

am
FX

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“Who’s that on your backpack?”

“Oh, that’s Bob Ross, Daddy.”

Current Trades

Long 06DEC 0.7500
AUD digis
spot ref. 0.7285

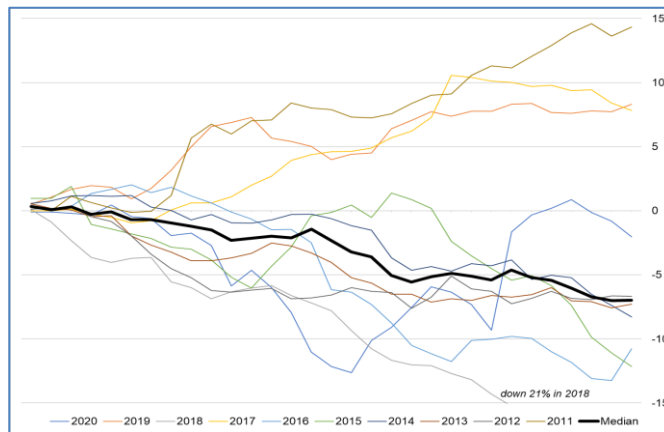
Bob Ross is the coolest

Oil

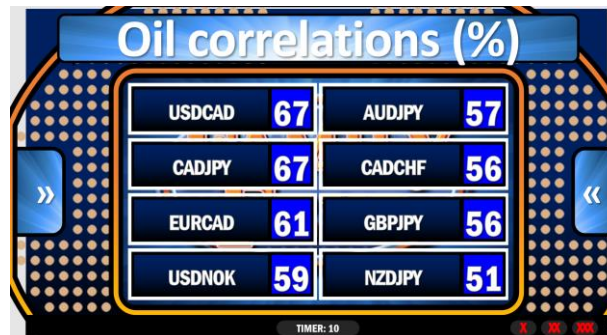
In [AM/FX: Brent's crude thoughts](#), I talked about how extreme inversion of the crude oil curve can be a sign of supply tightness and/or speculative exuberance in crude. It is bearish at some point, but you are selling into the teeth of a raging squeezey bull market so you need to pick your spots.

Now, we are entering a bearish seasonal period for crude. I would feel more confident that this isn't just a roulette wheel coming up red a lot if I had a theory as to why crude trades so poorly this time of year. If you have one, please send it over. Regardless, you now have three reasons to be extremely careful with crude longs over the next month. One, the curve, two the blowoff in European energy prices and three, seasonality. Here is the chart:

Crude oil performance October 15 to November 15 over last 10 years



If you are a currency trader, the most correlated pairs to oil in the past 60 days (using G10+crosses, CFND function on Bloomberg) are:



If you are running a reflation portfolio, you could consider cutting your longs in crude or even going short CLF2 as a partial hedge. I'm saying CLF2, not CLZ1 because the very front is the most susceptible to squeezey weirdness.

BTC

The futures ETF is 85-90% priced in. Watch for some crazy buy the rumor sell the fact next Tuesday if it starts trading. The SEC has until Monday at midnight to block it.

Tick tock tick tock

President Biden is running out of time to pick the head of the Fed. There are three main options. Here is how I see the possibilities:

Fed nomination outcomes grid

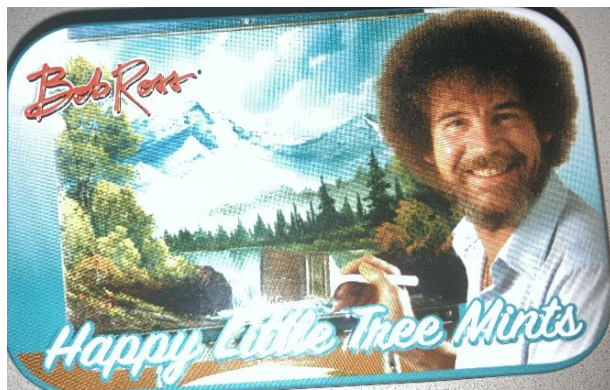
Name	Market pricing	My guess	Market reaction
Powell	70%	50%	Small rally in risk assets but no real reaction. As expected.
Brainard	20%	35%	Dovish surprise. Front end rally, stocks rally. Reflation boom accelerates.
Bostic	7%	12%	Very bad for risk assets. Political calculus has turned from "most dovish possible" to "inflation is a relevant political issue." Front end smoked.
Other	3%	3%	Ferguson? Random, not sure.

I hope you have enjoyed the first month of AM/FX at Spectra Markets. Thank you to all the free subscribers who have joined me over the past 30 days.

If you would like to swipe the Stripe, you can do so here: <https://www.spectramarkets.com/subscribe/>. Otherwise, watch your inbox for the occasional rundown / update and [follow me on Twitter](#). Thanks!

Have a soothing and artistic weekend. See you Monday!

good luck ↑↓ be nimble



My youngest son is a Bob Ross fan and that makes me happy.

There is a Bob Ross keychain on his backpack (left) and he bought some Bob Ross mints (right).

Direct quote: "These mints are bussin'."

Have you ever wanted to buy a Bob Ross painting? You can't! Bob Ross painted around 30,000 paintings in his life (three identical paintings for every show) but you can't buy one.

Here is an article explaining it. The NYT video in there is interesting.

<https://blog.twoinchbrush.com/article/so-you-want-to-buy-a-bob-ross-painting/>

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Brent's huge network of hedge fund, real money, central bank, and trading contacts give him unique insight into what's driving markets today, and what will move markets tomorrow.

Brent offers actionable analysis, clear directional views, and real trade ideas as he helps you surf the current narrative. He puts new themes on your radar before they hit the mainstream.

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