



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. This is a breakout setup that is directionally agnostic. But the bearish October bar tilts the odds slightly in favor of a break lower. However, the primary trend is still up➤ Sentiment/Positioning: Both are largely neutral though large funds still hold high cash positions which = cash ready to buy dips➤ Breadth: Breadth weakened significantly last week and is now a short-term headwind➤ 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 in a neutral regime with a TL Score of 0. We should expect it to stay in this sideways regime until there's a confirmed breakout. <u>A break below the 3,200 support level would likely lead to further downside follow-through and a more volatile risk-off environment</u>	<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 in 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 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>

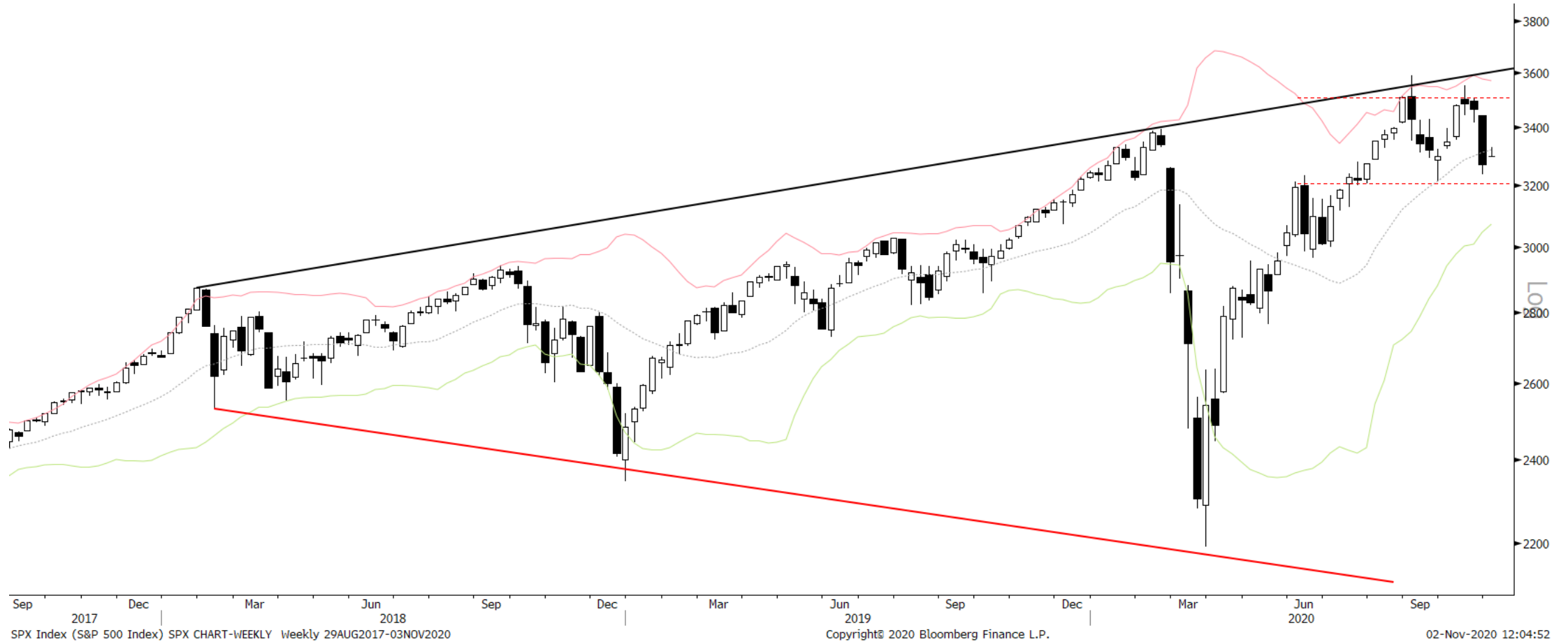
S&P 500 Monthly



October formed an inside-outside-inside (ioi) breakout pattern. The bearish close on the month tilt the odds slightly in favor of a break lower but the election outcome could quickly reverse things

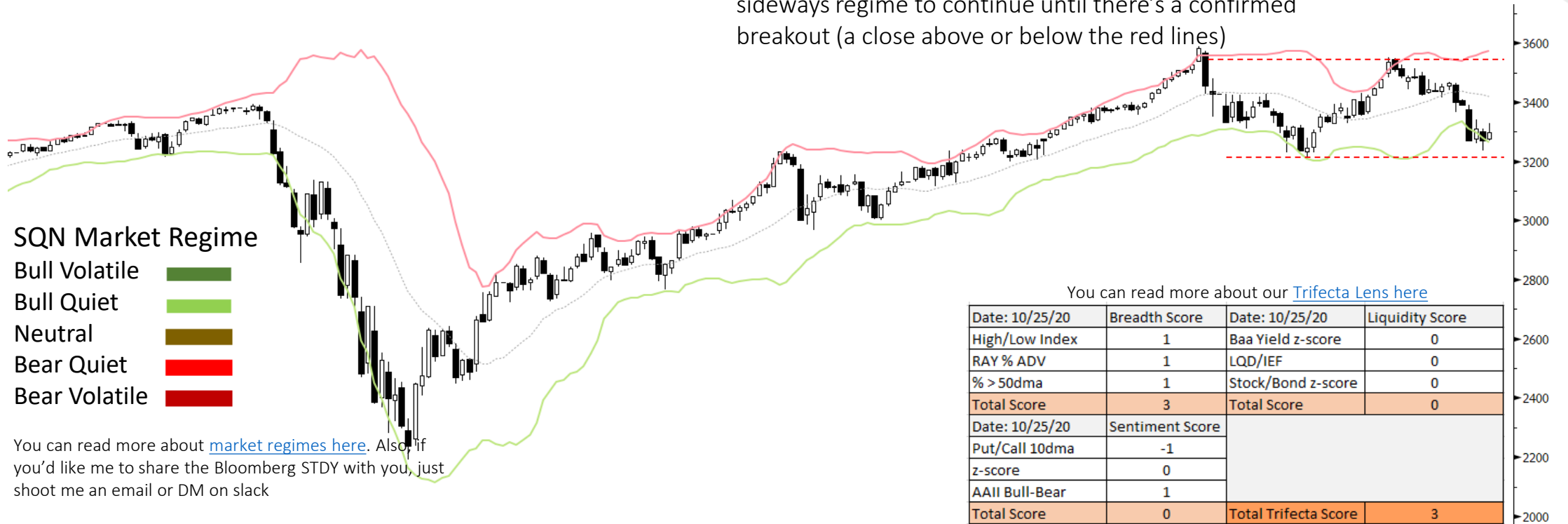


S&P 500 Weekly



S&P 500 Daily

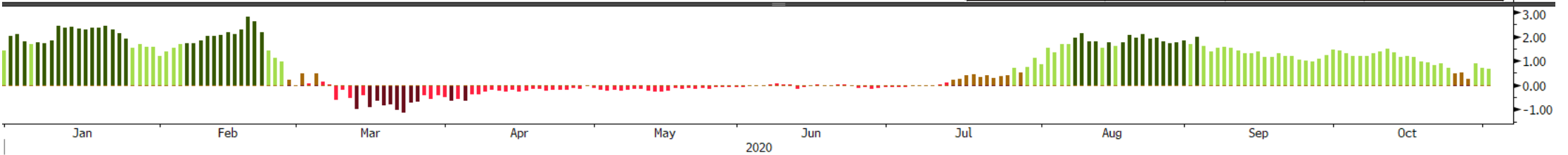
SPX is near the bottom of its sideways range. Major support is at the 3,200 level. We should expect this sideways regime to continue until there's a confirmed breakout (a close above or below the red lines)



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

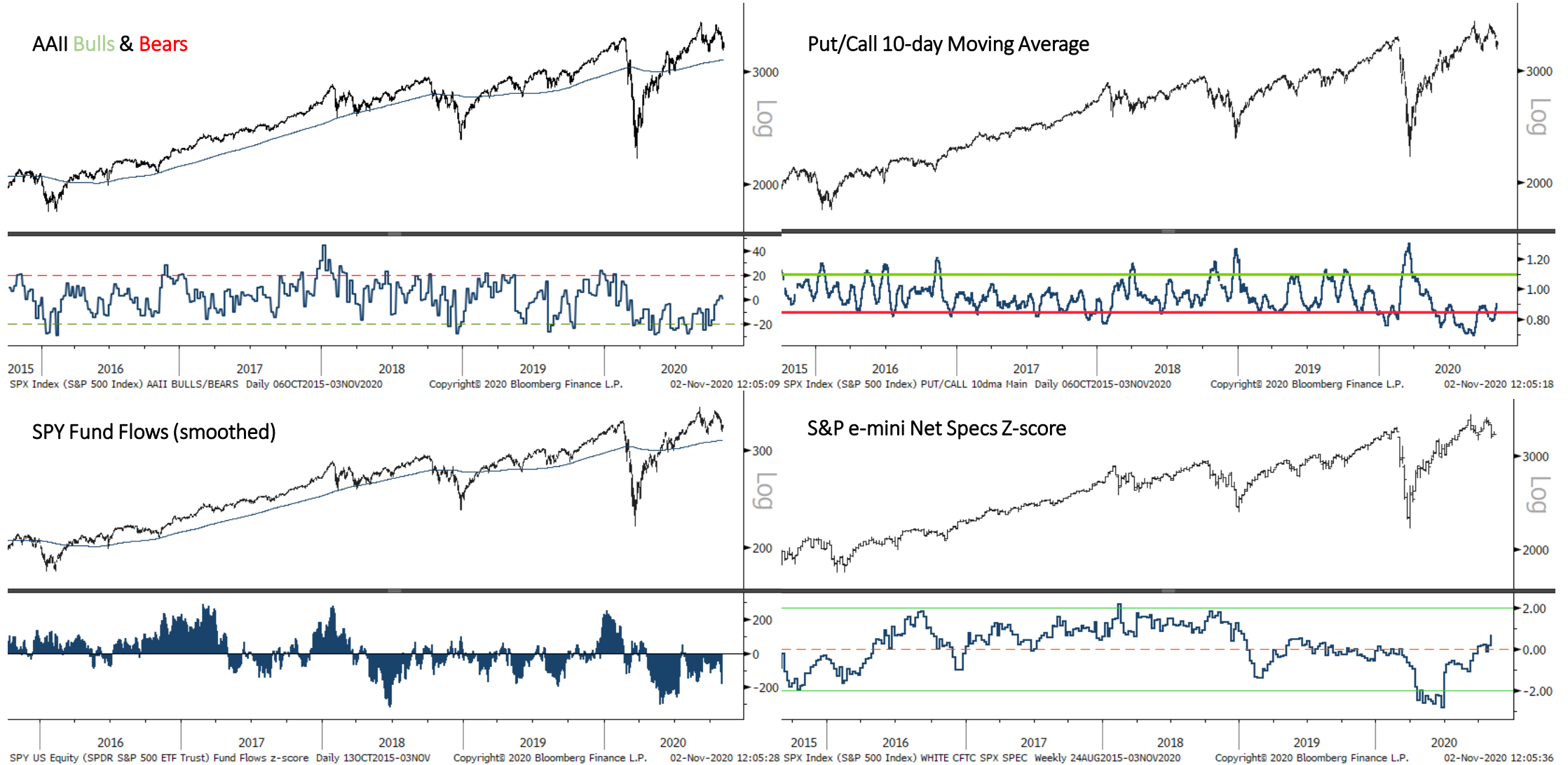


SPXFAST Index (S&P 500 Fast Cash Index) SPX CHART-DAILY Daily 31DEC2019-03NOV20

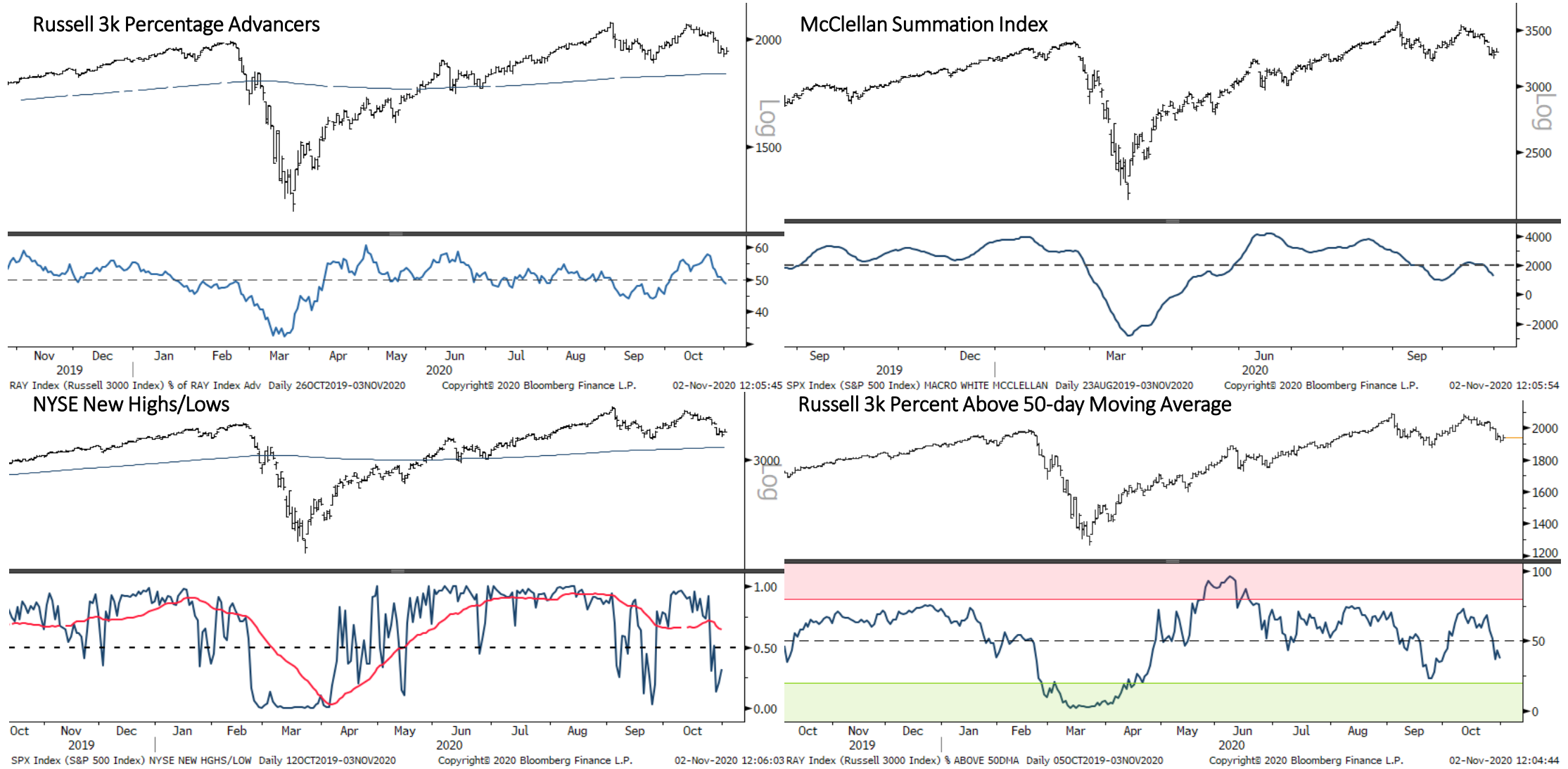
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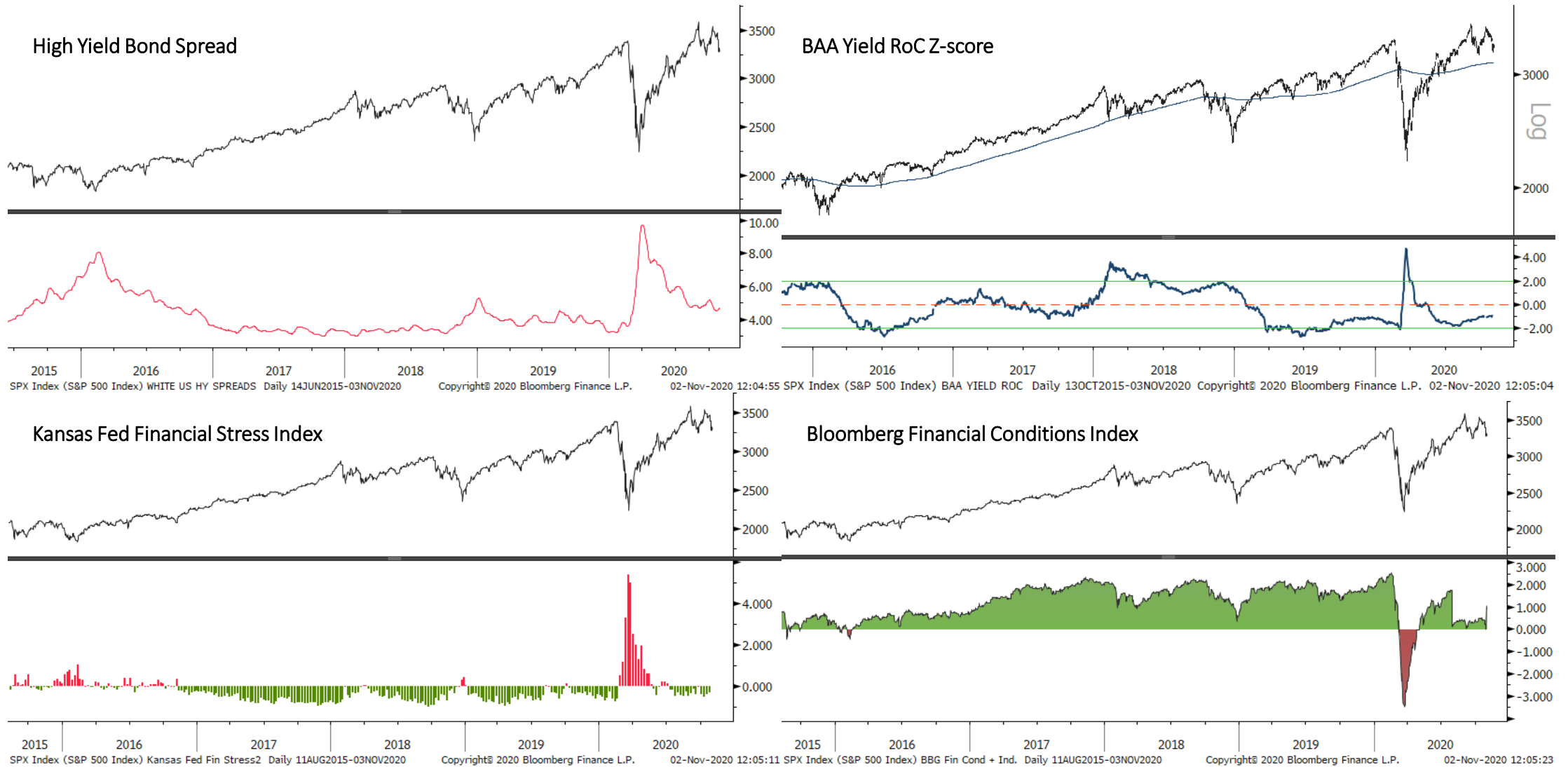
Sentiment & Positioning



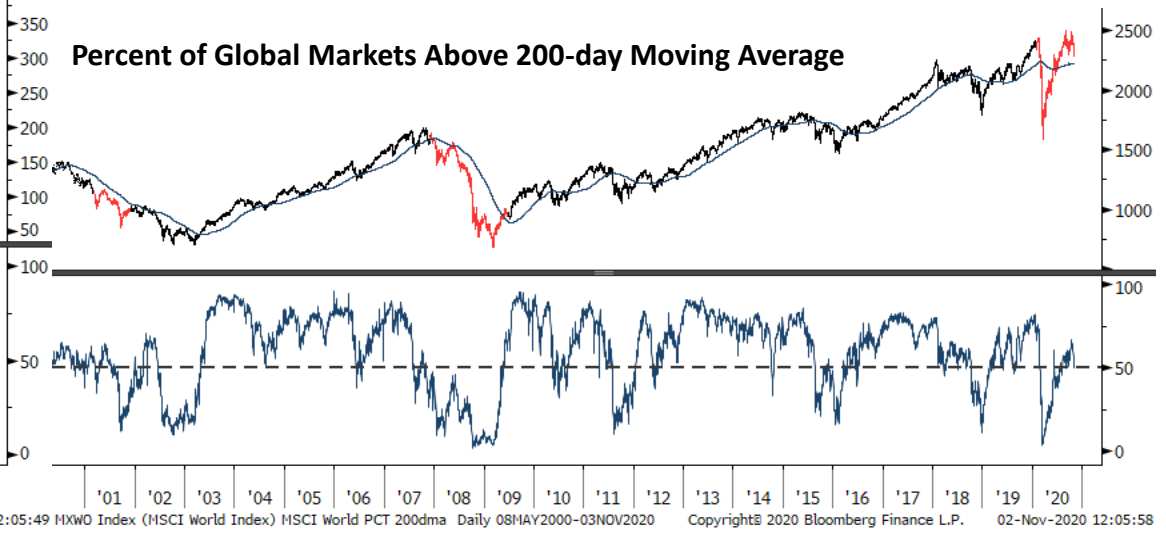
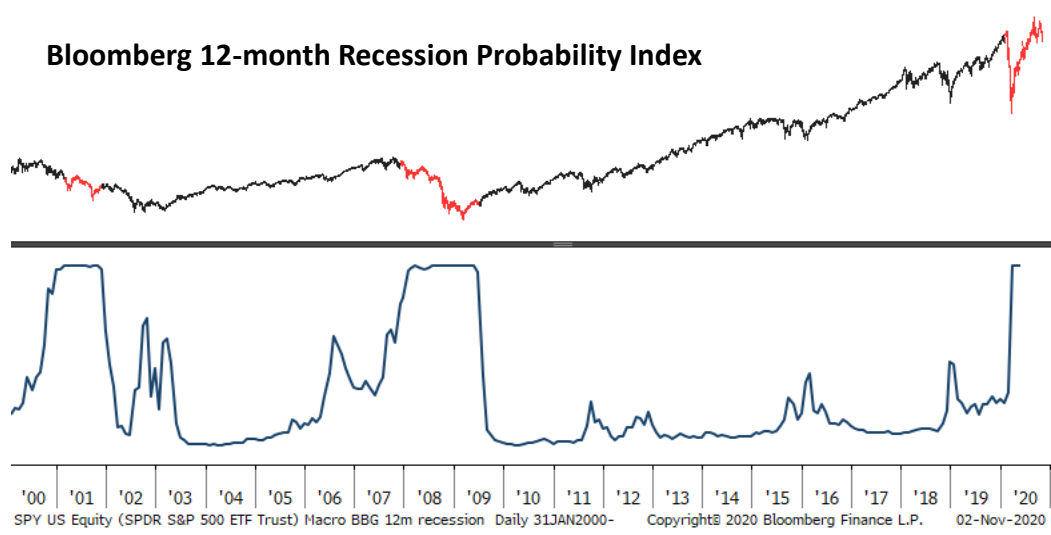
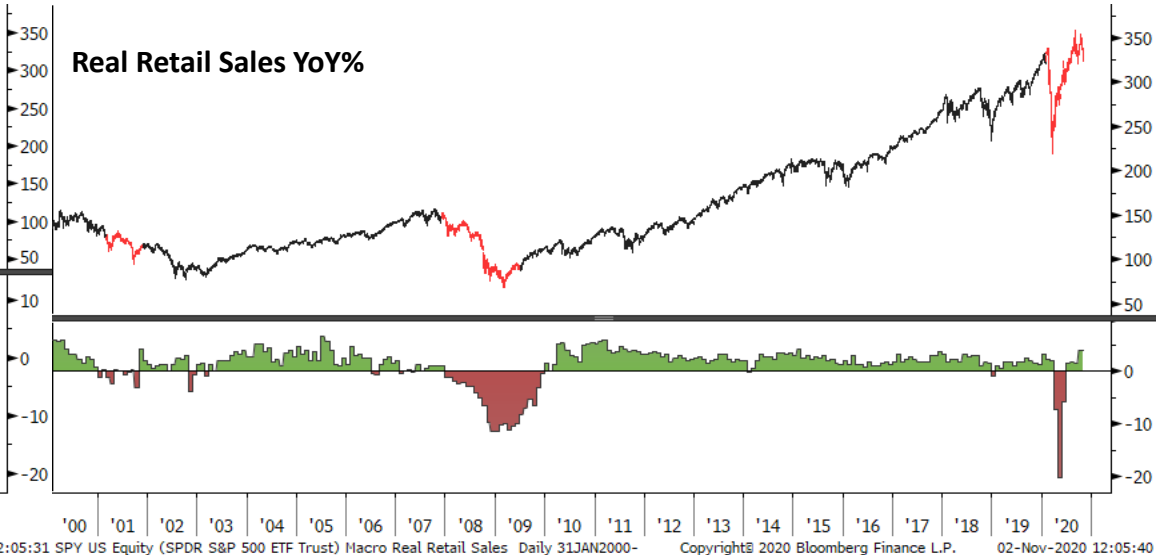
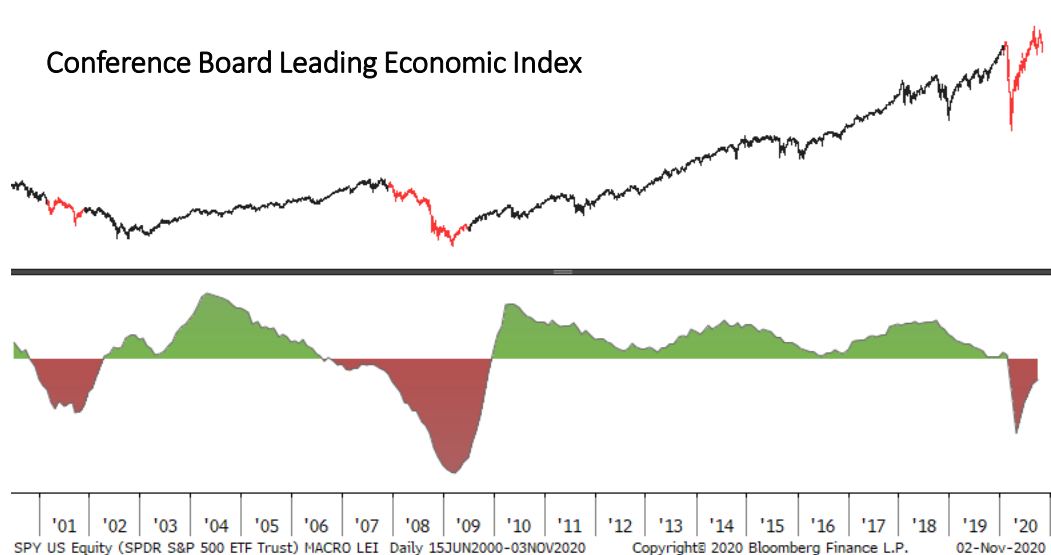
Breadth



Liquidity



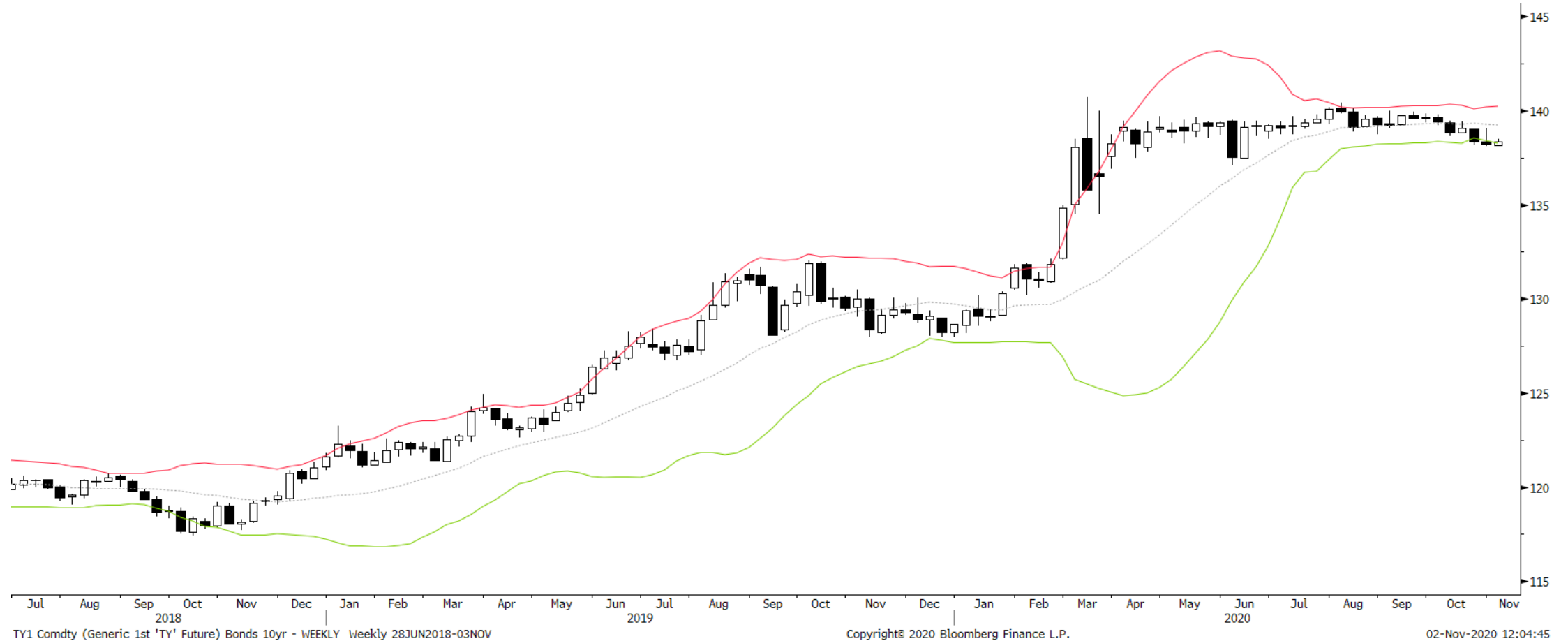
Macro



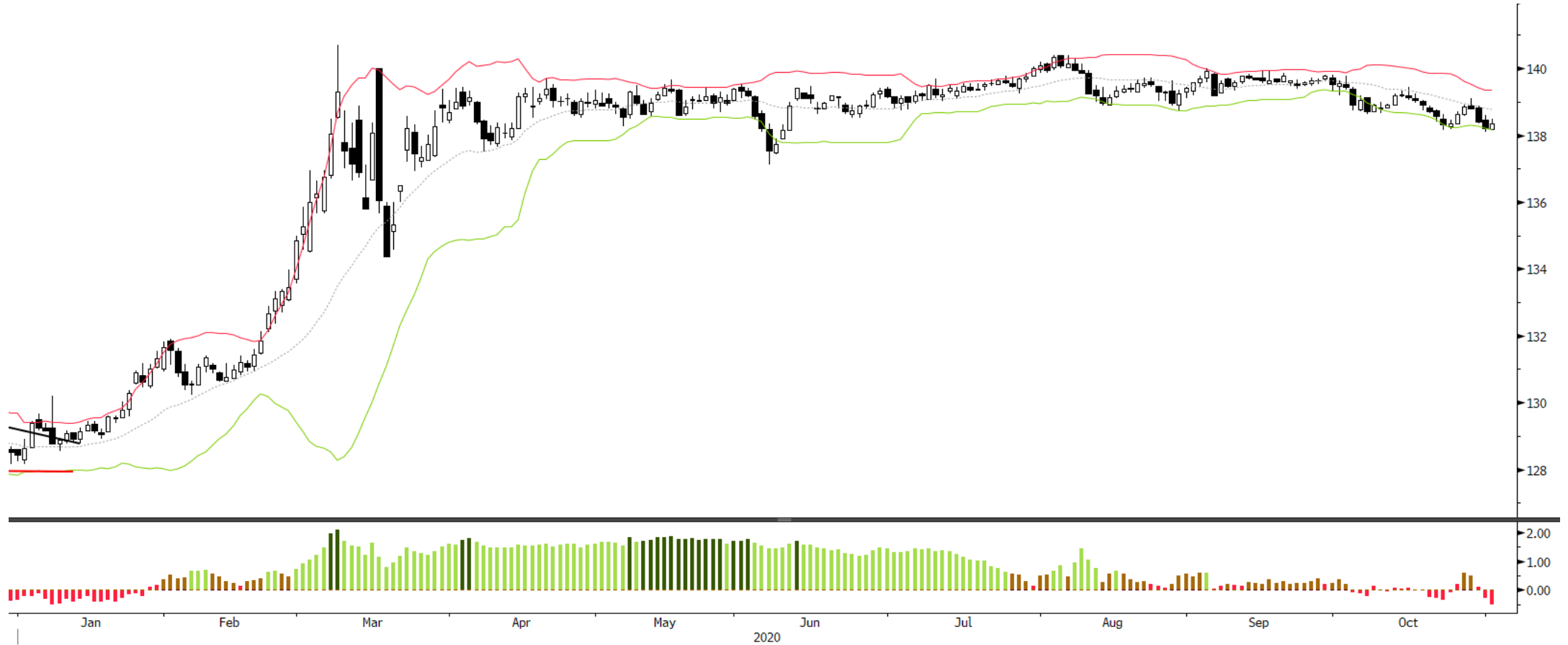
Bonds: 10-year Futures Monthly



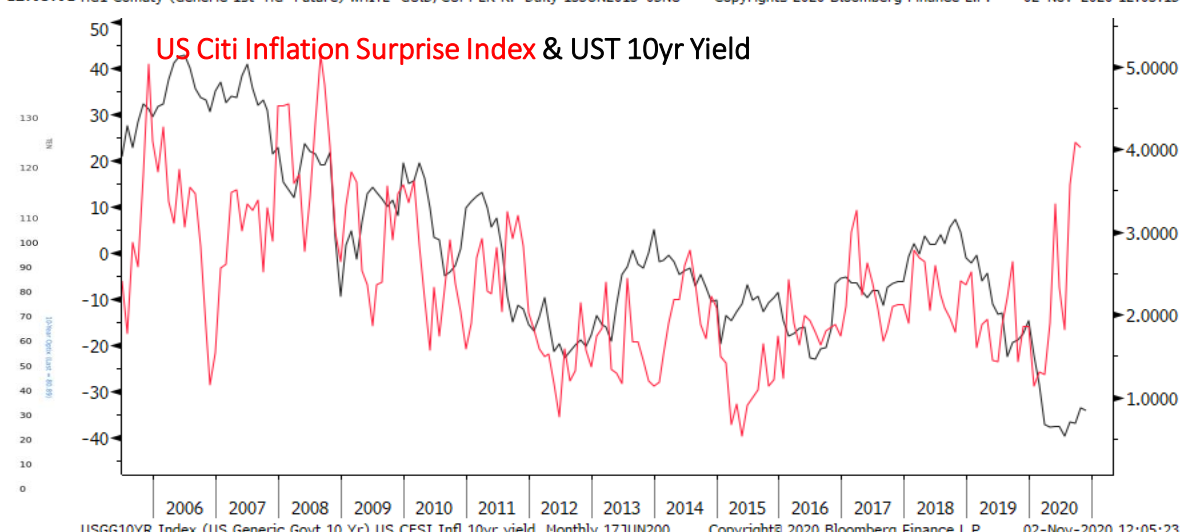
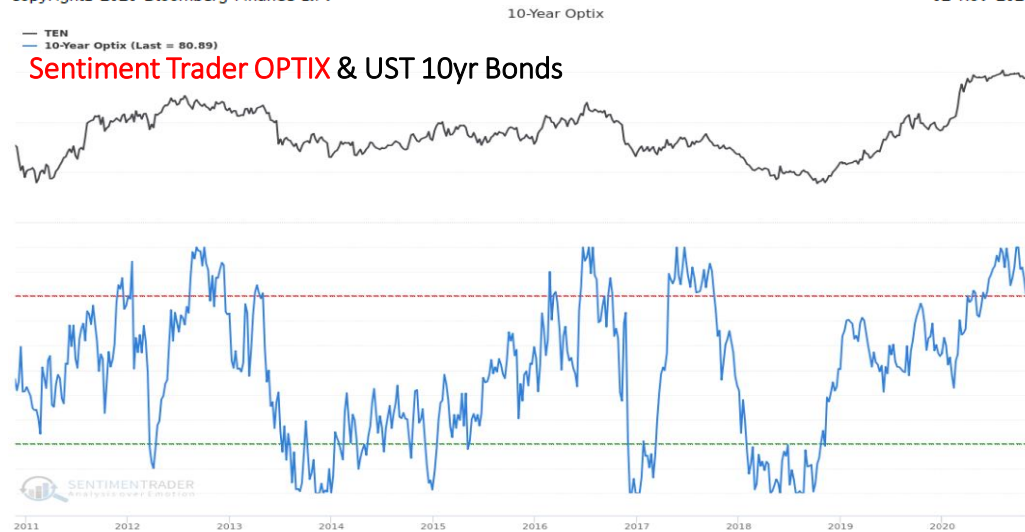
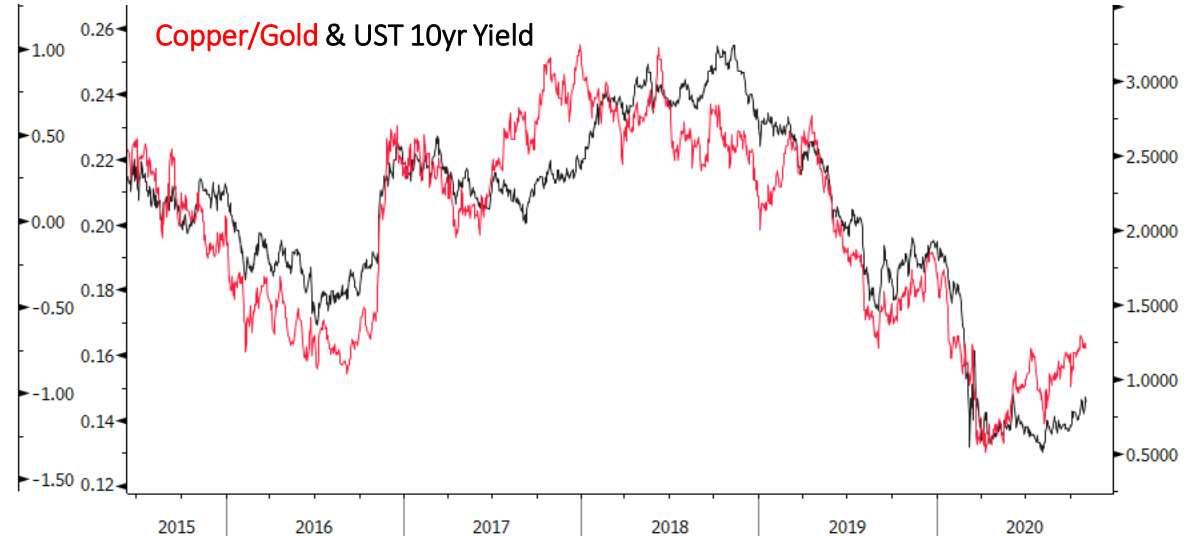
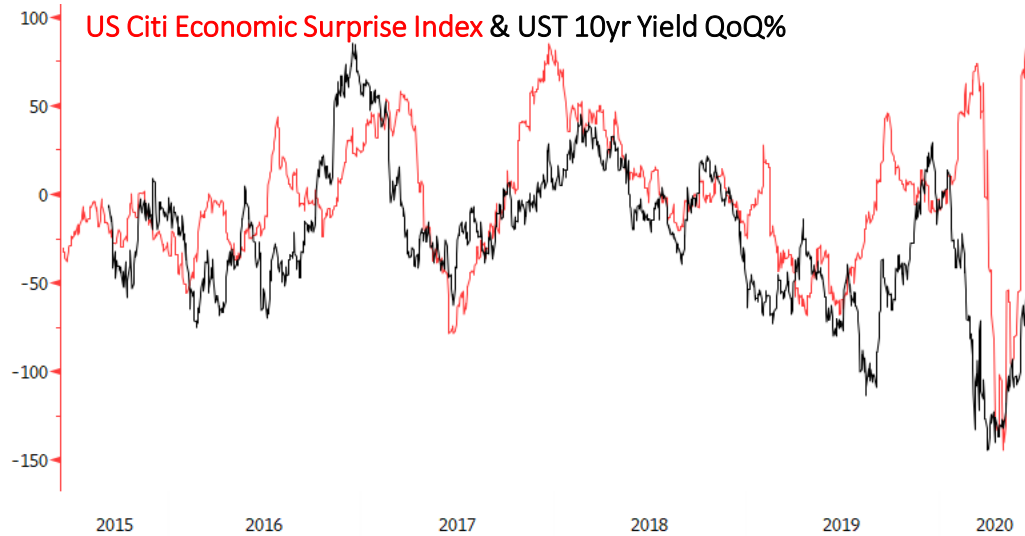
Bonds: 10-year Futures Weekly



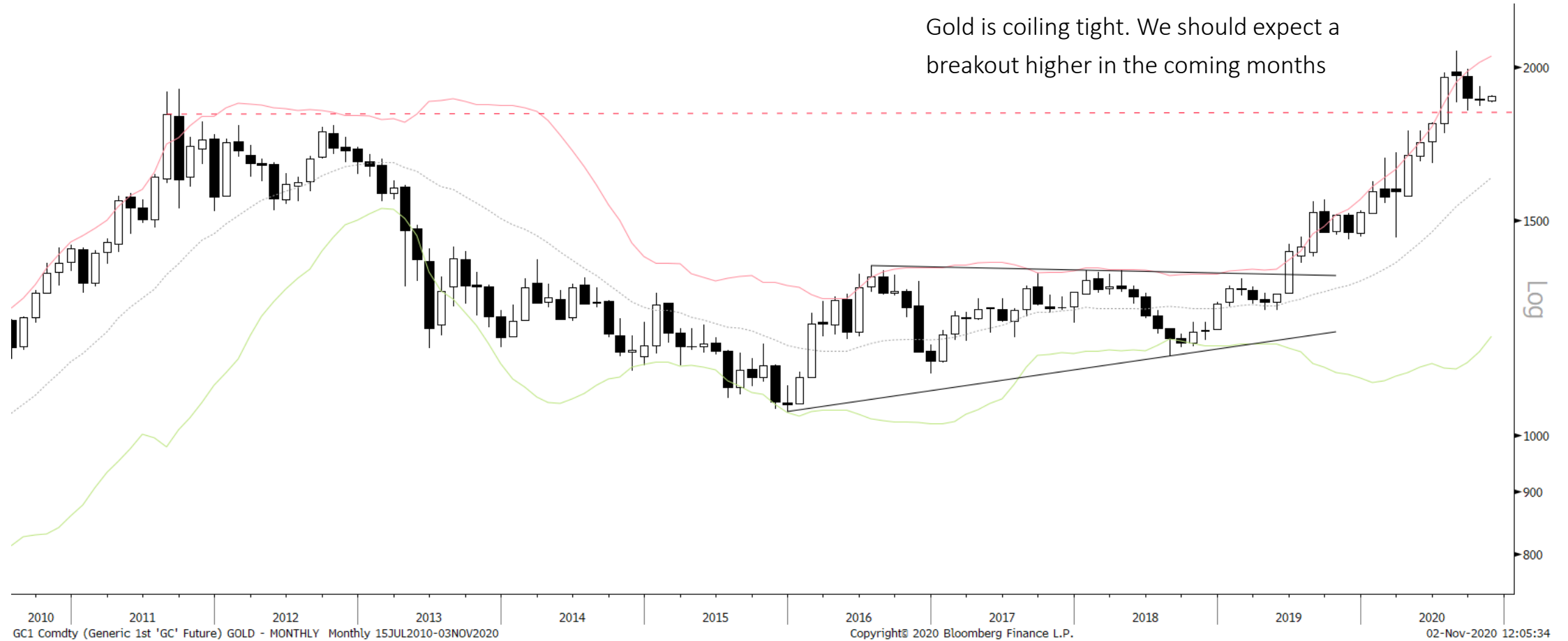
Bonds: 10-year Futures Daily



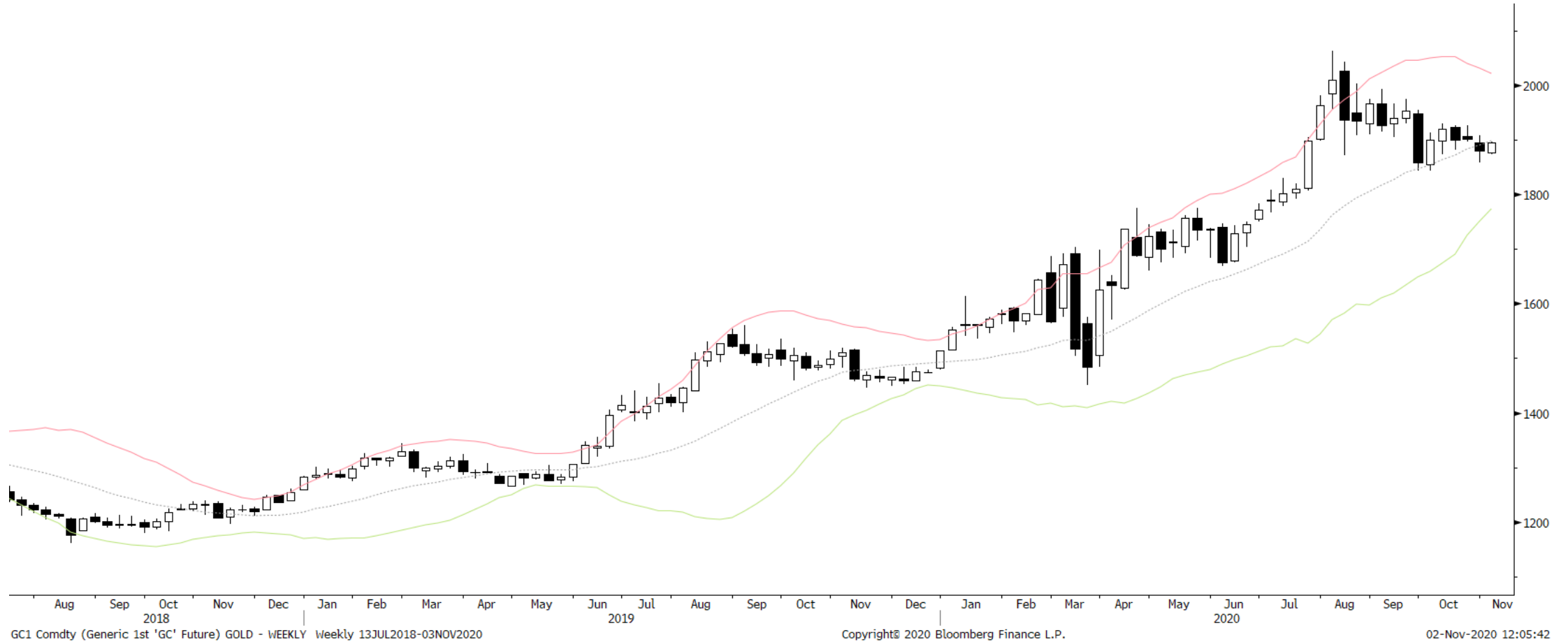
Bond/Yield Indicators



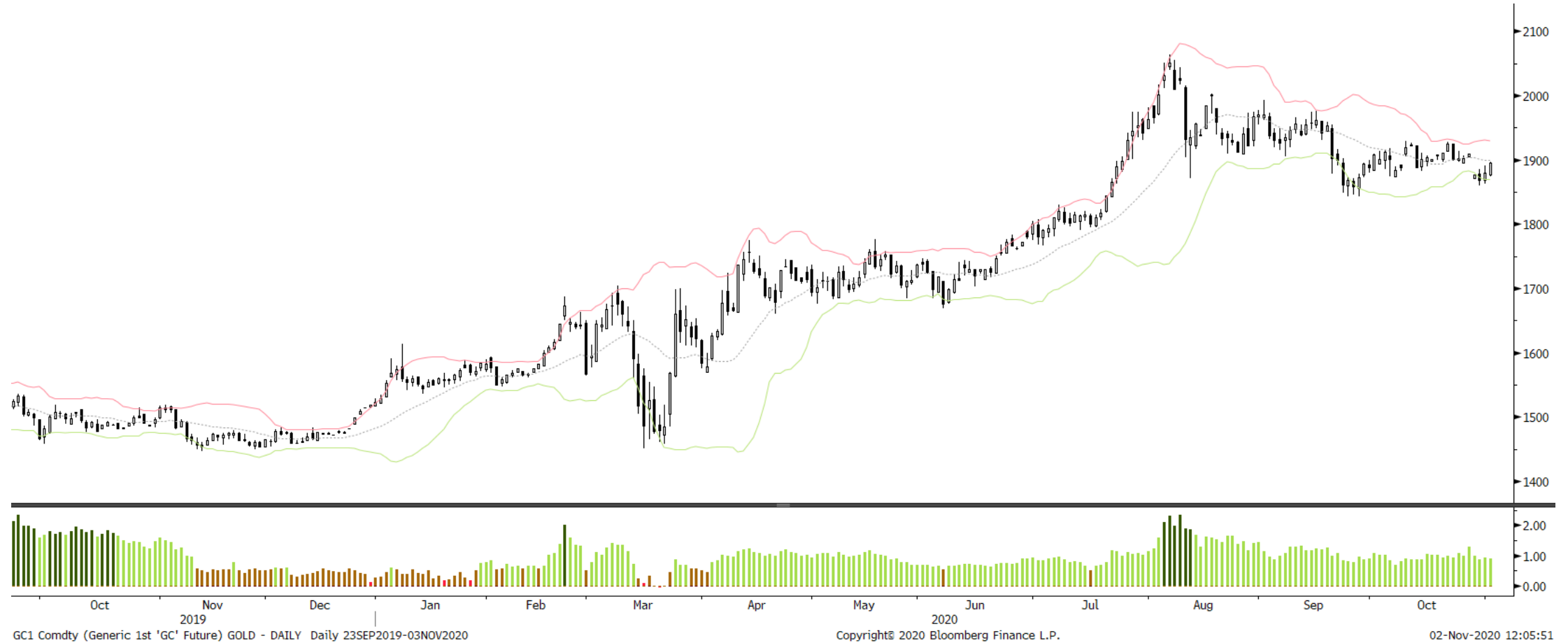
Gold Monthly



Gold Weekly



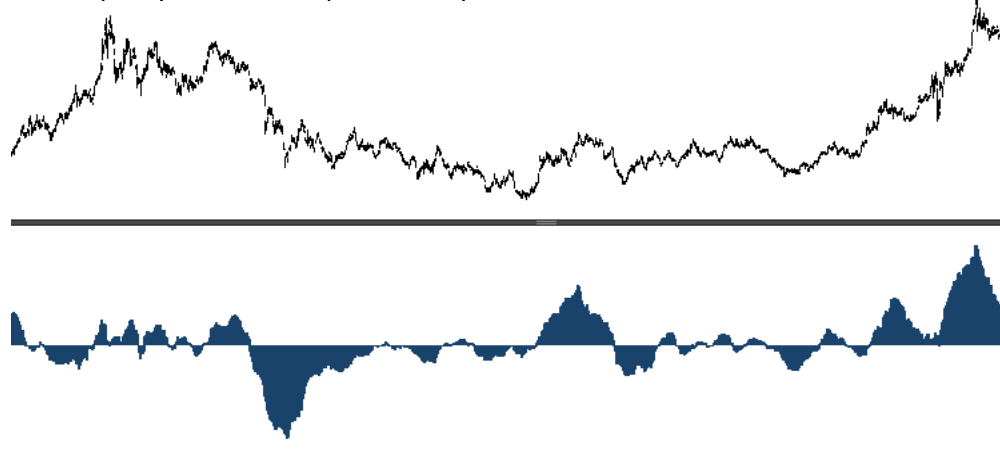
Gold Daily





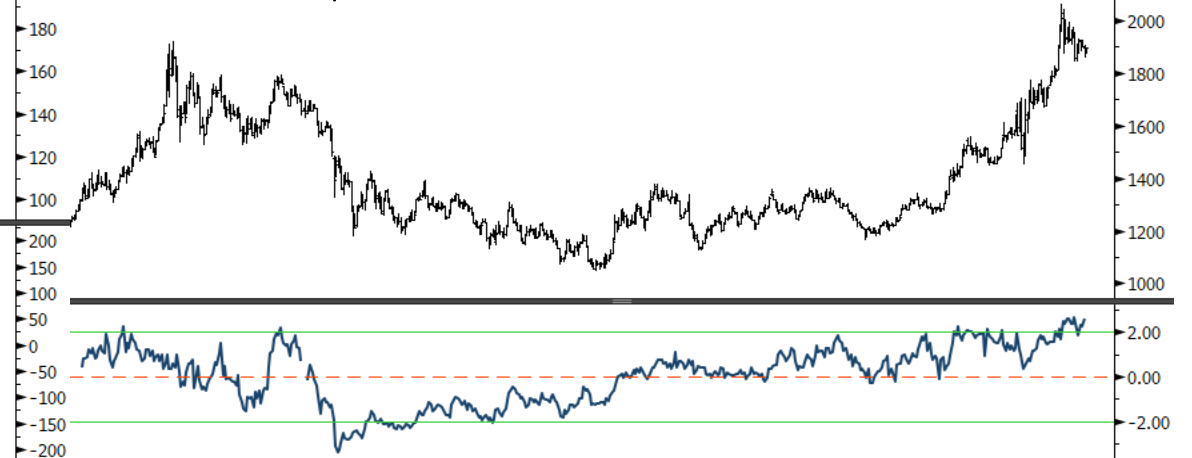
Gold Indicators

Gold (GLD) Fund Flows (smoothed)



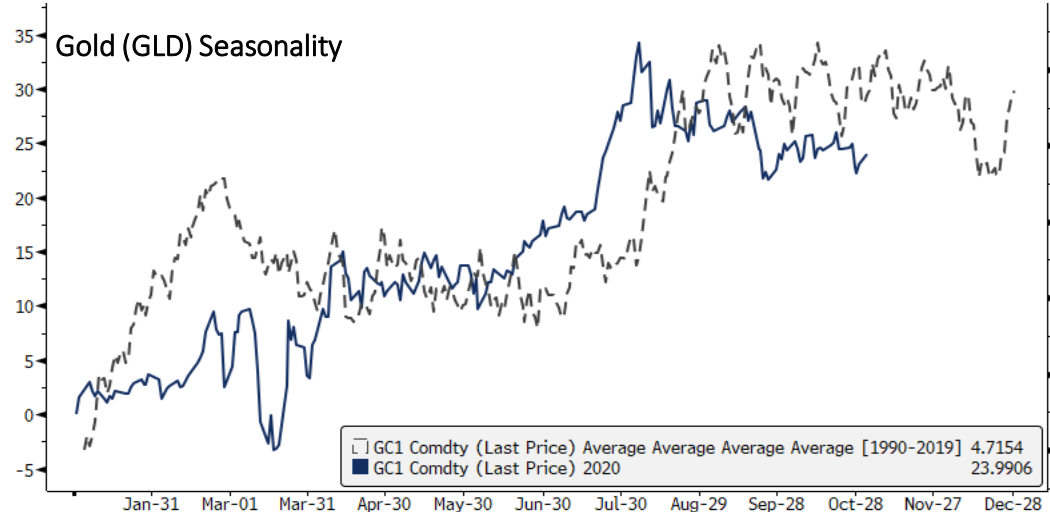
GLD US Equity (SPDR Gold Shares) Gold (GLD) Fund Flows z Daily 08SEP2010-03NOV2 Copyright© 2020 Bloomberg Finance L.P. 02-Nov-2020 12:04:55

Gold Net Small Specs Z-score



GC1 Comdty (Generic 1st 'GC' Future) GLD NET NON REPORTABLE Weekly 25AUG2010-03 Copyright© 2020 Bloomberg Finance L.P. 02-Nov-2020 12:06:03

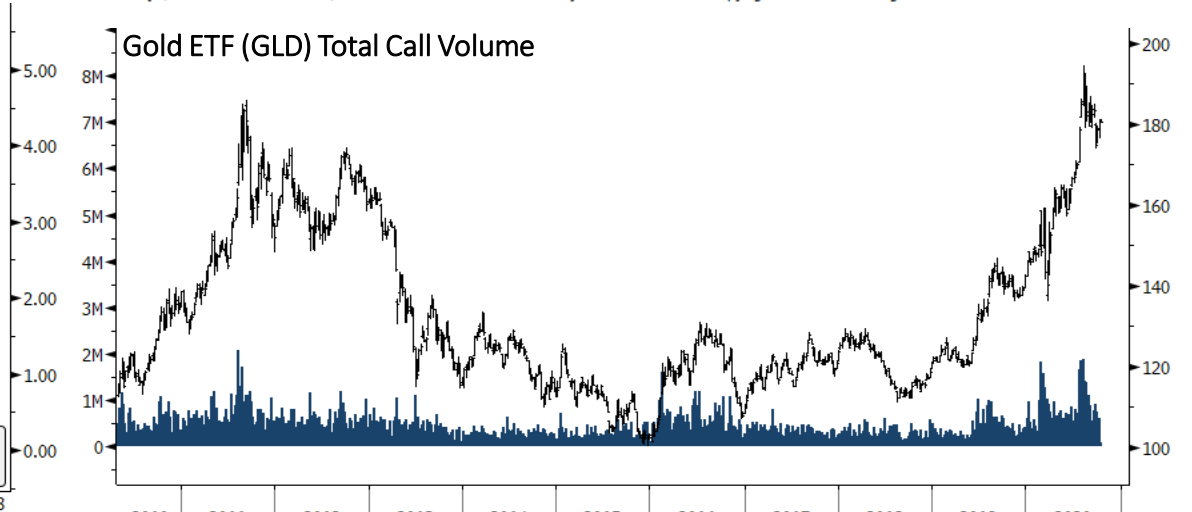
Gold (GLD) Seasonality



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GC1 Comdty (Last Price) Average Average Average Average [1990-2019] 4.7154
GC1 Comdty (Last Price) 2020 23.9906

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. 02-Nov-2020 12:04:45

EURUSD Monthly



EURUSD Weekly



EURUSD Daily



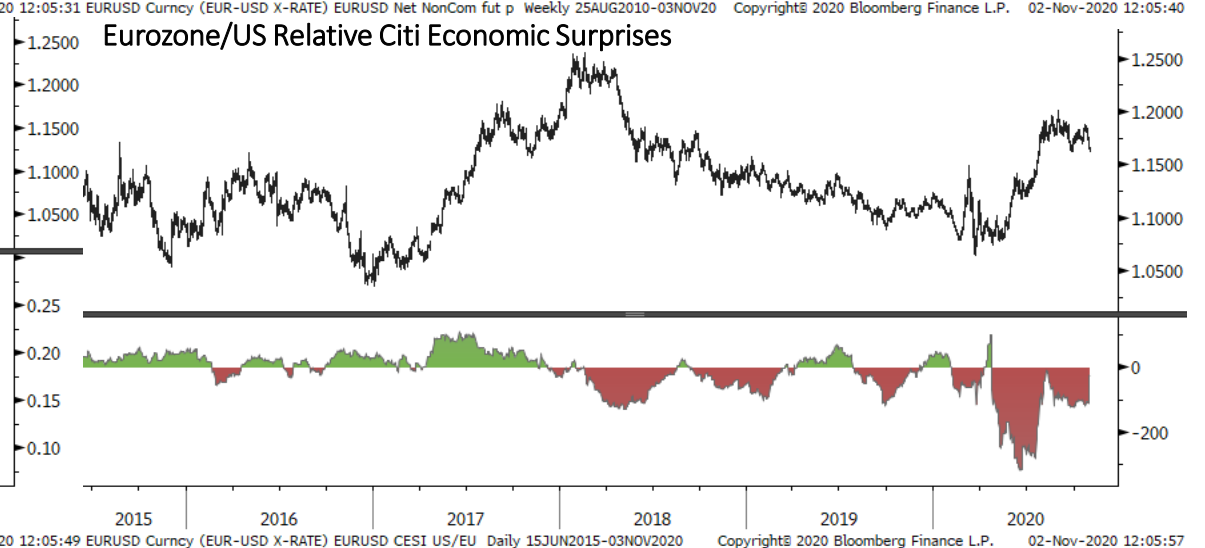
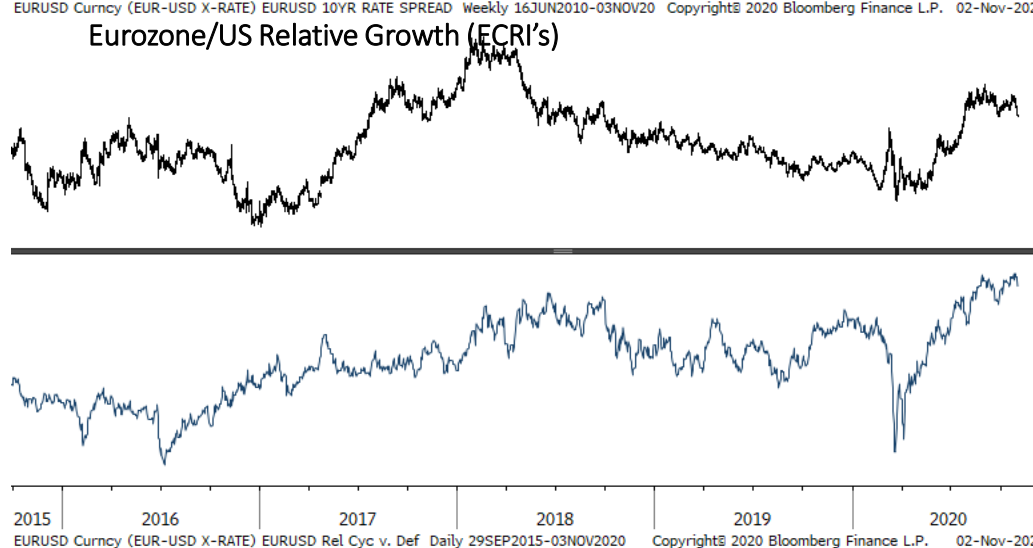
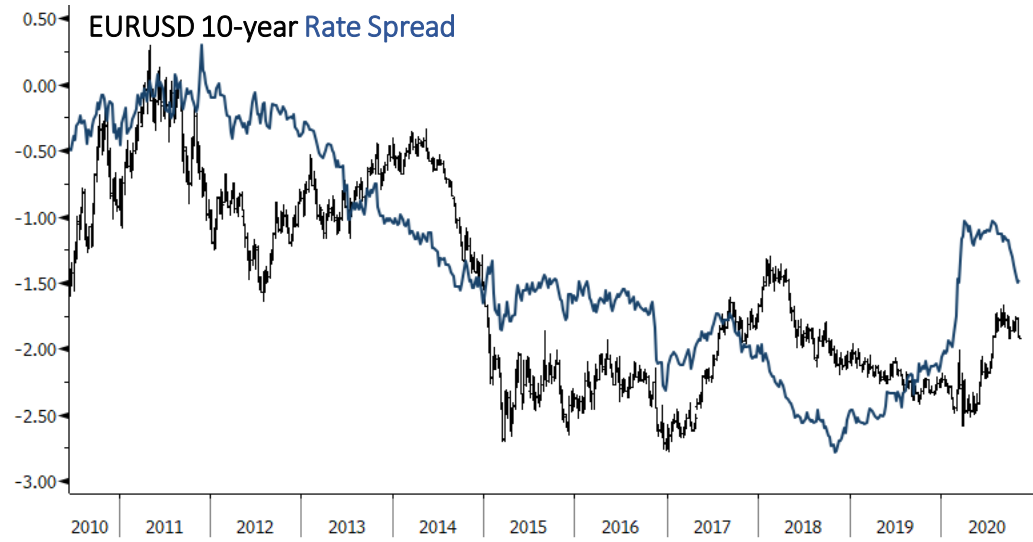
EURUSD Cmcny (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-03NOV2020

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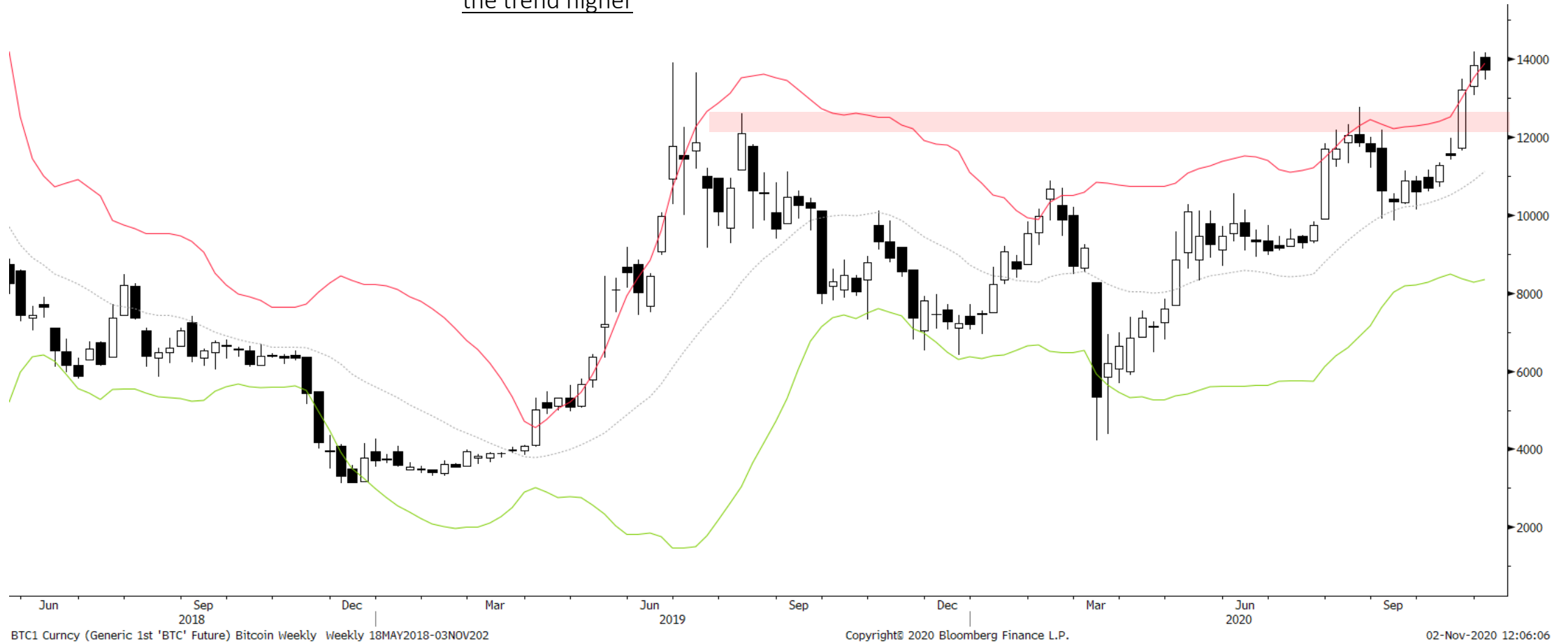
EURUSD Indicators



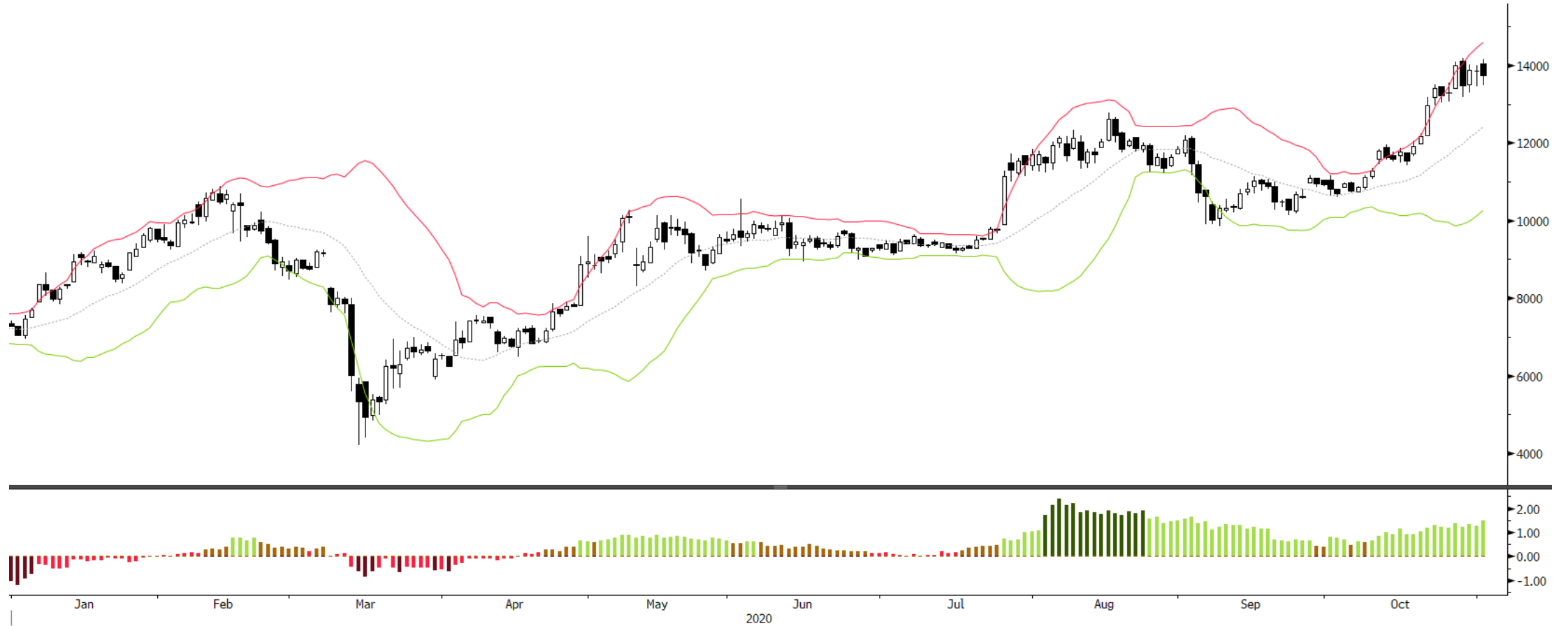
Bitcoin Weekly

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. Odds strongly favor a continuation of the trend higher



Bitcoin Daily



BTC1 Curncy (Generic 1st 'BTC' Future) bitcoin Daily Daily 31DEC2019-03NOV2020

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Bitcoin Indicators



XBTUSD Curncy (XBT-USD Cross Rate) GBTC Fund Total Assets Daily 10AUG2018-03NOV Copyright© 2020 Bloomberg Finance L.P. 02-Nov-2020 12:06:20 BTC1 Curncy (Generic 1st 'BTC' Future) Bitcoin Total OI Daily 10AUG2018-03NOV20 Copyright© 2020 Bloomberg Finance L.P. 02-Nov-2020 12:06:26



The Four Pillars Portfolio

YTD Return (updated 11/2)

22.30%

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
Interactive Brokers (IBKR)	Value/Technical	\$47.39	B/E	\$41.14	\$47.82	
Ammo, Inc (POWW)	Value/Growth	\$2.30	150bps	--	\$2.29	10/22/20 Added to position
Enlabs (NLAB)	Secular Growth	\$27.25	100bps	\$21.10	\$33.45	9/17/20 Added to position
Red Violet (RDVT)	Cyclical Growth	\$17.85	100bps	\$13.45	\$21.62	
Frontdoor (FTDR)	Secular Growth	\$44.22	100bps	\$39.50	\$42.30	
Nintendo (NTDOY)	Secular Growth	\$62.71	100bps	\$54.00	\$68.73	
Cardlytics (CDLX)	Secular Growth	\$86.07	100bps	\$60.50	\$76.46	10/22/20 Added to position
Roku (ROKU)	Secular Growth	\$192.68	50bps	\$142.24	\$206.88	
Micron Technology (MU)	Secular Growth	\$54.70	100bps	\$46.00	\$49.71	
Micron Technology (MU) Jan 22' \$100 calls	DOTM	\$1.38	100bps	N/A	\$0.95	
Greyscale Bitcoin Trust (GBTC)	Secular Thematic	\$11.90	100bps	\$10.40	\$15.51	