

am
FX

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This meme has been so overused, it is kind of boomerish/uncool, which I think makes it meta since it's making fun of boomerish/uncool things and thus the fact of it being meta makes it cool again

Current Views

Short ES @ 4684

Stop loss 4741 / Take profit 4545

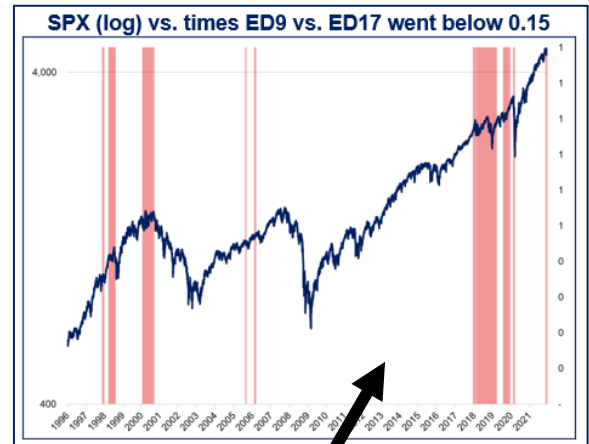
Short ETHUSD @ 4210

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

Two big questions

Can the US economy survive more than 3 rate hikes? The market says no, as evidenced by the flatness of the Eurodollar curve. This question won't be answered until we get Q1 2022 data. If the economy CAN survive, there is going to be one heck of a trade short EDZ5 as the market prices more rate hikes down the curve like it did despite initial skepticism in 2005/2006. [Good related Twitter thread here.](#)

Can stocks survive the start of Fed tightening? There are two ways to look at this. The conventional wisdom is that early stages of the Fed cycle are bullish stocks and markets get way too anxious at the start of the tightening cycle and create buying opportunities (for example, the year-long chopfest in 2004 or the taper tantrum in 2013). Sure, but the reality is there are normally two waves of equity fear and unless you have a 2+-year time horizon you can't ignore the first one. The start of the tightening cycle sees a big wobbler, and it's eventually a fade. The second leg is when the Fed moves into restrictive territory and a bear market ensues. We are in Wave 1.



The confusing thing in this hyperspeed cycle is that the inversions that usually happen after a few rate hikes are already happening. If you look at prior times the 2-year vs. 4-year part of the ED curve went inverted and plot it against SPX, you get this chart.

The first chart is also consistent with the idea that **the current state of macro is some combination of 1999 and 2018**. Massive retail bubble and hype cycle like 1999 with inversions like 1999 and 2018.

And crunching the same data, you get the table at right which shows forward SPX returns depending on the starting point of the 2-year / 4-year spread. We are currently in the worst part of the curve as the spread is 0.05.

	x+3m	x+6m	x+1y
All data	2.4%	4.8%	9.8%
<1	1.9%	4.1%	9.6%
0.9	2.0%	4.3%	9.9%
0.8	2.2%	4.7%	10.6%
0.7	2.5%	5.2%	11.4%
0.6	2.7%	5.8%	12.1%
0.5	3.0%	6.2%	12.4%
0.4	3.0%	5.9%	11.5%
0.3	2.4%	5.0%	10.0%
0.2	1.1%	2.7%	8.0%
0.1	1.5%	2.5%	5.8%
-	-1.6%	3.3%	10.5%

I'm sticking with the idea that the tremendous political pressure on the Fed, the Brainard ordering of inflation over jobs, and the Powell renomination mean the Fed can fully pivot and will look to cement credibility tomorrow by sounding hawkish. This will run headlong into 18 months of rabid speculation and narratives of crypto-utopian USD debasement which never came to pass.

The USDCAD take profit hit, FYI. That trade was a spicy meatball. See you tomoz.

good luck ↑↓ be nimble

Possibly the most cringe moment in the history of the internet:



The screenshot shows a Twitter thread with three tweets. The first tweet is from beer.eth (@budweiserusa) replying to @pepsi, saying "Welcome brand friend. WAGMI" with 63 replies, 55 retweets, and 685 likes. The second tweet is from Pepsi (@pepsi) replying to beer.eth, saying "Thanks, fren! WAGMI 🚀" with 136 replies, 166 retweets, and 527 likes. The third tweet is from Meta (@Meta) replying to @pepsi, saying "This is going to look great in the metaverse 🎵" with 165 replies, 125 retweets, and 1,092 likes. Below the tweets is a "Show replies" link and a "Tweet your reply" button.

beer.eth ✓ @budweiserusa · 2d ...
Replying to @pepsi
Welcome brand friend. WAGMI
63 55 685

Pepsi ✓ @pepsi · 1d ...
Thanks, fren! WAGMI 🚀
136 166 527

Meta ✓ @Meta · 1d ...
Replying to @pepsi
This is going to look great in the metaverse 🎵
165 125 1,092

Pepsi ✓ @pepsi · 1d ...
You know it, fren!
124 102 602

Show replies

Tweet your reply

PS, if "spicy meatball" and "tomoz" at the end of page 1 made you cringe, that was on purpose. In keeping with the non sequitur theme.

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