



IN BLACK AND WHITE

the week beginning  
**15/04/2019**

A market technician's view

FX  
INDICES  
EQUITIES

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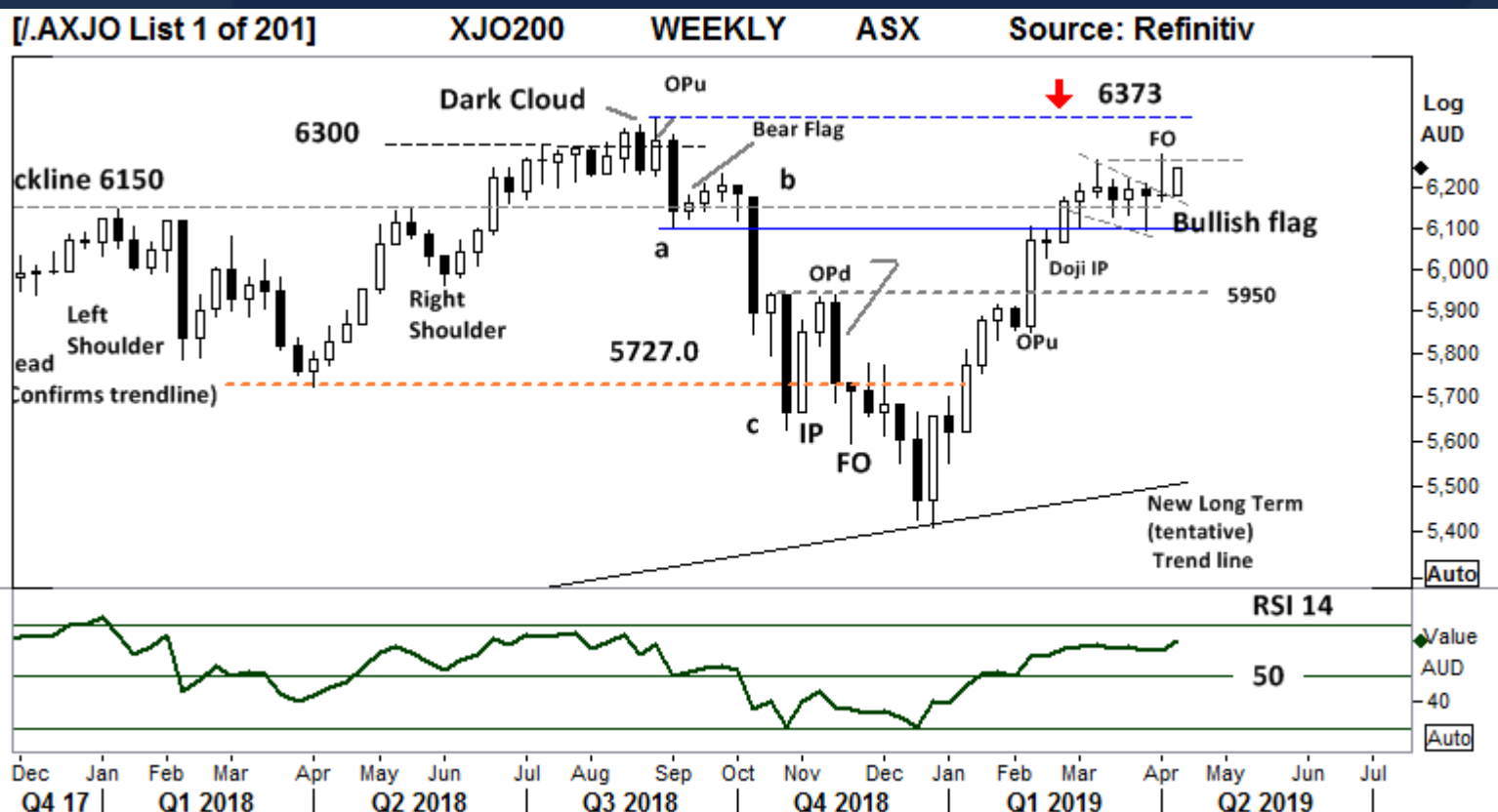
# SUMMARY

Equity markets ended the week on a strong note, US financials lifted the Nasdaq and S&P to close on the highs for the week.

Brexit goes to the back burner until October. While China lending data remains supportive for economic growth.

Commodities remain bullish with continuing strength in Oil, Iron ore and Copper.

# Australian 200 index – Weekly



From a bearish view a sharp reversal.

The weekly range remains inside last weeks range.

Closing on its high suggests follow through this coming week.

A further retest of 6373 the key level in the coming weeks.

Relative strength remains positive above the key 50 level, turning higher is a sign of increasing price momentum..

## Comments from last week:

The first move out of the Bullish Flag is met with selling back below the KEY 6200 level.  
This weeks FO is a bearish sign.

# Australian 200 index – Daily



Daily chart retests 6200 support with a strong close on Friday, also a large range candle.

The wider structure now forming into a bullish Cup and Handle pattern.

RSI has turned sharply higher with an increase in Volume of Friday suggest accumulation and further gains.

**Comments from Last week:** The low volume on Friday shows a lack of selling interest, suggesting this price retracement lacks conviction.

# S&P 500 Index – Weekly High 2813

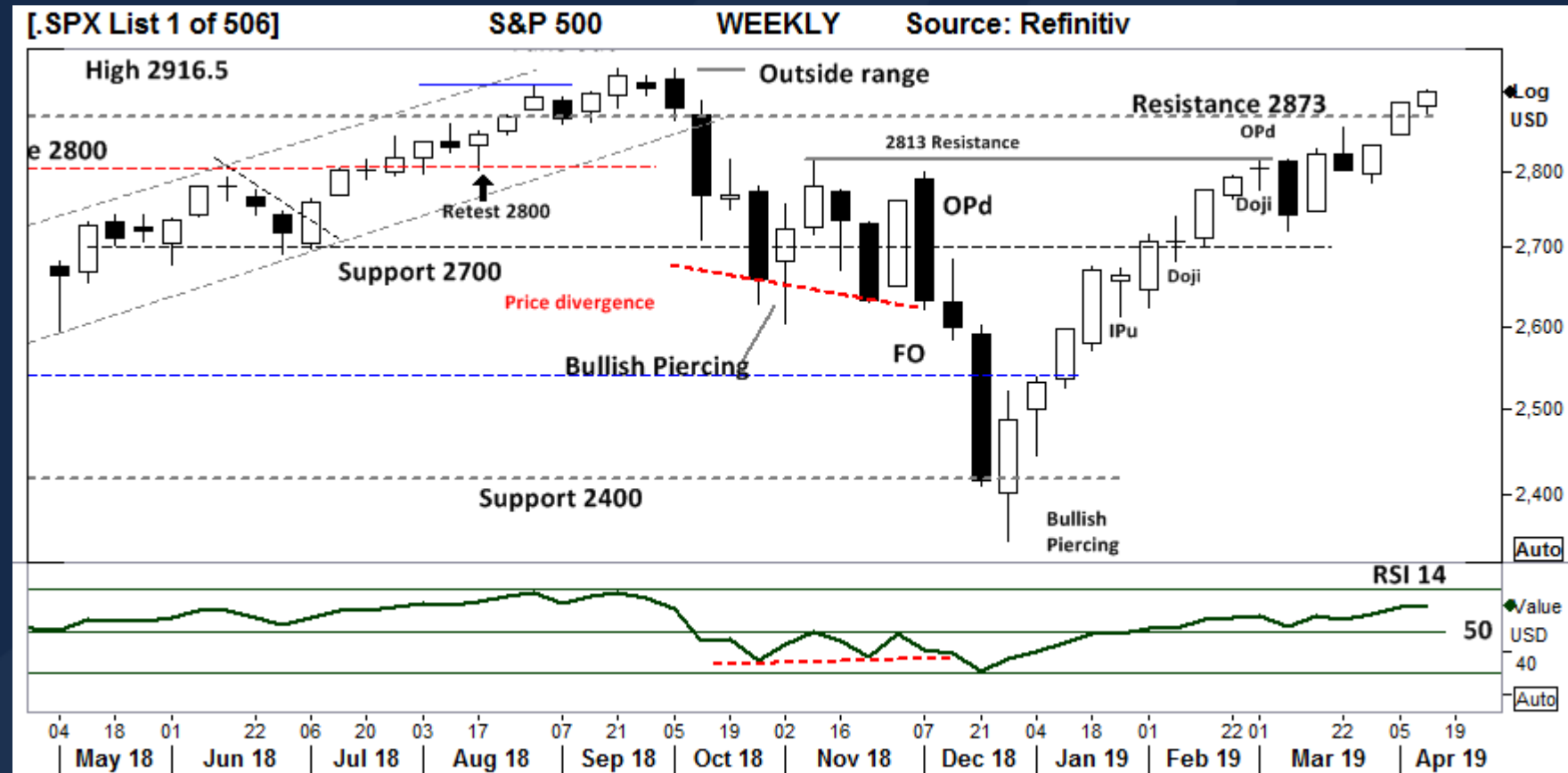
A characteristic of a true BEAR MARKET - short sharp price rallies, in this case a Christmas / January rally. A close outside of resistance will discount this view.

The strong breakout above 2873 is very bullish and remains in place with a potential retest of the historical Outside range underway.

RSI remains over the key 50 level and again rolling higher is a positive indication of improving price momentum.

Comments from last week.

With a bullish body to body reversal and a close over the internal resistance of 2813 this week, a further retest of 2873 is expected.



# S&P 500 Index - Daily

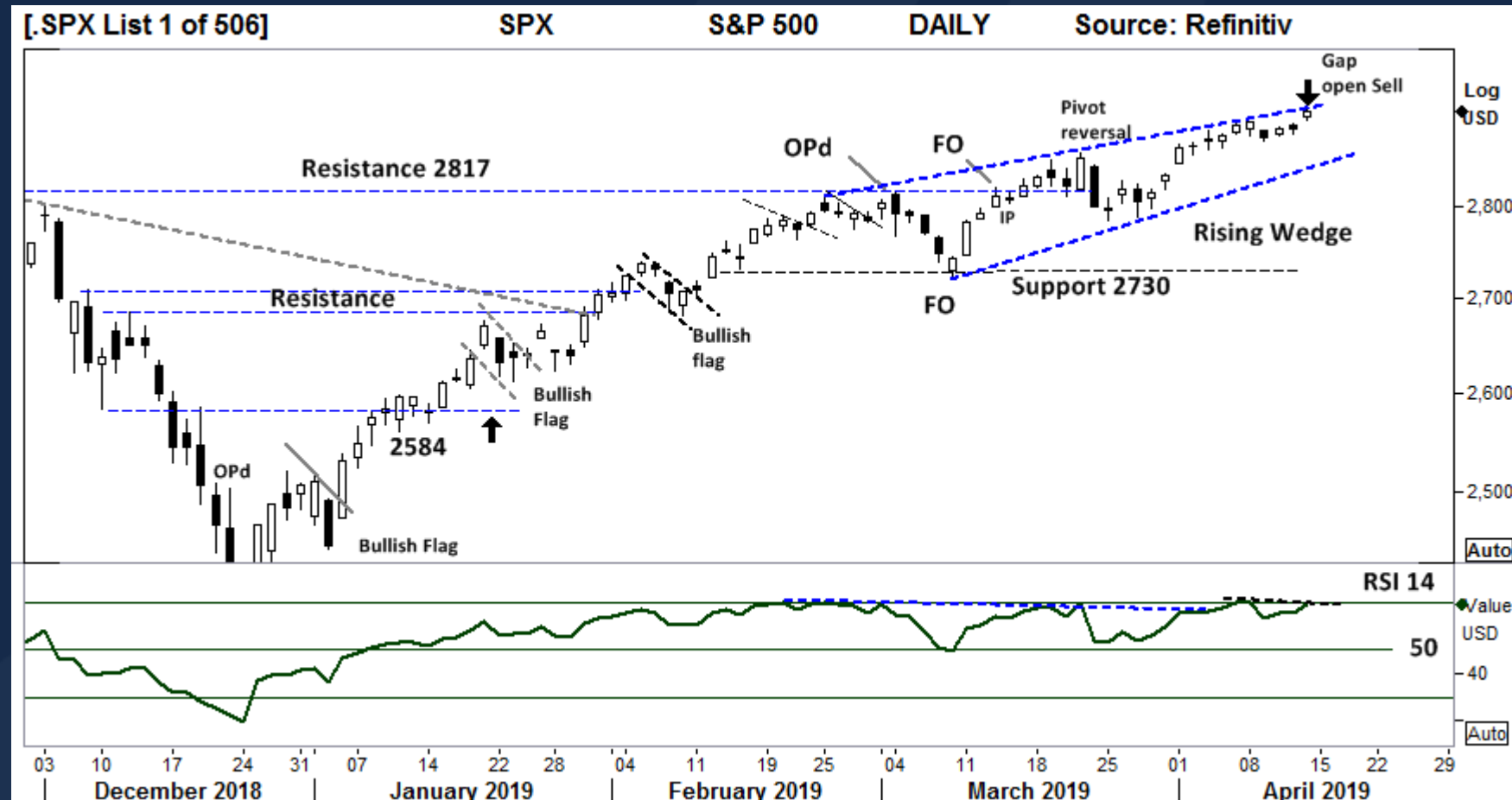
The daily chart indicates a rising wedge pattern, ultimately a bearish pattern, although may persist for several weeks.

A strong breakout is required for continuation higher.

Friday posted a Gap open sell day, the first days of this week will be required to show gains to maintain a bullish view.

Relative strength has turned higher showing an increase in positive price momentum, but again has not made a new high (required).

**Comments from last week.** The breakdown below 2817 is very bearish in this short term view. Current consolidation with the body of the reversal may result in price failure to again test support.





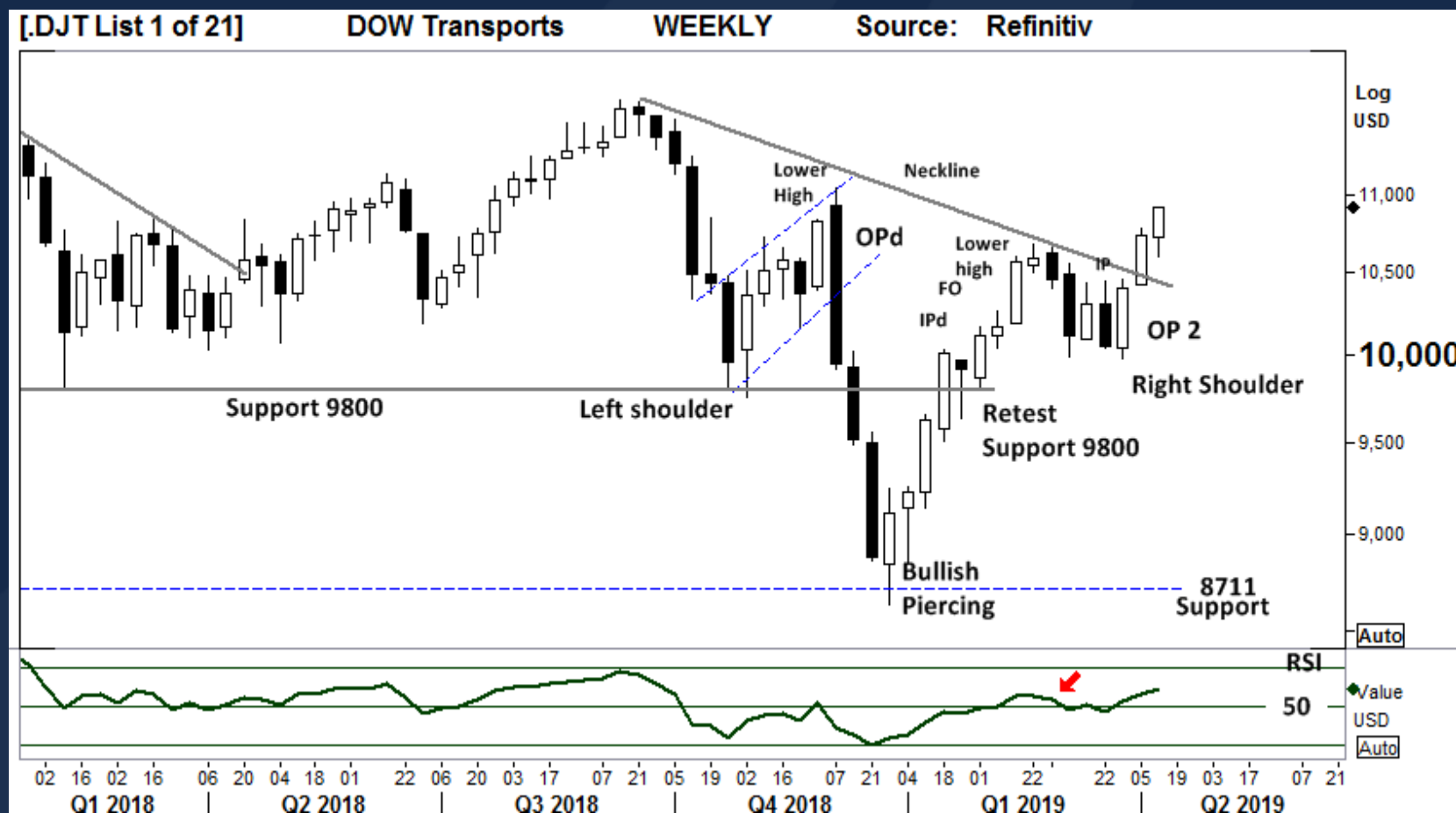
# Transports Index

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

A very strong week testing the lower high from Q4 2018.

The right shoulder “higher low” and this current price movement past the lower high keeps the transports in a Primary UP Trend.

Relative strength dipping and rising above the 50 level shows a positive swing in momentum as the indicator continues to rise.



## Comments from last week.

A strong breakout past the OP2 and over the neckline is very bullish and supports the bullish continuation of the major Indices’.

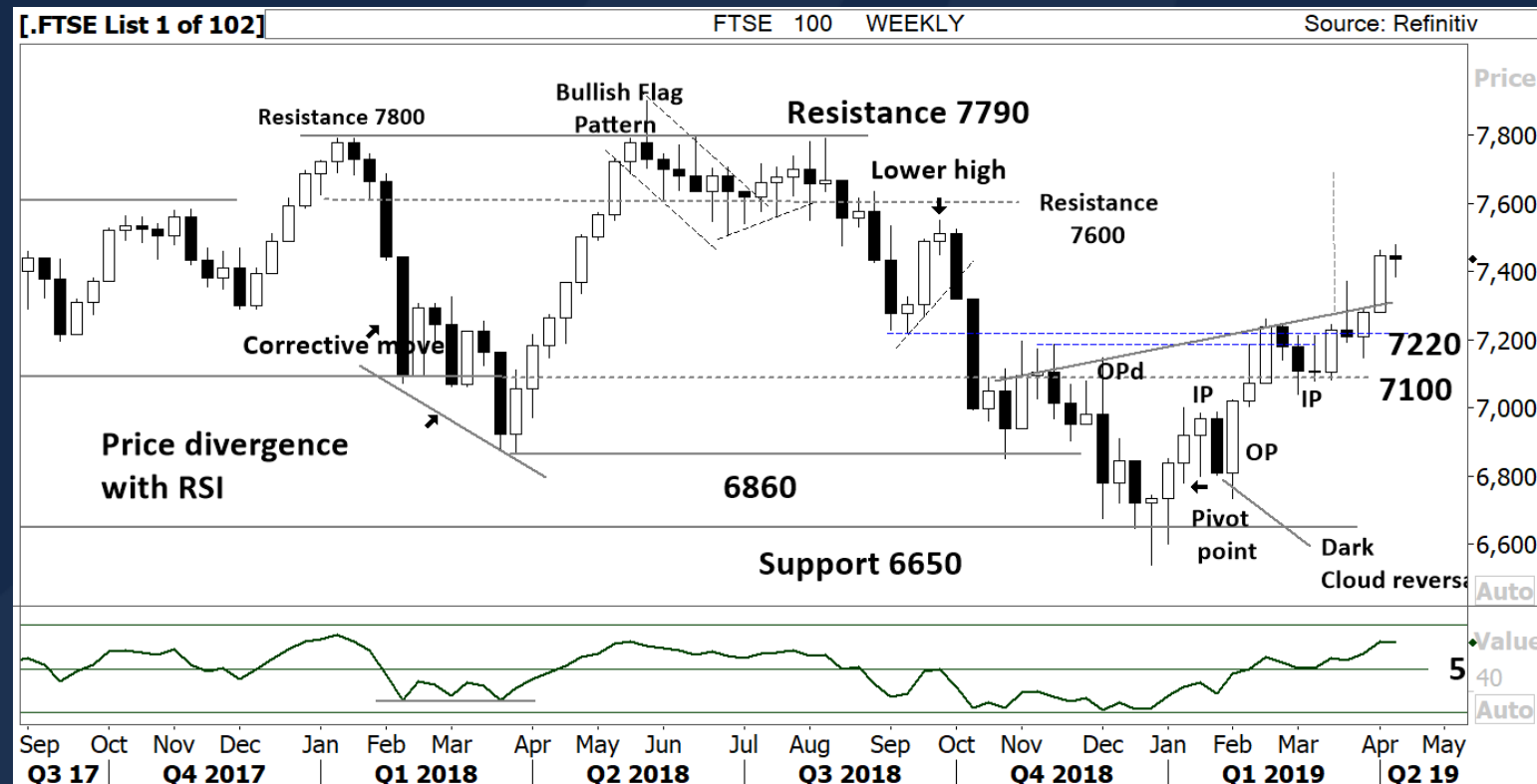
# FTSE 100 Index – Weekly

## FTSE 100 weekly:

The FTSE holds the break out above the neckline on a narrow range week. A potential retest of the neckline is possible on any price weakness.

Primary trend is UP and remains very bullish with the price target of 7700 a potential move.

RSI swings higher above the 50 level, this now negates the price consolidation view as momentum accelerates.



Comments from last week:

The FTSE now breaks out above the neckline on a strong range week.

# GOLD Weekly

Gold remains in a **PRIMARY UP TREND**.

The longer term target of \$1410 remains in place.

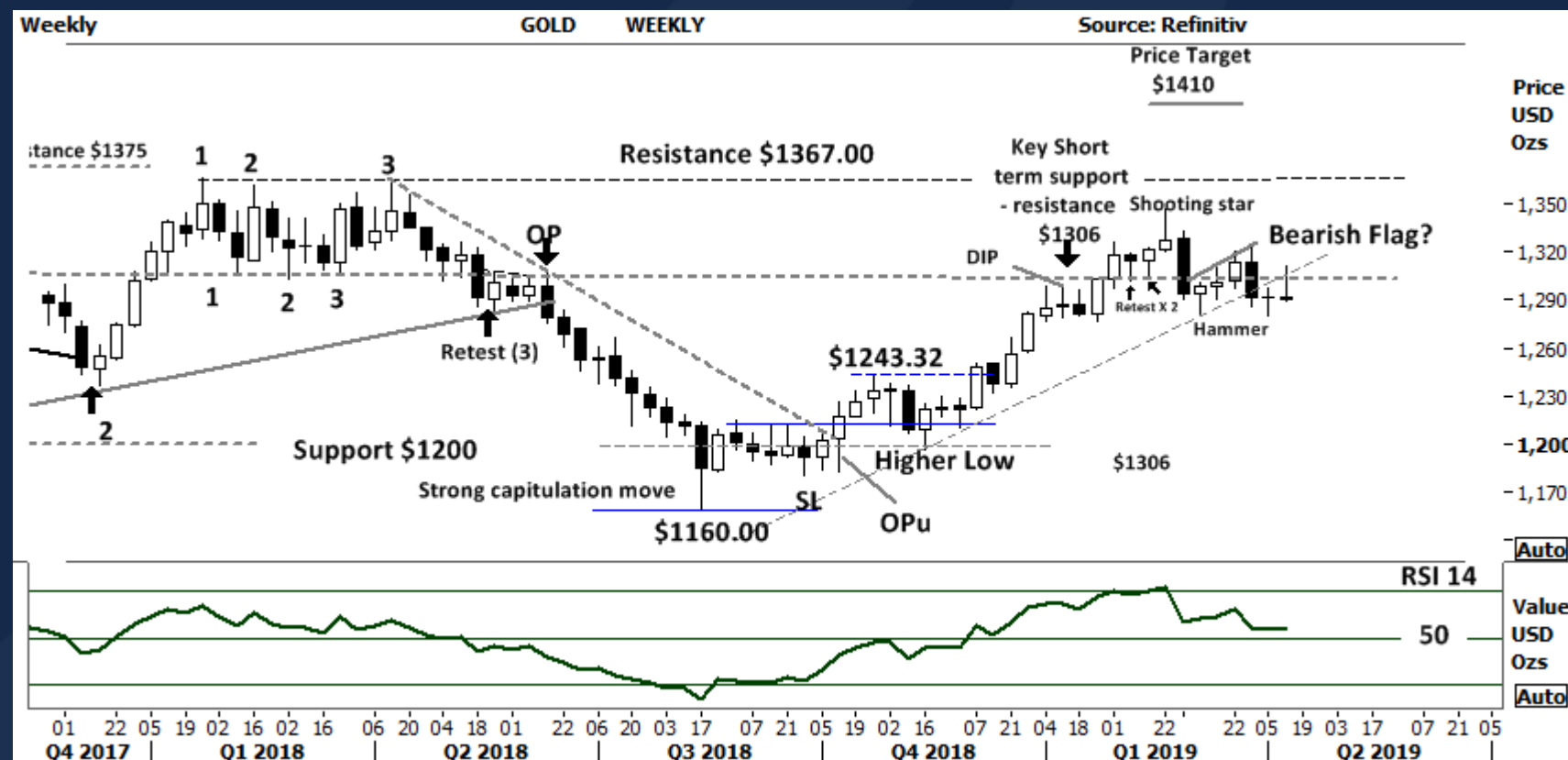
A short rally followed by price failure to the lows in the week this now shows as the Gravestone doji week, as a further breakdown from the bearish flag.

Gold is consolidating within a multi quarter price range between \$1276 and \$1350.

RSI remains over the key "50" level, although the indicator has turned lower in line with this loss of positive price momentum.

Comments from last week:

The Weekly chart of GOLD displays a Fake out buy signal as the week made a lower low from the Hammer but closed toward the high of the range.



# Gold Daily

With price remaining above the support level of \$1276.40 this remains the key level in the coming days.

Should a strong close occur below this level, GOLD will have a broad top in place, suggesting no further immediate upside.

Thursday's pivot reversal suggests a retest of 1276.40 underway. A further close below this level would target \$1240.0

Relative Strength again swings under the 50 level indicating a loss of momentum.

## Comments from last week:

Daily Gold on Thursday displayed a Fake out Buy signal followed by the inside range on Friday.  
Only a daily close above \$1300 would indicate a small base in place and a potential retest of the highs.



# Australian Volatility Index

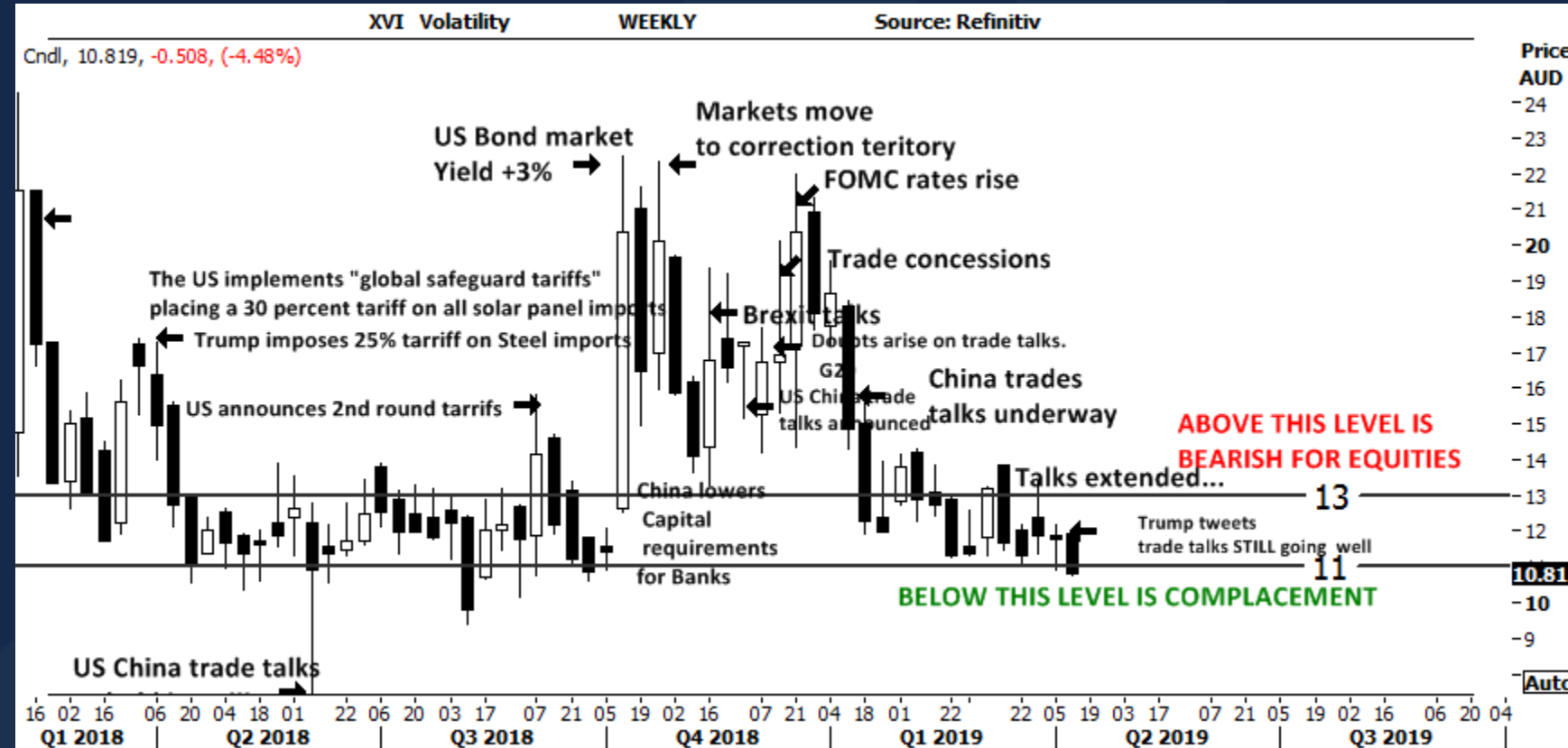
Current volatility levels, have remained below the key “13” level, this is bullish for equities.

This week volatility fell below 11 showing complacency of risk.

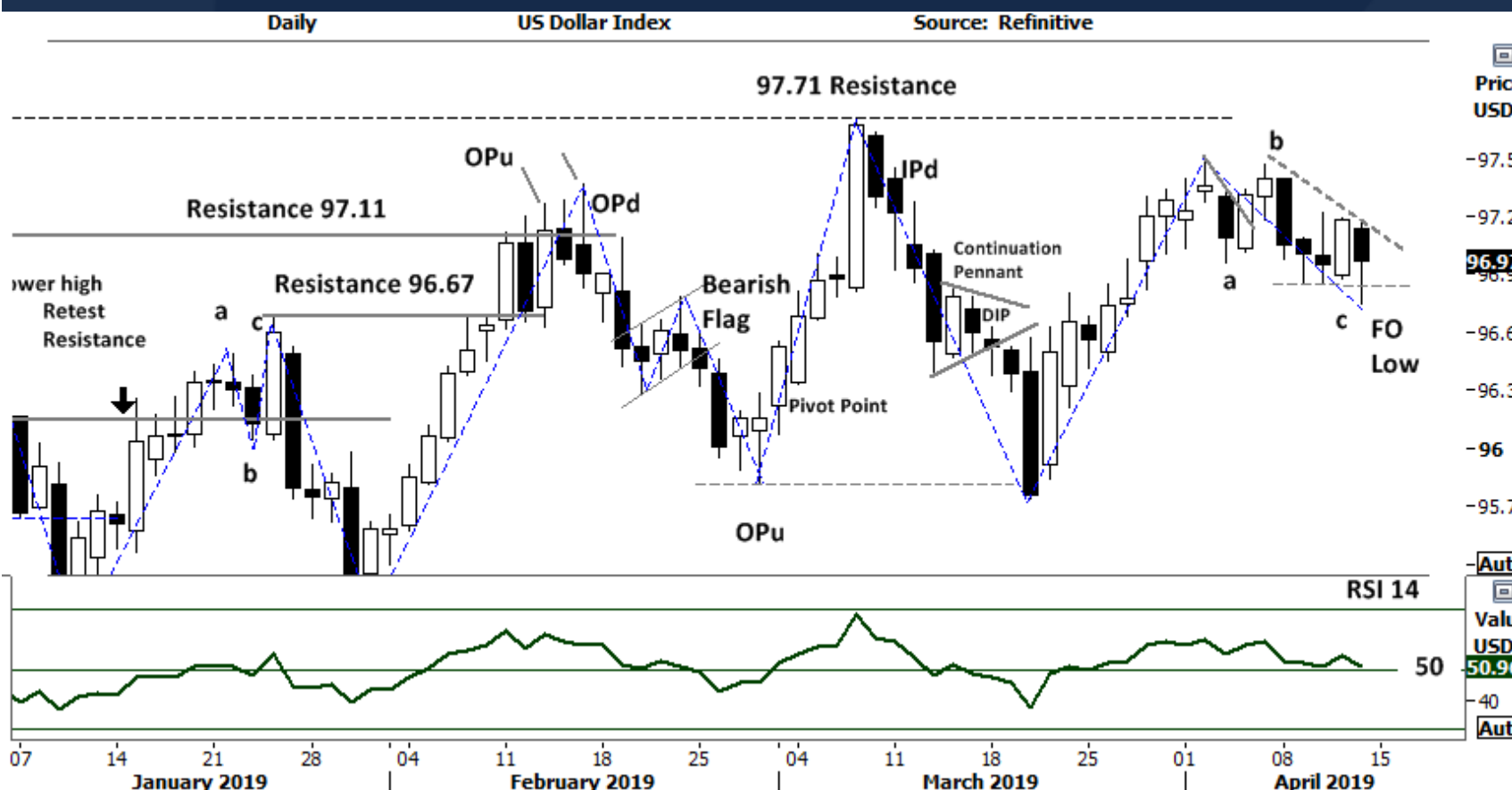
The XVI is the difference of 1 month forward pricing of ETO Options against current month.

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



With 97.71 remaining as resistance during this past week as the a,b,c pattern has unfolded in this secondary type of retracement.

A bullish view remains as Fridays fake out low (FO) shows a rejection of lower values.

RSI remains above the 50 level but has turned lower in line with this consolidation pattern.

Comments last week.

# WTI Oil WEEKLY

**Weekly OIL shows a very significant recovery from the December lows.**

Previous to last week a strong weekly candle with a high close in the range has remained bullish for further gains.

Some profit taking has taken place with the upper range testing \$64.50 during the week.

Relative strength has turned higher showing an increasing and very strong price momentum over the 70 level.

Further to this view, a breakdown below \$60.00 (long position Stops) potentially sets a \$42.0 target.



Comments from last week.

A strong weekly candle with a high close in the range is very bullish for further gains in the coming weeks.

# The technical setups

## Outside period

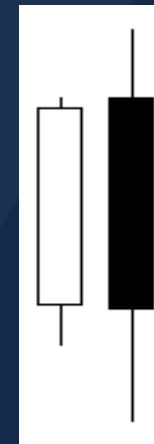
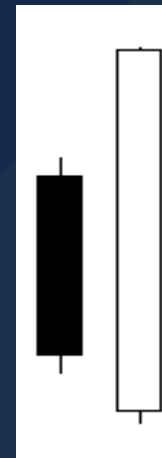
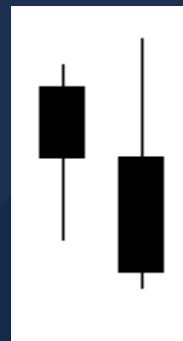
### OPu and OPd

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%).

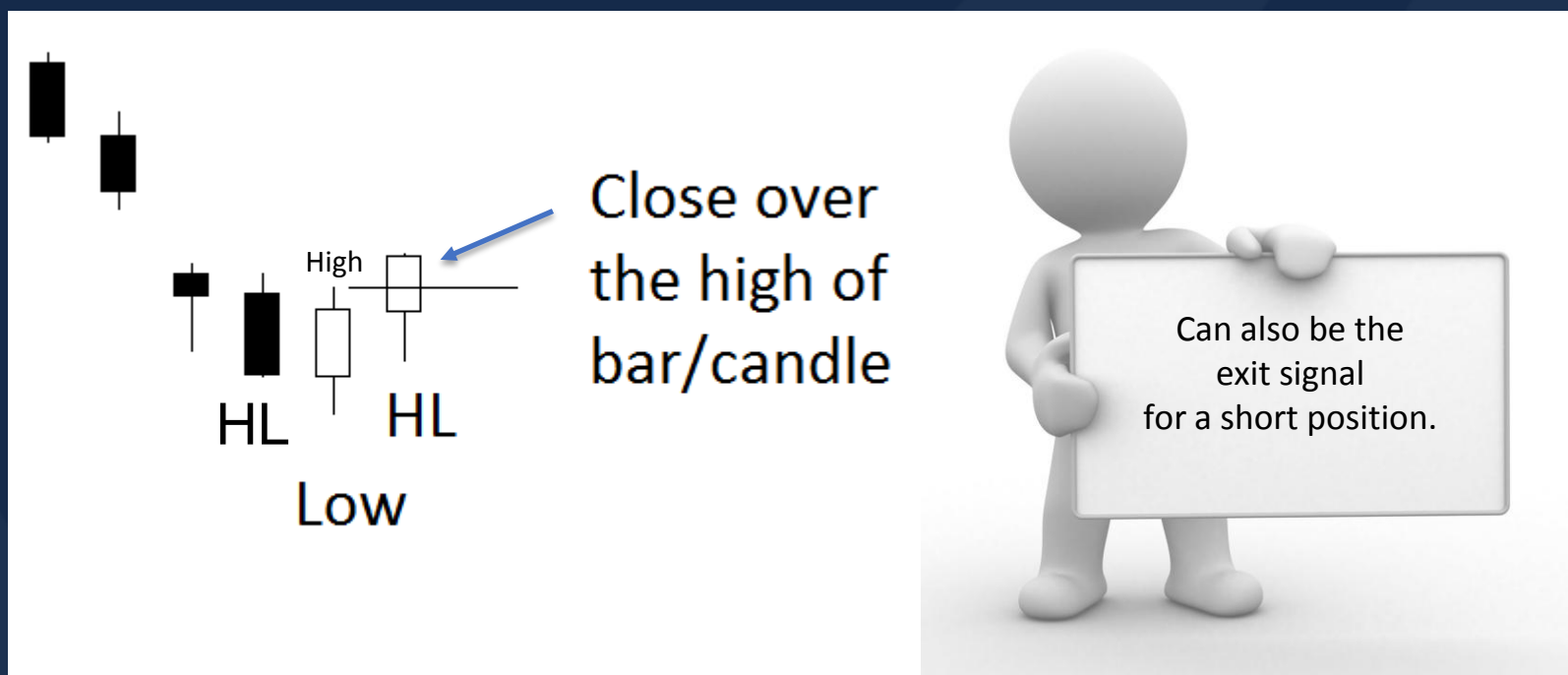
OPu is an up close bar OPd is a down close bar.

The OP period comes in all shapes and sizes.



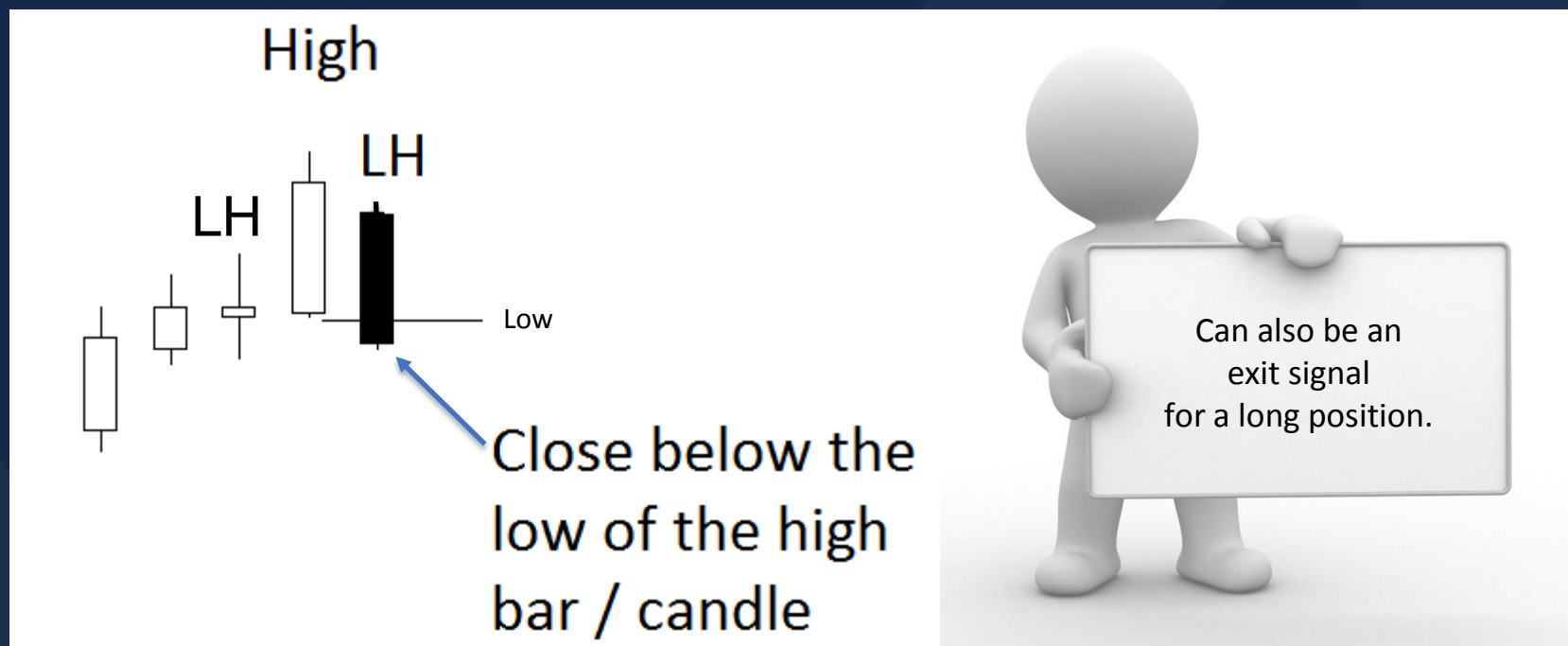


# The technical setups. The Pivot point reversal



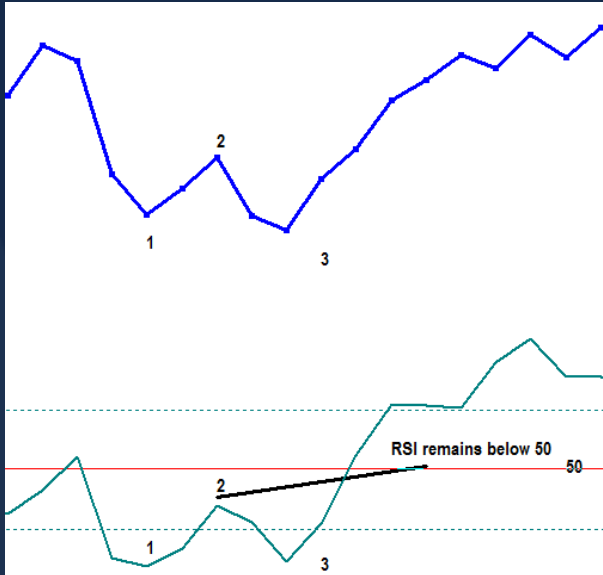
# The technical setups

## Pivot point reversal



# THE TECHNICAL SETUPS

## Relative Strength



### Relative Strength Indicator

#### SWING BUY SIGNAL.

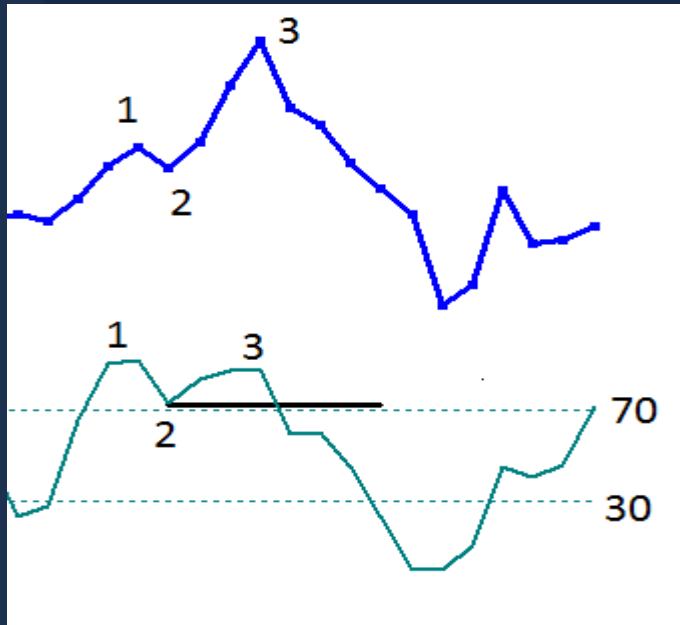
- Market makes a low, (1)
- Market closes higher, (2)
- Market makes new lower low, (3)

- 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" \*\*

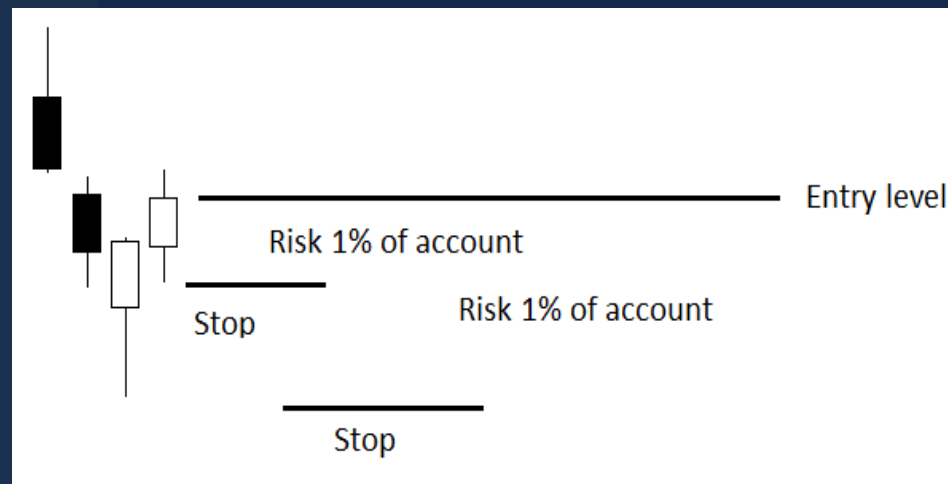
Swing failure is identified with the break of point 2 on RSI

# 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.



**Comments and Feedback:**  
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THANK YOU