

Aquila Dashboard 22 June 2020

08:00 GMT 22Jun20	Level	RSI	Day %	Week %	Month %	YTD %	Performance relative to SP500		
							Weekly %	Monthly %	YTD %
S&P 500	3098.02	51	-0.6%	1.0%	4.8%	-4.1%			
S&P 500 VIX	35.12	57	0.0%	2.1%	24.7%	154.9%			
US Dollar Index	97.49	48	-0.1%	0.8%	-2.4%	1.2%			
Euro Stoxx 50	3224.75	54	-1.3%	2.9%	11.1%	-13.8%	1.9%	6.3%	9.7%
German Dax	12152.15	53	-1.4%	2.1%	9.8%	-8.2%	1.1%	5.0%	4.1%
Hong Kong Hang Seng	24460	51	-0.7%	2.9%	6.7%	-13.2%	1.9%	1.9%	9.1%
ALL-World EX-US ETF	47.89	57	-0.4%	0.8%	9.0%	-10.9%	-0.2%	4.2%	6.8%
MSCI Emerging Markets	39.92	57	0.0%	1.6%	9.6%	-11.0%	0.6%	4.8%	6.9%
UK FTSE 100	6226.83	48	-1.0%	2.8%	4.0%	-17.4%	1.7%	-0.8%	13.3%
Japan Nikkei 225	22437.27	52	-0.2%	4.2%	10.1%	-5.2%	3.2%	5.2%	1.0%
Nasdaq 100	10008.64	60	0.0%	2.4%	6.3%	14.6%	1.4%	1.5%	18.7%
China A-50	20480.97	56	-0.9%	2.6%	5.9%	-4.0%	1.6%	1.1%	0.1%
HYG US high yield ETF	82.88	54	-0.3%	-0.4%	2.0%	-5.8%	-1.5%	-2.8%	1.6%
TLT US bond 20+Year ETF	162.39	50	0.1%	0.0%	-1.9%	19.9%	-1.0%	-6.7%	24.0%
Crude Oil WTI	39.84	64	0.0%	7.3%	19.8%	-34.8%	6.3%	15.0%	-30.6%
Copper	2.624	54	0.5%	2.3%	10.0%	-6.7%	1.2%	5.2%	-2.6%
Bitcoin	9429	47	0.5%	-0.1%	2.8%	30.8%	-1.1%	-2.1%	34.9%
Silver	17.87	56	1.4%	2.4%	3.8%	0.1%	1.4%	-1.0%	4.2%
Gold	1750.85	58	0.4%	1.5%	0.8%	15.4%	0.4%	-4.0%	19.5%
AUD/USD	0.686	53	0.5%	-0.8%	5.1%	-2.2%	12.98%	-0.1%	1.62%
EUR/USD	1.1189	50	0.1%	-1.2%	2.7%	-0.2%	7.34%	0.07	0.60%
GBP/USD	1.2378	40	0.2%	-1.8%	1.8%	-6.7%	10.02%	0.17	0.71%
NZD/USD	0.6428	55	0.4%	-0.7%	5.3%	-4.6%	12.05%	-0.2%	0.96%
USD/CAD	1.3589	48	-0.2%	0.1%	-5.0%	-4.6%	8.09%	-0.3%	1.34%
USD/CHF	0.9511	43	-0.1%	0.2%	-2.1%	-1.8%	6.70%	-0.01	1.24%
USD/CNH	7.0743	44	-0.2%	0.0%	-1.1%	1.6%	4.61%	-0.2%	-0.06%
USD/JPY	106.94	40	0.1%	-0.4%	0.6%	-1.6%	6.30%	-0.15	1.07%
USD/MXN	22.5983	52	-0.3%	1.6%	0.7%	19.2%	19.97%	-0.3%	-3.89%
Source : Aquila Markets 2020							1m Implied Vol	1m Vol day chg	1m Real-Imp

- The pause/corrective price action in risk assets remains in force; we reiterate that corrections can be function of time as well as price
- Positioning matters : institutional investors appear to remain underweight, but well off extremes and surveys suggest value-stock buying has driven this.
- Retail still dominates growth, whilst the entire performance of the SP500 so far in Q2 has come when the physical market is closed!
- SP500 futures showing largest net short for 9 years, reflecting hedging and spec shorts.
- Focus on size of potential Q2 selling flow given the c. 25% rally over that period. Talk > USD 100b



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Aquila Sector Dashboard 22 June 2020

08:00 GMT 22Jun20		Level	RSI	Day %	Week %	Month %	YTD %	Performance relative to SP500		
Code								Weekly %	Monthly %	YTD %
SPY	SP500 SPY ETF	308.64	51	-0.6%	1.5%	4.5%	-4.1%			
RSP	SP500 equal-weight	103.05	47	-1.0%	0.9%	7.0%	-11.0%	-0.5%	2.5%	-6.8%
SPYG	SP500 Growth	44.7	51	-0.3%	2.8%	5.4%	6.7%	1.5%	0.9%	10.8%
SPYV	SP500 Value	29.54	45	-0.8%	0.7%	4.5%	-15.4%	-0.8%	0.0%	-11.3%
QQQ	Nasdaq QQQ ETF	244.24	60	0.0%	3.5%	6.4%	14.9%	2.1%	1.9%	19.0%
QQEW	Nasdaq equal-weight	79.51	53	-0.1%	3.5%	7.5%	7.7%	-0.1%	1.2%	-7.1%
IWM	Russell 2000	140.99	51	-0.5%	2.0%	4.5%	-14.9%	0.5%	0.1%	-10.8%
HYG	HYG US high yield ETF	82.88	54	-0.3%	0.5%	2.0%	-5.8%	-0.9%	-2.4%	-1.6%
LQD	IG Inv Grade Credit ETF	133.99	64	0.1%	1.3%	2.5%	4.7%	-0.2%	-2.0%	8.8%
FXI	MSCI China	40.32	54	0.2%	-0.1%	7.5%	-7.6%	-1.5%	3.1%	-3.5%
VEU	All World Ex-US ETF	47.89	57	-0.4%	0.9%	9.0%	-10.8%	-0.6%	4.6%	-6.8%
EEM	MSCI Emerging Markets	39.92	57	0.0%	0.1%	9.6%	-11.0%	1.3%	5.1%	-6.9%
EWJ	MSCI Japan	56.03	54	-0.5%	0.2%	6.4%	-5.4%	-1.7%	1.9%	-1.3%
EFA	iShares MSCI EAFE	61.04	53	-0.5%	0.4%	7.2%	-12.1%	-1.9%	2.7%	-8.0%
XHB	US - Homebuilders	43.24	53	-1.3%	3.1%	8.2%	-5.0%	1.6%	3.7%	-0.9%
KRE	US - Regional Banks	39.88	51	-1.1%	1.2%	4.2%	-31.5%	-0.2%	9.7%	-27.4%
SMH	US - Semiconductors	150.72	56	-0.6%	3.3%	9.2%		1.8%	4.7%	
IYR	US - Real Estate	79.75	51	-1.3%	-1.3%	8.1%	-14.3%	-2.7%	3.7%	-10.2%
XRT	US - Retail	42.2	55	-1.1%	2.2%	7.7%	-8.3%	0.7%	3.2%	-4.2%
XME	US - Metals and Mining	20.95	56	-0.6%	-1.7%	3.9%	-28.5%	-3.2%	-0.6%	-24.4%
XLF	US - Financials	23.98	52	-0.7%	0.6%	9.4%	-22.1%	-0.8%	4.9%	-18.0%
XLK	US - Technology	102.24	61	-0.7%	2.9%	6.0%	11.5%	1.4%	1.5%	15.6%
XLB	US - Materials	56.18	59	-0.3%	2.1%	6.1%	-8.5%	0.6%	1.7%	-4.4%
IYT	US - Transports	160.8	51	-1.5%	0.4%	7.0%	-17.8%	-1.8%	2.5%	-15.7%
IBB	US - Biotechnology	137.85	64	3.3%	7.6%	3.4%	14.4%	6.2%	-1.1%	18.5%
XLI	US - Industrials	69.23	52	-1.2%	0.6%	8.4%	-15.0%	-0.9%	4.0%	-10.9%
XLY	US - Consumer Discr	127.38	56	-0.8%	1.6%	5.1%	1.6%	0.2%	0.6%	5.7%
XLV	US - Healthcare	100.75	57	1.0%	3.2%	1.1%	-1.1%	1.8%	3.3%	3.0%
XOP	US - Oil and Gas	56.08	49	-2.7%	-3.4%	6.2%	-40.3%	-4.8%	1.7%	-36.7%
XLP	US - Consumer Staples	59.62	53	-0.5%	2.6%	3.7%	-5.3%	1.1%	-0.7%	-1.2%
XLE	US - Energy	39.57	37	-1.5%	0.6%	2.8%	-34.1%	-2.1%	-1.6%	-30.0%
IYZ	US - Telecommunications	27.79	51	-0.6%	0.5%	2.9%	-7.0%	-2.0%	-1.5%	-2.9%
XLU	US - Utilities	57.49	43	-2.8%	2.0%	1.8%	-11.0%	-3.5%	-2.7%	-6.9%
GDX	Gold Miners	33.55	56	3.5%	2.8%	-5.6%	14.6%	1.3%	-10.1%	18.7%

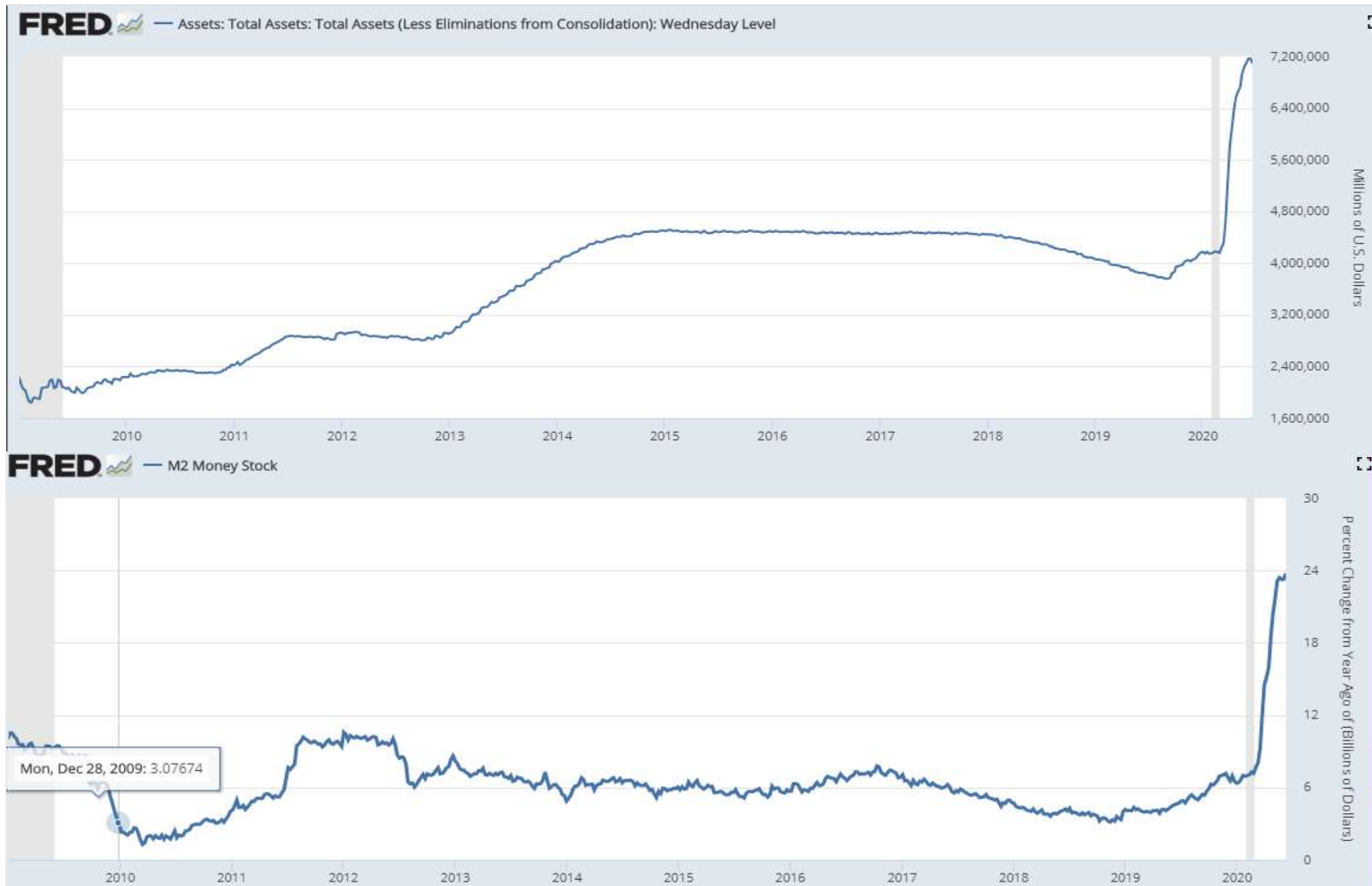
Source: Aquila Markets 2020

Note: Nasdaq equal-weight shows relative performance to Nasdaq QQQ

- Corrective / pause remains firmly in force. With each day that passes WITHOUT a move lower, the risk shifts to a more direct move higher for equities even allowing for the negative sentiment that continues around removal of lockdown and longer implications of damage caused by virus.
- There is yet to be a sign of the "capitulation" move lower; the dashboard shows how limited the number of sectors lower last week.
- We are questioning whether the recent weakness was "it", or whether we see another move lower in equities: a "C" wave in an A-B-C



Federal Reserve Balance Sheet update



- The scale of accommodation from global policy makers due to Covid in 2020 has been truly staggering – 80 global central banks have cut rates in 2020
- Global response stands at more than USD 18 trl, USD 10trl fiscal, USD 8trl monetary; equivalent to more than 20% of Global GDP!
- Last week- the Federal Reserve Balance sheet FELL by USD 72bio, driven by a fall in usage of FX swap lines and Repo facility but offset by rise in continued purchasing of TY and MBS.
- The lower usage of these facilities suggests USD funding is “normalising”, BUT global dollar supply – from Oil – matters.

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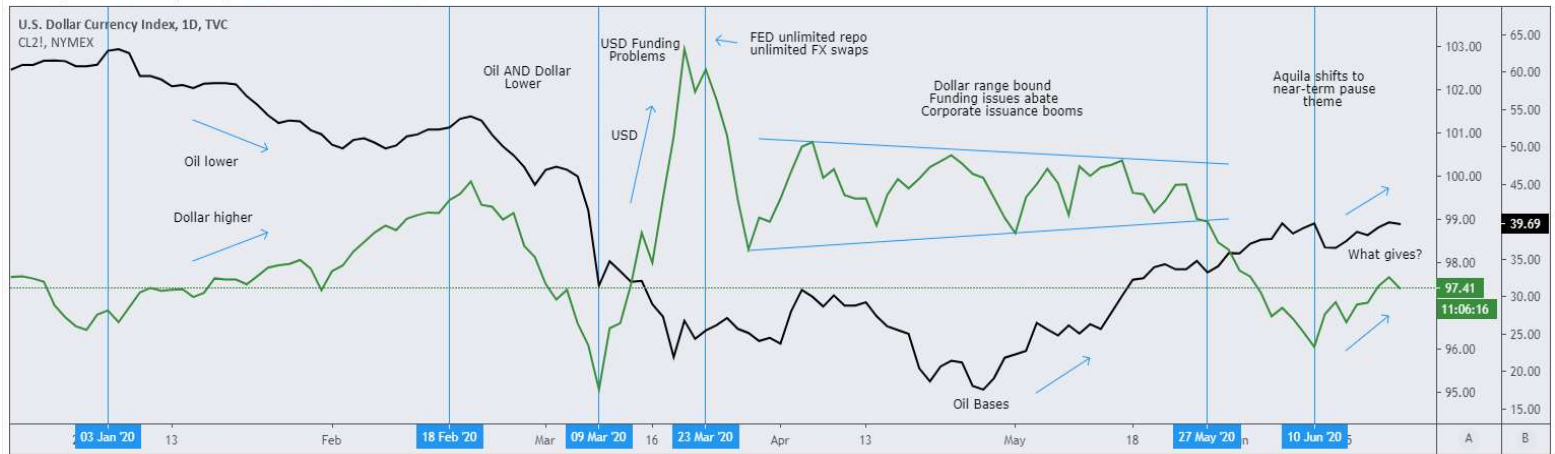


The story of 2020 – SP500,US5yr,DXY,Oil

AquilaMarkets published on TradingView.com, June 22, 2020 12:53:46 BST
 TVC:US05Y, 1D 0.332 ▼ -0.002 (-0.72%) O:0.327 H:0.339 L:0.325 C:0.332



TVC:DXY, 1D 97.41 ▼ -0.26 (-0.26%) O:97.66 H:97.74 L:97.29 C:97.41



TradingView

- Chart shows story of 2020 across SP500 (Blue), US10yr yields (red), Dollar Index (Green), Oil (Black)
- The break down in the dollar on 27th May fuelled the final move higher in equities (and a tick up in rates), prompting overbought conditions we highlighted first on 10th June.
- The fall in Fed Balance sheet usage would suggest USD funding availability, BUT this would typically be in line with a higher Oil price (more USD in circulation)
- The weaker dollar is a PREQUISITE for equities to rally, and lower oil price will drive the dollar higher.

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Nasdaq100 update (futures)

AquilaMarkets published on TradingView.com, June 22, 2020 10:44:02 BST

CME_MINI_DL:NQ1!, 1D 10022.00 ▲ +98.50 (+0.99%) O:9868.00 H:10038.25 L:9843.50 C:10022.00



- A key short term barometer – a break above 10160, especially after month end – will trigger FOMO buyers as growth leads once again.
- Our medium term bullishness remains intact, but are happy to let the market speak at this juncture.
- Our “medium term” time frame is shortening – we view the US election on 3rd November as a potential high point
- We are also on alert for a return of the second wave in the Autumn too.



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SP500 update (futures)

AquilaMarkets published on TradingView.com, June 22, 2020 12:45:00 BST
 CME_MINI_DL:ES1, 1D 3077.00 ▲ +17.50 (+0.57%) O:3040.25 H:3096.75 L:3027.25 C:3077.00



TradingView

- Our short term opportunity has been to short from 3130 with stop-loss above 3160, targeting retest of 2910 June low, down to medium term support zone at 38.2% retracement at 2850 – this is for countertrend play or hedgers ONLY looking for a 3-wave, “A-B-C” correction lower.
- Medium term we remain bullish, but TIMING matters – a break above 3160 and retest of 3230 High before month end means we MUST be aware of the potential selling flows into the end of the quarter.
- Timing matters – corrections can be about time as well as price. We remain on alert and willing to let market speak.

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