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# Technical Views Equity Indices

U.S. equities challenged, European and China trends strong

PICTET TRADING & SALES, TRADING STRATEGY

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## U.S. equities challenged, European and Asian trends strong

On the mid-term charts for US equities, the technical outlook has been challenged by last week's price action, and indecision will prevail for so long as the S&P500 continues to trade between 5,519 and 5,826. European and Chinese markets on the other hand are still technically well-oriented, while the Nikkei continues to lag.

### Short-term:

- **US indices** could stabilize and recover, the S&P 500 potentially above 5,519 then towards 5,750 and potentially 5,826; the Nasdaq 100 above 19,264 towards a maximum of 20,687; and the Russell 2000 towards 2,099 and 2,169 while holding above 2,019.
- **European indices** are still showing resilience (see also the [S&P 500 vs. Stoxx 600](#) ratio – in USD). Short term we could see the Euro Stoxx 50 drop to 5,232 while below 5,465; the DAX consolidate towards 22,375 and 21,964 (as long as it remains below 23,500); the CAC 40 pause towards 7,812 while staying below 8,185; while the SMI is at a make-or-break level at 13,020.
- **Asian indices** are showing mixed dynamics, with the Hang Seng under pressure below 24,600, while the Nikkei 225 is expected to recover towards 38,193 before the bearish pressure resumes.

### PTS Technical Views: Equity indices\*

Region	Index	Last Price	LT	MT	ST
North America	<a href="#">S&amp;P 500</a>	5,639	↗	=	↗
	<a href="#">Nasdaq 100</a>	19,705	↗	=	↗
	<a href="#">Russell 2000</a>	2,044	↗	=	↗
	<a href="#">Nasdaq 100 vs. S&amp;P 500</a>	3.49	=	=	
Europe	<a href="#">Euro Stoxx 50</a>	5,429	↘	↗	↘
	<a href="#">DAX</a>	22,987	↘	↗	↘
	<a href="#">CAC</a>	8,061	↘	↗	↘
	<a href="#">SMI</a>	12,917	↘	↗	↘
Asia & EM	<a href="#">Hang Seng</a>	24,146	↘	↗	=
	<a href="#">Nikkei 225</a>	37,397	↗	↘	↗

Source: FactSet; Pictet Trading Strategy; as of 17/03/2025. \*The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

Click on index name to go directly to the chart.



## North America

- **S&P 500:** Stabilization expected above 5,519 towards 5,750 even 5,826 for now;
- **Nasdaq 100:** Stabilization expected above 19,264 towards 20,325 max 20,687;
- **Russell 2000:** Recovery expected towards 2,099 then 2,169, holding above 2,019;
- **Dow Jones 30:** 42,000 broken, triggering further drop towards 38,700;

## S&P500 (LT): LT bullish

The S&P 500 index has been trading in a bullish channel since 2007.

It entered a consolidation phase before the bulls gradually regained control in October 2022 and a bullish rounding bottom pattern emerged as the index climbed back towards 4,600.

From there it suffered a brief pullback, but the positive momentum resumed once the index touched its 200-day moving average.

The long-term trend remains bullish, and our theoretical cup-and-handle target is at 6,800.

For now, the US benchmark is back above its 200-day SMA.

### S&P 500 (LT) Technical chart (monthly); RSI; Breadth\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

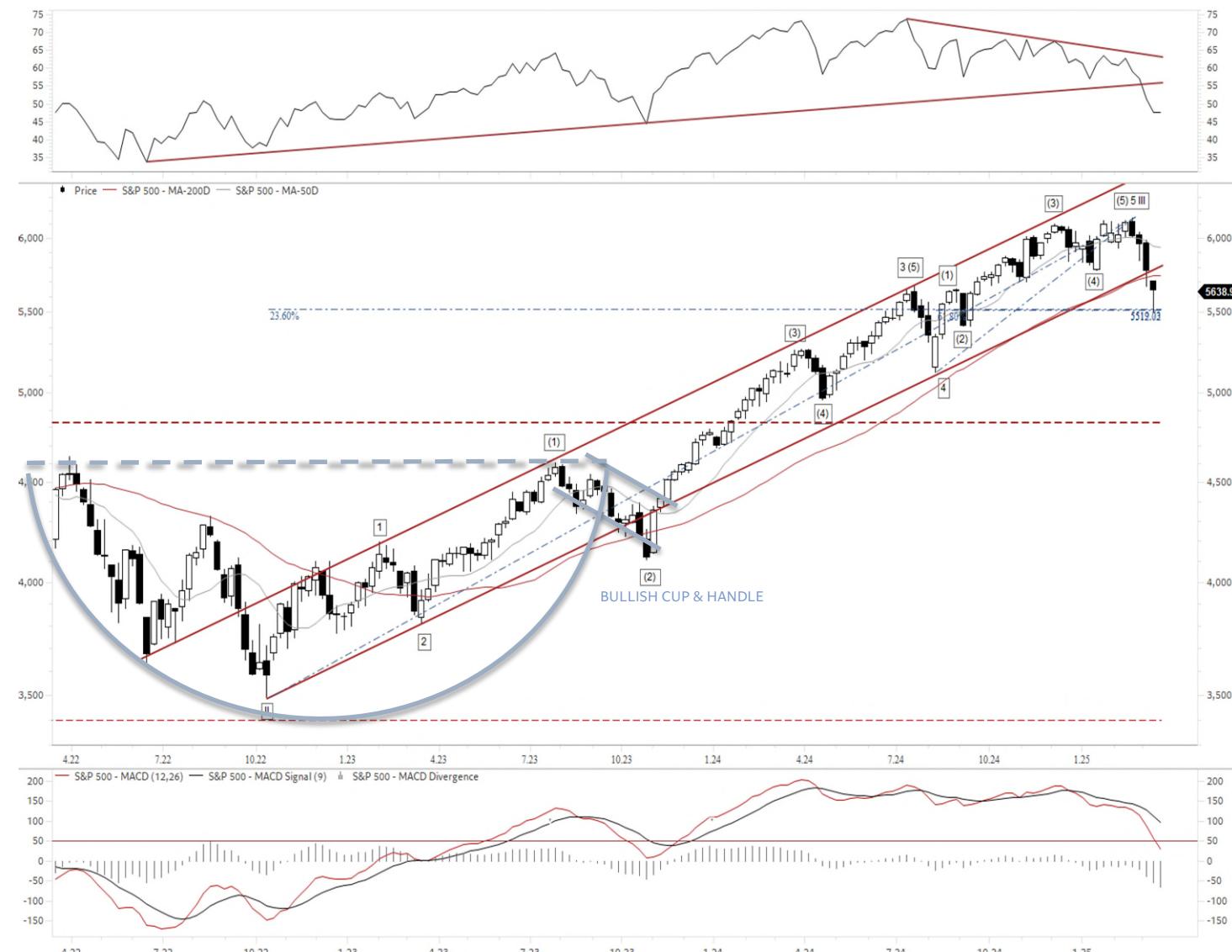
## S&P500 (MT): 5,519 the key support to hold for now, but the outlook is turning negative in the mid-term horizon

The S&P 500 has now broken both the lower band of the rising channel and the 200-day SMA, and (as we write) has found support just above the 23.6% Fibonacci retracement from the 2022 low, at 5,519. This is also the retrace from the shorter up leg at 61.8%.

As long as this level holds, we could see the index rebound towards 5,750 (the 200-day SMA) – a level that needs to be broken in the risk of the bearish pressure resuming is to be avoided in the short term.

But the outlook has now turned negative, the recent price action invalidating the more bullish scenario: As long as the market is capped by a maximum of 5,901 in any rebound, the threat of a deeper correction remains.

**S&P 500 (MT)**  
Technical chart (weekly); RSI, MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## S&P 500 (ST): Stabilization expected above 5,519 towards 5,750 and even 5,826 for now

The S&P 500 accelerated to the downside and broke below its 200-day SMA.

Last week it finally stabilized above the 23.6% Fibonacci retracement of the current long-term up-leg (see previous chart, at 5,519) and the 61.8% Fibonacci retracement of the shorter one at 5,512.

We expect the market to stabilize above these levels and rise towards 5,750 even 5,826 for now.

### S&P 500 (ST): Technical chart (daily); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Nasdaq 100 (LT): A bullish “cup & handle” pattern; still bullish towards 22,900

Overall, the price movement has been positive, driven by the “cup and handle” pattern and the subsequent break above significant resistance, contributing to a promising technical outlook.

Despite the lacklustre performance seen in recent weeks and the breadth deteriorating, the index still maintains a positive long-term trajectory.

### Nasdaq 100 (LT) Technical chart (monthly); Breadth (20-day; 100-day); distance to 52-week high (%)<sup>\*</sup>



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

**Nasdaq 100 (MT): The mid-term outlook has been turning negative, a rebound is likely holding above 19,264 – 19,442 for now**

Last week the index finally broke the ascending support in place since the beginning of 2022.

This price action invalidated our most bullish scenario for Nasdaq 100.

For now, as long as the index holds above 19,264 (61.8% Fibonacci retracement from the last short-term up leg) and 19,442 (the 23.6% Fibonacci retracement from the 2022 low) it should rebound from here towards 20,325 max 20,700, the make-or-break area from where the bearish pressure should resume.

### Nasdaq 100 (MT) Technical chart (weekly); RSI, MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Nasdaq 100 (ST): Stabilization expected above 19,264 towards 20,325 max 20,687

We expected the index to continue to drop towards 19,264 where stabilization was expected.

It did manage to hold above this level, and we now expect a rebound towards 20,325 (max 20,687) before the bearish pressure returns

Note that the RSI and MACD are also stabilizing, lending credit to our scenario.

### Nasdaq 100 (ST) Technical chart (daily)\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Nasdaq 100 vs S&P500: On the short-term, back on the ascending support highlighting the tech sector's challenges since the year began

The Nasdaq 100 / S&P 500 ratio has experienced a remarkable ascent since the early 2000s, and the parabolic trajectory it experienced through the Covid crisis sent it higher than in the dot.com bubble in 2000.

After a consolidation period during the so-called reopening rally, it stabilized above support at around 2.6, whereupon the positive momentum resumed, with tech outperformance driving the ratio to a new all-time high.

In last summer's market consolidation, the ratio returned to the lower band of the rising channel that has provided support many times over recent years. It stabilized there before accelerating once again close to the July all-time-high.

The next technical hurdle could be at around 4.4, as a possible extended Elliott wave 5.

### Nasdaq 100 vs S&P 500 Technical chart (daily)\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Russell 2000 (MT): Holding above 2,000 – 2,019, recovery expected towards 2,099 even 2,169

The Russell 2000 reached the horizontal support at 2,000 and reacted above it, slightly below our defined target at 2,019.

Nevertheless, due to the recent price action, the RSI has broken its support sending a negative signal.

As long as the index continues to trade above 2,000 – 2,019 we expect it to stabilize and recover towards 2,099, even 2,169.

### Russell 2000 (MT): Technical chart (weekly); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Russell 2000 (ST): Recovery expected towards 2,099 then 2,169, holding above 2,019

We expected the Russell to hold above max 2,019. It went slightly below (1,984) and reacted last Friday on the horizontal area at 2,000

As long as it manages to hold above these levels, we expect a rebound towards 2,099 and 2,169.

On the other hand, if 2,019 is broken the consolidation could accelerate towards 1,830.

### Russell 2000 (ST): Technical chart (daily); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Dow Jones Industrial Average (ST): 42,000 broken, triggering further drop towards 38,700

The DJIA has been in a rising channel since the end of 2023.

It recently broke key support and the 200-day SMA at 42,000, triggering a double top pattern with a downside potential towards 38,700 (also the 50% Fibonacci retracement from the up leg in place since 2022).

### Dow Jones Industrial Average (ST): Technical chart (daily); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Europe

- **S&P 500 vs. Stoxx 600:** European outperformance in progress towards make or break level at 12.48;
- **Euro Stoxx 50:** Drop in progress towards 5,232, staying below 5,465;
- **DAX:** Consolidation expected towards 22,375 again then 21,964, holding below 23,500;
- **CAC 40:** Pause in progress towards 7,812, as long as it stays below 8,185;
- **SMI:** Make or break at 13,020;

## S&P500 vs Stoxx 600 (LT): European outperformance continues as the ratio heads towards the make-or-break level of 12.48

Since the ratio hit the upper band of the channel in place since 2020, the Stoxx 600 has been outperforming the S&P 500.

The ratio recently fell back to and through both a rising support and the 60-week SMA.

At this stage, we could still see some further US underperformance: the ratio is currently dropping towards the lower part of the ascending channel which is also where we find the 23.6% Fibonacci retracement from the current long-term up leg that dates back to 2007.

### S&P 500 vs. Stoxx 600 (USD) Technical chart (monthly) \*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

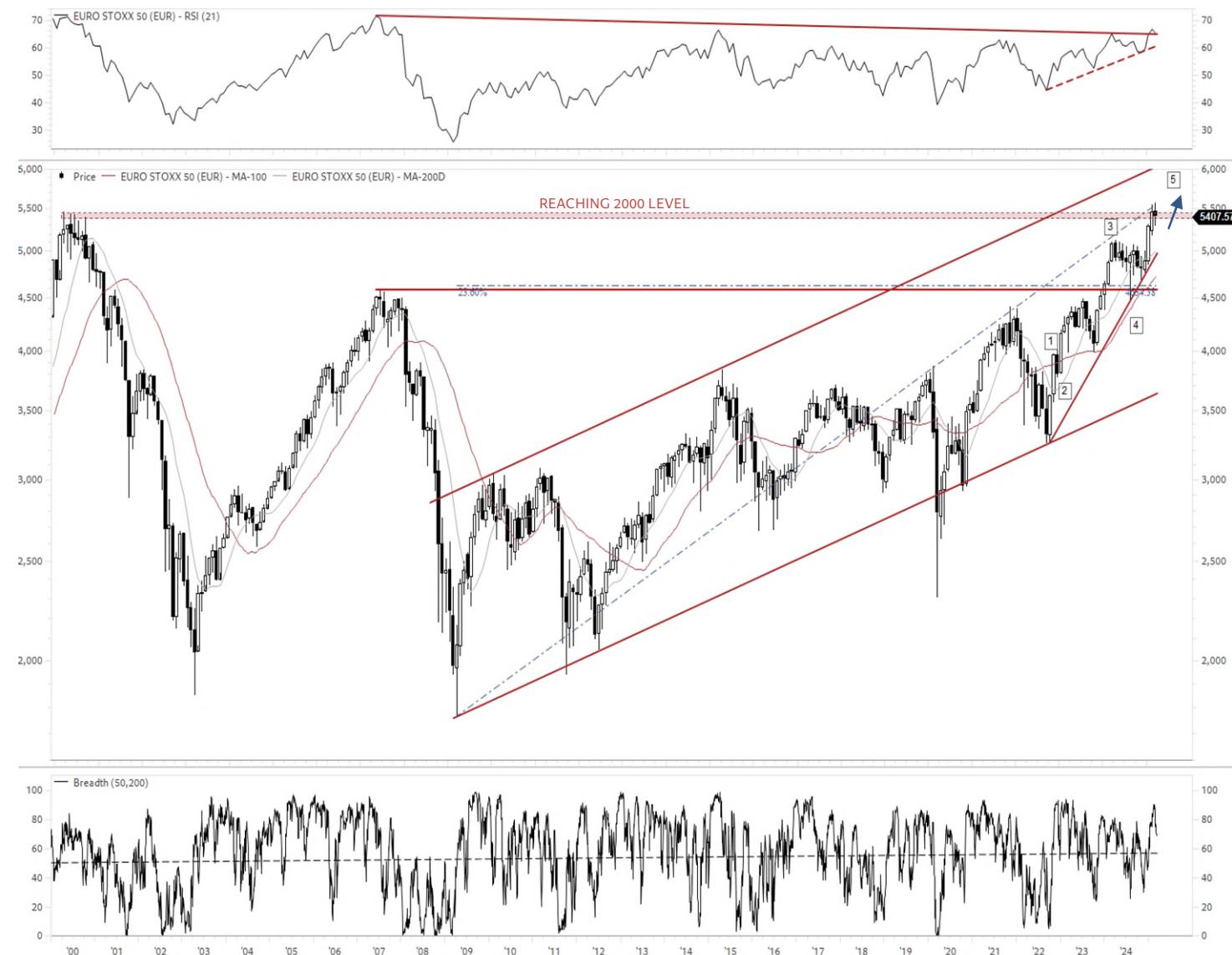
## Euro Stoxx 50 (LT): 5,700 is next target, then 6,024

The Euro Stoxx 50 has completed a 25-year recovery, having reached a level not seen since 2000.

Market breadth has continued to improve alongside the price action.

Our long-term charting now puts the next technical hurdle at 5,700 before 6,024 (for so long as the index holds above 4,634).

### EURO STOXX 50 (LT) Technical chart (monthly); RSI; Breadth (50 and 200-day SMAs)\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Euro Stoxx 50 (MT): Consolidation in progress, buy-on-dip scenario at 5,232 before the rise continues

Now that it has reached 5,550, we expect the index to pause towards 5,232 before rising again.

Note that the RSI is still below its resistance and the MACD is starting to turn down, lending credit to this scenario.

### EURO STOXX 50 (MT): Technical chart (weekly); RSI; MACD\*



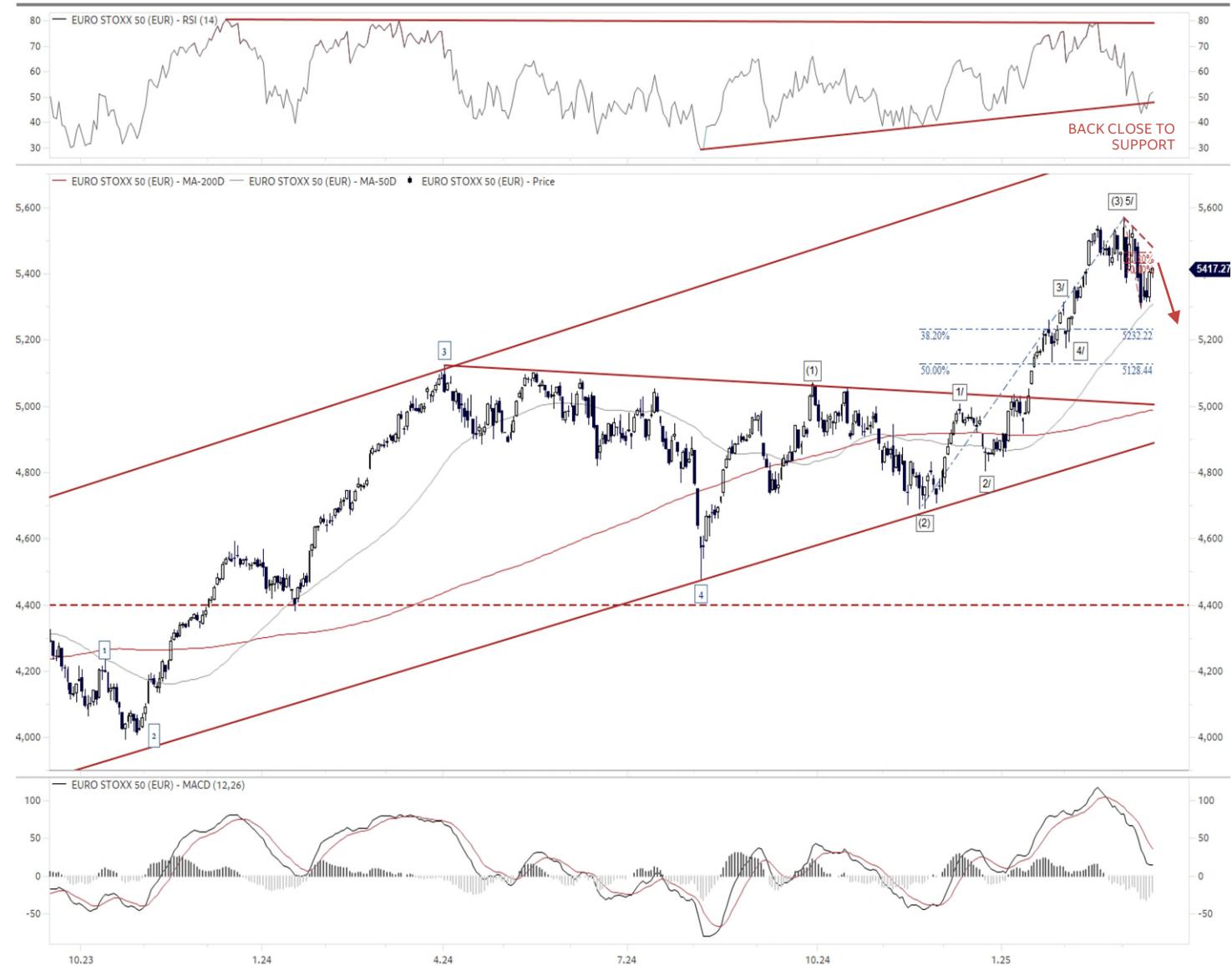
Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Euro Stoxx 50 (ST): Drop in progress towards 5,232, staying below 5,465

The index accumulated on tops before starting to consolidate after reaching 5,550.

We expect the drop to continue towards 5,232 even 5,128 before a new rise unfolds, staying below 5,465.

### EURO STOXX 50 (ST) Technical chart (daily); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## DAX (MT): Consolidation expected below 23,500 towards 21,388

Off 2022 lows, the DAX index had been rising within an ascending channel. It recently accelerated sharply and managed to bypass the upper band.

Now, however, the move is looking very extended (with the RSI in overbought territory with little room for further rise), and on this basis we expect the index to fall back to 21,388 (the 23.6% Fibonacci retracement) before rising again towards 24,000.

### DAX Index (MT) Technical chart (weekly); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## DAX (ST): Consolidation expected towards 22,375 again then 21,964, holding below 23,500

The DAX index managed to make a fresh ATH, before starting to consolidate.

We expect this consolidation move to continue towards 22,375 even 21,690.

Indicators also argue for the drop to continue as the RSI is breaking support and the MACD is also turning down.

### DAX Index (ST) Technical chart (daily); RSI; MACD\*



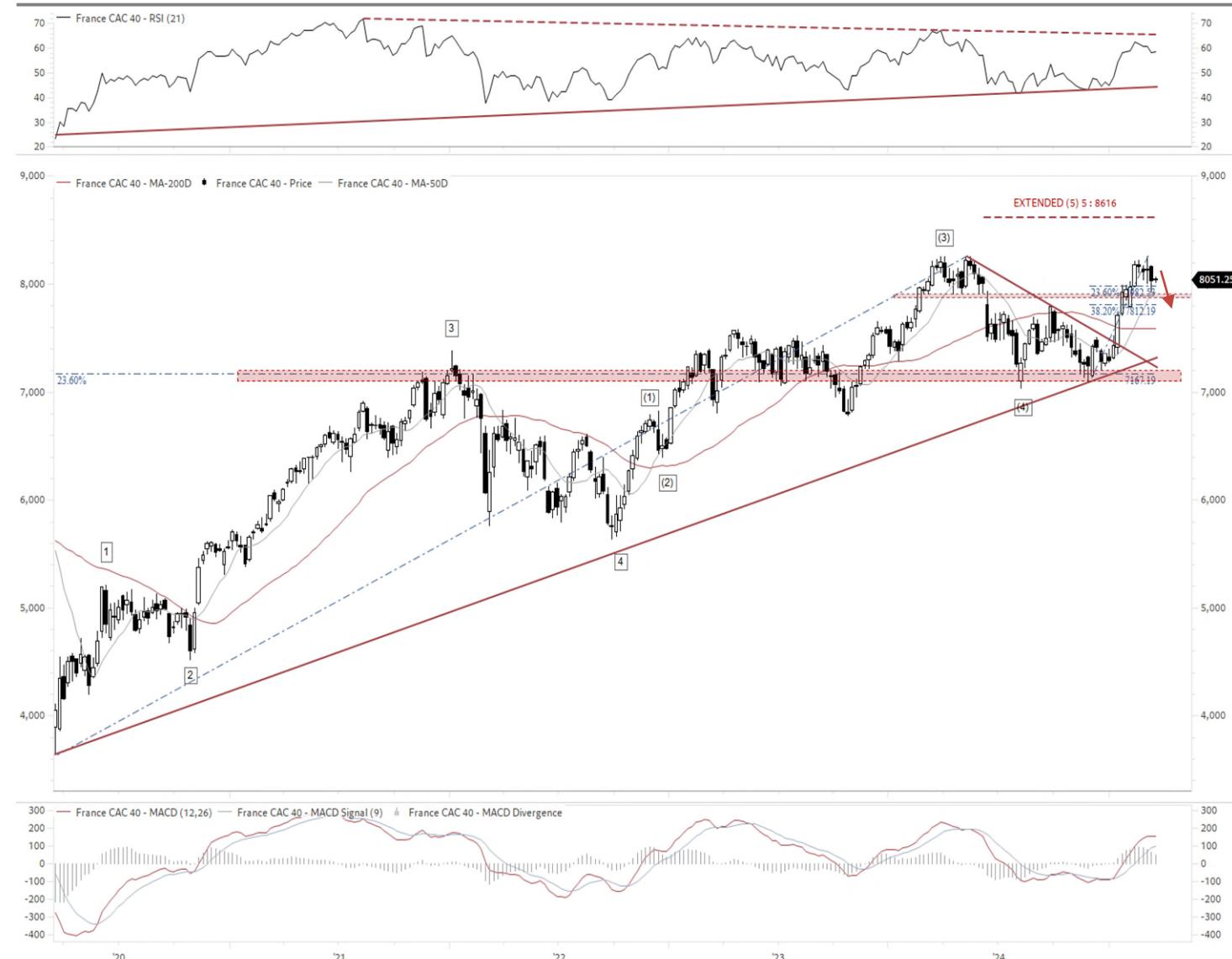
Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## CAC 40 (MT): Bullish outlook towards 8,616 but consolidation expected first towards 7,812

After last summer's snap election, the CAC 40 underwent a significant consolidation phase. But it has recently recovered, exiting the bearish dynamic in place since May 2024.

The recent break of 8,000 potentially triggered a new upward sequence towards 8,616 (valid so long as it holds above the mid-term support at 7,812).

### CAC 40 (MT) Technical chart (weekly); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

CAC 40 (ST): Pause in progress towards 7,812, as long as it stays below 8,185

We expected the market to start to pause towards 7,980 – 7,960. It reached this level (even below) before starting to recover.

As long as the CAC stays below 8,185 (the 76.4% Fibonacci retracement from the current down leg and level of the potential descending resistance) it remains under pressure and could drop again towards 7,812, whereupon a new rise should unfold.

## CAC 40 (ST)



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## SMI (MT): Testing the recent ATH at 13,000, a clear break could trigger further rise towards 14,400

The Swiss index recently found support at the key mid-term level of 11,430, before rebounding to break the resistance linking tops since September 2024.

It is now testing its 2021 high at 13,000 (12,997 precisely) and last week's new all-time highs at 13,100.

A break of this level could trigger a stronger upside move towards 14,400 in a first step within the long-term rising channel that dates back to Covid lows.

Note also how the RSI has been challenging a key resistance with a weekly close above it potentially validating a major change in dynamic.

**SMI (MT)**  
Technical chart (weekly); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## SMI (ST): Make or break at 13,020

We expected the SMI to drop towards 12,738 before the positive price action restarted. It did reach this level (even slightly below) and has been recovering since then.

It is now close to a key resistance level at 13,020, where we find the 61.8% Fibonacci retracement from highs, as well as the descending resistance linking tops.

As long as the Swiss index stays below this resistance level, there remains a risk of another drop below the previous short-term lows towards 12,485. Then a new rise will occur.

On the other hand, a break above the resistance could open the door to a new rise back to the previous high at 13,200.

### SMI (ST) Technical chart (daily); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Asia & Emerging Markets

- **Hang Seng:** Under pressure below 24,600
- **Nikkei 225:** Recovery expected towards 38,193 where bearish pressure should resume



## Hang-Seng (MT): 22,890 bypassed, triggering a new bullish sequence

The Hang Seng index has been in a bottoming process since 2022.

Early last year, it recovered to 22,890, in a move of similar magnitude to that between 2022 and 2023, coinciding with a key Fibonacci retracement level and a horizontal resistance line.

The index finally managed to break this make-or-break level two weeks ago, triggering the formation of a double-bottom pattern at the lows that signals a more significant recovery towards 30,730.

### Hang-Seng (HSI): Technical chart (weekly); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Hang Seng (ST): Under pressure below 24,600

We expected the Hang Seng to drop towards 23,254, even 22,349 in case of a stronger consolidation.

It has reached the support and since started to recover.

For now, as long as it stays below the previous high at 24,660 it will remain under pressure and could drop again towards 22,875.

Note that the RSI is at a short-term resistance and the MACD is still declining, calling for caution on these levels.

## Hang-Seng (HSI): Technical chart (weekly); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Nikkei 225 (ST): Recovery expected towards 38,193 where bearish pressure should resume

Last week, we expected the Nikkei 225 to hold above 36,868 before rising.

It broke below this level and went slightly below 36,000, where it reacted and started to recover.

We expect the recovery to continue towards 38,193, whereupon the bearish pressure could return.

### Nikkei 225 (JP225): Technical chart (daily); RSI; MACD\*



Source: FactSet – Pictet Trading Strategy - as at 17/03/2025. \*Criteria explained in the endnotes. The target price presented in the chart is based upon chart analysis. This is not the product of any Pictet financial research unit.

## Endnotes: references for Trading Strategy publications (1/2)

**Model performance data is not a reliable indicator of future returns.**

Model performance calculation has a number of limitations and the results do not represent the results of actual trading using client assets. The data provided is gross of fees and other commissions. Fees and charges will apply and will reduce the final return. No representation is being made that any models or model portfolios illustrated will or are likely to achieve results similar to those shown and there are often sharp differences between model performance results and actual results achieved.

### The Equity Quantitative grades

Our equity quant process is one by which we rank and score the stocks within our equity universe according to various short-term (i.e. EPS growth) long-term (i.e. quality) and positioning (i.e. technical) characteristics, and on relative and/or historical basis as appropriate. The various scores make up a stock's total or 'global' grade':

**Growth Grade:** The Growth Grade is a proprietary formula made up of earnings revision momentum, past earnings growth, earnings stability, and current and long-term earnings growth. A grade above 55 is considered bullish on a 3-month basis, bearish below 45 and neutral between 55 and 45.

**EPS Grade:** The EPS Grade is a proprietary formula consisting of current and forward EPS growth, change and surprise data. An EPS grade above 60 or below 40 is considered predictive for future out/under performance.

**Sales Grade:** The Sales Grade is a proprietary formula made up of current and next year's sales momentum, past sales growth, sales stability, and current and long-term sales growth. A grade above 55 is considered bullish on a 3-month basis, bearish below 45, and neutral between 55 and 45.

**Value Grade:** The Value Grade is a proprietary formula made up of estimated P/E, P/B, P/S and P/CF ratios. 40% of the grade is based on historical values and 60% on current market data. A

grade above 55 suggests a stock is cheap, below 45 expensive, and neutral between 55 and 45.

**Quality Grade:** The Quality Grade is a proprietary formula that focuses on the balance sheet (i.e. change in accruals, change in free cash flows and profitability). A grade above 55 suggests a healthy balance sheet.

**Credit Grade:** The Credit Grade focusses on the passive side of the balance sheet. It is divided into three sub-components to assess both short and long-term solvency. A grade above 55 suggests a strong capital structure, while a grade below 45 suggests a weak one.

**Money Flow Grade:** The Money Flow Grade is a proprietary formula that gives the accumulation/distribution based on the volume flows of a stock. A grade above 55 indicates good money flow and a grade below 45 suggests weak money flow.

**Smart Sentiment Grade:** The Smart Sentiment grade is a contrarian indicator based on investor positioning measures

such as the days-to-cover ratio, the put-call ratio, and the short-interest ratio. A weak grade suggests 'too much' optimism.

**Relative Strength (RS) Grade:** The RS grade measures the price momentum of a stock over its 1-year price performance.

**Global Grade:** The Global Grade is a weighted average of the Growth, EPS Sales, Value, Quality, Credit, Money Flow and Smart Sentiment Grades.

### Trend Score

A normalized composite of 10 underlying indicators that look at price relative to key moving averages, moving average trajectories and crosses, and overbought/sold condition. Absolute and Relative scores range from -10 (worst) to +10 (best).

### The Exposure Optimisation Model

The PTS Exposure Optimisation Model (EOM) is a proprietary model designed to give tactical signals on the prevailing short-term regional

equity market regime. The model is applied to each market on a mutually-exclusive basis, with output expressed by way of exposure scores (US; Europe; Japan and EM); in each case an average of underlying factors scores with dynamic weighting applied according to the prevailing structural market volatility regime. Exposure score ratings are: very bullish (80-100%); bullish (60-80%); neutral (40-60%); bearish (20-40%); and very bearish (20%). Factors are as follows:

**Regime:** A combination of technical indicators, moving averages and a Constant Proportion Portfolio Insurance (CPPI) strategy, the regime score is designed to reflect short-term market momentum in the region;

**Valuation:** Built around the forward price-to-sales ratio, the dynamic valuation score is based on a calculation that is reset on bull/bear market regime changes and calibrated to facilitate regional comparison;



## Endnotes: references for Trading Strategy publications (2/2)

**Economics:** The economics score draws on real economy activity data (i.e. heavy truck sales and shipping traffic), economic signals from financial markets (i.e. yield-curves) and medium-term economic indicators (i.e. PMIs and unemployment data);

**Flows:** The flows score draws upon both active and passive weekly EPFR fund flows data giving us an indication of risk appetite going into the week ahead;

**Market Sentiment:** The market sentiment score is built around classic regional market risk indices (i.e. VIX; ARMS) as well as soft survey data (i.e. U.of Michigan Consumer Sentiment).

The scoring system is applied in a similar fashion at both regional and market level, while at sector level we refer only to the Regime, Flows and Valuation factors.

### Factor trends

When analysing factor performance in equity markets we look at the performance of 5 theoretical long-short selections, each built around one of our equity quantitative grades (i.e. growth (EPS

momentum), price momentum (RS), quality, sentiment and value), and each long the top decile and short the bottom decile of stocks within the respective region in our equity universe in terms of exposure to each specific score.

### Long-only selection lists

Our theoretical long-only selection lists (Europe and US) are made up of stocks selected following a three-pronged approach (quantitative, qualitative and technical), with reference to the in-house top-down and bottom-up quantitative modelling and processes explained above, and with market timing and objectives (theoretical targets and stop-losses) set with reference to technical analysis.

### Technical Analysis

The technical analysis used in this presentation combines traditional technical tools: graphical analysis (trend lines, support lines, continuation and reversal patterns) which determines the tendency, mathematical indicators (moving averages, RSI, MACD) used as numeric filters and Elliot wave theory which allows us to build a scenario with

target levels and invalidation points. We also occasionally refer to Ichimoku Cloud Technical Analysis.

### Elliott Wave Theory

According to Elliott Wave Theory, markets move in impulse waves – with five sub-waves (numbered 1-5 or I-V) following the direction of the main trend, followed by three corrective sub-waves (A-B-C) (example below). These waves follow a set of specific rules and are linked to each other by target and retracement ratios based on the Fibonacci sequence, and the characteristics of each wave form an integral part of the reflection of the mass psychology it embodies.

### Ichimoku Cloud Technical Analysis

Ichimoku Cloud is a popular technical analysis tool used to identify potential trends and support/resistance levels in financial markets. It consists of several components, including the Kumo (cloud), the Tenkan-sen (conversion line), the Kijun-sen (base line), and Senkou Span (leading span).

### Relative Strength Index (RSI)

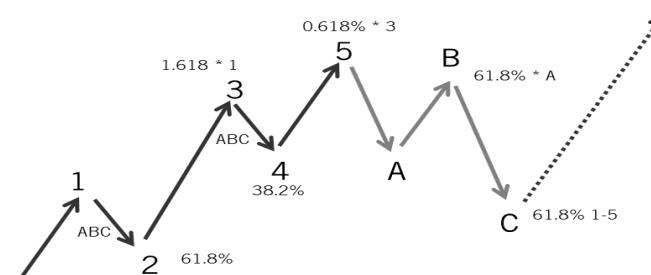
A momentum oscillator that measures the speed and change of price movements. It ranges from 0 to 100 and is typically used to identify overbought or oversold conditions in a market. An RSI above 70 suggests that a stock may be overbought, while an RSI below 30 indicates that it may be oversold.

### The Moving Average Convergence Divergence (MACD)

A trend-following momentum indicator that shows the relationship between two moving averages. It is calculated by subtracting the 26-period Exponential Moving Average (EMA) from the 12-

period EMA. The result is the MACD line. A nine-day EMA of the MACD, called the signal line, is then plotted on top of the MACD line, which can function as a trigger for buy or sell signals. When the MACD crosses above the signal line, it is typically considered a bullish signal, and when it crosses below, it is considered bearish.

### Elliott Wave Theory



Source: Pictet Trading Strategy

## Disclaimer and disclosure information (1/4)

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