



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

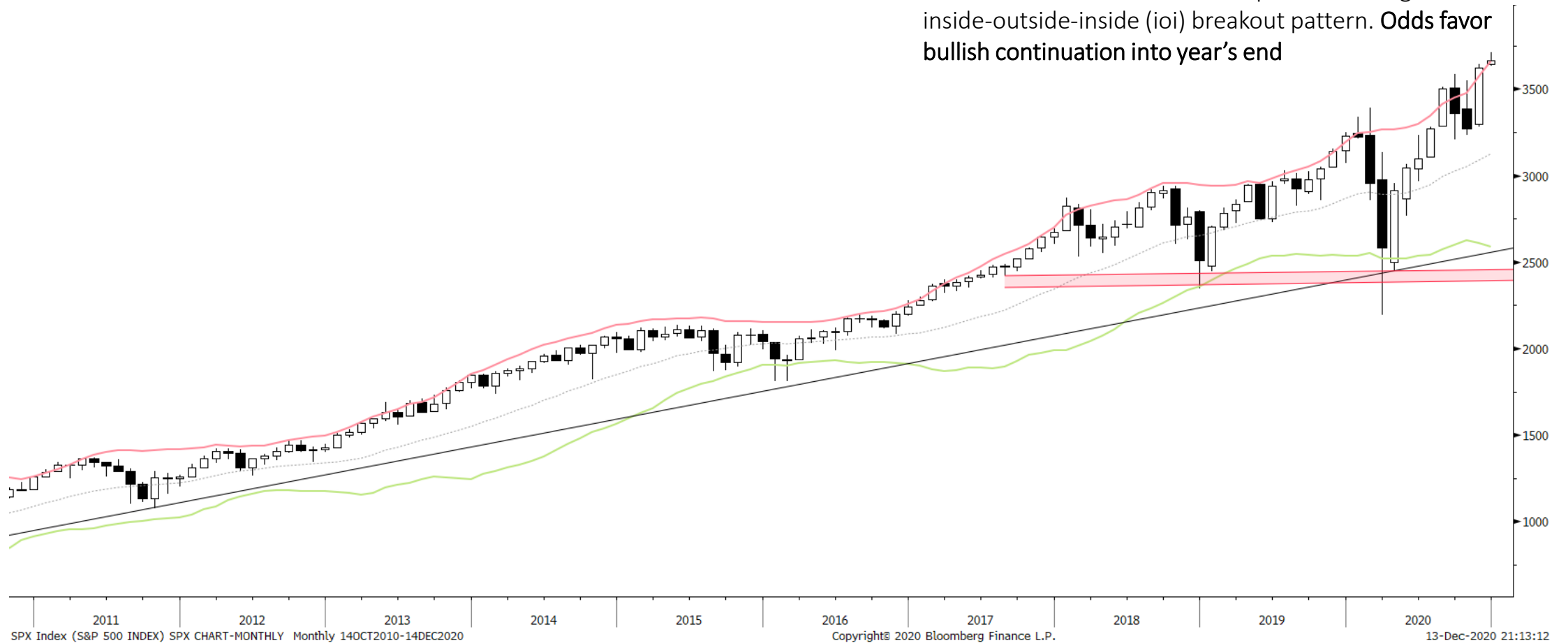


| S&P 500 | UST 10yr Bonds | Gold | EURUSD |
|---|--|---|--|
| <ul style="list-style-type: none">➤ Long-term: November formed an Outside up bar following an ioi breakout pattern. This plus seasonality make it odds on we see strong bullish follow-through into the end of the year➤ Sentiment/Positioning: <u>Sentiment is at a bullish consensus and is feeding into positioning. This raises trend fragility though positioning is not yet near levels that precede larger selloffs</u>➤ Breadth: Short-term breadth weakened last week and needs to be watched closely. Longer-term breadth remains supportive of the bull trend➤ Macro/Liquidity: Macro conditions continue to improve, and liquidity is flush though weakness is starting to creep into the credit market. The biggest risk to this market is that a bullish narrative drives the yield curve to steepen dramatically, pinching crowded risk-taking in stocks➤ Short-term: <u>SPX has broken out of a 4-month range while in a Bull Quiet regime with a TL Score of +2. Odds favor a continuation of the trend higher into the end of the year. The measured move target from this breakout is 3,845</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 is consensus➤ Bond Indicators: All indicators point to a steeper yield curve (bear steepening). Fed has managed expectations so far which has kept the long-end from rising more. But yields are starting to accelerate to the upside and are close to seeing a major breakout➤ 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 continued 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 but this changes starting Christmas week when seasonality becomes strongly supportive of precious metals➤ Short-term: Gold is in a neutral sideways regime in a longer-term uptrend. It has worked off much of its technical overbought levels. <u>Odds favor an eventual continuation of the trend up but we need a confirmed breakout above 1,850 from its current corrective move first. Until then, expect more sideways to down action. The next major level of support is in the 1,675-1,750 range</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. 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 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 formed an Outside Up bar following an inside-outside-inside (ioi) breakout pattern. **Odds favor bullish continuation into year's end**



S&P 500 Weekly



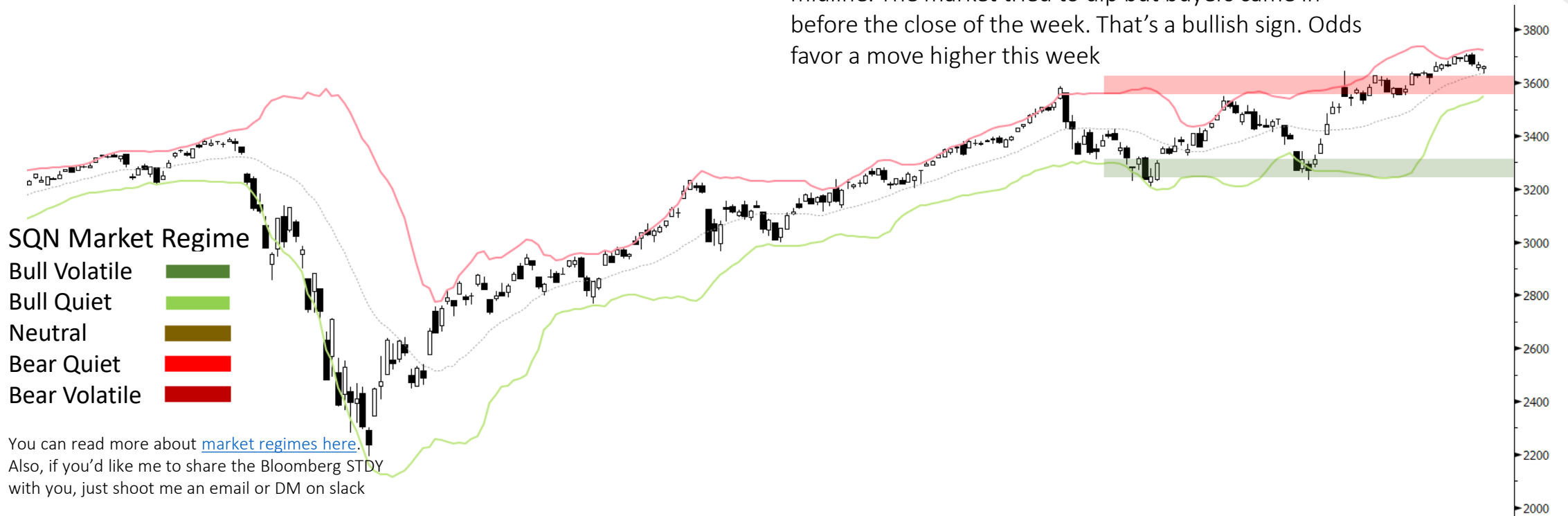
SPX cleared the 3,600 resistance level with two strong weekly bull bars. Odds favor bullish continuation on light volume holiday trading. The next measured move target is 3,845



S&P 500 Daily



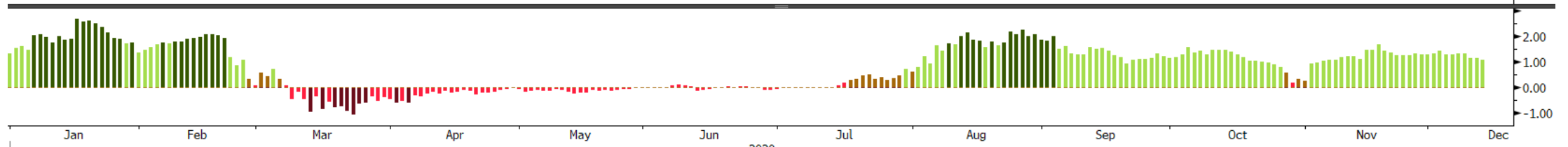
Look at the long-tailed hammers on the Bollinger Band
midline. The market tried to dip but buyers came in
before the close of the week. That's a bullish sign. Odds
favor a move higher this week



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



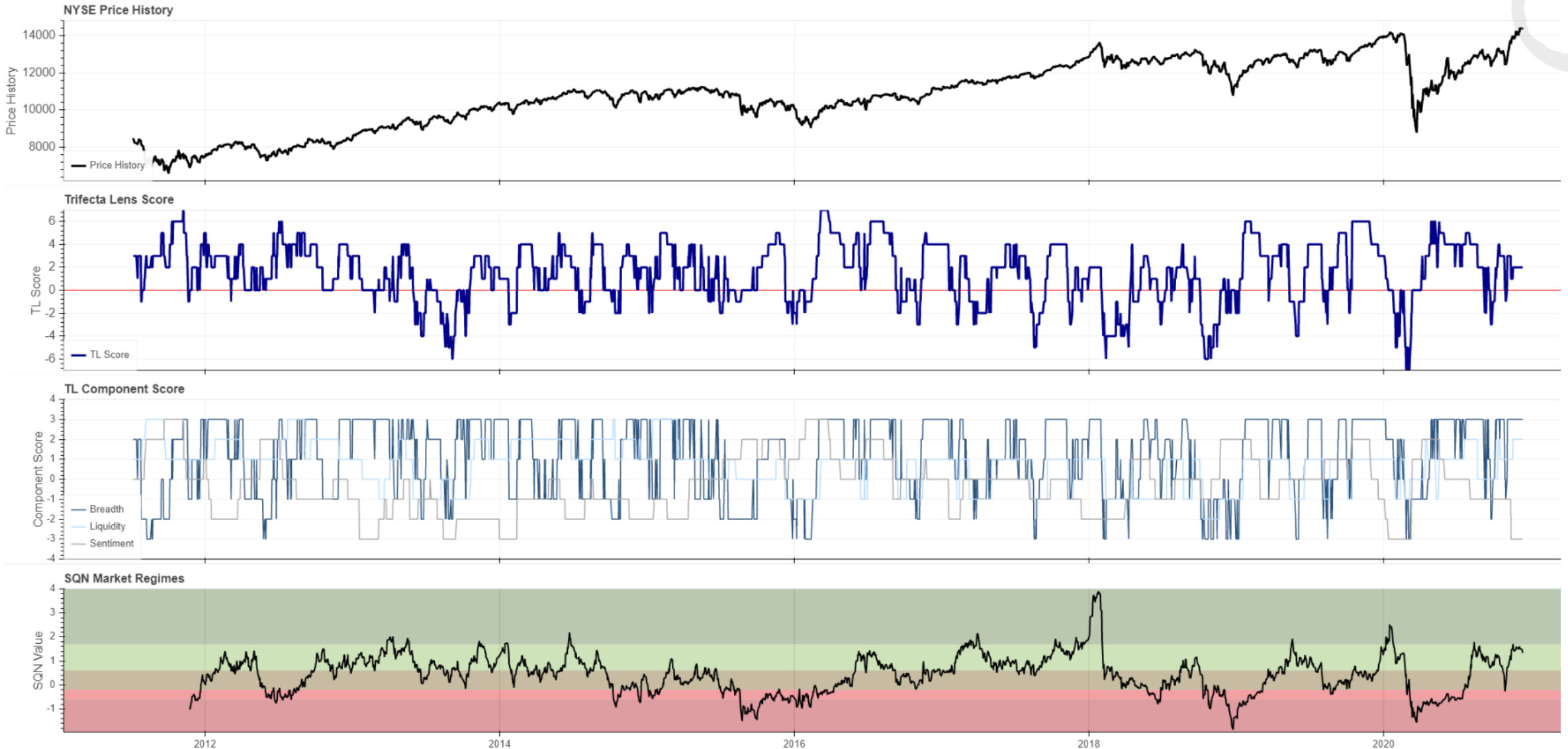
SPX Index (S&P 500 INDEX) SPX CHART-DAILY Daily 31DEC2019-14DEC2020

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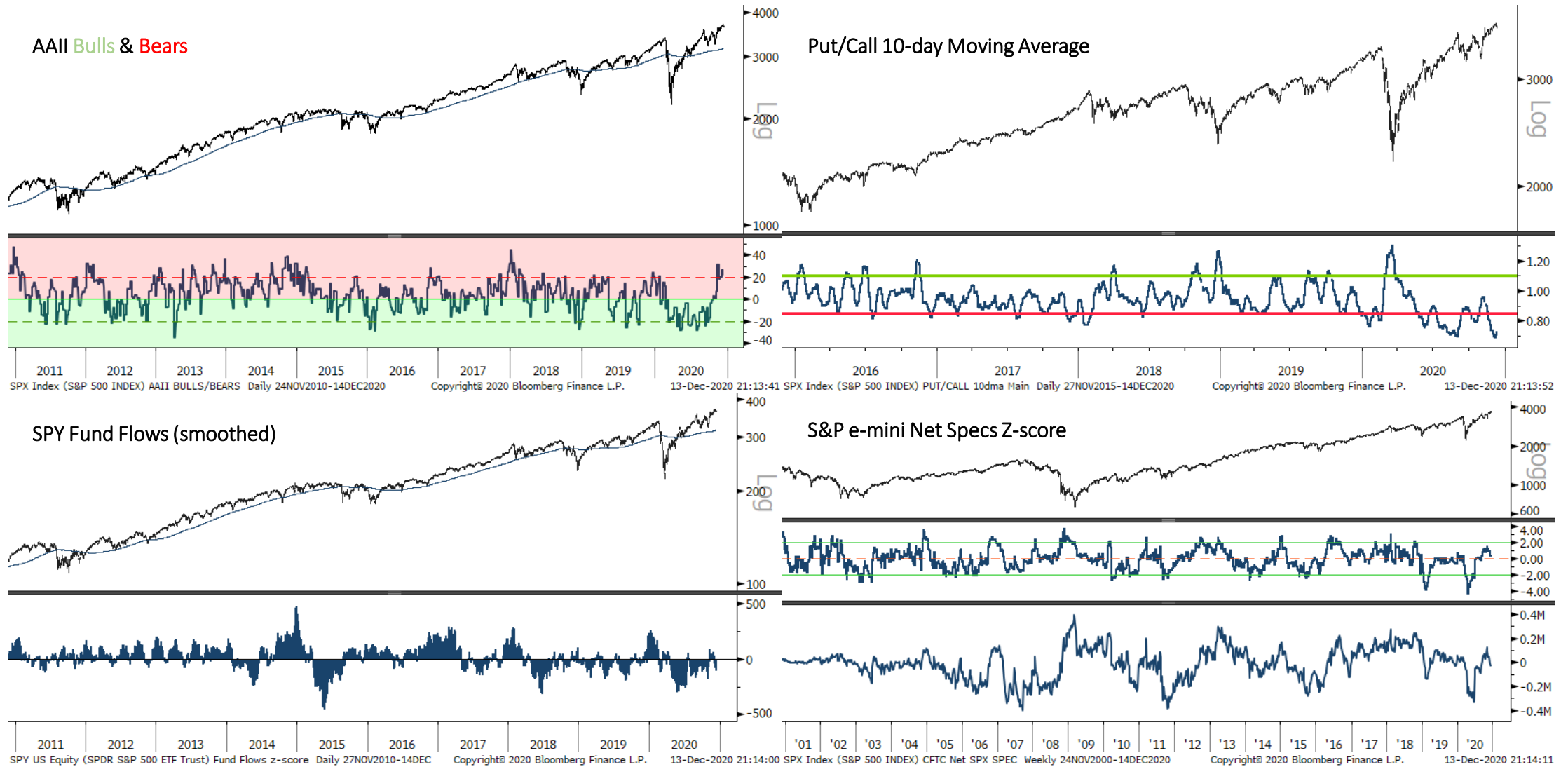
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Trifecta Lens Score: +2

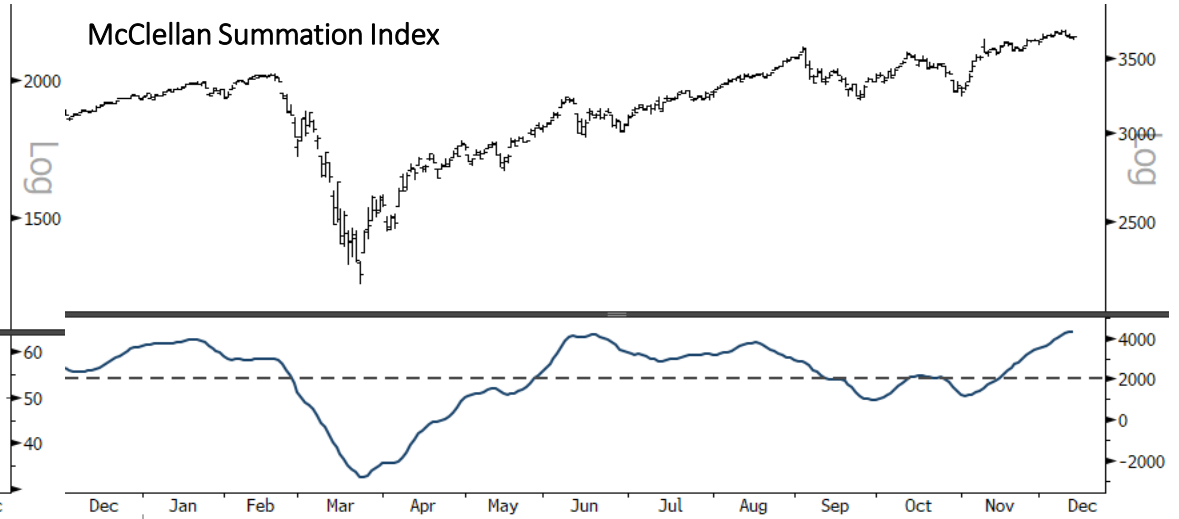
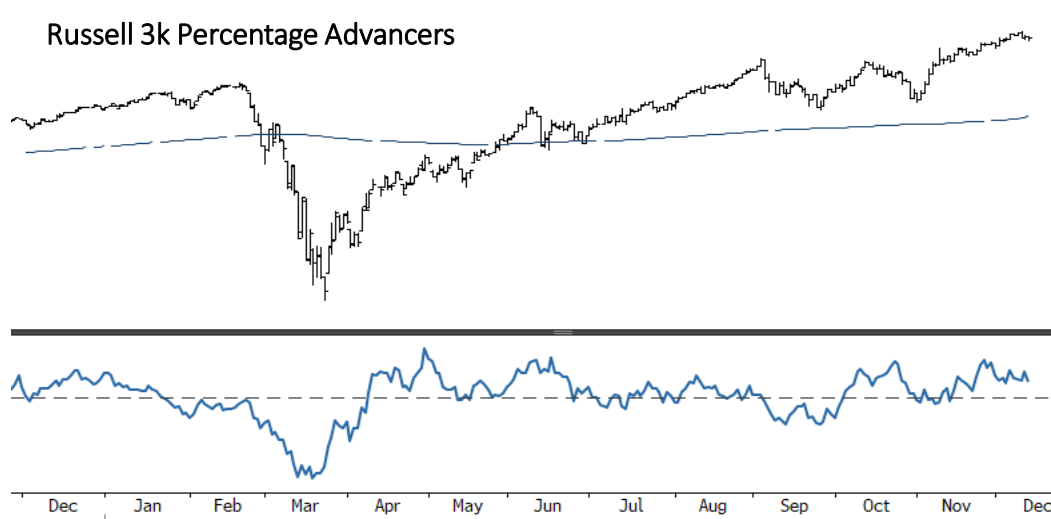
(You can read more about our [Trifecta Lens here](#) and link to the [Dashboard here](#))



Sentiment & Positioning

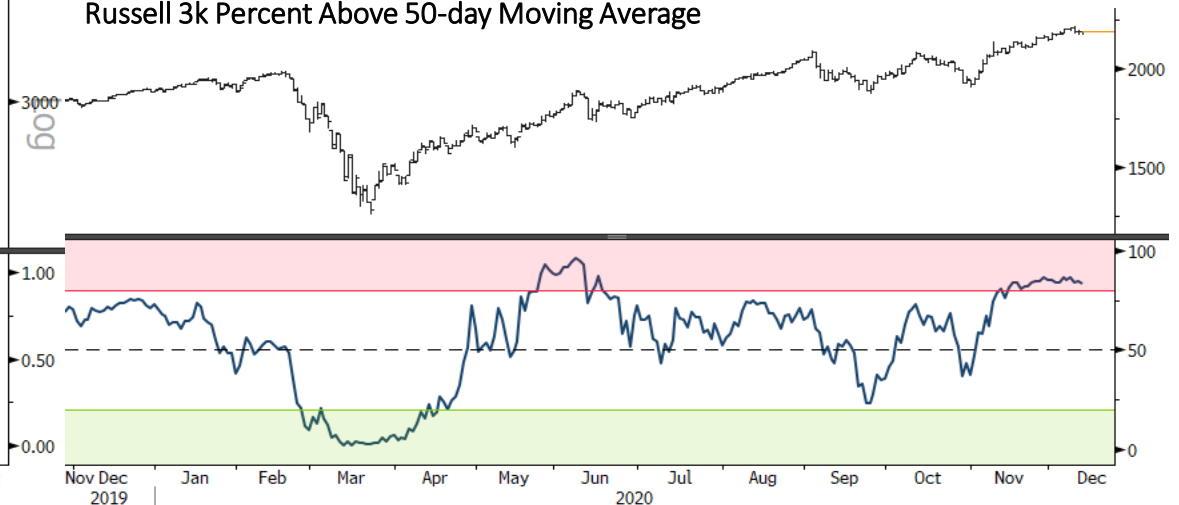
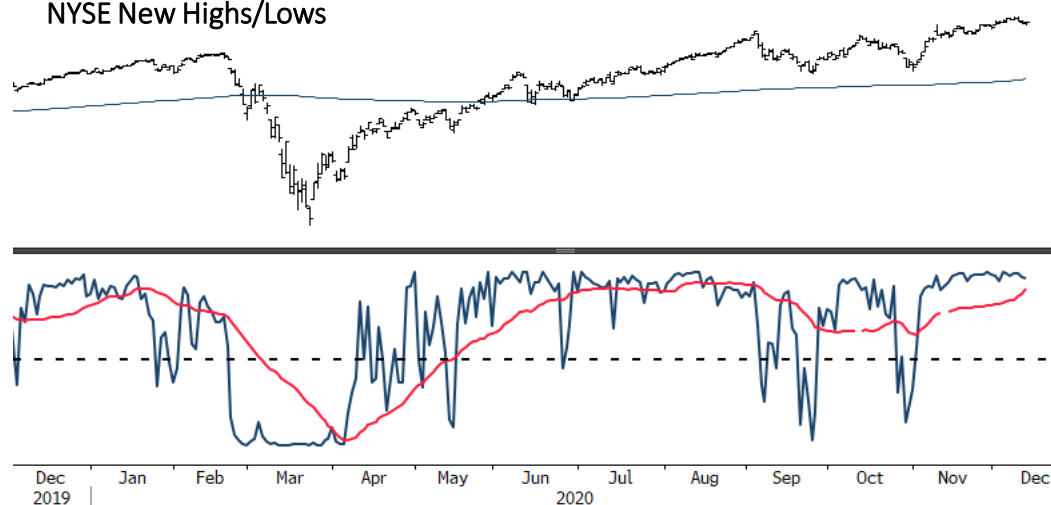


Breadth



RAY Index (Russell 3000 Index) % of RAY Index Adv Daily 26NOV2019-14DEC2020 Copyright© 2020 Bloomberg Finance L.P. 13-Dec-2020 21:14:20

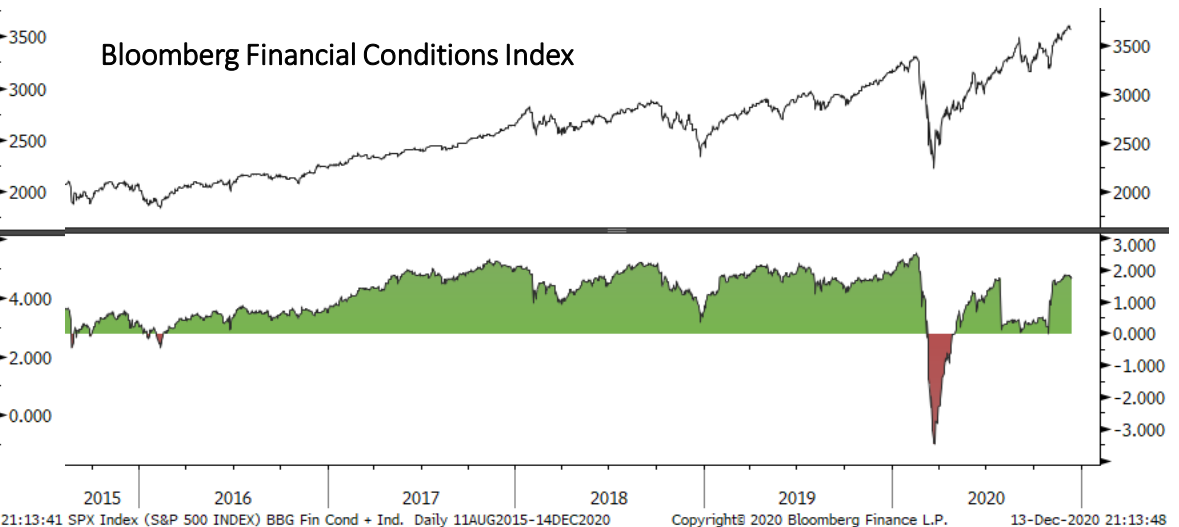
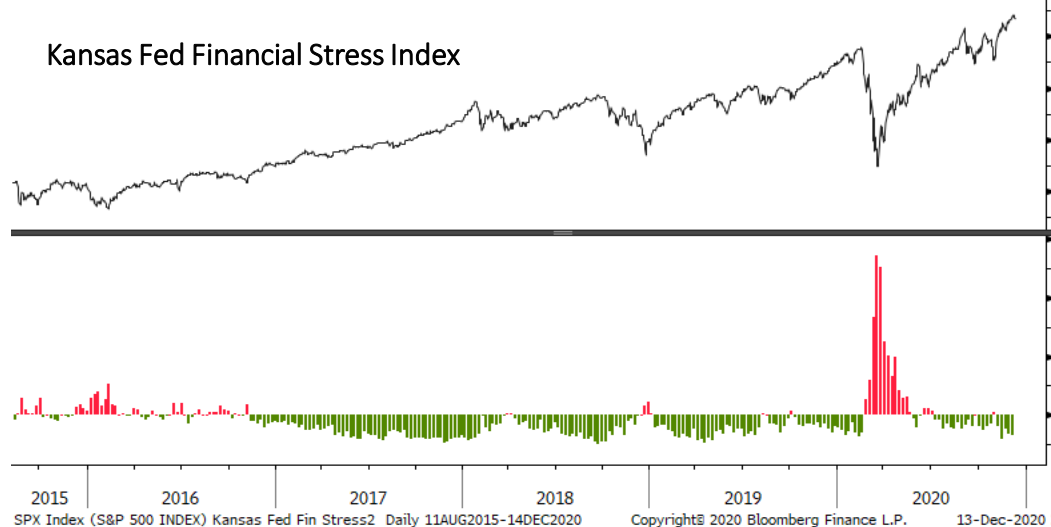
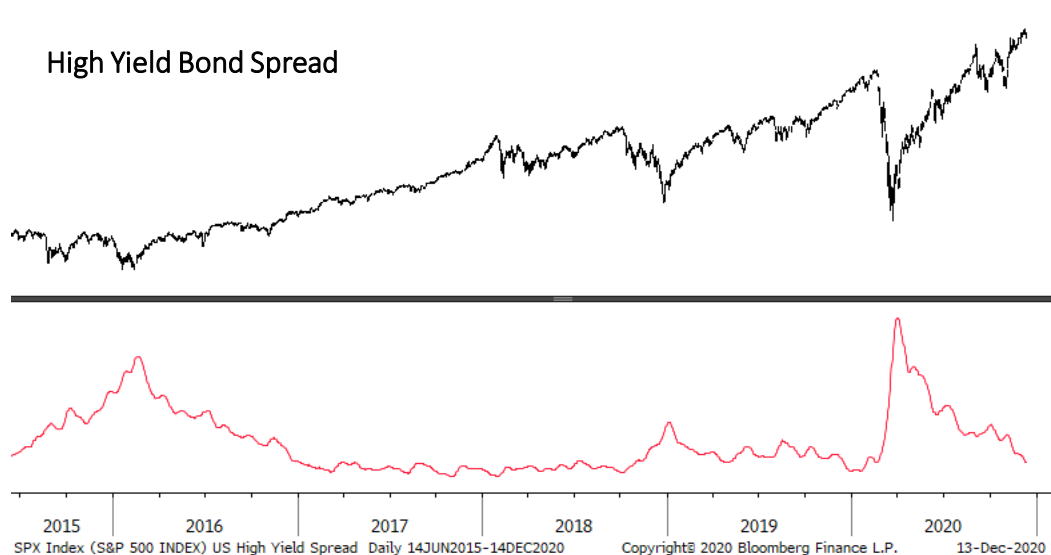
SPX Index (S&P 500 INDEX) MACRO WHITE MCCLELLAN Daily 30NOV2019-14DEC2020 Copyright© 2020 Bloomberg Finance L.P. 13-Dec-2020 21:14:30



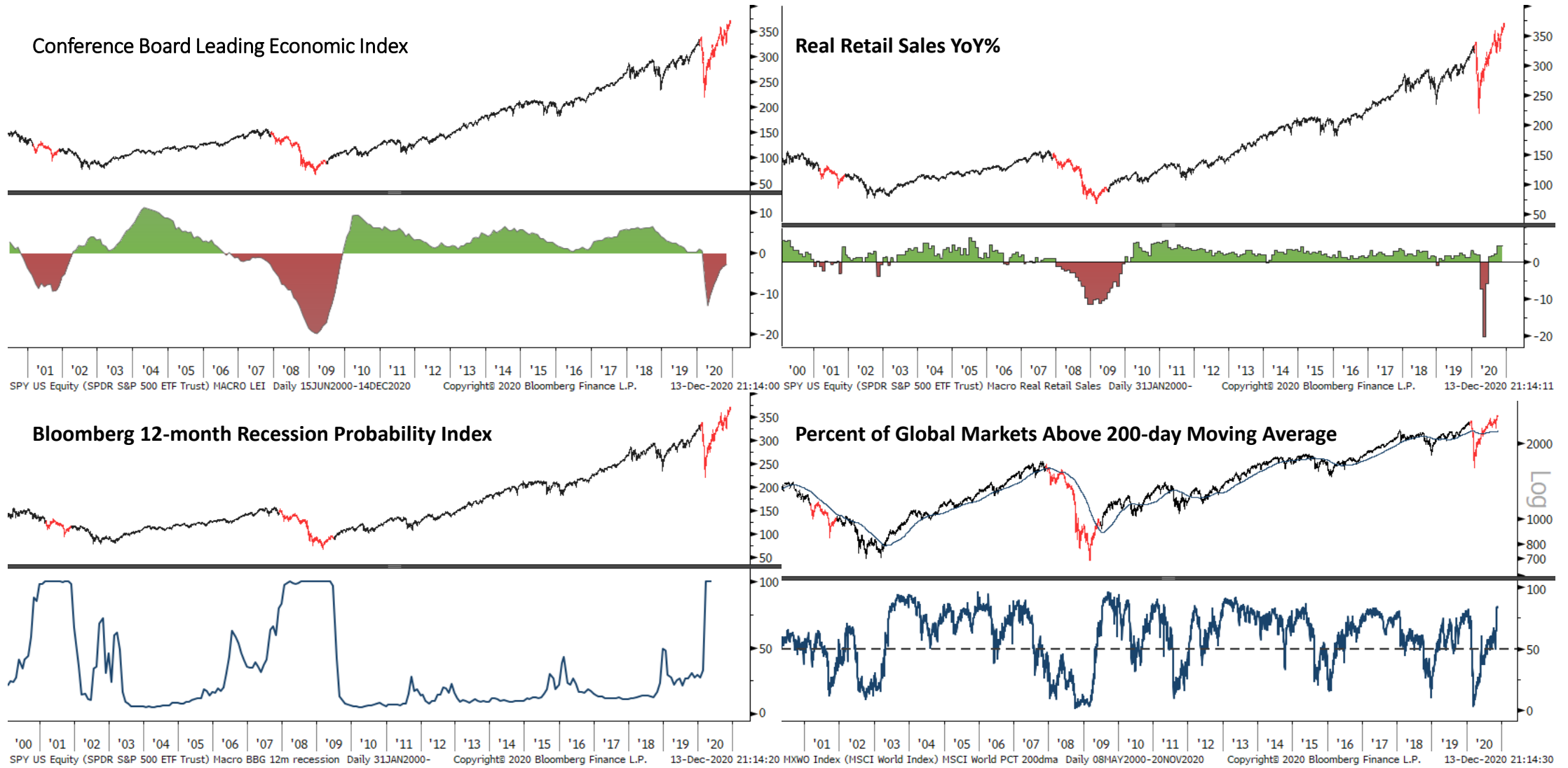
SPX Index (S&P 500 INDEX) NYSE NEW HGHS/LOW Daily 30NOV2019-14DEC2020 Copyright© 2020 Bloomberg Finance L.P. 13-Dec-2020 21:14:38

RAY Index (Russell 3000 Index) % ABOVE 50DMA Daily 26NOV2019-14DEC2020 Copyright© 2020 Bloomberg Finance L.P. 13-Dec-2020 21:13:11

Liquidity



Macro



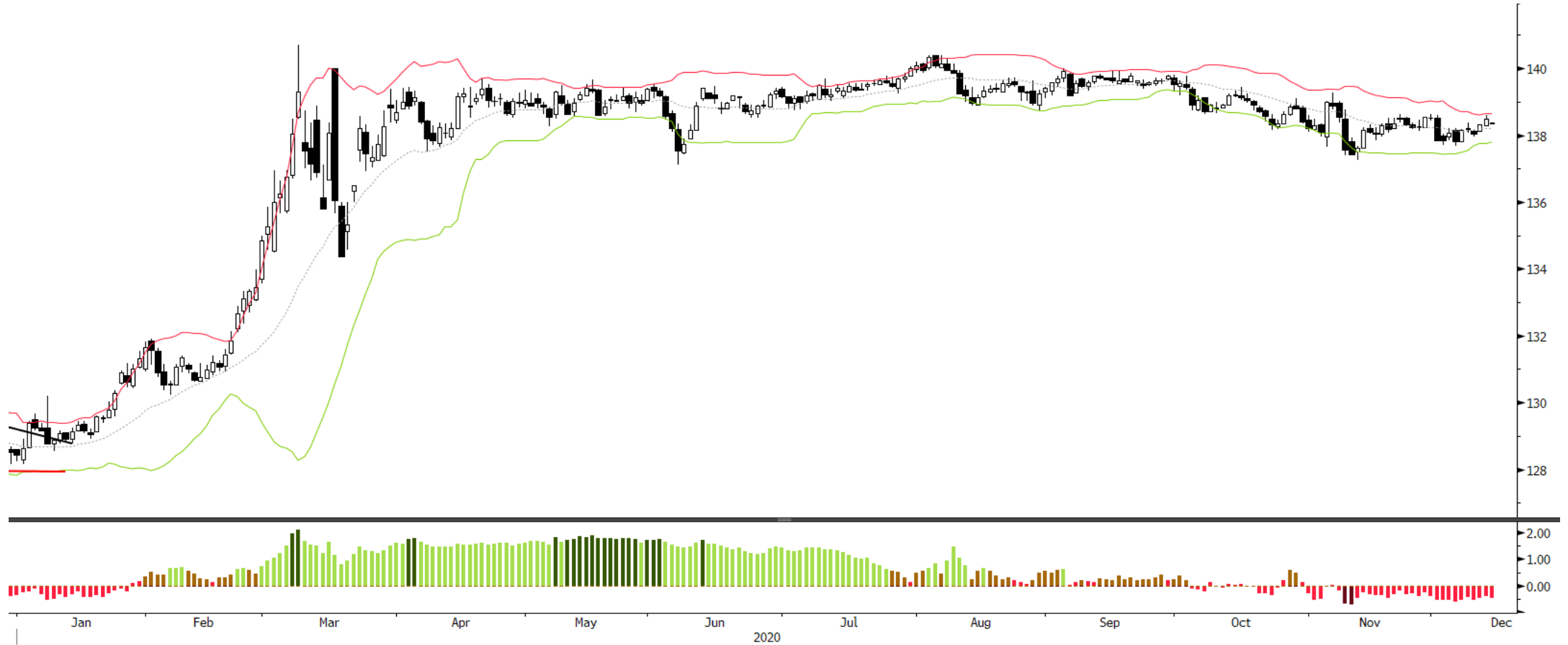
Bonds: 10-year Futures Monthly



Bonds: 10-year Futures Weekly



Bonds: 10-year Futures Daily

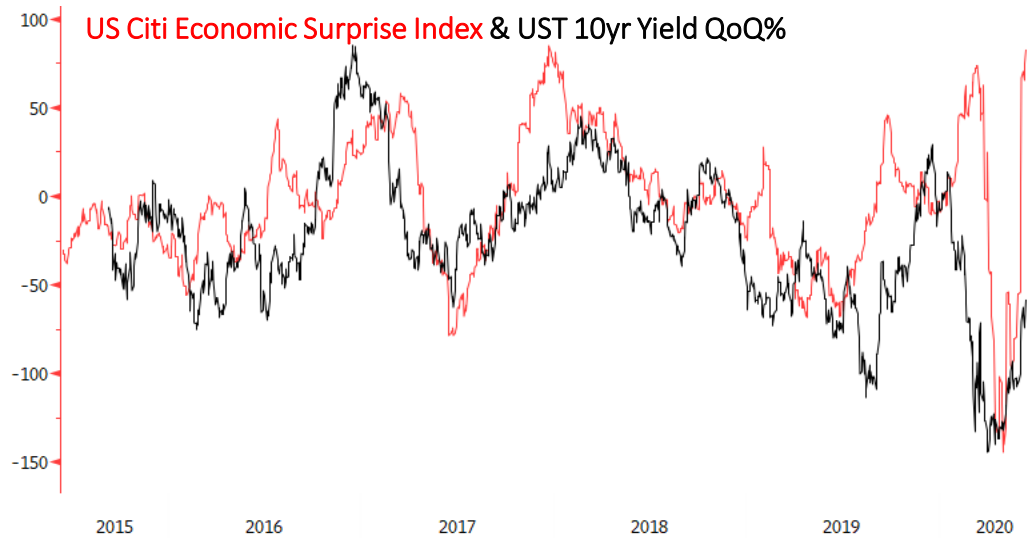


TY1 Comdty (Generic 1st 'TY' Future) Bonds 10yr - DAILY Daily 30DEC2019-14DEC20

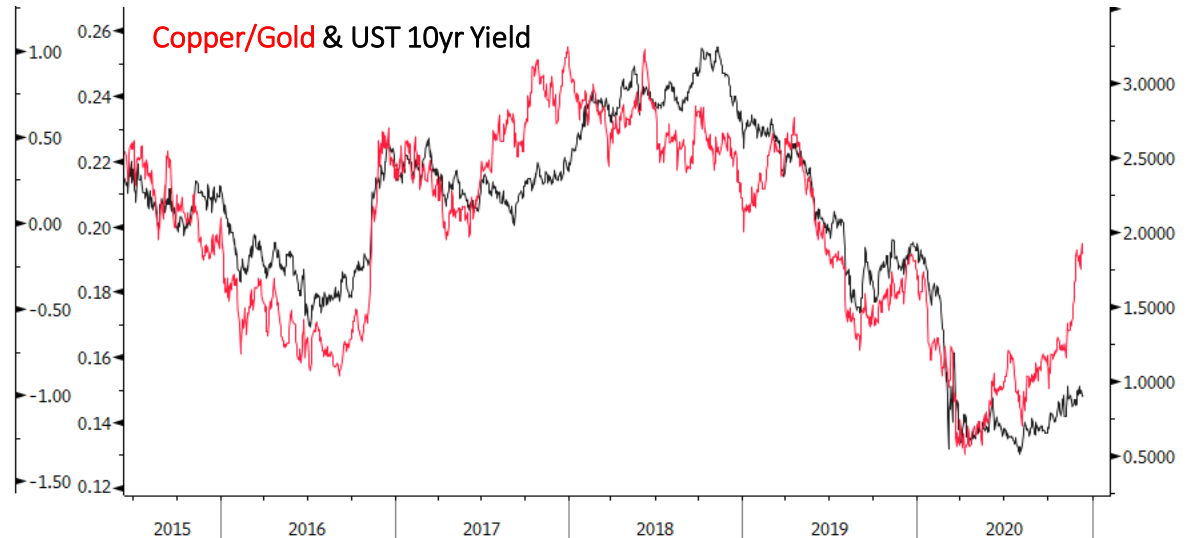
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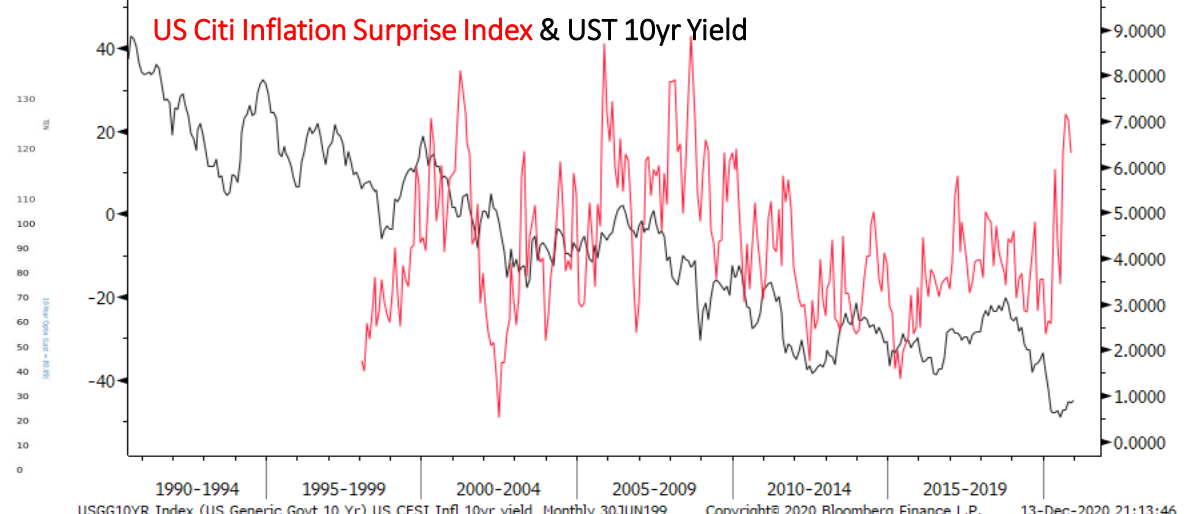
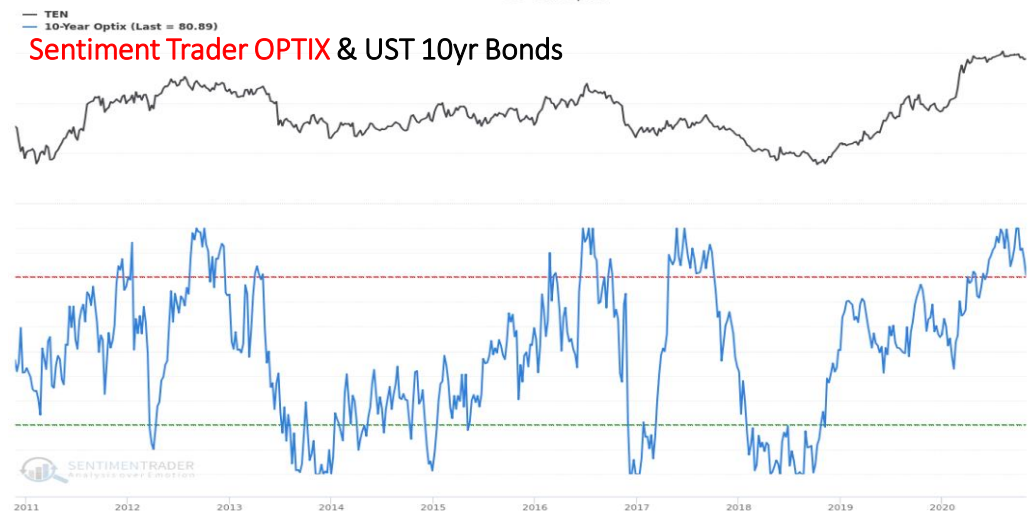
Bond/Yield Indicators



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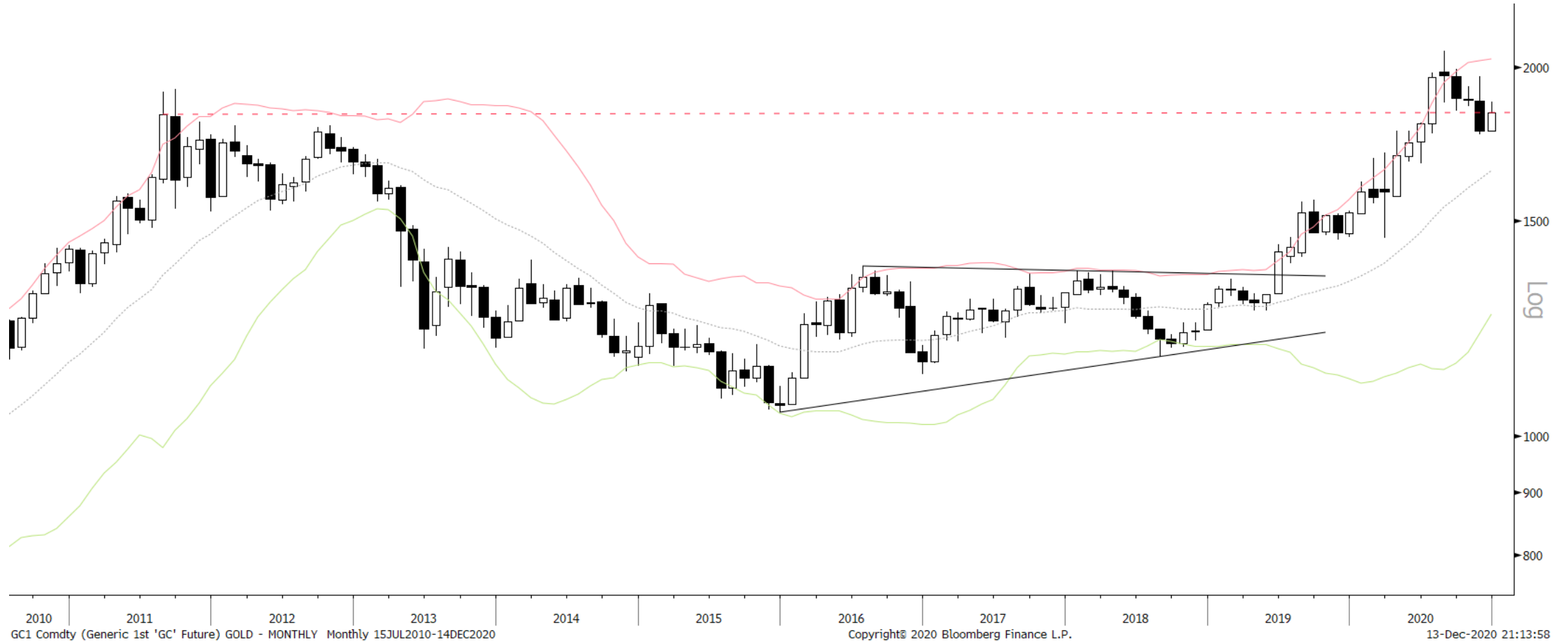


13-Dec-2020 21:13:28 HG1 Comdty (Generic 1st 'HG' Future) WHITE GOLD/COPPER R. Daily 15JUN2015-14DE Copyright© 2020 Bloomberg Finance L.P. 13-Dec-2020 21:13:38



USGG10YR Index (US Generic Govt 10 Yr) US CESI Infl 10yr yield Monthly 30JUN199 Copyright© 2020 Bloomberg Finance L.P. 13-Dec-2020 21:13:46

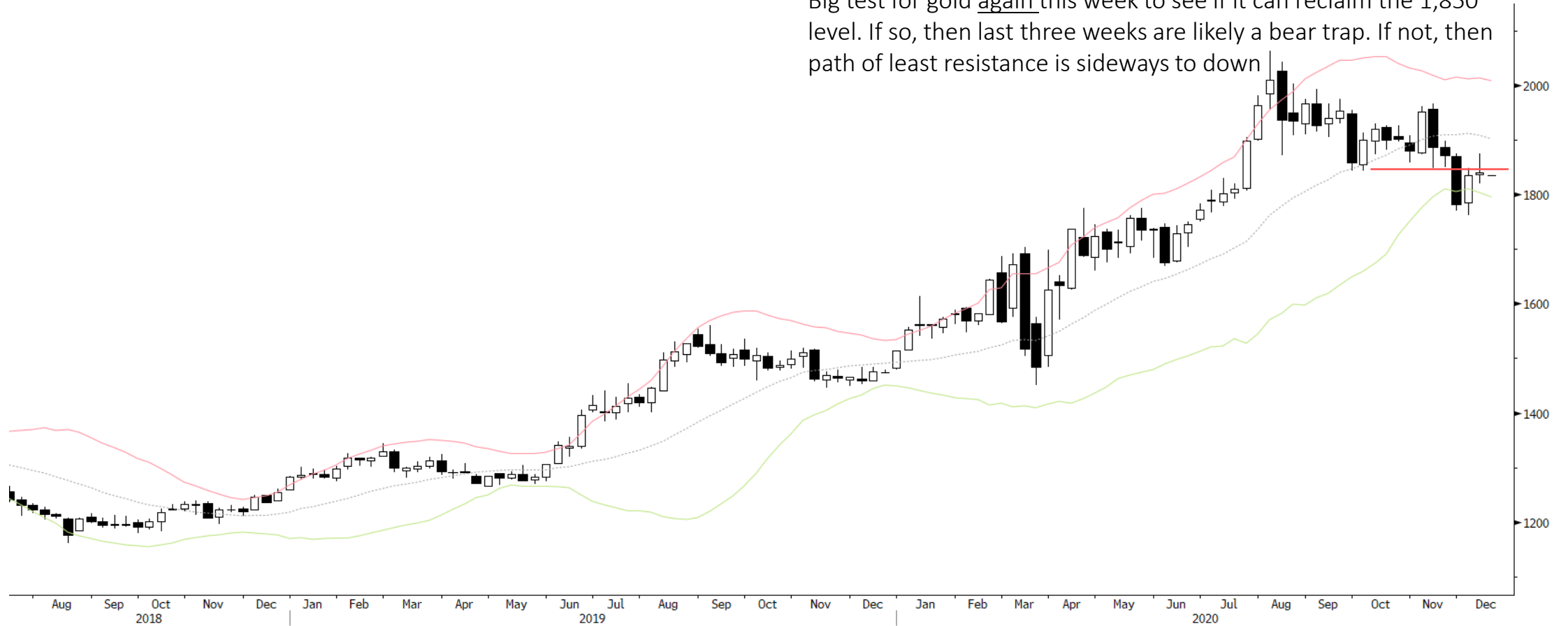
Gold Monthly



Gold Weekly



Big test for gold again this week to see if it can reclaim the 1,850 level. If so, then last three weeks are likely a bear trap. If not, then path of least resistance is sideways to down



GC1 Comdty (Generic 1st 'GC' Future) GOLD - WEEKLY Weekly 13JUL2018-14DEC2020

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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 above the 1,850 level. **It's next major area of support sits at the 1,675-1,750 range**



GC1 Comdty (Generic 1st 'GC' Future) GOLD - DAILY Daily 23SEP2019-14DEC2020

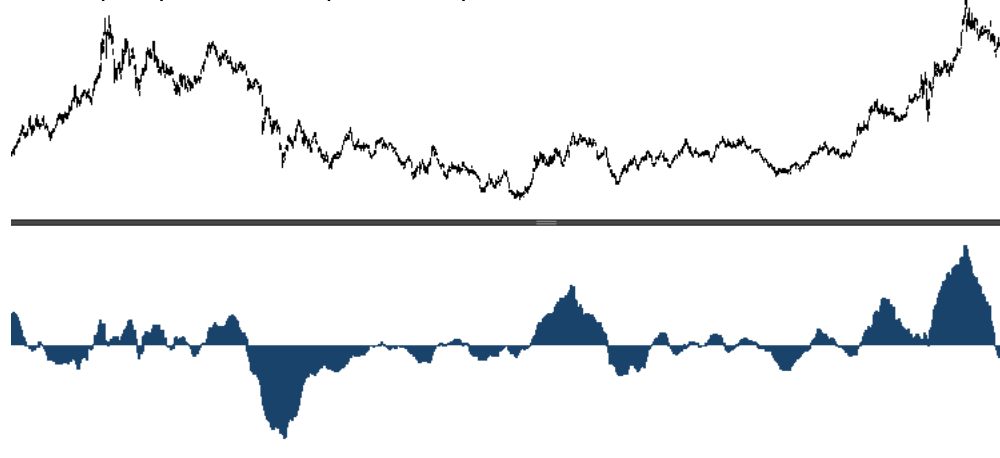
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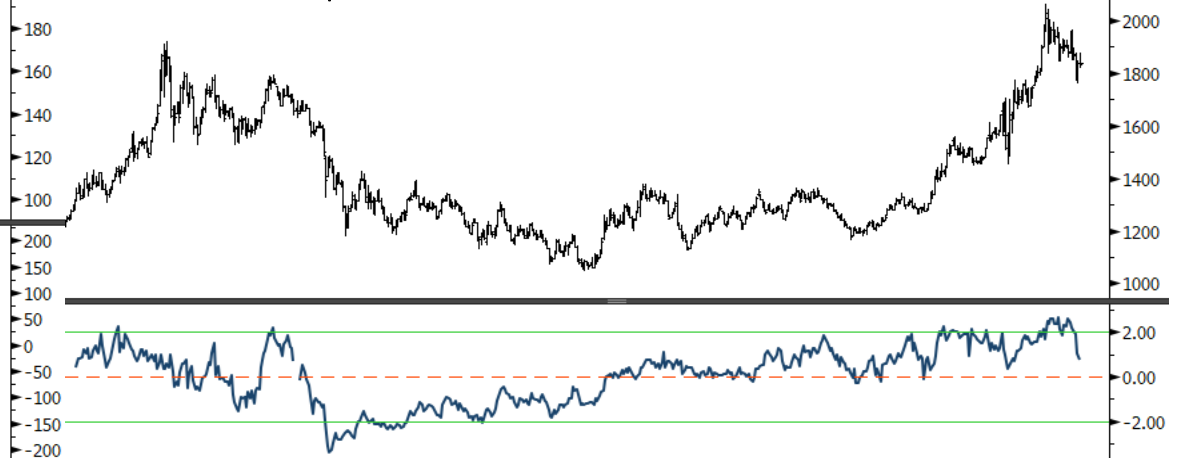
Gold Indicators

Gold (GLD) Fund Flows (smoothed)



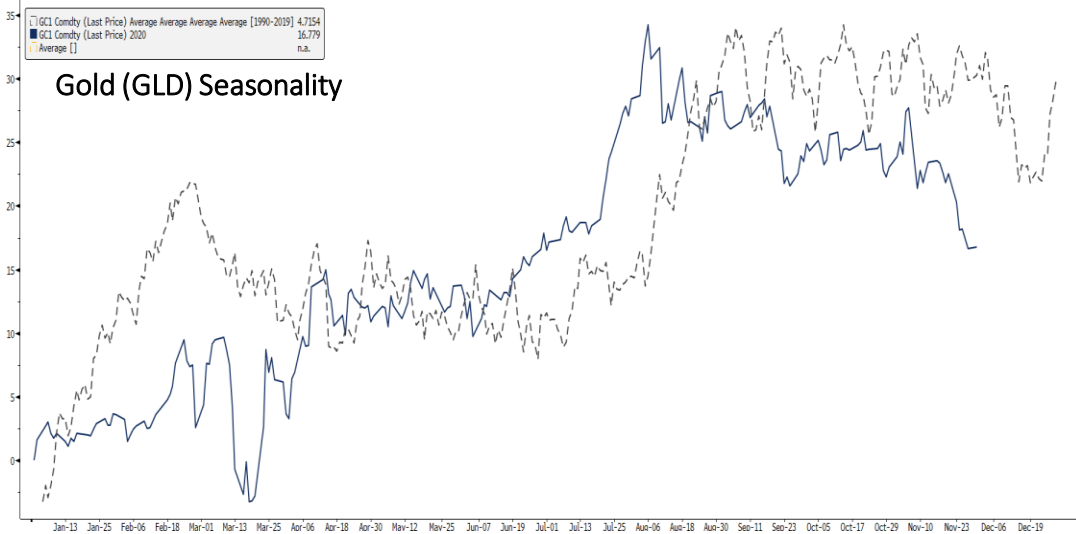
GLD US Equity (SPDR Gold Shares) Gold (GLD) Fund Flows z Daily 08SEP2010-14DEC2 Copyright© 2020 Bloomberg Finance L.P. 13-Dec-2020 21:13:10

Gold Net Small Specs Z-score



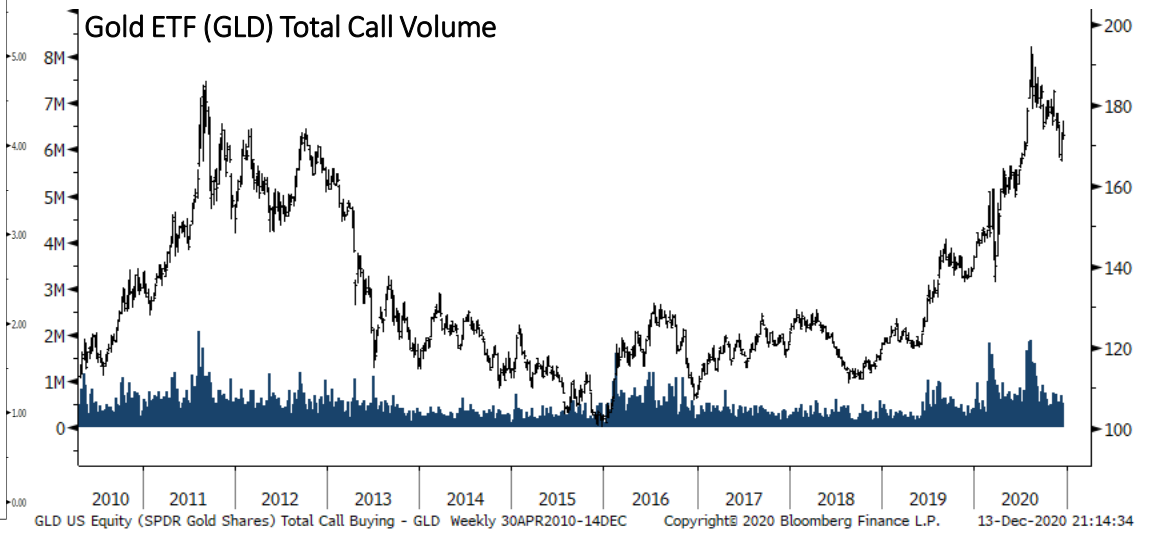
GC1 Comdty (Generic 1st 'GC' Future) GLD NET NON REPORTABLE Weekly 25AUG2010-14 Copyright© 2020 Bloomberg Finance L.P. 13-Dec-2020 21:14:25

Gold (GLD) Seasonality



Jan-13 Jan-25 Feb-06 Feb-18 Mar-01 Mar-13 Mar-25 Apr-06 Apr-18 Apr-30 May-12 May-25 Jun-07 Jun-19 Jul-01 Jul-13 Jul-25 Aug-06 Aug-18 Aug-30 Sep-11 Sep-23 Oct-05 Oct-17 Oct-29 Nov-10 Nov-23 Dec-06 Dec-19

Gold ETF (GLD) Total Call Volume



GLD US Equity (SPDR Gold Shares) Total Call Buying - GLD Weekly 30APR2010-14DEC Copyright© 2020 Bloomberg Finance L.P. 13-Dec-2020 21:14:34

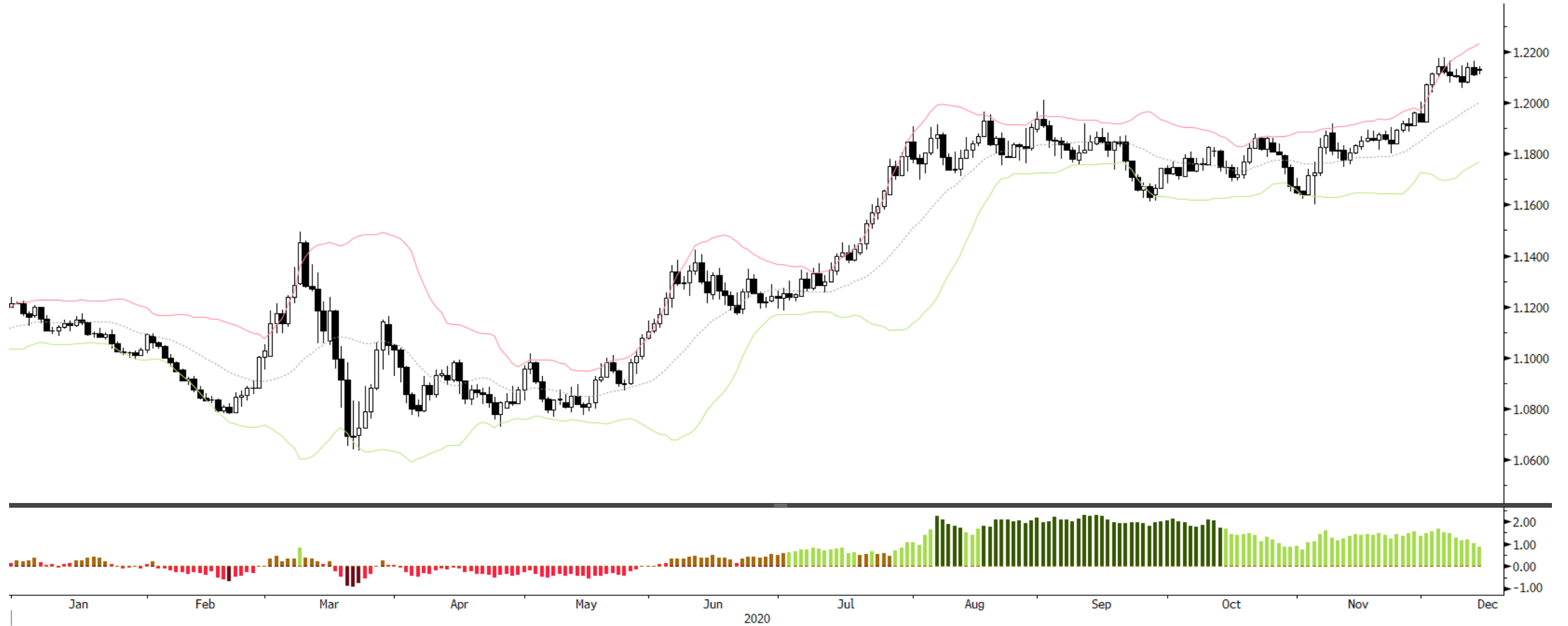
EURUSD Monthly



EURUSD Weekly



EURUSD Daily



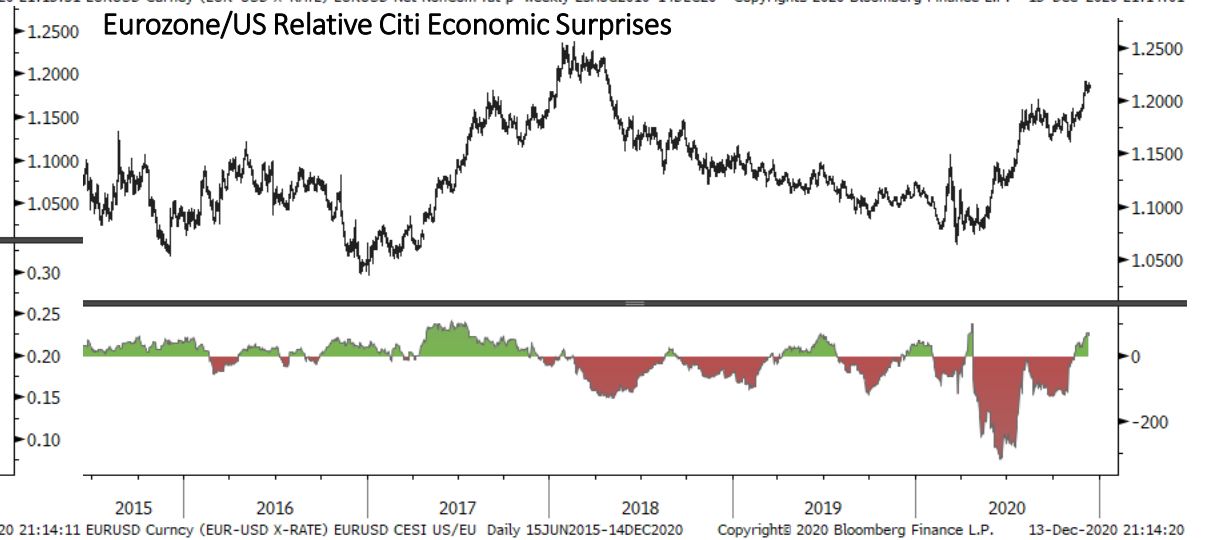
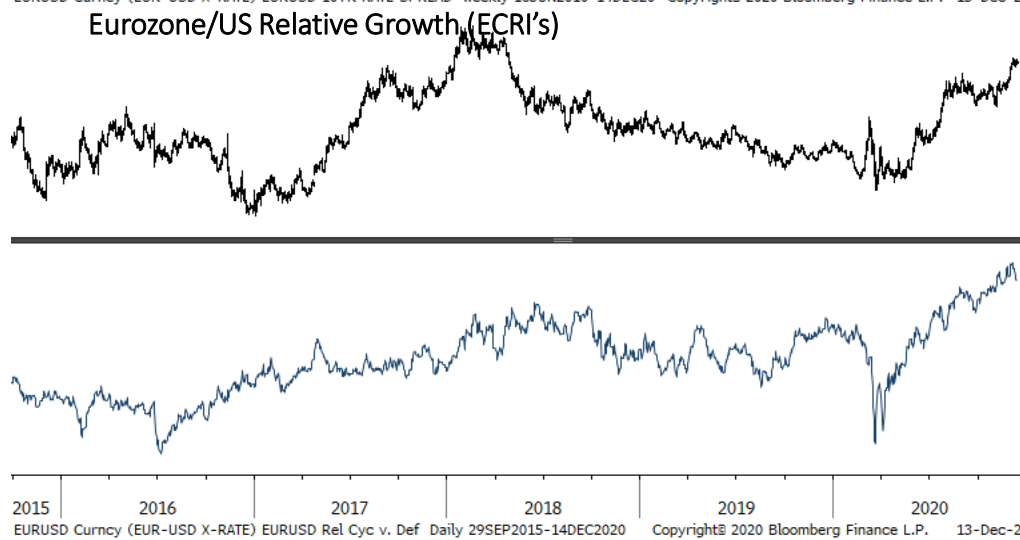
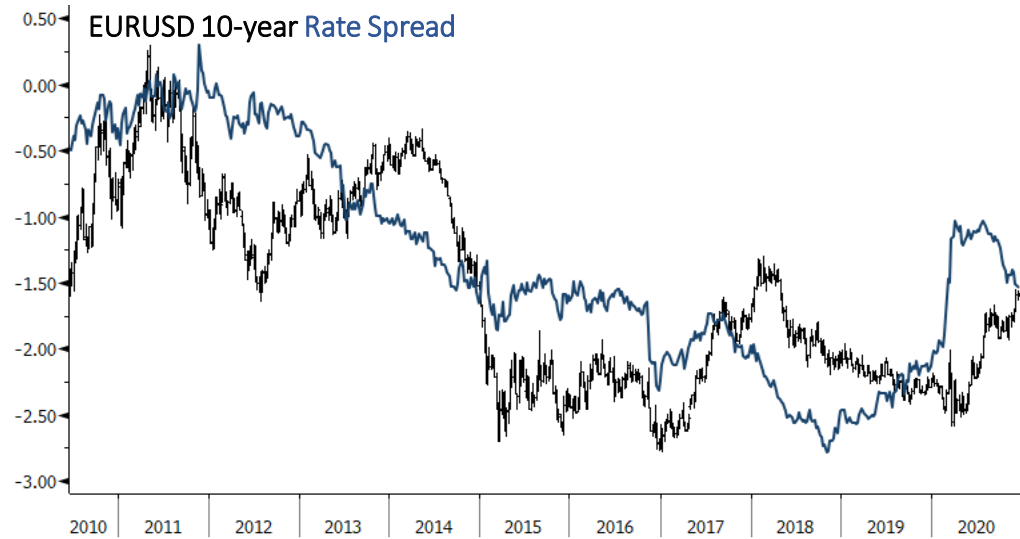
EURUSD Cmcny (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-14DEC2020

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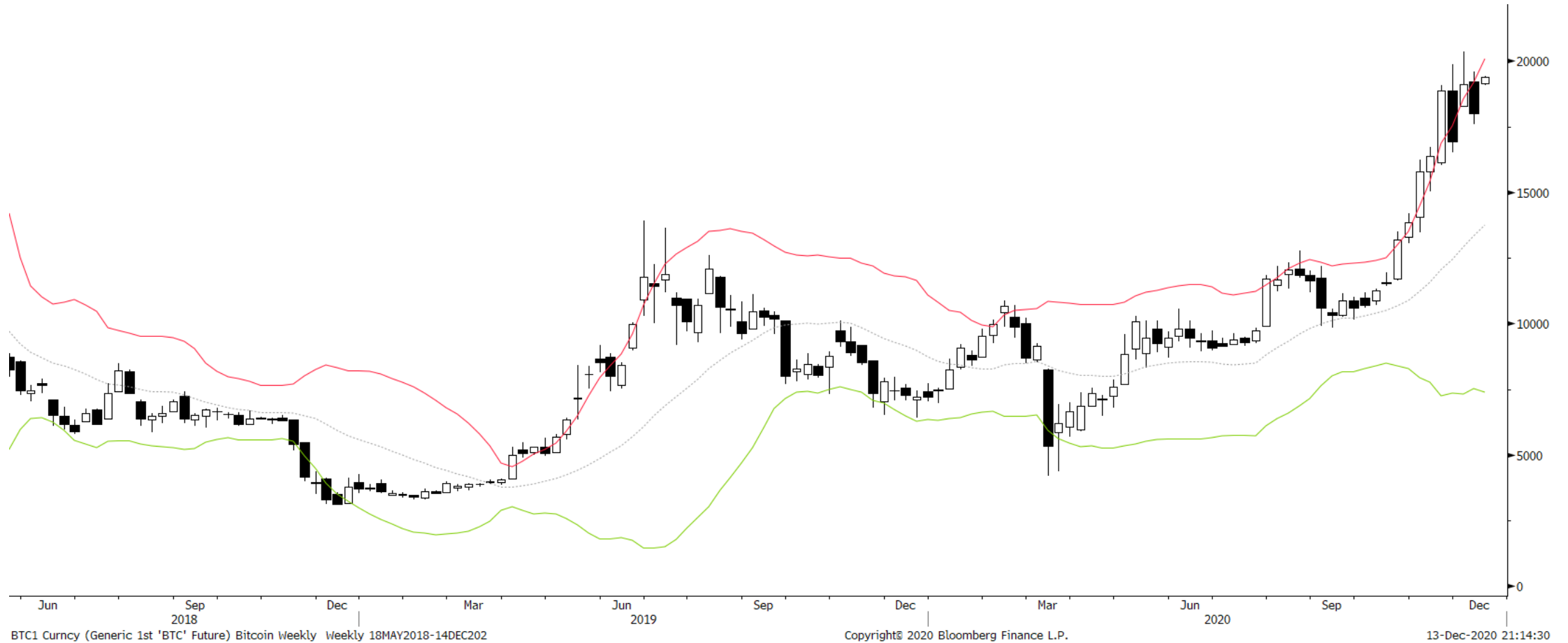
EURUSD Indicators



Bitcoin Weekly

Bitcoin is in a primary bull trend and a Bull Volatile 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. Bitcoin is in a buy climax and buy climaxes tend to last longer than most expect. **The long-term path of least resistance is up**



BTC1 Currency (Generic 1st 'BTC' Future) Bitcoin Weekly Weekly 18MAY2018-14DEC202

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Bitcoin Daily



Bitcoin tried to sell-off and survived the test. Buyers came in with strength and bought the dip over the weekend. We'll be adding back the half position we took off the table on Monday's open

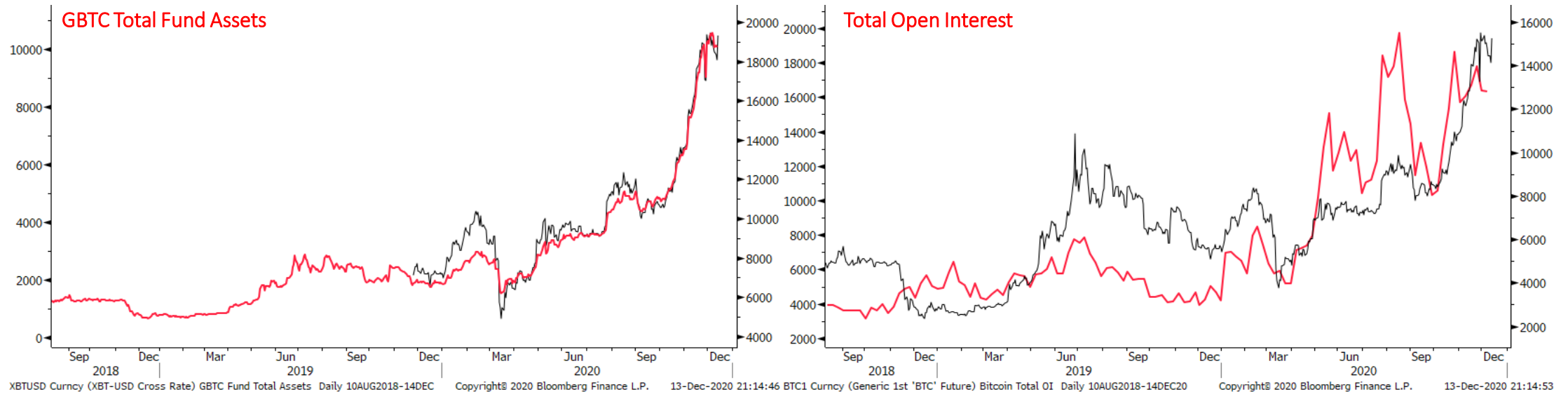


BTC1 Curncy (Generic 1st 'BTC' Future) bitcoin Daily Daily 31DEC2019-14DEC2020

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Bitcoin Indicators



The Foundation Portfolio

YTD Return (updated 12/13)

55.10%

| Positions | Thematic | Cost Basis | At Risk | Risk Point | Last Price | Last Action |
|--|-------------------|------------|----------------|------------|------------|----------------------------|
| S&P e-mini (ES_F) | Trend | \$3,415.00 | B/E | \$3,590.00 | \$3,698.00 | |
| Ammo, Inc (POWW) | Value/Growth | \$2.30 | 186bps | \$0.96 | \$3.59 | 10/22/20 Added to position |
| Enlabs (NLAB) | Secular Growth | \$27.25 | B/E | \$28.25 | \$37.60 | 9/17/20 Added to position |
| Red Violet (RDVT) | Secular Growth | \$17.85 | B/E | \$19.75 | \$27.72 | |
| Frontdoor (FTDR) | Secular Growth | \$44.22 | 130bps | \$38.39 | \$49.97 | |
| Nintendo (NTDOY) | Secular Growth | \$62.71 | 100bps | \$54.60 | \$72.79 | 11/13/20 Added to position |
| Cardlytics (CDLX) | Secular Growth | \$86.07 | B/E | \$90.00 | \$133.77 | 11/5/20 Added to position |
| Roku (ROKU) | Secular Growth | \$192.68 | B/E | \$200.00 | \$330.87 | 11/19/20 Added to position |
| Murata Manufacturing (6981) | Secular Growth | ¥7,606 | B/E | ¥2,606 | ¥8,809 | |
| FairFax India (FIH.U) | Cyclical Recovery | \$8.80 | 100bps | \$6.70 | \$10.08 | |
| Tencent Music (TME) | Technical Trade | \$16.32 | 50bps | \$15.30 | \$18.72 | 12/9/20 Took half profits |
| Kura Sushi (KRUS) | Value/Growth | \$18.27 | 100bps | \$14.68 | \$17.33 | |
| Antero Resources (AR) | Cyclical Recovery | \$5.25 | 50bps | \$3.68 | \$5.15 | |
| Teekay Tankers (TK) | Cyclical Recovery | \$12.97 | 50bps | \$11.00 | \$12.27 | |
| Salesforce (CRM) SHORT | Technical Trade | \$221.56 | 100bps | \$248.54 | \$221.56 | |
| Micron Technology (MU) SHORT HEDGE | Delta Hedge | \$70.15 | 18shs per DOTM | N/A | \$70.15 | |
| Micron Technology (MU) Jan 22' \$100 calls | DOTM | \$1.38 | 100bps | N/A | \$6.50 | |
| Deutsche Bank (DB) Jan 22 \$20 calls | DOTM | \$0.28 | 50bps | N/A | \$0.28 | |
| Greyscale Bitcoin Trust (GBTC) | Secular Thematic | \$11.90 | B/E | \$14.00 | \$20.61 | 12/8/20 Took half profits |
| UST Ultra Bonds (ZB_H / TLT alternative) | Risk Hedge | 174'04 | 100bps | 171'03 | 174'00 | |