



IN BLACK AND WHITE

14/09/2018

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.

Aussie 200 index - Weekly



The Weekly chart shows the Opu from 2 weeks ago signalling the “high” price level, with a complete reversal. This week has now set an inside bar, a time of indecision. The upper price target remains in place as the primary trend remains up. Last weeks large range bar has yet to play out into lower prices.

The importance of trend lines is now highlighted, as the Short term trend line comes into play, with at an intersection point around 6000 points. (5960 daily)

The Relative strength Indicator remains below the key “50” level indicating a loss of upside price momentum.

Comments from last week: The extended range of this week compared to last suggests further downside movement to come.

Aussie 200 index - Daily



Last week's rejection was playing out into a full correction move. Correctional moves show no retracement and no regard for past support levels.

From the 6102 low some support was found with closing prices back above 6150, yesterday's rejection has confirmed the Bearish flag now in play with a strong close lower.

Relative strength, however, the indicator 14 currently offers no insight to price strength, however the potential for Bullish divergence will be closely watched.

Corrective moves such as the past week do not change underlying trends, a price move below 6102 would constitute a daily trend change, and can offer future trading opportunities.

Comments from Last week.

With the 6150 breached today, look for 6000 points and the lower support level of 5960.

S&P 500 Index - Weekly

This week has seen a new high closing price following a retest of the 2870 level, this must be held into the close of this week. A further close over 2916.5 would signal a continuation of the Trend.

Relative strength (14) remains over the key "50" level and has turned higher which suggests further positive price momentum.

A closing breakdown below 2870 and 2800 would be required to shake the confidence of the bulls and a further close below 2700 would place the index into a primary down trend.



Comments from last week:
 2 weeks ago I highlighted Bar marked #3 as an early warning of price weakness to come. This has failed to play out with new record highs in trading weeks trading. The note states "in a high price area", it may be conferred this is not yet a high price area.

Classification of Line #3

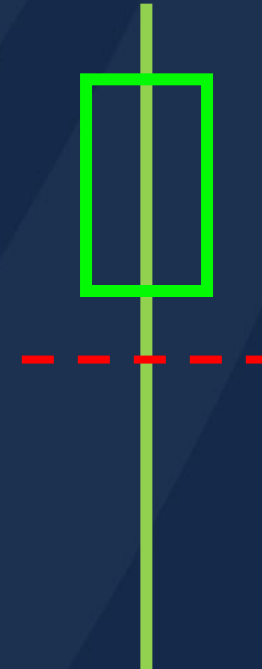
WEEKLY CHART

With this Weekly line, we can see the Body of the candle is above the Median Point of the Price Line.

When Line 3 is found at a high price area Long positions could be closed within a week.

If the opening price of the following week is above the Midpoint selling is still indicated, short positions could be held.

Short positions would be closed with a closing price above the high price.

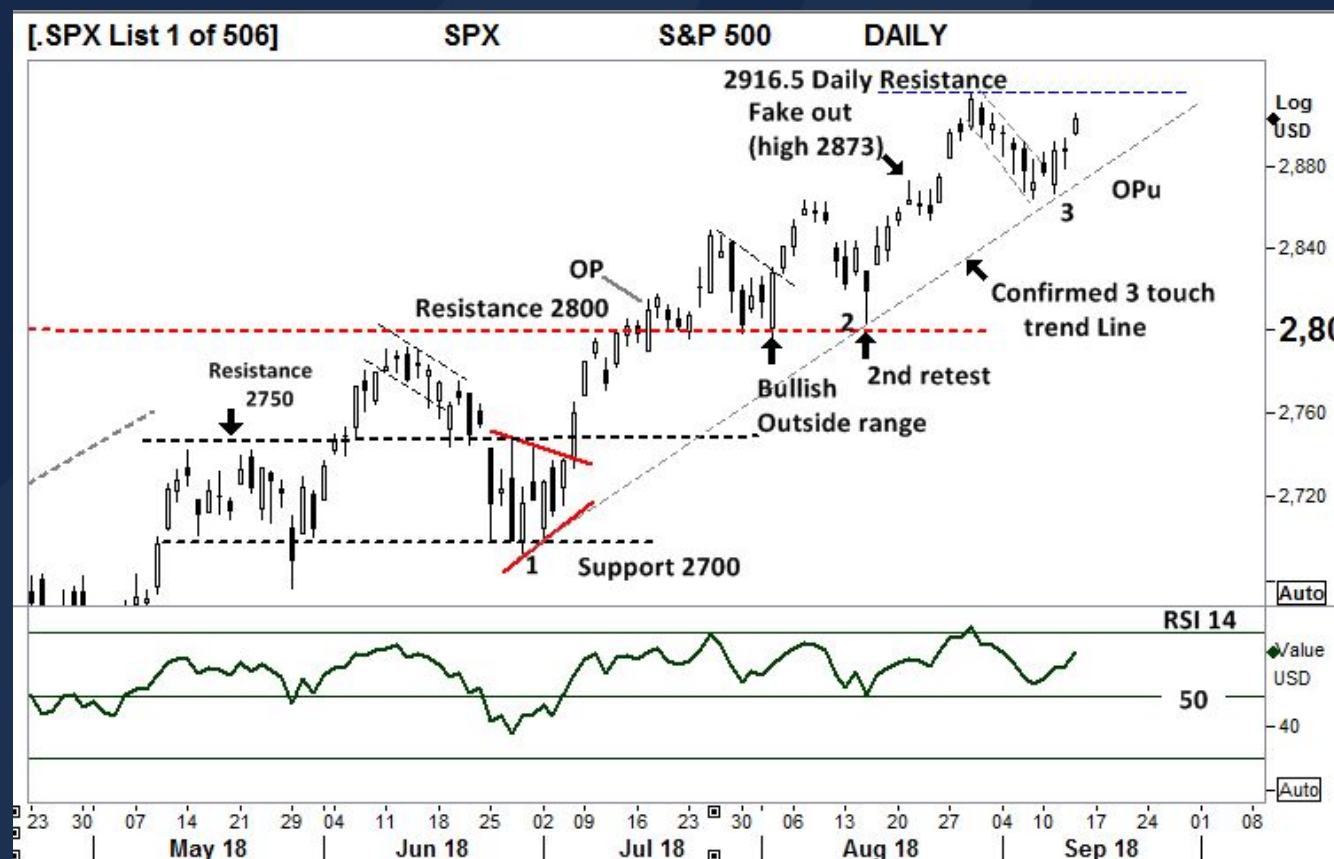


S&P 500 Index - Daily

The S&P 500 Index Daily chart highlights of the new upper resistance (Blue line) of 2916.5. A retest of the high is the immediate target, a further closing price over 2916.5 would target 3000 points.

A daily close below 2864 would signal a bullish flag failure and further weakness with a potential retest of 2800.

Relative strength (14) remains positive above the key "50" level, although turning down.



Comments from last week.

The Secondary market move.

This week strong move has given way to a Bullish flag formation, with the low retesting 2870 – 2864 level.

FTSE 100 Index - Weekly

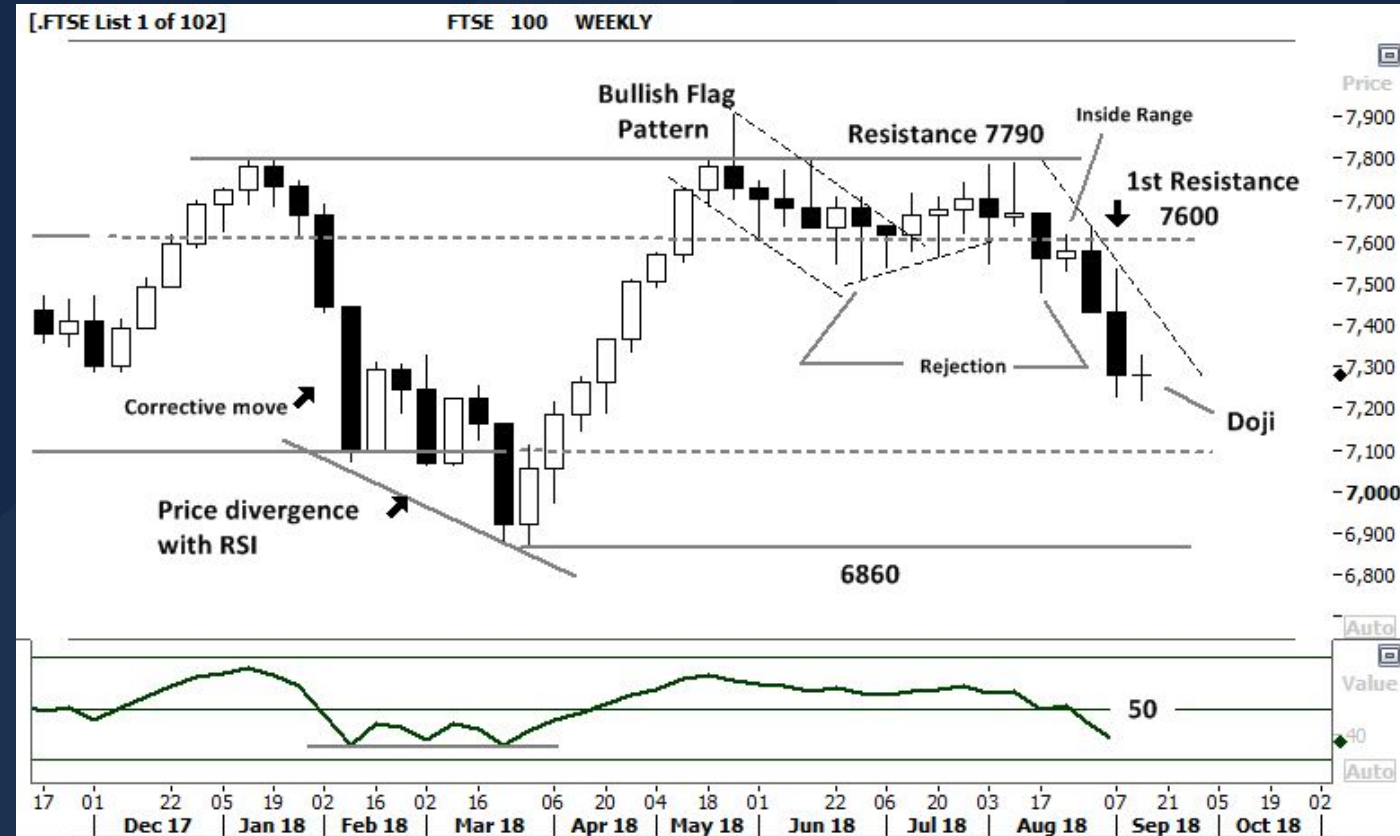
FTSE 100 weekly:

This 14 week secondary “reaction” inside the Primary Trend has **now resolved into a Primary down Trend.**

With strong price ranges downside, the momentum is strong.

This week’s “doji” small body candle is not a reversal, continued weakness would target support at 6860.

The Relative strength indicator 14 has continued moving below the “50” level, showing a loss of positive price momentum.



Comments from last week:

The Relative strength indicator 14 has continued moving below the “50” level, showing a loss of positive price momentum.

GOLD Weekly

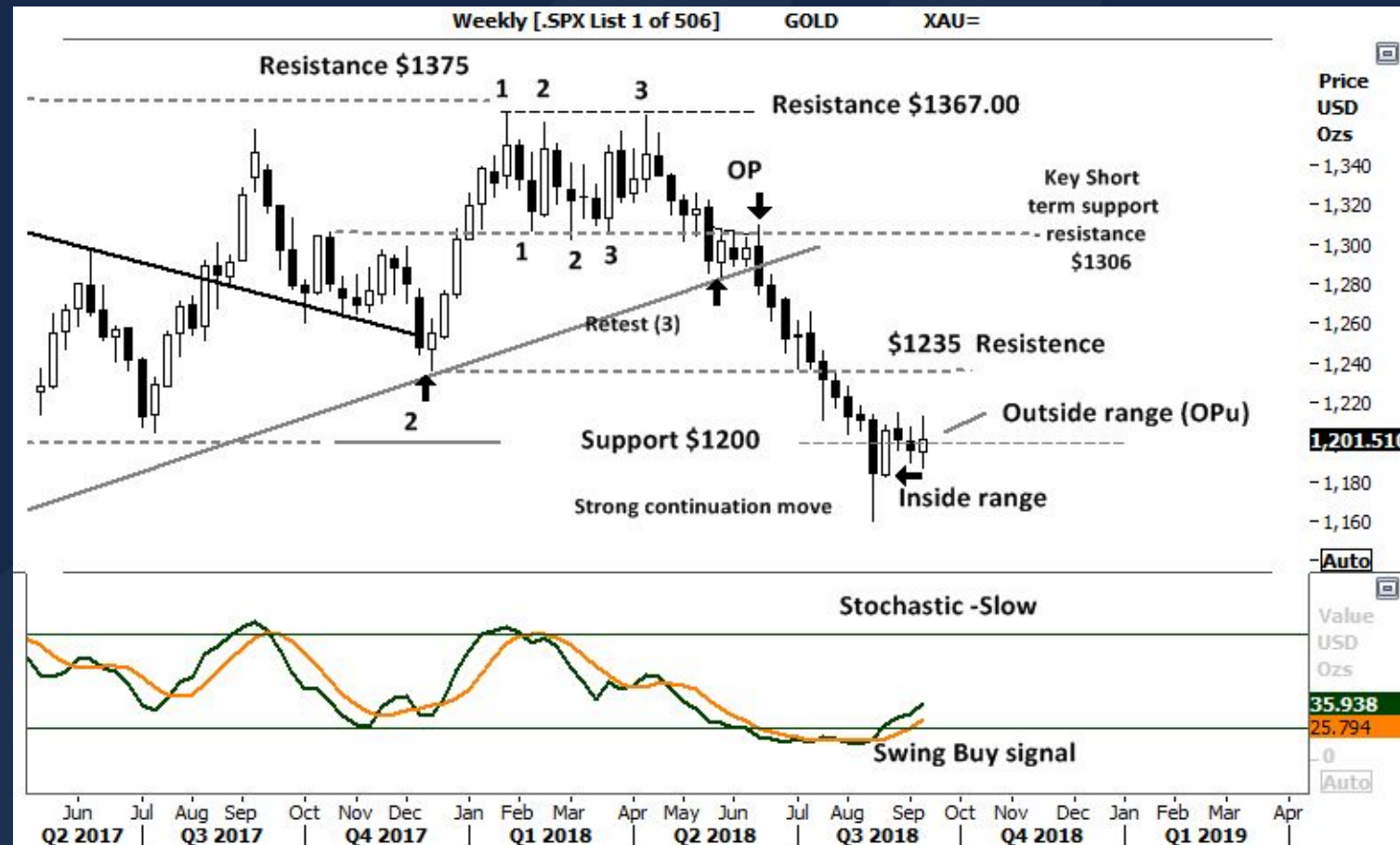
Gold Weekly:

Another rejection at \$1212 and support at 1187 the gold price appears to be establishing a price base around the \$1200 level.

With the small range weekly bars, Gold is attempting to build a base on the \$1200 level.

Gold remains in a primary down trend.

The Slow Stochastic still provides an early "swing buy" signal, and after many weeks of indecision is now confirmed, as the swing higher over the "20" level begins.



Comments from last week:

With the small range weekly bars, Gold is attempting to build a base on the \$1200 level.

Gold Daily

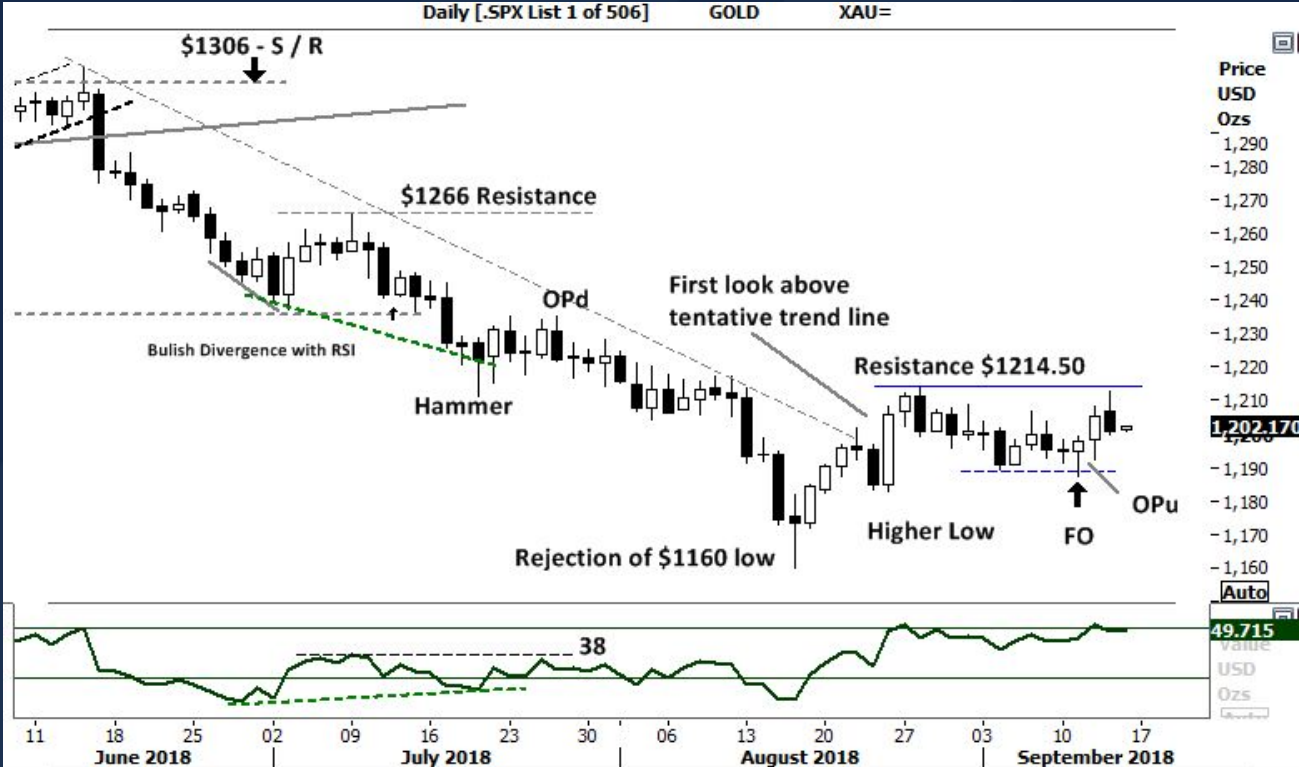
Gold daily:

This week in the Daily chart for Gold the Higher low has been confirmed by a 2nd higher low in play Opu with move higher following the FO bar making a false low

This daily movement now formed into a rounding base, poses at the beginning of a longer term UP trend,

A price break over 1214.50 would put the Gold chart into a daily UP trend.

RSI remains in the momentum equilibrium level at 49.71.



Comments from last week:

RSI (48.9)a measure of price momentum has moved back to the equilibrium level and suggest positive price momentum.

US Dollar Index



The DXY had shown a potential, Bullish inverse “Head and Shoulder” pattern. **Wrong!**

A value move over 96 in the coming days would have confirmed the pattern, **it didn't.**

The RSI (14) has turned higher, but remains below the key “50” level.

A close above the key level of 95 is required for a bullish view in the coming week. With the FO low in place expect a retest of the 95.

The Relative strength Indicator (14) remains on a downward trajectory indicating further loss of upward momentum. 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”.

WTI OIL WEEKLY

Weekly OIL

The WTI OIL contract again seems range bound below the \$71.20 resistance level. Last weekly low of \$64.43 has the potential to post a "higher low", this week, so-far remains an inside range.

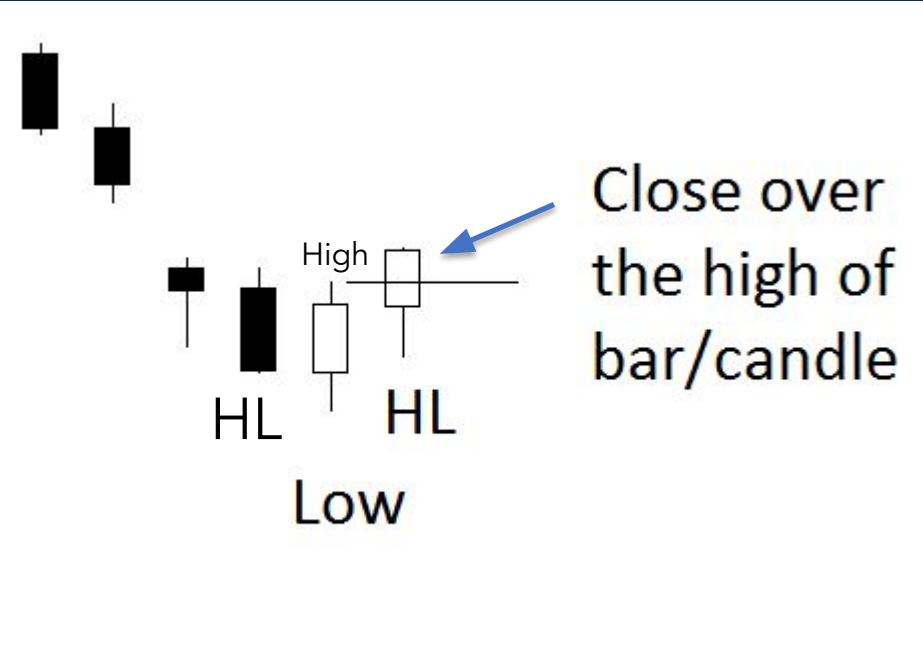
The primary trend remains UP during this time of price consolidation.

\$71.20 is the first key resistance level.



Comments from last week.
The WTI oil contract now seems range bound below the \$71.20 resistance level.

The technical setups. The Pivot point reversal



Close over
the high of
bar/candle

Can also be the
exit signal
for a short position

The diagram illustrates a pivot point reversal candlestick pattern. It shows a sequence of four candlesticks. The first two are black (bearish), and the last two are white (bullish). The third candlestick is a pivot point candlestick, with its high point labeled 'High' and its low point labeled 'Low'. The high of the fourth candlestick is labeled 'HL' (High Limit), and the low of the third candlestick is labeled 'HL' (Low Limit). A blue arrow points to the high of the fourth candlestick, which is above the high of the third candlestick, indicating a close over the high of the bar/candle. A 3D white figure stands to the right, holding a sign that reads 'Can also be the exit signal for a short position'.

The technical setups

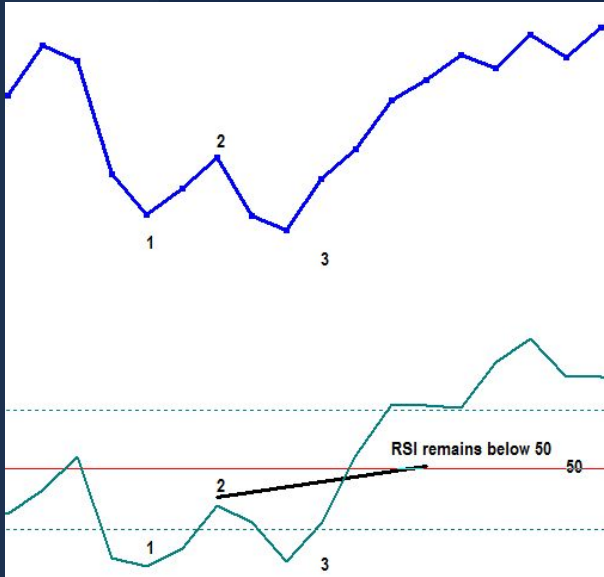
Pivot point reversal



The diagram illustrates a pivot point reversal candlestick pattern. It shows a sequence of four candlesticks. The first three are white (bullish), and the fourth is black (bearish). The fourth candlestick is labeled 'LH' and has its 'Low' price indicated by a horizontal line. A blue arrow points to the 'Close' of this candlestick, with the text 'Close below the low of the high bar / candle'. The word 'High' is written above the first three candlesticks. To the right, a 3D white figure holds a sign that reads: 'Can also be an exit signal for a long position'.

THE TECHNICAL SETUPS

Relative Strength



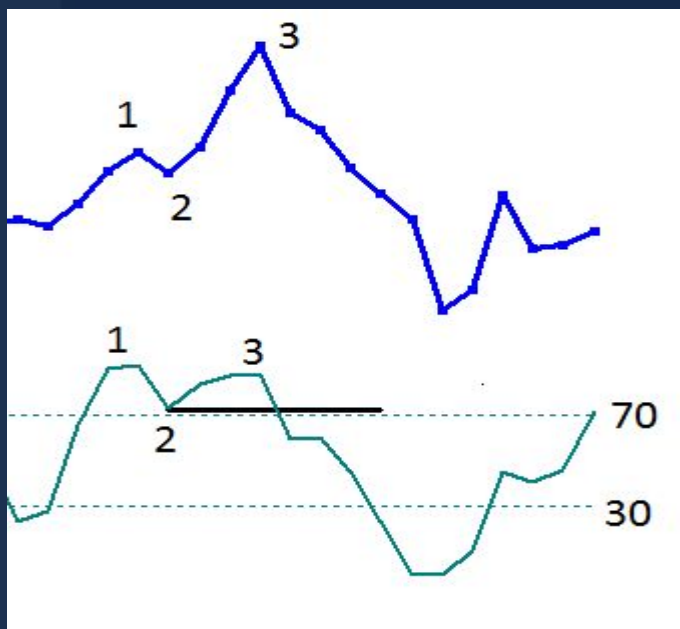
Relative Strength Indicator

SWING BUY SIGNAL.

- The market makes a low, (1) RSI swings below the 30 level. (1)
 - The market closes higher, (2) RSI moves higher, but not over the "50" level. (2)
 - The market makes a new lower low, (3) RSI makes a higher low (3)
- The swing buy signal occurs when the RSI moves and finishes over (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.
 3. RSI makes a lower high. (3) Must be over the 70 level.
- ** The Swing failure sell signal occurs as RSI swings below "2" **

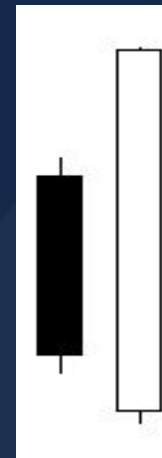
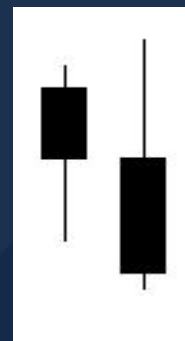
Swing failure is identified with the break off point 2 on RSI

The technical setups

Outside range

A price range larger than the previous range often indicates a market turning point. (Krastins research)

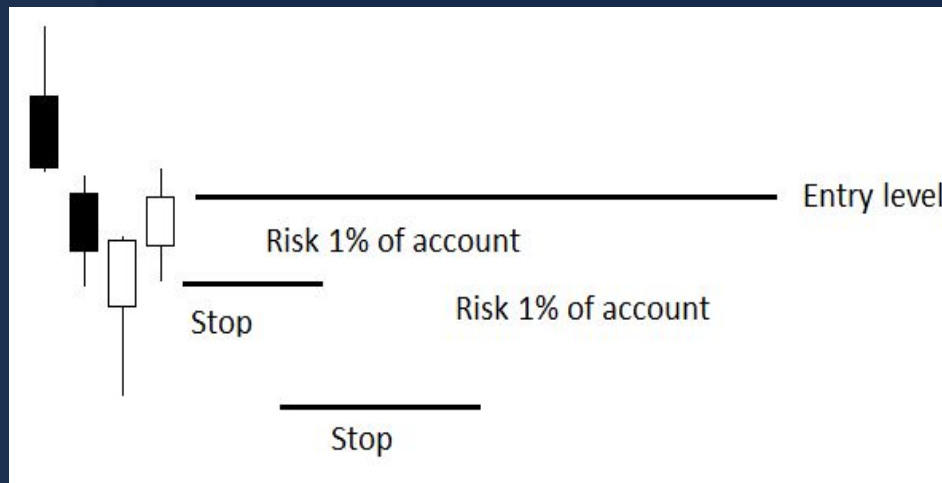
The outside period can mark the market turning point at or within 3 bars (93%).



Position size and management guidelines

Position size by account size

Building a trading system of 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

fpmarkets 

THANK YOU