



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

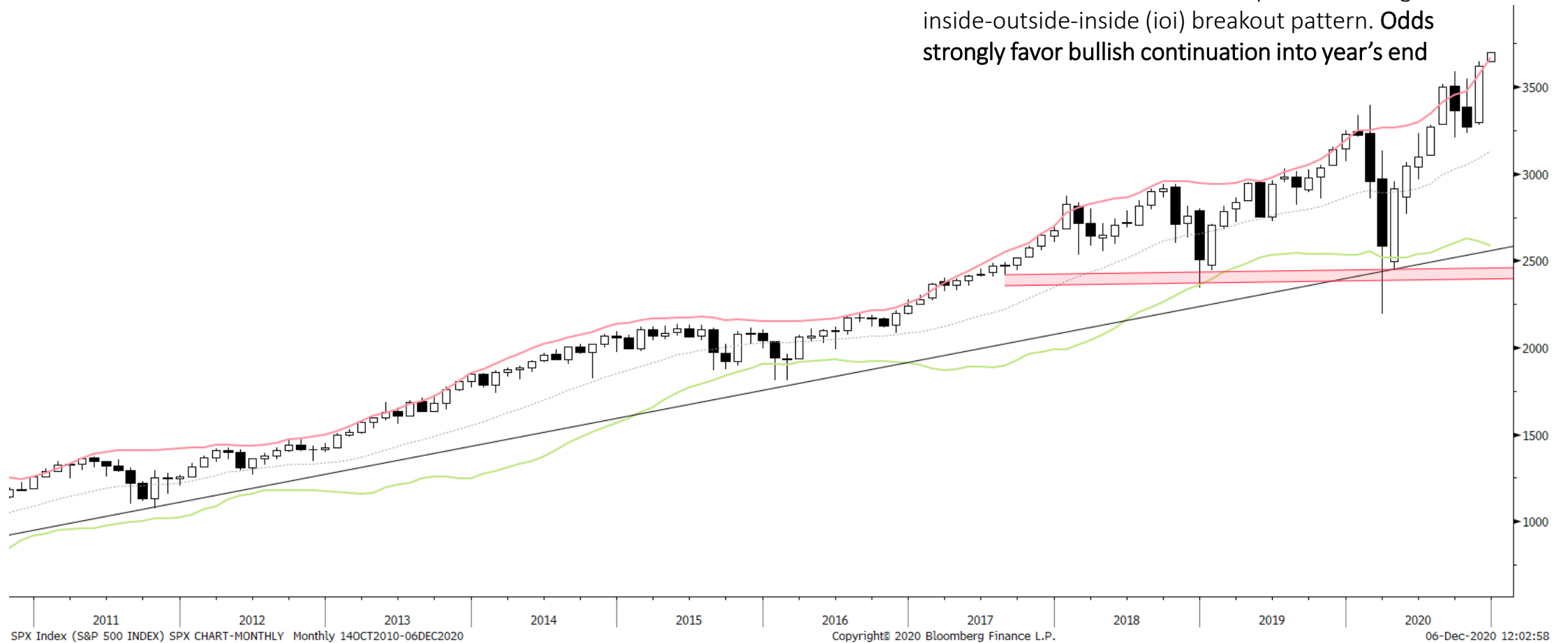


S&P 500	UST 10yr Bonds	Gold	EURUSD
<ul style="list-style-type: none">➤ Long-term: November formed an Outside up bar following an ioi breakout pattern. This plus seasonality make it odds on we see strong bullish follow-through into the end of the year➤ Sentiment/Positioning: <u>Sentiment is at a bullish 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 is positive. Longer-term breadth is supportive of the bull trend➤ Macro/Liquidity: Macro conditions continue to improve, and liquidity is flush. 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 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>

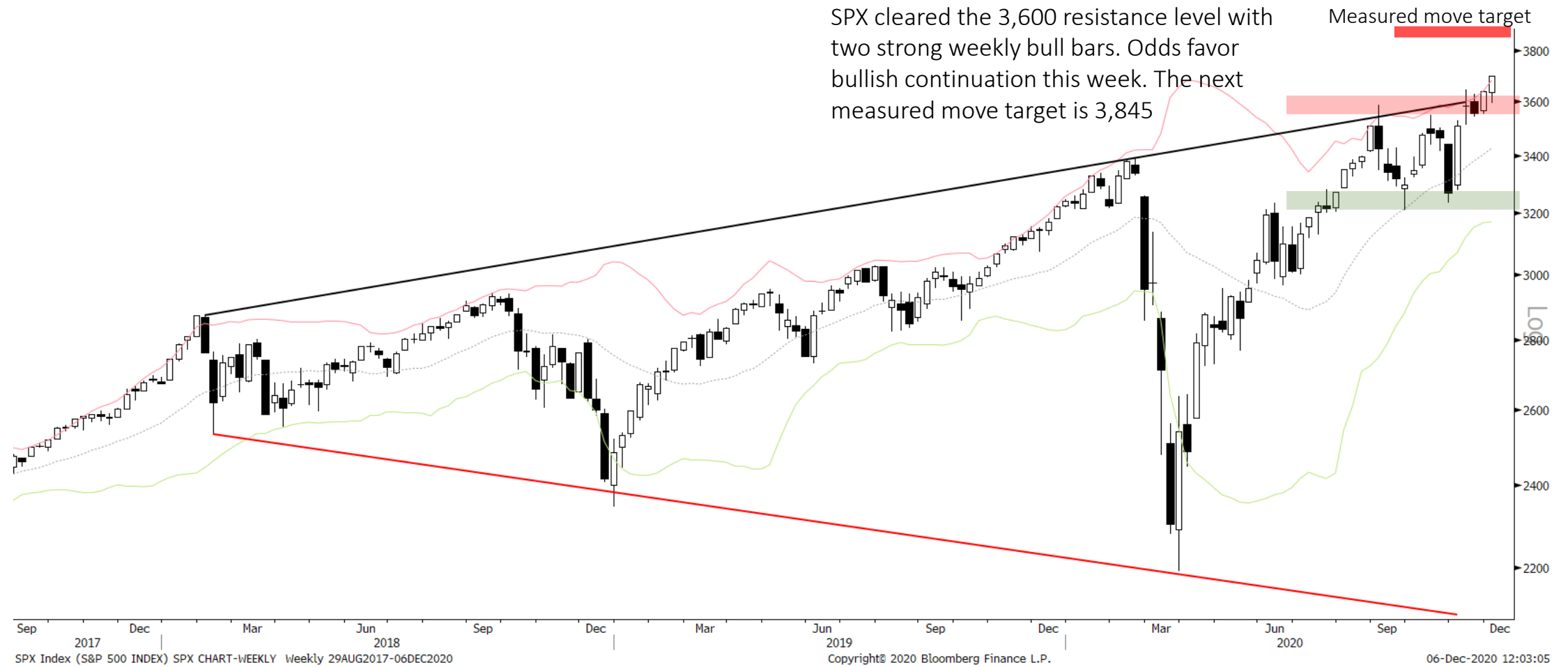
S&P 500 Monthly



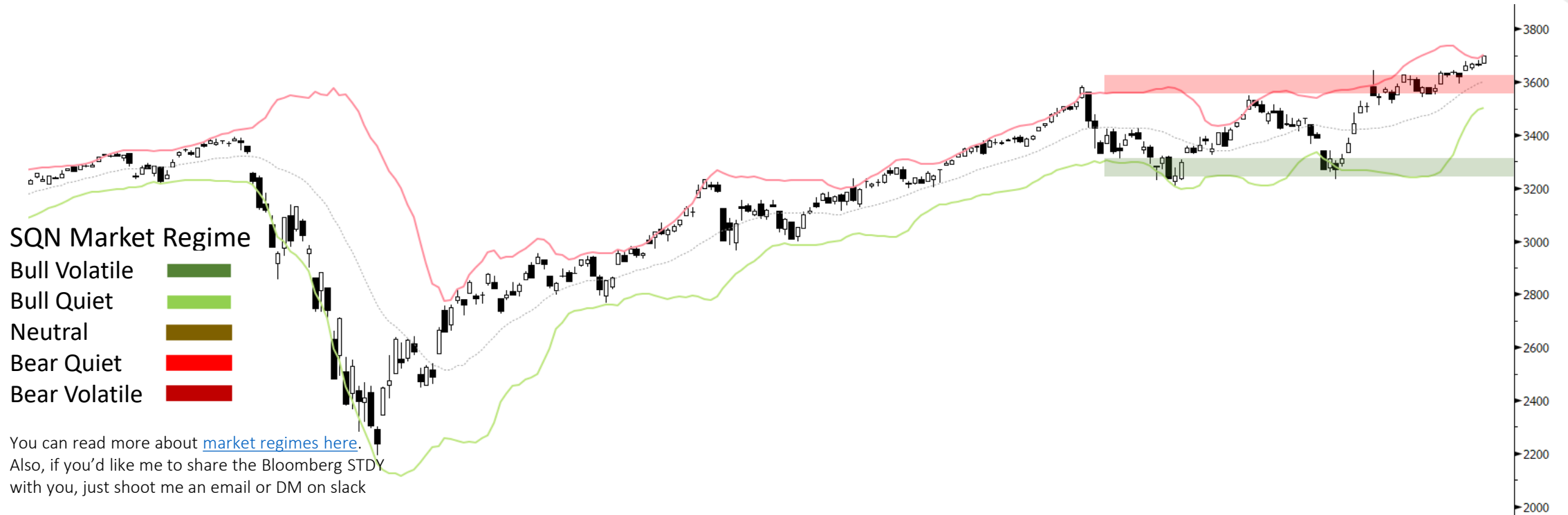
November formed an Outside Up bar following an inside-outside-inside (ioi) breakout pattern. **Odds strongly favor bullish continuation into year's end**



S&P 500 Weekly



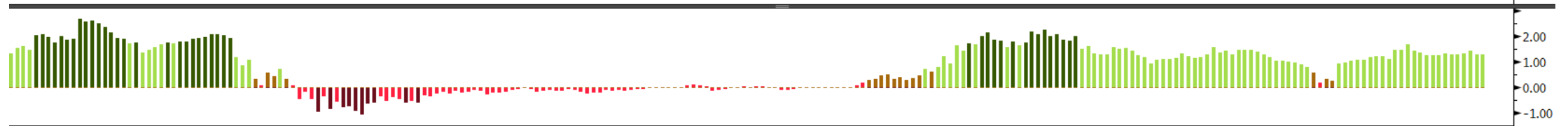
S&P 500 Daily



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



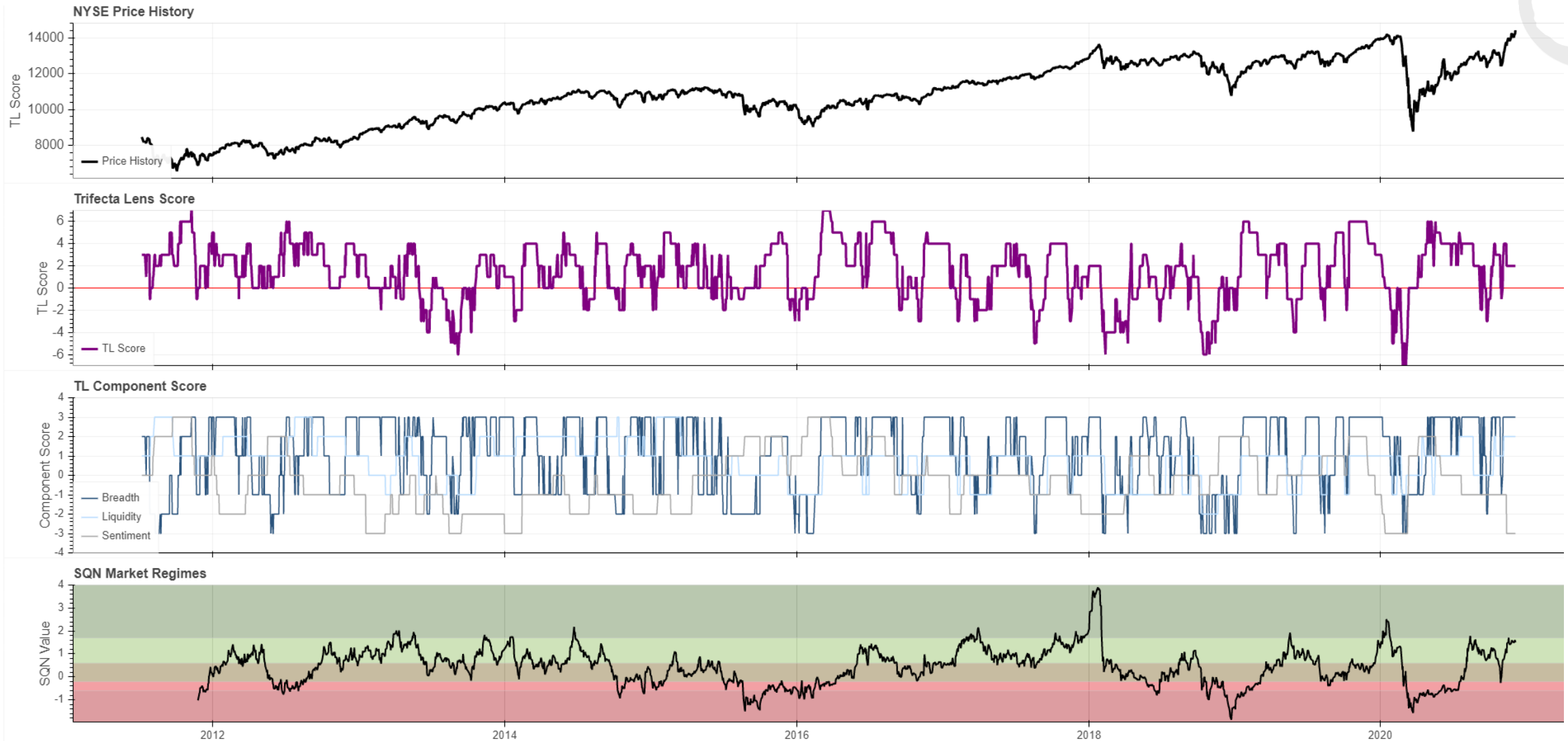
SPX Index (S&P 500 INDEX) SPX CHART-DAILY Daily 31DEC2019-06DEC2020

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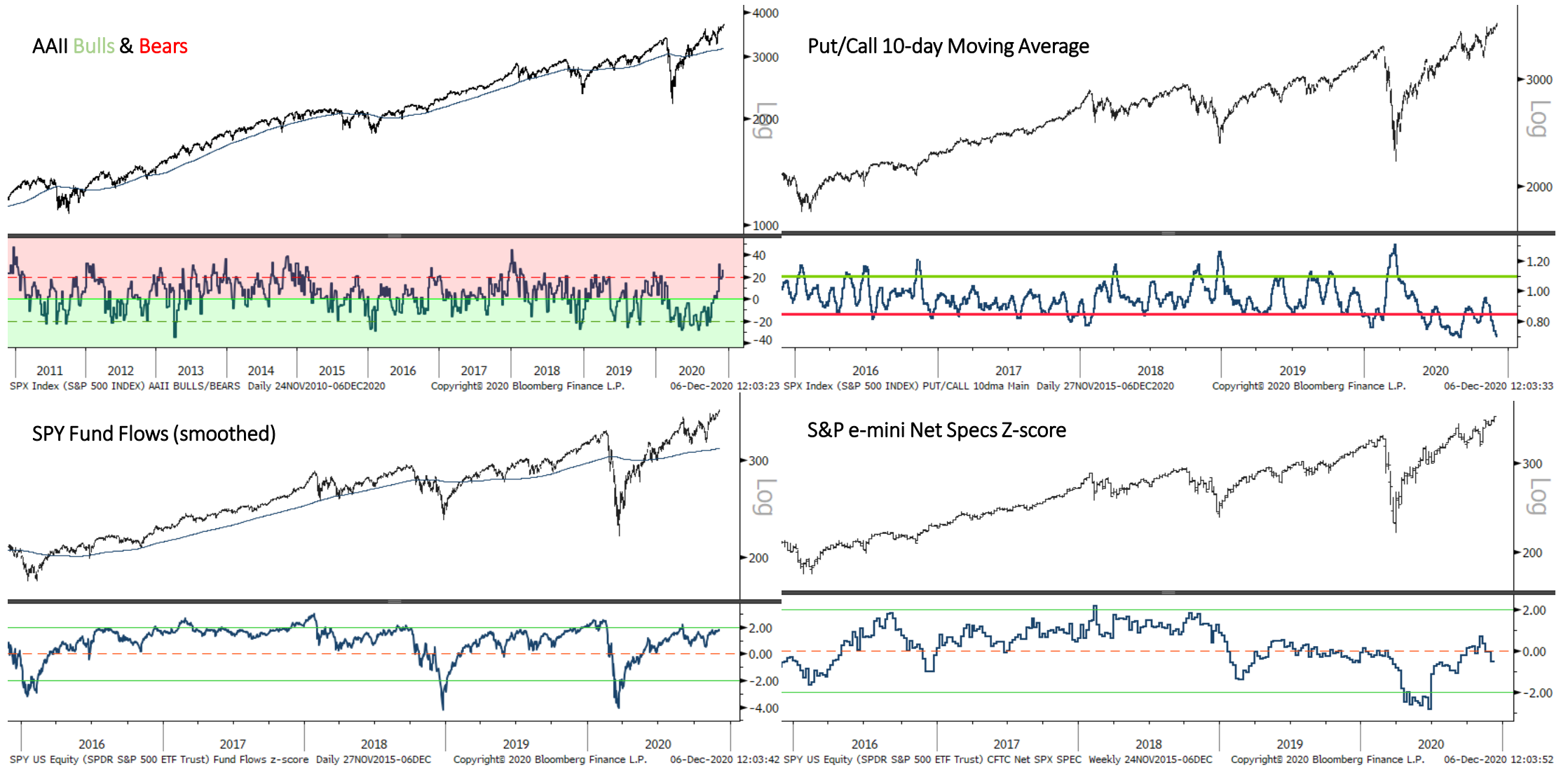
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Trifecta Lens Score: +2

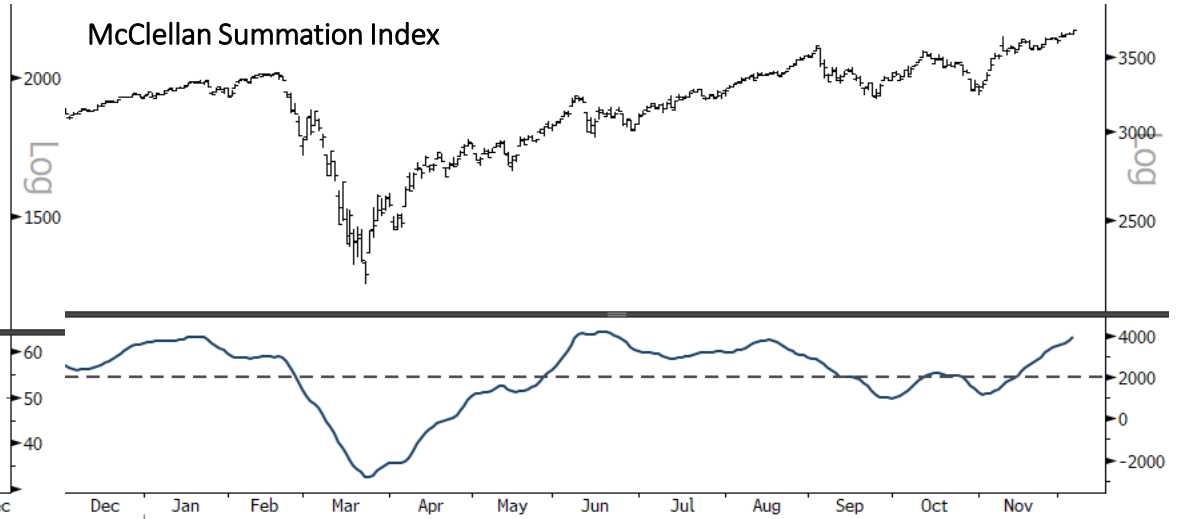
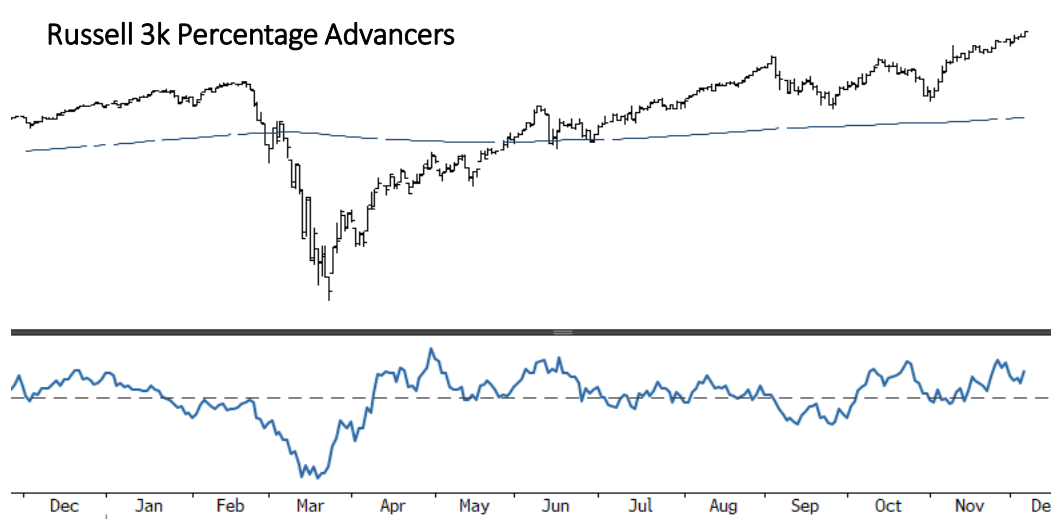
(You can read more about our [Trifecta Lens here](#) and link to the [Dashboard here](#))



Sentiment & Positioning

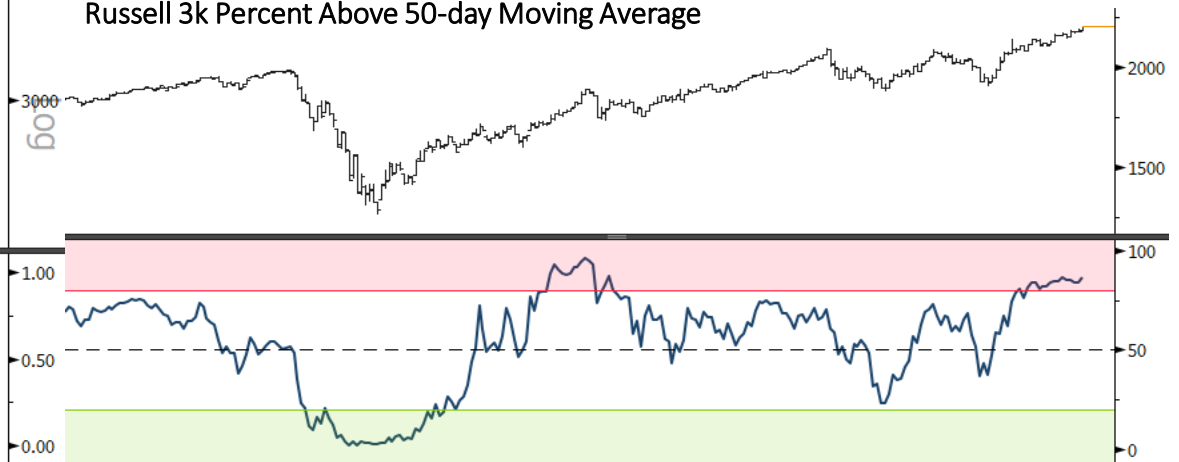
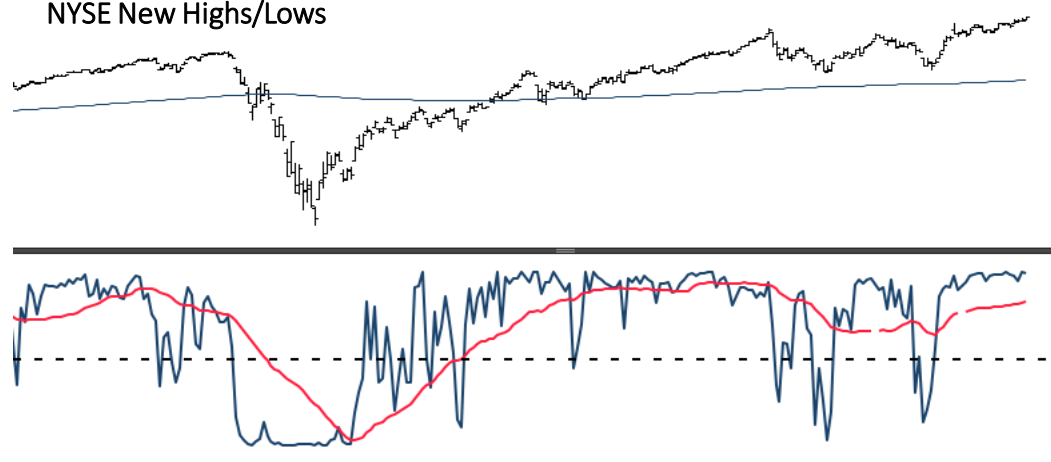


Breadth



RAY Index (Russell 3000 Index) % of RAY Index Adv Daily 26NOV2019-06DEC2020 Copyright© 2020 Bloomberg Finance L.P. 06-Dec-2020 12:03:59

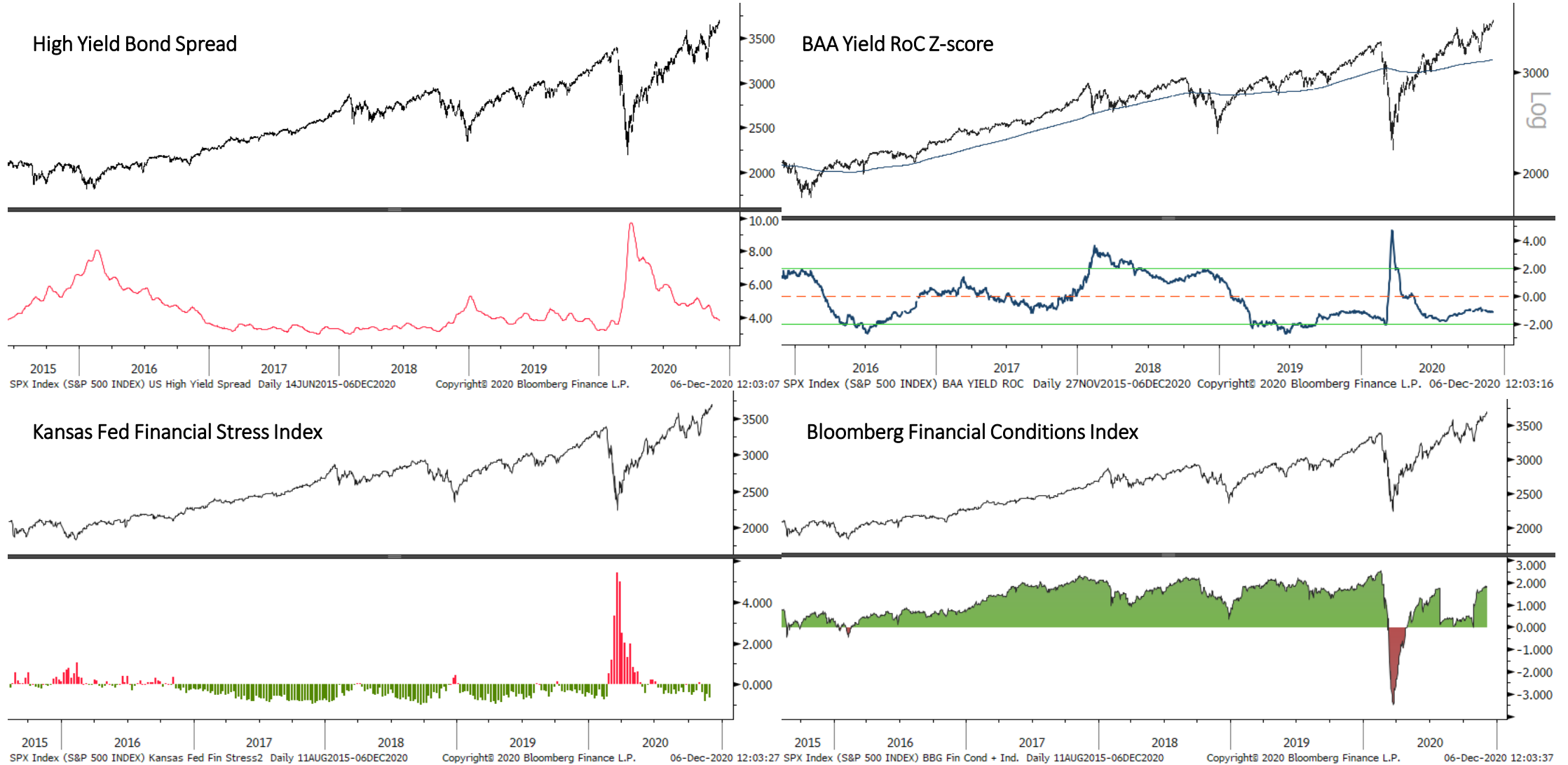
SPX Index (S&P 500 INDEX) MACRO WHITE MCCLELLAN Daily 30NOV2019-06DEC2020 Copyright© 2020 Bloomberg Finance L.P. 06-Dec-2020 12:04:07



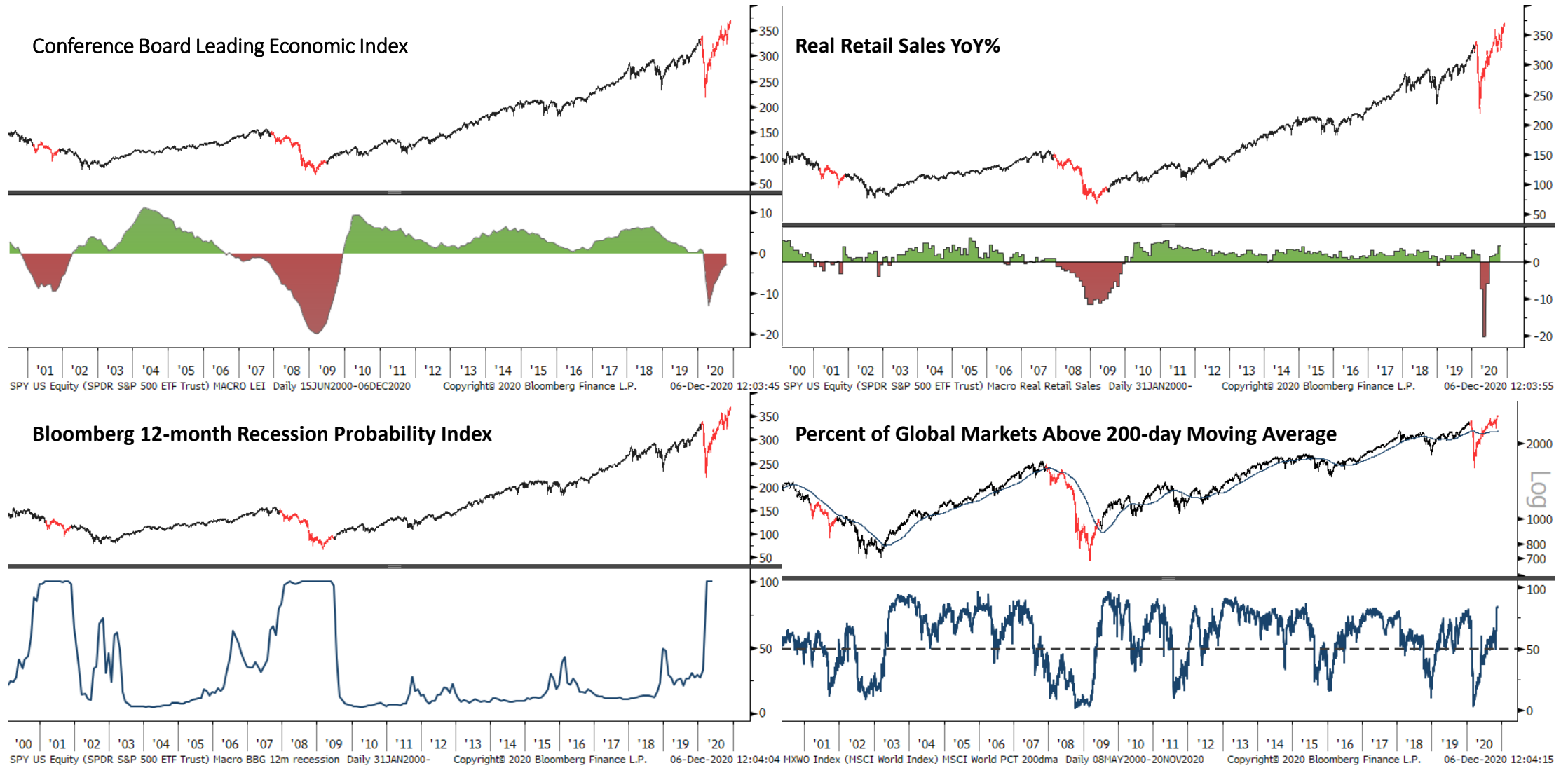
SPX Index (S&P 500 INDEX) NYSE NEW HGHS/LOW Daily 30NOV2019-06DEC2020 Copyright© 2020 Bloomberg Finance L.P. 06-Dec-2020 12:04:17

RAY Index (Russell 3000 Index) % ABOVE 50DMA Daily 26NOV2019-06DEC2020 Copyright© 2020 Bloomberg Finance L.P. 06-Dec-2020 12:03:00

Liquidity



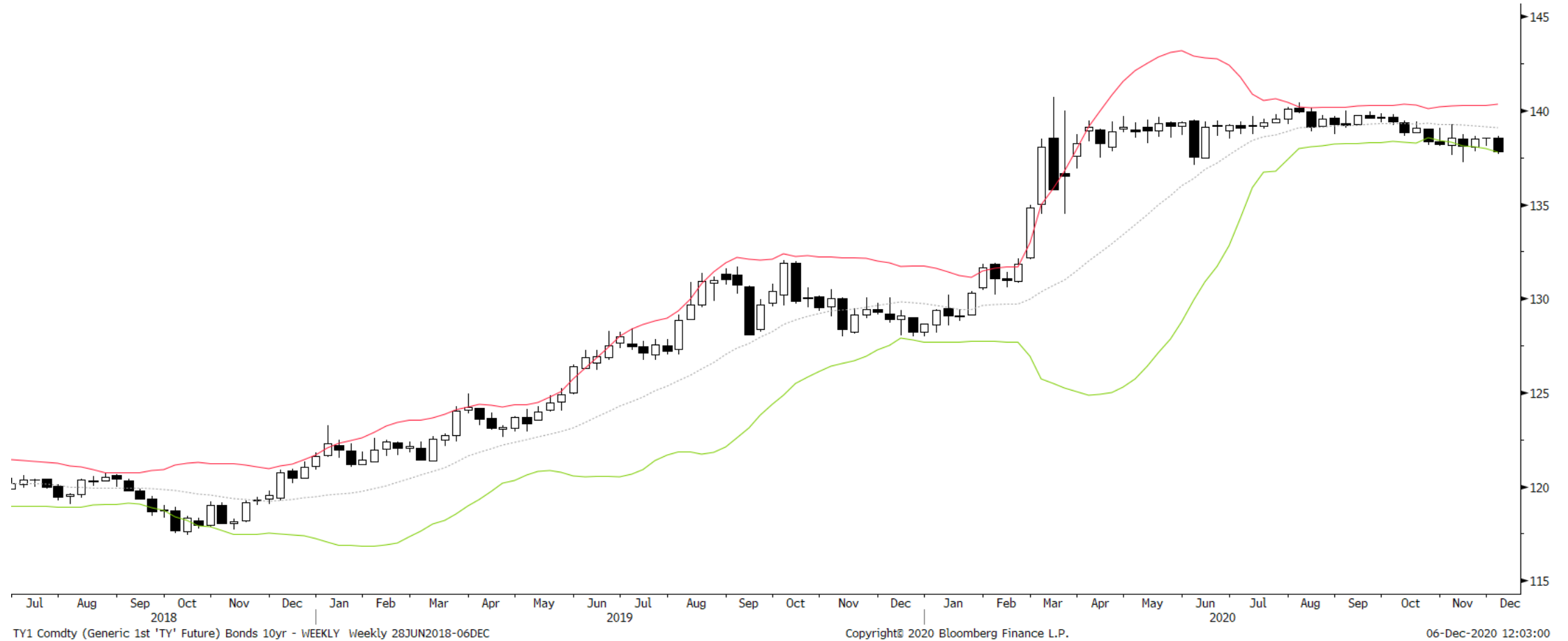
Macro



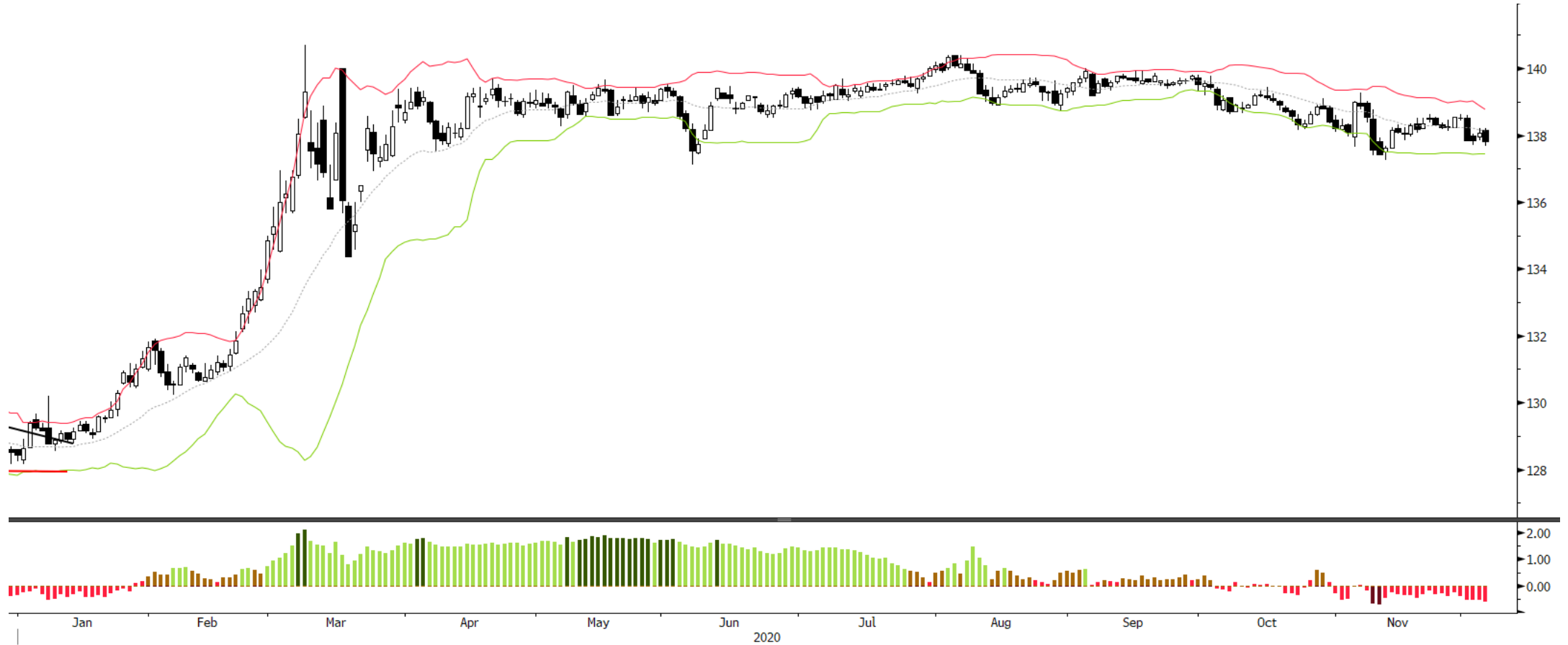
Bonds: 10-year Futures Monthly



Bonds: 10-year Futures Weekly



Bonds: 10-year Futures Daily

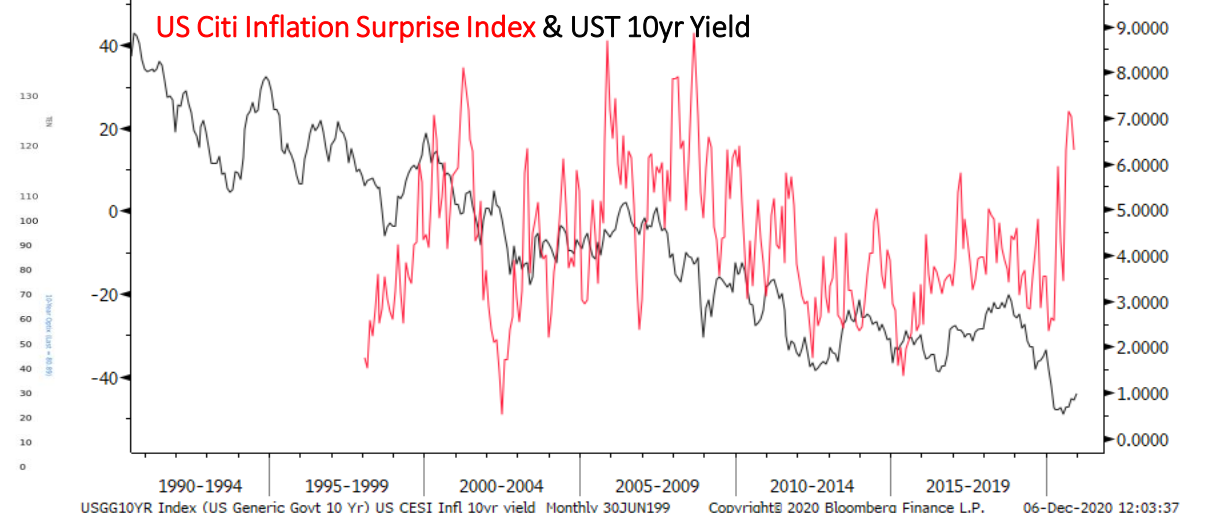
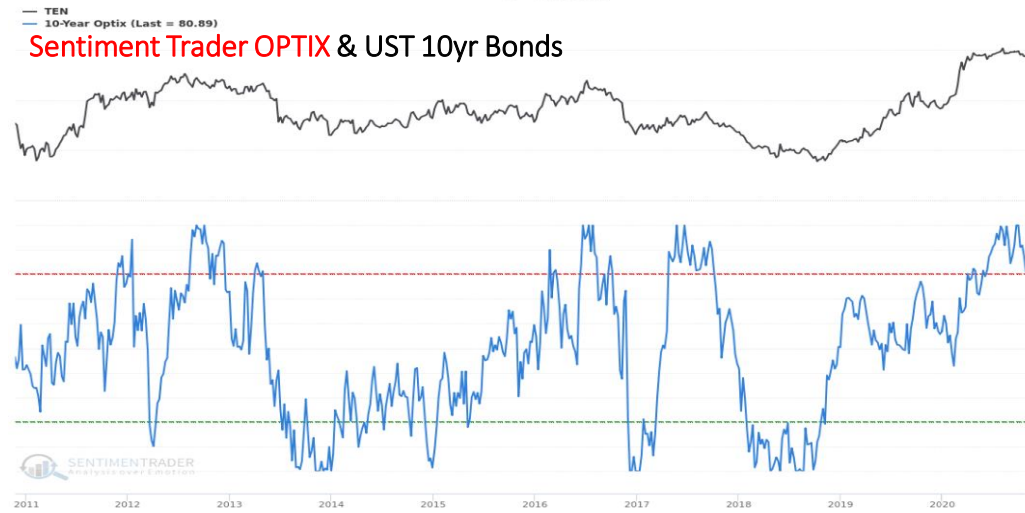
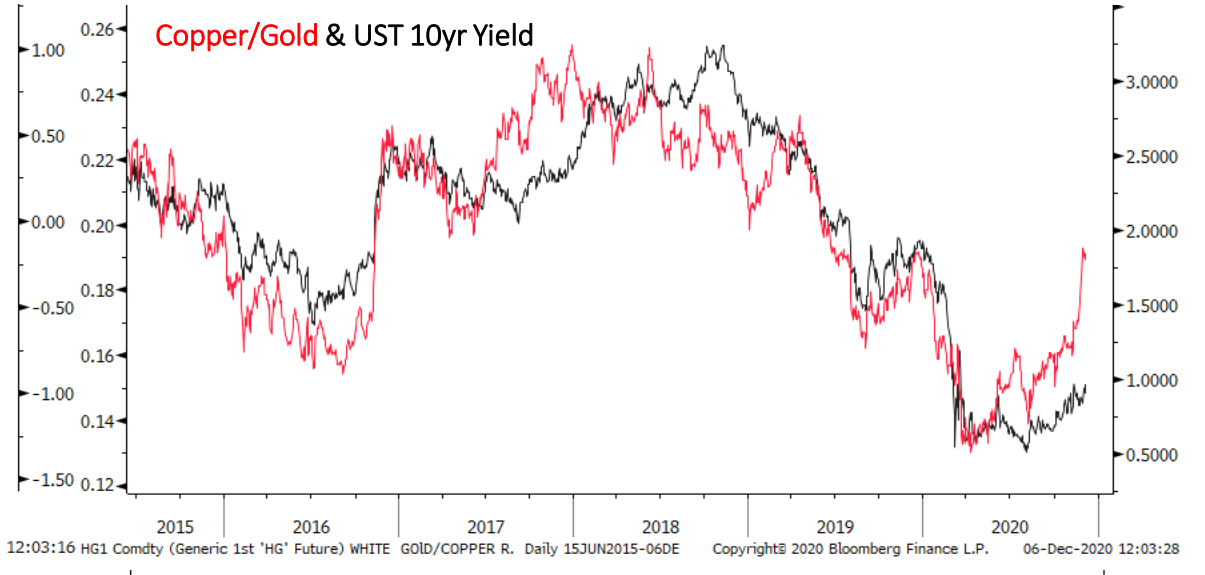
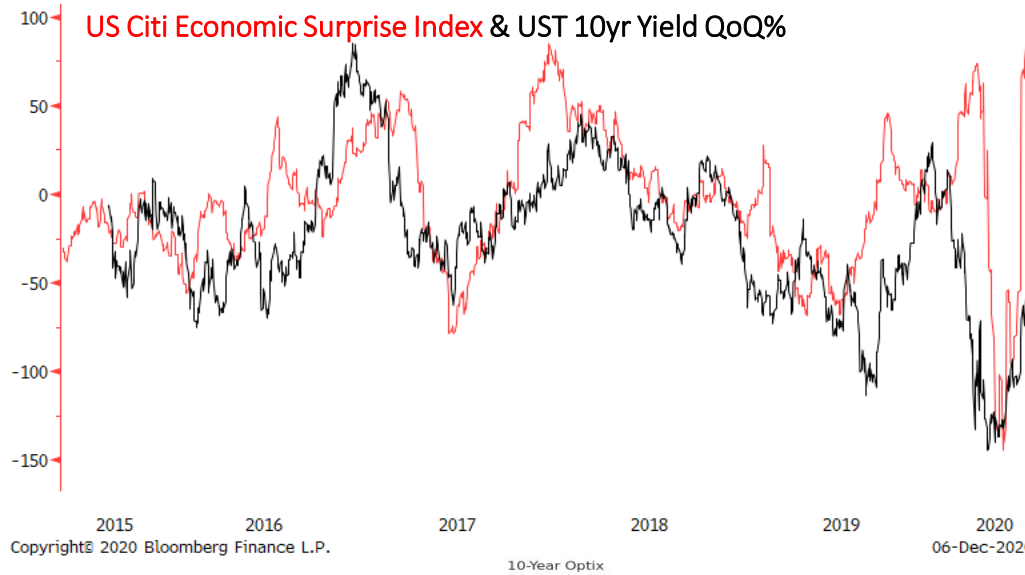


TY1 Comdty (Generic 1st 'TY' Future) Bonds 10yr - DAILY Daily 30DEC2019-06DEC20

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Bond/Yield Indicators



Gold Monthly



Gold Weekly



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



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



GC1 Comdty (Generic 1st 'GC' Future) GOLD - DAILY Daily 23SEP2019-06DEC2020

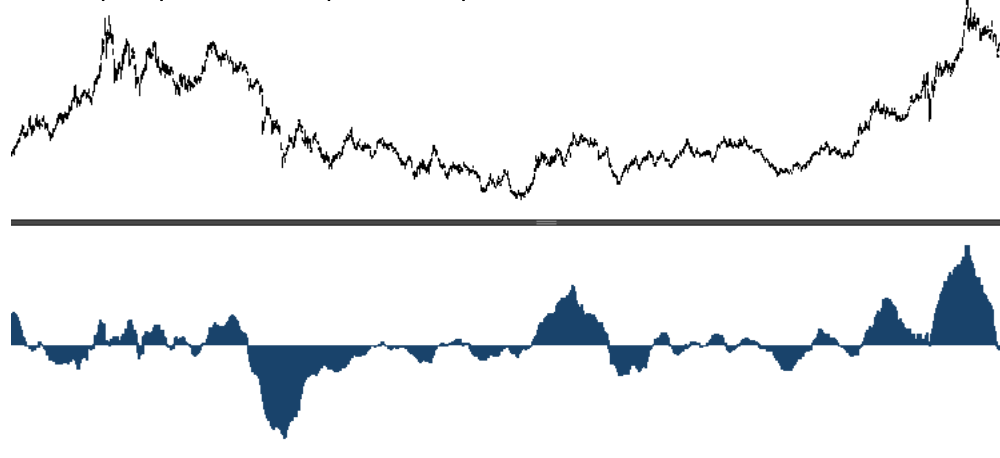
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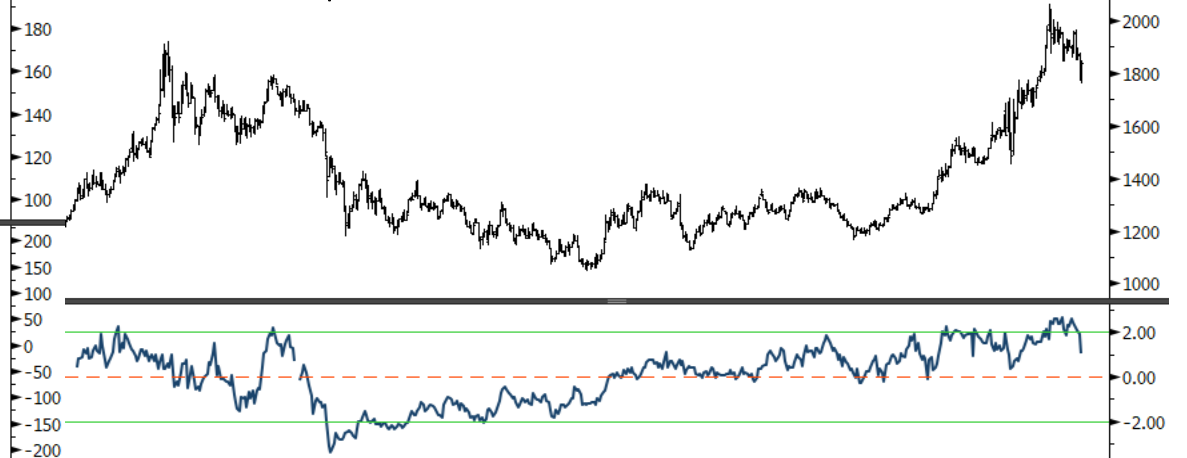
Gold Indicators

Gold (GLD) Fund Flows (smoothed)



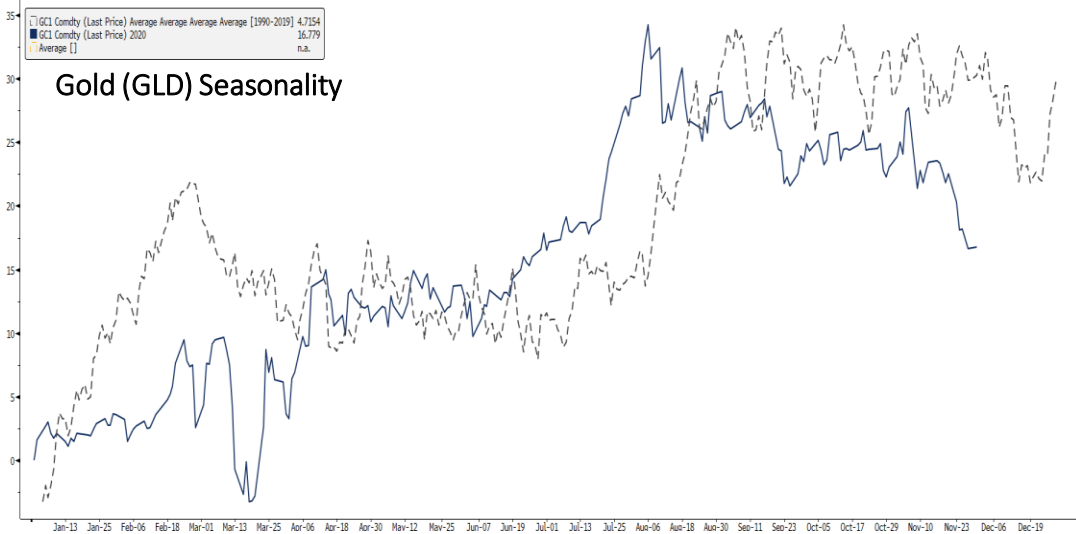
GLD US Equity (SPDR Gold Shares) Gold (GLD) Fund Flows z Daily 08SEP2010-06DEC2 Copyright© 2020 Bloomberg Finance L.P. 06-Dec-2020 12:03:00

Gold Net Small Specs Z-score



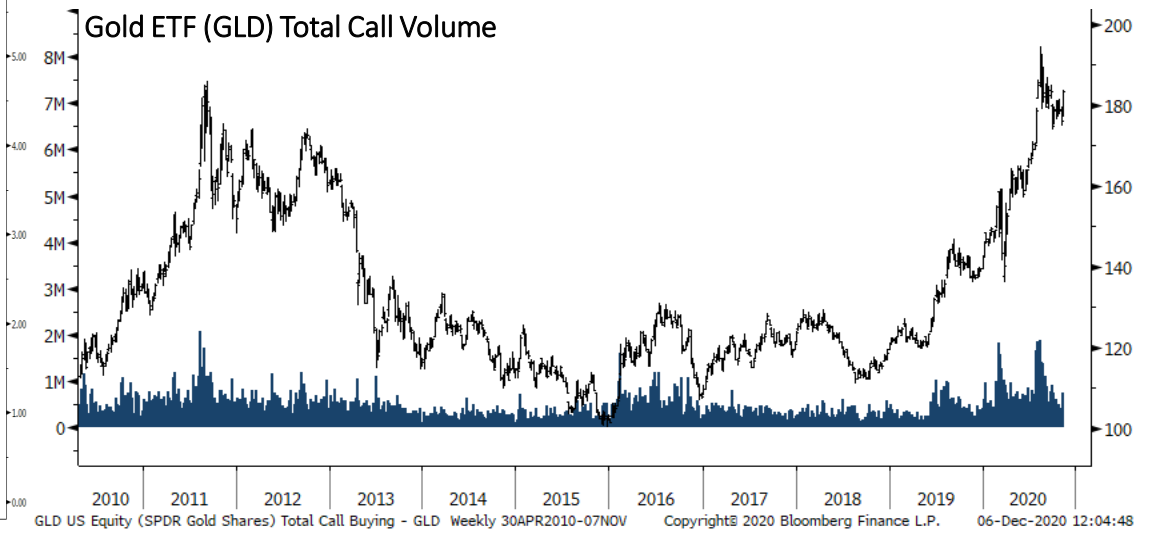
GC1 Comdty (Generic 1st 'GC' Future) GLD NET NON REPORTABLE Weekly 25AUG2010-06 Copyright© 2020 Bloomberg Finance L.P. 06-Dec-2020 12:04:27

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 30APR2010-07NOV Copyright© 2020 Bloomberg Finance L.P. 06-Dec-2020 12:04:48

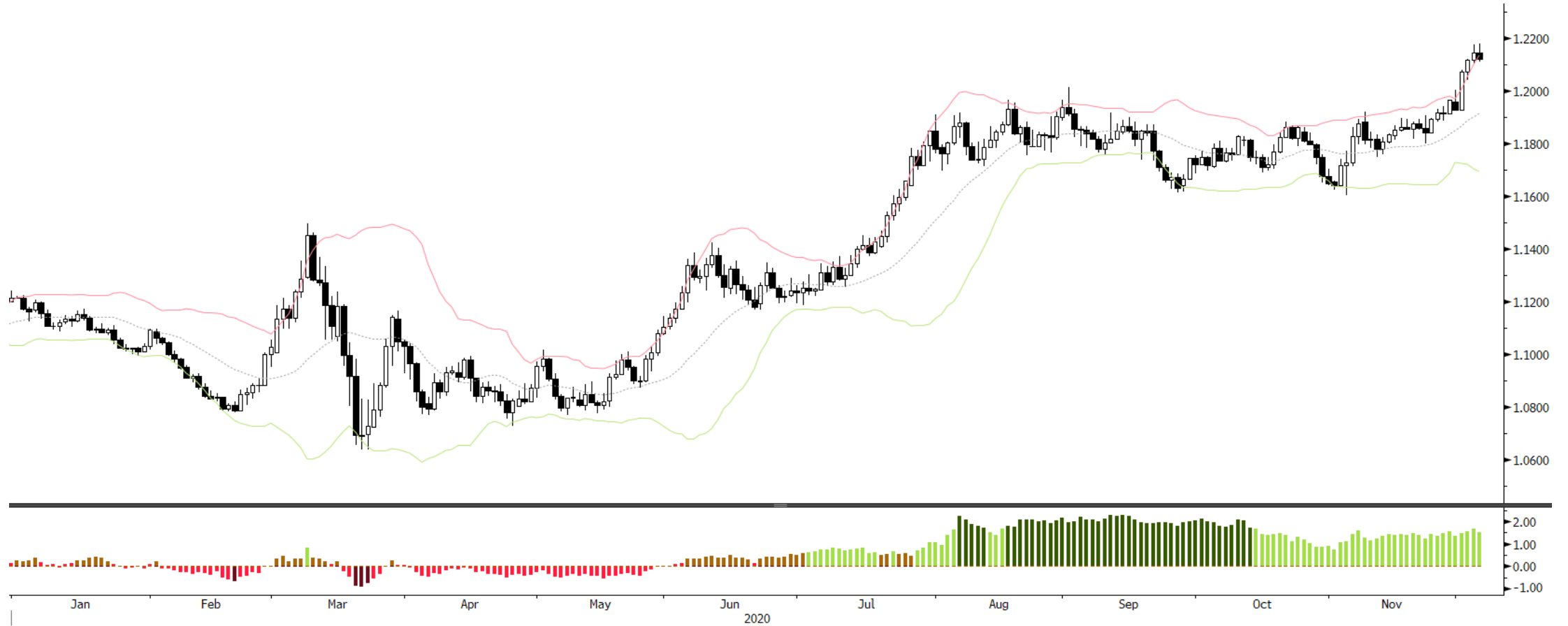
EURUSD Monthly



EURUSD Weekly



EURUSD Daily

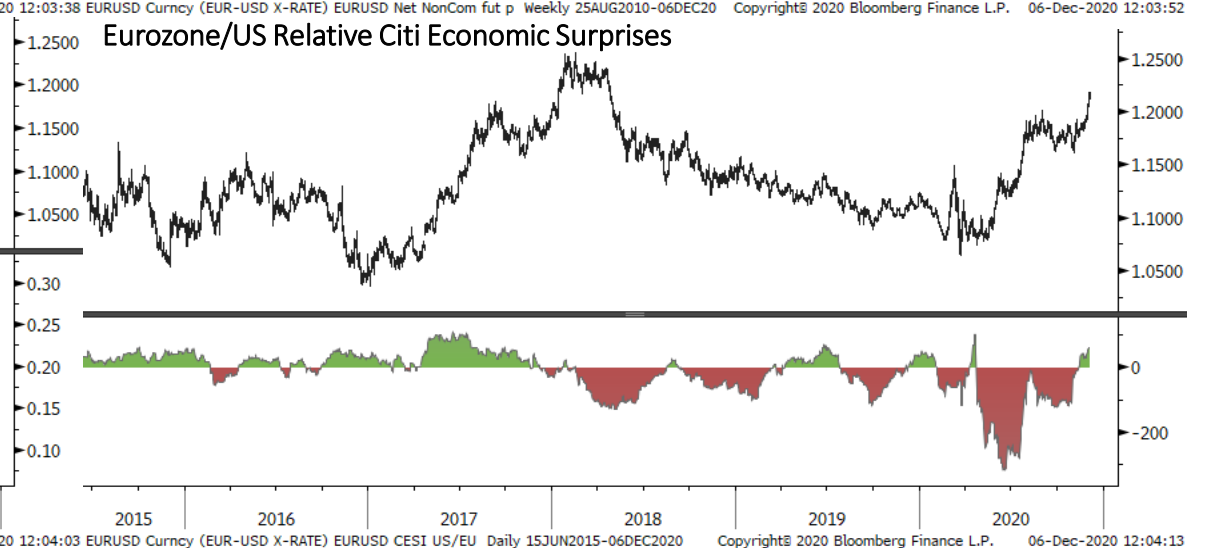
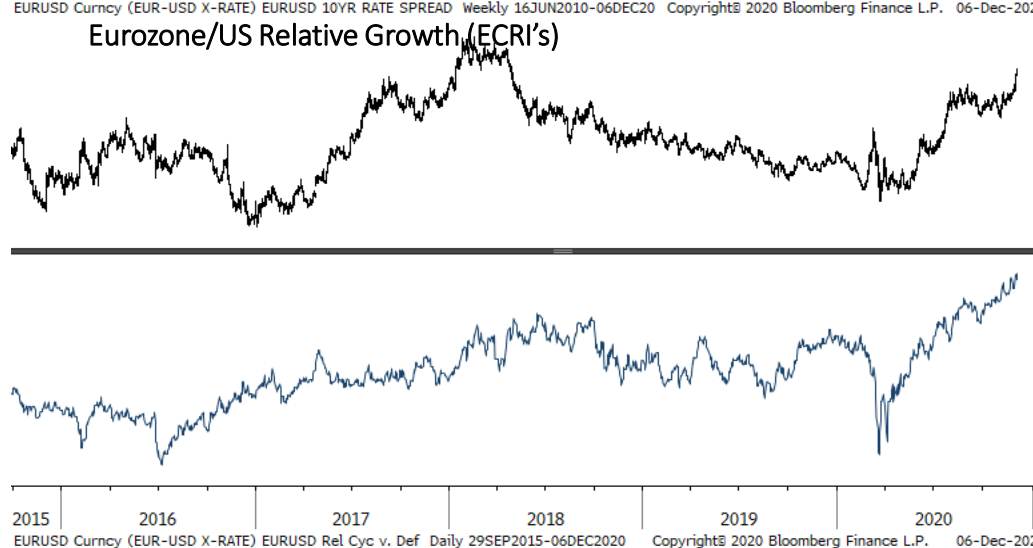
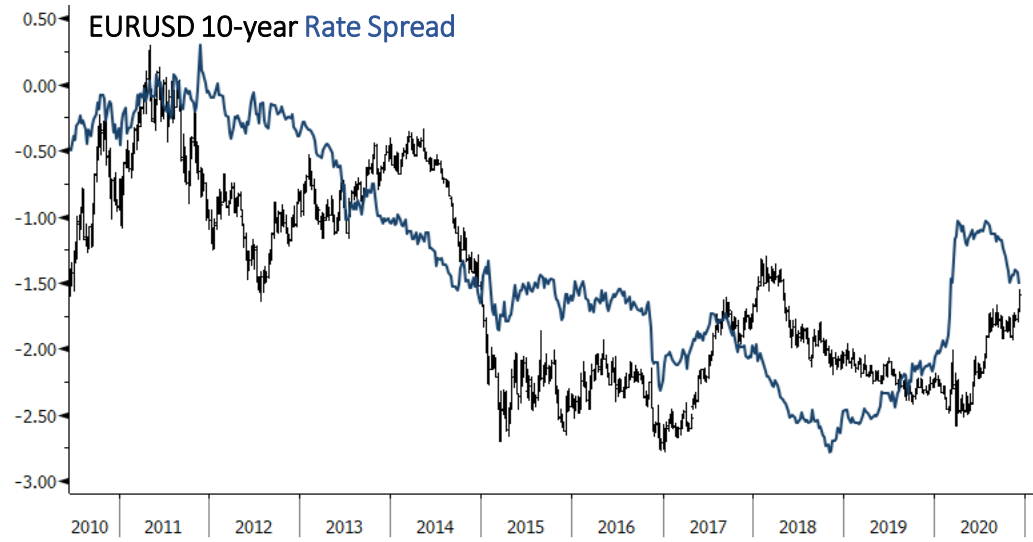


EURUSD Curncy (EUR-USD X-RATE) EURUSD - DAILY Daily 31DEC2019-06DEC2020

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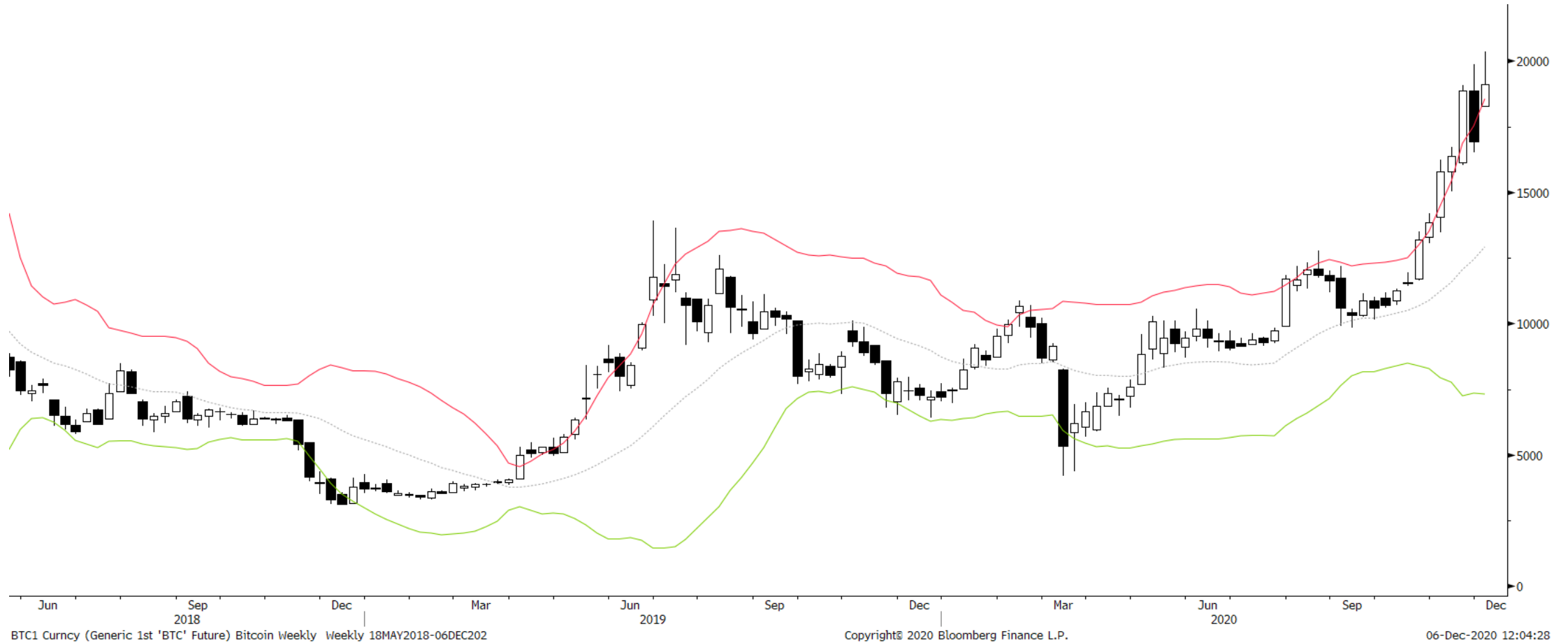
EURUSD Indicators



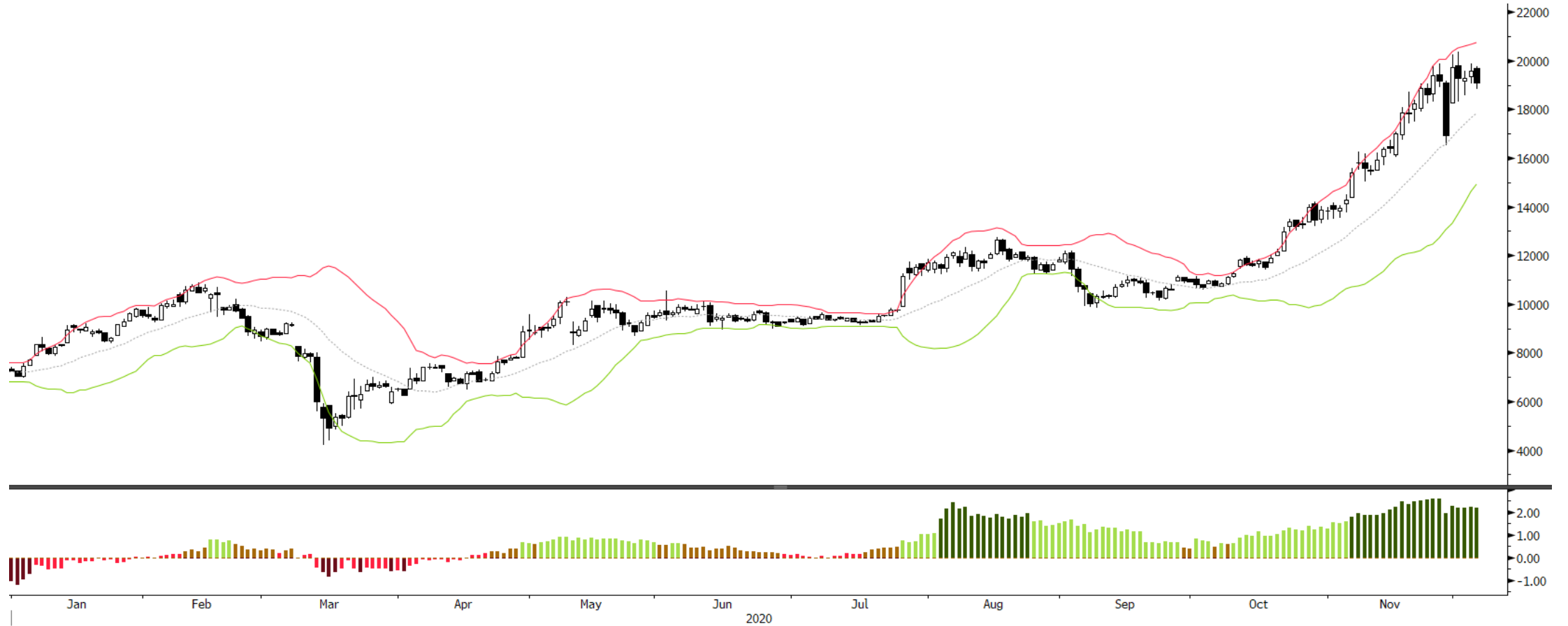
Bitcoin Weekly

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**



Bitcoin Daily

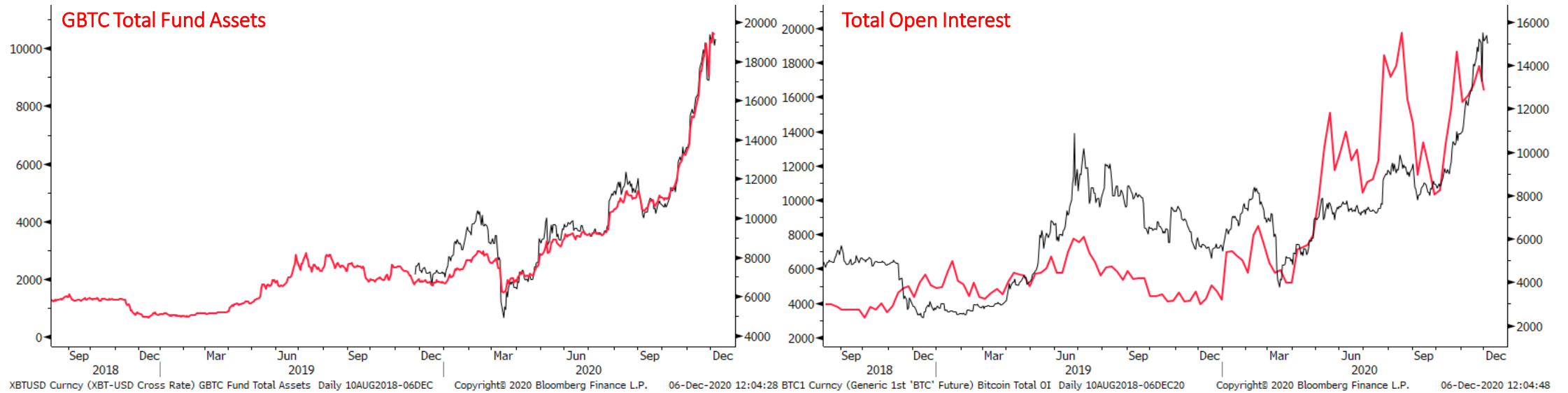


BTC1 Curncy (Generic 1st 'BTC' Future) bitcoin Daily Daily 31DEC2019-06DEC2020

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Bitcoin Indicators



The Foundation Portfolio

YTD Return (updated 12/6)

52.30%

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	\$2.51	10/22/20 Added to position
Enlabs (NLAB)	Secular Growth	\$27.25	B/E	\$28.25	\$40.15	9/17/20 Added to position
Red Violet (RDVT)	Secular Growth	\$17.85	B/E	\$19.75	\$26.29	
Frontdoor (FTDR)	Secular Growth	\$44.22	130bps	\$38.39	\$48.02	
Nintendo (NTDOY)	Secular Growth	\$62.71	100bps	\$54.60	\$68.44	11/13/20 Added to position
Cardlytics (CDLX)	Secular Growth	\$86.07	B/E	\$90.00	\$123.19	11/5/20 Added to position
Roku (ROKU)	Secular Growth	\$192.68	B/E	\$200.00	\$296.38	11/19/20 Added to position
Murata Manufacturing (6981)	Secular Growth	¥7,606	B/E	¥2,606	¥8,978	
Jumbo Interactive (JIN)	Secular Growth	\$9.47	100bps	\$10.60	\$13.75	
FairFax India (FIH.U)	Cyclical Recovery	\$8.80	100bps	\$6.70	\$10.08	
Tencent Music (TME)	Technical Trade	\$16.32	50bps	\$15.30	\$16.73	
Micron Technology (MU)	Secular Growth	\$54.70	B/E	\$55.16	\$73.34	11/5/20 Added to position
Kura Sushi (KRUS)	Value/Growth	\$18.27	100bps	\$14.68	\$18.27	
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	\$23.22	