



Cherry Pie Trade

*Taste so good
Make a grown man cry
Sweet Cherry Pie*

I would say that the energy trade is brutal to stay in with all the recession buzz going around, breakevens pulling back into support, and the Saudis feigning meaningful production hikes, but it is not. The energy bears can be as vocal as they want, trying to win you over to their side, but price action and political posturing do not lie. They help me HODL my oil through anything. Cherry pie trade.

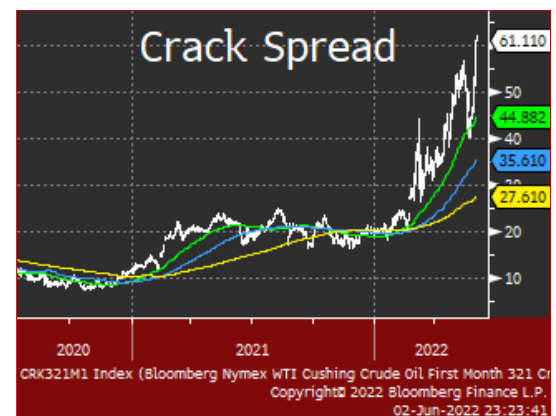
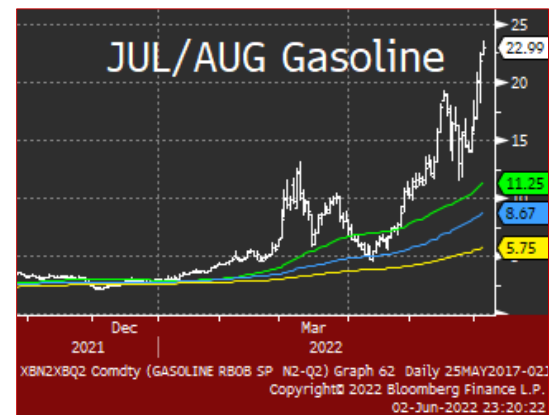
The price action is "cherry," as we used to say on the floor, as in cherry pie with a chef's kiss. If my memory serves me, Warrant produced a fairly NSFW [TED Talk](#) on the subject. Anyway, after WTI carved its \$130 peak into the Russia/Ukraine invasion, it pounded the lows of the range at \$93.50, held that level once in March, once in April, and then defined the inside range top at \$115 twice. When stock markets slid from their peak in early May, WTI held a higher low at \$101, which was a HUGE tell for me and is now breaking out through the range top on driving diesel demand, tight backwardation, and widening crack spreads.

You all know that all I care about every day/week/month/quarter/year is what moved the most and how relevant those moves are in a technical context. If you want to talk about what moved this week, put away the idea that the dollar, rates, or even the stock market moved. Let's talk about what moved and see if it doesn't give you confidence in the oil trade. This should blow your hair back.

JUL/AUG GASOLINE – that spread [expletive] moved! It blew out by 50% this week. Suppose you started to get bearish about the energy space because Saudi Arabia will pump 600K more barrels per day, but you're concerned that the oil dip was steep in price and short in duration - trust your instincts. The gasoline market could care less and has gone bid-only. It's telling me WTI crude oil is about to go on another run.

3-2-1 CRACK SPREAD – that sucker also moved. It blew out 25% from \$48 to \$62 so far this week, and only the Shadow knows where it is going.

As I type, WTI is completing a round trip back to the price it was when the Saudis announced a little output hike.





THE NAVIGATOR

Volume: 6 Issue: 100

www.tgmacro.com

June 3, 2022

TG MACRO

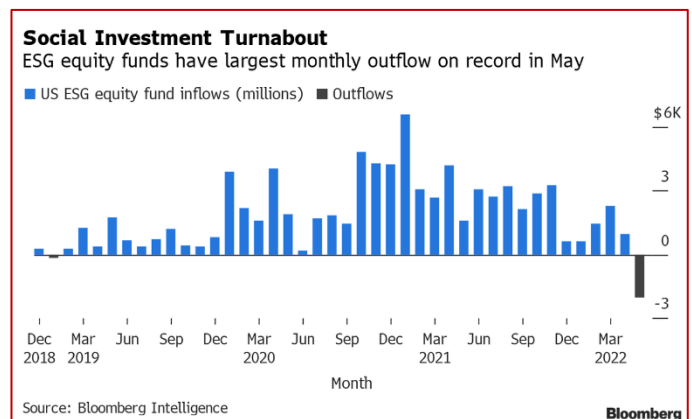
Now let's cover the socio-political scenery around this physics battle against government platitudes. I would try to take it seriously, but the coverage is like looking through an Overton Window. In the POLITICAL IDEA DEPARTMENT, we've got Ro Khanna, who has "no patience for incrementalism or political spin." In a [NY Times Op-Ed](#), ~~this crazy bastard~~ Ro lays out his solution for the current American commodity predicament. You can imagine I was all ears.

Ro suggests the White House launch an emergency task force empowered to "lower and stabilize short-term prices of volatile goods like food and fuel." The Department of Agriculture would buy commodities "only on dips" and "resell them cheaply to Americans." In the same vein, the Department of Energy should buy oil on dips and resell it "more cheaply to Americans." He also recommends the U.S. government purchase surplus baby formula in large quantities from Europe. As Doomberg said in my Slack channel this morning, "**Think about this for two seconds and then laugh out loud.**" It's the only way to stomach Ro's American insult.

Ro Khanna from Silicon Valley (which may explain the industrial-level confusion) thinks that an Administration that was handed an energy independent country two and a half years ago and did everything in its power to destroy that independence should start taking losses in the commodity markets on behalf of its citizens rather than reverse the policy that got us here. If Ro thinks that anything about his plan solves the energy inflation problem, he will be in shock when oil goes up another \$25 and gasoline at the pump is \$10/gallon. This type of "idea balloon" gives me confidence that's what is coming.

Before they begin with this batsh*t crazy plan, I suggest introducing all the Commodity Purchasing Czars to the White House Special Envoy on Climate Change, John Kerry, and the head of Blackrock, Larry Fink, so they can begin to understand how and why prices are where they are. Larry Fink discovered that to sell his new line of "ESG" funds, the planet earth would have to take a knee on fossil fuel production on his demand. John Kerry is spanning the globe in a private jet recommending we transition to carbon neutral and electric vehicles at an even faster pace than we currently are.

Larry seems to have been forced into some "**retreat**." (← **MUST READ**) I'm sure he'll never admit he was wrong about our ability to transition to net zero to protect the environment in a racial equity-based stakeholder capitalist system. Still, he's starting to recognize that his approach ignores everything about capitalism. He's probably pivoting because the general public is getting wind of the fact that the whole idea of "sustainability" is total bullsh*t and is voting with their feet. ESG funds just posted the most significant monthly outflow on record. As Tyler Durden put it – "[The Greenwashing Racket Starts to Unravel.](#)"



"His confused explanations as he withdraws from the van of the march, however, have simply underscored how untenable his position remains, and how large is the gap between his assertions and the truth."



THE NAVIGATOR

Volume: 6 Issue: 100

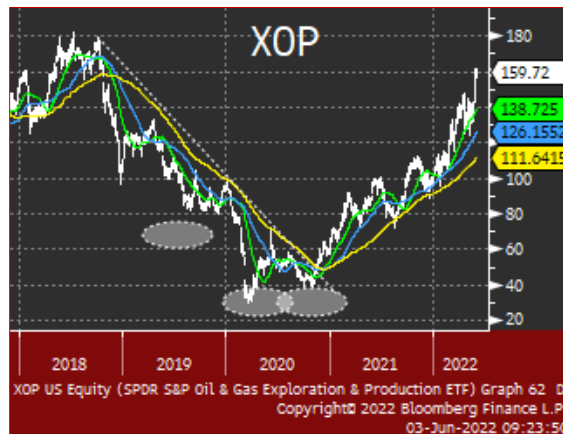
www.tgmacro.com

June 3, 2022

TG MACRO

Assertions vs. the truth. Physics vs. Plattitudes. You see what's going on.

So, there's my "**Cherry Pie**" case for fossil fuels and energy stocks. The price action is loaded with *tells* and patterns of a secular bull market. The political and social posturing is so over the top that you know nobody causing the energy spike is going to back off.



Take oil through the daily high, bid the stocks through the close, and pass the cherry pie.



Study Break



"Follow your inner moonlight; don't hide the madness."

- Allen Ginsberg, born June 3, 1926



"The first thing I could be thinking is how could I be a cool bass player."

- Mike Eliot Gordon born June 3, 1965

PHISH

"Our heads are round so thought can change direction."

- Allen Ginsberg

"I'm not really satisfied with anything I've written to date."

- Mike Gordon

"Neither am I. 555?" - TG Macro

"To be a poet is a condition, not a profession." - Robert Graves

"We are great writers on the same dreadful typewriter." - Allen Ginsberg

"Said the guy who never had to type thumbs-only."

- TG Macro

"Poetry is nearer to vital truth than history." - Plato

"Poetry is not an expression of the party line. It's that time of night, lying in bed, thinking what you really think, making the private world public, that's what the poet does." - Allen Ginsberg

"All bad poetry springs from genuine feeling." - Oscar Wilde

"I never started a poem whose end I knew. Writing a poem is discovering."

- Robert Frost

"I write The Navigator to discover what I think about markets." - TG Macro

"America, why are your libraries full of tears?"

- Allen Ginsberg asks great questions.





View Matrix

I'm covering the XHB short on another close above the 50-day moving average.

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	5.38%
Treasuries	TLT	12-May-22	Just for the reversal/retracement trade	< \$110	\$140	-1.22%
Utilities	XLU	12-May-22	Defensive Long	< \$68	\$80	5.84%
Oil	XOP	2-Dec-21	Buy the Omicron Dip	< \$105	\$180	65.41%
Natural Resources	IGE	2-Dec-21	Buy dip to tech support (\$30)	< \$32	\$55	42.95%
UPSIZED	DBA	27-Apr-21	Agriculture breakout/inflation pending	< \$20	\$35	18.84%
Oil	USO	11-Nov-20	Restart prospects are bullish	< \$45	\$100	200.86%
Gold	PHYS	24-Mar-20	CURRENCY HEDGE/INSURANCE POLICY	COLLECTORS	FOR LIFE	11.63%
SHORT	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET	Performance
The Nasdaq	QQQ	12-Apr-22	Nosedive Trading resumes	> \$338	\$250	7.78%
COVER!	XHB	22-Feb-22	Technical breakdown into rate change regime	> \$64	\$55	8.36%
Retail	XRT	11-Jan-22	Technical curlover into HIGH inflation	> \$74	\$50	23.21%
RADAR SCREEN						
BULLISH	NATURAL GAS, XME, OIH, PTON, XOM, REFINERS					
BEARISH	F, FAANG, SOCL					





THE NAVIGATOR

Volume: 6 Issue: 100

www.tgmacro.com

June 3, 2022

TG MACRO

TG MACRO™		JUNE 2022					TG MACRO™	
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY		
			1 X	2 	3 	4		
5	6 	7 	8 X	9 	10 	11		
12	13 	14 	15 X	16 	17 	18		
19	20 	21 	22 X	23 	24 X	25		
26	27 	28 	29 X	30 				

T.G. Macro, LLC ("TGM") is a publisher, not a registered investment advisor, and nothing in TGM's newsletter is intended, and it should not be construed, to be investment advice. TGM's newsletter is for informational use only. Any mention in TGM's newsletter of a particular security, index, derivative, or other instrument is neither a recommendation by TGM to buy, sell, or hold that security, index, derivative, or other instrument, nor does it constitute an opinion of TGM (or of any of its officers, employees, agents or representatives) as to the suitability of that security, index, derivative or other instrument for any particular purpose. TGM is not in the business of giving investment advice or advice regarding the suitability for any purpose of any security, index, derivative, other instrument or trading strategy and nothing in TGM's newsletter should be so used or relied upon. TGM is not acting as your financial advisor nor in a fiduciary capacity, with regard to any securities, index, derivative or other instrument referred to in TGM's newsletter. Also, no representation is made concerning the tax implications in any applicable jurisdiction regarding any securities, index, derivative or other instrument and TGM is not advising you in respect of the tax implications. All opinions and estimates in the newsletters are given as of the date of their publication on the TGM's website and are subject to change and TGM does not assume any obligation to update the newsletters or to reference any such changes. TGM hereby expressly disclaims any and all representations and warranties that: (a) the content of its newsletters is correct, accurate, complete, reliable or a guaranty of future performance; (b) any of its newsletters will be available at any particular time or place, or in any particular medium; and (c) that any omission or error in any of its newsletters will be corrected. TGM shall not be liable for any errors or omissions made in its newsletters or for any inaccuracies in its assumptions. TGM specifically disclaims liability for any losses or damages (incidental, consequential or otherwise) that may arise from the newsletters and that are either used or relied upon by anyone for any reason, including without limitation, the use of the newsletters in the preparation of any financial books and records. Although from time-to-time TGM's newsletter may link to or promote others' websites or services, TGM is not responsible for and does not control those websites or services. TGM's newsletter is published and distributed in accordance with applicable United States and foreign copyright and other laws. Without the prior written consent of TGM, no person or entity, directly or indirectly, may copy, reproduce, recompile, decompile, disassemble, reverse engineer, distribute, publish, display, perform, modify, upload to create derivative works from, transmit, or in any way exploit all or any part of TGM's website, its newsletter, or any other material belonging to TGM.

Without the prior written consent of TGM, no person or entity, directly or indirectly, may offer all or any part of TGM's website, its newsletter, or any other material belonging to TGM for sale, nor may any person or entity, directly or indirectly, distribute all or any part of TGM's website, its newsletter, or any other material belonging to TGM over or by means of any medium.

Without the prior written consent of TGM, no person or entity, directly or indirectly, may make all or any part of TGM's website, its newsletter, or any other material belonging to TGM, available as part of or in connection with another website, whether by hyper-link, framing on the Internet or otherwise. At any given time TGM's principals may or may not have a financial interest in any or all of the securities and instruments discussed herein. At any given time TGM's principals may or may not have a financial interest in any or all of the securities and instruments discussed herein.