



## Chaos Trading

As Coach Andy Towers shouts into the Chaos Lacrosse Club huddle before they go to battle on the field, "1-2-3-'OS!"

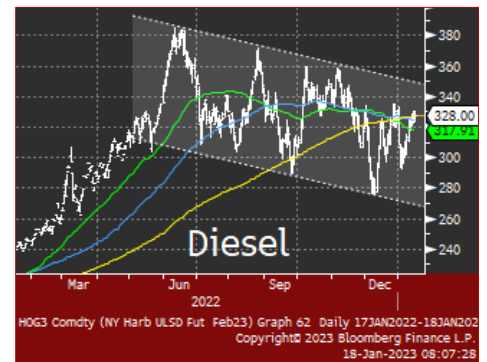
We've acknowledged that we are in a period of chaos trading with the bond curve (2s/10s) plumbing (-70) basis points. We have established that "NOTHING IS LINEAR" under those conditions and written that on a Post-it to dangle from our computer screen. Evidence of CHAOS TRADING is all over the tape. We can either embrace it and compete for PnL or take our ball and go home. Like Coach AT, who took the Chaos from a losing record straight to the finals in 2022, we're here to compete under any conditions.

It's *chaos trading* when you wake up in the morning, and natural gas is sliding 5% to a new low below \$3.50; there are 2-sigma upside dislocations in the rupee, shekel, and Turkish lira, there's a 2-sigma rally in the Nikkei and a 2% rally in copper that tested \$9,500 at its peak on the LME. The macro feces is hitting the fan.

It's *chaos trading* when I put out a [bullish tweet](#) about WTI crude oil as it broke above moving average resistance, then oil tanks \$1.50 in my face, making me think I mooshed it with the tweet, and then rallies back \$1.50 to a new high for the move. It proves that NONE of this batsh\*t crazy price action is about my personal position. It's chaos trading.

With the close above the 50dma, I added WTI crude oil to the View Matrix as USO. This morning, WTI is following the metals complex and carving a new high up to \$81.75. That leaves her only one dollar from the next moving average. Through \$82.75, we will add to length. Diesel fuel is trying to regain trend and go "Blue Sky" trading above the cluster of moving averages. If it does, I expect smooth sailing to the 200dma in WTI crude oil up at \$93.25. Crack spreads are firm due to strong global gasoline demand, which I discussed on my [new podcast with Rory Johnston](#) yesterday. The "kinky contango" has several parts of the curve holding on to backwardation. The complex is shaping up.

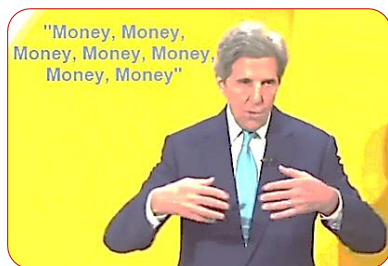
I love seeing the commodities complex perk up and the BCOM return to flat on the year as the entire economist community sharpens their pencil on the pending recession. As I pointed out in the [Daily Briefing yesterday](#) – we say two negative quarters of GDP growth which stocks were terrified of. Today's inflation number was a sagger. As far as the market muscle memory is concerned – we already had a recession. That's old news. The new news is the China reopening, and we have hard evidence of what the market is reacting to with this sharp commodity rally. Even with natural gas getting scored, the BCOM





rejected a range break and returned to life. This *could* establish its direction for the next quarter or two.

I continue to build a long book of natural resources. I continue to lose money on short positions. I will keep rotating the book and competing until the end-of-year bell rings, and we will come out on top. Stay with me.



## Global Catastrophic Decorum

As President Biden took office, we began our proxy war with Ukraine and started heaving financial and military assistance across the Atlantic. The presence of President Trump in office was a 4-year blockade on the military-industrial complex and Klaus Schwab's *Great Reset* that they must have been extremely upset about. The War in Ukraine looks like an obvious [part of the Great Reset](#), or they wouldn't need such a vast propaganda machine to promote it. I think it is important for global energy and mining market navigators to pay close attention.

[This power thread](#) by Caitlin Johnstone lists all of Hollywood's horses and all the Establishment's men that make you feel like your tax dollars urgently belong on the front lines of Donbas. They have promoted this war using their usual channels of American culture. Vogue, the Golden Globes, the Grammy's, Cannes Film Festival, the New York Stock Exchange, ~~Luke Skywalker~~ Mark Hamill, David Letterman, ~~Derek Zoolander~~ Ben Stiller, ~~Jeff Spicoli~~ Sean Penn, Bono, and The Edge have all sold us Volodymyr Zelensky as the next Winston Churchill and cause célèbre. To seal the bond between the Russia/Ukraine War and the World Economic Forum, the first lady of Ukraine, Olena Zelenska, cordially invites you to [Davos for #WEF23](#).

The World Economic Forum is the same group pushing the green energy agenda, owning nothing and insect cuisine. They know that weening the West off fossil fuels will mean significant downgrades to modern society, and they're doing it anyway out of greed and lust for power. Klaus Schwab needs a new [business-casual space suit](#). Bill Gates would like another zero next to his net worth. They're trying to lift themselves to the top of the hierarchy while they "transform our world" to the next iteration of global governance led by the [UN's Agenda 2030](#).

We must get off fossil fuels to save the planet, and it will be expensive, they tell us. The U.S. Special Envoy on Climate Change, John Kerry, [openly admitted](#) the level of grift involved by saying the quiet part out loud.

*"So how do we get there, well the lesson I've learned in the last years, and I learned it as Secretary, and I learned it since reinforced in spades, is [money, money, money, money, money, money, money, money](#). And I'm sorry to say that, I mean yes, technology, yes exciting new initiatives, yes organizing, winning races politically...."*

He said it seven times so that we're clear. It's about money. It's not about saving the planet, and we can prove that.

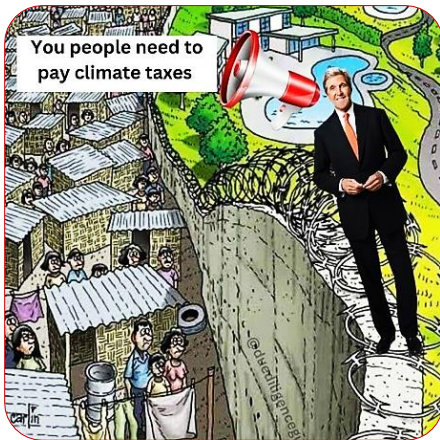
*"We will destroy the earth in the name of Green Energy..."* – [a thread by John Lee Pettimore](#)



Transitioning from fossil fuels to net-zero carbon requires more mining of new minerals than we can conjure. A recent report by the Blacksmith Institute calls the mining industry the second-most-polluting industry in the world, soon to be number one. If you listened to [Joe Rogan #1914 with Siddharth Kara](#), you would recall that mining cobalt and lithium, which go into every battery-powered electronic device we operate, are mined by hand under the most atrocious conditions imaginable. It's a humanitarian crisis that's easy to forget about through the crafty convenience of your iPhone.

To achieve a "net zero carbon economy," which is truly unachievable on a planet of 7.5B, we will need a massive increase in the supply of six critical minerals – lithium, graphite, cobalt, nickel, and rare earth minerals. Over the next 30 years, 7.5B people will consume more minerals than in the last 70,000 years (500 generations.) Staggering amounts of ore will be dug up to produce these metals. Processing ore creates massive amounts of toxic waste. Estimates are for up to 100B tons of waste a year. I'm still waiting for the warm, fuzzy "green" part to kick in unless they're talking about the dollars landing in the pockets of the global elite.

As rare earth metals become ubiquitous in digital technology, the toxic byproducts that they produce contaminate water, soil, and the atmosphere. Suddenly the demand for these rare minerals is exponential. To get wind and solar up and running, we need 15X more concrete, 90X more aluminum, and 50X more iron, copper, and glass than fossil fuels or nuclear energy. A drill down into the basic math of this entire transition makes no ecological sense on its face.



Yet here we are, watching its implementation through the lens of a guy who flew halfway around the world in a private jet to send you this message. Read between the lines. Saving the planet. Money, money, money.

*"When you start to think about it, it's pretty extraordinary that we, a select group of human beings, because of whatever touched us at some point of our lives, are able to sit in a room and come together and actually talk about saving the planet."* – Ladies & Gentlemen, John Kerry has [lost his mind](#)

Check please.



# THE NAVIGATOR

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TG MACRO

## VIEW MATRIX

As they say on the baseball diamond, “YERRRRRRRRROUT of your AAPL short” for a loss of 8%. I will take another swing at Tim Cook’s phone bank that stopped innovating from higher levels. So far this year, we’ve lost money on two short positions – airlines & Apple. Either my timing is terrible, or that’s NOT the direction the wind blows.

Luckily the PnL “percentage points” are adding up nicely.  
WTI has been added in the form of USO.

VIEW MATRIX							THE PNL:	49.2%
LONG	TICKER	ENTRY	REASON	ALL BETS ARE OFF	TARGET	Entry/Mark	Last Sale	Performance
Energy	<b>USO</b>	18-Jan-23	Oil bull	< \$68	\$100	\$70.86	\$ 70.86	0.00%
Crypto	<b>XET</b>	13-Jan-23	Chart breakout	< \$1250	\$2,000	\$1,400.00	\$ 1,580.69	12.91%
Metals & Mining	<b>XME</b>	9-Jan-23	Copper Breakout	< \$48.50	\$75	\$ 52.87	\$ 55.65	5.26%
E&P	<b>*XLE</b>	14-Oct-22	Breakout.	< \$80.50	\$100	\$ 91.42	\$ 90.14	-1.40%
Refiners	<b>*MPC</b>	15-Jun-22	Elevated crack spreads.	< \$108	\$130	\$ 117.65	\$ 121.77	3.50%
Gold	<b>*PHYS</b>	24-Mar-20	CURRENCY HEDGE/INSURANCE POLICY	COLLECTORS	FOR LIFE	\$ 12.97	\$ 14.79	14.03%
SHORT	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET			Performance
Technology	<b>AAPL</b>	3-Jan-22	Adding a tech short	> \$135	\$80	\$ 125.07	\$ 135.00	-7.94%
Technology	<b>HACK</b>	20-Dec-22	Adding a tech short	> \$46	\$35	\$ 44.36	\$ 44.30	0.14%
RADAR								
<b>BULLISH</b>	gold miners, refiners, E&P, SLB, HAL, BTU, XLU, URA, XBT							
<b>BEARISH</b>	Technology, Homebuilders, Retail							



## STUDY BREAK



This Study Break is dedicated to the memory of GERRIN HAGEN who was fatally struck by a car while riding his skateboard on [Thursday, January 12th](#). Gerrin was a standout senior at Long Beach High School, Captain of the Long Beach hockey team, and a midfielder on the lacrosse team. He was deeply loved by everyone in our community. We are shattered by his loss and we pray for the Hagen family every day.



# Gerrin Hagen

2004 – 2023

DIFFERENCE MAKER #2

























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January 18, 2023

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1	2 					7		
8						14		
15						21		
22						28		
29								

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