Something Doesn't Feel Right.

2026/7/26 · Macro Charts · 付费

The Biggest Risk/Opportunity I'm Watching.

The Biggest Risk/Opportunity I'm Watching.

Jul 26

In today's report:

"EXIT TO THE LEFT."

Today I want to update on critical new ideas, including:

Extreme positioning, Sentiment, Oil(!), Rates on the EDGE, Volatility, and a *confluence of signals I'm getting concerned about.*

Plus timely new topics:

✅ **Bounce, or breakdown?**
✅ **A BIG upgrade to our toolkit – *and much more to come.***
Have a great week ahead!

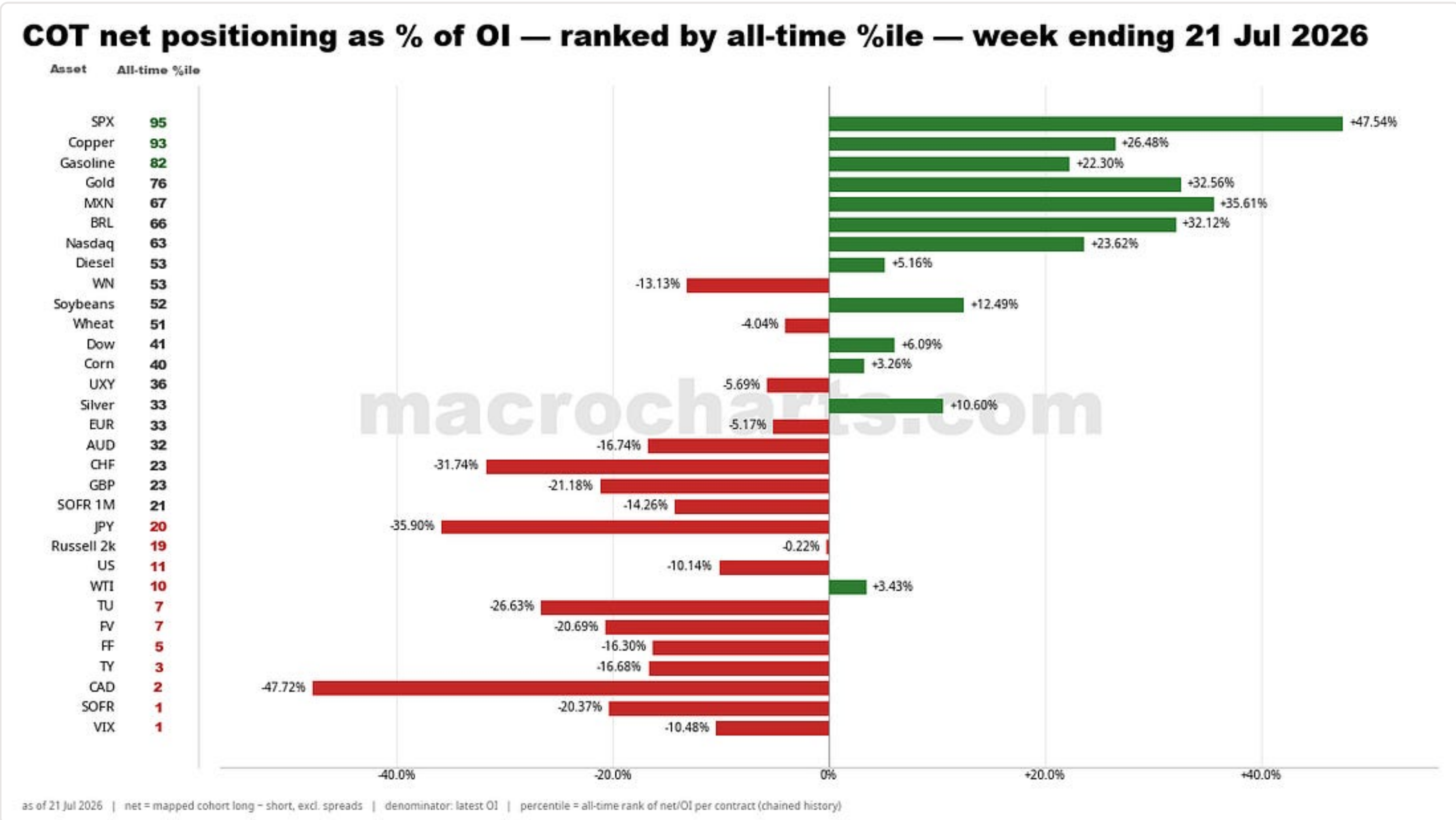
FLOWS & POSITIONING

***Introducing a big upgrade to our toolkit…**
Stay tuned for much more – coming soon!

COT POSITIONING SUMMARY

Positioning is extreme across a number of KEY markets:

- **Short candidates** (net-long extreme): **SPX** · **Copper**
- **Long candidates** (net-short extreme): **VIX** · **SOFR** · **CAD** · **TY** · **FF** · **FV** · **TU** · **WTI**



***How to read the table:** The LEFT-HAND column ranks the current positioning relative to history – for example, S&P positioning is in the TOP 95 percentile of all-time (extremely crowded). The HISTOGRAM panel shows the actual positioning – S&P positioning is currently 47.54% net Long.

A quick glance in the above table reveals (1) S&P at extreme crowded long, and (2) VIX at extreme crowded short.

This is very concerning.

Think the stage is being set for a lot of Volatility into later Q3.

Visualizing the extremes in positioning across markets:

COT Positioning Percentiles

week ending 21 Jul 2026 · vs 14 Jul 2026 · one cohort per asset

Asset	Cohort	net / OI %ile All-time	net / OI %ile 5y	net / OI %ile 1y	nominal %ile 5y	nominal %ile 1y
EQUITY INDICES						
SPX	AM	95	85	56	72	46
Nasdaq	AM	63	61	25	69	27
Dow	AM	41	41	40	47	42
Russell 2k	AM	19	27	13	27	13
VOLATILITY						
VIX	AM	1	3	10	3	8
RATES						
TU	LS	7	52	87	47	100
FV	LS	7	51	94	49	100
TY	LS	3	18	12	11	17
UXY	LS	36	64	75	50	75
US	LS	11	13	0	5	2
WN	LS	53	77	23	43	4
SOFR	LS	1	2	10	2	10
SOFR 1M	LS	21	17	23	7	21
FF	LS	5	1	2	1	4
METALS						
Gold	MM	76	83	87	67	67
Silver	MM	33	41	42	35	37
Copper	MM	93	97	85	98	90
ENERGY						
WTI	MM	10	13	60	12	52
Gasoline	MM	82	92	87	90	79
Diesel	MM	53	45	42	42	42
GRAINS						
Soybeans	MM	52	61	52	79	56
Corn	MM	40	52	75	52	75
Wheat	MM	51	79	79	77	79
FX						
EUR	LS	33	8	0	8	0
JPY	LS	20	27	0	3	2
GBP	LS	23	17	44	14	40
CHF	LS	23	47	92	23	54
AUD	LS	32	80	40	71	40
CAD	LS	2	11	27	5	2
MXN	LS	67	73	37	71	38
BRL	LS	66	48	31	71	29

bottom 10% · net-short extreme   top 10% · net-long extreme

Percentile of the mapped cohort's net positioning within each window · net/OI normalises for OI growth · nominal ranks raw net contracts (5y/1y only)

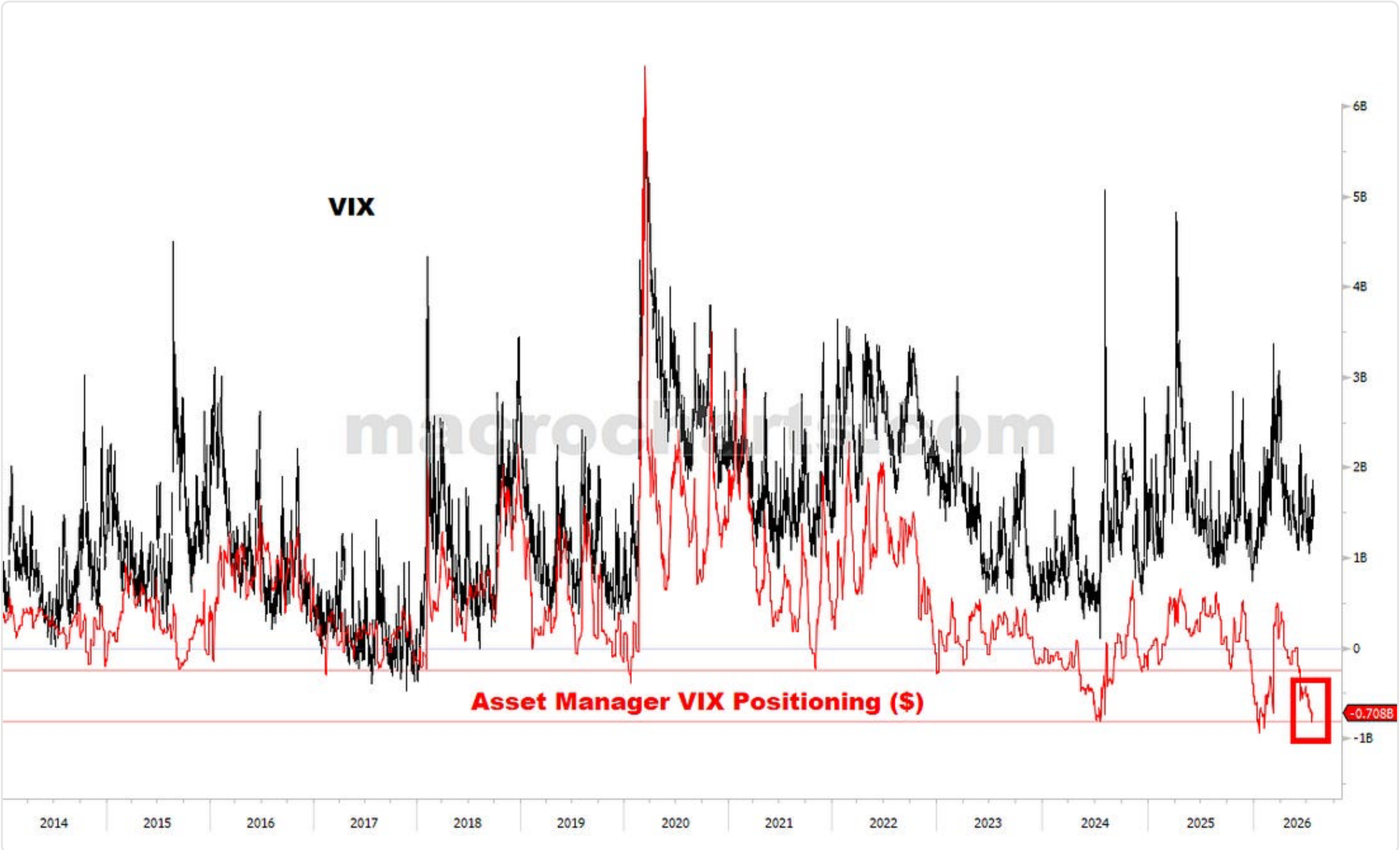
macrocharts.com

Looking through the above table:

- **S&P positioning** is at 95th percentile.
- **VIX positioning** is at *1st* percentile – ***at risk of a major short-squeeze (spike in Volatility).***
- **Rates positioning** is noisy due to basis trades, ***however it's notable that SOFR and FF positioning remain at extreme lows across all categories.***
- **Copper positioning** is at 93rd percentile.
- **FX positioning** in Euro, Yen, and Canadian Dollar is at **historic lows – *traders are***

extremely Long USD / Short these currencies.

If I had to pick *one* chart right now, this is THE most concerning:

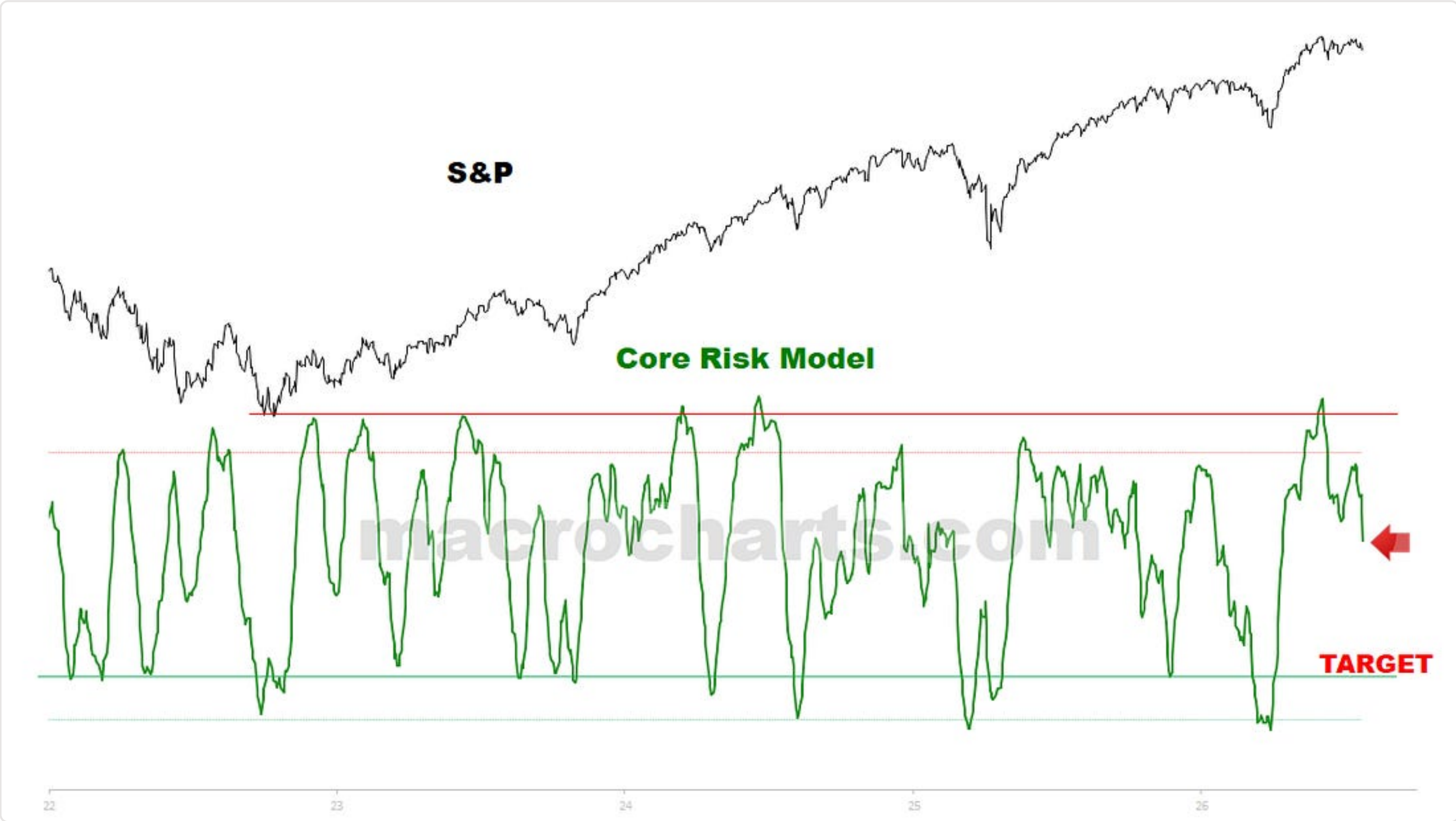


Something doesn't feel right:

These are extremely unstable conditions.
Volatility seems likely to rise – perhaps significantly.

CRITICAL CHARTS, LEVELS & SCENARIOS

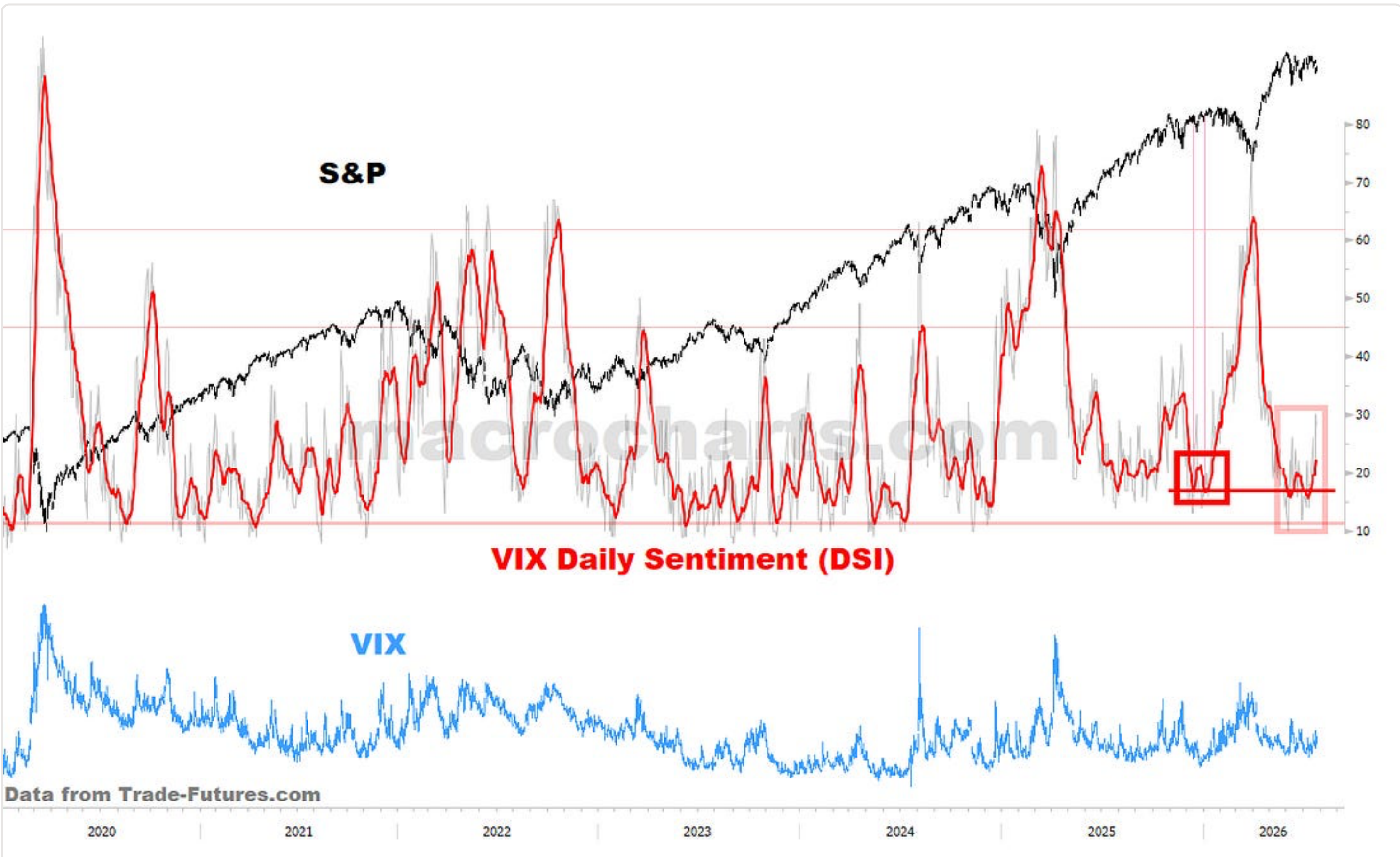
NEAR-TERM: chop is likely to get worse, and don't rule out sharp bounces.
MEDIUM-TERM: risk is elevated, and the probability of a bigger market correction is growing.
Core Risk is declining from a secondary Sell signal:



✅ **As discussed last week, *this should ideally lead to a bigger correction into later Q3.***
✅ **Our ideal scenario is a move down to target Buy range.**
Near-term: monitoring for bounces to build Shorts/Hedges.
Staying patient for now — no forced trades.
SPY is rolling down — *this was heavy action all week:*

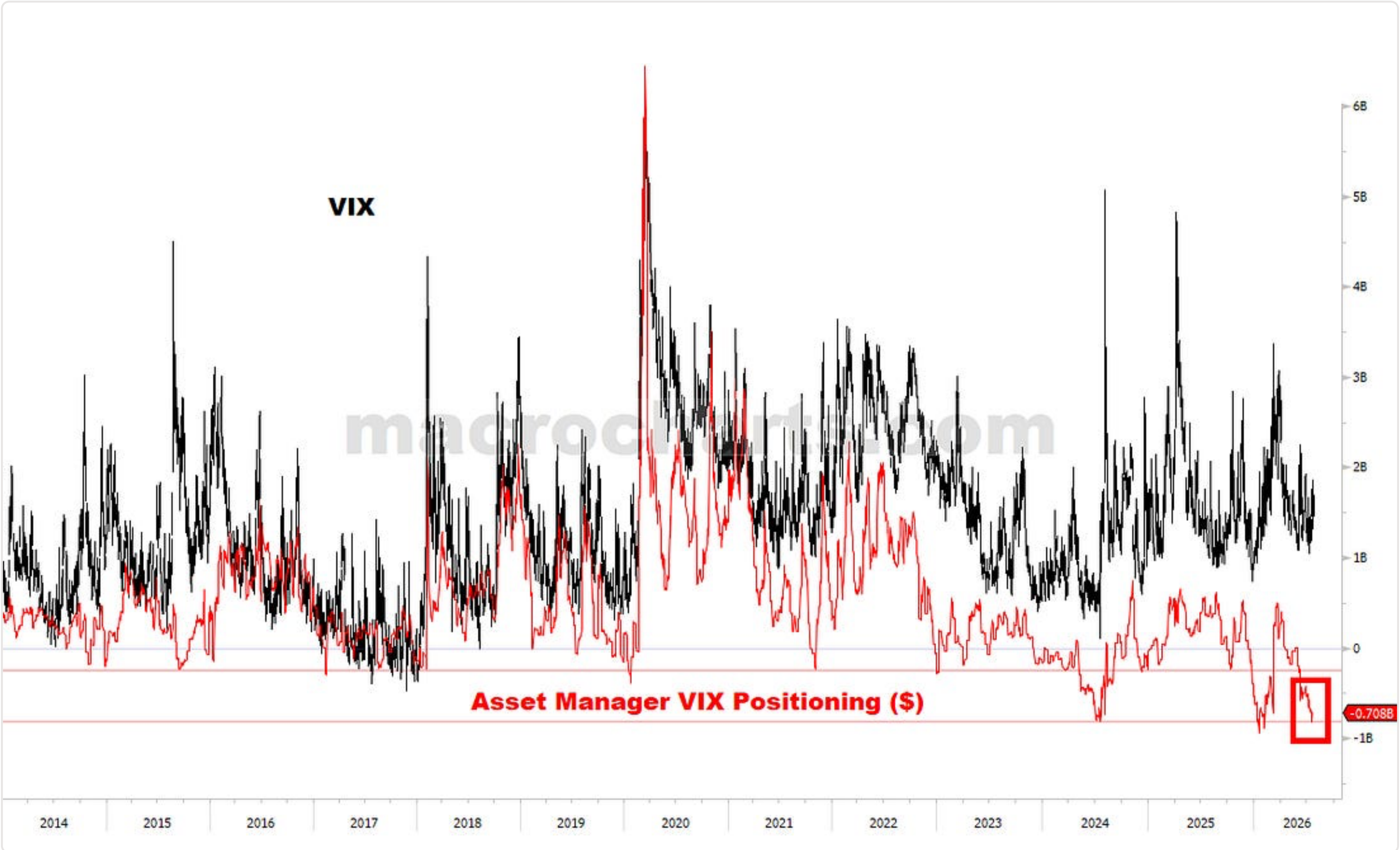
✅ **Near-term, SPY left open gaps in the $750 range, and could test them on a bounce. Lean to Short/Hedge if seen, or slightly below at $745-747.**
✅ **More concerning, weakness is appearing right as the market continues to track the 1999-2000 trajectory (*as discussed recently*** **).****
✅ **This is where volatility spiked in BOTH directions – including snapback rallies.**
✅ **This week has FOMC and BOJ meetings – *be prepared for wide intraday swings.***
Tracking closely for a window to build Short positions.
I think we'll see an opportunity very soon.
VIX remains tightly coiled. If it begins to push >20, it would be a big problem. **Watching closely if it breaks out of this base:*

VIX sentiment is turning UP — similar to how the S&P topped in Q1:



As discussed earlier in this report: VIX positioning is near the most extreme in history —

which adds fuel for a volatility spike, as shorts would be forced to cover.
***Priors:** *July 2024 (VIX spiked to 65 as carry trades blew up), January 2026 (VIX chopped to 35 as stocks corrected):*



Equity positioning remains extended – *consistent with *either* a topping condition, or an extended consolidation:*
***The last time in this range was the January top:**

QQQ:
Near-term, there could be significant chop in this range, before a bigger decline takes hold:
As I wrote this week:

> ***If it were to break, it could test 3% lower (100d), but then a bounce could bring it right back into range and chop even further. Overall, not worth getting chopped up while stocks decide the next move.***

Note how closely QQQ is following the scenario suggested last week:

Key takeaways:

For now, while QQQ trades at $665-690 it's a low signal-to-noise.
Wait for a clear asymmetric setup first.
SOX may be working on a test of ~10,800:

✅ **Testing this level is not required, but would be far more interesting for a bounce setup.**
✅ **Remember that if this is a major top, there will be plenty of extremely sharp bounces along the way (study 1995/1997/2000).**
Overall – expect more chop between support/resistance as this plays out.

MONITORING CATALYSTS

1. South Korea Moves Up Leveraged ETF Deposit Rule to Tame Volatility (BBG, July 23)

> **South Korea is moving up the date it had planned to lift the minimum cash deposit requirement for investors in leveraged exchange-traded funds to July 31,** a measure to curb demand for the products that are blamed for amplifying stock volatility.
>
> Once the requirement kicks in next Friday, Korean traders placing new orders in single-stock leveraged ETFs listed at home — or ones abroad, while using domestic brokerage accounts — will have to place a minimum cash deposit or have an account balance of at least 30 million won ($20,332), the Financial Services Commission said in a statement. Earlier this month, the authorities said the requirement would be implemented starting Aug. 5.
>
> The July 16 announcement was one of South Korea's measures regarding the leveraged ETFs tied to Samsung Electronics Co. and SK Hynix Inc. that have rapidly grown in size and fueled a surge in market volatility. The regulators then also said new listings of single-stock leveraged ETFs would be temporarily halted until market conditions stabilize.
>
> The ETF products, along with the two chipmakers they track, have become so popular among retail investors that they **account for more than 70% of trading value in the Korean stock market.**

As I wrote this week:

> ***If history is a guide, there may be even more margin increases after that, and perhaps even tighter new regulations. The tide is going out…***
>
> **The combination of liquidity receding in the Korean market, and poor global equity seasonality, could create a very negative backdrop for high-beta stocks into later Q3.**

METALS

Price action in Metals continues to improve — little by little, a bullish picture seems to be emerging.


GOLD
A higher low, despite Yields/Oil/Dollar up?
Extremely impressive if Gold keeps holding...
macrocharts.com
100.0%(5595.47)
38.2%(4074.92)
0.0%(3960.30)
4480.38
4231.64
4052.79
5500
5000
3500
3000
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
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Aug
Sep
2025
2026


SILVER
Even Silver, typically seen as the "speculative one", is holding at a higher low for now.
macrocharts.com
61.8%(57.3251)
71.0986
65.4431
58.1748
120
110
100
90
80
50
40
Nov
Dec
Jan
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Mar
Apr
May
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Jul
Aug
2025
2026

***Note the above charts:** *how little it would take, to turn these trends around (higher).*

Metals continue to surprise with their resilience:

✅ If they make new lows, it could be on short-term noise, within a bigger bottoming structure.

✅ If geopolitics improve even slightly, Gold/Silver would likely lead markets sharply higher,

and not look back.
✅ Medium-term, we think the skew for PMs remains strongly positive.

RATES

On the edge of multi-year extremes... can they react?

The 2YR Yield remains the most important rates chart to watch:

✅ Now approaching major resistance…
✅ Watch for chop around this range, ideally as part of a bigger topping structure:

Everything hinges on Oil – if Oil stalls/reverses, Yields will follow:


U.S. 5YR YIELD
macrocharts.com
5.0000
4.8000
4.6000
4.4256
4.3479
4.2924
4.2455
4.2000
4.0838
4.0000
3.8889
3.8000
3.6000
3.4000
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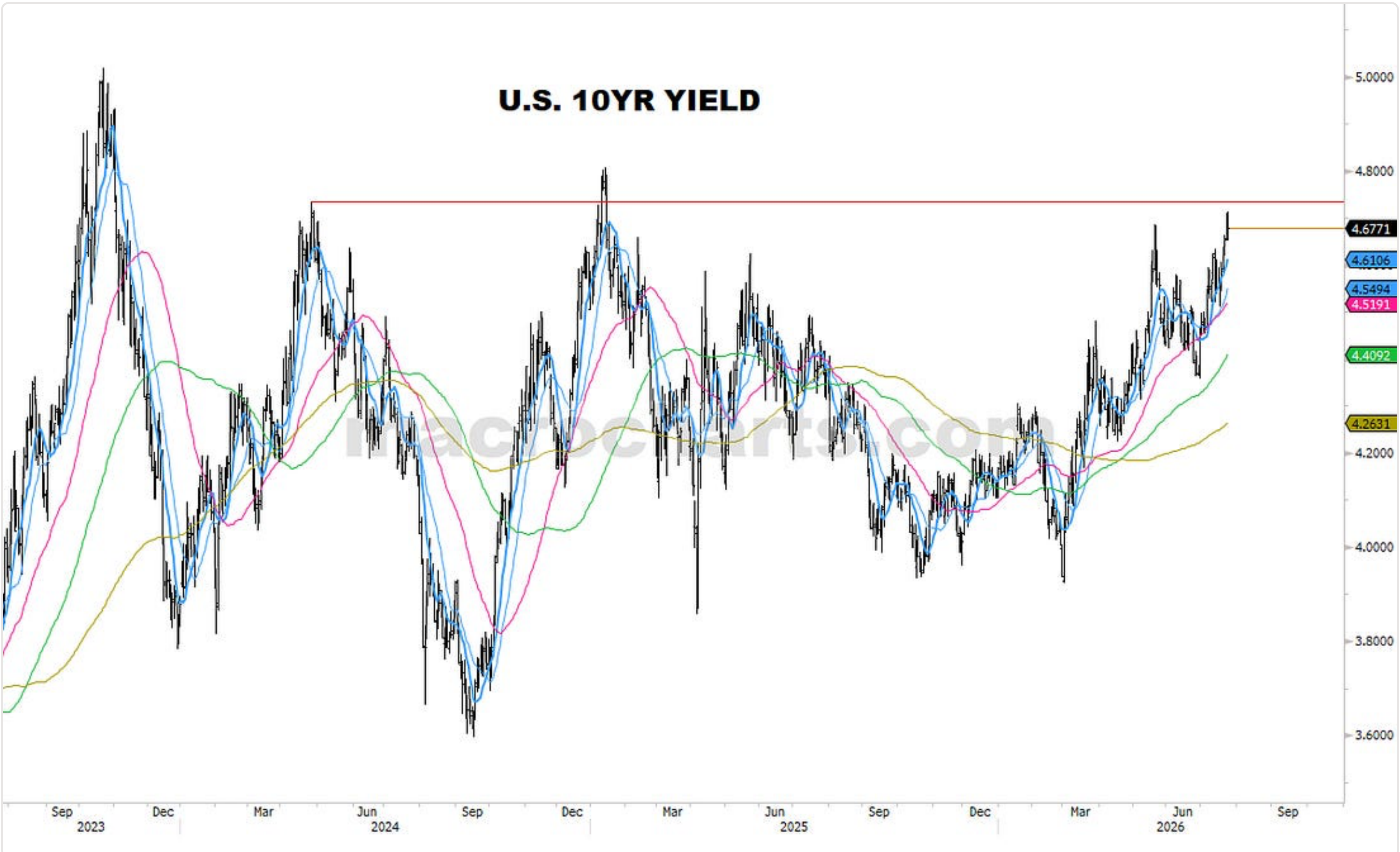
Jun
2026
Sep


U.S. 10YR YIELD
macrocharts.com
5.0000
4.8000
4.6771
4.6106
4.5494
4.5191
4.4092
4.2631
4.2000
4.0000
3.8000
3.6000
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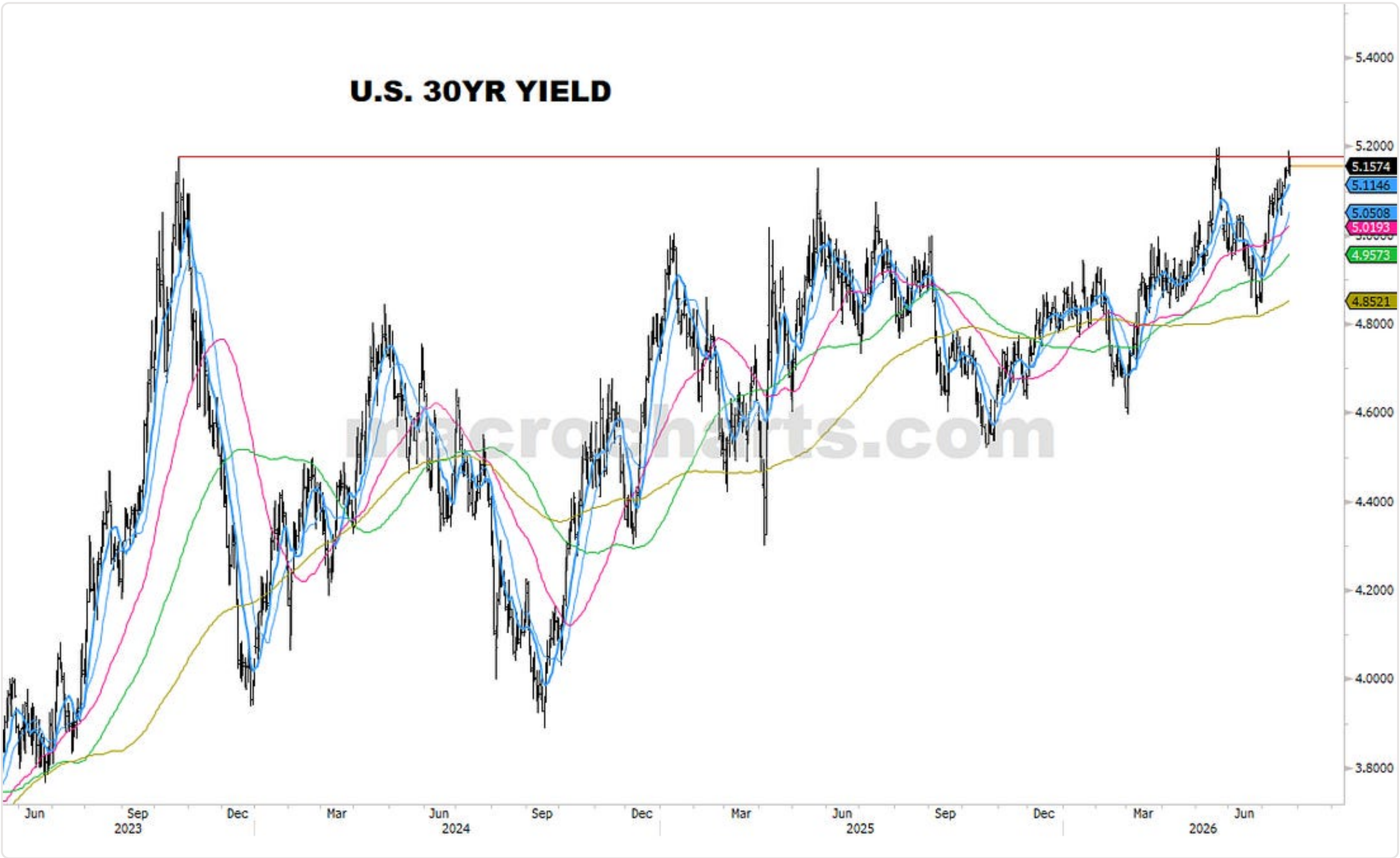
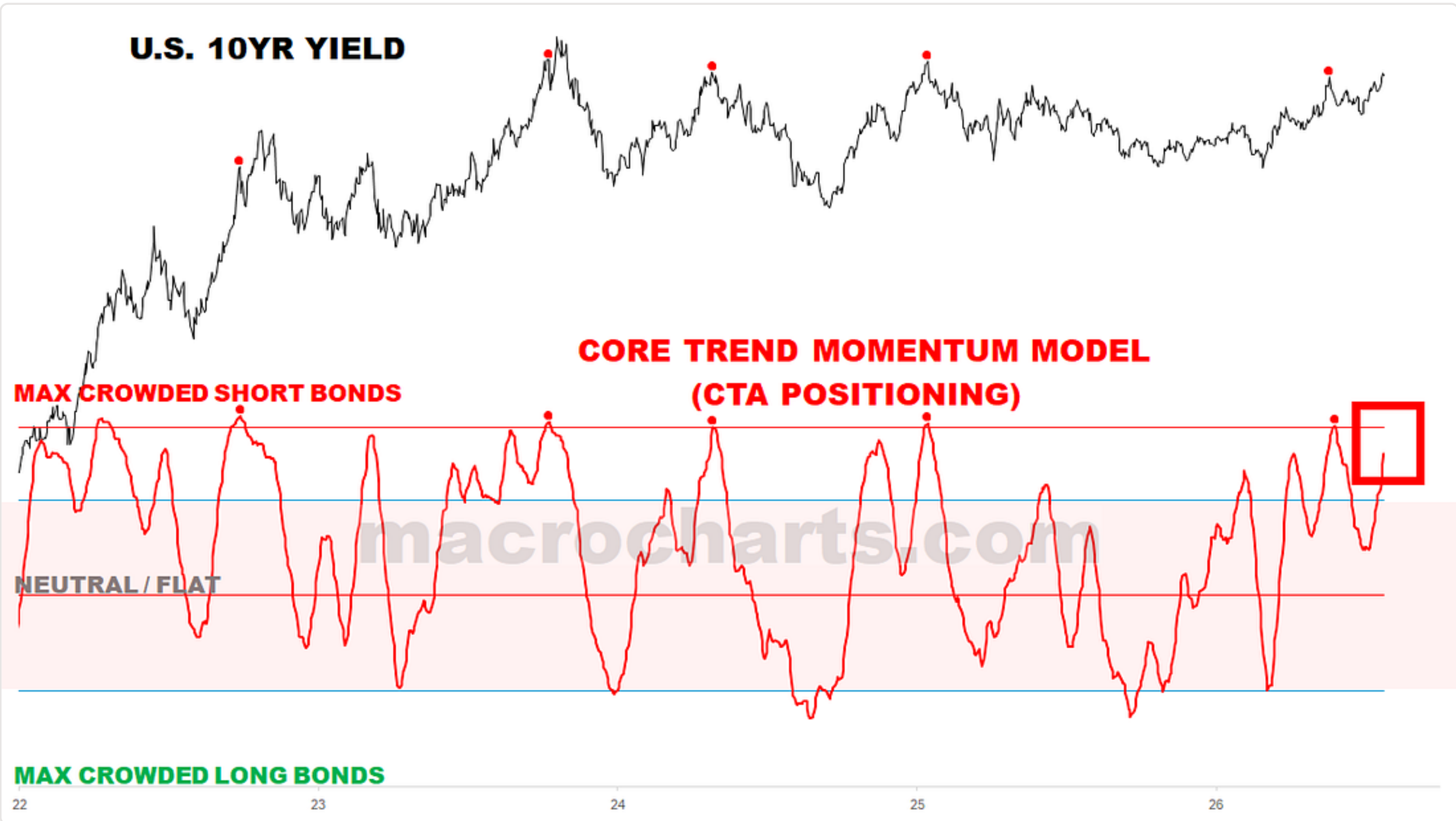
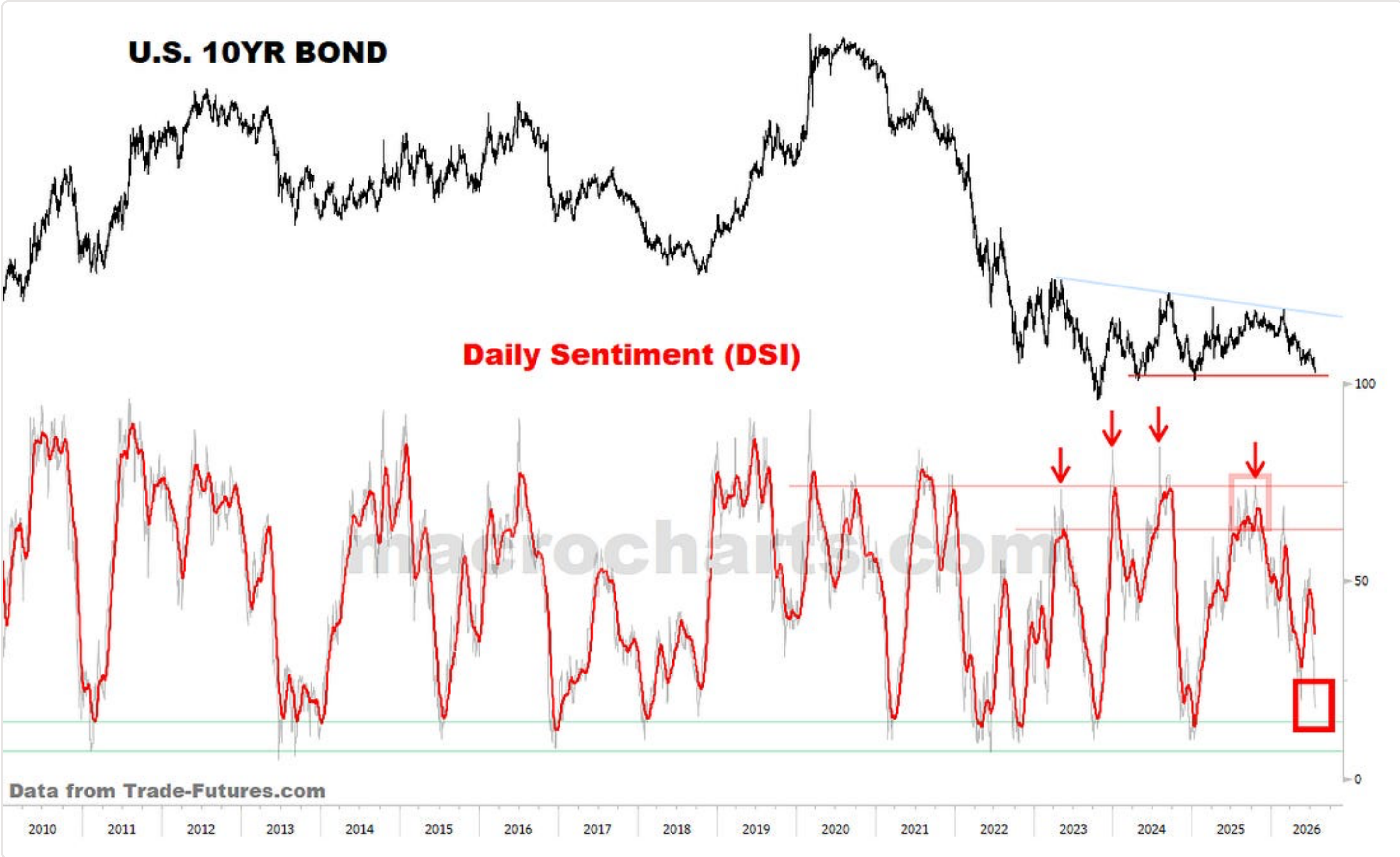


Core Models are moving into potential topping range – *and may complete the pattern this week (*we'll update as this develops):*



Sentiment is almost at panic levels:

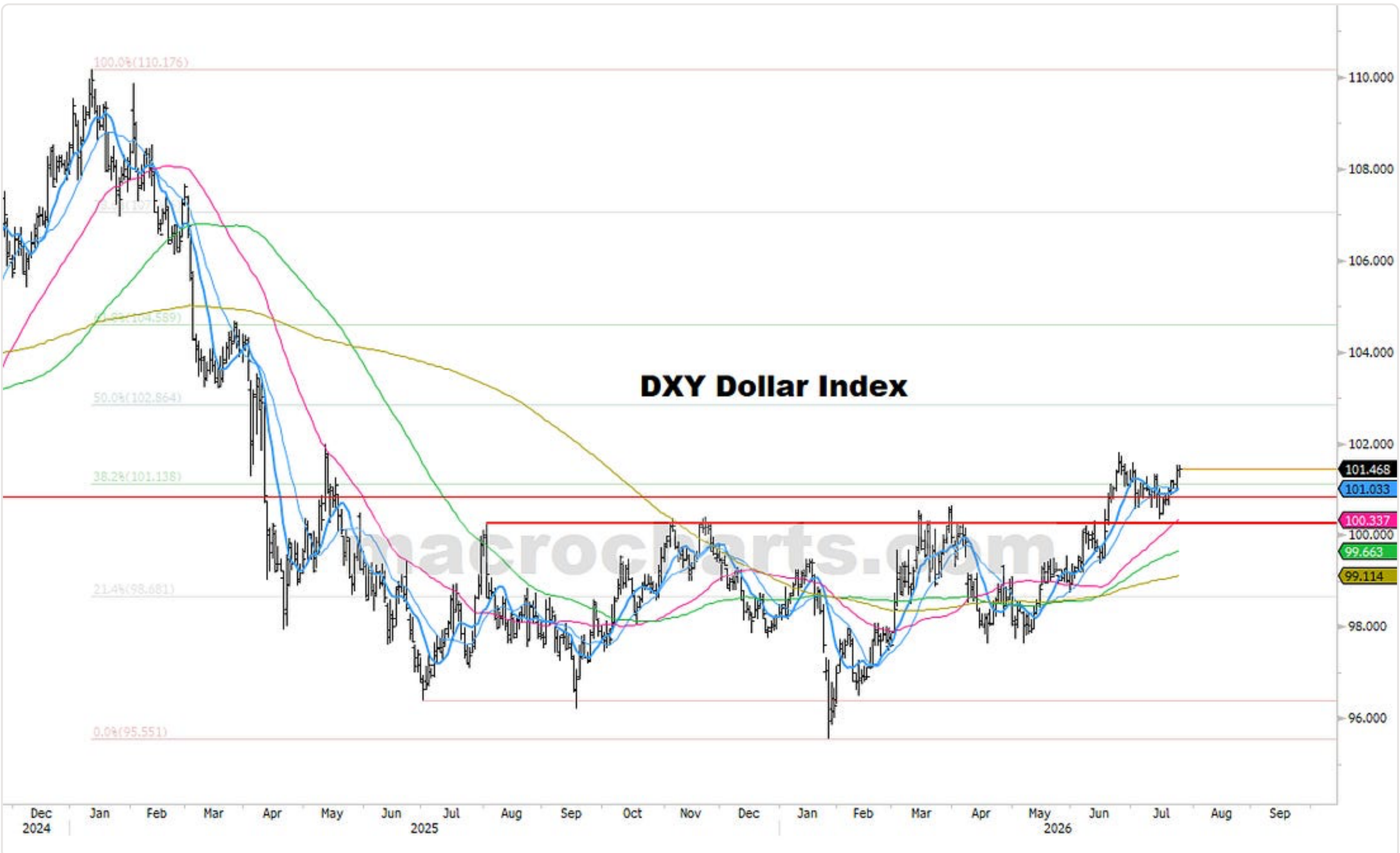


The last time Bond sentiment was this low was near the major bottom in January 2025.
Near-term, a brief break of price support could trigger widespread capitulation (*social media inundated with mindless posts repeating "Breaking: Bonds at the lowest since [date]").
Sentiment is 90% there – the final push may be near – and with it, we're on the lookout for a major turn in Bonds.
Stay tuned.

THE DOLLAR

Dollar positioning remains near the most crowded in history.
Dollar positioning made a new high this week – ***now in the Top *98.33* percentile of all time:***
****This is the highest positioning in more than a decade (2015):***

DXY remains at a critical juncture:

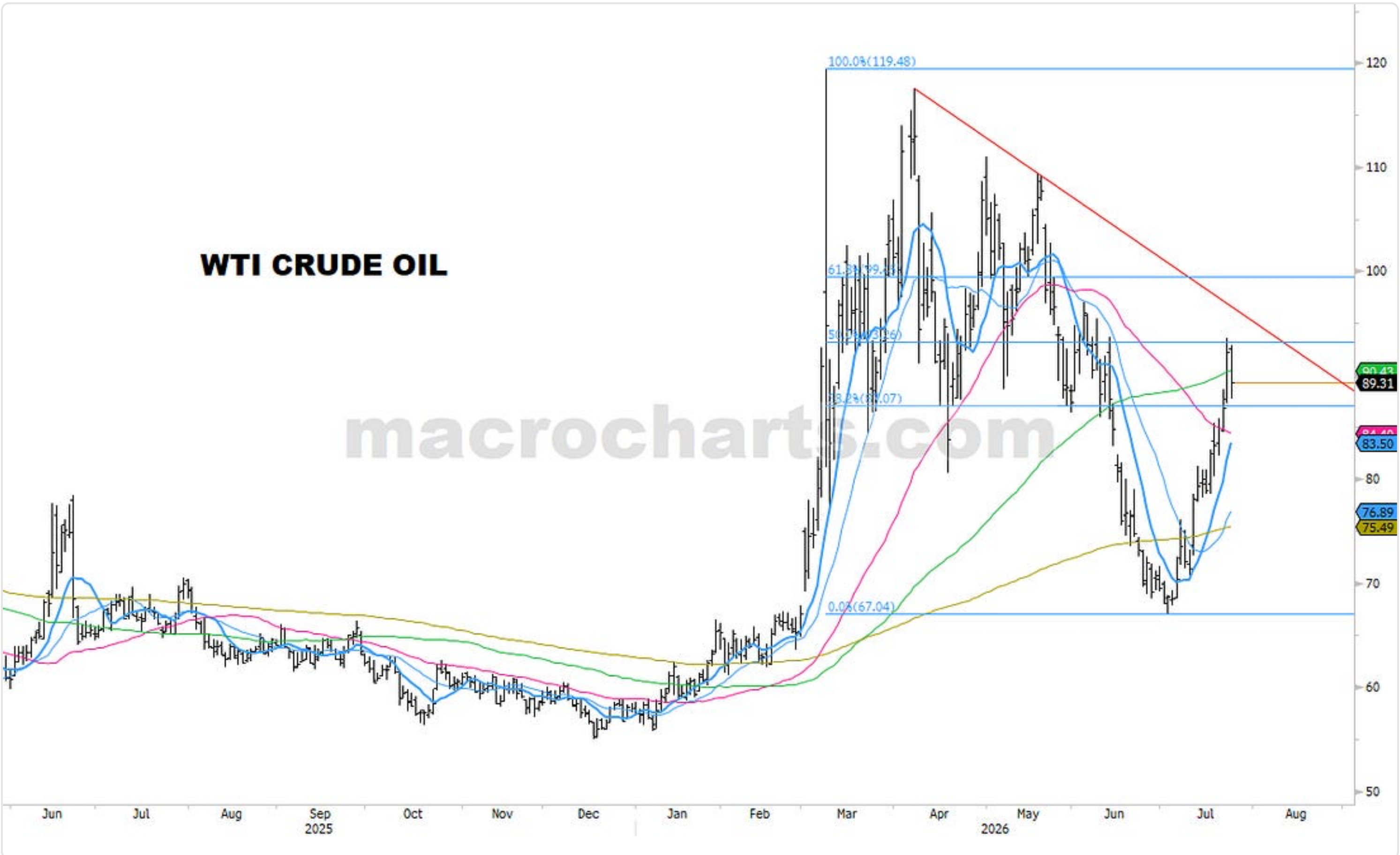


✅ **Near-term, the Dollar could extend higher, but if anything turns Oil/2YR Yields down...**

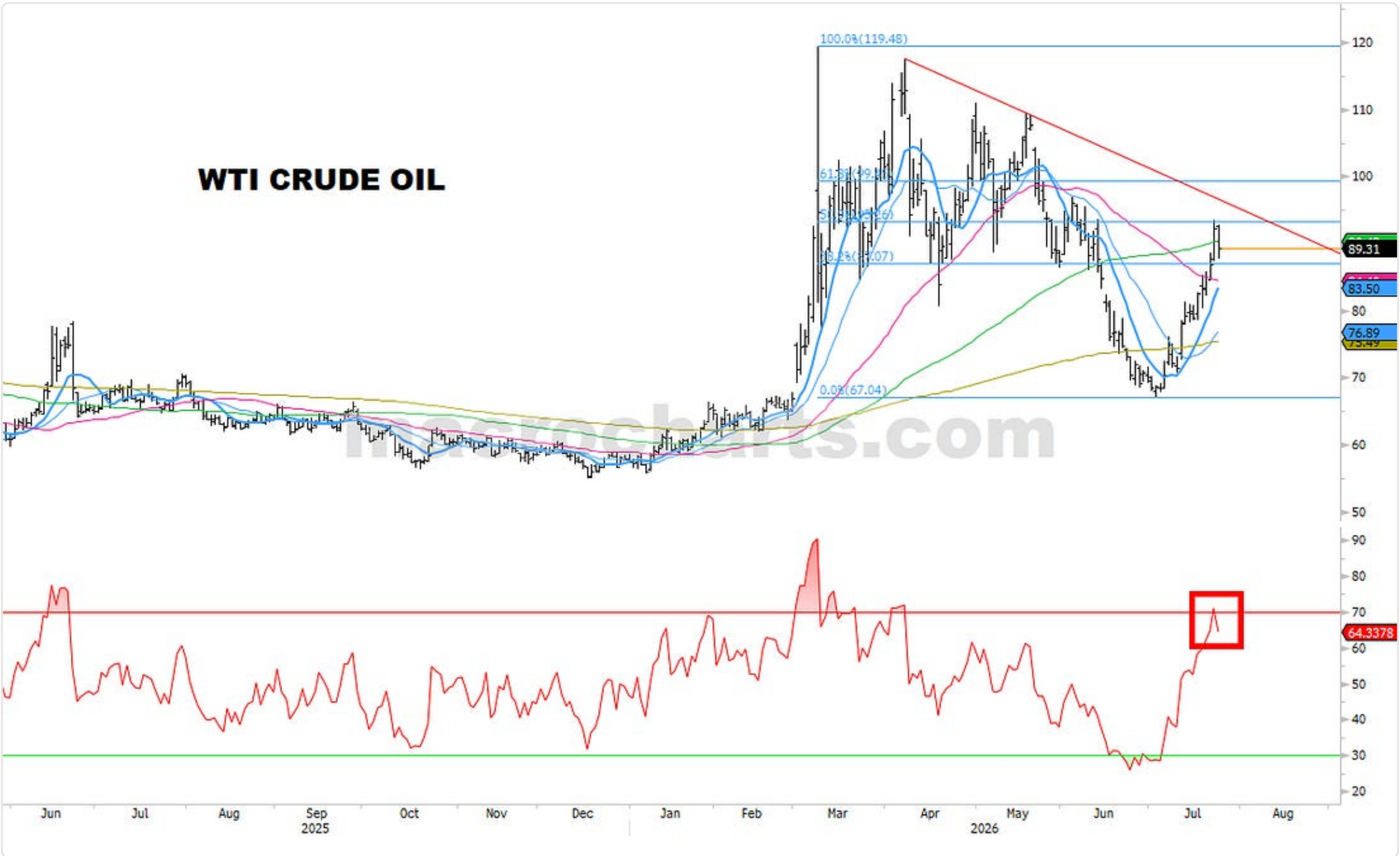
the Dollar would be vulnerable to a big drop.
✅ **This week's FOMC/BOJ meetings could also have a major impact.**
Let's see what happens.

OIL

Testing ideal targets:
Oil reached our target range for a potential top — and MAY be reacting:
(*As of Sunday morning, WTI is down 4.5% to $85.40 on Hyperliquid. Brent is down 5% to $87.50. These are big declines.)



✅ **Oil's RSI hit topping range for a typical failed bounce,** ***and may have turned DOWN:***



This is where we want to start paying attention for a tactical turn / secondary failure:
✅ Watching for a reversal in this range, perhaps a test of the downtrend line, while monitoring de-escalation news.
***If* Oil fails in this area and rolls over in the next few days (pending), it would be a big opportunity / regime change, sparking new market leadership (*especially in Equities).**
If Oil follows the ideal sequence, it would set up a solid asymmetric Short (will update).

BITCOIN

Building the foundation for a big rally?
BTC is trading in a tight coil, *even as stocks trade poorly:*

BTC remains at long-term support and holding:

Is BTC forming a medium-term bottom?

PORTFOLIO HOLDINGS & NOTES

This week:

✅ Looking to raise cash from weak stocks/groups, in addition to building Short/Hedge positions. As things stand, Cash allocation is approaching 20%.

✅ Goal is to increase cash by 10-20%, while adding 20-30% Short/Hedges (or more). ***Overall, looking to shift to a pure defensive position.***

✅ Want to remain diversified in the Long book, avoiding exposure or any correlation to AI trades.

***Admin note: we're in the process of migrating the portfolio page to simplify access – coming soon.**

MACRO POSITION: LONG GOLD

GOLD & SILVER MINERS (Monitoring for entry)

ETFs: GLD GDX GDXJ GDMN SLV SIL SILJ / **Focus list:** AEM AG AGI AU B BVN CDE EGO EXK GFI HL HMY IAG KGC ORLA PAAS RGLD SSRM WPM

Updated commentary: GDX made a higher low and retested the June support range. Gold Miners BVN/SSRM remain clear leaders in their group (and among our preferred names). Monitoring for a clean setup to re-build exposure in the Focus list (will update).

MACRO POSITION: LONG YEN (Monitoring for entry)

Updated commentary: Yen remains our top focus in FX, and may be drawing a major turn. It could also provide a cheap hedge to a broader Equity portfolio. Extreme positioning adds fuel for a Dollar decline / Yen rally—driven by FX intervention and/or capital repatriation. The R/R setup remains extremely asymmetric. On watch for a major turning point in this range, looking to build significant Long Yen exposure (will update).

EQUITY HEDGE: VIX CALL SPREAD, QQQ PUT SPREAD, SHORT SMH (Monitoring for entry)

Updated commentary: These are some of the options we're monitoring to add potential

hedges. *Will update as we initiate positions in the next few days.*

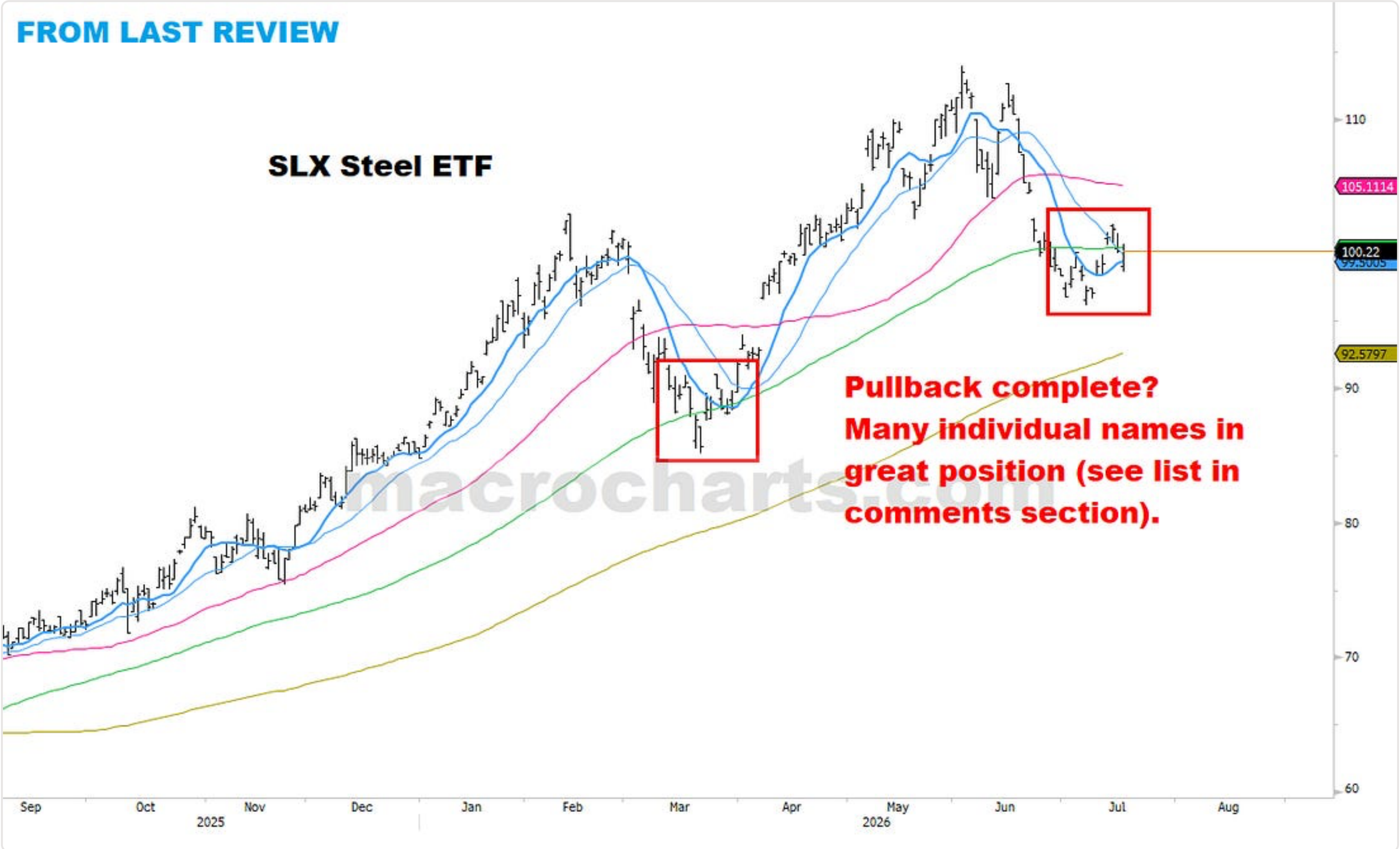
CYCLICALS & COMMODITIES (25%)

Holdings: ADM ASIX CBT CF **DD** DOW EMN ERO FCX FM.CN HUN IPI LXU LYB NTR NUE RS SCCO SQM STLD TECK **TROX** TX WS (*new names in bold will be bought as part of position changes planned for this week, using tight initial stops)

ETFs: IJR IWC IWM DBA MOO COPX SLX XME URNM / **Focus list:** ADM ALB ALM ANTO.LN ASH ASIX ATI BG BHP CAT CBT CC CCJ CE CF CLF CMC CMP CRML CRS CTVA DD DE DOW EMN ERO FCX FM.CN GGB HUN ICL IE IPI LAC LXU LYB MOS MP MTRN MTX NB NTR NXE NUE OLN RIO RS SCCO SOLS SQM STLD TECK TROX TX UAMY UEC USAR UUUU VALE WLK WS

Updated commentary: The list of potential bottoming setups remains significant. Steel stocks had a strong week and may be leading Industrial Miners higher. Last week's Five Star Setups made immediate progress with solid moves this week (bullish confirmation). Chemical stocks continue to demonstrate significant potential as a group. Altogether, constructive action developing across key names and groups.

Steel leading (*in a weak tape, no less – *very important*):**



Cyclicals & Commodities remain among the key areas we want to prioritize for new Buys.

We continue to watch all the big global names with strong interest, as part of our bigger

structural focus.

TECH (23%, lean to reduce tactically if support fails to hold)

Holdings: IGV AMZN APP IBM MSFT NET NOW TEAM ZS

ETFs: AIQ GRID IGV MAGS QQQ SMH WCLD XLK XSD XSW XTL / **Focus list:** AAOI AAPL ADSK AKAM AMAT AMD AMPX AMZN ANET APH APP ARM ASML AVGO AXTI BWXT CDNS CEG CIEN CIFR CLS COHR CRDO CRWD CSCO DDOG DELL FN FTNT GEV GLW GOOGL HUT IBM INTC IPGP IREN JBL KEYS KLAC LITE LRCX LWLG META MPWR MRVL MSFT MU NBIS NET NOW NVDA ON ORCL PANW PEGA PLTR PWR Q QCOM RBRK RIOT SNDK SNPS STM STRL STX SYM TDC TEAM TLN TRMB TSLA TSM TTWO TWLO U VECO VRT VST WDC WULF WYFI

Updated commentary: More evidence of Sell-the-news in widely-followed names: GOOG reported great results and plunged this week. INTC reported the fastest revenue growth for any quarter since 2011, beat top-line and bottom-line expectations, and upped guidance. The CEO even said "AI is driving unprecedented demand for compute". The stock popped 10% after-hours on Thursday after results were announced. All over social media, posts celebrated "INTC saved the market". *Then INTC opened flat on Friday's cash session (erasing the earnings pop as if nothing happened), and sold off from the open to the close—ultimately plunging 8% on Friday.* **Absolutely terrible price action, regardless of how good the story is. This could be one of the most turbulent earnings seasons in years.**

Charts of interest:

Key support here, worst case maybe more chop into the $83 gap, but should ideally hold up better than the market here (or else reduce tactically).
IGV
macrocharts.com
100.0%(117.9900)
78.6%(108.5612)
61.8%(101.1591)
50.0%(95.9600)
38.2%(90.7609)
21.4%(83.3588)
0.0%(73.9300)
95.2818
92.7449
91.5670
87.9800
120
110
100
90
80
70
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AMZN
macrocharts.com
249.223
245.504
241.396
234.588
232.11
280
260
220
200
180
160
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Jun
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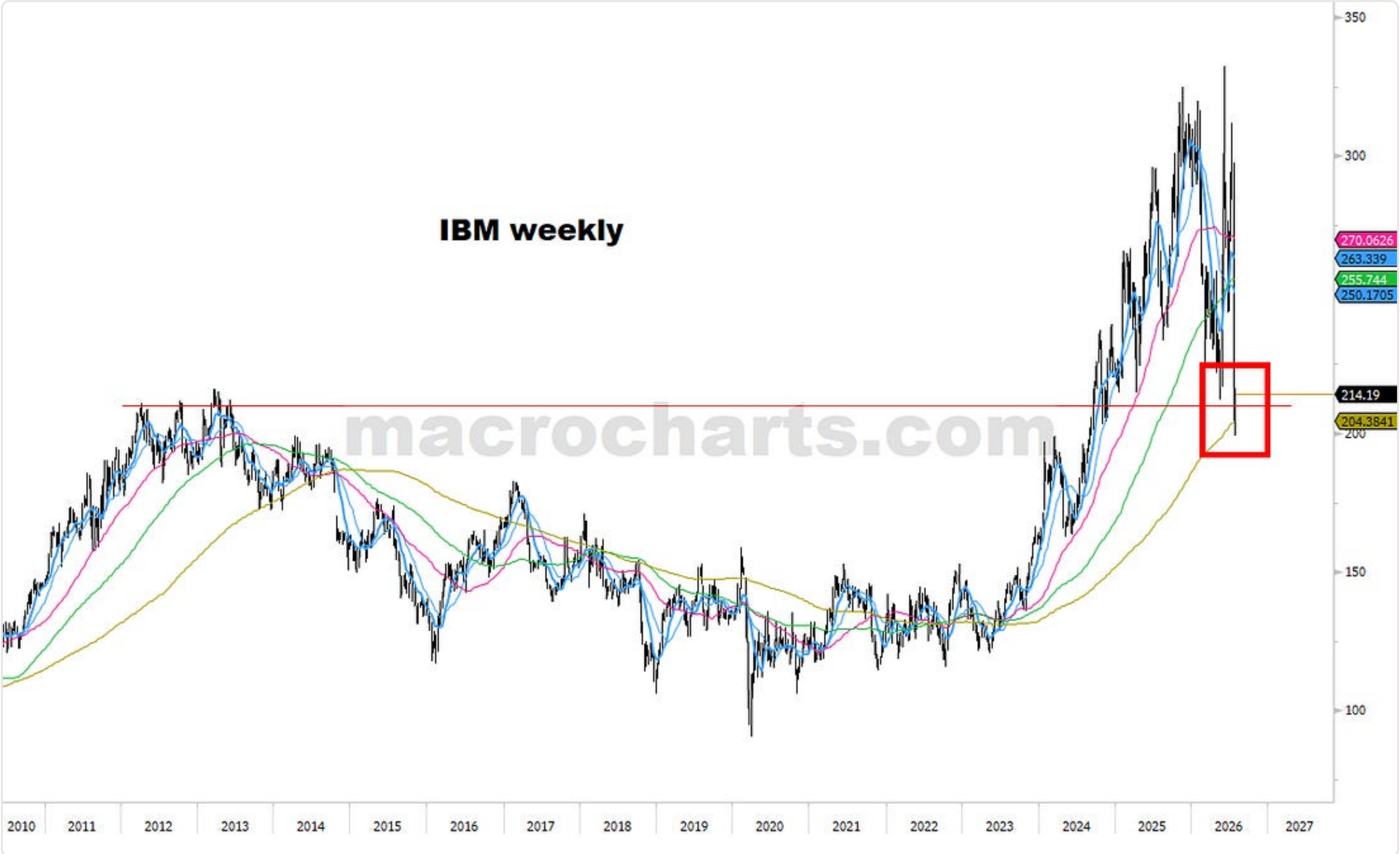
Aug

A big opportunity setting up on IBM's weekly chart?


IBM weekly
macrocharts.com
270.0626
263.339
255.744
250.1705
214.19
204.3841


META
macrocharts.com
642.775
620.969
615.313
606.074
595.19
gap
Could this be like IBM (setup for a double bottom?)


MSFT
Not looking great.
Reports earnings this week,
needs a solid reaction or risks
a retest of the low.
macrocharts.com
550
500
450
436.1202
399.1792
392.013
386.892
381.70
350
Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep
2025
2026


ORCL
Key level, watching for reaction
macrocharts.com
350
300
250
200
187.4003
171.5464
166.5381
150
134.4105
125.189
114.99
100
Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov
2024
2025
2026

BRAZIL (20%)

ETF: EWZ

Updated commentary: Some nice progress this week, after forming a higher low. Top weights NU, ITUB, PBR, BBD remain in constructive patterns, while VALE may finally be turning from a major low. Following the trend for now.


EWZ
macrocharts.com
42.0000
40.0000
38.0000
36.8925
36.0000
35.7300
35.2335
34.0000
32.0000
30.0000
28.0000
26.0000
Sep
Oct
2025
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Dec
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Feb
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Apr
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Jun
Jul
Aug
Sep


VALE
macrocharts.com
A major turn forming?
18.00
17.00
16.00
15.7489
15.392
15.00
14.79
14.467
14.00
13.00
12.00
11.00
10.00
Nov
2025
Dec
Jan
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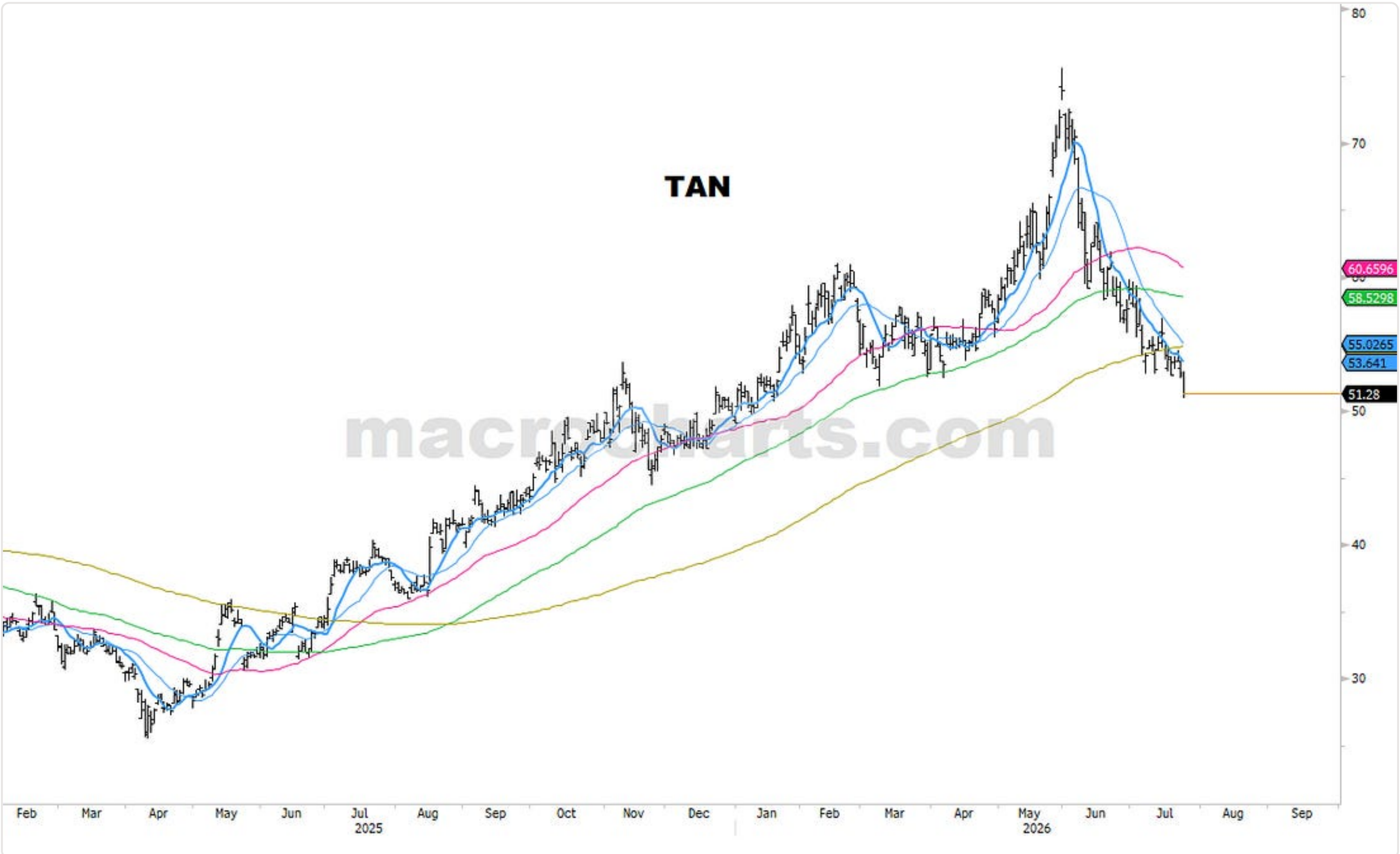
May
2026
Jun
Jul
Aug

SOLAR (5%)

Holdings: TAN CSIQ ENPH NXT SEDG

ETFs: ICLN TAN / **Focus list:** ARRY CSIQ ENPH FSLR NXT RUN SEDG SHLS TE

Updated commentary: ICLN and TAN were in ideal range to stabilize/roll up, but are breaking key support. Individual names are breaking down from their coils. We reduced exposure tactically, and will cut the rest this week unless there's an immediate reversal.



HEALTH CARE (5-10% Target)

Holdings: GILD IDXX MDT

ETFs: IBB IHI XBI XLV ARKG / **Focus list:** AMGN GILD IDXX MDT NVST OMCL REGN TEM TFX VEEV VRTX

Updated commentary: Health Care is gradually becoming a core focus area for us. Near-term, looking to Buy AMGN on a pullback (pending). Stops remain tight on all positions. **Will update on new setups with high priority as they develop.**

CHINA (5%)

Holdings: BABA BIDU TCEHY

ETFs: CQQQ EEM FXI KSTR MCHI / **Focus list:** BABA BIDU BILI EDU NIO TCEHY VIPS VNET WB

Updated commentary: Monitoring closely for a bigger play if they can form higher lows in this range and roll up/confirm the rally (*a critical decision point here). If U.S. markets keep deteriorating, China Tech may not hold either—but let's see what happens this week:

FINAL THOUGHTS

Something doesn't feel right:

1. Positioning has reached unstable levels.
2. Volatility seems likely to rise — perhaps significantly.
3. Shifting to a pure defensive position, and raising cash at the margin, feels like the optimal move.
We continue to avoid concentrated, crowded exposure — *portfolio diversification has never been more important*.
These are massive themes that could dominate the rest of 2026.
One day at a time, let's see what this week brings.
We'll communicate on key changes and views as always, adjusting to market conditions, and navigating with a clear focus on new opportunities. Good luck this week!

Thanks for reading.

Onwards and upwards, -MC