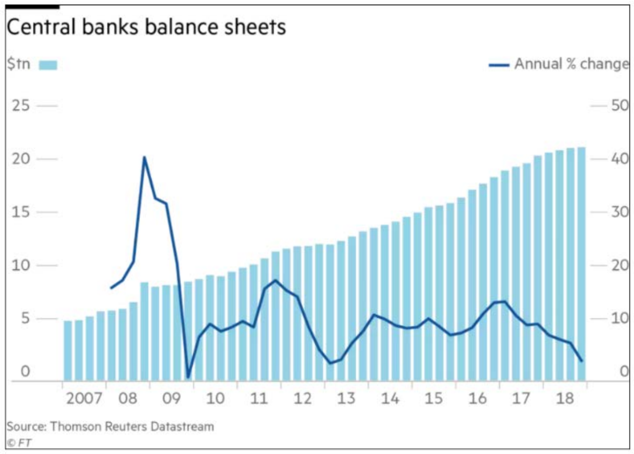
INTERMARKET VIEW: That Was Weird

"When the going gets weird, the weird turn pro." That quote from the late, great Hunter S. Thompson feels newly relevant today with 2017 turning out to be, hands down, the weirdest year in living memory. From fake news to Russiagate to NFL backlash to "Fire and Fury" to Charlottesville; from the rise of authoritarianism to the demise of Pax Americana; from $11 trillion in negative yield sovereign debt to European junk yielding less than the USA ten-year; from the Saudi coup to the Erdogan staged coup to the Duterte Facebook mob to Kislyak and Lavrov yukking it up in the Oval Office; from the death of hedge funds to the all-encompassing "everything bubble" to the lowest market volatility since the 1960s; from the sexual harassment tsunami to a dismantling of the State Department to the Alabama senate election; this litany only scratches the surface. (And 2017 isn't even finished yet; as of this writing, there are beltway rumors that an attempt to fire Special Counsel Robert Mueller could be in the works before Christmas, thus triggering a full-blown constitutional crisis.)

This appears to be one of the rare inflection points in history when multiple vectors of massive, consequential sea change all intersect at once. We have the dawning of the Information Age, which will phase out the Industrial Age, starting to show real impact via seeds that were planted two decades ago. We have the end of Pax Americana and the twilight of a Western order that held since the end of World War II, with NATO and Bretton Woods and the World Trade Organization all looking shaky. We have the rise of neofascist populism with a strong undercurrent of blood-and-soil nationalism, a burn-it-down Bolshevik sensibility for Western nativists, in a year that saw the 100-year anniversary of the original Bolshevik revolution in Russia. We have the twilight of the long-term debt cycle, a leverage-building pendulum swing that is thirty-five years in the making, dating back to Fed Chairman Paul Volcker killing off inflation and laying the groundwork for today's leverage and debt supercycle, born in the ashes of Volcker's brutally cleansing recession circa 1982. And we are headed into the ten-year anniversary of the 2008 financial crisis, responded to by the greatest central bank experiment in all of recorded history, with global debt levels having been jacked up by 50 percent or more since 2008. Speaking of the unprecedented central bank experiment, there have been no visible negative consequences as of yet (other than a grossly accelerated rise of inequality that threatens the social fabric of economies) because the multi-trillion balance sheets acquired by various central banks have not been wound down as of yet. The Fed has not wound down. The European Central Bank has not yet wound down. China's central bank has not yet wound down. In 2018 the wind-downs will begin, and nobody knows what that means. How do interest rates return to "normal" when the entire financial world is geared to keep them near zero?



The chart above, via the *Financial Times*, shows the balance sheets of global central banks hitting a plateau around $20 trillion or so, having steadily grown in size since the subprime crisis. The annual rate of percent change in the size of said balance sheets is now approaching zero. When it finally goes negative – meaning the balance sheets are shrinking for the first time – things will get interesting. If the central bankers decide it isn't possible to shrink their balance sheets, things could get even more interesting. One is reminded of that old rule of thumb that periods of extremely low volatility lead to periods of wildly unleashed hyper-volatility, in the manner of restrained or suppressed forces breaking through all at once.

Meanwhile a giant asset party rages. The Saudi crown prince is dropping $450 million on da Vincis and a cool $300 million on a French chateau to rival Versailles. The Dow has climbed above 24,000. Something like half the market's total return has been hefted on the back of FANGAM (Facebook, Apple, Netflix, Google, Amazon, Microsoft). Pension funds all across the globe are selling volatility for income, their willingness to "buy the dip" a de facto assumption the VIX will never again lift its head. Black box quant funds, many of which brag about the pure agnosticism of their algorithms – proud not to know the principles on which their algos make decisions – magnify the blind dip-buying, applying assumptions to the last decade of market behavior as if such conditions were permanent. At the same time small investors are consumed with FOMO, the Fear of Missing Out, not in respect to their favorite stocks but rather the next ten percent rise in their passive index funds.

It's like a Pompeii orgy in the shadow of Mount Vesuvius. But Wall Street analysts justify it all by pointing at global growth. Earnings estimates are strong. German factories are running full tilt. US small biz sentiment is the strongest it's been since 1983. The Republican tax plan will soon pass. The possibility of trillions in newly repatriated corporate cash could unleash a fresh wave of stock buyback programs. Enthusiasm levels are akin to a dog in a hubcap factory. It isn't hard to see why.

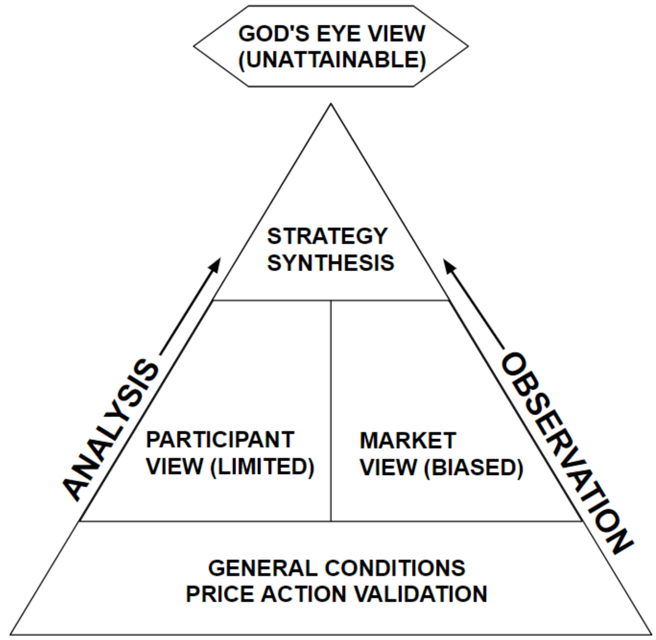
And yet here is the troublesome thing. All of the market's upside is priced in at current levels, but virtually none of the downside risk is priced in. Whatever orgiastic fantasies one might have of synchronized global economic growth coupled with corporate nirvana and zero things going wrong in 2018, one could argue this pricing for perfection is already baked into the highest valuation levels, across the board, for asset levels on the whole since the year 1900 (per Goldman Sachs).

And there are plenty of things that could go wrong, not least having to do with debt and interest rates. It has been almost ten years since the last financial crisis. The historical record suggests the United States has faced a financial crisis of some kind every four to seven years on average, not just for the duration of its history as a great power, but all the way back to the Civil War. The giant experiment that unfolded after 2008 delivered an extra long runway, we would argue, by way of every major central bank on the planet pitching in.

In December of 2017, the Federal Reserve raised rates for the third time of the year and the fifth time since the beginning of the financial crisis. This brings to mind the old "Three Steps and a Stumble" rule coined by Edson Gould, an influential stock market forecaster who was born in 1902 and observed markets for most of the 20th century. Per the Gould rule:

Whenever the Federal Reserve raises either the federal funds target rate, margin requirements, or reserve requirements three times without a decline, the stock market is likely to suffer a substantial, perhaps serious, setback.

Nobody cares about "Three Steps and a Stumble" anymore for the same reason nobody cares about the flattening of the yield curve. Bulls either ignore the idea completely or come up with explanations as to why it's invalid. And indeed, the Fed has already raised rates many times, without any market stumble apparent. So who cares that they are expected to raise rates at least twice (if not thrice) in 2018? We don't put faith in forecaster rules, but instead can't help but point out the basics of cause and effect. To a very real degree, today's boom times are predicated on a continuation of low interest rates and accommodative monetary policy. Even if one makes the assumption corporate profits will stay high, taking away the low interest rates means trouble with debt service payments and a lack of justification for the highest valuations in over a century. One doesn't need a recession to see a way in which the whole tower of Jenga blocks tumbles down. All that is necessary is a wholly logical rerating of the valuation multiples currently applied to stocks upon reflection of going back to a "normal" interest rate regime. That adjustment for a "normal" rate regime, in contracting the multiple, would be an introduction of volatility; that volatility, in turn, would be a threat to blow up institutional volatility sellers, who show the same lack of sense as CDS sellers in the subprime bubble.



Markets are a game in which humans compete against other humans. (And, to an increasing degree, algorithms deployed by humans.) As such there are always at least three views to consider. There is the Participant View, the Market View, and the God's Eye View (GEV). The Participant View is what the individual trader or investor perceives, based on information that is limited. The Market View is the collective judgement of the market, which can range from rational and logical into the realm of foolish or insane. The GEV represents the most accurate possible interpretation given all the relevant pieces of information. Nobody has access to the GEV; the point is to recognize the participant can't access it, and neither can the market on the whole. (The market's judgement is no more all-seeing or all-knowing than the crowd at a football game.) The challenge for the participant is to recognize the crucial gaps between their view and the market's view, synthesizing a strategy that takes both into account, while remembering the GEV is always unattainable (nobody has perfect info).

Our chief error in the bizarro year that was 2017 was failing to distinguish sharply enough between the participant view (ours) and the market view. The downside risks that blared like a klaxon in our heads all year (and still do) made basically no impact on markets at all. This is not to say such risks were not real or unworthy of concern; only that we could've done a better job of recognizing the market's ability to ignore risks completely. In many ways 2017 was about recalibrating the expected outliers of human behavior, more fully recognizing the human capacity to say, think and do astonishingly nutty and astonishingly awful things (or both at the same time). It may be another calm gaslighting kind of year in 2018, yet all our instincts scream that these bizarro conditions can't last.

MACRO VIEW: Crazy Imaginary Internet Money

For a host of reasons – including the impact of social media, the detachment from reality that is increasingly a sign of the times, and its global roots in Asia – Bitcoin is now, by a large margin, the most impressive bubble in history. Bitcoin could also turn out to be the one of the *worst* bubbles in history, as measured by its potential for sheer destructive impact.

Within the taxonomy of bubbles, one can talk about "good bubbles" and "bad bubbles." All bubbles hurt when they pop. But a good bubble is one that leaves behind some useful new technology or infrastructure for society to make use of. Take the railroad bubble of the late 19th century for example. That bubble turned to bust as vicious price wars caused a quarter of the US railroad system to go under. Investors got killed but America saw the benefit: Thanks to all the railroad build-out, the cost of transporting freight fell by at least half between 1867 and 1895. Far lower freight costs meant the ability to buy and ship commodities in bulk, turn them into consumer food products, and distribute those products geographically. So it was the sharp fall in transportation costs, seeded by the railroad bubble and bust, that laid the groundwork for the explosion of branded food products in grocery stores today. There is a comparable story relating to dot com and telecom. Investors choosing to wildly overfund fiber-optic cables and internet infrastructure led to huge capital losses in the 2000s, but also laid the early groundwork for Amazon and Google, then smartphones, social media, cloud computing and so on.

A "bad" bubble, in contrast, is one that leaves behind little or nothing that is useful, and mostly serves as a wealth transfer mechanism that creates pain for a great many people (while making a handful quite rich). The worst bubbles are financial bubbles that wind up ripping the social fabric of the economy when they burst, possibly leading to short-sighted political actions that make things even worse. One can reference the 1929 crash, for example, which came on the heels of a series of financialization mistakes in the 1920s, enabled disastrous policy decisions afterward (Smoot-Hawley for example) and arguably ushered in the Great Depression, while contributing to the economic malaise and bitter worldwide populism that cleared a path for the rise of Hitler and the onset of WWII.

Those who would praise Bitcoin cite the rise of an alternative currency, the potential improvement on gold and silver, and the power of the blockchain. But all of these arguments turn to dust in the face of a greed-driven bubble. Bitcoin does not have utility as a transaction mechanism. Its optimal function is hoarding, not spending. Its reliability versus gold is far from proven, and as various hackings and exchange outages show, may yet be severely tested. And while blockchain technology is truly exciting and represents the future, it is also a wholly separate thing from the speculative frenzy in Bitcoin itself.

One strange aspect of today's times is that *The Onion,* a well known satirical newspaper, publishes mocking satire that is increasingly hard to separate from the real, actual news. The following is from *The Onion* but could easily be from *Reuters:*

Saying it may account for the precipitous drop in the digital currency, financial experts on Friday told reporters that the recent plunge in bitcoin value could reveal vulnerabilities in crazy imaginary internet money. "This should serve as a clear indicator of how susceptible weird invisible money that only exists online can be to sudden fluctuations in the market," said economist Bernard Gregerson, explaining that the 18 percent decline in bitcoin's value might be a predictor of more drastic fluctuations to come in the price of bizarre make-believe cryptocurrency that has no reality in the physical realm. "This volatility may be connected to the fact that we're dealing ***with a pile of ones and zeros with no attachment to any bank or government and calling it legal tender****, but we can't say for certain." At press time, bitcoin had recouped some of its losses, which experts attributed to the fact that even ghost money best suited for anonymously buying heroin could sometimes rebound.*

The bolded part (emphasis ours) highlights the point at which Bitcoin goes off the reservation. People readily assume that all money is faith-based because money is, for the most part, invisible and electronic. But they fail to account for the fact that national economies are real, that tangible outputs are real, that the power of taxation and military might is all too real, and that sovereign currencies are attached to all that.

We aren't pessimistic about Bitcoin because we are luddites or because we fear the future. More than a decade ago, back in 2006, we gave a two-hour speech in which we described (among other things) how globalization would dramatically favor capital over labor, and also how alternative currencies could begin to compete with sovereign ones. And yet, back then and still today, the key thing to make a currency worth something is having it attached to a store of value. If a giant corporation has a variety of attractive goods and services you can purchase with its currency on a national or international scale, that would be a start. Or even a cryptocurrency offered by a small enterprise, mainly to its loyal users, has "store of value" aspects in terms of being exchangeable for desirable services now or in future. That isn't crazy imaginary internet money. Bitcoin, however, actually IS crazy imaginary internet money at this point, because it attaches to no store of value, no redemption point, other than a brilliantly Ponzi-enabling distribution scheme powered by its unregulated exchange distributors, spread globally, and the truly wild promotional predictions, attached to nothing at all, by the handful of early hoarders now sitting on Smaug-like piles of Bitcoin reserves.

To understand why Bitcoin is going nuts, and why it could get nuttier still, it helps to understand Coinbase, an epicenter of the Bitcoin craze (at least in the United States). Coinbase is a means of purchasing Bitcoin. It is also an app you can put on your smartphone, so as to check the price of Bitcoin intraday and see how rich you are getting. In early December of 2017, Coinbase became the number one iPhone app in the United States. A month earlier it wasn't even in the top 200. As the digital exchange of choice for American crypto enthusiasts, the total number of Coinbase accounts went from 5.5 million in January of 2017 to 13.3 million by the end of November, and millions more accounts were likely added since then. The NYT reports that Coinbase has sometimes registered 100,000 new customers in a day, with more customers than Charles Schwab or E-Trade. And as the WSJ reported not long ago, even grandmothers are buying Bitcoin these days. Coinbase makes it easy to do. You don't have to buy a whole Bitcoin at a time either. You can buy a tiny fractional amount of Bitcoin, and you can set up a designated amount of personal funds to go towards Bitcoin purchases automatically, very much like the DRIPS (Direct Reinvestment Plans) commonly available for corporate retirement accounts. You can passively invest.

So here is the truly beautiful thing (from a bubble promoter's perspective) about this Bitcoin setup. Because the buying public can purchase fractional amounts of Bitcoin, the price rise of a Bitcoin unit is no impediment. If one can buy, say, ten bucks worth of Bitcoin, it doesn't matter (from a logistics perspective) whether the price of Bitcoin is at $10,000 or at $20,000 or at $80,000. And if you can buy Bitcoin on a DRIPS plan, where you automatically move, say, $100 a week into Bitcoin, you can actually "set and forget" your buying habit.

And here we see the fruits of the passive investing culture, enabled by technology, reaped in poisonous form. It is much easier to create a bubble, and keep inflating that bubble, if you first train the bubble's participants to pay zero attention to price or valuation, and then make it easy for them to input micro-amounts on a set-and-forget basis. If somebody has a fully invested "Bitcoin is the future" worldview, they can put however big a chunk they want into it, in a robo-investment style, and do this in as aggressive a manner as they choose.

This is a reason to be aggressively bullish on Bitcoin: We have never before seen the combination of well-designed passive investment technology, super-aggressive upside hype that is constrained by nothing, and the exploitation of deep-rooted misconceptions about money that are as old as money itself. Bitcoin is truly the ultimate sucker machine, in that it could really, truly go to $50K or $100K, or whatever peak frenzy is, based on nothing more than Cameron Winklevoss (one of the newly Bitcoin mega-rich) saying he thinks that Bitcoin's price is going to rise twenty-fold because it is the new gold. (The "old" gold is a physical asset with a +5,000 year history.)

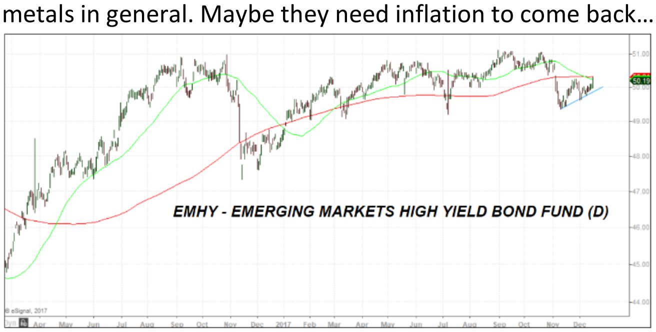
There are a few deeply obnoxious things about Bitcoin, the realities of which are a source of our pessimism. The biggest problem is that the higher the price of Bitcoin rises, the more it becomes self-defeating. Currencies are meant for spending or transacting, not for hoarding. The more expensive Bitcoin becomes, the less likely anyone is to make purchases with it. At the same time, Bitcoin is already drawing attention from worried governments. Were the market cap of Bitcoin to rise another five-fold, serious measures would be considered. At the same time, a lot of people are setting up to feel extreme pain when Bitcoin's price implodes. While Coinbase is genius in its ability to let a customer invest small amounts, many are no doubt investing dangerously large amounts (in percent of net worth terms). In countries like South Korea, the level of Bitcoin mania has become so unhinged that South Korea's government is sounding the alarm. (South Korea accounts for about 21 percent of global bitcoin transactions on visible fee-based exchanges, versus just 1.9 percent of world GDP.)

As with most all bubbles, the "little guy" will get hammered. But with Bitcoin that hammering could be ruthless. Credible estimates suggest 40 percent of Bitcoin is held by 1,000 users or fewer. These "whales" are sitting on massive piles with a logical incentive to cash in one-third to one-half of their huge holdings. The problem is that, if they do this simultaneously, they will crash the market. But the good news for the Bitcoin whales is that, because Bitcoin isn't classified as a security, there are no rules against market manipulation. They could call each other and coordinate actions; they could run pump and dump operations of the kind that were prevalent in the early decades of the 20th century, before the Securities and Exchange Commission was invented; they could knock prices down massively, then bid them up again, with scripted and coordinated actions; and they could already be doing all of this in spades, because Bitcoin is basically the old Wild West.

One of the truly horrific scenarios is one in which vast sums of Bitcoin investment are simply "lost"… as in "gone"… as in ceasing to exist at all. When one thinks of, say, a stock market bubble, one imagines prices going up a lot, then prices going down a lot. There is little thought given to the possibility that the exchange could shut down, with no prices quoted at all. With Bitcoin this could truly happen, because Bitcoin is like no other investment vehicle ever created. Futures contracts were designed to facilitate a natural flow between the buyer and the seller; stock and bond certificates are attached to a thing of value. Because Bitcoin is "crazy imaginary internet money," as *The Onion* dubs it, it is possible for prices to rise beyond all comprehension, and then for the final adjustment to be so painful and jarring that the exchanges simply break, along with much of the financial infrastructure devoted to Bitcoin. The unkindest cut of all could be a bubble that kills the system, sending small investors into paroxysms of rage.

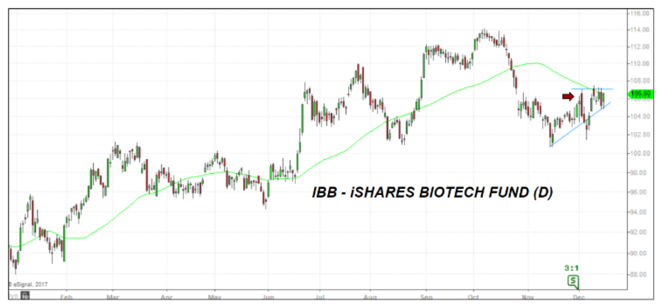
TACTICAL VIEW: Silver Bullet

On November 6th we wrote, "Bitcoin is officially drinking the milkshake of precious metals," explaining why silver was an attractive short on a downside triangle break. And so it was. In late November silver's downside breakout then occurred, leading to a swift drop. The primary issue for precious metals these days is a lack of favorable backdrop: Still no inflation to speak of, slowly tightening monetary policy, enthusiasm that has taken hold elsewhere. But Bitcoin, and cryptocurrencies in general, are a new problem in that crypto is making a real bid for becoming "alternative currency 2.0." For the people who see apocalyptic risk in all manner of officially sanctioned paper currencies, gold and silver have long been the escape hatches du jour – the thing to buy if you didn't have faith in the system. Now Bitcoin is arguably becoming the go-to thing to buy for those who lack faith in the system. This is bizarre in a number of ways: A mistrust of governments is now being replaced by faith in hackable cryptocurrency exchanges with no legal jurisdiction, and in a closely held asset (Bitcoin) with a potential for manipulation by the main operators that puts anything JP Morgan could do in metals markets to shame. It is what it is, though, and precious metals are very much in a slump with the spotlight shining on crypto. In January of 2016 active month silver futures fell to nearly $14 per ounce, yet a long way down from present levels. If Bitcoin continues to suck all the oxygen out of the room, or if precious metals are hit with a "risk off" wave that swamps everything else, silver could yet go back to $14 if not lower. We also remember the days of the killer commodity bear market in the late 1990s, when silver struggled to maintain a lowly $5 per ounce. Gold is also losing altitude, as investors start giving up on precious metals in general. Maybe they need inflation to come back…



We were prepared to short the emerging markets high yield bond fund (see chart lower left column), but the break below the Dec 1st lows, which would have been our triggering point, did not occur. EMHY, along with other various debt vehicles, shows a topping process more than a year in the making, the highs of the 2017 price action failing to crack the highs made in late 2016. High yield debt in general looks ripe for rollover.

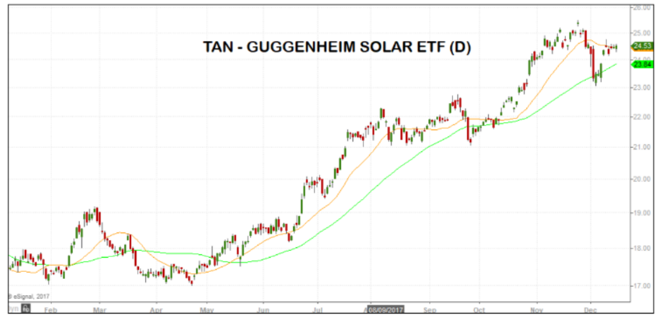
The pattern in EMHY is further confirmed by JNK, the popular high yield bond ETF, which has similarly spent all of 2017 in a broad topping process and now submerges below the 50. It is not just the bearish pattern that peaks our interest here; it's the fact that the Federal Reserve has hiked five times, and has credible plans to hike yet more in 2018, and complacency in and around debt markets is an accident waiting to happen.



With IBB, the iShares Biotech ETF, we saw a weak instrument (relative to the rest of the market) and a potentially strong reversal day on December 4th creating an opportunity for a speculative short position, with risk to ½ ATR above the Dec 4th highs. The position triggered, but then immediately went into reverse – though it hasn't yet taken out the risk point. It is notable that biotech, as a risk appetite bellwether, is not in full bullish mode with the rest of the market. If IBB manages to push higher from here we will be out; if the risk point holds and the downtrend resumes we'll stay. This is not a market environment for aggressively shorting things: The runway is there and the catalysts are there, but the sentiment just isn't. One solution for pursuing opportunity when sentiment is a headwind is simply trading in smaller size. Going in early, in a general conditions sense, can be coupled with going small, in reflection of the added headwind before sentiment turns.

What was it in the recent news that contributed to an upside breakout in TSLA? Was it Elon's promise to shoot a Tesla into space (true story)? Was it the PepsiCo pre-order for 100 Tesla semi trucks, which won't deliver until 2019 (if then) even as Tesla's cash burn continues to eat through nearly $500,000 per hour (going through PepsiCo's full deposit in half a day)?

Tesla continues to be a compelling short. The outlook for the shares is dire even if Musk succeeds (and we still hope that he does), given the near certainty of more production snags and the need to raise a lot more capital. And of course, if the Model 3 rollout runs into severe turbulence (moreso than is already apparent), the downside move could be a blowout. Still, concept stocks with a strong "true believer" component can be very dangerous on the upside, because there isn't any ceiling as to how high faith can take the shares. If TSLA bulls can ignore all problems up until now, including the shocking losses of the last earnings report, who's to say they can't take TSLA to $400 per share… or even higher. We favored the odds on a TSLA short after the early November earnings gap because that report was so awful, it had the potential to be a pivotal psychological moment – the point at which bullish TSLA investors were forced to sober up. Following that drop, the failure of the stock pop after Tesla's new semi truck and production supercar was announced suggested that Tesla's hype machine was losing luster. These factors increased the odds that the broad topping pattern in TSLA had potential to be the real thing. It wasn't to be, though, with a new surge taking out our risk point not far above the earnings gap. We will look to short Tesla again if the price action warrants it, as once again there is so much downside potential in this trade. The willingness to step aside following a risk point violation is respect for what unfettered bulls can do. We don't get the bull case for Tesla at the current valuation levels, especially with all the major auto makers breathing down Tesla's neck (along with promises of self-driving taxis within two years); but we get that markets can remain irrational longer than any trader can remain solvent. For TSLA to become an active short again any time in the near future, that would probably require a reversal of the recent bullish thrust and downside break below the $300 per share support level. The broader market may also need to lose some of its risk appetite prior to this, which could happen if credit markets trend lower.



In the TAN solar ETF, where we held a multi-legged position for many months, half profits were taken as a precaution in the aftermath of a sudden, sharp drop. The problem with big drops is that they can sometimes lead to a waterfall cascade of declines, making it useful to respond quickly. In this case TAN quickly gapped higher again, perhaps with some relief after initial fears that solar would lose renewable tax credits.

The US dollar continues to disappoint, which isn't surprising at this point given the dollar's role as an anti-risk vehicle. As long as risk appetite is robust, dollars may keep flowing out into European and emerging market assets, helping to make the currency weaker. Broad consensus seems to be for USD to get even weaker in 2018, but this is also built on the bullish assumption that stocks will continue to climb higher and that the asset party will continue. If markets crack and a risk-off mood takes hold, the dollar could see renewed strength and surprise a lot of people. There is also still the wildcard of the trillions in corporate cash parked overseas, and what it could do for the USD if a large portion of that sum gets repatriated. There are a number of risk factors in play that could cause the dollar to strengthen by a large amount very quickly, many of those factors the same ones that would cause a sudden flight-to-safety surge in treasury bonds. But although these risk factors exist, the market is paying no attention to them at all, and will likely continue to ignore them until forced by a negative event to do otherwise. The longer-term strength of the USD is also more of a question now, with $1.5 trillion in added deficits coming down the pike (via the new GOP tax cuts, highly likely to pass). It is hard to feel conviction on the USD or any other currency at this point, as liquidity drenches everything and monetary policy for multiple central banks now stands at a crossroads. A weird ending for a weird year.

PENDING POSITIONS

Bull / Bear	Ticker(s)	Vehicle / Area / Industry Group	Description / Strategy	Analysis PDF Links
Bearish	EMHY	Emerging Mkts High Yield Bond Fund	High yield debt showing sign of price rollover as central banks tighten monetary policy.	12-05-17

CURRENT POSITIONS

Long/ Short	Ticker(s)	Vehicle / Area / Industry Group	Description / Strategy	Analysis PDF Links
SHORT	IBB	Biotech ETF	Risk appetite bellwether showing weakness, potential for new downtrend as other markets rise.	12-05-17
SHORT	SLV / SI	Silver	Silver prices could fall sharply in an unfavorable environment for precious metals, with Bitcoin taking away speculative market share.	11-06-17
LONG	USDCAD	USD vs Canadian dollar	All the various commodity currencies look vulnerable as the US dollar goes into a potential risk-off strengthening pattern.	11-09-17
SHORT	AUDUSD NZDUSD	Aussie, Kiwi dollars vs USD	All the various commodity currencies look vulnerable as the US dollar goes into a potential risk-off strengthening pattern.	11-09-17
LONG	USDJPY	US dollar / Japanese yen	The USD could gain a rate hike edge on the yen, or rocket higher against all comers on a short squeeze.	10-12-17
LONG	TAN	Guggenheim solar ETF	Moderate long position from breakout with add-on. Boom-bust solar industry capturing imaginations as solar shows potential for waterfall expansion uptake.	12-05-17 06-23-17 06-14-17
LONG	EURJPY	Euro currency / Japanese yen forex pair	Sizable position, moderate starter plus multiple add-ons as Europe sees investor capital flows and yen is treated as a funding currency in a bullish backdrop. Took half profits on 10-30-17.	10-30-17 09-12-17 08-24-17 06-16-17 06-09-17 06-02-17

RECENTLY CLOSED POSITIONS

Bull / Bear	Ticker(s)	Vehicle / Area / Industry Group	Description / Strategy	Analysis PDF Links
LONG	EURGBP	euro currency / British pound	No traction on differentials between euro and GBP even as Britain shows itself terribly positioned in Brexit talks with further rounds coming up.	10-19-17
SHORT	TSLA	Tesla Inc	New surge in TSLA forced us to the sidelines though the stock remains a compelling short idea.	11-21-17 11-02-17