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FX

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graphic design is  
my passion.



## Current Views

**Short GBPUSD at 1.3215**

Stop loss at 1.3353  
Take profit 1.2811

# I think it's random

Today is corporate month end and while 7am to 11am is the key time for the USD buying, that flow is irrelevant as there are two huge offsets today.

1. TOP RUSSIAN NEGOTIATOR MEDINSKY SAYS THERE WILL BE A STATEMENT AFTER RUSSIA-UKRAINE TALKS IN SEVERAL HOURS - TASS.

\*UKRAINE SAYS ENOUGH GROUND TO HOLD ZELENSKY, PUTIN MEETING

That's different from prior talks. The market is taking the news well, as you would expect. I doubt there would be a Zelensky/Putin meeting arranged unless all or the majority of the details of a deal have already been agreed.

2. Also offsetting the corporate USD buying today is a cohort of real money investors that want to sell USD ahead of month end rebalancing and weak USD seasonality in April. Over the last twenty years, the dollar has been generally weak in April (particularly against GBP and Asia FX). My feeling is that it's an artifact of randomness, not a persistent USD selling flow.



There are various explanations for the USD lower seasonality in each currency (PHP repatriation, GBP tax payments, KRW dividends, etc.) ... But none of them are anything I have ever seen actually happen at any bank I have ever worked at. Therefore, I think it's more like a roulette wheel that has come up red a bunch of times. Bet on red coming up again if you like!

Seasonality is always a touchy subject with logical, mathy people because it often reeks of fooled by randomness and the [hot hand fallacy](#). The easiest way to deal with this (for me) is to look for a flow explanation for the seasonality. If you can find one, the pattern is much more likely to be real and repeatable.

As I wrote in mid-March, this is the case with the late-March JPY seasonality. It is driven by real flows. If you have worked at a Japanese bank (I have), you have seen massive flows near fiscal year end and thus you can reasonably conclude the persistent JPY weakness in late March is not random. On the other hand, if you have worked at commercial banks most of your life (I have) and never once seen any flow that would suggest or explain persistent USD weakness in April or USD strength in May... You should be skeptical. And I am. **I think it's random.**

I am forever curious and open minded about this stuff. If you have seen or know of flows that might explain this seasonal phenomenon... Please let me know!

Final note on that April seasonality: It hasn't worked that well in recent years anyway. USDKRW, for example, was down 13/15 years from 2002 to 2016 but was up in 2017, 2018 and 2019. GBPUSD was up 15/16 Aprils from 2002 to 2017 and then 2/4 the last four years. Anyway, just be aware there is a strong historical pattern where the USD drops in April and rallies in May. But like I said, I think it's random.

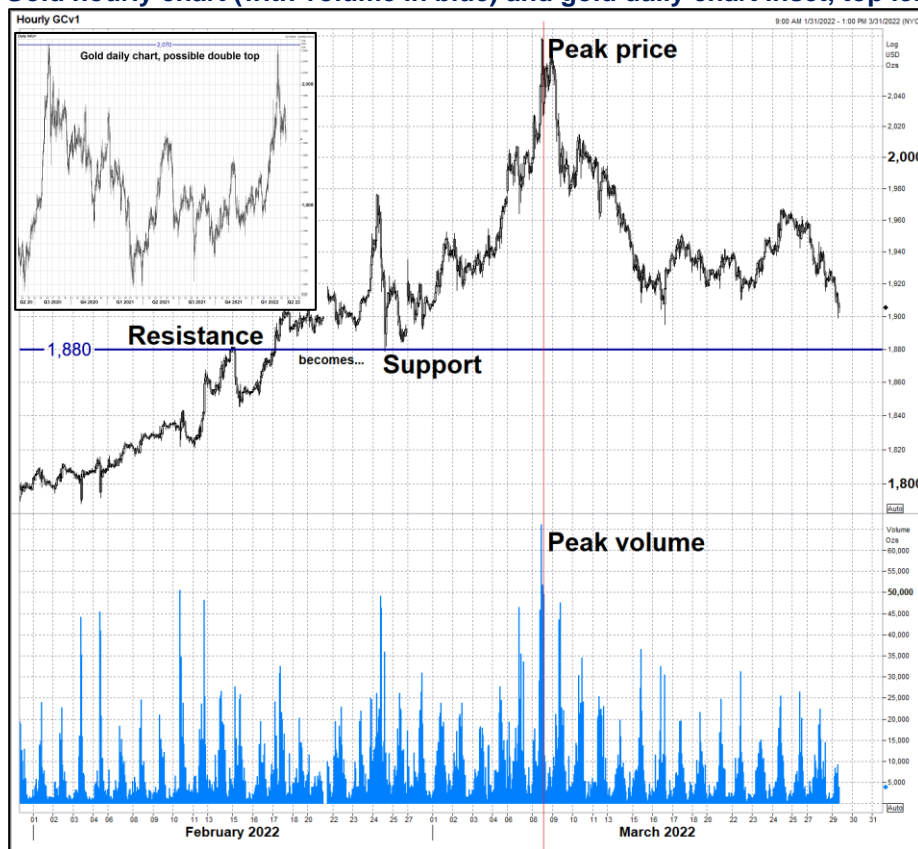
## Gold

The current gold bull trade is super interesting to me even though I do not have a position or a view. The idea that China and other central banks will switch out of US treasuries and into gold in response to the Russian sanctions makes a ton of sense and could be an epic macro moment like when China entered the WTO in 2001. [Luke Gromen](#), Lyn Alden and others have made this case rather convincingly.

On the other hand, this could just be another failed USD and UST doom narrative that is fun to talk about but never gets traction in real life. China might have different plans or could play a much longer game than specs can weather. And some of the primary drivers of higher gold up until about six months ago (negative rates, dovish Fed etc.) are completely gone so it's not all one-way traffic, news-wise.

The supermacro bull case is compelling—and the price action is not, so I find it an interesting one to watch. The chart is also notable as you have a perfect double top at 2070 and textbook peak volume at the peak in price. No call to action, but below 1880 is not good for the bull case. If you are a long-term person who wants to slowly accumulate, 1760/1800 is a place to stick in some bids.

**Gold hourly chart (with volume in blue) and gold daily chart inset, top left**



## Closing thoughts

BOJ has pre-announced bond buys for 29 30 31 March ... **April 1 is a potential flashpoint for JGBs and USDJPY** (Friday in Japan, NY Thursday night).

Have a logical day.

good luck ↑↓ be nimble

**This really happened to me yesterday  
and it really hurt my head**

Can I call you at work?

Sure, I'm there 7-6  
every day basically. Call  
whenever.

How about 630  
tomorrow ?

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