



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)	1.1336	+0.0158/ +1.41%	↑	↓	-	-	-
GBPUSD (Sep '16)	1.3085	+0.0161 / +1.25%	↓	↓	1.2800, 1.2677	-	short
USDJPY (Sep '16)	0.9987	+0.0098/ +0.99%	↑	↑	1.0249	1.0221, 1.0315	long
Crude WTI (Oct'16)	49.11	+3.89/ +8.60%	→↑	→↓	-	-	-
S&P500 (Sep '16)	2181.75	+1.50/ +0.06%	↑	↑	2234	-	long
Gold (Dec '2016)	1346.20	+3.00/ +0.22%	→↑	↑	1383.30	-	long
30-year Bond (Sep '16)	171 3/32	-1 28/32 / -1.08%	→↑	↑	-	185-1	long

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EURUSD: Last week we wrote: "All trends remain down, yet the currency refuses to sell-off. The close on Friday should be encouraging for the bears as should the fact that we got another quick and sharp sell signal with a 1.1145 price target and a longer term sell signal targeting 1.0986. It is imperative that 1.1145 be achieved on close this week for the bears to maintain the upper hand." We never closed below 1.1145. The ensuing rally has totally confused the trend picture. Best to stand aside.

GBPUSD: This market remains vulnerable and in spite of a rally this week, we're getting new price targets pointing lower. The quantitative and qualitative evidence to the downside is simply too overwhelming to ignore at this stage.

USDJPY (n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value): We've been pointing towards a higher JPY for a few weeks now. The trend continues nicely. Our first price target is 1.0221. This implies a 0.9783 value for the cash currency (1/1.0221)

Crude WTI: If S&P takes the gold medal for frustration, the oil market must have the gold for psychotic moves. Best to stand aside and let the dust settle. In trading/investing, the only thing one controls is order entry and risk management. It is the only thing that will preserve capital and keep one in the game.

S&P500: Yawn

Gold: Another uneventful week in gold. The market internals are gradually deteriorating from a trend perspective but the weight of the evidence remains in favour of the bulls. Our 1383.30 price target remains intact. For longer term readers, this is perhaps a good time to remind you that as time goes by, price targets in an uptrend tend to act as resistance until they're achieved.

30-year bond: We're drifting lower. The 170 area remains key for now. This week we also got a fresh long term price target of 185. It feels as outlandish as 170s did when we were trading in the 155 area. That was the beginning of this year by the way (check Issue #s 13,15,17 etc)

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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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