



The week that was...

14th December 2018

Daily Chat

Trade war? Confidence in Theresa May? Brexit? Government shutdown? Christmas rally?

Wow, there is a bit going on... Everything is changing so fast! I'm positive our instant access and constant news cycle exposure contributes to volatility in markets during times like this.

There is no consistency with anything! How can we trade this market?

Easy, Have a damn process at stick to it!

1. Many forecasts are showing a deceleration in GDP
2. Less are forecasting inflation slowing. In my opinion inflation will decelerate.
3. This combination is historically bearish for markets and bullish for bonds
4. Buy low, Sell high.

The news cycle may move markets that week. The economic cycle moves markets always.

REALTIME SIGNALS

Emailed to all subscribers as I enter. Stop-loss provided.

Bullish - US10Y

Currently HOLDING longs - BUY when 10Y yields are around 3.0%

Bearish - S&P/US500

Potential SELL opportunity @ Top end of the dynamic range

Bearish - USTEC

Potential SELL opportunity @ Top end of the dynamic range

Charts

US10Y



Fundamentals

Mr. Trump this Tuesday said he would intervene in U.S. efforts to extradite Meng if it helped him win a trade deal with China. If you're a Bull in this market who thinks all is good and 2019 is the return of the easy money how do you see this market? Of course a great buy opportunity.

With the above comments and there bullish perspective on markets, the bulls will buy and that's what they did. Same thing they did last week and the week before that.

So knowing all this is going to happen before it happens what do the bears do?

WE WAIT!

Wait for that buying to give higher prices so we can sell more.

You can see in the charts they are losing confidence already as this week's buying has been weak. Human behavior is predictable, I would not be surprised if we see another sell-off next week.

Have a good weekend, Jack.