

am  
FX

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The Church of the 95% Confidence interval

*Credit on page 2*

### Current Views

**Long USDCAD @ 1.2691**  
Stop loss 1.2589 / Take profit 1.2809

**Short ES @ 4684**  
Stop loss 4741 / Take profit 4545

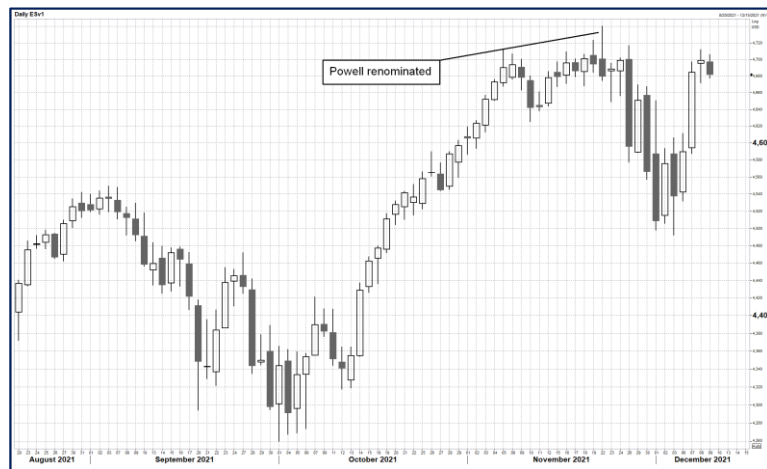
**Short ETHUSD @ 4210**  
Stop loss 4902 / Take profit 3010  
(From MacroTactical Crypto #4)

# Two trades

## Stocks

We have now made 15 attempts to close above 4705 in ES and we can't quite do it. The high daily close so far is 4702. This gives you an easy pivot if you're bearish. Either stop out on daily close above 4705 or above the ATH of 4740.50.

### S&P futures, daily since early October



The spike high on November 22 is particularly interesting as it happened on the good news announcement that Jerome Powell is back in the ring to take another swing. That spike and failure reminds me of the spike high we saw on the day Osama bin Laden was killed in 2011.

At the time, the announcement was viewed as bullish because it marked the end of a dark chapter in American history. Oddly though, that was the high. You can see in this chart: the pattern was similar to the current one. S&Ps were in rally mode, they ripped to a new high on the day of the good news, then failed. They sold off, then retested the highs... Just like now...

### S&P futures, daily October 2010 to June 2011



Now here's the same chart from 2011, with what happened next:

### S&P futures, daily October 2010 to June 2011



This could be a random coincidence but the look and feel and setup (good news, bad price) are all the same. If you read Alpha Trader, you know about apophenia and confirmation bias and there is certainly a chance that I'm remembering this pattern because I'm bearish, not the other way around. Anyway, I like analogs like this because they offer nice tight parameters. You can be short with a stop above the ATH and you are only risking around 54 handles to make 140 if we retest the 55-day again. I'll put this in the sidebar. Did I mention that [Alpha Trader](#) makes a great gift for that aspiring (or experienced) trader on your Christmas list?

I'm also adding long USDCAD to the sidebar trades. Reasons:

- Bank of Canada showing no urgency whatsoever to hike rates. The statement yesterday was dovish as they have not teed up a rate hike.
- I expect USD to trade firm overall into next week's FOMC. The market is going to lean towards a hawkish Fed. This should push oil lower and USD higher into 15DEC.
- Crude rally after \$20 drop is not super impressive.
- USDCAD has beta to risky assets. If SPX sells off USDCAD should go higher.

Long here (1.2691) with a stop at 1.2589 and take profit at 1.2809 or 5 minutes before FOMC next week. The entry point is not completely dreamy here so if you're patient, you could probably buy half here and half at 1.2660. I am not that patient.

We have a macro dinner with Claudia Sahm, Jon Turek, and a bunch of senior HF peeps tonight so hopefully I will have some interesting insights on the Fed and other topics for you in AM/FX tomorrow. Monday I will provide a detailed recap and postmortems for all the AM/FX trades for my first three months at Spectra.

Have a normal day!

good luck ↑↓ be nimble



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3m •••

Looks like a fairly normal church 😂

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