



**IN BLACK AND WHITE**

**12/10/2018**

**A market technician's view**

**FX  
INDICES  
EQUITIES**

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# Aussie 200 index - Weekly



The Weekly Chart shows the Opu from 5 weeks ago signalling the "high" price level, with a complete reversal. Last week's candle, a time of indecision, has been followed this week by a very Bearish line now confirmed as a Bear flag breakdown.

The Weekly XJO is now in a Primary down trend. A retest of the long term trend line is now in play at 5720 points.

(This type of a,b,c pattern also occurred during Q1 2018.)

The Relative strength Indicator has moved below the key "50" level indicating a loss of upside price momentum.

## Comments from last week:

The importance of trends lines is now highlighted, as the Short term trend line would come into play, with an intersection point around 5960 points.

# Aussie 200 index - Daily



The 6200 resistance level has provided resistance, with the breakdown below 6102 the Daily chart is in confirmation with the Weekly priceline.

The Relative strength indicator is below the "30 level", this will now be monitored for "bullish divergence" in the coming days.

See notes below on Relative strength divergence.

## Comments from Last week.

The daily price has again found resistance at 6200. The overall picture remains bearish with a potential break of the 6102 level in the coming days.

# S&P 500 Index - Weekly

## PRIMARY TREND REMAINS UP.

Last week's Outside range is a high percentage reversal, (93% within 3 bars, Krastins.)

An outside range is a time of confusion in the market as a new high has been made and a lower low from last week. This move remains "corrective" and does not confirm a down trend.

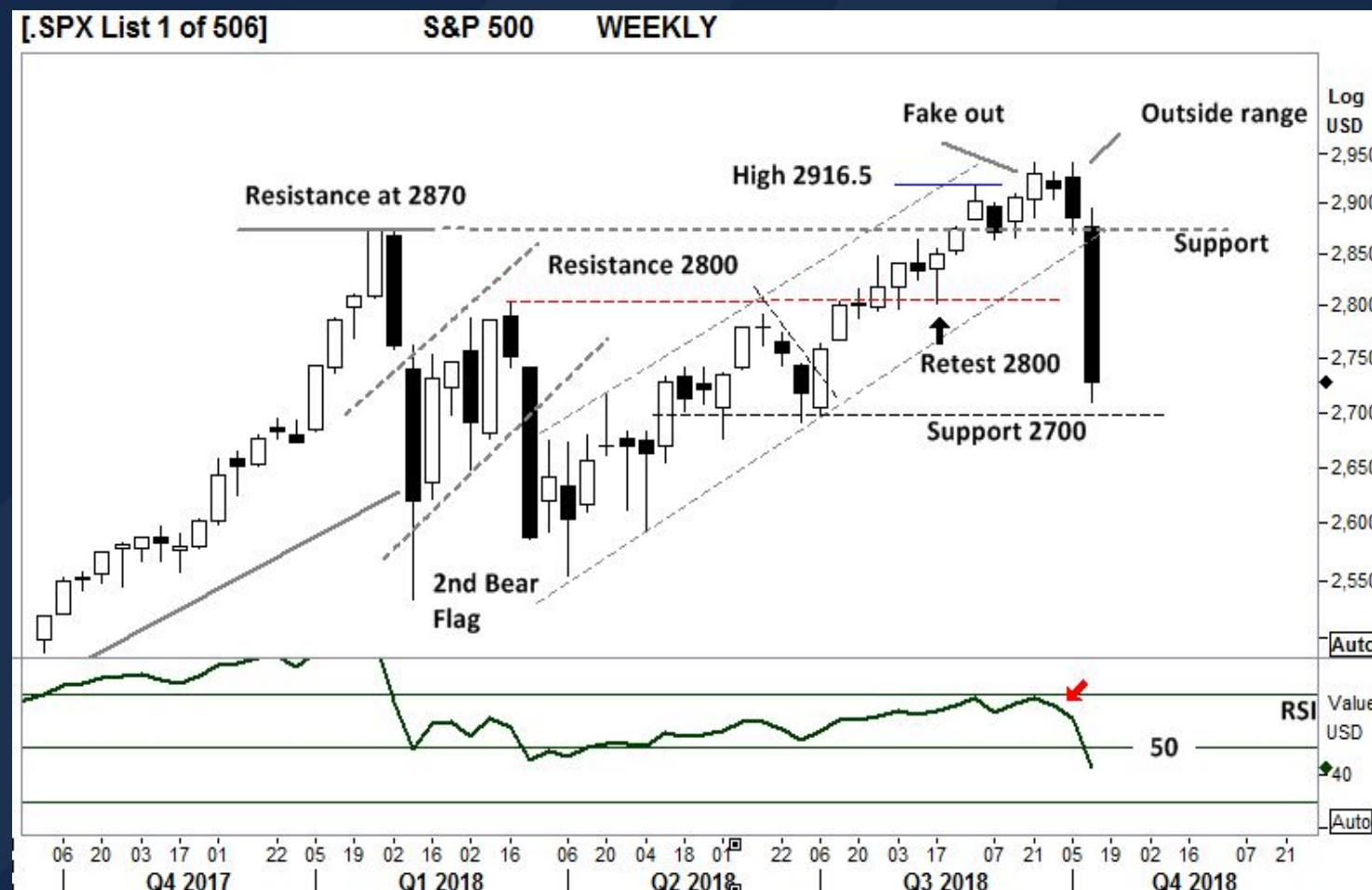
A closing breakdown below 2870 and 2800 has occurred and will shake the confidence of the bulls, a further close below 2700 following any short term retracement would place the index into a primary down trend. This type of large range weekly bar has occurred before and follow though may see a retest of 2550 points.

Relative strength (14) has moved below the key "50" level showing a loss of positive price momentum.

## Comments from last week.

This week's Outside range is a high percentage reversal (93% within 3 bars, Krastins.)

An outside range is a time of confusion in the market as a new high has been made and a lower low from last week.





# S&P 500 Index - Daily

The Index is now on target to reach 3000 points. Has met significant resistance.

The next key support level is 2700, without a lower high retracement pattern this current movement is corrective and does not constitute a trend change.

Relative strength (14) has moved strongly below the "30" level, this will be monitored over the coming days for "bullish divergence".

## Comments from last week.

Future price weakness should be monitored closely as a breakdown below of the current trend line now highlights a potential retest of 2800.



# FTSE 100 Index - Weekly

## FTSE 100 weekly:

The current “lower high” is set from the pivot point reversal in place.

As the Index failed to meet the 7600 level before reversing, bringing a very strong bearish overhang to the FSTE now playing out with a break below 7200.

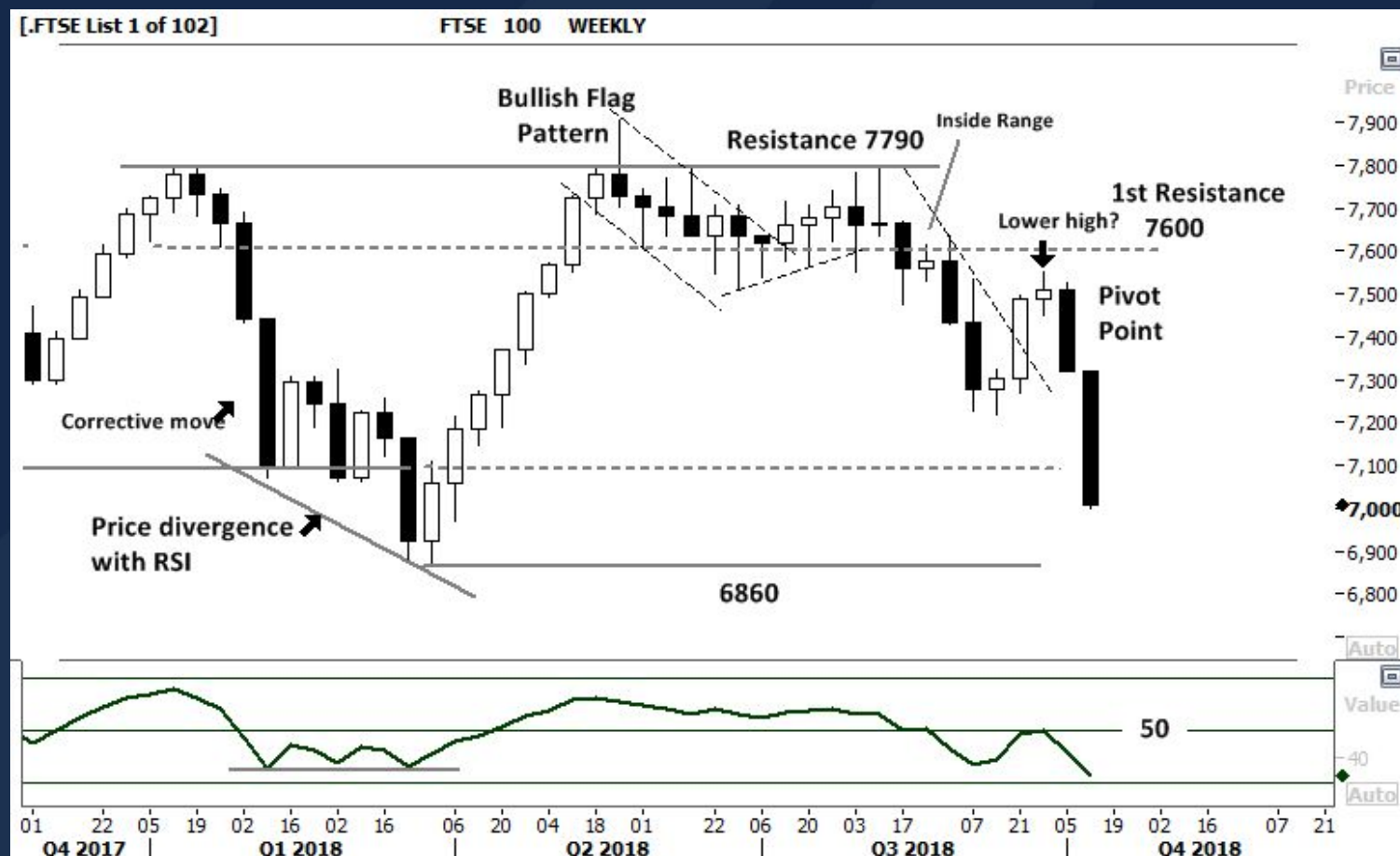
A continuation lower is expected to test 6860.

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

## Comments from last week:

Follow on from the “pivot point” reversal bring the 7600 level firmly into play.

Rejection at this level reaffirms the **Primary down trend**. A continuation lower is expected to test 7200.





# GOLD Weekly

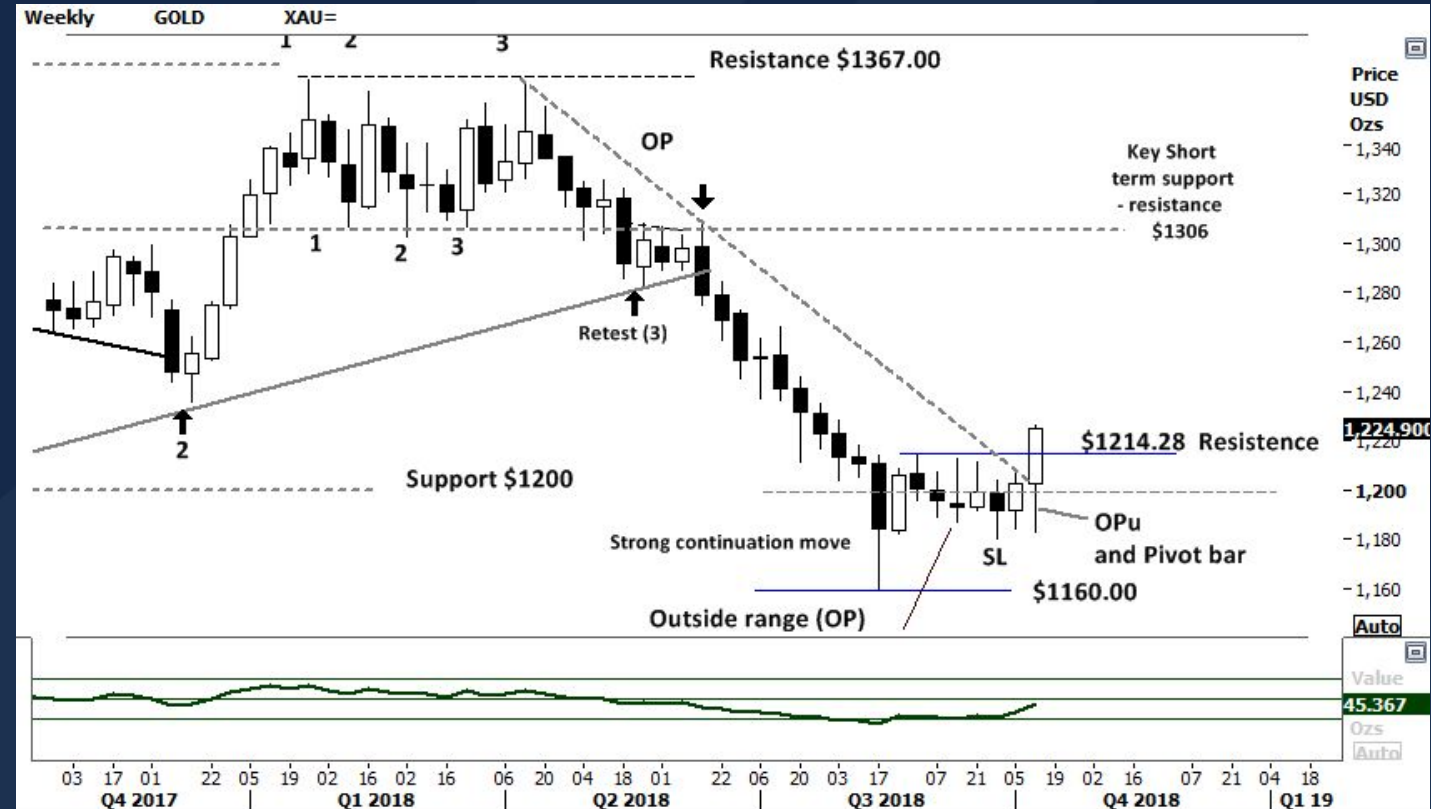
Gold has changed the Primary trend to UP.

The current consolidation around the \$1200 can be viewed as "Gold is building a base" within the down trend. The current price breakout has been completed with an Opu with a closing price above \$1214.28.

This week Outside range is a high percentage reversal, (93% within 3 bars, Krastins.)

This week's close also completes a pivot point reversal from the SL point.

An outside range is a time of confusion in the market as a new high has been made and a lower low from last week.



## Comments from last week:

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

A closing price over the \$1214.28 resistance is the key observation for developing a bullish view.

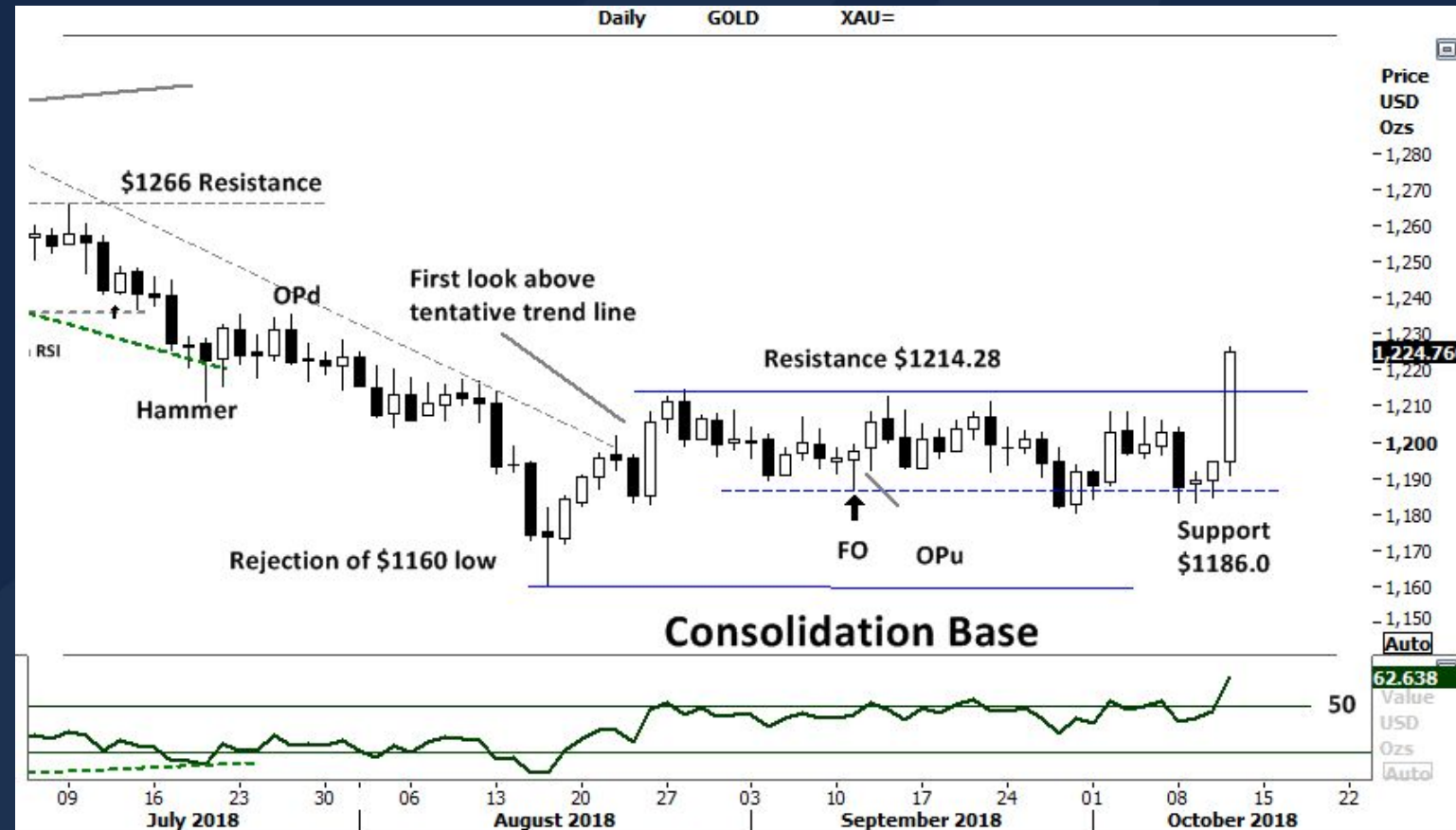
# Gold Daily

This week has seen a continued retest of \$1186 before the large range breakout above \$1214.28. This daily chart has entered into an UP trend with \$1266 as the current target price. High volatility has returned.

RSI has turned higher above the "50" level indicating positive price momentum.

## Comments from last week:

The consolidation base continues to build in GOLD. Last week's breakdown below \$1186 support was quickly reversed with a retest of the \$1200 level. This period of low volatility will lead to high volatility.



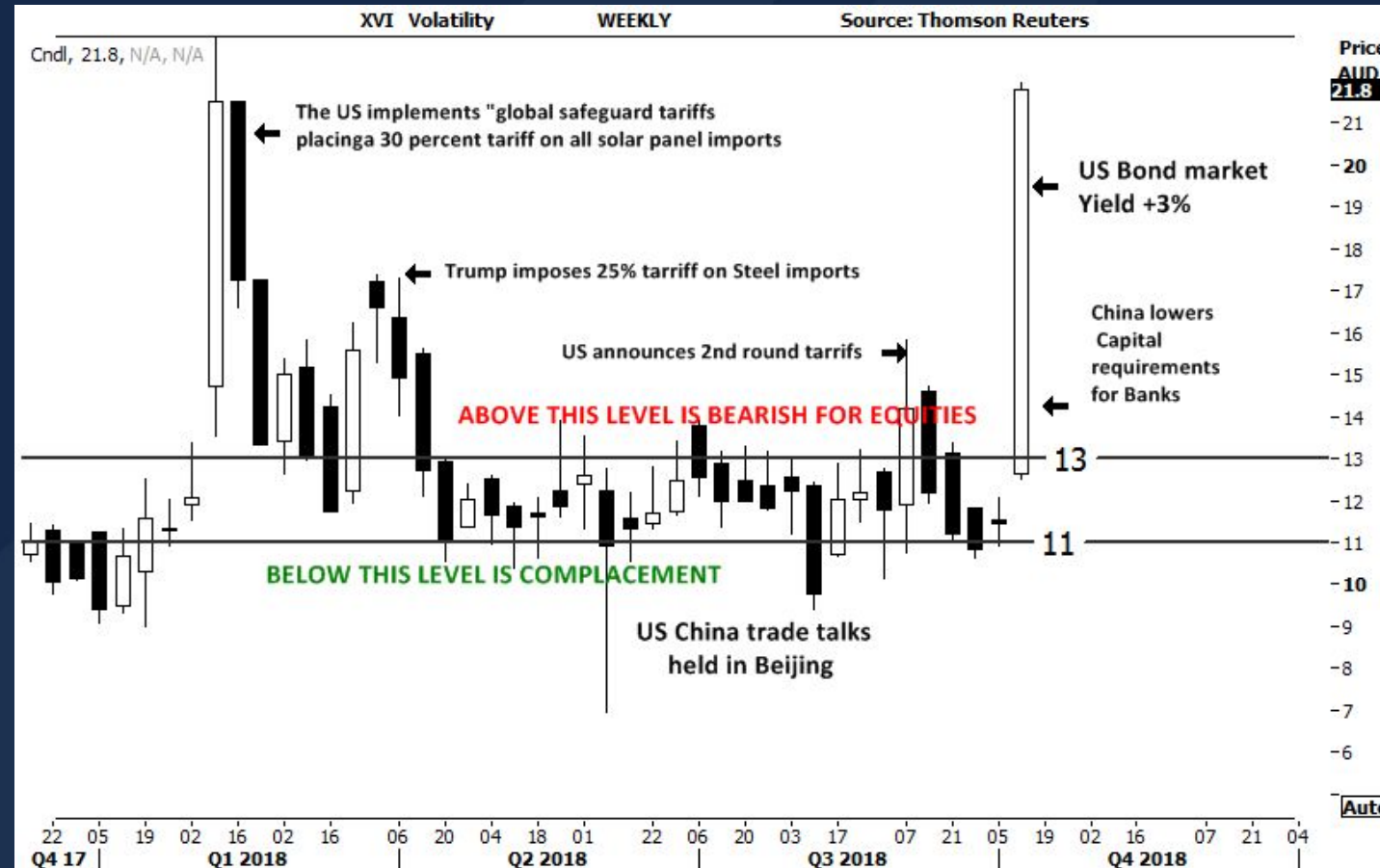
# Australian Volatility Index

The Australian has a volatility indicator XVI.  
The XVI is the difference of 1 month forward pricing of ETO Options against current month.

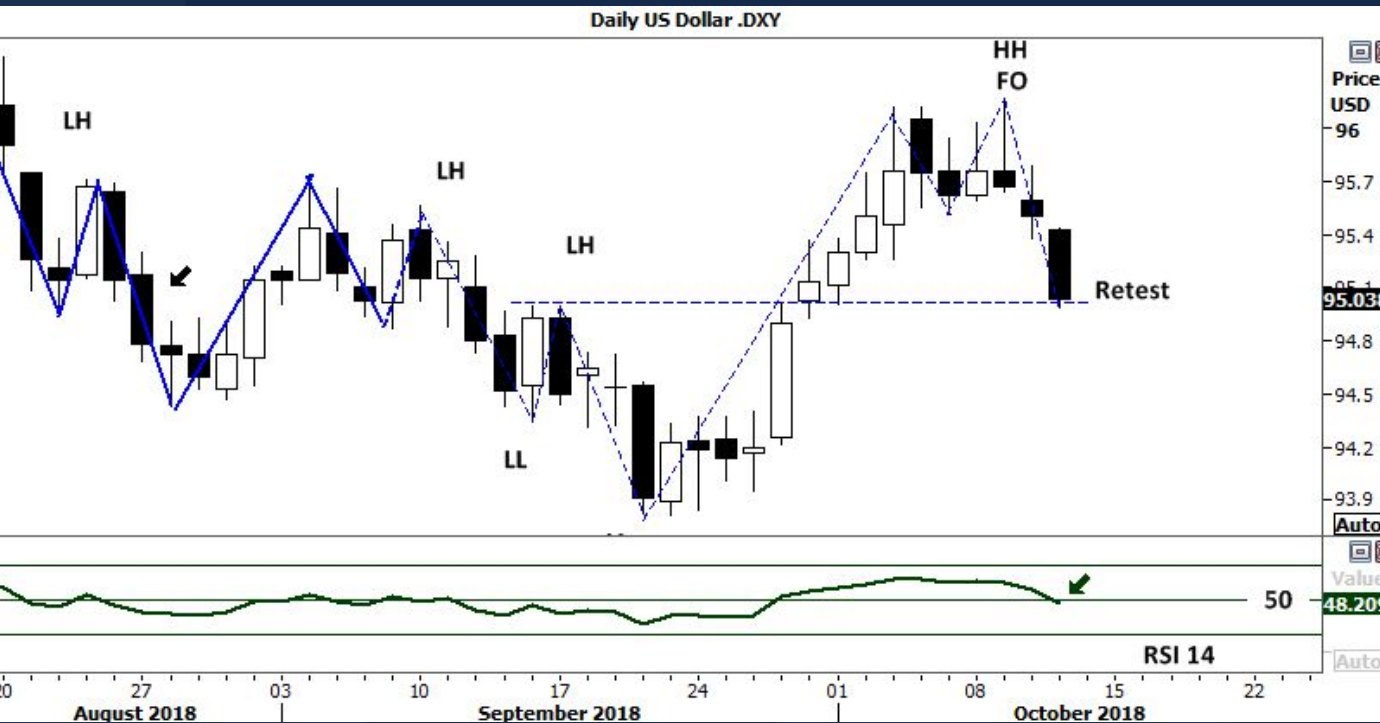
As markets anticipate events, the forward priced option volatility changes, hence price changes this "skew" is pricing is measured in this XVI.

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

A high XVI over "13" is generally bearish for equities.



# US Dollar Index



The Relative strength Indicator ( 14) has turned lower confirming loss of upward momentum. A retest of the key 95 level on a very strong range, underway, look for a continuation lower. Weakness would see the 94 level again tested.

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 vice versa.

**Comments** last week.  
A retest of the key 95 level on a very strong range, look for continuation higher, has proved the bullishness of this weighted index.  
The weakness would see the 95 level again tested.

# WTI OIL WEEKLY

## Weekly OIL

The primary trend remains UP during this time of potential price consolidation the retest of \$71.28 is significant.

A new trend line has developed, a retest of this line would have oil at \$68.00

\$75.27 is the next key resistance level on price recovery.

\$64.00 is the first major key support level.

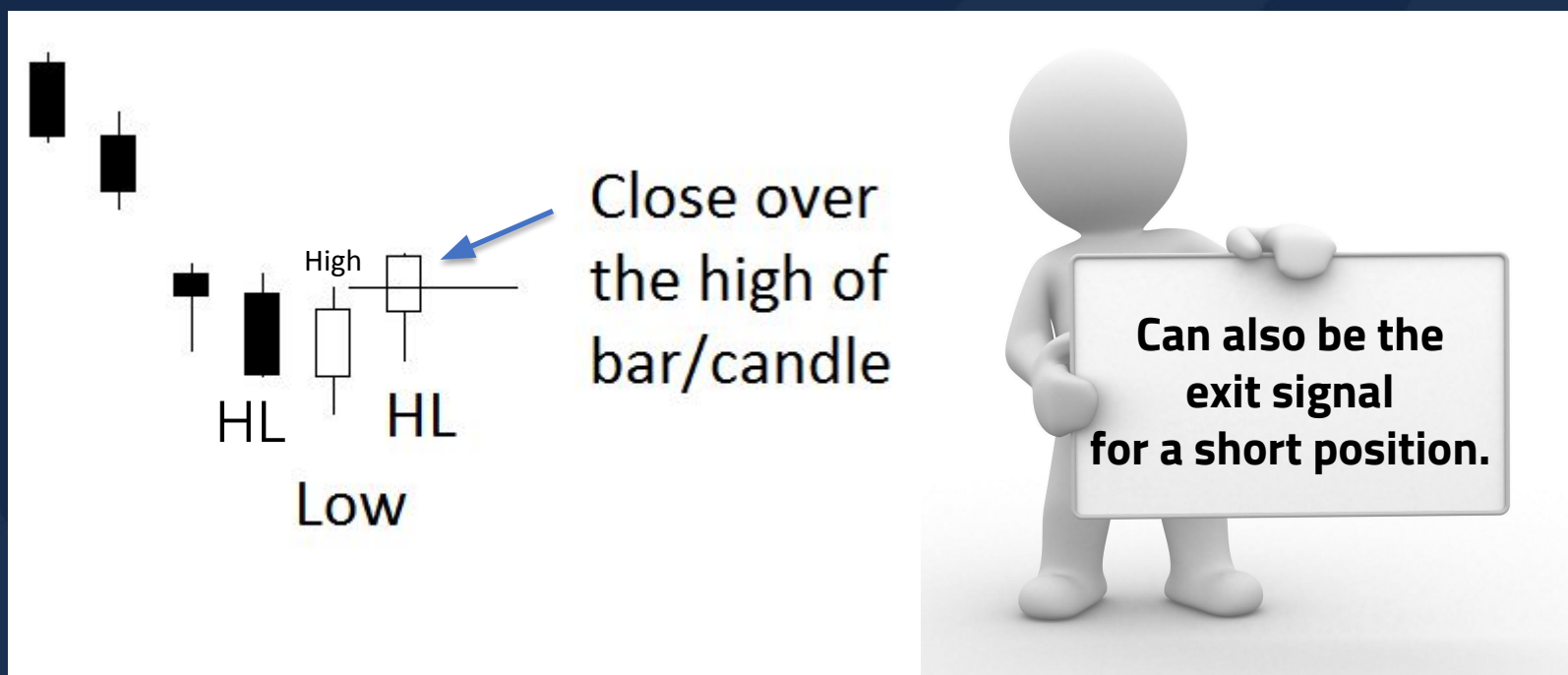


Comments from last week.

REJECTION at \$75.27 is significant, with the current closing at \$74.60.

"A retest of \$71.28 possible on further weakness."

# The technical setups. The Pivot point reversal





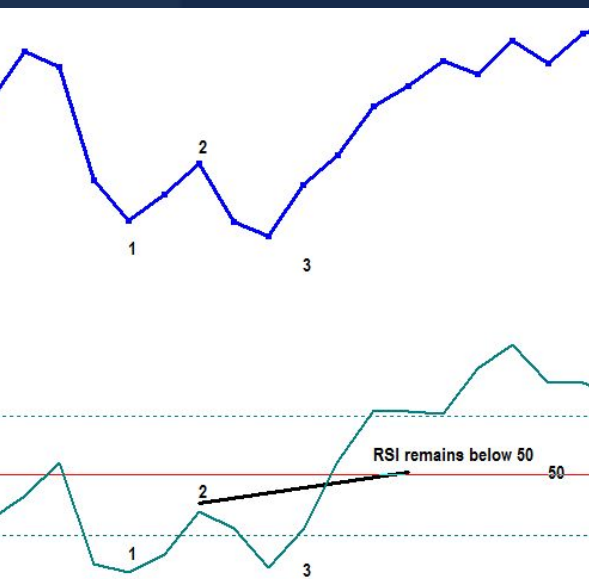
# The technical setups

## 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)

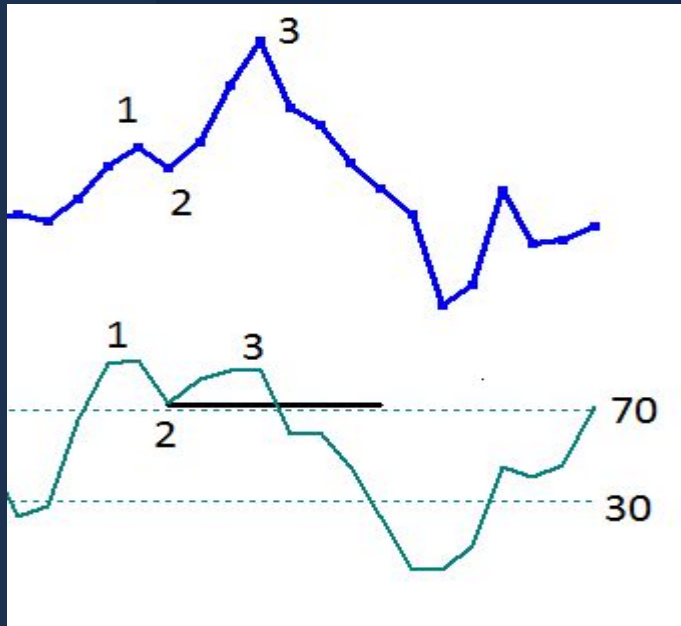
RSI moves higher, but not over the "50" level. (2)

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.			high.
3. RSI makes a lower high. (3) Must be over the 70 level.			level.

\*\* The Swing failure sell signal occurs as RSI swings below "2" \*\*

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

# The technical setups

## Outside period

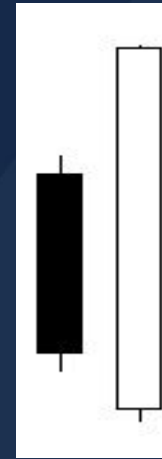
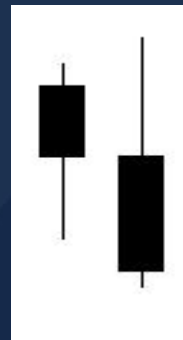
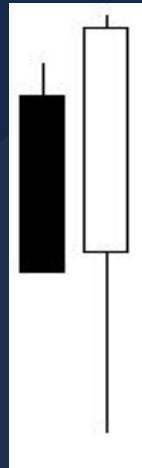
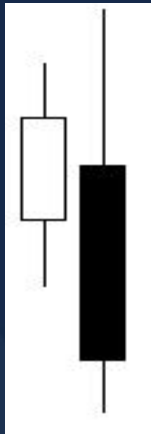
### Opu and OPd

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.

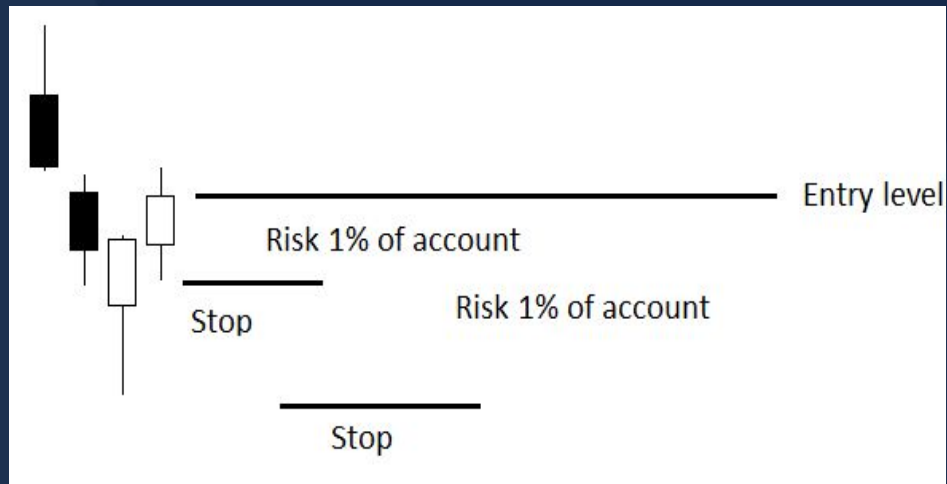
The OP period comes in all shapes and sizes.



# 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.



**Comments and Feedback:**  
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**THANK YOU**