



# MACRO OPS

TRADE - LEARN - EVOLVE

THE MARKET NOTE | **MAY 13 2023**



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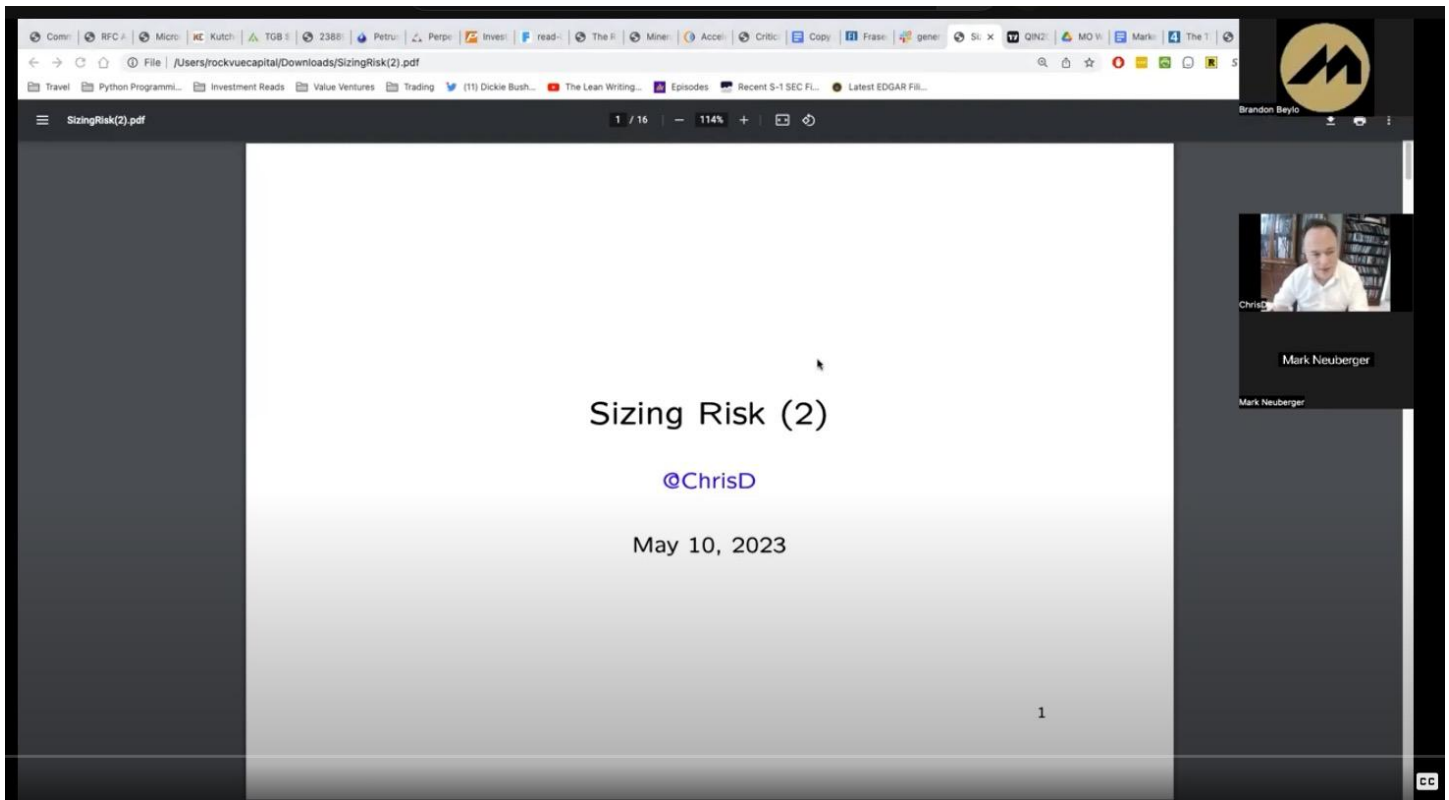
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# Market Note

This week's Market Note is our latest MOHO Webinar with Collective member Chris D on Probabilities, Risk, and Position Sizing. If you haven't watched Part 2 of this series, check it out here.

I encourage you to DM Chris in the Comms Center with any questions.

Click the image below to [watch Part 2](#) now.



# MO Portfolio Snapshot

## The Macro Ops Portfolio

PDF: <https://tinyurl.com/mo-portfolio>

2023 YTD Return	2.62%
Total Notional Exposure	164.16%
Current Cash Value (%)	84.91%
2022 Final Return	10.21%
2021 Final Return	6.39%
2020 Final Return	66.40%

## Futures, Bonds & FX

	Ticker	Contracts	Capital	Notional	At-Risk	Cost Basis	Current Price	Stop-Loss	P&L
Dollar/Chinese Yuan	USDCNH	365,650	\$2,549,495.89	152.01%	0.76%	\$6.95	\$6.97	\$6.92	0.30%

## Equities

### Strategic

	Ticker	Shares	Capital	Notional	At-Risk	Cost Basis	Current Price	Stop-Loss	P&L
Sprott Uranium	U.UN	6,431	\$79,809.26	4.76%	0.49%	\$11.73	\$12.41	\$10.44	5.80%
Foran Mining	FOM.TSXV	27,333	\$69,152.43	4.12%	0.24%	\$2.11	\$2.53	\$1.96	19.91%
Foran Mining (Second Leg)	FOM.TSXV	16,994	\$42,994.66	2.56%	0.53%	\$2.48	\$2.53	\$1.96	2.02%
Vista Energy	VIST	6,727	\$143,149.46	8.54%	-0.28%	\$14.11	\$21.28	\$14.80	50.82%
Triple Flag Precious Metals	TFPM	2,013	\$30,268.86	1.80%	0.52%	\$16.65	\$15.04	\$12.35	-9.67%
Tidewater	TDW	1,174	\$52,132.94	3.11%	-0.13%	\$34.15	\$44.42	\$36.00	30.07%

### Tactical

	Ticker	Shares	Capital	Notional	At-Risk	Cost Basis	Current Price	Stop-Loss	P&L
Tesla, Inc.	TSLA	-472	-\$79,204.95	-4.72%	1.04%	\$197.00	\$167.98	\$234.00	-14.73%
Bitcoin	BTCUSD	-5	-\$134,652.50	-8.03%	0.46%	\$26,820.00	\$26,930.50	\$28,363.00	0.41%

## Options

	Ticker	Contracts	Capital	Notional	At-Risk	Cost Basis	Current (Mid) Price	Stop-Loss	P&L
AG JAN 19 2024 \$20 CALLS	AG	237	\$1,893.20	0.11%	0.99%	\$70.00	\$8.00	\$0.00	-88.57%
PAAS JAN 19 2024 \$45 CALLS	PAAS	660	\$3,298.16	0.20%	0.98%	\$25.00	\$5.00	\$0.00	-80.00%
HAL JAN 19 2024 \$60 CALLS	HAL	67	\$4,250.69	0.25%	0.53%	\$132.00	\$63.00	\$0.00	-52.27%

[\\*Learn how to interpret our portfolio here.](#)

[\\*Learn how we size positions and issue trade alerts here.](#)

[\\*Set up trade alerts here.](#)

## What I Learned This Week: Extropy

I know this says “This Week’s Reading,” but I listened to a fantastic podcast with Kevin Kelly and Tim Ferris this week.

One conversation that stuck with me was Kelly’s ideas on “Extropy,” or the thermodynamic law that explains how the universe moves into a state of irreversibility.

We all *generally* know entropy or have at least heard it in school or economics. But this was the first time I heard of Extropy.

I thought about The Great Electrification. How global governments are obsessed with swapping Big Bad Fossil Fuels for “Greener” energy sources.

More importantly, I wondered if we were beyond the point of irreversibility. Or, if we’re not there yet, where that point ends?

I’m reading more on Extropy this week and hope to get a Market Note out with my thoughts on how we can use it as a mental model for The Great Electrification. If you know of any good books, podcasts, or journal articles, please send them to me!

Here’s the link to the [Kevin Kelly podcast](#). Listen to it and thank me later.

# Community Highlights

Three things you may have missed this week in the Comms Center!

- 1) [Adrian Godas post Valeura Energy \(VLE\) Q1 2023 Results](#) (#ideas-commodities)

Adrian is our resident metals and mining expert in the Collective. VLE is an energy name he likes. He pitched the bull case to me a few weeks ago. Unfortunately, I haven't had the time to dive deep into it.

If you're interested in cheap O&G plays with lots of ARO hair, DM Adrian to get up to speed.

- 2) [Andre A dissected Peter Brandt's Trades](#) (#classical-charting)

Here's Andre ... "I ran an analysis on the day of the week that Peter enters a new position and thought the results were interesting. Even though he mentions that he is frequently impressed with advances that happens on Friday, that's not best day to enter, in fact is the worse, according to the data that I have. The best day for him is Tuesday with a win ratio of 67% vs 56% avg. and a profit factor of 7.6 vs 4.8 avg."

How cool is that?

New Position day of the week								
	Mon	Tue	Wed	Thu	Fri	Sat	Sun	TOTAL
#	203	198	189	207	194	9	11	1011
+	111	133	103	119	92	7	5	570
Win %	54.7%	67.2%	54.5%	57.5%	47.4%	77.8%	45.5%	56.4%
Avg bps	33	38	24	28	24	30	8	29
Avg bps +	76	66	58	62	70	47	35	66
Total bps	6,764	7,595	4,549	5,760	4,687	269	86	29,711
Total bps +	8,459	8,740	5,935	7,333	6,462	332	176	37,435
Total bps -	-1,694	-1,145	-1,386	-1,573	-1,775	-63	-89	-7,724
Profit Factor	4.99	7.64	4.28	4.66	3.64	5.27	1.96	4.85

- 3) [Karan's Podcast Link w/ Dave Waters](#) (#podcasts)

Karan posted a great podcast with [Dave Waters on The Business Brew](#). I listened to it during a two-hour car ride to Pennsylvania. Dave is one of the most unique investors. Give it a listen.

[\\*Join our Comm Center here.](#)

# Via The Vault

## [Crash Insurance: Short-term Put Hedging Strategy](#)

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### **Crash Insurance: Short-term Put Hedging Strategy**

The volatile environment makes it difficult to cheaply hedge crash risk. The traditional way of putting on naked shorts becomes more complicated as volatile daily moves mean we have to place our stops wide, in order to stay in the hedge. A wider stop equates to a much smaller hedge, which obviously isn't ideal. In addition, the high volatility means buying long-dated puts or running our "[50 Cent Strategy](#)" are out of the question, as we'd burn too much in premium.

Luckily, there's another little-known option. One that is routinely mispriced (read: cheap) and insensitive to implied volatility, yet still offers tremendous asymmetry when there are significant realized moves.

A terrific options trading book titled *The Second Leg Down* by Hari Krishnan gives us some insight into how we can do this.

The strategy relies on buying out-of-the-money (sub 25 Delta) put options with four days or less days until expiration. We are intentionally choosing intra-week options since these give us exposure over time horizons where the underlying distribution has the heaviest tails. And historically, institutional managers favor hedges with a few months to maturity.

## HUD Focus

The HUD Focus is a weekly section highlighting something interesting triggering in the HUD. For instance, we'll highlight a sentiment, breadth, or positioning indicator in one week. In another, we'll break down a cheap country or industry.

We don't have any updates this week as Octavio updates the HUD Dashboard. We will confirm when the data is up to date.

[\\*Access the HUD here.](#)



# The MO Trading Process Explained

## Macro Ops Trifecta

- [The MO Trifecta Strategy Explained](#)
- [Expected Value \(EV\) & Bayesian Analysis](#)
- [Trade Alerts + Position Sizing](#)
- [The MO Portfolio Guide](#)

## Sentiment

- [How To Be A Contrarian](#)
- [How To Play The Player](#)
- [The Hierarchy Of Markets](#)
- [Trend Fragility Indicator](#)

## Technicals

- [Multidimensional Forecasting](#)
- [How to Manage to Uncertainty](#)
- [How to Read Price Action](#)
- [How to Spot Market Trends](#)
- [Momentum, Mean Reversion And Volatility](#)
- [Classical Charting, Price Patterns & Entries](#)
- [Which Time Frame To Focus and Why](#)

- [How To Exit A Trade](#)
- [How To Size Your Positions](#)
- [Position Sizing Calculator](#)
- [Key Options Spreads](#)
- [Trading Volatility](#)
- [Delta Hedging](#)
- [Advanced Options Mechanics](#)
- [When To Avoid Options](#)
- [Tactical Options Strategies](#)
- [The DOTM Options Strategy](#)
- [How To Use The SQN To Identify Market Regimes](#)
- [How To Execute BVO & FBVO Trades](#)
- [The FOMC Trade](#)

## Fundamentals

- [Finding Compounders](#)
- [Investing In An Inflationary Environment](#)
- [Finding Inflation-Proof Companies](#)