

The Day Opposite World Stood Still

[00:00:00] Yes, we are live well, at least I'm live. How are you doing friends Ernie here with the zero days to expiration podcast. First, we stream it live on YouTube. Then I cleaned it up a little bit, take out all the ums and AHS and things like that. And then put it onto a podcast for your listening pleasure.

[00:00:26] Today's episode is The Day Opposite World Stood Still. Now that is a play on the day. The earth stood. It's an old, I think 1950s or maybe early sixties movie. And there was a remake with Keanu Reeves. That was quite good, but it's a basic alien invasion type of thing with the coming pending, apocalypse.

[00:00:53] And anyways, the day the earth stood still was an impactful movie because it [00:01:00] had to do with something that was from the unknown. And everybody had to realize of what was going on. And today, the reason why I call it opposite world, refers to the current state that we are in with regards to the market and this stasis, this, menagerie this, hologram, this fake thing that we deal with everyday called the market is in a perpetual. I dunno, I don't want to call it chaos on the verge of chaos, and we're kept there with the one thing that keeps us all sane. And that is the hope that the fed will not do anything to upset the main lining of hopium.

[00:01:53] Oh, what is hopium? Hopium is like opium it's mainlined like opium, but, not into our arms, into our financial wallets where the fed is continually propping up this. A continual dose of quantitative easing and accommodative monetary policies that of course the marketeers and, the institutions, the big companies, the banks, they love it.

[00:02:22] Low interest rates. Just keep everything going, pump money into the economy, make the market go up. Of course, it has a complete disconnect with the actual economy. Now the opposite world part is the reality. Now every day there are market reports that come out economic reports that the government and other agencies release.

[00:02:47] They give us the state of our. And generally, when these market reports are positive, the market reacts by going up when they're negative, the market reacts by going down. Now, this has not been the case over the past few years where the market has become completely dependent.

[00:03:08] It's so monkey on their back! Dependent upon the hopium.

[00:03:14] Strained my voice there. All right. We're dependent upon that. Hopium and there's this constant fear that the federal reserve, when they, if there's a. I don't know a really bad report, something that is impactful, particularly anything to do with inflation that they'll need to stem that by raising interest rates.

[00:03:37] And, oh my God, that is like the worst thing that could ever happen. And we don't like that. So typically, those types of actions by the fed are trying to cool down a hot market. In other words, a positive report could cause the Fed to react to try to slow them down.

[00:04:02] And normally in past times, the fed wouldn't be so quote, accommodative and try to keep interest rates to zero. They would allow the interest rates to fluctuate up and down with a very generous range. These days, that range is so damn slim. There is no room for any kind of fluctuate.

[00:04:23] It's either zero or just slightly above zero, anything else? And of course, a lot of people that begs the question, whether we're going to negative interest rates someday, it seems like that would be the natural course of things. But in any case, if there's any kind of fear that hopium is going to be retracted, that the needle will be extricated from the arm.

[00:04:49] Or from the financial wallet and that interest rates might be allowed to rise or anything like that. Or the fed may start talking about tapering their book and bringing down, that, which is now sitting at about eight point something trillion dollars. They really shouldn't have anything on their book. Quite frankly,

[00:05:10] the market just goes nuts. They. So, if something like that happens, and there's just the fear, the notion the market will pull back dramatically thinking it's all over the party's over. So that's the opposite world. In other words, positive economic reports, which may end the hopium are very bad for investors and traders in the market, negative reports, like what we had today, a huge miss in housing starts huge. We're in past times, this kind of a miss would have resulted in at minimum 500 points down in the Dow, maybe a thousand

[00:05:54] today. In opposite world, what you would normally expect. There's old, terribly [00:06:00] bad, meaning the fed is not going to change their accommodative stance and we're just skating along, and market will go up. But today's report was so bad that it shouldn't shivers shockwaves through the market. They were stunned. They didn't know what to do. And for a whole hour, the market stood still.

[00:06:21] Not knowing whether it should go up and cheer for the fact that the fed is going to be further bolstered to keep interest rates low or bring the market down because it was so bad. The while the housing starts is really a forward-looking indicator. And when it's bad, that means that the future portends bad.

[00:06:41] So the market was confused there for a moment. It was so bad that they froze like deer in the headlights. A deer in the headlights. I don't know if you're familiar with that phrase, but essentially what it means is have you ever noticed if you're near nature at all, if you come across a deer, they are so quick to notice you and get the hell out of there.

[00:07:04] It's unbelievable. But if it's in the middle of the night and they're crossing a road and you're coming, speeding at them with a 4,000 pound vehicle, they freeze. That's like what the market was like today. It froze the market world opposite world stood still for nearly an hour and that's unusual.

[00:07:26] And so after a while they digested this, it started to waver a little bit, look like it might come down and then they thought better of it. And then finally, what did it do? It made a new all-time high.

[00:07:36] Unbelievable. There's no volume up there. There's nothing. It's just, it is just unbelievable. We made, let's see, we made one made a new all-time high once, twice, we're going for a third and a fourth time. I'm looking at the mark. I'm looking at the market right now. So that's where we are.

[00:07:56] I put on some trades, we put on a trade last night and it was a fantastic trade. We were shorting the market, or we were at least predicting a down-market and then setting up our premium. For something a little bit below and, right around the European open, the market started to come down, came down pretty good.

[00:08:20] And it looked like our trade was going to be fabulously profitable. And then about an hour later, it decided to go straight up. It just went straight up. And this morning we wake up and we see wow. Man, we were almost there and now it's just completely reversed. Why there was no news. There was nothing.

[00:08:43] So basically coming back up to the level that we were on Friday today's Monday, and of course today is a ODTE day for the S&P that's what we're going after. We're going after that last day of options, expiration on the, on futures, the S&P futures, trying to collect all that premium on that last day.

[00:09:05] And the market was waiting for that market report, that housing report, the housing starts, but it didn't happen until 10 o'clock after the market opens, which is at nine 30. So, it came back up, huh. Out there until that report was to come out. And just prior to the report, it started to creep up a little bit in anticipation that it's going to be bad.

[00:09:27] Now, why was there an anticipation that the housing starts report was going to be bad? Mostly because if you go and look at the last six months reports, they were all overconfident on what the report was going to be. And each time it missed buyer by a fairly large amount. So, I guess the idea was that it was going to miss, again, this time only, they had a really overshot the consensus for that number.

[00:09:56] And it missed by even a larger amount. And that shocked the market because they didn't really expect, they expected a bad report, mid to low mid-level to bad report was okay, but this was bad, really bad. And it shocked the market. And of course, I've already explained what happened.

[00:10:15] They were a frozen deer in the headlights for us. Normally they would have reacted to it like that. They had already got a hop, skip, and a jump ahead of it. Ready to just push up ahead. And it was so bad, yet the market continues to go up. It's such a fantasy world. The market. Is so fake.

[00:10:37] How do you trade this market? What you're doing is you're trading not the market or the economy, you're trading a ethereal, psychology of the market, the psychology of these investors, these millions, this mass of investors that are out there, we're trading what they perceive. The prospects of hopium continuing.

[00:11:05] That is what we're trading. We're not trading what's happening in the market. We're trading the psychological effects of keeping or retracting, spelled H O P I U M I that's

not a word. It's a word. And it's our word and it describes exactly what's happening in the market.

[00:11:30] So that's where we're at. That's how you trade the market these days. Yup. We are. We are psychologists. We are market psychologists. No, we are, we a drug con we're a drug counselor. Yes, we are market drug, counselor. No, we are, interventionists, not w what the hell are we? I don't know. It is anyways, that's where we're at the market.

[00:12:02] There was no trade while there was a trade. We pulled it back then I thought, hey, it would be crazy if it came down to where we had originally put our trade. Wouldn't it. Wouldn't that be crazy? In this market, anything can happen there. There was absolutely no reason for the market to go up and every reason for it to go down.

[00:12:21] So why not? Let's just put that trade down. There will cost us practically nothing. And if it, if the market does come down at the end of the day, we'll make gobs of money. And of course, we'll be able to jump around and act like we're all kinds of smart and everything, but not really. We were just playing on the, the high or the, no, it would be the. I guess the after effect, the, what do you call that when, when you're suffer the heebie-jeebies yes, we will be profiting on the heebie-jeebies of the market. So, this will be the heebie-jeebies trade. And, like I said, it wasn't a real call. I didn't really put it out as an alert. I just thought, Hey, why not?

[00:13:03] What are we got to lose now? You may think that, man, what kind of services this guy running over there? Now, everything that I've said is true in terms of the way the market reacts.

[00:13:17] I've been watching these YouTube videos of this one particular one, what's his name? The Coding Jesus. He's a quantitative, application developer.

[00:13:28] And I'm sure what he does is. Very, pedantic and heady and creating these, sophisticated tools for quantitative analysts and such. And they're trying to figure out what the market is doing, but I can guarantee you they're doing exactly what we're doing. They are playing armchair market psychologists, trying to figure out how the market is going to react.

[00:13:55] Not based on. Market data that seen that. And that's the that is the ruse. So, they're going to be doing all this analysis of market data, and they're going to come up with these theories, but they're going to be wrong. And so, they're going to have to come up with some really abstract, oh, what would you call it?

[00:14:14] You would call it an abstract interpretation of what the market is doing. And then that will be their analysis. And then of course, this coding, Jesus we'll have to, we'll have to code that somehow. And it will really be, it'll be based on the market psychology

[00:14:31] It's so much fun to, to watch people like that, thinking that. They're doing something that has actual value that they're somehow unlocking the code of the market that they're somehow figuring out what the actual probabilities are. And then it's not like that at all. And that's why I've turned to almost a completely discretionary strategy.

[00:14:55] I used to be a quant and a quantitative analyst. And a fund manager and all that other stuff. And I was very serious about, the statistical probabilities and the variance and the means and all that stuff, standard deviation. That was really important to me. But today it has really nothing to do with that.

[00:15:16] That is not the market today. That is not the market today. Today. It is all about dealing with a petulant child. Or adolescents, yes. Market adolescents that are hooked on hopium. That's what it is. It's fun. It really is. But today was a little less fun because, we didn't get the same kind of reaction that we would normally get.

[00:15:43] There was a hiccup in opposite world. So there was. So, you've probably learned a bunch of new things today. You learned about opposite worlds. You learned about hopium and what the market is really about these days. It is completely disconnected from the economy, the economic indicators that are out there.

[00:16:07] The reports are merely. Oh God, what would you call them? They are these minor threats or enabler? That may or may not be threatening the supply of hopium. That is how you trade today. Now, the drawback here is that when we're constantly going up and the fed is in this, ultimate accommodative policy, monetary policy, and tends to bring.

[00:16:41] Interest rates low and volatility way down. And so, we need these kinds of disruptions every once in a while, to create the kind of breadth that we need in order to increase premium is we trade. We sell options. We collect. And [00:17:00] unless that premium can reliably be overstated, then we start losing our edge.

[00:17:05] So it's good that we have these surprise announcements every once in a while, that we get little spikes of volatility and hopefully they can keep on going on. So that's what we do. Hey, if you'd like to try that out, if you'd like to see what it's like, come and join us. Our trading room, where we create asymmetric opportunities.

[00:17:28] That means we create trades that have a tiny little bit of risk for huge amounts of profit. There's zero anxiety because we're not managing that risk because it's so small, we manage the profits because they're so large. And because I think that our discretionary analysis is so good. We can profit nearly 85, 90% of the time.

[00:17:54] It's cool. And it's fun. Give it a shot. [00:18:00] That's all I've got for today. Let's see, we got a, we have a question. First of all, DMV says he has his opposite day. PJ's on. Okay. I gotta get, I gotta see what that's all about. Jacob says, think of swim. Isn't available in Canada anymore. They haven't been available for a while.

[00:18:14] Canada is weird that way with think or swim. They must have some kind of internal argument going on. I'm having trouble. I'm having trouble to find a decent retail broker to trade futures in Canada. If you have any suggestions that. Yeah, interactive broker would probably do it. They're available in Canada and if that's not it, I know that if you just go to the web and say, hey what is the best broker to trade futures or options on futures in Canada?

[00:18:42] And I'm sure you'll find a lot of people weighing in on that. I don't know what it is about Canada. They really got people locked down up there in terms of their financial.

[00:18:51] So that's all we've got for today. Folks. I want to thank you very much. Again, come down, down below, join our discord, hang out with us. Try out the service. You'll love it. We're doing well with we're actually really killing the market. I'll tell you. It's quite a sight to be seen. Zero anxiety.

[00:19:12] Asymmetric trades, little risk, huge profit, and really it's fun trying to figure out whether or not they're mainlining today or not. All right. Time to go. All right. Where's that off button. There it is. All right, folks. Peace be with you.