Market Trends

Issue 162

Week ending 16th November, 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	1.1417	+0.0082/ +0.73%	↓	↓	**1.1268, 1.1224,** 1.1208, 1.1160	1.0833	short
GBPUSD spot	1.2824	-0.0150 / -1.15%	→↓	↓	1.2658	1.2617, 1.2491, 1.1667	short
Crude WTI - CL (Dec '18)	56.68	-3.70/ -6.13%	↓	→↑	-	-	-
Eurostoxx 50 cash	3180.74	-48.75/ -1.51%	→↓	↓	3119.15, 3054.70	-	short
S&P500 - ES (Dec '18)	2743	-36.00/ -1.30%	→↓	→↑	-	-	-
Gold - GC (Dec '18)	1223	+14.40/ +1.19%	↓	↓	-	-	-
30-year Bond - ZB (Dec '18)	139 18/32	+1 21/32 / +1.20%	→↓	↓	-	136-11	short

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

EURUSD: Last week we wrote: *"The path of least resistance for the Euro is down. Our price targets point to the 1.1250 area next. This also happens to be a confluence zone, in other words, a crossroads. If the Euro fails to stabilize around that area, then we're heading to 1.08 which is also our longer term price target."* Extraordinary action this week as the Euro achieved two of our short term price targets at 1.1268 and 1.1224 and immediately "rejected" that price area by rallying 200 points. We had specified that the 1.1250 area is a so-called "confluence" zone and that it should be given more respect. As far as we're concerned, all downtrends according to our model remain intact and we have lower price targets.

GBPUSD: Our model has turned sharply in favour of the bears and we now expect the worse. We have three longer-term outstanding price targets ranging from 1.2658 to 1.2491. If, and that is a big IF, both are achieved on close there is a better than 50% chance we will trade well below 1.20.

Crude WTI: This is the 6th consecutive down week taking crude oil almost 25% lower from its high. We continue to stand aside until the market stabilizes.

Eurostoxx50: All trends and all evidence continue to point to lower prices. If you don't like being short, then at least be out.

S&P500: We're officially worried about the state of the US stock market. That said, the week ahead is shortened and traditionally bullish due to Thanksgiving and of course December is the best month of the year. According to our model however, the current situation is very messy. The shorter term trend points towards a return to the October lows and the longer term trend, while still bullish, is probably a week or two away of "normal" price action before it turns bearish too. We continue to stand aside.

Gold: Last week we wrote: *"Gold simply fails to gain traction. This is very worrying. We continue to advise caution and standing aside from this market."* The weight of the evidence has narrowly tilted to the bears; however we prefer to stand aside for another week before we decide whether we should be turn bearish.

30-year bond: This is the second consecutive week where we close higher and 7th day in a row. The rally is overdone and we're not sure whether the bond market is smelling equity market troubles and/or a change in interest rate policy. The trends however remain down and as such we remain bearish.

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