



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)	1.1231	+0.0066/ +0.59%	↓	↓	1.1405	1.0937, 1.0870	-
GBPUSD (Sep '16)	1.3273	-0.0025 / -0.19%	→↓	↓	1.2800	-	short
USDJPY (Sep '16)	0.9739	+0.0114/ +1.18%	↓	↑	-	1.0221, 1.0315	-
Crude WTI (Oct'16)	45.88	+1.24/ +2.78%	↓	→↓	-	-	-
S&P500 (Sep '16)	2116.00	-62.00/ -2.85%	→↑	↑	-	-	-
Gold (Dec '2016)	1334.50	+8.60/ +0.65%	↓	↑	1308.40, 1303.40	-	-
30-year Bond (Dec '16)	166 27/32	-2 21/32 / -1.57%	↓	↑	-	-	-

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EURUSD: The last few weeks I've mentioned how we're stuck in a range. We've seen all sorts of news tilting the market in favour of both bulls and bears yet the rallies fail to "stick" and the sell-offs have no follow-through. The weight of the evidence is now evenly balanced. Until we convincingly break out of the 1.14-1.09 range, the picture will likely remain muddled.

GBPUSD: This market has repriced since June 23rd. The weight of the evidence retains a downside bias and the 1.30 area seems to be holding. Moreover, we have not closed above the low close (circa 1.3650) of June 24th. Due to excessive volatility in the past, the risk-reward on offer is unattractive.

USDJPY (*n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value*): Unsurprisingly, this market is also in confusion.

Crude WTI: I remain astounded by the volatility of this market. The crazy daily moves continue. It is better to be out of this market wishing you were in rather than the reverse.

S&P500: It's been long since we had a daily move above 1% in this market. It happened on Friday. I don't know if this is the beginning of something bigger but time will tell. In the meantime it's best to preserve capital.

Gold: We have new price targets pointing lower. Until 1308.40 is met on close or another signal that we may be resolving higher, it is best to stand aside. No position is a position.

30-year bond: I've spoken in the past about the gold/bond correlation. This was "broken" this week for the first time in a long while. Which market is telling the truth? To be honest, this is of no consequence to our approach. I do find it interesting though.

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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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