

the week beginning 25/11/2019

A market technician's view

FX INDICES EQUITIES



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SUMMARY-

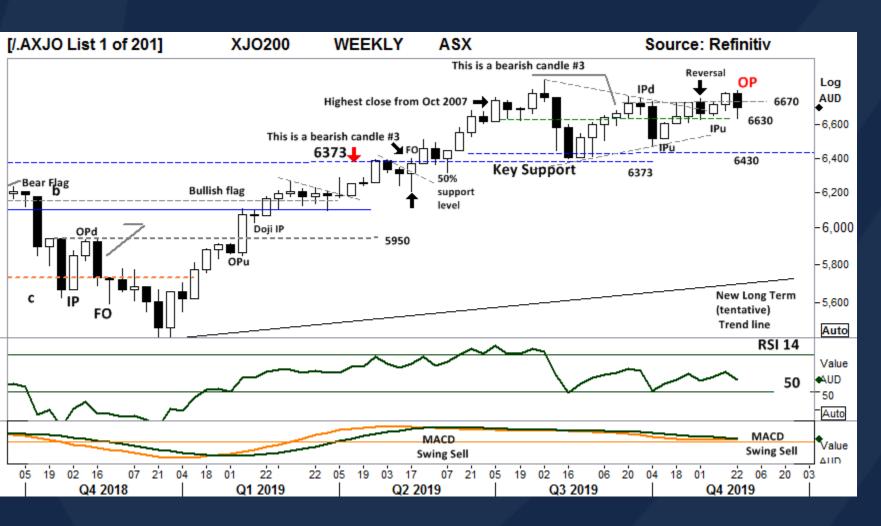
Major Indices' have signalled price consolidation for the coming week, all still remain in Primary UP trends. Potential consolidation a good sign of further gains in the coming weeks.

Underlying market volatility has increased, a sign of "risk off" taking place.

Gold and Silver remain vulnerable to extending the Primary downtrend lower.

Australian 200 index - Weekly





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

Last weeks **OP** is a bearish signal. This type of OP has appeared at ALL of the major turning points of the Index. Early price consolidation to the 6630 level would confirm a short term top in place.

The Relative strength Indicator (14) remains positive above the key 50 level.
The MACD indicator remains a "swing sell".
(See foot notes on #3 candles.)

Comments from last week: The strong Weekly close is a good indication for further gains as the Pennant breakout continues.

A retest of the October high is underway as the potential early start to the Xmas rally.

Australian 200 index – Weekly OP's fpmarkets 🕢



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Australian 200 index - Daily



Price failure and a successful retest of 6630 is a bullish sign for the next few days.

Again Fridays higher move was on low Volume indicating a lack of commitment by the buyers. A retest of the recent 6814 high could be expected with further consolidation.

The Relative strength Indicator has swung sharply higher, but remains below the 50 level indicating increasing price momentum.

Comments from last week: A retest of the July highs towards 6850 would be a potential level of rejection. Bears would look for a daily close below 6780 for a retest of 6630.

S&P 500 Index – Weekly



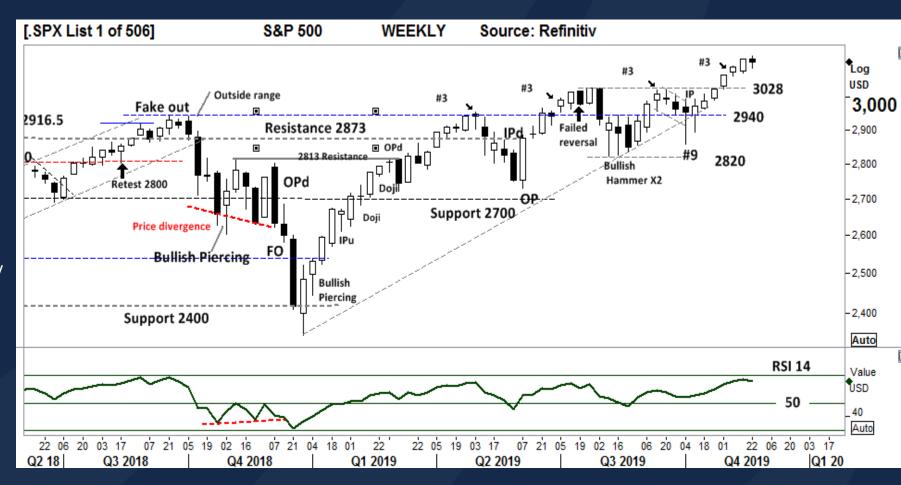
The Primary UP trend remains in place. As Volatility measures, move to complement lows.

With a close over the #3 weekly high further gains are expected in the coming week. However with the short range week in place consolidation at these levels would be expected in the coming weeks. The underlying 2019 trend line remains intact.

3028 remains the major support level on any retracement moves.

RSI remains positive swinging higher. (See notes below for #3)

Comments from last week. 2 Week ago the #3 type candle showed and an early warning of a potential price retracement. This past weeks strong range in line with the Primary movement is a significant breakout.



S&P 500 Index - Daily



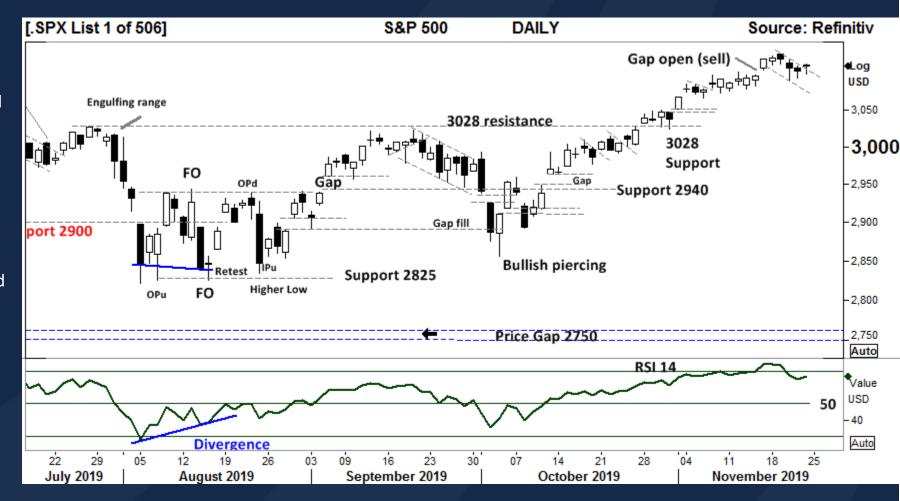
Underlying PRIMARY Trend remains UP. With the Gap Open sell point being closed current consolidation remains bullish. A breakout over Tuesday's 3128 high would signal further gains in the coming days.

However should a retest of the small lower Gap at 3050 take place further selling may enter the market.

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

Comments from last week: The daily chart of the S&P500 shows the GAP OPEN Sell bar on Friday following the earlier consolidation.

This can be a precursor to a bout of selling, to fill the GAP. However should a retest of the small lower Gap at 3050 take place further selling may enter the market



Transports Index



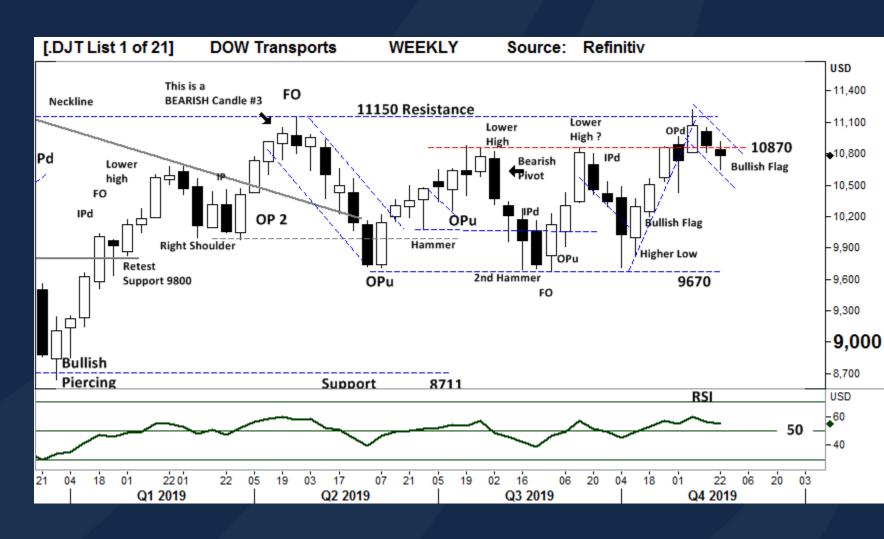
Dow Theory trend analysis states, the transports must confirm major indices.

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

A bullish flag developing has the potential to lift the Transports out of this current long term (2019) channel between 9670 and 11150.

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: Immediate rejection of the key level 11150 but support at 10870 put the DJI into a short consolidation. The chart remains bullish at these levels and remains supportive of the underlying Bull market represented in the Indice's.



GOLD Weekly



GOLD enters a Primary DOWN TREND.

The current 2 small weekly ranges remain a bearish sign for lower prices. Volatility remains low indicated by the Relative strength turning sideways. A break of \$1450.00 would be a very strong Bear signal.

Relative strength remains over the 50 level, however the indicator is trending down.

Comments from last week: With a strong Weekly down range 2 weeks ago, last weeks price action has not moved higher into the "mid range".

Gold requires a Weekly close towards \$1517 to regain a bullish bias.



Gold Daily



GOLD enters a PRIMARY DOWN TREND.

\$1476 has remained the key short term resistance level (Magenta line). Short term traders would look for a breakout over this level. GOLD remains at risk of breaking lower to retest \$1450 in the coming days.

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

Comments from last week: With a retest of the \$1450 the resulting short rally is testing the lows set during October (Magenta line). The current "bearish flag" suggests a further move lower below the \$1450 level.



SILVER Daily



No Bull market here:

Silver continues to build a bearish flag formation, with short term resistance now set at \$17.30.

This Low volatility pattern will lead to a high volatility breakout, the pattern suggests lower. Friday showed an outside range, this often marks the turning point.

But as this is news driven a breakout over \$17.30 and \$17.50 would be very bullish.

Relative strength has turned lower a sign for further weaker price momentum.

Comments from last week: The Daily chart shows Silver has developed into a Bearish flag below the \$17.50 resistance level.

A further breakdown is expected back towards the \$16.0 level.





Australian Volatility Index

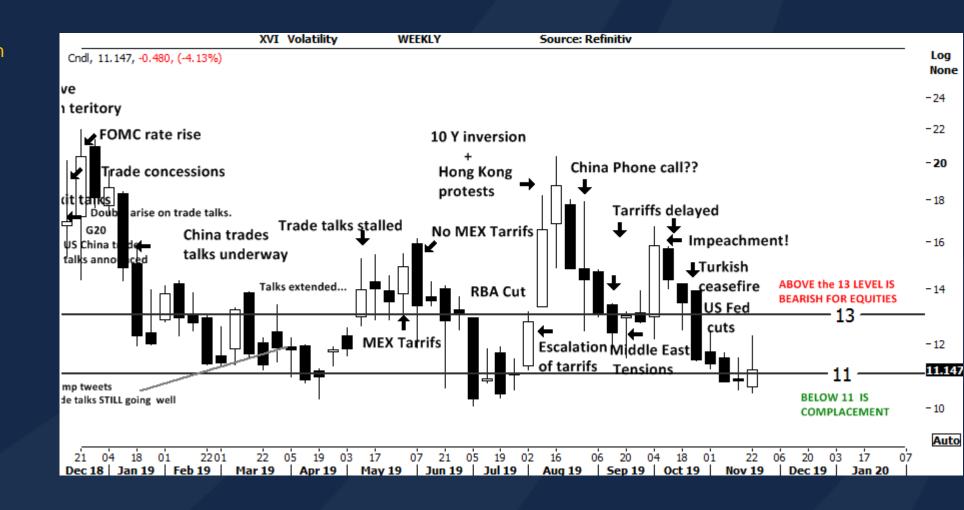
Current volatility levels, show a increase in the volatility indicator. This is remains some what Bullish for equities, a continued movement towards 13 would send a bearish signal. This news driven indicator is reflecting an increase in risk and uncertainty in markets going forward.

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.



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US Dollar Index - Daily



Tuesdays Inside range (IP) has lead to a significant rally back towards the 98.45 highs. As Relative strength again swings above the key 50 level reflecting an increase in price momentum.

The expectation would be for continued follow through higher as the last week can be viewed as a "higher low" (HL) point that has followed on from the double bottom October lows.

Comments last: The Strong breakout over 98.16 was expected to follow through. The current retest back to 98.0 is a bearish move. A breakdown below 98.0 would set the target at 97.2.

WTI OIL WEEKLY



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

Only a breakout above \$61.80 would be a bullish sign for a retest of \$68.00.

A breakdown below the \$50 level would be a very bearish sign with a potential to test \$42.0

The Relative Strength Indicator turns higher from below the 50 level, a sign of improving momentum.

Comments from last week: The developing bearish flag suggests a retest of the support level at \$50.60.





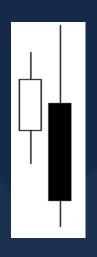


A price range with higher high and lower low than the previous range often indicates a market turning point. (Krastins research)

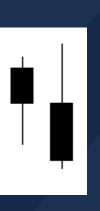
The outside period (OP) can mark a significant market turning point at or within 3 bars (93%).

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

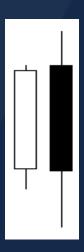
The OP period comes in all shapes and sizes.













The technical setups. The Pivot point reversal





The technical setups Pivot point reversal





The technical setups WEEKLY #3 reversal

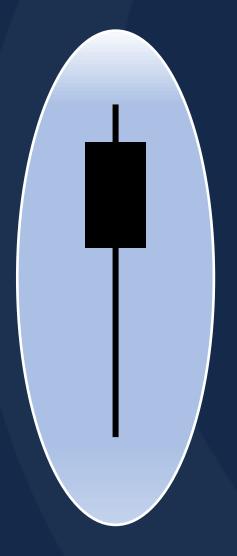
When Line #3 is found at a HIGH PRICE AREA Long positions should be closed within a week.

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 Midpoint. 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.

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