



Mr. Brightside

While housing data has been weak (housing starts -3.7%) adding confidence to my inner builder bear, April industrial production at .7% versus .6% expectations is a good sign for our second quarter economy. Bonds are off the lows this morning, but that rout is clearly in motion. Markets are pricing in 45% probability of 3 more rate hikes this year, following the March hike. U.S. yield spreads versus Europe and emerging markets are widening to untenable levels. The dollar is rallying like a beachball underwater. I think it is a macro

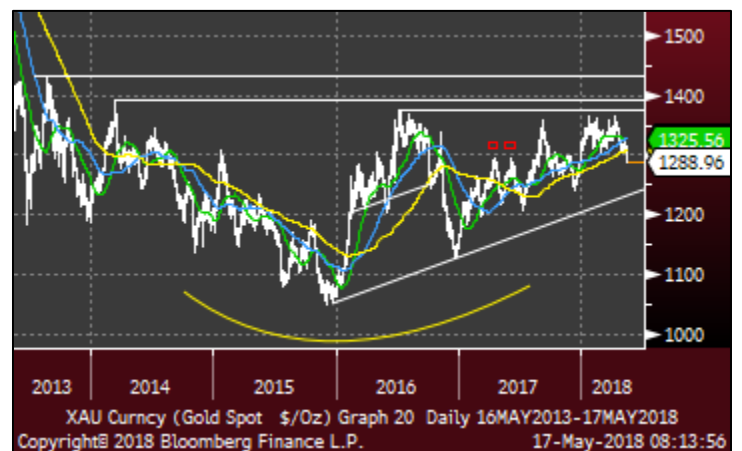
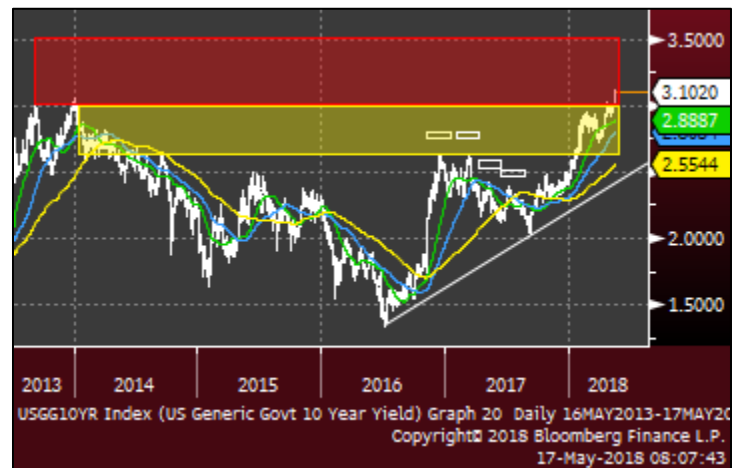
dynamic that will be with us for the balance of 2018.

I see U.S. 10Y yields breaking out to new heights alongside KING OIL. I'm thrilled I drew these *Flyer* colored bars on the chart for the Nesvick Commodity Roundtable in January with the yield at 2.5%. I cautioned America's farmers the best way I could – **"If you are not planning for inflation, and higher yields this year – You. Are. Being. Irresponsible."**

Now that the top has blown on King Dollar, gold and the euro are following a path below major moving averages. I own physical gold, but I'm not a gold bull the way I own auto insurance but I'm not an insurance bull. It's a segment of my portfolio clipped off and labelled: "Physical Store of Value." When gold fails its flat top under \$1400 and falls 2% during Cryptocurrency Week in New York, I have a laugh because I honestly believe that cryptocurrency will begin both attracting more assets than gold and replace gold as the millennial's value store play of choice.

JP Morgan's Co-President Daniel Pinto said, **"The tokenization of the economy, for me, is real."** He's aware Morgan Creek just put the cap structure on 'the chain' and that entire mechanism poses existential risk to traditional banks. At this point, I think JP Morgan has realized that if you can't beat 'em, join 'em.

There's a cool story about Ripple launching *Xpring*, **"a great tool for startups and entrepreneurs to build businesses around"** and I almost want to be the first newsletter to be launched on the blockchain. Chris Matta left Goldman Sachs to go crypto. Deloitte's 'blockchain boss' just left to develop the Ethereum supply chain. One of Australia Bank's CFO's just quit to join a blockchain startup. I see one super-talent after the next heading to that industry, and gold bugs are sitting there telling me Millennials are going to invest their nest egg in Barrick Gold?! Bro, there's no chance.





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Stocks are rotating viciously in a higher vol regime, because I'm telling you - we won't sustain closes below 10.00 in the VIX again for a long time to come. Yesterday, it was brick and mortar telling us reports of its death are greatly exaggerated. Macy's (M) confirmed its technical breakout is real with a 10% extension as the sector rallied 1.62%. Quietly outpacing retail yesterday was the industrial metals and mining sector (XME,) which I remain bullish. We saw a solid lift in steel makers yesterday. Steel Dynamics (STLD) put in a new 52-week high above \$50. U.S. Steel (X, chart right) has one final hurdle, the 100-day moving average, to clear before it is technically free to rally toward \$45.



The steel supply chain remains bid into trade negotiations and I think it's time to move some money toward the space. I took X and FCX to "1" on the View Matrix because I think the downside test is complete and its ok to have those on.

To do a quick victory lap, Scotts Miracle-Gro (SMG, chart right) is almost out of the technical quagmire. We saw a steep but brief dip below trend, a recovery of the 50dma, and we've got momentum heading north. I'm not saying its DOUBLE DOWN time yet, but it's another stock I want to start getting bigger in.



Lastly on the Position Matrix, Citigroup (C, chart right) failed right where it should have after that investor bought a big stake in the bank. I don't know who it is and I really don't care. If they want to invest in one of America's legalized crime families, they can be my guest. One more steep move away from \$72 resistance and I can see Citigroup entering a world of pain. European banks (SX7E on the View Matrix) have gotten creamed in the last 3 sessions and I'm expecting the U.S. to follow suit, largely due to technical predicaments.



I feel like everyone on board the *Morning Navigator* has a good handle on the macro picture. That's going to come in handy when I speak to Patrick Ceresna and Erik Townsend on their [Macro Voices](#) podcast later this afternoon.

Lacrosse, technical analysis, newsletter marketing, I don't care what it is. When you work hard, good things happen.
"I'm Mr. Brightside..."

STUDY BREAK



“Steven Tyler is one of the sweetest, kindest guys I’ve ever met, and he’s also the lead singer of Aerosmith. His music powered me through many an awkward teenage moment; days where you could be feeling like a f*cking loser, but then “Sweet Emotion” comes on the radio, and you pump your fist in your car and say “Yes!” If there was a soundtrack to my teenage years, Aerosmith would have been playing in the background where my dork friends and I would be hanging out together after high school trying to figure out what the f*ck we were going to do with our lives when we graduated. Getting to hang out with him today was a real childhood dream come true.” - @joerogan (insta)



“Our way of life depends on commodities.”

– Rick Rule, Macro Voices Podcast

...TG Macro got next...

“I don’t know what ‘signs’ you’re looking at, but the onset of inflation has been extremely tame thus far.”

- BOJ Official Golfing in Japan

“An ounce of prevention is worth a pound of cure.” -

- Benjamin Franklin

“The pleasure isn’t in doing the thing, the pleasure is in planning it.” - John Green, Paper Towns

“BUT I HAVEN’T FINISHED PANICKING FROM WHEN IT HIT \$50 YET (awkward emoji)”

– oil market commentary from Ellen Degeneres Josh Brown, @ReformedBroker

“... We need the sweet pain of anticipation to tell us we are really alive.” - Albert Camus

“Never forget that anticipation is an important part of life. Work's important, family's important, but without excitement, you have nothing. You're cheating yourself if you refuse to enjoy what's coming.”

— Nicholas Sparks, Three Weeks With My Brother

“Good luck is the residue of preparation.”

- Jack Youngblood TS ...Total Savage



TG MACRO VIEW MATRIX

The TG Macro Matrix				
BULLISH	TICKER	MAGNITUDE	REASON	ALL BETS ARE OFF
Sectors	XME	1	global growth; 200 test held	< \$32
	XLE	1	undervalued/Saudi Oil Setup	< \$62
Stocks	X	1	tariff beneficiary	< \$30
	FCX	1	grassberg/global growth	< \$15
	CENX	1	global growth/position	< \$14
	WEED CN	1	global growth/position	< \$14
	MPC	1	uniquely positioned refiners	< \$65
	PSX	1	uniquely positioned refiners	< \$90
	SMG	1	fundamentals/tech support	< \$75
	OXY	1	fundamentals/tech support	< \$75
Commodities	BASE METS	2	global growth	copper < \$6k
	OIL	1	growth/Saudi/fuel play	WTI < \$60
BEARISH	TICKER	MAGNITUDE	REASON	ALL BETS ARE OFF
Sectors	ITA	2	top pattern	> \$206
	XLV	1	technicals	> \$84
	SX7E	1	technicals	> \$135
	XLB	2	technicals	> \$60
stayin alive fn	XHB	1	technicals	> \$42.75
	SMH	1	technicals	> 110
	EEM	1	technicals/EM trauma	> \$50
Stocks	SBUX	1	technicals/mkt position	> \$64
	DIS	1	mkt position	> \$115
	CMCSA	1	technicals/mkt position	> \$38
	C	1	technicals	> \$75
	TSLA	2	technicals	< \$330
Commodities	GOLD	1	mkt position	> \$1,375

Magnitude 2: DECIDEDLY & ACCOUNTABLY BULLISH/BEARISH
 Magnitude 1: MUST HAVE THE POSITION ON

To explain the ratings matrix, for example, a BULLISH position of 3rd Magnitude is your average, “I am bullish this security.” A BULLISH position of 2nd Magnitude means, “I’m extremely bullish this security.” A BULLISH position of 1st Magnitude means I feel so strongly I either have the position on, or I would have the position on in some capacity if my full-time job were to report a PnL every month. The “All Bets Are Off” column shows the price below, or above which that view would have to be abandoned.

Note: this is not a mirror of my personal investment account.



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