



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 (Sep '16)	1.1155	-0.0152 / -1.34%	↓	↑	1.1130	-	-
GBPUSD (Sep '16)	1.3660	-0.0700 / -4.87%	↓	→↓	-	1.3255, 1.3249	short
EURGBP cash	0.8106	+0.0258 / +3.29%	↓	↑	-	-	-
Crude WTI (Aug '16)	47.56	-0.92 / -1.93%	↑	→↓	-	-	-
S&P500 (Sep '16)	2018.50	-39.50 / -1.92%	↓	→↑	-	-	-
Gold (Aug '2016)	1322.4	+27.60 / +2.13%	↑	↑	-	-	long
30-year Bond (Sep '16)	169 31/32	+ 26/32 / +0.50%	↑	↑	173-2	169-17, 171-1, 175-21	long

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EURUSD: The UK referendum result brought back a lot of volatility. An outstanding target we had at 1.1130 was achieved but not on close. As I pointed out a couple of weeks ago, the EURUSD has a rather mixed and conflicting picture from a technical and trend perspective making it prone to whipsaws. Conflicting signals persist and it's also worth noting that it's 66 weeks where more than 95% of the weekly price closes have been inside the 1.1492 – 1.0562 range.

GBPUSD: Two weeks ago we wrote: *"It is definitely time to look at the short side again. This market is looking ahead and what it sees is not pretty. With a referendum ahead, expect heightened volatility at the very least."* No amount of superlatives can describe what happened this week. To cut a long story short, it was the wildest move in 30 years or so, with GBP touching its lowest levels in as long. Note that, our weekly targets of 1.3249 and 1.3255 were achieved but not on a closing basis. Keep an eye on those levels and how price behaves around them. For now, they seem to have been rejected and offer support. Hold on to your hats, IF we close at/below them.

EURGBP: Two weeks ago we wrote: *"Well, another crazy whipsaw and the trends are back in sync. Having said that, I prefer to stay away from a market when there's too much "excitement".* More whipsaws and a crazy move following the UK referendum result.

Crude WTI: The overall picture remains very mixed and it's best to stay out as we've been advocating for a while now. We consciously "missed" the 3-month snap rally and are still waiting for this market to settle. To paraphrase my mentor, "gamblers obsess with big windfall profits; intelligent speculators/investors with managing downside risk"

S&P500: Even though the weekly change is <2%, we actually experienced a 5% reversal from the top of 2119.50, a price printed moments before the negative results from the UK referendum started flowing in. From a trend perspective, the picture is now muddled.

Gold: The crazy market moves bring back in sync the trends.

30-year bond: Market gyrations help our 169-17 target be achieved on close. 171-1 and 173-2 also achieved but not on close. Trends remain solidly up.

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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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