



IN BLACK AND WHITE

**The Week Beginning
30/09/2019**

A market technician's view

**FX
INDICES
EQUITIES**

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SUMMARY

With markets at an inflection point between doubts about Global growth and political events developing in the US the bearish headwinds are becoming stronger.

Last weeks sell down in Gold and Silver has the potential to follow through into lower prices as asset price doubts grip investors.

WTI Oil is at risk of retesting the lower support levels of \$50 in the coming week as the Middle east tensions again take a back seat.

Australian 200 index - Weekly



Primary Trend remains UP.

The developing Bearish wedge with two #3 candles has developed along with last weeks inside period (IP) a time of indecision.

This indication of low volatility can breakout to the high side, however the 6830 would be the significant resistance level.

This chart favour's a move lower to test 6430.

The MACD remains a sell signal.

RSI continues to show a bullish upturn, however has turned "flat" showing a loss of momentum.

(See foot notes on #3 candles.)

Comments from last week:

Current price movements have remained below the rejection high of 8 weeks ago. A breakdown of price would be evident with a weekly close below 6630 points.

Australian 200 index - Daily



The breakdown from the wedge signals a potential retest of 6630 in the coming days.

Friday's rally was conducted on light volume, with a potential to reverse lower.

RSI has crossed the key "70" level and remains an indication of exhaustion at higher prices.

Comments from last week:

Fridays high volume at the rejection level of 6780 adds further concern this move is exhausted. This rejection of higher prices at 6780 resistance may target the short trend line back at 6630 in the coming days. A further breakdown from this level would be very bearish in the coming days.

S&P 500 Index – Weekly

The Primary UP trend remains in place.

The retest of 2950 has been an important hold for the buyers, and will become the support level in the coming week.

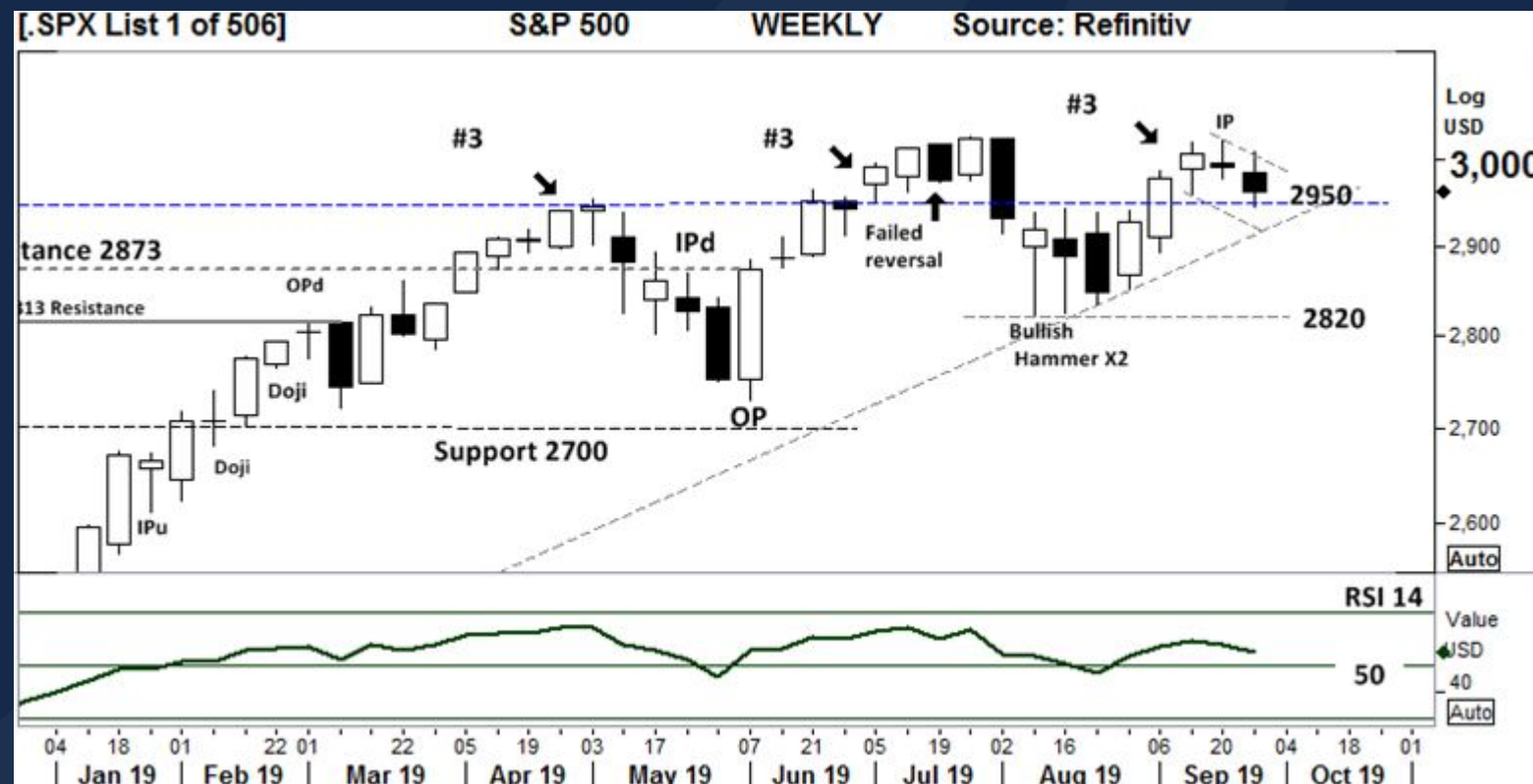
Further weakness may bring in concerted selling should the market close below the current trend line. Circa 2900.

RSI turns flat reflecting the past decrease of upward positive momentum.

The RSI continues to make lower highs over the past 6 months from the high made during April 2019.

Comments from last week:

Candle #3 a warning of price weakness in the coming weeks remains in place. The Inside period of last week suggests price balance at this level. A potential retest of the trend line at 2950 is now underway.



S&P 500 Index - Daily

The past days price action have shown strong support as the lower candle shadows suggesting buyers entering the market at the support level of 2940.

A strong close is required over this recent 3000 point resistance level to remain bullish in the short term.

The RSI has turned lower and has moved below the key 50 level a sign of decreasing price momentum.

Comments from last week:

With current resistance at 3028 remaining in place, price rejection at this level would again this past week will target the unfilled price Gap in the 2950 area.



Transports Index

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

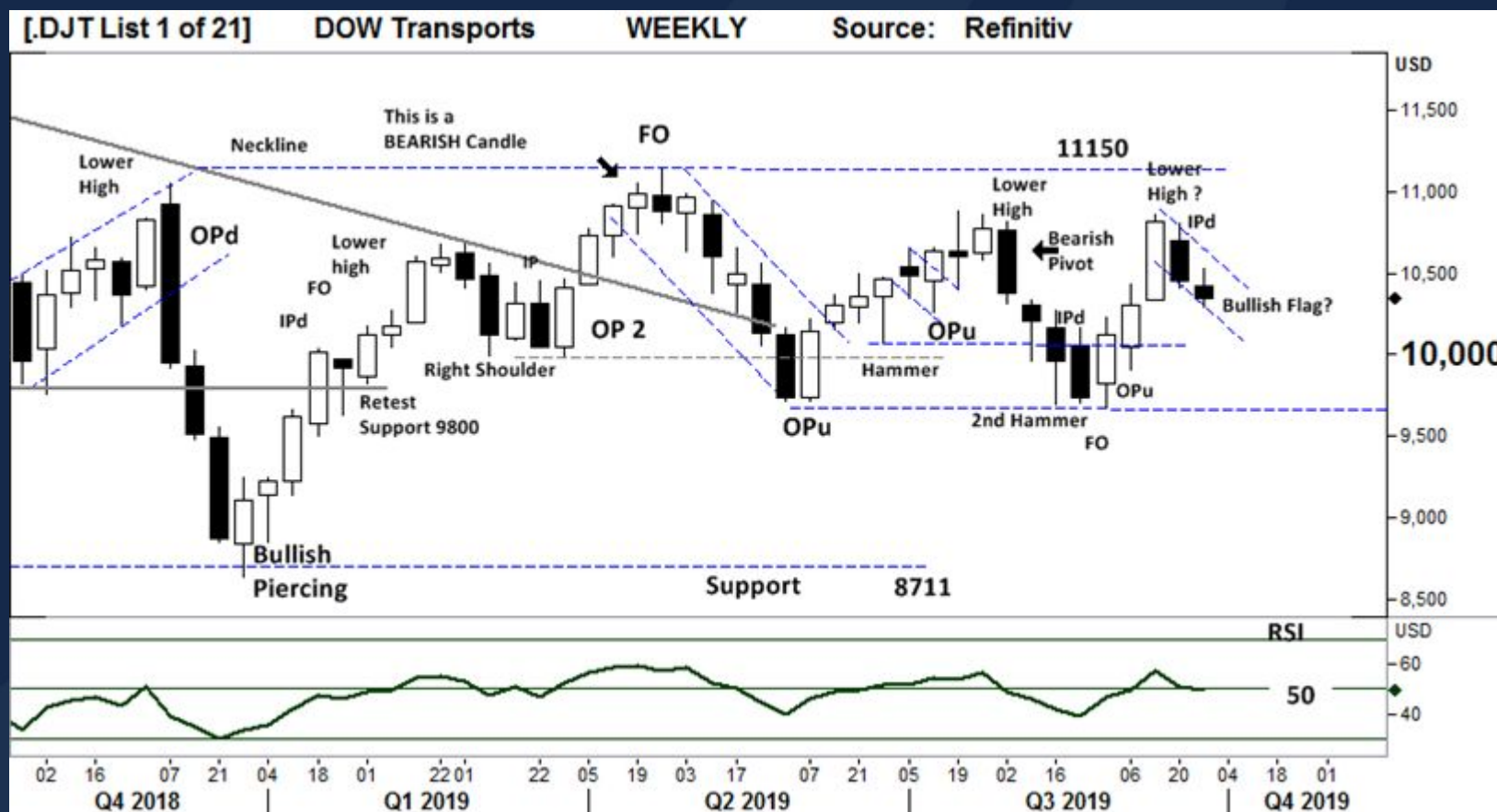
(This index continues to remain a **NON CONFIRMATION** of the long term Bull market, a break of 11150 points is required.)

The retest of 10,000 underway, may setup as a bullish flag in the coming week. Strong confirmation of a resuming bull market will be found if the Transports move back into the 11,000 point range.

The transports remain in a consolidation range between 9600 – 11150 points. Relative strength has turned lower and remains just below the key 50 level.

Comments from last week:

With a potential 2nd "lower high" in place, a potential retest of 10,000 is in play.



GOLD Weekly

The underlying Primary trend is UP with \$1650 as the potential target.

The recent bullish flag has failed, and failed to take out the recent highs of \$1557.

This is a strong sign of a breakdown in price momentum.

RSI has declined below the "70" level showing a strong loss of price momentum.

With any form of roll over in price, traders should consider the \$1450 level as significant support.

Comments from last week:

The current breakout would immediately target the recent highs of \$1555.0

This Bullish flag break has the potential to target \$1650 as a continuation of the underlying Primary trend.



Gold Daily

The Daily chart shows a clear lower high set with a large range candle/bar and a break of the longer term trend line. The large range contains significant momentum to shake the resolve of the buyers.

The lower target of \$1450 is in play for the next few days.

RSI turns lower below the "50" level. Momentum has been lost with the downside price movements is increasing.

Comments from last week:

The importance of drawing accurate trend lines is highlighted in this week's daily price movements prior to Fridays breakout higher. However \$1500 will remain key support for a bullish view to hold.



SILVER Daily

The one day breakout of the bullish continuation pennant shows an immediate "horn" reversal. Setting the lower high (LH) The retest of \$17.50 completed during Friday's trading has the potential to be "retested" in the coming days. A break of this level would a very bearish sign, with the sellers in full control.

\$17.50 remains the key support level as price closes in the on the highs of the week.

Relative strength has moved lower and below the key 50 level, a sign of weak price momentum.

Comments from last week:

The breakdown of the trend line 2 weeks ago has recovered in the form of a Bullish continuation Pennant. This is a very Bullish consolidation with a move higher expected.



Australian Volatility Index

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

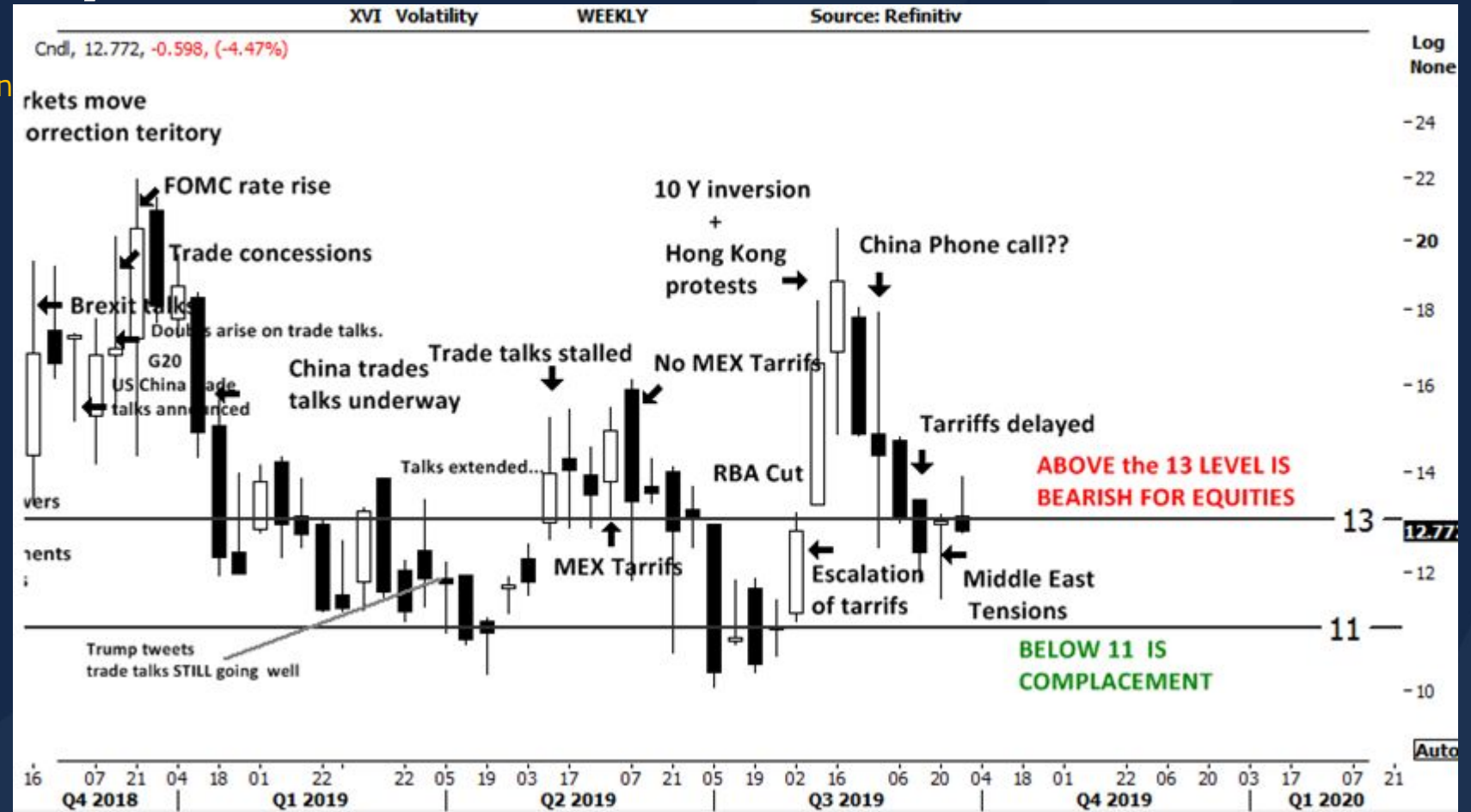
Look for a move back above the 13 level, driven by news in the coming days.

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



The strong range on Wednesday has pushed the USD back to resistance levels around 99.37.

This has the potential to breakout higher from the monthly range.

Lower support can be seen at 98.16.

Relative strength remains above the key 50 level during this consolidation period.

Comments last week:

This consolidation around the 98.4 level is significant, for the bullish view to remain in place.

This level will need to be maintained in the coming days.

WTI Oil WEEKLY

2 weeks ago the Gap open faced immediate selling below the \$61.80 level.

This has continued to push WTI lower, with the ongoing potential to retest the \$50 level. Consolidation remains between \$50 and \$61.80.

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

Comments from last week:

Last weeks Gap open faced immediate selling below the \$61.80 level.
Consolidation remains between \$50 and \$61.80.



The technical setups

Outside period

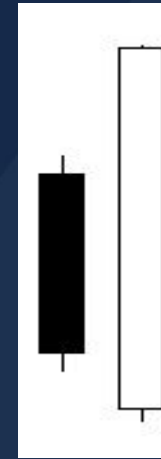
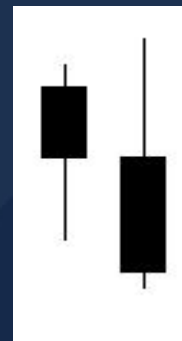
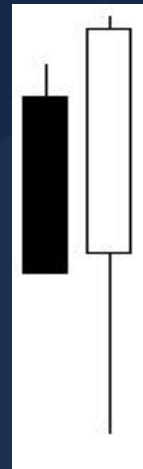
OPu and OPd

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

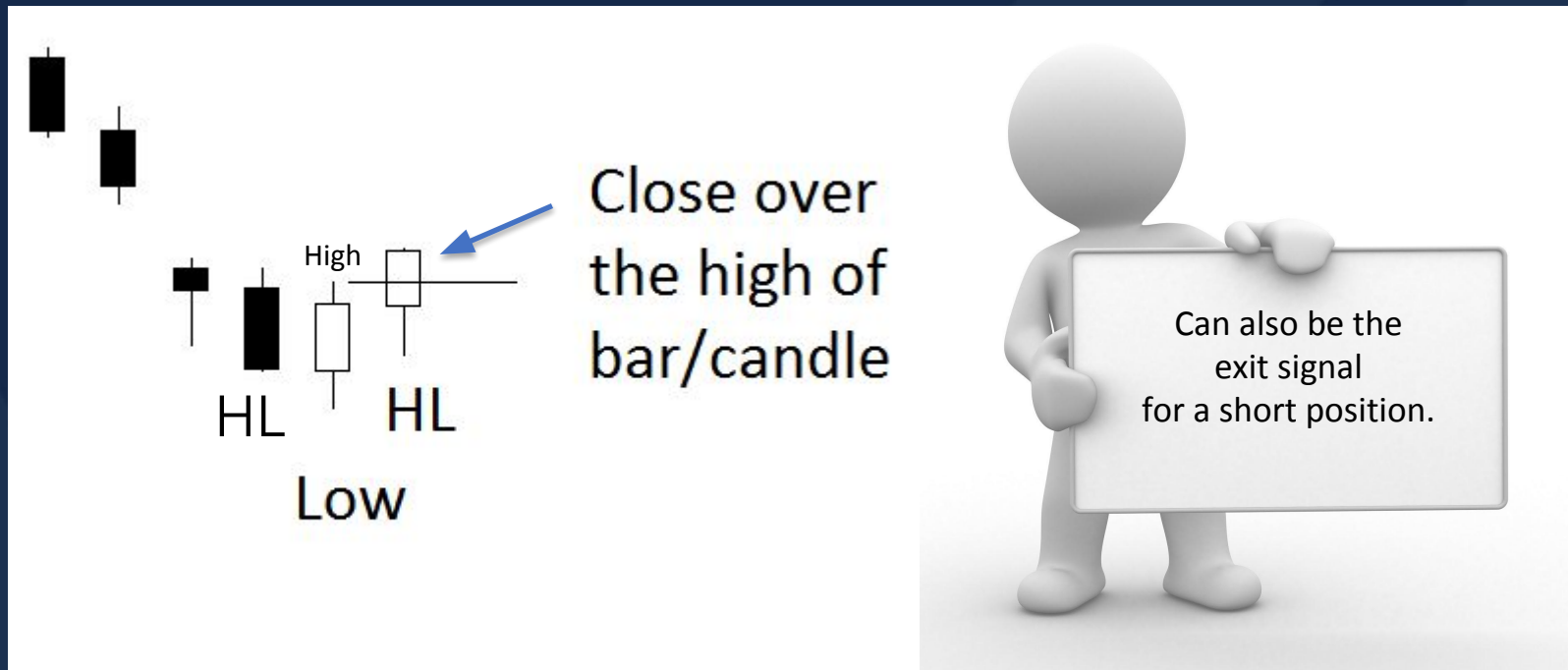
The outside period can mark a significant market turning point at or within 3 bars (93%).

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



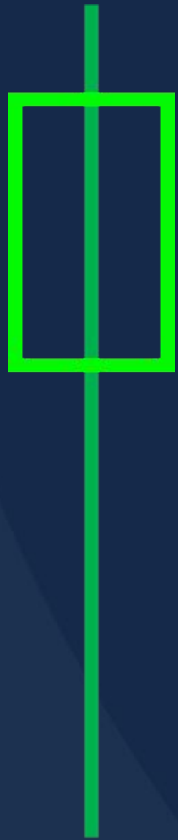
The technical setups

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.

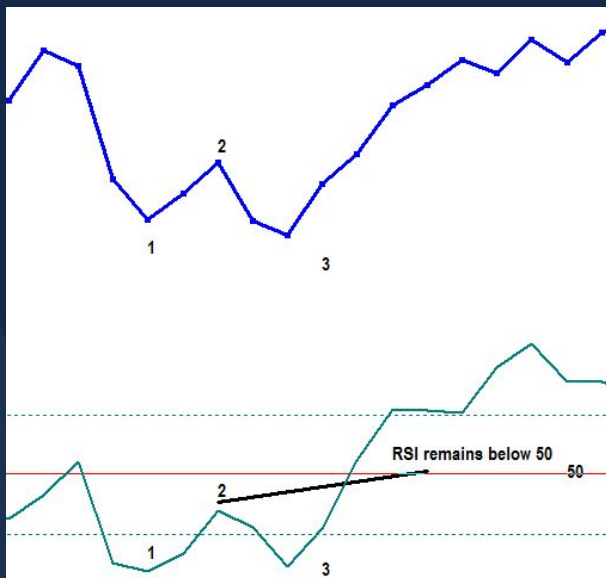
If the opening price of the following week is above the Midpoint selling is still indicated, this often shows a high with 2 weeks warning.

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



THE TECHNICAL SETUPS

Relative Strength



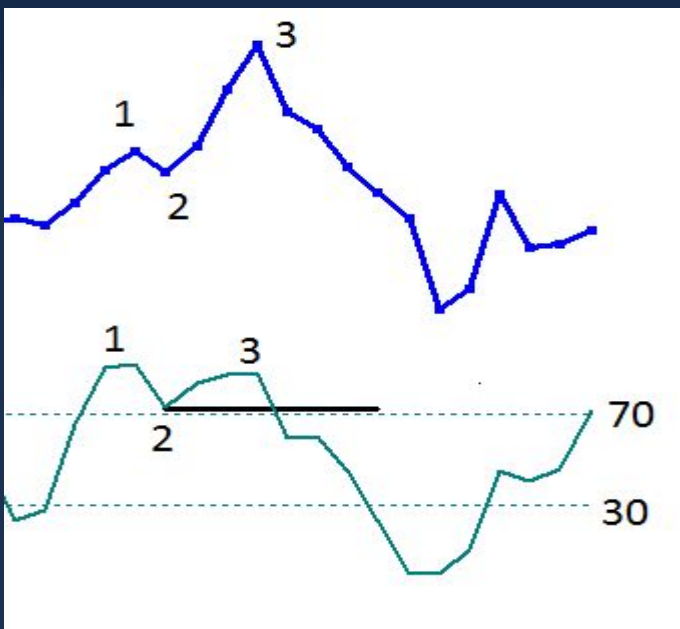
Relative Strength Indicator

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

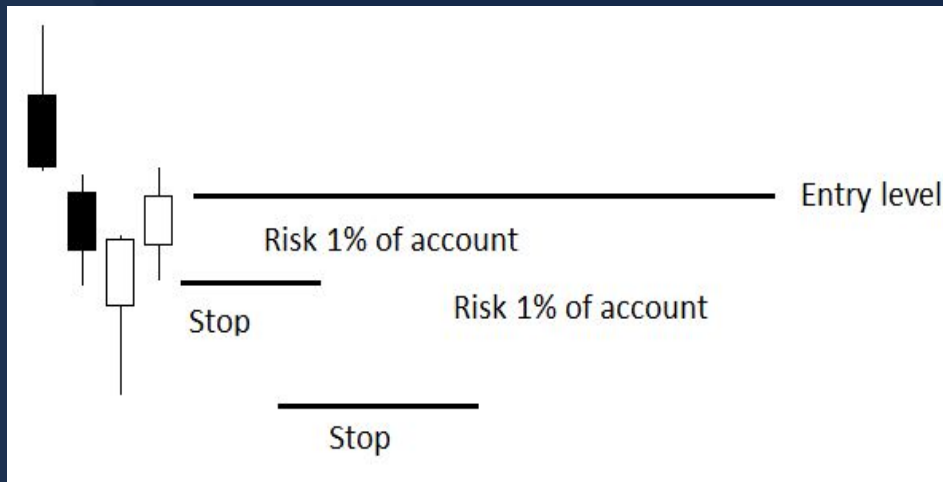
Position size and management guidelines

Position size by account size

Building a trading system of 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