

am
FX

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Happy Friday

Current Views

Flat

Ding ding

Yesterday's ECB was a nice clarification of the drivers in EURUSD. While the initial rip on the hawkish message made sense, it could not sustain because the primary drivers did not play ball. To make money long EUR, you need help from rate differentials (not just ERZ2 moving) and EU equities. Here are those variables overlaid with EURUSD.

EURUSD vs. 2-year rate diffs



vs. EU bank stocks



Yesterday's popcorn trade in EURUSD also confirms the key 1.1120/50 resistance zone. 1.1119 was old support and now resistance while 1.1147 was the final spike high before EURUSD plummeted on the sanctions news.

EURUSD old 1.1119 support and 1.1147 final pop are resistance



Speaking of sanctions, a genuine question here: if you have a strong view please answer. What is the probability that there is a peace agreement that includes removal of sanctions on Russia? Is this possible? The asymmetry in stuff like RSX is nuts if this is a possibility but I don't have any idea so please let me know if you have an idea/edge on this. Thx.

Ding ding

A feature of epic bull markets and booming industries that are overearning and pumping out extraordinary excess cashflow is: at, or near peak levels of optimism, you start to see the names of companies from that industry on stadiums. The 2000 dotcom mania provides many examples including Enron Field, CMGI Field, the MCI Center, the Corel Center, and PSINet Stadium. Those are all companies that boomed in the internet bubble and went bankrupt (or almost bankrupt) afterward. Needless to say, those stadiums all have different names now. Then, you had Citi Field and Barclays Center, both named in 2007 at the peak of the bank stock and housing bubbles.

Not every company that puts its name on a stadium goes bust, of course, but it's a signpost marking possible hubris and excessive cash on hand. They even have a name for it: [The Stadium Curse](#). Much like the [Skyscraper Index](#), stadium naming is a potential overconfidence indicator. There was never a more obvious one than when Coinbase became the official crypto sponsor of the NBA and Crypto.com became the new name of the LA Lakers' arena over the course of a few weeks (not hindsight: I wrote about it as part of my November 2021 cyclical [bearish crypto thesis here](#)).

BTC double bell ringer



Yesterday, **French logistics company Geodis** put its name on the largest soccer stadium in North America. Pretty random and certainly a meaningful sign that logistics companies have never been more confident and more flush with cash!

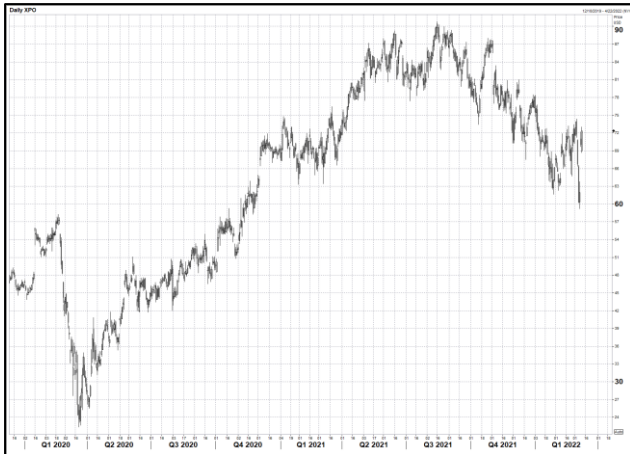
Ding Ding



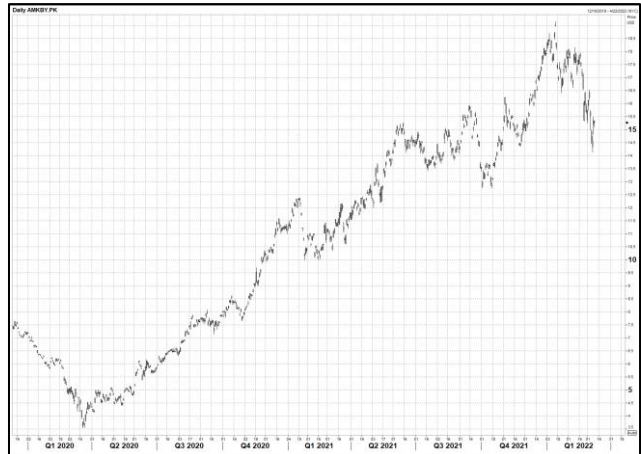
HT MO!

This is not actionable in FX but it's interesting and could have bigger picture macro signaling value, so I thought I'd point it out. The obvious pure plays would be XPO Logistics or Maersk, both of which have rather poor-looking charts. I would never initiate a trade purely on a piece of anecdotal evidence like this, but if you were bearish shipping and logistics companies for other reasons and had not yet pulled the trigger... The bell just rang and it's time to jump on the short.

XPO logistics common stock



Maersk ADR



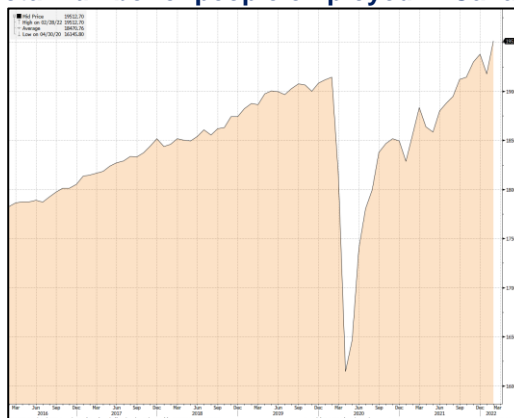
This might make a good 50in50!

Beaucoup de jobs

Today's CAD jobs number is absolutely huge. I feel like CAD has been persistently undervalued for a few weeks and my guess is that it's because of a huge M&A and my guess is also that the flow is done. Having been short USDCAD and stopped out, I don't see any problem with getting back in—BUT—it's Friday in a market with a lot of weekend headline risk and we are already 200 points off the highs so I'm going to leave it alone.

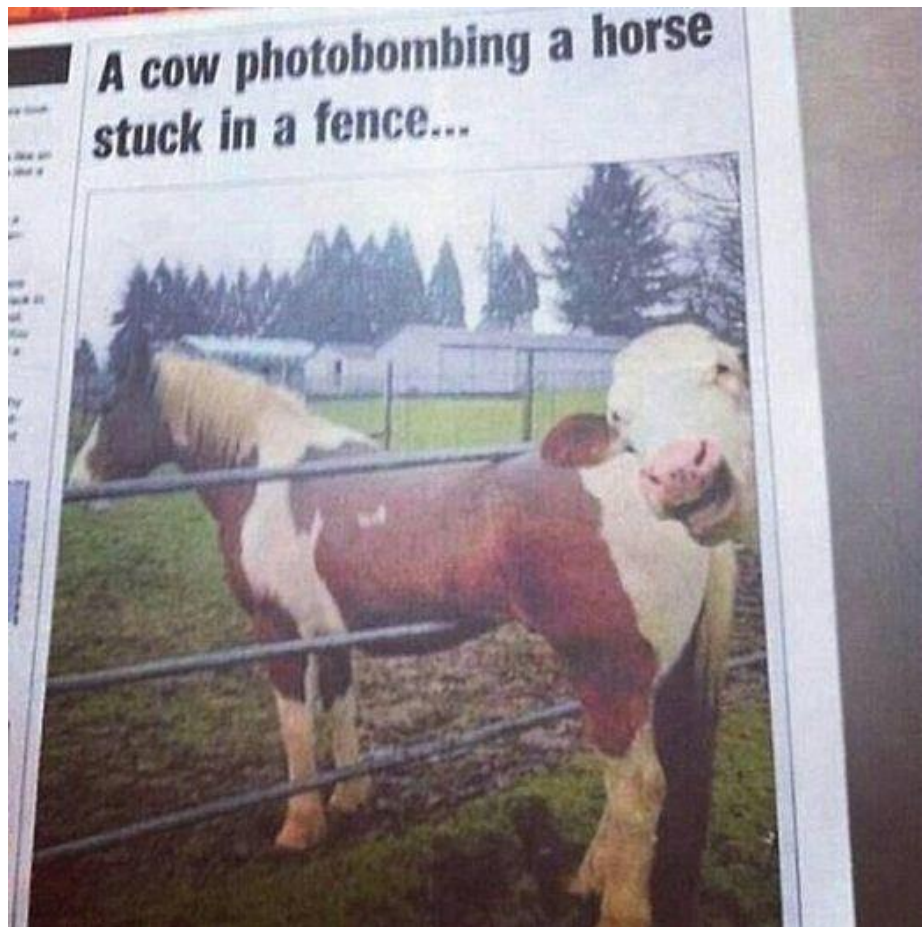
Total employment in Canada is well through the all-time highs, even as the US has failed to recover to pre-COVID levels. People love to permafret about the high levels of consumer debt in Canada, but as long as you have a job, you can always make the minimum payment on your Canadian Tire card.

Total number of people employed in Canada



Have a fast moooving day.

good luck ↑↓ be nimble



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