Market Trends

Issue 95

Week ending 4th August 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 Aggressive/ Passive
EURUSD - EC (Sep '17)	1.1791	-0.0001/ -0.01%	↑	↑	1.1970	-	long / long
GBPUSD - BP (Sep '17)	1.3053	-0.0117 / -0.89%	↑	→↓	-	-	- / -
USDJPY - JY (Sep '17)	0.9049	-0.0012/ -0.13%	↑	→↓	-	-	- / -
Crude WTI - CL (Sep'17)	49.58	-0.13/ -0.26%	↑	↓	-	-	- / -
S&P500 - ES (Sep '17)	2472	+1.75/ +0.07%	→↑	↑	2484, 2491	*2474.25*, 2539.75	long / -
Gold - GC (Aug'17)	1264.60	-10.7/ -0.84%	↑	→↓	-	-	- / -
30-year Bond - ZB (Sep'17)	154 3/32	+ 29/32/ +0.59%	→↑	→↓	-	-	- / -

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

EURUSD: Last week we wrote: *"We first turned bullish on the EUR in issue #81, April 28th. We first sounded the bells of EUR at 1.20 in issue #84. In the meantime, all our price targets have been achieved and we've rallied over 900 points, 8%+".* This week EURUSD finally reacted. While this did take place at very crucial resistance levels, the weight of the evidence remains overwhelmingly in favour of the bulls. Pullbacks should be used for entries. Manage risk carefully.

GBPUSD: Sterling also reacted at crucial resistance levels. The difference in this market is that it's trendless and such action can only be interpreted as bearish in our view. We continue to recommend staying out until the picture clears further.

USDJPY: Last week we wrote: *"The yen is another market that needs to make its mind up about where it wants to go. In the meantime we continue to recommend staying out."* No change.

Crude WTI: Last week we wrote: *"We are standing aside. Oil remains confined to its 65-week price range between circa 56.50-44.50."* Short-term momentum is rather strong to the upside; longer term momentum is to the downside. What to do? We continue to stand aside.

S&P500: We now have a 3rd consecutive week where 2474.25 is hit but we fail to close above it on a weekly basis. Stocks are feeling "heavy" and the various equity indices have started diverging from each other; for example the Dow is very strong, with the Russell being the weakest. In our opinion this is more indicative of a pullback, rather than the beginning of some "catastrophe". Liquidity is aplenty in equities and as such any pullback/correction is likely to be short-lived. Most people focus on the VIX and how low it is for signs that equities are topping or are "overstretched". In our view, they're focusing on the wrong thing. Credit is what makes equities tick so our advice is to keep an eye on the high-yield market.

Gold: We continue to recommend abstaining from the gold market.

30-year bond: The tug-of-war continues. Will rates rise or fall? The bond market is telling us that it has no clue. We continue to stand aside. No position is a position.

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