

**Medium Term View...** Technical qtrly update Published 1/5/15

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.

*Take the time to review the last qtrly update to see how accurate they are.*

### **Equity Indices...**

**Spu's...** This qtr we will be using 2067 as our macro closing pivot level. This is resistance and the closing upside pivot.

Closes below 2012-22 will be needed to generate further downside.

**Nasd 100...**4267 is resistance and the closing upside pivot.

The ideal longer-term buy zone will be 3800-26, which is the critical hold zone for the bull to remain intact to reach 4884 the all time high in Nasdaq.

**Mid cap...**has been sideways for 8 months with the lows matching up with the sell offs in the Spu's & Nasd 100. I look for more of the same.

**DAX...Last qtr's outlook:** 10,000 is last qtr's closing pivot. This qtr the # set moves slightly lower to 9860, still making 10,000 the closing hurdle for any new upside targets.

### **No Change...**

**Nikkei...**17.600 will act as this qtr's pivot. 16,000 is macro support.

**ASX 200...** I need to see a couple of monthly closes over 5500 for a sustained upside.

## **Bonds...**

**30 Yr. Bonds...** 145.00 +- 6 ticks will be this qtr's pivot. Closes over 147.31 will lead to new lows in yields.

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

Investors worldwide are buying the Greenback and putting those dollars into U.S. treasuries adding to the bid tone to the market.

The Bonds have the best of both worlds going into the New Year with investors buying the dips for two separate reasons.

When the Bonds do sell off (Yields rise), even if it's only for a couple of points, the dollar rise accelerates.

This dynamic will be front and center for Fed watchers going into the expected midyear tightening, as this will have earnings ramifications for the big multi-nationals.

Trade the market you have, not the one you think it will be.

**Ten Yr. Bonds...**127.00 +- a few will be this qtr's pivot.

The upside tg's 128.31 followed by 132.

**BUND...**152 will act as this qtr's pivot. Use 155.80 for your short term trading bias. Good above/negative below.

## **FX...**

**AUD/USD...**last qtr we used 91.00 as our macro pivot.

*This qtr we'll be using 82.40 close as our macro pivot.*

**USD/JPY....** last qtr 107.00 was the pivot and the low risk level to buy dollars.

*This qtr we'll be using 118.60 (84.30 Futures) close as our macro pivot.*

**Euro...**118.75-120 has been the macro pain zone for traders for two decades. It was a Bull trap on the way to 160 and has been a Bear trap area since 2005, providing several 20 figure rallies.

Our qtrly pivot level is 124.30, however the yearly charts show low risk entry against 121.

The annual chart shows that it's finally ripe for a move through this level. Given the short-term condition of the market we are sellers of rallies into the foreseeable future.

**GBP/USD...** 156.30 is this qtr's closing barometer. Sell rallies against this level. Only closes above will lead to Pound strength.

### **Commodities...**

**Gold & Silver...**have lost their luster.

**Gold...** needs to close over 1242 before I get excited about a rally.

It looks to be a big trading affair with 1265-75 another possible Bull trap.

The downside could take it closer to 1080.

**Silver...** will need closes over 17 to get excited about an upside.

Like Gold we look at it as an opportunistic 2-way trade.

**Copper..** 2.95 will act as resistance and the closing upside pivot, Remaining below 2.95 could see an eventual 2.50 print.

### **4<sup>th</sup> qtr outlook**

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

*This qtr 96.00 will be our resistance level and upside closing pivot.*

Closes below 90 will lead to a much deeper correction.

## ***1st qtr 2015...***

**OIL...**54.10 should be used for general market tone. Closes over 56.50 are needed for strength.

Prints into the downside target handles of 49 followed by 43 are levels to look for short covering rallies.

These are simply levels that you should not look to initiate trades from the short side the first time in.

**Brent...**60 will be pivotal. Closes over 61 are needed to confirm upside.

**Natgas...**3.19 is qtrly resistance and the closing upside pivot.

**Grains...**we're going to wait for this trade to set up again.

## ***General Outlook...***

### **Equities Indices...**

**Spu's...**have yet to reach our 2120 swing count from last qtr.

Targets are just that. They are a # that should trade sometime in the future.

I.E. long term targets generated in USD/JPY in 1995 took until 2011 to be traded.

It's all about the journey. "How prices will get from point A to point B"

Don't get hung up and where the market is supposed to be, being right can be an expensive proposition.

Trade the hand that's being dealt. Trade to make money not to be right.

As of now a lot of sectors show topping patterns,**ORL's** in **XLFX, XLV, IBB, IYT, IYC, XLY Dec 31st.**

I look for the Indices to be in for some two way back and fill trade into the ECB meeting Jan 22, after which the board will sort itself out for another move.

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

Instruments should be re-evaluated one step "one macro level at time."

What goes up farther than people expected can go lower than people expect.

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

*October 2014 was a perfect example. Nasd 100 traded the published downside tgt. and the Spu's missed by 3 points before reversing higher.*

**OIL...**this qtr. as in the last, we look for an opportunistic 2-way trade using the technical levels for our bias.

We continue expect the Oil majors to be a big trade this qtr. Line them up with the Oil.

They have been holding up much better than the Crude prices

**Currencies...**I continue to be friendly to the U.S. Dollar over the intermediate term.

Care needs to be exercised with a Risk off Board, as Yen Buying on the crosses will be a natural side effect.

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 pricing dictate.

For Glossary of terms and abbreviations [click here.](#)