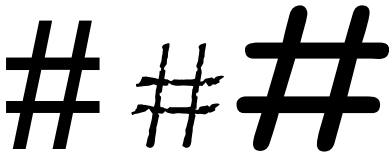


am
FX

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The real word for hashtag is “octothorpe”



Hashtag in 70-point Arial, Papyrus, and Comic Sans. It's weird how much smaller the middle one is considering they are all the same font size in Microsoft Word

Current Views

1-month 0.99 EURUSD digital put at 18%
Expires August 18

Voila

An interesting reaction today as the market has instantly rebuffed the new acronym from the ECB (TPI) and pushed BTPs to the wides without even waiting for the formal announcement of details.

Germany vs. Italy 10-year spread



The market sniffed out that the TPI would be more word salad than credible program as Madame Lagarde finished her description with a milquetoast “Voila.” Anytime you say “voila,” it should end with an exclamation mark, not a period. Hers ended with a period.

EURUSD 1-minute chart into and after Lagarde



This is reminiscent of the last ECB meeting where EURUSD followed a very similar up then down trajectory as the market saw that ECB rate hikes were a mixed bag for the currency due to their impact on fragmentation. It's also reminiscent of the failed ECB rate hikes in 2011 which accelerated the eurozone crisis and were accompanied by a brief rally and then prolonged selloff in the EUR.

My feeling is that this will play out exactly like the June ECB meeting and EURUSD will spend the next few days selling off as BTPs widen and the market quickly puts the TPI to the test. Stay short EURUSD for a retest and break of 0.9950 next week.

Commodities

So many commodities are at interesting levels right now as I briefly mentioned yesterday. Oil has a very clear equilibrium zone since the war started and we continue to test and retest that range bottom as you can see here:

Oil, 2021 to now



And gold is testing the quintuple bottom, major base from 2020 and 2021. If either of these two charts breaks, it's another signal that the USD rally is not done.

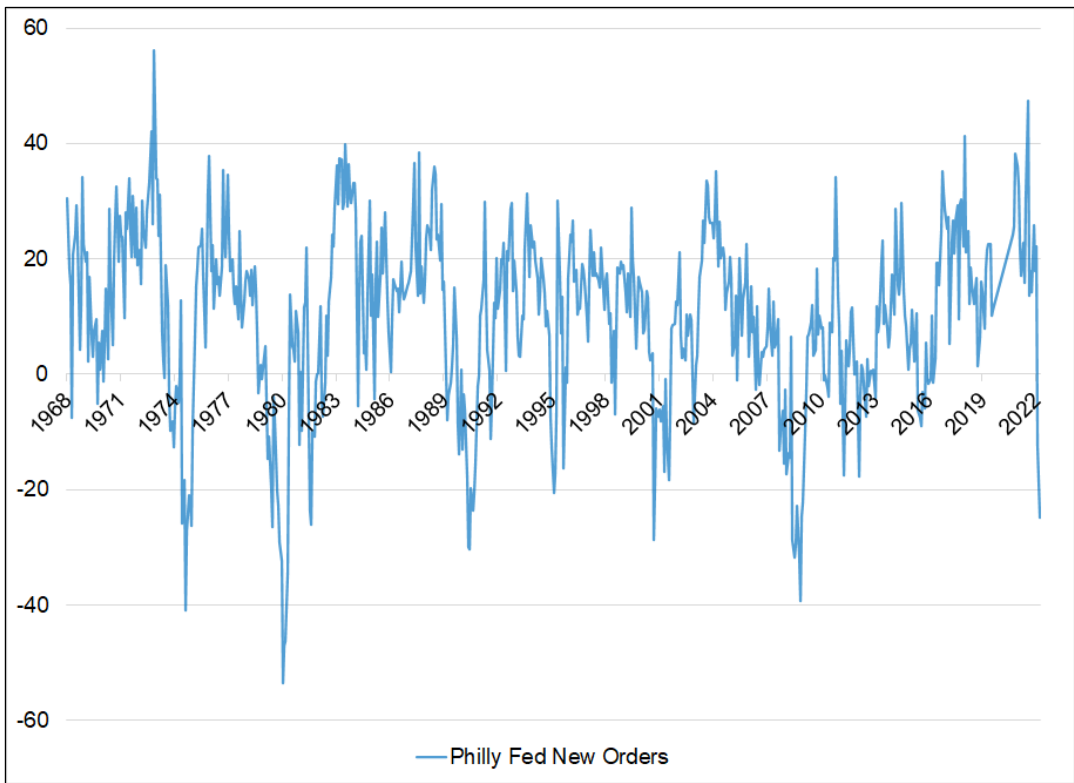
Spot gold, 2019 to now



Final Thoughts

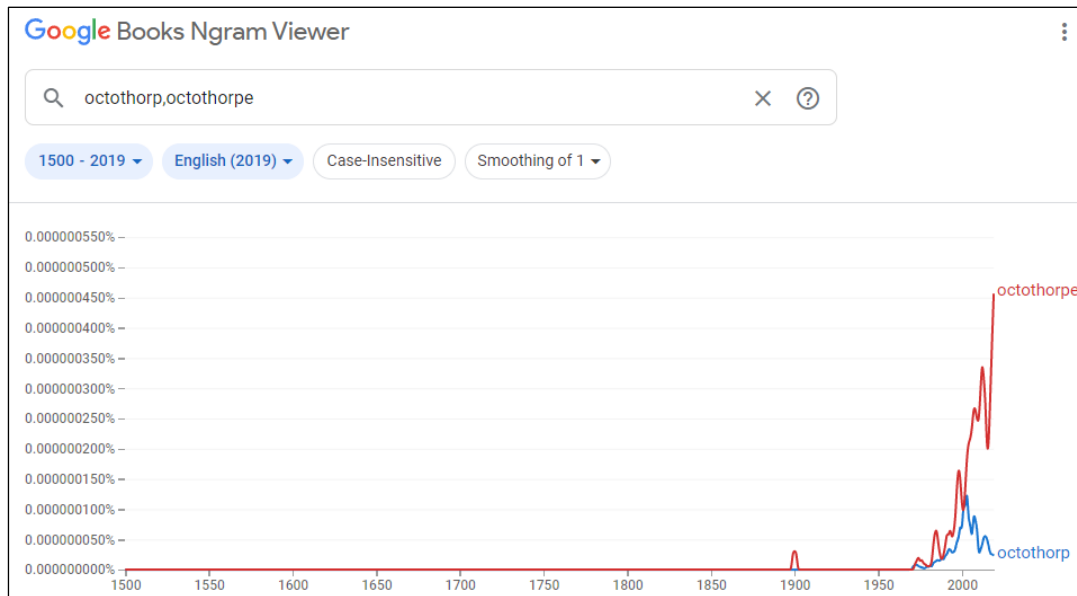
In case you missed it. Philly Fed today was 12 points weaker than expected and new orders were weak as well. And Initial Claims new high. Here is Philly Fed New orders, with 2020 cut out:

Philly Fed New Orders, 1968 to now without 2020



Have a #great day.

good luck ↑↓ be nimble



The real word for “hashtag” is “octothorpe.”

Octothorpe and octothorp are both acceptable spellings but the one with the “e” is much more common.

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