

Collective De-Brief

The MO Team

steve@macro-ops.com
octavio@macro-ops.com

Collective De-Brief: Week of 01.16.2022

Welcome to the first edition of our weekly **Collective Debrief** series!

Each week, we'll share the hottest ideas of the week discussed in the Collective Slack Community.

We're also introducing a "Collective Trade Tracker"; more on that below.

We're excited about this new weekly series. It should add tremendous value to your *Collective* experience.

One housekeeping note before we dive in. Please let us know how we can improve on the *Debrief*.

Onto this week's news.

In This Issue

- An emerging class of "capped" ETFs
- Precious Metal Miners catching a bid
- Brazil's Recent Strength

A Potential New ETF Frontier?

Collective member Tanner highlighted an innovative class of ETF. Dubbed "Accelerated ETFs", these ETFs aim to capitalize on equity appreciation and limit downside, but with an upside cap. Take the *Innovator Defined Outcome ETF Series* as an example.

The series "seek to offer approximately 2 or 3 times the upside return of the [SPY] to a cap, with approximately single exposure to the downside, over a quarterly or annual outcome period.

Quote

"An investment in knowledge pays the best interest"

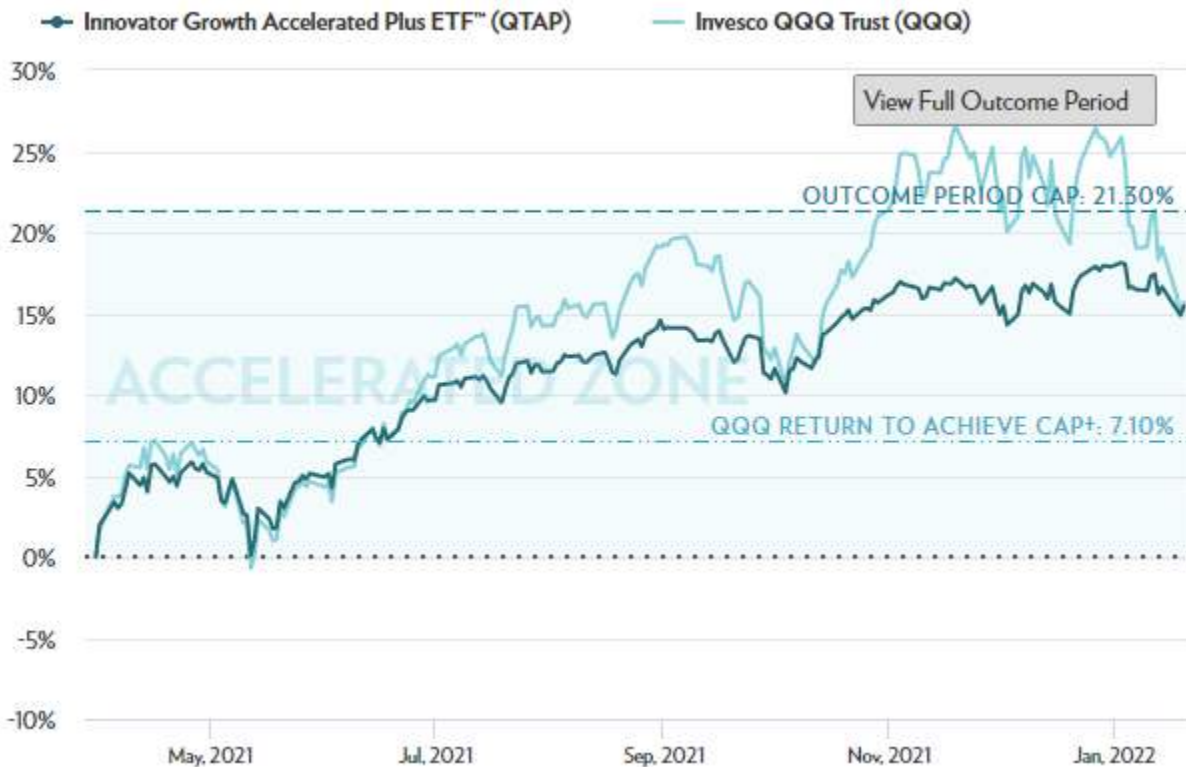
~ Benjamin Franklin

Translating this, once the ETFs underlying index (SPY/QQQ/etc...) hits Innovator's preset target (set at ETF launch) at any time in the life of the target window, the ETF then will "mature" at 2 or 3x that target initial rate of return, provided the underlying index stays above its targeted return needed to enable the outcome period cap.

At the time of writing, Innovator ETFs Growth Accelerated Plus ETF

(QTAP) has exceeded its preset return of 7.1% target for the period starting 3/31/21, ending 3/31/22. Since it's exceeded the target, a cap of 21.3% is now available, with the current "accelerated" return at 14.9%.

This presents a short-term arbitrage opportunity. If QQQ doesn't drop more than ~7%, you capture ~6% in 70 days. As he points out, this presents an interesting opportunity with respect to risk/reward. At the time of writing, the ETF has 71 days to expiry.

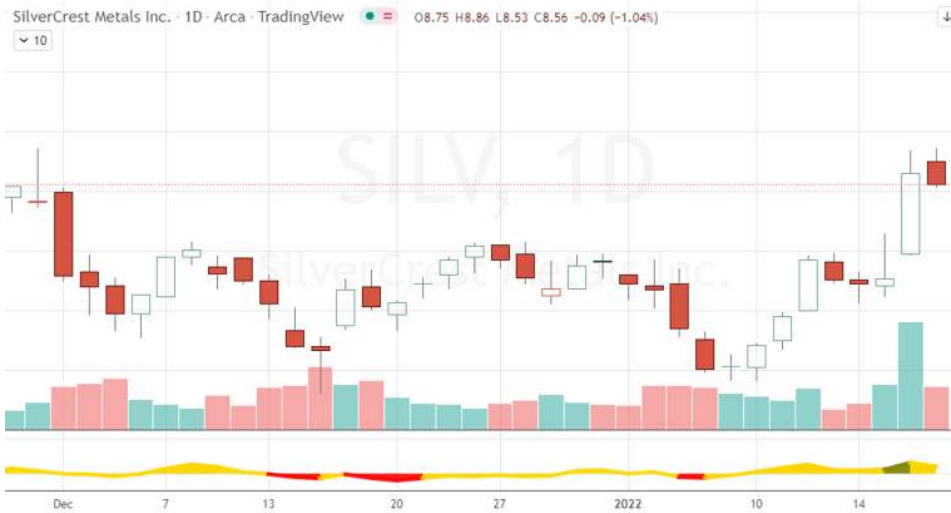


Link to QTAP: <https://www.innovatoretf.com/etf/default.aspx?ticker=qtap>

A Flight to Safety?

Despite weakness in equities, precious metals and associated miners have caught an impressive bid on heavily anomalous volume. Collective member Varun shared insight on how miners typically lead a longer-term resurgence in precious metal strength:

Symbol	Name	Type	Price % Chg	Vol % Chg vs 50-Day
SILV	Silvercrest Metals Inc	S	11.3	338.2
GFI	Gold Fields Ltd Adr	S	12.7	308.9
GLDG	Goldmining Inc	S	10.2	242.5
GDXJ	Vaneck Jr Gld Miners Etf	S	6.7	175.0
SILJ	Etf M G Prime Jr Sl Min	S	8.5	159.9
GDX	Vaneck Gold Miners Etf	S	6.7	142.6
NEM	Newmont Corporation	S	5.0	142.1
SIL	Global X Silver Miners	S	7.8	123.0



SilverCrest and Gold Fields are just a couple of the attractive-looking charts that are looking to break higher from their recent resistance levels. A continuation on elevated volume could provide the catalyst needed for a fully developed bull quiet regime to develop for the space as a whole, further supported by strength in commodities as a whole.

Brazil

On January 12, Collective member Arash highlighted that the iShares MSCI Brazil ETF (\$EWZ) broke out of its bearish trend line for the first time since early July 2021.



Arash 3:04 PM

iShares MSCI Brazil ETF, \$EWZ, has been bearish from early July 2021. Today, it broke out of that trend line for the first time. It is good to keep an eye on it.

<https://www.tradingview.com/x/8j7CTpq4/>



His bullishness was followed by Collective member AC sharing Lyn Alden's tweet (@LynAldenContact) highlighting the Brazilian's macroeconomic environment.



Brazil's year-over-year price inflation may be topping. Cheap equity valuations, especially after they raised their policy rate from 2% to 9% over the past year ahead of Fed tightening. Looking bullish technically now, after a weak second half of 2021.



Perhaps it might be a good time to revisit some of our favorite Brazilian names such as XP, Inc. (\$XP). You can find Brandon’s write-up [here](#) in addition to Telefonica Brasil (\$VIV) (write-up [here](#)), and Petz \$PETZ3 (you can find Brandon’s write up [here](#)).

Introducing The MO Monthly Trade Tacker

Upon request of several members, we’re going to start a group-wide trade tracker. Just like the annual investment competition, you now have the chance to earn bragging rights for each month by logging your best trade for all to see in addition to earning merch or other small perks.

We’re going to log the trades by the best R-multiple.

Trades from equities, futures and FOREX plays are welcome. We’ll usually refresh the list at the start of every month, but wanted to deploy mid-month to allow members some extra time to get acquainted with the product.

Everyone that wants to participate can access the trade tracker [here](#). Give us a shout if you have difficulty viewing or entering your trades in Slack.

Let us know what you think of this “De-Brief” idea, and please let us know if you have any suggestions about its format, content, etc.