



IN BLACK AND WHITE

23/11/2018

A market technician's view

FX
INDICES
EQUITIES

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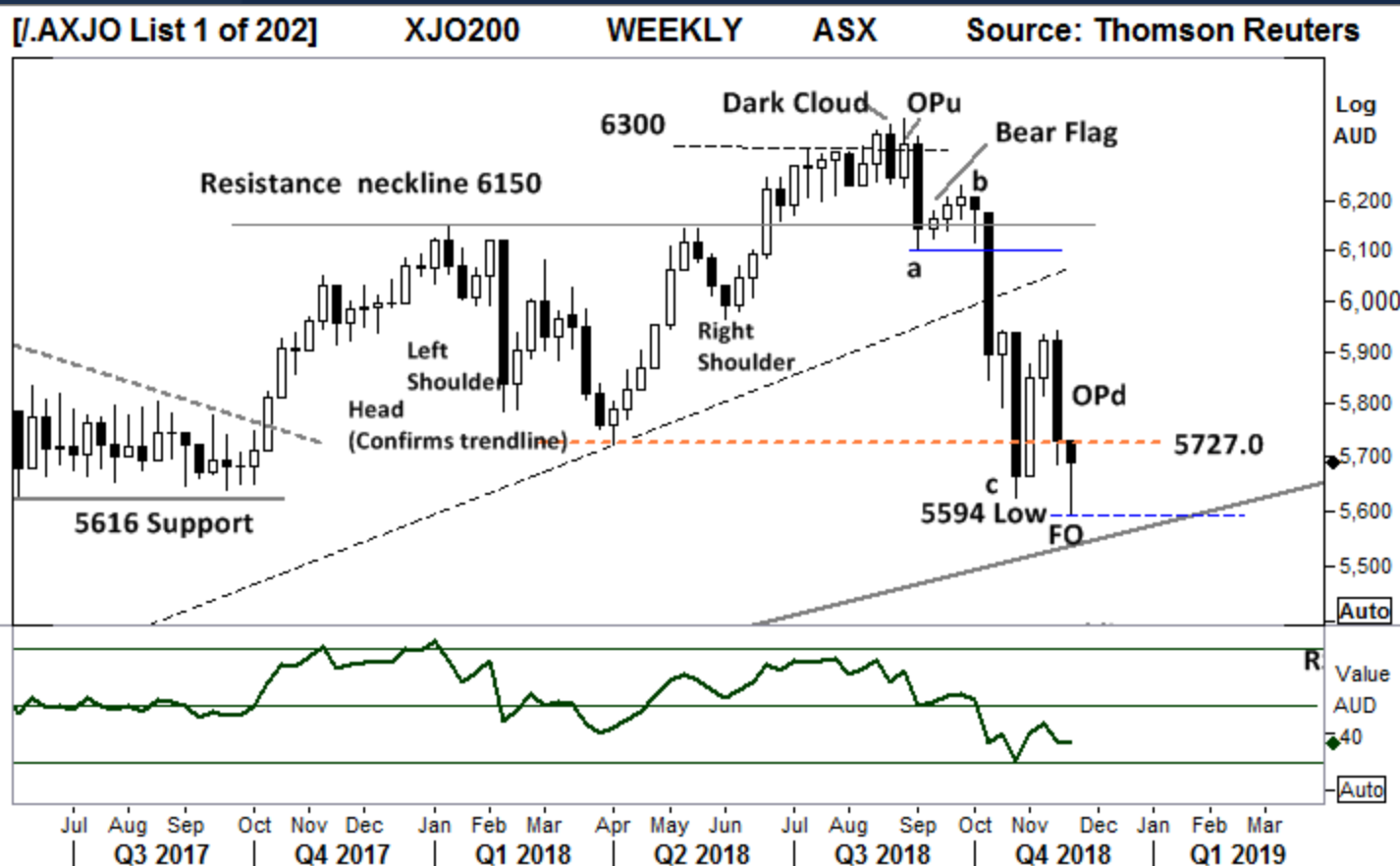
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Aussie 200 index – Weekly



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

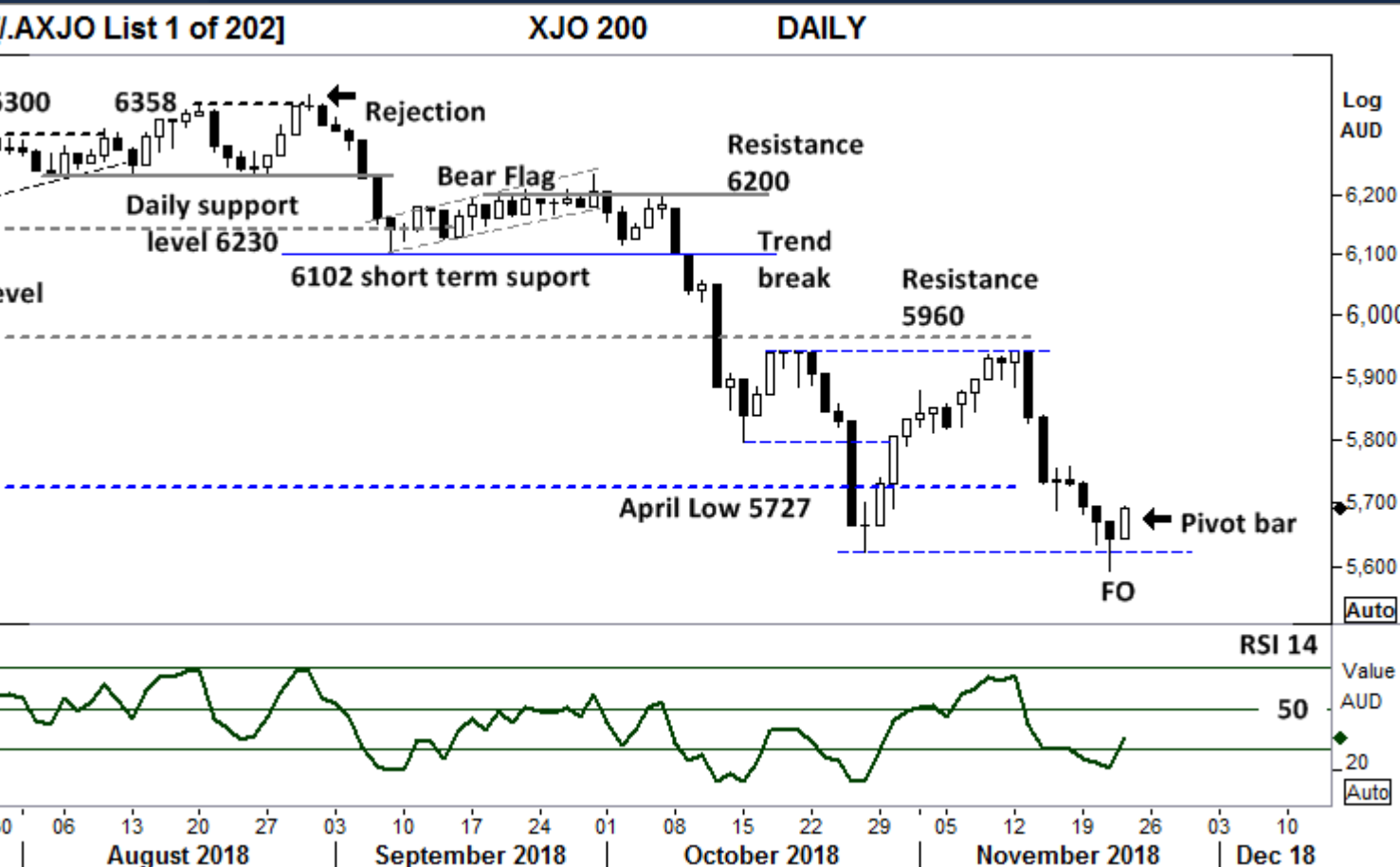
Index weekly chart remains in a Primary DOWN Trend.

This weeks FO bar (incomplete) a test of 5600 and so far showing a high close, is encouraging for a retest of 5930 highs.

Comments from last week:

Further closes below this level bring the long term trend line into play at 5600 points.

Aussie 200 index – Daily



Primary trend remains down.

Resistance remains at 5960 points.
The daily chart requires a close over this key level to confirm a bullish case.

Thursday's pivot bar completes a short term reversal, the next trading days will be critical to maintain support at this 5700 level.

The Relative strength indicator has swung below the "50 level", yesterday turned sharply higher above the "30" level.

Comments from Last week.

Yesterdays close over 5727 is an important step with follow through pivot point completion required to build a view for the retest of 5960 point resistance.

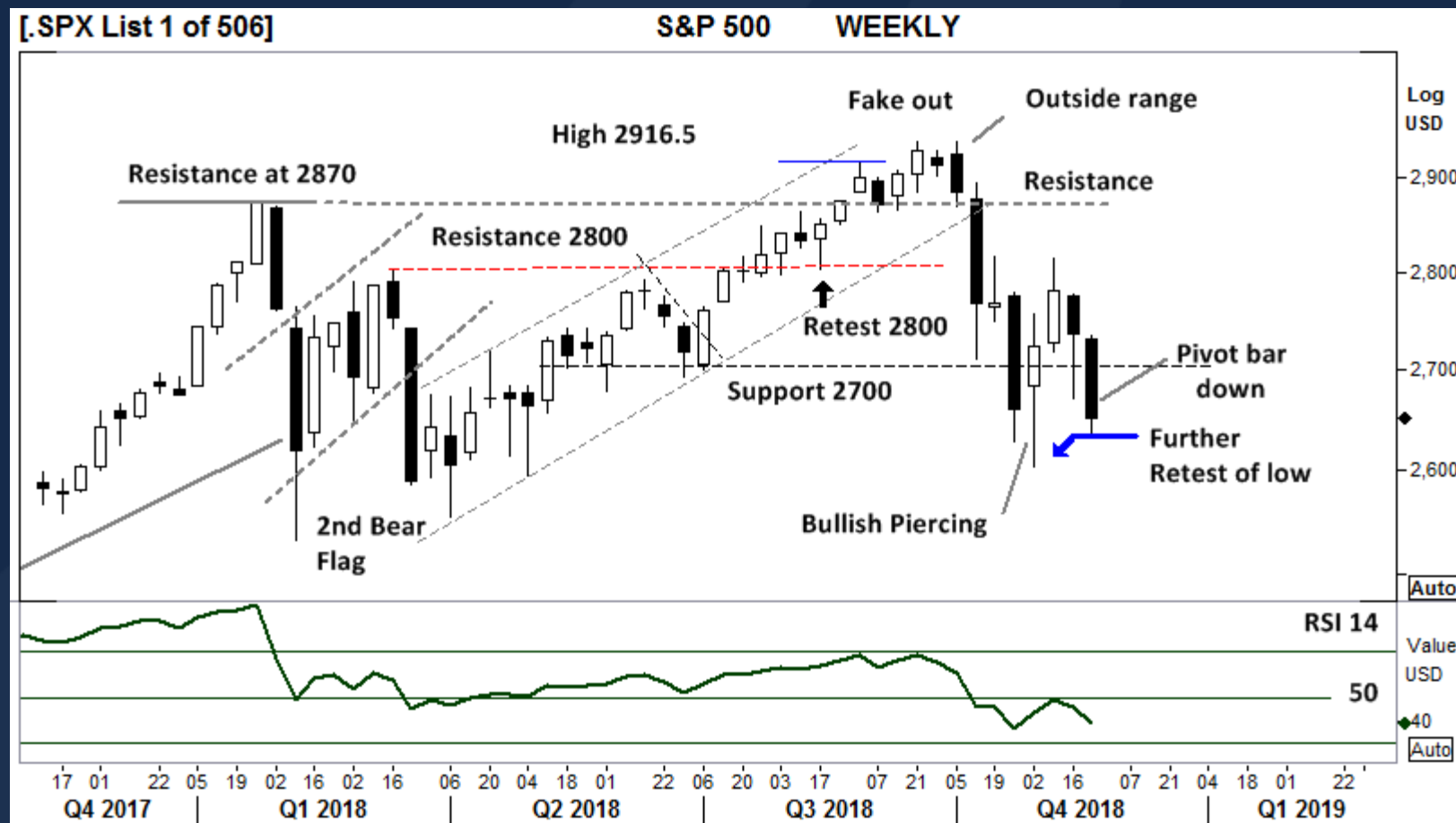
S&P 500 Index - Weekly

PRIMARY TREND REMAINS UP in this “corrective move”.

This week with a further retest of the low underway, with a closing price towards the low of the range.

A break of this weeks low in the coming week would be very bearish and suggest a continued move lower below 2600.

Relative strength (14) had moved below the key “50” level reflecting the current weeks price weakness.



Comments from last week.

2670.75 points, the current weeks low, a further break of this level would be very bearish and suggest a continued move lower.

S&P 500 Index - Daily

US markets closed 22/11

The potential inverse Head and Shoulder pattern remains in place.

A further closing price blow 2603 points would signal a potential retest of 2550 points

RSI is moving below the "50" level but turned higher on the current price move.
The RSI bullish divergence although complete is often a precursor to a new primary trend.

Comments from last week.

A potential Inverse head and shoulder pattern will now be monitored for a break of the neckline.
A close over 2816.94 is required to reaffirm the bullish case.



FTSE 100 Index – Weekly

FTSE 100 weekly:

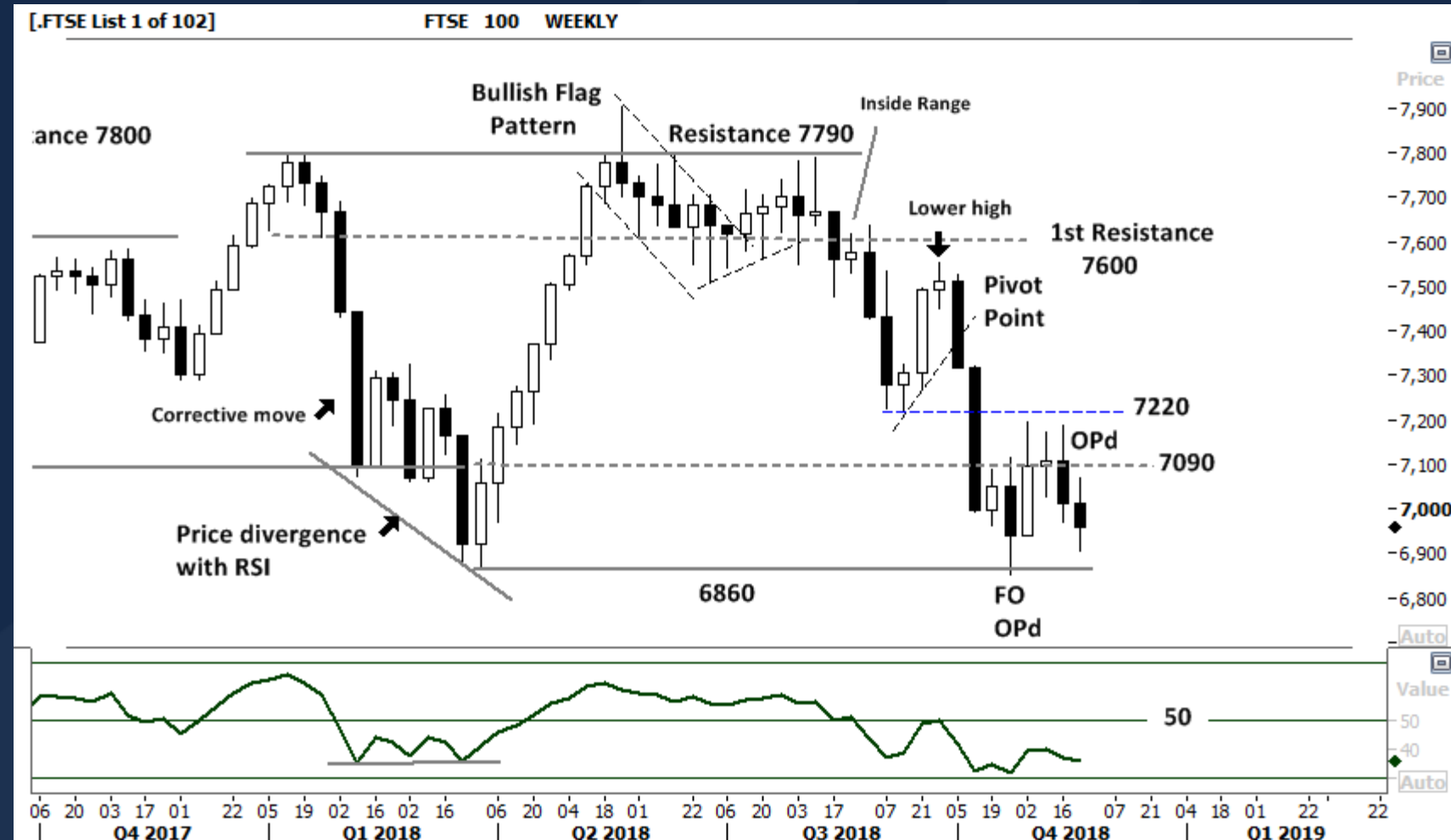
The Primary down trend in the FTSE remains. Continuation of the down trend is expected.

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.

Comments from last week:

This weeks OPd (outside period) is confirming the bearish case.



GOLD Weekly

Gold has changed the Primary trend to UP.

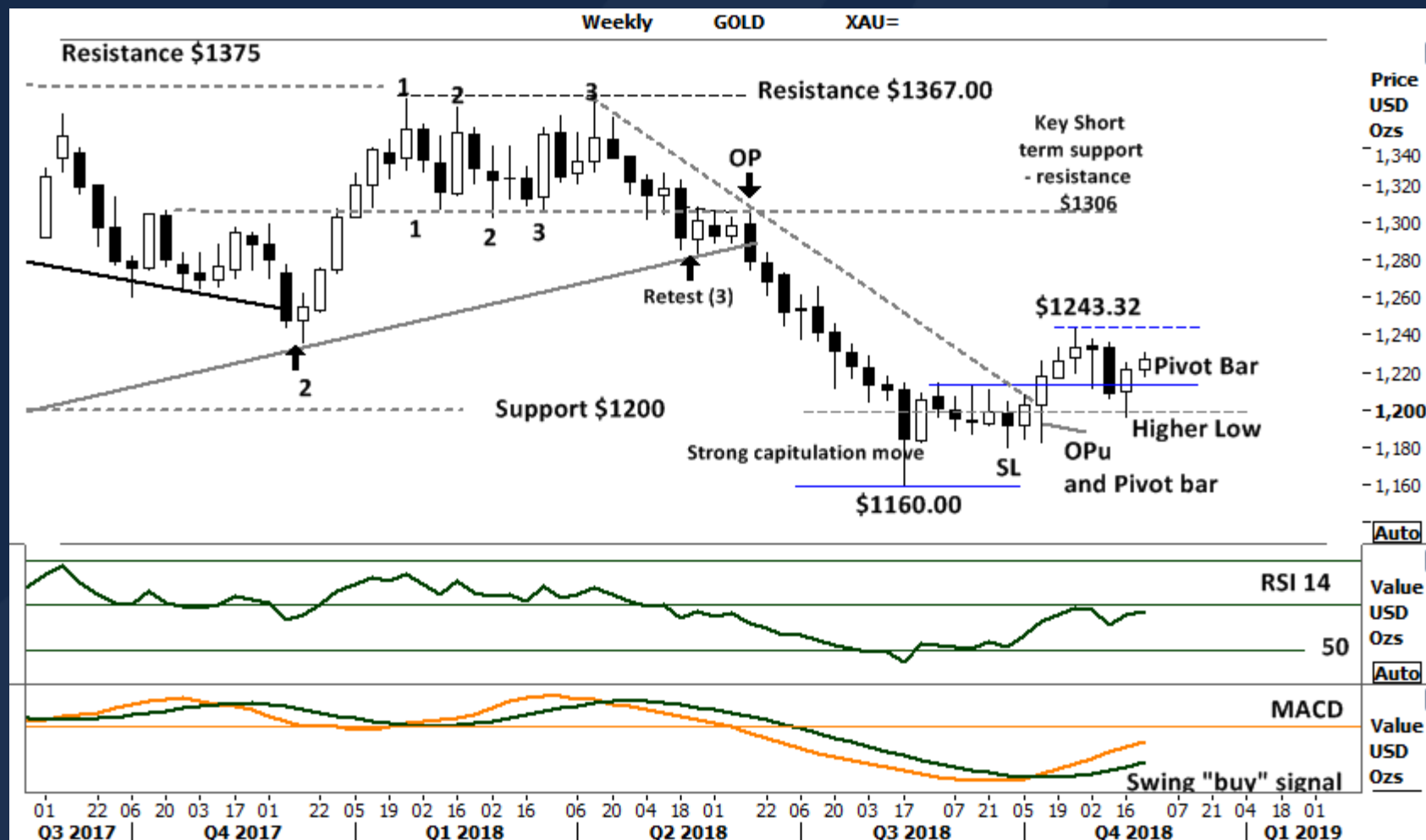
The current consolidation around the \$1200 can be viewed as "Gold is building a base".

The new Higher low in place with the pivot bar further builds the bullish case for Gold making a move over \$1243.32

RSI remains over the key "50" level.
MACD swing buy signal remains in place.

Comments from last week:

A retest of the \$1200 level this week remains bullish for Gold. This secondary type of price movement can be the precursor to higher prices with a closing candle above \$1243.32 required to confirm.



Gold Daily

Gold has the potential to push higher into the \$1266 level.

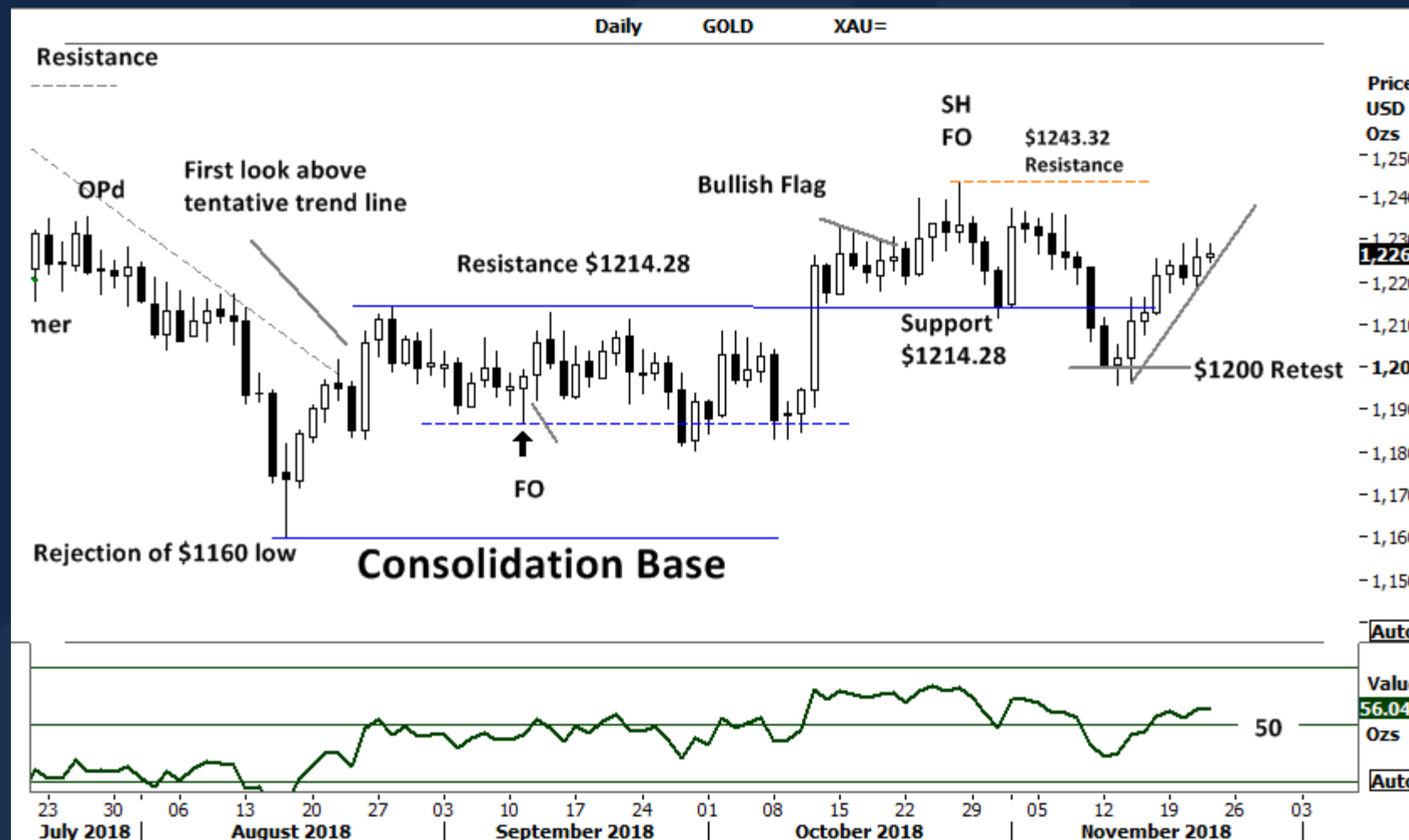
Look for a daily closing price above \$1243.32 to confirm the bullish movement underway.

This daily movement has entered into a downtrend with the new low again testing the key \$1200 support level.

RSI remains above the “50” level indicating positive price momentum.

Comments from last week:

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.



Australian Volatility Index

Volatility is falling, currently 17.0 down from the 19.3 high this week.

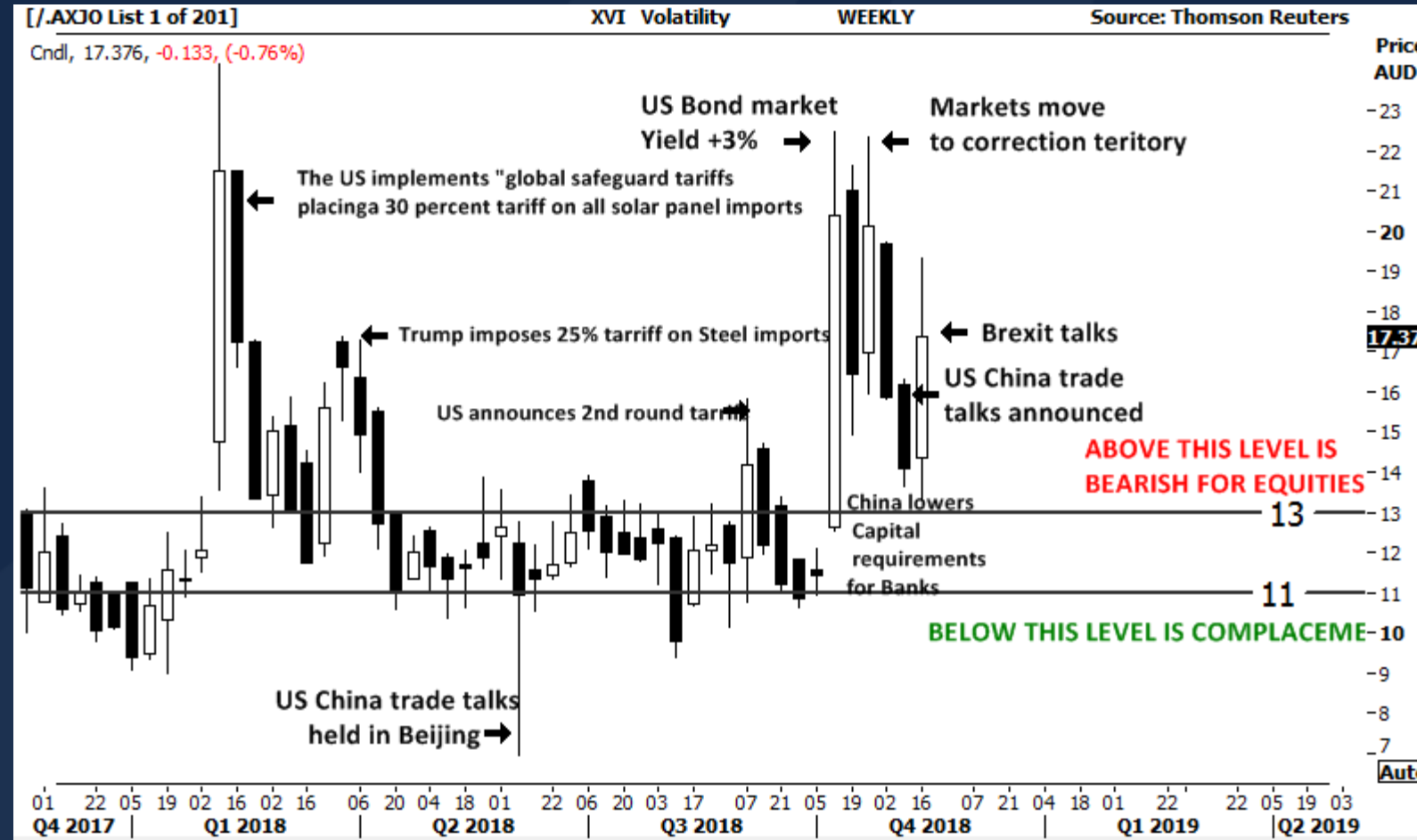
The Australian market has a volatility indicator XVI.

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

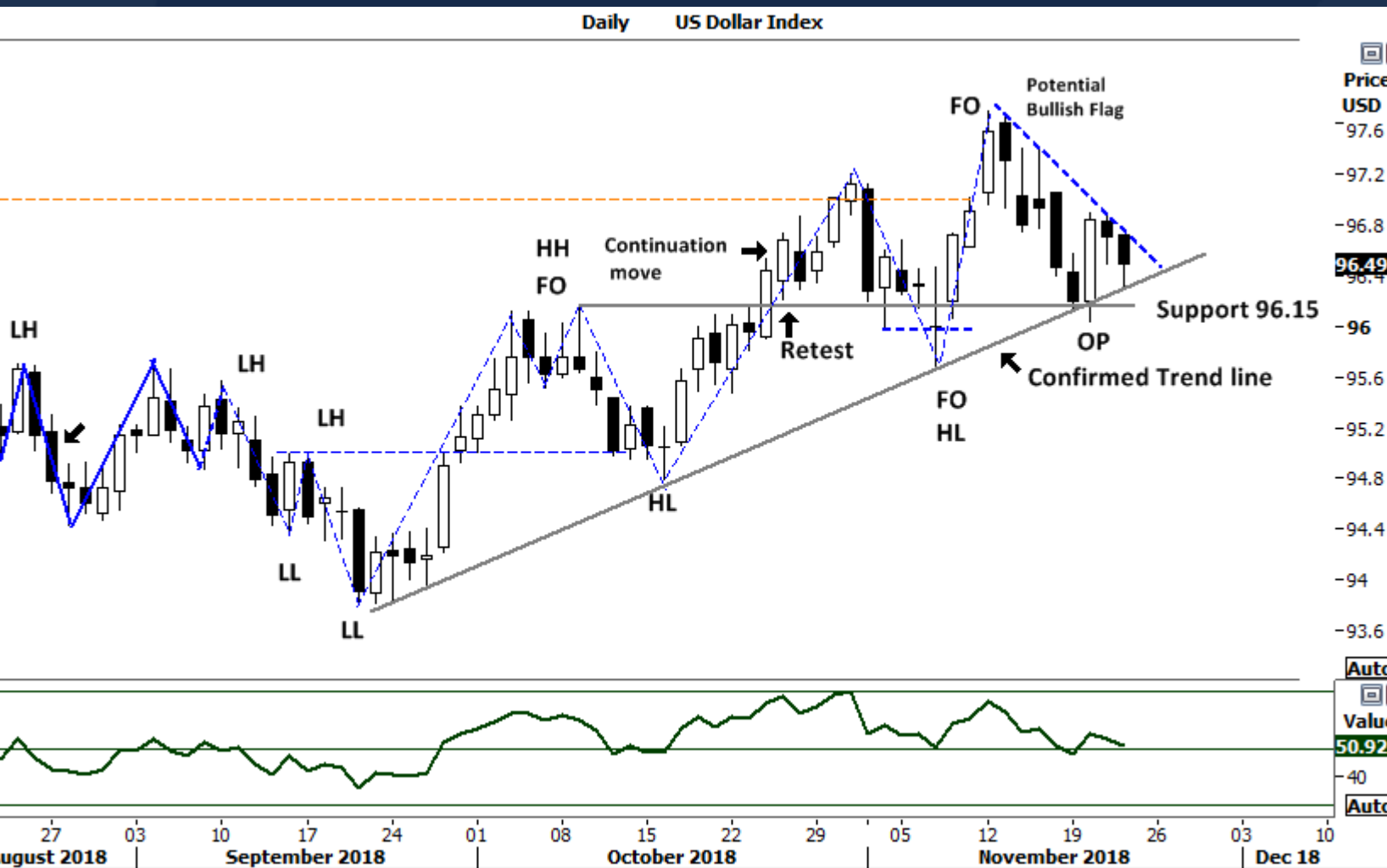
As markets anticipate events, the forward priced option volatility changes, hence as forward price changes, this “skew” is pricing is measured in this XVI.

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

An XVI over “13” is generally bearish for equities.



US Dollar Index



This week saw the retest of the trend line and support at 96.15. The consolidation of the past 2 trading periods remain bullish for a breakout higher.

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.

Comments last week. The confirmed trend line is now in place in this primary UP trend. Look for a retest of the trend line towards the 97 level.

WTI Oil WEEKLY

Weekly OIL

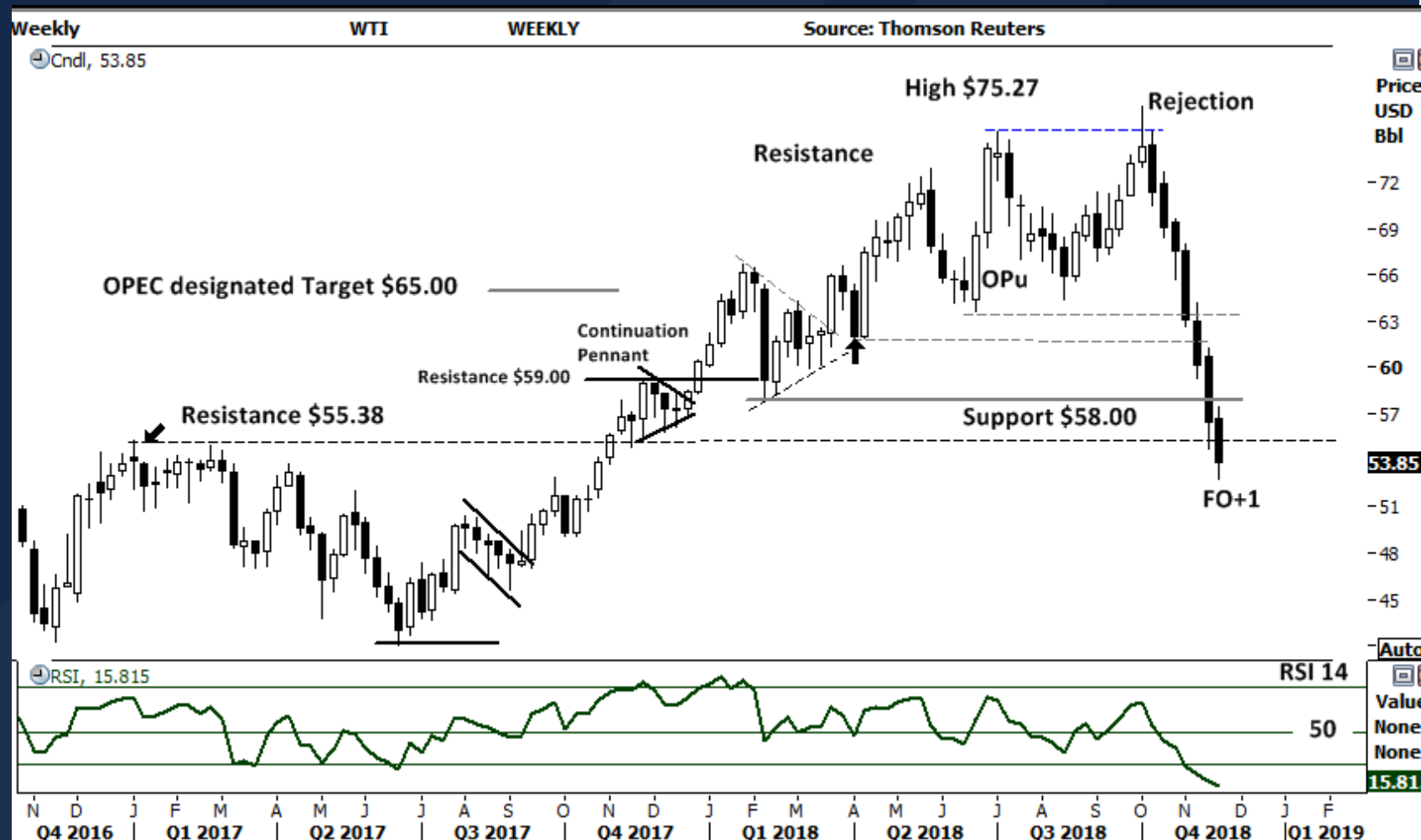
Oil remains in a ***“corrective”** move with a closing price first below the 22nd June low of \$63.59 and the 17th August \$64.43 low, and this week moving below the key \$58.00 support level. The \$55.38 level is now broken this \$53.85 closing price could see WTI into the \$40’s.

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

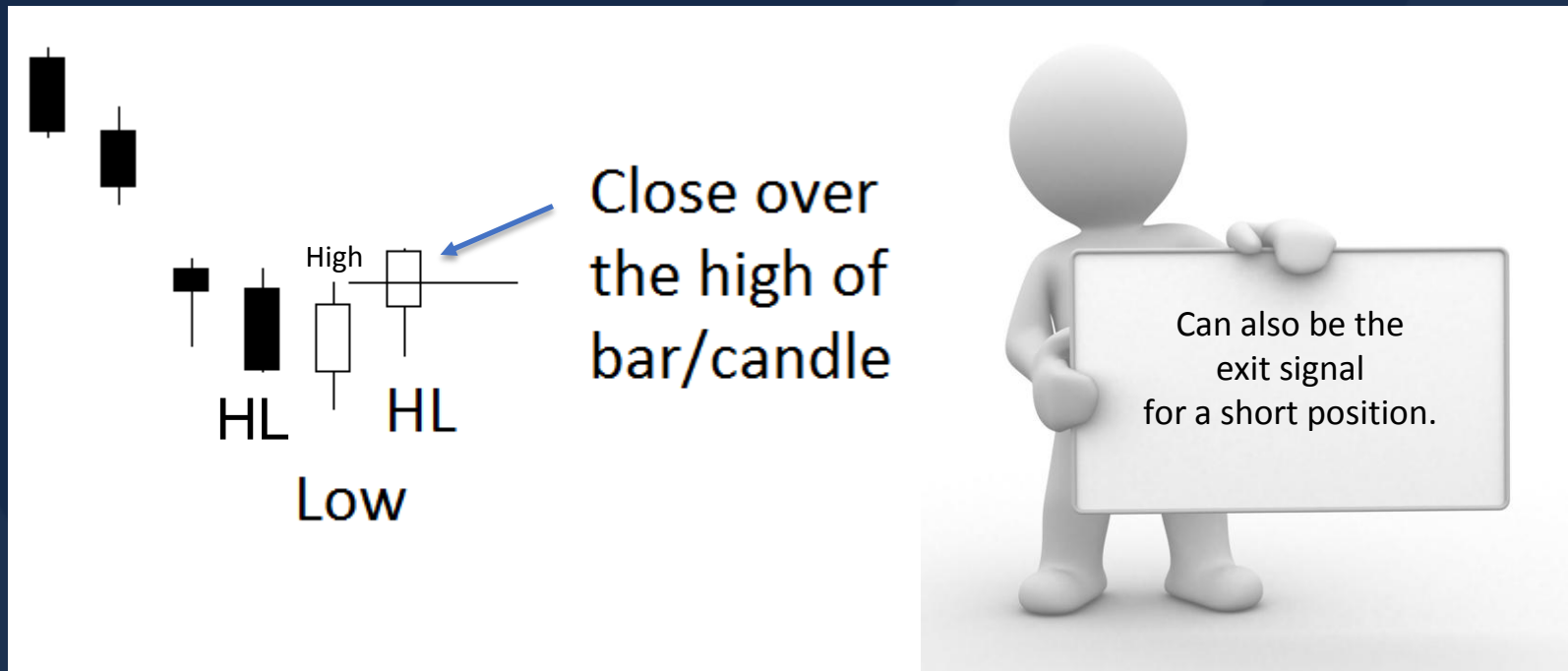
***A corrective** movement shows price moving below previous low points without making retracements. This type of movement does not change the current primary trend (UP).

Comments from last week.

The \$55.38 level is now in play, a closing price below this level could see WTI into the \$40’s.

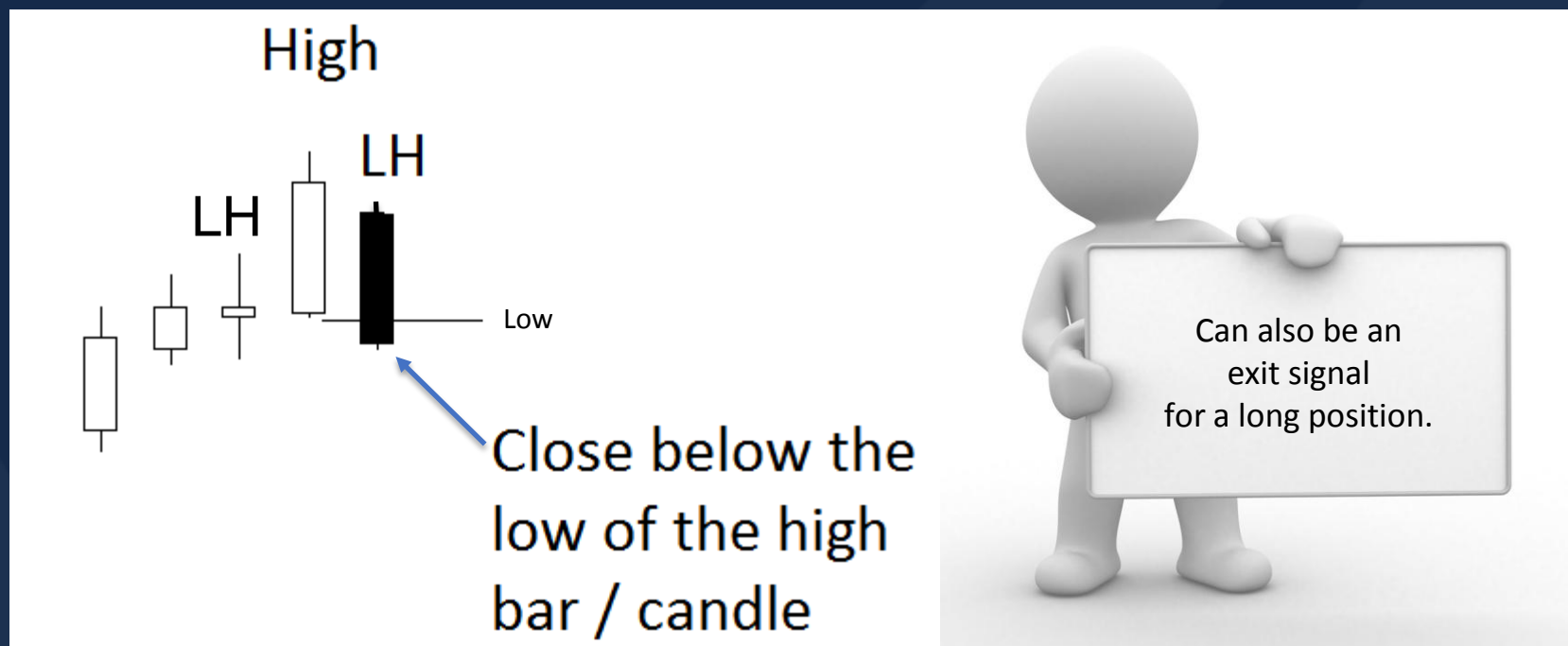


The technical setups. The Pivot point reversal



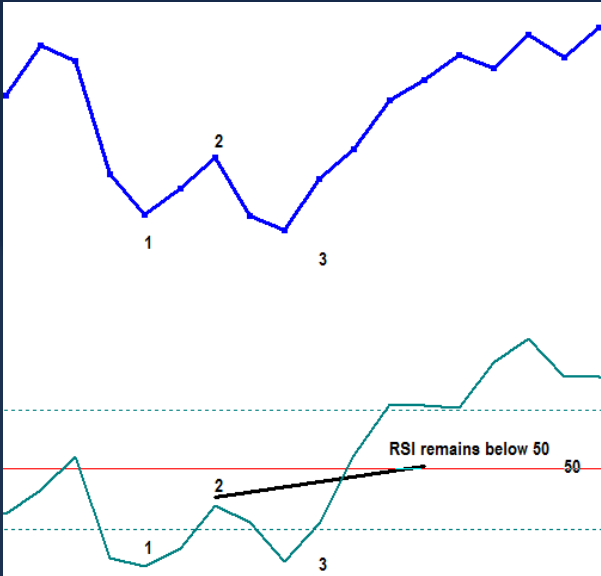
The technical setups

Pivot point reversal



THE TECHNICAL SETUPS

Relative Strength



Relative Strength Indicator

SWING BUY SIGNAL.

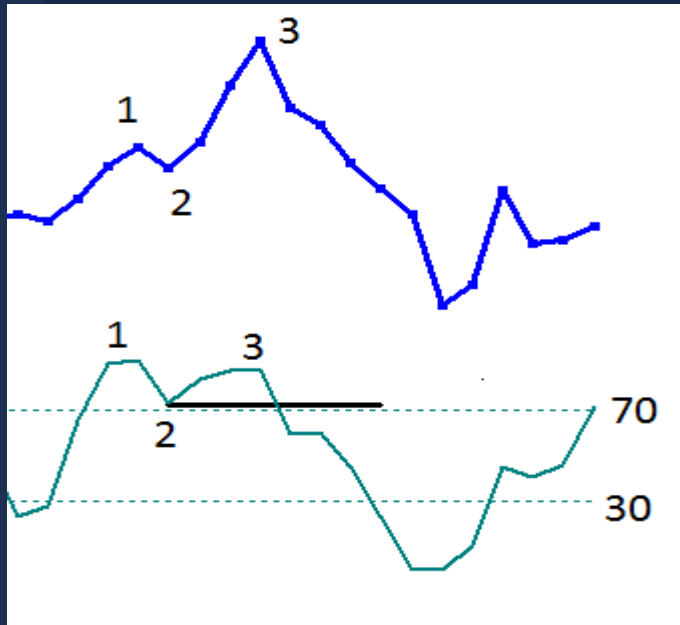
- Market makes a low, (1)
- Market closes higher, (2)
- Market makes new lower low, (3)

- 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

The technical setups

Outside period

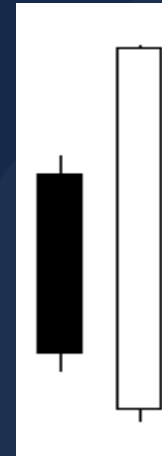
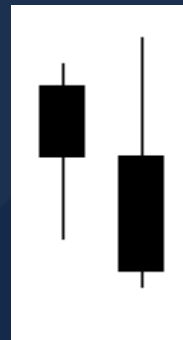
Opu and OPd

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.

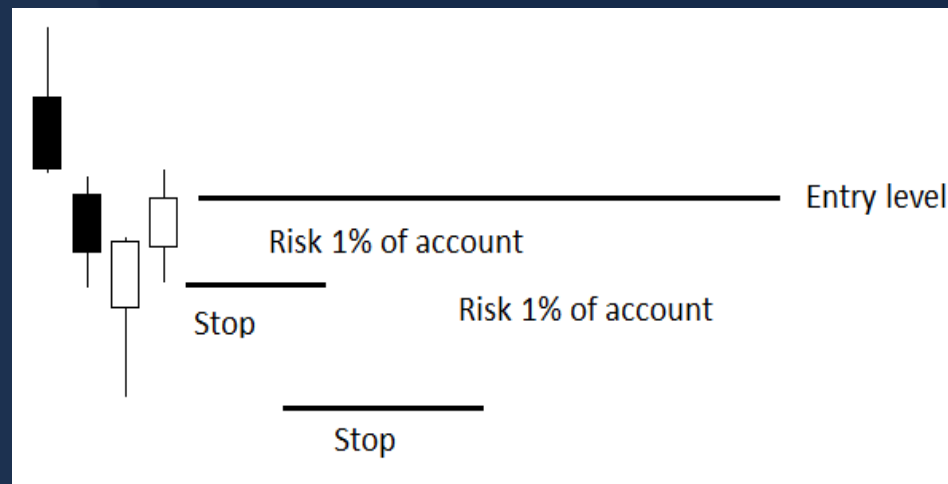


Position size and management guidelines

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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THANK YOU