

am
FX

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What is the national animal of Scotland?

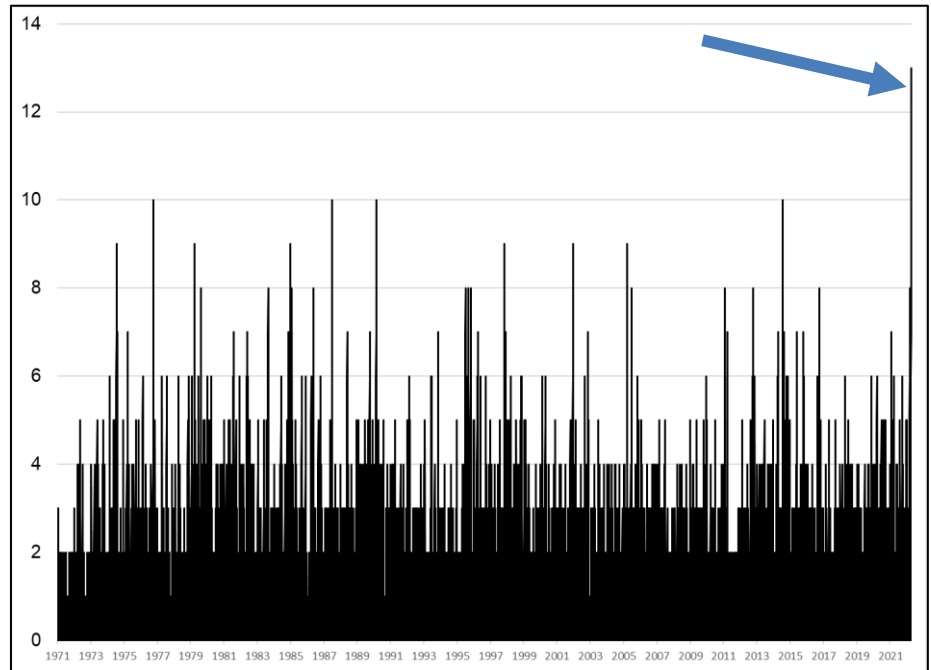
Current Views

Long AUDUSD @ 0.7362
Stop loss 0.7289
Take profit 0.7480

How crazy / this crazy

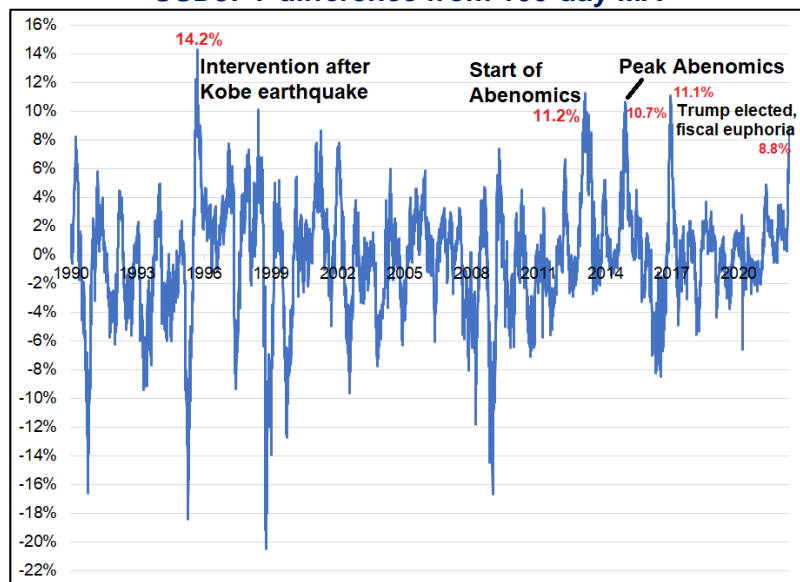
How crazy is this USDJPY move? This crazy:

Number of consecutive days higher for USDJPY (1971 to now)



Here's another way of looking at it.

USDJPY difference from 100-day MA



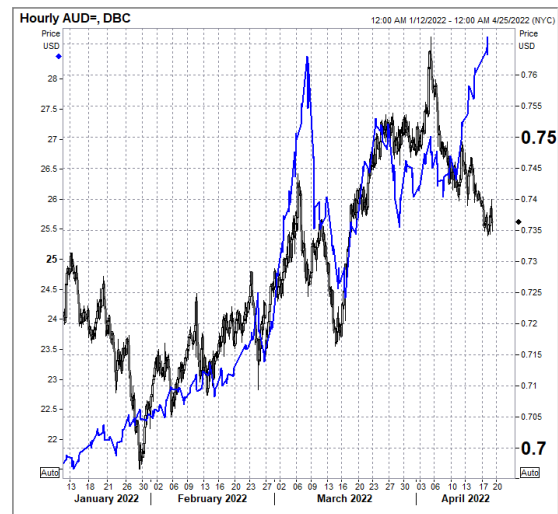
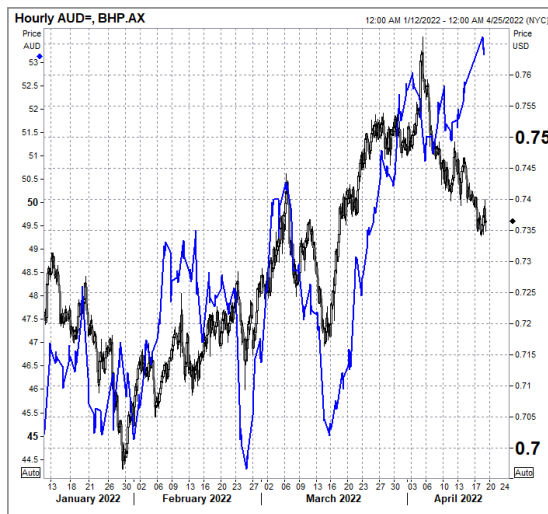
Those old highs of 11% over the 100-day would mean 129.72 so we are close to, but not at the max stretch for USDJPY here. While policymakers have been lukewarmly accepting higher USDJPY, I don't think a break of 130.00 would be acceptable at this point. 130.00 is too much for now.

The other thing I would say is that USDJPY from 4pm to 8pm NY time is risky tonight as that is the policymaker pushback window (Japan newspapers out, then Tokyo open). I would be particularly careful on USDJPY longs in that time period each day that we are at the highs (like tonight). Furthermore, **if you have any USDJPY exposure, I would be selling 130.00 strikes against it.** If we get there, the odds of a pause or reversal are extremely high as that would be the 11% stretch target (per second chart) and the next big round number where you are more likely to get an escalation of rhetoric from the MOF.

Lee Harvey

Oswald is underperforming as King Dollar roars. USDCNH has also levitated back up to the big 6.40/6.42 resistance. Still, with the RBA in play soon and the commodity boom story fully alive, I think this is a buying opportunity in AUDUSD. I know it's hard to be short USD here, but the dollar's performance is concentrated, and EUR and GBP are holding OK (for now at least).

Here is AUD compared to BHP and DBC (Invesco commodity ETF). The decouple from commod is large enough to justify a long, I think. Stop loss at 0.7289, targeting 0.7480 (details in page 1 sidebar). 1-month 0.75/0.76 call spreads also make a lot of sense to me. For a nice read on the RBA, check out [Stephen Kirchner's latest](#).



Yesterday's am/FX about AAll readings also makes me think that the path of least resistance for equities this week is higher. There is very little on the calendar this week and the cliché is "don't be short a dull market". 30-day correlation of AUDUSD vs. SPX is 61%.

Closing thoughts

Two of the most interesting and independent thinkers out there are Tyler Cowen and Sam Bankman-Fried. [Here is a podcast](#) where they have a winding conversation about all kinds of stuff including effective altruism, arbitrage, MTG, life extension, and more.

And finally, if you are a newish trader, don't forget to check out my latest educational Substack:

<https://50in50.substack.com/p/trade-11-sentiment-and-positioning?s=w>

Have a mystical and magical day.

good luck ↑↓ be nimble



<https://www.visitscotland.com/about/uniquely-scottish/national-animal-unicorn/>



"Oh yeah, I'm big time into 'corns."

<https://getyarn.io/yarn-clip/d97aa897-2a84-4f2a-b13a-87502ed72c2a>

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