



IN BLACK AND WHITE

the week beginning
09/09/2019

A market technician's view

FX
INDICES
EQUITIES

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SUMMARY-

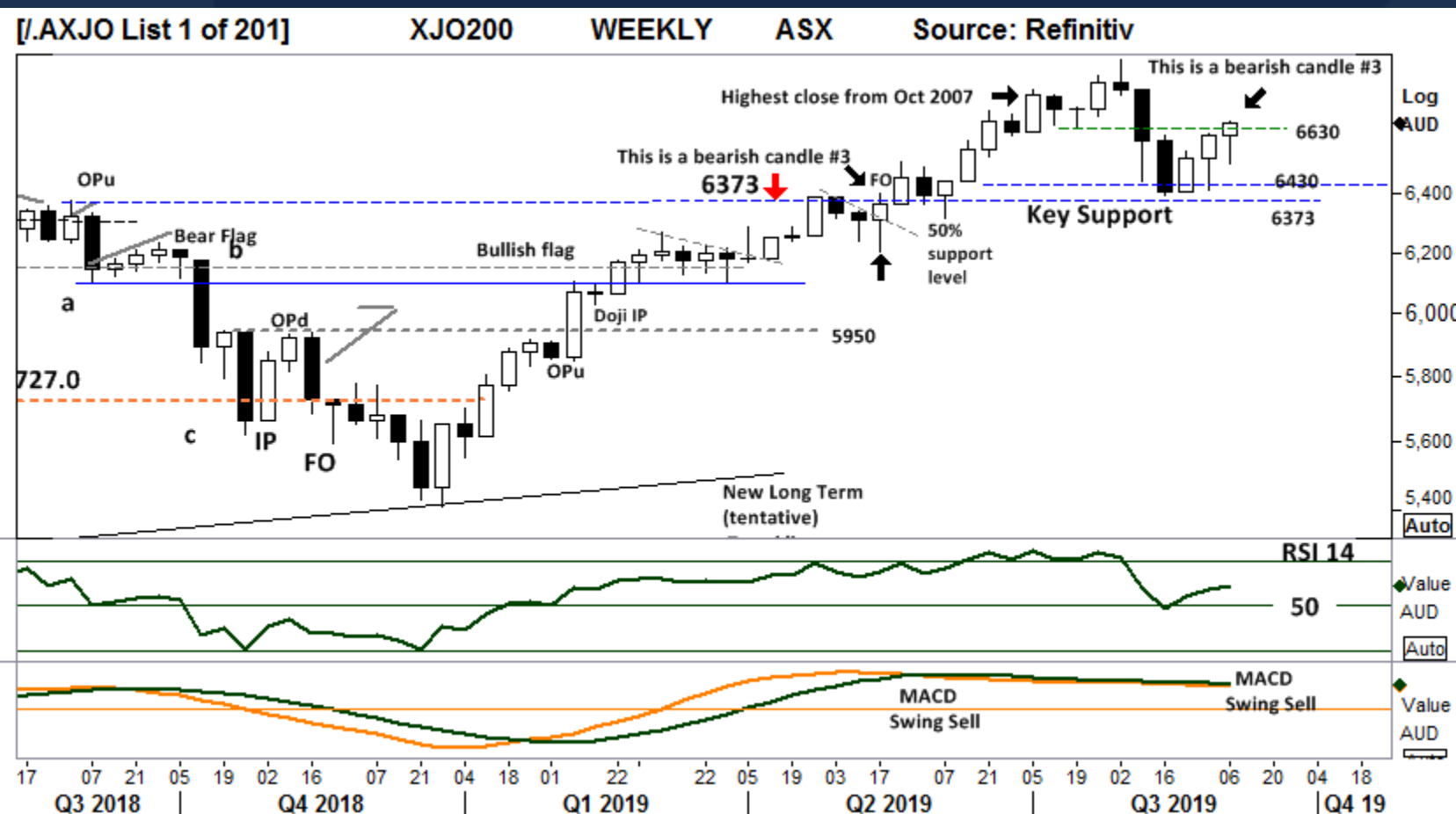
Major market indices have wrong footed the Sellers last week as they pushed higher in this seasonal bullish window, and remain in striking distance of the recent all time highs.

Volatility indexes have confirmed the bullish view as they return to bullish levels.

Gold and Silver have posted short term exhaustion highs with retests of support levels underway.

West Texas intermediate remains on target to test higher resistance.

Australian 200 index – Weekly



A further Weekly close over 6630 would be welcome for the bullish view to continue.

#3 is a bearish Candle, it shows selling in the early stage of the lower shadow formation.

Weekly range remains subdued, the 6630 will be the key level to hold this week. Primary Trend remains UP.

The MACD remains a sell signal.

RSI continues to show a bullish upturn.

Comments from last week:

The XJO has again failed to close over the 6630 level. Primary trend remains UP.

Last weeks close in the high of the range is a bullish sign for further gains in the coming week.

Australian 200 index – Daily



Early rising 3 has followed through with a breakout over the key 6630.

Volume remains solid on the recent Daily advances.

Strong rejection during late July may provide significant resistance as the Index works its way back to 6800.

Daily movements have now entered an UP trend.

Comments from last week:
RSI has crossed the key "50" level. From bullish continuation.
divergent lows

S&P 500 Index – Weekly

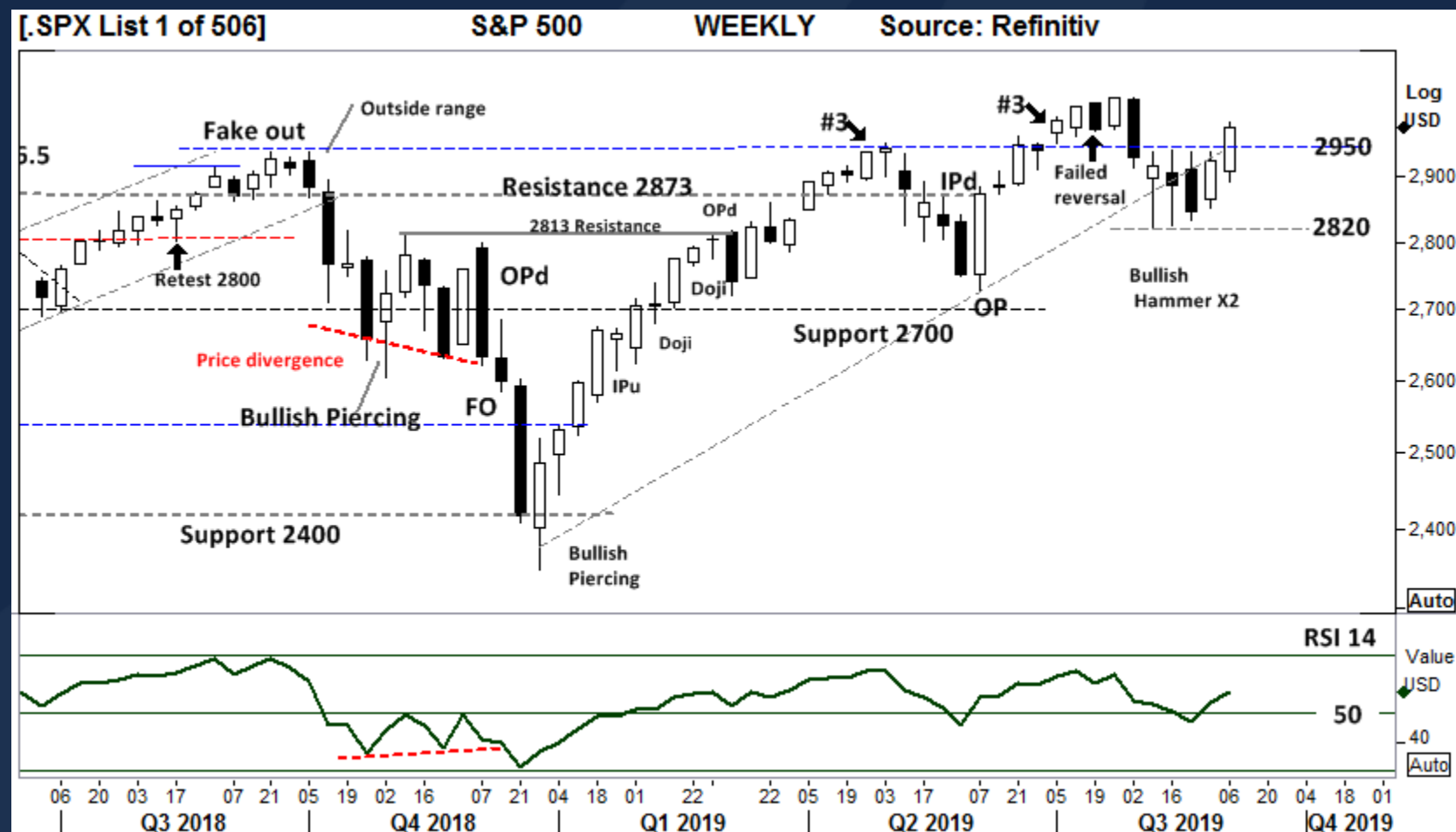
The Primary UP trend remains in place.

Rejection of lower prices confirms the breakout over 2950 with an expanding range, it should be noted the price closing in the high part of the range is very bullish for this coming week.

A retest of 3000 would provide significant price resistance in this Primary Up trend.

RSI turns higher with this increase of positive momentum.

Comments from last week. The S&P is clearly at an inflection point to push higher, with a potential retest of the July highs at 3000 points.



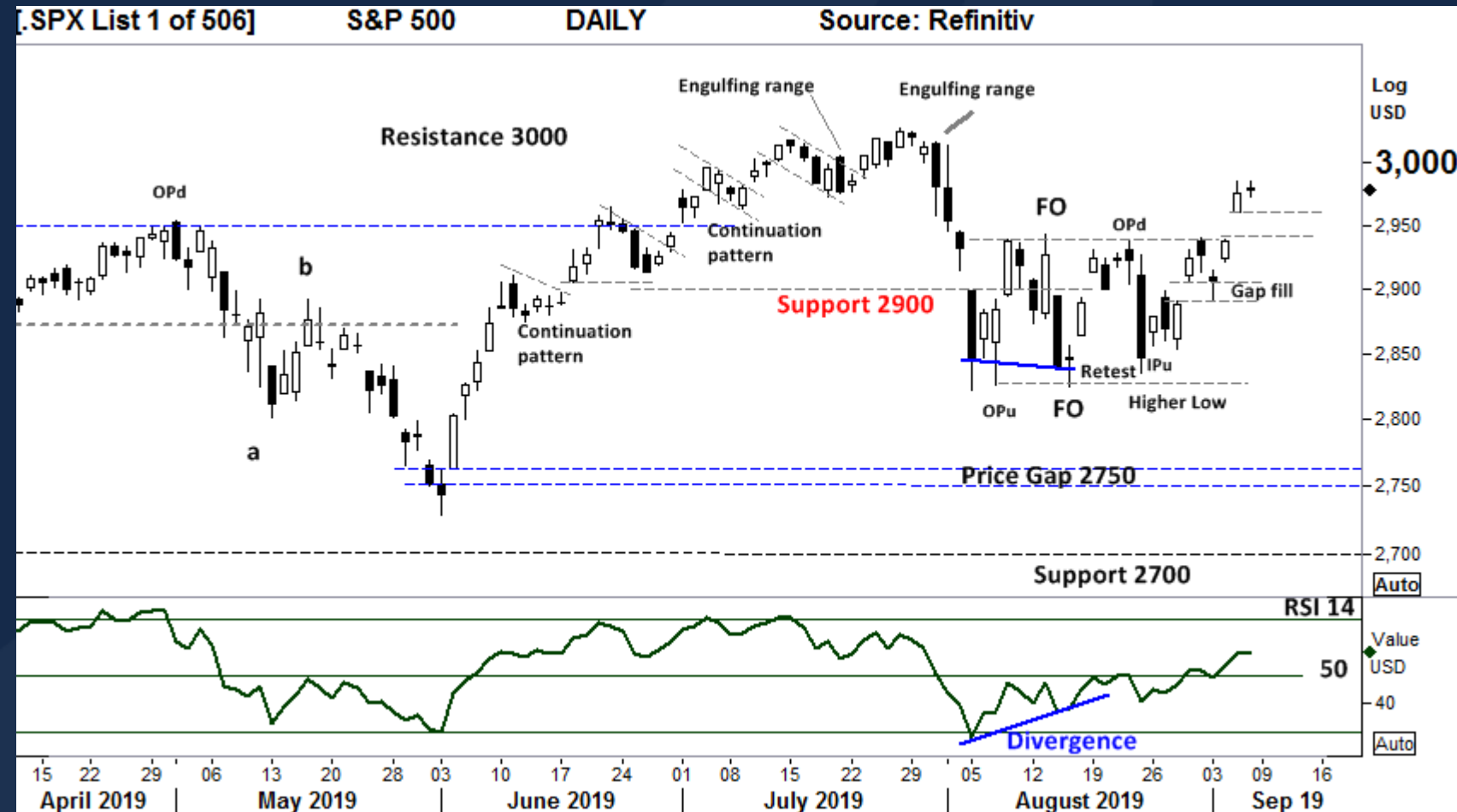
S&P 500 Index - Daily

With the daily Gap at the 2900 level now filled the issue for this coming few days is the Gap at 2950. Any price weakness in the coming days may look to fill this Gap in prices.

Traders would monitor closing levels above 2940 as Daily support.

The RSI has turned higher and remains over the key 50 level.

Comments from last week:
Upside momentum has the potential to breakout higher.



Transports Index

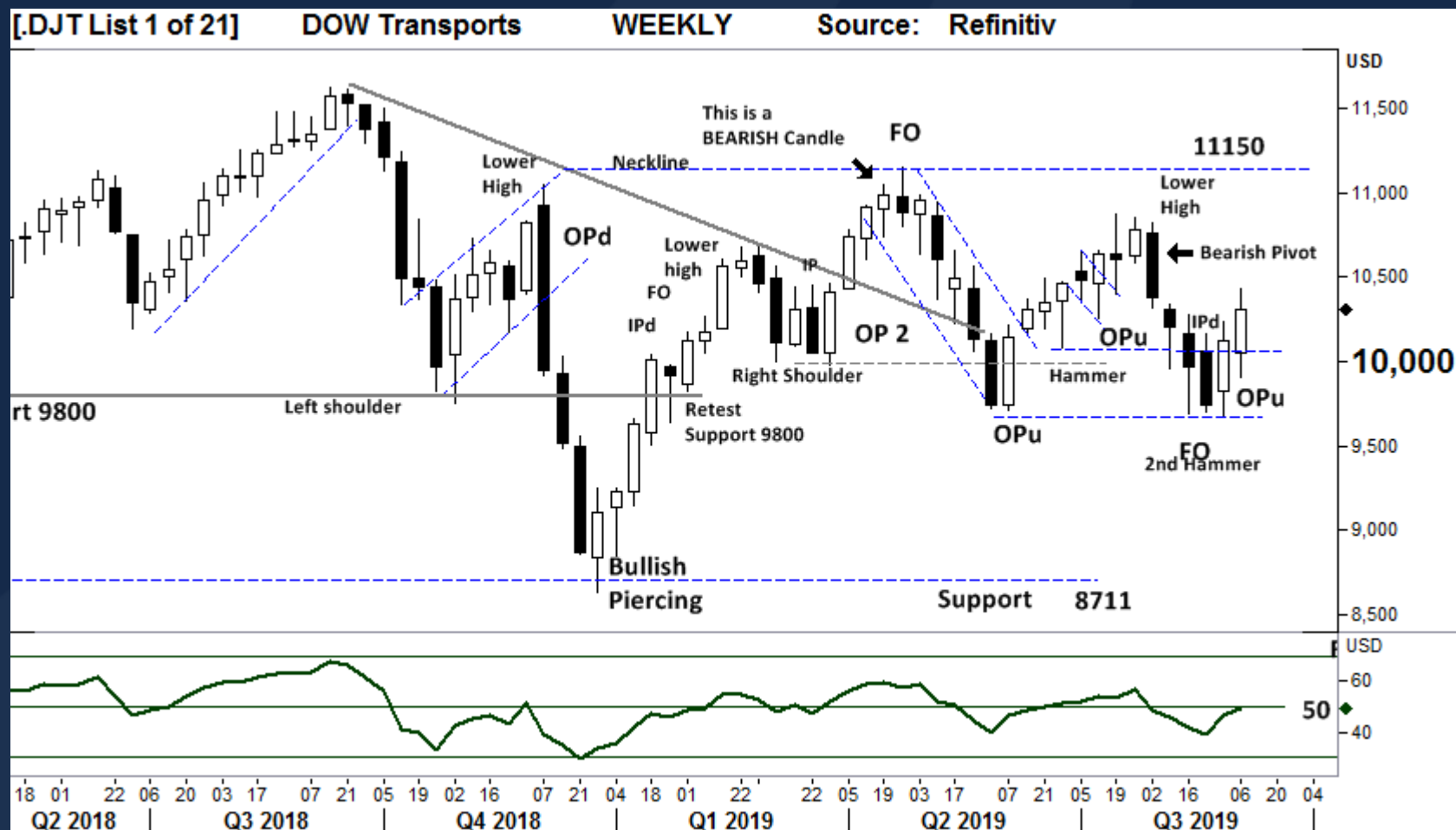
Dow Theory trend analysis states, the transports must confirm major indices.

(This index remains a NON CONFIRMATION of the long term Bull market, a break of 11150 is required.)

The OPu from 2 weeks ago has followed with higher values.
The Transports remain within a consolidation area with a potential retest of 11,150 underway.

Relative strength has turned higher however remains just below the key 50.

Comments from last week. From a complete bearish view last week to a strong price swing via the outside period up close (OPu),
Strong price support is now established above 9800.



GOLD Weekly

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

Last week price rejection has taken place in the form of an Outside Period OP and a 2nd “shooting star”. This has the potential to follow through this week with a retest of lower prices.

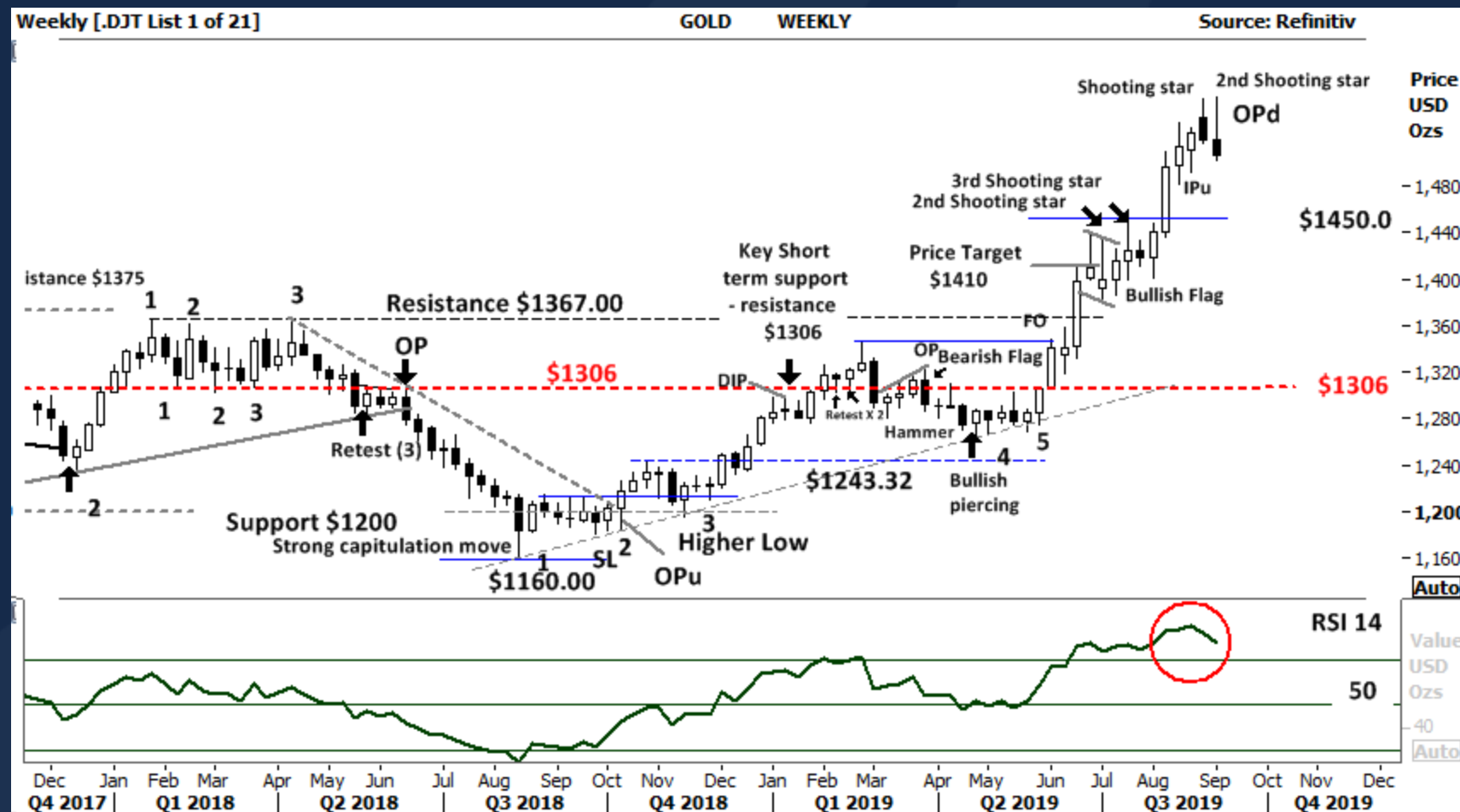
RSI remains over the “70” level confirming strong price momentum, however is rolling over, at these levels this can result in a significant price retracement as momentum changes..

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

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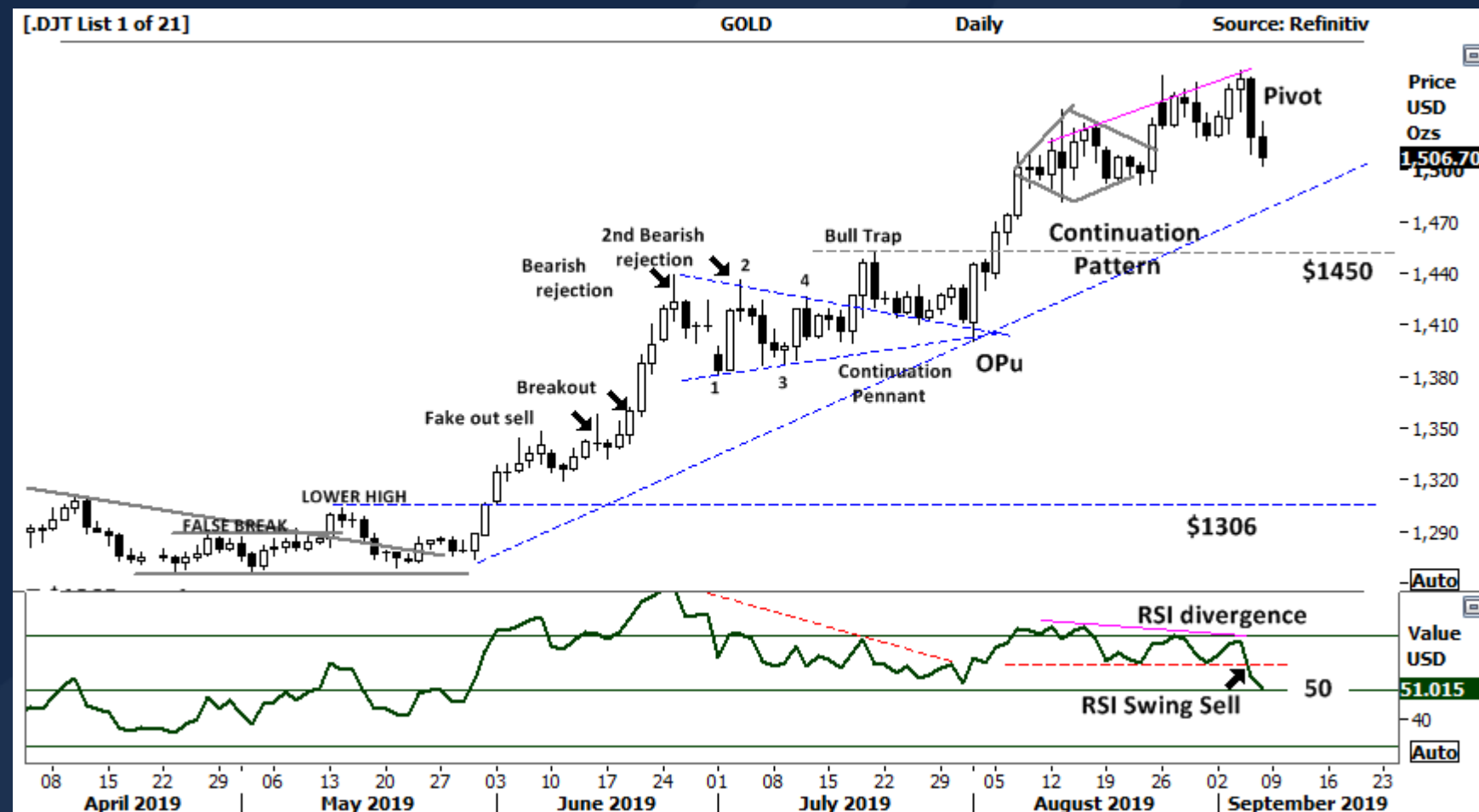
Gold Daily

Continued daily rejection of higher prices. The price action of last Thursday provide a reversal pivot.

With a tentative trend line in place look for a rest of these levels, continued weakness would target \$1450 and \$1306.

Relative strength has provided a “Swing Sell” signal. Should RSI move below the “50” level momentum to the upside would lost.

Comments from last week: Traders should monitor price action above the \$1500 level for further weakness
Daily trend remains UP, but at risk of consolidation above \$1450.



SILVER Daily

Daily Silver shows an exhaustion move from the short consolidation from 2 weeks ago. In the coming days look for support at the trend line intersecting at \$17.50.

A potential retest of \$17.50 is underway.

A break of this level would potentially see \$16.60 retested.

RSI makes a sharp rejection from the high point with momentum towards the key 50 level.

It should be noted, SILVER has also confirmed the overall precious metals bullish breakout.

Comments from last week: Daily consolidation with an Outside period followed by the inside period, suggests a pause in the underlying bullish move.



Australian Volatility Index

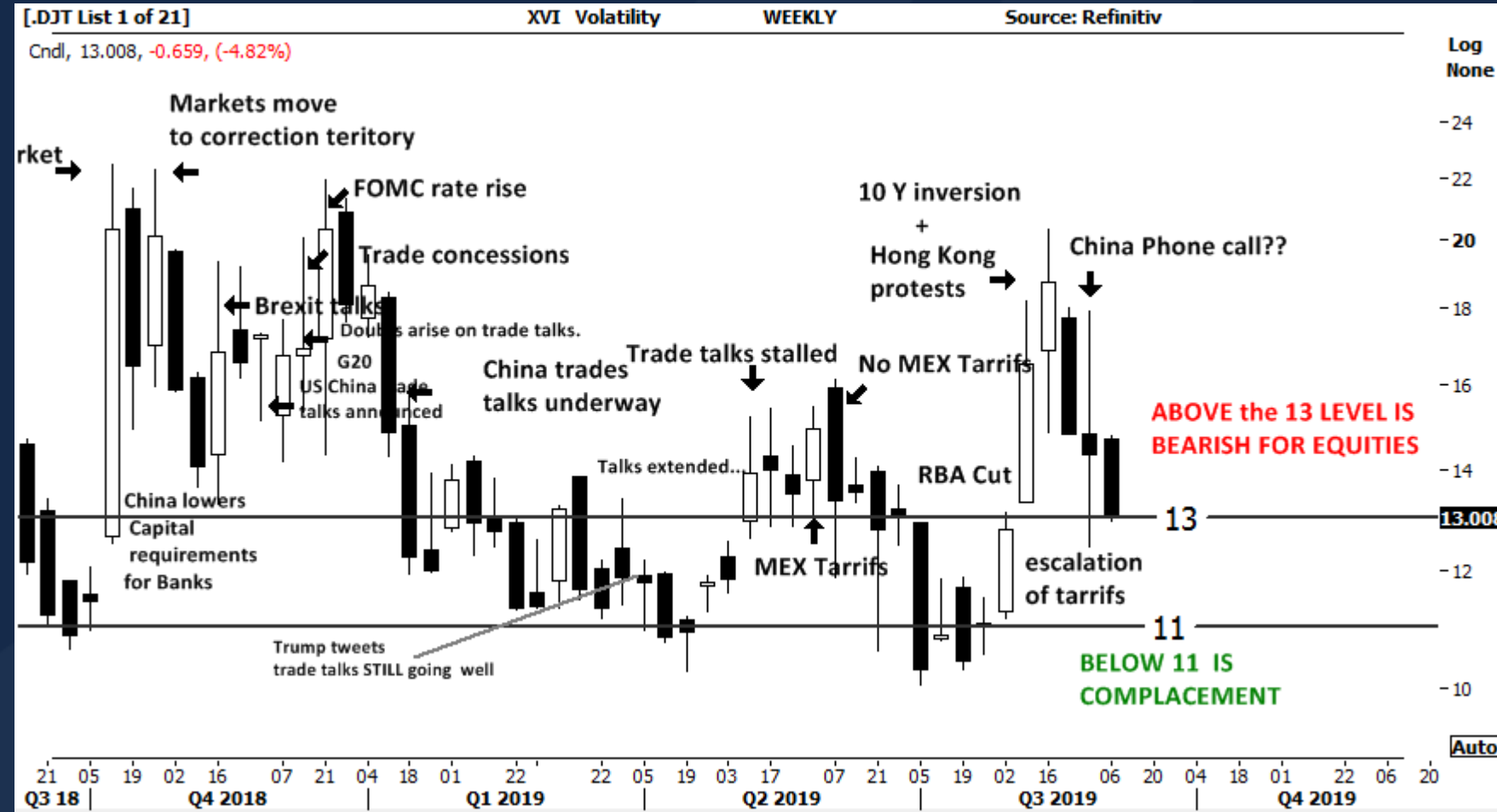
Current volatility levels, show a significant decrease in the volatility indicator. This is moderately Bullish for equities.

Look for a move back into the 11-13 range.

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



Monday and Tuesday's FO move, both shooting stars have followed through.

Thursday and Friday has found significant support at 99.36. This is an important level for this week to hold. Relative strength remains sideways neutral in consolidation area.

The Daily trend remains UP.

Comments last The price break higher has again tested the high from July with a large range candle. This suggests further gains for the DXY

WTI Oil WEEKLY

Comments from 2 weeks ago remain in place. The weekly OPu is a good sign momentum may be changing to the upside. With the highest close for the past 6 weeks and the Relative strength Indicator moving over the 50 level a retest of \$61.80 is underway.

The Relative Strength Indicator turns flat and remains under the key 50 level on this weeks consolidation candle.

Comments from last week: WTI remains in consolidation following rejection of the \$50 lows. The price structure is supportive of further gains. However no real momentum is showing for a breakout above \$61.80.



The technical setups

Outside period

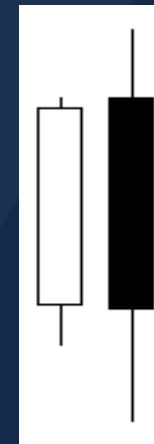
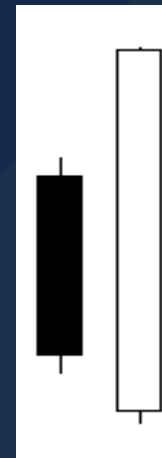
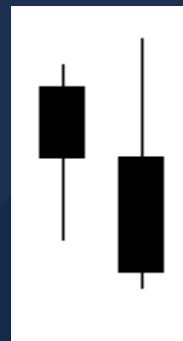
OPu and OPd

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

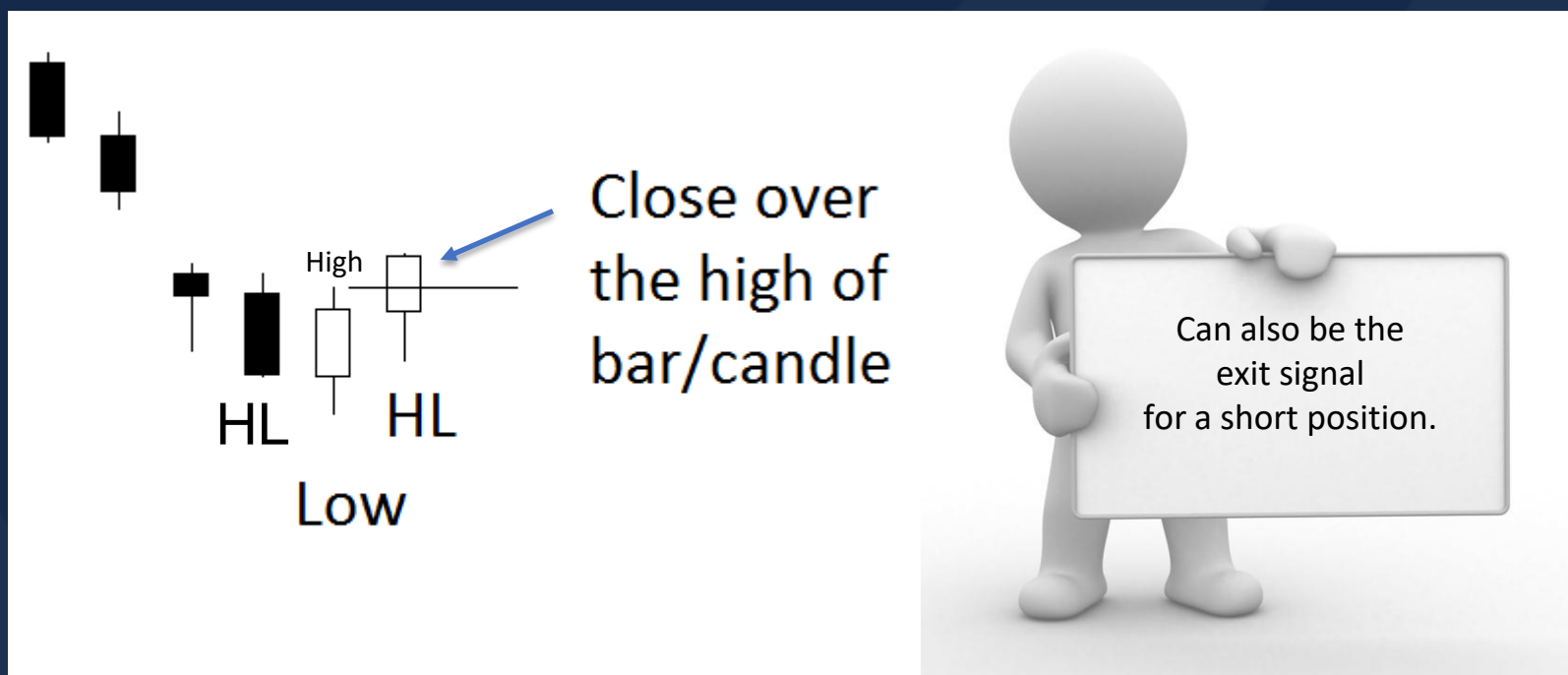
The outside period can mark a significant market turning point at or within 3 bars (93%).

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

The OP period comes in all shapes and sizes.

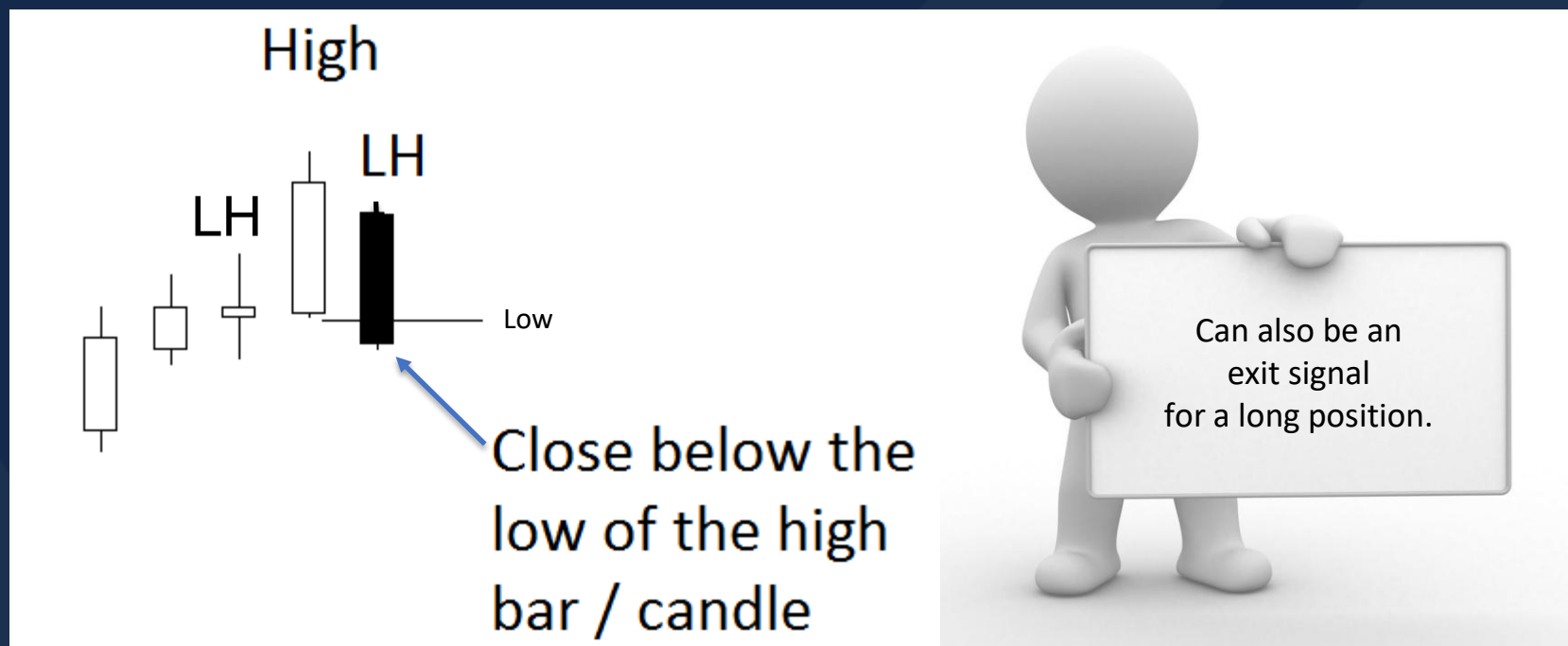


The technical setups. The Pivot point reversal



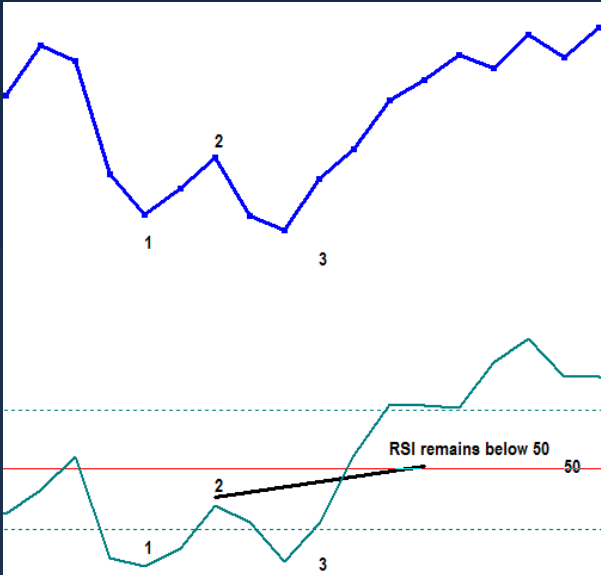
The technical setups

Pivot point reversal



THE TECHNICAL SETUPS

Relative Strength



Relative Strength Indicator

SWING BUY SIGNAL.

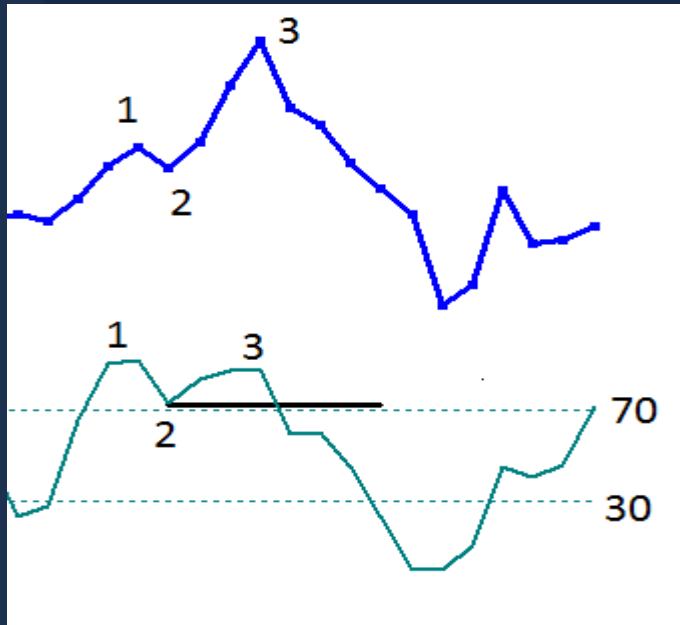
- Market makes a low, (1)
- Market closes higher, (2)
- Market makes new lower low, (3)

- 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" **

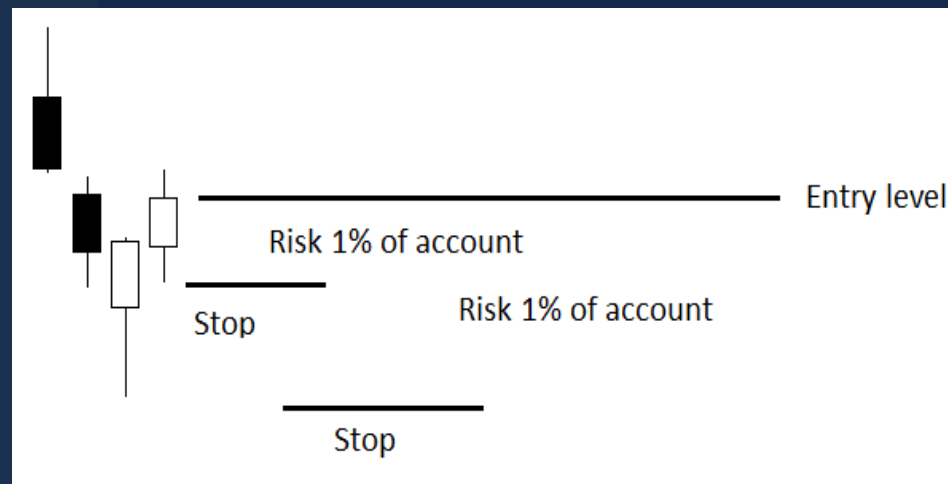
Swing failure is identified with the break of point 2 on RSI

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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