



## Rise & Slide

I love water slides but I love vertical drops more than anything. I'm terribly claustrophobic but I have no fear of heights, speed, or freefalls and I dig the combination of all three. Surrendering to the pull of gravity, and letting it take me into a vertical airdrop, is one of the most exhilarating feelings I can treat myself to. The adrenaline blast pays the price of 10 admissions and I'm always in the best mood after the experience.

When this freefall happens to a security I'm trading from the short side – I feel the same energy.

First, there's a chart floating around FinTwit of the Nasdaq/S&P ratio. Tech has been overperforming for years

– with a slight hiccup when the DOT.COM bubble burst. Traders are noticing that we just might give back that hysterical peak we reached in 1999 when it was technology over everything else. Now that we are heading into a period of massive commodity inflation, dollar purchasing power destruction, higher yields, and a time when markets are going to have to value hard assets over EVERYTHING ELSE. That is why I am fairly confident that the Nasdaq/S&P ratio – like the grain market – is going to do a 180-degree trend shift during this time.

We stare at the leaderboard morning, noon, and night and if one thing is clear – it is that since the REOPENING ROTATION began – we've been watching metals & mining, basic materials, industrials, homebuilders, and energy radically outperform everything from the QQQ's, FAANG stocks, social media, cyber-security, and software. If this is the secular rotation we are going to be living with on this side of the Federal Reserve spiking its balance sheet, we are going to see the NDX/SPX chart give back that 1999 peak and potentially – go into a water park freefall scenario.

I woke up giddy with ARKK and TAN on the pad this morning. They're at the epicenter of the storm.

ARKK – Say what you want about Cathie Wood. I can both give her credit for being an innovative investor and provocative businesswoman and at the same time tear her to shreds for her [risk management style](#). The reason I'm so thrilled to have pulled the trigger on the Innovation ETF short is because when the ETF suffers weakness and liquidations, Cathie liquidates the most liquid names and leaves the book filled with futuristic and toxic small-cap cr@p.

As that link to Bloomberg highlights – she sold 30.4% of her APPL holdings on Monday plus 1.5M Opendoor Technologies, 557K Virgin Galactic, and 136K Nintendo ADRs. She added 464K of Roche ADRs, 463K of Baidu ADRs, 260K of Takeda ADRs, and a quarter-million Intercontinental Exchange shares.



The sales speak for themselves. Opendoor (OPEN) trades 6M shares a day and she pitched 1.5M shares. The Roche ADR (RHHBY) trades 1.5M shares a day and she added half a million shares – which constitutes A THIRD of the daily volume. Simply understand that if she turns to sell the RHHBY – it may take her a while and have quite an adverse effect on price.

If she wanted to sell 3 times the amount of APPL or Baidu – she could probably lose it in a 2 penny range so she's trading DOWN the liquidity scale. If yields continue to rise - she's going to find herself in hot water. Just in case she's not already in hot enough water with this 3.5M share Tesla albatross around her neck. This morning, ARKK is trading \$98.50, off 5% in the pre-market. Guess why?

Tesla is already in descent mode and my man Julian Brigden, the 007 of Finance, came out with a chest-beating bearish call yesterday that gave me a similar adrenalin shot as a freefall.

With a beautiful [chart to accompany it](#), Julian tweeted, **"The rally from \$540 to \$780 was a bull trap. So the #TSLA bubble has burst and the stock should now be sold on any rally for years to come."**

Years to come! I don't plan on staying in the ARKK short for many years but I admire Julian for his ability to put his name on the line and make a call like this.

For our short ARKK purposes, Tesla is trading \$583 as I type. Elon Musk is tweeting out polls – "Do you want Tesla to accept Doge?" It seems like an obvious attempt to get some kind of pump going again. It may work for a day. If Tesla is going to gap lower to its 200dma – the low-hanging fruit just might be to buy it – for a trade. I remain bearish but I would not add to a short right here, 50 basis points above 200dma support.

Rather - when Tesla goes sliding through that price – I'll be happy to add to an ARKK short on weakness. I think there are still BILLIONS to come out of Cathie's Innovation ETF.

So we've got all the catalysts we need in place for a serious tech slide. I would imagine it weighs on the broader markets in some capacity but I think they will be selling into a WELL BID natural resource tape. Even within yesterday's losing rotation - the top of the leaderboard remains the same - lumber, industrials, homebuilders, energy, BCOM, gold miners, transports. Those sectors are going to take a licking and keep on ticking. Mark my words.

Bear in mind that this entire slide in technology is taking place as the dollar dives. That's going to provide all the wind commodities need in their sail to keep them buoyant while tech comes apart around them.

That's my call and I'm sticking to it. Charts on page 3.





## STUDY BREAK

"I miss the pit a lot. It's not just the money or the action. It was being around people. It was the constant flow. 5000 people that were unemployable by anyone. Street smart people with tremendous senses of humor. I never laughed so hard in my life as I did in trading pits. Misfits of human society. Round pegs that couldn't fit in square holes, but didn't want to either." – [Closing the Pits](#) **\*MUST READ\*** I loved the pit.



*Ain't got no regrets  
And I ain't losin' track of  
Which way I'm going  
Ain't gonna double back no*

### MIDNIGHT BLUE

- Lou Gramm, born May 11, 1950

*"Confidence is not 'I will profit on this trade.' Confidence is 'I will be fine if I don't profit from this trade.'"* – Yvan Byeajee

*"Fashion is a weapon that you can use when you need it."*  
- Donatella Versace, born May 11, 1955

*"She looks like she combs her hair with an eggbeater."*

- Hedda Hopper, gossip columnist, born May 11, 1855

*"The hard work in trading comes in the preparation. The actual process of trading, however, should be effortless."* - Jack Schwager

*"Nobody's interested in sweetness and light."* - Hedda Hopper was timeless

*"I just wait until there is money lying in the corner, and all I have to do is go over there and pick it up. I do nothing in the meantime."* - Jim Rogers

*"Fire and swords are slow engines of destruction, compared to the tongue of a Gossip."* - Richard Steele

*"If most traders would learn to sit on their hands 50 percent of the time, they would make a lot more money."* - Bill Lipschutz





## View Matrix

*Steady as she goes.*

VIEW MATRIX					
LONG	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET
Agriculture	DBA	27-Apr-21	Agriculture breakout/inflation pending	< \$17	\$35
STEEL	X	6-Apr-21	Steel Breakout	< \$20	\$40
A&D	LMT	30-Mar-21	Aggressive U.S. Military/Biden Bombs	< \$365	\$450
Gold Miners	GDJ	17-Mar-21	Buying 50% retracement/dead sentiment	< \$33.50	\$46
Industrial Metals	FCX	28-Jan-21	RE-enter the copper mine trade	< \$31.50	\$45
Industrial Metals	XME	28-Jan-21	Commodity corollary/rebound trade	< \$36.75	\$60
Transports	IYT	28-Jan-21	Commodity corollary/rebound trade	< \$238	\$275
OIL	USO	11-Nov-20	Restart prospects are bullish	< \$39	\$60
Exxon Mobil	XOM	9-Nov-20	Fossil Fuels & Carbon Credits	< \$54	\$100
Physical Gold	PHYS	24-Mar-20	Re-enter gold for Post-Covid-19 stimulus	BUYER	for life
SHORT	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET
Short Genius	ARKK	7-May-21	ARKK SUNK/200dma trigger	> \$122	\$65
Solar	TAN	8-Jan-21	Balance the Book	> \$95	\$60
RADAR SCREEN					
BULLISH	TICKER	Added	REASON	ENTRY LEVEL	TARGET
Cannabis	MSOS	22-Apr-21	Re-enter the Cannabis Trade	\$30	\$100
Homebuilders	XHB	25-Mar-21	Re-enter the trade	\$64	\$85
Yeti	YETI	3-Nov-20	Quality craftsmanship, built to last.	\$50	\$75
Trulieve	TRUL CN	3-Nov-20	Branding wizard, Big Four, Best in Class	\$50	\$100
BEARISH	TICKER	Added	REASON	LEVEL	TARGET
Airlines	JETS	9-Nov-20	Post Covid Restart	\$28-\$30	\$21





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