



The Nasdaq Keg PQrty is Qver

The last time the QQQ saw its 200-day moving average, it was soaring through it to the upside in April of 2020, loaded on Fed Balance Sheet Expansion, coming off the Lockdown Bottom. The QQQ went on a 16 of 22-month run ending in positive territory, with three of those months posting double-digit gains. It's been an IPA keg party for the technology-driven index, hosted by Ricky Gervais and DJ'd by Tiesto, with Foo Fighters and Ed Sheeran performances.

Unfortunately, the Rate Regime cops just broke the door down with battering rams, and they're looking to take names. This demands action from red-blooded risk-reward-seeking traders.

Trough-to-Peak, the Nasdaq (QQQ) appreciated 150% in the 22-month surge. It ran smack into the Omicron sniffles at Thanksgiving weekend, and its all-time peak at \$410. She consolidated between that peak and \$380, just above the 100dma for a 4-week distribution phase. I like the iceberg of resistance at the top of the chart because it mitigates the risk of a short and enhances the reward.

Then the most liquidity-driven growth sector ran face-first into a swiftly priced four rate hike reaction by the Fed and reversed course. I will initiate a SHORT QQQ structural position and say all bets are off above that \$380 level. We've got retail and Twitter (XRT, TWTR) on the pad. I started the note with this QQQ short idea to accentuate how important I THINK it is to pivot the book. Long natural resources is going to work. But on days when large-cap technology pulls back, the risk is it causes an all-asset selloff.

Last night we saw immediate selling of commodities, just in case the de-risking continues, but I believe they will hold shallow support levels and resume trend. Their moves were far too organic and powerful to be derailed by a repricing of technology.

The stock market will be a little bit harder to figure out because the pattern is changing. We're working on the 4th consecutive negative session this morning and 12 of the last 16. On the downside, we've seen 5 consecutive sessions where the TICK INDEX eclipsed [-1,500]. Yesterday's session was punctuated with a [-1,875] Daisy Cutter. We should probably be looking for the S&P to notch a red-to-green day, which could have been today, but I think we'll see heavy one-way traffic in technology, retail, builders, cannabis, and biotech. Recall this isn't a garden variety Friday. We've negotiated a rate change regime. I got a chance to get granular with my views in yesterday's Real Vision Daily Briefing. I discuss the widespread downside participation across





THE NAVIGATOR

Volume: 6 Issue: 39

www.tgmacro.com

January 21, 2022

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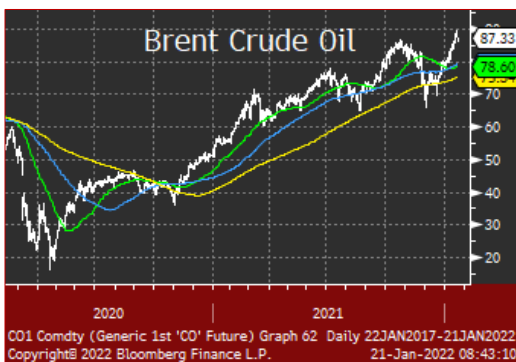
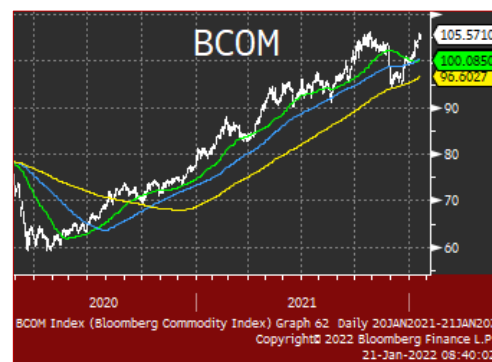
the equity market in the last few hours of the day and how the Nasdaq breaking its 200dma is a big deal. [Tyler Durden](#) posted it on ZeroHedge for the first time in a while, so maybe it struck a chord.

Looking at weekly performance, the broad brush stroke illustrates the *Tale of Two Markets* I discussed yesterday. Commodities are no longer bid-only with the de-risking, but they are all in the black except natural gas. Silver and iron ore are up 7%, the BCOM Grains sub-index is up 4%, and oil, gas, and gold are up 1%. That adds up to a 1.75% week in the black for the Bloomberg Commodities Index.

You'll find Bitcoin and Ethereum breaking down technically within the sea of red, off 11% and 16%, respectively. My guess is those two are in for a hell ride until the rate hikes stop. I doubt HODLers will be bidding from under their desks. If cryptocurrency is a levered bet on risk assets, they will be the first bet funds, and family offices clear off their pads.

The equity selloff is an order of magnitude story. The worst of the downside is in semiconductors, cannabis, homebuilders, and oil & gas, but every sector is being unloaded. The only industry in the black is gold miners, with a 4% gain. It's hard for me to get excited about them.

With that much broad participation on the downside, I have to think the waterfall continues today. If we have a red-to-green day in the S&P, with the 200dma off in the distance, it may take longer for the Nasdaq to break, but I think it's going to break.





STUDY BREAK



“Have you noticed that all the people in favor of birth control are already born?” - Benny Hill, born January 21, 1924

“A man sees the in the world what he carries in his heart.”
Grigori Rasputin, born January 21, 1869

“Individuality will always be one of the conditions of real elegance.”
- Christian Dior, born January 21, 1905

“Find a priest who understands English and doesn’t look like Rasputin.”
- Aristotle Onassis

“My dream? To make women happier and more beautiful.” - Christian Dior

“Live everyday as though it’s your last ‘cause one day you’ll be right.”
- Benny Hill

“I love Benny Hill. He is one of my favorites of all time. Like, the way Benny did it, he was just amazing. Just seeing how he put songs together and comedy and the timing and the sketches. He was way ahead of his time.” - Snoop Dogg



“Elegance must be the right combination of distinction, naturalness, care, fand simplicity. Outside this, believe me, there is no elegance.”
- Christian Dior

“Never play leapfrog with a unicorn.” – Benny Hill



View Matrix

We Man the battle stations means pull those stops up closer to the markets and keep the binoculars handy.

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
Copper	FCX	14-Oct-21	Participate in the copper rally/technicals	< \$37	\$50
Financials	XLF	6-Aug-21	Technicals and RATE RISE	< \$38	\$42
UPSIZED	DBA	27-Apr-21	Agriculture breakout/inflation pending	< \$19	\$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	> \$90	\$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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Volume: 6 Issue: 39

www.tgmacro.com

January 21, 2022

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30	31					

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