

am
FX

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It's a tough time to be head of marketing at the Delta Omicron fraternity.

<https://myspace.com/dogsu2005/photos>

Current Views

Short ESZ1 @ 4632

Stop loss 4677
Take profit 4521

Short AUDCHF @ 0.6731

Stop was 0.6816, moved to 0.6701, now 0.6617
Take profit was 0.6577 move it to 0.6517

Short ETHUSD @ 4210

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

Has USDJPY topped?

I continue to believe omicron is a red herring, and the real story is: sticky inflation, faster normalization from the Fed, rising volatility, speculative froth, and peak global liquidity.

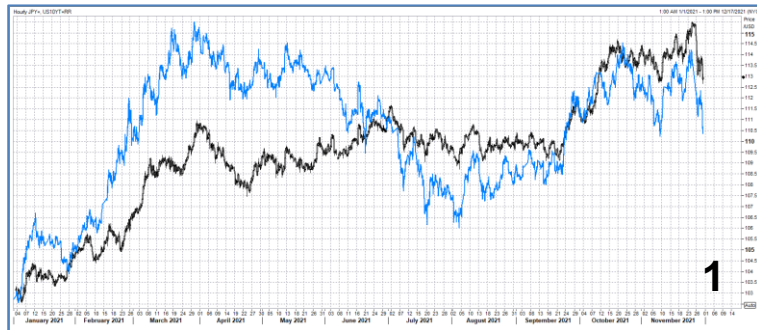
This will be a churning process, and I'm not calling for some sort of structural top in risky assets. I just think there are enough issues to get us back to the 55-day in SPX. Re-evaluate from there. The unanimous view this past weekend and Monday was that the first omicron dip was a major buy. That adds to my conviction that the Pavlovian BTD response is way too much of a limbic reflex at this point.

USDJPY: Are we done now?

Every variable was pointing to higher USDJPY in September and October, but the tide has now turned. Rates are soggy, oil can't rally after a \$15 straight-line drop, and the Nikkei has chopped back to the bottom of the range. Here are the charts:

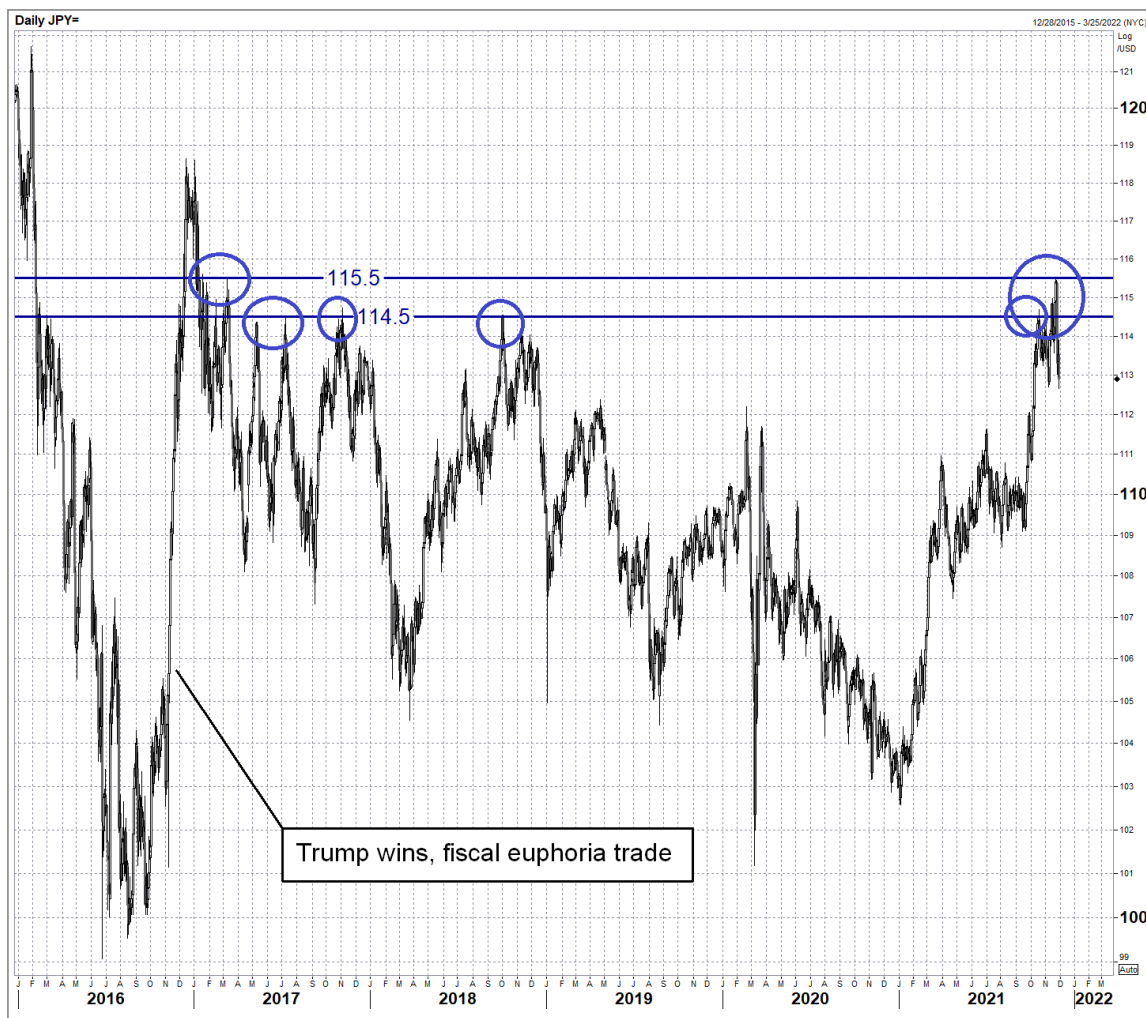
USDJPY vs. 1) US 10-year rates, 2) Brent Crude and 3) Nikkei futures

Hourly charts for 2021



I have been mostly bullish USDJPY since September, but it feels to me like it's time to shift to neutral or even bearish USDJPY. We knew the 114.50/115.50 band was formidable resistance, and now it looks like it has held. Here is the daily chart:

USDJPY daily, January 2016 to now
Blue circles mark failures at 114.50 or 115.00 since 2016 presidential election



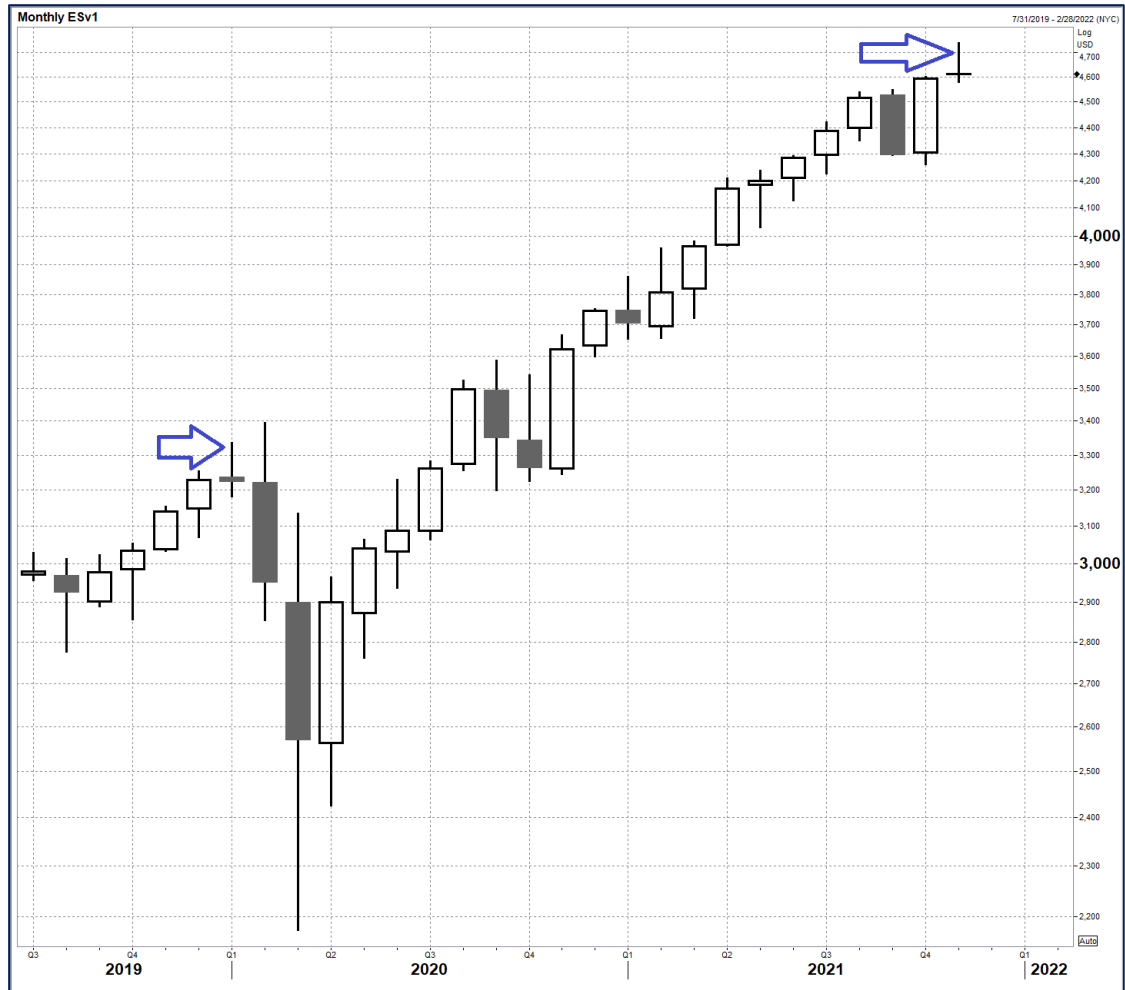
*At very left you can see the last gasp rally after the surprise BOJ rate cut to negative.
 That night wasn't very fun for me.*

This is not a bearish USDJPY recommendation. 112.75 is a potentially horrendous entry point for shorts, especially on the last day of the month. But I do feel that **we have gone from a buy dips market to a sell rallies market in USDJPY**. The rally to sell is 114.00/40.

Positions: Sticking with short AUDCHF, short ES and short ETH for now. ETH extremely impressive price action given the drop in SPX. But I'll stick to the plan. If I'm wrong, I'm wrong. Note I moved the stop down again in AUDCHF to lock in more gains (see sidebar for details, as always).

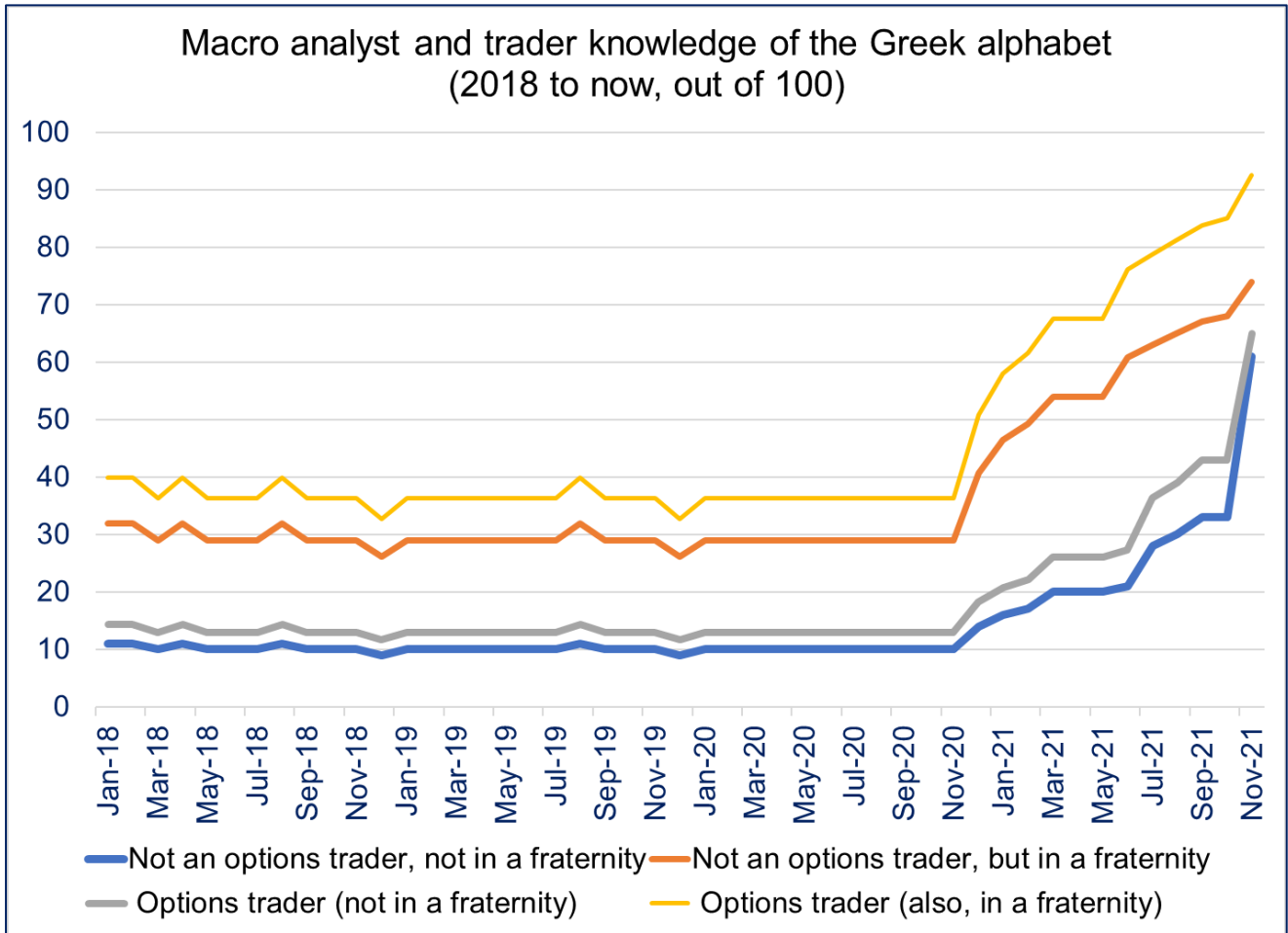
Finally, the monthly candle in SPX is a gravestone doji. See next page.

Gravestone dojis in February 2020 and this month



Have a big, fat, Greek day.

good luck ↑↓ be nimble



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