

Market Trends Table

Issue 64

Week ending 30th 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
FX							
EURUSD - EC (Mar '17)	1.0574	+0.0083/ +0.79%	↓	↓	1.0330	0.9978, 0.9704	short
GBPUSD - BP (Mar '17)	1.2358	+0.0059 / +0.48%	↓	→↓	-	1.1632, 1.1616	short
USDJPY - JY (Mar '17)	0.8597	+0.0034/ +0.39%	↓	↓	0.8283	-	short
Energy							
Crude WTI - CL (Feb'17)	53.72	+0.70/ +1.32%	↑	→↓	-	-	-
Natural Gas - NG (Feb'17)	3.724	+0.046/ +1.25%	↑	↑	-	-	-
Equity Index – Rates							
S&P500 - ES (Mar '17)	2236.25	-23.75/ -1.05%	↑	↑	2317.25	-	long
Nasdaq 100 - NQ (Mar '17)	4864	-78.25/ -1.58%	↑	→↑	-	5202.50	long
30-year Bond - ZB (Mar'17)	150 21/32	+1 17/32 / +1.03%	→↓	↓	136-10	136-10	short
Metals							
Copper - HG (Mar'17)	2.5055	+0.0265/ +1.07%	→↑	↑	-	-	long
Gold - GC (Feb'17)	1151.70	+18.10/ +1.60%	↓	↓	-	1123.40	short
Agricultural – Meats - Softs							
Corn - ZC (Mar'17)	352	+6 2/8/ +1.81%	↓	→↓	-	342-6	short
Live Cattle - LC (Feb'17)	116.050	-0.250/ -0.21%	↑	→↓	-	-	-
Sugar #11 – SB (Mar '17)	19.51	+1.36 / +7.49%	↓	→↑	15.27	-	-
Coffee "C" – KC (Mar '17)	137.05	+0.90/ +0.66%	↓	↑	127.05	-	-

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

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ECH17: As expected, the last week of the year was dull. All trends remain down and we continue to have targets pointing to parity and below. One interesting nugget that few are aware of is that the currency typically marks the low or the high of the year in the first couple of weeks of January or so.

BPH17: In the last 2-3 weeks, the British pound has undone all the good work it had put in place when it was heading back to 1.30. 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 prevailed; coupled with our lower price targets, it feels like it is only a matter of time before lower levels are challenged again.

JYH17 (*n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value*): The yen is stabilizing or catching its breath before the downtrend resumes. We believe the latter is happening and we also have renewed sell signals. Manage risk carefully.

CLG17: Crude oil has popped its head above the 53 price area and it is desperately trying to gain traction. The first week of January will definitely be a catalyst since liquidity will return to the market. If the market manages to stick above 53, then 60 will be challenged very quickly.

NGG17: From a quantitative perspective, natural gas is now in an uptrend. However, the qualitative aspects of this uptrend are rather poor and as such it's best to sit it out. As an aside, this is the first week in the last 7 where price change was below 5%.

ESH17: Last week we wrote: *"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."* We're in the middle of a pullback and we have generated further buy signals with new price targets higher.

NQH17: As per S&P500.

ZBH17: The bond market has taken a break from its sell-off and has now rallied circa 2% from its recent low. As mentioned in past issues, it is really difficult not to be a bond bear. This week's close generated further sell signals with circa 10% lower price targets. Hold onto your hats.

HGH17: No change from last week. It is perhaps best to wait.

GCG17: Gold threw a renewed sell-signal this week with a price target of 1123.40. Keep an eye on this level because once achieved on close, the trend lower will be further confirmed.

ZCH17: The corn market is in a bearish trend and positions on the short side should be considered.

LCG17: Last week we wrote: *"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."* No change.

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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