

am
FX

Brent Donnelly

bdonnelly@spectramarkets.com
(212) 398-6230



Equitism: An economic system in which all citizens have a stake in the city's land – as the city does better, the residents do better.

<https://en.wikipedia.org/wiki/Telosa>

Current Views

Flat

CNH, SPR

Fed Chair update

I continue to be amazed by the fact that Powell's odds of renomination remain pegged at 70% on various betting sites. Still feels more like 50/50 Brainard/Powell to me. As much as Bostic makes sense on multiple levels, the fact he has not been interviewed probably means his odds are correctly estimated near zero by the gambling exchanges. Nick Timiraos and Ken Thomas [published an article today](#) which also makes it sound like Brainard is still truly in the mix as some reported her meeting went "better than expected."

The brief bios in the article are also a useful reminder of the glaring differences between the two candidates when one looks through a political lens:

Mr. Powell, 68, is a Republican and former private-equity executive who was nominated in 2011...

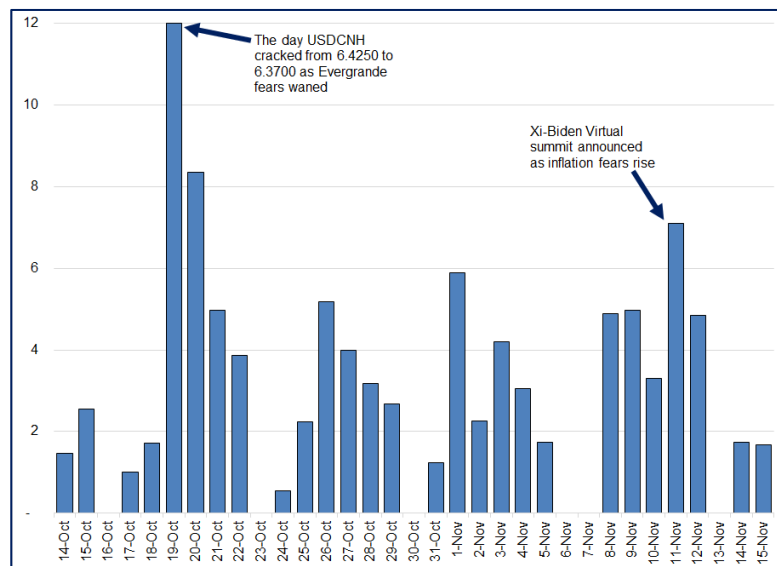
Brainard, 59, is a Democrat and an economist who joined the Fed in 2014 after working in the Obama Treasury Department and the Clinton White House...

I just can't believe the male Republican, and former private equity executive is a [shoo-in](#) against the female Democratic economist in this political environment. Let's see.

Xi-Biden

Interest in tonight's Xi-Biden virtual summit is high but not off the charts. Today's first chart shows USDCNH option volumes over the past month. You can see a decent pick up on the day the virtual summit was announced, but volumes are not huge compared to the October USDCNH breakdown.

Daily USDCNH options volume

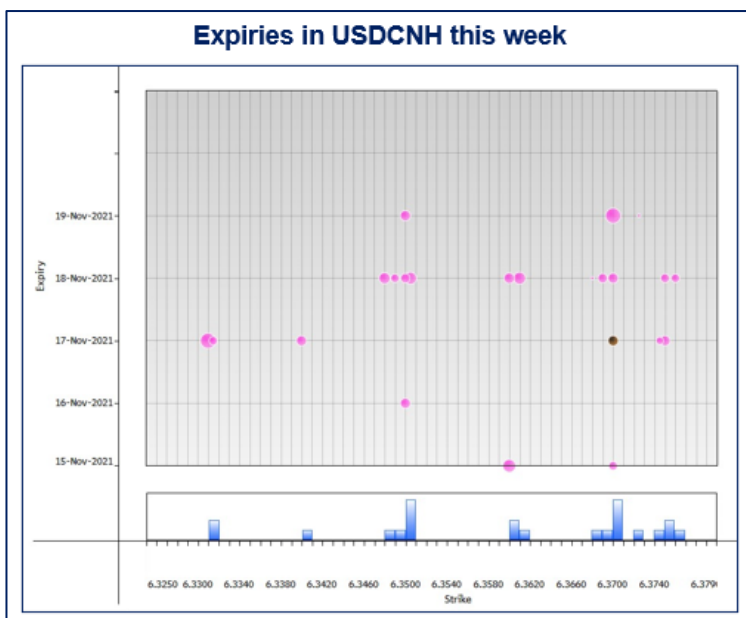


Looking at the popular strikes, there are a ton of 6.40s and then the 1-week puts (bought on November 11, expiring November 18) are clustered around 6.36 and 6.35. Chart on next page.

You read the chart along the y-axis from BOTTOM TO TOP. Today's expiries are the pink dots in the bottom row, then as you go up, you see expiries for future days. The x-axis shows the strikes.

You can see the 18NOV bucket has a ton of dots, which shows that many people bought 1-week downside on the day the summit was announced. It stacks up as a low probability lotto ticket that anything deliverable comes out of the summit tonight, and I would expect the summit comes and goes with zero market impact.

Removal of tariffs makes so much sense economically but could be a killer politically.

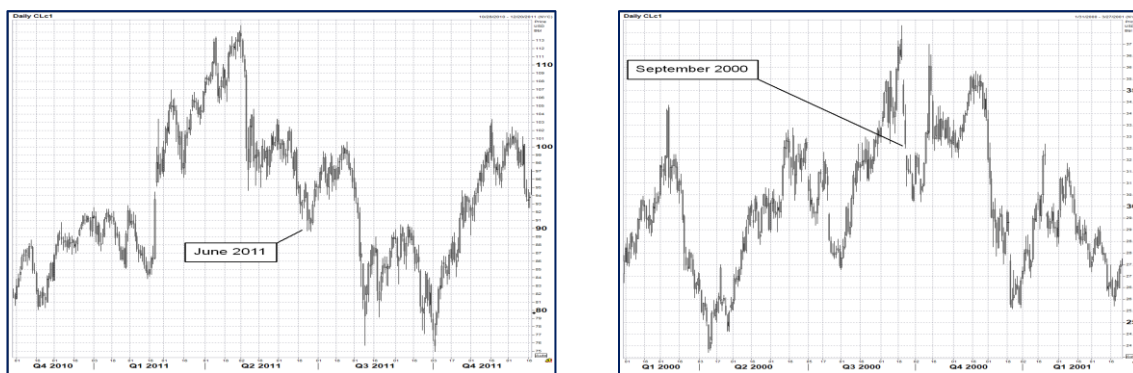


SPR release is pointless

There have been abundant headlines suggesting Biden might release crude from the [Strategic Petroleum Reserve](#) (SPR) in an attempt to knock back oil and gas prices. Will this help?

Probably not. The SPR holds 609 million barrels of crude. That's about 6 days of global oil demand. There have been a few SPR releases over the years, mostly to deal with hurricane or other supply shocks. Here is how crude traded around the Clinton (2000) and Obama (2011) SPR releases:

Two prior SPR releases had only a very short-term impact



The administration has been talking about this for ages, so there is zero surprise factor. Expect a quick move lower and equally quick recovery in oil prices if there is an SPR release. Tapping the SPR just has no shock or awe factor anymore.

Finally, it's funny... Now that Bill Dudley's incentives have changed from "consensus makes life easier" to "maximize clicks", [he is a vocal Fed dissenter](#), despite never having dissented in his 75 or so FOMC meetings over 11 years at the Fed. This reflects a general pattern: central bankers dissent less on the job and more once they leave¹. It has a moderately bad smell to it.

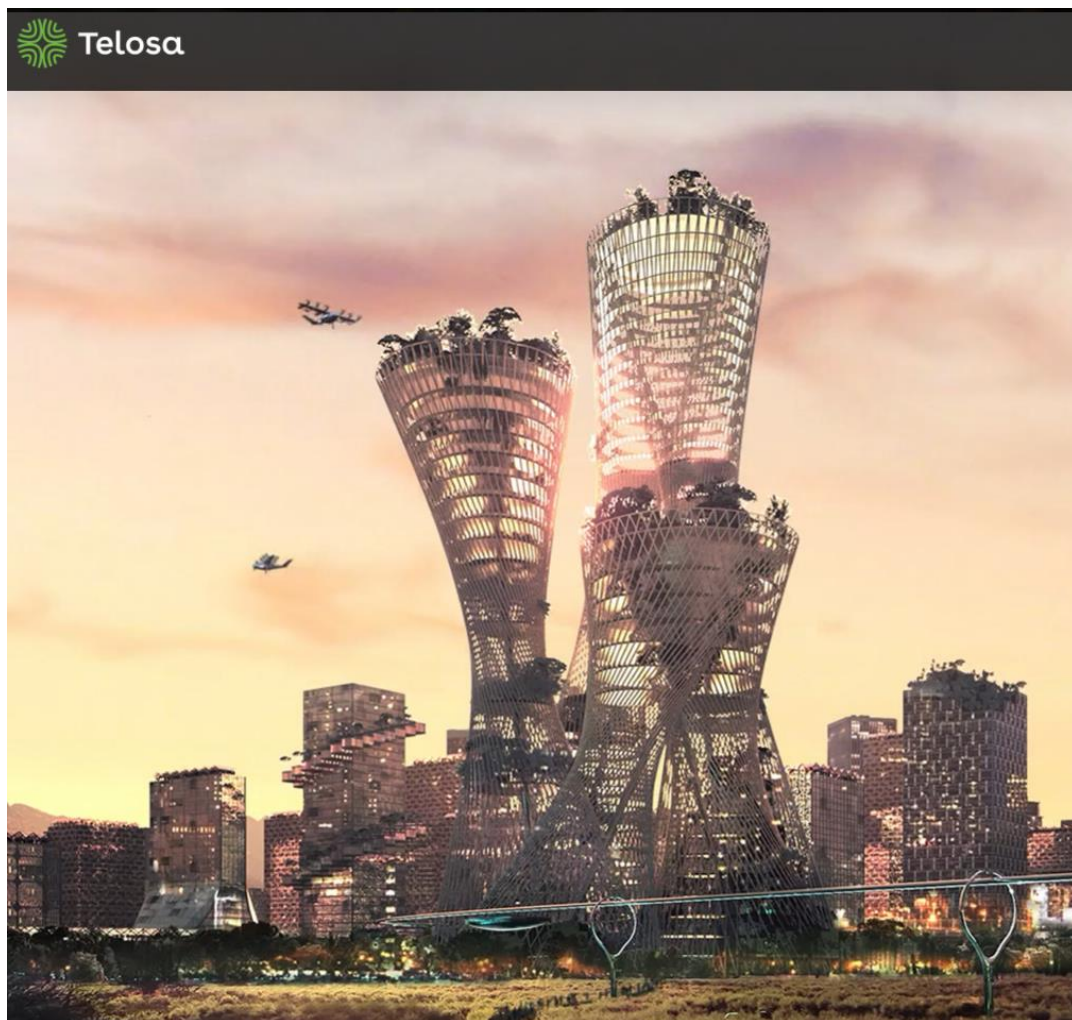
Have a utopian day.

good luck ↑↓ be nimble

¹ <https://www.centralbanking.com/central-banks/governance/7690336/central-bank-research-may-be-biased-by-career-concerns-paper-finds>

The history of building cities from scratch is littered with disappointments but the projects always sound so cool!

Telosa: It reads like Tesla, and rhymes with samosa!



<https://cityoftelosa.com/>

[Subscribe to AM/FX here](#)

Markets and Trading Commentary Disclaimer

This material has been provided by Spectra Markets, LLC (“Spectra Markets”). This material is confidential and therefore intended for your sole use. You may not reproduce, distribute or transmit this material or any portion thereof to anyone without prior written permission from Spectra Markets.

This material is solely for informational and discussion purposes only. Spectra Markets is not a registered investment advisor or commodity trading advisor. This material should not be viewed as a current or past recommendation or an offer to sell or the solicitation to enter into a particular position or adopt a particular investment strategy. Spectra Markets does not provide, and has not provided, any investment advice or personal recommendation to you in relation to any transaction described in this material. Accordingly, Spectra Markets is under no obligation to, and shall not, determine the suitability for you of any transaction described in this material.

To be clear: Your individual circumstances have not been assessed. You must determine, on your own behalf or through independent professional advice, the merits, terms, conditions, risks and consequences of any transactions described in this material. Securities described in this material may not be eligible for sale in all jurisdictions or to certain categories of investors. This material may also contain information regarding derivatives and other complex financial products. Do not invest in such products unless you fully understand and are willing to assume the risks associated with such products. Neither Spectra Markets nor any of its directors, officers, employees, representatives or agents, accept any liability whatsoever for any direct, indirect or consequential losses (in contract, tort or otherwise) arising from the use of this material or reliance on information contained herein, to the fullest extent allowed by law.

The opinions expressed in this material represent the current, good faith views of the author at the time of publication. Any information contained in this material is not and should not be regarded as investment research or derivatives research as determined by the U.S. Securities and Exchange Commission (“SEC”), the U.S. Commodity Futures Trading Commission (“CFTC”), the Financial Industry Regulatory Authority (“FINRA”), the National Futures Association (“NFA”) or any other relevant regulatory body. The author is currently employed at a trading desk. The opinions may not be objective or independent of the interests of the author. Additionally, the author may have consulted with various trading desks while preparing this material and a trading desk may have accumulated positions in the financial instruments or related derivatives products that are the subject of this material.

Spectra Markets does not guarantee the accuracy, adequacy or completeness of the information presented in this material. Past performance and simulation data do not necessarily indicate future performance. Predictions, opinions and other information contained in this material are subject to change continually and without notice of any kind and may no longer be true after the date indicated. Any forward-looking statements speak only as of the date they are made, and Spectra Markets assumes no duty to and does not undertake to update forward-looking statements. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Actual results could differ materially from those anticipated in forward-looking statements. The value of any investment may also fluctuate as a result of market changes.

Spectra Markets is affiliated with Spectra FX Solutions LLC, an introducing broker that is registered with the NFA; Spectra FX Solutions LLP, which is a registered entity with the U.K.’s Financial Conduct Authority; and SpectrAxe, LLC, a swap execution facility that is currently in the process of registering with the CFTC. The disclosures for Spectra FX Solutions LLC and Spectra FX Solutions LLP related to the separate businesses of Spectra FX can be found at <http://www.spectrafx.com/>.