



## Money, Macro & Markets Monitor

*Insight & Support for the Managers of Wealth*

[www.cantillon-consulting.ch](http://www.cantillon-consulting.ch)

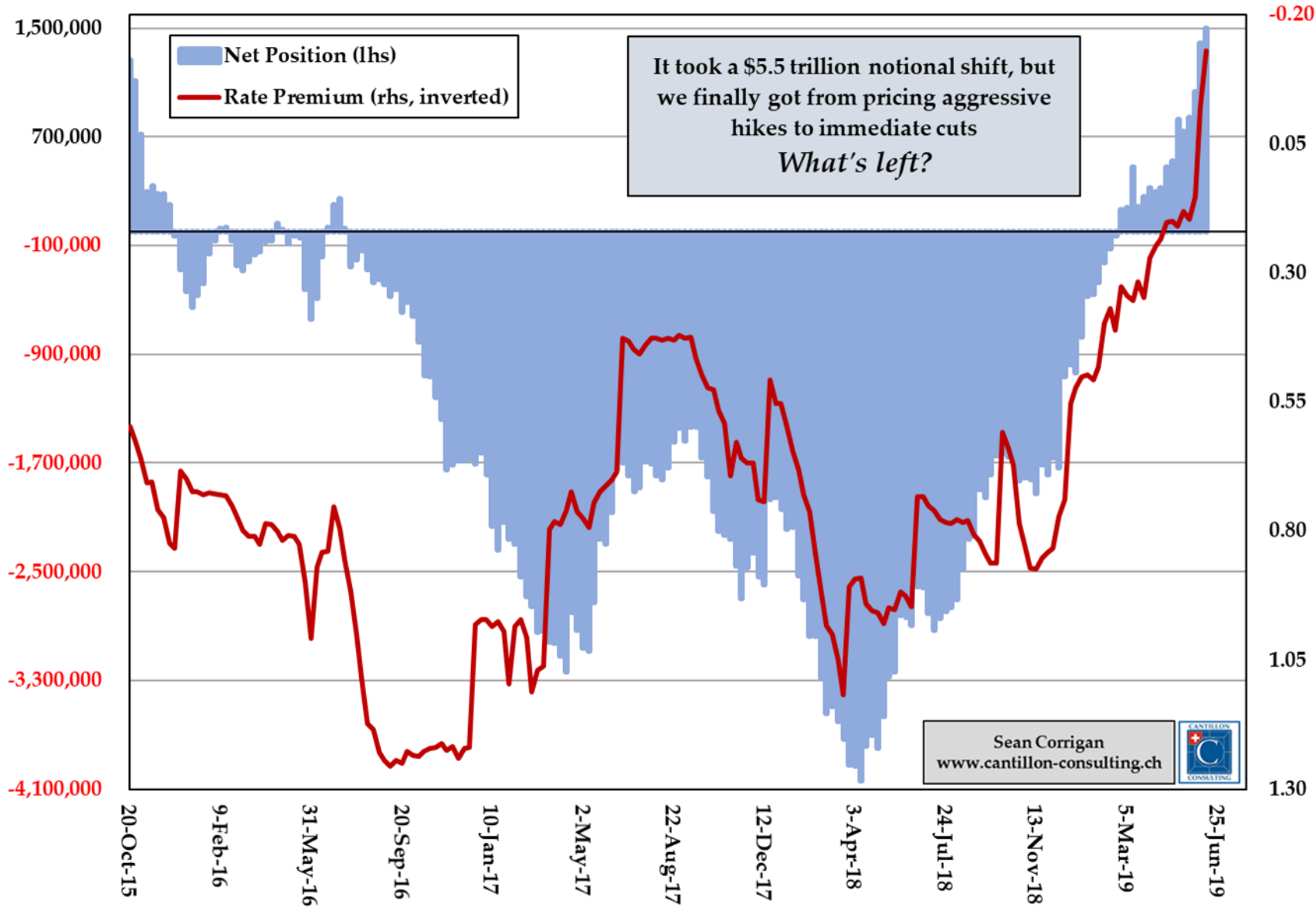
June, 2019

# FOMC Decision Time

Sean Corrigan  
[www.cantillon-consulting.ch](http://www.cantillon-consulting.ch)

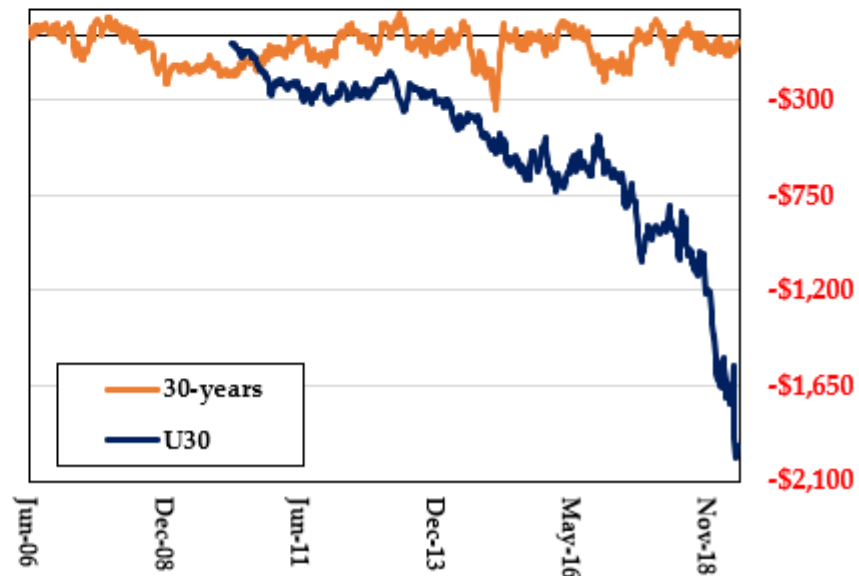
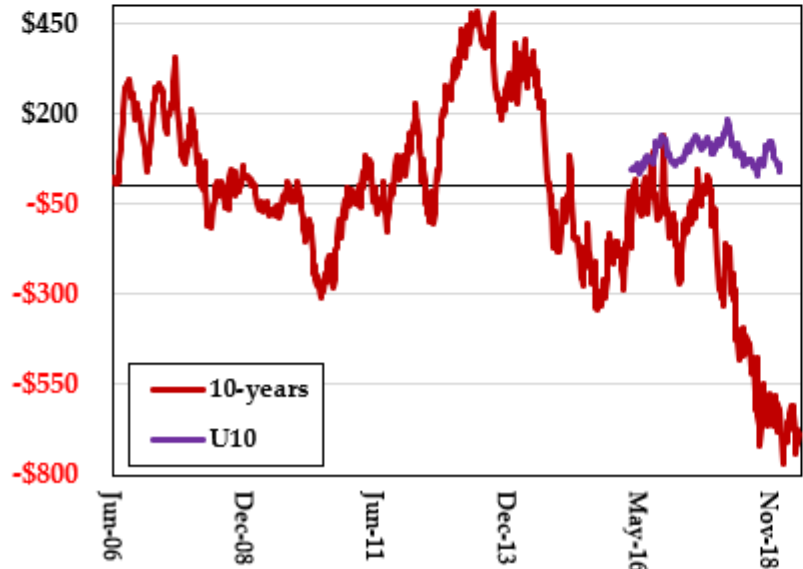
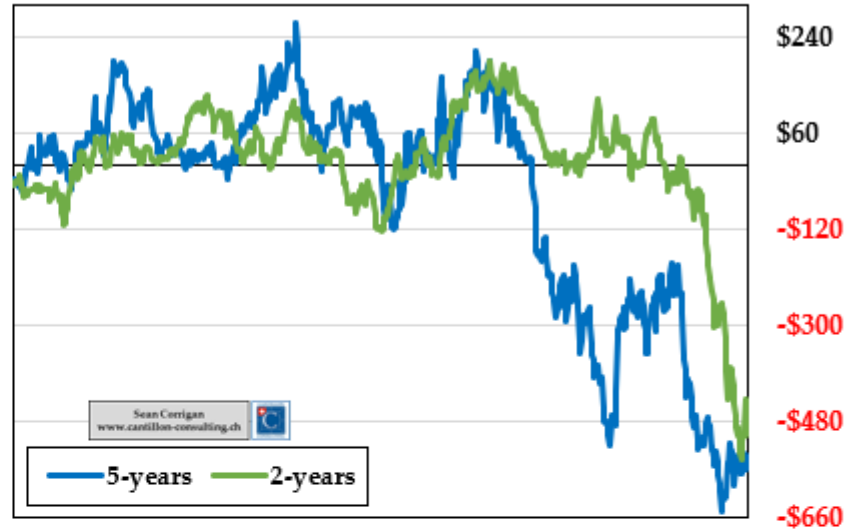
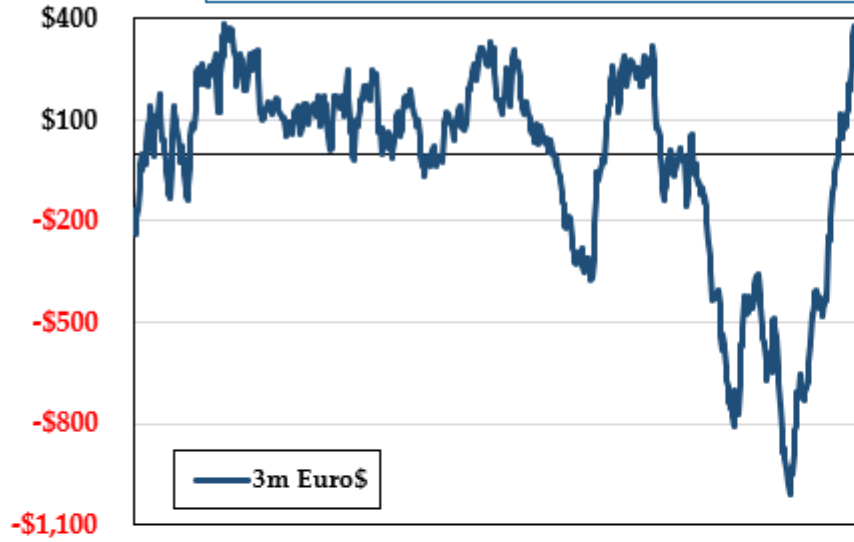


# Money Manager Net Eurodollar position v 3x6 Forward Rate spread over Feds: CFTC, FRED



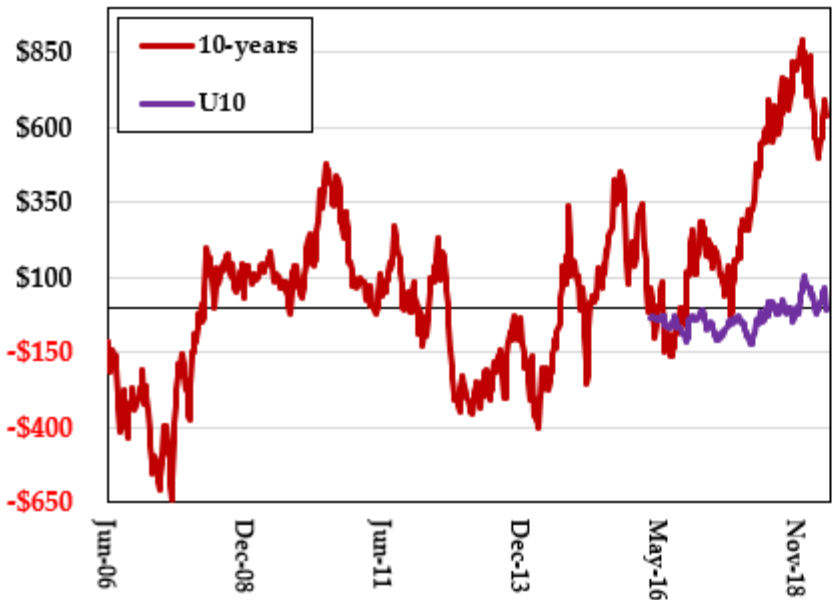
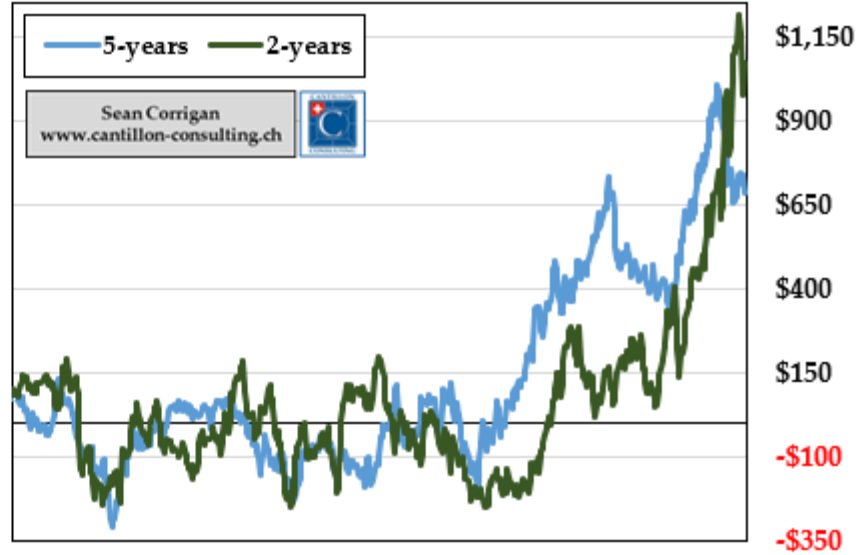
**It was clearly a struggle, but the market finally got itself very long of the front end...**

US Futures Leveraged Money Net Positions, \$1bln x 1-yr equivalents: *Source - CFTC*



...not so at the long-end, however,  
 where the Specs will be hoping  
 for a little relief

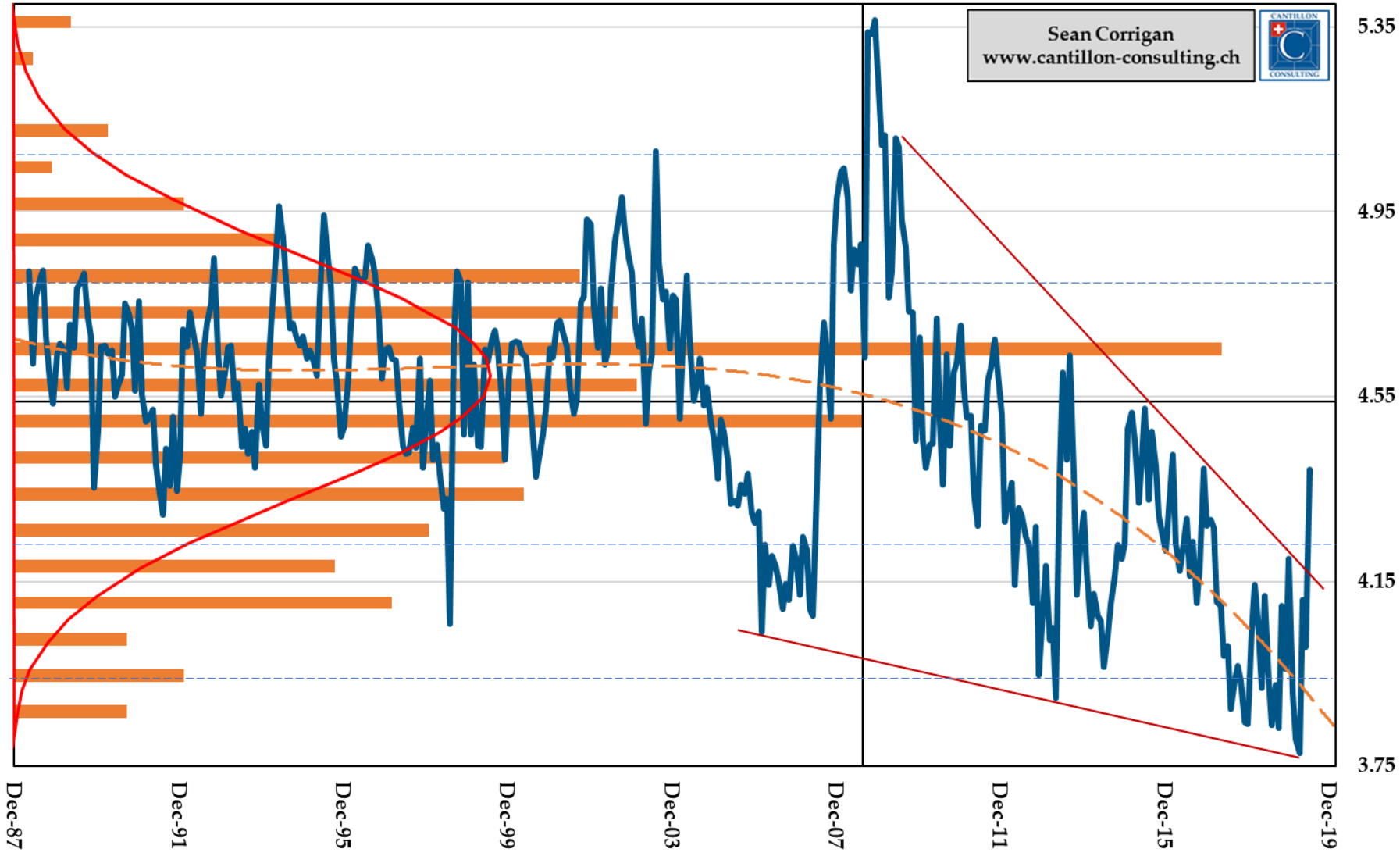
US Futures Asset Manager Net Positions, \$1bln x 1-yr equivalents: *Source - CFTC*



...and Asset managers – driven by other, less discretionary factors of course – will be hoping they've not overshoot the mark

log MOVE

0 10 20 30 40 50 60 70

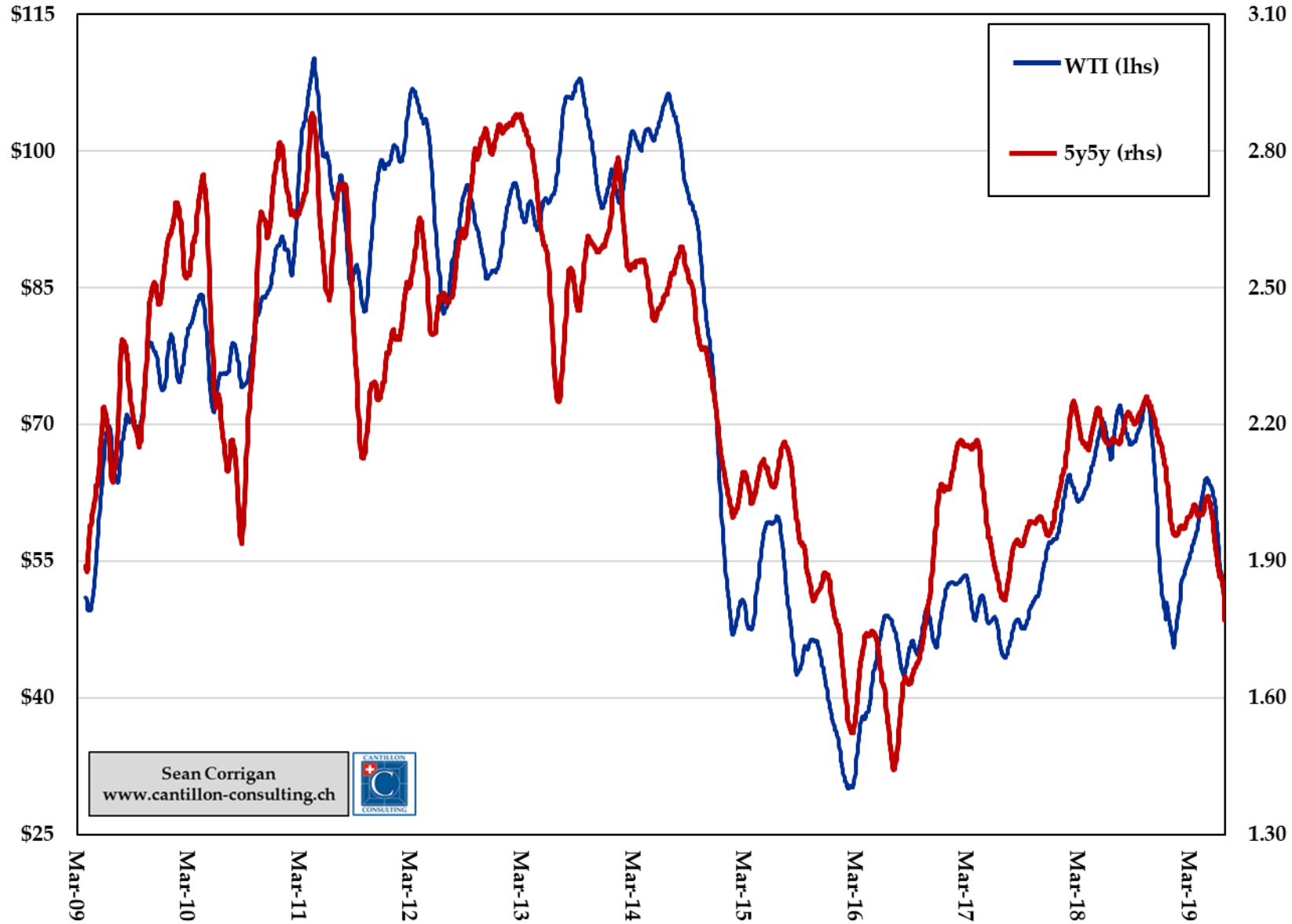


Sean Corrigan  
www.cantillon-consulting.ch

**Though hardly elevated in historical terms, bond Vol has been on the rise – as the shorts seek some last-minute protection, perhaps**

5.35  
4.95  
4.55  
4.15  
3.75

Crude Oil price v US Forward BEI, 4wkMA: Source - FRED



Sean Corrigan  
www.cantillon-consulting.ch



**The dog is chasing its tail again. Lower crude leads to lower BEIs, leads to the Fed watching the market watching the Fed re 'expectations'...**



As a result, T-Notes are back to their post-Lehman spike lows.

Surely the world isn't in that bad a fix??

...certainly the stock market doesn't seem to think so.  
Is the Powell Put really worth that much?



**VALUE LINE INDEX**

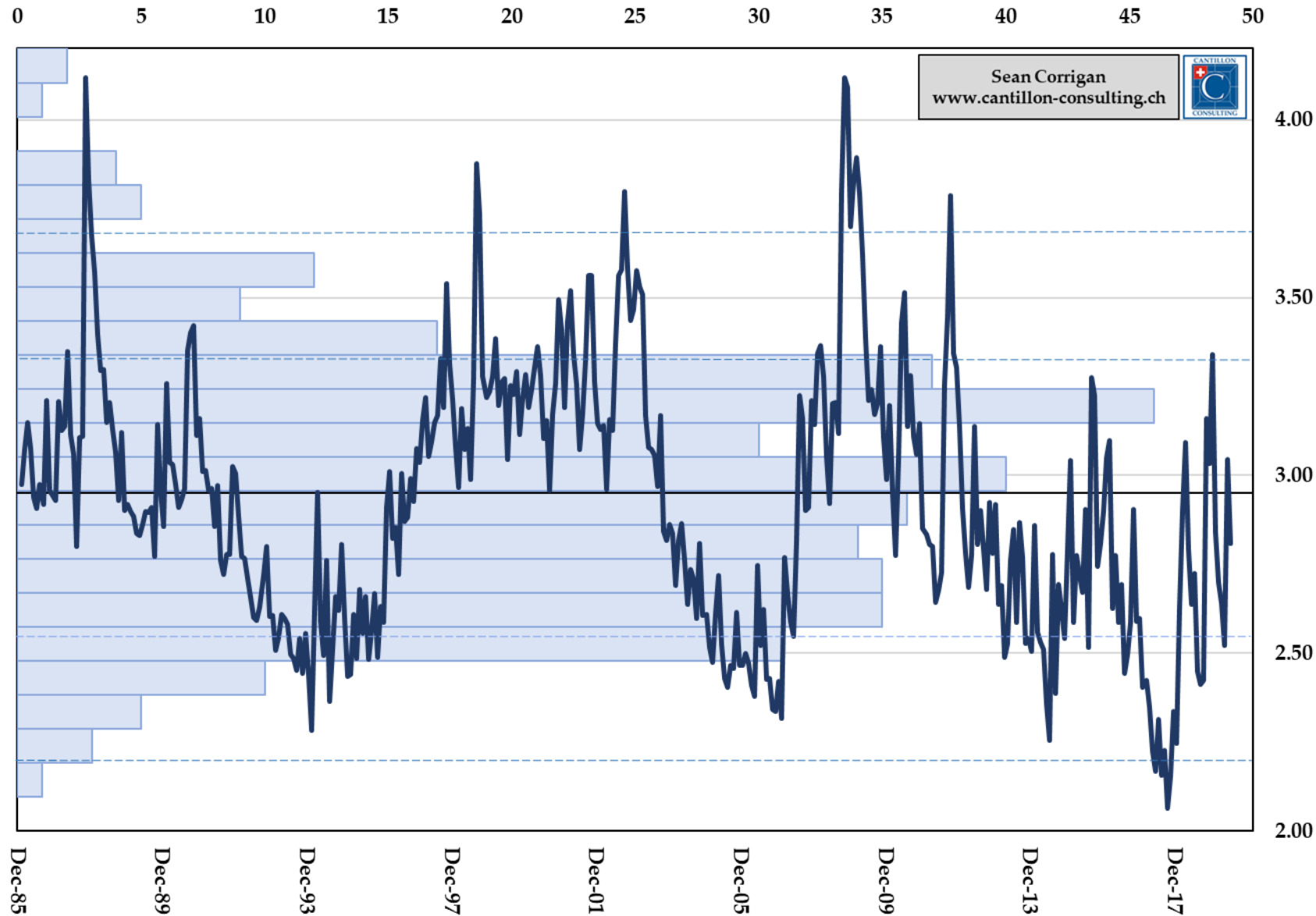
[www.cantillon-consulting.ch](http://www.cantillon-consulting.ch)



**Money, Macro & Markets Monitor**  
*Insight & Support for the Managers of Wealth*  
[www.cantillon-consulting.ch](http://www.cantillon-consulting.ch)

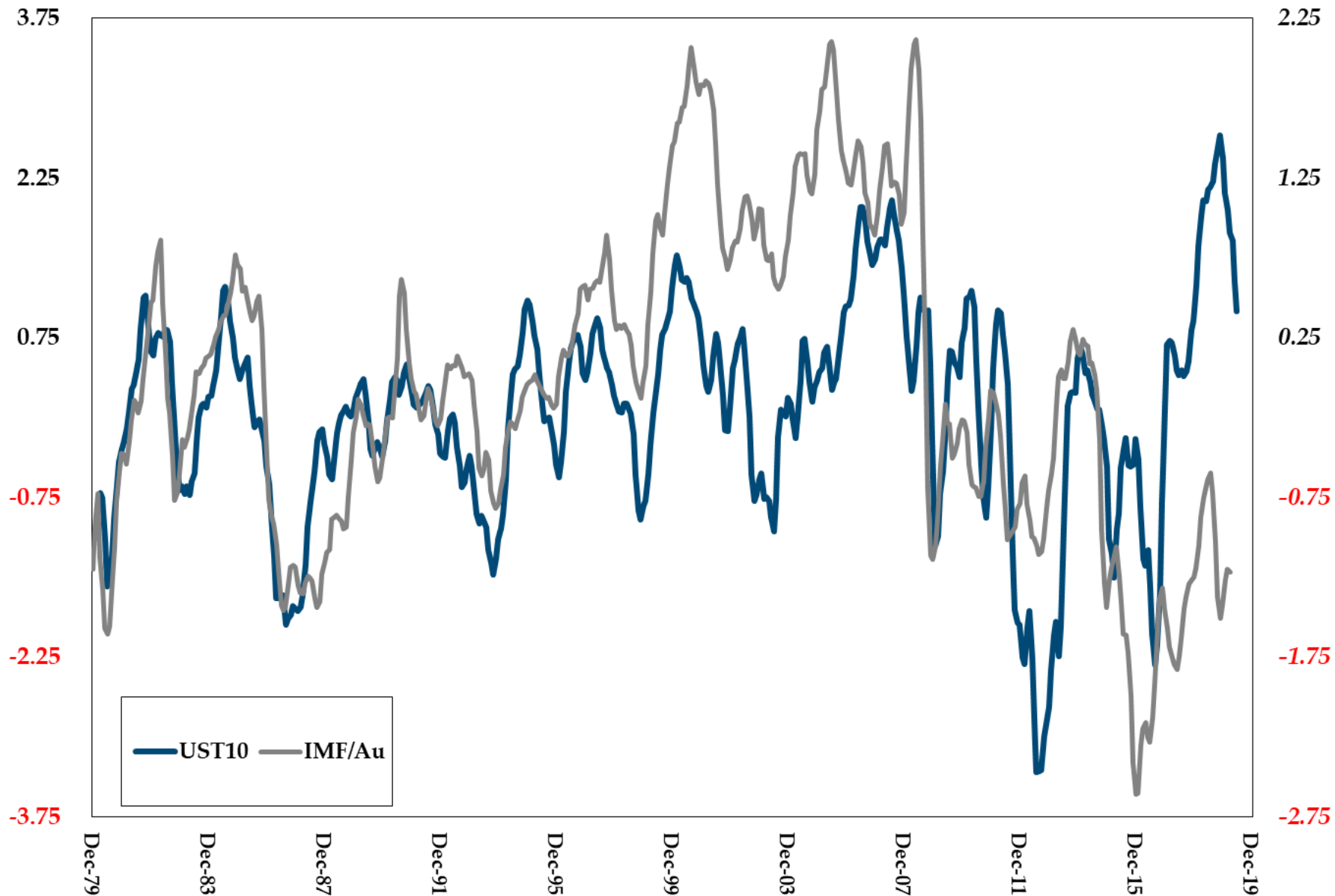


# VXO log distribution: *Source - FRED*



**Certainly, there's little real sign of angst in here, even if we are not quite at the sort of comatose complacency levels seen in early 2018**

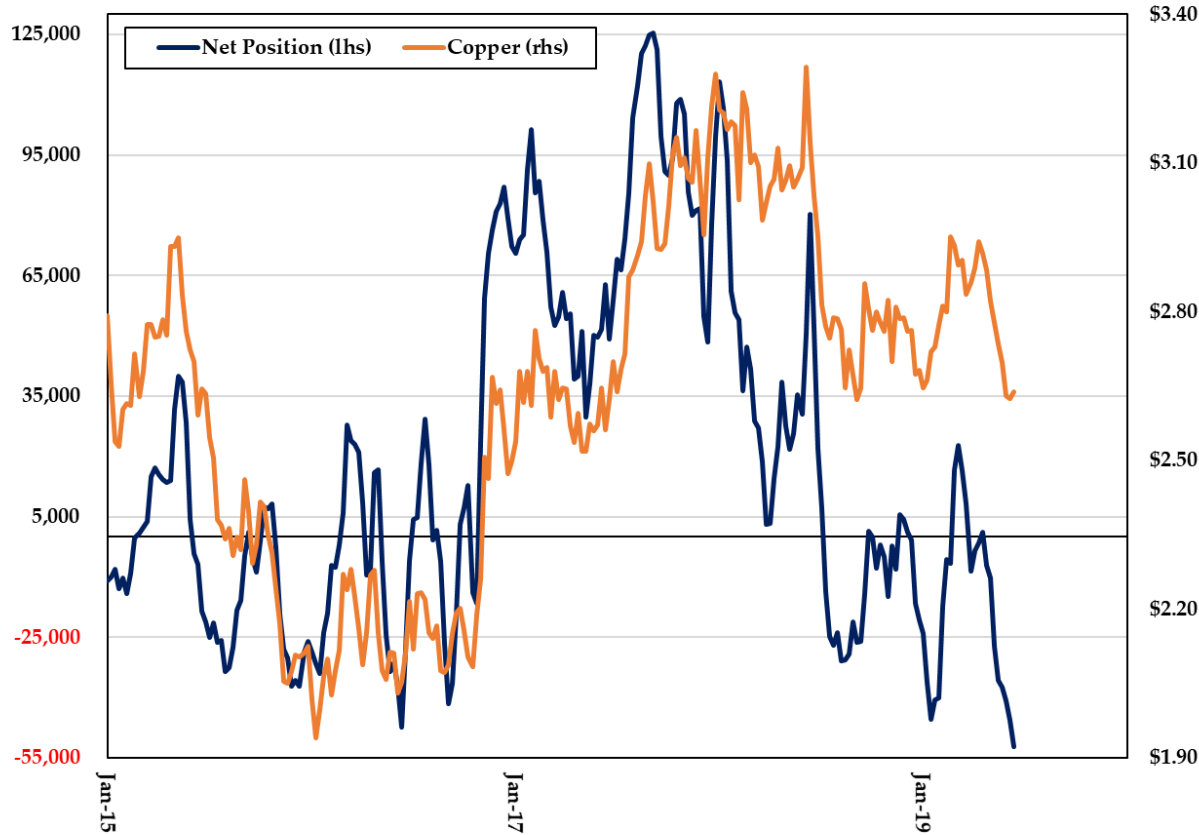
Gold/Commodity Ratio (t+3) v UST yields, deviations from trend: *Source - WB/IMF, FRED*



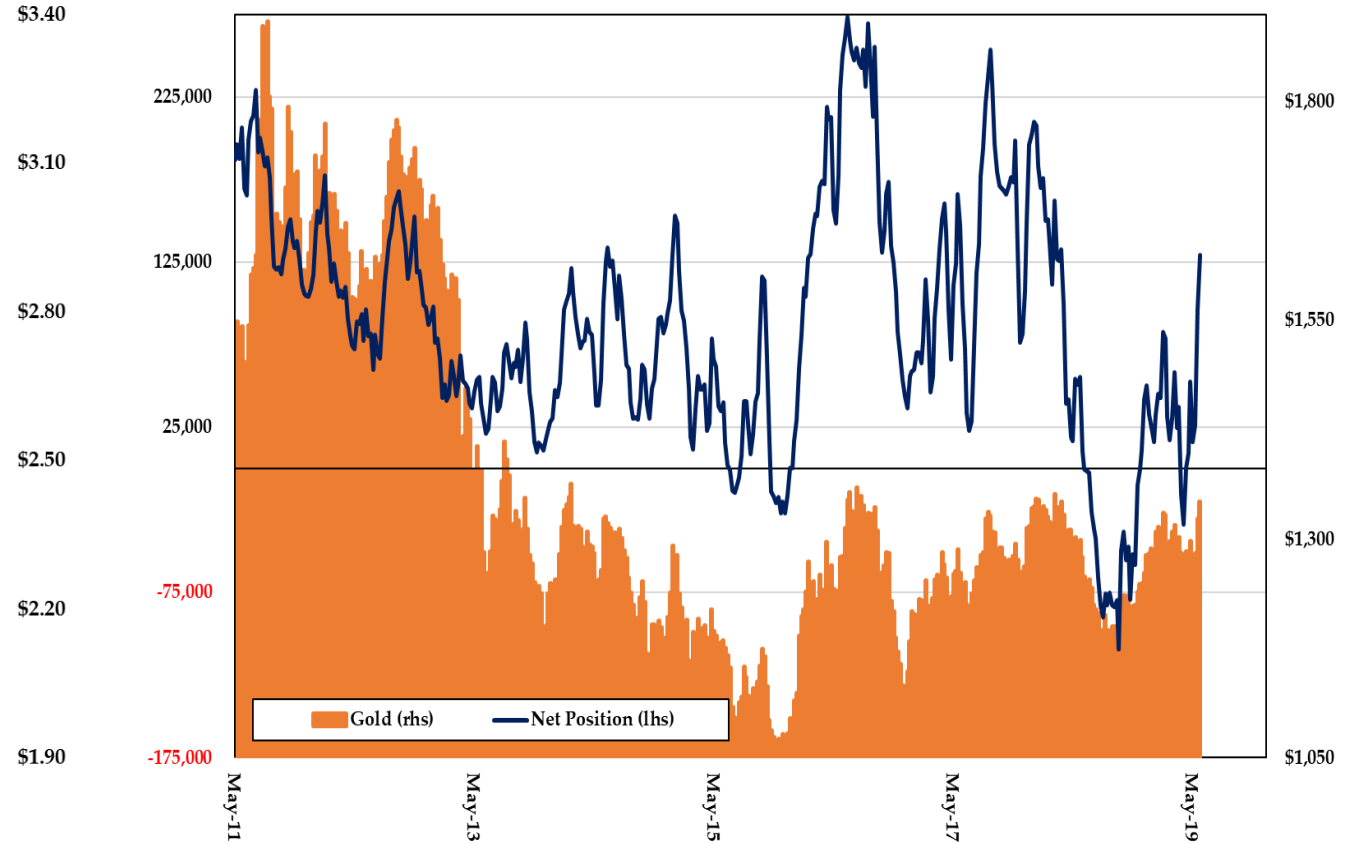
**Falling bond yields are helping gold outperform its peers in time-honoured fashion**

That divergence can be clearly seen in positioning in the underlying. Copper bears have never been so numerous: gold bulls are the most convinced in over a year

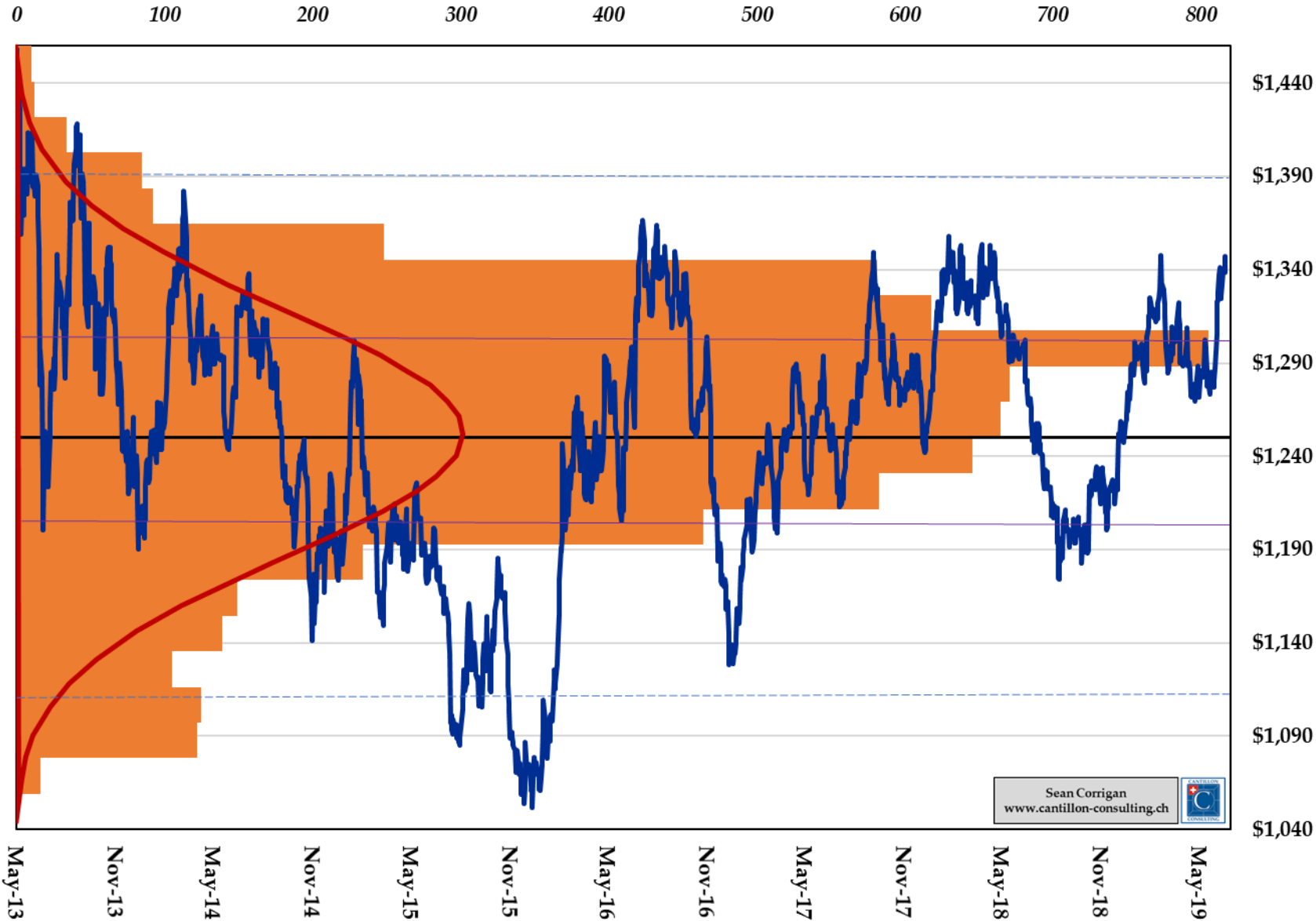
Money Managers Net Position v Copper Price: CFTC, Comex



Money Managers' Net Gold position: CFTC, COMEX



# Gold



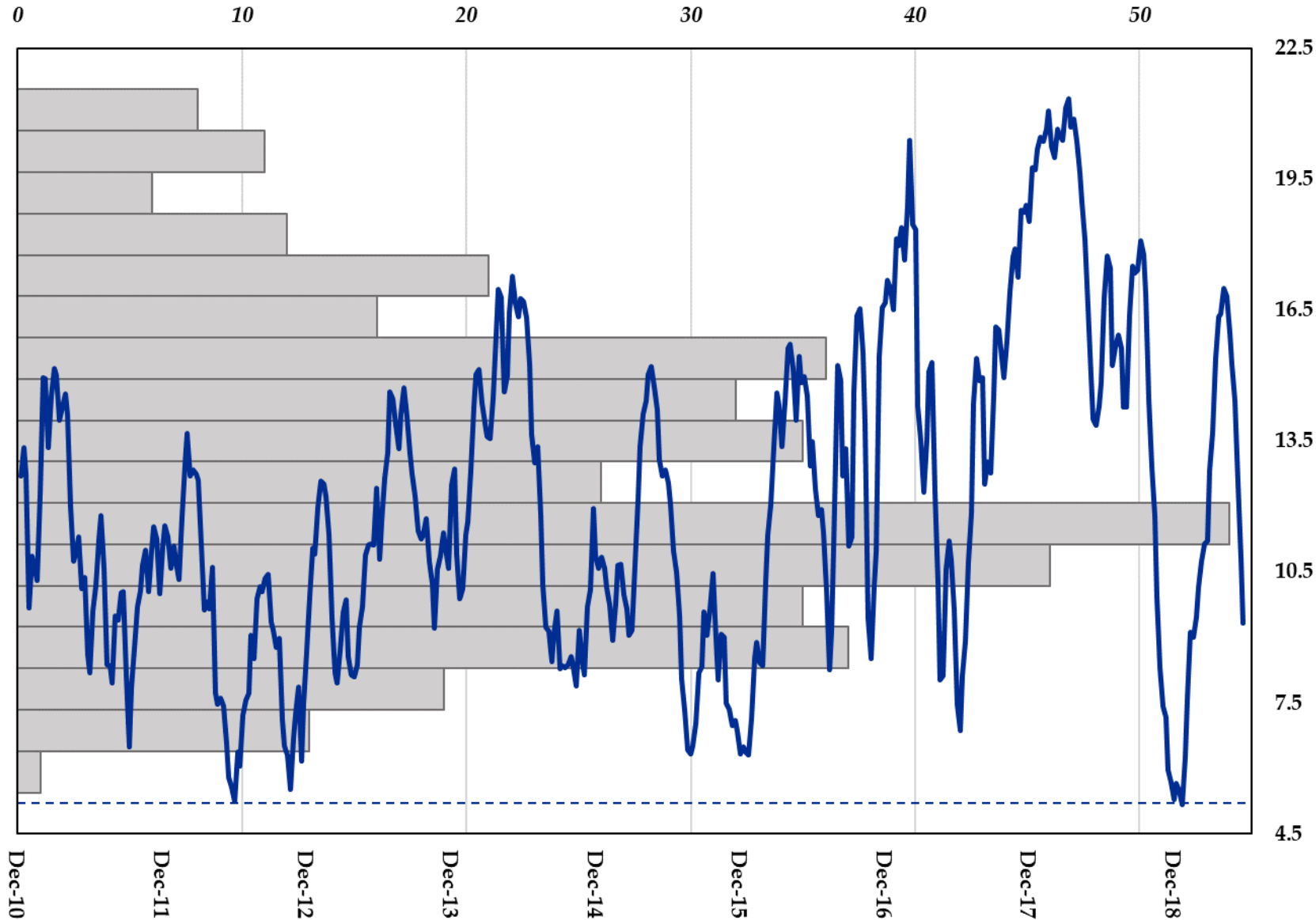
Sean Corrigan  
www.cantillon-consulting.ch



**In absolute terms, gold is again bumping up against the long-term sellers frequently to be found in the \$1350/75 area.**

**Will it finally break its shackles?**

Combined WTI & Brent Money Manager Net as % O/I: Source - CFTC



**War or no war, the US domestic glut of crude, allied to wider growth fears, has sapped the resolve of oil buyers**



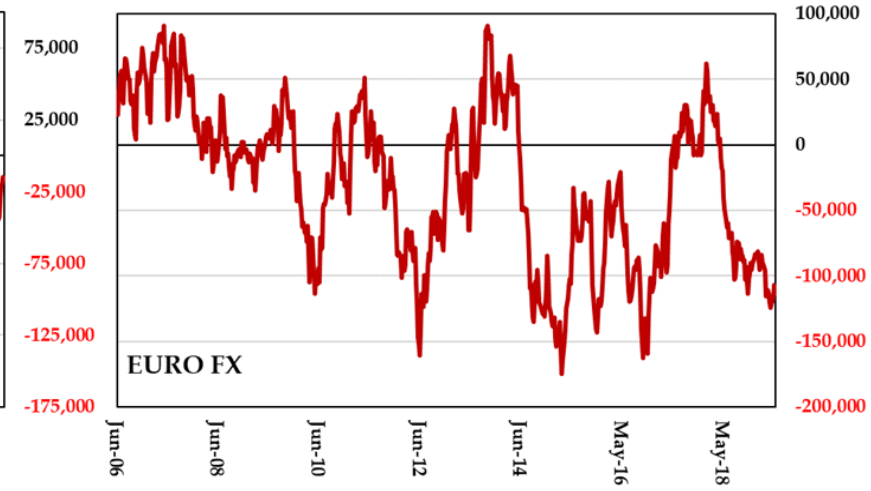
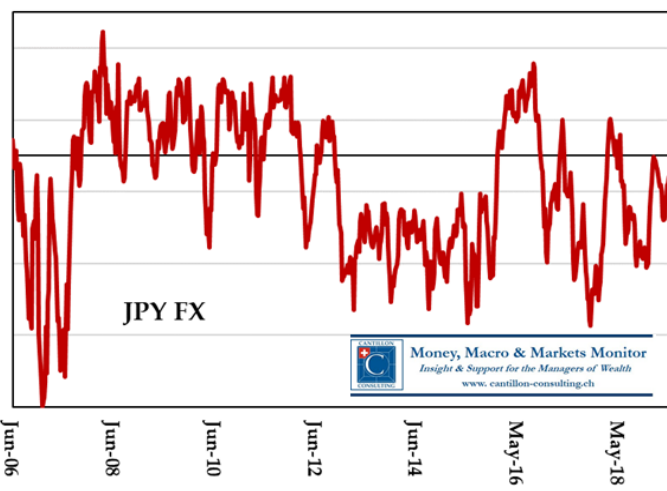
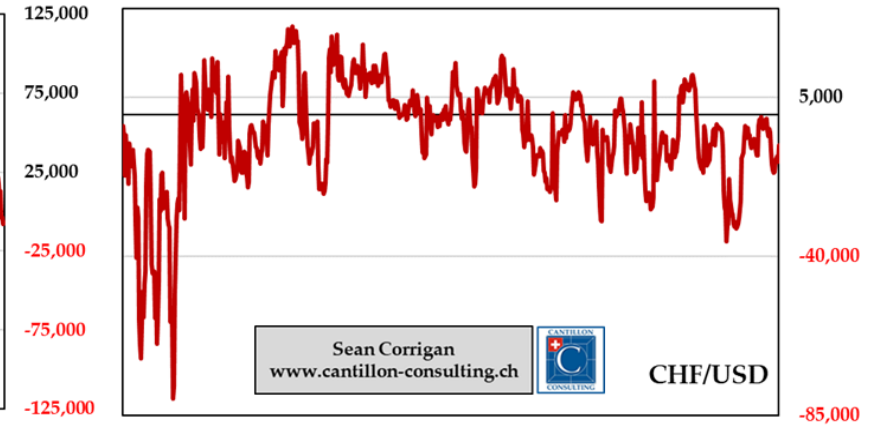
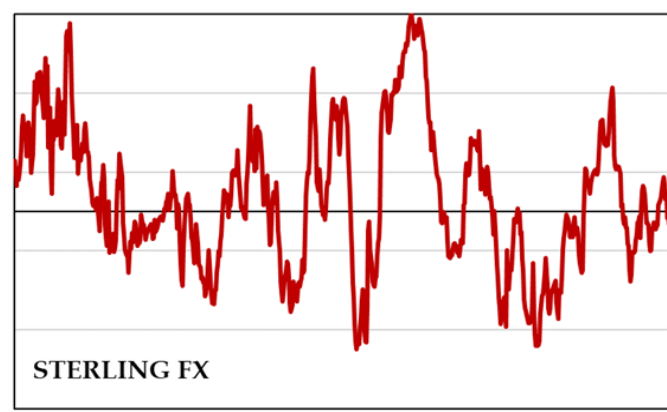
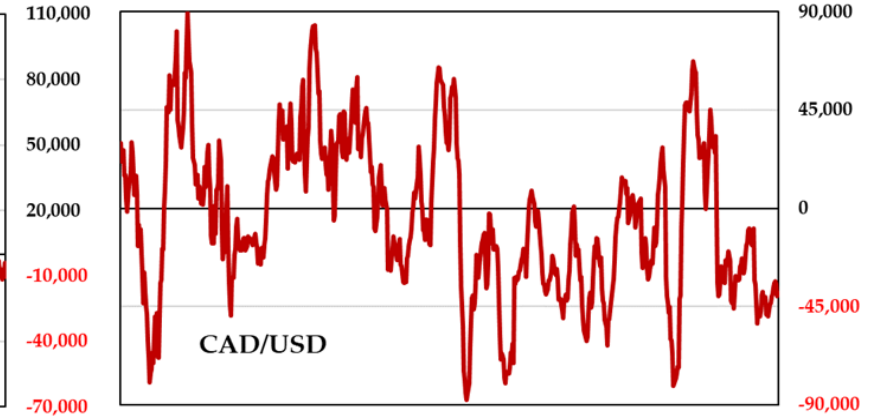
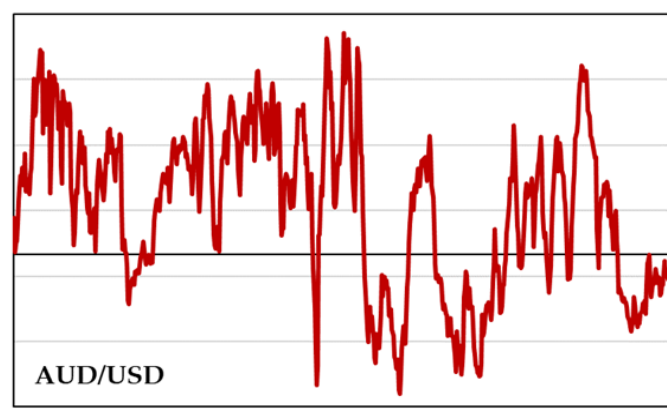
**Money, Macro & Markets Monitor**  
*Insight & Support for the Managers of Wealth*  
[www.cantillon-consulting.ch](http://www.cantillon-consulting.ch)

Sean Corrigan  
[www.cantillon-consulting.ch](http://www.cantillon-consulting.ch)



**WTI**

This has left WTI slap bang in the middle of the Shale Era range, though the technicals from the spring highs suggest the winter's lows are not to be ruled out

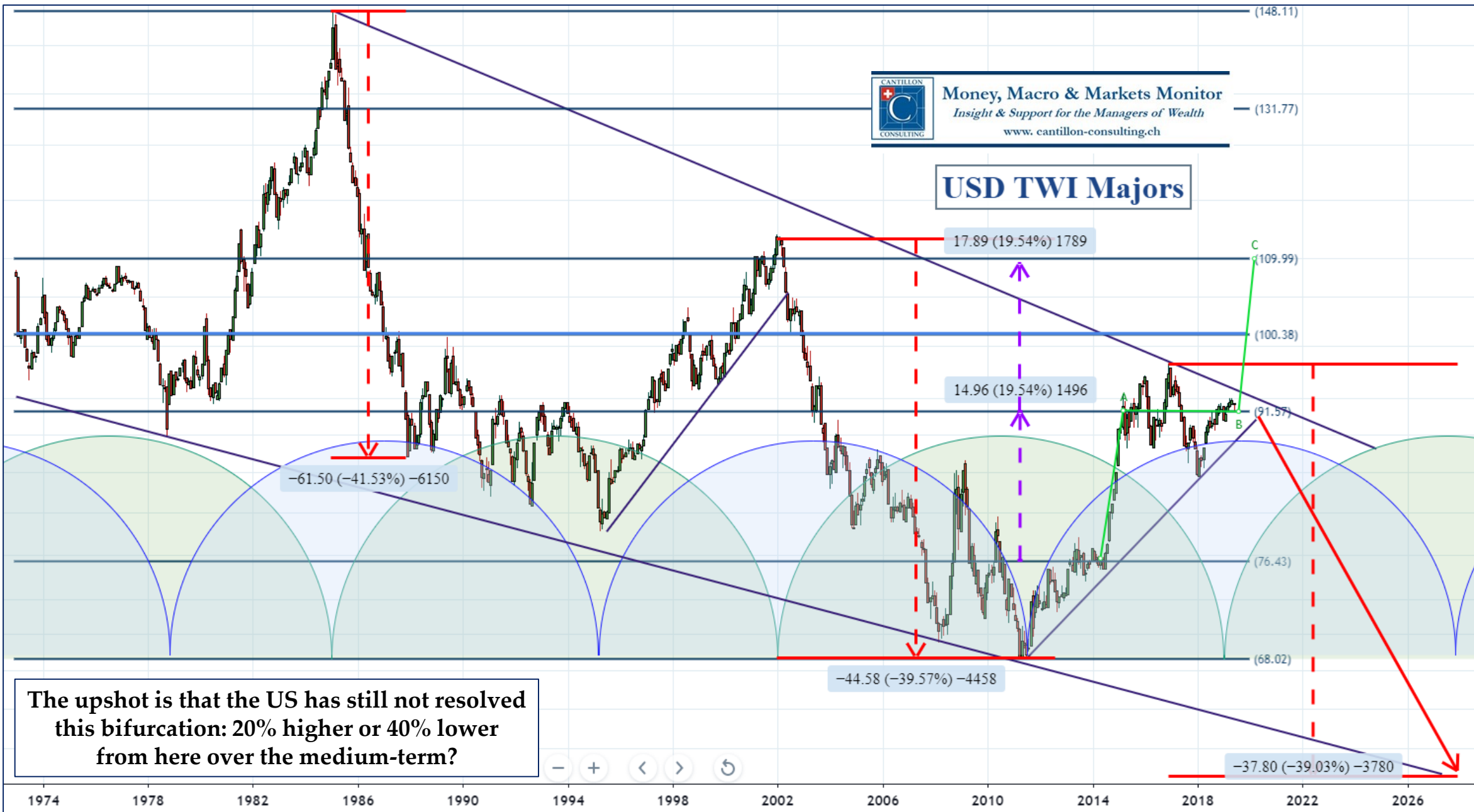


**In the currency markets, the main focus of bearishness seems to be the Loonie and a Draghi-afflicted euro, if we take the leveraged account positions as our guide**





### USD TWI Majors

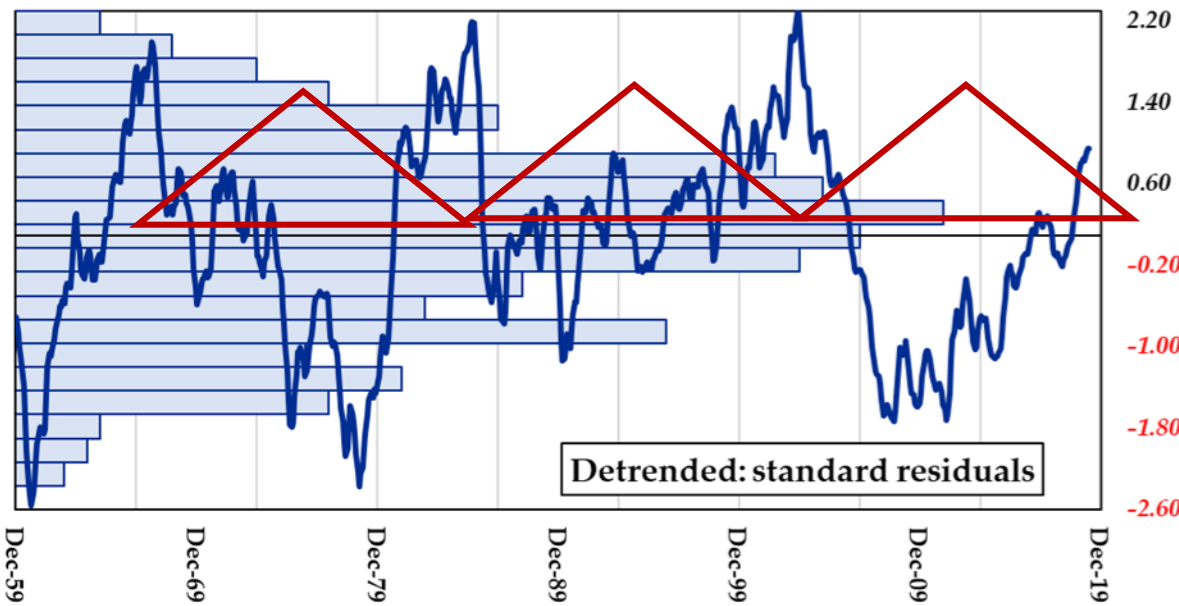


The upshot is that the US has still not resolved this bifurcation: 20% higher or 40% lower from here over the medium-term?





SPX v DAX total return: log scale



...Though the clear cycle seen in relative stock market returns suggests we have around another two years to wait for the major turning point to arrive – just after the next President takes office, in fact

# FOMC – Decision Time



Money, Macro & Markets Monitor  
*Insight & Support for the Managers of Wealth*  
www.cantillon-consulting.ch

## Disclaimer

All content is intended to give general advice only. The investments and instruments mentioned therein are not necessarily suitable for every individual and you should use this information in conjunction with other advice and research to determine its suitability for your own circumstances and risk preferences. The value of all securities and investments, as well as the income derived from them, can fall as well as rise. Your investments may be subject to sudden, often substantial, declines in value which may not be recoverable; others may expire worthless after a specified period. You should not buy any of the securities or other investments mentioned with money you cannot afford to lose. In some cases there may be significant charges which may reduce the value of your investment. You run an extra risk of losing money when you buy shares in certain securities where there is a large difference or 'spread' between the buying price and the selling price, a circumstance which means that, should you sell them immediately, you may get back much less than you paid for them. In the case of investment trusts and certain other funds, these may use or propose to use the borrowing of money in order to increase the size of their exposures and/or invest in other securities with a similar strategy. As a result, movements in the price of the securities may be more volatile than the movements in the prices of those underlying investments. Some investments may involve a high degree of such borrowing (often referred to as 'gearing' or 'leverage') This means that a small movement in the price of the underlying asset may have a disproportionately large effect on that of your investment. Accordingly, a relatively small adverse movement in the price of the underlying asset can result in the loss of the entirety of your original investment. Changes in rates of exchange may have an adverse effect on the value or price of the investment and you should be aware that additional dealing, transaction, and custody charges for certain instruments may result when these are not traded in your home currency. Some investments may not be quoted on a recognised investment exchange and, as a result, you may find them to be 'illiquid'. You may not easily be able to trade your illiquid investments and, in certain circumstances, it may become difficult, if not impossible to sell the investment in a timely manner and/or at its indicative price. Investment in any of the assets mentioned may have tax consequences regarding which you should consult your tax adviser. All reasonable care has been taken to ensure that all statements of fact and opinion contained in the either written or spoken form are fair and accurate in all material respects. All data is from sources considered to be reliable but its accuracy cannot be guaranteed. Investors should seek appropriate professional advice if any points are unclear.

**Copyright ©2019 Cantillon Consulting Sàrl. Any disclosure, copy, reproduction by any means, distribution, or other action which relies on the contents of such materials, made without the prior written consent of Cantillon Consulting, is strictly prohibited and could lead to legal action.**

Sean Corrigan  
www.cantillon-consulting.ch

