



**IN BLACK AND WHITE**

**05/10/2018**

**A market technician's view**

**FX  
INDICES  
EQUITIES**

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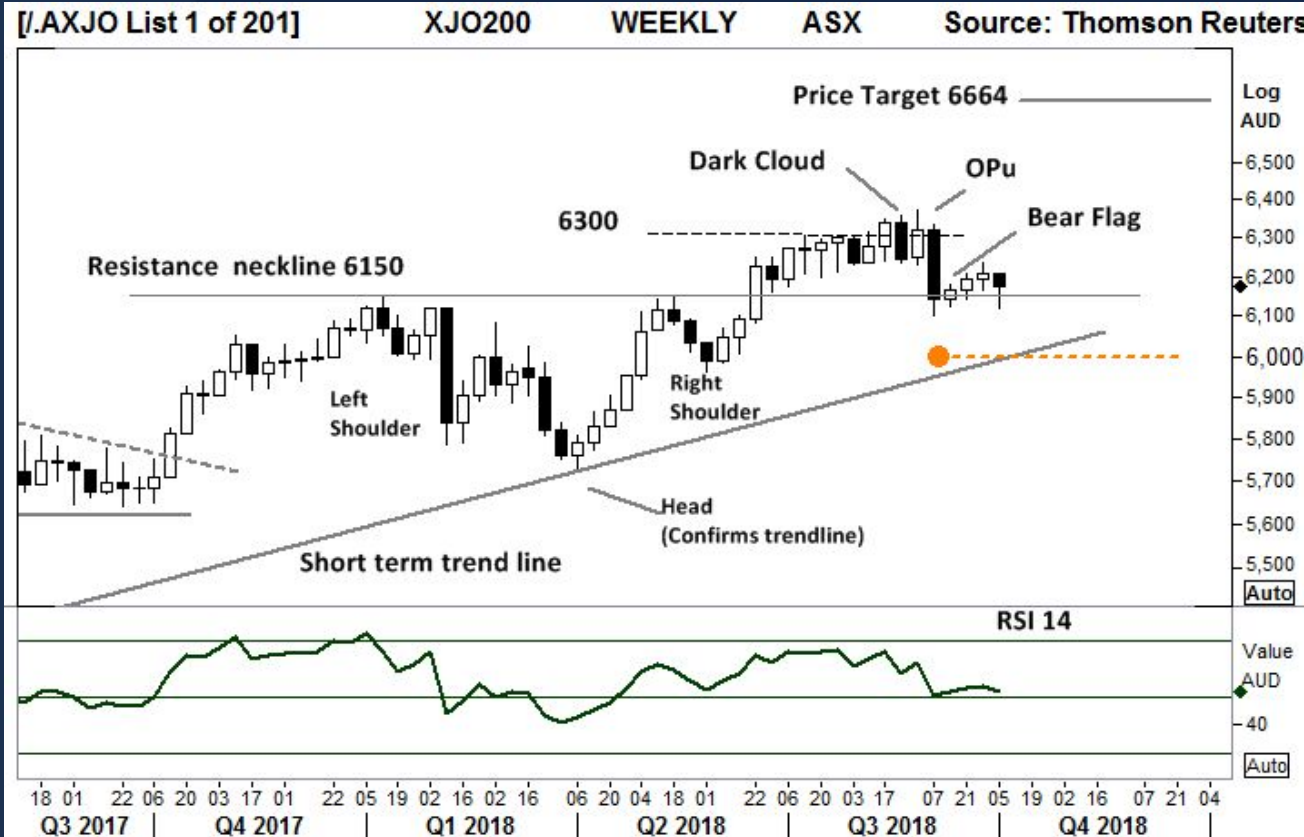
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# Aussie 200 index - Weekly



The Weekly chart shows the Opu from 5 weeks ago signalling the “high” price level, with a complete reversal.

Last week's candle, a time of indecision, has been followed this week by a Bearish pattern now confirmed as a Bear flag breakdown.

The large range Opu candle has yet to play out into lower prices. Only a Weekly close below 6102 points would signal a further bearish move.

The upper price target remains in place as the primary trend remains up.

The importance of trend lines is now highlighted, as the Short term trend line would come into play, with an intersection point around 5960 points.

The Relative strength Indicator has moved above the key “50” level indicating a loss of downside price momentum.

**Comments from last week:** Last weeks inside candle, a time of indecision, has been followed this week by another small range candle a Bearish pattern now confirmed as a Bear flag.

# Aussie 200 index - Daily



The daily price has again found resistance at 6200. The overall picture remains bearish with a potential break of the 6102 levels in the coming days.

However, this secondary price reaction remains bearish in the short term.

A price move below 6102 would constitute a daily trend change, and can offer future trading opportunities.

## Comments from Last week.

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# S&P 500 Index - Weekly

PRIMARY TREND REMAINS UP.

This week Outside range is a high percentage reversal (93% within 3 bars, Krastins.)

An outside range is a time of confusion in the market as a new high has been made and a lower low from last week.

A closing breakdown below 2870 and 2800 would be required to shake the confidence of the bulls and a further close below 2700 would place the index into a primary down trend.

Relative strength (14) remains over the key "50" level.

## Comments from last week.

The Fake out bar is the one making a new high past the previous high. Should the daily price now continue to close below 2916.5 ( last high ) a short term top may be in place.





# S&P 500 Index - Daily

The Index is now on target to reach 3000 points. Has met significant resistance.

Future price weakness should be monitored closely as a breakdown below of the current trend line now highlights a potential retest of 2800.

Relative strength (14) remains just positive above the key "50" level, although turning down.

## Comments from last week.

The S&P 500 Index Daily chart highlights the closing over the new upper resistance ( Blue line) of 2916.5 with the rejection and the retest of the trend line. Future price weakness should be monitored closely, as should a potential breakdown below of the current trend line would highlight a potential retest of 2800.



# FTSE 100 Index - Weekly

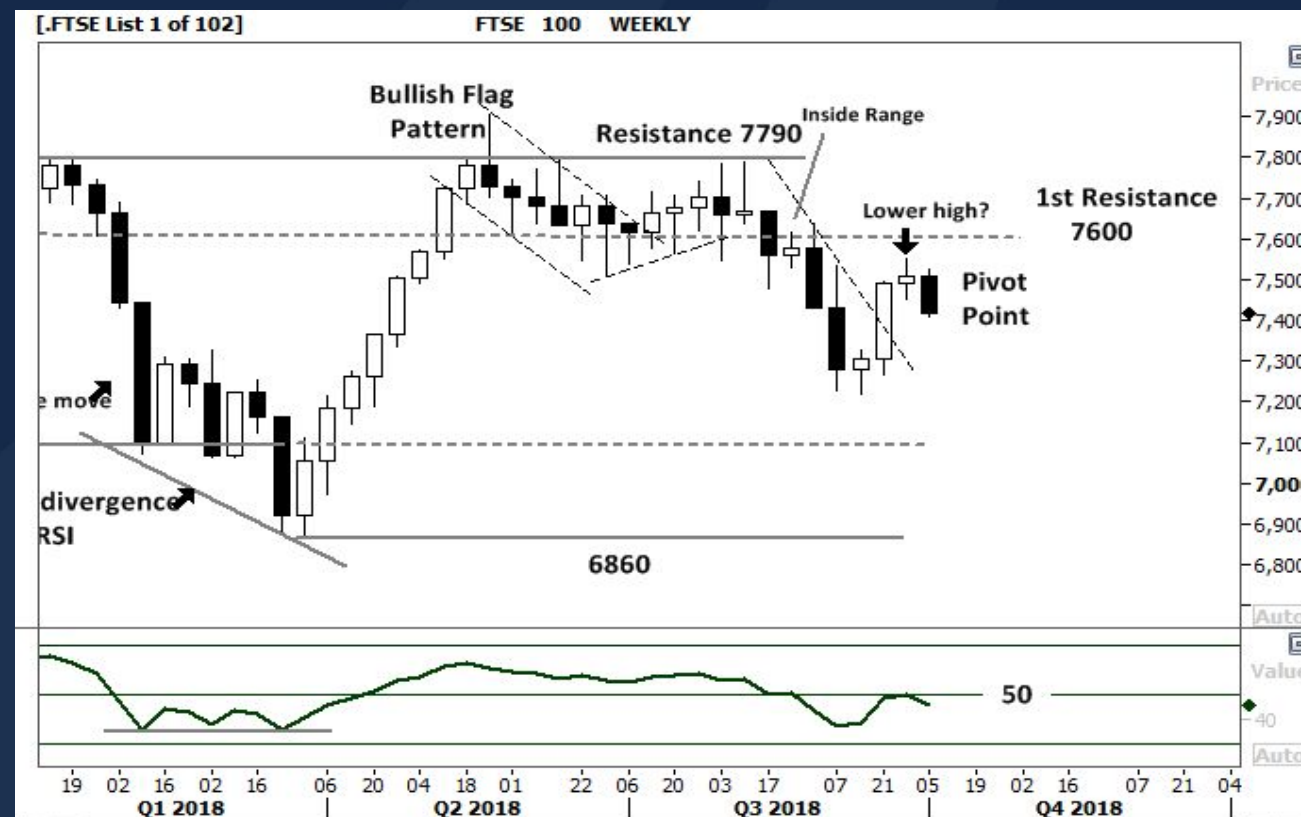
## FTSE 100 weekly:

The current "lower high" is set from the pivot point reversal in place.

As the Index failed to meet the 7600 level before reversing, bringing a very strong bearish overhang to the FSTE.

A continuation lower is expected to test 7200.

The Relative strength indicator 14 has moved below the "50" level, showing negative price momentum.



## Comments from last week:

Follow on from the "pivot point" reversal bring the 7600 level firmly into play.

Rejection at this level reaffirms the **Primary down trend**.



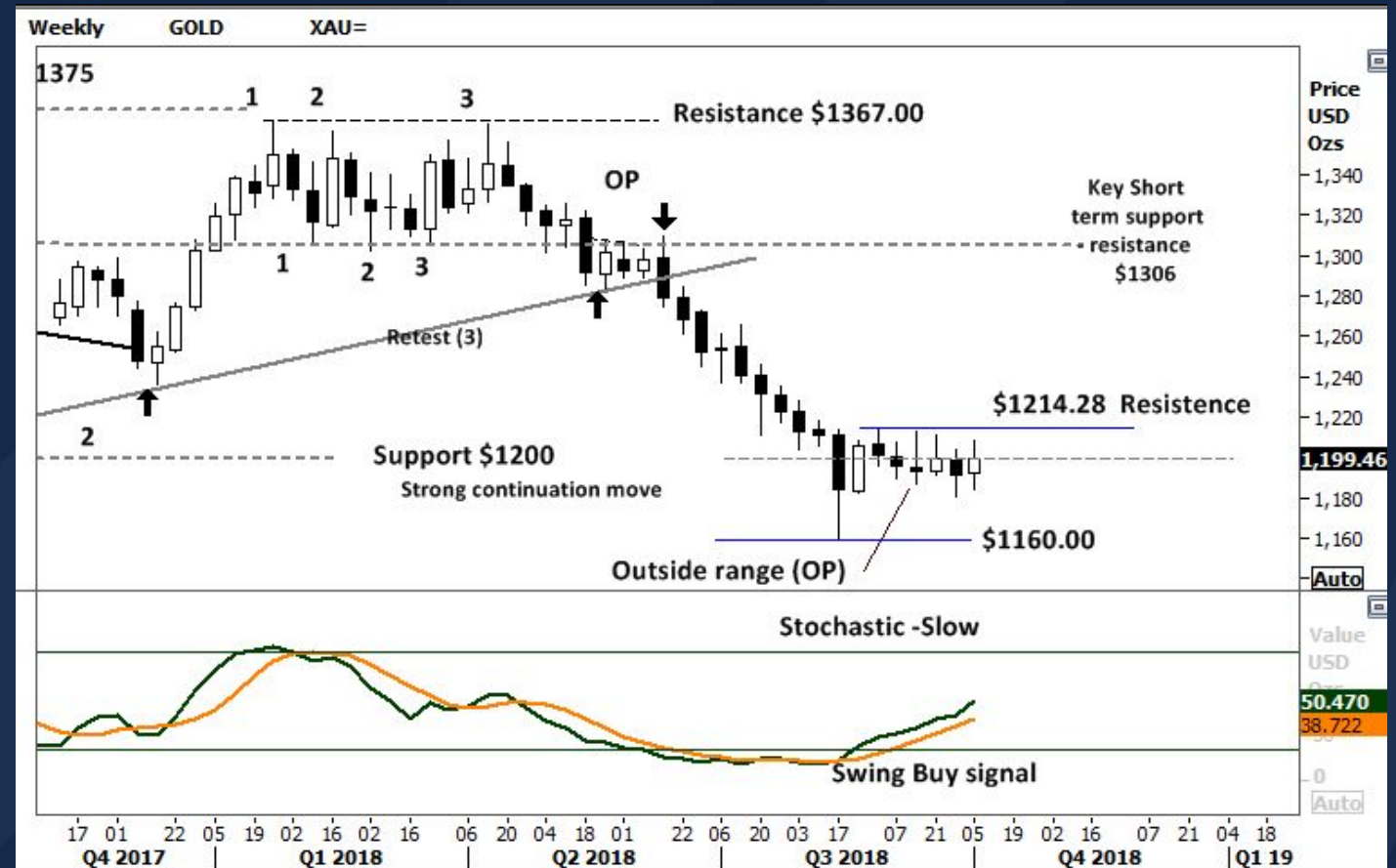
# GOLD Weekly

## Gold Weekly:

A closing price over the \$1214.28 resistance is the key observation for developing a bullish view. The primary trend remains down.

**Gold remains in a primary down trend.**

The current consolidation around the \$1200 can be viewed as "Gold is building a base" within the down trend. A breakdown below the \$1160 support would be very bearish in the near term.



Comments from last week:

The Slow Stochastic still provides an early "swing buy" signal, and after many weeks of indecision is now confirmed, as the swing higher over the "20" level, and highlights the futility of indicators

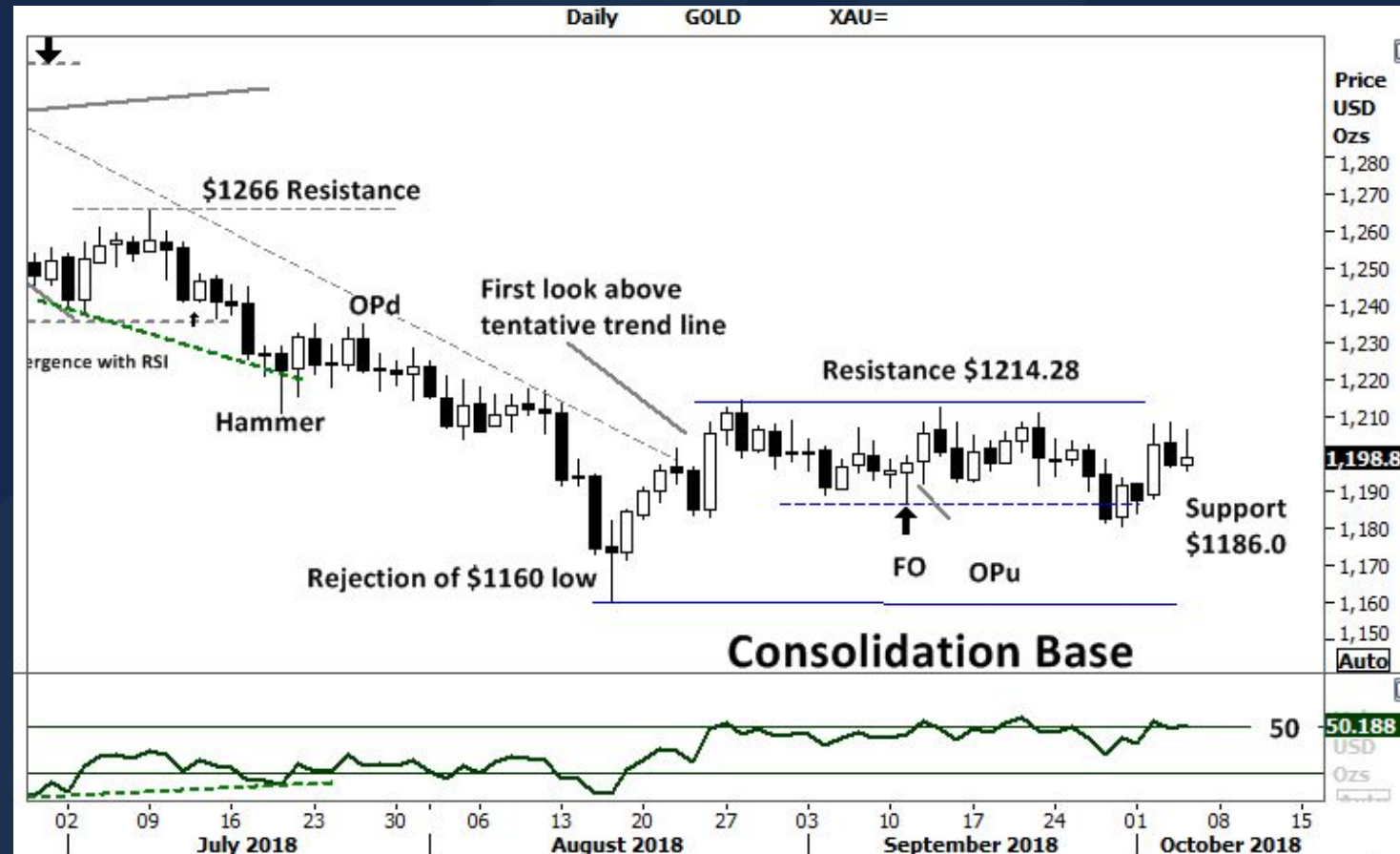
# Gold Daily

The consolidation base continues to build in GOLD. Last week's breakdown below \$1186 support was quickly reversed with a retest of the \$1200 level. This period of low volatility will lead to high volatility.

RSI has remained bearish to neutral as it swings around the "50" level.

## Comments from last week:

This daily movement now moving below the \$1186 support level is very bearish and sets up a potential retest of \$1160. The primary down trend has resumed.



# Australian Dollar Gold -Weekly

Gold in Australian dollars continues to improve as the AUDUSD moves lower.

This week's break of the \$1690 level places AUD Gold into a primary uptrend.

Australian gold producers will benefit from this improvement, in cost margins.

RSI is showing a bullish change in momentum moving above the "50" equilibrium level.

## Comments from last week:

The reality is this **consolidation base** can resolve itself back into the already in place Primary Down trend.



# US Dollar Index



The Relative strength Indicator ( 14) has turned sharply higher confirming upward momentum.

A retest of the key 95 level on a very strong range, look for continuation higher, has proved the bullishness of this weighted index.

The weakness would see the 95 level again tested.

The US Dollar index is weighting of the US Dollar against a basket of other currencies. The Euro, Japanese yen, British pound, are just a few.

An increase in the "Value" of the US dollar Index is indicative of the strength of the US Dollar.

As the US dollar rises other currencies decline in relative "value".

# WTI OIL WEEKLY

## Weekly OIL

REJECTION at \$75.27 is significant, with the current closing at \$74.60.

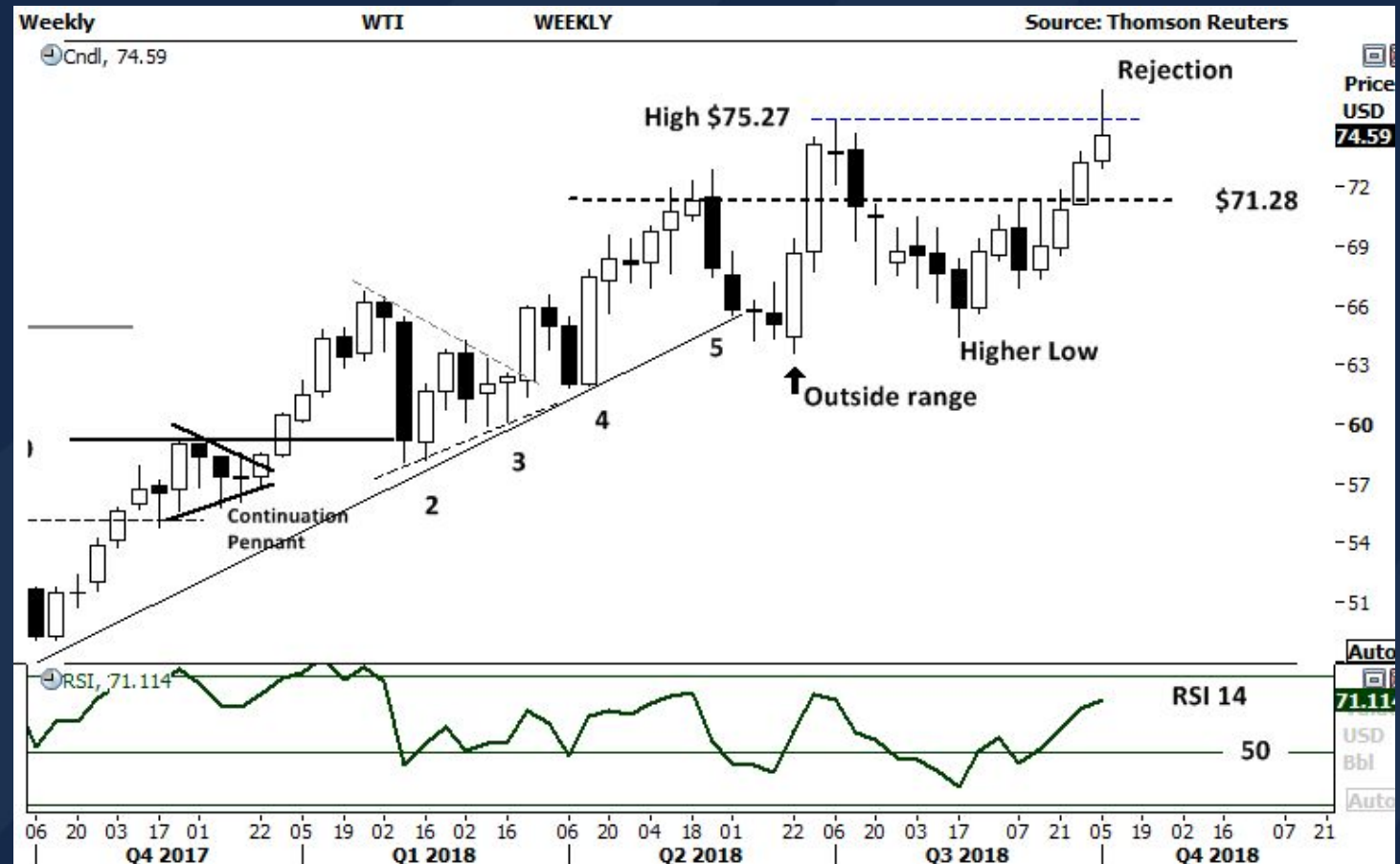
The primary trend remains UP during this time of potential price consolidation and a retest of \$71.28 possible on further weakness.

\$75.27 is the next key resistance level.  
\$64.00 is the first key support level.

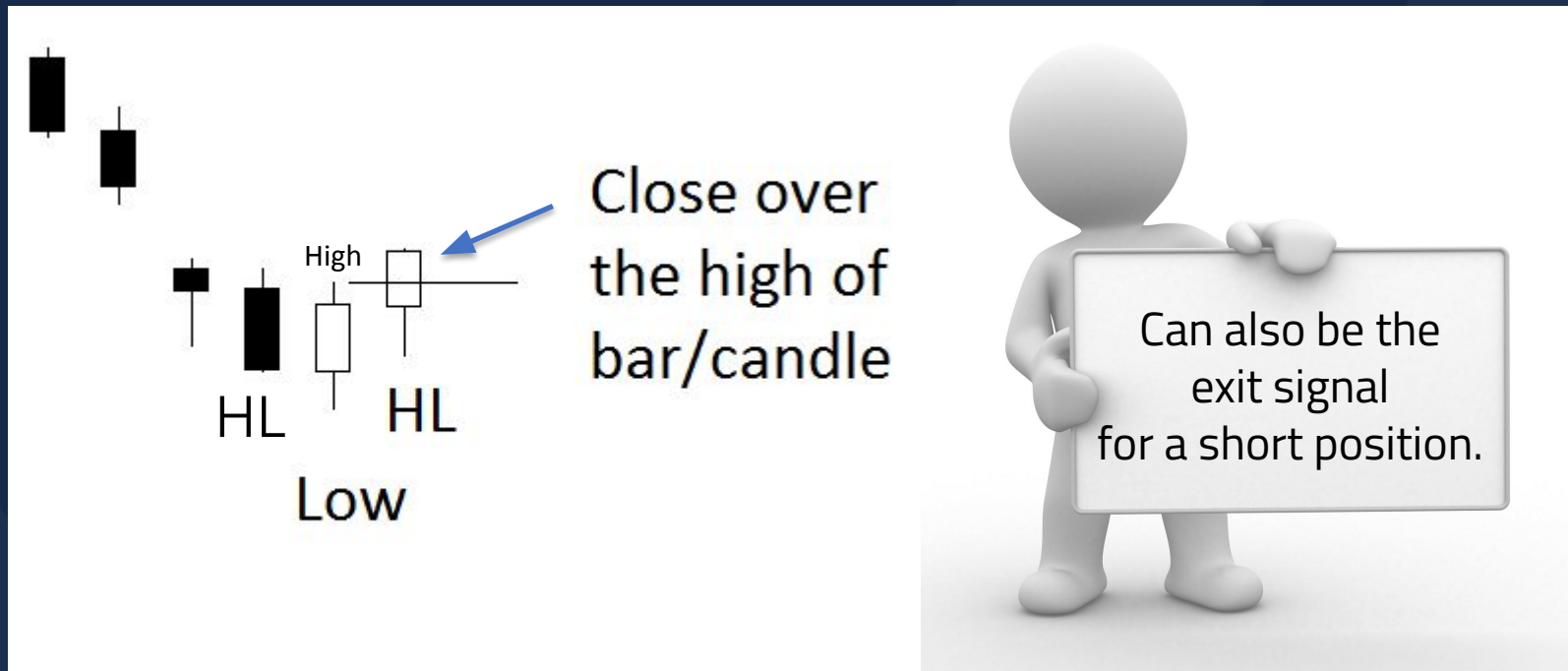
Comments from last week.

The WTI oil contract tests the higher range over the \$71.20 resistance level.

The weekly low of \$64.43 has confirmed as a “higher low”, and has now resolved into higher prices past recent resistance.



# The technical setups. The Pivot point reversal





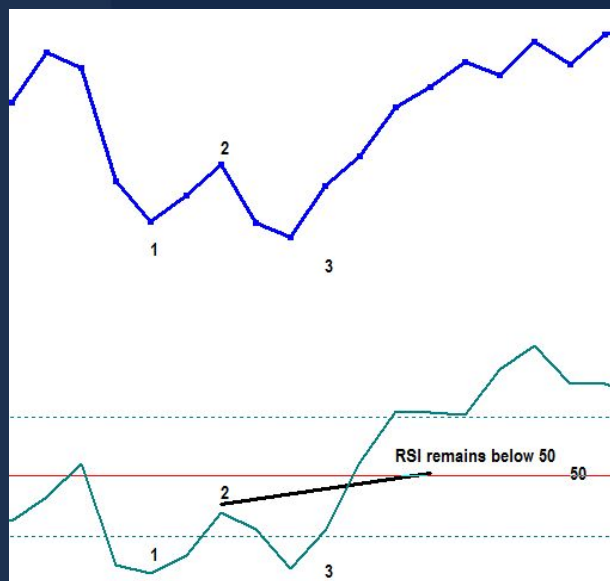
# The technical setups

## Pivot point reversal



# THE TECHNICAL SETUPS

## Relative Strength



### Relative Strength Indicator

#### SWING BUY SIGNAL.

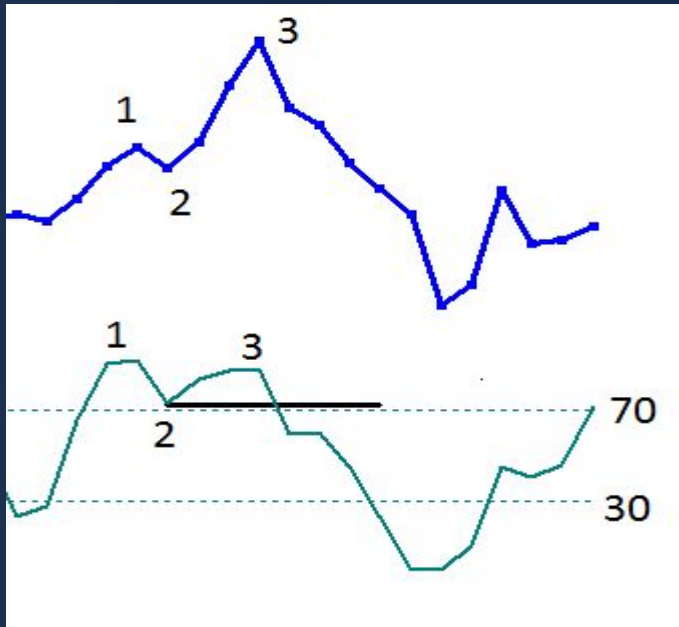
- The market makes a low, (1)
- The market closes higher, (2)
- The market makes a new lower low, (3)

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

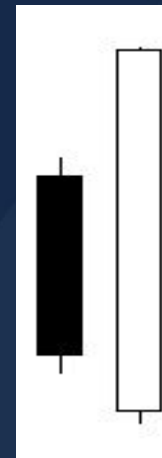
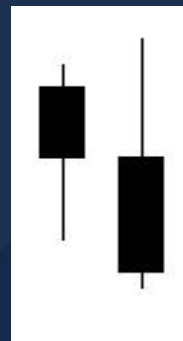
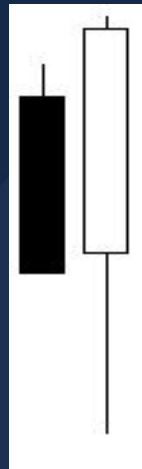
1. The market makes high price.
  2. Retracement RSI remains above "50" (2)
  3. The market makes a higher high.
  3. RSI makes a lower high. (3) Must be over the 70 level.
- \*\* The Swing failure sell signal occurs as RSI swings below "2" \*\*

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

# The technical setups

## Outside range

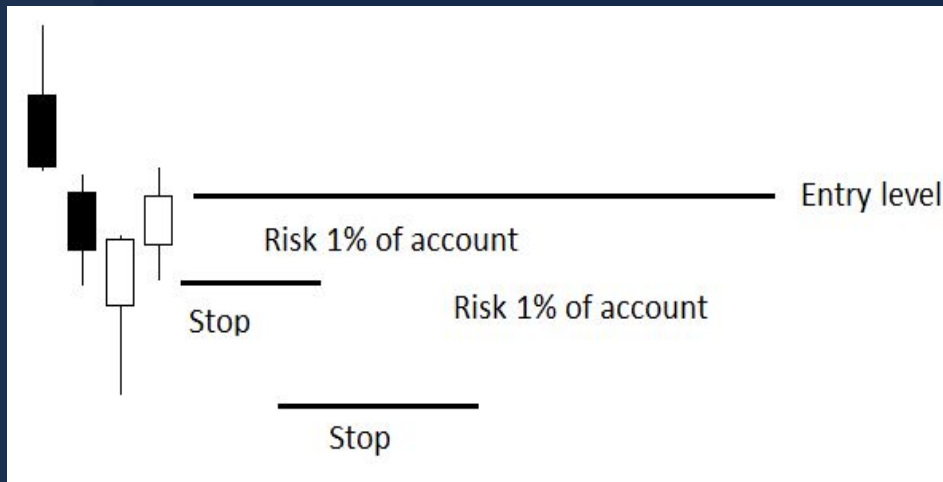
A price range larger than the previous range often indicates a market turning point. (Krastins research)  
The outside period can mark the market turning point at or within 3 bars ( 93%).



# 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.



**Comments and Feedback:**  
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**THANK YOU**