



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	33.27	-0.26 / -0.78%	↑	→↓	-	27.36, 26.19, 25.19	-
FXI ishrs China Lrg Cap	32.81	-0.80 / -2.44%	↑	→↓	-	27.46, 26.29, 24.28	-
HYG ishrs iboxx \$HY Corp	83.13	-0.70 / -0.84%	↑	→↓	<b>84.45, 85.25,</b> 85.36	-	-
XLF S&P SPDR Financials	22.61	-0.55 / -2.43%	↓	→↓	-	19.85, 18.90	short
XLI S&P SPDR Industrials	55.73	-0.74 / -1.33%	↑	↑	58.81	-	long
XLK S&P SPDR Tech	43.05	-0.91 / -2.11%	↑	↑	-	-	-
XLV S&P SPDR Hlth Care	70.06	-1.72 / -2.46%	→↑	→↓	-	61.18, 60.93	-

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**EEM (ishares MSCI Em. Mkts):** This is what we wrote two weeks ago: *"Best to stand aside to let the dust settle. It may take a while until the picture clears."* No change.

**FXI (ishares China Lrg Cap):** This is going nowhere and nothing has changed since our last update two weeks ago.

**HYG (ishares iboxx \$high yield):** We did hit our 84.45 price target. The shorter term trend remains up however the overall picture is very mixed and uninspiring.

**XLF (S&P Financials):** This market breaks down and it's time to look seriously at the short side again. Financials are usually the canary in the mine. Let's see how this works out this time.

**XLI (S&P Industrials):** Industrials seem to be holding their resolve and it's well over a month or so now that they're "out-of-sync" with the rest of the market. Firstly they "lead" the rally and now they seem to be holding better than the rest of the sectors. What does this mean? Probably nothing more than the obvious i.e. "this sector is out-of-sync." I prefer to stay out in these situations, or raise stops if in a position.

**XLK (S&P Technology):** The tech sector suffers a blow which in turn muddles the trend picture.

**XLV (S&P Healthcare):** Another market with many conflicting signals. In general, we have to accept that in the last couple of months equities are not doing much across the board. We get constantly start-stop signals with no significant price change, if any. Patience is in order.

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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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