



Mad Day Trader

Medium Term View... Technical qtrly update Published 7/9/14

These are static levels that do not change! Once generated, they never go away. They become static technical levels.

The outlook is to be used as a tool to keep you executing trades from the right side of the market at key technical areas.

Equity Indices...

Spu's... This qtr we will be using 1970 as our macro closing pivot. We have hit our long-term tgt area of 1950-85 from previous swing counts.

We'll be looking for 1875-95 to initiate new longs with a tight stop.

Nasd 100...3811 will be this qtr's closing barometer. Closes under 3884 will keep the market in a defensive posture.

The ideal longer-term buy zone will be 3700-3725, where we'll look to re enter the market with a tight stop.

Mid cap...14,250 is the qtrly pivot. 13840 is the closing downside Pivot

DAX...10,000 is this qtr's closing pivot. This level will now act as resistance. Closes under 9600 are needed for a deeper correction.

Closes over this level are needed to generate new upside tgt's.

Nikkei...remains bid over 14,800. New closing strength over 15,500 is needed to sustain another rally.

ASX 200... (APM4) 5430 is support and the closing downside pivot.

Bonds...

30 Yr. Bonds ... 137.00 is resistance and the macro closing upside pivot.

Focus must be kept on the Spu/Bond spread.

When the Equity Indices go into profit taking mode, the Bonds are the only place to park money. (They'll rally)

Long term, we will continue to favor the short side of the Bonds when market conditions allow.

Our game plan remains to sell the Bonds at these levels, with tight stops, until proven wrong.

The strategy we've been preaching to our high net worth clients for the past two years has been to sell premium in the interest rate futures on big bond market rallies and deliver the Bonds, if called, for the foreseeable future.

We see very little downside in selling premium at strikes a couple of points out of the money at our sell levels in the nearby futures contract, collecting the premium, and delivering the Bonds if called.

We believe we are going into a more normalized Interest rate environment with a reversion to the mean in rates having begun. The low in interest rates is in.

Ten Yr. Bonds...(TYM)..125.00 +- a few ticks has been the mean for the 10 yr. for the past 2 qtr's. I would need a couple of closes over 125.20 for further upside (lower 10 yr. Yields)

BUND...146.75 is our qtrly pivot. Good above/negative below.

Pay attention to the Dax/Bund spread for market tone.

FX...

AUD/USD...94.60 will be our benchmark to measure market Sentiment

USD/JPY.... 101.33 will be pivotal all qtr. Closing under this level with a risk off board will lead to Yen strength. (over 98.65 Futures)

Euro...139.50 was last qtr's closing pivot. Continue to sell rallies against this level with a tight stop until proven wrong.

Euro needs closes below 135.30 for lower. Only closes under 127.50 will lead to a test of the 120 area.

GBP/USD... 170.00 will be this qtr's closing barometer
EUR/AUD...149.85 is the monthly ORL. Sell rallies against this level until proven wrong. It will act as a macro-closing pivot.

137 + - a few is macro support.

AUD/JPY...95.66 was the qtrly close, just shy of the 95.71 close needed for an ORH qtr.

This cross is unchanged for the past 2 qtr's. We will wait for a new signal to trade it.

Commodities...

Gold & Silver...last qtr. the metals had bouts of selling driven by a shift to high yielding Equities, which we viewed as a side effect of a Risk On board.

Last year rising treasury yields capped rallies, as investors searched for safe low volatility high yielding returns.

Bond market rallies will remain highly correlated to metals rallies over the short term. The metals have rallied with the Bond futures
Lower rates will be price positive the Metals...Follow the Bonds

Gold last qtr needed to maintain above 1328 for higher. Sustained price action under 1265-75 can lead to a bigger sell off.

1325-28 was the last qtr's resistance zone. We're still struggling at that level.

Closing under 1312 will be short term negative.

Closing over 1342 will be positive.

Silver... Last qtr we were focused on 20.50 for our pivot. This level will remain pivotal for this qtr as well.

Short-term, closes below 19.70 should be deemed negative.

No Change

Platinum...we'll revisit Platinum on a close over 1520.

No Change

Copper...343-6 was last qtr's resistance and upside closing pivot, pretty much the same spot as the past couple of qtr's. 2.95 will act as support and the downside pivot for another sell off.

Short term Copper traders should use 3.19-22 for market tone.

Oil.... On a macro basis, there is no upside break out until we close over 104.70-105.30 (last qtr's high). **Oil elected the long-term buy stops over this level.**

This qtr's resistance and upside momentum level is 107.50
116.50 is our Multi-year Macro resistance and upside closing pivot.

Natgas... The Infrastructure names will continue to be our preferred way to play the Natty.

For the average investor the names provide more liquidity and a userfriendly venue for capturing Alpha.

LNG should be on your shopping list on any big Equity Index sell-off.

In the Front month Future, 4.85-95 is still good resistance this qtr.
No Change

Soybeans... last qtr 13.70 was support. Above 14.60 we were looking for a move to 15.20. **We got exactly that.**

Now we're looking to initiate a long position the second week of July for a trade "pending price action"

General Outlook..

Equities Indices...

Spu's reached our upside price tgt of 1840-50 at the end of 2013 before selling off to our tgt level of 1730.

We remain in buy the big break mode in the Equity Indices @ our technical levels with tight stops.

We still have higher targets in the Spu's @ 1950 **which have now been reached.**

1970 will be our closing barometer for this qtr.

We will measure new upside targets with closes over 1970.

Nasd has hit our major upside target @ 3754. **Which triggered a good sell off of almost 300 points.**

Closing over 3754 generated new upside tgt's in Nasdaq.

3800 +- 10 is this qtr's closing pivot.

Nasdaq has exceeded my short-term tgt. of 3885. Closes over this level can eventually lead to a test of the all time high

AAPL...will be going into a new product cycle in the fall. We'll be monitoring this next qtr for a buy.

We still hold the view that specific names will be a better trade than the Equity Indices.

Individual instruments need to be traded off their own technicals, not that of the Indices.

A prepared investor should have their sector & Individual shopping list ready when markets swoon.

Pharma, Biotech, Tech, New Tech & Social enabling companies are at the top of my list as places to look for alpha.

NFLX,PCLN,EXPE,TWTR,FB have all provided the patient investor multiple opportunities for 15-20% trades over the past qtr.

I expect the technical's in these names to continue to align with the broader indices.

As previously stated, we're long term Bearish Bonds, and we will maintain a sell the big rally bias for the foreseeable future.

[Dream Trade This qtr....](#)

[Sell the 30 yr. Bond Futures @ 140.15 setting up another Long-term multi-year short in the 30 Yr. against 142.15.](#)

Precious metals...continue to be an opportunistic trade.

Miners...are starting to pick up after a year of false starts and multiple 20% swings.

The monthly and the qtrly charts are attempting to break out to the upside.

OIL...we look for an opportunistic 2-way trade.

Currencies...We're going to treat the Currencies as a technical trade. Trade the technical levels with tight stops to see if it develops into a bigger trade.

[Use the crosses for the tools that they are.](#) They are not only great trading venues, but they also tell you which currencies lead.

Trade where you can manage your risk. Use this as the template to do just that. Trade from a side at a specific area with a tight stop.

The Fundamental story follows the technical's.

Being a pragmatic technician, using the correct levels to manage risk, allows the prudent investor to be right market direction with limited downside.

We'll update our outlook and tgt's as market action dictate.