



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)	1.1077	-0.0087 / -0.78%	↓	→↓	1.1130	-	short
GBPUSD (Sep '16)	1.2959	-0.0294 / -2.22%	↓	→↓	-	1.3255, 1.3249	short
EURGBP cash	0.8525	+0.0147 / +1.75%	↑	↑	-	-	long
Crude WTI (Aug '16)	45.41	-3.58 / -7.31%	↓	→↓	-	-	short
S&P500 (Sep '16)	2120.50	+24.25 / +1.16%	→↑	↑	-	-	long
Gold (Aug '2016)	1358.4	+19.40 / +1.45%	↑	↑	-	-	long
30-year Bond (Sep '16)	176 30/32	+3 8/32 / +1.87%	↑	↑	173-2	169-17, 171-1, 175-21	long

Constantine Theodossiou
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

EURUSD: Since our previous update, our 1.1130 target has been achieved on close. Moreover, from a quantitative perspective, the longer term trend has sufficiently deteriorated to an extent where the weight of the evidence is now leaning on a lower EURUSD. Even though we are still caught in the 1.1492 – 1.0562 range, the probabilities are now in favour of at least testing the lower range.

GBPUSD: The pound has collapsed. As recently as June 10th when the GBP was trading above 1.42, we changed our bias to short and had alerted to the 1.32 targets, (issues are posted on our website) which admittedly at the time may have seemed a bit far fetched. Following this heavy sell-off, the market is still trying to find its equilibrium.

EURGBP: Unsurprisingly this market has shot higher

Crude WTI: This market is finally showing some clarity. From a quantitative perspective, the weight of the evidence has been tipped heavily in favour of the bear case. Longs should be closed out completely.

S&P500: Impressive moves from this index making post-referendum new highs but still very difficult to be positioned with an appropriate risk/reward.

Gold: The move higher continues and long positions should continue to be sought. It's been a long time since I've since the gold market this healthy.

30-year bond: All our outstanding short & long term targets have been achieved. A spectacular move to the upside which we've caught very nicely.

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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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