



Two Pressing Items

There are two things on my mind this morning, and then I'd like to get a workout. The first is [the Saudi oil headline](#). The second is [the Bat-Signal](#).

Last night after the close, [the FT dropped this article](#) saying that Saudi Arabia is ready to pump more oil if Russian output sinks under Europe's new set of "[energy suicide sanctions](#)." We know the White House recently begged the Saudis to pump more oil, and Prince Abdulaziz said, "What are you crazy? There's a global [expletive] pandemic going on," in Arabic and hung up the phone.

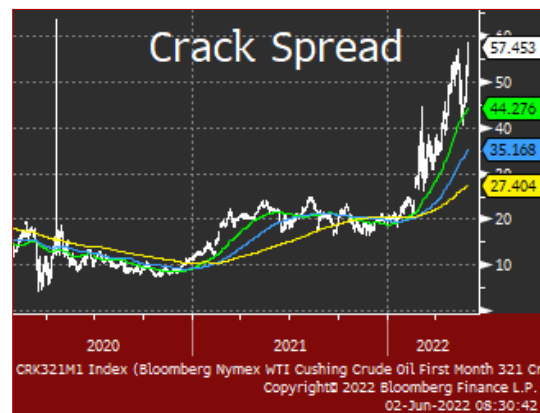
Trust your instincts if it seems like oil should be off more than 0.75% on a headline where Saudi Arabia talks about pumping more oil. When the headline dropped at 8:15 AM this morning that OPEC+ may provide a 600K production hikes as soon as today, the oil market rallied from the low print of \$111.20, where it was off 3.5%, to last sale at ~~\$113.50~~ \$114.00 as I publish the *Navigator*.

If you missed it, the FT is also reporting on [the diesel and gasoline supply crunch](#). If you were betting on further downside in energy, you aren't reading the newspaper.

That's BUY THE FACT activity at its finest. We know everyone has already sold the rumor of stagflation, and I continue to prove that the "stagnant" side of the equation is not panning out. Yesterday ISM Manufacturing clocked in at 56.1, beating 54.5 expectations and indicating the industrial sector of the economy is in expansion mode. That's not the only source of proof.

Can I interest you in the 3-2-1 Crack Spread trading a new high of \$57.50? It's challenging to keep a WTI contract down when refiners can pay well through the spot price offer and still make a ~~bloody~~ ~~fortune~~ money on cracking a barrel of crude into diesel fuel and gasoline. We've illustrated limited storage across products and that the spot market is the only game in town.

Just when the natural resource bears in stagflation camp started high fiving around the campfire, we've got a 2-sigma, 5% rally in Gulf Coast Jet fuel toward the high of the move, a 2% rally in iron ore to the high of the move, and natural gas recovering \$9. That is not the type of price action I would fade. The Bat-Signal picked up on all this commodity bullishness and flashed across the sky again.





THE NAVIGATOR

Volume: 6 Issue: 99

www.tgmacro.com

June 2, 2022

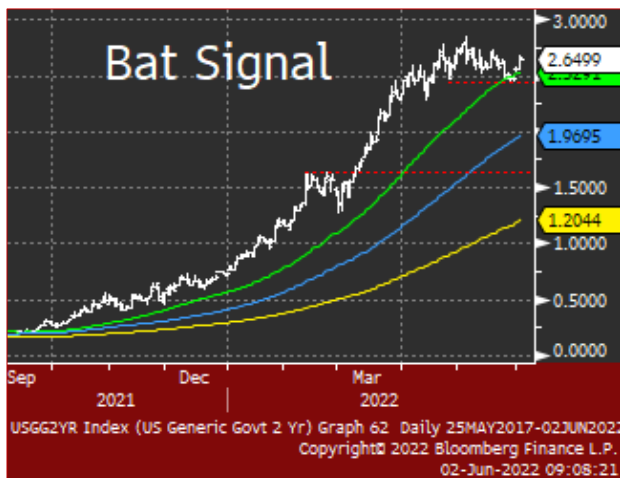
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I'm not calling it a breakout. I'm saying that US2Y yields were sitting down at 2.47% before Memorial Day weekend and have perked up to 2.65% in just three sessions. They've put some room between last sale and 50dma support and look ready for a run. The Bat-Signal acknowledges that despite all the stagflation chatter and "economic hurricane" bullsh*t out of senior globalist Jamie Dimon, the commodity rally won't back off much. Only base metals have pulled back into support. Grains and energy keep consolidating and then marching higher. The tip of the spear, natural gas, is hovering around \$9, considering a double-digit move as soon as Europe shows up on the bid.

The Great Rotation was evident in yesterday's rotation, giving us the confidence to stay in the trade. We had oil & gas (XOP) on top with a 3.25% liftoff to a new closing high. We had oil services and E&P (OIH, XLE) right behind it, up over 1%. We had the BCOM and the gold miners in positive territory. On the downside, we had cannabis migrating back toward the lows, with airlines, retail, and financials off close to 2%. It's a little sloppy, but it has attributes of the Great Rotation.

With jet fuel, silver, iron ore, natural gas, gold, and grains making gains this morning, I could see the Great Rotation spin into overdrive heading into the weekly close. I'm not taking my eye off the Bat Signal because if it starts reaching for the highs of the move, it might provide ANOTHER opportunity to upsize some energy bets.

I've said it before, and I'll leave off with it again. It has never been more important to adjust your portfolio for the rotation we will see in the next five to ten years.





STUDY BREAK



Lend me your ears and I'll sing you a song and I'll try not to sing out of key...



Apparently Johnny Dep blew through his \$600M Hollywood fortune by accumulating a 14 home/\$75M real estate portfolio, a fleet of 45 luxury cars, a 150-foot yacht, a collection of world class guitars, jewelry, & Hollywood artifacts, spending \$3.6M per year on a full-time staff, \$1.2M per year on an addiction doctor, and \$5M to blast Hunter S. Thompson's ashes from a cannon. That \$5M and his 1959 Corvette, at least, was money well spent. (cc: [@classicsandconvertibles](#))

After its foundation on the 4th of July 1959, Island Records released its first single on June 2, 1962. The label would go on to produce some of my favorite artists like Traffic, Bob Marley and The Wailers, Queen, Cat Stevens, U2, Mumford & Sons, Amy Winehouse, Janet Jackson, Annie Lennox, and PJ Harvey.

Rock and roll legend has it the Stones played two gigs in one day on June 2, 1963. One at the Ken Colyer Club in Soho, London, and another at the Crawdaddy Club in Richmond, Surrey. They were just getting started and rocking blues standbys like, I Wanna Be Your Man, a song given to them by John Lennon and Paul McCartney.

"We kind of learned it pretty quickly 'cause there wasn't that much to learn. Then Brian got his slide out, his steel out and dadaw... dadaw.. and we said, Yeah, that's better, dirty it up a bit and bash it out, and we kind of completely turned the song around and made it much more tough." – Bill Wyman on I Wanna Be Your Man

On June 2, 1967, the Beatles released *Sgt. Pepper's Lonely Hearts Club Band* in the United States. What a time to be alive, that decade. Just missed it.

*Do you need anybody?
I need somebody to love
Could it be anybody?
I want somebody to love*
- With a Little Help from My Friends



Had I not chosen to marry my wife on June 2, 2001, I would not be here to publish this note today.



View Matrix

NO TOUCH MODE

VIEW MATRIX						
LONG	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET	Performance
Aluminum	AA	23-May-22	Buy the 35% pullback into technical support	< 55	\$110	3.04%
Treasuries	TLT	12-May-22	Just for the reversal/retracement trade	< \$110	\$140	-1.27%
Utilities	XLU	12-May-22	Defensive Long	< \$68	\$80	5.13%
Oil	XOP	2-Dec-21	Buy the Omicron Dip	< \$105	\$180	65.37%
Natural Resources	IGE	2-Dec-21	Buy dip to tech support (\$30)	< \$32	\$55	42.14%
UPSIZED	DBA	27-Apr-21	Agriculture breakout/inflation pending	< \$20	\$35	18.25%
Oil	USO	11-Nov-20	Restart prospects are bullish	< \$45	\$100	194.97%
Gold	PHYS	24-Mar-20	CURRENCY HEDGE/INSURANCE POLICY	COLLECTORS	FOR LIFE	10.27%
SHORT	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET	Performance
The Nasdaq	QQQ	12-Apr-22	Nosedive Trading resumes	> \$334	\$250	10.23%
Homebuilders	XHB	22-Feb-22	Technical breakdown into rate change regime	> \$64	\$55	10.45%
Retail	XRT	11-Jan-22	Technical curlover into HIGH inflation	> \$74	\$50	25.55%
RADAR SCREEN						
BULLISH	NATURAL GAS, XME, OIH, PTON, XOM, REFINERS					
BEARISH	F, FAANG, SOCL					



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Volume: 6 Issue: 99

www.tgmacro.com

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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY		
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26	27 	28 	29 X	30 				

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