



Macro Ops

Play The Player Report

*Playing the game of markets at the fourth degree
and above...*

- **Trend Fragility Indicator** (a composite of sentiment & positioning) inched up last week to 54%, which is neutral and supportive of the broader uptrend.
- **Weekly Nervous & Numb indicator**, which looks at the relationship between the SPX and VIX, is dropping fast and at its current trajectory will trigger a buy signal within the next two weeks if its current trend remains intact.
- **Aggregate Equity Net Speculator positioning** is in its 77th 3yr percentile while Hedge Fund positioning (slide 4) has collapsed to 1yr lows – this is bullish.
- **Market Internals:** We're seeing some continued weakness in Semis/SPX though credit spreads, VIX curve, and Cyclical vs Defensives still support the trend up – I believe these are the most important charts to be watching in order to confirm or disconfirm this trend.
- **Liquidity:** Rising yields are the primary headwind to stocks. Remember, it's the *rate-of-change* and not the levels that matter here. And right now, the 10yr is over 2std above its 250-day average. We should expect elevated chop and volatility until we see yields find a temporary ceiling. On the plus side, general financial conditions remain loose and supportive of risk assets ([slide 13](#)).
- **Relative Performance:** Somewhat surprisingly, the best performing sector last week was gold miners (up 5%), followed by Utes (+3.6%) and Metals and Mining (+3.2%) ([slide 6](#)).
- **Market Regimes:** SPX, Qs, and Dow are in Bull Quiet or Blended Bull regimes, while small-caps are in a neutral sideways regime. Path of least resistance is up though expect increased chop & vol in near term.

Indicator	Value
Trend Fragility Indicator	
Put Call Ratio	
AAll Bull Bear	
NAAIM	
Large Speculators Net Positioning	
Aggregate Fund Flows	



General Sentiment/Positioning Summary:

Two things continue to surprise me with this market. One is the speed of the bearish reaction function. Markets don't top when the recessionista/Zerohedge crowd is quick to crawl out from their parent's basements and yell into the twitter void about an impending bear. That's just not how this works.

Markets top when investors get over their skis. Investors get over their skis when they become complacent. They become complacent from repeated successful dip buying in the market and a consensus narrative that's spouting all sunshine and roses. And while we've come a LONG ways from the pervasive pessimism at the start of the year. The fear impulse remains strong after each little pullback in the market. There's still skepticism of this rally. And skepticism is prime fuel for a bull trend.

This isn't just my subjective take either. It's clearly visible in the data. We can see in our Weekly Nervous & Numb indicator quickly trending towards a Buy Signal. We can see it in BofA's "Sentiment Stack" which a percentile ranking of growth expectations, cash levels, and equity allocations. It's currently in the sub 30th percentile (next slide). We can see it in Hedge Fund positioning which fell over the past few weeks to year lows, etc...

Secondly, the resiliency of cyclical vs defensive trend has been relentless. This signaled the bottom back in early October 22' and has led the way since. If we could only look at one thing to signal that this rally is nearing an end, it's this chart.

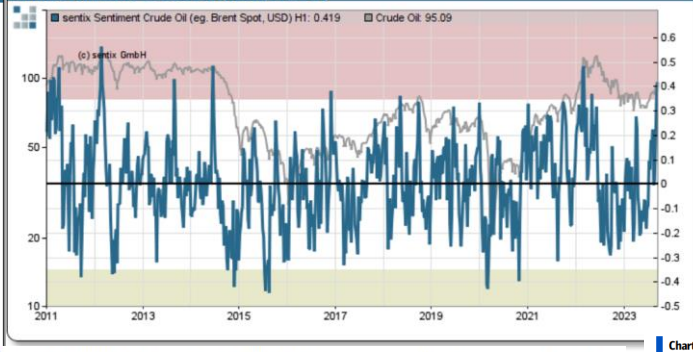
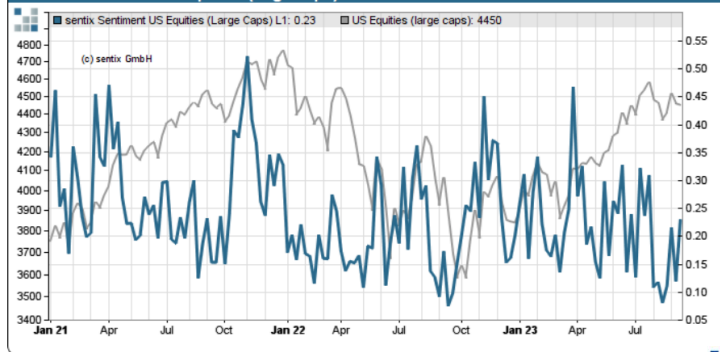
We have the FOMC this week. We'll see how the vol structure looks Tues to decide whether we'll put on our [FOMC Fade Trade](#) and we'll alert the group when we do.

There appears to be a growing disconnect between the bond market and the increasingly popular "no landing" narrative. The market is currently pricing in 100bps of cuts by December of next year. And if the economy ends up "not landing" and continues to experience strong growth plus a resilient labor market, then these cuts will need to be priced out. This means we'd see higher for longer; a de facto further tightening.

The chart of 10yr Notes points solidly lower as the entire UST curve remains in a Bear Volatile regime, so the path of least resistance remains down for now (yields up).

Positioning in oil is getting elevated (see sentix chart on next slide) while the tape is over 2std above its 20, 50, and 200 day moving averages. We'll likely see some reversion soon, but momentum is strong with WTI going out on its highs last week. And parabolic moves tend to last longer than anybody expects them to, so we will not look to fade and just continue to benefit through our energy equities.

Lastly, USD positioning is still quite bearish. We've participated in the USD rally through our long USDCNH position. But we're kicking ourselves for being too picky with our EURUSD and GBPUSD short entries. It is what it is. We'll still look to enter if given a technical entry, but I fear that train might have left the station.



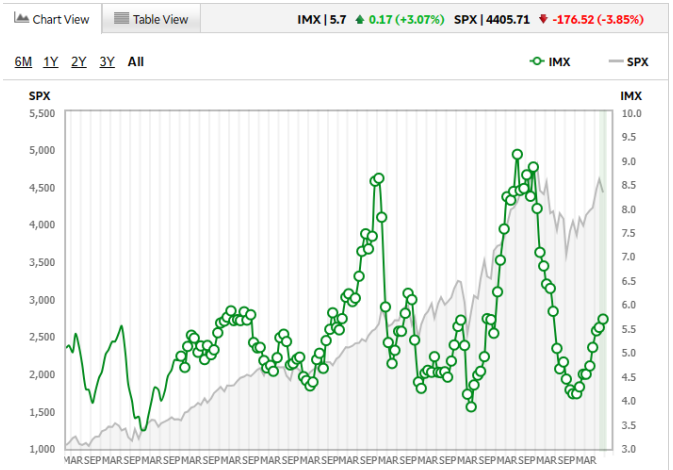
Powell could still hammer U.S. stocks on Wednesday even if the Fed doesn't hike interest rates

Has it become easier to beat the market?

sentix Sentiment US equities (bullish %) and S&P 500

IMX vs S&P 500

The Investor Movement Index, or the IMX, is a proprietary, behavior-based index created by TD Ameritrade designed to indicate the sentiment of retail investors.



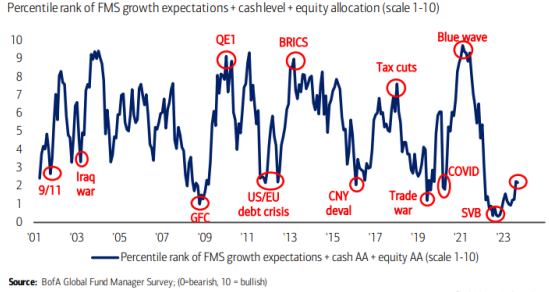
9/16/2023

Chart 1: Institutional investors' stock allocation closing gap with individual investors' allocation



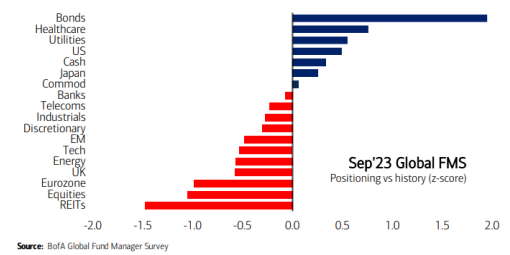
Source: BofA Global Fund Manager Survey, Bloomberg (AAI = American Association of Individual Investors)

Chart 2: FMS sentiment static in September

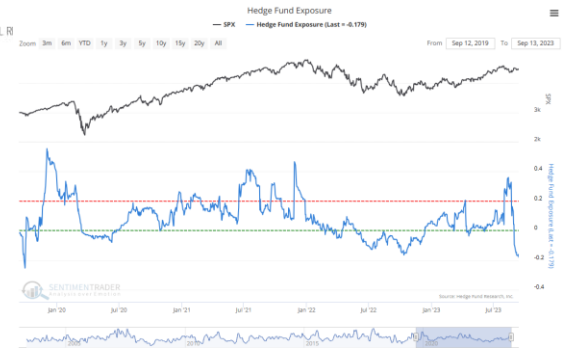


Source: BofA Global Fund Manager Survey; (0=bearish, 10 = bullish)

Chart 21: FMS OW bonds, healthcare, utilities and UW REITs, equities, EU vs history



Source: BofA Global Fund Manager Survey





Trend Fragility

Trend Fragility | Weekly Nervous and Numb



	ticker	name	weekly	monthly	quarterly	one_year	three_year	sqn	
US	IWV	Russell 3000	-0.11%	0.27%	1.98%	11.09%	27.02%	Bull Quiet	
	QQQ	Nasdaq 100	-0.34%	1.19%	1.33%	23.31%	31.56%	Bull Quiet	
	SPY	S&P 500	-0.33%	0.11%	1.41%	12.04%	28.31%	Bull Quiet	
	BTCUSD	Bitcoin	5.33%	1.98%	-13.29%	44.85%	-61.02%	Neutral	
	DIA	Dow Jones	0.13%	-1.00%	1.67%	10.47%	22.25%	Neutral	
	IWM	Russell 2000	-0.39%	-2.44%	-1.24%	0.74%	20.79%	Neutral	
	ETHUSD	Ethereum	5.16%	-0.78%	-16.78%	25.64%	-68.08%	Bear Quiet	
	Sector	ITB	Home Construction	-4.28%	-8.29%	2.73%	40.41%	39.42%	Bull Quiet
OIH		Oil Services	1.39%	5.47%	26.71%	39.74%	116.30%	Bull Quiet	
SMH		Semiconductors	-3.03%	-1.38%	-5.81%	36.19%	56.99%	Bull Quiet	
XHB		Homebuilders	-3.39%	-5.64%	4.37%	29.13%	40.76%	Bull Quiet	
XLC		Communications Services	1.12%	0.74%	4.90%	24.50%	12.16%	Bull Quiet	
XLK		Technology	-2.07%	0.60%	-2.06%	24.65%	40.23%	Bull Quiet	
XLY		Consumer Discretionary	1.79%	2.28%	3.70%	8.36%	16.22%	Bull Quiet	
XOP		Oil & Gas Exploration	-0.84%	3.51%	18.59%	6.14%	121.39%	Bull Quiet	
GDXJ		Junior Gold Miners	5.10%	5.01%	-2.32%	16.82%	-48.55%	Neutral	
KBE		Banks	1.91%	-2.26%	3.73%	-21.53%	21.73%	Neutral	
KRE		Regional Banks	1.75%	-3.53%	2.03%	-35.94%	15.42%	Neutral	
XLB		Materials	-0.01%	0.20%	1.05%	7.26%	22.77%	Neutral	
XLE		Energy	0.92%	4.84%	13.86%	13.97%	103.70%	Neutral	
XLF		Financials	1.74%	1.80%	4.76%	4.34%	34.33%	Neutral	
XLI		Industrials	-1.10%	-2.39%	0.91%	12.95%	30.23%	Neutral	
XLRE		Real Estate	-0.19%	-0.05%	-2.10%	-12.65%	3.43%	Neutral	
XLV		Health Care	0.10%	-2.53%	1.52%	3.98%	23.42%	Neutral	
XME		Metals and Mining	3.12%	4.80%	8.04%	9.06%	80.01%	Neutral	
XRT		Retail	-0.13%	-5.00%	-0.67%	-1.66%	22.34%	Neutral	
XTL		Telecommunications	-1.13%	-2.73%	-4.32%	-12.75%	6.26%	Neutral	
		GDX	Gold Miners	4.97%	5.21%	-3.80%	19.64%	-32.56%	Bear Quiet
		IBB	Biotechnology	-0.21%	-1.10%	-2.87%	3.02%	-0.93%	Bear Quiet
		XLP	Consumer Staples	0.61%	-2.17%	-2.45%	0.36%	10.84%	Bear Quiet
	XLU	Utilities	3.62%	3.00%	-1.95%	-15.78%	9.71%	Bear Quiet	
Fixed Income	IEF	7-10 Yr Treasuries	-0.43%	-0.76%	-3.64%	-6.04%	-27.05%	Bear Quiet	
	SHY	1-3 Yr Treasuries	-0.06%	-0.04%	-0.31%	-1.09%	-6.68%	Bear Quiet	
	TLT	20+ Yr Treasuries	-1.12%	-1.73%	-9.30%	-14.69%	-57.06%	Bear Quiet	

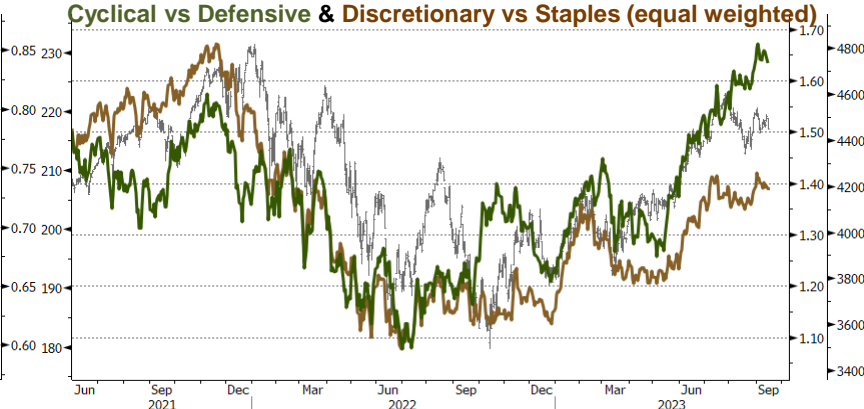
	ticker	name	weekly	monthly	quarterly	one_year	three_year	sqn
Global	EWJ	Japan	1.21%	4.58%	-1.28%	20.45%	7.31%	Bull Quiet
	EWZ	Brazil	6.73%	5.22%	-0.56%	4.57%	6.96%	Bull Quiet
	INDA	India	1.27%	4.28%	5.33%	3.66%	28.62%	Bull Volatile
	VNM	Vietnam	-3.16%	-1.66%	12.15%	1.96%	1.08%	Bull Volatile
	EEM	Emerging Markets	1.29%	0.54%	-3.79%	1.99%	-11.57%	Neutral
	EFA	EAFE	1.25%	0.65%	-1.94%	15.53%	9.67%	Neutral
	EWA	Australia	2.23%	1.68%	-2.53%	2.83%	9.87%	Neutral
	EWC	Canada	3.64%	3.67%	2.50%	2.91%	23.51%	Neutral
	EWI	Italy	1.72%	0.10%	1.98%	28.91%	20.79%	Neutral
	EWP	Spain	2.31%	0.07%	0.75%	23.69%	20.79%	Neutral
	EWU	United Kingdom	2.84%	1.93%	0.12%	11.81%	22.32%	Neutral
	EWX	Mexico	1.43%	-3.61%	-6.73%	25.75%	57.95%	Neutral
	FXI	China	0.96%	-0.11%	-4.57%	-4.74%	-44.82%	Neutral
	GREK	Greece	0.09%	-4.84%	-3.75%	42.78%	52.99%	Neutral
	TUR	Turkey	-4.82%	4.78%	26.19%	46.61%	62.11%	Neutral
Commodity	EWG	Germany	0.88%	-1.71%	-4.40%	21.29%	-10.35%	Bear Quiet
	EWH	Hong Kong	-1.19%	-3.53%	-12.37%	-12.57%	-24.55%	Bear Quiet
	EWQ	France	1.66%	-1.15%	-1.26%	22.18%	23.40%	Bear Quiet
	DBA	Agriculture	1.99%	5.81%	4.63%	7.72%	40.77%	Bull Quiet
	DBC	Commodities	2.06%	6.10%	11.75%	-0.31%	68.26%	Bull Quiet
	USO	Oil	4.20%	11.28%	27.36%	12.12%	110.07%	Bull Quiet
	GLD	Gold	0.18%	0.99%	-1.28%	11.77%	-2.28%	Neutral
	SLV	Silver	0.28%	2.11%	-3.99%	16.89%	-16.51%	Neutral
	UNG	Natural Gas	2.38%	-5.15%	5.43%	-145.34%	-57.32%	Neutral
	Currency	USDAUD	USDAUD	-0.50%	-0.40%	6.17%	6.78%	10.40%
USDJPY		USDJPY	0.44%	0.91%	6.34%	11.22%	29.72%	Bull Quiet
USDBRL		USDBRL	-2.38%	-0.13%	1.56%	-7.11%	-10.03%	Neutral
USDCAD		USDCAD	-0.68%	-0.53%	2.28%	0.65%	5.47%	Neutral
USDFX		USDFX	0.60%	1.43%	3.89%	-3.34%	-2.16%	Neutral
USDEUR		USDEUR	0.40%	1.13%	5.23%	-0.09%	9.16%	Neutral
USGBP		USGBP	0.83%	1.56%	5.54%	-2.39%	9.53%	Neutral
USDNZD		USDNZD	-0.00%	0.02%	7.66%	7.36%	14.67%	Neutral
USDSEK	USDSEK	0.91%	1.32%	10.01%	6.23%	24.03%	Neutral	



Market Internals



SPX Index (S&P 500 INDEX) Semis vs SPX Daily 01JUN2021-16SEP2023 Copyright© 2023 Bloomberg Finance L.P. 16-Sep-2023 17:37:25



SPX Index (S&P 500 INDEX) Cyclical v Defense XLI. Daily 01JUN2021-16SEP2023 Copyright© 2023 Bloomberg Finance L.P. 16-Sep-2023 17:37:35



SPX Index (S&P 500 INDEX) LQD/IEF Daily 01JUN2021-28NOV2023 Copyright© 2023 Bloomberg Finance L.P. 16-Sep-2023 17:37:43



UX3 Index (Generic 3rd 'UX' Future) VIX Curve 3m/1m Daily 17SEP2021-16SEP2023 Copyright© 2023 Bloomberg Finance L.P. 16-Sep-2023 17:37:52

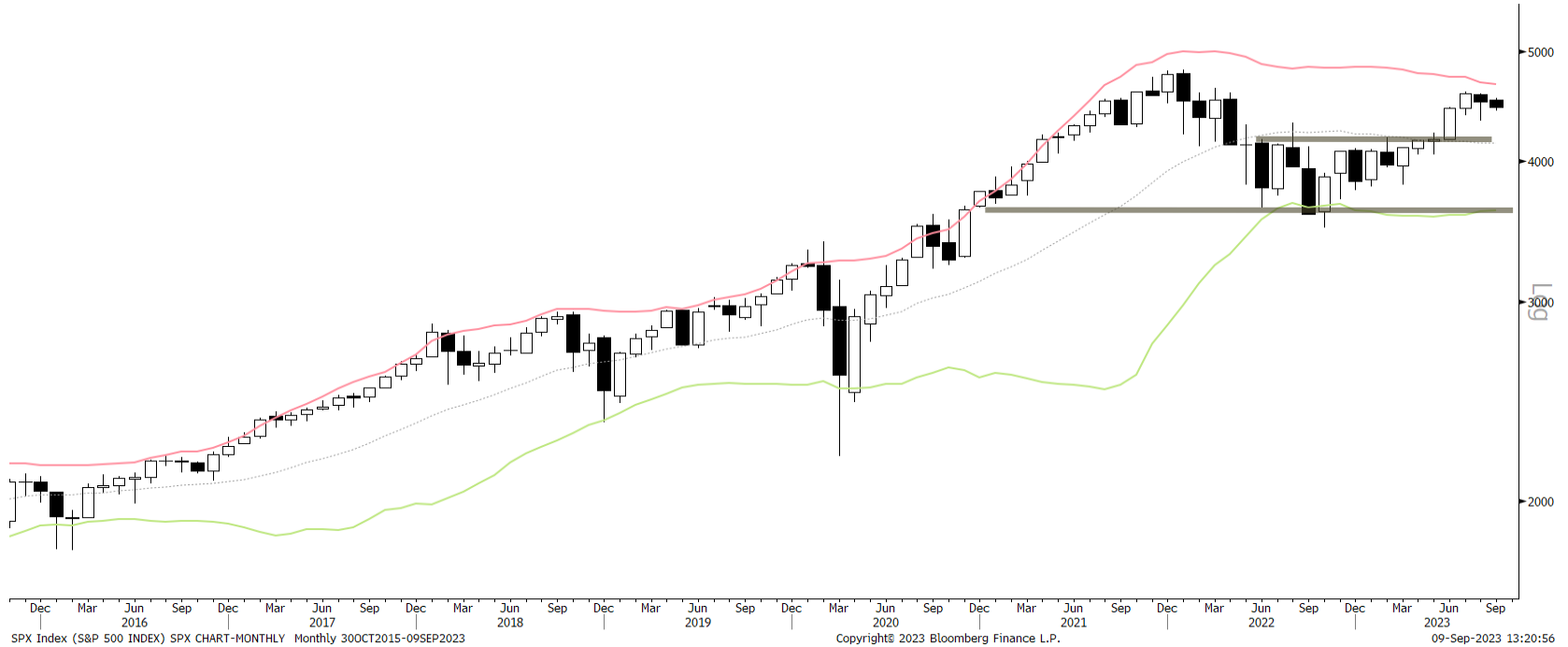
Short-term Breadth



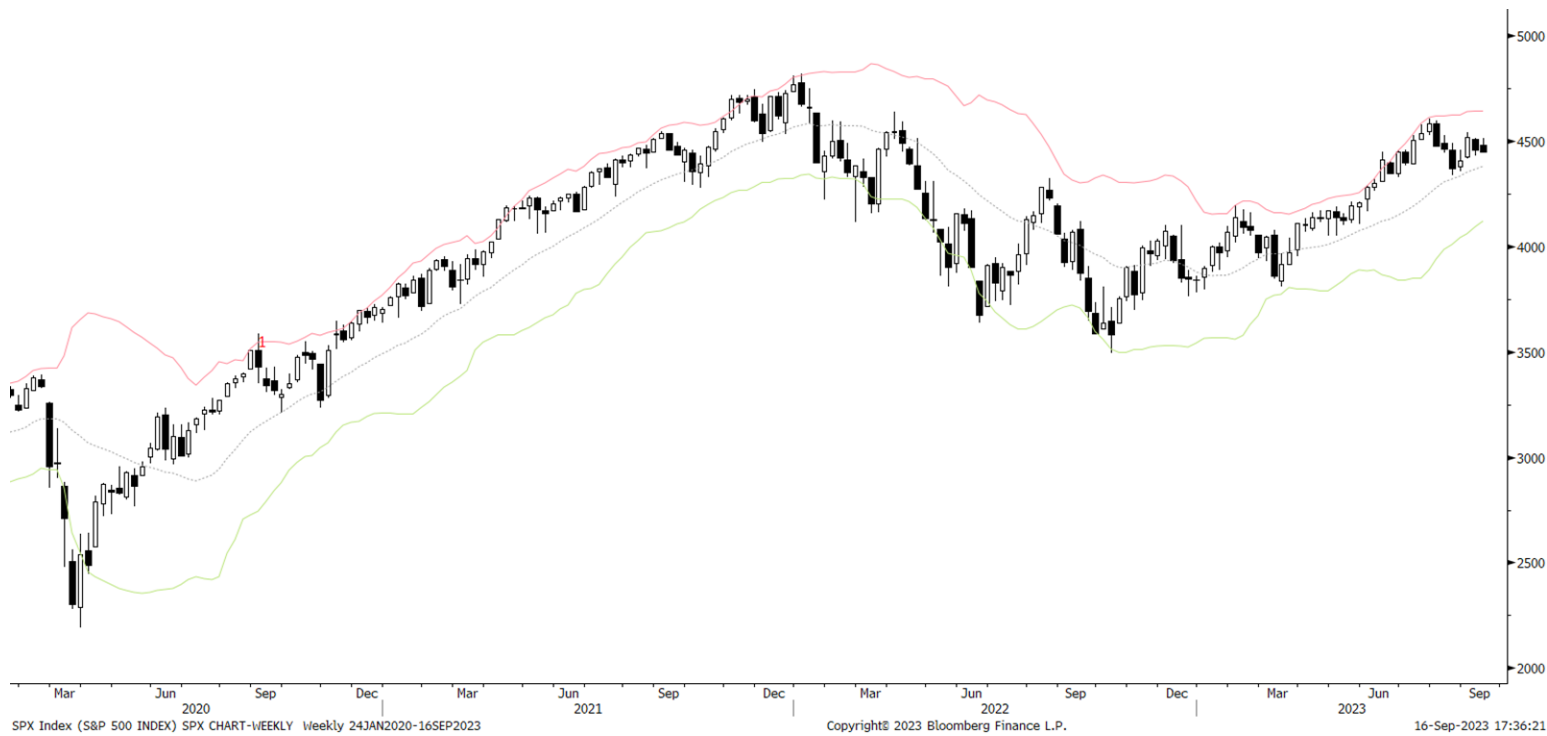
Short-term Breadth: McClellan Oscillator & Summation | Breadth: 10 Day SMA & 50 Day SMA



S&P 500 Monthly








S&P 500 Weekly



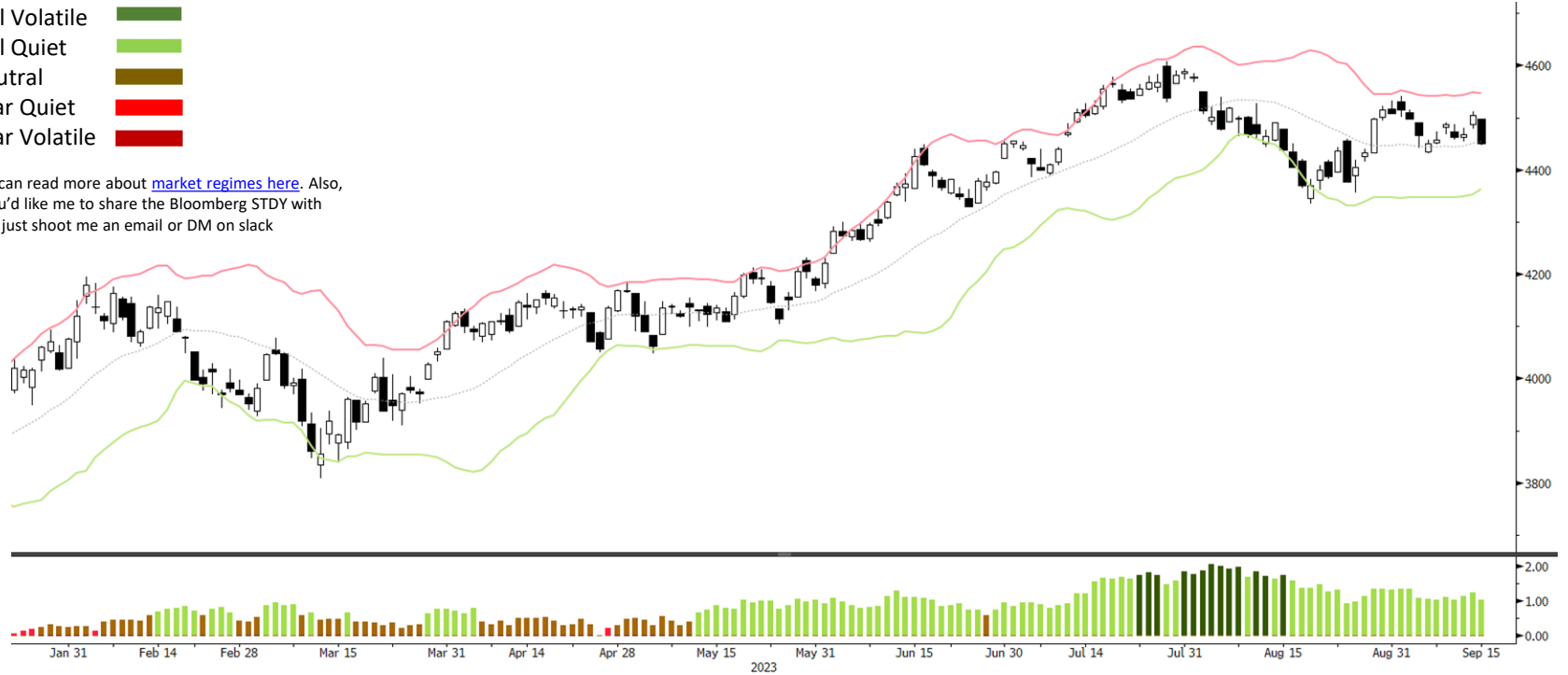
S&P 500 Daily



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

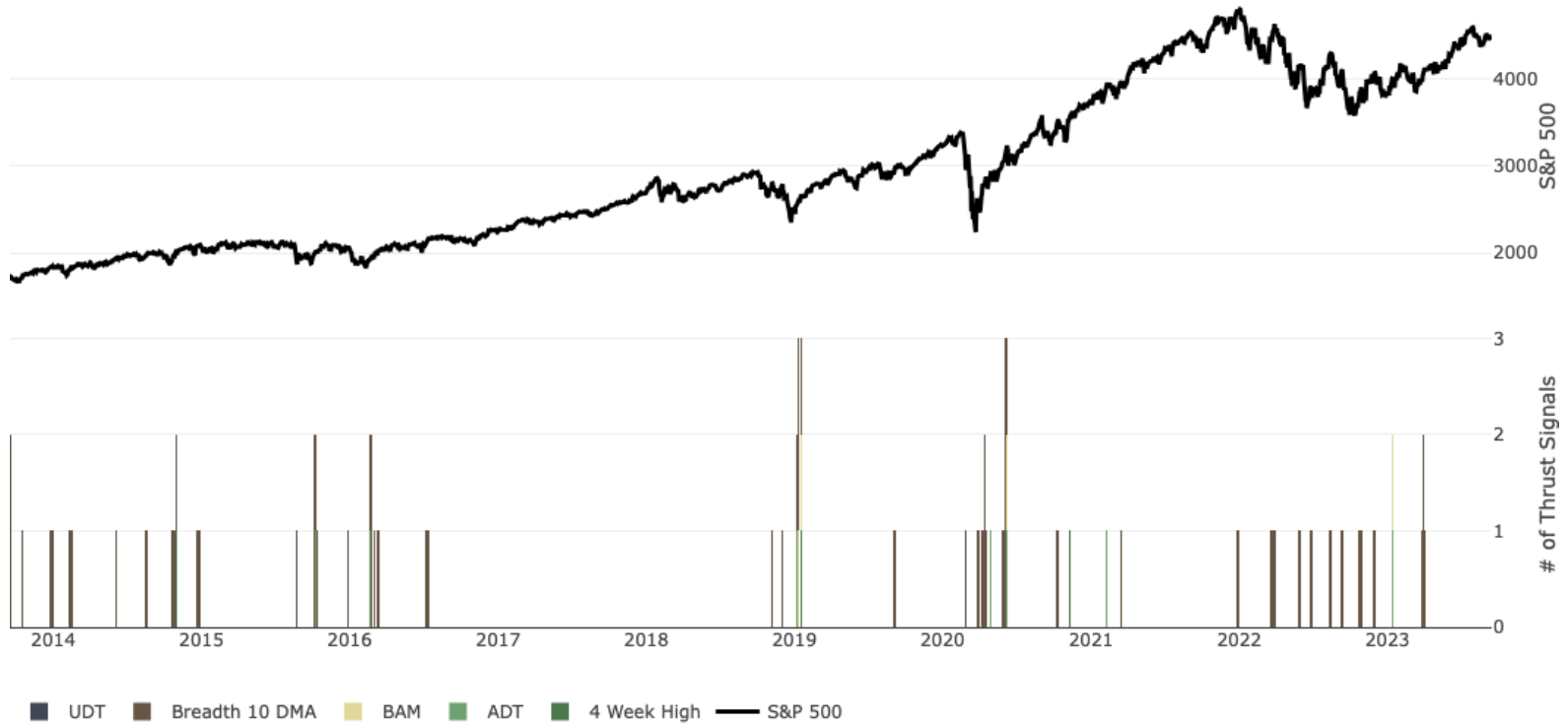


SPX Index (S&P 500 INDEX) SPX CHART-DAILY Daily 23JAN2023-22SEP2023

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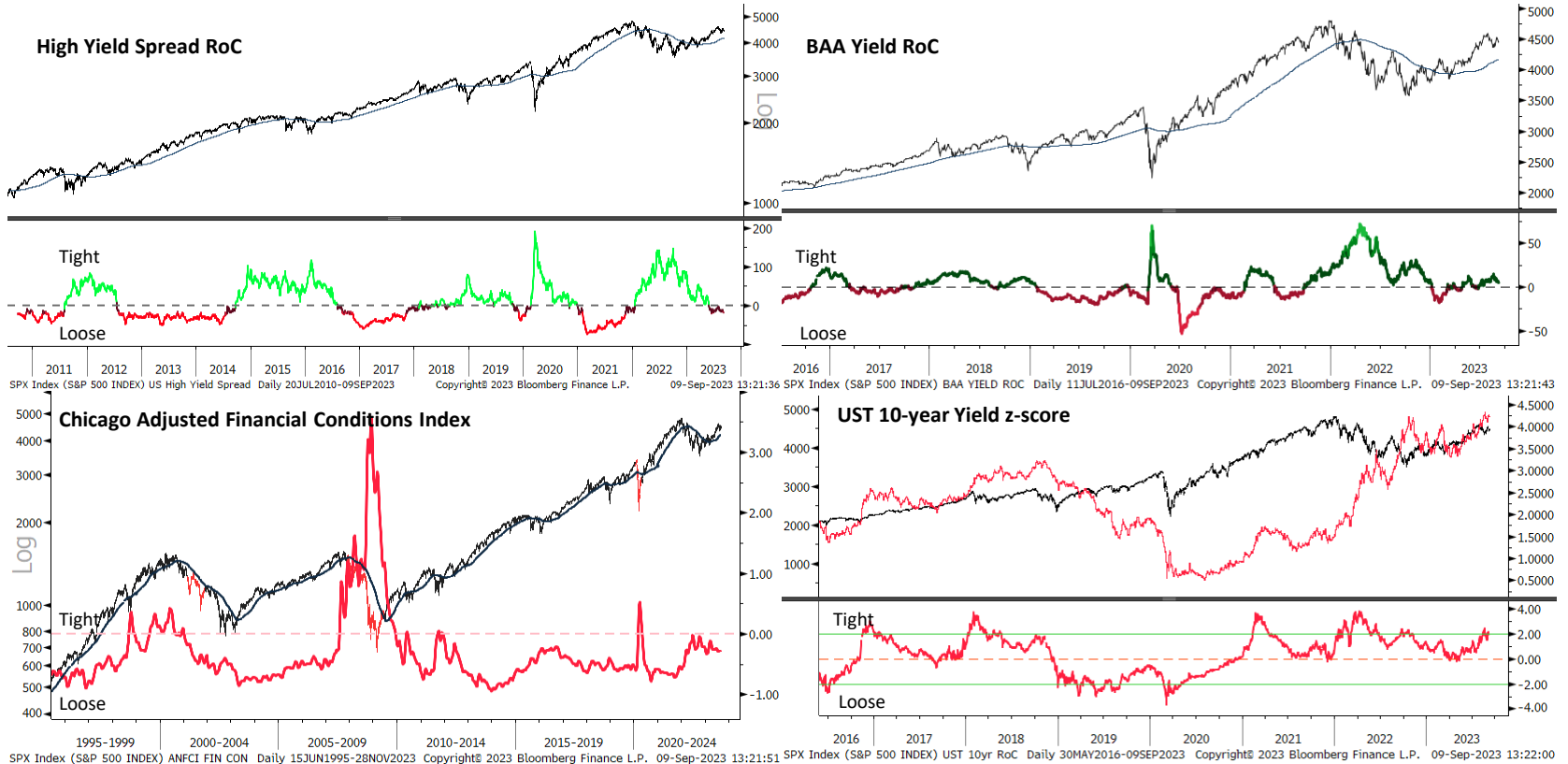
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Breadth Thrusts





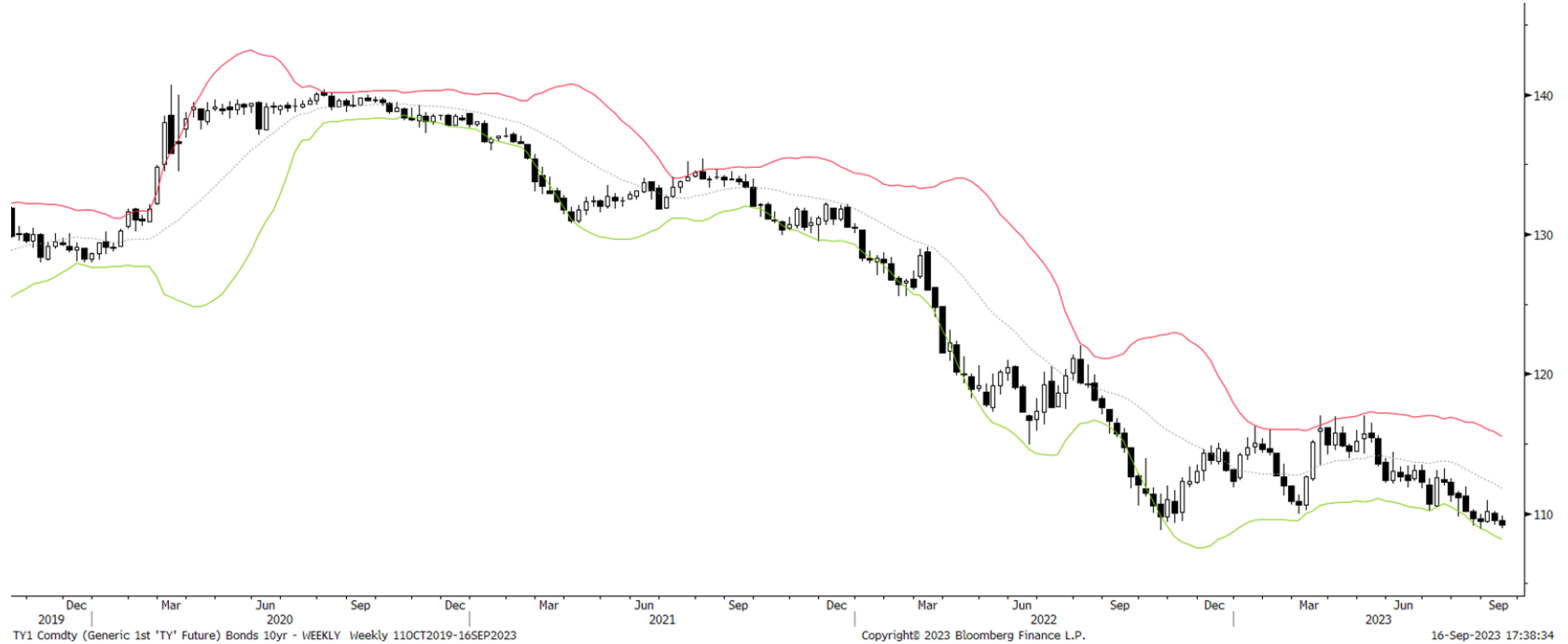
Liquidity



Bonds: 10-year Futures Monthly



Bonds: 10-year Futures Weekly



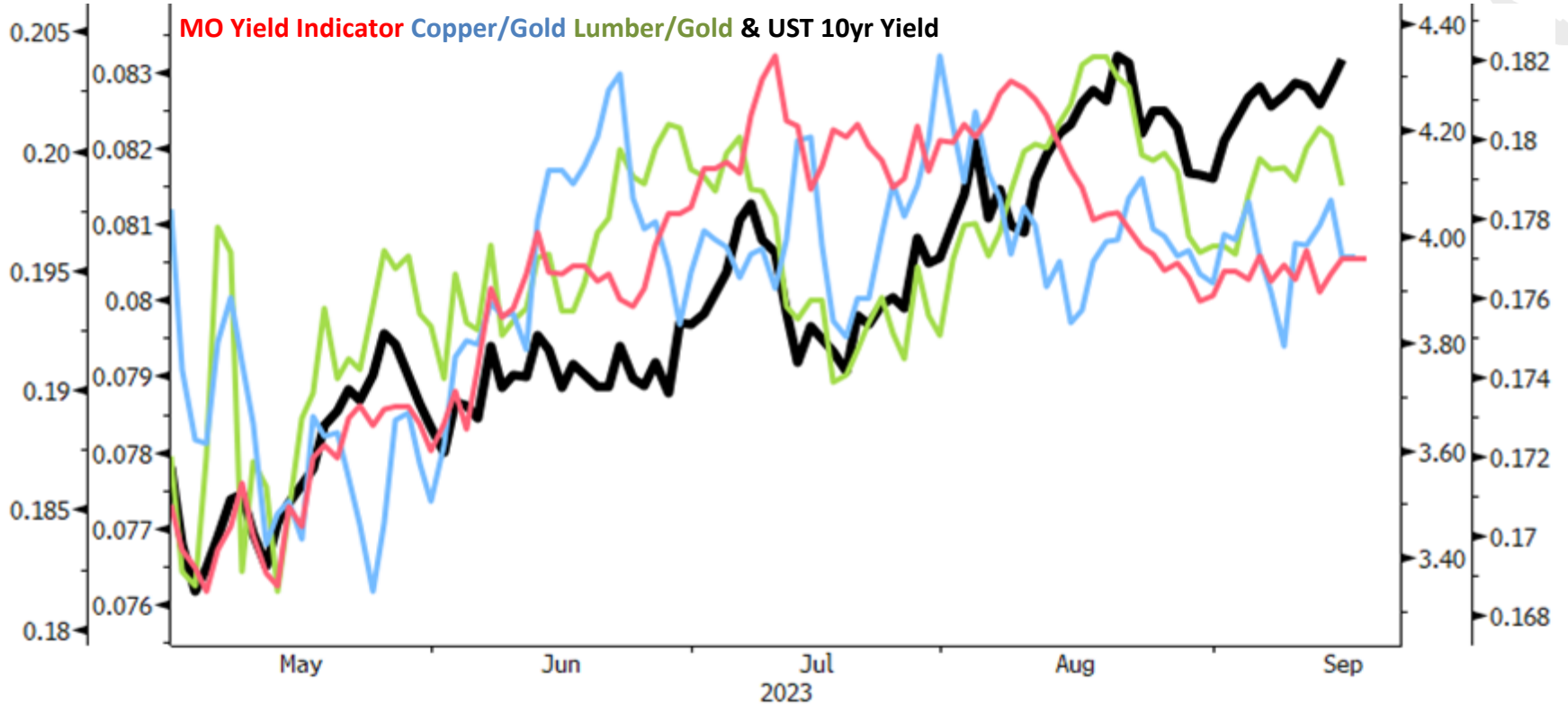
Bonds: 10-year Futures Daily



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Yield Leads



GSTHUSTY Index (Interest Rate Sensitive) rate sensitive vs yield Daily 01MAY2023-16SEP2023

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Trade Setups

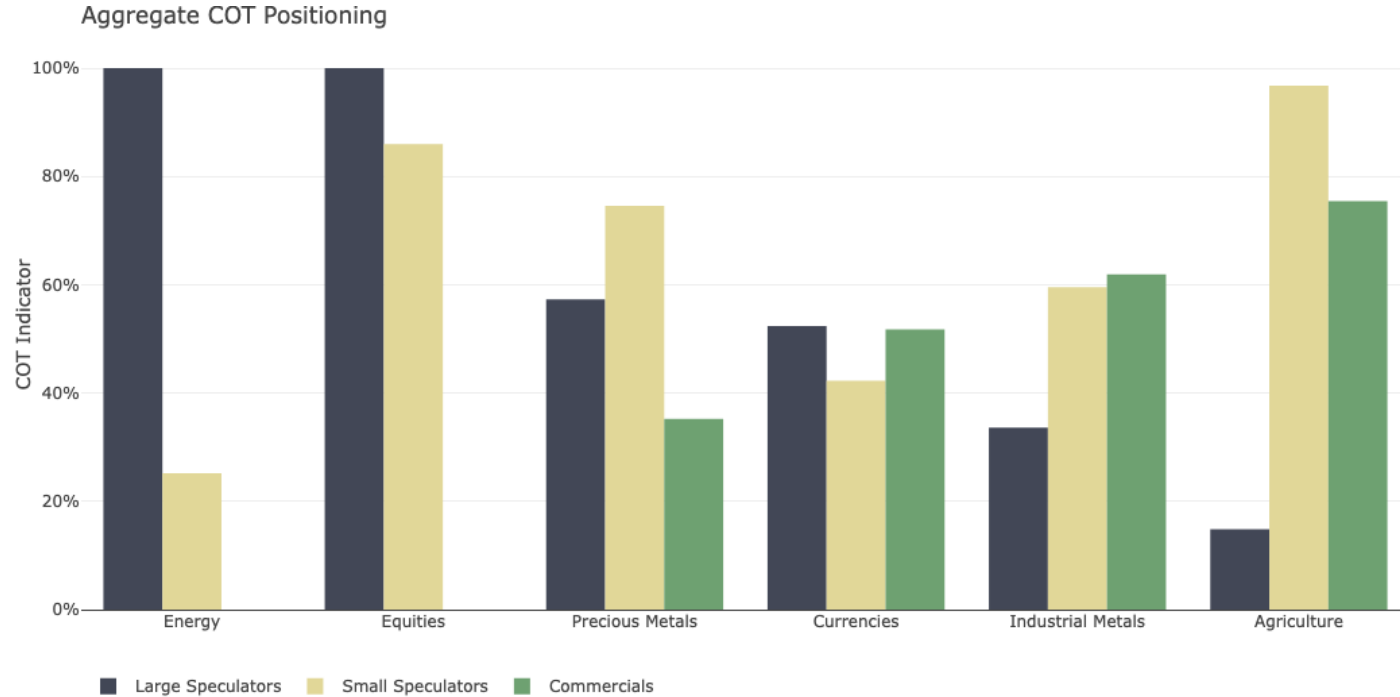
CoT Setups:

- Short Cotton (technical break / news failure)
- Short Cocoa (technical break / news failure)
- Short Oats (technical break/ news failure)
- Short EURUSD on pullback reversal to midline
- Short GBPUSD on pullback reversal to midline
- Long AUDUSD on double bottom confirmation
- Long Wheat on bottom confirmation

VBO/FVBO & Technical Setups:

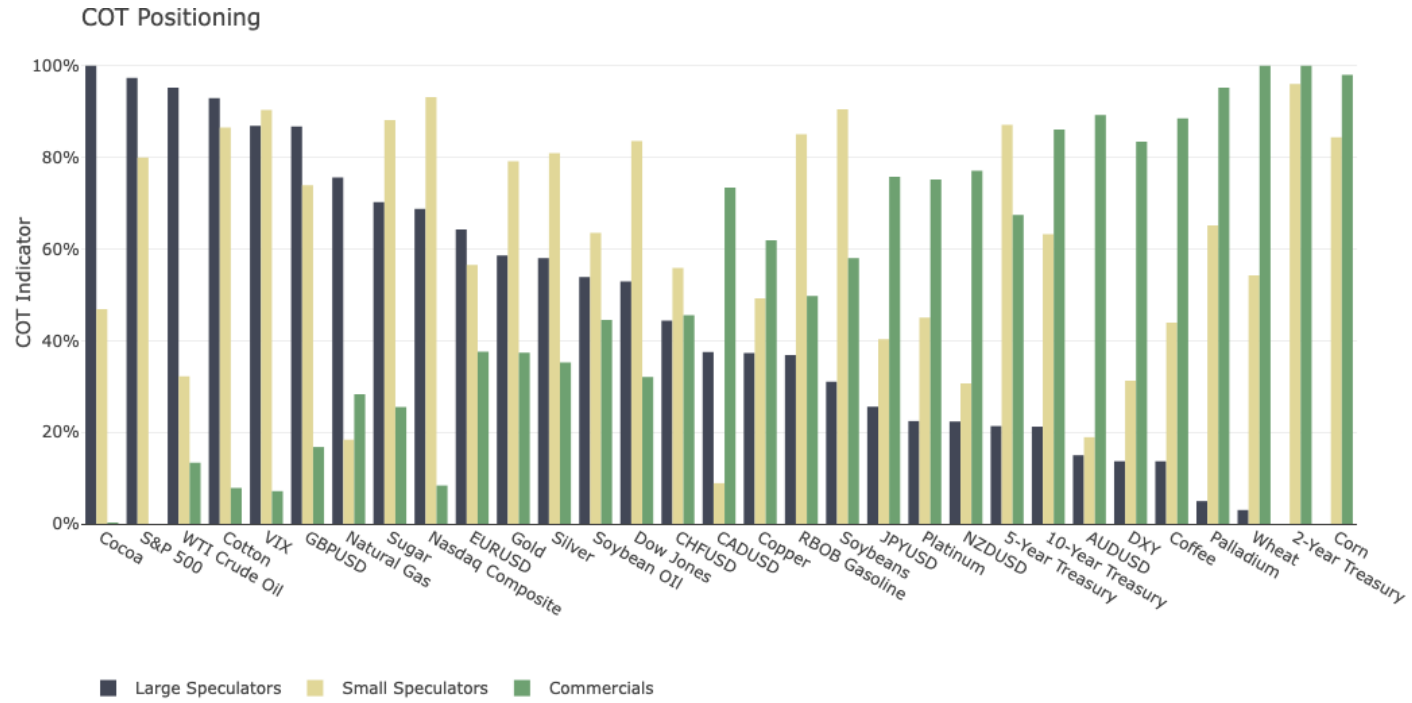
- Long USDMXN on pullback reversal near midline or breakout point

Aggregate COT Positioning

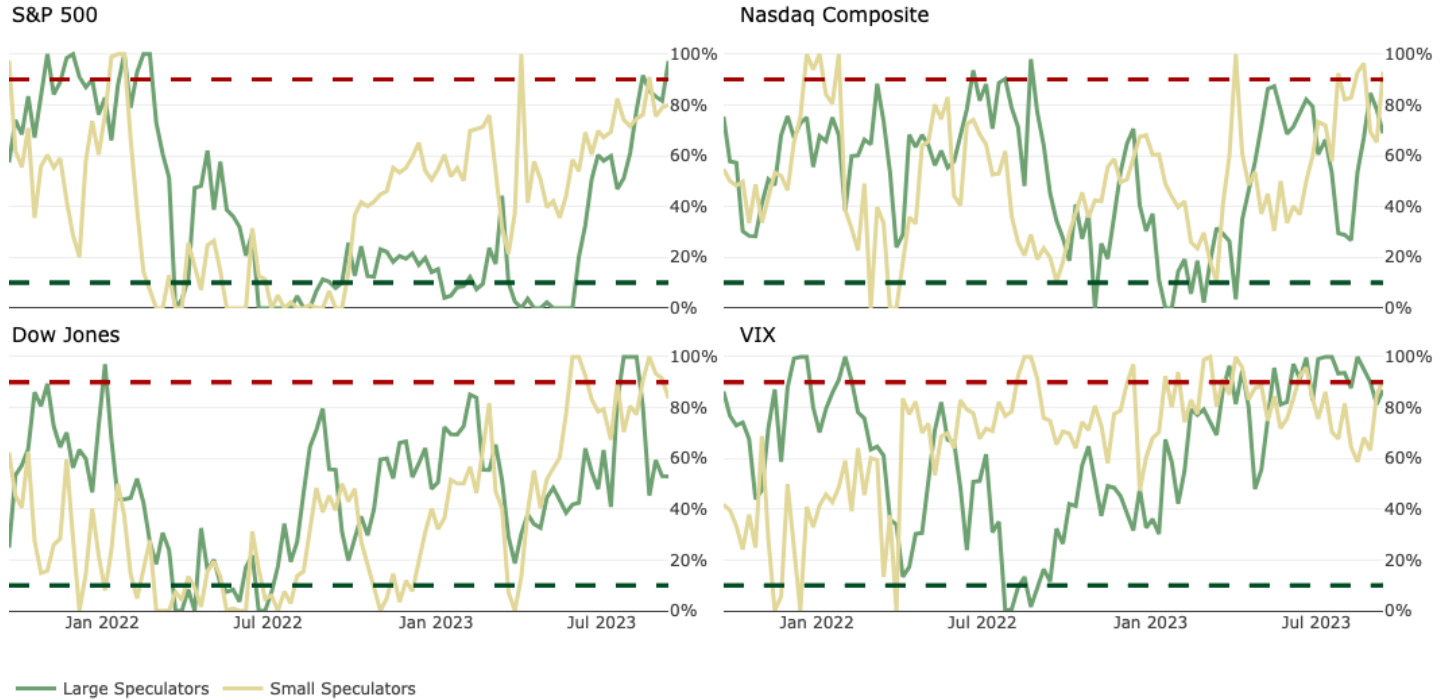




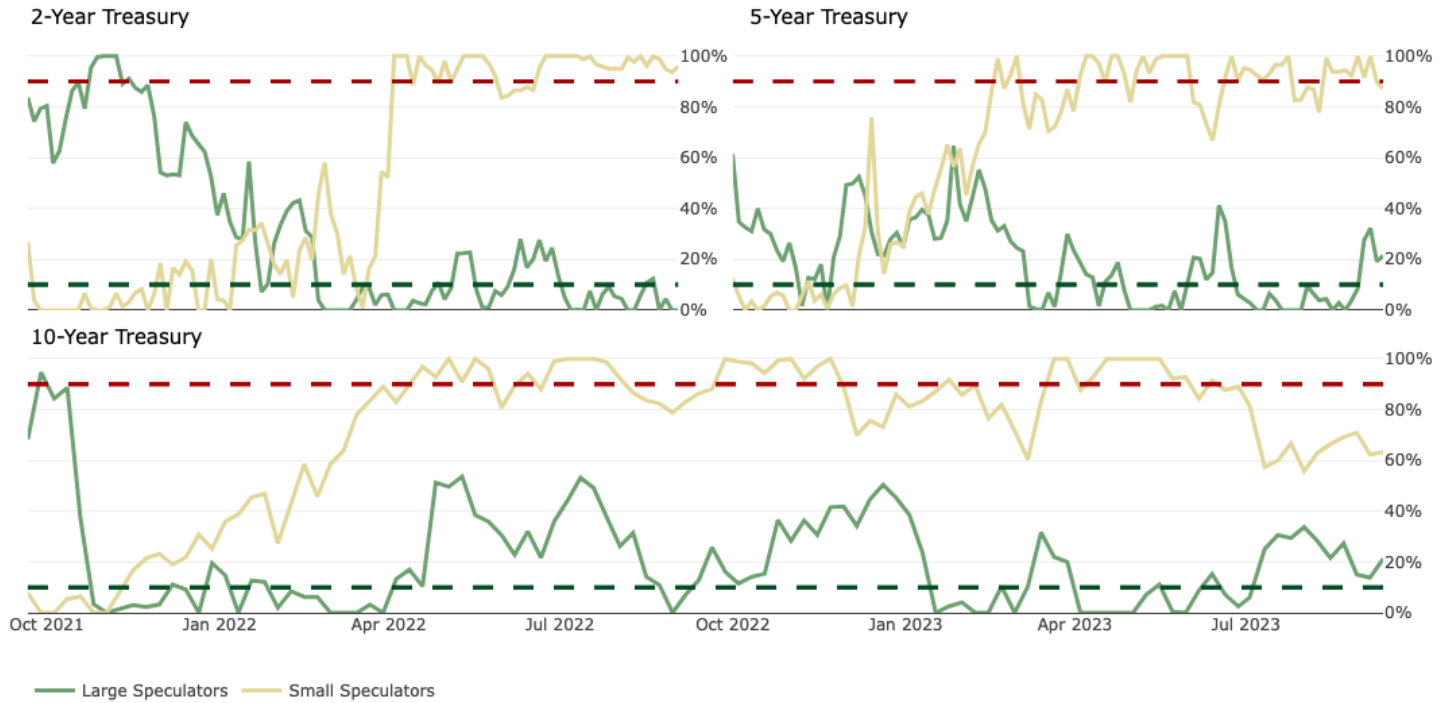
COT Positioning



Equities: S&P 500, Nasdaq, Dow Jones, VIX

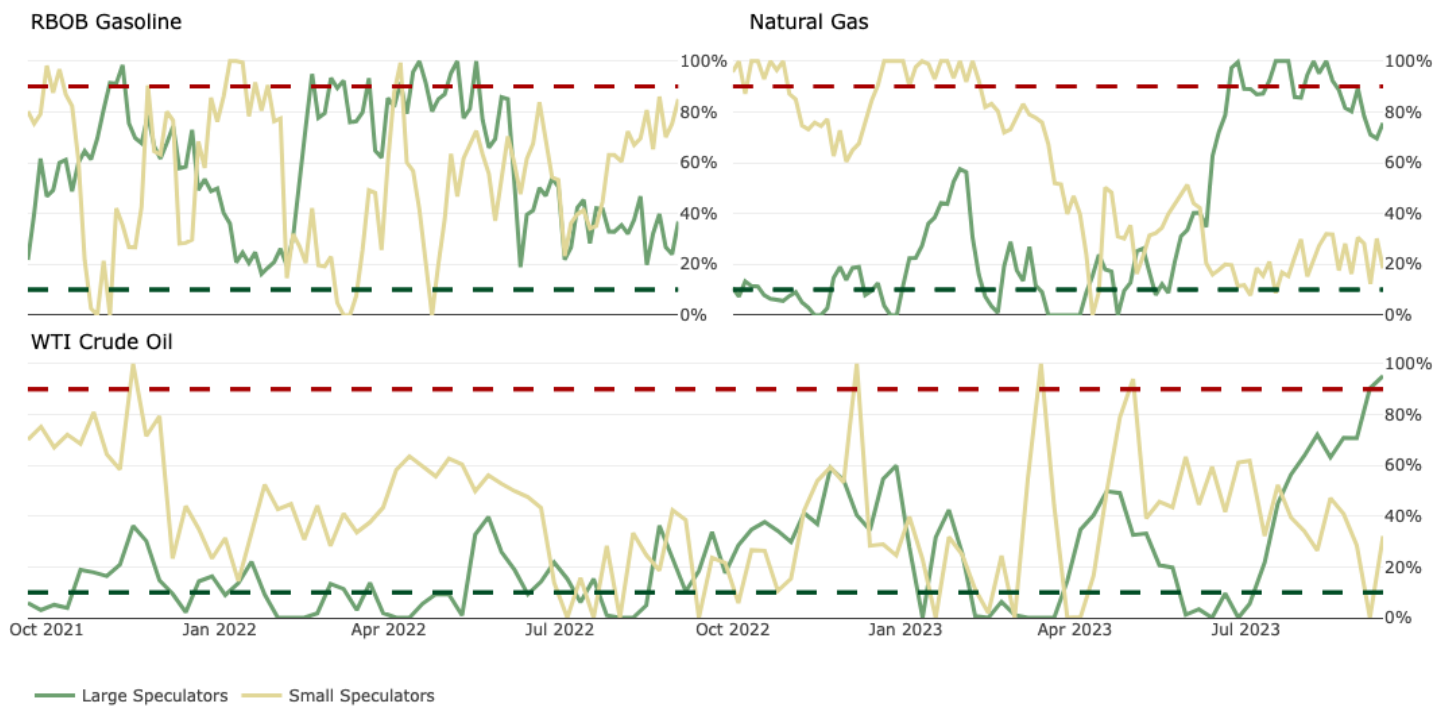


Fixed Income: 2-Year Treasury, 5-Year Treasury, 10-Year Treasury

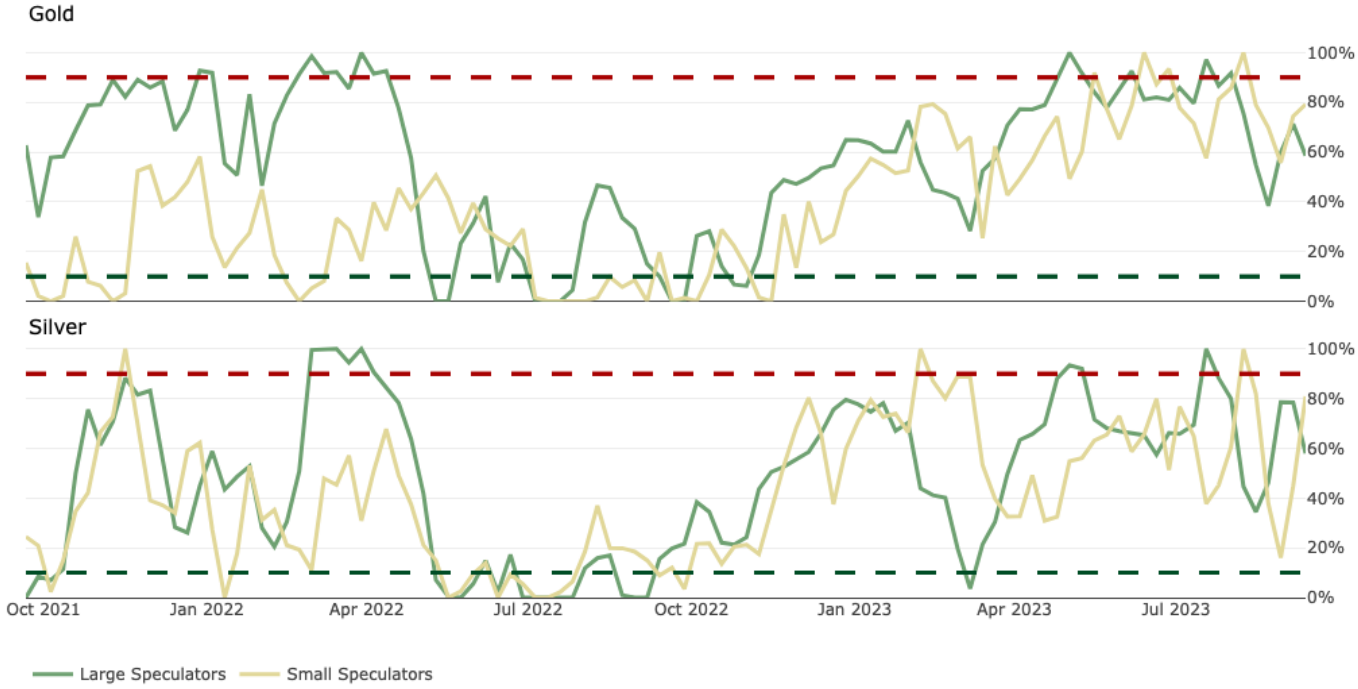




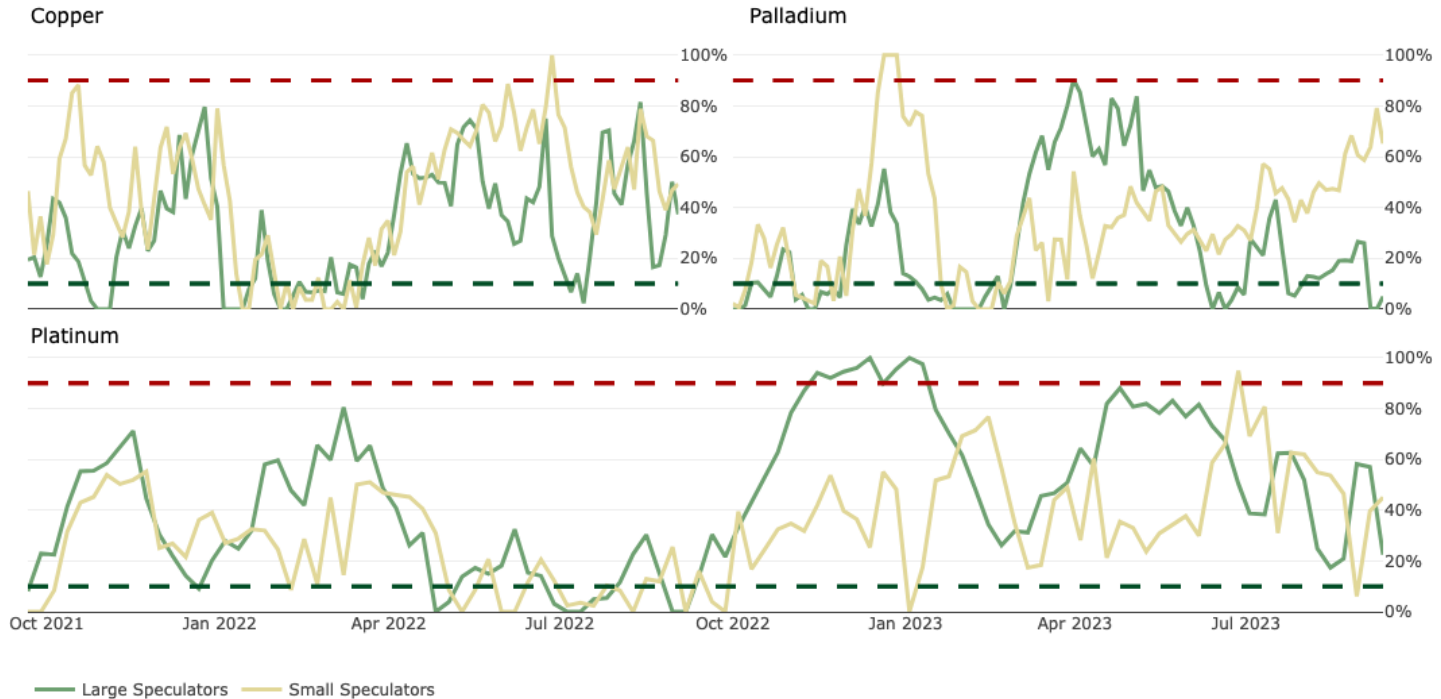
Energy: RBOB Gasoline, Natural Gas, WTI Crude Oil



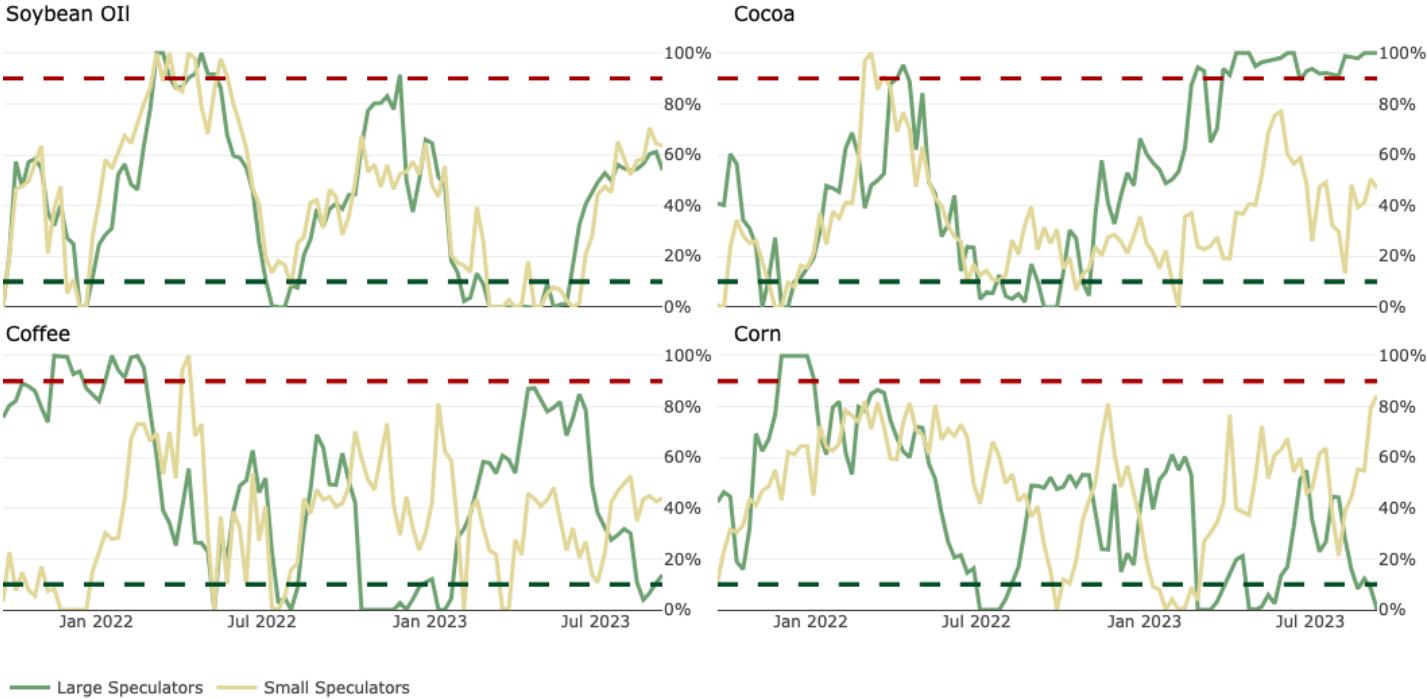
Precious Metals: Gold, Silver



Industrial Metals: Copper, Palladium, Platinum

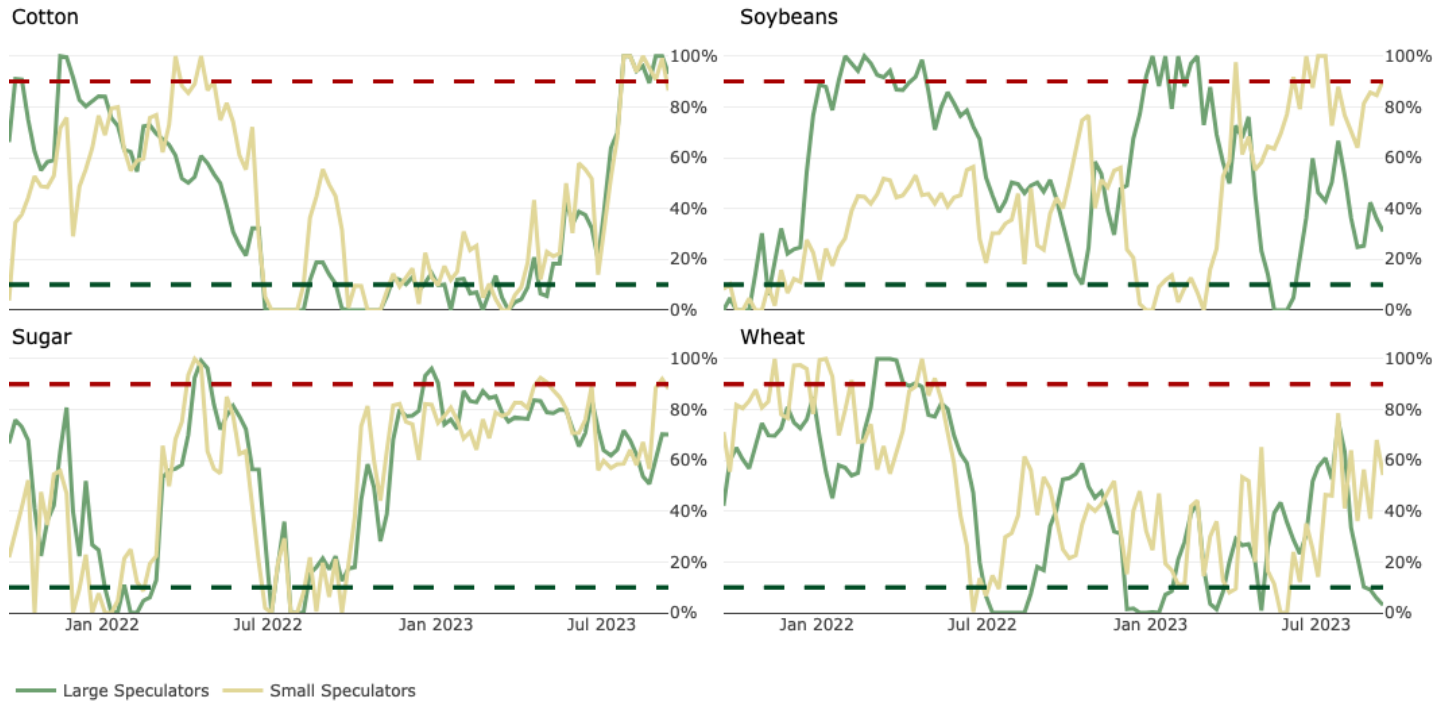


Agriculture: Soybean Oil, Cocoa, Coffee, Corn



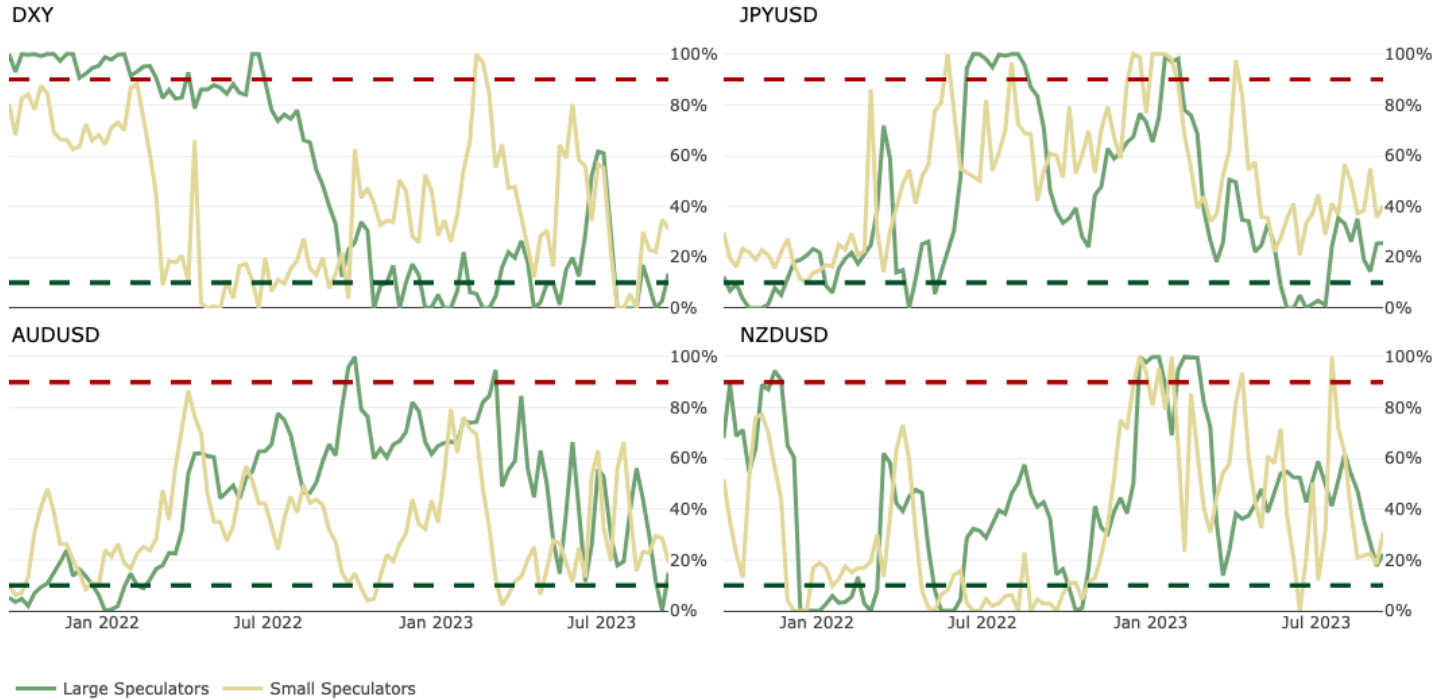


Agriculture: Cotton, Soybeans, Sugar, Wheat

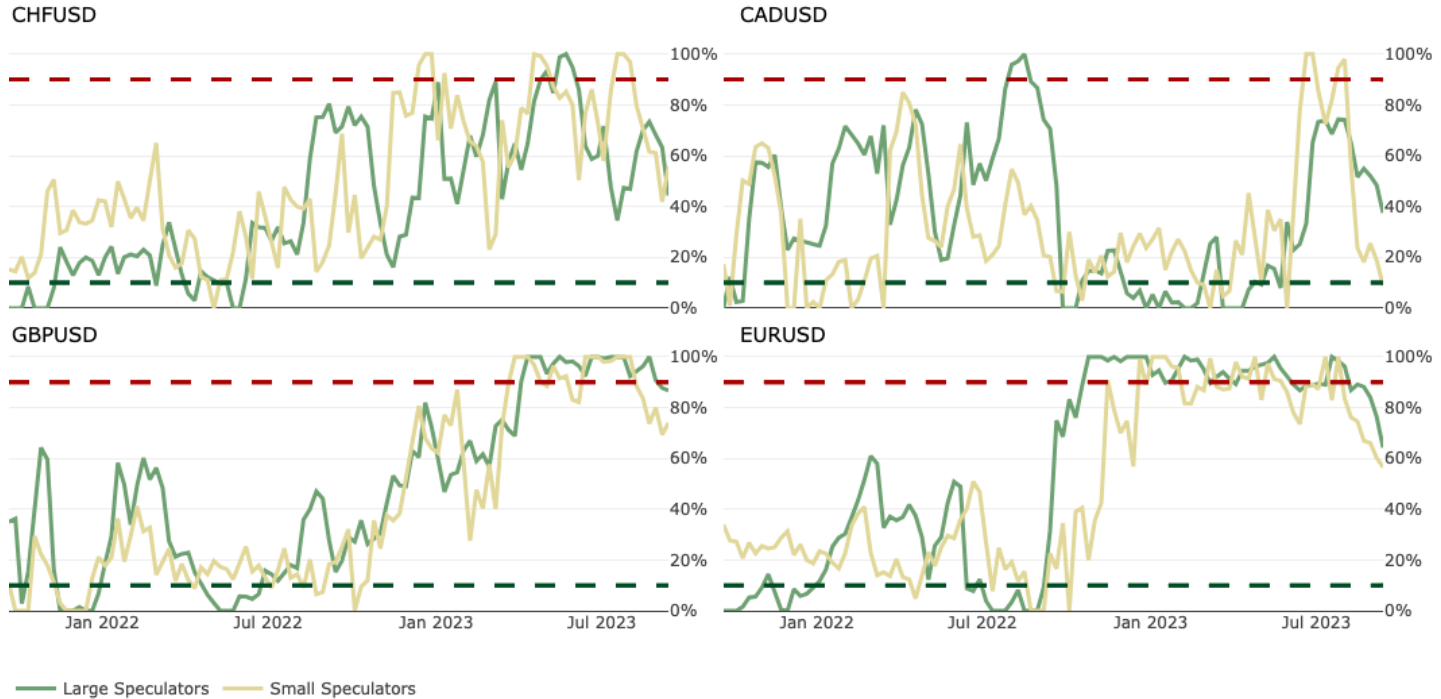




Currencies: DXY, JPYUSD, AUDUSD, NZDUSD



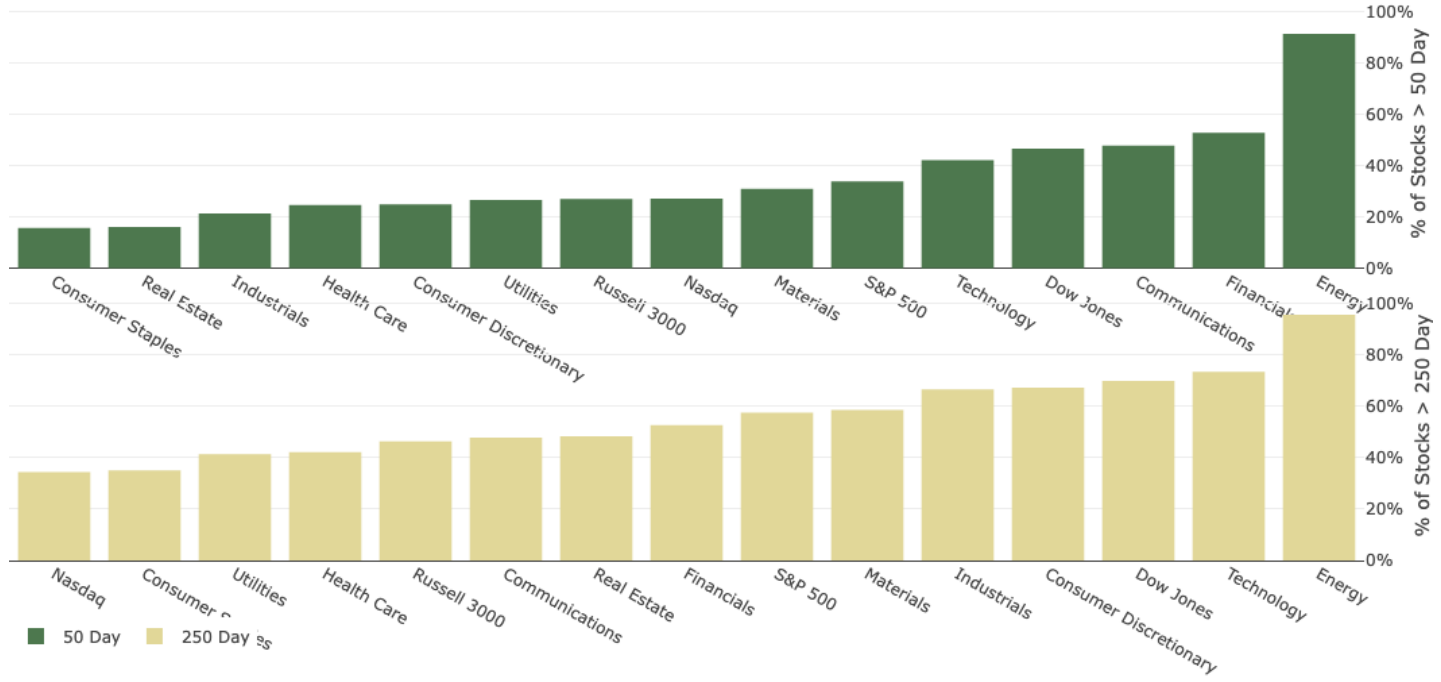
Currencies: CHFUSD, CADUSD, GBPUSD, EURUSD





Breadth

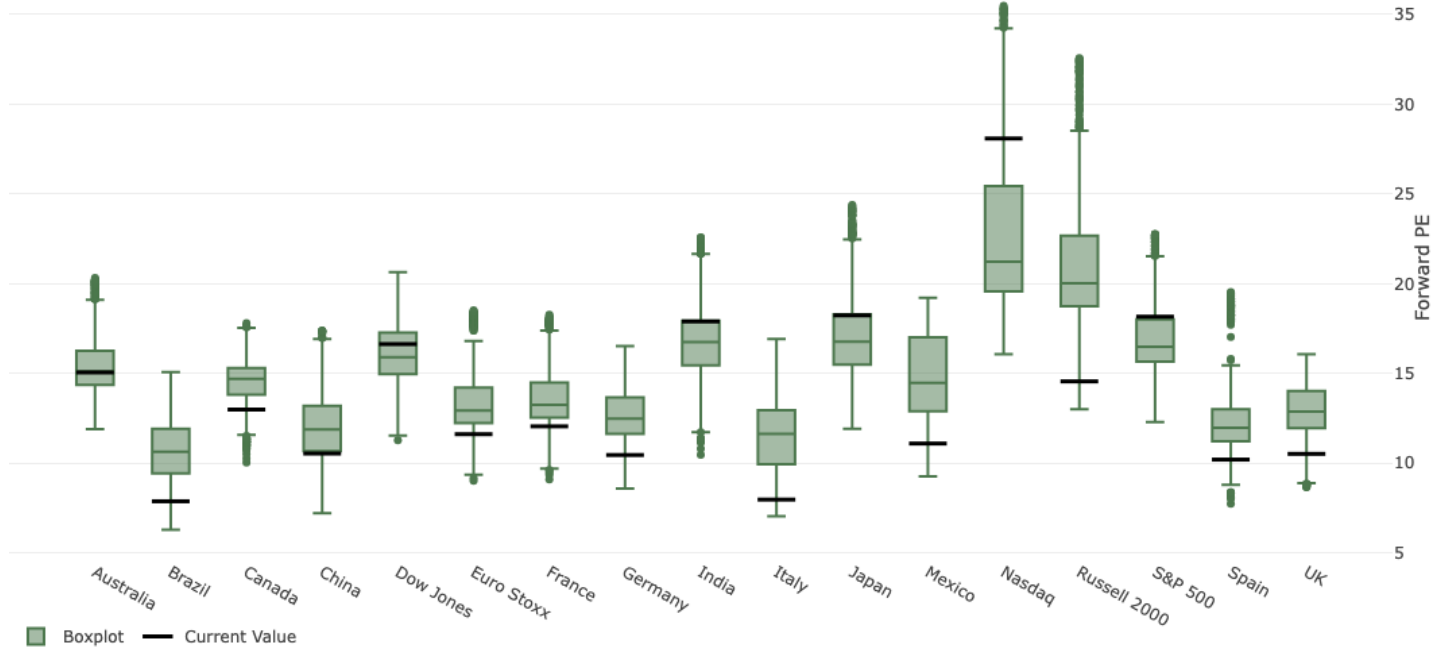
Breadth: 50 and 250 Breadth





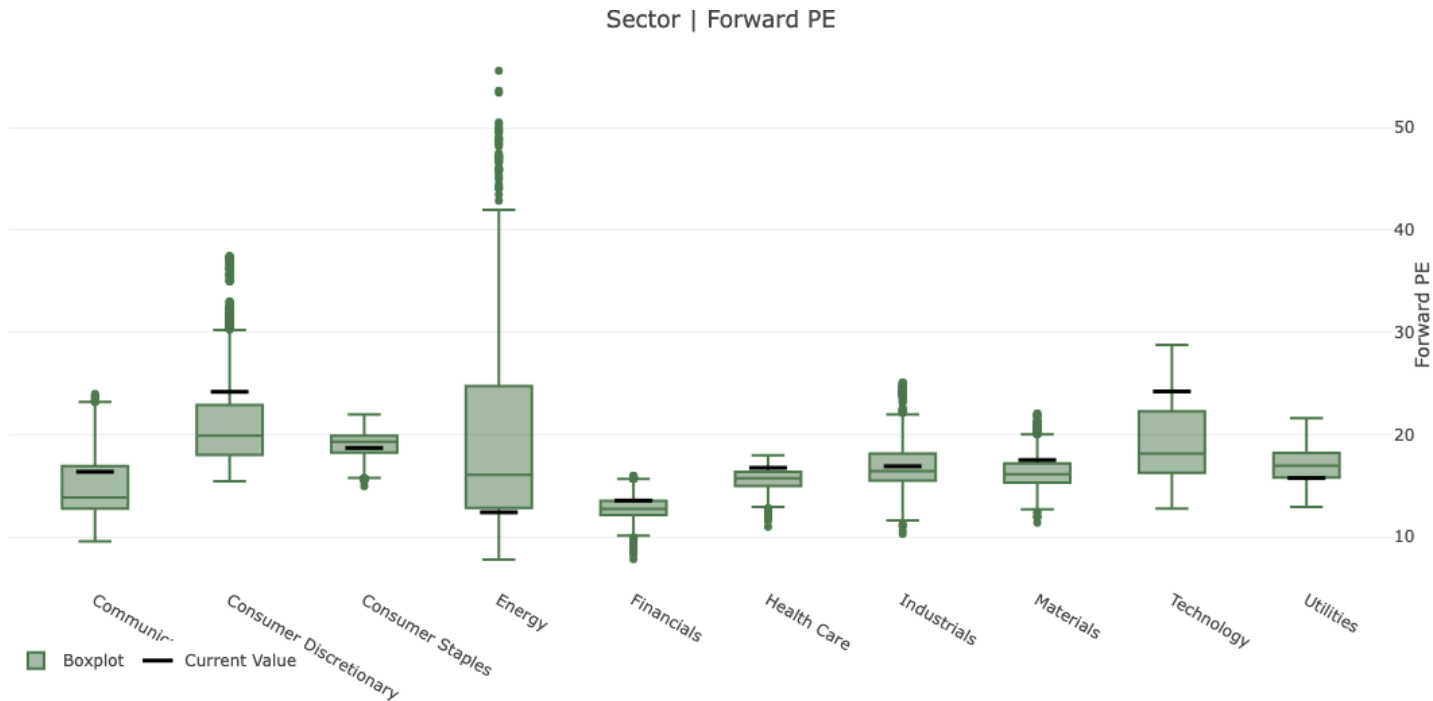
Forward PE

Country | Forward PE

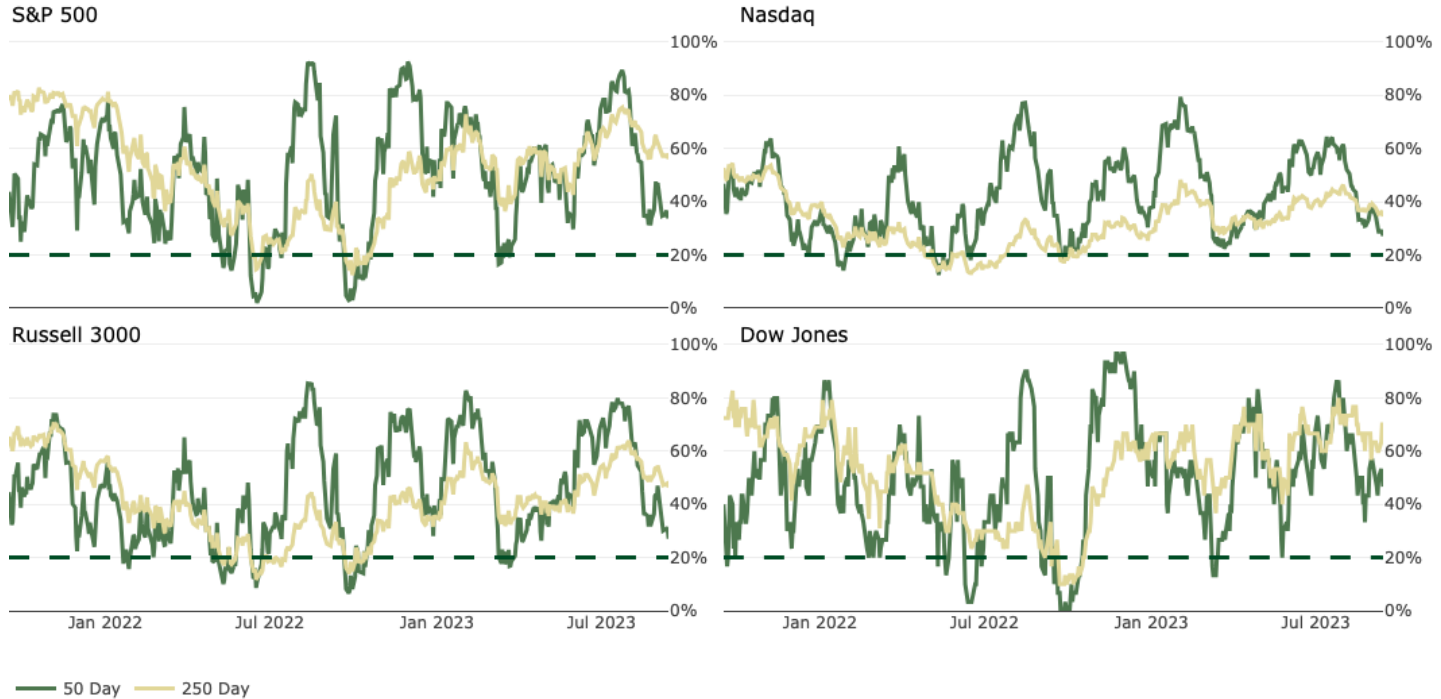




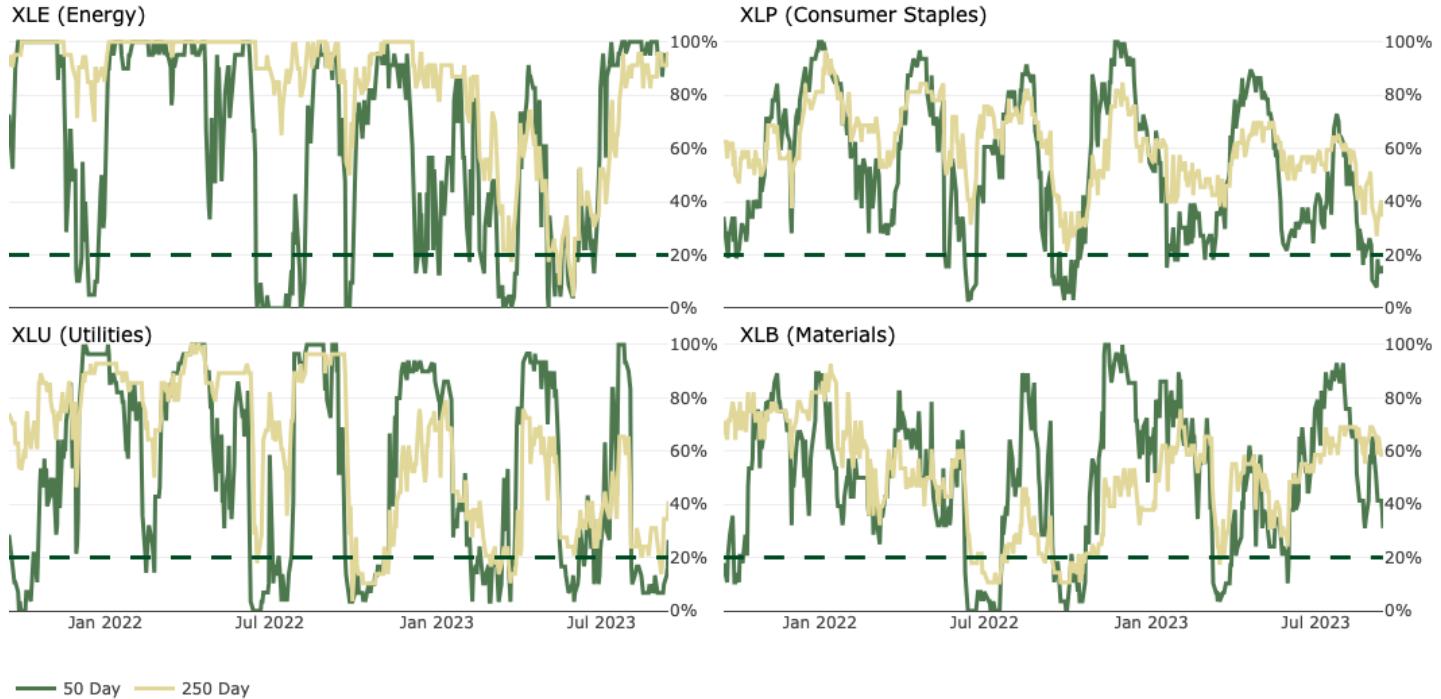
Forward PE



Broad Indexes: S&P 500, Nasdaq, Russell 300, Dow Jones



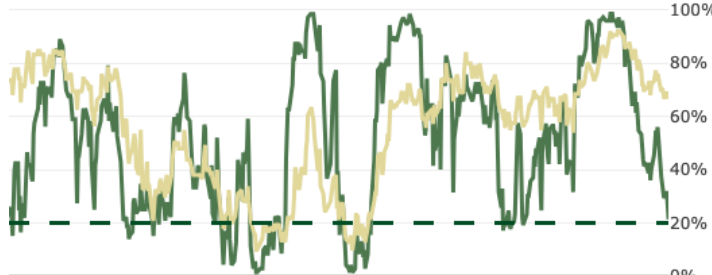
US Sectors: XLE, XLP, XLU, XLB



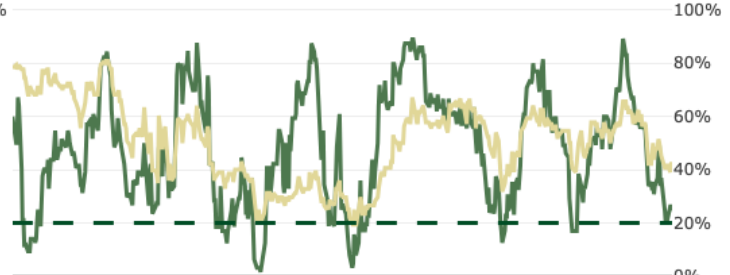
US Sectors: XLI, XLV, XLK, XLRE



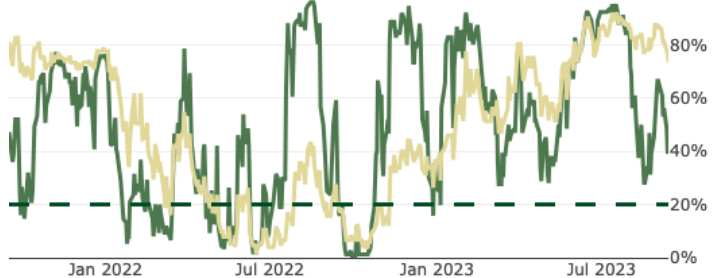
XLI (Industrials)



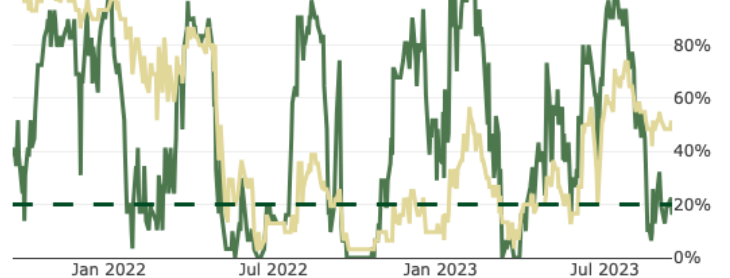
XLV (Health Care)



XLK (Technology)



XLRE (Real Estate)

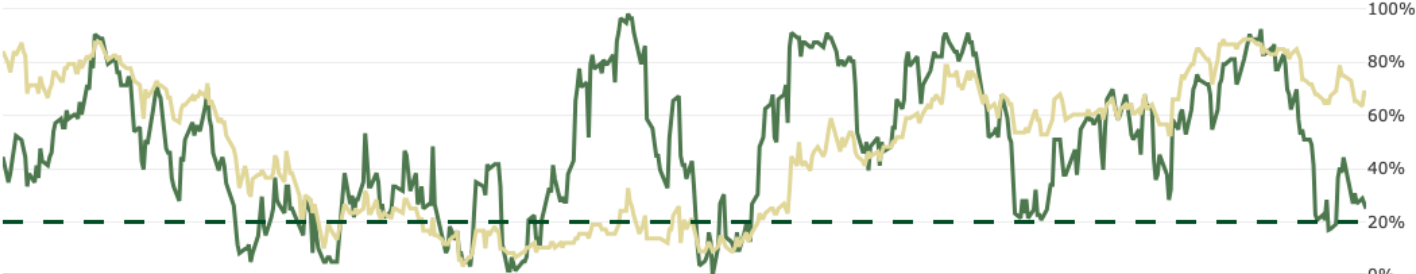


— 50 Day — 250 Day

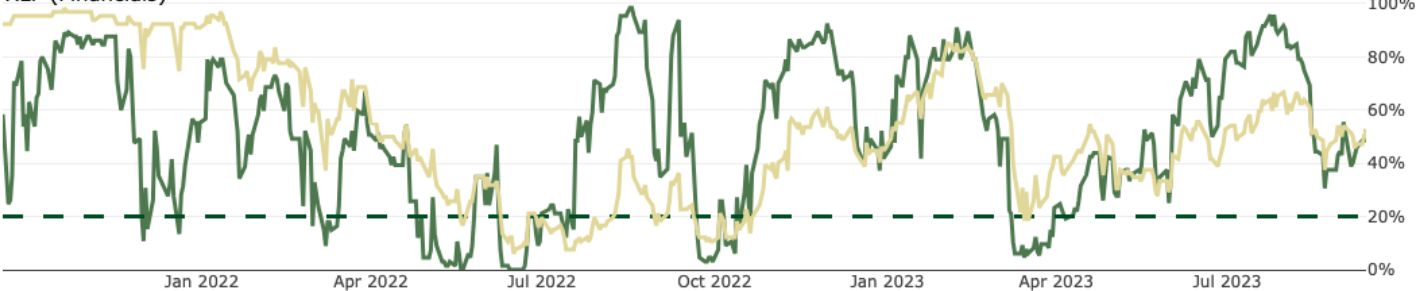
US Sectors: XLY, XLF



XLY (Consumer Discretionary)



XLF (Financials)



— 50 Day — 250 Day

The Macro Ops Portfolio

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

2023 YTD Return	15.86%	
Total Notional Exposure	99.12%	
Equity Exposure	49.81%	
Futures Exposure	49.31%	
Current Cash Value (%)	48.98%	
Total Capital At-Risk (%)	1.42%	Cumulative 3YR Return 83.00%
Total Drawdown Risk (%)	12.15%	Rolling 3YR CAGR 22.32%

Futures, Bonds & FX

	Ticker	Contracts	Capital	Notional	Actual Risk	DD Risk	Cost Basis	Current Price	Current Stop-Loss	Initial Stop-Loss	Current P&L	R-Multiple (Curr.)
Nikkei	NIY23	4	\$453,916.65	23.76%	0.79%	1.23%	\$222.70	\$226.96	\$215.20	\$215.20	1.91%	0.57
Dollar/Chinese Yuan	USDCNH	67,042	\$488,073.43	25.55%	0.00%	0.33%	\$7.19	\$7.28	\$7.19	\$7.14	1.29%	1.97

Equities Strategic

	Ticker	Shares	Capital	Notional	Actual Risk	DD Risk	Cost Basis	Current Price	Current Stop-Loss	Initial Stop-Loss	Current P&L	R-Multiple (Curr.)
Sprott Uranium	U.UN	6,431	\$105,629.90	5.53%	-0.34%	1.24%	\$11.73	\$16.43	\$12.75	\$10.44	40.03%	3.64
Sprott Uranium (Second Leg)	U.UN	10,169	\$167,033.02	8.74%	0.31%	1.96%	\$13.34	\$16.43	\$12.75	\$12.00	23.13%	2.30
Alphamin Resources	AFM.ASX	69,421	\$47,379.83	2.48%	0.47%	0.12%	\$0.78	\$0.68	\$0.65	\$0.65	-12.50%	-0.75
Alligator Energy Limited	AGE.ASX	2,396,163	\$105,910.39	5.54%	0.73%	2.36%	\$0.03	\$0.04	\$0.03	\$0.03	41.67%	2.22
Foran Mining	FOM.TSXV	18,313	\$52,879.06	2.77%	0.14%	0.89%	\$2.11	\$2.89	\$1.96	\$1.50	36.85%	1.27
Foran Mining (Second Leg)	FOM.TSXV	11,386	\$32,876.89	1.72%	0.31%	0.55%	\$2.48	\$2.89	\$1.96	\$1.96	16.43%	0.78
Foran Mining (Third Leg)	FOM.TSXV	24,834	\$71,707.80	3.75%	0.16%	0.45%	\$2.66	\$2.89	\$2.54	\$2.54	8.55%	1.90
Vista Energy	VIST	4,507	\$122,501.76	6.41%	-2.26%	0.82%	\$14.11	\$27.18	\$23.70	\$11.62	92.63%	5.25
Journey Energy	JOY.TSX	18,786	\$81,860.51	4.29%	0.71%	0.57%	\$4.50	\$4.36	\$3.78	\$3.78	-3.17%	-0.20
Tidewater (Second Leg)	TDW	1,249	\$84,430.01	4.42%	-0.44%	0.75%	\$49.35	\$67.60	\$56.10	\$42.57	36.98%	2.69
Tidewater	TDW	1,174	\$79,337.84	4.15%	-1.35%	0.71%	\$34.15	\$67.60	\$56.10	\$27.00	97.95%	4.68

Tactical

	Ticker	Shares	Capital	Notional	Actual Risk	DD Risk	Cost Basis	Current Price	Current Stop-Loss	Initial Stop-Loss	Current P&L	R-Multiple (Curr.)
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Options

	Ticker	Contracts	Capital	Notional	Actual Risk	DD Risk	Cost Basis	Current (Mid) Price	Current Stop-Loss	Initial Stop-Loss	Current P&L	R-Multiple (Curr.)
AG JAN 19 2024 \$20 CALLS	AG	237	\$1,183.25	0.06%	0.87%	0.06%	\$70.00	\$5.00	\$0.00	\$0.00	-92.86%	-0.93
PAAS JAN 19 2024 \$45 CALLS	PAAS	660	\$659.63	0.03%	0.86%	0.03%	\$25.00	\$1.00	\$0.00	\$0.00	-96.00%	-0.96
HAL JAN 19 2024 \$60 CALLS	HAL	67	\$1,484.37	0.08%	0.47%	0.08%	\$132.00	\$22.00	\$0.00	\$0.00	-83.33%	-0.83

Appendix

- Trifecta Lens & SQN Methodology & Case Study ([link here](#))
 - TL Score Theory ([link here](#))
 - Trend Fragility Dashboard ([link here](#))
- Nervous & Numb Case Study (coming soon)
- Volatility & Failed Volatility Breakouts (VBO/FVBO) ([link here](#))
- Hierarchy of Technicals ([link here](#))
- Currency Framework ([link here](#))
- Precious Metals Framework ([link here](#))
- How to Read Market Sentiment ([link here](#))
- Equity Supply & Demand Equation ([link here](#))
- 50 Cent Conditional Tail Hedge Strategy ([link here](#))

