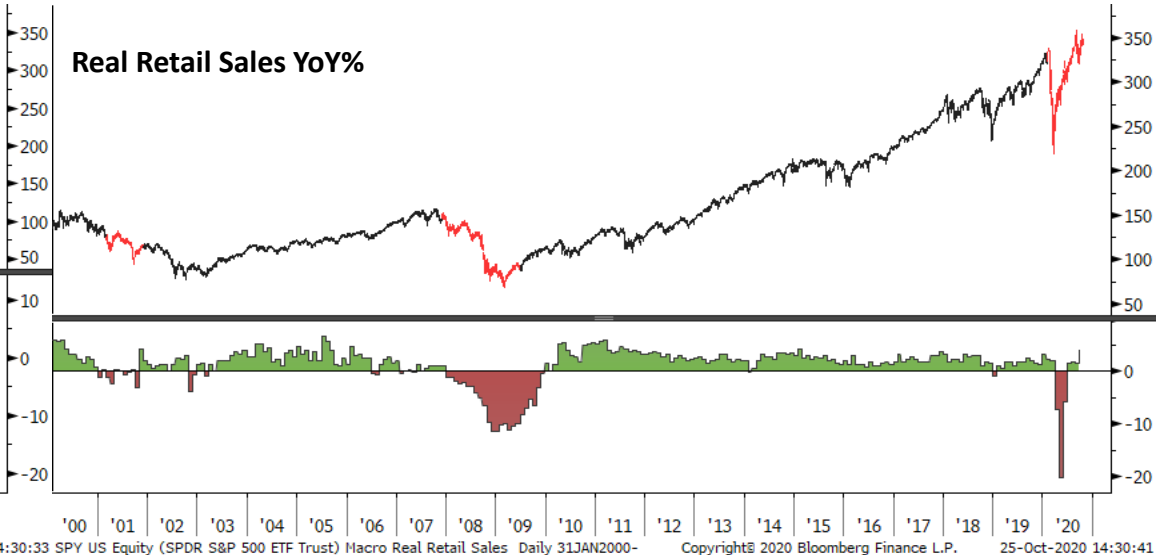
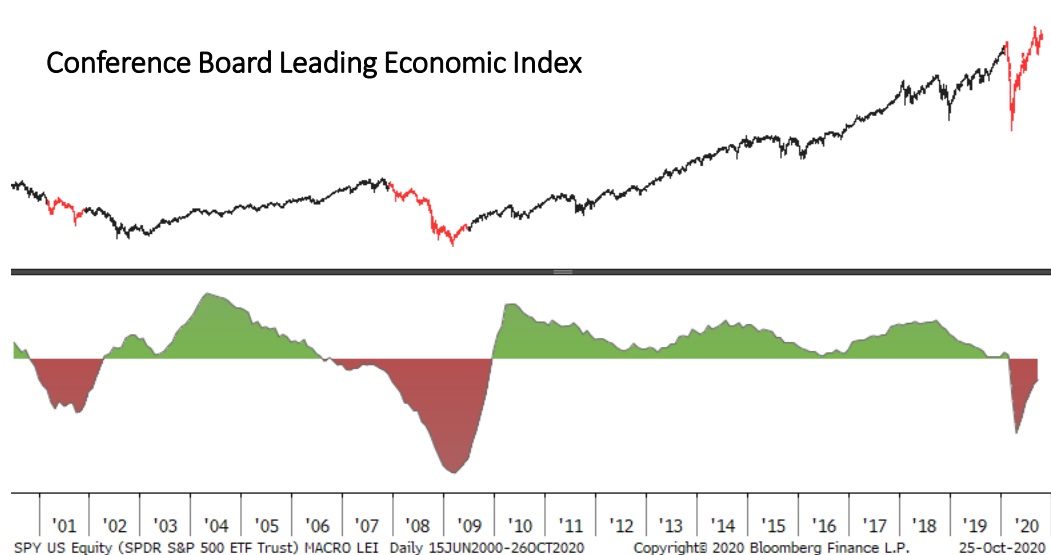
Breadth



Liquidity



Macro



Bonds: 10-year Futures Monthly



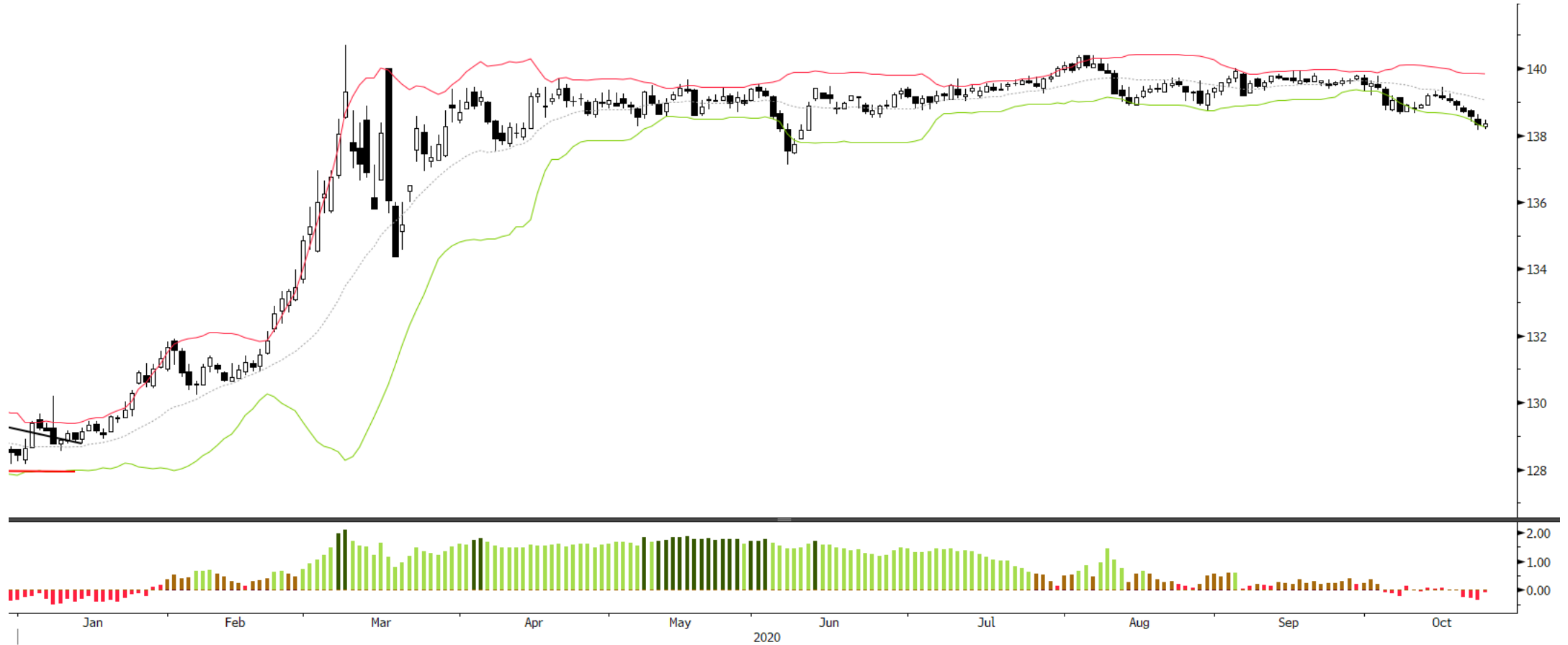
Bonds: 10-year Futures Weekly



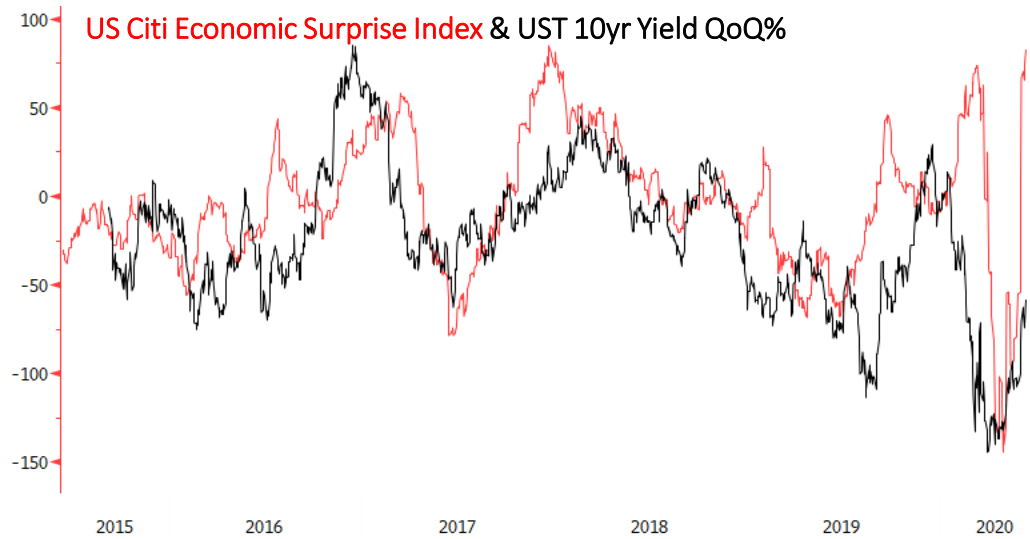
Bonds are on breakout watch this week. A weekly bear bar would be the follow-through confirmation needed to confirm a bearish breakout



Bonds: 10-year Futures Daily

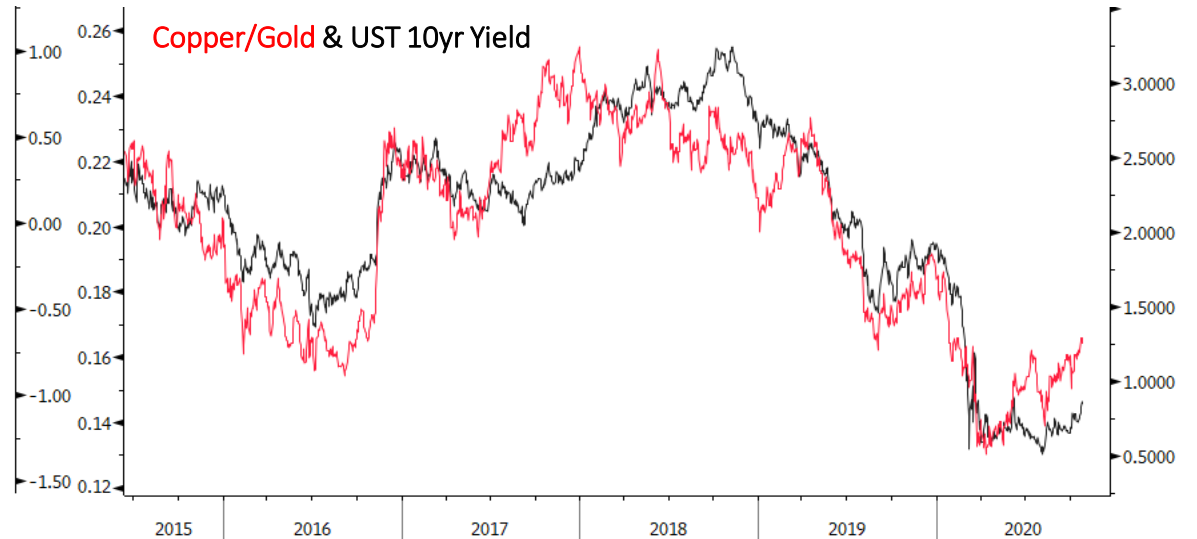


Bond/Yield Indicators



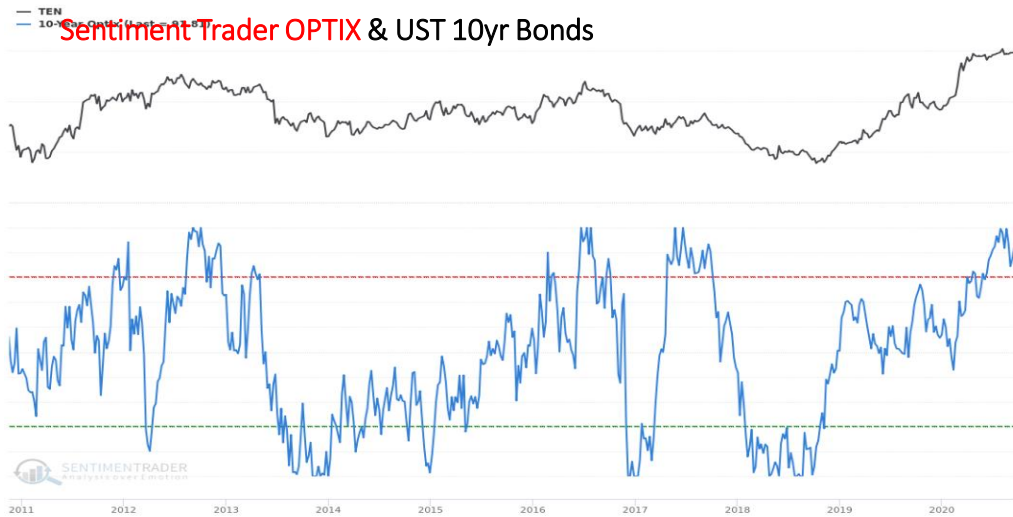
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10-Year Optix

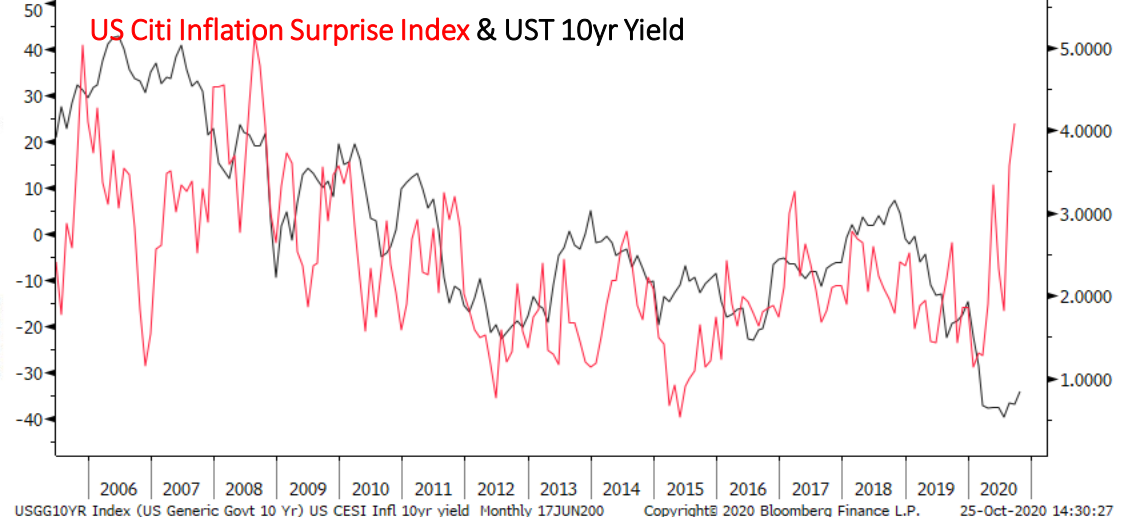


25-Oct-2020 14:30:11 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-26OC

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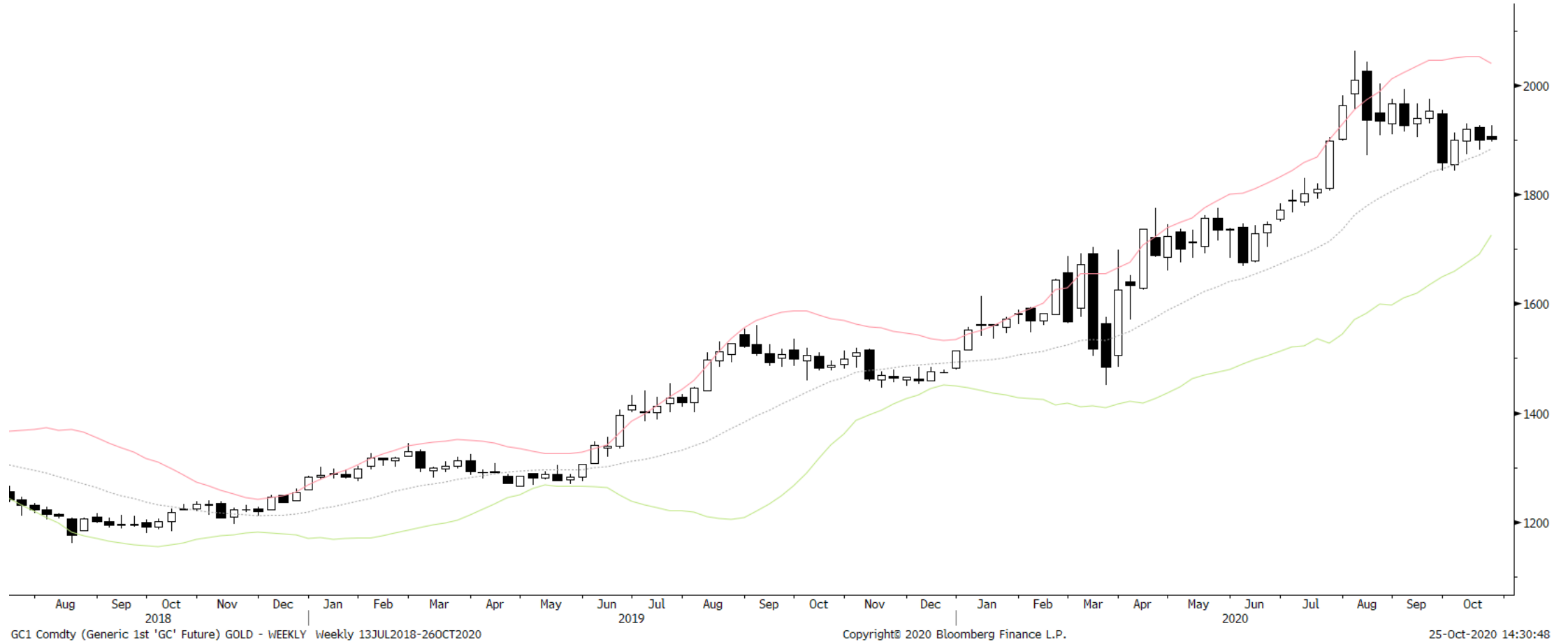
USGG10YR Index (US Generic Govt 10 Yr) US CESI Infl 10yr yield Monthly 17JUN200

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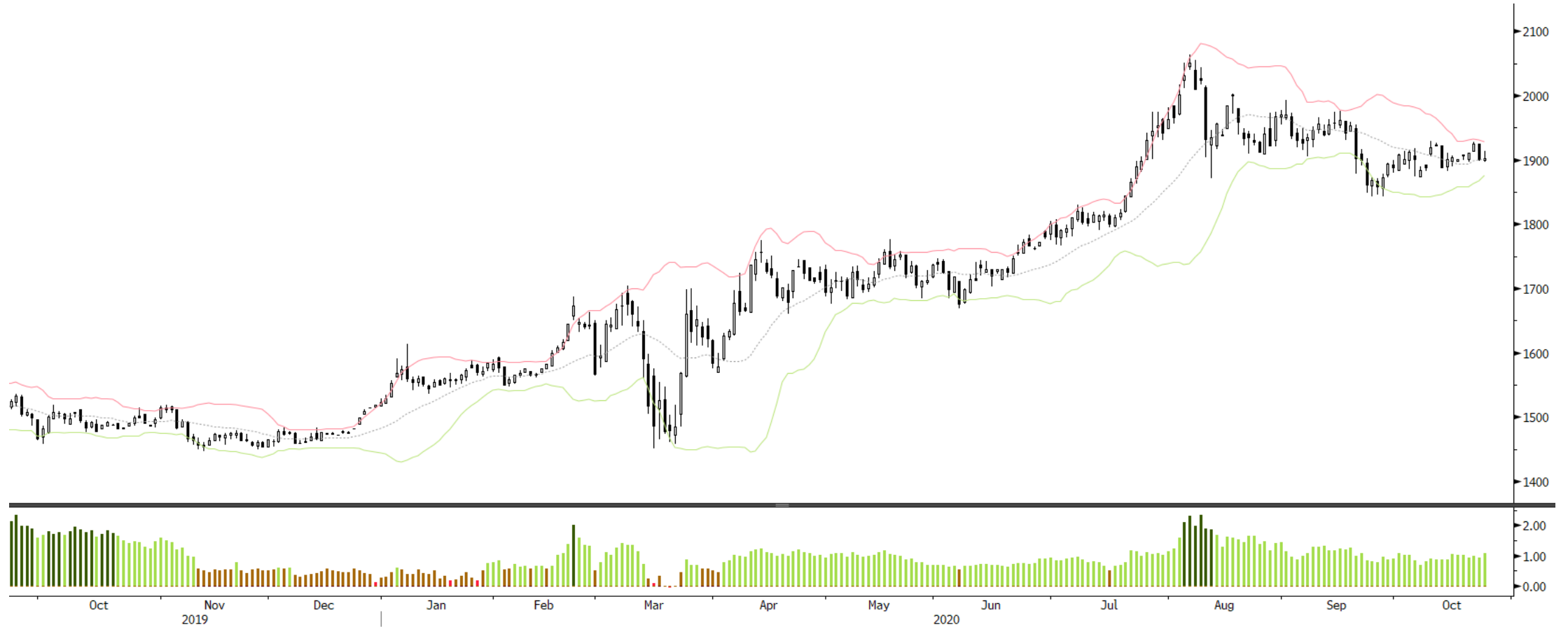
Gold Monthly



Gold Weekly



Gold Daily



GC1 Comdty (Generic 1st 'GC' Future) GOLD - DAILY Daily 23SEP2019-26OCT2020

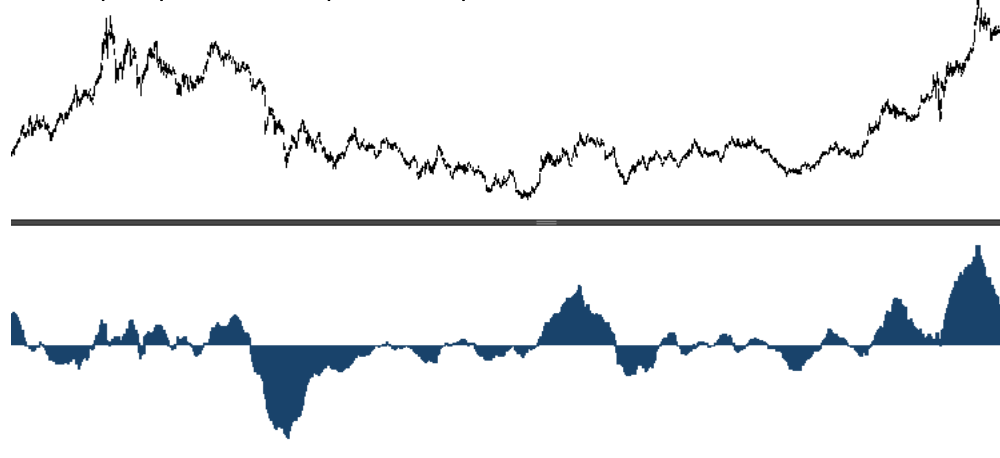
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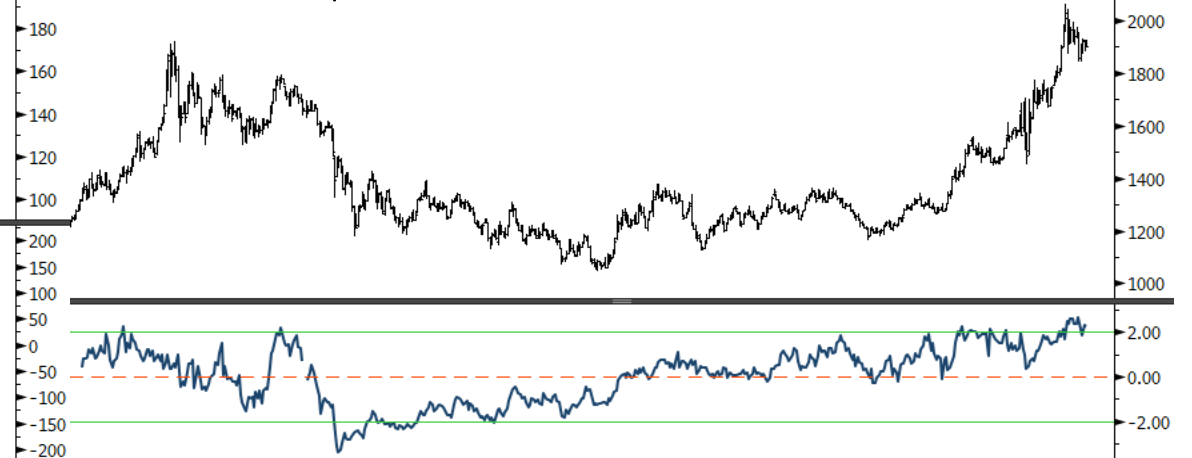
Gold Indicators

Gold (GLD) Fund Flows (smoothed)



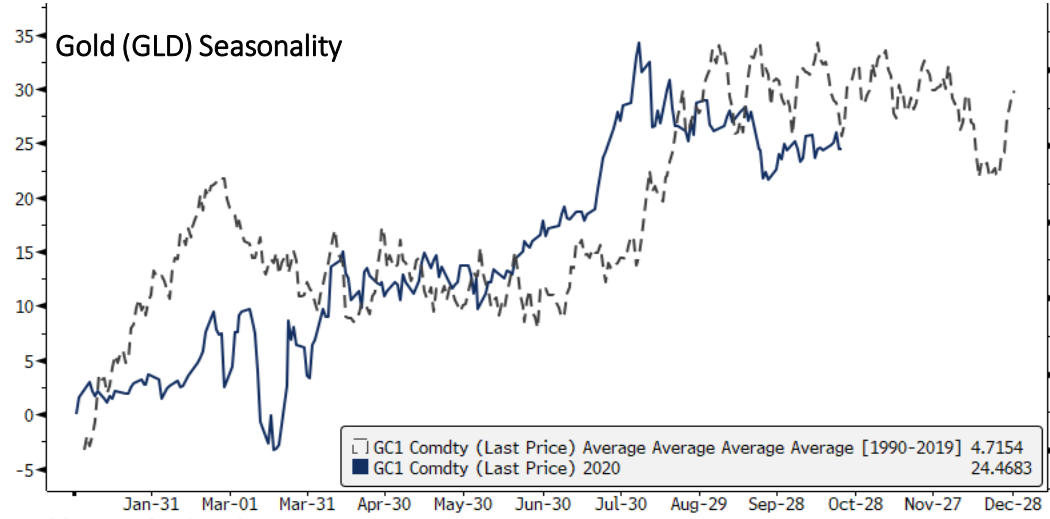
GLD US Equity (SPDR Gold Shares) Gold (GLD) Fund Flows z Daily 08SEP2010-26OCT2 Copyright© 2020 Bloomberg Finance L.P. 25-Oct-2020 14:30:03

Gold Net Small Specs Z-score



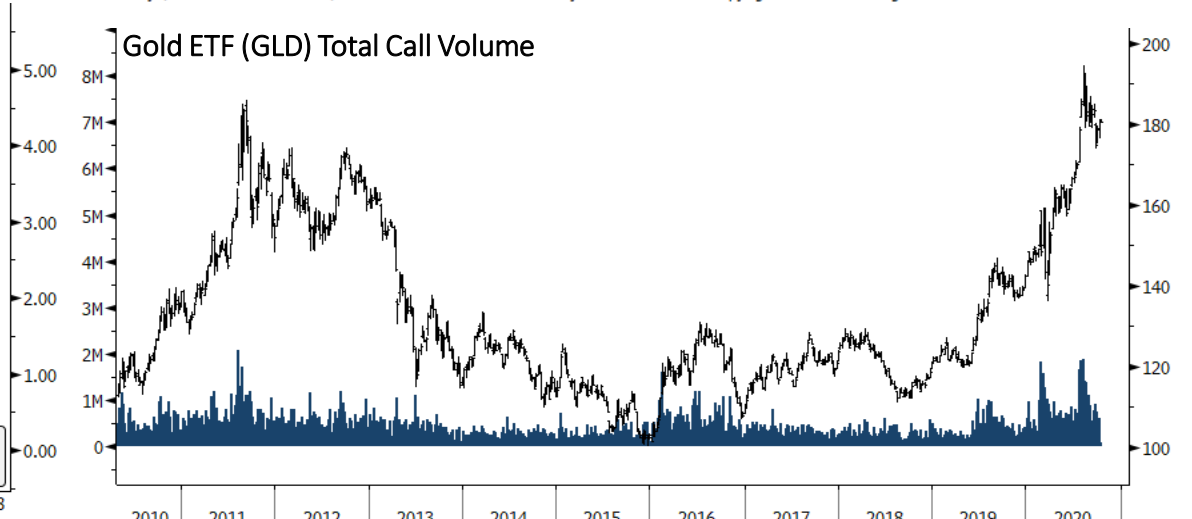
GC1 Comdty (Generic 1st 'GC' Future) GLD NET NON REPORTABLE Weekly 25AUG2010-26 Copyright© 2020 Bloomberg Finance L.P. 25-Oct-2020 14:31:06

Gold (GLD) Seasonality



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Gold ETF (GLD) Total Call Volume



GLD US Equity (SPDR Gold Shares) Total Call Buying - GLD Weekly 30APR2010-12OCT Copyright© 2020 Bloomberg Finance L.P. 25-Oct-2020 14:29:55

EURUSD Monthly



EURUSD Weekly



EURUSD Daily



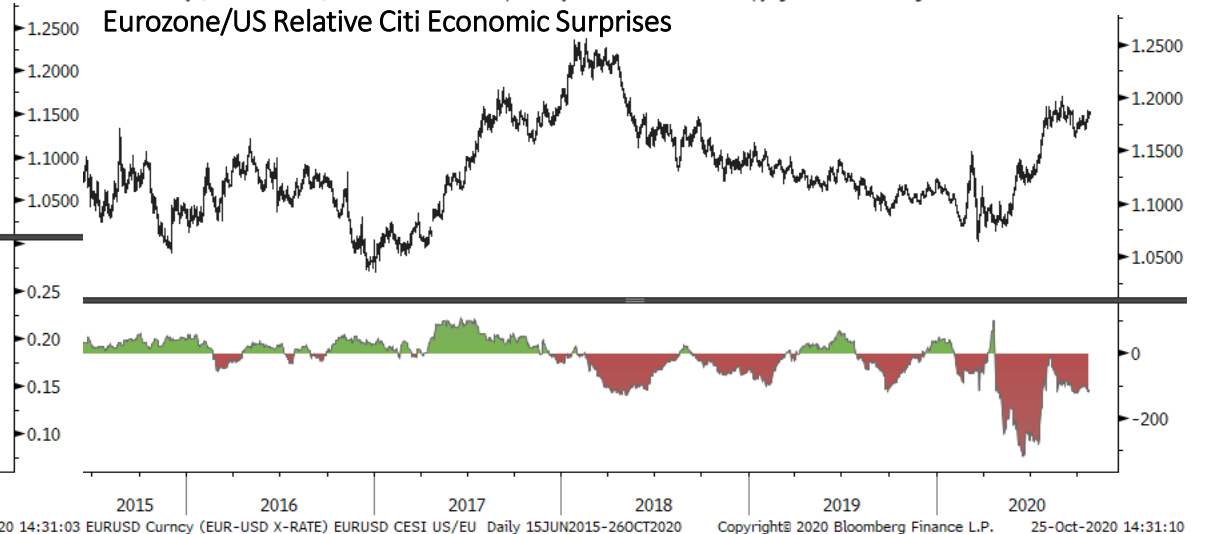
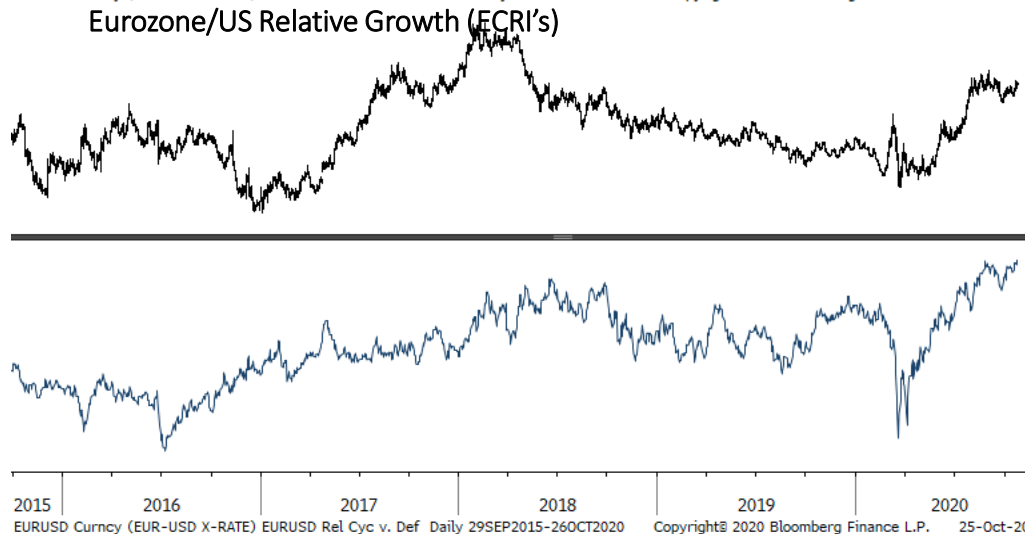
EURUSD Curncy (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-26OCT2020

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EURUSD Indicators



Bitcoin Weekly

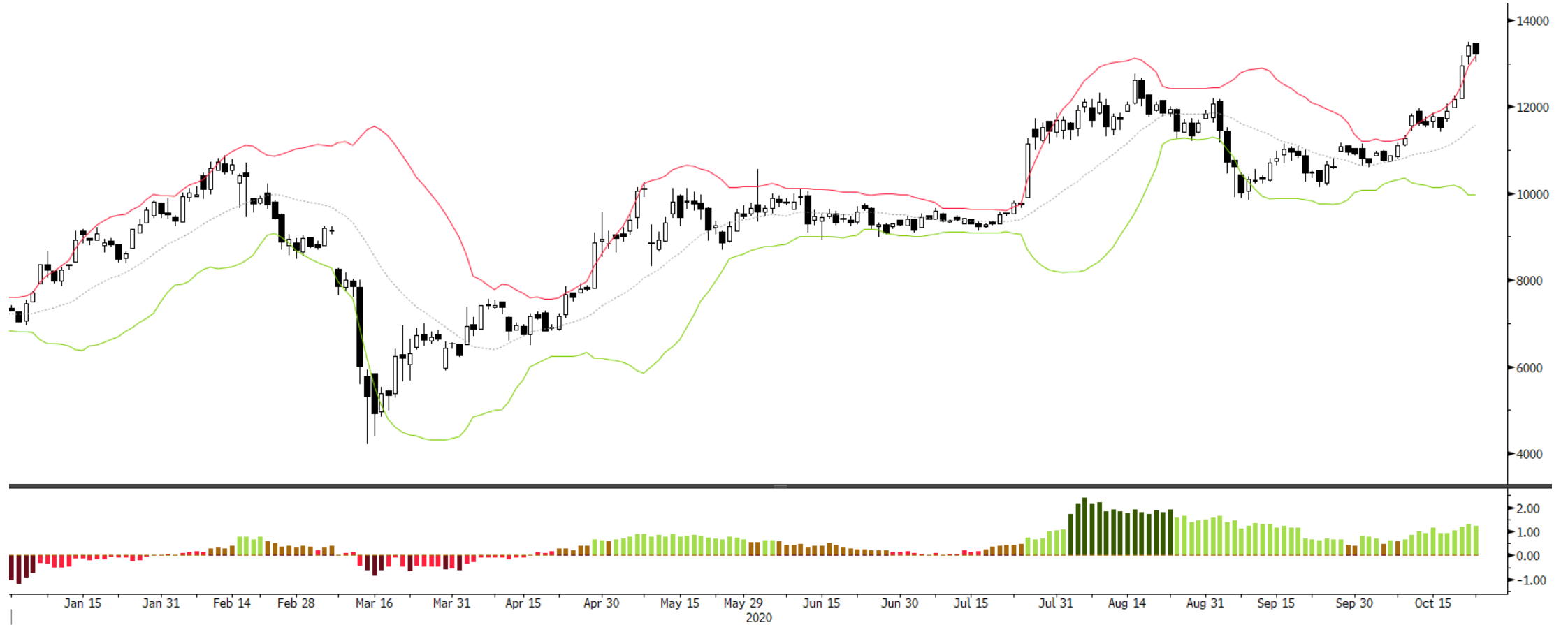


Bitcoin broke through the topside of its 12-month trading range this week, including the critical 13,000 resistance level. It's in a bull quiet regime and the path of least resistance is up.

Rising GBTC Fund Assets, Active BTC Addresses, and Open Interest show increasing broad-based adoption which bodes well for the long-term bullish trend. We'll want to see follow-through this week to confirm the breakout, but odds strongly favor a continuation of the trend higher



Bitcoin Daily



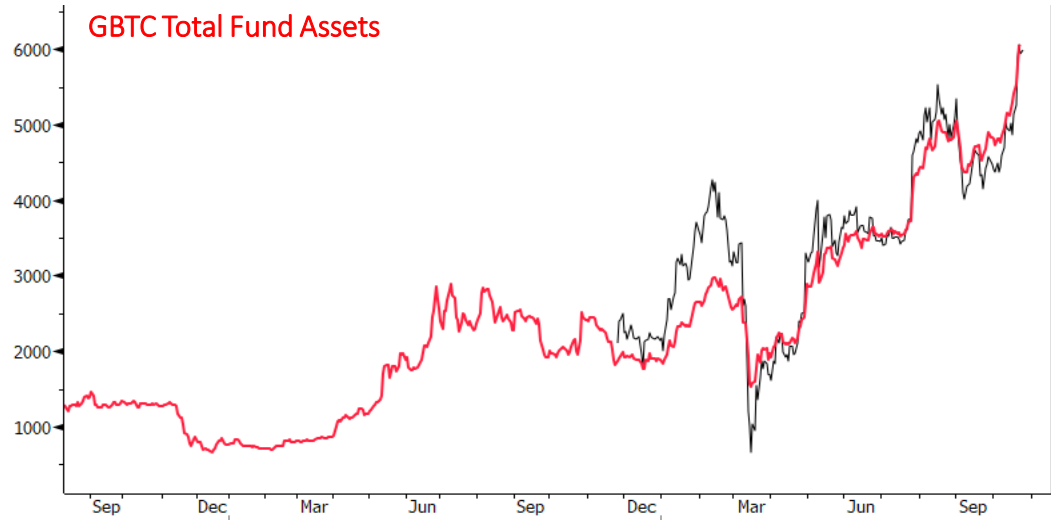
BTC1 Curncy (Generic 1st 'BTC' Future) bitcoin Daily Daily 31DEC2019-26OCT2020

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Bitcoin Indicators



XBTUSD Currency (XBT-USD Cross Rate) GBTC Fund Total Assets Daily 10AUG2018-26OCT Copyright© 2020 Bloomberg Finance L.P. 25-Oct-2020 14:31:25 BTC1 Curncv (Generic 1st 'BTC' Future) Bitcoin Total OI Daily 10AUG2018-26OCT20 Copyright© 2020 Bloomberg Finance L.P. 25-Oct-2020 14:31:32



The Four Pillars Portfolio

YTD Return (updated 10/18)

24.80%

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)	0%

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	\$9.26	10/22/20 Took profits
Bolloré (BOL)	Hidden Deep Value	\$2.46	B/E	\$2.46	\$3.28	10/22/20 Took profits
Interactive Brokers (IBKR)	Value/Technical	\$47.39	B/E	\$41.14	\$49.41	
Ammo, Inc (POWW)	Value/Growth	\$2.30	150bps	--	\$2.51	10/22/20 Added to position
Enlabs (NLAB)	Secular Growth	\$27.25	100bps	\$21.10	\$30.70	9/17/20 Added to position
Red Violet (RDVT)	Cyclical Growth	\$17.85	100bps	\$13.45	\$22.89	
Frontdoor (FTDR)	Secular Growth	\$44.22	100bps	\$39.50	\$42.06	
Nintendo (NTDOY)	Secular Growth	\$62.71	100bps	\$54.00	\$65.60	
Cardlytics (CDLX)	Secular Growth	\$86.07	100bps	\$60.50	\$85.11	10/22/20 Added to position
Guillemot (GUI)	Secular Growth	\$7.76	100bps	\$4.50	\$8.20	
Roku (ROKU)	Secular Growth	\$192.68	50bps	\$142.24	\$223.96	
Micron Technology (MU)	Secular Growth	\$54.70	100bps	\$46.00	\$52.85	
Micron Technology (MU) Jan 22' \$100 calls	DOTM	\$1.38	100bps	N/A	\$1.35	
Greyscale Bitcoin Trust (GBTC)	Secular Thematic	\$11.90	100bps	\$10.40	\$12.43	
Sandridge (SD)	Cyclical Recovery	\$2.00	100bps	\$1.52	\$1.65	10/22/20 Cut
NOZ2020 or QQQ etf alternative	Swing	11,525.00	100bps	11,000.00	11,663.00	