



IN BLACK AND WHITE

30/11/2018

A market technician's view

FX
INDICES
EQUITIES

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Aussie 200 index – Weekly



It is important to notice the Relative strength Indicator remains below the key "50" level.

Index weekly chart remains in a Primary DOWN Trend.

Last weeks FO bar a test of 5600 with a high close, has followed thru with a Pivot bar this is encouraging for a retest of the 5930 highs.

Comments from last week:

It is important to notice the Relative strength Indicator remains below the key "50" level.

Aussie 200 index – Daily



Primary trend remains down.

Resistance remains at 5960 points.
The daily chart requires a close over this key level to confirm a bullish case.

This week is another retracement move in a BEAR trend. A retest of the tentative trend line at the 5830 point level will be important in the coming week.

The Relative strength indicator has swung above the "50 level", yesterday.

Comments from Last week.

Thursday's pivot bar completes a short term reversal, the next trading days will be critical to maintain support at this 5700 level.

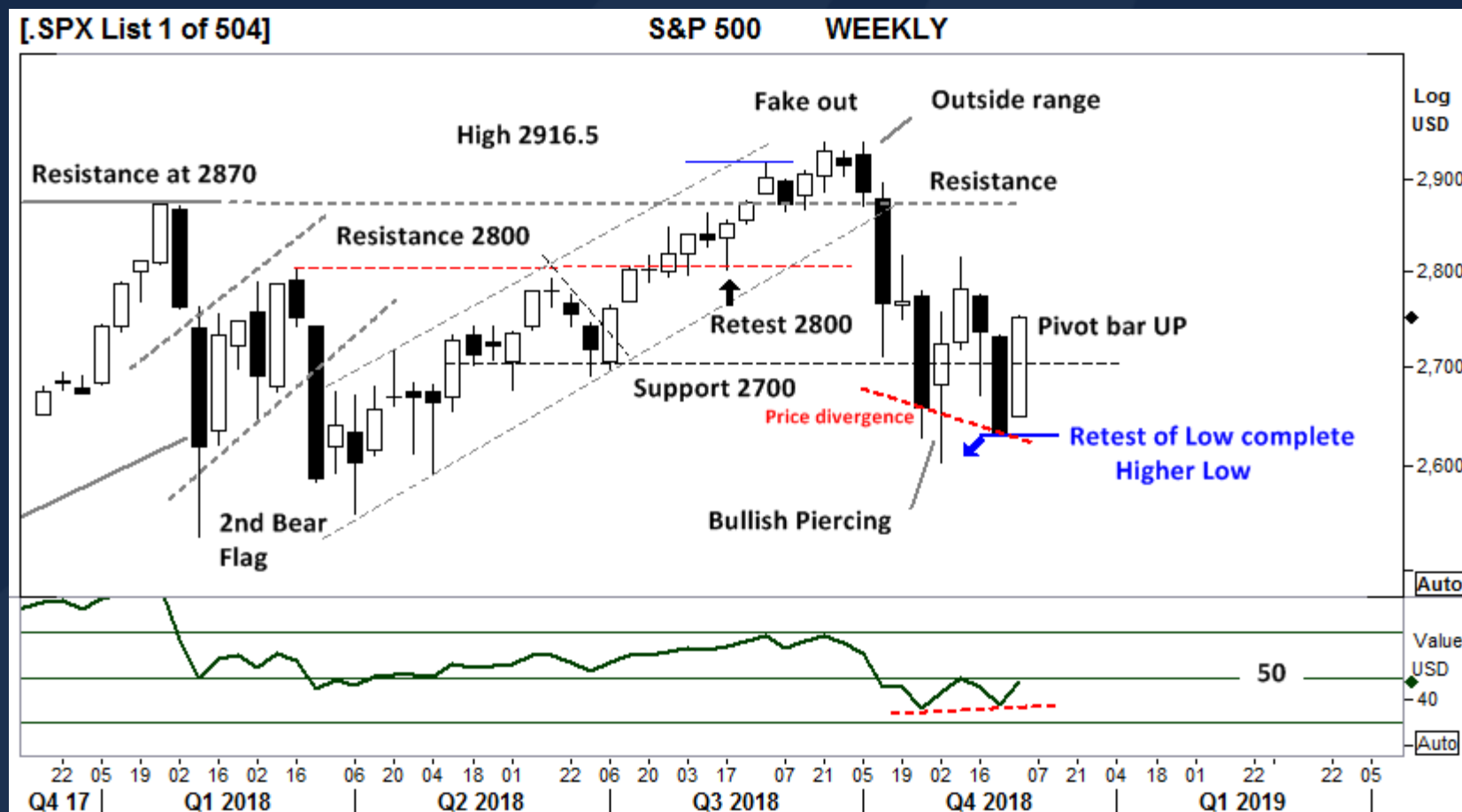
S&P 500 Index - Weekly

PRIMARY TREND REMAINS UP in this “corrective move”.

The new pivot point UP bar suggests the retest of the low is complete. Look for a potential breakout over 2800 points in the coming week.

A further break down of this weeks low in the coming week would be very bearish and suggest a continued move lower below 2600.

Relative strength (14) moving back to the key “50” level is showing **bullish divergence** with the closing low of 2658 points set 6 weeks ago.



Comments from last week.

2670.75 points, the current weeks low, a further break of this level would be very bearish and suggest a continued move lower.

The potential inverse Head and Shoulder pattern remains in place.
Now confirming the “right shoulder”.

RSI has turned higher over the “50” level on the current price move.

Comments from last week.

A potential Inverse head and shoulder pattern will now be monitored for a break of the neckline.

A close over 2816.94 is required to reaffirm the bullish case.



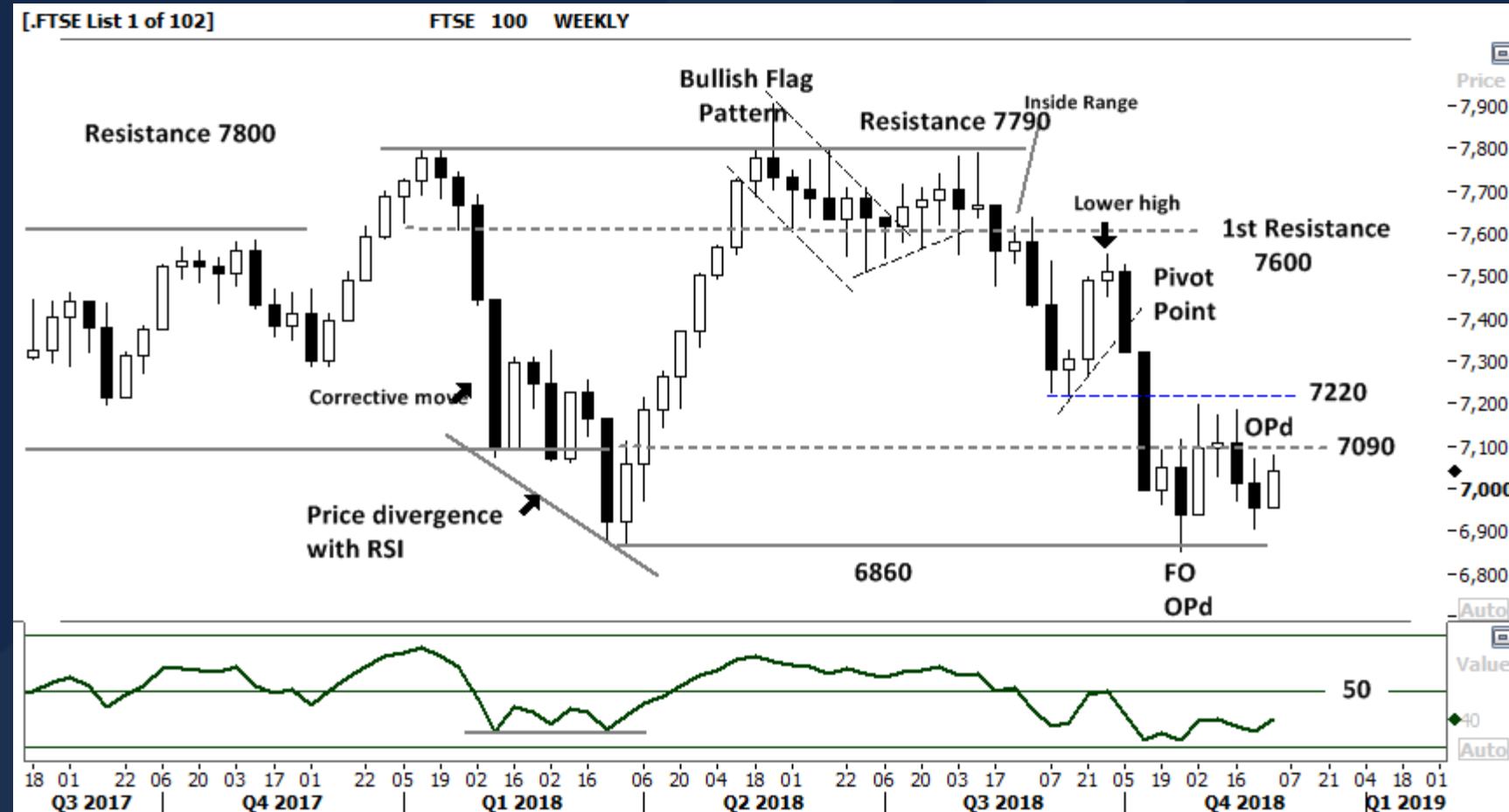
FTSE 100 Index – Weekly

FTSE 100 weekly:

An important retest of 7090 is underway. Rejection at this level would see the 6860 level retested in the coming weeks.

A further closing price over 7220 is required to confirm a bullish view.

The Relative strength indicator 14 has remained below the “50” level, showing negative price momentum.



Comments from last week:

This weeks OPd (outside period) is confirming the bearish case.
The Primary down trend in the FTSE remains.
Continuation of the down trend is expected.

GOLD Weekly

Gold has changed the Primary trend to UP.

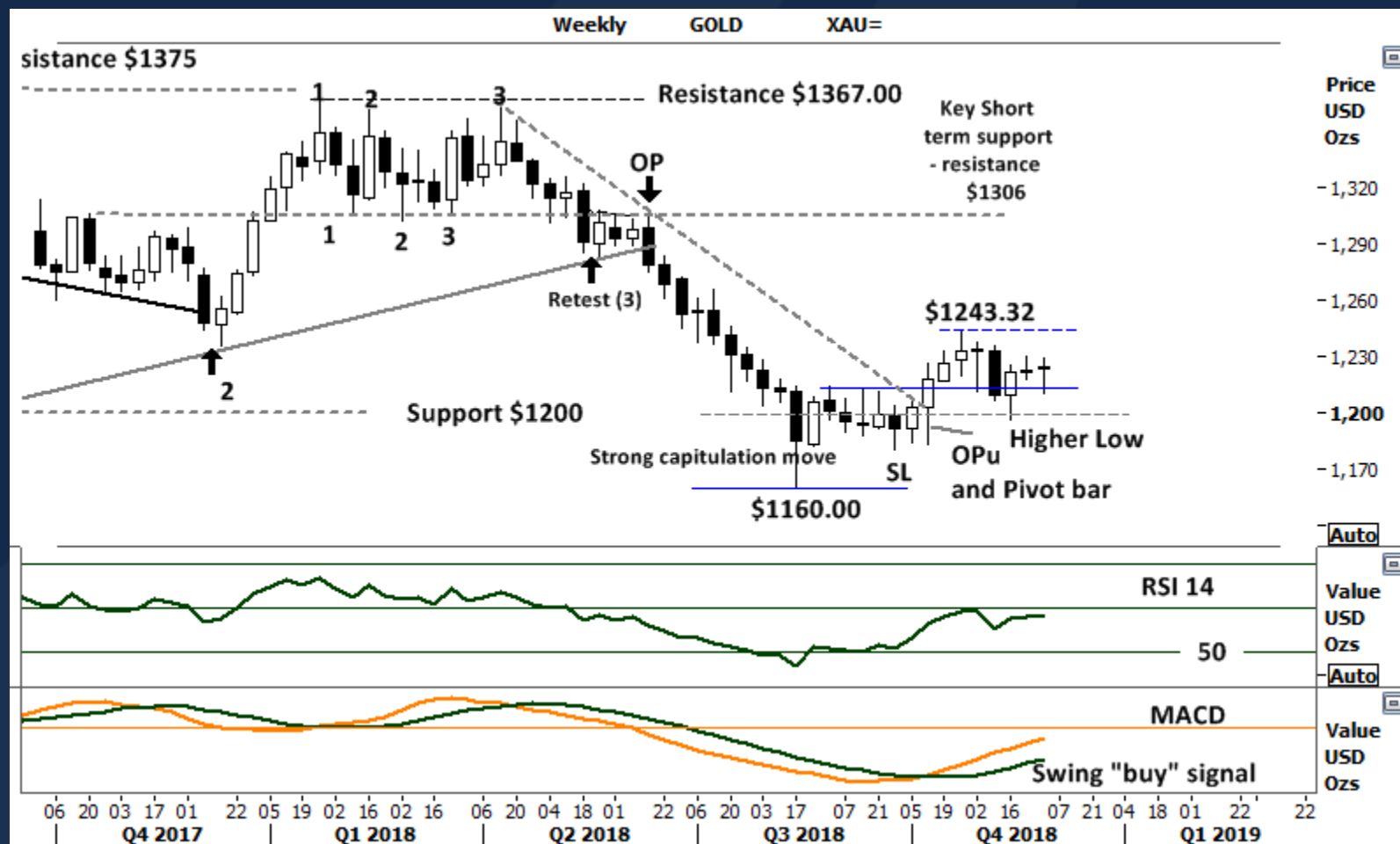
The current consolidation around the \$1200 can be viewed as "Gold is building a base".

The new Higher low in place with the pivot bar further builds the bullish case for Gold making a move over \$1243.32

RSI remains over the key "50" level.

MACD swing buy signal remains in place.

Comments from last week:



Gold Daily

Gold has the potential to push higher into the \$1266 level.

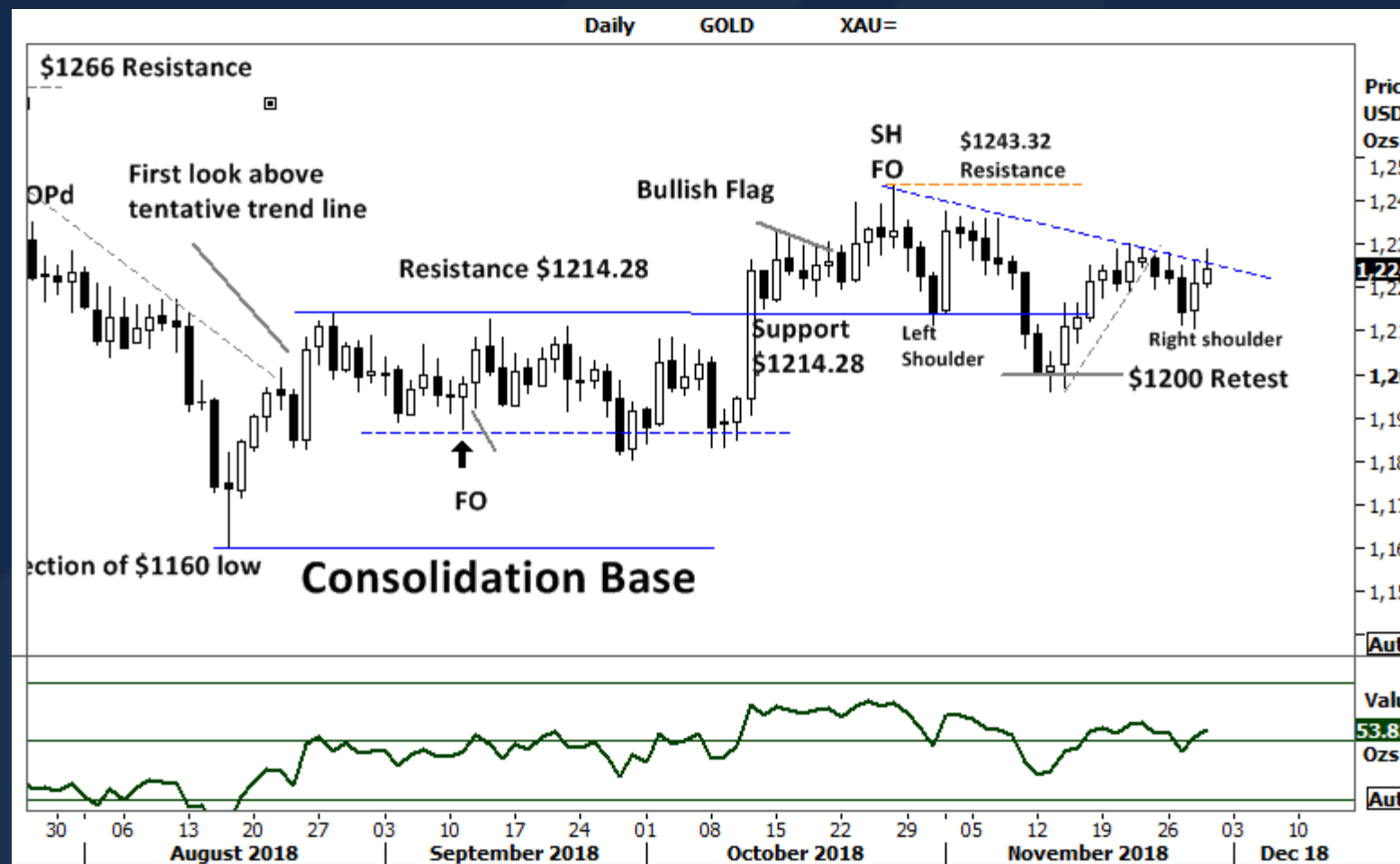
Look for a daily closing price above \$1243.32 to confirm the bullish movement underway.

This daily movement is displaying a small inverse Head and Shoulder pattern, this type of pattern is a further basing of Gold above \$1200.

RSI remains above the “50” level indicating positive price momentum.

Comments from last week:

Gold has the potential to push higher into the \$1266 level.
Look for a daily closing price above \$1243.32 to confirm the bullish movement underway.



Australian Volatility Index

Volatility is falling, currently 15.3 down from the 17.0 high this week.

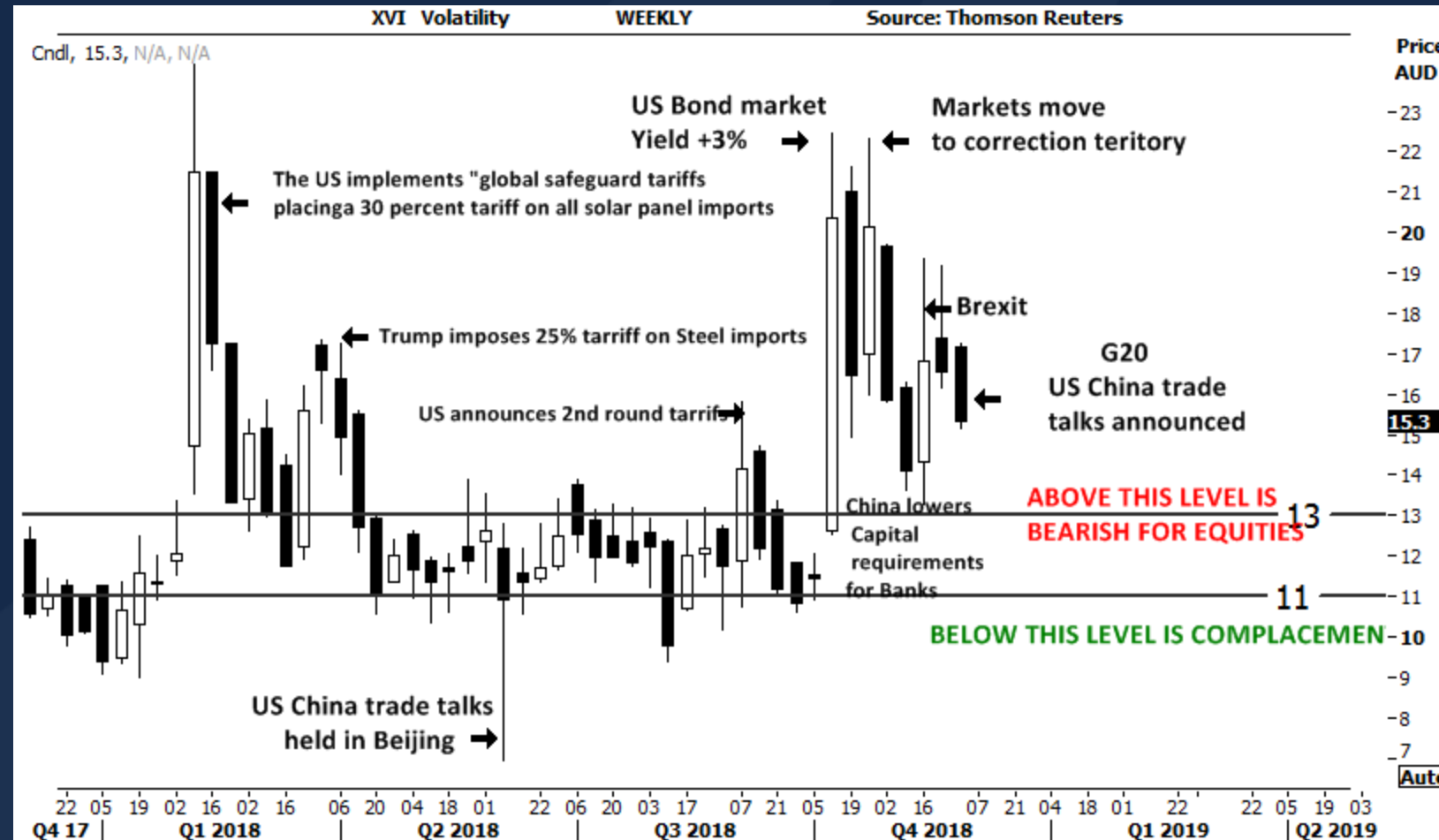
The Australian market volatility indicator XVI.

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

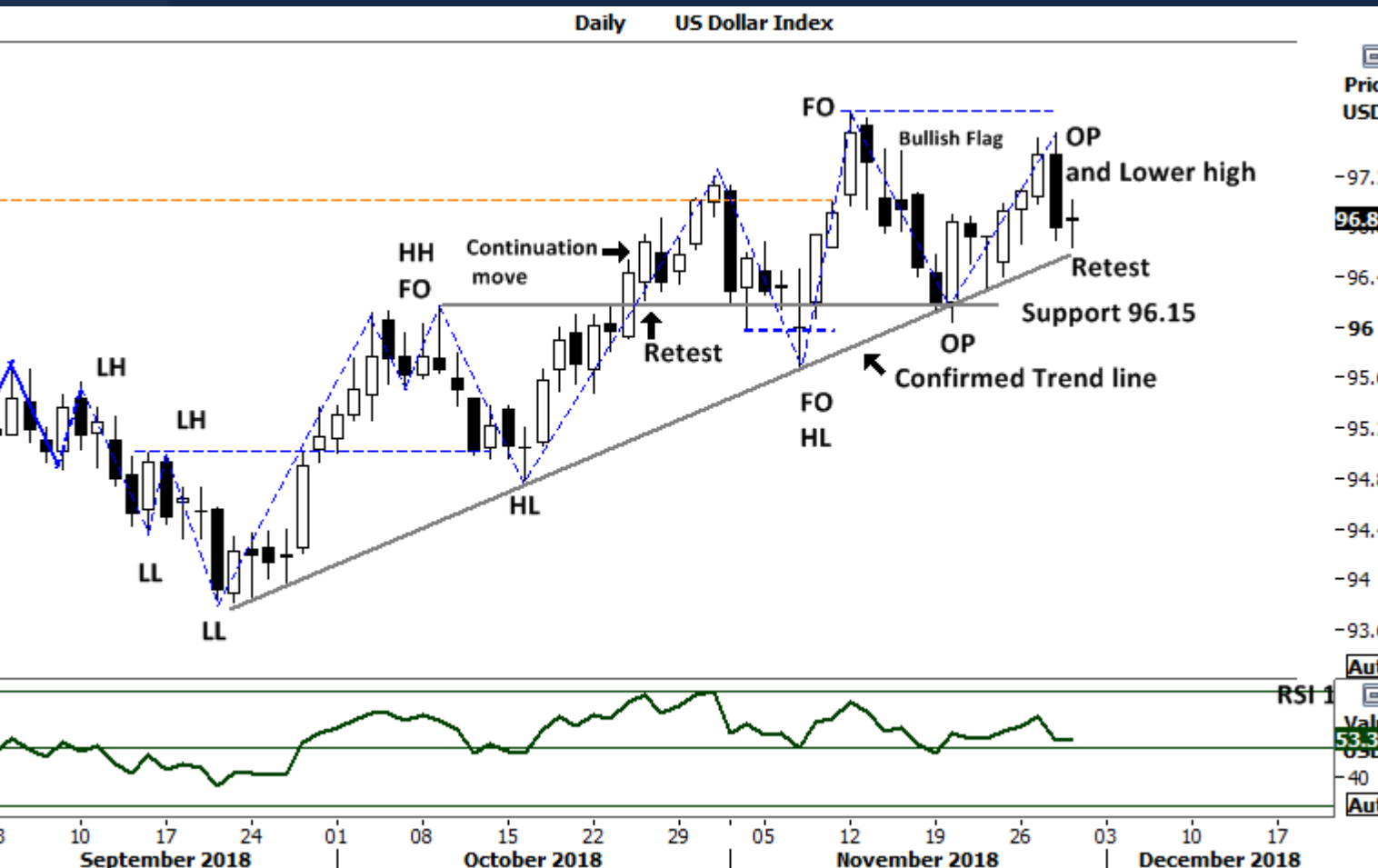
As markets anticipate events, the forward priced option volatility changes, hence as forward price changes, this “skew” is pricing is measured in this XVI.

The XVI value works as an inverse observation to the underlying market.

An XVI over “13” is generally bearish for equities.



US Dollar Index



This week saw a further retest of the short trend line.

FMO statement on interest rate being “about right” has produced an outside period (OP), This is a key reversal candle, a break of the trend line would see support at 96.15 retested. As the OP also marks a lower high, the early stage of a down trend may be in place.

(important for Commodities)

With RSI remaining above the key “50” level.

The US Dollar index is weighting of the US Dollar against a basket of other currencies. The Euro, Japanese yen, British pound, are just a few. An increase in the “Value” of the US dollar Index is indicative of the strength of the US Dollar.

As the US dollar rises other currencies decline in relative “value” and visa versa.

Comments last week. The consolidation of the past 2 trading periods remain bullish for a breakout higher.

WTI Oil WEEKLY

Weekly OIL

Oil remains in a ***“corrective”** move with a closing price first below the 22nd June low of \$63.59 and the 17th August \$64.43 low, and last week moving below the key support levels.

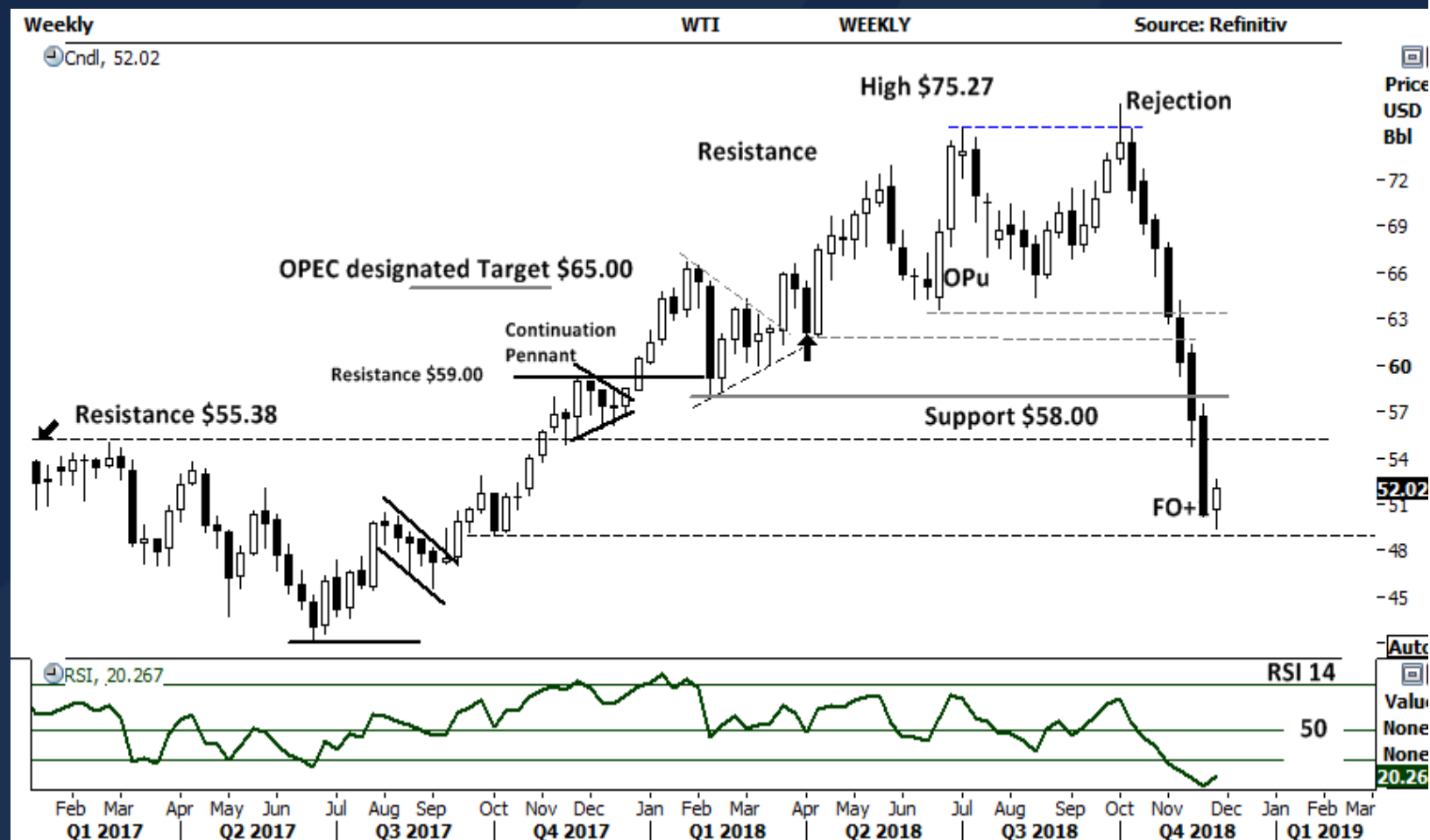
The \$55.38 level is now broken a closing price below the strong psychological level of \$50 could see WTI trade well into the low \$40's.

The Relative strength indicator moving below the “30” level may now offer a potential divergence signal in the coming weeks.

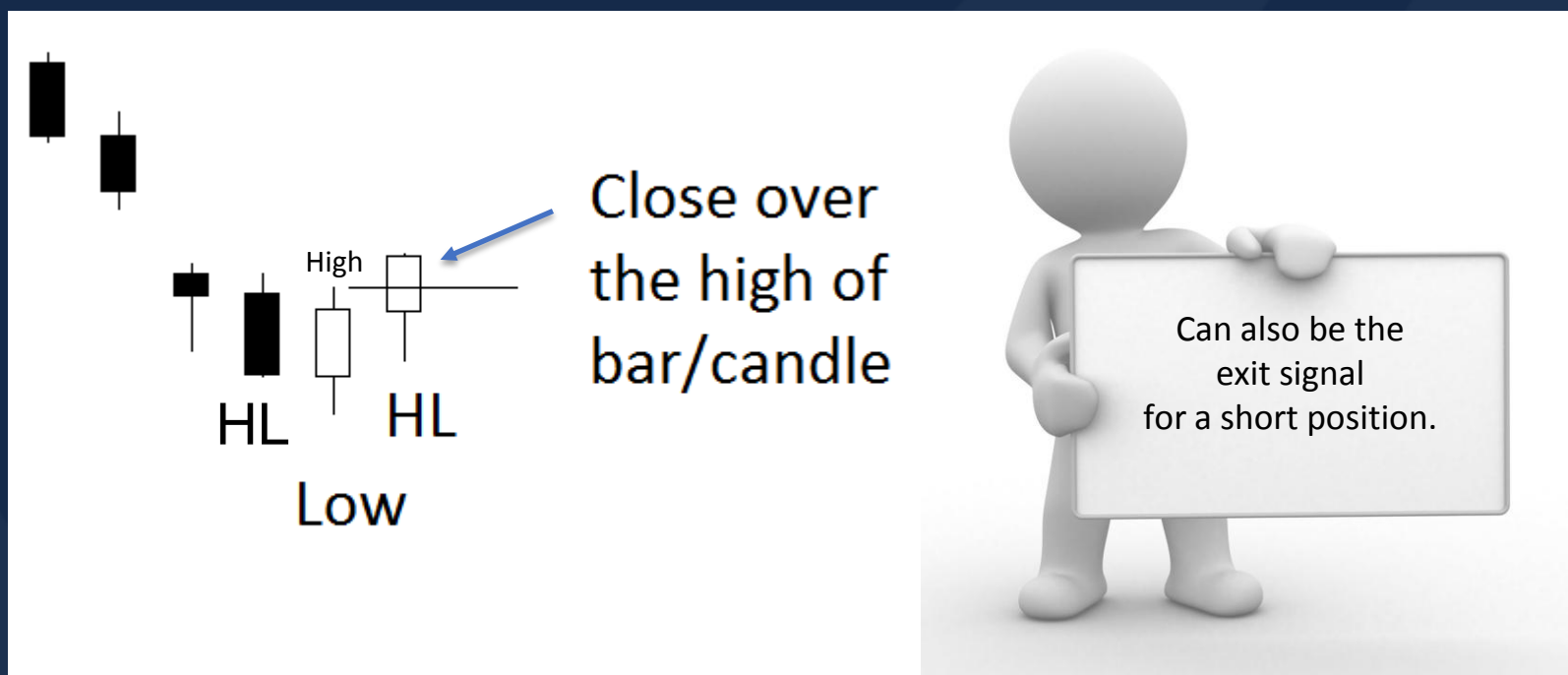
***A corrective movement shows price moving below previous low points without making retracements. This type of movement does not change the current primary trend (UP).**

Comments from last week.

The \$55.38 level is now broken this \$53.85 closing price could see WTI into the \$40's.

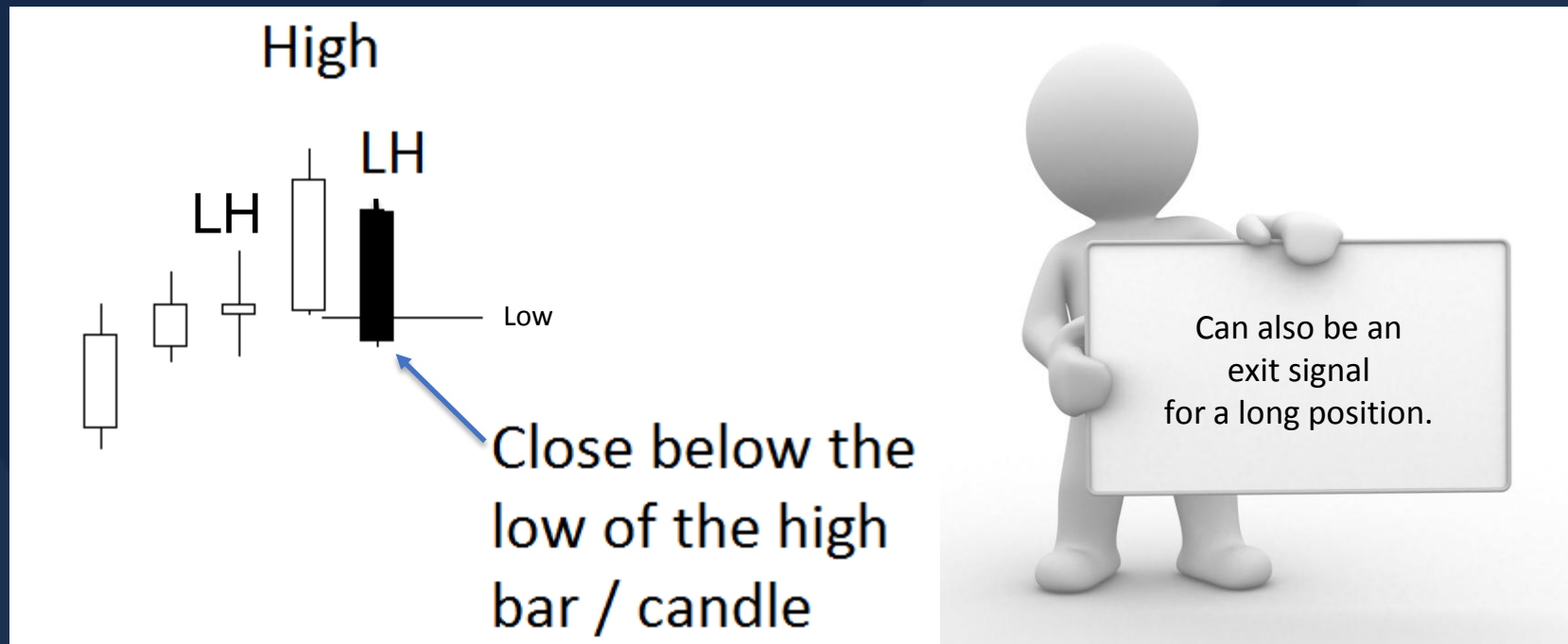


The technical setups. The Pivot point reversal



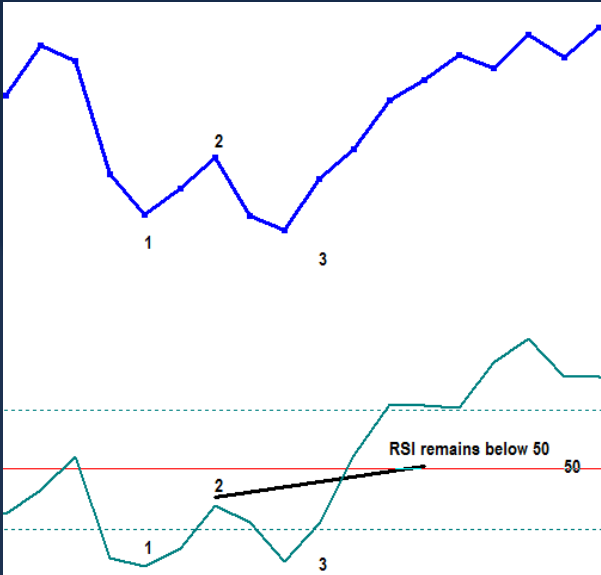
The technical setups

Pivot point reversal



THE TECHNICAL SETUPS

Relative Strength



Relative Strength Indicator

SWING BUY SIGNAL.

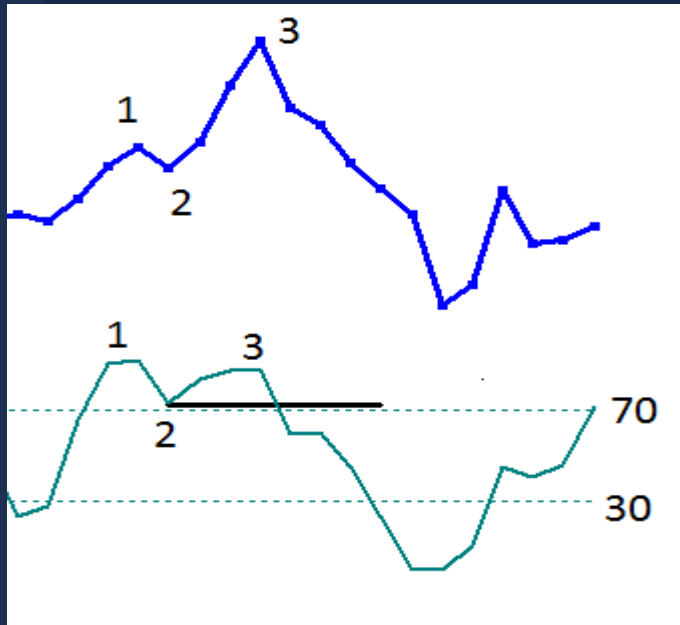
- Market makes a low, (1)
- Market closes higher, (2)
- Market makes new lower low, (3)

- 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

The technical setups

Outside period

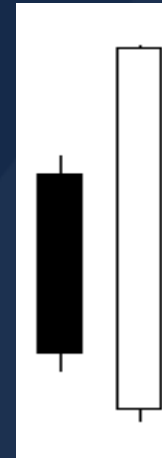
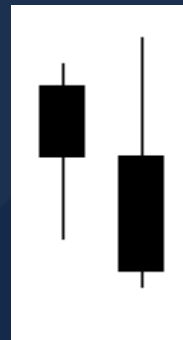
Opu and OPd

A price range larger 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.

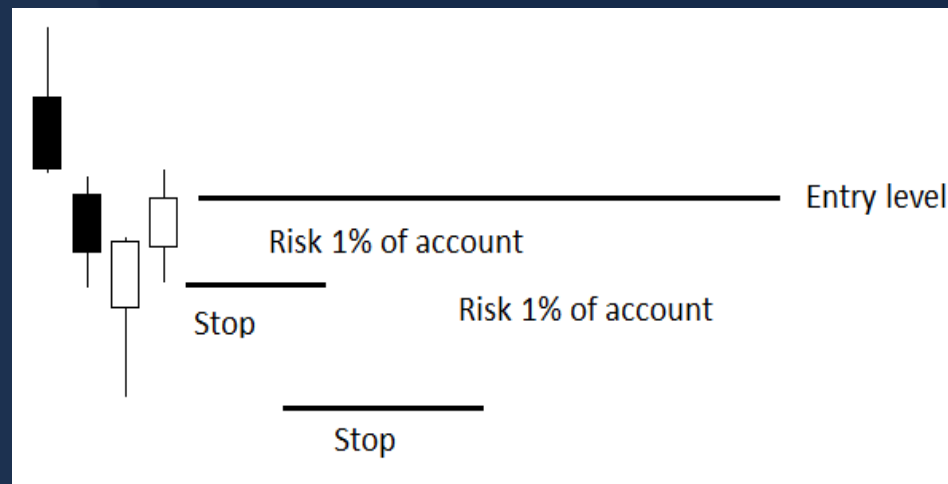


Position size and management guidelines

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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THANK YOU