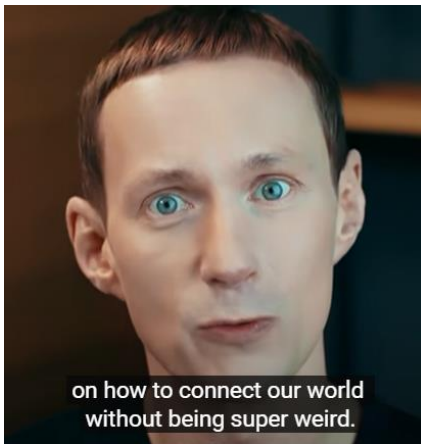


am
FX

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Current Views

Short AUDCHF @ 0.6731

Stop 0.6816
Take profit 0.6577

**24NOV AUDNZD put
1.0300 strike**

Spot ref 1.0340

Short ETHUSD @ 4210

Stop loss 4902
Take profit 3010
(From MacroTactical Crypto #4)

AUDCHF and The Big Reveal

AUDCHF lower

We start with a chart of Australia's Terms of Trade.

Australia Terms of Trade (2021): Blowoff top?



Coal, Baltic Dry, iron ore, rebar, and all that stuff has reversed—massively. Meanwhile, it looks to me like the SNB has clearly made a policy change here and there is room for further CHF appreciation as the market digests that. I was bullish EURCHF above 1.05 and now I'm bearish below, which some readers may find distasteful. But I have never been averse to a flipper. Facts change, I change, etc. The ability to change views is the whole point of the "be nimble" AM/FX sign off.

The end of the Aussie ToT boom and the turn in SNB policy adds up to a reasonable AUDCHF short idea, in my opinion. This is consistent with my view that risky assets could come under pressure over the next week or two on the back of rising volatility (VIX and rising rates vol), strong USD, faster taper, post-OPEX, falling oil, rising COVID fears, crypto froth (see MacroTactical Crypto #4)...

I put the idea in the sidebar, it's a simple spot trade. Risk 80 to make 160.

The Big Reveal¹

Looks like Biden is holding a press conference tomorrow (time undisclosed, but tea leaves suggest: morning). He will make remarks about the economy and inflation and the assumption is that he will address an SPR release and the Fed nomination. Once this is out of the way, the market will be free to pile into EURUSD shorts. Some headlines crossing now saying The Big Reveal might even happen today.

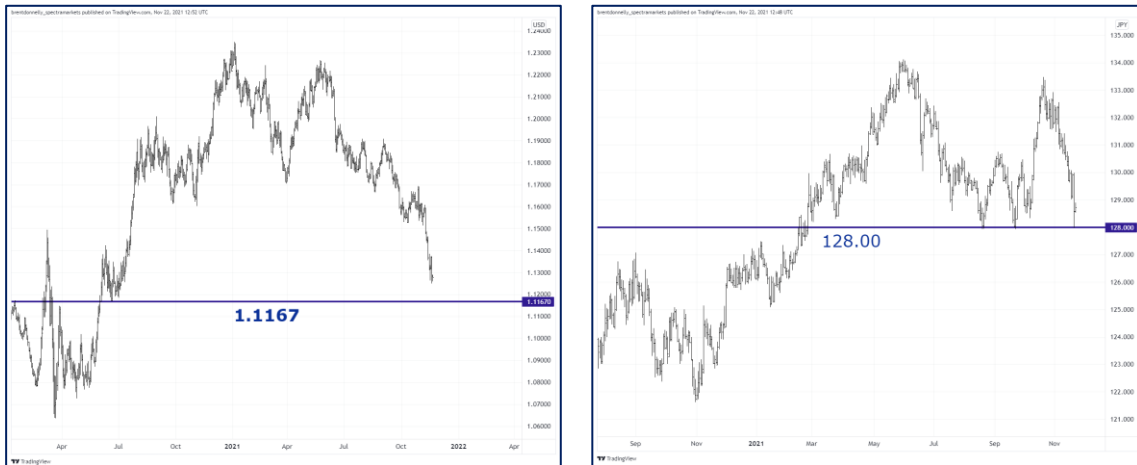
¹ [https://en.wikipedia.org/wiki/Reveal_\(narrative\)](https://en.wikipedia.org/wiki/Reveal_(narrative))

The bearish EURUSD story is consensus, but not yet crowded or fully subscribed as specs hold off on committing full capital to avoid a boot to the head from a Brainard nomination. The market is slowly coming around to the idea that Brainard isn't so different from Powell so I would think the result of her nomination will be a spike in EURUSD that specs jump on to sell. That was also the expectation of the majority of respondents in my survey.

There is a bit of ironic symmetry here as we set up for a scenario where every forecast is for lower EURUSD into 2022 with EURUSD closing on the lows at 1.1200. This will be a mirror image of 2021, where we came in raging bullish EURUSD at 1.23. Still, it's hard to resist a monetary policy divergence story as strong as the one we see right now. It is way too early to worry about EURUSD positioning as the market has held back the reins ahead of the Fed nomination.

Key levels would be closes below 1.1167 in EURUSD and 128.00 in EURJPY. Those are the big levels nearby as you can see here:

EURUSD and EURJPY daily charts
1.1167 and 128.00 are the levels to watch



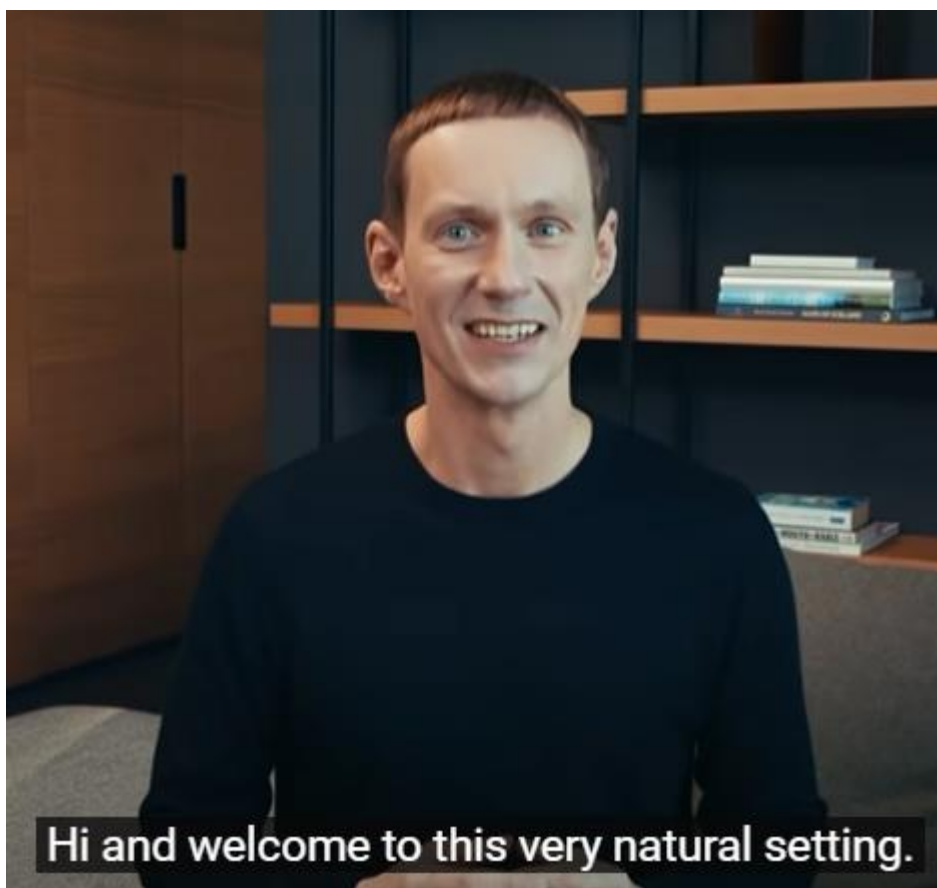
Charts powered by TradingView

Finally, as stupid as it feels to sell down here, short EURCHF with a stop at 1.0526 is probably sensible too.

Have a chill day.

good luck ↑↓ be nimble

Iceland roasts Zuckerberg



Introducing the Icelandverse

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