



GLOBAL CHART OUTLOOK

investing ahead of the crowd

GLOBAL MARKETS

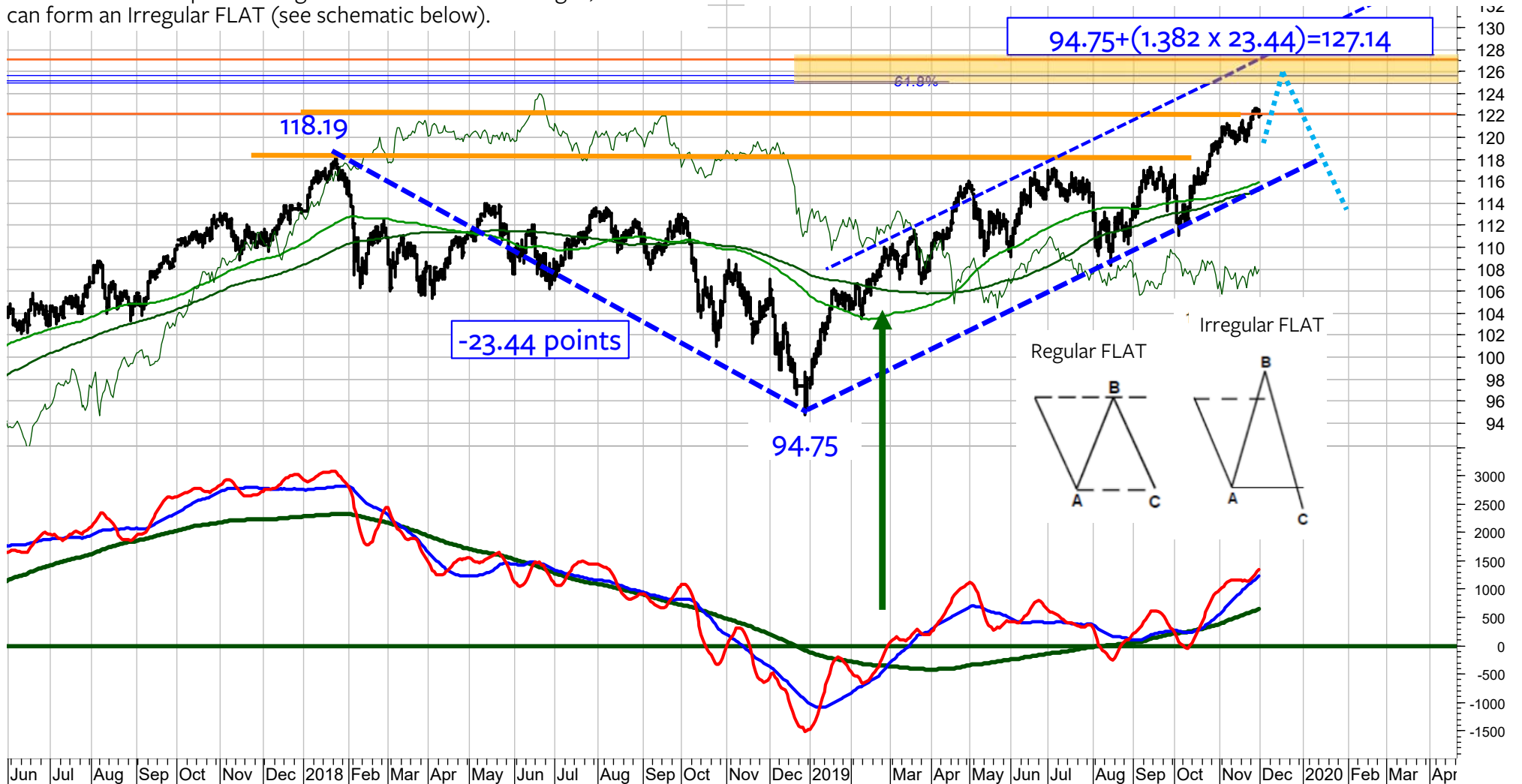
2nd December 2019 / Issue #46

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

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

The Equally Weighted Stock Market Index is testing the long-term resistance range between 122 and 127. Whenever a correction, such as the Index traced out from January 2018 to December 2018, is followed by a rise to the old high (118.19) the Elliott Wave Principle offers two wave patterns to assess the medium-term and long-term outlook. 1) The regular FLAT in which Wave B returns to the previous high and which is followed by Wave C to the same level where Wave A ended. 2) When Wave B breaks the previous high from which the FLAT began, the Index can form an Irregular FLAT (see schematic below).

In an irregular FLAT, the previous high can be surpassed by a maximum of 38.20% of the length of Wave A. Wave B is then followed by Wave C to or, in most examples, below the low of Wave A. The SEWPI did break the previous high at 118.19 in October 2019. The correlation to Wave B being no longer than 1.382 times the length of Wave A indicates a major resistance at 126 / 127. I continue to expect the present stock market rally to test this resistance and to enter a medium-term correction.



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 / 10800.

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

Notice that the SMI is trading above the high from January 2018. However, the momentum indicators are just reaching the same level compared to the high in January 2018. In fact, with another 3% market rally, the short-term momentum indicator (bottom red) could top at the exactly same level as in January 2019. Clearly, a break in the SMI above 10800 would signal the resumption of the long-term uptrend, which will also be confirmed by a new momentum high. For now, the Medium-term Outlook remains FLAT.



Swiss MidCap Price Index (.SMIX) – daily chart

My Long-term Outlook remains FLAT because the SMIM is trading just below long-term resistance at 1080 / 1120.

The test of this long-term resistance range remains most critical to my assessment of the long-term and 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.

The test of this long-term resistance range remains most critical to my assessment of the long-term and medium-term outlook.

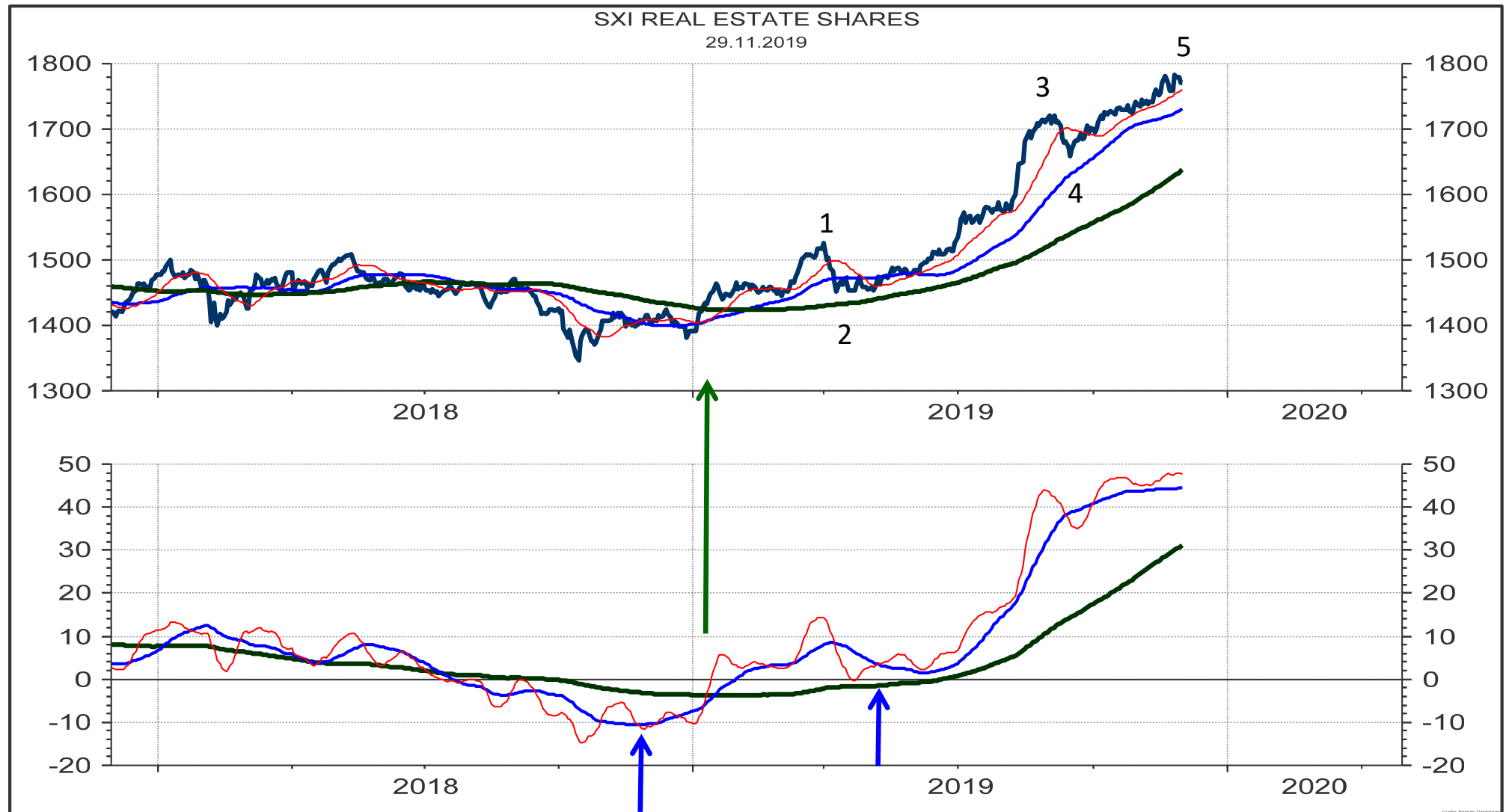
Long-term Outlook: FLAT
Medium-term Outlook: UP



SXI Swiss Real Estate Shares

I recommended purchase of the Swiss Real Estate Shares in my Chart Outlook of 14.1.2019, when I concluded that the medium-term and long-term trends were turning upwards. Now, the Index appears to be completing five waves up and thus, the uptrend from January could top out with a gain of 23%.

**The MEDIUM-TERM OUTLOOK FOR THE SWISS REAL ESTATE SHARES IS DOWNGRADED TO FLAT.
THE LONG-TERM OUTLOOK REMAINS UP.**



MSCI Switzerland relative to the MSCI All Country World Stock Market Index in Swiss franc

The Swiss stock market has outperformed the World Index in Swiss franc by 21% between mid 2018 and August 2019. The momentum indicators topped through the third quarter 2019 and signaled that the Swiss stock market is likely to match the performance of the World Index in Swiss franc into 2020. This will signal that it will be worthwhile for Swiss franc-based equity investors to increase their foreign equity asset allocation and reduce the Swiss holding. A break of the uptrend line below 2.55 would signal a downgrade of the Swiss stock market Index relative to the World Index from the present NEUTRAL to UNDERWEIGHT (OVERWEIGHT WORLD INDEX in Swiss franc).

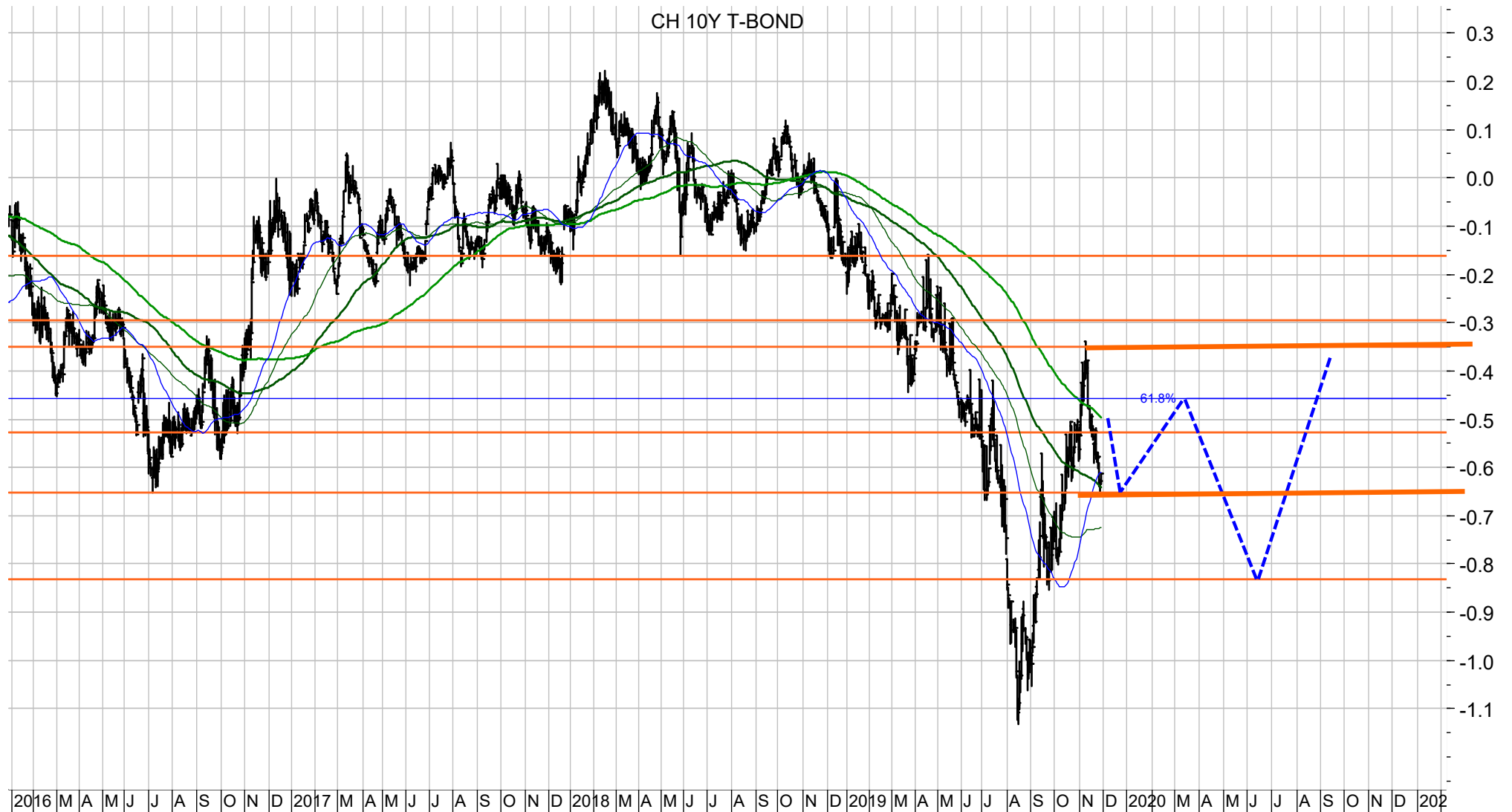


Swiss 10-year Conf Yield – daily chart

The 10-year Swiss yield has followed my forecast and fell to the major support at -0.65%. Obviously, the resistance at -0.34% and the support at -0.65% are the key levels, a break of which will signal the next major move.

Last week, I downgraded my Long-term Outlook to FLAT and my Medium-term Outlook to DOWN.

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



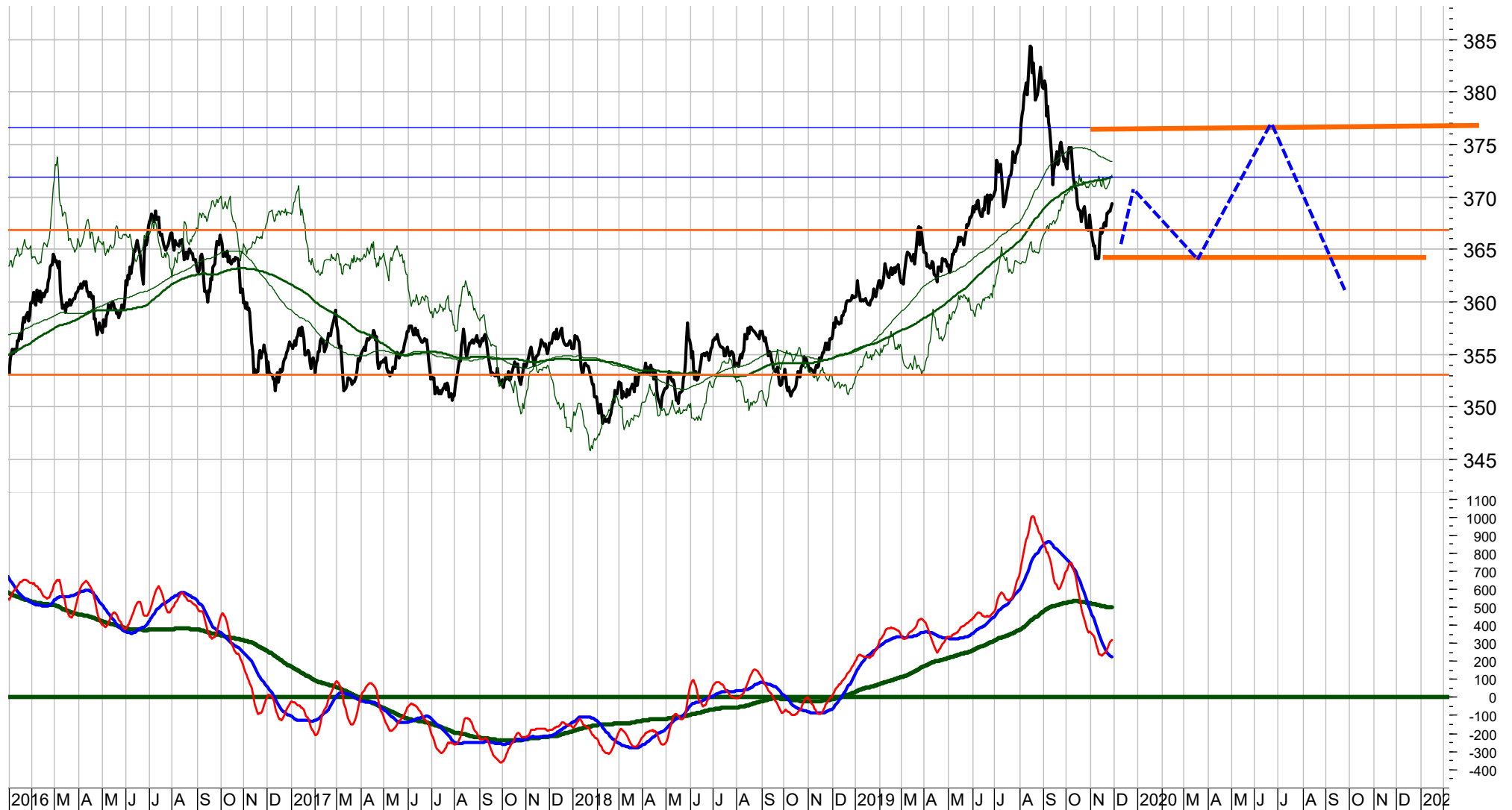
Total Return from 7-10 year Swiss Conf Bonds – daily chart

The Total Return from the Swiss 7-10-year bonds has continued to rebound off the medium-term support at 364. This rebound could test from below the 89-day and 144-day moving averages and the long-term momentum reversal at 372. Resistance is at 372 and 376.50.

My Long-term Outlook remains DOWN because the TR remains below the long-term trend and momentum indicators and because the decline from August to November appears as an impulsive down wave 1-2-3-4-5, rather than a corrective a-b-c.

This means, the odds favor a break of the support at 364 rather than a break above the former high at 385.

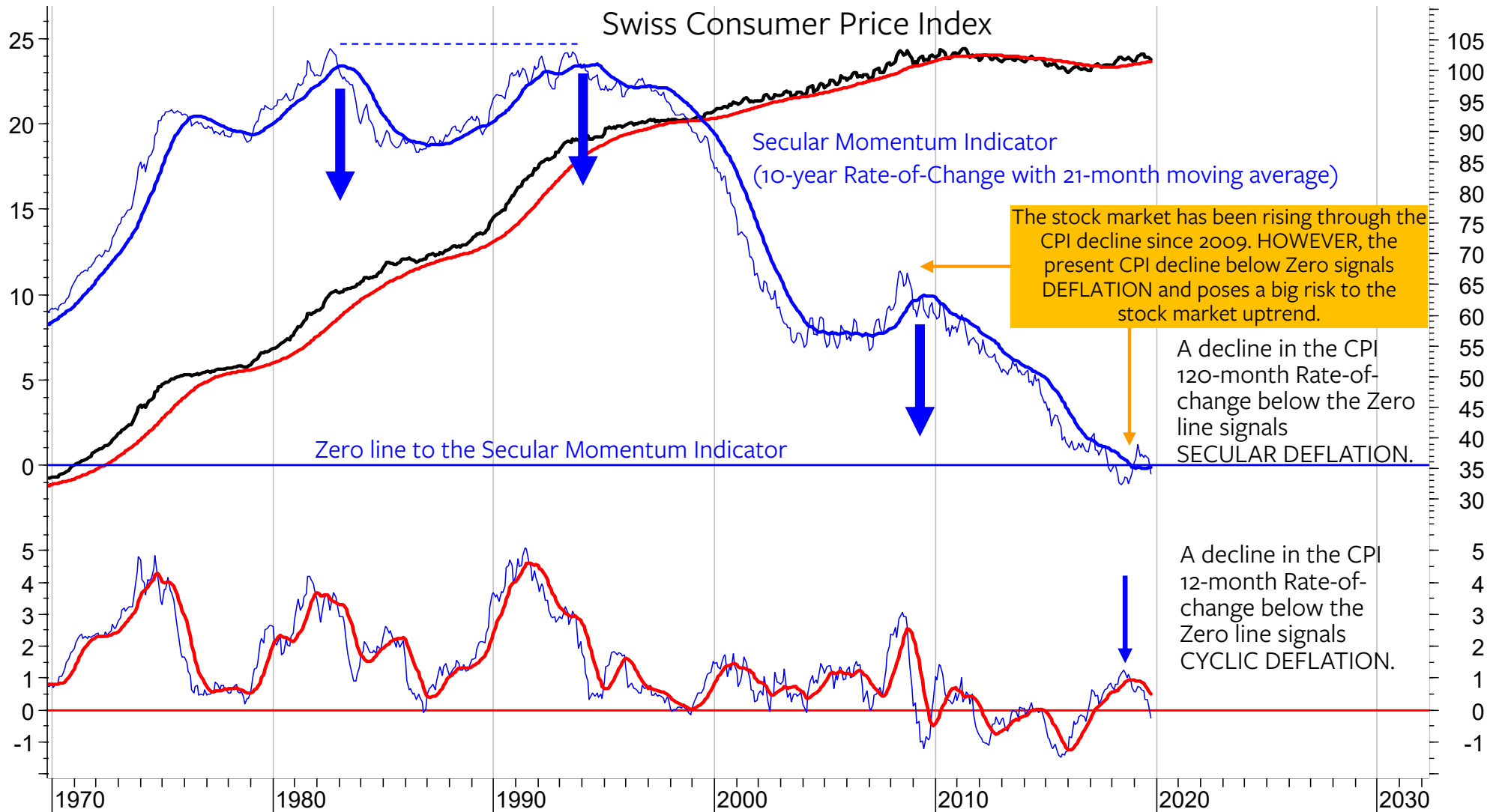
Long-term Outlook: DOWN
Medium-term Outlook: FLAT



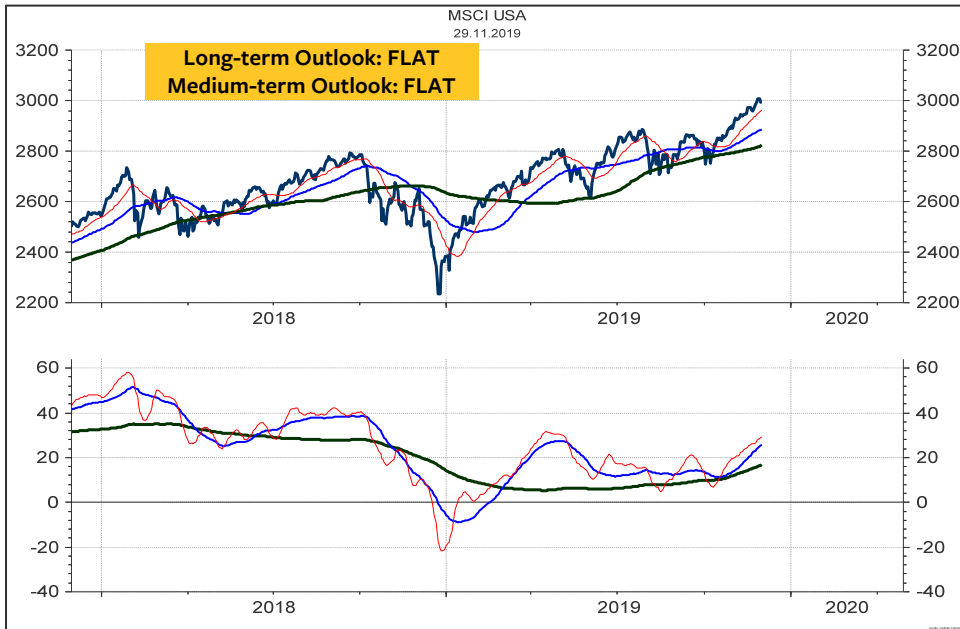
SWISS CPI – SECULAR momentum (10-year Rate-of-Change) and the 12-month Rate-of-Change

The upper chart shows the Swiss Consumer Price Index (black) with a 34-month moving average. The uptrend has been in force since the year 1933. It appears to have topped in the year 2008. Since then, it has been moving sideways. The secular momentum (upper chart, marked blue) has been declining since the peak in inflation in August 1982 and 1993. IN EARLY 2018, THE SECULAR MOMENTUM FELL BELOW THE ZERO LINE. This means that Switzerland has reached SECULAR DEFLATION.

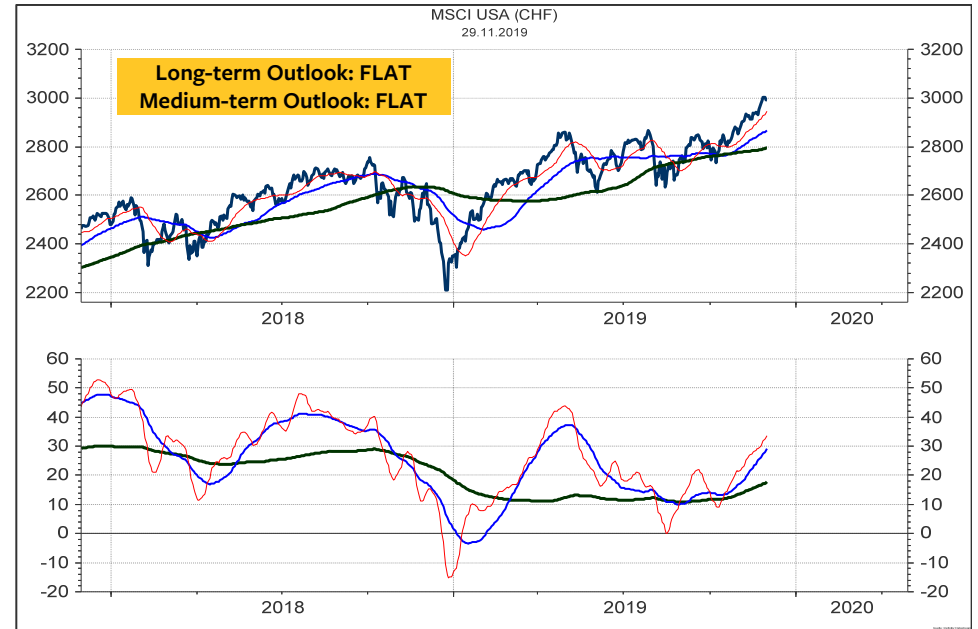
The bottom chart shows the 12-month Rate-of-Change of the Swiss CPI. It highlights the Cyclic Deflation, which began with the decline below the Zero line in the financial crisis in 2009. Note that in October 2019 the CPI 12-month RoCh again fell below Zero. The risk is that DEFLATION accelerates in 2020.



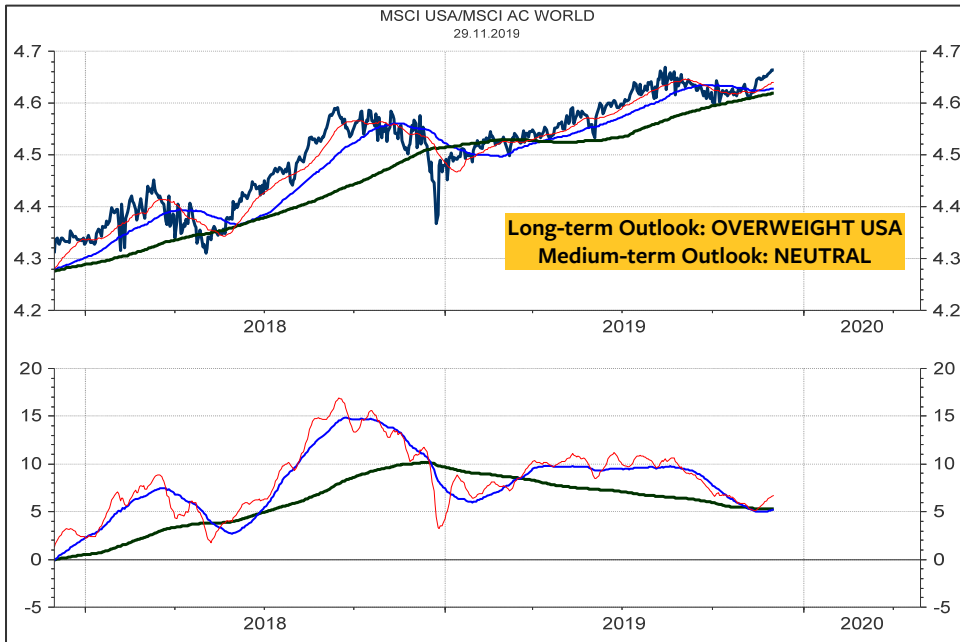
MSCI USA in US\$



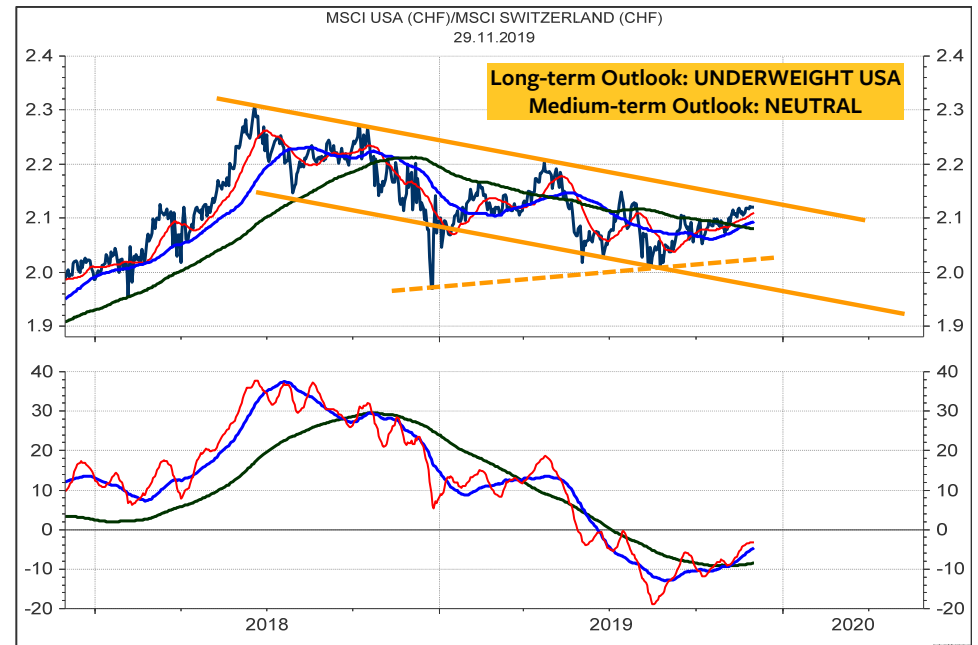
MSCI USA in Swiss franc



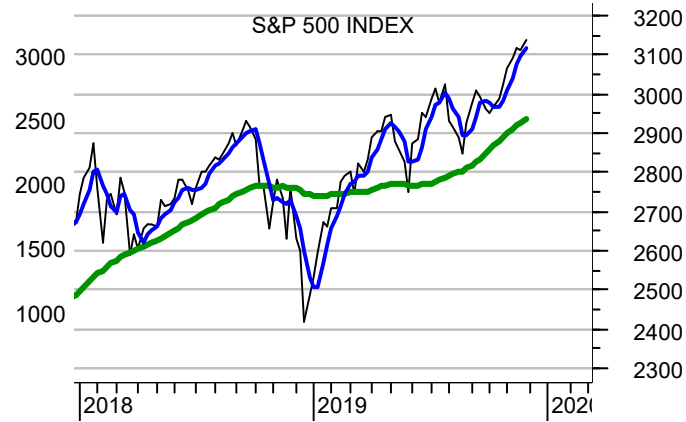
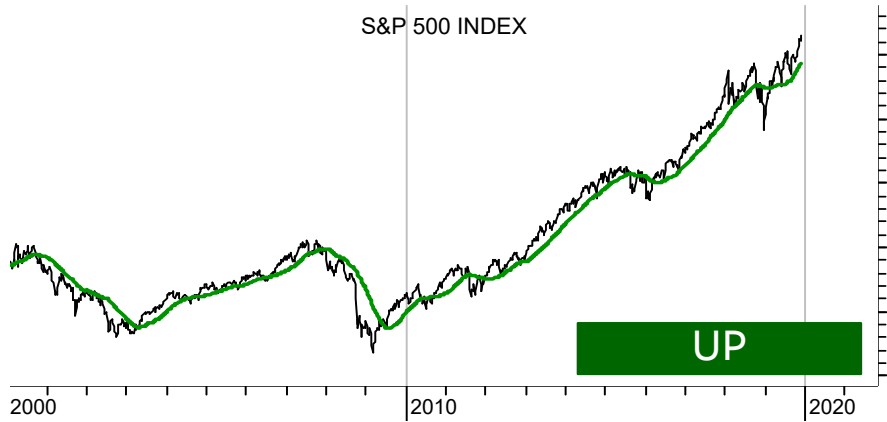
MSCI USA relative to the MSCI AC World



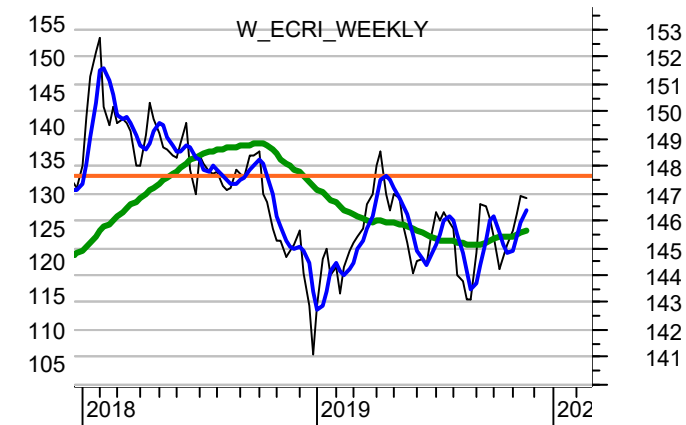
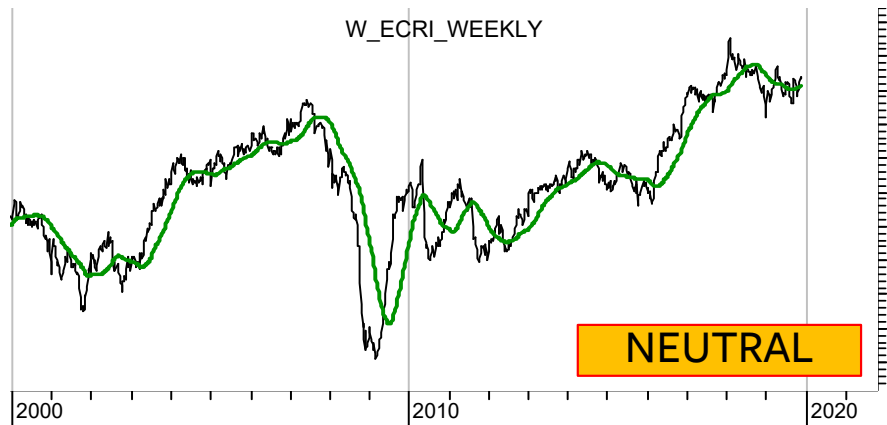
MSCI USA in CHF relative to MSCI Switzerland



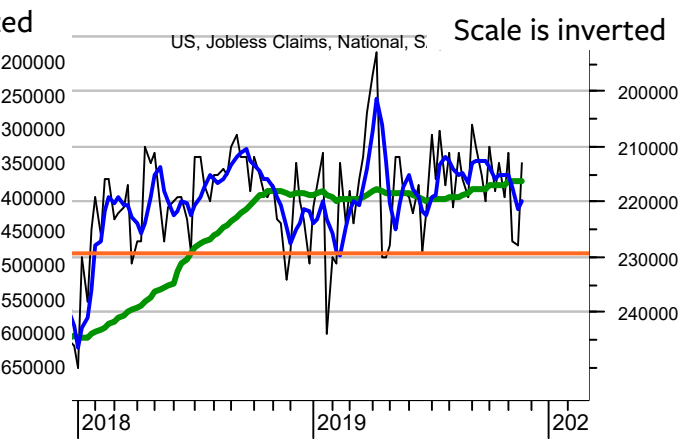
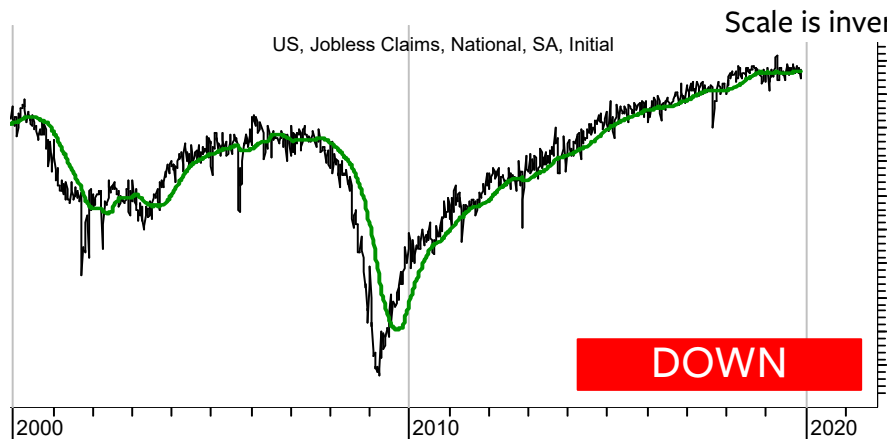
Three-Factor-US-Cycle Model



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** remains below the key resistance at 147.50. **The Model remains NEUTRAL.**



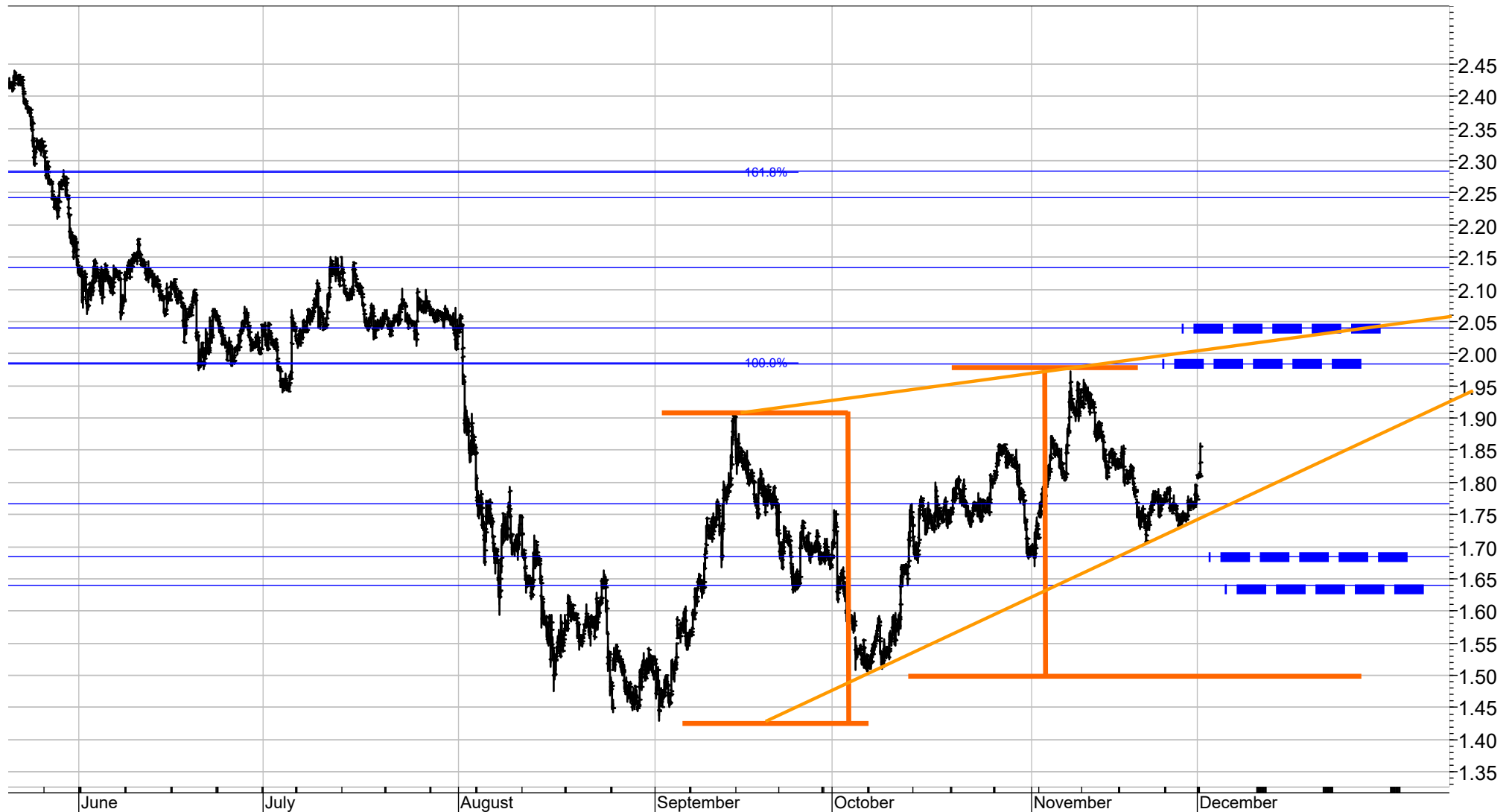
The (inverse) **Weekly Jobless Claims** managed to hold above the 230k threshold and jumped to 213k. The Claims are positioned above the 4-week and the 40-week moving averages. But, the 4-week remains below the 40-week average. **The Model remains DOWN.**

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%.

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

My Long-term Outlook remains FLAT below 2.03%. My Medium-term Outlook remains UP as long as 1.68% / 1.64% is not broken.

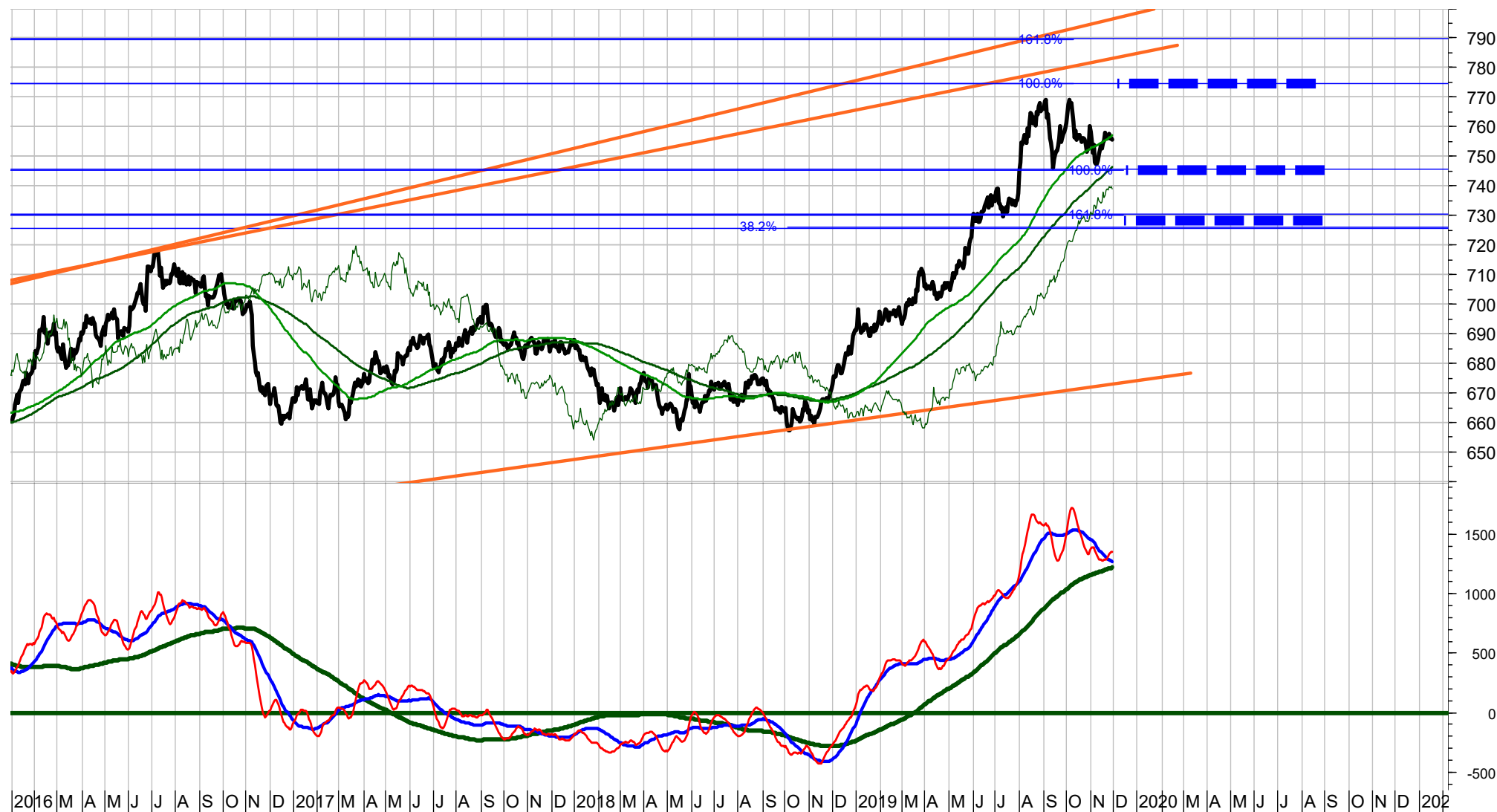


Total Return from 7-10 year US Treasury Notes – daily chart

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

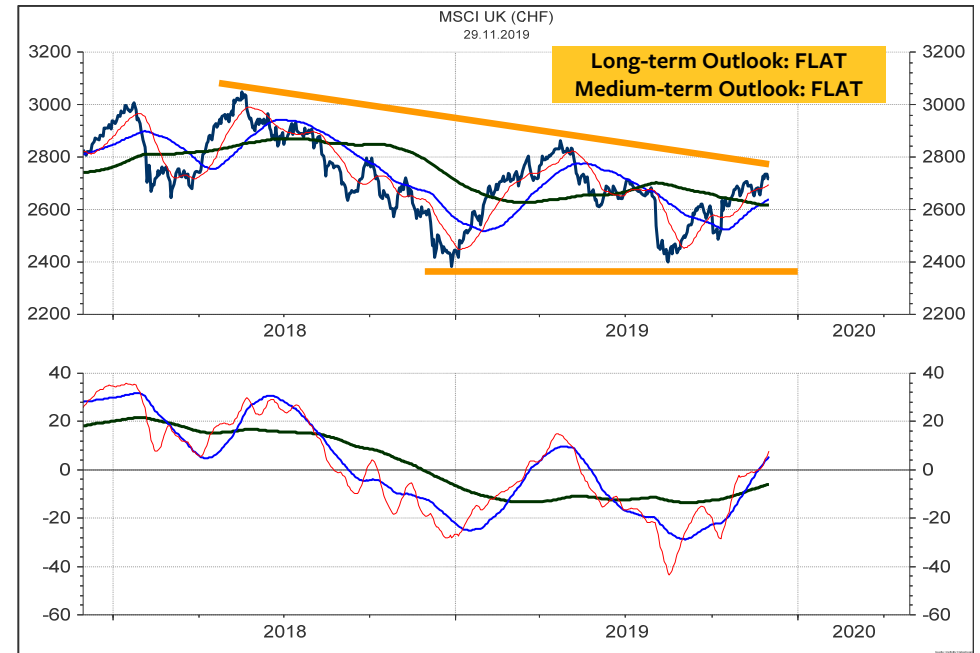
My Long-term Outlook remains UP as long as the TR remains above the 144-day average (at 745) and above the long-term momentum reversal at 735. My Medium-term Outlook remains FLAT as long as 745 is not broken.



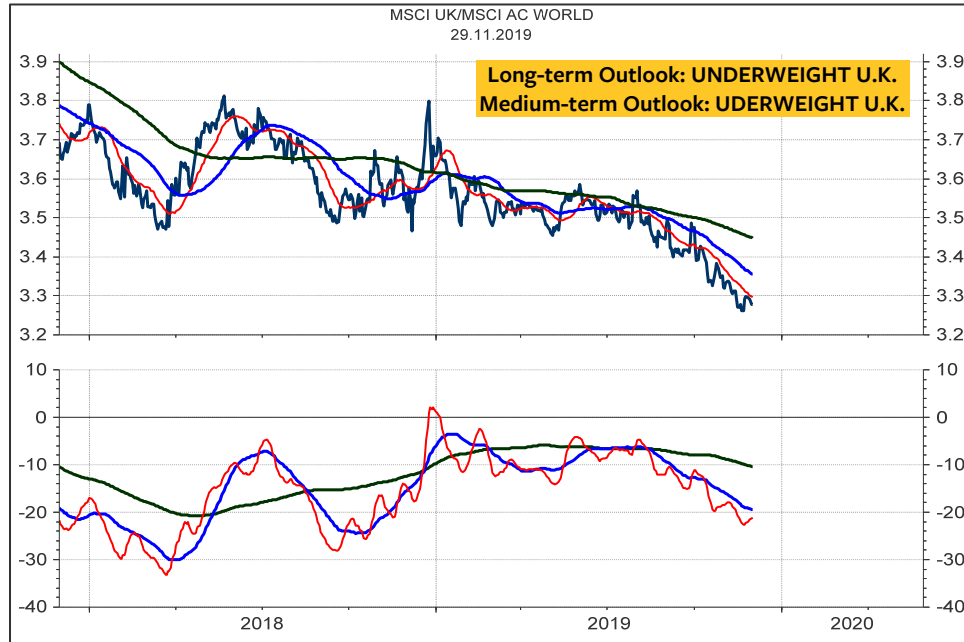
MSCI U.K. in Pound



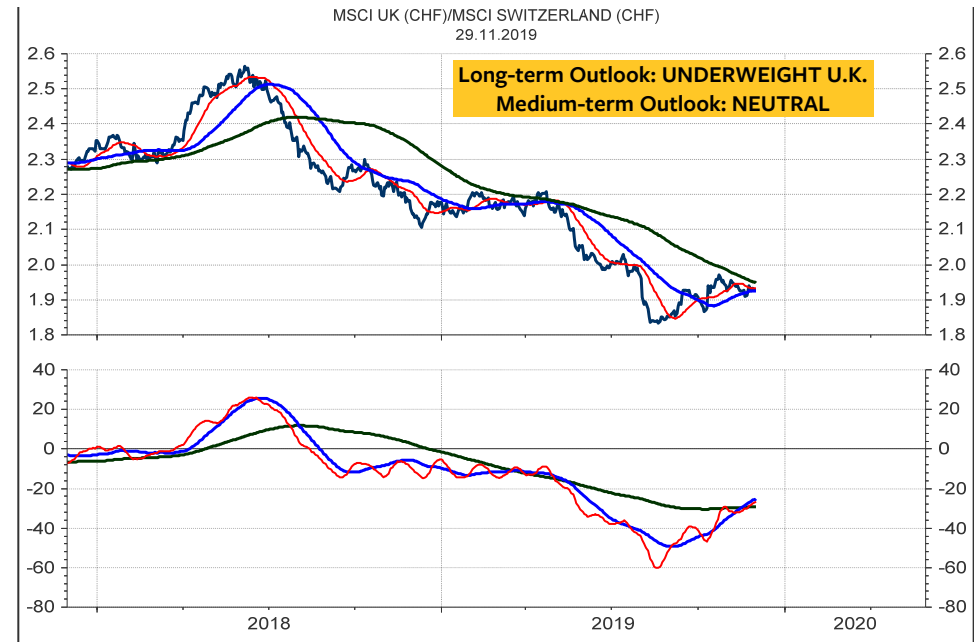
MSCI U.K. in Swiss franc



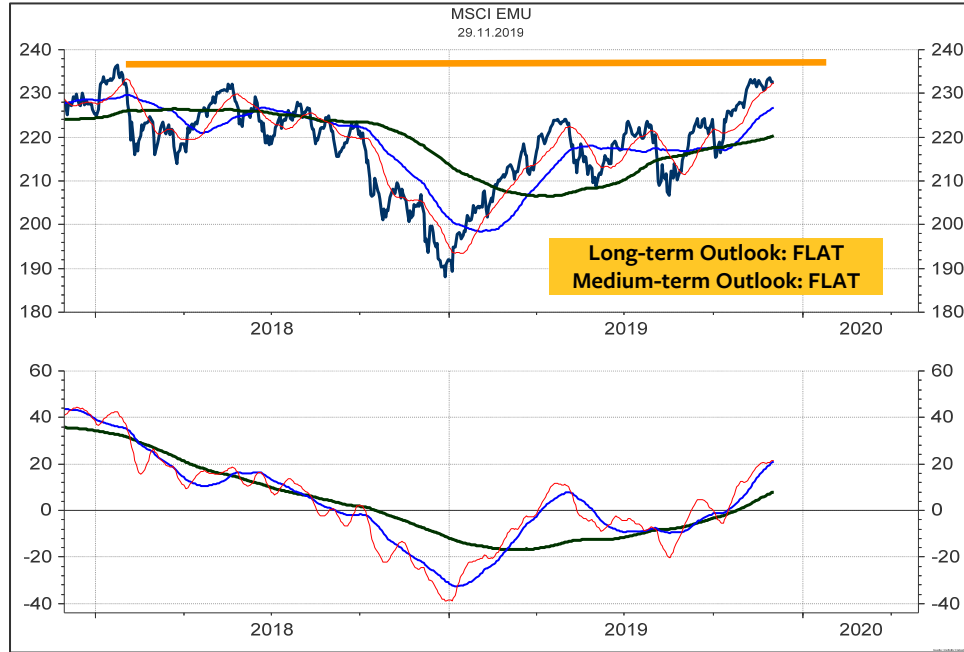
MSCI U.K. relative to the MSCI AC World



MSCI U.K. in CHF relative to MSCI Switzerland



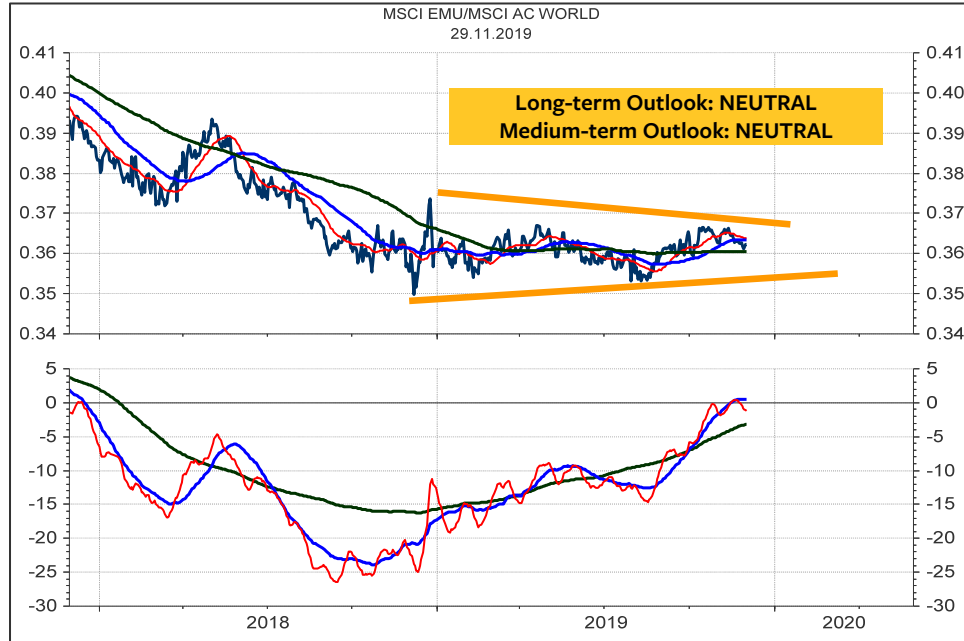
MSCI EMU in Euro



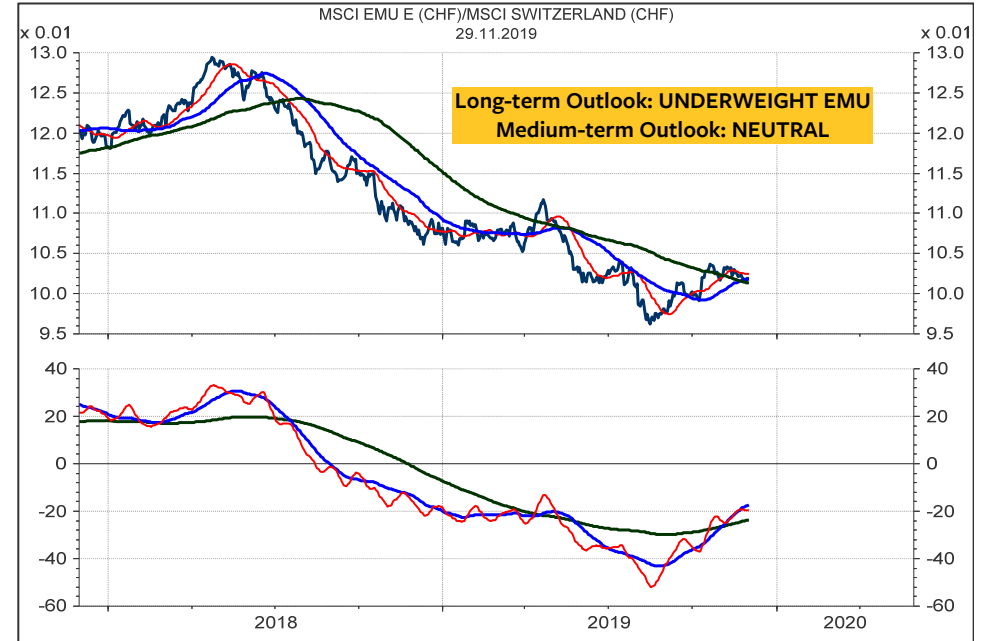
MSCI EMU in Swiss franc



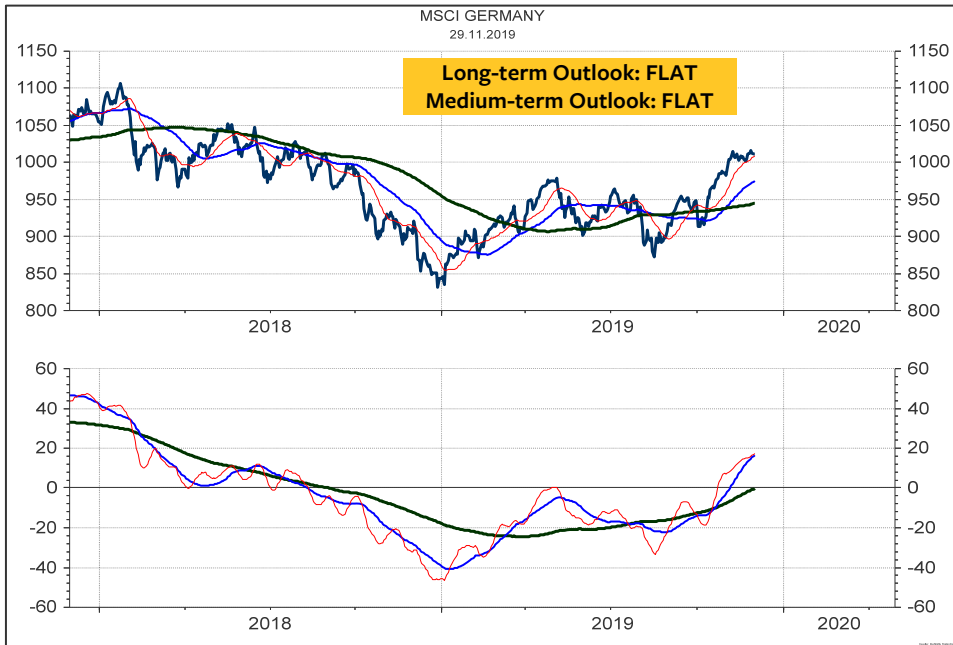
MSCI EMU relative to the MSCI AC World



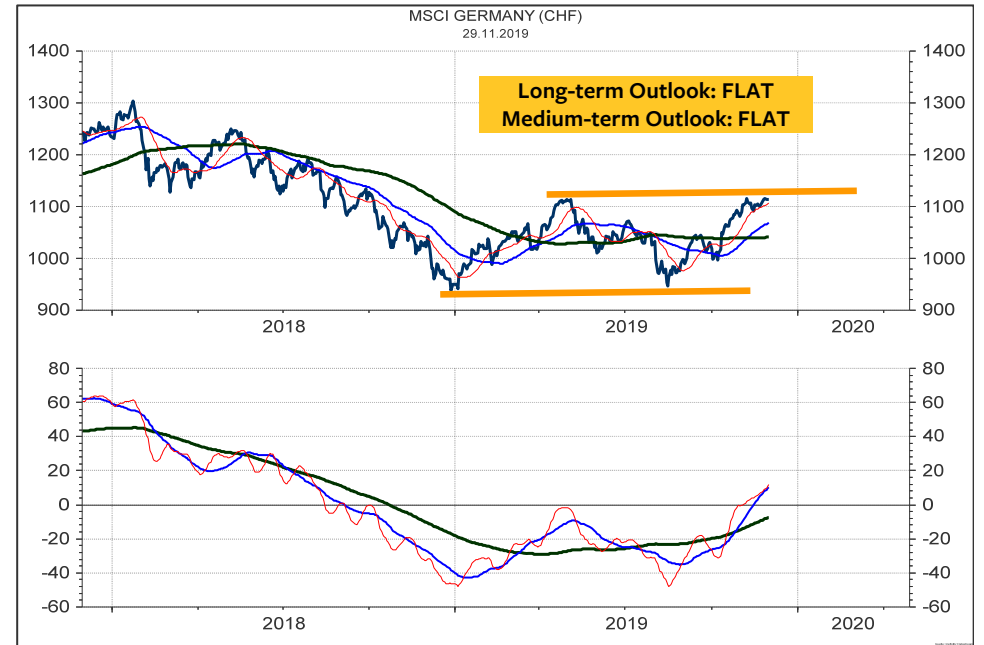
MSCI EMU in CHF relative to MSCI Switzerland



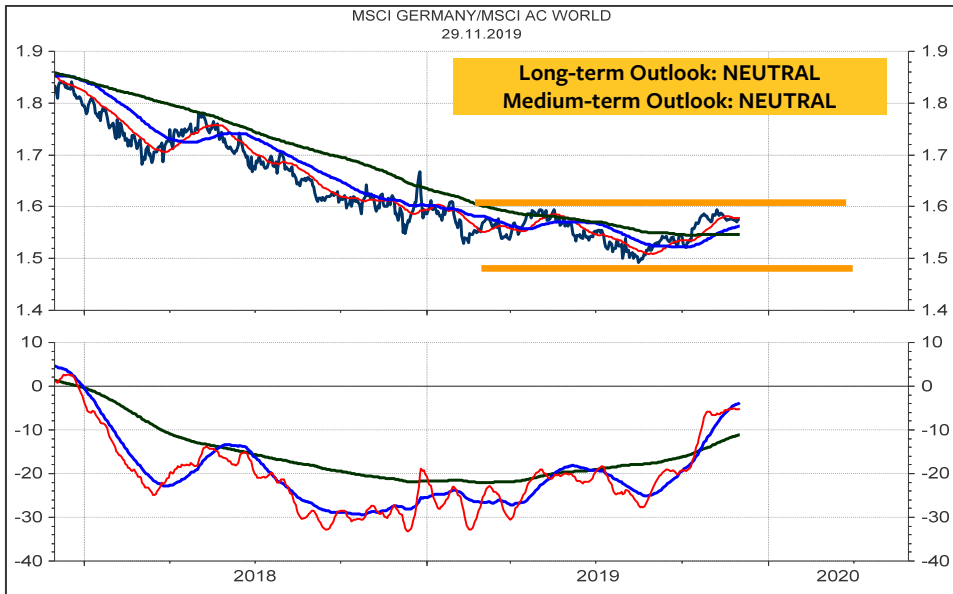
MSCI GERMANY in Euro



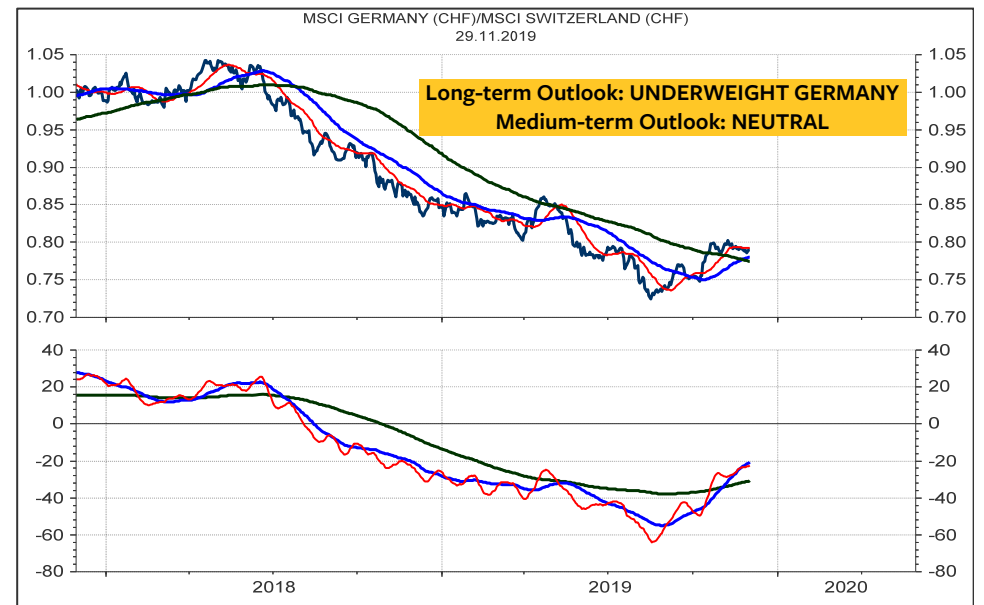
MSCI GERMANY in Swiss franc



MSCI GERMANY relative to the MSCI AC World



MSCI GERMANY in CHF relative to MSCI Switzerland

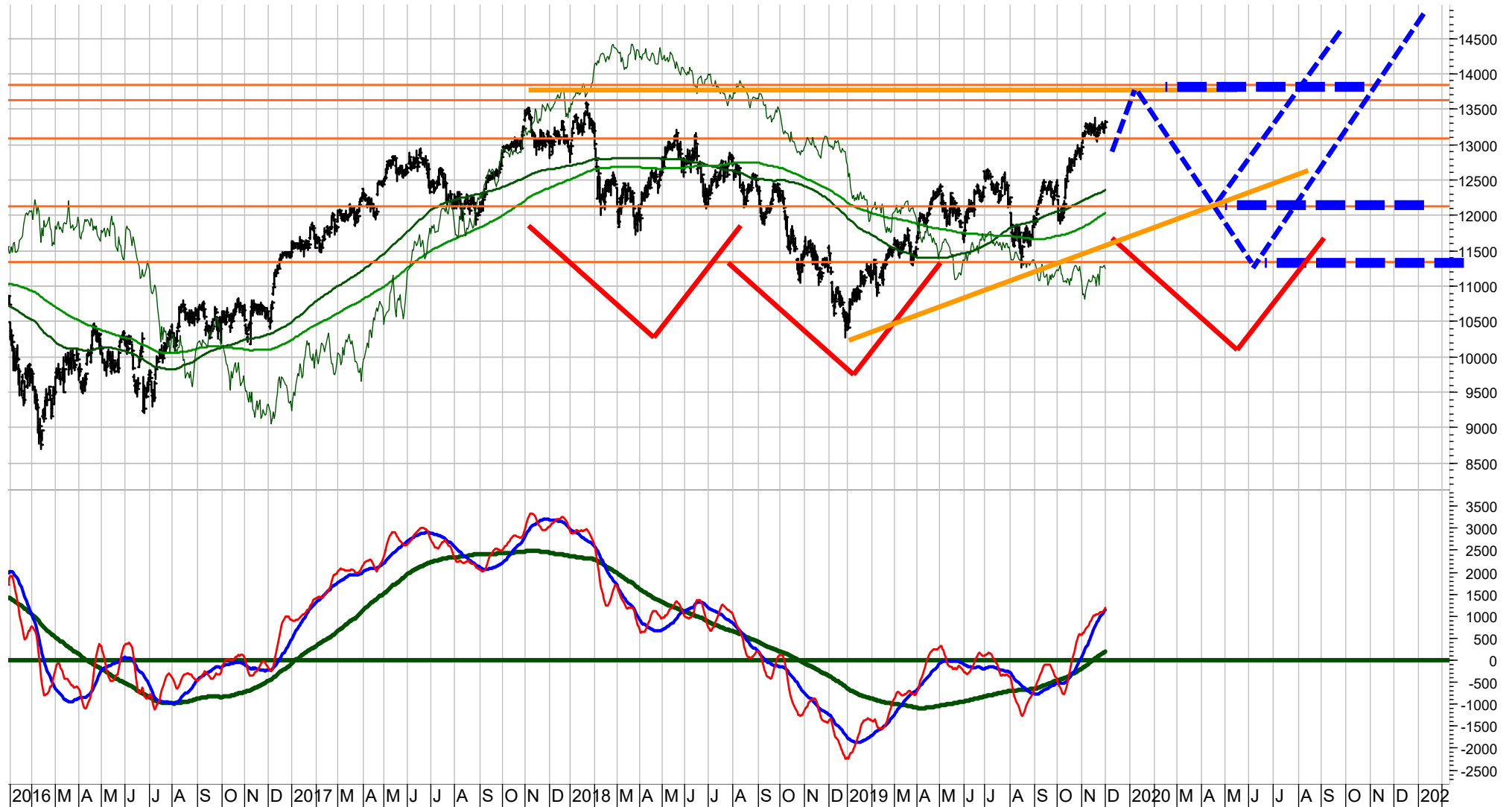


Deutscher Aktien Index – DAX – daily chart

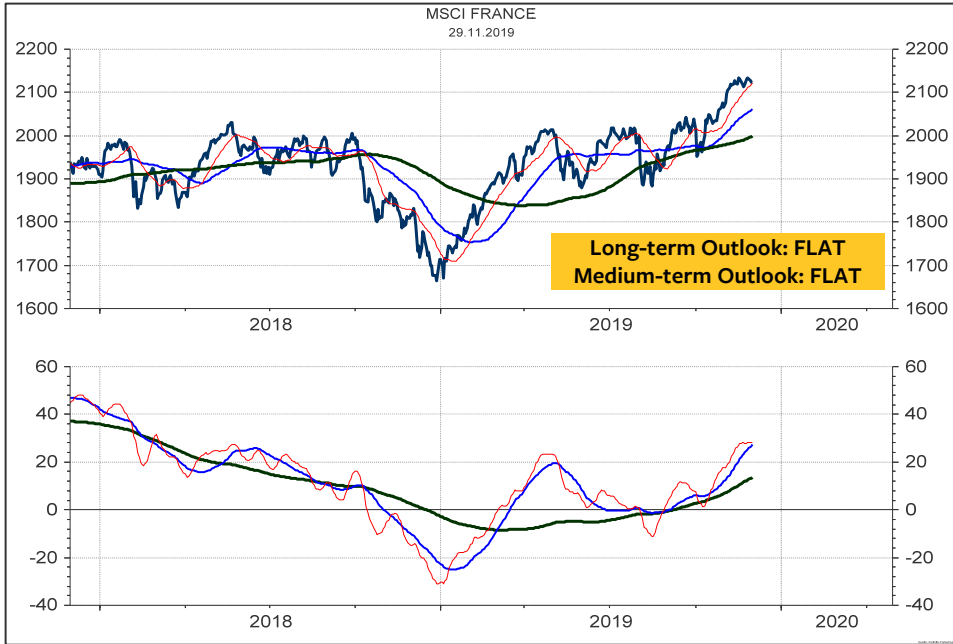
My Long-term Outlook remains FLAT because the DAX is still trading below the long-term resistance at 13600 to 13900.

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.

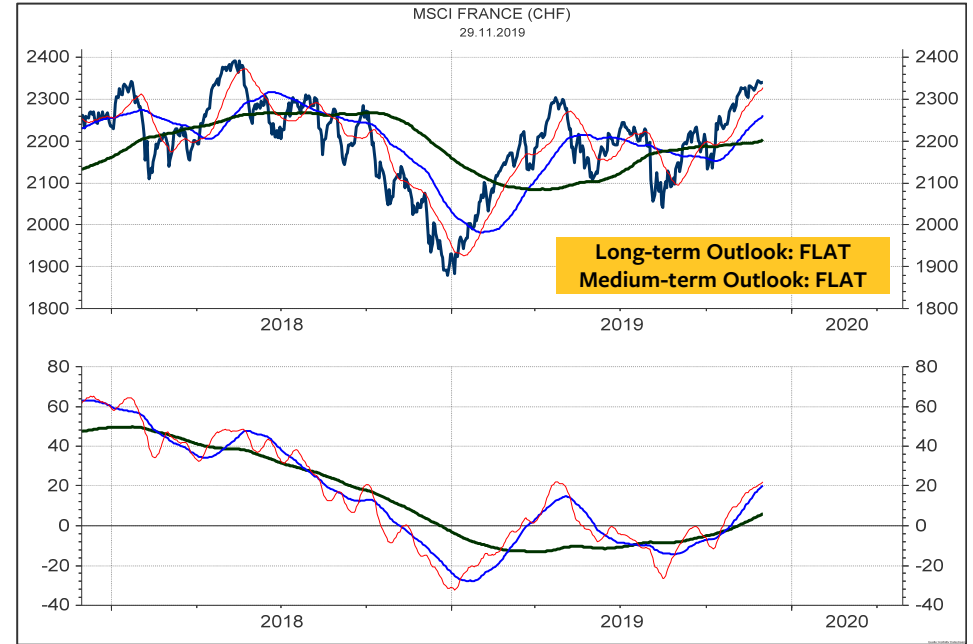
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



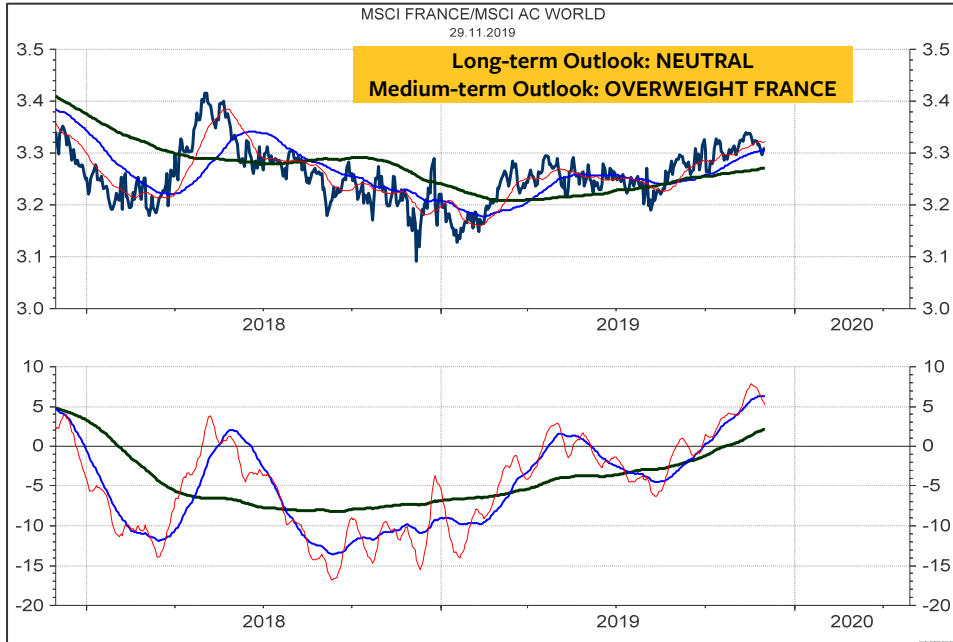
MSCI FRANCE in Euro



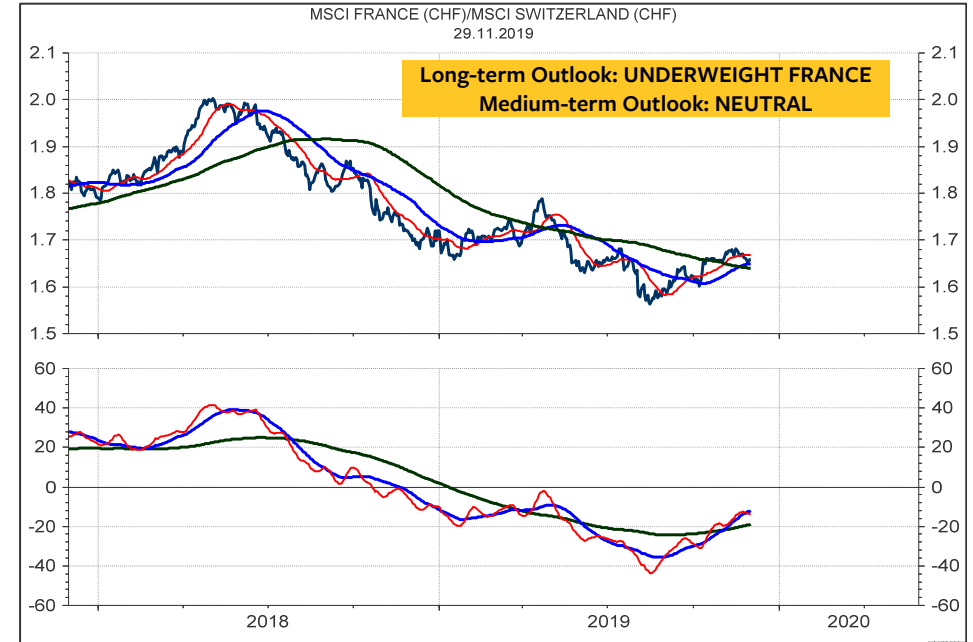
MSCI FRANCE in Swiss franc



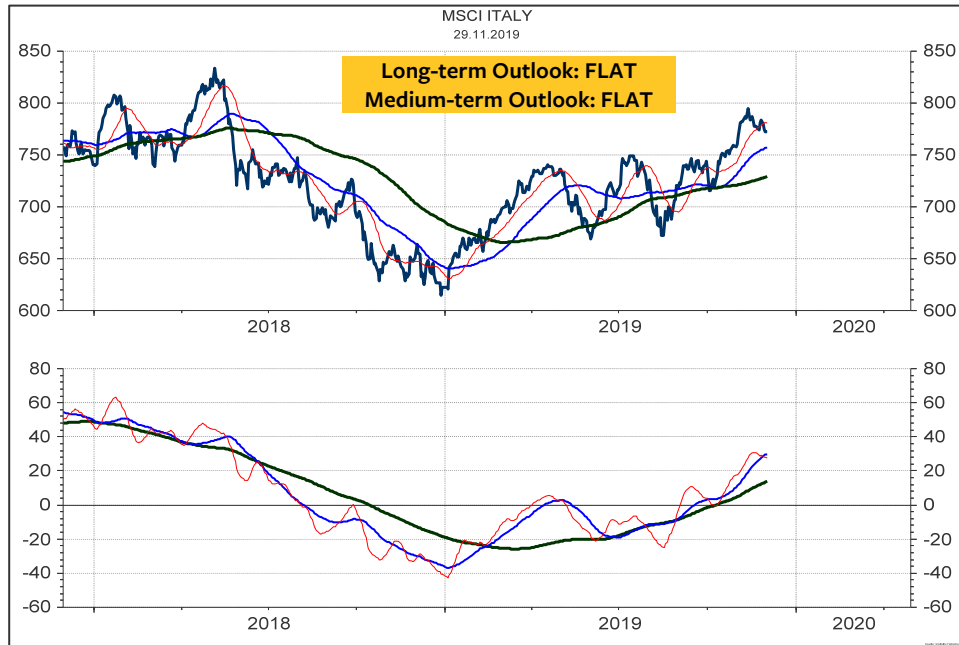
MSCI FRANCE relative to the MSCI AC World



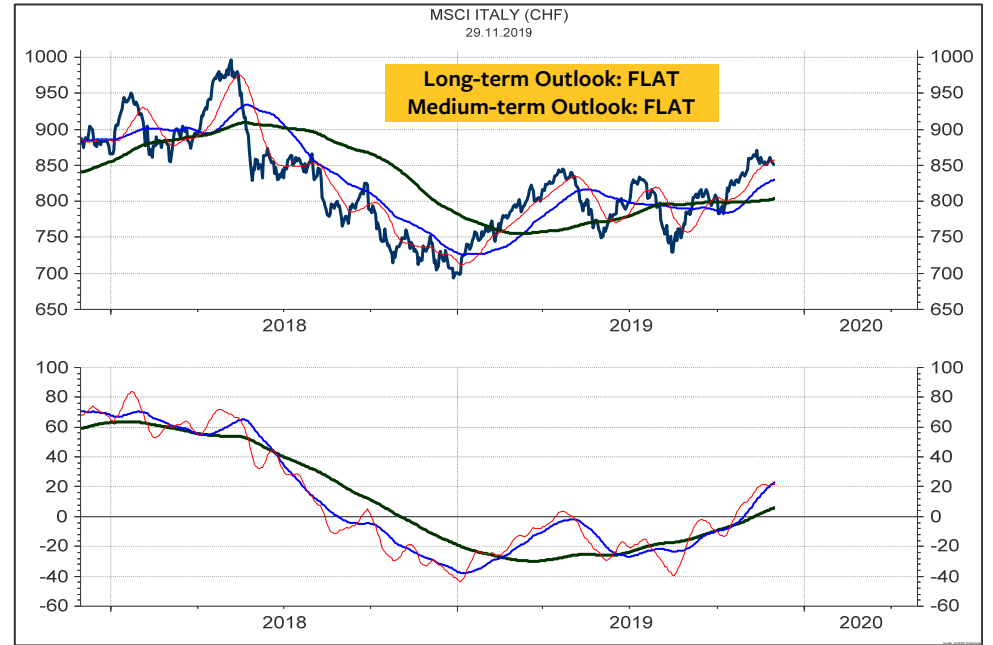
MSCI FRANCE in CHF relative to MSCI Switzerland



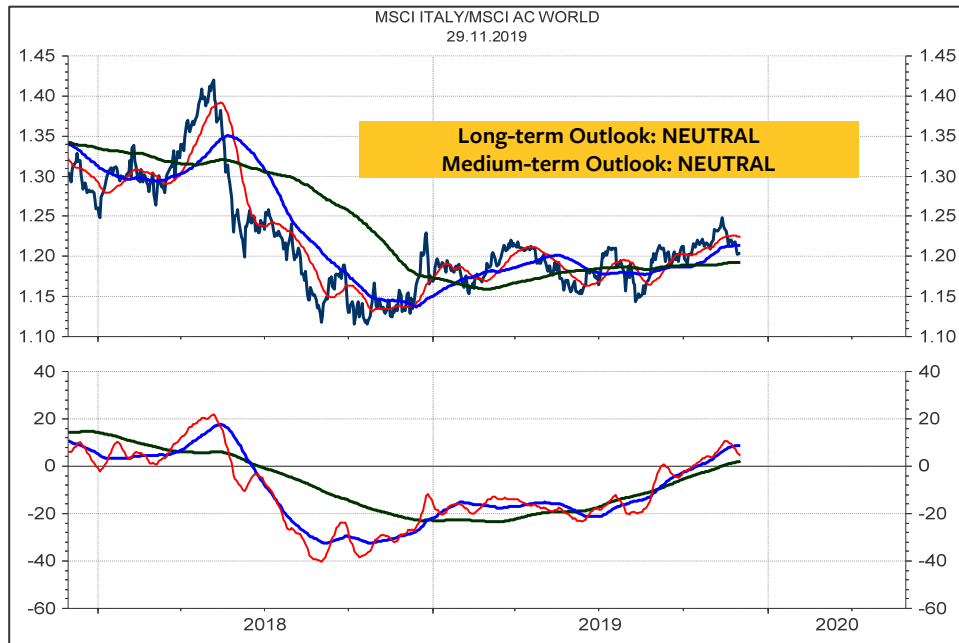
MSCI ITALY in Euro



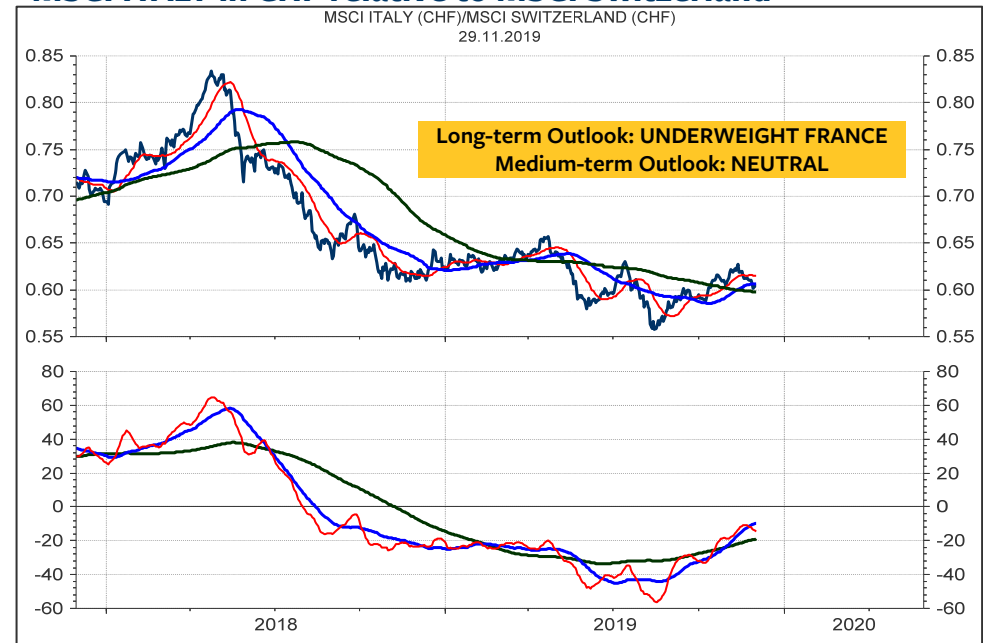
MSCI ITALY in Swiss franc



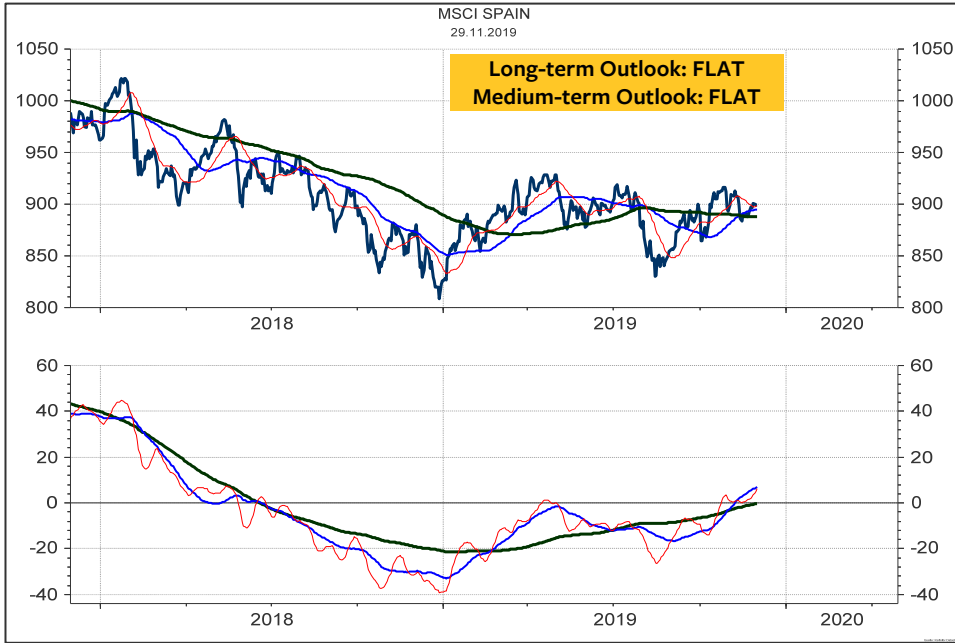
MSCI ITALY relative to the MSCI AC World



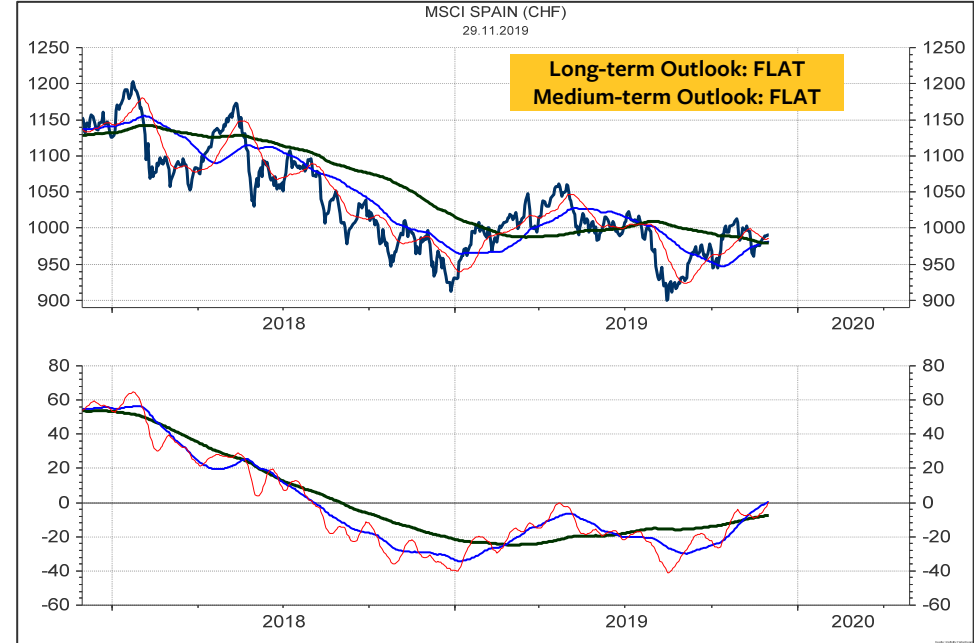
MSCI ITALY in CHF relative to MSCI Switzerland



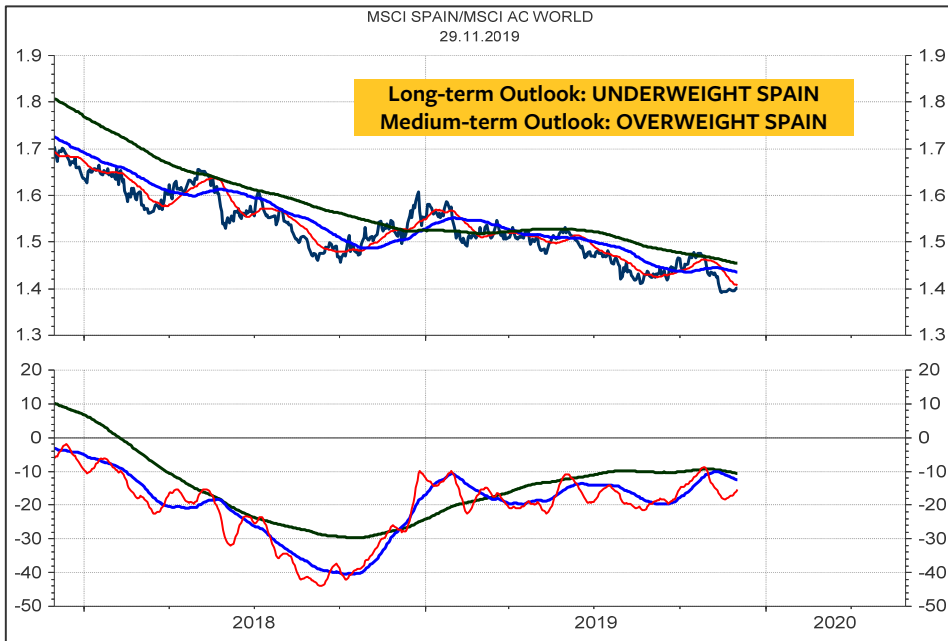
MSCI SPAIN in Euro



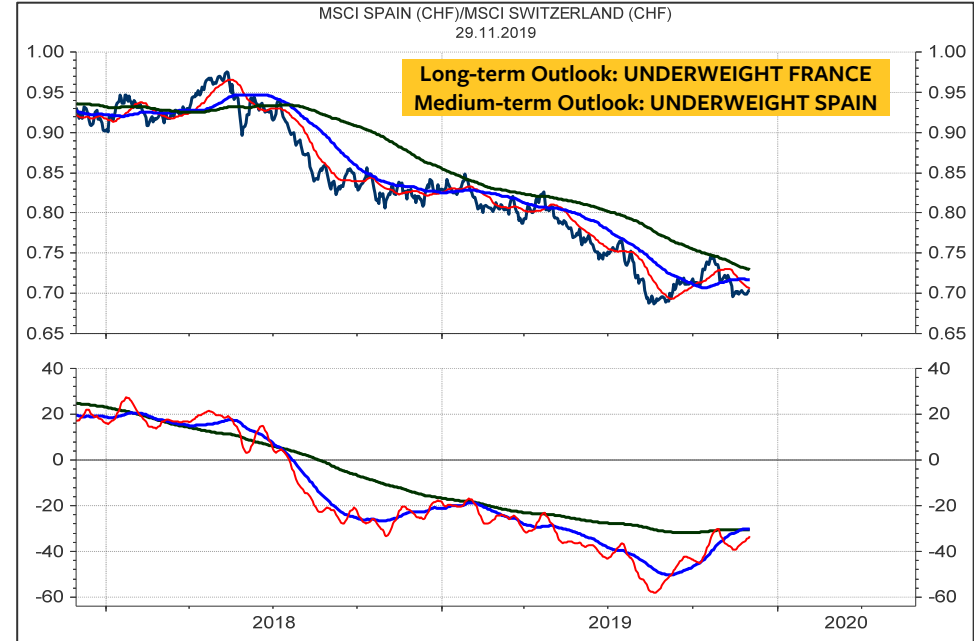
MSCI SPAIN in Swiss franc



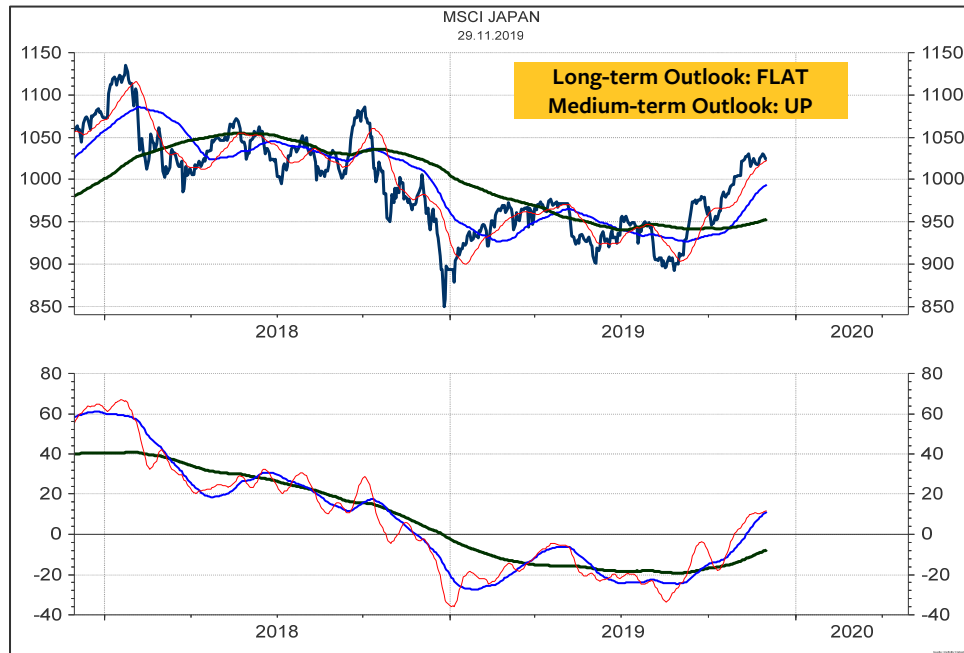
MSCI SPAIN relative to the MSCI AC World



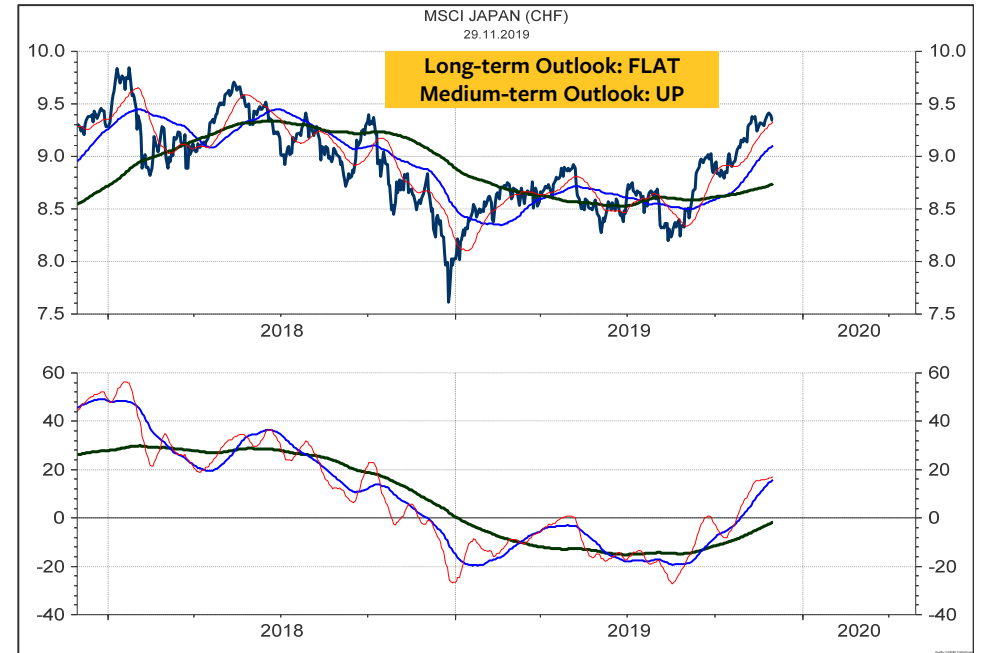
MSCI SPAIN in CHF relative to MSCI Switzerland



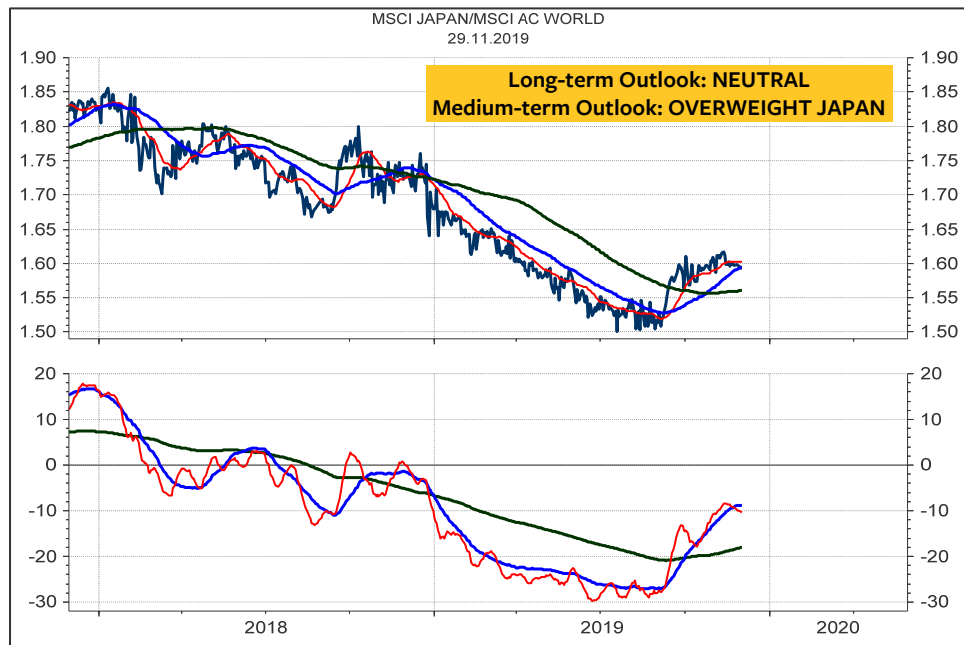
MSCI JAPAN in Yen



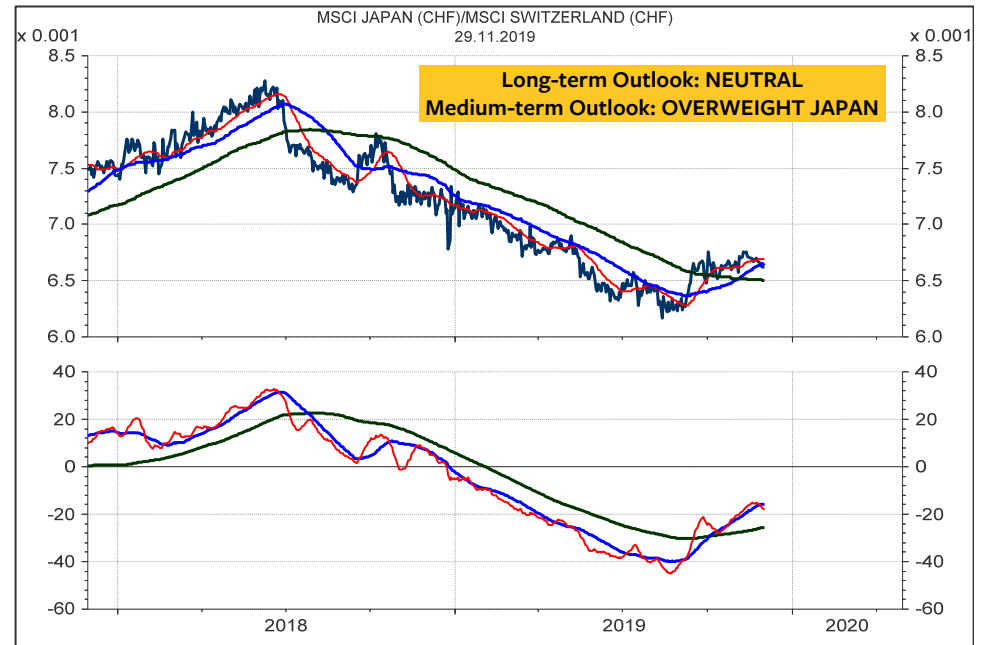
MSCI JAPAN in Swiss franc



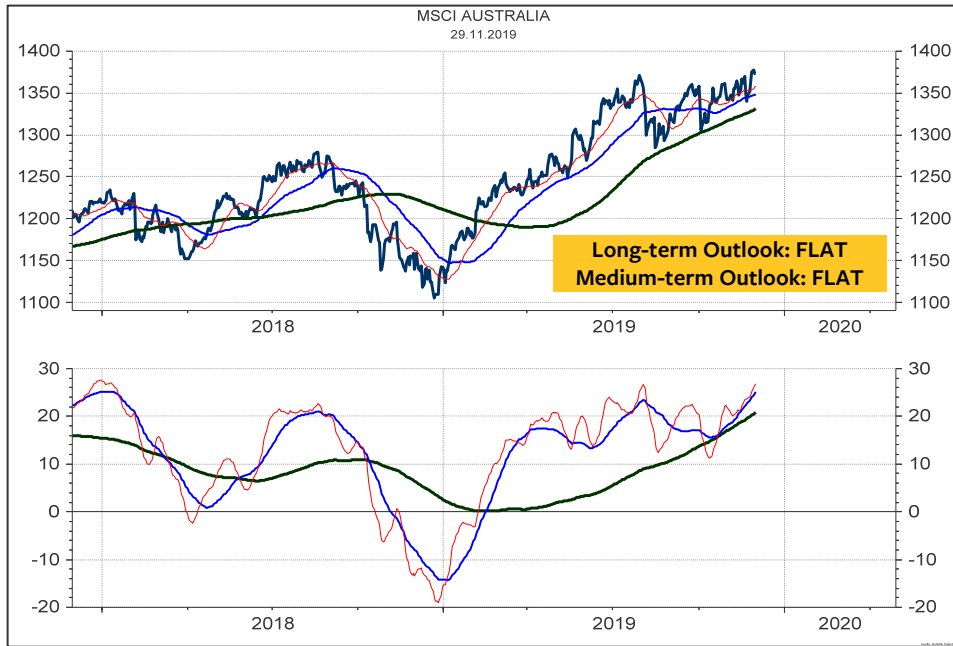
MSCI JAPAN relative to the MSCI AC World



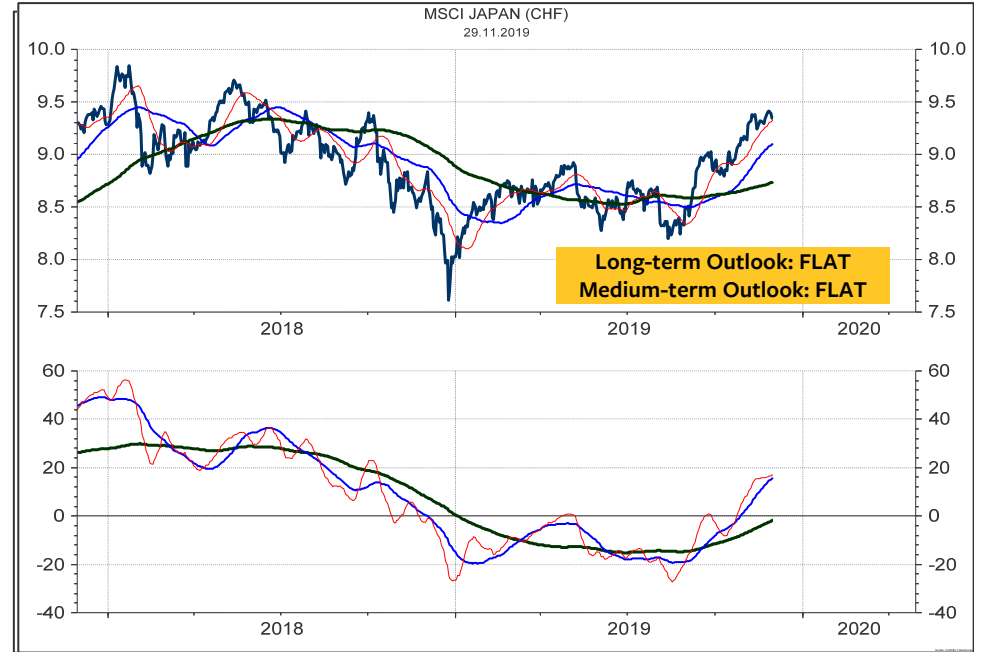
MSCI JAPAN in CHF relative to MSCI Switzerland



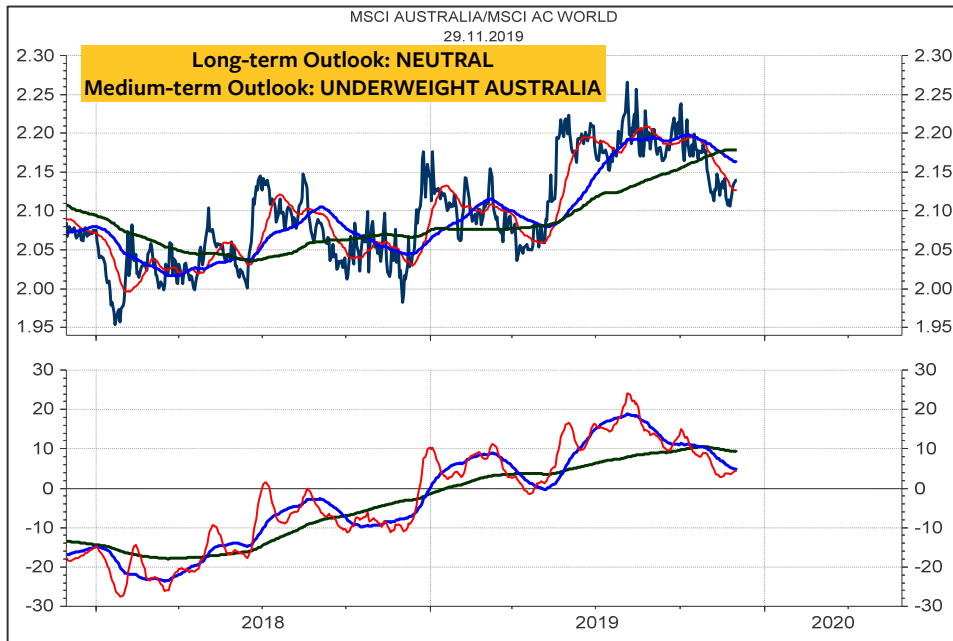
MSCI AUSTRALIA in Australian dollar



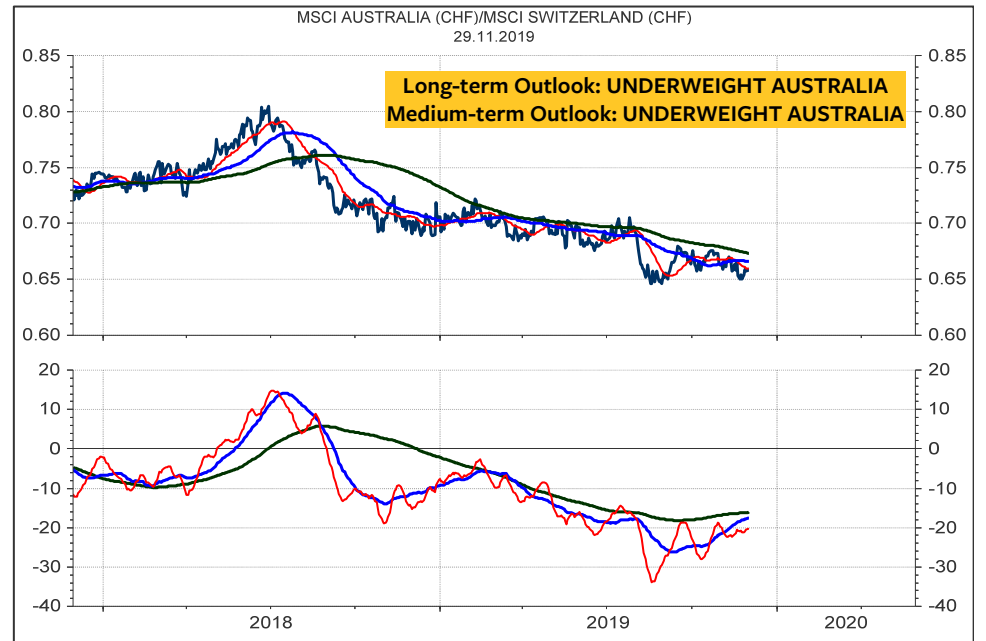
MSCI AUSTRALIA in Swiss franc



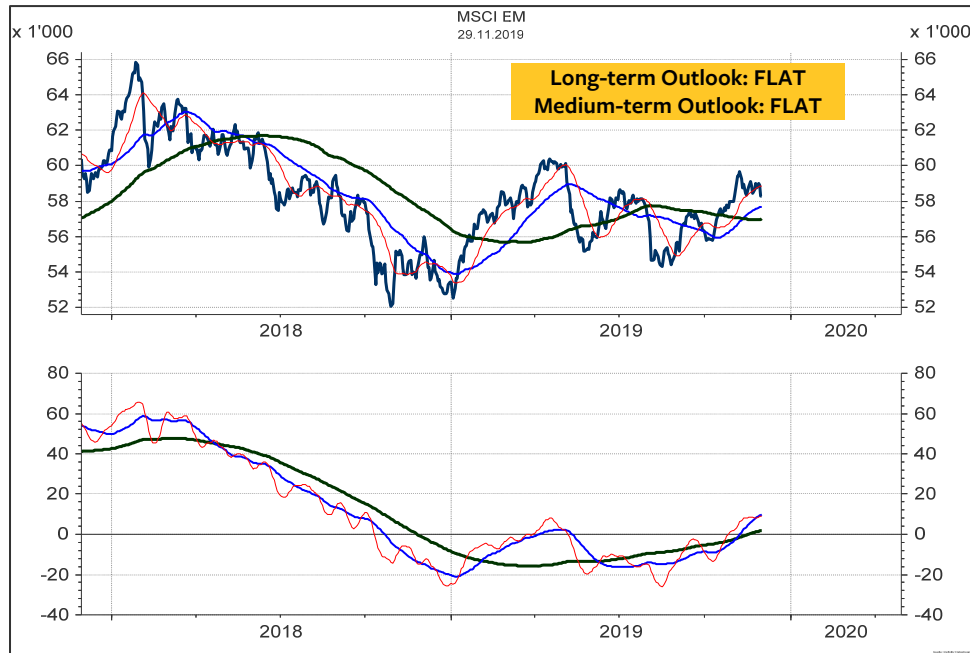
MSCI AUSTRALIA relative to the MSCI AC World



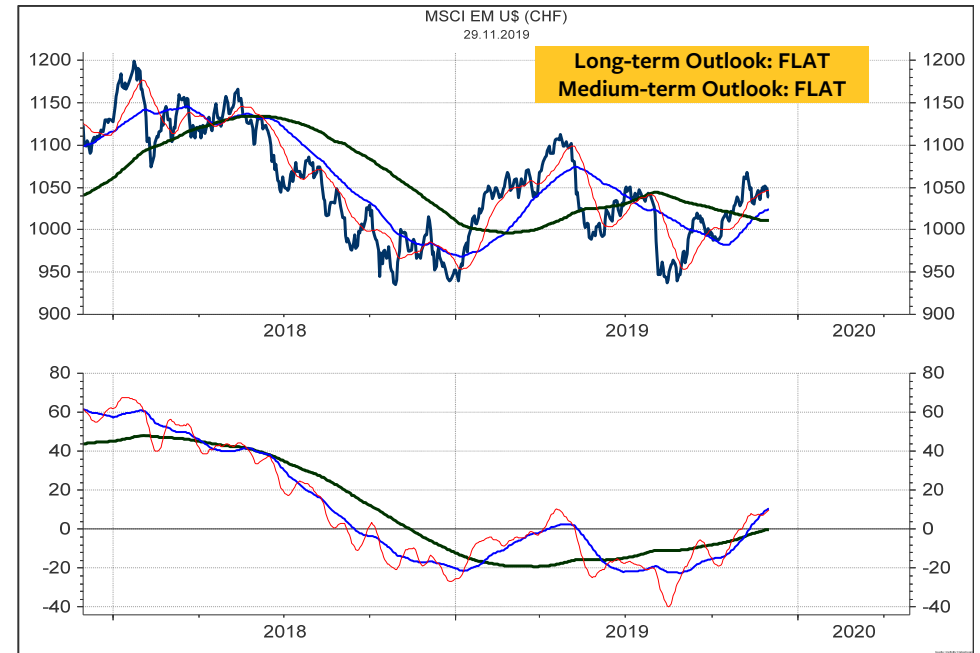
MSCI AUSTRALIA in CHF relative to MSCI Switzerland



MSCI EMERGING MARKETS in local currencies



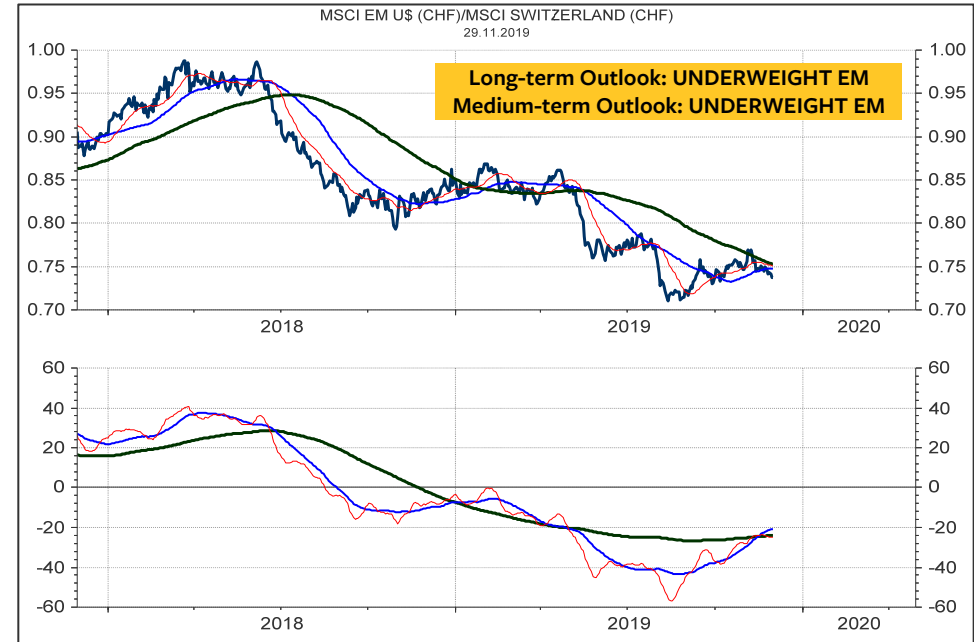
MSCI EMERGING MARKETS in Swiss franc



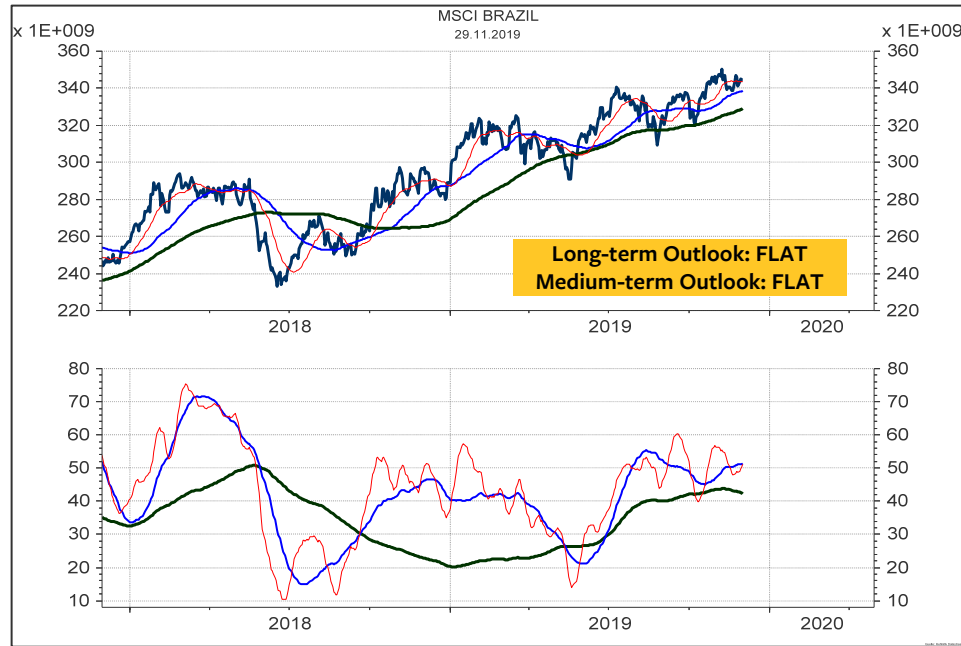
MSCI EMERGING MARKETS relative to the MSCI AC World



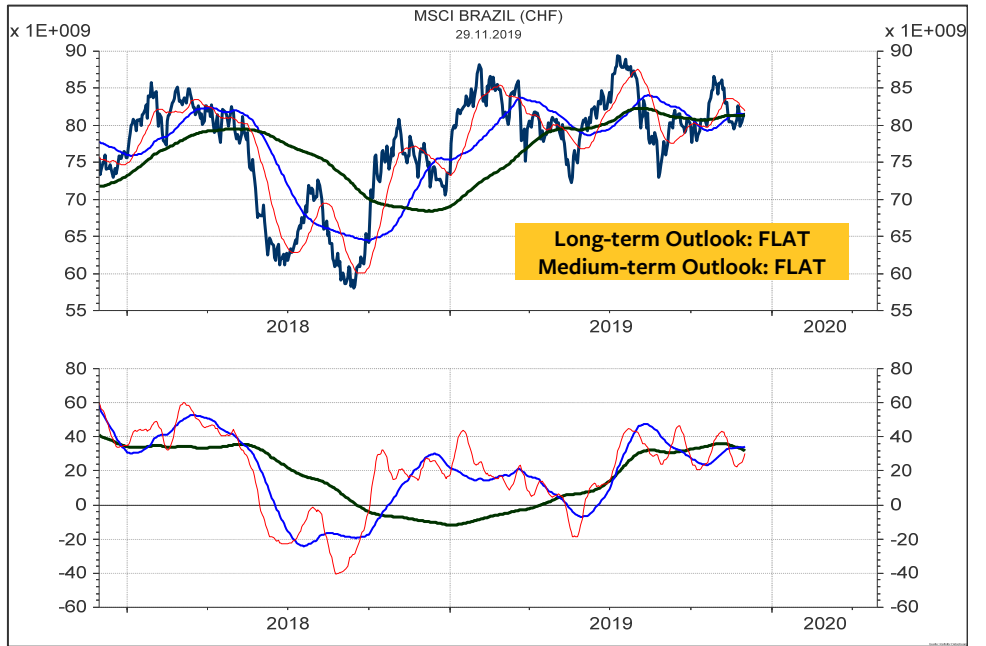
MSCI EMERGING MARKETS in CHF relative to MSCI Switzerland



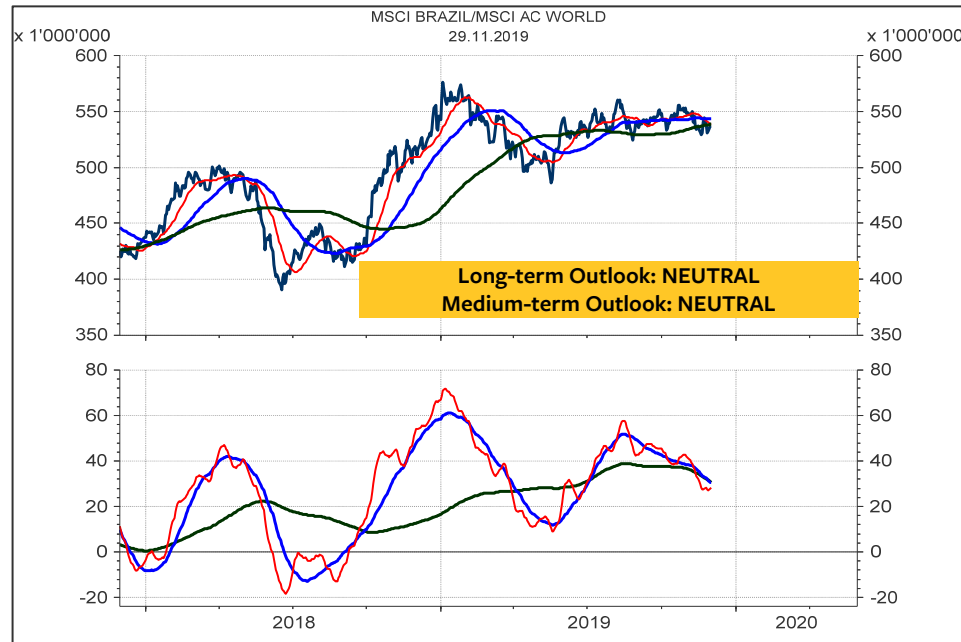
MSCI BRAZIL in Brazil real



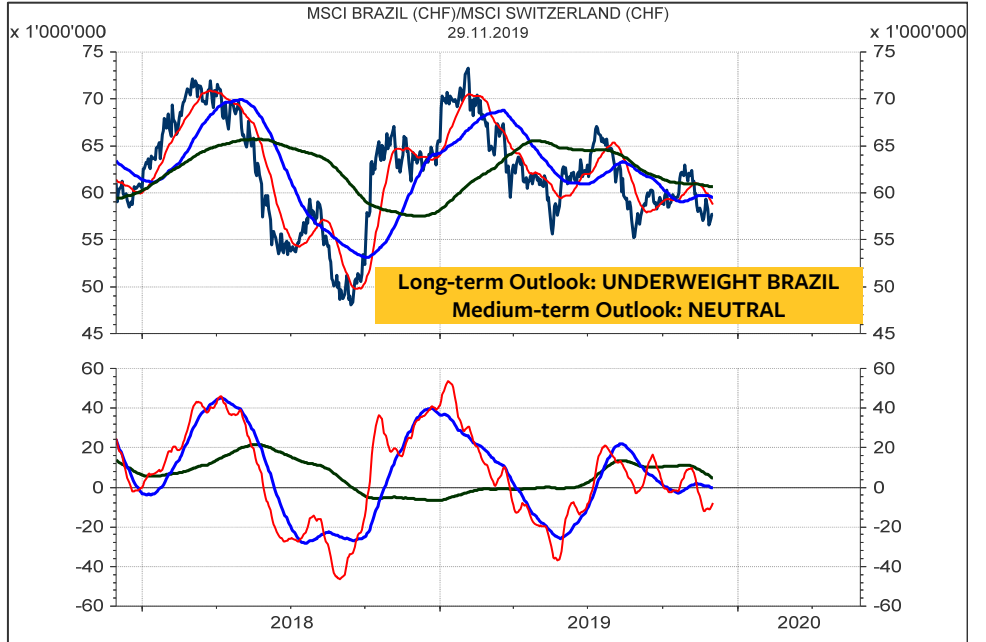
MSCI BRAZIL in Swiss franc



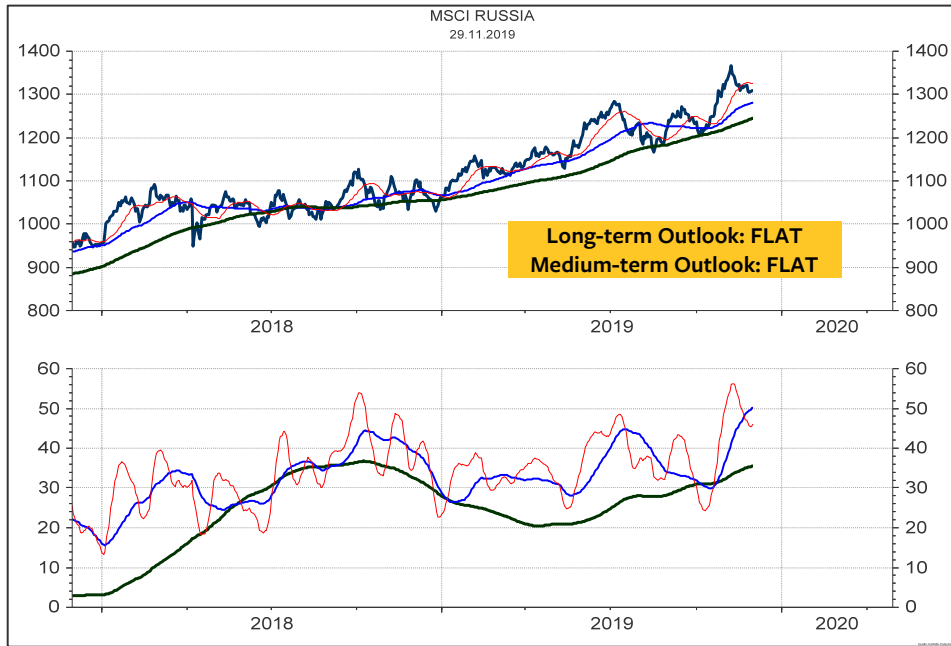
MSCI BRAZIL relative to the MSCI AC World



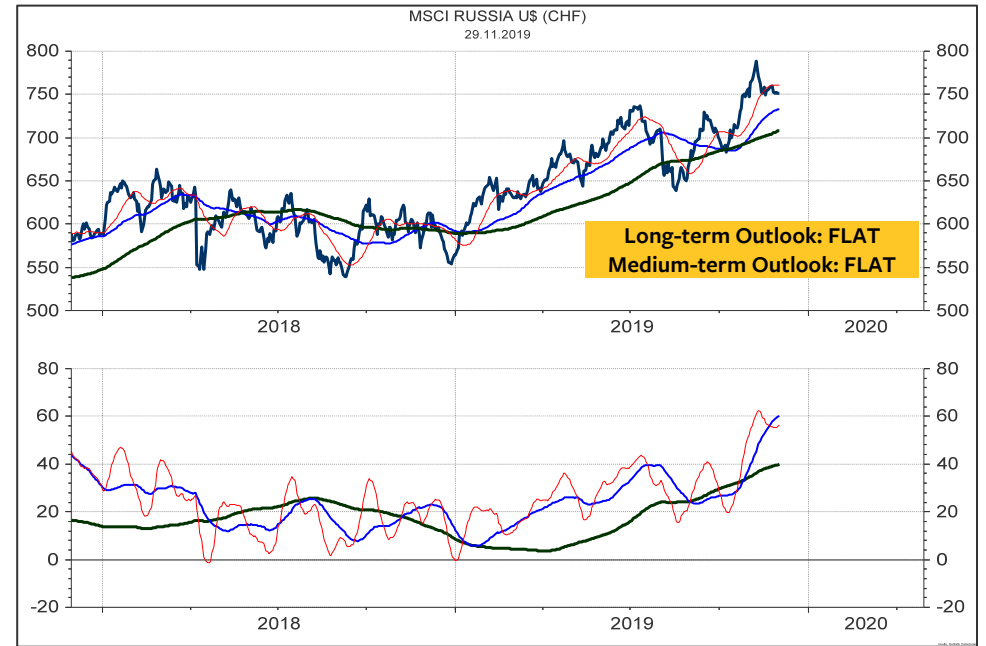
MSCI BRAZIL in CHF relative to MSCI Switzerland



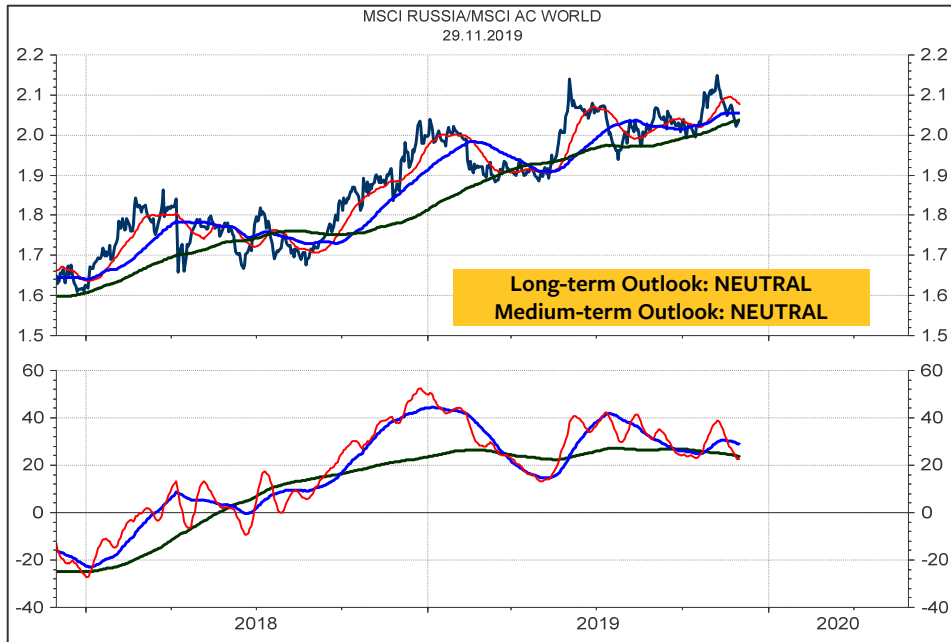
MSCI RUSSIA in Russian rouble



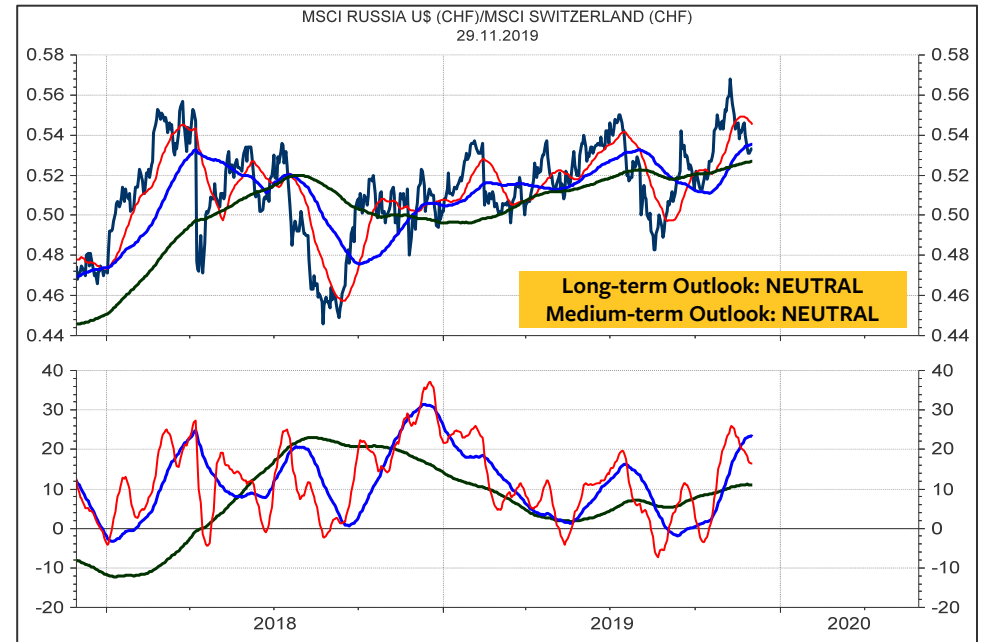
MSCI RUSSIA in Swiss franc



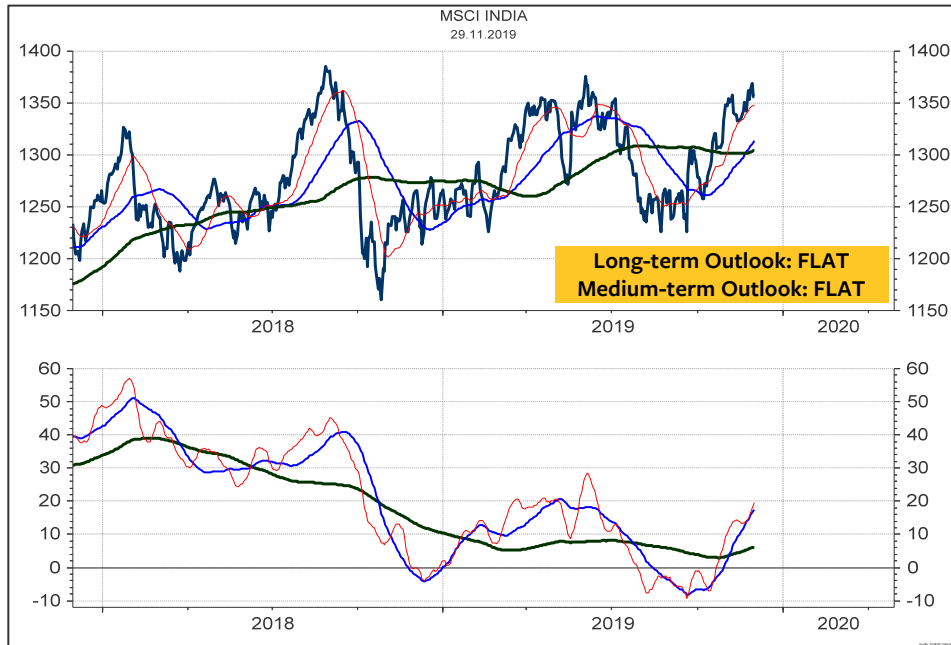
MSCI RUSSIA relative to the MSCI AC World



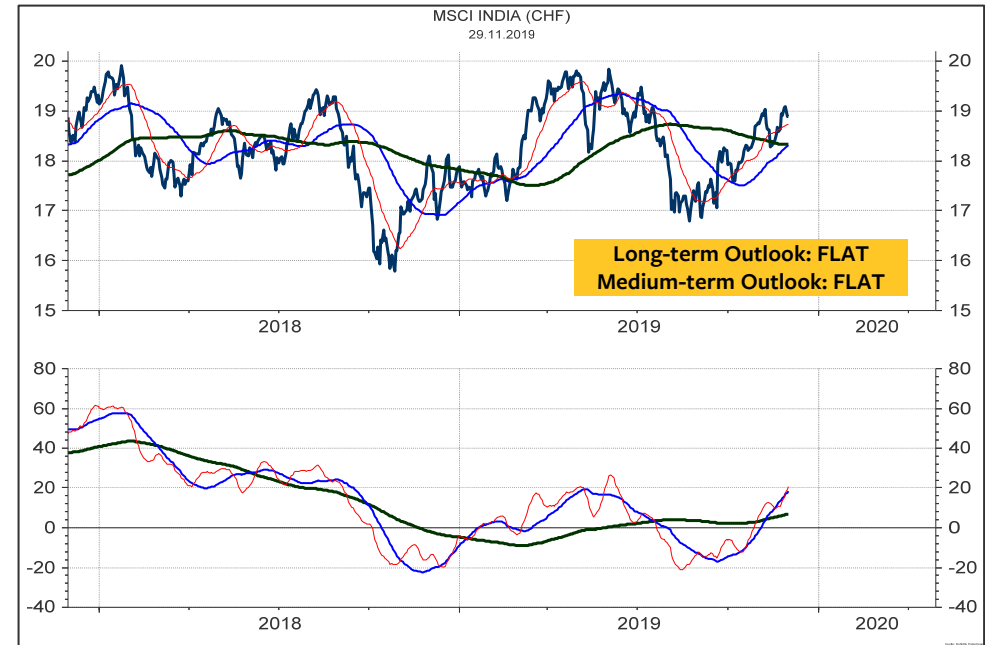
MSCI RUSSIA in CHF relative to MSCI Switzerland



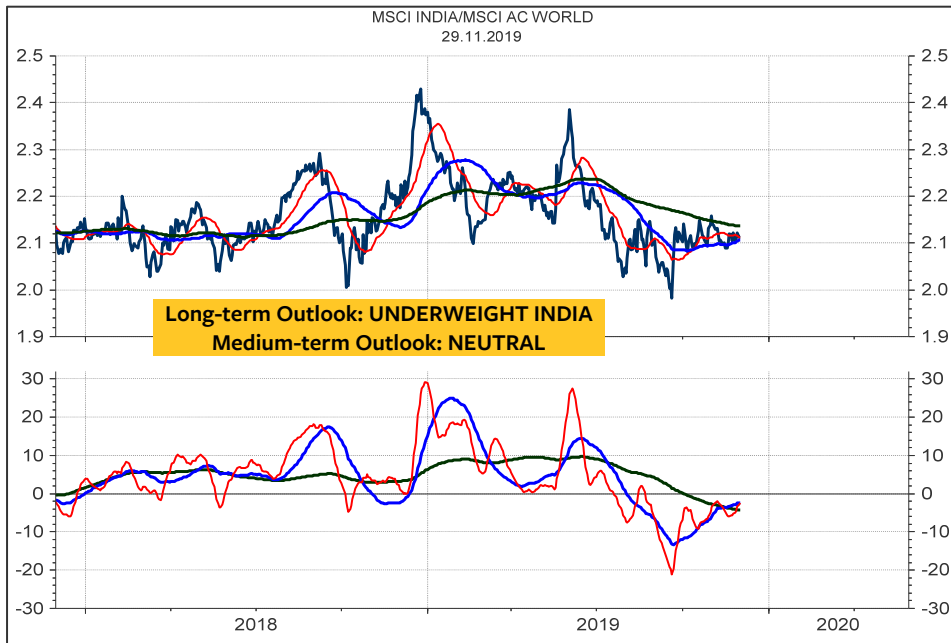
MSCI INDIA in Indian rupee



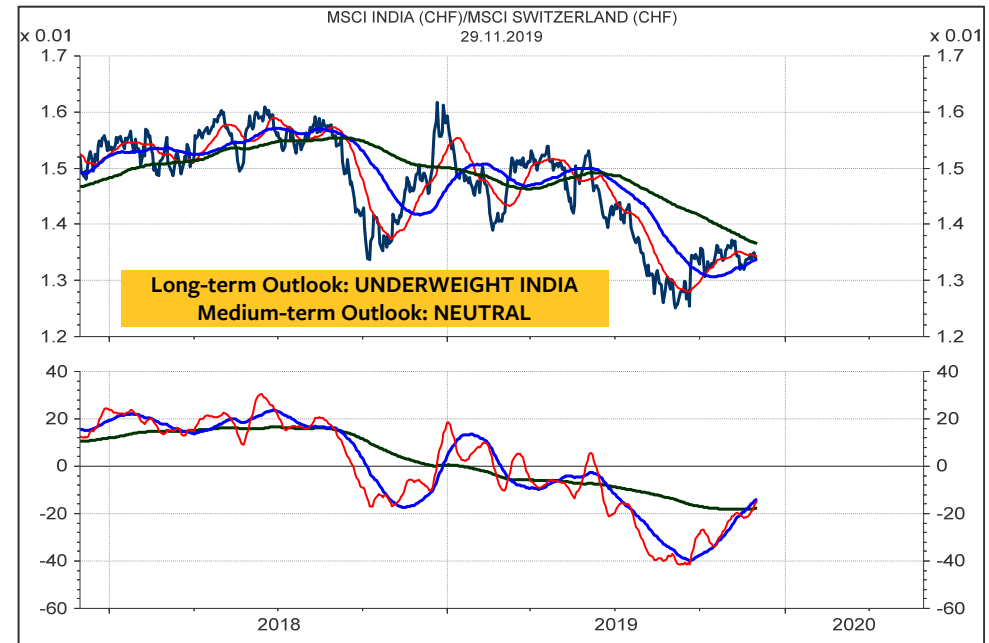
MSCI INDIA in Swiss franc



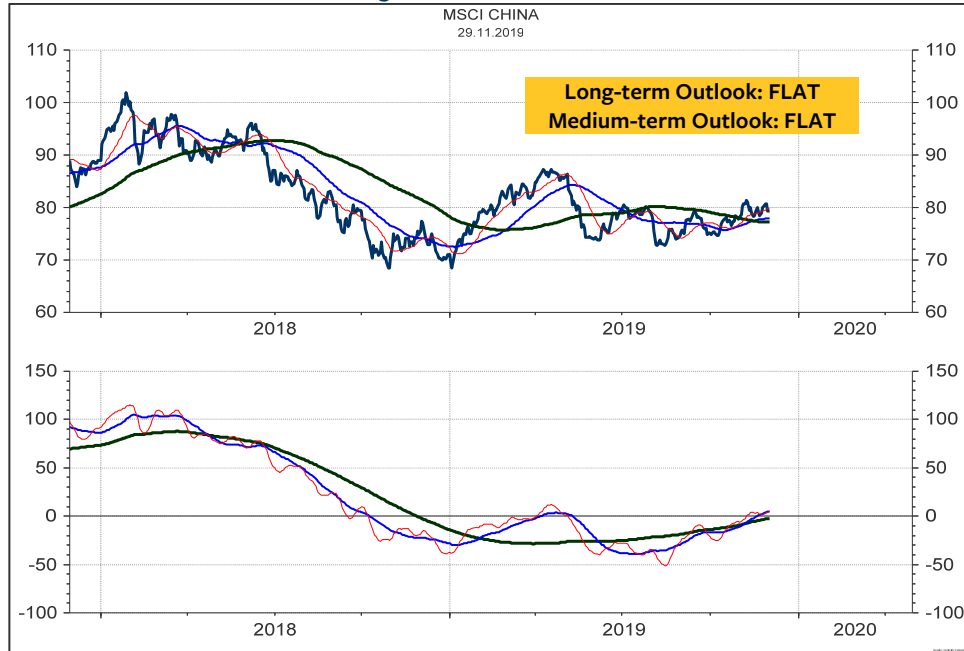
MSCI INDIA relative to the MSCI AC World



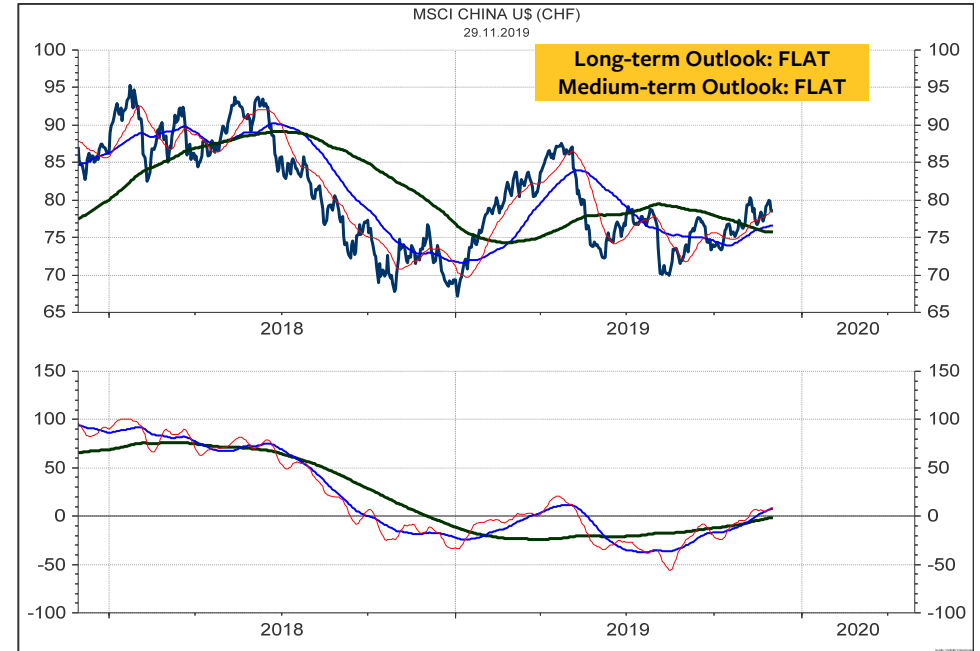
MSCI INDIA in CHF relative to MSCI Switzerland



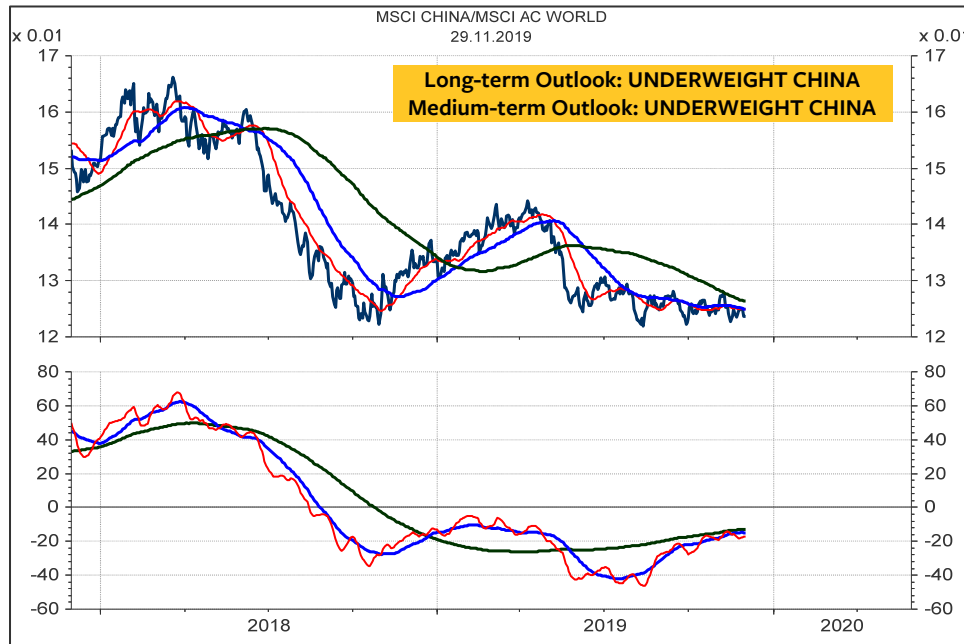
MSCI CHINA in Chinese yuan



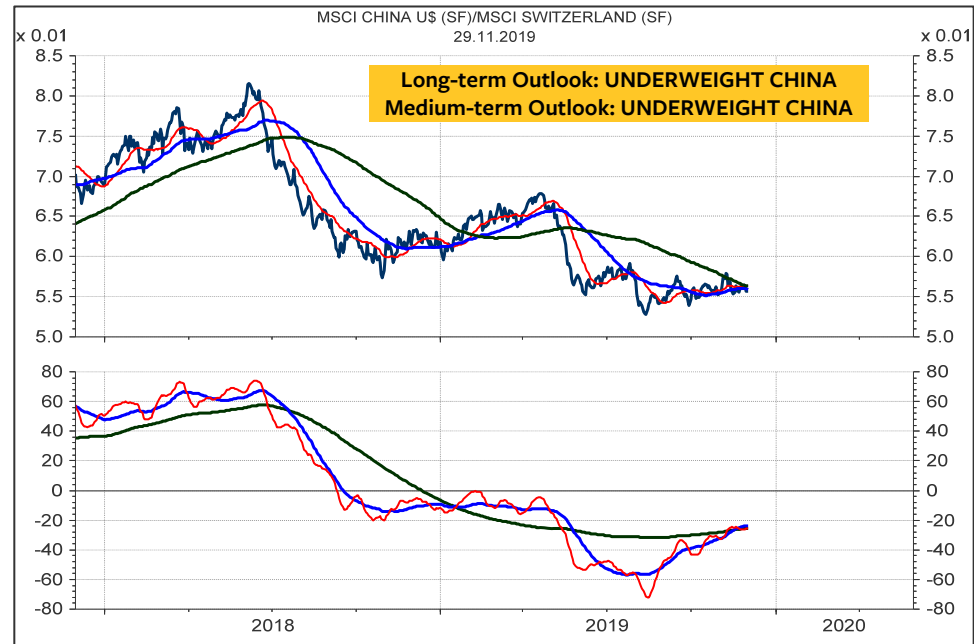
MSCI CHINA in Swiss franc



MSCI CHINA relative to the MSCI AC World



MSCI CHINA in CHF relative to MSCI Switzerland



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. This pattern implies that the commodities are likely to undergo one more deflationary downleg, probably from the second half 2020 onwards.

Both, my Long-term and Medium-term Outlook remain FLAT.

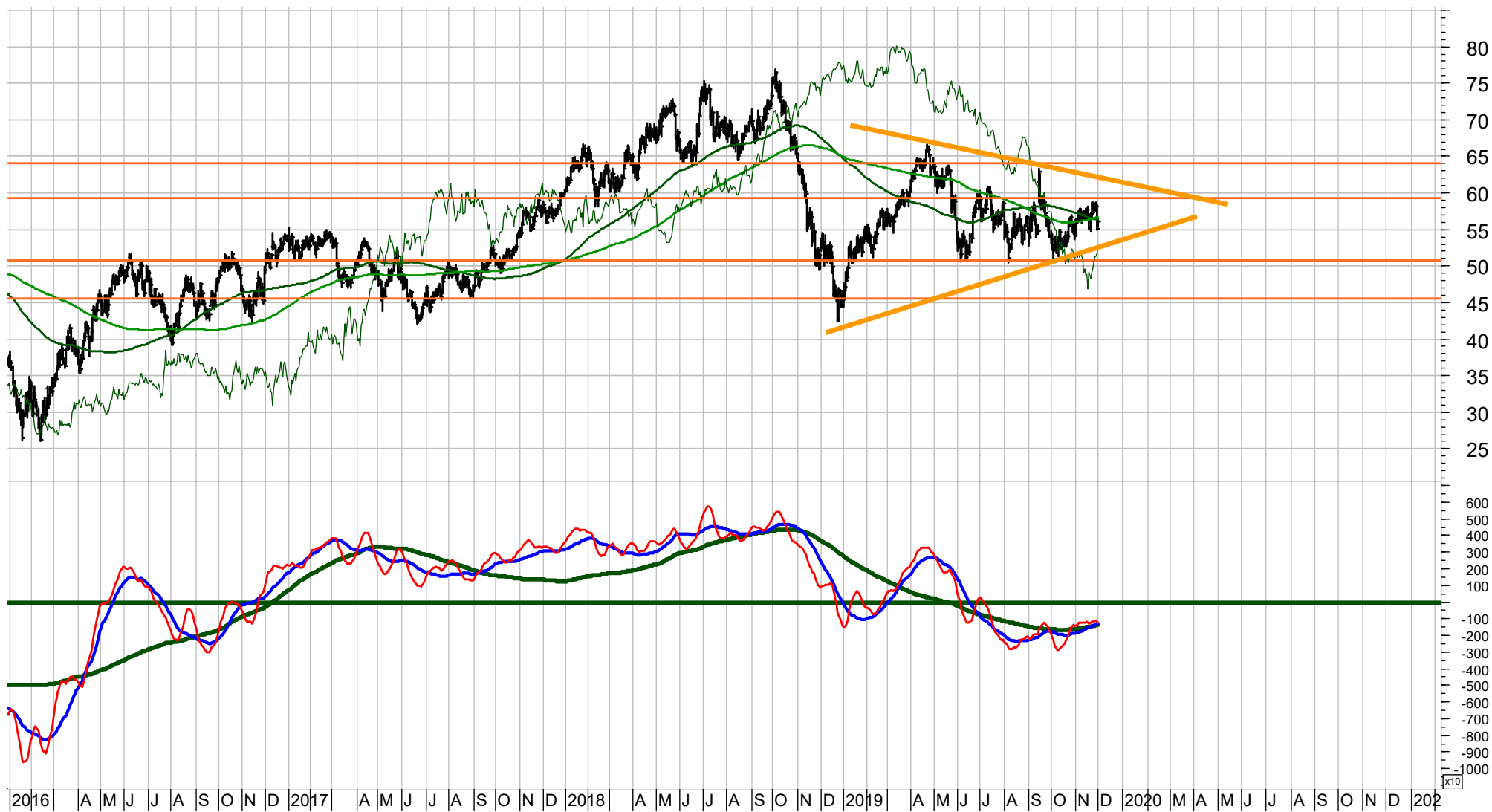
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



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.

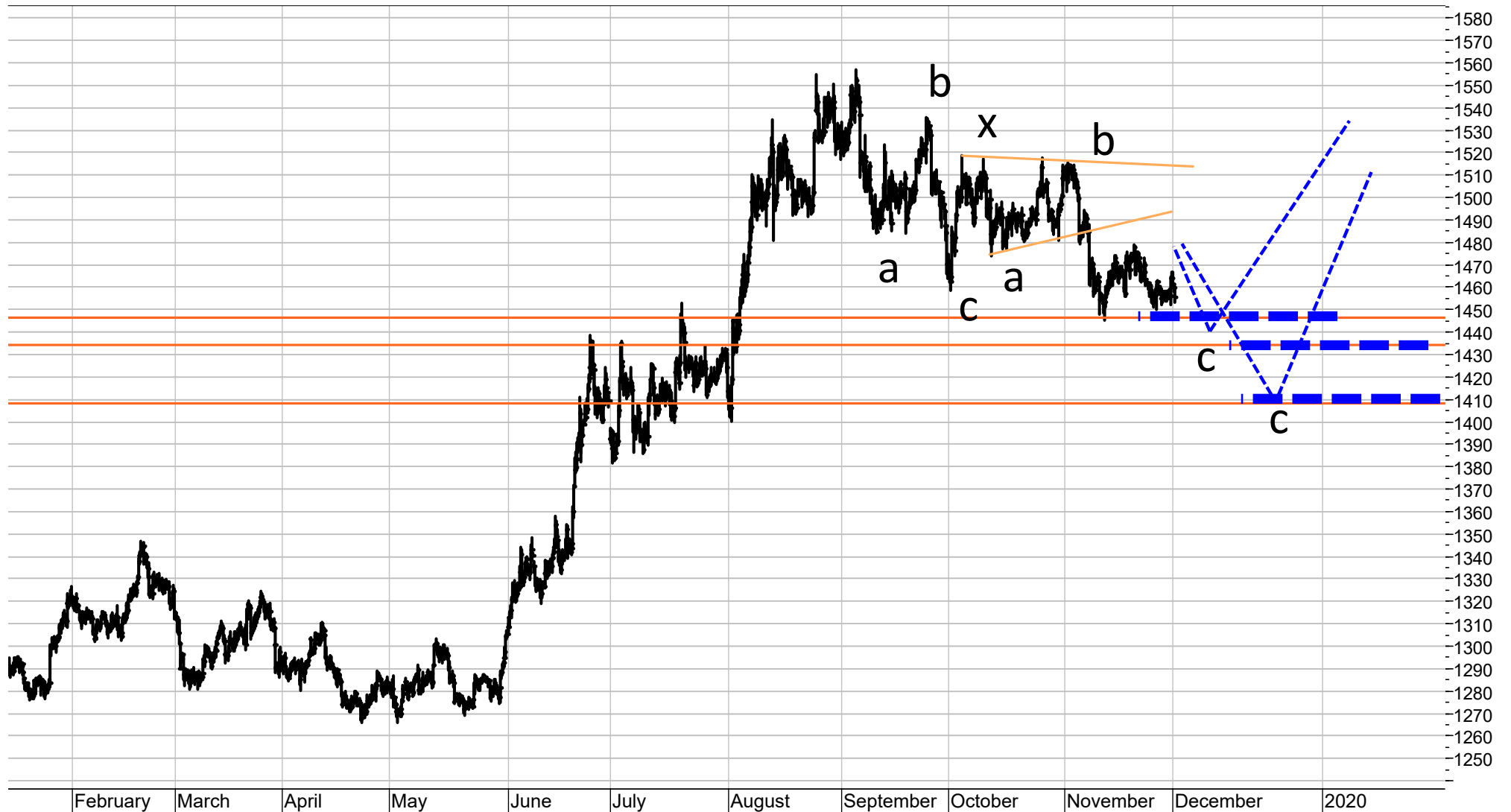
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



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 is part of the long-term uptrend.
My Medium-term Outlook remains FLAT as long as the present correction does not break 1445 / 1435 and 1405.

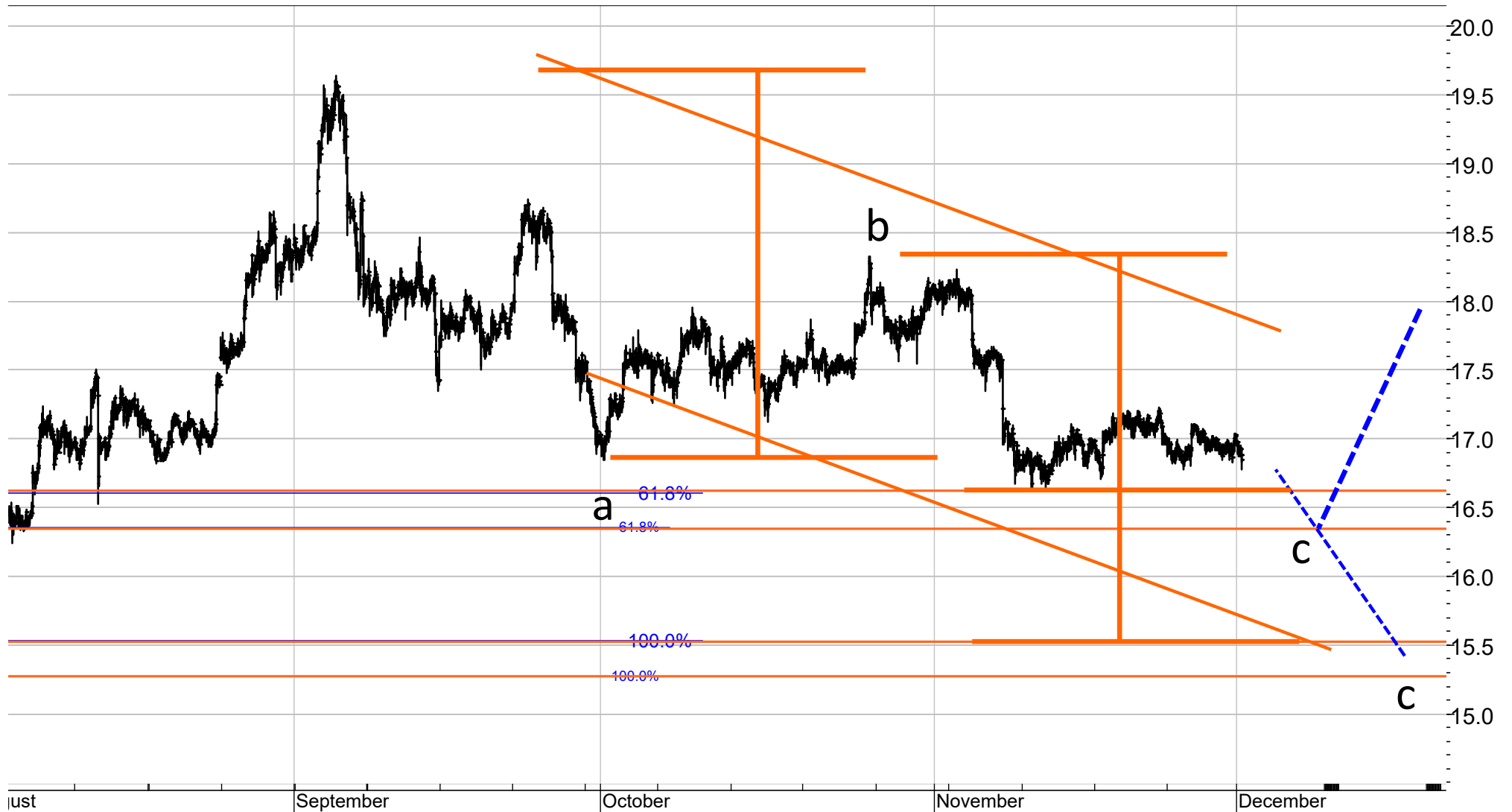
Long-term Outlook: UP
Medium-term Outlook: FLAT



Silver – hourly chart

My Medium-term Outlook and Long-term Outlook could move to DOWN if the supports at 16.60 / 16.30 and 15.50 / 15.20 16.30 are broken.

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



Swiss franc per US DOLLAR – daily chart

My Long-term and Medium-term Outlook remain DOWN as long as the US dollar does not break above 1.01 / 1.03.

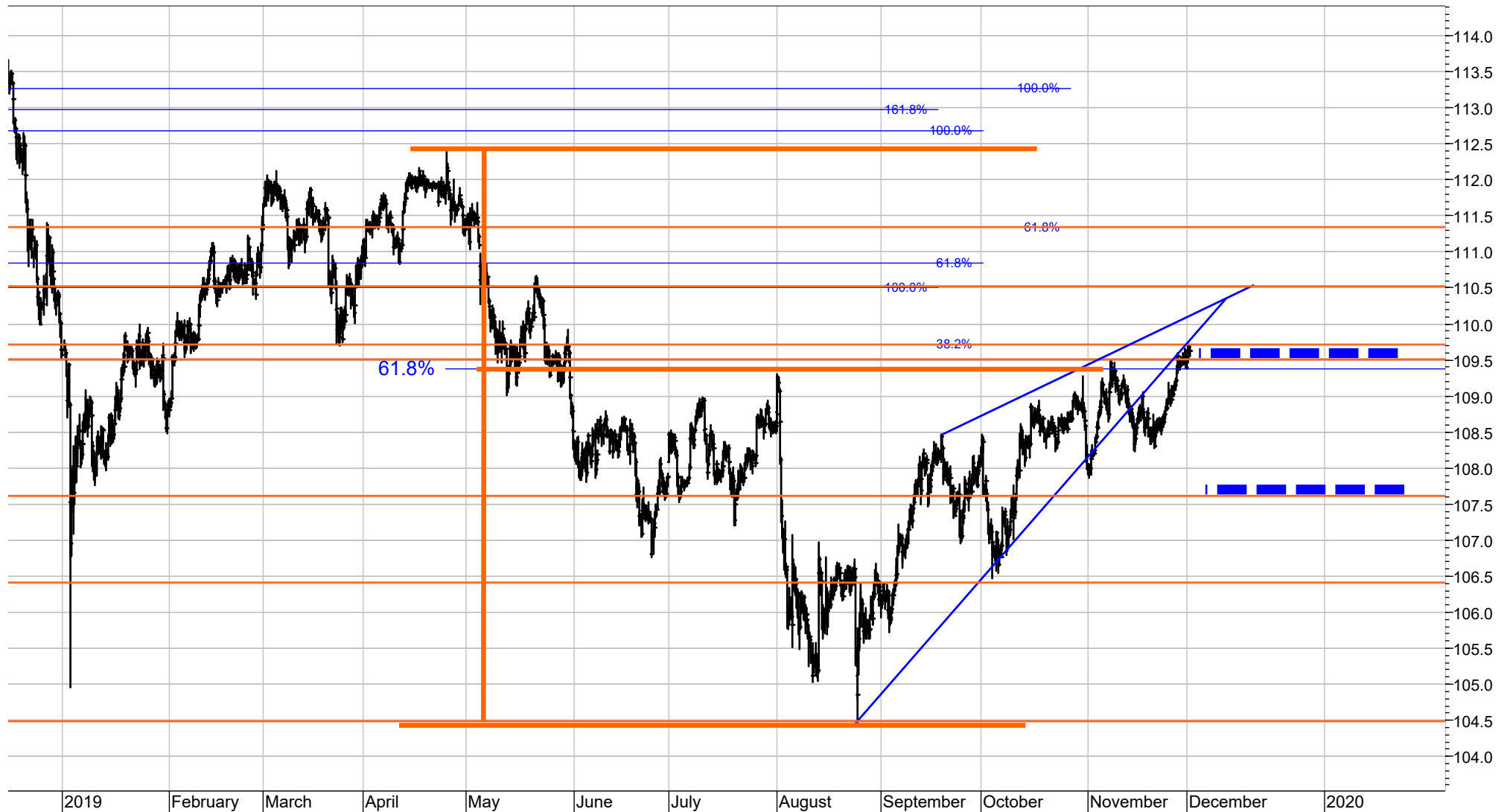
Long-term Outlook: USD DOWN
Medium-term Outlook: USD DOWN



Japanese yen per US DOLLAR – 240-minute chart

My Long-term Outlook remains FLAT as long as the US dollar does not break above 110 / 110.50.
My Medium-term Outlook remains flat as long as the US dollar does not break above 109.80 / 110.

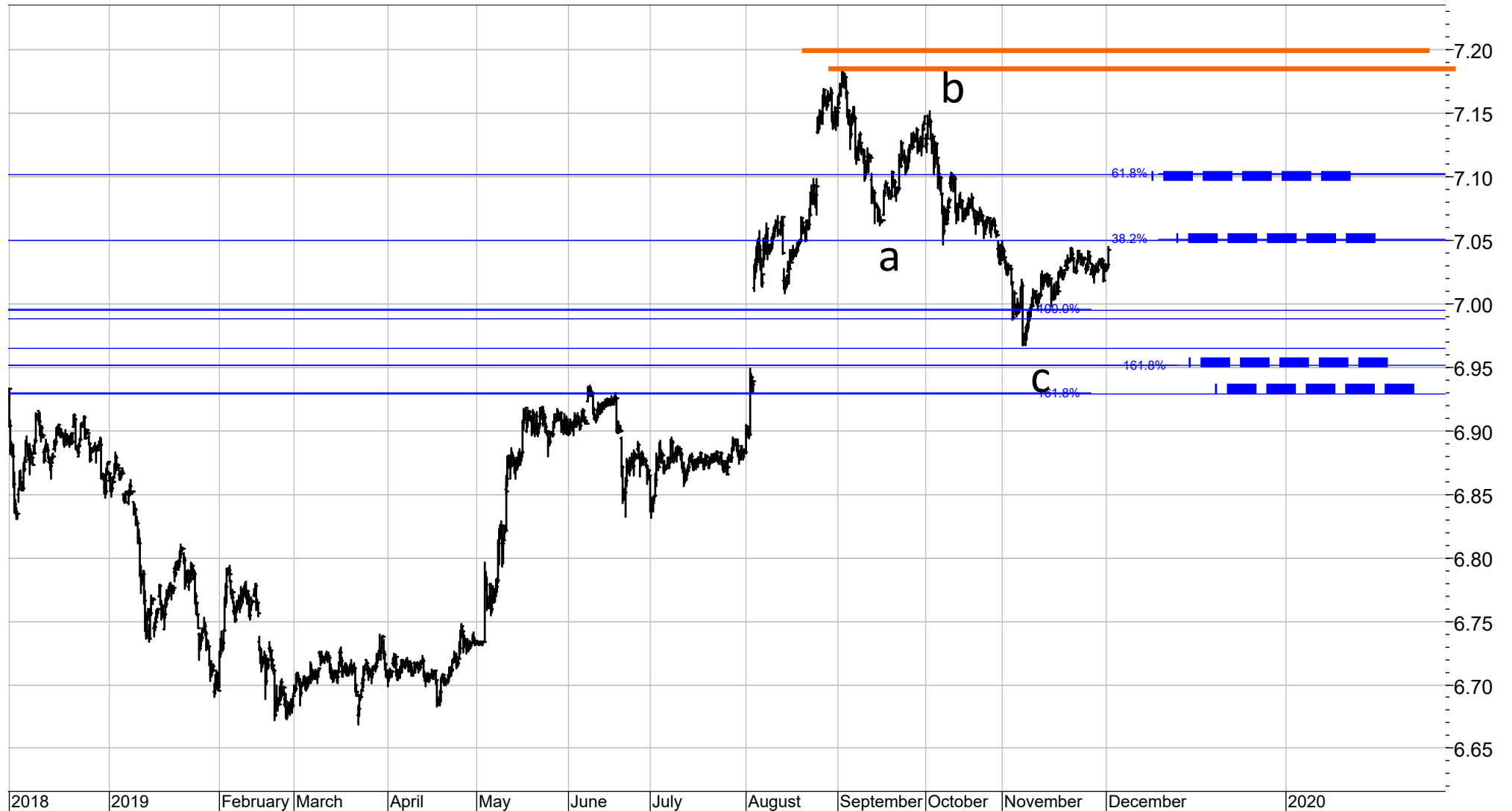
Long-term Outlook: FLAT
Medium-term Outlook: FLAT



Chinese yuan per US DOLLAR – 240-minute chart

My Long-term Outlook remains UP and my Medium-term Outlook remains FLAT between 6.95 / 6.93 and 7.05 / 7.10.

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



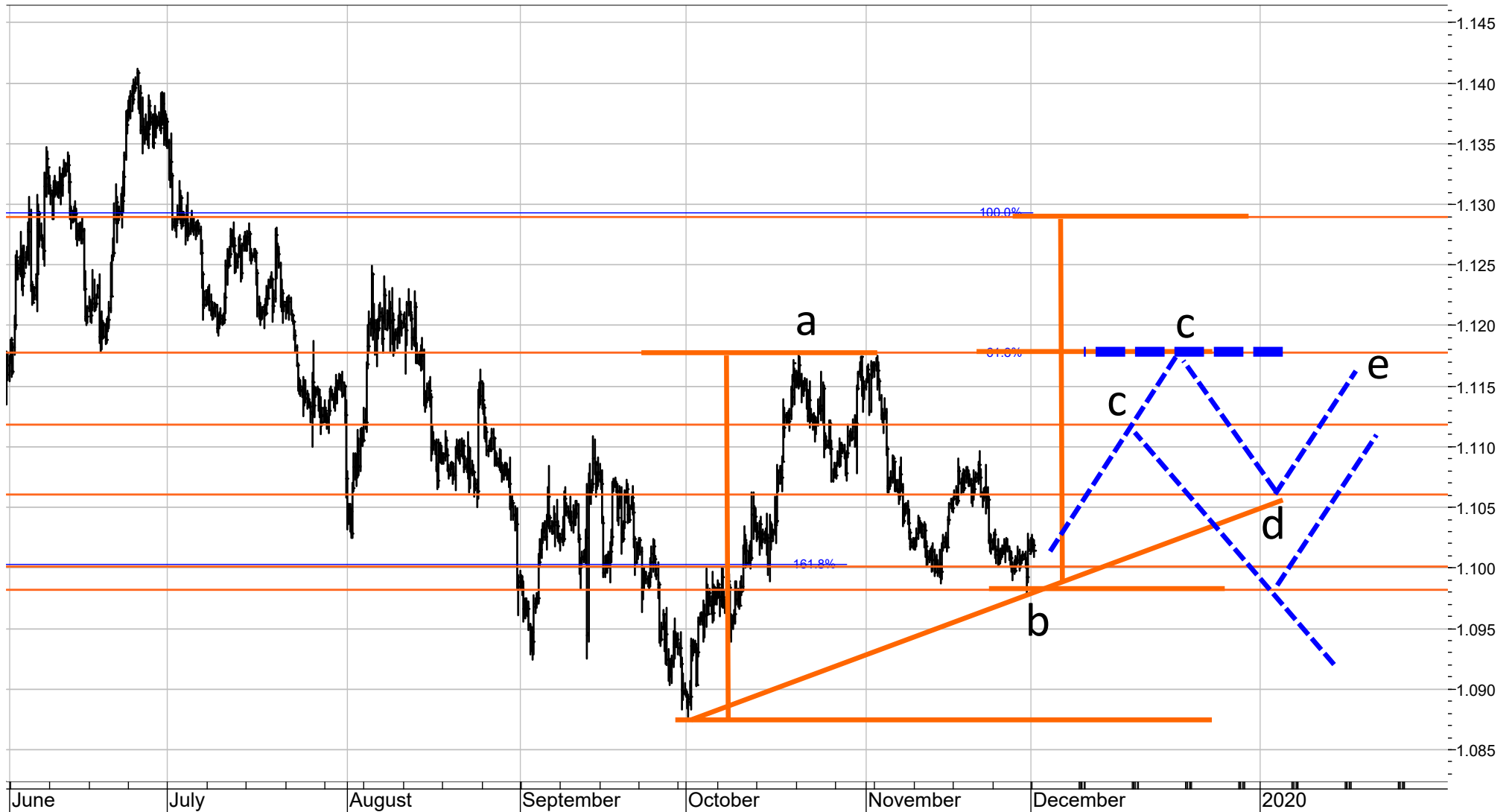
US dollar per EURO – 240-minute chart

My Long-term Outlook remains FLAT.

My Medium-term Outlook could shift from UP to FLAT if 1.0970 is broken.

Clearly, for the Euro to turn upwards medium and long term, it must rise above 1.1180.

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.

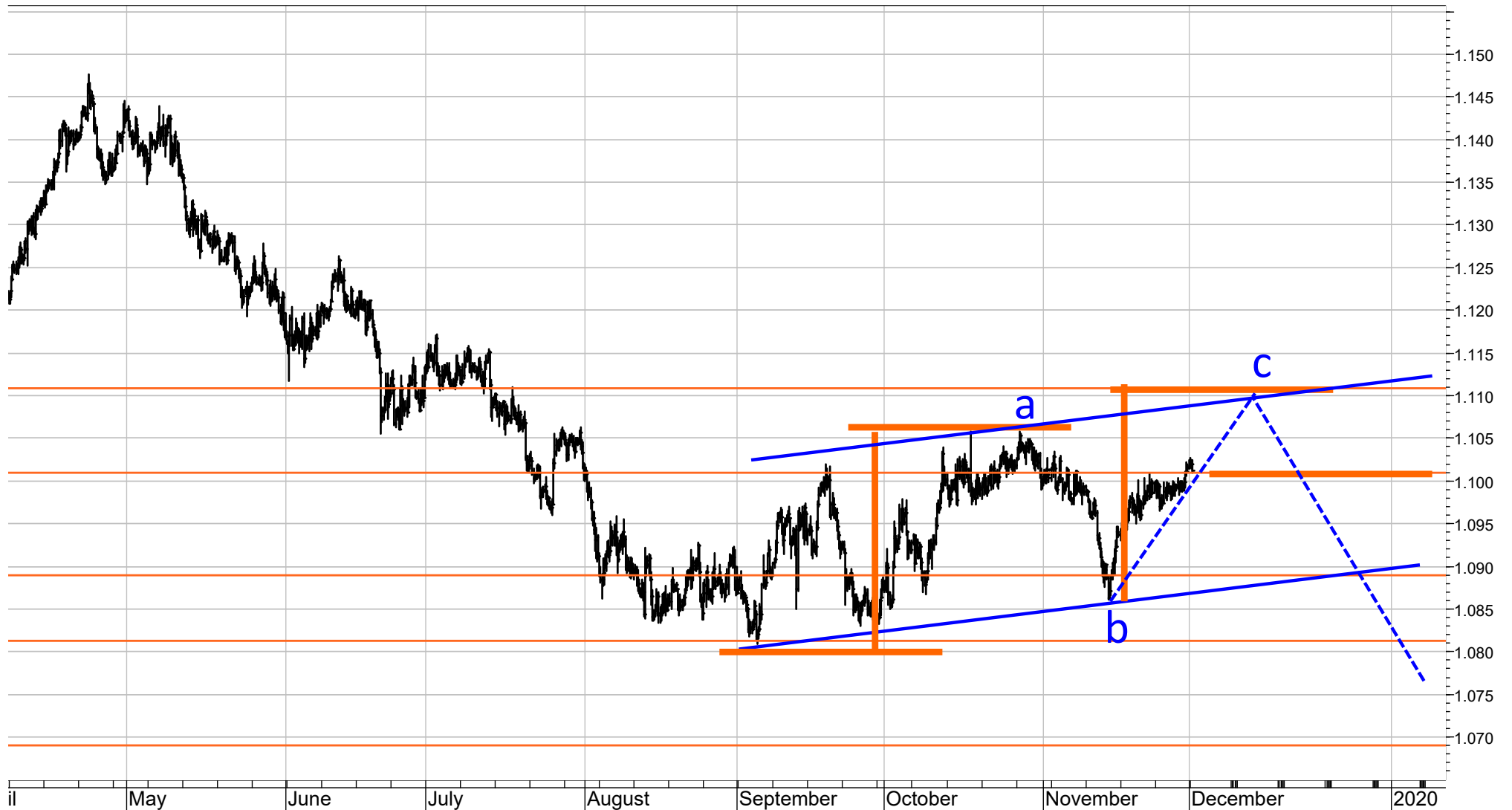
Long-term Outlook: GBP UP
Medium-term Outlook: GBP UP



Swiss franc per EURO – 240-minute chart

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. It would move to FLAT if 1.1110 is clearly broken.
My Medium-term Outlook could shift to UP if 1.1110 is broken.

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



US dollar per BITCOIN – daily chart

The Bitcoin is trading around the support cluster 7300 / 6200, a break of which would signal more weakness to 3500. As long as 6200 is not broken, the Bitcoin could just have completed Wave c of a large TRIANGLE (a-b-c-d-e, marked blue), which began in December 2017. This would imply that the Bitcoin could form Wave d and rise to 11000. Resistance levels are 9500, 11000 and 14000. Major supports are 6200 / 6000 or 3500.



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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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