Market Trends

Issue 70

Week ending 10th February 2017

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
EURUSD - EC (Mar '17)	1.0643	-0.0139/ -1.29%	↑	↓	1.0361	1.0089	-
GBPUSD - BP (Mar '17)	1.2489	-0.0000 / -0.00%	↑	→↓	1.2917	1.1632, 1.1616	-
USDJPY - JY (Mar '17)	0.8826	-0.0038/ -0.42%	↑	↓	-	-	-
Crude WTI - CL (Mar'17)	53.86	+0.03/ +0.06%	→↑	↑	60.72	-	-
S&P500 - ES (Mar '17)	2312.75	+21.75/ +0.95%	→↑	↑	**2308,** 2317.25	-	long
Gold - GC (Apr'17)	1235.9	+15.10/ +1.24%	↑	↓	**1234.53**, 1279.10	1031.40	-
30-year Bond - ZB (Mar'17)	151 29/32	+1-28/32 / +1.25%	↑	↓	137-05	137-12	-

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

EURUSD: It seems that the longer term downtrend is asserting itself. That said, the shorter term trend has not completely turned bearish and we're rather oversold. Our model currently indicates an acceleration of the downtrend and a revisit to our yearly lows in the 1.035 area. Overall, there's way too much conflicting evidence. No position is a position.

GBPUSD: We've been arguing for the last few weeks that the British pound is in "no man's land". We have no idea what's next, so best to sit on the sidelines until the situation clears up.

USDJPY *(n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value):* Last week we wrote: *"The yen is another currency we're abstaining from. Even though the longer term downtrend remains strong, the short term momentum is clearly with the bulls, thus muddling the overall picture."* No change.

Crude WTI: I'd like to be an oil bull. Our model certainly supports this thesis from a quantitative perspective. However, looking at the qualitative elements of our evidence I am very weary. The past 10 weeks we've been confined to a $5 price range (circa $51-$56). We continue to stand on the sidelines.

S&P500: Our 2308 price target is now achieved on close. There are absolutely no indications in our model other than a continuation of higher prices. We've been saying for a while now that you do not want to be standing in front of this freight train. If you do not want to be long, then be out.

Gold: Last week we wrote: *"We continue to advise to abstain from gold. There's simply way too much conflicting evidence. More aggressive accounts can consider the long side however. Our short term price target of 1234 is the first obstacle we need to overcome for the upside momentum to gain some traction."* Our PT of 1234 is now achieved on close. However, we are no wiser as to where this market wants to go and continue to advise to stay out.

30-year bond: As can be seen from the table above, all markets covered with the exception of stocks are going through a transition of sorts with the weight of the evidence very mixed. This is rather unusual and could be the canary in the mine. Or it could be nothing. In times of uncertainty, it's best to preserve capital than trying to figure things out.

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