

am
FX

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One of the coolest photos ever.

An iceberg in Antarctica splits the frame into four quadrants.

Current Views

Long GBPUSD at 1.2445

Take profit between 3 and 4pm today

Long EURUSD at 1.0856

Take profit between 3 and 4pm today

**Long 10DEC EURMXN
18.70/18.20 put spread**

~50bps EUR off 19.16 spot

Tactical Considerations

Quite the cornucopia of events this week with activity all around the globe. Everything from China PMIs, to RBNZ, major data out of Canada, some big Fed speeches (Waller and Powell) and moar. Here's the calendar.

	27 MONDAY	28 TUESDAY	29 WEDNESDAY	30 THURSDAY	1 FRIDAY
Before NY open		DE Consumer Confidence 2:00	Sweden GDP and Retail Sales 2:00 Sweden Manufacturing Confidence 3:00 DE State CPIs 1:30-5:00 CH ZEW 4:00 EU Economic Sentiment 5:00**	CH KOF Leading Indicator 3:00 DE Unemployment 3:55	EU PMIs 3:00-4:00
NY AM	US New Home Sales 10:00	Corporate Month End	DE CPI 8:00	Month End (models say sell USD, but models haven't been great in recent years) OPEC Meeting US Core PCE Deflator 8:30	Canada Payrolls 8:30
		US Case Shiller Home Prices 9:00 US Consumer Confidence 10:00	US GDP (2nd release) 8:30	US Jobless Claims 8:30	US S&P PMI 9:45
		Fed Goolsbee (just opening remarks) 10:00		Canada GDP 8:30	US Manufacturing ISM 10:00
		Fed Waller (on Economic Outlook) 10:05	BoE Bailey 10:05	Chicago PMI 9:45	Fed Goolsbee in moderated discussion 10:00 Fed Powell Fireside Chat 11:00
NY PM	US 2-year and 5-year auction 13:00	BoE Haskel on inflation 12:00 US 7-year auction 13:00	US Beige Book 14:00	ECB Nagel 12:00	
		ECB Lane 13:30	NZ Building Permits 16:45	CN Caixin PMI 20:45	
Asia	UK BRC Shop Price Index 19:01	AU Monthly CPI 19:30	NZ ANZ Business Confidence 19:00		
	AU Retail Sales 19:30	RBNZ Rate Decision and MPS 20:00	AU Capex 19:30		
	BoE Ramsden and RBA Bullock on a panel in Hong Kong 20:18	RBNZ Presser 21:00	China PMIs 20:30		
Spectra Trader Almanac Seasonality Highlights	Very strong bullish NZDUSD seasonality now into year end				

All times NYC. Add 5 hours for LDN.

Note we also get corporate month end tomorrow and real money month end on Thursday. I have been long GBP and EUR and if US equities close the month here, it would be their 8th best monthly showing in the past 30 years. This would suggest there will be some dollars to sell into month end, but it's important to note that the corporate month end signals (buy USD) have been much more reliable than the real money month end signals in recent years. I wrote a deep dive on the topic here:

[am/FX: RIP Month End Models](#)

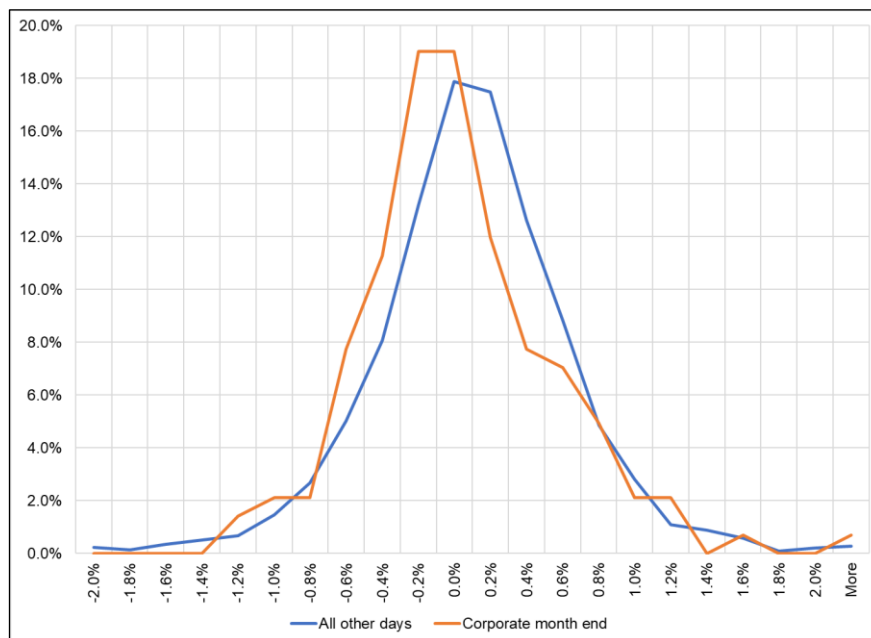
The takeaway there is that hedgers have spread out their rebalancing, so the month end window is less predictable than it used to be. On the other hand, here is the performance of GBPUSD (for example) on corporate month end. Corporate month end is the day when spot settles on the last day of the month. That will be tomorrow.

GBPUSD cumulative returns on t-2 (corporate month end)



Using the same data, we can also make a histogram that looks like this. Notice the leftward lean.

Histogram of daily GBPUSD returns on corporate month end compared to all other days



The last two big up months for the SPX were June and July 2023 and GBPUSD followed the textbook pattern in both months. You can see the huge selloff on t-2 and then the rally after into month end.

GBPUSD hourly at the end of June 2022



GBPUSD hourly at the end of July 2022



The point of all this is to say that the risk/reward of holding USD shorts through tomorrow's corporate month end is extremely unappealing, especially with GBPUSD trading just 50 pips from my take profit after a 500+ pip rally this month. Everything in the bigger picture continues to suggest higher GBP as the fiscal story there, year-end seasonality (bullish GBP, bearish USD), a move toward the center of the USD smile, and continued unwinds of CTA USD longs remain the primary story. But tomorrow could be rocky. Everything about GBPUSD applies to EURUSD too, so I will square up both trades between 3 and 4 pm NY today and look to reload at better levels when the dust settles.

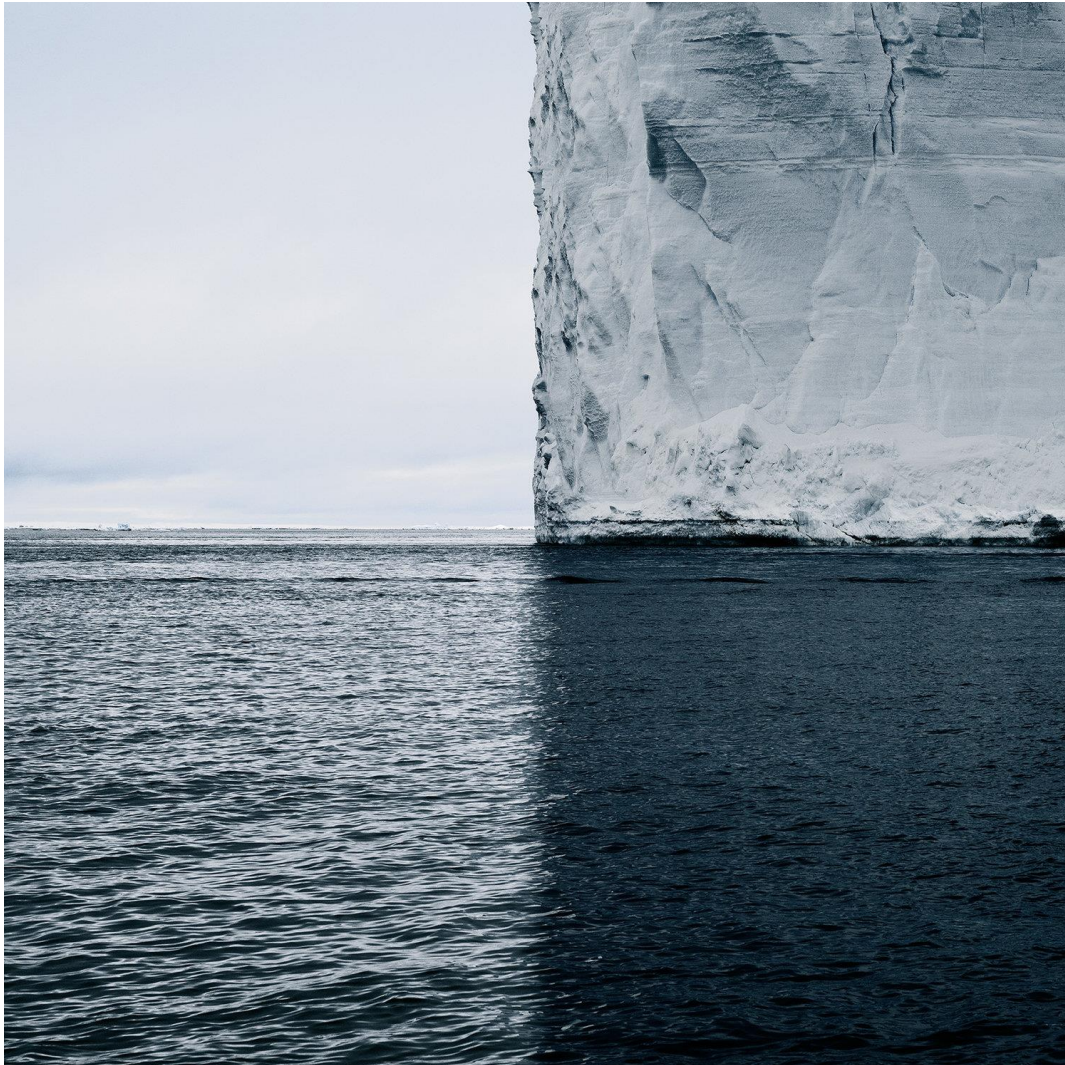
Tactical considerations can create noise but, in this case, I think the signal is strong enough to suggest action is warranted.

Final Thoughts

Thanks to all those that have purchased the Trader Handbook. If you have not got yours yet, grab it here: [Buy the 2024 Spectra Markets Trader Handbook and Almanac.](#)

Have a beautiful day.

good luck ↑↓ be nimble



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<https://davidburdeny.com/photographs/north-south/1/6>

HT <https://twitter.com/BackTheBunny>.

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