

am
FX

Brent Donnelly

bdonnelly@spectramarkets.com
(212) 398-6230



The upside-down L on Waluigi's hat is the Greek symbol for gamma. It represents the uncertainty and **volatility** of Waluigi's character and the way he lives his life.

Waluigi is Luigi's evil doppelgänger, bent on spreading chaos, evil and instability to the Mushroom Kingdom.

Current Views

Short AUDNZD at 1.0875

Stop loss at 1.0976
Take profit 1.0667

Long USDCAD at 1.2606

Stop loss at 1.2539
Take profit 1.2777

Short EURUSD at 1.1000

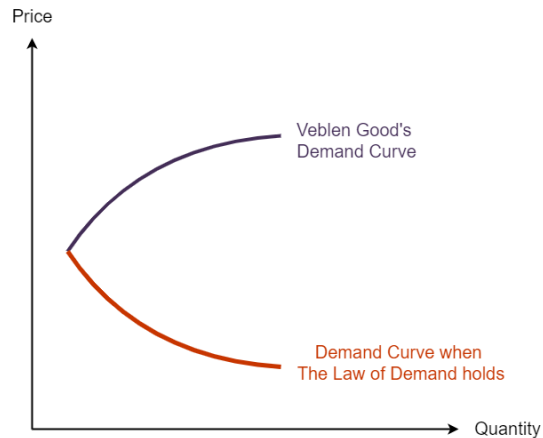
Stop loss at 1.1201
Take profit 1.0755

Short GBPUSD at 1.3215

Stop loss at 1.3353
Take profit 1.2811

Non-Veblen

USDJPY is generally a Veblen good. That is, the higher price rises, the greater the demand. In contrast, when USDJPY is low and falling, everyone wants to sell it.



BUT! It is not trading that way right now, which is interesting to me (and bullish). Normally, when USDJPY trades at a multi-month high, the market is choke full of dollars and ready to add more. This creates a natural counter to the trend as gamma and take profits line the topside. This time, the market is focused on technical levels and concerns about policymaker reaction and has shown little interest to pile into topside. Last night Suzuki made a few comments on USDJPY and pre-CPI the chart looked like this:

USDJPY 5-minute chart



This probably tell us that it is safe to ignore Suzuki for now. Until Kuroda pushes back on USDJPY (and despite the post-CPI washout just now) the path of least resistance is higher USDJPY. Kuroda's most recent comments have been balanced as he signaled a desire for less volatility but no desire for an end to JPY weakness.

No matter how bullish you are USDJPY, though, it's hard to ignore the 125.80 mega resistance. That's why I have not added it to my USD longs. Here is the chart:

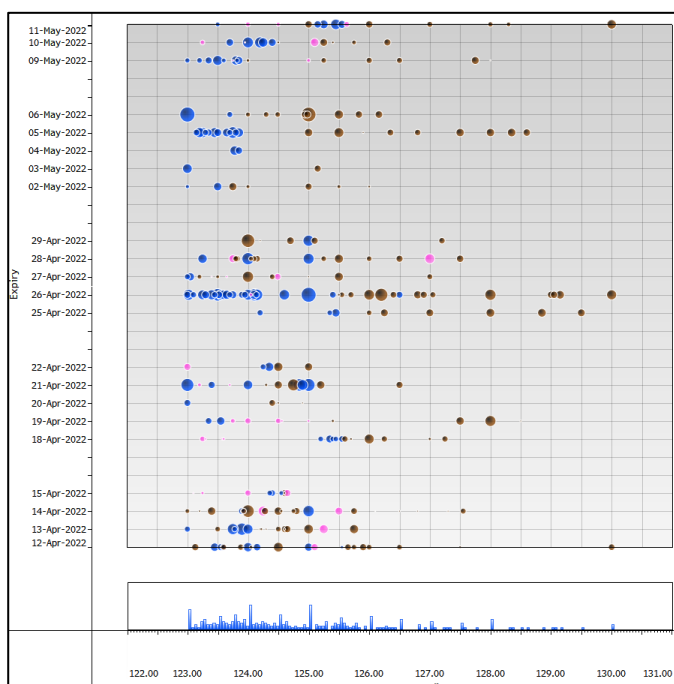
USDJPY 125.85 is key



This is one of the most epic charts I have seen in a long time! A break of 126.00 is going to trigger one of the biggest FOMO trades in a long time, but until then, it's very hard to be long USDJPY right here given the perfect touch of massive overhead resistance, softness in yields post-CPI and lower oil prices.

This grid shows you the USDJPY expiries from now until May 11th. You can see that there is a ton of stuff at 125.00, and some strikes around 126.00 but not much once you get through there. Also note the majority of the options expire before the April 27/28 BOJ meeting (high density of strikes April 26). **Buy the USDJPY break of 126.00.**

USDJPY expiries over the next month (read left to right, bottom to top)



Central bank mania

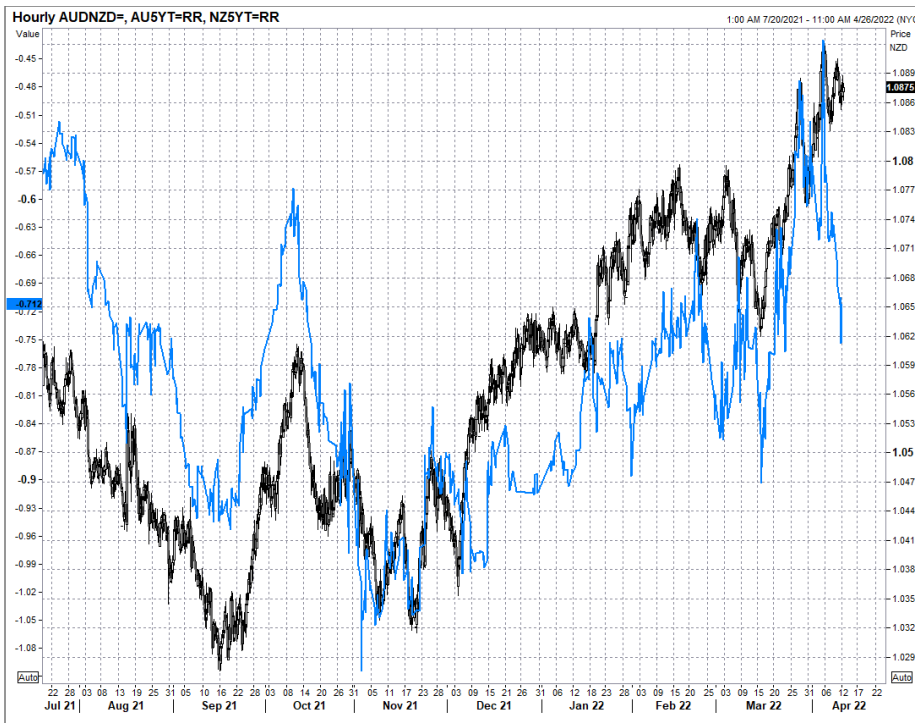
We get the RBNZ tonight, Bank of Canada tomorrow, MAS tomorrow night, and ECB Thursday. The skew is towards tighter policy across the board, of course, with the question not “will they tighten?” but “how much?” My view is pretty consensus on these CB meetings, so I don’t have a lot to add. The exception is RBNZ where the calculus comes down to:

- Current inflation very high
- Forward-looking data (QSBO, especially) looking a tad grim
- Market priced for 42bps but economists strongly leaning towards 25bps

The thing is, the QSBO was [all about omicron](#). With inflation raging and the jobs market tight, 50bps makes sense to me as the trajectory of omicron is clearly no longer an issue and US data was similarly impacted by omicron and then rebounded. It’s a close call, obviously.

AUDNZD has been on a bit of a rager and has run ahead of rate differentials. The 2021 high of 1.0946 is close enough to use as a pivot and so **I like going short AUDNZD here (1.0875) with a stop loss at 1.0976**. Rate differentials give you a bit of a head start, and copper prices have been a tad soggy too, so even if RBNZ goes 25, you might survive. This is best expressed through spot, in my opinion, as the RBNZ meeting is extremely expensive. Here is the AUDNZD chart vs. rates:

AUDNZD vs. 5-year rate differentials



Closing thoughts

Finally, the market just sold USD and bought bonds, trying to play “peak inflation” after that CPI number. My guess is that it’s too early to do that. The target in 10’s is 3.00/3.25. Brainard just after US lunch time, FYI.

Have an [8-bit](#) day.

good luck ↑↓ be nimble



There is a surprising amount of online philosophy concerning Waluigi

Waluigi is the ultimate example of the individual shaped by the signifier. Waluigi is a man seen only in mirror images; lost in a hall of mirrors he is a reflection of a reflection of a reflection. You start with Mario – the wholesome all Italian plumbing superman, you reflect him to create Luigi – the same thing but slightly less. You invert Mario to create Wario – Mario turned septic and libertarian – then you reflect the inversion in the reflection: you create a being who can only exist in reference to others. Waluigi is the true nowhere man, without the other characters he reflects, inverts and parodies he has no reason to exist. Waluigi's identity only comes from what and who he isn't – without a wider frame of reference he is nothing. He is not his own man. In a world where our identities are shaped by our warped relationships to brands and commerce, we are all Waluigi.

From: <https://theemptypage.wordpress.com/2013/05/20/critical-perspectives-on-waluigi/>

<https://screenrant.com/mario-games-facts-trivia-waluigi/#:~:text=Based%20on%20the%20gamma%20theory,third%20letter%20in%20his%20name.>

Even deeper: <https://thekinginyellow.livejournal.com/114760.html>

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