



GLOBAL CHART OUTLOOK

investing ahead of the crowd

GLOBAL MARKETS

25th November 2019 / Issue #45

GLOBAL STOCK MARKET INDICES

The S&P 500 Index is reaching the mega-resistance around 3130 / 3170. A short-term correction started at 3128. We will have to see if this is the expected medium-term correction, or if the Index again extends the uptrend by one more short-term rally. The Call/Put Ratio speaks in favor of yet another rally to another new high around 3150/70.

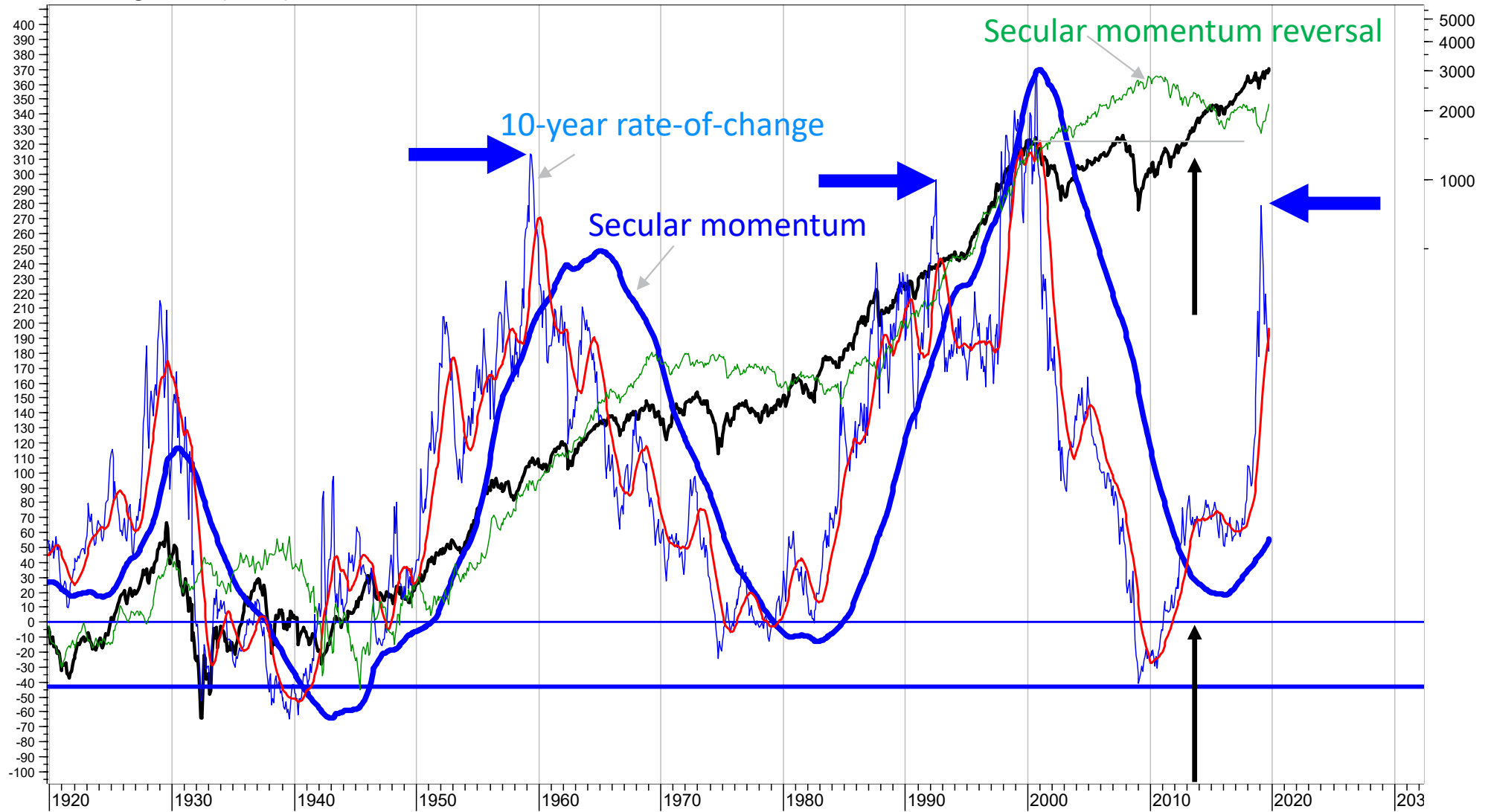
The (inverse) US Weekly Jobless Claims have broken the first support at 220k and could signal a major (inverse) decline if 230k is broken. This could be a major signal of a coming US economic slowdown. Still, it will have to be confirmed by the ECRI as it does not break above 146.50.

The Swiss Market Index is testing the mega resistance at 10200 / 10500.

WHAT YOU SHOULD DO: Watch the present short-term correction, if the S&P 500 Index breaks 3090 / 3075 and confirms the new medium-term downtrend. A break above 3128 would signal yet another extension of the uptrend towards 3170.

S & P 500 Index – monthly chart with secular momentum and the 10-year rate-of-change

Frequently, long-time readers of my Chart Outlook ask for the update of my secular momentum indicator, which signaled the famous “Buy-of-the-Generation” following the financial crisis in 2013. This secular uptrend is still intact. In fact, it is of such strength the it would allow for a correction to 2130 before the secular momentum would top and signal a new secular downtrend. HOWEVER, what is different to the previous secular uptrends, the one from the low in 1942 and the one from the low in 1983, is that presently, the 10-year rate-of-change has reached such an overbought level, which in the previous two examples occurred close to the top of the secular uptrend. This means that the S&P 500 is trading at an extremely overbought level from which the long-term upside potential seems rather limited.



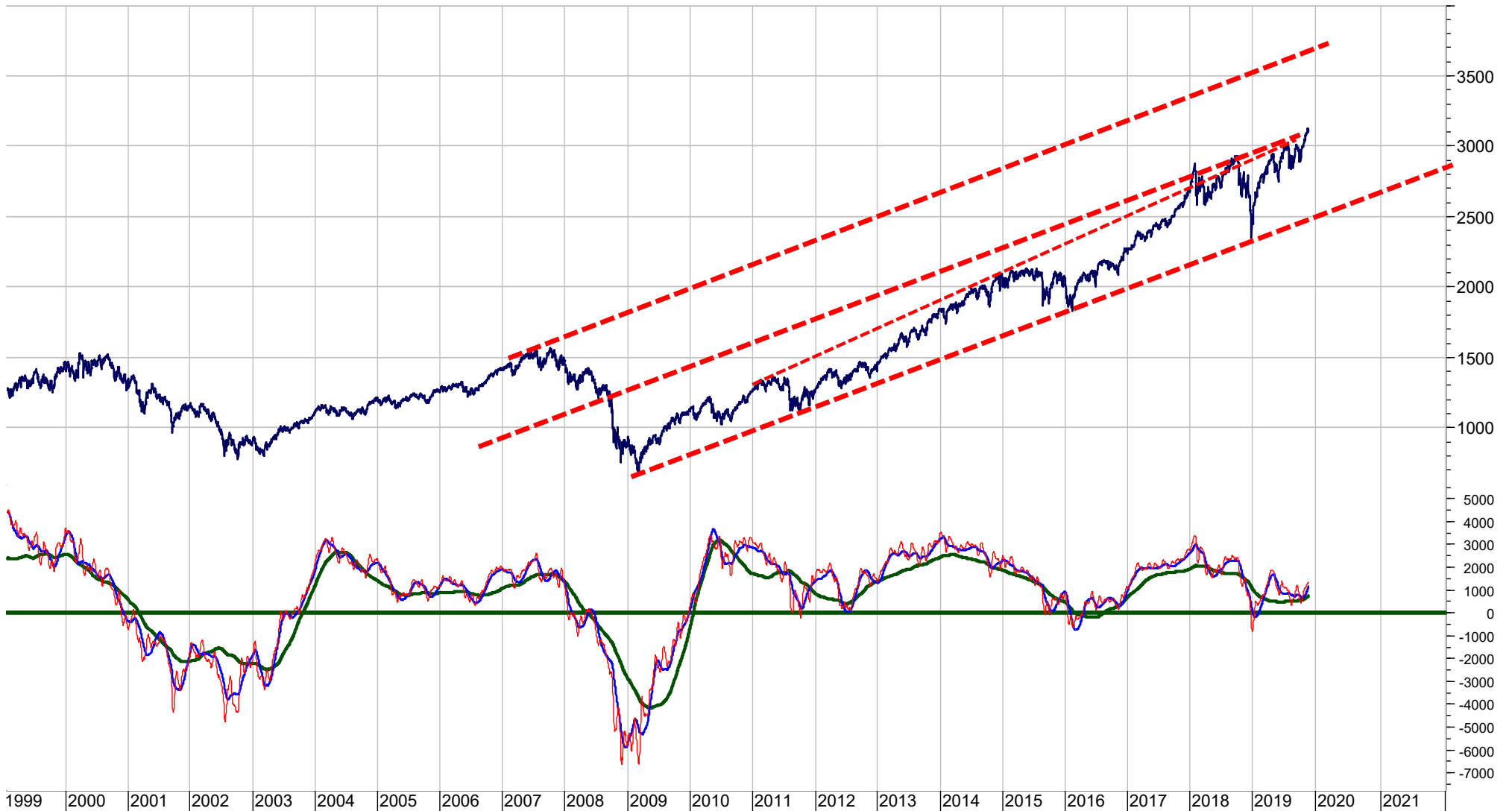
S & P 500 Index – daily chart

My Long-term Outlook remains FLAT because the S&P 500 Index has not yet broken the long-term resistance at 3130 / 70.

My Medium-term Outlook remains FLAT because the Index remains below the resistance at 3130.

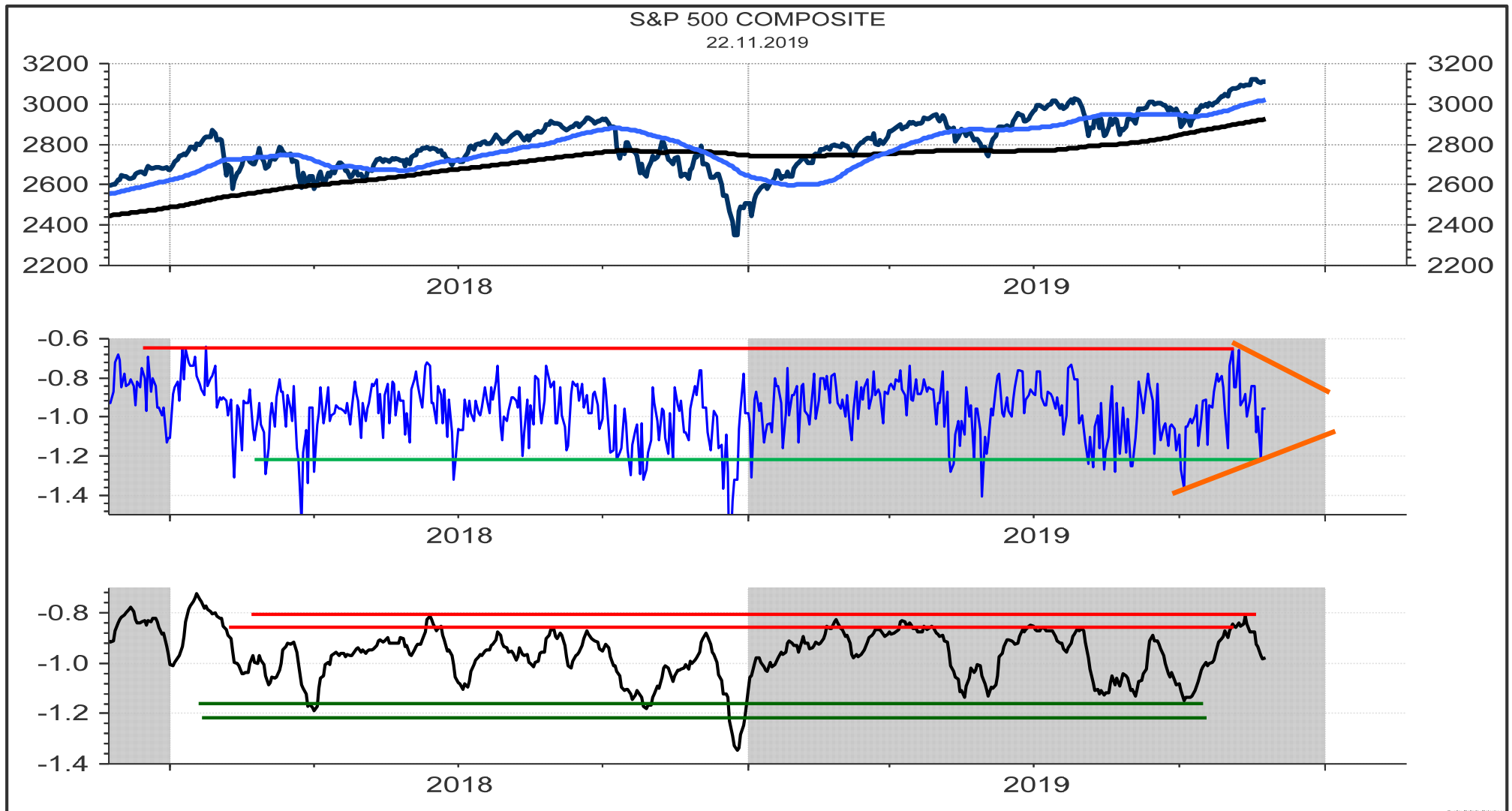
Moreover, it has just entered a short-term correction at 3128. A break of 3090 / 3075 would confirm that the medium-term correction is unfolding.

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



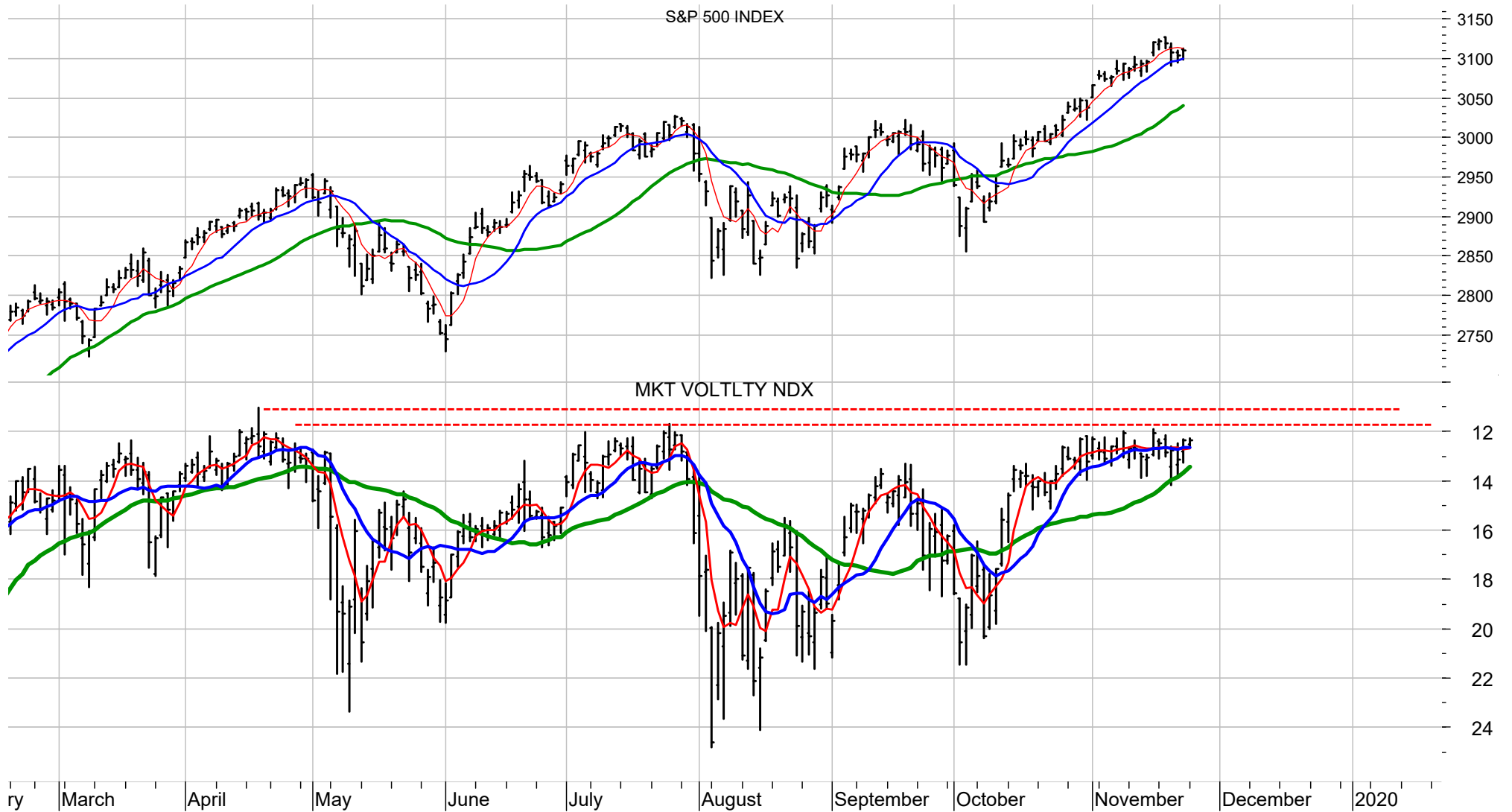
S & P 500 Index and the Call/Put-Ratio 1-day change (middle) and 8-day moving average (bottom)

The Call/Put Ratio quickly dropped back from the overbought territory. However, the market weakness was muted. I am still looking for another short-term rally to register a divergence between the S&P Index, which could reach another new high around 3130 / 3170, and the Call/Put Ratio, which could register a lower high in late November or December.

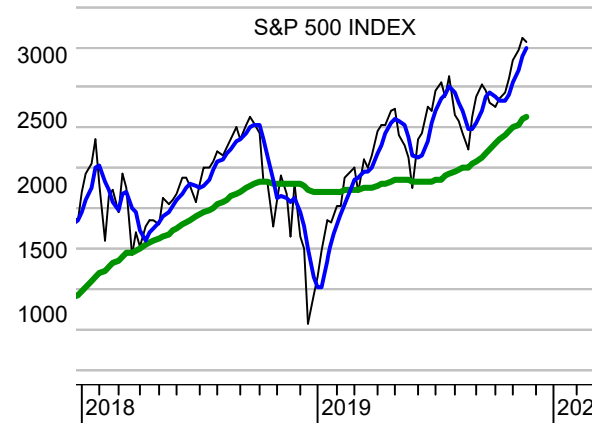
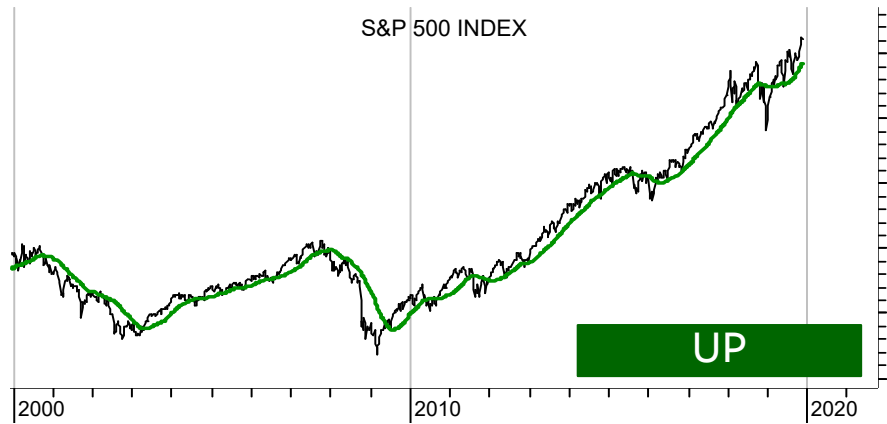


US Market Volatility (VIX inverted) – daily charts

The (inverse) VIX is reaching 12 / 11, the level from which a medium-term stock market correction could start.

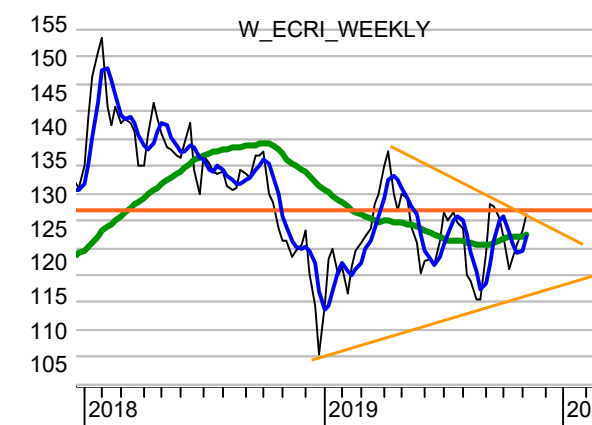
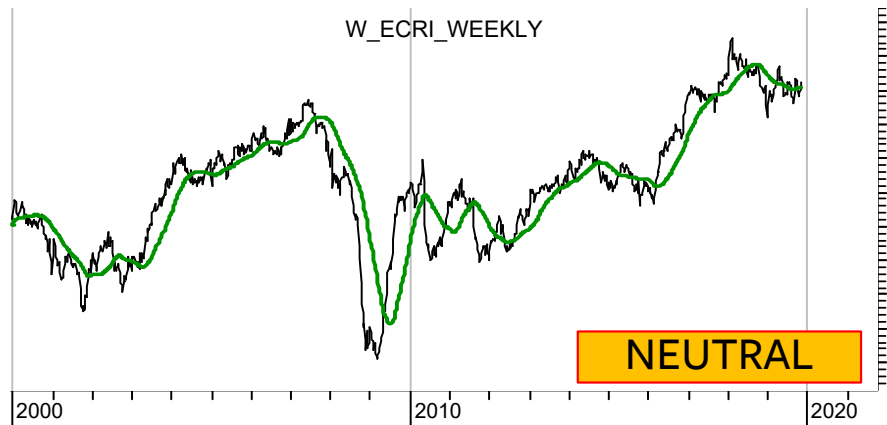


Three-Factor-US-Cycle Model

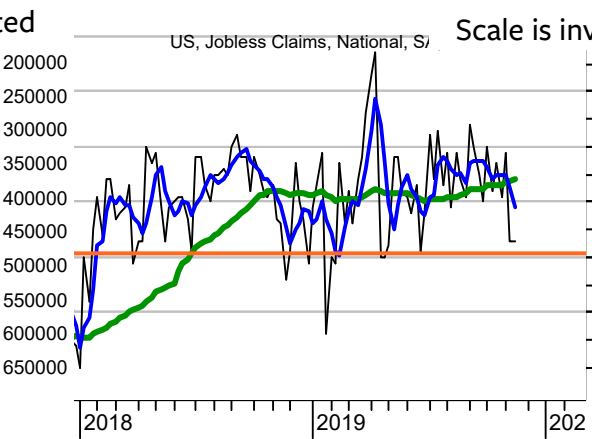
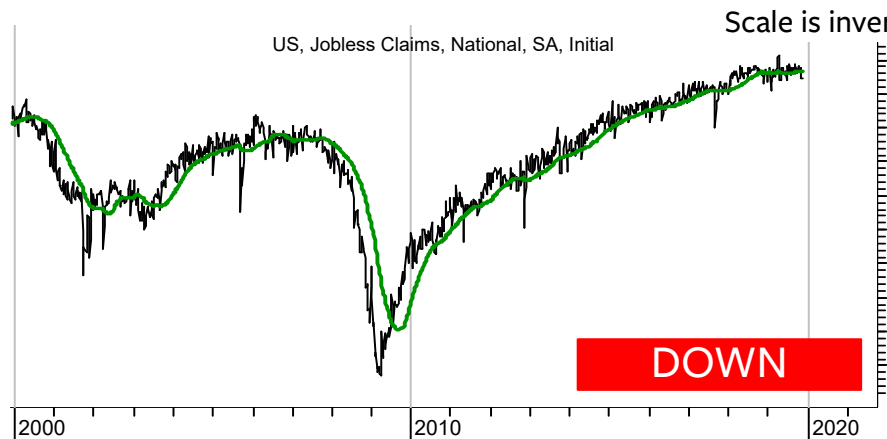


The divergence between the stock market, the ECRI and the WJCs. remains obvious.

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 remains above the 40-week average. **The Model remains UP.**



The **Weekly Economic Cycle Research Index** rose from 145.60 to 146.20. It remains in within the horizontal triangle, being positioned above the 4-week and 40-week moving averages. **The Model is upgraded to NEUTRAL.** It could move to UP if it breaks above the resistance at 146.50. The next 2 weeks will be most critical.

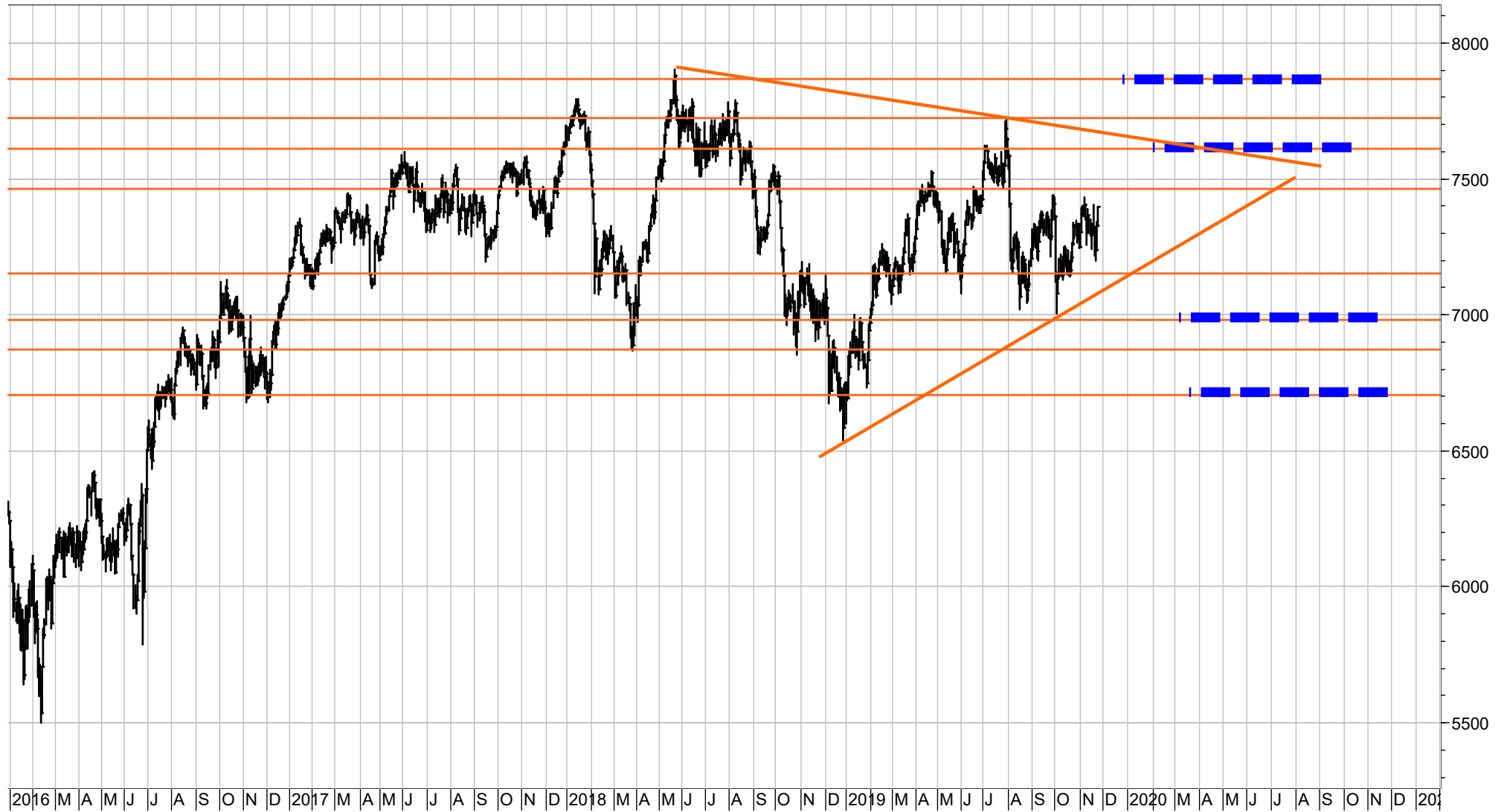


The (inverse) **Weekly Jobless Claims** moved from 225k to 227k. The Claims remain below the 4-week and 40-week moving averages and the 4-week remains below the 40-week average. **The Model remains DOWN.** The scenario of a new economic slowdown will become more likely if the WJCs break 230k.

U.K. FTSE Index – daily chart

My Long-term Outlook remains FLAT because the Index remains in its neutral consolidation, which it entered in late 2017, between 7900 and 6700.
My Medium-term Outlook remains FLAT as long as the Index does not break 7480 / 7610 or 7160 / 6990.

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

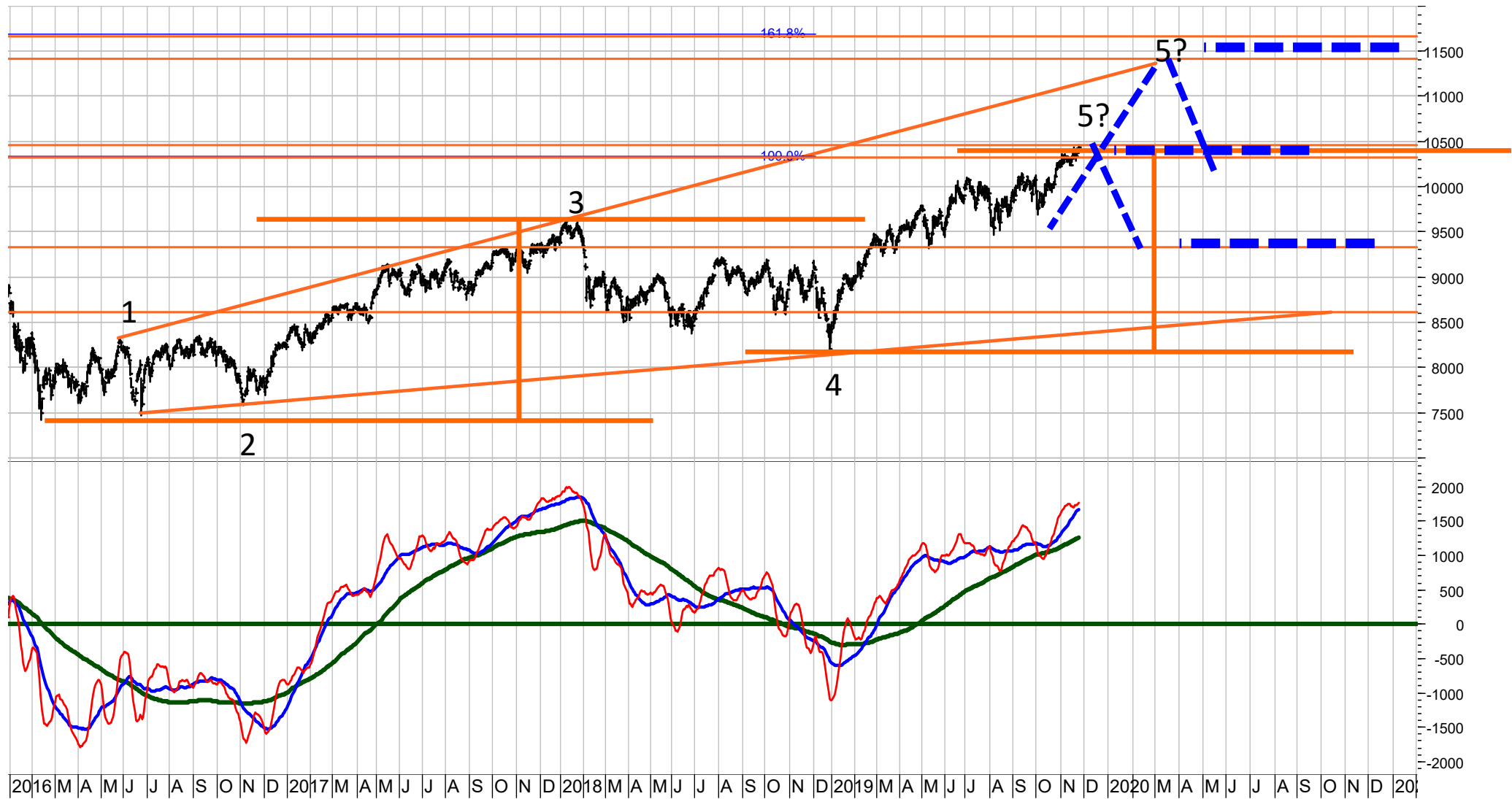


Swiss Market Index SMI – daily chart

My Long-term Outlook remains UP as the Index is testing the long-term resistance at 10500.
My Medium-term Outlook remains FLAT because I still see the odds favoring a medium-term correction starting from 10400 / 10500.

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

Obviously, a break of 10400 / 10500 would justify moving the medium-term outlook to UP as the index should then offer another at least another upside potential of 10% .

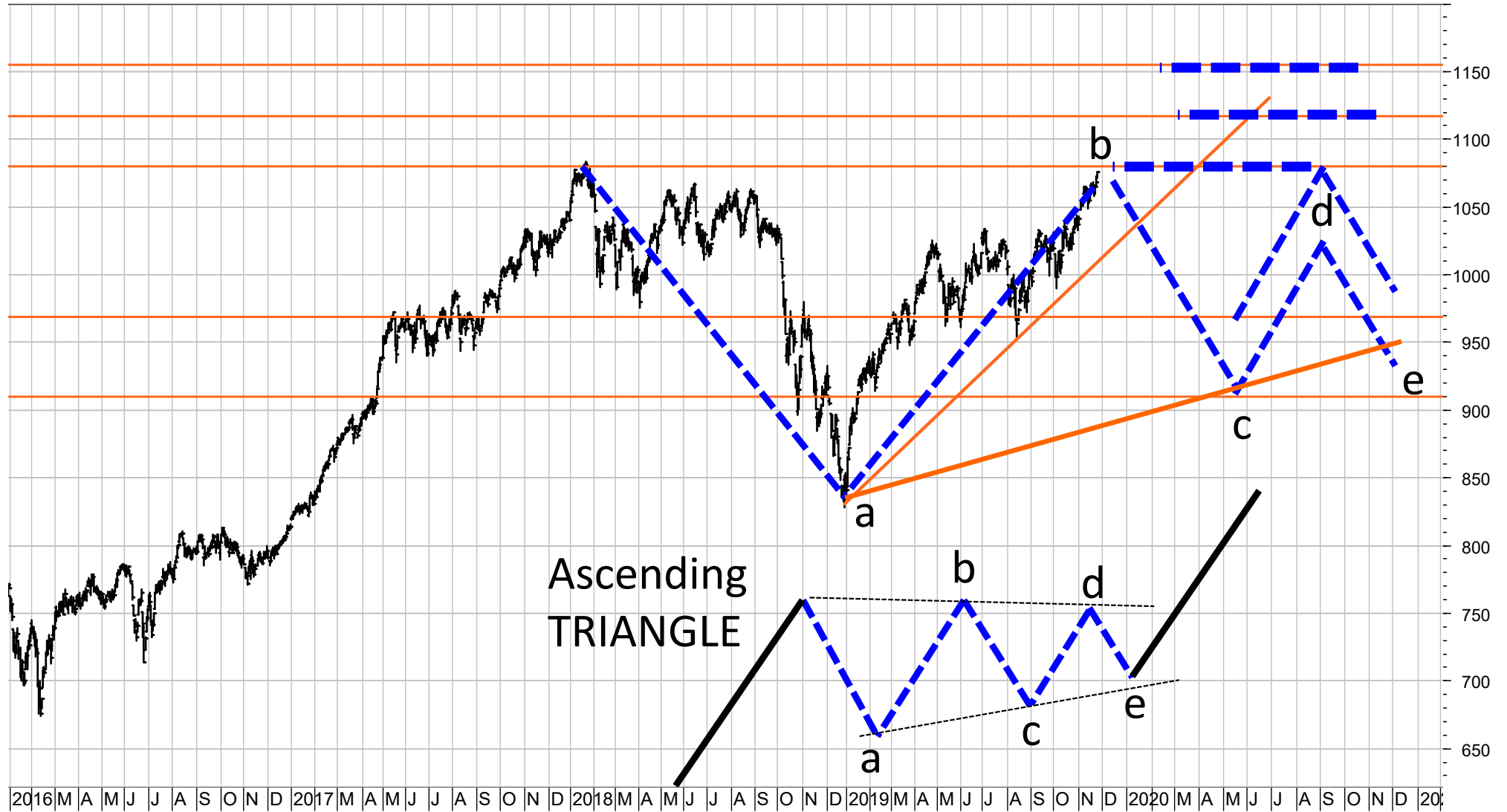


Swiss MidCap Price Index (.SMIX) – daily chart

The schematic below shows the ascending triangle, which is the best interpretation of the chart pattern from January 2018. This means that a top in Wave b could be impending.

My Long-term Outlook remains FLAT because the SMIM is trading just below long-term resistance at 1080. My Medium-term Outlook remains UP. But, the test of the long-term resistance at 1080 remains critical to my assessment of the medium-term outlook.

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



Swiss SmallCap Price Index (.SSIX) – daily chart

My Long-term Outlook remains FLAT because the SSIX remains below the resistance cluster between 1395 / 1410.

My Medium-term Outlook remains UP.

A medium-term correction is likely to start from around 14100 / 1410.

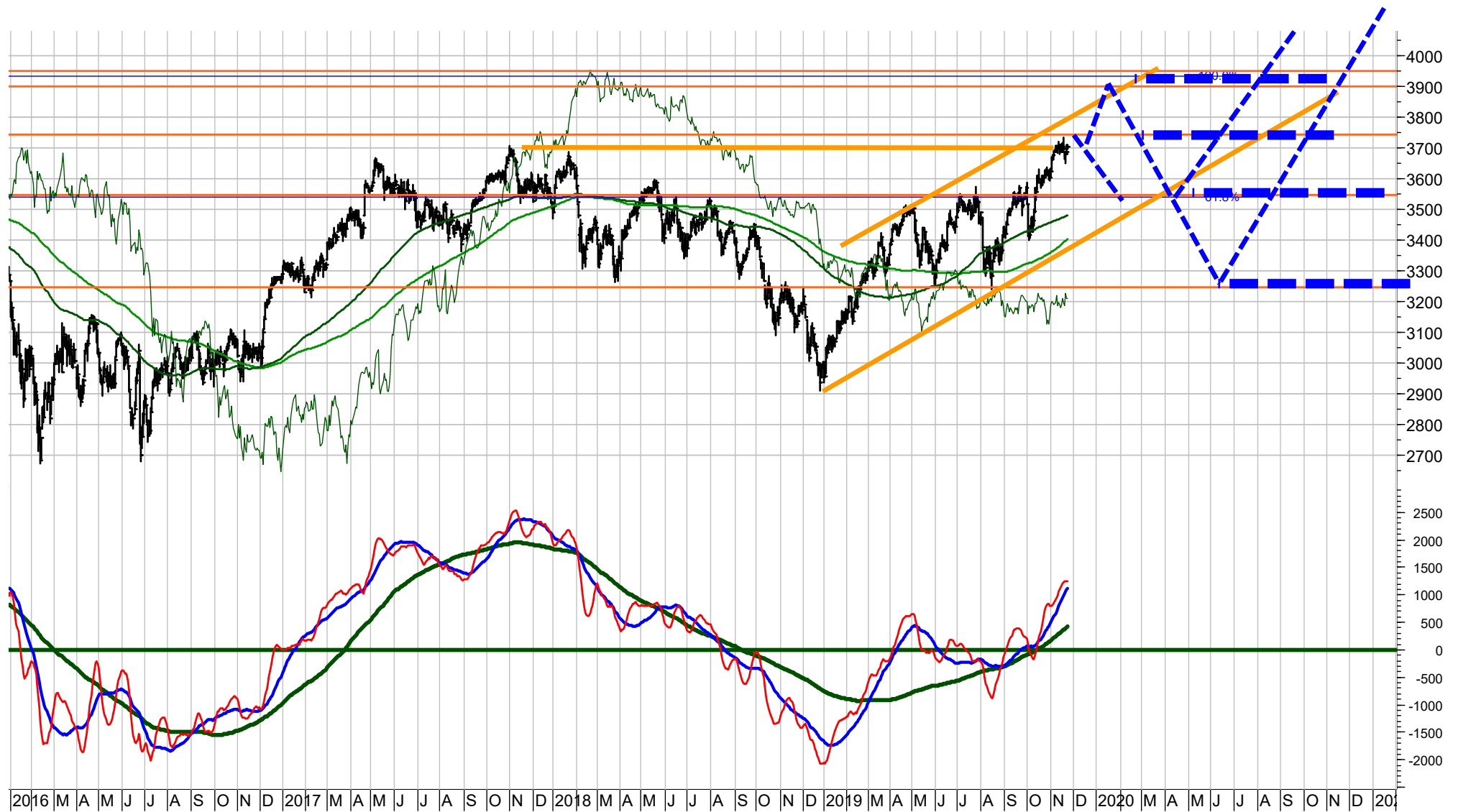
Long-term Outlook: FLAT
Medium-term Outlook: UP



Eurostoxx 50 Index – daily chart

My Long-term Outlook remains FLAT because the Eurostoxx is still trading below the major resistance at 3750 / 3950. My Medium-term Outlook remains FLAT but could be upgraded to UP for a further (final?) rise to 3900 / 3950.

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

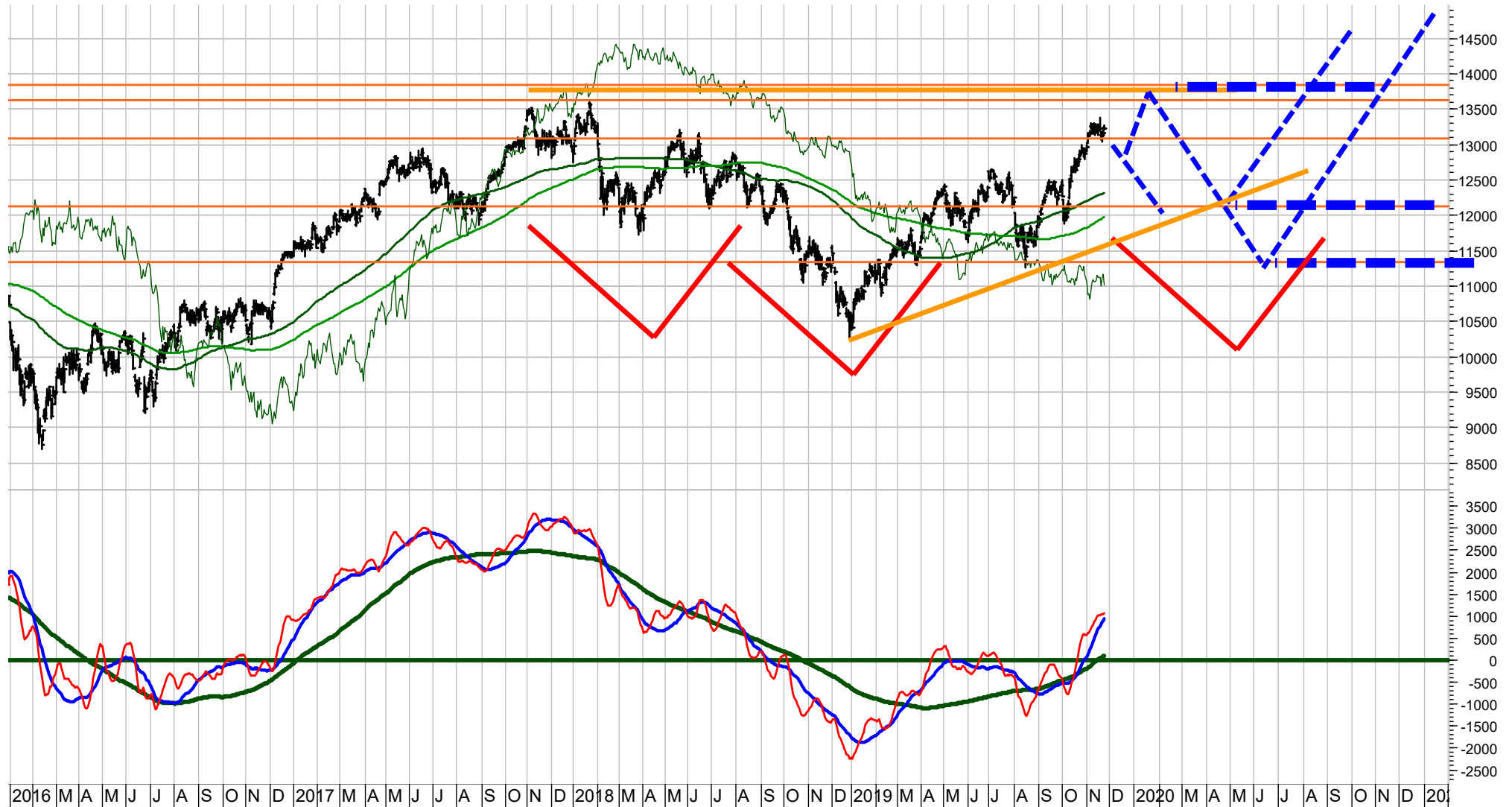


Deutscher Aktien Index – DAX – daily chart

My Long-term Outlook remains FLAT because the DAX is still trading below the long-term resistance at 13600 to 13900.

My Medium-term Outlook remains FLAT because the support-term uptrend is overbought and the odds still favor a medium-term correction from below the long-term resistance.

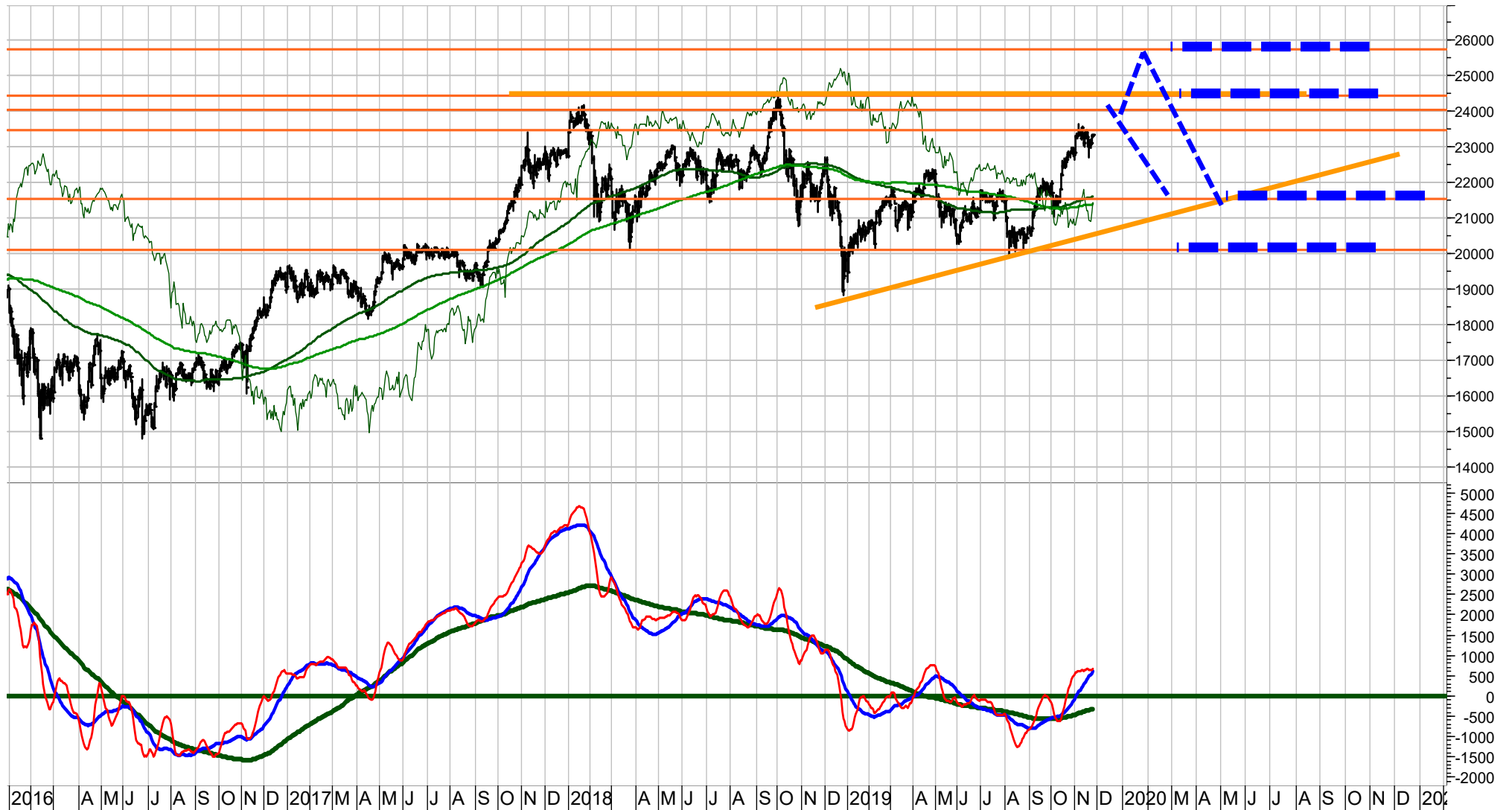
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Japanese Nikkei 225 Index – daily chart

My Long-term Outlook remains FLAT because the Nikkei is trading below the long-term resistance levels at 23500 to 24500, with an outside chance of reaching 26000.

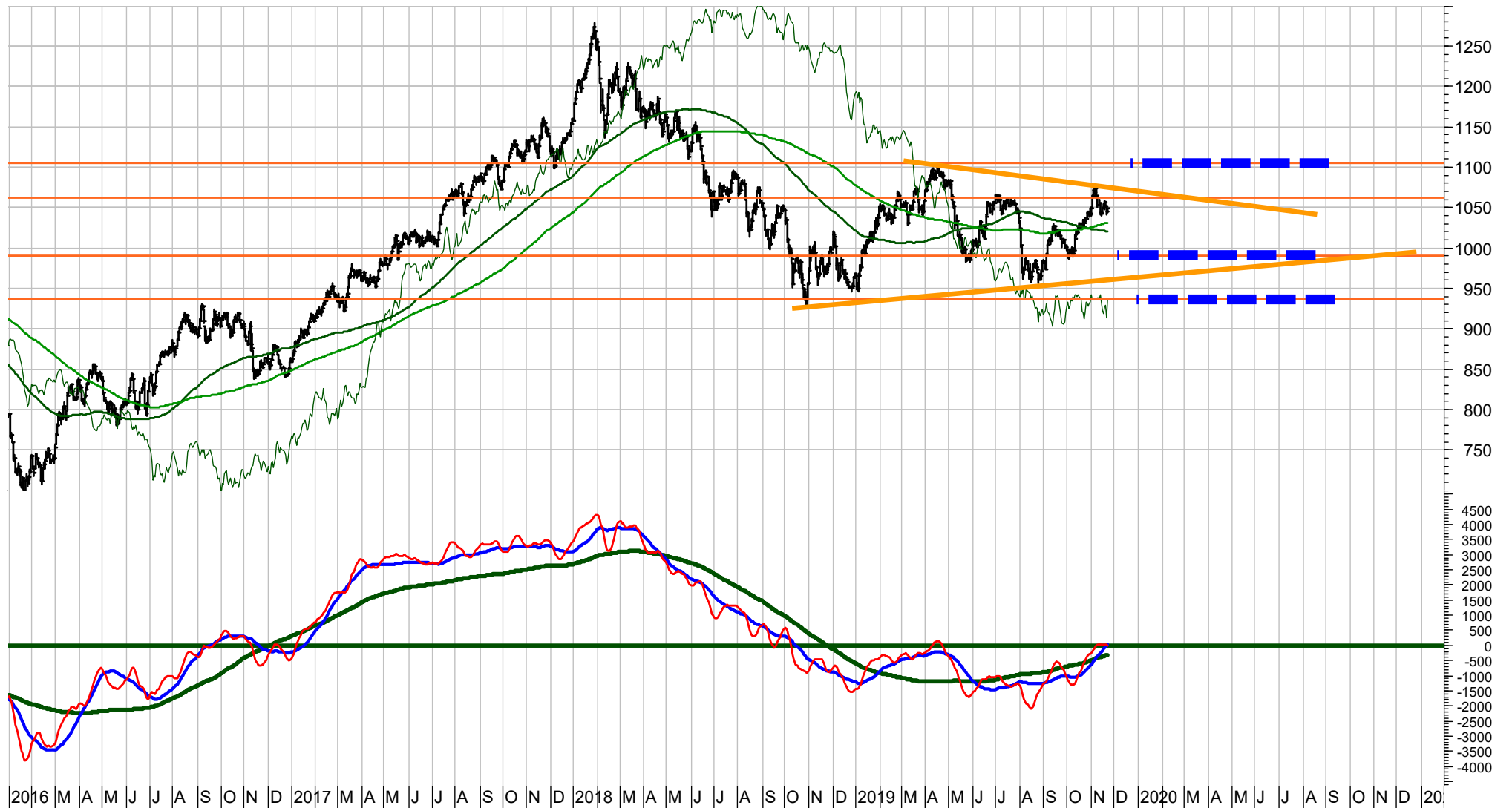
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



MSCI Emerging Market Index – daily chart

My Long-term Outlook and my Medium-term Outlook remain FLAT because the EM Index is still trading in the consolidation, which it entered following the low of November 2018. My Medium-term Outlook remains FLAT because the EM Index is still forming a neutral triangle with resistance at 1070 / 1110.

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



COMMODITIES

The commodity picture is still dominated by the long-term and medium-term FLAT in the Commodity Index and Crude Oil. The TR Commodity Index remains just below medium-term resistance at 410. A break upwards could extend the commodity uptrend. But, I still see this strength as the right shoulder of a large head and shoulder commodity top, which could be followed by renewed commodity weakness in 2020.

Gold could extend the correction from early September to supports at 1445/40 and 1415/05. The correction in Gold from early September has mirrored the decline in the 10-year bond yield. Overall, I still lean towards the bullish gold outlook and the bearish yield outlook. This view is supported by the fact that the Swiss bond yield has just peaked at -0.34%. Gold in Swiss franc has held up very well if compared to the yield surge.

WHAT YOU SHOULD DO: Watch the resistance in the TR Commodity Index at 410 and the medium-term supports in Gold at 1445/40 and 1415/05.

Thomson Reuters Equally Weighted Commodity Index – daily chart

The Thomson Reuters Equally Weighted Commodity Index is trading below the resistance at 410. On the big picture, the TR Index is likely to form the right shoulder of a major Head and Shoulder Top. It would take a break above 430 to negate this bearish top formation.

My Long-term and Medium-term Outlook remains FLAT.

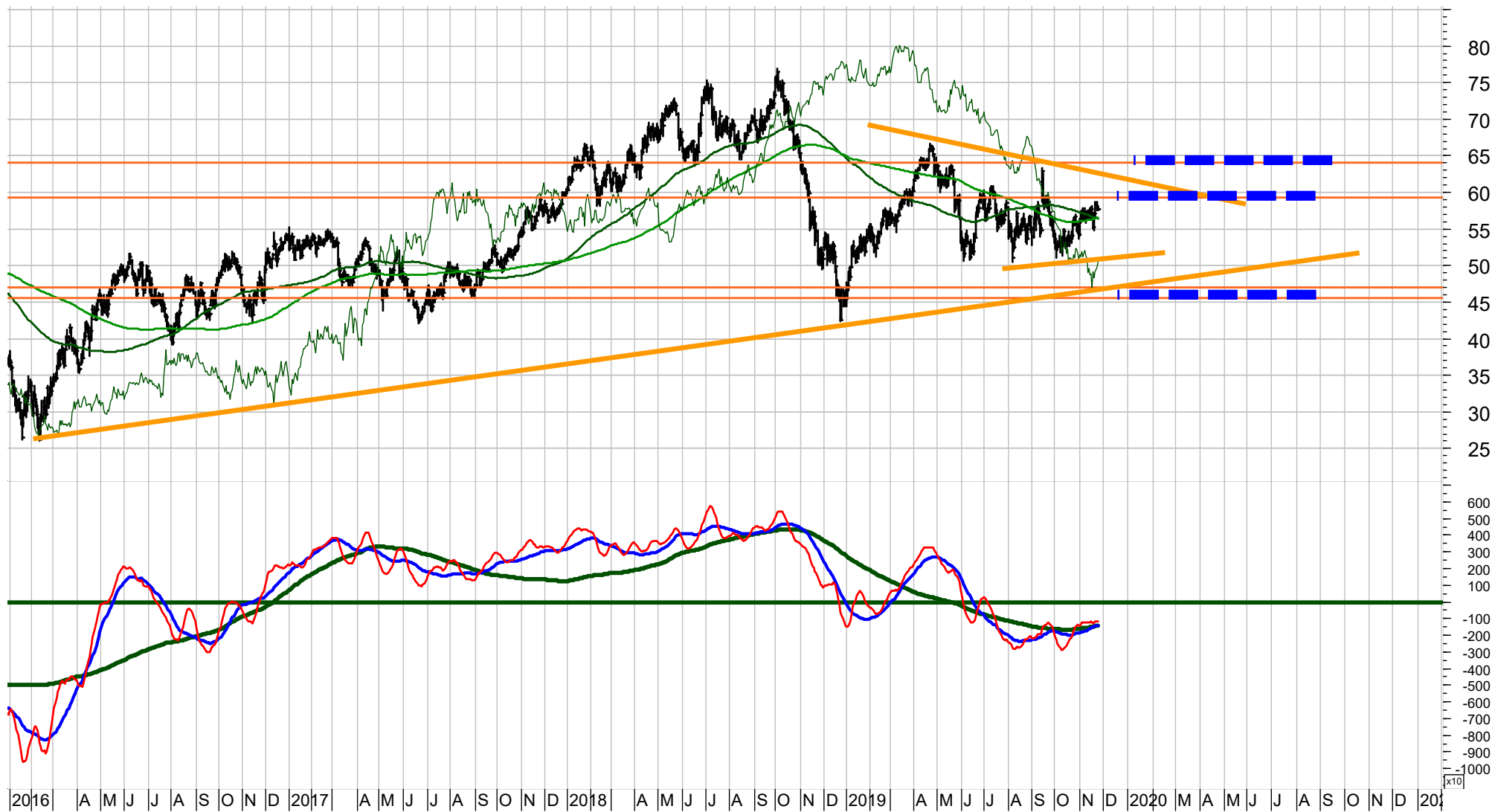
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Light Crude Oil Continuous Future – daily chart

My Long-term and Medium-term Outlook remain FLAT because Crude Oil remains in its horizontal triangle. Resistance is at 60 and 64 / 66. Supports are at 53 and 48 / 45.

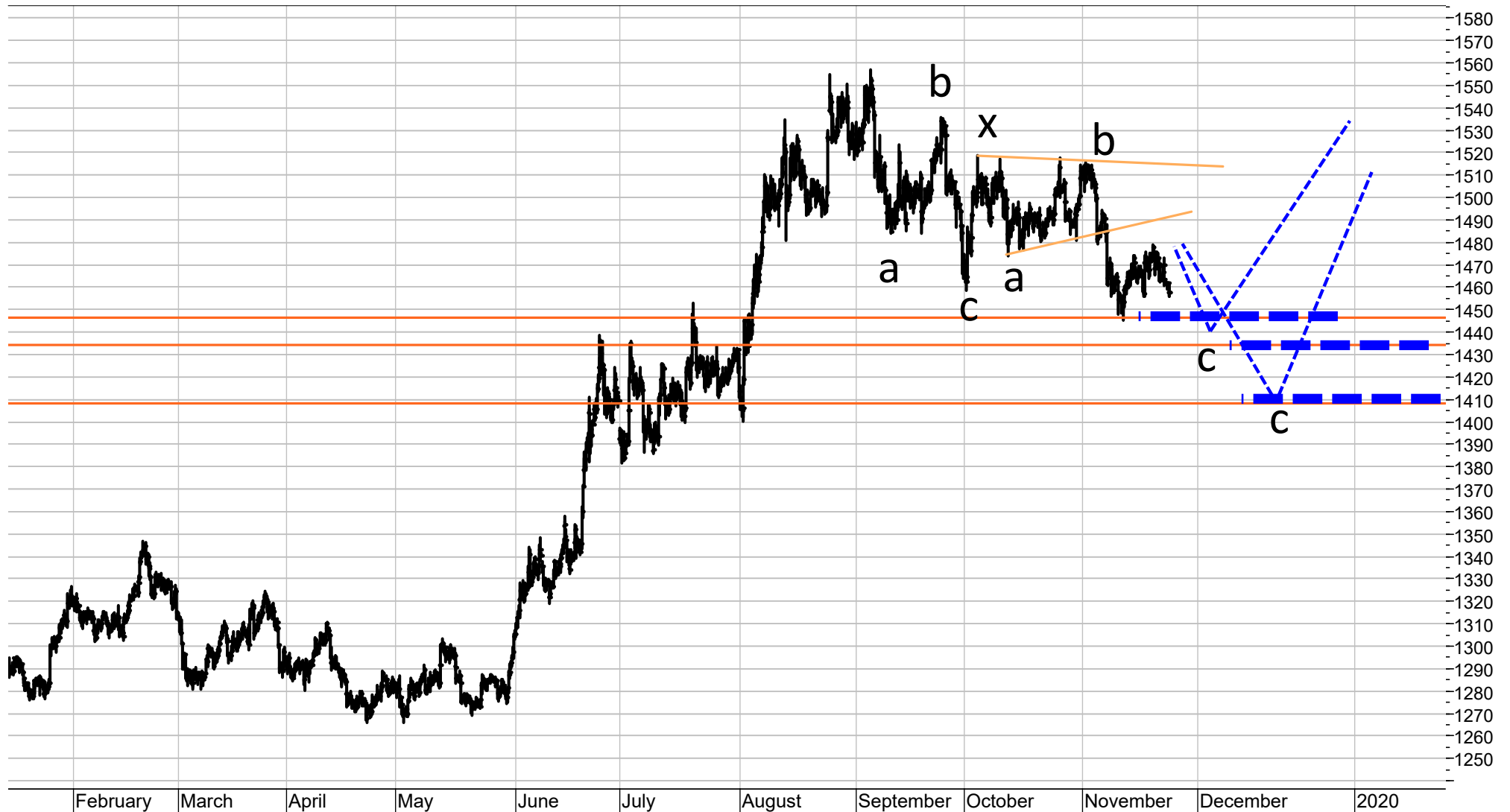
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Gold per Ounce in US dollar – 240-minute chart

My Long-term Outlook remains UP because I think the price weakness from early September is a “normal” correction a-b-c-x-a-b-c and that it still belongs to the long-term uptrend.
My Medium-term Outlook remains FLAT, although the present correction could well test the supports at 1445 / 1435 or even 1405.

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

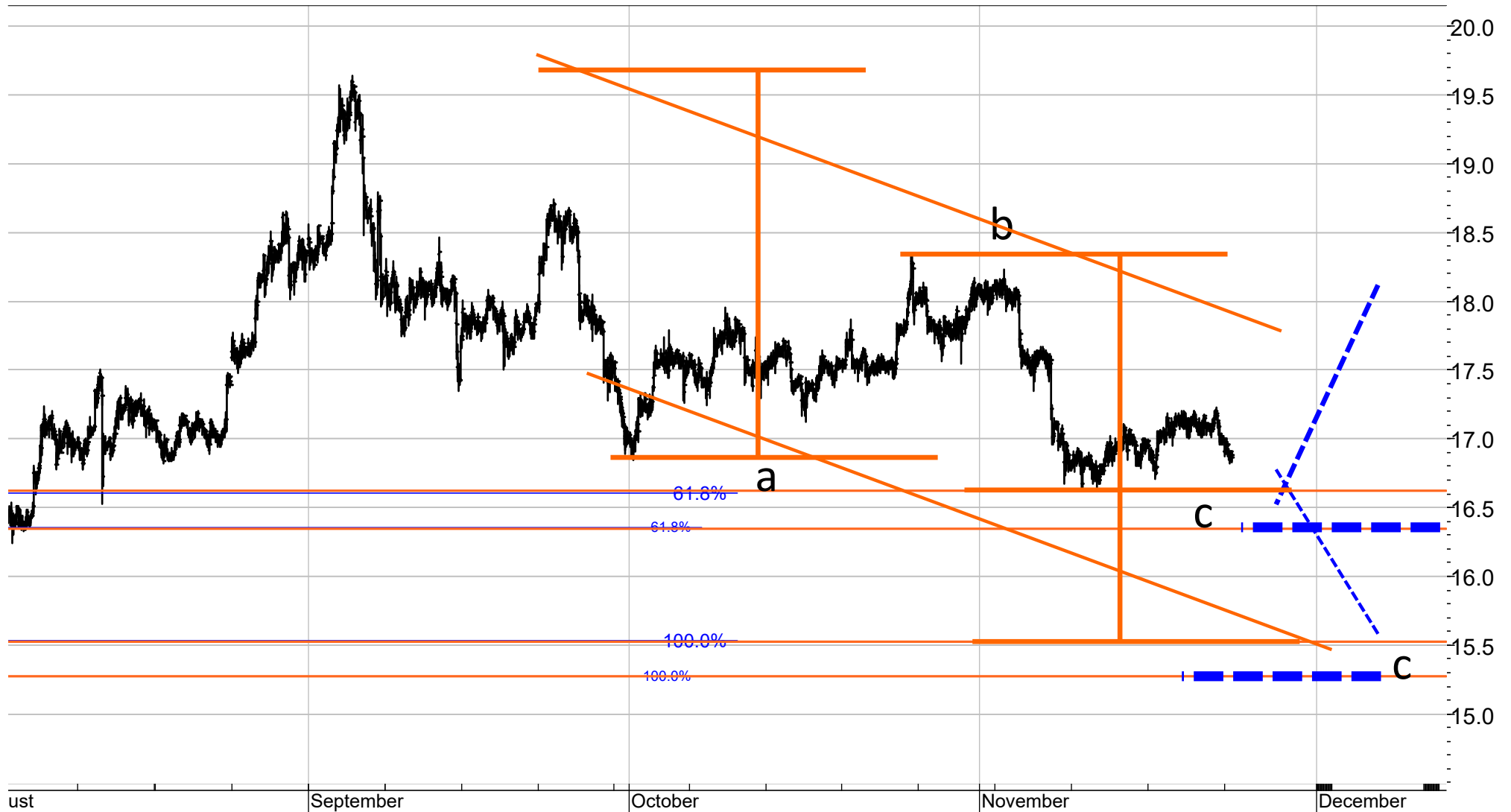


Silver – hourly chart

The chart below shows the correction in Silver, which it entered in early September. The Fibonacci correlations between the down legs a and c in September and November indicate major supports at 16.60 / 16.30 and 15.50 / 15.20.

My Long-term Outlook could move to long-term FLAT and my Medium-term Outlook could move to DOWN if 16.30 is broken.

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



GLOBAL INTEREST RATES and Total Return

The US 10-year T-Note Yield remains in its neutral consolidation. In most countries the yield lows if last September could well be re-tested or broken next year. Despite of the yield rally from September I cannot conclude that the yield long-term downtrend is already over.

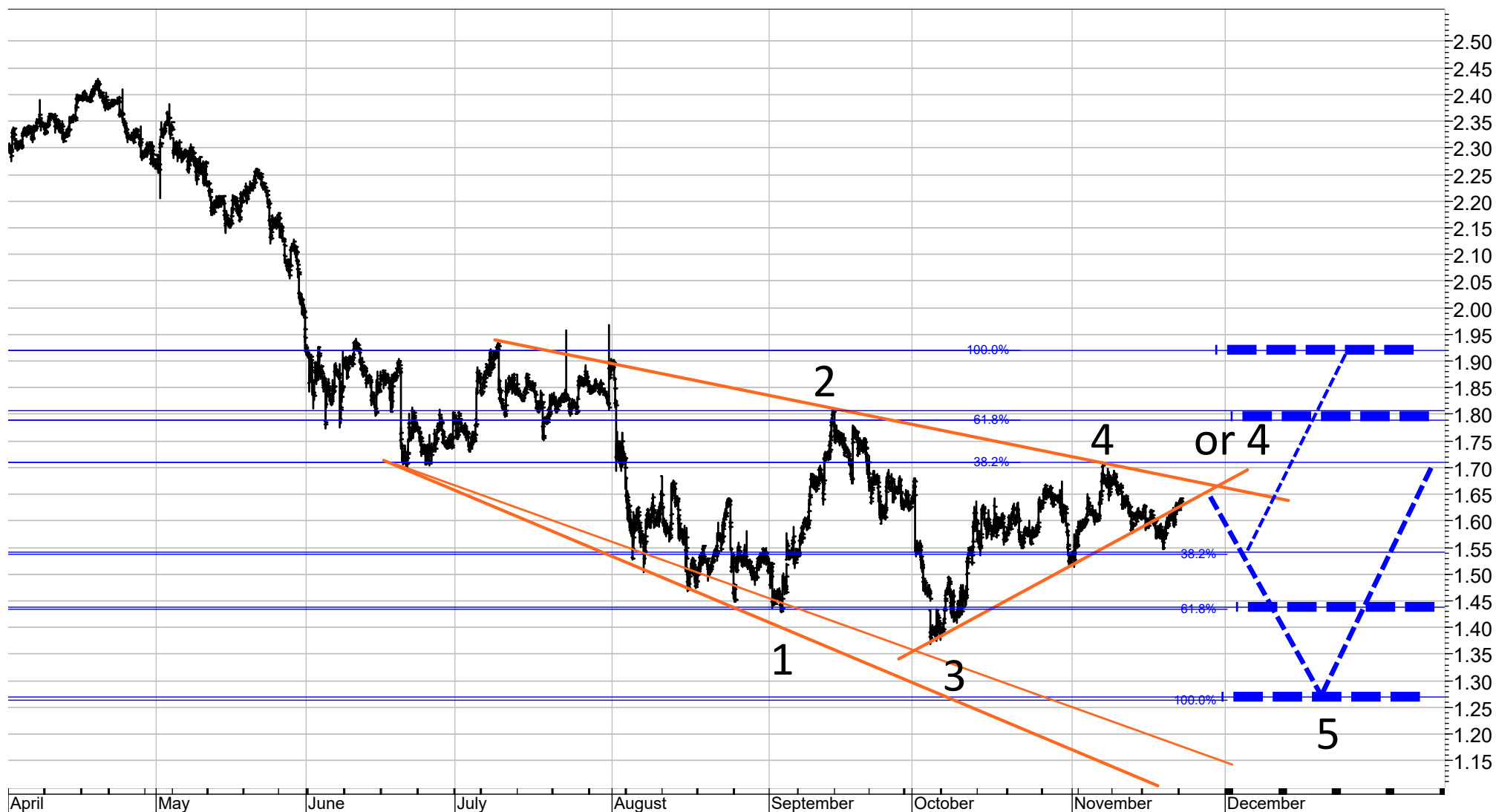
The Swiss yield fell from the long-term resistance at -0.34%. I believe that this level is of paramount importance and that the Swiss 10-year Yield is likely to stay in a large consolidation between -0.34% and -0.85%, possibly for the entire year 2020.

WHAT YOU SHOULD DO: Keep your eyes on the long-term resistance levels at 1.98% / 2.03% in the US 10-year Yield and -0.34% in the Swiss 10-year yield.

US 2-year Treasury Note Yield – hourly chart

The wave structure of the 2-year Note Yield does not yet allow to conclude that a major bottom is in place. For such a conclusion the Yield would have to rise above 1.71%, 1.80% and 1.92%.
My Long-term Outlook remains DOWN because the pattern from June could be an Expanding Wedge with one more downleg in the cards. It would move to FLAT if 1.81% is broken.
My Medium-term Outlook remains FLAT. It would move to UP if 1.71% is broken.

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

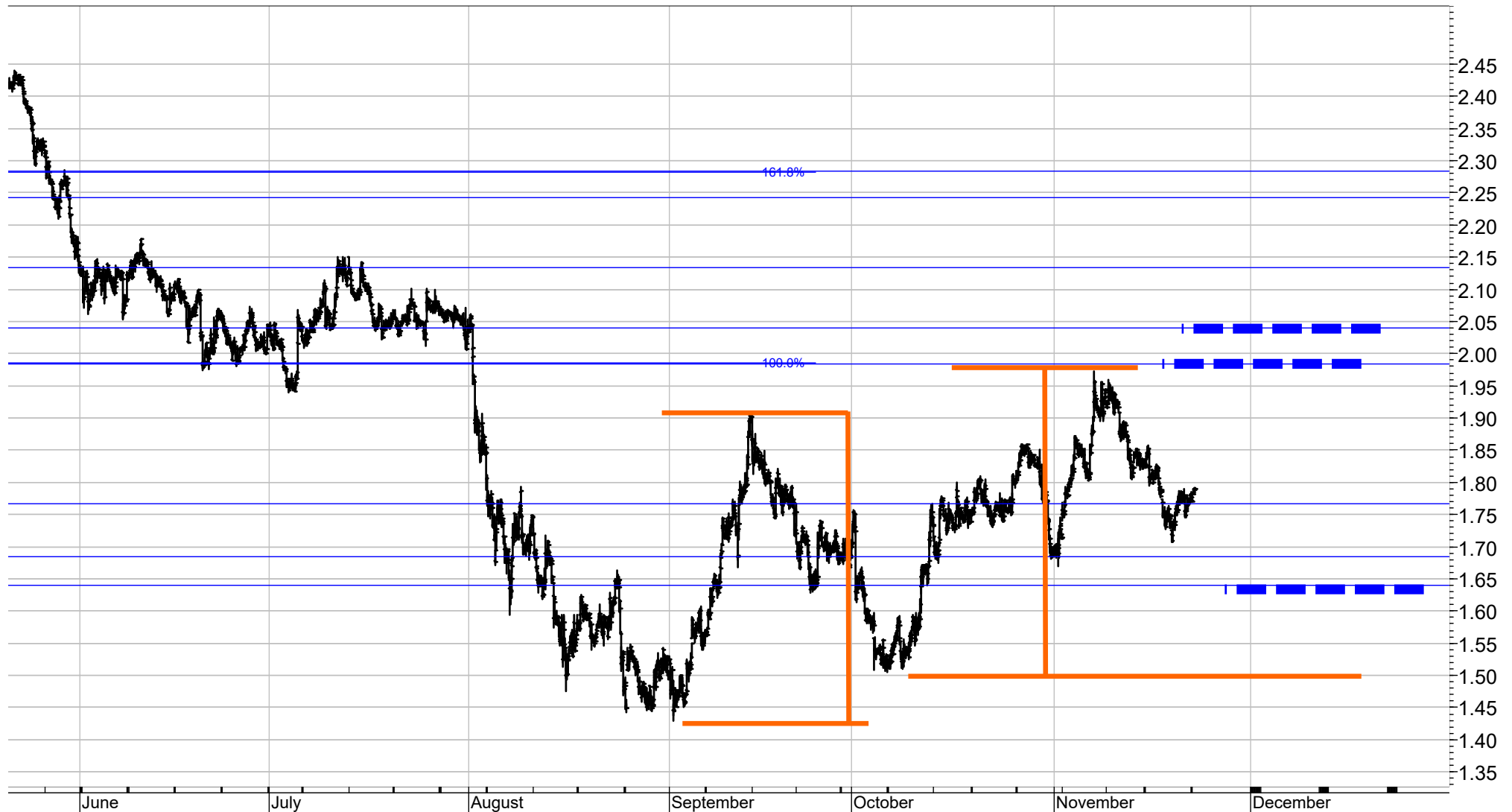


US 10-year Treasury Note Yield – hourly chart

The Fibonacci wave correlation of the two uplegs in September and October indicates that a major upturn in the 10-year Yield would be signaled only if 1.98% to 2.03% is broken. Supports are 1.68% and 1.64%. A break of these levels would signal the resumption of the yield downtrend to register another new low.

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

My Long-term Outlook remains DOWN below 2.03%. My Medium-term Outlook remains UP but only as long as 1.64% is not broken.

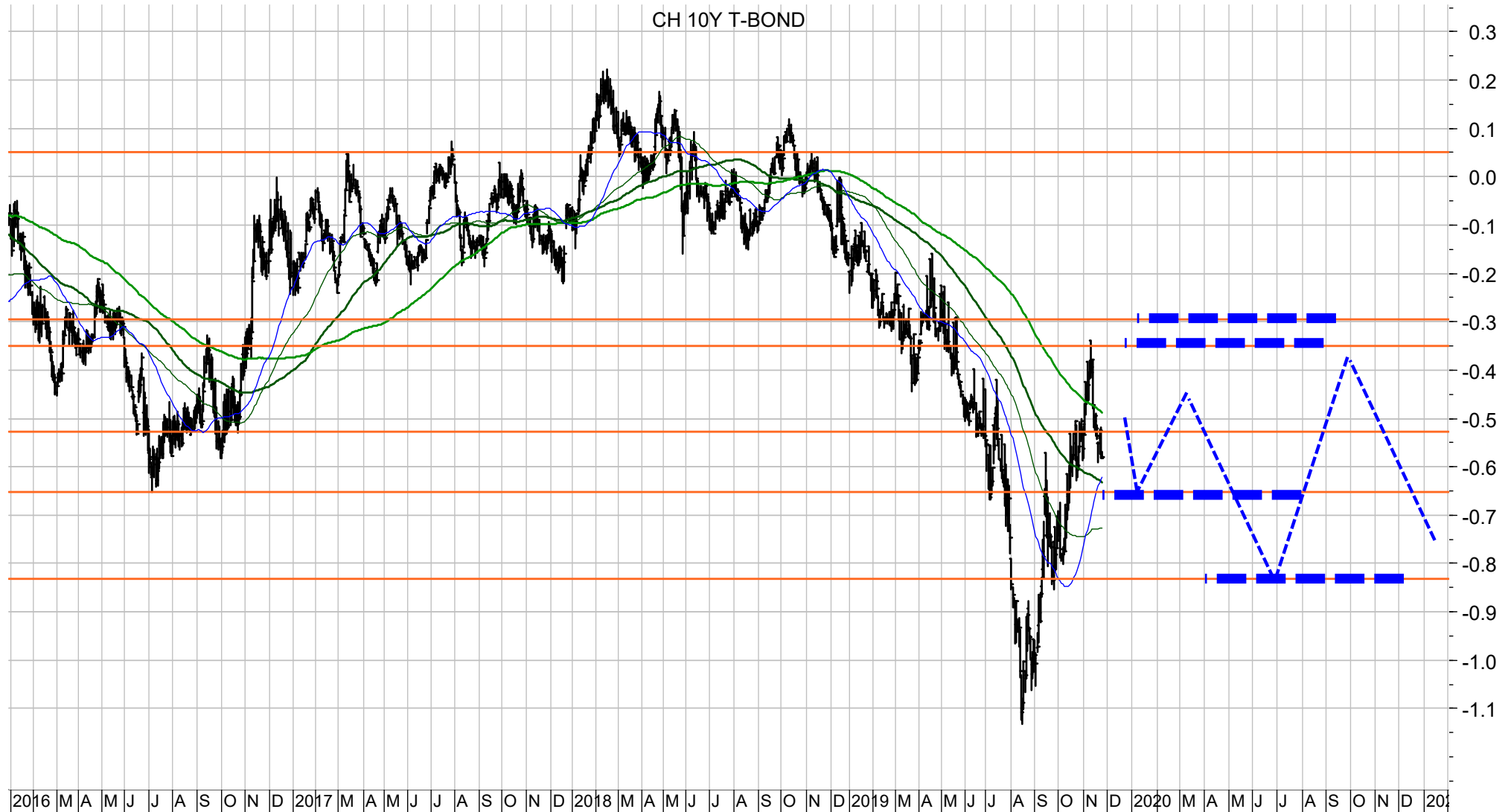


Swiss 10-year Conf Yield – daily chart

The 10-year Swiss yield has declined from the long-term resistance, which I had projected at -0.34%. I believe that this level is of paramount importance and the Yield is likely to stay in a large consolidation between -0.34% and -0.85%, possibly for the entire year 2020.

I am downgrading my Long-term Outlook to FLAT and my Medium-term Outlook to DOWN.

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



Global Government Bond Index relative to the MSCI World Stock Market Total Return Index

The Total Return Index from the Global 7-10-year Government Bonds fell to the major support at 18.50 / 18.10. A break of this support would mirror that the global stock markets are breaking through their long-term resistance levels. Such a positive performance would mean that global bonds continue to underperform global stocks. However, as I discussed in the section stock market indices, I still expect at least one medium-term equity correction. Therefore, I am looking for the relative chart below to undergo another medium-term rebound in favor of the bonds.

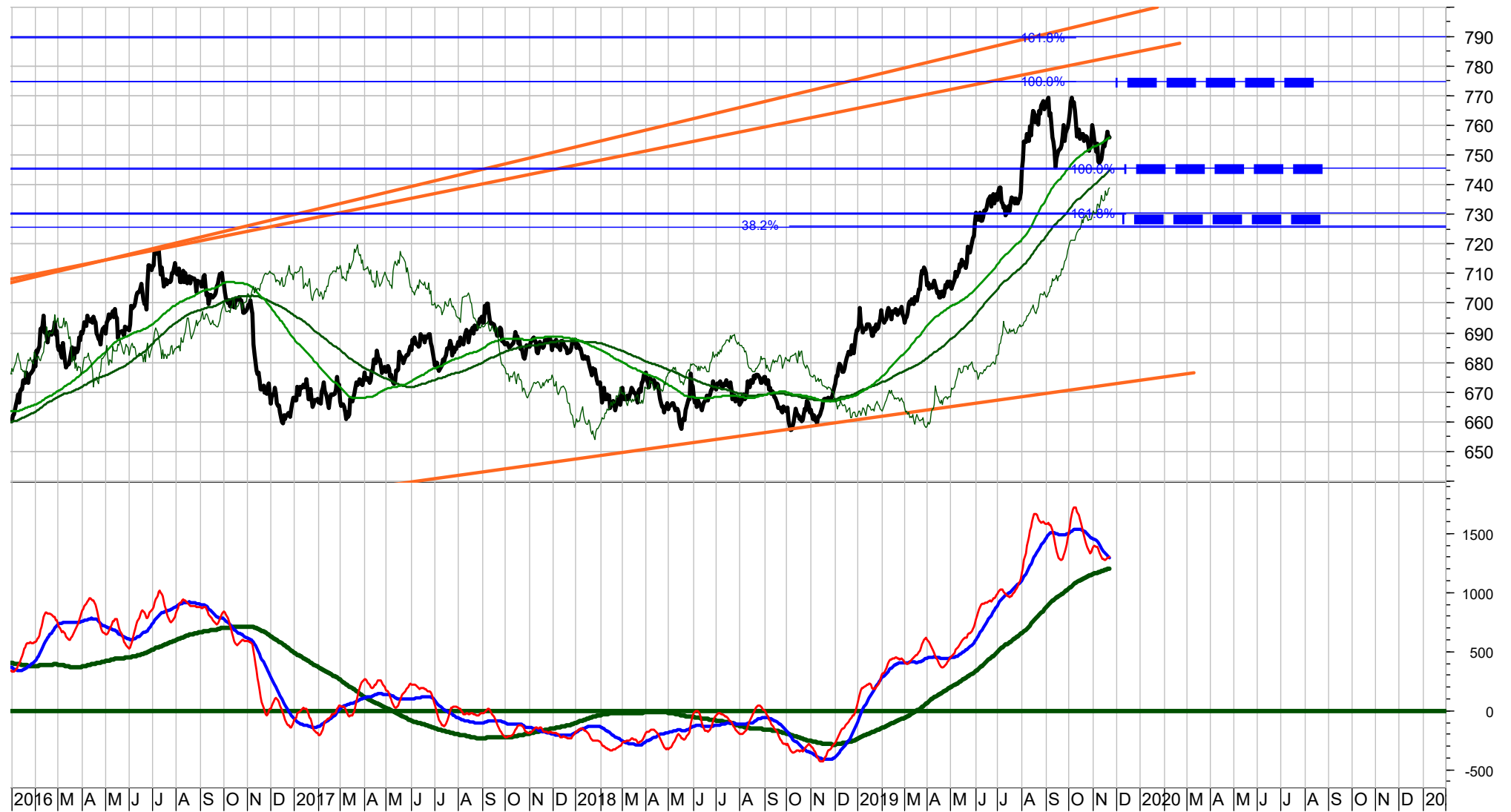


Total Return from 7-10 year US Treasury Notes – daily chart

The Total Return from the 7-10-year T-Notes is bouncing off the lower end of the consolidation range from early September.

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

My Long-term Outlook remains UP because the TR remains above the 144-day average (at 745) and above the long-term momentum reversal at 735. My Medium-term Outlook remains FLAT because the TR remains in the trading range.

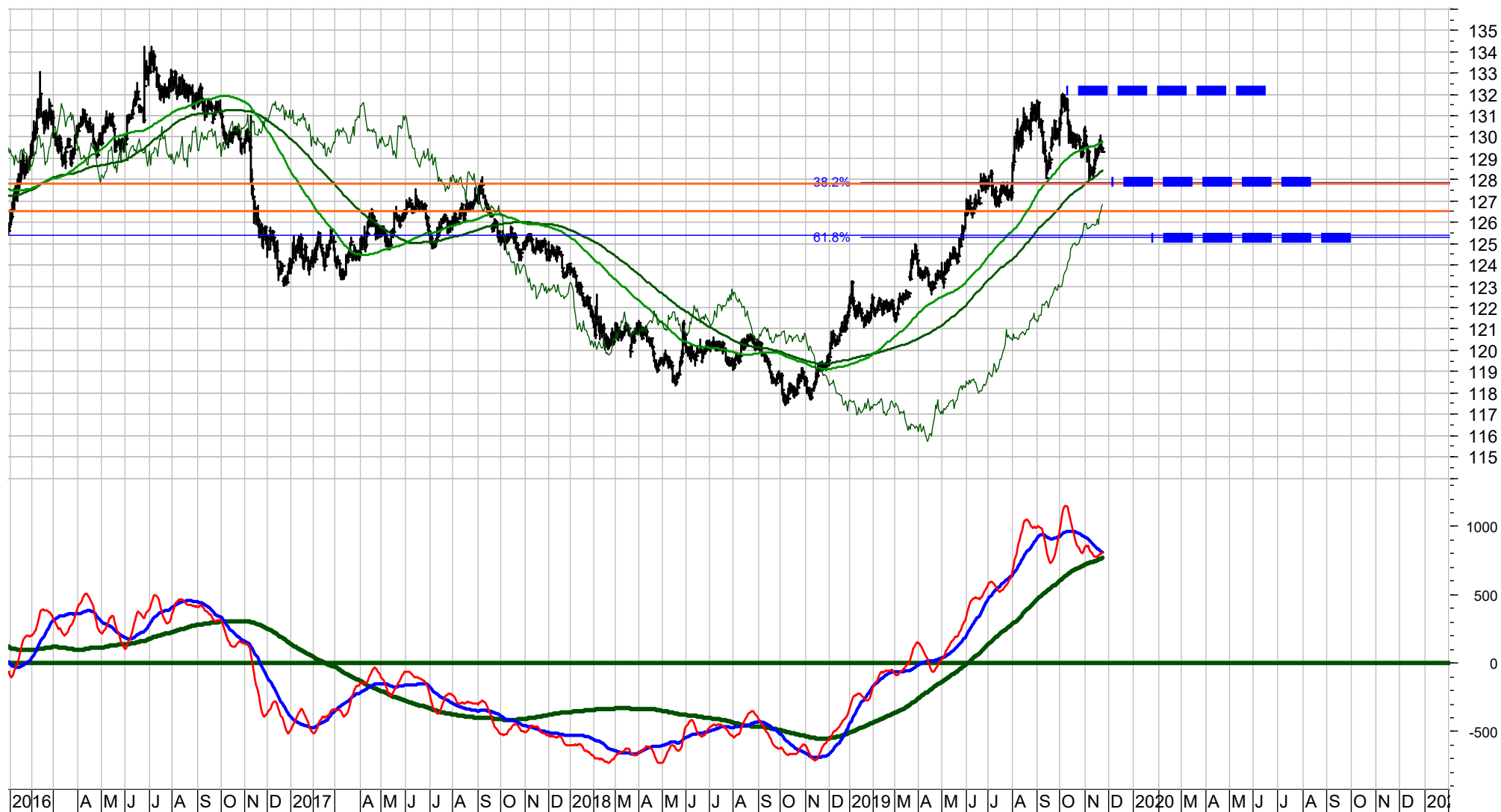


US Treasury Notes continuous Future – daily chart

The T-Notes Future remains in its consolidation from early September. Presently, it is bouncing off the support at 128 / 127.50.

My Long-term Outlook remains UP because the Future remains above the 144-day average and above the long-term momentum reversal at 127. **My Medium-term Outlook remains FLAT** because the Future remains in its consolidation.

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



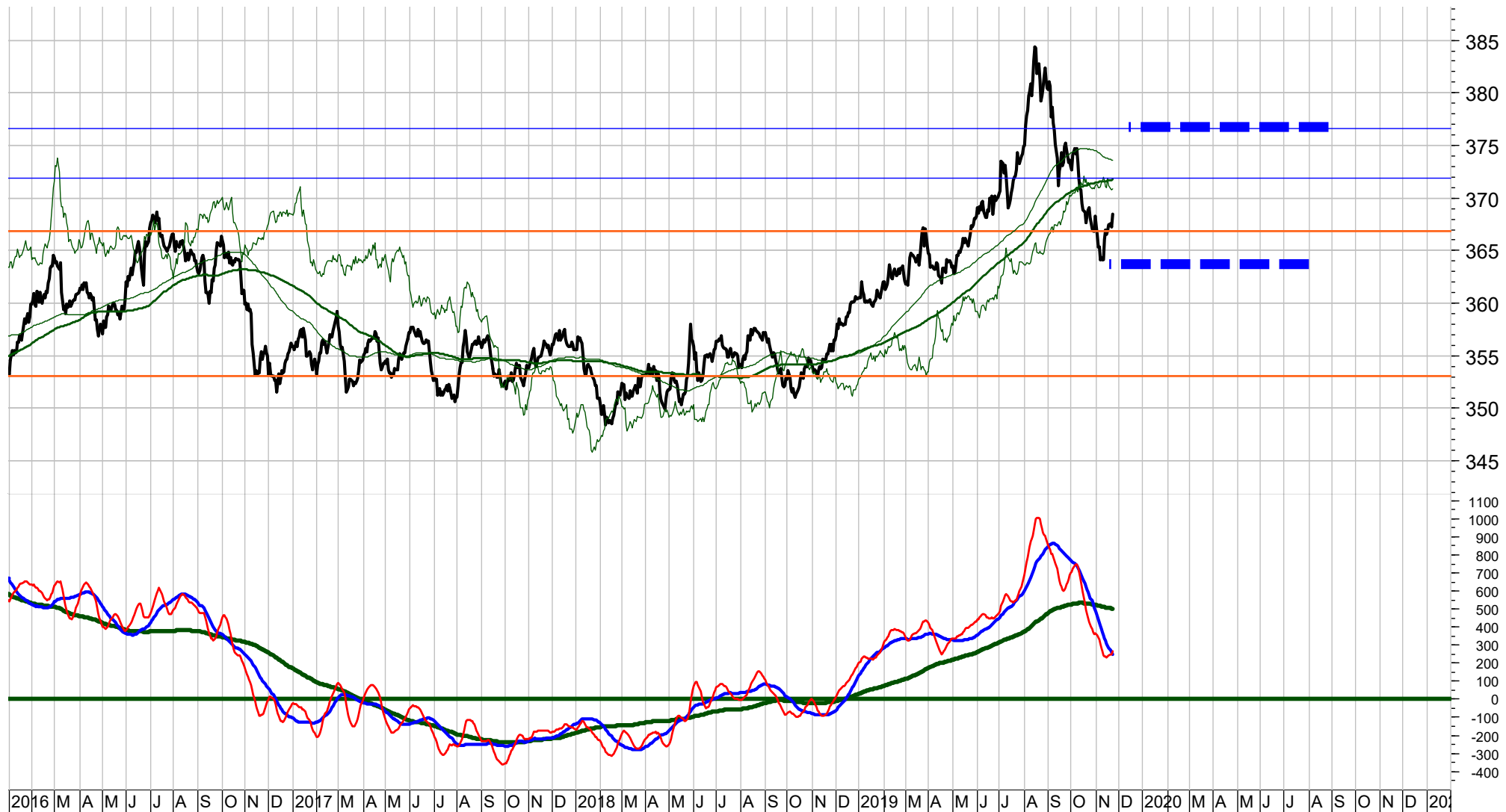
Total Return from 7-10 year Swiss Conf Bonds – daily chart

The Total Return from the Swiss 7-10-year bonds is likely to have entered a medium-term rebound. This rebound could test from below the 89-day and 144-day moving averages and the long-term momentum reversal. Resistance is at 372 and 376.50.

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

My Long-term Outlook remains DOWN because the TR remains below the long-term trend and momentum indicators.

I am upgrading my Medium-term Outlook from DOWN to FLAT.



FOREX

The downtrend in the fiat-paper-money relative to Gold, which began in December 2015 remains intact. But, the US dollar measured in Gold has entered a medium-term rebound. If it breaks 0.7050 / 0.7350 to signal a major upturn in the US dollar.

The US dollar / Swiss franc is holding its ground very well. It raises some doubts over my bearish US dollar outlook. In fact, the US dollar strength could extend into 1Q 2020 before a bout of weakness occurs.

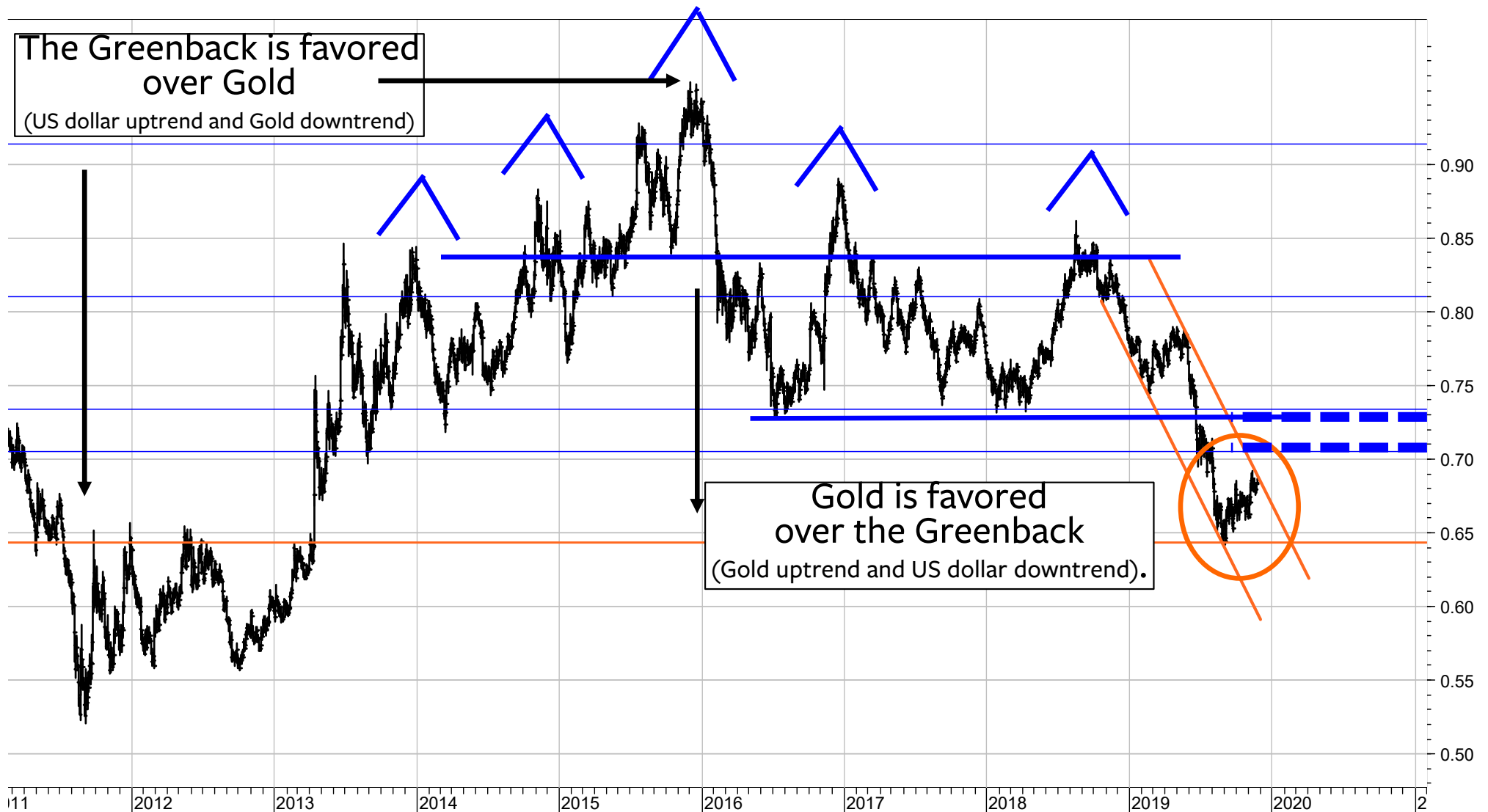
The Euro has not provided the expected evidence to identify a major bottom. Rather, it is weakening again. So are the Australian dollar and the British pound. It takes more time and price strength above 1.1120 / 1.1180 for the Euro to trigger a major uptrend signal. Until then, the Euro and the US dollar remain in their consolidation.

WHAT YOU SHOULD DO: Watch the Euro, Australian dollar and British pound to see if they can turn their long-term trend upwards or, as is also becoming a possibility, that the US dollar uptrend is extending its uptrend into the first quarter 2020.

Metal versus Paper Money - US DOLLAR measured in Gold

The rebound in the US dollar from late August (circled, marked orange) is part of the major US dollar downtrend, which began in December 2015.

It would take a rise above 0.7050 / 0.7350 to give the rebound the look of a major turnaround in favor of the US dollar.



Swiss franc per US DOLLAR – daily chart

For the past few months, my focus on US dollar / Swiss franc has been on the big triangle, which appeared to be forming since the high at 1.0350 in December 2016. However, the reluctance of the US dollar to break the neckline of a potentially bearish Head and Shoulder top at 0.97 raises some doubts on the triangle interpretation. Possibly, the US dollar can remain within the triangle lines and attempt to break upwards into 1Q 2020.

My Long-term and Medium-term Outlook remain DOWN. But, I might need to re-assess the US dollar outlook if 1.00 / 1.01 is broken.

Long-term Outlook: USD DOWN
Medium-term Outlook: USD DOWN ?

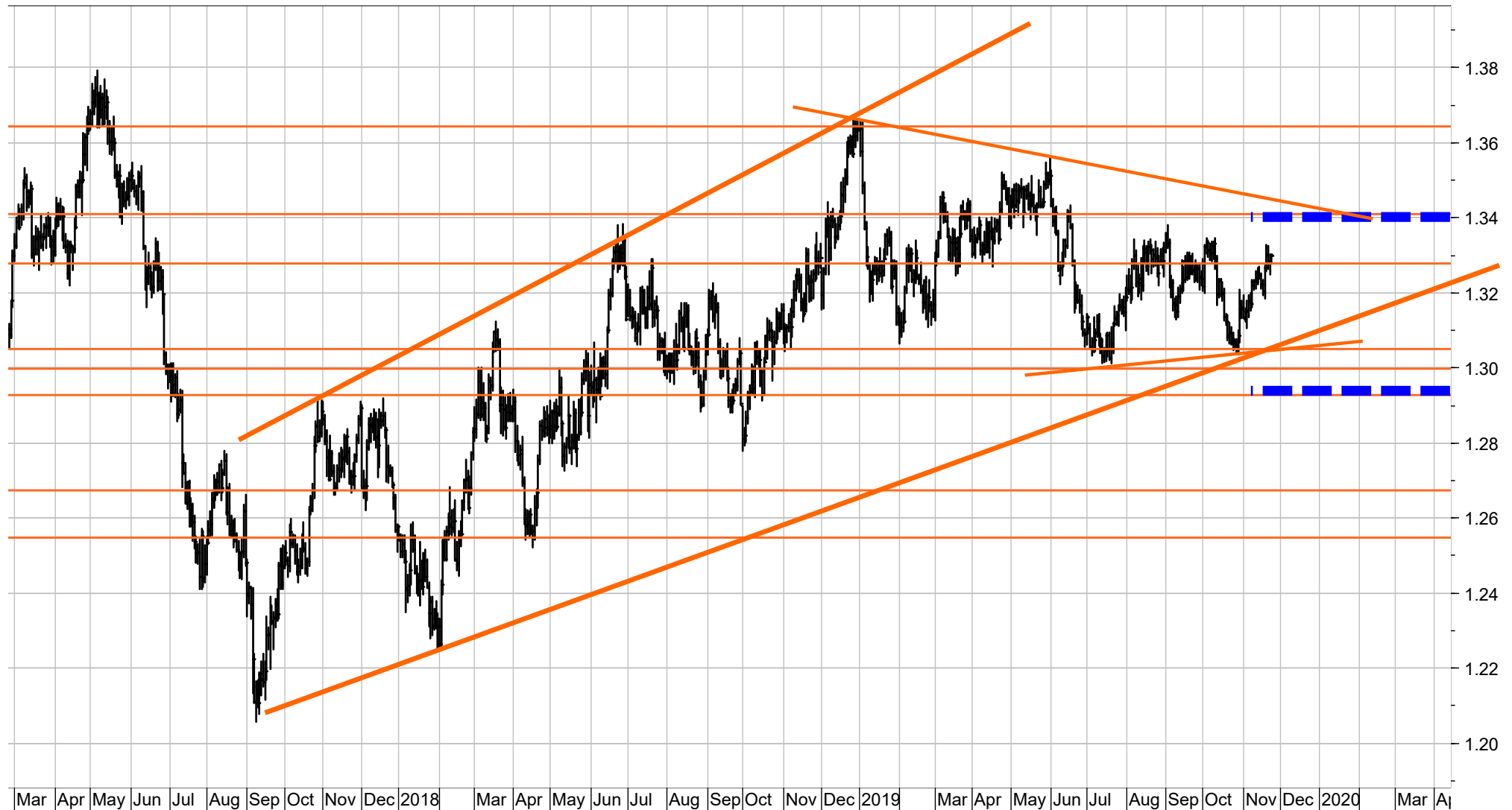


Canadian dollar per US DOLLAR – daily chart

My focus on US dollar / Canadian dollar is on the triangle, which has been forming since the high at 1.36 in December 2018. It is, however, not clear if the triangle is part of the uptrend from September 2018 or if it is part of downtrend, which began in January 2019. The resistance levels are at 1.33 and 1.34. The supports are at 1.30 / 1.29 and 1.26 / 1.25.

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

My Long-term and Medium-term Outlook remain DOWN. But, I would look for an upgrade to It FLAT and mt UP if 1.34 is broken.

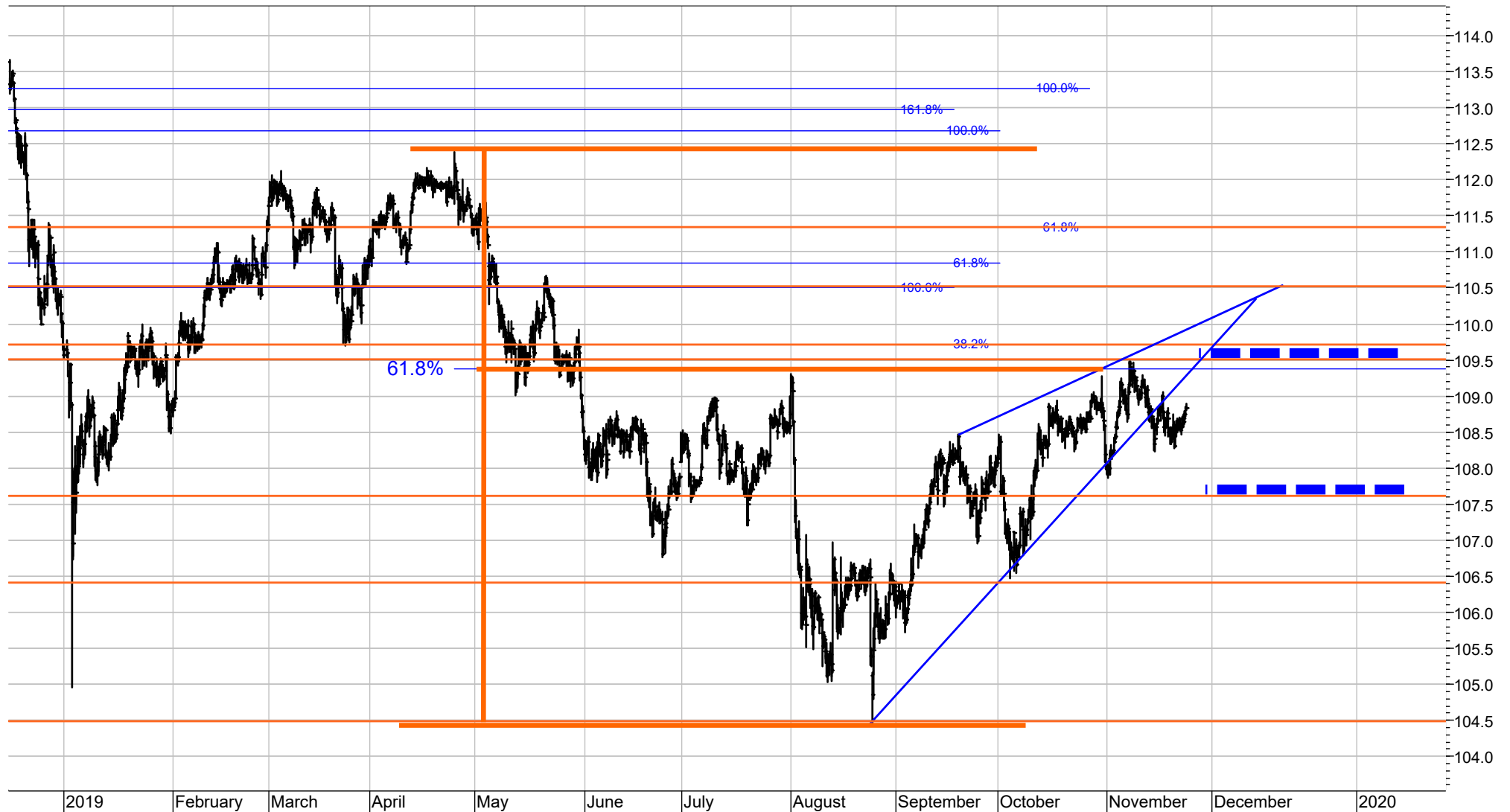


Japanese yen per US DOLLAR – 240-minute chart

The US dollar has rallied from August to the resistance at 109.70. This rally has retraced 61.80% of the decline from April to August. A break of 109.70 would signal 110.50, 111.50 or 112.50 / 113.70. The presently unfolding decline has supports at 107.60 and 106.40.

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

My Long-term Outlook is upgraded to FLAT. My Medium-term Outlook remains FLAT between 109.70 and 107.50.



Chinese yuan per US DOLLAR – 240-minute chart

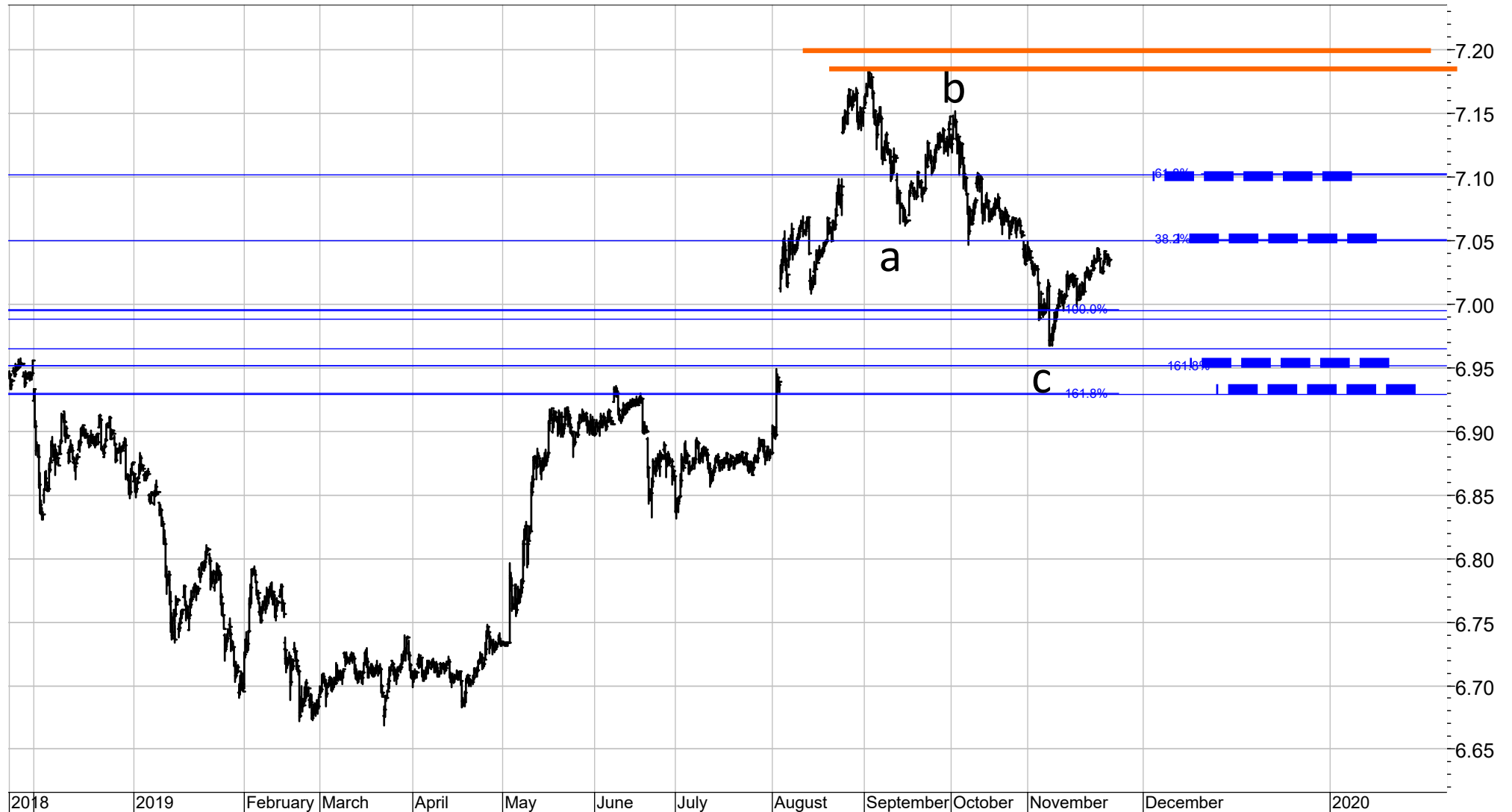
The US dollar has just completed a Flat correction a-b-c, in which Wave c was 1.618 times the length of Wave a at 6.95.

The odds still favor the resumption of the US dollar uptrend above the long-term resistance at 7.20.

Clearly, the bullish US dollar outlook would be negated only if 6.93 / 6.86 is broken.

My Long-term Outlook remains UP and my Medium-term Outlook remains FLAT, unless 6.95 / 6.93 breaks.

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



Mexican peso per US DOLLAR – daily chart

The US dollar remains in the Horizontal Triangle from 2017.
Supports are 18.90 and 18.40.
Resistances are at 20 and 20.50.

My Long-term and Medium-term Outlook remain FLAT between 18.90 and 20.

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

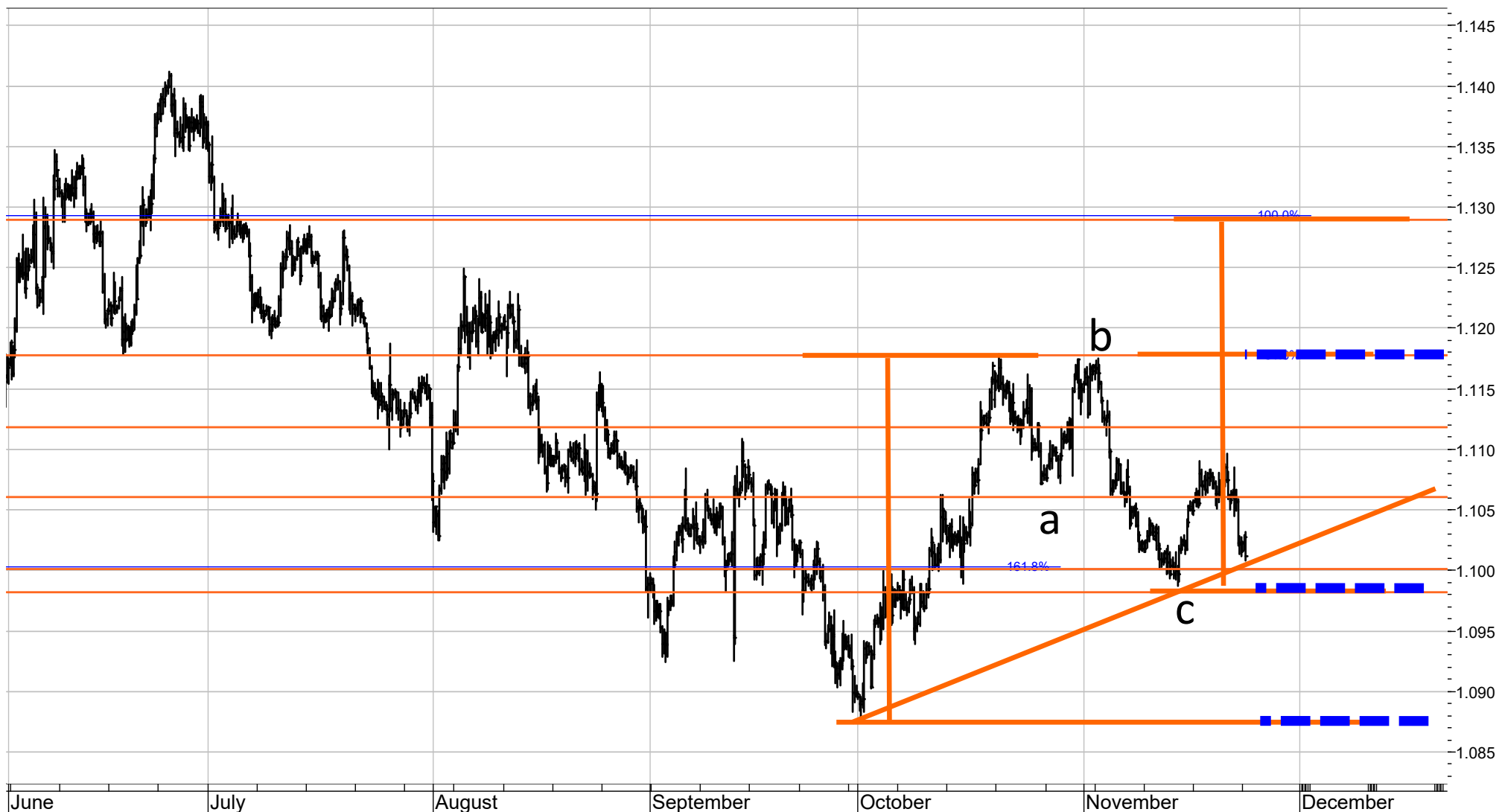


US dollar per EURO – 240-minute chart

The Euro is trading between the resistance at 1.1120 / 1.1180 and supports at 1.0980 / 1.0870. The decline of last week and the possible break of the support at 1.0980 could mean the Euro will re-instate the major downtrend, instead of forming a long-term bottom. For the bottom to complete and for the Euro to signal a major upturn it would take a rise above 1.1120 / 1.1180.

For now, my Long-term Outlook remains FLAT. My Medium-term Outlook could shift from UP to FLAT if 1.0980 is broken.

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



US dollar per BRITISH POUND – daily chart

The British pound is still digesting the price surge. It appears to be corrective and imply that the Pound could rise to at least 1.31. It will take a break of 1.31 to signal 1.38.

My Long-term and Medium-term Outlook remain UP. However, the support at 1.24 must not be broken if the uptrend in Wave c is still unfolding.

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



US dollar per AUSTRALIAN DOLLAR – 240-minute chart

The Australian dollar is testing the 61.80% retracement to the October rally at 0.6770.

The Expanding Wedge from January 2019 is likely to add one final downleg in Wave 5. At that point, the Australian dollar could be ready for a long-term upturn (downturn of the US dollar).

Presently, the Aussie dollar must rise above 0.6950 to signal the termination of the wedge and the beginning of a new Aussie uptrend.

My Long-term and Medium-term Outlook remain FLAT.

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



Swiss franc per EURO – 240-minute chart

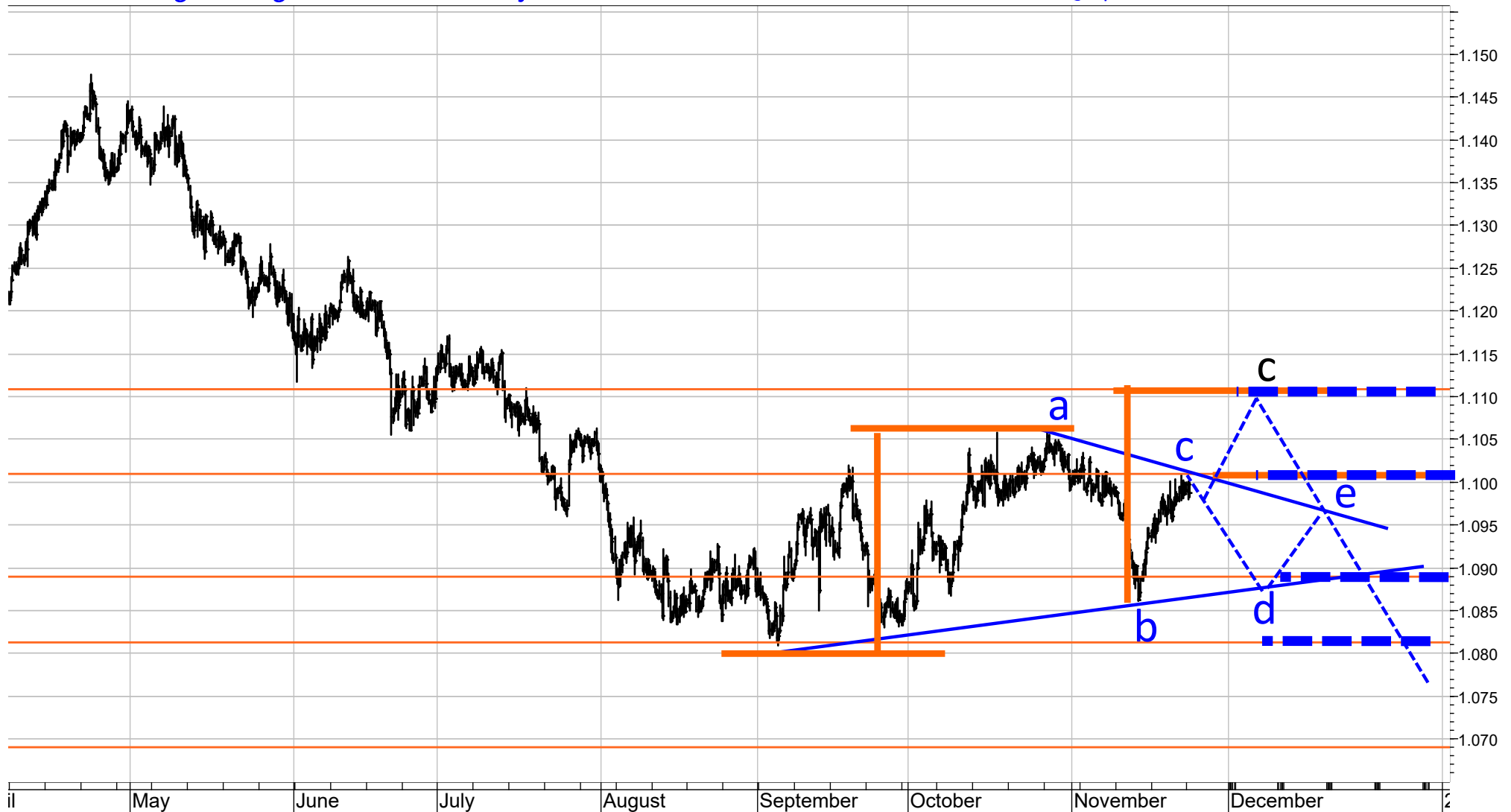
The Euro continues to consolidate in what could be a TRIANGLE or a FLAT.

The TRIANGLE would signal a decline to 1.0890 ($d=0.618 \times a$), followed by another rally towards 1.0979 and the resumption of the major Euro downtrend. The FLAT would signal more Euro strength to 1.1110 ($c=a$) and then the resumption of the major downtrend below 1.08.

My Long-term Outlook remains DOWN because I still see the consolidation from September as part of the long-term downtrend, rather than the forming of a long-term Euro bottom. My Medium-term Outlook could shift to DOWN if 1.0850 / 1.08 is broken.

Long-term Outlook: EUR DOWN

Medium-term Outlook: FLAT



US dollar per BITCOIN – daily chart

The Bitcoin broke the supports at 8300, 7900, 7550 and sold off to 7700 / 6200, a break of which would signal more weakness to 3500. However, as long as 6200 is not broken, the Bitcoin could just have completed Wave c of a large TRIANLGE (a-b-c-d-e, marked blue), which began in December 2017. This would imply that the Bitcoin could enter Wave d and rise to 11000. Resistance levels are 9500, 11000 and 14000. Major supports are 6200 / 6000 or 3500.



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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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