



IN BLACK AND WHITE

the week beginning
03/12/2019

A market technician's view

FX
INDICES
EQUITIES

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SUMMARY-

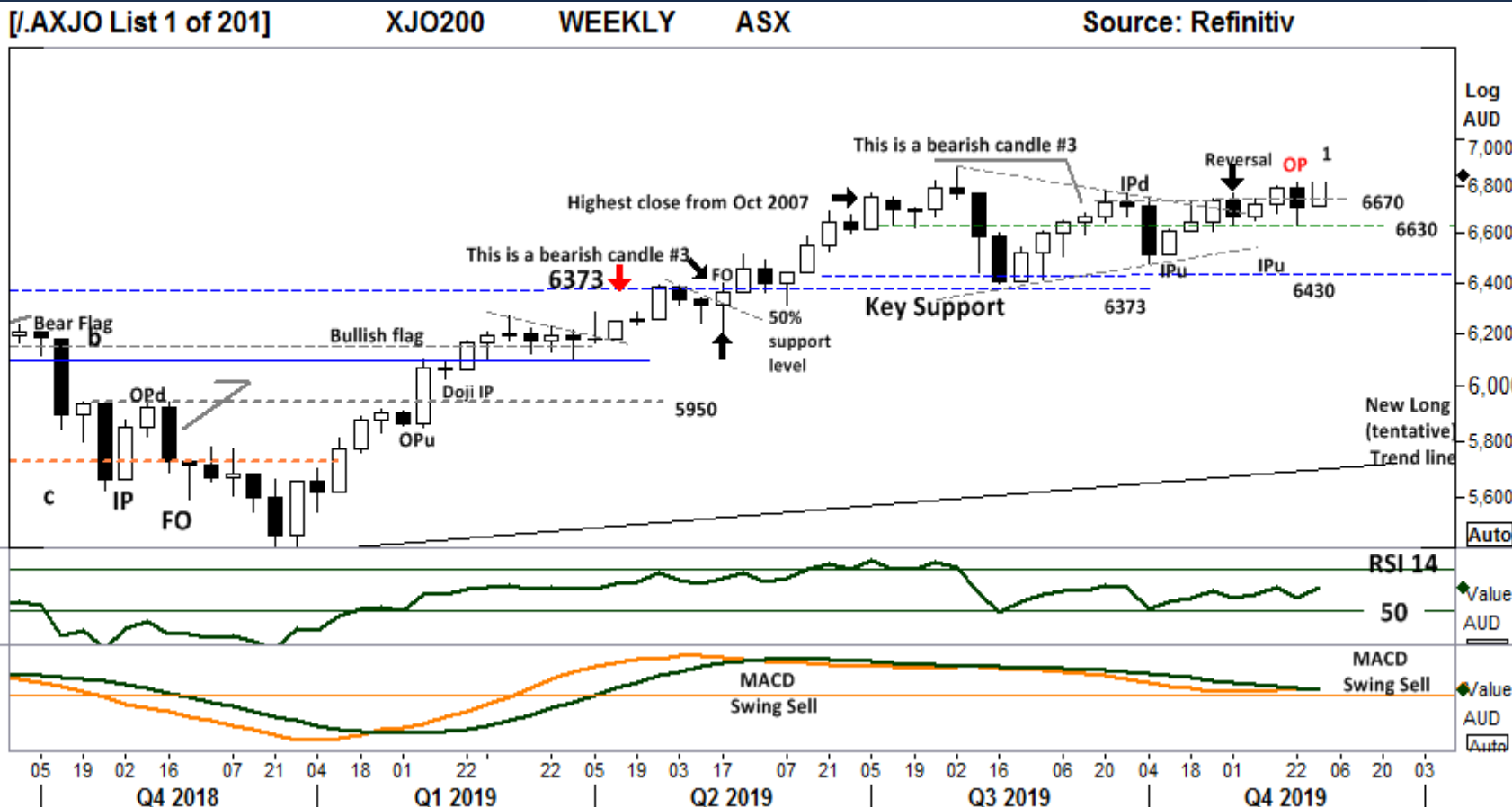
Major Indices are showing a short term top in place with the potential for a short consolidation period. The US Transports index has again failed to confirm the underlying Bullish moves of the broader market.

Gold is starting to gain strong price support at \$1450 level with strong moves off this level again this week, momentum to the upside is increasing.

Silver continues to consolidate above \$16.60

West Texas Oil has broken down from the Bearish flag with a very decisive price range bar, this offers potential to retest major support at \$50.00.

Australian 200 index – Weekly



The WEEKLY chart of the XJO remains in a Primary UPTREND.

With a strong week closing on the high, surprisingly this can be a short term bearish signal as the high close suggests exhaustion. 6630 to 6670 remains the first support level for any retracement move.

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: Last weeks **OP** is a bearish signal. This type of OP has appeared at ALL of the major turning points of the Index. Early price consolidation to the 6630 level would confirm a short term top in place.

Australian 200 index – Daily



Fridays range is an Outside period, this has a high correlation to marking turning points in market movements at the end of a very strong week.

A short retracement is expected in the coming week.

The Relative strength Indicator has turned lower and now shows divergence during the month of November. The RSI remains above the 50 level indicating increasing price momentum.

Comments from last week: Price failure and a successful retest of 6630 is a bullish sign for the next few days. Again Fridays higher move was on low Volume indicating a lack of commitment by the buyers. A retest of the recent 6814 high could be expected with further consolidation.

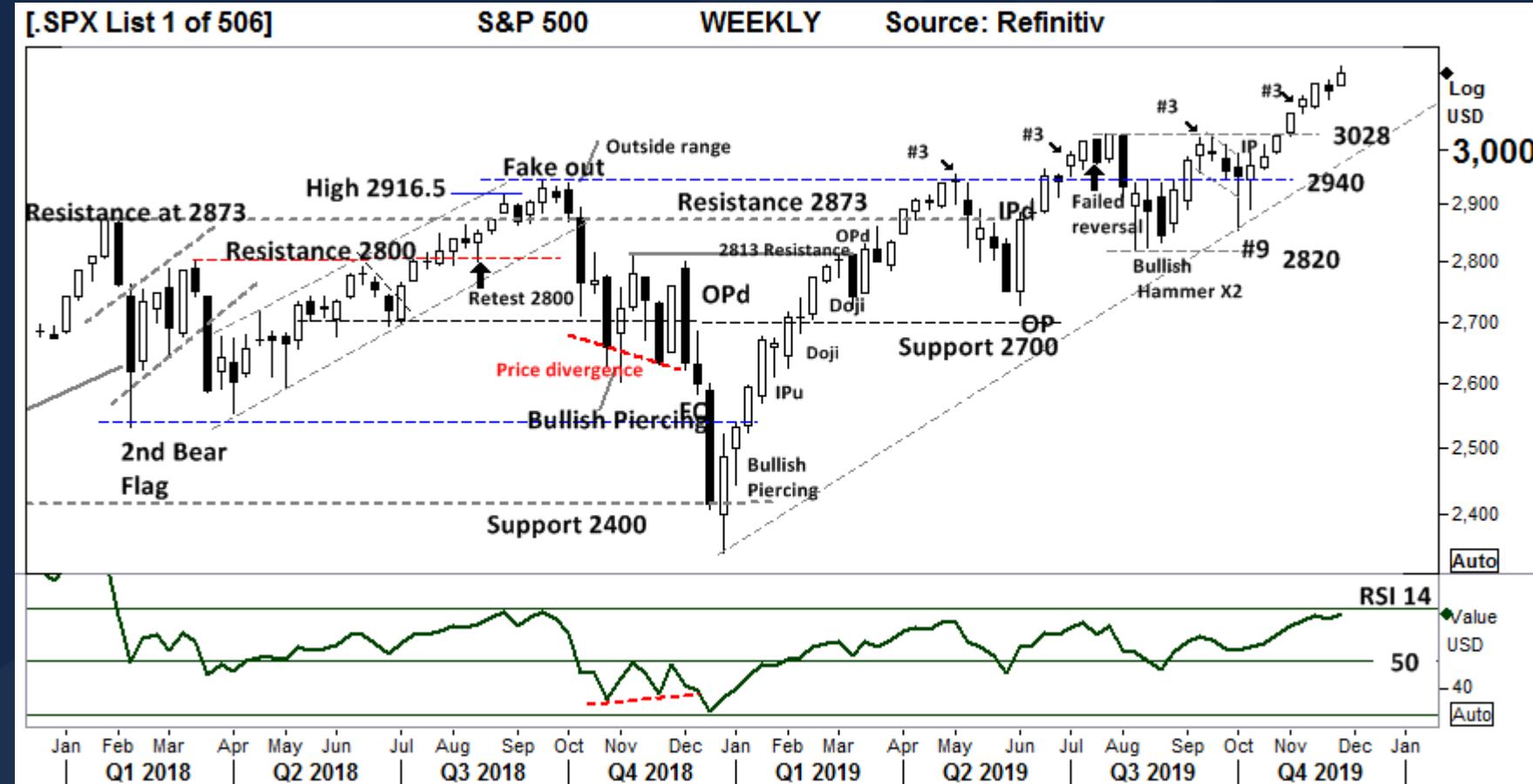
S&P 500 Index – Weekly

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

The underlying 2019 trend line remains intact.
Last weeks rejection of the highs suggests consolidation for coming week.

3028 remains the major support level on any retracement moves.
RSI remains positive swinging higher.
(See notes below for #3)

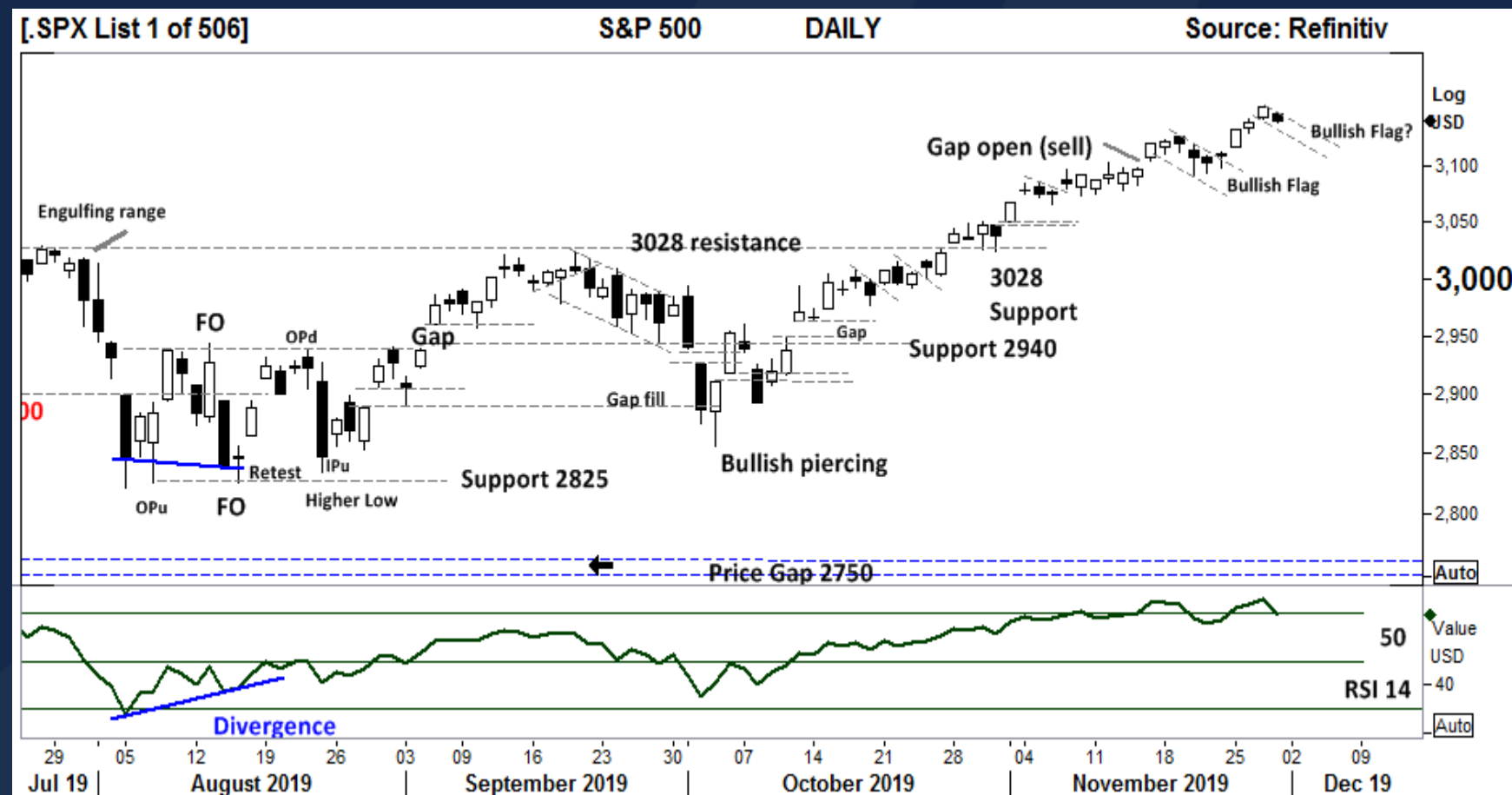
Comments from last week. With a close over the #3 weekly high further gains are expected in the coming week. However with the short range week in place consolidation at these levels would be expected in the coming weeks



S&P 500 Index - Daily

This weeks bullish flag breakout has set news highs in a shortened week. Fridays lower close suggest further price consolidation at these levels. A potential bullish flag will require small a price retracement to confirm.

The RSI has turned lower and has remained above the key 50 level, and remains high as a signal of strong price momentum. However divergence is now developing on the RSI.



Comments from last week: Underlying PRIMARY Trend remains UP. With the Gap Open sell point being closed current consolidation remains bullish. A breakout over Tuesday's 3128 high would signal further gains in the coming days.

Transports Index

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

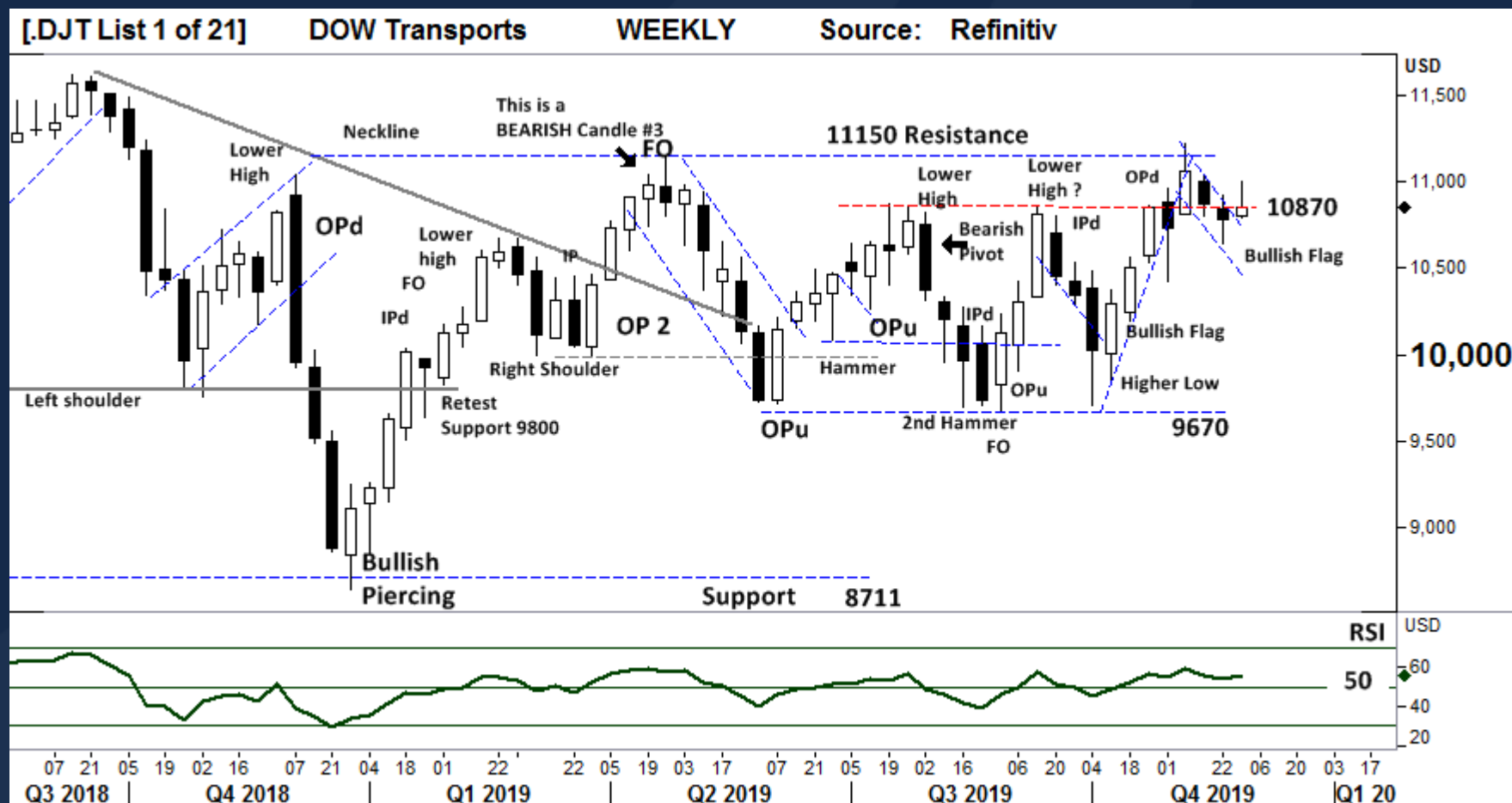
(This index is now heading towards a **CONFIRMATION** of the long term Bull market, a break of 11150 points is required.)

Last week price posted a breakout of the Bullish flag pattern before late rejection to see the price close at the 10870 level.

Not a bullish sign for further gains.

Relative strength has turned lower and remains over the key 50 level a sign of decreasing price momentum inside this consolidation pattern..

Comments from last week: A bullish flag developing has the potential to lift the Transports out of this current long term (2019) channel between 9670 and 11150.



GOLD Weekly

GOLD enters a Primary DOWN TREND.

Last week showed further consolidation above \$1450 a very strong sign of building support at this level.

A further close below \$1450 would be a very bearish signal.

Relative strength remains over the 50 level, however the indicator is trending down and currently moving sideways.

Comments from last week: The current 2 small weekly ranges remain a bearish sign for lower prices. Volatility remains low indicated by the Relative strength turning sideways. A break of \$1450.00 would be a very strong Bear signal.



Gold Daily

GOLD enters a PRIMARY DOWN TREND.

A retest of \$1450 occurred during last week followed by the strong breakout on Friday closing on the session high. This is an important development for the buyers as continued support develops.

\$1476 remains resistance in the coming days.

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

Comments from last week: \$1476 has remained the key short term resistance level (Magenta line) . Short term traders would look for a breakout over this level. GOLD remains at risk of breaking lower to retest \$1450 in the coming days.



SILVER Daily

No Bull market here:

Silver remains in consolidation above the historical \$16.60 support level. Price movement remain indecisive as consolidation takes place.

But as this is news driven, a breakout over \$17.30 and \$17.50 would be very bullish.

Relative strength has turned lower a sign for further weaker price momentum, however the RSI is rising overall, a move over the 50 level would indicate strong price momentum.

Comments from last week: Silver continues to build a bearish flag formation, with short term resistance now set at \$17.30. This Low volatility pattern will lead to a high volatility breakout, the pattern suggests lower. Friday showed an outside range, this often marks the turning point.



Australian Volatility Index

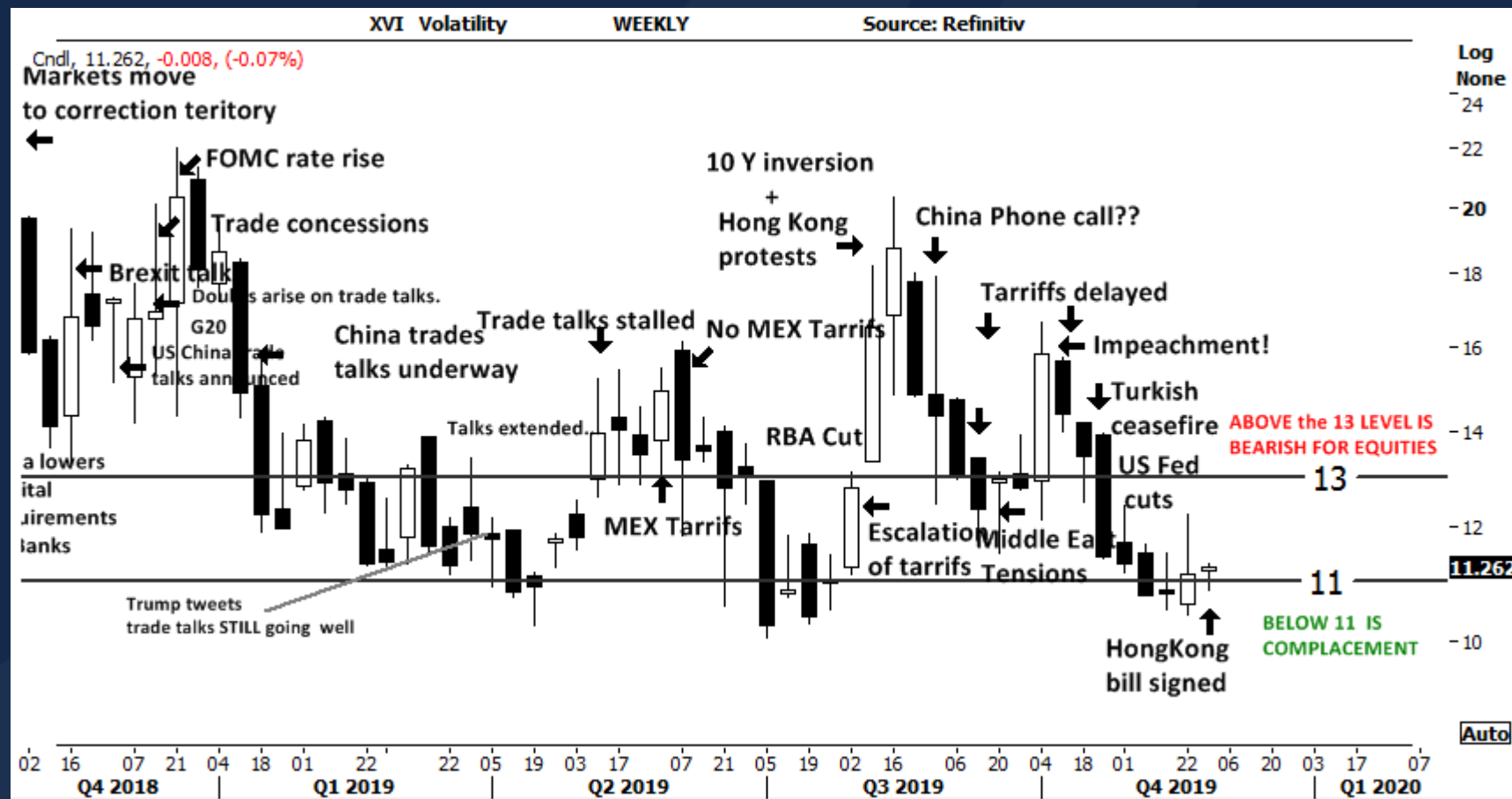
Current volatility levels, show a increase in the volatility indicator. This is remains some what Bullish for equities, a continued movement towards 13 would send a bearish signal. This news driven indicator is reflecting an increase in risk and uncertainty in markets going forward.

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

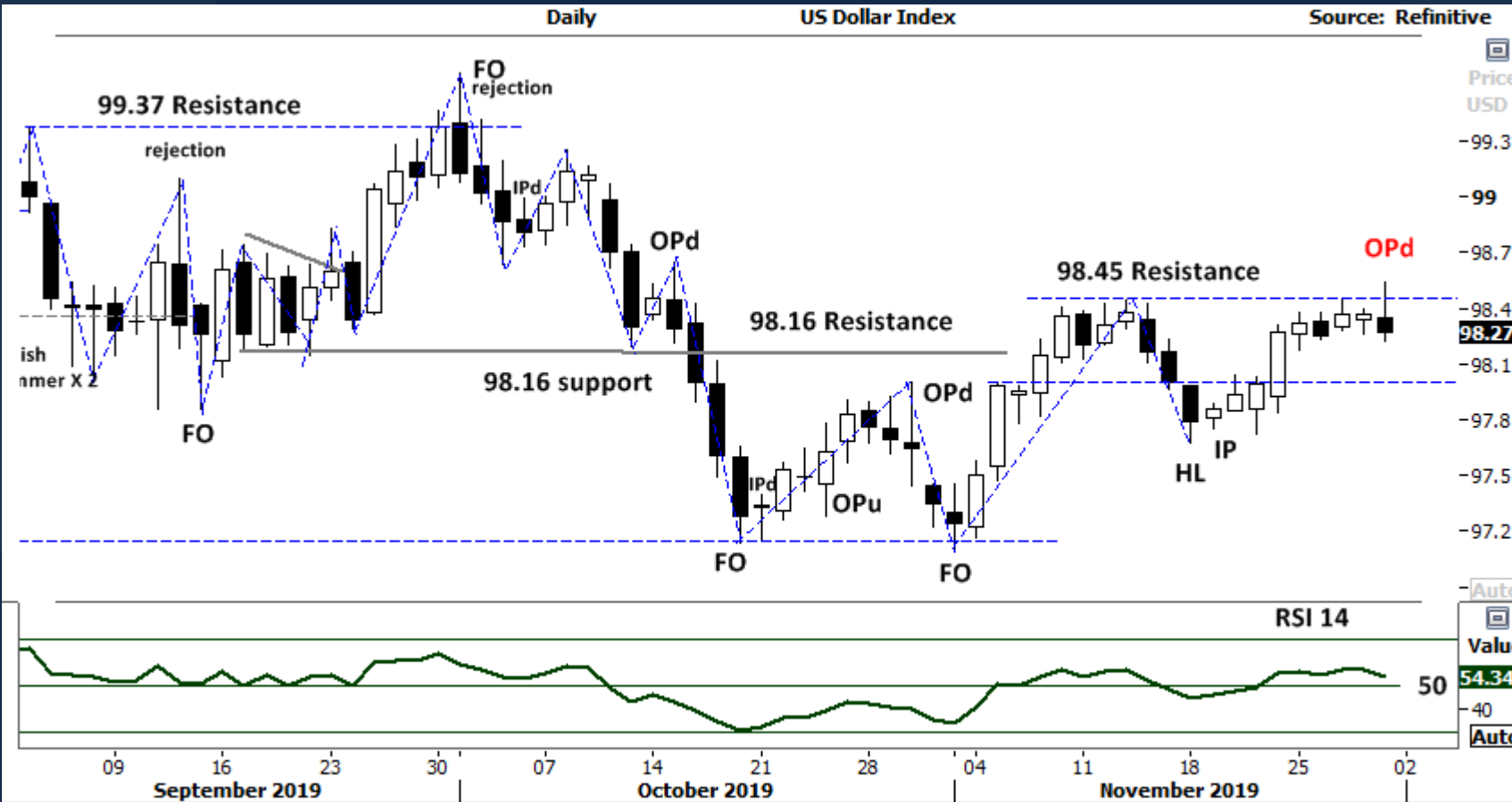
As markets anticipate events, the forward priced option volatility changes, hence as forward price changes, this "skew" in pricing is measured in this XVI.

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



Consolidation of price below 98.45 remains a Bullish sign.
Fridays OP (outside period) is a bearish signal.
Further price rejection would look for support at 98.00.

This remains a developing UP trend.

Comments last: Tuesdays Inside range (IP) has lead to a significant rally back towards the 98.45 highs.
As Relative strength again swings above the key 50 level reflecting an increase in price momentum.

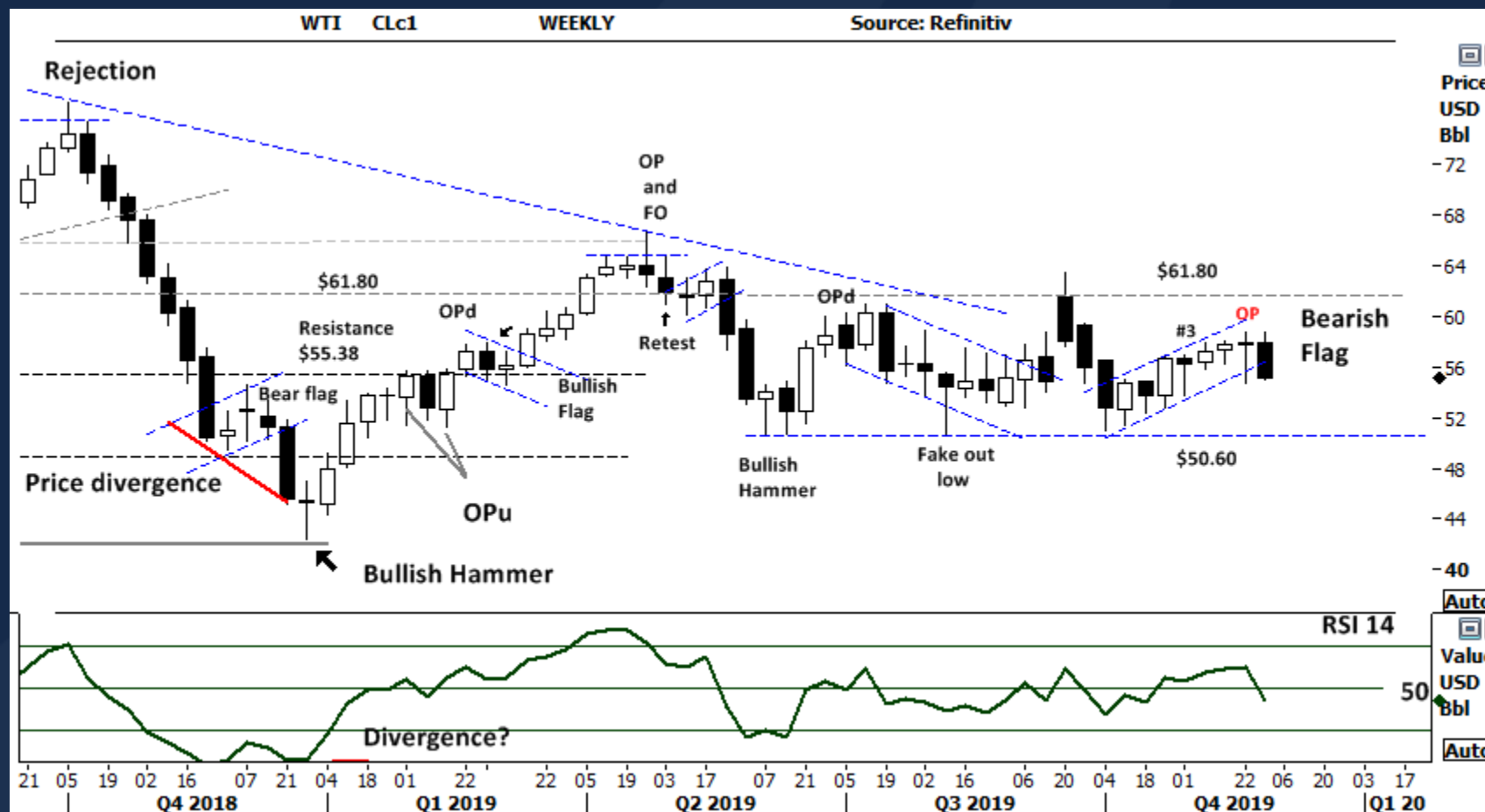
WTI Oil WEEKLY

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

Last week saw the Bearish flag breakdown. A very strong signal for further declines in the coming weeks. Traders would look for a retest and support at \$50.60.

The Relative Strength Indicator turns lower below the 50 level, a sign of weak momentum.

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



The technical setups

Outside period

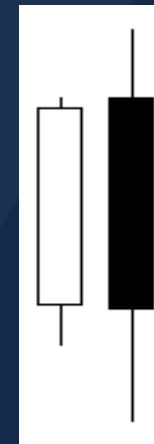
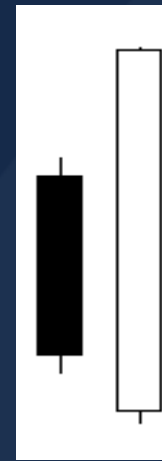
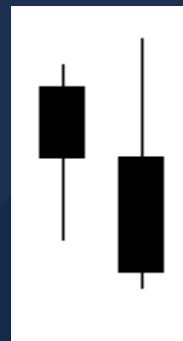
OPu and OPd

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

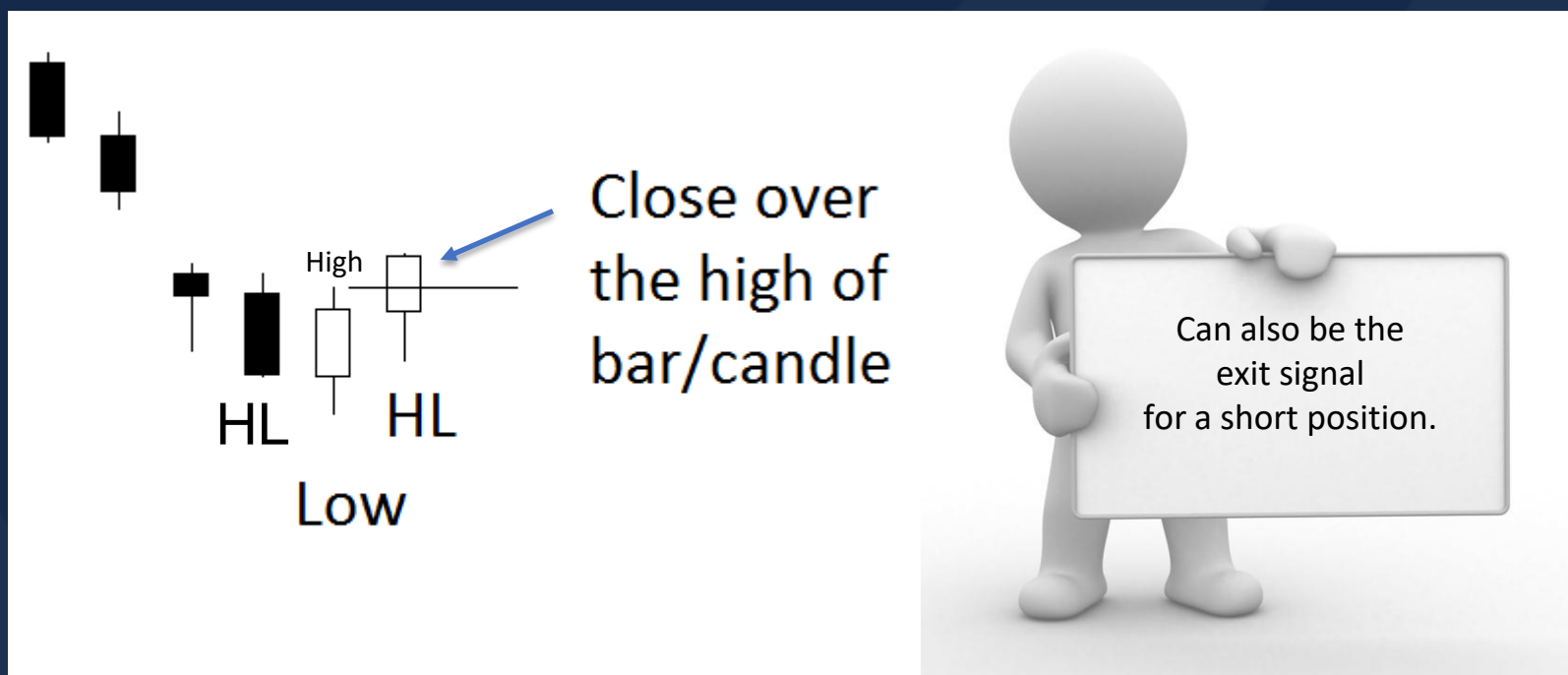
The outside period (OP) can mark a significant market turning point at or within 3 bars (93%).

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

The OP period comes in all shapes and sizes.

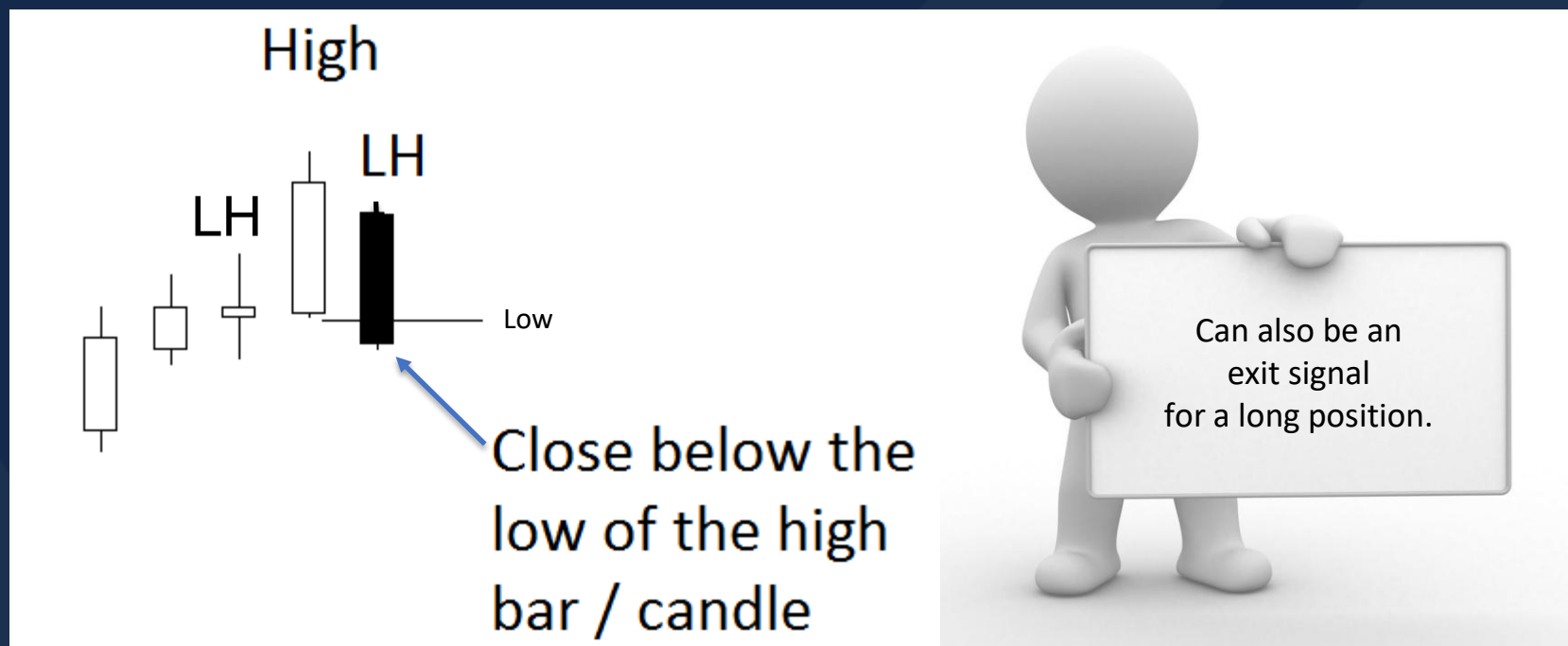


The technical setups. The Pivot point reversal



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.

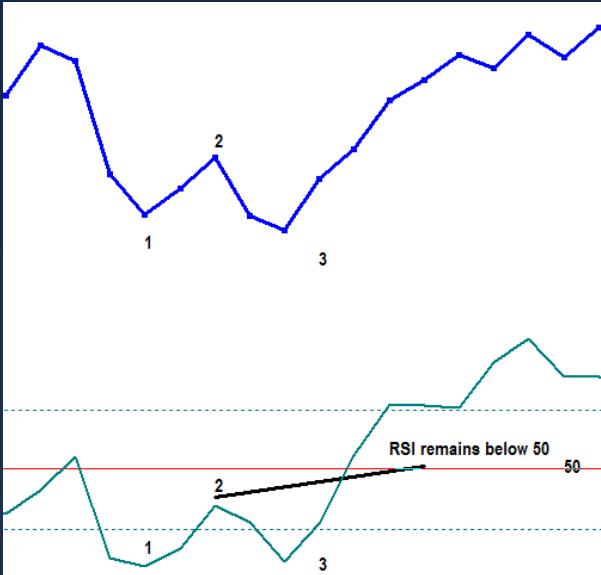
If this is a short line the trader should wait for the market to show direction.

Following Price movements can “engulf” this short movement.



THE TECHNICAL SETUPS

Relative Strength



Relative Strength Indicator

SWING BUY SIGNAL.

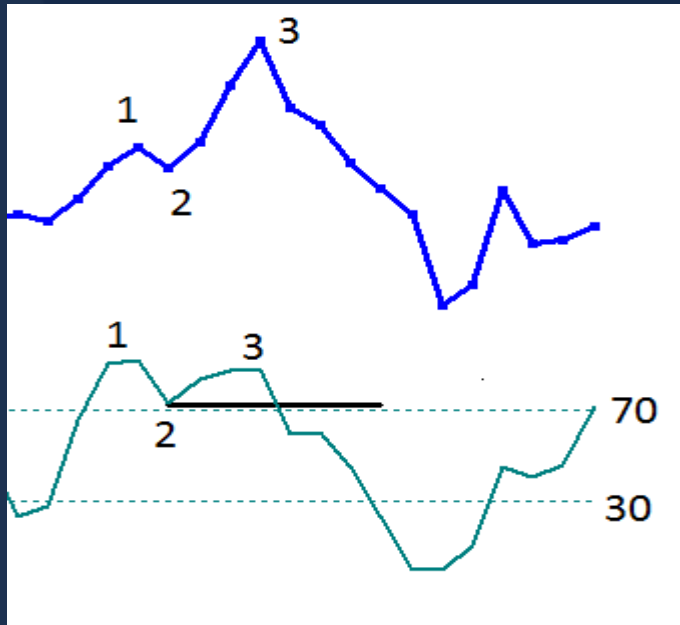
- Market makes a low, (1)
- Market closes higher, (2)
- Market makes new lower low, (3)

- 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" **

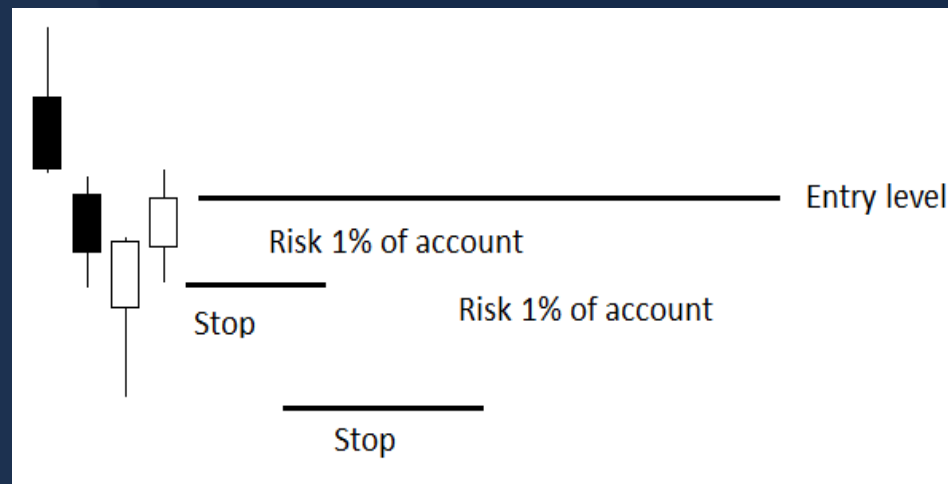
Swing failure is identified with the break of point 2 on RSI

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