

am
FX

Brent Donnelly

bdonnelly@spectramarkets.com
(212) 398-6230



Who you calling old??

Current Trades

Long 06DEC 0.7500
AUD digis
spot ref. 0.7285

De-, stag-, in-, re- ?

A bit more on the turn in the dollar

There were abundant signs of a micro dollar turn yesterday and now the big narrative dial has toggled away from stagflation and back over to reflation. The blow off bottom in GBP and the blow off top in Dutch energy prices could have been peak stagflation. Let's see. I'm not making a big picture call, I am riding the waves in the USD narrative. I showed a couple of bearish USD indicators from my dashboard yesterday and gold is now joining copper at the the reflation / dollar down party. It's hard for the USD to rally when gold and copper are raging higher.

EURUSD vs. Gold (hourly since late August)



Meanwhile, the methodical downtrend in EURUSD broke just as USD bullish positioning hit an extreme. The next chart shows EURUSD with the 55-, 100- and 200-hour moving averages. You can see the 200-hour defines the trend up and then down while the faster moving averages are now both upward-sloping (bullish). I am still mildly bearish USD (ex-JPY). It's a tactical view, not structural. Still like AUD best.

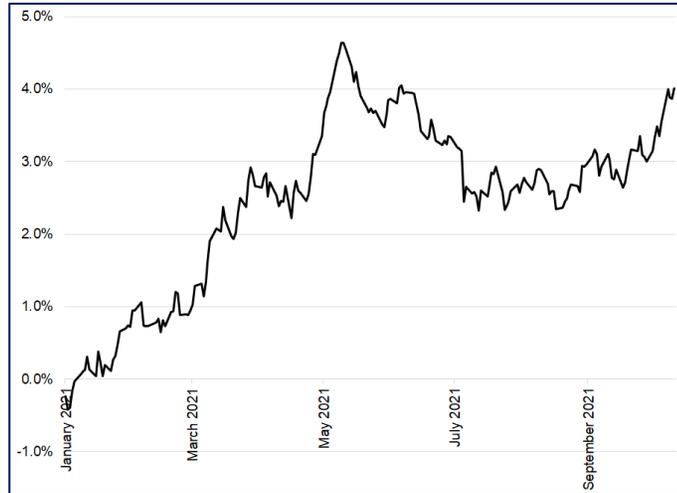
EURUSD vs. 55, 100 and 200-hour moving averages



USDJPY resilience

USDJPY is not a good short as the USD buying in Tokyo time continues apace. One of the best indicators of what the big boys in Japan are doing is a simple time zone analysis. Normally, when Japan has a large current account surplus, the exporters dominate and USDJPY tends to go down in Tokyo time. Currently, Japan real money is loving the high nominals on offer outside Japan, and oil importers are not getting filled on their USD bids—so they’re paying up. Here is the USDJPY cumulative return in Tokyo time this year:

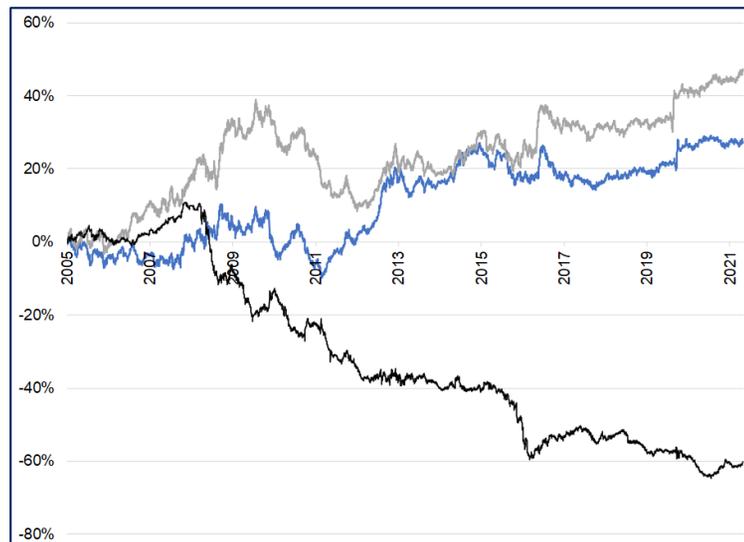
Cumulative return of USDJPY in Tokyo time in 2021



That isn’t particularly interesting unless you know the history. The next chart shows the history, which shows that USDJPY has massively underperformed in Tokyo time for many, many years. To be clear, that black line that goes down down down in the chart below is the same black line going up in the chart above. The move higher in 2021 is barely visible on the long-term chart.

The takeaway is that USDJPY price movement in Tokyo time is an excellent way to monitor the activities of oil importers and large Japan real money if you don’t work at a bank.

Cumulative return of USDJPY in New York, London and Tokyo time in 2021

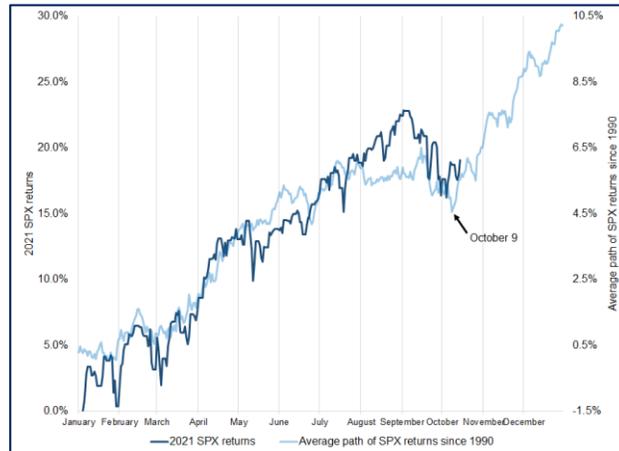


Risky asset recovery

As Gitt asked this morning: “Stag” or “Re”... What kind of ‘flation are we in?

I think part of the rebound in risky assets and reflation trades is simply the product of the market getting max bearish stocks and credit just as seasonals turn from super bearish to rather bullish. Sentiment warnings were flashing in AAIL, credit sentiment, and all over the place really. Here is the seasonality chart for the S&P 500.

Seasonality of SPX returns since 1990 and this year



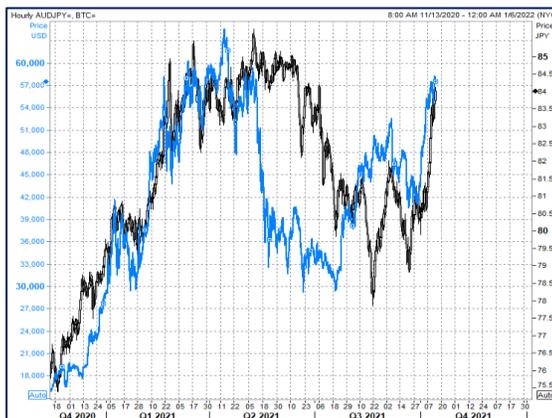
For the seasonal pattern to remain extremely robust, the October 4 low in SPX (4279 in minis) must hold.

Bitcoin™!

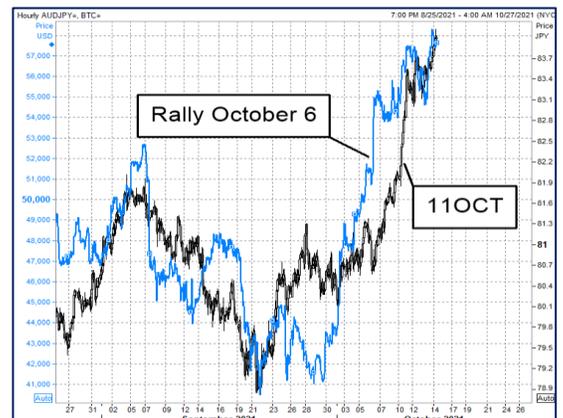
Finally, Crypto continues to be an excellent lead indicator for global risky assets. This makes sense as BTC and crypto are a good measure of how much money and confidence are sloshing around the global financial system. Here is BTC vs. AUDJPY (same chart, two different levels of zoom):

Bitcoin vs. AUDJPY

Hourly back to late 2020



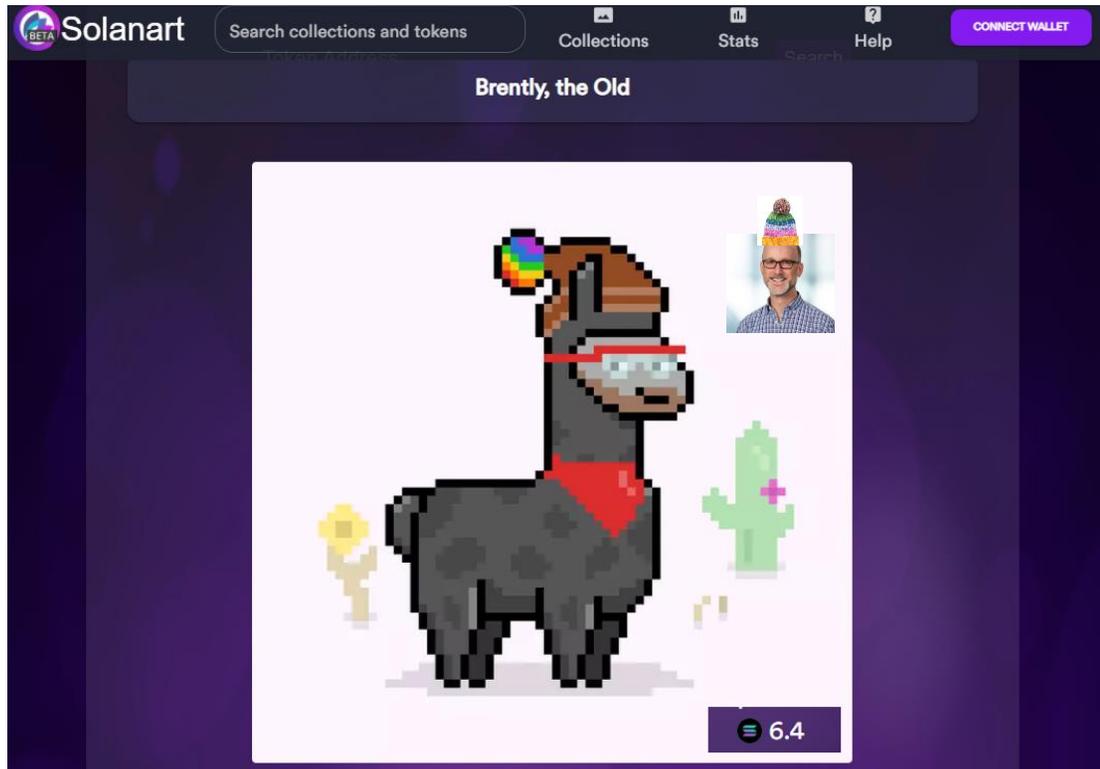
Hourly back to late August



May your day be full of llamas con pom poms.

good luck ↑↓ be nimble

1 SOL = \$155 USD



If you have six or seven Solana burning a hole in your wallet and you still haven't found a gift for me for Christmas...

[This NFT](#) would be the perfect (mildly offensive) gift.

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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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