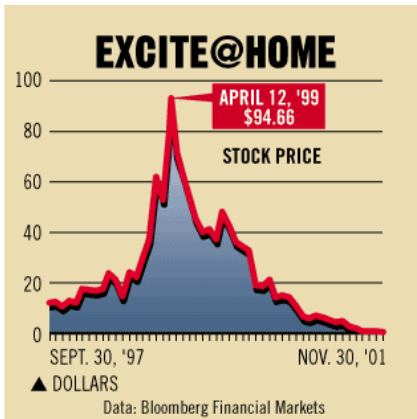


am
FX

Brent Donnelly

bdonnelly@spectramarkets.com
(212) 398-6230



Excite@Home was worth \$40B at one point in 1999. That's peanuts now, but it was real money then.

Current Views

↑ **Long ESZ1 @ 4345**
Initial stop loss was 4297, move it up to entry point.
Take profit 4414

↑ **USDCNH @ 6.4488**
Stop loss 6.3990
Take profit 6.5590

Swiveling on the 55

Trades

The Turnaround Tuesday trade worked (so far) in SPX but the AUDUSD side has been a joke as the pair fails to respond to bearish OR bullish stimuli. I cut the AUD trade at flat (in and out at 0.7259) because it looks like a waste of mental capital. The target on the e-minis is 4414 which is just ahead of the 55-day moving average. As you can see in the chart, the 55-day has defined the bull trend all year. **It is now the place to sell**, hopefully before FOMC. Trade details always in the sidebar.

Note that if we close below 4423 in ES today, that will be the first time we get two consecutive daily closes below the 55-day this year. Possibly meaningful.

If you are bearish and think we have made a major top, look to sell between 4409 and 4429.

Remember: All eyes on China tonight as markets there reopen. Prepare for unusually high overnight volatility.



Bayesian Fed Thoughts

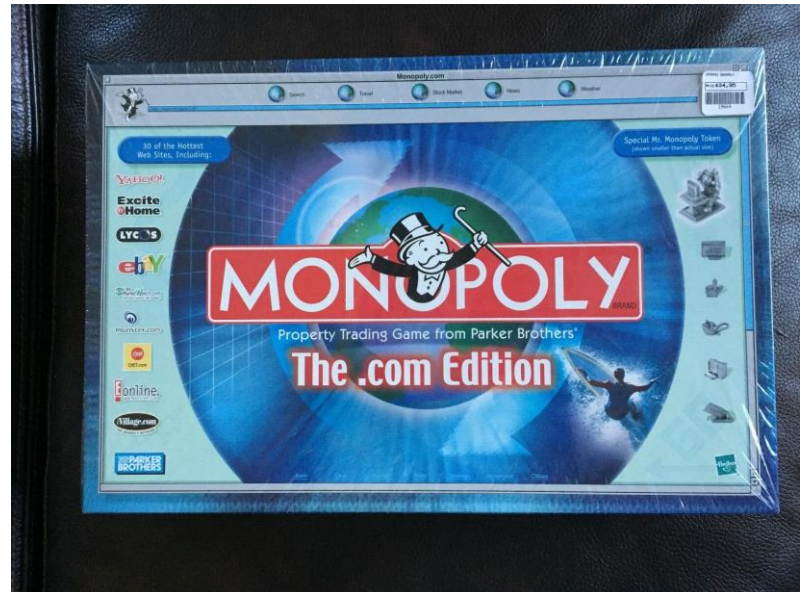
Last week I was writing about long USD and a hawkish Fed but the whole market is there now with the Evergrande saga and several strategist pieces including GS, SC, NMR, and others flagging a potentially hawkish FOMC. The pendulum has swung so far the other way, I think the risk now is the market gets caught long USD at bad levels on a slightly dovish Fed.

I assume Powell is frantically negotiating behind the scenes to keep that 2024 dot as low as possible so the Fed can get through this meeting without any noise or hassles after last week's ethical firestorm.

The metagame is a bit different now after two senior Fed officials exit their single names at the ding dong highs after what looks like incredibly fortuitous timing in both directions. An extremely hawkish meeting would add fuel to the fire of the critics that see millionaire academics self-dealing as they institute policies to juice their own wealth, then throw equities to the dogs after squaring up.

That's a bad take—Fed members are still long a ton of risky assets in their personal accounts and are certainly not happy to let things tank—but the credibility hit from the well-timed PA trades certainly adds an unwelcome edge to the proceedings. That may be a subconscious dovish influence on committee members. Have a monopolistic day.

good luck ↑↓ be nimble



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