

MacroVoices Episode 540

Feature Interview with Adam Parker

Recorded July 09, 2026 · Hosts: Erik Townsend & Patrick Ceresna · Feature guest: *Adam Parker*

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Announcer: This is Macro Voices, the free weekly financial podcast targeting professional finance, high net worth individuals, family offices, and other sophisticated investors. Macro Voices is all about the brightest minds in the world of finance and macroeconomics telling it like it is, bullish or bearish, no holds barred.

Now, here are your hosts, Eric Townsend and Patrick Ceresna.

Erik: Macro voices, episode 540, was produced on July 9th, 2026. I'm Eric Townsend. We're going to take a break from the Hormuz focus of the last few episodes and turn our attention back to US equity markets in this week's podcast. Trivariat Research founder Adam Parker joins me as a first-time guest, and we'll focus on the US equity market.

Then stay tuned for our new and improved Macro Voices trading desk, where Patrick and Massil will deliver a fast-paced market wrap featuring Patrick's trade of the week, fresh positioning insights from the commitment of traders reports, and a concise breakdown of the key markets you need to watch. Our friends over at Alo Atomics made history this past holiday weekend.

Regular listeners may remember that I interviewed their CEO, Matt Lozak, on this program in our March 5th episode. Now, just in the short time since that interview, Alo literally built their first nuclear reactor in just forty days and then turned it on and demonstrated a sustained nuclear fission chain reaction on the 4th of July.

I interviewed Matt and his co-founder and CTO, Yasser Arafat, for Zero Hedge earlier this week, and I strongly encourage our listeners who are interested in investing in the Nuclear Renaissance to watch that video, which you can find on YouTube, and it's also linked in this week's research roundup email.

Patrick: And I'm Patrick Ceresna. We saw another week of meaningful repricing across the macro markets. Crude oil surged roughly eight hundred and fifty basis

points week over week as the Middle East peace deal broke down and geopolitical risk premiums rushed back into the energy complex. At the same time, the ten-year Treasury yields continued to rise sharply, breaking back above their June highs and putting renewed pressure on the rate-sensitive parts of the market.

Now, this week's feature interview guest is Trivariat Research founder Adam Parker. Eric and Adam discuss the US equity outlook, why earnings may continue to support the market even as valuations look stretched, the durability of the AI trade, and why energy may be one of the more interesting diversification themes inside an otherwise crowded equity market.

Eric's interview with Adam Parker is coming up as Macro Voices continues right here at macrovoices.com.

Announcer: And now with this week's special guest, here's your host,

Erik: Eric Townsend. Joining me now is Adam Parker, founder of [Trivariat Research](#). Adam, great to have you on as a first-time guest. I want to start because, uh, you cover equities, uh, quite heavily. Give me the big picture on where we stand now, 'cause so many people have said, "Oh, well, you know, it's, it's a bubble.

It's, uh, gonna roll over any minute now." Sure hasn't yet. Where, where is this market headed?

Adam: You know, I don't really talk to that many people who think it's a bubble. Maybe I'm in a bubble. But, you know, a different kind of bubble. But I think the corporate earnings have been strong, and the price to earnings probably likely contract some, and so you're left with a choppy but upward trending US equity market for at least the next 6 to 12 months just because of the strength of the underlying earnings.

Erik: Let's imagine that maybe there is another re-escalation of this conflict in Hormuz and oil gets tight again. Do you think that presents a serious, uh, event risk to equity markets, or are we gonna just get through this, whatever happens?

Adam: I think investors are really unlikely to pre-position for that kind of stuff at this point.

I think they've seen the most acute part of it kinda late February into March, and I think they'll be skeptical that there'll be huge damage to the earnings growth or outlook. So I, I don't expect that to cause a meaningful, um, you know, headline market sell-off. I mean, look, people have called for 17 of the last zero, you know, you know, problems with their earnings trajectory.

So I think it's pretty unlikely that anything from Hormuz could cause a big damage to the equity market from here.

Erik: And I know you've also commented quite a bit on energy markets with respect to Hormuz. Is oil, you know, only partway sold off, or is it sold off too far and overdue a bounce, or how do you, uh, see the situation?

Adam: I mean, it's a little, uh, choir talking to the preacher on this topic, talking to you it sounds like, Eric. But, um, my sense is at least the public U.S. equities, you know, S&P is something like 4% and change. Energy equities, I think you can own more than that, 78%, because the estimate achievability is above average.

I mean, in the U.S. equity market, one of the main dynamics in the last year has been the penalty for missing earnings has been way harsher than the reward for beating earnings. So if you're running a diversified portfolio of equities trying to beat the S&P, you just cannot own stuff that misses. So one of the things I like about the energy stocks right now is I think their estimate achievability is above average.

I think, you know, it's pretty clear that the change in the oil price is highly correlated to the change in the net income of, of a lot of the underlying stocks, and so I like that. And then because the S&P is such a AI semiconductor ETF, having energy stocks at a 40-year low on their correlation to the tech sector I think is a nice diversifying feature as well.

So I, I kinda like owning more than the bench weight in energy in a U.S. equity book.

Erik: I know you've done some work on semiconductors, particularly Micron Technology. Give us the picture of what is driving this incredible strength in the semis. Is it just AI or is it more than AI? Seems like there's just not enough memory to go around.

How long is that gonna last, and is there a risk that we get to, you know, a glut situation where th-this memory shortage leads to too much production at some point?

Adam: I'm a former fundamental semiconductor analyst for many years, although it's been a long time. So long so that when I was an analyst, Nvidia was too small to cover by, uh, market cap and liquidity, if you can believe that.

Erik: But- It's changed.

Adam: Yeah. Look, I think This is gonna be above compute, is gonna be an above GB- GDP growing business for the next several years. And I think the way to think about it is, what is the bench weight AI revenue exposure? And, you know, what kinds of AI revenue are there? And where in the AI revenue chain do-- am I willing to be over or underweight that index?

We did some work a few months back reading in the top 3,000 US equities with an LLM, doing some principal components and clustering, and we came up with six AI revenue buckets. These are all companies that have meaningful AI revenues, currently about 265 of the top 3,000 US equities by market cap have meaningful revenue, which we define as 5% or more of their revenue or a new product announcement indicating that's imminent.

When you do that, every sector's recommended except for consumer staples. All of the Great Eight, except for Apple, have meaningful AI revenue. So th-there's a big chunk of market cap that's exposed here. I think the memory and, and semi caps, which are highly correlated, are one cluster, and that's the one that's gonna be the most volatile.

And we kinda think you have to be market weight that. We've had a pretty sharp sell-off here early in July, but I think there's just so much earnings upside. So we did, um, a bunch of work on Micron in particular. Uh, we did 10,000 simulations varying the periodicity and amplitude of their earnings cycle.

Kinda came to the conclusion that the stock trades around four to five times peak earnings and 10 times normalized earnings right now. We think that's probably a little bit too cheap. So you're gonna get volatility for sure, but I think there's a lot of upside to the base and, and peak earnings in-- over the next six months.

So I don't think it's like the trade's over, and frankly, I don't think it'll be very easy for most people to call that. So, you know, when I look at portfolios and I see people really underweight that, I always wonder why that's their highest conviction idea when it's gonna be so challenging to get right.

Erik: Something that I can't decide what I think about this AI trade is, on one hand, I really am convinced that AI is a trend that, you know, could be bigger than the internet e-e-e-eventually. But the thing I can't seem to reconcile is where are they gonna get the energy in the timeframe that they need it, and how does energy not become a gating factor that at some point prevents the growth of the AI industry?

What do you think about that? Is there an energy gate, and are there any e-efficiency technologies where eventually AI can do more with less energy?

Adam: Sure. It's all of the above, right? I mean, power and, uh, if you look at the stocks, um, you know, people have been bottleneck hunting on that AI path for several quarters now, and you see that with the G Vernova and Vistra and Constellations, and you see it with Panasonic and, and you see it with Corning and, and Sienna and other parts of the chain.

So I, I think there's no question people are focused on power. The big companies themselves have talked about access to it. In some ways, what I think it does is prolong the periodicity of the cycle by preventing it from getting heated up, to use an energy word, earlier. You know, I think the challenge is, you know, we're in an earning super cycle for the S&P 500, and being bearish on AI is, is-- and, and thinking that you can time where the cyclical top is, is gonna be super challenging.

So I, I like having exposure to different parts of the AI revenue chain, and obviously power, utilities, and energy are, are one meaningful chunk of that.

Erik: As much as I hate to say it, my take on this is that whether we like it or not, China's got their act together better on energy than we do. Is there a way to play that in the market to benefit from that unfortunate situation for Americans?

Great situation if you're Chinese.

Adam: Yeah, I'll defer to you on, on China's exposure. I'm, I'm not so sure of the underlying fundamentals there. But there are definitely ways to play it within the

US public market. I think the challenge is a lot of these stocks are really correlated to like an AI semiconductor basket, so what you have to decide is how much of that exposure do you want?

And stocks that previously had been considered anti-correlated or unrelated have become, like some of the power and utilities are good examples, right? So I think you just have to ask yourself, "What's the bench weight? Do I wanna be over or underweight?" I think there's a lot of things to own. Even traditional utilities could be good.

Gas, oil, the whole c- the whole kinda chain, uh, nuke, et cetera. So I'm, I'm kinda bullish on that space, um, and I think the market is trying to look out to 2031 earnings and revenue and say, like, "Where could there be potential upside?" I hear sometimes people say, you know, you mentioned the bubble word earlier, "Hey, this is frustrating.

The market's not trading on fundamentals." And I kinda disagree. I think the market is. It's trading on a distribution of outcomes on 2031 revenue, and the companies where the out-year re-revisions are going up, I think have, have outperformed those where they're, they're not going up. And so I think the power energy space is definitely one of those.

Erik: What others do you see? Where are the other opportunities that, that you see in the market for p- e-exceptional growth?

Adam: Exceptional growth and good stocks aren't always the same thing, and for many years, you didn't wanna own the fastest growing stocks 'cause they came with higher expectations and more disappointment.

But it's interesting you phrase it that way, Eric, 'cause in the last couple years, fast revenue growth has outperformed, especially among higher quality stocks, because the high quality stocks have had multiple contraction. You need it to grow fast to offset it. But I'll, I'll take the tenor of your question And say like what, what really hasn't worked but could?

I think the healthcare sector is kinda interesting because the market telling us that there's a 0% chance healthcare's the best performing sector in the market over the next five years, and I think it's like a 30 or 40% chance, and I wanna arb that

difference. And, you know, what the market's telling me is that the government is gonna stop paying for meaningful chunks of what they currently pay for.

And again, I, I just don't, I don't think there's the political will for that to happen at the rate that's in the price. So we have an aging population, healthcare revenue per share has grown every year, 30 plus years in a row. The stocks are very anti-correlated to AI semis. Estimate achievability should be, should be above average here.

So I kinda like all these things that are, you know, kinda potential AI productivity beneficiaries where the businesses have low margins, could get better at predicting their employee and customer behavior with AI tools and driving out cost. So I, I like tech. We're recommending tech, healthcare, and energy, I guess, to summarize the offensive side of our recommendation set.

Erik: We're hearing more and more people getting concerned about inflation, uh, secular inflation risks, and we're, we're seeing some signals in the markets. What's your take? Do you think that we have a serious inflation risk, and if so, who are the winners and losers as a result?

Adam: I really don't think that actually, but again, like I think you hang out in the smart energy fixed income cohort of the world more than I do, and I hang out in the dumb American equity cohort.

And so we've learned that listening to interest rate strategists to, to play equity capital is a loser's game. I mean, when I worked at Morgan Stanley, they were wrong every single year forecasting interest rates. Every year I worked there they were wrong, and if I impregnated their rate view into my equity view, it would've not been hopeful.

And I'm not saying I can do it, I'm just saying these are all really smart people with access to the Fed and the Treasury and a lot of data, and they couldn't get it right, so why the hell would I? I just-- One thing I've observed is that people always think there's some level of the 10-year yield that magically caps the ability for equities to work, and I think that's hooley.

I think when the market... When growth is strong, the multiple expands and earnings grow And so I don't-- I'm not that worried that we're in some sort of in-

stagflationary environment or growth scare, and I wouldn't pre-position for that in an equity book today.

Erik: Adam, we've been talking a lot on this show about the Hormuz crisis, but I know you guys look at it from a different perspective, which is not trying to analyze the barrel counting and all that, but who are the companies that might not even be related to the oil business that are gonna be the winners and losers as a result of this crisis?

You published a note on that, I think it was more than a, a month or two ago.

Adam: Yeah.

Erik: Give us some perspective on that. How do you think about who wins and loses?

Adam: You know, we have a US equity lens, and so when I think about giving advice to our clients, it's gonna be around, like, who could be the winners and losers.

So what we did a while back is we, we s- we looked at every earnings call transcript, particularly through that April earnings season when the bulk, bulk of them report, and we look for any commentary from the top S&P 500 companies on Iran and on oil. And, um, you know, obviously, y- that, that could take the form of, of many other things.

You know, th- as you know quite well, you've got whatever, all the base petrochemicals that come from that. Some of the companies might talk about ethylene or propylene or ammonia or benzene or all that stuff. And so we wanted to see what companies have been saying on the topic, look at all the transcripts, figure out if their commentary was mixed, negative, neutral, or positive, and kinda see what we thought it could mean for estimates.

And we came out with a view that it really wasn't. And this was done, um, the note we published was a couple months ago now, early May. We kinda concluded it wasn't gonna have that big of a net impact on earnings, and a lot of the companies that it most negatively impacted were actually in, in kinda lower quality consumer discretionary, which had, you know, sort of largely been beaten up in an anticipatory fashion.

So I, I don't know. I, I kinda think that the overall net impact from higher oil isn't that great, and that's why I made that comment earlier that I just don't think that, that Hormuz-related news. Earlier this week, there were sort of three boats getting attacked, and the president was talking about, you know, restricting Iran oil and, and the, and oil went up.

But I just don't see it causing, like, a huge sustained growth scare to US equities.

Erik: You've also done some work on portfolio construction and how to diversify around-- There's so much market concentration on this AI and semiconductor trade. Yeah. If you've got a lot of beta exposure to the S&P and you're concerned about that concentration risk, what do you do to round out the portfolio and, and be diversified in case AI takes a, a nosedive at some point?

Adam: Yeah, I mean, that's a really good question, and we spend a lot of time with, um, clients trying to think through that. I think there's a few things that you can do. I mean, one is you have to measure your AI exposure carefully, and that's why I mentioned, you know, kinda really trying to think through who-- what are the AI revenue beneficiaries, and just figure out if which parts of the AI revenue chain you're over or underweight.

Two, you gotta find things that are not correlated to AI semis, but also are good. In other words, I can find stuff that's not correlated that sucks, right? So the question is, can I find stocks that maybe have a point two or lower correlation to my AI semis basket that recently had upward revisions or that have positive momentum or decent alpha so that a lot of those names are in energy or in healthcare or select Uh, industrials, consumers, places that just aren't the same trade because we all know Eaton and Caterpillar and, and, uh, GE Vernova might look like they're in industrial and utility sectors, but they're just point nine correlated to AI semis.

So I think it's measuring and then diversifying away from it. I think the defensive part also is important. So what are the low beta names can you own? Maybe it's not your, your, your father's Ford, so to speak. It's not maybe staples and, and telcos, but maybe it's, you know, aggregates or, you know, maybe software's trading like tobacco used to, or maybe it's other things that are defensive.

So I, I think that's one kind of vector of thinking. And then I think the other thing is like, how many stocks do you own? So when I talk to a lot of my clients, I say, "Well, okay, could anything happen in the next 10 years that would make you

wanna own more or less stocks? If you usually own 50 stocks, could something make you wanna own 25 or 75, and what is that?"

And so we did a bunch of simulation work where we kind of said, "Let's look-- let's pretend you're a 75th percentile stock picker, so like a really solid alpha generator, and let's look at 25, 50, 75, and 100 stock portfolios, and let's measure, you know, simulate thousands of them for every, uh, rolling one-month period back for 25 years, and let's look at whether it made sense to run concentrated or diversified in various regimes."

And our, our conclusion was pretty strong that really since 2020, you had to run more diversified than normal, that the drawdowns from concentrated portfolios, even for 75th p-p-percentile stock pickers, have been too extreme. And so running with more like 50 or 75 names for an institutional manager has just resulted in a lot better performance over the last few years.

And whether that's the multi-strats or retail or passive or whatever, it's hard to measure, but I feel like this is a regime where I gotta own more names than normal because your point's spot on that if very few stocks are outperforming, but the ones that are are outperforming by a lot, I can't afford not to have any exposure in that, in that pond.

Erik: It seems like the obvious thing to do there would be to look for value trades. Uh, are there any value trades in this market? I mean, is that the right way to diversify or, or is there nothing that, that really fits the bid there?

Adam: I don't really think valuation works to pick stocks, meaning like if I buy cheap stocks and short expensive stocks, I make zero money, and I haven't made any money doing that for 15 years.

So that valuation doesn't work. Neither does like PEG ratio. What, what does work actually, and maybe this is just in the regime we're in, is buying stocks that just got more expensive And avoiding stocks that just got cheaper. And the reason is, if you look at stocks that just got more expensive over the last quarter, say on price to forward earnings, they actually have a higher probability of beating estimates.

And given we're in this regime I mentioned earlier where the penalty for missing has been so harsh versus the reward for beating, you just can't afford to own stuff that misses. So we, we've been looking a lot more for-- And, and by the way, the

probability you beat a second time given you beat a first time, this is higher than the unconditional probability.

So all of a sudden, it's not just momentum and more expensive, it's actually there's information in it. Companies that got cheaper have a higher probability of missing. Well, I don't want to own something that misses. So I think that logic has been more pervasive, and so I, I don't think value the way people think about it, like price to earnings or price to forward earnings or price to book, I, I, I don't think that has any information in it at all in a, in a less than three-year timeframe.

Erik: And where you're focused on US equities, do you consider the US political cycle in part of your analysis? Because obviously what happens next as we come into these midterm elections could be pretty significant one way or the other.

Adam: For sure. You know, I think it-- we definitely think about it. We look at poly market odds on the, on the House and the Senate, and there are a group of my clients that speculate on what could a, you know, meaningful blue shift do to regulation in the financial sector, to healthcare, to defense, to oil, whatever.

But I think it's a different question to say, do you think broadly your clients are pre-positioning for that today? I'd say not really. Not really. I think it's hard for them, you know I think it's a little, a little premature for them to pre-position for what happens.

Erik: And do you analyze which stocks or which sectors would benefit from that blue shift if you see it coming?

Adam: Look, when Harris's polymarket probability peaked, I think it was in September for-- before the last election, it started to come down. You started to see the microstructure of the market change a lot. You started seeing the alternative asset managers go up on, on regulation and deal-making. You know, you-- there, there are ways you can try to measure some changes in, in the m-market microstructure.

But, you know, if I were a CFO and, and I thought I might have a regulation, regulatory issue, I'd probably get it done soon with a deal. But I just don't think right now there's a ton of folks that I'm talking to on the institutional side that are actively changing their portfolio strategy around this. I, I, I do think there'll be more conversation going forward.

I think there's some confusion about what the president can do unilaterally versus what the House and Senate would do. I think historical data shows that a red president and a, and a blue, uh, you know, House and Senate, you know, that gridlock generally is, is good for equities 'cause you get less sort of change.

But, you know, the, the president hasn't always relied on, on those branches of government to, to facilitate the change anyway. So I think people are a little bit unsure that there's statistical significance to the historical analog that they should position for today.

Erik: Adam, the obvious, uh, move here in a richly valued market would be to focus on quality stocks.

Tell me about how you guys at Trivariat... It's easy to say, "We only choose quality stocks." How do you decide which ones are truly quality stocks?

Adam: It's a good question, and that's really changed over time. I have a, a different view, an evolving view on that. You know, we have our own way of scoring that. We tag stocks monthly as high, mid, low quality or junk into these four buckets.

The way we compute it, high quality actually hasn't beaten junk for six years now. So a lot of my... a lot of institut- in-institutional investors will complain, "Oh, this junk run, the Goldman junk basket, the profitless basket, like that's beating quality." And I ke- I've been hearing that complaint for a really long time.

It's definitely true that junk stocks outperform high quality historically three months before a recession bottom, where you get a lot of monetary stimulus, fiscal stimulus, and then the stocks that were discounting bankruptcy, that are generally the junk stocks, outperform a ton. I assume that's the same in the bond market as well.

But what's happened and been different recently is just that the high-quality companies have underperformed because the average one maintaining your awesomeness doesn't really carry any price to earnings expansion. It's, it, it, the median high-quality companies had multiple contraction, and so this sort of ability to improve has been what's, what's better.

And so we don't really think quality investing works very well, um, and it hasn't for a long time. It is true that companies where the quality improved s- particularly low quality and value stocks, can outperform, but it's not-- it's contemporaneous, not predictive. So you don't, you don't wanna buy something that just improved its quality.

You have to be right that it's gonna improve. So we do a lot of work on, on quality and, and changing quality. I, I, I also think that maybe not everyone understands this, but the way we tag stocks high, mid, low quality and junk, about 82% of the current S&P 500 market cap is top half quality. So like a reasonable question for a long only investor trying to beat the S&P 500 would be, do you need to be overweight to 82%?

I mean, we c- maybe you can be a high quality skewed investor and own two-thirds top half quality and you're way underweight the index and I think that's been a better strategy, you know, for quality investing over the last few years.

Erik: We talked earlier about investing in the AI sector. Do you use AI in your research, and if so, how?

Adam: So we use it a ton, and, uh, it's evolving. It's... You know, we-- or a small firm, Trivariant Research, but we have a pretty substantial token expense. You know, so our firm always has, you know, every day for the biggest 3,000 US equities, we're, we're downloading or computing hundreds of pieces of information for f- for, you know, these companies.

We're doing the natural language processing of all of their earnings call transcripts and all that. So we've always done things quantitatively and, you know, kinda systematically to do the research. But the AI tools are amazing. Like I'll, I'll give you an example. Um, this is kinda cool. So, so I write a note every Sunday at 5:00 p.m.

East Coast time called a level set. The idea is, you know, we do, I think I do whatever it is, 15 or 16 institutional investor meetings for an hour every week and whatever. So in some ways, my Sunday note's reflecting what I'm hearing from investors, the questions, sentiment, new data, et cetera. So we use Claude and analyzed all of my Sunday level sets for the last three and a half years to see if there's any subsequent one-week predictive power in the language I was using in my level sets, and the answer was there was.

And, you know, broken into like very neutral, bearish, very bearish sentiment from my language, and found there was actually some predictive value. So there's, there's crazy ways we're using it all the time. I'd say the, the main way it's awesome is actually for data ingestion, but there's so many ways to code more efficiently, et cetera.

So we're, we're huge users of, um, of the, you know, of the tools.

Erik: You mentioned quant analysis. There's, of course, also quant funds that i- in many cases use what originally were very simple algorithmic trading systems. Now they're AI-based algorithmic trading systems. What are the impacts on the US market?

I've, I've heard that the volume of transactions these days, you know, a huge percentage of transactions in US equities are actually, you know, robots that are doing the trading. How much does that affect the market?

Adam: You know, it's, it's l- it's even less, um, the robots than the pods in a way, right? Like the robots are gaining.

There's definitely been some new quant strategies that are pure AI I've announced. I haven't heard any that have been too successful yet. There's gonna be more. But it's actually more the quant pods. So if you think about the multi-strats that are out there, and there's a lot of them, um, y- most of them have many teams.

So pick, pick one, multi-strat A, right? They might have 30 quant teams at one of these multi-strats. The quant teams might run \$50 to \$150 million each. It might be around six to 1,200 gross exposure in the back room. So now one multi-strat's running \$20 billion balance sheet-wise, and remember, there's 15 of these firms.

And each of those teams has hundreds of longs and hundreds of shorts, and the part that kinda melts your motherboard is The m-m-holding period of these is usually three hours to 10 days with a median of about five days. So almost all quant money these days is run with a 20, 30% daily turnover. So if you think about the impact that has on the market, like if I told you I'm running \$50 million quantitatively, you might be like, "Pfft, whatever."

You're, you're like a s- you know, a gnat on a elephant's ass. But when you think about the fact that there might be 35 teams like mine running 1,200 rows and then

12 firms like mine, the impact is massive on the equity market trading on a daily basis. And a lot of those quants purposely don't operate when companies report earnings 'cause the fundamental news actually fouls up the efficacy of their algo.

Erik: So are we approaching a point where the human trader is basically outgunned by the robots and, you know, it's pointless to try to beat them? Or are there still some markets that algos and quants just aren't good at that humans are better at?

Adam: No, I think there are always gonna be tons of area for fundamentals.

I mean, look, I spent a lot of time thinking like if I were CIO of a fundamental shop, where would I deploy my alpha generating widgets to beat the, to beat the index? And quant horizon super short is really capturing price liquidity and whether s- one other signal. Obviously, over meaningful periods of time, something about the reported P&L of a company, you know Impacts its value, right?

So I think a lot of p-- I, my view is like quant is probably helpful for purely for like a third of equities. Probably quant plus fundamental combined is probably good for about a third, and then pure fundamentals is good for a third. I used to have a quant model, and I'd rank stocks, and if I ever met a fundamental analyst at Morgan Stanley, for example, and the model disagreed, everything the fundamentals analyst said back to me, I was disadvantaged.

So I made a list of that, like where do the quant models fail? And then I realized, no, no, no, no, that's not what I should call the page. I should call it where should fundamental people spend their time? And so these tend to be areas like, is there a new CEO or CFO? Is there a deal? Is there a complex capital structure?

Is there a litigation? Is there something highly company specific coming, a product, a drug, a, a new technology, a new consumer product, right? You know, is there a, an imminent secondary? Was there a broken follow-on? Like anything where a human being can intervene and add value. And I think that's about a third of the equities, and I think human beings tend to introduce volatility into equities, and so I think there'll always be room for alpha generation.

Erik: Well, Adam, I can't thank you enough for a terrific interview. Before I let you go, though, please tell our listeners a little bit about what you guys do at

Trivariat Research. I think you also have a, uh, retail brand as well. Tell us about that, what services are on offer, and how people can follow your work.

Adam: I mean, so our core business, Trivariat, we sell to institutions, but, uh, the business that I think your listeners might be interested in is called Trivector Research. So they should go to www.trivectorresearch.com, which is T-R-I-V-E-C-T-O-R, Trivector Research. And on there we do financial insights, two or three short publications a week.

We do, uh, weekly videos where I kind of talk about main issues. I do monthly Zooms where I'll take live questions from investors. We do ETF analysis, sort of a Dave Portnoy pizza review style of, of all the ETFs. We write a lot of insights like why you should stay fully invested in equities and not make, you know, short-term market calls, and how to dollar-cost average new business for your advisor.

We try to like give advice. It's \$100, uh, \$110 a month or 1,200 a year product, so it's basically just a newsletter and, um, we, you know, we have a lot of, uh, um, you know, subscribers, which we're really excited about. And, you know, we provide some weekly data, uh, dashboard that people want with some unique data about US equities.

So if you care about US equities and want insights on that, definitely go to trivectorresearch.com, or, uh, you can follow us on LinkedIn or on X as well.

Erik: Massil Beguenane and Patrick Ceresna will be back with our Macro Voices Trading Desk segment right after this.

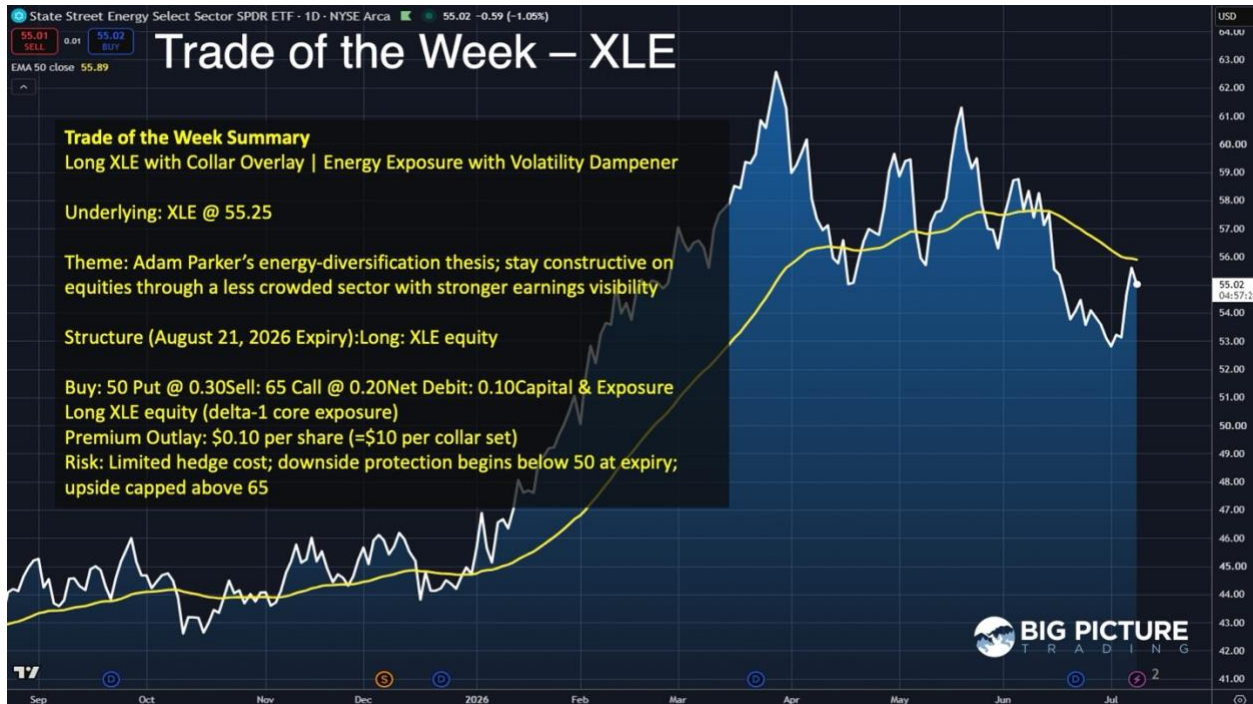
Patrick: Welcome to the Macro Voices Trading Desk.

I'm Patrick Ceresna.

Massil: And I'm Massil Beguenane. Let's drive straight into the trade of the week, Patrick. What do we got this week?

Patrick: Now, coming out of Adam Parker's interview, the setup is pretty straightforward. If you wanna stay constructive on equities without adding more exposure to the crowded tech, he was suggesting energy is one of the cleanest places to rotate.

So for this week's trade of the week, I wanna express this through the XLE, which is the energy sector ETF, which is trading around 55 and a quarter at the time of recording. Now, for investors simply adding energy as a part of a diversified portfolio, owning the ETF outright is a perfectly reasonable approach.



But for those taking a more concentrated position, I'd consider a short-term asymmetric collar overlay as a volatility dampener. Now, using the August 21st, 2026 expiration, about 43 days out, I'm looking at buying the \$50 put for around 30 cents and selling the \$65 call for about 20 cents, creating a 50 by 65 collar for about a 10 cent net debit.

This leaves about \$10 upside potential from here, and the hedge kicks in about \$5 lower, giving you a clean way to stay with the energy leadership theme throughout what could be a headline-driven summer tape. Now, everything I just walked you through, that's what I do live every single morning at Big Picture Trading.

Monday through Thursday at 9:45 AM, I'm analyzing and trading these markets live. You can even bring me a setup you're watching, and I'll break it down on the spot right there on Where's the Trade? To watch me free for the next two weeks, just go to bigpicturetrading.com/mv.

Massil: All right, Patrick. You know what?

After a 15% correction from the May highs on energy stocks, it's definitely an interesting tactical entry point. I like that the short call sits right above that 52-week high, giving the trade lots of room. All right, let's dive into equities.

Patrick: All right, Mas, let's dive into it. On the geopolitical front, the US-Iran ceasefire collapsed.

Now renewed concerns in the markets about the fallout and the impact on energy and inflation. Now the first reactions in the market have been contained to small amounts of volatility. The bigger question in these markets is, have we seen the top in the Kospi and the semiconductors, and has a bigger sector rotation begun?

Now, if this rotation is underway, can it occur without the markets hitting the systematic sell trip wires that could exacerbate that downside volatility? So far, we're staying away from those systematic trigger points. The real puzzle to solve here is that if those semis begin a profit-taking cycle, will that index be able to absorb the pressure without tripping into those index sell triggers?

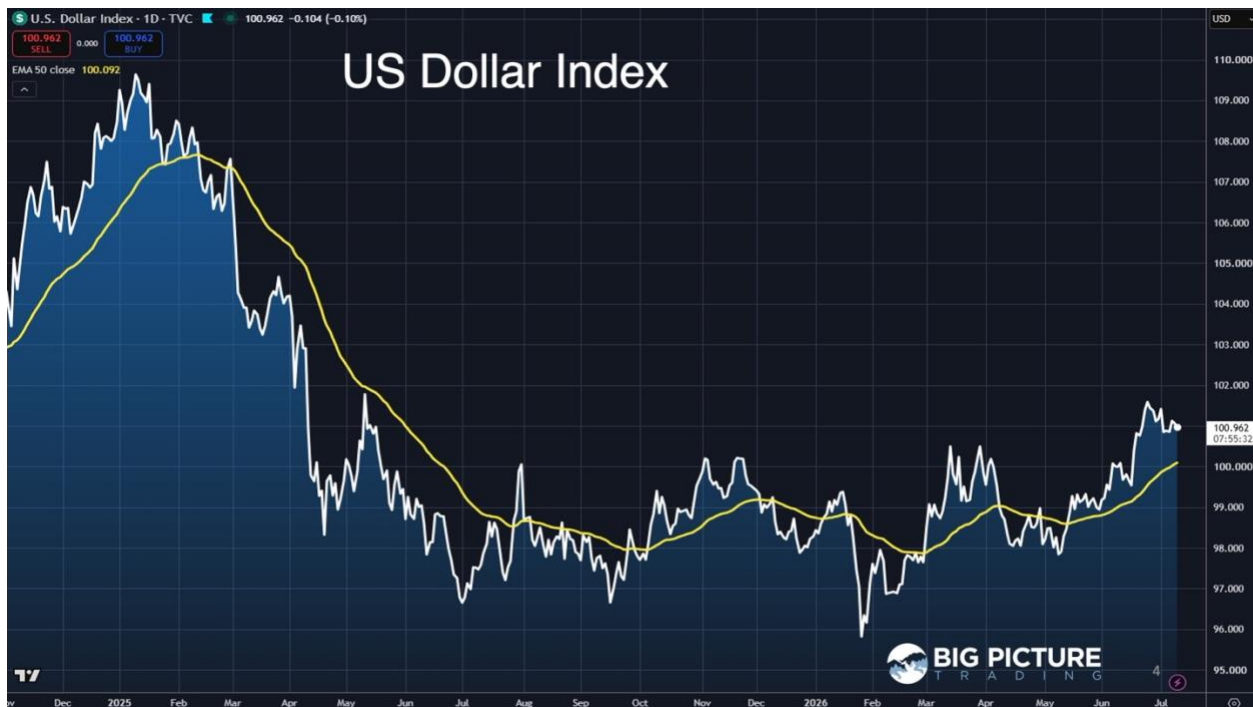


All indications right now are that those sell triggers are somewhere around that 7,300 to 7,350 level on the S&P, so those are gonna be the technical levels to watch for sure from here

Massil: All right, I want to add to that, Patrick. From a positioning perspective, the S&P and the Dow futures remain in the hundredth percentile of long positioning with a one-year look back.

This directly reflects the CTA systematic positioning. The market is holding strong so far, but things can get messy if these long positions start rebalancing their exposures. All right, let's rotate to the dollar here, Pat. What do you see?

Patrick: Well, listen, the bullish breakout of the 15-month trade range is holding.



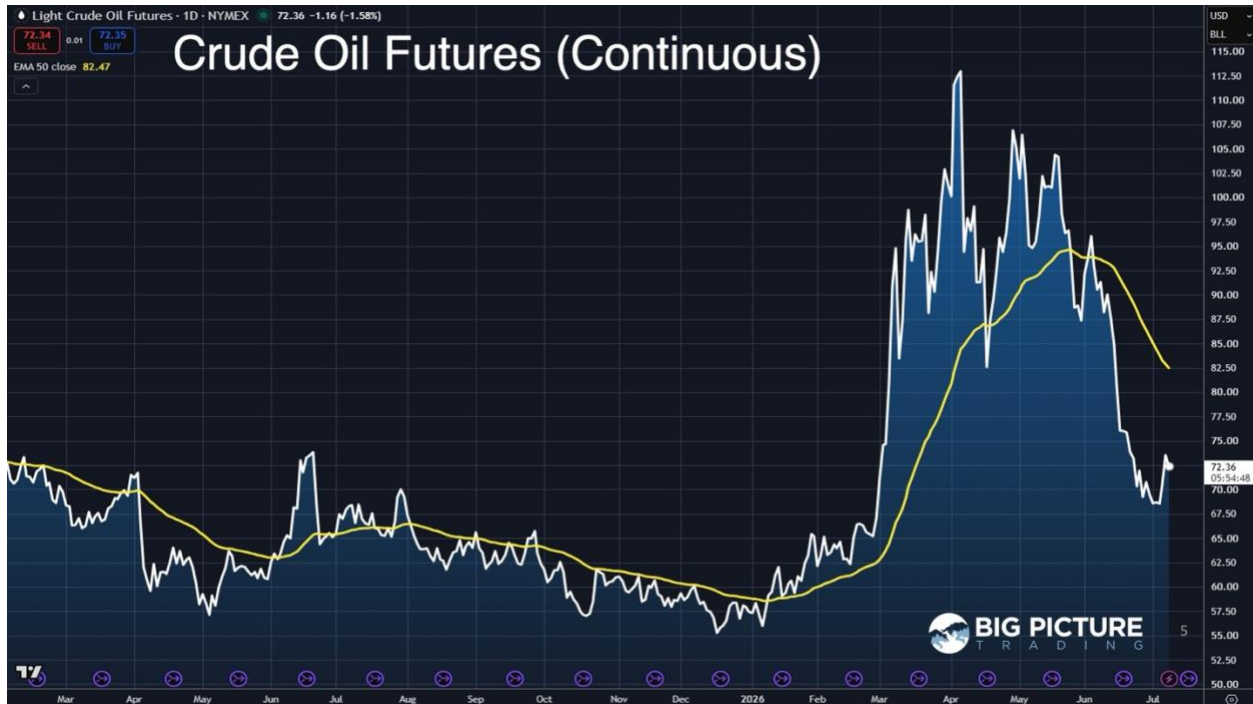
The consolidation has been contained well above the hundred level on that Dixie. Now, looking at some of the cross currencies, Thursday we saw a big break on the downside on that US dollar Yen, which could have triggered carry trade pressures. But instead, the entire move faded within days, which continues to show that the US dollar strength and global funding stresses remain in the driver's seat.

Now, Massil, how does it look from a positioning perspective?

Massil: We continue to see extreme positioning on US dollar and correspondingly washed out or short positioning on most cross currencies. We don't automatically assume this to be a contrarian opportunity until we see when the price stops confirming.

Now, Pat, let's pivot to crude. What are you seeing?

Patrick: Well, listen, the narrative flipped on a dime. From oil trading back to pre-war levels below \$70 to now having to discount a war risk premium, oil has to assess global depleted inventories against the constrained oil flows through that Strait of Hormuz. Now, WTI oil rebounded with a trough to peak nine dollar advance before settling down.

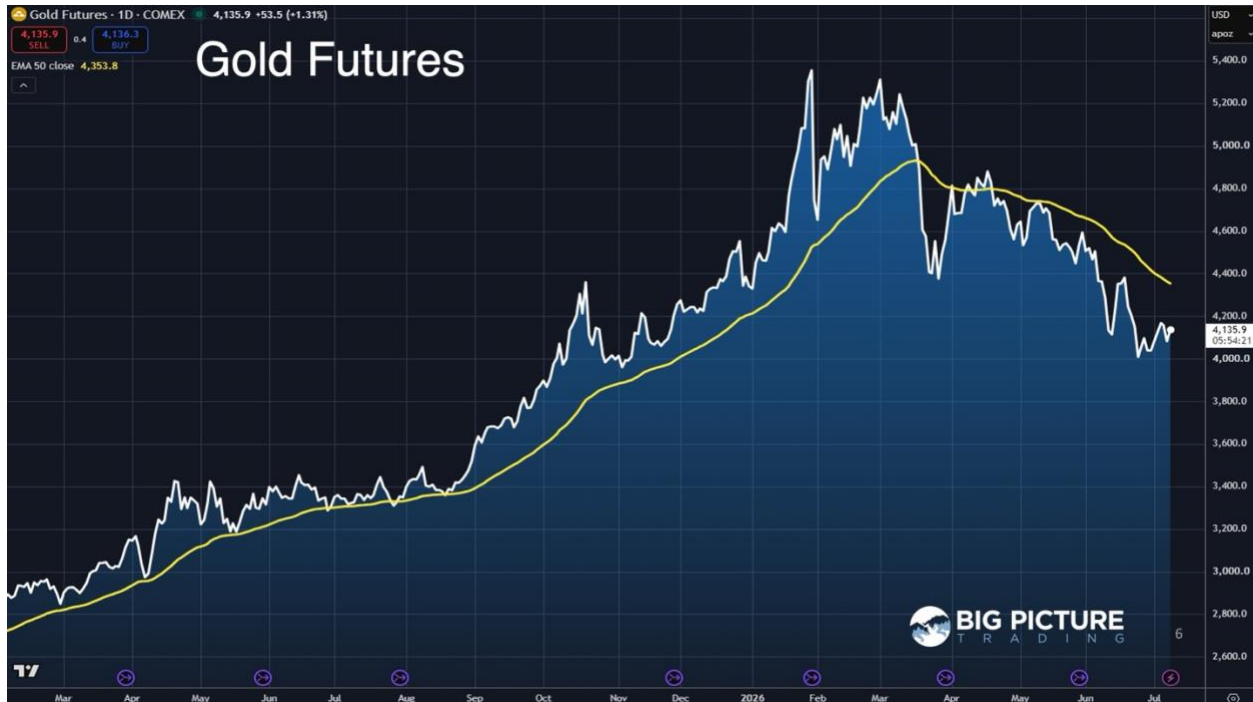


The big question, is there a built up short positioning that can add short squeeze fuel to the fire? A fifty percent retracement of the two-month decline is back to the \$90 level. It was very likely that the forced flows of the-- over the last month overshot the price of oil to the downside, so this current advance will likely settle in in a much more sustainable fair value zone

Massil: Now, as of last week's COT report positioning, the large and small speculators continued reducing long exposures to the 30th percentile.

While still far from 52-week lows, it is noteworthy that we are at the lowest exposure since the war began. All right, now let's move forward on gold. What's happening?

Patrick: Now, Mass, gold remains in a primary downtrend, and the price action continues to exhibit all of the characteristics of distribution. Monday saw the bulls attempt a bullish reversal that was immediately met with supply, driving the price back down to last week's trade range.



We continued trading right at a psychological round number near four thousand, which lies at that Fibonacci retracement zone of the two-year bull advance, which suggests the asymmetry of being long has reset. Now, this would be a logical place to see the bulls hold the line, but there's no evidence of that.

Now, if four thousand doesn't hold, the next level down is a key support line that lies in that thirty-six to thirty-seven hundred level. While I'm not necessarily anticipating it to get down there, that would be the target if the four thousand level gives out.

Massil: Now, interestingly enough, I was looking at the report, and large speculators were at the zero percentile on a one-year look-back at the end of May.

And while the price has been weak, you can see the large speculators rebuilding long exposure. So this is quietly occurring on silver as well. Now, looking at other precious metals, we've seen substantial de-leveraging in the palladium space now pressing to the bottom decile of its one-year look-back. While it looks extreme, it's

important to note that long positioning is still substantially higher than its two thousand twenty-four, two thousand twenty-five lows.

Patrick: All right, listeners, this is where I wanna introduce a new segment called the COT Signal Positioning Pulse, where Massil highlights some of the key changes in the futures markets that we didn't cover yet. So Mass, what are you looking at right now?

Massil: All right, let's get into this week's positioning pulse.

And this week, the numbers all point to rates. Since the Fed President's speech, the consensus in the market has flipped hard from rate cuts to two or three hikes being priced in. And the positioning shows everyone leaning into that. You know, we talked about the dollar crowded long at the top of its one-year range, the pound and the yen at their most net short, but look at what the tape is doing.

Bonds are back above where they were the day of that speech. And in the newest report, the single biggest move on the board was a thirty-year bond. Large speculators covered eighty-five thousand contracts of shorts in one week from near the bottom of the range to the middle, while commercials flipped from net long to net short, and the small speculators added thirty thousand long contracts.

That's the first real crack we've seen in the everyone short the long end trade. And if you wanna get all of this data and its related charts, you can get all of it at cotsignal.com the moment the CFTC updates this report every single Friday.

Patrick: Great observations, Mass. Now I'm definitely gonna watch this going into next week.

Now, listeners, reminder that you can find the Trade of the Week chart book and the supporting links in this week's research roundup, or on the homepage of macrovoices.com. Now that does it for this week's edition of Macro Voices Market Desk. Have a great trading day, everyone. Thanks for joining us.

Massil: Have a great trading day, everyone.

Announcer: That concludes this edition of Macro Voices. Be sure to tune in each week to hear feature interviews with the brightest minds in finance and macroeconomics. Macro Voices is made possible by sponsorship from

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