



IN BLACK AND WHITE

**The Week Beginning
10/06/2019**

A market technician's view

**FX
INDICES
EQUITIES**

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SUMMARY

Global Markets have defied the Bears and rallied higher on potential US rate cuts, and the recent rate cut in Australia.

Australia's XVI (volatility index) has fallen back towards complacency as Equities drive the Index higher.

The USD Index (DXY) has entered into a bear move bringing in a positive lift for Commodities Iron Ore and Gold. Oil has put in a Bullish pivot point.

Dr Copper, the red metal price still shows concern for the overall Global Outlook.

Australian 200 index - Weekly



The XJO has not matched the decline in US indices.

This weeks high close is a good sign of further higher values to come.

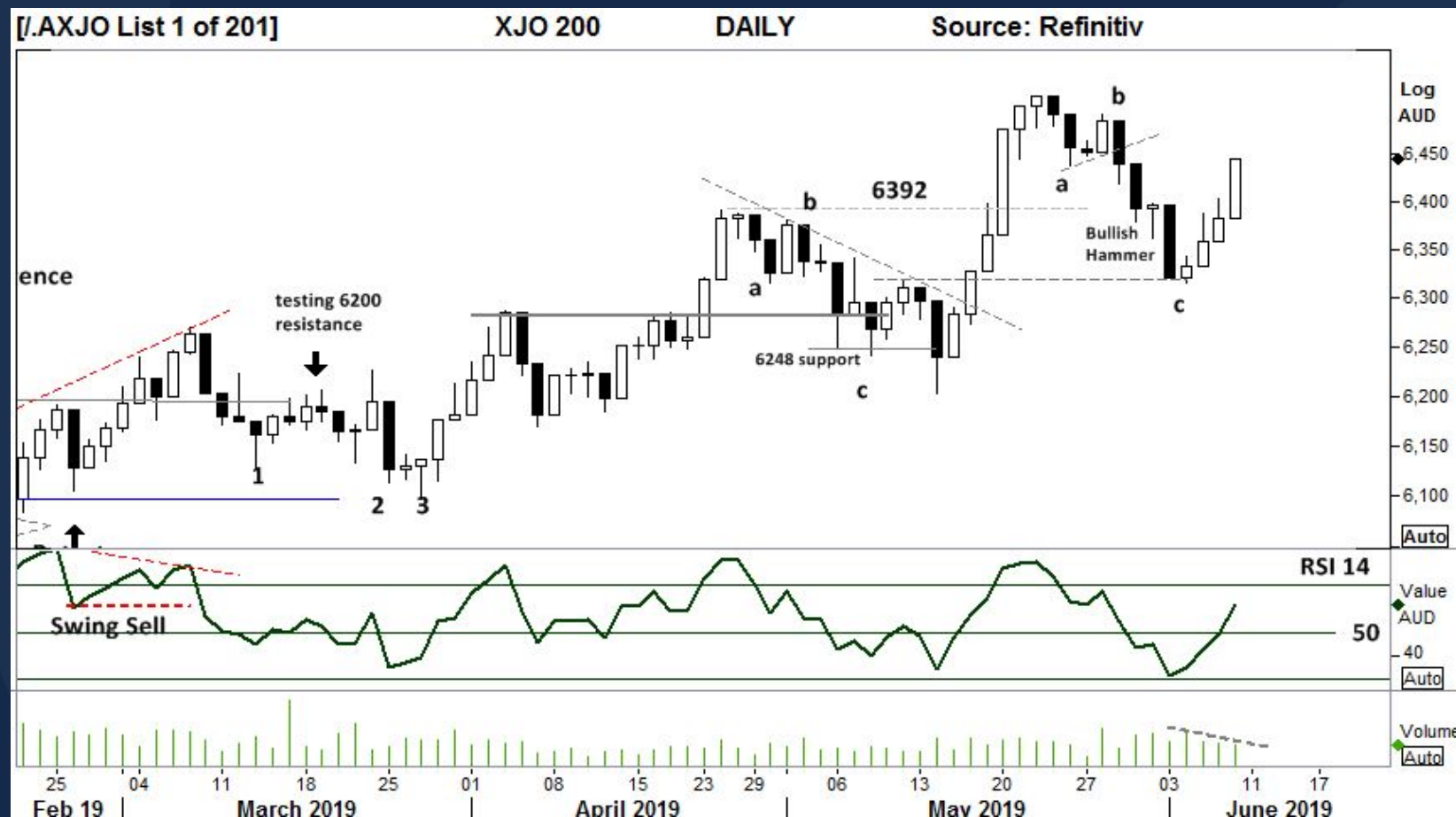
The recent high is the first target, a close over this level in the coming week would be very bullish.

The MACD has swung to a sell signal and the RSI remains above the key 50 level however is rolling lower.

Comments from last week:

Consolidation above the WEEKLY support level of 6373.
Further price weakness would target 6200.

Australian 200 index - Daily



With the “bullish hammer” a further low has been set as a retest of 6328 (c) .

The a,b,c corrective move has setup a significant reversal with Fridays large range day.

This week should see a further follow through to test the 6480 level. This retest is now critical in a short time frame for the market to remain bullish.

Relative Strength has turned up an early sign of further positive momentum.

Comments from last week.

Friday has set a bullish hammer that requires further confirmation of a higher close day. A breakdown below 6392 (daily support) would set a bearish signal for further weakness.

S&P 500 Index – Weekly

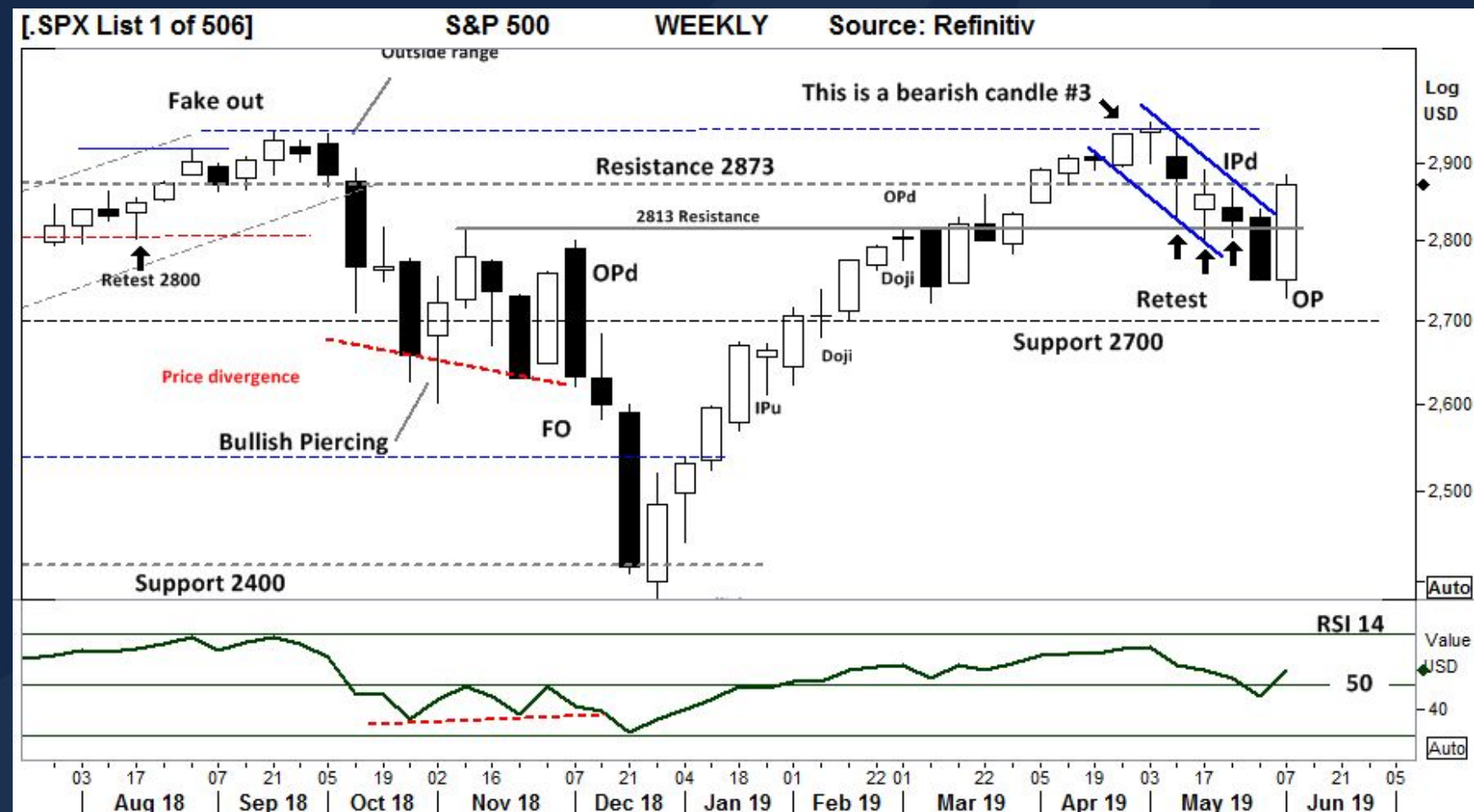
Last weeks OP (outside period) is a strong key reversal signal following the near retest of 2700.

Current resistance and last week's close at 2873 must be exceeded with a new closing high in the coming week for the Index to remain bullish.

RSI has now moved from below the key 50 level to above this level showing the current increase of positive price momentum

Comments from last week.

The continued retest of the 2813 support level has given up into a large range breakdown below 2813 historical support / resistance. A retest of 2700 is underway.

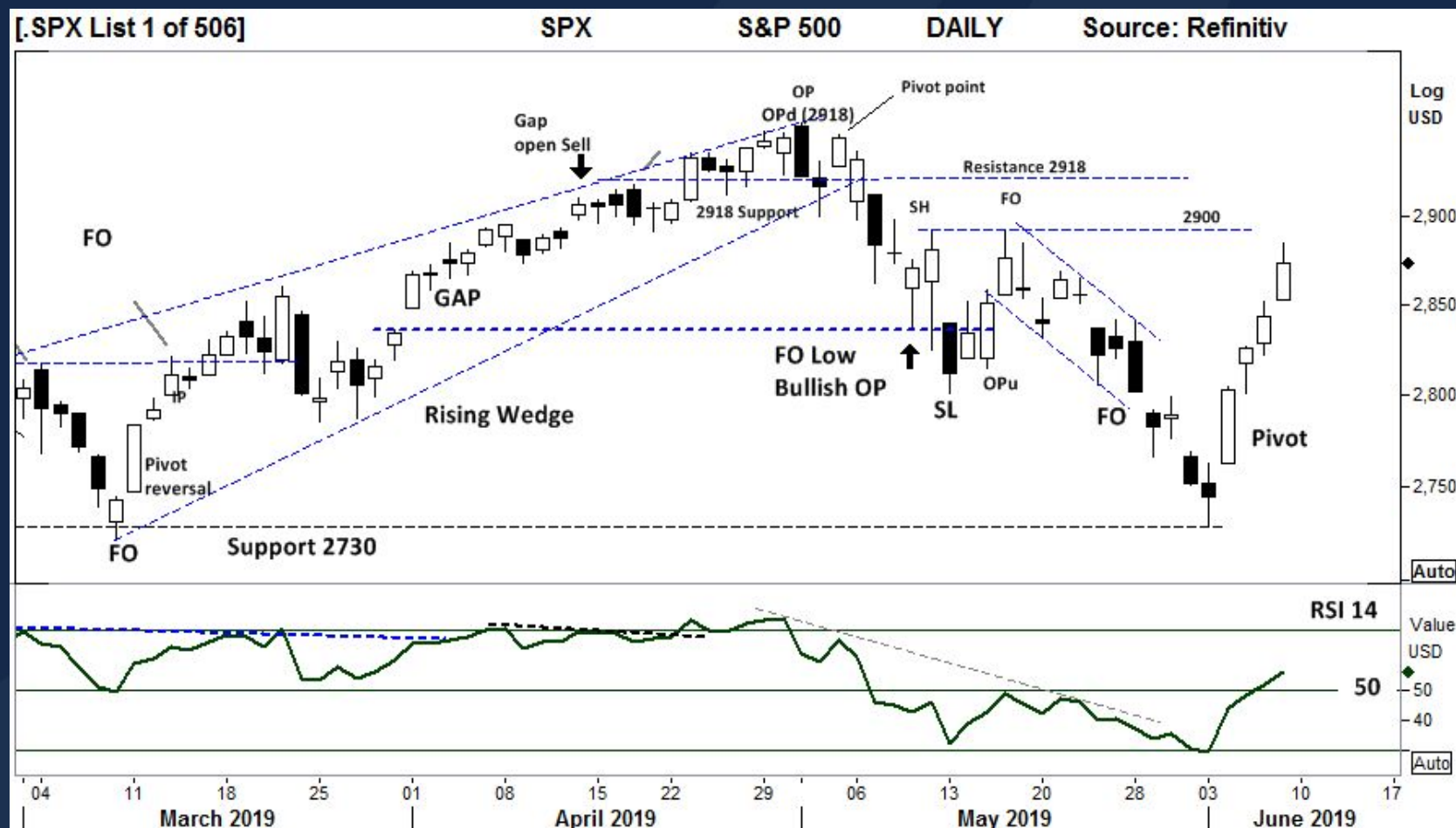


S&P 500 Index - Daily

From Monday's retest of 2730 level and Tuesdays Pivot completion. Immediate resistance can be seen at 2900 and 2918.

Rejection from Fridays high should be monitored as a sign of potential weakness in the coming week.

Relative Strength has moved over the "50" level. This sudden swing above the 50 level is a very bullish momentum swing.



Comments from last week.

Tuesdays large range down close a saw the retest of 2800 with further Gap down days to follow.

Support may be found at 2730 in the coming days, this will be the key level for traders.

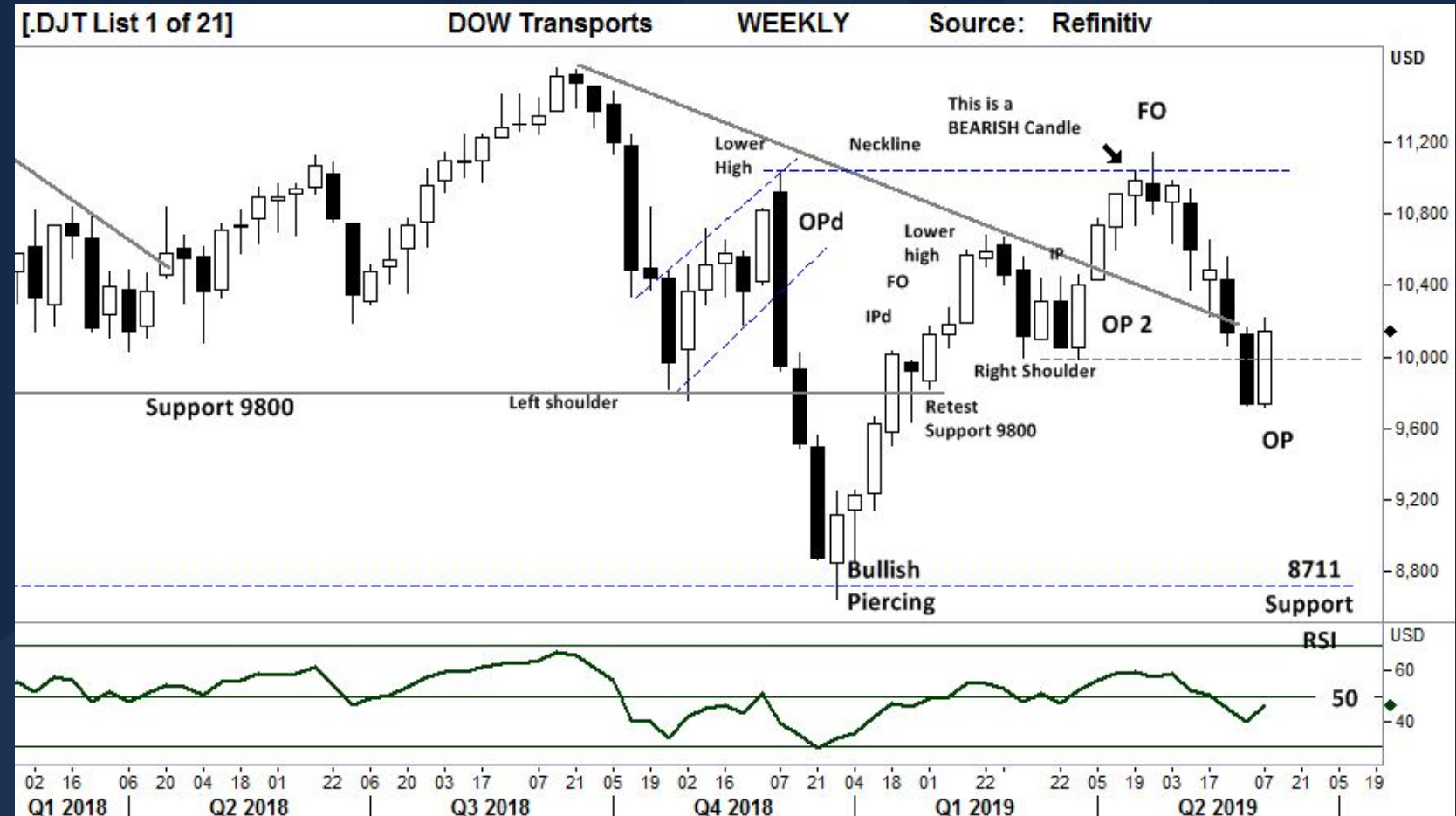
Transports Index

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

Relative Strength falling back below the 50 level and shows a negative swing in momentum as the indicator continues to lower.

Comments from last week.

A complete breakdown below the right shoulder of what was a bullish head and shoulder pattern. The transports enter a corrective move lower with 8711 the target.



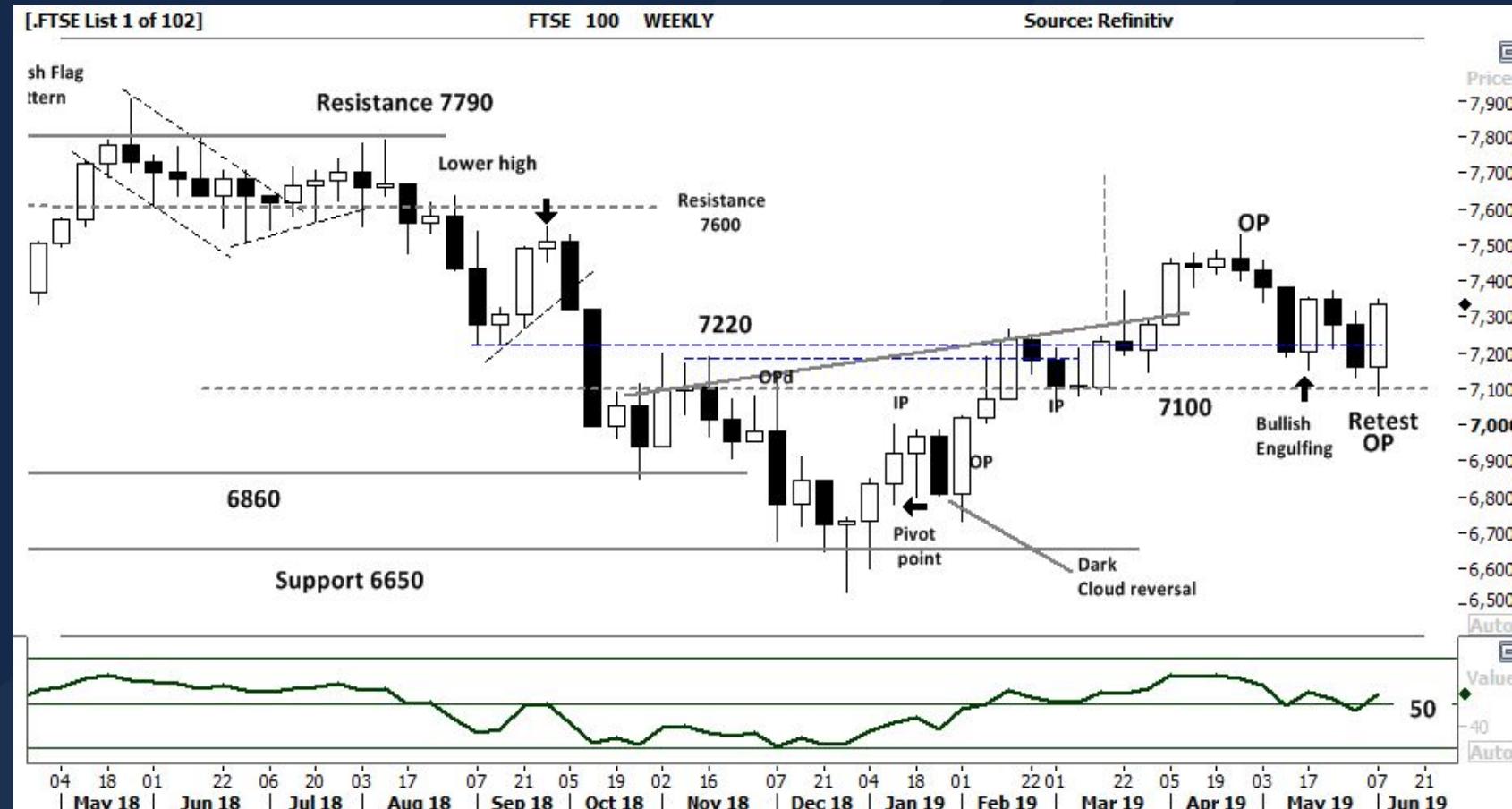
FTSE 100 Index - Weekly

FTSE 100 weekly:

Last weeks retest of 7100 was flowed with an immediate mid week rally to finish as an OP bullish reversal.

In the coming weeks a retest of 7500 is probable on this reversal of price.

RSI has swung higher from below the 50 level, this now confirms the upside price momentum has increased.



Comments from last week:

A new closing low below 7200 support is a very bearish signal and suggests a further move lower as the bullish week momentum is discarded. 7100 is the next support level.

GOLD Weekly

\$1306 resistance has been decisively broken.

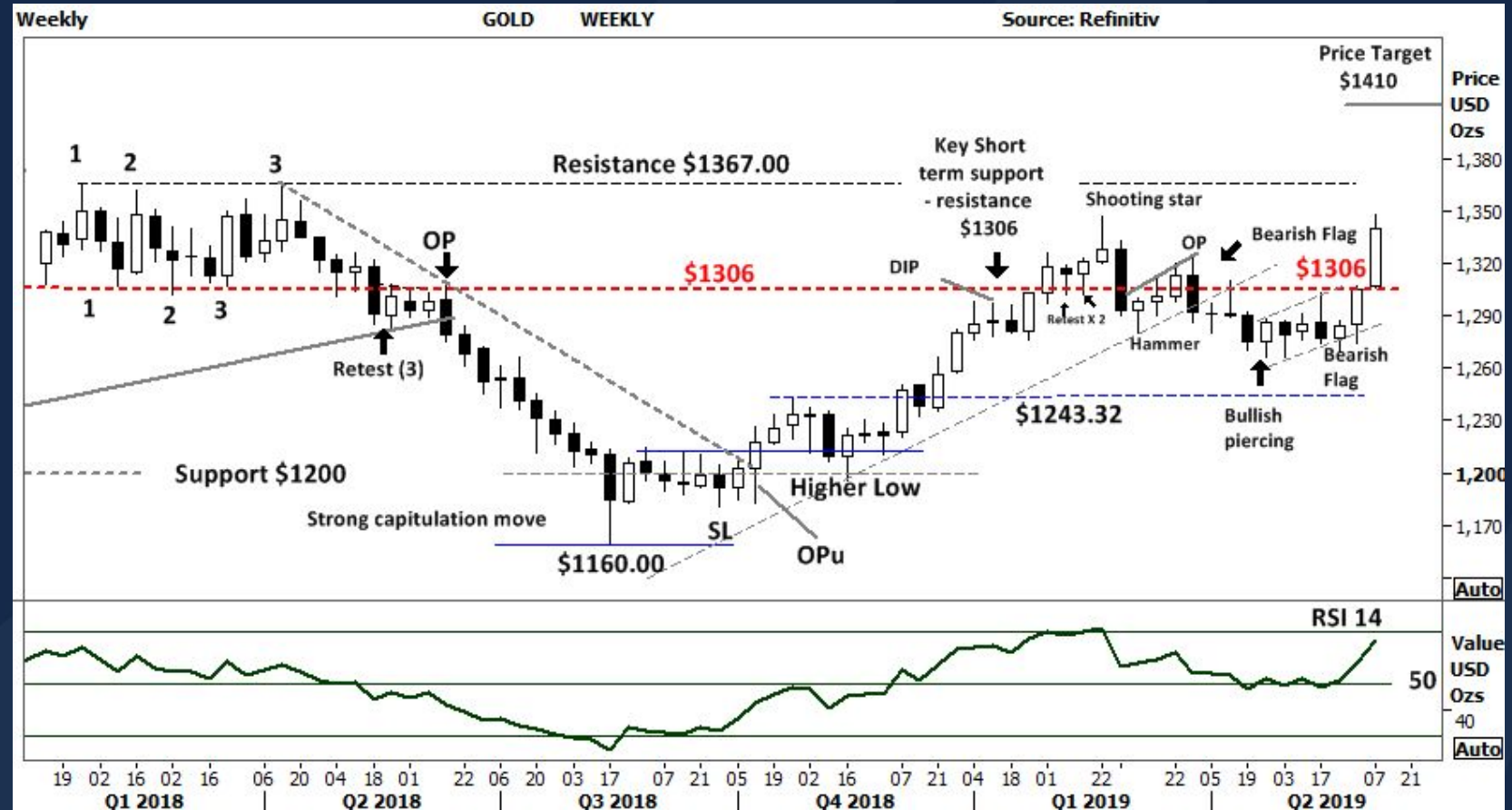
Last weeks strong range is very bullish for the continuation of price gains as the bearish flag is now broken.

Traders would monitor the \$1367 level for price resistance in the coming week.

RSI swings back sharply higher confirming bullish price momentum.

Comments from last week:

The bearish flag remains as the current development of the Right shoulder takes place.
Last weeks retest of \$1306 and the close at the high is very bullish for further gains and a retest of \$1367.00.



Gold Daily

The final bar (Friday) has set up a “fake out sell” signal. Short term price weakness would be expected in the coming days.

Relative Strength has moved higher from under the 50 level and over the “70” level indicating very strong momentum.

Comments from last week:

A close over the previous “lower high” is a very bullish as Friday’s range is a large range bar. Gold enters a daily up trend.



Australian Volatility Index

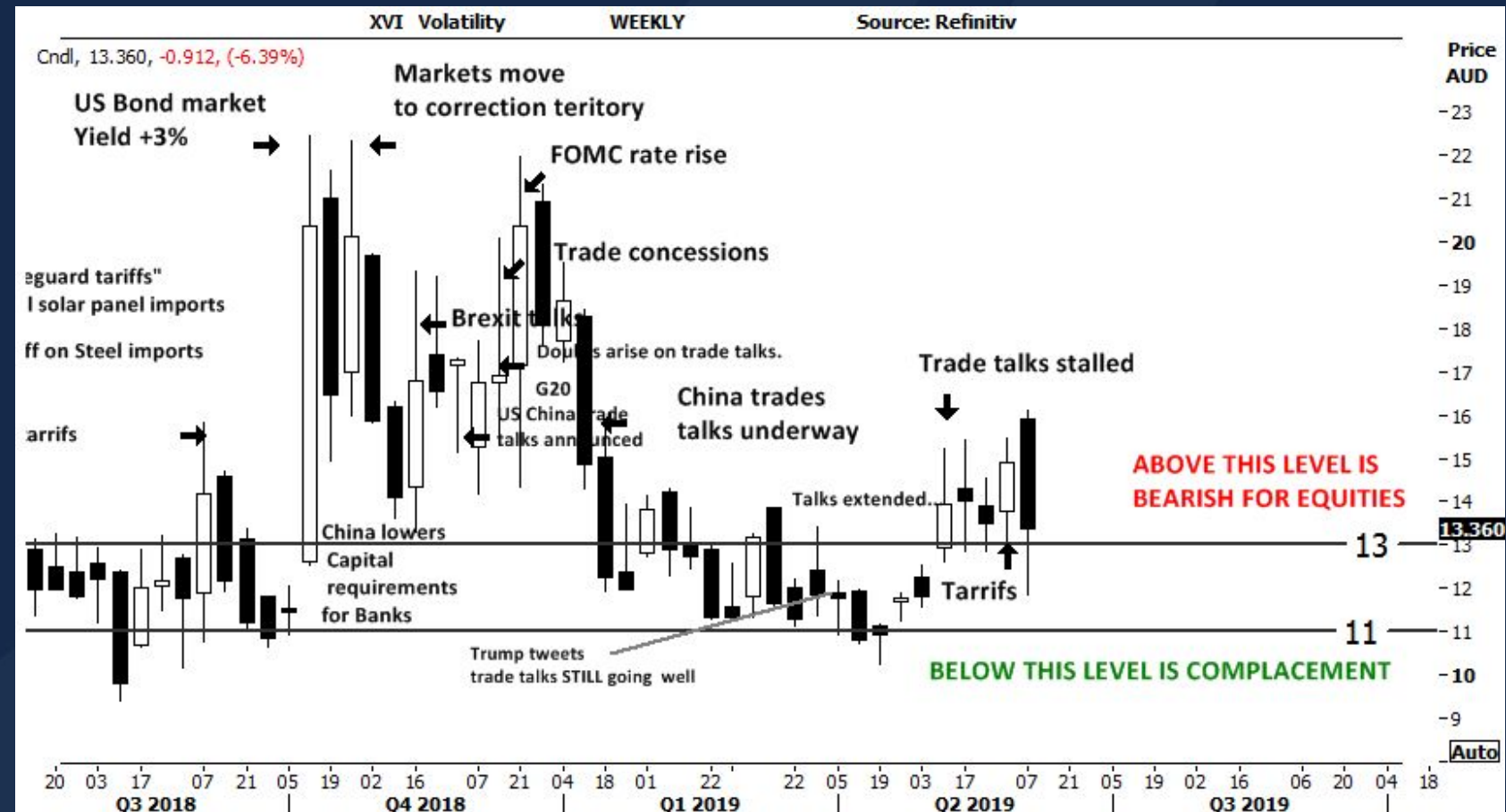
Current volatility levels, have remained above the key "13" level.

Last week saw a collapse in volatility 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



A complete breakdown below historical support at 97.2 looks to have completed a broad top setup from April to June.

Strength in the USD had brought pressure onto Commodity prices, this current fall in the DXY may show as bullish for Commodities.

RSI remains below the 50 level but has again rolled lower showing a loss of price momentum.

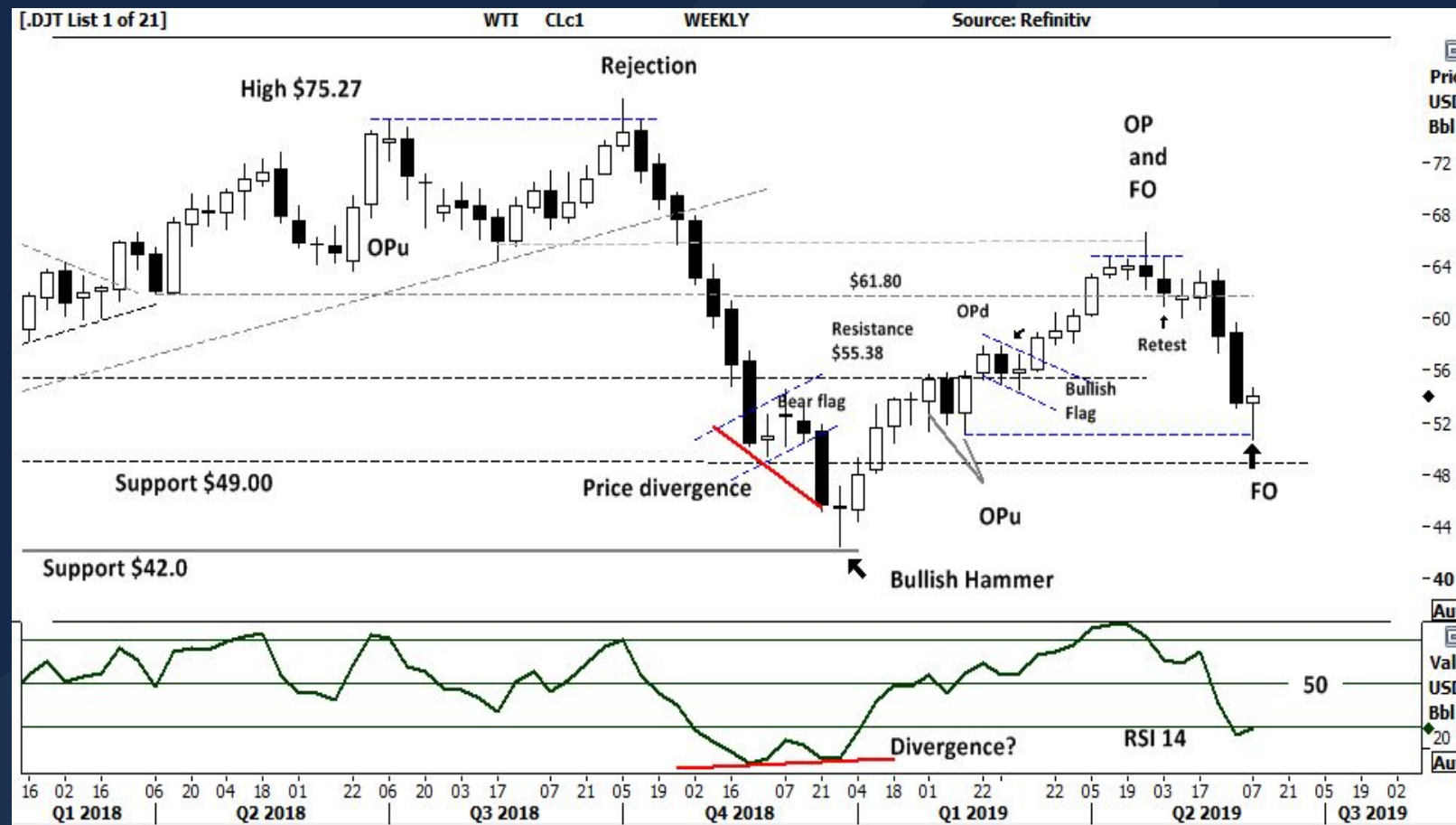
Comments last week.

DXY again finds rejection at the 98 level. Look for a retest of 97.14 in the coming days

WTI Oil WEEKLY

This week WTI has posted a FO reversal. Look for a retest of the \$61.80 level in the coming weeks.

Relative Strength has turned higher from below the key 50 level confirming a change of downward price momentum.



Comments from last week

A large range week sets up a further bearish move in the coming weeks.
A solid close below \$55.38 puts the next support level at \$49.00 in play.

The technical setups

Outside period

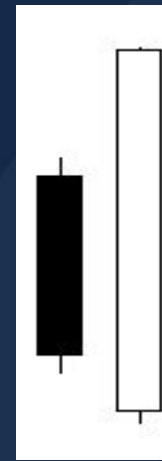
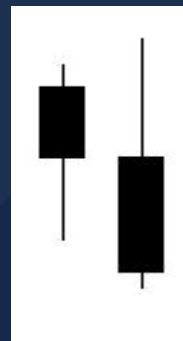
OPu and OPd

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

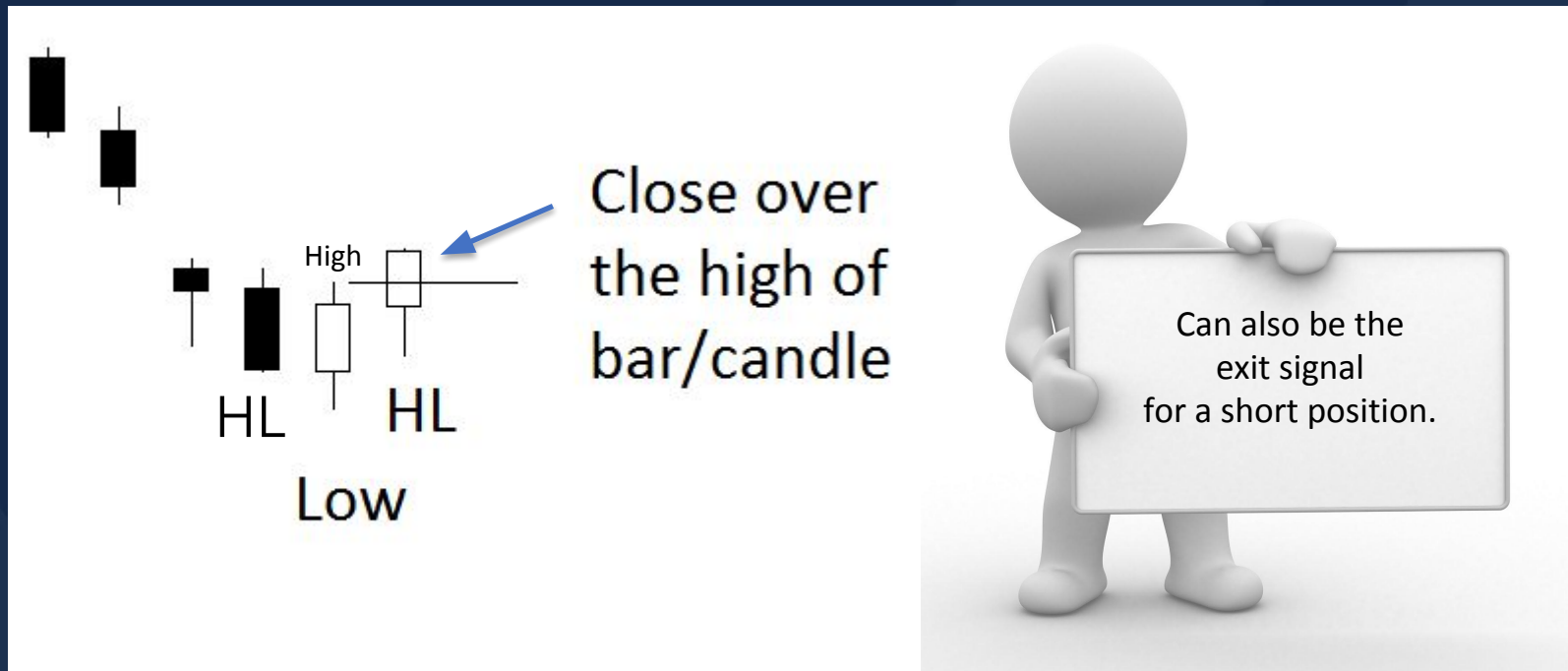
The outside period can mark a significant market turning point at or within 3 bars (93%).

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



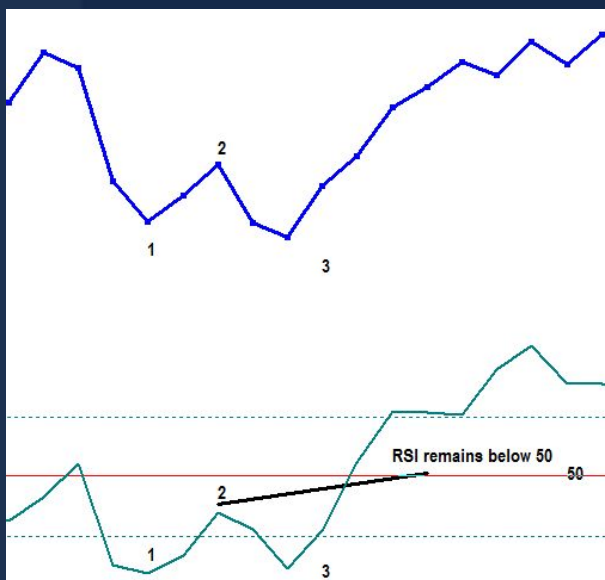
The technical setups

Pivot point reversal



THE TECHNICAL SETUPS

Relative Strength



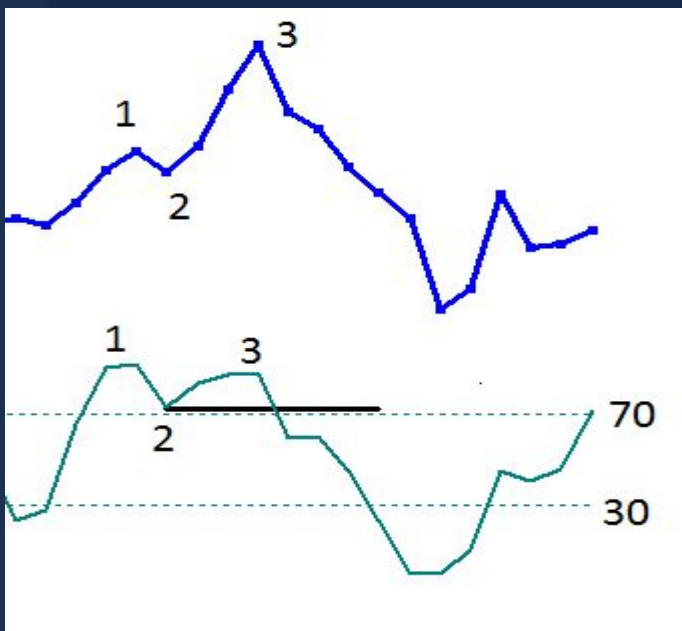
Relative Strength Indicator

SWING BUY SIGNAL.

- 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" **

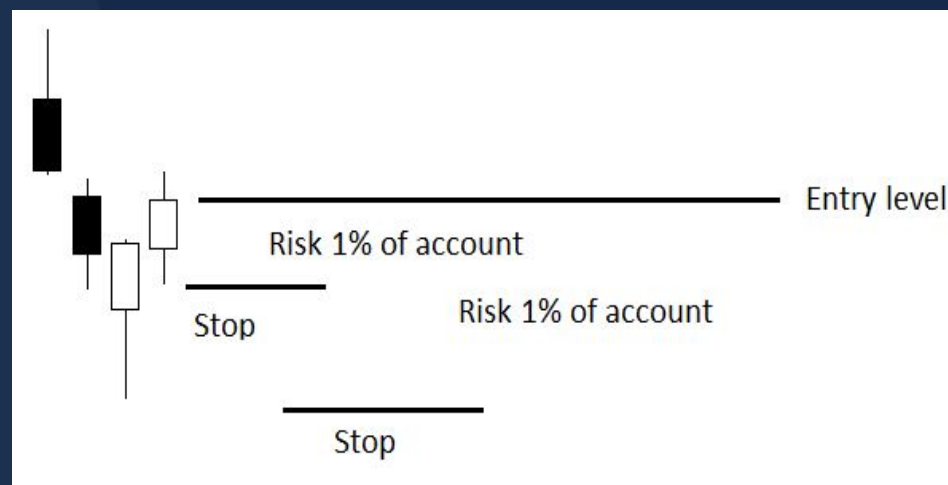
Swing failure is identified with the break off point 2 on RSI.

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:

support@fpmarkets.com



First Prudential Markets Pty Ltd
Level 5, 10 Bridge Street
Sydney NSW 2000

Phone: +61 2 8252 6800

www.fpmarkets.com

ABN 16 112 600 281
AFS Licence No. 286354



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