

MacroVoices Episode 554

Feature Interview with Yasir Arafat

Recorded October 15st, 2026 · Hosts: Erik Townsend & Patrick Ceresna · Feature guest: *Yasir Arafat*

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Yasir: So it's not a matter of whether or not we want to transition to nuclear, it's a matter of when. Because if you compare those same numbers with oil and gas will only last us 50 more years worldwide to run civilization

Erik: That was Aalo Atomics co-founder and CTO Yasir Arafat. I'm Erik Townsend, and this is Macro Voices, the free weekly podcast targeting professional finance and sophisticated private investors.

Episode five five four was produced on October fifteenth, twenty twenty-six. This week, I'm pleased to introduce you to Yasir Arafat, co-founder and chief technology officer of Aalo Atomics. You heard Yasir's partner and Aalo CEO Matt Lozak introduce Aalo's plan to mass produce not just nuclear reactors, but entire nuclear power plants in Macro Voices episode five twenty-two, which aired on March fifth, twenty twenty-six.

This week, we're going to move beyond Aalo's immediate plans to deliver behind-the-meter nuclear energy for data centers and talk about what it's really going to take, not just for Aalo, but for the entire US advanced nuclear industry to scale nuclear energy using advanced technology up while bringing the cost of nuclear energy down to the point that it eventually costs less than coal and gas.

And I'll tell you upfront, Yasir really surprised me in this interview. I thought he was gonna say it takes at least fifteen years to get to that point where we can make nuclear energy cost less than coal and gas, because I say that's where the demand absolutely explodes, and we see a change in the course of human history.

Yasir thinks it comes much earlier than I was thinking. So I think you're really gonna enjoy this interview, folks. I let it run a little bit longer than usual, but I think you'll find it's worth it.

Patrick: And I'm Patrick Ceresna. Let's dive straight into this interview.

Erik: In the interest of full disclosure, I want to acknowledge that I am an early investor in Yasir's company, Aalo Atomics.

In fact, it's the biggest private equity position I've ever held. So I clearly have a vested interest in the company's success, and I want to be transparent with our listeners about that interest. Nothing in this interview is investment advice. Yasir, it's great to have you on the program. I'm really looking forward to this one.

Our longtime listeners have already heard your partner, Matt Lozak, explain Aalo's plan to offer behind-the-meter nuclear power for AI data centers. So today, I wanna focus on the longer term, what happens next, and how we really scale nuclear energy up to a whole new level. But for anybody who didn't catch that interview with Matt, let's just start with a quick refresher.

What business is Aalo in today, and what are your current plans?

Yasir: Thank you, Erik, for having me on and interviewing Matt and also bringing the Aalo story to light and our-- and your continued support in, in, in supporting Aalo. So for those of the audience who are not familiar or need a refresher Aalo is building mass manufactured nuclear reactors.

Now, when we do this, our first market we are targeting is AI data centers because they're the ones who need energy most urgently than anyone else. Once we deploy there and essentially come down the cost curve That unlocks other markets for us, right? It's very similar to how Bezos, when he started Amazon, he started with books initially, and then later he came up with the everything store, right?

So just like books for Amazon, data centers are our books, right? We start up with data centers, but then when we come down the cost curve, every other country who is importing energy to keep their lights on are communities who are struggling with energy. All of that opens up for us.

Erik: Thanks, Yasir.

Listeners, in case you missed it, I strongly recommend listening to Aalo CEO Matt Lozak's interview back on Macro Voices episode five twenty-two, which aired on March fifth, twenty twenty-six. Yasir, the nuclear industry has been around for seventy-five years, and we still have less than four hundred and fifty power reactors operating worldwide.

That's about six units a year of established long run demand. And frankly, that's hardly enough to justify any kind of grownup conversation about mass producing anything. Yet you're already building a factory right now in Texas to mass produce one hundred nuclear reactors per year on an assembly line.

Now, this is not my personal view, but I know a lot of investors are gonna be very skeptical and maybe even think you're crazy because they're gonna say, "Look, there's obviously not enough volume to justify assembly line production of nuclear reactors, which historically take a decade to build and cost tens of billions of dollars per project."

So how would you answer investors' objections if they think you've frankly lost your mind proposing to mass produce something that the whole industry only built four hundred and fifty of in seventy-five years?

Yasir: It is crazy until somebody proves that it is not, right? So think about when Elon first coined he wanted to go build rockets.

Everyone laughed at him, right? And they laughed again when he said he wants to land them and re-reuse the boosters. And so now every other rocket company is essentially copying off of his model, including China. And the other thing to remember is we are not mass producing our grandfather reactors, right?

These are not this giant mega scale project that we have seen with massive cooling towers. This country spent like what? The last seventy years trying to make nuclear cheap by building one really perfect reactor. Each time it gets bigger every single time we build it, until it became so big that no one can really predict how long it'll take or how much it'll cost.

But if you think about Vogel, which is the first nuclear plant the country has built after thirty-five years of not building anything, it took twice as long and more than twice the budget, right? So what we are talking about here in, in Aalo is really trying to reinvent how we go about nuclear. You don't me- m- make nuclear cheap by building one perfect reactor and hope that it works out You make it cheap by building the same good reactor a thousand times and improving it at every generation.

So when we picked out our design, we didn't think about, okay, what is the nicest thing that can work on paper? We said we picked out our design that can produce

the most power you can put on the back of a truck, so we have to design that once and build many, right? That's our starting point. If you go to any race, you have to pick out the best horse, and the best horse that we picked was sodium cooled reactor technology.

This can give us the highest density reactor technology and still get to market in the near term. But what's interesting, Erik, is that, yes, we are going from a forty thousand square feet facility to a million square feet and scale up our production to a hundred reactors. It's so interesting to see how the market is so real because when we talk to customers, they're calling us up and saying, "Hey, I-- Aalo, I don't want one reactor or five reactors or ten."

They're asking us literally like, "Hey, I want to reserve twenty percent of your factory production capacity." And that's an interesting model. We haven't thought about that first. If other-- three other customers say, "I want the next twenty percent and the next twenty percent," and get up to all the way to eighty percent, that should give us the signal to go build the second factory, right?

So that way we can keep supply and demand in these two closely tied steps. You don't want to take supply too far out in the demand. You don't want to have a massive demand and not be able to supply it. This is one way how to keep those two things in synchronous way.

Erik: Yasir, I've done a bunch of my own analysis of this, and I'm very much with you.

I wanted to start with that objection that I know a lot of other investors would have because that's where I started. When somebody first said to me, "Mass producing nuclear reactors on an assembly line," I'm like, "What are you crazy? There's only four hundred and fifty of them." When you look at the demand and you look at the desire of energy transition away from fossil fuels that's shared by almost every government on Earth, it's a whole other story.

And I'm gonna come back to that longer term story later in this interview. But I want to start with how you justify your current plans for AI data centers, because that question is what's gonna be on the mind of investors who haven't yet done the arithmetic on what the demand could eventually look like.

Now, I have done that arithmetic, and I think there's already considerably more demand just from the AI data centers alone o-ver the next few years. So I predict that the one gigawatt per year, that's a hundred of your modular nuclear reactors that you're gonna build in the factory that you have under construction right now in Texas, some critics think that's overkill.

I think it's gonna be woefully insufficient. And I would actually go, if you want to know my idea on a business plan, yeah, having some investors come in and say I wanna reserve 20%. Hopefully they're gonna give you a bunch of capital in exchange for that contract and help you build the next factory.

But what I'd say is sell 50% of your capacity and then auction the rest of them as they become available and say who wants it fastest and who wants to pay up. Anyway, that's a, a little bit of a, a tangent. So let me come back to what we wanted to talk about. We'll get back to the crazy stuff later on in the interview.

There's-- what you're building right now is gonna make 100 reactors a year. They're 10 megawatts electric each. That's one gigawatt per year. Some people think that's too much or it's crazy. The, the way that's going to work is these reactors basically come together in what you call pods. A pod is a pre-manufactured nuclear power plant.

It has five reactors and three steam turbines so that you can run at full nameplate capacity even after one of those steam turbines trips offline. So it's redundant, it's designed for data centers, it's modular, it's built in a factory, and your factory's gonna build 20 of those pods. Each pod has five reactors, so that's your 100 reactors.

How big? I think it's actually bigger than you think, frankly, but I wanna get your numbers. How much demand do you think there is in the behind the meter data center market over the next five to 10 years? Is this one factory gonna service it all? Is it more than that? And if so, how much more than that?

And what's the plan for the second or the third factory?

Yasir: Yeah. There's a lot of questions in that one question, Erik- Sorry ... so I'm just gonna try to-- and not. I'll try to peel this one layer by layer, right? So first things first, in the near term, we're always going to be supply limited. So you're not wrong.

Your arithmetic is actually on the spot here. The 100 reactor goal is not the end goal. It is the starting point in our journey for mass production, right? Our first factory, what we are saying is like, "Hey, I wanna get to from making one Z, two Z reactors to 100 reactors a year." And at that time, I can really start answering some of the key questions that matter.

Meaning like, is the factory truly scalable, right? Do I have infrastructure? Do I have the machines? Do I have the people? Do I have the process laid out that can be scalable from there? Can I build the supply chain that comes with us? Even though we tout as being a vertically integrated nuclear company, which we are, we don't make everything.

We still rely on raw materials like steel, sensors, pumps, f- electronic components and then we make stuff out of those raw materials or commodity materials, right? Next thing you have to answer to yourself is like, "Okay, if I go to 100 reactors a year, can I fuel these? Can I find the supply chain to make sure fuel is available?"

Not for their initial deployment, but every fuel cycle, I have to go replenish this fuel every three to four years. Once these are proven, then we can think about, okay, how do we now scale up from here to meet the demand to truly make a dent? This market is so massive. You were talking about data center.

Why did we pick a data center market? First of all, in the last 70 years, we have not seen a market demand this big wanting this much amount of power so quickly. Just to give you an idea, every organization quotes different numbers, but Bank of America, for example, they said, "Hey, we need 125 gigawatts," 125 gigawatts.

Each gigawatt roughly power a million homes, just to give you an idea. So over from 2026, from this year to 2030, we need 125 gigawatts. And right now, I believe the grid and everybody else, they can pull together about 25 gigawatt or so. They've got a hundred gigawatt generation gap on what the demand is.

So this market, just the data center alone, is massive. And the reason we wanna solve the problem there is because we want them To not become a burden to the grid or the communities that rely on that grid, right? So we wanna make sure that we provide that electricity, but also provide that reliability of 99.9% availability or five nine reliabilities, that the only place they can get that reliability is the grid itself.

So that, that's h- that's the whole reason why our product, from a traditional nuclear speak, is so unique. It's very an odd architecture if you think about it, right? A pod, which is a 50 megawatt device, has five reactors connected to a single steam header with three 25 megawatt turbines. Kind of an odd configuration if you think about it, right from if you look at all the other designs.

And the reason it's designed that way is because before we started designing on paper on the technology side, we looked into the market, we talked to a lot of data center companies, and we asked them like, "Hey, what's important to you guys?" and over again, we heard reliability. And it's not just data centers, it's everybody else that wants similar kind of power if they go behind the meter.

They wanna make sure that close to 100% of the time electricity is available, and that's the reason the pod is designed the way it is. If one of the five reactors are, is down for refueling or maintenance, the other four can make up its full capacity power for nameplate. Same on the turbine side. You need only two out of the three turbines to make the full 50 megawatt.

If one of them is down for major or minor overhaul or maintenance work, you already have the two running. And so there is something called a product market fit when it comes to nuclear and what kind of market you're going after. And again, I know I'm trying to answer all of your questions one by one, and the last one that I wanna address is, okay, w- when we solve that first factory, where do we go?

So you've got two paths to meet that demand. One path is pretty straightforward, is, okay, I know a million square feet, I can make 100 reactors a year. Now let me go and copy-paste two more factories, and I can scale up the demand that way. Obviously, there's gonna be some process improvements, and you can make potentially larger capacity out of them a- and so it's basically arithmetic, right?

That's one approach. The other approach is trying to innovate and figure out how can we get more energy out of that same form factor. So the sodium cooled reactor technology is one of those technologies that can really pave the w- pathway to a different kind of reactors called fast spectrum reactors that could potentially extract 60 to 100 times more energy than a once through cycle if you couple that with refueling So those are the kind of things that we're thinking about constantly, how to figure out how to make-- meet this massive demand that we are seeing today.

Erik: We'll definitely come back to the fuel cycle and what it takes to get to fast spectrum and all of that later in this interview. But first, I just wanna recap what you said. You're saying that the gap that's already been identified in the next five years is about 125 gigawatts, of which so far people have only stepped up to 25.

That means there's 100 gigawatts missing, and the factory you're building is only gonna supply one gigawatt per year worth of electric generation capacity. So you're only solving 1% of the problem that's already been established by other people objectively analyzing what the world needs. Now, as much as that's a compelling argument, I'm gonna make a counterargument that's just barely scratching the tip of the iceberg because I contend there's one very specific thing that this industry needs to accomplish to completely change the demand story, and that is that as soon as you figure out, don't care who does it or how it happens, but when somebody figures out to make safe, clean nuclear energy cost less than coal and gas and be deployed just as quickly, I contend demand e-explodes overnight because look, the whole world wants to get off of fossil fuels, solve this whole problem.

If you could solve it with nuclear okay, it costs twice as much as coal and gas, and it takes 10 years to build, and it's next to impossible to bring the capital together. If you could change that by selling a modular power plant that comes off an assembly line in a factory that costs less than a coal plant, and you can't do that for the next few years, I realize, but if you can get to that at some point, it becomes what I call the nuclear Henry Ford moment, the moment in history when it becomes possible to break humanity's addiction to fossil fuels and to restore the level of abundance and prosperity that I just barely remember from when I was growing up as a kid in the late 1960s and early 1970s.

Even after adjusting for inflation, crude oil costs more than double what it did back then, and at any price above \$87 WTI, and right now I'm looking at \$94 WTI on my live chart, it's more than triple what it cost when I was a kid, even after adjusting for inflation. And I think that's the reason we have people living in tents and sidewalks on the streets of our major cities.

It's because of the unaffordable cost of energy. So if you could figure out how to make modular nuclear power plants that are cheaper than coal and gas, I say it changes everything. So I, I-- forgive me for my long-windedness in this question, but when I put the numbers together and did my own arithmetic, I couldn't believe it, Yasir.

You wanna build one gigawatt per year in your first factory. If you wanted to replace the energy that we now depend on fossil fuels for, you'd have to run that factory for 9,000 years to build enough reactors to replace what the world gets. And I'm not suggesting that one company is gonna solve this whole problem, but imagine that you just wanted a 25% market share, is you guys are leading the way into this, this charge Okay, that would mean you'd have to produce at least 112 gigawatts electric per year.

That's 112 times what this factory that you're building in Texas is intending to produce, and that would only give you a 25% market share. But wait a minute, it's not that easy because Elon Musk has said that engineering the Tesla was the easy part. Mass production, really building something sophisticated, modern technology at the, the pace of automotive assembly was the hard part.

So my question is it possible ever to make nuclear energy with the technologies that you're working with cost less than coal and gas and be deployed just as quickly as a new coal plant can be built? And if so, I think it changes the course of human history, but that's a really big both engineering and capital formation challenge.

So is it possible, and what would it take?

Yasir: So the simple answer is yes, it is possible, and here's how we see the path to getting to that point. Now, as I mentioned before, we're basically trying to tackle the 100 reactor goal for our first factory, but in no way, shape, or fashion we wanna stay there. We wanna get to a point where we can get 10 gigawatts a year or 20 or 50 gigawatts a year and solve that, how do we truly scale up?

But let's walk backwards. How do we get to a point where we can be economically competitive compared to coal or natural gas, and what would that really take? And I ca- I cannot speak for all of nuclear because everyone has slightly different ways of doing things, but for Aalo, the way we see it, our first of a kind deployment, meaning the first reactor we're gonna be deploying out there, is actually very cost compelling, even today, before even I go into volume production.

My first of a kind will land us in the mid-teens cents per kilowatt hour, and that is completely fine because I've got a lot of customers today whose willingness to pay is significantly above that. What customers are really hungry for today is not the lowest cost alternative. They're initially competing for speed to power.

That's what a lot of these initial customers are looking for. Like, how quickly can I get power? That's number one. Number two, it has to be extremely reliable. You can't just build a power plant to go 99.9% available, but then it's only available 40% of the time. That's not gonna work, right? So initially, they're willing to pay whatever to get to the speed of power, and our initial first of a kind does that.

We think that by the time we build our tenth reactor We can get under 10 cents a kilowatt hour. And when we get to the 50-ish per year capacity, then we would already be competitive with coal and natural gas And that's not gonna happen in just factory number three and four.

That's happening within the first couple of years of production from this first factory. So we're not banking on achieving this very low cost of energy way out into the future. We're planning to get there in the next few years. So that is one thing that is super, super compelling. And by the way, when we get there, that's not game over.

That is the beginning of all the bigger challenges that we'll have to face from there on, because Elon is right? Is getting to a first of a kind complex machine is hard, but mass manufacturing is 10 times harder. And he may not be wrong about that because, I can build a one- one of a kind machine, no problem.

And what we are seeing is I can-- I have supply chain and manufacturing capability today to build 20 reactors a year. That's not an issue. But the moment you start scaling up to 50 to 100 or 200 or 300, what you're going to notice is that some things will start breaking in the supply chain, right?

The challenge comes in when you're trying to build the same thing over and over again, it becomes really hard. And as you scale, that problem becomes harder and harder. And until you go solve all of these changes, it's not gonna be, a scalable solution. So the one industry that we have seen has truly went through all of that jumps and hoops is really the EV industry, the automotive EV industry, which is why a lot of our team members, a lot of our manufacturing engineers come from background like Tesla, who have done volume production.

Because manufacturing is really not the biggest problem here alone. The biggest problem here is supply chain. We have right now about 230 plus vendors that we rely on, and that number, by the way, is growing. And these are companies that I talked about earlier that provide steel, pipes, sensors, raw materials.

The question is yeah, we can go and scale up our facility, but how do we convince our vendors and suppliers to scale as we scale? How do they grow their business? How do we inspire them to invest in their production capability so they can come along with us? That, to me, is the biggest challenge that we'll have to solve from here forward.

But I think it is very possible. We're very confident what technology that we picked is going to get us to the point where, when we unlock the volume production, costs will come down so low, then this technology become almost a n-a no-brainer to go after. At that point, gas turbines will truly become obsolete when it comes to initially data centers and to other markets.

Erik: Yasir, if you can pull that off in the next few years and get to the point where you're delivering these things at a lower cost than coal and gas and a shorter delivery window in order to get it up into production than coal and gas, I say that changes the course of human history if you can scale it up.

Here's the thing, as much as I love the vision, I'm gonna hit you with a serious objection now because I've done a lot of analysis before I even met you guys about what it would take to really scale it up. And it's not about the reactor technology, it's not about sodium coolant, it's about the fuel cycle.

And pretty much every advanced design, including yours, requires enriched uranium fuel. Most of the advanced designs, not yours, but most of the other ones, require something called HALEU, which is the high test enriched uranium that's made from about four and a half times as much raw uranium and six times as much enrichment SWUs, which is the amount of energy it takes to enrich it as compared with that 4.5% low enriched uranium that fuels today's light water reactor fleet.

Yasir, I believe in you guys. I know you have a credible plan to mass produce your reactors at scale, but here's the thing, nobody, including you, is ever going to be able to invent a technology to mass produce uranium mines, and they usually take a full decade to go from discovery to production. Now, right now we don't have a problem.

We got plenty of uranium. It's, as far as I'm concerned, dirt cheap, well under \$100 a pound. I think that will change though over the next few years. And the thing is, centrifuge enrichment plants that are used, at least in today's technology, and we're also moving to laser enrichment, but these plants are almost as expensive to build

as oil refineries, and they take almost as long to build and bring online as oil refineries.

Every uranium expert that I've ever interviewed on this program seems to agree that there's a structural supply deficit coming in the 2030s, not for a few years, but in the 2030s, just on the demand we have from today's reactors. Before you go and start mass producing them, we're going to have a uranium Or I should say an enriched uranium scarcity problem, especially in this HALEU market that's forming, that's gonna be really hard to solve, I think.

So at one gigawatt per year, it's no issue at all. The factory that you're building, I don't think you have any fuel problem. But I think you need to get to north of 100 gigawatts per year, and probably a lot more than that if you can really achieve what you said you can achieve in the next few years.

And I don't see how you eventually get there. You did allude to fast spectrum reactors a little bit earlier, so I'm gonna let you explain the tech. But how do we overcome this problem that if you're just running today's reactor technology, even your advanced reactor technology, I don't think it scales to building hundreds of gigawatts per year of new capacity unless somebody gets fancy and does something smarter about the way we use enriched uranium.

Can we overcome that problem?

Yasir: Yes, Erik, let's unpack this slowly. You're right. No fuel, no reactors. As simple as that. And so where do we get this fuel? And so I'm gonna break this question into two phases. One is what do we do today? And second is what has to be unlocked for the future, right? So today, you're absolutely correct.

Most of our peers in the nuclear industry, especially the advanced reactor industry, are relying on high SA, low enriched uranium. So in numbers, that's basically like from, 8% enrichment to 20% enrichment. Nobody builds beyond 20% commercially, right? And what's commercially available today is really up to 5%, and then industry have been working really hard to get up to 8% lately.

Now, there's a lot of investments going into production of HALEU, but it will take a couple of years Before this country builds enough capacity to run commercial reactors, let's put it that way. So let's talk about today. Today, we have deliberately

designed our advanced reactor to run on LEU, low-enriched uranium, that does not require HALEU.

Okay, so we can run our reactors between 5% to 8%, and that was done on purpose. And but by the way, we are the only one of the few advanced reactors that can actually do that. And that was on purpose because, when we run this material that we're talking about is commercially available uranium dioxide.

And so our main thesis was, hey, in the near term, when I go scale up my factory and I build hundreds of reactors, we're not waiting on a fuel supply chain that does not exist. We already are growing the one that exists today, and there is a lot of headroom available in not just the mining, but there's four major basically plants that's needed to get to com-- fuel that can put in the reactor.

So those four areas are mining milling, conversion, enrichment, and then fuel fabrication. Each of these are its own industries, essentially. But if you'll-- when we talk to a lot of these companies that does mining or conversion both in the US and outside of US, enrichment, both in the US and outside of US, same with fuel fabrication.

Turns out these companies are only making enough material to meet the current demand. They're not overproducing, they're not underproducing. Most of these, they want to build capability where they can maintain to market demand. And because we're not building any new plants, it's very predictable how many you have to build and how many kilogram of uranium you could deliver at the end of the day.

Turns out, if you can share the projections of our growth over the next few years, you can inspire these companies to go and scale up, right? For example, partners on the fuel fabrication side can scale up in their current facility like about two times more than what they make today. They're not maxed out yet.

So we're gonna be working with our partners to provide, to scale up and build more fuel supply chain beyond what they're providing for current reactors. So that's the initial kind of our plan. And by the way, that gives us a moat. This is our s- one of their strongest differentiator is we can build a mass-produced small reactor that does not require HALEU, and we can get to a market and supply hundreds of reactors and be able to bring our cost down, right?

Now, you're right that uranium is limited if you think about mining in itself, but it's not as limited as you might think, by the way. So there are-- whenever... And there's not a particular uranium mine. When you go dig up iron or copper or lithium, you always find uranium. Uranium is very abundant in the soil.

But every single mine that we're identified right now that we can tap into for uranium, we've actually just tapped into 30% of that known reserves of uranium in the mines. There's still like two-thirds that can last us like 117 more years of running nuclear power plants. Now, that is if you just continue building power plants that are once through that we're operating right now, okay?

The 5% enriched, you put into the plant. Once it's done, you take it out. You only burn 5% of the fuel. The rest 95% is actually not a waste. It's reusable. So that material can be recycled and reused. And if we do that, that number from 117 years goes up to like about 12,000 years just from the uranium that we have currently identified, not even the ones that we have not identified.

So it's not a matter of whether or not we want to transition to nuclear, it's a matter of when. Because if you compare those same numbers with oil and gas will only last us 50 more years worldwide to run civilization. If we actually rely on nuclear, that's close to 120 years, and there is a little bit of a hack.

If you go from thermal spectrum reactors to fast spectrum reactors, these are basically kind of a nuclear term, but basically it's the energy that each of these neutrons have. When you're in the thermal spectrum, you use less enriched fuel, but you have higher efficiency of fission. You don't need as much enrichment, but you don't burn the fuel enough.

In a fast spectrum, you need to start with high enrichment, but then it can burn the fuel significantly more. So much so that I can get 60 to 100 times more energy from that same mined material. So that, that's what is the biggest unlock is recycling and going to a fast spectrum reactor is where you can extend it out to 12,000 years, right?

That's the future product that we're gonna be moving towards ultimately. That is not today. That is what we will do in the future. So the question is, why wait for the future? Why don't we do it right now? And the simple answer is I need Halo to get unlocked first. When Halo gets unlocked- Then we can easily switch to a fast spectrum reactor.

Now, some of our peers are still working on fast spectrum reactors on day one, which I think is a mistake because we don't have the supply chain. They have to wait many years before supply chain catches up and cost can come down. But we don't have that challenge. We have a near-term pathway to bring the cost down, and then when HALEU becomes unlocked and provided in large enough quantities, we have a way to switch where we're actually mining less material and we're burning the waste or the used fuel significantly more and bring the waste volume down to very, very small amount where it's sustainable.

Erik: You made a really good point there that I wanna go a little deeper on 'cause I wanna make sure everybody understands it, 'cause I sure didn't in the beginning of my exploration of this stuff. My big objection in the beginning was, look, this all sounds great, but the problem we already have is the waste.

There's 250,000 metric tons of spent nuclear fuel in storage worldwide. We're talking about adding to that, making even more of this horrible stuff that the public has been conditioned to believe is, evil green slime that's gonna seep into the water table and poison everybody. What I had no idea of is the crime here is wasting that perfectly good nuclear fuel.

There have been reactors designed before I was born, and I'm in my early 60s, reactors designed before I was born that can burn all of that nuclear waste and use it as fuel. So what do we do about the 250,000 metric tons of spent nuclear waste? Stop calling it waste, burn it as fuel, and get guys like you to build the reactors that can burn and use that fuel.

And it happens after some recycling and reprocessing. But I just... Talk a little bit more about that because I wanna make sure people don't come away from this thinking about, "Yeah, Yasir ducked the question of the waste. That's the big one."

Yasir: Yeah, you're absolutely correct. Waste, nuclear waste is probably the biggest misconception that the, the general public have around nuclear.

And I'll tell you, like, why this misconception arises. It's a very fun story that I always like to talk about. So people say "Oh, you're creating this dangerous material that's been sticking around," and it's this, in people's mind, it is this green goo thing because we've all watched, we have all grown up watching Simpsons, okay?

And Simpsons did more damage to the nuclear industry than any other anti-nuclear advocates, if you ask me. The, the truth is, there is no green goo, okay? And nuclear waste is not a real waste. It's actually what we call in the industry used nuclear fuel or spent nuclear fuel. And the reason why we don't call it a waste is because the majority of this material is recoverable and reusable and put into reactors, and you can extract way more energy.

What unlocks that? When you keep neutrons at very high energy levels where they can go at super high speed and bombard at this material, it can really break it down and release even more energy. And so that's number one. But what is the current solution? What do we do? Where do we keep all this waste currently today?

If you think about first what's happening, the waste form are metallic rods that has a ceramic inside it. And we are, we're keeping all of these bundles in in engineered casks that are just sitting there. Not a single human or a plant was ever affected by this nuclear waste ever.

There's no... From the commercial nuclear industry. And so it's basically a myth, like it's a problem. It's not really a problem. We're like you're making so much waste nuclear fuel no matter what term you use. Where are they right now? And they probably will like spew all over the place."

That's not true. If you take all of these solid waste, they're not liquid waste, take all of these solid used nuclear fuel, they will all fit within one football field one story tall. They're not very big. It's very compact. If you think about in, in, in contrast, the oil and gas industry, like they're working towards, "Hey, I wanna produce energy, but all this CO₂ that I'm em- emitting into the air as an open dump, I wanna be able to capture carbon capture and sequester it so it stays in solid form, so it does not go all over the environment that we live in, that we breathe in, that we take water from.

I wanna be able to sequester this carbon a- and concentrate it in a solid form, which so it doesn't go anywhere." guess what? We do this already in nuclear. All of our waste form is in the solid form, very concentrated, where it does not affect any of our water streams or waste streams or plants or people.

So which already is a great form factor to work with. And when we recycle this material, you can unlock even more bajillion amount of energy, if that's an engineering term, bajillion, amount of energy for humanity going forward. So I

think that's a huge potential that I think we have done... We as a nuclear industry have done a terrible job at explaining to the public what this is and what can be done with this material And I think it's immense.

And nuclear is this very underdog technology that we have done a terrible job at explaining to the public its true potential. So I'm really excited about the future we're forging here and the future that we can prove out to the people that no longer do we have to rely on combustion as our main source of energy.

Since the caveman era to now, we've been doing that. Now we found out about a clever way how to split atoms and release even bajillion more energy from one atom than a single molecule of methane which is really the, the exciting part about the future of energy here.

Erik: I think there's a really important public policy aspect of this, which is finally turning around i- in terms of sanity.

But if a lot of people are skeptical listening to this, "Oh, come on, you can't really reprocess the nuclear waste," look, the United States built a very elaborate nuclear waste reprocessing facility, spent, I think, a billion dollars in 1970s money, in the early mid-1970s. They built the whole facility, then President Carter ordered that it be shut down and basically scrapped- just as it was ready to be used. It completely went to waste because this whole issue became politicized. Now, if anybody's skeptical that you can really reprocess this stuff and get fuel that can go into a reactor to actually make more energy with, the story of the UK is absolutely staggering here.

They did this. They reprocessed a whole bunch of their nuclear waste to the point of producing 141 tons of what's called RGPU, reactor-grade plutonium, which is not weapons-grade plutonium, something different, but it can be burned as nuclear fuel. It can be just as effective as that HALEU stuff that we don't know what to, where to get.

Why don't we use that? The answer is the UK government just decided to spend, I think it's £4 billion to geologically dispose of this incredibly valuable nuclear fuel that they spent a fortune to reprocess out of spent fuel waste. So they proved that you can reprocess it and get it to something that can burn in a reactor.

Then they had some politics flare up, and now they wanna spend billions of taxpayer dollars to basically dump it at the bottom of the ocean. W- we've gotta get past this somehow, and I think the emergence of Chris Wright on the regulatory front i- in terms of US policy at least, has been a, a massive change.

How are you seeing this? 'Cause you're boots on the ground actually dealing with regulators proposing to make, eventually, fast-spectrum reactors, where this stuff's all gonna come into play. What's your sense of how the, the political winds have changed?

Yasir: The political winds have changed quite a bit, I would say.

But you're absolutely correct. A lot of people think "How are you gonna actually achieve this?" we have the technological solution baked out and proven of how to recycle this used nuclear fuel and make fresh fuel for these fast spectrum reactors.

The US have actually demonstrated this, and other countries have learned this technology and are doing recycling of nuclear material. It's just a matter of a policy, right? The policy is what's in limbo right now. And I think the winds of politics have changed. Previous administration, even though nuclear is a bipartisan solution where both parties agree we need more nuclear for different reasons, of course, right?

The left agrees that we need more nuclear because it's a carbon-free solution. It's a cl- it's a help to with our climate change. The right, likes nuclear because it's more energy security and it brings manufacturing and jobs, and it creates alli- allies. We can help our ally countries. So different parties rely, support nuclear for different reason.

But up until this point Whoever came in the office, in the presidency-- presidential office had never really spoken much about whether they're a strong proponent of nuclear or not. They will always shy away, especially in the recent times. However, all that we-- I think has changed with this administration, who have been extremely vocal about their support in nuclear and really put amazing people at the top of the government, like Secretary Wright, who has been a very strong supporter of nuclear and making sure that we as a country are not moving away from recycling used nuclear fuel.

He's trying to bring back the notion that we as a country need to recycle used fuel and allow and enable startups to innovate and find solutions and to build industries around used fuel recycling. And you may have heard about the recent program called NLIC, which stands for Nuclear Lifecycle Innovation Campus.

The idea about these campuses is that they would do from cradle to grave of nuclear, and it will be hosted by a state or more than a state, like two states who will be selected, down selected. There's about many different states applied for it. Five or six of these were down selected. They will ultimately select two states.

And the idea NLIC is that from developing the front end of the fuel cycle, like mining, conversion, enrichment, fuel fabrication, to building reactors, to taking the used fuel, recycle them, make new fast reactor fuel, and build other reactors to burn it, all of that infrastructure would be hosted in within that community that can create that ecosystem, that can pull, attract both public and private investments into these communities, create jobs, create innovation ecosystem, and also at the same time demonstrate that we actually have a national solution to this used nuclear fuel problem that we have.

So I think that's very exciting. I'm very excited to see which two states will be down selected, and we'll see a lot of jobs being created around these communities and nucleus. And if we pull this off the way the, this administration is thinking about, I think the future for nuclear is gonna be very bright.

Erik: Yasir, some Aalo investors that I've met are crediting you guys already with being the only player in advanced nuclear that really gets it and has this mass production thing figured out, and also has a strategy that eventually eliminates dependence on enriched uranium as the primary fuel. With all due respect, I couldn't disagree more.

I think you do have a much better capitalized competitor that already understands every single thing that we've discussed today just as well as you do. And I'm certain that they've already assembled a much bigger engineering team than Aalo can presently afford. And frankly, I think they've got enough money in the bank to outspend Not just you, but probably your entire industry, despite the fact that your partner, Matt Lozac, has already raised nearly a billion dollars in order for you to build your first factory.

And this competitor of which I speak has already publicly announced their plans to outspend you guys on this vision and dramatically scale up nuclear energy faster than you can. The competitor I speak of, obviously, is not another reactor company. It's the People's Republic of China, and I am deeply concerned.

First of all, congratulations, Chinese listeners. You're doing a fantastic job. My hat's off to you for your progress. But look, I was born in the United States. I have a, a certain loyalty to my country, and I think that we have a gigantic competitive disadvantage problem forming here. This ad-- this technology was invented in the United States, and if you look at what China is now doing, Yasir, on the conventional nuclear side, they've already got more light water reactors planned or under construction than the entire US fleet.

On the large scale advanced nuclear front, they've already built and put into service what I think is the world's most advanced high temperature gas cooled reactor. On the mass-produced, what you're calling XMR front, the kind of reactors that, that Aulo is building, they've already signaled their intention to build an entire fleet of container ships powered by thorium-fueled molten salt reactors, another advanced technology similar to the sodium fast reactors that you're going to be developing.

So to my knowledge, they haven't yet announced that those thorium molten salt reactors are gonna be factory mass-produced, but frankly, I don't need your nuclear PhD in order to figure out that's the obvious path. So my contention is that for Aulo and the entire US nuclear industry to achieve the large scale production of advanced reactors that we need to produce in order to transition away from fossil fuels and deliver energy that is cheaper and more abundant and leads to the prosperity that existed in my early childhood, I see the path.

You're doing exactly the right thing, but I'm afraid China already intends to outspend you. So Yasir, I apologize for the extreme length of my question and diatribe here, but obviously this is something I feel really passionate about and I think we need to talk about. So am I wrong to think that China's commitment to state funding everything that Aulo intends to do and more possesses a competitive threat, not just to your company, but to the entire industry and I think to the energy security of the United States of America?

Am I wrong to think this? And, your own partner, Matt Lozac, warned Congress, we can't let China dominate this industry. What do we do about this, and am I right to think it's as big of a problem as I think it is?

Yasir: So Erik, you're not wrong, and it's a very interesting question. So I wouldn't pretend here and say that is not a relevant question.

It is a very relevant question. China is a formidable competitor, and I won't pretend otherwise, right? They have grown their country and manufacturing capability and innovation in so many ways that they have unfortunately outcompeted us in many different places, many different industries, whether we like it or not.

That's the truth, okay? But let's take a look at what they're doing in nuclear, right? By the way, for the public that's listening right now, in the last 40 or so years, United States have not built much new nuclear reactors, where China has been building not only existing light water reactors and have built many of these and are still building many of them right now and are getting really good at it.

They're also investing in a lot of different kinds of nuclear technologies. But if you look at... If you look closely, you'll notice that Every advanced reactor that China is has put up is a technology that United States built first, mostly as prototypes at different laborato- national laboratories, right?

We built, like for example, Idaho National Laboratory, we built 52 reactors in that particular laboratory that ushered in the first atomic age. And then everybody, all the other countries took that technology and started growing their nuclear industry. But those were essentially like one-of-a-kind systems that were essentially like started the whole nuclear submarine as well as the commercial nuclear sector.

Now China, fast-forward today, they are building a lot of different advanced reactor technologies, but all of these technologies is something we have built in the past. So if you look at China as a whole, what they're doing both on the commercial industry as well as advanced reactors, is they're copying off of what the United States have already done.

And that's China's model, right? Is they're not very good at coming up with brand-new technology. They're good at copying other innovations in other countries and be able to do it better, right? So if you think about what if they've got a lot of smart people and a lot of money in it, they can really do and innovate, similar to us.

Probably. But if you look at let's say a particular technology in China right now is a pebble bed gas cool reactor. United States have been building, there's a, a company

that's commercially developing that, and China has been developing it, and they got to the finish line first and turned that plant on before the United States.

It's a pebble bed gas cool triso fuel reactor, right? But you don't hear much about it, and that's because they're not doing very well. They're having a lot of issues in keeping that plant online, a lot of first-of-a-kind challenges, and they're obviously going through those challenges and solving them, but they're not...

My point is they're not very good at first-of-a-kind technologies. So that is something that we have to keep in our mind is... And that trend i- is everywhere. Just because China has a lot of money and a lot of people does not mean they can innovate faster than United States. Think about other industries, right?

We built the iPhone. Apple built the iPhone in the United States, and then and we, and they manufacture currently in China, and the technology bled over to other parts of China, and they tried to copy smartphones, right? And even today, Apple is still the largest market share in the entire world.

Same thing in the automotive sector. Model Y is still the most sold vehicle in the world. If you think about jet engines or airplanes, United States is still leading despite China having a lot more cash and a lot more people and manufacturing capability. They still are behind the United States. And you know what keeps that technological superiority alive in this country?

Is the fact that We don't become complacent on innovation. We continue to invest in the next big thing, in the next improvement, the next big innovation, and be able to always stay ahead. So by the time somebody copies off of it, we're inventing the next best thing. And so that's something that we have to keep as a company in mind that we a- as a company we have to decide, we as a country actually I have to say, have to decide right now that whether or not we should let China win because they have a lot of money and people, and that is a guaranteed loss today.

Or we can actually clear some of the bottlenecks in policy and regulation out of the way, put real money behind American nuclear innovation, and give this country a fighting chance. And I think that's totally worth a shot, and we shouldn't let's rest on our laurels saying, "Hey, China is a big superpower.

They can surpass us." We need to continue in pumping that American innovation and make sure we're always retaining that nuclear leadership because nuclear was

invented here. We are the ones who commercialized it first. We are the ones who ushered the first atomic age, and we wanna usher in the second atomic age as well.

Erik: Yasir, I couldn't possibly agree more, especially the part about it's up to us. China is set to win if we don't take policy action to put more priority on doing the things that Chris Wright has already set out and begun doing a terrific job of. And I think it's so important to the future of the energy security of the country, and I'm proud to be invested in a company like yours that's making a difference.

So before we close, please tell our listeners how to find out more about your company, Aalo Atomics. And again, listeners, in the interest of full disclosure, I am a private equity investor in this company, so I do have a vested interest in its future. Yasir, what's the website URL? And for our institutional and accredited audience who can invest in private equity, is the Series C offering still open?

Do you have any capacity left?

Yasir: There's a lot of exciting things going on, and we always make sure that whatever we are doing at Aalo, we're transparent and we're good at sharing that to the world. So the first place, the best place to start with is actually our website, aalo.com, A-A-L-O. We're also extremely very active on social media, LinkedIn or X.

Connect with us, check out our post, and message us. If you're thinking about joining our team, we're seeking a lot of amazing talent from around the country to make this very important mission come to life. So join our team if you love problem-solving you wanna solve the the future of energy, this is the right place to join.

And as far as fundraising we're, we are obviously always fundraising. We're about to close on our Series C, but if you're interested I'm going to shamelessly plug this. Hit us up, send us a message, and we'll be happy to talk to you

Erik: Listeners, be sure to let us know what you think about this one.

That's it for the interview. Time to shift to our Market Desk segment. Patrick, where's the trade?

Patrick: Thanks, Erik. Now, Yasir highlighted a critical requirement for nuclear build-out. Reactor production can only scale if the fuel supply chain expands alongside it. This brings us to Centrus Energy, which is the symbol LEU.

The company supplies enriched uranium and is expanding domestic enrichment capacity for both existing reactors and advanced designs. That creates a long-term investment thesis around nuclear growth and the strategic importance of secure fuel supply. But the sector is under substantial selling pressure, and we don't know how deep or prolonged this correction will be.

What interests me is the combination of lower share prices and elevated implied volatility. That allows us to collect a meaningful premium for committing to own Centrus substantially below today's prices. So here's the structure. With the stock around \$122 I'm looking at selling the January twenty-first, two thousand and twenty-eight seventy dollar strike put.

That's with four hundred and sixty-four days remaining, so it's a leap option. The midpoint in this option spread is ten dollars and twenty-five cents or one thousand and twenty-five dollars in premium per standard contract. That strike is approximately forty-three percent below the current share price.

So if assigned, we would be obligated to buy a hundred shares of the LEU at seventy dollars. But considering the ten dollar premium we just discussed, that would give you an adjusted cost base much closer to sixty dollars a share or roughly fifty percent below today's reference price. If the option expires unexercised, we retain that entire premium.

That represents a fourteen point six percent return on the obligation of potentially owning the shares. The trade-off is straightforward. Our maximum profit is the premium, so a strong recovery would leave us without the shares. Now, if the sell-off continues, we may acquire the potential long-term holding at a substantially lower entry price.

But that lower price is not a guarantee of value. Losses remain possible. The position can always move against us before assignment, and margin requirements can increase. So I would size this around your ability and willingness to fund the full share purchase. So to sum this up, we're putting on a long-term conviction, a commitment to potentially own the Centrus shares fifty percent cheaper than where it's currently trading today.

But if the put is unexercised, we retain close to a fifteen percent cash flow return for having sold that commitment. That's meaningful cash flow for accepting an entry price far below today's market price in a sector we believe in long term. That's where's the trade.

Erik: Patrick analyzes and trades the markets every day over at Big Picture Trading.

Macro Voices listeners can sign up for a free two-week trial at bigpicturetrading.com. Now back to Patrick and Massil.

Massil: All right, Patrick, we've gotta talk about what happened yesterday across markets as volatility came back in many assets. But what stood out to you the most?

Patrick: Massil, what a day we had.

It started with the opening reaction on a hot CPI, and everything looked like it was the right response, which is yields higher, the dollar higher, pressure on equities. But the tension shifted to AI credit very quickly, and the story turned to CoreWeave, where its shares were down close to 16%, while the outstanding bond yields that they have were up to 15%, essentially going to junk status.

Now, this is about a potential domino effect. So many people are asking, "Is CoreWeave that important that they can actually turn the markets?" this is really about the fact that AI has been sucking up so much credit in order to create growth, and inevitably, the growth will start to potentially stall when their access to credit also slows.

So the real question is CoreWeave that important? Really, the whole market is just trying to figure out when is the financing cycle going to get stressed, when is the credit available to these AI stories going to start drying up, and therefore slowing the growth story. And what yesterday really was potentially the first kinda sign that situation is developing.

So what we really saw was a substantial decline in many of the NASDAQ-driven AI stories, and that's where all the selling came, and this was accompanied by very clear sector rotation, which I wanna talk about.

Massil: That's exactly what I wanna talk about, Patrick, 'cause for weeks we were pinned at the highs in markets.

But really what are you expecting to see here over the next few weeks and months?

Patrick: Let's just start off by actually what potentially happened yesterday. We had a scenario over the last few weeks where the money was literally flowing into the Nasdaq and out of the rest of the market, and this was most evident in the commitment of trader reports where we saw the positioning score on the Nasdaq in the hundredth percentile while the Russells small caps were pretty much pinned towards the zero percentile on the downside.

That money flow was incredibly evident. Everyone was still piling in to this Nasdaq trade. But we clearly saw yesterday the start of some sort of sector rotation. Yesterday, all the defensives were ripping higher, including bonds. We had basically utilities, consumer staples, healthcare all advancing while we basically saw very strong pullbacks in almost all of the AI-driven names.

And so the... Now, one day doesn't make a new trend, but we can't ignore when something big like this starts to happen because we have to determine whether or not this is the beginning of a new trend and a bigger sector rotation, and that is definitely gonna be the story in equities. Are we gonna see those beaten-up sectors that were, pulling the breath of the market down over the last few weeks suddenly have meaningful rebounds?

And are we going to see some of the tripwires hit on some of the sell triggers on the Nasdaq and potentially the S&P 500 where some of these CTAs and systematic selling strategies are gonna be forced to de-leverage their long positioning? It's gonna be certainly a very interesting next few weeks

Massil: Well, let's turn to treasuries because we've seen volatility coming in here too.

But do you believe investors could be buying back in as they seek protection now, especially with what we're seeing in equities? And if that's the case, do you think that's even sustainable?

Patrick: It's a great question, Massil, but the one thing that I would wanna actually focus on is actually the way the bond market behaved yesterday, because to me, that's the part that can't be ignored.

What we saw was a hot CPI number. Bond yields started to rise, and by the end of the day, from peak to trough, we saw close to a twenty-five basis point move in both the ten-year and the thirty-year yields. So did core weave change the macro regime? Are we moving away from expanding growth and expanding inflation to that of potentially some slowness coming in as everyone has to curtail their expectations?

If that's the story, then the question becomes: are we seeing a rebound in Treasury bonds based upon that thesis? Now, look, one day doesn't make a new trend, but the fact that this reversal happened at this inflection point is only stacking intermarket evidence that something meaningful started yesterday.

And I'm gonna be watching whether or not many of these things follow through. The other important things to highlight is that the December two thousand and twenty-seven SOFR contract potentially double bottomed and started to reverse as the market suddenly started to pull rate hikes off the table in the next year.

And this stacked with the fact that we continued to see junk bond credit spreads widening. There's further evidence that there's some sort of a risk-off scare occurring, and potentially Treasury bonds may be a defensive asset in this period

Massil: While all of that has had an effect on the dollar too, we've seen pretty much similar moves.

But does that change your outlook on anything in terms of the dollar?

Patrick: Listen, on that CPI number, the US dollar ripped to a higher high. It printed almost 103 on the upside. But this morning, we find ourselves with the dollar pulling back. It is still a primary bull trend, but we are gonna be looking at this from an intermarket perspective.

If all the other intermarket signals that we're looking at, and we just discussed earlier, start to come to fruition, the question is: will it start to pressure US dollar flows? At this moment, it's very premature to jump to any conclusions. The dollar index could easily absorb a pullback down towards 101.

But so long as dips are being bought, I would still consider technically in a, a clean bull trend.

Massil: All right, let's turn to crude oil 'cause it's been consolidating in a key zone, and it seems to be breaking out again. But what are you seeing beneath the headline price?

Patrick: I'm actually fascinated by what's happening in crude oil right now because we see structurally strong crude oil markets in Brent and in so many other parts of the oil markets, but the WTI contract remains somewhat in consolidation.

So to better understand what is actually happening, you have to actually look at the full term structure on the oil curve. And so what we're seeing is backwardation flattening. And so what's happening here is that the front-month oil contract is, let's say, 6% off of its September 15th highs. But yet if you go, let's say, out to April of next year's oil contract over the same days since September 15th, it's up 10% or \$10 per barrel.

What we continue to see is that oil's under a lot of pressure, and the front-month contract is not reflecting that. And the interesting part is that when you go to the commitment of trader reports, you continue to see that we're at multiyear extremes in terms of gross short positioning in crude oil futures, and that may be playing an influence on the price on that front-month contract.

Now, clearly, on a geopolitical front, military operations continue to look like they're escalating, not de-escalating. The situation in the Strait of Hormuz looks as spicy as it's been in a long time. And really, at this moment, the question is: with such depleted inventories, how long can the front month of the WTI contract stay contained the way that it has been over the last three weeks?

Massil: All right, let's talk about the safe haven asset. Now, gold still hasn't found its footing, and it's trading near a key psychological level at \$4,000. Now, where do we go next from here?

Patrick: Gold has consolidated back down to its previous lows, but what is gonna be interesting to me is that will we start to see gold respond bullishly to what we just witnessed in the last twenty-four hours?

'Cause when if we have bond yields start to come off as bonds start to rally, and if we have growth expectations starting to curtail, inevitably the market is going to start to price in a Fed that's gonna have to be much easier in two thousand and twenty-seven. Now, if this starts to materialize, the conditions may actually become bullish for gold.

Now, we have not seen that reflected in the price yet. While we do have in the pre-market here gold price that is currently rising, but we haven't yet seen any trend line breaks, anything closing above key moving averages. So while there is a case to be made that gold could potentially establish a bottom here, we haven't yet seen the price starting to show any signs of reflecting that.

And so we're gonna continue to watch closely whether the support line holds here.

Massil: All right. For this week's positioning, Paul, it's Patrick. We need to talk treasuries. Now, what has caught your attention in terms of positioning here?

Patrick: There's a lot that stood out for me in this week's COT report, but I wanted to really hone in on these treasury bonds because what we possibly saw was a curve repositioning by traders that were positioned in the steepener.

What we saw was substantial selling in the five-year treasury futures and substantial buying in the long bond. So let's break it down first. So the five-year treasury flows saw close to one hundred and sixty-eight thousand contracts swing in a week toward the short side. And at the same time, on that long bond, we saw close to net buying of sixty-seven thousand contracts.

So clearly, there was some selling in the shorter duration and buying in the longer term. Now, is this an unwind of an existing steepener, or is this potentially a new flattening exposure? Now, I wanna just make sure it's clear that there is no easy way to determine whether or not this was an unwind of a steepener because this is aggregate positioning, and there is no identifiable pairs trades to be able to match to.

It's simply an interesting situation where we're seeing bonds moving in opposite directions in the positioning scores. And so it'll be interesting to see whether this trend continues in the weeks to come, especially in light of what we just saw start yesterday. Now, listeners, if any of you want to actually check these charts out for

yourself, make sure you visit cotsignal.com and actually see how this positioning has shifted.

Massil: And that's it for this week's Trading Desk. I'm Massil Beguenane.

Patrick: And I'm Patrick Ceresna. We'll see you all next week.

Erik: And a reminder, as a Macro Voices listener, you're entitled to a two-week free trial of Big Picture Trading, where you can watch Patrick analyze and trade the markets live every single day at bigpicturetrading.com.

No credit card is required to sign up, and there's nothing to cancel. I'm Erik Townsend, and this is Macro Voices. We'll see you next week.

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