



IN BLACK AND WHITE

the week beginning  
**01/07/2019**

A market technician's view

FX  
INDICES  
EQUITIES

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## SUMMARY-

Markets will price in the news from the G20 meeting on the weekend. The expectation is for a bullish start to the week.

Gold continues to hold above the key \$1400 level, however Silver has not produced the same aggressive move as Gold over the past week.

OPEC continues to withhold production, the only outcome can be higher Oil prices.

# Australian 200 index – Weekly



The inside period this week shows indecision, the break of the high or the low will be telling for the week ahead.

This continuing breakout above 6373 would use this level as support to hold in the coming weeks.

Primary UP trend remains in place.

The MACD has remained as a sell signal and the RSI remains above the key 50 level and again moving over the 70 level. But has turned lower.

**Comments from last week:** The XJO has moved to a fresh breakout high and remains within striking distance of an all time high.

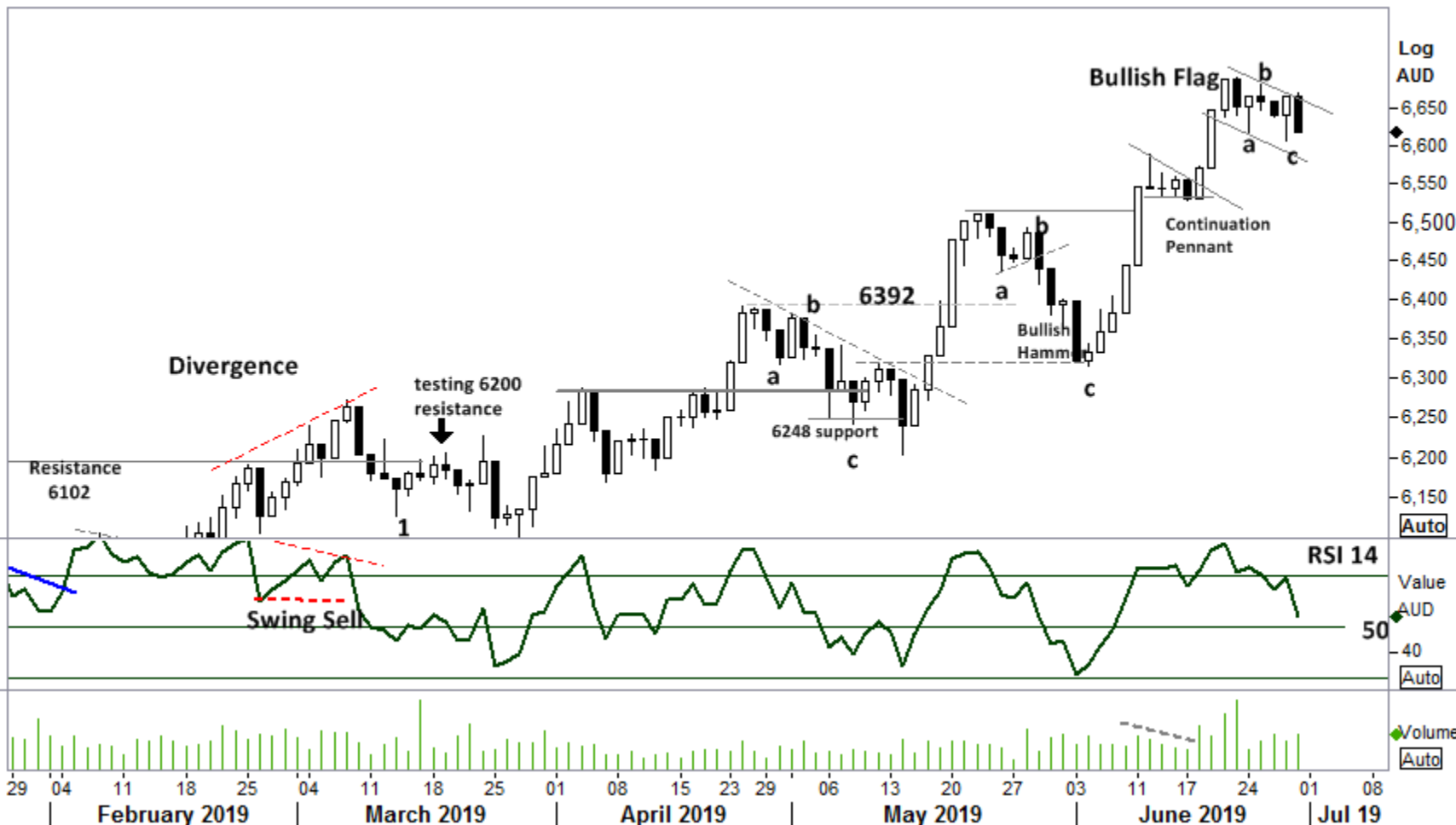
# Australian 200 index – Daily

[/.AXJO List 1 of 201]

XJO 200

DAILY

Source: Refinitiv



6828 was the daily closing price high on the 1<sup>st</sup> November 20017.

This weeks a,b,c correction is a bullish sign of further gains

The small bullish flag is a continuation pattern at the end of the strong breakout and has again set up a new breakout potential to new highs..

Relative strength has turned lower from over the 70 level in line with the slowing momentum. This should remain above the 50 level to remain bullish.

Comments from last week: However Fridays reversal could use the 6500 as short term support on any further retracement.

Strong volume on the breakout with a volume high on Fridays retracement suggest short term profit taking.

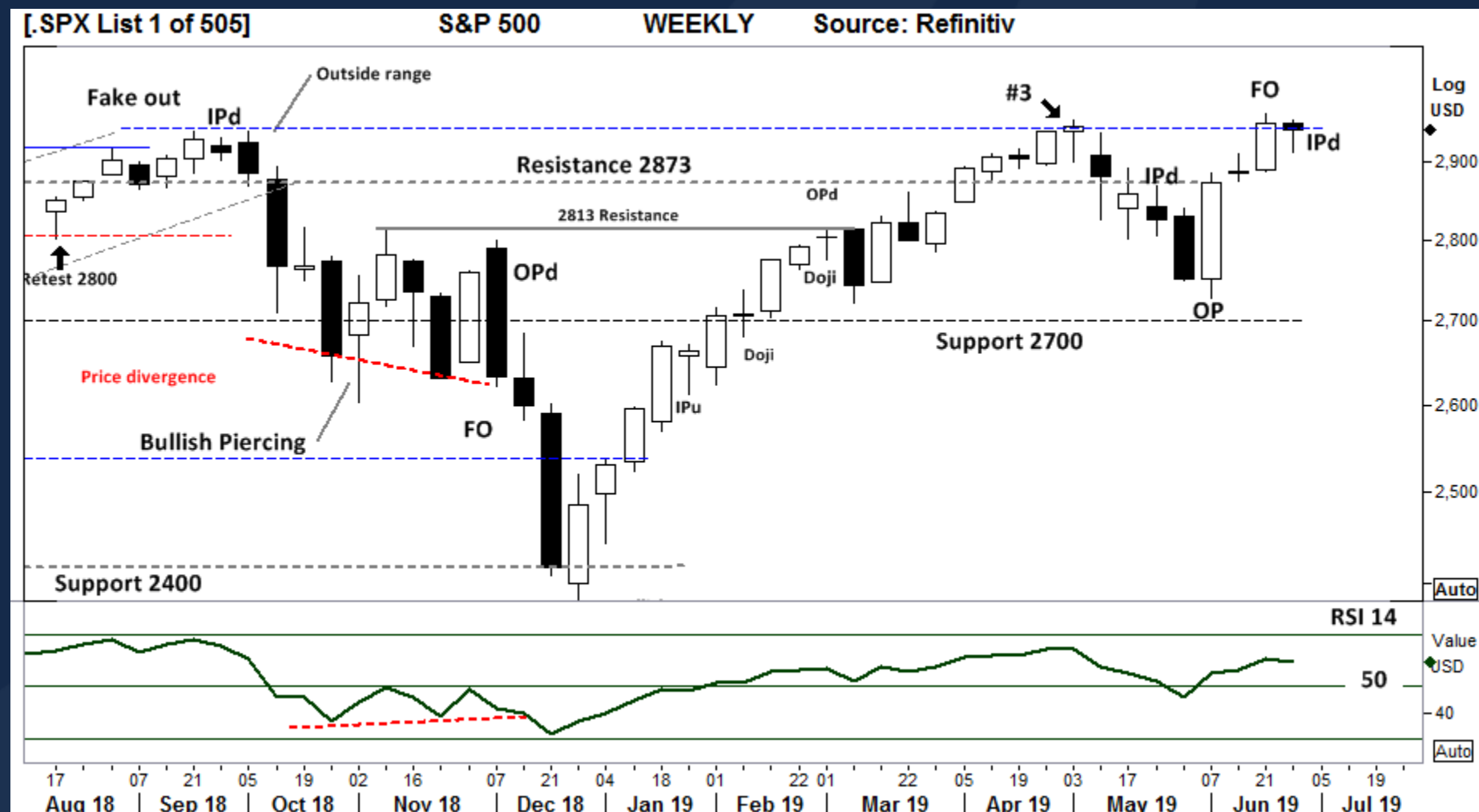
# S&P 500 Index – Weekly

This inside week remains positive with the close in the high part of the range. A break either side of this small range will set the immediate direction.

Primary trend remains UP but remains at a significant resistance level of 2950.

RSI has now moved from below the key 50 level to above this level showing the current increase of positive price momentum.

**Comments from last week.** The week has posted a new high, however the market closed inside the previous high (#3). A reversal at this level would look for support at 2700 points.



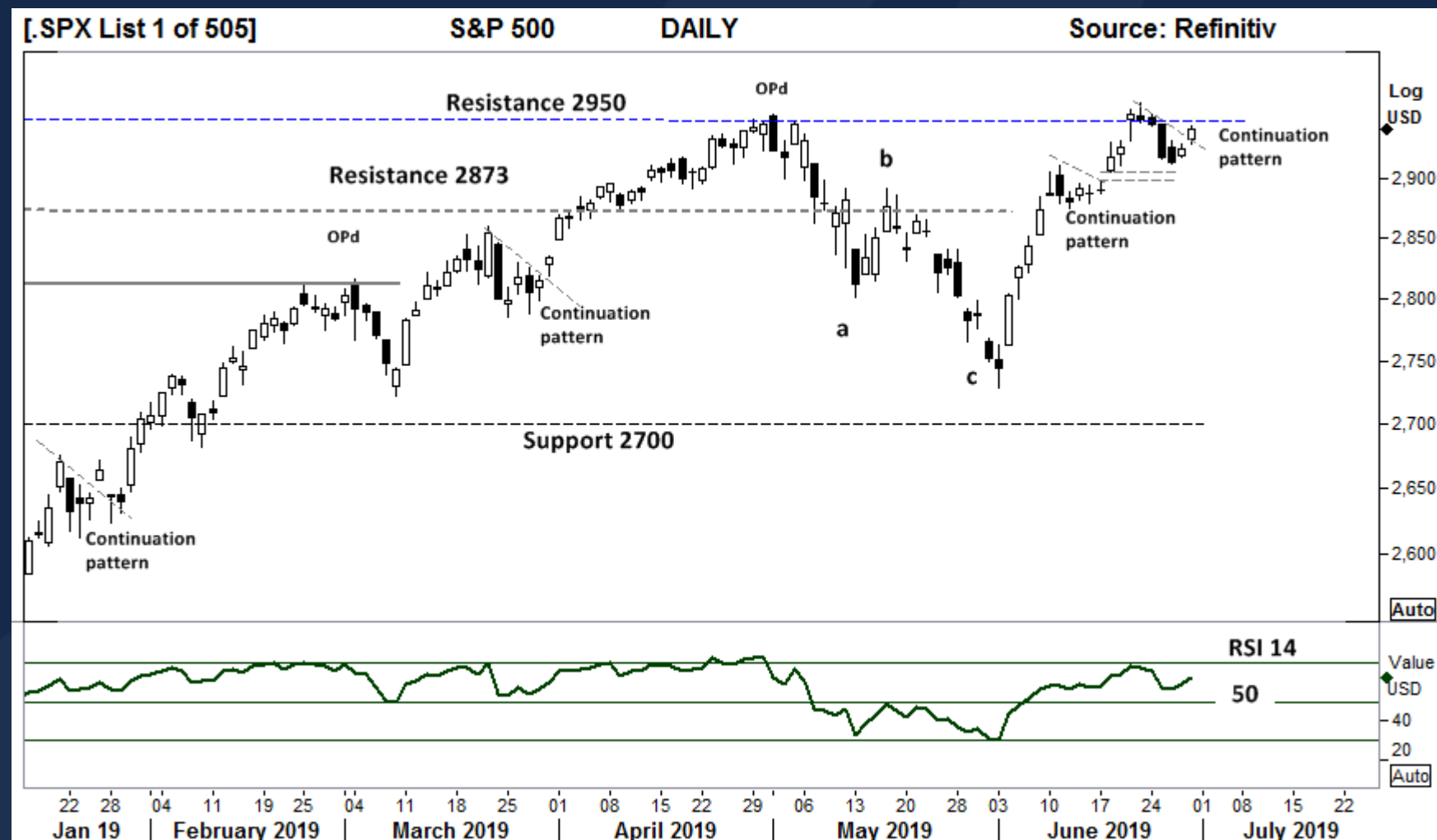
# S&P 500 Index - Daily

The small breakout of this weeks retracement is a bullish sign for further gains. A close over the recent highs of last week would be a very good sign for further gains into the week.

**Traders should watch for price weakness at the 2960 level.**

Relative strength has moved over the "50" level. This sudden swing higher has not reached the 70 level as the indicator again turns higher giving an indication upward momentum.

**Comments from last week.** Friday posts the Fake out high (FO) Following a strong move on Thursday. Immediate daily support should be found at 2900 on any retracement move.





# Transports Index

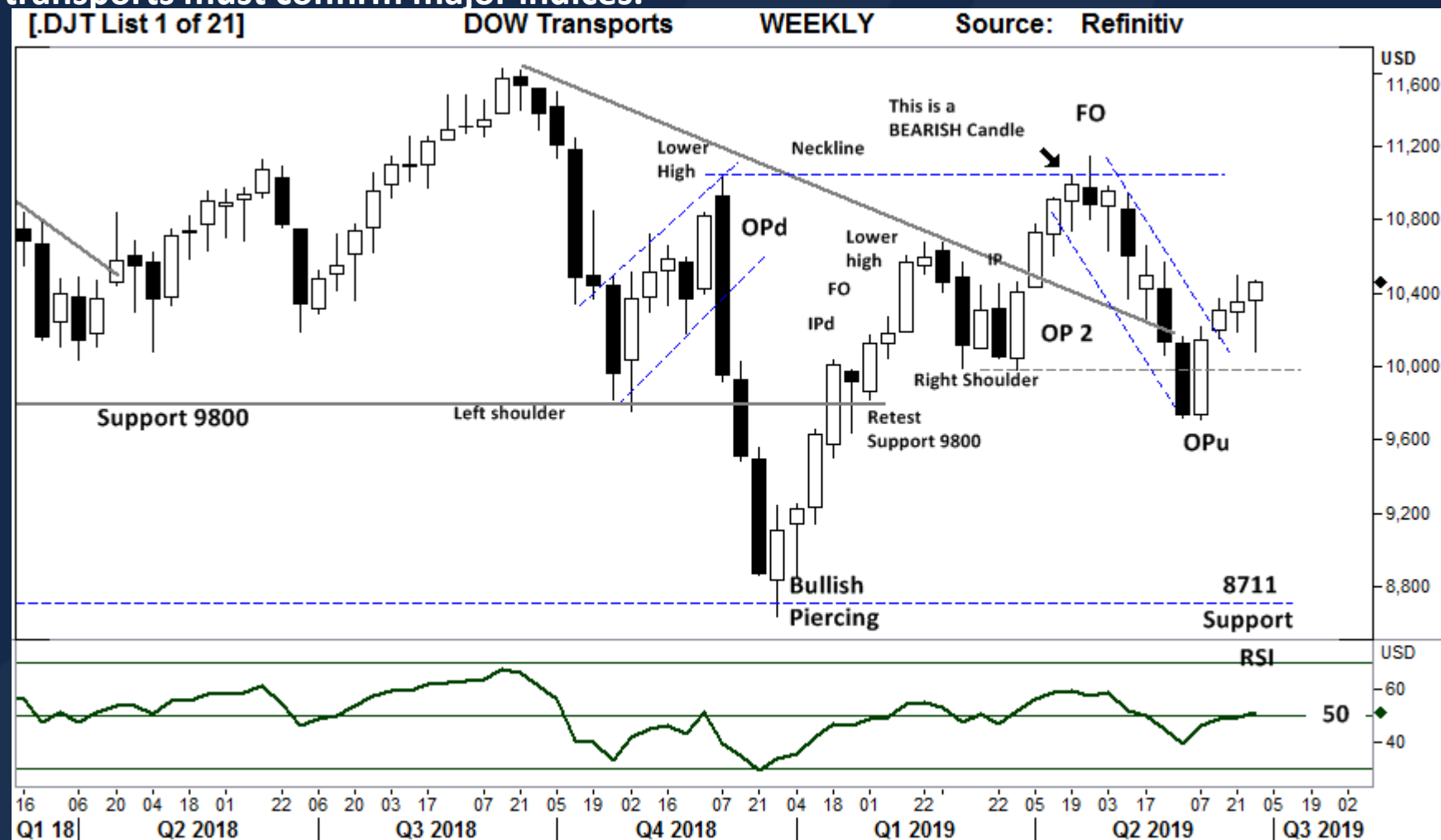
Dow Theory trend analysis states, the transports must confirm major indices.

Last weeks OP (outside period) has followed through although with a 3rd higher close week.

This breakout confirms the major index's movements, but still remains a long distance from the highs. (NON CONFIRMATION)

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

**Comments from last week.** More importantly the transports are confirming the major index's in directional movement but NOT making a new high.



# GOLD Weekly

This week the shooting star sets up a retest of the \$1367 level. A break of this key support should see a retest of the breakout at \$1306.

The larger picture from June 2018 to June 2019 is a cup and handle pattern, very bullish in the bigger picture.

RSI swings over the "70" level confirming strong price momentum, but these levels can result in price retracement as momentum changes..

Comments from last week: This week saw a very strong breakout move to reach the \$1410 target. This type of strong weekly range can follow through in the coming weeks. Look for consolidation in the coming week above \$1367 to confirm this bullish move



# Gold Daily

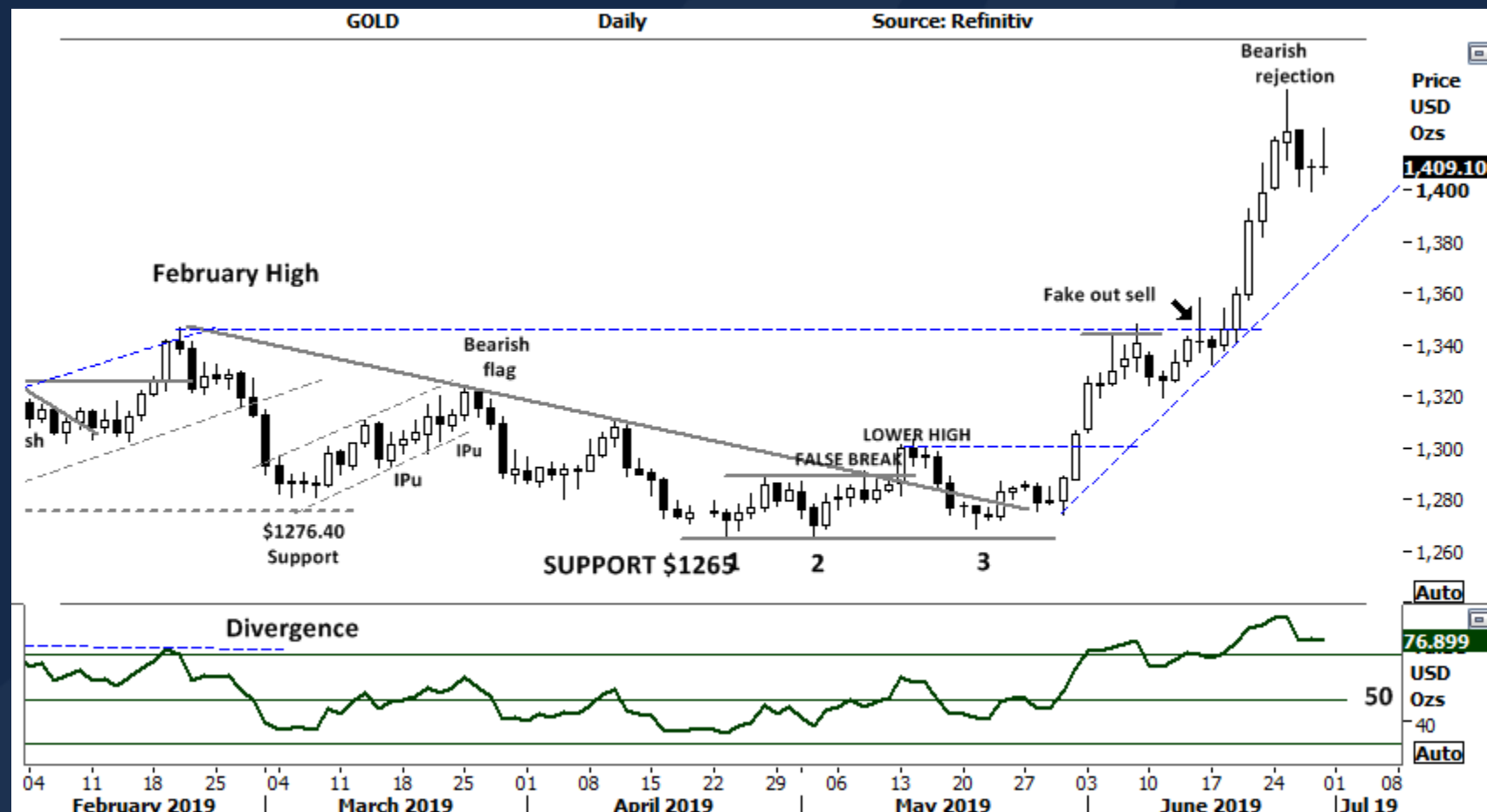
When taking a view on precious metals it should be noted SILVER has failed to follow the progress of Gold.

This week saw a rejection and failed retest of the high.

This price move is at risk of profit taking in the short term.

The short term trend line will be the next support level in the coming days as the Relative strength remains over the “70” level but has turned lower.

**Comments from last week:** This past week saw the fake out sell negated with a strong move over the \$1363 level. The final bar (Friday) shows rejection of a high price at \$1410.



# SILVER Daily

From the February high of \$16.20 Silver entered a primary move lower into the June period to set a “higher low”. The breakout over resistance at \$15.0 puts SILVER into a primary UP trend. Currently a bullish flag is forming with a potential to breakout to the high side of this pattern.

It should be noted, SILVER has failed to set new highs in line with GOLD, which is NOT an overall bullish sign for the precious metal sector at this point in time.

Comments from last week



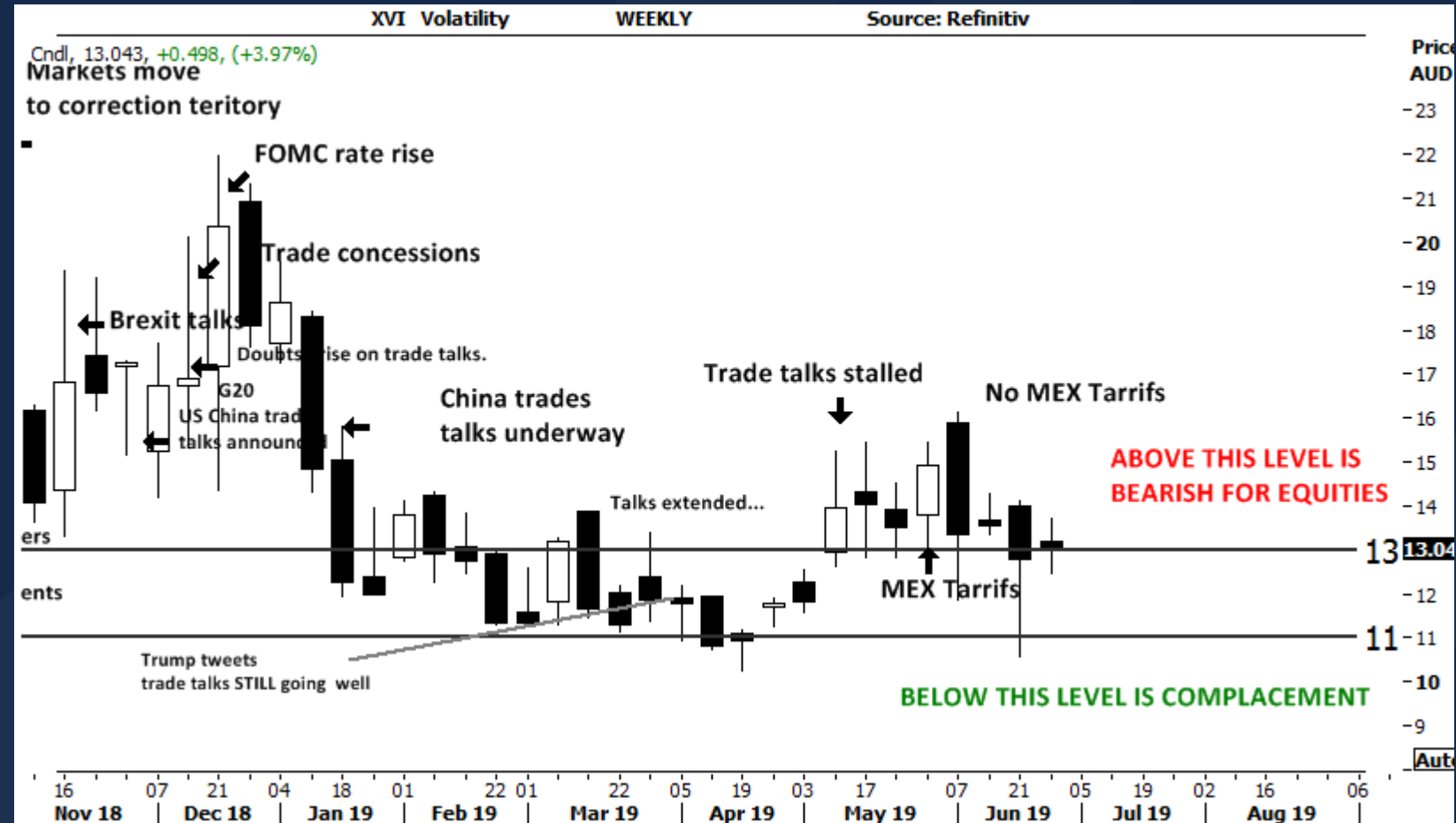
# Australian Volatility Index

Current volatility levels, show a small fall in volatility early in the week below the “13” level. This puts the markets in a bullish phase for the coming week.

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



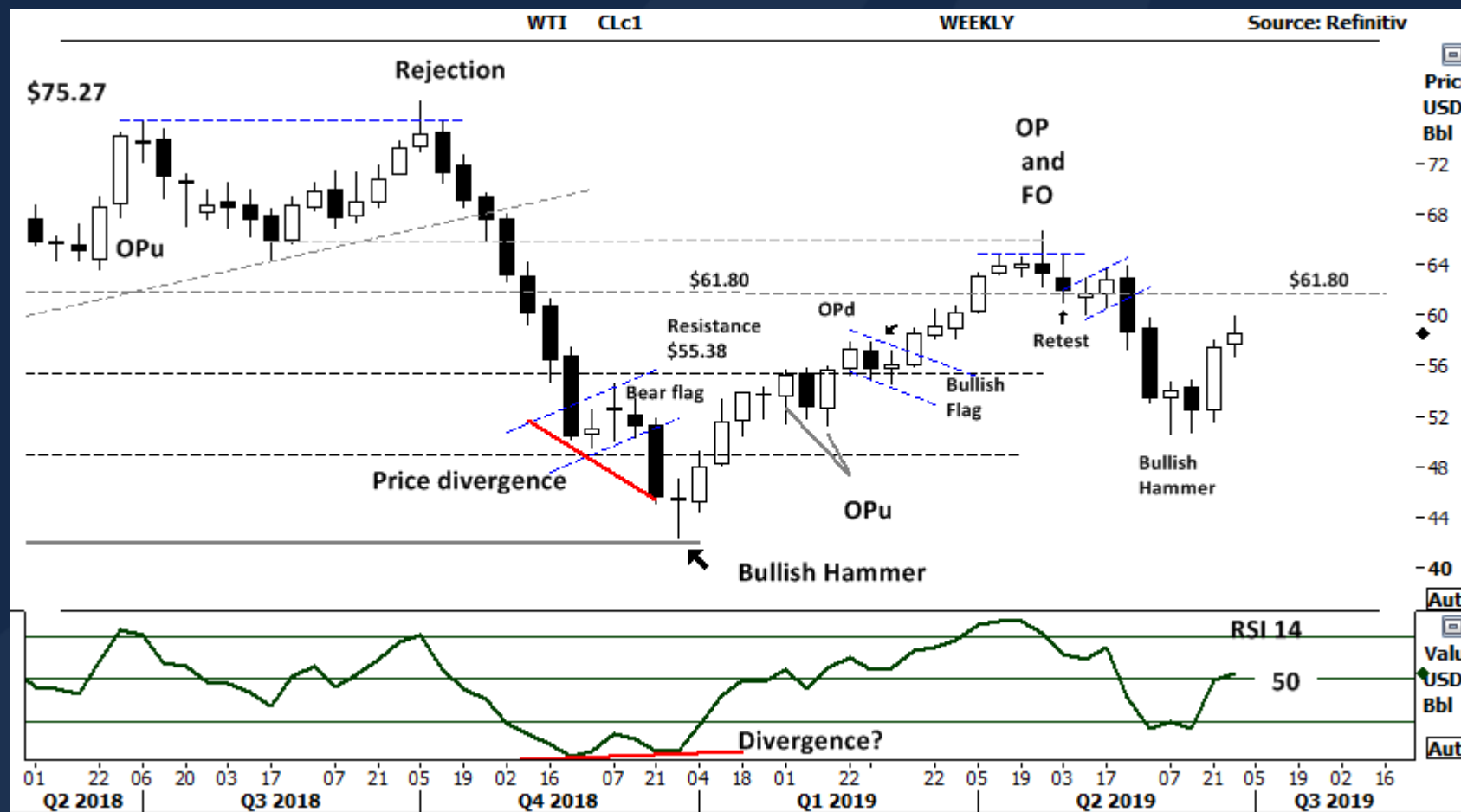
The DXY enters into a **primary down trend** and remains weak with a small consolidation this week.

RSI swings below the key 50 level as a sign of weak price momentum.

**Comments last week.** Strong rejection of the 97.7 with long range days with a breakdown below 96.50. The DXY has closed on the low of the week, traders should expect a follow through next week.

# WTI Oil WEEKLY

Look for a retest of the \$61.80 level in the coming weeks.  
The bullish hammer is now confirmed as the swing low.  
OPEC comments for production cuts should hold a floor under Oil with price remaining above the key \$50 level.



Comments from last week: Relative strength has moved higher towards the 50 level indicating a change from downward price momentum to positive higher momentum.

# The technical setups

## Outside period

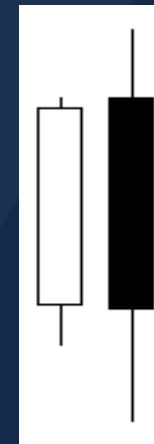
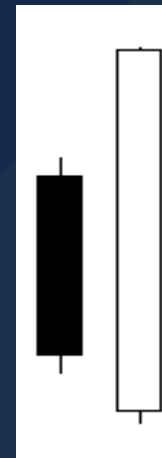
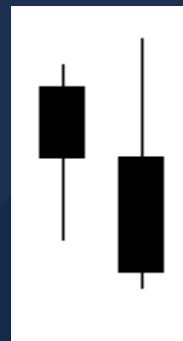
### OPu and OPd

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%).

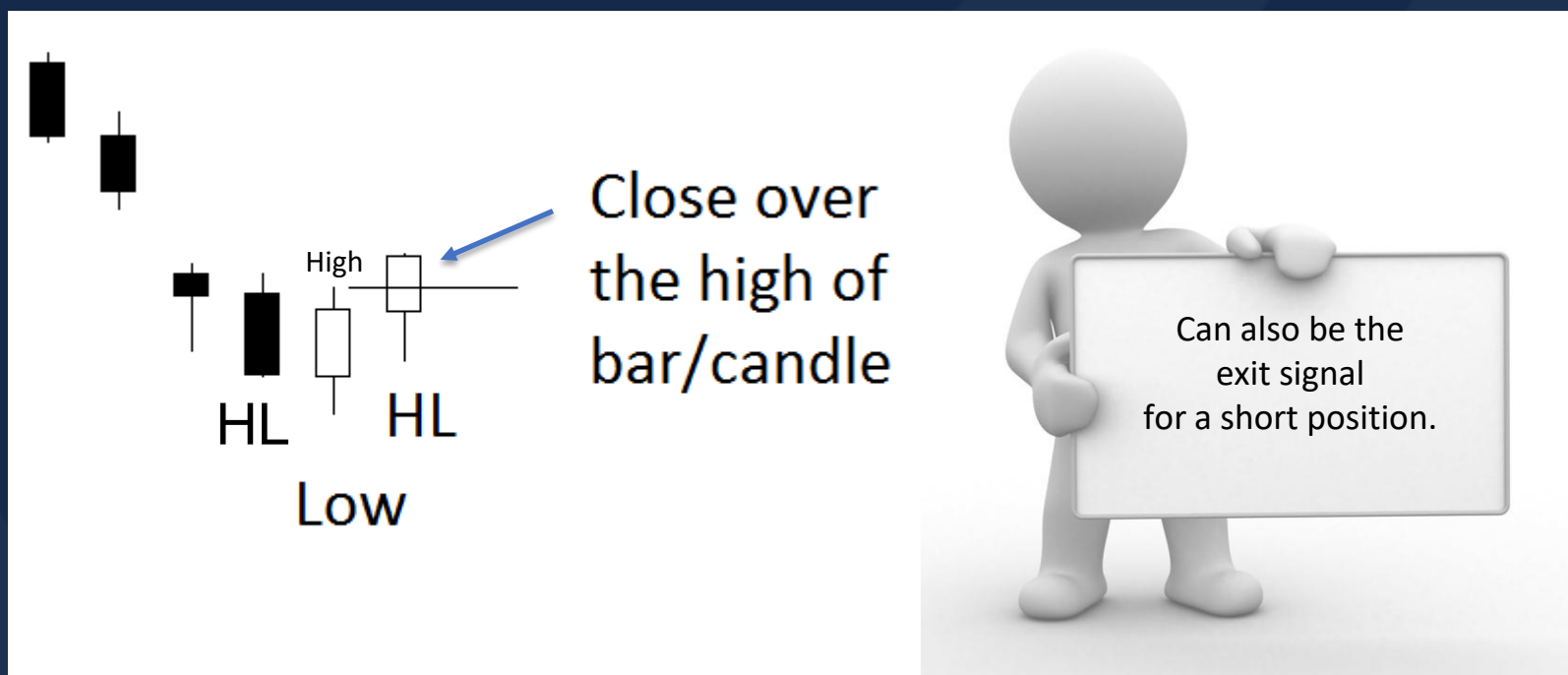
OPu is an up close bar OPd is a down close bar.

The OP period comes in all shapes and sizes.



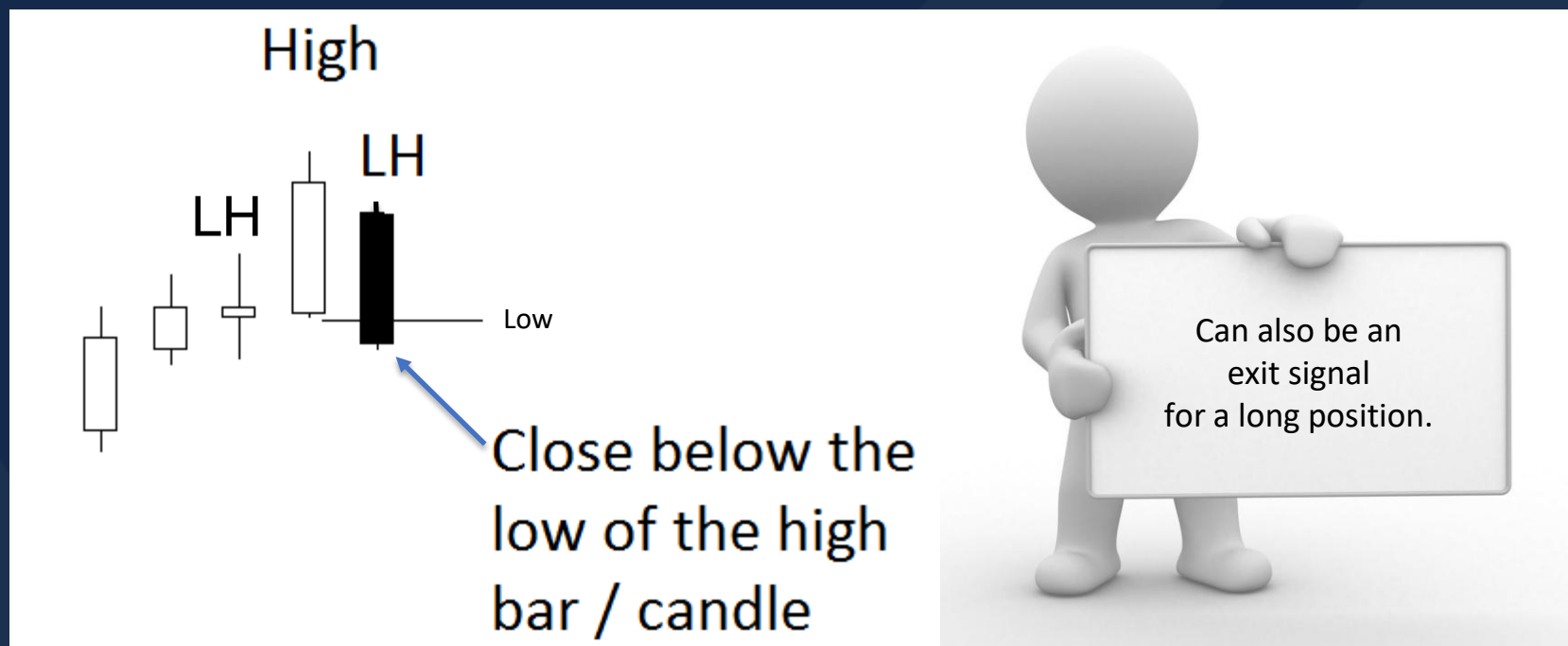


# The technical setups. The Pivot point reversal



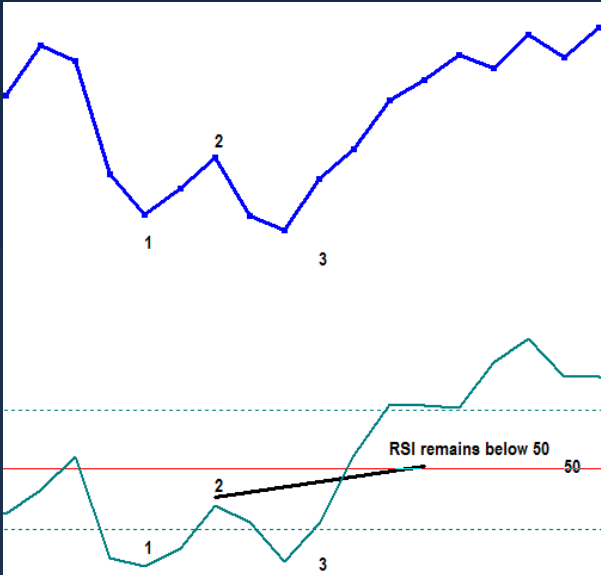
# The technical setups

## Pivot point reversal



# THE TECHNICAL SETUPS

## Relative Strength



### Relative Strength Indicator

#### SWING BUY SIGNAL.

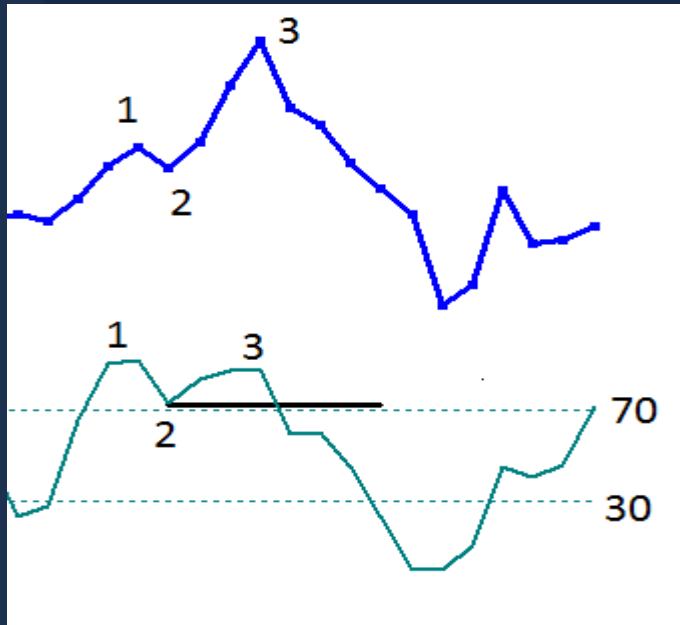
- Market makes a low, (1)
- Market closes higher, (2)
- Market makes new lower low, (3)

- 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" \*\*

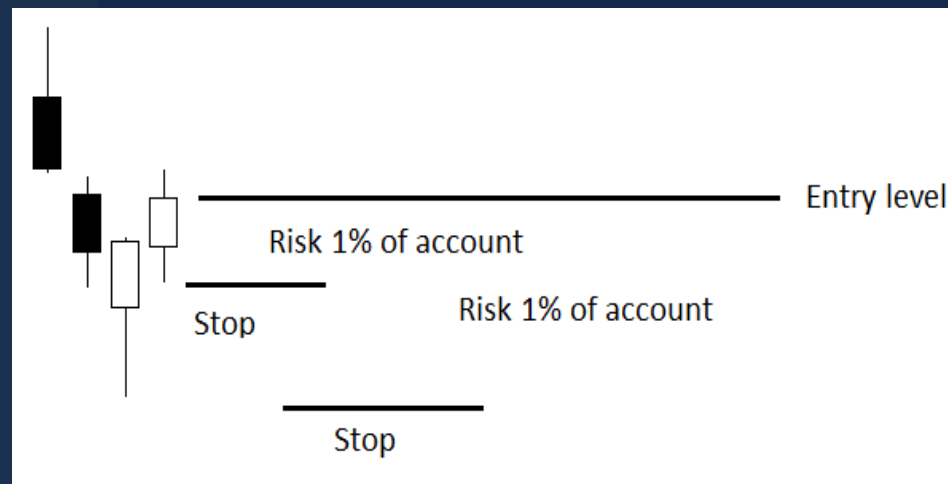
Swing failure is identified with the break of point 2 on RSI

# 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