Market Trends

Issue 116

Week ending 29th December 2017

Market - Ticker (Futures 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 Aggressive/ Passive
EURUSD - EC (Mar '18)	1.2076	+0.0148/ +1.24%	↑	→↑	**1.2001,** 1.2148	1.2292, 1.2488, 1.2546, 1.2740, 1.3086	long / long
GBPUSD - BP (Mar '18)	1.3557	+0.0125 / +0.93%	→↑	↑	1.3652, 1.3770, 1.3781, 1.3814	1.3814	long / long
Crude WTI - CL (Feb '18)	60.42	+1.95/ +3.34%	↑	↑	**59.60,** 60.69, 63.07, 63.25	-	long / -
SX5E (Eurostoxx 50)	3503.96	-49.43 / -1.39%	↓	→↑	-	-	- / -
S&P500 - ES (Mar '18)	2676	-10.00/ -0.37%	↑	↑	-	-	- / -
Gold - GC (Feb '18)	1309.30	+30.50/ +2.39%	↑	↑	-	1414	long/ -
30-year Bond - ZB (Mar '18)	153	+2 / +1.32%	↓	↑	-	-	- / -

Bold: Price target achieved on close
Italic: Price target hit but not on close

EURUSD: The EURUSD uptrend remains very strong and this week we ripped through our 1.2001 price target. We expect higher prices and in fact we have price targets all the way up to 1.30. This is also a good time to recall that, more often than not, the EUR typically makes its annual high or low around January. For 2017, it was the annual low on the first trading day actually.

GBPUSD: The Sterling uptrend is very much intact. We're on our way to the previous highs in the 1.3650-1.3700 area, the major pivot point of the 50% retracement of the pre and post referendum highs and lows respectively we have highlighted since September.

Eurostoxx50: This index has now broken down, at least for the short term. While the longer term uptrend is still in place, it will take quite a lot of work for the short term technical picture to heal. This constitutes a major headwind to the bullish European equities case.

Crude WTI: Another week, another high and another price target achieved on a closing basis. We keep writing the last couple of months or so that we continue to see higher oil prices. You do not want to be standing in front of this freight train.

S&P500: The period between Christmas and the New Year is typically a rather dull one with reduced liquidity and trader / investor focus. As far as we're concerned, this market is catching its breath and will reveal its proper face in the first couple of weeks of January or so. We still need to work off the overextended condition however. It remains to be seen whether this will be done through a sell-off or sideways price action. Until then we will stand aside and keep our powder dry.

Gold: Spectacular action by gold in the last couple of weeks reminding one why trading with stops is important. Our model has now turned bullish and we should all be looking for entries from the long side should the appropriate risk-reward opportunity arise.

30-year bond: Bonds remain a mess and we continue to advise to stand aside for now.

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