



## Signals

← You can hit that album cover of Rush's 1982 studio album **Signals** to get to its hit single *Subdivisions*, that I thought was written exclusively for me as a 14-year-old freshman making my way into high school and trying to figure out how *not* to be so dorky about it with a 'butt-cut' and braces. Let me tell you - that was challenging.

I thought that both the video and the song were absolute masterpieces as a kid. Each band member of Rush sends it at various moments on their respective instruments to remind you why you love that rock band. Then, of course, there was Geddy Lee singing directly at me: "**Be cool or be cast out.**" That was 14, man. Figure it out.

I was reminded of the album cover of *Signals* this morning by signals at the top of my leaderboard. They are much clearer signals than that Dalmatian at the hydrant is sniffing.

The dollar index is only off 40 basis points this morning, but it's the worst 40 basis points on the chart in a while. This is the 40 basis point sag below a huge trend line on Tuesday that becomes a 1.5% - 2.5% dollar loss for the week on Friday. As students of the market, we know what the top of the leaderboard will look like. This morning's snapshot proves my case exquisitely.

**\*cups hands\*** LET THE RECORD REFLECT – that as the dollar takes an early week nose-dive, with the South African rand, the yuan, and the Swiss franc carving new highs for their respective moves, that the commodity board is ON FIRE. LME Zinc is seeing a 2-sigma (2.5%) rally to a new high above \$3,000. Iron ore has bounced ANOTHER 3.5% after a steep pullback from the historic peak last week. Nickel and copper are reflexively stretching their legs, up 1%+. Silver is up 1.5% putting some distance between last sale of \$28.66 and huge support at \$26. Corn and soybeans are rising from the lows of their recent dip. WTI crude oil is up 50 basis points but it's quietly charging a new high for this move and about to test the recent one at \$67. With a chef's kiss – AUD/JPY is performing the same action. Fade this commodity rock concert at your peril.

You saw what happened yesterday. It's almost like stocks





smelled this dollar dump coming. Gold miners (GDX) – which we burgled at \$34.25, 2-months ago, surged toward \$40 in the first large magnitude (2.5 sigma) extension through the 200-day moving averages. You can bet that was in celebration of gold bullion piercing its 200dma, which it hasn't met up with since February. What that little formation creates is the sturdiest technical launching pad I could POSSIBLY draw up for technical analysts. Inside that "gold box" is the technical bottom that I think will stand at the bottom of the 2021 gold chart once this year comes to a close. With inflation creeping into the headlines and Federal Reserve Officials losing credibility at light speed, I can imagine gold staying on this trajectory right to the \$2,075 highs. Especially with silver getting on its horse.



Gold may be rallying in support of an article that went around from [Goldmoney May 13<sup>th</sup>](#). Figuring this out is above my pay grade, but I can always source brighter metal minds. The short story, as Sir J.J. summarizes it, is that new Basle 3 banking regulations, with a start date of June 28, could put the London Bullion Metals Association out of business. That would make hedging gold by producers a lot more difficult for a period of time as it would unplug the investment bank – at the crossroads of the producer and central bank holder of gold – from the market structure. Market experts are calling it a decidedly bullish development. [This video](#) will go into more detail if you want to explore it. I'm just here for the price action.

I think it is MASSIVELY IMPORTANT to observe that both gold and gold miners are making this move through their 200-day moving averages as the dollar index has begun a steeper breakdown. This is the kind of pattern I recognize. These are the times I face the market blackjack dealer and look for chances to double down.

The oil market is going up. That dynamic is getting easier to believe in at \$65 than at \$15 a year ago. Forget the dollar move. That's just a light FX tailwind. Forget that the President is doing everything in his power to jack the price of gasoline to \$10/gallon on the American consumer – shutting down pipelines to transport oil across a continent on Buffett's coal-fueled railroad cars and claiming carbon neutrality by several decades after he dies. [The IEA just called for an immediate HALT to new oil and gas developments.](#) This has a low probability of happening, but a "TAKE THE DRILLS OUT OF THE GROUND" moment would be insanely bullish oil.



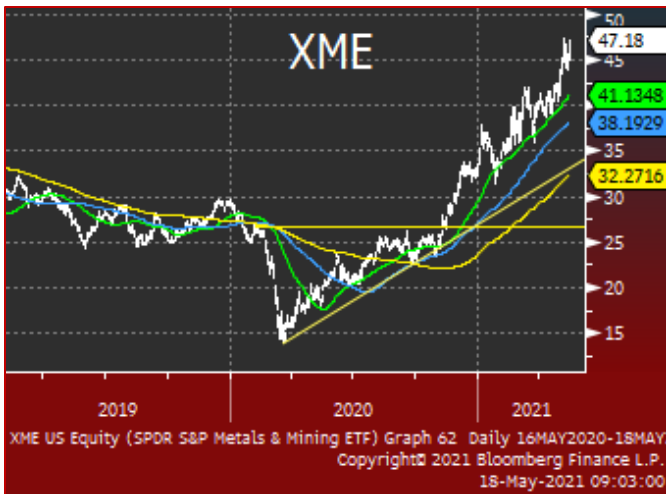


**"To avert climate catastrophe and biodiversity devastation, and to maintain an 'unwavering policy focus on climate change in the net-zero pathway,' governments and regulators have to act, and that means an end to licensing for new oil and gas now."** – Jennifer Morgan, ~~comedian~~ Executive Director of Green Peace

Before parting, I have a few questions. When you look at the commodities space – across grains, metals, softs, and energy – do you see ANY PRICE ACTION showing hesitation due to the headline inflation number we got last week? Do you see any markets collapsing under the threat of China trying to slow the commodity rally? Me neither.

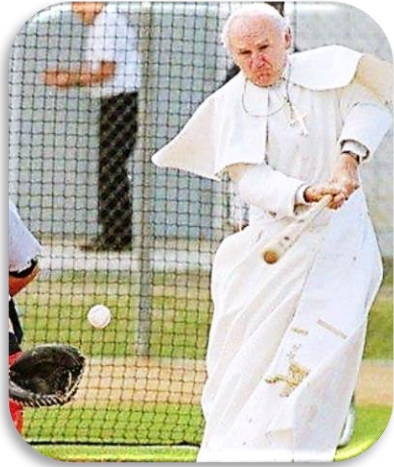
Do you see ANY bond market vigilantes coming after U.S. Treasury Bonds with sell orders to rock the rafters? Do you see yields, the curve, or breakevens spiking feverishly to new highs every day? No. The rates and FX sides of this equation are a slow-moving, low volatility tailwind thus far.

If I am correct, and the dollar continues to get pounded this week and commodities hold their bid, then the S&P is going to go sailing through the 4,238 highs sooner than anyone thinks and it is going to be led by gold miners, industrial miners, exploration & production, oil services, and basic materials. All the stuff that was at the top of the leaderboard yesterday. This week, we are likely to run that score back. Several times over.





## STUDY BREAK



"I must admit, when Reggie hit his third home run and I was sure nobody was looking, I applauded in my glove." - Steve Garvey after the 1977 World Series

**"Hitting is better than sex."** – Reggie Jackson

"Flawless trading is better than great hitting and sex." – TG Macro

"Every hitter likes fastballs just like everybody likes ice cream. But you don't like it when someone's stuffing it into you by the gallon. That's how you feel when Nolan Ryan's throwing balls by you." – Reggie Jackson, Newsweek, June 16, 1975

**"Do not abandon yourselves to despair. We are the Easter people and hallelujah is our song."** – Pope John Paul II, DH

"A baseball swing is a very finely tuned instrument. It is repetition, and more repetition, then a little more after that." - Reggie Jackson

**"Do not be afraid. Do not be satisfied with mediocrity. Put out into the deep and let down your nets for a catch."** - Pope John Paul II

"Social justice cannot be attained by violence. Violence kills what it intends to create."

– Pope John Paul II, born May 18, 1920

"As the family goes, so goes the nation and so goes the whole world in which we live." – now you know why Pope John Paul II was the King of All Popes.

**"Please God, let me hit one. I'll tell everybody you did it."** - REGGIE





## View Matrix

VIEW MATRIX					
LONG	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET
Agriculture	<b>DBA</b>	27-Apr-21	Agriculture breakout/inflation pending	< \$17	\$35
STEEL	<b>X</b>	6-Apr-21	Steel Breakout	< \$23	\$40
A&D	<b>LMT</b>	30-Mar-21	Aggressive U.S. Military/Biden Bombs	< 370	\$450
Gold Miners	<b>GDX</b>	17-Mar-21	Buying 50% retracement/dead sentiment	< \$34	\$46
Industrial Metals	<b>FCX</b>	28-Jan-21	RE-enter the copper mine trade	< \$36	\$45
Industrial Metals	<b>XME</b>	28-Jan-21	Commodity corollary/rebound trade	< \$37.50	\$60
Transports	<b>IYT</b>	28-Jan-21	Commodity corollary/rebound trade	< \$258	\$275
OIL	<b>USO</b>	11-Nov-20	Restart prospects are bullish	<\$39	\$60
Exxon Mobil	<b>XOM</b>	9-Nov-20	Fossil Fuels & Carbon Credits	< \$54	\$100
Physical Gold	<b>PHYS</b>	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	<b>ARKK</b>	7-May-21	ARKK SUNK/200dma trigger	> \$120	\$65
Solar	<b>TAN</b>	8-Jan-21	Balance the Book	> \$90	\$60
RADAR SCREEN					
BULLISH	TICKER	Added	REASON	ENTRY LEVEL	TARGET
Cannabis	<b>MSOS</b>	22-Apr-21	Re-enter the Cannabis Trade	\$30	\$100
Homebuilders	<b>XHB</b>	25-Mar-21	Re-enter the trade	\$64	\$85
Yeti	<b>YETI</b>	3-Nov-20	Quality craftsmanship, built to last.	\$50	\$75
Trulieve	<b>TRUL CN</b>	3-Nov-20	Branding wizard, Big Four, Best in Class	\$50	\$100
BEARISH	TICKER	Added	REASON	LEVEL	TARGET
Airlines	<b>JETS</b>	9-Nov-20	Post Covid Restart	\$28-\$30	\$21



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