



GLOBAL CHART OUTLOOK

investing ahead of the crowd

GLOBAL MARKETS

7th October 2019 / Issue #38

Summary for the Global Stock Markets

The stock markets sold off last week, closely tracking Wave c down from my triangle-interpretation. It is interesting to note how emotional the short-term moves have been since the May top. Last week's selloff has registered a major low in the Call/Put Ratio. This is why I believe that over the short term the downside equity risk seems limited. Thus, the triangle could continue until December. Also possible, the index could register one more slightly higher high. However, my long-term momentum indicators still lack strength that would justify adding assets to equity long positions. Rather, I am still looking for a medium-term downleg, if not in 4Q then in 1Q 2020. Such a medium-term low should set the stage for another major upleg, which could persist during the US election year.

CONTENT	Page	Long term	Medium term	COMMENTS
Content and Summary	2			
MSCI World Stock Market Index	3	FLAT	DOWN	Waiting for the flat long-term momentum to provide a new signal.
Global-1325 equities - Momentum cycle phase distribution	4			Long-term 60% rising. Medium-term 57% declining. Short-term 77% declining.
Equity to Bond Allocation - MSCI World Index relative to Global Bond Index	5	NEUTRAL	UNDERWEIGHT EQUITIES	Remains in the large triangle from January 2018.
MSCI USA absolute, relative to World, in Swiss franc and relative to MSCI Switzerland	6			Down in US\$ and in Swiss franc. Neutral relative to World and to Switzerland.
S&P 500 Index stocks - Momentum cycle phase distribution	7			Long-term 56% rising. Medium-term 65% declining. Short-term 69% declining.
S&P 500 Index - SHORT-term Outlook	8			Short-term -Reversal at 2970.
Global-9 Short-term Momentum Indicators and Short-term Model ratings	9			36 out of 48 country indices short-term DOWN (=75%=bearish).
S&P 500 Index - MEDIUM-term Outlook	10		DOWN	Medium-term Reversal at 3060.
Global-9 Medium-term Momentum Indicators and Medium-term Model ratings	11			28 out of 48 country indices medium-term DOWN (=58%=bearish).
S&P 500 Index - LONG-term Outlook	12	FLAT		Trading at the 3 long-term indicators
Global-9 Long-term Momentum Indicators and Long-term Model ratings	13			23 out of 48 country indices long-term UP (=48%=neutral).
US Call / Put Ratio and S&P 500 Index relative to Gold in US\$	14			Latest equity selloff reached the contrary-opinion-buy-level.
Three-Factor Model - S&P 500 Index, ECRI and Weekly Jobless Claims	15			Three times FLAT. Not enough evidence of a recession signal.
U.K. - FTSE 100 Index	16	FLAT	DOWN	Remains in the large triangle from May 2018.
MSCI U.K. absolute, relative to World, in Swiss franc and relative to MSCI Switzerland	17			Down in UKE and in Swiss franc. Underweight U.K. relative to World and to Switzerland.
Switzerland - SMI	18	UP	DOWN	Final Wedge could have peaked at 10150.
Switzerland - Swiss MidCap Index	19	FLAT	DOWN	Waiting for a break of the present consolidation.
Switzerland - Swiss SmallCap Index	20	DOWN	DOWN	Could see one more final selloff before long-term reversing up.
Europe - Eurostoxx 50 Index	21	FLAT	DOWN	Likely to have entered final Wave E of the triangle from 2015.
Stoxx 600 Index stocks - Momentum cycle phase distribution	22			Long-term 64% rising. Medium-term 59% declining. Short-term 75% declining.
MSCI EMU absolute, relative to World, in Swiss franc and relative to MSCI Switzerland	23			Down in Euro and in Swiss franc. Neutral relative to World Index and MSCI Switzerland.
Germany - DAX	24	FLAT	DOWN	Watching for another sell signal if 11900 and 11600 is broken.
Japan - Nikkei 225 Index	25	FLAT	DOWN	Watching for another sell signal if 21000 is broken.
Nikkei 225 Index stocks - Momentum cycle phase distribution	26			Long-term 57% rising. Medium-term 67% rising. Short-term 98% declining.
MSCI Japan absolute, relative to World, in Swiss franc and relative to MSCI Switzerland	27			Flat in Yen and Swiss franc. Overweight Japan relative to World and to Switzerland.
Emerging Markets - MSCI EM	28	FLAT	DOWN	Waiting for the medium-term correction to bottom.
MSCI EM absolute, relative to World, in Swiss franc and relative to MSCI Switzerland	29			Down in local currency and Swiss franc. Underweight EM relative to World and to Switzerland.
China- Shanghai Composite Index	30	FLAT	FLAT	Remains in the large triangle from January 2018. Waiting for a breakout.
MSCI China absolute, relative to World, in Swiss franc and relative to MSCI Switzerland	31			Down in yuan and Swiss franc. Underweight China relative to World and to Switzerland.

Summary for the Commodities, Bond Yields, Total Return and Currencies

The Bloomberg Commodity Index, Crude Oil and Copper are all trading just above a long-term support level. This level could act as neckline of a 3-year long Head and Shoulder Top formation. It will be difficult for the commodity complex to stand up and avoid a long-term downgrade to DOWN.

Gold remains in the consolidation. Given the investor excitement on the precious metals I see only limited upside potential.

The medium-term upgrade in the 10-year interest rates, which was triggered in September, is close to being reversed. The US 10-year yield is close to the resumption of the long-term downtrend. Three changes are recorded on the table below, 2 downgradings and 1 upgrading.

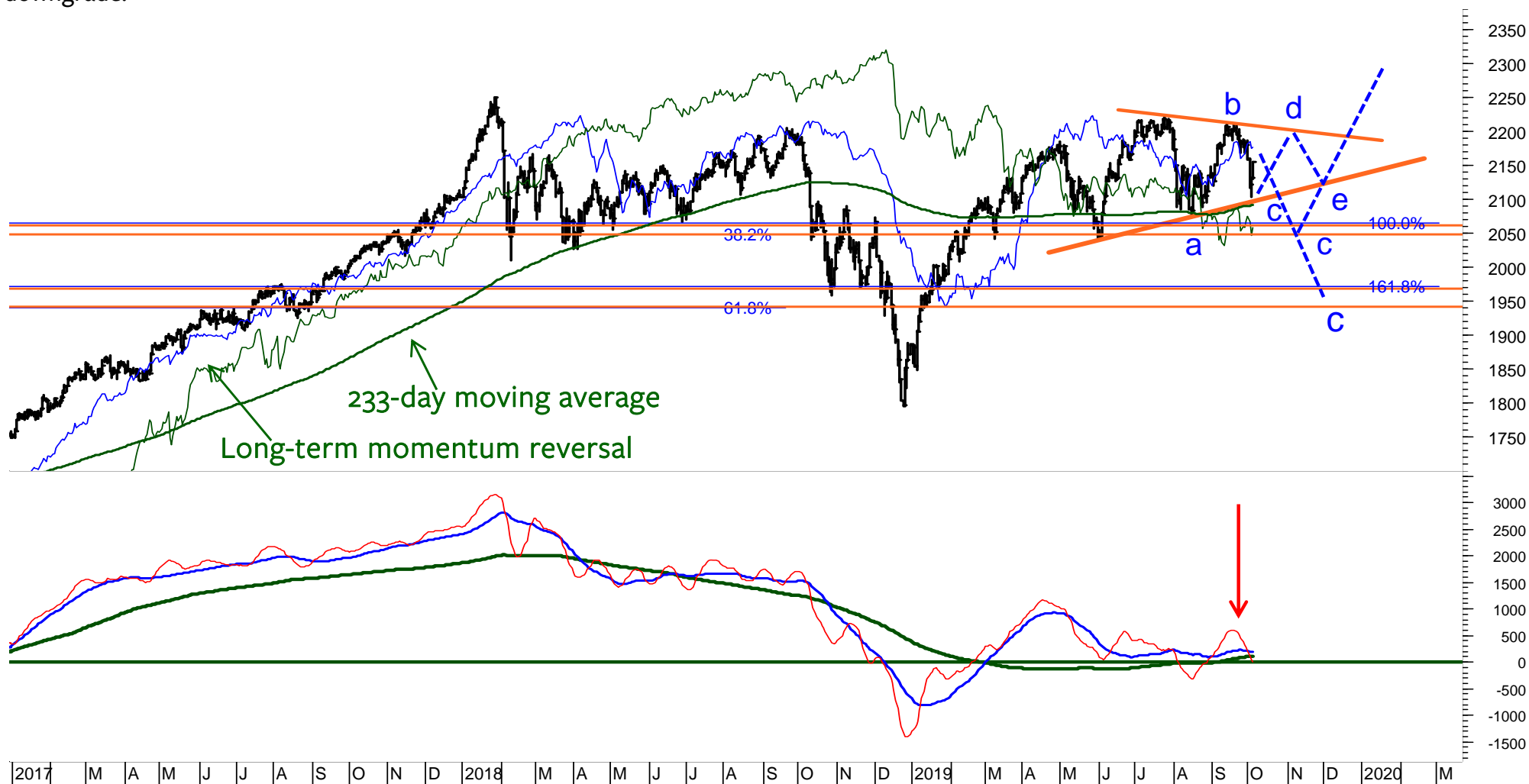
CONTENT	Page	Long term	Medium term	COMMENTS
Content and Summary	2			
Bloomberg Commodity Index	32	FLAT	FLAT	Still at risk of completing a 3-year top formation
Light Crude Oil	33	FLAT	FLAT	Remains in the triangle from October 2018.
HG Copper	34	DOWN	DOWN	Risk of large top-building.
Gold	35	UP	FLAT	Remains in a medium-term consolidation.
Global-37 Gold Model	36			Turned more positive, but waiting for the medium-term model to go positive again.
Silver	37	UP	FLAT	Must hold above 16.80 / 16.30 or the long-term trend will turn down.
Global 10-year Bond Yield and Total Return from 7-10-year Government Bonds	38			Both charts remain unchanged FLAT.
Global 10-year Government Bond Yield Model	39			The medium-term and long-term downtrends are close to re-acceleration.
USA - 10-year T-Note Yield - daily chart	40	DOWN	(d) FLAT	Downtrend to resume if 1.47% / 1.43% is broken.
USA - 10-year T-Note Yield - hourly chart	41			
USA - 10-year T-Note Price Future	42	UP	(u) FLAT	Reaching long-term resistance at 132.50 / 134.
USA - Total Return from 7-10-year US Government Bonds	43	UP	FLAT	Close to uptrend resistance line from the years 2012/12 and 2016, at 780/90.
Total Return from 7-10-year Swiss Conf Bonds absolute and relative to World Index	44			Medium-term Outlook FLAT and underweight relative to World Bond Index.
Total Return from 7-10-year Government Bonds - USA, Canada, U.K. Germany	45			
Total Return from 7-10-year Government Bonds - France, Italy, Portugal Spain	46			
Total Return from 7-10-year Government Bonds - Japan, Australia, China, Mexico	47			
IBoxx USD Liquid High Yield Index	48	UP	(d) FLAT	Medium-term downgrade to FLAT.
Swiss franc per US dollar	49	DOWN	DOWN	Medium-term upgrade could be signaled if 1.0050 is broken.
Japanese yen per US dollar	50	DOWN	FLAT	
Chinese yuan per US dollar	51	UP	FLAT	
Mexican Peso per US dollar	52	FLAT	FLAT	
Canadian dollar per US dollar	53	FLAT	FLAT	
US dollar per Euro	54	FLAT	FLAT	Could still be declining to end the Wedge and the major Euro downtrend at 1.08.
US dollar per British pound	55	DOWN	FLAT	
US dollar per Australian dollar	56	DOWN	DOWN	
Swiss franc per Euro	57	DOWN	DOWN	Present consolidation likely to be followed by more Euro weakness to 1.0650.
US dollar per Bitcoin	58			Trading just above long-term support at 7500 / 7000.

MSCI All Country World Stock Market Index (in local currency) – daily chart

The World Index has been forming a Horizontal Triangle since the high of July 2019. It marginally broke the support at 2120 but managed to rebound from above the low of August 2019. Given the extreme investor pessimism, registered in the Call/Put Ratio (see page 14), I expect the Triangle to continue through 4Q 2019.

Long-term Outlook: FLAT
Medium-term Outlook: DOWN

However, if a Regular Flat is forming instead of a Triangle the World Index could correct to 2060. If an Irregular Flat is forming the support is at 1970 / 1940. The chart structure during October and November is likely to allow for a better assessment of the presently flat long-term outlook. Meanwhile, a break of the 144-day average and the long-term momentum reversal at 2040 could trigger a long-term downgrade.



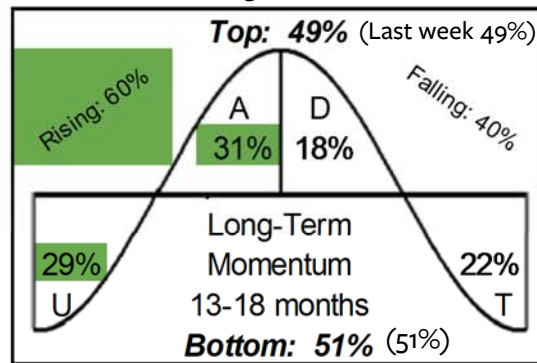
GLOBAL-1325 stocks – long-term, medium-term and short-term momentum positioning

S&P 500 + STOXX 600 + NIKKEI 225 (1325)

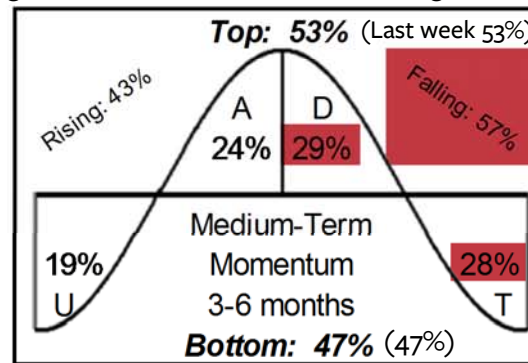
S&P 500 + STOXX 600 + NIKKEI 225 (1325)

S&P 500 + STOXX 600 + NIKKEI 225 (1325)

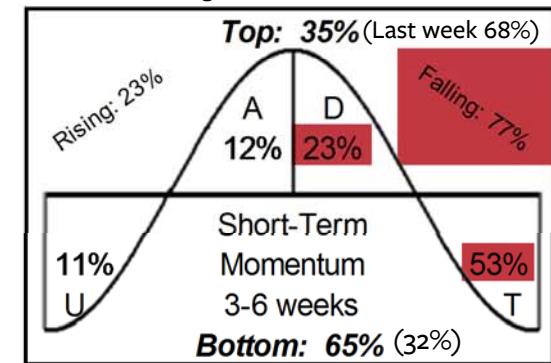
U denotes the UP-quadrant; the momentum indicator is rising below the Zero line. A=Advancing; the momentum indicator is rising above the Zero line. D=Declining; the momentum indicator is declining above the Zero line. T=Terminating; the momentum indicator is declining below the Zero line.



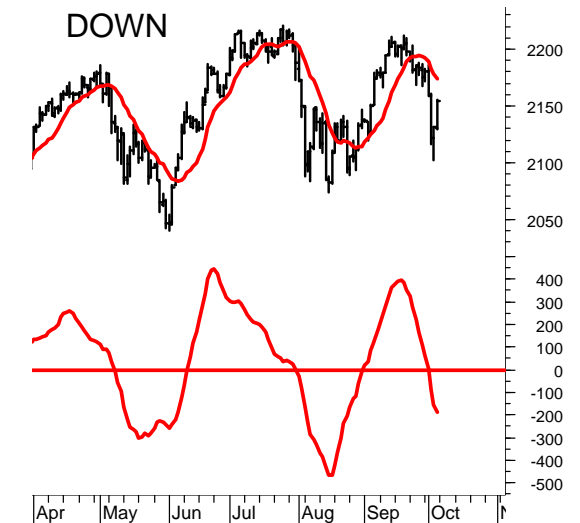
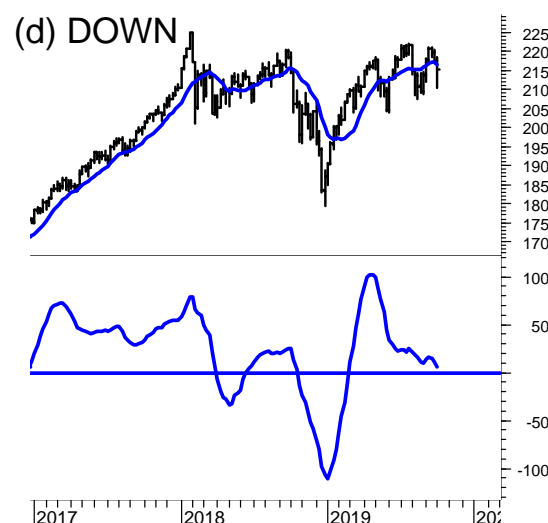
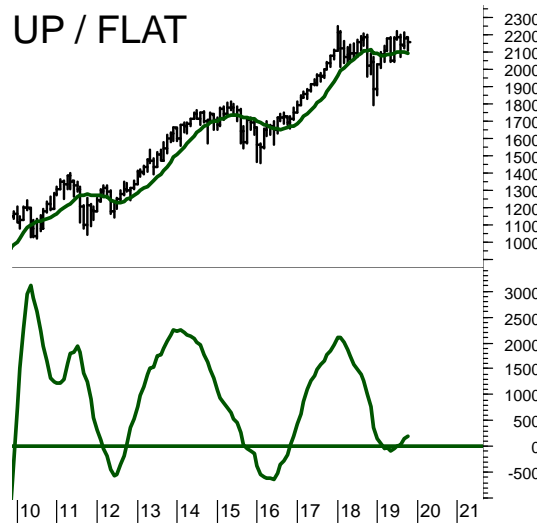
The long-term momentum readings remain POSITIVE for the global-1325 stocks. The percentag of the 1325 stock, which is positioned in the positive quadrants U+A, remains unchanged at 60%. This is also mirrored in the long-term momentum uptrend in the World Index (below), which remains intact.



The medium-term momentum readings have shifted from positive to NEGATIVE. The percentag of the 1325 stocks, which is positioned in the negative quadrants D+T, has increased to 57%. This momentum decline is also mirrored in the decline of the medium-term momentum indicator of the MSCI World Index (below).



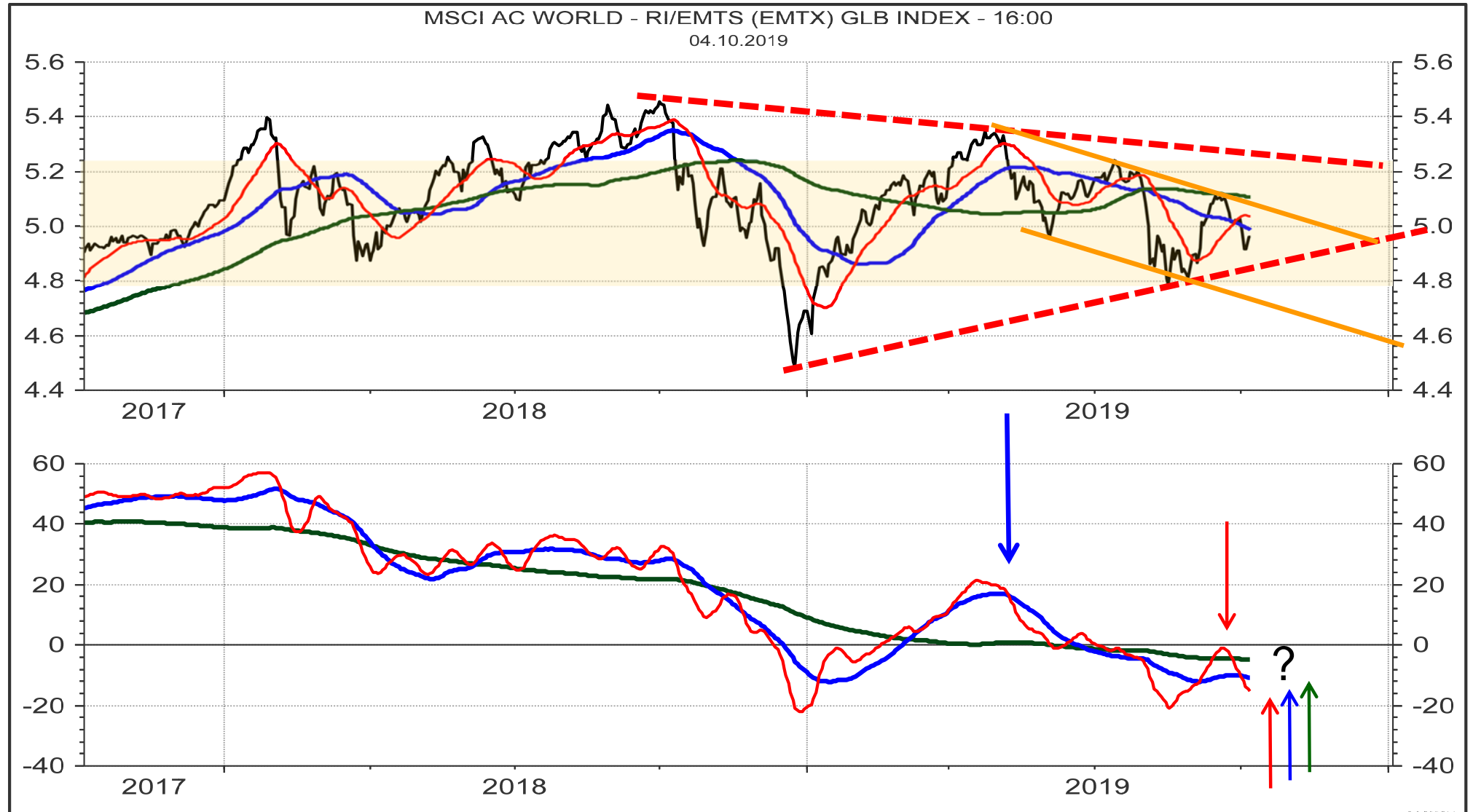
The percentag of the 1325 stocks, which is positioned in the negative quadrants D+T, has increased to from 71% to 77%. The percentage in the Terminating phase has increased from 20% to to 53%. This momentum decline is also mirrored in the decline of the short-term momentum indicator of the MSCI World Index (below), which fell below the Zero line.



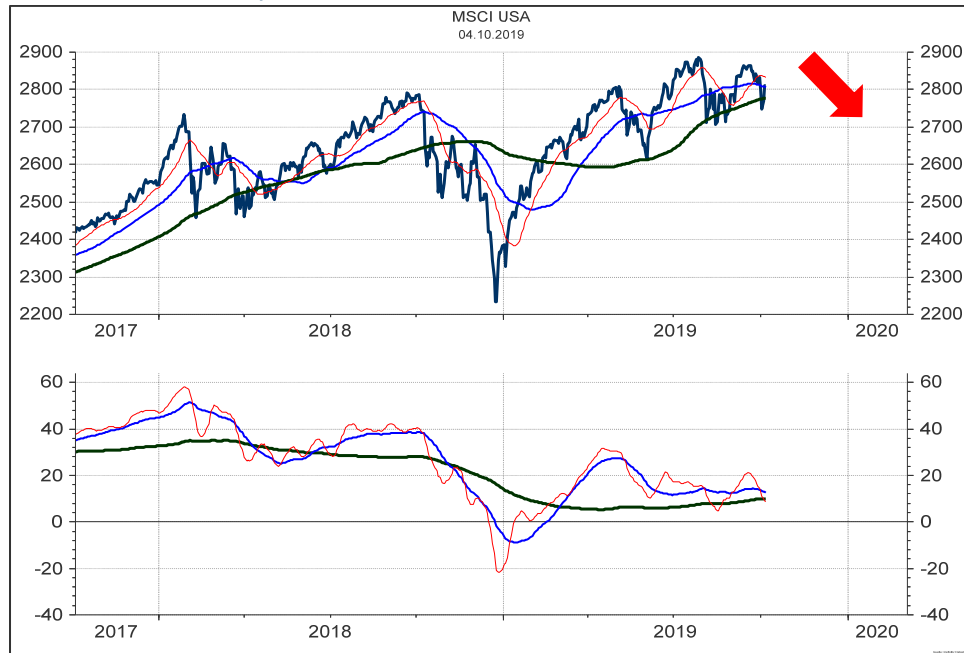
MSCI World Stocks Index relative to Total Return from Global Government Bonds

The MSCI World Stock Market Index relative to the Global Government Bond Total Return Index (7-10-year maturities) remains in the large triangle which originated in January 2018. **The Long-term Outlook remains NEUTRAL EQUITIES and NEUTRAL BONDS. The Medium-term Outlook remains UNDERWEIGHT EQUITIES and OVERWEIGHT BONDS.** It remains to be seen if the next short-term upleg will have the strength to turn the medium-term and long-term momentum upwards.

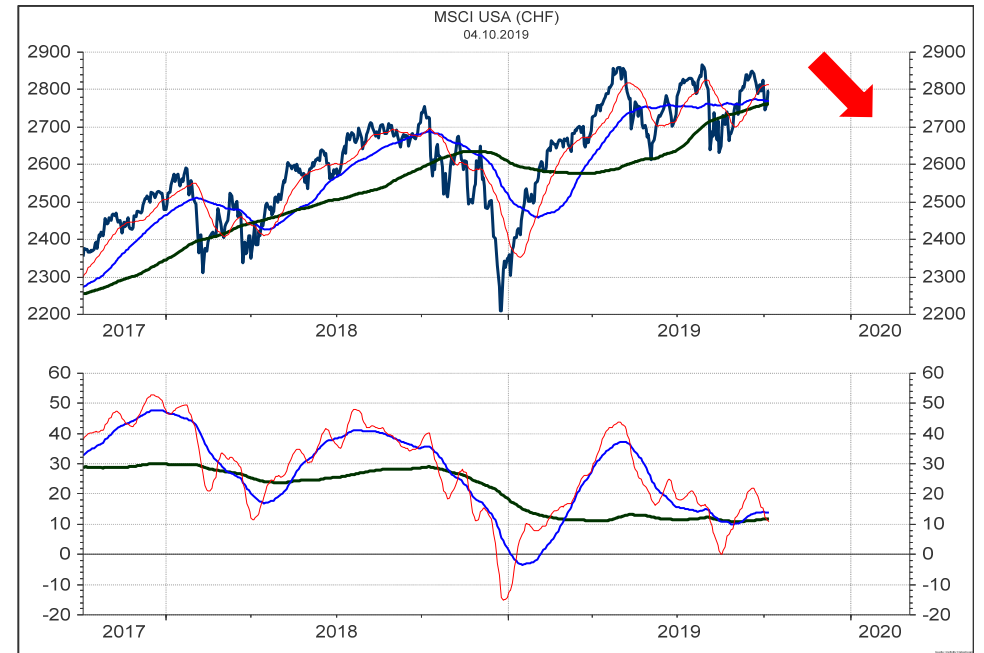
Long-term Outlook: NEUTRAL
 (equal weight stocks and bonds)
Medium-term Outlook: DOWN
 (underweight stocks / overweight bonds)



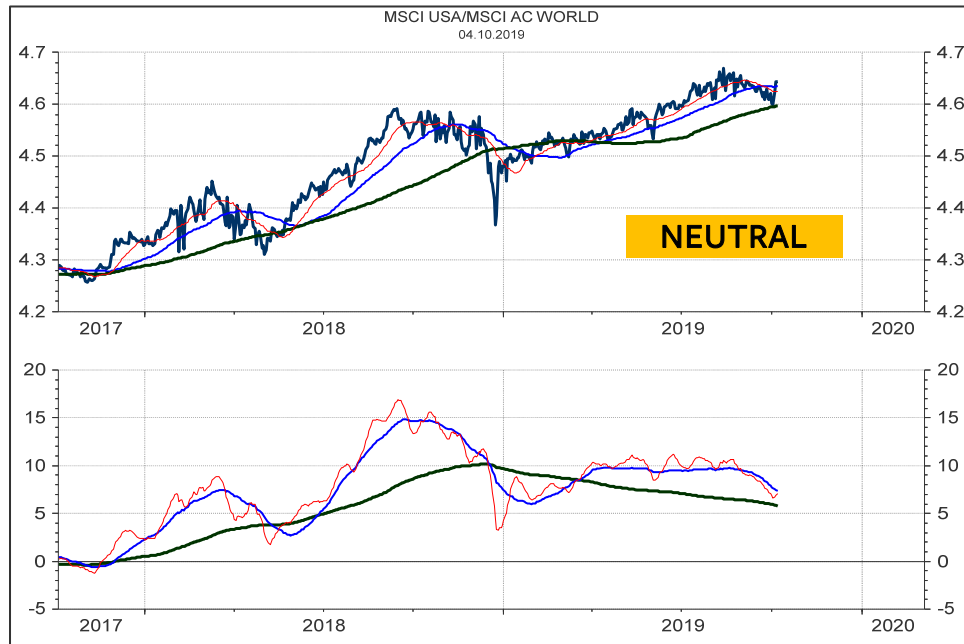
MSCI USA in US\$



MSCI USA in Swiss franc



MSCI USA relative to the MSCI AC World



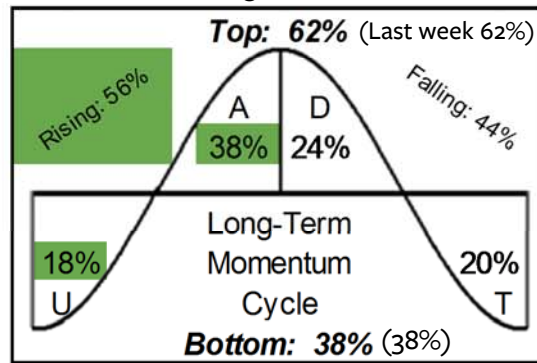
MSCI USA in CHF relative to MSCI Switzerland



S&P 500 Index constituent stocks – long-term, medium-term and short-term momentum positioning

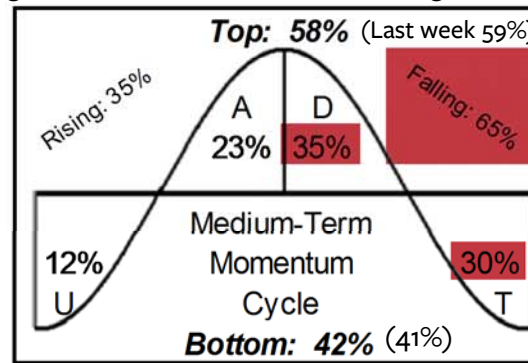
S&P 500 LONG TERM

U denotes the UP-quadrant; the momentum indicator is rising below the Zero line. A=Advancing; the momentum indicator is rising above the Zero line. D=Declining; the momentum indicator is declining above the Zero line. T=Terminating; the momentum indicator is declining below the Zero line.



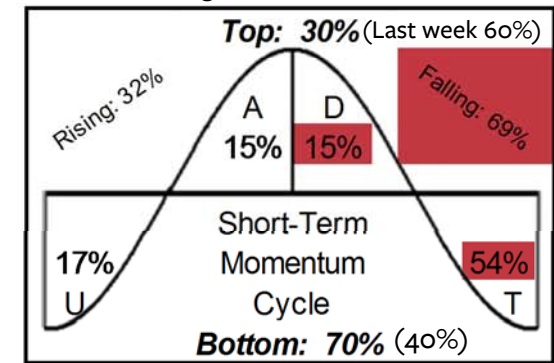
The long-term momentum readings remain POSITIVE for the S&P 500 stocks. But, the percentage of the 500 stock, which is positioned in the positive quadrants U+A, has declined from last week's 63% to the present 56%. This slowing uptrend is also mirrored in the long-term momentum uptrend in the S&P 500 Index (below).

S&P 500 MEDIUM TERM



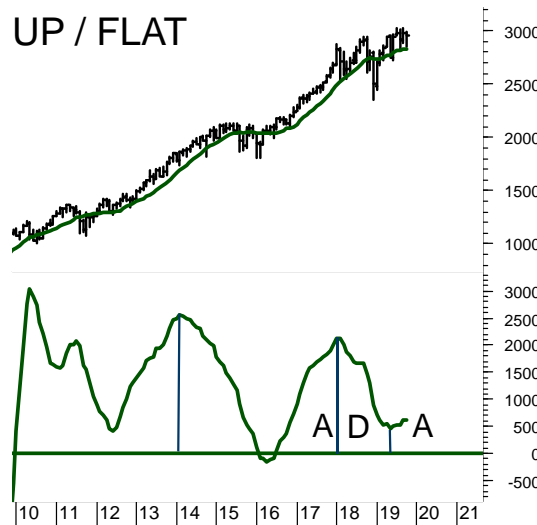
The medium-term momentum readings have shifted from positive to NEGATIVE. The percentage of the 500 stocks, which is positioned in the negative quadrants D+T, has increased from 55% to 65%. This bearish constellation is also mirrored in the decline of the medium-term momentum indicator of the S&P 500 Index (below).

S&P 500 SHORT TERM



The percentage of the 500 stocks, which is positioned in the bearish quadrants D+T, is reduced from last week's 72% to 69%. The percentage in the Terminating phase has increased from 27% to 54%. This bearish constellation is also mirrored in the decline of the short-term momentum indicator of the S&P 500 Index (below), which fell below the Zero line.

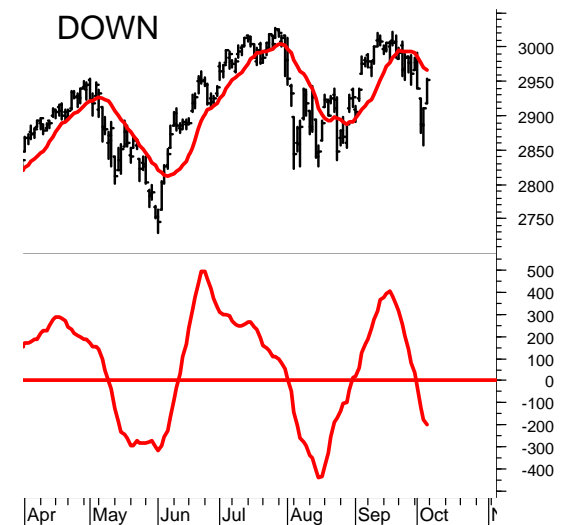
UP / FLAT



DOWN



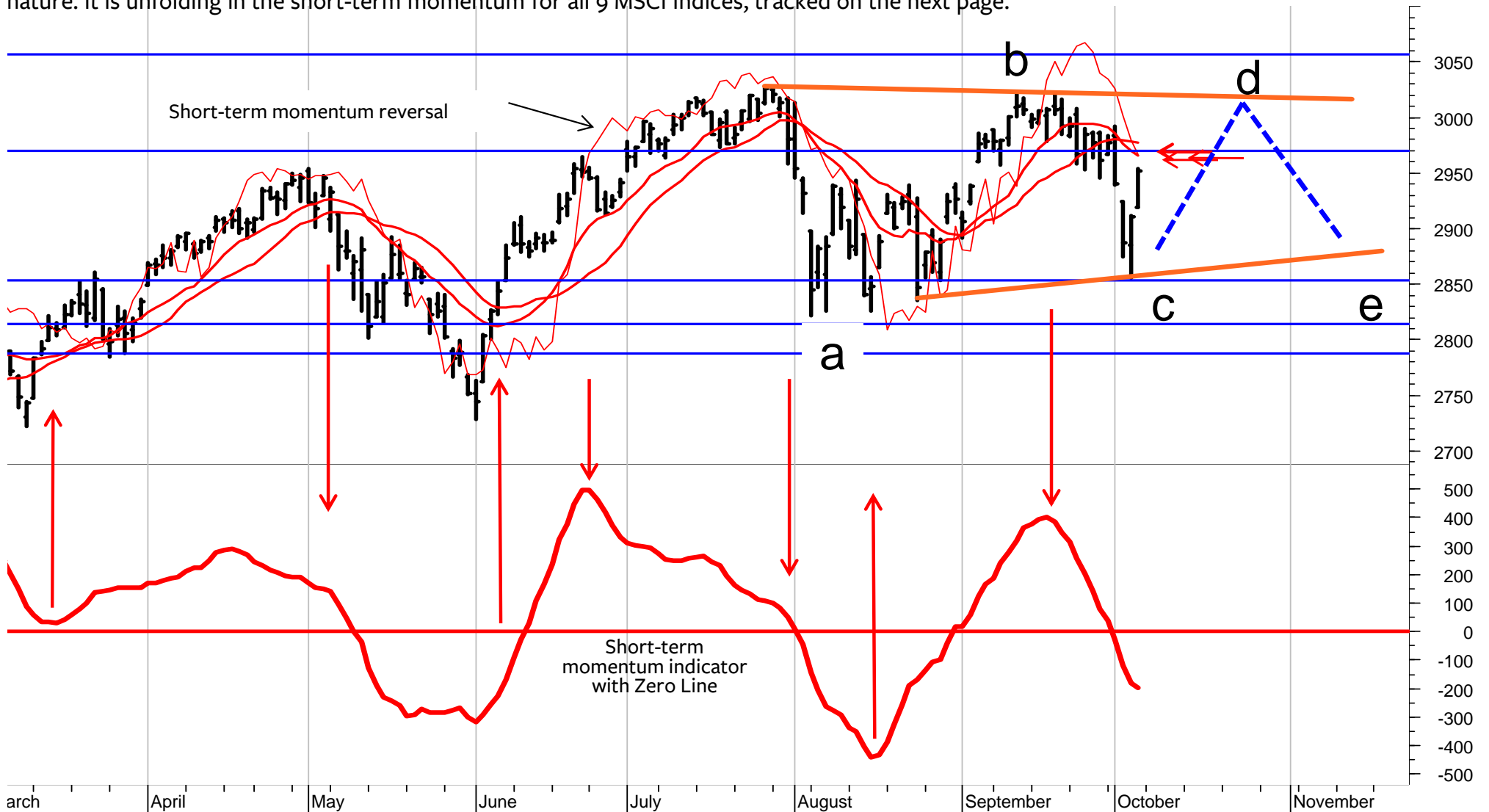
DOWN



S&P 500 Index – Short-term indicators – daily chart

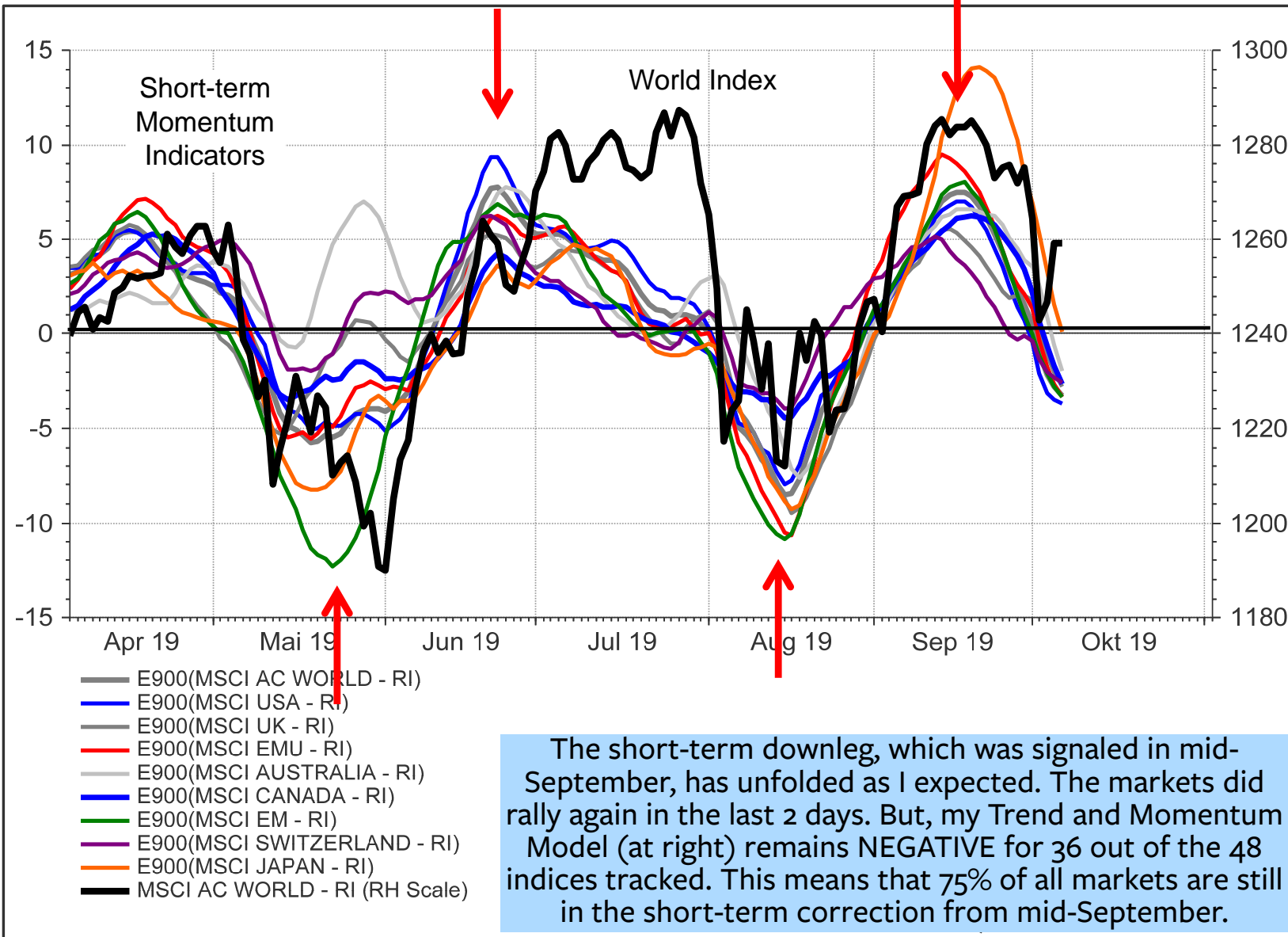
The Short-term Outlook is defined by the Short-term Momentum Indicator (and its Reversal), the 13-Day and the 21-Day Moving Averages. The Short-term Outlook is UP if the Short-term Momentum Indicator (bottom) is rising and the Index is above the 13-Day Average. The Short-term Outlook is turning more positive if also the 21-Day Average is broken. The Short-term Outlook is DOWN if the Short-term Momentum Indicator is declining and the Index is below the 13-Day Average. The Short-term Outlook is turning more negative if also the 21-Day Moving Average is broken.

The S&P 500 Index sold off to form Wave C of the TRIANGLE (a-b-c-d-e), which I projected last week. Presently, all three indicators are clustered at around 2970. This means that the Short-term Outlook would turn UP if these 3 indicators are broken. Given the formation of the triangle the S&P 500 Index is likely to flip-flop short-term between 2970 / 3060 and 2850 / 2780 in 4Q 2019. The short-term decline in September is global in nature. It is unfolding in the short-term momentum for all 9 MSCI Indices, tracked on the next page.



MSCI AC World Stock Market Index with 9 SHORT-TERM momentum indicators

The chart below shows the short-term momentum indicators for 9 stock market indices in 6 countries and 3 regions. The momentum indicators oscillate around the Zero line, shown on the left scale. The scale of the MSCI World Index is at right. The table at right shows the present ratings of my Technical SHORT-TERM Trend and Momentum Model.



INDEX	ST
ARGENTINA	+
AUSTRALIA	-
AUSTRIA	-
BELGIUM	-
BRAZIL	-
CANADA	-
CHILE	o
CHINA	-
COLOMBIA	o
CZECH REPUBLIC	-
DENMARK	-
EGYPT	+
FINLAND	-
FRANCE	-
GERMANY	-
GREECE	-
HONG KONG	-
HUNGARY	-
INDIA	-
INDONESIA FREE	-
IRELAND	o
ISRAEL	+
ITALY	-
JAPAN	-
KOREA	-
MALAYSIA FREE	-
MEXICO FREE	+
NETHERLANDS	-
NEW ZEALAND	o
NORWAY	-
PAKISTAN	+
PERU	-
PHILIPPINES FREE	-
POLAND	-
PORTUGAL	o
QATAR	-
RUSSIA	-
SINGAPORE	-
SOUTH AFRICA	-
SPAIN	-
SWEDEN	-
SWITZERLAND	-
TAIWAN	+
THAILAND FREE	-
TURKEY	+
UK	-
UNITED ARAB EMIRA	-
UNITED STATES	-

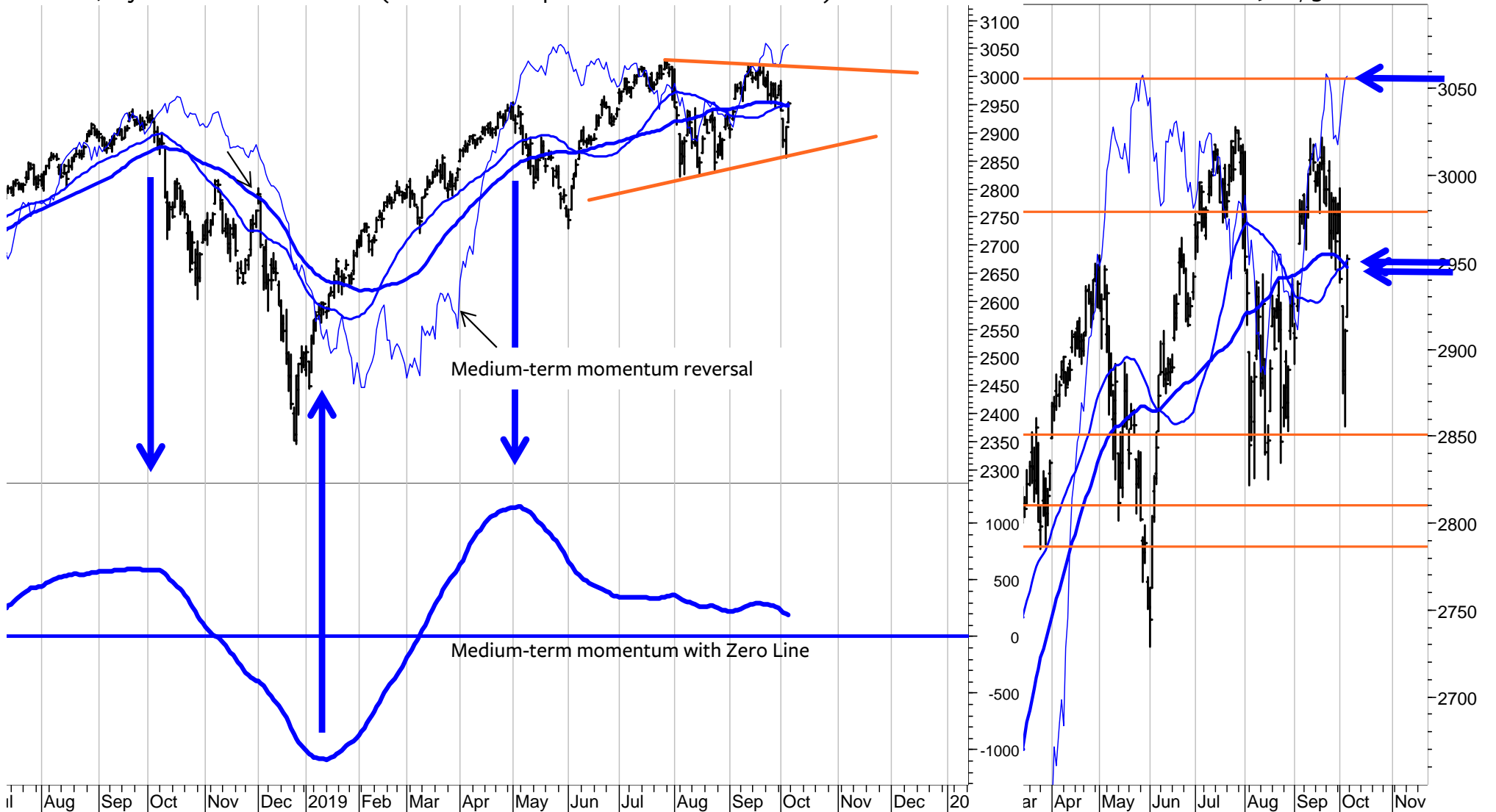
S&P 500 Index – Medium-term indicators - daily chart

Medium-term Outlook: DOWN

The Medium-term Outlook is defined by the Medium-term Momentum Indicator (and its Reversal), the 34-Day and the 55-Day Moving Averages. The Medium-term Outlook is UP if the Medium-term Momentum Indicator (bottom) is rising and the Index is above the 34-Day Average. The Medium-term Outlook is turning more positive if also the 55-Day Average is broken. The Medium-term Outlook is DOWN if the Medium-term Momentum Indicator is declining and the Index is below the 34-Day Average. The Medium-term Outlook is turning more negative if also the 55-Day Moving Average is broken.

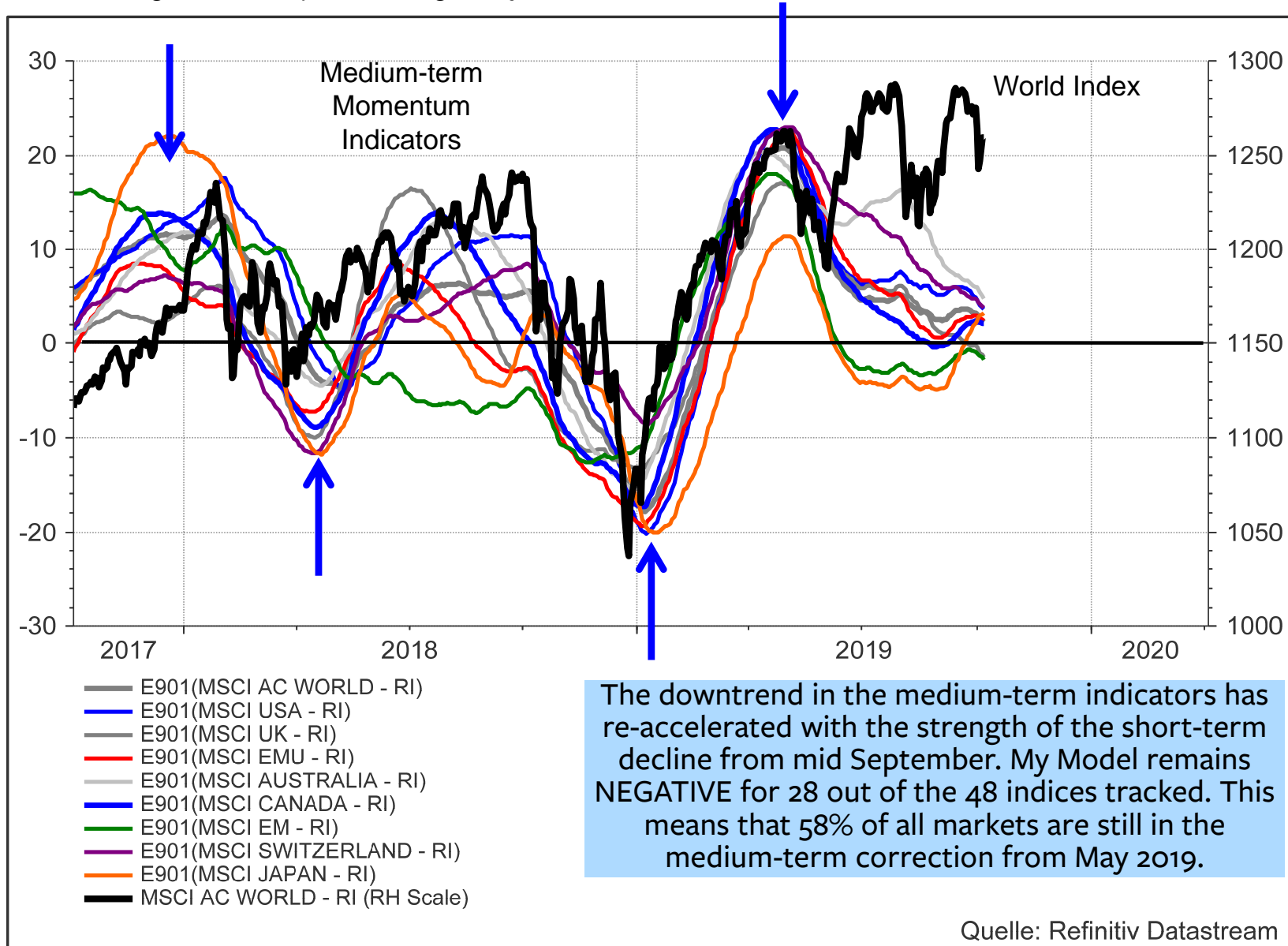
Last week, the S&P 500 Index sold off and bounced back just to find itself positioned back at the 34-day and 55-day moving averages (at 2950) and below the medium-term momentum reversal (at 3060). Given these signal parameters, the medium-term model is FLAT.

However, my Medium-term Outlook (which includes pattern and Fibonacci levels) remains DOWN unless the Index breaks 2980 / 3060.



MSCI AC World Stock Market Index with 9 MEDIUM-TERM momentum indicators

The chart below shows the medium-term momentum indicators for 9 stock market indices in 6 countries and 3 regions. The momentum indicators oscillate around the Zero line, shown on the left scale. The scale of the MSCI World Index is at right. The table at right shows the present ratings of my Technical MEDIUM-TERM Trend and Momentum Model.



INDEX	MT
ARGENTINA	O
AUSTRALIA	-
AUSTRIA	-
BELGIUM	-
BRAZIL	-
CANADA	-
CHILE	+
CHINA	-
COLOMBIA	+
CZECH REPUBLIC	-
DENMARK	-
EGYPT	+
FINLAND	-
FRANCE	-
GERMANY	-
GREECE	-
HONG KONG	-
HUNGARY	O
INDIA	+
INDONESIA FREE	-
IRELAND	+
ISRAEL	-
ITALY	O
JAPAN	+
KOREA	+
MALAYSIA FREE	-
MEXICO FREE	+
NETHERLANDS	+
NEW ZEALAND	-
NORWAY	+
PAKISTAN	+
PERU	-
PHILIPPINES FREE	-
POLAND	-
PORTUGAL	+
QATAR	+
RUSSIA	-
SINGAPORE	-
SOUTH AFRICA	-
SPAIN	+
SWEDEN	-
SWITZERLAND	-
TAIWAN	+
THAILAND FREE	-
TURKEY	+
UK	-
UNITED ARAB EMIRA	-
UNITED STATES	O

S&P 500 Index – Long-term indicators - daily chart

Long-term Outlook: FLAT

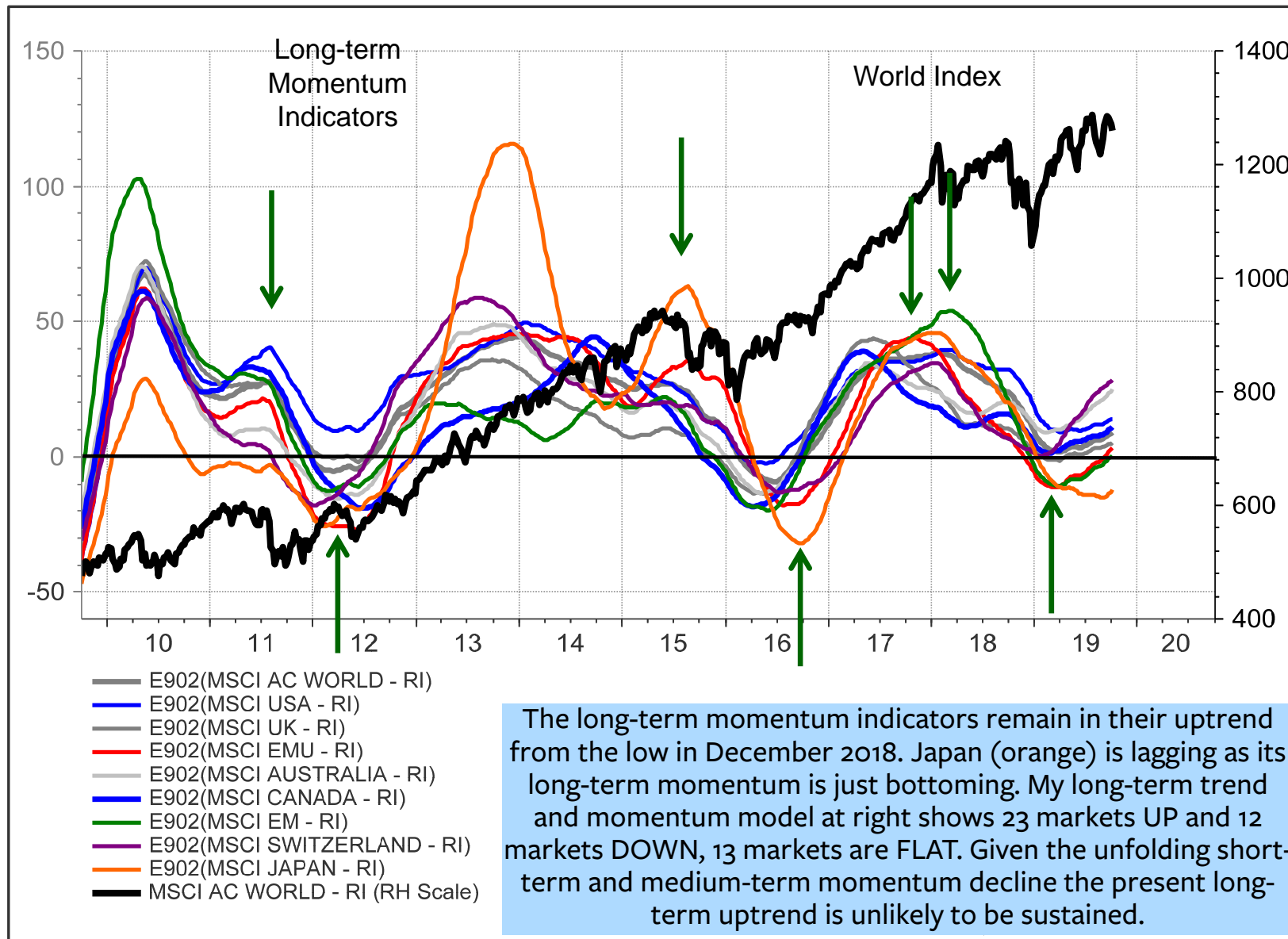
The Long-term Outlook is defined by the Long-term Momentum Indicator (and its Reversal), the 89-Day and the 144-Day Moving Averages. The Long-term Outlook is UP if the Long-term Momentum Indicator (bottom) is rising and the Index is above the 89-Day Average. The Long-term Outlook is turning more positive if also the 144-Day Average is broken. The Long-term Outlook is DOWN if the Long-term Momentum Indicator is declining and the Index is below the 89-Day Average. The Long-term Outlook is turning more negative if also the 144-Day Moving Average is broken.

Over the last two trading days, the S&P 500 Index has recovered above the 89-day and 144-day averages. Moreover, it again touched the long-term momentum reversal. But on Friday, it managed to close the week above all three long-term indicators. This is why my technical long-term model (on the table on the next page) is rated UP. However, my Long-term Outlook (which includes pattern and Fibonacci levels) remains FLAT. The key long-term resistance is at 3060 and 3120.



MSCI AC World Stock Market Index with 9 LONG-TERM momentum indicators

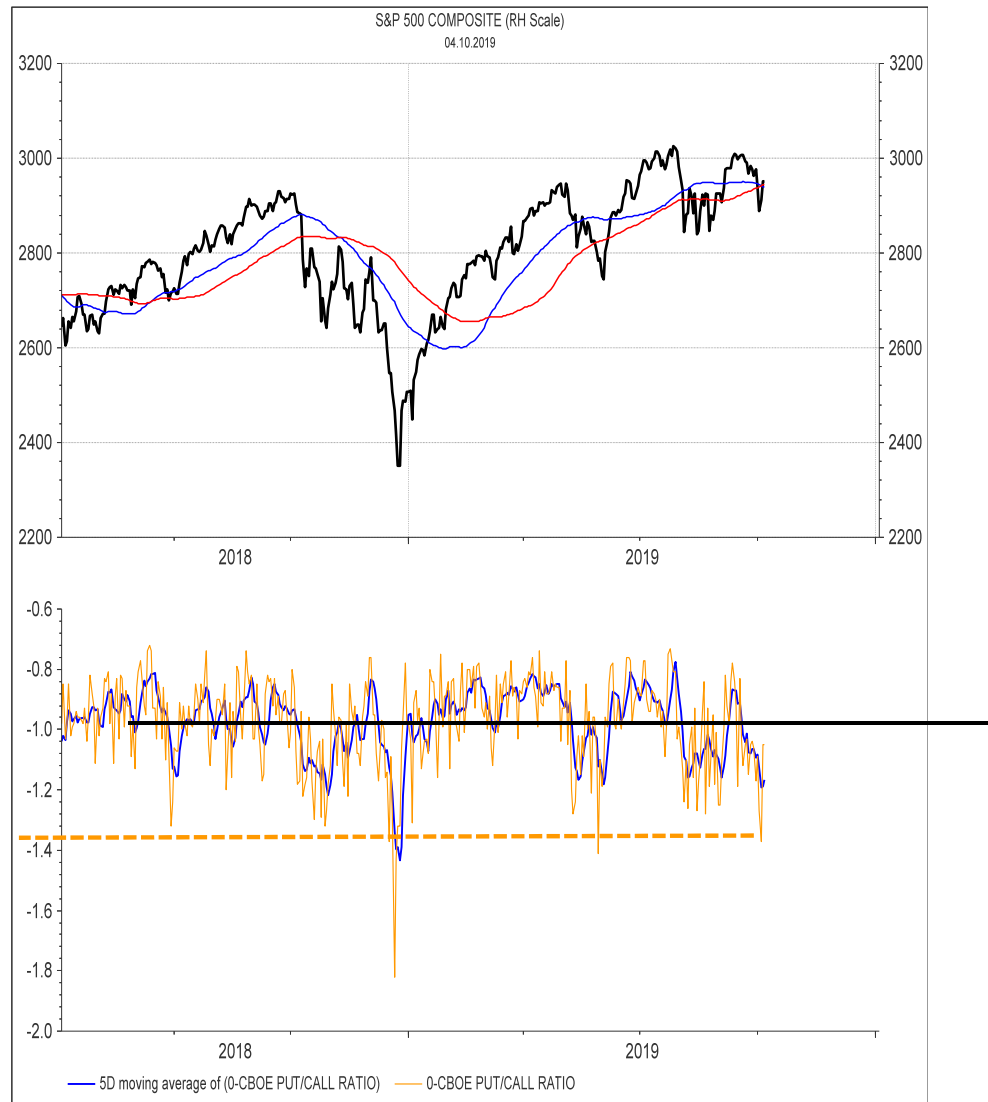
The chart below shows the long-term momentum indicators for 9 stock market indices in 6 countries and 3 regions. The momentum indicators oscillate around the Zero line, shown on the left scale. The scale of the MSCI World Index is at right. The table at right shows the present ratings of my Technical LONG-TERM Trend and Momentum Model.



INDEX	LT
ARGENTINA	-
AUSTRALIA	+
AUSTRIA	0
BELGIUM	+
BRAZIL	+
CANADA	0
CHILE	+
CHINA	0
COLOMBIA	+
CZECH REPUBLIC	-
DENMARK	+
EGYPT	+
FINLAND	-
FRANCE	+
GERMANY	0
GREECE	+
HONG KONG	-
HUNGARY	-
INDIA	-
INDONESIA FREE	-
IRELAND	+
ISRAEL	-
ITALY	+
JAPAN	+
KOREA	+
MALAYSIA FREE	-
MEXICO FREE	+
NETHERLANDS	+
NEW ZEALAND	+
NORWAY	+
PAKISTAN	+
PERU	-
PHILIPPINES FREE	0
POLAND	-
PORTUGAL	+
QATAR	0
RUSSIA	0
SINGAPORE	0
SOUTH AFRICA	0
SPAIN	0
SWEDEN	0
SWITZERLAND	+
TAIWAN	+
THAILAND FREE	-
TURKEY	+
UK	0
UNITED ARAB EMIRA	0
UNITED STATES	+

S&P 500 Index with the Call/Put Ratio and the 5-day average

Last Thursday, the Call/Put Ratio registered a low, similar to the readings in June 2019 or in December 2018. This reading mirrors extreme investor pessimism and means that the S&P is likely to rise to another new high or remain in the consolidation from May 2019.

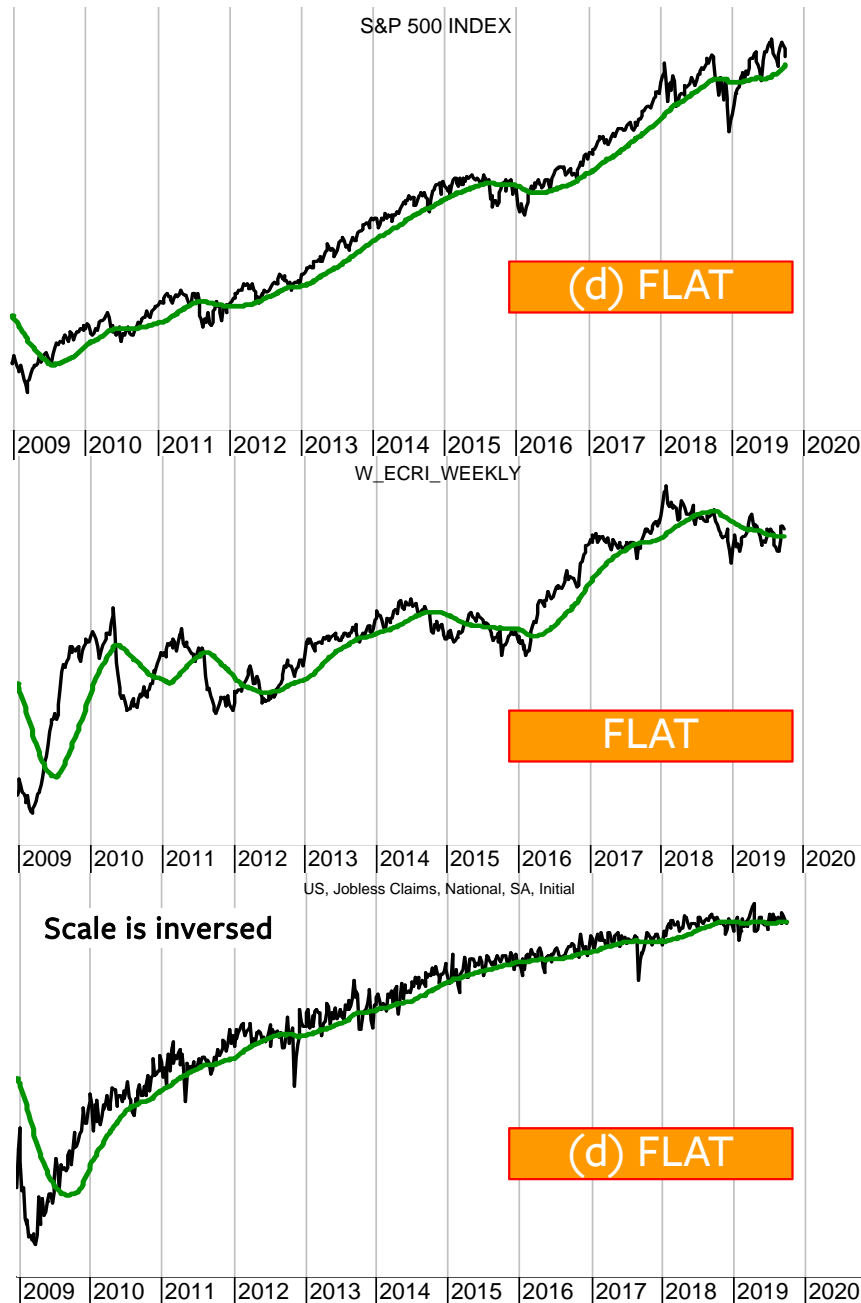


S&P 500 Index absolute and relative to Gold (blue)

The chart at left implies that the downside risk appears contained based on the contrary-opinion approach. But, the chart below still casts a doubt over the equities long-term outlook. The relative underperformance of stocks to gold implies that a break of the relative chart (blue line) below the orange horizontal support could spell more trouble for the equity market. In a healthy bull market both charts should register higher highs in tandem.



US-Three-Factor-Model - S&P 500 Index, ECRI and the (inverse) Weekly Jobless Claims



The S&P 500 Index remains below the 4-week average, which itself has turned down, still positioned above the 40-week average (green).
The Model is turning FLAT.

The Weekly Economic Cycle Research Index fell to 146.3. This is slightly above the 4-week moving average.
The Model remains FLAT. It would take a rise above 147.50 to move the Model to UP.

The (inverse) Weekly Jobless Claims moved from 213k to 219k. This reading is below the 4-week and below the 40-week averages.
The Model is moving to FLAT.

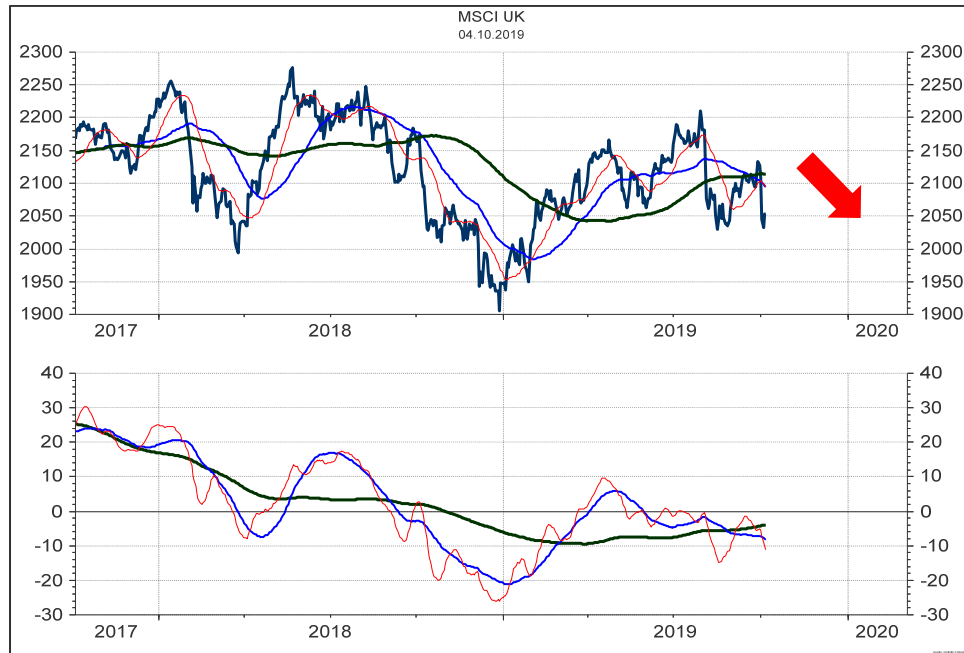
U.K. FTSE Index – daily chart

The FTSE entered a selloff from the resistance lines, which I had located at 7750 (in August) and at 7450 (in September). In September, the Index fell to the support, which I had located at 7000. I have adjusted my forecast following the latest decline. From here, the FTSE could extend the TRIANGLE or, it could extend the decline with supports at 6880 and 6730.

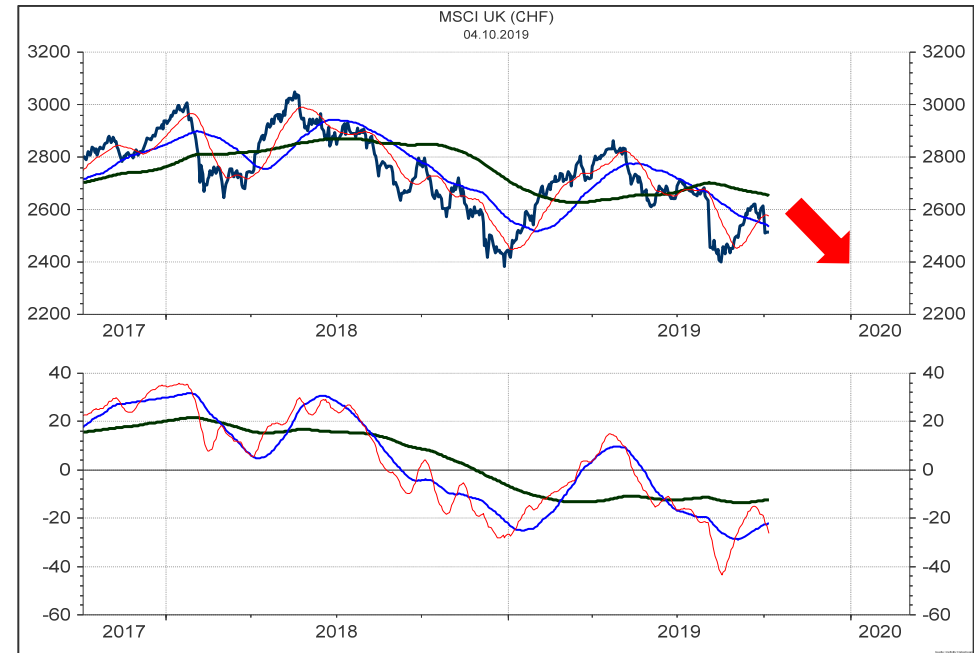
Long-term Outlook: FLAT
Medium-term Outlook: DOWN



MSCI U.K. in Pound



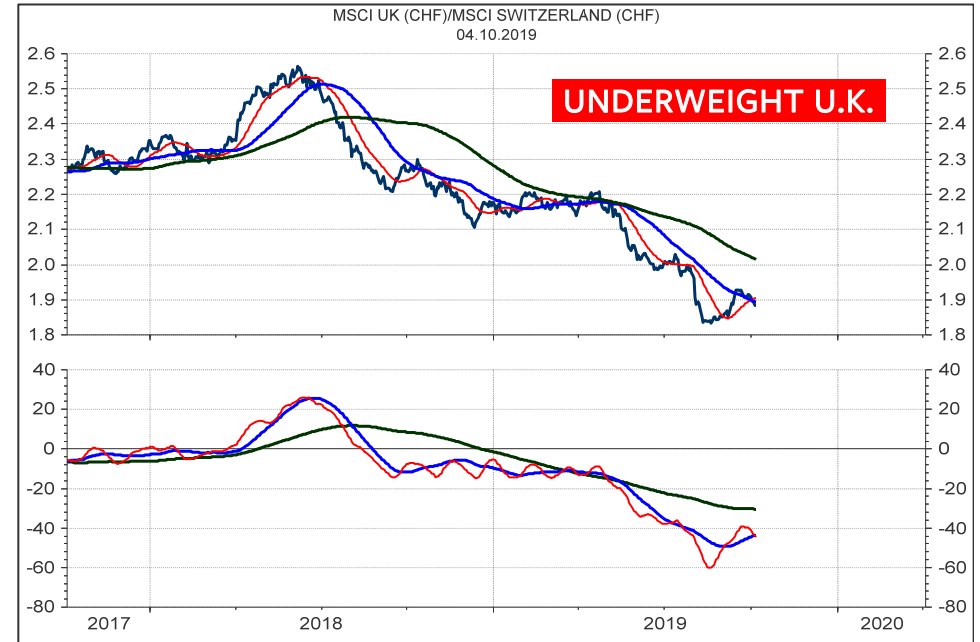
MSCI U.K. in Swiss franc



MSCI U.K. relative to the MSCI AC World



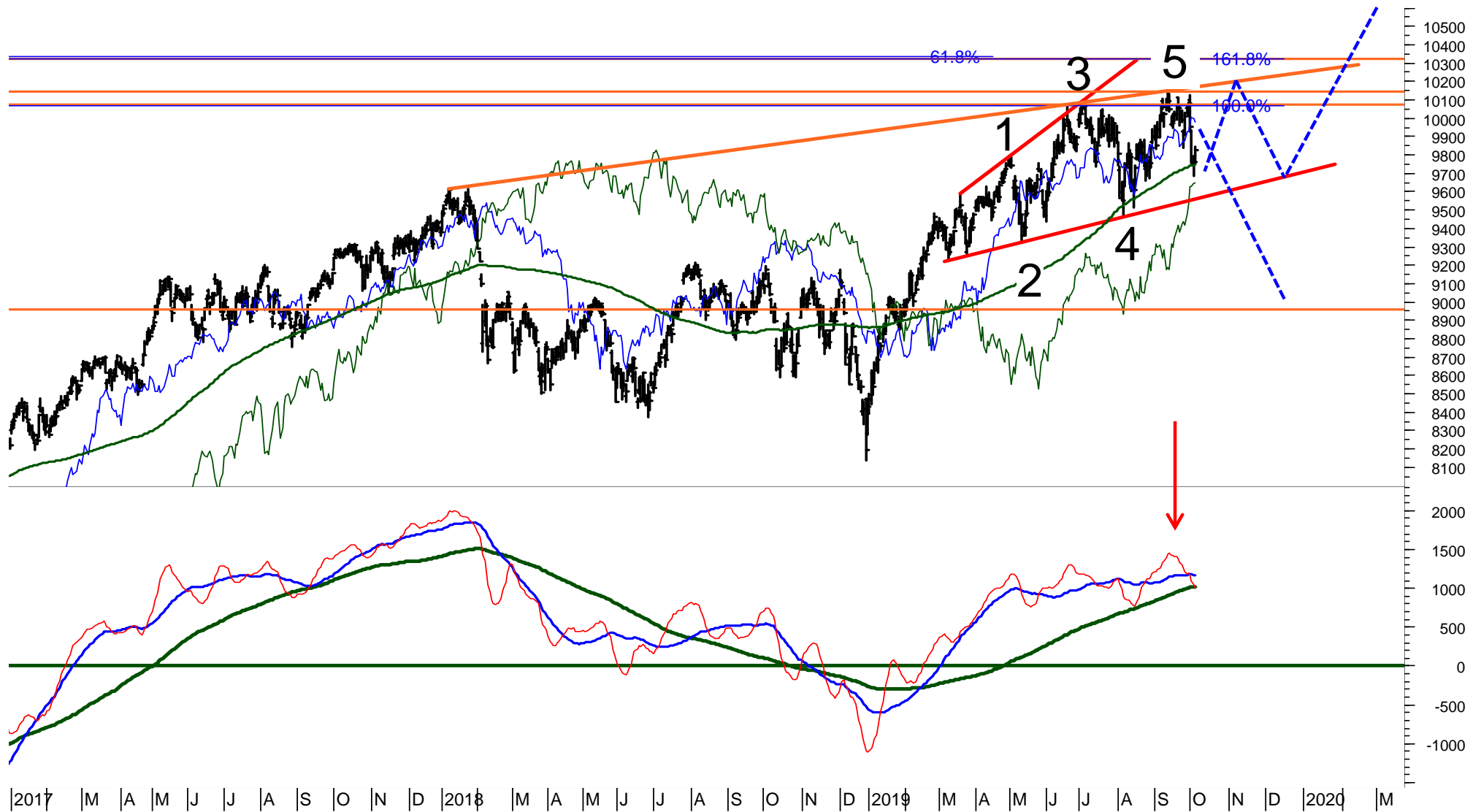
MSCI U.K. in CHF relative to MSCI Switzerland



Swiss Market Index SMI

The SMI could have ended the Wedge, which I have been tracking since March 2019. The extension of the medium-term momentum uptrend appears to be ending with the unfolding short-term decline. A break of the 144-day average, the long-term momentum reversal at 9650 and the uptrend line of the Wedge at 9550 would signal a new long-term downgrade.

Long-term Outlook: UP
Medium-term Outlook: DOWN



Swiss MidCap Price Index (.SMIX)

The SMIX entered the correction and followed my bearish forecast. It could still rally to the long-term resistance at 1040/50 before turning down again. The bearish outlook calls for an immediate test or break of the support at 980. A break of the 89-day and 144-day averages and the long-term momentum reversal at 1000 / 950 would signal a new long-term downgrade.

Long-term Outlook: FLAT
Medium-term Outlook: DOWN



Swiss SmallCap Price Index (.ssix)

Clearly, a break in the SSIX above the resistance lines at 1375 and 1390 would signal a bullish long-term turnaround with slightly higher resistance at 1430.

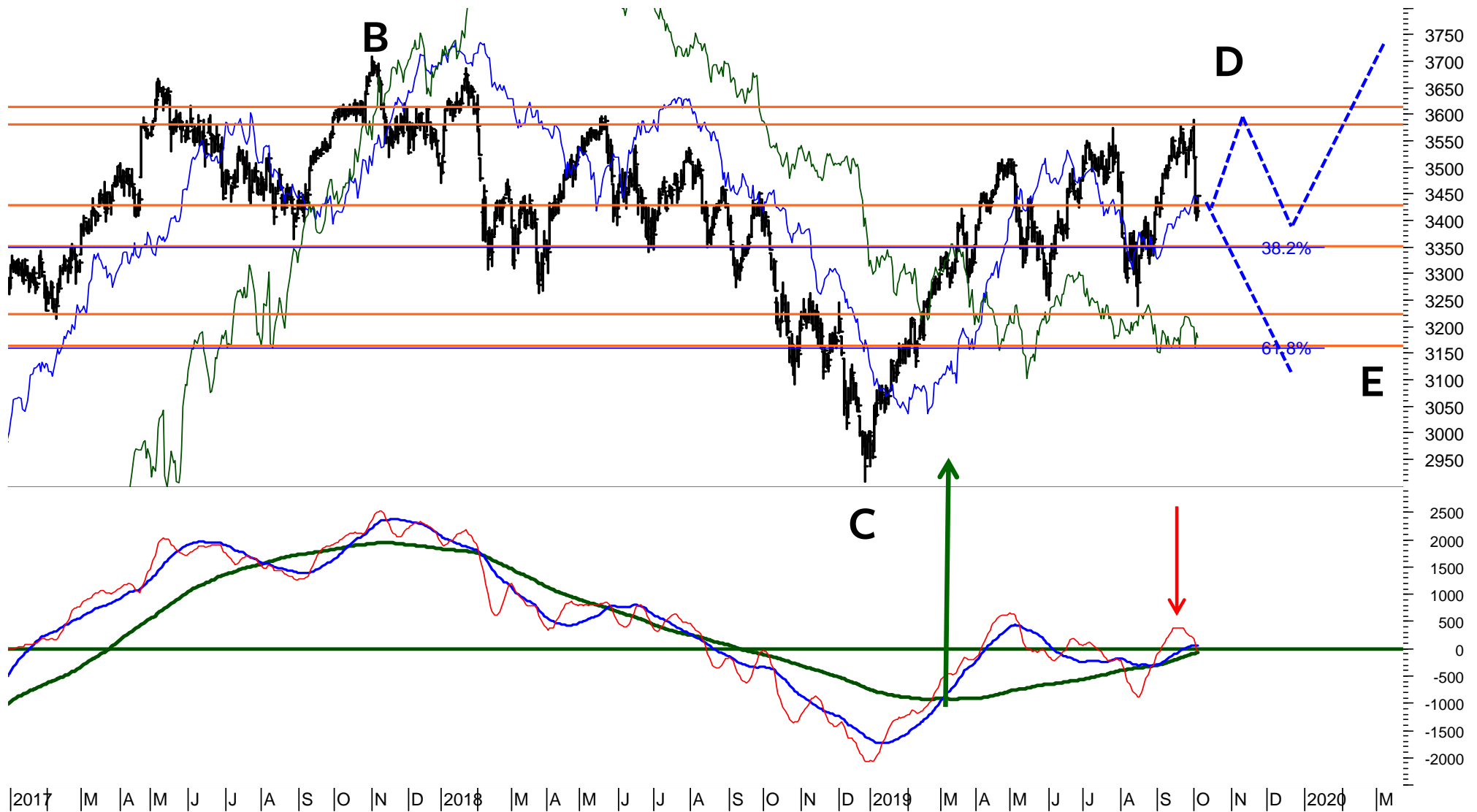
Long-term Outlook: DOWN
Medium-term Outlook: DOWN



Eurostoxx 50 Index

My forecast for the Eurostoxx 50 Index remains unchanged.
The Eurostoxx is forming Wave E of the TRIANGLE, which originated in 2015.

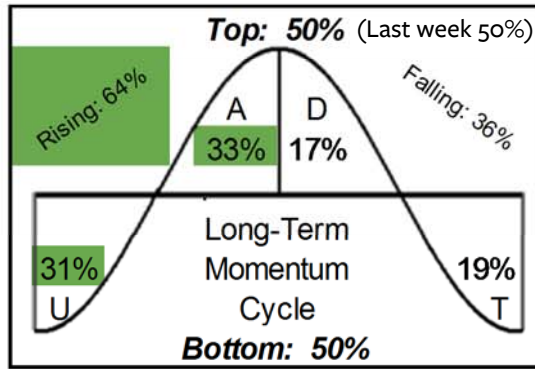
Long-term Outlook: FLAT
Medium-term Outlook: DOWN



STOXX 600 Index constituent stocks – long-term, medium-term and short-term momentum positioning

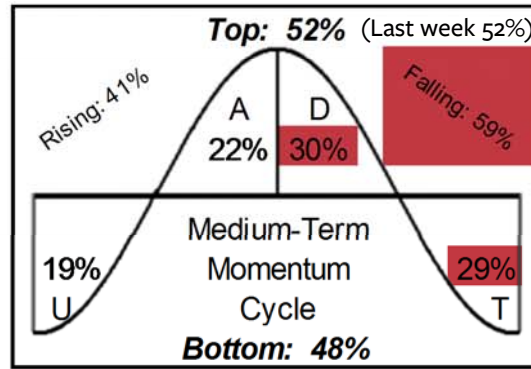
STOXX 600 LONG TERM

U denotes the UP-quadrant; the momentum indicator is rising below the Zero line. A=Advancing; the momentum indicator is rising above the Zero line. D=Declining; the momentum indicator is declining above the Zero line. T=Terminating; the momentum indicator is declining below the Zero line.



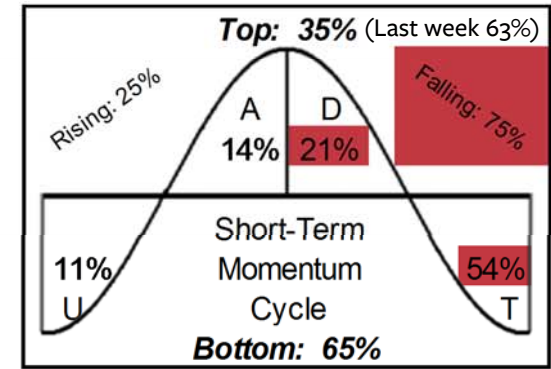
The long-term momentum readings remain POSITIVE for the Stoxx 600 stocks. But, the percentage of the 600 stock, which is positioned in the positive quadrants U+A, has declined from last week's 69% to the present 64%. This slowing up trend is also mirrored in the long-term momentum uptrend in the Eurostoxx Index.

STOXX 600 MEDIUM TERM



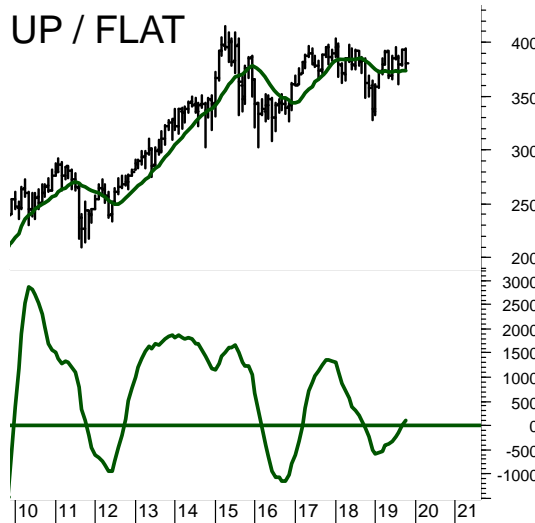
The medium-term momentum readings have shifted from positive to NEGATIVE. The percentage of the 600 stocks, which is positioned in the negative quadrants D+T, has increased from 42% to 59%. This bearish constellation is also mirrored in the decline of the medium-term momentum indicator of the Stoxx 600 Index (below).

STOXX 600 SHORT TERM

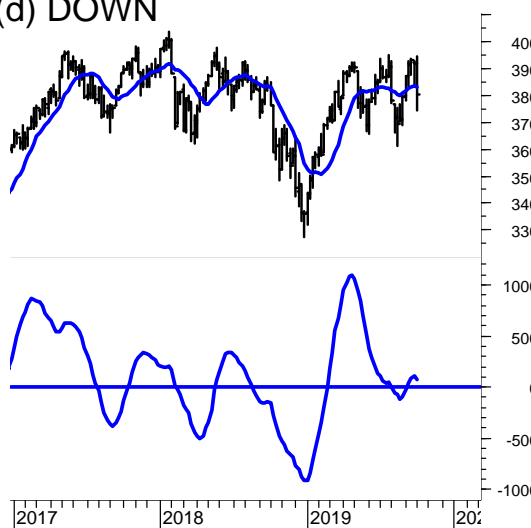


The percentage of the 600 stocks, which is positioned in the negative quadrants D+T, has increased from last week's 63% to 75%. The percentage in the Terminating phase has increased from 22% to 54%. This bearish constellation is also mirrored in the decline of the short-term momentum indicator of the Stoxx 600 Index (below), which fell below the Zero line.

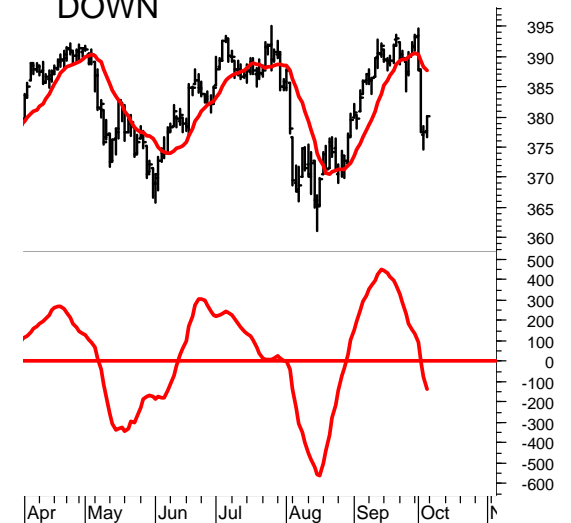
UP / FLAT



(d) DOWN



DOWN



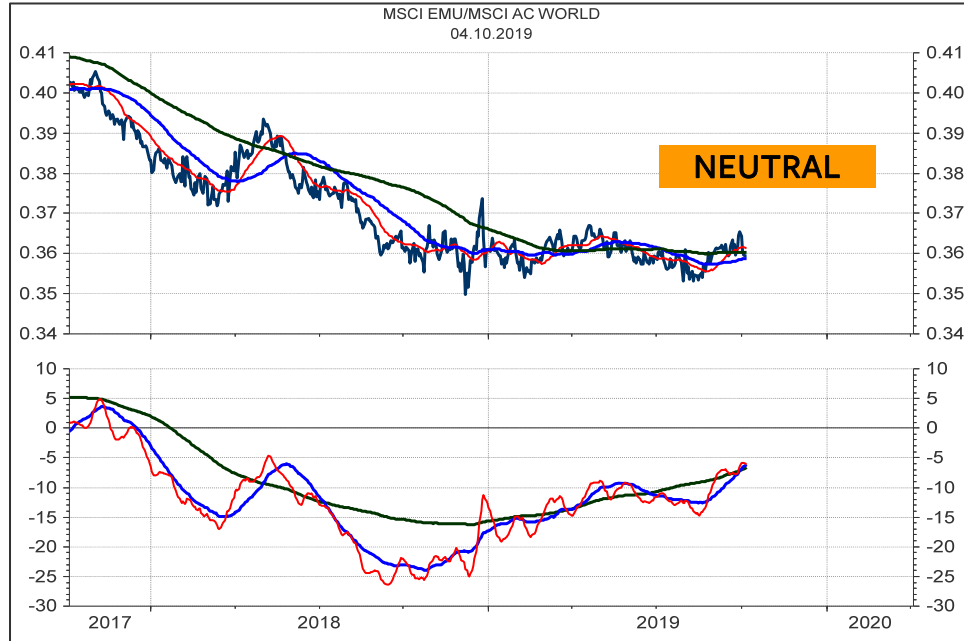
MSCI EMU in Euro



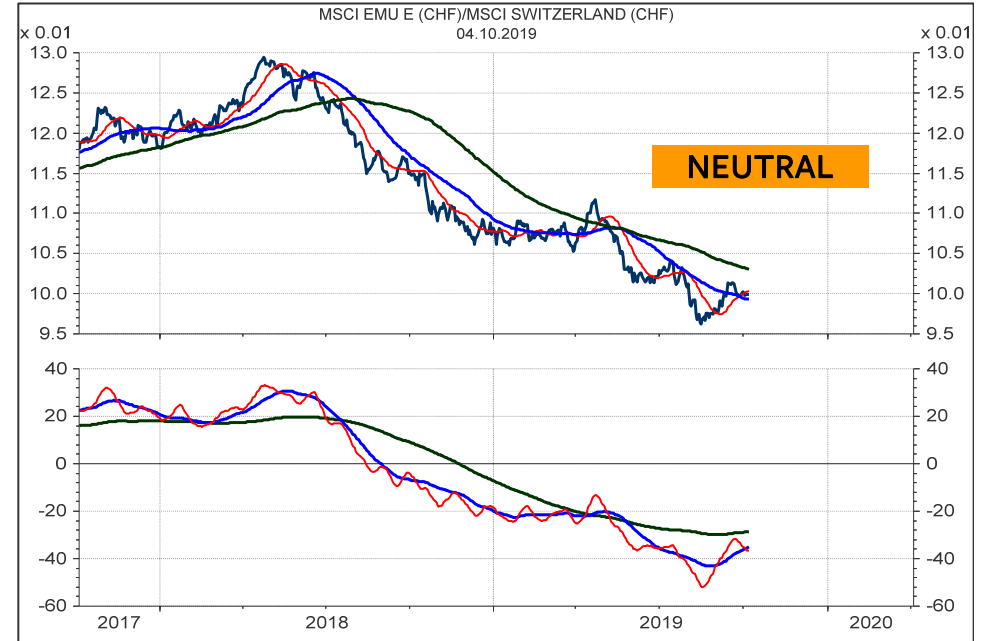
MSCI EMU in Swiss franc



MSCI EMU relative to the MSCI AC World



MSCI EMU in CHF relative to MSCI Switzerland



German DAX

The DAX remains in the consolidation from April.
Resistance is at 12,800. Support is at 11,900 and 11,600.
A break of the supports would favour the bearish outlook.

Long-term Outlook: FLAT
Medium-term Outlook: DOWN



Japanese Nikkei 225 Index

It will take a rise in the Nikkei above 22,500 to signal a bullish breakout of the consolidation from early 2019 and to signal a new long-term uptrend.

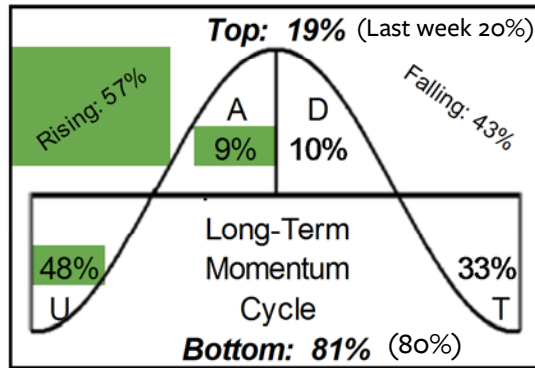
Long-term Outlook: FLAT
Medium-term Outlook: DOWN



NIKKEI 225 Index constituent stocks – long-term, medium-term and short-term momentum positioning

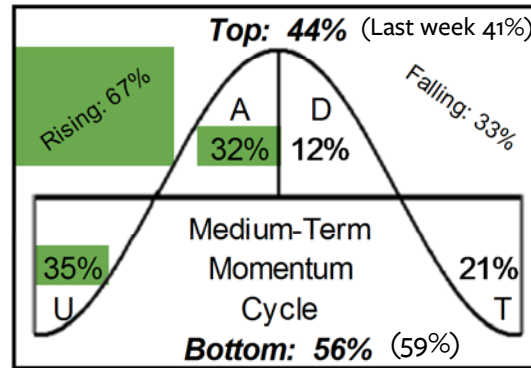
NIKKEI 225 LONG TERM

U denotes the UP-quadrant; the momentum indicator is rising below the Zero line. A=Advancing; the momentum indicator is rising above the Zero line. D=Declining; the momentum indicator is declining above the Zero line. T=Terminating; the momentum indicator is declining below the Zero line.



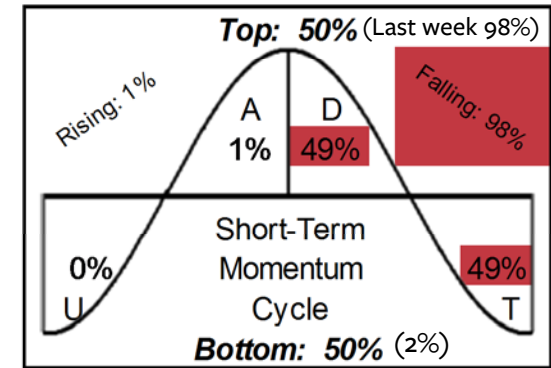
The long-term momentum readings remain POSITIVE for the Nikkei 225 stocks. But, the percentage of the 225 stock, which is positioned in the positive quadrants U+A, has declined from last week's 60% to the present 57%. This slowing uptrend is also mirrored in the long-term momentum uptrend in the Nikkei 225 Index.

NIKKEI 225 MEDIUM TERM



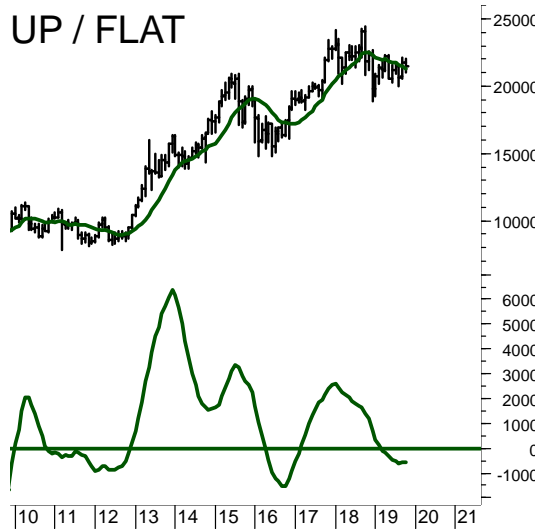
The medium-term momentum readings remain POSITIVE. The percentage of the 225 stocks, which is positioned in the positive quadrants U+A, has declined from 77% to 67%. Thus, the medium-term cycle is still positive. However, the medium-term momentum indicator of the Nikkei 225 Index (below), has already turned down.

NIKKEI 225 SHORT TERM

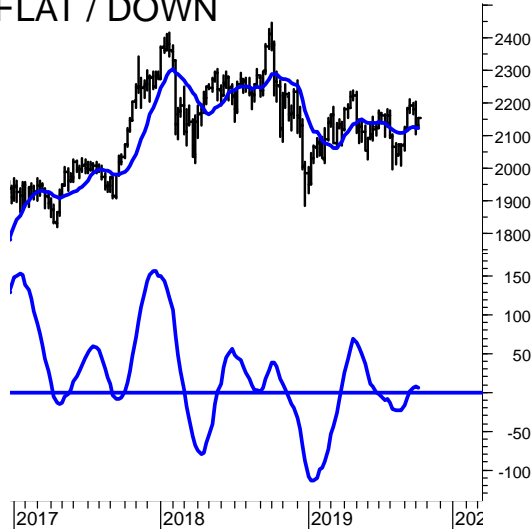


The percentage of the 225 stocks, which is positioned in the negative quadrants D+T, has increased from last week's 93% to 98%. The percentage in the Terminating phase has increased from 1% to 49%. This bearish constellation is also mirrored in the decline of the short-term momentum indicator of the Nikkei 225 Index (below).

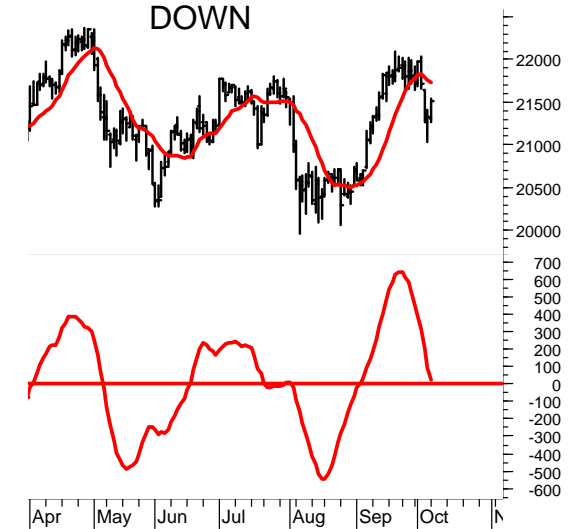
UP / FLAT



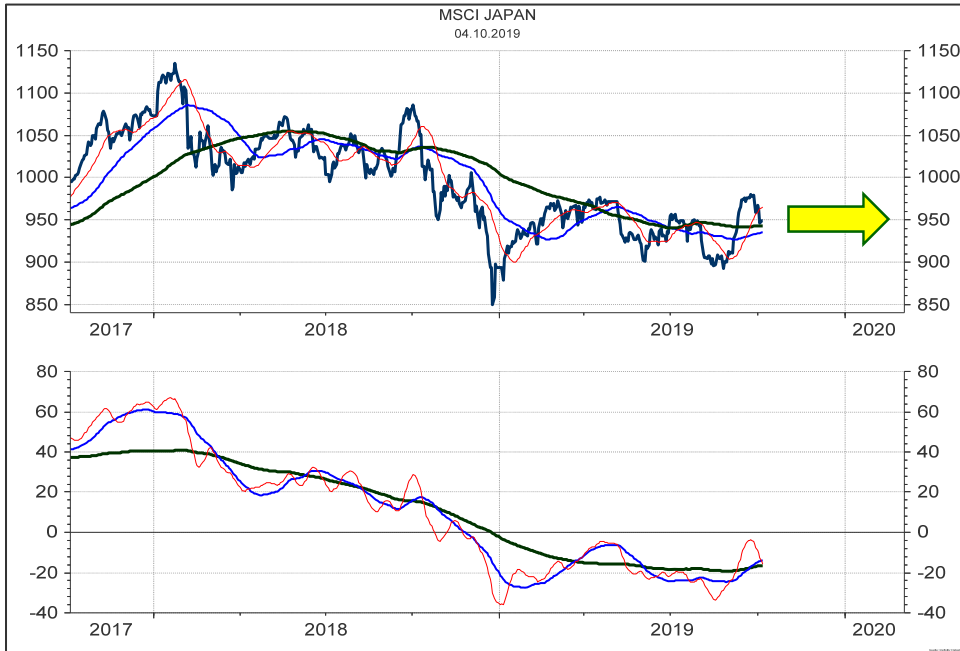
FLAT / DOWN



DOWN



MSCI JAPAN in Yen



MSCI JAPAN in Swiss franc



MSCI JAPAN relative to the MSCI AC World



MSCI JAPAN in CHF relative to MSCI Switzerland



MSCI Emerging Markets Index

The Index remains in the trading range between 1060 and 950. Clearly, it would take a rise above 1030 / 1060 to signal a bullish turn with resistance at 1120.

Long-term Outlook: FLAT
Medium-term Outlook: DOWN



MSCI EMERGING MARKETS in local currencies



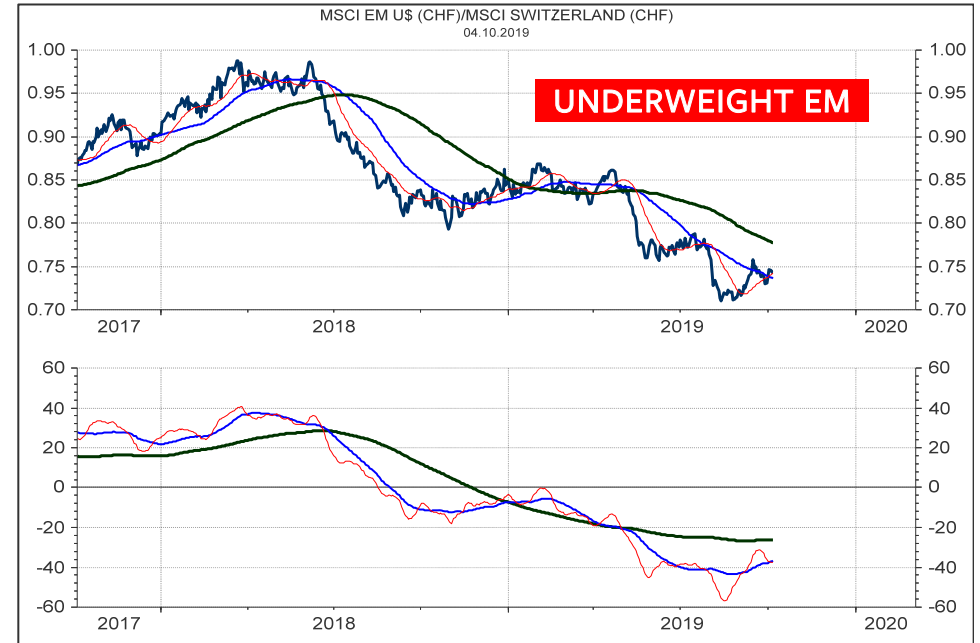
MSCI EMERGING MARKETS in Swiss franc



MSCI EMERGING MARKETS relative to the MSCI AC World



MSCI EMERGING MARKETS in CHF relative to MSCI Switzerland



Shanghai Composite Index

Last week, China was celebrating the National Day Golden Week.

Long-term Outlook: FLAT
Medium-term Outlook: FLAT



MSCI CHINA in Yuan



MSCI CHINA in Swiss franc



MSCI CHINA relative to the MSCI AC World



MSCI CHINA in CHF relative to MSCI Switzerland



Bloomberg Commodity Index Total Return

The BCI would trigger a major DEFLATIONARY sell signal if the neckline of what could be identified as long-term Head and Shoulder Top at 160 / 155 is broken.

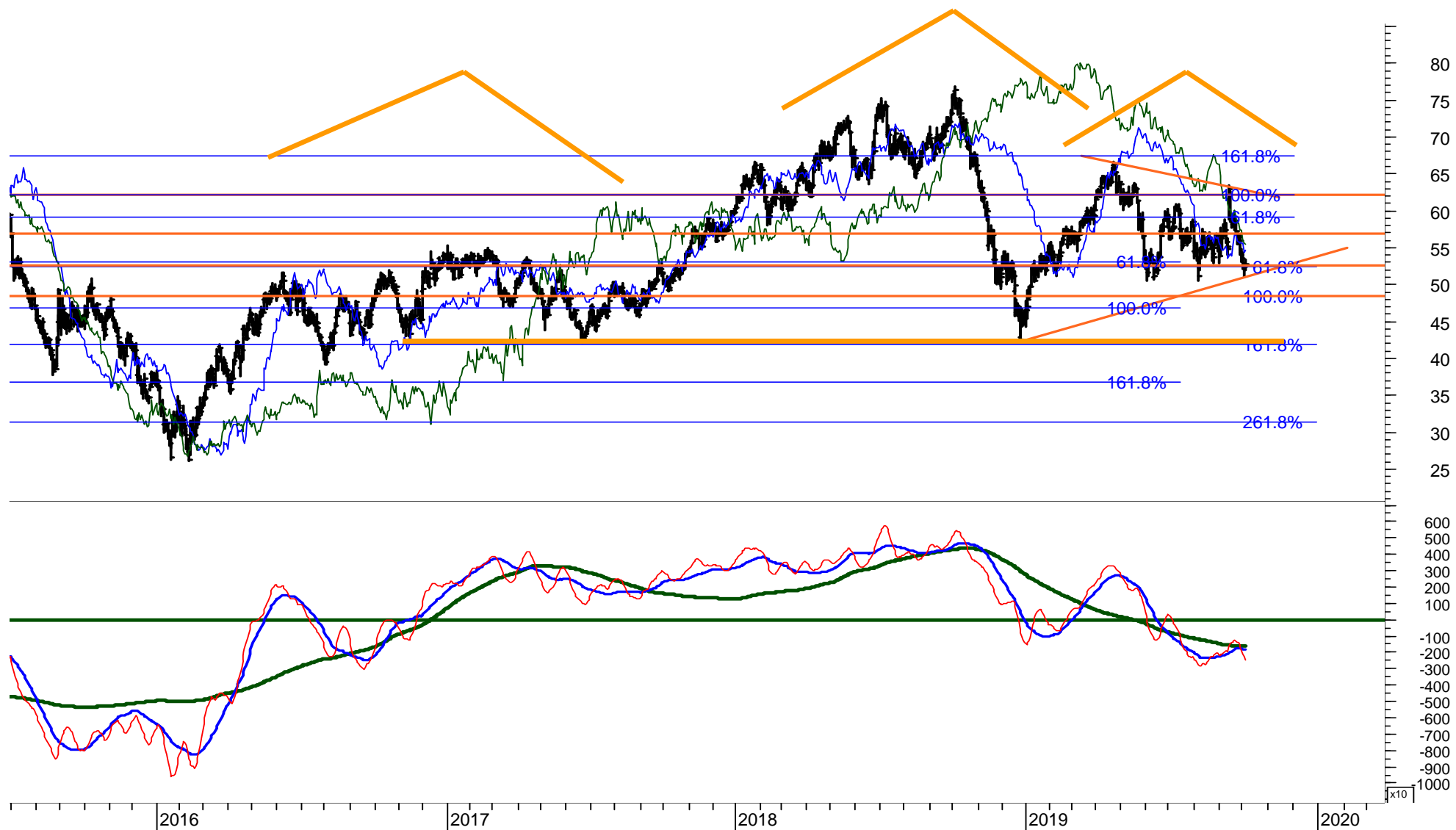
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Light Crude Oil Continuous Future

Crude oil remains in its triangle.
It is testing the support at 52, a break of which would signal 48 /47 or 42.

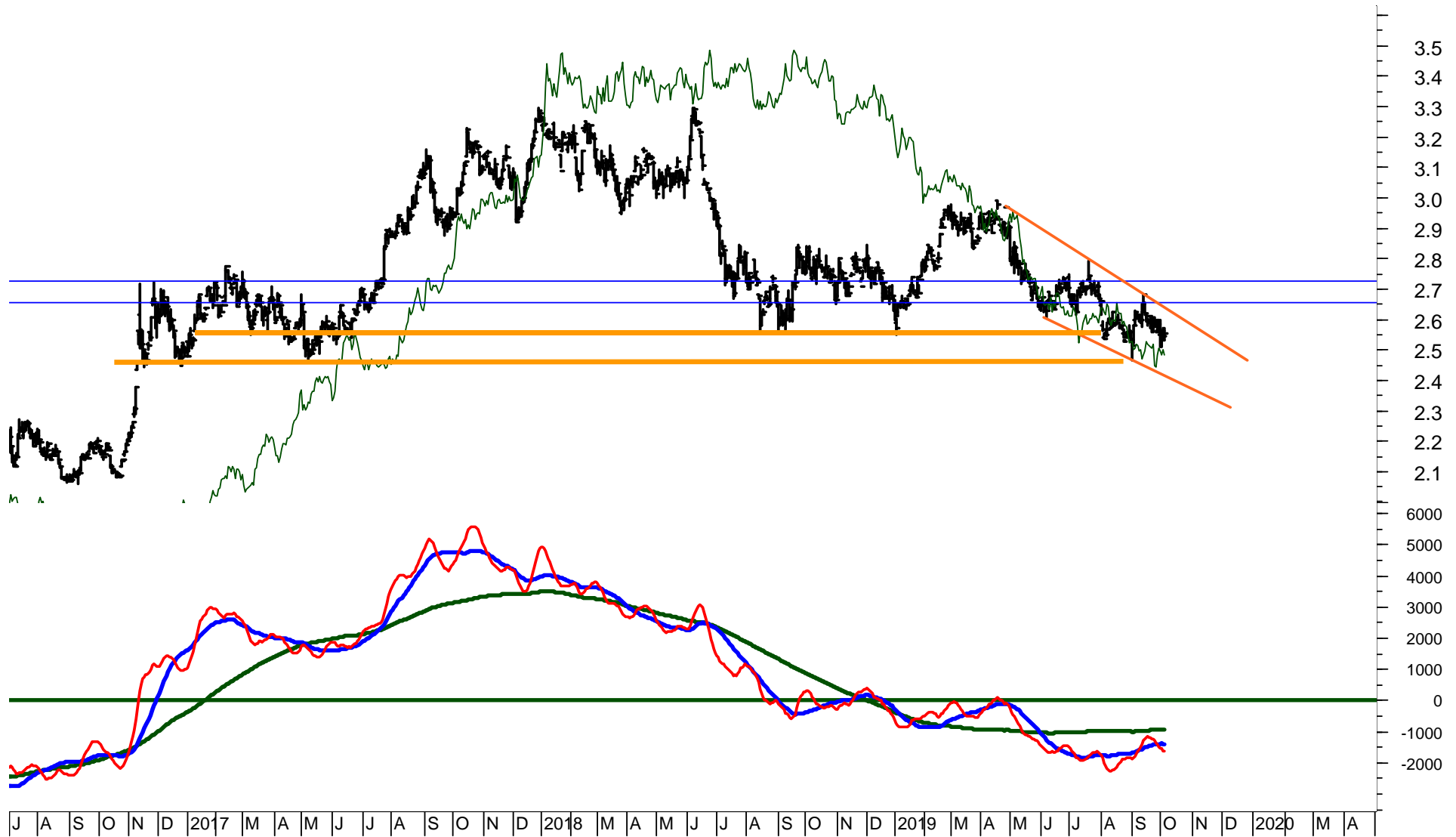
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



HG Copper Continuous Future

Copper would have to rise above 2.66 / 2.74 to break upwards from the downtrending Wedge.

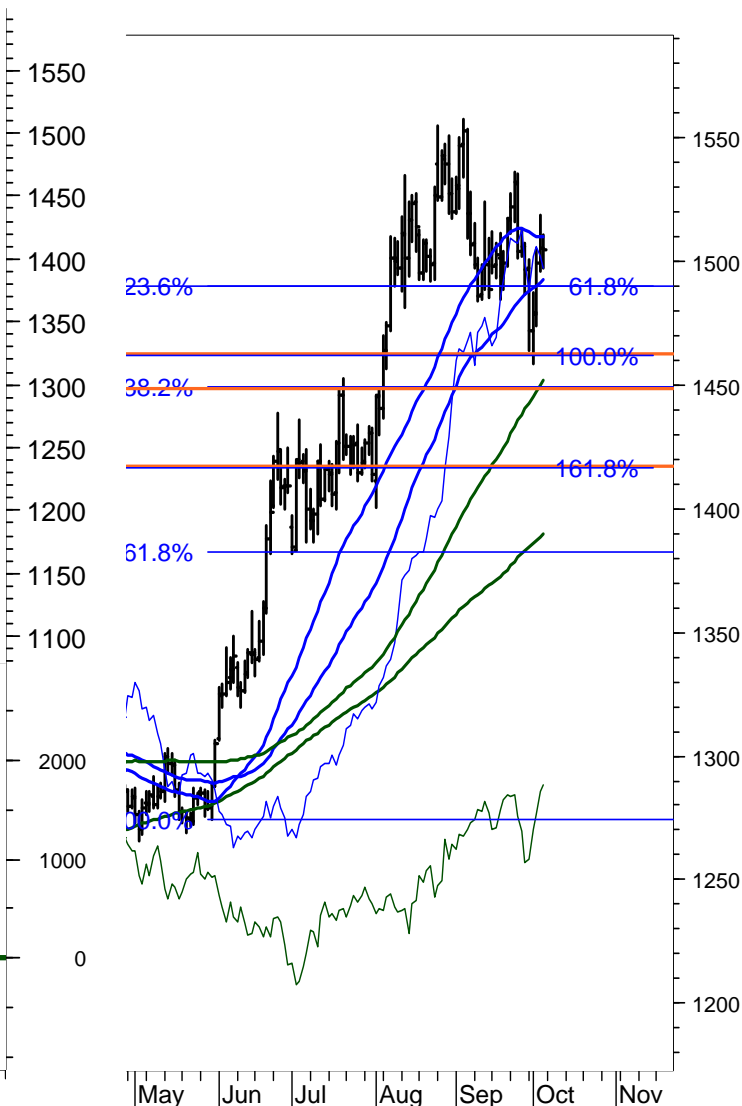
Long-term Outlook: DOWN
Medium-term Outlook: DOWN



Gold per Ounce in US dollar – daily charts

Gold is trading at its medium-term trend and momentum indicators. It could signal a medium-term correction if these indicators and the Fibonacci supports at 1490 / 1440 are broken. It is likely to take a few months for the medium-term momentum to be relieved of its overbought level.

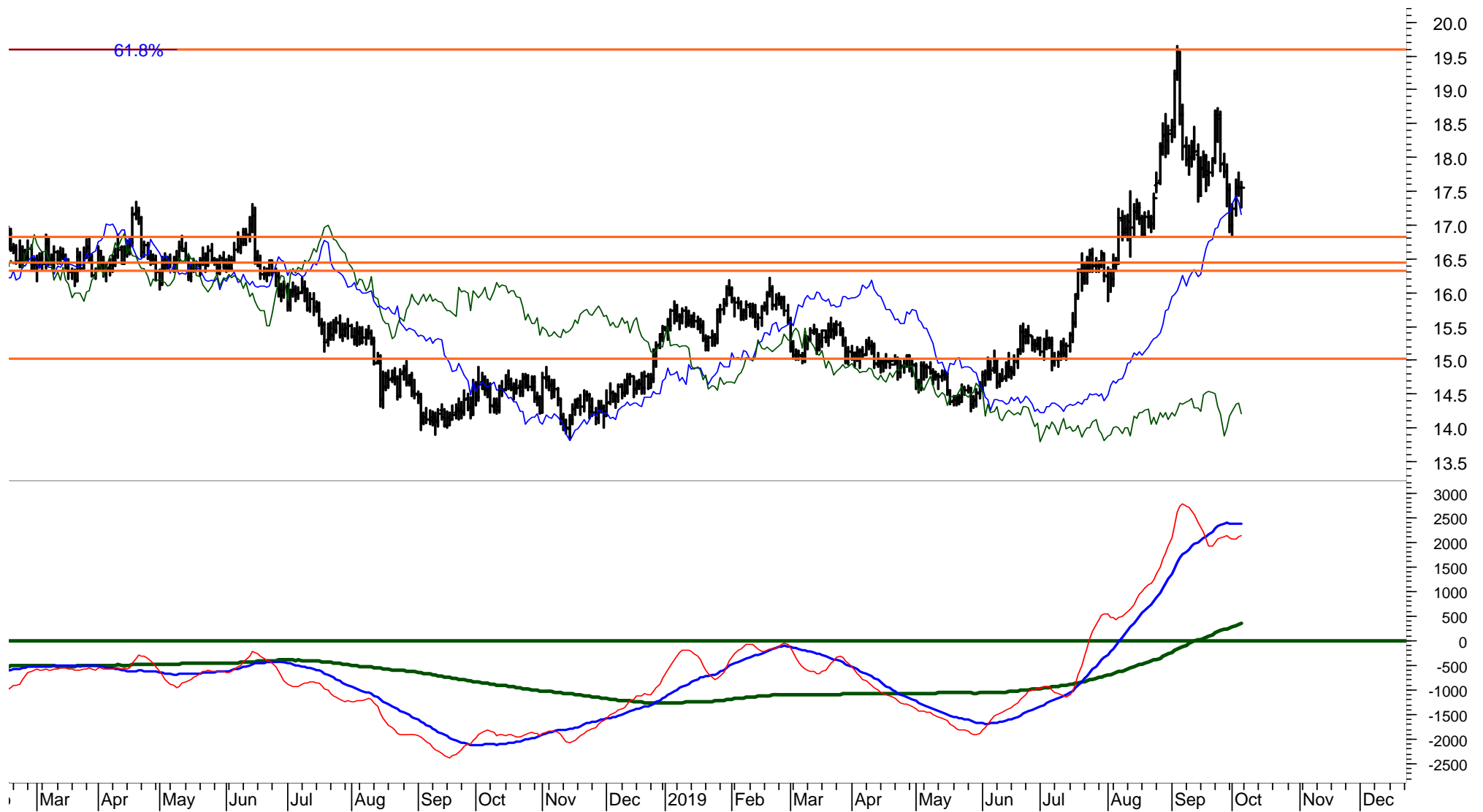
Long-term Outlook: UP
Medium-term Outlook: FLAT



Silver – daily chart

Silver is trading around the major support at 17.30 / 17. Clearly, a break of the September low at 16.80 and the support at 16.30 would mean that Silver could retrace to 15.

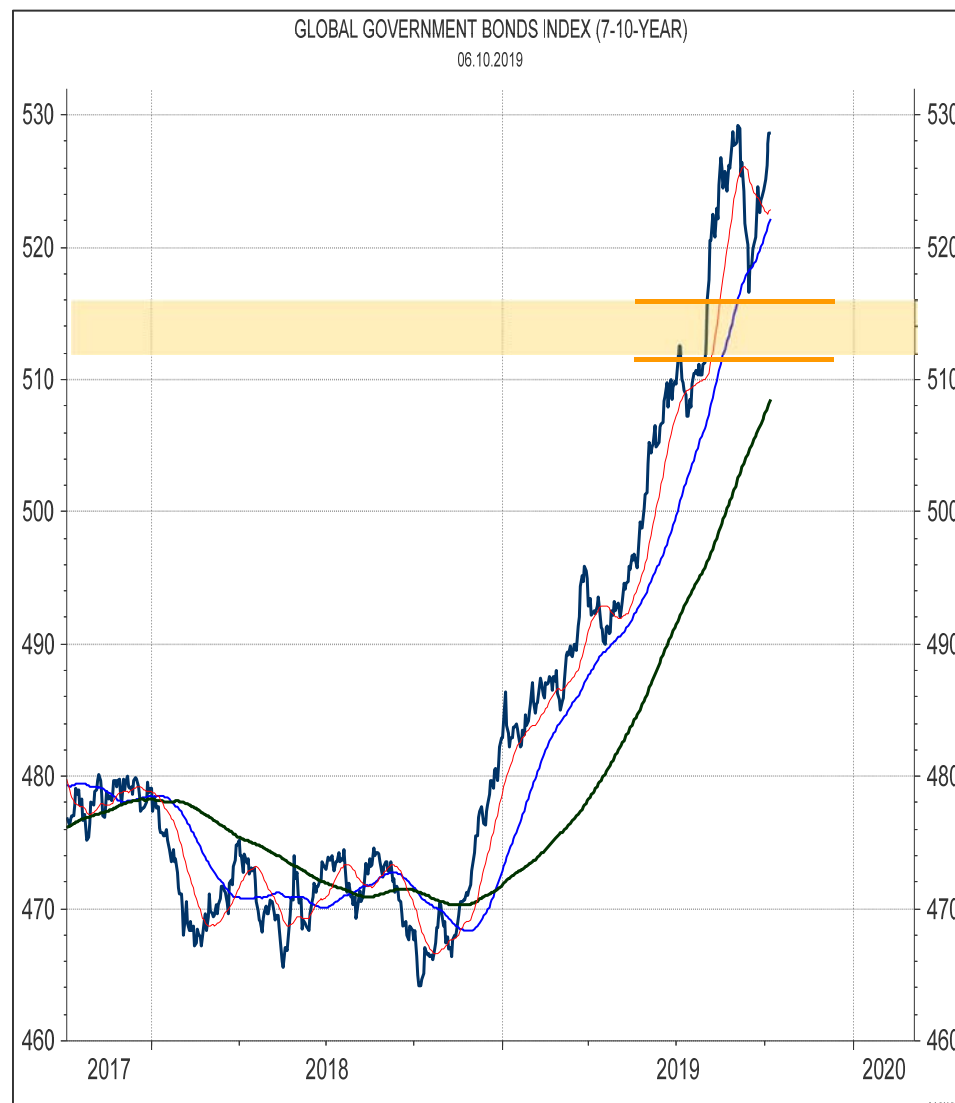
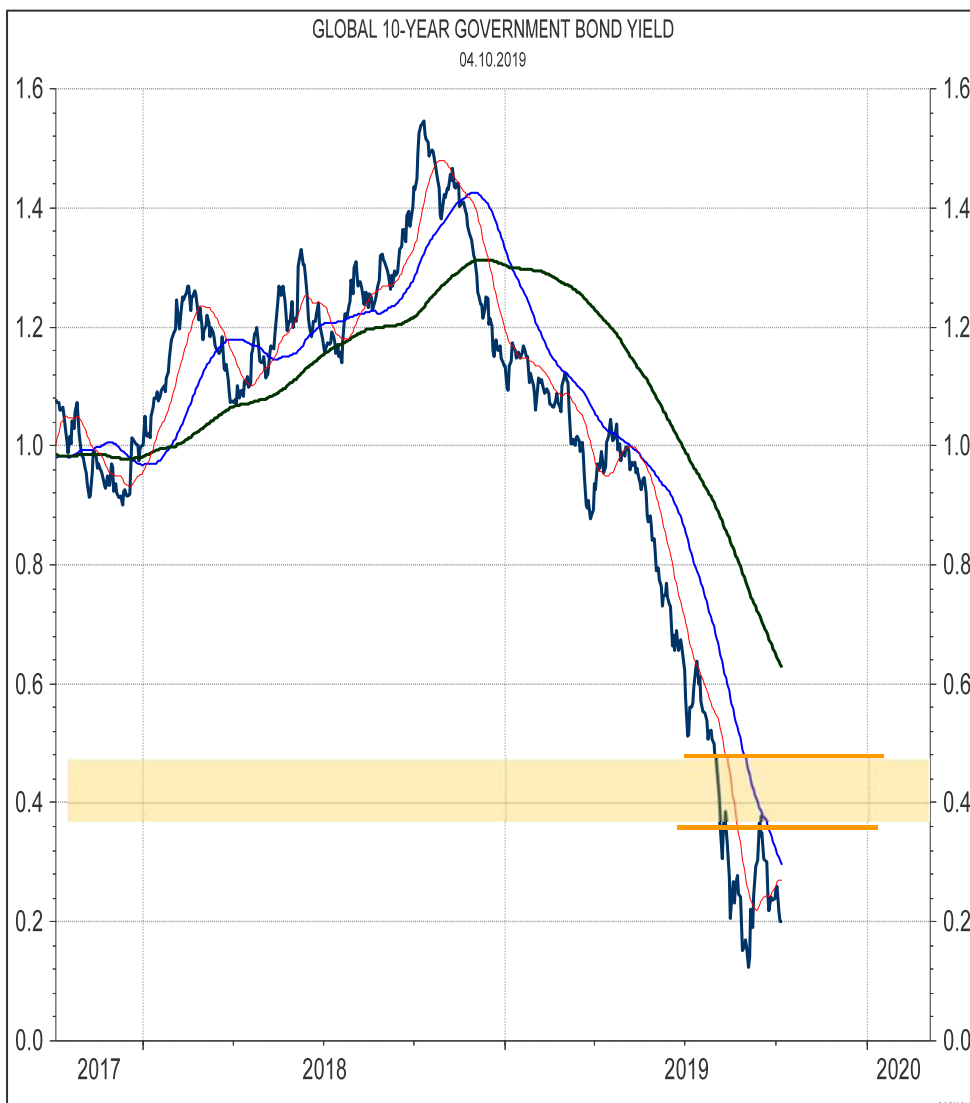
Long-term Outlook: UP
Medium-term Outlook: FLAT



Global 10-year Bond Yield (left) and Global Total Return from 7-10-year Government Bonds

The Global 10-year Government Bond Yield (at left) remains below the September recovery high. **The Medium-term Outlook remains FLAT for the Global Yield.**

The Total Return (at right) has rallied to the high from late August. For now, **the Medium-term Outlook remains FLAT for the Global Government 7-10-year Total Return.**



Global 10-year Bond Yields – listed according to the Score (left) and alphabetically (right)

My Model Scores show that there are 3 countries with a positive Score, i.e. with technical indicators that point to a higher yield level: Taiwan, China and India.

The Short-term Model (far right) shows downgradings in 14 countries, either from up to flat or from flat to down.

The Medium-term Model shows downgradings in 14 countries. The Long-term Model remains clearly down. Among the exceptions is Switzerland, which is rated FLAT.

While the September-rally signaled a medium-term rebound with a respective upgrade in the short-term and medium-term ratings, the renewed yield weakness in the second half of September has reversed these upgradings. Still, the medium-term rating is DOWN for only 12 countries. This is 1/3 of the 36 countries covered. If in October more countries signal a renewed medium-term downgrade to DOWN, I will look for the resumption of the global yield long-term downtrend.

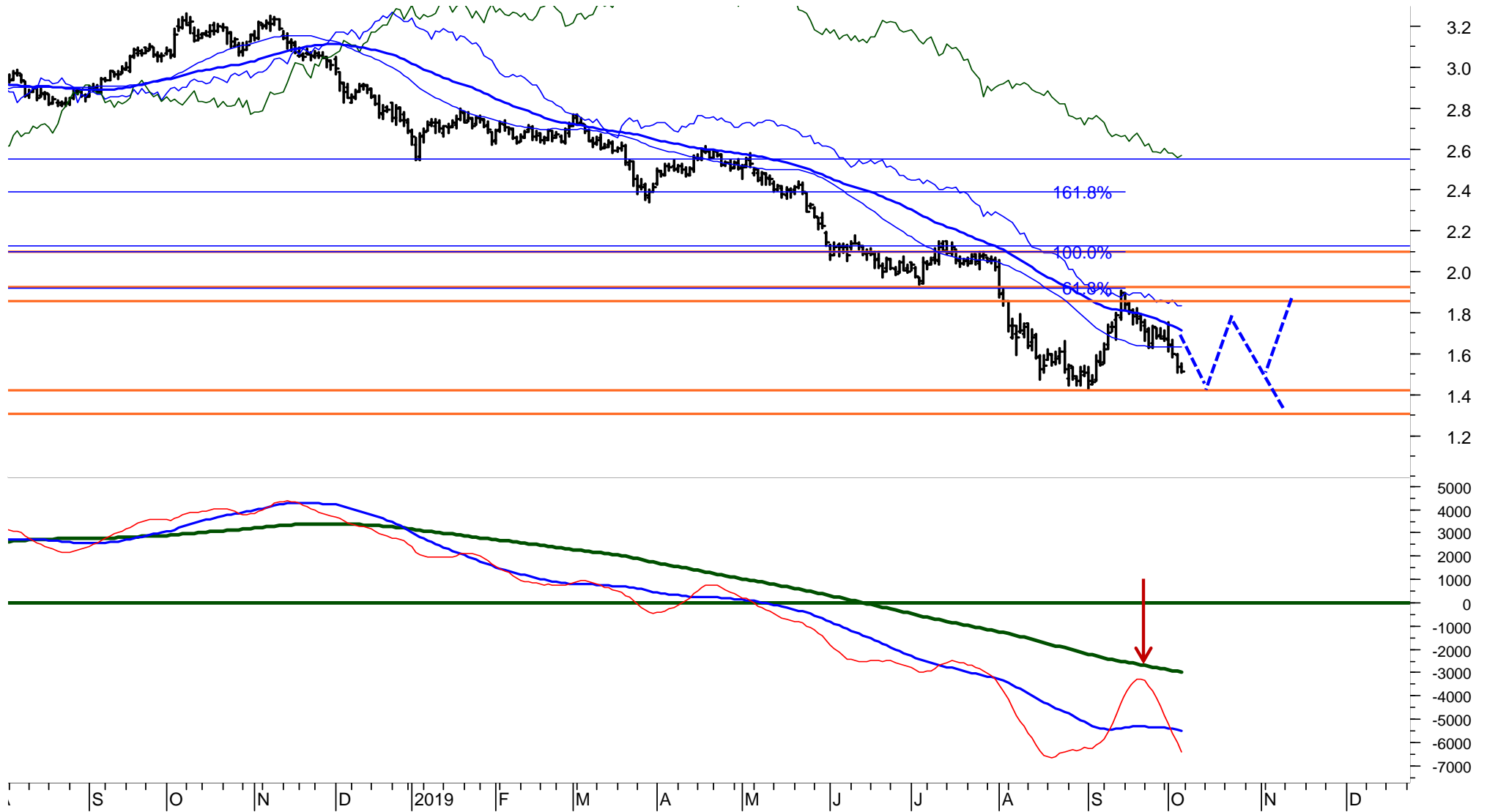
SCORE	10-YEAR BOND YIELD
94%	TR TAIWAN GVT BMK BID YLD 10Y
83%	TR CHINA GVT BMK BID YLD 10Y
67%	TR INDIA GVT BMK BID YLD 10Y
50%	TR CZECH REP GVT BMK BID YLD 10Y
50%	TR SWITZERLAND GVT BMK BID YLD 10Y
44%	TR JAPAN GVT BMK BID YLD 10Y
39%	TR FINLAND GVT BMK BID YLD 10Y
39%	TR FRANCE GVT BMK BID YLD 10Y
39%	TR GERMANY GVT BMK BID YLD 10Y
39%	TR NETHERLANDS GVT BMK BID YLD 10Y
33%	TR KOREA GVT BMK BID YLD 10Y
22%	TR DENMARK GVT BMK BID YLD 10Y
17%	TR BRAZIL GVT BMK BID YLD 10Y
17%	TR HUNGARY GVT BMK BID YLD 10Y
17%	TR INDONESIA GVT BMK BID YLD 10Y
17%	TR NORWAY GVT BMK BID YLD 10Y
17%	TR PHILIPPINES GVT BMK BID YLD 10Y
17%	TR POLAND GVT BMK BID YLD 10Y
17%	TR PORTUGAL GVT BMK BID YLD 10Y
17%	TR RUSSIA GVT BMK BID YLD 10Y
17%	TR SOUTH AFRICA GVT BMK BID YLD 10Y
17%	TR SPAIN GVT BMK BID YLD 10Y
17%	TR THAILAND GVT BMK BID YLD 10Y
17%	TR TURKEY GVT BMK BID YLD 10Y
11%	TR GREECE GVT BMK BID YLD 10Y
6%	TR ITALY GVT BMK BID YLD 10Y
6%	TR SWEDEN GVT BMK BID YLD 10Y
0%	TR AUSTRALIA GVT BMK BID YLD 10Y
0%	TR CANADA GVT BMK BID YLD 10Y
0%	TR HONG KONG GVT BMK BID YLD 10Y
0%	TR MALAYSIA GVT BMK BID YLD 10Y
0%	TR MEXICO GVT BMK BID YLD 10Y
0%	TR NEW ZEALAND GVT BMK BID YLD 10Y
0%	TR SINGAPORE GVT BMK BID YLD 10Y
0%	TR UK GVT BMK BID YLD 10Y
0%	TR US GVT BMK BID YLD 10Y

SCORE	INDEX	RIC	PRICE	LT	MT	ST
0%	TR AUSTRALIA GVT BMK BID YLD 10Y	AU10YT=RR	0.898	-	d-	-
17%	TR BRAZIL GVT BMK BID YLD 10Y	BR10YT=RR	6.970	-	o	-
0%	TR CANADA GVT BMK BID YLD 10Y	CA10YT=RR	1.234	-	dd-	d-
83%	TR CHINA GVT BMK BID YLD 10Y	CN10YT=RR	3.155	U+	+	+
50%	TR CZECH REP GVT BMK BID YLD 10Y	CZ10YT=RR	1.285	-	+	d-
22%	TR DENMARK GVT BMK BID YLD 10Y	DK10YT=RR	-0.568	-	o	do
39%	TR FINLAND GVT BMK BID YLD 10Y	FN10YT=RR	-0.318	-	u+	o
39%	TR FRANCE GVT BMK BID YLD 10Y	FR10YT=RR	-0.2800	-	U+	o
39%	TR GERMANY GVT BMK BID YLD 10Y	BD10YT=RR	-0.5870	-	+	do
11%	TR GREECE GVT BMK BID YLD 10Y	GR10YT=RR	1.365	-	-	u+
0%	TR HONG KONG GVT BMK BID YLD 10Y	HK10YT=RR	1.168	-	d-	d-
17%	TR HUNGARY GVT BMK BID YLD 10Y	HN10YT=RR	1.880	-	do	-
67%	TR INDIA GVT BMK BID YLD 10Y	IN10YT=RR	6.680	O	+	do
17%	TR INDONESIA GVT BMK BID YLD 10Y	ID10YT=RR	7.230	-	do	dd-
6%	TR ITALY GVT BMK BID YLD 10Y	IT10YT=RR	0.8310	-	-	o
44%	TR JAPAN GVT BMK BID YLD 10Y	JP10YT=RR	-0.209	-	uu+	u+
33%	TR KOREA GVT BMK BID YLD 10Y	KR10YT=RR	1.373	-	+	d-
0%	TR MEXICO GVT BMK BID YLD 10Y	MX10YT=RR	6.750	-	-	-
0%	TR MALAYSIA GVT BMK BID YLD 10Y	MY10YT=RR	3.290	-	dd-	-
39%	TR NETHERLANDS GVT BMK BID YLD 10Y	NL10YT=RR	-0.442	-	+	do
0%	TR NEW ZEALAND GVT BMK BID YLD 10Y	NZ10YT=RR	1.025	-	d-	-
17%	TR NORWAY GVT BMK BID YLD 10Y	NW10YT=RR	1.194	-	do	-
17%	TR PHILIPPINES GVT BMK BID YLD 10Y	PH10YT=RR	4.560	-	do	d-
17%	TR POLAND GVT BMK BID YLD 10Y	PO10YT=RR	1.903	-	do	-
17%	TR PORTUGAL GVT BMK BID YLD 10Y	PT10YT=RR	0.148	-	uo	-
17%	TR RUSSIA GVT BMK BID YLD 10Y	RS10YT=RR	6.940	-	o	dd-
17%	TR SOUTH AFRICA GVT BMK BID YLD 10Y	SA10YT=RR	8.185	d-	do	dd-
6%	TR SWEDEN GVT BMK BID YLD 10Y	SD10YT=RR	-0.330	-	-	o
0%	TR SINGAPORE GVT BMK BID YLD 10Y	SG10YT=RR	1.631	-	dd-	d-
17%	TR SPAIN GVT BMK BID YLD 10Y	ES10YT=RR	0.144	-	uo	-
50%	TR SWITZERLAND GVT BMK BID YLD 10Y	CH10YT=RR	-0.794	O	+	do
17%	TR THAILAND GVT BMK BID YLD 10Y	TH10YT=RR	1.480	-	o	-
94%	TR TAIWAN GVT BMK BID YLD 10Y	TW10YT=RR	0.730	+	+	u+
17%	TR TURKEY GVT BMK BID YLD 10Y	TK10YT=RR	13.360	-	uo	-
0%	TR UK GVT BMK BID YLD 10Y	GB10YT=RR	0.4440	-	d-	-
0%	TR US GVT BMK BID YLD 10Y	US10YT=RR	1.5140	-	dd-	-

US 10-year Treasury Yield – daily chart

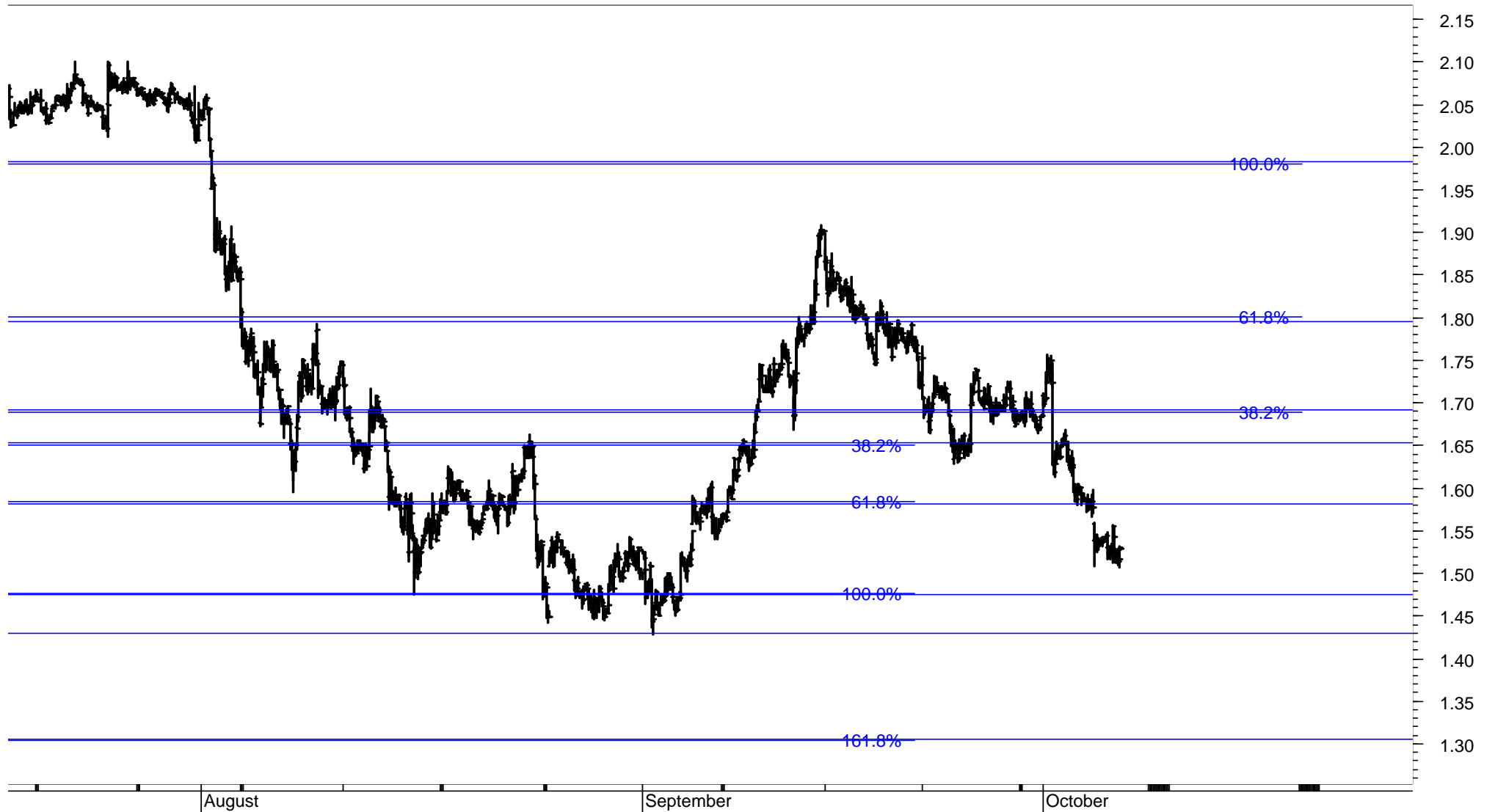
I am trying to answer the question: is the pattern in the 10-year yield a medium-term to long-term bottom formation or is it a trend-continuation formation?
As I show on the hourly chart on the next page the major supports are at 1.47% / 1.43% and 1.30%.

Long-term Outlook: DOWN
Medium-term Outlook: (d) FLAT



US 10-year Treasury Yield – hourly chart

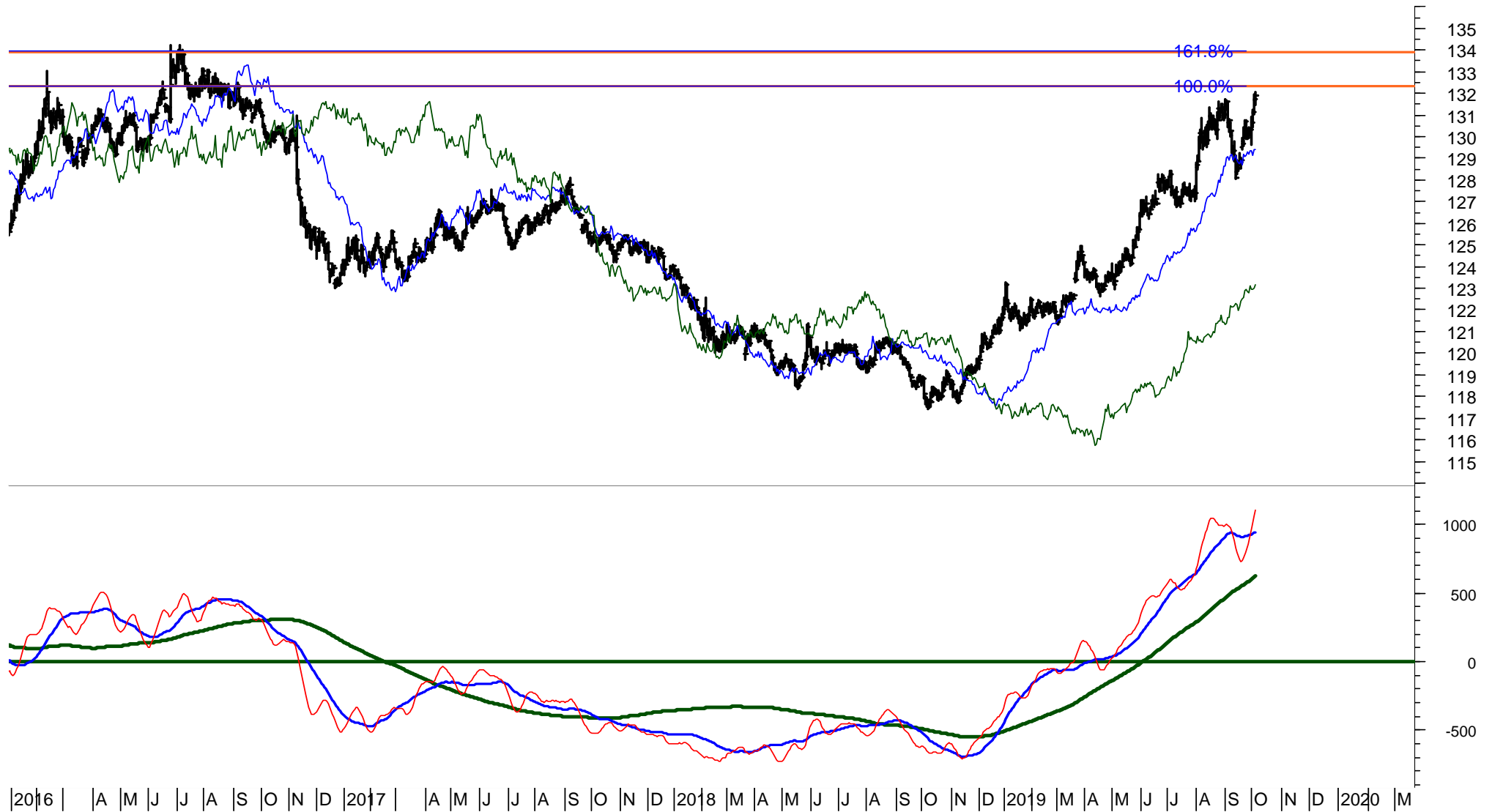
The US Yield is likely to extend the major downtrend if 1.47% / 1.43% is broken.



US 10-year Treasury Note continuous Future – daily chart

The T-Note Future is likely to test the resistance range between 132.50 and 134. A break of this range would justify a new upgrade to UP. With the full retracement of the September correction I am upgrading the medium-term outlook to FLAT.

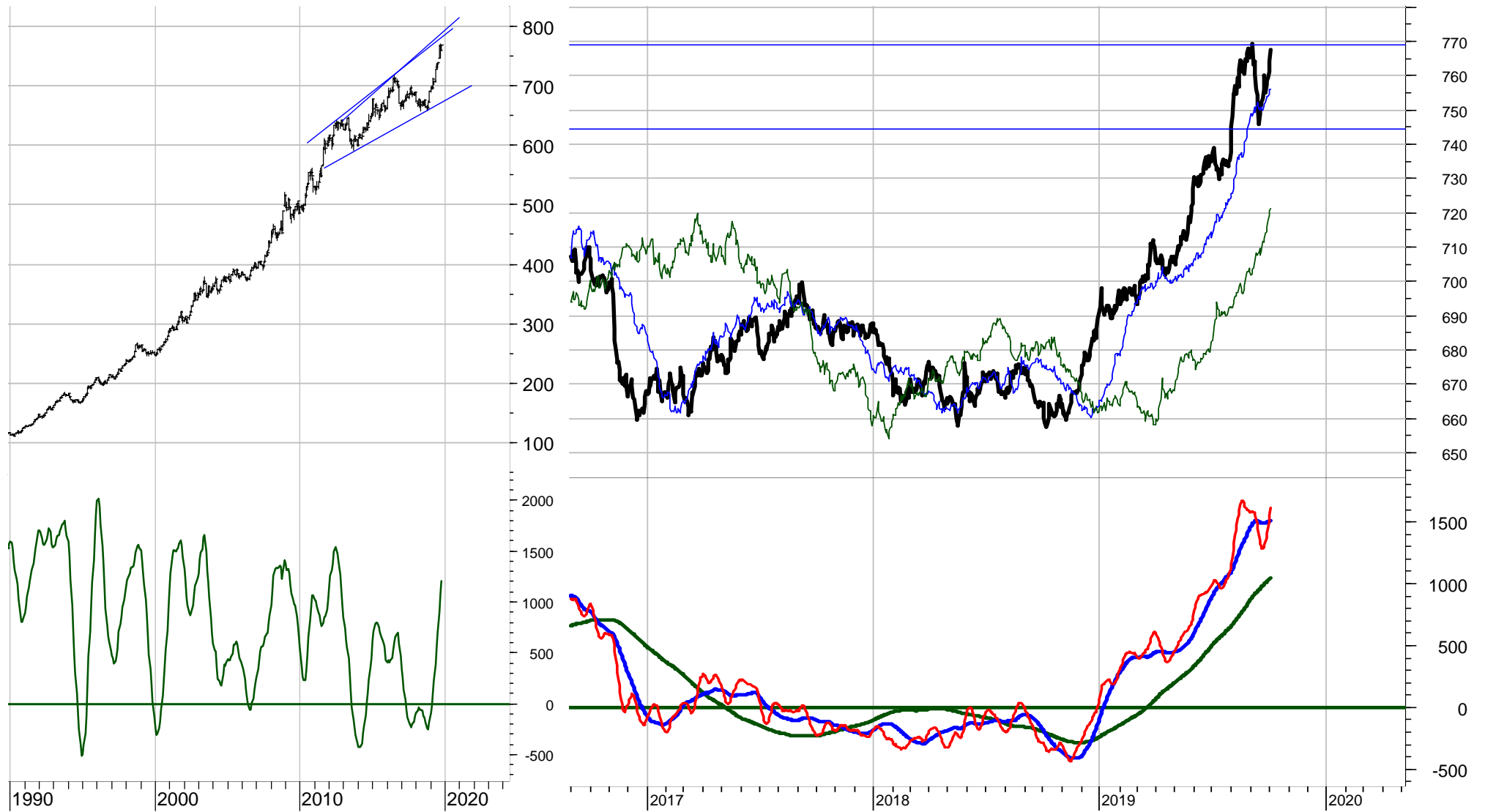
Long-term Outlook: UP
Medium-term Outlook: (u) FLAT



Total Return from 7-10 year US Treasury Notes

The long-term chart at left shows that the Total Return is close to the long-term trend line, which connects the highs in 2012/13 and 2016. It is rising along 780 / 790. The short-term resistance is at 770. Support is at 745.

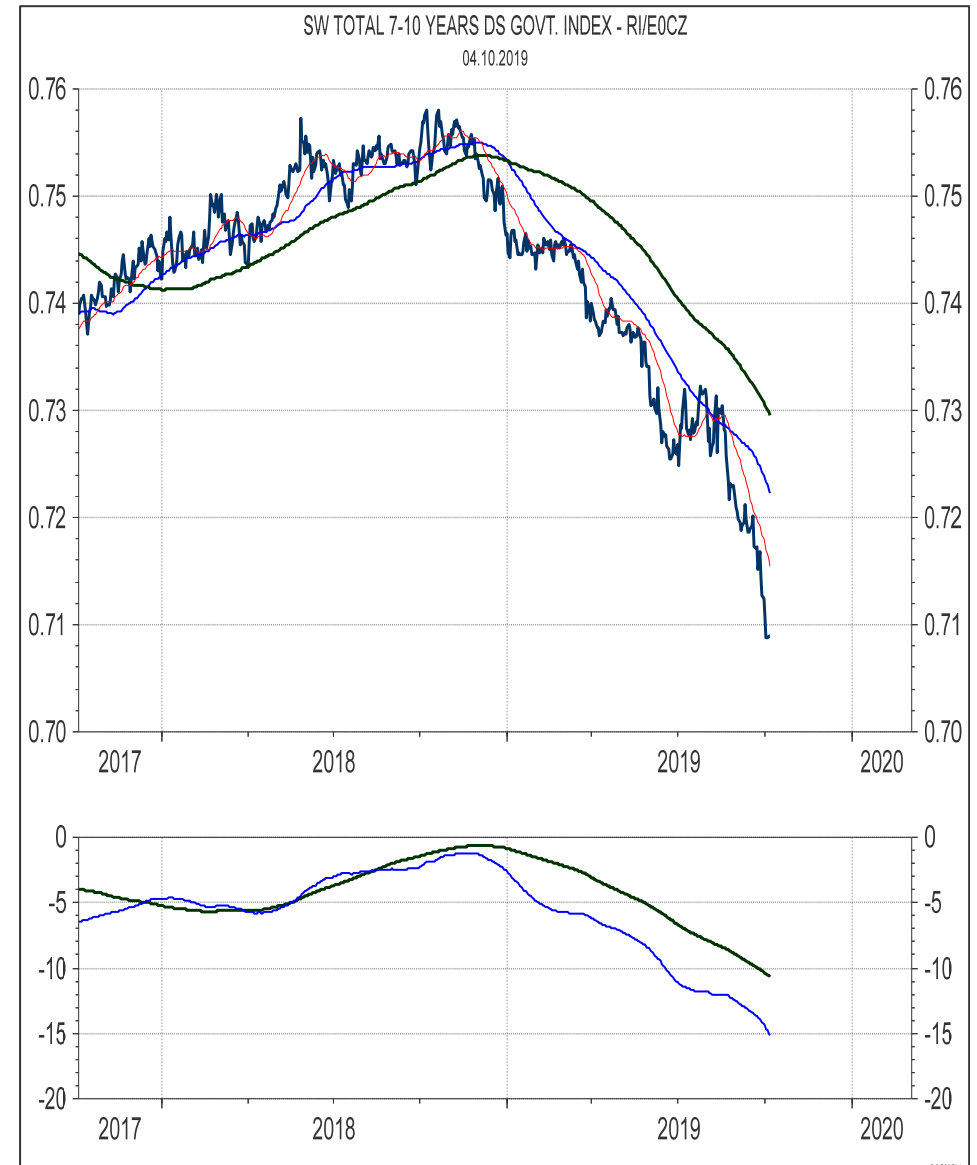
Long-term Outlook: UP
Medium-term Outlook: FLAT

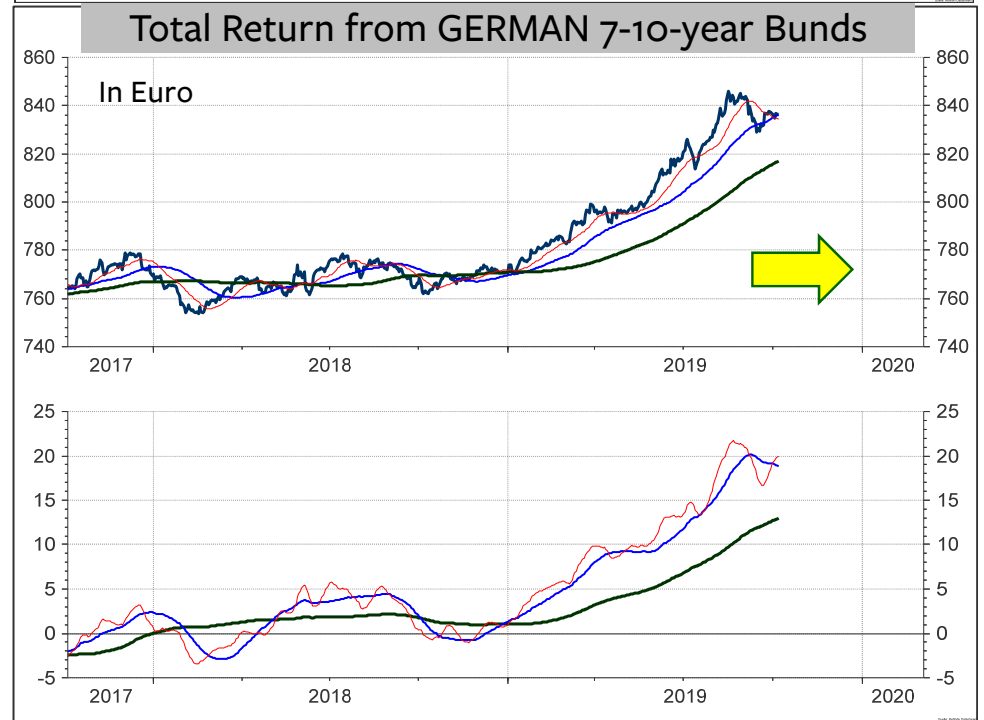
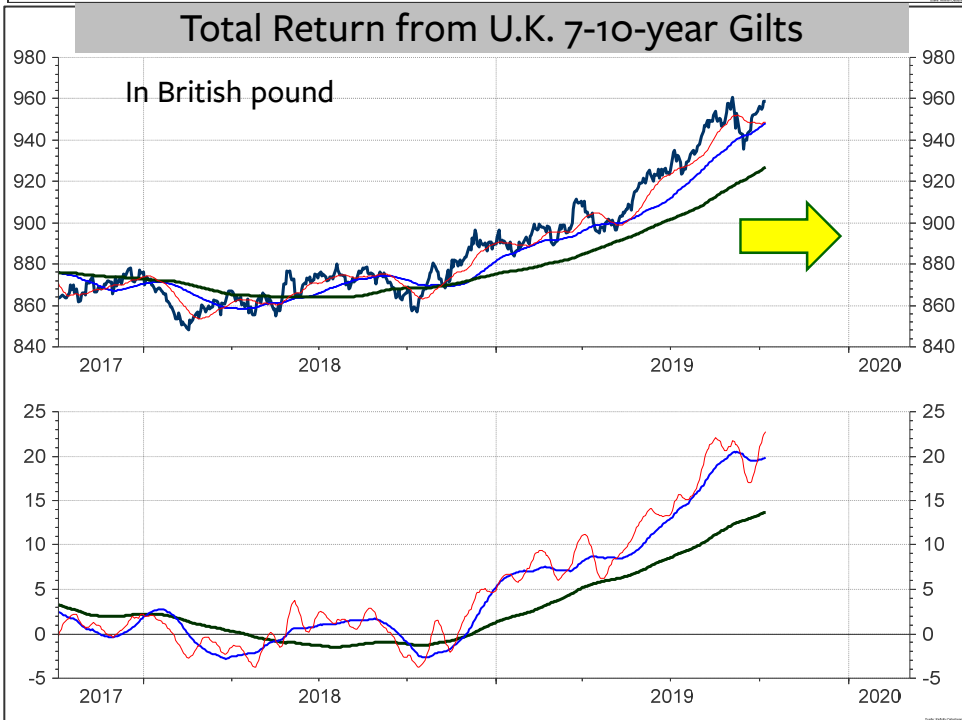
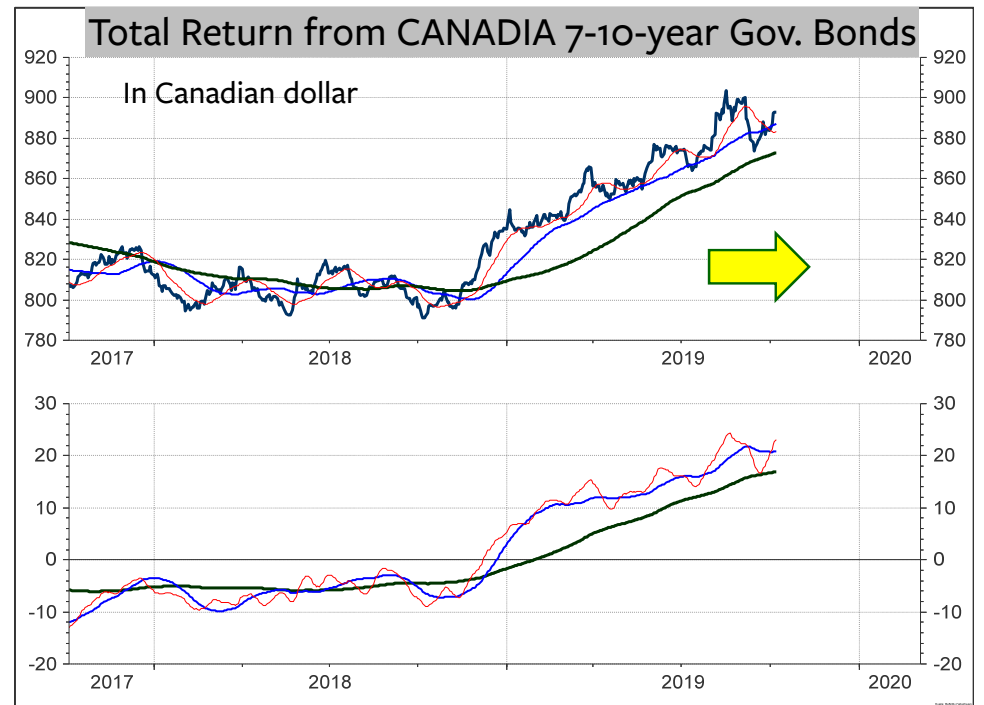
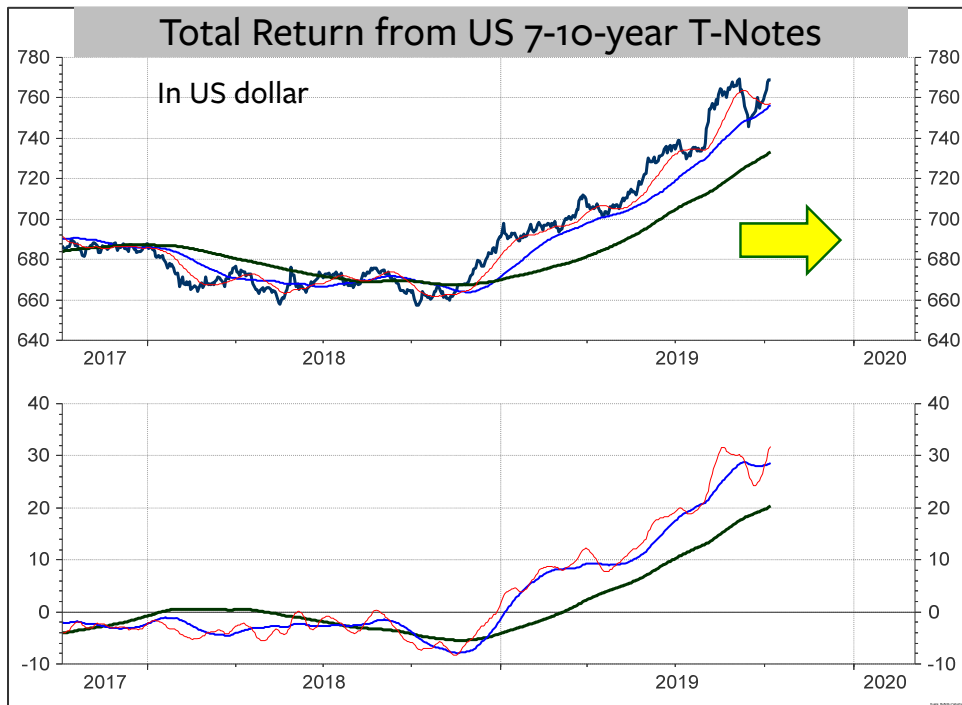


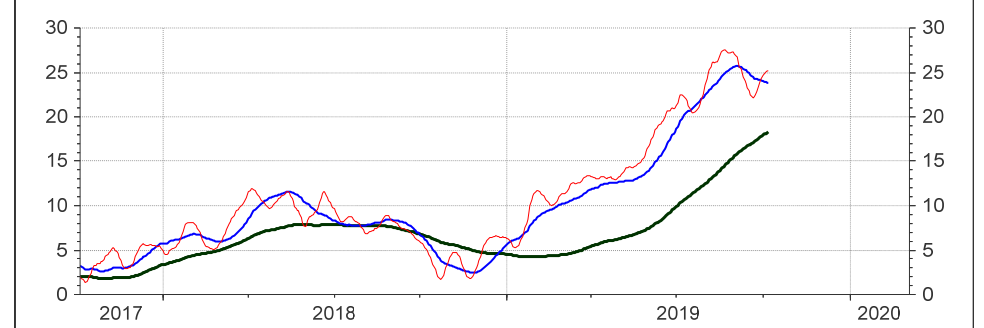
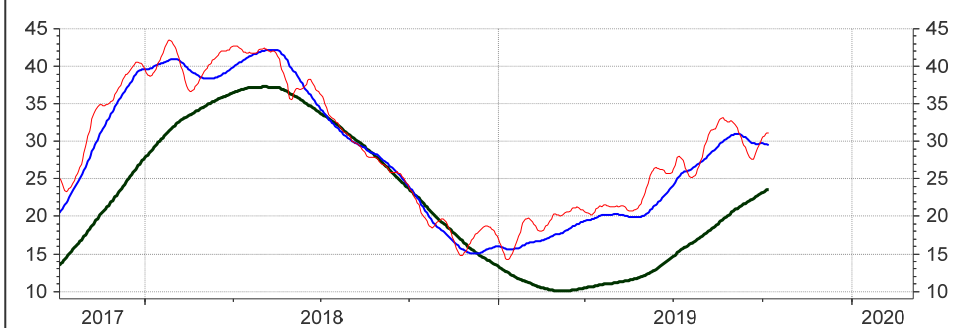
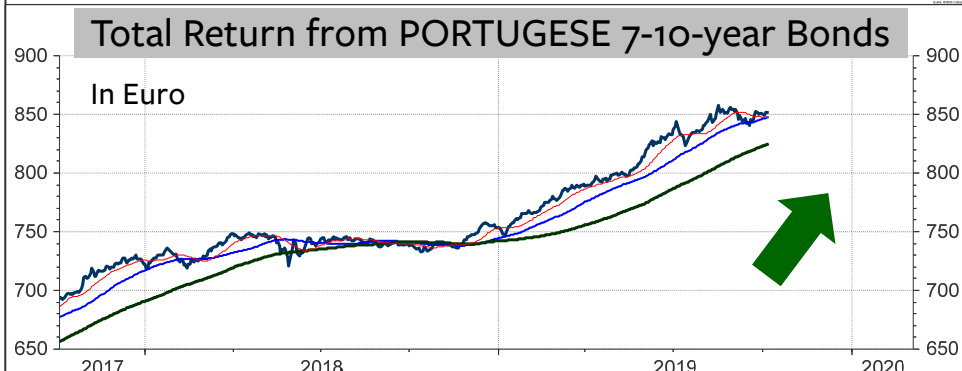
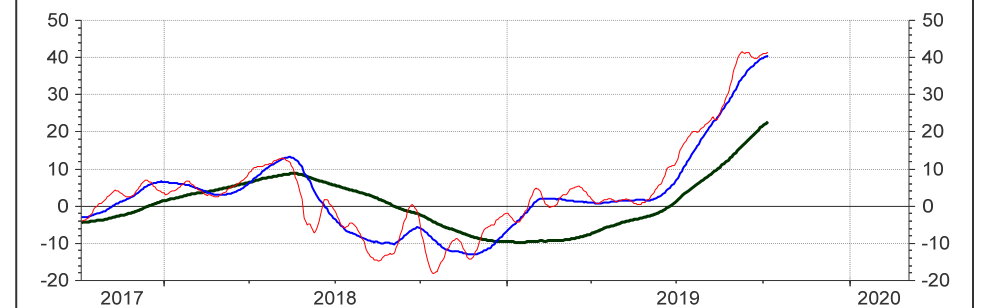
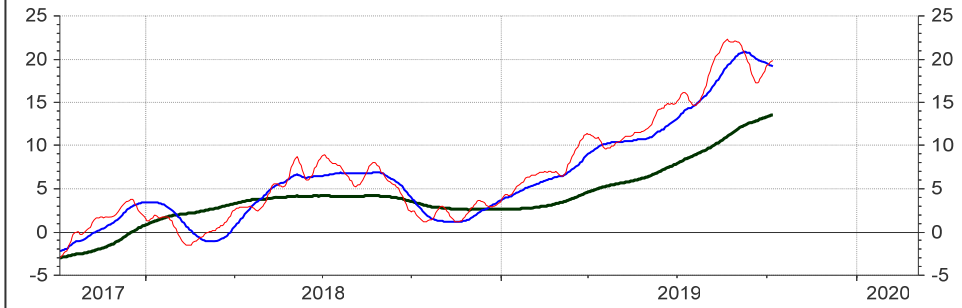
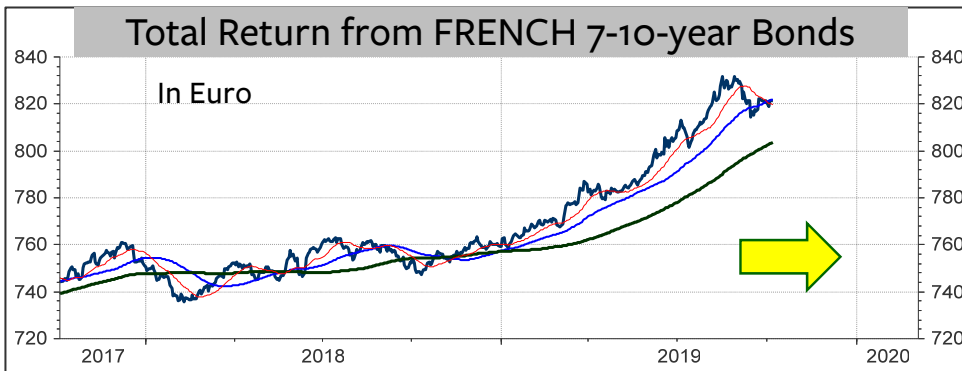
Total Return from 7-10-year Swiss Conf Bonds – absolute (left) and relative to the World Bond Index

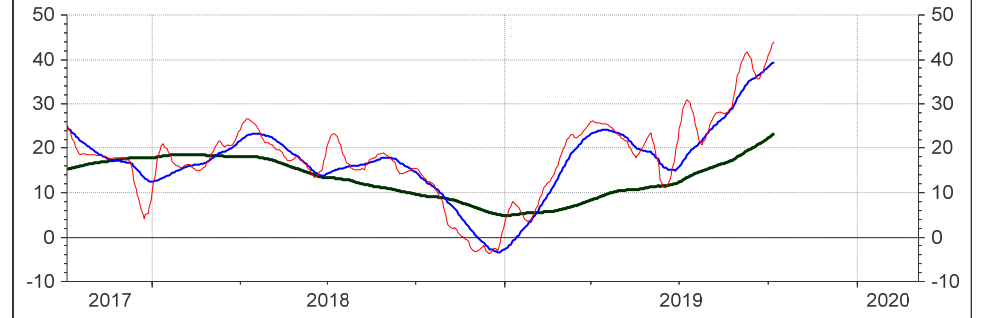
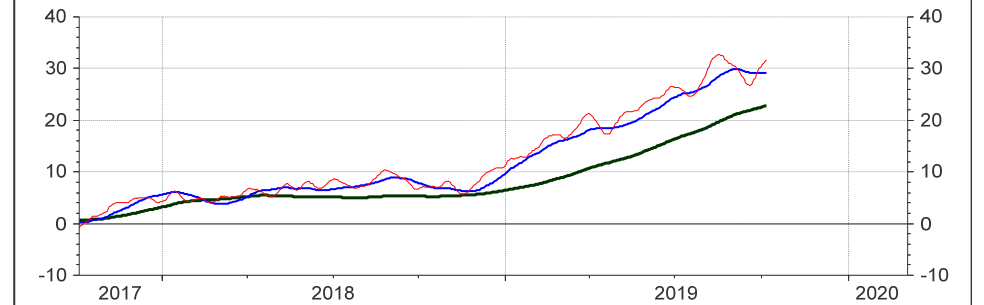
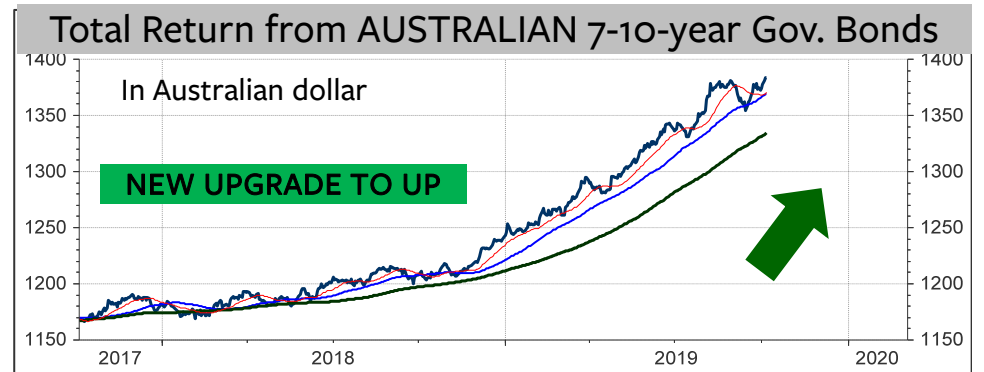
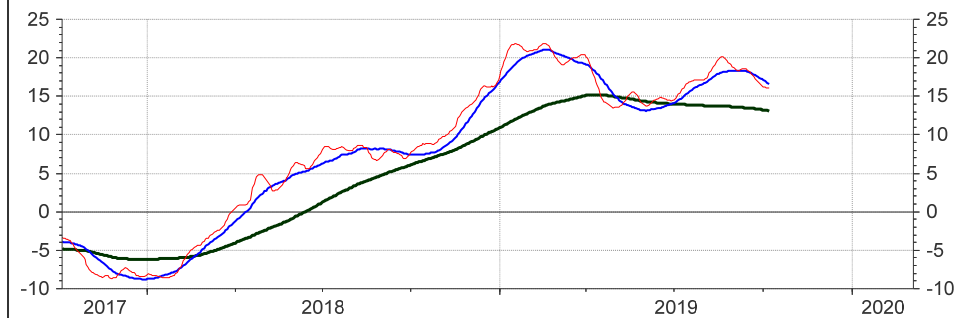
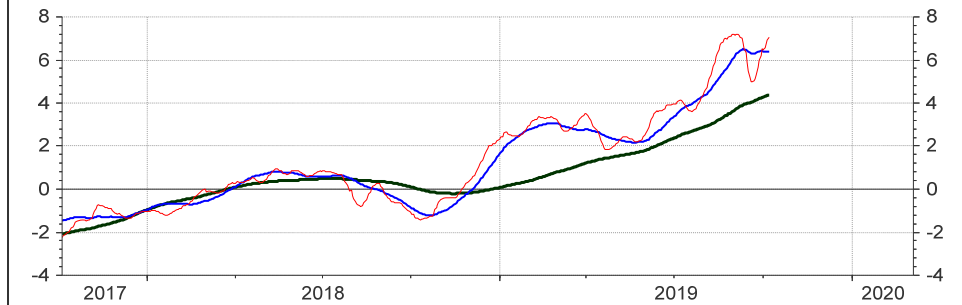
The Swiss TR is trading below the 55-day average and above the 144-day average. **The Medium-term Outlook remains FLAT.**

The Swiss TR continues to **UNDERPERFORM** the Global Government 7-10-year Bond Index.





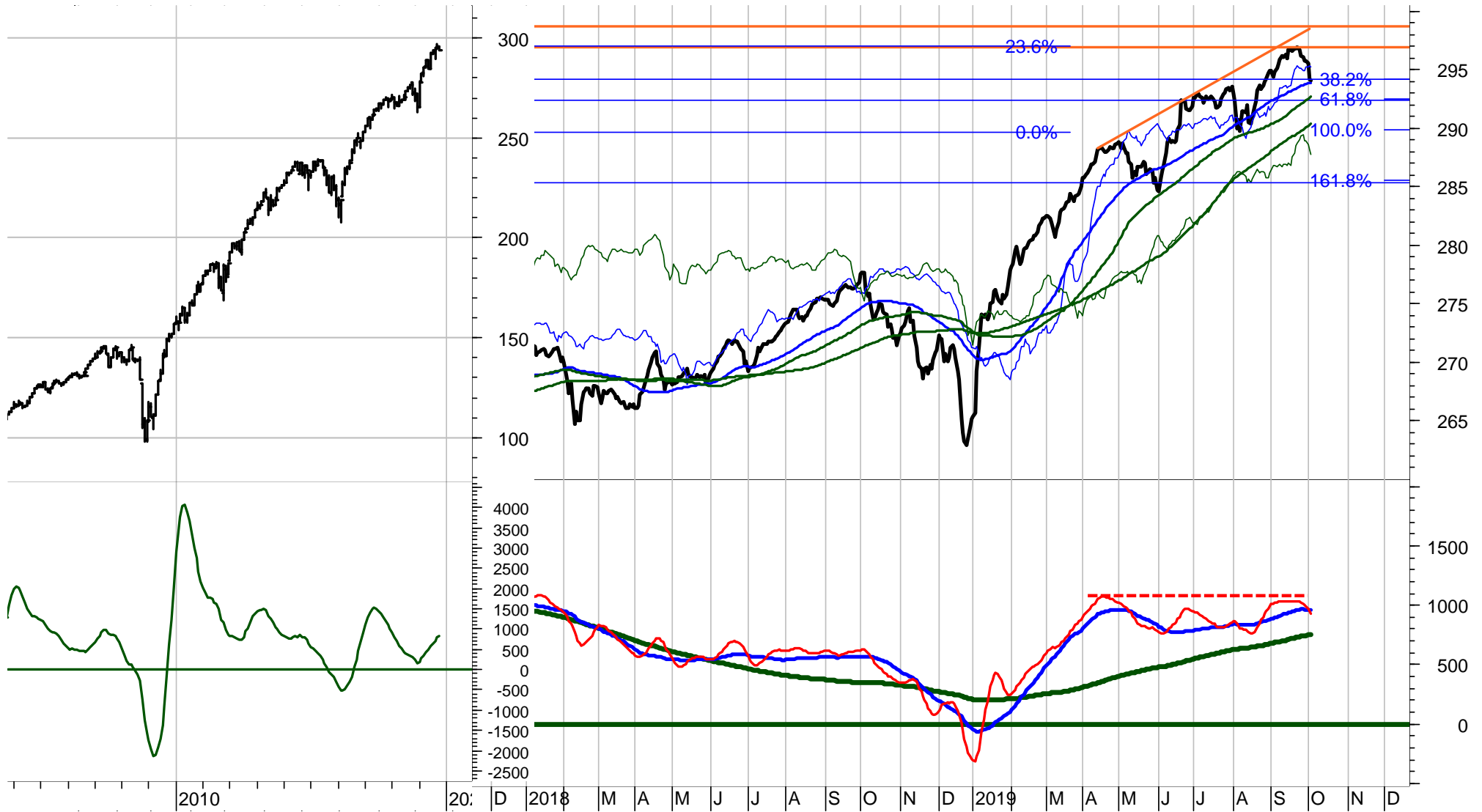




IBOX USD Liquid High Yield Index (.IBLUS0004)

The High Yield Index has entered a short-term correction below the Fibonacci resistance range around 297 to 299. A break of the 55-day average and the medium-term momentum reversal, both at 294, would signal a medium-term downturn. A break of the 89-day average (293) and 144-day average (291) and the long-term momentum reversal (288) would signal a break of the long-term uptrend. This week, the medium-term outlook goes to FLAT.

Long-term Outlook: UP
Medium-term Outlook: (d) FLAT



US dollar / Swiss franc – daily chart

My US dollar outlook remains unchanged.

The US dollar has rebounded to the resistance, which I had located at 1.00.

The downtrend should resume if my TRIANGLE is to remain the preferred count.

I am still looking for the triangle to test the support at 0.95 ($C=0.618 \times A$) or 0.91 ($C=A$).

Resistance is at 1.0030 and 1.0250. A new upgrade could be signaled if 1.0050 is broken.

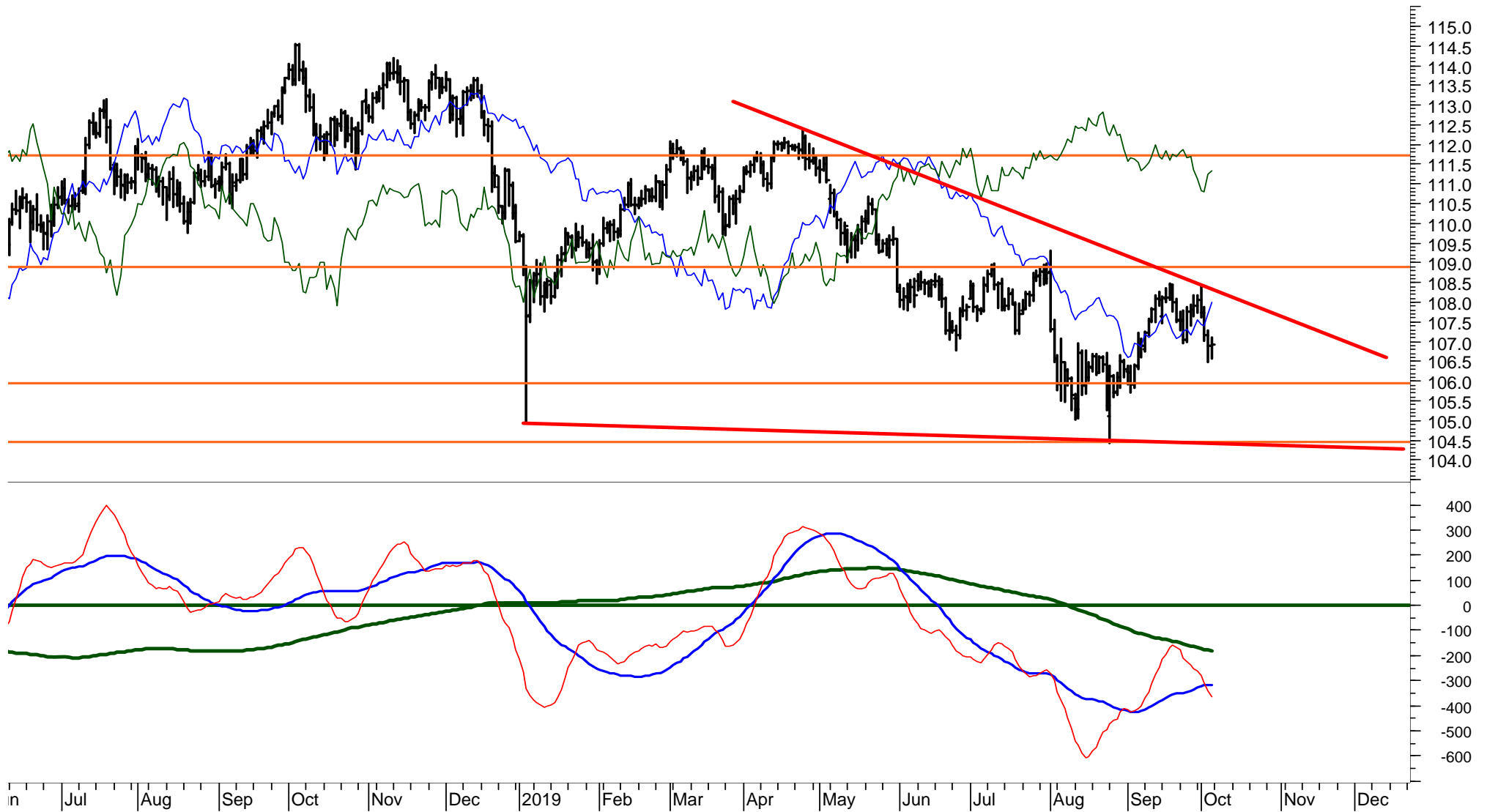
Long-term Outlook: DOWN
Medium-term Outlook: DOWN



US dollar / Japanese yen – daily chart

My US dollar outlook remains unchanged.
The US dollar is trading between its medium-term resistance at 109 and supports at 106 and 104.50.

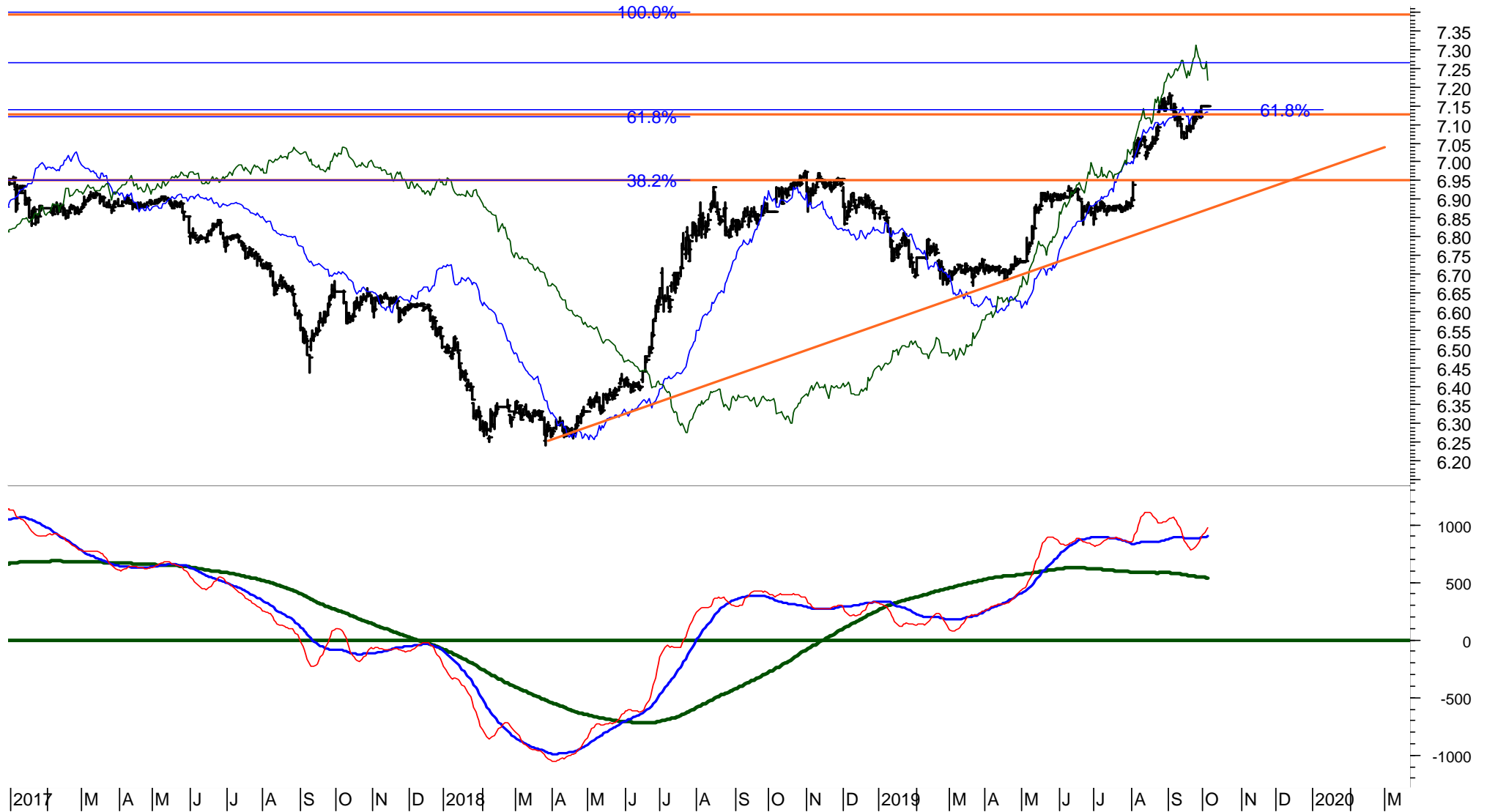
Long-term Outlook: DOWN
Medium-term Outlook: FLAT



US dollar / Chinese yuan – daily chart

My US dollar outlook remains unchanged.
 China is celebrating the National Day Golden Week.
 The US dollar must break above the resistance at 7.27 or the momentum indicators could signal a major US dollar top.

Long-term Outlook: UP
Medium-term Outlook: FLAT



US dollar / Mexican peso – daily chart

My US dollar outlook remains unchanged.
The Dollar remains in the Triangle from 2017.
The present downleg has supports at 19.50, 19.30 and 18.90.

Long-term Outlook: FLAT
Medium-term Outlook: FLAT

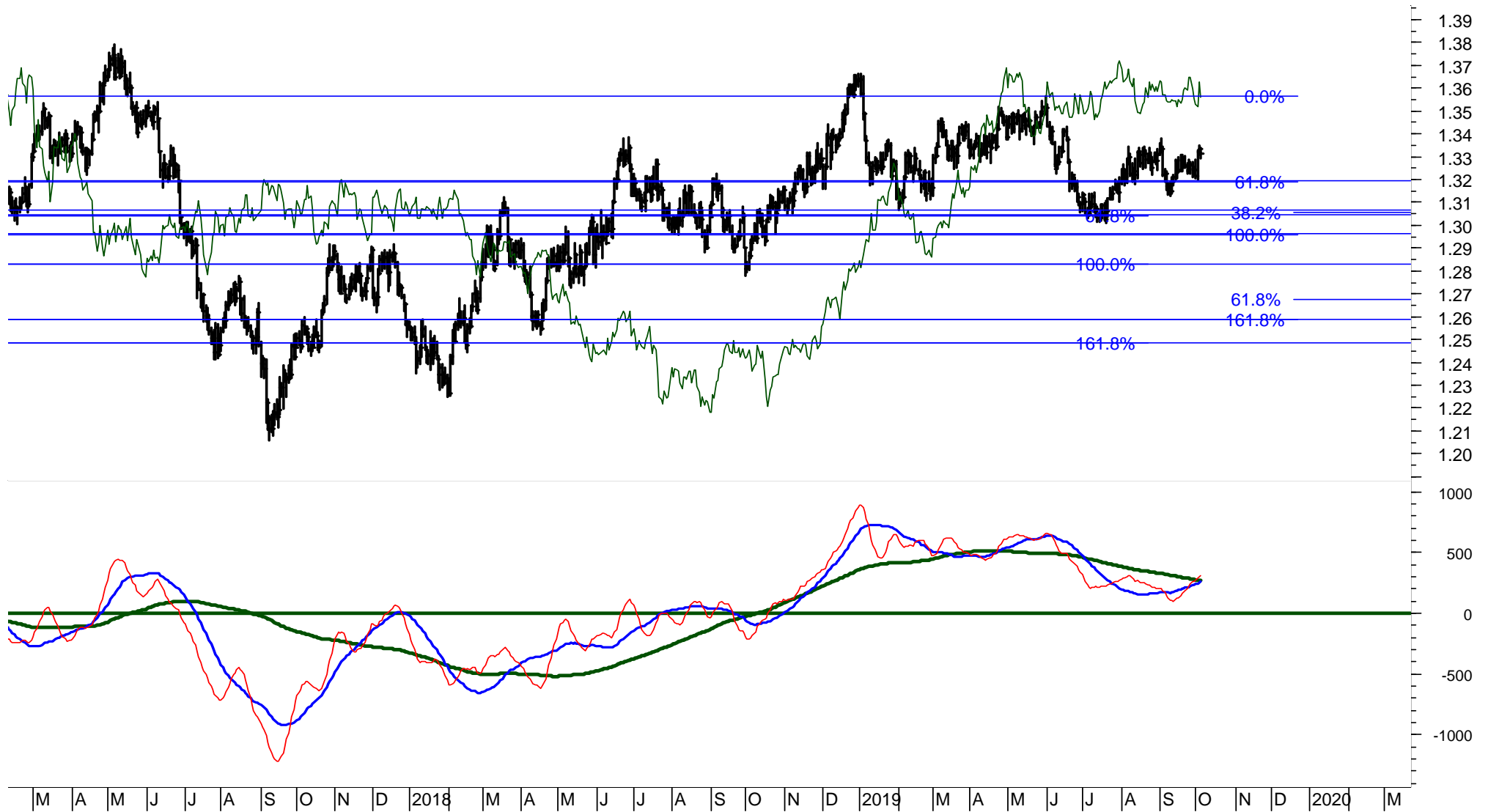


US dollar / Canadian dollar – daily chart

My US dollar outlook remains unchanged.

The US dollar remains above the long-term support range between 1.32, 1.3050 and 1.2950.

Long-term Outlook: FLAT
Medium-term Outlook: FLAT

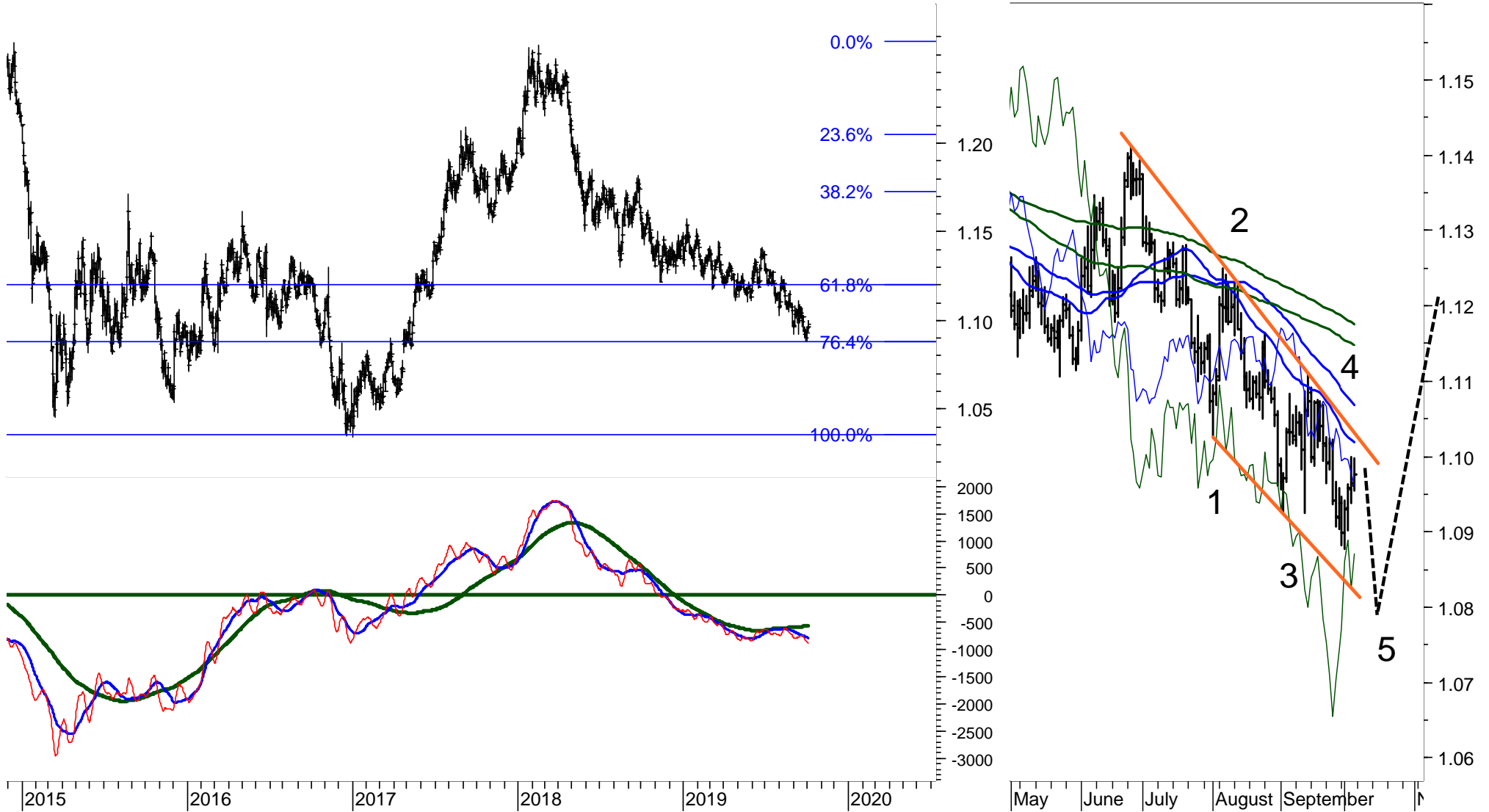


Euro / US dollar – daily chart

My Euro outlook remains unchanged.

The Euro decline from July could be forming a Wedge, which could terminate the downtrend from early 2018. A final selloff in Wave 5 to 1.08 could be seen next. Notice that the level at 1.0850 is equal to the 76.40% retracement to the Euro advance from December 2016 to February 2018.

Long-term Outlook: FLAT
Medium-term Outlook: FLAT



British pound / US dollar – daily chart

My Pound outlook remains unchanged.

The British pound remains in its medium-term rebound from the lows in August. It remains between the lines of the downtrending Wedge, which originated in early 2018. A break of 1.20 would signal that a fall to the lows of 2016 is in the making. Resistance is at 1.26 / 1.2650.

Long-term Outlook: DOWN
Medium-term Outlook: FLAT



Australian dollar / US dollar – daily chart

My Aussie dollar outlook remains unchanged.

The Aussie dollar fell to the lower support line at 0.6650 from which it is turning up again. It will take a rise above 0.68, 0.69 and 0.6960 to signal a medium-term and possibly long-term upgrade.

Long-term Outlook: DOWN
Medium-term Outlook: DOWN



Euro / Swiss franc – daily chart

My Euro outlook remains unchanged.

The Euro remains in the consolidation which it entered in early August.

A break of 1.08 would signal a test of the next long-term support range between 1.06 and 1.04.

Long-term Outlook: DOWN
Medium-term Outlook: DOWN



Bitcoin / US dollar – daily chart

The Bitcoin is trading just above the supports at 7500 / 7000.
Next lower support is 5500 or 3700 to 2500.
Resistance levels are at 10,200, 11,900 / 12,200 or 14,400.



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Sources

The charts in this publication are from Metastock and Datastream from Thomson Reuters Equis. All indicators and analyses are by Rolf Bertschi.

Explanations

For a more detailed explanation of the Trend and Momentum Models applied in this Chart Outlook, please see

www.chartoutlook.com

www.rolfbertschi.ch

E-Mail

rolf.bertschi@chartoutlook.ch

FinChartOutlook GmbH, Rolf P. Bertschi, Dörflistrasse 17, 8903 Birmensdorf ZH, Switzerland