



Polar Futures Guarded Opportunity

November 2017

Monthly Performance = -3.52%

YTD = -2.00%

**net of fees*

November was the first full month of trading for the Polar Futures Guarded Opportunity program, however trading stayed light as the existing market themes were in flux.

We came into the month with only one open position, a short position in the EUR which had moved in our favour through October. I was looking to stay with this position, looking for the USD to strengthen into year-end after making a strong turn higher on September 8th. The EUR put in new multi-month lows at the start of the month; however several strong days at both the mid-month and end of month period saw this position work back against. As the EUR started to give back the sharp move higher mid-month my view was that the jump was a short term correction before EUR weakness continued. The next sharp move higher was the final move taking the position to near zero in short order. The broad weakness of the USD through the month was not in line with our theme in place heading into the year end.

At the start of the month we initiated a short oil position. My view on oil was that post the OPEC meeting at the end of October; oil had priced in “all the good” and was technically running into multi-year resistance levels. The positioning on oil was also near the highest levels ever from a speculative standpoint which added to the conviction of a move lower. However at the start of November we saw the “Saudi Surprise in which the crown prince Mohammed bin Salman arrested many high level Saudi figures. This caused a sharp rally in oil sending prices to new 2yr highs. As the headlines died down oil prices began to drop lower until the Keystone pipeline in South Dakota sprung a leak. This shuttering of supply pushed prices to new highs and all but removed the chances of our short oil position coming back into play. I still believe the previous 4 month run up in prices combined with the outlook for US oil production and speculative positioning provided a good risk/return set up in oil.

Near the end of the month US 10yr treasuries traded down to 2.30%, but continued to put in a higher lower over the past several months. Given that my outlook going forward is that rates will be heading higher we initiated a short US 10yr note position. In the last few days of the month rates moved higher which put this position ahead. This is another late month addition that I will be looking to hold for some time as my view is that we will see rates move higher into year end, but also through at least the first half of next year as the Fed continues to raise rates. I believe the big move in this trade will happen once key technical levels are hit that signal an end to a 30 year bull market in the 10yr bonds.

Until next month,

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