



Market futures unless indicated (Contract month)	Weekly Closing Price	Price / % Change from last week	Short-term trend	Long-term trend	Short-term price target	Long-term price target	Position Bias
EURUSD (Mar '16)	1.0804	-0.0121 / -1.10%	↑	→↓	1.0742	0.9794, 0.9520	-
GBPUUSD (Mar '16)	1.4281	+0.0019 / +0.13%	↓	↓	1.3888	1.4375 , 1.4078	short
EURGBP cash	0.7567	-0.0084 / -1.10%	↑	↑	0.7804, 0.7687	-	long
Crude WTI (Mar '16)	32.19	+1.80 / +5.92%	↓	↓	31.60, 31.37, 29.64	19.99	short
S&P500 (Mar '16)	1899.25	+24.25 / +1.29%	↓	↓	-	1896.50, 1889.25, 1855.75	short
Gold (Feb '2016)	1096.30	+35.60 / +0.51%	→↓	↓	-	1042.40	-
30-year Bond (Mar '16)	159 1/32	-3/32 / -0.06%	↑	↑	161 6/32	-	long

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EURUSD: A rather uninteresting last couple of weeks, especially when compared to what's happened in the broader equities & commodities markets. Looking at this pair from a purely quantitative (trend) perspective, it is now officially in confusion. As such, I've removed the position bias. Having said that, the longer term trend is nicely pointing to further weakness, we continue to get price targets lower and the close on Friday was "nasty". If we close convincingly below 1.0742, consider the short-term downtrend resumed.

GBPUUSD: The sell-off stopped 1 tick short of our longer-term target of 1.0478. The market had enough and reversed. On our way, it took out all our targets (also refer to issue #13 for the GBP case study). This market is damaged and needs time to heal and find its equilibrium.

EURGBP: Two weeks ago we wrote: *"The quality of this bull will be judged in the next sell-off. Only then we'll be able to determine its proper health."* Our 0.7687 has been achieved on a closing basis and the market reversed strongly. If this bull is intact, then our previous achieved target of 0.7495 should now act as support and a good entry point. Pick your risk carefully.

Crude WTI: (we have rolled into the Mar. '16 contract – price targets have been adjusted accordingly) Since the close of our previous issue (#13) at 33.16, we travelled all the way down to 27.56 (-16.9%) and reacted rather violently to the upside. In the meantime all our price targets (see above table) have been achieved on close. Our first sell signal came on October 30th (issue #3), at 49.84 (Mar. '16 basis). That's a 44.7% drop to the price low of 27.56. Markets that have suffered such extensive damage take a long time to recover.

S&P500: All our longer term targets have now been met; the higher ones on a closing basis. Prepare for more volatility

Gold: No change from our previous issue i.e.: picture remains messed-up so best to abstain.

30-year bond: For those who haven't noticed, bonds move inversely to equities. Keep an eye on that 150-160 range I've mentioned before. We're definitely attempting to breakout of it.

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How to read the table

Market futures unless indicated (Contract month)	Weekly Closing Price (1)	Change from last week (2)	Short-term trend (3)	Long-term trend (4)	Short-term price target (5)	Long-term price target (6)	Position Bias (7)
EURUSD (Dec '15)	1.1241	+0.0038	→↑	→↓	1.1713, 1.1748, 1.1870	1.1713	-

- Weekly price close
- Change from last week
- Short-term trend
- Long-term trend
- Short-term price target
- Long-term price target
- This is not a recommendation to enter the market per se but rather a bias on the direction from which to enter if an appropriate trading/investment opportunity presents itself
 - When "long", we're thinking of entering from the long side
 - When "short", we're thinking of entering from the short side or at the very least we're out
 - When "-", then we're not thinking about this market

So looking at the above table we know that:

- EURUSD Dec 2015 future closed at 1.1241
- On a closing basis, EURUSD rallied 0.0038
- The short-term trend is side-up
- The long-term trend is side-down
- We have short-term price targets of 1.1713, 1.1748 and 1.1870
- We have long-term price targets of 1.1713
- We have no bias as to where this market is heading, hence we're not thinking about entering

How to benefit from the analysis

"The presumed positive relationship between risk and return is predicated on the assumption that there's no such thing as investment skill and value-added decision making. If markets are efficient and there's no skill, it's reasonable to believe that higher returns can be attained only through the bearing of increased risk. But if outstanding skill is present, there's no reason to think that it can't be used to create portfolios with low risk and high return potential." Howard Marks, Oaktree Capital Management L.P.

Making money in the markets is not easy and requires second-level thinking. The main purpose of the analysis is to help one's decision process by being properly positioned in a market to avoid a big hit. "Staying in the game" is an absolute prerequisite for long term success and it's mostly overlooked by the public. Results will ultimately depend on execution, managing one's risk and emotions and the use of common sense.

What it does

The analysis is based on a quantitative method. The sole purpose is to detect the trend – or lack of it – and to produce price targets (PT). What you read in the table is purely a quantitative output. However, the decision to trade/invest also depends on qualitative inputs, which is not the purpose of this write-up. At all times, remember that a market is in either of the 3 states below:

- Uptrend
- Downtrend
- Undecided

Basic principles

- In an uptrend we're either out, long or looking to enter from the long side
- In a downtrend we're either out, short or looking to enter from the short side
- When there is no trend, we simply wait until the market tells us where it wants to go

When a market is in trend, then we get signals that produce PT. In an uptrend, the PT is higher than current price. In a downtrend, lower. The PT is in effect until achieved or negated.

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