

Market Trends Table

Issue 54

Week ending 21st October 2016

Market - Ticker (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
FX							
EURUSD - EC (Dec '16)	1.0899	-0.0111/ -1.01%	↓	↓	-	1.0977, 1.0918	short
GBPUSD - BP (Dec '16)	1.2241	-0.0044 / -0.36%	↓	↓	1.1922	1.1606	short
USDJPY - JY (Dec '16)	0.9649	+0.0027/ +0.28%	↓	→↑	-	-	-
Energy							
Crude WTI - CL (Dec'16)	50.85	+0.07/ +0.14%	↑	→↓	57.30	53.88, 55.47	long
Natural Gas - NG (Nov '16)	3.285	-0.292/ -8.89%	↑	↑	3.428	3.372, 3.467	long
Equity Index - Rates							
S&P500 - ES (Dec '16)	2134.75	+7.75/ +0.36%	↓	↑	2112.50, 2101	-	-
Nasdaq 100 - NQ (Dec '16)	4843.25	+39.00/ +0.81%	→↑	↑	-	-	long
30-year Bond - ZB (Dec '16)	164 26/32	+1 19/32 / +0.98%	↓	→↑	-	-	-
Metals							
Copper - HG (Dec '16)	2.0885	-0.0220/ -1.04%	↓	→↓	-	2.0610	short
Gold - GC (Dec '16)	1267.70	+12.20/ +0.97%	↓	→↑	-	-	-
Agricultural – Meats - Softs							
Corn - ZC (Dec '16)	352 4/8	-1 6/8/ -0.49%	↓	↑	-	-	-
Live Cattle - LC (Dec '16)	101.875	+4.425 / +4.54%	↓	↓	-	98.625	short
Sugar #11 – SB (Mar '17)	22.71	-0.20 / -0.87%	→↑	↑	-	24.06	long
Coffee "C" – KC (Dec '16)	156.10	+0.70 / +0.45%	→↑	↑	160.10, 162.15	168.80	long

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ECZ16: Our longer-term targets of 1.0977 and 1.0918 were achieved on close this week. The lower bounds of our second range are clearly violated making the 1.067 area the next target. That said, the currency is quite oversold on several measures so expect a pause. With all that in mind, parity is again in play in the next 12 months.

BPZ16: The pound is also a bit oversold. However we now have our first sub-1.20 price targets at 1.1922 and 1.16. This is potentially a significant development as the bleeding simply cannot stop. If the currency fails to stabilize in the 1.20 area, then 1.16 will be attempted.

JYZ16 (*n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value*): The yen remains uninteresting.

CLZ16: Crude oil seems to be running out of steam. There are plenty of headwinds and it remains vulnerable to catching a cold again. Longs should be careful and raise stops.

NGX16: A very volatile week for natural gas. Trends remain up and the long side should still be considered.

ESZ16: Last week we wrote: *“The downside is gaining momentum as our price target of 2112.50 was touched this week but we failed to close at or below it. This usually means either a rejection of those levels or a further attempt. Given that this market remains in “transition” from a trend perspective, be prepared for anything.”* Not much change. Aggressive accounts should be on the short side. There’s definitely room to move to 2100-2080 with the big picture bull trend remaining intact.

NQZ16: The Nasdaq100 (as most US equity indices) has thrown a short-term sell signal which I will not take too seriously as a) there’s really no inherent weakness in the Nasdaq’s uptrends and b) I prefer to be short the weakest index (i.e. S&P500). Technology stocks have lead this bull market so it remains interesting to see how the disconnect with the S&P500 will evolve.

ZBZ16: Bonds remain tricky for positioning as the weight of the evidence between the longer term trend and the shorter term trend is rather mixed. Only aggressive accounts should be active.

HGZ16: Last week we wrote: *“Copper resumes its downtrend. Entries from the short side are in order. Once our 2.061 price target is achieved, this market should accelerate further to the downside. Dr. Copper is not painting a very positive future picture about the world economy.”* We continue lower.

GCZ16: No change from last week. There’s way too much conflicting information.

ZCZ16: No change from last week.

LCZ16: Last week we wrote: *“This is the most decimated market of the ones we cover. The trends are strongly down. However given the extensive selling, we are not far from pausing for a breath.”* We pause indeed and this week we rallied generating a strong new sell signal with a price target of 98.625 along the way.

SBH17: Sugar is near its top at worst or pausing to catch a breath at best. The weight of the evidence is still overwhelmingly in favor of the bulls.

KCZ16: It remains a fabulous opportunity to be long coffee. This market generated another buy signal and we have several targets pointing quite higher. Given coffee’s tendency to fluctuate wildly, it’s probably a market that should only be looked at by more aggressive accounts than not.

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