

am
FX

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Geiger counter

Current Views

Short CADJPY 101.21
Stop 100.86
Take profit 98.11

Stop lowered from 102.61 and take profit raised from 97.11 on 13MAY

EDZ2, gold, and crypto

First up, have a look at this round trip in EDZ2. Pretty amazing stuff. The massive false break of the 2018 lows on May 4 (FOMC day) is another piece of the “rates have topped out for now” puzzle. I am a big fan of round trips and symmetry in markets and also of huge pivots formed on high volume on events days and the May 4 move in EDZ2 combines both.

EDZ2, 2017 to now



The theme of tech layoffs continued yesterday with a Twitter hiring freeze and 2500 Carvana layoffs announced over pre-recorded Zoom message. Gross. The question is whether buoyant construction and hospitality (and other services) employment is enough to offset the 2001-ish reflexive employment recalibration in tech.

Here is [my Twitter poll](#) on S&P futures downside for the rest of Q2.

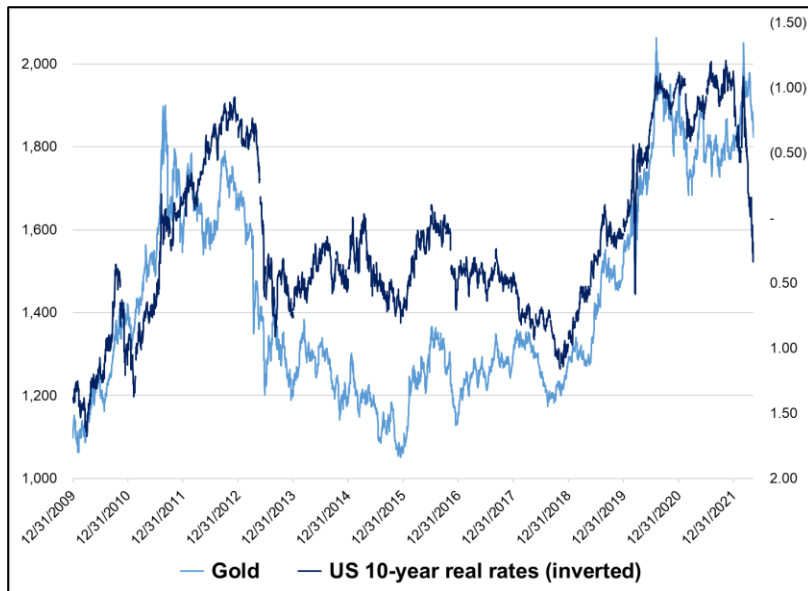
Some thoughts on gold

Was that perfect double top at 2070 the cycle top for gold? The yellow metal is notoriously hard to model as it's driven by real rates but also has idiosyncratic narratives around trust, fear, safe haven status, etc. But if you look since the GFC, the fit between 10-year US real rates and gold has generally been pretty good.

When real rates are falling and negative, gold bulls point to them but when real rates rise quickly (as they are now), there tends to be obfuscation and new narratives presented. I will say: I don't think I have an edge in trading gold—I've never had a good feel for it. So, I present this information purely for you to think about and do with it what you will.

I'll start with a chart:

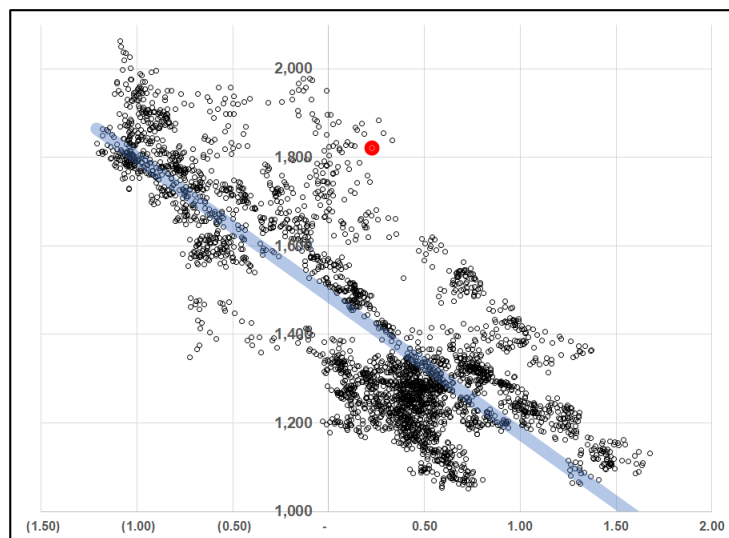
Gold vs. US real rates, 2009 to now



The obvious pushback would be that central banks are buying gold after the Russian SWIFT ban but when I posted this on Twitter, Jens Nordvig (who usually has the best juice on global flows) said: “That is a theory, I am not aware of evidence supporting the additional CB demand theory”. I would trust Jens’ feel for this.

It’s worth considering the idea that gold is just lagging real rates as longs have confirmation bias and don’t want to admit that real rates are signaling it’s overpriced. Next chart shows same data as a scatter, with the big red dot showing where we are. Dots close to the wide blue line would be fair value since 2009. Dots above are rich, dots below are cheap. Again, I don’t want to say a univariate model can forecast gold, but it’s something to chew on.

Gold vs. US real rates, 2009 to now



Digital coins

Chris Joye does a victory lap on behalf of the crypto haters in this [well-written AFR column](#). It’s a good round up of the myths that have driven low-financial-literacy retail into dubious gambling schemes egregiously mislabeled as investments. Also, a nice critique of the regulatory failure.

[You might like this paper](#) which is definitely out there but also interesting. Co-authored by Vitalik Buterin. The title of the paper is: "Decentralized Society: Finding Web3's Soul". Lots of mumbo-jumbo but I learned a lot too.

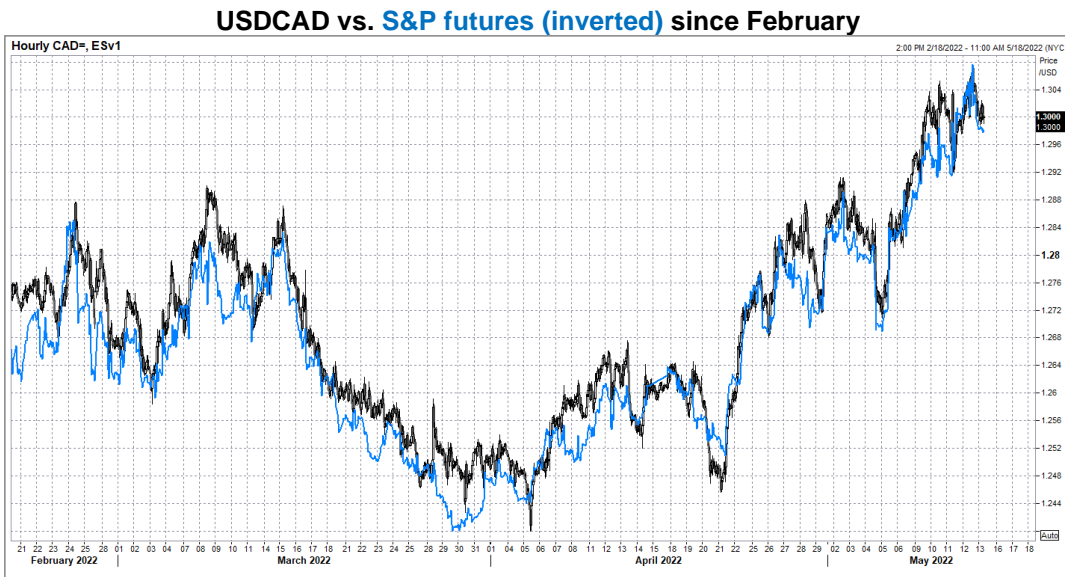
That paper presents a quasi-utopian view. Molly White offers the skeptical take [in this HBR interview](#). Her website, "[Web3 is going just great](#)" is clever and snarky.

I always believe an open mind is best, but I think right now it's particularly important to look at both sides of the crypto and web3 debate because the wipeout this week gives us new information about the strengths and weaknesses of various forms of this generational technology.

CADJPY update

I'm a bit nervous that I missed the low in CADJPY. I am sticking with it but will move the stop down to 100.85 and move the TP up to 98.10 (above yesterday's low). The crazy nervous energy is out of the market now that LUNA is dead and while I continue to believe that yields will consolidate / go lower, I'm not as sure that stocks can maintain downward momentum.

The JPY leg is a rates trade, but the CAD side is a pure S&P play. You can see this in the USDCAD overlays as rate differentials and oil have completely lost their connection to USDCAD. SPX vs. USDCAD looks like this:

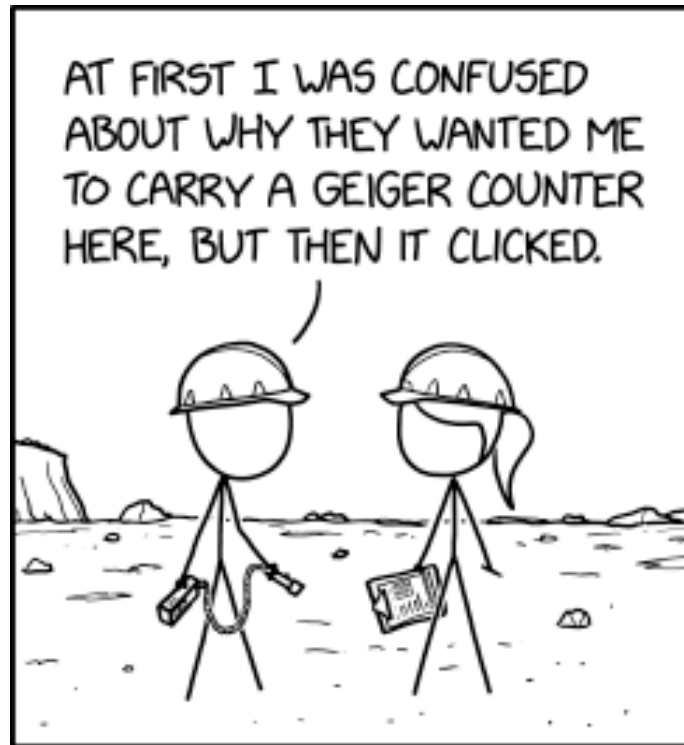


Last but not least

I am hiring! I need a business and marketing manager to help me build Spectra Markets. Someone straight out of college would be fine, or someone with a bit of experience is OK too. The full job description and requirements [are posted here](#). If you know anyone that you would strongly recommend, please let me know or point them to that link. The job is multifaceted and involves business management, marketing, video editing, and so on. I want someone humble, hungry, smart, and knowledgeable about markets and marketing. Thanks!

Happy weekend.

good luck ↑↓ be nimble



<https://xkcd.com/2607/>

From Wikipedia

A Geiger counter (also known as a Geiger–Müller counter) is an electronic instrument used for detecting and measuring ionizing radiation. It is widely used in applications such as radiation dosimetry, radiological protection, experimental physics, and the nuclear industry.

There is usually an option to produce audible clicks representing the number of ionization events detected. This is the distinctive sound associated with handheld or portable Geiger counters. The purpose of this is to allow the user to concentrate on manipulation of the instrument while retaining auditory feedback on the radiation rate.

Happy Friday

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