



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)	1.1197	-0.0139/ -1.23%	↑	↓	1.1405	1.0937	-
GBPUSD (Sep '16)	1.3131	+0.0046 / +0.35%	→↓	↓	1.2800, 1.2758	-	short
USDJPY (Sep '16)	0.9823	-0.0164/ 1.64%	↑	↑	1.0067, 1.0340	1.0221, 1.0315	long
Crude WTI (Oct'16)	47.64	-1.47/ -2.99%	↑	→↓	-	-	-
S&P500 (Sep '16)	2168.50	-13.25/ -0.61%	↑	↑	2201.75	-	long
Gold (Dec '2016)	1325.90	-20.30/ -1.51%	→↑	↑	1383.30	-	long
30-year Bond (Sep '16)	170 10/32	- 2/32 / -0.46%	→↑	↑	-	-	-

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**EURUSD:** The tug of war between the bulls and the bears is in full force. The short term trends are clearly up with an upside target of 1.1405 and the longer term trends are clearly down with a price target of 1.0937. Whichever target is achieved first, will determine the direction and shed clarity. Until then, we're better off watching from the sidelines.

**GBPUSD:** There's a certain "heaviness" in this market that doesn't seem to go away in spite of the favourable news that keeps coming out. It's very important to remain vigilant and manage risk carefully. The "easy" money has probably been made for now.

**USDJPY** (*n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value*): The yen sold-off sharply negating some of our higher price targets but generating others. As I've mentioned so many times before, the health of a trend is ultimately judged by how a market behaves/holds during a counter-move. Stay tuned.

**Crude WTI:** Best to sit out. Volatility is way too high. That said, when I look very closely at the various internal metrics of the trends, they are currently set-up for a sustained upward move. This is very early days but worth noting at this stage as this hasn't occurred in over 12 months. This is not a buy signal but merely a call to remain open to the possibility.

**S&P500:** Yes, we did sell-off. Yes, the market feels heavy. However the trends remain intact and this market remains difficult (or even impossible) as ever to position/trade. Some blame HFT, some blame central bank intervention. The "why" is irrelevant as far as our market approach is concerned.

**Gold:** This is what we wrote last week: *"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."* The cracks are getting bigger.

**30-year bond:** There seems to be a fundamental change taking place in this market culminating in Friday's close. Caution is now advised. Stay out and keep your powder dry.

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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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