Market Trends

Issue 133

Week ending 27th 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 spot	1.2129	-0.0157/ -1.28%	→↓	→↑	**1.2204**	-	-
GBPUSD spot	1.3776	-0.0224 / -1.60%	↓	↑	-	-	-
Crude WTI - CL (Jun '18)	68.10	-0.30/ -0.44%	↑	↑	70.08	74.63, 78.21	long
Eurostoxx 50 cash	3518.78	+24.58 / +0.70%	↑	↓	-	-	-
S&P500 - ES (Jun '18)	2671.50	0/ 0%	→↓	→↑	-	-	-
Gold - GC (Jun '18)	1323.40	-14.90/ -1.11%	↓	→↑	-	-	-
30-year Bond - ZB (Jun '18)	143 8/32	+ 5/32 / +0.11%	↓	↓	-	139-24, 137-06, 135-31	short

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

EURUSD: In last week's issue we wrote: *"….the shorter-term momentum is with the bears and if we close below 1.2204, then we should enter a more protracted correction."* We've now closed below that level by almost 100 points and it is time to step back to look at the big picture again. Two items immediately stick out to us: a) we are short term quite oversold; the internals are such where at worst we at least pause for a while and at best we stage a 200+ point rally and b) the longer term uptrend remains very much intact. The rest of the evidence remains rather mixed and as such we continue to recommend to stand aside.

GBPUSD: Last week we wrote: *"Is the party in Sterling over? We don't know. What we do know is that from Tuesday until Friday's close, the currency pair experienced ugly price action. Obviously there have been more noteworthy sell-offs in its history however the structural damage incurred so far will be felt for at least the next 3 months. It is time to stand aside."* The situation is similar to EURUSD, albeit slightly more oversold in the short term.

Crude WTI: It is very difficult not to be bullish on crude oil. The weight of the evidence still overwhelmingly favors the bulls. We continue to believe that we will break above 70. Our short term and longer term price targets confirm that.

Eurostoxx50: This is the 5th consecutive week where we close higher. As far as our model is concerned, it is impossible for us to make sense of anything. We recommend standing aside.

S&P500: Last week we wrote: *"We're in a very tricky situation at the moment. There are too many extreme conflicting signals; for example, we have a signal that is showing a strong sell-off coming that will take us to circa 2500 (6.5% below current levels). There is a signal within that very same signal that shows a lot of strength ahead. We do not like it when our model is behaving in a psychotic way. This is the reason why we prefer to stand aside."* If you've been away for a week, you didn't miss much.

Gold: This is another market mired with psychotic moves and conflicting evidence. We can't recommend anything else other than patience and standing aside.

30-year bond: We have FOMC this coming week. Once again, bonds are "knocking on heaven's door", the very critical level of circa 141 ½ . We believe it is a matter of time before this is breached and bonds head lower (i.e. interest rates rise further). Keep an eye on our price targets.

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