



ETF Symbol Description	Weekly Closing Price	Price / % Change from last week	Short-term trend	Long-term trend	Short-term price target	Long-term price target	Position Bias
EEM ishrs MSCI Em. Mkts	29.32	-0.69 / -2.29%	→↓	↓	25.70, 27.08	25.19	short
FXI ishrs China Lrg Cap	29.07	-0.66 / -2.32%	→↓	↓	-	-	short
HYG ishrs iboxx \$HY Corp	76.72	-0.69 / -0.89%	↓	↓	76.08	77.19, 76.95	short
XLF S&P SPDR Financials	20.49	-0.46 / -2.19%	↓	↓	19.16, 18.63	-	short
XLI S&P SPDR Industrials	49.67	-0.37 / -0.74%	→↓	↓	-	48.11, 45.30	short
XLK S&P SPDR Tech	39.27	-0.23 / -0.58%	↓	↓	36.65	-	short
XLV S&P SPDR Hlth Care	64.37	-0.03 / -0.04%	↓	↓	-	64.44	short

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EEM (ishares MSCI Em. Mkts): *"The trends remain down and we've now rallied to previous so-called "resistance" levels. The safe trade is to be on the short side."* This is what we wrote two weeks ago. We did sell-off from the 30.57 level. The picture remains bleak.

FXI (ishares China Lrg Cap): Arguably there are signs that the sell-off is running out of steam. This does in no way imply that any sort of bottom is in place. Staying (or seeking to enter) on the short side remains the right position. In the event one doesn't like the "short" side, staying out will do.

HYG (ishares iboxx \$high yield): All our short-term & long-term targets have now been achieved in the last two weeks on a closing basis. A lot of damage has been done. The market needs some time to heal and catch its breath. Trends remain down. No bottom in place.

XLF (S&P Financials): Our comment from two weeks ago: *"This market is badly damaged. The damage inflicted will take some time to heal. Picking a bottom is a losing proposition."* We're -5.66% since then.

XLI (S&P Industrials): Our LT target was achieved again but we continue to be unable to close at or below it. While this resilience is noteworthy, the trends remain down and this week we also got a new sell signal with a target of 45.30.

XLK (S&P Technology): Our comment from two weeks ago: *"All trends are now pointing down. I cannot see any decent risk-reward trades and it's perhaps best to sit this one out even tough from a quantitative perspective the market is pointed downwards."*

XLV (S&P Healthcare): Our LT target of 64.44 is achieved thus confirming the downtrend and the overall weakness.

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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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