



**GORDON T LONG**  
**CO-FOUNDER MATASII.COM**



## Advanced Technical Analysis



**Gordon T Long**  
Global Macro Research |  
Macro-Technical Analysis



**Technical Analysis**  
Market Road Maps | HPTZ  
Methodology



**SII**  
Global Macro Research |  
Market Road Maps

## CURRENT GLOBAL MACRO

### NOTE

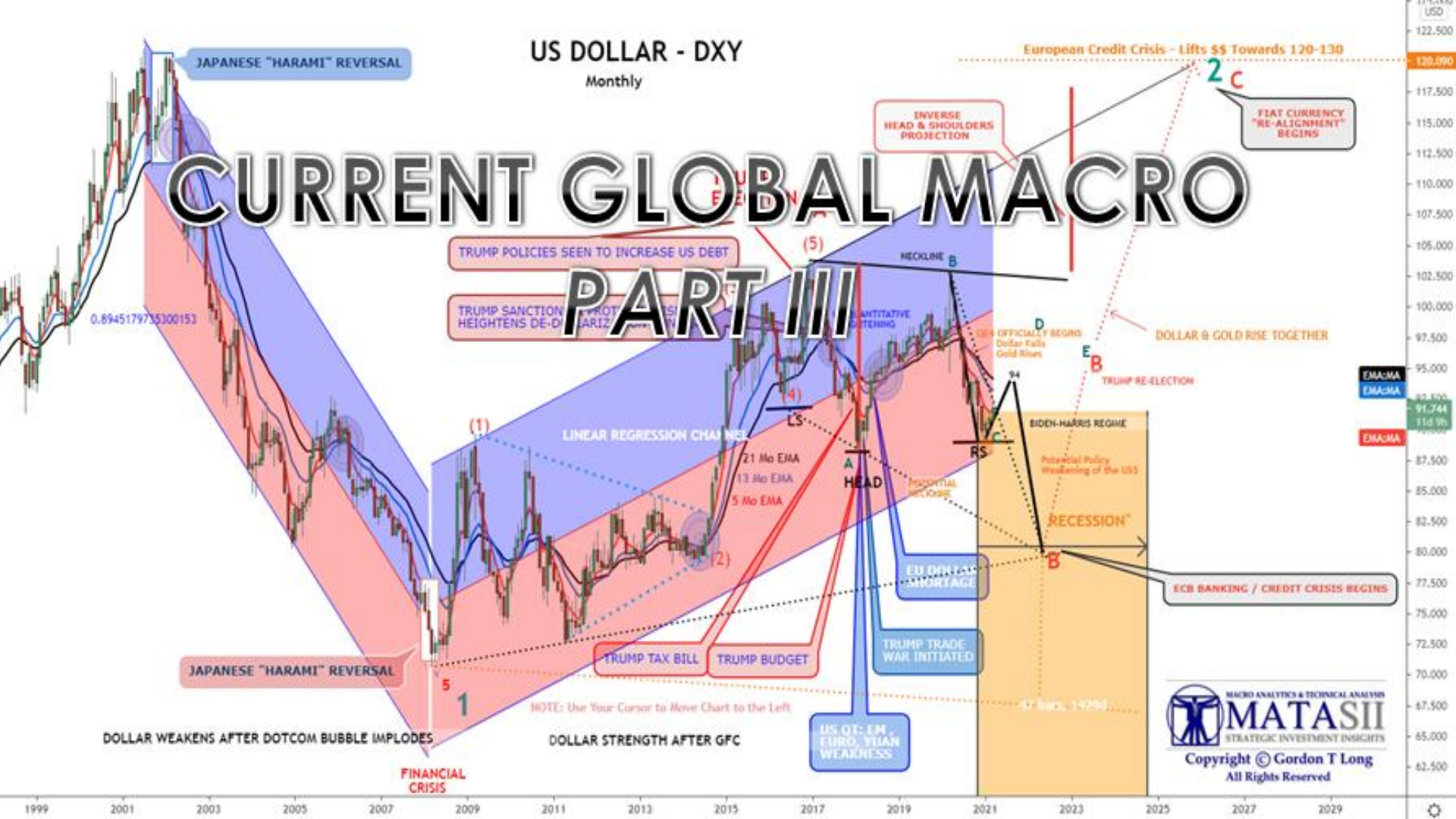
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US DOLLAR - DXY  
Monthly

# CURRENT GLOBAL MACRO

## PART III

JAPANESE "HARAMI" REVERSAL

European Credit Crisis - Lifts \$\$ Towards 120-130

2 C  
FIAT CURRENCY "RE-ALIGNMENT" BEGINS

TRUMP POLICIES SEEN TO INCREASE US DEBT

TRUMP SANCTIONS HEIGHTENS DE-DOLLARIZATION

INVERSE HEAD & SHOULDERS PROJECTION

NECKLINE B

DOLLAR & GOLD RISE TOGETHER

TRUMP RE-ELECTION

LINEAR REGRESSION CHANNEL

21 Mo EMA  
13 Mo EMA  
5 Mo EMA

HEAD

POTENTIAL POLICY WEAKENING OF THE US\$

BIDEN-HARRIS REGIME

Potential Policy Weakening of the US\$

RECESSION

ECB BANKING / CREDIT CRISIS BEGINS

JAPANESE "HARAMI" REVERSAL

TRUMP TAX BILL  
TRUMP BUDGET

TRUMP TRADE WAR INITIATED

US QT: EM, EURO, YUAN WEAKNESS

EU DOLLAR SHORTAGE

TRUMP TRADE WAR INITIATED

NOTE: Use Your Cursor to Move Chart to the Left

DOLLAR WEAKENS AFTER DOTCOM BUBBLE IMPLODES

DOLLAR STRENGTH AFTER GFC

FINANCIAL CRISIS

## **PART I**

### **THE PROBLEM**

## **PART II**

### **THE RESPONSE**

### **THE RAMIFICATIONS**

Selling Narrative versus News

### **REGIME CHANGE**

1-Social, 2-Political, 3-Economic,

## **PART III**

### **OUTLOOK**

Situational Analysis

Markets,

Economy

2021 Themes

### **CONCLUSION**

**PART I**  
**THE PROBLEM**

**PART II**  
**THE RESPONSE**  
**THE RAMIFICATIONS**

Selling Narrative versus News

**REGIME CHANGE**

1-Social, 2-Political, 3-Economic,

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Situational Analysis  
Markets,  
Economy  
2021 Themes

**CONCLUSION**

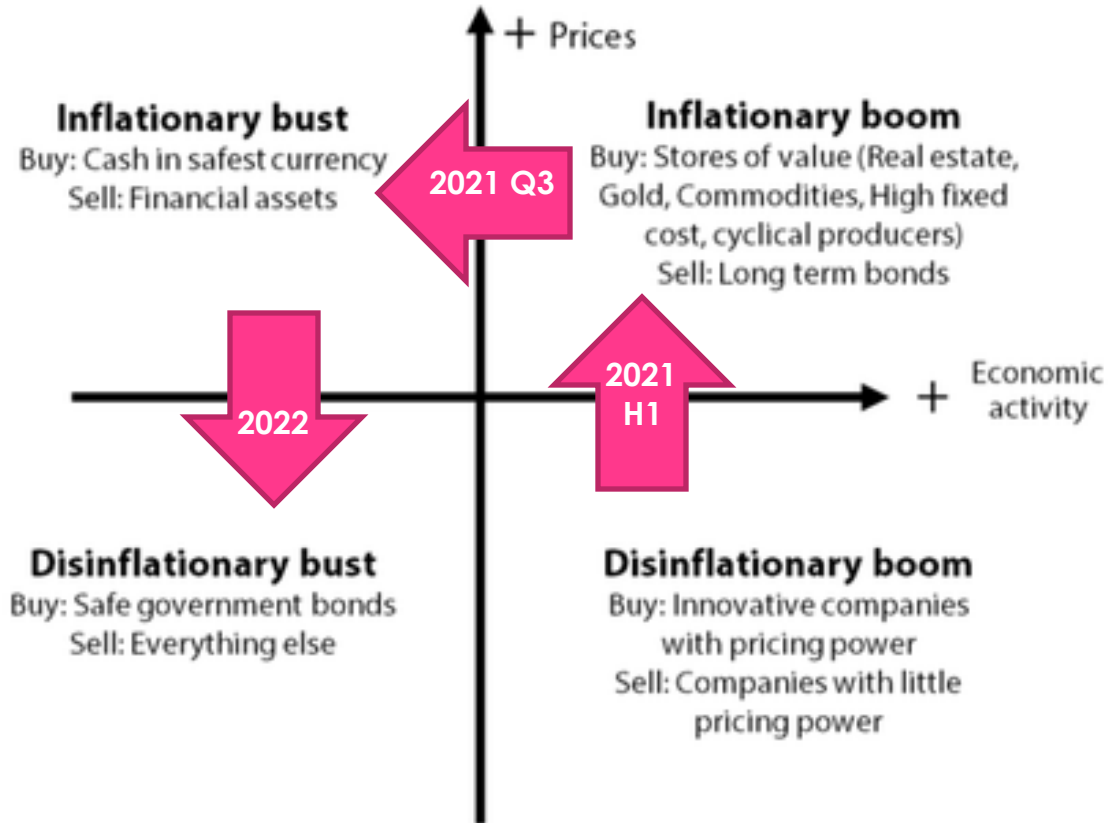


# COMING DEFLATIONARY TSUNAMI

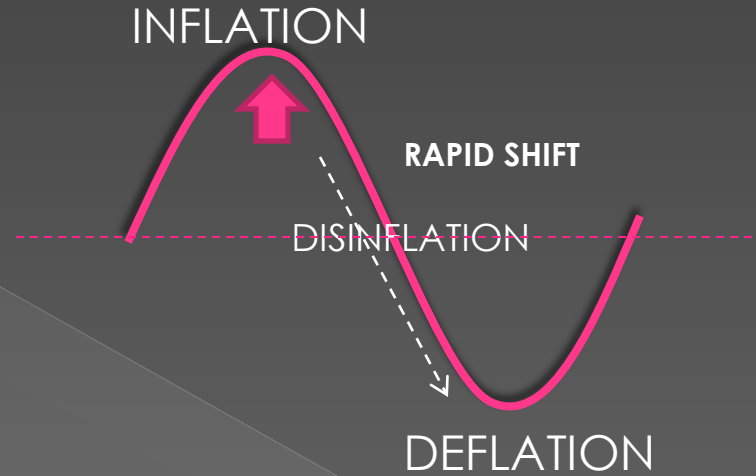
A dramatic and ominous scene depicting a massive, dark, and turbulent wave crashing over a coastal city. The wave is towering and dark, with white foam and spray visible as it breaks. The city, with several multi-story buildings, is visible in the foreground, partially submerged or threatened by the water. The sky is dark and cloudy, adding to the sense of impending disaster.

THE SHOCK HAPPENED IN 2008 – THE WAVE IS ABOUT TO ARRIVE

## The Four Quadrants framework



# SHIFTING FOCUS



PRE-COVID

**INFLATION**

**PLUS**

**DEFLATION**

Financial **ASSETS**

Domestic Services

- Health Care
- Education
- Professional Trade & Services

Wages (Benefits, Less Than Inflation)

Foreign **GOODS**

- Electronics

POST COVID

**COMMODITIES**

Foreign **GOODS**

**ASSETS** (Reverse Wealth Effect)

**INCOMES** (Bankruptcies, Robotics)

Purchasing Power (US\$)



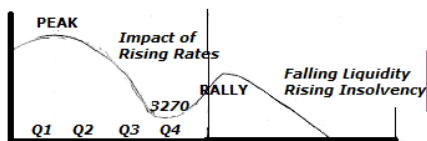
# DEFLATION

- Expect Weak Demand
  - Crippled Middle Class Consumer
  - Still Hasn't Paid for Mortgage / Rent Forbearance,
  - Shrinking Real Disposable Income (Unemployment, taxes).
  - End of longest expansion in recent history (Pre-Covid)
- Falling Prices (Housing Has Stalled as Fannie Mae 30Y Rate Rises)
- Assets Fall & Reverse Wealth Effect
  - Over-Valued Markets, Growth versus Value,
- Increased Savings (Scared) versus Consuming,
- Depreciation Versus Replacement Costs

# INFLATION

- Money Supply Contraction
  - Defaults & Write-Offs,
  - Depreciation & Loan Loss Reserves Slow Spending

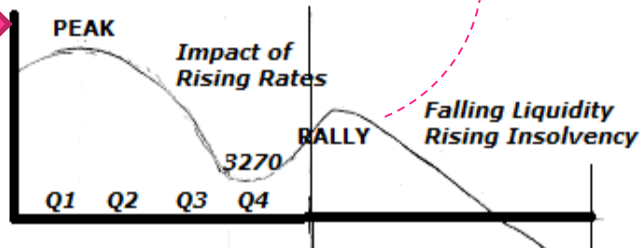
## 2021 S&P 500



Markets Lead By  
6-8 Months



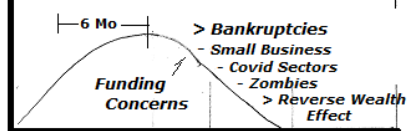
## 2021 S&P 500



Markets Lead By  
6-8 Months

### INFLATION

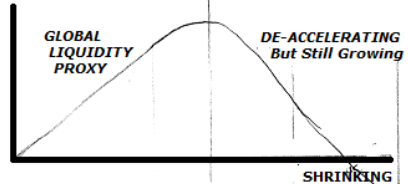
### DEFLATION



Both Inflation  
& Deflation

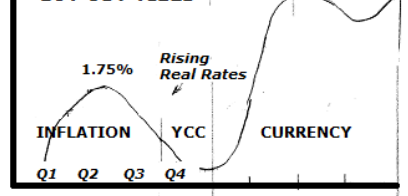
Deflation  
The Real Problem!

### MONEY SUPPLY



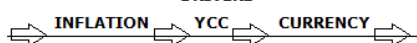
Increasing Money  
Supply Fails

### 10Y UST YIELD

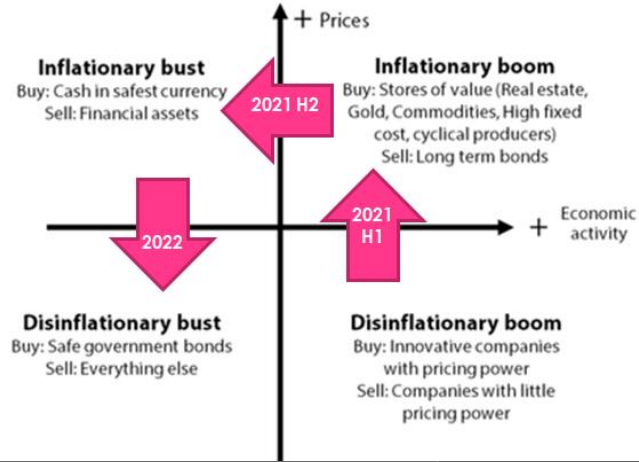


Won't Lend for Less  
Than The  
REAL RATE

### DRIVERS



### The Four Quadrants framework



**DEFLATIONARY TSUNAMI**

**HYPERINFLATION EVENT**

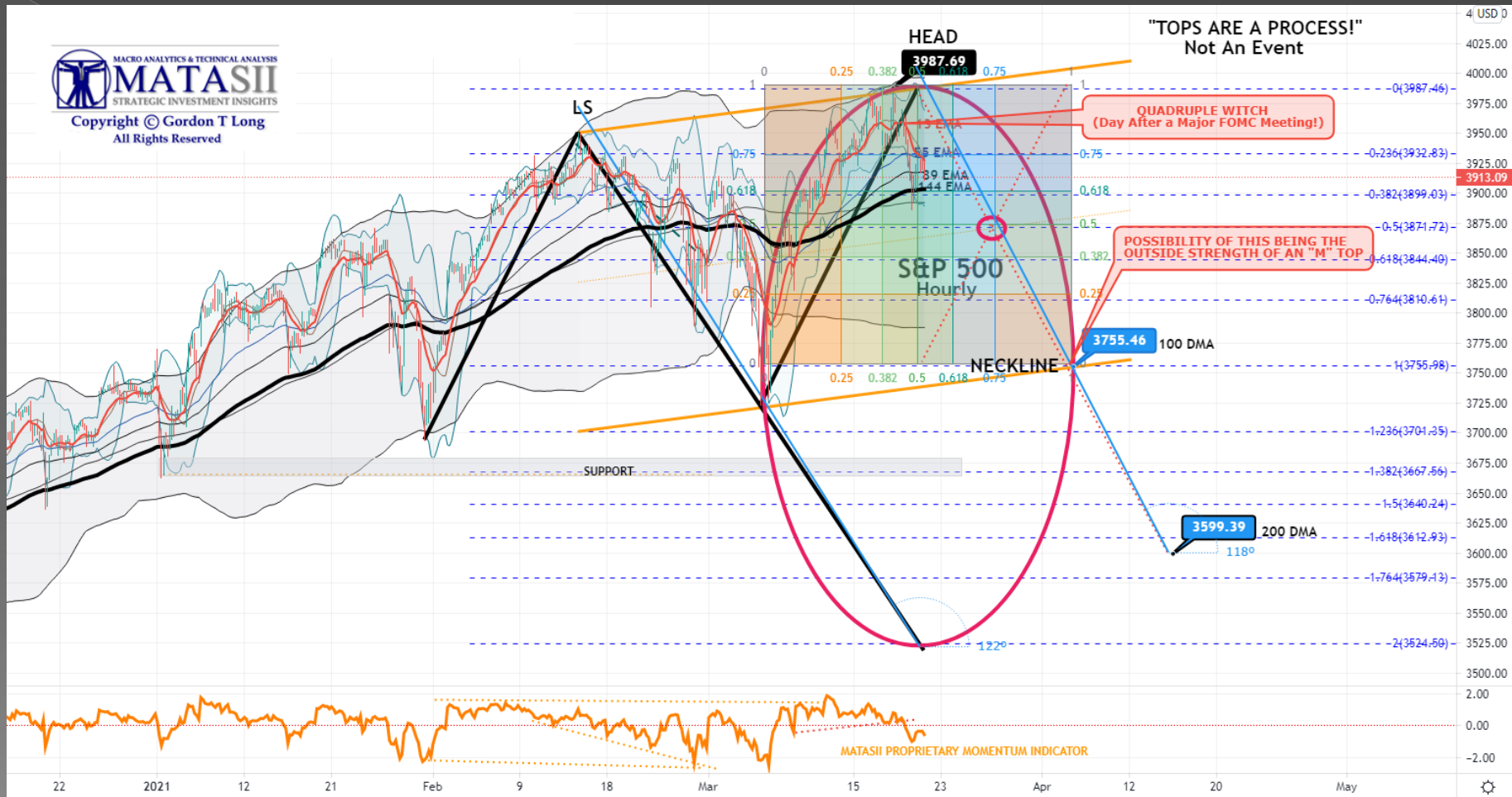
**THIS DECADE!**





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**The Long Term Upper Channel has not been re-sloped to reflect this 'through-over' spike.**

## Weekly

GROWTH: 10 UST Yield Approximates Nominal GDP  
INFLATION: 10 UST Yield Rises With Inflation Expectations

YIELD CURVE CONTROL  
(YCC) INITIATED????

**Potential Weakening in Equity Markets - Flight to Safety**

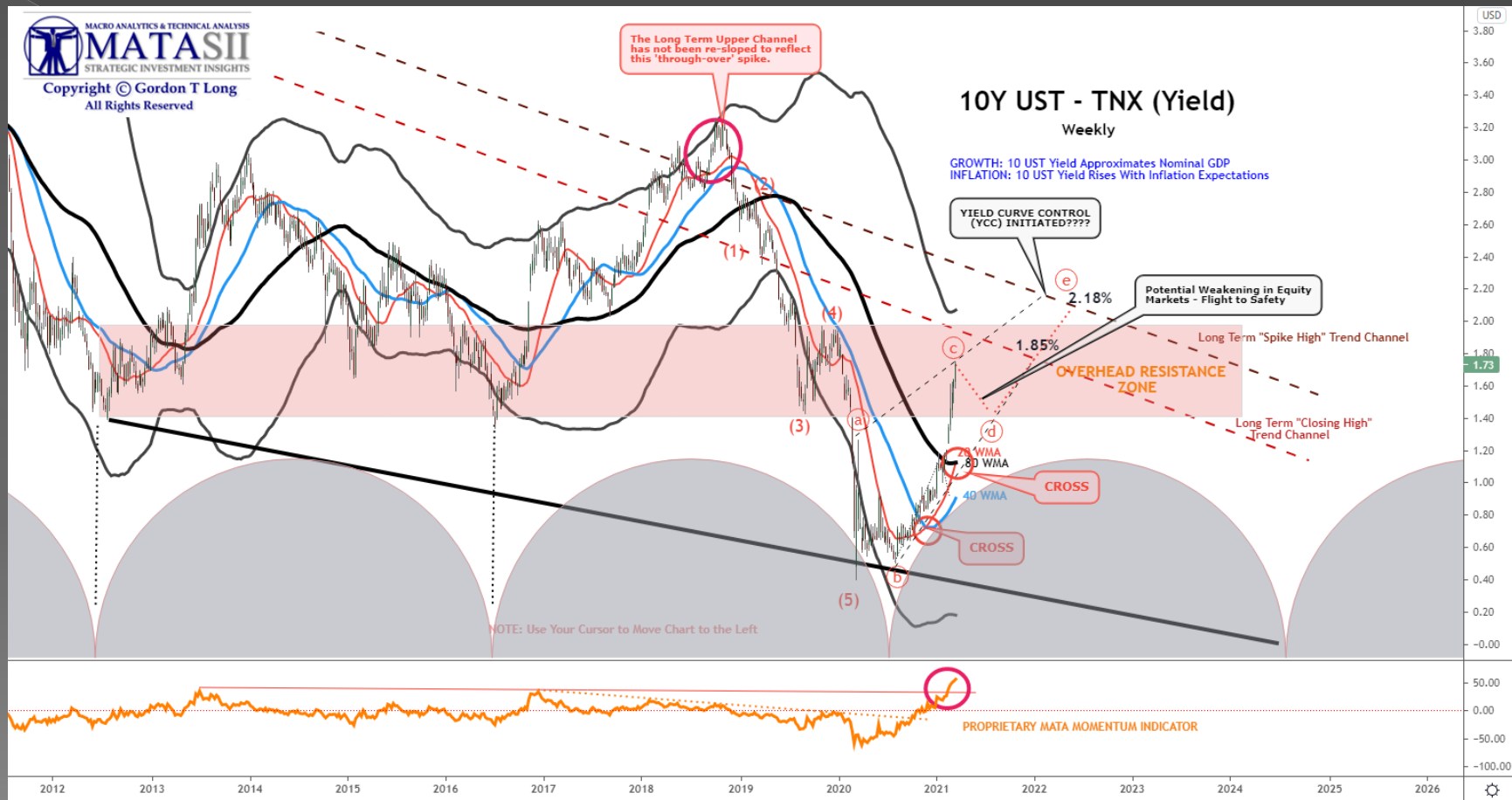
Long Term "Spike High" Trend Channel

OVERHEAD RESISTANCE ZONE

Long Term "Closing High"  
Trend Channel

**CROSS**

CROSS

**PROPRIETARY MATA MOMENTUM INDICATOR**

THE VOLKER INFLATION RATE PEAKS

## 30 Y UST YIELD - TYX

Monthly



### A VERY "MANAGED" CHANNEL

1986 MARKET CRASH

REGRESSION SINCE DOTCOMM IMPLOSION

PERFECT REGRESSION OVERLAPS

REGRESSION SINCE 2008 FINANCIAL CRISIS

DOTCOM BUBBLE IMPLOSION

FINANCIAL SHOCKS

2008 FINANCIAL CRISIS

2020 PANDEMIC

2.99

1.75 (208.81%) 175

75 EMA

EMA:MA  
EMA:MA  
EMA:MA  
EMA:MA  
EMA:MA  
EMA:MA  
EMA:MA  
EMA:MA

1981 1984 1987 1990 1993 03 Nov '97 2000 2003 2006 2009 2012 2015 2018 2021 2024 2027 2030 2033

USD

15.00

14.00

13.00

12.25

11.00

10.00

9.00

8.00

7.00

6.00

5.00

4.00

3.00

2.45

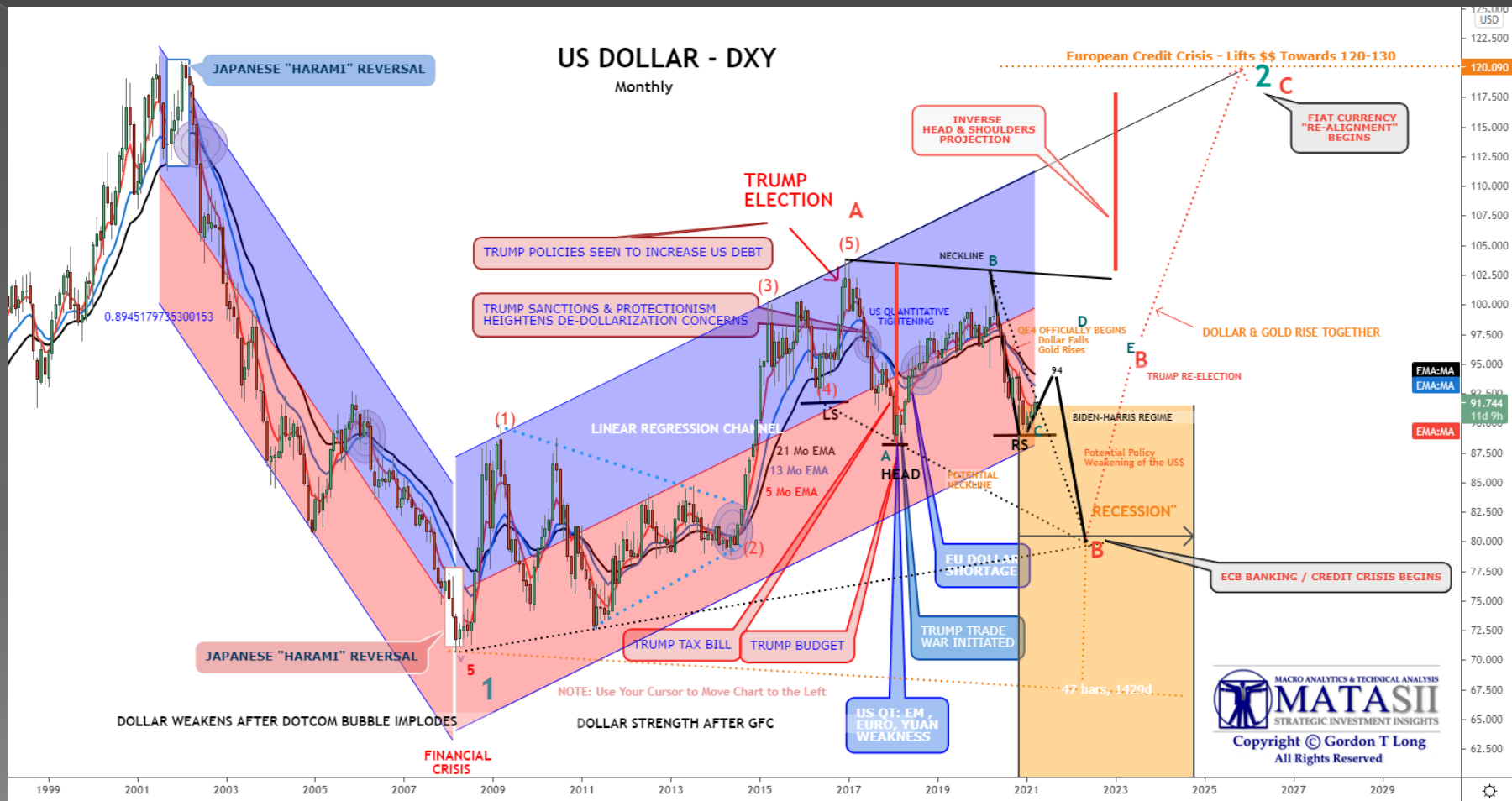
10d 8h

1.00

0.00

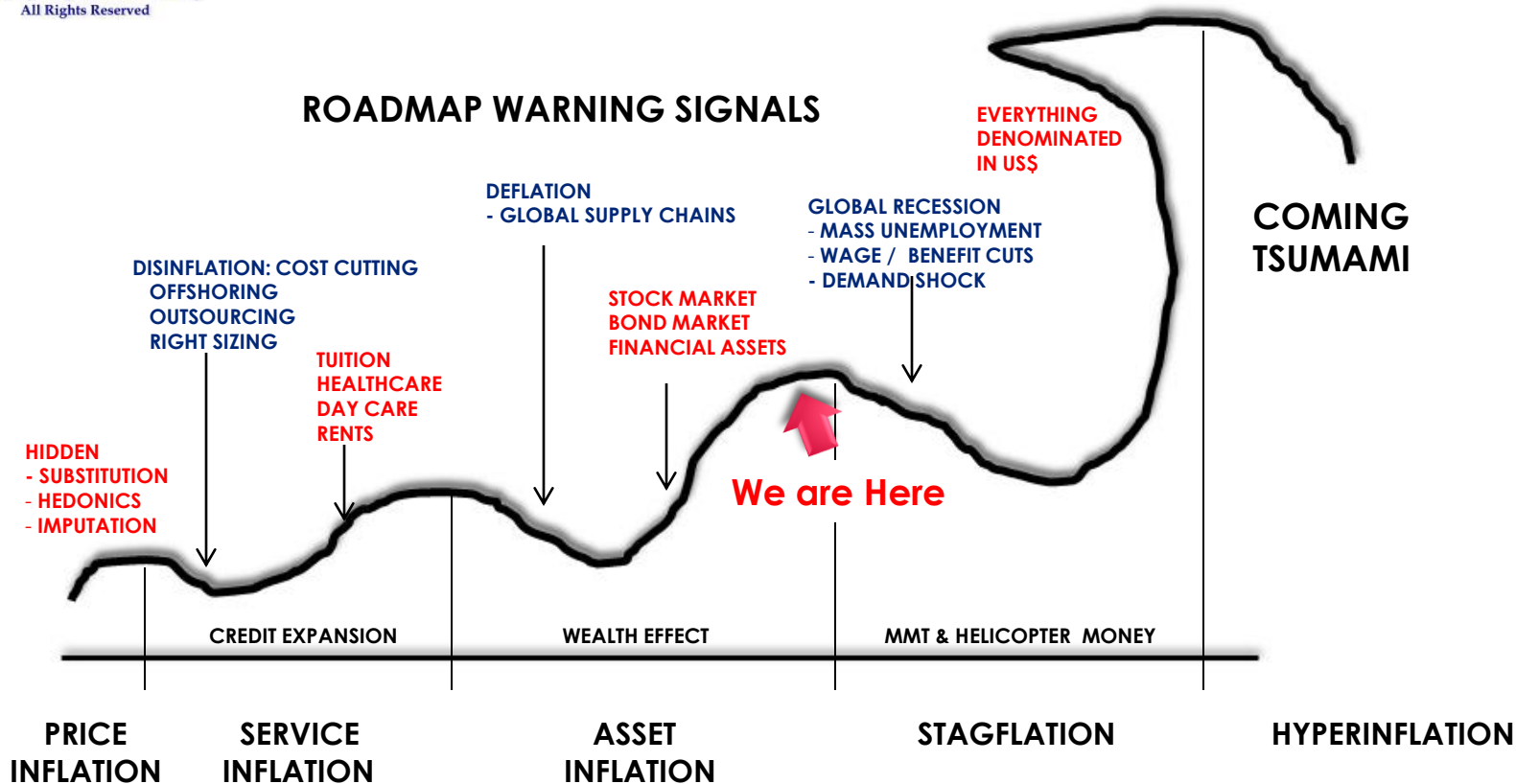
-1.00





# INFLATION PLUS DEFLATION COMING IN WAVES!

## ROADMAP WARNING SIGNALS



# THE CASCADING DOMINOS

## I- UNEMPLOYMENT

- **Forced Cut of Variable Expenses**
- = 40M Unemployment Benefits
- Unemployed Gig Economy



## II- BANKRUPTCIES

- **Unable to Pay Bills**
- Delinquencies & Defaults
- Credit Impairments



## III- CONSUMPTION

- **Reduced Consumption**
- **Reduced Economic Growth**

# THE CASCADING DOMINOS

## IV- REAL ESTATE

- **Reduced Need**
- Occupancy,
- Contagion



## V- REVERSE WEALTH EFFECT

- Shortage of Bigger Fools
- Excess Leverage to Support Falling Prices



## VI- LENDERS

- **Excess Leverage**
- Banks & Financial Institutions,
- Credit Crisis



All During Crisis Through Initial Recovery

Facility	Total	% Of Total	Running Total	Market View
Term Auction Facility	\$ 3,818.4	10.33%	\$ 3,818.4	Bullish
Central Bank Liquidity Swaps	\$ 10,057.4	27.22%	\$ 13,875.8	Bullish
Single Tranche Open Market Operation	\$ 855.0	2.31%	\$ 14,730.8	Bullish
Term Securities Lending Facility and Term Options Program	\$ 2,005.7	5.43%	\$ 16,736.5	Bullish
Bear Stearns Bridge Loan	\$ 12.9	0.03%	\$ 16,749.4	Bullish
Maiden Lane I	\$ 28.8	0.08%	\$ 16,778.2	Bullish
Primary Dealer Credit Facility	\$ 8,951.0	24.22%	\$ 25,729.2	Bullish
Asset-Backed Commercial Paper Money Market	\$ 217.5	0.59%	\$ 25,946.7	Bullish
Mutual Fund Liquidity Facility			\$ 25,946.7	Bullish
Commercial Paper Funding Facility	\$ 737.1	1.99%	\$ 26,683.7	Bullish
Term Asset-Backed Securities Loan Facility	\$ 71.1	0.19%	\$ 26,754.8	Bullish
Troubled Asset Relief Program (TARP)	\$ 700.0	1.89%	\$ 27,454.8	Bullish
Agency Mortgage-Backed Security Purchase Program (QE 1)	\$ 2,100.0	5.68%	\$ 29,554.8	Bullish
American Recovery & Reinvestment Act (ARRA)	\$ 830.0	2.25%	\$ 30,384.8	Bullish
AIG Revolving Credit Facility	\$ 140.3	0.38%	\$ 30,525.1	Bullish
AIG Securities Borrowing Facility	\$ 802.3	2.17%	\$ 31,327.5	Bullish
Maiden Lane II	\$ 19.5	0.05%	\$ 31,347.0	Bullish
Maiden Lane III	\$ 24.3	0.07%	\$ 31,371.3	Bullish
AIA/ALICO	\$ 25.0	0.07%	\$ 31,396.3	Bullish
Agency Mortgage-Backed Security Purchase Program (QE 2)	\$ 600.0	1.62%	\$ 31,996.3	Bullish
Treasury Bond Security Purchase Program (QE3)	\$ 735.0	1.99%	\$ 32,731.3	Bullish
Agency Mortgage-Backed Security Purchase Prog. (QE 4)	\$ 825.0	2.23%	\$ 33,556.3	Bullish
Fed's REPO Operations - 2019	\$ 385.6	1.04%	\$ 33,941.9	Bullish
Covid-19 Multiprogram Loan Programs	\$ 3,010.30	8.15%	\$ 36,952.2	Bullish
	\$ 36,952.2	100.00%		



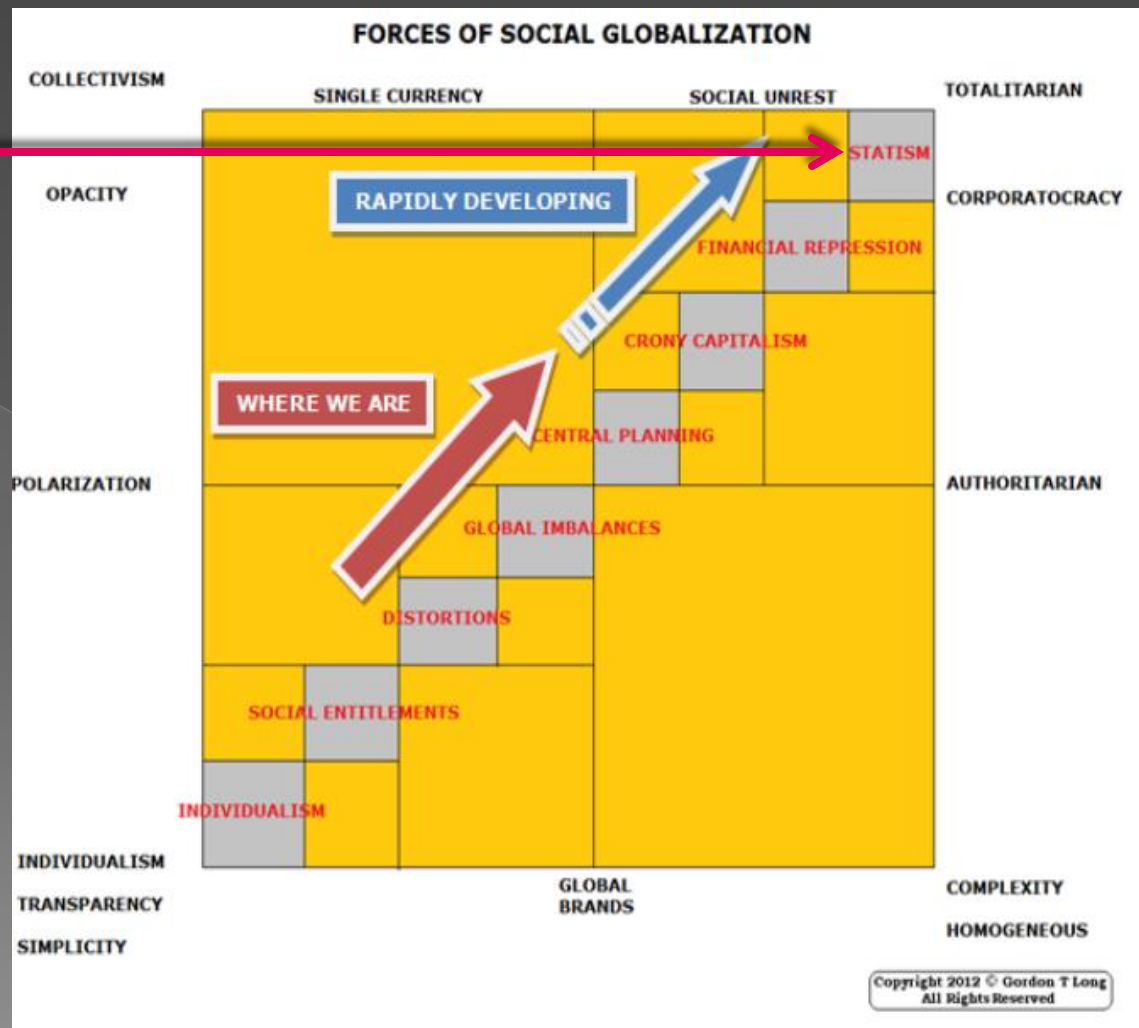
# SOCIAL SUPPRESSION

See Detail:  
Two part video in 2012:

How Statism has &  
continues to take hold of us:

Part 1 - <https://youtu.be/FulleBWJ8UU>

Part 2 - <https://youtu.be/lWkRqWHi8U>



# SOCIALISM

**GOVERNMENT  
IS THE ECONOMY**

$$\text{GDP} = \text{C} + \text{G} + \text{I} + \text{X}(\text{E}-\text{I})$$

**RATIONED CONSUMPTION** (green arrow pointing to C)  
**ALLOCATION** (red arrow pointing to C)  
**MONETIZATION** (green arrow pointing to G)  
**CENTRALLY PLANNED** (red arrow pointing to I)  
**DEFICIT TRADE** (red arrows pointing down to X, green arrow pointing up to X)

- Consumers Get What The Government Determines, Awards or Rations
- Standards of Living Is Universal Except for Government Officials

## MANIPULATIVE



## REPRESSIVE / SUPPRESSIVE

### ECONOMIC SECURITY

First it was Economic Job Security after the Dotcom Bubble implosion as Corporations:

- Outsourced,
- Downsized / Right-Sized,
- Off-Shored.

And Mom & Pop Business and Down Town merchants were lost to Corporate Franchisers, Malls and Big Box Stores.



### PHYSICAL SAFETY

Then Terrorism and our Physical Safety after 911 as the world changed due to:

- Bin Laden & El-Quida,
- ISIS,
- Domestic School Shootings,



### FINANCIAL SECURITY

Then we experienced financial pressures in the form of:

- Skyrocketing Collage Costs / Student Debt,
- Shift from Defined to Contributory Pensions with the loss of Pensions,
- Benefit Reductions and Soaring Medical Costs with reduced hours worked.

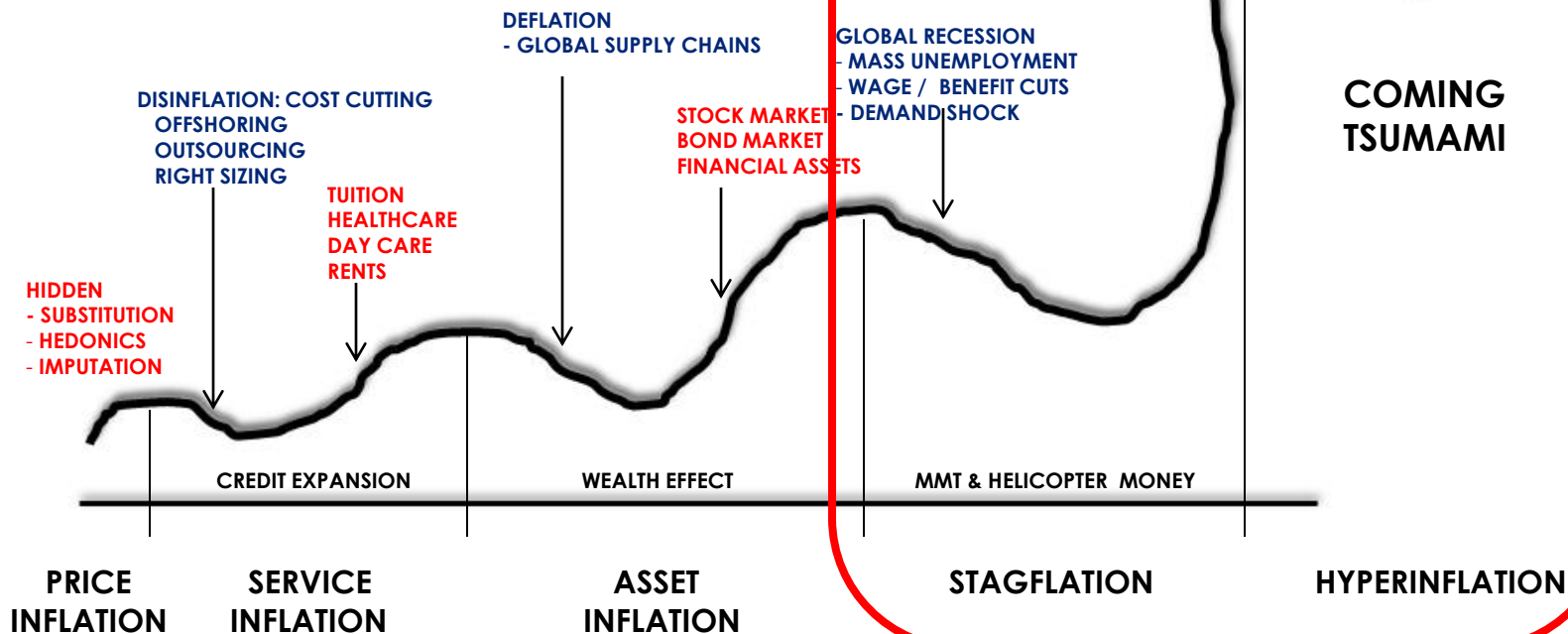
### HEALTH SAFETY

Now it is a Pandemic and the safety of the Health of family and friends.

- Covid-19 Pandemic,
- Social Distancing and Lockdowns,

# INFLATION IS COMING IN WAVES!

## ROADMAP WARNING SIGNALS





# The Fiat Currency Cycle

END GAME

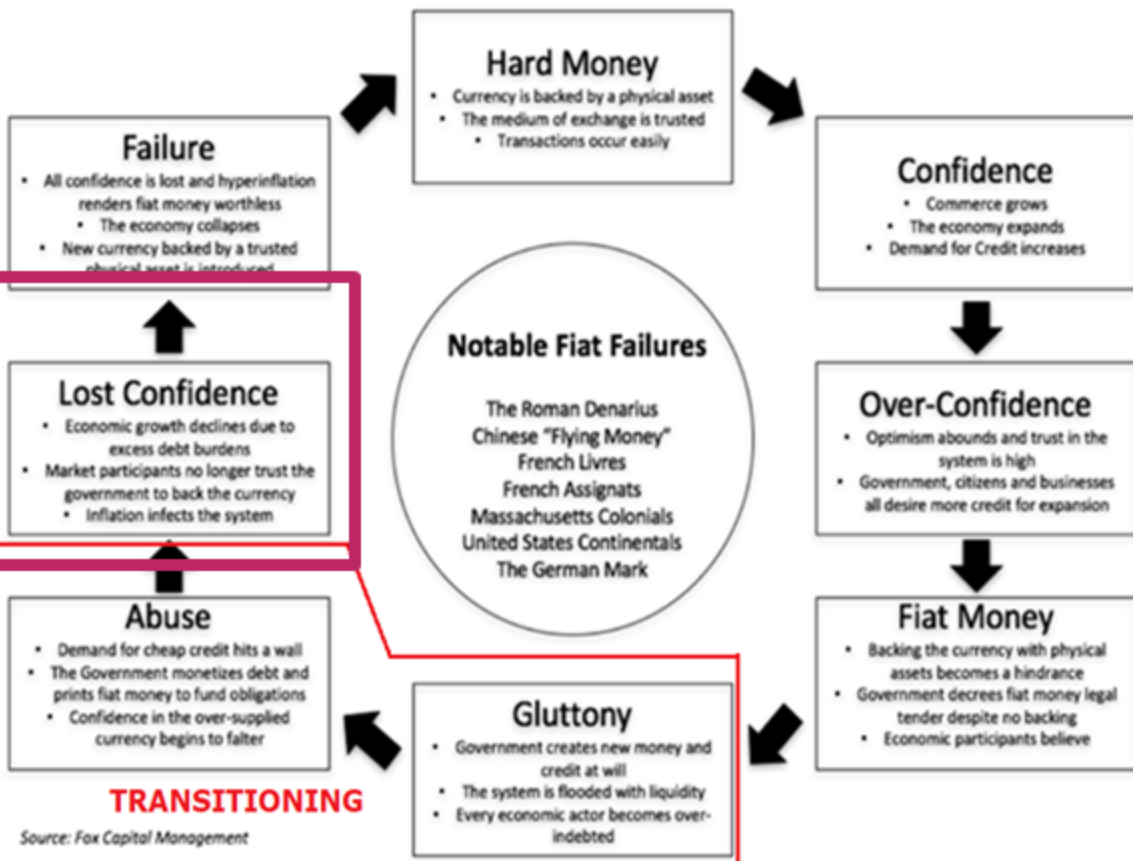
NEXT UP!

REGIME CHANGES  
WILL LEADS TO  
LOST CONFIDENCE

FISCAL POLICY

TRANSITIONING

MONETARY POLICY



# GLOBAL MONEY FLOWS

## The Commodity Cycle

### S&P Commodity Index vs S&P 500

Equities are expensive, Commodities are Cheap



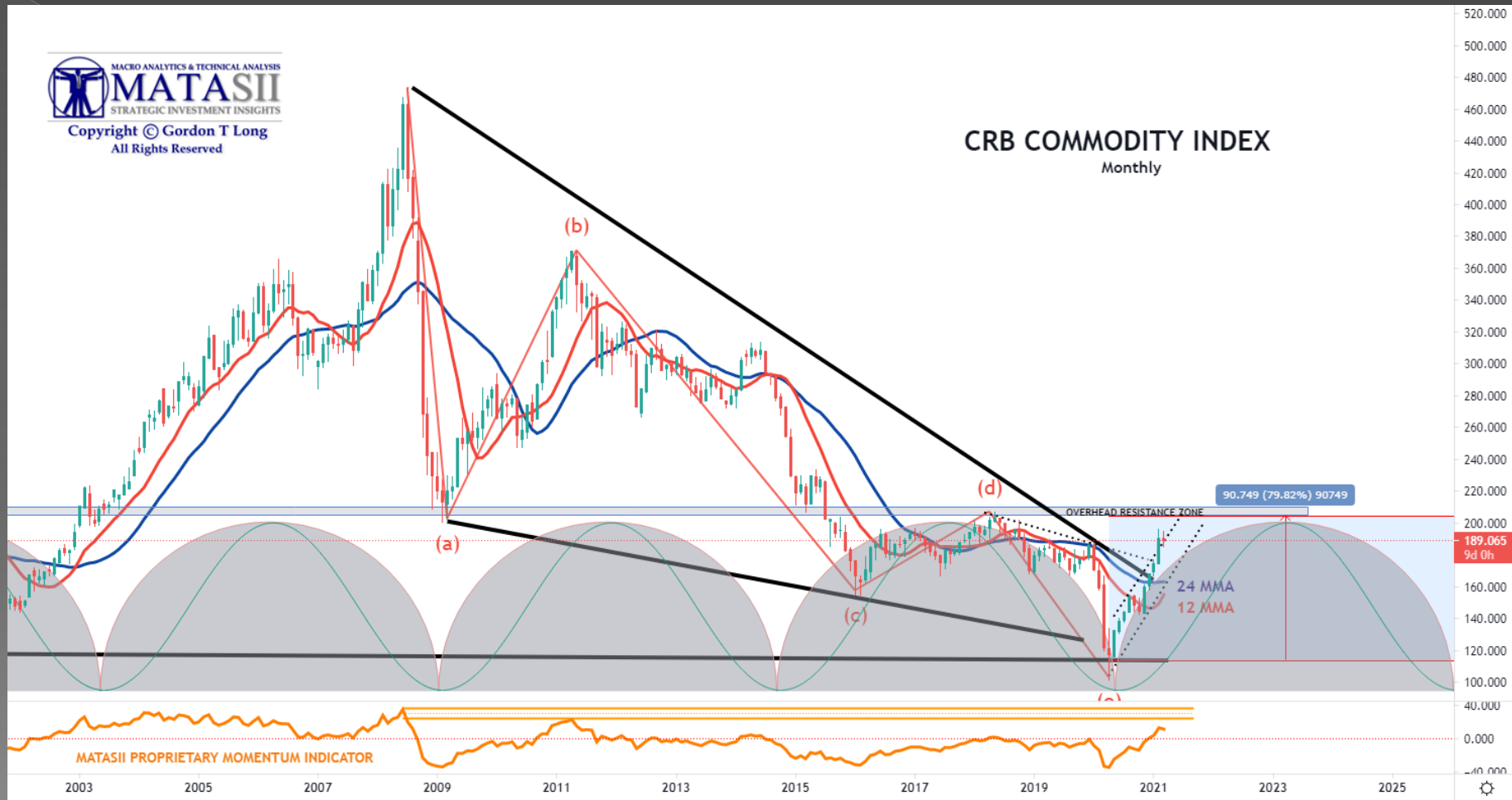


MACRO ANALYTICS & TECHNICAL ANALYSIS  
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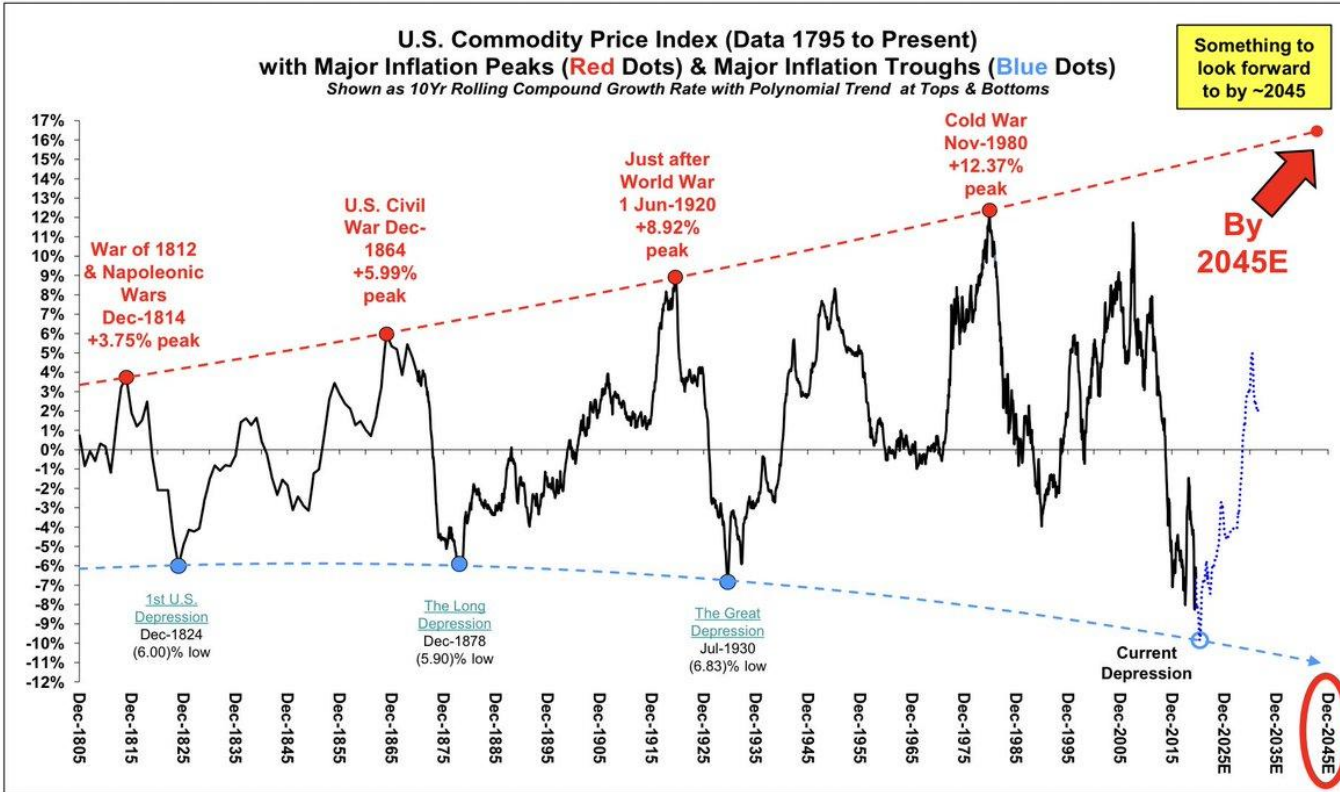
## CRB COMMODITY INDEX

Monthly



Long commodity cycles also point to the early 2040s as when currency debasement/inflation may be its highest

A commodity super-cycle peak is possible to 2045 (last red dot), part of a long cycle wave every ~55 years (growing 5 years longer in each cycle for 200 years), indicating the next peak is 2045E (65 years after 1980 peak)



Source: Warren & Pearson Commodity Index (1795-1912), WPI Commodities (1913-1925), equal-weighted (1/3<sup>rd</sup> ea.) PPI Energy, PPI Farm Products and PPI Metals (Ferrous and Non-Ferrous) ex-precious metals (1926-1956), Refinitiv Equal Weight (CCI) Index (1956-1994), and Refinitiv Core Commodity CRB Index (1994 to present).

# THE COMMODITY SUPER-CYCLE

&

Commodity-Backed Money  
or the  
The “Indirect Exchange”

# OUR VIEW OF THE FED'S LIKELY ROADMAP

**There is a strong possibility that the Fed will:**

- Let the Long End of the Curve rise
  - Let a Crisis be a Forcing Function,
  - Using an effective "TAPER" or expected "TAPER TANTRUM" to make this happen and control rates,
- A crisis event will negatively impact an over-leverage equity markets,
  - A "Flight to Safety" will drive yields down and prices up,
  - Increased Bond prices and lower yields will assist short term funding,
  - Initially this will take the dollar higher through August
- As the economy's focus shifts from Inflation to Deflation the Fed will launch YCC,
  - We don't have a real Inflation Scare, we actually have a Rate Scare,
  - We don't yet have Secular Inflation.
  - A deflationary Tsunami is ahead as evident from an Inverted 5Y-10Y Yield Curve (above.) a global imbalance of Economies producing less than they consume

# OUR VIEW OF THE FED'S LIKELY ROADMAP

- YCC will be implemented as rates rise once again,
  - This will take the US% lower thereby assisting the Fed with low rates,
  - The Fed will sacrifice the US\$ to be able to stabilize lending and government debt requirements
- Stagflation similar to the 70's is ahead.
  - This time we have too much debt to pull off a Volcker to halt inflation
  - Money printing won't work because of MZM Velocity
- Hyper-Inflation will be the outcome which will be halted by a new "Breton Woods"
  - This New Breton Woods will be held in Beijing v New Hampshire!
  - The problem is a global imbalance of Economies producing less than they consume

# MARKETS

SHORT TERM  
(Less Than 3 Month)

INTERMEDIATE  
(Next 3 Quarters)

LONG TERM  
(Longer than 12 Months)

SENTIMENT

RISK

FUNDAMENTALS

SHOCK

TRENDS

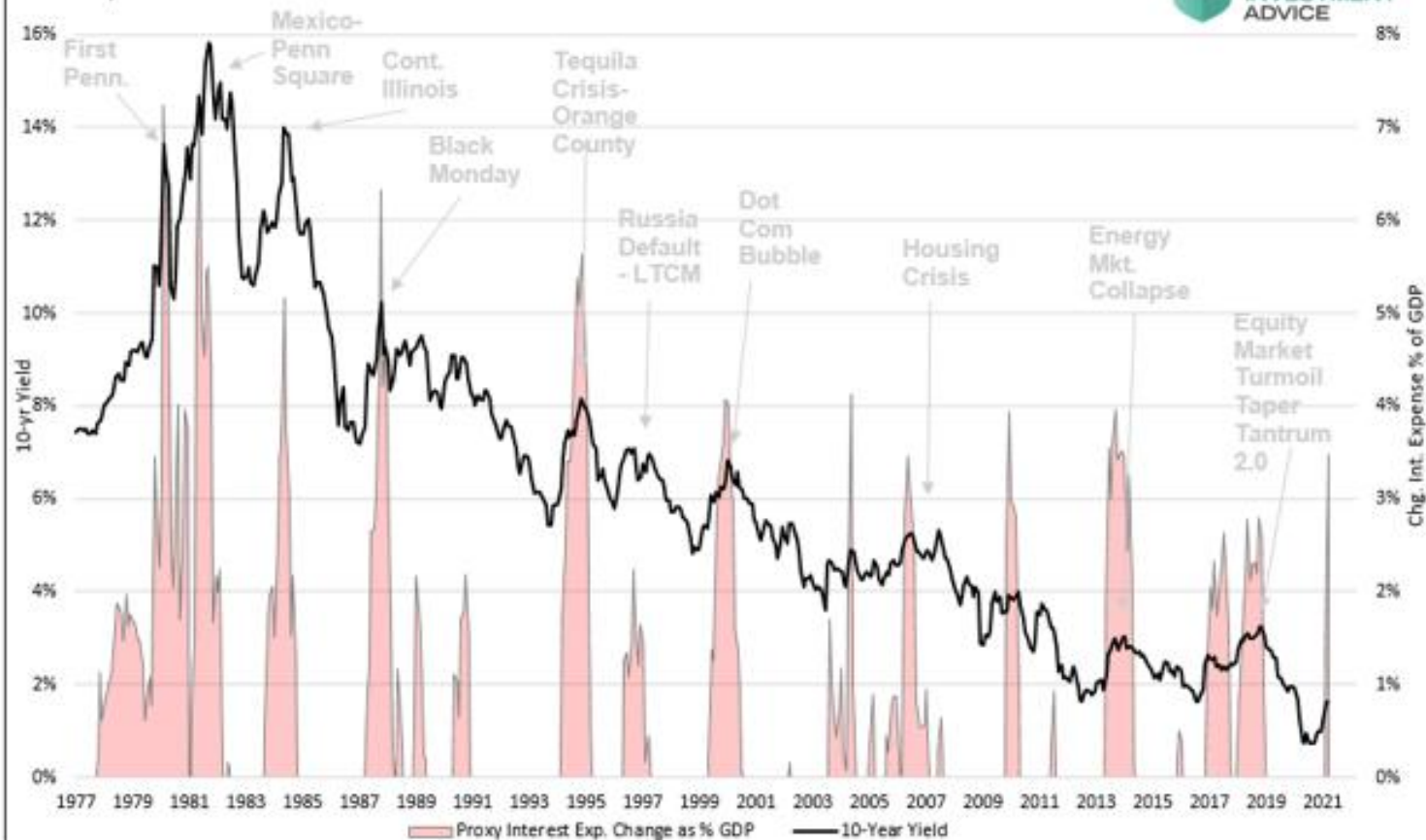
DISLOCATION – FALSE BELIEF

## MACROECONOMICS

- Credit (Global Rates / Flows)
- Currencies
- Bonds (Relative Yield)



## Debt, Interest Rates and Financial Crisis



**ADMINISTRATIONS CHANGE – BUT THE PRINTING NEVER DOES**

**DON'T WORRY, THEY WILL PRINT THE MONEY!**

**EVERYONE IS NOW IN PLACE & READY!!**





MACRO ANALYTICS & TECHNICAL ANALYSIS

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FEEDBACK THAT WILL IMPROVE OUR  
RESEARCH ANALYSIS



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CHANNEL & WE VALUE HEARING  
FROM YOU!

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FOR POSTING THIS FREE YOUTUBE  
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