



GLOBAL CHART OUTLOOK

investing ahead of the crowd

GLOBAL MARKETS

11th November 2019 / Issue #43

S & P 500 Index – Watching the test of the long-term resistance around 3130

The S&P 500 Index has reached the major resistance around 3130. The question is still: Is the blue rectangle:

- 1) a major top, which could be followed by a long-term bear market (red dashed line)?
- 2) a consolidation, which is followed by a correction and the resumption of the major uptrend (blue dashed line)?
- 3) the acceleration of the long-term uptrend with a break of 3130 and a target of 3300 to 3500 or higher (green dashed line)?

The high level of investor optimism, as expressed in the Call/Put Ratio, shown on the next page, still gives the medium-term correction (blue) the highest probability.

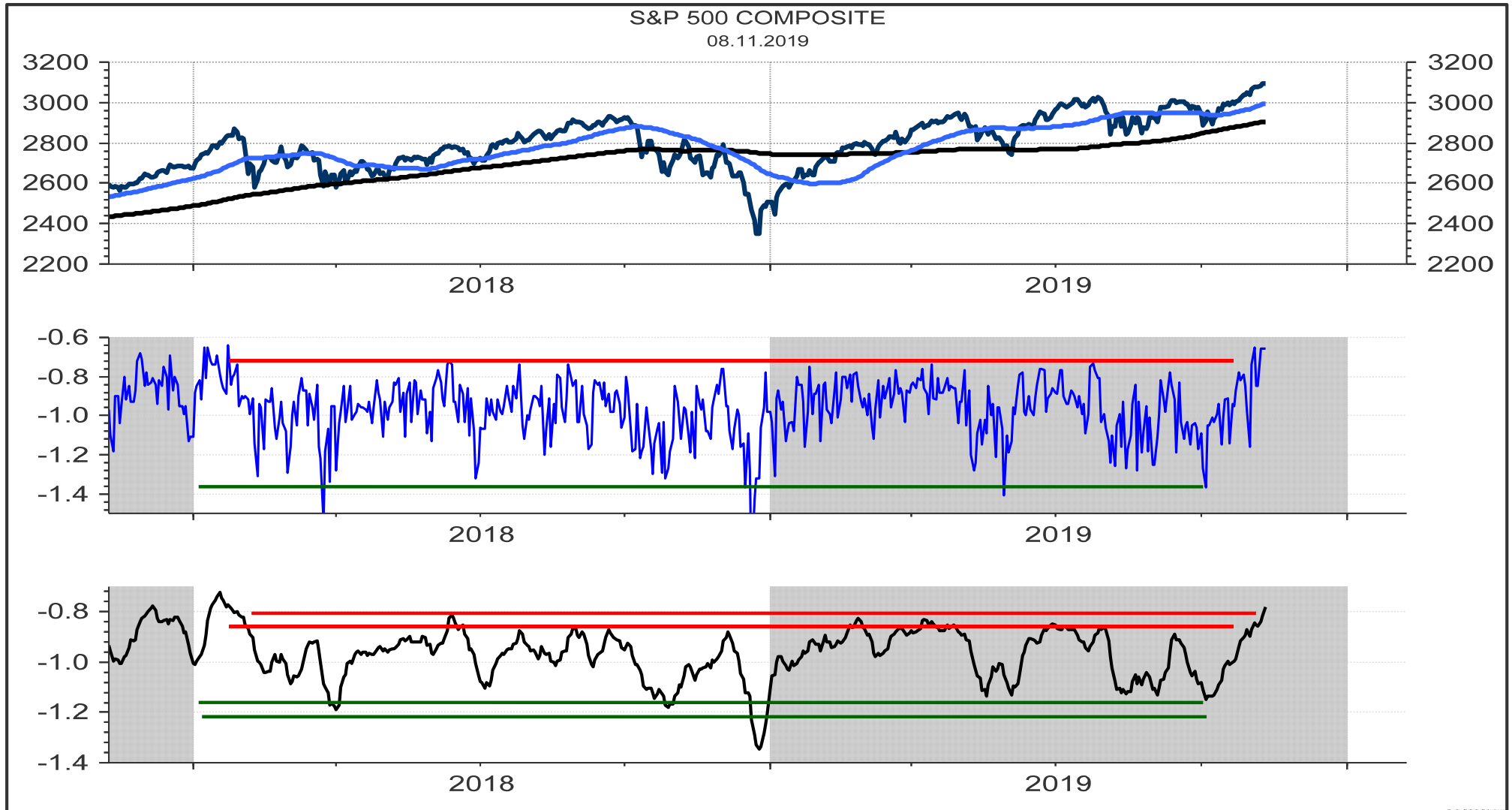
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



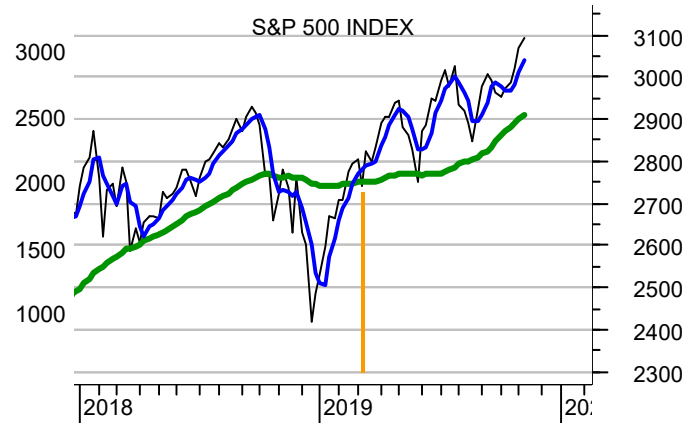
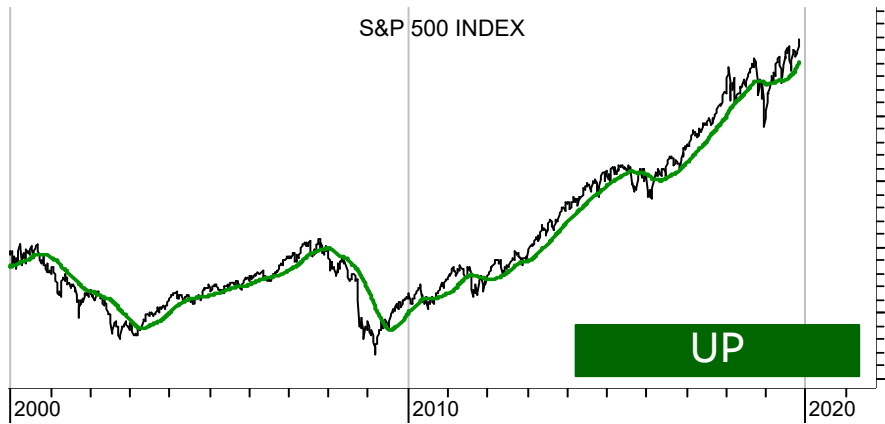
S & P 500 Index and the Call/Put-Ratio 1-day change (middle) and 8-day moving average (bottom)

The Call/Put Ratio rose to the overbought territory. This is the highest level since January 2018. Also, the 8-day moving average (bottom chart) is back at the same level, which it reached ahead of the correction in early 2018.

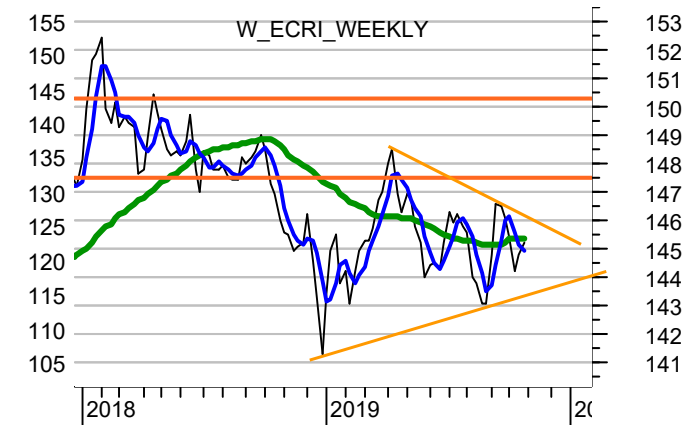
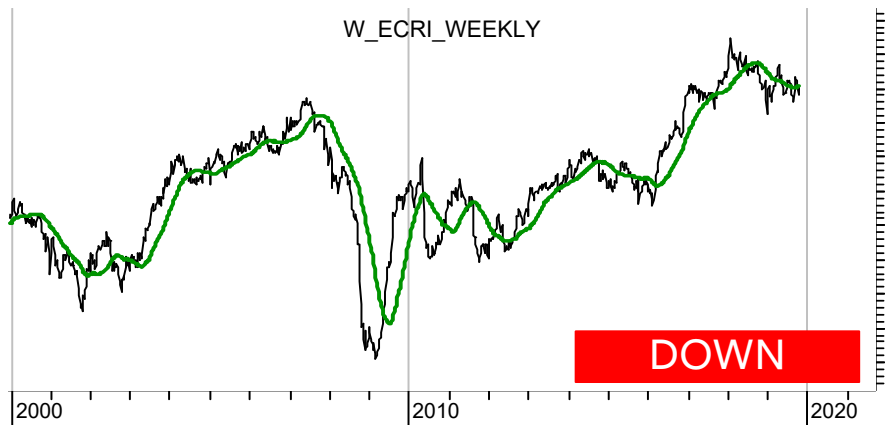
The Call/Put Ratio is my primary sentiment indicator. At this point, it speaks against a major break upwards in the S&P 500 Index. Rather, it supports the scenario 2) of a medium-term correction and the resumption of the long-term uptrend thereafter.



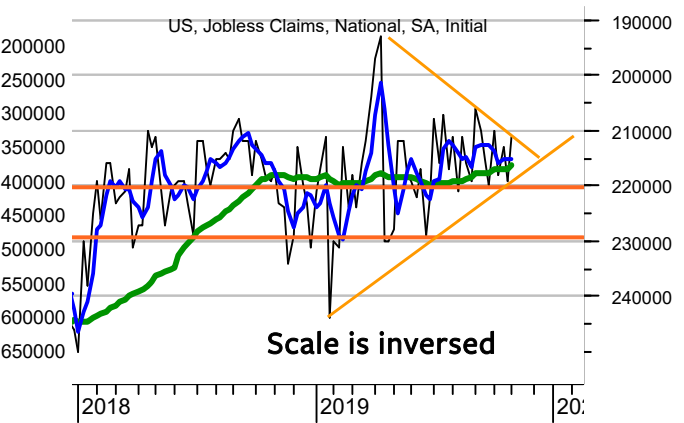
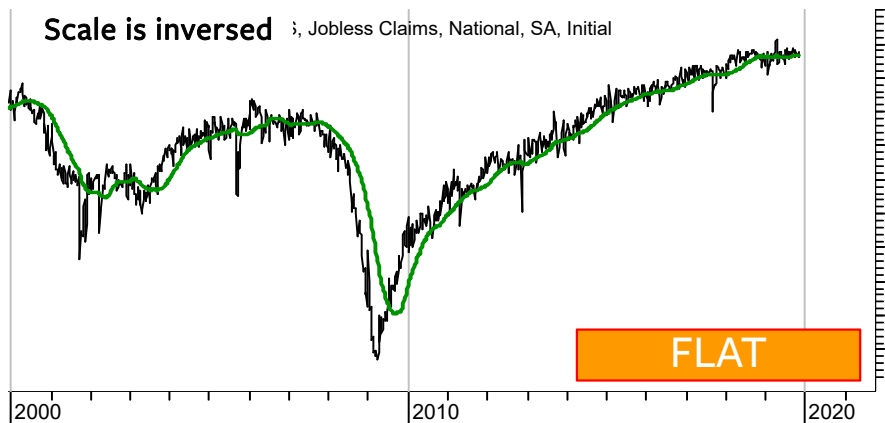
Three-Factor-US-Cycle Model – The Overall Model remains NEUTRAL under the leadership of the stock market



The **S&P 500 INDEX** remains positioned above the rising 4-week average and above the rising 40-week average. Moreover, the 4-week average has remained above the 40-week average since March 2019. **Thus, the Model remains UP.**



The **Weekly Economic Cycle Research Index** rose to 145.20. It is forming a horizontal triangle, being positioned at the 4-week and 40-week moving averages. **The Model remains DOWN**, but could well move to FLAT next week if it again breaks above the two moving averages.



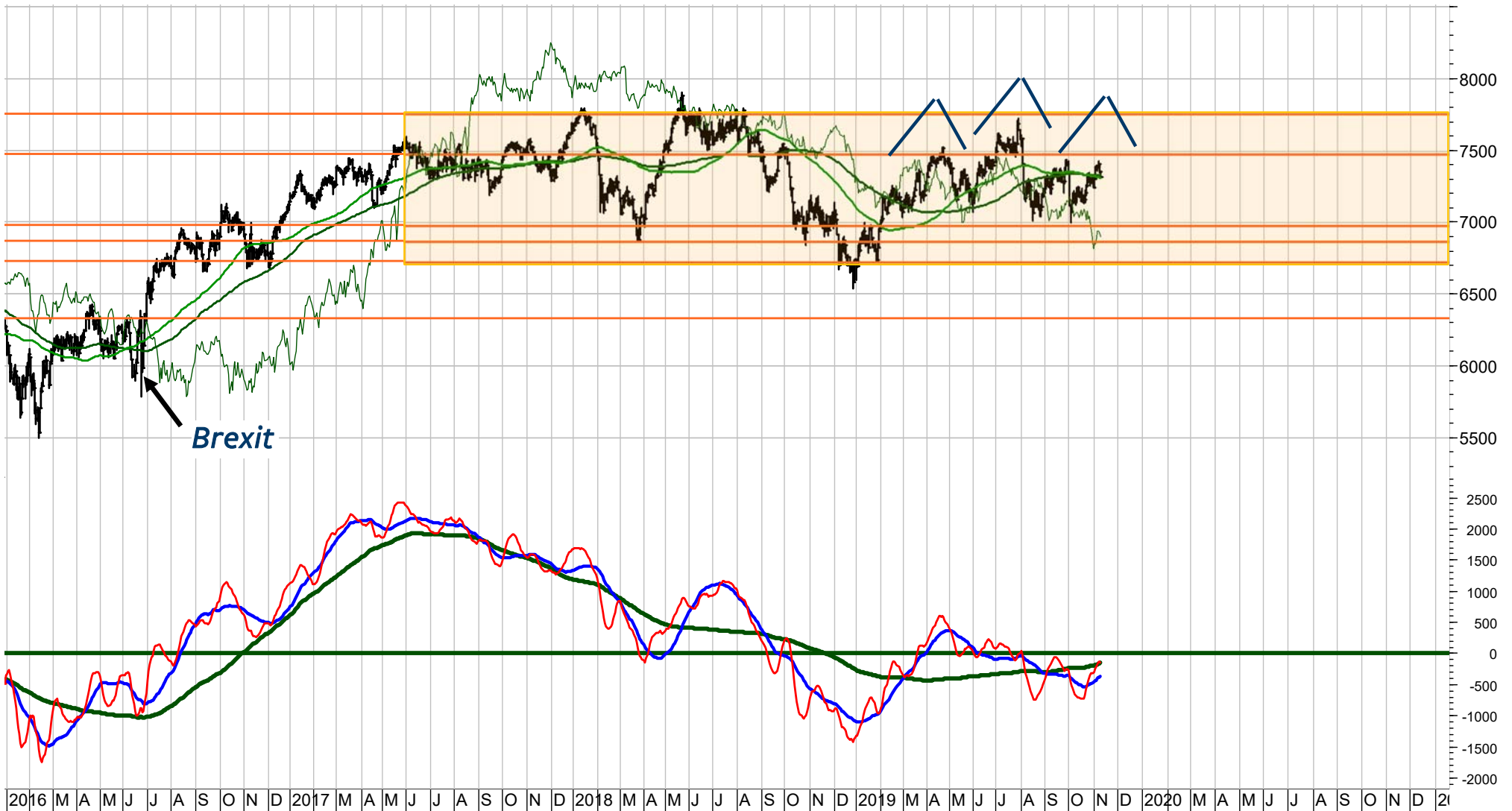
The (inverse) **Weekly Jobless Claims** moved from 218k to 211k. The Claims are forming a horizontal triangle, being positioned slightly above the 4-week and 40-week moving averages. **The Model remains FLAT.**

U.K. FTSE Index – *Bouncing off the neckline of a Head and Shoulder Top*

The FTSE is rebounding off the neckline of a potentially bearish Head and Shoulder Top. Overall, it remains in the large consolidation, which it entered following the rally off the low of the Brexit-vote in June 2016.

The medium-term outlook remains DOWN unless the FTSE breaks above 7500.

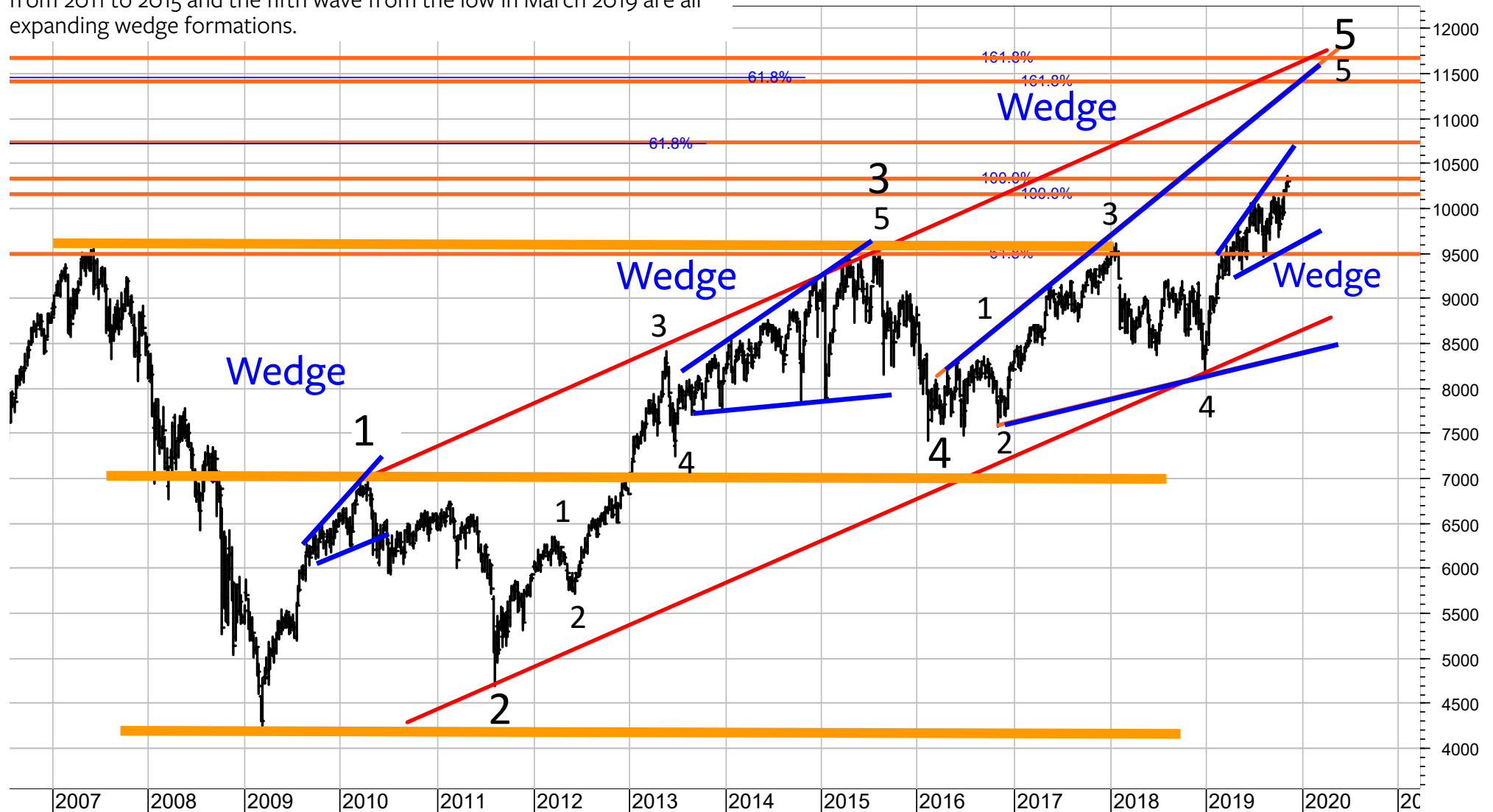
Long-term Outlook: FLAT
Medium-term Outlook: DOWN



Swiss Market Index SMI – Testing the mega resistance at 10200 / 10400

The chart below shows the uptrend in the SMI since the low from the financial crisis in 2009. Notice the many recurrences of the Expanding Wedge formation. Obviously, the Wedge is characteristic to the forming of the Swiss Social Mood as expressed in the stock market. The fifth wave of the upleg in 2009 and the fifth wave of the uptrend from 2011 to 2015 and the fifth wave from the low in March 2019 are all expanding wedge formations.

The entire uptrend from 2009 can be counted as five waves. Wave 5 began in 2016. Moreover, Wave 5 of 5 started in December 2018. Already in my Chart Outlook of 1st April 2019, I did project a possible target for Wave 5 at 10200 / 10400. This level is of paramount importance to the SMI outlook. I am re-printing the respective chart on the next page.



Swiss Market Index SMI – weekly chart (re-printed from 1st April 2019)

On 1.4.2019 I stated that: *“The SMI could be forming an Expanding Wedge. It originated at the low in 2016 and could be forming Wave 5 from the low in December 2018. A break above 9650 would speak in favor of Wave 5 reaching 10200 to 10400.”*

see the next page for the updated chart →



Swiss Market Index SMI – Has reached the mega-resistance at 10350 / 10400

The SMI rose from 9500 in early April to the resistance level and the possible target which I had projected at 10200 / 10400.

A major top could be forming right here. Only if this range is broken, the SMI could extend the uptrend to 11400 / 11700.

The medium-term outlook could well shift to UP if 10400 is clearly broken.

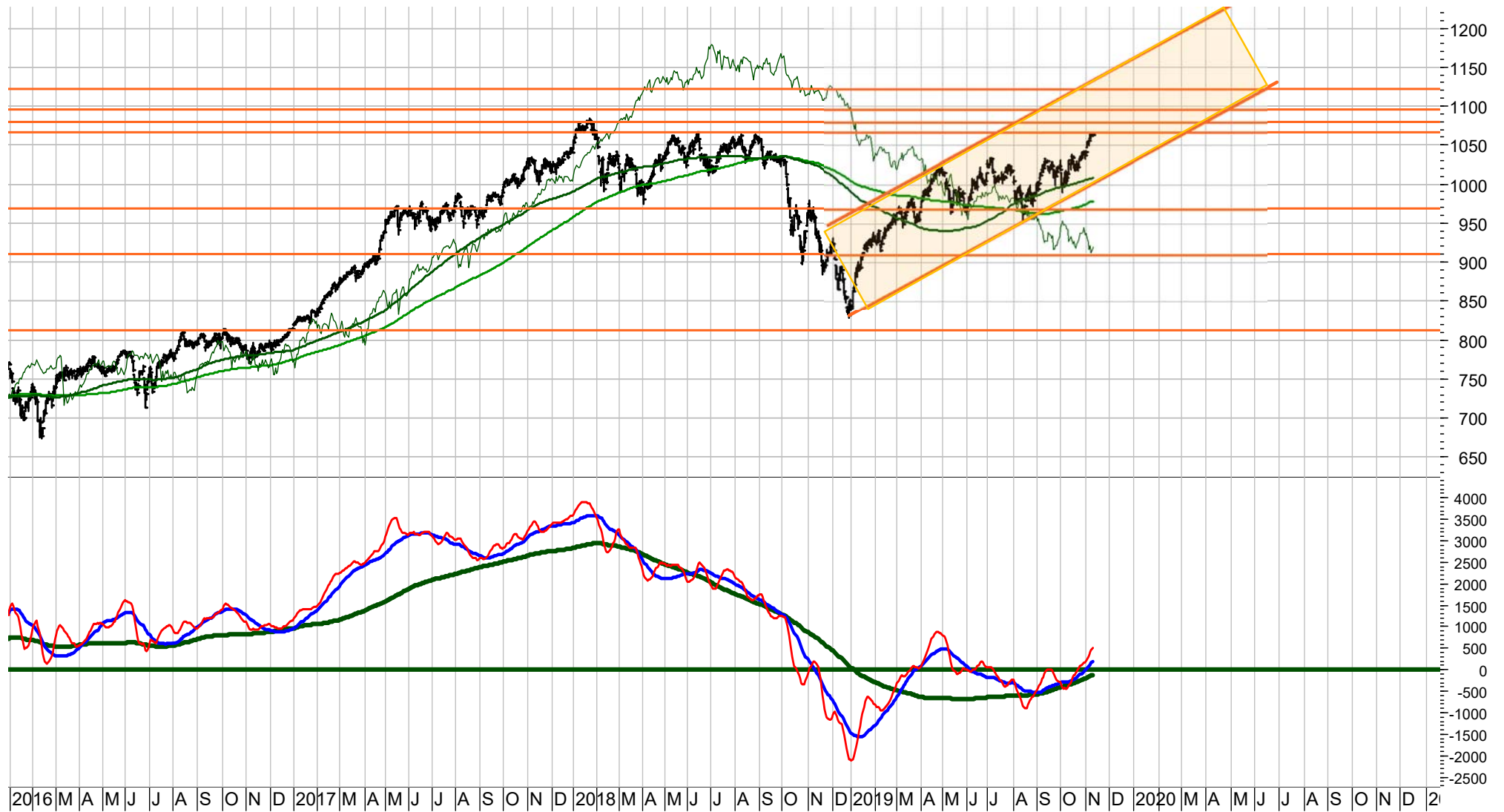
Long-term Outlook: UP
Medium-term Outlook: FLAT



Swiss MidCap Price Index (.SMIX) – Reaching the long-term resistance at 1070 / 1120

The Swiss MidCap Index is likely to test the long-term resistance at 1070 to 1120. I am looking for some kind of correction from within this resistance range, rather than an immediate break upwards of the long-term uptrend. Support levels are at 970 and 910.

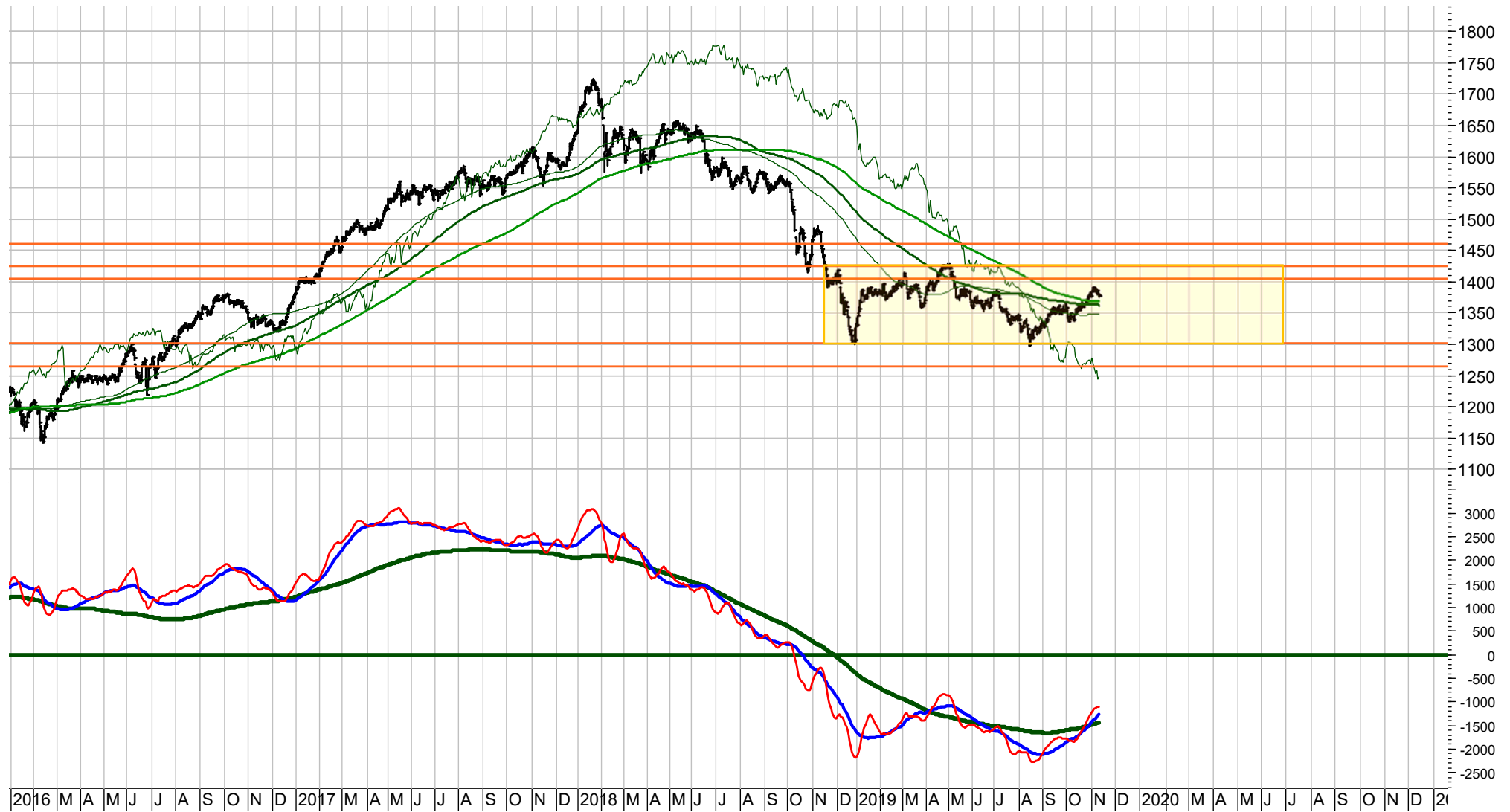
Long-term Outlook: FLAT
Medium-term Outlook: UP (4.11.2019)



Swiss SmallCap Price Index (.SSIX) – Still below mega-resistance at 1410 to 1470

The Swiss SmallCap Index is likely to test the long-term resistance at 1400 to 1470.
I am looking for some kind of correction from within this resistance range, rather than an immediate break upwards of the long-term uptrend.
Support levels are at 1310 and 1260.

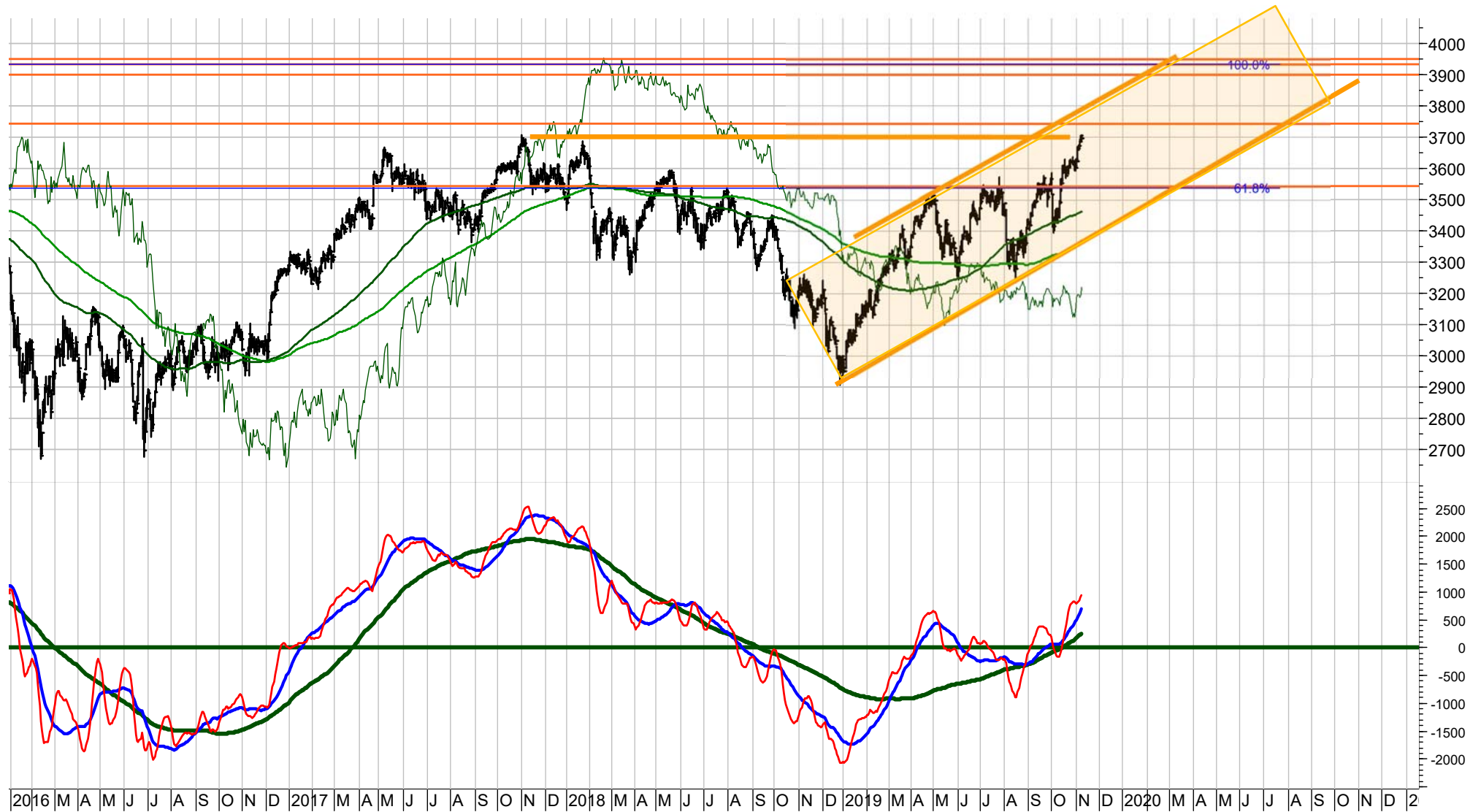
Long-term Outlook: FLAT
Medium-term Outlook: UP (4.11.2019)



Eurostoxx 50 Index – Expect a medium-term correction from the resistance at 3750 or from 3950

The break of the resistance at 3550 implied that my triangle interpretation would be negated. It means that the Eurostoxx could rise to the next resistance at 3750 or 3900 / 3950. The medium-term outlook is likely to shift to UP if 3750 is clearly broken.

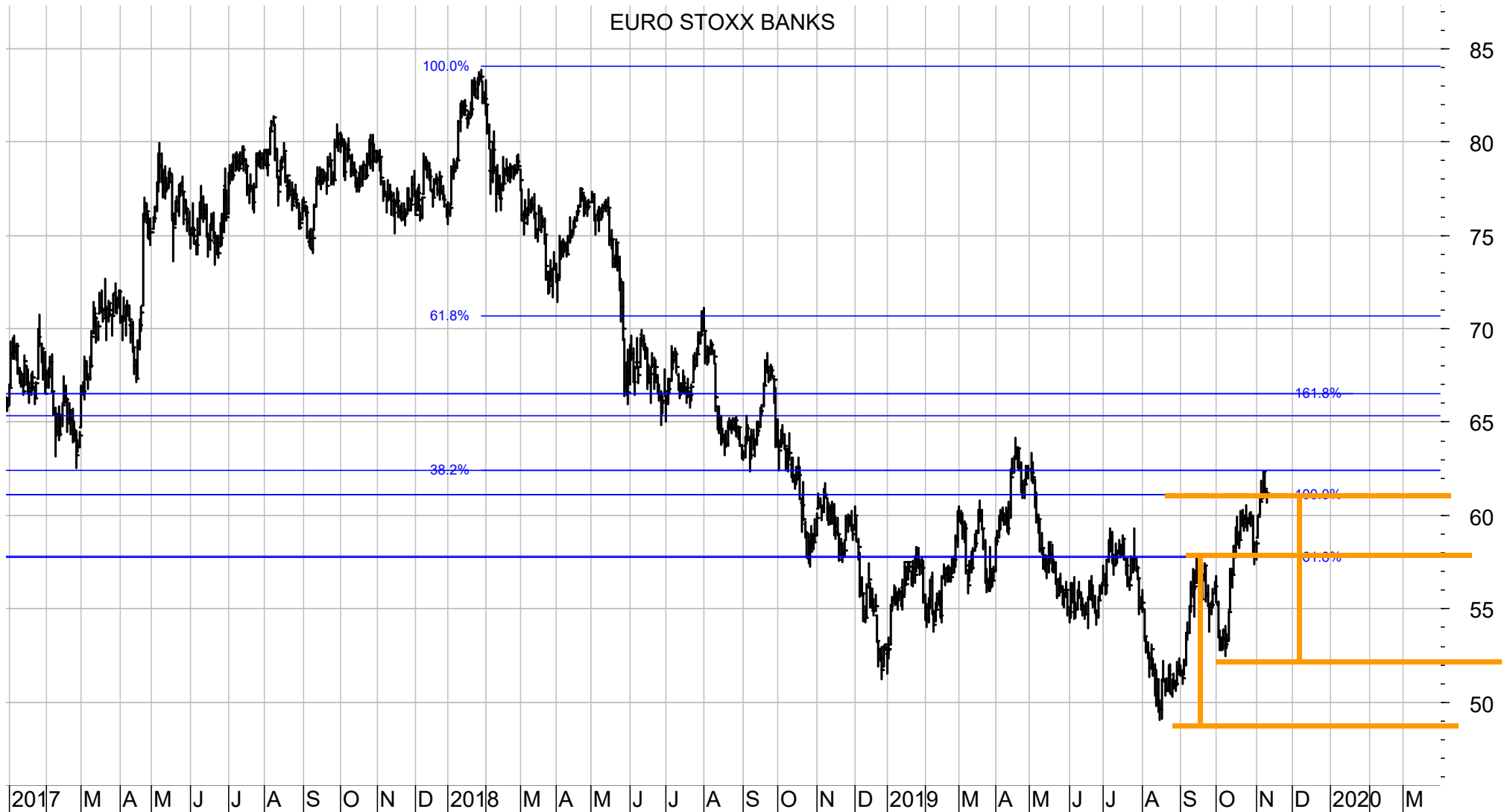
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Eurostoxx Banks Index – *Must break above 61.50 / 62.50 to signal 66.50 or 71 or higher*

The Eurostoxx Banks Index rose to, but not above, the key resistance at 61.50.

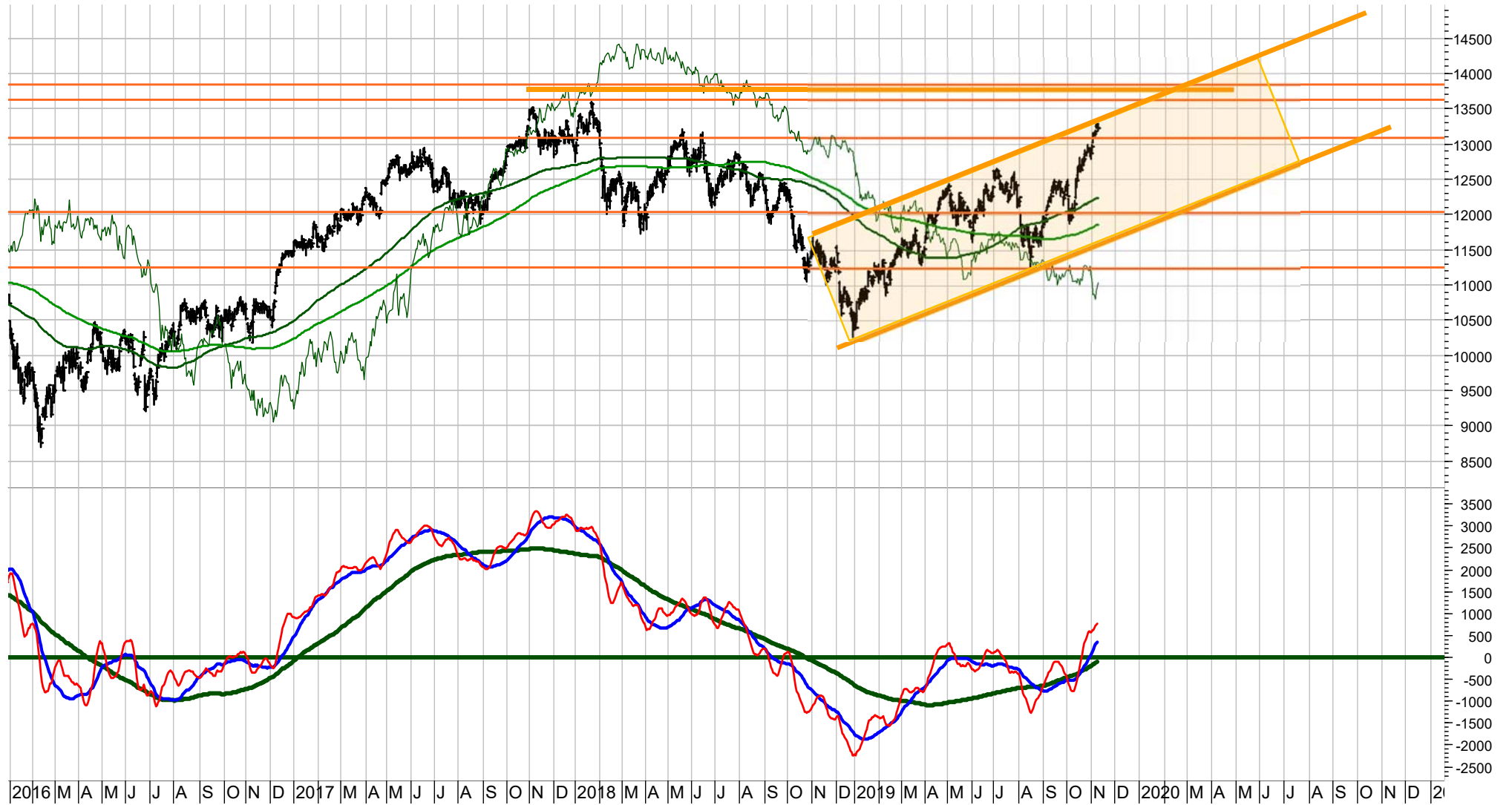
It needs a break of this resistance to signal 65 / 67 / 71 or a full retracement of the bear market in 2018 to 84.



Deutscher Aktien Index – DAX – Reaching the long-term resistance range 13650 to 13900

The next resistance levels are 13650 and 13900.
A sizable correction is likely to start from this resistance range.

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



Japanese Nikkei 225 Index – Close to long-term resistance at 23500 / 24500

A sizable correction is likely to start from the major resistance range at 23500 to 24500.

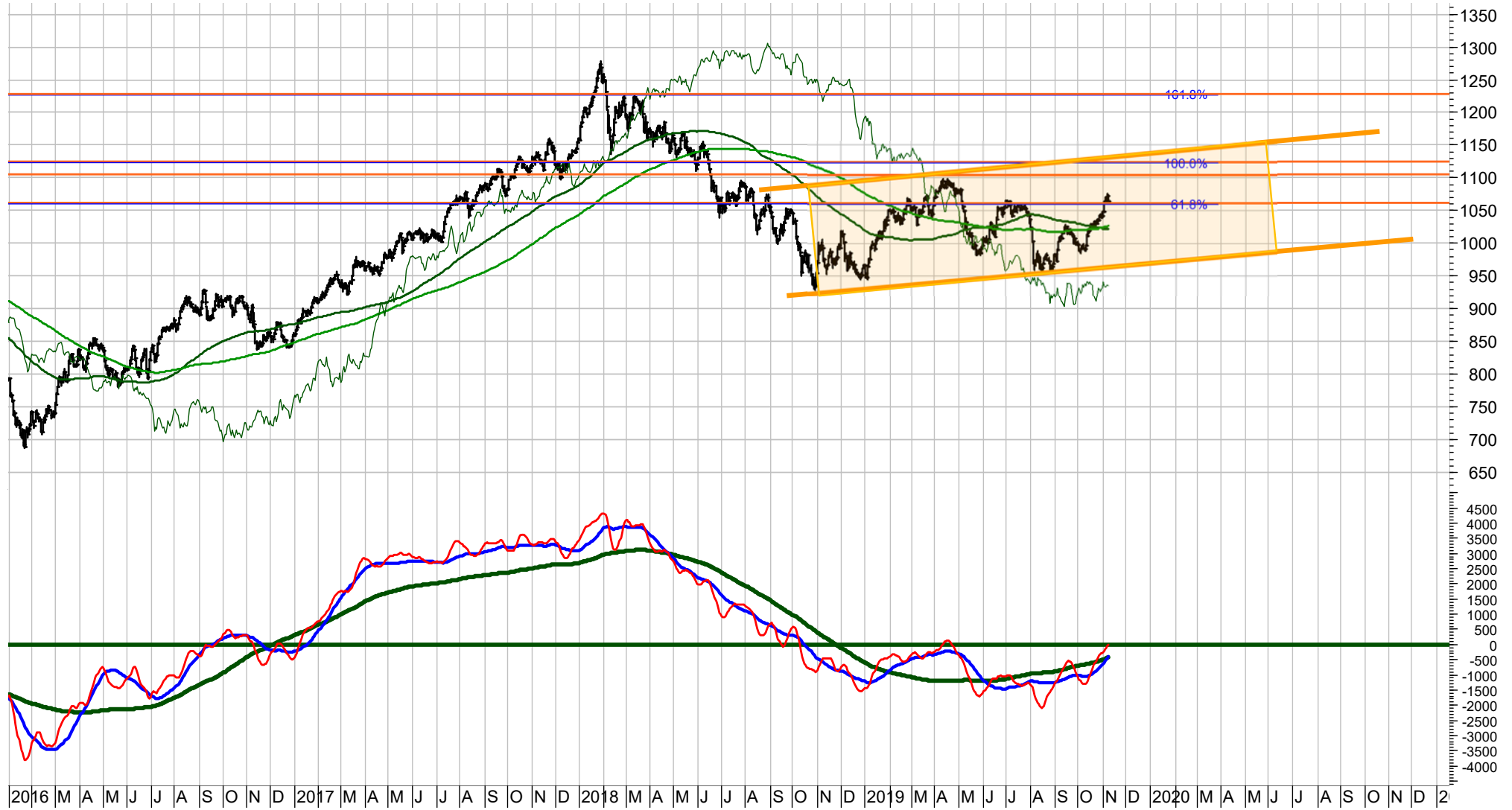
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



MSCI Emerging Market Index – *Medium-term and long-term upgrade if 1070 / 1130 is broken*

The Emerging Market Index is testing the resistance at 1060. It is likely to sustain the uptrend and reach the next resistance at 1100 / 1130.
A sizable correction is likely to start from this resistance range.

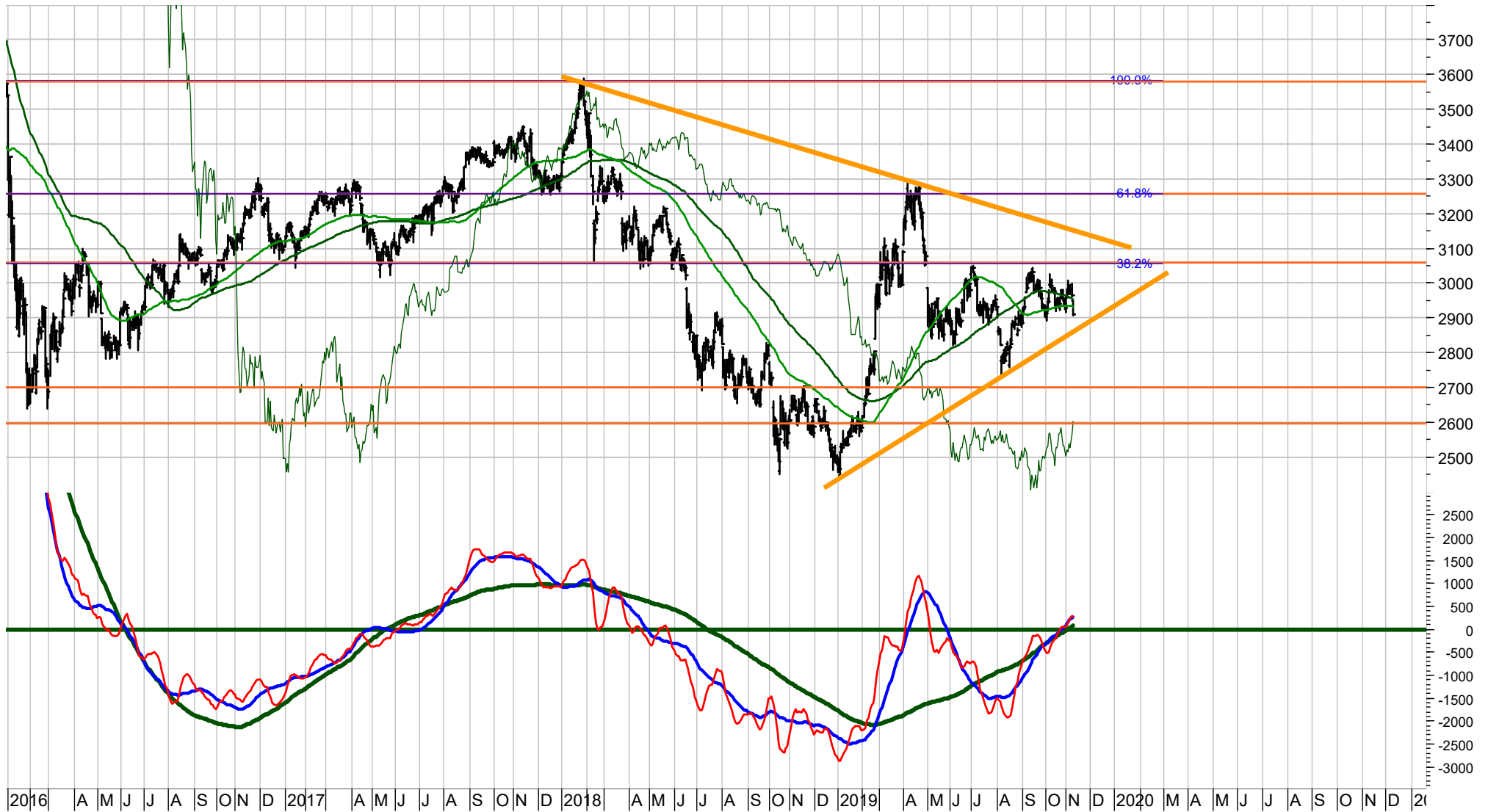
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Shanghai Composite Index – Neutral between 3080 and 2700

The SCI remains in the triangle from early 2018. It is trading at the 89-day and 144-day moving averages. The long-term momentum indicator has been rising since the low in early 2019. However, the index must rise above 3080 to extend the uptrend to 3250 or even 3600. For now, the medium-term and long-term outlook remain FLAT.

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



Thomson Reuters Equally Weighted Commodity Index – *Testing medium-term resistance at 410*

I have replaced the Bloomberg Commodity Index by the Thomson Reuters Equally Weighted Commodity Index because it better reflects the overall development of the global commodities. The Bloomberg Index is heavily weighted towards the energy sector.

The TREWCI has rallied to the first resistance of a possible new long-term uptrend at 410. A break of 410 would justify a medium-term upgrade to UP. On the big picture, the TR Index is forming the right shoulder of a major Head and Shoulder Top. It would take a break above 430 to negate this bearish top formation.

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

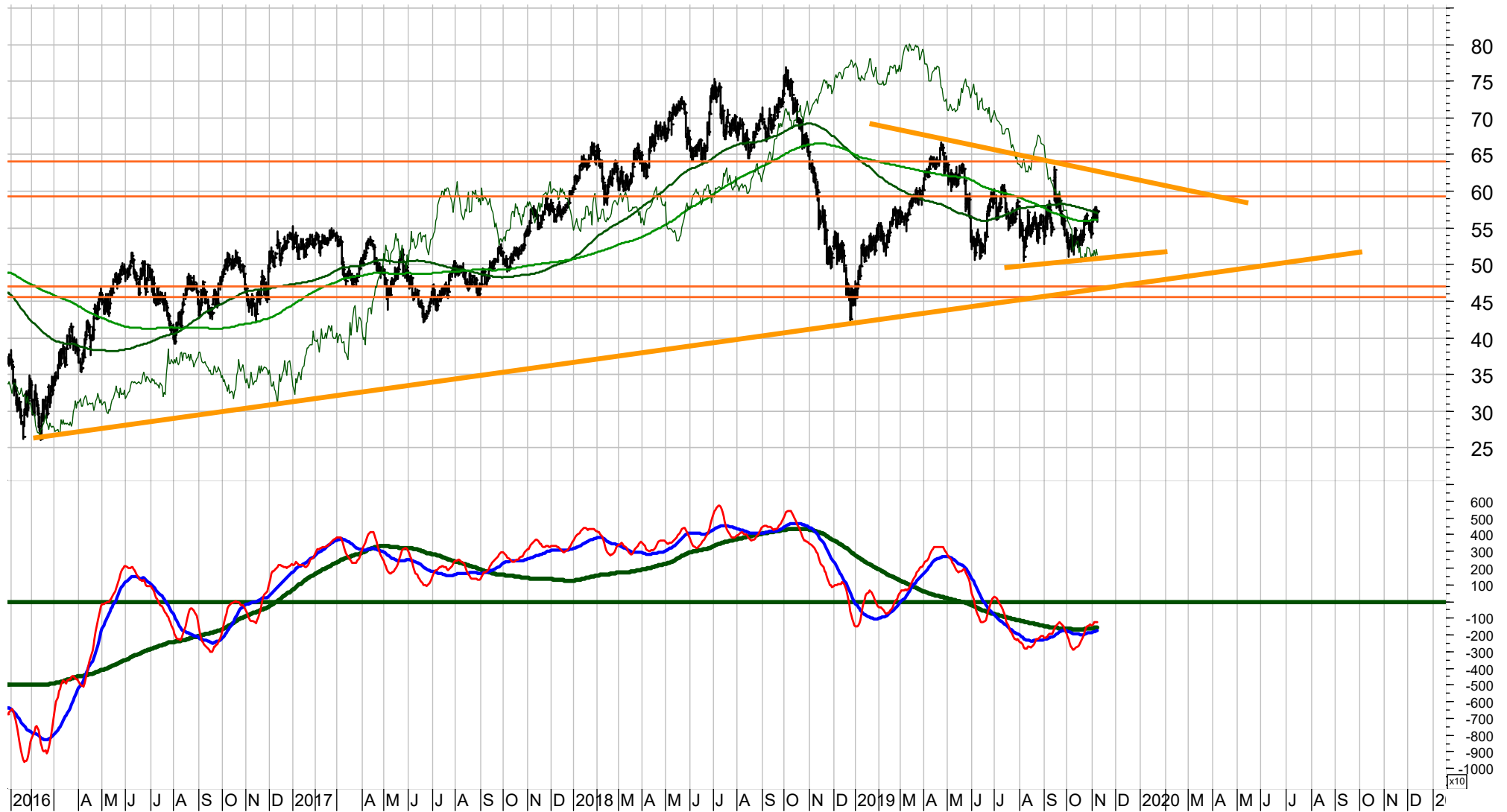


Light Crude Oil Continuous Future – Remains in the Horizontal Triangle between 65 and 45

Crude Oil remains in the horizontal triangle. But, the momentum indicators are setting up for a new long-term uptrend signal. A rise above 60 / 66 will mean that the medium-term and long-term uptrends are triggered.

The key levels to watch are the resistance at 60 and 64 / 66 and the supports at 53 and 48 / 45.

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



HG Copper Continuous Future – *Medium-term and long-term upgrades only if 2.73 / 2.85 is broken*

Copper has been tracing out a long-term downtrend from June 2018 until the recent low at 2.45 on 30.8.2019. Copper would have to rise above 2.73 / 2.85 to deserve a new upgrade of medium-term and long-term degree.

Notice the also the scenario of a forming long-term Head and Shoulder Top, which originated in November 2016.

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



LME Aluminium Continuous Future – *New long-term uptrend signal is pending*

Aluminium has been tracing out a long-term downtrend since April 2018. This downtrend has given way to a medium-term rebound. Given the newly rising long-term momentum and the break above the 144-day moving average, Aluminium could embark upon a new long-term uptrend. The Long-term Outlook would move to UP if 1840 is broken.

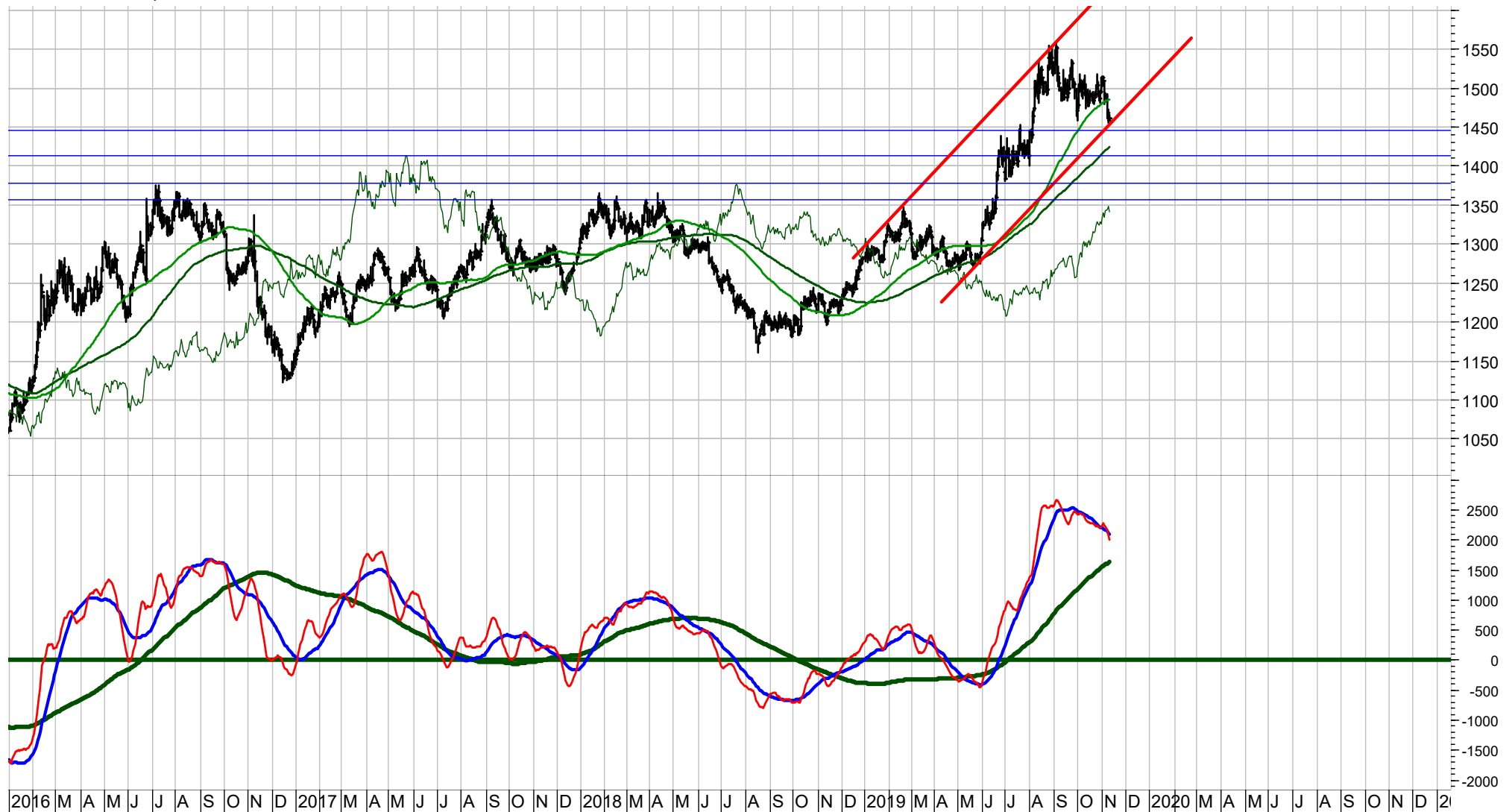
Long-term Outlook: FLAT
Medium-term Outlook: UP



Gold per Ounce in US dollar – *Sell tactical positions if 1440 is broken*

Last week, I stated that the price weakness appears corrective and that the long-term uptrend could resume. However, Gold continued to correct. If the present decline retraces the entire uptrend from August 2018 to August 2019, the present decline could still be corrective but retrace to 1375 / 1350. My Trend and Momentum Model would signal a medium-term downgrade if 1440 is broken and a long-term downgrade if 1410 is broken. Long-term investors should wait for the present medium-term correction to unwind. Medium-term positions should be sold if 1440 is broken.

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



Silver – Watching the major support at 16.50 / 16.20

What, last week, appeared as successful test of the major Fibonacci support at 16.80 has turned into a deeper retracement of the June to August upleg, i.e. the correction to 16.50.

If a triangle is forming from the high in 2016, then Silver could fall to 15.20.

Moreover, if the next low does overlap with the highs of February 2019, another bearish signal will be given.

I am likely to downgrade the long-term outlook and the medium-term outlook to DOWN if 16.50 / 16.20 is broken.

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



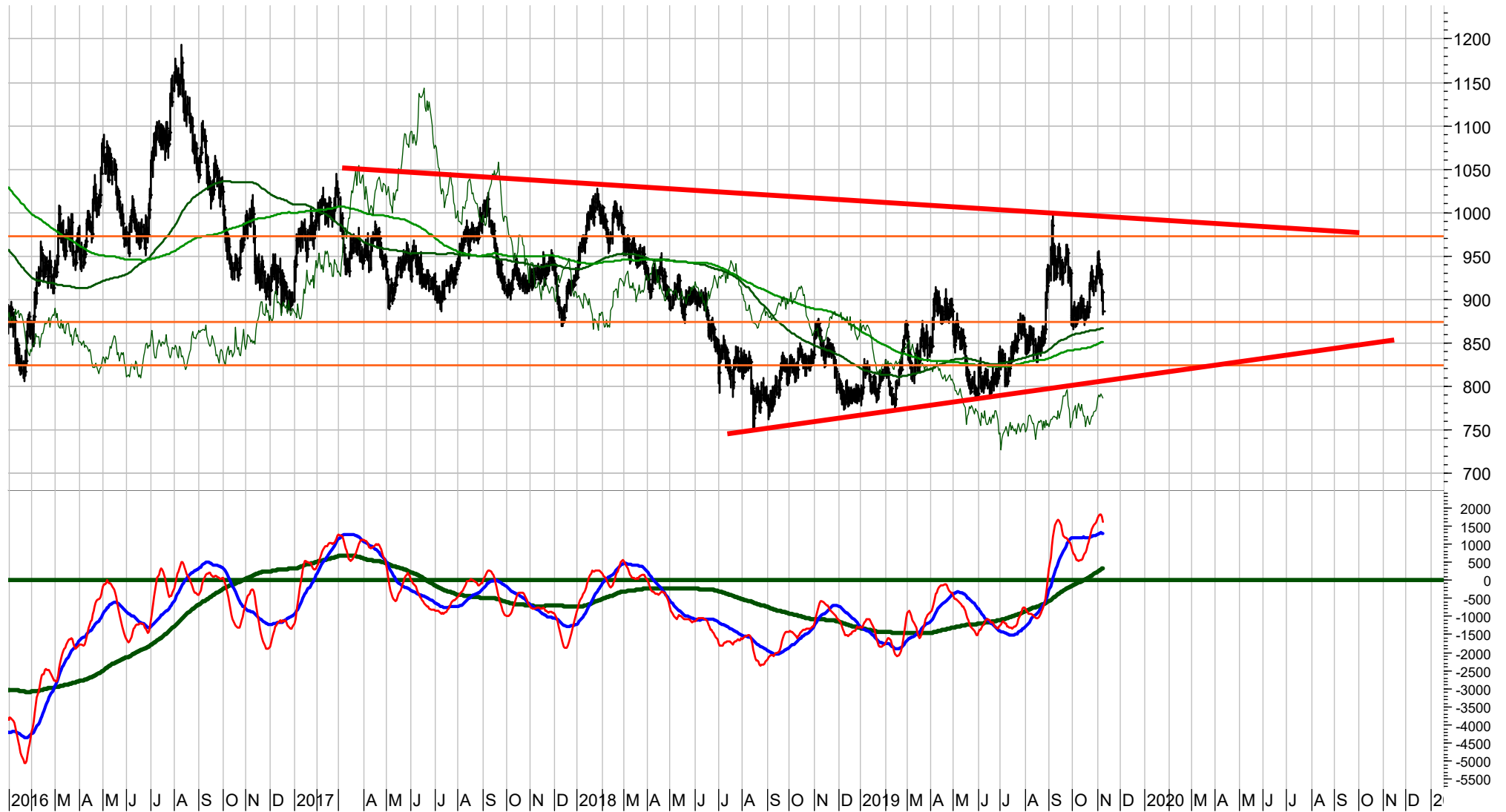
Platinum – Remains in a neutral triangle between 1000 and 820

Platinum re-entered the correction and is testing the Fibonacci support at 870.

A break of 870 would signal 820.

It will take a rise above 975 to signal the resumption of the uptrend from July 2018.

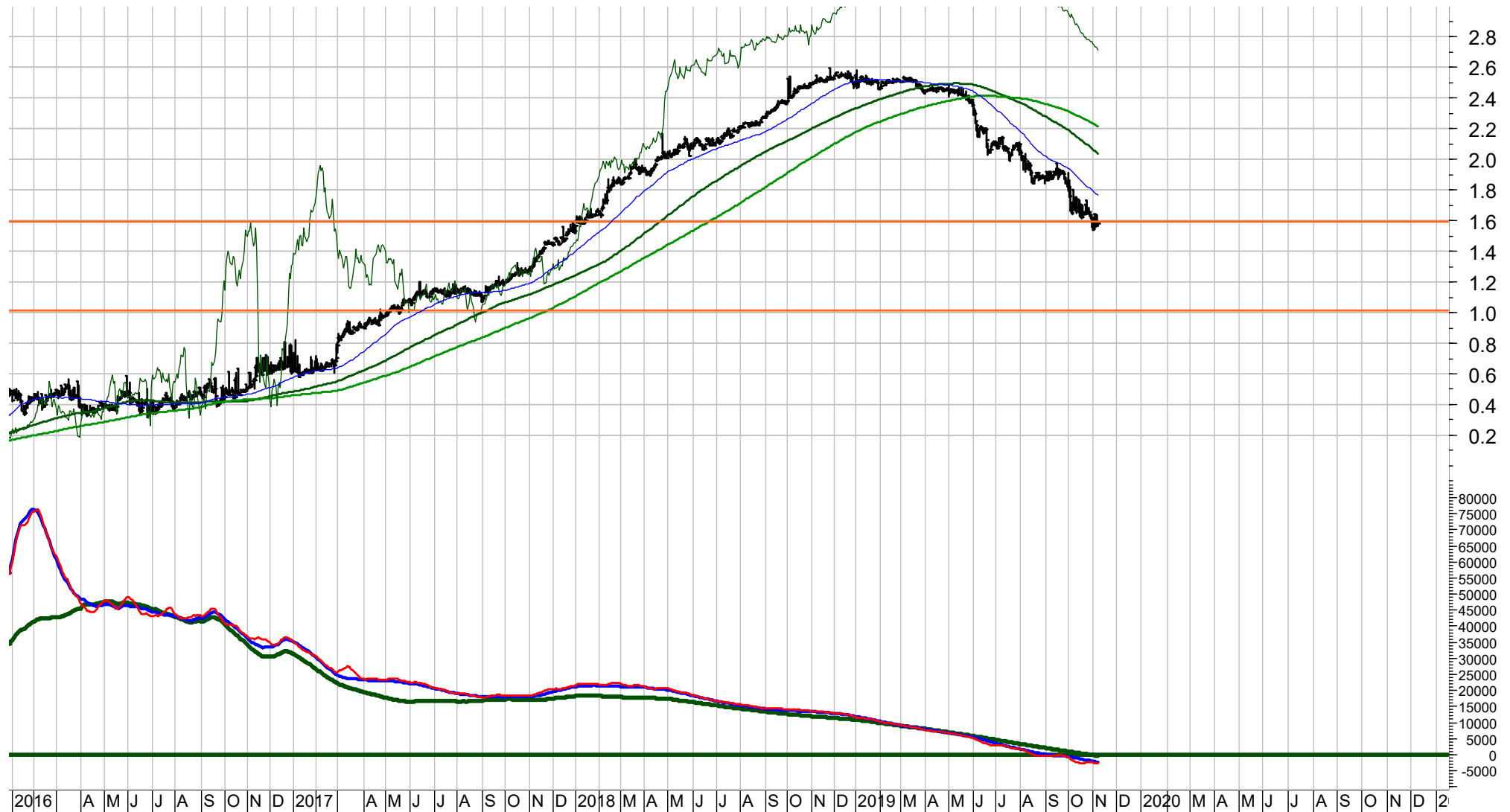
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



US 6-month Treasury Bill Yield – *The break of the major support at 1.6% would signal 1.0%*

The downtrend in the 6-month T-Bill Yield remains intact. It is testing the major support at 1.60%. This support marks the 38.20% retracement level to yield rise from -0.01% in December 2008 to the high at 2.59% in November 2019. A break of 1.6% could mean that the 6-month yield will fall to 1.00%.

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

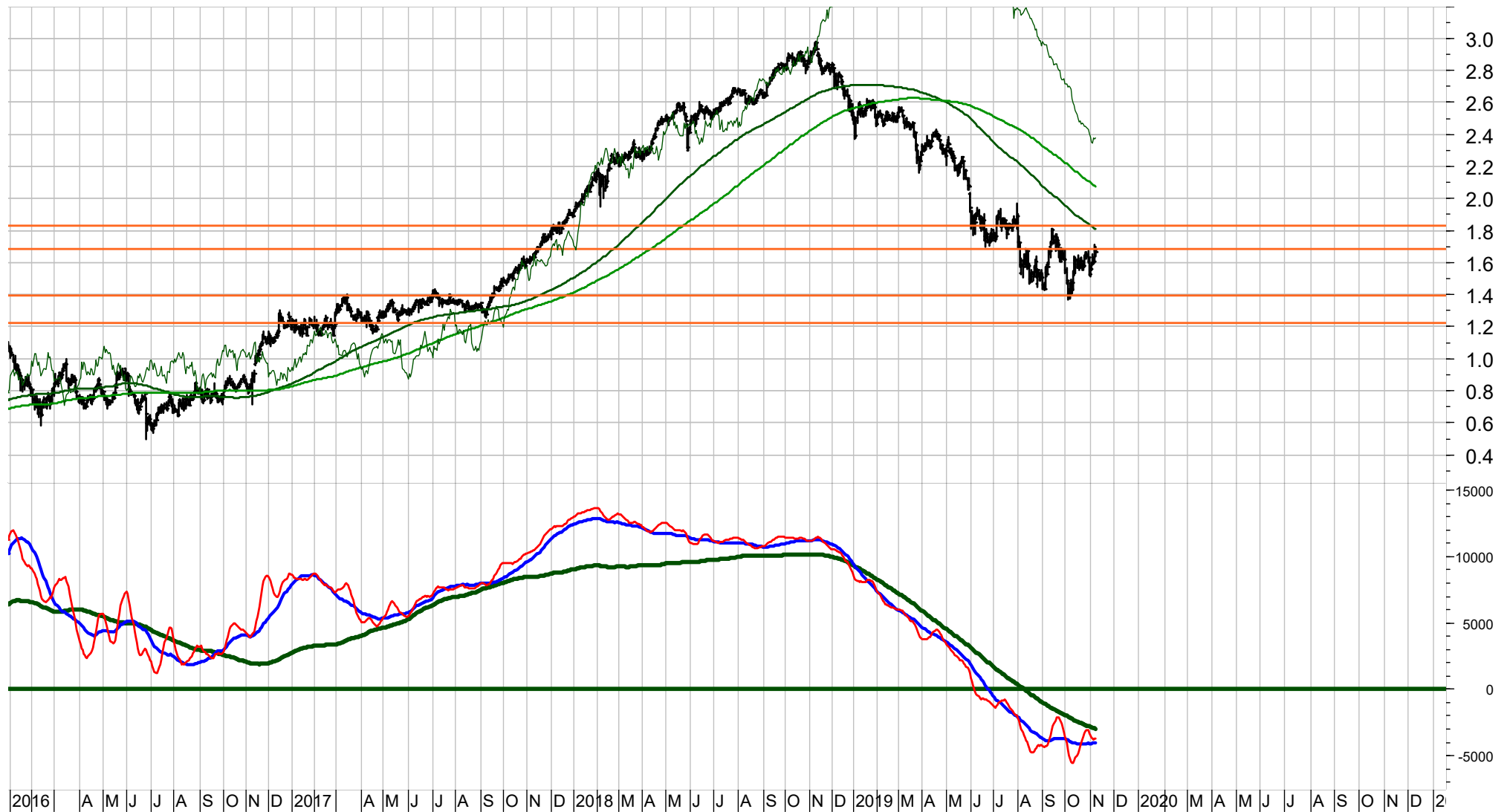


US 2-year Treasury Note Yield – Remains below the long-term resistance at 1.65% to 1.85%

The rally from early October is showing signs of structural strength, that could be indication of a bottom formation. The 2-year yield needs a rise above 1.75% to signal 1.85%. Such a rise could mean that the long-term downtrend from November 2018 is reversing.

I will upgrade the medium-term outlook to UP and the long-term outlook to FLAT if 1.83% is cleared.

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



US 10-year Treasury Note Yield – Long-term uptrend signal if 2.10% is broken

The long-term outlook would move to UP if 2.03% is broken. The next resistance is 2.12%. Clearly, the resistance at 2.03% is most important. A failure to break 2.03% would keep the 10-year yield in the consolidation from early September.

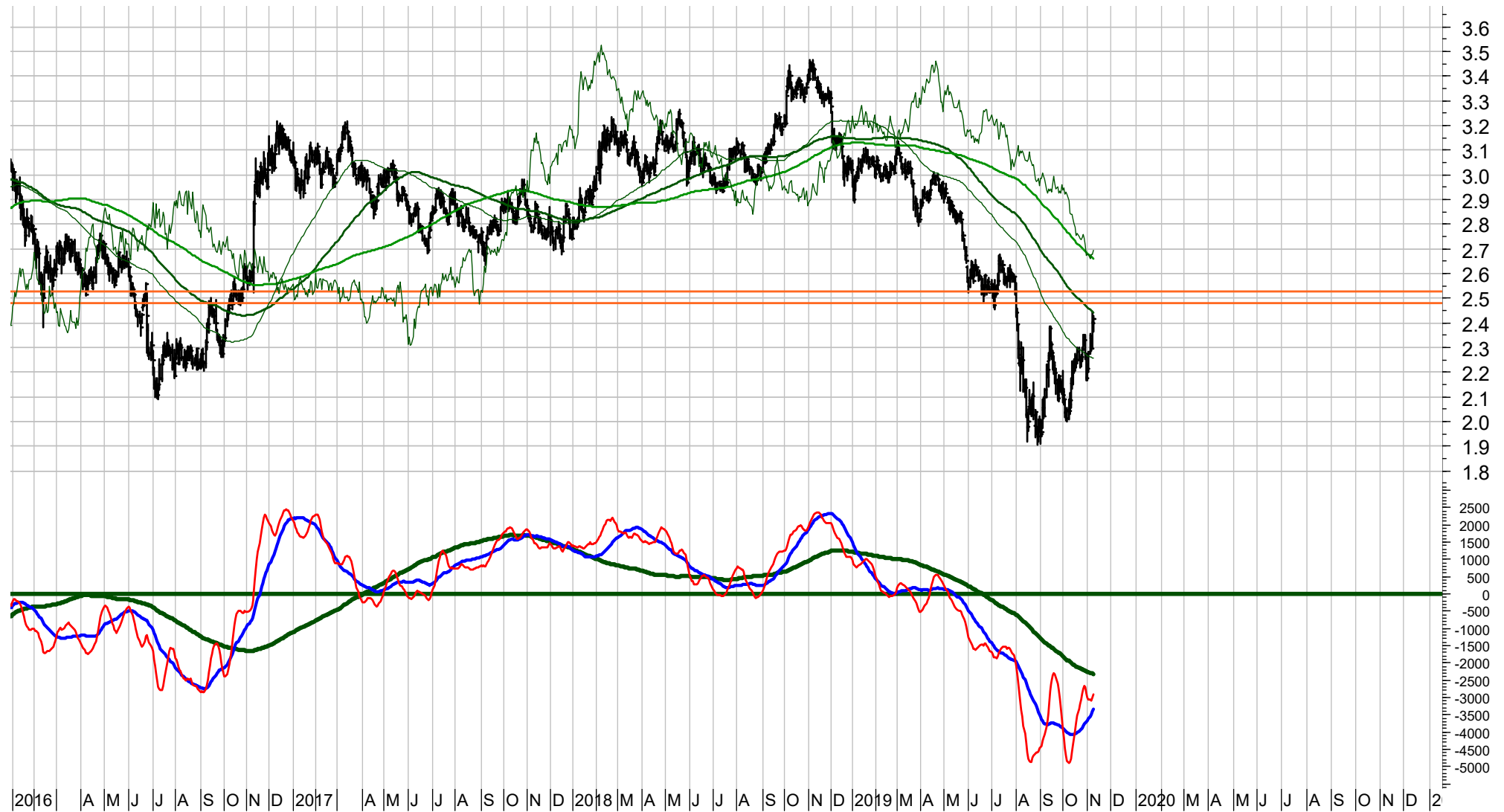
Long-term Outlook: (u) FLAT
Medium-term Outlook: UP



US 30-year Treasury Bond Yield – Long-term uptrend signal if 2.55% is broken

The 30-year Yield is upgraded medium-term and long-term.
The next step is to upgrade the yield to long-term UP. Such a move would be justified if the 30-year yield breaks 2.4% to 2.55%.

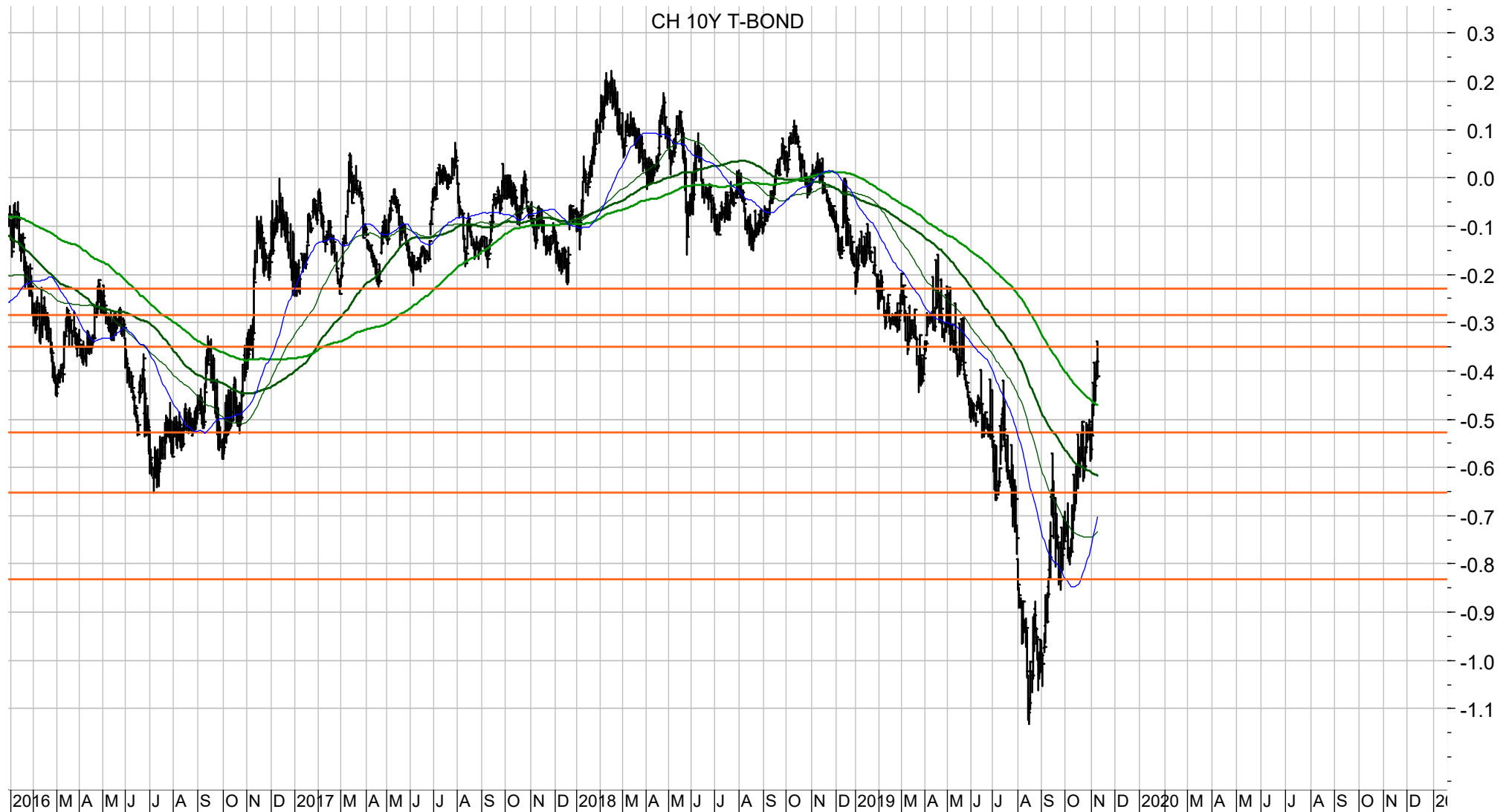
Long-term Outlook: (u) FLAT
Medium-term Outlook: (u) UP



Swiss 10-year Conf Yield – Testing the long-term resistance range between -0.5% and -0.3%

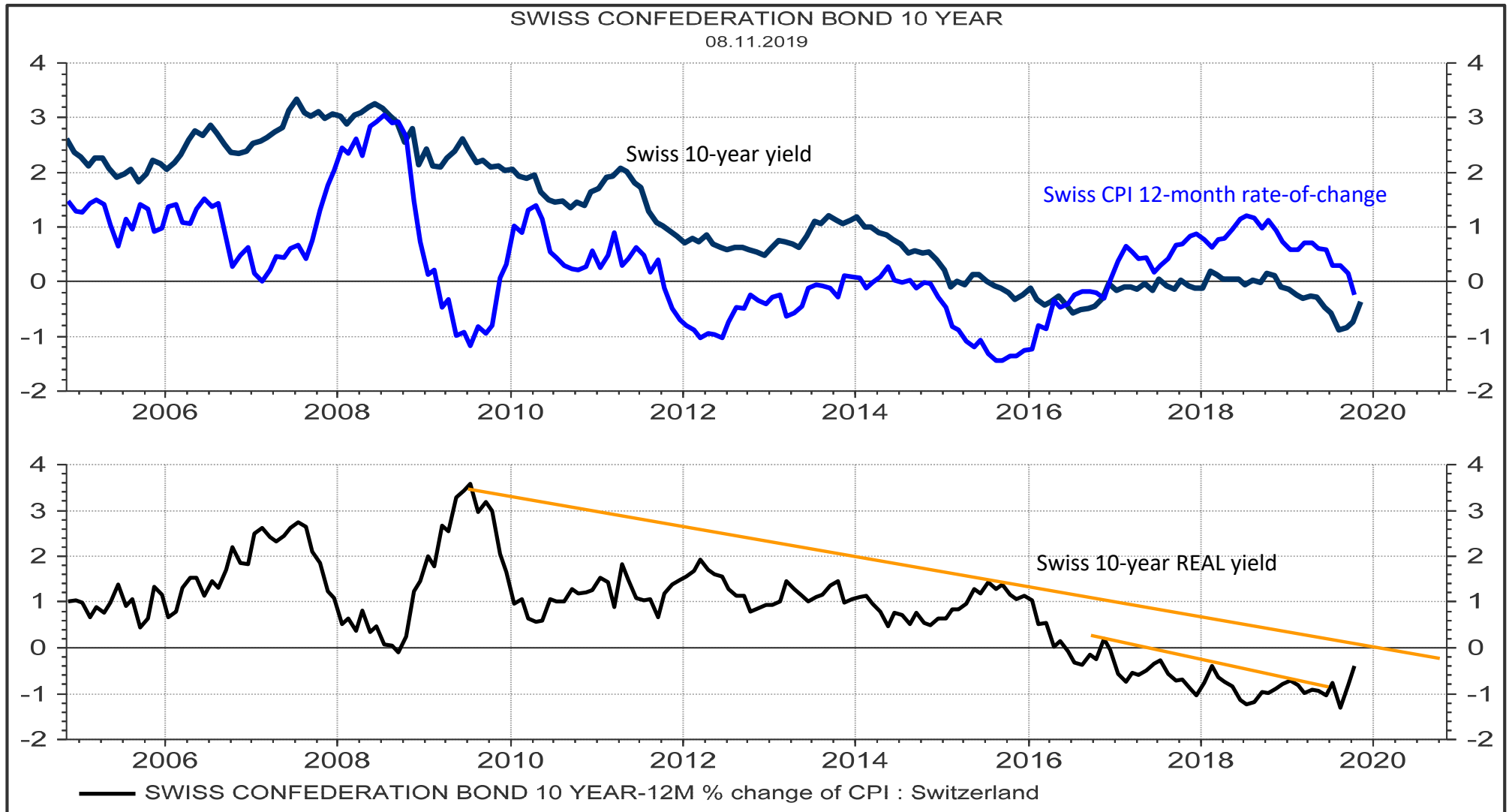
A break of -0.35% will signal -0.29%, -0.23% and possibly a rise into positive yield territory. The wave structure of the upleg from August could just have completed five waves. Thus, a more important top could be at hand. I expect the Yield to retrace part of the rise from August from the present high at -0.34%. The supports are -0.52%, -0.65% and -0.83%.

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



Swiss 10-year Conf Yield, Swiss CPI and the Swiss 10-year REAL Yield

The 12-Month Rate-of-Change in the Swiss Consumer Price Index (blue) just fell to negative territory. This deflationary move, together with the yield surge, makes up for a major upturn of the real yield (bottom chart). The real yield appears to be turning up medium-term if not even long-term.

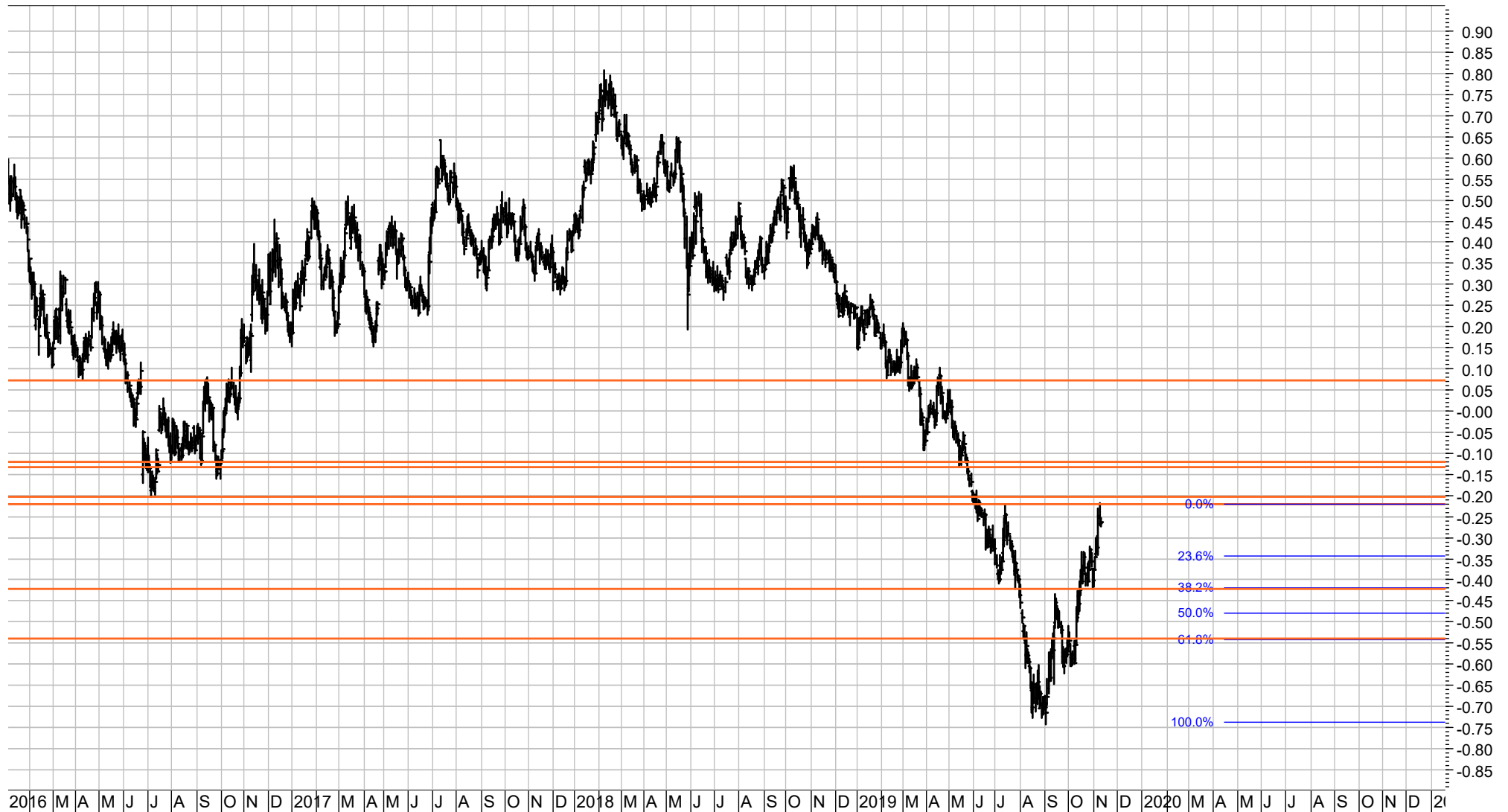


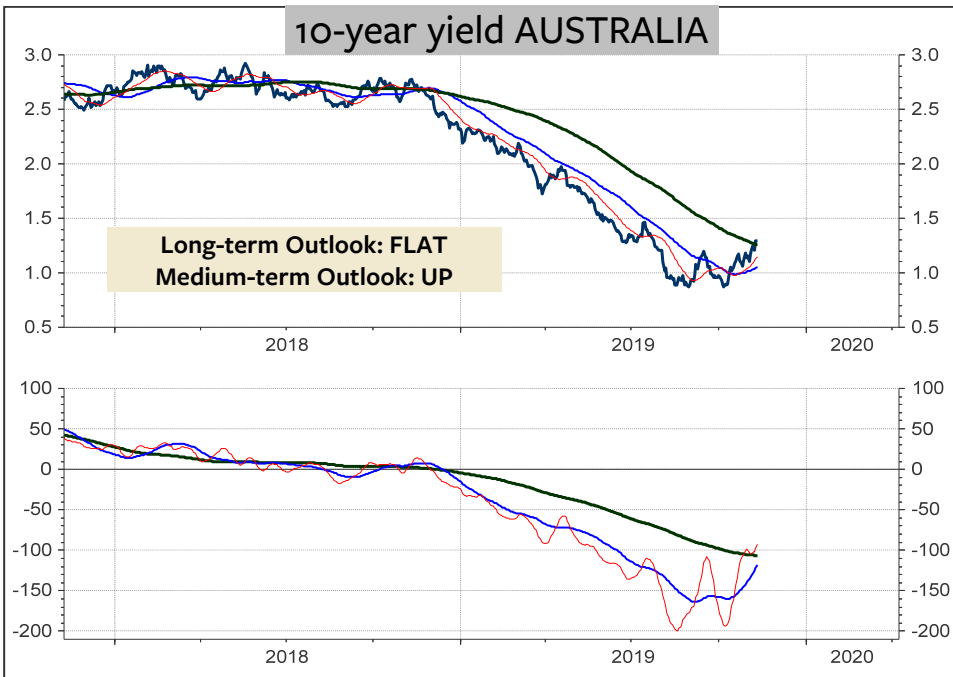
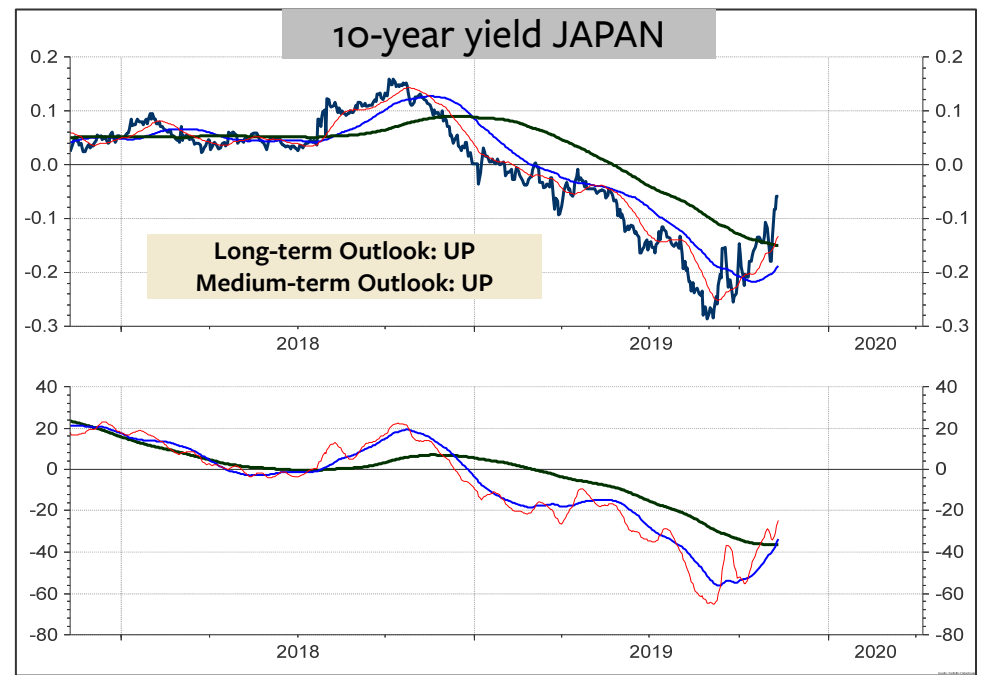
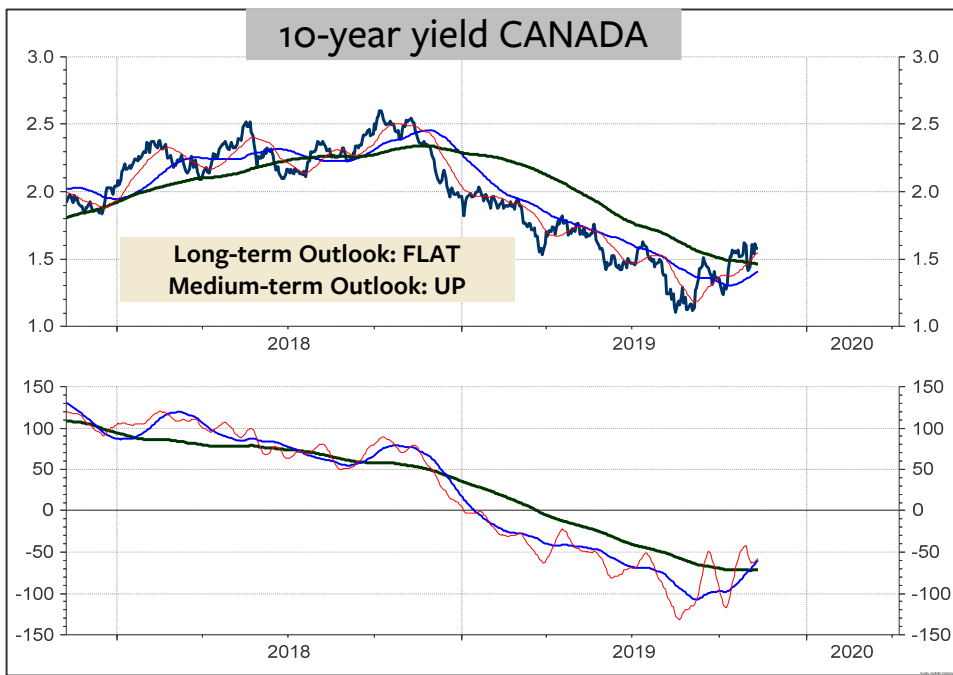
German 10-year Bund Yield – Testing long-term resistance at -0.20%

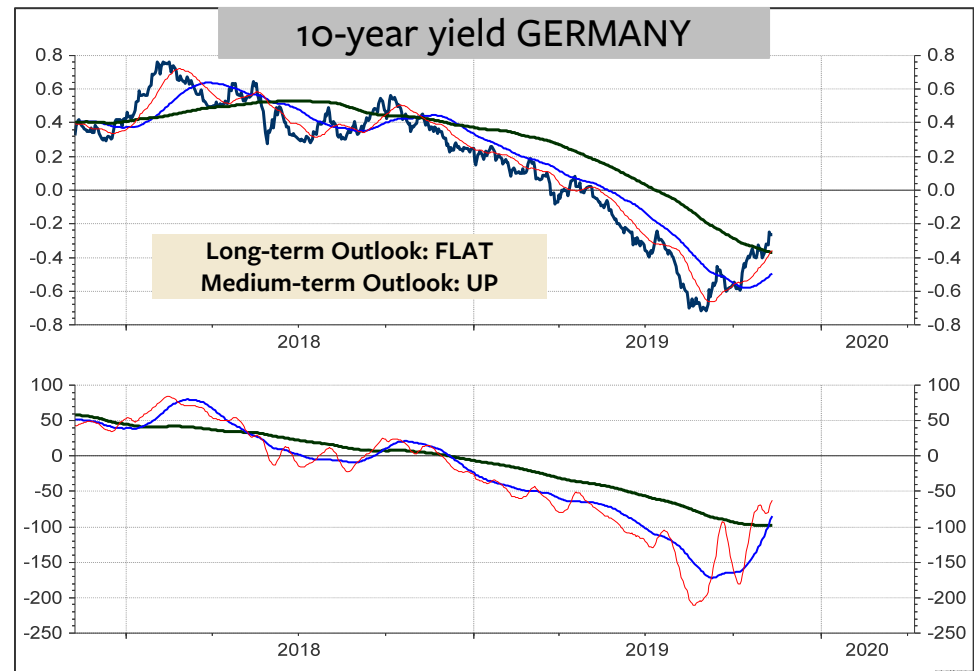
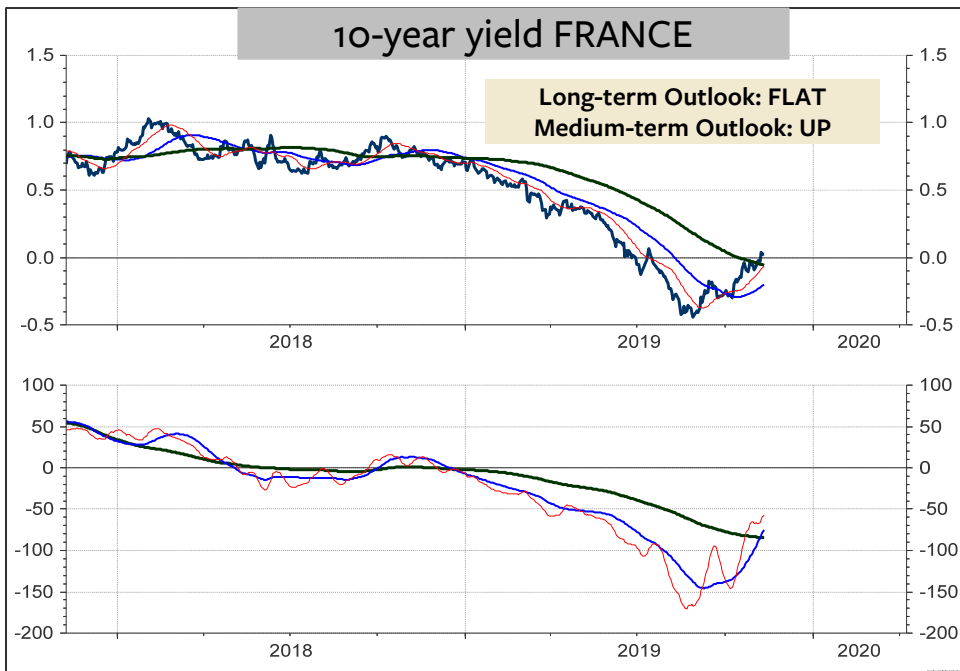
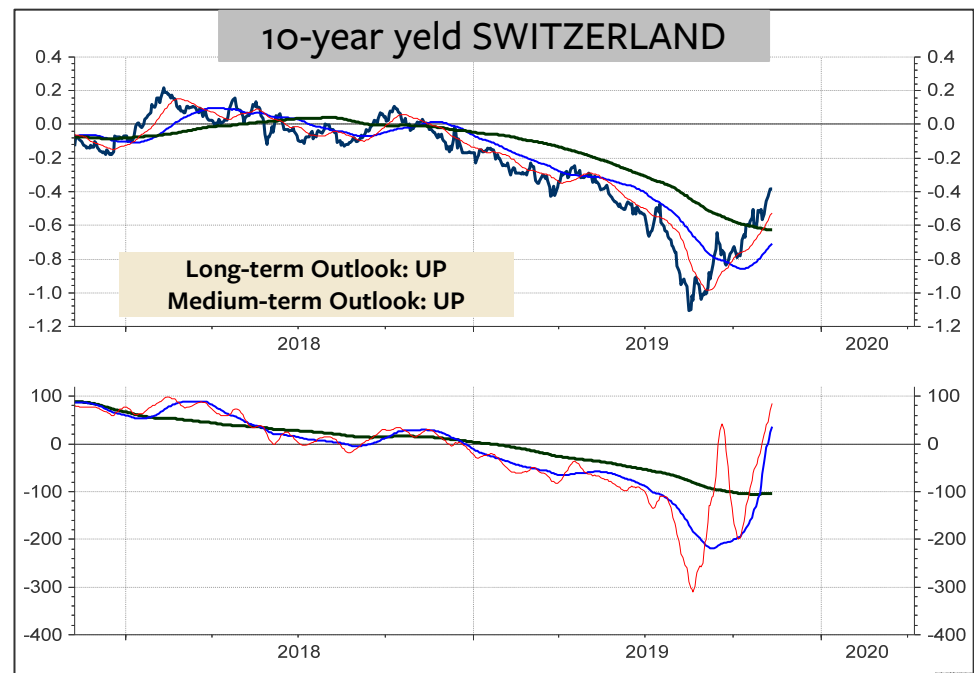
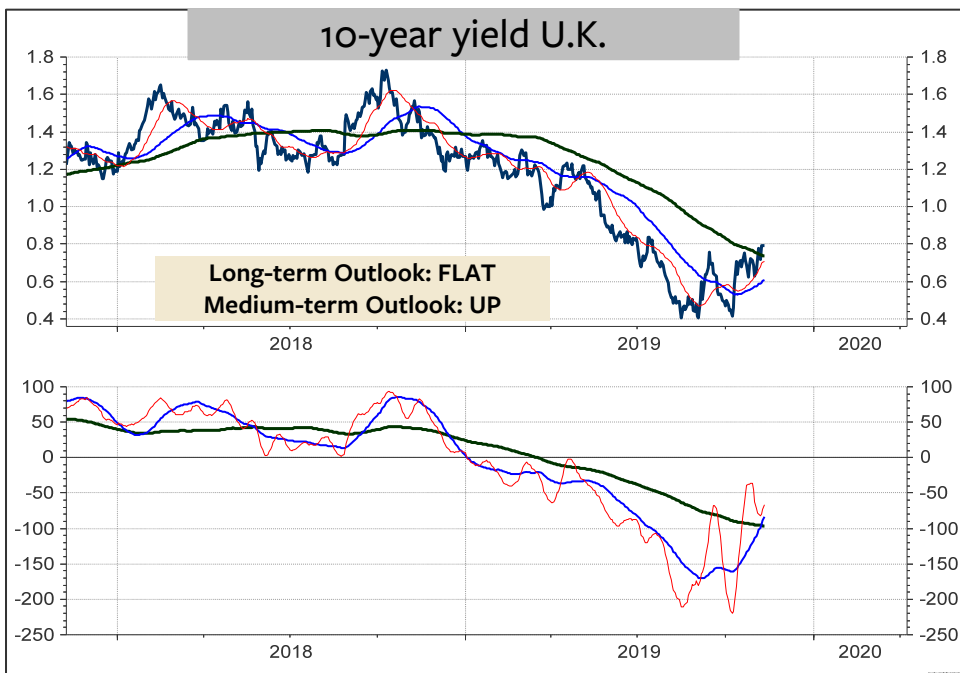
A break in the German yield above -0.20% would be a very bullish signal. This is because the next resistance is at -0.12%. A break of -0.12% would signal that the German yield is rising into positive territory. Moreover, an overlap of the present rally with the low of July 2016 would be a long-term positive signal.

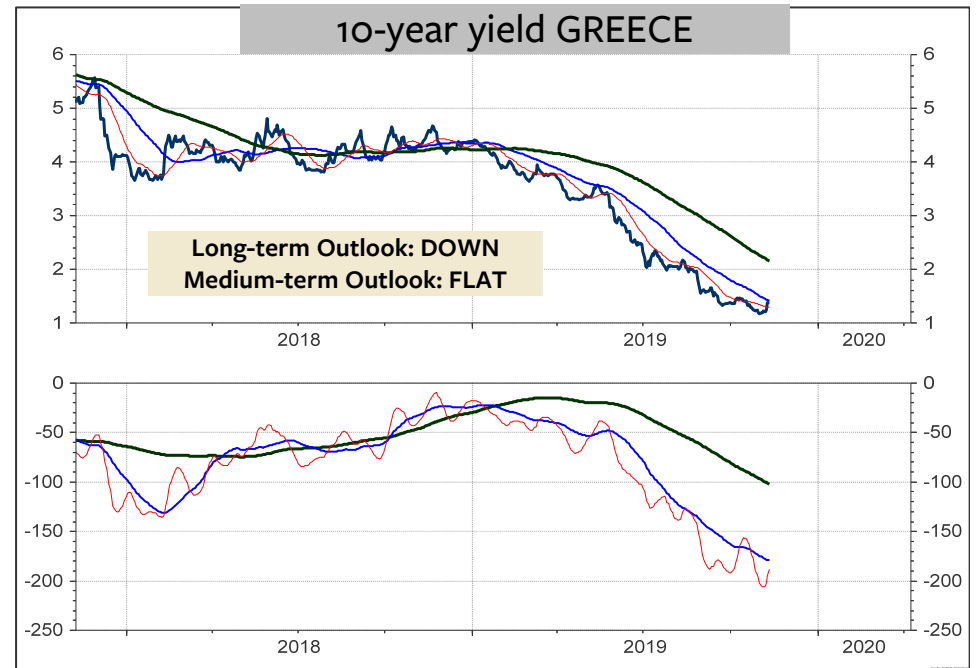
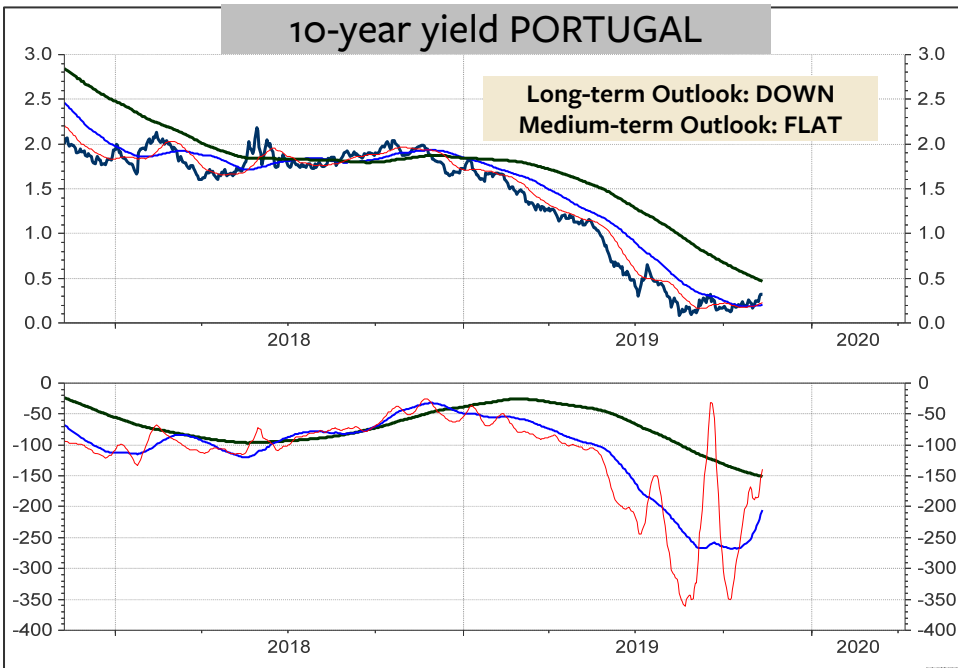
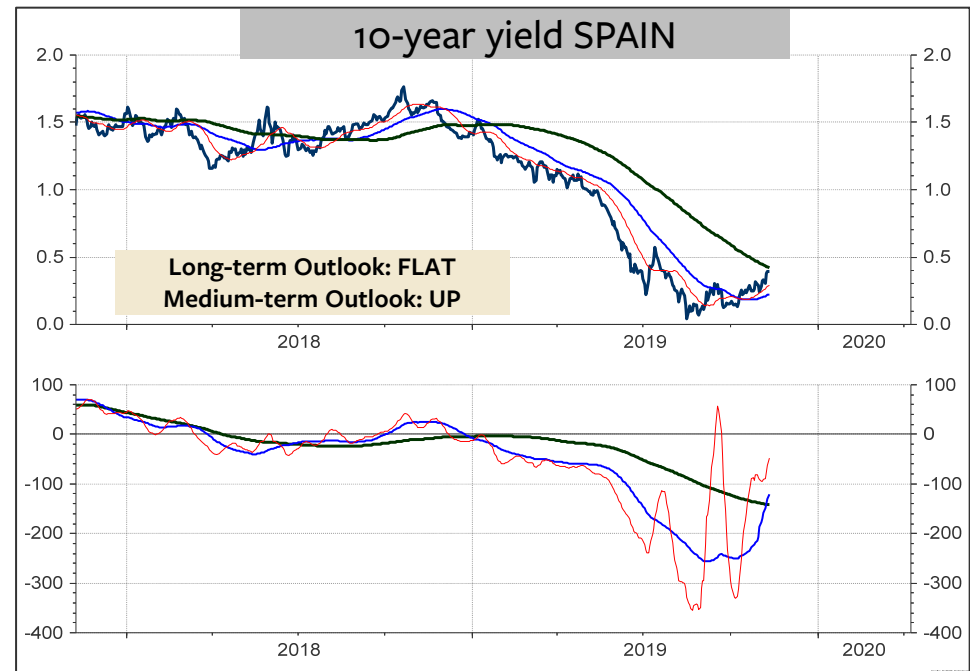
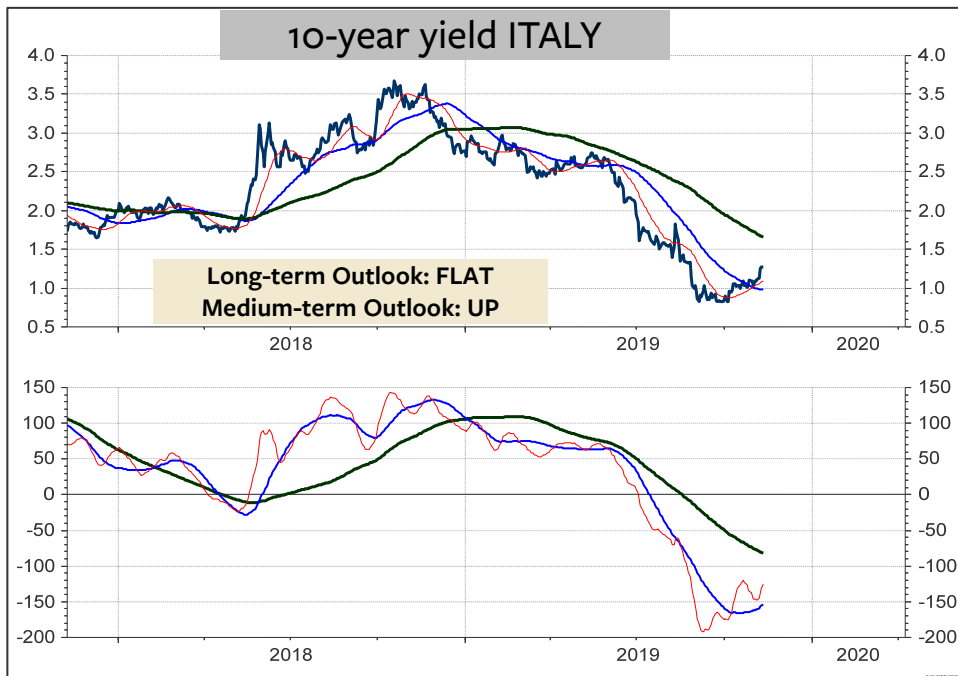
Supports are -0.35%, -0.42% and -0.54%.

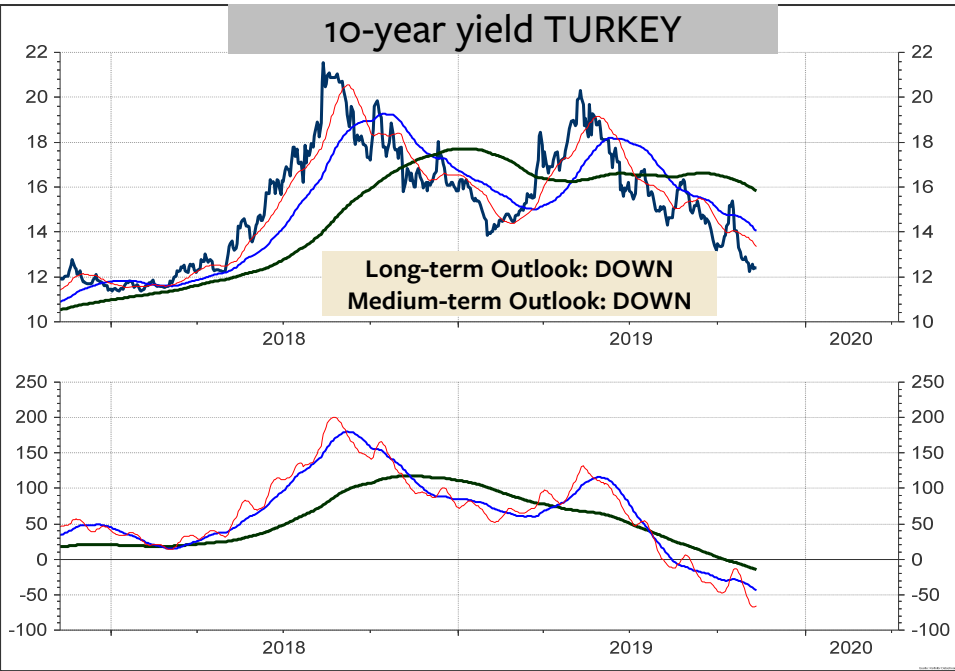
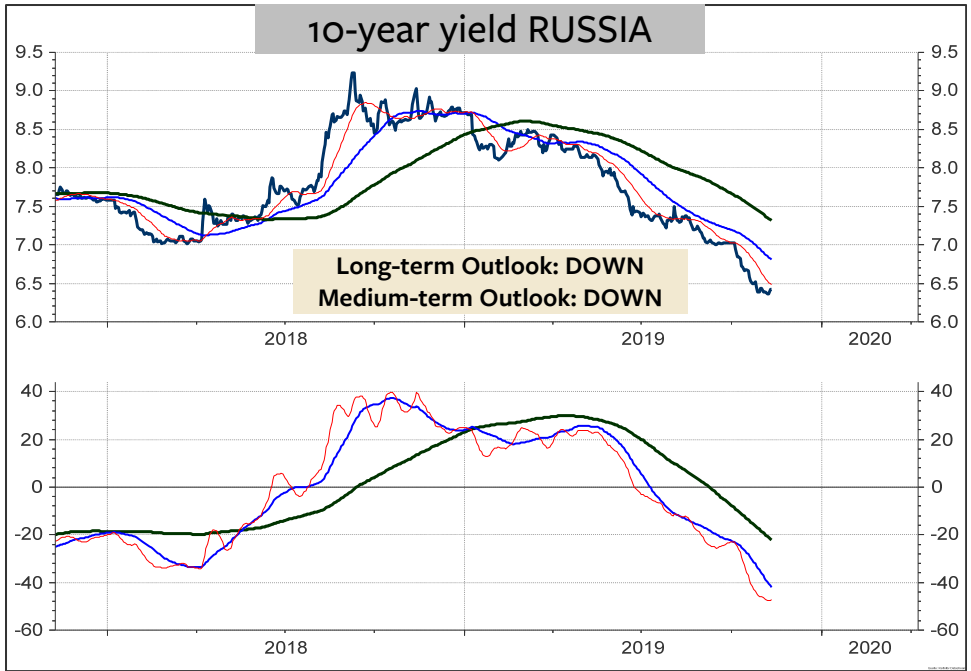
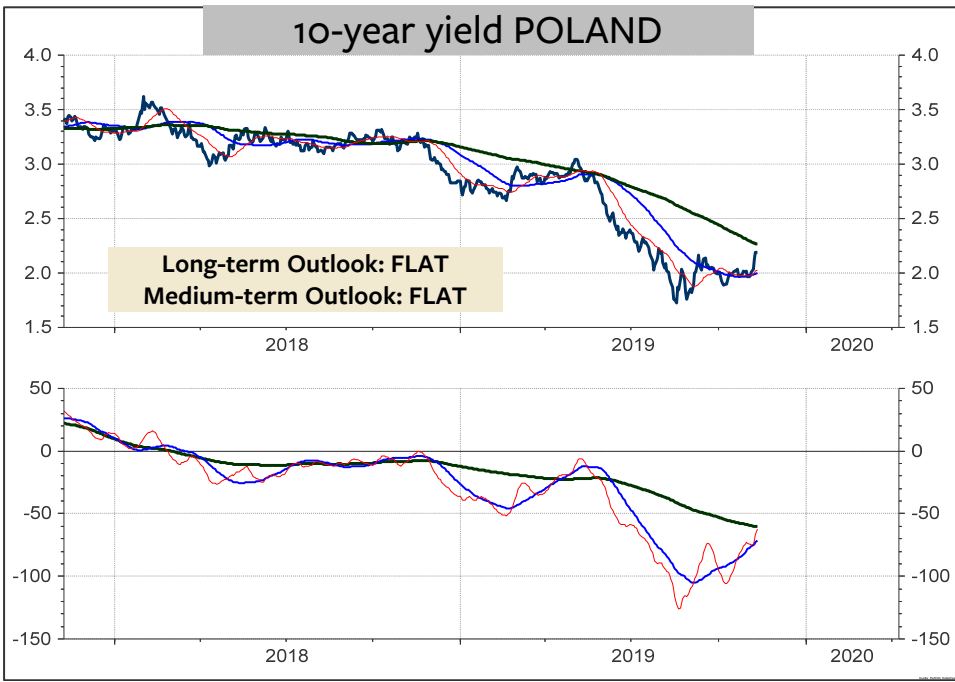
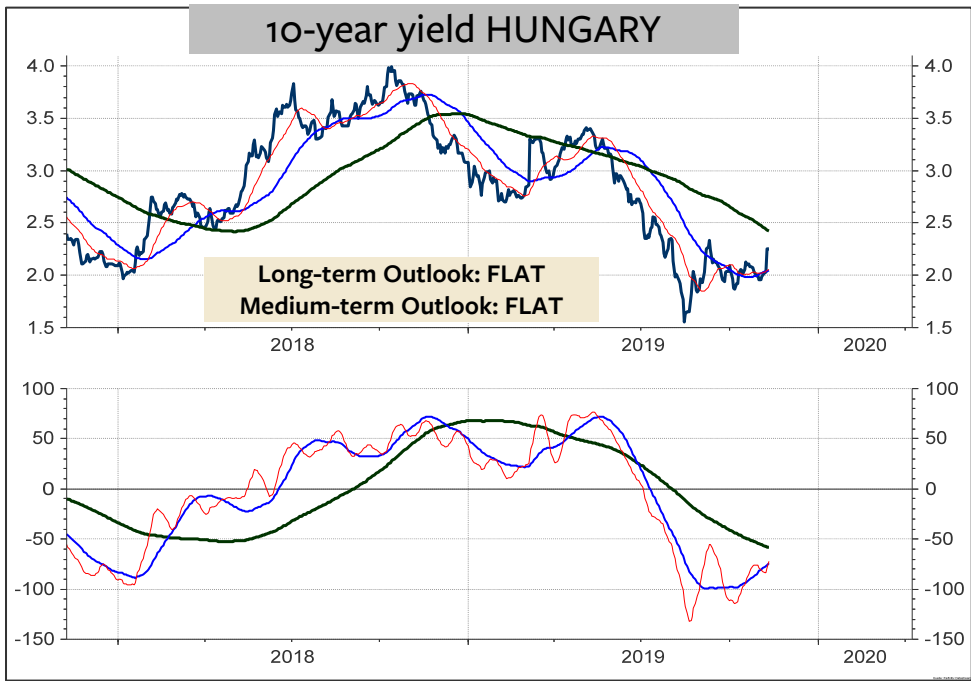
Long-term Outlook: UP
Medium-term Outlook: UP

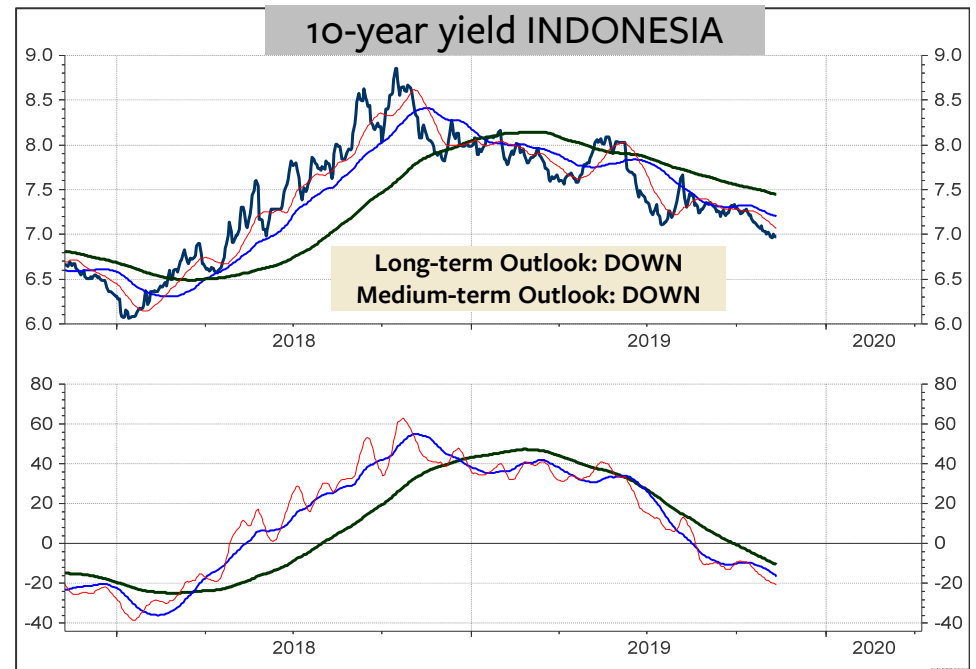
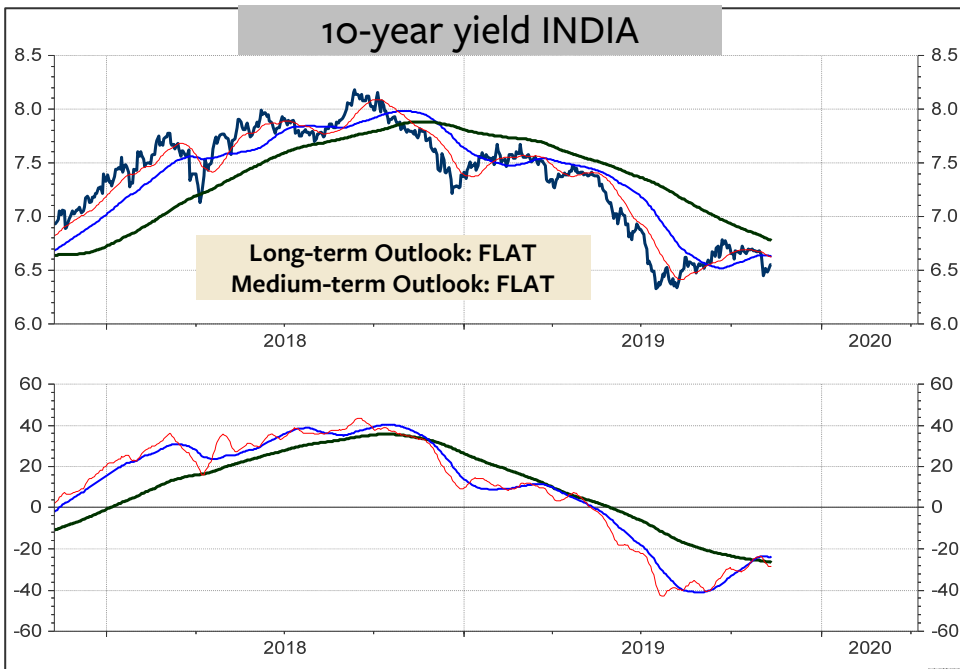
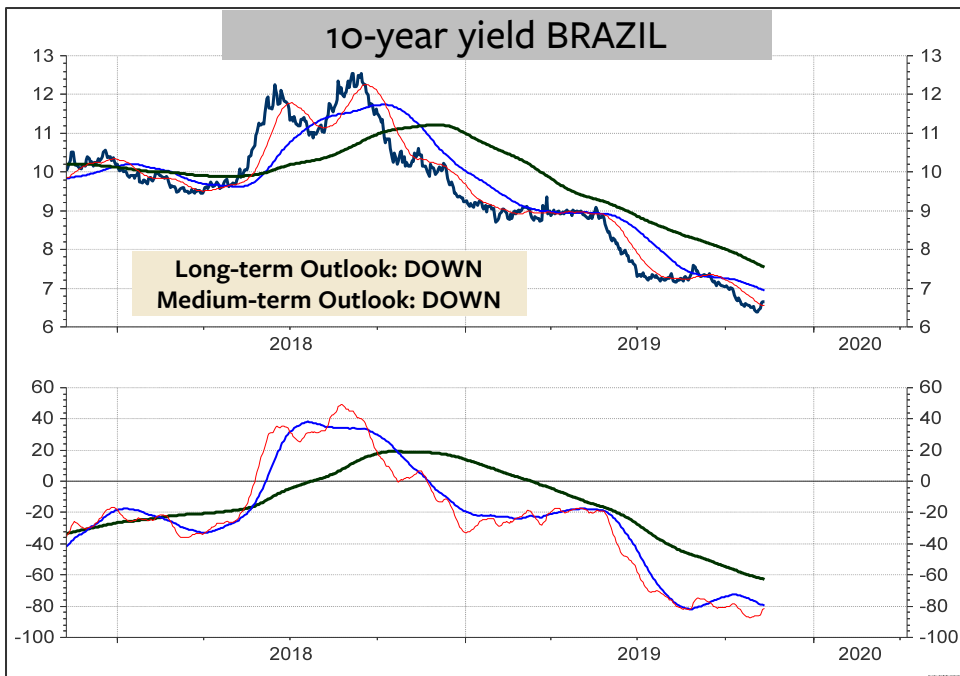


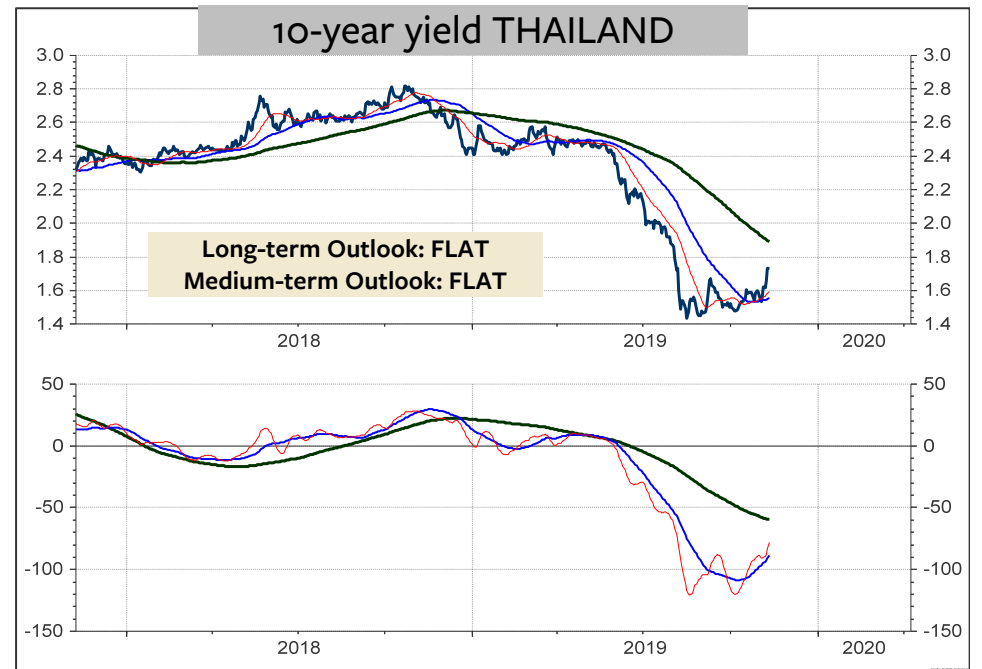
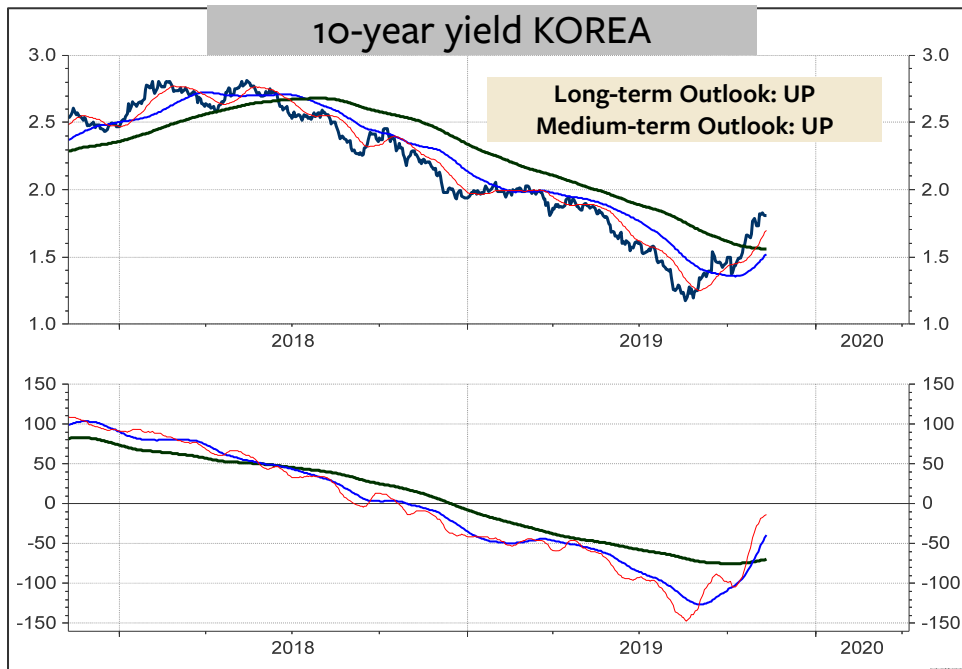
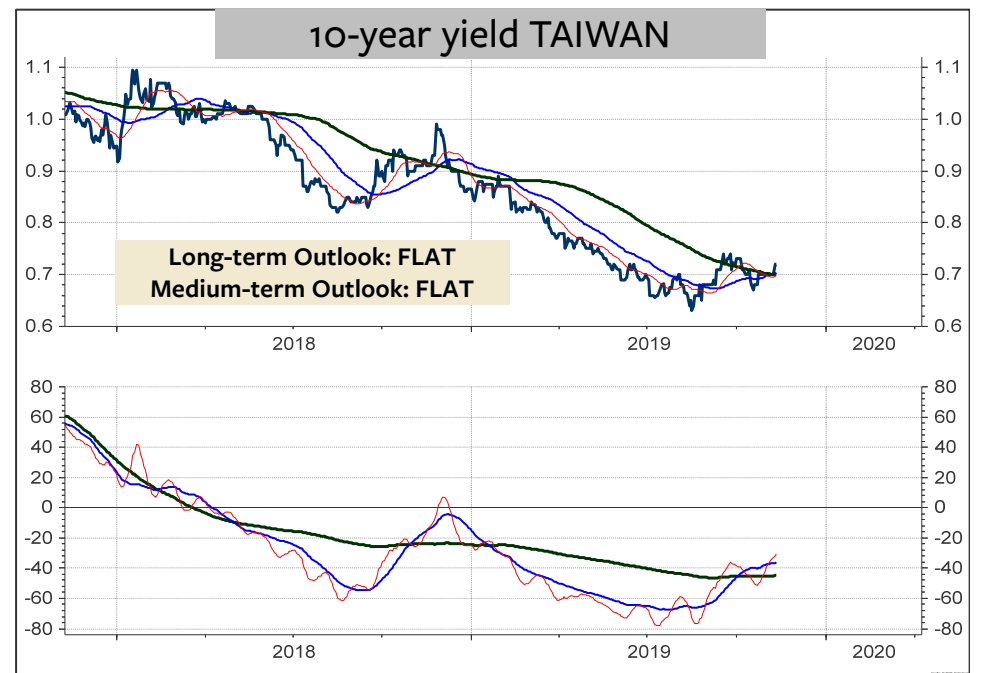
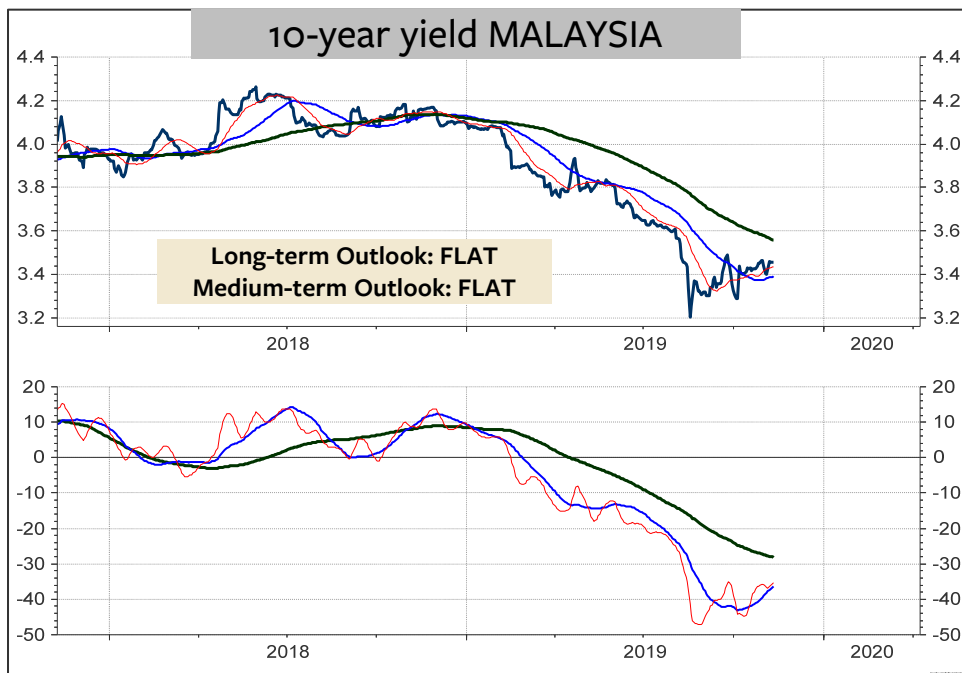












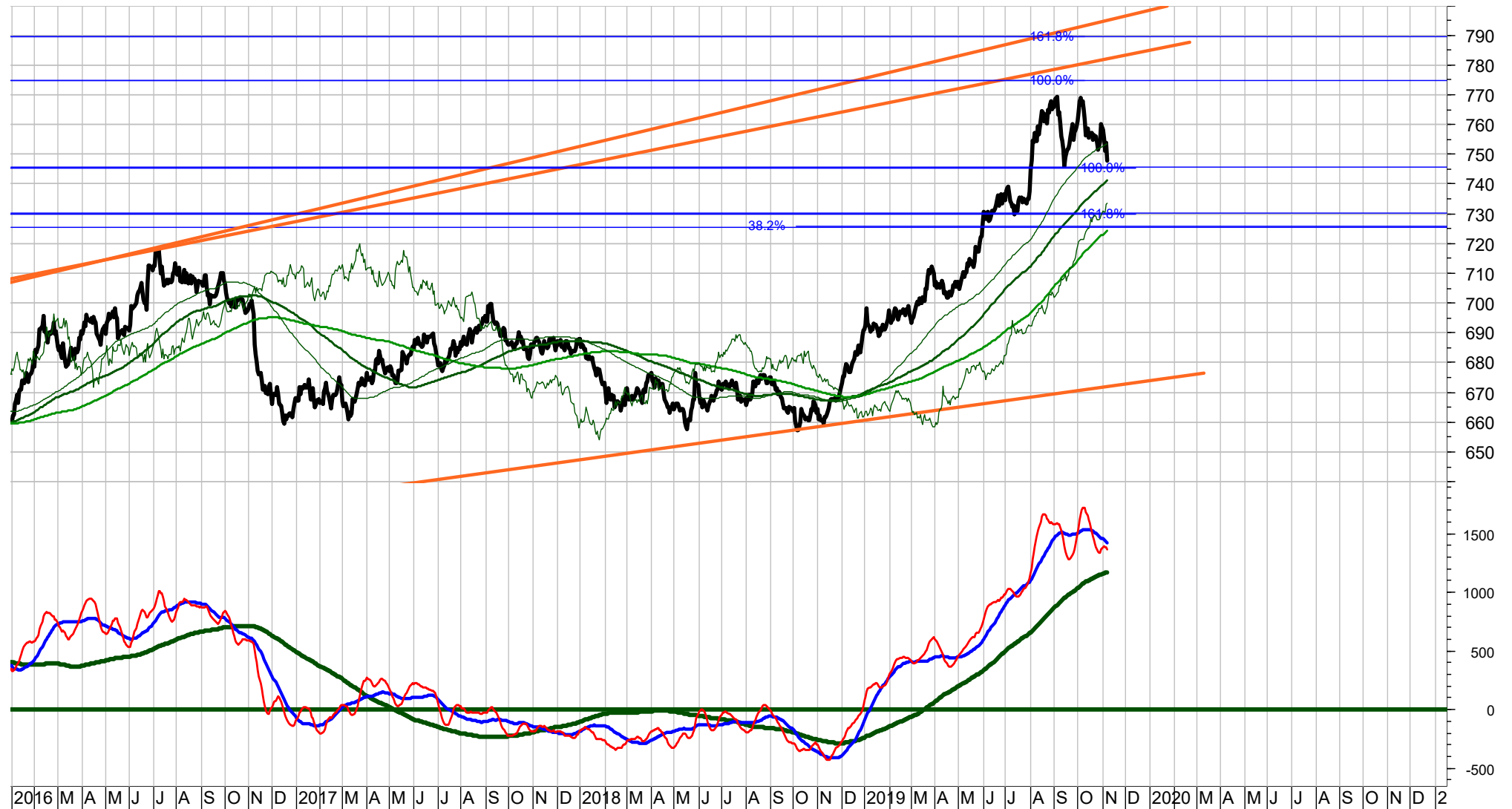
Total Return from 7-10 year US Treasury Notes – *The long-term uptrend remains in place*

The Total Return from the 7-10-year T-Notes fell to the lower end of the consolidation range from early September.

Clearly, the long-term outlook would move to DOWN if the 89-day average (at 750), the 144-day average (at 740) and the long-term momentum reversal at 730 are broken.

Such breaks would trigger a long-term SELL signal for the US 10-year bonds.

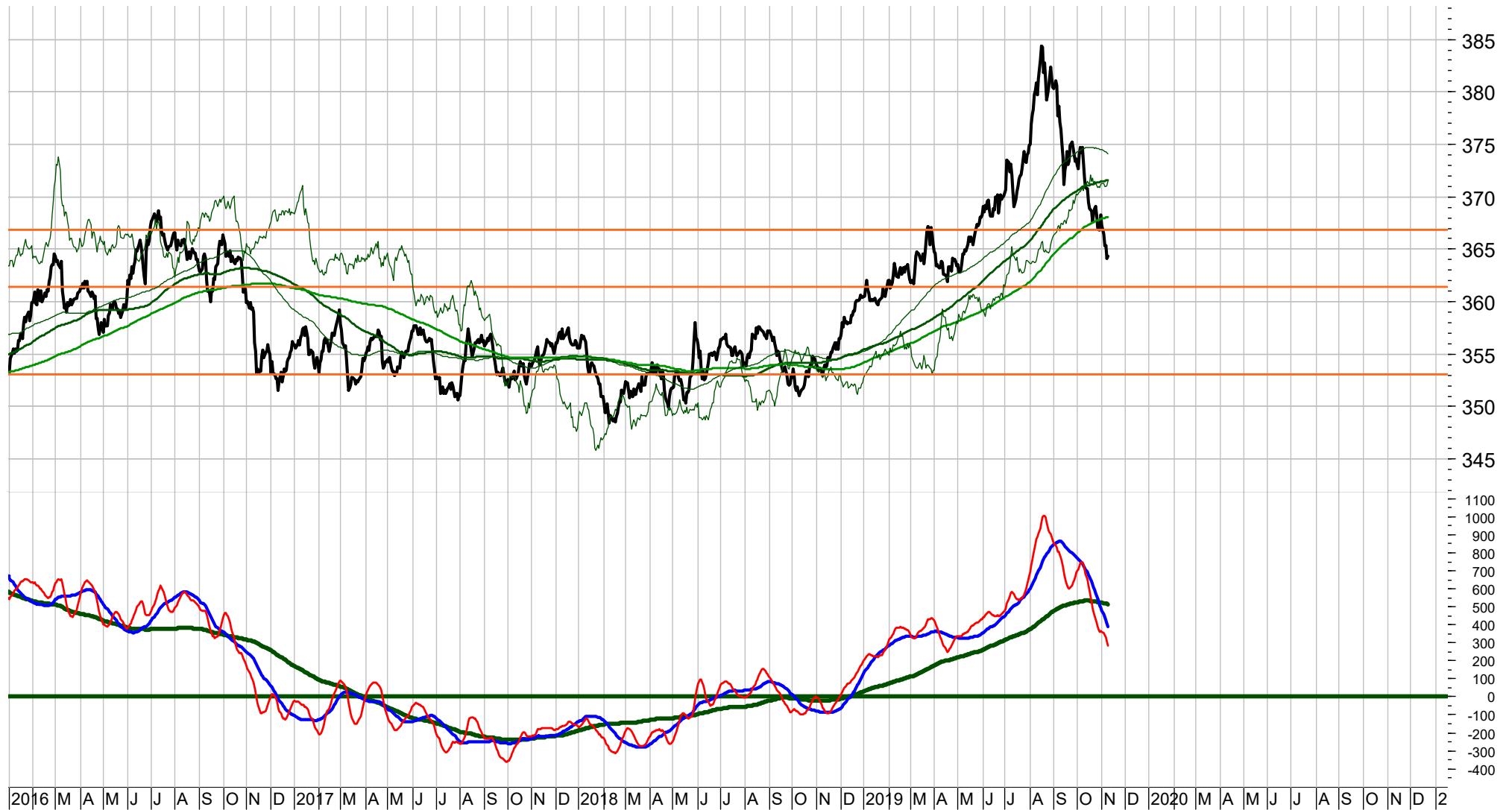
Long-term Outlook: UP
Medium-term Outlook: FLAT

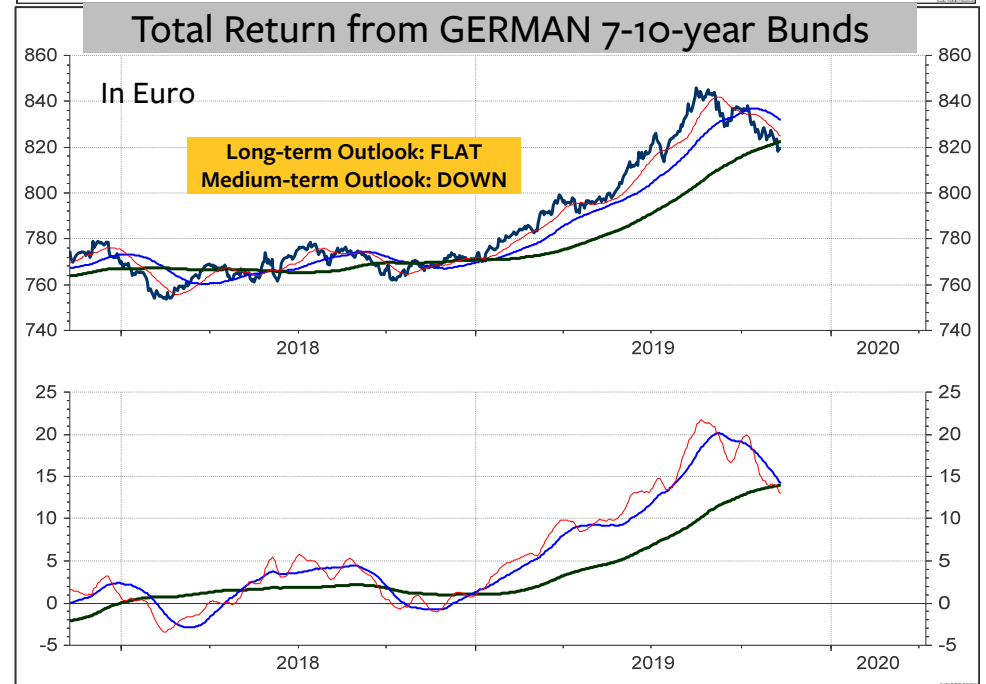
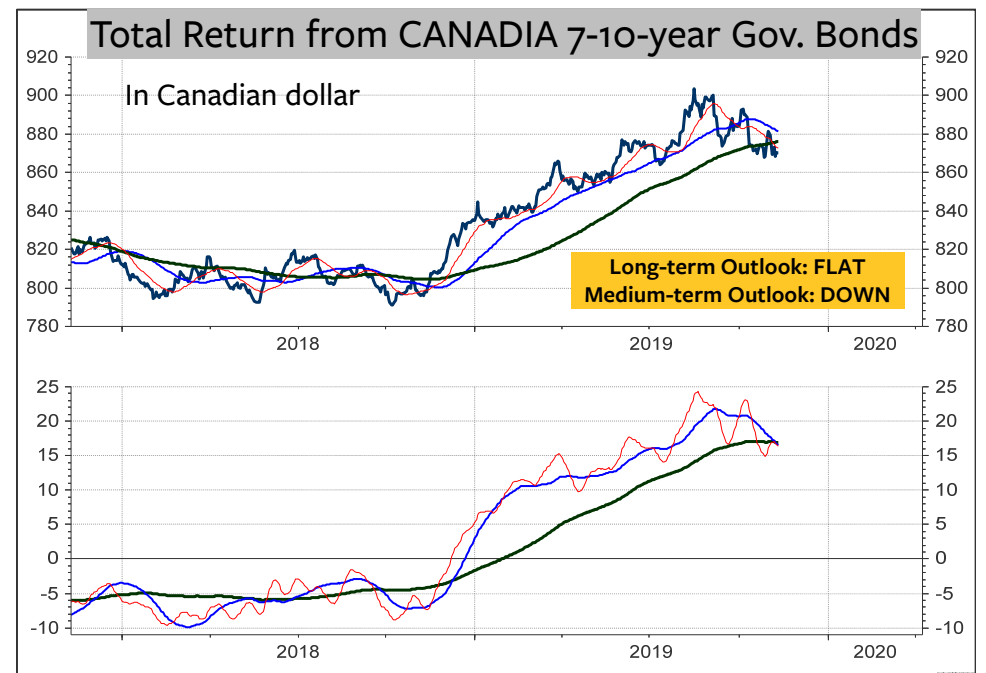
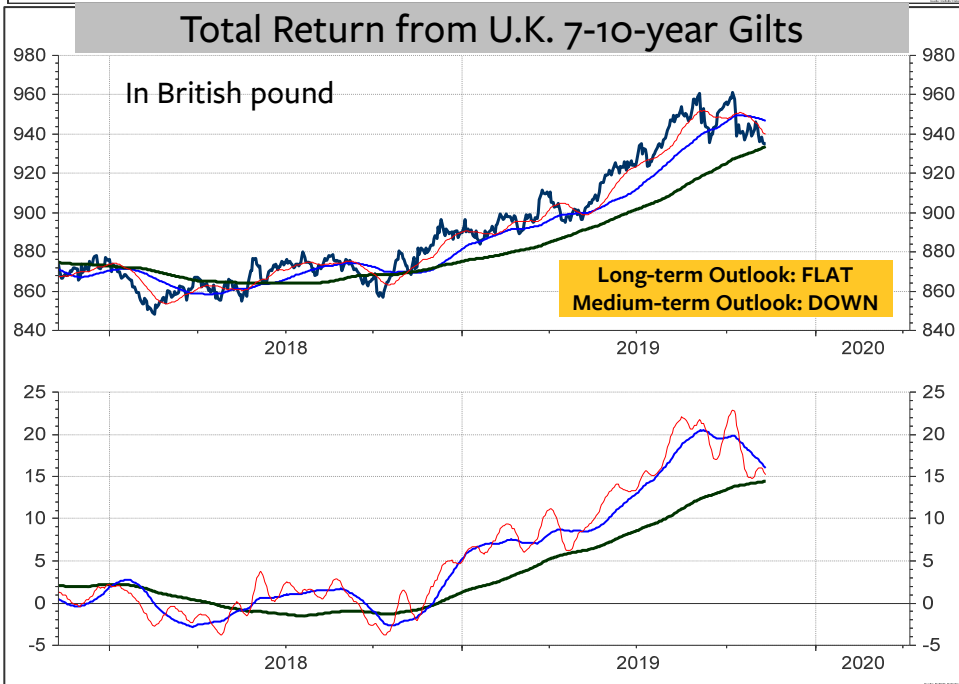
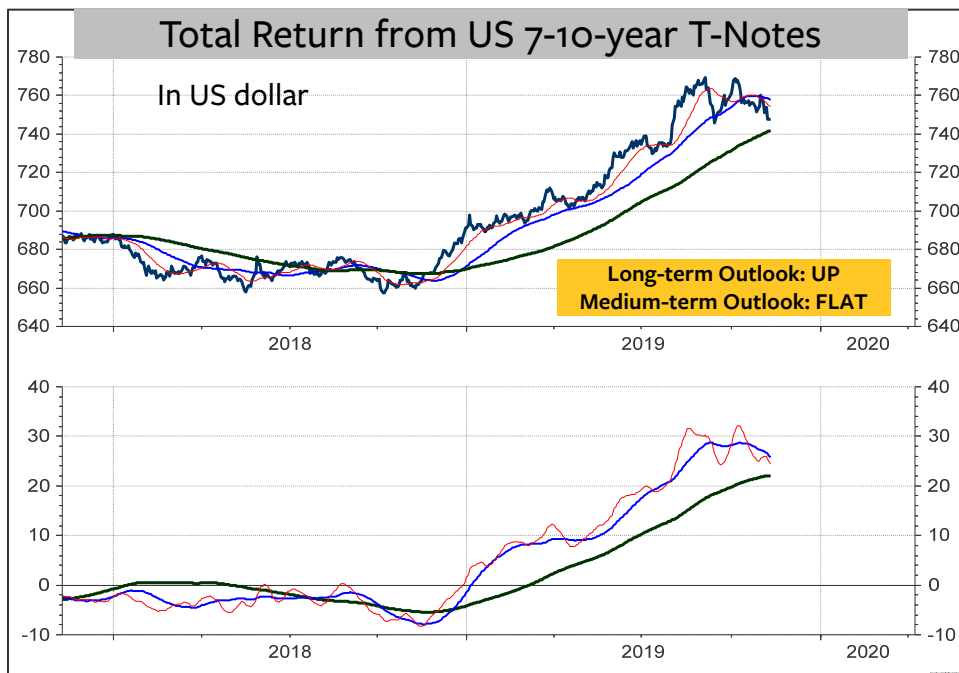


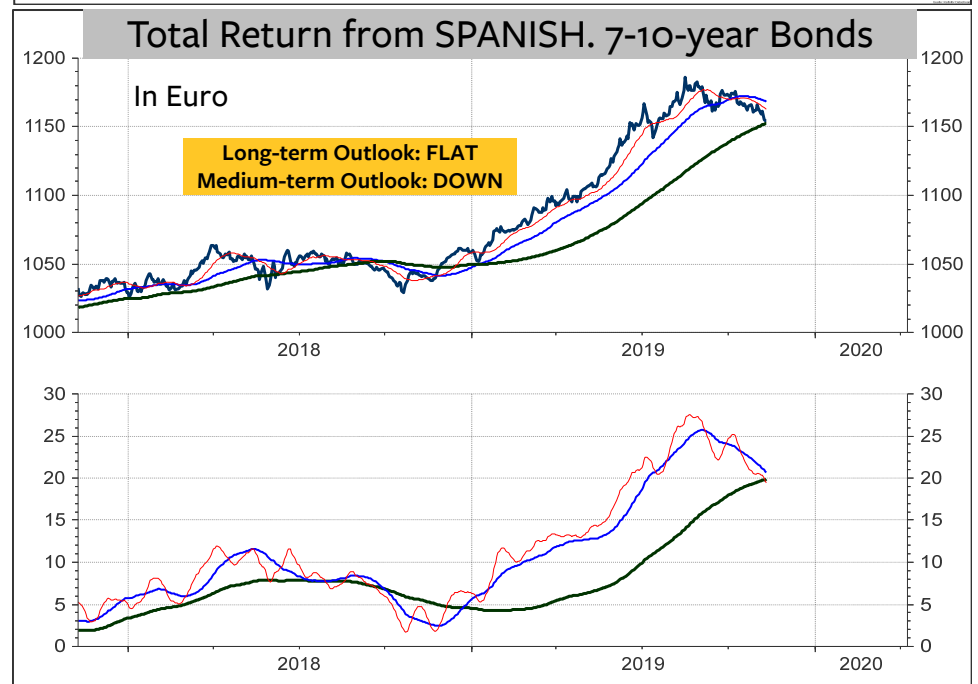
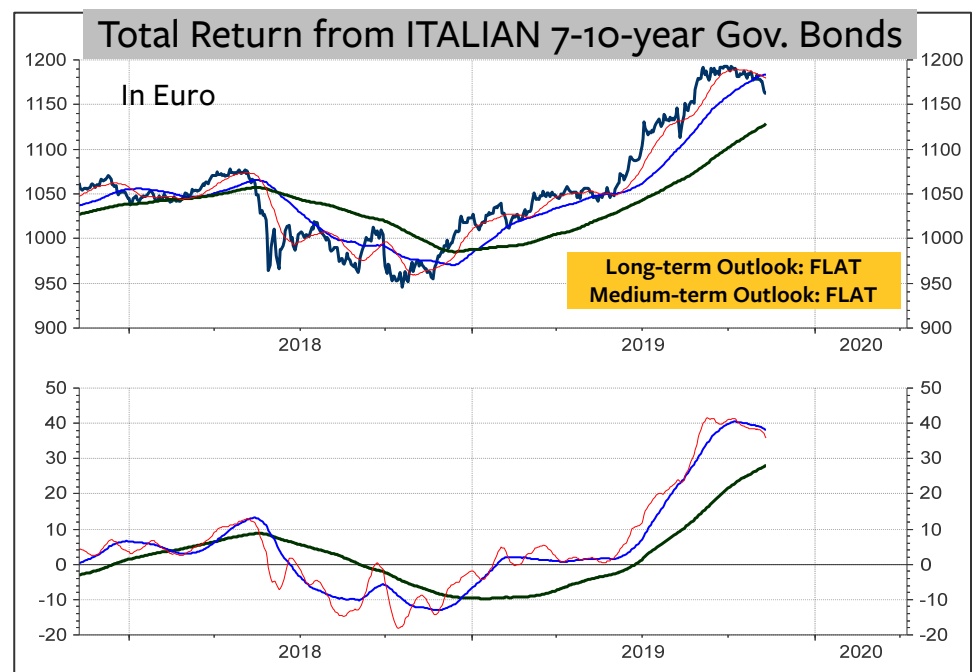
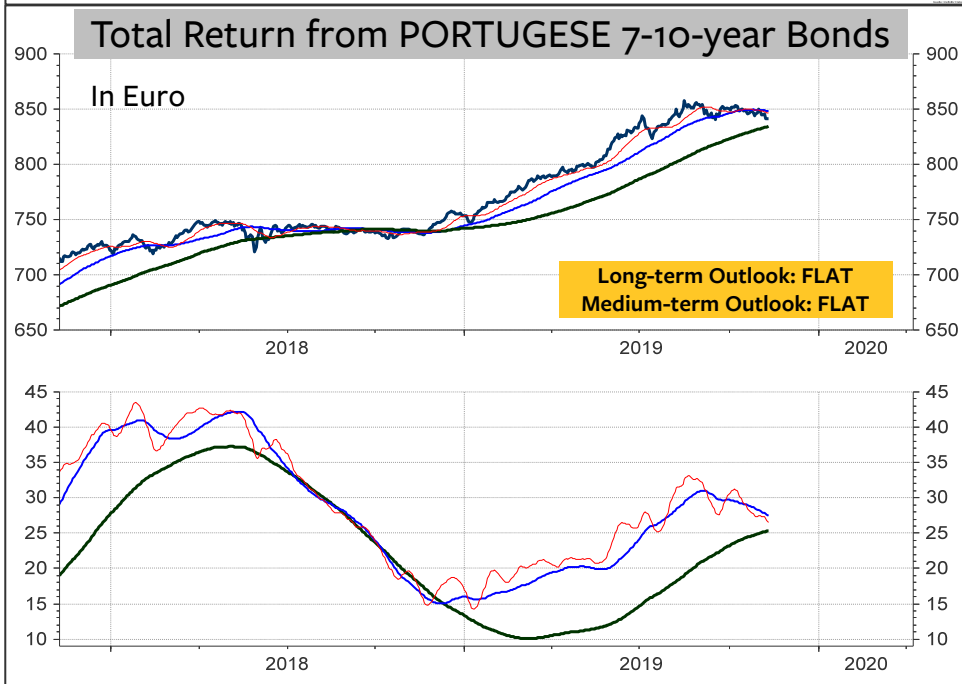
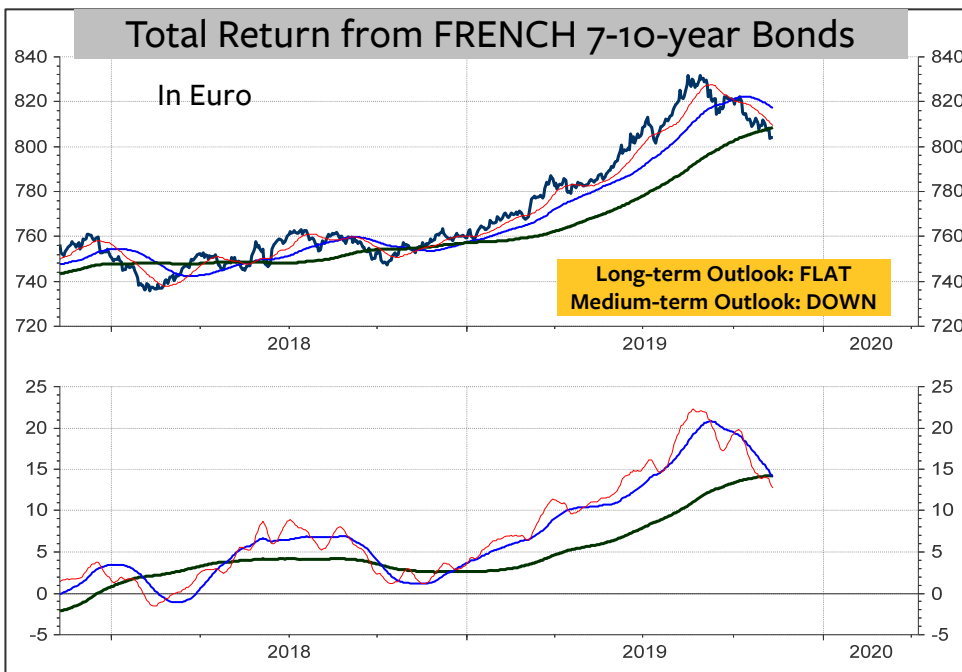
Total Return from 7-10 year Swiss Conf Bonds – *The Swiss bond bubble is bursting*

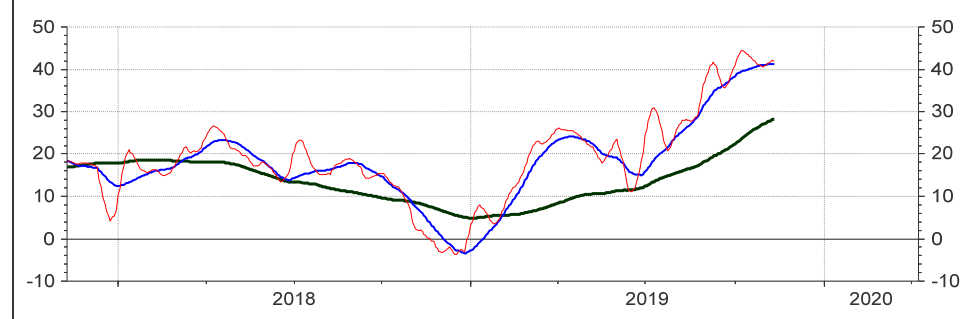
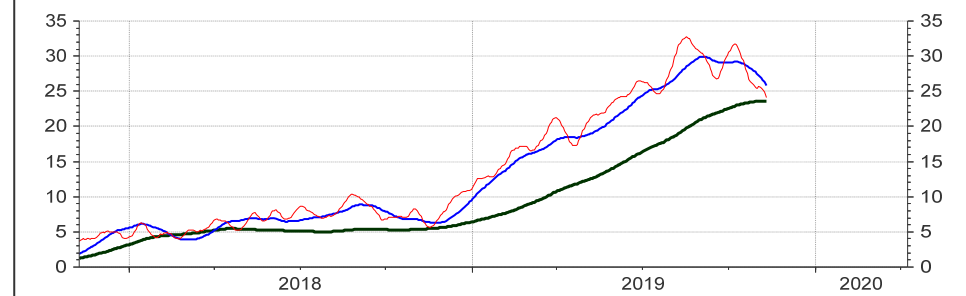
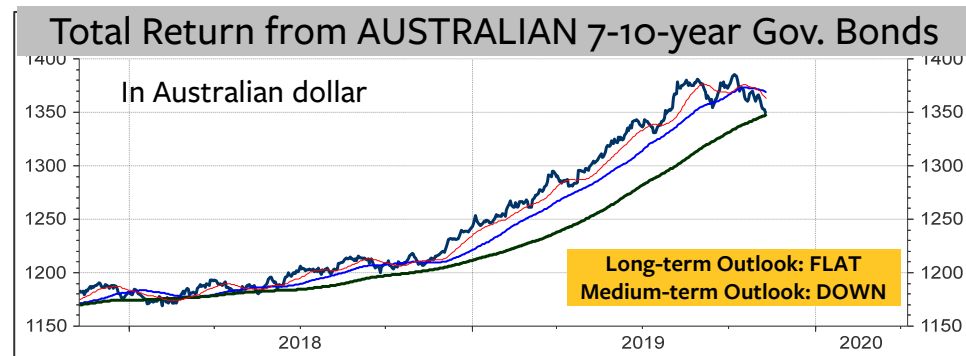
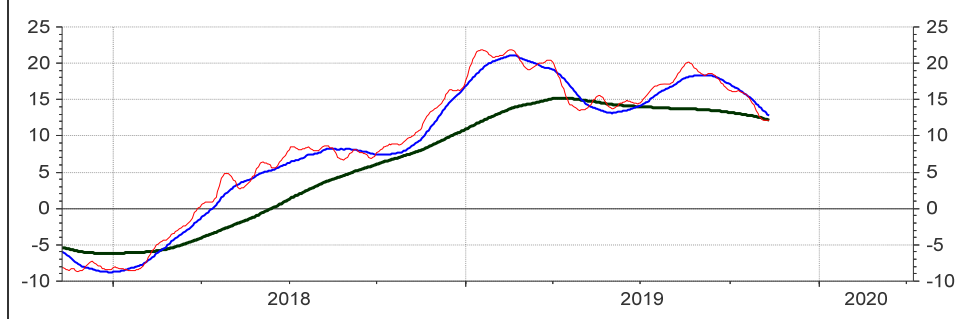
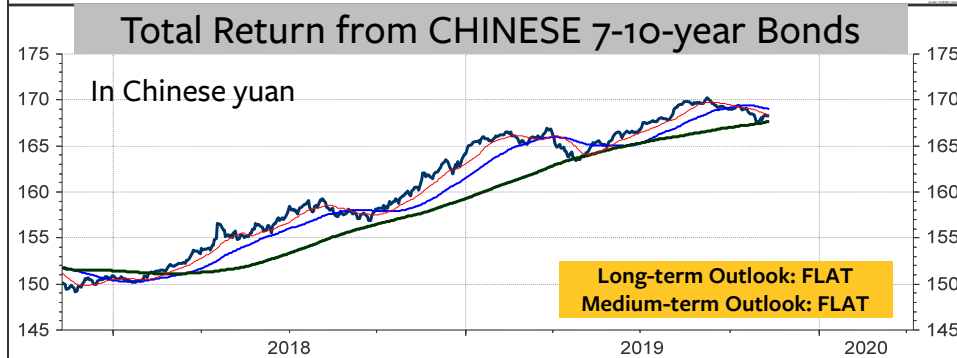
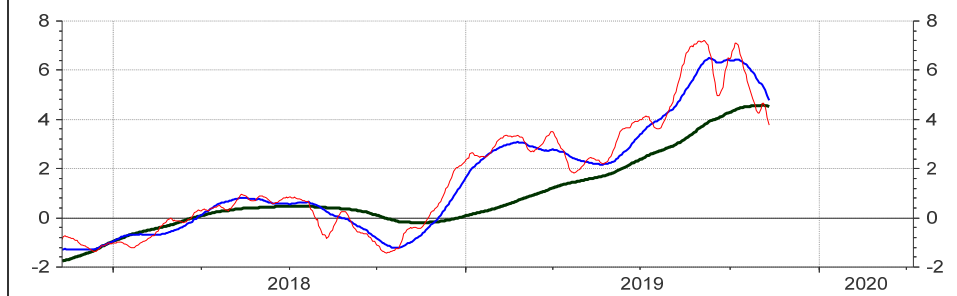
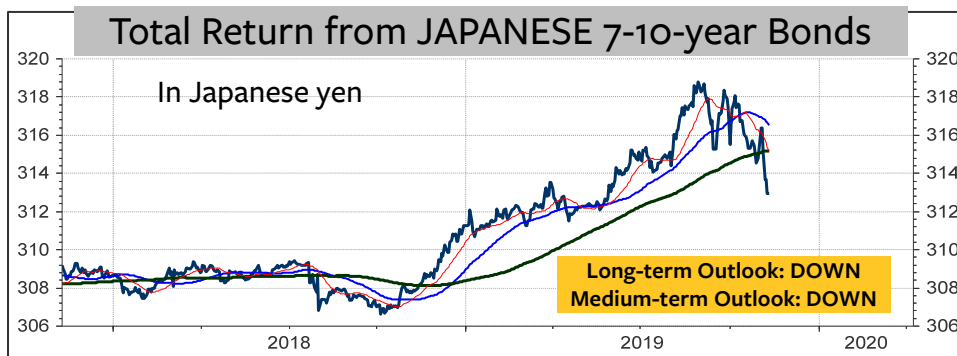
The Total Return from the Swiss 7-10-year bonds has lost more than 5% since the peak in August. The long-term outlook moved to DOWN with the break of the 144-day and 233-day averages, the Fibonacci support at 367 and the long-term momentum reversal at 371. Next support is at 361.

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









Swiss franc per US DOLLAR – Still looking for US dollar weakness to 0.95 or 0.91

The US dollar would have to break 0.9980 to signal 1.0080 and an extension of the dollar uptrend to 1.02. The triangle wave count, which I have been tracking since June 2019, still holds preferred status. Clearly, a break of 0.9750 and 0.9650 would activate the support of Wave C at 0.95 ($C=0.618 \times A$), a break of which would signal 0.92 / 0.91 (Wave C = 1 x Wave A).

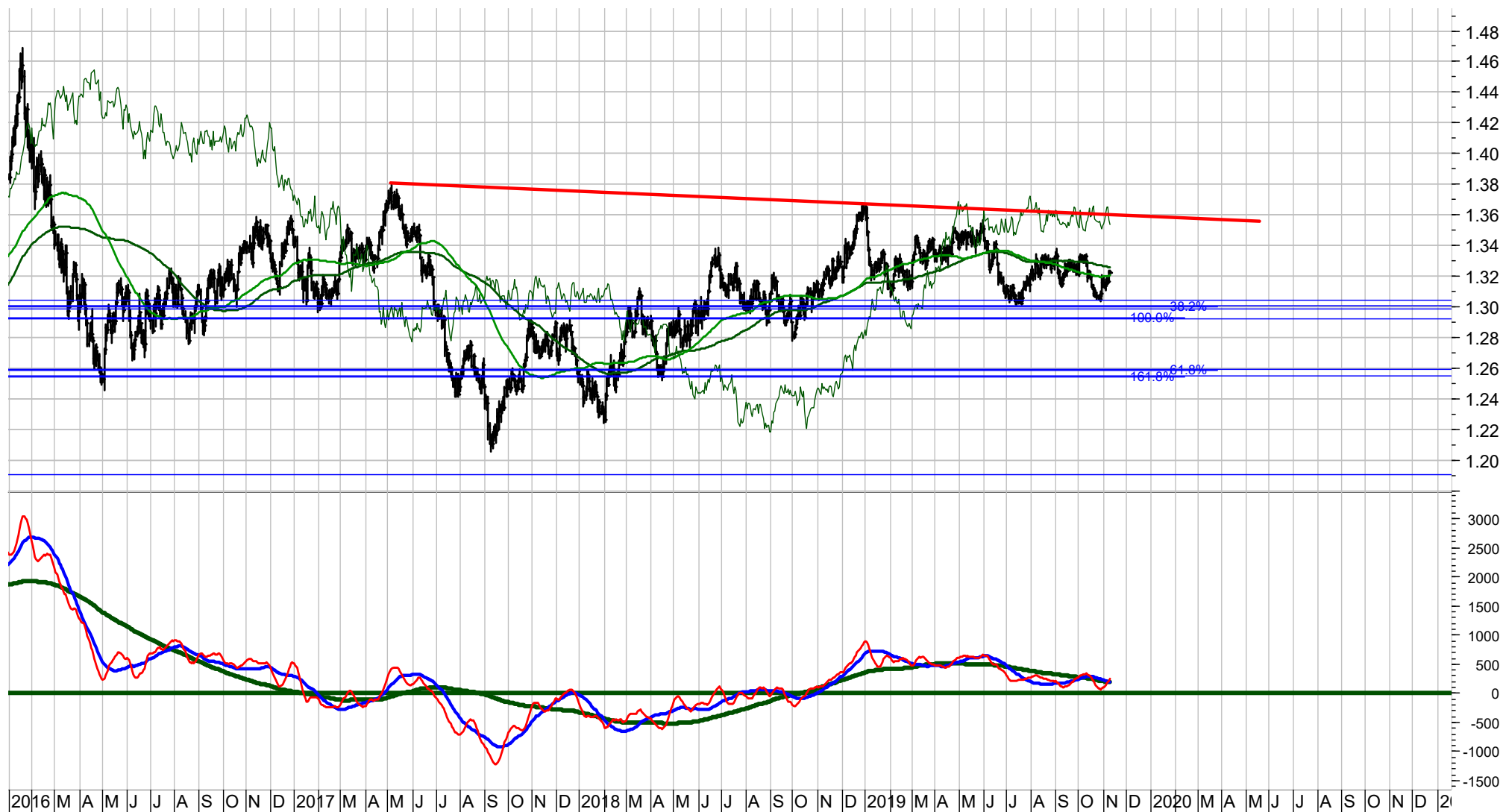
Long-term Outlook: DOWN
Medium-term Outlook: DOWN



Canadian dollar per US DOLLAR – Major US dollar downturn if 1.31 / 1.29 is broken

The US dollar remains just below the 144-day moving average.
Clearly, to signal a new long-term US dollar downtrend it would have to break the mega support at 1.31 / 1.29. The next supports are 1.26 / 1.25 or 1.19.

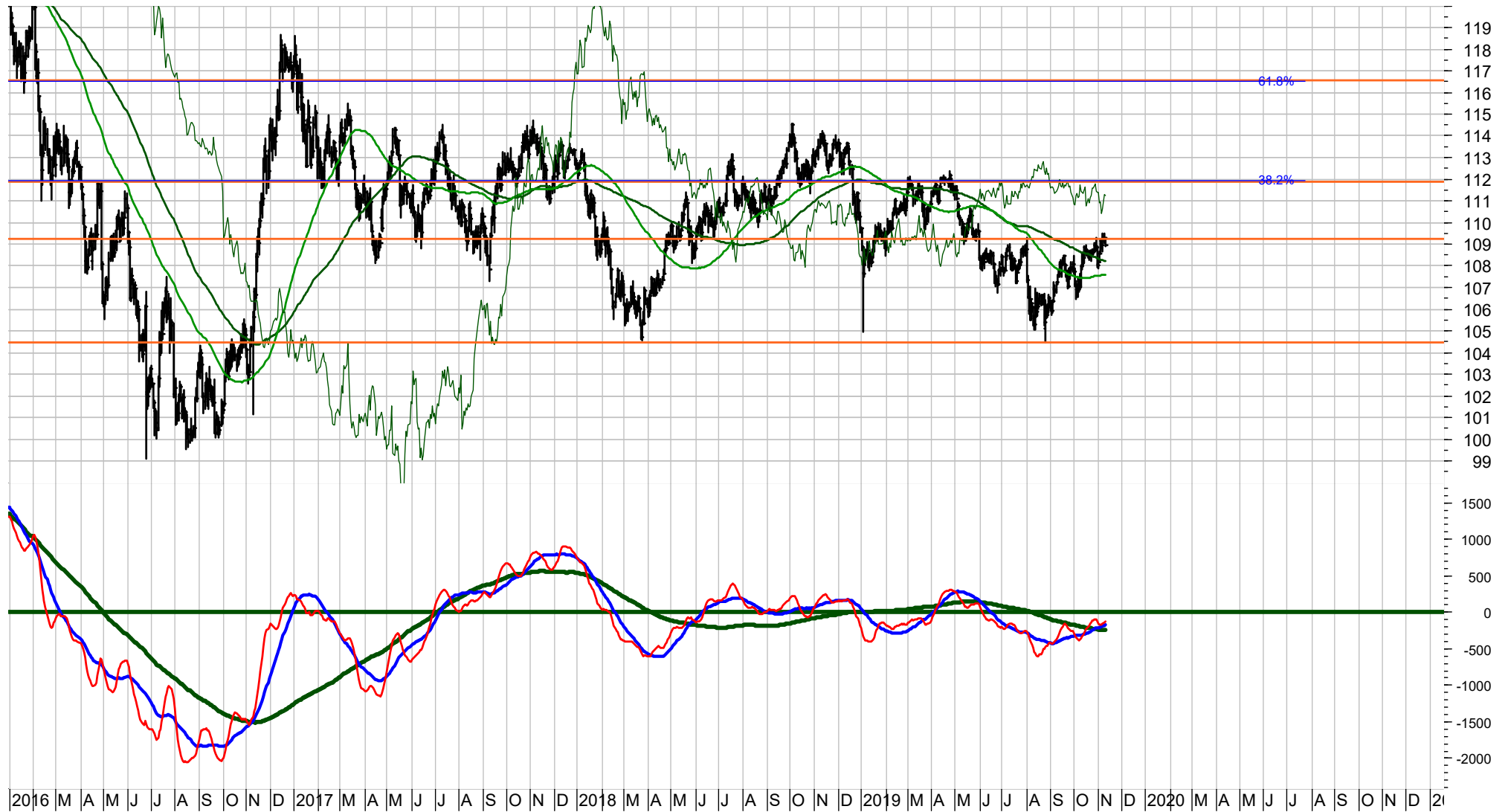
Long-term Outlook: DOWN
Medium-term Outlook: DOWN



Japanese yen per US DOLLAR – Long-term resistance is at 109.50 / 112

The US dollar is still trading around the resistance at 109. However, a dollar rise above the long-term momentum reversal at 111 would place the US dollar at the beginning of a new long-term uptrend, also because it is already trading above the 89-day and 144-day moving averages. Resistance is at 109.50, 112 and 116.50.

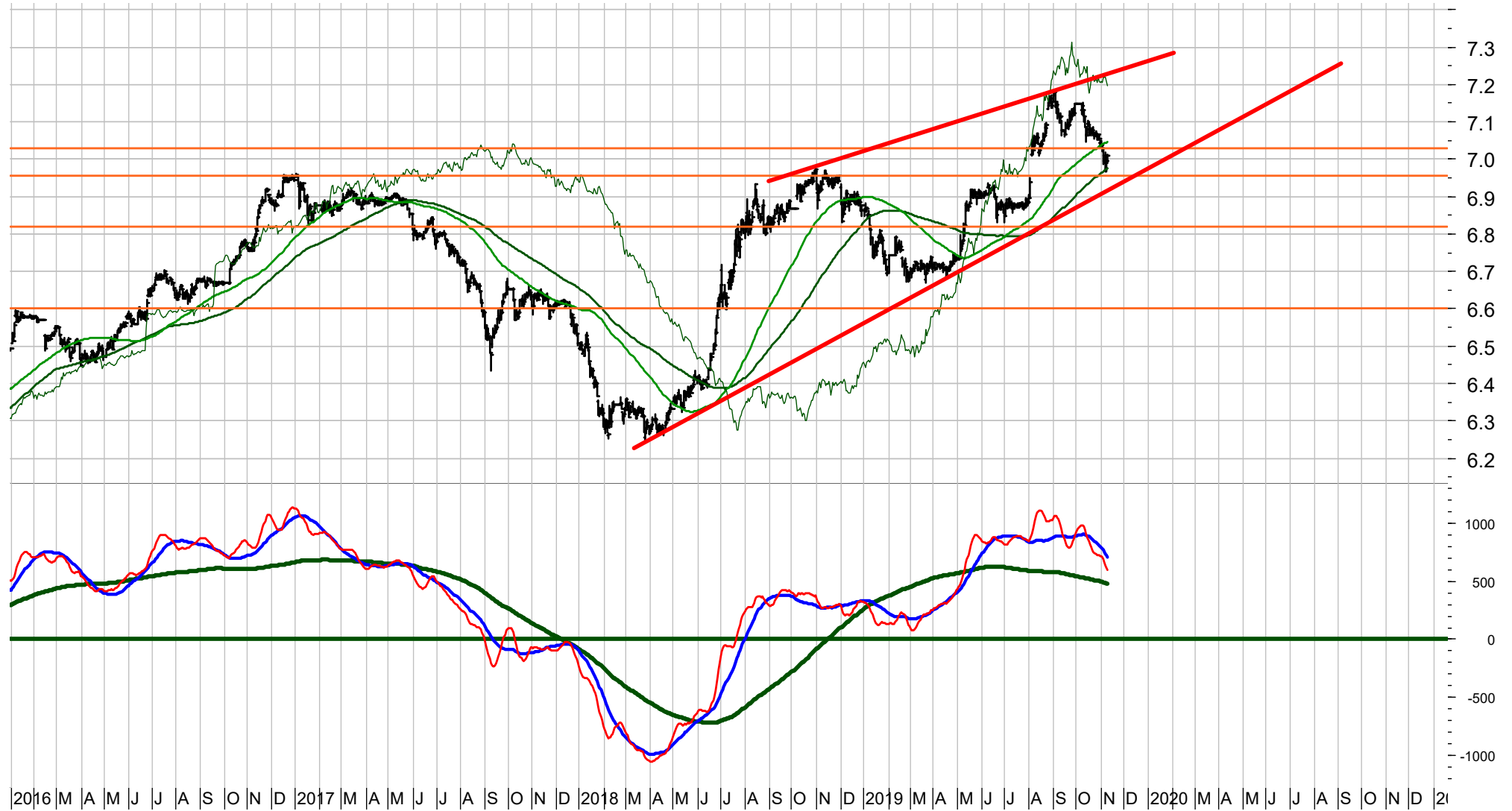
Long-term Outlook: DOWN
Medium-term Outlook: FLAT



Chinese yuan per US DOLLAR – US dollar medium-term and long-term downgrade if 6.95 is broken

The US dollar will turn down medium- and long-term if the next support at 6.95 is broken. Given the time-length of 31 months of the base from which the US dollar broke out in August 2019, a downturn here would leave the US dollar at risk of having registered a “breakout failure”. A break in the US dollar below 6.95 / 6.85 would be quite bearish. The Medium-term Outlook would be downgraded to DOWN if 6.95 is broken. The Long-term Outlook would move to DOWN with a break of 6.80.

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

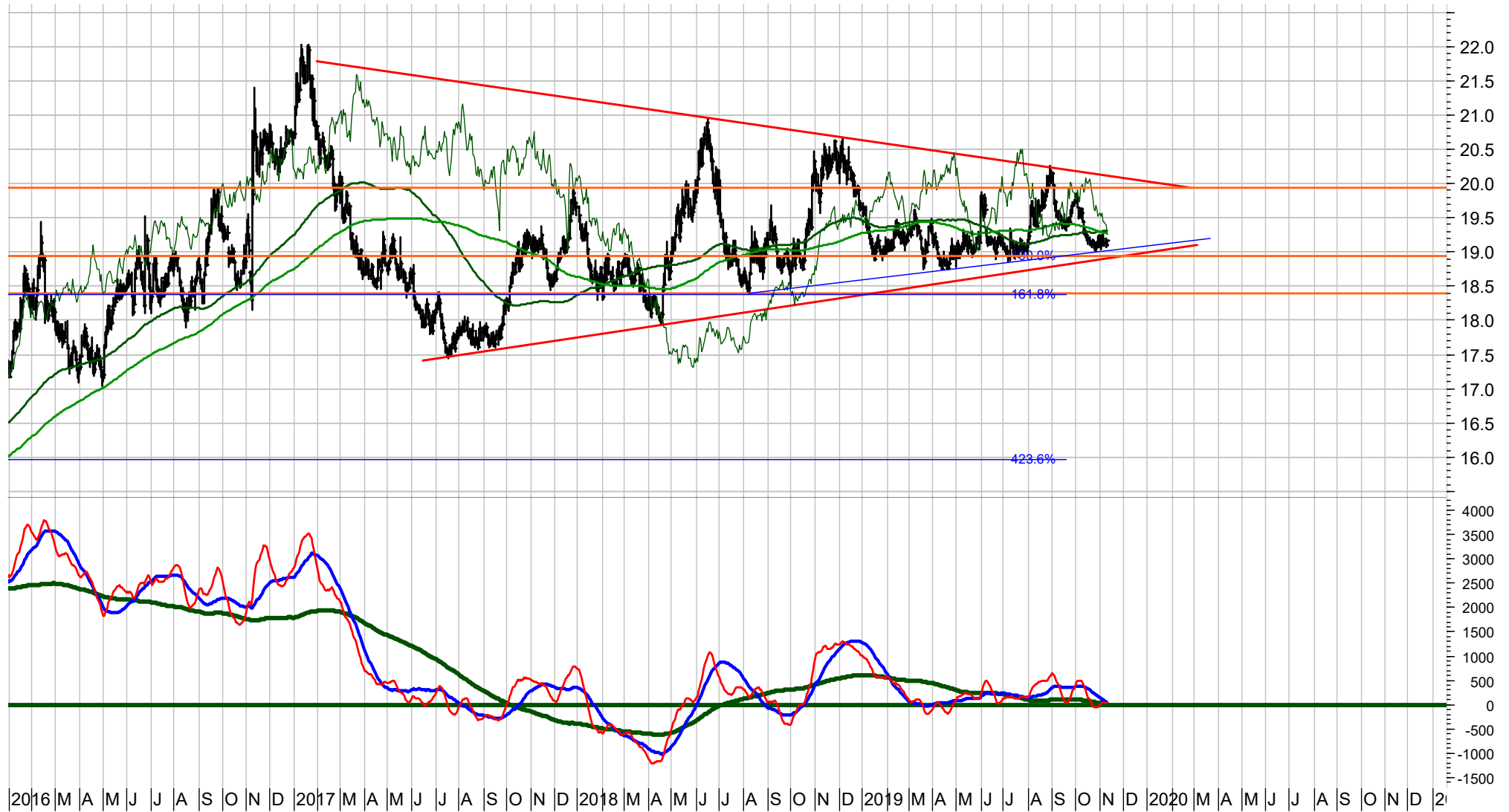


Mexican peso per US DOLLAR – Long-term US dollar downgrade if 18.90 / 18.40 is broken

The US dollar could break the triangle to the downside, unless it can recover above the long-term momentum reversal at 19.30 and above the Fibonacci resistance at 20.

The Medium-term and Long-term Outlook would shift to DOWN if 18.90 / 18.40 is broken.

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



US dollar per EURO – Long-term Euro uptrend signal if 1.12 / 1.14 is broken

Based on the 3 long-term indicators the Euro could turn up long term if 1.12 and 1.14 is cleared.

Wave C has resistance at 1.18 ($C=0.382 \times \text{Wave A}$) or 1.22 ($\text{Wave C}=0.618 \times \text{Wave A}$) or at 1.31 ($\text{Wave C} = 1 \times \text{Wave A}$). Resistance and buy signal is at 1.1140 and 1.1210.

Short-term support is at 1.10 and 1.0880, a break of which would signal the resumption of the long-term Euro-downtrend to the low of 2016 at 1.04.

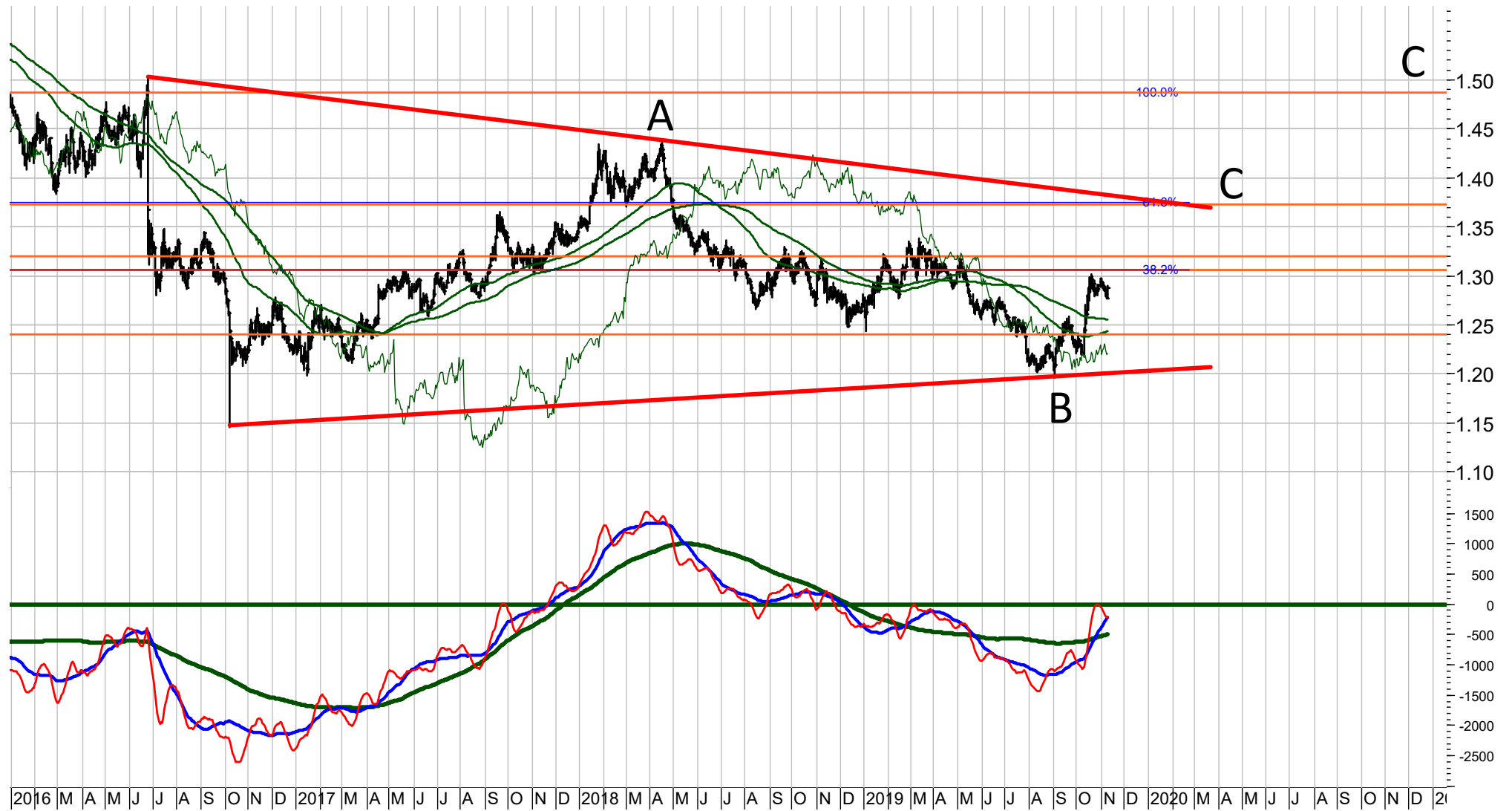
Long-term Outlook: FLAT
Medium-term Outlook: UP



US dollar per BRITISH POUND – Pound uptrend signal if 1.32 is broken with target 1.38 or 1.48

The Pound is digesting the October-price surge. Support is at 1.24.
 A break of 1.30 / 1.32 will signal 1.38 (Wave C = 0.618 x Wave A) or 1.48 (Wave C = 1 x Wave A).

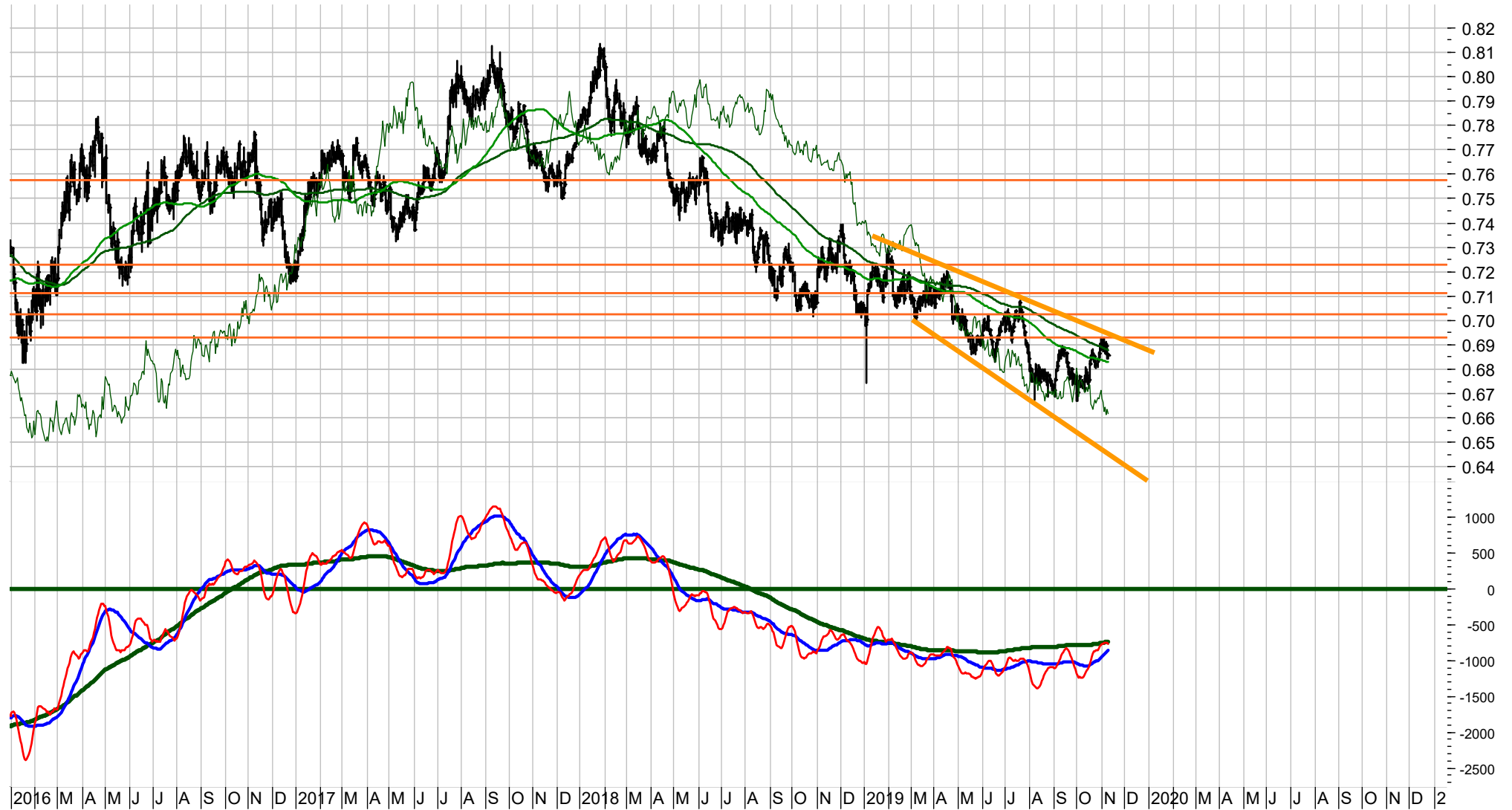
Long-term Outlook: UP
Medium-term Outlook: UP



US dollar per AUSTRALIAN DOLLAR – Long-term uptrend signal if 0.6950 / 0.7050 is broken

For the Australian dollar to signal a long-term bottom, it must rise above 0.6950 and 0.7050. Below these two levels, the Australian dollar remains at risk of adding one more downleg to the expanding wedge, marked orange on the chart below.

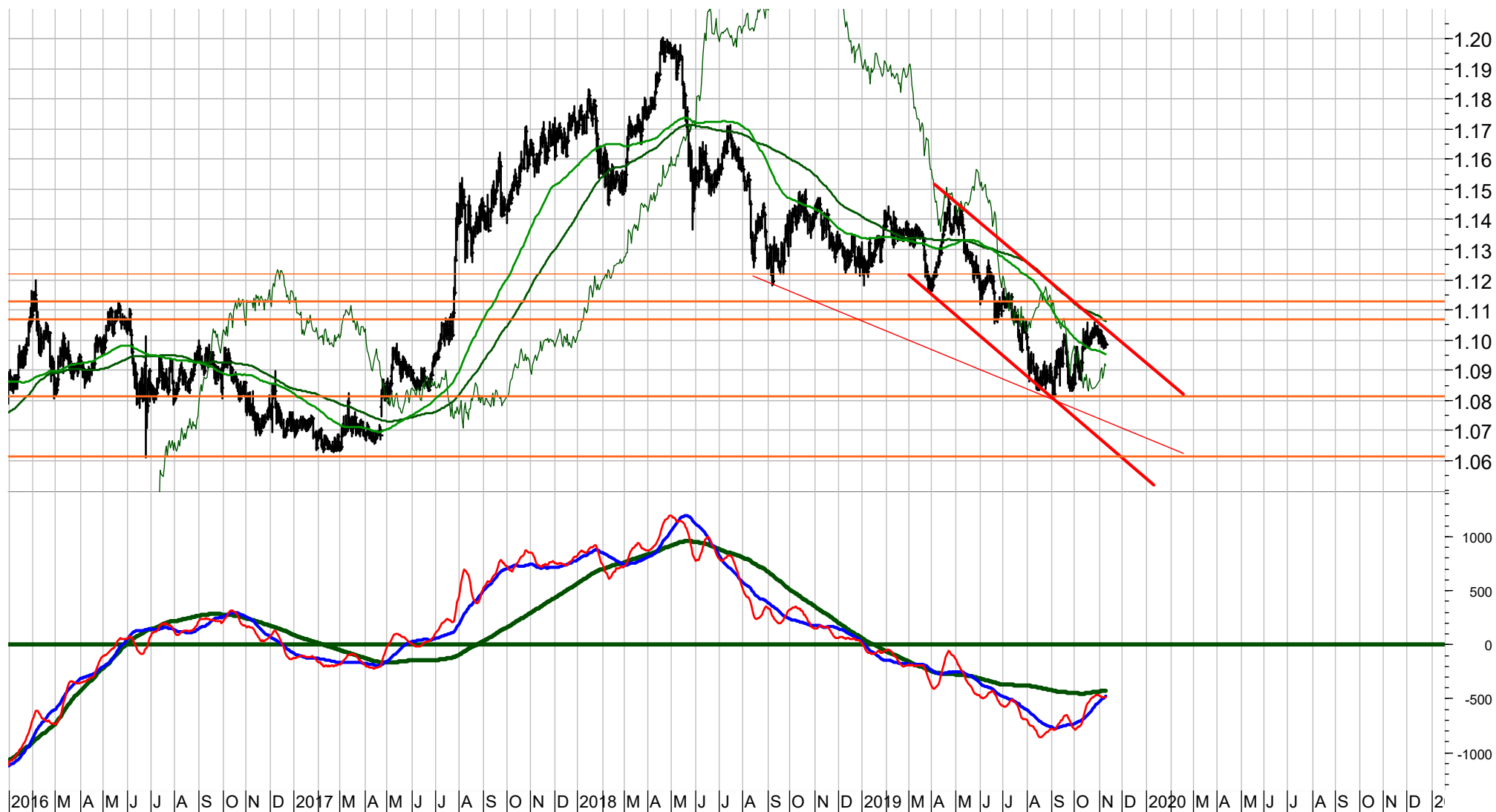
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Swiss franc per EURO – *The Euro could still decline to long-term support at 1.08 / 1.06*

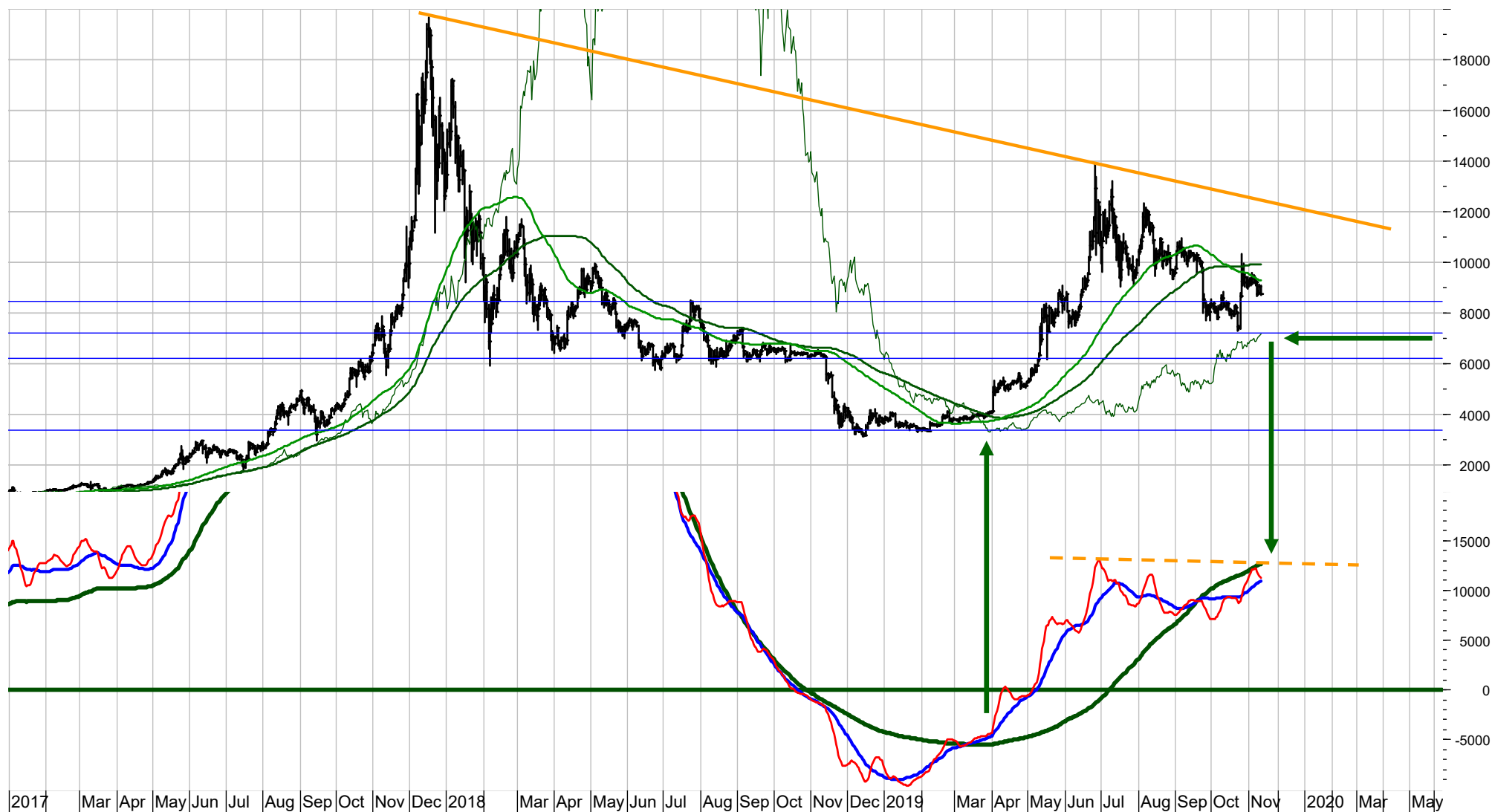
The Euro has continued to trade within the consolidation between 1.08 and 1.1050. Moreover, the rebound in September and October appears as corrective a-b-c. The Euro would have to rise above 1.1050 / 1.1150 to signal a new long-term uptrend. However, given the recent narrowing of the Swiss and German 10-year yield spread, the Euro could weaken and the Swiss franc strengthen towards 1.08 and 1.06 before a long-term Euro upturn is signaled.

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



US dollar per BITCOIN – Long-term downtrend signal if 7500 / 7000 is broken

The Bitcoin continues to digest its 42%-October-surge. The 61.80% retracement support to this advance is at 8450. A break of 8450 would signal more weakness to 8000. Moreover, a break of 8000 could signal a test of the mega-support at 7500 / 7000. Also, a break of 7000 would signal a crossing of the long-term momentum reversal and thus, it would trigger a new long-term downtrend signal with risk of a bear market towards 3500. Clearly, the Bitcoin needs a rise above 9400, 9850 and 10550 to signal the resumption of the long-term uptrend. I would sell the Bitcoin if 8400 and again if 7900 is broken. I would buy only if 9050, 9200 and again if 9500 is broken.



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Sources

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Explanations

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

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E-Mail

rolf.bertschi@chartoutlook.ch

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