

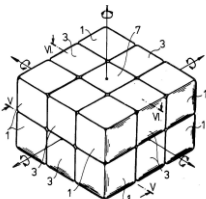
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Ruhik [42] Mar. 29, 1983

(54) SPATIAL LOGICAL TOY  
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 (54) Field of Search ..... 27A/183 S, 155  
 (56) References Cited  
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 17082 3/1979 Hungary ..... 27A/155 S  
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 Scientific American, Mar. 1981, p. 39.  
 7 Claims, 12 Drawing Figures



Page one of the 1983 patent for "Spatial Logical Toy"

**Current Views**

Flat

# 103 is prime

A bunch of small things have conspired to take the wind out of the overbought USD and oversold stocks.

1. First up, a change in official tone from China has KWEB (China Internet Index ETF, trades in US) trading up 5% pre-open.

**\*CHINA VICE PREMIER LIU VOWS SUPPORT FOR PLATFORM COMPANIES**

The fall of the Chinese internet companies has been part of the relentless string of bad news out of China. KWEB is 30%/50% correlated with most global equity indices and 30/40% correlated with GBPUSD, AUDUSD, AUDJPY, GBPCHF, and USDCAD.

2. In other good China news, [Caixin reported Shanghai has a plan](#) to end the lockdown and reopen by June. This takes the edge off USDCNH and helps global equities at the margin.
3. [This video of Russian defense columnist Mikhail Khodaryonok](#) is surprising in its candor and its negative view of Russia's war effort. This appeared on Russian State TV. I am not certain how much play it got, but wheat is lower and oil is higher, so I cannot blame this one. I am sharing it because I think it's mildly interesting, but I don't really think this was a market mover.

Then throw in stretched positioning, reduced noise from crypto, Villeroy saying no mas to EUR downside, more noise about a 50bp hike from the ECB, and so on. **Was that the high for the USD?** The DXY chart sure looks ugly now if it closes below 103.00. That would put us back below all those 103.30 closing highs in 2016 (see chart) and below the 2020 high (103.00) and potentially back in the giant 90/103 range that has dominated since the last Fed hiking cycle.

**The DXY struggles to achieve escape velocity from 90/103 gravitational field**



This is particularly interesting as EURUSD has not made a new low. Therefore, there is bullish divergence in EURUSD as the 1.0339 low in 2016 was not breached, even as the EUR-heavy DXY took out the top of the range. Chart-wise, the USD looks mildly troubled and will look very troubled on a DXY daily close < 103.

## CAD

Other charts look the same. USDCAD, for example, took out the important 1.2950 level last week and has now made a convincing close back below. 1.2950 was the high in late 2020 and then again during the gamma slugfest in Q3 2021 and again when oil crumpled to \$65 in late 2021. Now, we have sliced through 1.2950 a few times and rejected the USDCAD's attempted escape.

**USDCAD daily back to Q3 2020**



I don't have much of a USD-bearish thesis right now, other than "charts look bad" so I am not going short dollars. My point is that the charts are signaling the USD move has lost its mojo here and it's time to take a step back and reassess whether it can return to trend, or even reverse.

False breaks all over the place (including the false break of the old 28800 / 30000 zone in bitcoin) suggest exhaustion everywhere. Exhaustion does not always mean the end of the trend; it could just mean consolidation. Either way, this feels like a good moment to proceed with an open mind. Watch the daily close in DXY as above or below 103 could be a prime indicator for USD direction.

## Closing thoughts

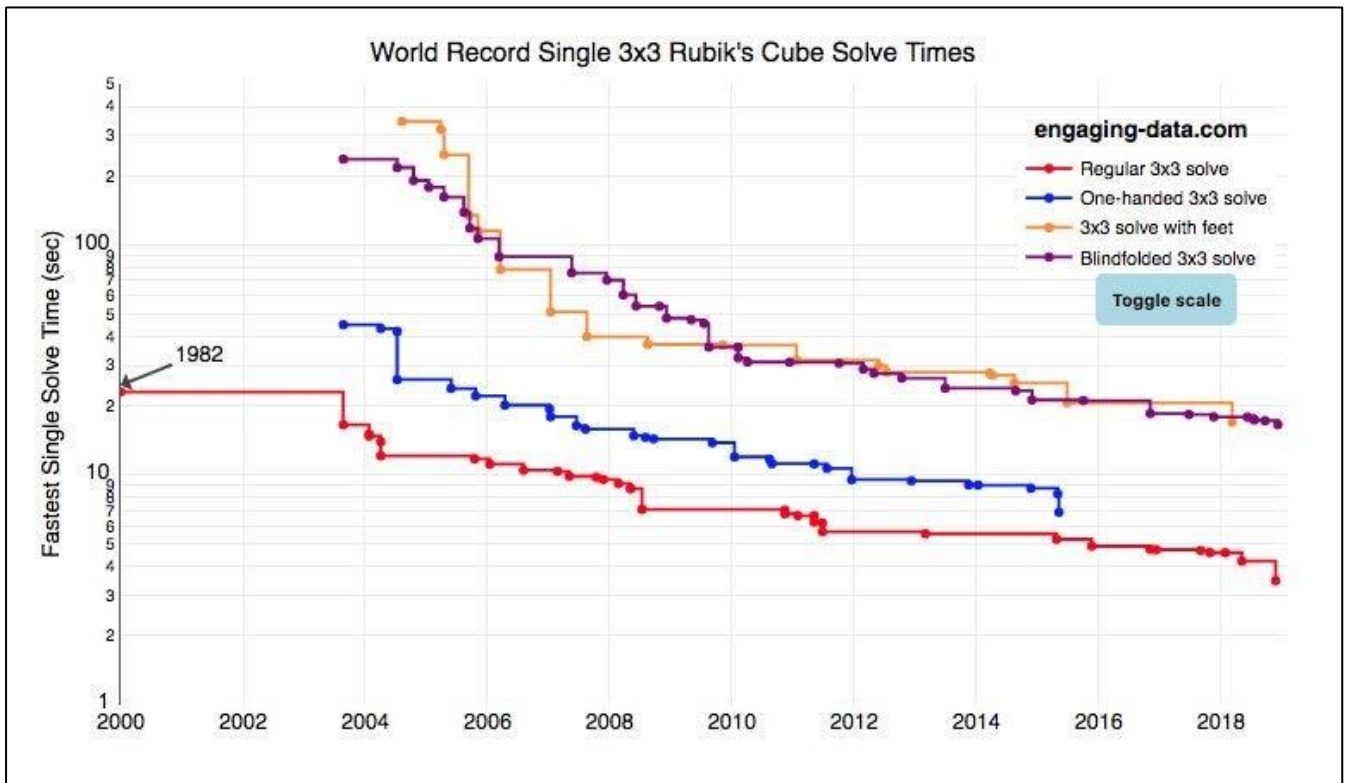
The CADJPY short is now stopped out. Very disappointing turn of events as the thing was deep in the money and now is cut for a tiny profit. Sometimes, when you stick to the plan, you get a disappointing result, but in the long run this is always the best way for me to trade. I will categorize the decision to stay in the trade as: good decision / bad outcome.

I wrote a piece outlining my [three main takeaways from the LUNA death spiral](#). Even if you don't trade crypto, you might find it interesting as it's mostly about the consequences of living in a society that loves gambling more than productive work. I love gambling too, so I'm just observing, not making a moral judgment.

Good read: [What kind of asset is bitcoin?](#) By Noah Smith.

Have a record day.

good luck ↑↓ be nimble



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