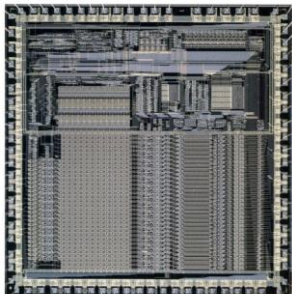


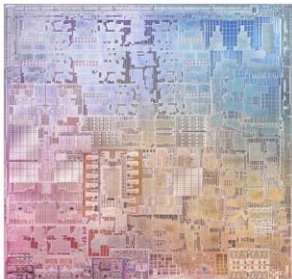
am
FX

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ARM1 processor (1985)
25 thousand transistors



Apple M1 processor (2020)
8-core ARM, 16 billion transistors

Current Views

Short 01NOV and long
15NOV 1.3550 GBP put

Calendar spread
Price 21bps off 1.3730 spot

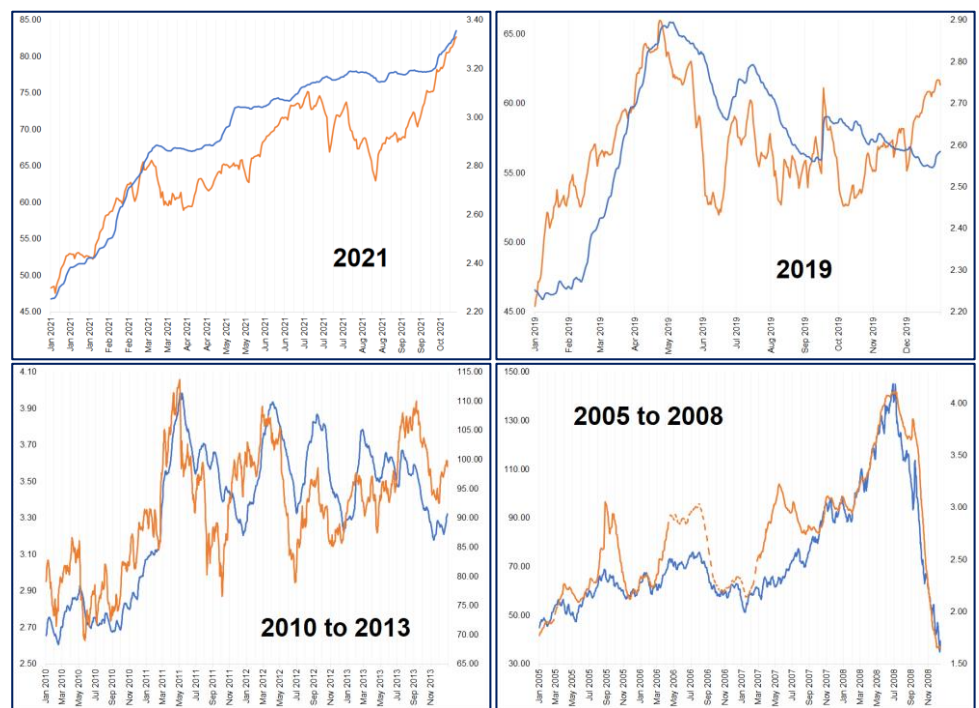
Oil, gas, Oz and BTC!™

Oil leading gas

Yesterday. I discussed the idea that the pain point for the US consumer (and stocks) tends to arrive around \$3.60 per gallon of regular gasoline. And risky assets generally have become very squirrely (bearish SPX) above \$3.80. I think the pain level is higher now because the consumer is extremely robust and \$3.60 ten years ago is \$4.39 today, adjusted for inflation.

My friend Michael made the solid point that crude oil prices tend to lead gas prices, so it would be best to keep an eye on that relationship going forward. I was curious how that looks over the years, so I plotted gas prices against oil to check out the lead/lag. I looked at data for this year, and 2019 (to avoid the COVID madness) and I also looked at the two other periods of high gas prices (2007, 2011). Here are the charts:

NYMEX crude oil vs. regular gasoline prices (served four ways)



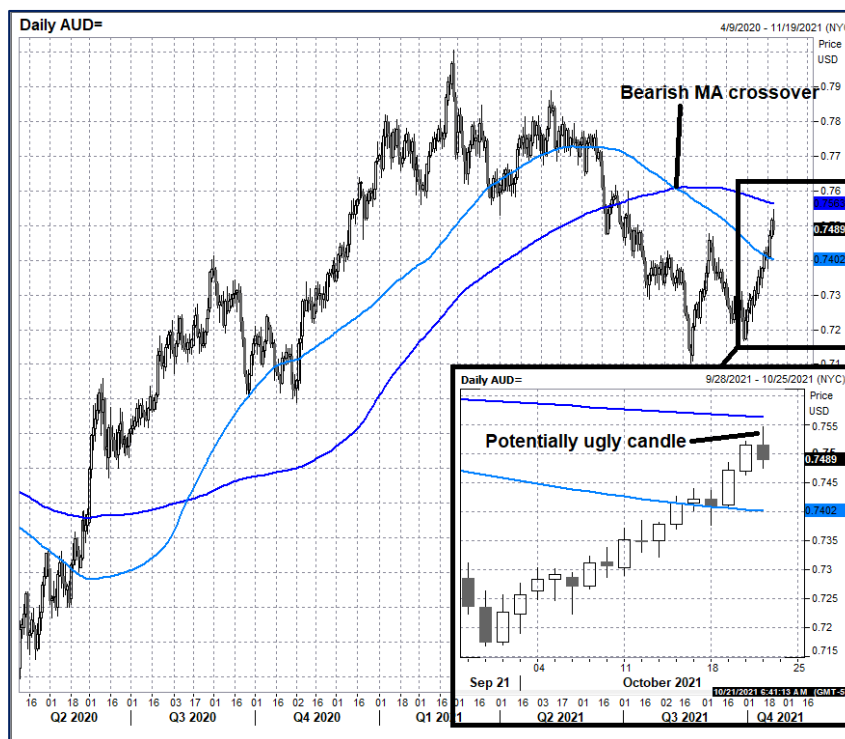
Doing some quick scatterplots and a basic regression suggests \$100 oil means \$4.20 gasoline. There will be psychological importance to 3-digit oil... **My conclusion from all of this is: when crude breaks \$100, risky assets will get nervous.** Until then, higher oil is inflationary good news, not bad.

Lee Harvey

Copper has made three lower highs on the hourly chart just as AUD jumped to a new high the AUDJPY RSI hit the stratosphere. That is called bearish divergence. My guess is this will be a garden-variety correction / consolidation in AUD, but given the importance of the 0.7500/50 zone, it's also worth considering the idea that the AUD is done rallying for now. If we close here, that's one heck of a bear candle and failure right at the 200-day MA.

One of the two OG technical analysis legends of the past 30 years, Tom Fitzpatrick at Citi,¹ often writes about consolidations that play out between the 100-day and 200-day moving averages. This would be a reasonable forecast for AUD in the short-term. That is, a 0.7400/0.7500 range trade for a while as the pair works off the overbought condition.

AUDUSD could consolidate between the 100-day and the 200-day moving averages



Bitcoin!™ vs. bitcoin

In April 2021, Ben Hunt wrote a classic evergreen piece about the subversion of bitcoin by the regulatory panopticon of the US Treasury, Wall Street and Washington. If you have not read it, I suggest you [listen to it here](#) because the way Ben says “Bitcoin!” over and over is perfect and highly enjoyable.

This week, I have been reprocessing the themes in that essay because of the dissonance of two conflicting information streams entering my head:

1. Grandiose (not in a bad way) essays like the One River piece I linked to yesterday and [podcasts like this one](#) which discuss the role of bitcoin in fixing capitalism and displacing authoritarianism, vs.
2. Various exchanges launch derivatives of derivatives of derivatives of bitcoin for punters to gamble on and PFOF machines to monetize risk free, as trillion-dollar asset managers embrace the coin.

It reminds me of how I felt when first skateboarding, then grunge, then EDM were co-opted by the corporate machine. Can something be Good *and* fully co-opted by the machine... At the same time? Maybe! Can bitcoin make the world better, and also be fully financialized and co-opted by Wall Street? Maybe! Probably!

The test of a first-rate intelligence is the ability to hold two opposed ideas in mind at the same time and still retain the ability to function.

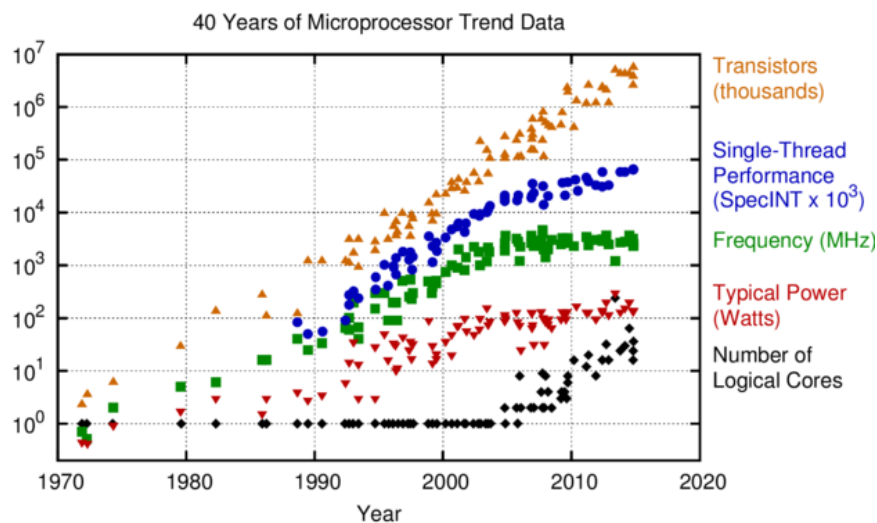
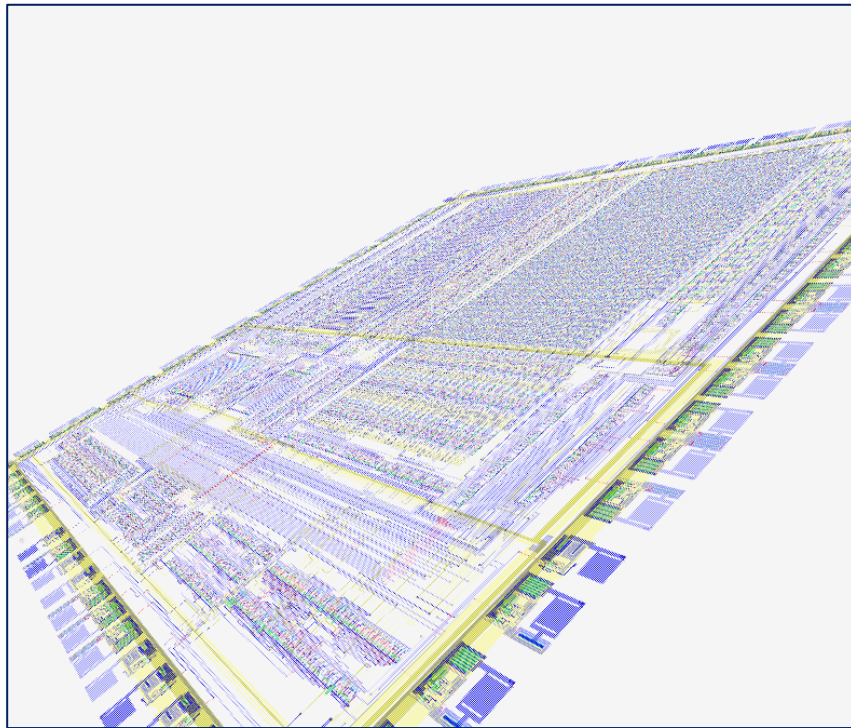
- F. Scott Fitzgerald

good luck ↑↓ be nimble

¹ Andrew Baptiste is the other, obviously.

[This is an interesting thread](#) about microprocessors.

Click on this photo to play around with a crazy visual of a processor and see it working as a kind of simulation.



<https://www.karlsruhp.net/2015/06/40-years-of-microprocessor-trend-data/>

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