



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 (Jun '16)	1.1305	-0.0104 / -0.91%	↑	↑	1.1462, 1.1472, 1.1515	-	long
GBPUSD (Jun '16)	1.4205	+0.0082 / +0.58%	→↓	↓	1.3829, 1.3607	1.3412, 1.2921	short
EURGBP cash	0.7940	+0.0107 / +1.35%	↑	↑	<b>0.8082</b> , 0.8206	-	long
Crude WTI (Jun'16)	41.71	+0.64 / +1.53%	↑	→↓	-	-	-
S&P500 (Jun '16)	2075	+34.25 / +1.65%	↑	↑	2091.25	-	long
Gold (Jun '2016)	1234.60	-9.20 / -0.74%	→↑	↑	1405.9, 1430.50	-	long
30-year Bond (Jun '16)	166 4/32	- 2/32 / -0.01%	↑	↑	170-5, 171-22	168-21	long

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**EURUSD:** Our 1.1462 and 1.1472 targets were met albeit only intraday. Readers should know by now that when a price target fails to be achieved on close, it only sends that market in the opposite direction. Having said that, the uptrend remains healthy and we have new price targets. Overall, not a bad area to be considering some longs.

**GBPUSD:** Two weeks ago we wrote *"Whichever way one dissects the picture in this market, it's impossible not to be bearish. It's actually hanging on a thread for its dear life. It certainly feels like its equilibrium is at much lower levels. Let's see if previous lows in the 1.3850 area hold (no more than 25% chance)."* The thread is still holding.

**EURGBP:** Our 0.8082 price target got achieved on close since our last writing. Having said that, there's been quite a lot of action since then with mixed signals in spite of generating new higher targets. Pick your risk carefully.

**Crude WTI:** Two weeks ago we wrote *"For the past 4-5 weeks we've been warning to stay out of this market. It is hopefully becoming clear why. Not having a position, is a position. It will take a while before there is clarity."* Not much to add. I'm also removing several outstanding price targets as they only cause confusion.

**S&P500:** We continue to climb the wall of worry. Even though the trend is now clear, there are no good risk-reward trades.

**Gold:** The overall picture remains bullish BUT I've been warning for a month now that gold is not "behaving" like it should. This market was ready to take-off but there was no follow through. I am very worried about gold and happy to stay on the sidelines for now.

**30-year bond:** This market remains healthy. If we start closing above 167 convincingly, then the next leg up will be on its way. Keep an eye on the price targets for guidance.

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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	-

- Weekly price close
- Change from last week
- Short-term trend
- Long-term trend
- Short-term price target
- Long-term price target
- 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:

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

- Uptrend
- Downtrend
- Undecided

### Basic principles

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

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