Market Trends

Issue 78

Week ending 7th April 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)	1.0624	-0.0099/ -0.92%	↓	↓	-	1.0237, 1.0139	short
GBPUSD - BP (Jun '17)	1.2401	-0.0155 / -1.23%	↑	→↓	-	-	-
USDJPY - JY (Jun '17)	0.9021	+0.0010/ +0.11%	↑	↓	-	-	-
Crude WTI - CL (May'17)	52.24	+1.64/ +3.24%	→↓	→↑	-	-	-
S&P500 - ES (Jun '17)	2352.25	-7.00/ -0.30%	→↑	↑	2329.25	2467.50, 2546.75	long
Gold - GC (Jun'17)	1257.30	+6.10/ +0.49%	↑	→↓	-	1297.90	-
30-year Bond - ZB (Jun'17)	151 16/32	+ 21/32 / +0.44%	↑	↓	-	-	-

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

EURUSD: Excerpts from last week: "*Our model is indicating that this market is hanging on from a thread. April will be crucial and there are plenty of catalysts ahead. I've learned (painfully) over the years that when a market is at a crossroads, more often than not, it breaks in the direction of its longer-term trend.*" We're definitely breaking in the direction of the longer term trend bringing the old 1.0450 area lows into play again and of course our first price target at 1.0237.

GBPUSD: Pound sterling is not really going anywhere and there's also too much conflicting evidence. It's best to stay on the sidelines.

USDJPY *(n.b.: futures are quoted inversely to cash so when futures are rising the JPY cash drops in value versus the USD):* We continue to stay out of this market and we continue to believe that the next intermediate move will take yen futures higher (i.e. cash fx will move lower).

Crude WTI: We've kept saying in the last couple of weeks that *"we are waiting for an opportunity to short this market. Until then, we're staying out."* There's been simply no evidence, let alone signals, to enter this market from the short side. We continue this "trendlessness", coupled with volatility outbursts, that's been prevalent since mid-2016 or so. No position is a position.

S&P500: Last week we wrote: *"The resilience of this market cannot be ignored. Moreover the longer term picture is in excellent state and we have higher price targets across the board. Any sell-off for the moment should be considered healthy. There's ample room all the way to the 2200 area for this market to catch its breath without doing any serious damage to the longer term uptrend."* We're shifting to a long position bias again as our model maintains the robustness of the uptrend and the market refuses to sell-off. There's also two additional points favouring the bulls: a) stocks hardly budged on a flurry of bad geopolitical and economic news and b) there is way too much bearishness out there whichever way one measures it.

Gold: This market remains very tricky and the 1260 area is proving a real challenge as we continue to fail to close above it. Gold will either break through or sharply reverse. Right now the odds are evenly split and we prefer to abstain.

30-year bond: Bonds are another market stuck in a range. Best to stay out.

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