



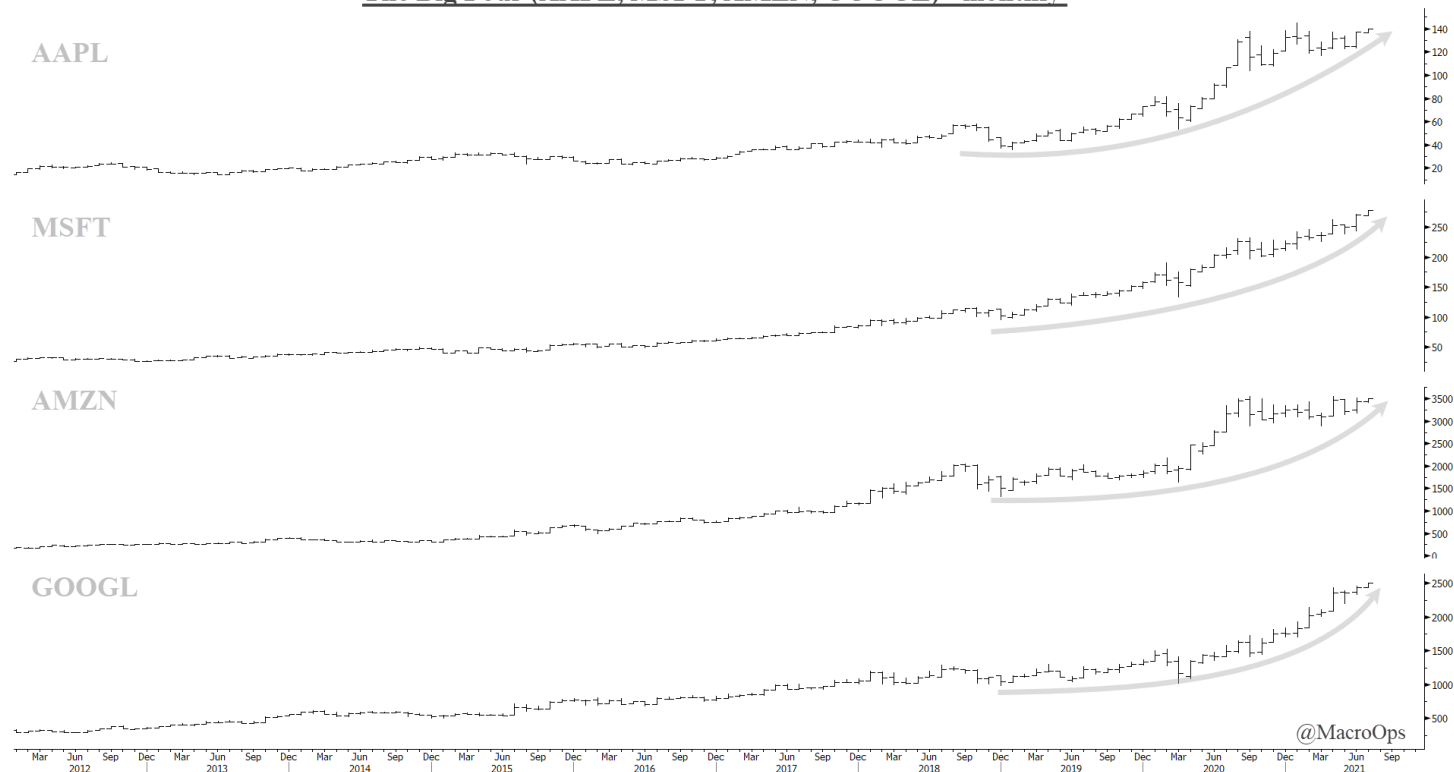
07/05/2021: BUY The Buy Climax...

This is one of the most important charts in markets right now.

It's a monthly of the four titans. The top-weighted stocks of the S&P 500 (AAPL, MSFT, AMZN, and GOOGL).

Microsoft and Google are accelerating in strong uptrends and both Apple and Amazon and *breaking out* to the upside from 10 and 12-month consolidations, respectively.

The Big Four (AAPL, MSFT, AMZN, GOOGL) - monthly



Facebook (whom we own DOTM Calls on) is the fifth of the bunch and also in an incredibly strong uptrend.

This is a powerful underlying trend force as their combined market caps comprise roughly 21% of the index's total.

This is a current that we want to swim with, not against.

I like keeping a factor diverse portfolio here as the macro environment is unusual and also incredibly policy-dependent.



With that said, it's time to up our growth/tech exposure some. We should see growth outperform as long as yields continue to work off that [technical overextension and crowded positioning](#).

The Nasdaq versus Gold chart shows the larger primary trend is still very much intact and possibly turning parabolic.

I like to track this pair for indication of a broader macro regime change. And despite all that's happened over the last year, we're still firmly in the same regime we've been in for the past decade — one where growth > value, long-duration > short duration assets, deflationary > inflationary holdings, etc...

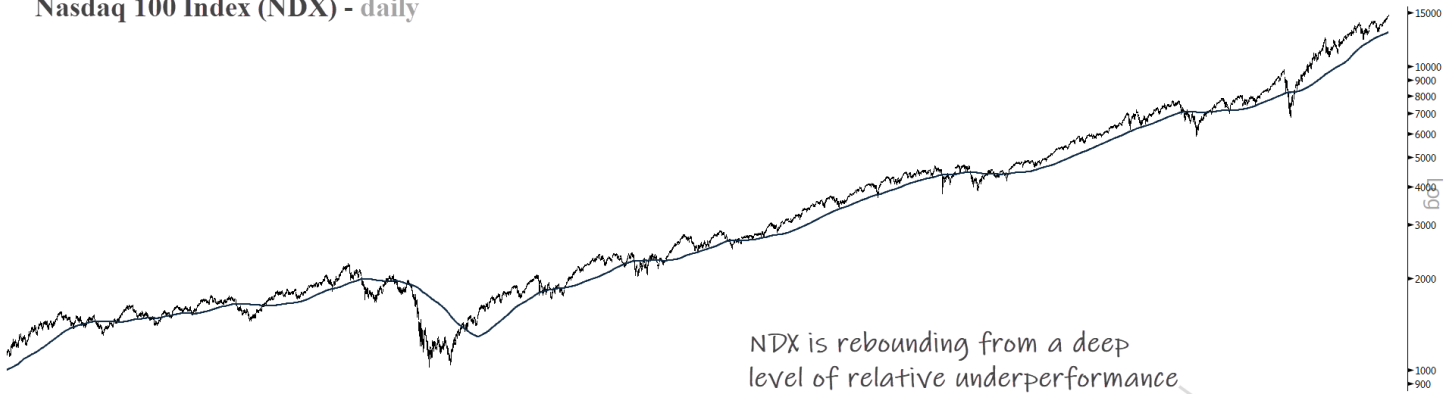
Nasdaq vs Gold



Growth/tech also has the benefit of rebounding from deeply relative oversold conditions, as I pointed out in [FOMC Kabuki](#) and which the chart below also illustrates.



Nasdaq 100 Index (NDX) - daily

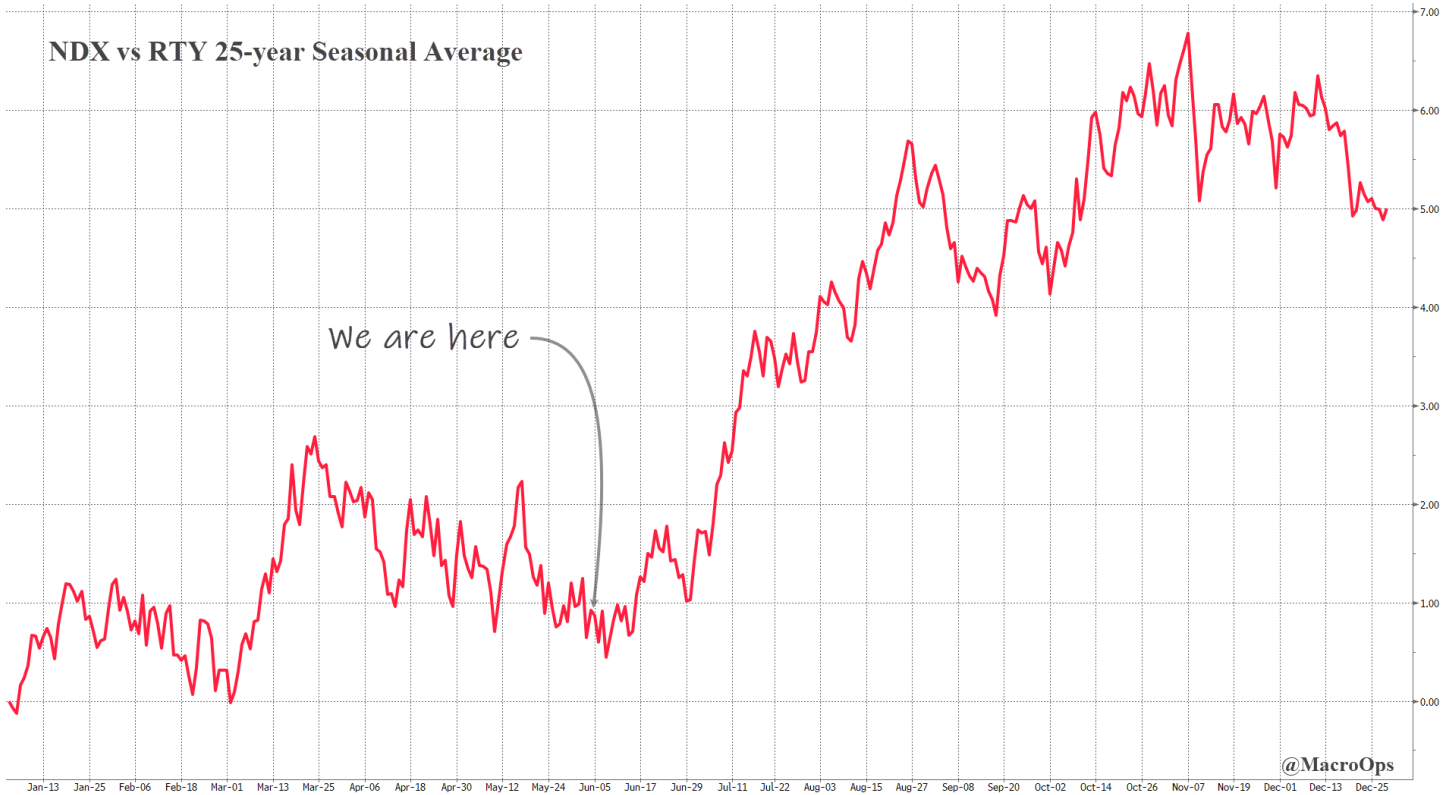


NDX vs SPX % of 200dma



While it's also days away from entering its strongest period of relative seasonality.

NDX vs RTY 25-year Seasonal Average



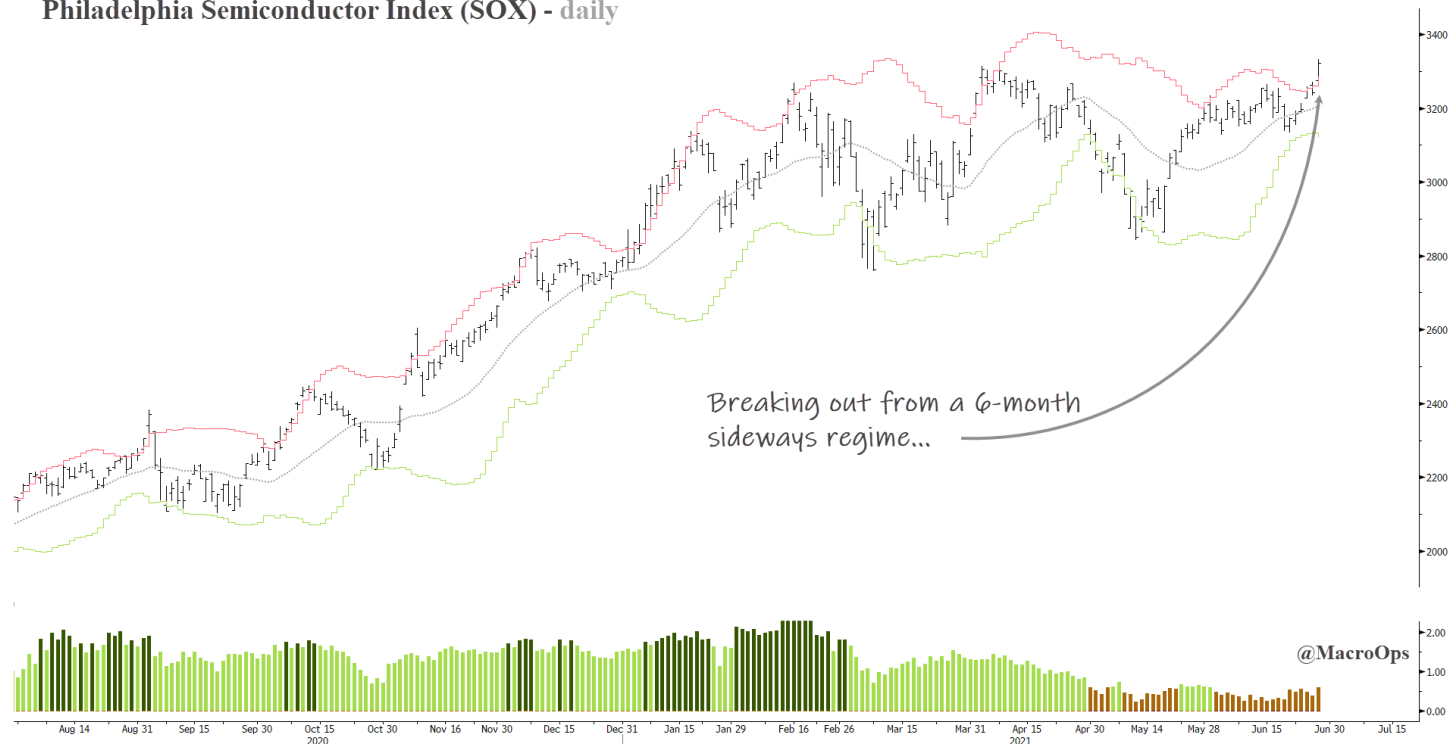


We'll likely add to our growth factor exposure in the coming days. We're looking at DOTMs on AMZN and will add an NQ_F position to our book tomorrow. We'll of course send out the trade alerts when we make the moves.

Semis lead the way...

Further evidence that this [Buy Climax](#) may start running hot is semis... Chips are breaking out to the upside from a 6-month sideways consolidation regime.

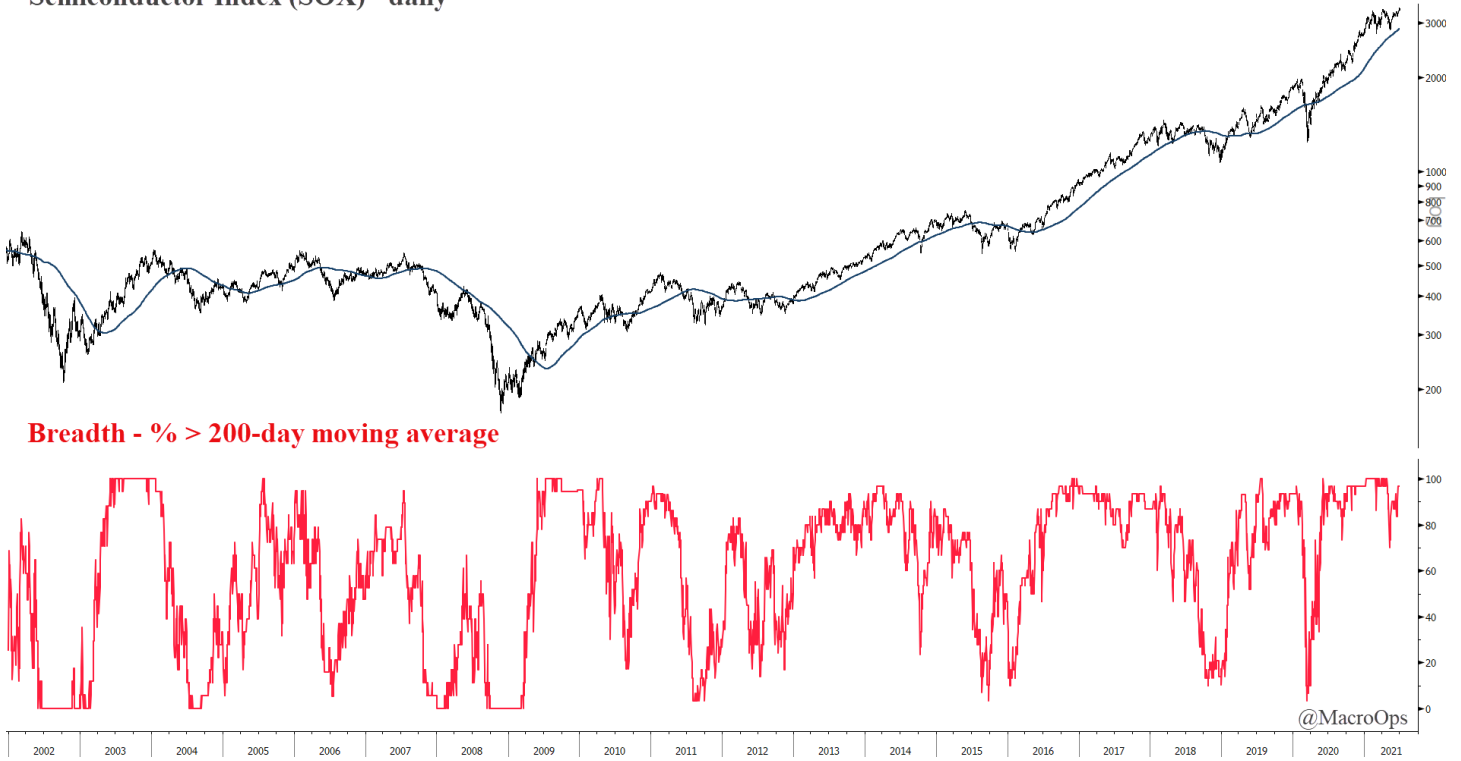
Philadelphia Semiconductor Index (SOX) - daily



This bullish move is supported by *incredibly* strong breadth, with **98% of SOX issues trading above their 200-day moving averages**.



Semiconductor Index (SOX) - daily



This means our underdog Micron is worthy of a revisit. MU is breaking out of a 6-month bull flag after having worked off the technical overextension and over positioning that led us to take profits on our 22' DOTM calls.

Micron Technologies (MU) - daily

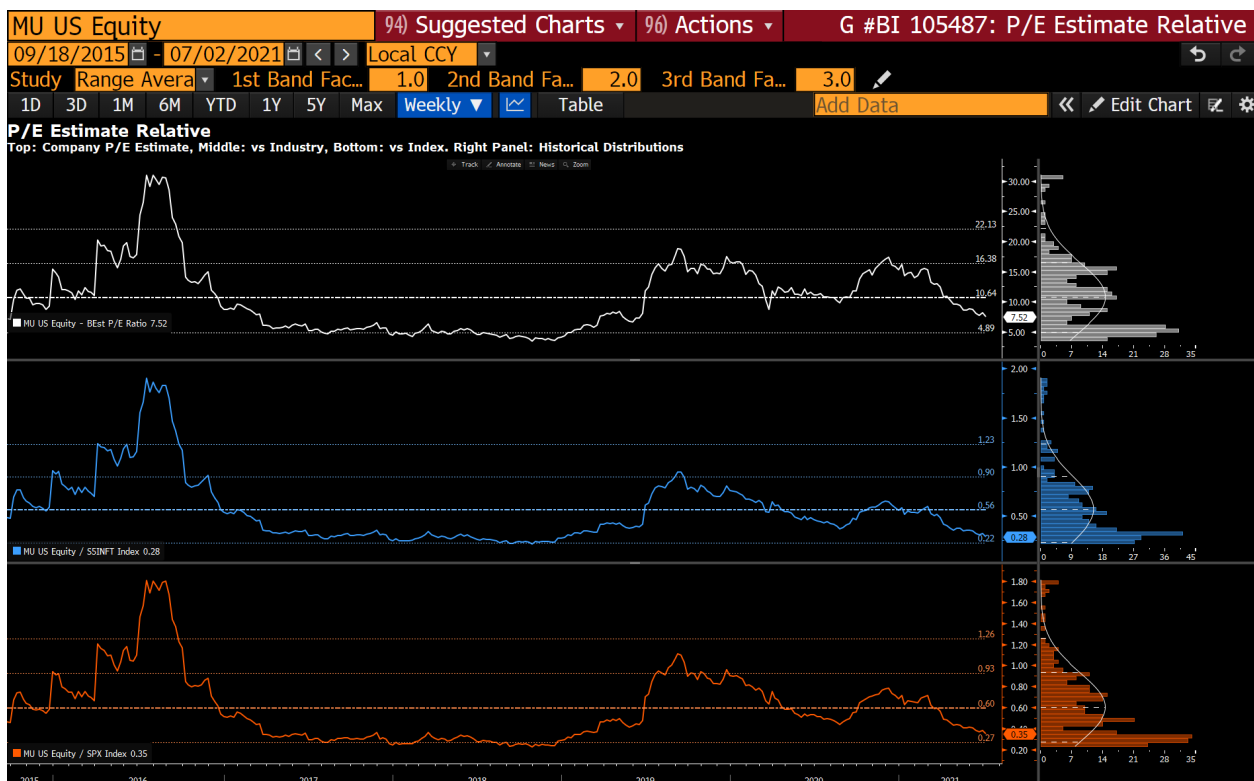




DRAM pricing is expected to accelerate into the end of the year after hitting a temporary ceiling back in March. This trend is being propelled along by the ongoing global supply shortage as well as the secular growth in demand that we outlined in [Underwriting the Future](#).

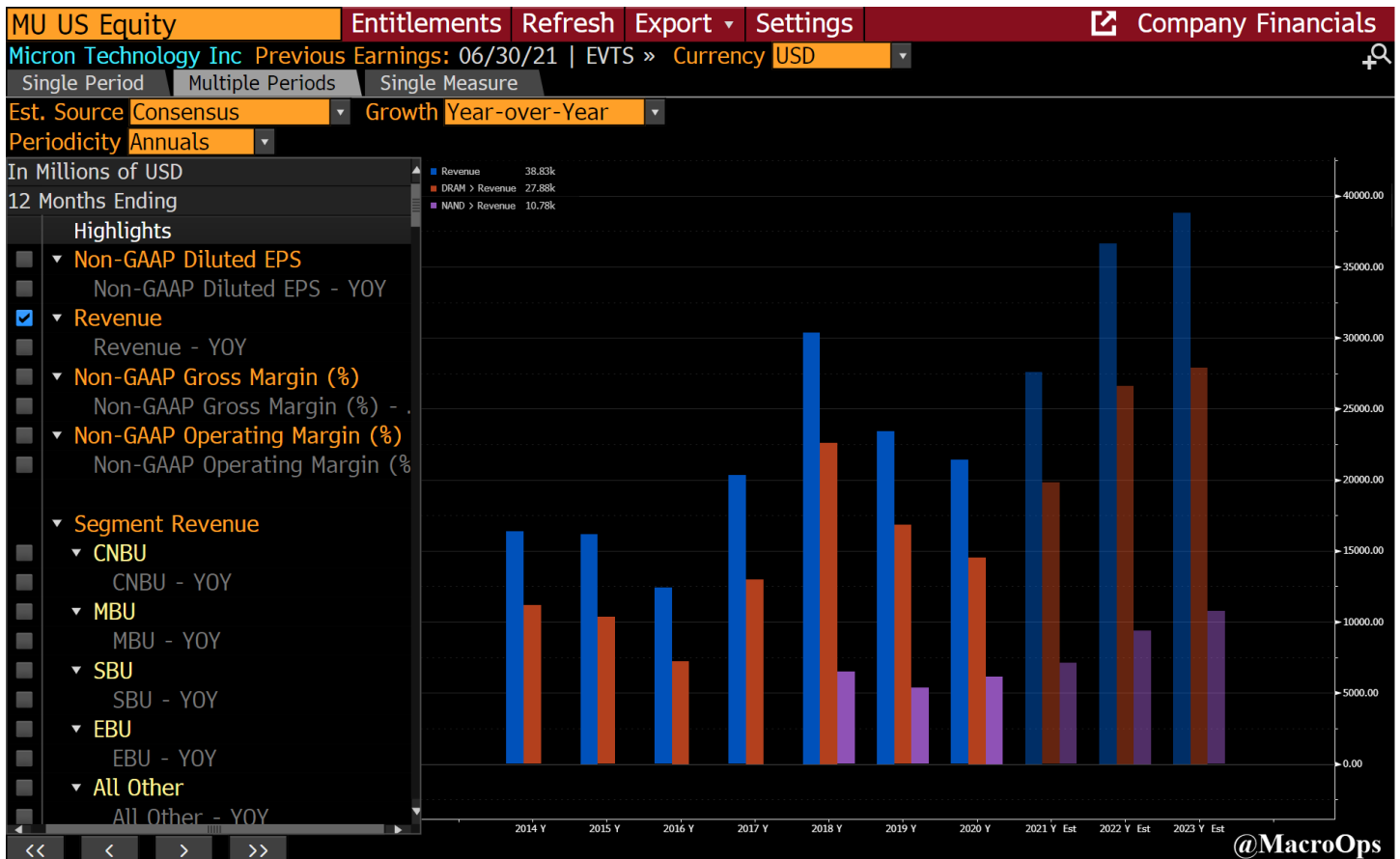


MU's recent 20% peak to trough dip has brought its forward P/E ratio down to 7x which is **well below its historical average on an absolute and relative basis.**





This gives MU a *large* relative discount, especially considering the exceptionally bullish backdrop for DRAM going forward. MU's revenues are expected to nearly *double* over the next two years...



For all the talk about the semiconductor shortage, most semis are still being priced as if we're late in the pricing cycle. But not only are we early cycle... semis now have formidable secular tailwinds... and so **this cycle will be much more enduring than cycles past.**

I love setups like these, where the market completely misses the DRAM from the trees. We currently have a 50bps placeholder position on MU Jan 23' \$125 [DOTM](#) calls. We will be substantially adding to this position tomorrow.

Stay safe and keep your head on a swivel!

Your Macro Operator,

Alex