

am
FX

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Teddy!

Current Views

Bullish EURGBP

Long 18MAR 0.8550 EURGBP digital call at 24% (spot ref. 0.8426)

Bullish AUDCAD

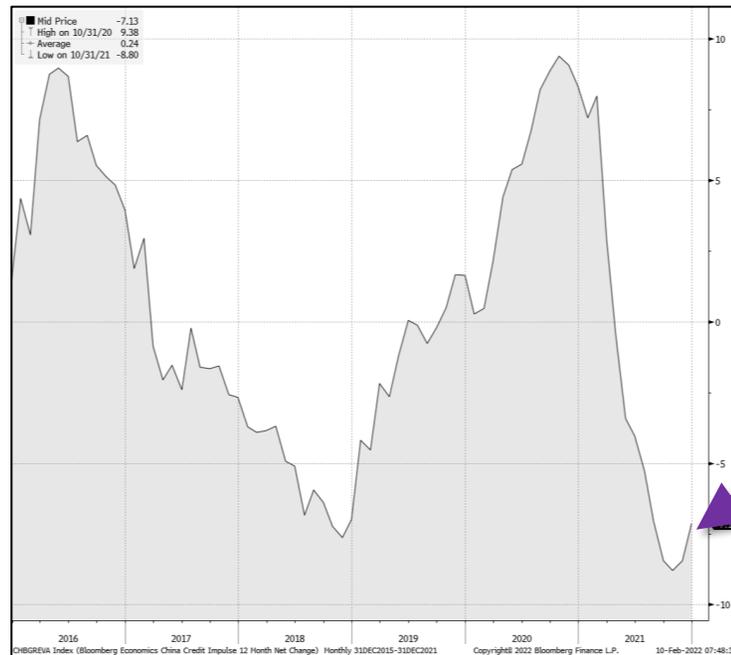
Long 22FEB 0.91 AUDCAD call Cost 26bps, spot ref 0.9050

Six bullets

Quick bullets today because I want to send this before CPI.

1. Just about every CPI in the past 12 months has been characterized by aggressively short risk parity and long USD positions going in. Today, it's the exact opposite. I could count 20 individuals I have talked to in the last 12 hours who all are short USD or bullish stocks and crypto and want to add on a weak number. There are plenty of times when the consensus is correct, so I would take this as a yellow flag, not a red flag. What it probably means is that if the number comes in as expected, there will be a huge wave of USD selling and a fierce reversal and we will probably end up with P&L pain but not much forward progress on the long EUR trade.
2. China data last night was nice. January China data is always extremely noisy due to fubar seasonals but it's a glimmer of hope. People have been talking about the slowing China credit impulse for almost a year and it never really hit global growth or commodities. Now, it's bottoming, maybe? This chart tells the story. Not a conclusive turn by any means but bottomish perhaps. Copper is coiling too...

China Credit Impulse, 12-month net change



3. It's probably worth thinking about whether we are at the front end of a structural EUR bull market as the flows may be about to turn in a big way like they did in 2002 and 2017. The end of NIRP could change flow behaviors significantly. I might have to ask Jens Nordvig for his view on this one as he's the King of Flows.
4. If you know anyone with 0 to 5 years trading experience who wants to learn about trading, please forward them the link to my new Substack. The concept is 50 trades in 50 weeks... I use the case study method to walk through fifty trades and teach the process of where trades come from, how they are structured, and how they are risk managed start to finish. <https://50in50.substack.com/>. I believe that experienced, professional traders will find value in the writing as well, but just know the target audience is newish traders so there is more explanation than I would normally provide in am/FX. **The first trade is up: short XAUEUR.**

5. **I cut the AUDUSD long here at 0.7200 and take profit on short USDCHF at 0.7244.** The TP was 0.7219 in AUD, so the risk/reward makes no sense into CPI. USDCHF is stale. Furthermore, I already have EURGBP and AUDCAD topside which both have beta to a weak USD.
6. The NASDAQ continues to play peekaboo with the 200-day moving average. I doubt the pain is over for long duration assets as I think we continue to go through the list one by one and take out the COVID faves. Despite its giant rally post-earnings, for example, I find it hard to imagine AMZN can outperform from here as the economy will soon be buried under a glut of goods just as it's transitioning back to its old normal services-driven structure. Then again, picking fights with huge fire-breathing dragons is kind of dumb. There are probably better ways to spend my time than fantasizing about low delta AMZN puts.

NASDAQ playing peekaboo with the 200-day moving average



Bam, bam, bam. Bam. Bam, bam. Done.

Have a daring day.

good luck ↑↓ be nimble



Colonel Theodore Roosevelt, 1898

“It is not the critic who counts: not the man who points out how the strong man stumbles or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who errs and comes up short again and again, because there is no effort without error or shortcoming, but who knows the great enthusiasms, the great devotions, who spends himself in a worthy cause; who, at the best, knows, in the end, the triumph of high achievement, and who, at the worst, if he fails, at least he fails while daring greatly, so that his place shall never be with those cold and timid souls who knew neither victory nor defeat.”

—Theodore Roosevelt

Speech at the Sorbonne, Paris, April 23, 1910

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