

# The Damped Spring Report

“Shifts in growth, inflation, risk premium and positioning all lead to opportunities in markets”

3/24/2020

## Position Update

As our readers know we believe the negative wave of Coronavirus and the positive wave of Fiscal Spending and Debt Monetization by the Fed will cancel each other out leaving asset prices with more buoyancy and volatility significantly muted. We fully anticipated both the Fed’s massive moves and the fiscal policy response. We were surprised, frankly, by the size of both. Yowzah. We continue to believe that asset prices will rally modestly as a group as the stimulus wave hits the markets. However, we also believe that asset prices are capped below all time highs until the coronavirus curve bends in the US. **We add another round of short call spreads in our gold position today as our current position is set to expire OTM.**

Later this week we will do a thorough job on month end flows. The deleveraging of all portfolios remains a headwind for month end albeit dramatically reduced by the margin calls in markets all month. **The major flow is the reallocation to equities from cash and bonds.** We have heard outlandish numbers, JPM for instance suggests 850BN of buying power. We disagree in size for reasons we will cover in the next report. However, the direction is certain. Through month end portfolios will have a strong tailwind of buying equities and a headwind toward selling bonds.

Assumed Portfolio size	100,000,000							
LTD P/L	10,396,640							
Total Return	10.40%							
Today's Date	3/24/2020	Portfolio Created	4/15/2019					
Date	Position	Entry Price	Amount	Worst case loss	MTM	P/L	Open/Closed	
2/26/2020	TY Apr 132.5/133.5 Call Spread	0.484375	-1939	1,000,000	1	(1,000,000)	Open	
1/15/2020	GBP 131/129 Put Spread 4/15/20209	0.5	(66,666,667)	1,000,000	2	(1,000,000)	Open	
3/10/2020	SPX April 2500/2400 Put Spread	25.5	-67	500,000	43	(117,450)	Open	
3/10/2020	SPX April 2900/3000 Call Spread	44	-134	750,000	25	254,464	Open	
2/26/2020	GCI April 1625/1575 Put Spread	13.7	-275	1,000,000	16	(63,361)	Open	
3/10/2020	GCI April 1700/1750 Call Spread	8	-119	500,000	5	35,714	Open	
3/10/2020	TY June 136/135 Put Spread	0.390625	-821	500,000	0.234375	128,205	Open	
3/10/2020	TY June 140/141 Call Spread	0.390625	-821	500,000	0.21875	141,026	Open	
3/16/2020	SPX April 2500/2400 Put Spread	43	-88	500,000	50	(61,404)	Open	
3/16/2020	GCI April 1500/1450 Put Spread	20	-333	1,000,000	2	600,000	Open	
3/16/2020	GCI May 1650/1700 Call Spread	14	-278	1,000,000	14	-	New	
3/16/2020	TY June 140/141 Call Spread	0.203125	-627	500,000	0.234375	(19,608)	Open	
3/16/2020	TY June 136/135 Put Spread	0.4375	-889	500,000	0.21875	194,444	Open	