

Notes From The Rabbit Hole

eResearch Corporation is pleased to provide an article, courtesy of NFTRH.com, and written by Gary Tanashian, with a bio on the Author provided at the end of the article.

The article, starting on the next page, is entitled:
“Updating The Inflation Trade”

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Along the way, a geek-like interest in technical analysis, a long-time interest in human psychology, and various unique macro market ratio indicators were added to the mix, with the result being a financial market newsletter (and dynamic interim updates), Notes From The Rabbit Hole (NFTRH) that combines these attributes to provide a service that is engaged and successful in all market environments by employing risk management first, and opportunity for speculation second.

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Updating The Inflation Trade

By **Gary Tanashian** (bio at the end of the article)

January 8, 2018

In the eLetter dated 12/27/17, which talked about rotation into traditional 'inflation trade' type investments, including precious and industrial metals, the following excerpt is from that letter...

"From December 15: [Amid Bad Fundamentals, Gold Sector Rally May Have Begun](#). NFTRH subscribers were on top of the developing situation well before that, as we gauged the positive seasonal aspect, tax loss selling dynamics and the Commitments of Traders all along the way to a buy point (we were buying while those using only charts were advising to short the sector, which was breaking down). This is the gold sector and you buy the panics, not the good times.

Unfortunately, the gold sector is just another 'inflation trade' going on right now ... "

We managed the coming of the precious metals rally from its beginning, and while I do not usually get into gold and silver stocks in much detail publicly, I do want to call your attention once again to [a spot I am writing each Sunday](#) for Gold-Eagle that provides a weekly update on gold and silver. Check it out if you'd like.

Aside from several prospective global areas (we have highlighted Japan, Russia, and London/Britain among others for their good technical conditions that are nowhere near as overbought as the USA), with respect to a traditional 'inflation trade' play a sector that is more in line (than the precious metals) with the current '*as good as it gets!*' global macro backdrop is Industrial Metals and Materials.

In the 12/27 eLetter, we used a technical setup in TECK as an example of what to look for. The charts were pulled from an NFTRH+ premium update highlighting a good technical setup.

As you can see on the next page, the weekly chart of TECK went on to bust the neckline of its bull pattern. At the time we noted a target of 35. This is obviously still on track. But that is a lot of uninterrupted weeks of bulling. Just sayin', nothing goes straight up (okay, this manic market - including poster boys the Crypto currencies - excepted thus far).



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The monthly chart is making the bull move above the neckline of a larger pattern - an Inverted H&S - that we wanted to see. The caveat is that the month of January is only a week old. A monthly close in this condition loads a target of 47.



Sure, the TECK trade is on track so far and gives me an opportunity to show you the more strategic aspects of the [NFTRH Premium](#) service. It is not all macro nerd stuff. Even nerds need to make a living and making good trades is a way to make a living, when the setups are right. The thing is, most everything seems to be working lately, so this is not the work of genius.



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But, for now, we go with the flow. TECK is working. RIO has been working since well before that, along with commodities, precious metals, anti-USD markets, and so on. The global speculation with an inflationary flavor has been booming and profits have been coming a bit too easily.

I find it is time to branch out to other areas, like those countries noted above, all the while managing risk through cash (which, when using an equivalent like T-Bills is now paying at least a modicum of income), routine profit-taking and continuing to respect the [3 Amigos macro theme](#), which holds that the party will not end until these 3 macro indicators either reach their targets or abort. Finally, let us all keep in mind what is actually in play on the macro (see [Ever Been Part of a Melt-Up?](#)).

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See NOTES, below.

NOTES

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Biiwii.com is proud to be included in the **50 Blogs Every Serious Trader Should Read** from [TraderHQ.com](#).

See **ABOUT THE AUTHOR** on the following page.



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ABOUT THE AUTHOR



Gary Tanashian is a financial market analyst, writer, and editor. He provides “Accurate financial market analysis and commentary focused on unbiased reality as opposed to preconceived assumptions.”

As a long-time participant in financial media (published at leading outlets like SeekingAlpha, Investing.com, and many more), Gary has learned how to communicate with people about often-complex material. He knows that it requires hard work, but he believes that there is no other way in order to provide the highest quality service to the public.

Gary is the owner of Biiwii.com (launched in 2004) and, later, NFTRH.com (launched in 2014).

Biiwii is a financial website that got it RIGHT in the run up to 2008, unlike many in the financial services industry.

He is the owner and publisher of the weekly premium financial market report Notes From The Rabbit Hole, which was launched in September, 2008.

Notes From The Rabbit Hole is a premium newsletter service (including detailed in-week updates) for people who care more about financial market realities than having their preconceived notions reinforced. <http://nftrh.com/nftrh-premium/>

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