



| 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) | 1.1144 | -0.0043 / -0.38% | ↓ | ↑ | 1.1120 | - | - |
| GBPUSD (Jun '16) | 1.4637 | +0.0131 / +0.90% | ↑ | →↓ | 1.5018 | - | - |
| EURGBP cash | 0.7599 | -0.0136 / -1.76% | ↓ | ↑ | - | - | - |
| Crude WTI (Jul'16) | 49.33 | +0.92 / +1.90% | ↑ | →↓ | 48.74 | - | - |
| S&P500 (Jun '16) | 2097.25 | +47.25 / +2.30% | →↑ | ↑ | - | - | long |
| Gold (Aug '2016) | 1216.70 | -21.30 / -1.65% | ↓ | ↑ | - | - | - |
| 30-year Bond (Jun '16) | 162 ^{30/32} | + 2/32 / +0.01% | ↓ | ↑ | - | 168-21 | - |

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EURUSD: Two weeks ago we said: *"The trends remain intact. Having said that, we cannot ignore the several dark clouds that have appeared in the horizon. As always, the strength of a market is largely determined by how it holds in a counter-trend move."* This market is now in confusion from a trend perspective with the short term momentum to the downside. If we stay below 1.1120 for 2-3 days, the weakness will accelerate. The ECB meeting on Thursday will be a catalyst.

GBPUSD: The conflicting signals in this market remain.

EURGBP: This market whipsaws back into a downtrend with conviction. It's best to be on the sidelines for now. Given the damage inflicted, it will be a while before all trends are in sync again.

Crude WTI: Our 48.74 target was achieved on close. The short term trend remains strongly upwards.

S&P500: We get whipsawed again and our downside target is negated. The weight of the evidence tips convincingly in favour of the bulls and all of a sudden this index is bullish. Shorts could be in for a surprise.

Gold: The rally is officially over, at least for now. This market is badly damaged.

30-year bond: Another market that shifts convincingly in the opposite direction in the last two weeks. Interesting to note as well that the 160-166 trading range established since February this year remains intact.

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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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