



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 (Dec '16)	1.1272	+0.0079/ +0.70%	↓	↑	1.1458	1.0977, 1.0918	-
GBPUSD (Dec '16)	1.2981	-0.0041/ -0.31%	↓	↓	1.2806	-	short
USDJPY (Dec '16)	0.9927	+0.0127/ +1.29%	→↑	↑	-	1.0355	long
Crude WTI (Nov'16)	44.48	+0.86/ +1.97%	↓	→↓	43.04, 41.53	-	short
S&P500 (Dec '16)	2158.00	+25.50/ +1.20%	↓	↑	2112.50	-	-
Gold (Dec '2016)	1341.70	+31.50/ +2.40%	↓	↑	1308.40, 1303.40	-	-
30-year Bond (Dec '16)	167 <sup>26/32</sup>	+2 <sup>5/32</sup> / +1.30%	↓	→↑	162-06	-	-

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**EURUSD:** This market remains very choppy and undecided. We've outlined in the past the importance of a break outside the 1.14-1.09 range. Our short and longer term price targets are fully in line with that. Stay tuned.

**GBPUSD:** Another ugly close on Friday. This market is barely hanging on. The whole world can see the 13-week trading range consolidation of circa 1.3508-1.2803. If we meet our price target and manage to close below that for a few days, then the downward momentum will accelerate profusely and gravitate to the 1.20-1.21 area.

**USDJPY** (*n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value*): Last week we wrote: "As is so often the case, the longer term trend resumes once we're trading at important technical levels and the shorter term trend fails. Time to think about the long side again. Manage risk carefully." The uptrend is solidifying.

**Crude WTI:** An ugly Friday close undid most of the positive action this week. We also got two new price targets which provide us with a good bearing. Volatility in the market keeps it very difficult to position oneself.

**S&P500:** I'm not quite sure what this market is trying to do other than it's transitioning. A close below our first price target of 2112.50 will probably tilt the weight of the evidence in favour of the bears.

**Gold:** Even though this market traded very close to our 1308.40 target, it rejected it and this week it popped. This is what happens in a market that neither the bulls nor the bears have outright control. Our recommendation to stay out remains.

**30-year bond:** Bonds have thrown us an excellent short-term opportunity to short them with a target of 162-06. The conservative approach would be to stay on the sidelines as the picture from a trend perspective remains very mixed.

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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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