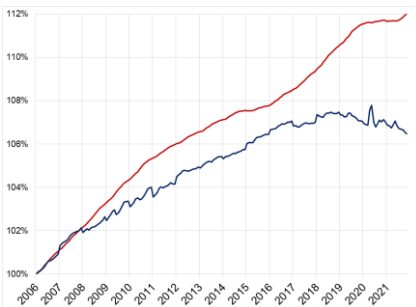


am
FX

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Canada vs. USA, working age population (indexed to 2006)

Current Views

Short GCG2 @ 1816

Stop loss 1891
Take profit 1684

Long 03FEB CADJPY
90.00 put

Spot ref: 90.80 /// Price 75 pips
(stale for now, but you never know!)

Harder better faster stronger

The view for a while, not long ago, was that Fed pricing was maxed out, the tightening would be benign due to the low terminal rate, and there wasn't much to worry about in risky assets as this looks a lot like the slow-motion hikes of 2017. Problem is, CPI is 7% now and it was 2% or so then. The market continues to reprice amid the vocal shouts of totally unbiased bank CEOs calling for harder, better, faster, stronger, hikes.

This is not great news for risky, no-yield assets like gold, BTC, and Goliath tech equity. It is mixed news for the USD as we continue to watch the unstoppable force (yields) crash into the immovable object (equity flows). Here are the two charts to give you a sense of just how high speed the crosswinds are right now.

DXY vs. US Exceptionalism Index



NASDAQ/EAFE equity ratio

DXY vs. 5-year rate differential



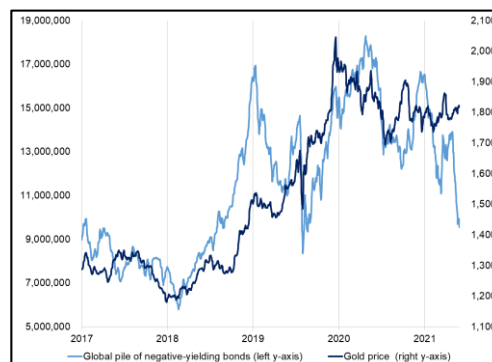
US vs. Germany differential

I have been going with the equity ratio as I think in the end that is more important, but when these two crosswinds are blowing at Category 3 speed, you can easily make the argument for either. The combo of short bonds and short USD looks like the correct trade here, but hard to get involved in bonds in this location.

Barbarous

None of this bodes well for gold. The long gold thesis is beyond stale and with the zip higher in US real rates overnight and the pop in gold this morning, the timing looks pretty good for shorts. Remember when everyone would send around those "Total amount of bonds with negative yields in the world" charts? The thesis was that one of the biggest negatives about gold (its negative cost of carry) is irrelevant when many bonds yield less than zero. Now that chart looks like this:

Total negative-yielding debt in the world vs. gold



Meanwhile, gold has been forming an epic triangle since mid-2020.

Golden triangle



While some might prefer to wait for the break of the bottom of the triangle, I think it makes more sense to simply sell here (GCG2 at 1816) with a stop above the triangle (and above the November high of 1880). I added the following trade to the sidebar: **short GC, stop loss 1891, target 1684**. Risking 75 to make 133. If you're feeling aggressive, you could even put the stop loss at 1855 for much more leverage. Or buy puts.

I would also exit core longs in gold and silver as the trade has passed its expiry date. We just witnessed the greatest monetary and fiscal combo experiment in history and now it's over. Gold did what it was going to do. Hedges for the ongoing debasement of fiat are not currently required.


In April 2020, I wrote a raging bull medium-term piece about silver and I thought we would see \$50. It was a decent call (spot ref. \$14.60) but BTC would have been much, much better. We barely got to \$30 on the WSB flashmob. Now, the entire macro narrative has flipped. Real rates are rising, risky assets are topping and chopping, crypto is down 30%/50% across the board, the pile of negative-yielding securities is shrinking. You can reload core precious metal longs at better levels at a later date when we have visibility on the next Fed easing cycle.

My EURUSD long was stopped out this morning for a small profit as I had raised the stop way up after going long at 1.1317 on January 6. Finally, MSFT just bought Activision. End of an era.

May your day be free of pitfalls.







good luck ↑↓ be nimble

Toronto real estate update


daniel de melis
 @d_demelis

how to flip bigly 🏠

615k gain in 14 months.
43k per month.
no reno's.

Property Address	Status	Property Type	Sold Price	Original Price	Timeline	Bedrooms	Bathrooms	Garage
8866 Martin Grove Rd Vaughan - Elder Mills	Sold	Detached	\$1,050,000	\$998,000	Sold in Oct 2020	4+1	3	2
8866 Martin Grove Rd Vaughan - Elder Mills	Sold	Detached	\$1,665,091	\$1,399,000	Sold 24 days ago	4+2	3	2

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