

# Market Trends Table

Issue 65

Week ending 6<sup>th</sup> January 2017

| Market - Ticker<br>(Futures contract<br>month) | Weekly<br>Closing<br>Price | Price / %<br>change<br>from last week | Short-<br>term<br>trend | Long-<br>term<br>trend | Short-term<br>price target | Long-term<br>price target | Position Bias |
|--|----------------------------|---------------------------------------|-------------------------|------------------------|----------------------------|---------------------------|---------------|
| <b>FX</b>                                      |                            |                                       |                         |                        |                            |                           |               |
| EURUSD - EC<br>(Mar '17)                       | 1.0561                     | -0.0013/<br>-0.12%                    | →↓                      | ↓                      | 1.0379,<br>1.0248          | 0.9978,<br>0.9704         | short         |
| GBPUSD - BP<br>(Mar '17)                       | 1.2293                     | -0.0065 /<br>-0.53%                   | ↓                       | →↓                     | 1.2174,<br>1.1985          | 1.1632,<br>1.1616         | short         |
| USDJPY - JY<br>(Mar '17)                       | 0.8566                     | -0.0031/<br>-0.35%                    | ↓                       | ↓                      | 0.7971                     | -                         | short         |
| <b>Energy</b>                                  |                            |                                       |                         |                        |                            |                           |               |
| Crude WTI - CL<br>(Feb'17)                     | 53.99                      | +0.27/<br>+0.50%                      | ↑                       | ↑                      | -                          | -                         | long          |
| Natural Gas - NG<br>(Feb'17)                   | 3.285                      | -0.439/<br>-11.79%                    | ↑                       | ↑                      | -                          | -                         | -             |
| <b>Equity Index – Rates</b>                    |                            |                                       |                         |                        |                            |                           |               |
| S&P500 - ES<br>(Mar '17)                       | 2271.50                    | +35.25/<br>+1.58%                     | ↑                       | ↑                      | 2317.25                    | -                         | long          |
| Nasdaq 100 - NQ<br>(Mar '17)                   | 5004                       | +140/<br>+2.88%                       | ↑                       | ↑                      | -                          | 5202.50                   | long          |
| 30-year Bond - ZB<br>(Mar'17)                  | 151 25/32                  | +1 4/32 /<br>+0.75%                   | →↓                      | ↓                      | 137-05                     | 140-09                    | short         |
| <b>Metals</b>                                  |                            |                                       |                         |                        |                            |                           |               |
| Copper - HG<br>(Mar'17)                        | 2.5460                     | +0.0405/<br>+1.62%                    | →↑                      | ↑                      | -                          | -                         | long          |
| Gold - GC<br>(Feb'17)                          | 1173.40                    | +21.70/<br>+1.88%                     | →↓                      | ↓                      | 1004                       | -                         | short         |
| <b>Agricultural – Meats - Softs</b>            |                            |                                       |                         |                        |                            |                           |               |
| Corn - ZC<br>(Mar'17)                          | 358                        | +6 /<br>+1.70%                        | →↑                      | →↓                     | -                          | -                         | -             |
| Live Cattle - LC<br>(Feb'17)                   | 114.825                    | -1.225/<br>-1.06%                     | ↑                       | ↑                      | -                          | -                         | long          |
| Sugar #11 – SB<br>(Mar '17)                    | 20.75                      | +1.24 /<br>+6.36%                     | →↓                      | →↑                     | -                          | -                         | -             |
| Coffee "C" – KC<br>(Mar '17)                   | 142.85                     | +5.80/<br>+4.23%                      | ↓                       | ↓                      | 132.70,<br>120.60          | -                         | short         |

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

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**ECH17:** The first week of the year did produce some price movement. Overall, we ended up almost unchanged. Our previous short-term price target of 1.0330 was negated but we did generate some new lower ones. The weight of the evidence remains overwhelmingly to the bearish side. Our short-term price targets must be achieved for the trend down to continue. Our main thesis is that one way or another, parity will be achieved some time before the summer. We're happy to change our minds if the evidence warrants it. At the moment, it simply doesn't.

**BPH17:** The British pound has now spent 13 weeks in the 1.2750-1.2100 range. If the downtrend persists and we break out of the range to the downside, then the 1.15 area becomes in play. As an aside, we also have a 1.16 long-term price target. Whichever way I keep looking at the price chart and the various indicators of our model, it's impossible not to be gloomy about the future of this currency.

**JYH17** (*n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value*): The yen is simply decimated and our methodology points to lower prices. That said, it is not very straightforward to find a suitable risk/reward.

**CLG17:** We're finally "sticking" above the 53 or so level and our model has turned bullish. Longs should be considered carefully. We have no price targets as of yet but the 60 area is a natural destination.

**NGG17:** Natural gas reverts to its usual psychotic state having staged a circa 12% drop in prices this week. We continue to advise to abstain from this market.

**ESH17:** If US equities are not climbing a "wall of worry", then I don't know which market is. We're circa 40 points away from our 2317.25 price target. Advice to perma-bears: If you don't like this market, simply stay out. Do not short.

**NQH17:** The Nasdaq is now in sync with the rest of the US equities for the last 2-3 weeks. This bodes well for the broader bullish case. Stay long and manage risk carefully.

**ZBH17:** Last week we wrote: *"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."* We did rally another 1% this week thus presenting us with a further opportunity to enter the short side of the market.

**HGH17:** The uptrend in the copper market was never negated or reversed. With the pullback probably behind us, it is time again to consider entering from the long side.

**GCG17:** In spite of a 2-week rally in the gold market, I do not believe we have seen the bottom yet. The weight of the evidence is still clearly to the downside. That said, it is not very simple to position oneself without taking on board a lot of risk.

**ZCH17:** The corn market whipsaws once again. It's best to stay out until we break out of the coil that is developing. It could be a while before this happens.

**LCG17:** Live cattle are officially in an uptrend. The recent pullback we've experienced to this Friday's close has taken us to the area of our old price target of 114.475. We have further buy signals and higher price targets. Long entries should be considered. Pick your risk/reward carefully.

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

**KCH17:** The coffee market has turned bearish and we now have renewed sell signals and lower price targets. Coffee volatility is not for everybody's stomach and as such it is best only aggressive accounts participate.

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