

This material has been prepared by the Trading Desk of HSBC Bank USA, NA ("HBUS") and is not a product of the Global Research Department. This is a desk view and not a recommendation. Investors must make their own determination and investment decisions.

Thursday, March 04, 2021

AM FX

Macro Views and Tactics

Brent Donnelly
1 (212) 525-8469
brent.x.donnelly@us.hsbc.com



UK automotive engineers will not be outdone

See today's non sequitur

Current Views

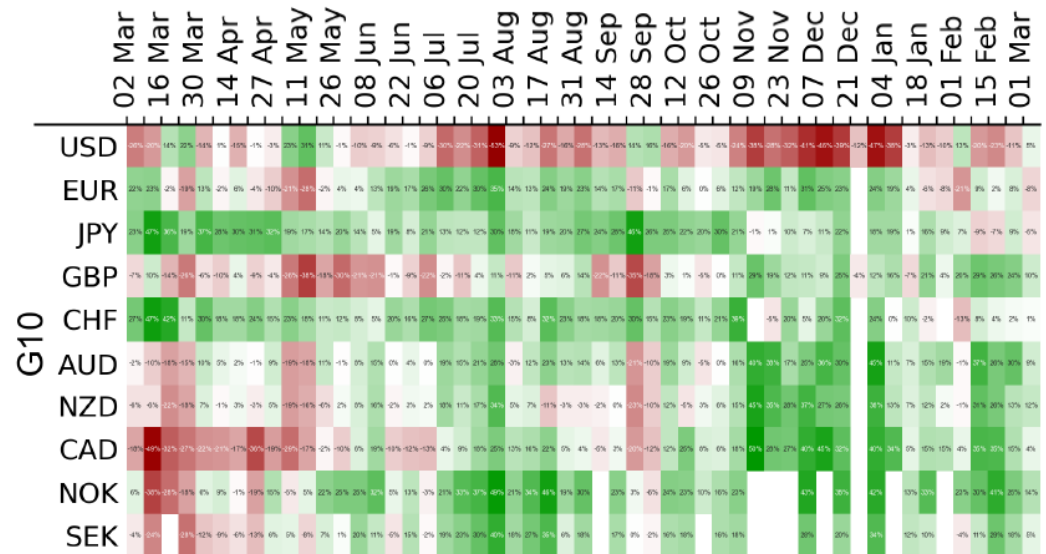
↓ EURGBP @ 0.8691

Stop 0.8761
Take profit 0.8561

The metaverse contains infinite Pop-Tart® cats

FXSENTIMENT

Here is the latest in our FXSENTIMENT survey for G10. It shows how after major USD bearishness early in the year and a brief flirtation with USD bullishness, we are close to neutral now. The outlier extreme readings tend to produce reliable countertrend trade signals so I will keep you abreast of any major changes. Your participation is appreciated.



This is consistent with my feeling that the market has found a temporary equilibrium here in rates and FX as the world absorbs higher (but still low) interest rates and significant change to the shape of the curve in fixed income.

Powell speaks today but I feel that the Fed communication has been voluminous and crystal clear of late and as such he is unlikely to move the market.

Ready Player Three

I have been skeptical and wrong about bitcoin and crypto as the 100% virtualness and lack of anything backing crypto has always made me uneasy... i.e., there is nothing backing crypto besides our collective imagination. Fiat is at least backed by the taxation power of a government, though as governments deemphasize taxation and emphasize revenue in the MMT world maybe that already-flimsy argument supporting fiat gets flimsier. Fiat is crazy but crypto is insane.

Anyway, obviously I was totally wrong on bitcoin¹ but the intellectual switching cost of flipping bullish crypto is unbearable to me now and I still have a faint suspicion that bitcoin is a textbook mania with a terminal price of zero. Or not. Anyway, something that speaks to me much more than crypto is the concept of non-fungible tokens (NFTs). Here is a quick explainer:

<https://popcrush.com/what-is-an-nft-grimes/>

¹ So far. **Cough**.

This material has been prepared by the Trading Desk of HSBC Bank USA, NA ("HBUS") and is not a product of the Global Research Department. This is a desk view and not a recommendation. Investors must make their own determination and investment decisions.

NFTs, at least, are backed by something, even if that something is a virtual good with no intrinsic value and no copyright. As a collector of baseball cards, expired event tickets, cool rocks, and other items as a kid, the idea of owning the title to a sports highlight or an image of a cat with a Pop-Tart® for a body or whatever does not seem as odd as owning a made up currency that has gone from 1 cent to \$50,000. At least there is a fun factor.

[Why an animated flying cat with a pop tart body sold for almost \\$600,000](#)

Another reason NFTs make sense to me is that I am a big believer in the metaverse² and expect we are on the front edge of migrating very, very slowly out of the physical world and into a hybrid real/virtual existence where there are legitimate virtual activities that generate both real and virtual goods and income that can be spent on real world goods and services. The metaverse already exists to some extent, but I'm saying I am a believer in the huge coming expansion and monstrous future importance of the metaverse. NFTs have a strong use case as the metaverse expands.

If you are willing to read a long article with a ton of futurology... This is a good one to read about NFTs:

[Into the void: Where crypto meets the metaverse](#)

Cryptopunks

Cryptopunks were one of the first NFTs on the Ethereum blockchain. They are 10,000 unique digital collectible artworks. One just sold for \$762,000. (HT Gold Crow)

<https://www.larvalabs.com/cryptopunks>

<https://www.coindesk.com/early-cryptopunk-digital-collectible-sells-for-762k-in-ether>

While the idea of paying \$762,000 or more for a digital token representing a virtual artwork may seem ludicrous, maybe paying \$1m plus for a rectangular piece of cardboard with a photo of a deceased baseball player on it is also insane? Humans do weird stuff.

Short Doge, long Cryptopunks. Easy trade³.

After being wrong on crypto and some other things like iPhone (nobody's gonna want a phone with no keyboard!) ... I am trying to be less reflexively skeptical of new tech, more open-minded, and hopefully a bit less wrong in the future.

Inflation is like Michael Myers or Jason Voorhees

Finally, I enjoyed this central banker quote yesterday:

BANK OF ENGLAND'S HALDANE SAYS YOU CAN NEVER SPEAK OF INFLATION BEING DEAD, IT'S ONLY EVER SLEEPING

Scary stuff. I hope your day is all gas and no brakes.

Good Luck ↓ Be Nimble



² The Metaverse is a collective virtual shared space, created by the convergence of virtually enhanced physical reality and physically persistent virtual space, including the sum of all virtual worlds, augmented reality, and the Internet. The word "metaverse" is made up of the prefix "meta" (meaning beyond) and the stem "verse" (a backformation from "universe"); the term is typically used to describe the concept of a future iteration of the internet, made up of persistent, shared, 3D virtual spaces linked into a perceived virtual universe. (Wikipedia)

³ Not trading advice

This material has been prepared by the Trading Desk of HSBC Bank USA, NA ("HBUS") and is not a product of the Global Research Department. This is a desk view and not a recommendation. Investors must make their own determination and investment decisions.



We gotta make a decision. Leave tonight or live and die this way.

Real life Little Tike Cozy Coupe for sale!

Thank you Peter Pilling for inspiring a two-day, crowd-pleasing non sequitur

<https://www.bbc.com/news/uk-england-oxfordshire-34526827>

This material has been prepared by the Trading Desk of HSBC Bank USA, NA ("HBUS") and is not a product of the Global Research Department. This is a desk view and not a recommendation. Investors must make their own determination and investment decisions.

U.S. Global Markets Sales and Trading Commentary Disclaimer

This material has been prepared by a member of the sales and trading department of HSBC Securities (USA) Inc. ("HSI"), HSBC Bank USA, N.A. ("HBUS"), and/or its affiliates (individually and collectively, "HSBC"). This material has not been prepared by HSBC's research department. This material has been approved for publication in the United States by HSI, which is regulated by The Financial Industry Regulatory Authority ("FINRA") and the Securities Exchange Commission ("SEC"), and/or HBUS, which is regulated by the Office of the Comptroller of the Currency ("OCC"), the U.S. Commodity Futures Trading Commission ("CFTC") and the National Futures Association, as a provisionally registered swap dealer. This material is intended for your sole use and is not for general distribution; you may not distribute it further without the consent of HSBC. This material is for informational purposes only and does not constitute an offer or commitment, a solicitation of an offer or commitment to enter into or conclude any transaction or to purchase or sell any financial instrument.

The sales and trading department of HSBC is engaged in selling and trading and may make markets in securities or derivatives to which this material relates or is relevant. Accordingly, recipients of this material should not regard it as an objective or independent explanation of the matters contained herein. Any opinions in this material are the opinions of the author and may be changed at any time without notice. Opinions expressed in this material may differ from the opinions expressed by other divisions of HSBC, including its research department and corresponding research reports. Any information contained in this material is not and should not be regarded as investment research, debt research, or derivatives research for the purposes of the rules of the Financial Conduct Authority, the SEC, FINRA, the CFTC or any other relevant regulatory body. As part of the sales or trading desk, the author may have consulted with the trading desk while preparing this material and such trading desk may have accumulated positions in the financial instruments or related derivatives products that are the subject of this material.

Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory and accounting characteristics and consequences of the transaction. This material does not constitute investment advice. To the extent permitted by law, HSBC does not accept any liability arising from the use of this communication. This material is for institutional investors and/or institutional accounts as defined in FINRA Rule 4512(c) and 2210(a)(4), or for eligible swap participants as defined in Section 1a(18) of the Commodity Exchange Act.

This material may contain information regarding structured products which involve derivatives. Do not invest in a structured product unless you fully understand and are willing to assume the risks associated with the product. Products described in this material may not be principal protected. Any products stating principal protection apply only if they are held by investor until maturity. If you close out the trade prior to maturity, you may lose your principal.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Unless governing law permits otherwise, the recipient of this document must contact a HSBC affiliate in its home jurisdiction if it wishes to use HSBC services in effecting a transaction in any investment mentioned in this document. The information contained herein is derived from sources believed to be reliable, but not independently verified. HSBC makes no representation or warranty (express or implied) of any nature nor does it accept responsibility of any kind with respect to the completeness or accuracy of any information, projection, representation or warranty (expressed or implied) in, or omitted from, this material. No liability is accepted whatsoever for any direct, indirect or consequential loss arising from the use of this material.

This material does not constitute and should not be construed as a recommendation to enter into a securities or derivatives transaction. If you are considering entering into a security or derivatives transaction or would like additional information, please contact your local sales or trading representative.

HSI is a member of FINRA, NYSE, and SIPC.

HBUS is the principal subsidiary of HSBC USA Inc., an indirect, wholly-owned subsidiary of HSBC North America Holdings Inc., one of the ten largest banking holding companies in the United States. HSBC Bank USA, N.A. is a member of the FDIC.

ALL RIGHTS RESERVED Copyright 2020 HSBC Securities (USA) Inc. and HSBC Bank USA, N.A. This material, which is not for public circulation, must not be copied, transferred or the content disclosed, to any third party and is not intended for use by any person other than the intended recipient or the intended recipient's professional advisers for the purposes of advising the intended recipient hereon. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, on any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of HSBC.