Market Trends

Issue 98

Week ending 25th 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)	1.1892	+0.0116/ +0.98%	→↑	↑	1.2094, 1.2166	-	long / long
GBPUSD - BP (Sep '17)	1.2887	-0.0001 / -0.01%	↓	↑	1.2787, 1.2737	-	short / -
USDJPY - JY (Sep '17)	0.9162	-0.0004/ -0.04%	↑	→↓	-	-	- / -
Crude WTI - CL (Oct'17)	47.87	-0.79/ -1.62%	→↑	↓	-	-	- / -
S&P500 - ES (Sep '17)	2442.50	+15.75/ +0.65%	↓	↑	-	-	- / -
Gold - GC (Dec'17)	1297.9	+6.30 / +0.49%	↑	→↓	-	-	- / -
30-year Bond - ZB (Sep'17)	156 17/32	+ 22/32/ +0.44%	↑	→↓	156-25	159-3	long / -

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

EURUSD: Last week we wrote: *"The Euro is catching its breath. It would be silly at this stage to bet against the uptrend resuming."* We think the next leg up has began. Manage risk carefully.

GBPUSD: Sterling continues hanging on from a thread. This next week is crucial. While the weight of the evidence points to lower prices, if the current levels hold, then we could have a nice rally from here. Time will tell.

USDJPY: Last week we said we were going to sit it out one more week. This week is no different. No position is a position. We cannot force it if the conditions are simply not there and the probabilities are no better than a simple coin toss.

Crude WTI: Oil remains tricky. We have nothing new to say.

S&P500: We've been expecting a sell-off as the market should be working off its overbought condition. This simply has not happened when we only look at the amount of points we've corrected so far. However, my model and quantitative indicators now show that we're at the final part of the "sell-off" and not far away from a rather strong rally. I'm going to recommend abstaining from this market up to two more weeks and see what happens. With Labour Day coming up next weekend, trading activity usually dwindles during the latter parts of the week and there is usually a positive bias during the days leading up to the break.

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

30-year bond: Last week we wrote: *"Aggressive accounts can think about the long side. The weight of the evidence is definitely leaning in favour of the bulls and if one factors in potential inflows/rally from an impending equity sell-off, then the short-term bullish case is compelling enough."* While there's clearly been no sell-off so far, bonds keep levitating higher indicating that low rates will be with us for a tad longer.

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