

Woodstock

*We are stardust, we are golden
We are billion-year-old carbon
And we got to get ourselves
Back to the garden*

It's hard to believe that in 1969 Crosby, Stills, & Nash were conscious of their carbon footprint, but it sounds like they were! Woodstock was a song my parents used to crank at max volume in the car and sing together. I knew every word by the time I was eight. Woodstock and many other CSNY tunes were on our college "porch party" cassette mixes. Nothing reminds me that the wheels of time are spinning at light speed than when another great American songwriter passes. I was a heavy metalhead as a kid, so never a huge fan of Crosby, Stills & Nash, but they're one of those bands that you must appreciate the massive mark their body of work left on our culture. What would American music be without Southern Cross, Helpless, Down by the River, Teach Your Children, and Suite Judy Blue Eyes? Songs about peace and Americana. I shudder to think so rest in peace David Crosby.

Turning to the markets, earnings season has thrown an added layer of volatility to the tape. Alcoa CEO Roy Harvey said he sees China demand improving on their loosened Covid policy. He expects the aluminum market to be balanced in 2023 and inventories to remain near historic low levels.

Alcoa's earnings report sent the sell-side scurrying with Citi raising their PT to \$55 from \$45. BMO cut their PT from \$55 to \$50. B. Riley Scott remains neutral. Last sale is \$50, so it's clear the bean counters have no idea wtf to do next. Luckily, we know the stock and the sector (XME) are trying to break free from moving average resistance and how to play it if the opportunity arises.

Here on the Navigator, we're trying to pair this Alcoa breakout with the LME aluminum breakout because the dollar has decidedly changed its tune in 2023. The low inventory story combined with the transition to electric battery power story should keep metals & mining in play for years to come. If this breakout in AA and aluminum are real, which I believe them to be, then BOTH will hold moving average support and resume their rally. I'm going to add Alcoa to the radar screen. If we can get into the name on a slight pullback between \$47 and \$48, risking \$44 – I'm going to consider it.



Schlumberger was a different story. At the center of the oil services explosion, Schlumberger shows everyone what's up. They beat Q4 expectations handily with .74C earnings on \$7.9B in revenue. Adjusted Q4 margins



were at 24.4% versus 23.9% expected. They raised their dividend to \$0.25c per share from \$0.175 per share. CEO [Olivier Le Peuch](#) (what a name!) sees "VERY STRONG GROWTH AND MARGIN EXPANSION" in 2023.

Le Peuch simply reiterates why his stock was up 37% in 2021 and 79% in 2022 and led the oil services industry etf (OIH) to a 65% gain last year. If Schlumberger seems poised to do something in that leadership category again, trust your instincts. I'm not long any oil services companies, but we're watching the sector like hawks as it pertains to our E&P and refiner bullishness, and I may pounce on a good entry opportunity.



Stocks are down this week, giving back a portion of the first two week's gains. The S&P is sitting on 50/100dma support, with 200dma resistance above, up 1.5% on the year, trying to decide which way the wind blows. I think she may traverse positive and negative territory over and over for the next 12 months and go nowhere fast. The Treasury curve has gone into the abyss, the trend in rates is still UP, and I don't trust the equity leadership at all this year. Airlines are up 16%, and social media is up 12% on the year. It doesn't seem sustainable, and I'm just waiting for Big Tech to fail resistance and resume its trend lower.

The dollar index is up 20 basis points on the week, but price action is still terrible below the moving averages. Yields are off their highs with that better-than-expected PPI print on the board, but they're just grazing moving average support as a matter of bull market dynamics. I don't expect the TREND in yields to change. I expect structural inflation to take over late in the first or maybe the second quarter.

Commodities (BCOM) are up 40 basis points on the week. Oil is up 1%, and street fighting through huge inventory builds. The curve is still backwardated, with sections of "[kinky contango](#)" [← HIT THAT PODCAST, that's my inaugural OIL GROUND UP podcast with Roaring Rory Johnston.] The 3-2-1 crack spread, diesel, and jet fuel are visibly testing breakout levels. They're a few basis points from confirming that they've broken through, and I like their momentum. As [I tweeted yesterday](#), the Crack Spread Chart is a Picasso, likely about to explode. For energy traders, there's nothing more liberating than diesel fuel going "blue sky," and we're only a couple of percent away.

Even with a 20 basis point rally in the dollar, metals are hanging tough this week which is a good sign. From iron ore to aluminum, to gold, silver, and copper, they're either side of or within a 1% change on the week. That dynamic is leaking through to the equity rotation where E&P and natural resources (XLE, IGE) are off less than 1% on the week while industrials, homebuilders, solar, consumer staples, aerospace & defense, utilities, and cannabis are off more than 3% each.

Two fed officials joined my view that interest rates need to rise above 5%. Bullard said we should lean on the high side to avoid a 70s replay because he knows that Fed Funds where they are now will do nothing to combat 6% or 7% CPI. Like us, he knows inflation, due to the attack on supply, is structural and not likely to dip back toward 2% any time soon.



THE NAVIGATOR

Volume: 7 Issue: 35

www.tgmacro.com

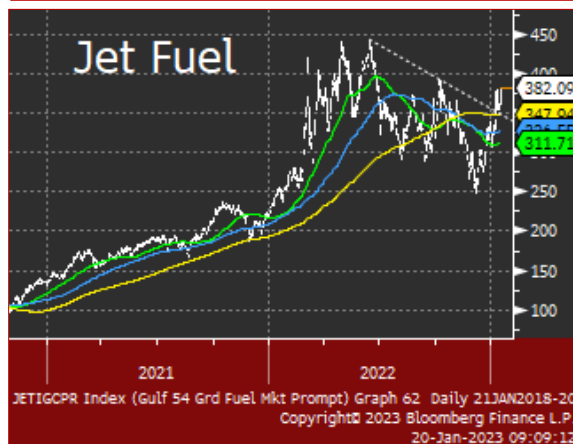
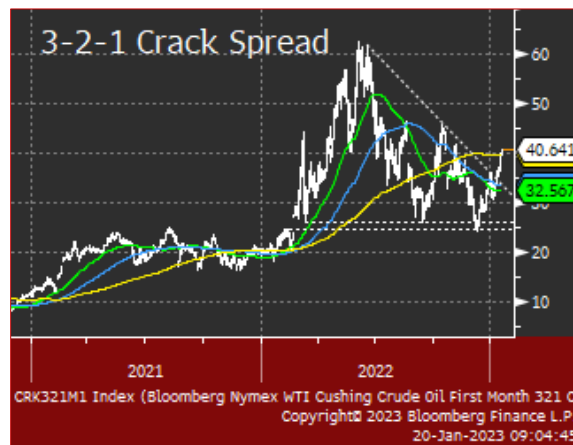
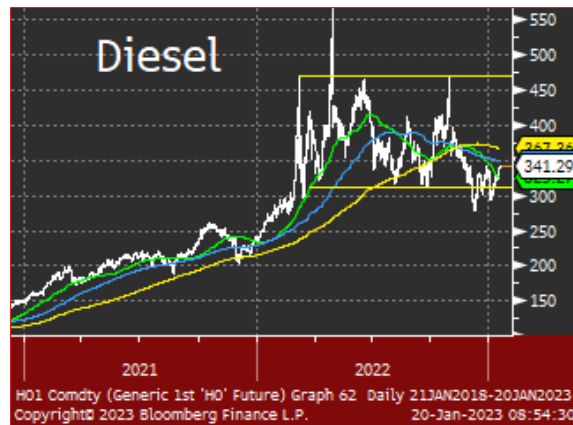
January 20, 2023

TG MACRO

That completes our picture and gets us ready for today's trading day. The S&P is going to rotate in fits and starts.

NOTHING IS LINEAR. We just observed that Wednesday's outside reversals across the natural resources complex were not fatal.

I will try to keep racking up percentage PnL points and trading with no emotion. So far so good. Ready, BREAK.





THE NAVIGATOR

Volume: 7 Issue: 35

www.tgmacro.com

January 20, 2023

TG MACRO

VIEW MATRIX

AA will be added to the Radar Screen Monday.

VIEW MATRIX							THE PNL:	49.6%
LONG	TICKER	ENTRY	REASON	ALL BETS ARE OFF	TARGET	Entry/Mark	Last Sale	Performance
Energy	USO	18-Jan-23	Oil bull	< \$68	\$100	\$70.59	\$ 70.59	0.00%
Crypto	XET	13-Jan-23	Chart breakout	< \$1250	\$2,000	\$1,400.00	\$ 1,553.07	10.93%
Metals & Mining	XME	9-Jan-23	Copper Breakout	< \$48.50	\$75	\$ 52.87	\$ 54.60	3.27%
E&P	*XLE	14-Oct-22	Breakout.	< \$80.50	\$100	\$ 91.42	\$ 89.59	-2.00%
Refiners	*MPC	15-Jun-22	Elevated crack spreads.	< \$108	\$130	\$ 117.65	\$ 123.23	4.74%
Gold	*PHYS	24-Mar-20	CURRENCY HEDGE/INSURANCE POLICY	COLLECTORS	FOR LIFE	\$ 12.97	\$ 14.96	15.34%
SHORT	TICKER	Added	REASON	ALL BETS ARE OFF	TARGET			Performance
Technology	HACK	20-Dec-22	Adding a tech short	> \$46	\$35	\$ 44.36	\$ 43.22	2.57%
RADAR								
BULLISH	gold miners, refiners, E&P, SLB, HAL, BTU, XLU, URA, XBT							
BEARISH	Technology, Homebuilders, Retail							



STUDY BREAK



*All right - I got something to say
Yeah, it's better to burn out
Than fade away*

- Joe Elliot

January 20, 1983 was the day Def Leppard released *Pyromania*. Their 3rd album was produced by Mutt Lange, made it to #2 on the Billboard chart, and was the first with new guitar player Phil Collen who replaced founding guitarist Pete Willis who drank too much.

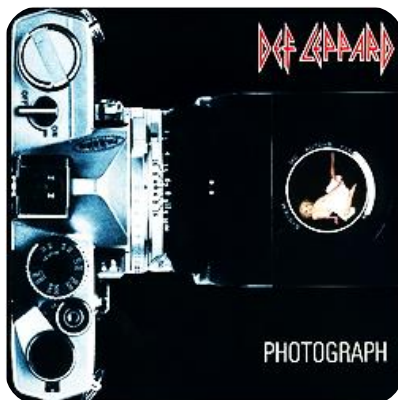


*Rise up, gather round
Rock this place to the ground
Burn it up, let's go for broke
Watch the night go up in smoke*

Rock of Ages, [Def Leppard](#) #EVERYROCKPLAYLIST

"I remember meeting Phil Lynott. We'd delivered *Pyromania* and, with us sharing a label with Lizzy, he'd heard it. He put his hand on my shoulder and said, 'I heard your album – it's the reason I've split the band. I can't compete with that.' The crappiest backhand compliment I've ever had. I wish I had been brave enough to shove him up against the wall and say, 'Well, make a better album then!' But I just said, 'Oh,' and scuttled off."

– Joe Elliot



Pyromania includes *Photograph*, *Rock of Ages*, and *Foolin*, which all made it to the Top 40, and *Too Late for Love*, which is no slouch.

*Rock on, rock on
Drive me crazier
No serenade, no fire brigade
Just the pyromania, come on*

Sandwiched between *High n' Dry* (1981) and *Hysteria* (1987) - *Pyromania* boasted some of Def Leppard's finest work. Innit.

























THE NAVIGATOR

Volume: 7 Issue: 35

www.tgmacro.com

January 20, 2023

TG MACRO

TG MACRO™		JANUARY 2023					TG MACRO™	
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY		
1	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 						

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.