

am  
FX

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Balaji Srinivasan on bitcoin, The Great Awakening, Wolf Warrior Diplomacy, Reputational Civil War, creating new cities, and options for becoming a sane but sovereign individual.

You can listen at 1.5 speed on Apple podcasts if you only have 3 hours :U

### Current Views

**Short AUDCHF @ 0.6731**  
Stop 0.6816  
Take profit 0.6577

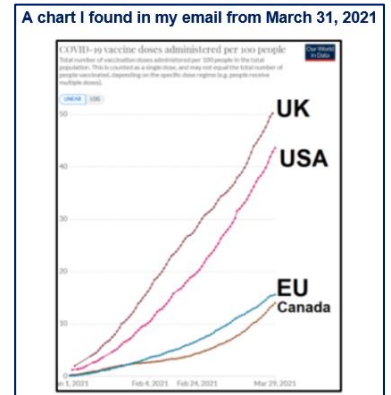
**Short ETHUSD @ 4210**  
Stop loss 4902 / Take profit 3010  
(From MacroTactical Crypto #4)

## Other side of the boat

First of all, I acknowledge I have been colder than [Vostok](#) this week as I was wrong on Brainard and wrong on RBNZ. Being wrong is part of this business, but it still does not feel very good when it happens. Moving right along.

### EURUSD short feels wrong to me

The half-life of relative COVID trades has generally been short. The last big one was March 2021 as the US and UK were vaccinating more quickly than Germany. At right is a chart that is typical of what was going around at the time. I dug that chart out of a March 31, 2021 email.



And here's EURUSD at that time, with a bunch of markings, including March 31.

### EURUSD since June 2020



You can see a few things here. First, the four most recent selloffs have been in the 3.2%/4.4% range and we are down 4.2%. Meanwhile, the DSI is 9% bulls (readings below 10% or above 90% are contrarian) and the 1.1167 support is near. The ECB has done a good job of anchoring European rates relative to moves in the USA, and that's why we are down here, but I'm skeptical that we can make much further downside progress in EURUSD in the short-term.

It's interesting that all the 2021 FX previews were bullish EURUSD at 1.22 and now all the 2022 previews are bearish EURUSD at 1.1200.

In most years, I would argue there should be a push lower in EURUSD as the market piles into the "Big Trades of 2022". As a general rule or pattern in the past, the trades viewed as attractive for the New Year tend to perform well in late November and December as the market piles in. But people got so badly rekt on the short USD trade in Q1 2021 that I strongly doubt there will be appetite to shove all-in long dollars for Q1 2022.

If you are short EURUSD spot, I think it makes sense to sell some short-dated downside against it as we could easily enter a frustrating consolidation here, especially with the US holiday period starting. My base case would be a 1.1170/1.1340 consolidation for a while to burn off the oversoldness and punish late sellers of spot and late buyers of EURUSD vol (as 1-month has now spiked from 4.6% to almost 7%).

There is no fundamental reason to be long EURUSD, though it could be an appealing wise guy trade, like it was in March 2021. FOMC Minutes today will be moderately interesting as we read the tea leaves for evidence of a faster taper.

Happy Thanksgiving to the Americans out there, including US immigrants like me (I am 2006 vintage).

good luck ↑↓ be nimble



<https://www.fb.org/newsroom/farm-bureau-survey-shows-thanksgiving-dinner-cost-up-14>

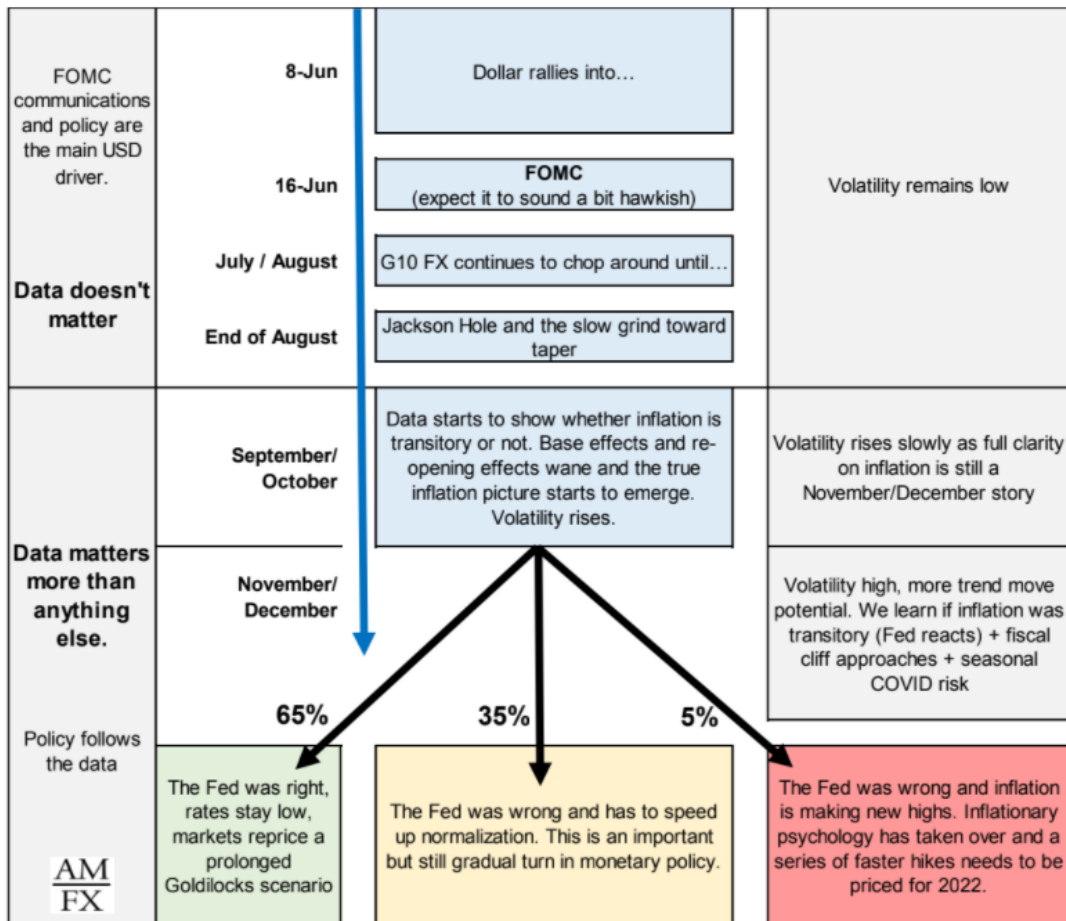
*NOTE: Yesterday, I incorrectly wrote that corporate month end is this week. It is actually Monday, November 29.*

## Flashback

Tuesday, June 08, 2021

# Here's what is going to happen

My best guess for how the rest of 2021 plays out (read down the middle, blue part first):



For perspective, this is where we were in June 2021. Most people agreed with me when I wrote this, it wasn't controversial. Amazing.

**EURUSD was 1.22 that day!**

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