



IN BLACK AND WHITE

09/11/2018

A market technician's view

**FX
INDICES
EQUITIES**

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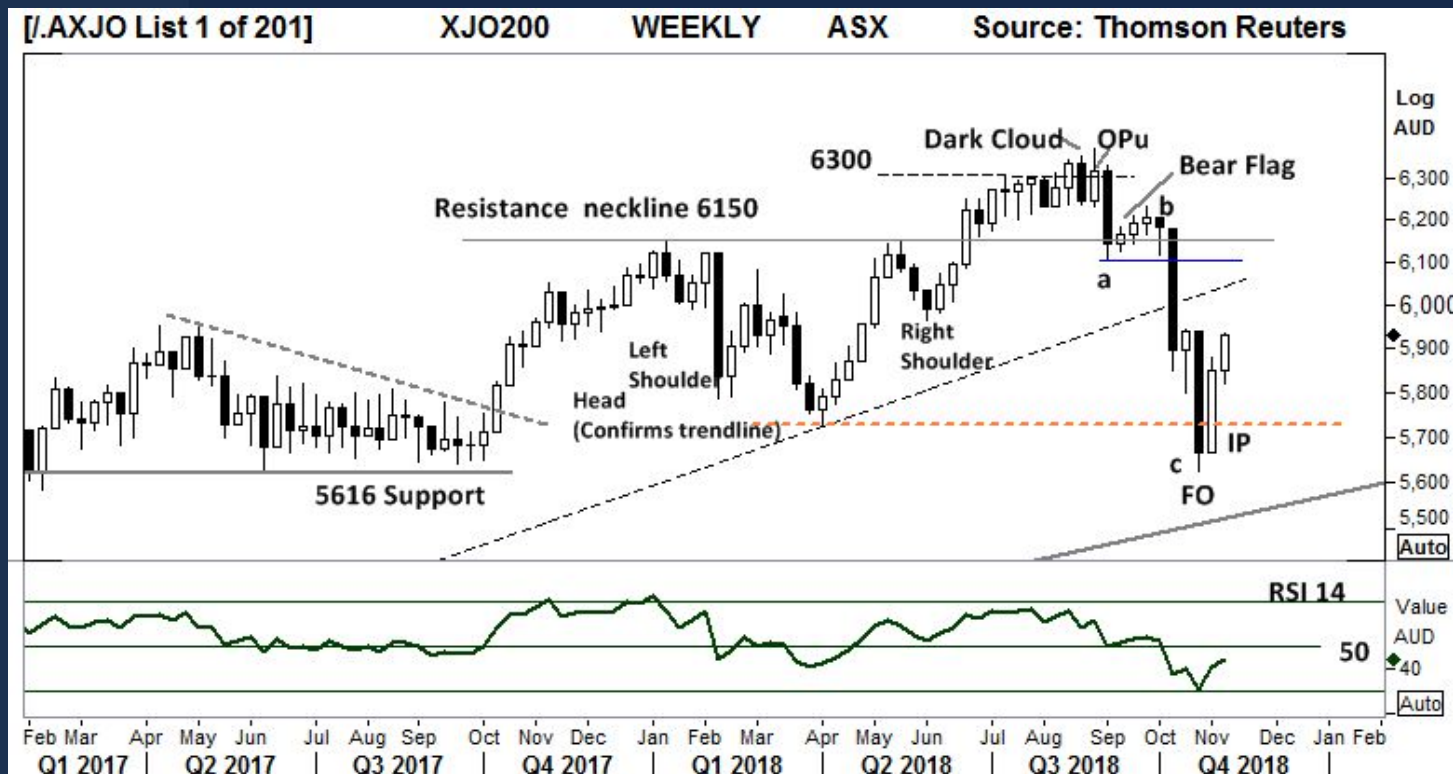
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Aussie 200 index - Weekly



It is important to notice the Relative strength Indicator remains below the key "50" level.

This week's follows through from the low (FO) is an important win for the bulls. A further close over this week's high is required to give buyer confidence.

The index remains in a Primary DOWN Trend.

Comments from last week:

This week's uptick may have resolved the low. With last weeks down close range, providing a FO (Fake Out) of the November 2017 low.

Aussie 200 index - Daily



The Primary Trend remains down.

Key resistance at 5960 remains.

The daily chart requires a close over this key level to confirm a bullish case.

The Relative strength indicator has swung from below the "30 level", and has moved over the key "50" level,

This indicates positive price momentum.

Comments from Last week:

This week has posted a pivot point reversal, and confirmed with good follow through.

A retest of the 5960 resistance would be a bullish sign, should a close over this level occur.

S&P 500 Index - Weekly

PRIMARY TREND REMAINS UP in this "corrective move".

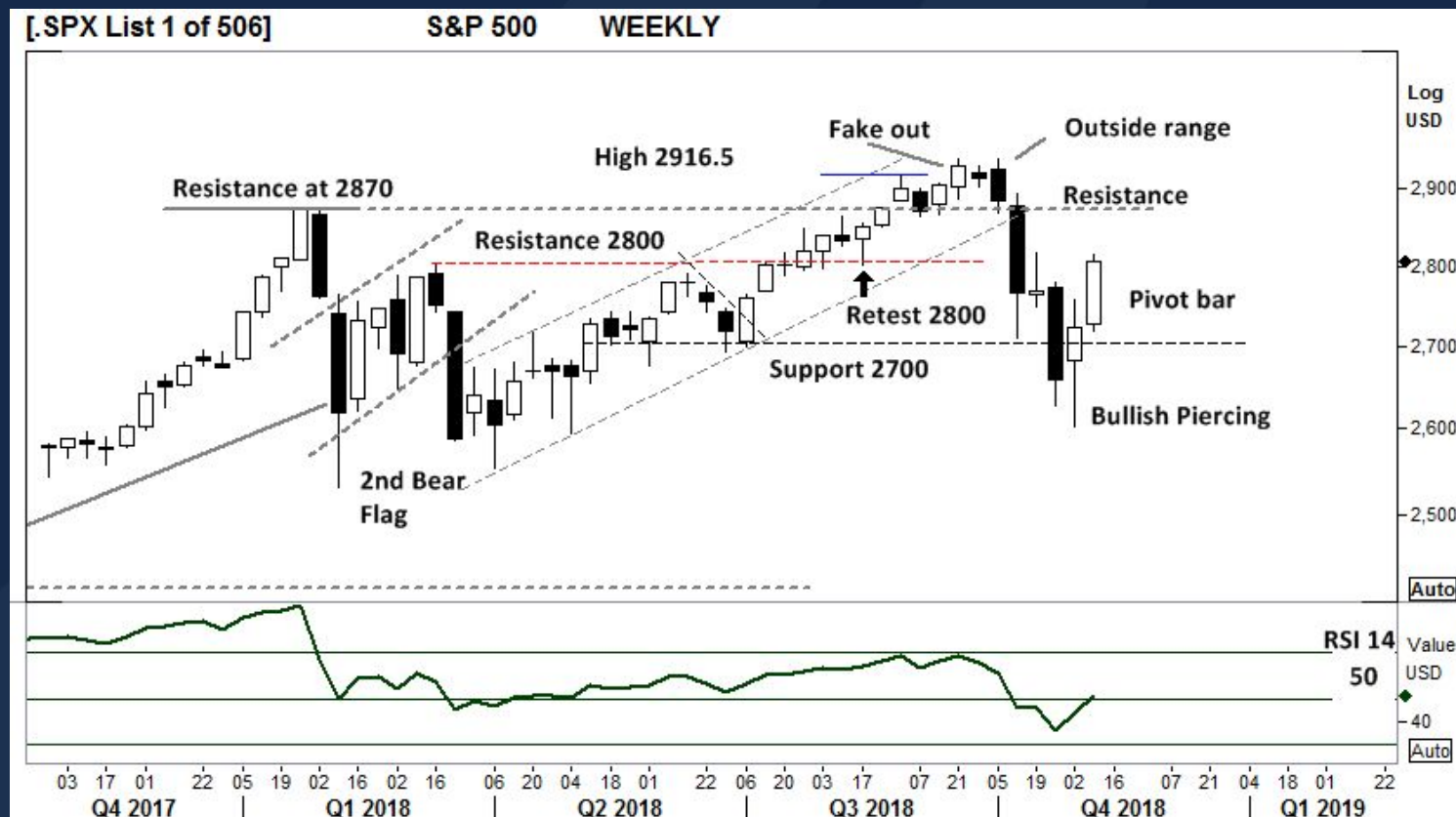
The pivot bar is in place confirming the low is in a very positive sign for further gains.

Resistance at 2870 is the next "go-to" level and should be monitored in the coming week as a resistance point.

Relative strength (14) had moved above the key "50" level showing positive price momentum.

Comments from last week.

With the closing price retreating from the lows and back above the key 2700 level, a small win for the Bulls is in place. The "Piercing" range of this week is a good sign of further gains with the 2940 high within range.

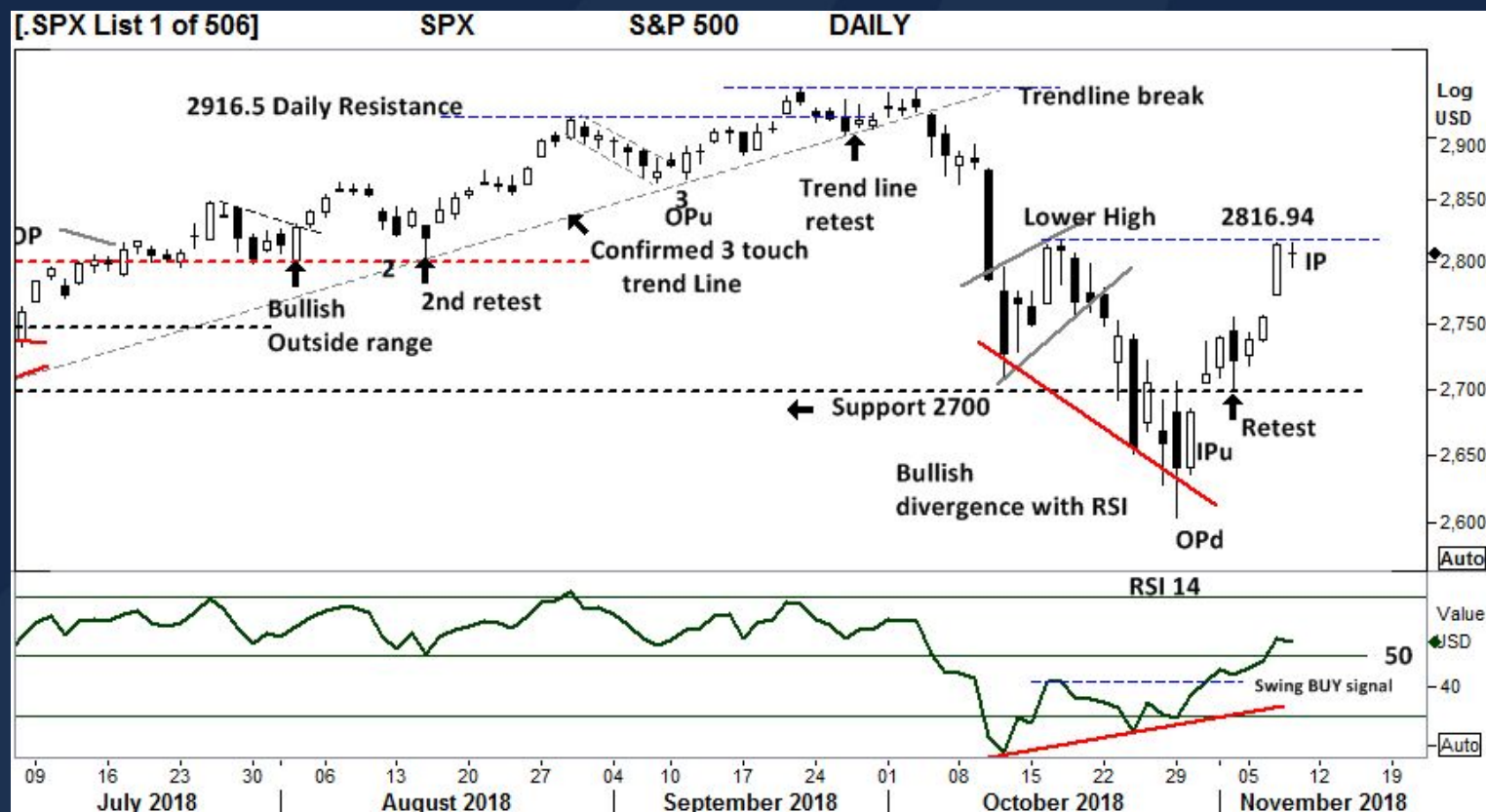


S&P 500 Index - Daily

The S&P Daily chart has reached an inflection point with a resistance of 2816.94. The IP (inside period) shows indecision of the buyers / sellers.

A close over 2816.94 is required to reaffirm the bullish case.

RSI divergence has now played out with the indicator moving over the key "50" level.



Comments from last week.

The RSI has now moved over the 42 level (b) a swing buy signal is in place.

The IP this week following the OPd (29/11) suggests the low is in place.

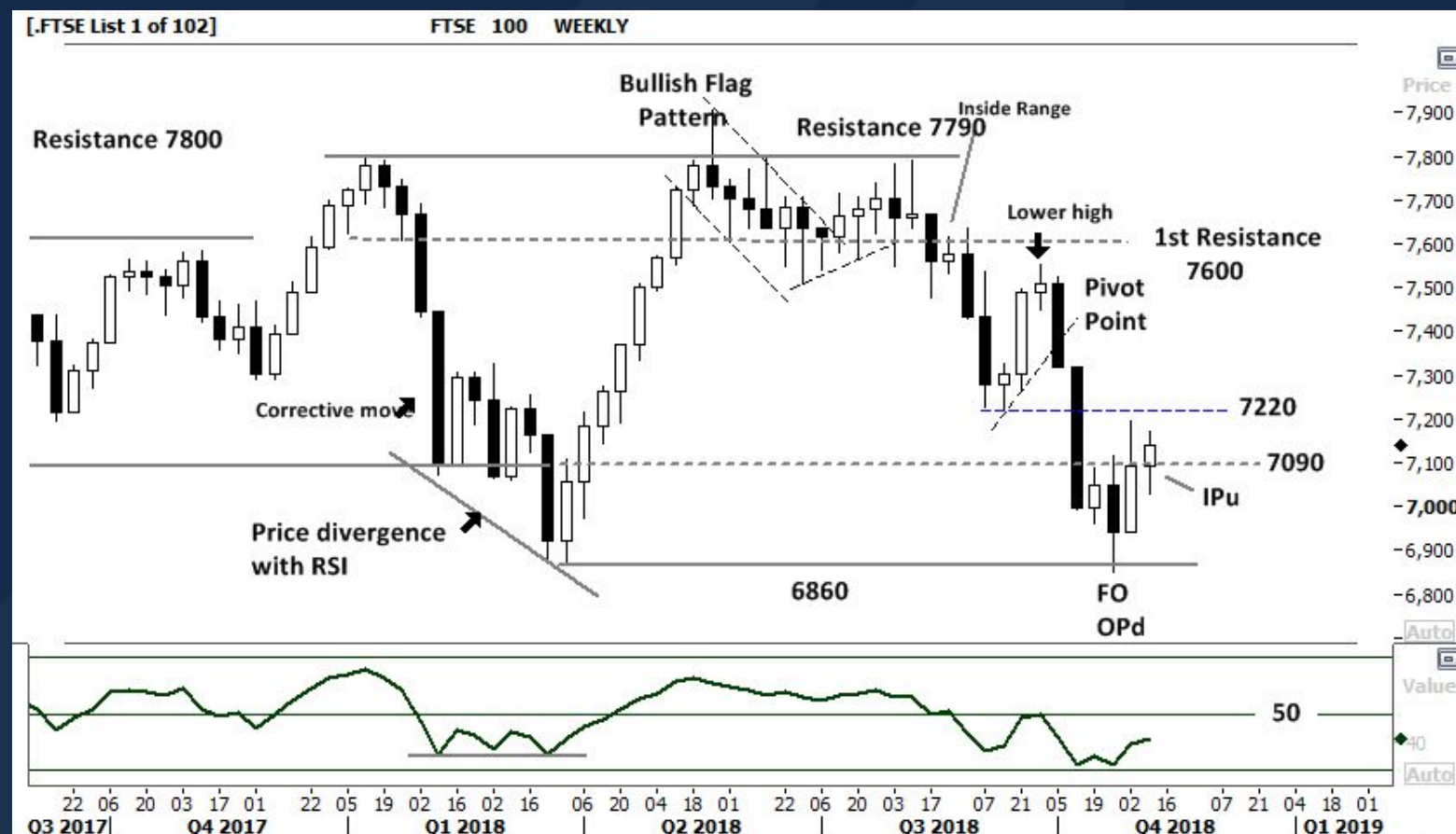
FTSE 100 Index - Weekly

FTSE 100 weekly:

The Primary down trend in the FTSE remains.

This weeks Ipu (inside period) is confirming the bearish case. A further closing price over 7220 is required to confirm a bullish view.

The Relative strength indicator 14 has remained below the "50" level, showing negative price momentum. Although the indicator has turned up this only shows a slowing of downward momentum.



Comments from last week:

The test of the 6860 low is complete with a high range close on the final price line.

GOLD Weekly

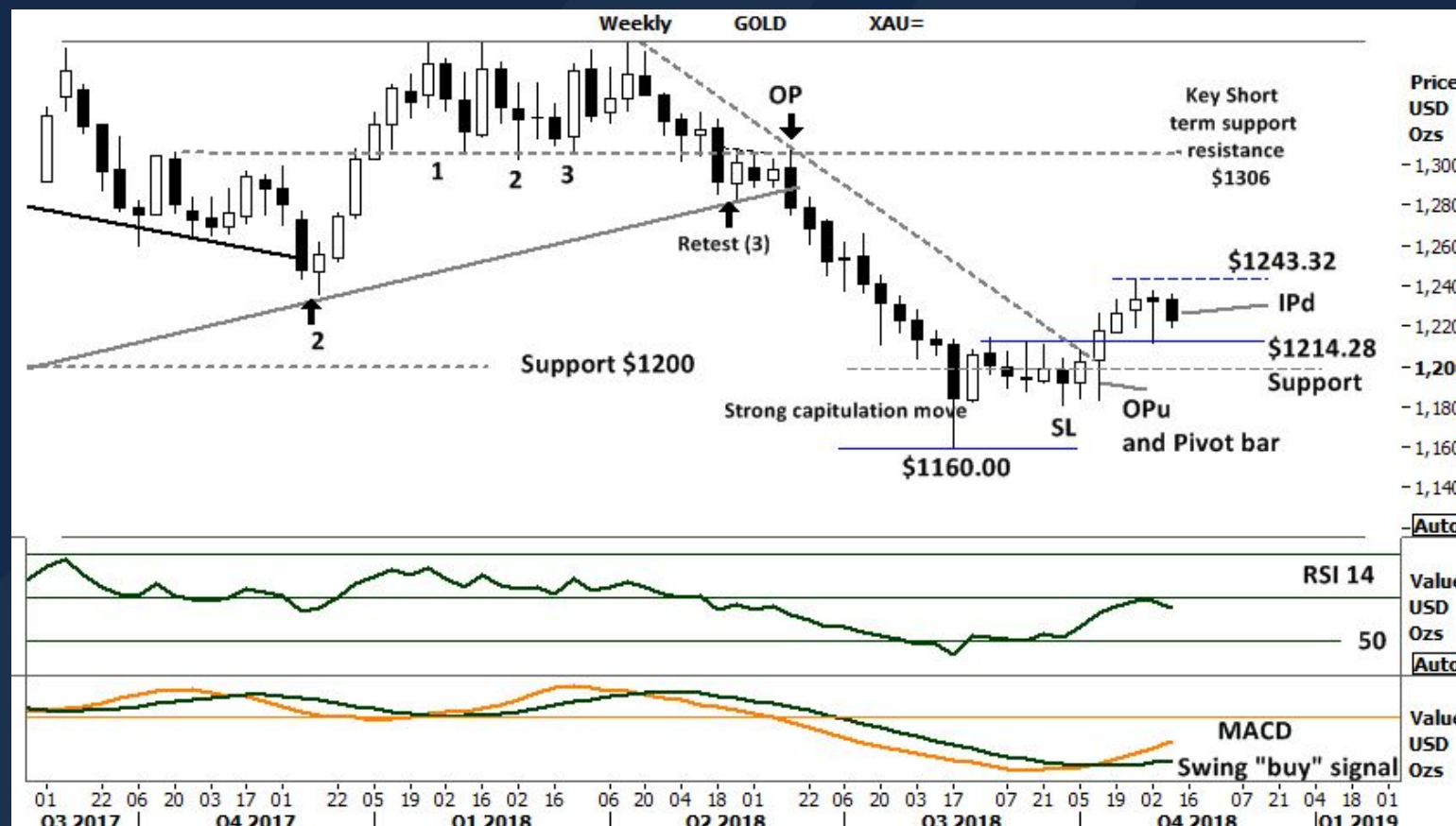
Gold has changed the Primary trend to UP.

The current consolidation around the \$1200 can be viewed as "Gold is building a base".

The weekly inside period (IPd) shows price consolidation above \$1214.28.

This secondary type of price movement can be the precursor to higher prices with a closing candle above \$1243.32

The MACD swing buy signal remains in place.



Comments from last week:

In the case of price weakness (below \$1214) the \$1200 level will be key support in the coming weeks.

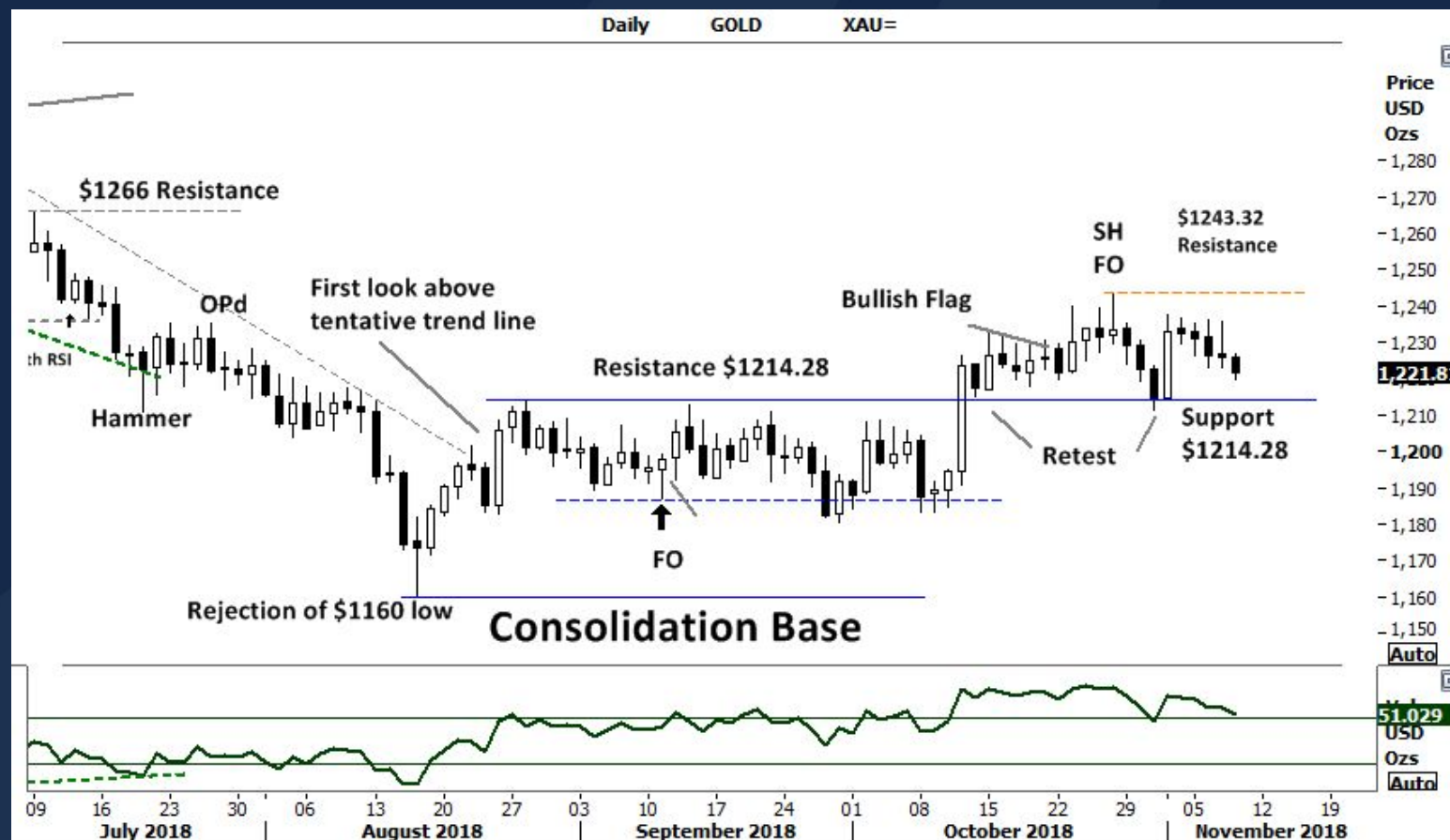
Gold Daily

Gold has the potential to push higher into the \$1266 level. Look for a daily closing price above \$1243.32 to confirm the bullish movement underway. This daily movement has the potential to retest the 1214.28 support level. A daily close below this level would set up a retest of \$1180 - \$1186 support.

RSI remains above the "50" level indicating positive price momentum, however moving lower the risk is a cross below the "50" level.

Comments from last week:

This week has seen further consolidation above the \$1214.28 level. The daily Fake Out (FO) with a high of 1243.34 moved lower to retest the breakout with immediate buyer support.



Australian Volatility Index

Volatility is falling, currently 13.9

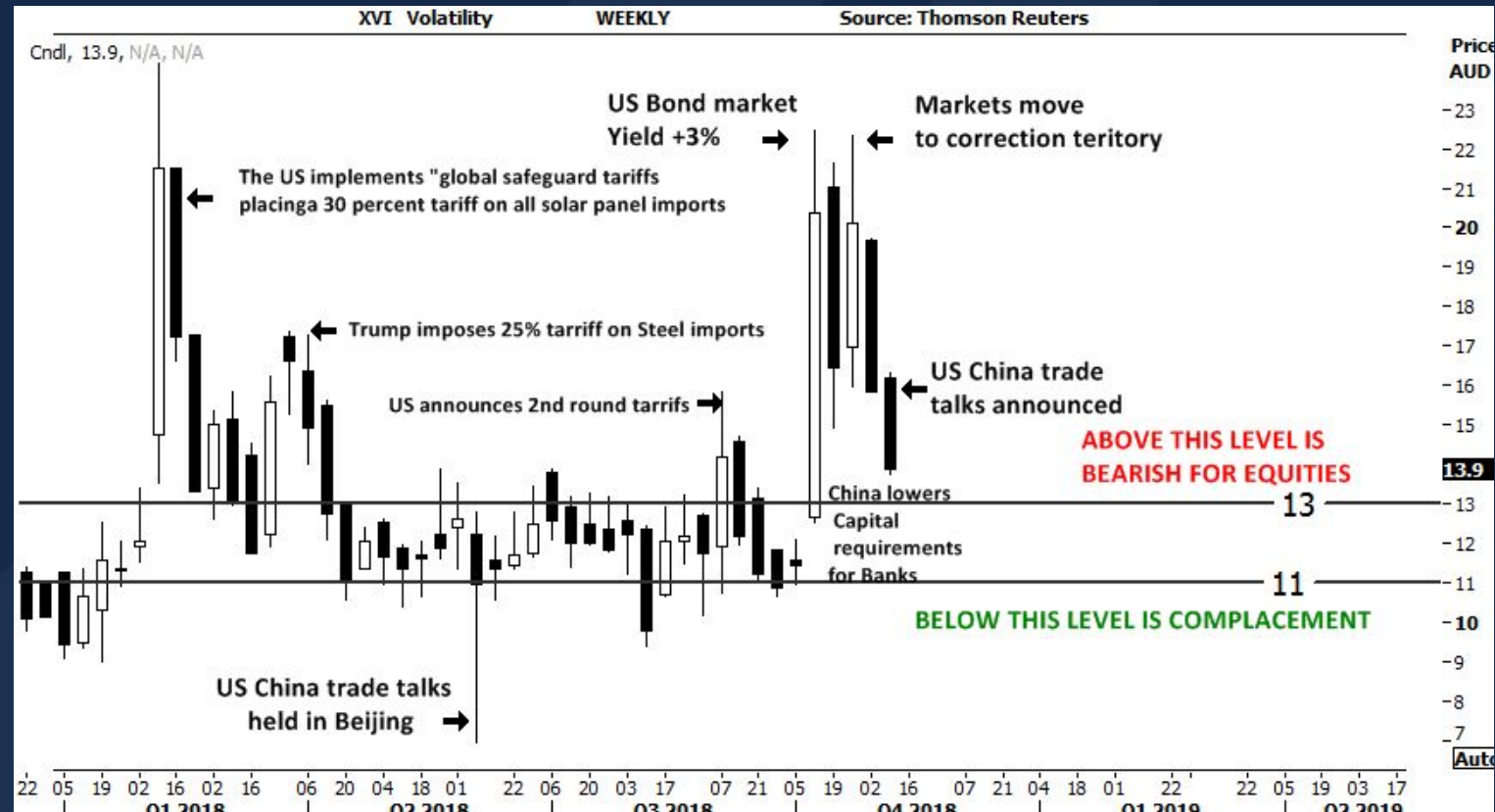
The Australian market has a volatility indicator XVI.

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

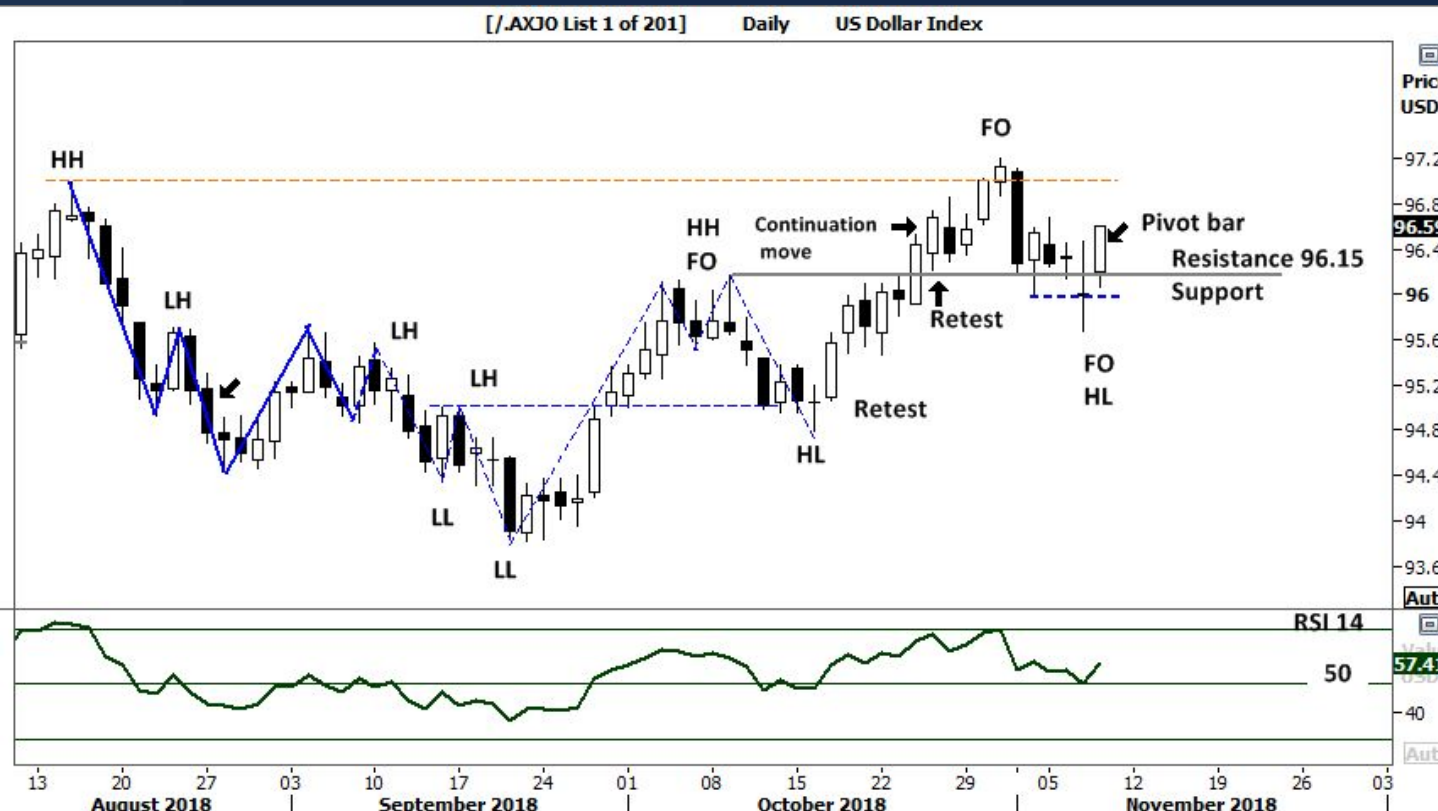
As markets anticipate events, the forward priced option volatility changes, hence as forward price changes, this "skew" is pricing is measured in this XVI.

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

A high XVI over "13" is generally bearish for equities.



US Dollar Index



Resistance / support at 96.15 is now confirmed. The FO /HL has followed through with a pivot bar in place. With RSI remaining above the key "50" level further positive price momentum is expected.

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" and visa versa.

WTI OIL WEEKLY

Weekly OIL

Oil enters a ***"corrective"** move with a closing price first below the 22nd June low of \$63.59 and the 17th August \$64.43 low. (3)

The current Fake Out (FO) is now closing in on the next key support level of \$58.00.

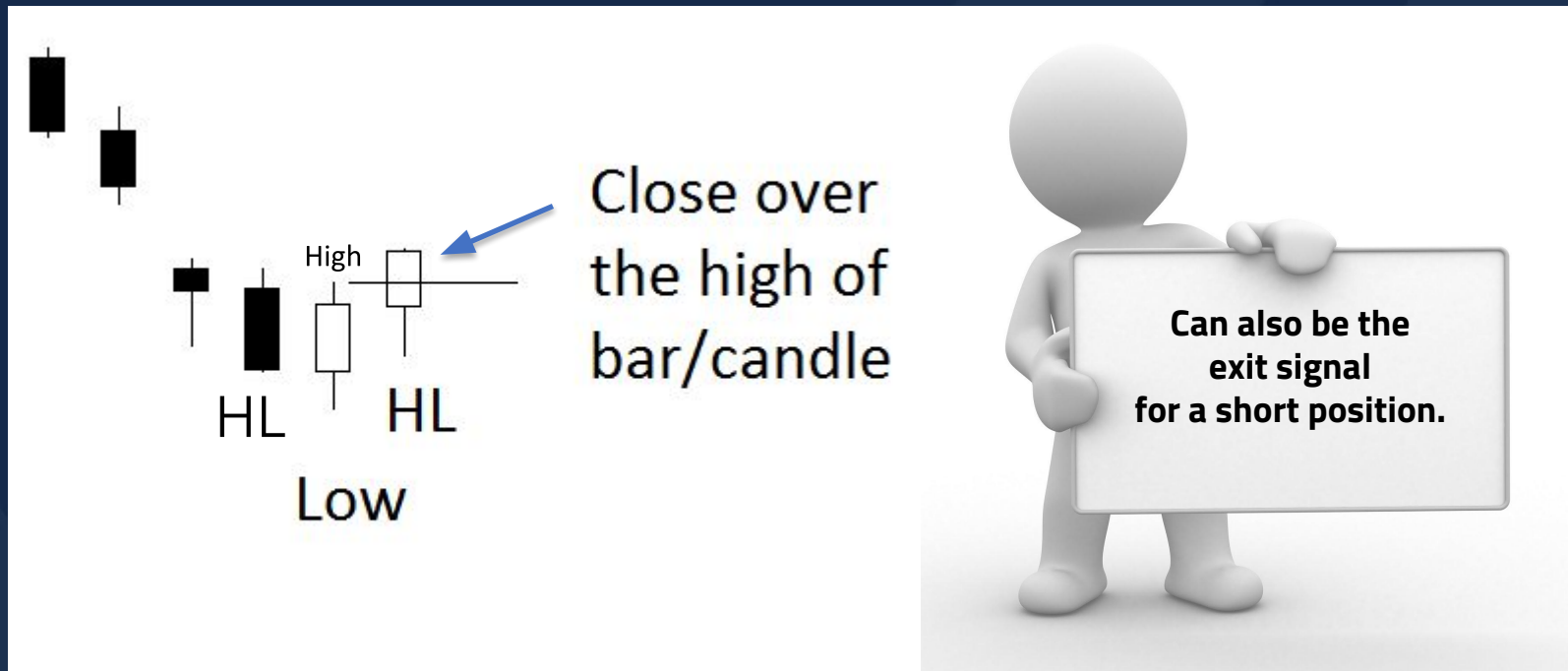
The Relative strength indicator moving below the "30" level may now offer a potential divergence signal in the coming weeks.

- ***A corrective** movement shows price moving below previous low points without making retracements. This type of movement does not change the current primary trend (UP).

Comments from last week.
Currently the lower shadow of this week's range is higher than the low at (3).
\$64.00 remains the first major key support level.



The technical setups. The Pivot point reversal



The technical setups

Pivot point reversal



THE TECHNICAL SETUPS

Relative Strength

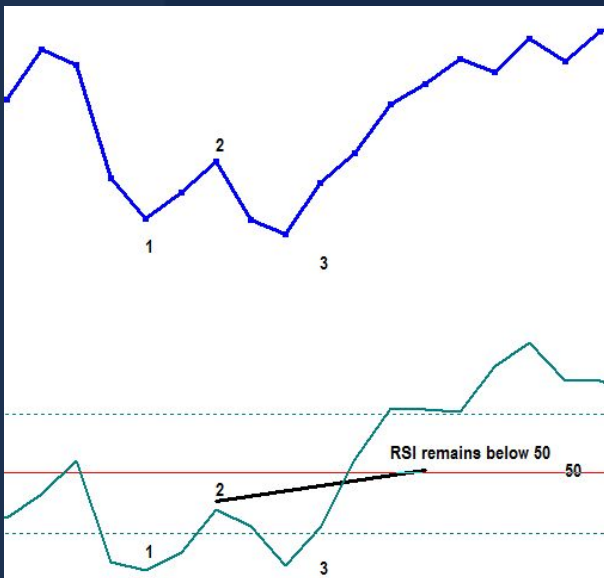
Relative Strength Indicator

SWING BUY SIGNAL.

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

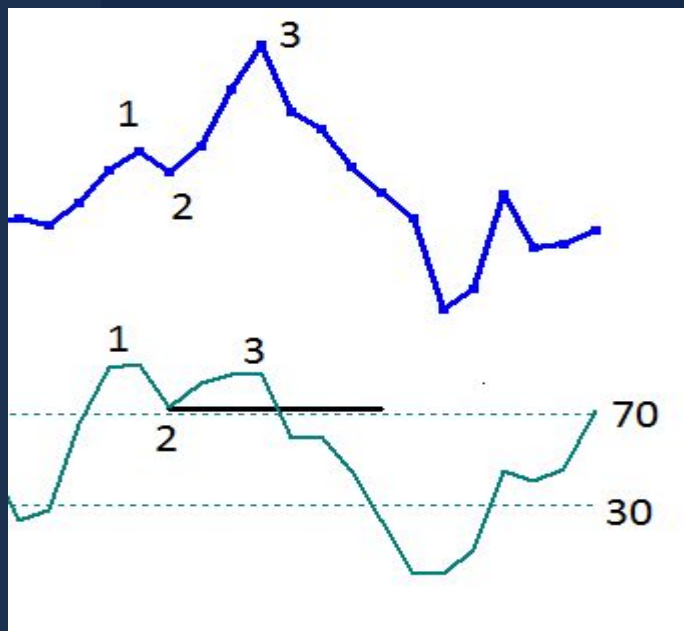
RSI swings below the 30 level. (1)
RSI moves higher, but not over the "50" level. (2)
RSI makes a higher low (3)

- 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 period

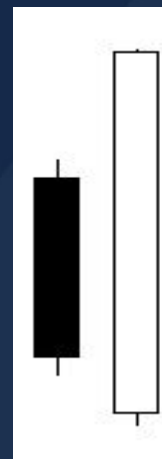
Opu and OPd

A price range larger 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.

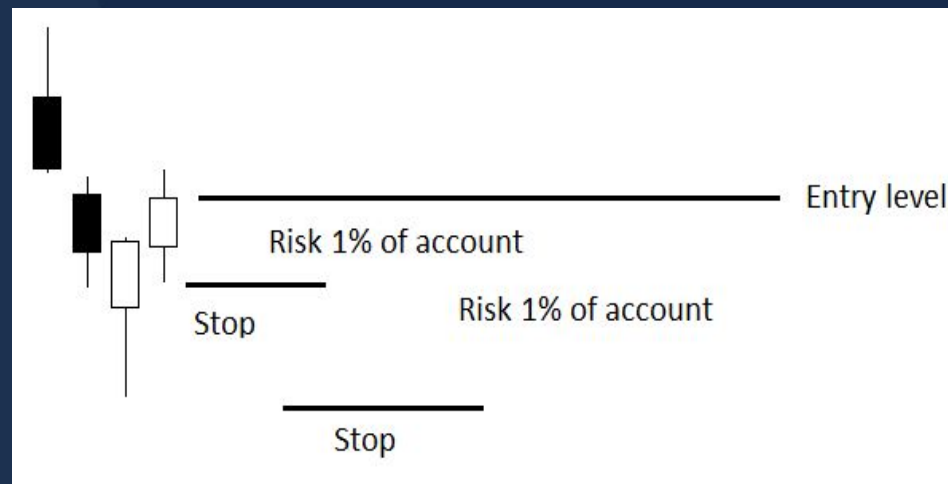
The OP period comes in all shapes and sizes.



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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