



# Macro Ops

## Play The Player Report

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

Price drives sentiment until sentiment forms a consensus and then [sentiment drives price](#). This is what we call the [Narrative Pendulum](#). It's why the market hurts most of the people, most of the time. And it's why to win in this game over the long-term you have to zag when everyone else is zigging. You have to salmon it against the currents.

But the thing about being contrarian is that it's a very hard thing to do. The consensus narrative become consensus for a reason, it's *convincing*. Nobody is immune to these narrative viruses. We're cognitively wired to fall for them. We are ALL the dumb money.

Think back to the beginning of this year when everyone was predicting that we were in recession, and we were headed for a market crash. Druckenmiller, one of the GOATs, said on CNBC that he'd "be stunned if we don't have a recession in 23'... I don't rule out something really bad... we'll be in a bear market for some time..."

The SPX has run straight up 16%+ year to date... This game is hard. There is a way to play it and win though. And that is to have a system. An approach that immunizes your trading and investing to the siren call of the convincing story. A set of tools that make your decision-making process ruthlessly cold and calculating. That is what we aim to help you with at MO.

This *Play the Player* report is a part of that. It's our weekly meta analysis of where the market is offside, what the consensus is saying, and where the good risk/reward trades are. Odysseus tied himself to his ship's mast and plugged his men's ears with wax. Similarly, we look at the same sentiment/positioning data each week and triangulate it with some qualitative color. Doing so helps us be less stupid and resist the allure of the compelling story.

9/10/2023

## DUMB MONEY TAKE OF THE WEEK

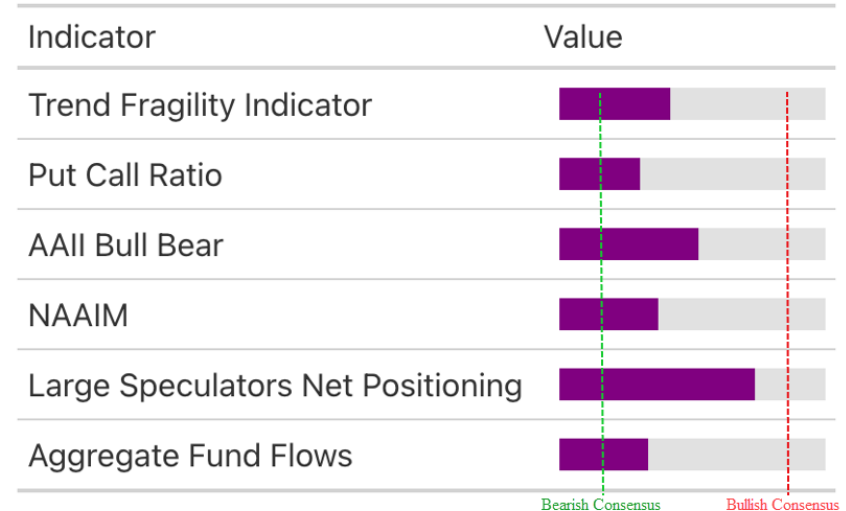


Raoul Pal  
@RaoulGMI

I know I go on and on (and on) about this but the only way out is to own the assets that rise in exactly this situation - crypto and technology.

Everything else is a wealth trap.

It will make you FEEL more in control and more able to deal with what is happening.



Bearish Consensus      Bullish Consensus

Our [Trend Fragility \(TF\) indicator](#), a composite of sentiment and positioning data, triggered an official sell signal at the end of July. This was followed a few days later by a sell signal from our weekly Nervous & Numb indicator. The market shortly began its pullback soon after.

The question now is whether or not the top is in, does the correction have further to run, or is the selloff over and we move onto new highs?

The data is fairly mixed but still favors the bulls. The TF score has dropped to 37% ([slide 5](#)). This was a quick reversal indicating the bearish reaction function remains strong, which is positive. Our market internals are still supportive of the uptrend. Again, just look at Cyclical vs. Defensives ([slide 7](#)). Breadth has weakened and we've just come out of a Bull Volatile regime so we should expect choppier, more volatile action in general.

But all in all, we're not yet seeing signs of risk-off. Rising yields seem to be the primary force weighing on stocks, so we'll want to keep an eye on bonds. Our yield leads ([slide 17](#)) continue to diverge lower which suggests we're getting closer to a major bottom in bonds (top in yields). We'll want to see the run in crude peter out first though as that's acting as fuel bond bears. At some point going long bonds and short stocks will be a nut making trade for the year. We just need to be patient and let the charts develop.

Some weeks the data enables us to have conviction. And some weeks we get weak opinions, weakly held. This week is the latter. But since the intermediate trend is up and our process confirms that trend, we want to stay mostly long.

My guess is that as there's a lot of talk about the weak seasonality for stocks in September, it's likely the market finishes this month in the green. It's the market's Heisenberg principle as the more something is observed, the more it's altered. At the same time, the general narrative appears to be turning more bullish (click on the video image to the right to watch a quick summary). Recession risk is being dismissed. Bonds are hated and stocks are loved (we can see this clearly in the positioning data on [slide 19](#)).

**We started the year with everyone bearish stocks, long bonds, and calling for a recession. Now everyone is long stocks, bearish bonds, and talking about strong economic growth. And since the play was to own risk at the start of the year it'll likely be to sell risk going into the end of it. But current odds say we make new highs first before a top sometime in October, maybe?** We'll see... That's at least where it seems things are headed. Until then, we'll stick to our process and track the data.



## Popular Narratives:

- Fed on hold in September
- Fed is nearly done tightening
- Buy and hold stocks
- Buy the dip in tech (AI theme still very popular)
- Energy Stocks are cool again
- Short the long end of the curve



# Trade Setups

## CoT Setups:

- Short Cotton (technical break / news failure)
- Short Cocoa (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
- Short BTCUSD on breakdown confirmation



# Trend Fragility

Trend Fragility | Weekly Nervous and Numb



	ticker	name	weekly	monthly	quarterly	one_year	three_year	sqn
US	IWV	Russell 3000	-1.19%	-0.94%	4.37%	12.30%	23.89%	Bull Quiet
	QQQ	Nasdaq 100	-1.14%	0.16%	6.59%	24.01%	25.95%	Bull Quiet
	SPY	S&P 500	-1.22%	-0.72%	4.35%	13.11%	25.46%	Bull Quiet
	BTCUSD	Bitcoin	0.30%	-0.78%	-15.69%	44.88%	-59.85%	Neutral
	DIA	Dow Jones	-0.83%	-1.86%	2.73%	10.43%	20.13%	Neutral
	IWM	Russell 2000	-2.69%	-4.86%	-1.79%	3.10%	17.90%	Neutral
	ETHUSD	Ethereum	0.34%	-2.11%	-13.20%	31.32%	-69.22%	Bear Quiet
	Sector	ITB	Home Construction	-1.73%	-4.99%	6.85%	43.50%	44.75%
OIH		Oil Services	3.23%	3.36%	23.47%	39.63%	104.21%	Bull Quiet
SMH		Semiconductors	-3.41%	-1.95%	3.99%	38.09%	54.84%	Bull Quiet
XHB		Homebuilders	-1.91%	-4.10%	7.64%	32.39%	44.57%	Bull Quiet
XLC		Communications Services	-1.04%	-1.45%	6.30%	23.06%	6.21%	Bull Quiet
XLI		Industrials	-2.88%	-3.20%	3.02%	13.48%	30.76%	Bull Quiet
XLK		Technology	-1.16%	1.44%	5.58%	26.95%	36.63%	Bull Quiet
XLY		Consumer Discretionary	-0.84%	-1.87%	6.56%	8.39%	12.53%	Bull Quiet
XOP		Oil & Gas Exploration	3.08%	4.54%	17.12%	8.79%	112.97%	Bull Quiet
IBB		Biotechnology	-2.34%	-0.38%	-1.55%	5.94%	-2.38%	Neutral
KBE		Banks	-2.00%	-9.01%	-0.16%	-19.24%	16.85%	Neutral
KRE		Regional Banks	-2.26%	-11.02%	-2.80%	-33.76%	10.57%	Neutral
XLB		Materials	-1.37%	-1.73%	2.29%	9.86%	23.92%	Neutral
XLE		Energy	3.53%	5.13%	11.40%	15.01%	96.76%	Neutral
XLF		Financials	-0.61%	-2.25%	3.35%	4.44%	31.23%	Neutral
XLRE		Real Estate	-1.81%	-1.97%	-2.48%	-13.01%	0.66%	Neutral
XLV		Health Care	-2.07%	-2.17%	2.20%	5.41%	21.55%	Neutral
XME		Metals and Mining	-1.08%	-0.60%	5.11%	6.88%	73.65%	Neutral
XRT		Retail	-3.49%	-6.65%	0.53%	-0.63%	18.72%	Neutral
XTL		Telecommunications	-2.84%	-0.50%	-1.25%	-12.32%	2.74%	Neutral
GDV	Gold Miners	-4.08%	-2.58%	-9.13%	18.98%	-37.63%	Bear Quiet	
GDVJ	Junior Gold Miners	-6.57%	-3.12%	-8.85%	17.34%	-54.54%	Bear Quiet	
XLP	Consumer Staples	-1.97%	-4.13%	-1.43%	-0.63%	8.75%	Bear Quiet	
XLU	Utilities	-0.62%	-1.73%	-5.11%	-16.87%	5.65%	Bear Quiet	
Fixed Income	IEF	7-10 Yr Treasuries	-1.17%	-1.90%	-3.29%	-6.11%	-26.72%	Bear Quiet
	SHY	1-3 Yr Treasuries	-0.31%	-0.28%	-0.48%	-1.50%	-6.67%	Bear Quiet
	TLT	20+ Yr Treasuries	-1.93%	-2.43%	-6.67%	-13.02%	-56.41%	Bear Quiet

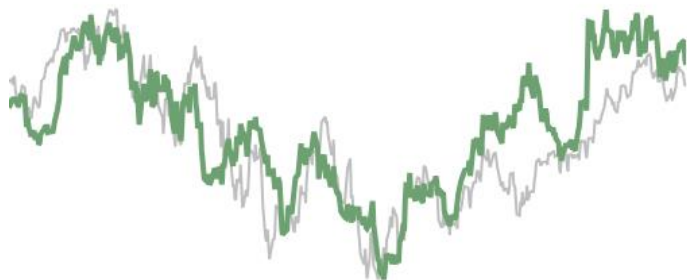
	ticker	name	weekly	monthly	quarterly	one_year	three_year	sqn	
Global	GREK	Greece	-7.23%	-8.16%	0.71%	44.94%	55.50%	Bull Quiet	
	INDA	India	2.00%	2.45%	6.16%	4.80%	29.26%	Bull Volatile	
	VNM	Vietnam	3.09%	1.24%	16.26%	2.69%	3.96%	Bull Volatile	
	EEM	Emerging Markets	-2.42%	-3.25%	-1.77%	1.06%	-13.53%	Neutral	
	EFA	EAFE	-2.00%	-2.72%	-0.71%	15.44%	8.85%	Neutral	
	EWC	Canada	-1.86%	-2.09%	-0.41%	2.17%	17.92%	Neutral	
	EWI	Italy	-4.28%	-2.13%	3.90%	31.37%	20.35%	Neutral	
	EWJ	Japan	1.01%	-0.23%	1.00%	17.83%	6.50%	Neutral	
	EWP	Spain	-4.25%	-2.36%	0.84%	25.60%	18.69%	Neutral	
	EWZ	Mexico	-7.90%	-4.91%	-4.20%	27.73%	59.08%	Neutral	
	EWZ	Brazil	-4.01%	-4.19%	-0.75%	1.09%	-1.69%	Neutral	
	FXI	China	-3.22%	-5.78%	-2.28%	-6.48%	-48.00%	Neutral	
	TUR	Turkey	4.29%	12.37%	27.06%	49.28%	69.03%	Neutral	
	EWA	Australia	-2.50%	-3.22%	-1.60%	1.07%	5.45%	Bear Quiet	
	EWG	Germany	-3.37%	-3.52%	-1.90%	23.23%	-9.83%	Bear Quiet	
	EWH	Hong Kong	-3.16%	-5.96%	-9.04%	-11.63%	-24.33%	Bear Quiet	
	EWQ	France	-3.92%	-3.45%	0.52%	23.55%	22.83%	Bear Quiet	
	EWU	United Kingdom	-1.66%	-2.40%	-0.91%	10.24%	19.71%	Bear Quiet	
	Commodity	DBA	Agriculture	0.00%	1.94%	4.49%	6.72%	39.84%	Neutral
		DBC	Commodities	2.30%	2.55%	9.63%	-0.52%	63.65%	Neutral
UNG		Natural Gas	-7.05%	-11.40%	4.89%	-142.14%	-68.72%	Neutral	
USO		Oil	6.11%	5.57%	19.06%	9.20%	97.14%	Neutral	
GLD		Gold	-1.25%	-0.31%	-1.16%	11.76%	-1.70%	Bear Quiet	
SLV		Silver	-7.16%	0.52%	-2.35%	23.92%	-16.34%	Bear Quiet	
Currency		USDJPY	USDJPY	1.17%	1.62%	3.93%	11.97%	29.90%	Bull Quiet
	USDAUD	USDAUD	1.06%	-0.09%	4.68%	6.40%	14.38%	Neutral	
	USDBRL	USDBRL	0.18%	0.33%	2.32%	-5.84%	-5.13%	Neutral	
	USDCAD	USDCAD	0.46%	0.66%	2.68%	0.66%	8.75%	Neutral	
	USDCHF	USDCHF	0.83%	1.20%	0.44%	-3.51%	-2.53%	Neutral	
	USDEUR	USDEUR	0.59%	1.64%	2.42%	0.14%	9.64%	Neutral	
	USDGBP	USDGBP	1.00%	2.14%	2.96%	-2.95%	10.65%	Neutral	
	USDNZD	USDNZD	0.93%	0.59%	5.28%	7.56%	17.94%	Neutral	
	USDSEK	USDSEK	0.79%	1.47%	2.79%	6.50%	25.30%	Neutral	



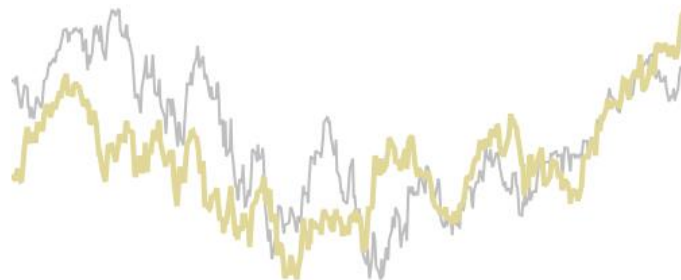


# Market Internals

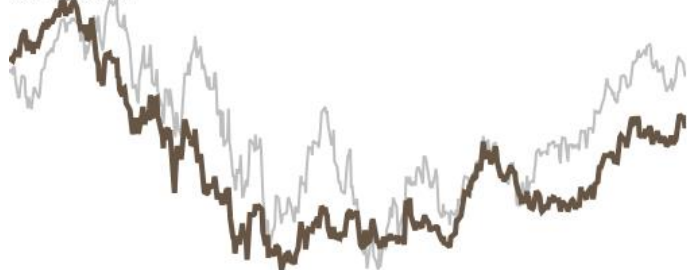
SOXX/SPY



Cyclical VS Defensive



RSPD/RSPS



LQDH



Jan 2022

Jul 2022

Jan 2023

Jul 2023

Jan 2022

Jul 2022

Jan 2023

Jul 2023

# Short-term Breadth

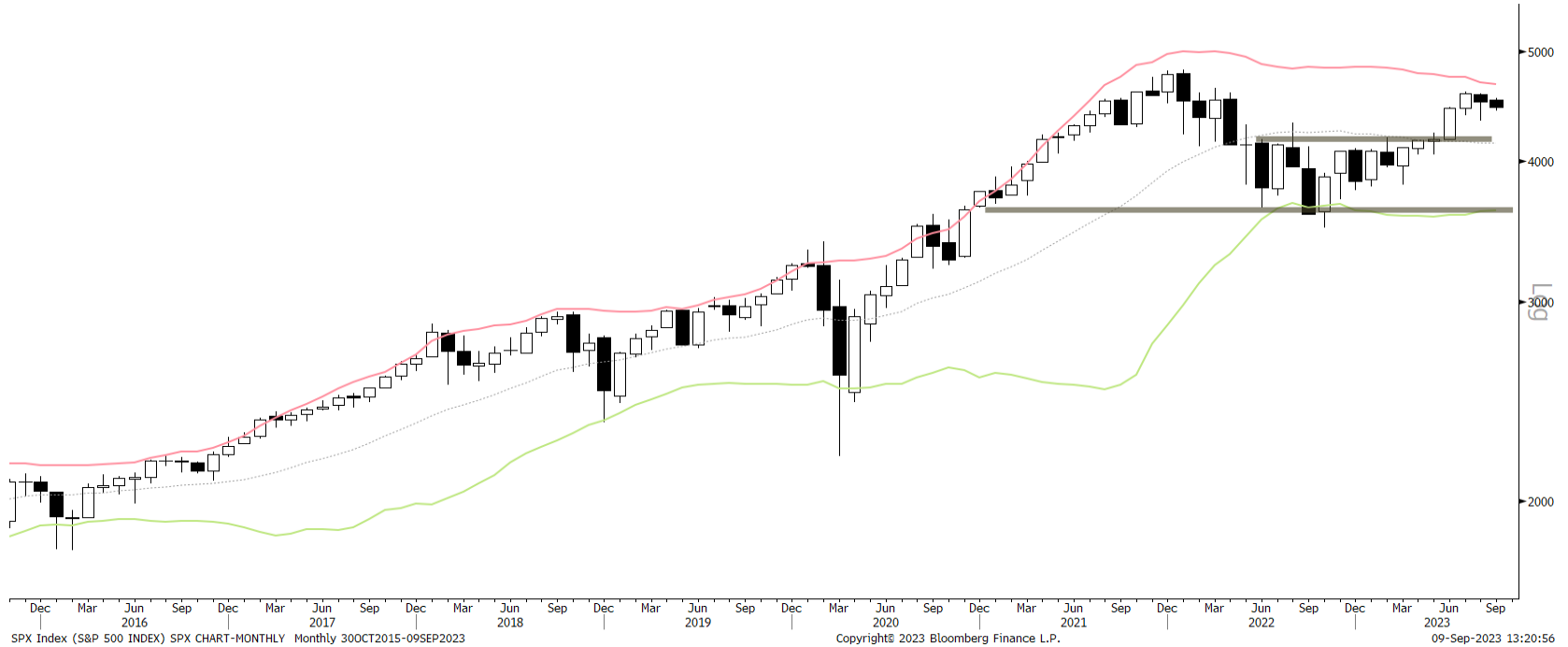


Short-term Breadth: McClellan Oscillator & Summation | Breadth: 10 Day SMA & 50 Day SMA

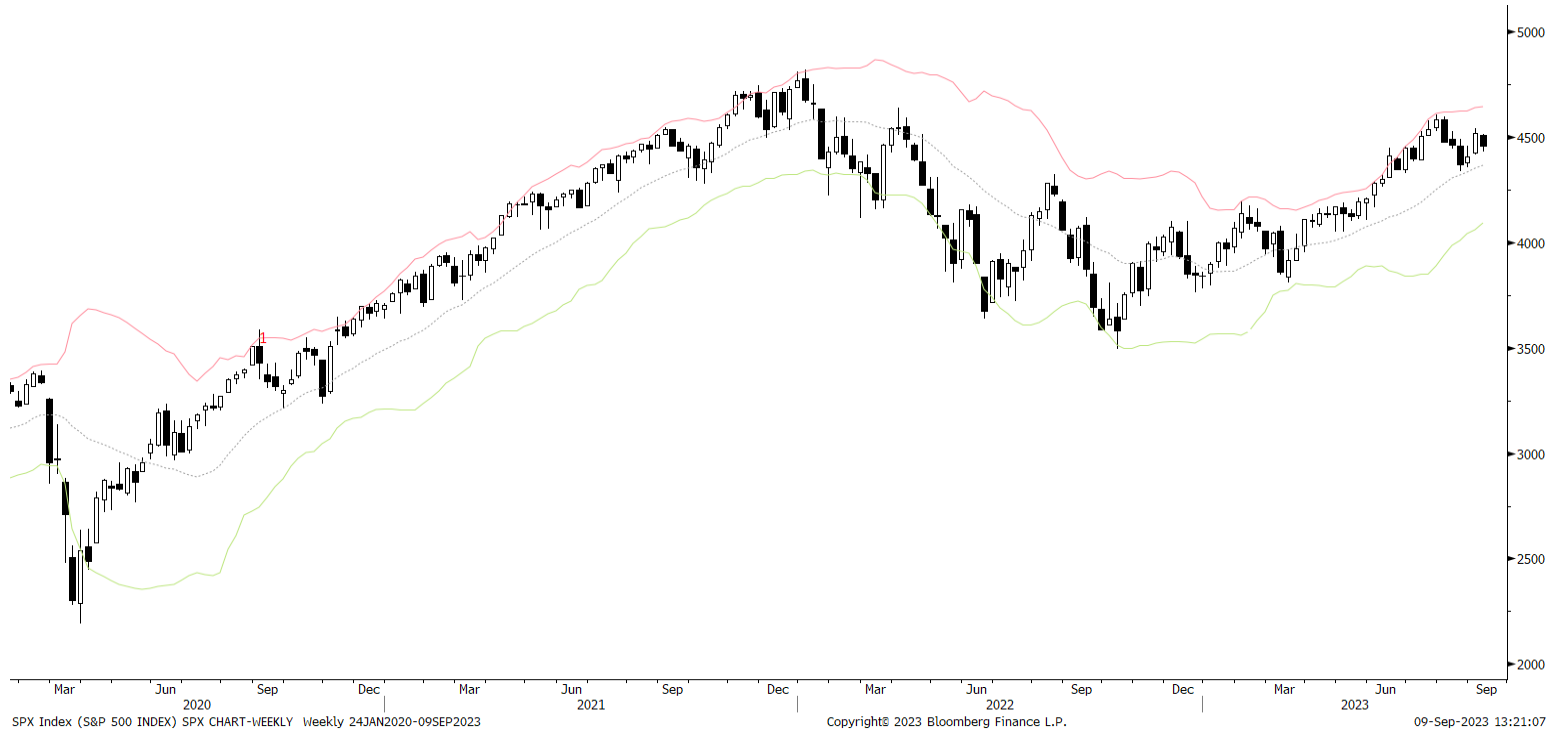




# S&P 500 Monthly








# S&P 500 Weekly



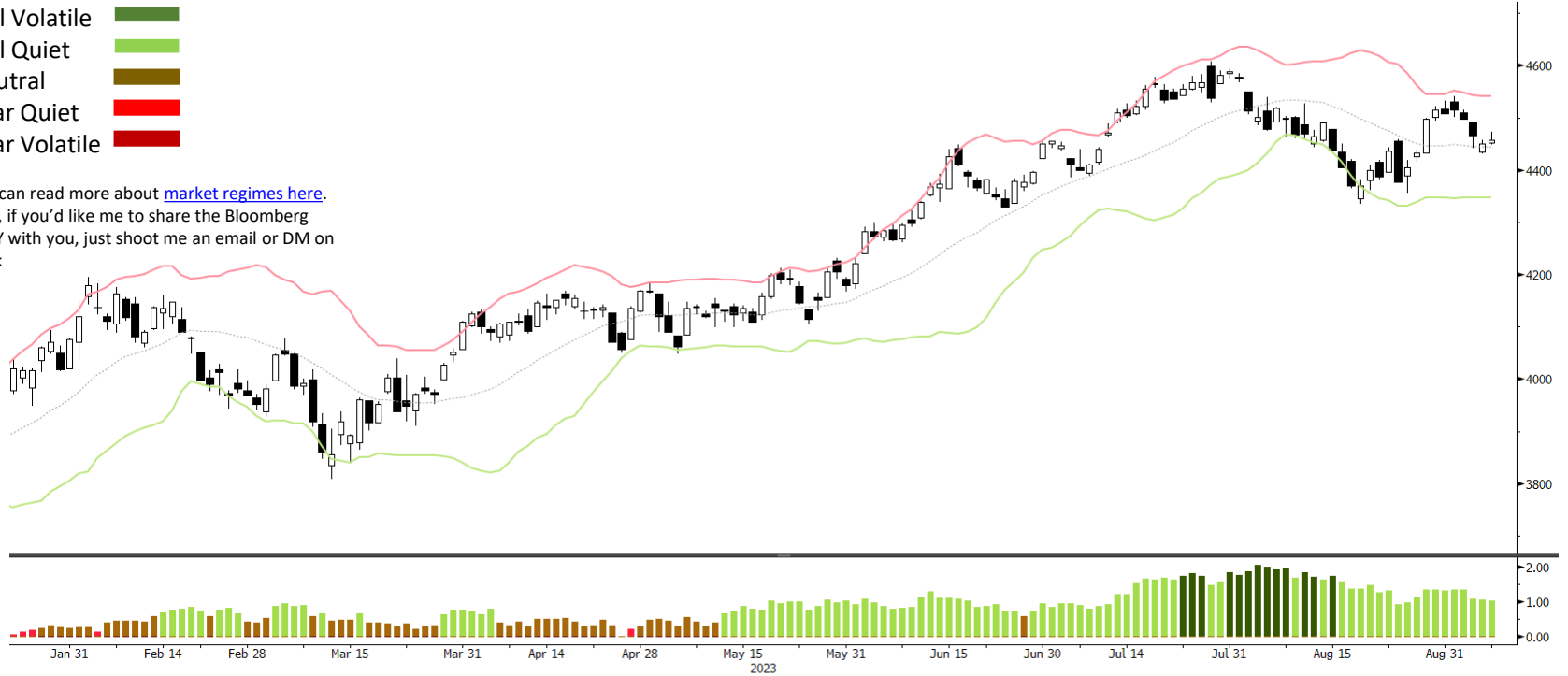
# S&P 500 Daily



## 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

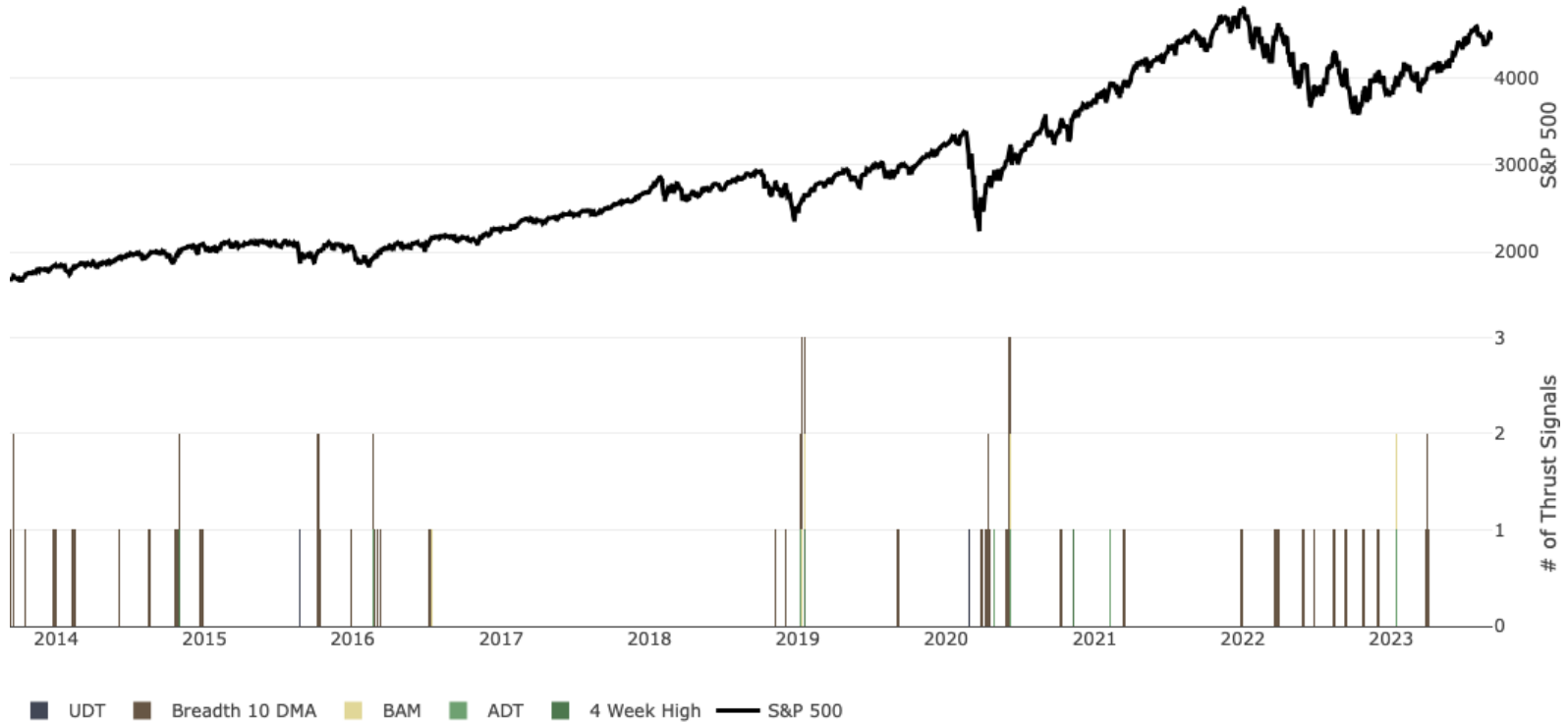


SPX Index (S&P 500 INDEX) SPX CHART-DAILY Daily 23JAN2023-08SEP2023

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# Breadth Thrusts





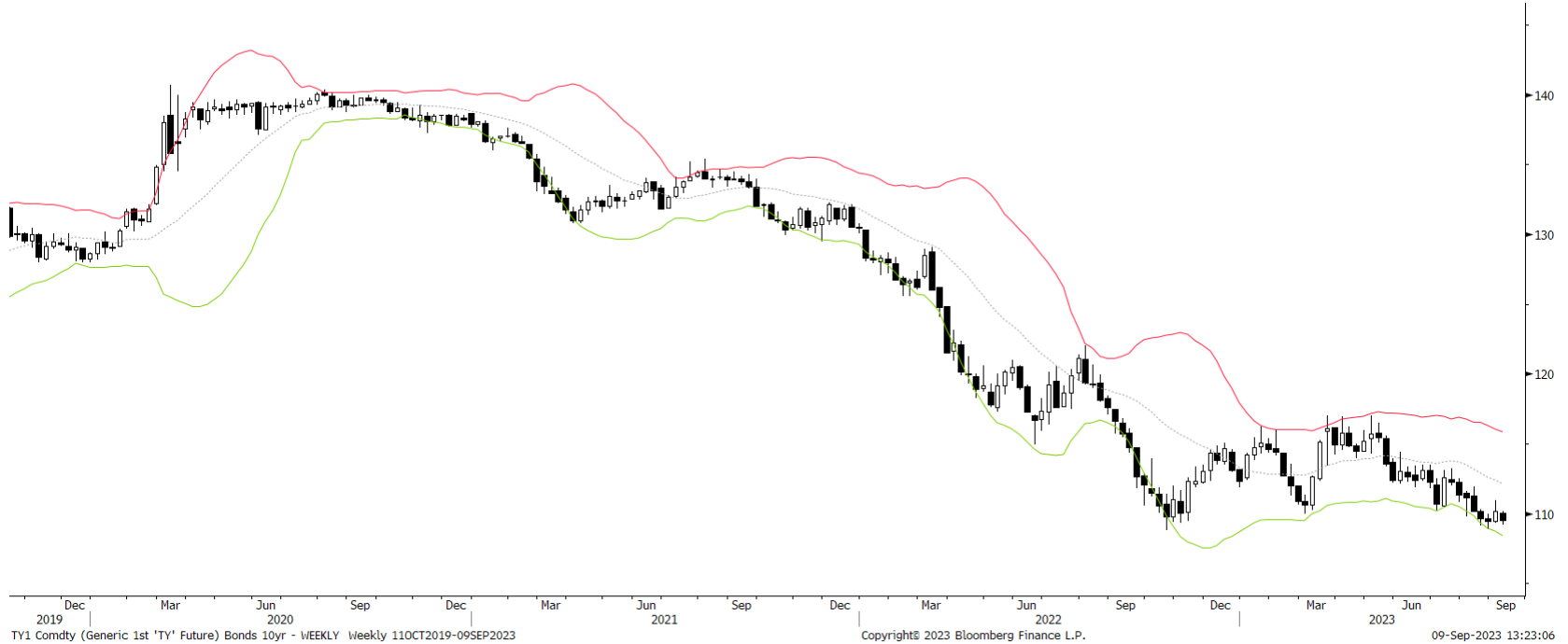
# Liquidity



# 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 30JUN2022-13SEP2023

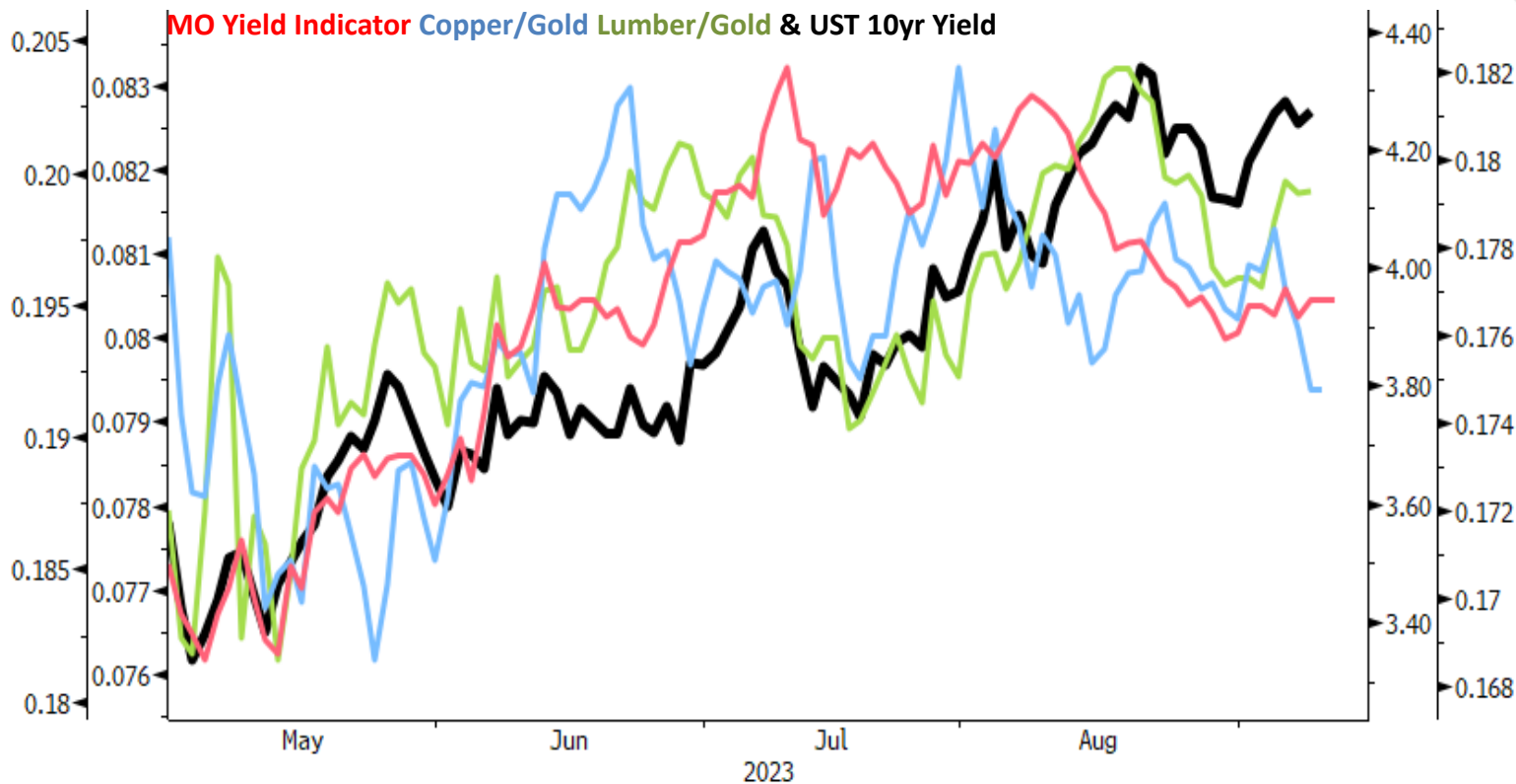
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# Yield Leads

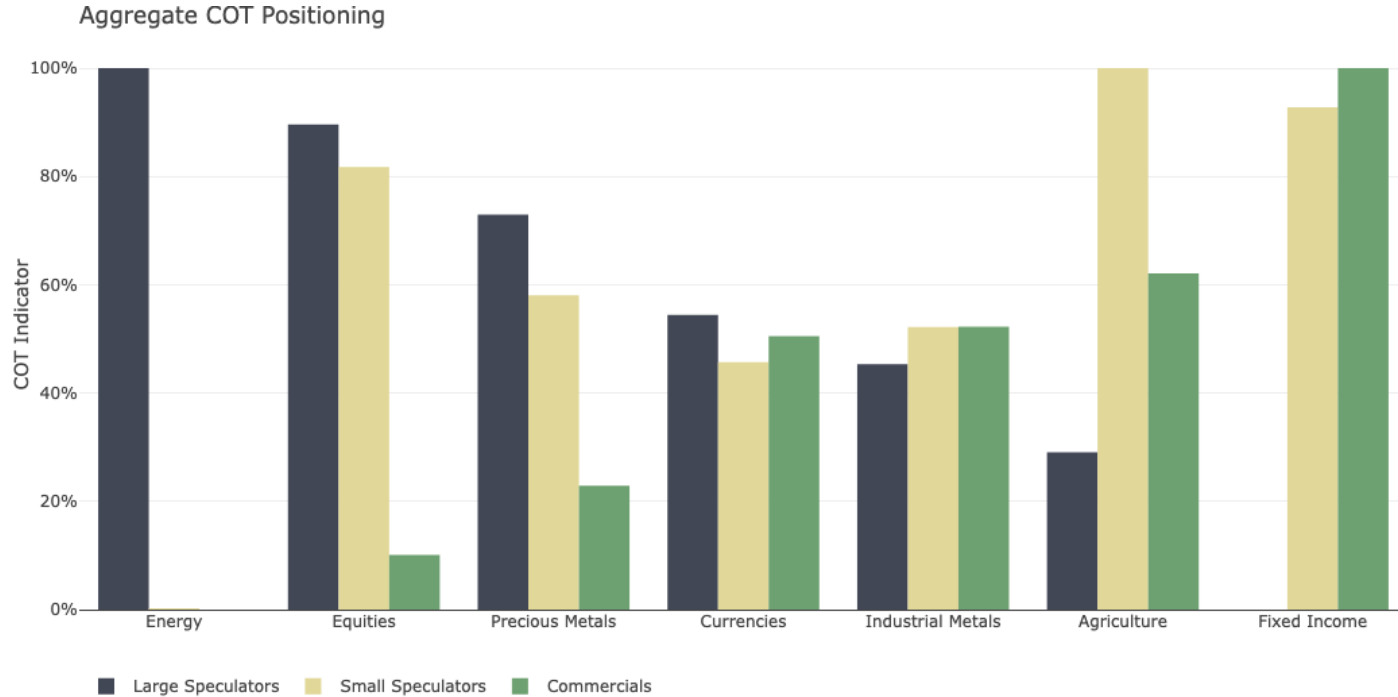


GSTHUSTY Index (Interest Rate Sensitive) rate sensitive vs yield Daily 01MAY2023-09SEP2023

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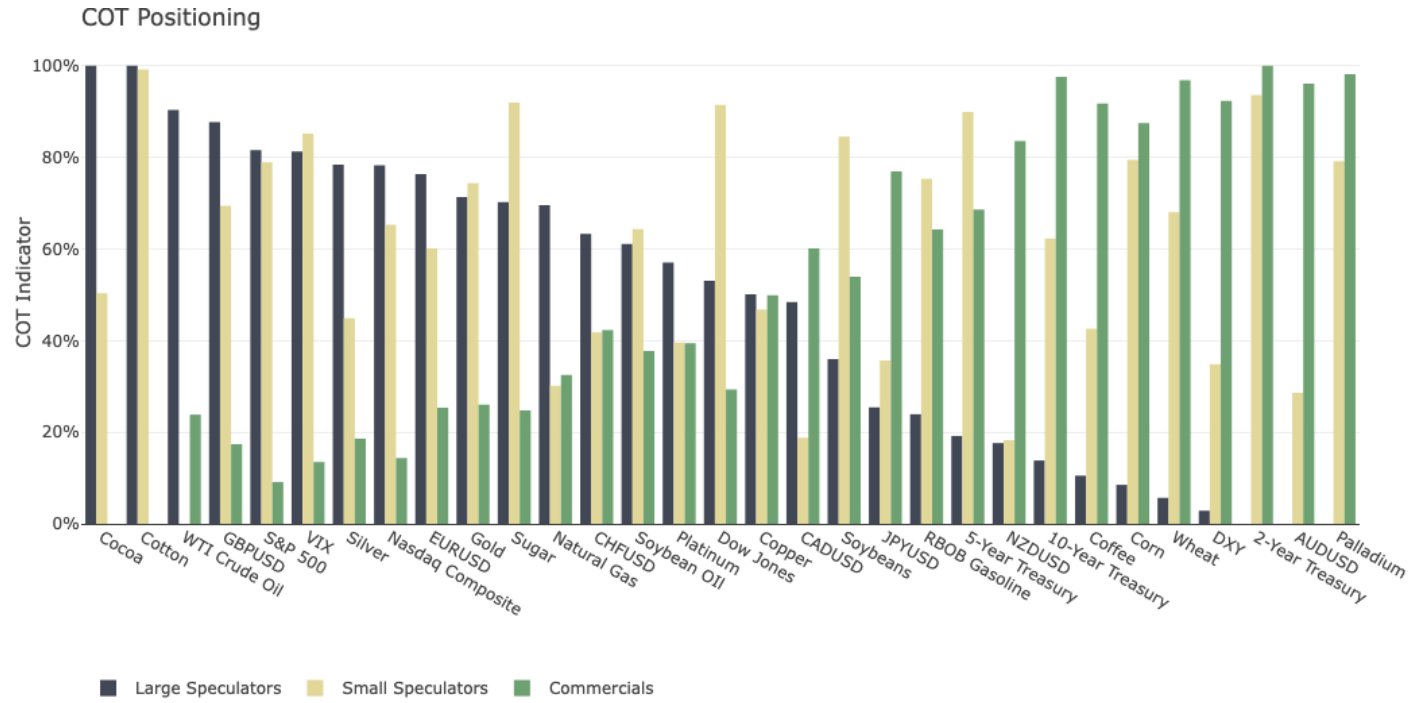
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# Aggregate COT Positioning

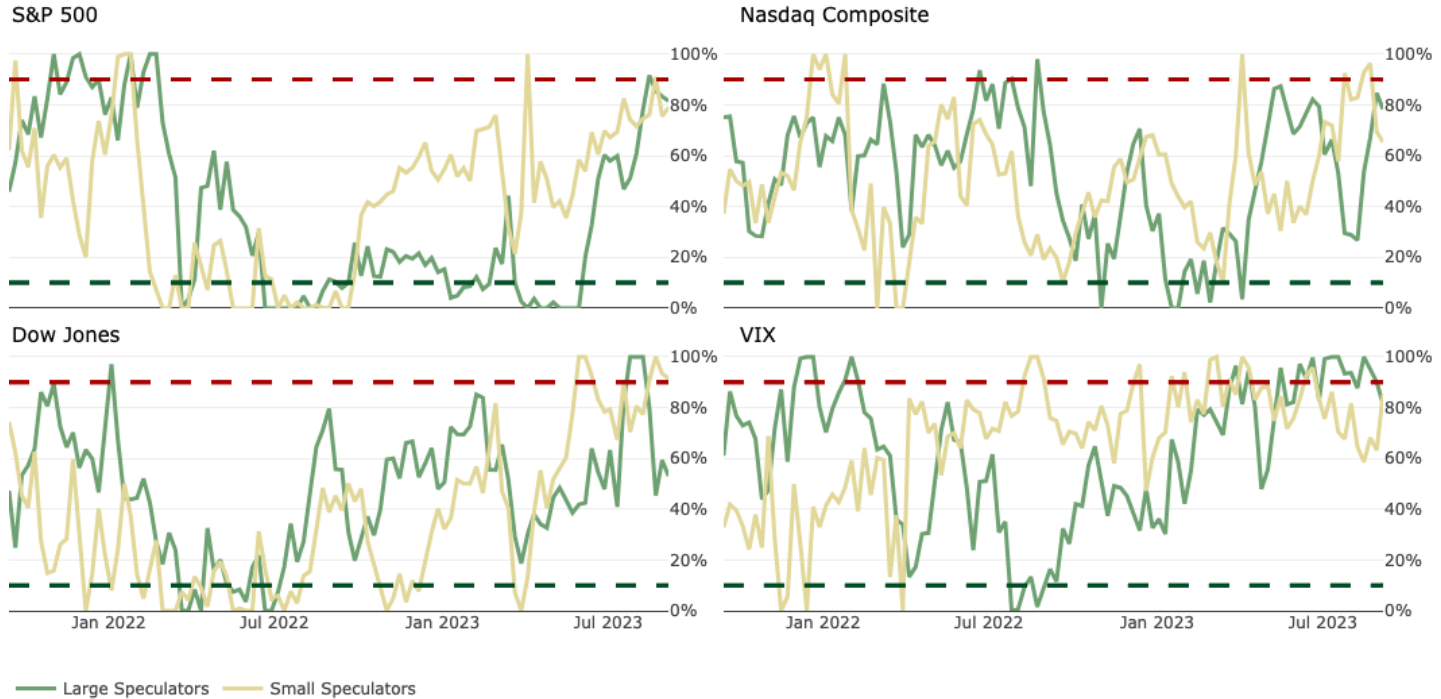




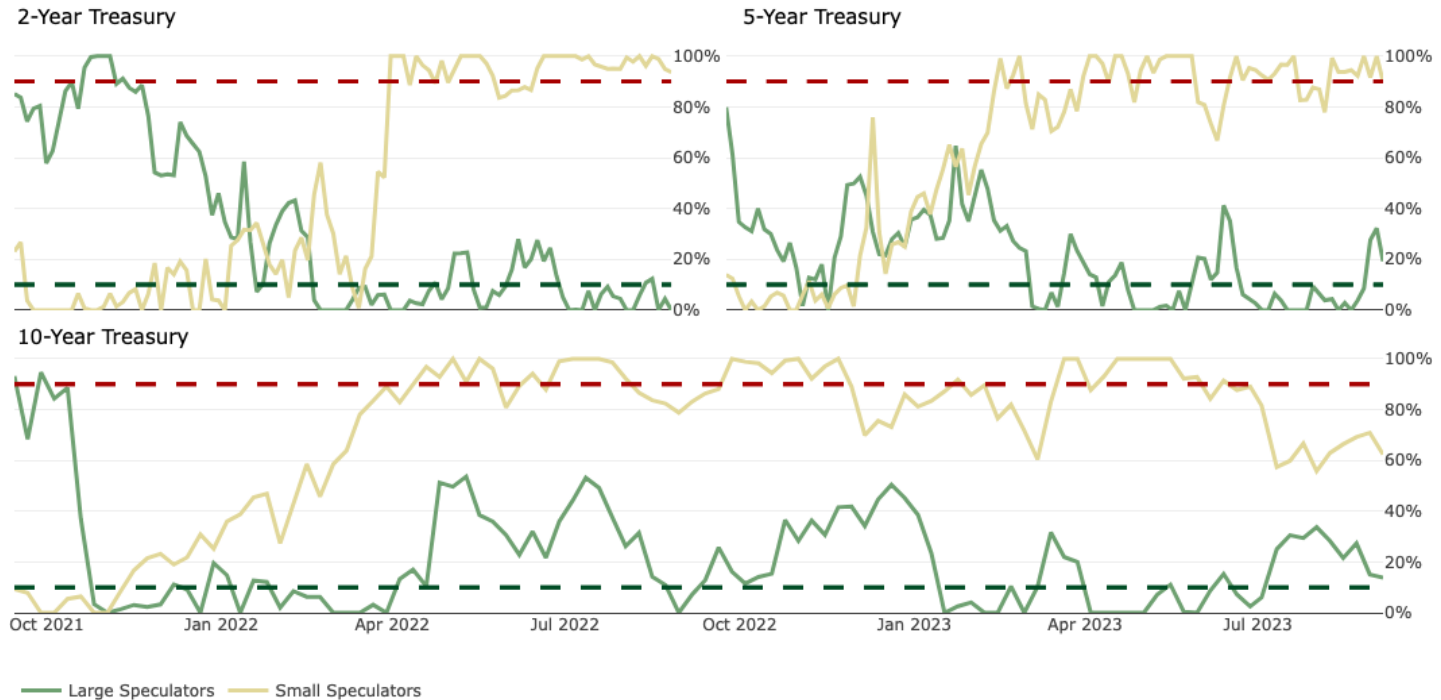
# COT Positioning



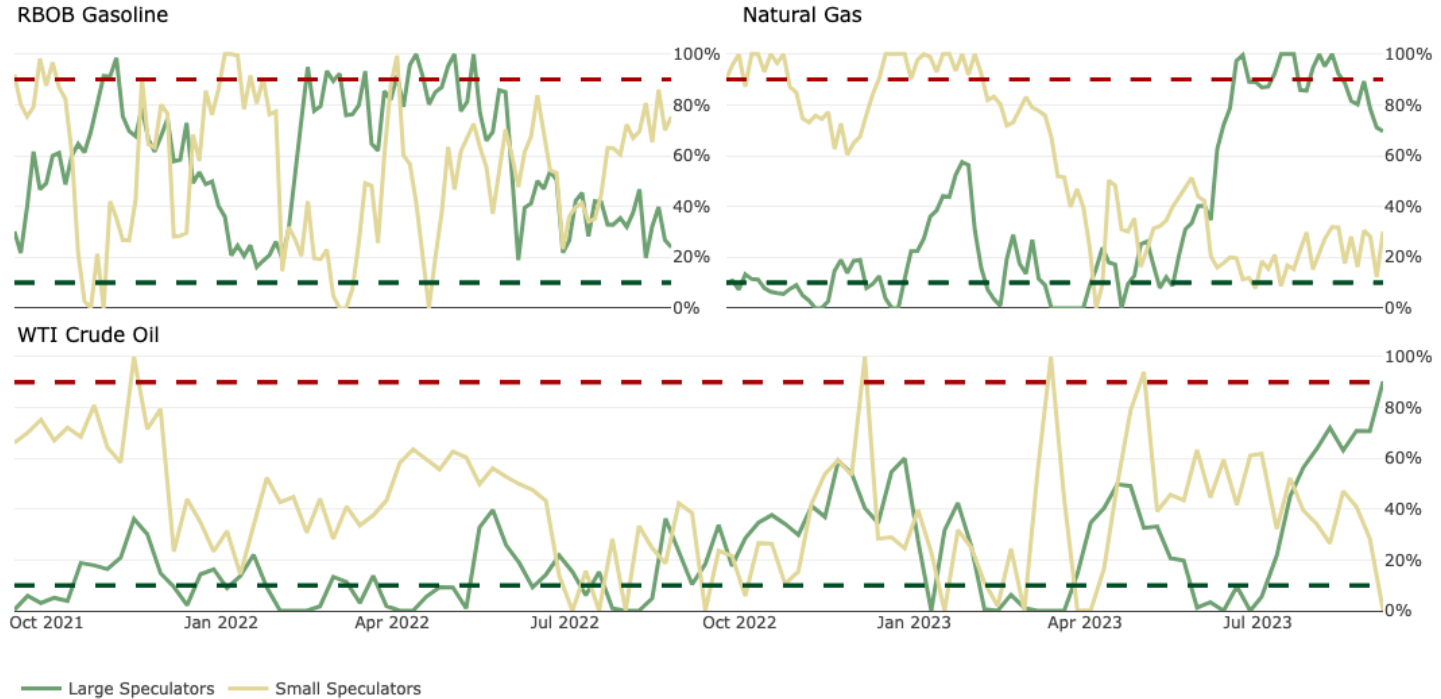
# Equities: S&P 500, Nasdaq, Dow Jones, VIX



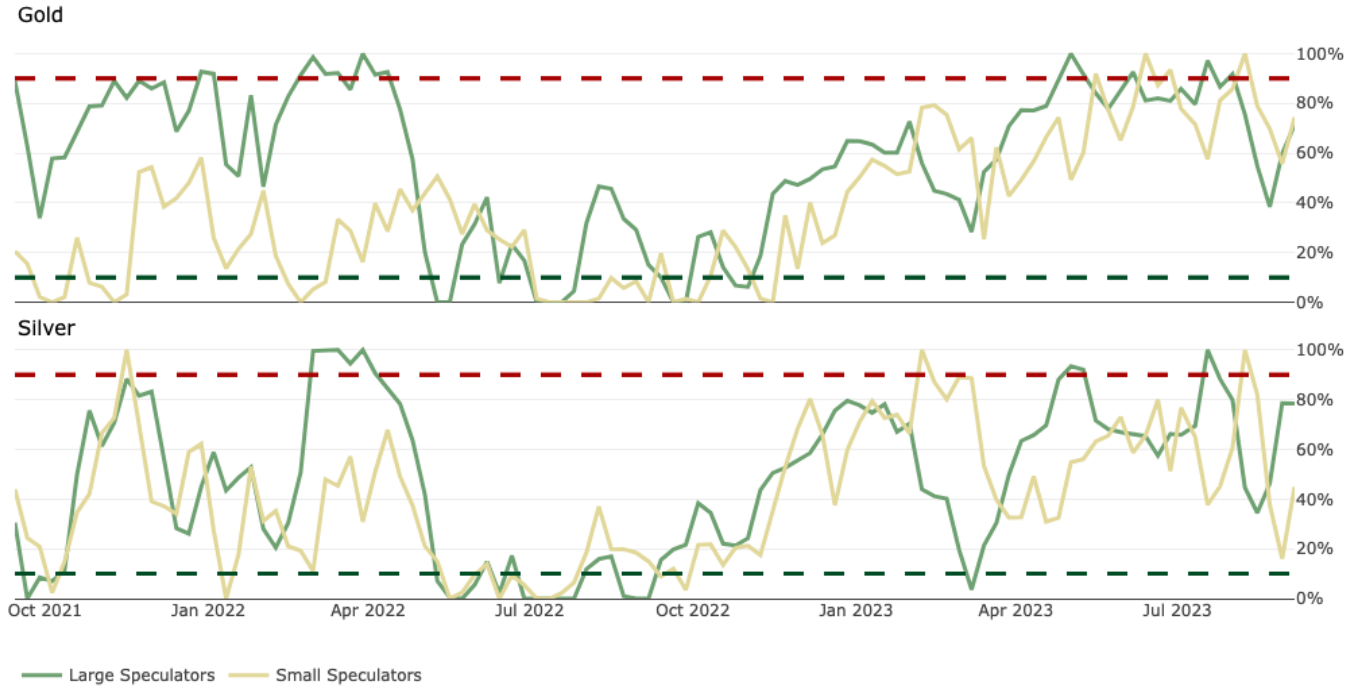
# Fixed Income: 2-Year Treasury, 5-Year Treasury, 10-Year Treasury



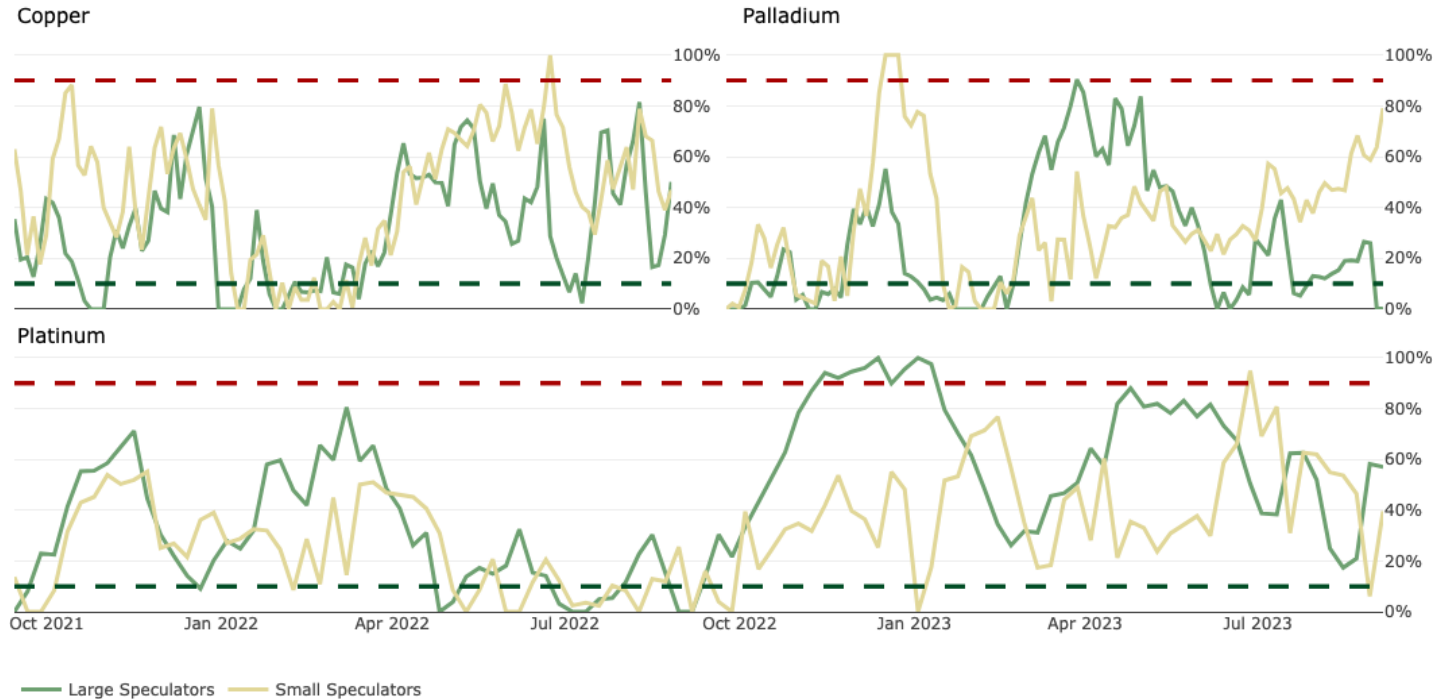
# Energy: RBOB Gasoline, Natural Gas, WTI Crude Oil



# Precious Metals: Gold, Silver

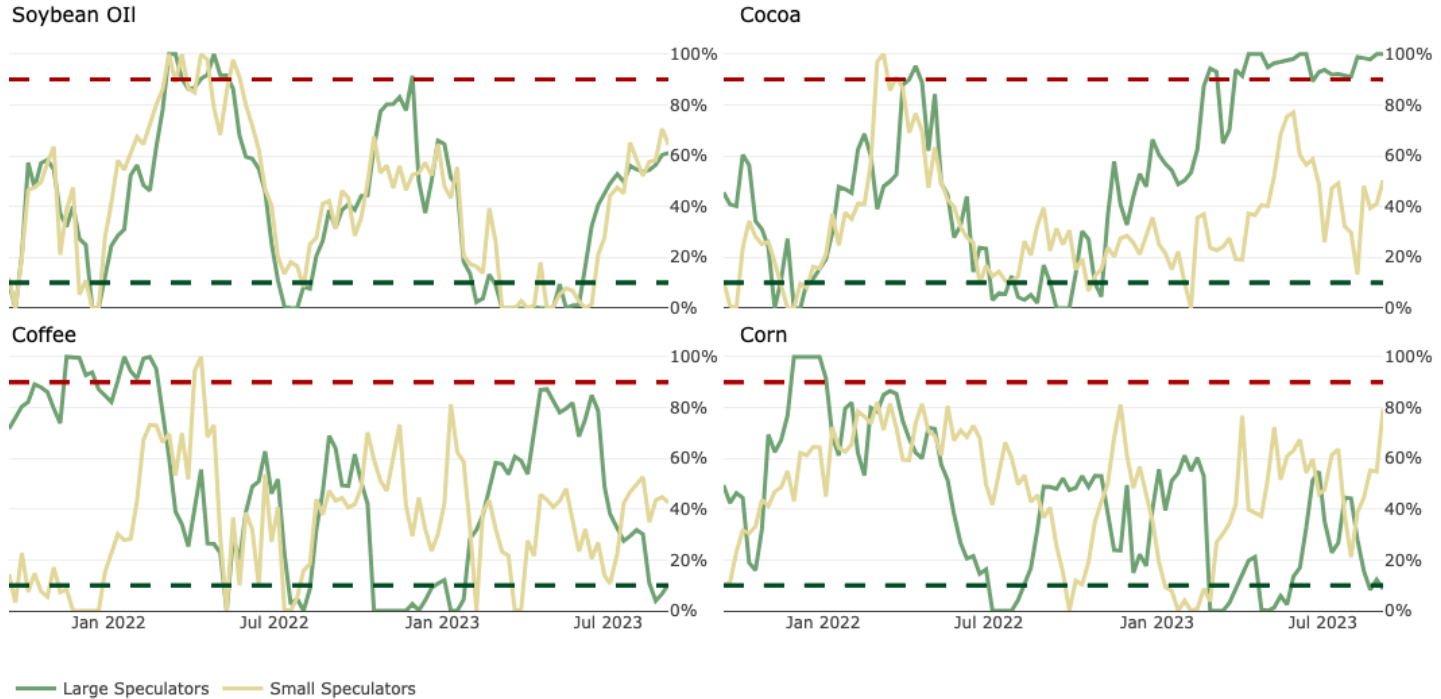


# Industrial Metals: Copper, Palladium, Platinum



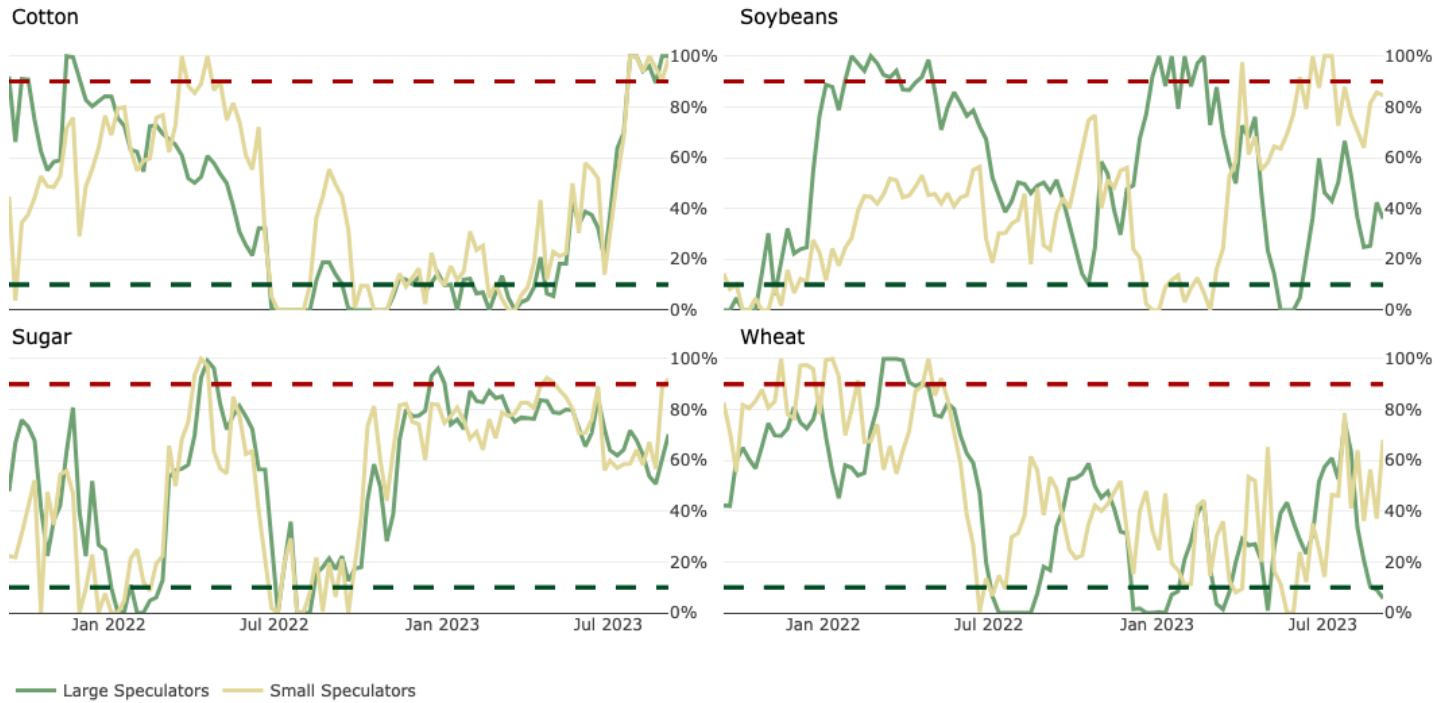


# Agriculture: Soybean Oil, Cocoa, Coffee, Corn

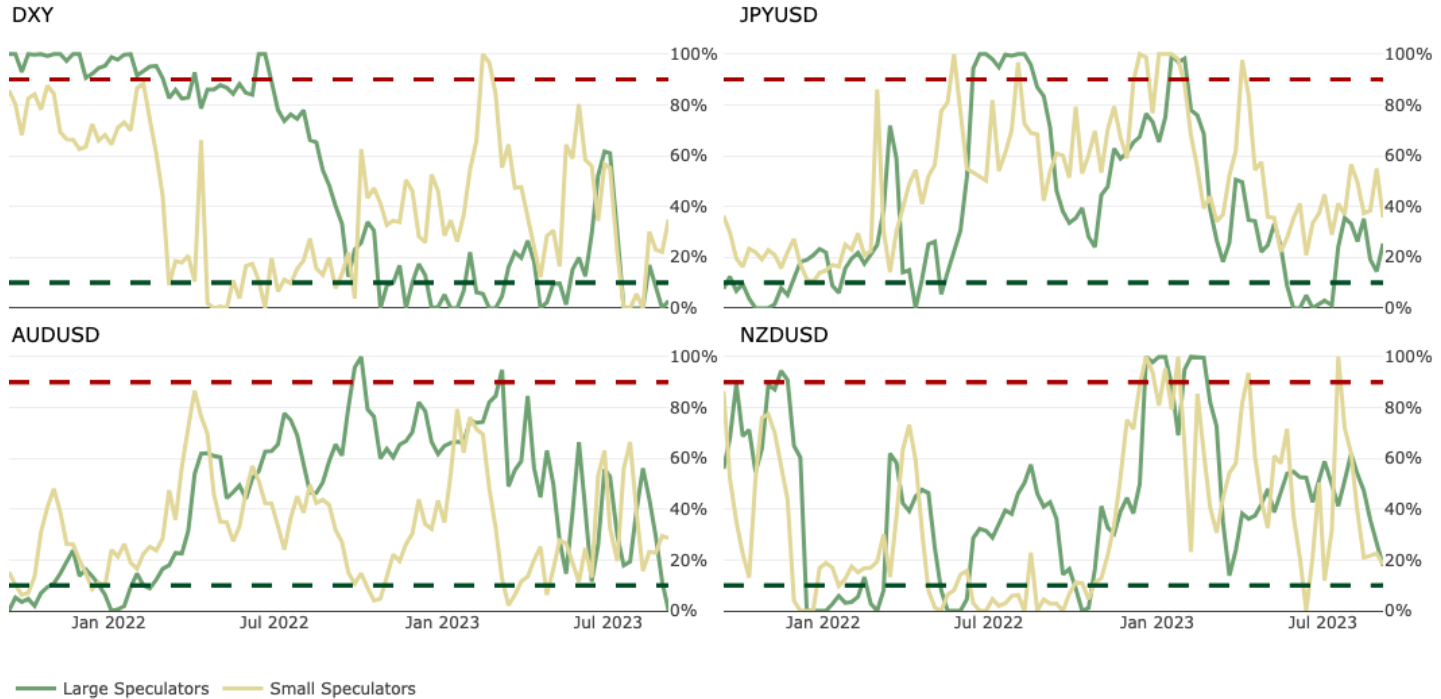




# Agriculture: Cotton, Soybeans, Sugar, Wheat

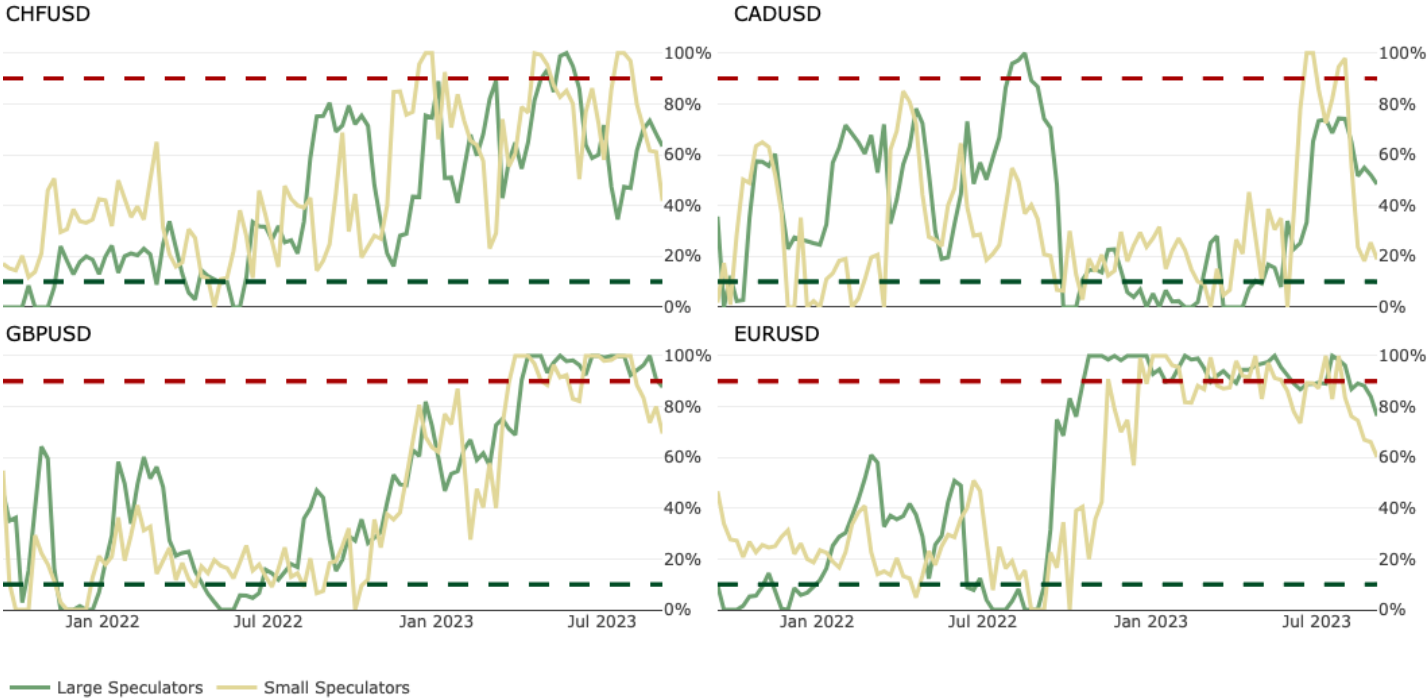


# Currencies: DXY, JPYUSD, AUDUSD, NZDUSD





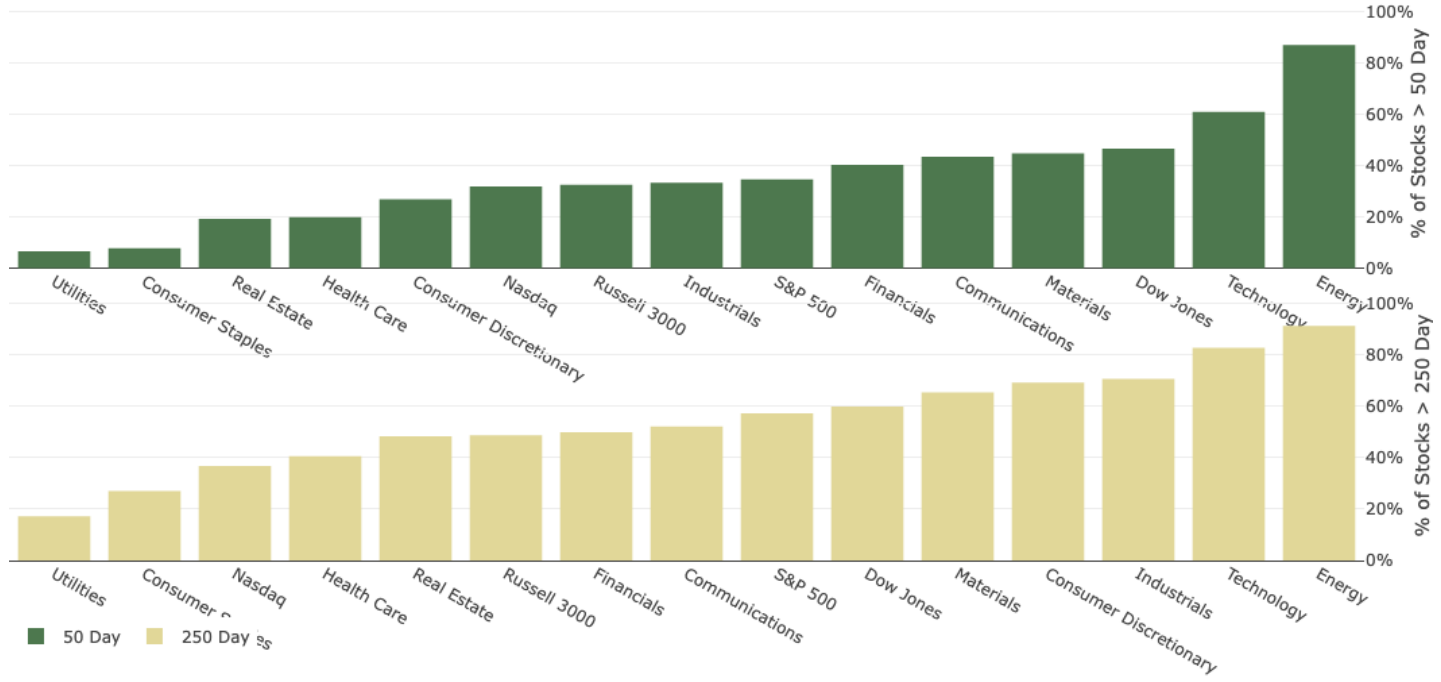
# Currencies: CHFUSD, CADUSD, GBPUSD, EURUSD





# Breadth

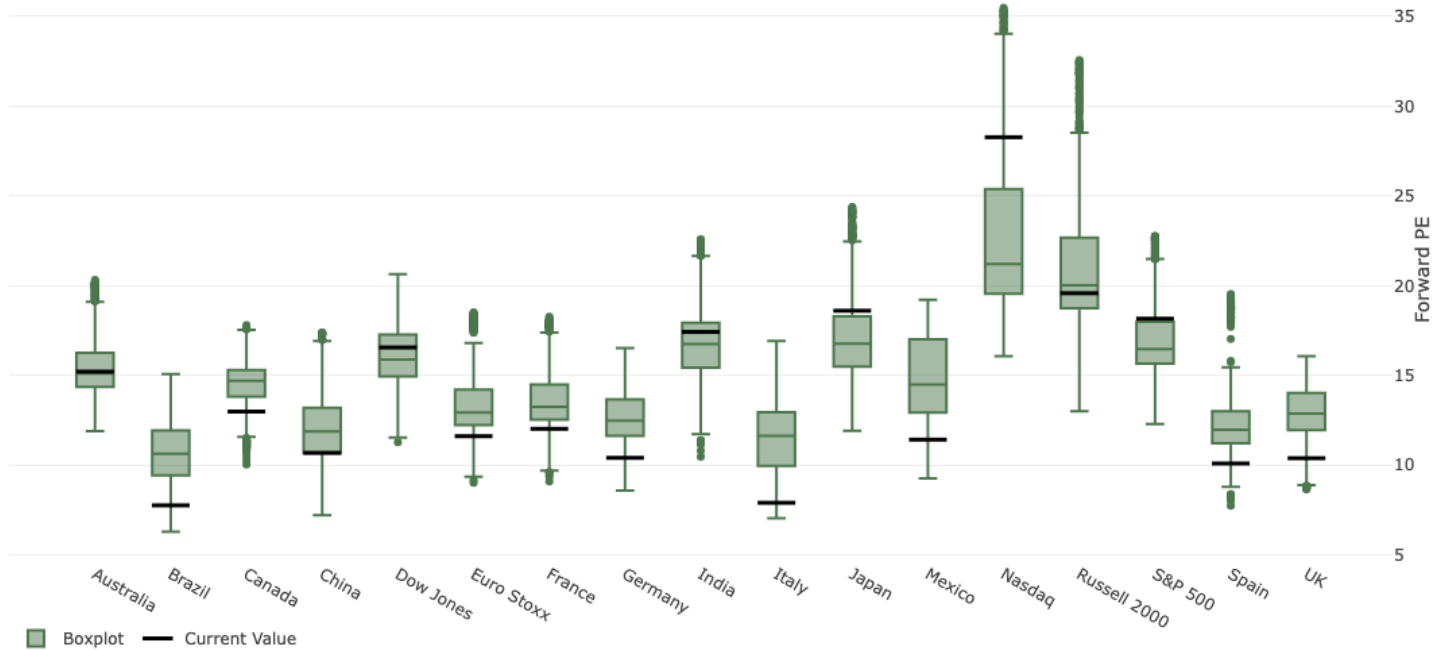
Breadth: 50 and 250 Breadth





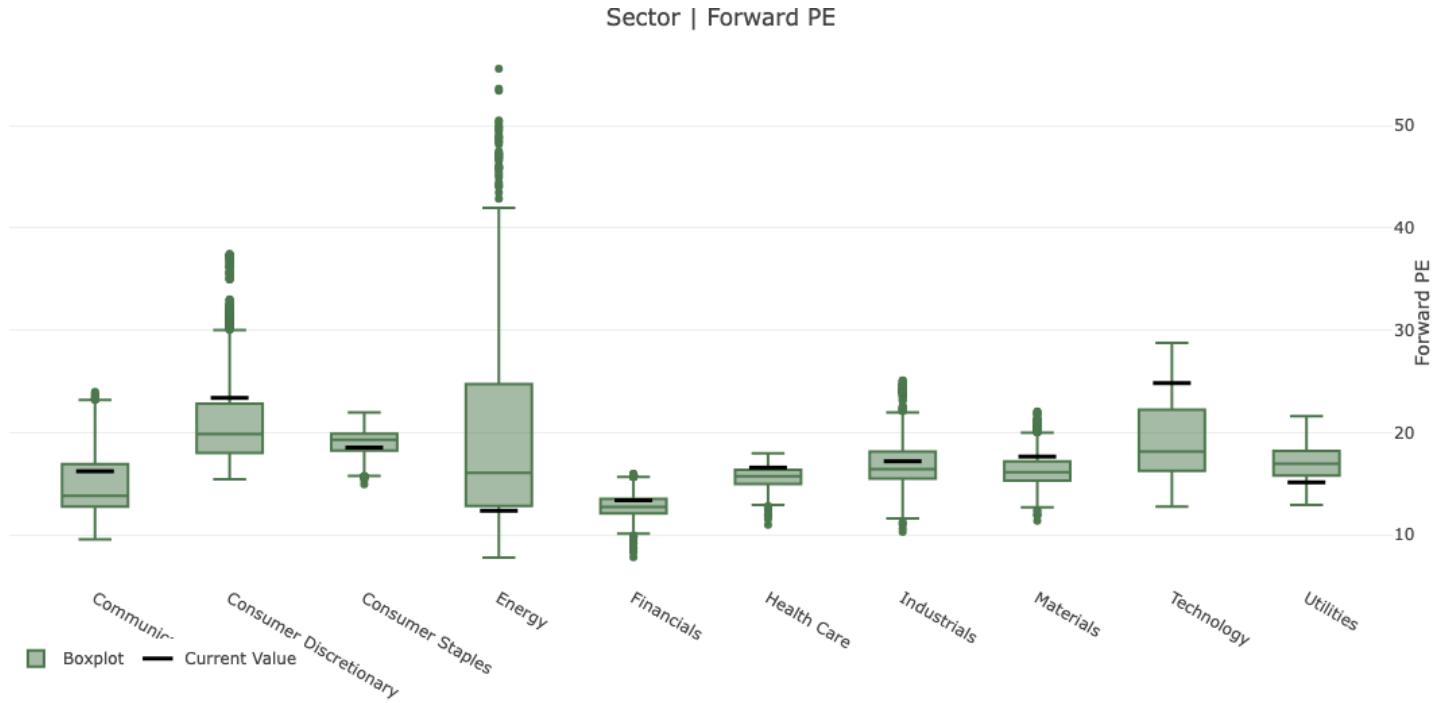
# Forward PE

Country | Forward PE

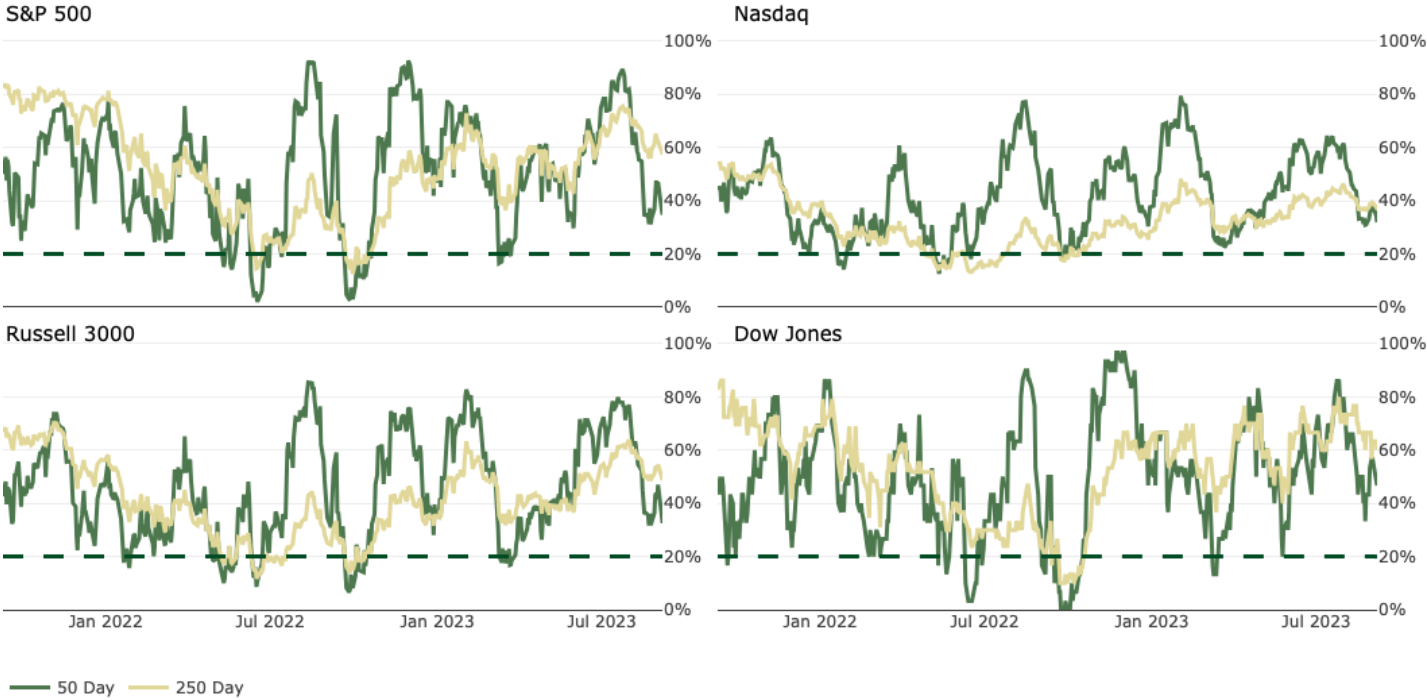




# Forward PE

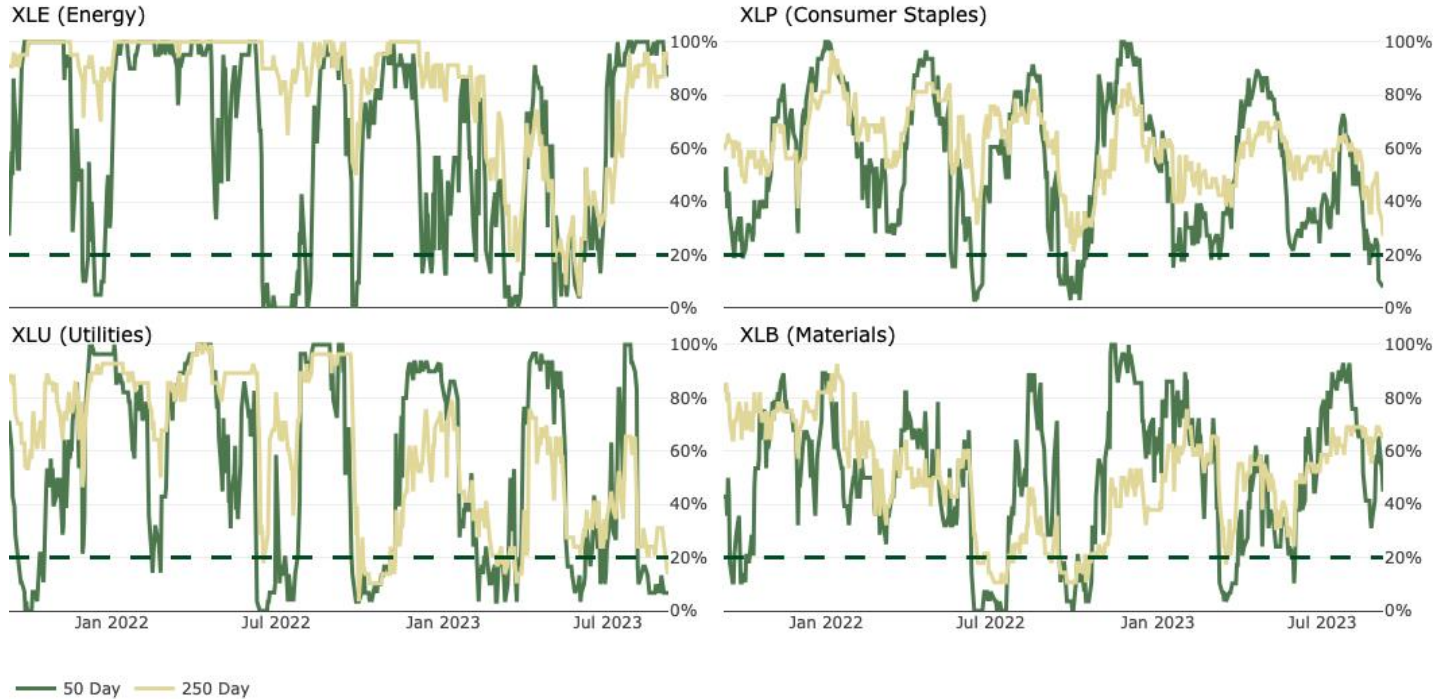


# Broad Indexes: S&P 500, Nasdaq, Russell 300, Dow Jones





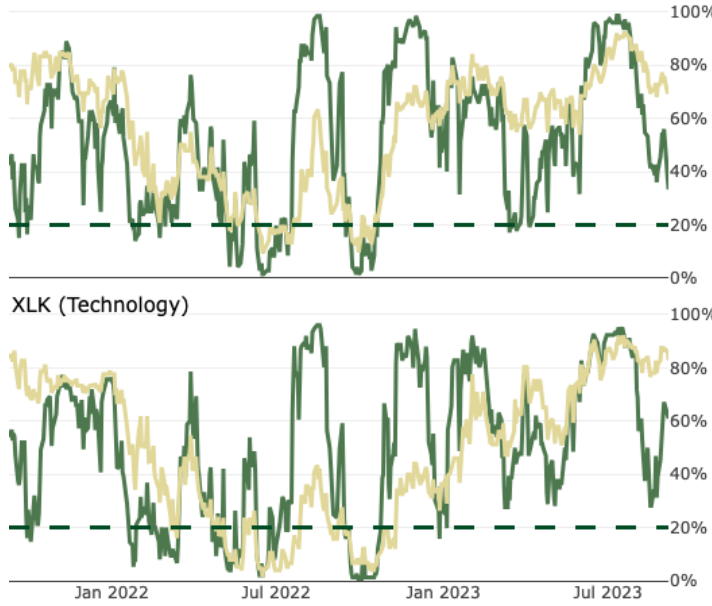
# US Sectors: XLE, XLP, XLU, XLB



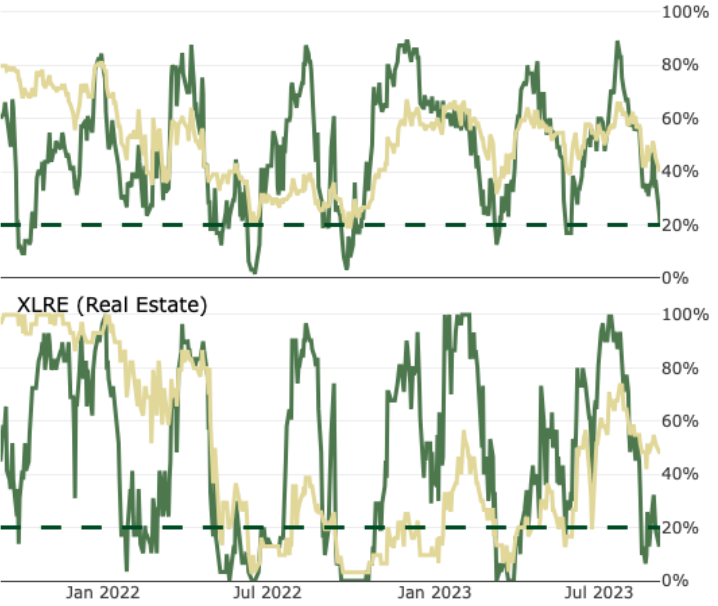
# US Sectors: XLI, XLV, XLK, XLRE



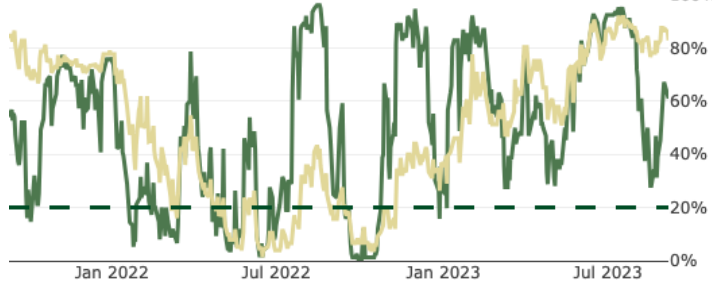
XLI (Industrials)



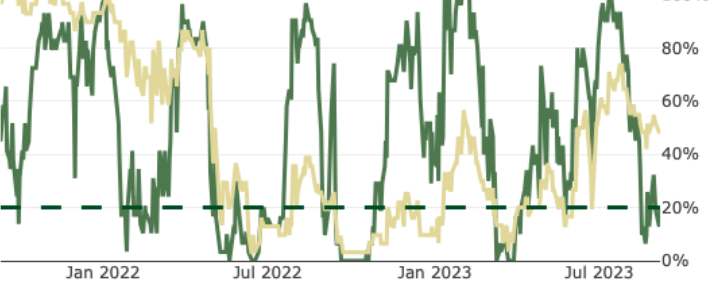
XLV (Health Care)



XLK (Technology)



XLRE (Real Estate)

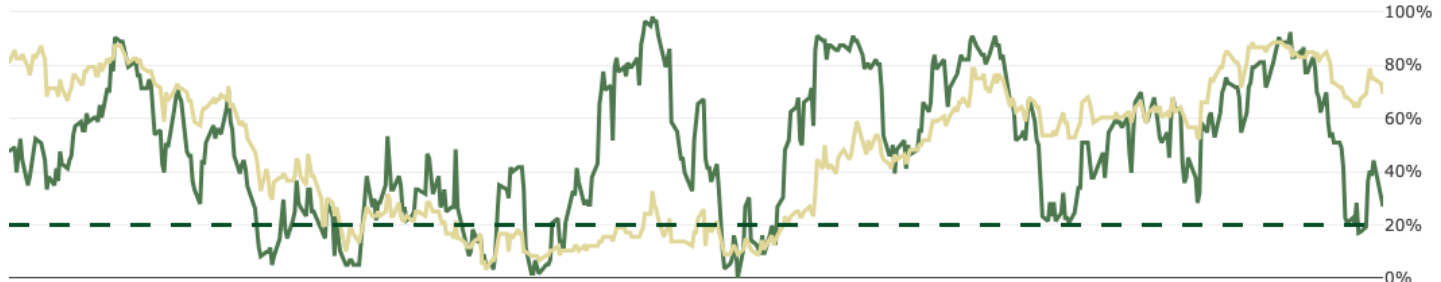


— 50 Day — 250 Day

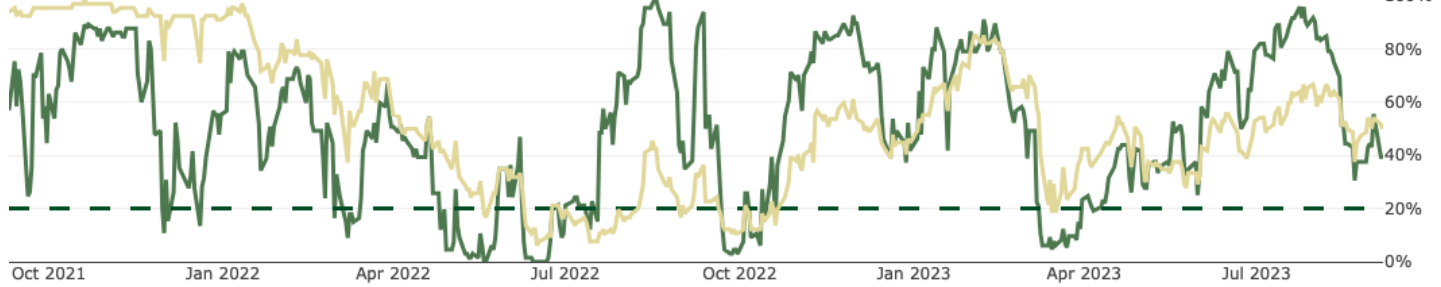
# US Sectors: XLY, XLF



XLY (Consumer Discretionary)



XLF (Financials)



— 50 Day — 250 Day



## The Macro Ops Portfolio

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

2023 YTD Return	14.69%		
Total Notional Exposure	102.68%		
Equity Exposure	53.12%		
Futures Exposure	49.57%		
Current Cash Value (%)	45.66%		
Total Capital At-Risk (%)	1.74%	Cumulative 3YR Return	83.00%
Total Drawdown Risk (%)	11.54%	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.)	Total Notional
Nikkei	NIYU3	4	\$443,736.70	23.50%	0.79%	0.71%	\$222.70	\$221.87	\$215.20	\$215.20	-0.37%	-0.11	4
Dollar/Chinese Yuan	USDCNH	67,042	\$492,310.49	26.07%	0.00%	0.55%	\$7.19	\$7.34	\$7.19	\$7.14	2.17%	3.31	

### Equities

	Ticker	Shares	Capital	Notional	Actual Risk	DD Risk	Cost Basis	Current Price	Current Stop-Loss	Initial Stop-Loss	Current P&L	R-Multiple (Curr.)	Total Notional
<b>Strategic</b>													53.12%
Sprott Uranium	U.UN	6,431	\$98,587.91	5.22%	-0.35%	0.88%	\$11.73	\$15.33	\$12.75	\$10.44	30.69%	2.79	
Sprott Uranium (Second Leg)	U.UN	10,169	\$155,897.49	8.26%	0.32%	1.39%	\$13.34	\$15.33	\$12.75	\$12.00	14.92%	1.49	
Alphamin Resources	AFM.ASX	69,421	\$47,379.83	2.51%	0.48%	0.12%	\$0.78	\$0.68	\$0.65	\$0.65	-12.50%	-0.75	
Alligator Energy Limited	AGE.ASX	2,396,163	\$82,547.80	4.37%	0.74%	1.15%	\$0.03	\$0.03	\$0.03	\$0.03	10.42%	0.56	
Foran Mining	FOM.TSXV	27,333	\$86,303.87	4.57%	0.22%	1.73%	\$2.11	\$3.16	\$1.96	\$1.50	49.64%	1.72	
Foran Mining (Second Leg)	FOM.TSXV	16,994	\$53,658.35	2.84%	0.47%	1.08%	\$2.48	\$3.16	\$1.96	\$1.96	27.32%	1.30	
Foran Mining (Third Leg)	FOM.TSXV	37,065	\$117,034.25	6.20%	0.24%	1.21%	\$2.66	\$3.16	\$2.54	\$2.54	18.70%	4.15	
Vista Energy	VIST	4,507	\$112,000.32	5.93%	-2.29%	0.27%	\$14.11	\$24.85	\$23.70	\$11.62	76.12%	4.31	
Journey Energy	JOY.TSX	18,786	\$82,424.09	4.36%	0.72%	0.60%	\$4.50	\$4.39	\$3.78	\$3.78	-2.50%	-0.16	
Tidewater (Second Leg)	TDW	1,249	\$86,203.54	4.56%	-0.45%	0.85%	\$49.35	\$69.02	\$56.10	\$42.57	39.86%	2.90	
Tidewater	TDW	1,174	\$81,004.40	4.29%	-1.36%	0.80%	\$34.15	\$69.02	\$56.10	\$27.00	102.11%	4.88	

### 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.)	Total Notional
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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.)	Total Notional
AG JAN 19 2024 \$20 CALLS	AG	237	\$1,183.25	0.06%	0.88%	0.06%	\$70.00	\$5.00	\$0.00	\$0.00	-92.86%	-0.93	0.18%
PAAS JAN 19 2024 \$45 CALLS	PAAS	660	\$659.63	0.03%	0.87%	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](#))

