

# Market Trends Table

Issue 63

Week ending 23<sup>rd</sup> December 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
<b>FX</b>							
EURUSD - EC (Mar '17)	1.0492	+0.0013/ +0.12%	↓	↓	-	0.9978, 0.9704	short
GBPUSD - BP (Mar '17)	1.2299	-0.0202 / -1.62%	↓	↓	-	1.1632, 1.1616	short
USDJPY - JY (Mar '17)	0.8564	+0.0058/ +0.68%	↓	↓	0.8248	-	short
<b>Energy</b>							
Crude WTI - CL (Feb'17)	53.02	+0.07/ +0.13%	↑	→↓	-	-	-
Natural Gas - NG (Feb'17)	3.678	+0.247/ +7.20%	↑	→↓	-	-	-
<b>Equity Index – Rates</b>							
S&P500 - ES (Mar '17)	2260	+4.75/ +0.21%	↑	↑	-	-	long
Nasdaq 100 - NQ (Mar '17)	4942.25	+26.50/ +0.54%	↑	↑	-	5202.50	long
30-year Bond - ZB (Mar'17)	149 4/32	+1 15/32 / +0.99%	→↓	↓	143-23	-	short
<b>Metals</b>							
Copper - HG (Mar'17)	2.4790	-0.0855/ -3.33%	→↑	↑	-	-	-
Gold - GC (Feb'17)	1133.60	-3.80/ -0.33%	↓	↓	-	-	short
<b>Agricultural – Meats - Softs</b>							
Corn - ZC (Mar'17)	345 6/8	-10 4/8/ -2.95%	↓	→↓	-	342-6	short
Live Cattle - LC (Feb'17)	116.300	+0.950/ +0.82%	↑	→↓	-	-	-
Sugar #11 – SB (Mar '17)	18.15	-0.07 / -0.38%	↓	→↑	-	-	-
Coffee "C" – KC (Mar '17)	136.15	-6.30/ -4.42%	↓	↑	127.05	-	-

**Bold: Price target achieved on close**  
*Italic: Price target hit but not on close*

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**ECH17:** The last two weeks of the year are traditionally characterized by lighter volume and less interest. Momentum should pick up upon everybody's return in the first week of January and we believe the established downtrends in the Euro should resume.

**BPH17:** In spite of the fact we're in the slowest part of the year, the pound took a pounding (excuse the pun). As we've seen so many times before in cases with conflicting trends and a shorter-term trend failure to gain traction, the longer-term trend has prevailed. In the case of the pound the weight of the evidence reverts to the bears. While it does seem like we were trying to find a new equilibrium in the 1.25-1.20 area, our price targets continue to point to <1.20.

**JYH17** (*n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value*): After a 6-week and 15% fall, this is the first week where the yen takes a break. We believe that once volume comes back into the market in the first week of January the downtrend will resume.

**CLG17:** This is now the 3<sup>rd</sup> consecutive week we fail to break convincingly above the 53 area. Moreover, our model is pointing to a state of mixed evidence. As such, it's best to stay on the sidelines. We've always stressed the importance of clearing the 53 area for the continuation of the uptrend.

**NGG17:** Last week we wrote: *"This is the 5<sup>th</sup> consecutive week where we've experienced a 7-10% move in natural gas. This past week it was on the downside. It is simply too dangerous to be participating in this market with so much volatility. Besides, there's a lot conflicting information with regards to the trend."* This is now the 6<sup>th</sup> week and this time we closed up.

**ESH17:** The traditional end-of-year lull is in effect. Looking at the US equities market it is really tough not to be bullish. While I appreciate all the rhetoric about valuations, macro etc, our approach is purely quantitative and right now this market remains in bullish mode. While pullbacks are not out of the question, they should be used as entry points provided the appropriate risk/reward is found. For the Kassandras out there: Yes, the market will crash at some point but we are by no means there yet.

**NQH17:** As per S&P500.

**ZBH17:** The bond market is also taking a break. All trends remain down.

**HGH17:** The copper market has taken a hit and while all trends still remain up, it is perhaps best to wait for the dust to settle.

**GCG17:** Gold is in a terrible state and we've been warning for a while about the possibility of revisiting its old lows in the 1050-1080 area as well as trading below \$1,000. Our methodology indicates that we're in a period of so-called "acceleration", a state where the market simply thrusts further into the direction of the trend.

**ZCH17:** The corn market has shifted to the downside. As with the British pound, we had a short-term trend failure and the gravitational pull of the longer-term trend prevailed. Start thinking about entering from the short side.

**LCG17:** While live cattle remain technically in a state of transition, aggressive accounts should be looking for the long side. We've already achieved one price target (114.475) a couple of weeks ago and the evidence is there that this uptrend has traction for now. Manage risk carefully.

**SBH17:** Sugar remains in transition. Best to keep out.

**KCH17:** There are way too many conflicting signal in coffee. Best to stay out.

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