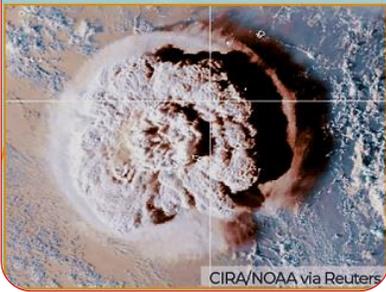




Hunga Tonga-Hunga Ha'apai erupted at 04:10 GMT on January 15



CIRA/NOAA via Reuters

IG Eruption

The Hunga Tonga-Hunga Ha'apai volcano **erupted** Saturday morning, sending a shockwave across the South Pacific and worldwide at the speed of sound. It was one of the most powerful volcanic explosions of all time. As a trader, know that this is signal, not noise. This is Mother Nature overriding last week's **Barron's Cover Commodity Curse** and foreshadowing the rally in **natural resources** we are about to witness. ***lights up a smoke / takes a seat on the stage*** It's on.

US2Y yields are erupting through 1% as commodities take the stage for their third weekly performance of the year. As an oil bull, I can't take my eyes off Brent crude oil breaking a massive resistance level on the long-term charts. Brent peaked at \$86 in 2018 in the "Post Oil Crisis (2015) Bounce." She briefly peaked at \$86 again in October of last year, backed into support at \$70 on the tightening rhetoric, and she's adding a new leg to the rally. This is why we wake up bullish crude oil and not panic over a little moving average test.

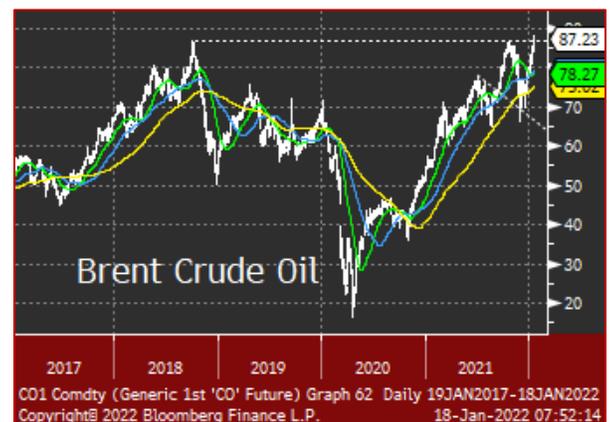
This is what we should expect when Houthi fighters return to launch drone strikes on the United Arab Emirates. The UAE foreign ministry said this would not go unpunished. For our purposes, the strike blew up three oil tankers, started a fire in the Abu Dhabi Airport, and goosed Brent 2% through the old highs. Three servicemen were killed in the attack, and six were injured.

Goldman Sachs took the opportunity to raise their Brent spot forecast to \$96/bbl in 2022 and \$105/bbl in 2023. They identified Omicron as legacy media's glorified sniffles. They expect OECD inventories to be at their lowest since Y2K. They expect this oil market rebalancing to require a rally north of \$90 to generate the supply and demand responses necessary. We're getting there.

The ESG/Carbon Neutral Brigade isn't going away. I expect that GS will raise forecasts again when the oil price nears those levels because this isn't the end of the energy rally. It might be just the beginning.

If you want to listen to an ear-opening, mind-expanding conversation on the topic, plug into Grant Williams and Jeff Currie, Goldman Sachs Global Head of Commodities Research on **Smarter Markets**.

Grant and Jeff take us on a guided tour of exactly what the Carbon Neutral movement is doing to the fossil fuel markets in the name of Larry Fink selling a new fund basket. They explain





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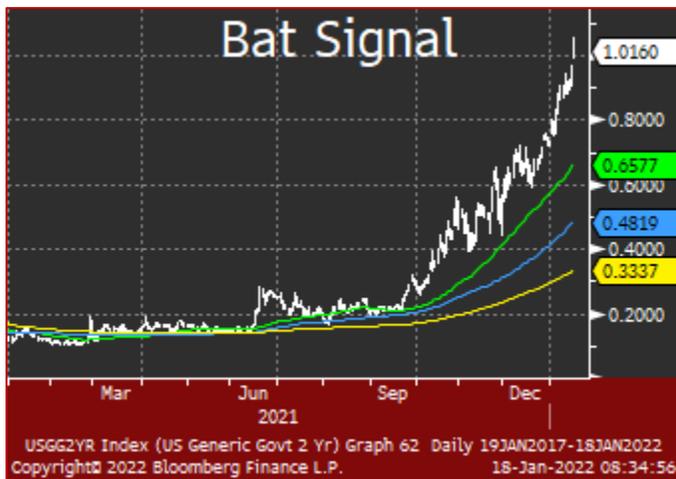
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how you can't pivot to a green economy without a reliable baseload electricity supply. Wind and solar aren't delivering that baseload, and utilities are still relying on massive amounts of oil and natural gas to keep up. An economy can't be beholden to whether or not the wind blows or the sun shines. With investments in new drilling projects trading flat to investments in Klansmen hoodies, the abundant flow of crude oil has been pinched off at the banking division.

"To get the Americans on it's going to be much more difficult. And here's the irony of it all - is when we think about ESG, ESG is imposing a tax on us. You know? It leads to underinvestment in hydrocarbons which raises the price of coal, raises the price of oil, raises the price of gas all over the world, and that's your effective carbon tax. And here's the key point, it's a tax not only without representation, it's a tax where the revenues go to places like Saudi Arabia and Russia, and they're not kept at home to go to redistribution to help lower-income groups or other groups...."

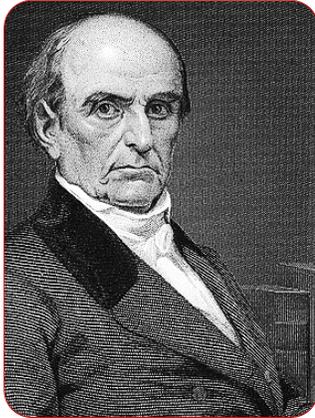
We're running two parallel systems now, and physics tells us both are suboptimal. We're shutting down the old carbon-based economy while building the new alternative energy source. Neither is firing at enough capacity to fuel the economy's demands at 7% CPI and 10% PPI. If we're going to avert starvation and freezing crises, we will have to increase investment on both sides of those energy systems. Either way, Jeff warns us, **"this energy transition will be the most expensive endeavor humans have ever embarked on."**

That tells me there has never been a more dire need for an excellent hedge to the ESG madness. Once the wind and solar fail one day, we're going to pivot back to heating oil, natural gas, and nuclear. What a time to be alive, kicking, and trading natural resource markets like a wild beast.





STUDY BREAK



“The most important thought that ever occupied my mind is that of my individual responsibility to God.” - Daniel Webster, born January 18, 1792

“An optimistic mindset finds dozens of possible solutions for every problem that the pessimist regards as incurable.”

- Robert Anton Wilson, born January 18, 1932, Brooklyn, NY

“Well, how about this: ever since I came out and said what I did, it’s almost impossible to get monoclonal antibodies. They’re making it so you can’t get them. Medicine that absolutely works, they’re keeping from us.”

- Dana White, UFC CEO

“When dogma enters the brain, all intellectual activity ceases.”

- Robert Anton Wilson was a novelist, psychologist, essayist, editor, playwright, poet, and futurist. Would have also been a good trader.

“Reality is what you can get away with.” – Robert Anton Wilson

“Whatever makes men good Christians makes them good citizens.”

- Daniel Webster

“Once government is committed to the principle of silencing the voice of opposition, it has only one way to go, and that is down the path of increasingly repressive measures, until it becomes a source of terror to all its citizens and creates a country where everyone lives in fear.”

- Harry S. Truman

“Keep cool. Anger is not an argument.” - Daniel Webster

“Anyone in the United States today who isn’t paranoid must be crazy.”

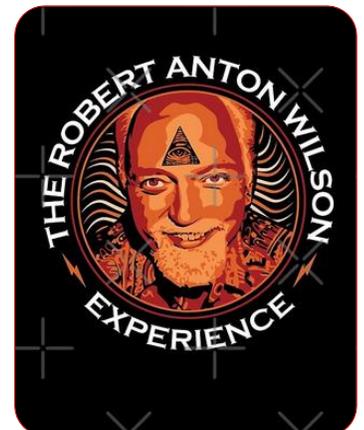
- Robert Anton Wilson

“There is nothing so powerful as truth, and often nothing so strange.”

- Daniel Webster

“The future is up for grabs. It belongs to any and all who will take the risk and accept the responsibility of consciously creating the future they want.”

- Robert Anton Wilson





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View Matrix

VIEW MATRIX					
LONG	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET
Oil and Gas	XOP	2-Dec-21	BTF Omicron D	< \$92	\$125
Natural Resources	IGE	2-Dec-21	Buy dip to tech support (\$30)	< \$30	\$35
WATCHING	XHB	5-Nov-21	UP from RADAR, re-enter homebuilder trade	< \$78	\$100
Copper	FCX	14-Oct-21	Participate in the copper rally/technicals	< \$36	\$50
Financials	XLF	6-Aug-21	Technicals and RATE RISE	< \$38.50	\$42
UPSIZED	DBA	27-Apr-21	Agriculture breakout/inflation pending	< \$18	\$35
OIL	USO	11-Nov-20	Restart prospects are bullish	< \$45	\$75
Physical Gold	PHYS	24-Mar-20	CURRENCY HEDGE/INSURANCE POLICY	COLLECTOR	FOR LIFE
SHORT	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET
Social Media	TWTR	5-Jan-22	Censorship and a dreadful CEO choice	> 45	\$1
Retail	XRT	11-Jan-22	Technical curlover into HIGH inflation	> \$95	\$60
RADAR SCREEN					
BULLISH	TICKER	Added	REASON	ENTRY LEVEL	TARGET
Aluminum	AA	1-Nov-21	capitalize on Aluminum dip.	\$37-\$43	< \$60
BEARISH	TICKER	Added	REASON	LEVEL	TARGET
Alternative Energy	PBW	18-Jan-22	Persistent weakness into technical breakdown	\$70	\$40



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2022 JANUARY						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
						2022 happy new year
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

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