#WeAreNotAfraid

Issue 76

Week ending 24th March 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 (Jun '17)	1.0851	+0.0060/ +0.56%	↑	↓	-	-	-
GBPUSD - BP (Jun '17)	1.2526	+0.0100 / +0.80%	↑	→↓	-	-	-
USDJPY - JY (Jun '17)	0.9058	+0.0148/ +1.66%	↑	↓	-	-	-
Crude WTI - CL (May'17)	47.97	-1.34/ -2.72%	↓	↑	-	-	-
S&P500 - ES (Jun '17)	2344.75	-30.50/ -1.28%	→↑	↑	-	-	-
Gold - GC (Apr'17)	1248.50	+18.30/ +1.49%	↑	→↓	-	-	-
30-year Bond - ZB (Jun'17)	151 3/32	+2 21/32 / +1.79%	↑	↓	-	-	-

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

EURUSD: This market is still undergoing a transition. A bottom of sorts has been formed and we have advanced circa 300-points since then. As we only look at our model to make decisions, we continue to recommend to stay out of this market unless one is an aggressive account. There still remains a lot of conflicting evidence from a quantitative and a qualitative point of view. If for some reason one must have a position, then we would advise to lean to the long side.

#WeAreNotAfraid: Pound sterling has joined the other two currencies we cover and is now officially in transition. As such, it's best to stay out. If you haven't already marked it in your calendar, the Prime Minister will trigger Article 50 (Brexit) this week.

USDJPY *(n.b.: futures are quoted inversely to cash so when futures are rising the JPY is rising in value):* Something is changing in currencies, interest rates and stock indices. This is also evidenced by the fact that we have no position bias in the markets we cover (see table above). We believe the next intermediate move in the yen futures will be higher, meaning that on a cash basis the yen will move lower.

Crude WTI: We are waiting for an opportunity to short this market. Until then, we're staying out.

S&P500: This stock index is catching its breath. As always, it's never easy to initially distinguish between a pause and the beginning of a trend reversal. Technically speaking, we can retreat all the way to at least the 2200 area (circa 6% lower from current levels) and the various longer term trends will still be intact. If you're a trend follower, you probably got stopped out this week or are about to. While the quantitative inputs of our model point to higher prices, the qualitative ones are not in line. The next key area is 2300-2310; if we trade through for a few days, chances are we'll head lower before we head higher.

Gold: We're gradually leaning towards the long side but for now staying out is best.

30-year bond: Last week we wrote: *"The rally this week is a further opportunity for a short entry. Manage risk carefully."* There were absolutely no opportunities to short the bonds. In fact, quite the opposite. Best to stand aside.

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