



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 (Dec '15)	1.1014	+0.0002	↓	→↓	1.0870	0.9794, 0.9520	short
GBPUSD (Dec '15)	1.5453	+0.0120	→↓	→↓	1.4992	1.4375, 1.4078	short
EURGBP cash	0.7130	-0.0062	↓	→↓	-	-	short
Crude WTI (Dec '15)	46.39	+1.79	↓	→↓	41.87, 33.54, 27.11	17.88	short
S&P500 (Dec '15)	2073.75	+7.75	↑	↓	-	-	-
Gold (Dec '15)	1141.70	-21.10	↑	→↓	-	1066.70	-
30-year Bond (Dec '15)	156 20/32	- 17/32	→↑	↑	160	171-24	long

Constantine Theodossiou  
ct@newcoll.com

**New College Capital Ltd**  
39-40 St. James's Place  
London SW1A 1NS  
Tel + 44 20 7495 8720  
Fax + 44 20 7495 8668

[www.newcoll.com](http://www.newcoll.com)

**EURUSD:** This market completely broke down since our last writing and as such it seems the longer-term trend is back in the driving seat. There are still several lines in the sand however the overwhelming evidence is in favour of the bearish case. If you're going to bet the farm, make sure you have at least two farms.

**GBPUSD:** We keep getting strong moves in both directions. The weight of the evidence points towards further weakness but there are hardly any good risk/reward trades. This could be the beginning signs of a market trying to form some bottom and change trend. In other words, we're entering murky waters.

**EURGBP:** The strength of the (EUR) short-term move proved wanting. As such, the market is resolving down. Trade from the short side.

**Crude WTI:** Incredible moves in the last couple of weeks having made a low of 42.58. Most of the bearish scenarios are back in play and as such trades from the short side should be considered.

**S&P500:** US equities are simply psychotic. This index keeps throwing conflicting signals. We have no idea what to make of this other than to stay out of the market. The more observant of you will notice that there are massive divergences between the various equity indices. In other words, the market is not in total sync and the participation is not as broad as one may think.

**Gold:** The 1150-1160 area we highlighted as key was tested and did not hold. This market remains in similar confusion to the S&P500. We can only be patient.

**30-year bond:** We keep failing in the 159 ½ area. Shorter-term, weakness is creeping in. Every time the market gets ready to move higher, it gets derailed. Welcome to the world of central bank manipulation.

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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	-

1. Weekly price close
2. Change from last week
3. Short-term trend
4. Long-term trend
5. Short-term price target
6. Long-term price target
7. 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:

1. EURUSD Dec 2015 future closed at 1.1241
2. On a closing basis, EURUSD rallied 0.0038
3. The short-term trend is side-up
4. The long-term trend is side-down
5. We have short-term price targets of 1.1713, 1.1748 and 1.1870
6. We have long-term price targets of 1.1713
7. 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:

1. Uptrend
2. Downtrend
3. Undecided

### Basic principles

1. In an uptrend we're either out, long or looking to enter from the long side
2. In a downtrend we're either out, short or looking to enter from the short side
3. 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.

Constantine Theodosiou  
ct@newcoll.com

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London SW1A 1NS  
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