



ETF Symbol Description	Weekly Closing Price	Price / % Change from last week	Short-term trend	Long-term trend	Short-term price target	Long-term price target	Position Bias
EEM ishrs MSCI Em. Mkts	32.83	-1.56 / -4.54%	→↑	→↓	-	27.36, 26.19, 25.19	-
FXI ishrs China Lrg Cap	32.11	-1.42 / -4.24%	→↑	→↓	-	27.46, 26.29, 24.28	-
HYG ishrs iboxx \$HY Corp	82.53	-1.32 / -1.57%	↑	→↓	85.56	-	-
XLF S&P SPDR Financials	23.13	-0.18 / -0.77%	↑	→↓	24.75	-	-
XLI S&P SPDR Industrials	55.64	-0.52 / -0.93%	↑	↑	58.81	-	long
XLK S&P SPDR Tech	42.25	+0.12 / +0.28%	↓	↑	-	-	-
XLV S&P SPDR Hlth Care	69.18	-0.61 / -0.88%	↑	↓	-	61.18, 60.93	-

Constantine Theodosiou
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

EEM (ishares MSCI Em. Mkts): In the last two months or so, we've gone nowhere. The weight of the evidence remains mixed. More often than not in these situations, the longer term trend eventually prevails.

FXI (ishares China Lrg Cap): *As per EEM*

HYG (ishares iboxx \$high yield): I've noted in the past the "importance" of this market as a quasi-leading indicator for equities in general. At the moment, neither the bulls nor the bears are winning. If I look at the short term trend only, this market looks strong. If I look at the longer term trend only, this market looks dreadful. In tribute to our outgoing latinophile London Mayor "quod justum est"? As, I've said before, the answer more often than not may be in the longer-term trend. Stay tuned.

XLF (S&P Financials): Another market giving mixed signals.

XLI (S&P Industrials): This market is totally out of sync with the rest of the equities. Trends remain up and we have higher price targets.

XLK (S&P Technology): Two weeks ago we wrote: *"Very negative action and our short-term target of 46.71 is negated. If we keep our current logic that the technology sector is still leading and that the old bull has not died, then this week's price action is a bad sign."* There was follow through in that bad price action and we're again in a state of conflicting signals.

XLV (S&P Healthcare): Dazed and confused.

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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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ct@newcoll.com

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