



GLOBAL CHART OUTLOOK

investing ahead of the crowd

GLOBAL MARKETS
28st October 2019 / Issue #41

The S&P 500 Index is reaching new highs, which is what I was looking for based on the Call/Put Ratio. This ratio has again reached the overbought zone, which implies that investor sentiment has returned to optimistic. This could limit the present upside potential.

Sentiment and the limitation of US rate cuts leaves the stock markets at risk of reaching a medium-term top either with this week's FED rate decision or, if the next resistance levels are reached, about 3% above the present levels (S&P 500 Index 3130).

My Three-Factor-Model shows a clear divergence between the stock market, which is at a new all-time high, and the Economic Cycle Research Index as well as the Weekly Jobless Claims, which are both positioned below their high for 2018.

Overall, I am still looking for a medium-term correction. But, if the long-term resistance levels are broken, I will go for a medium-term and long-term upgrade. This could be especially interesting for the Swiss stock market indices, mid- and small cap.

A long-term upgrade could mean that the ECRI and WJCs could also strengthen again and follow the stock market higher.

Alternatively, the ECRI and WJCs turn lower and the stock market finally follows and turns down. I could well take time until January until the three models line up in one or the other direction.

S & P 500 Index – daily chart

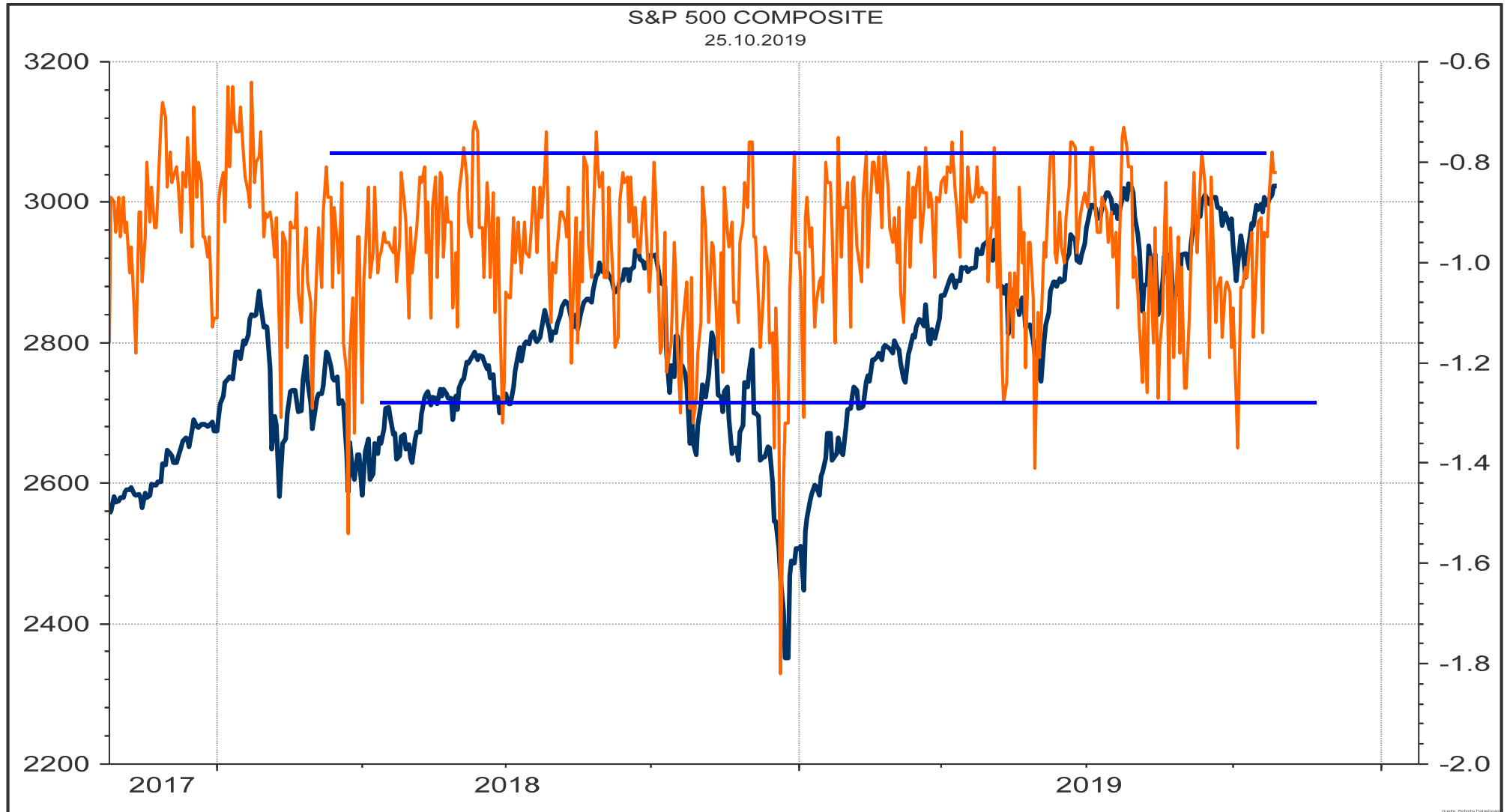
In my previous updates I stated that the S&P 500 Index is likely to reach one more new high before reaching a major top. This view was derived from the Call/Put Ratio (see next page), which had moved from oversold (investor pessimism) in early October to neutral. In the last few days, the Call/Put Ratio has climbed from neutral to overbought (investor optimism). Thus, I stick to my forecast as shown below by the dashed blue line. It remains unchanged from the previous updates. It still indicates that a medium-term top is pending. This scenario also is given credibility by the Cycle Composite shown on the overnext page.

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



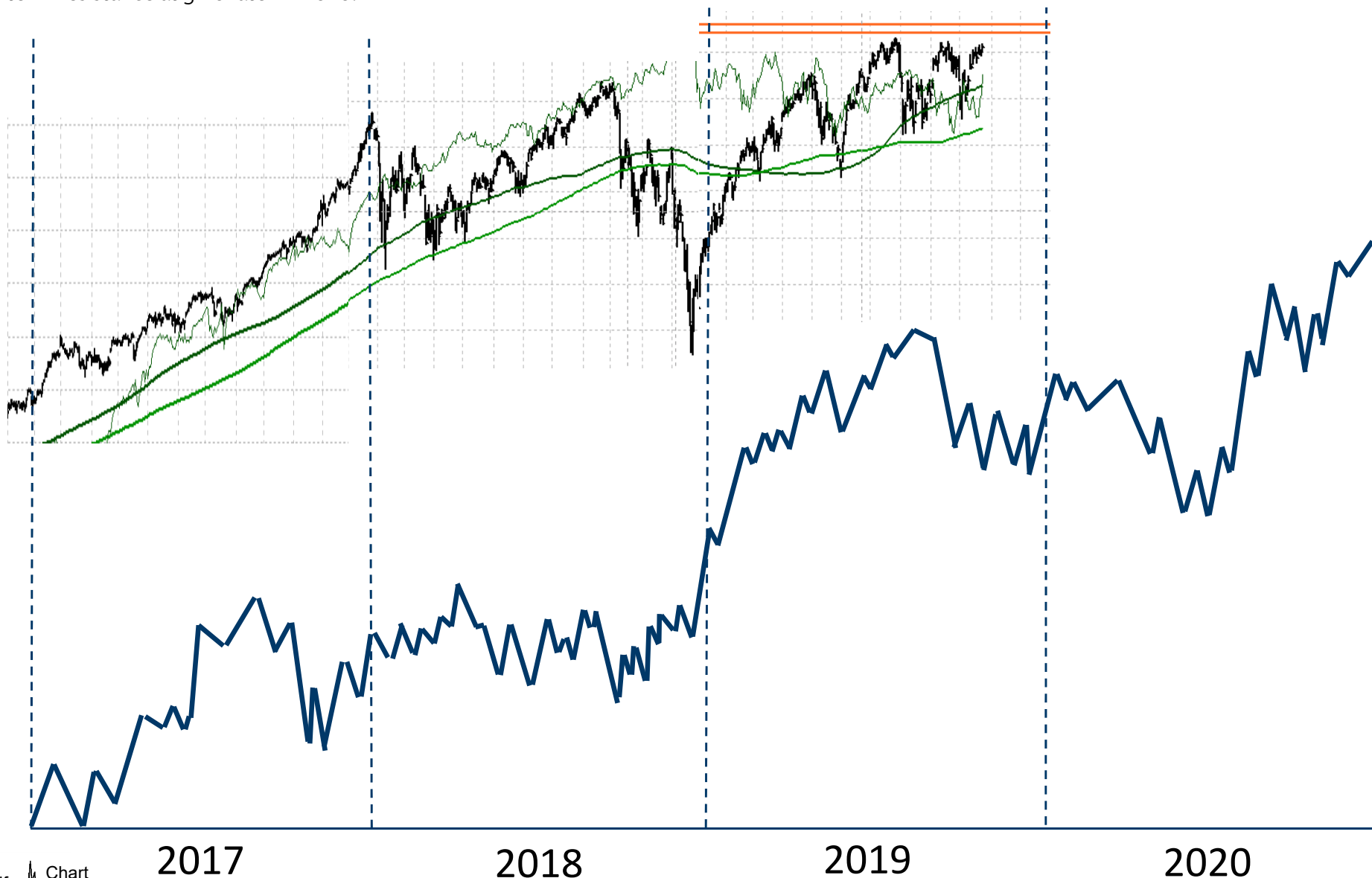
S & P 500 Index and the Call/Put-Ratio 13-day moving average and 1-day change

In the first half of October the Call/Put Ratio has reversed from oversold (investor pessimism) to NEUTRAL. In the second half of October, the Call/Put Ratio has risen to overbought (investor optimism). This reading implies that the S&P 500 Index could soon reach a short-term, possibly also a medium-term top.

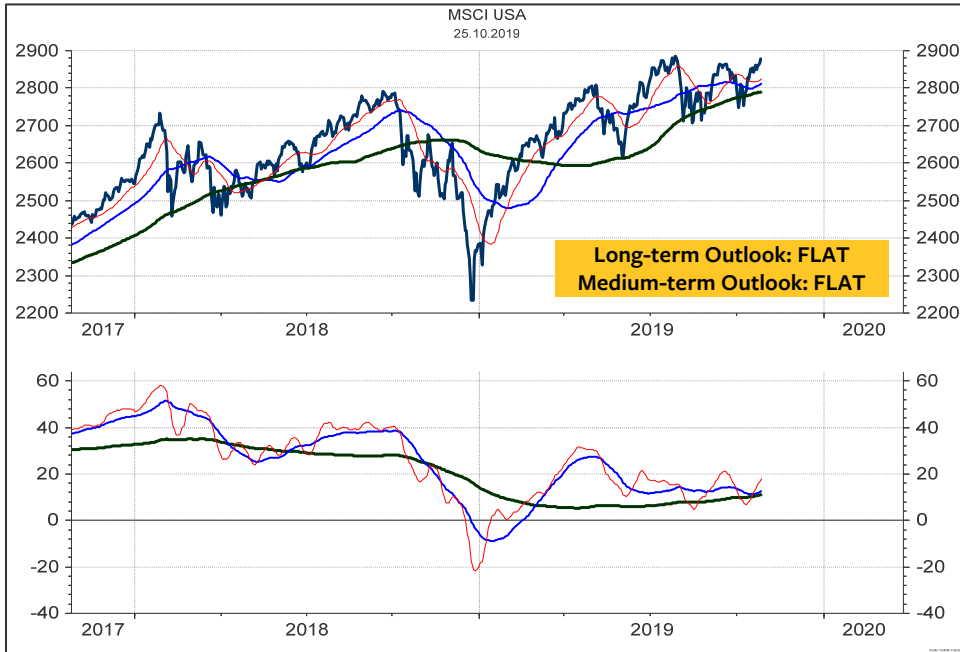


US Stock Market - Cycle Composite 2017-2020

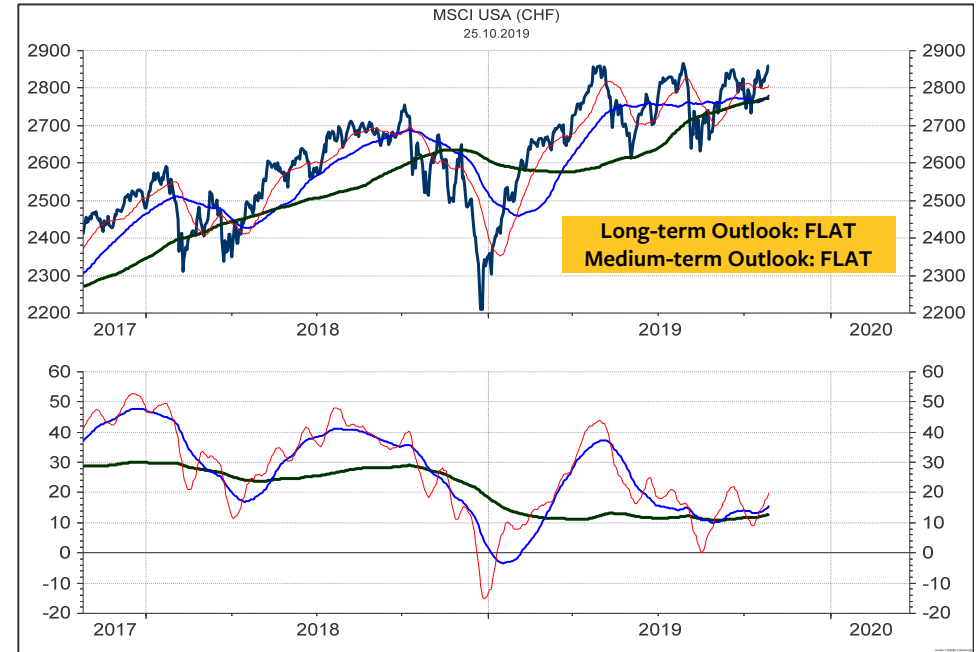
In schematic below is derived from the past 60 years of US stock market performance. It is composed of the 1-year monthly cycle, the 4-year presidential cycle and the 10-year decennial cycle. An equal weight of these 3 cycles brings forth the average path of the US stock market, shown below for the 4-year cycle from 2017. The upper chart shows the S&P 500 Index. It has tracked the Cycle Composite reasonably well. At this point, the Cycle Composite says that the S&P 500 Index is more likely to trace out a medium-term correction before it breaks above the long-term resistance at 3120 later in 2020.



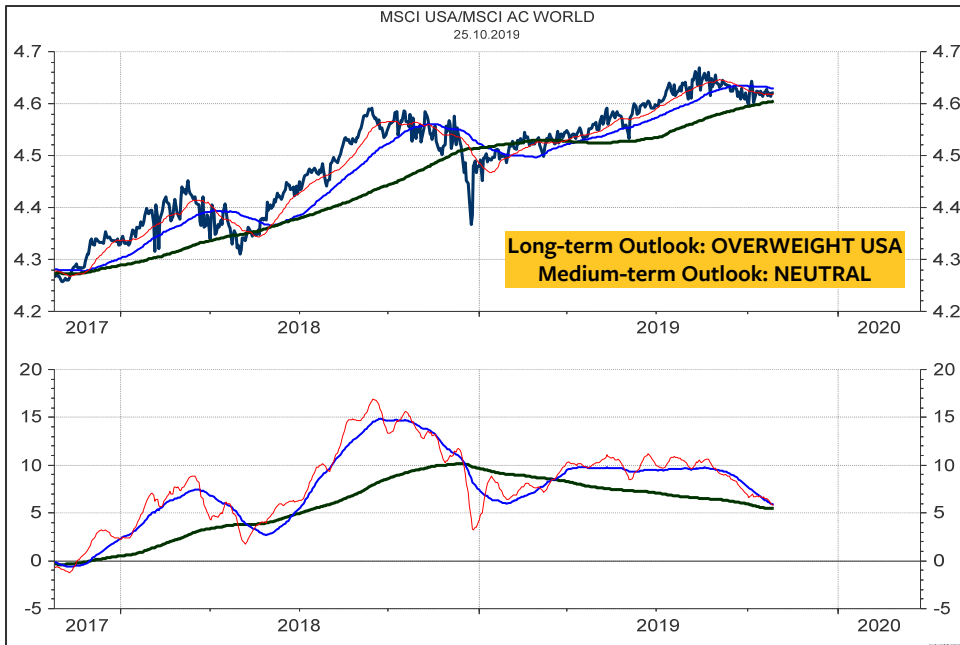
MSCI USA in US\$



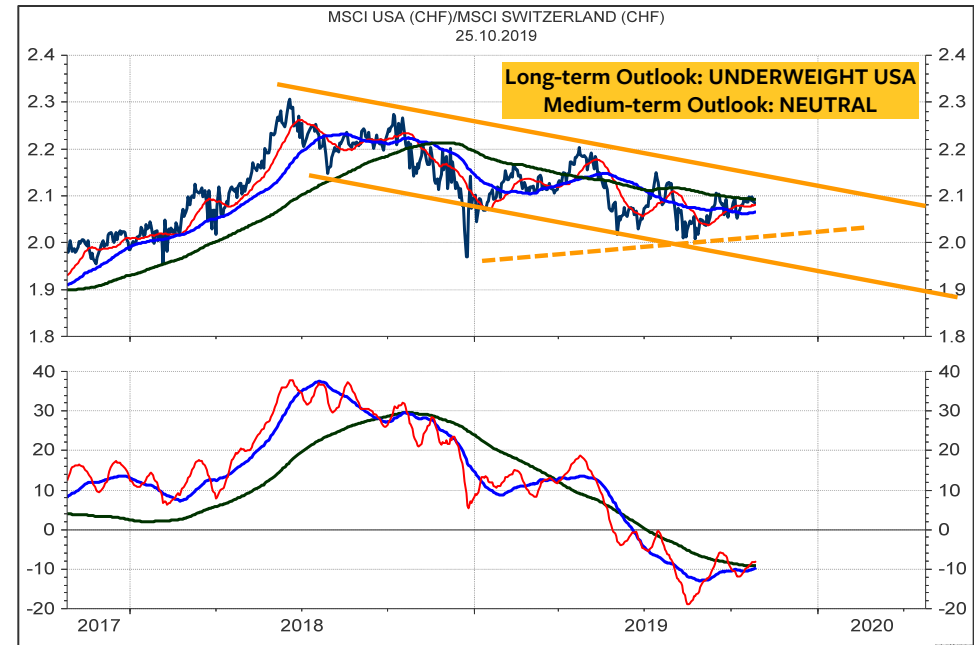
MSCI USA in Swiss franc



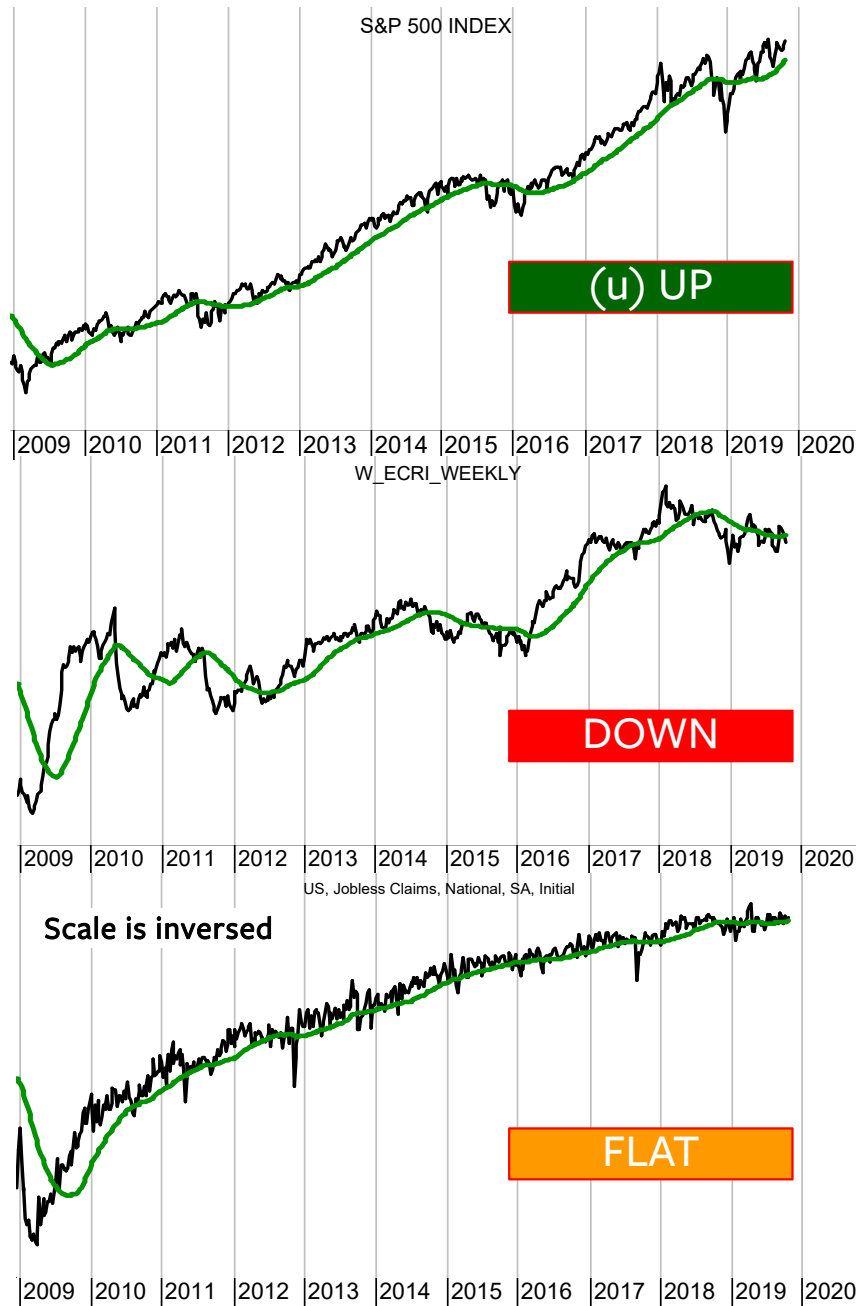
MSCI USA relative to the MSCI AC World



MSCI USA in CHF relative to MSCI Switzerland



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



The S&P 500 Index is rising above the 4-week and the 40-week moving averages. **The Model is moving to UP.** But, the S&P 500 Index must rise above 3050 / 3120 to confirm the new long-term uptrend and the positive model reading.

The Weekly Economic Cycle Research Index **Model remains DOWN.**

The (inverse) Weekly Jobless Claims **Model remains FLAT.**

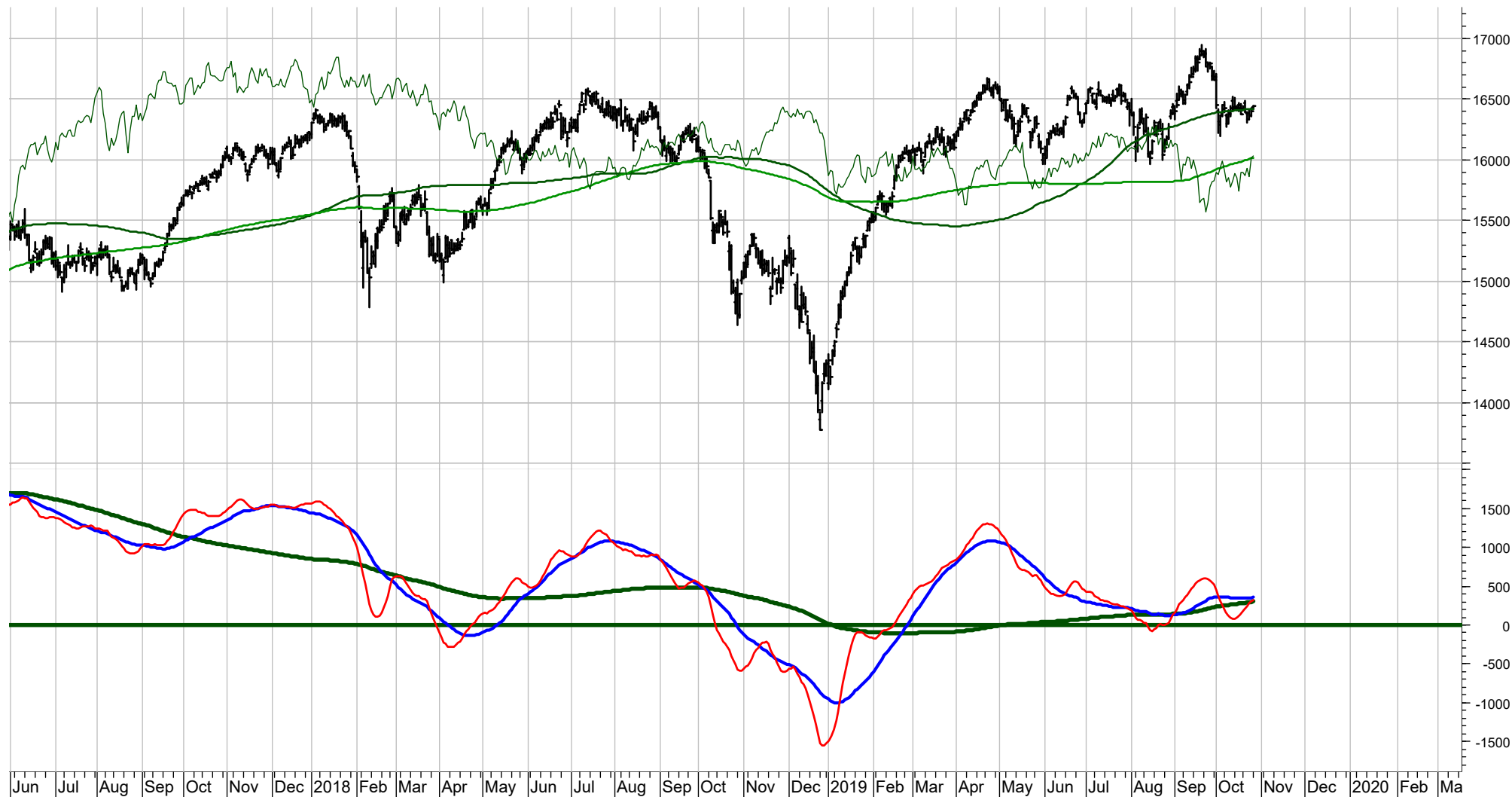
The divergence between the S&P 500 Index and the ECRI and WJCs is remarkable. I expect either a pickup in the ECRI and WJCs or a downturn in the S&P 500 Index.

Canada – TSE Index – daily chart

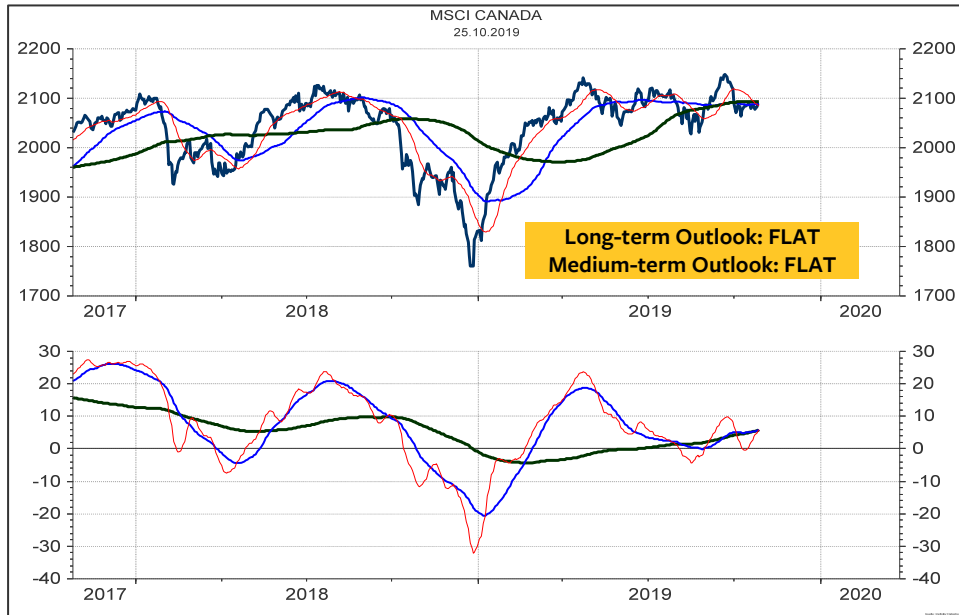
The Canadian TSE has already started to correct. Clearly, the long-term trend would turn down if the Index breaks below the 144-day and 233-day moving averages and the long-term momentum reversal, all three positioned between 16400 and 16000.

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

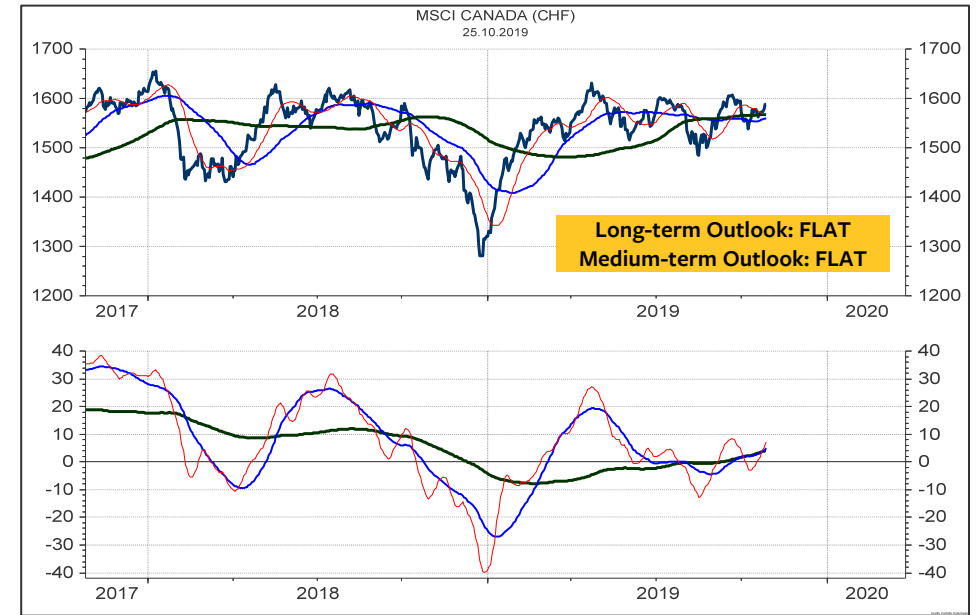
My recommendation to Swiss franc-based equity investors is to stay out of the Canadian stock market. As I show on the next page, I rate the MSCI Canada long-term and medium-term FLAT. Also, Canada is underperforming the MSCI World Stock Market Index. Moreover, Canada in Swiss franc is rated long-term and medium-term flat. Finally, Canada in Swiss franc continues to UNDERPERFORM the Swiss stock market long term.



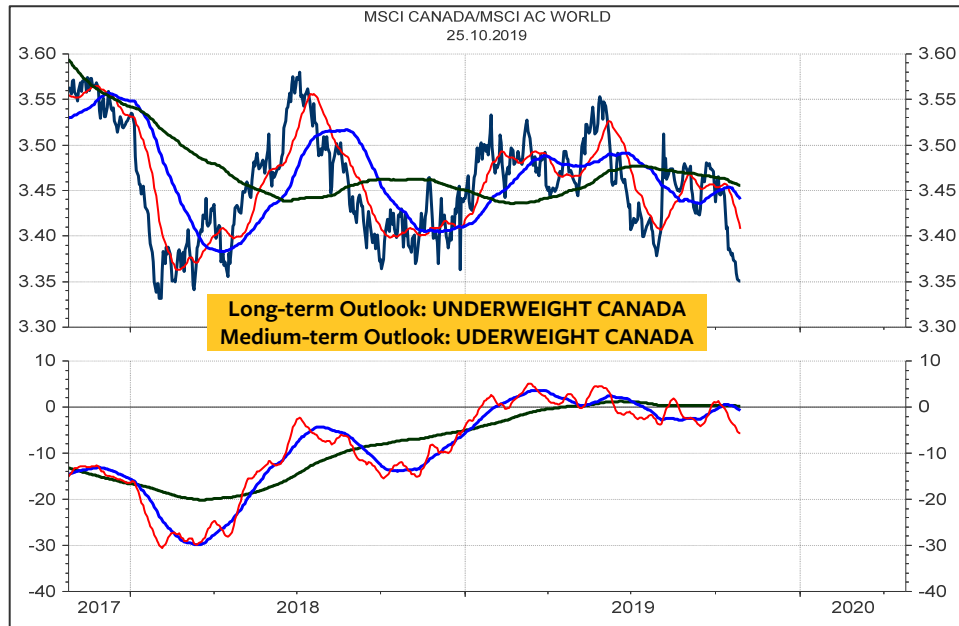
MSCI CANADA in Canadian dollar



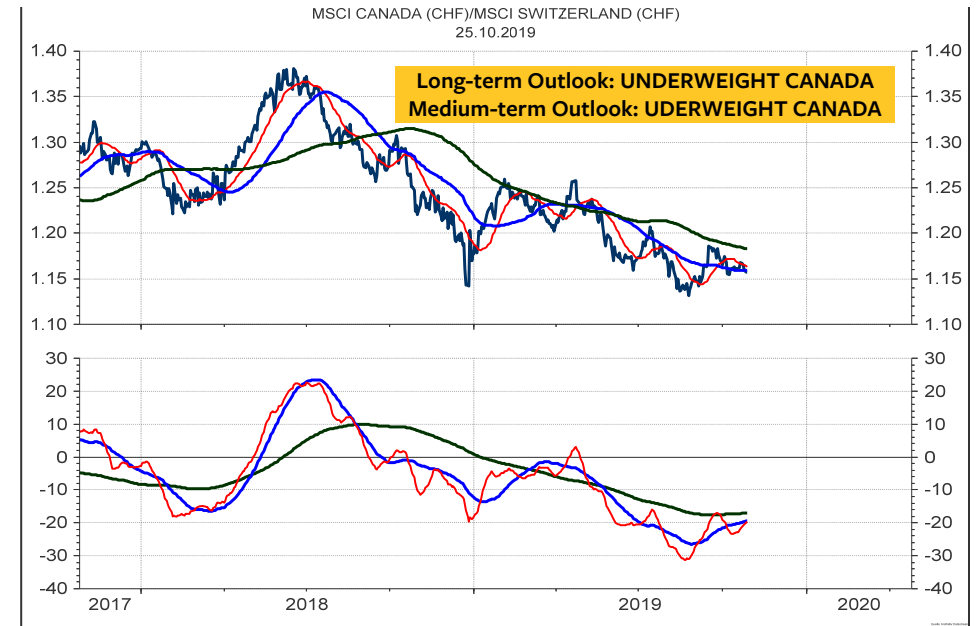
MSCI CANADA in Swiss franc



MSCI CANADA relative to the MSCI AC World



MSCI CANADA in Swiss franc relative to MSCI Switzerland

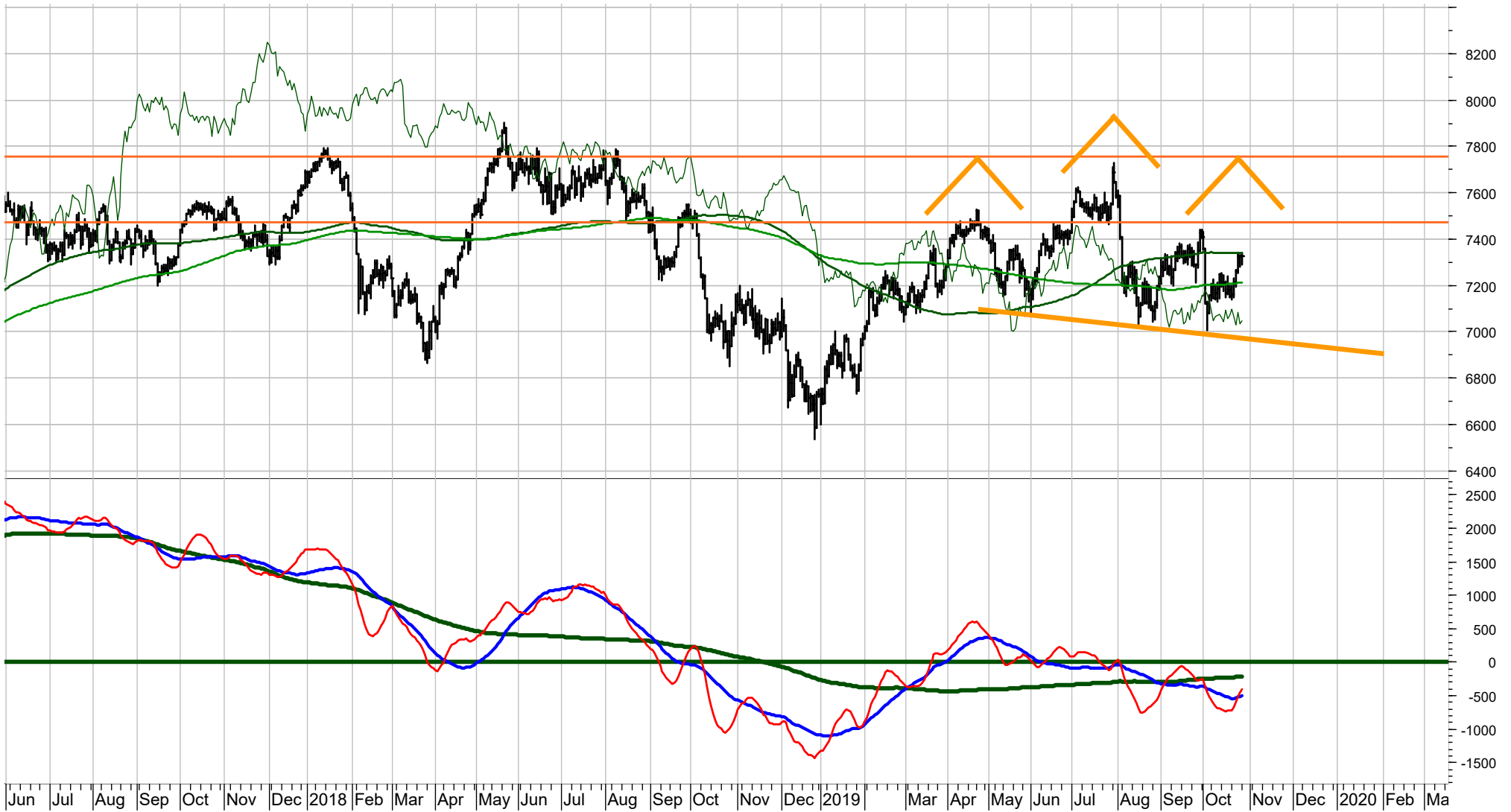


U.K. FTSE Index – daily chart

The U.K. FTSE is holding above the neckline of a potentially bearish Head and Shoulder Top. The risk of the bearish top formation to signal a break downwards would be negated if the key resistance levels at 7490 and 7760 are broken.

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

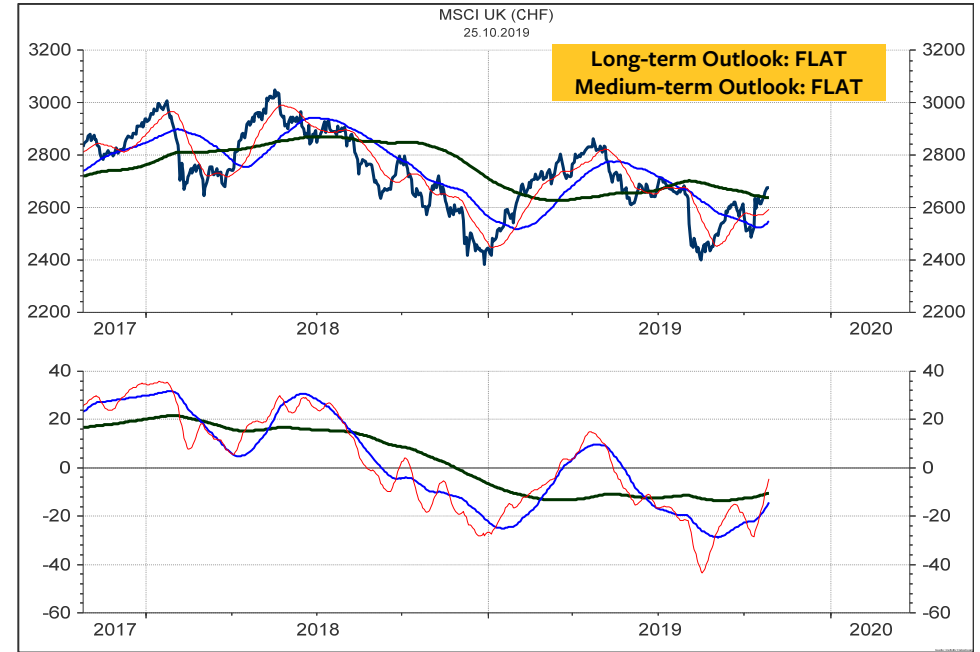
My recommendation to Swiss franc-based equity investors is to stay out of the U.K. stock market. As I show on the next page, I rate the MSCI U.K. long-term and medium-term FLAT. Also, the U.K. is underperforming the MSCI World Stock Market Index. Moreover, the U.K. in Swiss franc is rated long-term and medium-term flat. Finally, the U.K. in Swiss franc continues to UNDERPERFORM the Swiss stock market long term.



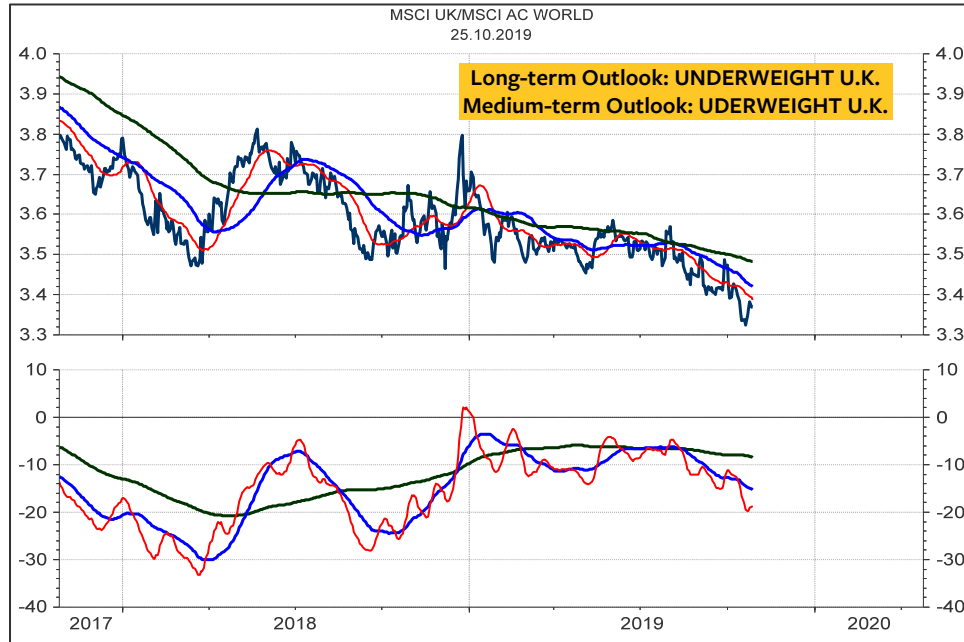
MSCI U.K. in Pound



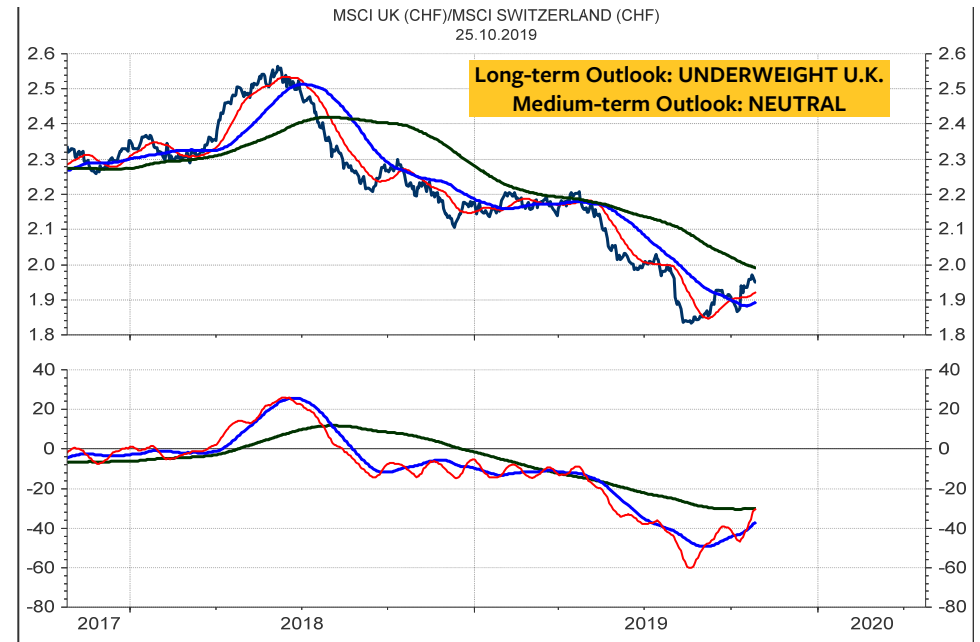
MSCI U.K. in Swiss franc



MSCI U.K. relative to the MSCI AC World



MSCI U.K. in CHF relative to MSCI Switzerland

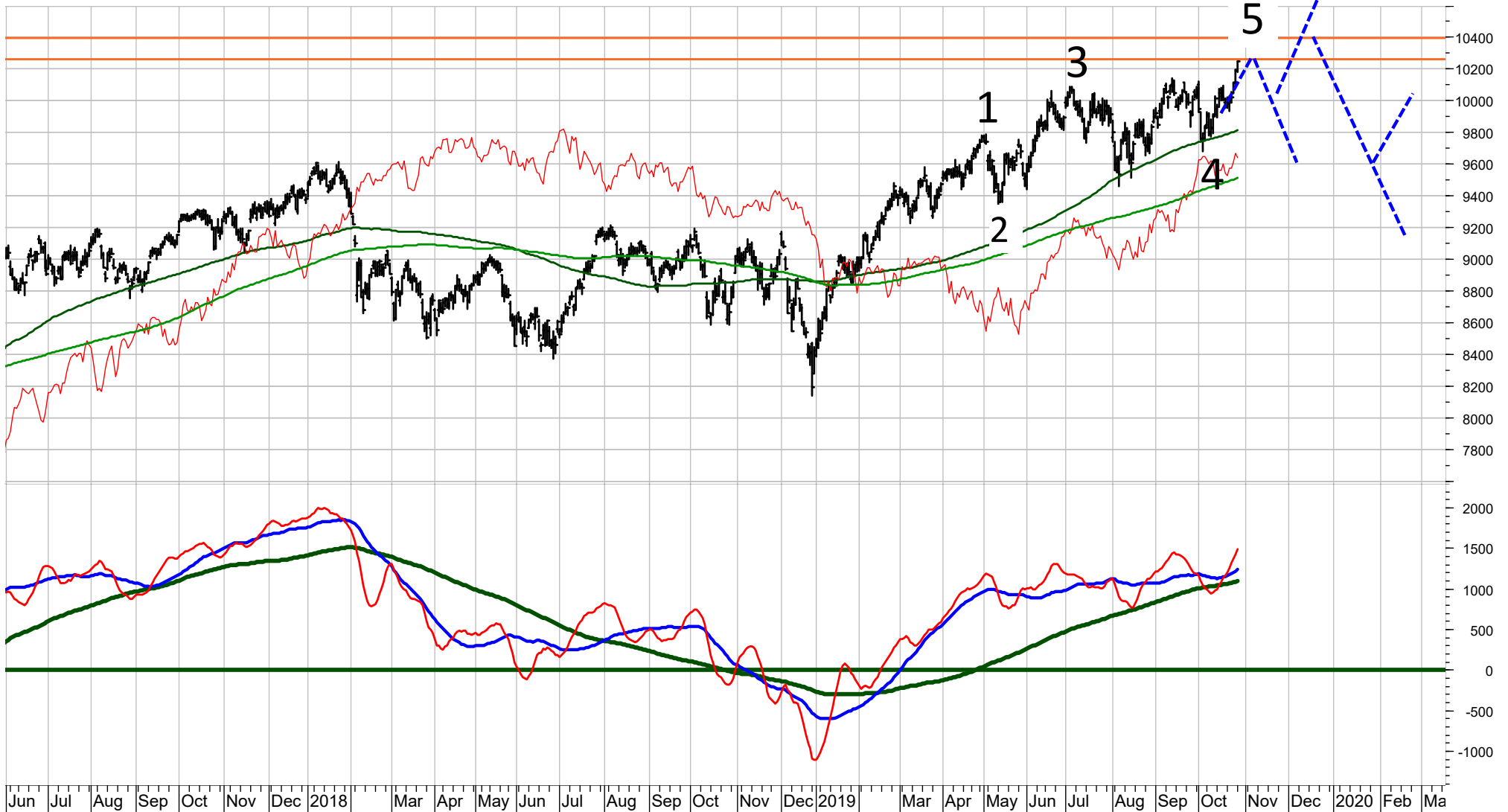


Swiss Market Index - SMI – daily chart

The SMI is extending the Wedge, which I have been tracking since March 2019. It reached another new high (Wave 5 of the Wedge) at the resistance range, which I had located between 10150 to 10350 / 10400. A break of 10400 would negate the Wedge as a trend-ending pattern. Rather, it would have to be labeled as a trend-acceleration pattern with higher targets to be signaled.

For now, my long-term and medium-term outlook remain unchanged up and flat. A medium-term upgrade would be justified if 10400 is broken.

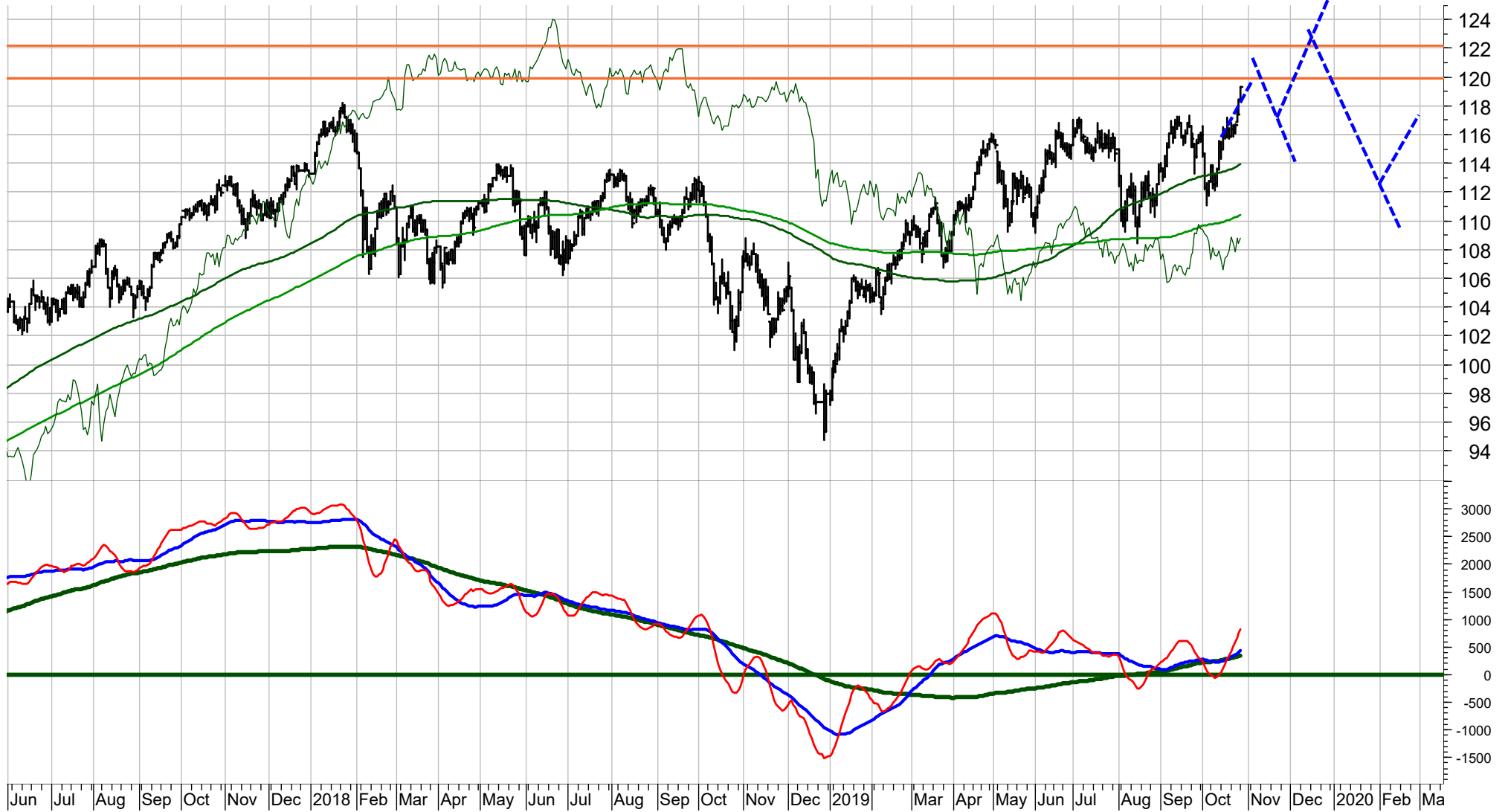
Long-term Outlook: UP
Medium-term Outlook: FLAT



Swiss Equally Weighted Price Index (.SOLECHPR) – daily chart

The Equally Weighted Swiss Index is close to breaking the long-term resistance range between 120 and 122. The long-term and medium-term outlook is likely to move to UP if this range is broken.

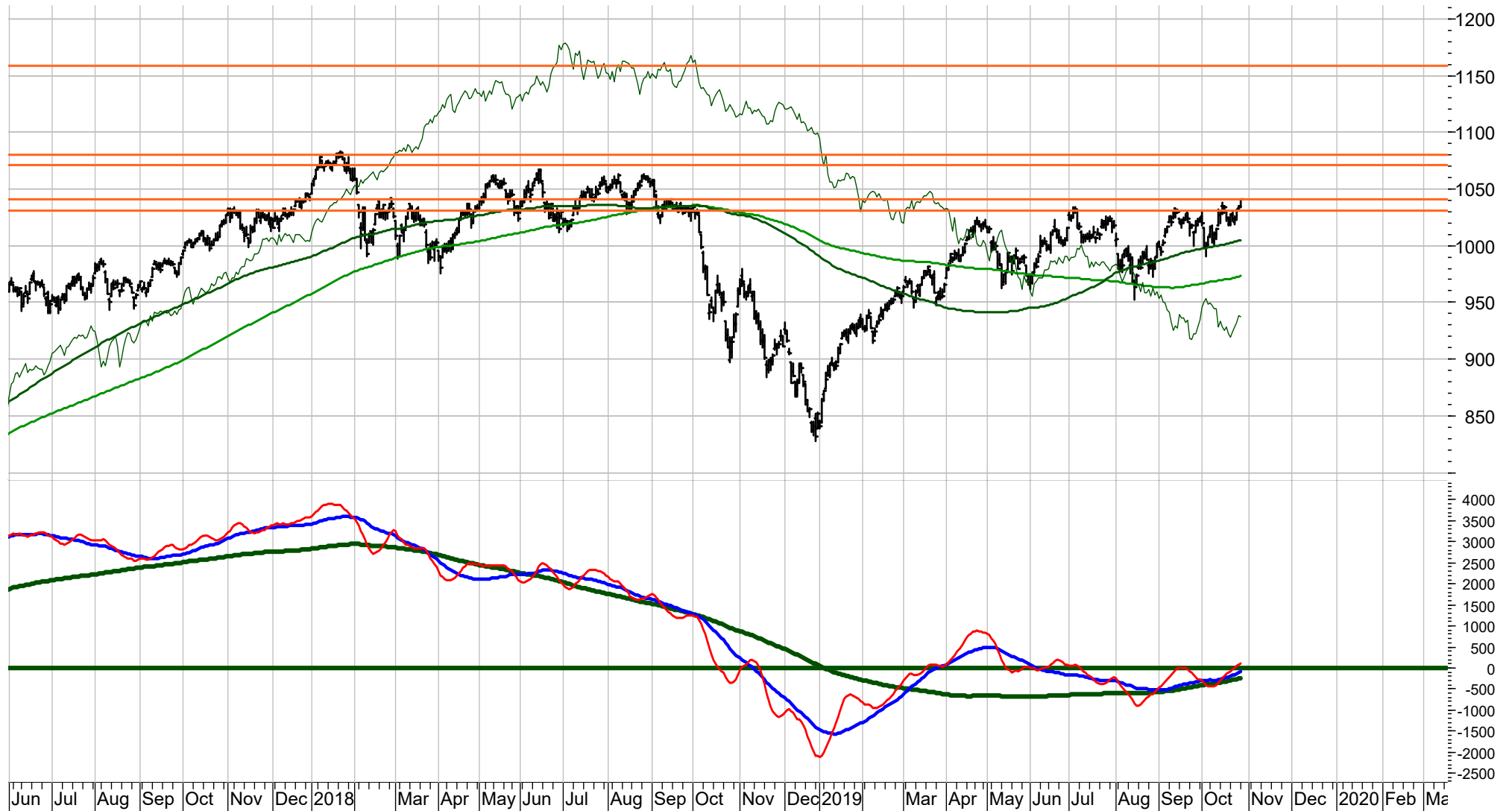
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Swiss MidCap Price Index (.SMIX) – daily chart

The Swiss MidCap Index is close to breaking the long-term resistance range between 10450 and 1085. The long-term and medium-term outlook is likely to move to UP if this range is broken.

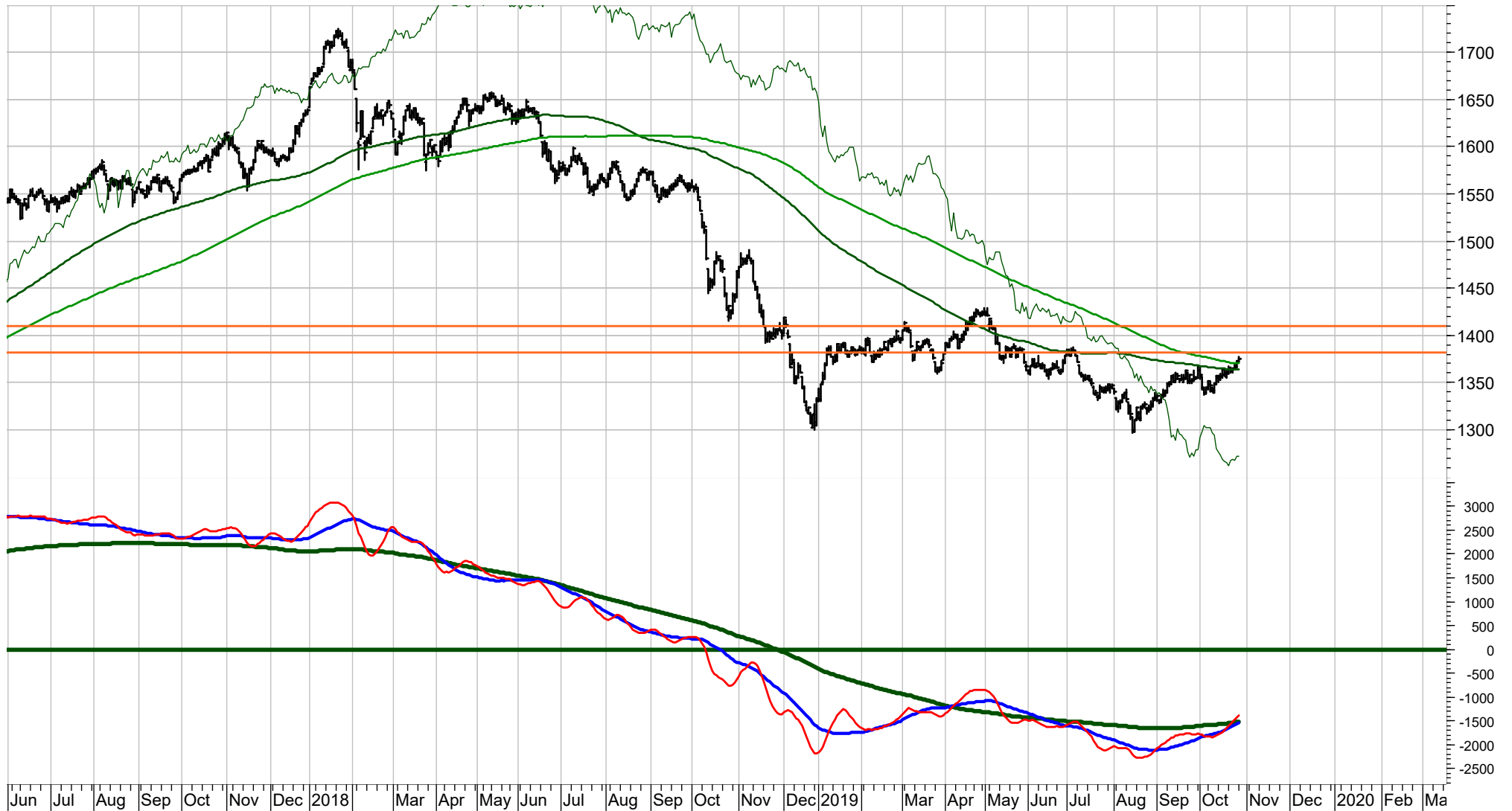
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Swiss SmallCap Price Index (.SSIX) – daily chart

A break in the SSIX above the resistance lines at 1370 and 1390 could signal further strength to the next resistance at 1410. It would take a break of 1390 / 1410 to justify a medium-term and long-term upgrade to UP. This week, based on the rise above 1370, I am upgrading the SmallCap Index to medium-term and long-term FLAT.

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

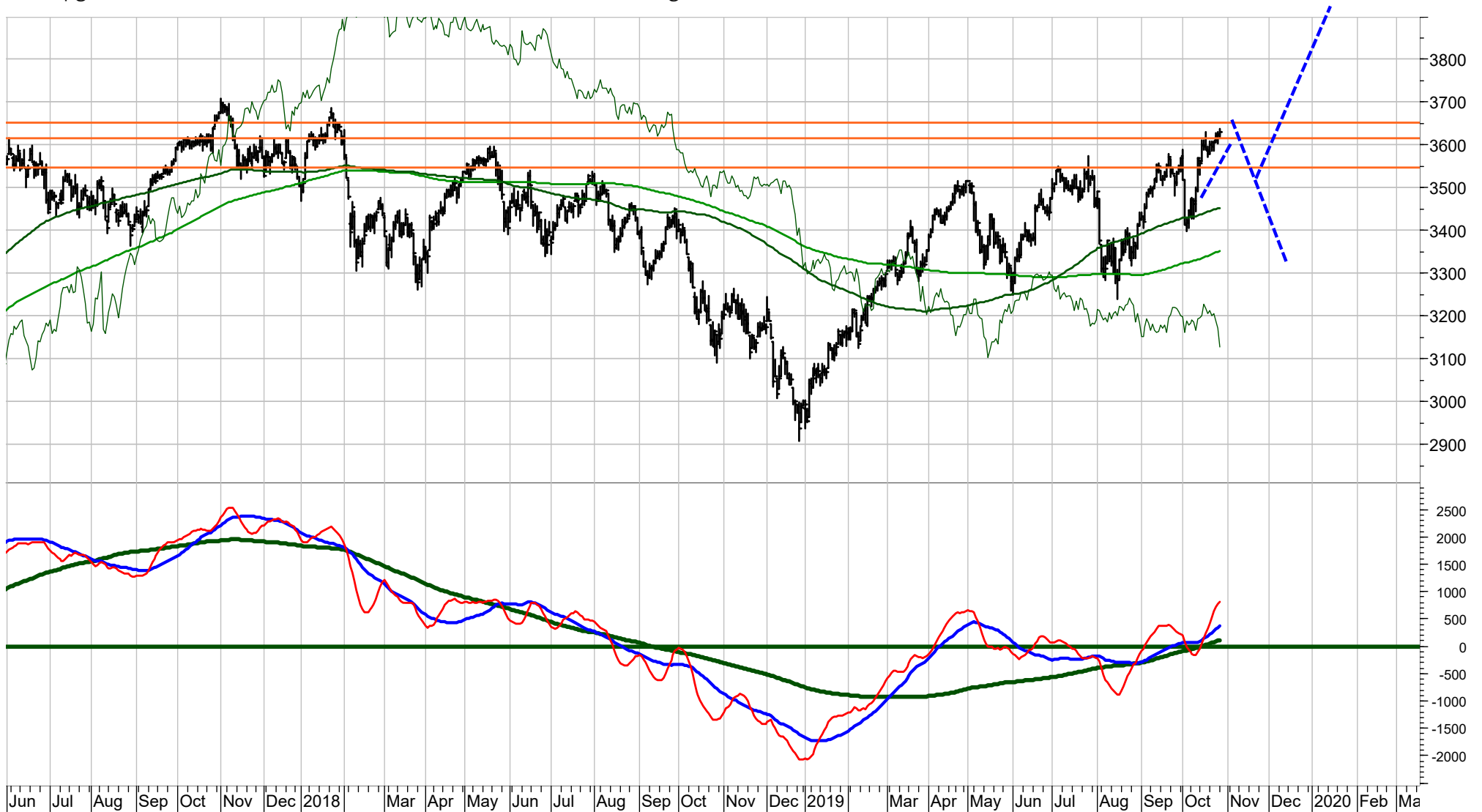


Eurostoxx 50 Index – daily chart

The present uptrend must not rise above 3650 or my long-term triangle interpretation would be negated. For now, the outlook for Wave E to be formed has still the preferred status. However, if the index breaks 3670 it could rise to 3750 or 3950. The supports are 3400, 3350 and 3150.

Swiss franc based equity investors should watch the MSCI EMU on the overnext page. A new upgrade in Euro relative to the MSCI World Index and a new upgrade in Swiss franc relative to the MSCI Switzerland could be signaled next.

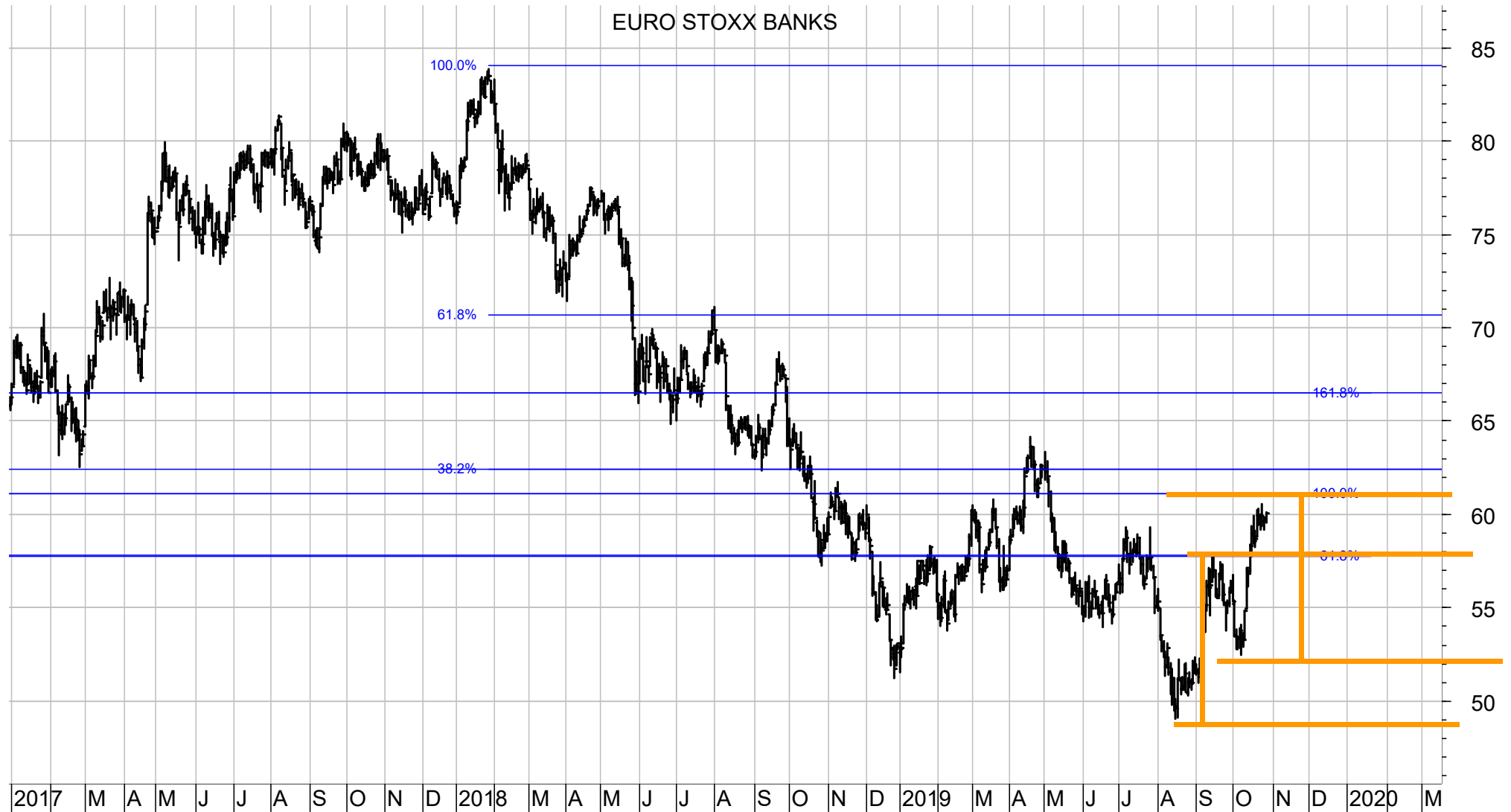
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



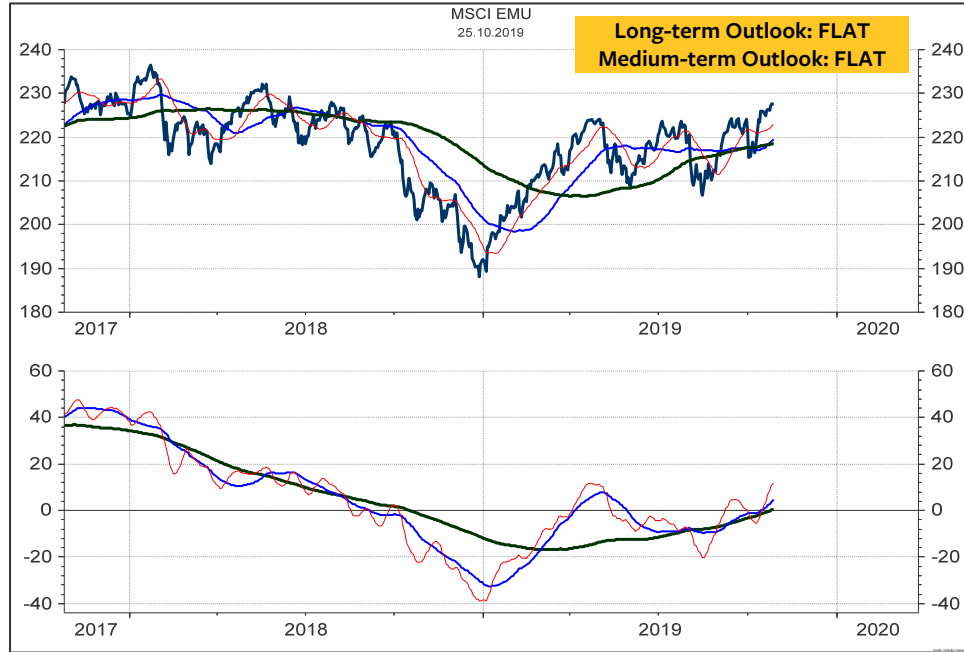
Eurostoxx Banks Index – daily chart

Based on the structure of the downtrend from 2018 and the wave correlation within the two uplegs from the low in August the Eurostoxx Banks Index will trigger a medium-term and probably long-term uptrend signal if the Fibonacci resistance at 61.50 / 62.50 is broken.

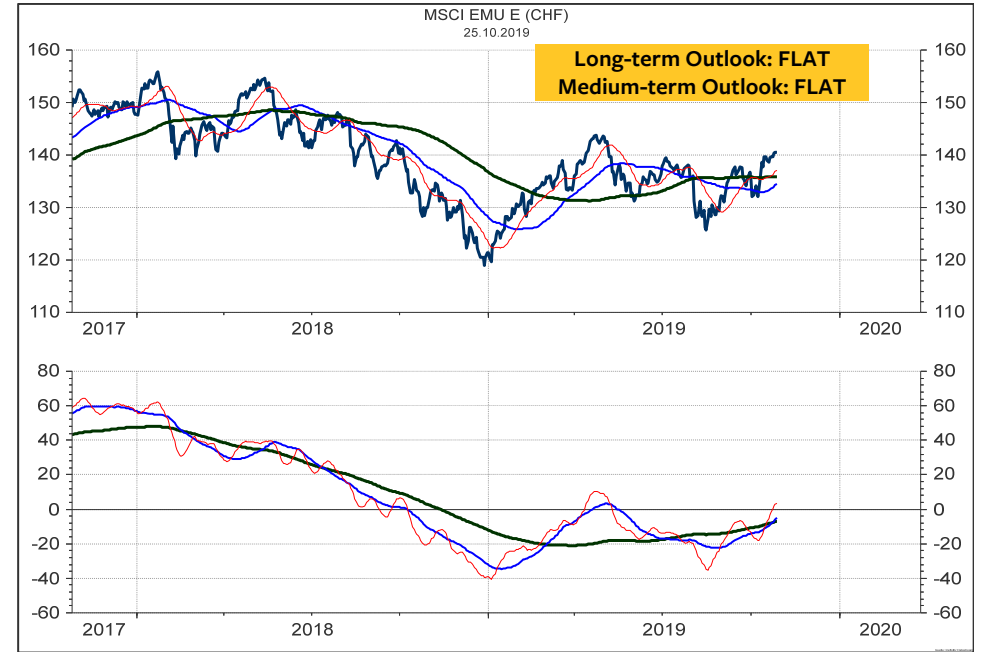
Next resistance is at 66.50 and 71.



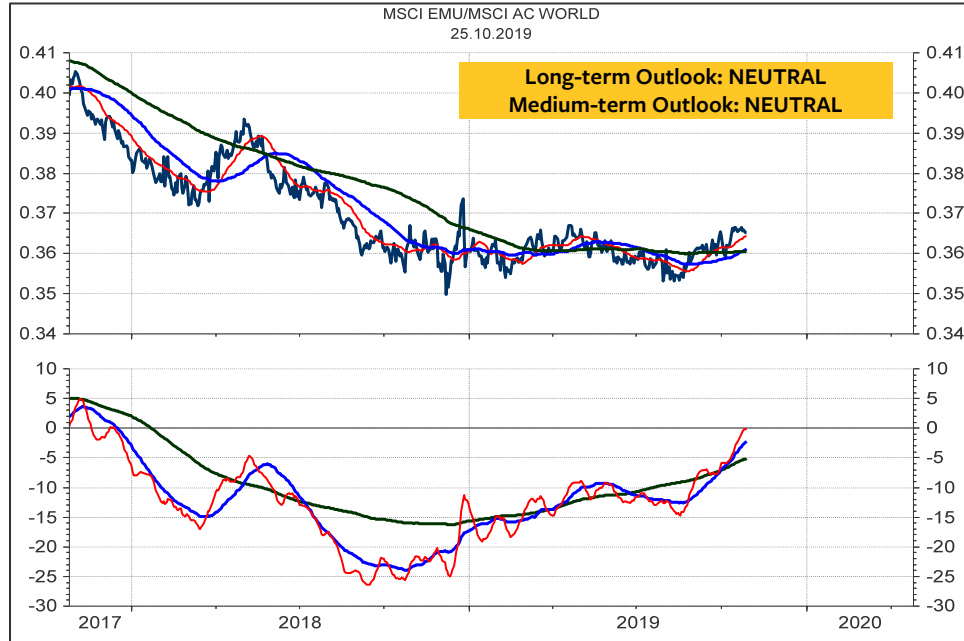
MSCI EMU in Euro



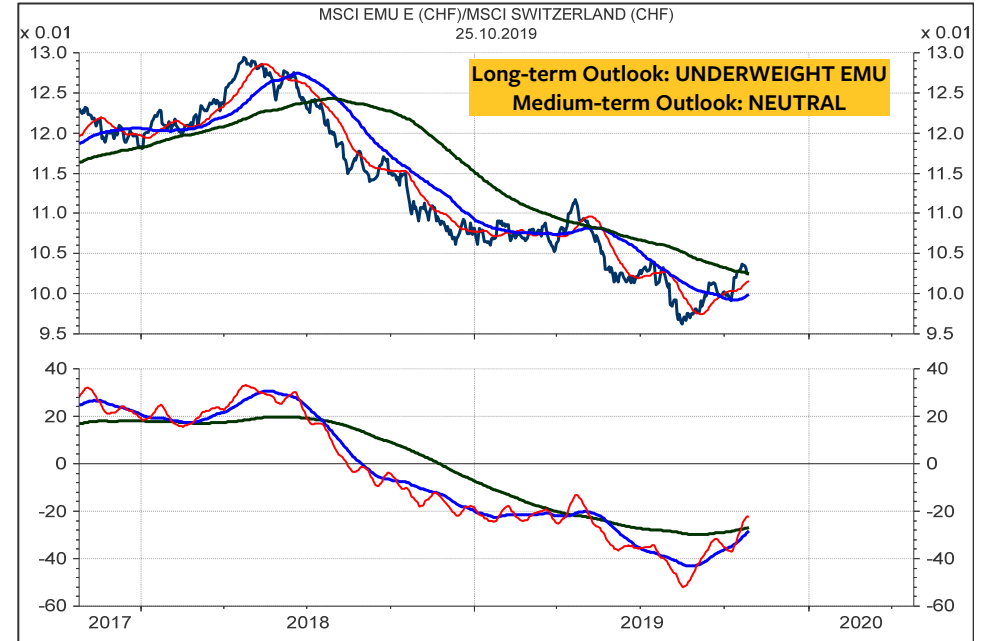
MSCI EMU in Swiss franc



MSCI EMU relative to the MSCI AC World



MSCI EMU in CHF relative to MSCI Switzerland

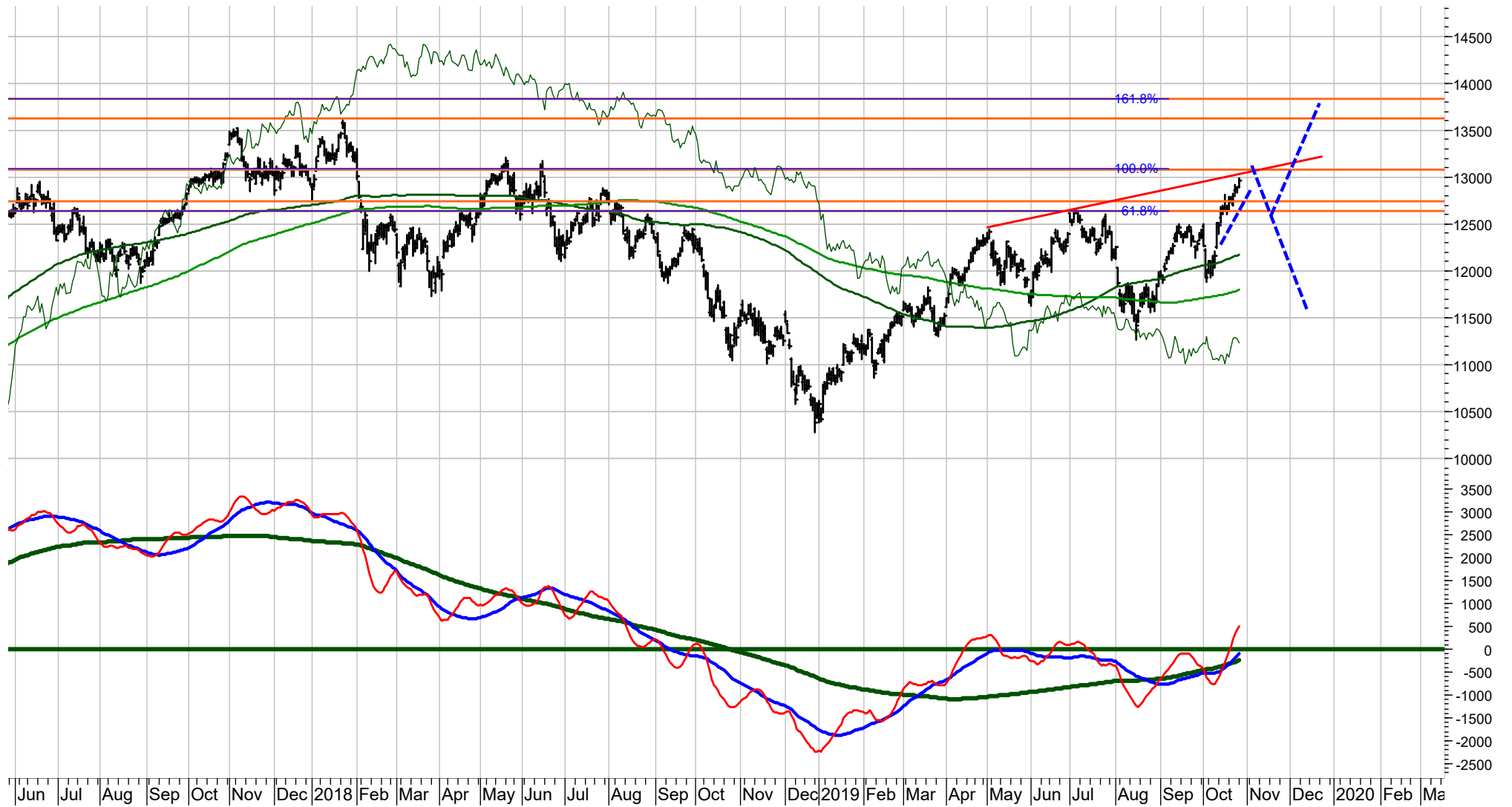


Deutscher Aktien Index – DAX – daily chart

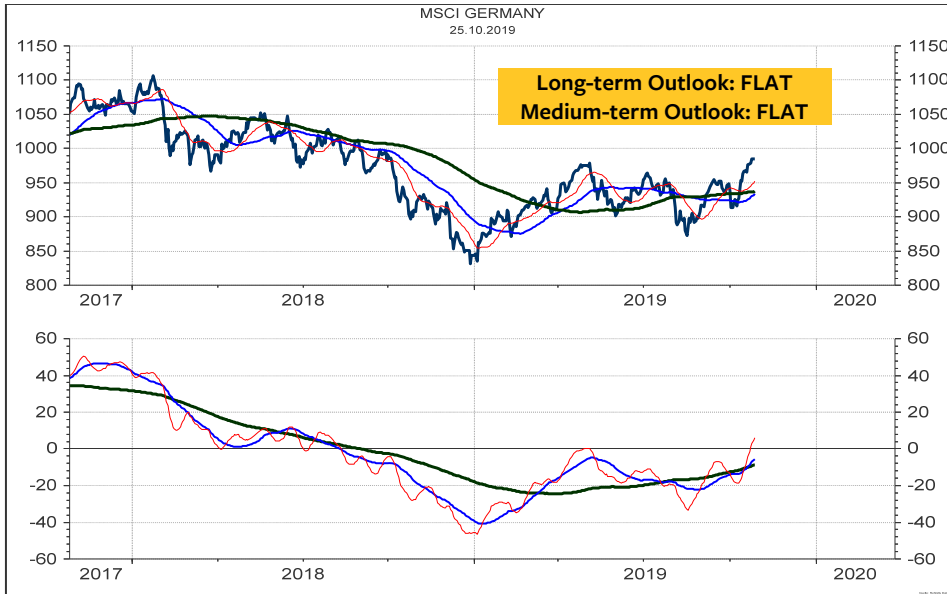
The DAX broke the major resistance at 12750 and is testing 13100.
A medium-term correction could be pending. The supports are at 11800 or 11000.

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

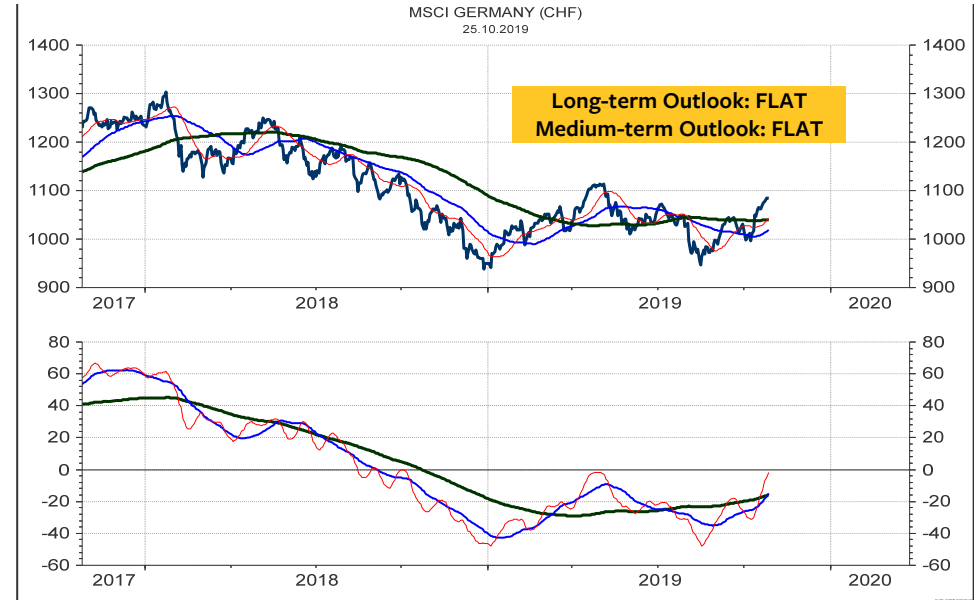
Swiss franc based equity investors should watch the MSCI Germany on the next page. A new upgrade of Germany in Euro relative to the MSCI World Index and a new upgrade in Germany in Swiss franc relative to the MSCI Switzerland could be signaled next.



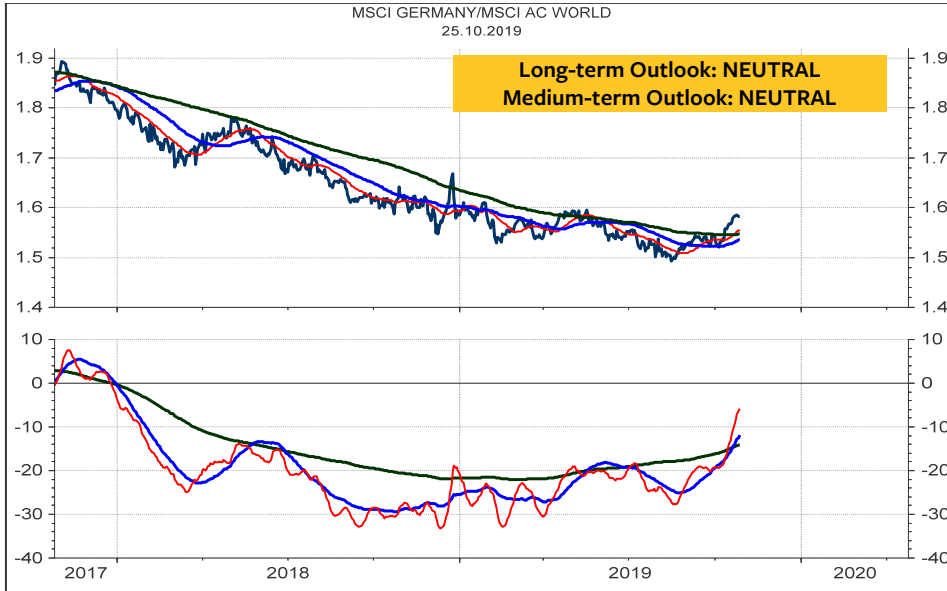
MSCI GERMANY in Euro



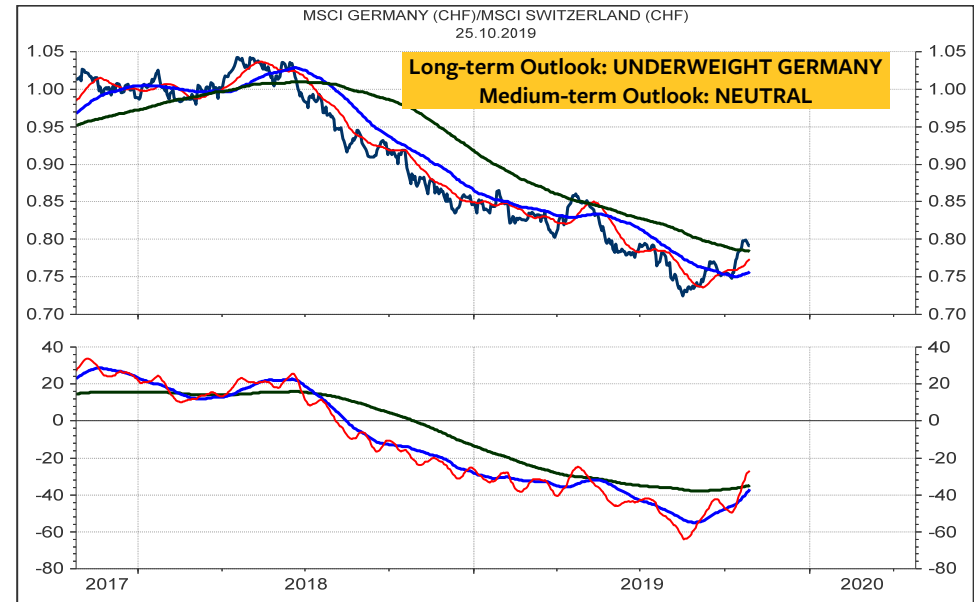
MSCI GERMANY in Swiss franc



MSCI GERMANY in Euro relative to the MSCI AC World Index



MSCI GERMANY in Swiss franc relative to the MSCI Switzerland



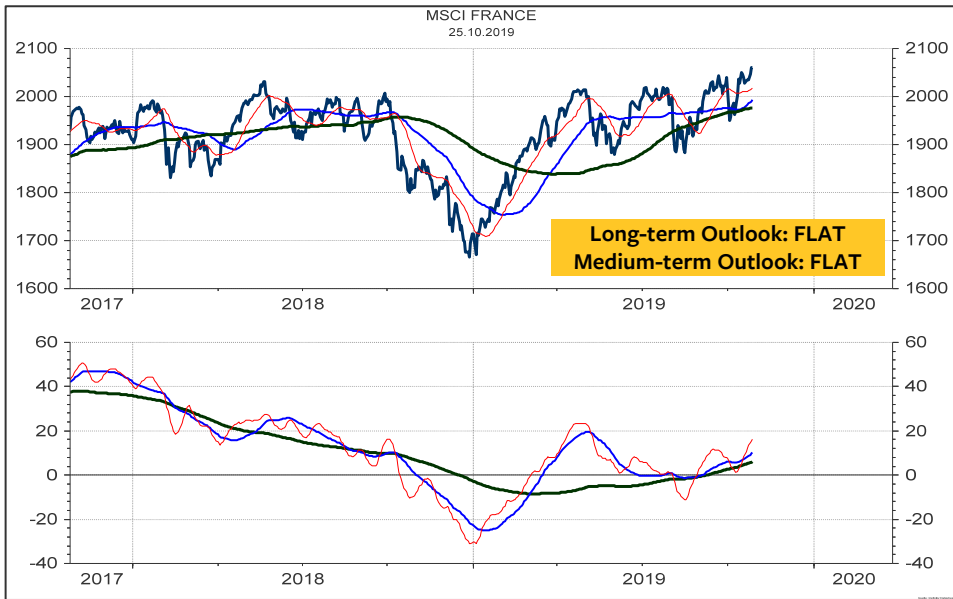
French CAC40 Index – daily chart

The CAC40 Index is close to long-term resistance range between 5750 and 5850. Slightly higher resistance is at 6000. The medium-term and long-term outlook are likely to be upgraded to UP if these levels are broken.

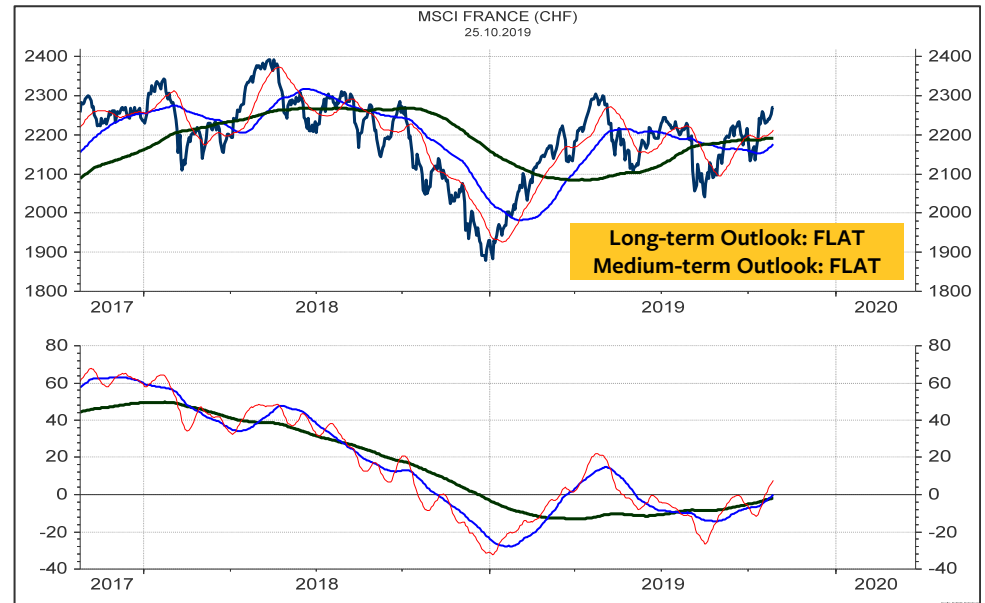
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



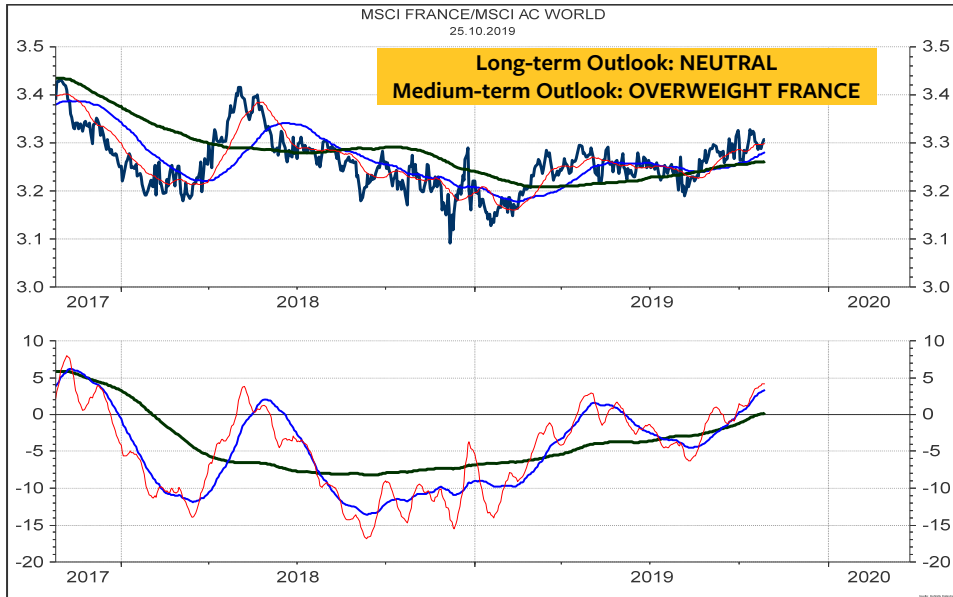
MSCI FRANCE in Euro



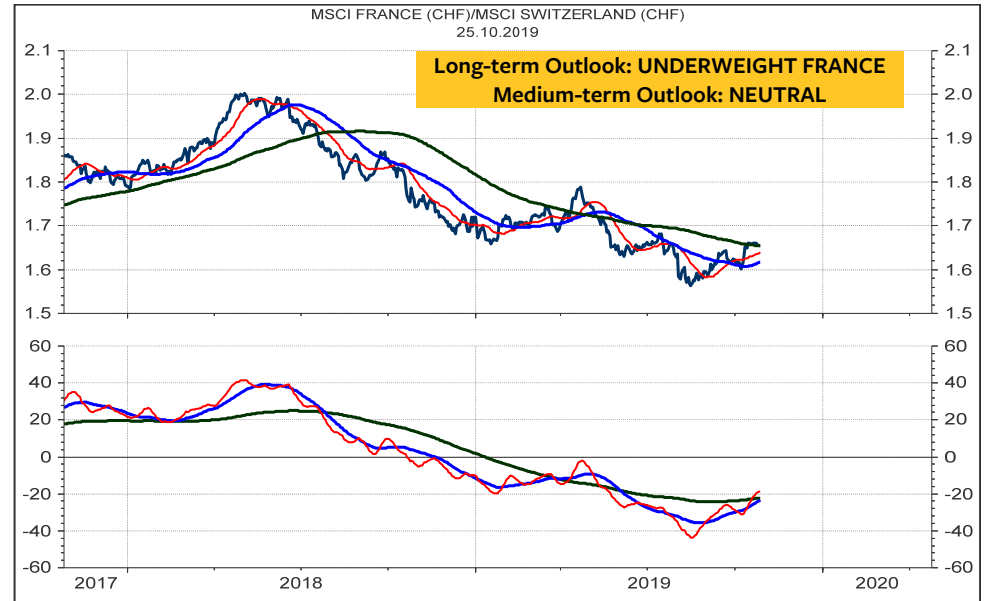
MSCI FRANCE in Swiss franc



MSCI FRANCE in Euro relative to MSCI World Index



MSCI FRANCE in SFR relative to MSCI Switzerland

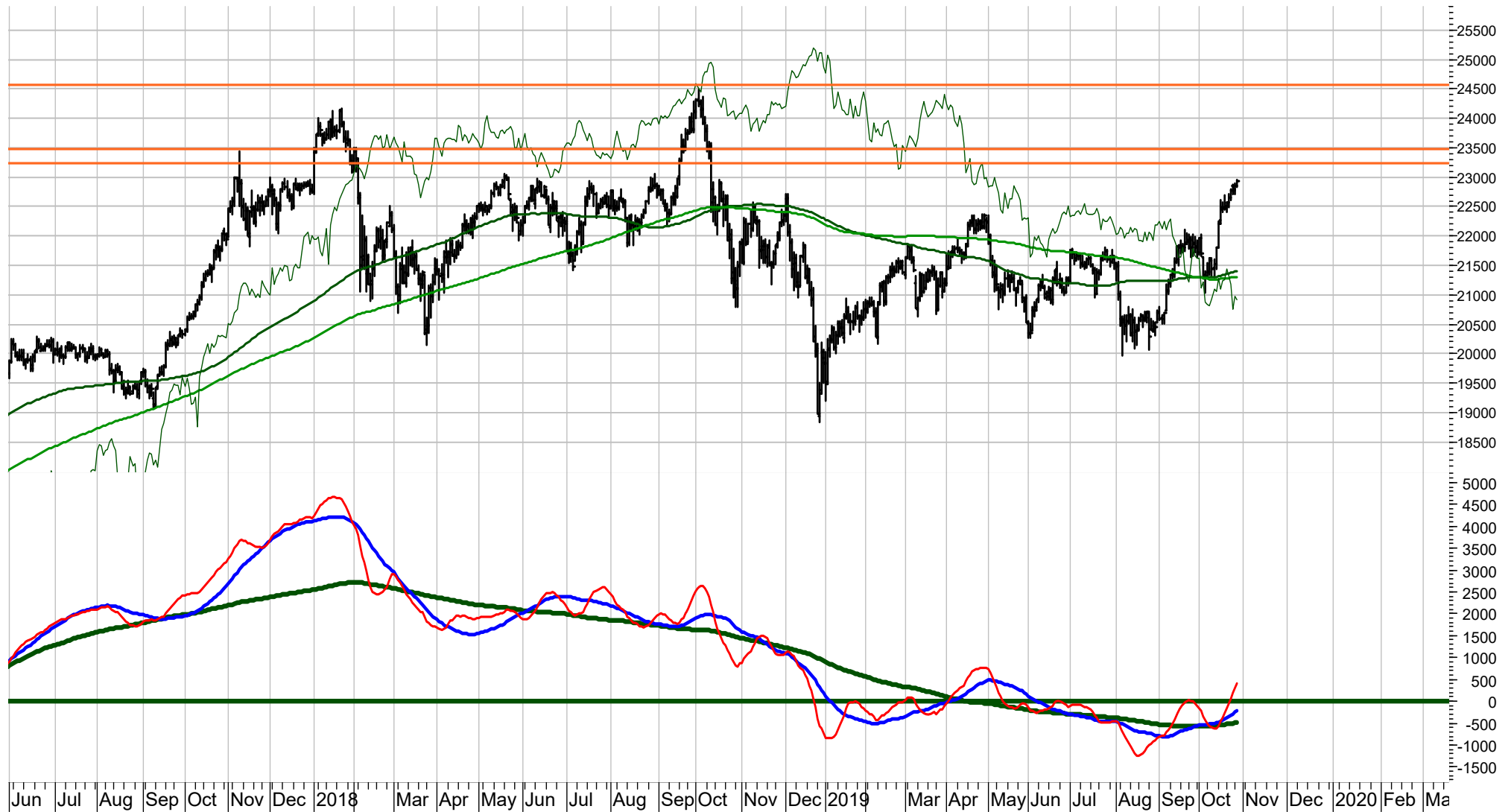


Japanese Nikkei 225 Index – daily chart

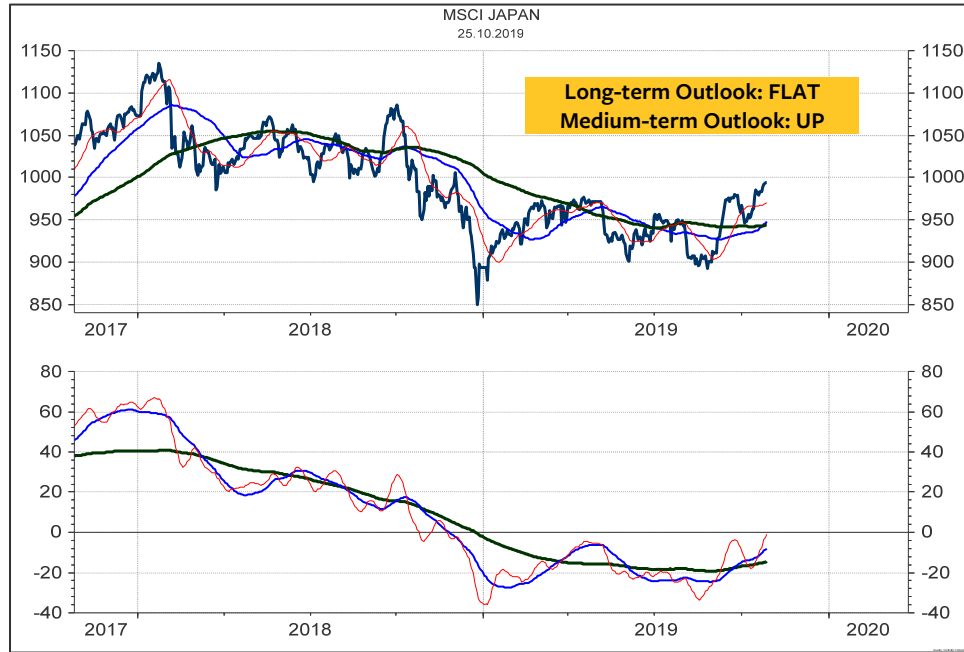
The Nikkei rose above 22800 and signaled 23300 to 23500. Clearly, the medium-term and long-term outlook are likely to be upgraded to UP if 23500 is broken.

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

Swiss franc-based equity investors should watch the MSCI Japan on the next page. Already, it is rated medium-term UP in Yen and in Swiss franc and OVERWEIGHT relative to the MSCI World and MSCI Switzerland. A long-term upgrade could signal that Swiss franc-based equity investors could increase their Japanese asset allocation.



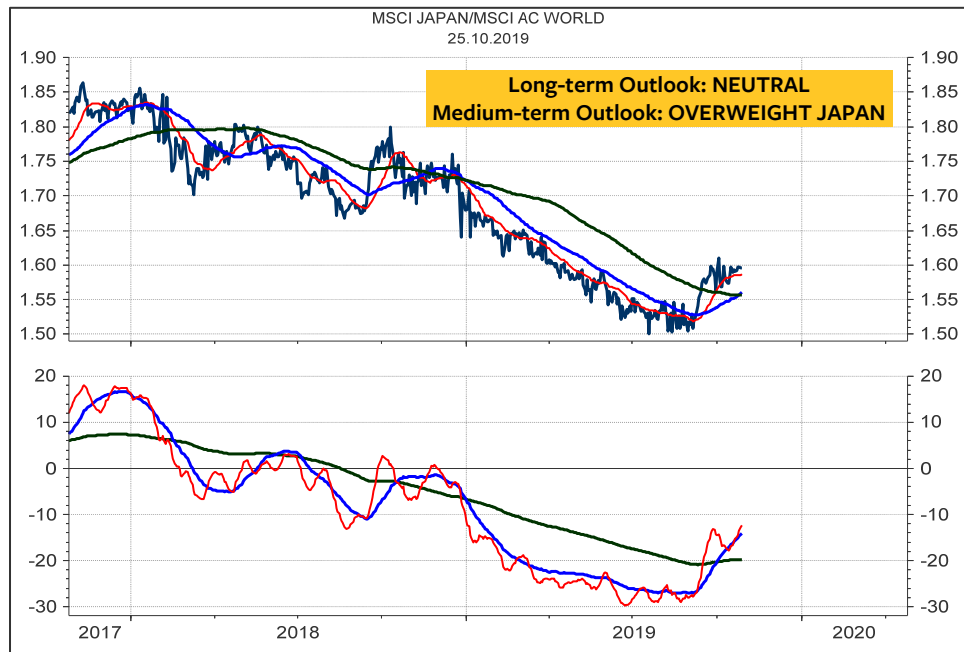
MSCI JAPAN in Yen



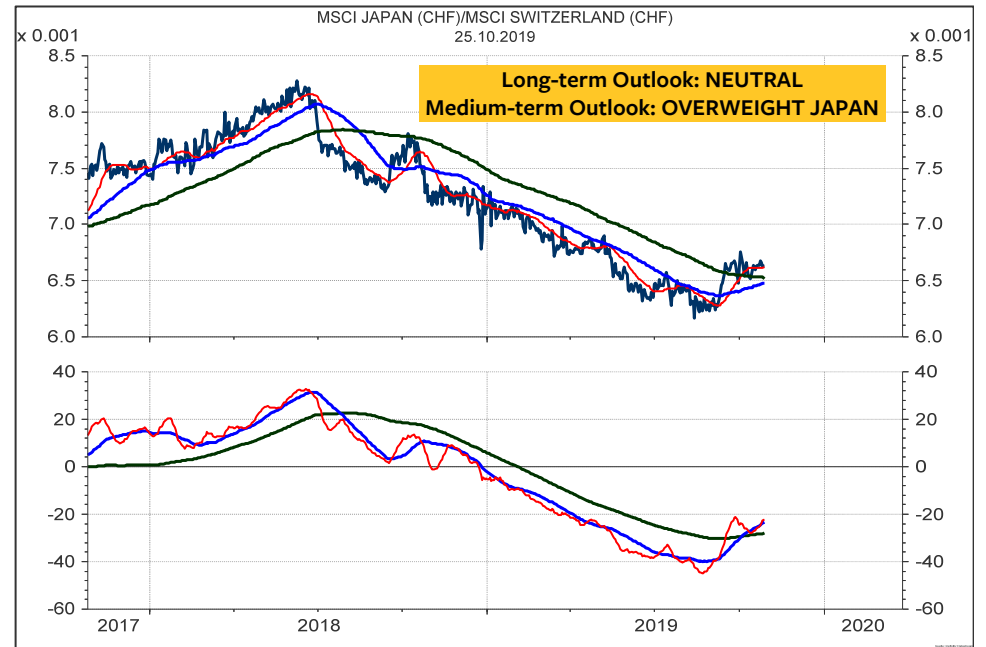
MSCI JAPAN in Swiss franc



MSCI JAPAN relative to the MSCI AC World



MSCI JAPAN in CHF relative to MSCI Switzerland

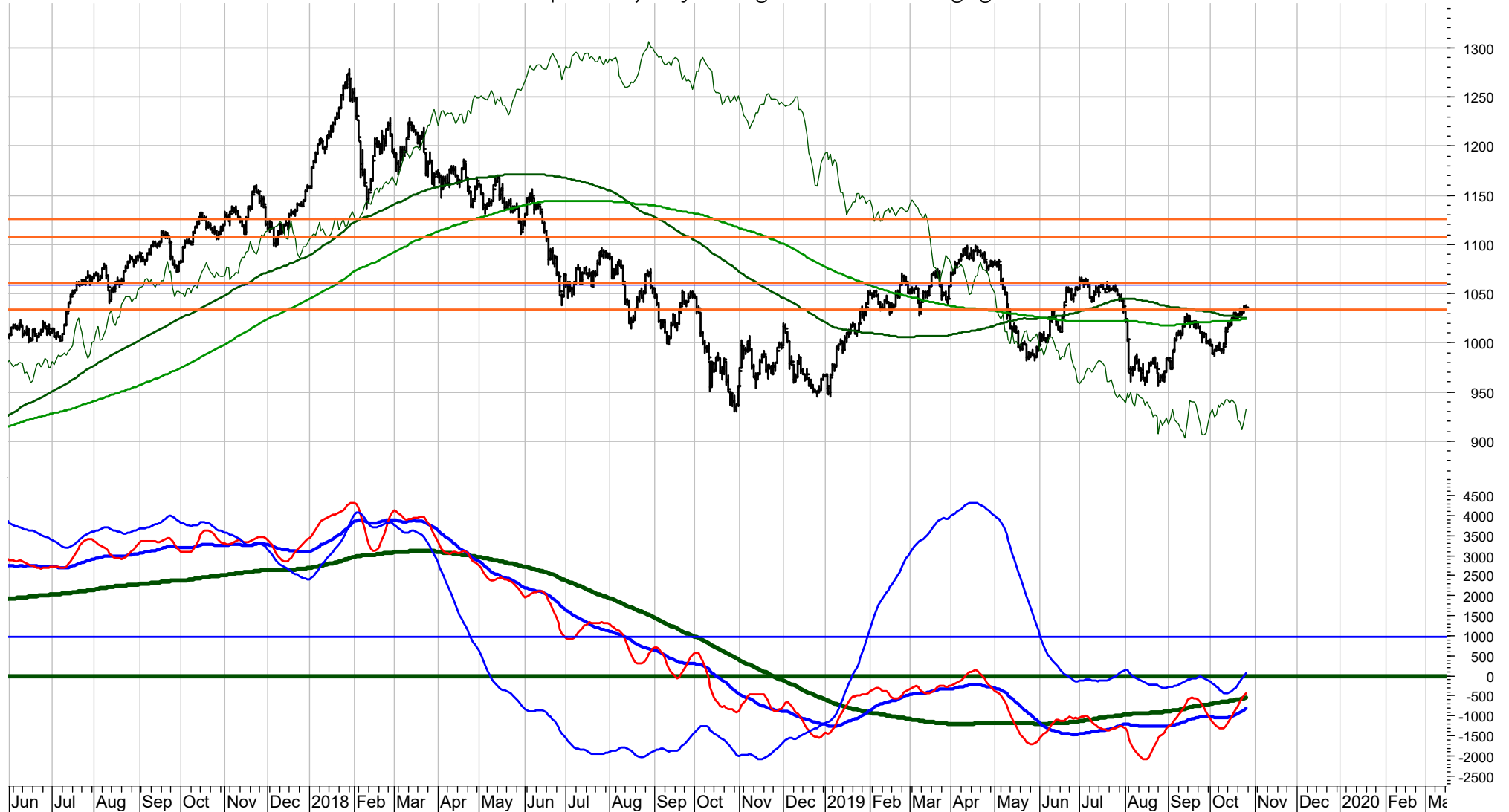


MSCI Emerging Markets Index – daily chart

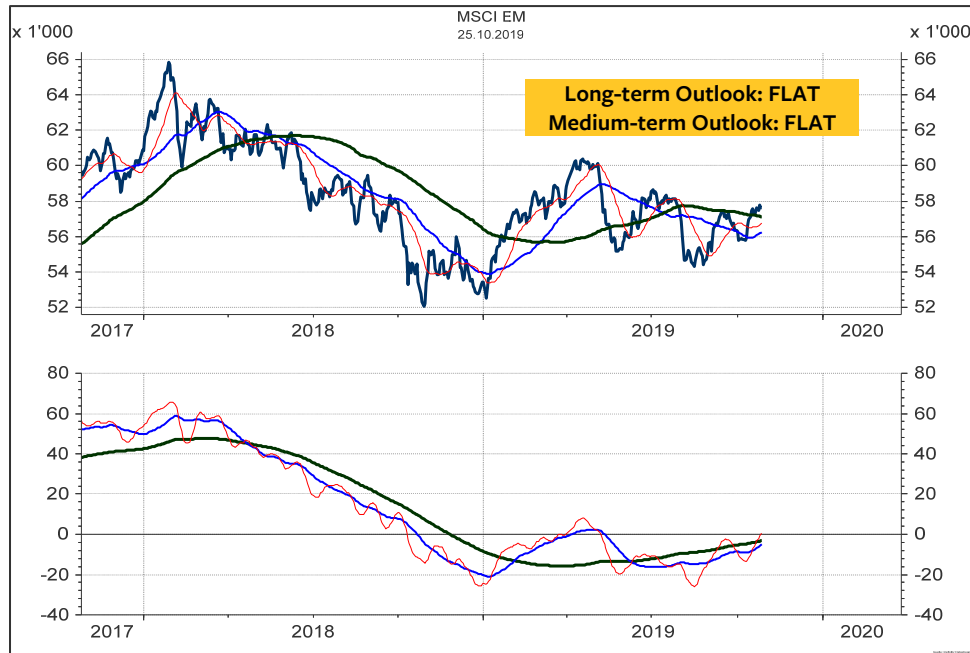
The Emerging Market Index would be upgraded to UP medium- and long-term if the resistance levels at 1040 / 1070 are broken.

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

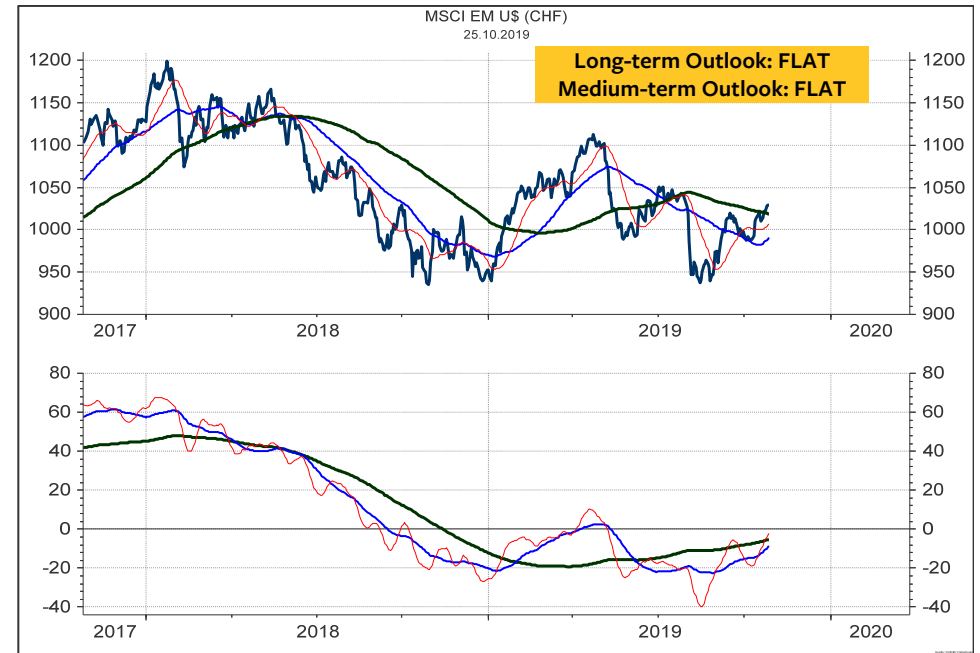
Swiss franc-based equity investors should remain out of the emerging markets. The MSCI EM (on the next page), measured in Swiss franc, remains long-term FLAT and UNDERWEIGHT relative to the MSCI Switzerland. A long-term upgrade in absolute terms and relative to the MSCI Switzerland is required to justify moving back into the emerging markets.



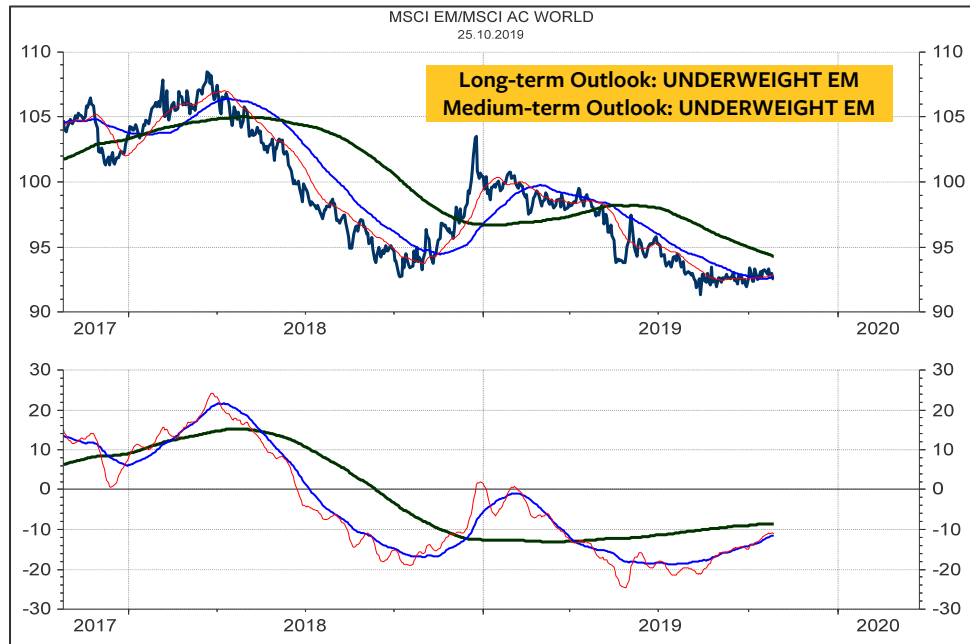
MSCI EMERGING MARKETS in local currencies



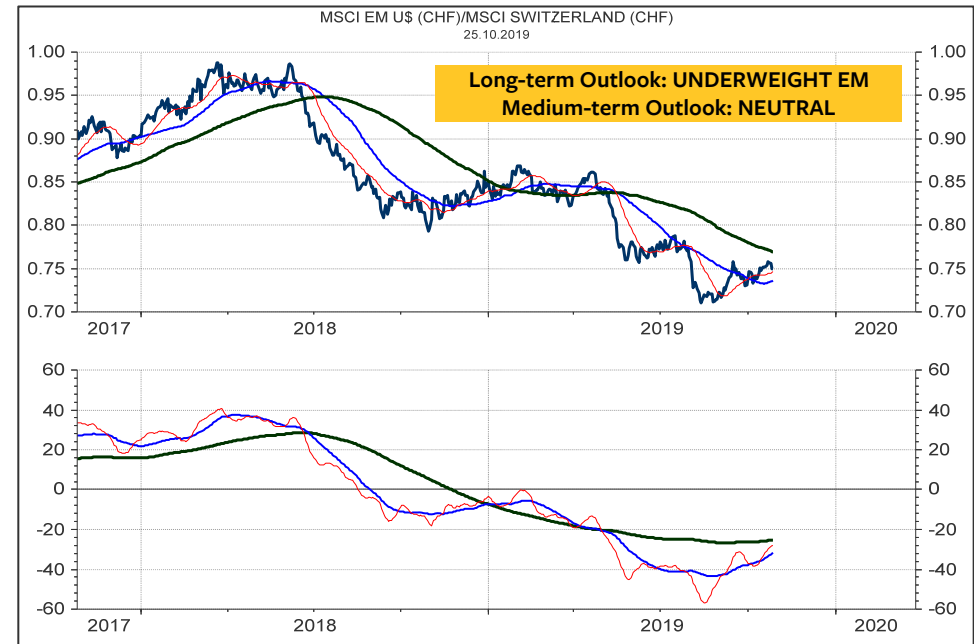
MSCI EMERGING MARKETS in Swiss franc



MSCI EMERGING MARKETS relative to the MSCI AC World



MSCI EMERGING MARKETS in CHF relative to MSCI Switzerland

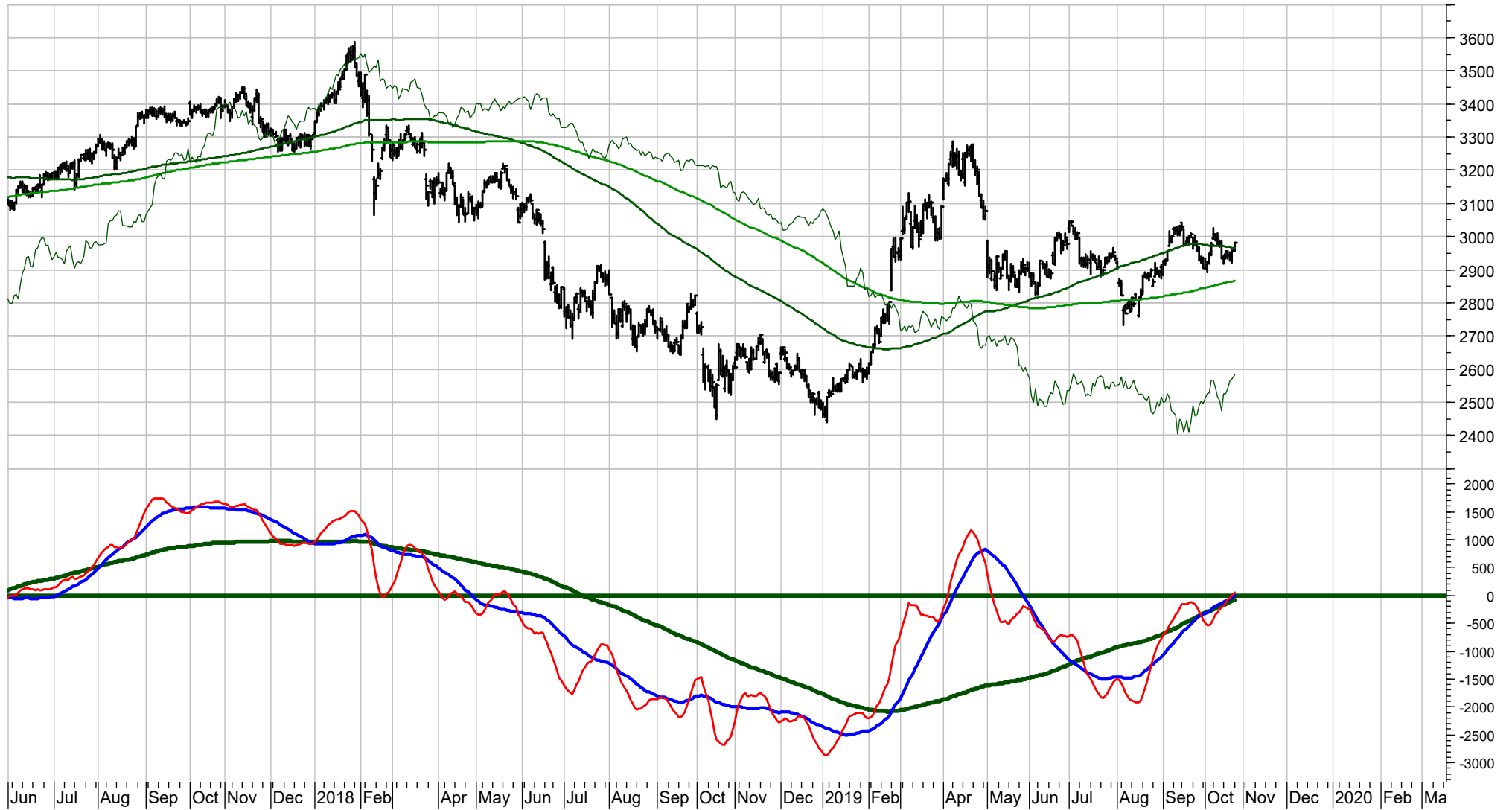


Shanghai Composite Index – daily chart

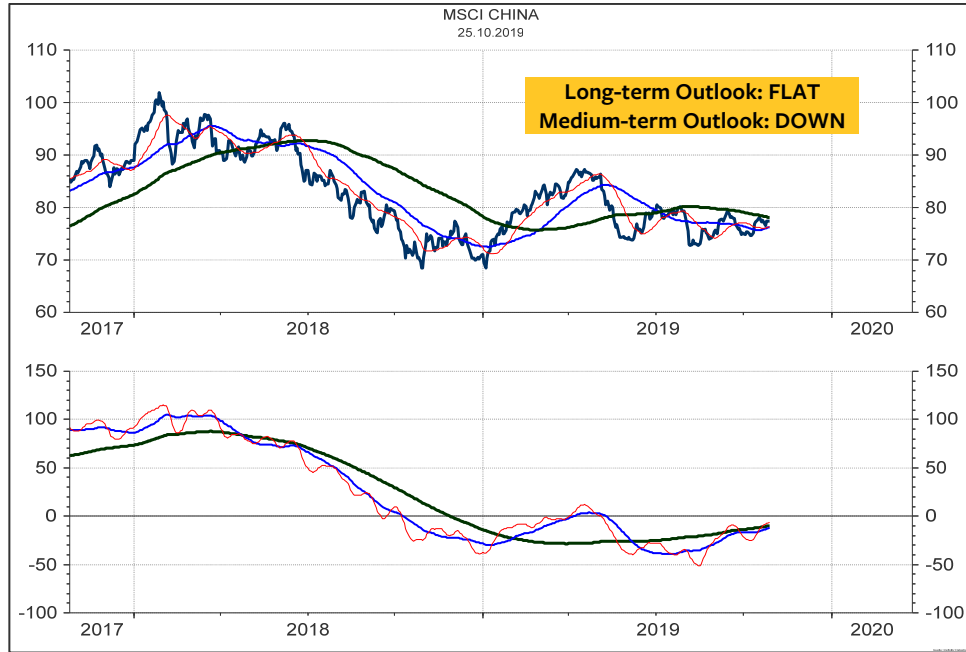
The SCI failed to break 3080 / 3100 and turned down to stay in the triangle from January 2018. Given the strength of the medium-term and momentum uptrend I am upgrading the SCI to medium-term FLAT.

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

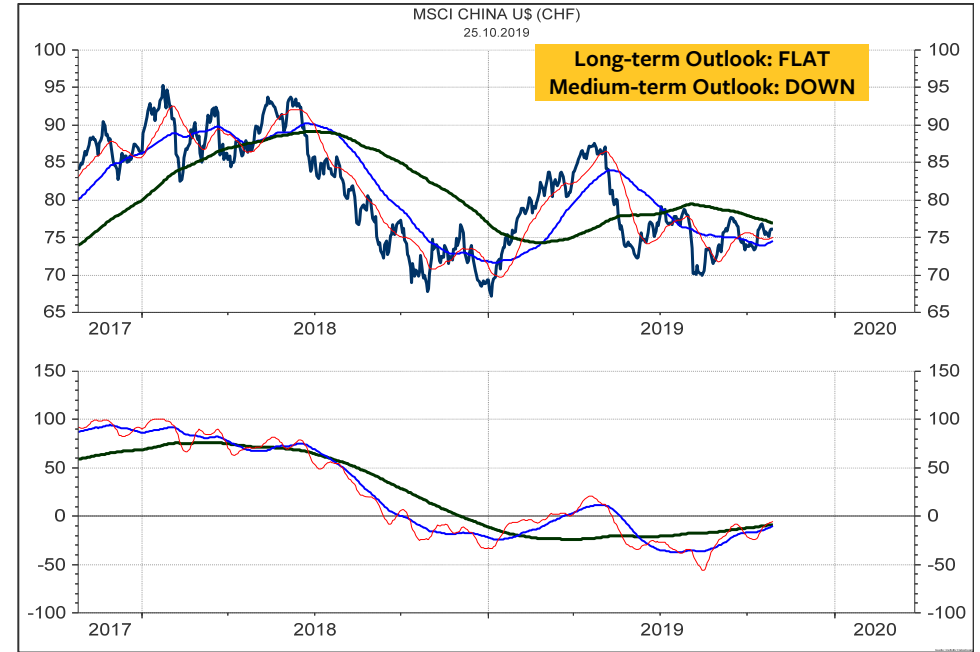
Swiss franc-based equity investors should remain out of the Chinese stock market. It remains rated UNDERWEIGHT in Yuan relative to the MSCI World and UNDERWEIGHT in Swiss franc relative to the MSCI Switzerland.



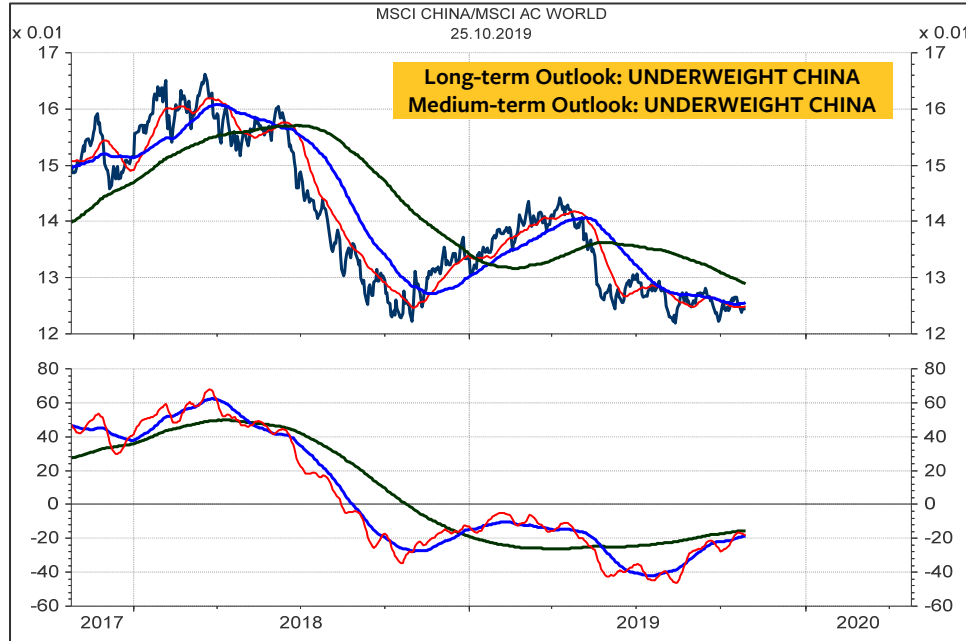
MSCI CHINA in Yuan



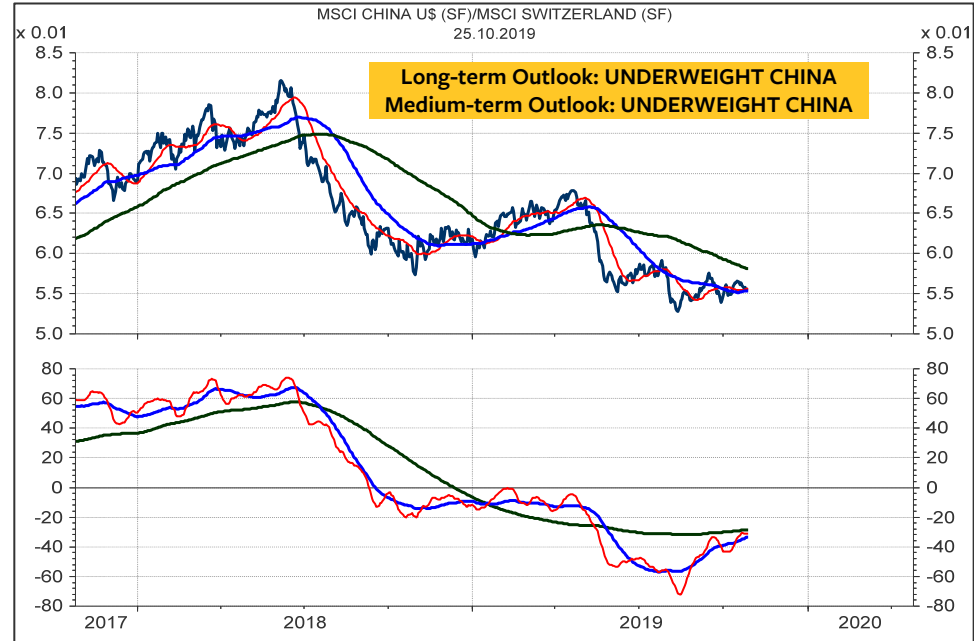
MSCI CHINA in Swiss franc



MSCI CHINA relative to the MSCI AC World



MSCI CHINA in CHF relative to MSCI Switzerland



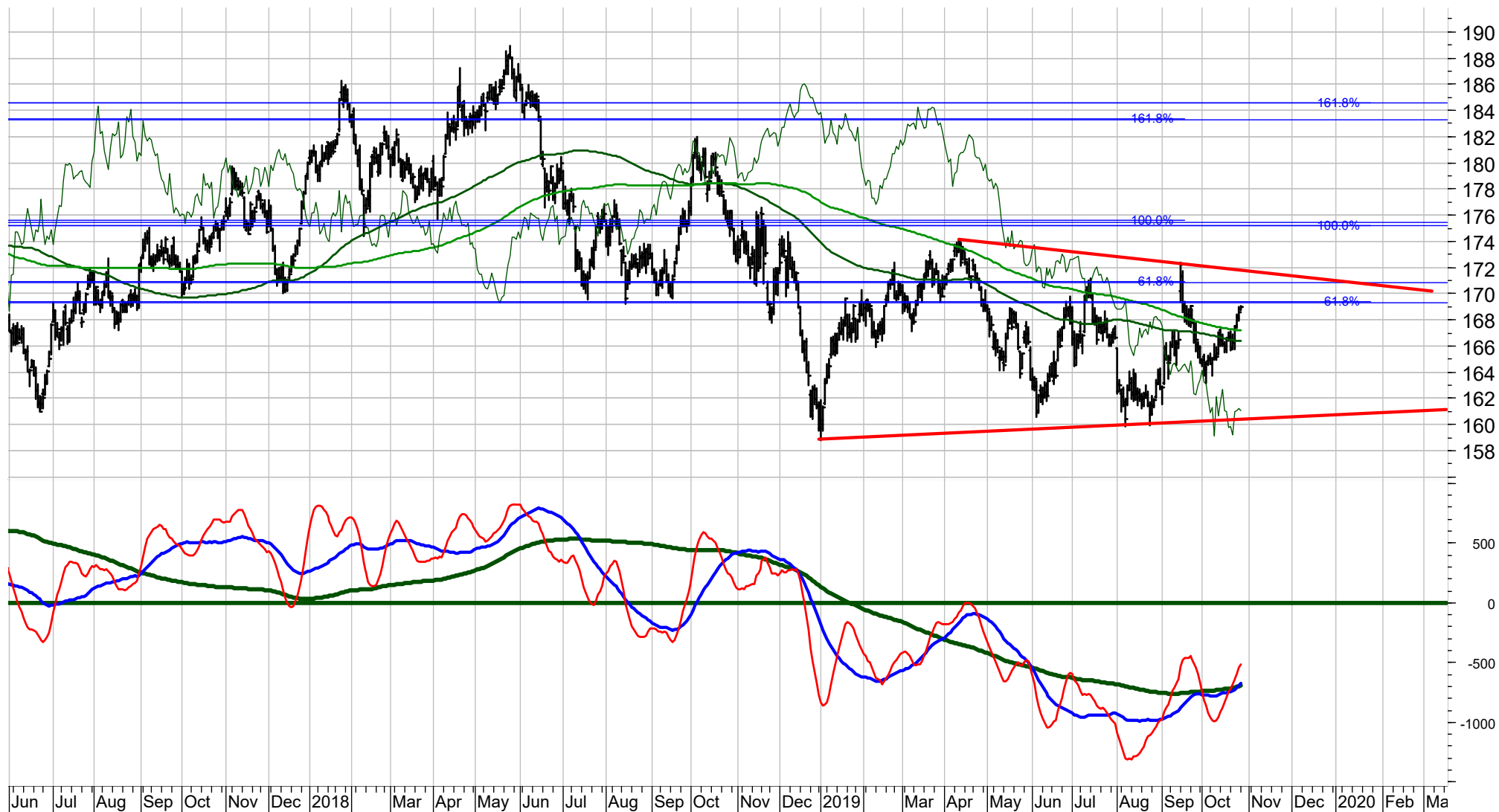
Bloomberg Commodity Total Return Index – daily chart

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

The BCI has been forming a horizontal triangle since January 2019. Now, it appears the Index wants to test the resistance at 169 / 171, a break of which would signal 175.

Given the fact that the BCI is rising above the 144-day and 233-day moving averages and that it has already crossed above the long-term momentum reversal the long-term outlook could indeed improving.

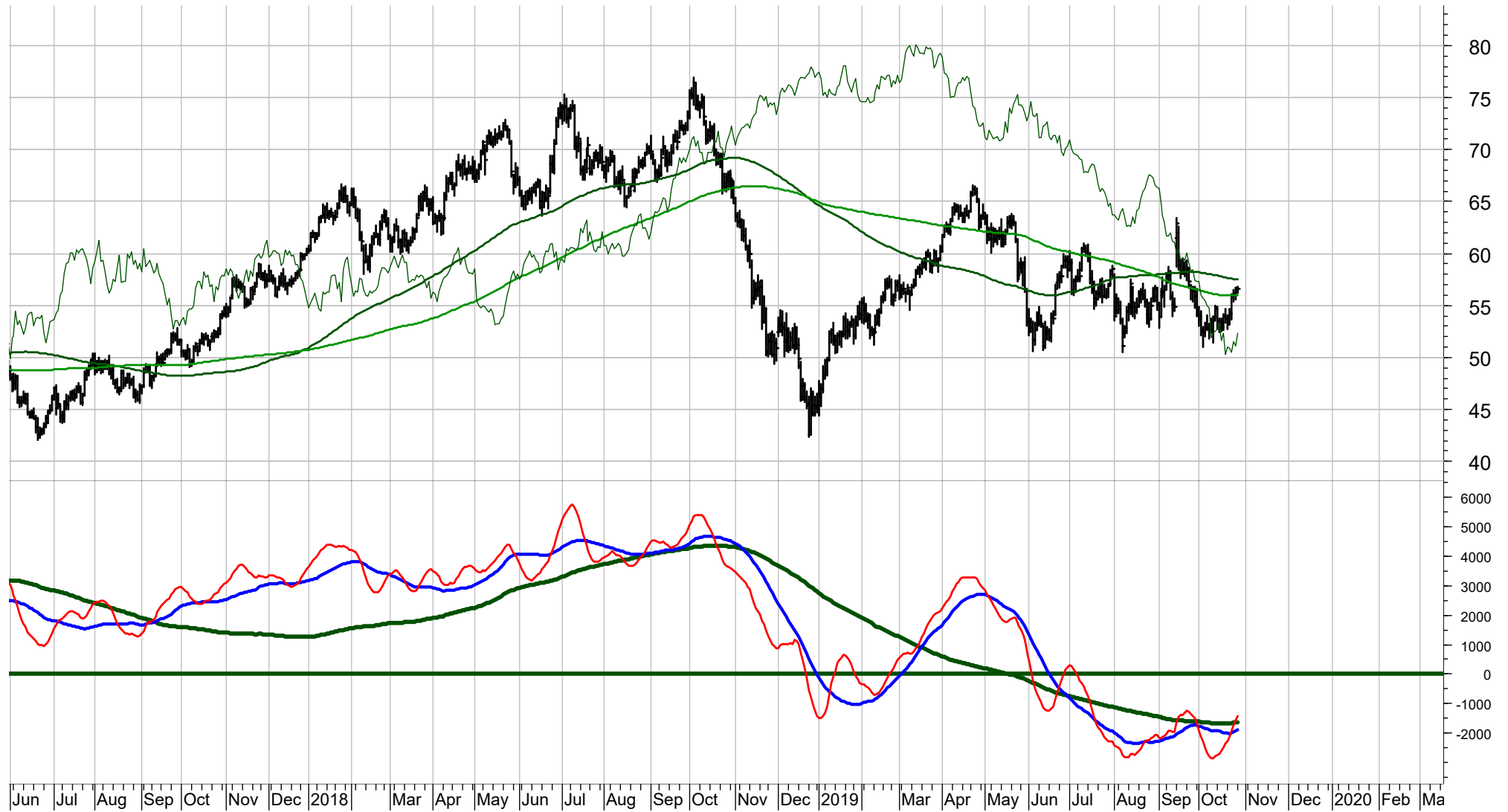
Still, I want to see the breaking of 171 before I am upgrading the medium-term and long-term outlook to positive.



Light Crude Oil Continuous Future – daily chart

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

Crude Oil remains in the horizontal triangle.
The key levels to watch are the resistance at 60 and 66 and the supports at 53 and 45.



HG Copper Continuous Future – daily chart

Copper would have to rise above 2.66 / 2.74 to deserve a new upgrade of at least medium-term degree.

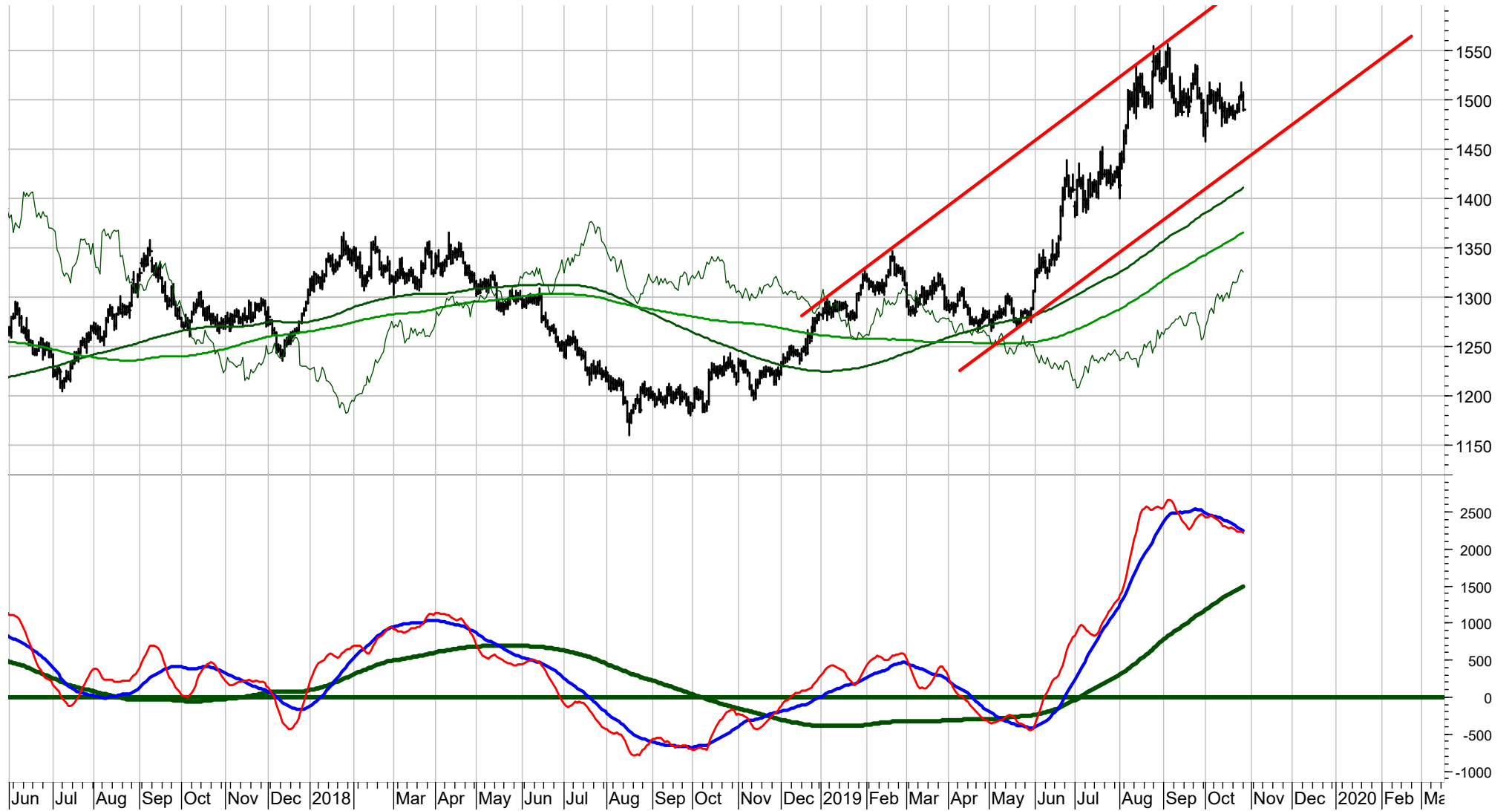
Long-term Outlook: DOWN
Medium-term Outlook: DOWN



Gold per Ounce in US dollar – daily chart

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

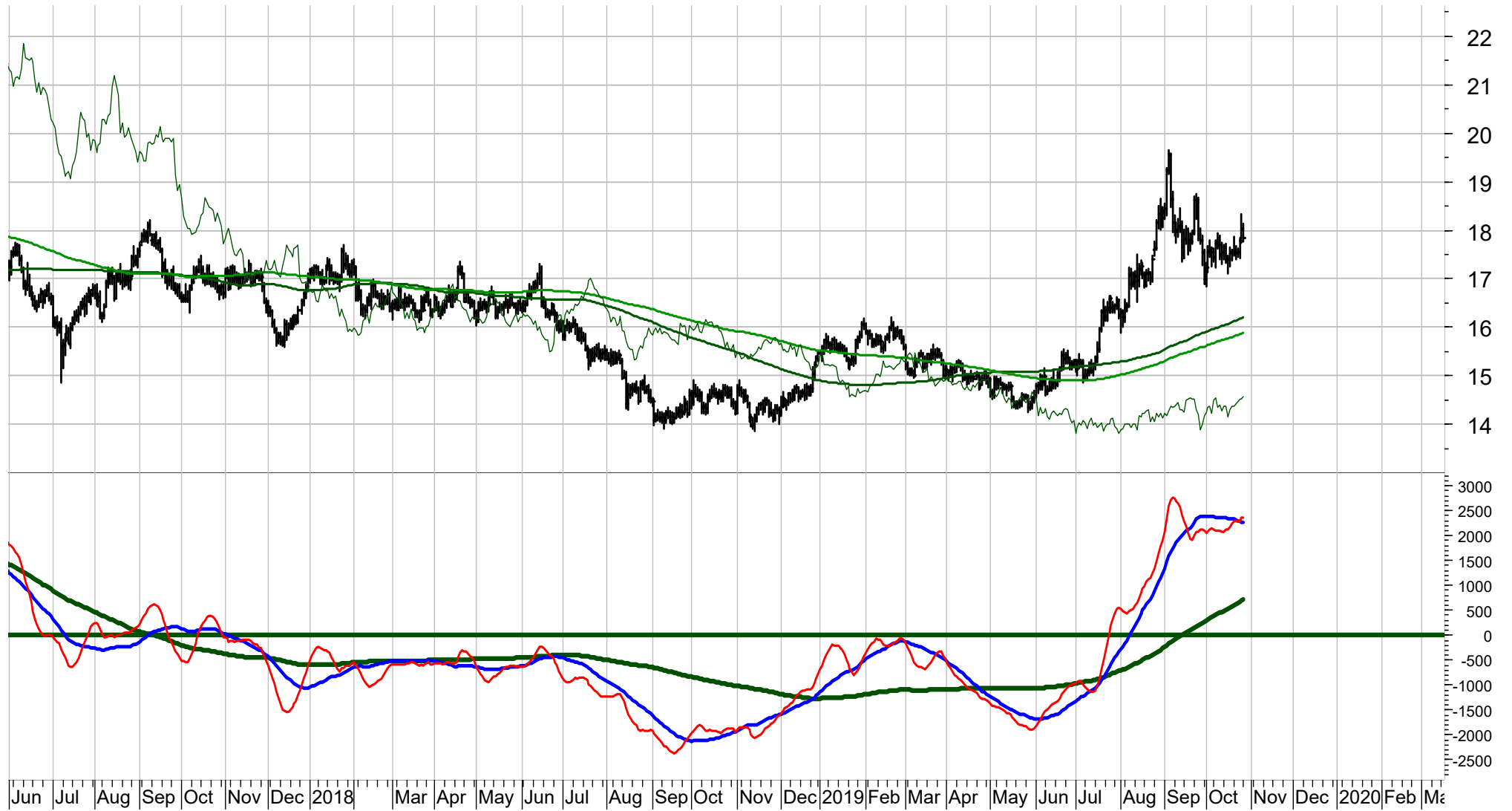
Gold is tracing out a medium-term correction.
The structure of the price weakness appears corrective, rather than impulsive.
This means that Gold should rise to at least one more higher high above 1560 before the uptrend could top.



Silver – daily chart

Silver is trading above the major Fibonacci support at 16.80 and 16.30.
No change in the medium-term and long-term outlook.

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



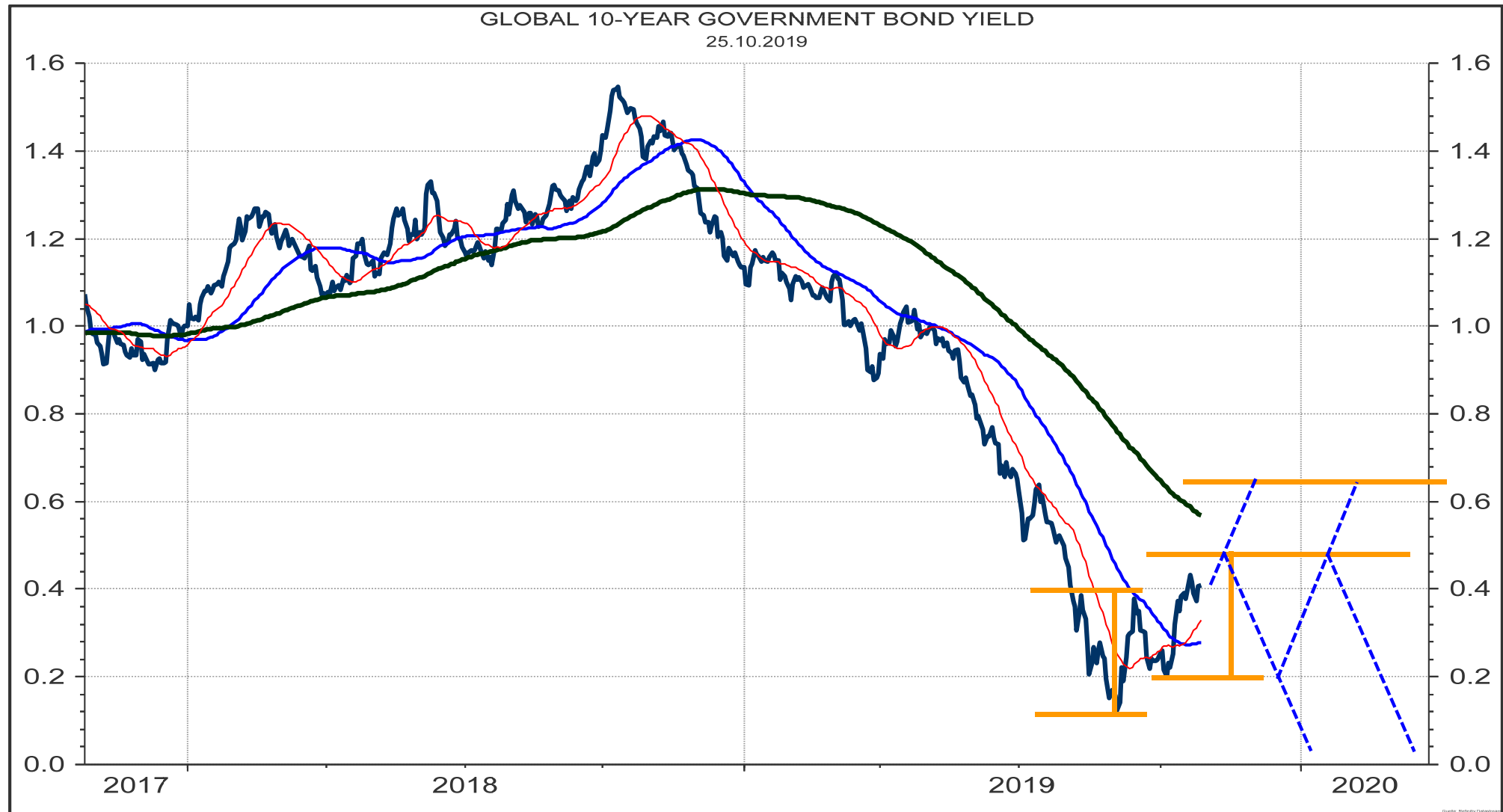
Global 10-year Government Bond Yield – daily chart

The Global 10-year Yield has been recovering since the low from early September.

For now, the rebound is of medium-term degree. The US 10-year and the 30-year Bonds will be most critical to the Global Yield Index. For both series a most important resistance test is impending.

Moreover, on 29th and 30th October the FED will decide on a further rate cut. However, it is not clear, even if the cut is another 25bps, that the yields will not break above the resistance levels. The Global Bond Yield below would signal a major uptrend if the resistance at 0.48% is broken. At this level the two uplegs from early September will be equal in length. The next resistance is 0.64%.

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



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

The Total Score for all the 10-year bond yield in the 36 countries is at 54%. This reading is in the neutral range from 0% to 100%. It means that for now, the 10-year yields are to remain in the consolidation from early September.

The LONG-TERM model shows: a RISING yield in 6 countries a FLAT yield in 16 countries a DECLINING yield in 17 countries. Overall, the long-term outlook is split between neutral and declining. There is not enough evidence that the long-term trend in the 10-year yields is already turning upwards. However, the medium-term outlook remains mostly positive and the US 10-year and 30-year yields are close to breaking their medium-term resistance levels. Thus, with a break of these levels the long-term outlook could be positively affected.

The MEDIUM-TERM model shows: a RISING yield in 27 out of 36 countries. This is 75% of all 36 countries with a positive rating. This means that the yield rebound, which began in early September is still in force. A break in the US 10-year yield above the key resistance at 1.80% could signal a further improvement of the long-term yield trend.

SCORE	COUNTRY
100%	TR CHINA GVT BMK BID YLD 10Y
100%	TR KOREA GVT BMK BID YLD 10Y
94%	TR CANADA GVT BMK BID YLD 10Y
89%	TR HONG KONG GVT BMK BID YLD 10Y
78%	TR CZECH REP GVT BMK BID YLD 10Y
78%	TR FINLAND GVT BMK BID YLD 10Y
78%	TR NORWAY GVT BMK BID YLD 10Y
78%	TR US GVT BMK BID YLD 10Y
72%	TR SPAIN GVT BMK BID YLD 10Y
72%	TR SWEDEN GVT BMK BID YLD 10Y
72%	TR SWITZERLAND GVT BMK BID YLD 10Y
72%	TR UK GVT BMK BID YLD 10Y
67%	TR AUSTRALIA GVT BMK BID YLD 10Y
67%	TR NEW ZEALAND GVT BMK BID YLD 10Y
67%	TR PORTUGAL GVT BMK BID YLD 10Y
67%	TR TAIWAN GVT BMK BID YLD 10Y
61%	TR GERMANY GVT BMK BID YLD 10Y
61%	TR ITALY GVT BMK BID YLD 10Y
61%	TR MALAYSIA GVT BMK BID YLD 10Y
56%	TR DENMARK GVT BMK BID YLD 10Y
56%	TR FRANCE GVT BMK BID YLD 10Y
56%	TR JAPAN GVT BMK BID YLD 10Y
56%	TR NETHERLANDS GVT BMK BID YLD 10Y
50%	TR POLAND GVT BMK BID YLD 10Y
44%	TR HUNGARY GVT BMK BID YLD 10Y
44%	TR INDIA GVT BMK BID YLD 10Y
39%	TR THAILAND GVT BMK BID YLD 10Y
33%	TR MEXICO GVT BMK BID YLD 10Y
22%	TR PHILIPPINES GVT BMK BID YLD 10Y
22%	TR SINGAPORE GVT BMK BID YLD 10Y
17%	TR INDONESIA GVT BMK BID YLD 10Y
6%	TR BRAZIL GVT BMK BID YLD 10Y
6%	TR RUSSIA GVT BMK BID YLD 10Y
0%	TR GREECE GVT BMK BID YLD 10Y
0%	TR SOUTH AFRICA GVT BMK BID YLD 10Y
0%	TR TURKEY GVT BMK BID YLD 10Y

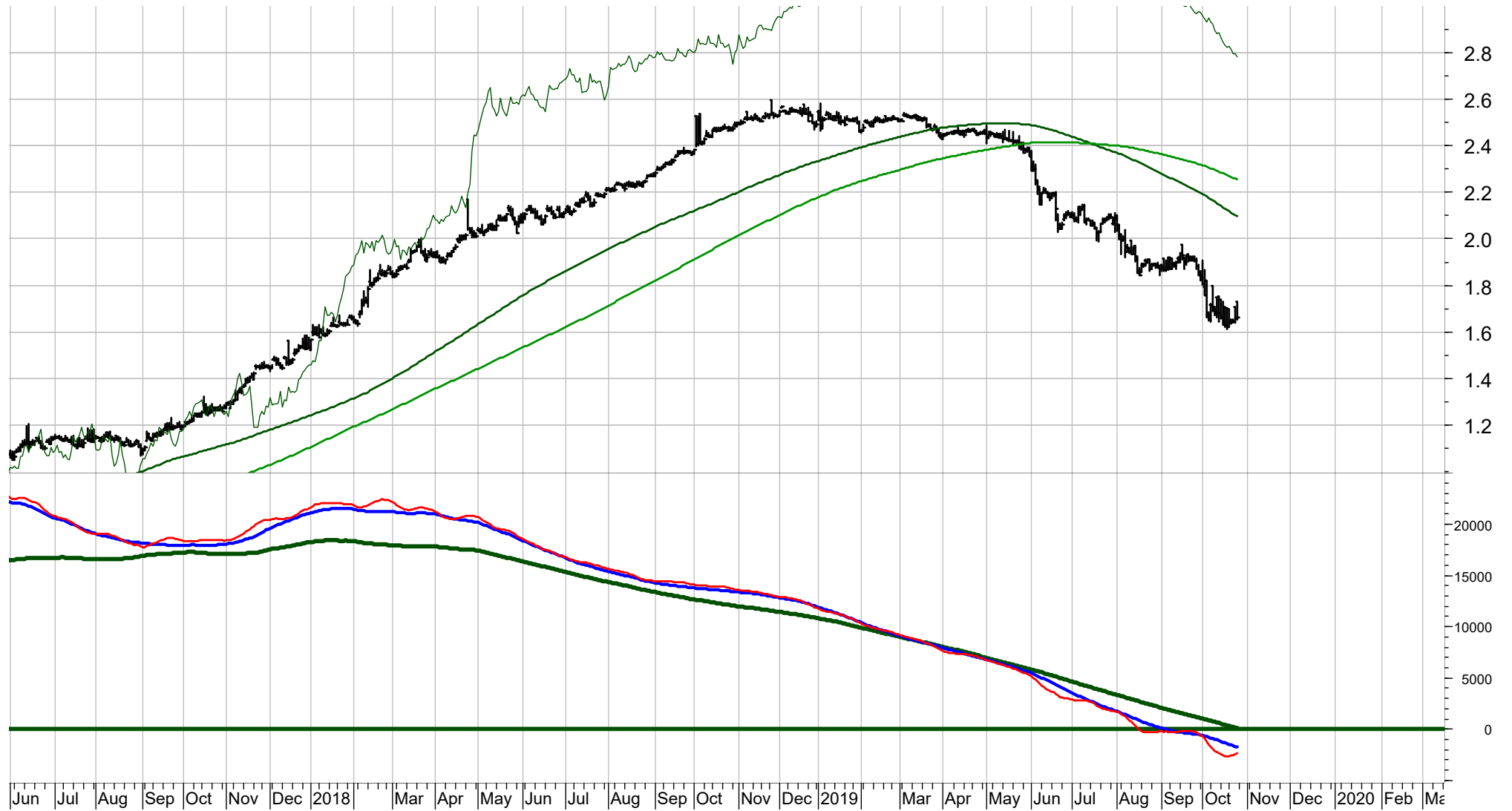
SCORE	COUNTRY	RIC	PRICE	LT	MT	ST
67%	TR AUSTRALIA GVT BMK BID YLD 10Y	AU10YT=RR	1.058	-	+	+
6%	TR BRAZIL GVT BMK BID YLD 10Y	BR10YT=RR	6.560	-	-	0
94%	TR CANADA GVT BMK BID YLD 10Y	CA10YT=RR	1.539	+	+	+
100%	TR CHINA GVT BMK BID YLD 10Y	CN10YT=RR	3.255	+	+	+
78%	TR CZECH REP GVT BMK BID YLD 10Y	CZ10YT=RR	1.371	0	+	+
56%	TR DENMARK GVT BMK BID YLD 10Y	DK10YT=RR	-0.343	0	+	+
78%	TR FINLAND GVT BMK BID YLD 10Y	FN10YT=RR	-0.140	0	+	+
56%	TR FRANCE GVT BMK BID YLD 10Y	FR10YT=RR	-0.0740	0	+	+
61%	TR GERMANY GVT BMK BID YLD 10Y	BD10YT=RR	-0.3750	0	+	+
0%	TR GREECE GVT BMK BID YLD 10Y	GR10YT=RR	1.236	-	-	-
89%	TR HONG KONG GVT BMK BID YLD 10Y	HK10YT=RR	1.532	+	+	+
44%	TR HUNGARY GVT BMK BID YLD 10Y	HN10YT=RR	2.040	-	+	+
44%	TR INDIA GVT BMK BID YLD 10Y	IN10YT=RR	6.670	0	+	-
17%	TR INDONESIA GVT BMK BID YLD 10Y	ID10YT=RR	7.092	-	0	-
61%	TR ITALY GVT BMK BID YLD 10Y	IT10YT=RR	1.0470	-	+	+
56%	TR JAPAN GVT BMK BID YLD 10Y	JP10YT=RR	-0.145	0	+	+
100%	TR KOREA GVT BMK BID YLD 10Y	KR10YT=RR	1.671	+	+	+
33%	TR MEXICO GVT BMK BID YLD 10Y	MX10YT=RR	6.850	-	0	+
61%	TR MALAYSIA GVT BMK BID YLD 10Y	MY10YT=RR	3.437	-	+	+
56%	TR NETHERLANDS GVT BMK BID YLD 10Y	NL10YT=RR	-0.242	0	+	+
67%	TR NEW ZEALAND GVT BMK BID YLD 10Y	NZ10YT=RR	1.228	-	+	+
78%	TR NORWAY GVT BMK BID YLD 10Y	NW10YT=RR	1.370	0	+	+
22%	TR PHILIPPINES GVT BMK BID YLD 10Y	PH10YT=RR	4.593	-	0	0
50%	TR POLAND GVT BMK BID YLD 10Y	PO10YT=RR	1.991	-	+	+
67%	TR PORTUGAL GVT BMK BID YLD 10Y	PT10YT=RR	0.214	-	+	+
6%	TR RUSSIA GVT BMK BID YLD 10Y	RS10YT=RR	6.450	-	-	0
0%	TR SOUTH AFRICA GVT BMK BID YLD 10Y	SA10YT=RR	8.170	-	-	-
72%	TR SWEDEN GVT BMK BID YLD 10Y	SD10YT=RR	-0.032	0	+	+
22%	TR SINGAPORE GVT BMK BID YLD 10Y	SG10YT=RR	1.701	-	0	0
72%	TR SPAIN GVT BMK BID YLD 10Y	ES10YT=RR	0.265	0	+	+
72%	TR SWITZERLAND GVT BMK BID YLD 10Y	CH10YT=RR	-0.575	+	+	+
39%	TR THAILAND GVT BMK BID YLD 10Y	TH10YT=RR	1.540	-	+	0
67%	TR TAIWAN GVT BMK BID YLD 10Y	TW10YT=RR	0.700	+	+	+
0%	TR TURKEY GVT BMK BID YLD 10Y	TK10YT=RR	12.840	-	-	-
72%	TR UK GVT BMK BID YLD 10Y	GB10YT=RR	0.6810	0	+	+
78%	TR US GVT BMK BID YLD 10Y	US10YT=RR	1.8010	0	+	+

54% Total Score

US 6-month Treasury Bill Yield – daily chart

The downtrend in the 6-month T-Bill Yield remains intact.

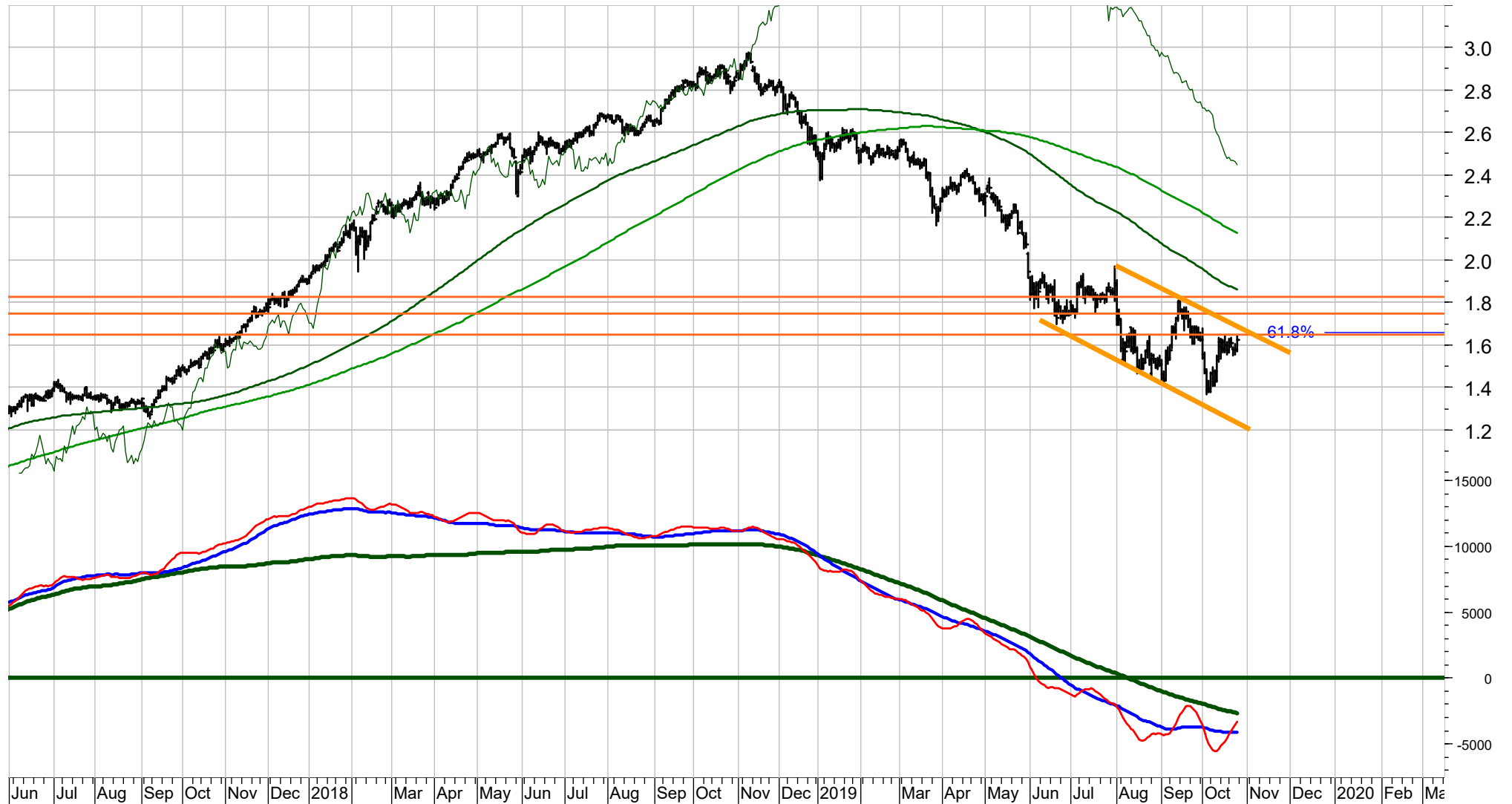
Long-term Outlook: DOWN
Medium-term Outlook: DOWN



US 2-year Treasury Note Yield – daily chart

The 2-year yield would have to rise above 1.65% and 1.75% to signal 1.83% and a possible turnaround of the downtrend from November 2018.

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



US 10-year Treasury Note Yield – daily chart

The 10-year yield is close to rise above the key resistance at 1.80%/1.83%. A break of this level would signal more yield strength to 2% and possibly a major turnaround to the yield downtrend from October 2018.

I am waiting to see the impact of a further FED rate cut this week to assess the medium-term and long-term outlook. For now, the respective ratings remain unchanged.

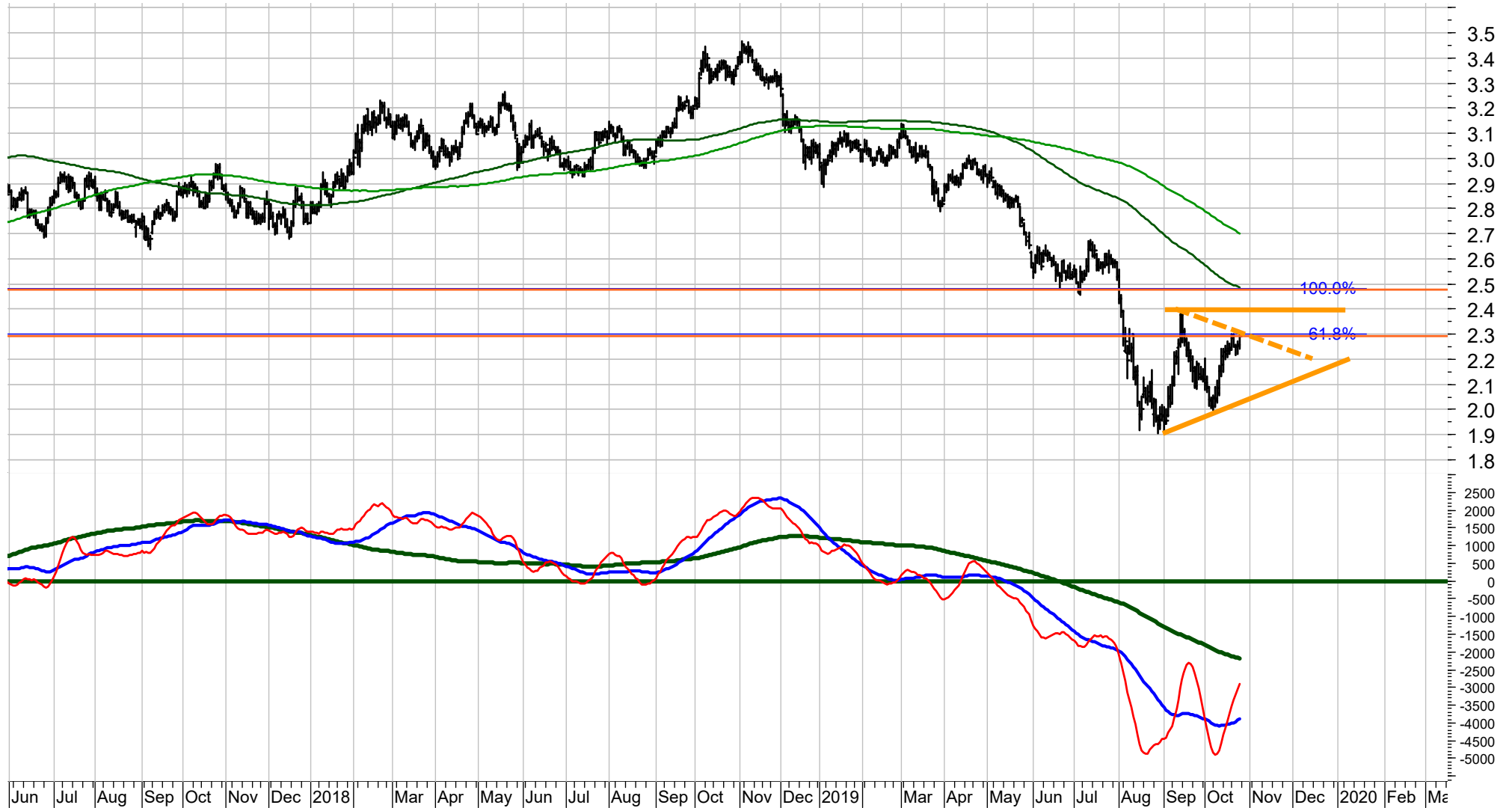
Long-term Outlook: DOWN
Medium-term Outlook: FLAT



US 30-year Treasury Bond Yield – daily chart

The pattern from the low in September is best treated as a triangle. However, a break in the 30-year yield above the resistance at 2.30% / 2.33% would signal that a flat correction is forming. Such a break would signal more yield strength to 2.50% and possibly a major turnaround to the yield downtrend from November 2018.

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

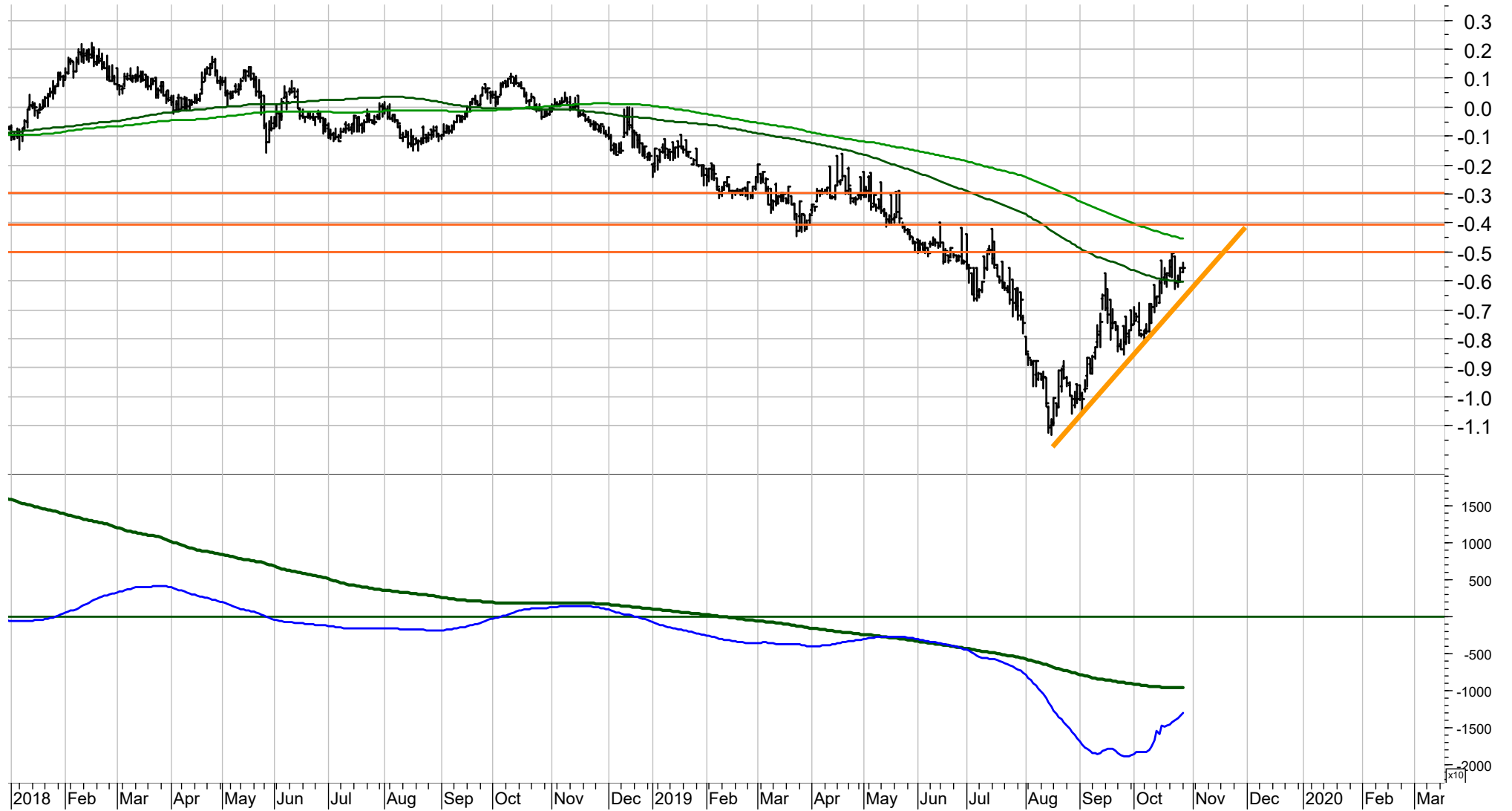


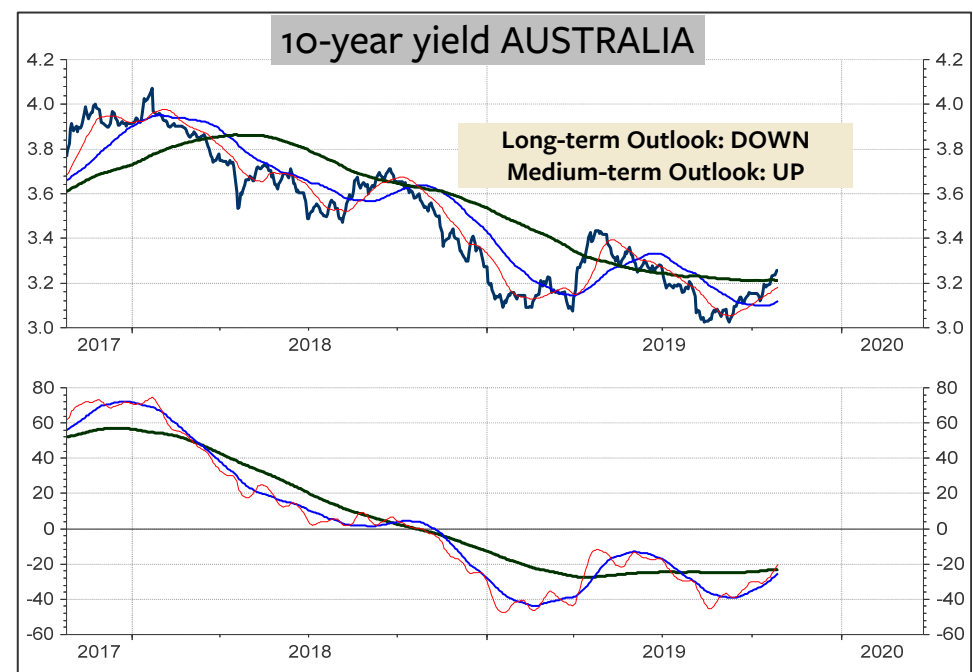
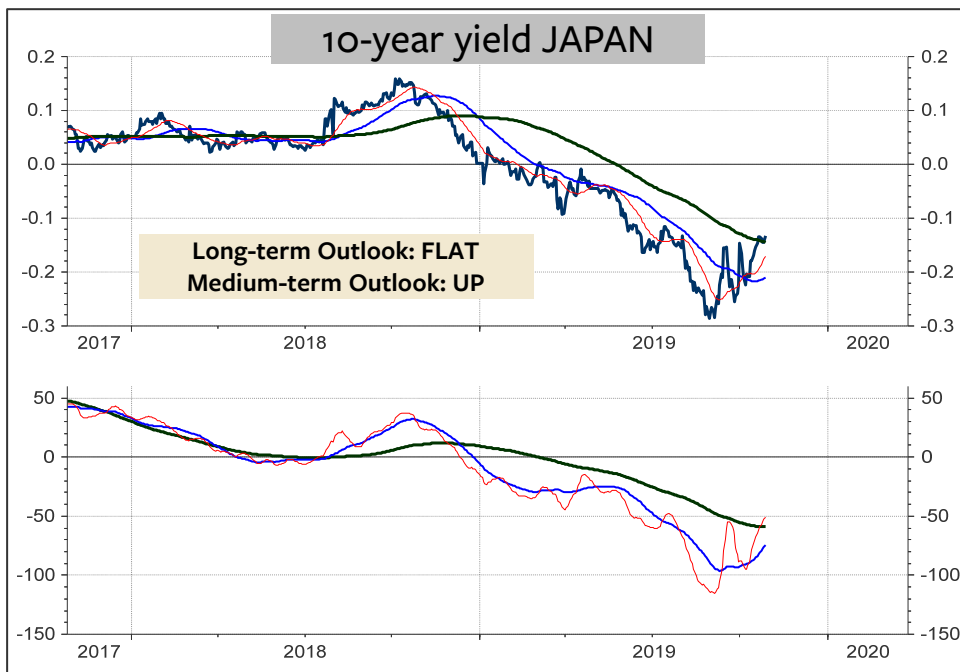
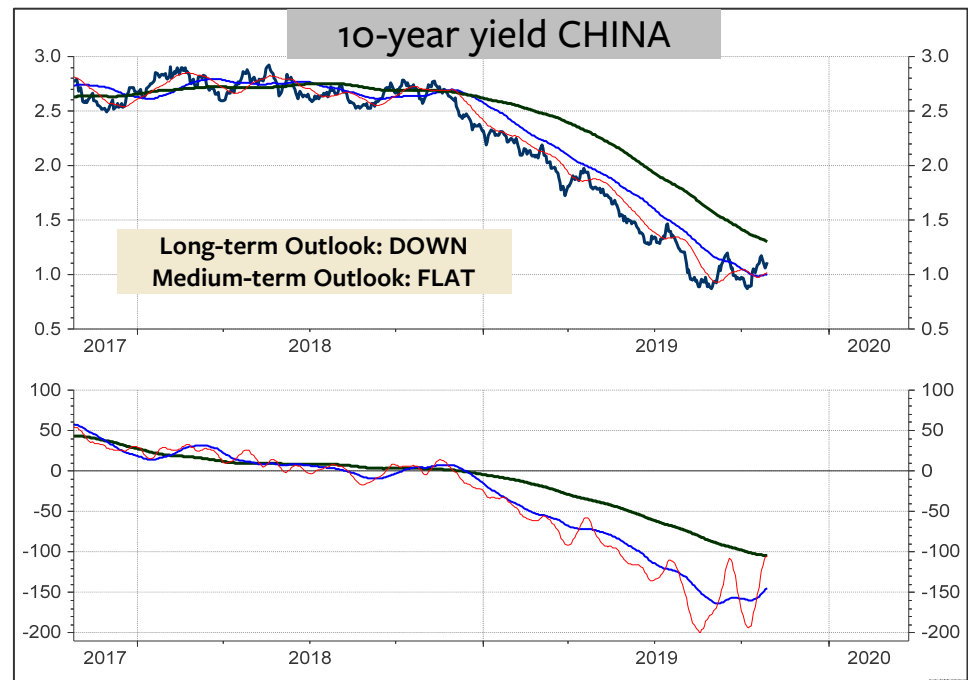
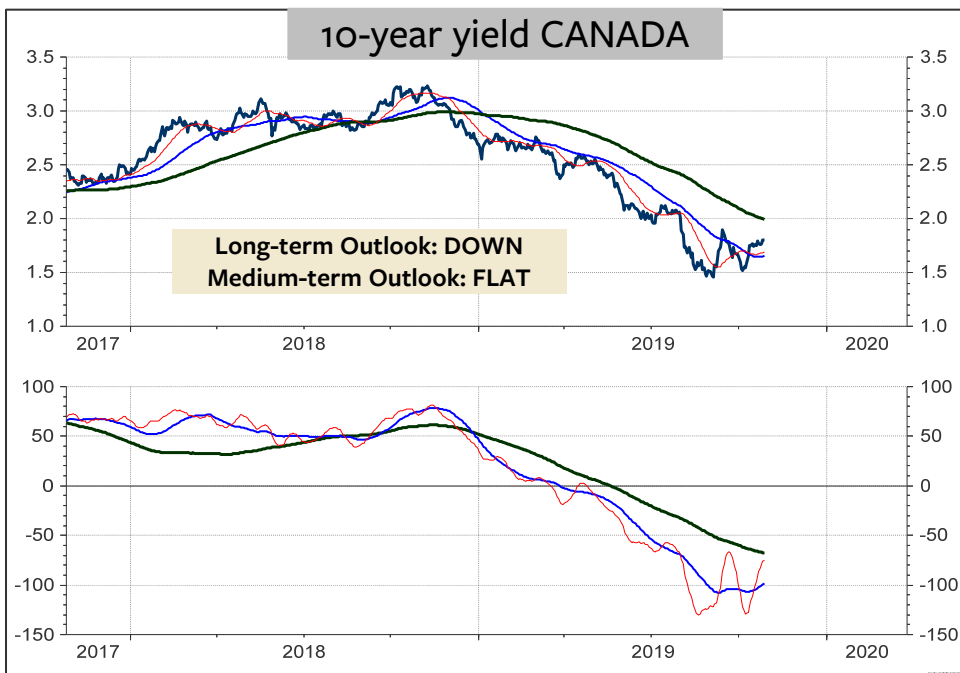
Swiss 10-year Conf Yield – daily chart

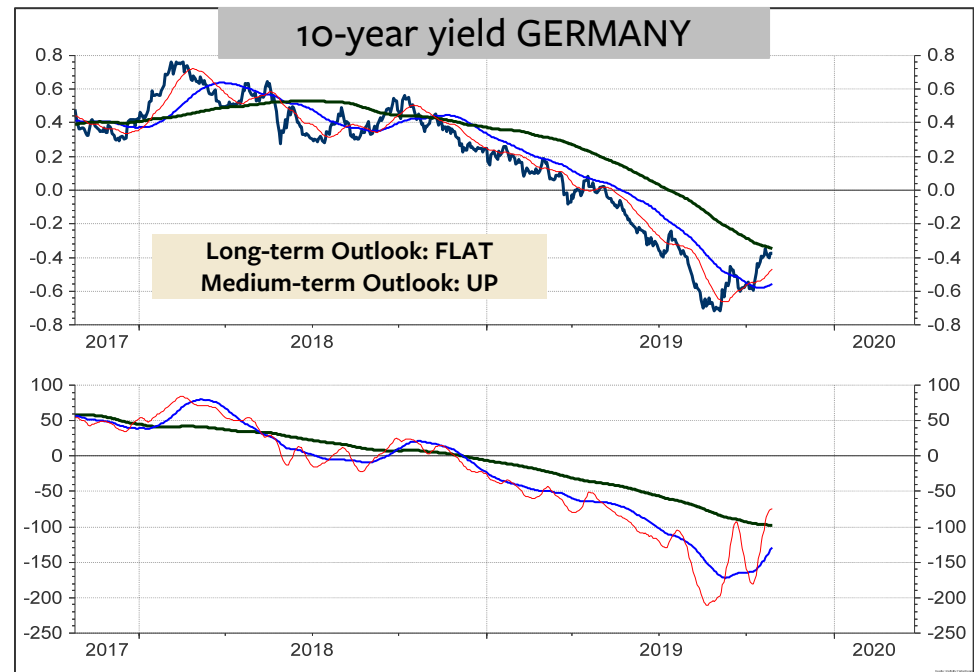
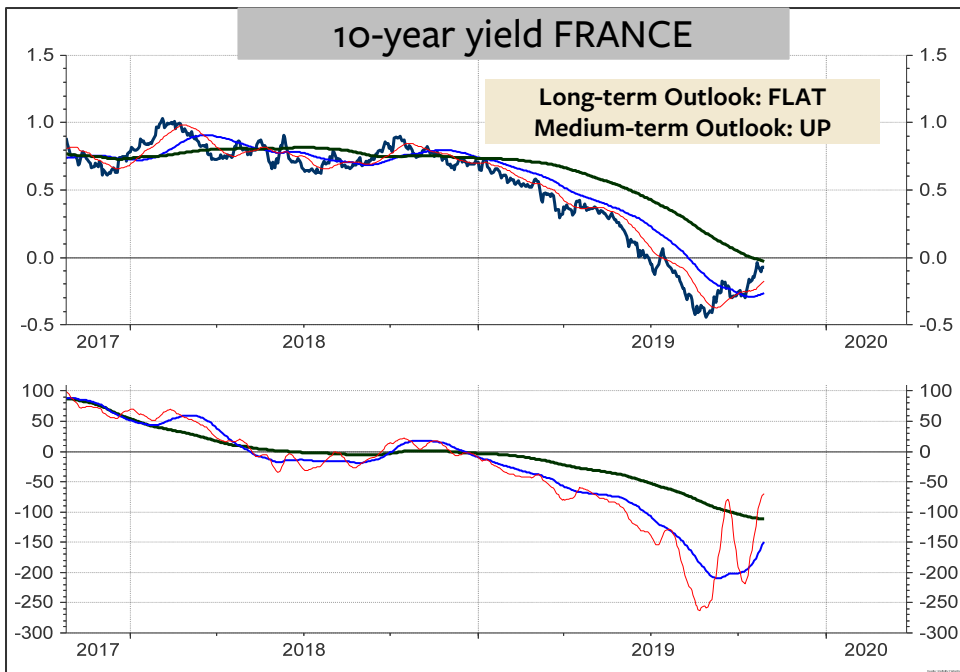
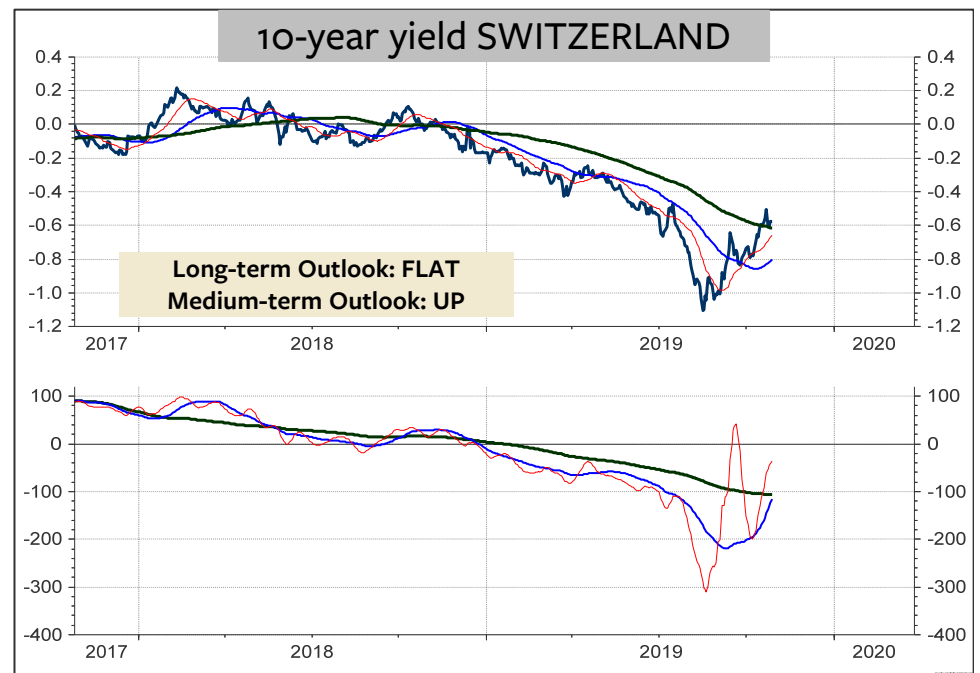
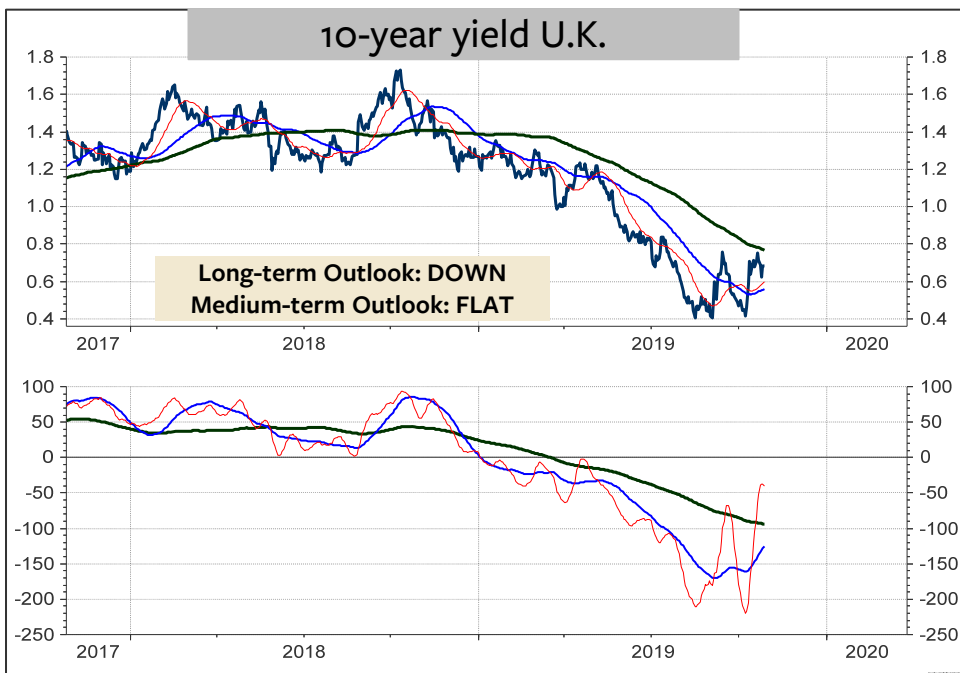
The 10-year yield has recovered strongly from -1.13% in August to the resistance cluster at -0.5%.

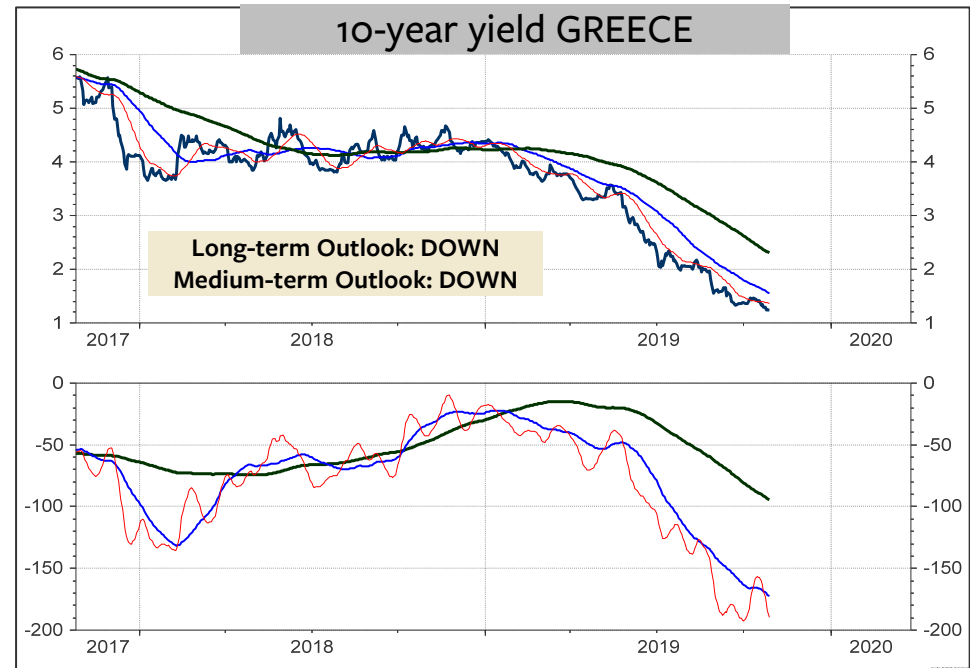
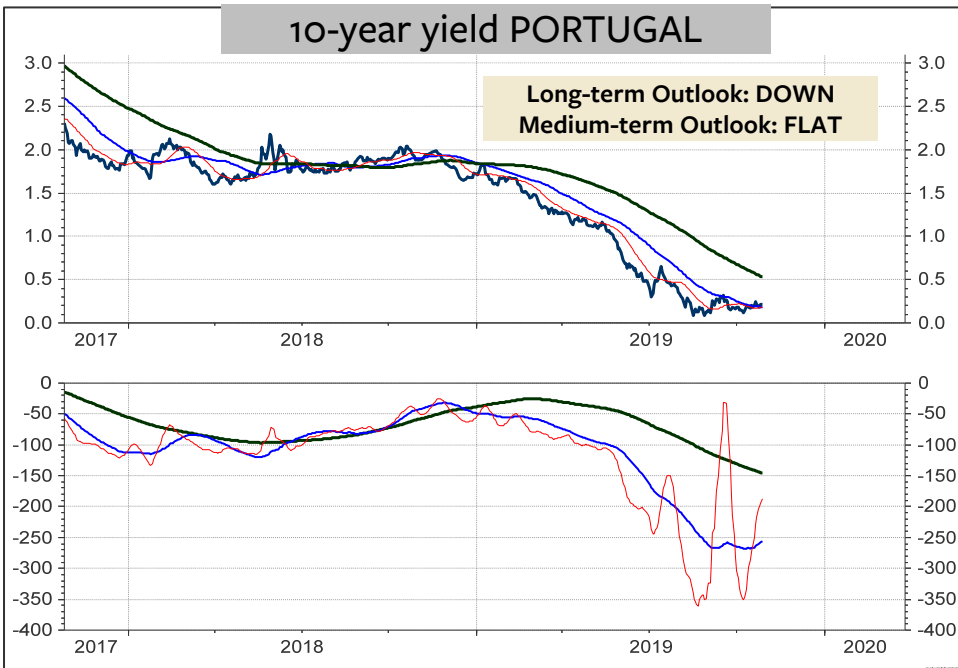
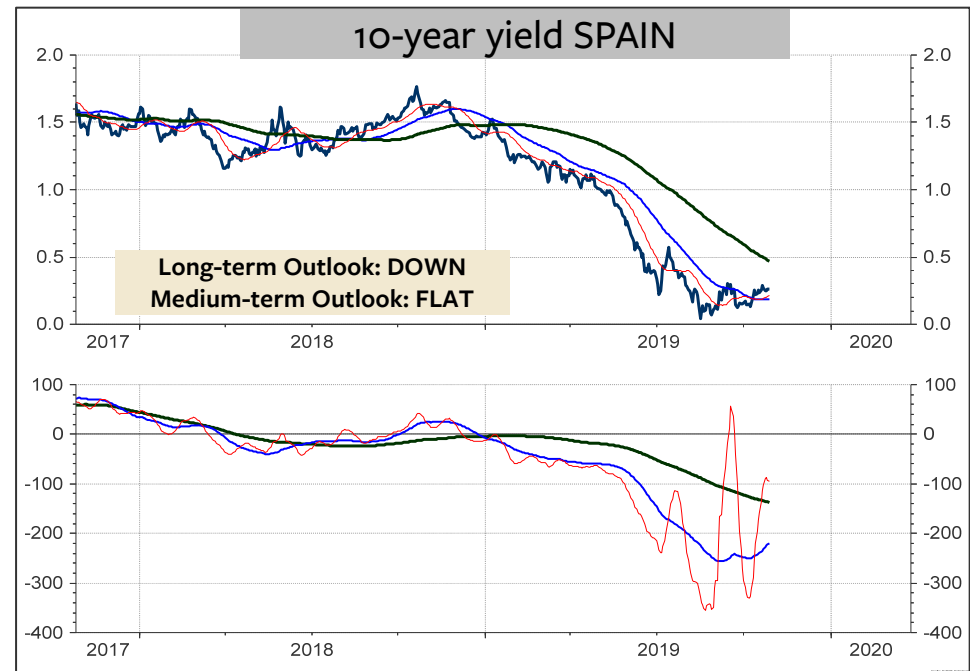
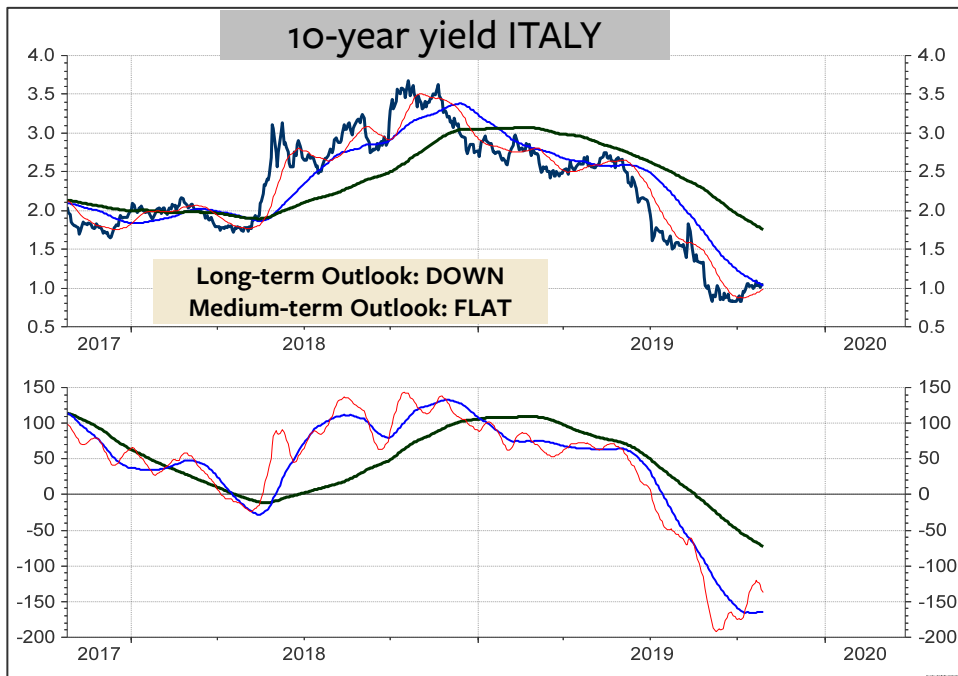
The Medium-term and the Long-term Outlook could turn UP if 0.5% is clearly broken. Next resistance is -0.3%. I believe that the yield decline in August 2019 is a mirror picture of the buying climax in the bond market. This means that bond market sentiment is the driving force behind the yield rise. If the bond surge in September was a buying climax, the bond prices could fall further and the yield signal a major upturn if -0.5% to -0.3% is broken.

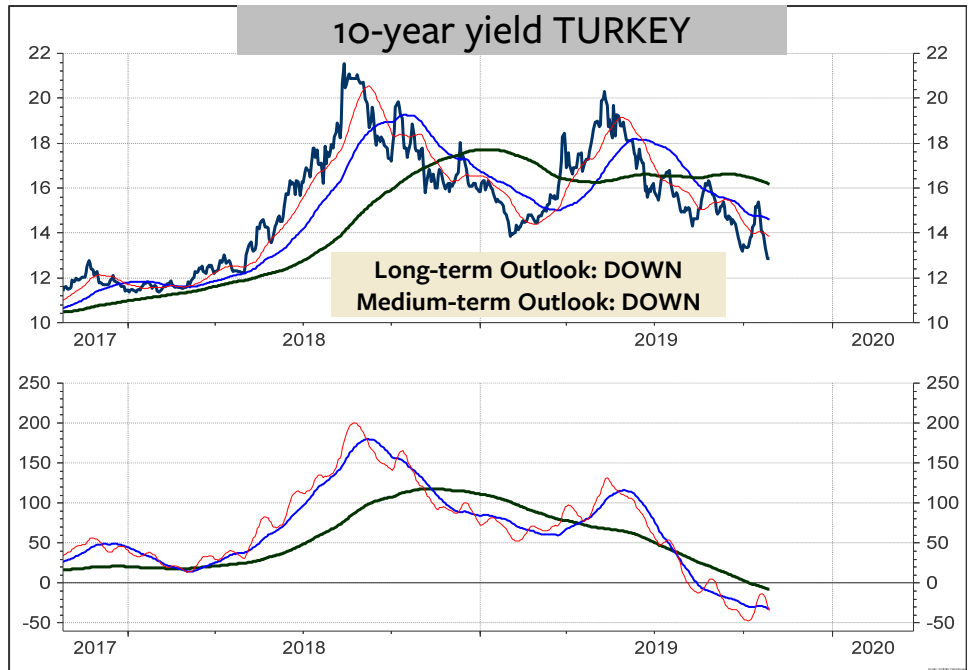
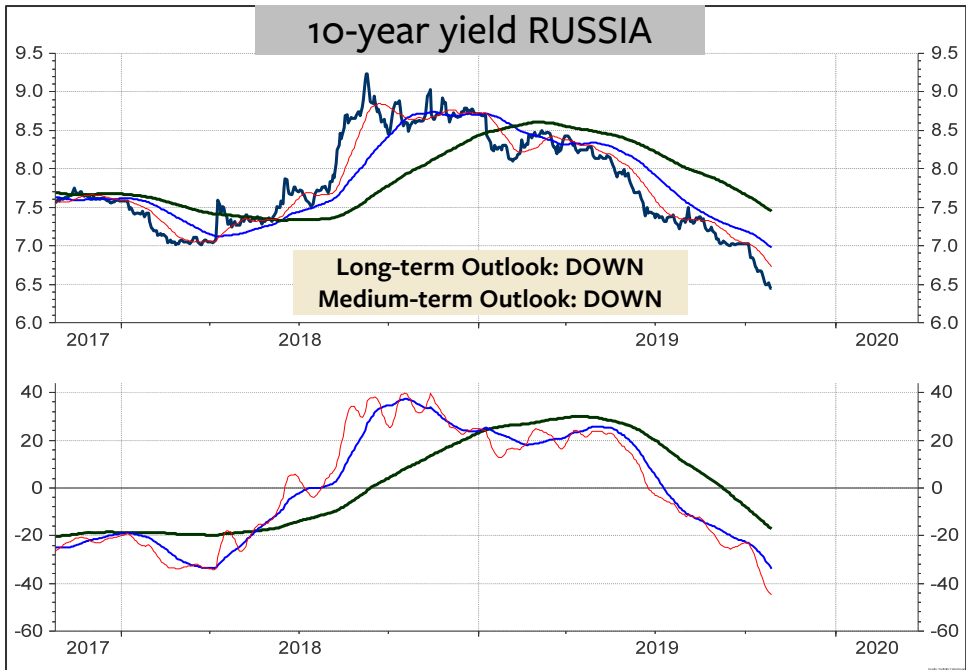
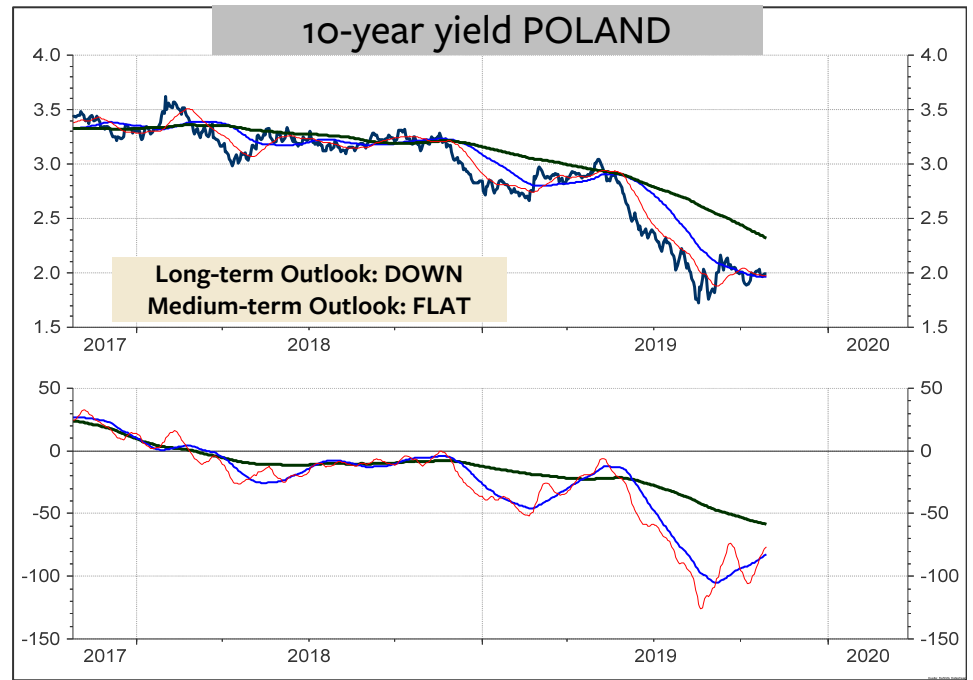
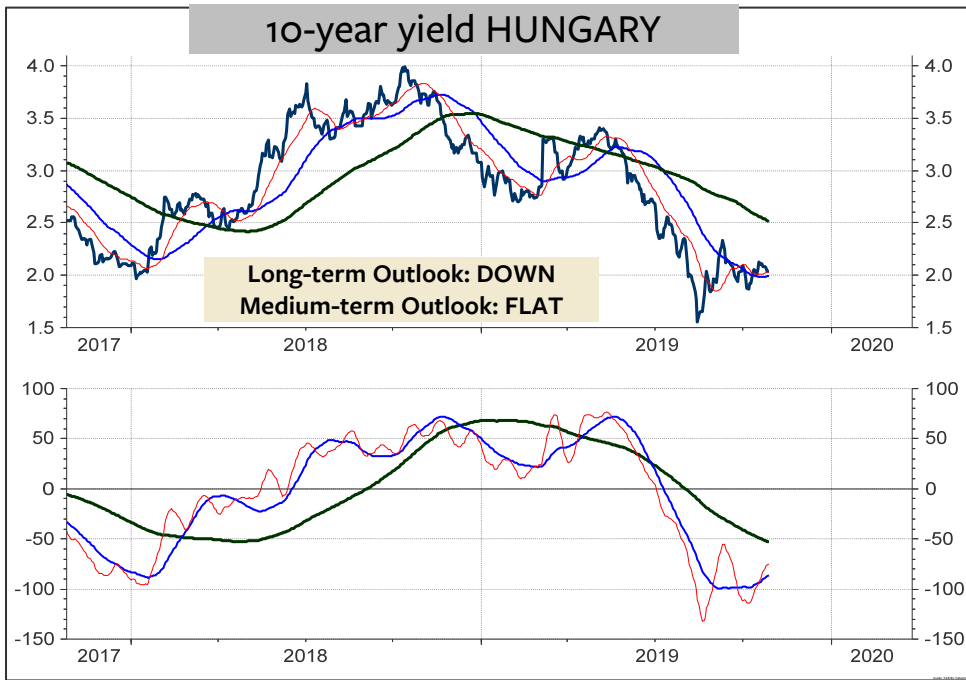
Long-term Outlook: FLAT
Medium-term Outlook: UP

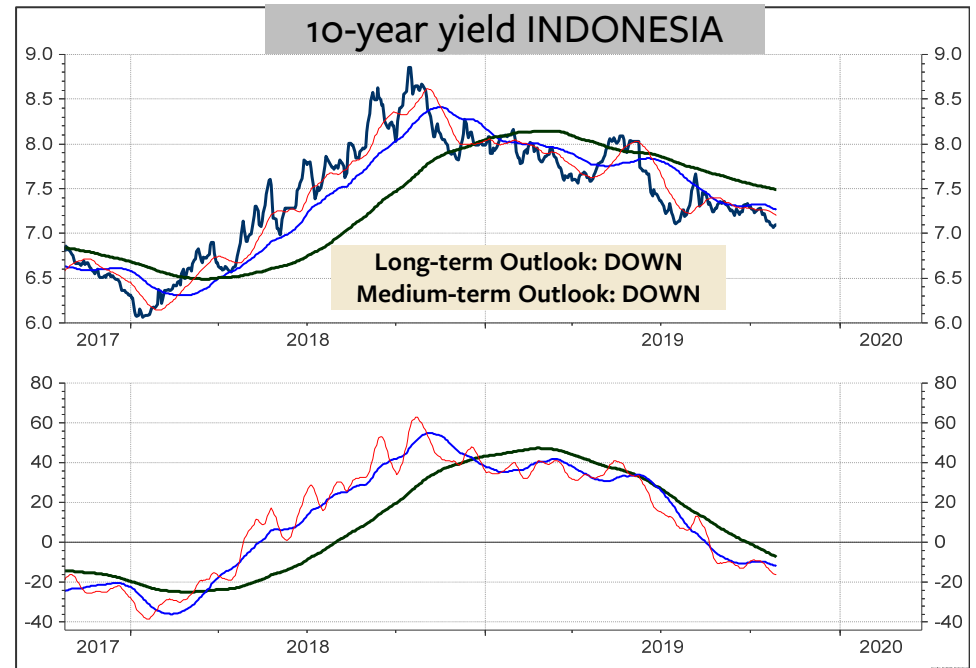
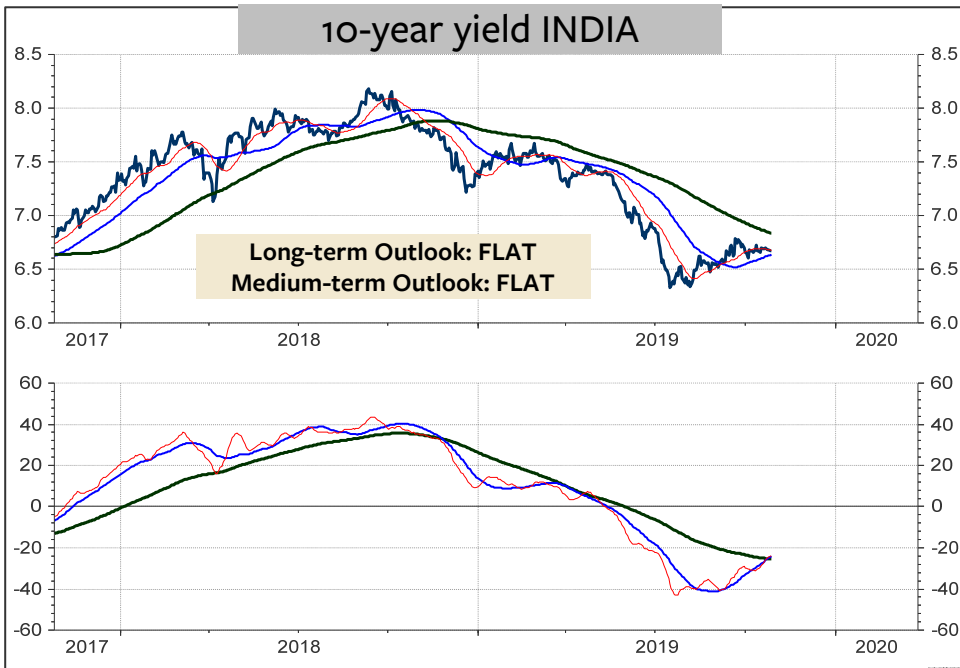
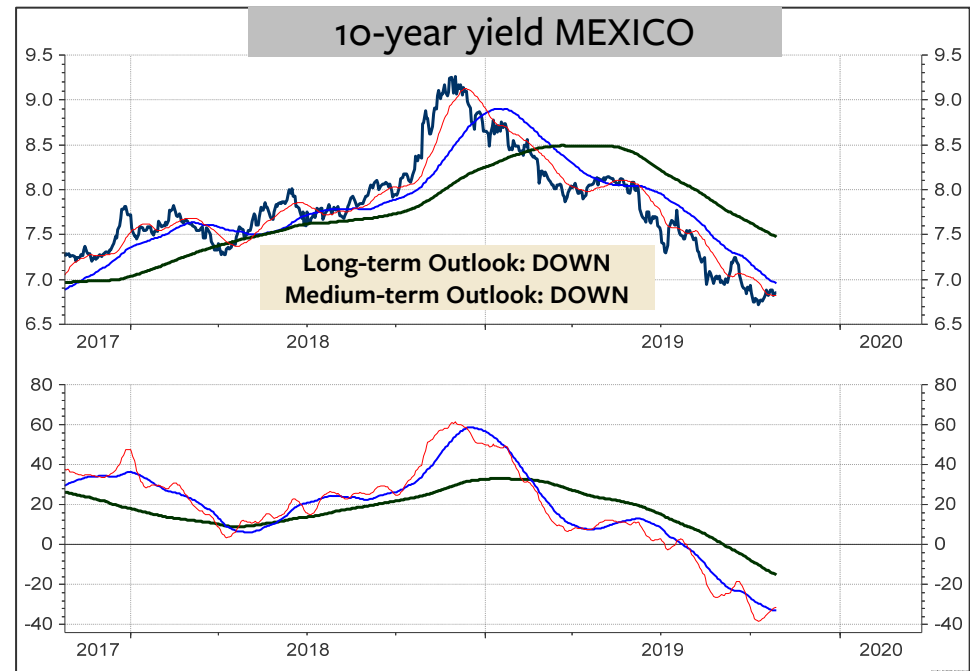
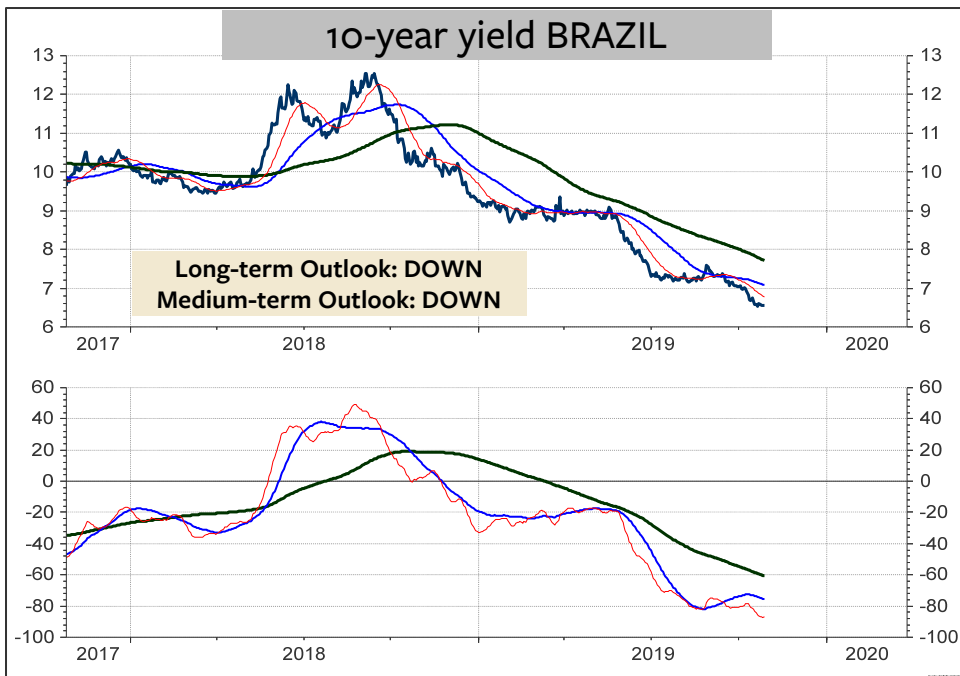


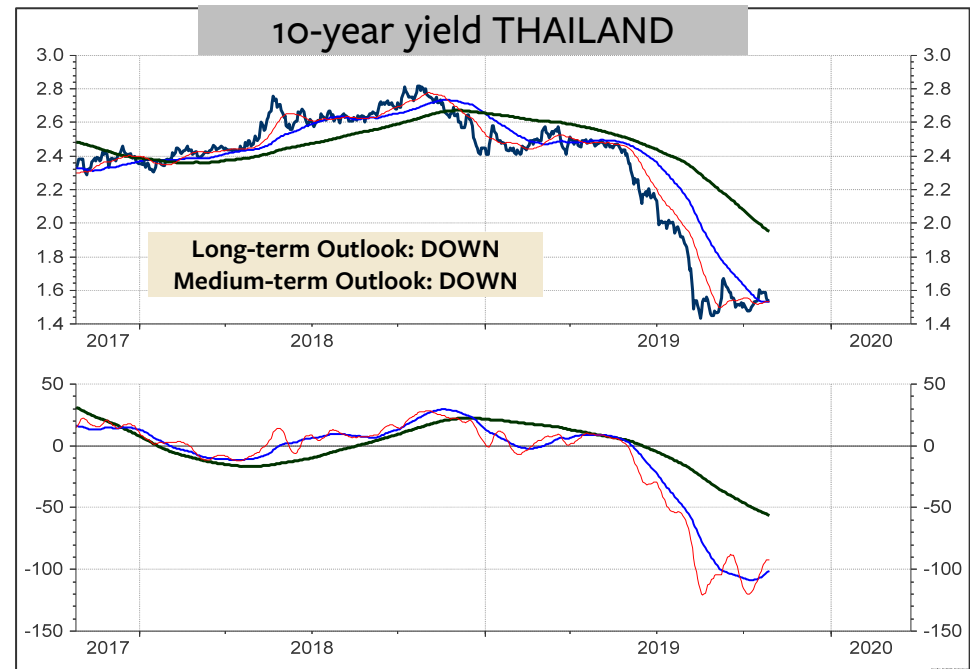
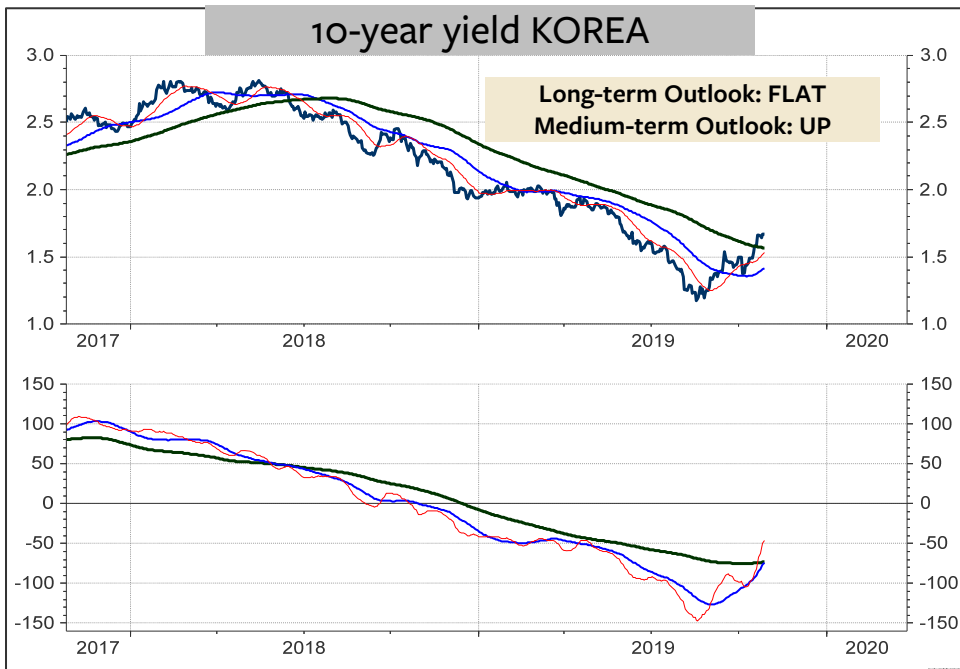
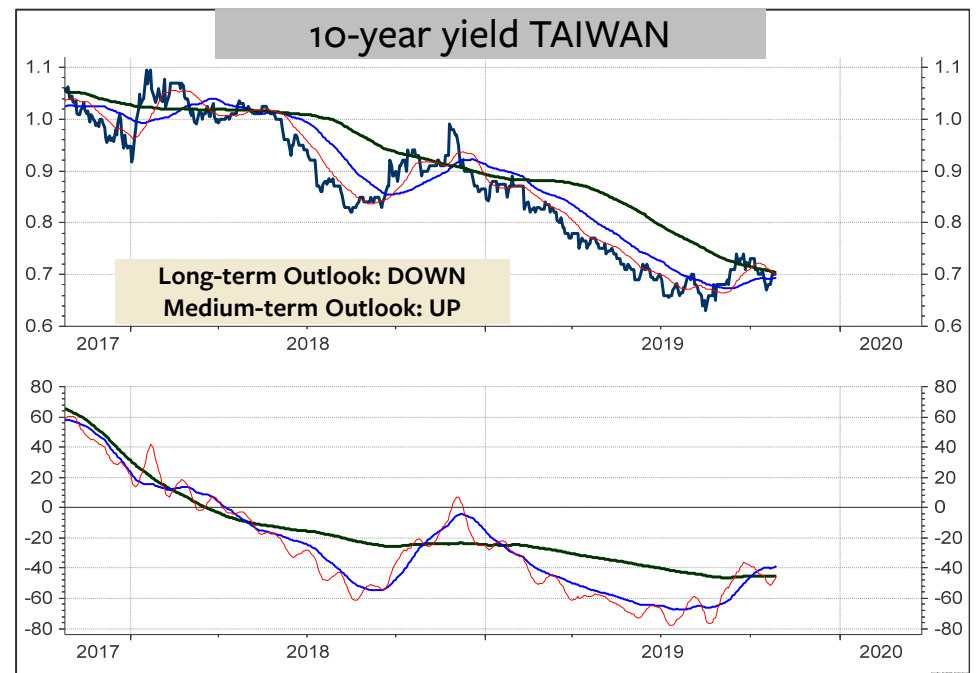
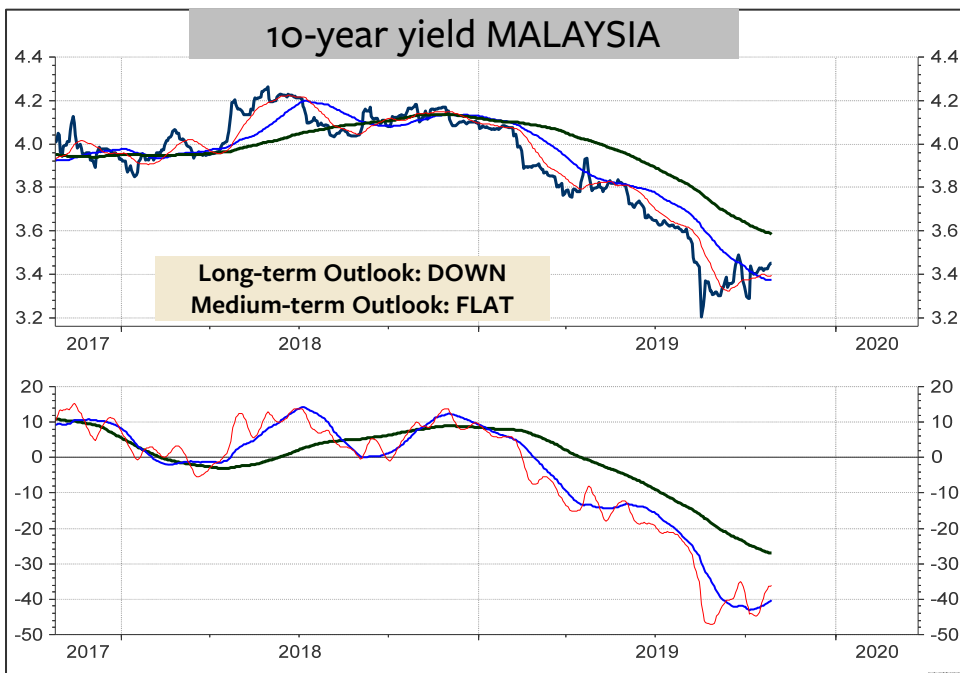








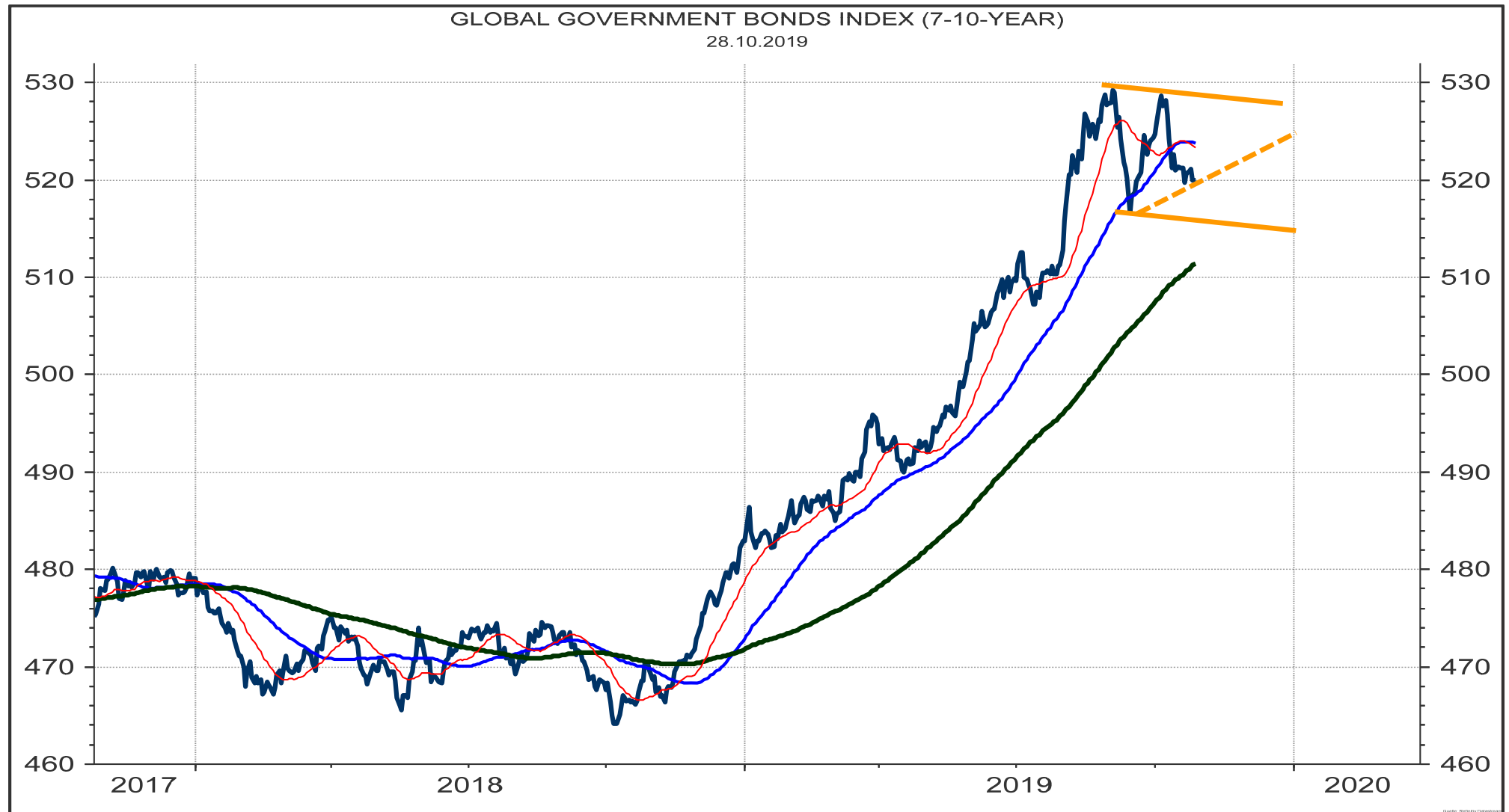




Global Government 7-10-year Government Bonds Total Return Index – daily chart

The Global Total Return Index remains in the consolidation from early September. The medium-term outlook remains FLAT and the long-term outlook UP. This means that tactical investors can retain their government bond holdings. We will see if another tactical buy signal will be triggered or if a strategic downgrade to FLAT is signaled first.

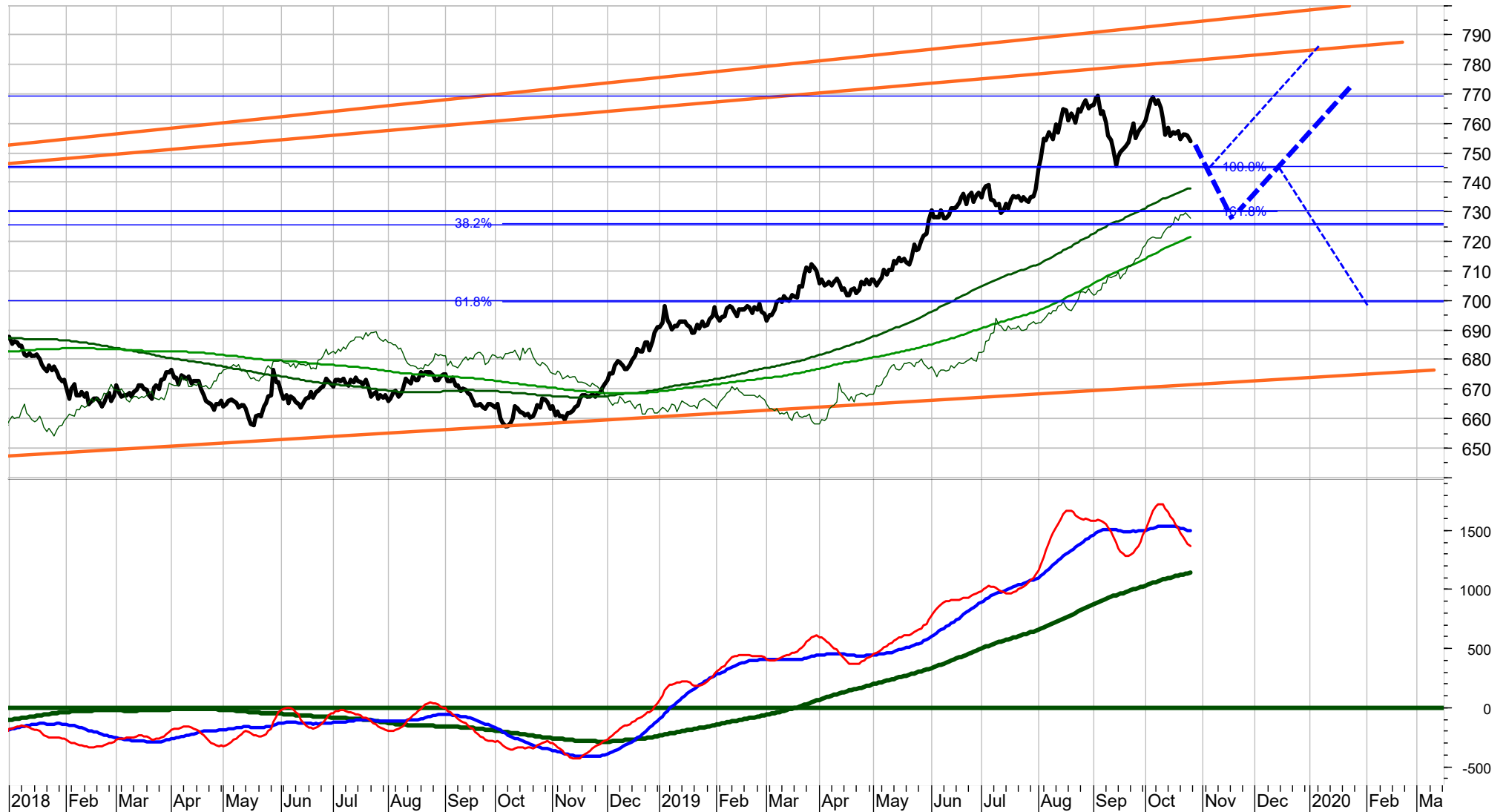
Long-term Outlook: UP
Medium-term Outlook: FLAT



Total Return from 7-10 year US Treasury Notes – daily chart

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

The Total Return from the 7-10-year T-Notes remains in the consolidation from early September. I expect the TR to test the support at 745 next. At this level the pattern from September can be labelled as FLAT a-b-c. A break of 745 would signal that an irregular FLAT is forming with support at 730. A break of 730 would mean that the TR has registered a double-top in September and October. This in turn would indicate that the long-term trend is turning down. The medium-term outlook will move to DOWN if 745 is broken. The long-term outlook would move to DOWN if 730 is broken.

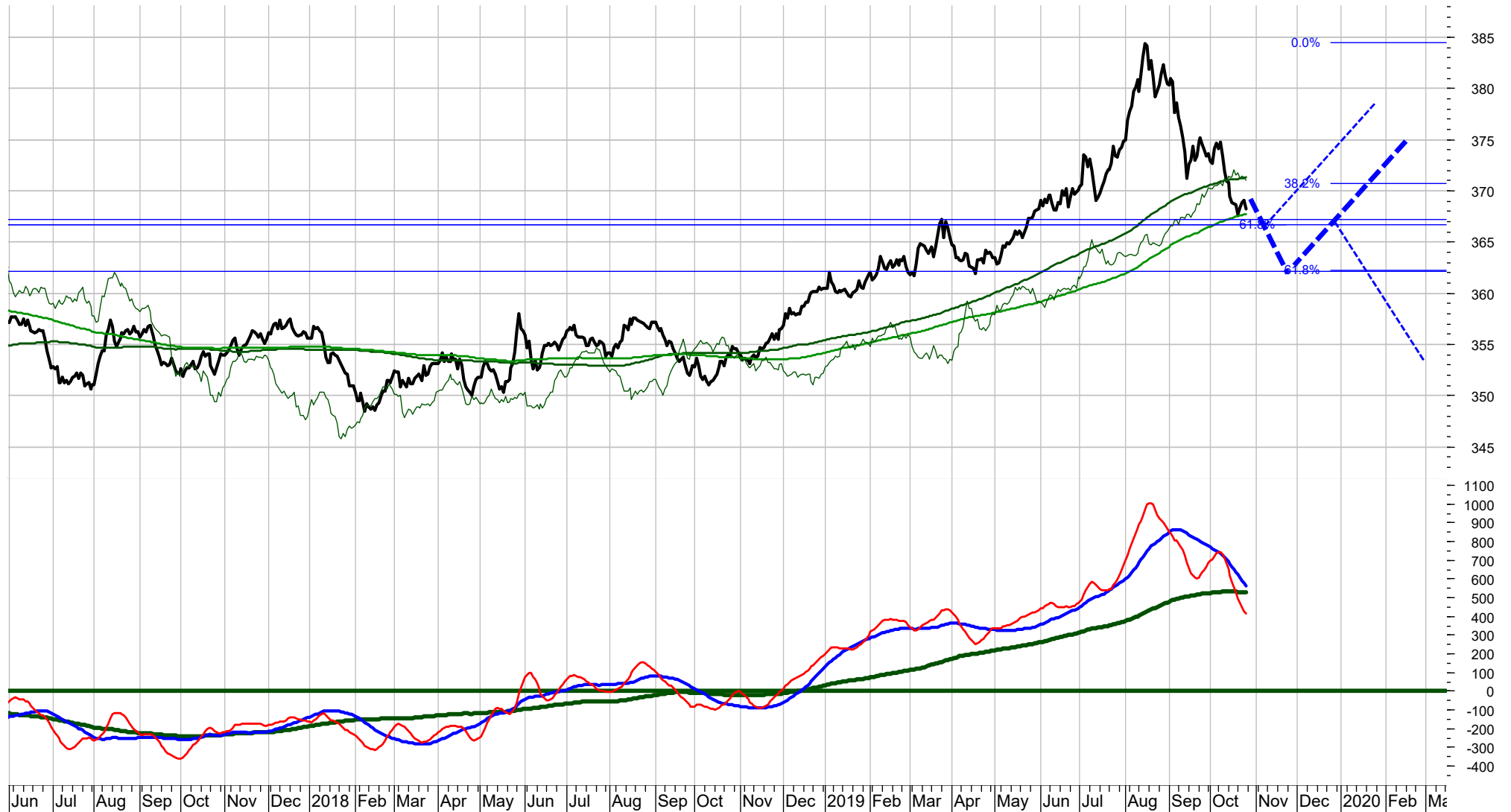


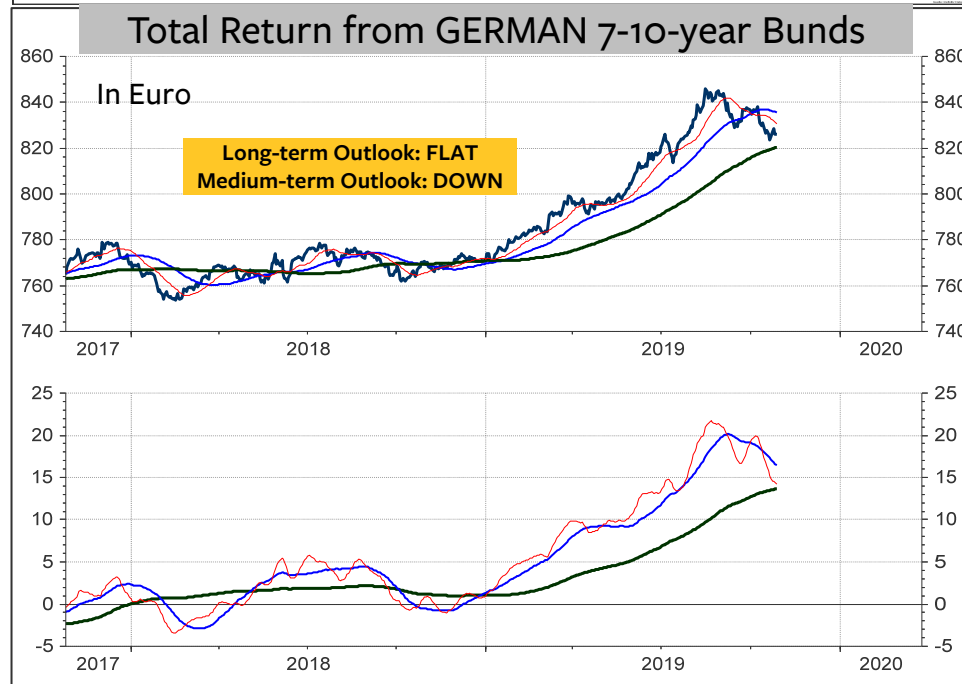
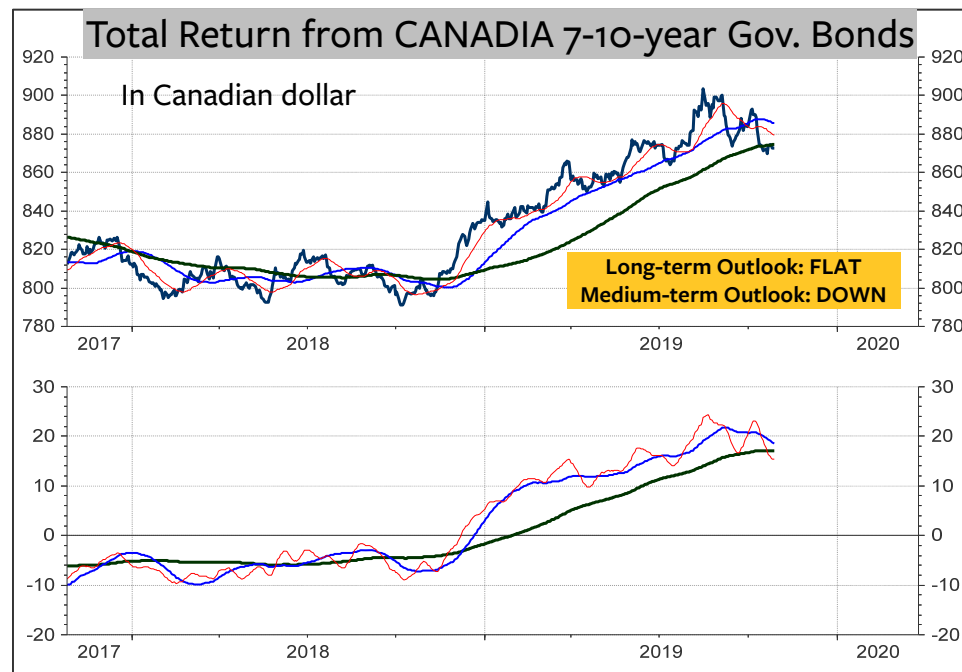
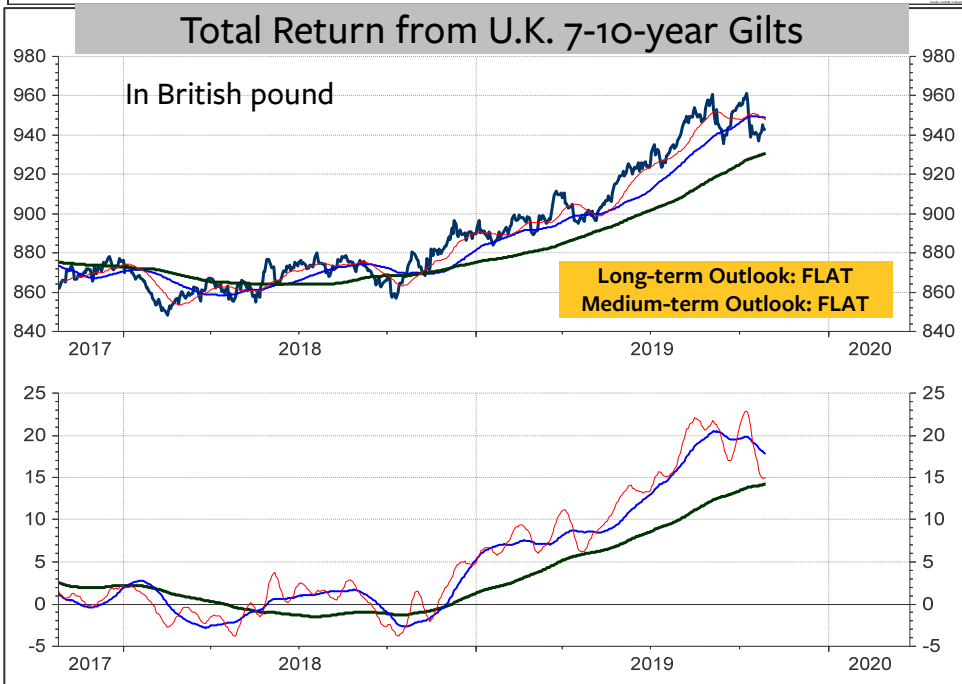
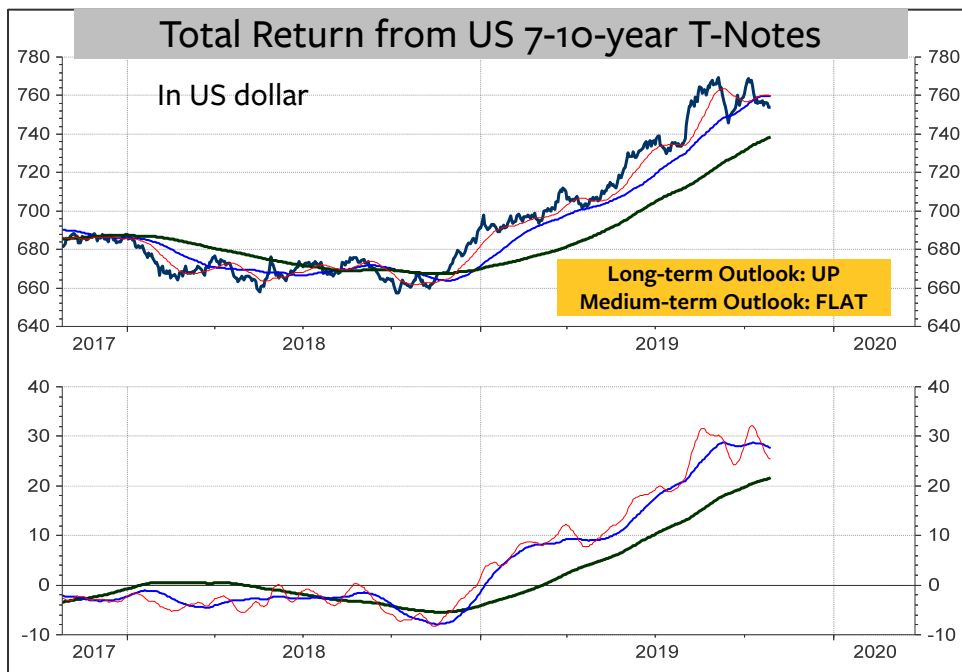
Total Return from 7-10 year Swiss Conf Bonds – daily chart

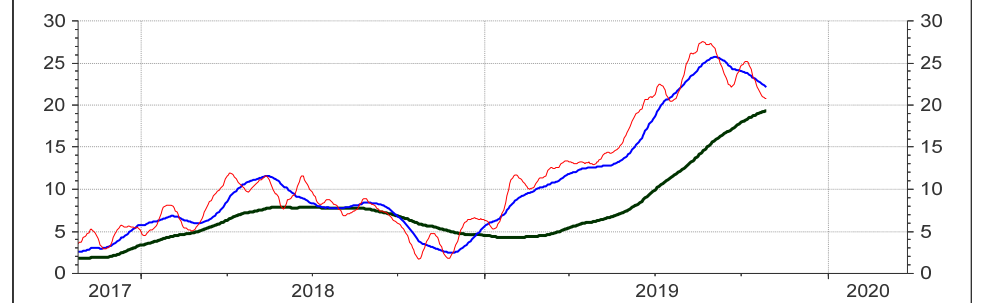
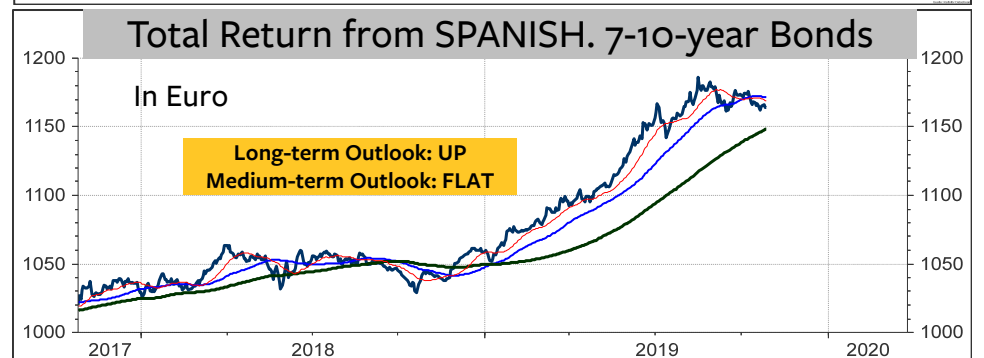
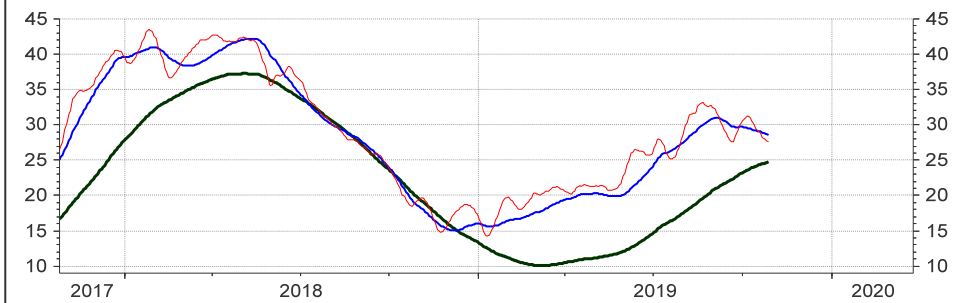
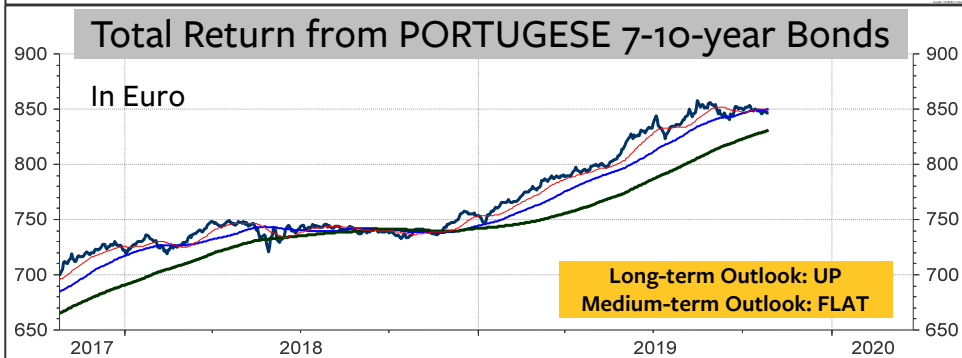
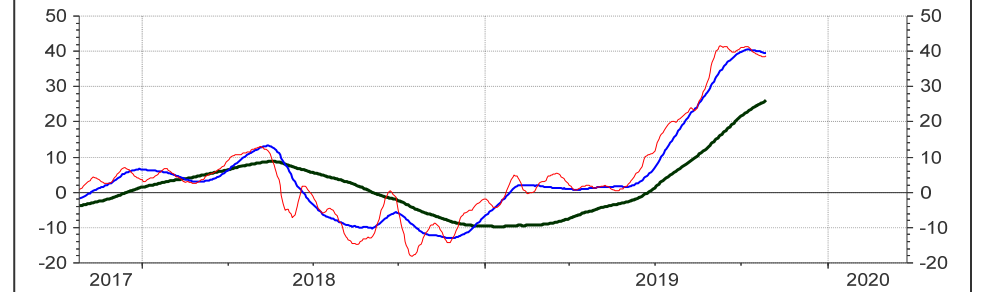
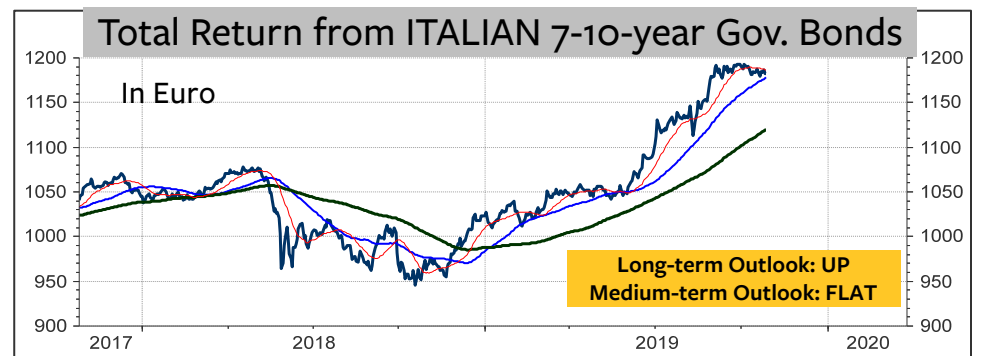
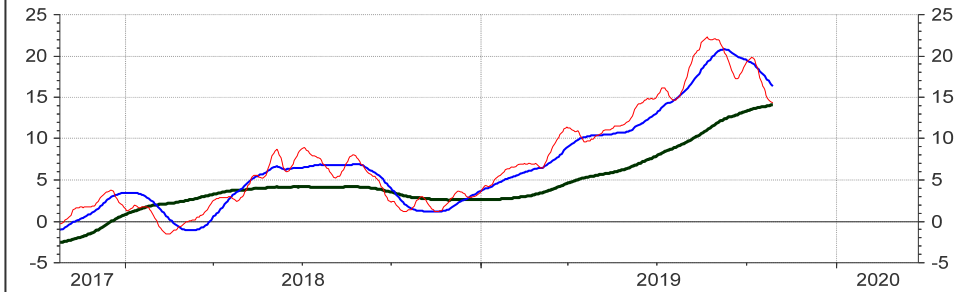
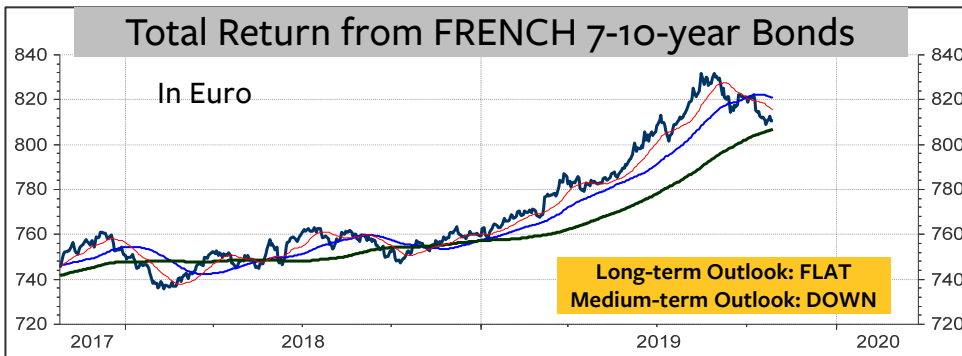
Long-term Outlook: FLAT
Medium-term Outlook: DOWN

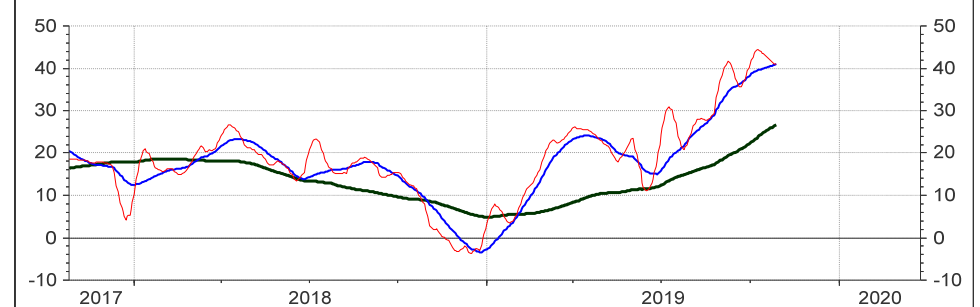
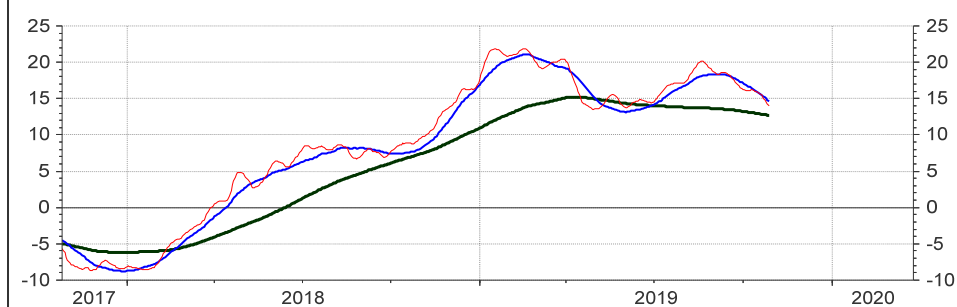
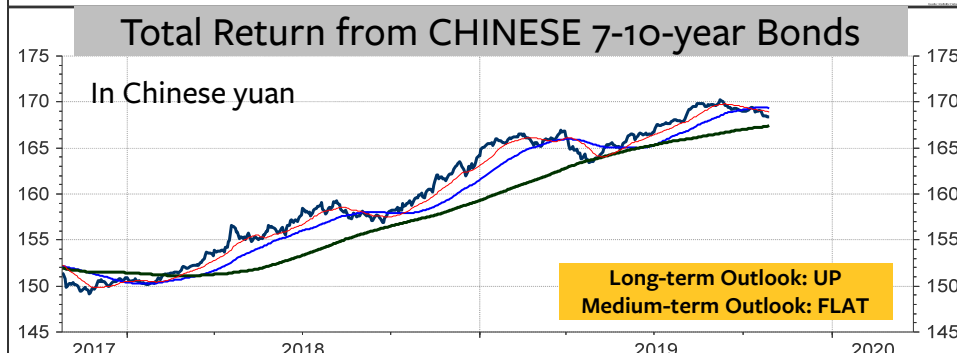
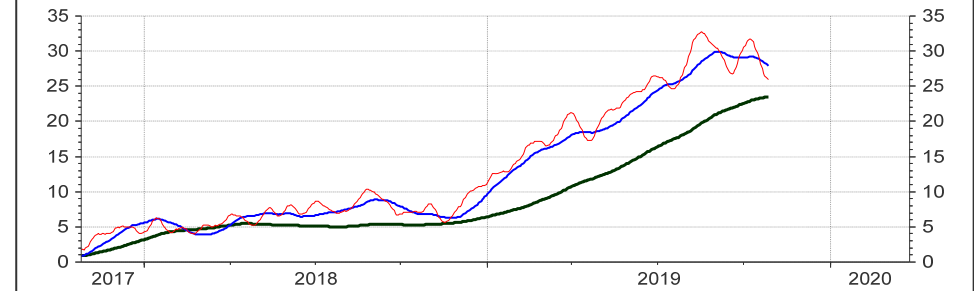
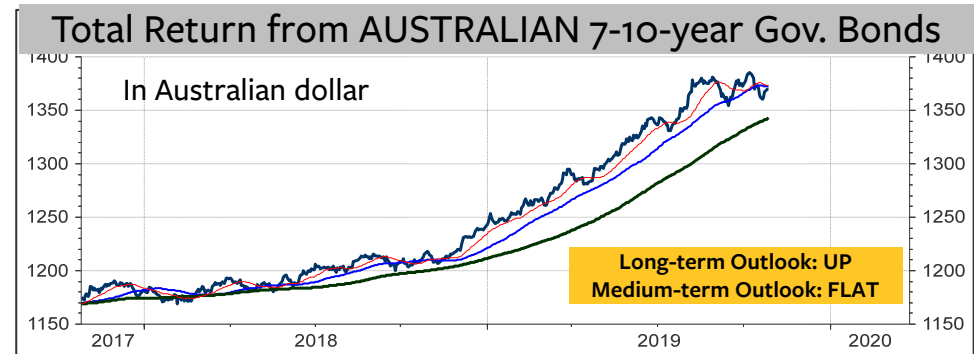
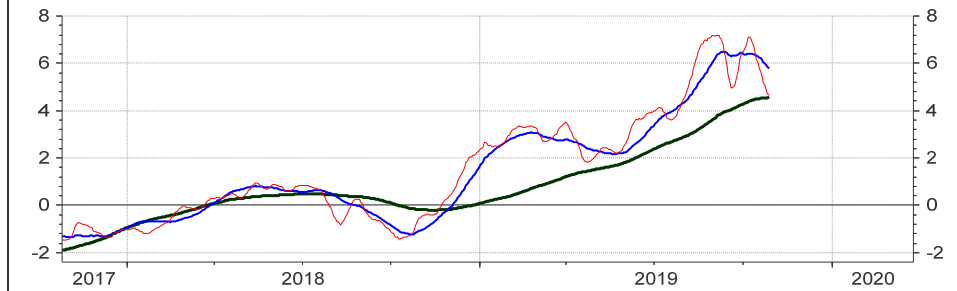
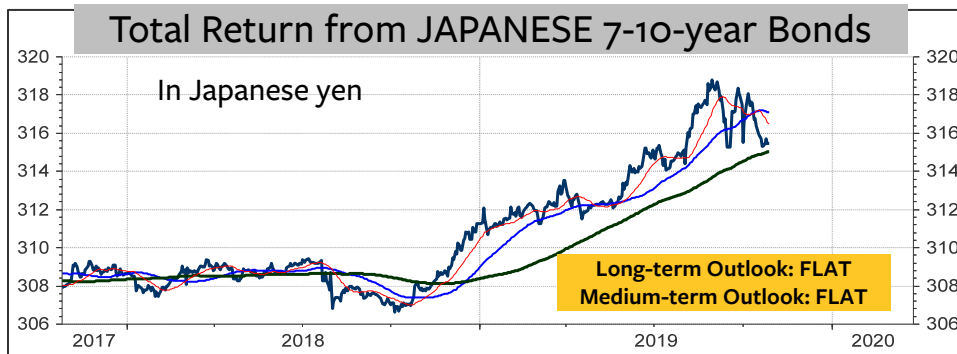
The rise in the Swiss bonds to the high in September could be seen as a bond price bubble. If the TR falls below the high of March 2019 the overlapping of these low and high would mean that the larger uptrend has turned down. Next support is at 362. Moreover, if 362 is broken the Total Return could fall to the former trading range from early 2015 between 360 and 350.

Clearly, the long-term outlook will move to DOWN if the 144-day and the 233-day averages and the long-term momentum reversal are broken at around 367.



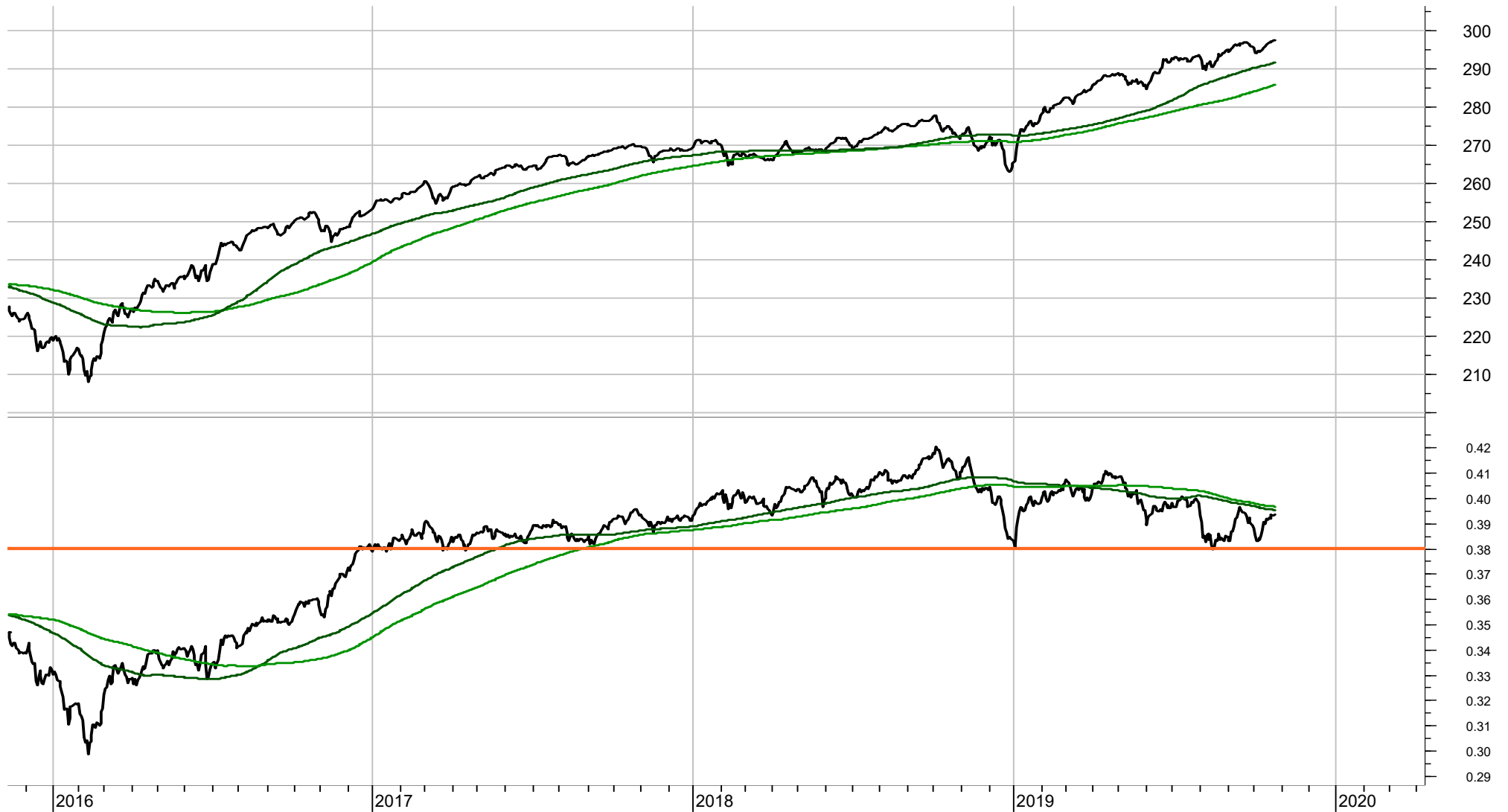






IBOX USD Liquid High Yield Index (.IBLUS0004) absolute and relative to US Total Return 7-10year Notes – daily chart

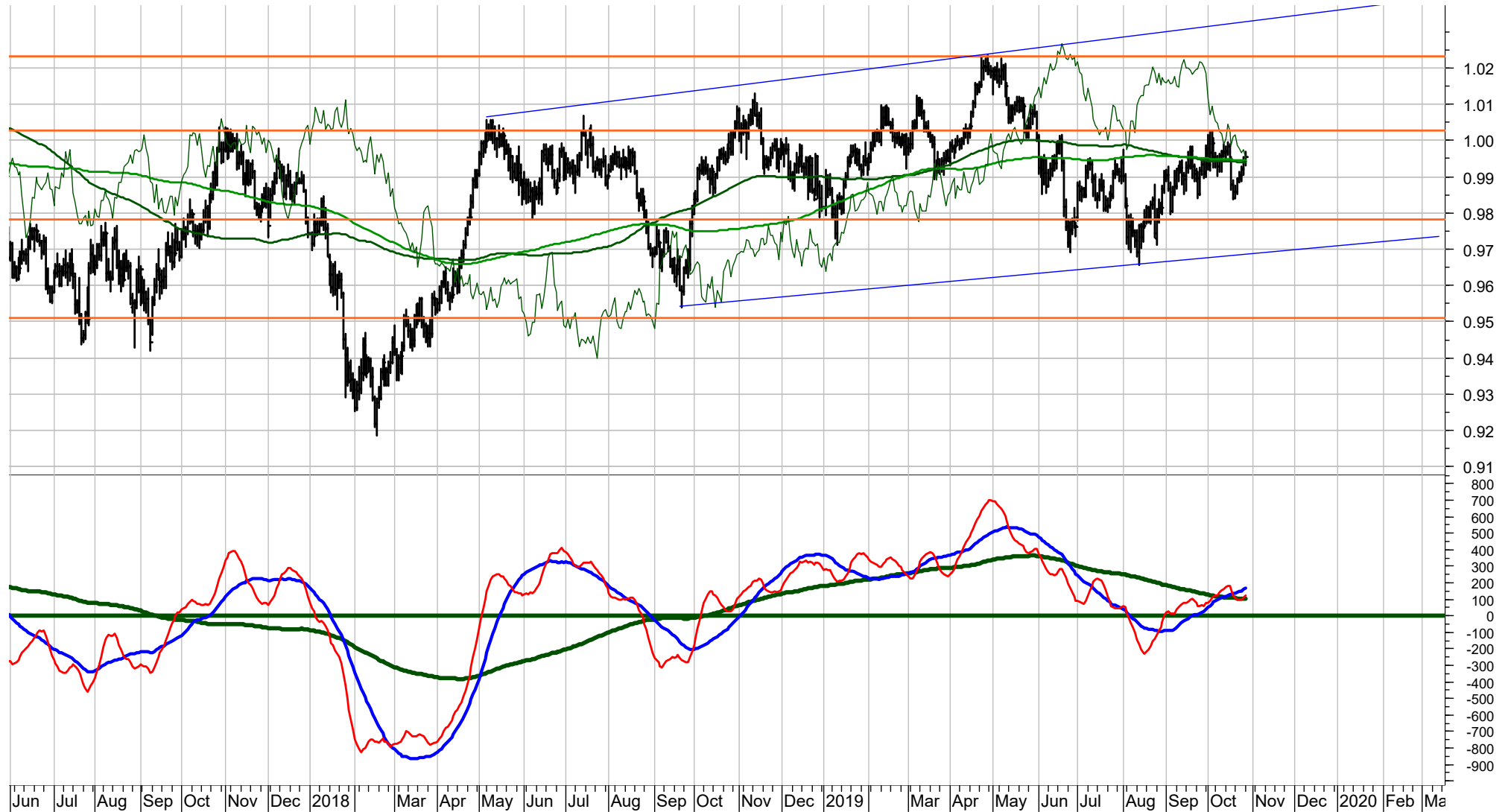
The High Yield Index has been rising since the low in early 2016. However, it has outperformed the Total Return from the 7-10-year US T-Notes only from 2016 to the high in early October 2019. Since this relative high the High Yield Index has been UNDERPERFORMING the Total Return from the US Government Bonds. Presently, the relative chart is at a critical juncture. It is positioned below the moving averages and above the relative support at 0.38. I am waiting for a new relative break.



Swiss franc per US dollar – daily chart

The US dollar is rebounding and could re-attack the resistance at 1.00 / 1.0050. A break above this level would mean that the US dollar is leaving the 144-day and 233-day averages and the long-term momentum Reversal behind. This would raise the odds of a bullish breakout to the upside. However for now, the triangle wave count still holds preferred status. Clearly, a break of 0.9780 and 0.9650 would activate the support for Wave C at 0.95 and possibly 0.92 / 0.91.

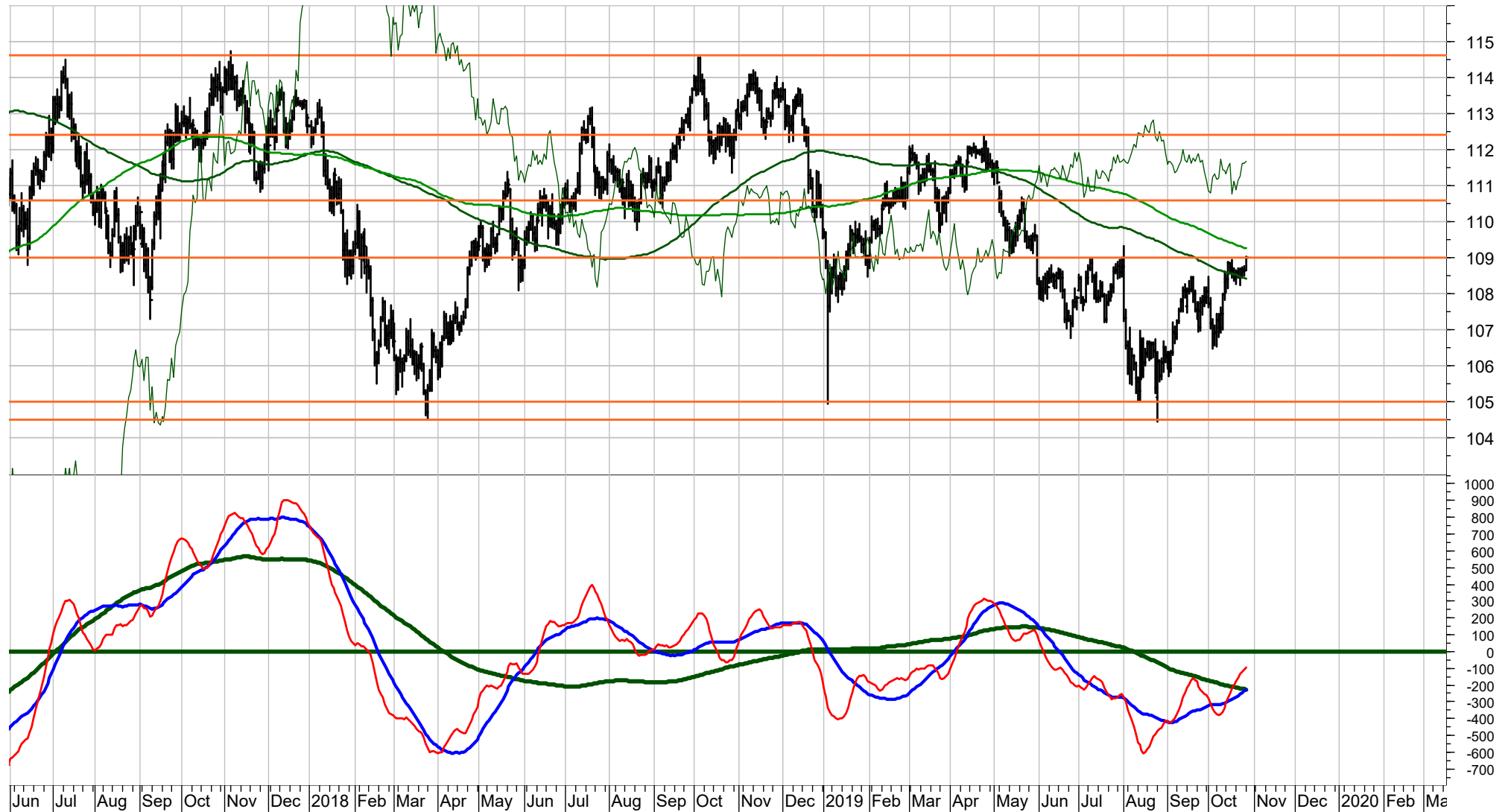
Long-term Outlook: DOWN
Medium-term Outlook: DOWN



Japanese yen per US dollar – daily chart

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

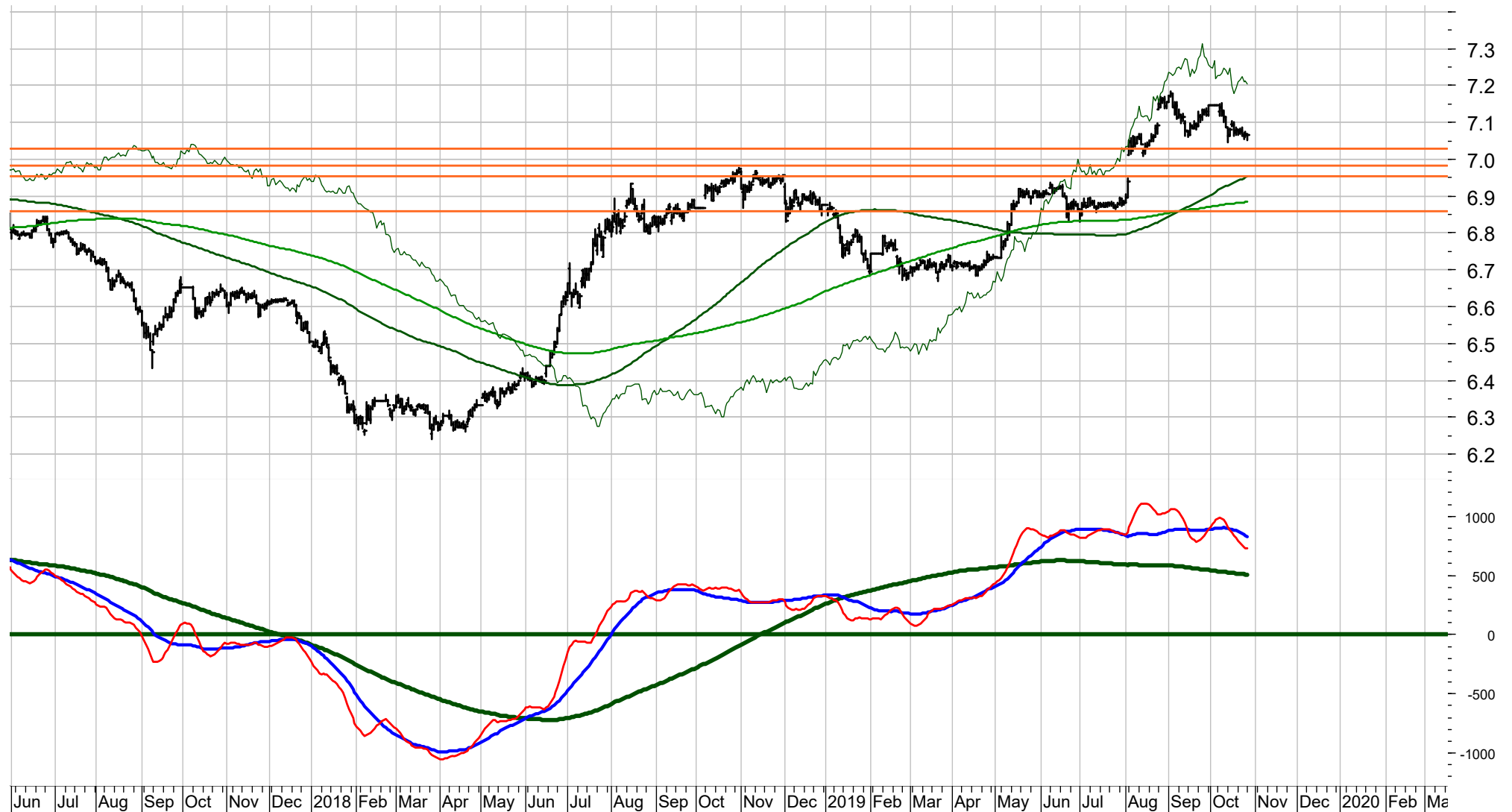
The US dollar has reached the medium-term resistance, which I had located already in August at 109. This level also marks the position of the two moving averages (144-day and 233-day). The long-term momentum reversal is only slightly higher at 111.50. However, as long as this range (109 / 111) is not broken the US dollar is more likely to resume the long-term downtrend, with the risk of breaking 104.



Chinese yuan per US dollar – daily chart

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

The US dollar will turn down medium- and long-term if the supports at 7.02 and 6.95 are broken. Given the length of 31 months of the base from which the US dollar broke out in August 2019 I would be surprised if the US dollar did not resume the major uptrend following the present correction. In fact, a break in the US dollar below 6.85 at this point would be very bearish for the US dollar because the reversal at 7.209 would be marked as a big “failure”. For now, I leave the long-term and medium-term outlook unchanged at up and flat.

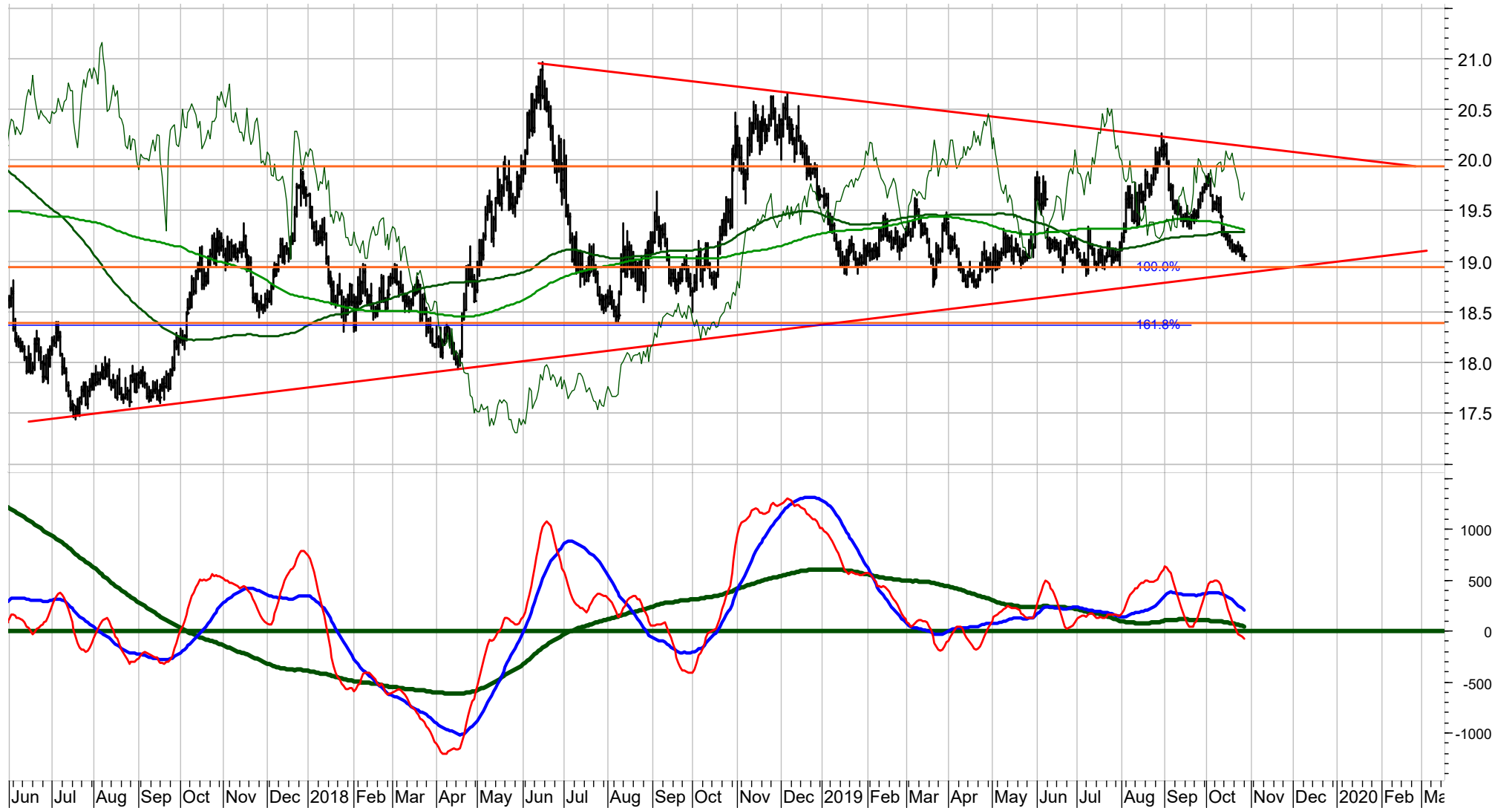


Mexican peso per US dollar – daily chart

The US dollar is falling to the key support of the triangle, which has been forming since June 2018. The US dollar is likely to break the triangle to the downside unless it can recover above the long-term momentum reversal at 19,50 and above the Fibonacci resistance at 20.

The medium-term outlook will shift to DOWN if 18.90 is broken. The long-term outlook will shift to DOWN if 18.40 is broken.

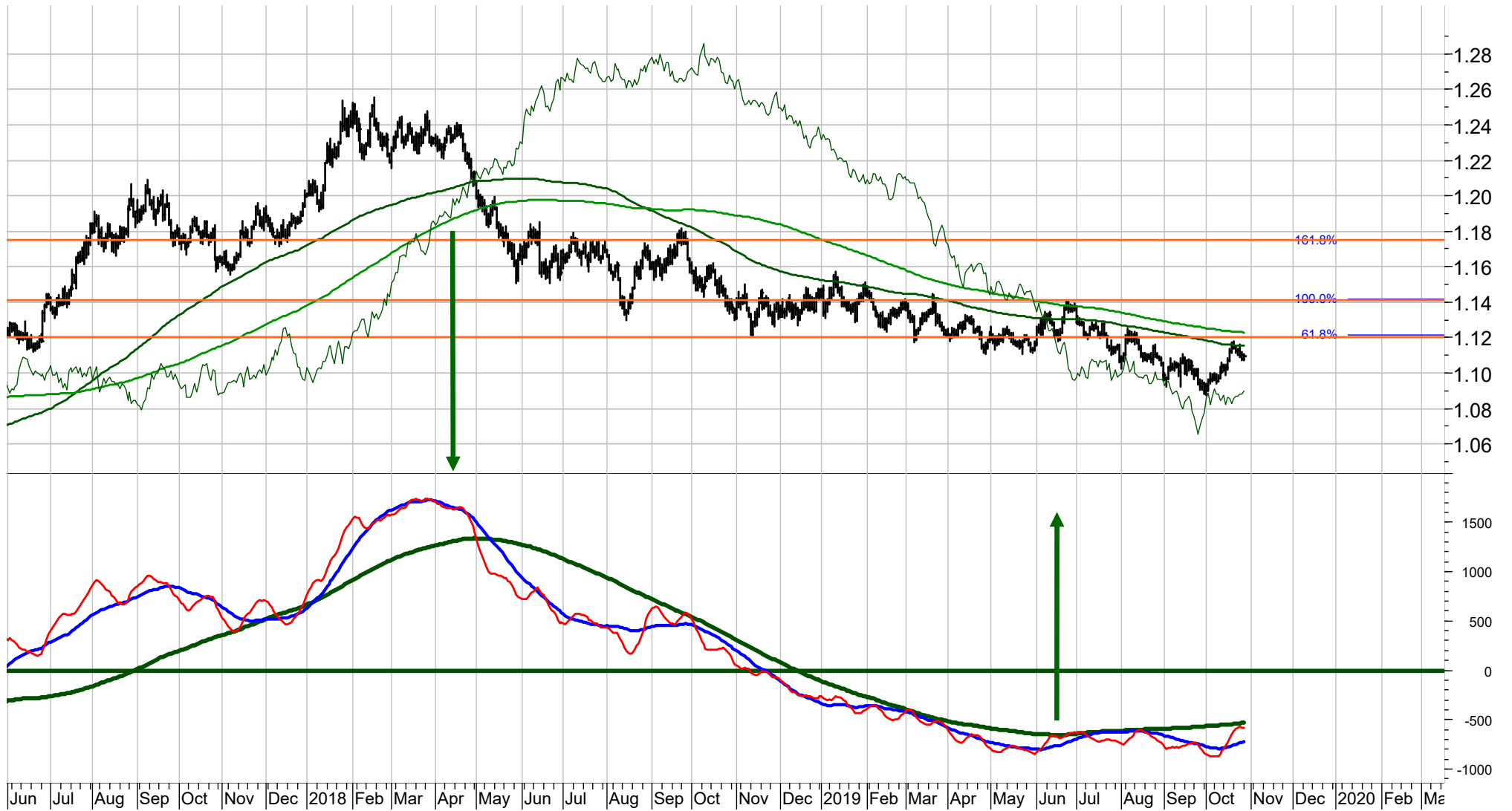
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



US dollar per Euro – daily chart

The long-term momentum indicator already bottomed in June, which was when the Euro crossed the long-term momentum reversal at 1.12. However, following this momentum bottom the Euro has continued to weaken as it added one more medium-term downleg to the long-term downtrend. In October, the Euro has rallied to the resistance cluster, made up of the 144-day and 233-day averages as well as the Fibonacci resistance level at 1.12. Whether the Euro can bottom long term will be signaled if the present short-term decline holds above 1.0850, or in other words, if the present short-term decline turns up again from above the long-term momentum reversal.

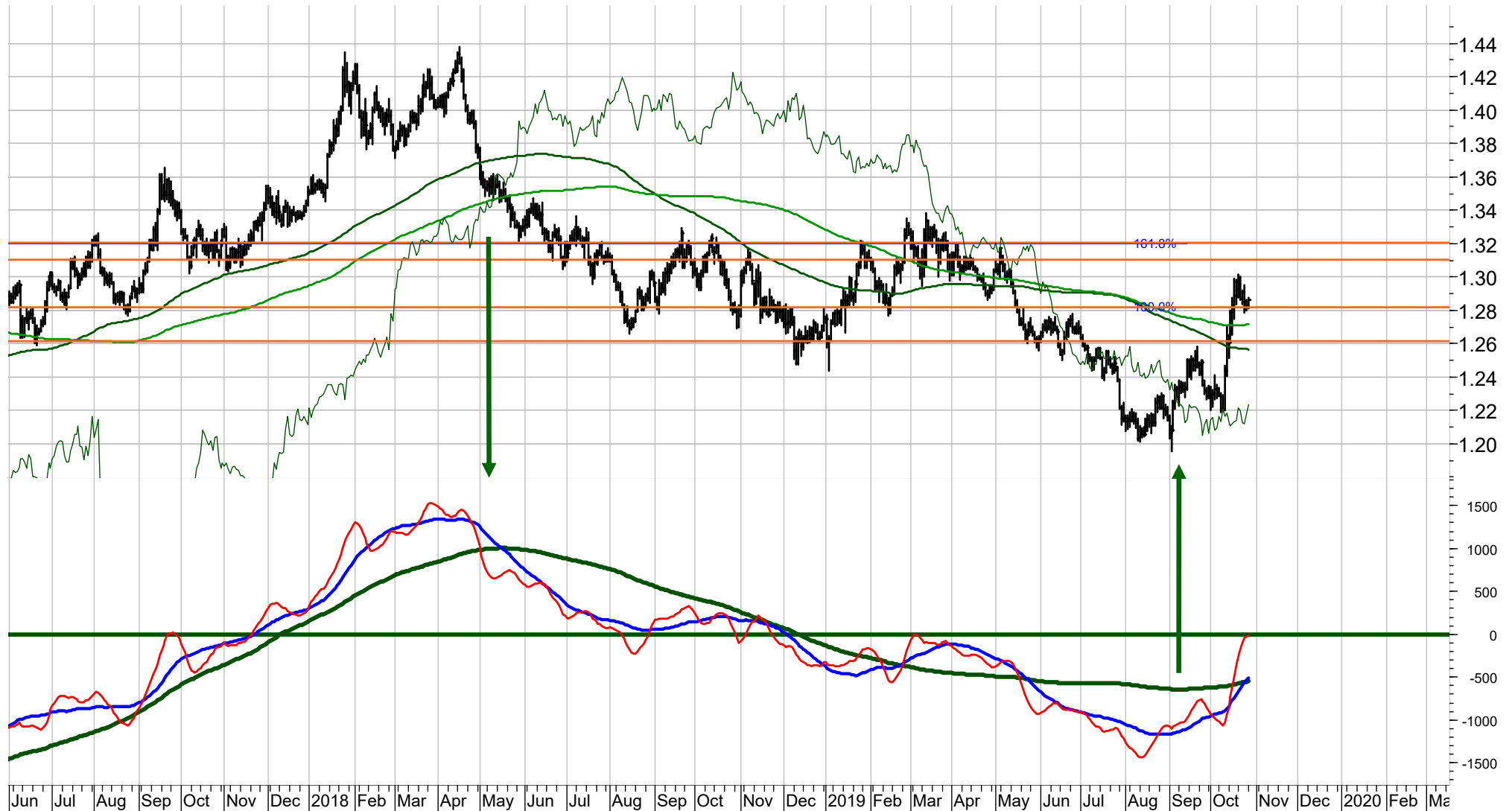
Long-term Outlook: FLAT
Medium-term Outlook: UP



US dollar per British pound – daily chart

The long-term Pound-downtrend from April 2018 could have bottomed. The long-term momentum indicator has turned up with the crossing of long-term momentum reversal at 1.23 in early September. Given the recent strong rise the short-term trend is overbought and a consolidation is likely to be seen between the resistance at 1.31 / 1.32 and the supports at 1.28 / 1.26.

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

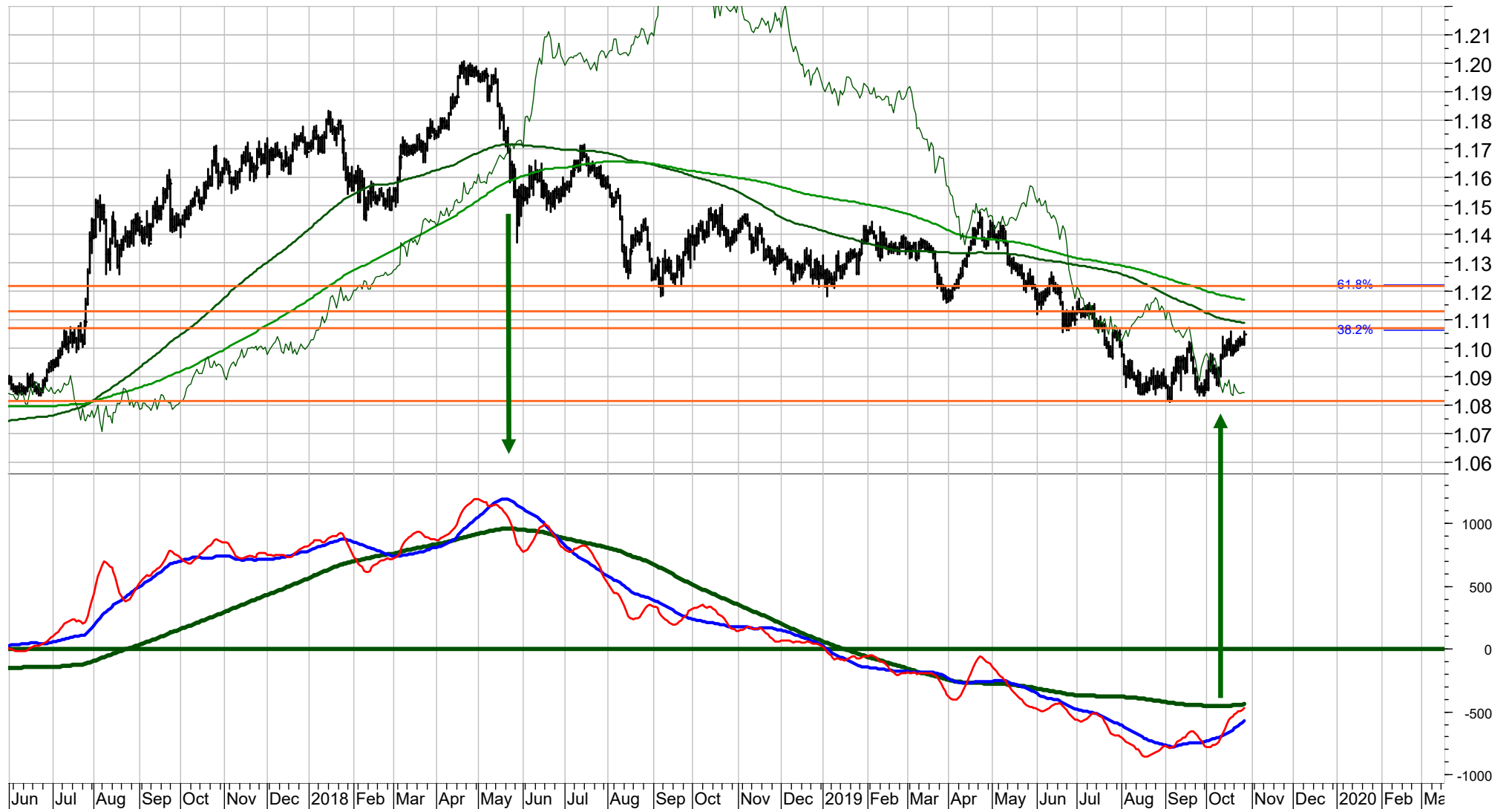


Swiss franc per Euro – daily chart

The long-term Euro downtrend from May 2018 could be bottoming. The long-term momentum indicator has turned up with the break of the long-term momentum reversal at 1.09.

A new long-term uptrend would be confirmed if the Euro breaks above the 144-day average, the 233-day average and the Fibonacci resistance levels at 1.1050 and 1.1250. Clearly, a break of 1.08 would signal the re-acceleration of the former Euro-downtrend.

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

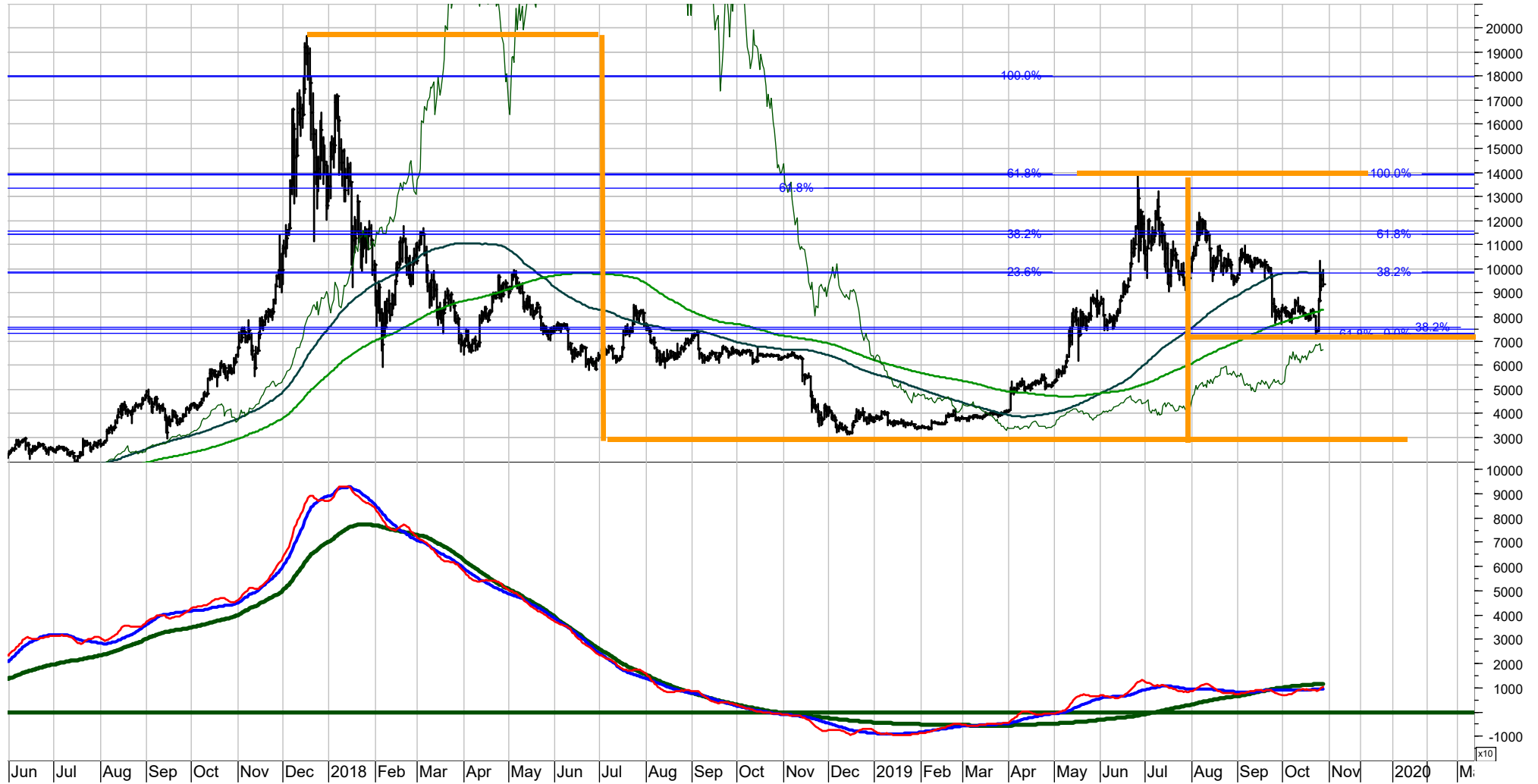


US dollar per Bitcoin – daily chart

It is absolutely fascinating to see how the Fibonacci correlations have again determined the wave patterns and the wave correlation factors 61.80% and 38.20%. It is no coincidence that the Bitcoin has just turned up from the major support cluster at 7500 / 7000.

Notice the following correlations: The rise from December 2018 to July 2019 has retraced slightly more than the 61.80% of the decline from December 2017 to December 2018.

The correction from the high in 26 June 2019 at 13880 to the low on 23.10.2019 at 7294 has corrected exactly 61.80% of the rise from December 2018 to the high in July 2019. Moreover, this same correction (July 2019 to October 2019) has travelled 38.20% of the length of the decline December 2017 to December 2018. The Bitcoin is likely to turn up from here and rise above 14000 to extend the long-term uptrend to 18000 / 19000. Clearly, a bullish outlook would be negated if the support at 7000 is broken.



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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

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