



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: We now have an inside-outside-inside pattern on the monthly chart for the August through October bars, plus an Outside Up bar so far for November. If November holds strong into the close it'll put odds strongly in favor of further upside follow-through➤ Sentiment/Positioning: <u>Sentiment is nearing a bullish consensus</u> and this is slowly feeding into positioning. This raises <u>trend fragility</u> though positioning is not yet near levels that tend to precede larger selloffs➤ Breadth: Short-term breadth is neutral. Longer-term breadth is supportive of the bull trend➤ Macro/Liquidity: Macro conditions continue to improve and liquidity is flush though another wave of COVID and lockdowns could materially change this backdrop➤ Short-term: SPX is attempting to break out of a four-month sideways Bull Quiet regime with a TL Score of +2. Major resistance sits at the 3,500-3,600. We should expect this range to continue until there's a compelling weekly close above this zone	<ul style="list-style-type: none">➤ Long-term: Bonds are in a 7-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: Global economic data is rebounding but COVID and a new round of lockdowns is likely to temporarily reverse this trend, which is positive for bonds➤ Short-term: Bonds are 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 pausing after a 17-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➤ Sentiment/Positioning: The bullish gold narrative is consensus which raises the odds of continued volatile action. <u>Long positioning remains somewhat 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. It has worked off much of its technical overbought levels and is breaking out from a compressed wedge. <u>Odds favor a continuation of the trend higher but we need a confirmed breakout from its current range first. Until then, expect more sideways to down action</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 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: <u>EURUSD is in a Bull Quiet regime and traders keep buying the dips. So any downside over the interim is likely to be moderate. November has formed an Outside-up bar following a monthly i-o-i pattern. This means EURUSD is in breakout mode. The path of least resistance is up</u>

S&P 500 Monthly



November is forming an Outside Up bar following an inside-outside-inside (ioi) breakout pattern. If it holds into the close it'll be a strong bull signal indicating high odds of further upside



S&P 500 Weekly

The 3,500-3,600 is a zone of major resistance. It's where the upper trendline of the 3-year "Broadening Top" meets the upper weekly Bollinger Band and the round 3,600 number which has rejected the market multiple times. Inertia favors a continued sideways range until the market can put in a decisive weekly close above this level



S&P 500 Daily

The market is churning through major resistance as it tries to breakout from its 4-month sideways range. Odds favor an eventual move higher but expect it needs a strong close above 3,600 first to confirm



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

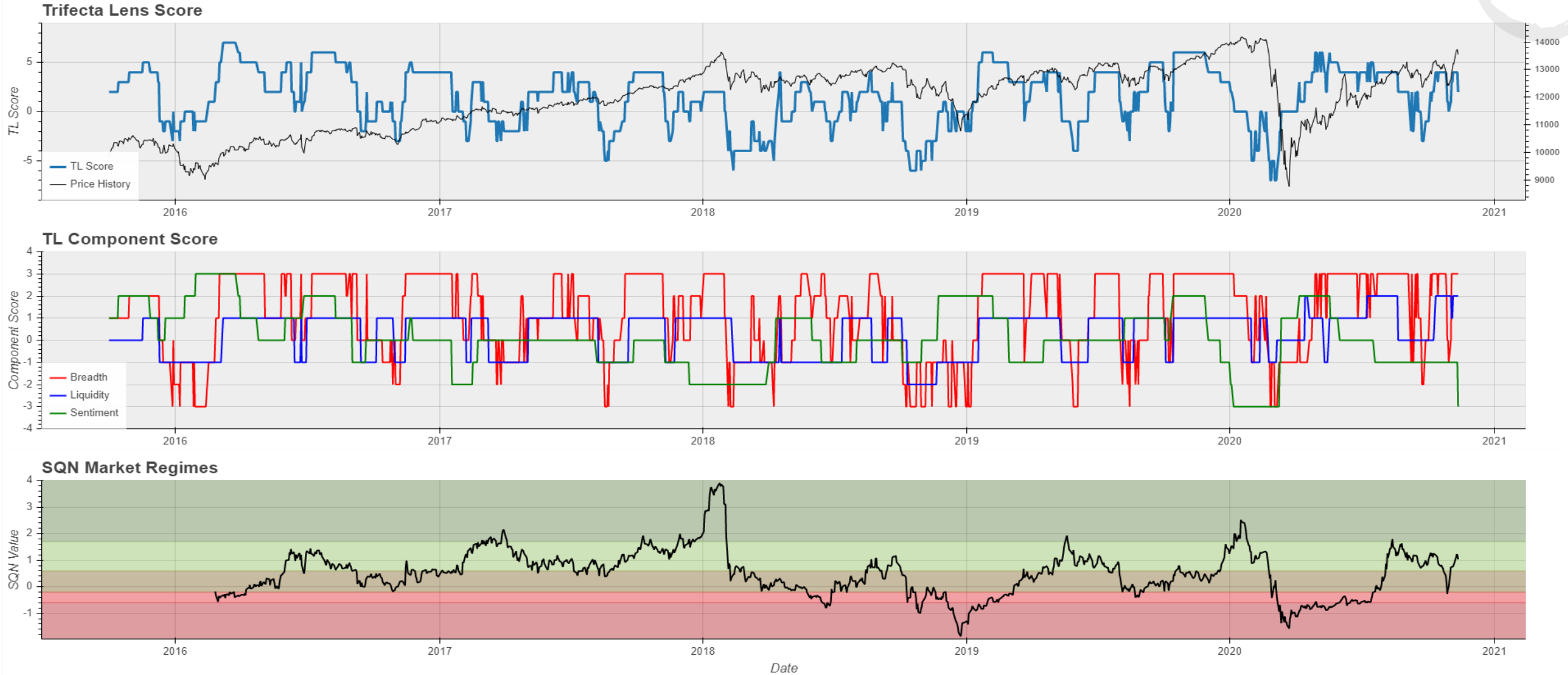
SPXFAST Index (S&P 500 Fast Cash Index) SPX CHART-DAILY Daily 31DEC2019-14NOV20

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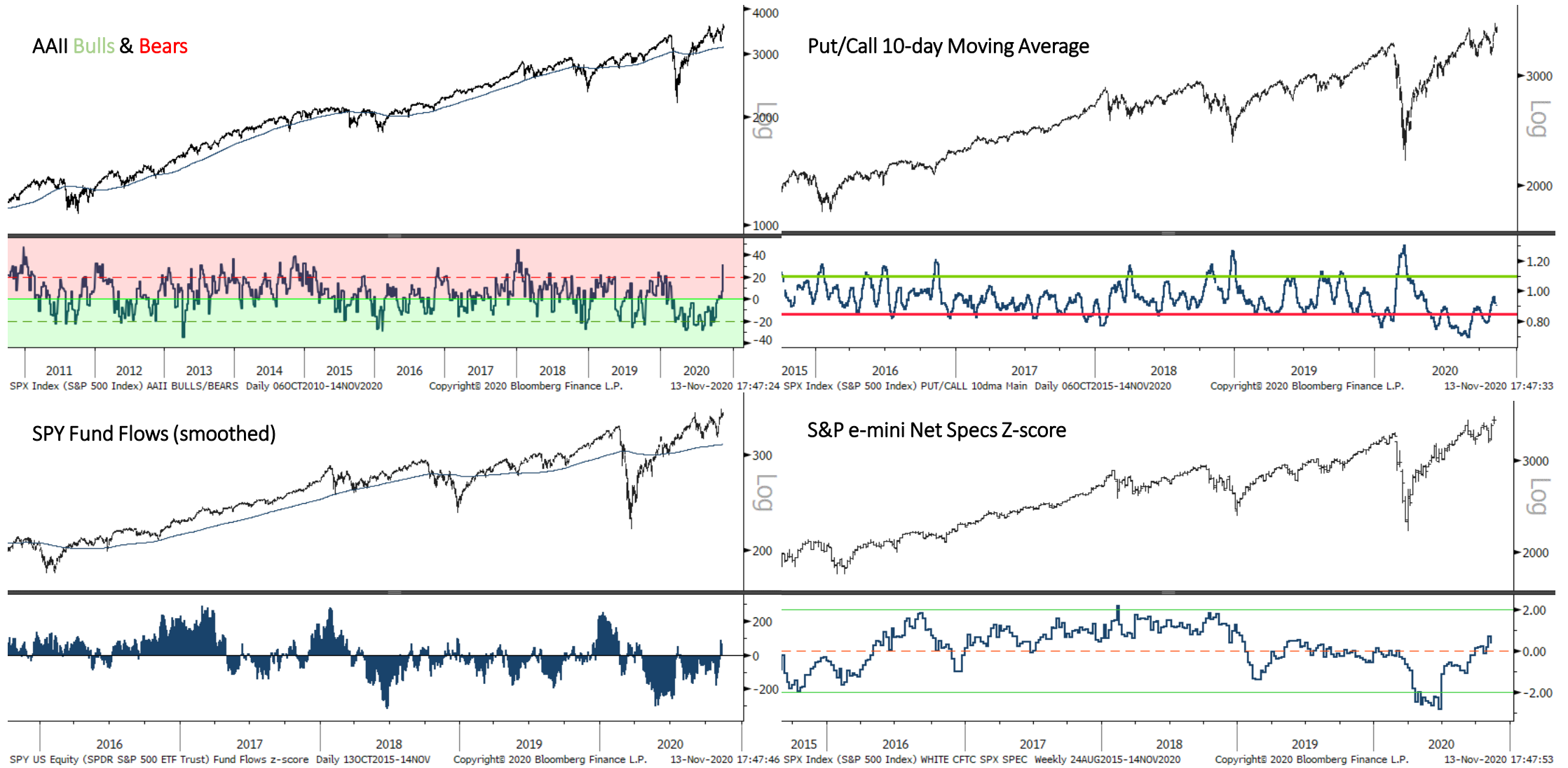
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Trifecta Lens Score: +2

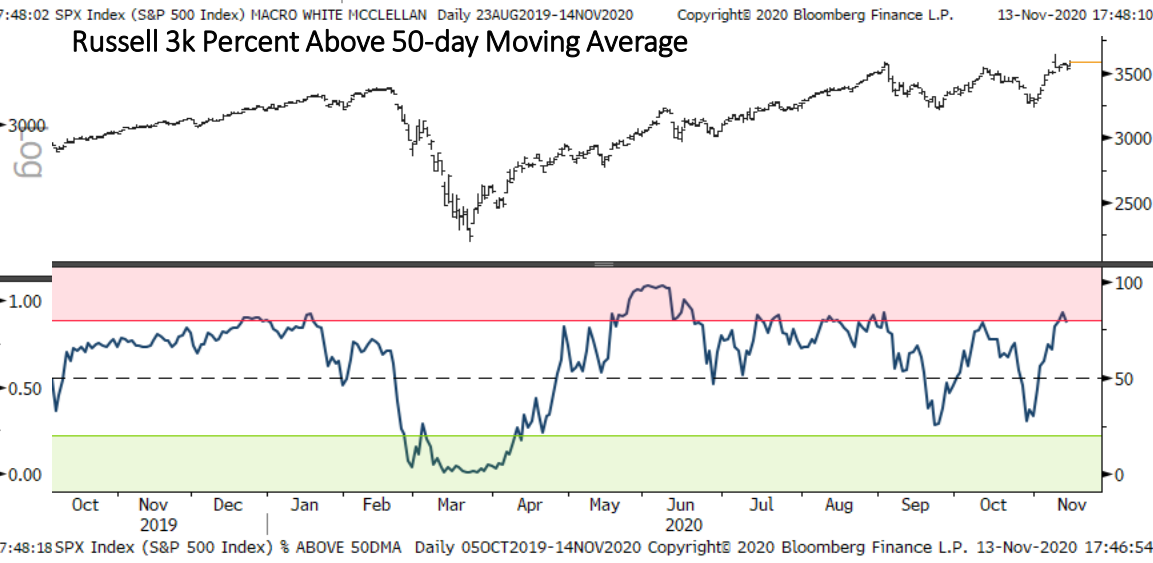
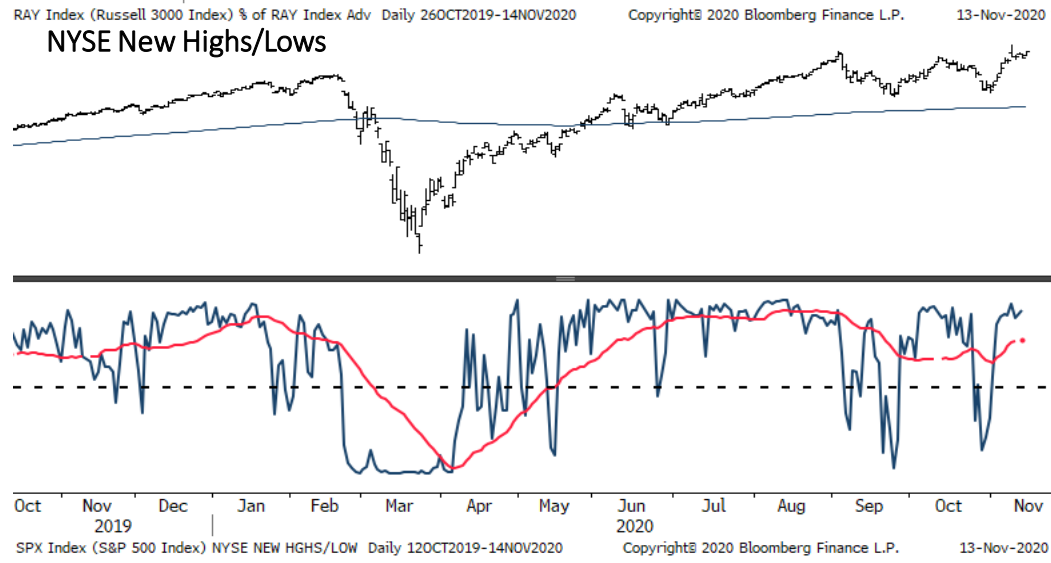
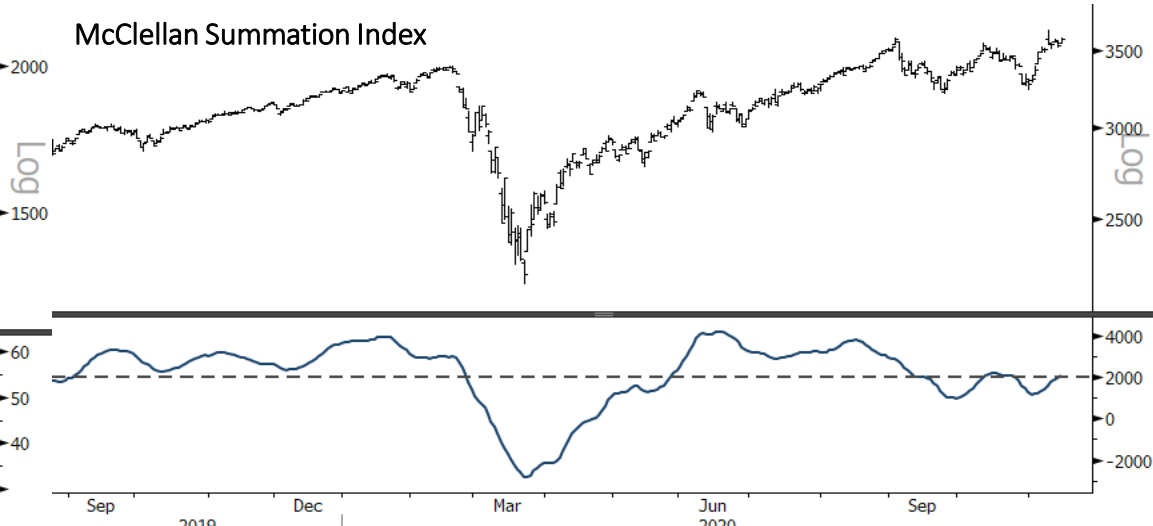
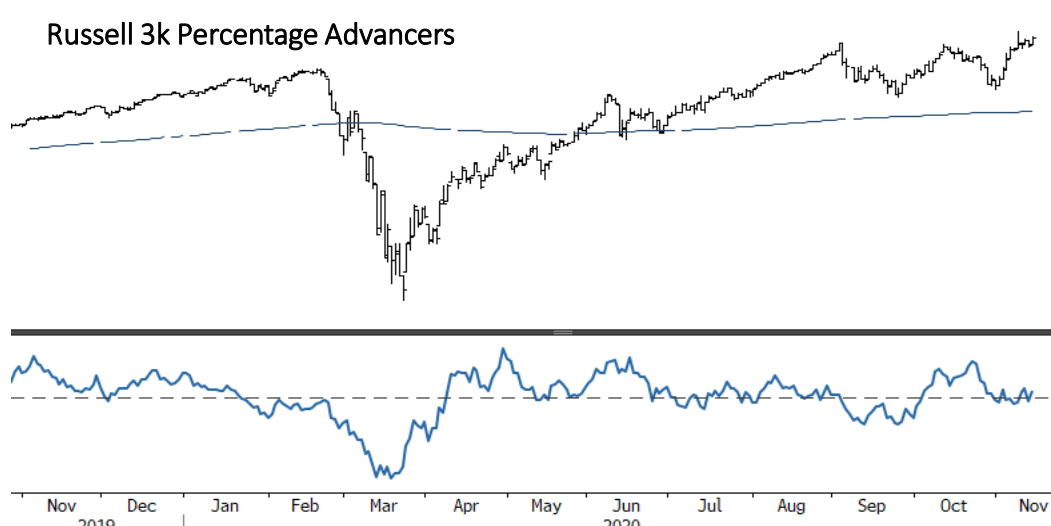
(You can read more about our [Trifecta Lens here](#) and link to the [Dashboard here](#))



Sentiment & Positioning

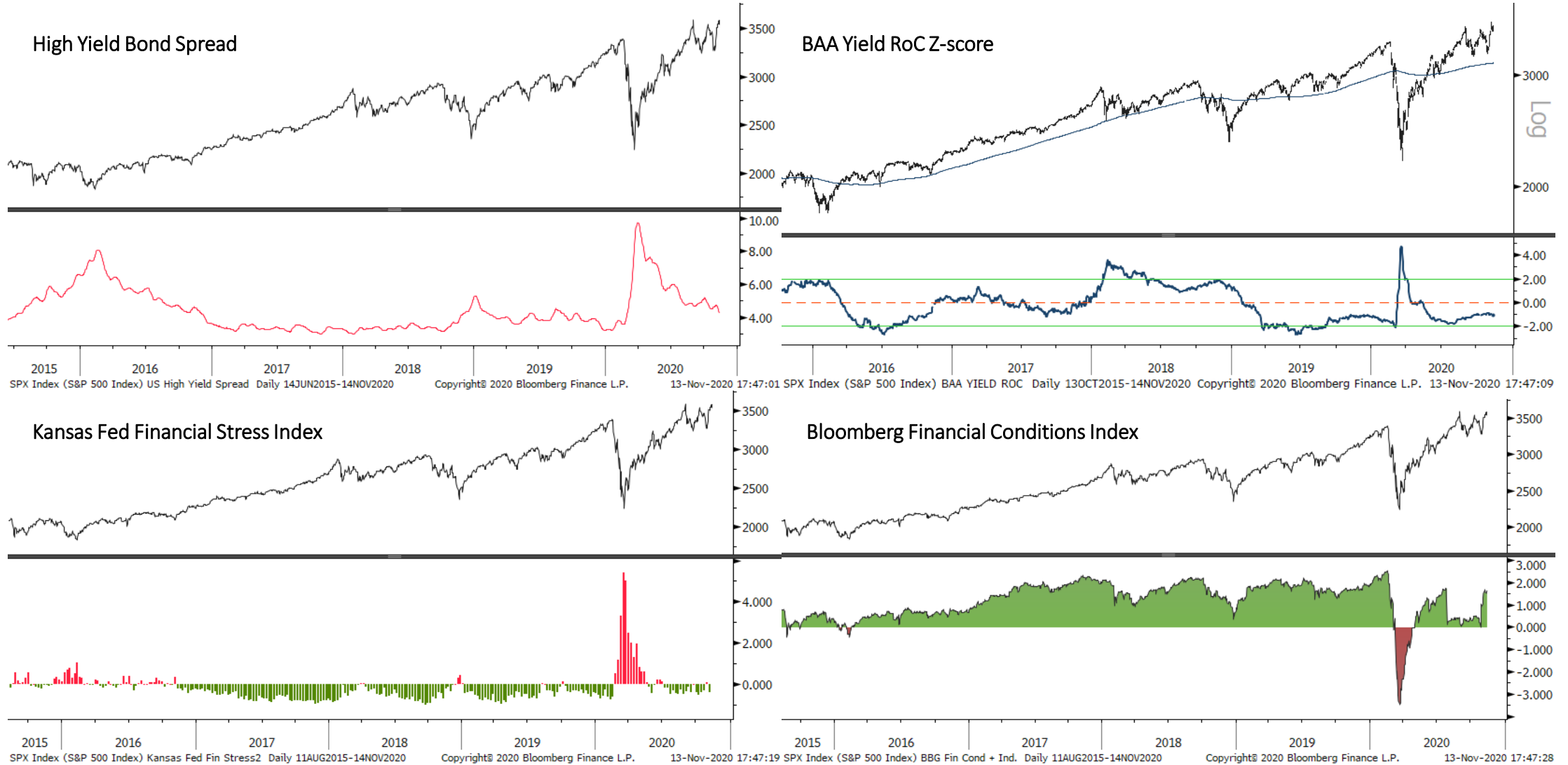


Breadth

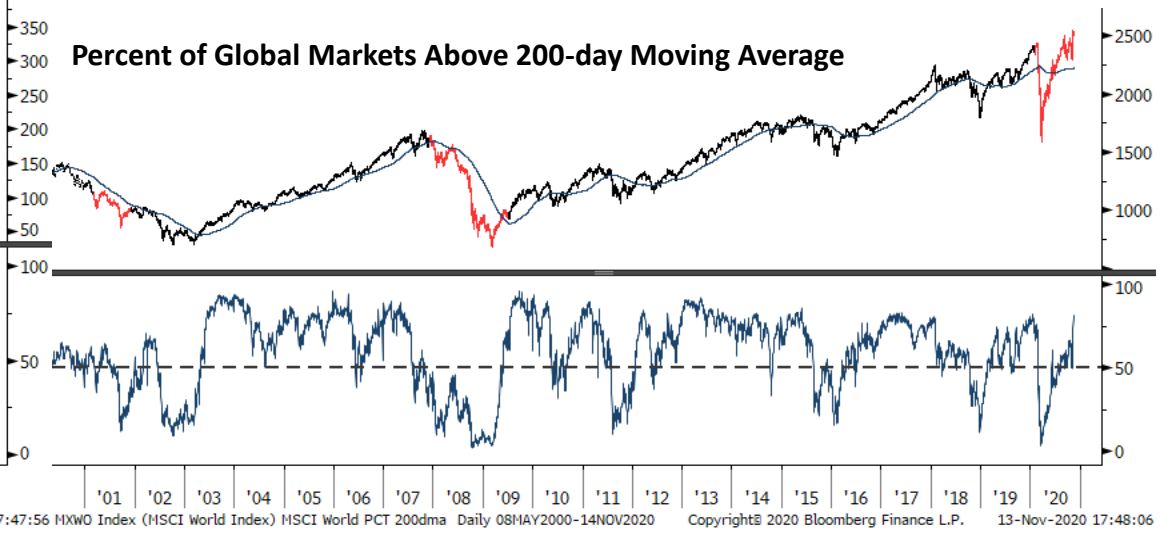
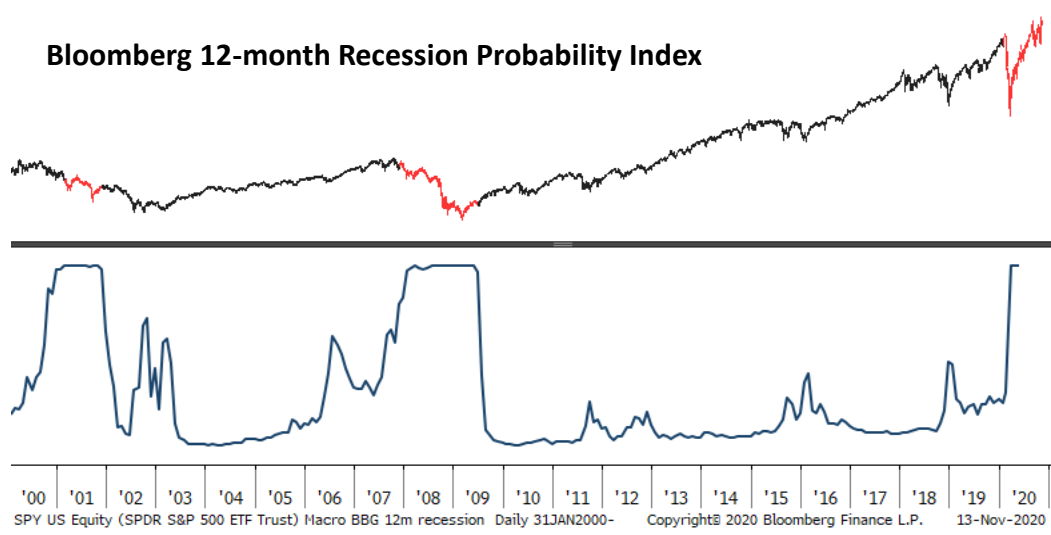
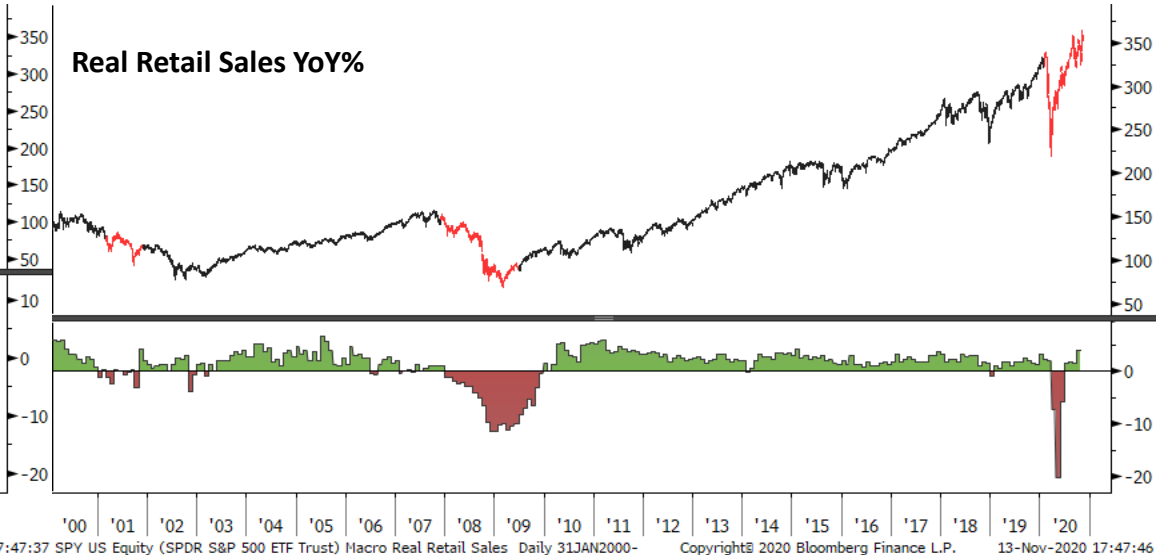
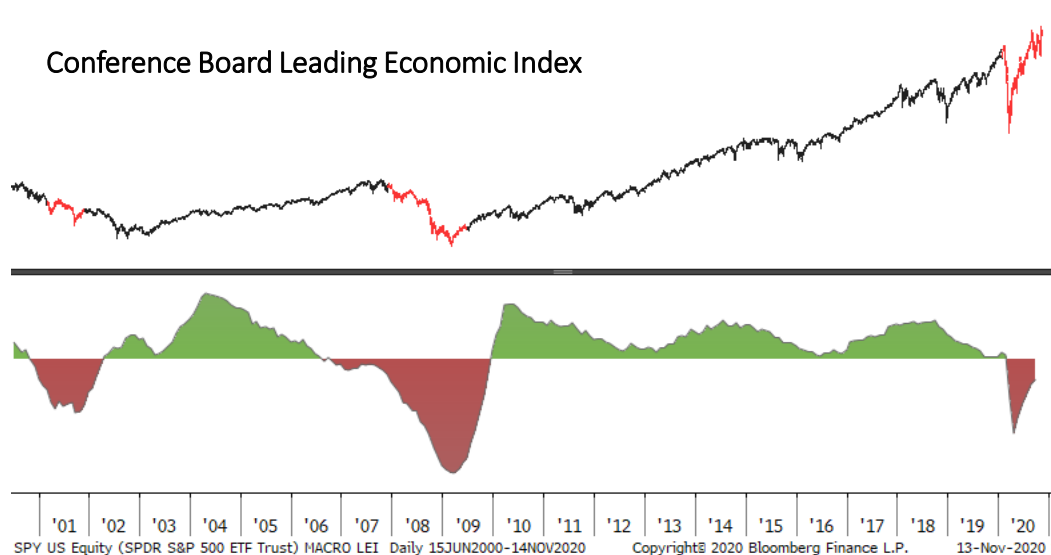


RAY Index (Russell 3000 Index) % of RAY Index Adv Daily 26OCT2019-14NOV2020 Copyright© 2020 Bloomberg Finance L.P. 13-Nov-2020 17:48:02 SPX Index (S&P 500 Index) MACRO WHITE MCCLELLAN Daily 23AUG2019-14NOV2020 Copyright© 2020 Bloomberg Finance L.P. 13-Nov-2020 17:48:10

Liquidity



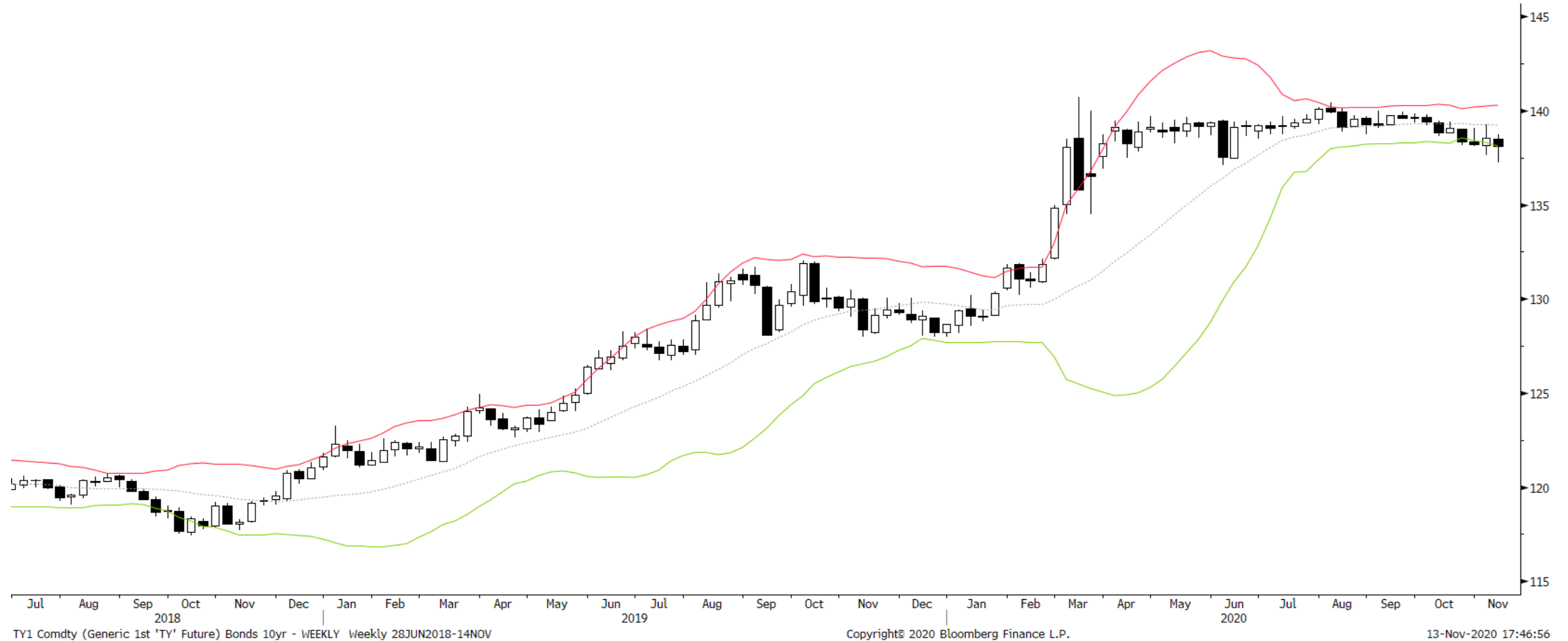
Macro



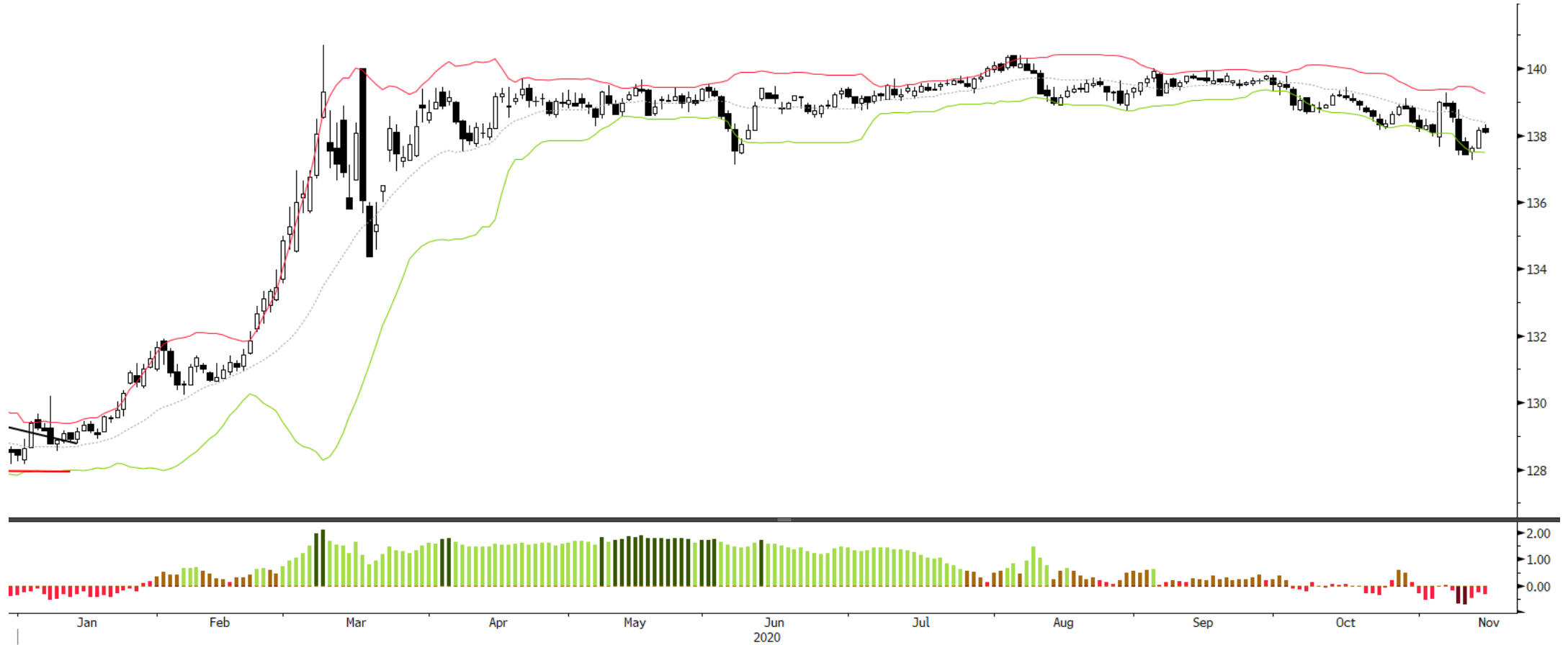
Bonds: 10-year Futures Monthly



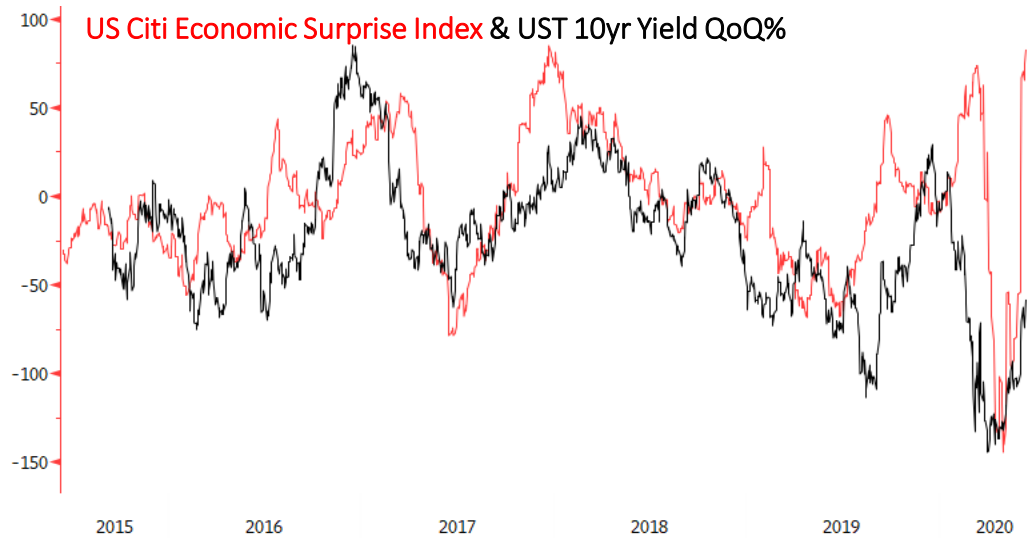
Bonds: 10-year Futures Weekly



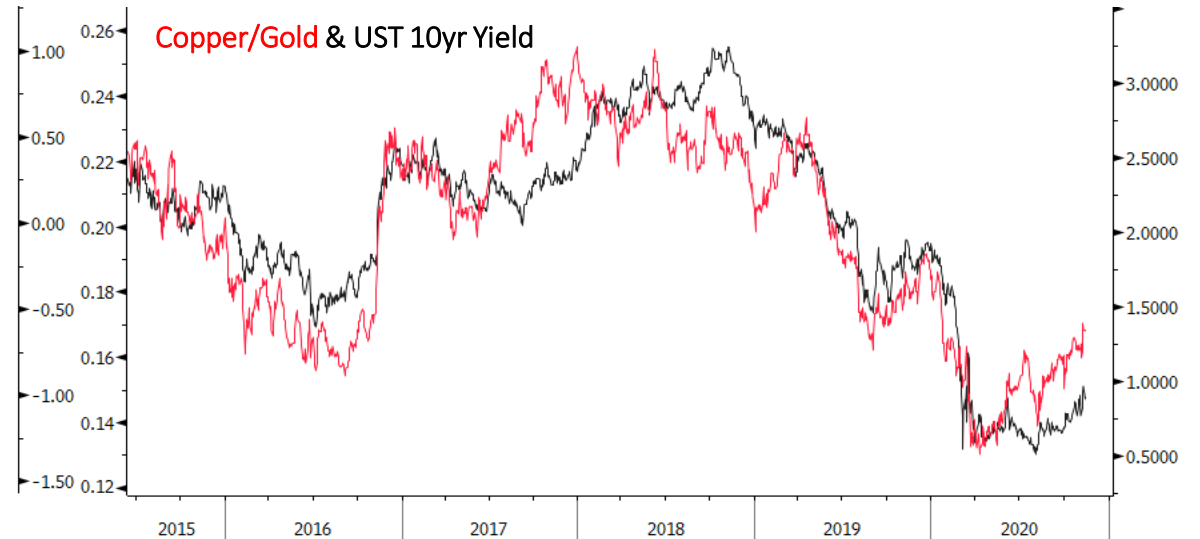
Bonds: 10-year Futures Daily



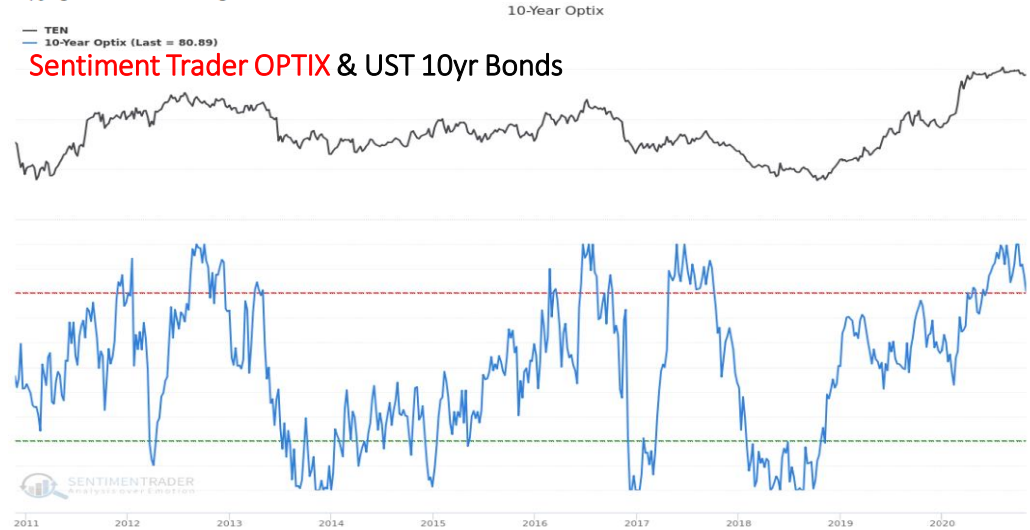
Bond/Yield Indicators



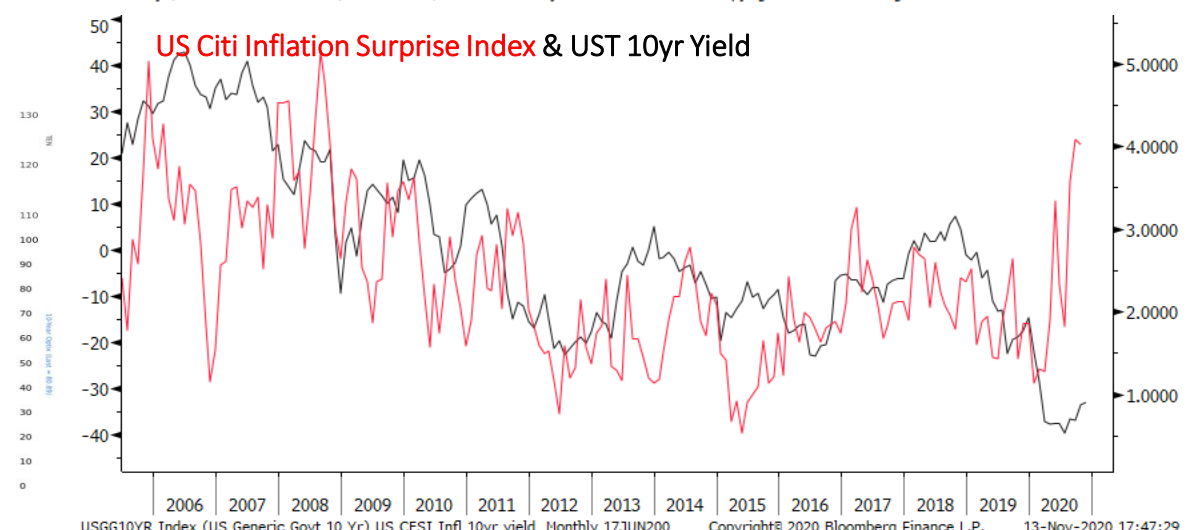
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13-Nov-2020 17:47:12 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-14NO Copyright © 2020 Bloomberg Finance L.P. 13-Nov-2020 17:47:22



11-Nov-2020 17:47:12 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-14NO Copyright © 2020 Bloomberg Finance L.P. 13-Nov-2020 17:47:22

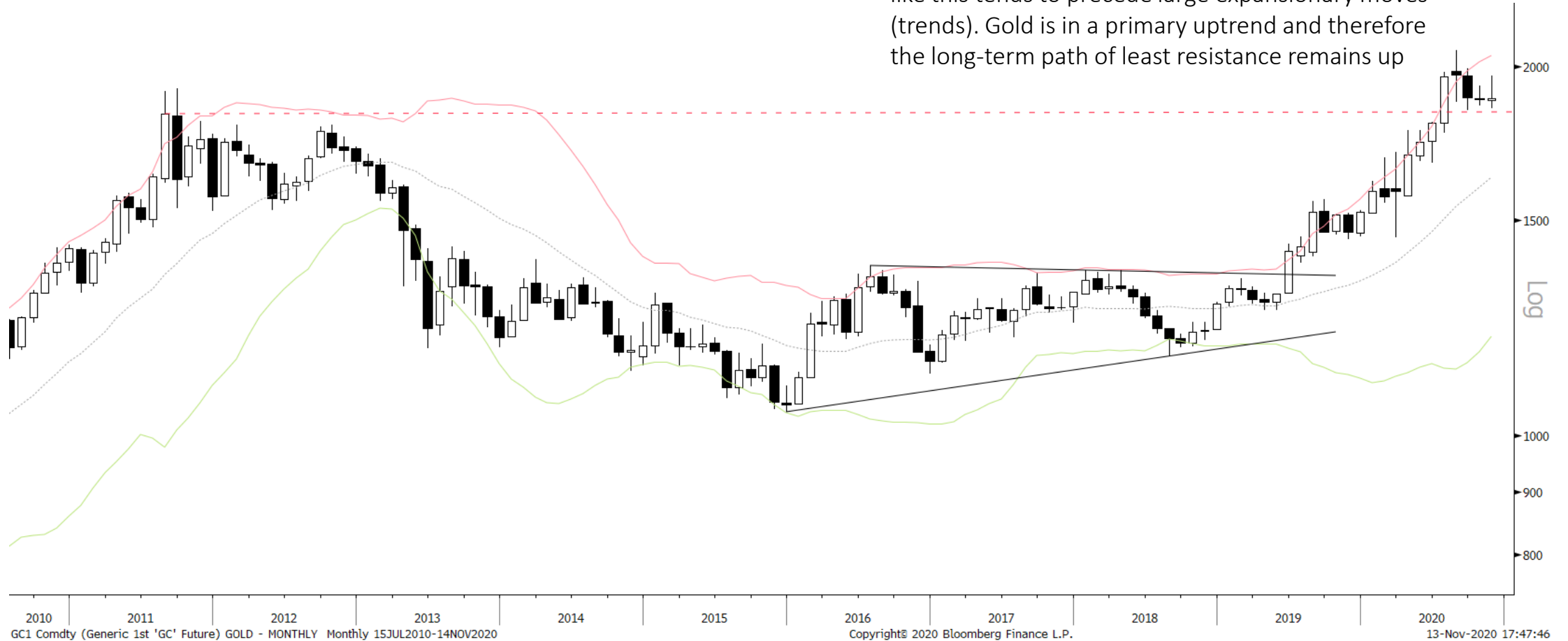


USGG10YR Index (US Generic Govt 10 Yr) US CESI Infl 10yr yield Monthly 17JUN200 Copyright © 2020 Bloomberg Finance L.P. 13-Nov-2020 17:47:29

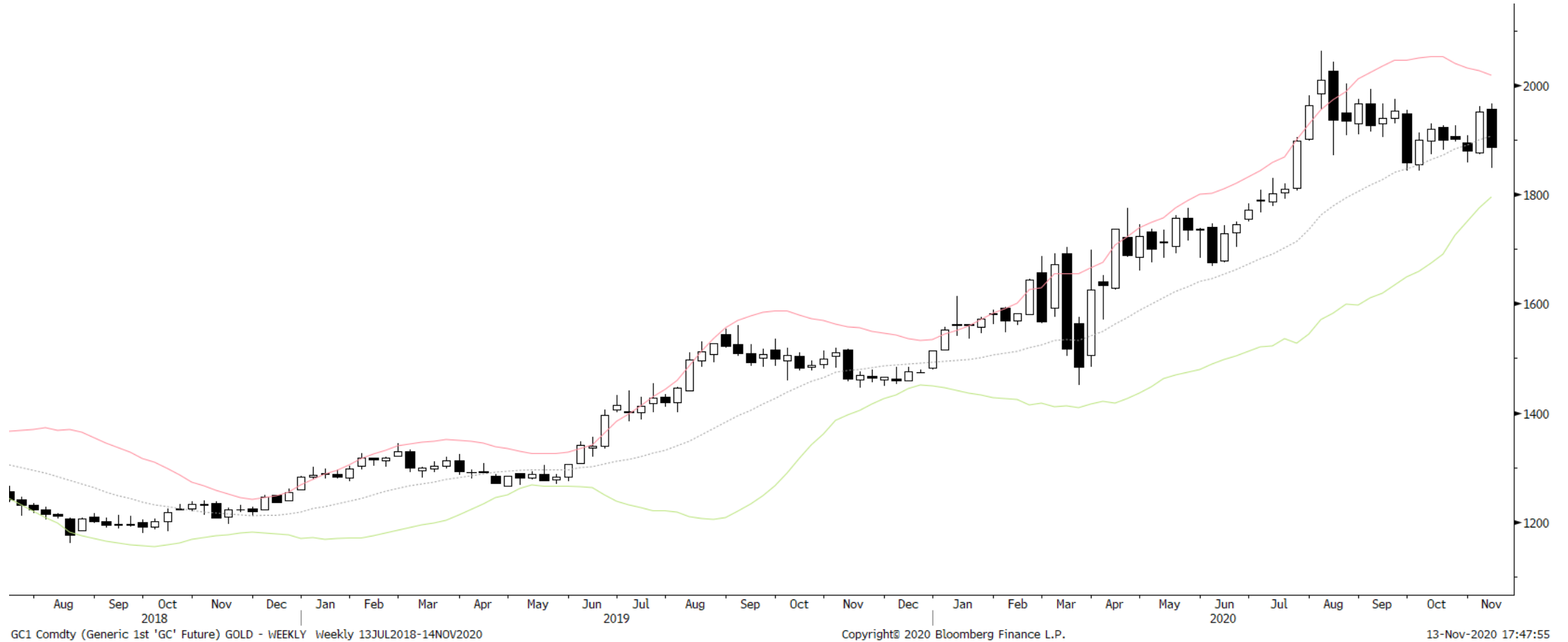
Gold Monthly



Gold is coiling tight in a wedge pattern. Compression like this tends to precede large expansionary moves (trends). Gold is in a primary uptrend and therefore the long-term path of least resistance remains up



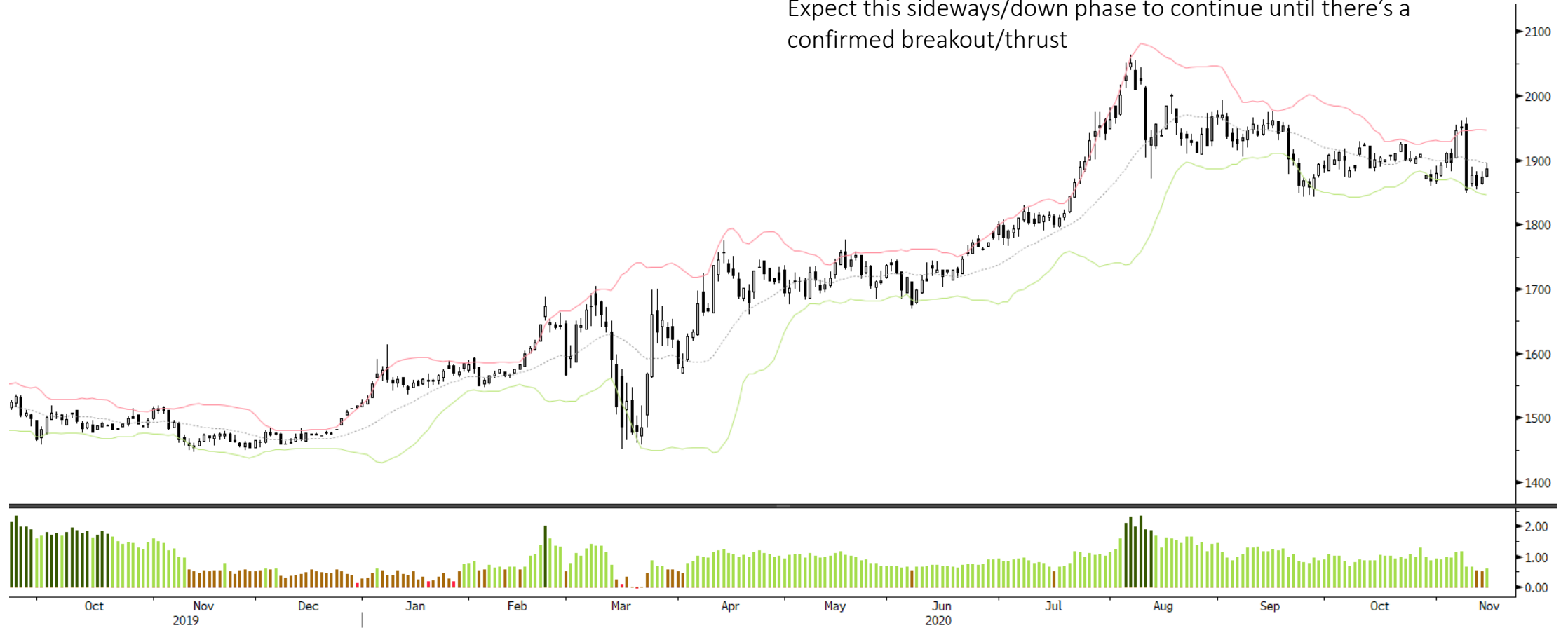
Gold Weekly



Gold Daily



Gold remains in a corrective move in a longer-term uptrend. Expect this sideways/down phase to continue until there's a confirmed breakout/thrust



GC1 Comdty (Generic 1st 'GC' Future) GOLD - DAILY Daily 23SEP2019-14NOV2020

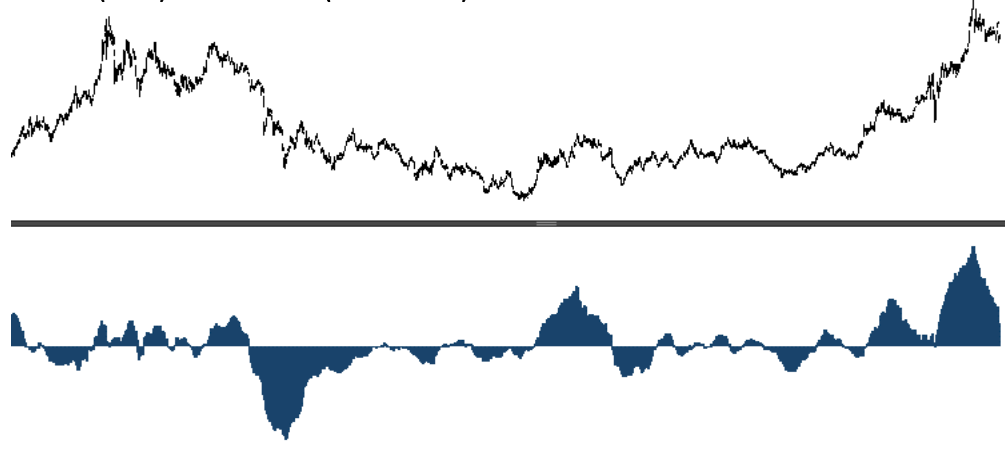
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Gold Indicators

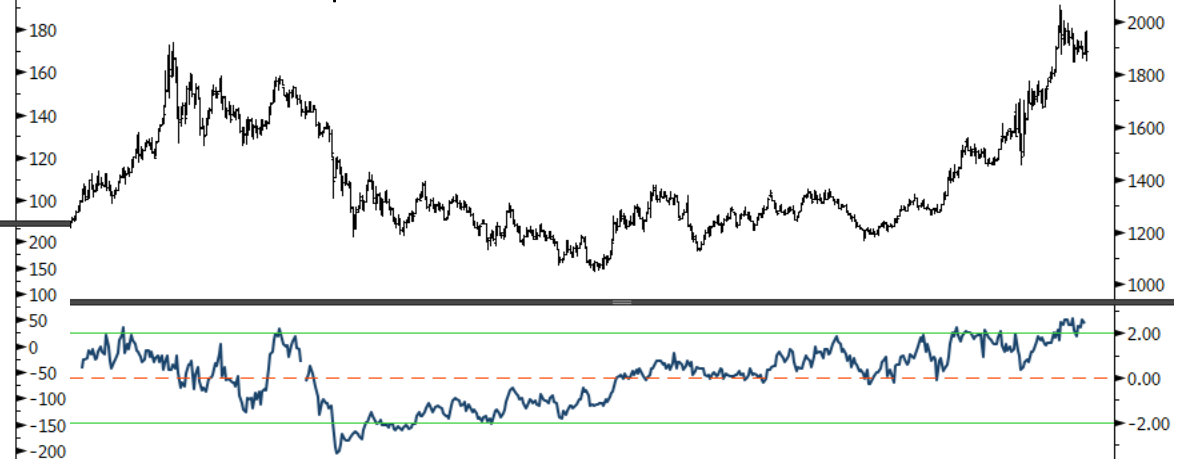


Gold (GLD) Fund Flows (smoothed)



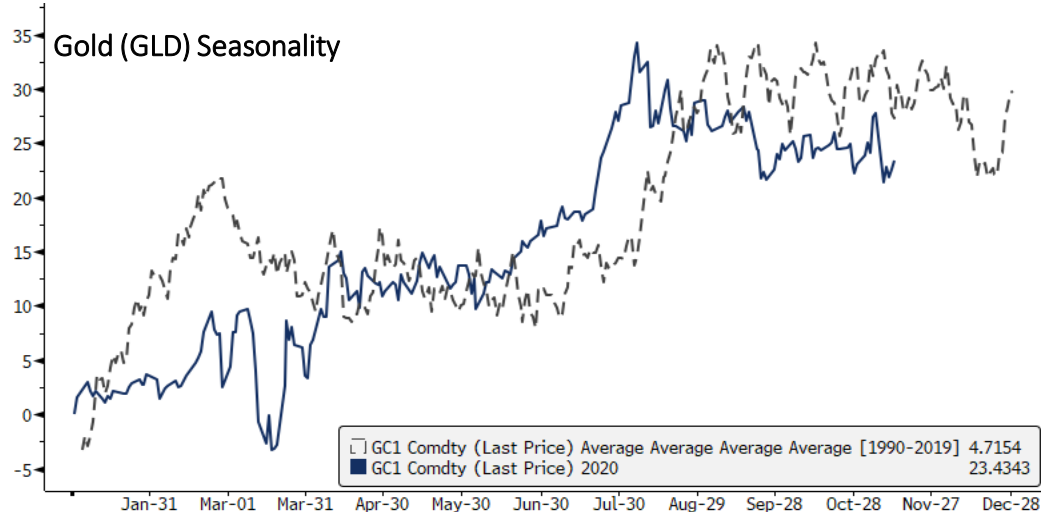
GLD US Equity (SPDR Gold Shares) Gold (GLD) Fund Flows z Daily 08SEP2010-14NOV2 Copyright© 2020 Bloomberg Finance L.P. 13-Nov-2020 17:47:06

Gold Net Small Specs Z-score



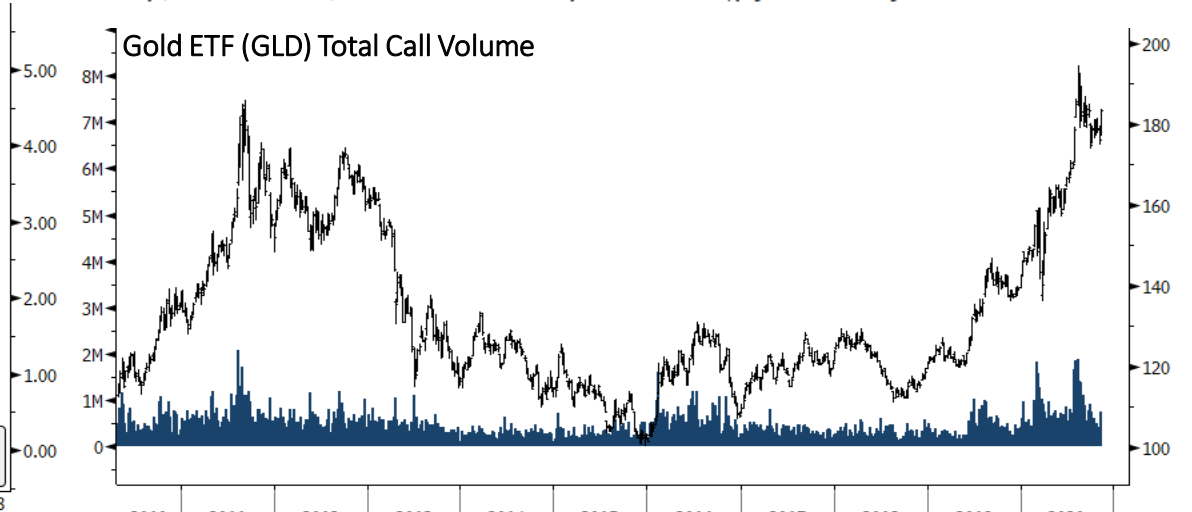
GC1 Comdty (Generic 1st 'GC' Future) GLD NET NON REPORTABLE Weekly 25AUG2010-14 Copyright© 2020 Bloomberg Finance L.P. 13-Nov-2020 17:48:18

Gold (GLD) Seasonality



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Gold ETF (GLD) Total Call Volume



GLD US Equity (SPDR Gold Shares) Total Call Buying - GLD Weekly 30APR2010-07NOV Copyright© 2020 Bloomberg Finance L.P. 13-Nov-2020 17:46:57

EURUSD Monthly



EURUSD Weekly



EURUSD Curncy (EUR-USD X-RATE) EURUSD - WEEKLY Weekly 28JUN2017-14NOV2020

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EURUSD Daily



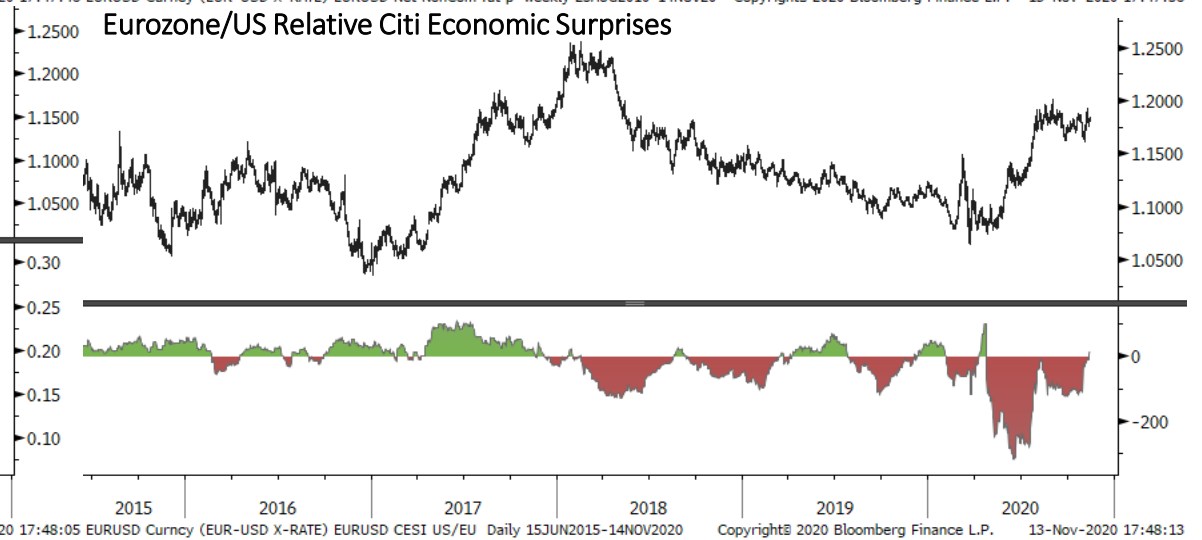
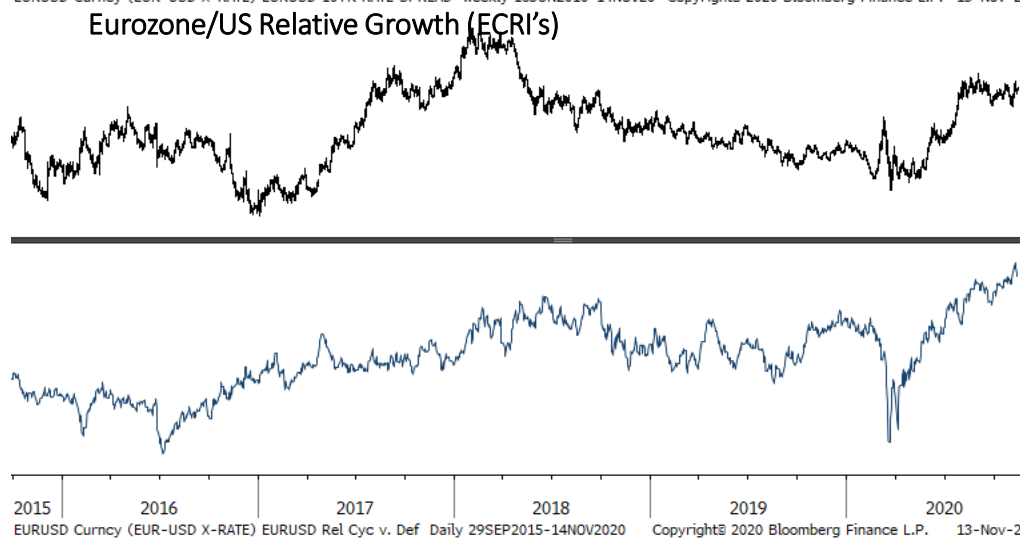
EURUSD Cmcny (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-14NOV2020

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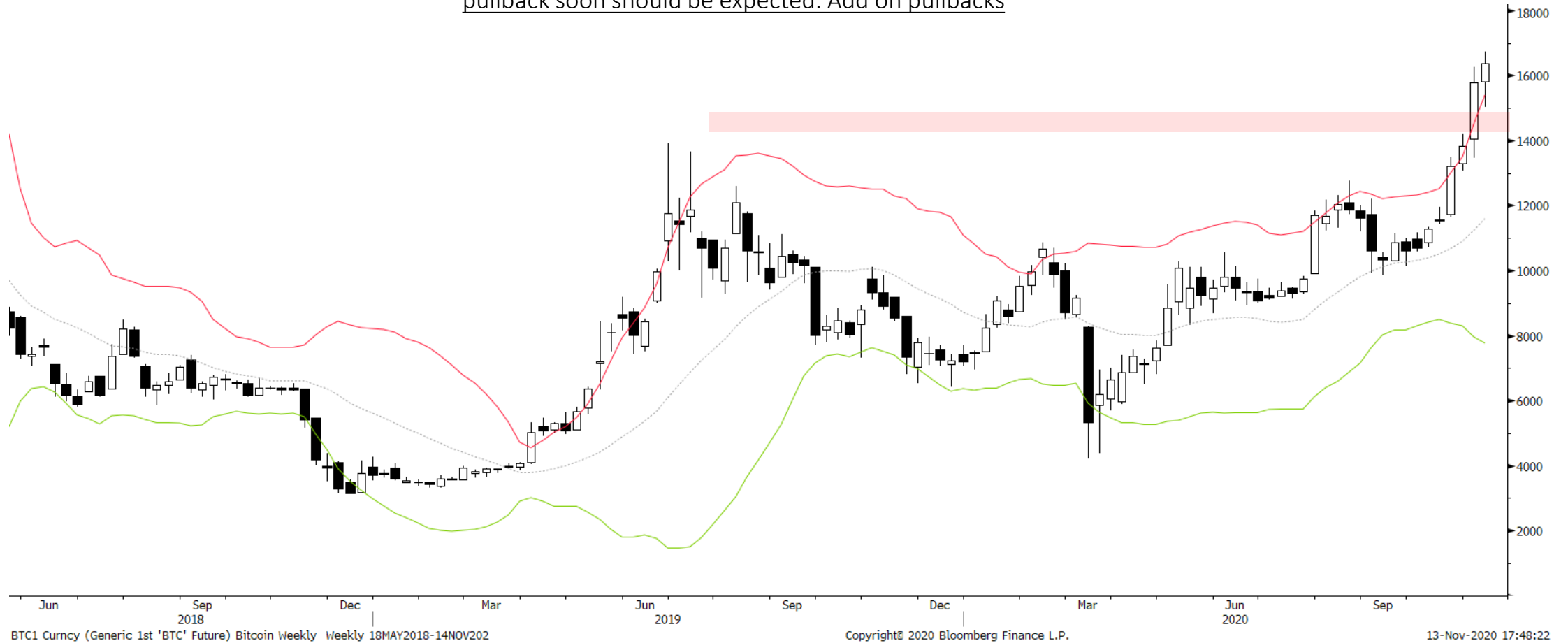
EURUSD Indicators



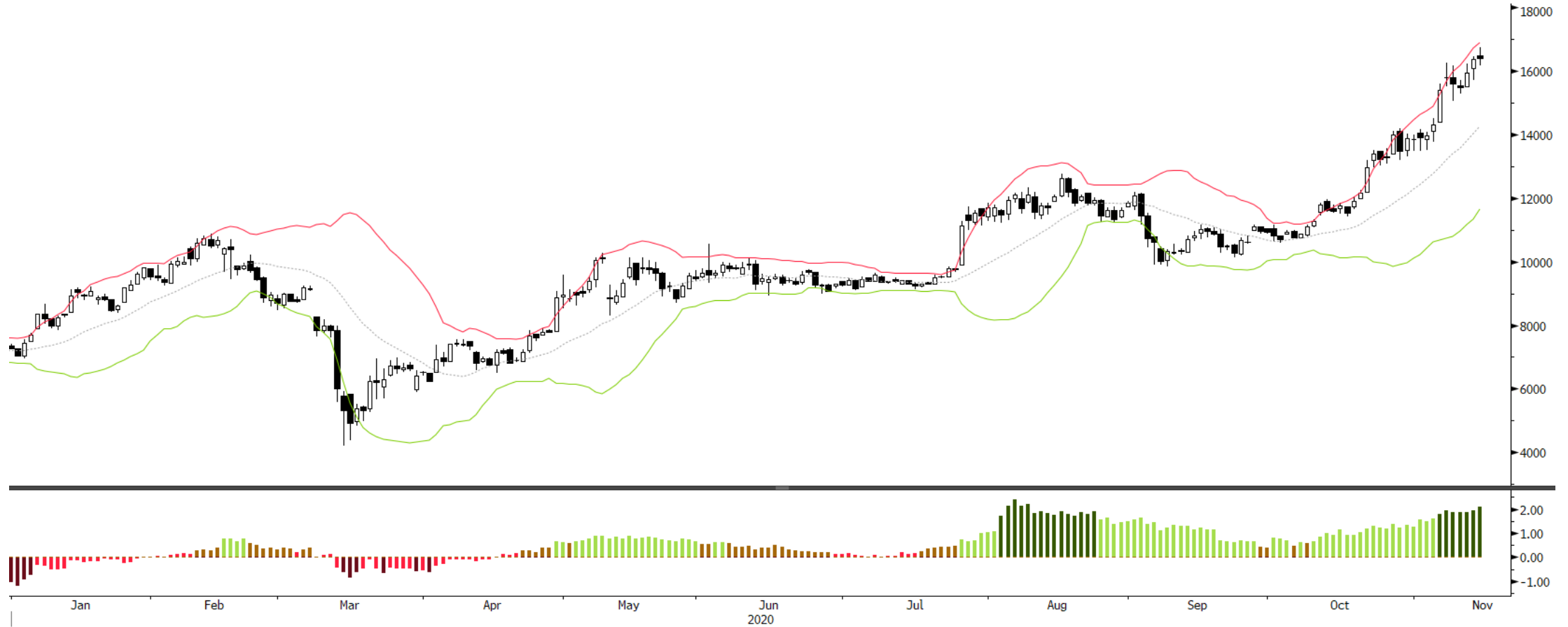
Bitcoin Weekly

Bitcoin is in a renewed primary bull trend and a Bull Quiet Regime.

Rising GBTC Fund Assets, Active BTC Addresses, and Open Interest show increasing broad-based adoption which bodes well for the long-term bullish trend. Odds favor a continuation of the trend higher though short-term momentum is waning and the near-term trend is extended so a pullback soon should be expected. Add on pullbacks



Bitcoin Daily

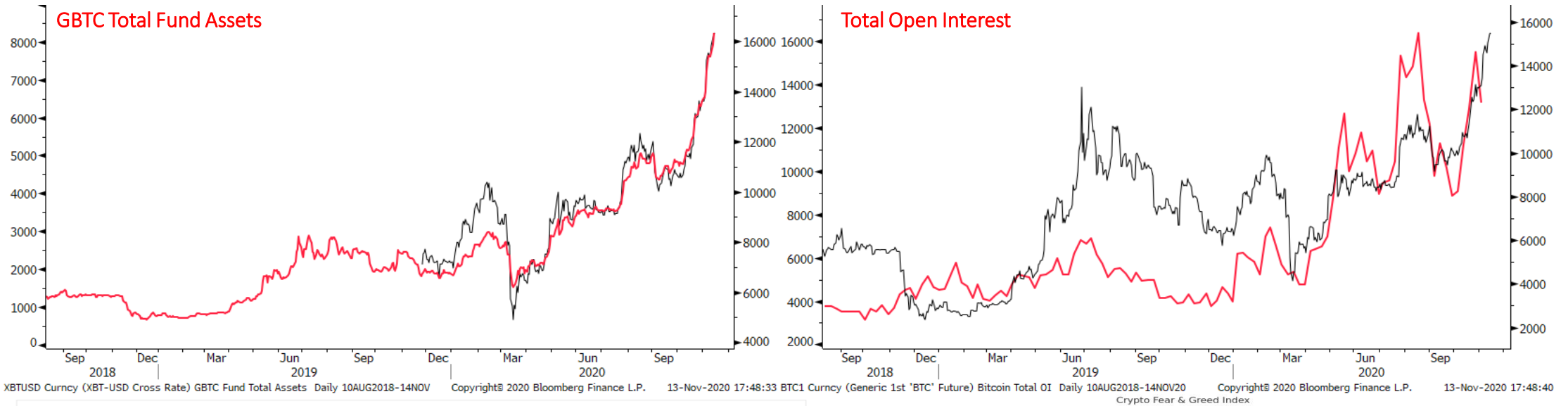


BTC1 Curncy (Generic 1st 'BTC' Future) bitcoin Daily Daily 31DEC2019-14NOV2020

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Bitcoin Indicators



The Four Pillars Portfolio

YTD Return (updated 11/15)

32.7%

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)	25%

Big Bets

	Thematic	Cost Basis	At Risk	Risk Point	Last Price	Last Action
Interactive Brokers (IBKR)	Value/Technical	\$47.39	B/E	\$41.14	\$53.58	
Ammo, Inc (POWW)	Value/Growth	\$2.30	186bps	\$0.96	\$2.26	10/22/20 Added to position
Enlabs (NLAB)	Secular Growth	\$27.25	B/E	\$28.25	\$37.75	9/17/20 Added to position
Red Violet (RDVT)	Secular Growth	\$17.85	36bps	\$17.21	\$22.20	
Frontdoor (FTDR)	Secular Growth	\$44.22	130bps	\$38.39	\$46.37	
Nintendo (NTDOY)	Secular Growth	\$62.71	100bps	\$54.60	\$65.53	11/13/20 Added to position
Cardlytics (CDLX)	Secular Growth	\$86.07	260bps	\$60.50	\$112.20	11/5/20 Added to position
Roku (ROKU)	Secular Growth	\$192.68	32bps	\$162.29	\$228.10	
Murata Manufacturing (6981)	Secular Growth	¥7,606	100bps	¥6,666	¥7,988	
Jumbo Interactive (JIN)	Secular Growth	\$9.47	100bps	\$10.60	\$13.87	
FairFax India (FIH.U)	Cyclical Recovery	\$8.80	100bps	\$6.70	\$9.10	
Tencent Music (TME)	Technical Trade	\$16.32	50bps	\$15.30	\$16.49	
Micron Technology (MU)	Secular Growth	\$54.70	100bps	\$55.16	\$57.93	11/5/20 Added to position
Micron Technology (MU) Jan 22' \$100 calls	DOTM	\$1.38	100bps	N/A	\$1.60	
Greyscale Bitcoin Trust (GBTC)	Secular Thematic	\$11.90	B/E	\$12.66	\$17.96	