Market Trends

Issue 130

Week ending 6th April 2018

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
EURUSD - EC (Jun '18)	1.2349	-0.0010/ -0.08%	↓	↑	-	-	-
GBPUSD - BP (Jun '18)	1.4126	+0.0068 / +0.48%	→↑	↑	1.4328, 1.4452	1.4661	long
Crude WTI - CL (May '18)	62.06	-2.88/ -4.43%	→↑	↑	-	67.89	-
SX5E (Eurostoxx 50)	3408.10	+46.60 / +1.39%	↓	↓	3271.27, 3249.42	3268.77	short
S&P500 - ES (Jun '18)	2605.75	-37.25/ -1.41%	↓	→↑	-	-	-
Gold - GC (Jun '18)	1336.10	+8.8/ +0.66%	↑	↑	-	-	-
30-year Bond - ZB (Jun '18)	146 1/32	- 19/32 / -0.40%	↑	↓	-	-	-

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

EURUSD: Last week we wrote: *"It's been almost a month that prices hover in this so-called "zone of ambiguity" as conflicting evidence continues to emerge. We've already mentioned on several occasions that we may be stuck in some range-trading for a while (50% probability) or that we may be at the initial stages of a deeper correction (25%). It remains our view that we need to close above the 1.2550 area, for the bullish case to remain intact."* It seems that we have now entered the early stages of a "deeper correction". That said, it is currently impossible for us to take a side as the weight of the evidence is evenly split between the bears and the bulls. It is best to stand aside.

GBPUSD: All uptrends and price targets remain intact, pointing to a strengthening of Sterling. We believe it is a matter of time before previous highs in the 1.45 area are reached. Manage risk carefully.

Eurostoxx50: Last week we wrote: *"We remain bearish on European equities. The path of least resistance and the weight of the evidence in our model strongly favors the bearish case."* Whichever way we splice the evidence, the bears maintain the upper hand. The rally in the last couple of weeks has generated further sell signals and new price targets lower. Seek to enter short or stay out of this market.

Crude WTI: We are changing our views about oil and advise to stand aside. We have been outright bulls for a long time but when the facts change, we need to change too. "Lose your opinion, not your money" is an adage we try to live by.

S&P500: We continue to stress that there is at least a 50% probability that THE top is now in. Market action continues to be very choppy and psychotic. Most people will assign this choppiness and volatility to external factors such as "Trump" for example. We disagree. External factors serve only as catalysts as it is the internal market structure that defines the trend and the strength of the market. We've been arguing for a while now that equity markets are undergoing a structural change. We believe that we're within 6-12 months of a proper bear market settling in and a circa 50% correction. This should not be alarming. It is simply natural, as night follows day.

Gold: We continue to recommend to stand aside.

30-year bond: Last week we wrote: *"Bonds have rallied from the oversold levels and are now in "no-man's land". We believe this market can go either way. In these cases, no position is the best position."* No change.

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