



IN BLACK AND WHITE

28/09/2018

A market technician's view

**FX
INDICES
EQUITIES**

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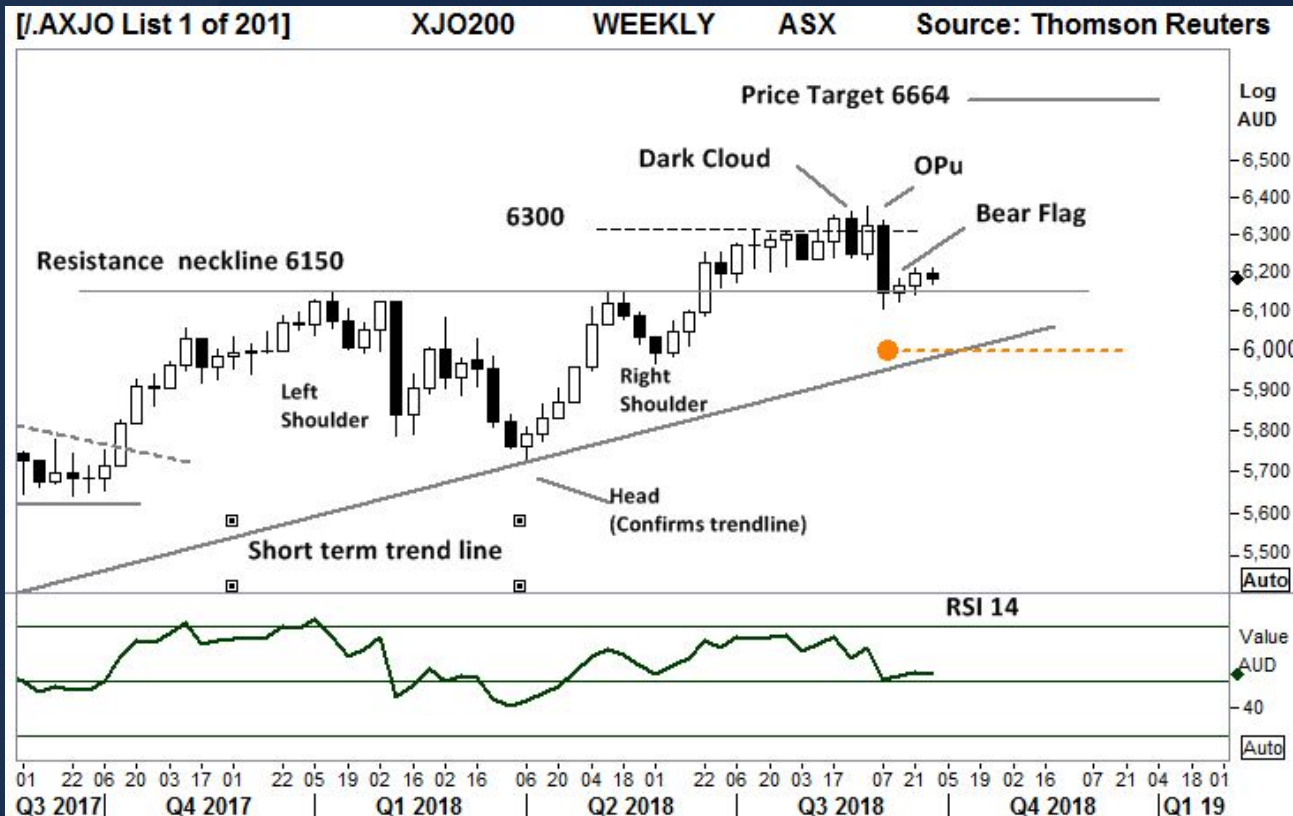
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Aussie 200 index - Weekly



The Weekly chart shows the Opu from 4 weeks ago signalling the "high" price level, with a complete reversal. Last week's 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.

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: 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.

Aussie 200 index - Daily



Relative strength indicator 14 currently now offers insight into price strength, turning down as price finds resistance at the 6200 level.

The daily price ranges are becoming shorter (low volatility), this will lead to relatively higher volatility on a breakout higher over 6200.

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:

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.

S&P 500 Index - Weekly

PRIMARY TREND REMAINS UP.

A new closing high maintains the primary UP trend.

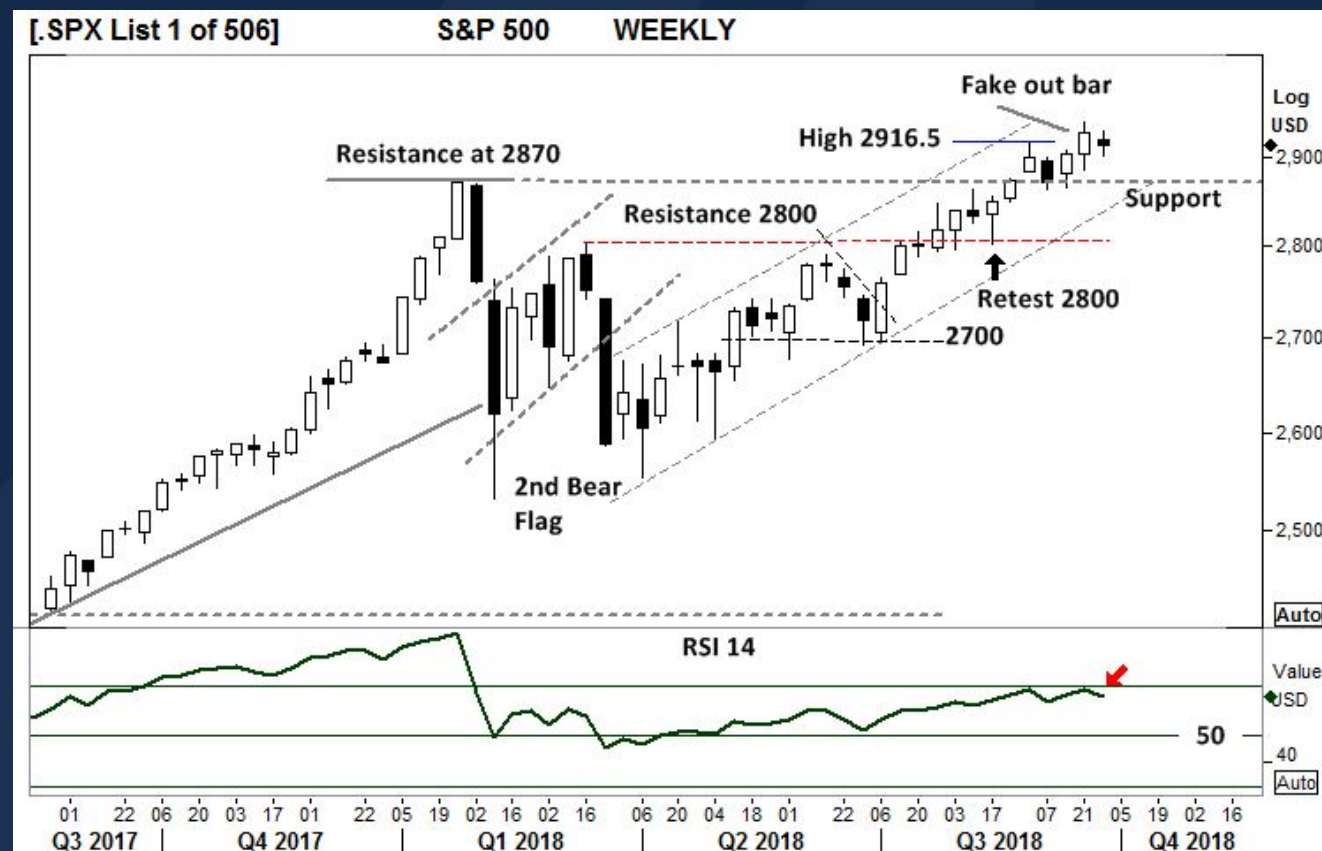
The Fake out bar is the one making a new high past the previous high. Should the daily price now continue to close below 2916.5 (last high) a short term top may be in place.

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.

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.



S&P 500 Index - Daily

The Index is now on target to reach 3000 points.

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.

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

Comments from last week:

Future price weakness may see a potential retest of the breakout level, this should be monitored closely, as should a potential retest of the current trend line.



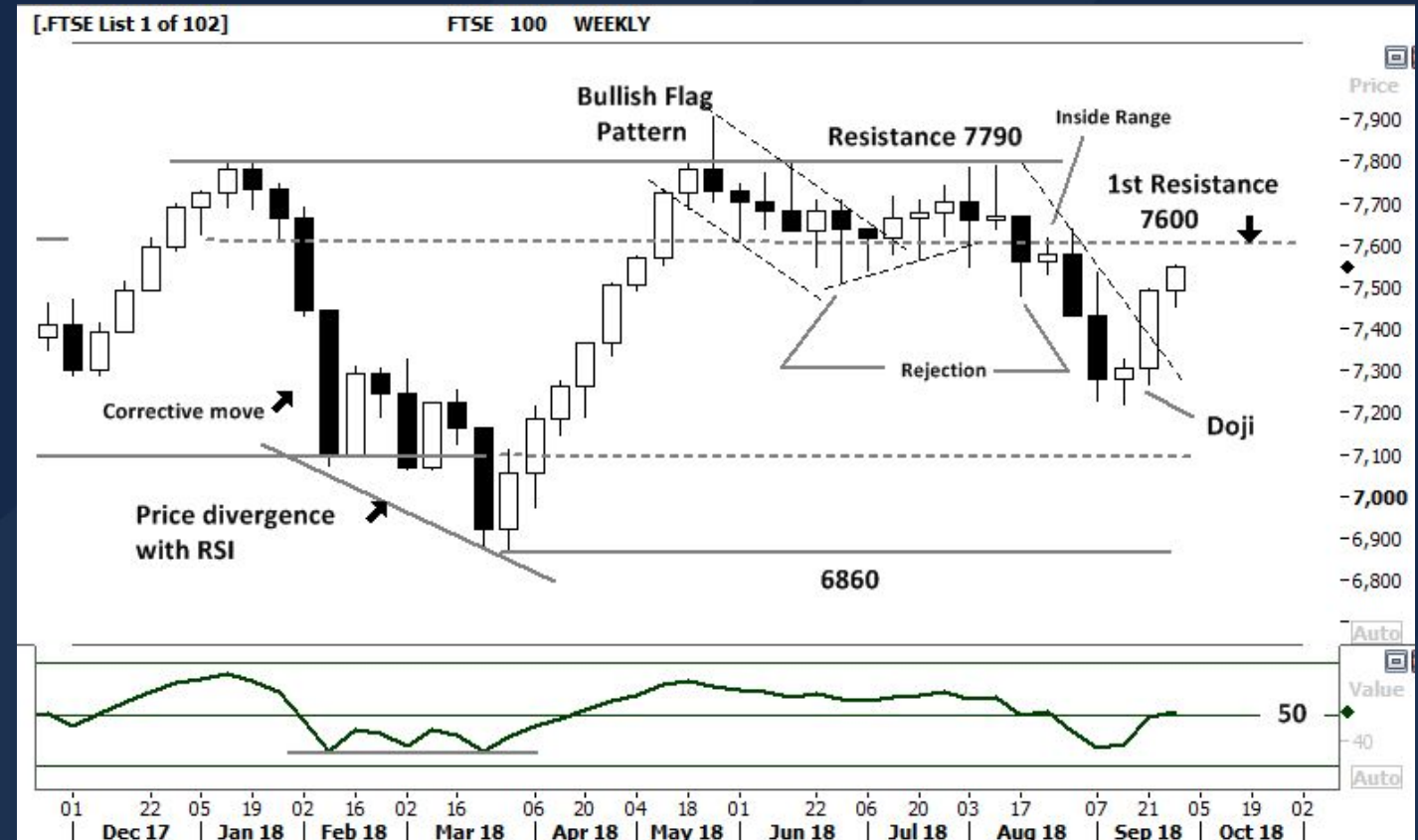
FTSE 100 Index - Weekly

FTSE 100 weekly:

Follow on from the “pivot point” reversal bring the 7600 level firmly into play. Rejection at this level reaffirms the **Primary down trend**.

A closing price over 7600 bring 7900 point resistance into play.

The Relative strength indicator 14 has moved above the “50” level, showing positive price momentum, it should be acknowledged the RSI has now turned higher and would be monitored for a further move towards the “70” level.



Comments from last week:

With a pivot point reversal now in place, the retracement price move is underway, this has the potential to retest the 7600 resistance level.

GOLD Weekly

Gold Weekly:

A closing price over the \$1214.28 resistance is the key observation for developing a bullish view.

A firm rejection of the \$1200 level with a retest of \$1160 underway. The primary trend remains down.

Gold remains in a primary down trend.

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 and trading against the Primary trend as price makes a new low.

Comments from last week:

With the small range weekly bars, Gold is attempting to build a base on the \$1200 level.

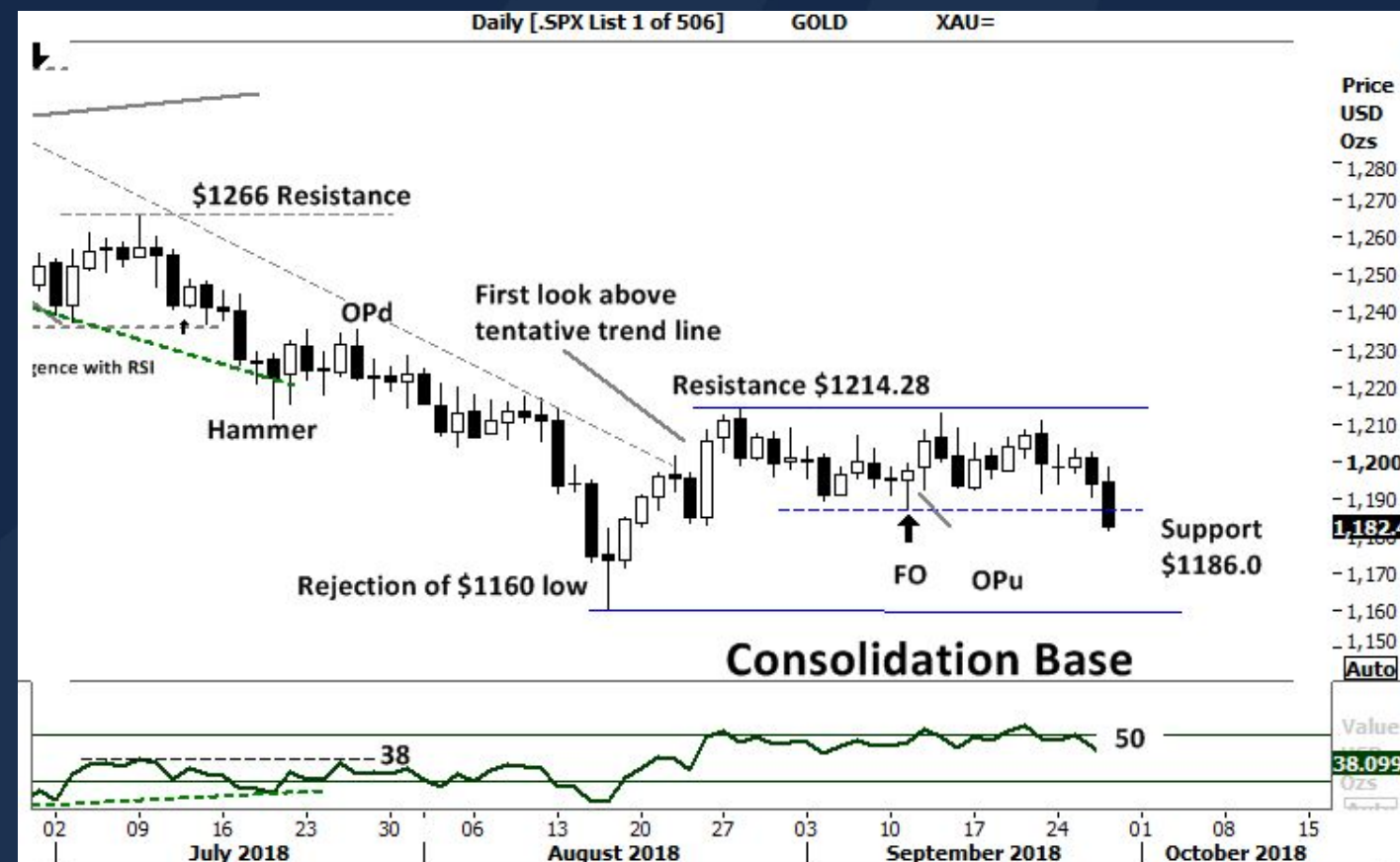
The "outside range" and "inside range" price candles highlight the fact neither the buyers or sellers can take control of the price direction.



Gold Daily

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.

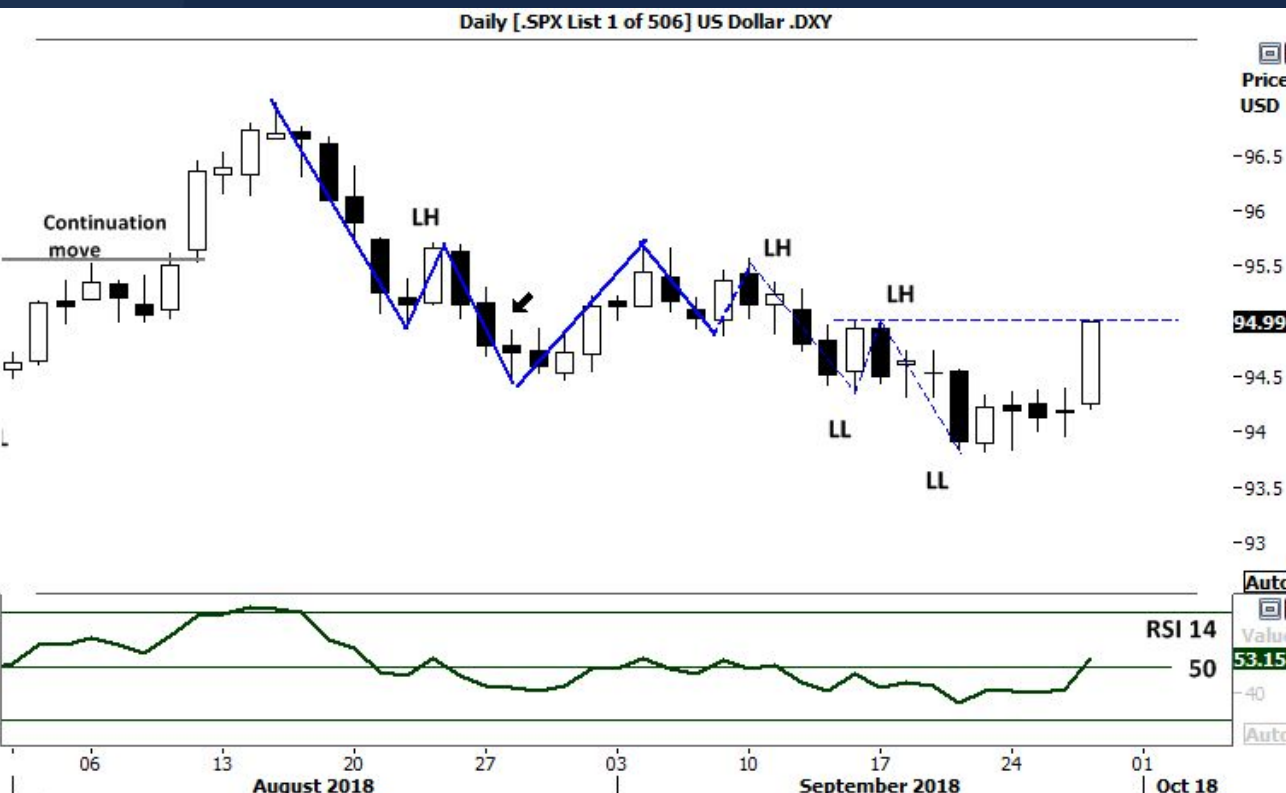
RSI is showing a bearish change in momentum moving below the "50" equilibrium level at 38.1



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 a continuation higher.

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

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

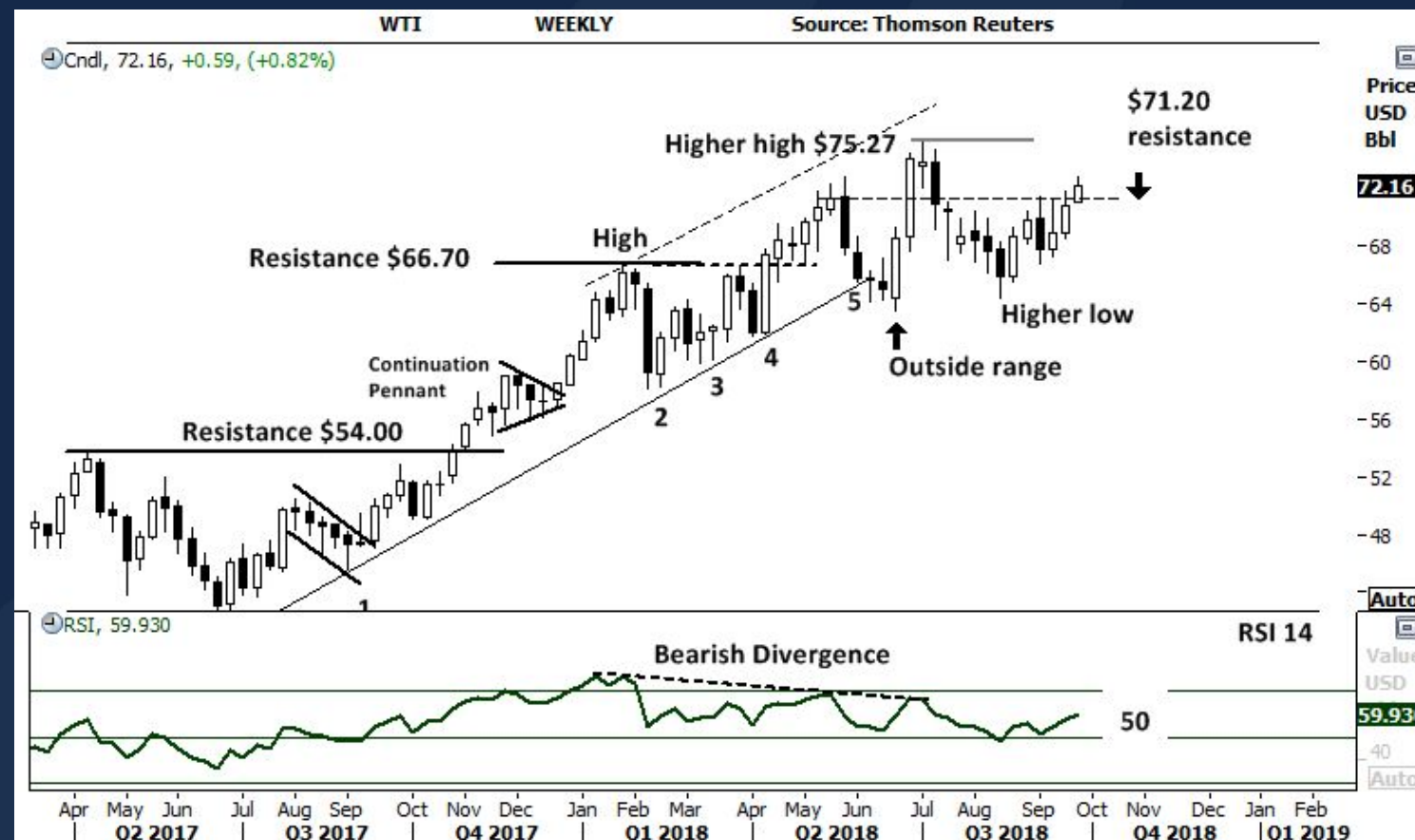
The weekly low of \$64.43 has confirmed as a "higher low", and has now resolved into higher prices past recent resistance.

The primary trend remains UP during this time of price consolidation.

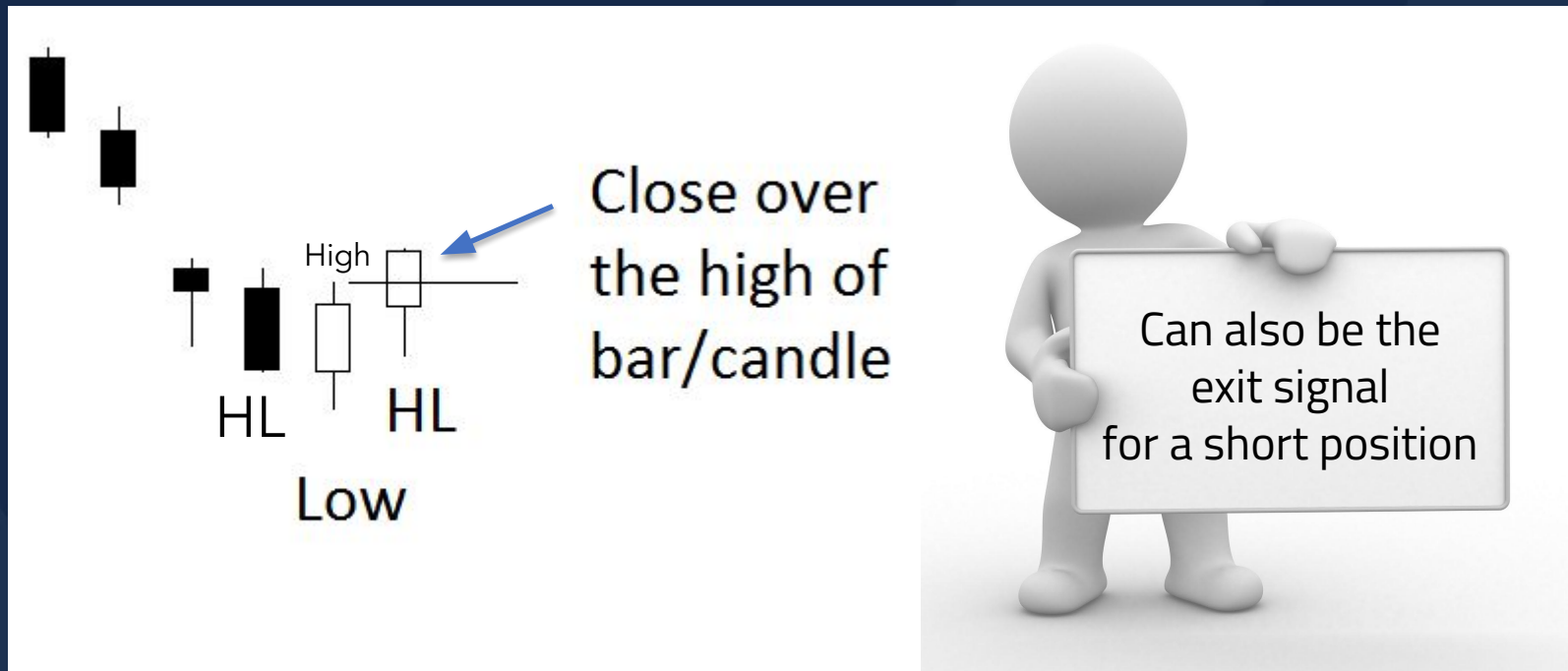
\$75.27 is the next key resistance level.
\$64.00 is the first key support level.

Comments from last week:

Last weekly low of \$64.43 has confirmed as a "higher low", this week, so-far remains below resistance.



The technical setups. The Pivot point reversal



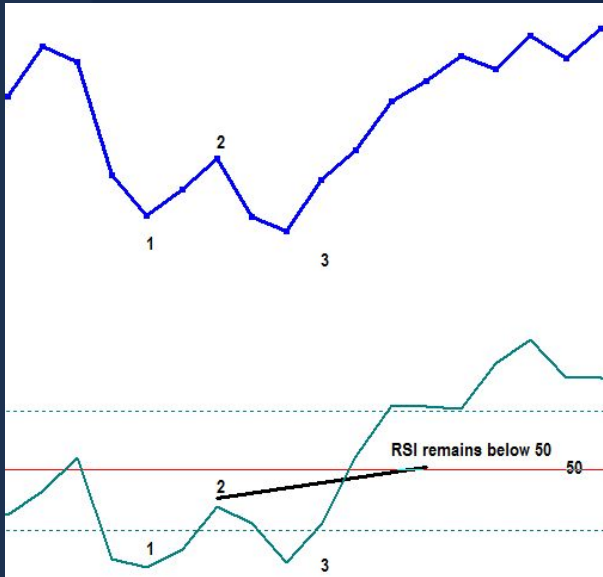
The technical setups

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)

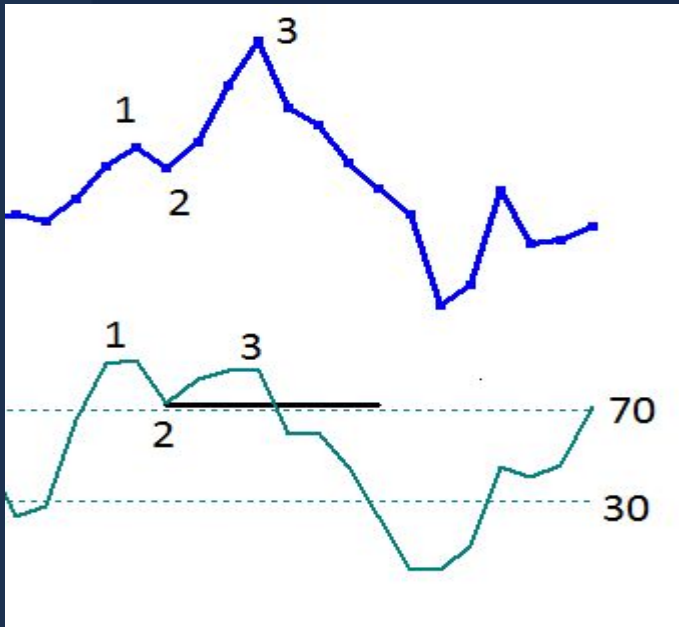
RSI moves higher, but not over the “50” level. (2)

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

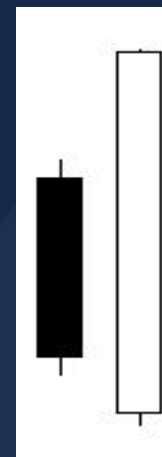
1. The market makes high price.
 2. Retracement RSI remains above "50" (2)
 3. The market makes a higher high.
 3. RSI makes a lower high. (3) Must be over the 70 level.
- ** The Swing failure sell signal occurs as RSI swings below "2"***

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

The technical setups

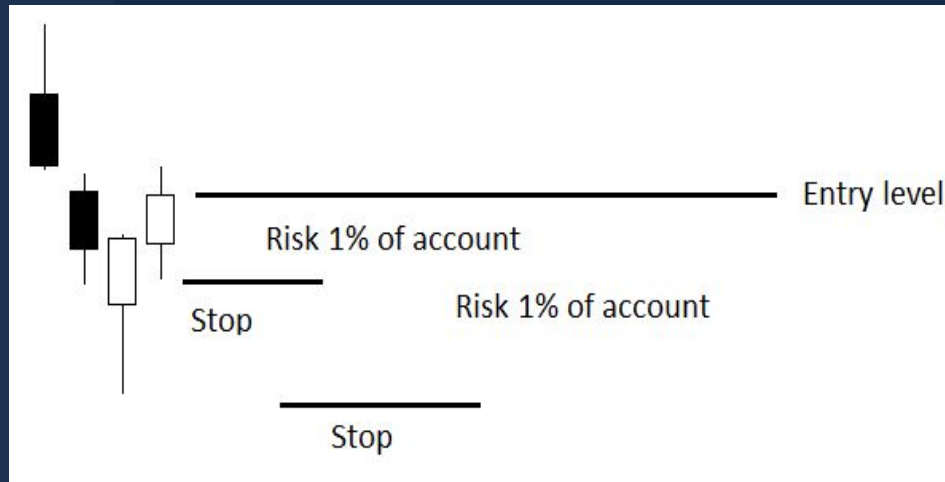
Outside range

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 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.



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