

am
FX

Brent Donnelly

bdonnelly@spectramarkets.com
(212) 398-6230



Guess what the score was in the biggest college football upset ever

Current Views

17JUN 157/154
GBPJPY put spread

Cost around 37bps
Spot ref. 160.20

Vigilance

Interesting overnight session as the USD is showing sneaky weakness again, but not enough weakness to send a tradable signal. If we're talking stagflation in Europe, shutdown in China, and a grinding transition from labor shortage to labor surplus in the USA (and sticky inflation everywhere) ... Crosses like GBPCHF and EURCHF and GBPJPY lower make more sense to me than straight USD trades.

I still don't think there is a coherent USD bear case, as the tech worker thing is a bearish sign for the US economy but much of the bad news from TGT, WMT, and others is more about supply side, not demand. The US consumer is a weeble and it wobbles but it won't fall down (yet). Straight USD trades make no sense to me right now, while cross/JPY and cross/CHF lower makes tons of sense. Those trades are always at risk of an equity bounce, but you can't worry about that every day.

Until VIX prints 41, I'm mostly going to be leaning toward lower stonks. But I reserve the right to change my mind!

The GBPJPY idea yesterday is in the money but 100 pips off the lows this morning. We are tracing out a big, messy triangle and I think the likelihood of a downside triangle break in GBPJPY is far higher than a topside thrust. The chart below shows a selection of triangles that yield the following levels:

Resistance 1: 160.80 Support 1: 156.00/20
Resistance 2: 161.50/80

GBPJPY avec triangles



I like the put spread best still, but if you did the trade via spot, the ideal parameters would be stop loss 162.01 and take profit 156.20. You can find tighter parameters than that if you want to be more tactical, but anything tighter risks a noisy stop out as JPY is mildly unhinged right now. The overnight action in USDJPY was: Down to 127.90, up to 128.95, then down to 127.50. Sloppy!

127.00 remains the key level to watch in USDJPY. That is the point below which I believe stale USDJPY longs will capitulate.

CHF!

In case you missed it yesterday, this headline was important:

*SNB'S JORDAN: WE MUST BE VIGILANT REGARDING PRICES

This was part of a flurry of hawkish headlines that also included:

- *JORDAN: SEES RISK OF SECOND-ROUND EFFECTS
- *JORDAN: SNB READY TO ACT IF INFLATION PRESSURES CONTINUE

There was the usual stuff in his speech about currency intervention, but those words are no longer credible as FX is a primary monetary policy instrument and it makes no sense to buy EURCHF if you think inflation requires vigilance. Stronger CHF is what they need, not weaker.

Wily FX veterans will know that the word “vigilance” holds a special place in the central bank vernacular because it was Jean-Claude Trichet’s secret code word that informed the market about coming hikes. “Strong vigilance” was the super double probation Trichet code word for: hikes imminent. No European central banker over the age of 30 would ever use “vigilance” without knowing exactly what that will mean to the market. Thomas Jordan is 59.

I know quite a few people were able to panel EURCHF above 1.0380 yesterday as it hung out there for ages. If you are short, I would suggest taking back 33% at 1.0200/20 and 33% at 1.0100/20.

Here’s another chart, also involving a triangle.

EURCHF big triangle



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The cost is \$199/year, but if you use **coupon code: OGSUBSCRIBER** you get \$100 off. That is a 50.7% discount. Ridiculous, honestly. No idea who approved it. You can [read the first 18 MTC notes here](#). Also, if you want a long read on why RV trading is hard... Check out [my latest educational piece](#).

Have a blowout day.

good luck ↑↓ be nimble



LOL

October 7, 1916: Georgia Tech beat Cumberland College 222 – 0

The second half of [this podcast](#) tells the story in an entertaining way.

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