



# MACRO OPS

TRADE - LEARN - EVOLVE

THE MARKET BRIEF | **MAY 29 2023**



# MACRO OPS

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# Market Note: Updates on Foran Mining (FOM)

It was a busy Memorial Day Weekend at the Beylo Compound between family graduations (and subsequent graduation parties) as well as San Diego-like weather here in MD.

All that to explain the shorter Market Note this week. Nevertheless, let's get after it.

Foran Mining (FOM) is our copper development portfolio company. We're up ~30% since our original entry in November 2022.

You can read more about the company [here](#).

There are four main pillars to FOM's bull case (or any mining equity):

- **Competent and aligned management team**
- **High-grade geology w/ long runway**
- **Strong balance sheet**
- **An attractive price**

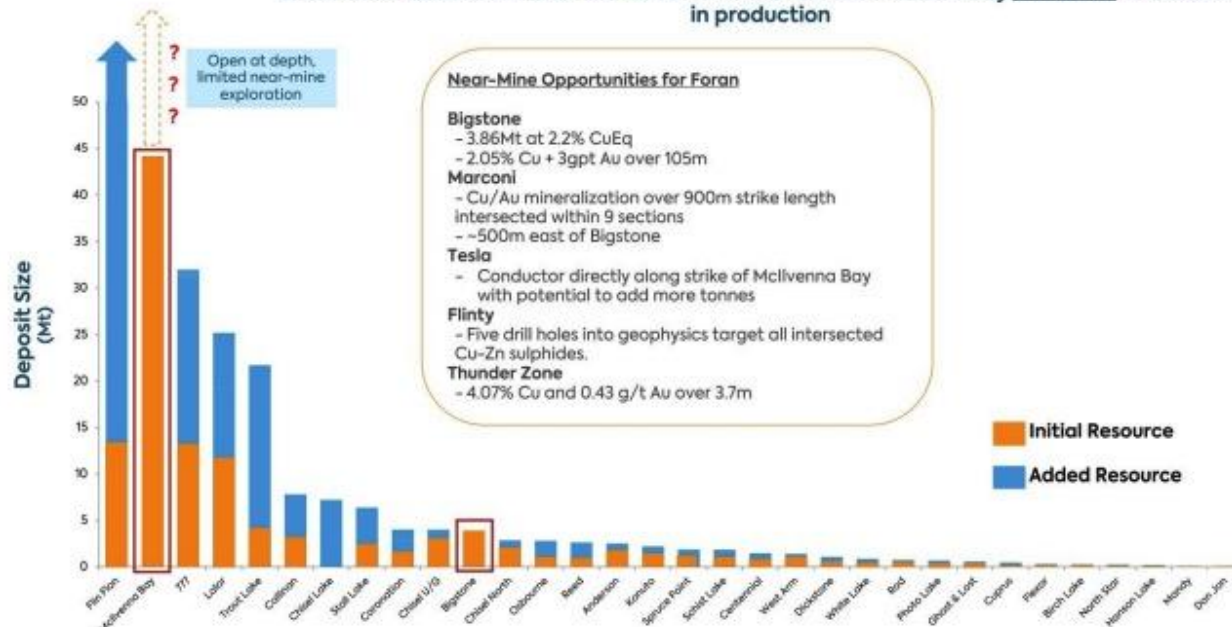
I want to focus on the second pillar: High-grade geology with a long runway.

FOM sits on 65.4M lbs/year of 2.5% grade copper production between its McIlvenna Bay and Bigstone deposits. That's high-quality, high-grade geology. The company's latest Feasibility Study also shows a potential reserve life of 18 years.

FOM also operates within the larger Flin Flon Greenstone Belt. Discovered resources in this region have historically doubled in size once in production (see below).

## Significant Opportunity For a Long-Life Mining Camp

Discovered resources in the Flin Flon Greenstone Belt have historically **DOUBLED** in size once in production



Flin Flon has produced metals like copper, silver, zinc, and gold for over 90 years.

McIlvenna Bay also boasts low operating costs. For example, FOM's All-In Sustaining Cost (or AISC) is \$0.92/lb. That puts it in the first quartile of low-cost producers along with Grupo Mexico/Southern Copper.

When we first valued FOM, we only assumed production and copper reserves from McIlvenna Bay. Then, in February 2023, the company explored its "Tesla" region.

Tesla sits 300m adjacent McIlvenna Bay and shares similar low-cost benefits like infrastructure, mining-friendly jurisdictions, and high-grade geology, as we've seen in drilling reports.

Mining drilling results can sound (and look) like a foreign language. So before we dive in, let me explain some key concepts.

There are a few things that matter when analyzing mining drilling results:

- **CuEq % grade:** How much copper equivalent in the drill sample
- **Intercept:** The length of the sample size with the CuEq % grade in it
- **Depth:** How far down they drilled to get that sample size

The [initial February drill results](#) returned nearly 6%+ CuEq grades for ~3m intercepts at 1,333m deep. In perspective, the average Cu grade today is around 0.5%.

**Vancouver, BC (February 16, 2023)** - Foran Mining Corporation (TSX.V: FOM) (OTCQX: FMCXF) ("Foran" or the "Company") is pleased to announce initial drill results from its winter drill program at the new Tesla discovery, located approximately 300 metres ("m") north of Foran's Mcllvenna Bay Deposit in Saskatchewan.

**Key Highlights:**

- **Significant assay results from step out Hole TS-22-06A include:**
  - 10.1m grading 3.1% Cu, 3.0% Zn, 32 g/t Ag and 0.25 g/t Au (4.62% CuEq)
  - 17.4m grading 2.1% Cu, 4.5% Zn, 29 g/t Ag, and 0.11 g/t Au (4.04% CuEq)
  - 17.1m grading 0.6% Cu, 13.1% Zn, 24 g/t Ag, and 0.04 g/t Au (5.69% CuEq)
- **Intercepts compare favourably to Mcllvenna Bay's Mineral Reserve of 25.7 Mt at 2.51% Copper Equivalent ("CuEq").**
- **Tesla discovery represents a significant mineralized zone, open in all directions, with opportunity to expand with further drilling.**
- **TruScan results identify similarities between the Tesla Zone and Mcllvenna Bay deposit, further exploration of Mcllvenna Bay area continues to show potential to become one of the larger sulphide deposits across the Flin Flon Camp.**
- **Exploration activity on Tesla is increasing with assays from two completed holes outstanding, and an additional 7-9 holes planned to be drilled this winter.**

[Just last week](#), FOM released another set of drill results. This time, they included nearly 10% CuEq over 2.1m intercepts at 1,333m deep.

**Table 1 – Tesla Assay Results<sup>1</sup>**

Hole	Zone	From_m	To_m	Interval_m	Cu %	Zn %	Ag g/t	Au g/t	CuEq %
TS-23-11w2	MS/CS	1072.3	1088.7	16.5	1.12	4.85	41.1	0.06	2.70
<b>Including</b>	CS	1072.3	1075.4	3.2	2.40	0.91	42.7	0.05	2.68
<b>And</b>	MS	1075.4	1082.4	7.0	0.91	10.45	53.6	0.03	4.22
TS-23-11w2	CS	1093.7	1097.7	4.0	2.21	0.47	13.1	0.01	2.22
TS-23-11w2	MS/CS	1276.4	1280.8	4.4	1.93	1.78	31.0	0.06	2.47
<b>Including</b>	MS	1276.4	1277.7	1.3	3.20	0.58	38.2	0.08	3.31
TS-23-08w1	CS	940.1	941.2	1.1	1.44	0.67	18.2	0.002	1.60
TS-23-08w1	MS	974.6	976.5	1.9	1.20	7.72	21.9	0.08	3.55
<b>Including</b>	MS	975.6	976.5	0.9	1.10	15.40	24.3	0.11	5.79
TS-23-08w1	CS	980.4	997.4	17.0	0.96	1.00	17.3	0.08	1.30
<b>Including</b>	CS	982.0	986.0	4.0	1.26	0.78	25.4	0.03	1.52
<b>And</b>	CS	992.1	994.1	2.0	1.77	0.25	15.0	0.30	1.93
TS-23-09Aw1	CS	937.1	940.1	3.0	1.01	1.17	16.3	0.001	1.35
TS-23-09Aw1	MS	972.8	973.3	0.5	1.44	2.54	21.4	0.01	2.18
TS-23-09Aw1	CS	988.5	1005.5	17.0	1.11	0.73	13.9	0.03	1.31
<b>Including</b>	CS	1002.6	1004.5	1.9	2.21	0.67	17.7	0.01	2.30
TS-23-10	CS	1294.8	1304.2	9.4	0.04	0.02	208.0	0.67	1.39
<b>Including</b>	CS	1297.3	1298.9	1.6	0.06	0.02	355.5	0.82	2.18
TS-23-10	CS	1334.3	1337.8	3.5	6.47	1.49	86.5	0.03	6.76
<b>Including</b>	CS	1335.3	1337.4	2.1	9.95	0.99	127.8	0.04	9.97

Note: True widths for are estimated to be approximately 80% of reported intersections, except TS-23-06A which was drilled down dip. Intervals generally composited using a 0.5% Cu cut-off grade in stringer zones. <sup>1</sup>Copper Equivalent values calculated using metal prices of \$4.00/lb Cu, \$1.50/lb Zn, \$20.00/ounce Ag and \$1,800/ounce Au and LOM metallurgical recovery rates derived from test work on blended ores for the McIlvenna Bay Deposit completed as part of our April 2022 Feasibility Study: 91.1% Cu, 79.8% Zn, 88.6% Au and 63.2% Ag (MS – massive sulphide, CS – copper stockwork/stringer). To date no metallurgical test work has been completed on the Tesla mineralization.

Let's use an example we both know if you're still unsure: **birthday cake**.

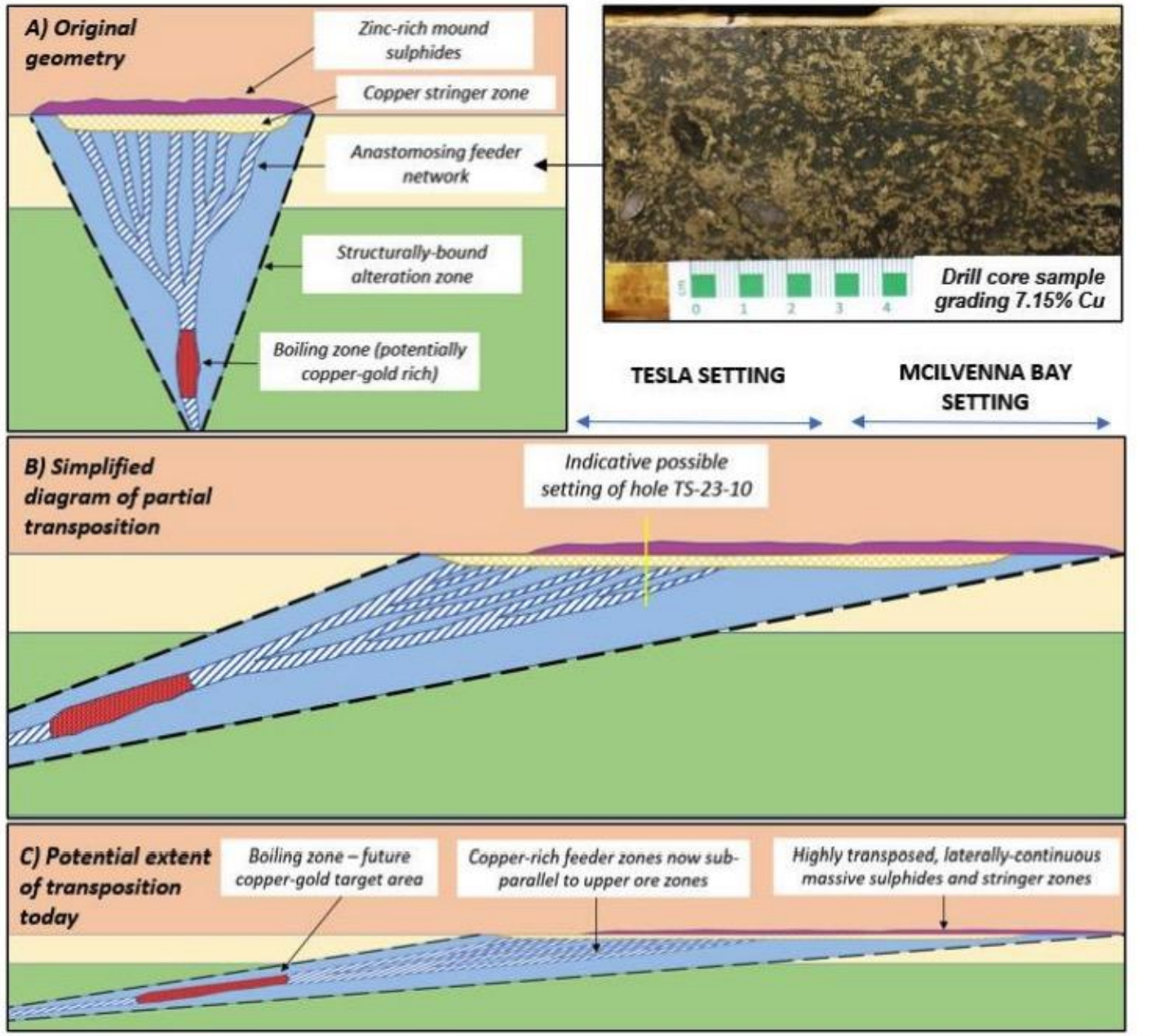
I loved cake as a fat growing child. Taller cakes were more valuable because they meant *more* cake for me. Shallower cakes were not as valuable.

Mining geographies are also like cakes. The deeper you find buttercream frosting and chocolate cake layers, the more valuable the land and reserves become.

I mean, doesn't this look like cake to you?



**Figure 6 – Simplified schematic interpretation of how the Tesla-McIlvenna Bay VHMS system may have been affected by early deformation events, demonstrating why Tesla could start to see more copper-rich lenses as drilling steps out away from McIlvenna Bay.**



The market loved FOM's drilling results as the stock closed near its highs for the third consecutive day. This price action is even more impressive given copper's underlying technical weakness.

A stock with solid fundamentals, high relative strength, bullish technicals, and a BQ regime is a recipe for higher prices. FOM has it all (see chart below).

FORAN MINING CORP, 1W, TSKV O3.17 H3.48 L3.07 C3.47 +0.22 (+6.77%)  
MA (50, close) 2.95  
MA (200, close, 0, SMA, 5) 1.59



I'd place a stop either below last week's lows or below the 50MA and exit on a weekly close below the 50MA. If you're already long, it's a great spot to add to your position. Or enter a starter position if you're new to the Collective and want exposure.



# MO Portfolio Snapshot

## The Macro Ops Portfolio

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

2023 YTD Return	3.27%
Total Notional Exposure	184.56%
Current Cash Value (%)	83.89%
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	\$2,586,645.95	153.22%	0.76%	\$6.95	\$7.07	\$6.92	1.77%
Nasdaq 100 Futures	NQM2023	1	\$286,640.00	16.98%	0.35%	\$13,498.75	\$14,332.00	\$13,200.00	6.17%

### Equities

	Ticker	Shares	Capital	Notional	At-Risk	Cost Basis	Current Price	Stop-Loss	P&L
<b>Strategic</b>									
Sprott Uranium	U.UN	6,431	\$77,236.84	4.58%	0.49%	\$11.73	\$12.01	\$10.44	2.39%
Foran Mining	FOM.TSXV	27,333	\$65,599.14	3.89%	0.24%	\$2.11	\$2.40	\$1.96	13.74%
Foran Mining (Second Leg)	FOM.TSXV	16,994	\$40,785.45	2.42%	0.52%	\$2.48	\$2.40	\$1.96	-3.23%
Vista Energy	VIST	6,727	\$142,544.03	8.44%	-0.27%	\$14.11	\$21.19	\$14.80	50.18%
Triple Flag Precious Metals	TFPM	2,013	\$27,652.54	1.64%	0.51%	\$16.65	\$13.74	\$12.35	-17.48%
Tidewater (Second Leg)	TDW	1,249	\$58,713.83	3.48%	0.50%	\$49.35	\$47.01	\$42.57	-4.74%
Tidewater	TDW	1,174	\$55,172.66	3.27%	-0.13%	\$34.15	\$47.01	\$36.00	37.66%

### Tactical

	Ticker	Shares	Capital	Notional	At-Risk	Cost Basis	Current Price	Stop-Loss	P&L
Tesla, Inc.	TSLA	-472	-\$91,082.39	-5.40%	1.03%	\$197.00	\$193.17	\$234.00	1.94%
Bitcoin	BTCUSD	-5	-\$134,128.00	-7.94%	0.46%	\$26,820.00	\$26,825.60	\$28,363.00	-0.02%

### Options

	Ticker	Contracts	Capital	Notional	At-Risk	Cost Basis	Current (Mid) Price	Stop-Loss	P&L
AG JAN 19 2024 \$20 CALLS	AG	237	\$4,259.70	0.25%	0.98%	\$70.00	\$18.00	\$0.00	-74.29%
PAAS JAN 19 2024 \$45 CALLS	PAAS	660	\$23,087.13	1.37%	0.98%	\$25.00	\$35.00	\$0.00	40.00%
HAL JAN 19 2024 \$60 CALLS	HAL	67	\$2,226.55	0.13%	0.53%	\$132.00	\$33.00	\$0.00	-75.00%

## Trades Made This Week

- **LONG** Tidewater (TDW) Second Leg

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

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

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

# This Week's Picks: Morgan Housel on Writing

*Making Media* is one of my new favorite podcasts. It shows how the best podcasts, writers, entertainers, etc. perfect their craft.

This week, [Morgan Housel joined the show](#) to discuss writing.

Morgan is an incredible writer. I had the privilege of interviewing him for [Value Hive Episode 47](#). Check it out if you haven't already.

Anyways, here is my biggest takeaway from Housel's *Making Media* episode.

Morgan doesn't have a structured writing routine. There's no "wake up at 7AM and write for an hour" hack.

Housel views writing – like *any* art – as something you should not structure. For example, the only "structure" Morgan implements is writing in the same place (his office).

Sure, you can prepare your mind for new articles and ideas by reading, networking, and learning as much as possible.

But the actual craft of writing, the pen to paper, demands creative space.

It's why Morgan writes slowly. Here's a bit from the episode (paraphrased):

*"My actual writing process is slow. I sit down, write a couple of sentences, then stop and go play with my dog. After a few minutes, I come back and write another few sentences. Then I go for a walk. A really long stretch of writing is 30 minutes. After that I'm pretty exhausted."*

This is refreshing to hear. Previously, I imagined Morgan in his earth-toned office, viciously typing for an hour straight and producing a perfect, finished piece by the end.

It turns out my craft is more like his than I thought.

Why does any of this matter?

Investing, like writing, is an art. We force science into the craft by running screens and filtering stocks using quantitative metrics. But at its core, investing is a haphazard process of trying not to do something stupid while waiting for a fat pitch.

And like writing, investing doesn't always look productive. Most times, it's going on walks as the subconscious mind does the heavy lifting with a new idea or theme.

Listen to Morgan's episode. You'll love it.

# Community Highlights

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

1) Bull Market In Oil Is Over For Now ([#ideas-commodities](#))

Alex G posted this podcast from Forward Guidance. It's on my to-listen list this weekend. We're still bullish on oil long-term. But the CL chart remains ugly, and we're not seeing follow-through in individual O&G equities (except for VIST, which we already own in large size).

Plus, it's always prudent to red-team our bullish biases.

2) Four Classical Breakout Setups for Next Week ([#classical-charting](#))

Andre A. posts some of the cleanest charts in the #classical-charting channel (don't worry, Mike, you're still #1!). This week, Andre shared four new European classical pattern setups for next week. The best part is that they're all horizontal patterns, which have been my most profitable setups this year (your trade log mileage may vary).

3) Q1 2023 Hedge Fund Investor Letters ([#investor-letters](#))

Kean and Mark shared a handful of Q1 hedge fund letters, including:

- [Maran Capital](#)
- [Greenhaven Road](#)
- [Fairlight Alpha](#)
- [Alluvial Capital](#)
- [Hayden Capital](#)

Let us know if you find any good ideas inside.

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

# The Vault: Lessons From Commodities Corp

Commodities Corp is one of the most successful pod shops ever. It produced legendary traders like Kovner, Brandt, Michael Marcus, and Paul Tudor Jones.

Hell, we model Macro Ops after these guys!

There are lessons on risk management, position sizing, trading psychology, and more.

You'll love it.

Download the report [here](#).



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## Teachings From Commodities Corporation



## HUD Focus: Copper's Time To Shine?

Copper sentiment reached new lows this week. [Read this Bloomberg article](#) if you don't believe me.

# Hedge Funds Bet Against Copper for First Time in Three Years

- Copper prices have tumbled this month as China disappoints
- The shift is being led by momentum-driven CTAs, TD says

Trend following is the most popular trading strategy for CTAs. They sell lows, buy highs, and get chopped in between.

This means CTAs trade on price action versus underlying fundamental drivers.

I've preached the long-term bullish copper story throughout these Market Notes. But it hasn't mattered in the short-to-medium term. Copper is down 15% over the past year and down ~8% in the last month.

Let me be clear. I don't want to be The Boy Who Cried Copper. There are other markets to study, and I want to own what's working, regardless of my fundamental biases.

The HUD suggests we might have a bottom in copper here. I know, don't hold your breath. But let's examine the data.

First, check out the weekly chart below.

BrandonBeylo published on TradingView.com, May 27, 2023 20:41 UTC-4

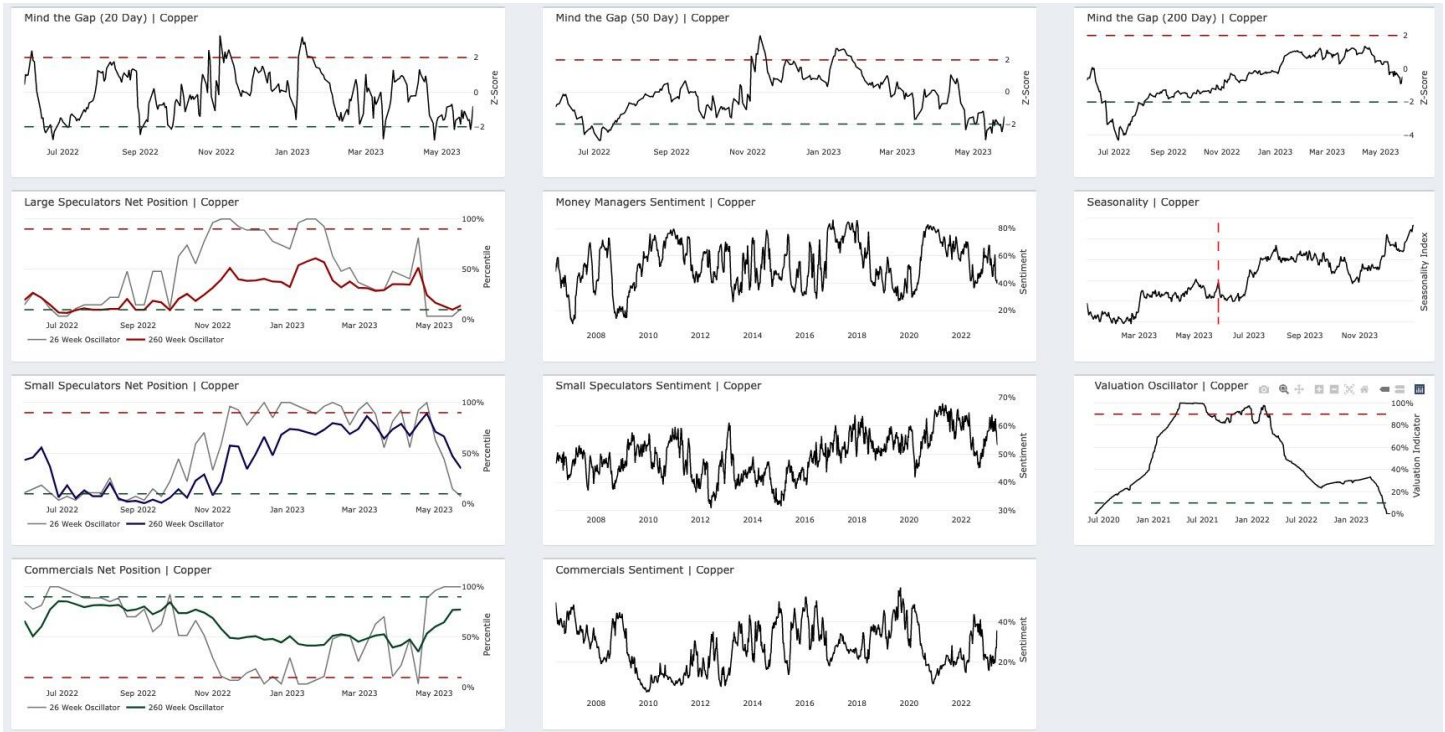


Copper held the 200MA for the fourth time *and* closed well above its lows heading into an extended weekend.

The red metal is *still* in a bull trend. Despite what you may hear on FinTwit.

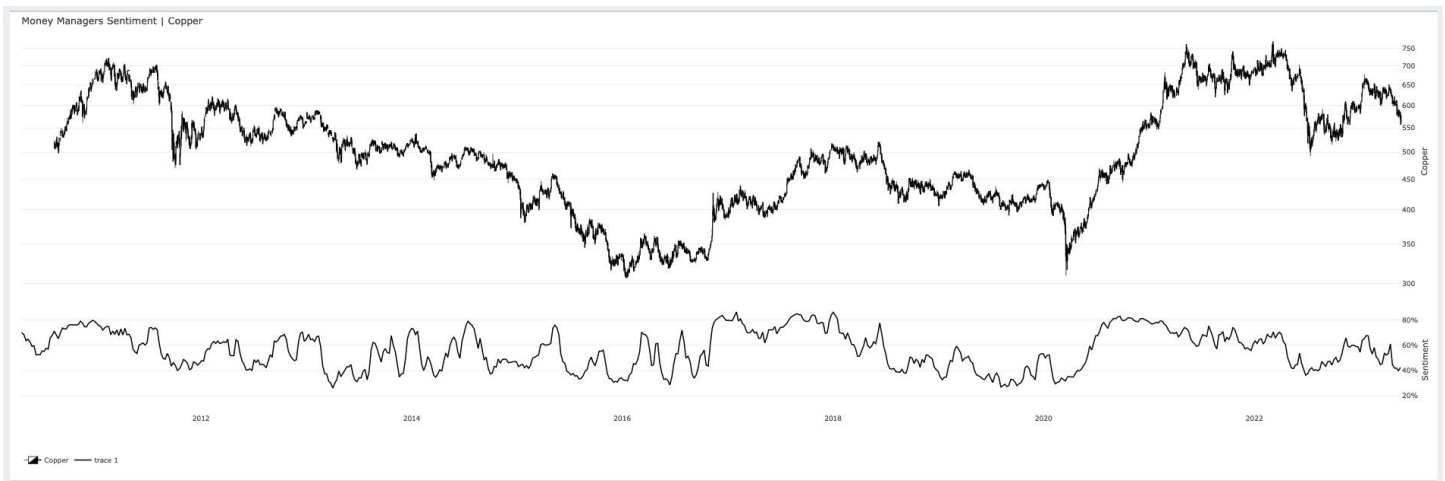
Next, there's the HUD data (see below).



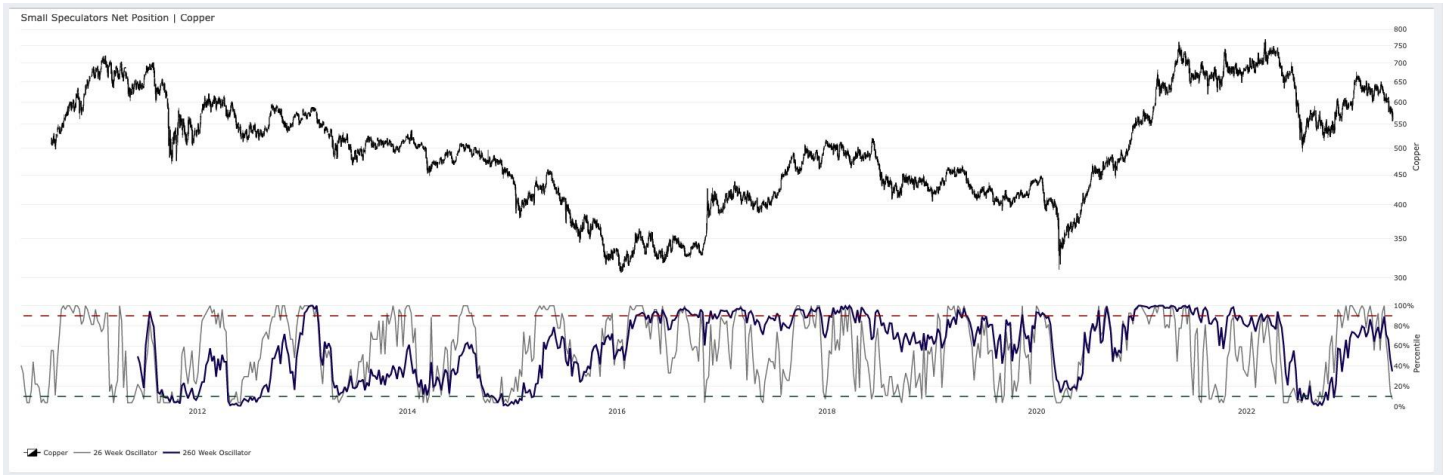


We have seven indicators triggering a potential buy setup.

Money Manager Sentiment below 40% has historically signaled a copper bottom (see below).



The same goes for Small Speculators.



Here's how I would play the copper trade.

I'd wait for a weekly bull close at the 200MA support level. Then, I'd put a buy stop a tick above the bull bar's highs and a sell stop a tick below the lows.

[\\*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](#)
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- [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](#)