



IN BLACK AND WHITE

the week beginning  
**09/12/2019**

A market technician's view

FX  
INDICES  
EQUITIES

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## SUMMARY-

A strong finish for the Major Indices' last week has the signs of a follow through in the coming weeks.

Gold and Silver post strong bearish reversals and remain at risk of breaking significant support levels in the coming days.

West Texas Oil has staged a strong reversal last Friday with the potential to follow through to higher prices.

# Australian 200 index – Weekly



The WEEKLY chart of the XJO remains in a Primary UPTREND.

A clear large range reversal bar last week further consolidates the XJO above 6630.

Current resistance remains at 6740.

This type of consolidation remain a positive precursor for a Xmas rally.

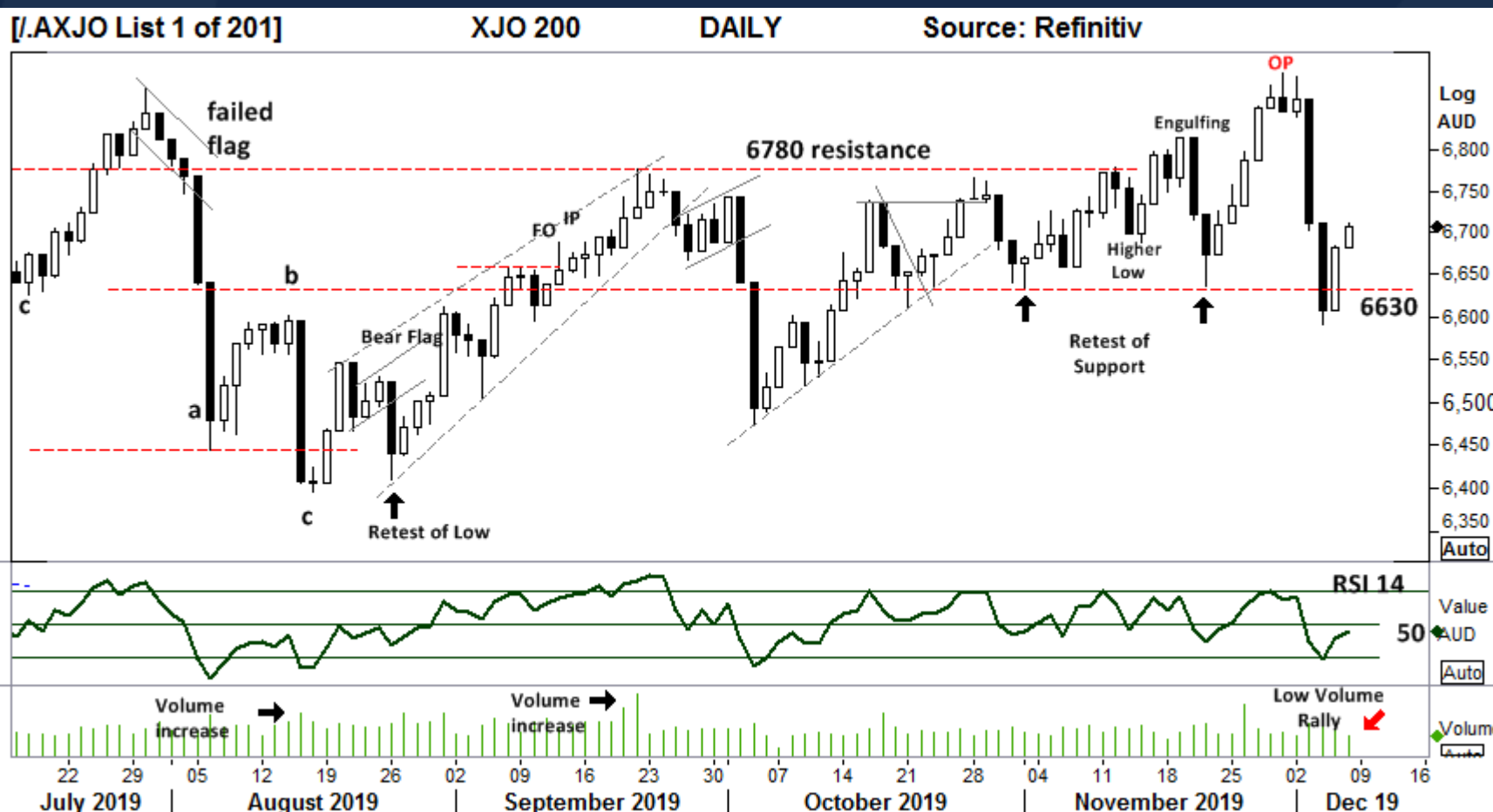
Although turning down the Relative strength Indicator (14) remains positive above the key 50 level.

The MACD indicator moves to a swing “BUY”.  
(See foot notes on #3 candles.)

**Comments from last week:** With a strong week closing on the high, surprisingly this can be a short term bearish signal as the high close suggests exhaustion.

6630 to 6670 remains the first support level for any retracement move.

# Australian 200 index – Daily



Strong reversal periods from the OP high retesting 6630 followed by the inside range reversal a very positive sign of further gains in the coming days. Traders would look for a retest of the 6850 high in the coming days.

The Relative strength Indicator has turned lower and now shows divergence during the month of November. RSI would be considered positive with a swing above "50".

Comments from last week: Fridays range is an Outside period, this has a high correlation to marking turning points in market movements at the end of a very strong week. A short retracement is expected in the coming week.

# S&P 500 Index – Weekly

The Primary UP trend remains in place. As Volatility measures remain high.

Last weeks long lower shadow candle show signs of early selling within the prevailing UP trend.

Traders would look for a further recovery to new highs in the coming week.

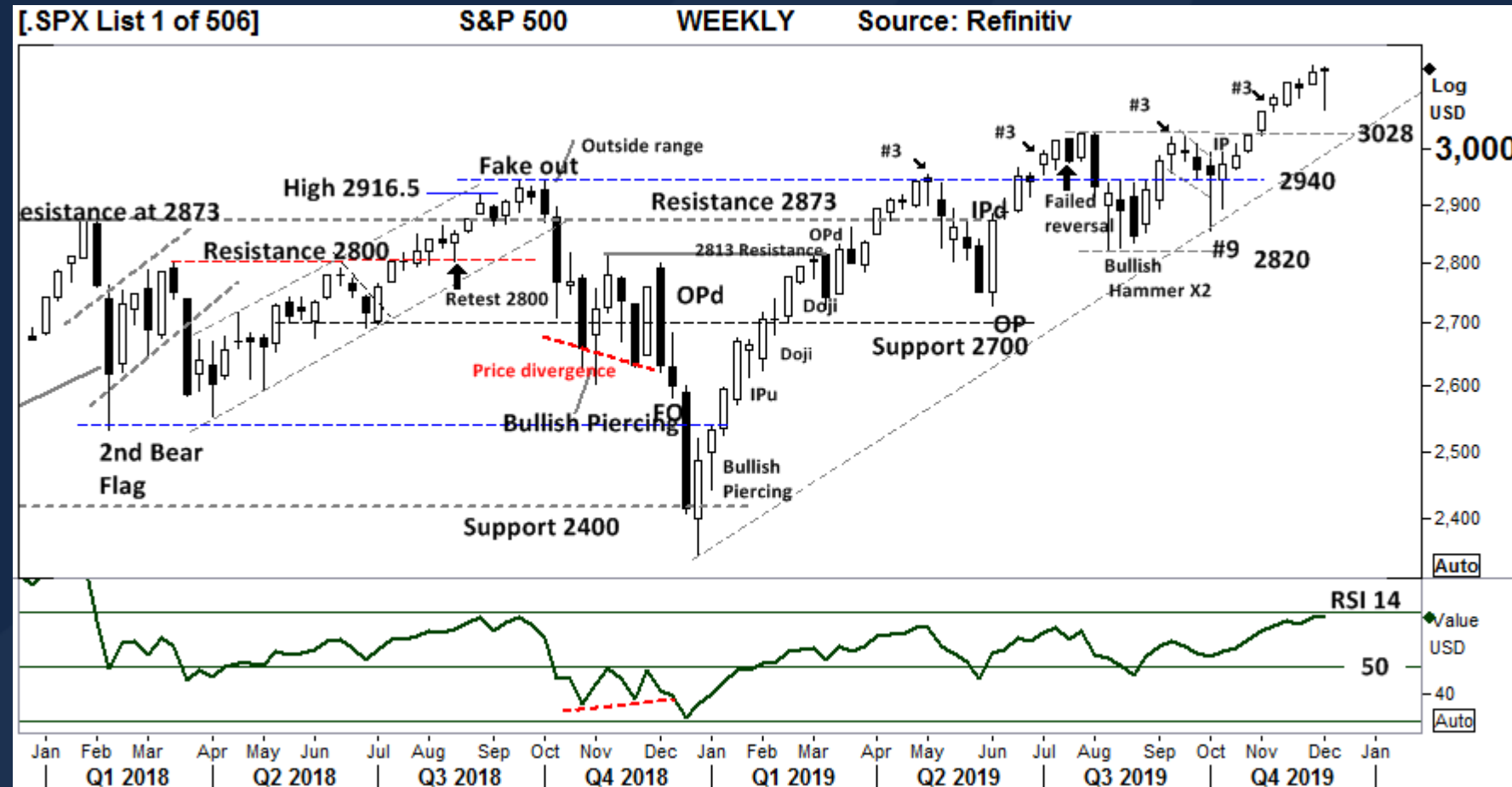
3028 remains the major support level on any further retracement moves.

RSI remains positive swinging higher.

( See notes below for #3)

**Comments from last week.** The underlying 2019 trend line remains intact.

Last weeks rejection of the highs suggests consolidation for coming week.

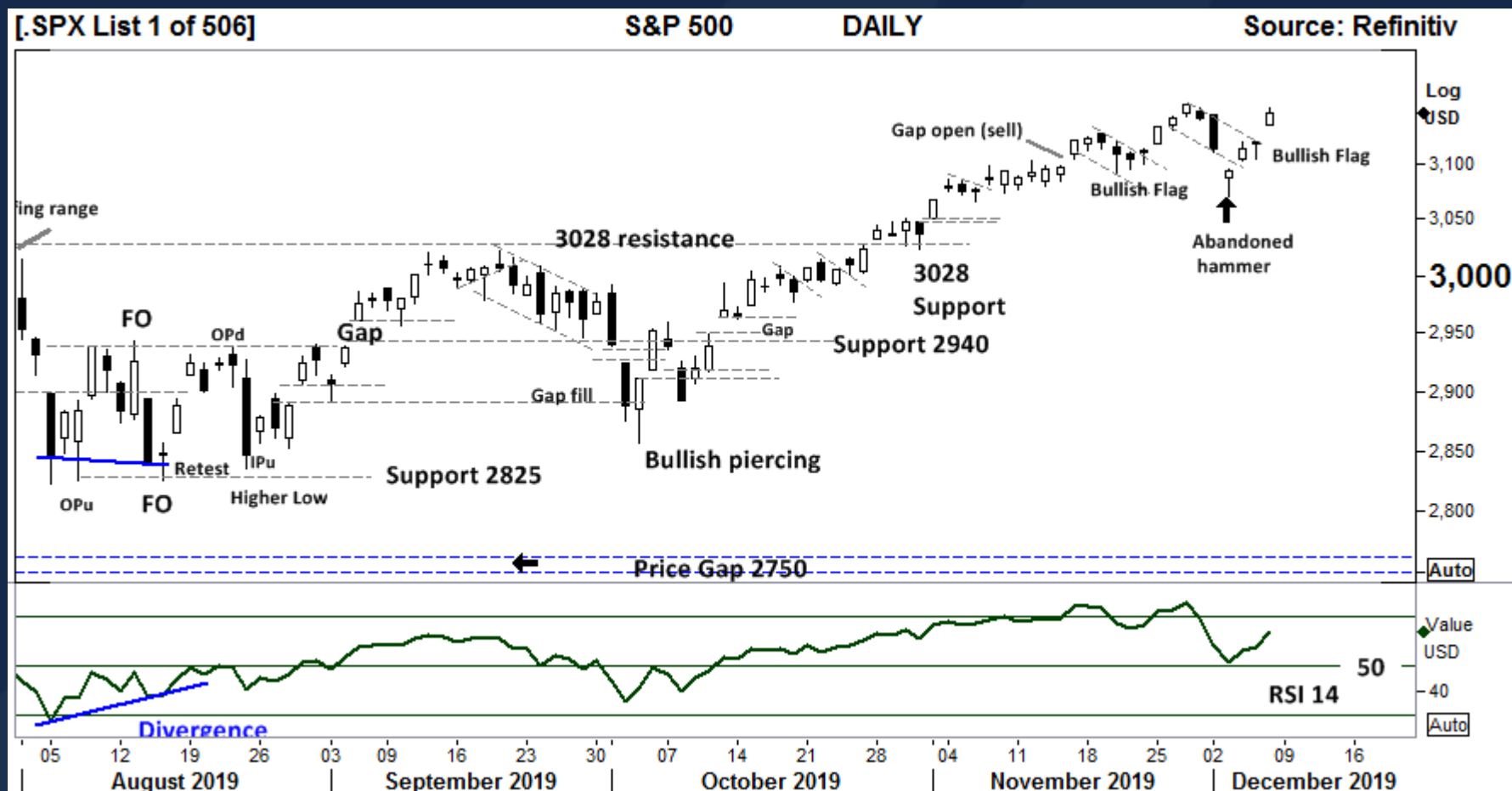


# S&P 500 Index - Daily

The developing Bullish flag has broken to the Upside following the abandoned hammer bar.

This remains a very bullish market with sellers being over come at every sell point.

The RSI has turned higher and has remained above the key 50 level, and remains positive as a signal of strong price momentum.



Comments from last week: This weeks bullish flag breakout has set news highs in a shortened week. Fridays lower close suggest further price consolidation at these levels. A potential bullish flag will require small a price retracement to confirm.



# Transports Index

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

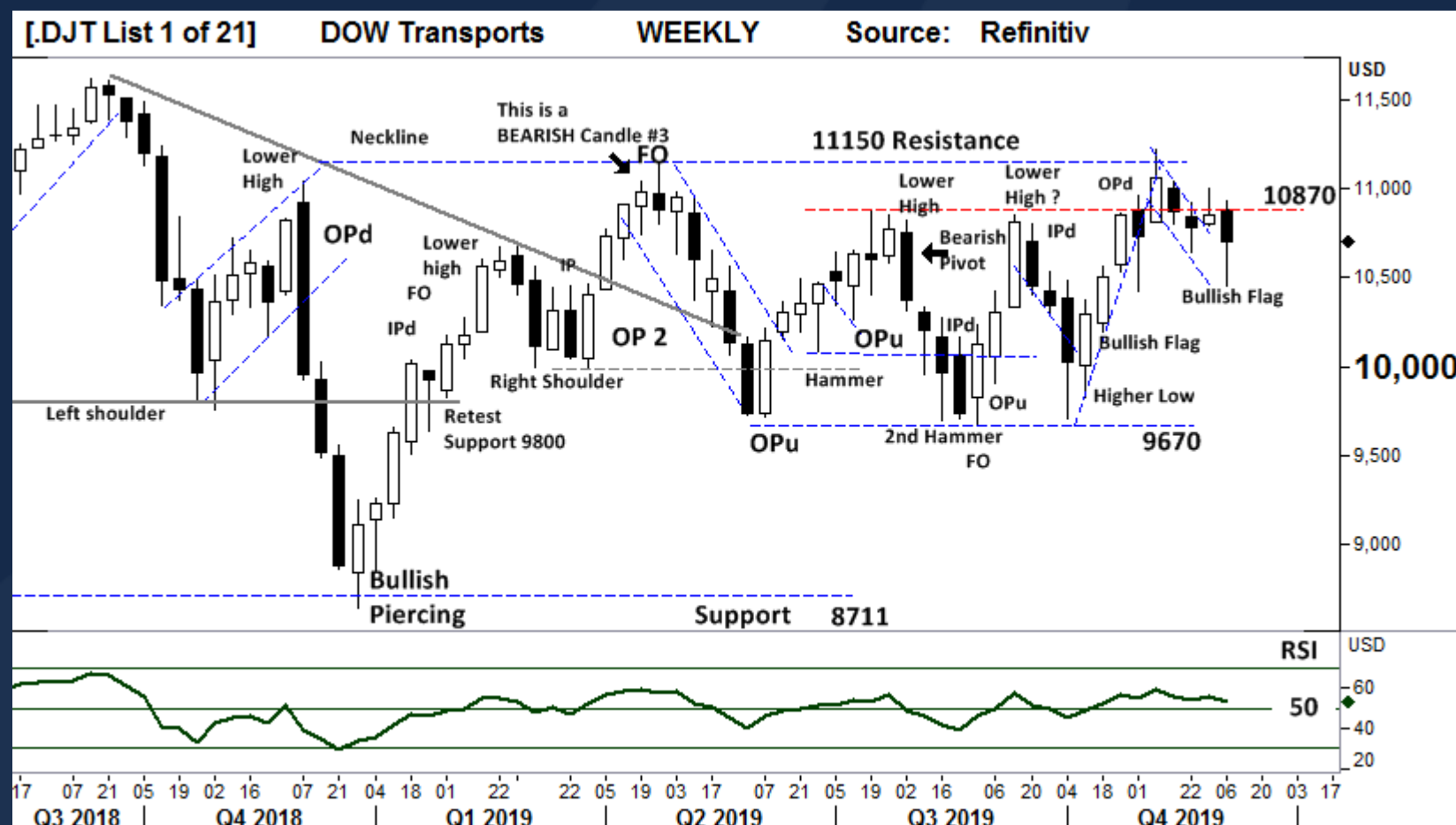
(This index is now heading towards a **CONFIRMATION** of the long term Bull market, a break of 11150 points is required.)

With an initial breakout followed by reversal last week. Observers should note the “midpoint close of the weekly range as a Bullish signal for further gains.

10870 remains the key level, a weekly close over this level is required to give Buyers confidence of further gains.

Relative strength has turned lower and remains over the key 50 level a sign of decreasing price momentum inside this consolidation pattern..

**Comments from last week:** Last week price posted a breakout of the Bullish flag pattern before late rejection to see the price close at the 10870 level. Not a bullish sign for further gains



# GOLD Weekly

GOLD remains in a Primary DOWN TREND.

Again solid support along the \$1450 level last week.

This is now a SIGNIFICANT level to hold in the coming week.

Relative strength remains over the 50 level, however the indicator is trending down and currently moving sideways.

Comments from last week: Last week showed further consolidation above \$1450 a very strong sign of building support at this level. A further close below \$1450 would be a very bearish signal.



# Gold Daily

**GOLD remains in a PRIMARY DOWN TREND.**

\$1476 remains a key resistance level on a Daily basis.

Fridays strong down move indicates a retest of \$1450 underway.

This will be a key level in the coming days.

Relative strength again swings below the key 50 level, this is a bearish sign and suggests further follow through.

**Comments from last week:** A retest of \$1450 occurred during last week followed by the strong breakout on Friday closing on the session high.

This is an important development for the buyers as continued support develops. \$1476 remains resistance in the coming days.



# SILVER Daily

No Bull market here:

Silver posted a 4 Month closing low.

XAG closes below the key Daily support level of \$16.60. With the large range set on Friday a further move lower could be expected in the coming days.

Relative strength has remained lower a sign for further weaker price momentum, however the RSI is rising overall, a move over the 50 level would indicate strong price momentum.

**Comments from last week:** Silver remains in consolidation above the historical \$16.60 support level. Price movement remains indecisive as consolidation takes place. But as this is news driven, a breakout over \$17.30 and \$17.50 would be very bullish.



# Australian Volatility Index

Current volatility levels, show a increase in the volatility indicator. Last weeks spike above the key "13" level was quickly rejected, as a Bullish sign the market has discounted the immediate news.

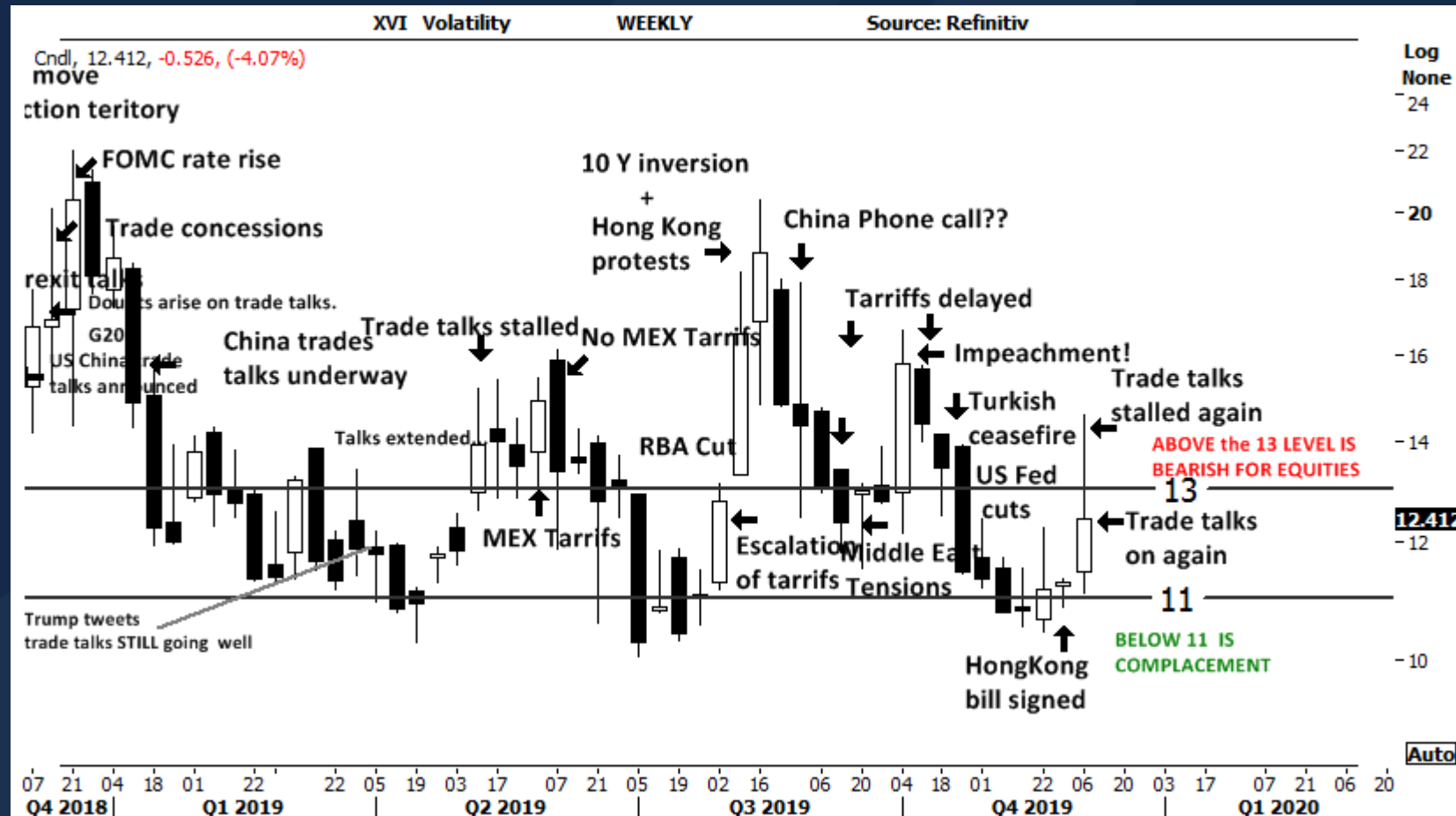
This news driven indicator is reflecting an decrease in risk and uncertainty in markets going forward.

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

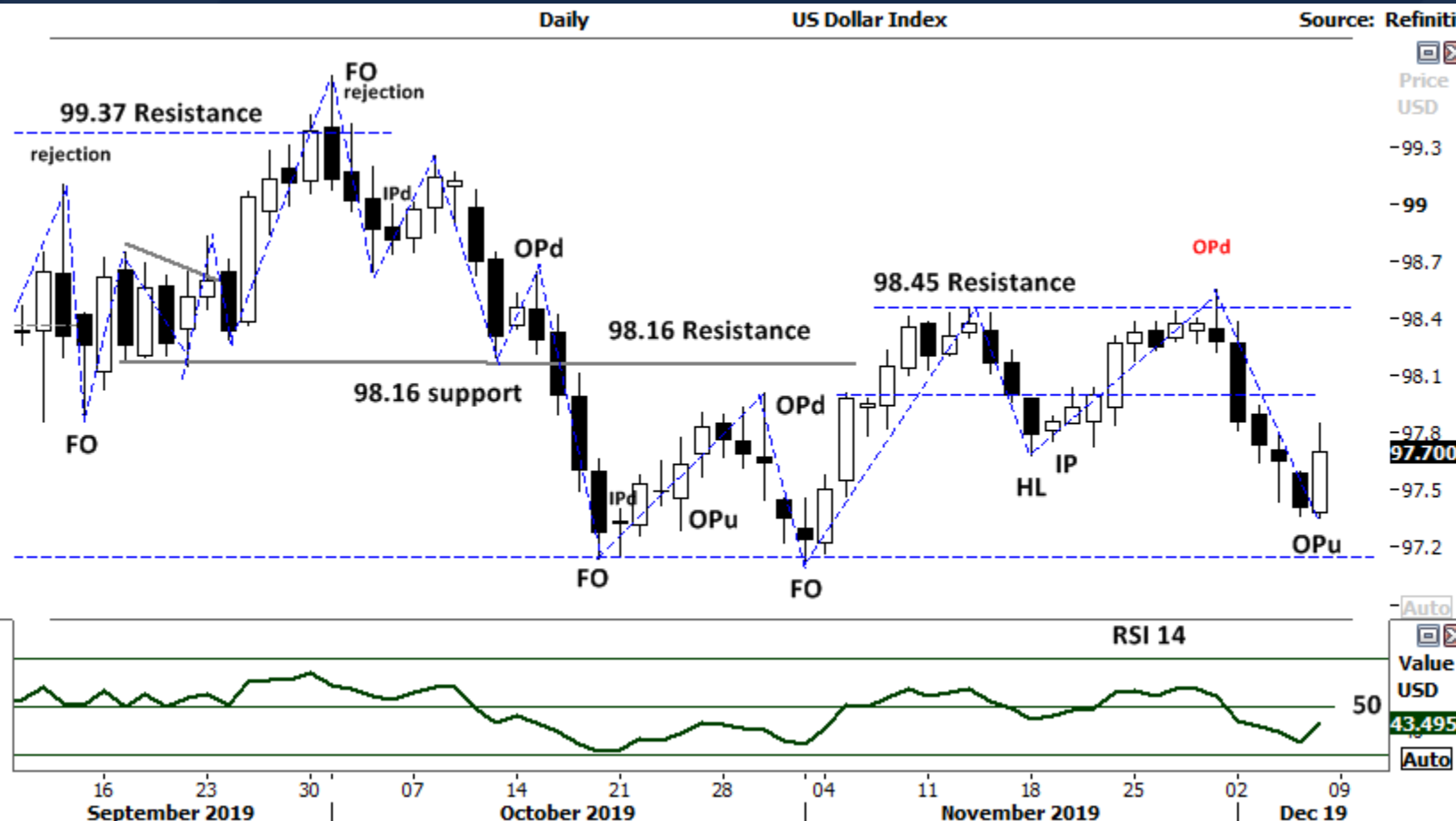
As markets anticipate events, the forward priced option volatility changes, hence as forward price changes, this "skew" in pricing is measured in this XVI.

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



Friday saw a large range OPu ( Outside period) develop following the decline during the Week.

A strong signal the low is in and considered the retest of 97.2 is now complete.

RSI turns higher a signal of increasing positive price momentum.

**Comments last:** Consolidation of price below 98.45 remains a Bullish sign. Fridays OP (outside period) is a bearish signal. Further price rejection would look for support at 98.00. This remains a developing UP trend.

# WTI Oil WEEKLY

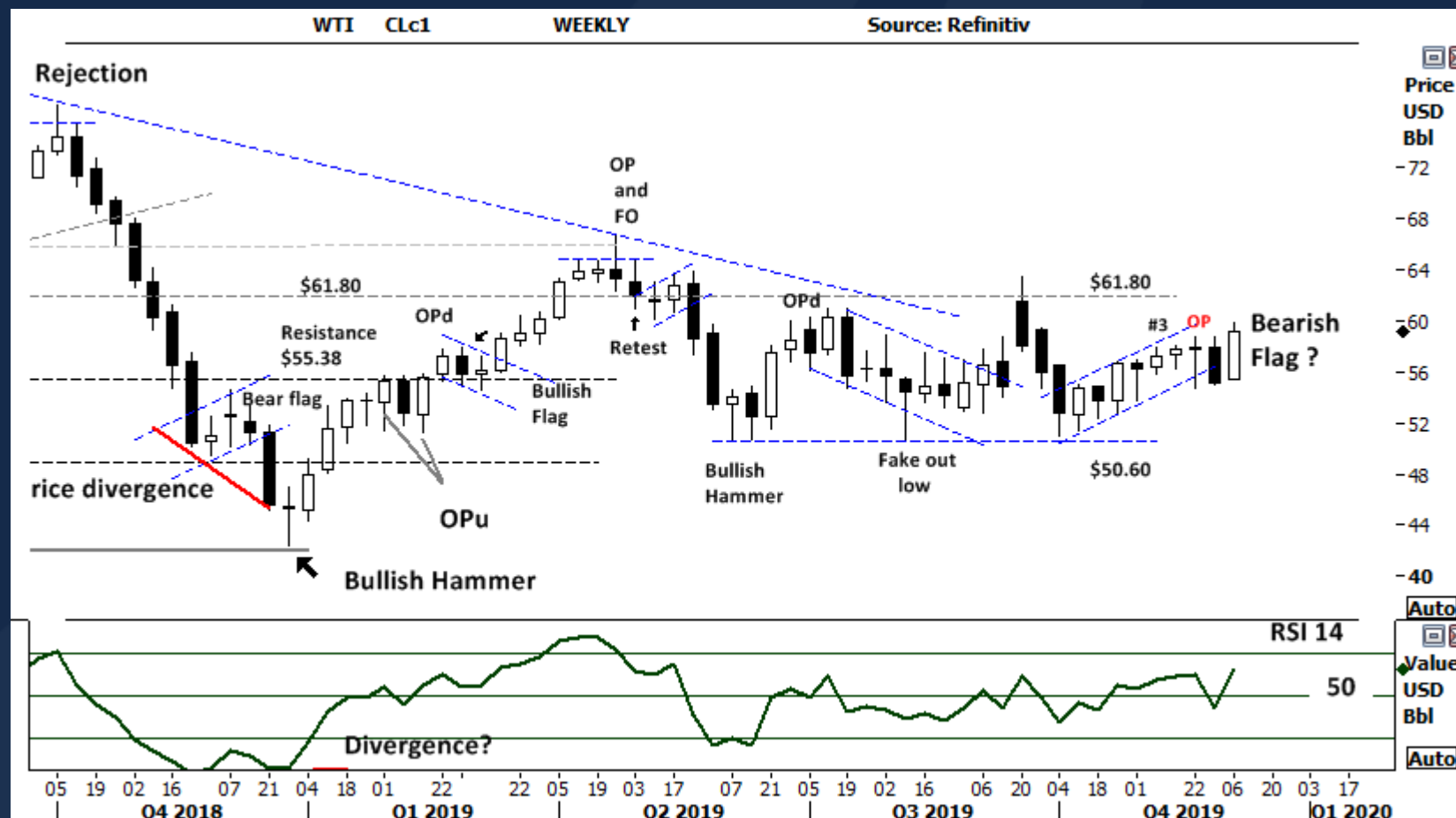
The continued development of the bearish flag suggested a retest of the support level at \$50.60.

This Week's reversal of the BEARISH Flag breakdown, not only increases volatility, but shows the market is unwilling to test lower levels.

WTI remains range bound, however this strong up side move is a very positive sign of further Gains.

The Relative Strength Indicator turns higher above the 50 level, a sign of increasing Upside momentum.

Comments from last week: Last week saw the Bearish flag breakdown. A very strong signal for further declines in the coming weeks. Traders would look for a retest and support at \$50.60.



# The technical setups

## Outside period

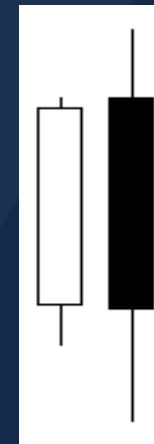
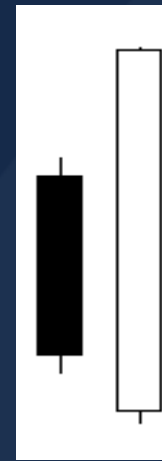
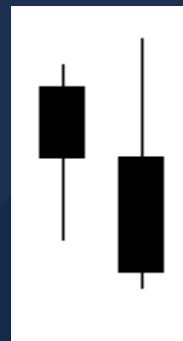
### OPu and OPd

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

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

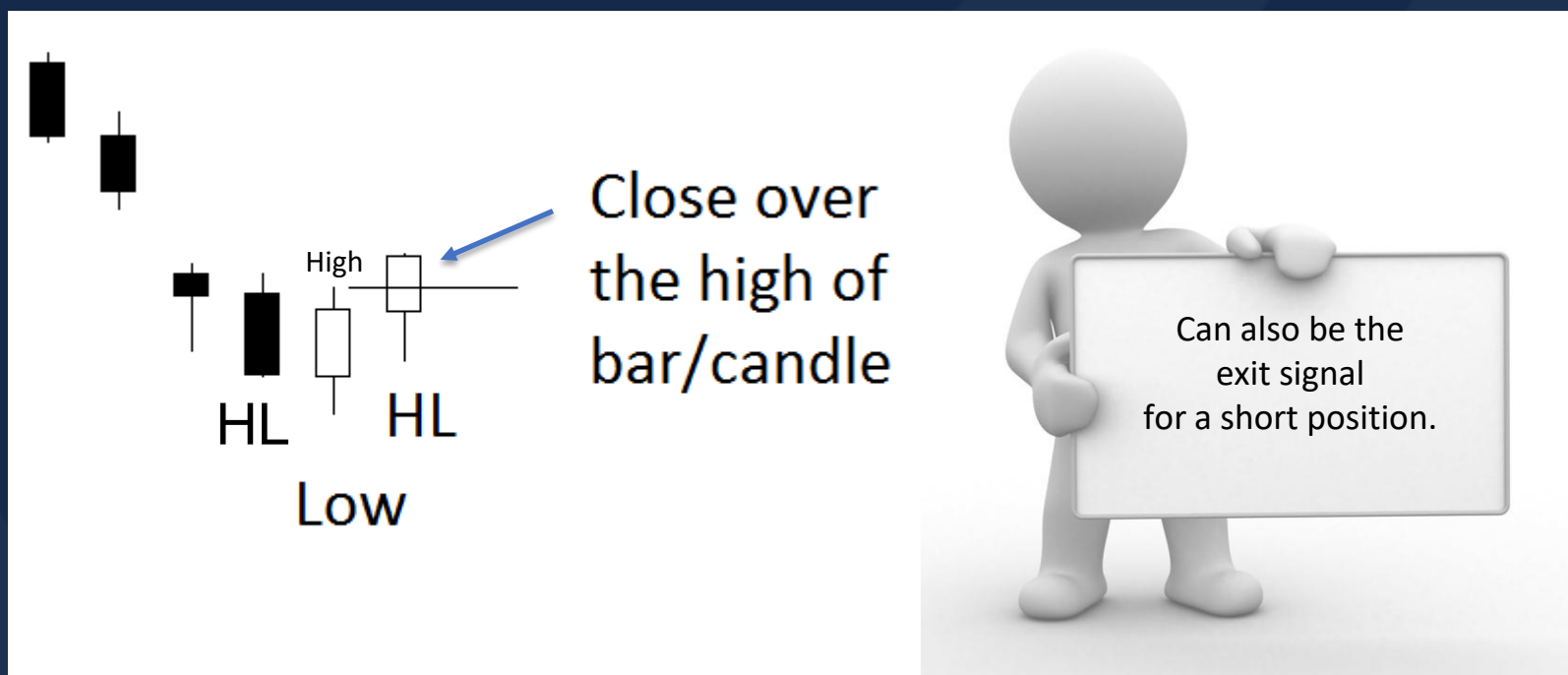
OPu is an up close bar OPd is a down close bar.

The OP period comes in all shapes and sizes.



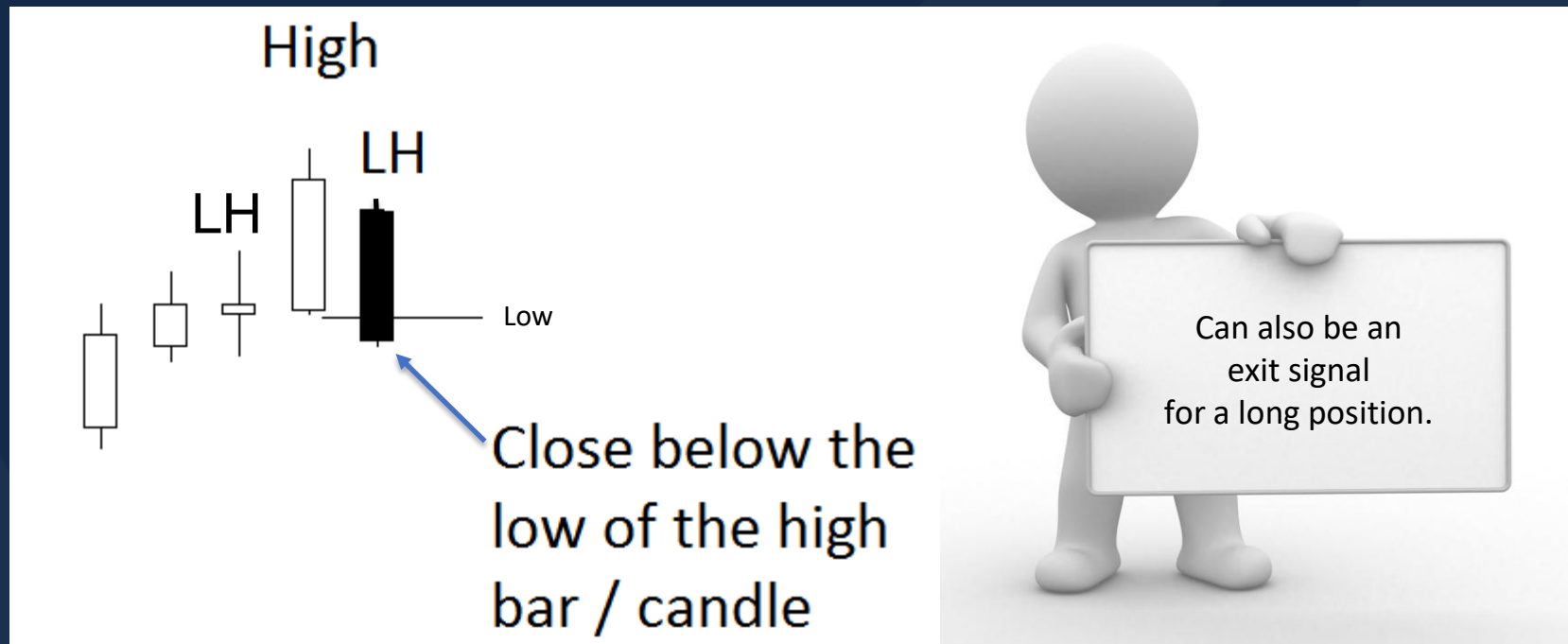


# The technical setups. The Pivot point reversal



# 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 WEEKLY #9 reversal

When Line number #9 appears, the body is above the Mid-point. With the closing price lower than the Open.

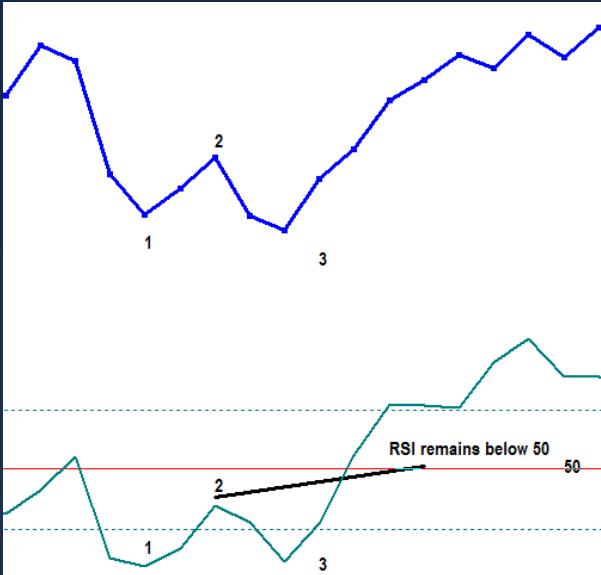
If this is a short line the trader should wait for the market to show direction.

Following Price movements can “engulf” this short movement.



# THE TECHNICAL SETUPS

## Relative Strength



### Relative Strength Indicator

#### SWING BUY SIGNAL.

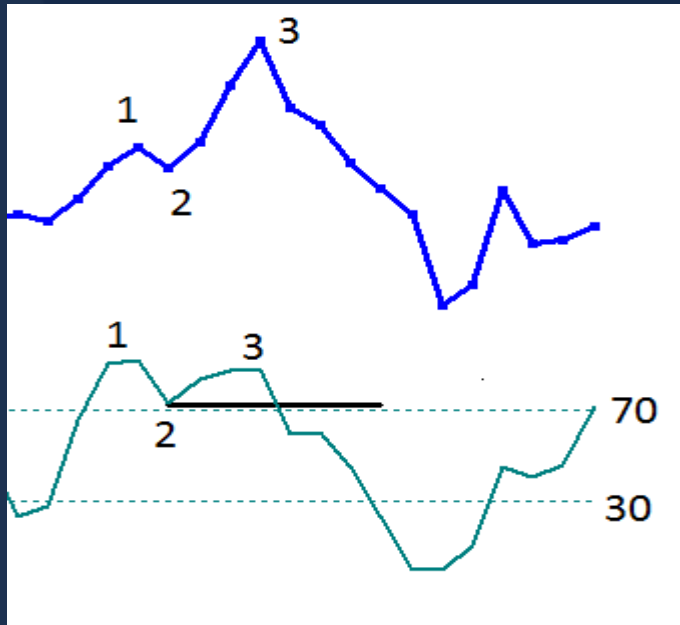
- Market makes a low, (1)
- Market closes higher, (2)
- Market makes new lower low, (3)

- 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" \*\*

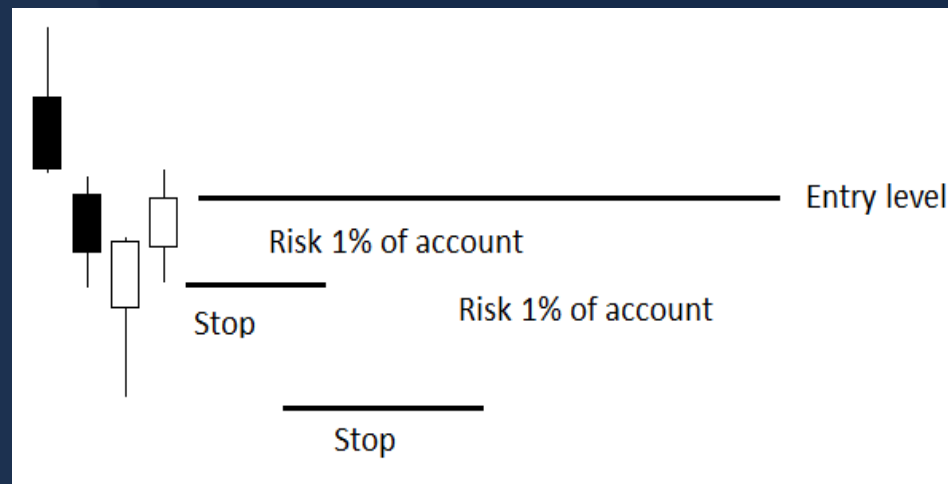
Swing failure is identified with the break of point 2 on RSI

# 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.



**Comments and Feedback:**  
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THANK YOU