



IN BLACK AND WHITE

the week beginning
17/06/2019

A market technician's view

FX
INDICES
EQUITIES

IMPORTANT DISCLAIMER

The information in this report is of a general nature only. It is not personal financial product advice. It does not take into account your objectives, financial situation, or needs.

You should therefore consider the appropriateness of this information in light of these.

The Australian school of technical analysis (ASTA) recommend that you refer to the Product Disclosure Statements of any financial products which are discussed in this report before making any investment decisions.

ASTA accepts no responsibility for your actions and recommends you contact a licensed advisor before acting on any information contained in this general information report.

The information contained in this material is intended for general advice only. It does not take into account your investment objectives, financial situation or particular needs. FP Markets has made every effort to ensure the accuracy of the information as at the date of publication. FP Markets does not give any warranty or representation as to the accuracy, reliability or completeness of the information contained in this material. Examples included in this material are for illustrative purposes only. To the extent permitted by law, FP Markets and its employees shall not be liable for any loss or damage arising in any way (including by way of negligence) from or in connection with any information provided in or omitted from this material. Features of the FP Markets products including applicable fees and charges are outlined in the Product Disclosure Statements available from FP Markets' website www.fpmarkets.com and should be considered before deciding to deal in those products. Derivatives can be risky; losses can exceed your initial payment. FP Markets recommends that you seek independent advice. First Prudential Markets Pty Ltd trading as FP Markets ABN 16 112 600 281, Australian Financial Services Licence Number 286354.

SUMMARY-

US markets have met with potential reversal patterns.
While the ASX - XJO200 remains in a Bull Market as Iron Ore prints new highs over USD\$100 / tonne.

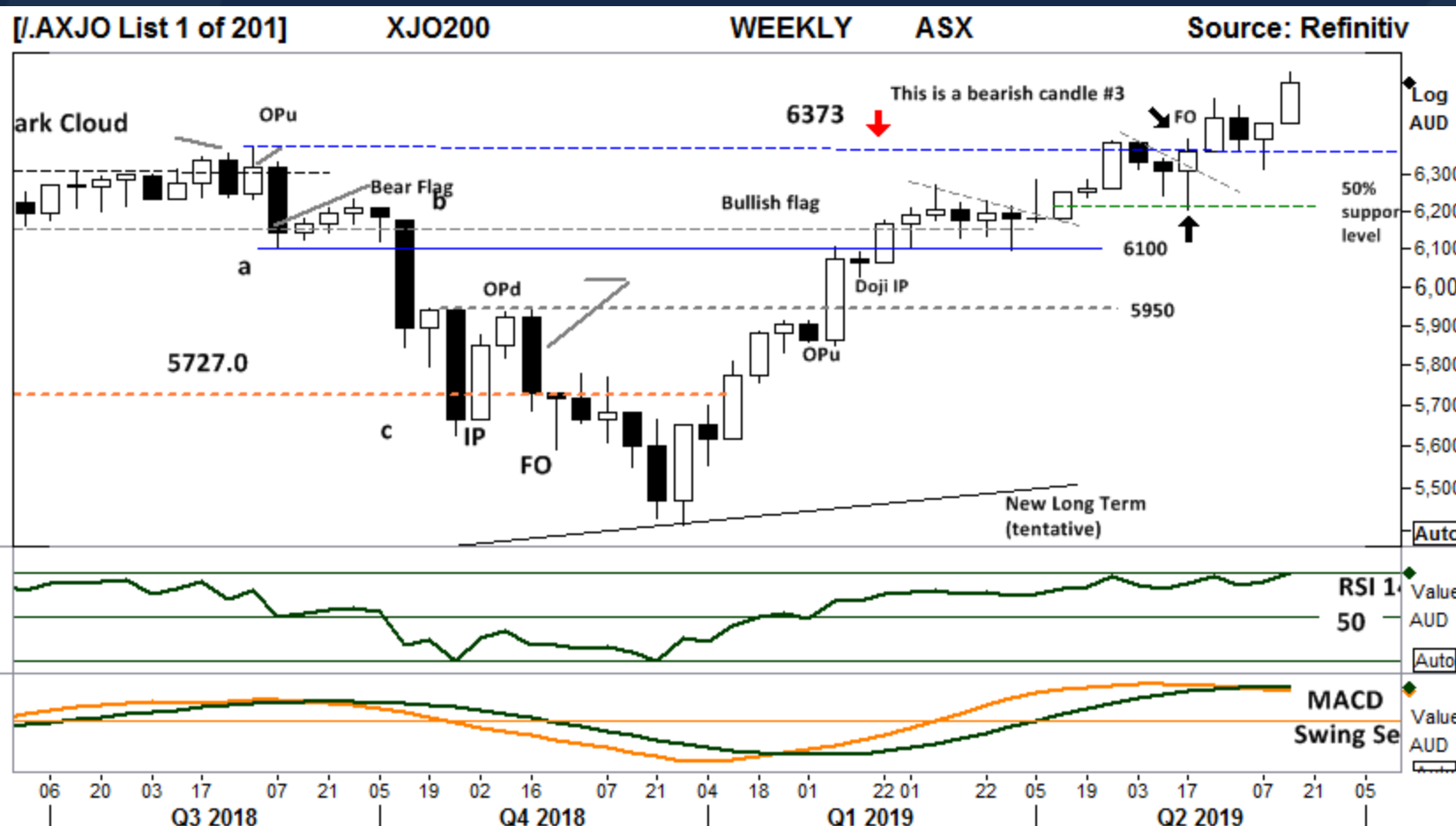
Oil may be the volatility move this week as developments unfold in the Middle east.

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

The USD Index (DXY) has staged a very bullish recovery.

Dr Copper, the red metal price still show's concern for the overall Global outlook.

Australian 200 index – Weekly



The XJO has not matched the decline in US indices with a fresh breakout high. This breakout above 6373 is the support level to hold in the coming weeks.

Primary UP trend remains in place.

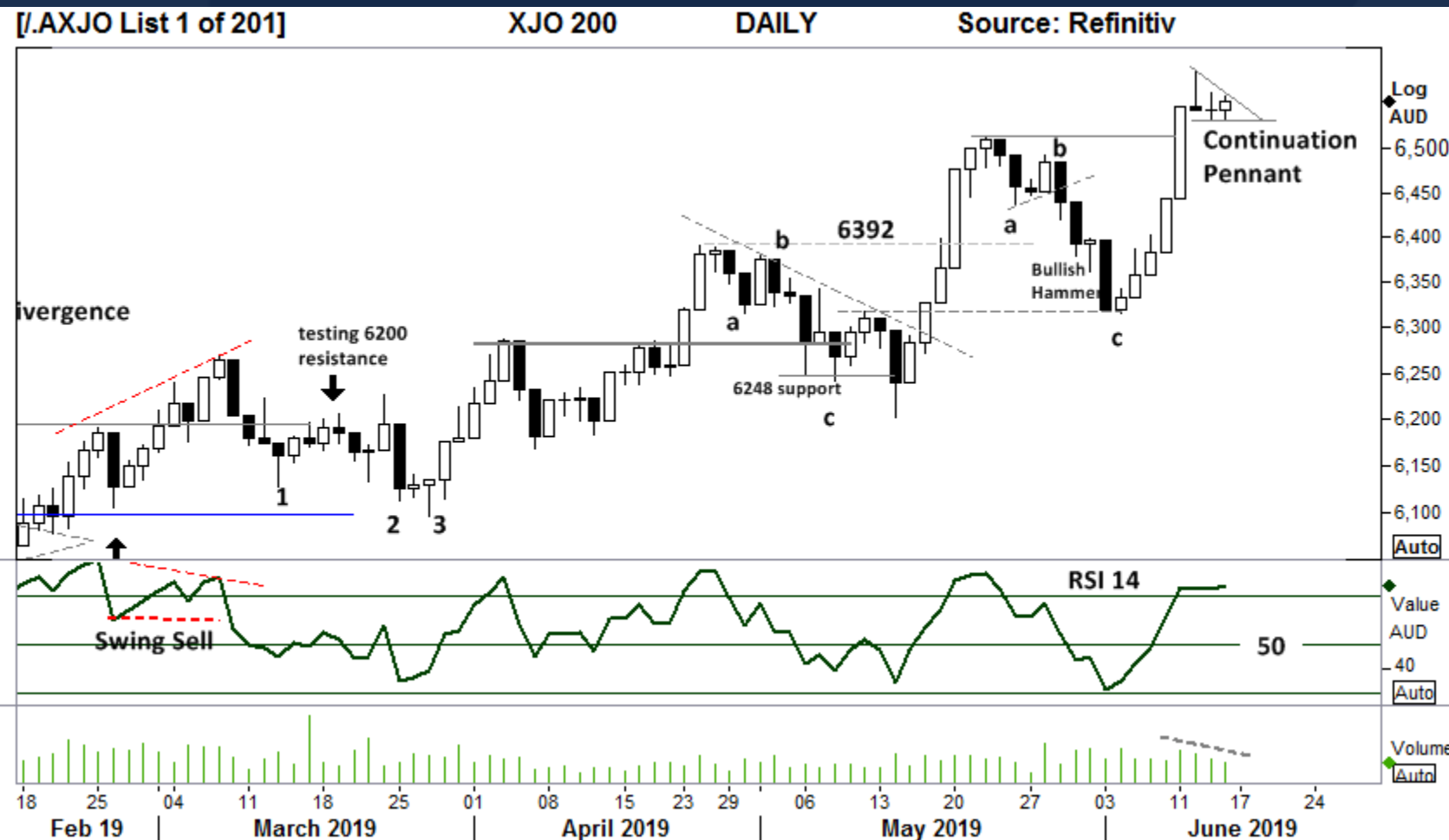
The MACD has swung to a sell signal and the RSI remains above the key 50 level.

Comments from last week:

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.

Australian 200 index – Daily



Last week has set a small bullish continuation pattern at the end of a strong breakout.

The high should be exceeded **this week** for the market to remain strongly bullish.

Falling volumes are expected during this type of consolidation.

Any breakout must have an increase in volume to remain as a confirmation signal of higher prices.

Relative strength has turned flat over the 70 level in line with the consolidation of price and slowing momentum.

Comments from last week: 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.

S&P 500 Index – Weekly

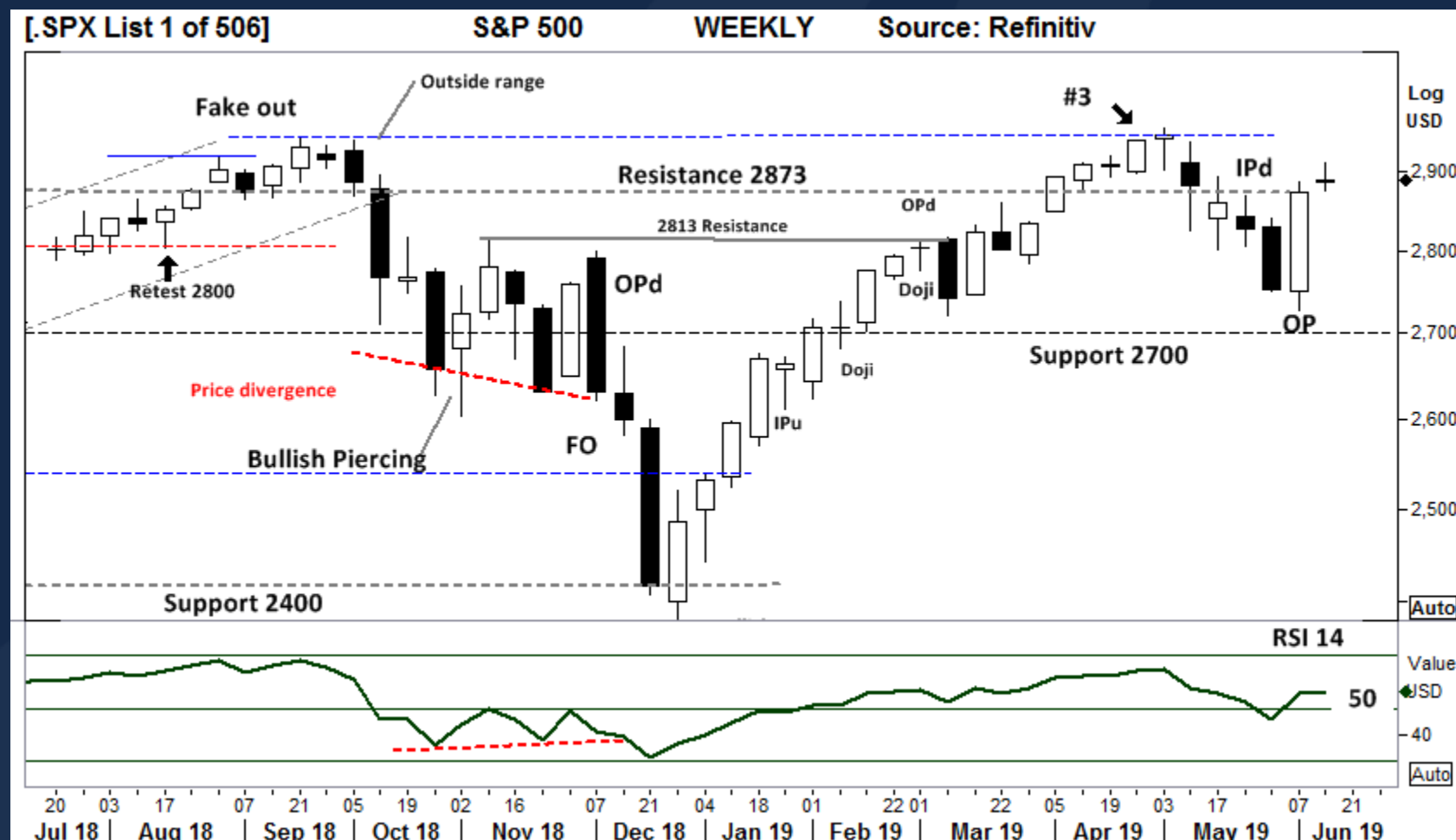
Last week's indecision range (small) is considered bearish as this occurs below the recent highs.
Immediate follow through is required this week, as the resistance to higher prices remains.

RSI has now moved from below the key 50 level to above this level showing the current increase of positive price momentum, however the sideways movement is at risk of moving lower.

Comments from last week.

Last week's 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.



S&P 500 Index - Daily

Rejection from Tuesdays OP high should be monitored as a sign of potential weakness in the coming days.

Small range days Wednesday to Friday show complete indecision about further gains.

Relative strength has moved over the "50" level. This sudden swing above the 50 level and remains flat.

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



Transports Index

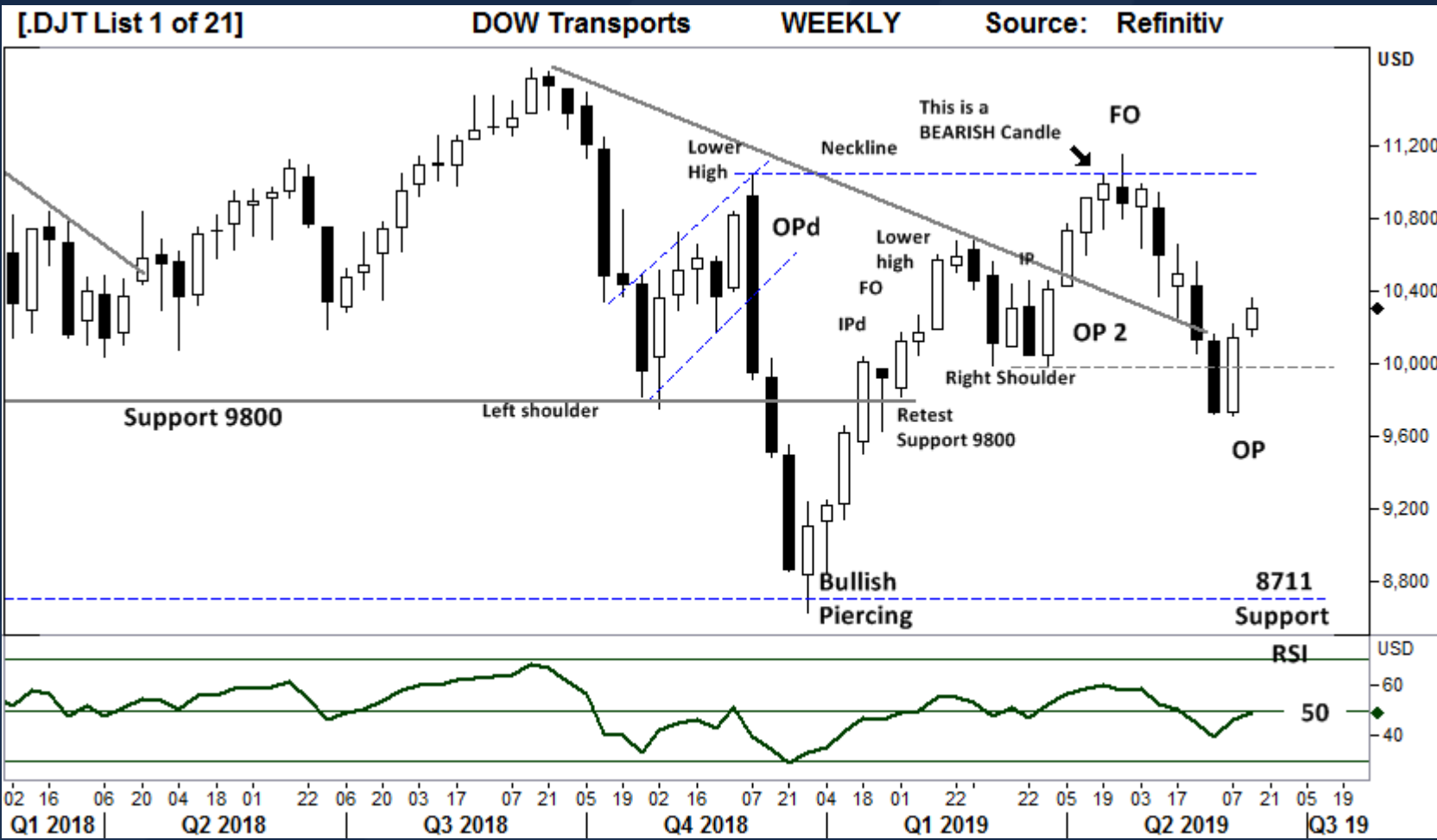


Dow Theory trend analysis states, the transports must confirm major indices.

Last weeks OP (outside period) has followed through although with a short range week.
More importantly the transports are confirming the major index's.

Relative strength has moved higher but remains below the 50 level and shows a loss of momentum.

Comments from last week.

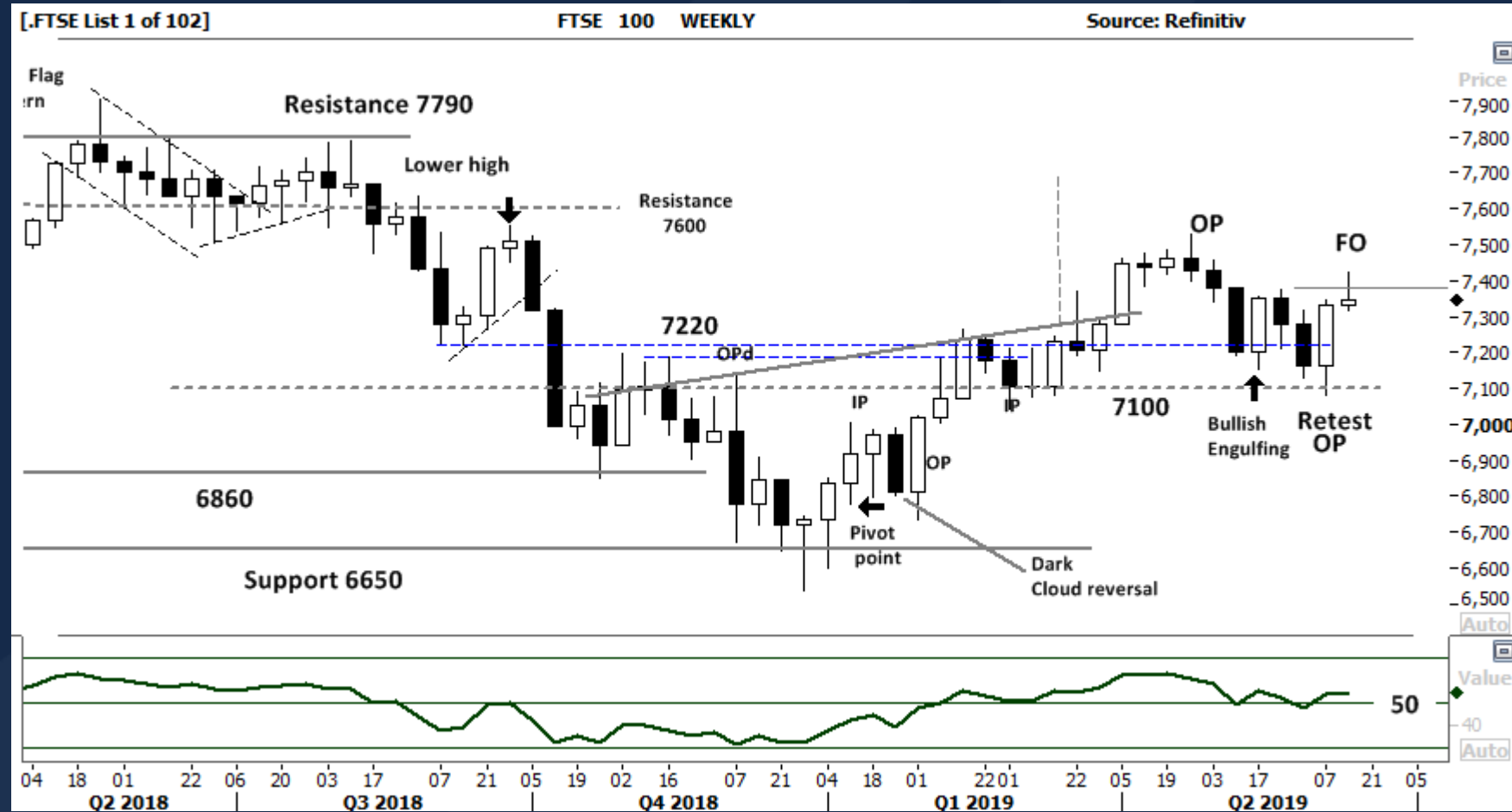


FTSE 100 Index – Weekly

FTSE 100 weekly:

The FTSE last week has shown a rejection over 7400 points. Look for consolidation down to the 7100 support level.

RSI has swung higher from below the 50 level, however this week has flattened, this now confirms the upside price momentum has decreased.



Comments from last week:

GOLD Weekly

Traders would monitor the \$1367 level for price resistance in the coming week. Indecision with a closing price below \$1350 indicates resistance to higher prices.

The larger picture from June 18 to June 19 is a cup and handle pattern, very bullish in the bigger picture.

RSI swings rolls sideways showing a loss of upward momentum.

Comments from last week: **\$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.



Gold Daily

The final bar (Friday) has set up a second “fake out sell” signal. Short term price weakness would be expected in the coming days. A potential retest of \$1320.00 underway.

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

Comments from last week:

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



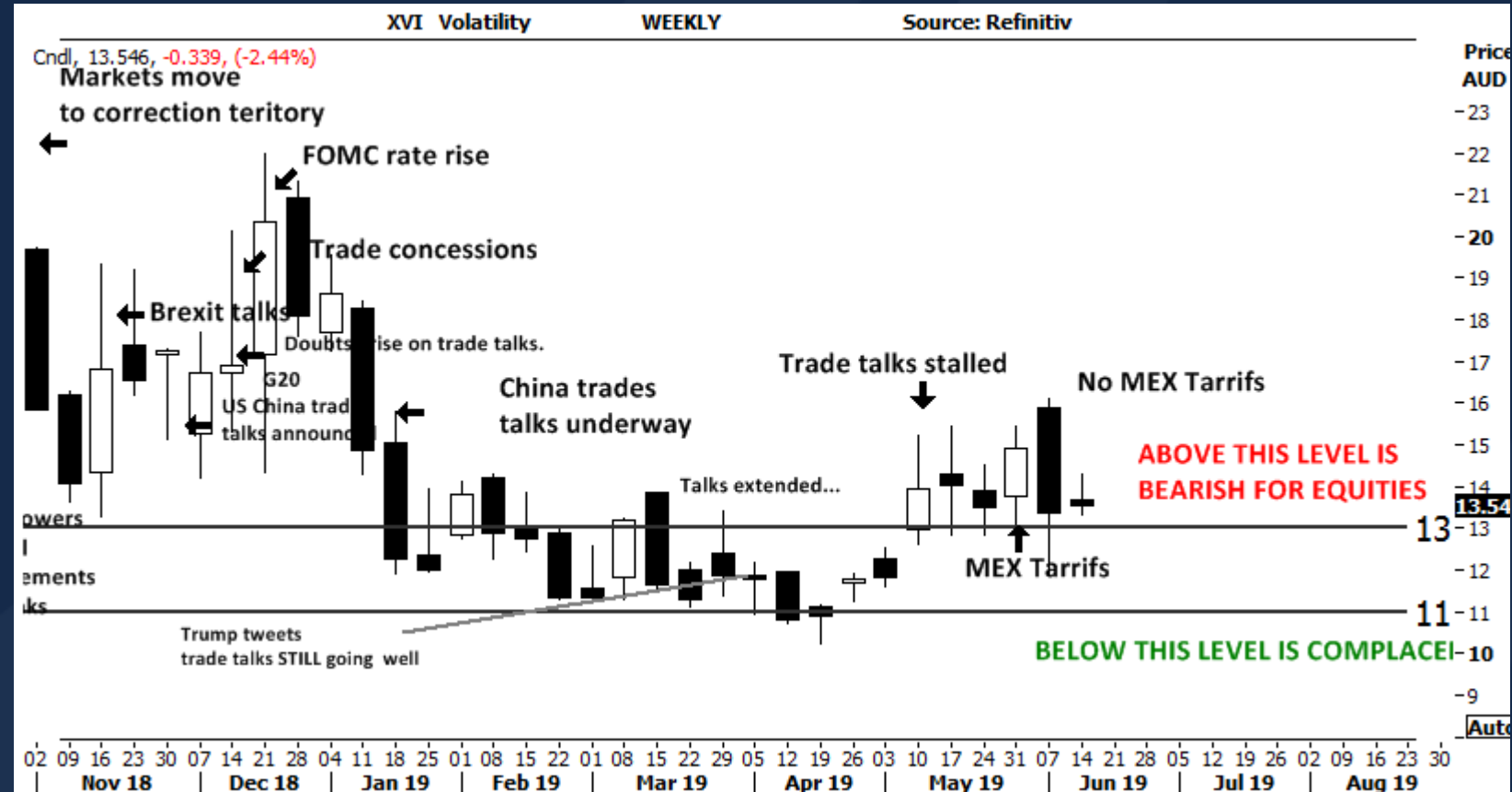
Australian Volatility Index

Current volatility levels, have remained above the key “13” level. A further rise would be bearish for equities.

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



Last weeks complete breakdown below historical support at 97.2 looks to have set an Outside period (OP) reversal. (UP) Fridays strong move higher over 97.2 is a very bullish sign for further gains.

Strength in the USD had brought pressure onto Commodity prices, the recent fall in the DXY showed up as bullish for Commodities, this again looks to be reversed

RSI swings above the 50 level a strong sign of positive price momentum.

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

WTI Oil WEEKLY

This week WTI has posted a FO reversal with the bullish hammer.

This week has not seen a strong follow through, further consolidation could be expected.

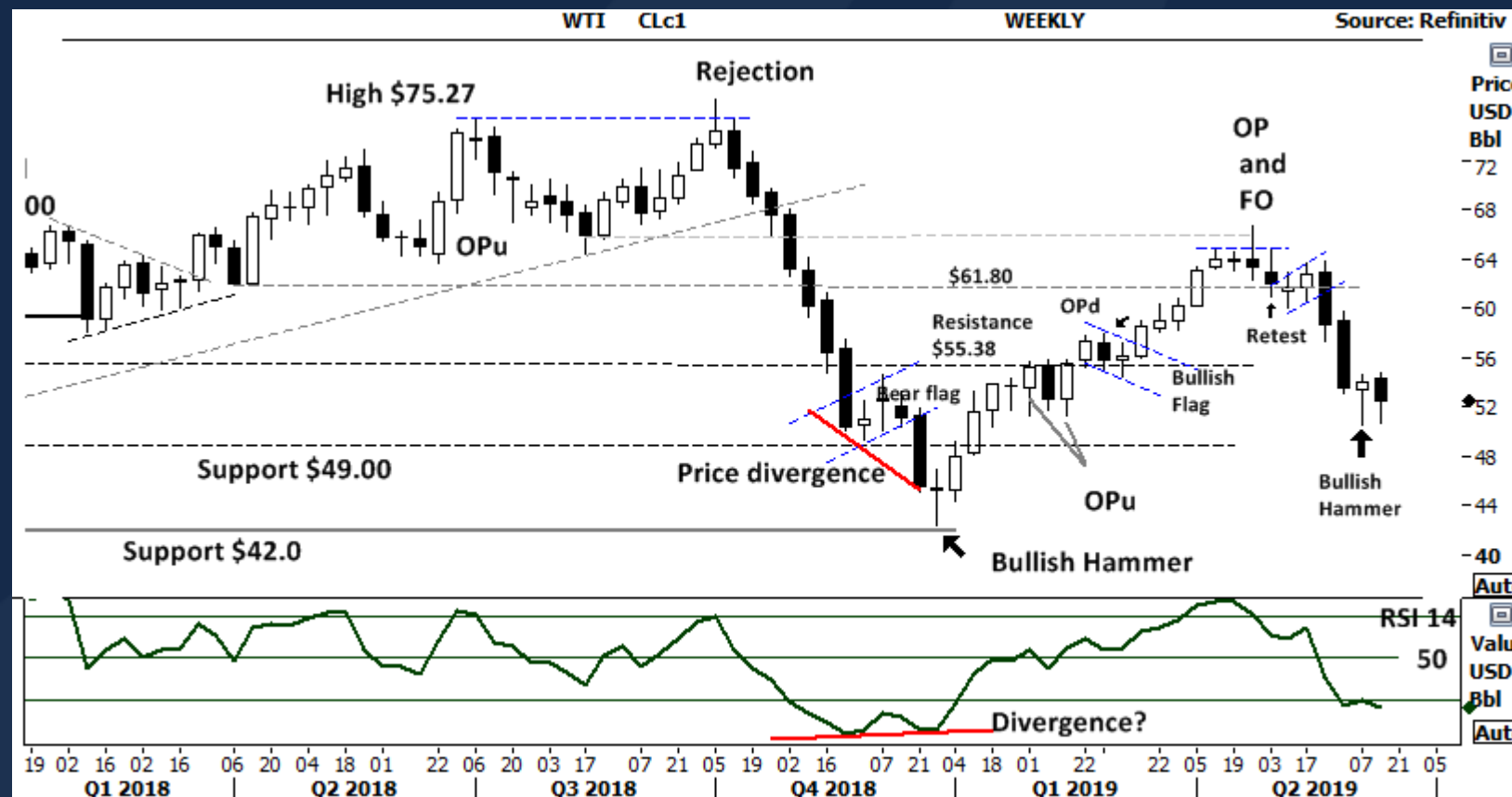
Look for a retest of the \$61.80 level in the coming weeks.

Relative strength has moved sideways indicating a loss 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

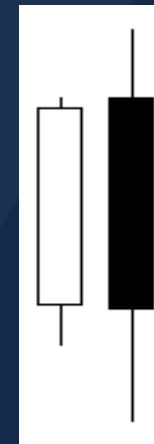
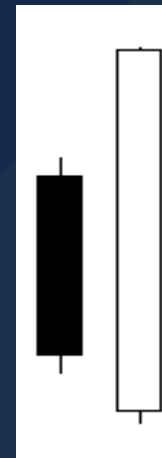
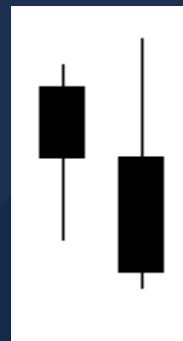
OPu and OPd

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

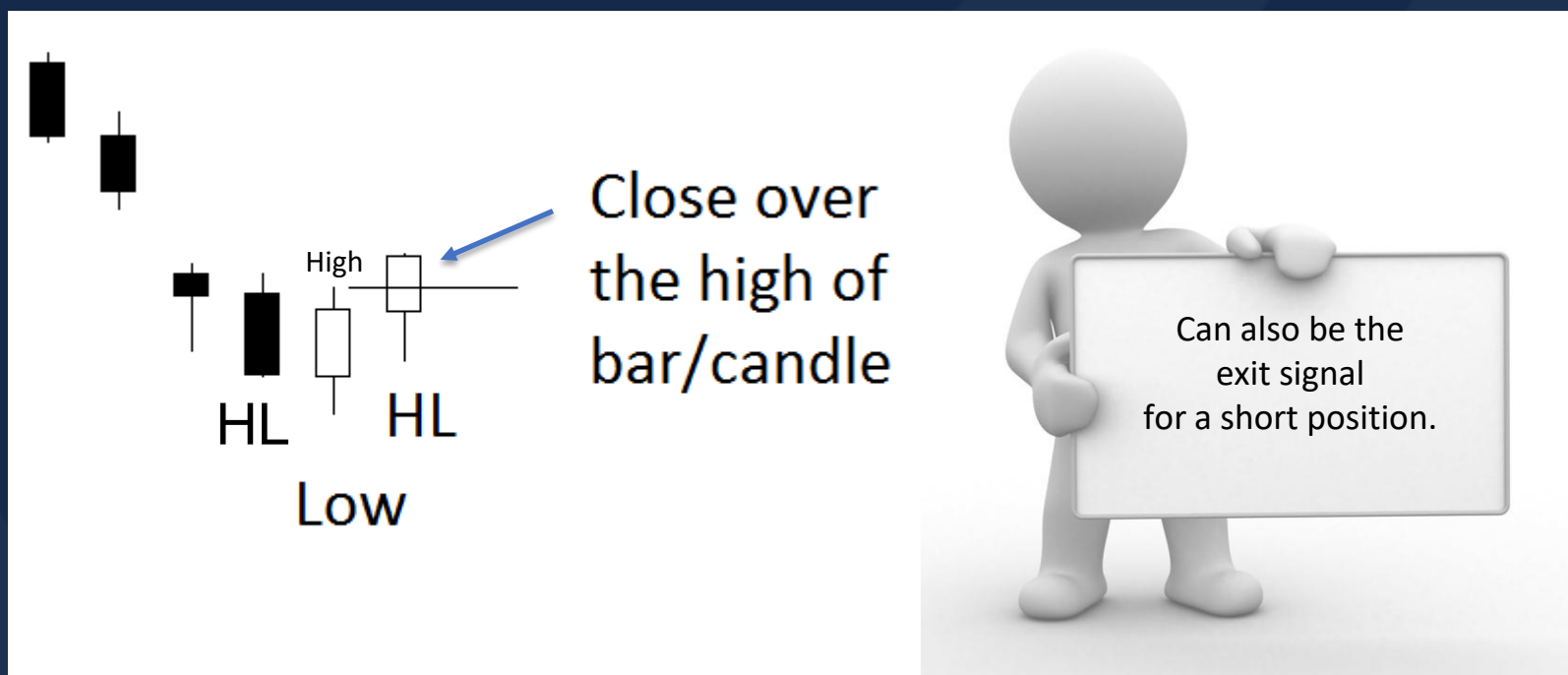
The outside period can mark a significant market turning point at or within 3 bars (93%).

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

The OP period comes in all shapes and sizes.

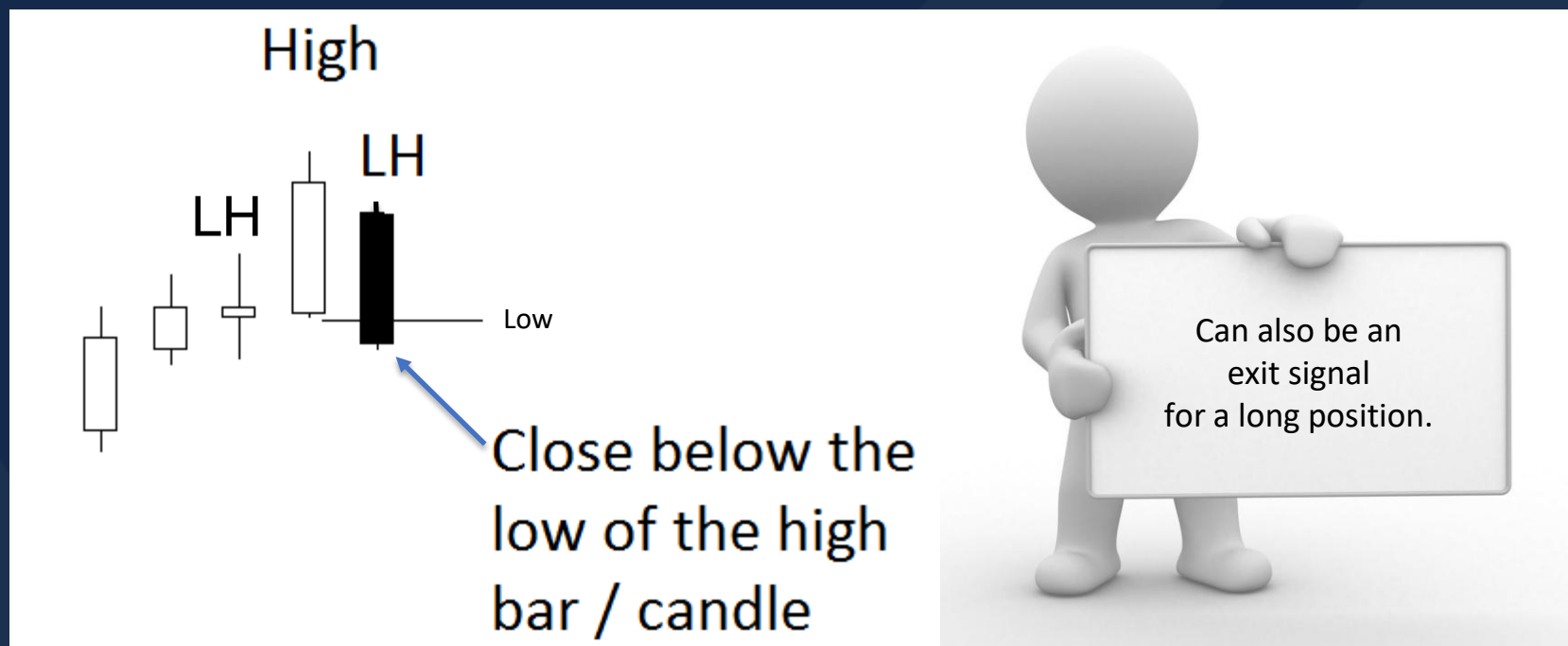


The technical setups. The Pivot point reversal



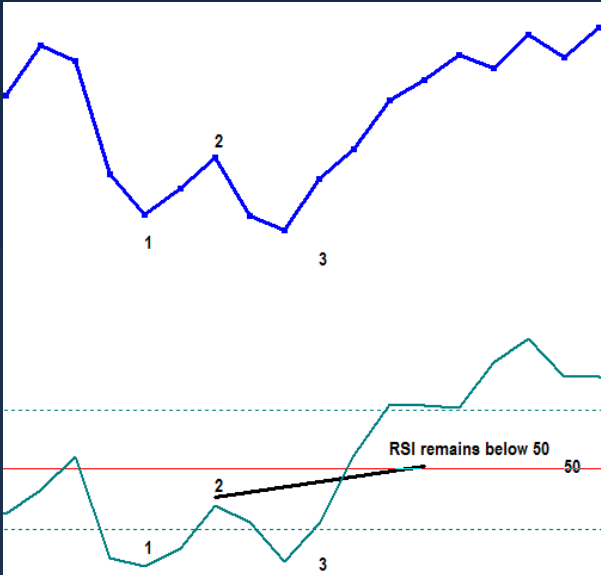
The technical setups

Pivot point reversal



THE TECHNICAL SETUPS

Relative Strength



Relative Strength Indicator

SWING BUY SIGNAL.

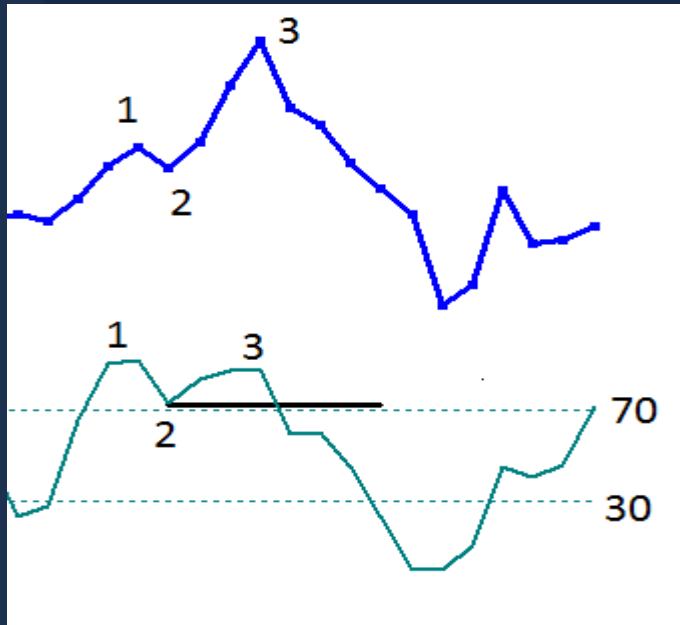
- Market makes a low, (1)
- Market closes higher, (2)
- Market makes new lower low, (3)

- 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" **

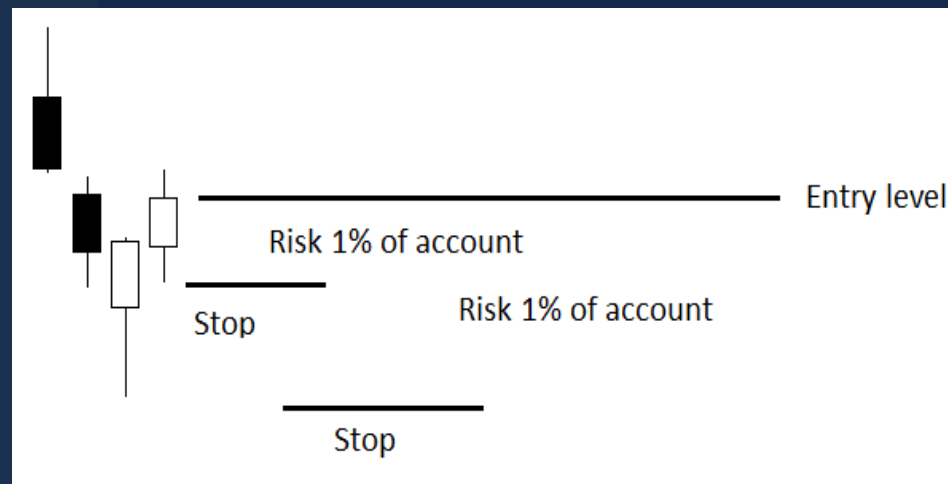
Swing failure is identified with the break of point 2 on RSI

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:
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



THANK YOU