

am
FX

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So few grains of happiness
measured against all the dark
and still the scales balance

From "The Weighing"
by Jane Hirschfield

Current Views

Short USDCAD @ 1.2690

Stop loss 1.2806
Take profit 1.2502

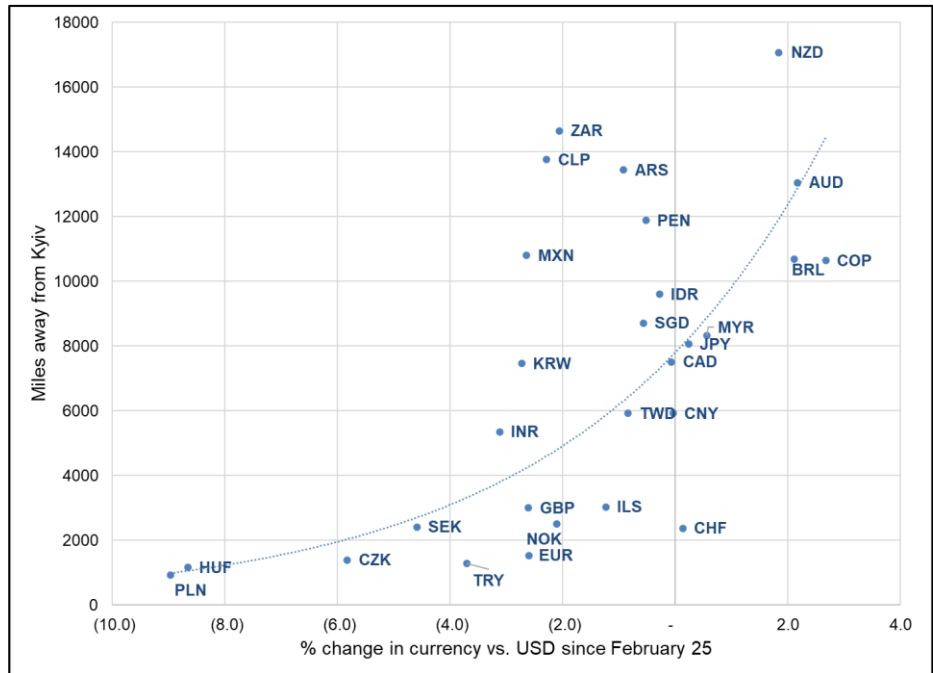
Long BTC @ 38220

Stop loss 31400
Take profit 49900

Contagion is hard to trade

This chart is mostly for fun, but I do think it captures what's going on fairly well.

Distance from Kyiv in miles vs. currency performance since 24FEB



A few standouts:

- CHF massively outperforming all peers
- ZAR, CLP, MXN and PEN underperforming
- PLN and HUF the best high beta rebound plays on good news
- NZD and AUD short squeeze and commodity benefit. Note that any currency up 2% against the USD is up absolute mega against other currencies as the USD has skyrocketed in the covered period, generally

Trading contagion is hard

I have generally been way too blasé about Ukraine. It felt a lot like 2014 and turned out to be nothing like 2014 because of contagion from sanctions and significant resistance from Ukrainian forces. It's hard to trade contagion because it is mostly not logical. It is mechanical and transactional, and the start and end of it is somewhat arbitrary and depends mostly on technical factors like shoulder taps and investor panic, not economic factors like news and data. Even if there is good news on Ukraine, contagion could continue as long as the global financial system remains in recalibration mode. Payments, flows, and liquidations rule until they pass through the system.

This particular contagion is a combination of:

- Deleveraging in Europe as financial impact of Russian default is priced
- Panic buying of commodities as two major exporters go partially offline
- Shifting of money to markets as far away as possible from Kyiv
- Flight to quality in FX (+USD and +CHF)

Just another manic Sunday

I have generally been way Another Sunday gap trade works though anyone selling crude on the open deserves not just the P&L but also a medal for bravery. This is just another example of how Sunday gaps push all the way to the extreme bound in search of liquidity on the open, find the liquidity, then fail.

Crude hourly: Touched \$130 on the open



There are massive reversals in all sorts of markets like gold, EURCHF, EURUSD, and so on and while I normally find those interesting, I am just not feeling super inspired to want to jump in here. I'm taking it easy for now. The entry points for long EURUSD or EURCHF, for example, are not appealing. I still have the USDCAD short and the BTC long as quasi-risky assets for now anyway and given this is the second time we have seen a bunch of blowoffs, I prefer to sit tight and see how the week evolves.

It's a light week event-wise, as even this Thursday's CPI release feels dated given commodities are flying around in 10% daily clips.

12-word reviews of two movies I saw this weekend

The Batman: Near perfect execution of a dark, stylish crime/detective movie. Worth the time.

Licorice Pizza: No amount of good acting or directing can save a disastrous script.

Have a poetic day.

good luck ↑↓ be nimble



The Batman leads a crowd out of a wrecked ~~Madison~~ Gotham Square Garden after Gotham City is flooded by a series of sea wall explosions detonated by The Riddler

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