If we ever had a chance to sit down with aliens and ask for their most profound observations after looking over earth for an extended period of time - what would the extraterrestrials say? "Why are these idiots such pollyannish optimists at market highs and extreme pessimists at the lows? Good Lord man chill." Who could forget J.P. Morgan in 1907, "there is nothing in this world which will so violently distort a man´s judgment, more than - the sight of his neighbor getting rich." Never underestimate the ability of the human species of investors to embrace a mirage at the worst possible time. We must keep in mind, ever since the Archegos implosion, there has been stealth deleveraging oozing through markets, picking up one dance partner after the next. From SPACs to ARK names, from Solar / EV / Hydrogen plays to cannabis - the drawdowns have been 40-60%. This week Bitcoin and Ethereum joined the party with a proud -55% showing. By our count, the wealth destruction is near $700B, with Tesla (TSLA) taking a $260B hit alone. Crypto stocks like MicroStrategy MSTR are still worth close to $5B after a 70% haircut. You cannot have this kind of loss of capital without a real threat to financial stability. The risk-reward from a long perspective is poor right now. All the fun is taking place with the Fed juicing away at $120B a month of asset purchases. Today, "don't fight the Fed" comes with more and more exceptions to the rule. The S&P is just 2% off its highs but unched since April 12th, while the Nasdaq 100 is close to 5% off, but unched since late January. These classic "long necklines" look like topping patterns to us which begs the question. Where would the Nasdaq be without the flight to quality bid coming out of our list of friends above? What's troubling equities? As the consumer price index lurches higher, institutional clients in our live Bloomberg chat point out - the S&P 500's earnings yield on a monthly basis relative to inflation risk is the lowest since the 1980s. This negative real yield has money asset managers and pension funds squirming, falling back in love with metals. File under not expected - from May 12th to 19th, Bitcoin lost -53%, and gold is just a little more than 3% higher? So much for the XBT market share draw from gold theory. The sad fact is a lot of Stimmy check capital was just incinerated. Gold is 12% above the March lows and this week got another boost - this time from the Fed´s inner circle. Rich Clarida told us the Fed is in the yield curve slope business, not the level.

Some clients we respect view this as opening the door an inch for yield curve control, highly BULLISH silver and gold looking forward. The U.S. dollar was listening to Uncle Rich, now off close to 2% in May – right on multi-year lows. Three things are noticeably clear to us. 1) As the planet re-opens, the $64T of GDP outside the USA gets a large-scale boost in a Brexit-Trade War LESS world. ***Dollar bearish****. 2) Unlike the 2012-2020 regime, in this cycle the alpha male central banks are the PBOC (China, see CNH Strength below supporting stocks outside the USA), BOC (Canada), and BOE (England). They are pulling back accommodation far faster than the Fed.* ***Dollar bearish****. 3) The Biden team just pounded the table again Friday. They will PASS a $2T infrastructure plan with or without the GOP. Ron Klain just told Republicans to go take a long walk off a short pier. He's a confident White House Chief of Staff and knows Biden does not need McConnell when the White House has enhanced powers of reconciliation in its back pocket.* ***Dollar bearish****. In the face of all this spending, long bonds are bid by the Fed. The U.S. 30 year is 20bps tighter (lower in yield) since March 18th, and unched since February 24th. At the same time, inflation bets have come in a lot, since late April, the infamous Jackson Hole colossal Eurodollar bet on future rate hikes has lost 64% of its value as growth expectations have come down. Some clients point out, GDP is back to pre-pandemic levels with 8.5 million less people in the labor force - productivity up, aggregate demand down. Even more reason for the Fed to trend far more dovish relative to expectations. Bottom line, our commodity longs took a hit this week in the face of China's inflation concerns – we have lightened longs and look to opportunistically add to positions. Of the top 25 performers in the S&P 500 in 2021, eleven are in the Oil, Gas, Copper, Steel and Agriculture space. Our Mosaic, Exxon, FCG Nat Gas, and XOP Oil E&P names led the field. We suspect a bit of near-term giveback after a long bull run, but with conviction, we must buy the dips in this space.*

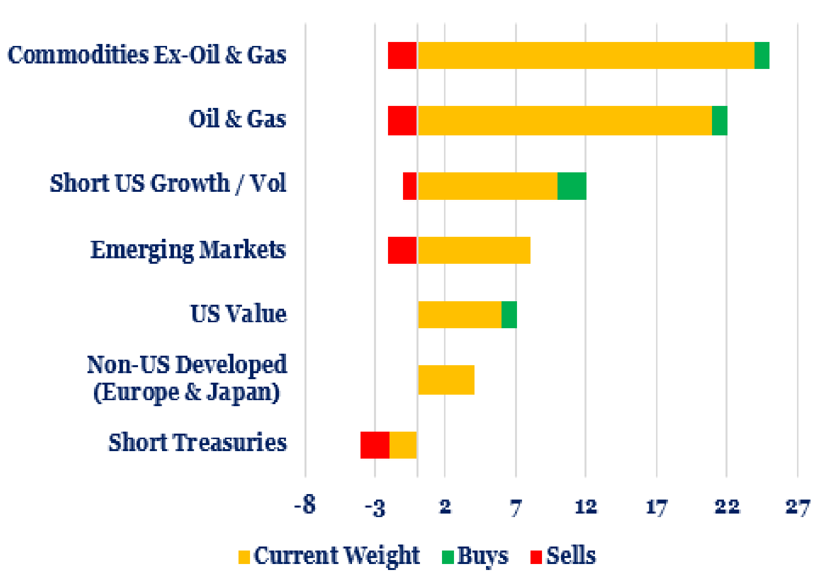
TURNING POINT
By The Bear Traps Report

Trade	Ticker	Description	Closing P/L	Date	Sector	Thesis
Sell 1/3	UNG	Nat Gas Fund	15.9%	May 17th	Oil & Gas	This week we lightened our long natural gas exposure into strength at the recent highs. We remain bullish commodities and look to add to our longs into weakness.
Sell 1/3	VXX	Volatility Futures ETN	9.6%	May 12th	Short U.S. Growth	
Sell 1/3	ARCH	Arch Resources	29.1%	May 12th	Commodities	
Sell 1/3	EWZ	Brazil ETF	14.7%	May 10th	Emerging Markets	
Sell All	ECH	Chile ETF	13.7%	May 10th	Emerging Markets	
Sell All	NEM	Newmont Corp	12.7%	May 10th	Commodities	
Sell All	TLT	20+ Year Treasury ETF	-1.1%	May 7th	Treasuries	
Sell 1/3	PBR	Petrobras	15.8%	April 14th	Oil & Gas	
Buy 1/3	VXX	Volatility Futures ETN	-	May 18th	Short U.S. Growth	We recently added back to our long volatility position after selling into strength last week. We also added a long position in CXW CoreCivic - note to follow here.
Buy 1/3	CXW	CoreCivic Corp	-	May 17th	U.S. Value	
Buy 1/3	IMPUY	Impala Platinum	-	May 14th	Commodities	
Buy 1/3	SIL	Silver Miners ETF	-	May 6th	Commodities	
Buy 2/3	URNM	Global Uranium Miners ETF	-	May 3rd	Commodities	
Buy 1/3	RWM	Short Russell 2000 ETF	-	April 14th	Short U.S. Growth	

Table: Recent Trade Alerts

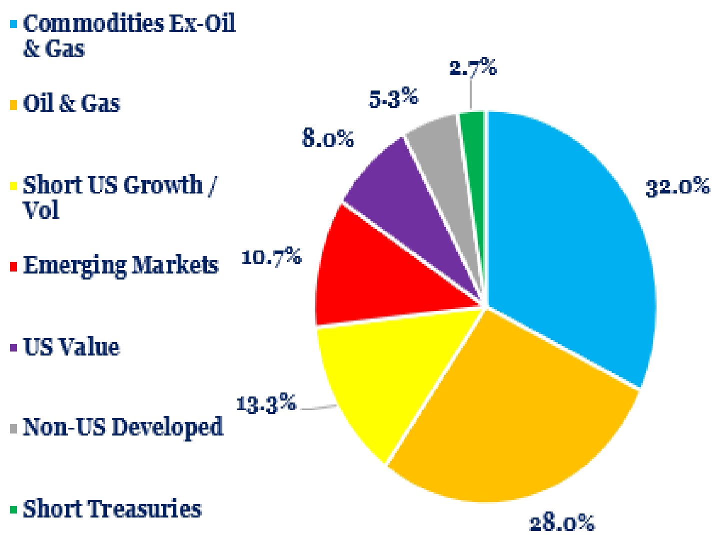
Remember, these are LONG TERM (12-24 month) positions. We lighten into strength, add on weakness – and use ETFs to track the P/L of a given thesis. There are much more efficient ways to gain the exposures these positions represent. To receive our real-time trade alerts email Tatiana@thebeartrapsreport.com

Recent Position Changes



**Green bars shows this months's unit additions via buy alerts, red bars show unit subtractions*

Portfolio Allocation



**6-12 Month View*

Bitcoin Leading Risk Indicator

Over the past few years ***Bitcoin has been a leading indicator for equities****. It peaked a few weeks before global equities in early 2018, bottomed a few weeks before global equities in December 2018, and then bottomed a few days before equities in March 2020. Bitcoin peaked in April and is now sharply rolling over – risk indicator here. Tourists are on the run in XBT.* ***As we saw with Madoff and Lehman – large drawdowns will OUT the scam artists and unleash a regulatory nightmare. No one cares at the highs, but they scream at the lows.***

Bitcoin Head and Shoulders Top

Here's the head and shoulders Bitcoin top we showed breaking the neckline this past Monday, we have already hit our minimum target of 34,000... Despite the bounce, we remain long-term bears..."Bitcoin has a clear head and shoulders top formation and just as clearly broke the neckline. Minimum target is 34,000..."

Bear Traps Report, May 17th

Bitcoin, Expect a Sharp Rally Then New Lows

"Major intraday bullish reversal here so if we close well off the lows (and that feels a long way away) we should get a decent rally (not a recommendation to buy!). After the overextended decline, it snapped back the other way, but we could see Bitcoin trading in the low teens in a couple of months. There has to be at least one monumental struggle before the final collapse. We'll see. Meanwhile, the minimum target projected from the top formation has been exceeded. So that worked. This is reason enough to rally and whipsaw traders. This asset wants to ruin everybody."

Bear Traps Report, May 17th

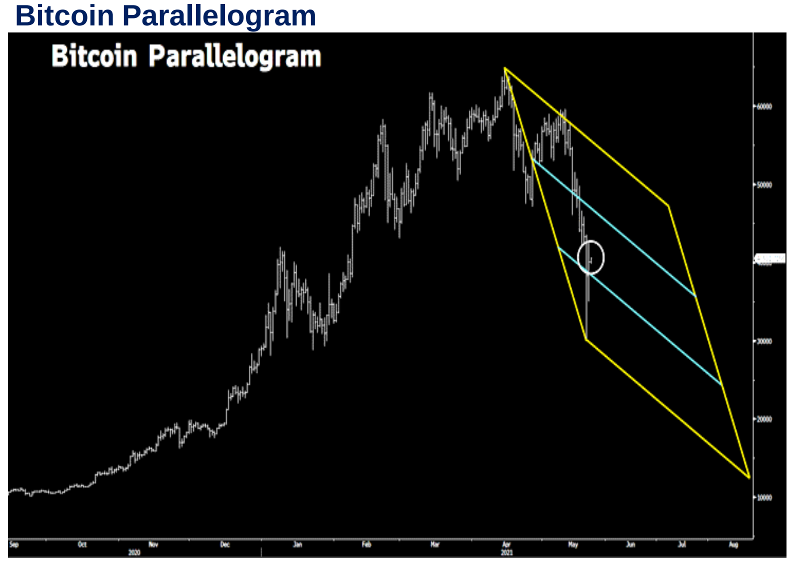
Crypto Block Desk Color

- *Massive liquidations from 830-9am EST on Wednesday*
- *Institutional investors holding and not selling*
- *Turn of sentiment going into the Miami Crypto Conference from happy to somber*

After the near 50% hit - Bitcoin is still worth close to $600B, Ethereum $230B, Tether $50B, Dogecoin $40B – Colossal wealth destruction, HIGH risk to financial stability.

The interesting thing about liquidations is that the networks get congested during times of heavy volatility, and it's tough for clients to deposit extra collateral. So that fact fuels the down move, bid-side liquidity gets very wide very quickly. This slows down fresh size bids. You don't get great execution on selling off collateral for liquidation, that's for sure...

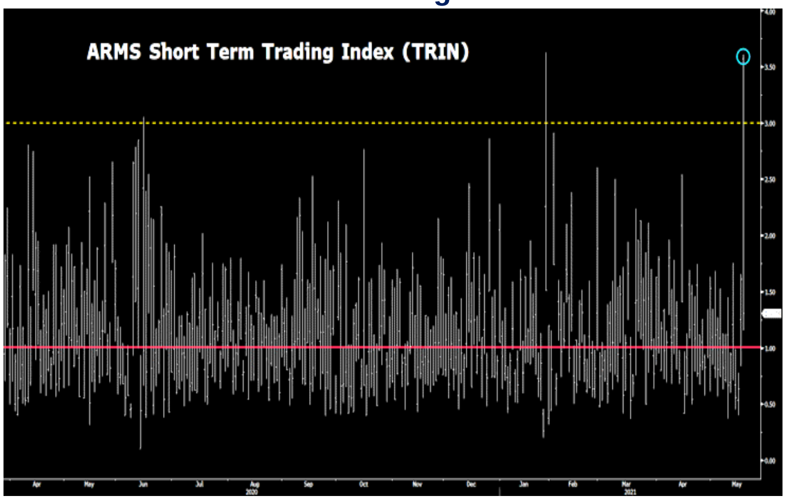
Bitcoin Parallelogram



Bitcoin has now formed a very bearish parallelogram. Our parallelogram projects to near 13,000 by mid August. ***"Crypto market value surges to all-time high of $2 trillion, bitcoin at $1.1 trillion." Economic Times April 6, 2021.***

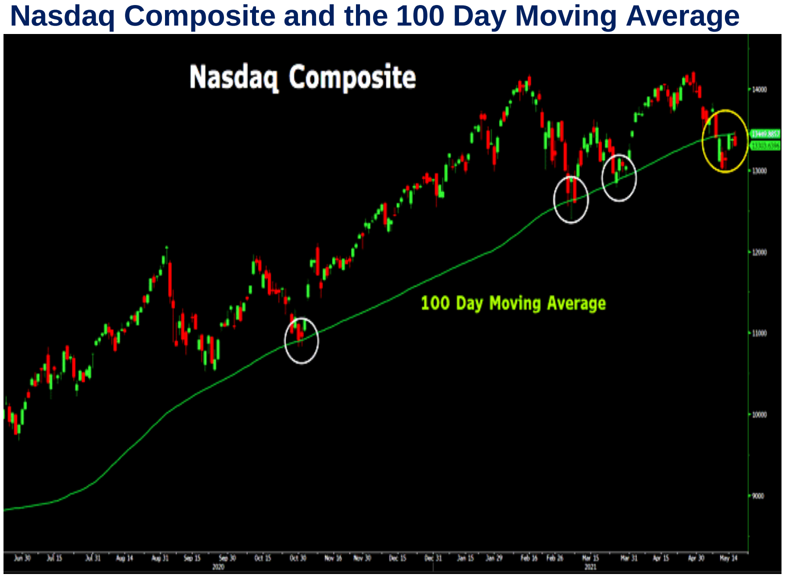
TURNING POINT
By The Bear Traps Report

TRIN NYSE Short-Term Trading Index Hits 3.6



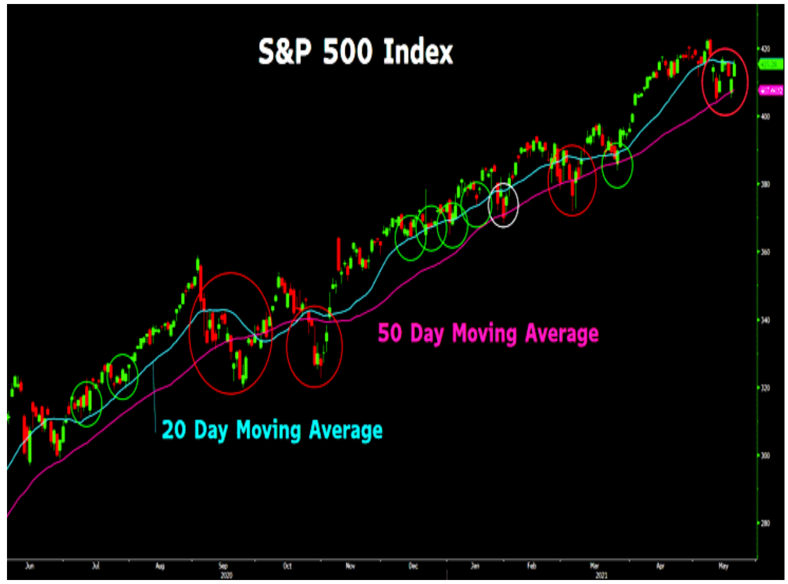
The rule is that three trading days after TRIN (NYSE Short-term Trading Index) touches 3.0 the market bottoms out in the short term. We hit 3.6 on Wednesday morning (small scale capitulation selling). Typically, that next bottom is less chaotic with a lot of individual stocks not making reaction lows despite the averages. Of course, the internals positively diverge. But of course, V formation bottoms do exist, and they are notoriously hard to trade. Interestingly this week, the VIX (volatility index) didn't go as high as the last sell off. The high close relative to the open on Wednesday was a bullish reversal. The 26 intraday high was the 2nd highest reading since March 2021. ARMS index above - since last March, only January 29th, 2021, was higher at 3.62. Keep in mind, the 3-day rule did not work on the 29th as that day was the bottom (short term) for equities...

Nasdaq Composite and the 100 Day Moving Average



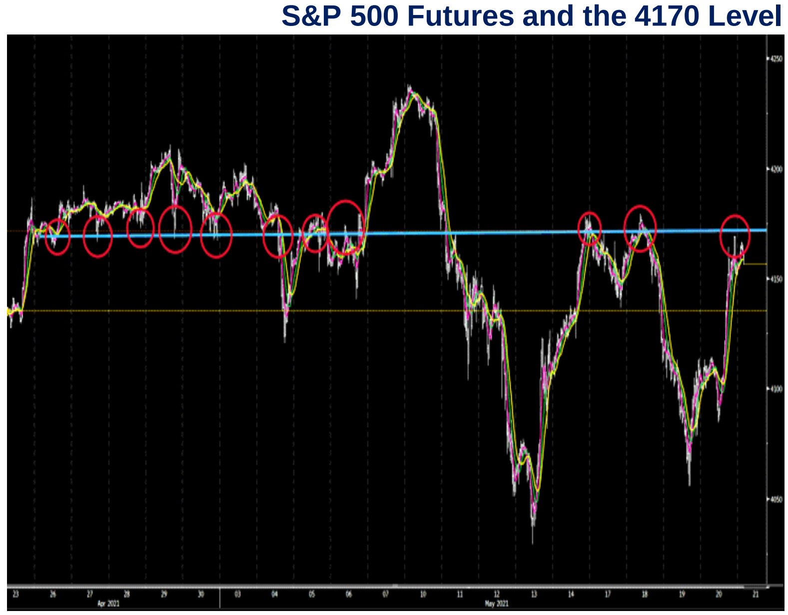
As inflation risk rises, the sword is approaching the Nasdaq. *Similar to the 20-day moving average on the S&P 500, the 100-day moving average on the Nasdaq Composite has provided technical support throughout the past 9 months and is now acting as resistance. A rejection here speaks to a trip back to the lows from early May. We closed right on the moving average on Friday.*

S&P 500: 20 and 50 Day Moving Averages



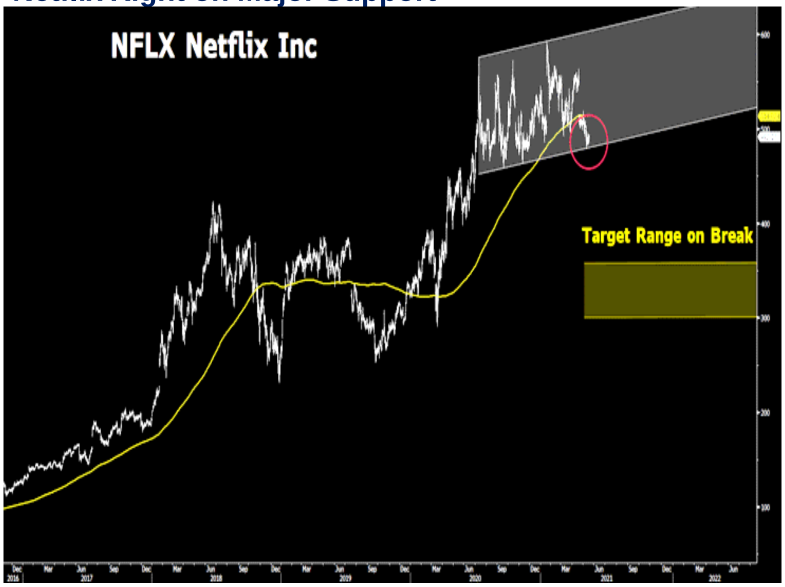
After bouncing right off the 50-day moving average on Wednesday, the S&P 500 ripped right back to the important 20 day moving average. We continue to see this as an important short-term trend indicator for markets. For now, the S&P continues to run into a wall of resistance at the 20 day, since breaking below it last week. On Friday, we closed right on the 20 day. Toppy price action, indeed.

S&P 500 Futures and the 4170 Level



The 4170 level for S&P 500 futures has been a magnet over the past month. Option market maker hedging (selling into strength, buying into weakness) has played a large role here. Keep in mind, when important support levels break, they tend to turn into strong resistance levels. A rejection here in the coming days would be a bearish equity signal. On Friday, S&P futures once again failed above this level and closed the week at 4158.

Netflix Right on Major Support



In recent months, as reopening strength grew with inflation risk, there has been a clear distribution top in Netflix, but the stock hasn't broken its key support level yet, so it could hang on a bit longer. But if we owned the stock, we would be losing sleep. We won't bore you with how overvalued the stock is, it´s a colossal bet on deflation. Even a dead monkey knows that. But the AT&T/Discovery merger is horrifying news for a company that trades at a P/E multiple of 51x. A break of $470 projects to $360 as a minimum target! So, watch out on this one... AT&T - Discovery is NOT the death of NFLX, it's just a death of a 51x P/E, and 8.2x price to sales, in our view.

Netflix Put Spread Trade

Last week we saw institutional clients buying the August-2021 $450 put / Sell August-2021 $400 put for about $9.5... you're buying a 33% volatility option, selling a 38% volatility option. The max payout if the stock trades at $400 at expiry is $50... about a 5.25x initial investment.

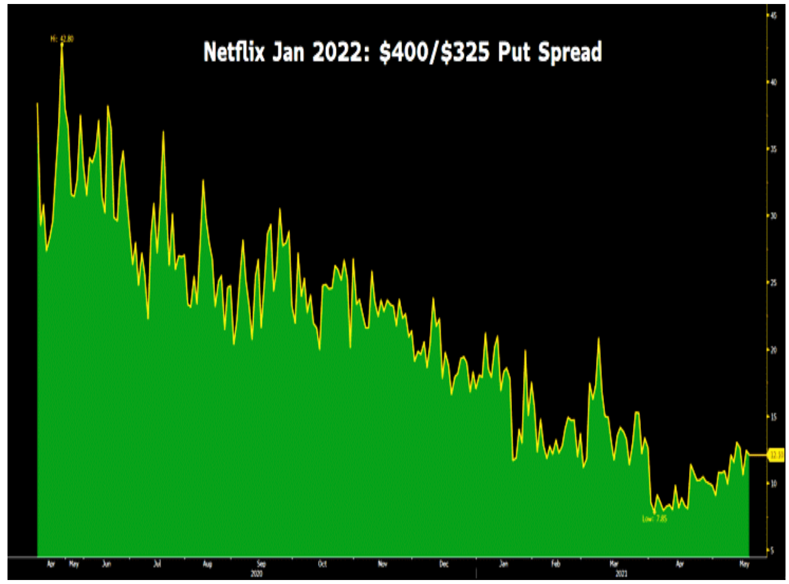
David Tepper's Appaloosa Q1 Trades

Adds/buys: XLE Energy ETF, CHK Chesapeake, VIAC Viacom, PSFE Paysafe, AR Antero Gas, MOS Mosaic, DHI DR Horton

Cuts/sells: MU Micron, FB Facebook, TMUS T Mobil, GOOG Google, PCG PG&E Corp, BABA Alibaba

Tepper is a Hall of Fame investor, first ballot indeed – he's clearly in the inflation camp adding many commodity-exposed names (namely energy) while lightening on big-tech and semiconductors...

Another Netflix Trade



Another option is to Buy the January-2022 $400 put / Sell January-2022 $325 put for $12.50.The max payout if the stock trades down to $325 is $75.0 or 6x pay-out. Keep in mind, this is another 6 months time from the previous trade. It looks to us with the valuation discrepancy between VIAC/DISCA, and NFLX which are now essentially the same businesses, NFLX stock can test $300/$325 on any break. It may make sense to have a long VIAC/DISCA and short NFLX trade on. You could do that by buying call spreads in the former and the NFLX put spreads mentioned above. On the NFLX January put spread you are buying a 35% volatility option at the $400 strike and selling a 40% volatility option at the $325 strike... This seems fairly valued i.e. not too much skew meaning there is not a lot of downside protection buying.

XLK Technology ETF / S&P 500 from JC Parets

With inflationary pressures on the rise, technology equities continue to hit new lows vs. the S&P 500 index. There is now little technical support nearby for tech. In our view, this speaks to meaningful downside for growth equities.

U.S. 10 Year Yield: Congressional Budget Office projects it will reach 3.4% by 2031 and 4.9% by 2051

Rates 2018-2021 lower: ***File Under Yield Curve Control FUEL*** *– Aa a result of recent rate declines, interest payments will decline from $375 billion in Fiscal Year (FY) 2019 to roughly $300 billion this year,* ***despite nearly $7 trillion of new debt****. The CBO projects (they are already higher than projected),* ***interest costs will more than double, rising to $631 billion by FY 2029, $846 billion by 2031****, and continuing to grow over the long term. Interest spending will total $5.1 trillion over the 2021-2031 budget window. Yet, the interest rate on ten-year Treasury bonds is already more than half a percentage point higher than projected. If all rates end up being 50 basis points above projections, interest costs would increase by $1.7 trillion. Interest spending would increase by $3.6 trillion if rates were one percentage point higher than projected.*

More Yield Curve Control Fuel (Gold Bullish)

*Interest Payments in the federal budget are set to be over $300 billion this fiscal year (interest payments are a significant part of the federal budget). Net interest is currently the fifth-largest federal line item and costs more than federal spending on food and nutrition services, transportation, housing, education, or refundable tax credits. This is despite the record-low borrowing rates – the total interest cost is near 10% of all federal revenue collections and roughly $2,400 per household****. Team Biden will spend heading into the 2022 midterms – the GOP cannot stop them – the last thing Dems want is a repeat of the 2010 embarrassing defeat . Another $2T of fiscal love is coming this year. Politicians will force the Fed into Yield Curve Control by year´s end. Gold – Silver Bullish.***

Yield Curve Control Forces

Before the Pandemic hit, 60% of the budget was already soaked up by entitlements and interest payments on debt. In just 24-months, Uncle Sam has tossed more than 30% of GDP into enhanced fiscal deficits. Looking down the road ahead, the Congressional Budget Office is screaming some blood-curdling data. In 20 years, just about 30% of all yearly fiscal revenues will be needed exclusively to pay back interests on government debt, up from 8% this year. Additional taxes simply won't be enough to bridge the gap, so pressures to monetize the deficit will inevitably rise over the years. The Fed should be adapting policy today to minimize these risks.

Keep in mind, the great one - Stan Druckenmiller - was throwing this idea around last week. The colossal deficit forces the Fed into action. The need to keeps long-end rates relatively low speaks to yield curve control and is very bullish for precious metals, dollar bearish in our view. Longs SIL Silver, Hecla HL, GDX Gold Miners, GLD Gold.

Copper to Gold Ratio: 1-Year Chart

The ratio of copper to gold is falling below a multi-month support trend (gold outperformance). ***With conviction - we see gold outperformance in the near-term.***

The Big Short - Michael Burry Inflation Positions

Aggressive positioning for a surge in inflation (as a reminder, it was Burry back in February who warned that Weimar hyperinflation is coming), which he is trading as follows...

- PUT on the TLT 20+ Year Treasury bond ETF, equivalent to some 1.266MM shares or $171.5 million
- CALL on the TBT 20+ Year Treasury Ultrashort ETF, equivalent to 2.536MM shares or $55.1 million
- CALL on the TTT 20+ Year Treasury Ultrashort ETF, equivalent to 100K shares or $4.6 million
- CALL on the 3x levered TMV 20-Year Treasury Bear ETF, equivalent to 38,400 shares or $3.1 million
- Outright long in the TBT 20-Year Treasury Ultrashort ETF, amounting to 300,000 shares or $6.5 Million.

Pro Pensions: UK Pensions Overweighting Precious Metals: Link

UK pension funds plan to overweight allocations to gold and silver as part of a 'commodity super cycle'. 78% of the 50 surveyed UK pension funds - which together hold a total £76bn in assets - assumed this would be their response to a burgeoning "commodity super cycle". 64% of respondents expect to go overweight in their allocation to gold, while 42% expect to overweight silver.

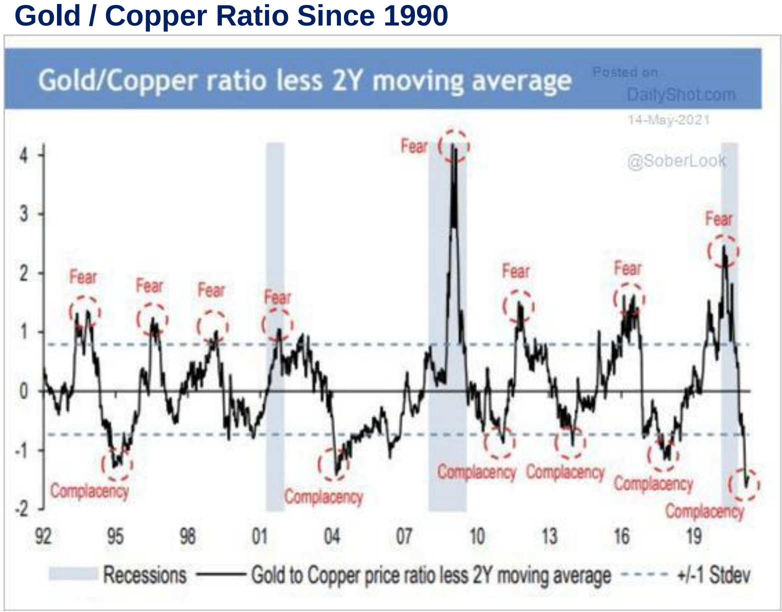
Dollar Debasement Trades

SLV Silver and GLD Gold call spreads make a ton of sense as the volatility curve is about as inverted as ever. We are seeing institutional clients put on the SLV January-2022 $25/$35 call spread trades at about $2… This means you are buying 32% volatility and selling 41% volatility. This week, we saw a ton of silver call spread chatter, mainly at the June 2021 expiration, either side of $30 (for SLV ETF) was a very popular spot this week. ***With the SLV Silver ETF up close to 7% in May, it´s interesting to note that the average share trading volume per day was 19 million in April and 31 million in May, BUYERS are coming in, BULLISH.***

Gold / Silver Cross

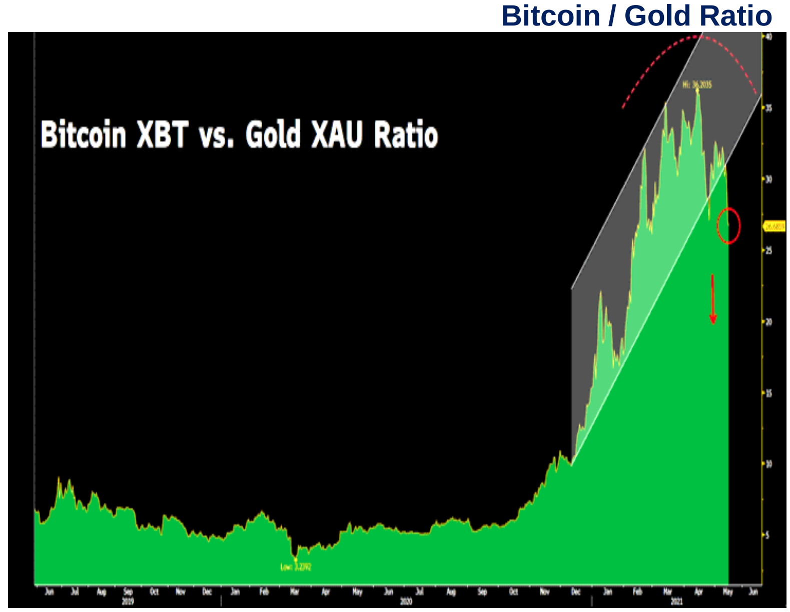
The gold/silver ratio is breaking below a recent support trend, ***which points to silver outperformance in the near term.*** *Keep in mind, silver outperformance has historically been correlated with precious metals bull markets. This is bullish for both silver and gold.*

Gold / Copper Ratio Since 1990



Year to date copper is up +28% with gold -1%, BULLISH gold*. The gold to copper ratio is nearly 1.5 standard deviations below its 2-year moving average. Over the past 3 decades, when gold is this oversold relative to copper, it has led to sharp reversals in relative performance.* ***It makes a lot of sense to lighten copper positions and add to gold here.*** *We remain gold bulls and long positions in GLD Gold Shares, the GDX Gold Miners, and the GDXJ Junior Gold Miners ETF.*

Bitcoin / Gold Ratio



The ratio of bitcoin / gold is breaking down below the recent support channel. From a technical point of view, this ratio has little support nearby, and a very low floor (gold outperformance). The ratio of bitcoin/gold has not been falling simply because of bitcoin weakness, gold rallied to its highest level since the first week of 2021 on Friday. The Bitcoin crash should provide more love to gold this month.

Stimulus and Economic Distortions

The Ghosts of Stimulus Past are gathering around the U.S. economy and financial markets. Rampant speculation. Shortages. Wild economic distortions. Fear of extending stimulus married to the fear of not extending stimulus must result in divorce.

FOMC Minutes: Taper Talk to Come?

*Fed Minutes (**taken BEFORE the bomb Jobs report)** were relatively hawkish this week as language on asset purchases changed. From 'participants saw need' to 'some participants'. So, consensus to NOT talk about tapering isn't there anymore...*

"A number of participants suggested that if the economy continued to make rapid progress toward the Committee's goals, it might be appropriate at some point in upcoming meetings to begin discussing a plan for adjusting the pace of asset purchases."

Trial Balloons to Come

"I expect to see trial balloons through the press so eyes on WSJ, Bloomberg, and CNBC for confirmation of a timeline." - Macro Portfolio Manager in our live chat.

Porcelli: "The Fed doesn't do stuff like this by accident. "Upcoming meetings". There are steps in this process. This is yet another step. This is the "long runway" the Fed keeps talking about... with a comment like this they are on the runway. They can be on the runway for a bit, but they are on it. We maintain our view, for a year-end taper."

Taper Talk Doesn't Mean Action in June

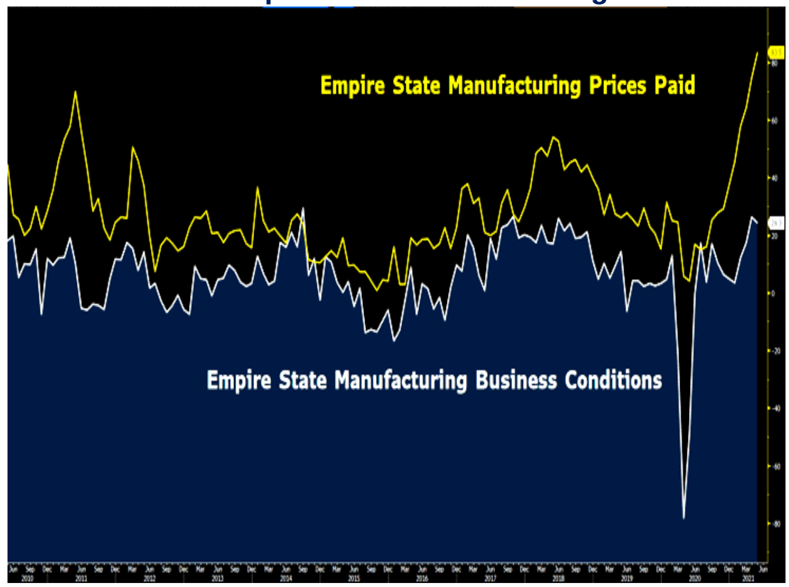
While this week's minutes were the first hint of a hint of taper, a couple things to keep in mind:

1) It's conditioned on "continued rapid progress" how does April payrolls fit into that?
2) Upcoming meetings (plural) are just to "begin discussing a plan."

Nothing is happening at the June FOMC. – We agree with our Jon Turek.

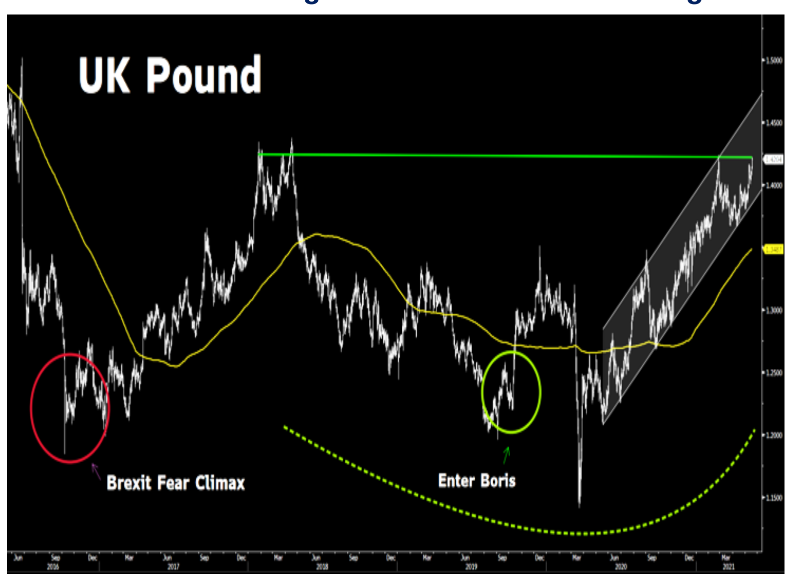
*Unlike the 2012-2020 regime, in this cycle the alpha male central banks are the PBOC (China, see CNH Strength on page one, **ALL supporting stocks outside the USA**), BOC (Canada), and BOE (England). They are pulling back accommodation far faster than the Fed. **Dollar bearish.***

Empire State Manufacturing: Prices Paid



New York state manufacturing continues to grow at a solid pace in May, reflecting the strongest orders in 15 years, while record shares of factories reported paying more for materials and charging higher prices. Prices paid for materials increased 8.8 points to 83.5, the highest in data going back to 2001. The Fed bank's gauge of prices received climbed 2.2 points to 37.1, also a series high.

British Pound Nearing Breakout – Bullish Sterling



*The British Pound is nearing its highest level (vs. the U.S. Dollar) since the Brexit vote in the summer of 2016. We remain UK bulls and long a 1/3 position in the EWU United Kingdom ETF**. We remain overweight bullish on top EWU holdings - Vodafone Group PLC VOD and GlaxoSmithKline PLC GSK. Since early September, EWU portfolio is +28% vs. +8% for the Nasdaq 100. In a reflation – inflation dynamic, stay overweight global value vs. tech.***

China Worried About Surging Producer Costs

"The National Development and Reform Commission policy research chair specifically mentioned April PPI Producer Prices as a concern Wednesday. Steel prices seemed to be a focus. Hong Kong and Mainland energy and material sectors were smoked this week." - Large Asia backed mutual fund Portfolio Manager

Copper Concerns

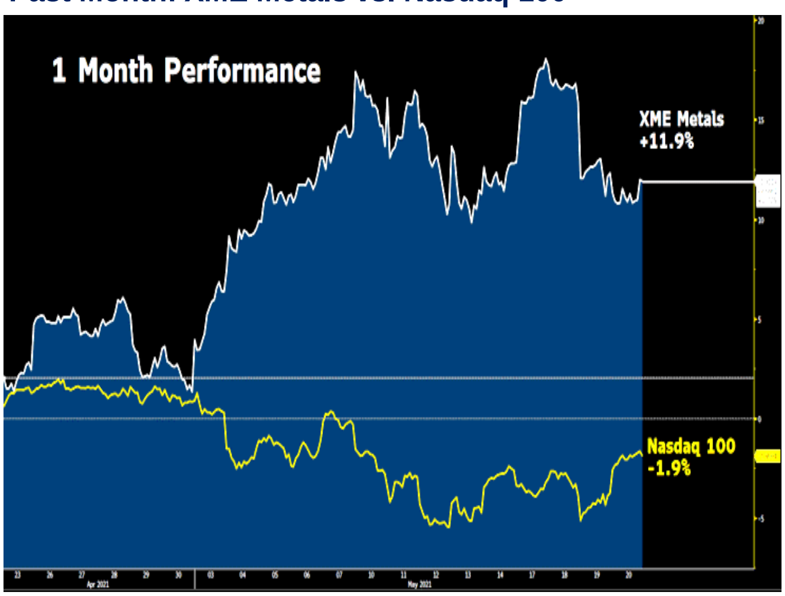
"China would have to figure a way to control copper. Xi held an emergency inflation meeting last week and the U.S. State Department executive committee met with this as the only agenda." – Intelligence Quarterly

"We think what happened is, because the State Department called a high-level inflation meeting, within the same 48-hour period of the Xi meeting, some people ran with this as a Fed - PBOC thing, this is NOT the case." Macro Fund CIO in our live chat.

China vs. Fed Control

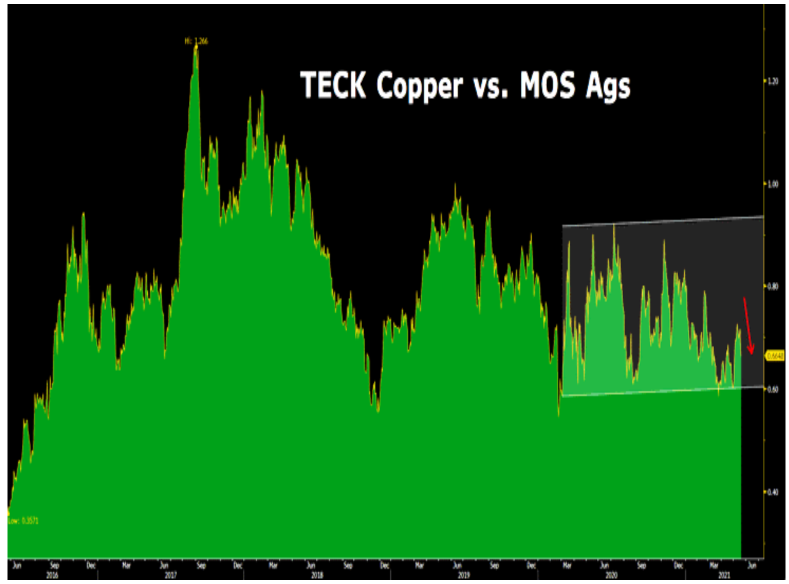
"*The Chinese can implement price controls or what not. I can't see what the Fed does. They have like half a dozen tools… none of which say, cut Iron Ore prices. I doubt they shift their entire monetary policy on this… they are just too committed to 'transitory'." - CIO NY Hedge Fund*

Past Month: XME Metals vs. Nasdaq 100



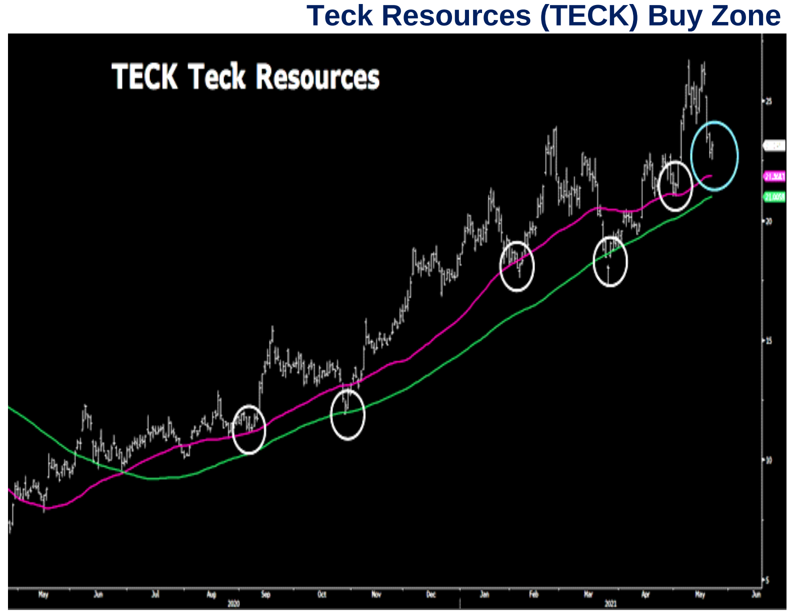
Despite the recent tech outperformance, it has really just been a small correction when looking at the past month's relative performance vs. cyclicals. Even with the recent sell-off the XME (metals) is STILL +12% in the past month vs. -1.9% for the NDX (big tech).

TECK Teck Resources (Copper) vs. MOS Mosaic (Ags)



Copper vs. Ags (Agriculture): One way to measure the efficacy of this China commodity sector chatter is to look at TECK (copper) vs. MOS (Ags). MOS outperformance has been picking up, TECK is +32% YTD vs. +60% for MOS.

Teck Resources (TECK) Buy Zone



In early bull markets, the 50 day has been the buy zone. TECK's bounces from near the 50 day over the past year have delivered returns of 22%, 25%, 78%, 35%, and 46%. The stock has only touched the 100-day moving average two times in the last year. On Friday, TECK closed roughly 5% above its 50-day moving average. ***In young bull markets, the 50-day is always a BUY.***

CHINA'S VICE PREMIER LIU HE SAYS CHINA TO STRICTLY PREVENT IMPACT FROM EXTERNAL RISKS, AND EFFECTIVELY COPE WITH IMPORTED INFLATION

The CCP and PBOC are upset that speculators are front-running them, hoarding commodities (tripling up orders) in anticipation of shortages. ***It's clear the central planners are colossal buyers of copper 2021-2025 and as BUYERS, they do NOT like being front-run.***

China GDP Growth: Credit Issue

"As long as Beijing insists on GDP growth rates that exceed the underlying economy's real capacity, there is no way Beijing can prevent bad debt from rising sharply. If banks and investors are forced to operate under hard budget constraints, however, it will be impossible for local governments to fund the activity needed to achieve the GDP growth targets.

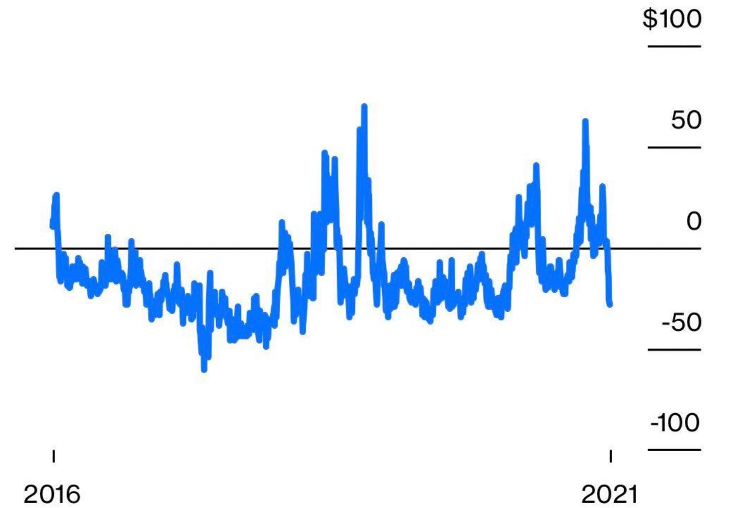
Moral hazard, in other words, isn't some unfortunate characteristic of China's financial system that can be fixed with the right policies. It is fundamental to the way Beijing's growth model works. Beijing must backstop the credit markets until it gives up targeting growth." - Michael Pettis, finance professor at Peking University

KCCB KraneShares China High Yield Bond ETF

The KCCB China High Yield Bond ETF is down sharply since its late 2020 peak. Despite the recent bounce, we are just off the April lows. China Corporate High Yield Bond market.

"Larry, keep an eye on China credit risk with slowing M2 and negative credit impulse." – CIO in Boston

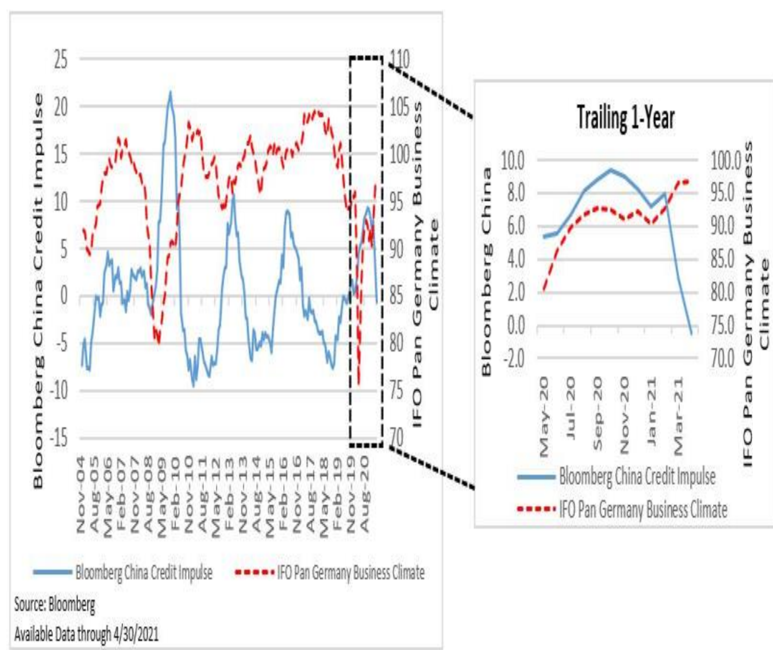
Copper: Spot Price vs. 3 Months Forward



Source: Bloomberg

"Copper for immediate delivery has flipped to a discount relative to three-month metal, suggesting weakening demand pressure. Copper's three-month forward spread has flipped to a $28 discount, the deepest we've seen in nearly a year. That suggests buyers are finally holding off from purchases." - Bloomberg

China Credit Impulse vs. German Economic Expectations

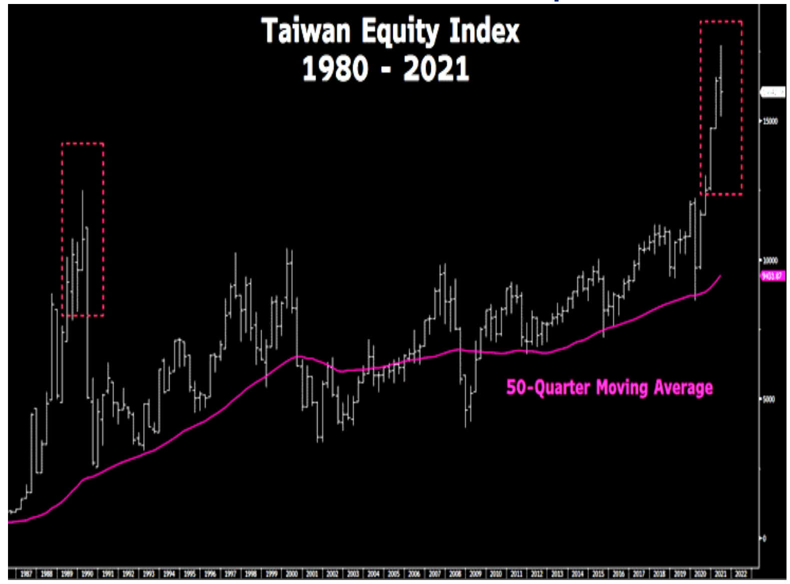


One of the bigger macro issues in the year ahead is whether the global export growth baton is being passed from China to Germany or whether China will continue its role as the gravitational center for global growth trends.

Taiwan Equities

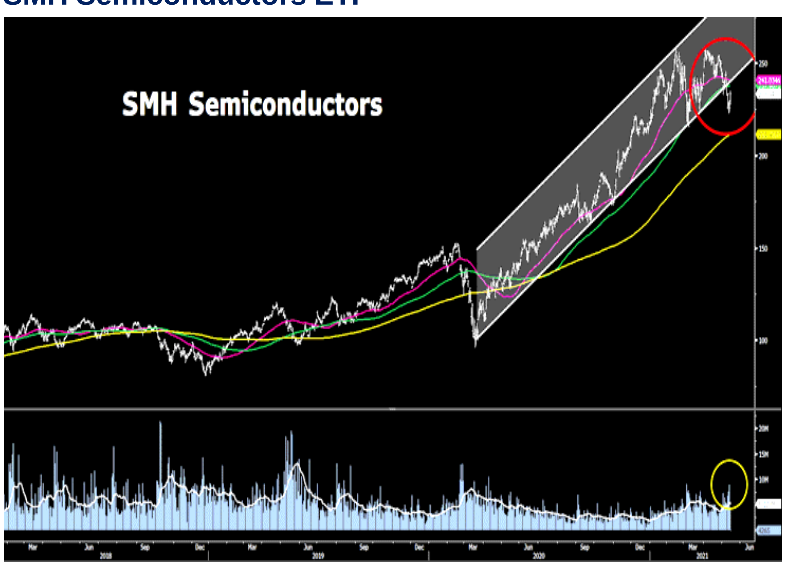
Recently, the Taiwan equity index fell from its April high near 17,600 to this month's closing low of 15,354 a drop of 12.8% on a closing basis. After that there ensued a nice pop to over its rising 100 day moving average at 16,033. A move back below would be bearish. Taiwan has extended its soft lockdown in response to the country's worst outbreak of the virus. The fear is there will be a hard lockdown. A hard lockdown would hurt semiconductors from being produced. Exacerbating the sell-off was the large amount of margin being used by retail stock buyers. Forced selling got a bit sloppy. Finally, the Taiwan exchange is the most heavily weighted to the frothy tech sector: close to 60% of market cap. That sector isn't as hot as it used to be. Our guess? A failed rally that does relieve the oversold condition, but in turn then becomes easier to push down to new reaction lows.

Taiwan Equities 1990 Peak



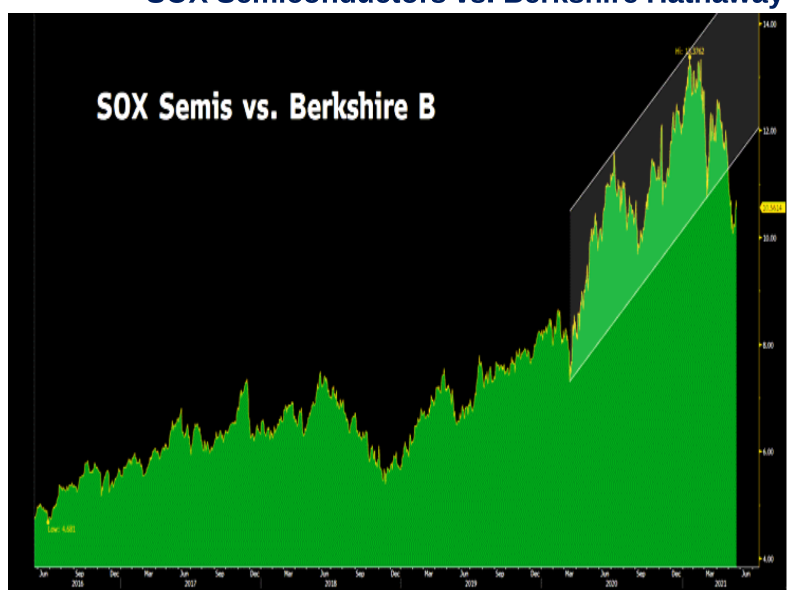
The only time Taiwan stocks got more extended was in March 1990, and that led to a nasty mean reversion in the form of a crash.

SMH Semiconductors ETF



This week, the SMH Semiconductor ETF had a classic 'fail to make it back into the great bull channel'. This rejection occurred with rising volume as well - real bearish.

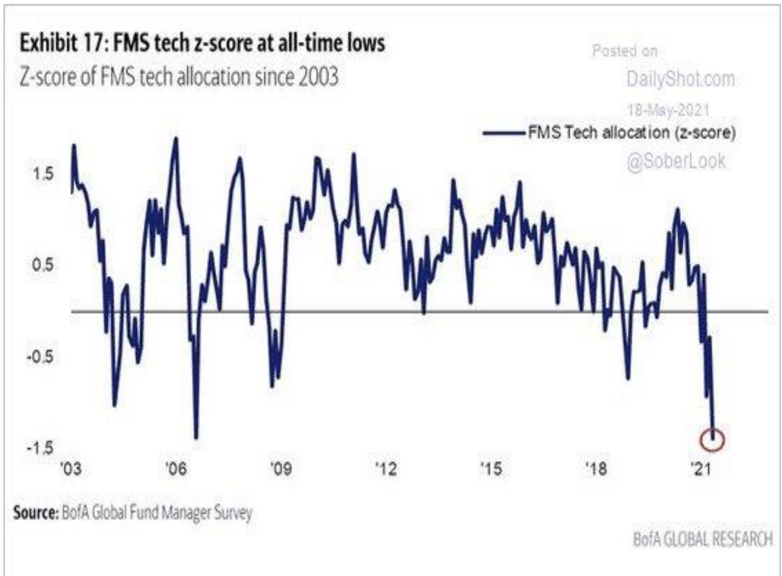
SOX Semiconductors vs. Berkshire Hathaway



Since its January peak, the ratio of the SOX Semiconductor Index / BRK.B Berkshire Hathaway has sharply rolled over (Berkshire outperformance). In recent weeks, the ratio fell through a multi-month support trend. With the semiconductor shortage continuing to cause problems globally and rising long-end rates benefitting the energy-heavy Berkshire portfolio, we continue to see this ratio heading lower. Remember, Berkshire is the bellwether commodity-exposed value equity play. Since Jan 21, Buffett outperformance has been picking up, hmmm

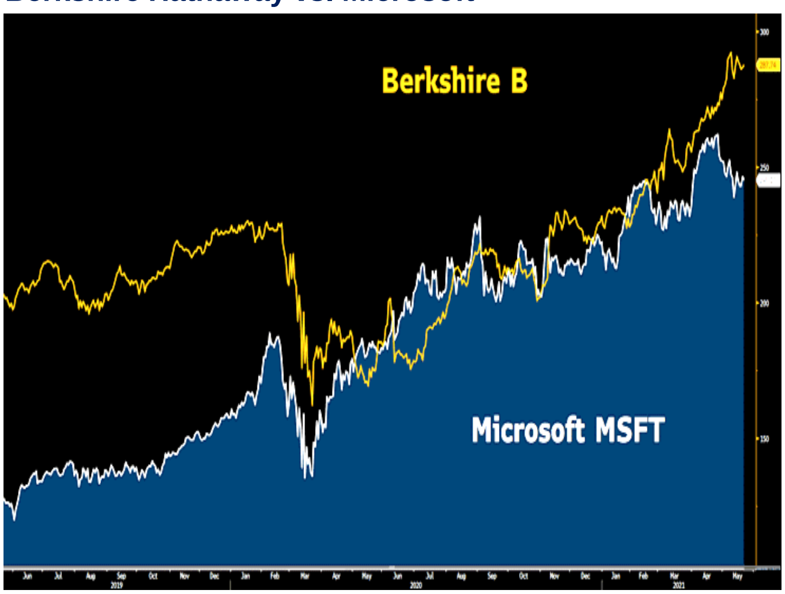
Semiconductors SOX -2%
Berkshire BRK +23%

The Tech Exit



Fund managers are the most under-weight tech equities since the mid-2000s. Inflationary pressures are clearly driving capital towards value equities. Keep in mind, we believe tech exposure is much higher than it appears above. Many fund managers do not account for the tech sector's overweight within the S&P 500 and Nasdaq itself.

Berkshire Hathaway vs. Microsoft



Over the past few months, there has been a clear rotation out of big-tech equities and into commodity-exposed equities and value stocks. Berkshire Hathaway continues to see its most significant outperformance relative to tech equities in over a decade. In our view, the economic forces guiding this rotation are here to stay. We continue to see fiscal stimulus and an economic re-opening driving capital out of deflation-benefitting tech stocks.

Goldman on Growth to Value

*"Amid the growth stock sell-off, hedge funds rotated sharply from Growth towards Value in early 2021. Funds remain tilted towards Growth, but their current tilt is now the **smallest since 2018** and registers **below the average since 2002**. The **shift away from Growth has been pronounced among extremely high-growth, high-multiple stocks**, while funds generally increased their allocation towards mega-cap "FAAMG" stocks during the quarter. A handful of high-multiple growth stocks fell out of the Hedge Fund VIP list this quarter, including NVDA, PINS, SHOP, and WDAY. The rotation away from Growth was also evident at the sector level. **Funds cut their exposures most in Info Tech, Consumer Discretionary, and Communication Services**. Tech remains the largest underweight relative to the Russell 3000 (-667 bp). In contrast, **funds lifted their tilts towards Industrials, Materials, Energy, and Financials.** Hedge funds continue to carry their largest sector net exposure (21%) and overweight (+768 bp) in Health Care, a sector that typically trades with Growth but currently carries nearly its largest valuation discount on record." GS*

"We are really glad we helped our clients get out in front of this colossal shift..." - Larry McDonald.

One Year

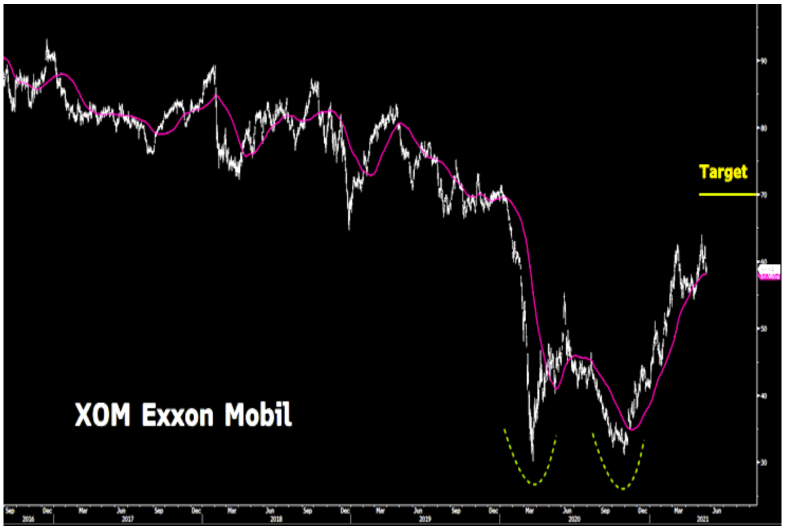
Ags MOS +198%
Uranium URNM +139%
Metals XME +116%
Berkshire BRK/B +62%
Materials XLB +62%
Nasdaq QQQ +42%
Software Cloud CLOU +34%
Amazon AMZN +29%
Netflix NFLX +12%

Recent Drawdowns

Bitcoin XBT -53%
Solar TAN -46%
Cannabis MJ -45%
ARK ARKK -39%
SPACs SPAK -37%
Biotechs IBB -18%

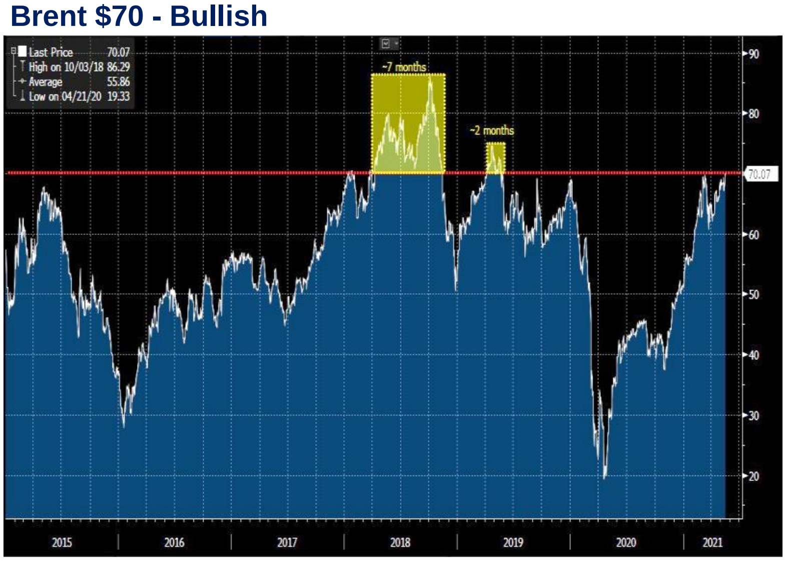
**Deleveraging since the Archegos blowup...*

XOM Exxon Mobil 5-Year Chart



The recent decline in Exxon ($58.41) barely registers on the five-year chart. As is typical after making a long-term double bottom, the stock is trading in a range above former resistance, consolidating before taking its next leg higher. "Resting" is a better word than "consolidating". XOM had a magnificent run and deserves some time off. Buyers have literally burnt their brains out on bullish enthusiasm and need to let their neural pathways heal before going into another round. Healing is healthy. The next layer of supply kicks in around $67 and gets thicker the closer you get to $70. ***We think the stock will top $70 by Thanksgiving*** *before a significant correction occurs. Ultimately, we think it goes much higher than that, but that's a multi-year call. We remain long a 1/3 XOM position here, but also own shares in the XLE Energy ETF.*

Brent $70 - Bullish



With Brent breaking above $70 a barrel, it is worth putting current prices into some perspective. Using close of the day prices, the market has rarely seen Brent closing a day >$70 since 2015 other than ~7 months into 2018 and ~2 months into 2019. Bullish - see our [oil write-up here.](#)

Nat Gas – Bullish for Coal and Uranium

There are many reasons we like coal, but clearly if there is natural gas demand that in turn is supportive of coal pricing. Besides, just looking at the nat gas chart, it is good to get a feel for what's going on at U.S. Liquefied Natural Gas (LNG) terminals. In a sentence: they'll be running at 100% capacity into the fall. Cheniere LNG equity (we remain long 1/3 position) is up 38% YTD vs. 11% for the S&P 500. ***Our mistake for NOT having this in the high conviction portfolio this in 2021, regrets.***

To the surprise of many, the global LNG market has tightened in the face of a demand spike. Last year was a historic low. In part, the tighter market is caused by depleted storage inventories in Asia and Europe after a severe winter in the Northern Hemisphere. The result? A strong injection season. Need proof? Look at the forward curves for the Japan-Korea marker (JKM) and the Title Transfer Facility. They are all but flat. That tells you traders are looking at a tighter market than they previously thought.

According to the Energy Information Administration, working storage inventories closed out the heating season 11% lower than the five-year average with only 1.1 Tcf on March 31st. That's down a staggering 44% from a year ago. That leaves European inventories at 29% of capacity. And that's 23% below the five-year average. Golly!

Asia ended up competing against Europe for LNG this winter past. So far, Eastern storage stocks were depleted there as well, resulting in above average Asian restocking demand now. ***Things are so bad in terms of supply; team Biden had to wave Nord Stream sanctions supporting Putin. Even some of Biden's fellow Democrats as well as Republicans - questioned the decision.***

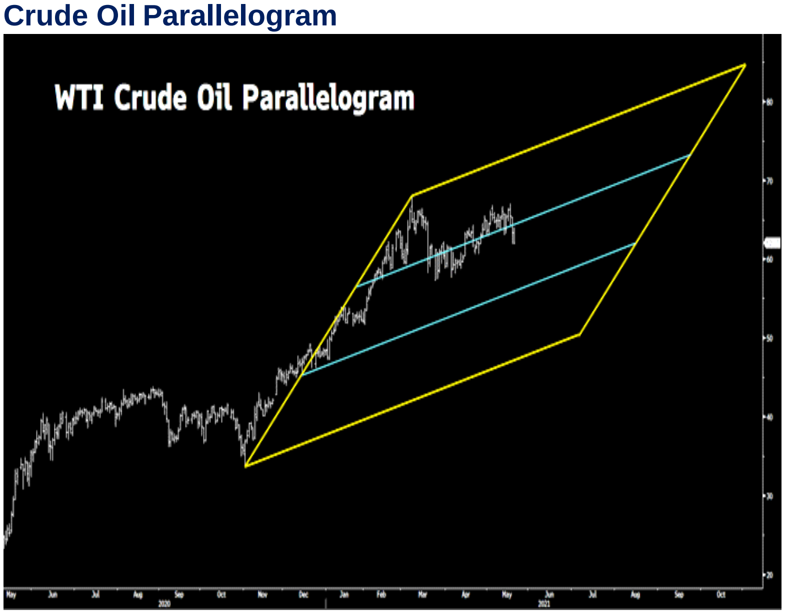
Throw in a cold European spring and higher carbon pricing increasing nat gas demand there (as a matter of governmental policy), and JKM has strengthened as demand competition for LNG between Europe and Asia continues.

Thus, is explained the current boom in U.S. exports. Record high gas deliveries to match supply needs at the terminals: over 11 Bcf/d in April. 40% of that goes to Asia. It has gotten so busy; the Panama Canal is stuffed to the point that vessels are routed around the Cape of Good Hope. A short cut to Asia doesn't help if the waiting line out at sea takes more time than the longer route!

Shale Free Cash Flow

***ESG Handcuffs are playing out here**: The U.S. shale industry has managed to resist a 22% run-up in oil prices during the first three months of this year, **holding output almost flat.** However, the lack of capex spending allowed the shale industry to see its largest free cash flow in over a decade. Explorers are adding to their cash piles by avoiding a huge return to drilling. Devon Energy Corp., for example, plans to cap output growth at 5% in times of "favorable" conditions. "With this powerful cash flow stream, I feel it is important to reiterate that we have no intention of allocating capital to growth projects until demand-side fundamentals recover and it becomes evident that OPEC+ spare oil capacity is effectively absorbed by the world markets." - Devon Energy*

Crude Oil Parallelogram



This is a clear sideways flag with a bullish consolidation formation. Oil should break out higher any time between now and the next 2 months. $80 seems like the best target.

WHITE HOUSE CLIMATE ADVISER MCCARTHY: EXISTING NUCLEAR POWER WOULD BE CRITICAL IN ACHIEVING CARBON REDUCTION TARGETS

There is only one sustainable path here and it's Nuclear - Wind and Solar's realistic contributions are highly inadequate without a colossal nuclear component. If we truly "care" about the planet, it's time to end the "free lollipops and cotton candy land" assumptions.

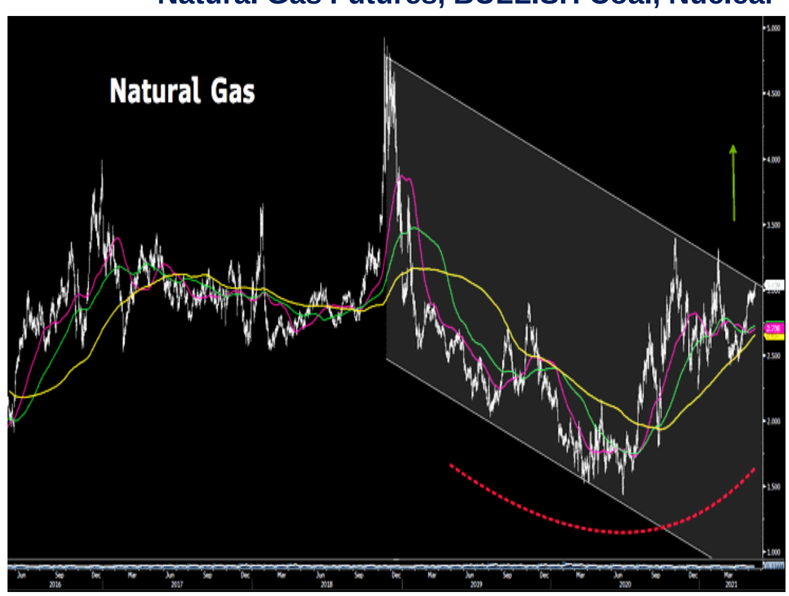
The Need for Nuclear Quantified

"They say no fossil fuel cars after 2035. In the U.S. we drive 3.2 trillion miles per year. Electric cars use ~0.3 kwh/mile. We'll need to build a 1 GW nuclear plant every three weeks starting tomorrow JUST for the extra electricity to charge the cars." - Dr. Robert Rohde

URNM Uranium ETF, Buy the Dips

*Uranium is now in a multi-year sustained supply deficit. It is becoming scarcer just as demand for nuclear energy is soaring to new highs as it is the only reliable carbon-free 24/7 clean energy source which can meet carbon emissions goals. Uranium prices must more than double soon to meet demand. **Operational coal plants, China + India 1320 vs. US + Germany 325 in a climate "crisis."***

Natural Gas Futures, BULLISH Coal, Nuclear



Natural gas futures are nearing a breakout from the multi-year downtrend. Natural gas is entering a 'new normal', this is highly coal/uranium bullish, in our view. We remain overweight, - natural gas UNG, uranium URNM and coal ARCH Resources.

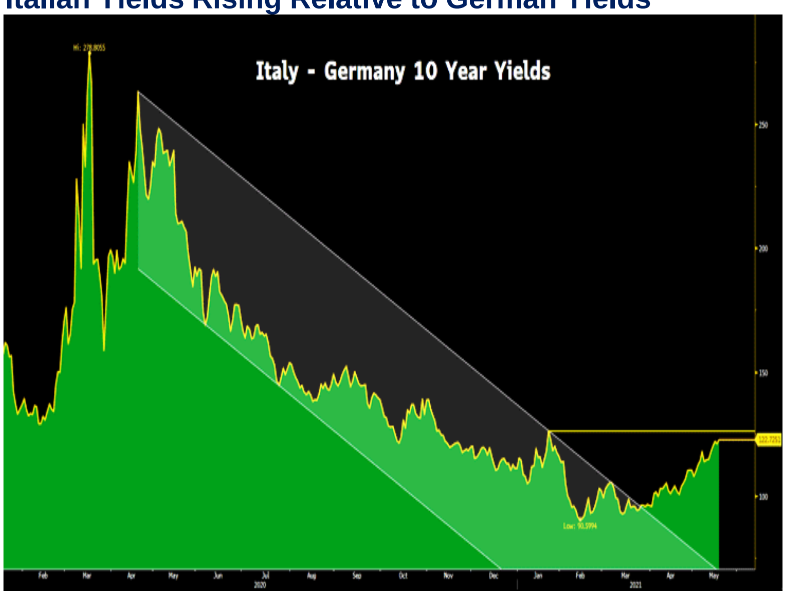
Central Bank Tapering 'Leaders'

The BOC, BOE, and ECB have been leading the hawkish brigade this cycle vs. the Fed in the 2012-2018 regime. So, EU HICP (inflation) is at 1.6% and the ECB will taper before the Fed? It will be harder for the Fed to lag behind the ECB on the tapering side of things when inflation is much higher in the U.S. than other countries. Keep in mind, we expect this to change as the vaccine is further rolled-out across Europe this summer. ***But we still think the Fed will lean on U-6 unemployment up near 11% and OUT-Dove the ECB****. Over 8 million Americans have left the labor force since January 2020, an inequality overdose for the Fed to arrest.*

"ECB will back down when the EUR starts to move" Macro Portfolio Manager in NYC

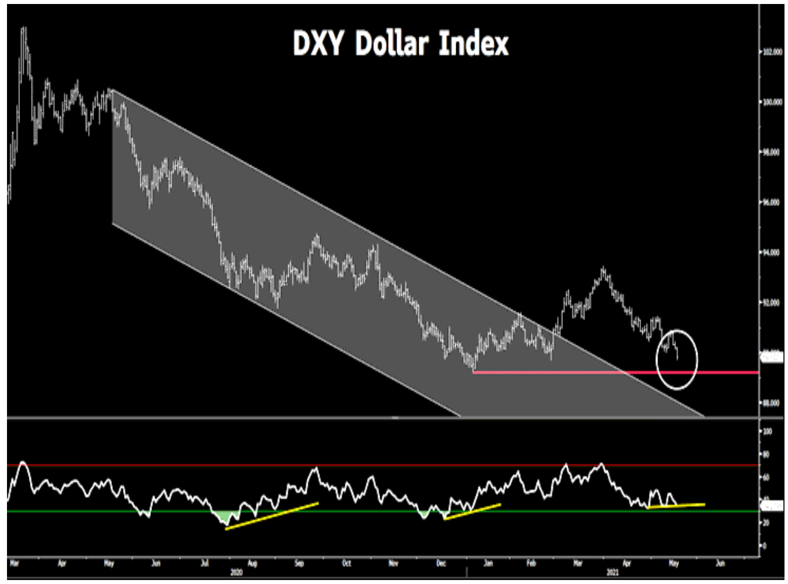
The move in European real yields has been much smaller than in the U.S. Unless you see them move considerably, the ECB is probably just happy to see some decent growth and inflation prospects after 10 years of drudgery.

The yield spread between Germany and Italy 10s
Italian Yields Rising Relative to German Yields



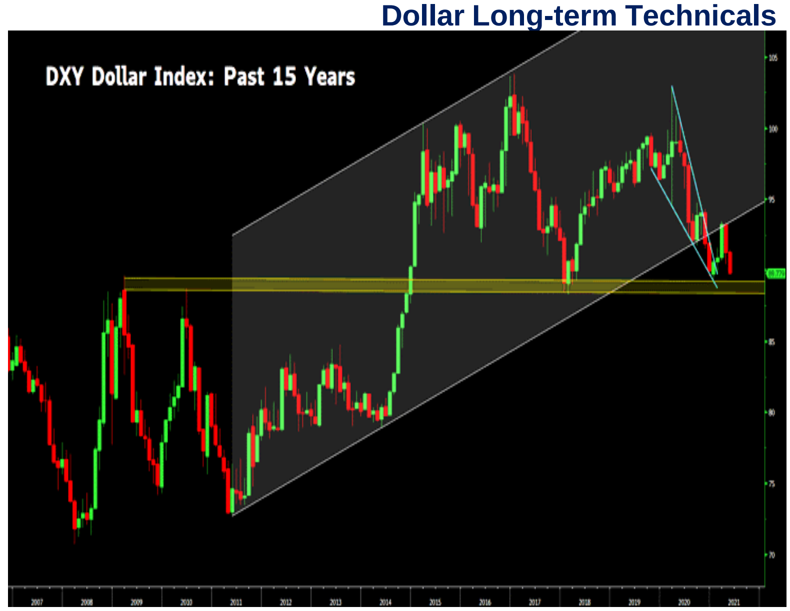
European bond yields are pricing-in a growth recovery in some spots (Germany), but the genesis of a tantrum may be forming in other areas (Italy). The spread between Italian and German 10-year yields is its widest since January 2021. Italy's bond yields just moved to their highest in more than eight months. Draghi is selling bonds like there is no tomorrow. ***The USA has far more competition in 2021-2023 in terms of developed market bond sales, everyone has a tin cup in hand.***

U.S. Dollar Technicals



The dollar clearly looks prepared to test the last low set on January 5th at 89.44. It isn't comforting that RSI (Relative Strength Index) is in lockstep with the price action. The odds of a bullish momentum divergence shrinks every day. The former low is a must hold or we could be in for some truly nasty action. The problem is that we really are seeing much more wage inflation than other countries and non-U.S. investors don't like countries with inflation. That's just the way it is. ***This is a globally coordinated swoon.***

Dollar Long-term Technicals



The recent low in the dollar is also a long-term support/resistance point. After being rejected by decade long support trend, a break of the 89 area in the DXY Dollar Index would speak to a much lower dollar.. Bullish metals, bigly.

CXW CoreCivic Update - BULLISH

This is a New Addition to our Small Cap Speculative Value Basket

Dr. Michael Burry has been a recent buyer, we agree. CoreCivic Inc. (CXW), the private prison company that has government agencies as its customers, made a low back in October of last year at $5.92 and currently trades at $8.25 (our target $14). The news for the industry has been bad: a Democrat-won election for the Executive and anti-private prison behavior immediately shot out of the White House. But one of the most basic rules of investing is: "It's not the news that matters, it's the market's reaction to the news that matters." We note that Netflix (NFLX) is trading in the lower part of its October 2020 range. So CoreCivic has outperformed Netflix. Bet that's a sentence you never expected to read.

We've written on the company in the past, so we won't rehash the basics. This is just an update. But the hook is simple: the empty beds once used by Federal inmates will be used by State inmates instead therefore who cares. Q1 revenue was $454.7 million, a 7% decline, partially as a result of having sold 42 GSA (General Service Administration) lease assets in December of 2020. Fewer prisoners were put in jail in the first quarter last year. Normalized funds from operations (FFO) came in at 44 cents a share, a decline of only 4%. EBITDA was $96.3mm, down a mere 4%. Our view is that as Covid-19 recedes, judges will be more willing to put people in prison.

President Biden signed an executive order in January not to renew the use of private prisons by the Federal government, which are cleaner and more modern than federal prisons. The two U.S. agencies that use CXW's services are the Federal Bureau of Prisons (BOP) and the United States Marshall Service, the former for convicted criminals, the latter for those arrested and awaiting trial. The BOP has had a steady decline in convictions since 2013. It counts for 2% of CXW's revenues. Yawn...

Additionally, even the executive order Biden signed isn't as broad as people think. It does not cover U.S. Immigration and Customs Enforcement (ICE) since that is part of the Department for Homeland Security. Inflows there are on the rise. Federal prisons are beginning to fill up. The clock is ticking, a point we made in our initial reports on the space. ICE relies on private companies to house 80% of its detainees. Its prisoners are transported across the U.S. Prison facility and occupancy was lower under Trump than under Obama. The Federal Government may build new facilities, but that idea isn't even in the discussion phase as of yet.

CXW has four contracts with the United States Marshall Service that will end in 2021. The facilities the Marshalls use are also used by the states in which the prisons are located. So, the first contract to expire with the Marshalls is at the end of this month in Ohio. The State of Ohio is the main user of that facility. It is unclear that the expiration of this U.S. contract will have any operational impact whatsoever on CXW's results. Why? The company is currently in negotiations with Ohio for all the extra beds. Next.

At another facility, the Crossroads Correctional Center, of the 664 beds, the U.S. Marshalls use only 100 of them. Located in Montana, the Facility Leader is Pete Budworth, Warden, who himself worked at the BOP for years. We highlight this detail just to show that CXW and the U.S. government are operationally not antagonists but friends. In any case, the State of Montana has expressed interest in using the beds the Fed's are ditching. We believe the 100 beds will be assumed by the Headwaters State.

Etc. Etc. You get the idea. We note that before the pandemic the BOP was operating at 100% of capacity. It isn't a stretch to foresee overcrowding in Federal prisons post-pandemic becoming a scandal in and of itself, thereby causing the White House's order to be quietly rescinded. It isn't a secret that State prisons are overcrowded. The States view these beds becoming available as a once in a lifetime opportunity to relieve endemic overcrowding in their State facilities.

Early in the second quarter, the company raised $450 million in senior unsecured notes. So, the capital markets are open for CXW. The company is selling four other assets for which it expects $120 million in proceeds.

Adjusted EBITDA was $96.3mm in Q1 2021, compared to $100.4mm the year before. During the first quarter, the company completed the process to revoke its REIT status. So as of 1/1/21 it's just a regular company.

We don't see this company to be at existential risk and view it as more of a bore, but a cheap one that trades at a P/E of 7.4x. We do, however, admit that it trades on emotion, not on math. Eventually, as the story unfolds it should continue to outperform Netflix.

Impala Platinum Holdings (IMPUY) - Bullish

Impala Platinum Holdings Ltd (IMP SJ or IMPUY; aka Implats) runs a group of platinum mines through its subsidiaries. These mines also have palladium, rhodium, and nickel. The company also refines metals for other producers. The indicated dividend yield is 7.2%. The company has about four times as much cash as debt and trades at 2.5x conservative forward EBITDA and at a greater than 20% forward free cash flow yield. Mind-boggling. Share are near $17; we think they run to $25 by next year Q2. We think green hydrogen could address 15% of worldwide platinum demand by 2026. Hydrogen is picking up loads of momentum around the planet as the potential clean energy alternative, assisting in further decarbonization of the environment. Last week, Daimler Truck AG and Shell New Energies NL B.V. announced a partnering to drive the adoption of hydrogen-based fuel-cell trucks in Europe. The companies plan to support the decarbonization of road freight by building-out hydrogen-re-fuelling infrastructure and placing fuel-cell trucks in customers' hands.

Enterprise value is 193mm Rand and we think it will crank out 77mm Rand EBITDA over the next 12 months generating 39mm in free cash flow. So yummy. The depository receipts have gone through a standard bull flag formation off the April $21 peak. At just under $17 we think it is primed to take another leg up. We think it can get into the upper twenties inside of twelve months. No guarantees, but it's cheap. Interim results for the fiscal year 2021 showed a 17% increase in tonnes mined to 12.22Mt and a 14% increase in tonnes milled to 11.79Mt. Gross refined 6E production increased 29% to 1.69Moz. This led to record financial results for the recent interim period for FY2021. Gross profit was up 263% to R22.4bn. The EBITDA margin was 43% generating R25.1bn EBITDA. Free cash flow was R20.1bn.

Management sees improving platinum demand, sustained deficits in palladium and rhodium, and significant supply-side constraints in all three. The company is producing metals at a solid rate, so we only see a modest improvement in Mt mined going forward of perhaps 5%. But since we are precious metals bulls, we're confident performance will rock for the balance of this year and all of 2022 and beyond. In our best-case scenario, Implats is trading at 1.5x forward EBITDA.

The company expects platinum demand to increase by 17%, for Palladium to remain at a deficit, and for rhodium demand to increase by 12%. Demand growth in platinum is driven by EU auto production recovery, catalyst loadings, jewelry rebound on pent-up demand, and continued physical investment in the metal.

Palladium drivers of demand include auto production to meet not only sales but to replenish depleted inventories. Rhodium demand will also grow on increased auto production and investment.

The Marula mine had free cash flow of 897 Rm, up over 100%. The Two Rivers mine had free cash flow of 721 Rm, up over 100%. Zimplats had free cash flow of $133m, up over 100%. The Mimosa play had free cash flow of $29m, up over 100%. Impala Canada had free cash flow of 72m CAD vs zero last year. IRS (Impala Refining Services) had free cash flow of 4,762 Rm up more than 100%.

The Marula mine is 73% owned by Implats. Two Rivers is 46% owned. Zimplats is 87% owned. Mimosa is 50% owned by Implats and 50% owned by Sibanye-Stillwater, a company we also love. Impala is 96% owned.

Implats is a top-tier producer of platinum group metals (PGM). The group is built of five mining operations and a toll refining business, IRS, located on the two biggest PGM deposits in the world: Bushveld Complex in South Africa and the Great Dyke in Zimbabwe. Implats has 133.8 million ounces of platinum attributable resources, the third-largest platinum producer in the world. Markets are global: Africa, Japan, China, the U.S., and Europe.

In the longer-term, Impala's prospects are bright because of the U.S., EU, and China's view that transportation has to go green. Transportation can be broken down into small vehicles, mainly cars, and large vehicles such as trucks, trains, and ships. Lithium batteries are more cost-efficient than hydrogen cell batteries on small vehicles. Hydrogen cell batteries are more cost-effective on larger modes of transportation. A green agenda is simply a joke if you can't get trucks and trains down to a zero-carbon emissions model. Hydrogen cell batteries use platinum, not lithium, to conduct electricity. Thus, there is an ever-deepening bid for platinum over the balance of the decade. ***Hydrogen is created through the electrolysis of water is referred to as "green" hydrogen, and platinum is used as a catalyst in the electrolysis process. Team Biden promises $400B over 10 years, powering clean energy, innovation.***

In sum, ***FEW are doing the math on the metals and materials needed to reach the green meadow. Too much hype without enough thought.*** *Impala is cheap on a multiple of EBITDA and free cash flow yield basis with excellent prospects for the balance of this decade.* ***We love platinum. We love Impala.***

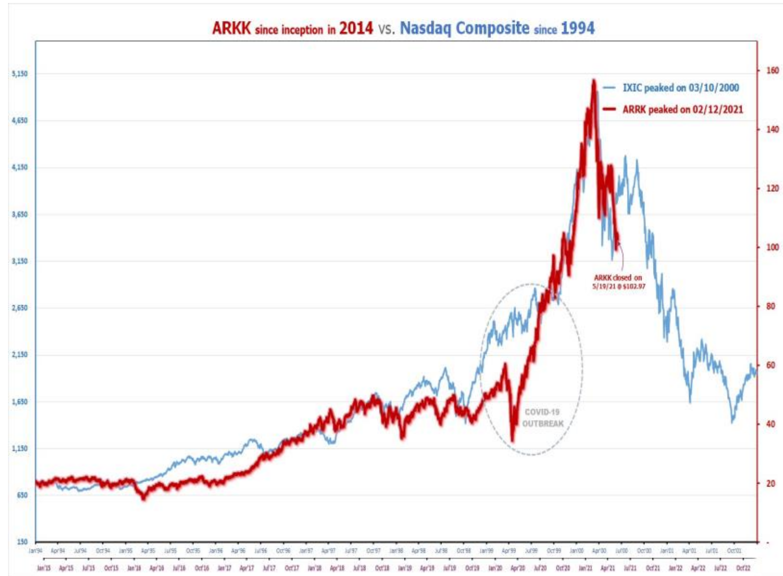
TURNING POINT
By The Bear Traps Report

Our 21 Lehman Systemic Risk Indicators

Weakening Breadth

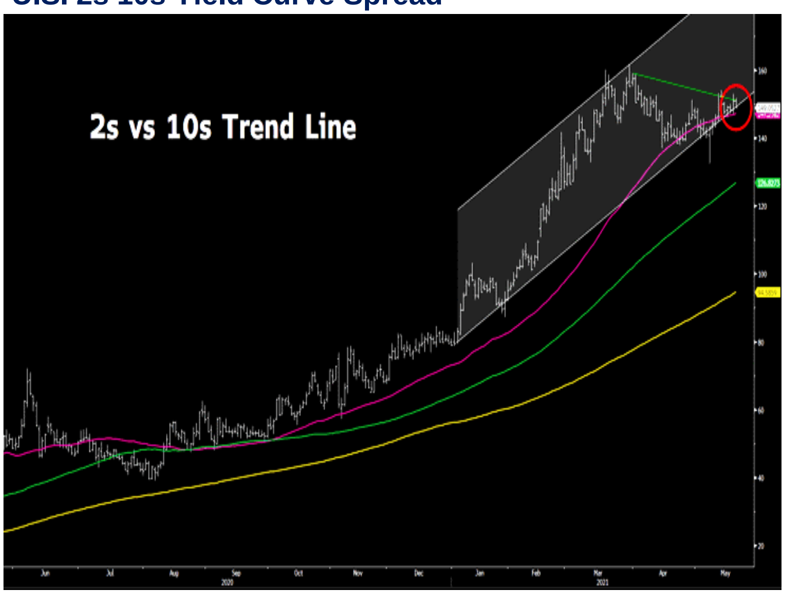
The number of equities in the NYSE trading above their 200 day moving average continues to slide lower, this speaks to weakening breadth. Within the S&P 500, the percentage of stocks above the 20-day and 50-day moving average are forming a serious negative divergence. The percentage above the 50 day has gone from 94% to 78% (last week was 64%). This is bearish in the near-term...

ARKK 2014-Today vs. Nasdaq Composite 1994-2003



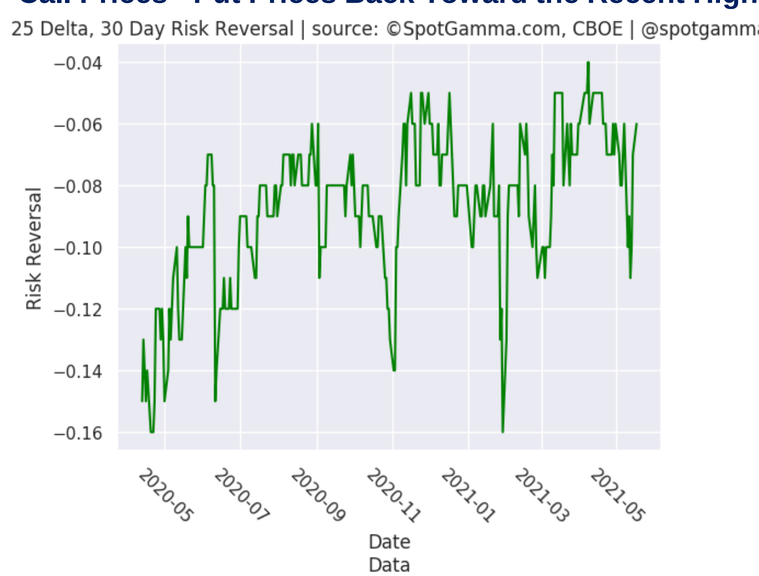
The parabolic run in growth equities (namely renewables) in 2020 was reminiscent of the dot-com bubble, from both a valuation and price action perspective. The ARKK Ark Innovation ETF's run-up since 2014 looks very similar to the Nasdaq Composite's dot-com surge. In our view, any rally in growth names should be sold with both hands (see tech's counter-trend rally that failed in 2000). We wrote about the price action similarities in late December 2020 - [see here](#).

U.S. 2s 10s Yield Curve Spread



The U.S. 2s 10s yield curve spread is right on an important support trend. A break here (flattening yield curve) would point to near-term deflation risk as the market grapples with China's recent criticism towards spiking commodity prices.

Call Prices - Put Prices Back Toward the Recent Highs



Here is a rolling, standardized view of call prices minus put prices. As you can see calls are now being priced as recent highs. Said another way: the fear is gone. - SpotGamma

TURNING POINT
By The Bear Traps Report

Short-Term High Conviction Position List (30-60 Days)				
Position	**Ticker**	**Description**	**Sector**	**Thesis**
2/3	CCJ	Cameco Corp	Commodities	*In our view, capital inside tech and growth equities will continue to rotate out of the space as inflation grinds higher. We remain short the nasdaq and overweight commodity-exposed and value equities in the near-term. Within commodities, we see particular outperformance from the uranium/nuclear space in the near-term.*
2/3	URNM	Global Uranium Mining ETF	Commodities	
3/3	QID	Inverse Nasdaq ETF	Short Growth	
1/3	GLRE	Greenlight Capital	Value	
2/3	GSK	GlaxoSmithKline	Value	
1/3	ARCH	Arch Resources	Commodities	
1/3	IBM	International Business Machines	Value	
2/3	SLV	Silver Trust	Commodities	

Long-Term High Conviction Position List (12-24 Month View)				
Position	**Ticker**	**Description**	**Sector**	**Thesis**
1/3	XME	Metals & Mining ETF	Commodities	*We remain bullish commodities with a long-term view. We believe the colossal amount of capital in deflation bets such as bonds and big-tech will hedge inflation risk through commodities.*
1/3	MOS	Mosaic	Commodities	
2/3	TECK	Teck Resources	Commodities	
1/2	MUFG	Mitsubishi UFJ Financial	Non-US Developed	*With a Democrat-controlled Senate, we are bullish global equities. The combination of eased trade war tensions as well as a weaker USD leaves non-U.S. equities with meaningful upside potential.*
1/3	EWU	United Kingdom ETF	Non-US Developed	
2/3	VOD	Vodafone	Non-US Developed	
2/3	EWZ	Brazil ETF	Emerging Markets	
1/3	PBR	Petrobras	Oil and Gas	*In our view, energy is the most un-loved sector in the S&P 500. With rising inflation expectations, we believe energy will widely outperform the S&P 500.*
1/3	BP	BP Oil and Gas	Oil and Gas	
2/3	XLE	Energy ETF	Oil and Gas	

High Conviction Portfolio Returns vs. S&P 500 Index	
Past Month (vs. S&P 500)	High Conviction +6.9% (vs. S&P 500 -0.3%)
Past 6 Months (vs. S&P 500)	High Conviction +41.8% (vs. S&P 500 +16.8%)

Bear Traps Report | Conviction Table

Asset Class	Recent Change	Strength of Conviction	Rational
Equity Positioning: US Equities	←	*Underweight* — *Overweight*	*We are bullish on cyclical equities with exposure to commodities. However, with a Biden Presidency and a weak-USD outlook, we remain bullish non-U.S. equities.*
Global Equities	←	*Underweight* — *Overweight*	*With conviction, we believe global equities (namely emerging markets and Europe) will largely outperform the S&P 500 over the next 12 months.*
Credit Quality		*Defensive* — *High-Risk*	*On the credit spectrum, we want to be heavily positioned toward investment grade corporates. High quality (Single-A or better) short term (1-3 years) US investment grade bonds are preferred. US high yield equities have quickly become overcrowded.*
Duration		*Low* — *High*	*Although we see risks to equity valuations, substantial deficits and numerous fiscal packages globally will hold a floor beneath long-term yields. The convexity risk is terrible if you are long high-duration bonds.*
Commodities	←	*Underweight* — *Overweight*	*Despite trimming our long-commodity (namely energy) exposure in recent weeks, we remain bullish on the space with a 12-month view. We have built up our cash position in order to buy at more attractive prices.*
Cash	→	*Defensive* — *High-Risk*	*With risk assets reaching very over-extended price levels in the short-term, we have lightened our overall long exposure substantially.*
Currencies		*U.S. Dollar* — *Global Currencies*	*We believe the U.S. dollar continues to have downside risk as QE-financed fiscal spending continues to plug the holes left from the coronavirus lockdowns. We remain bullish silver and gold.*