



Market (Futures 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)	1.1089	+0.0012 / +0.11%	↓	→↓	1.1060, 1.0842	1.0429, 1.0412	short
GBPUSD (Sep '16)	1.3211	-0.0252 / -1.94%	↓	↓	1.2800	-	short
USDJPY (Sep '16)	0.9479	-0.0500 / -5.01%	→↑	↑	-	1.0221	long
Crude WTI (Sep'16)	46.65	+0.54% / +1.17%	↓	→↓	43.70	-	short
S&P500 (Sep '16)	2152.75	+32.25 / +1.52%	↑	↑	-	-	long
Gold (Aug '2016)	1327.40	-31.00 / -2.28%	↑	↑	1373.90	-	long
30-year Bond (Sep '16)	171 21/32	-5 9/32 / -2.98%	↑	↑	-	-	long

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**EURUSD:** This currency pair seems to have marked time this past week. Quantitative and qualitative evidence continue to point to lower prices and it generally feels like it's looking for a catalyst. Events in Turkey could be that catalyst.

**GBPUSD:** As any broken market we've seen in the past struggling to find its equilibrium, we continue to see large price swings making it quite difficult to pick appropriate risk/reward trades. The trends and the weight of the evidence continue to point to substantial further weakness.

**USDJPY** (new coverage – n.b.: futures are quoted inversely to cash so when futures are rising the JPY is dropping in value): The JPY is taking a break and this week's action marks quite a dramatic pause.

**Crude WTI:** This is what we wrote last week: "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." We've rolled into the September contract. Keep an eye on our 43.70 price target. If this gets achieved on close for a couple of days then it is very likely that the next leg down will have started.

**S&P500:** Never argue with price. We're still making higher highs and higher lows.

**Gold:** This market pauses for a nice breath presenting us with a good opportunity to enter long.

**30-year bond:** The spectacular move to the upside is followed this week by a dramatic sell-off. That said, the trends remain solidly in place and if anything, a state of affairs that reinforces the bullish case.

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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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