



IN BLACK AND WHITE

the week beginning
11/11/2019

A market technician's view

FX
INDICES
EQUITIES

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SUMMARY-

US and Australian Markets continue to push ahead, with the US - NASDAQ, S&P and Dow making new highs. Global Indices are pushing past Political head winds and the potential Global Growth slow down as yield demand drive price higher.

Gold and Silver enter a BEAR Market trend with new lows last week. The bullish case for Gold and Silver remains, however at this point the trend is down.

Australian 200 index – Weekly



Last week posted an inside period (Ipu) following the reversal period. Overall the positive price move is a Pennant breakout with 6670 being the first resistance and 6830 the target level in the coming week.

The Relative strength Indicator (14) remains positive above the key 50 level. The MACD indicator remains a “swing sell”.
(See foot notes on #3 candles.)

Comments from last week: XJO weekly posts a key reversal without closing below 6630 support. The ascending lows keep the Index in a Primary UP trend. Bullish traders would look for a close above 6670 as evidence of a continuing trend.

Australian 200 index – Daily



The daily movements remain between Support of 6630 and Resistance shown at 6780. A breakout either way will set direction. The underlying momentum suggests a move higher over Resistance.

Trading Volumes remain strong on a daily basis. The Australian XVI volatility indicator suggest “complacent”, this remains Bullish for equities.

The Relative strength Indicator has swung lower, below the 50 level indicating weak price momentum, however has turned higher.

Comments from last week: The Daily chart confirms a Bullish hammer at the retest of 6630 support. 6780 remains major resistance on further price gains. A breakdown below 6630 would signal potential further weakness.

S&P 500 Index – Weekly

The Primary UP trend remains in place. As Volatility measures, move to complement lows.

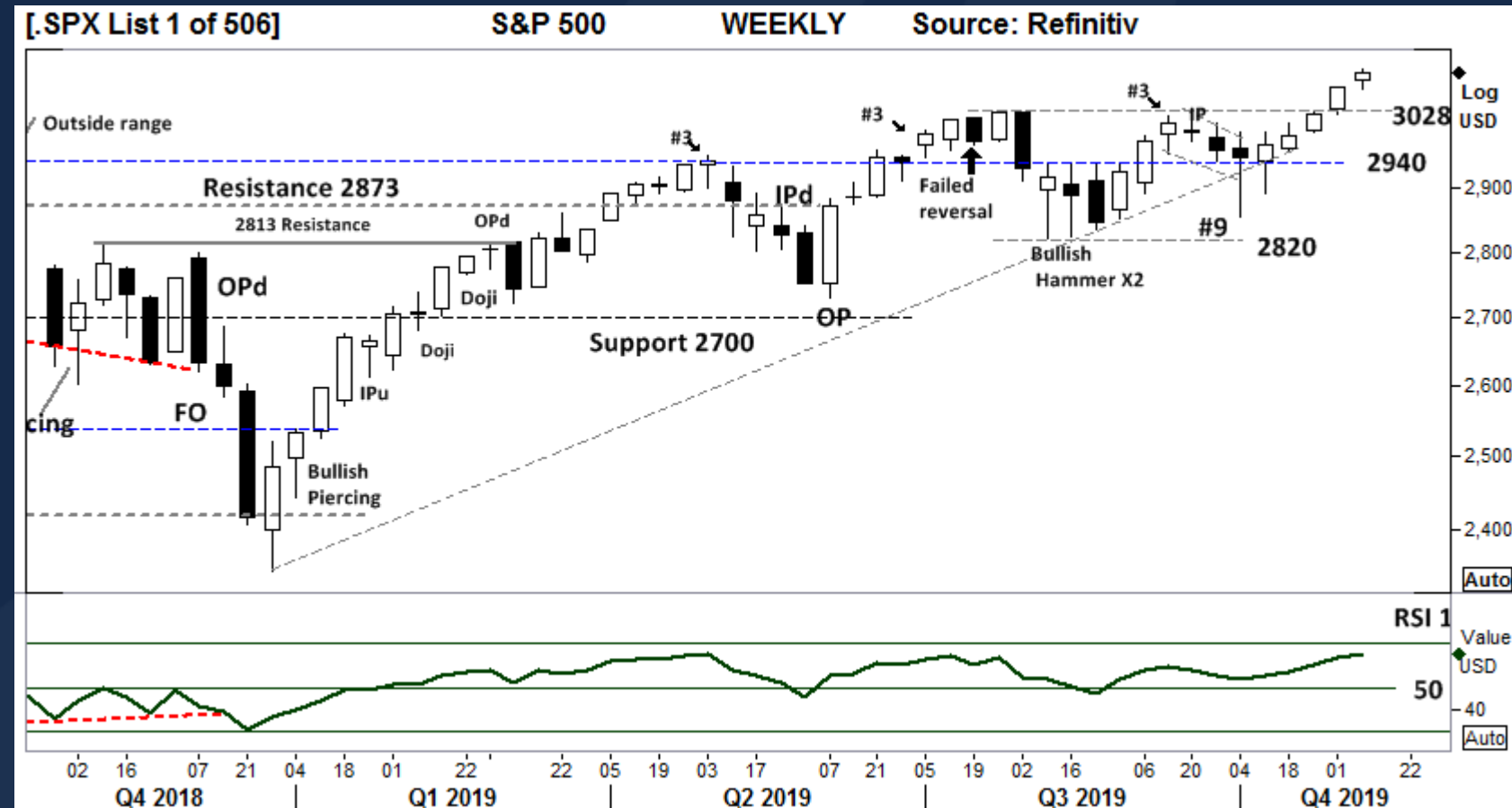
The current short range week suggests some consolidation. Price weakness may see the 3028 level tested as support.

A break of this level would be the 1st Bearish signal.

RSI remains positive swinging higher.

(See notes below for #9)

Comments from last week. A significant breakout with the close in the high of the weeks range, remains very bullish for further gains. Traders would look for support at 3028 on any profit taking in the coming weeks.



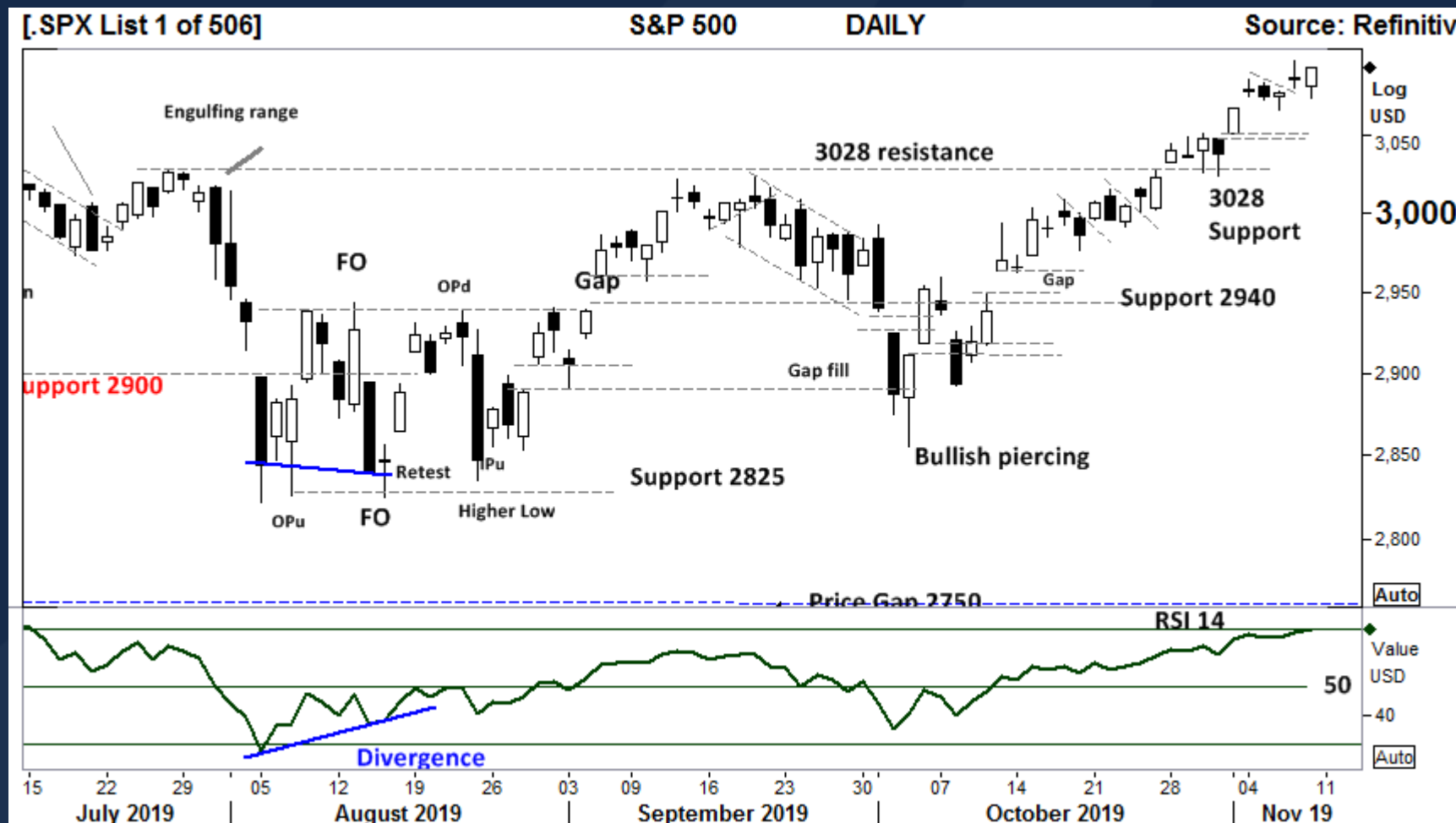
S&P 500 Index - Daily

Last Friday's very strong close, sets up the potential for a further bullish move in the coming week.

A small Gap remains around the 3050 level, traders would monitor this level on any price retracement.

The RSI has turned higher and has moved to remain above the key 50 level, and remains high as a signal of strong price momentum.

Comments from last week: From Mondays breakout, Wednesday and Thursday provided the retest required prior to Fridays bullish finish. The risk for traders is profit taking entering the market and too see the Index retest 3028. This is the critical level to hold in the coming days.



Transports Index

Dow Theory trend analysis states, the transports must confirm major indices.

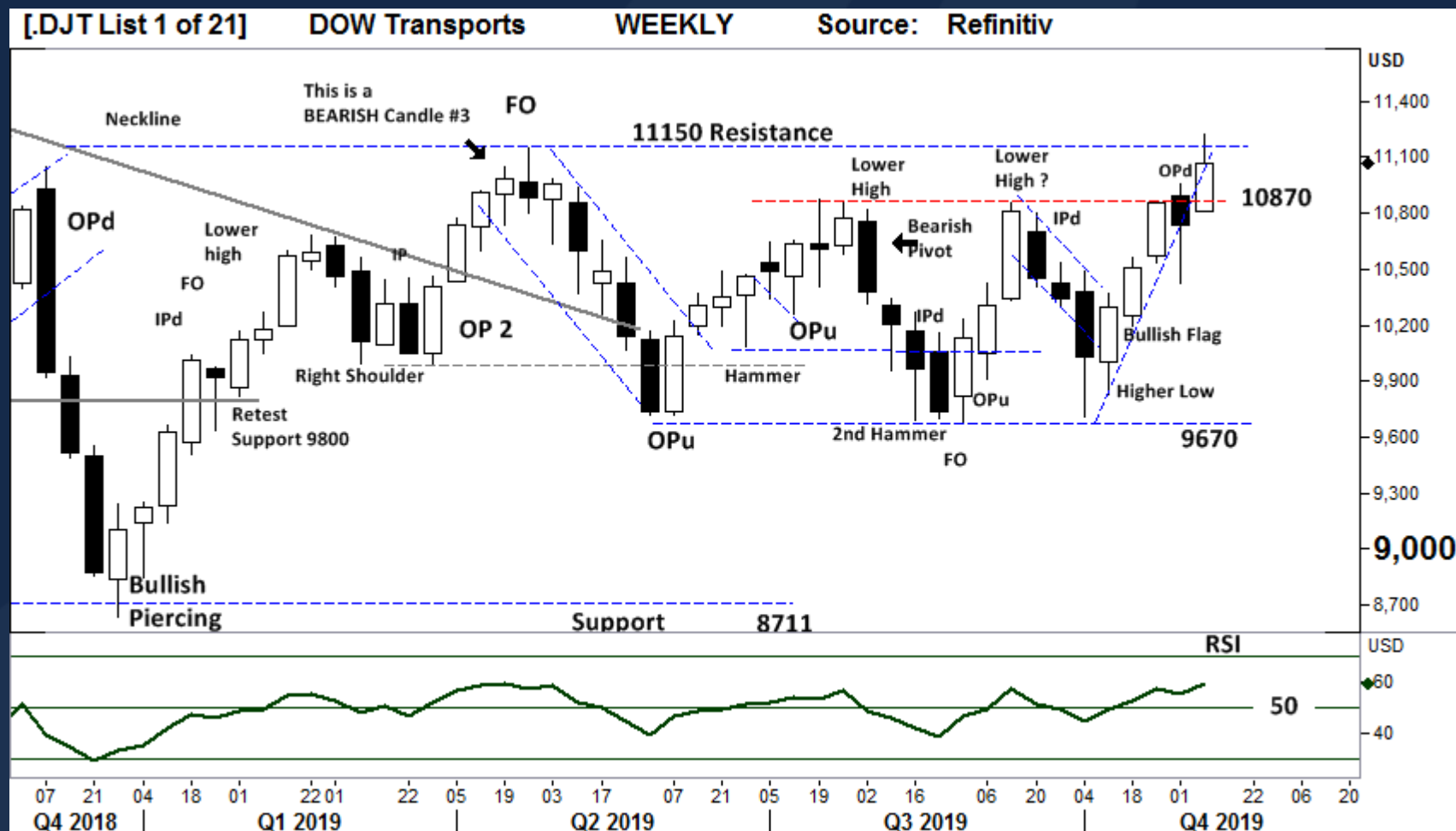
(This index is now heading towards a **CONFIRMATION** of the long term Bull market, a break of 11150 points is required.)

Last weeks retest of 11150 is a bullish sign for further gains.

Traders would remain bullish with a close over this level in the coming week.

Relative strength has turned higher and remains over the key 50 level a sign of increasing price momentum.

Comments from last week: Transports have staged a strong bullish breakout, however Friday's outside range has the potential to reverse price action. The Transports are clearly trading within a range between 9670 to 10870.

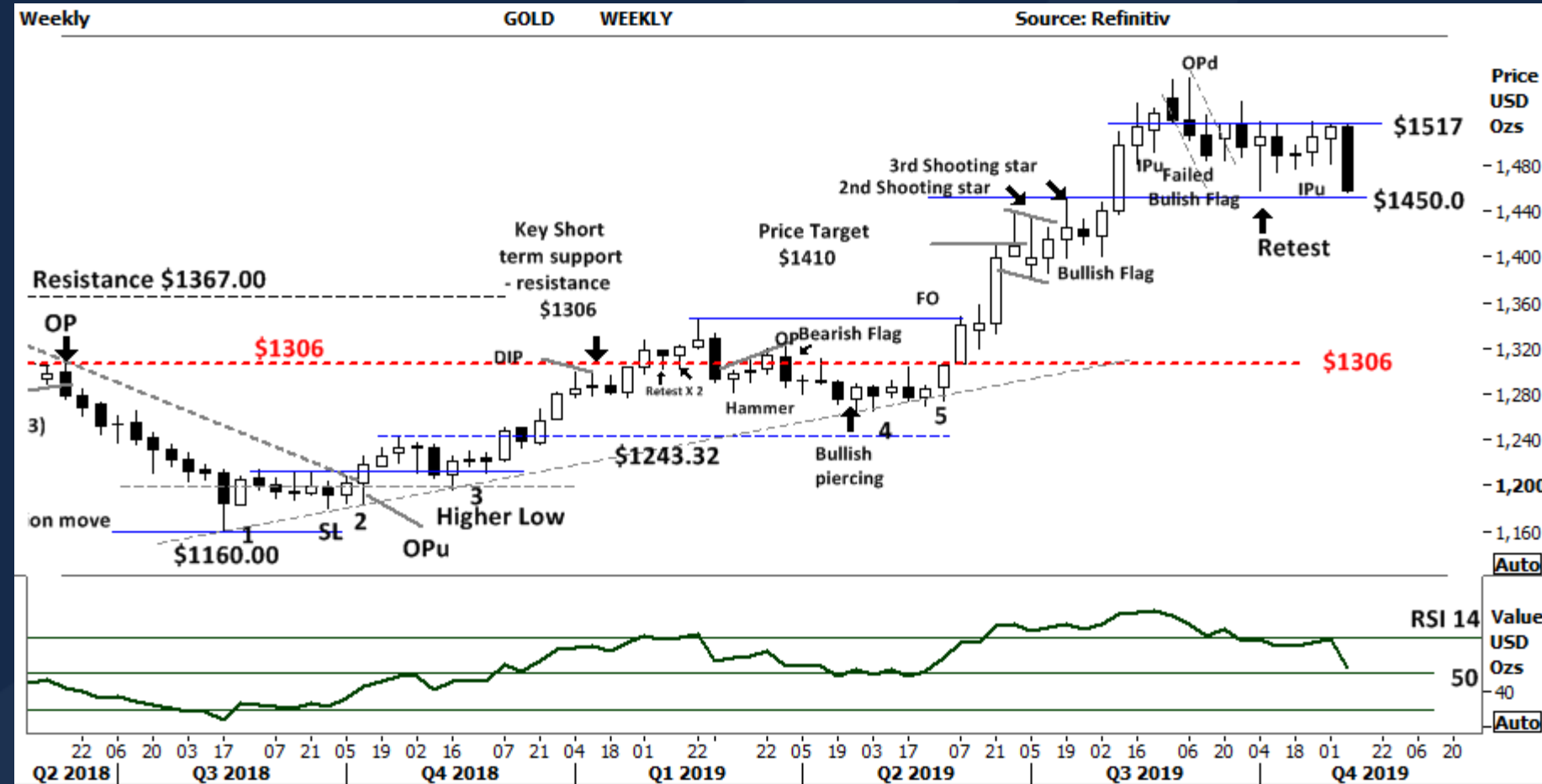


GOLD Weekly

GOLD enters a Primary DOWN TREND.

With a strong WEEKLY range closing on the low for the week and testing \$1450, sets the momentum to the downside. A further breakdown below \$1450 has the potential to see the original breakout tested at \$1360.

Relative strength turns lower and remains over the 50 level.



Comments from last week: \$1517 remains a significant resistance level on this Weekly basis.
The open – close of the week remains in the high area of the overall range. **This can be a bearish signal.**
A close below \$1480 would signal weakness.

Gold Daily

GOLD enters a PRIMARY DOWN TREND.

Last Thursday saw the breakdown of the ascending pattern with strong price ranges. Support at \$1450 is now critical in the coming days.

Relative strength again swings below the key 50 level, this is a bearish sign but requires further follow through.

Comments from last week: With a close over \$1510.0 is a good sign for further gains. Traders would be aware there have been 4 tests of this \$1517 resistance level in the past 6 weeks



SILVER Daily

No Bull market here:

During the 1st week of November Silver was set to breakout higher. This past week has seen strong range bars breaking below \$17.00 and closing below the late September low. Momentum is to the downside, traders would look for a retest of \$16.60

Relative strength has turned sharply lower a sign for further weaker price momentum.

Comments from last week: A strong move of the \$17.50 congestion level is a good sign for further gains. Friday set an inside day, traders would immediately look for a breakout either way from this small range. Price momentum, suggests the breakout will be higher.



Australian Volatility Index

Current volatility levels, show a decrease in the volatility indicator. This is extremely Bullish for equities.

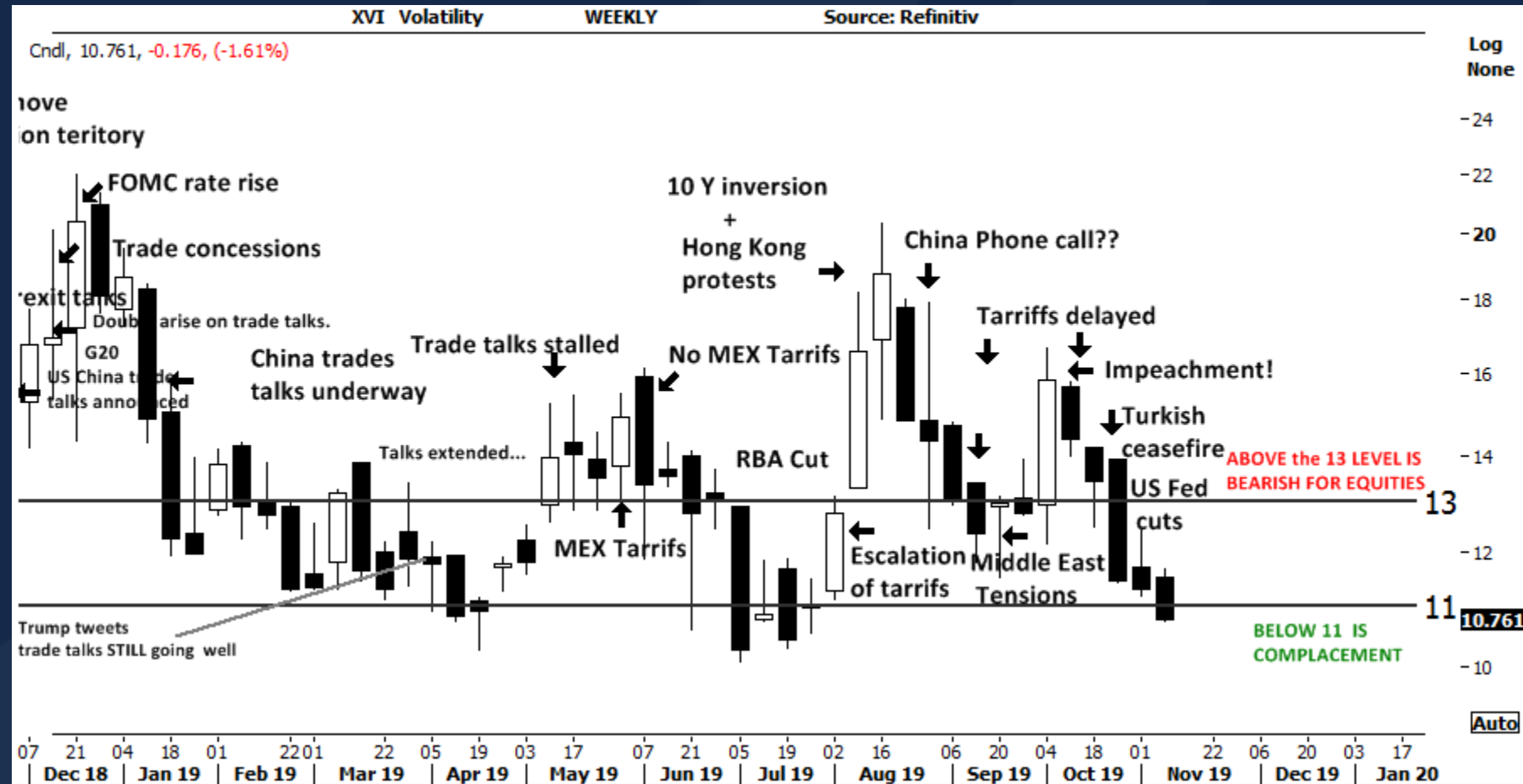
This news driven indicator is reflecting risk ON certainty in markets going forward.

The XVI is the difference of 1 month forward pricing of ETO Options against current month.

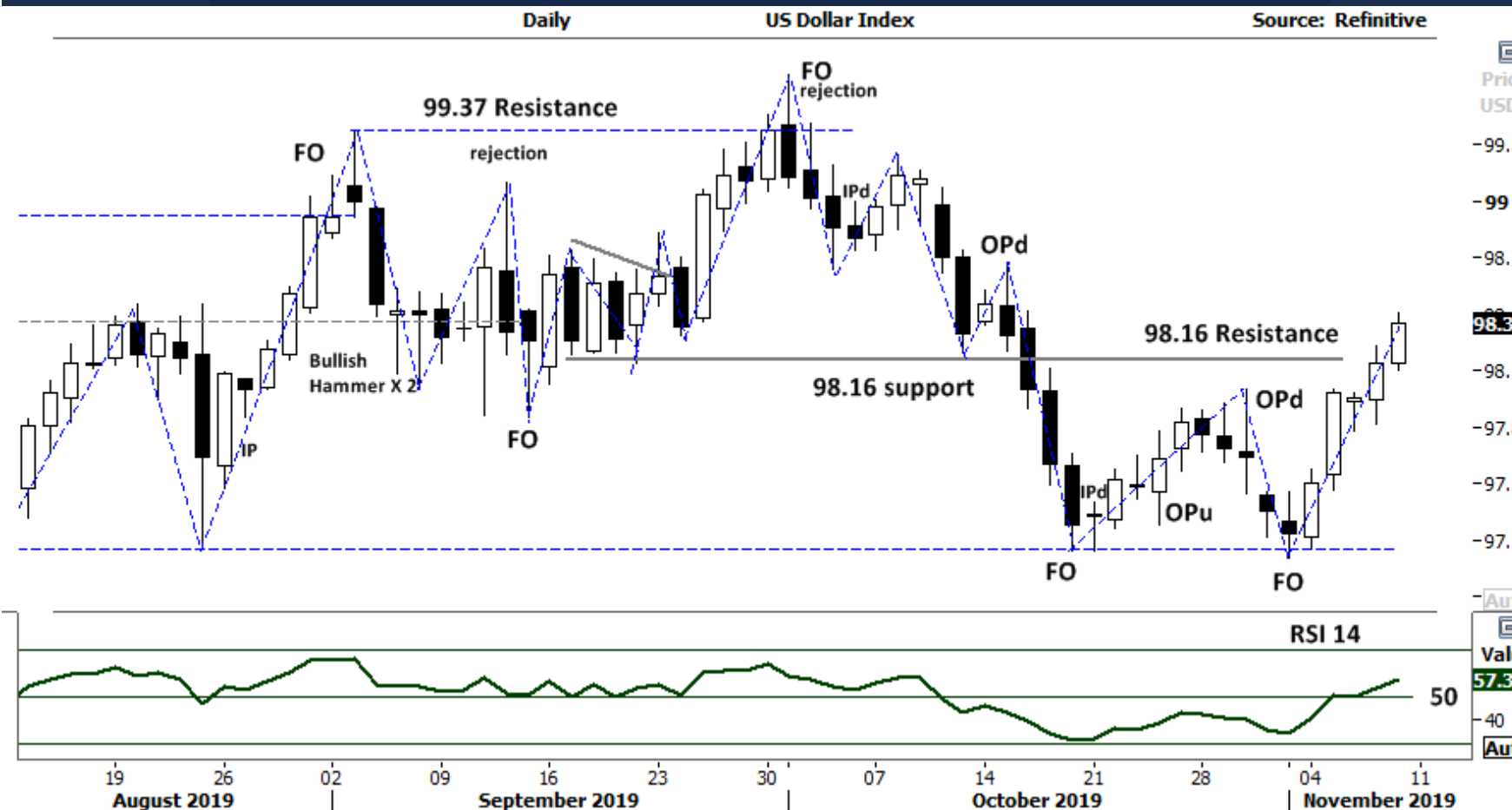
As markets anticipate events, the forward priced option volatility changes, hence as forward price changes, this “skew” in pricing is measured in this XVI.

The XVI value works as an inverse observation to the underlying market.

An XVI over “13” is generally bearish for equities.



US Dollar Index – Daily



US Dollar Index makes a significant bullish move from the 97.1 support level with a FO (fake out) low to set up the strong move to breakout above 98.16.

This strong “corrective” move sets the Index up for higher gains to test 99.37 resistance.

Relative strength swings above the key 50 level showing a strong increase of price momentum.

Comments last: The US Dollar remains in a Primary Down trend. Wednesdays Outside period (down close) has followed through to retest the 91.8 level in Fridays range.

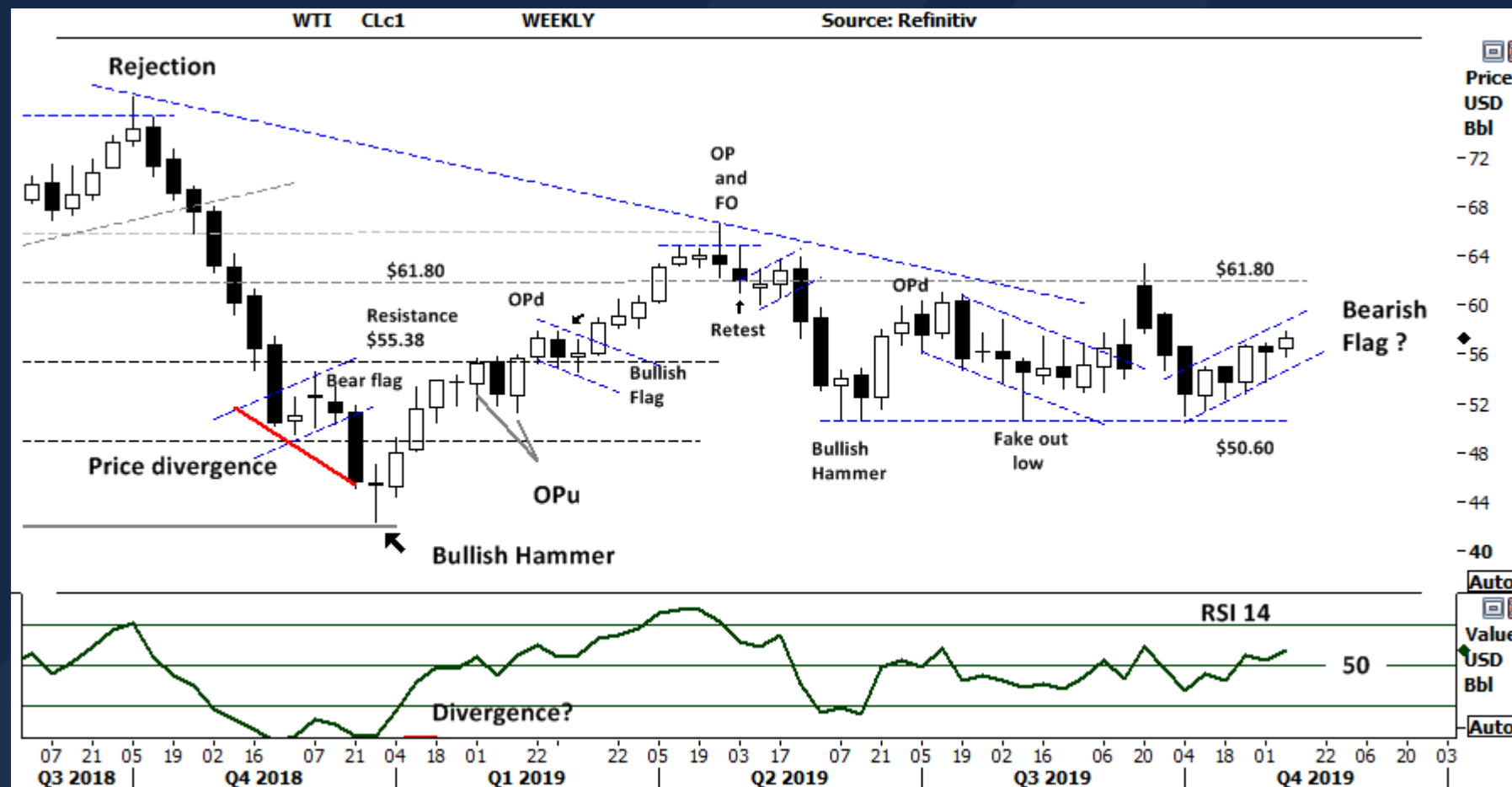
WTI Oil WEEKLY

The continued development of the bearish flag suggests a retest of the support level at \$50.60.

Only a breakout above \$61.80 would be a bullish sign for a retest of \$68.00.
A breakdown below the \$50 level would be a very bearish sign with a potential to test \$42.0

The Relative Strength Indicator turns higher from below the 50 level, a sign of improving momentum.

Comments from last week: The developing bearish flag suggests a retest of the support level at \$50.60.



The technical setups

Outside period

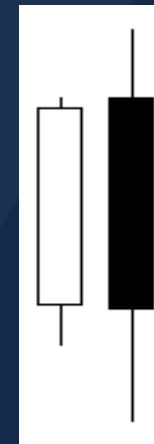
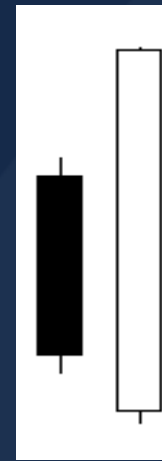
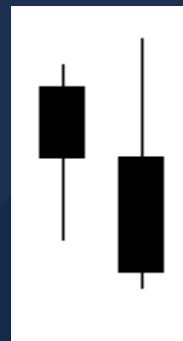
OPu and OPd

A price range with higher high and lower low than the previous range often indicates a market turning point. (Krastins research)

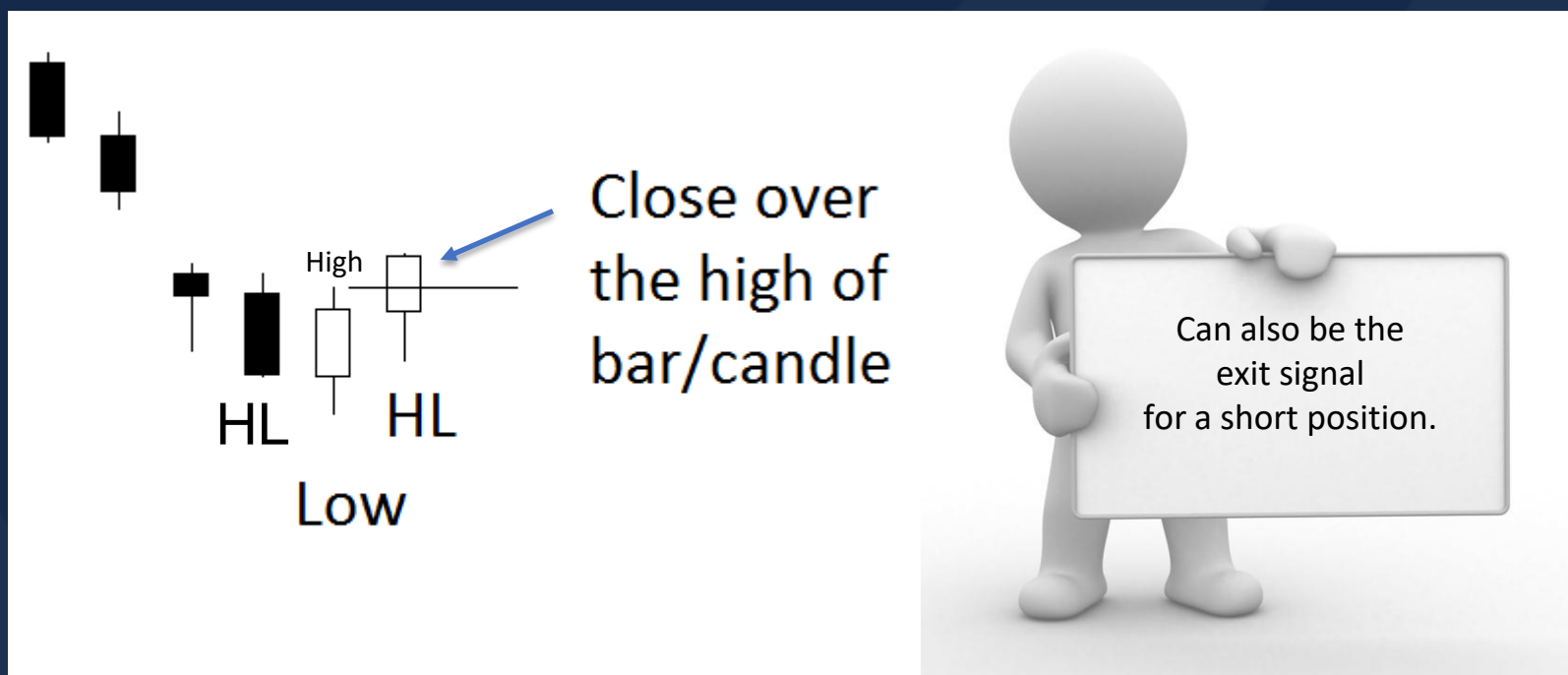
The outside period (OP) can mark a significant market turning point at or within 3 bars (93%).

OPu is an up close bar OPd is a down close bar.

The OP period comes in all shapes and sizes.

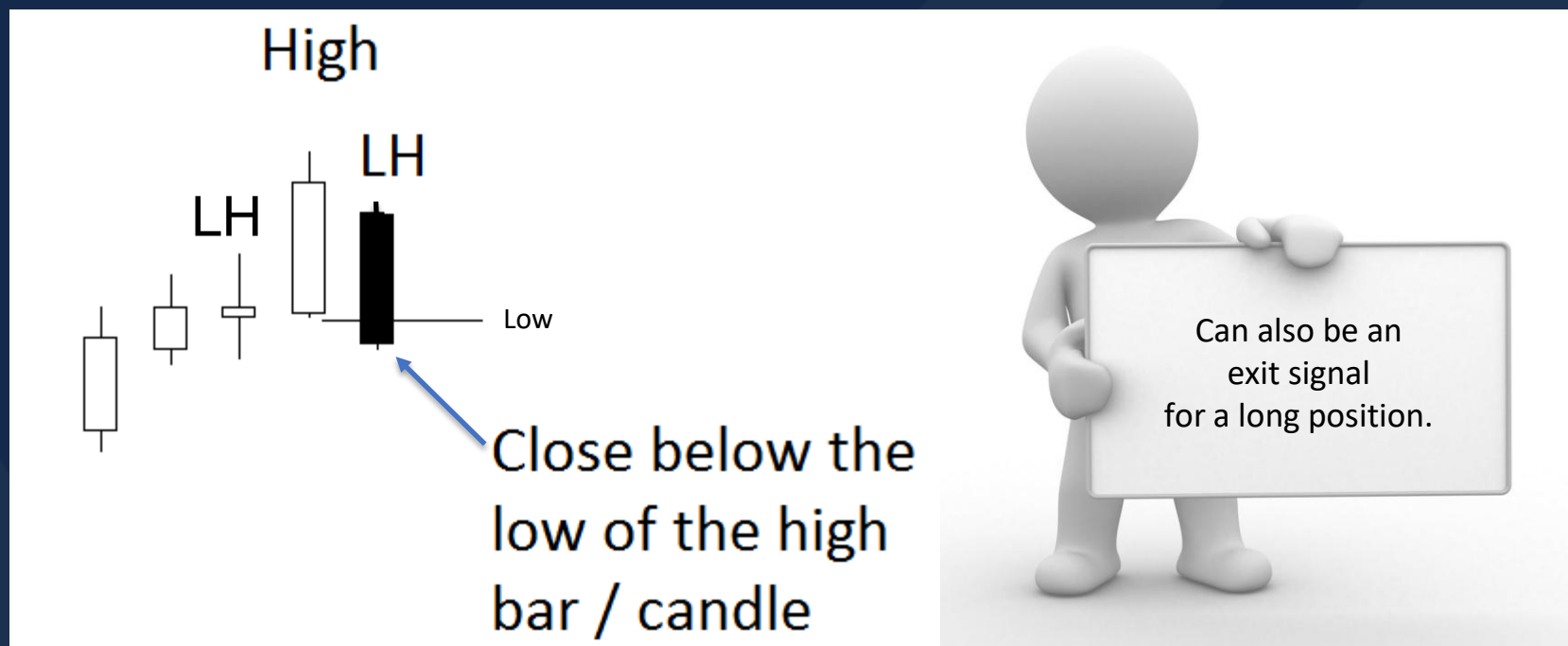


The technical setups. The Pivot point reversal



The technical setups

Pivot point reversal



The technical setups WEEKLY #3 reversal



When Line #3 is found at a **HIGH PRICE AREA** Long positions should be closed within a week.

If the opening price of the following week is above the Midpoint selling is still indicated, **this often shows a high with 2 weeks warning.**

Short positions would be closed with a closing price above the high price.



The technical setups

WEEKLY #9 reversal

When Line number #9 appears, the body is above the Mid-point. With the closing price lower than the Open.

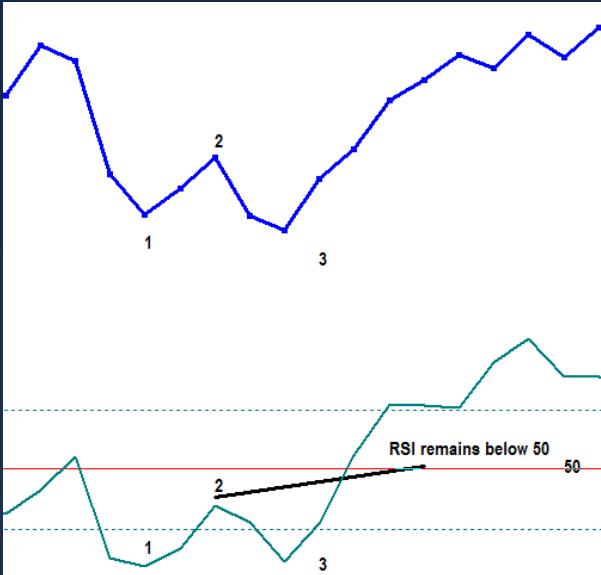
If this is a short line the trader should wait for the market to show direction.

Following Price movements can “engulf” this short movement.



THE TECHNICAL SETUPS

Relative Strength



Relative Strength Indicator

SWING BUY SIGNAL.

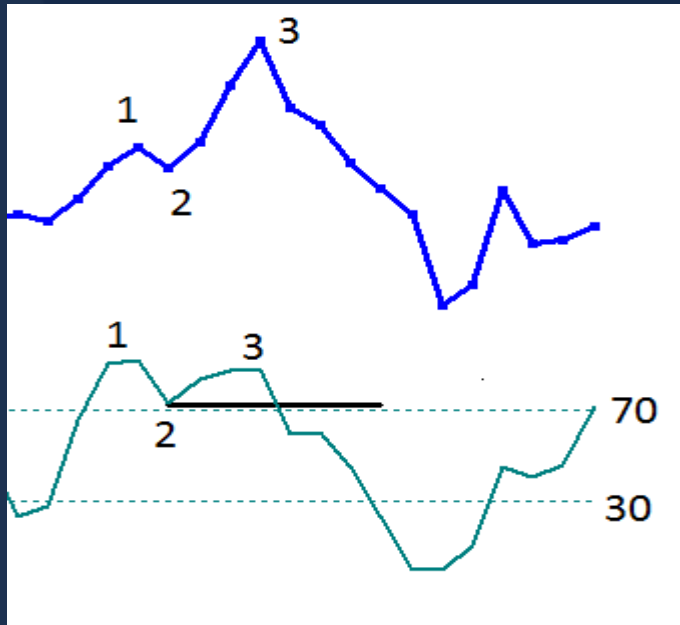
- Market makes a low, (1)
- Market closes higher, (2)
- Market makes new lower low, (3)

- RSI swings below the 30 level. (1)
- RSI moves higher but not over the “50” level. (2)
- RSI makes a higher low (3)

- The swing buy signal occurs when the RSI moves and finishes over point 2

THE TECHNICAL SETUPS

Relative Strength



The RSI Failure Swing

1. Market makes high price.
 2. Retracement RSI remains above "50" (2)
 3. Market makes higher high.
 3. RSI makes lower high. (3) Must be over the 70 level.
- ** The Swing failure sell signal occurs as RSI swings below "2" **

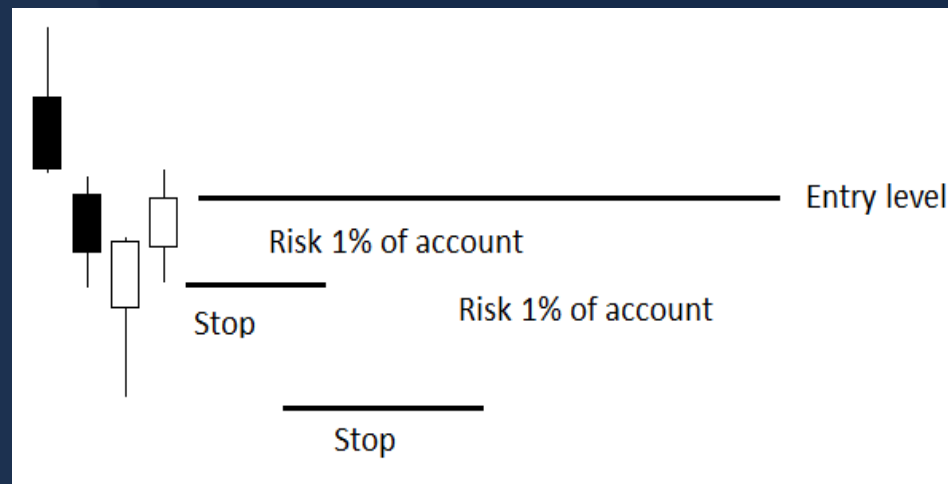
Swing failure is identified with the break of point 2 on RSI

Position size and management guidelines

Position size by account size

Building a trading system on simple rules requires a money management process.

As an example, should 1% of the account size be risked on an individual position, the position size can be calculated. Here is the guideline, this allows the trader to build an R- (risk) based return.



The distance-to-stop is the \$ amount risk.

Dividing the distance to stop into 1% of the account size gives the position size.

The lower stop displayed will have a smaller position size.

Profit taken on the trade can then be measured against the risk.

For example:

The distance-to-stop is 20 cents and the account size is 10,000.

Using 1% (\$100) of the account, divide the \$100 by 20c.

This gives a position size of 500 units.

The lower stop loss is 50 cents away. Using the same methodology of a 1% of account risk, the position size is 200 units.



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THANK YOU