



GLOBAL CHART OUTLOOK

Looking at CROWD PSYCHOLOGY instead of collecting REASONS

GLOBAL MARKETS

6th July 2020 / Issue #27

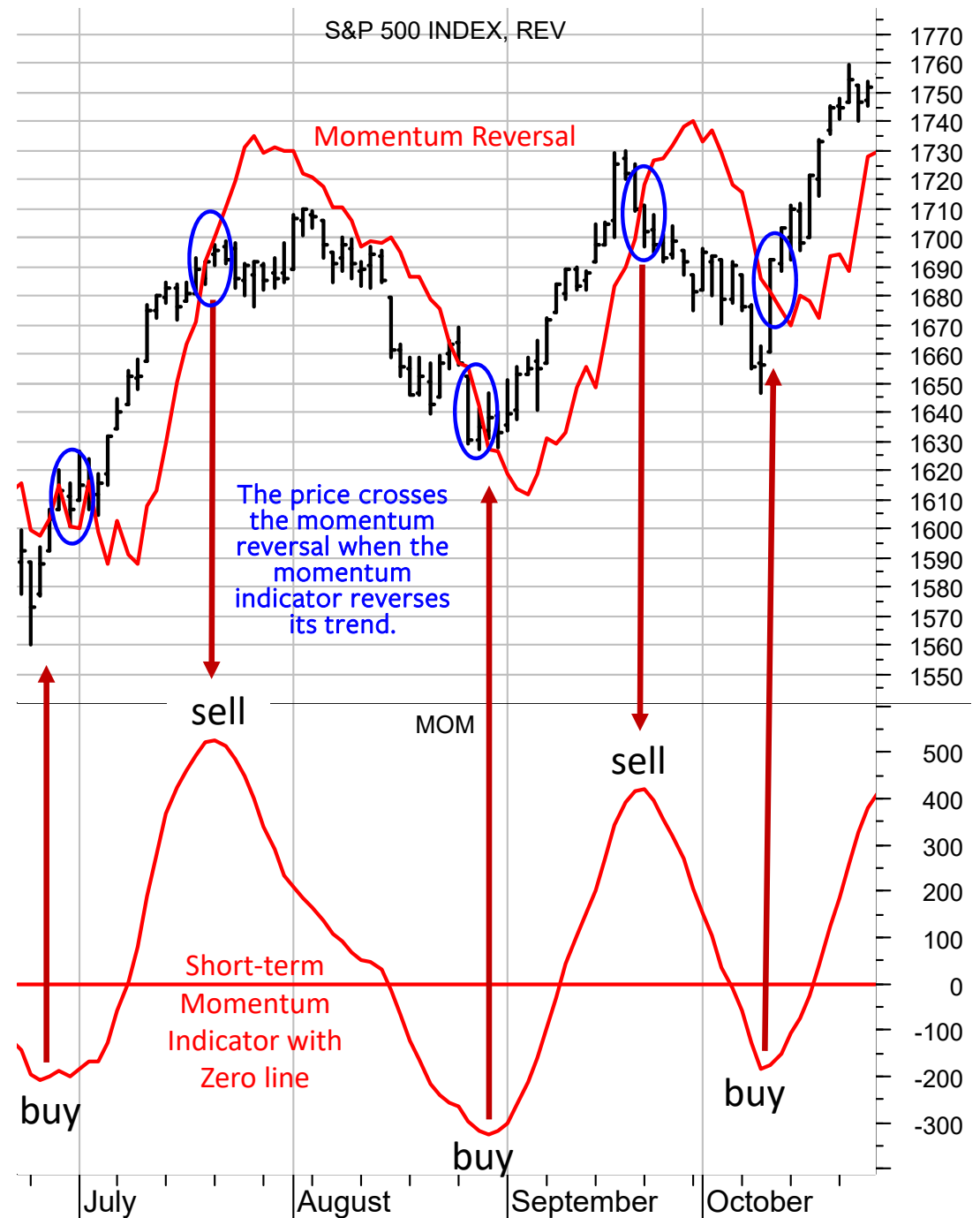
A short explanation and illustration of my Momentum REVERSAL Indicator

All financial market series display trend, momentum and pattern. The momentum concept is the most useful and most profitable approach. Also, it is the most widely accepted in the academic world.

The financial media and the fundamentally oriented investors and analysts believe they have to collect all knowledge about a company, market, currency or country for them to arrive at a conclusion to buy or sell. They think they decide rationally. BUT, in the world of human neurology it is well demonstrated that it is IMPOSSIBLE for a human to decide emotionless. Emotions are always present in the investment decision process. Even those investors how are convinced that they do not act based on emotions then, at times, tend to become extremely emotional. Moreover, even if the ratio would play a bigger role, it is NEVER possible to collect all reasons why a price is payed. But, this is how the human brain works. Constantly and continuously, it searches for explanations, for causes and the respective effects. Neuro-psychiatrists call them causality-junkies. More than 30 years of observation of the patterns and indicators applicable to the financial markets reveal that it is the price changes, which trigger emotional changes and the emotional changes trigger price changes. It is the net of the bullishness of the buyer relative to the bearishness of the sell, which defines the price, disregarding all reasons. If all reasons are present at all times to everyone, so why would a buyer buy on good news if on the same news a seller wants to sell. Who interprets the news as good or bad?

The momentum indicator is one of the best indicators to reduce the emotional component. My momentum indicators are based on two rate-of-change calculations. The rule is simple: When the indicator turns UP from down below the horizontal zero line it triggers a BUY signal. When it turns DOWN from up it triggers a SELL signal. The reader of the indicator looks at two things. The direction of the momentum indicator and its position relative to the zero line.

The **Momentum Reversal** is shown at right together with the price chart (upper chart). It indicates the level, which the price must cross to reverse the unfolding momentum trend for the Short Term (daily chart) the next day, Medium-term (weekly chart) the next week and Long Term (monthly chart) the next month. Obviously, the point at which the price crosses the momentum reversal is the point when the momentum indicator reverses its trend and thus triggers a new buy or sell signal. The farther the distance is between the momentum reversal and the price the stronger is the momentum and the less likely is an immediate trend reversal. In other words, when a car accelerates its speed, it is very unlikely to reverse trend. Before its reverses trend, it must slow down.



A short explanation and illustration of the Momentum Reversal and the Moving Average

On this page, the chart shows the long-term momentum indicator (bottom chart) with the 233-day moving average and with the long-term momentum reversal (upper part of the chart). This example shows that not always does the top in the momentum indicator go hand in hand with the top in the price. In other words, sometimes when the car is slowing down (reducing the speed), you would expect the car to change direction. But, the car might as well just re-accelerate and continue to follow the same route. Such behavior is possible also in the financial markets. For example, the index at right triggered a BUY signal at the beginning of the time scale (point A) when it crossed above the long-term momentum reversal and also crossed above the 233-day moving average. But then, the momentum indicator peaked (point overbought) and the Index crossed below the long-term momentum reversal. BUT, the Index did not break below the 233-day moving average. It resumed the long-term uptrend until it fell below the 233-day average at a substantially higher level (point B).

Thus, a SELL signal is triggered most often only when the Index falls BELOW the moving average AND when the momentum indicator is DECLINING (when the Index is positioned BELOW the momentum reversal).

A BUY signal is triggered most often only when the Index breaks ABOVE the moving average and when the momentum indicator is RISING (when the Index is positioned ABOVE the momentum reversal).

In my Trend and Momentum Models, I use two moving averages and the momentum reversal for each time scale, i.e. short term (13- and 21-day averages), medium term (34- and 55-day averages) and long term (89- and 144-day averages), and sometimes the 233-day average.

The fact that in this example the long-term momentum indicator fell from overbought to the zero line while the Index continued to rise and ultimately only traced out a mild consolidation, did indicate that the following uptrend in the Index would be very powerful, which it turned out to be. It was confirmed by the buy signal when the Index again broke above the momentum reversal and the moving average (point B).

Of course, this concept of trend and momentum and momentum reversal also works exactly the same way during downtrends.



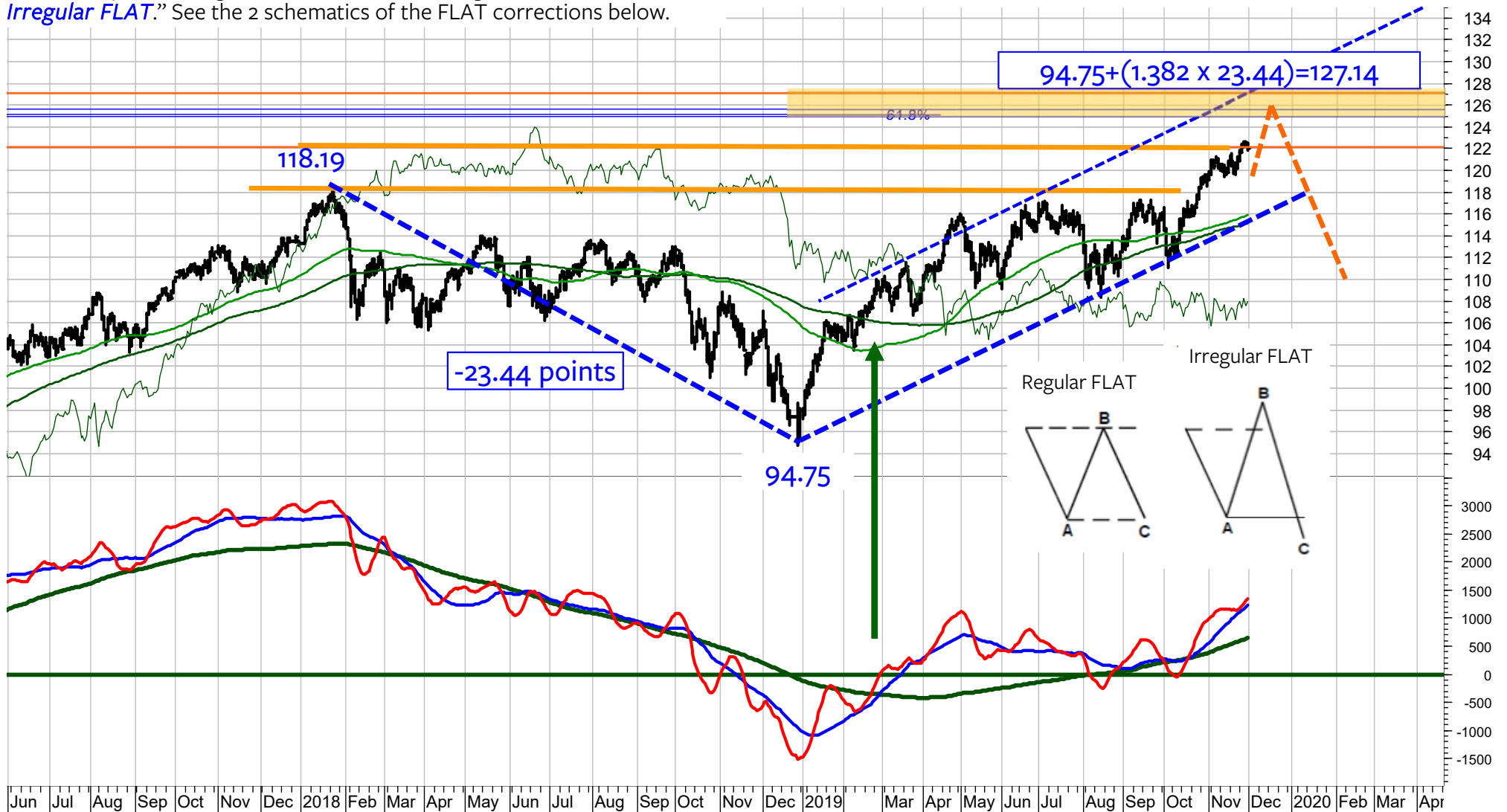
MSCI INDICES IN LOCAL CURRENCIES, ABSOLUTE
MSCI INDICES IN SWISS FRANC RELATIVE TO MSCI SWITZERLAND

SCORE	INDEX	RIC	PRICE	LONG-TERM MODEL	LONG-TERM OUTLOOK	MEDIUM-TERM MODEL	MEDIUM-TERM OUTLOOK		LONG-TERM OUTLOOK	MEDIUM-TERM OUTLOOK		PAGE
100%	ARGENTINA	.dMIARoc	10'390'630	+		+						
78%	AUSTRALIA	.dMIAUoc	1'189.65	O	FLAT	+	DOWN		UNDERWEIGHT AUSTRALIA	NEUTRAL		30
50%	AUSTRIA	.dMIAToc	392.19	O		+						
72%	BELGIUM	.dMIBEoc	839.52	O		+						
89%	BRAZIL	.dMIBRoc	1'093.91	+	FLAT	+	DOWN		UNDERWEIGHT BRAZIL	UNDERWEIGHT BRAZIL		34
78%	CANADA	.dMICAoc	1'966.77	O	FLAT	+	DOWN					15
89%	CHILE	.dMICLoc	3'654.57	+		+						
100%	CHINA	.dMICNoc	92.10	+	FLAT	+	FLAT		NEUTRAL	NEUTRAL		33
44%	COLOMBIA	.dMICOoc	1'908.18	-		+						
67%	CZECH REPUBLIC	.dMICZoc	183.08	O		+						
100%	DENMARK	.dMIDKoc	10'517.03	+		+						
17%	EGYPT	.dMIEGoc	2'461.72	-		O						
100%	FINLAND	.dMIFLoc	686.08	+		+						
78%	FRANCE	.dMIFRoc	1'814.30	O	FLAT	+	DOWN		NEUTRAL	NEUTRAL		19
100%	GERMANY	.dMIDEoc	933.69	+	FLAT	+	DOWN		NEUTRAL	NEUTRAL		18
78%	GREECE	.dMIGRoc	38.94	O	DOWN	+	DOWN		UNDERWEIGHT GREECE	UNDERWEIGHT GREECE		24
89%	HONG KONG	.dMIHKoc	15'047.11	+	DOWN	+	DOWN		UNDERWEIGHT HONG KONG	UNDERWEIGHT HONG KONG		31
44%	HUNGARY	.dMIHUoc	1'629.19	O	DOWN	+	DOWN		UNDERWEIGHT HUNGARY	NEUTRAL		27
89%	INDIA	.dMIINoc	1'234.94	+	DOWN	+	DOWN		UNDERWEIGHT INDIA	UNDERWEIGHT INDIA		38
78%	INDONESIA FREE	.dMIIDoc	5'595.76	O	DOWN	+	DOWN		UNDERWEIGHT INDONESIA	UNDERWEIGHT INDONESIA		39
72%	IRELAND	.dMIIEoc	219.13	+		+						
100%	ISRAEL	.dMIILoc	242.51	+		+						
78%	ITALY	.dMIIToc	643.60	O	DOWN	+	DOWN		UNDERWEIGHT ITALY	UNDERWEIGHT ITALY		21
72%	JAPAN	.dMIJPod	943.00	+	FLAT	O	DOWN		UNDERWEIGHT JAPAN	NEUTRAL		29
100%	KOREA	.dMIKRoc	676.04	+	FLAT	+	DOWN		NEUTRAL	NEUTRAL		41
100%	MALAYSIA FREE	.dMIMYoc	530.99	+		+						
72%	MEXICO FREE	.dMIMXoc	35'122.77	O	DOWN	+	DOWN		UNDERWEIGHT MEXICO	UNDERWEIGHT MEXICO		35
89%	NETHERLANDS	.dMINLoc	1'907.89	+	FLAT	+	FLAT					20
100%	NEW ZEALAND	.dMINZoc	199.18	+		+						
33%	NORWAY	.dMINOoc	2'497.44	O	FLAT	O	DOWN		UNDERWEIGHT NORWAY	UNDERWEIGHT NORWAY		26
78%	PAKISTAN	.dMIPKoc	301.38	O		+						
17%	PERU	.dMIPEoc	2'093.37	-		O						
78%	PHILIPPINES FREE	.dMIPHoc	1'077.43	O	DOWN	+	DOWN		UNDERWEIGHT PHILIPPINES	UNDERWEIGHT PHILIPPINES		40
72%	POLAND	.dMIPLoc	1'238.25	O	DOWN	+	DOWN		UNDERWEIGHT POLAND	UNDERWEIGHT POLAND		28
89%	PORTUGAL	.dMIPToc	94.95	O	FLAT	+	DOWN		NEUTRAL	NEUTRAL		23
78%	QATAR	.dMIQAoc	733.32	O		+						
78%	RUSSIA	.dMIRUoc	1'179	O	DOWN	+	DOWN		UNDERWEIGHT RUSSIA	UNDERWEIGHT RUSSIA		36
72%	SINGAPORE	.dMISGoc	1'420.54	O	DOWN	+	DOWN		UNDERWEIGHT SINGAPORE	UNDERWEIGHT SINGAPORE		32
89%	SOUTH AFRICA	.dMIZAoc	1'289.52	+		+						
78%	SPAIN	.dMIESoc	721.59	O	DOWN	+	DOWN		UNDERWEIGHT SPAIN	UNDERWEIGHT SPAIN		22
100%	SWEDEN	.dMISEoc	13'396.64	+	FLAT	+	DOWN		NEUTRAL	NEUTRAL		25
83%	SWITZERLAND	.dMICHoc	1'353.04	O	FLAT	+	DOWN					8
100%	TAIWAN	.dMITWoc	453.82	+	FLAT	+	(u) FLAT		NEUTRAL	NEUTRAL		42
78%	THAILAND FREE	.dMITHoc	476.45	O		+						
89%	TURKEY	.dMITRoc	1'416'550	+	FLAT	+	DOWN		UNDERWEIGHT TURKEY	UNDERWEIGHT TURKEY		37
50%	UK	.dMIGBoc	1'740.74	O	DOWN	+	DOWN		UNDERWEIGHT U.K.	UNDERWEIGHT U.K.		16
61%	UNITED ARAB EMIRATES	.dMIAEoc	268.62	O		+			NEUTRAL	UNDERWEIGHT CANADA		
89%	UNITED STATES	.dMIUSoc	3'011.40	+	FLAT	+	DOWN		NEUTRAL	UNDERWEIGHT USA		12

Swiss Equally Weighted Price Index (chart is re-printed from my Chart Outlook of 2.12.2019)

On 2.12.2019 I stated: “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. The *Regular FLAT* in which Wave B returns to the previous high, which is followed by Wave C to the same level where Wave A ended. When Wave B breaks the previous high from which the FLAT began, the Index can form an *Irregular FLAT*.” See the 2 schematics of the FLAT corrections below.

Why do I reprint here the chart from 2.12.2019? Because the pattern of an Irregular Flat has long-term bullish implications. As the chart on the next page shows did Wave C end around 130. It was followed by Wave C, which was expected to be a strong and sharp downleg below the low of December 2018. See the updated chart on the next page.

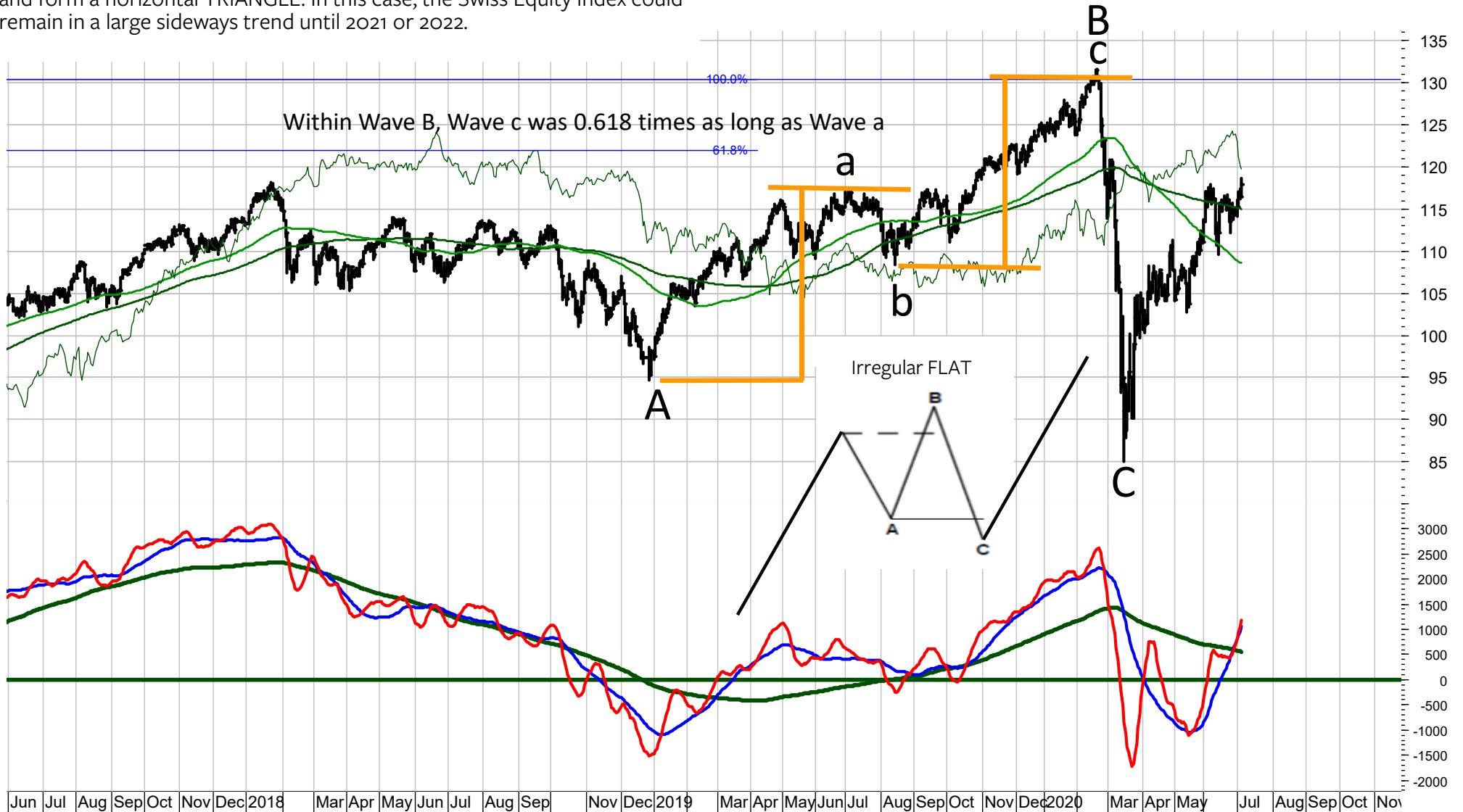


Swiss Equally Weighted Price Index (chart is updated through 6th July 2020)

In early 2020 I did fine tune the target for Wave B and indicated that within Wave B, Wave c will be 0.618 times as long as Wave a at around 130. THIS WAS WHERE WAVE B TOPPED, AT AROUND 130.

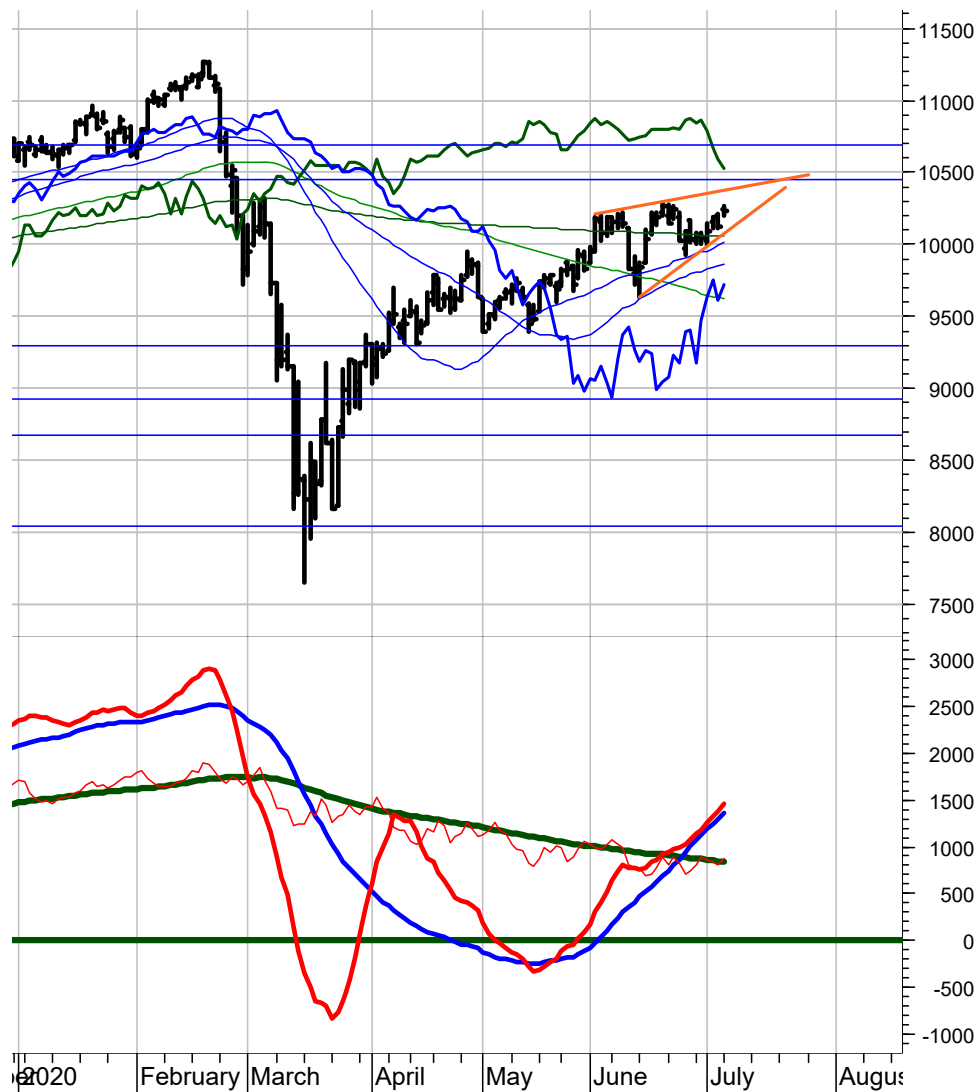
True enough, the Irregular A-B-C could be followed by a second correction A-B-C if the rise from March is Wave X. Or, the Irregular A-B-C could extend and form a horizontal TRIANGLE. In this case, the Swiss Equity Index could remain in a large sideways trend until 2021 or 2022.

The corrective action in this stock market index from 2018 could persist while the deflationary pressure is intensifying. BUT, THE IRREGULAR FLAT IMPLIES THAT THE UNDERLYING LONG-TERM AND SECULAR UPTRENDS SHOULD REMAIN INTACT AND THAT, POSSIBLY, OVER THE LONG RUN, THE ASSET INFLATION WILL CONTINUE.

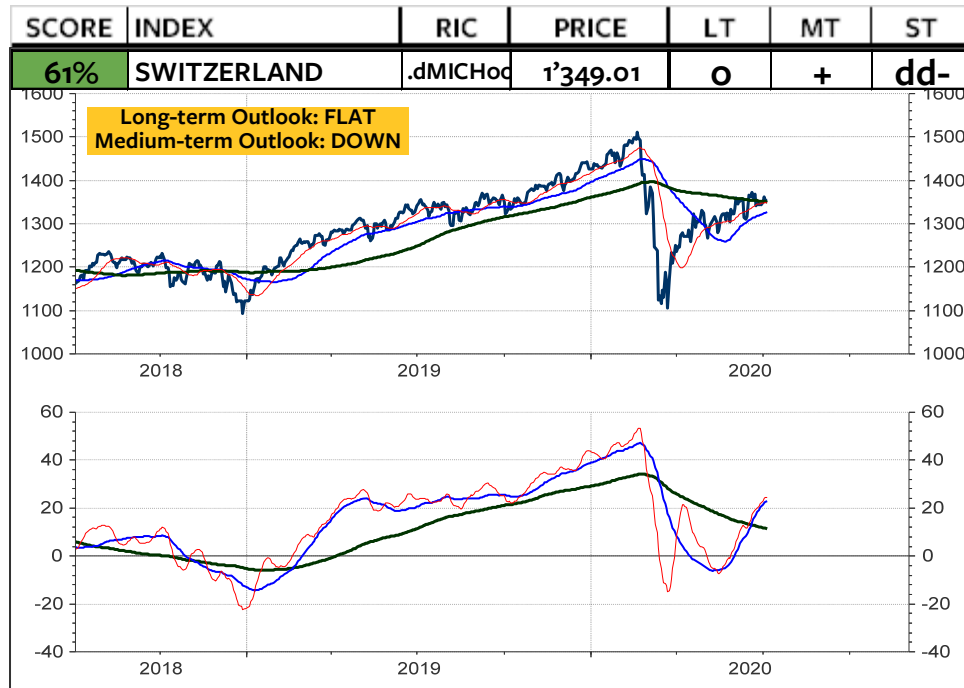


Swiss Market Index SMI and the VSMI

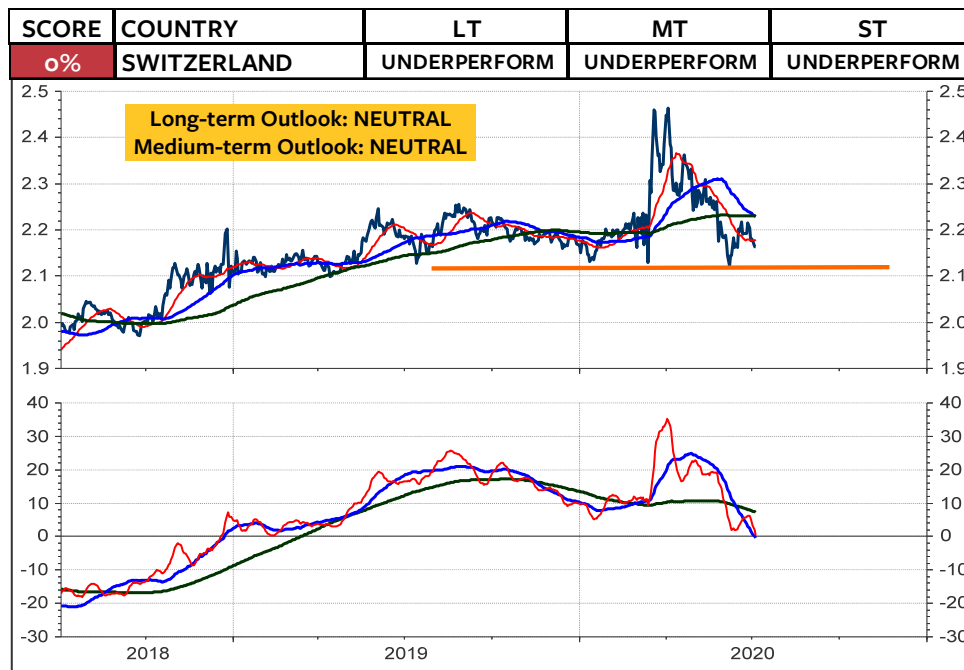
The SMI managed to rebound from the key support at 9900 and is close to testing the former high at 10290. Resistance levels are numerous between 10250 and 10500. This is also the level of the long-term momentum reversal. Clearly, sell signals would be triggered if 9900 and 9650 is broken and if the VSMI breaks above 21 and 25 to 27.



MSCI SWITZERLAND in Swiss franc



MSCI SWITZERLAND relative to the MSCI AC World



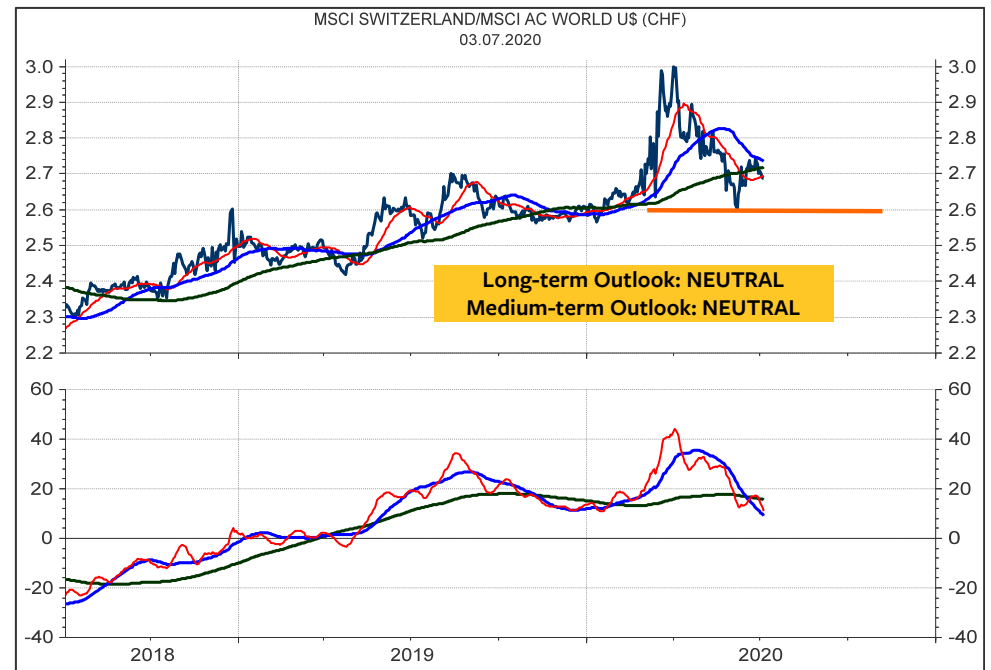
The MSCI Switzerland is trading at the 144-day moving average. My Long-term Model remains FLAT (LT o) as is my Long-term Outlook (orange box). The Medium-term Model is still positive (MT +). I shall re-consider my medium-term outlook DOWN if the SMI breaks 10250 to 510500.

The MSCI Switzerland relative to the MSCI World (lower left) could again test the major support around 2.12. Clearly, a break of this support would trigger a long-term downgrade in the MSCI Switzerland to UNDERPERFORM and UNDERWEIGHT relative to the MSCI World Index. This would then confirm my relative model, which rates the MSCI Switzerland UNDERPERFORM.

On the lower right, the MSCI Switzerland is shown relative to the MSCI World in Swiss franc. The medium-term and long-term outlook remain NEUTRAL. This means that for now, Swiss franc based equity investors maintain the equal weighting of the MSCI Switzerland and the MSCI World in Swiss franc. In order to take a long position in any of the global stock market indices (in Swiss franc) its relative performance to the MSCI Switzerland must be overweight medium-term AND long-term. Presently, NONE of the foreign stock markets (in Swiss franc) is rated medium-term AND long-term overweight.

Thus, Swiss franc based equity investors remain overweight in Swiss equities.

MSCI SWITZERLAND relative to MSCI World in Swiss franc



S & P 500 Index – Call/Put Ratio - VIX

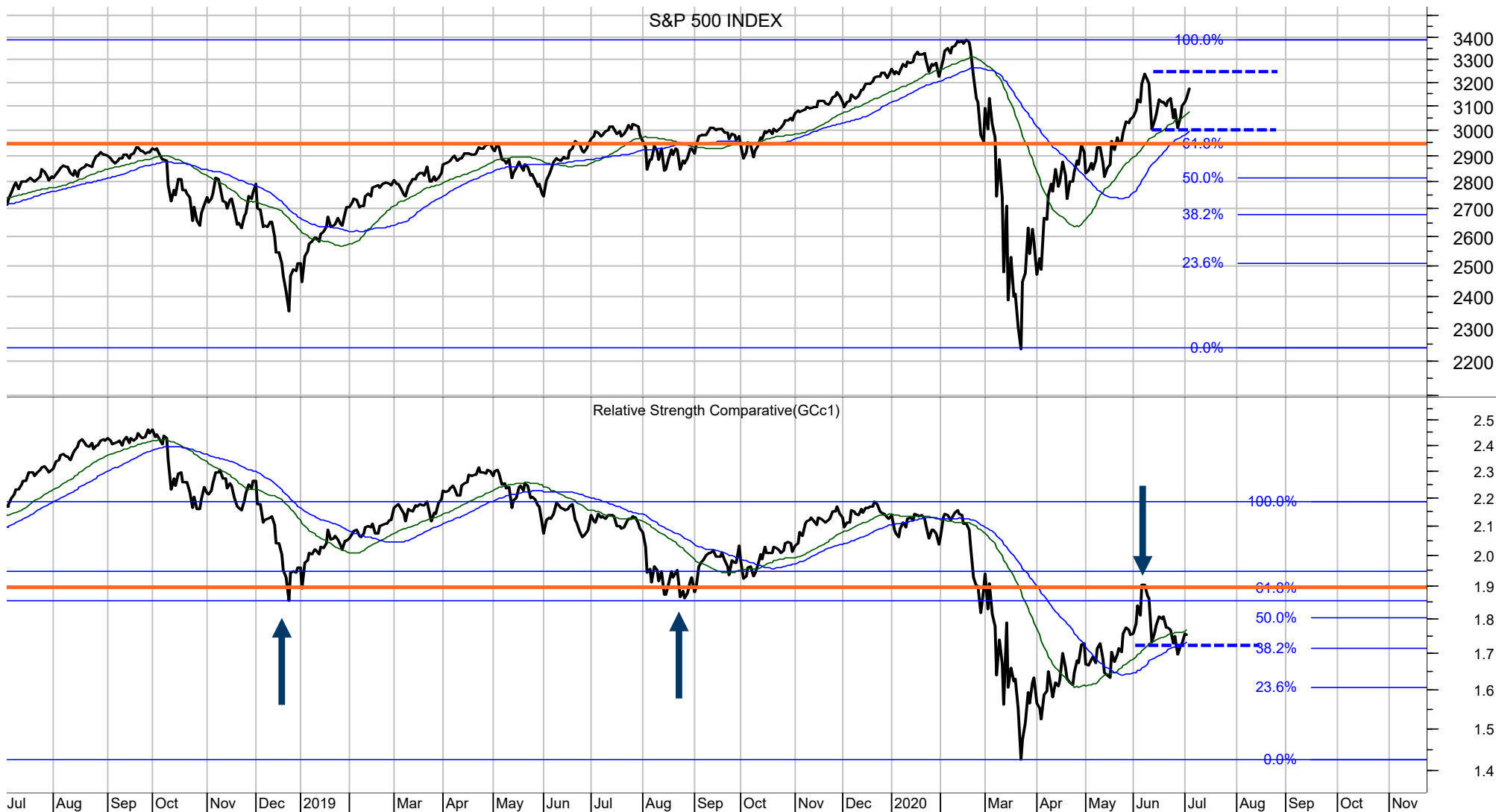
The S&P 500 Index has rallied to the resistance at 3200 to 3250, a break of which would signal the resumption of the uptrend from March with the next target at the high from February. But, the CBOE Call/Put Ratio remains elevated and still appears to limit the market's upside potential. The supports are at 3080, 2910 and 2750.

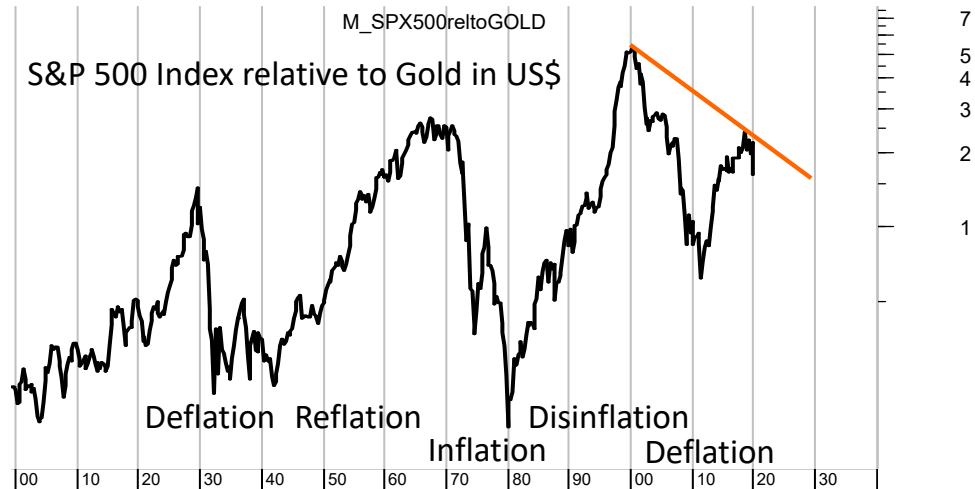
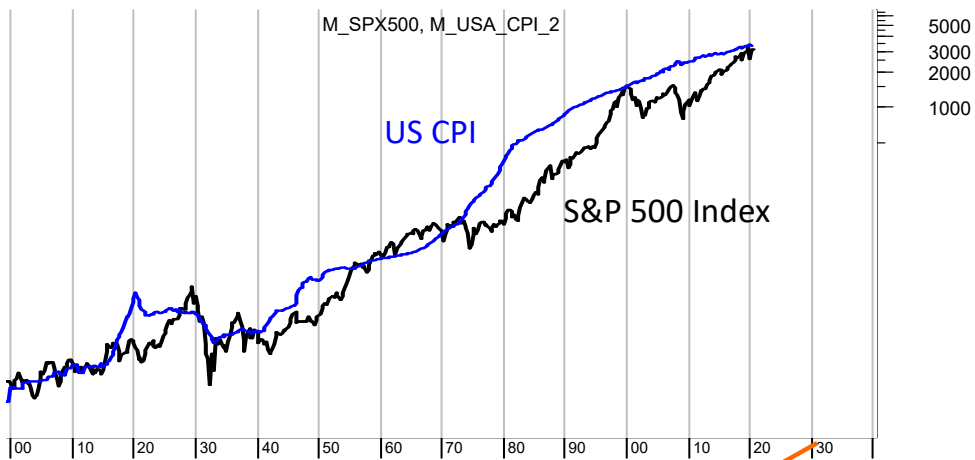


S&P 500 Index (top) relative to Gold in US dollar (bottom)

The S&P 500 Index (upper chart) remains below the June-high. I cannot rule out an extension of the equity rise to the previous high of February 2020. But, it is questionable, if also the S&P 500 Index in Gold would then break the major resistance range between 1.85 to 1.95.

I doubt that the equity rally from March can be of such strength that it also takes the relative chart along, which would signal a major uptrend if the relative resistance at 1.95 is broken.





Following the last Deflation and Depression in the 1930s and 1940s and following WW II the US economy (and global economies) entered a new secular uptrend. So did the US Consumer Price Index and the price of Gold. All series have been rising through the Superinflation of the Technology Revolution and Globalization, which began in 1932 and which is now at risk of being broken. Reflation persisted from 1942 to 1968. Inflation dominated in the 1970s. In the early 1980s the shift from Inflation to Disinflation took place. Disinflation persisted from 1982 to 2000. It was accompanied by the dot.com-bubble, which peaked in 2000. In 2001, Deflation took over. Deflation was characterized by the Financial crisis.

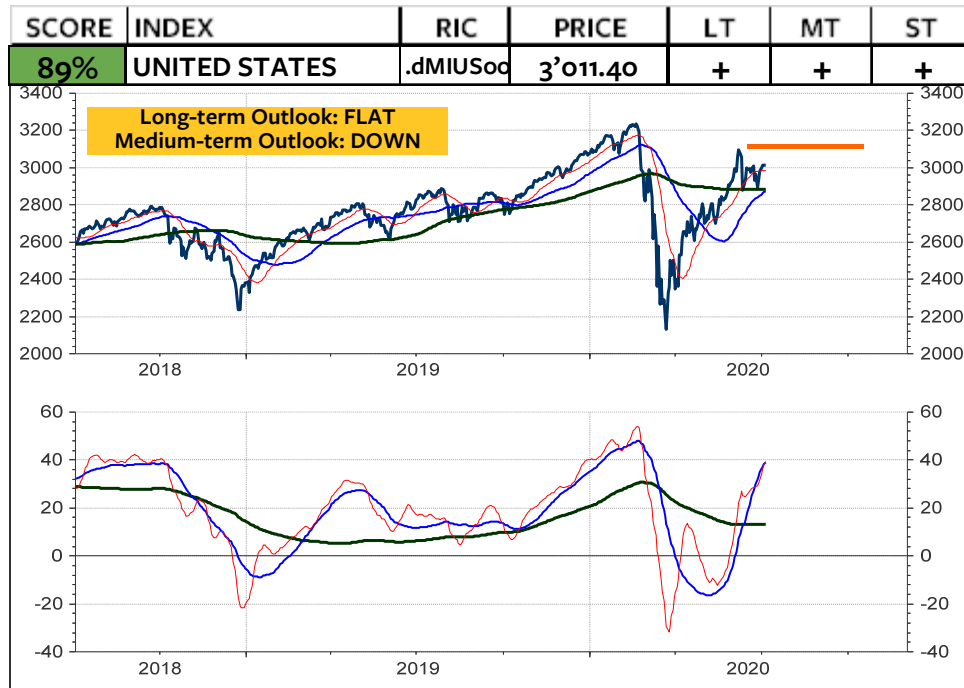
Because the Deflation from 2000 has unfolded for the first time under the fiat-money-system, the strength of the Deflation was masked by the printing of paper-money and the resumption of the equity uptrend, especially in the technology stocks. The Deflation is better visible in the stock market measured in Gold (lower left). In fact, it was Gold, which was for the first time freely tradable and which acted as steam valve in the collective investor panic. In the 1930s there was no place to hide. But, from 2000 to 2011, Gold surged by 680% while stocks relative to Gold fell by over 80%.

Now, the big question arises: What are your stock market fiat-money profits worth? If the stock market rises another 50% or even if it doubles from here, what are these profits worth? Measuring the stock market in terms of earnings (P/E-Ratio) won't tell you much, because it is backward-looking and because the stock market is likely to take off from the fundamental reality. Going forward, with all the trillions which have been printed and which will be printed, the best measure is to look at the stock market in terms of the Consumer Price Index and in terms of Gold.

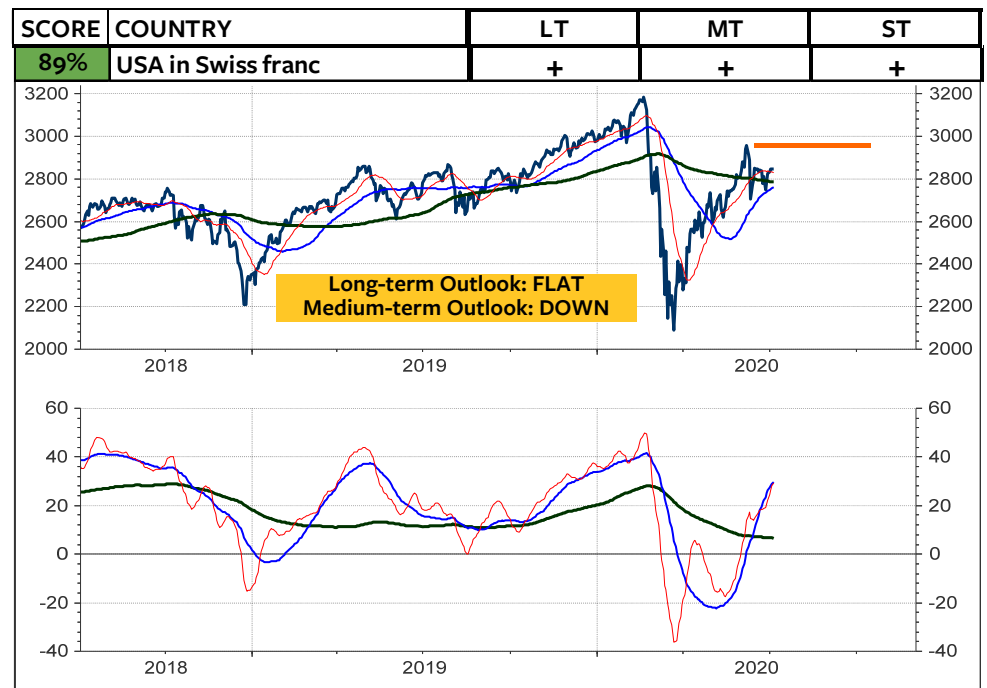
In terms of Gold, the stock market already peaked in 2000. The short-term chart is shown on page 10. By the way, the European stock markets peaked in 2000 in absolute terms. As long as the stock market rises more than the CPI, you are well off. Presently, this is still the case, because the CPI remains weak. But, if the CPI does weaken substantially, the stock market is likely follow and turn down. Thus, unless or until the CPI strongly reaccelerates its uptrend, which is when the Deflation is over and the stock market will enter the next big upleg, its present upside potential appears limited. Worse even, it could pull back with the next negative CPI numbers.

This means that the middle chart of the S&P 500 Index relative to the US CPI is the most important to watch.

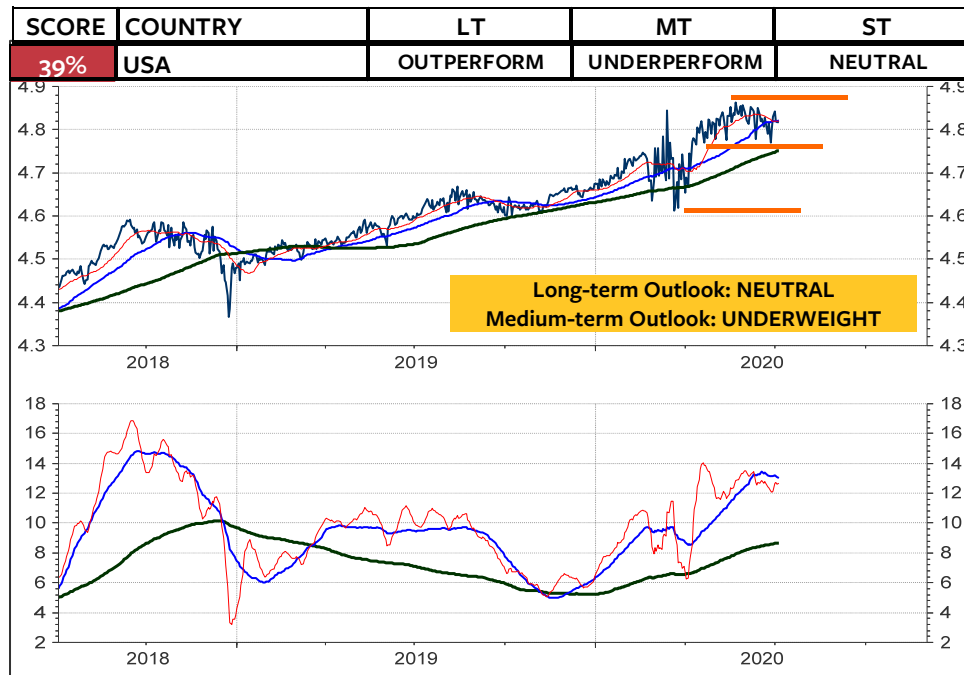
MSCI USA in US\$



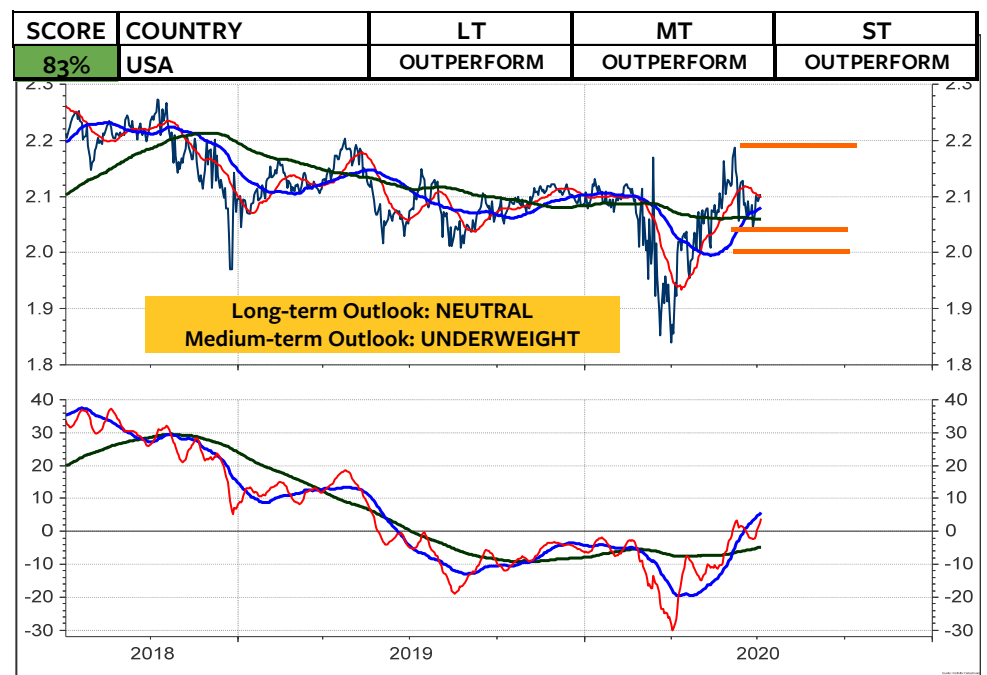
MSCI USA in Swiss franc



MSCI USA relative to the MSCI AC World



MSCI USA in SFR relative to MSCI Switzerland



Nasdaq 100 Index

Next resistance is 10550.

The Nasdaq will trigger major sell signals if the supports at 10200, 9850, 9700, 9450 and 9000 are broken.

The Nasdaq is testing its relative resistance to the S&P 500 Index at 2.19 (bottom, blue). It remains to be seen, if this resistance can easily be broken.



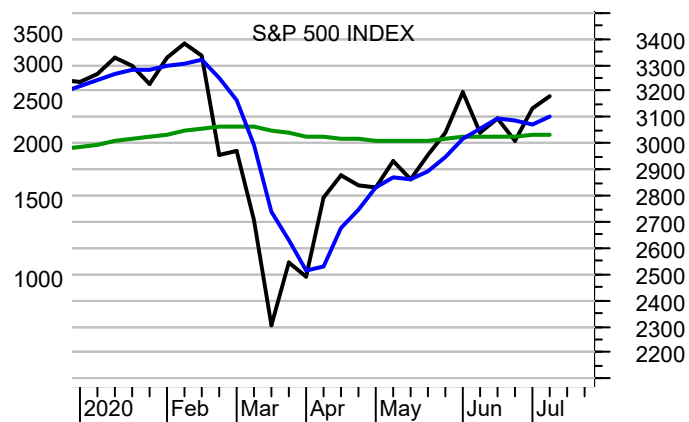
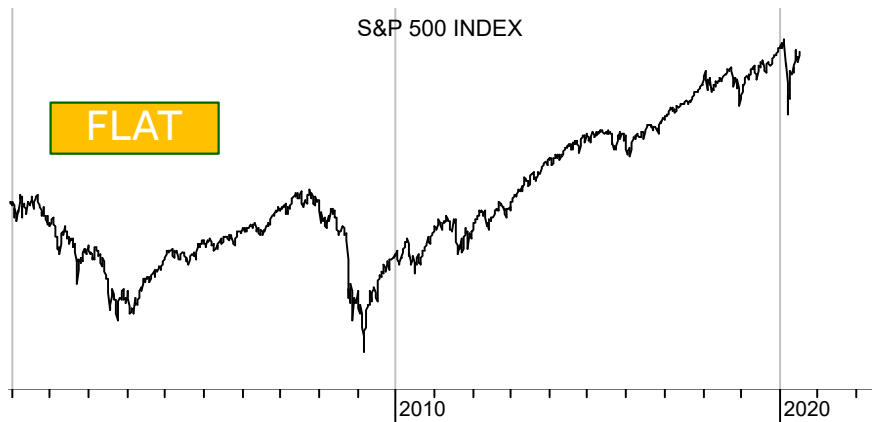
Russel 2000 Index

The Russel 2000 Index must break 1460 and 1510 to signal the resumption of the uptrend from March.

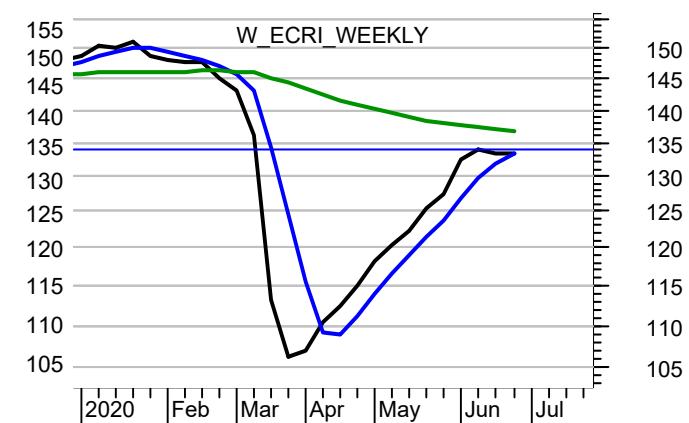
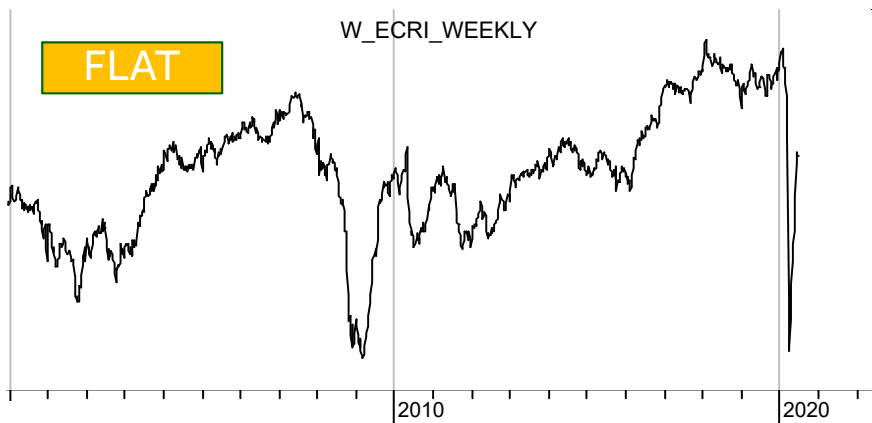
The relative chart Russel to SPX could still be forming a relative top. A break below the relative support at 1.32 and 1.27 will signal the resumption of the underperformance of the Russel 2000 relative to the S&P 500 Index.



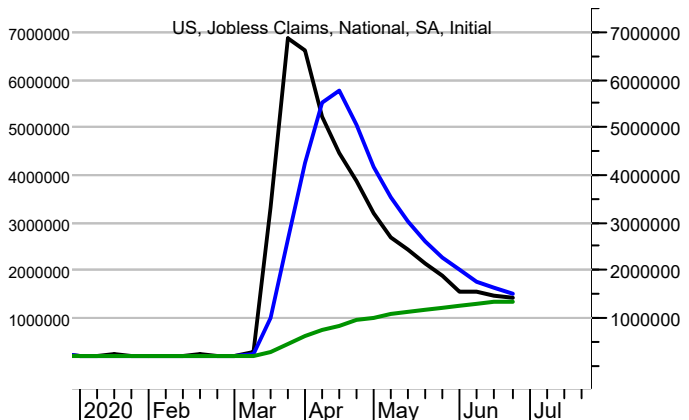
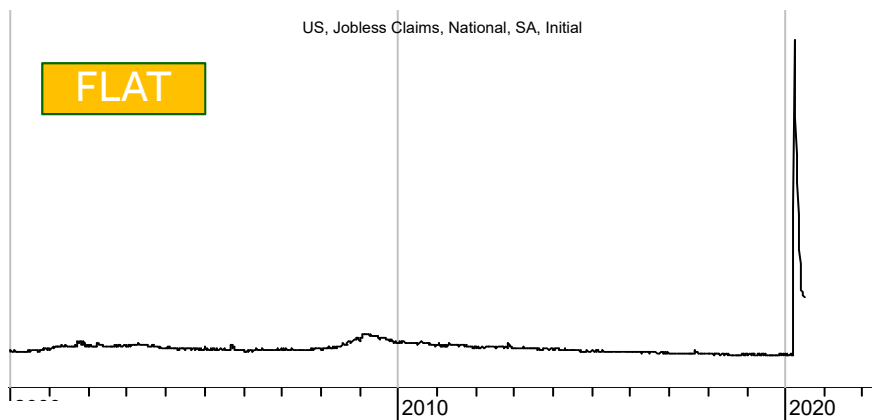
Three-Factor-US-Cycle Model – All three series at a crossroad



The S&P 500 Index is testing the previous high at 3200. **The Model remains FLAT.** It could turn UP if the Index breaks above the June-high. It would move to DOWN if the Index falls below the June low and the 4-week average crosses below the 40-week average.

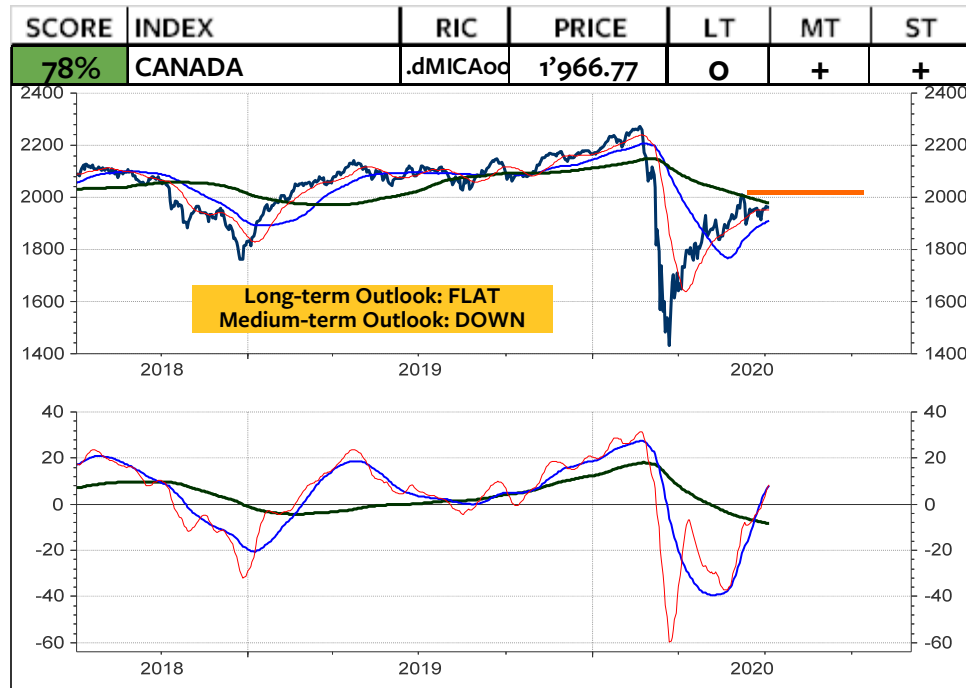


The Weekly Economic Cycle Research Index remains just below the resistance at 135 and the 40-week average at 137. **The Model remains FLAT.**

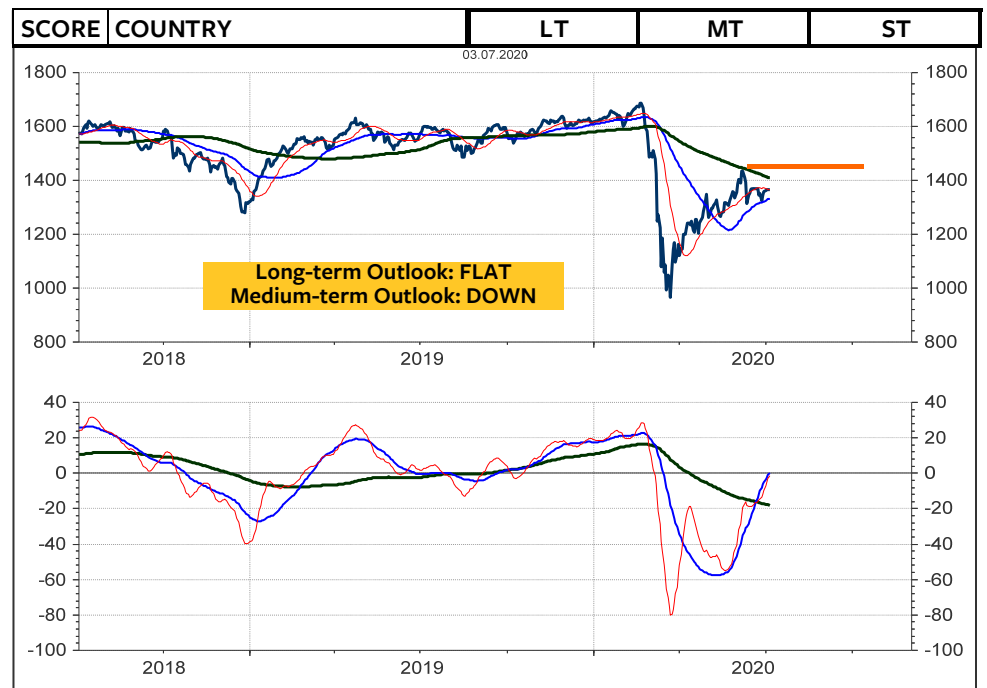


The Weekly Initial Jobless Claims fell from 1480k to 1.427k. This number is just above the 40-week average and slightly below the 4-week average. **The Model remains FLAT.**

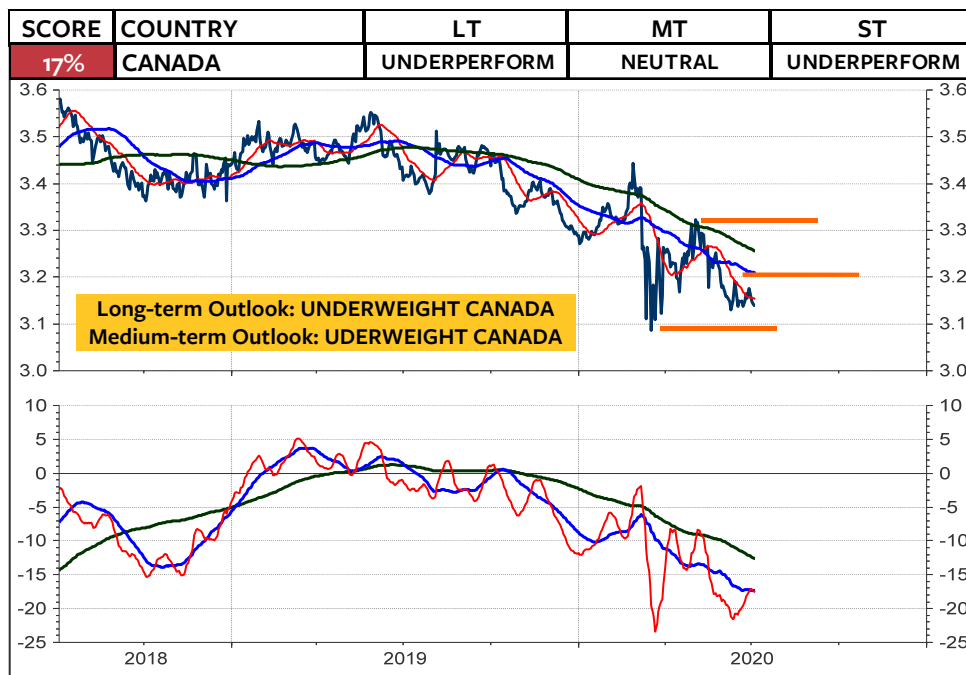
MSCI CANADA in Canadian dollar



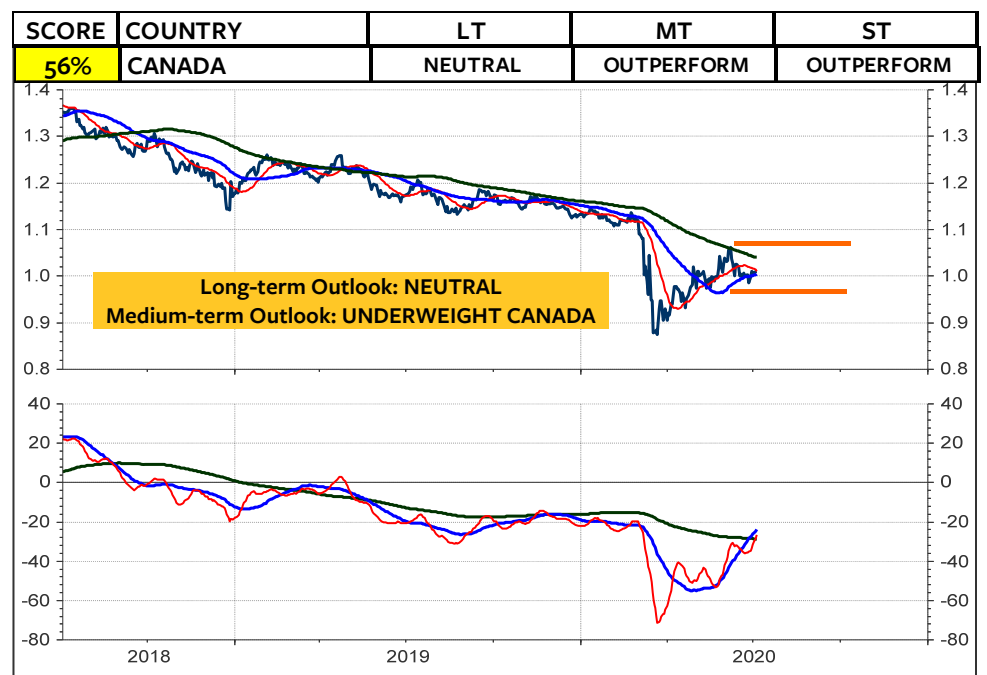
MSCI CANADA in Swiss franc



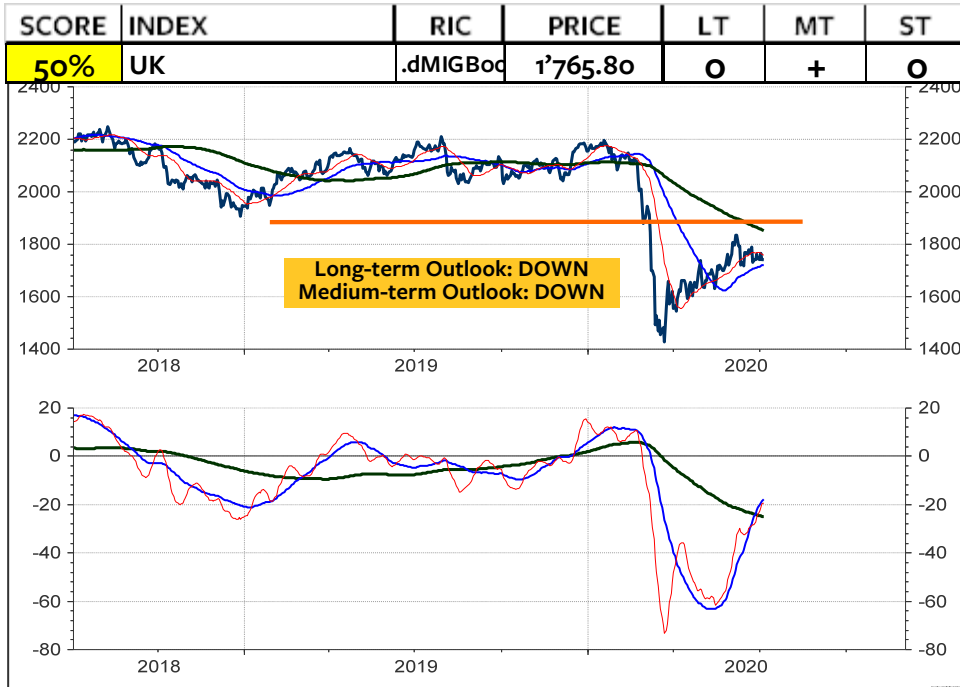
MSCI CANADA relative to the MSCI AC World



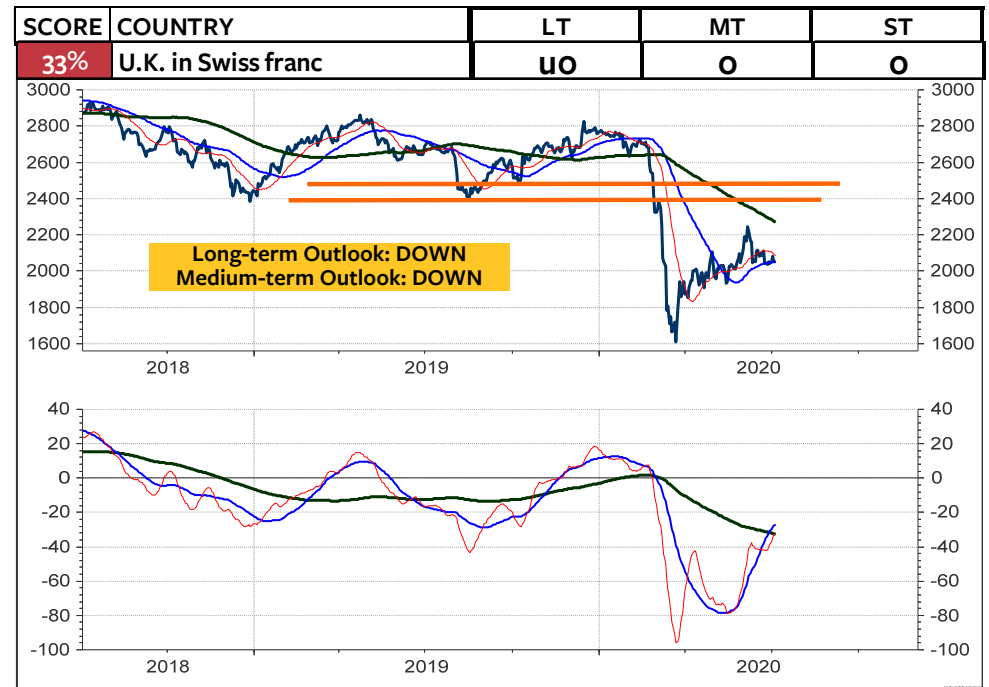
MSCI CANADA in Swiss franc relative to MSCI Switzerland



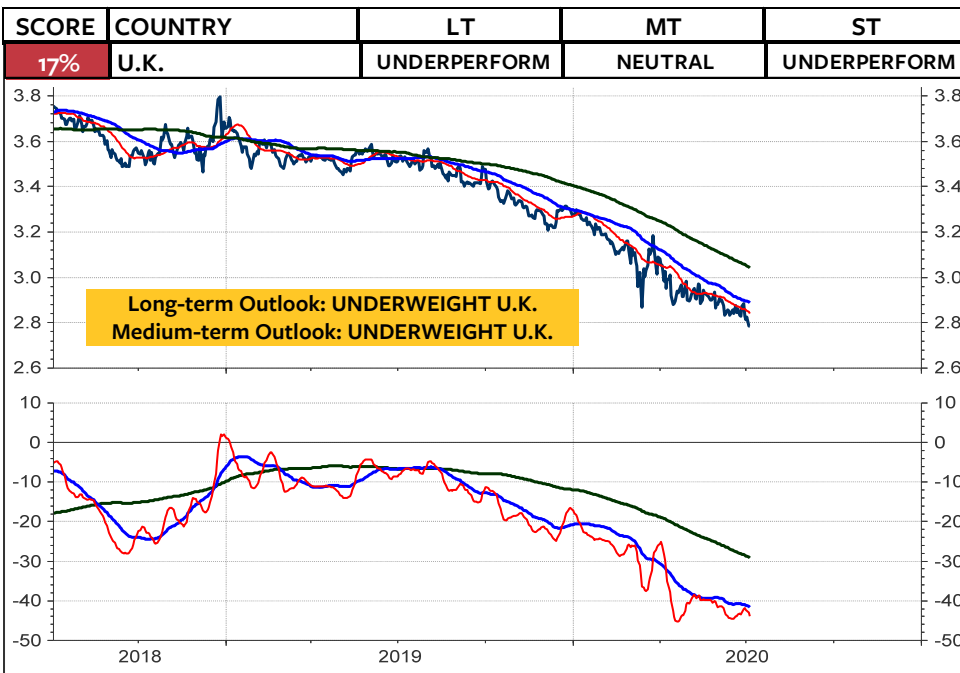
MSCI U.K. in British Pound



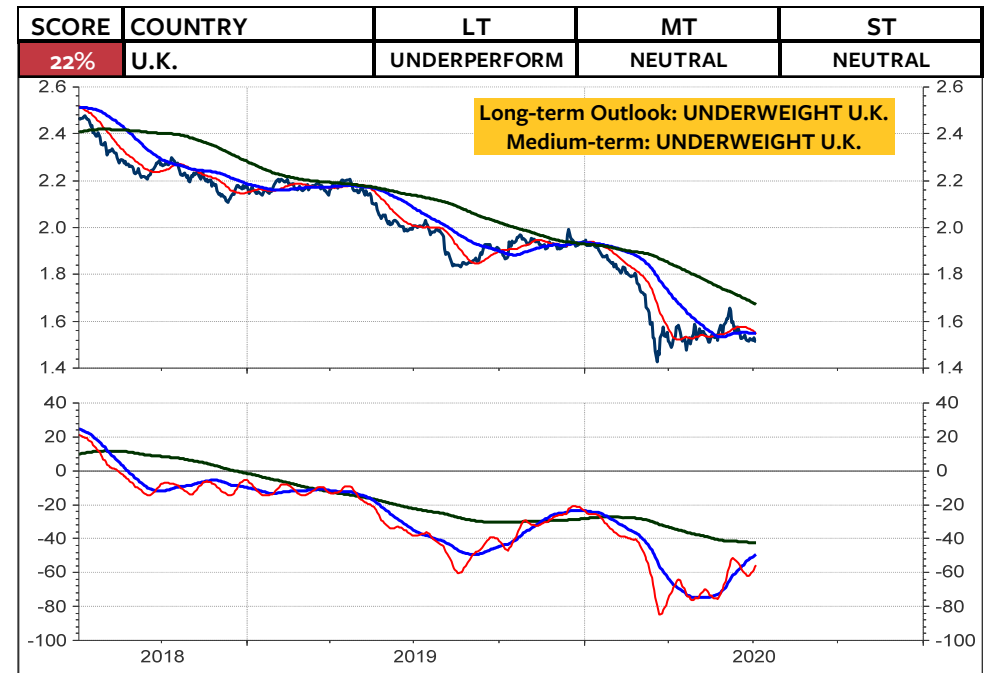
MSCI U.K. in Swiss franc



MSCI U.K. relative to the MSCI AC World



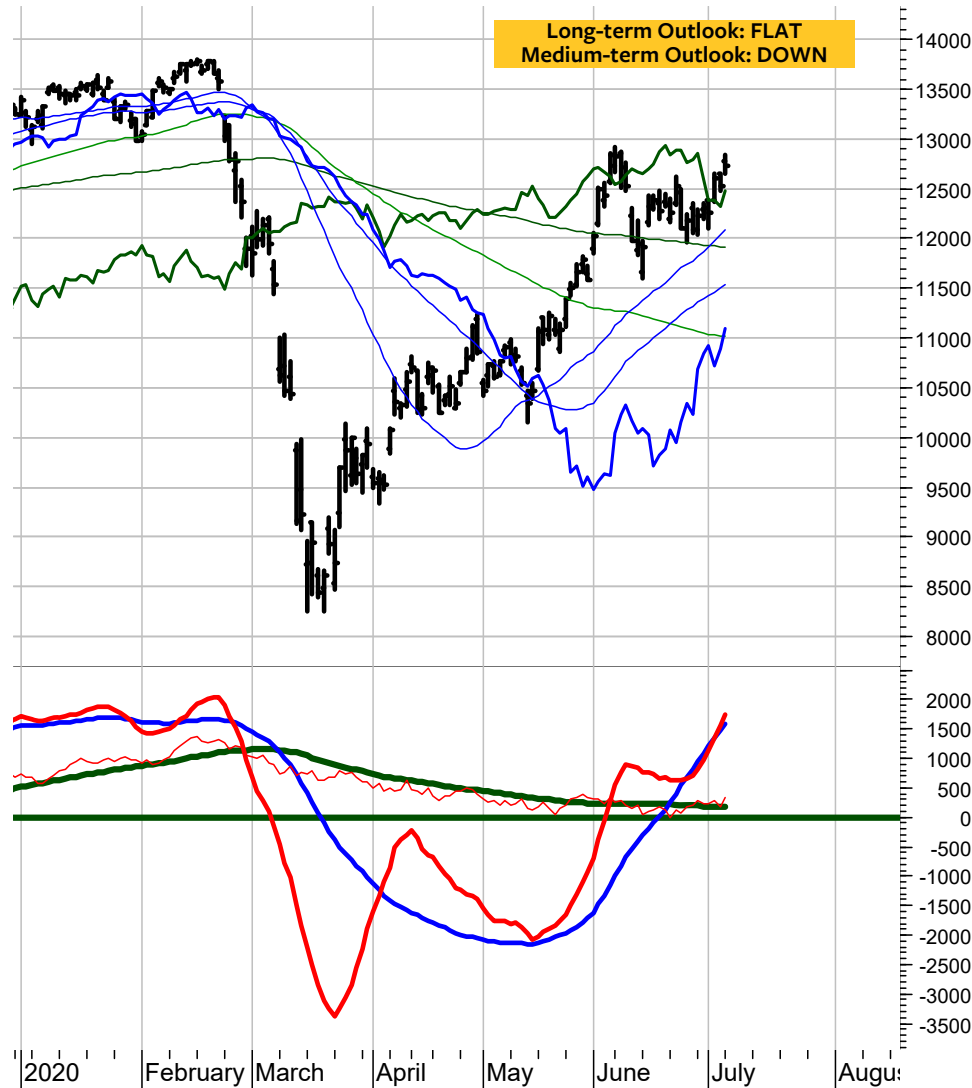
MSCI U.K. in SFR relative to MSCI Switzerland



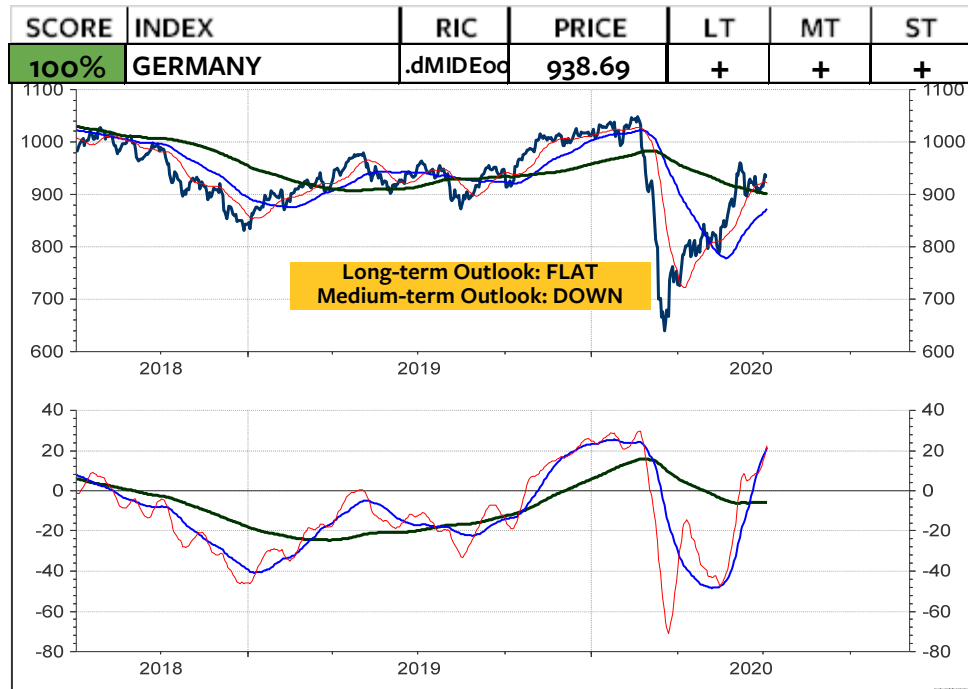
Deutscher Aktien Index DAX and VDAX

The DAX is testing the resistance at 13000, a break of which will signal the resumption of the uptrend from March. A further rally to 13500 to 14000 would be the logical next move.

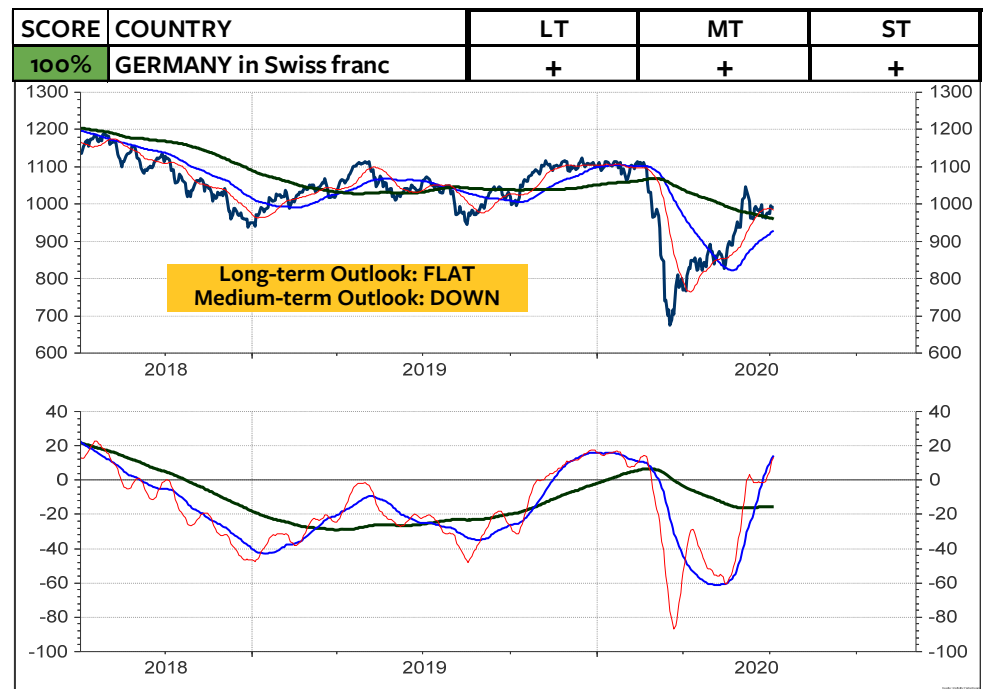
Clearly, a break in the DAX below the support levels at 12000, 11500 and 10700 and a rise in the VDAX above 33 and 35.50 would trigger major sell signals.



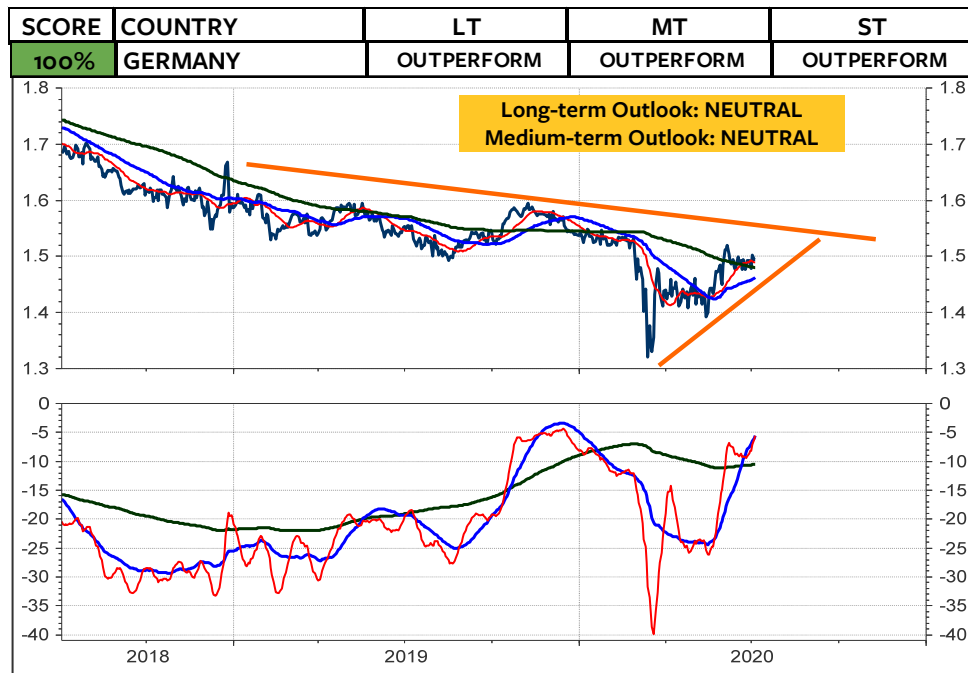
MSCI GERMANY in Euro



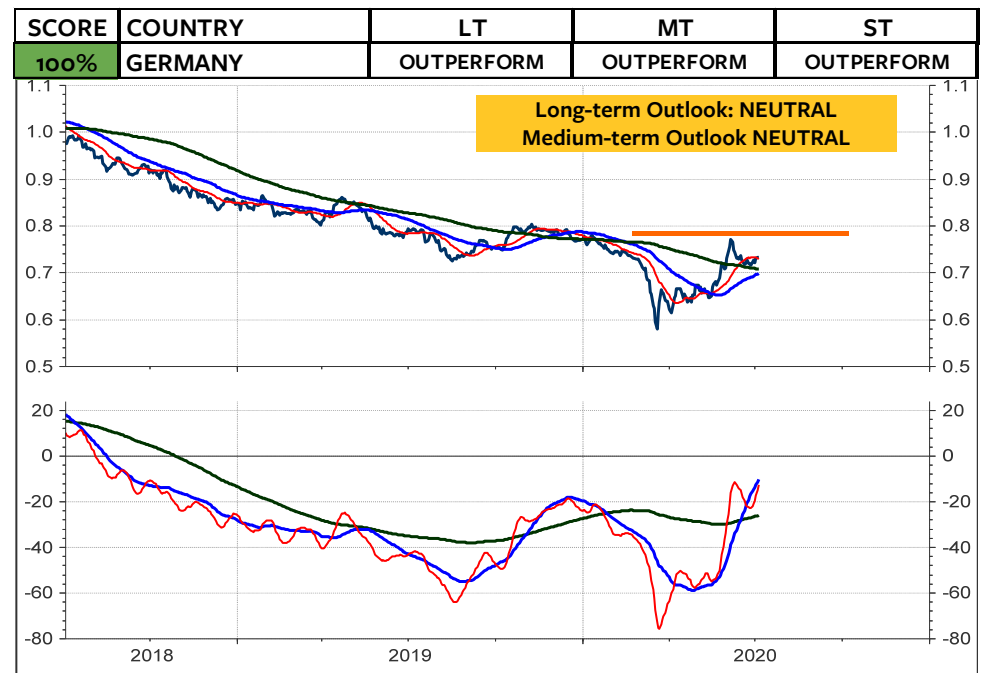
MSCI GERMANY in Swiss franc



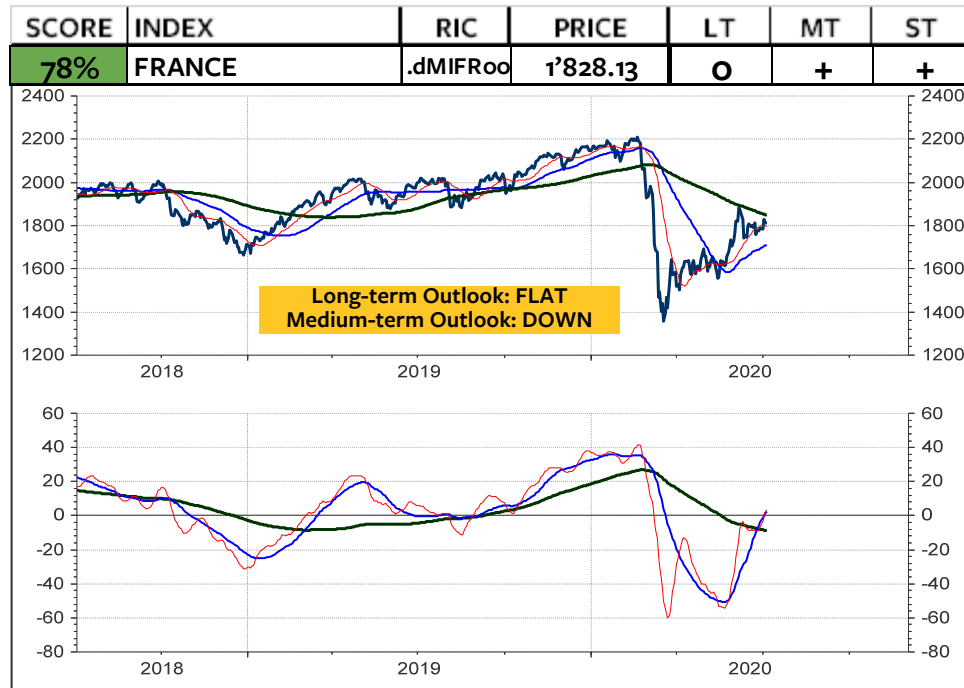
MSCI GERMANY relative to the MSCI AC World



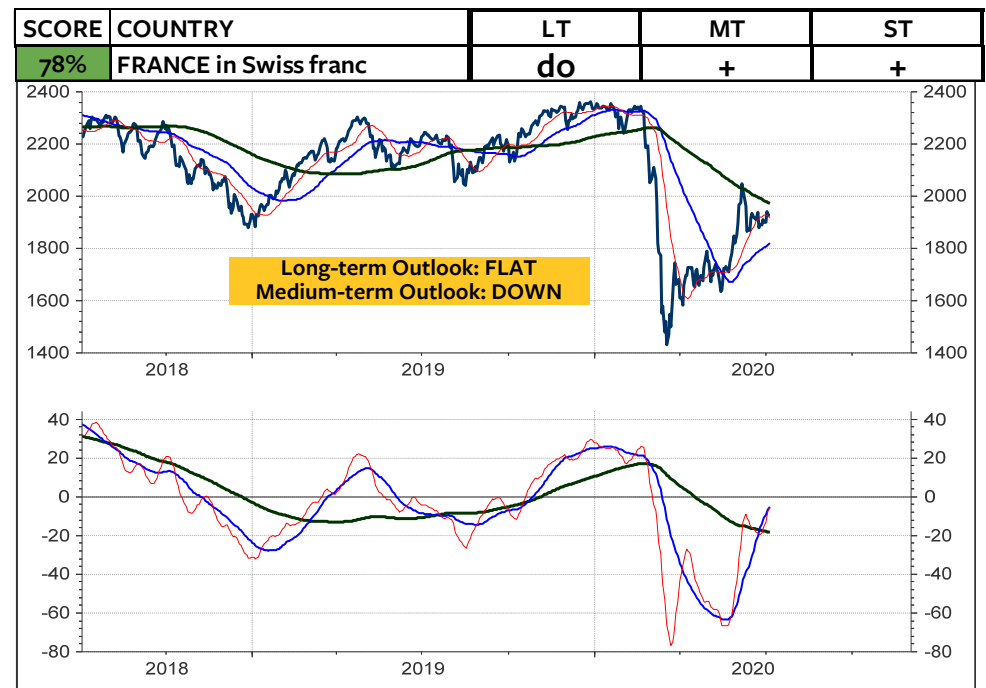
MSCI GERMANY in SFR relative to MSCI Switzerland



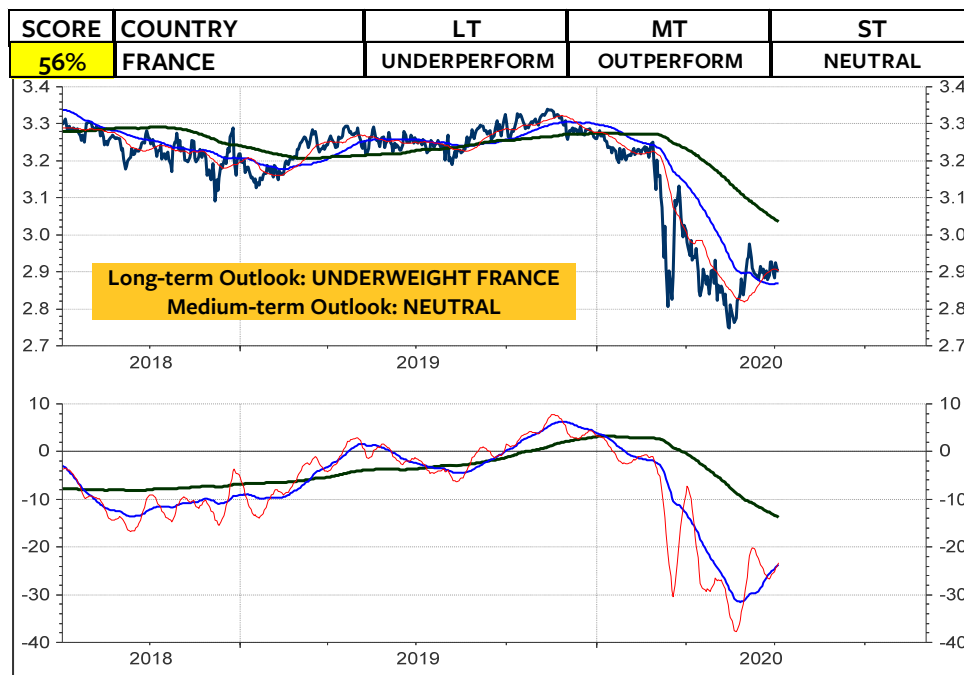
MSCI FRANCE in Euro



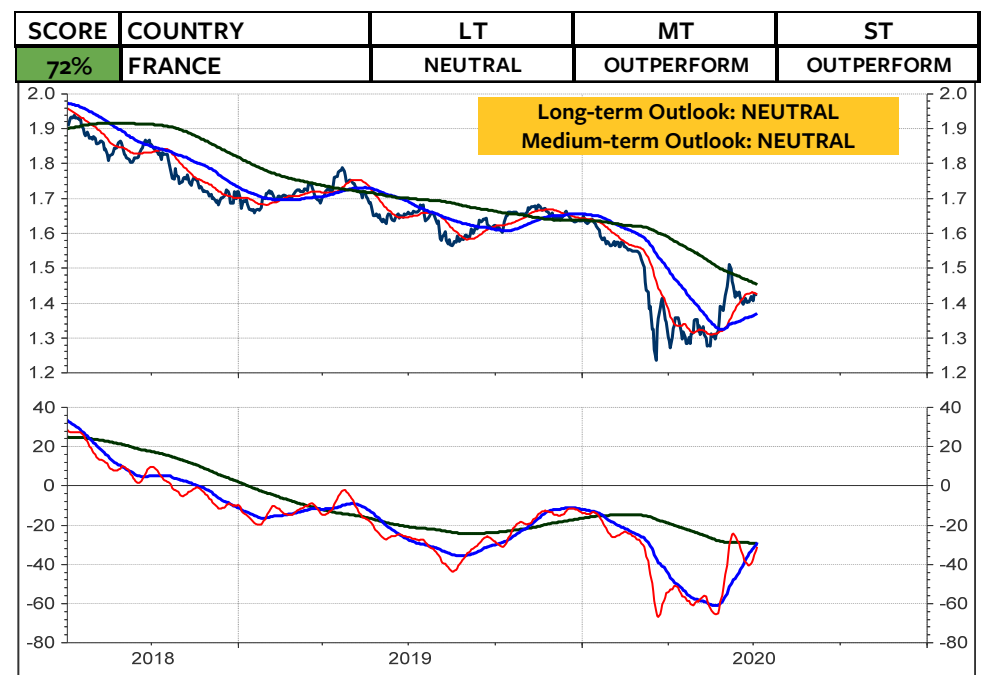
MSCI FRANCE in Swiss franc



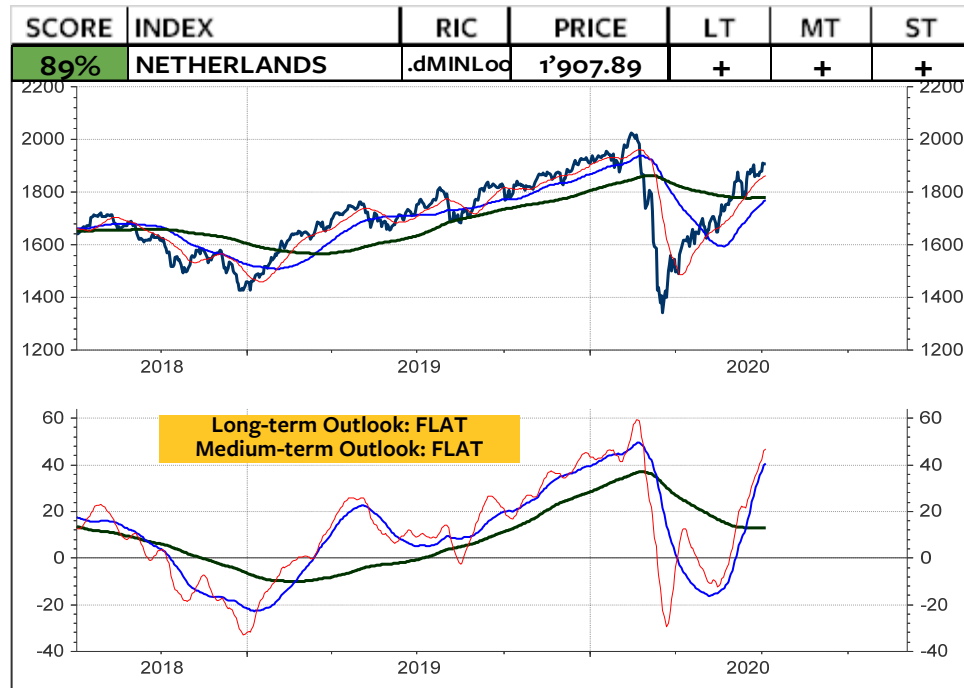
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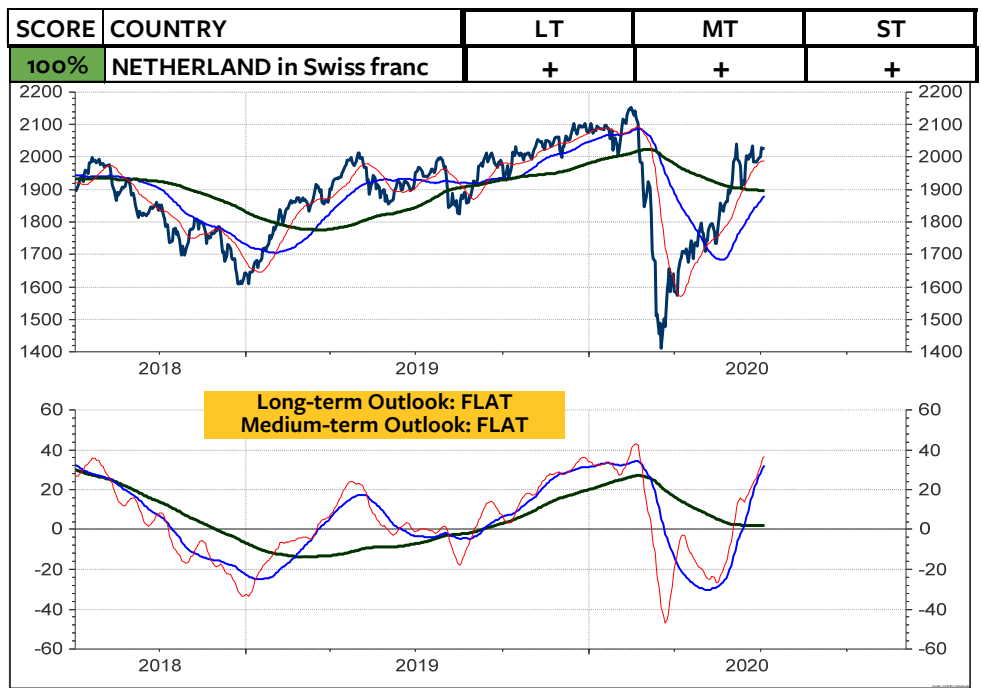
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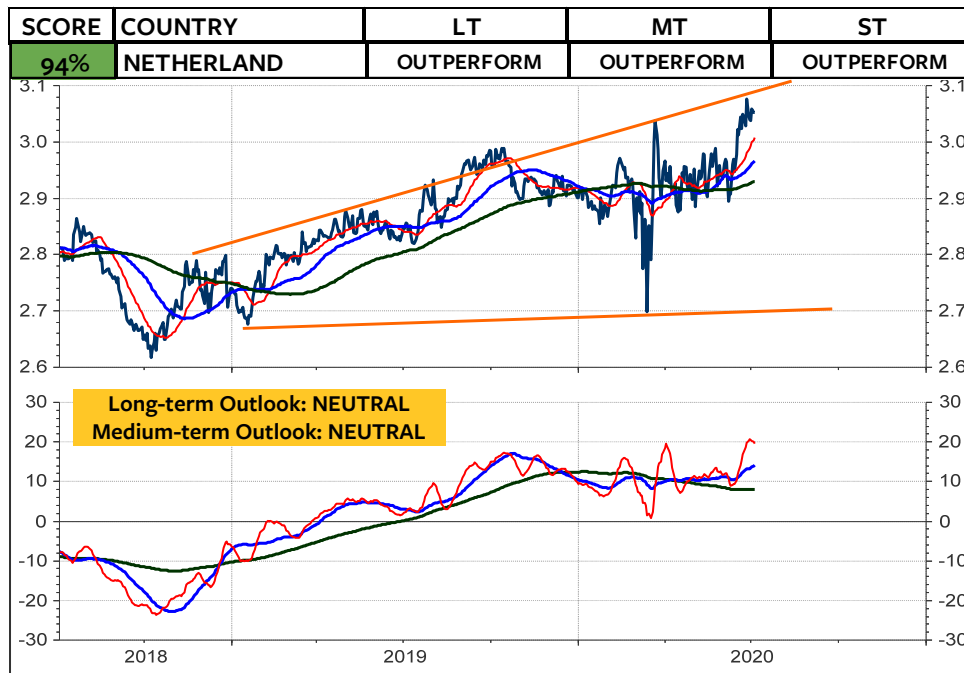
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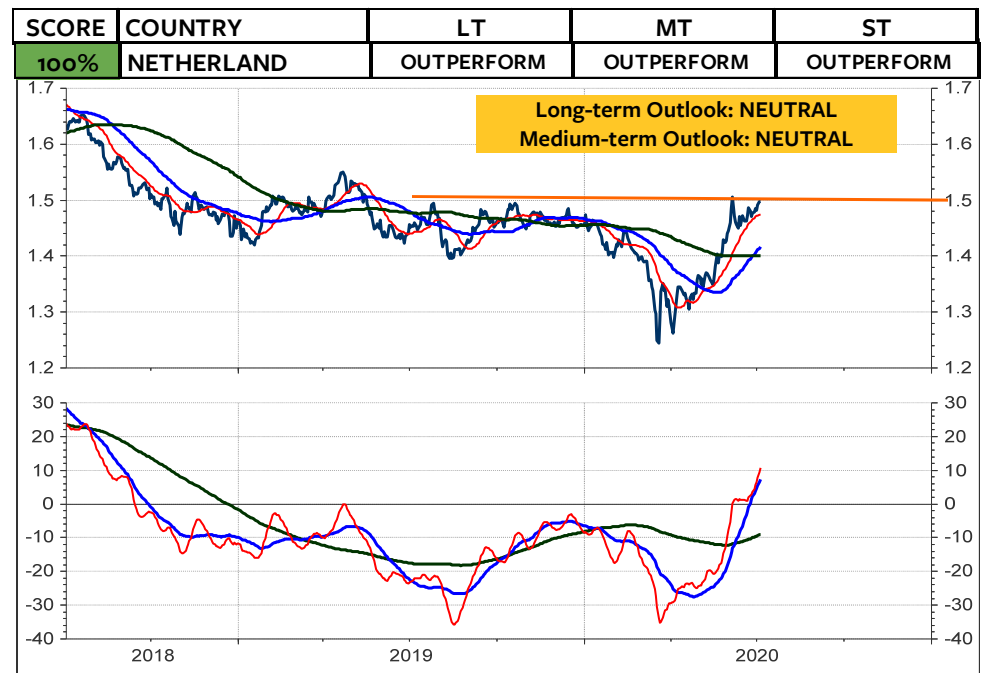
MSCI NETHERLANDS in Swiss franc



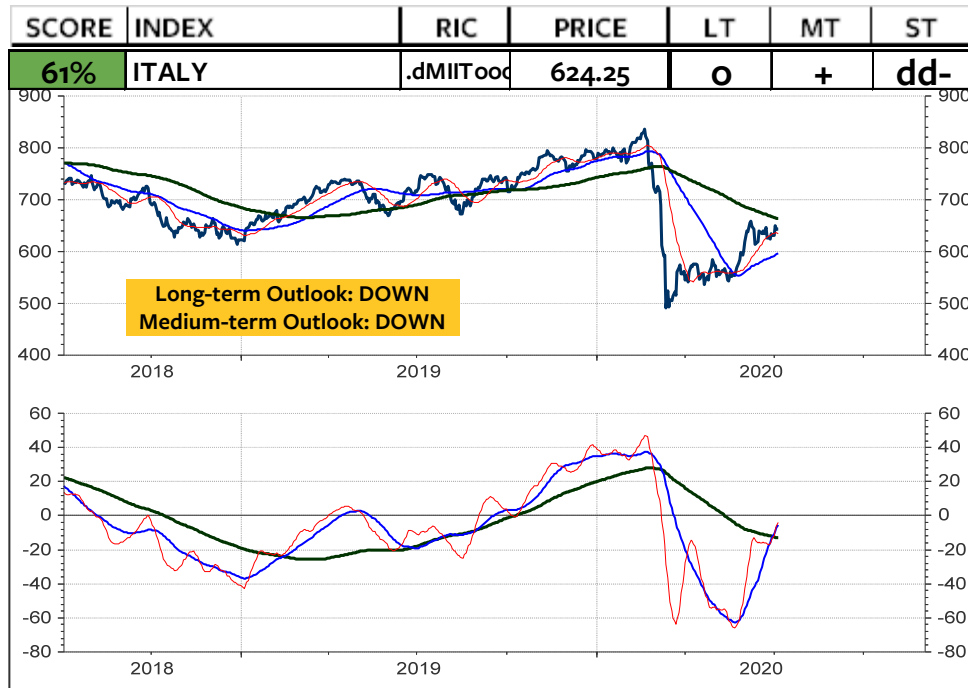
MSCI NETHERLANDS relative to the MSCI AC World



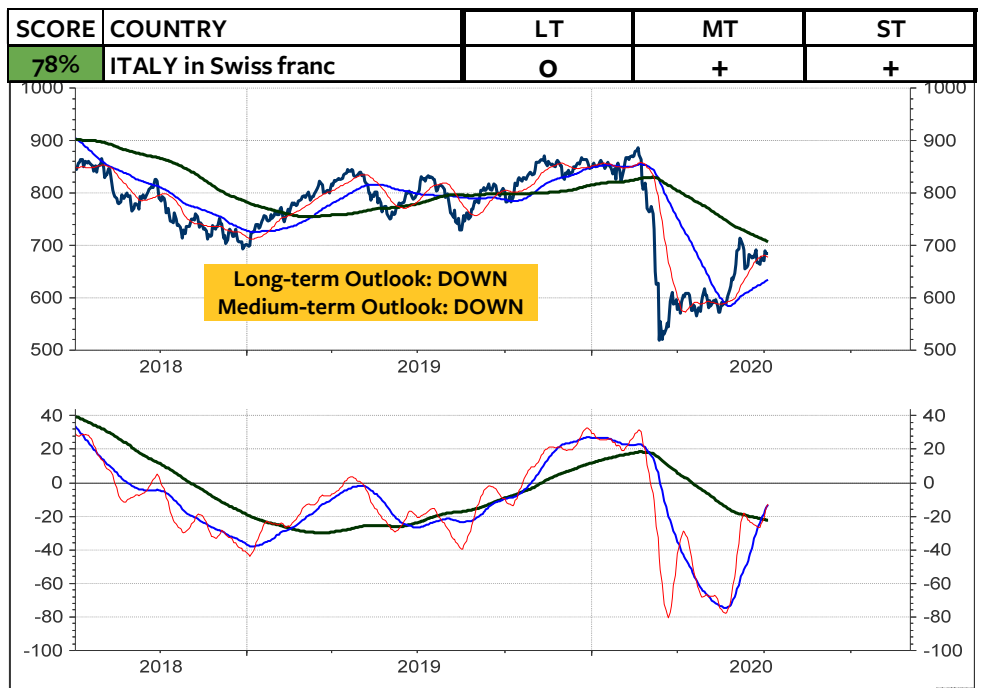
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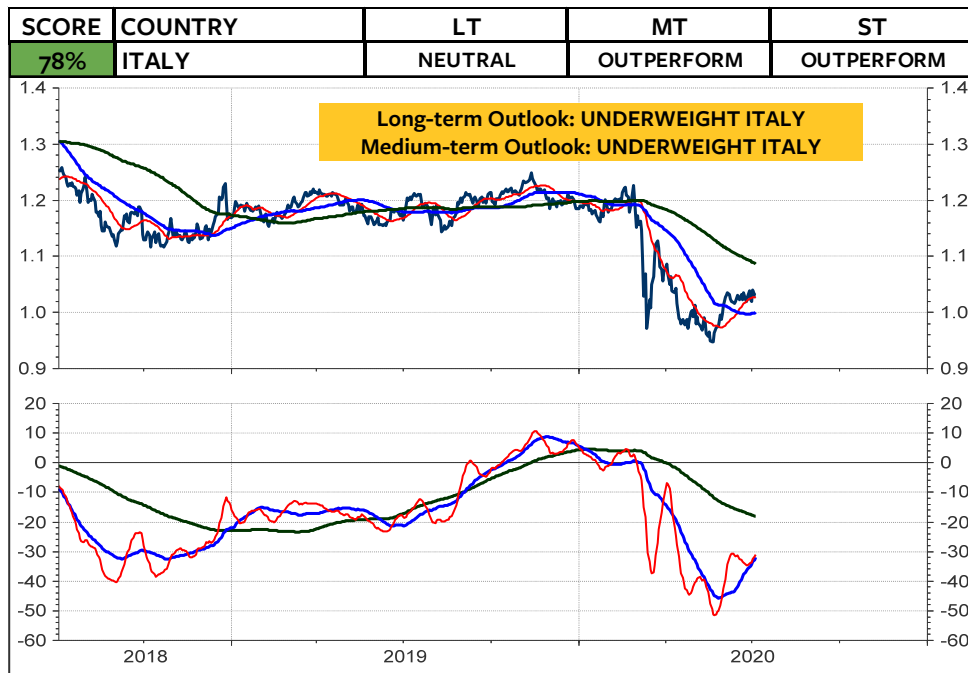
MSCI ITALY in Euro



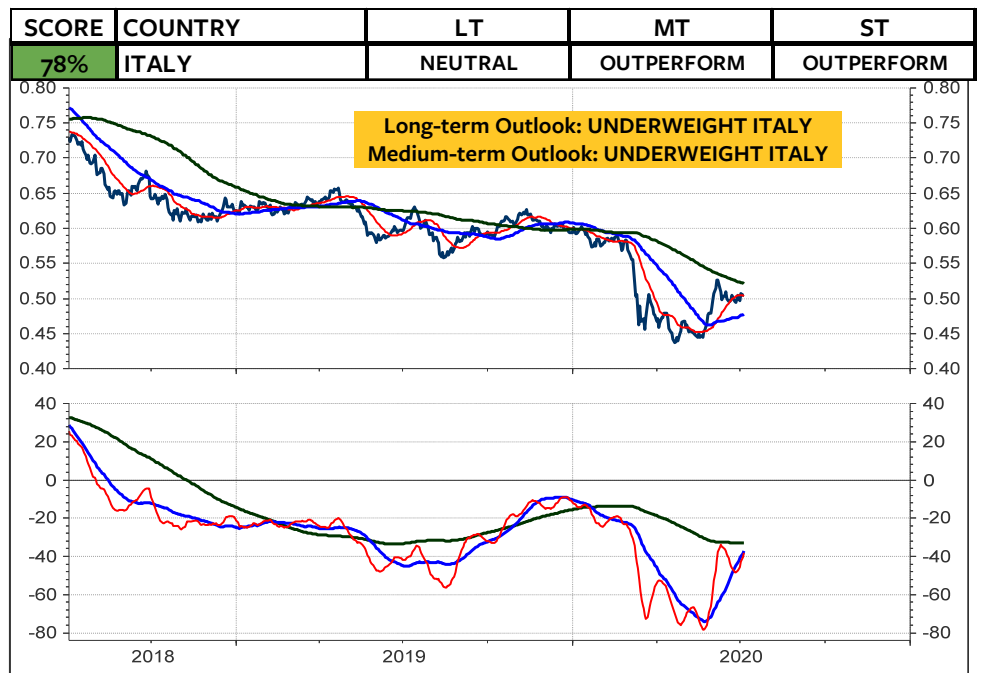
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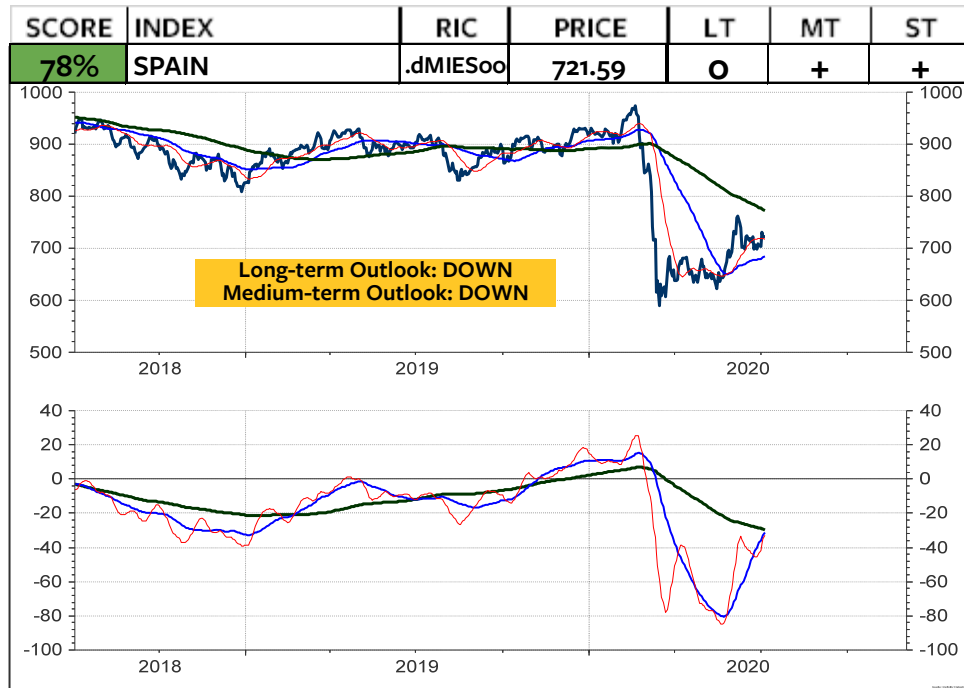
MSCI ITALY relative to the MSCI AC World



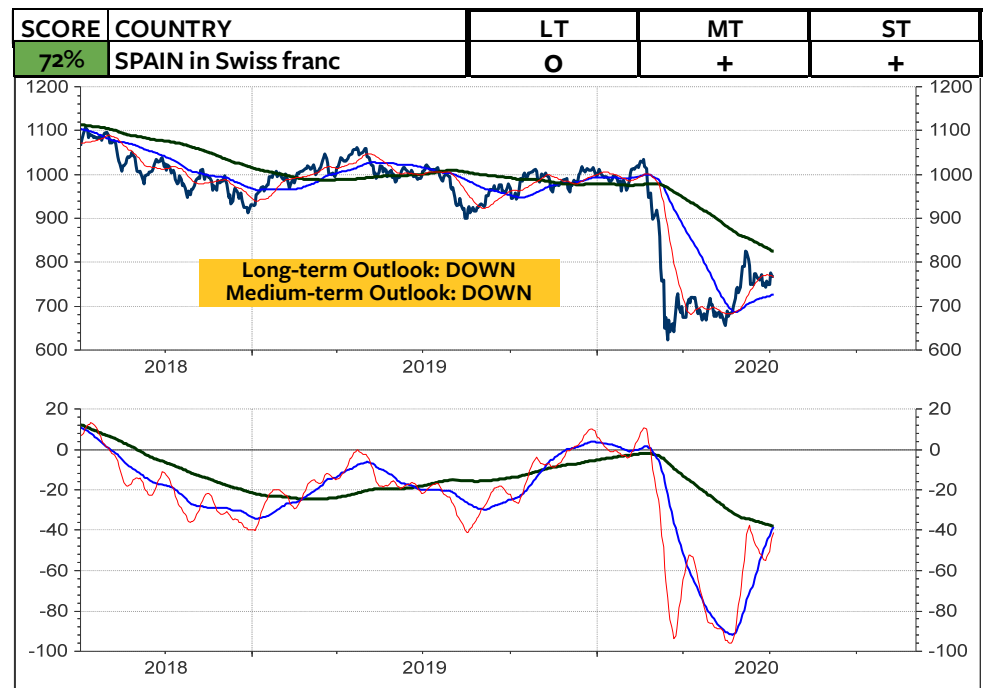
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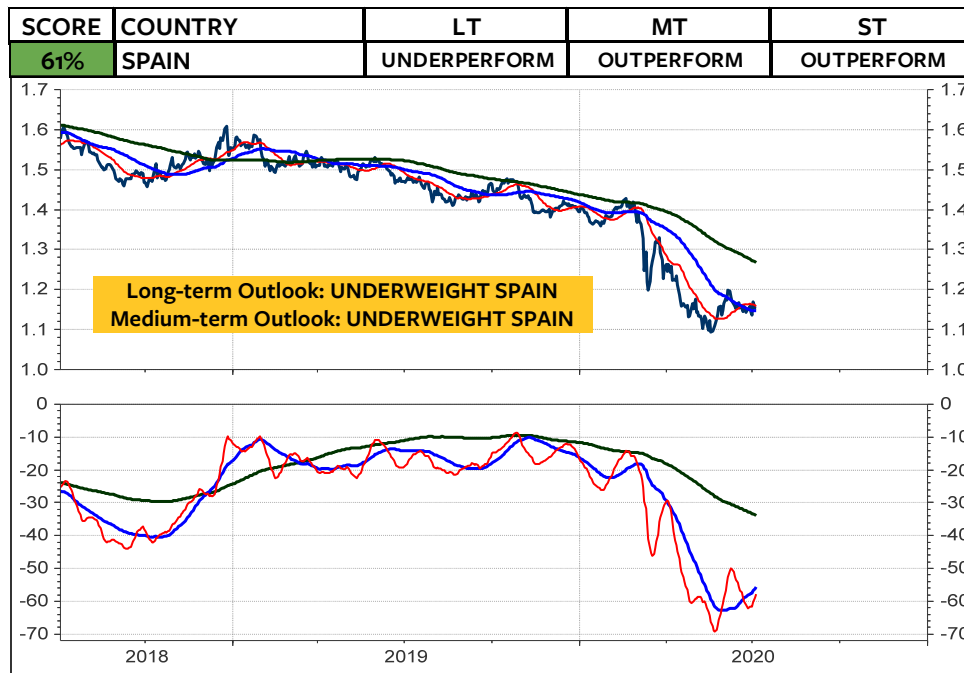
MSCI SPAIN in Euro



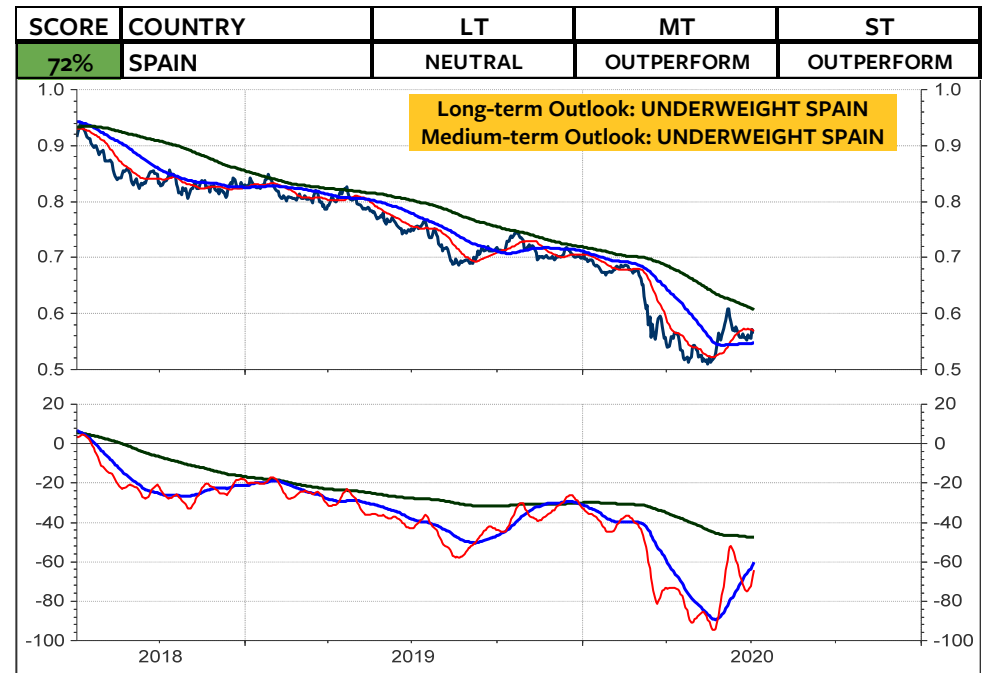
MSCI SPAIN in Swiss franc



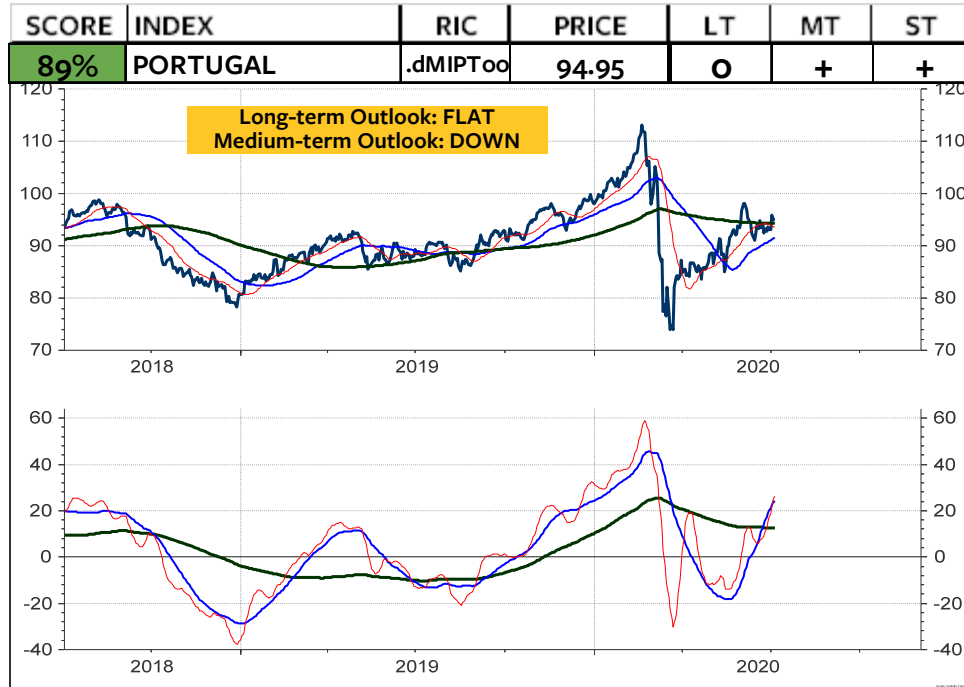
MSCI SPAIN relative to the MSCI AC World



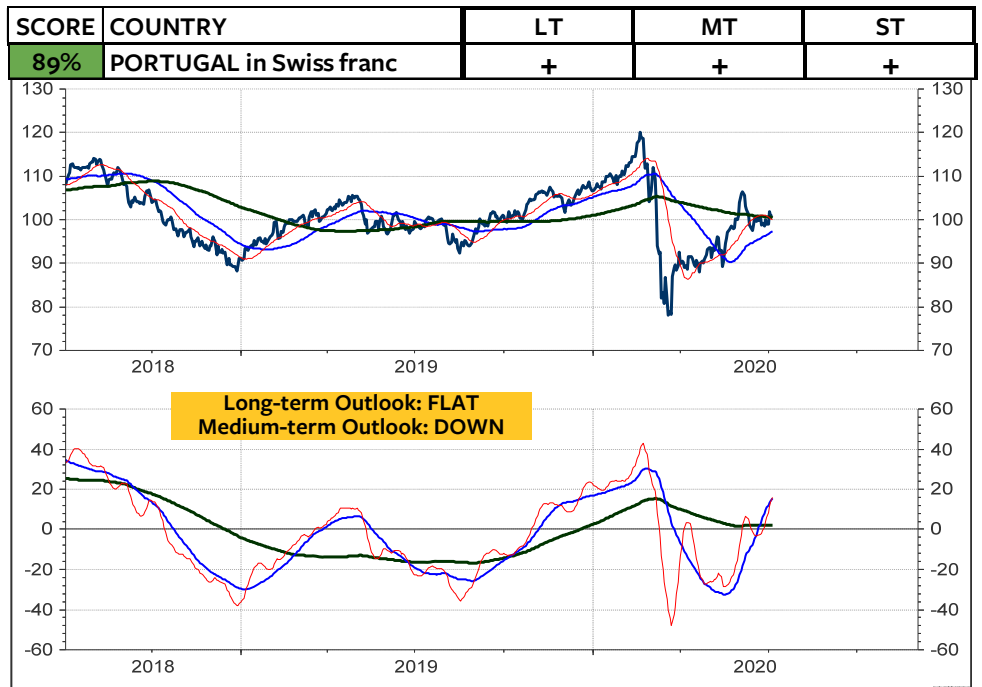
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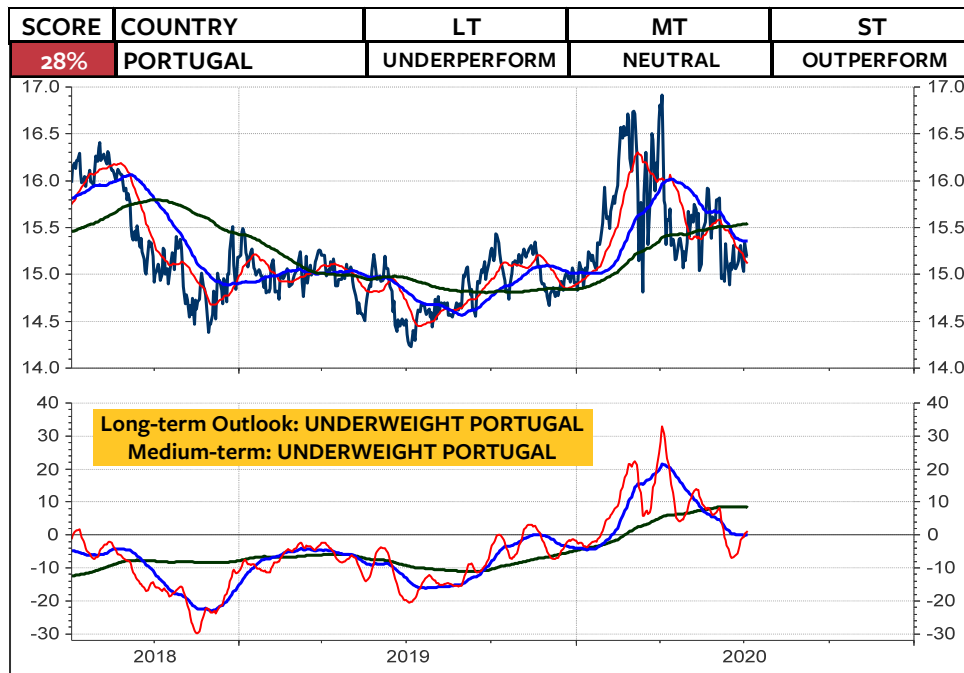
MSCI PORTUGAL in Euro



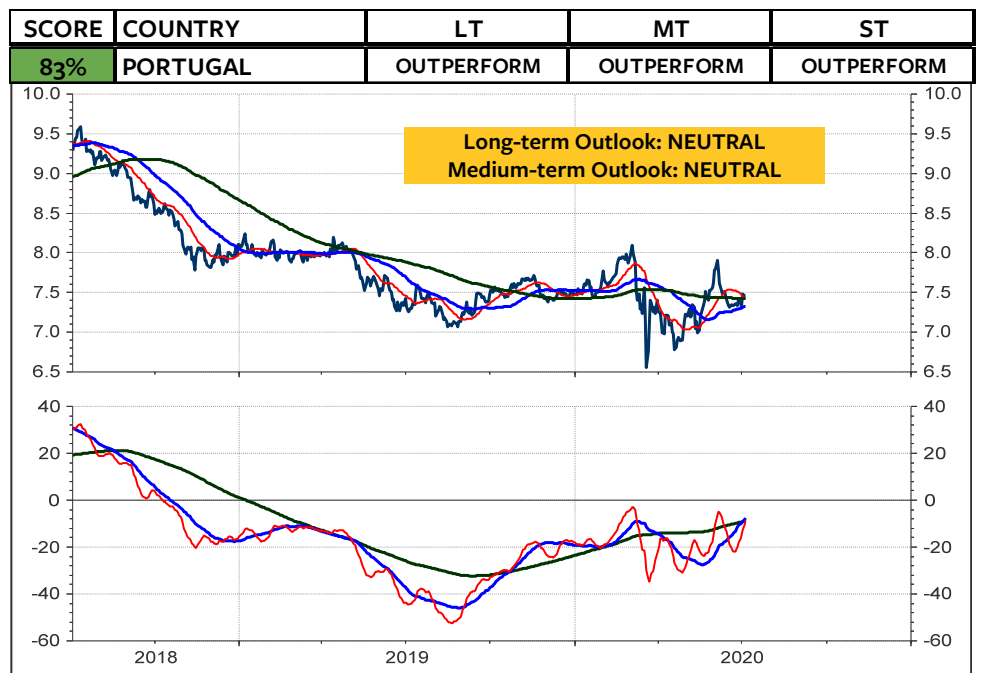
MSCI PORTUGAL in Swiss franc



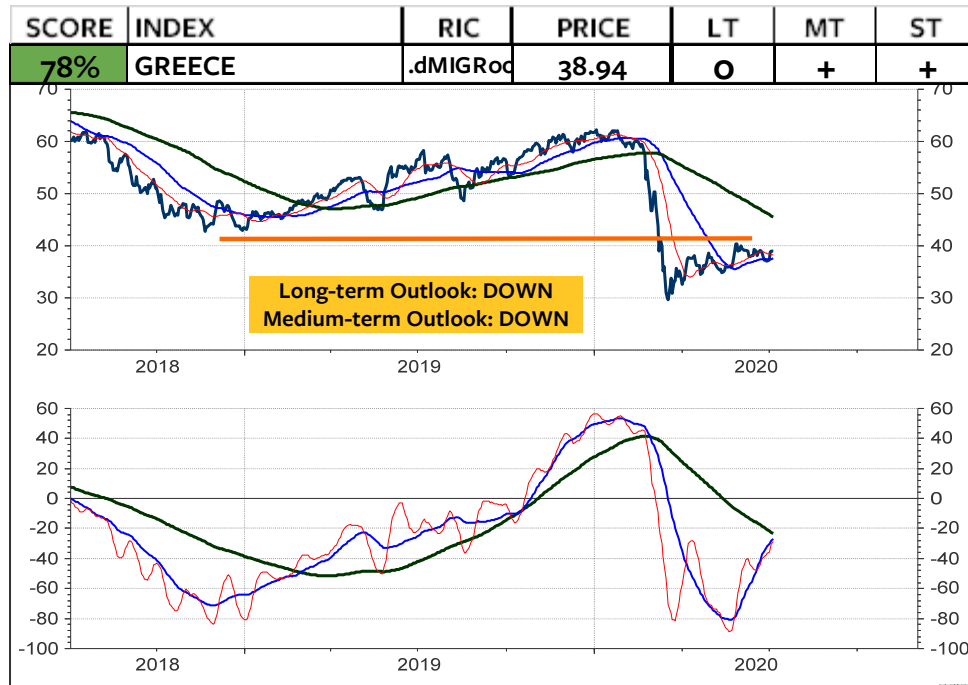
MSCI PORTUGAL relative to the MSCI AC World



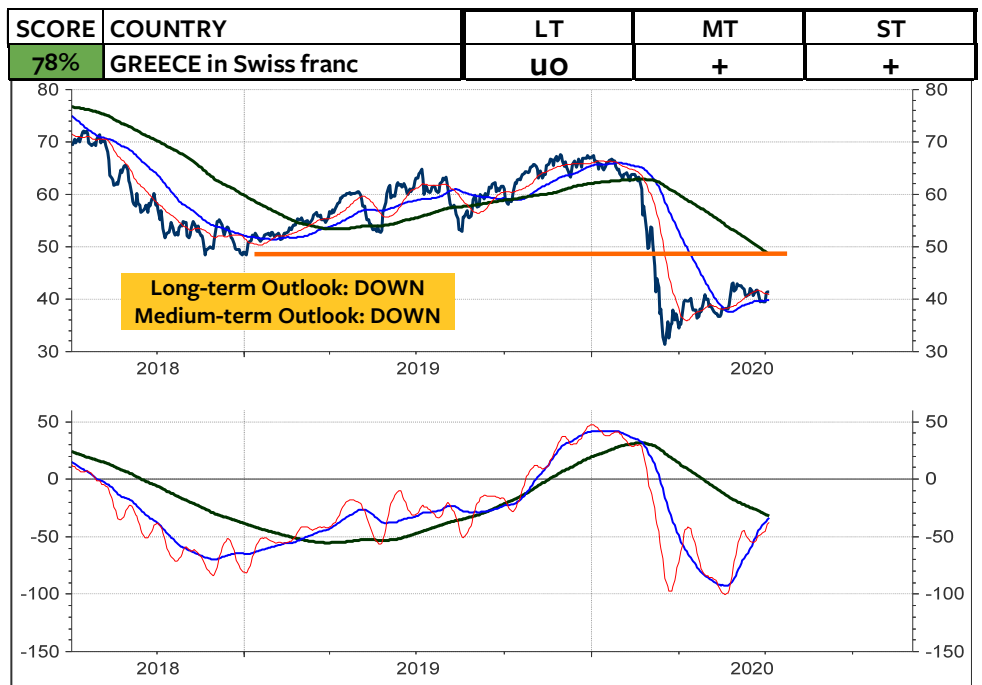
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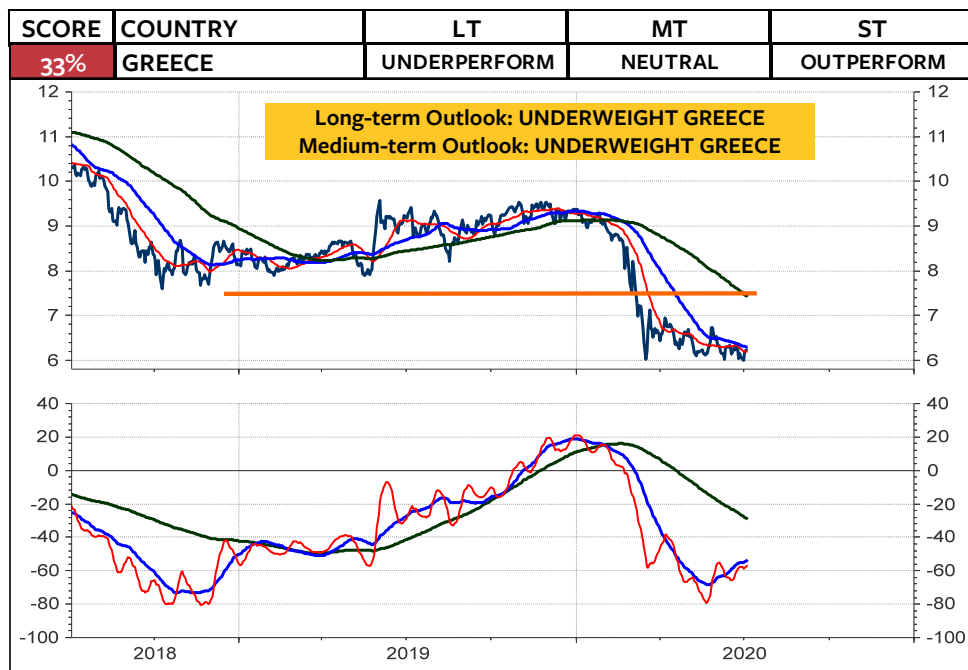
MSCI GREECE in Euro



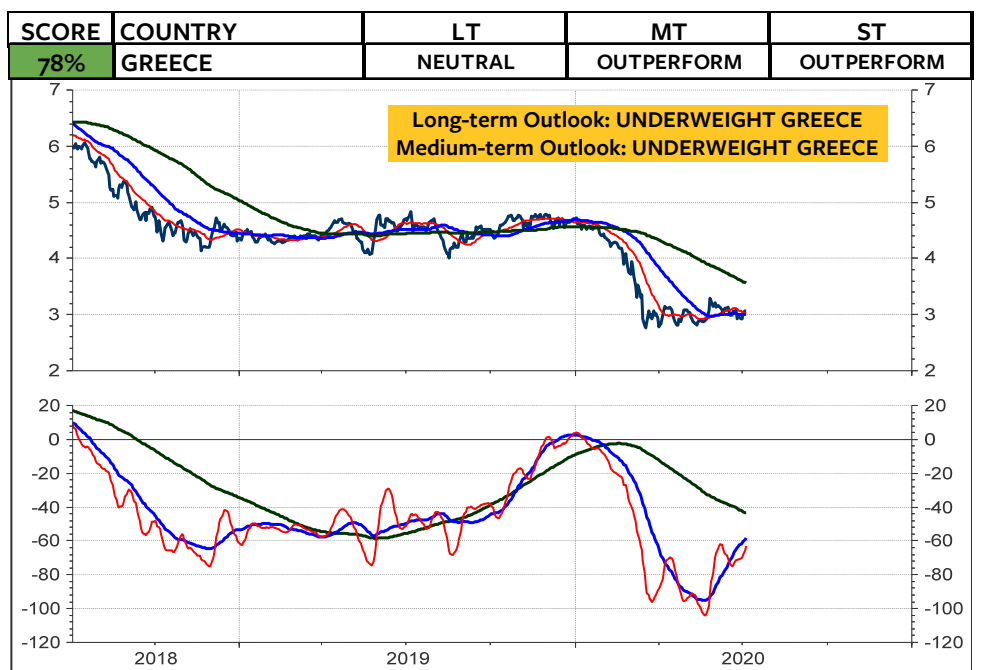
MSCI GREECE in Swiss franc



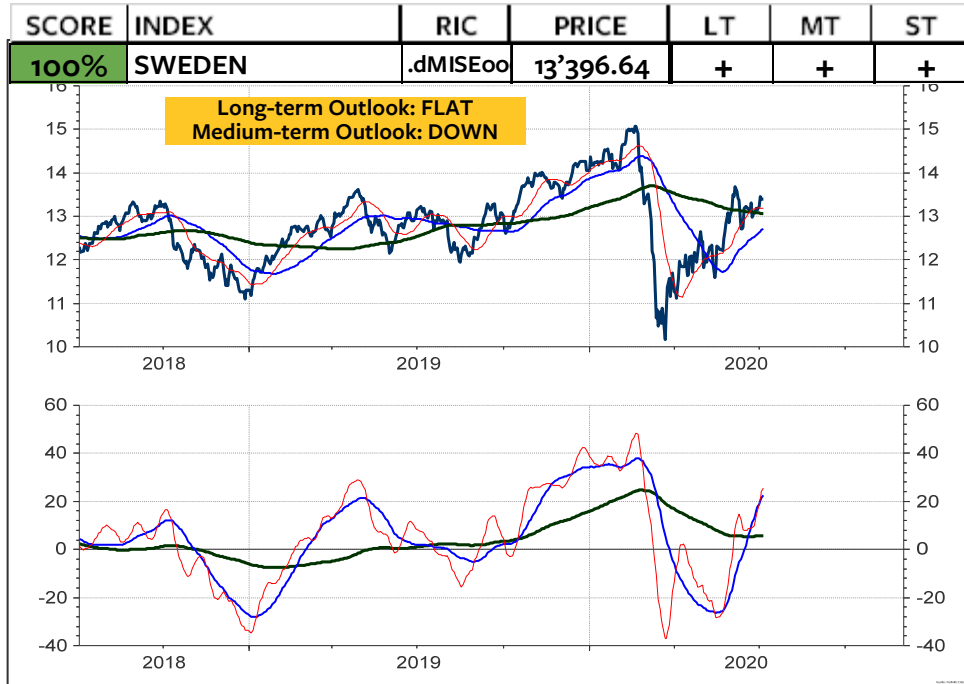
MSCI GREECE relative to the MSCI AC World



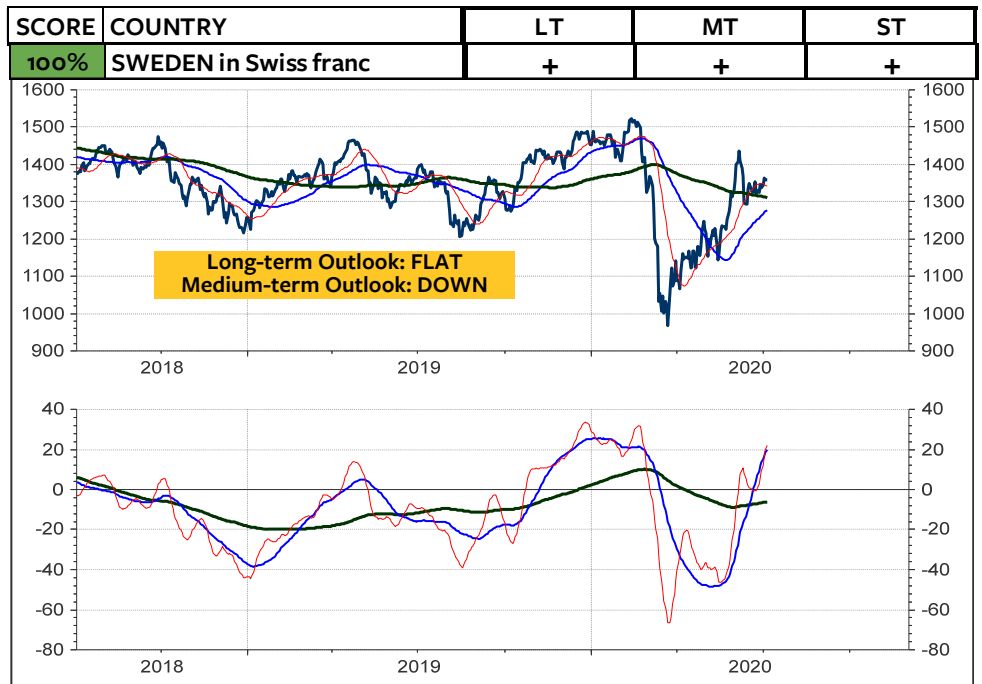
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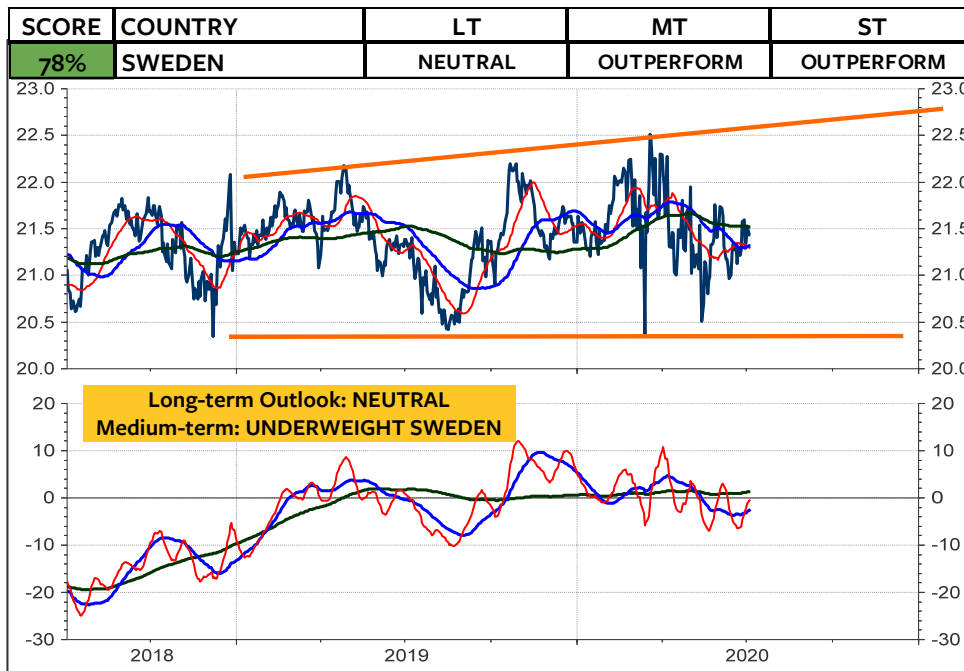
MSCI SWEDEN in Swedish krona



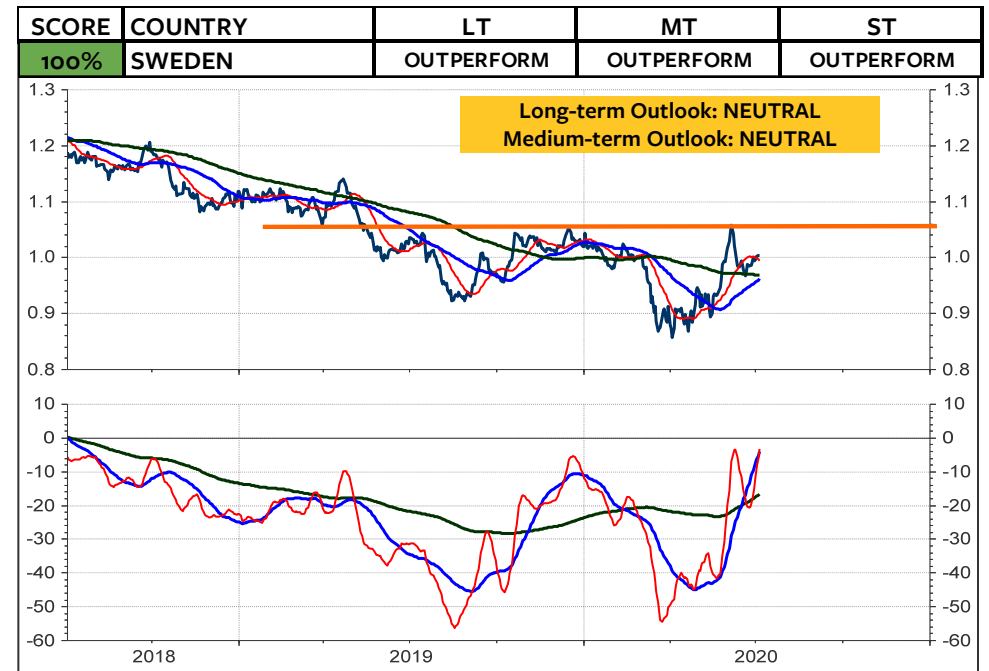
MSCI SWEDEN in Swiss franc



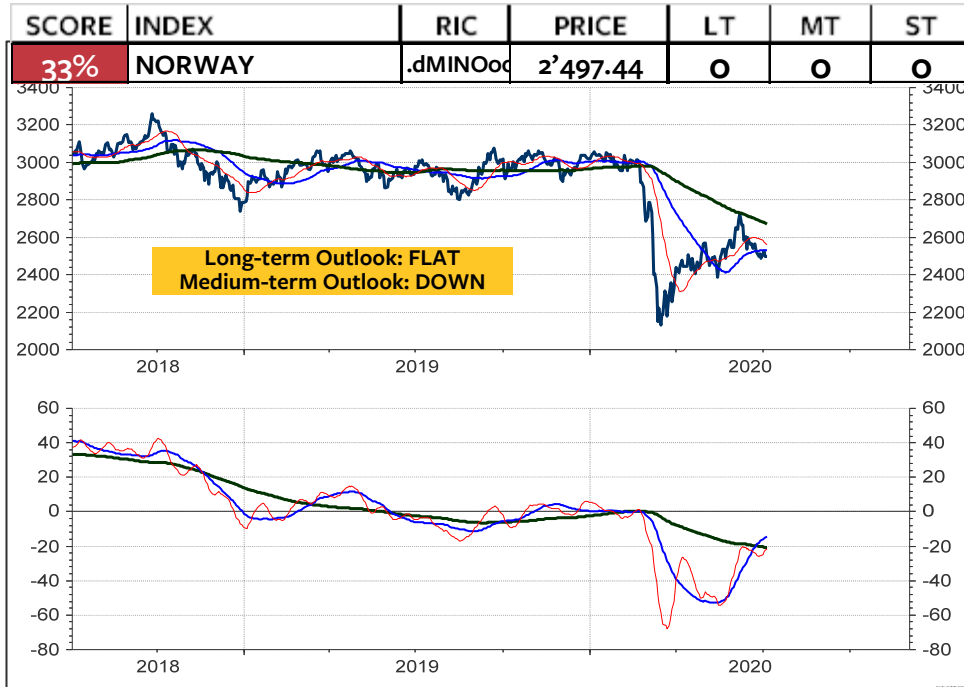
MSCI SWEDEN relative to the MSCI AC World



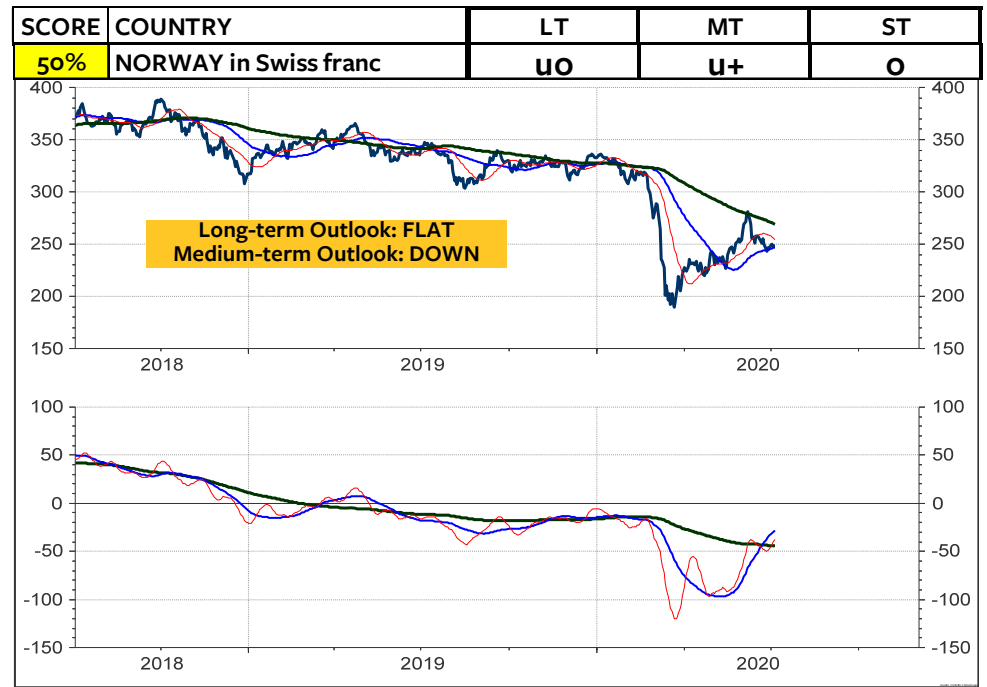
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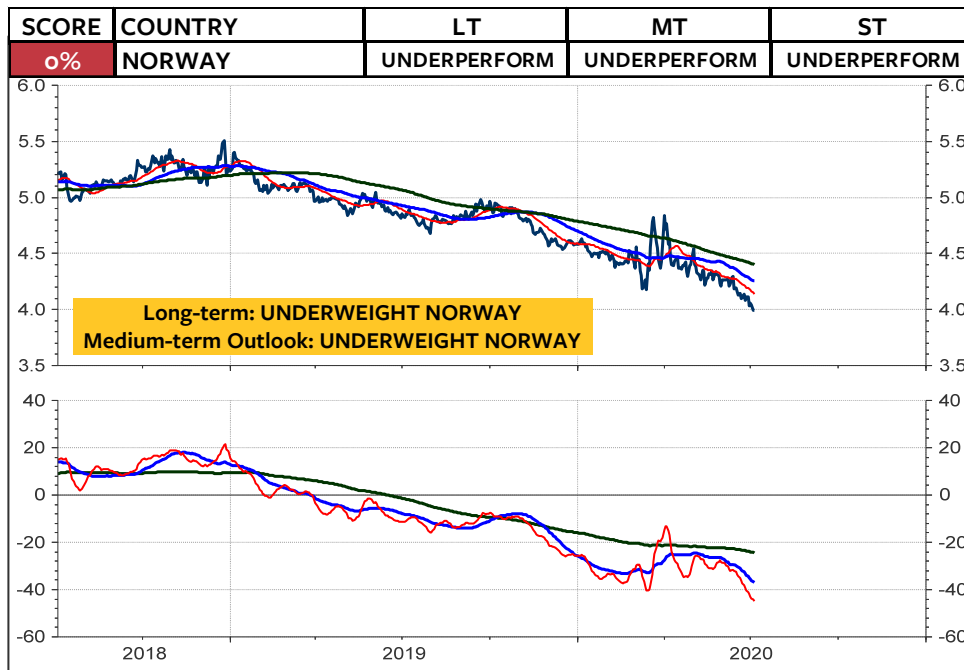
MSCI NORWAY in Euro



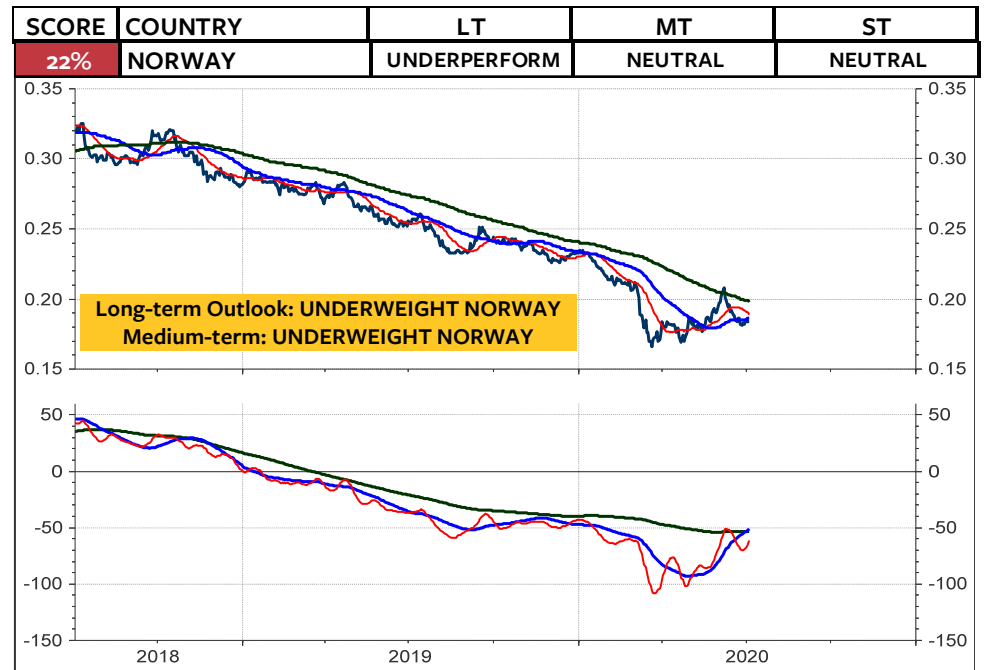
MSCI NORWAY in Swiss franc



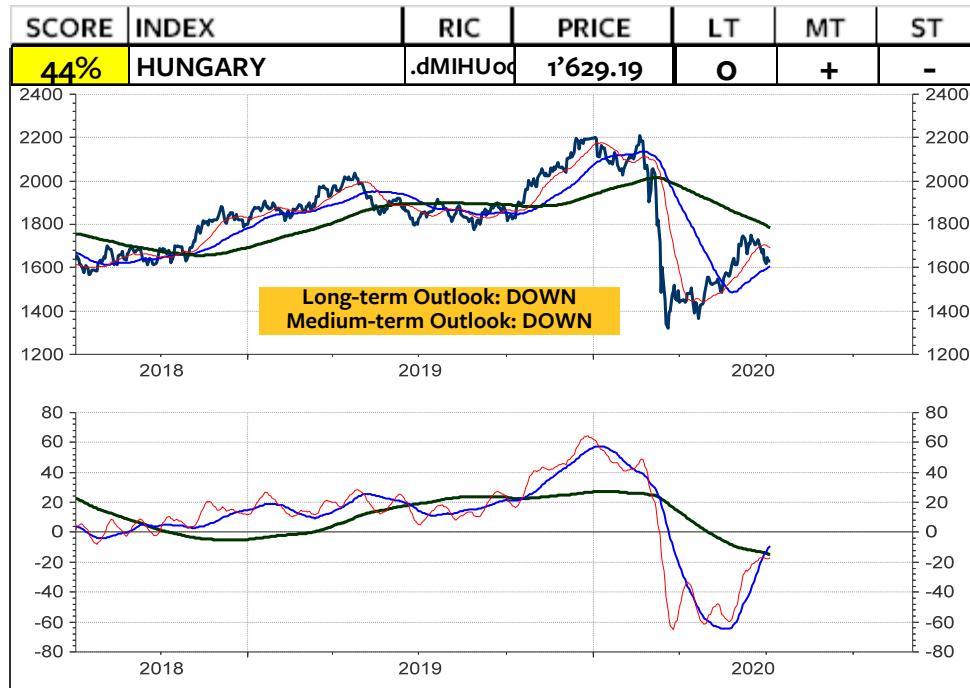
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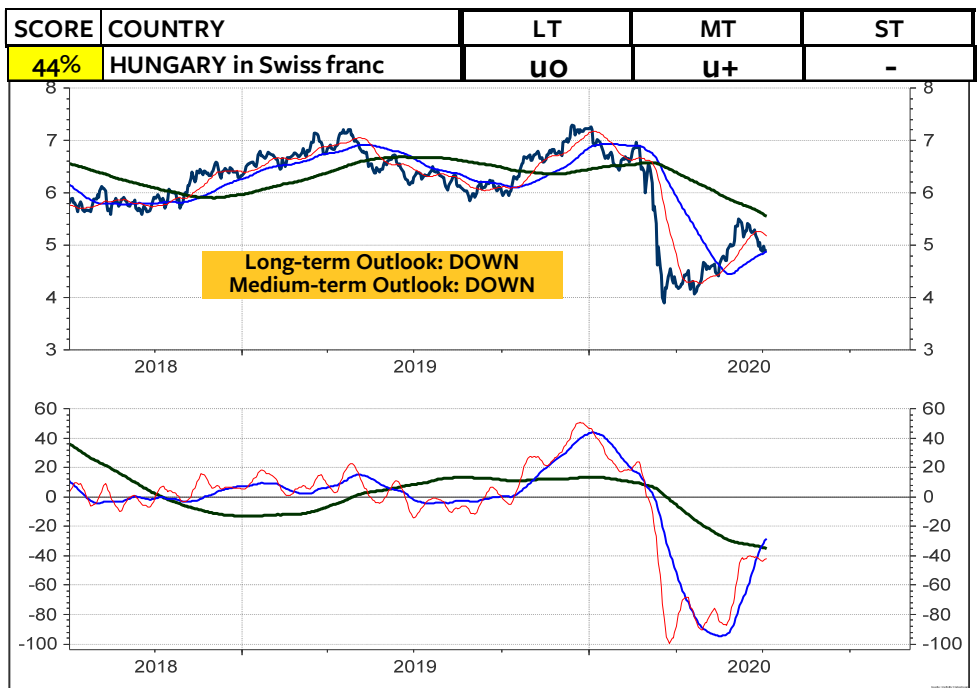
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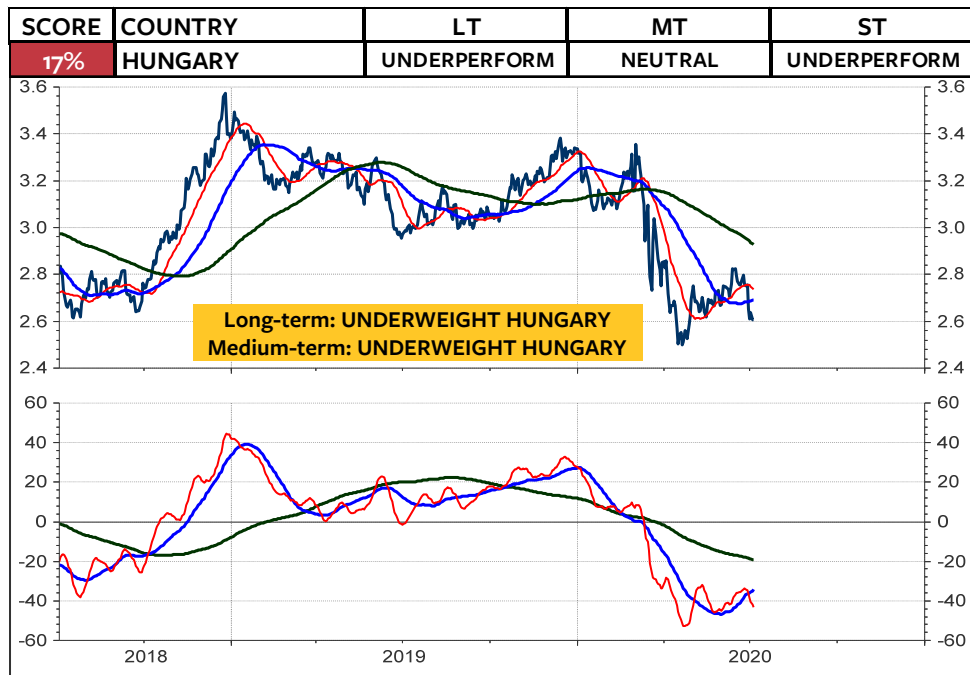
MSCI HUNGARY in Forint



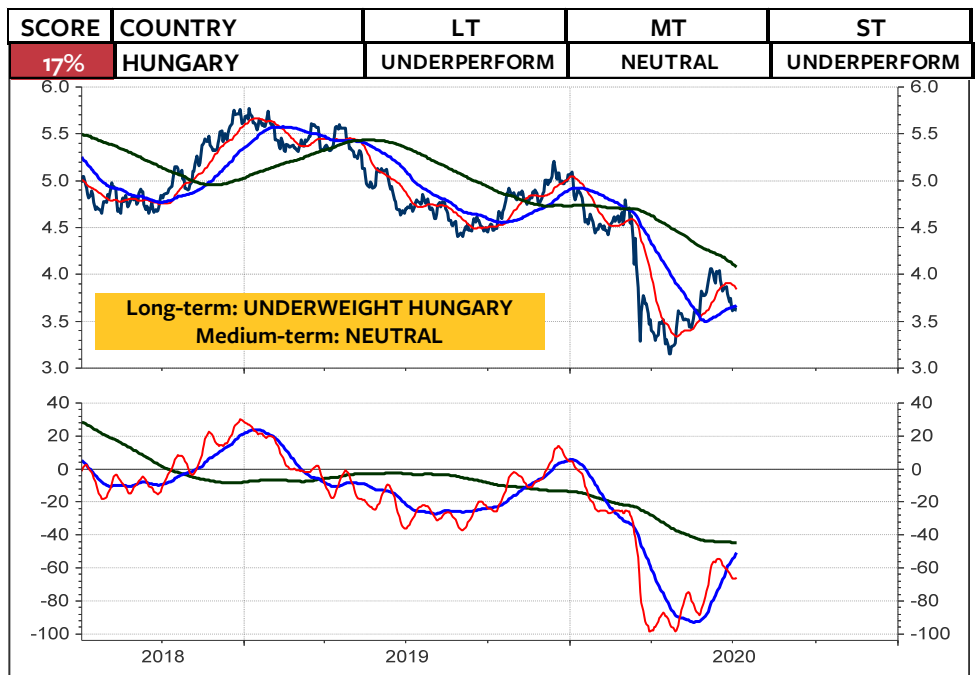
MSCI HUNGARY in Swiss franc



MSCI HUNGARY relative to the MSCI AC World



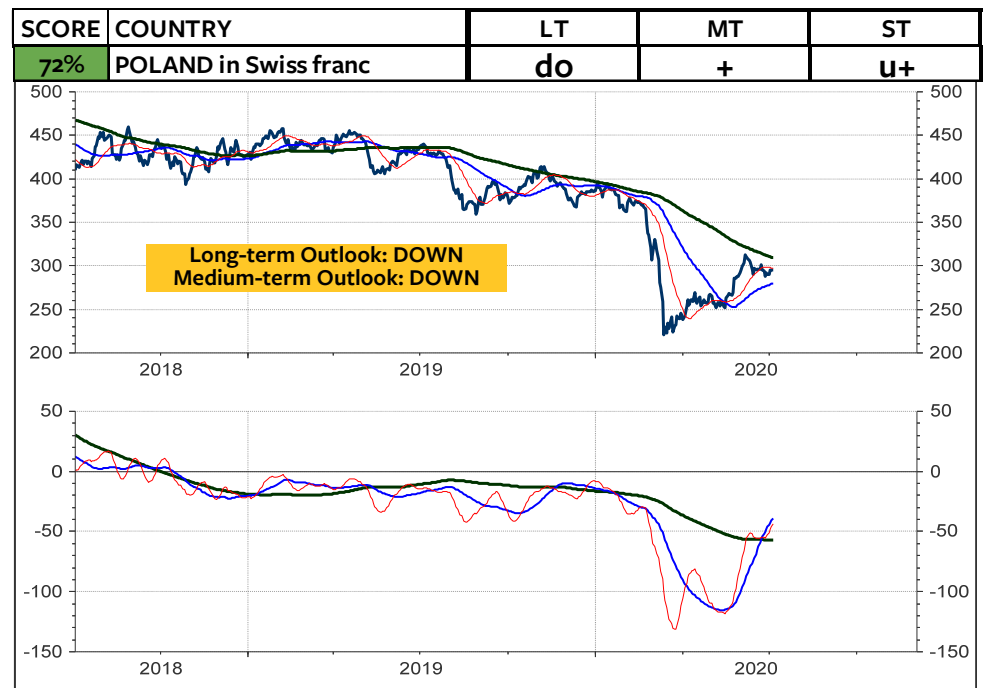
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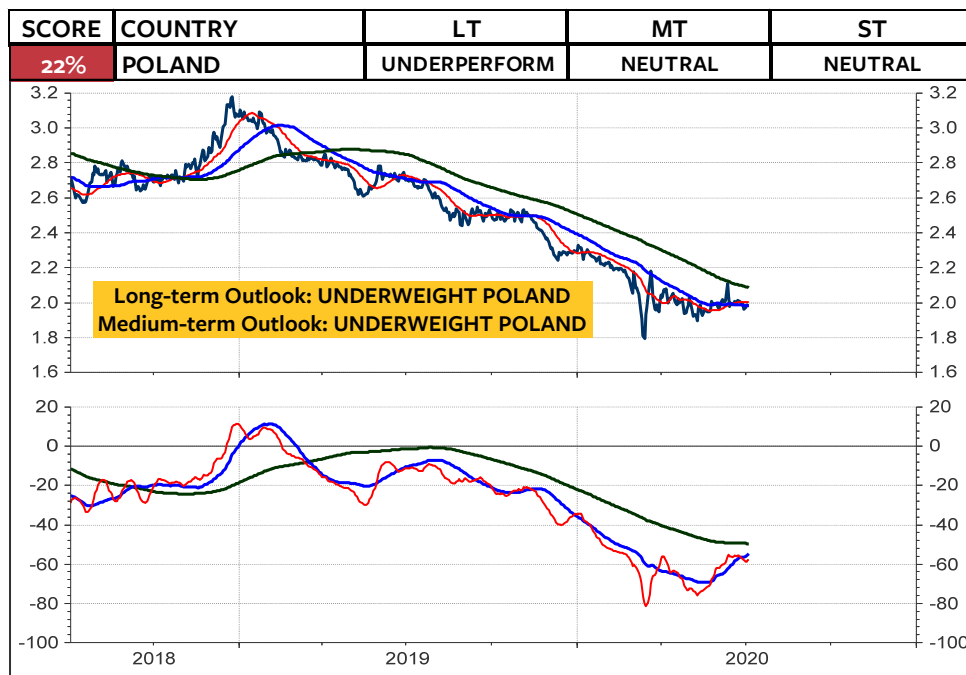
MSCI POLAND in Euro



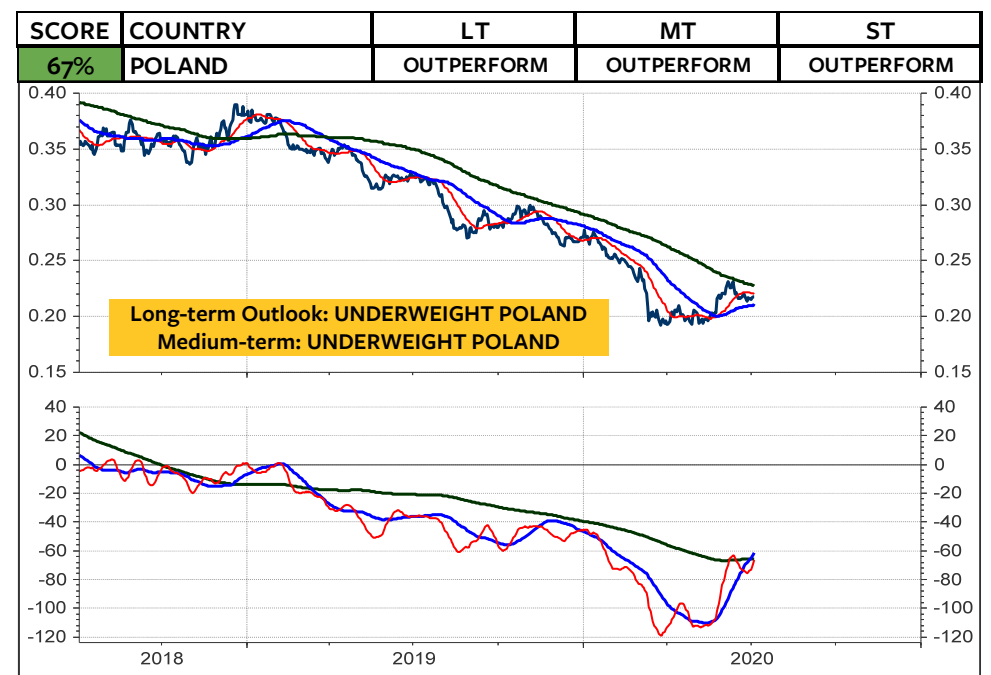
MSCI POLAND in Swiss franc



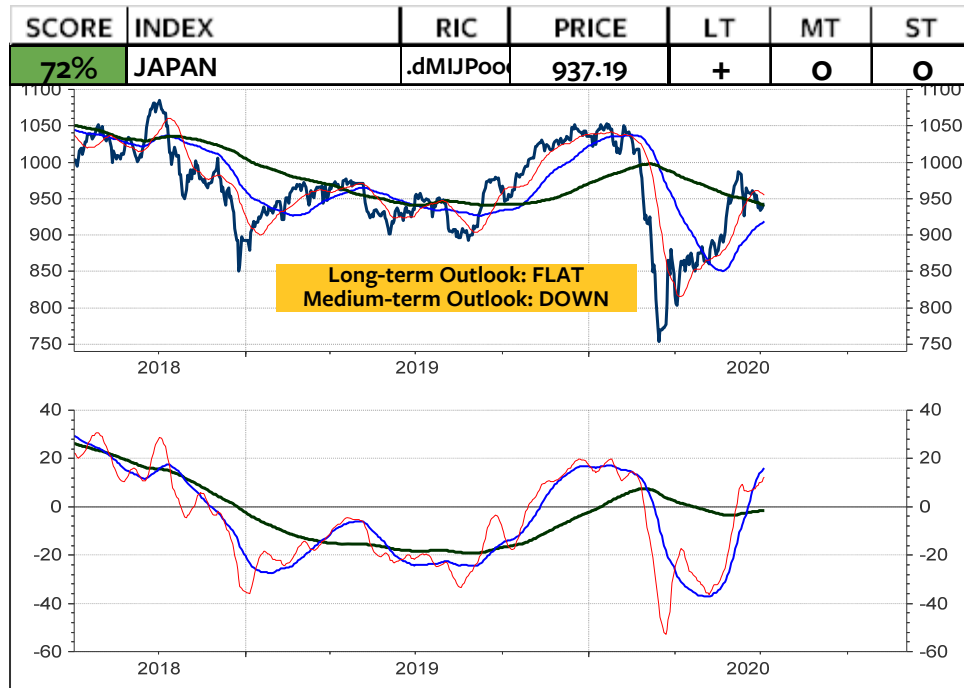
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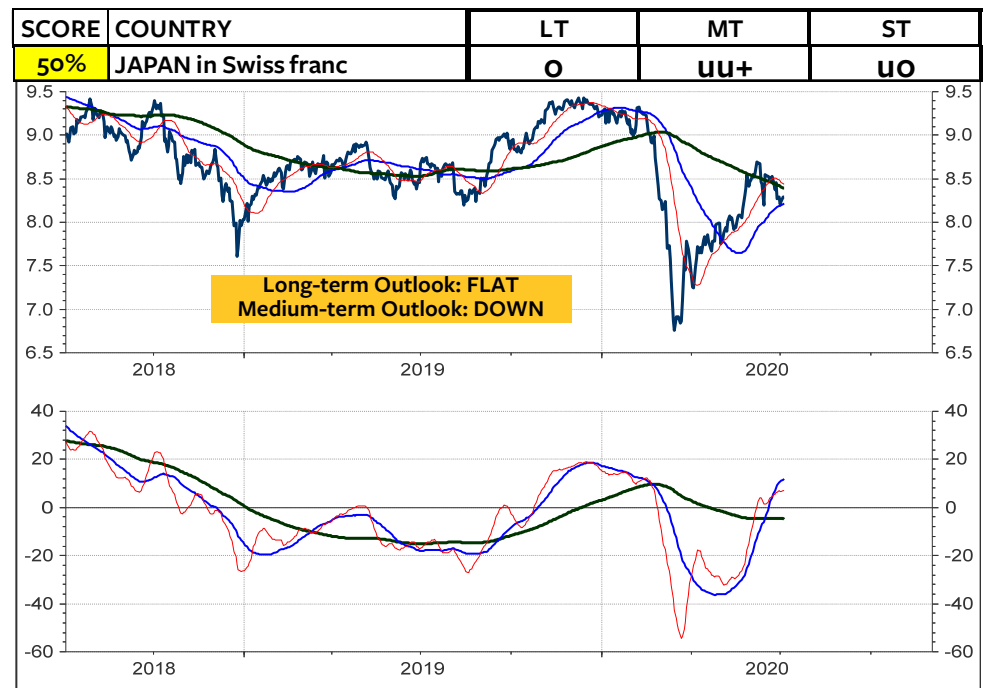
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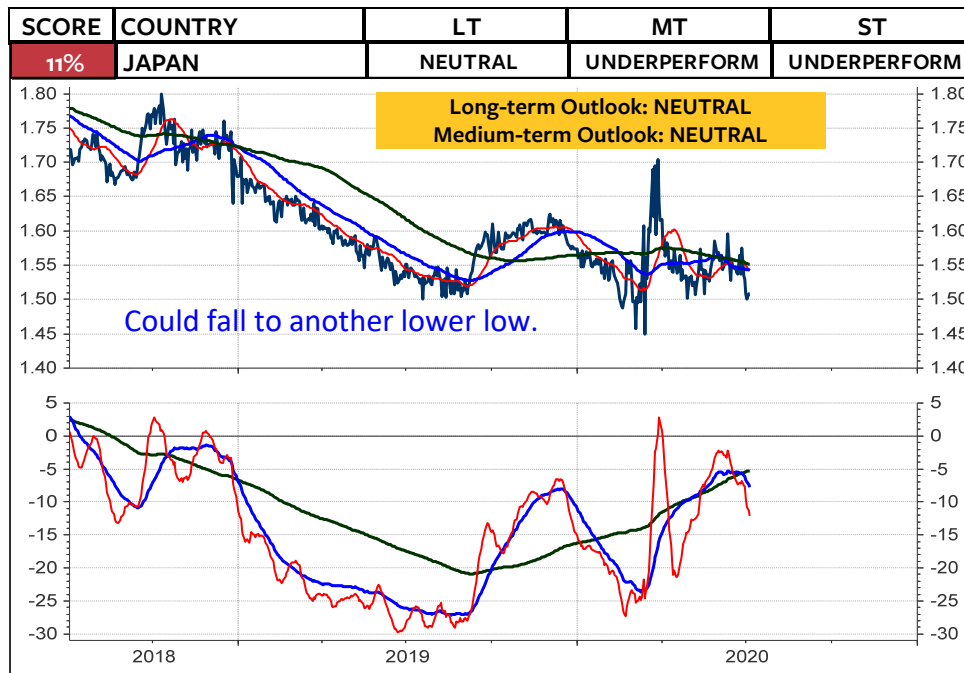
MSCI JAPAN in Yen



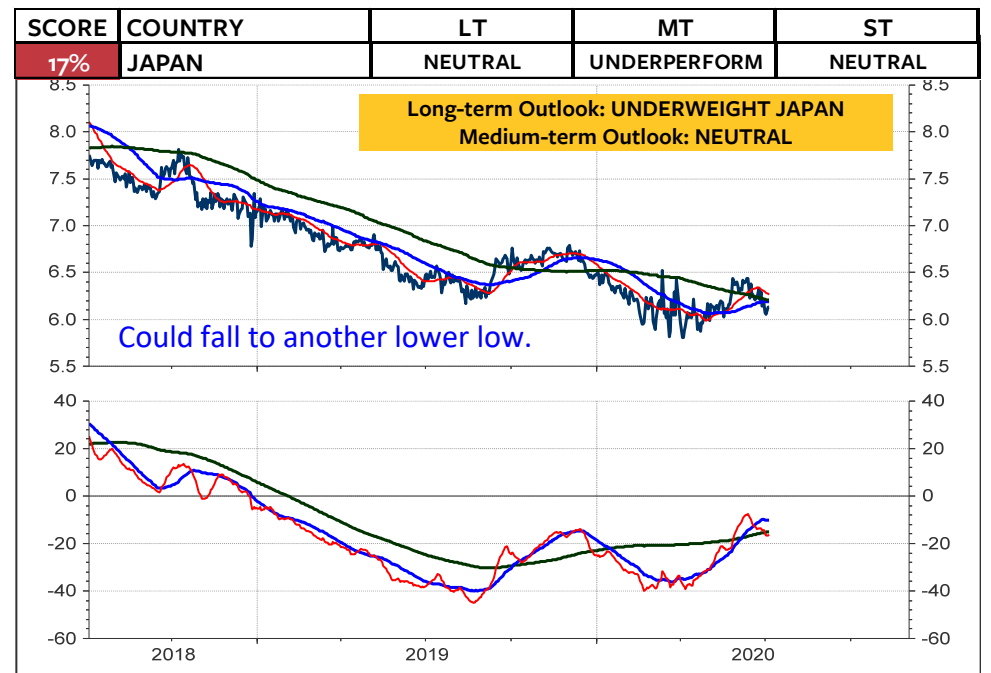
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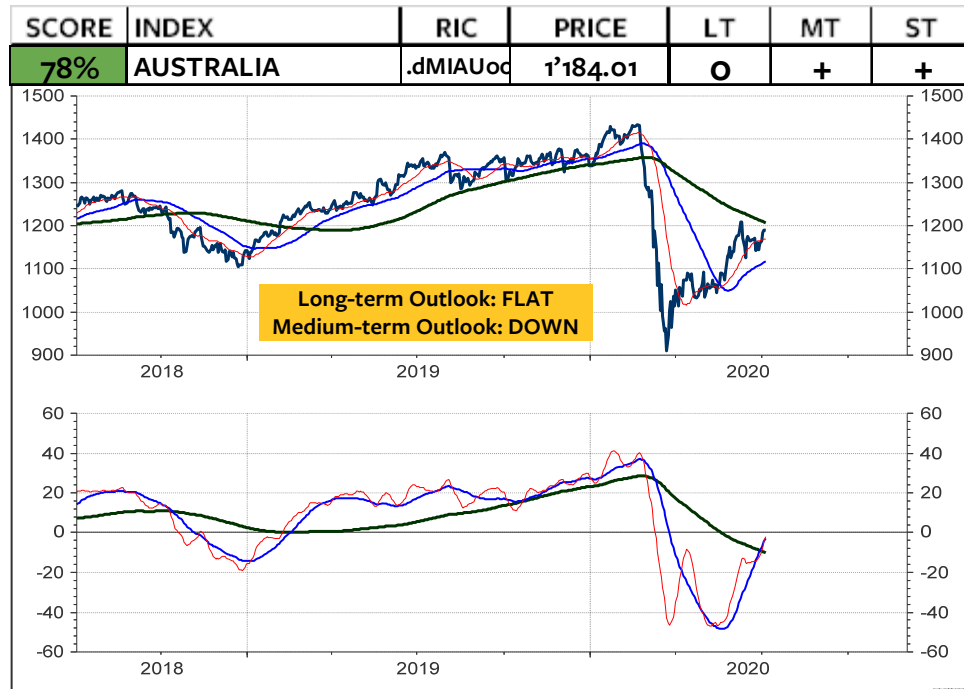
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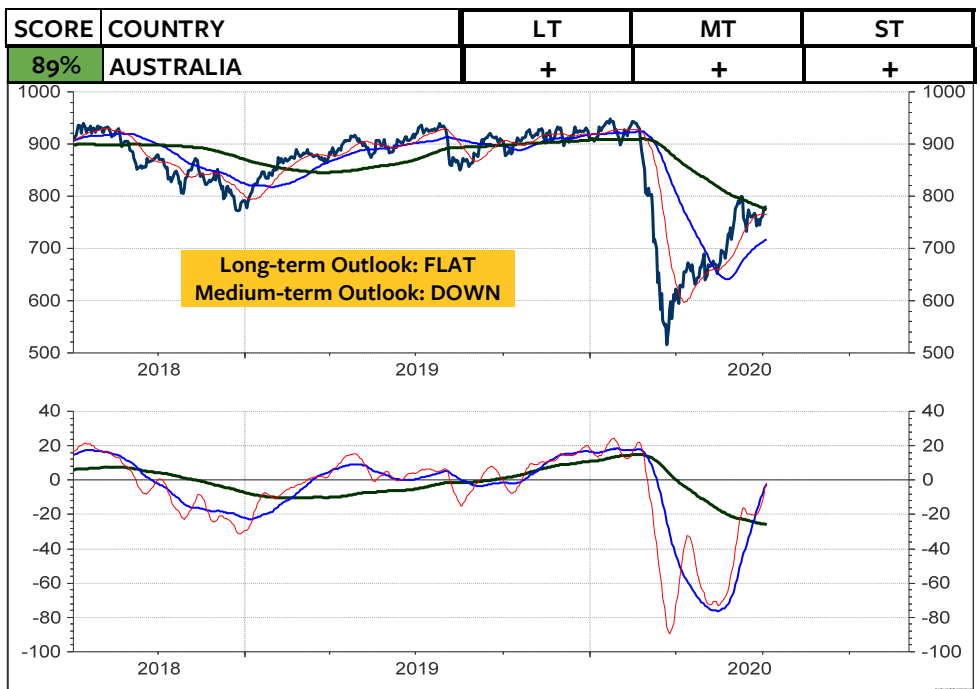
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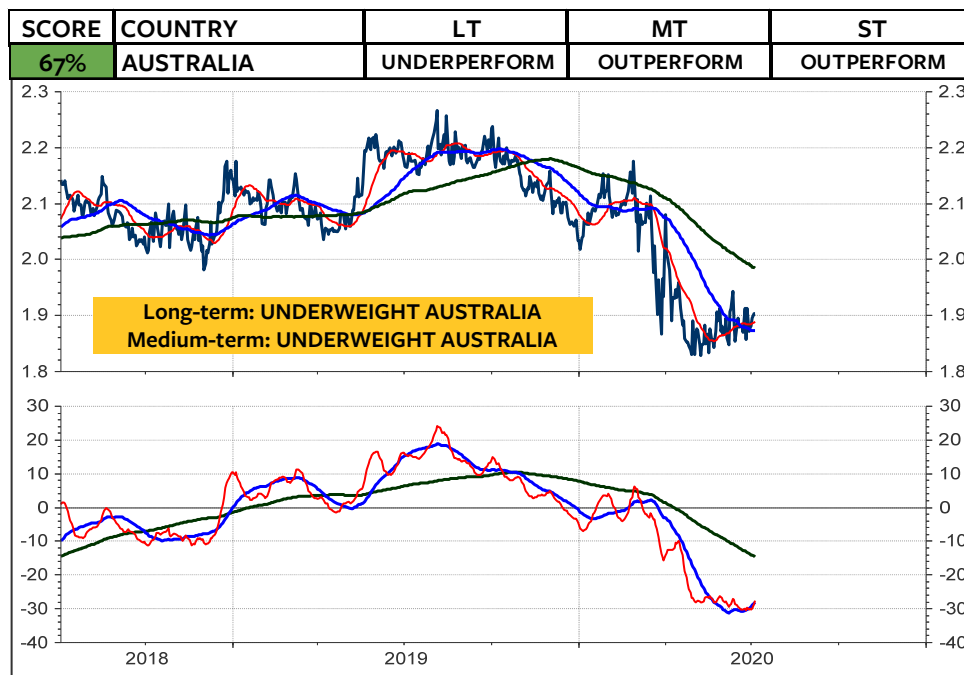
MSCI AUSTRALIA in Australian dollar



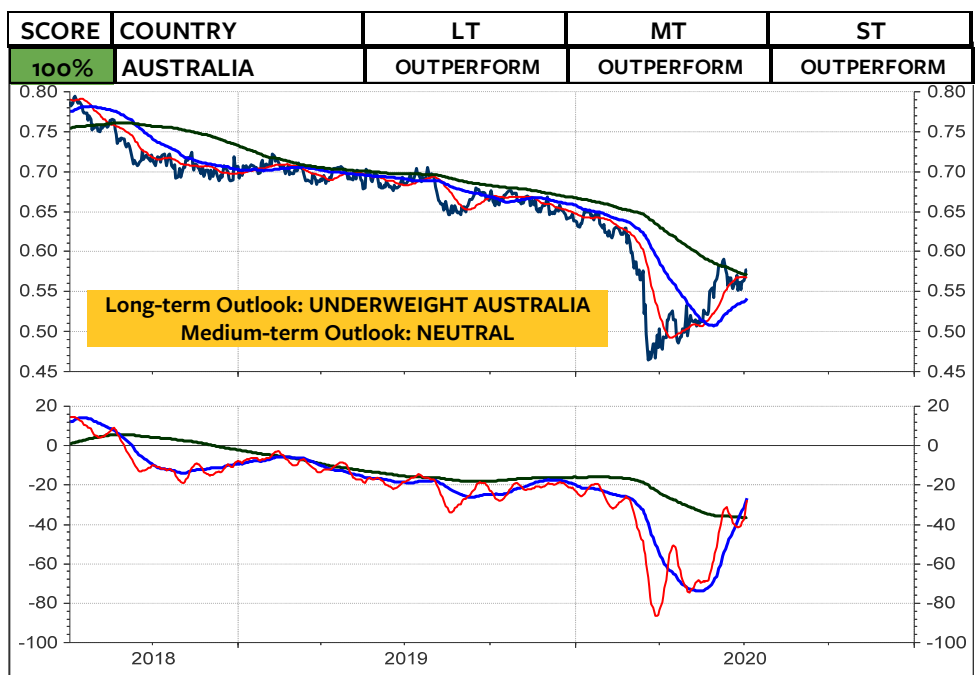
MSCI AUSTRALIA in Swiss franc



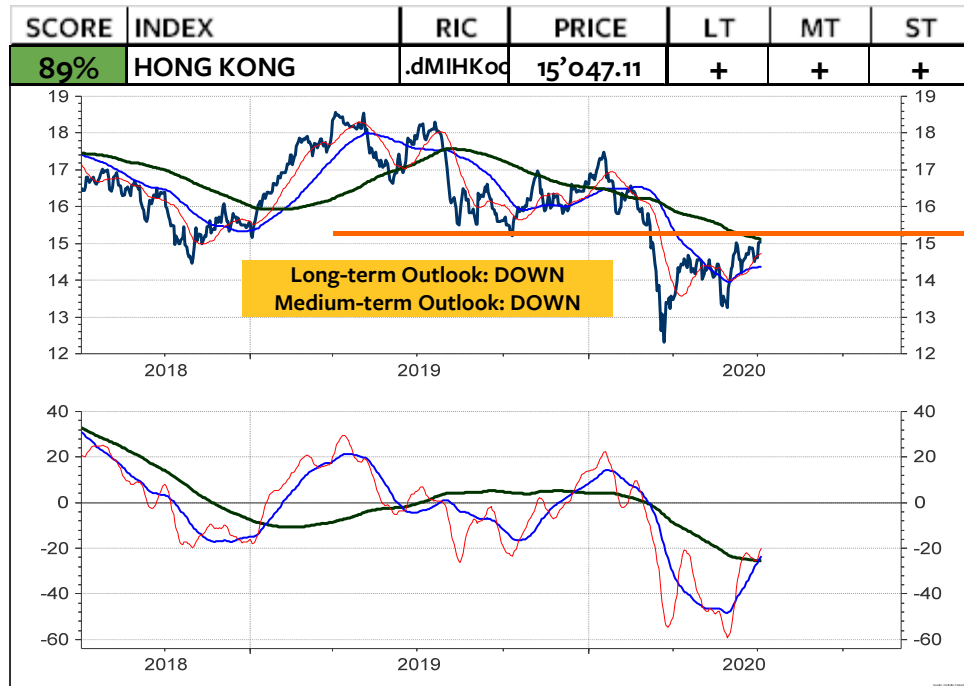
MSCI AUSTRALIA relative to the MSCI AC World



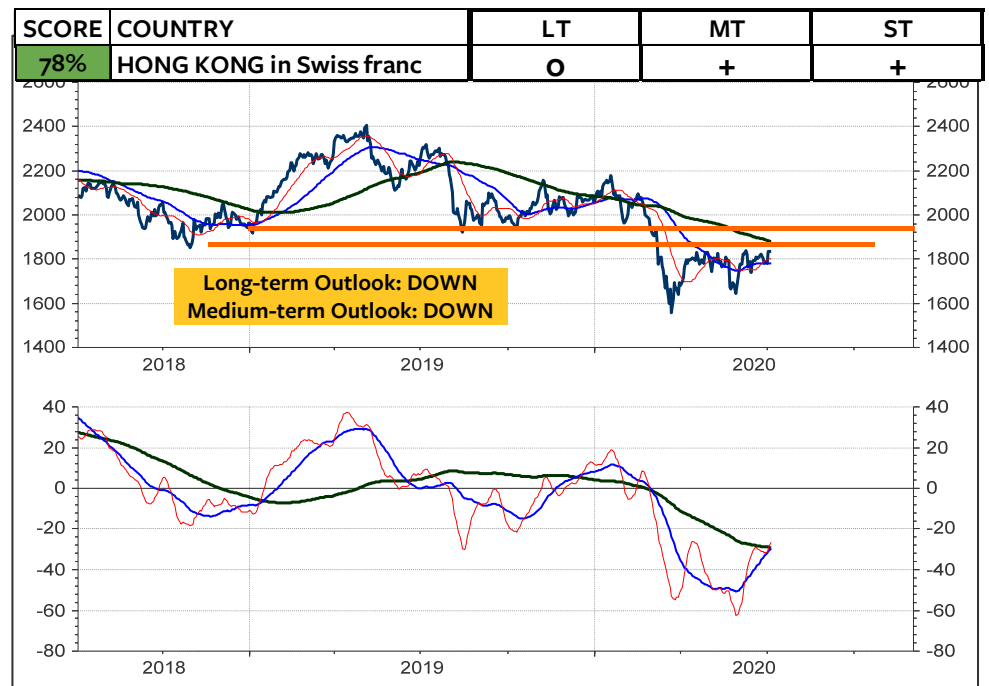
MSCI AUSTRALIA in SFR relative to MSCI Switzerland



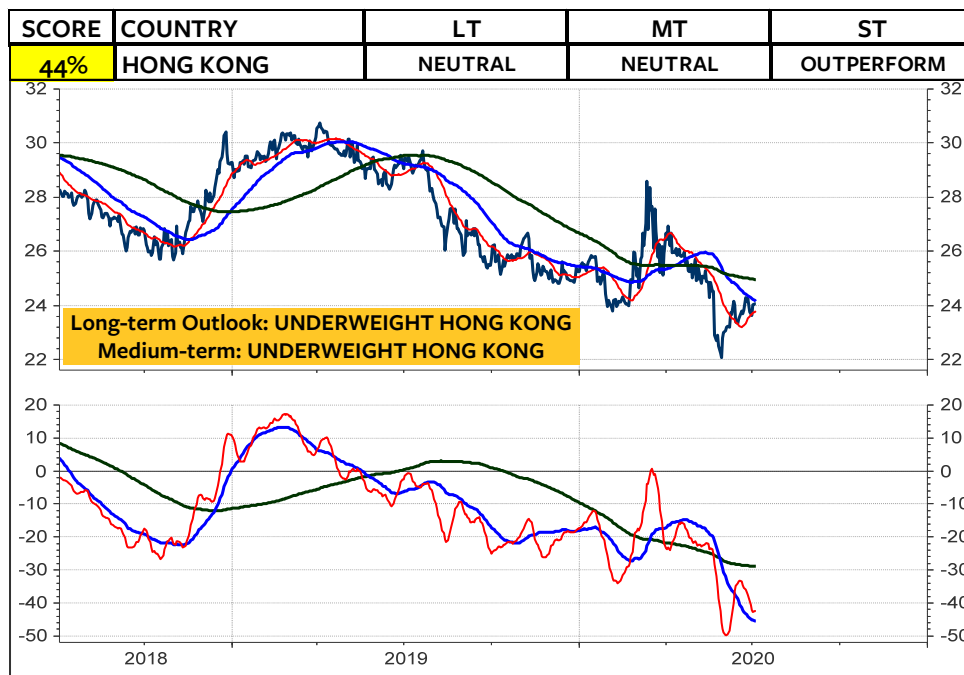
MSCI HONG KONG in Hong Kong dollar



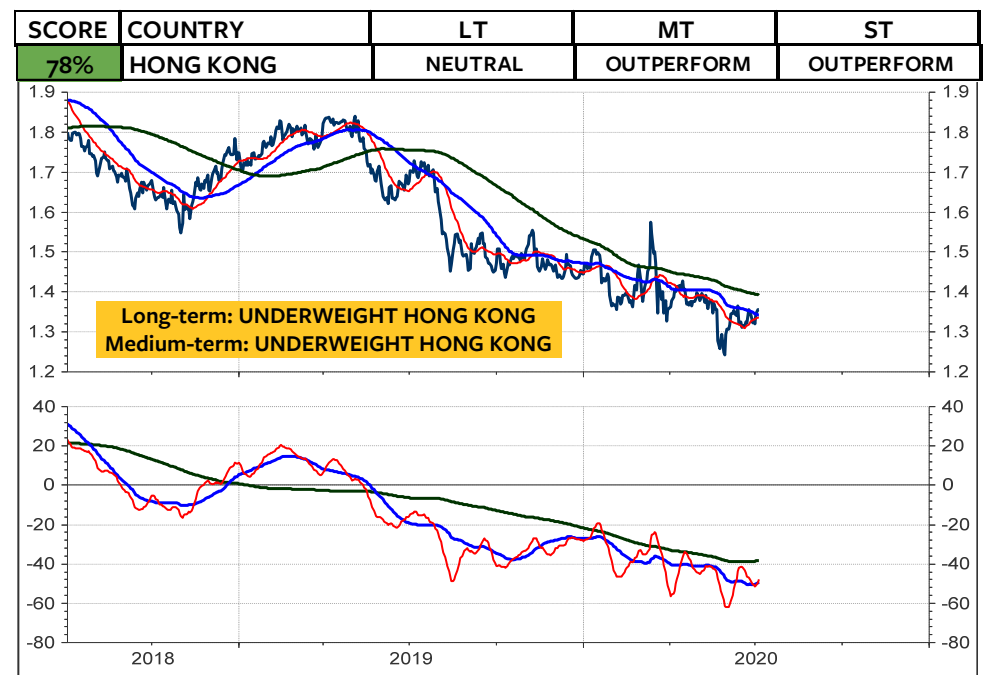
MSCI HONG KONG in Swiss franc



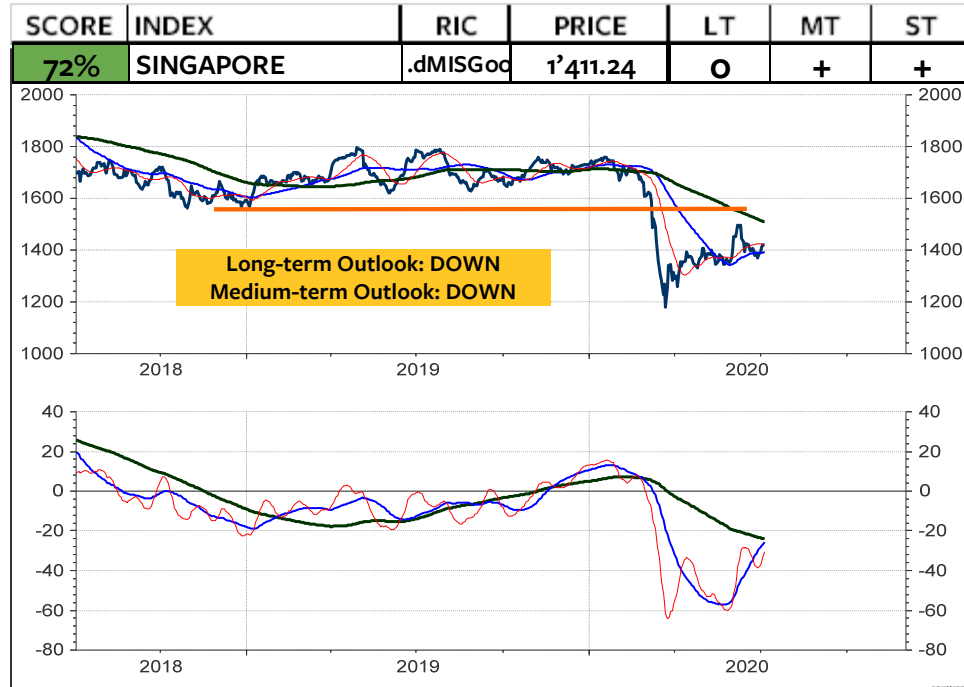
MSCI HONG KONG relative to the MSCI AC World



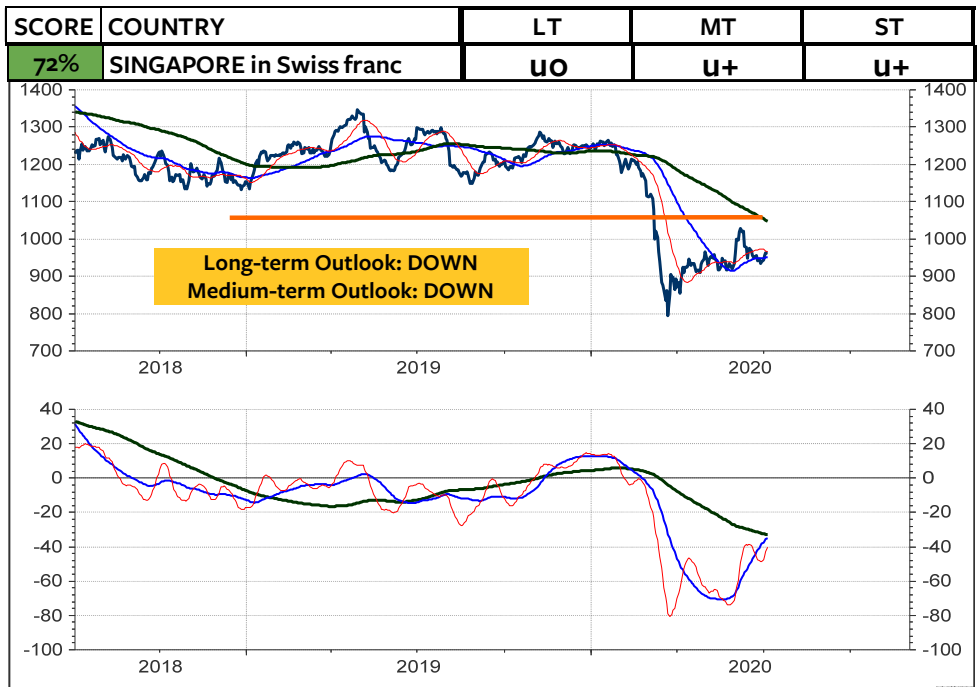
MSCI HONG KONG in SFR relative to MSCI Switzerland



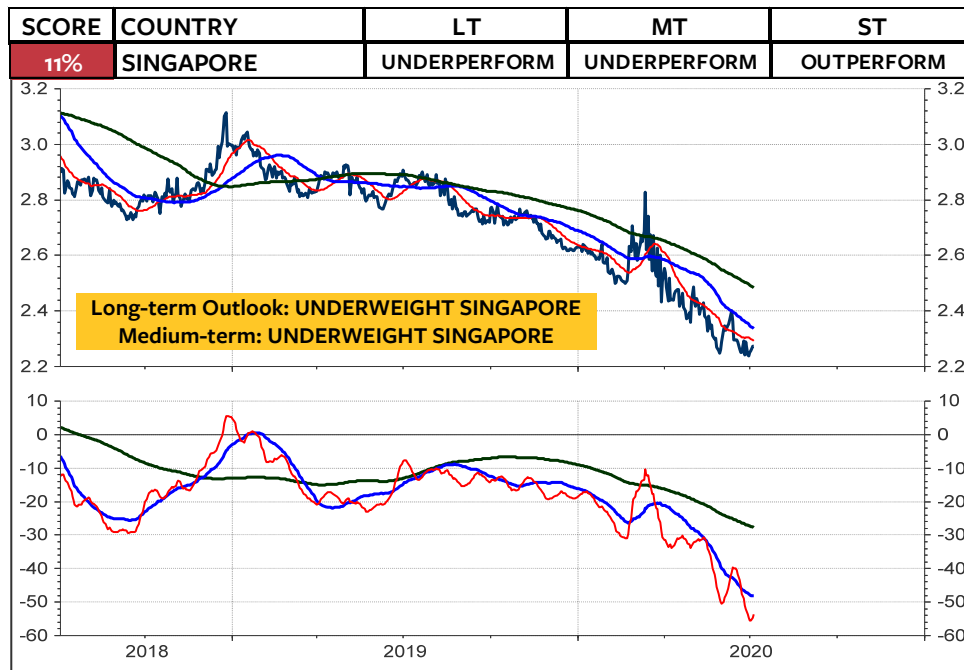
MSCI SINGAPORE in Singapore dollar



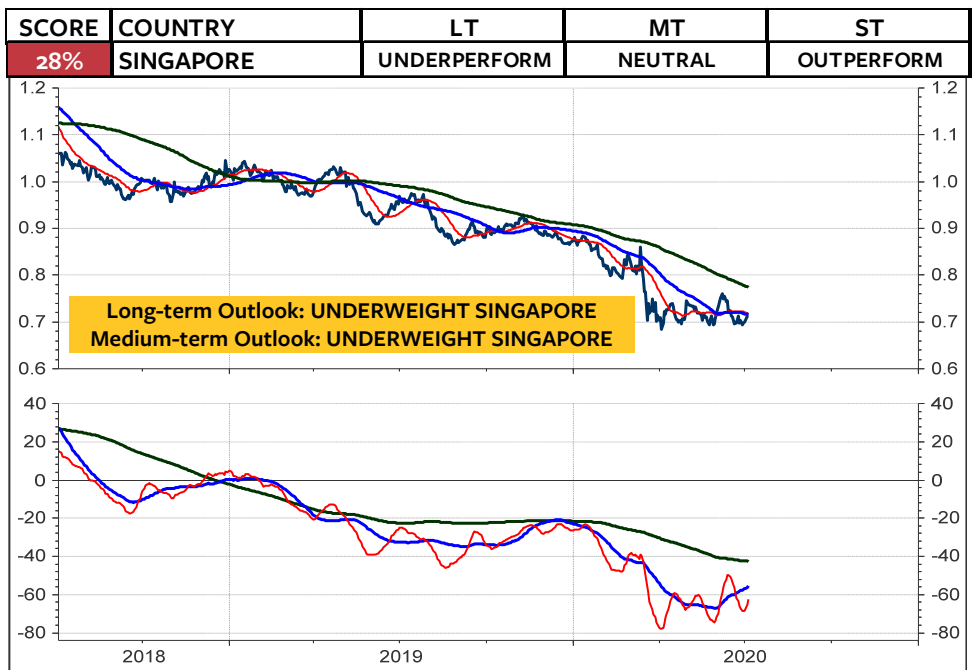
MSCI SINGAPORE in Swiss franc



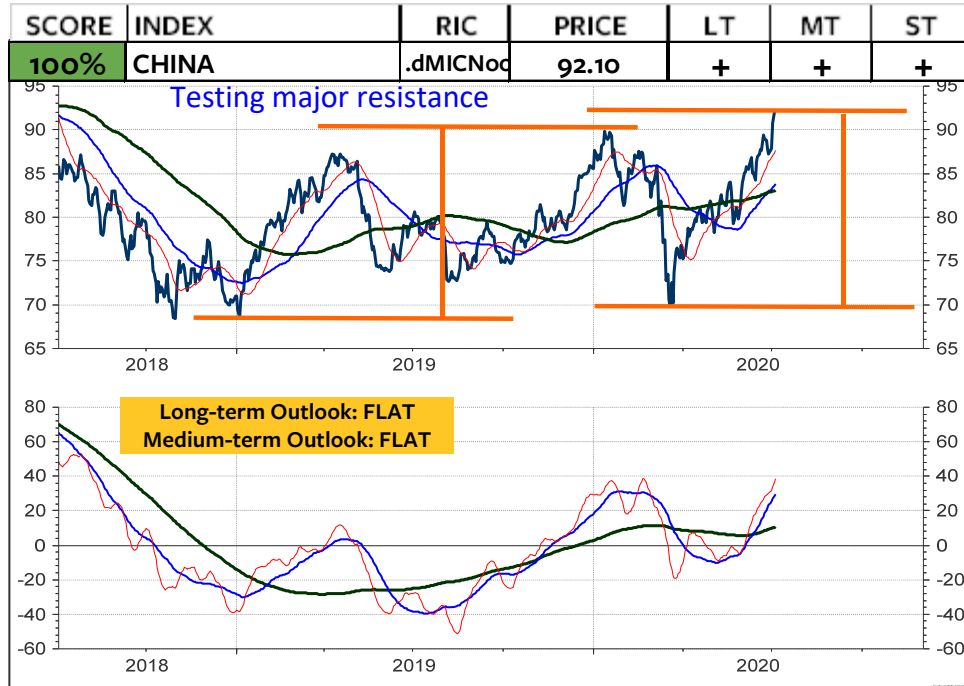
MSCI SINGAPORE relative to the MSCI AC World



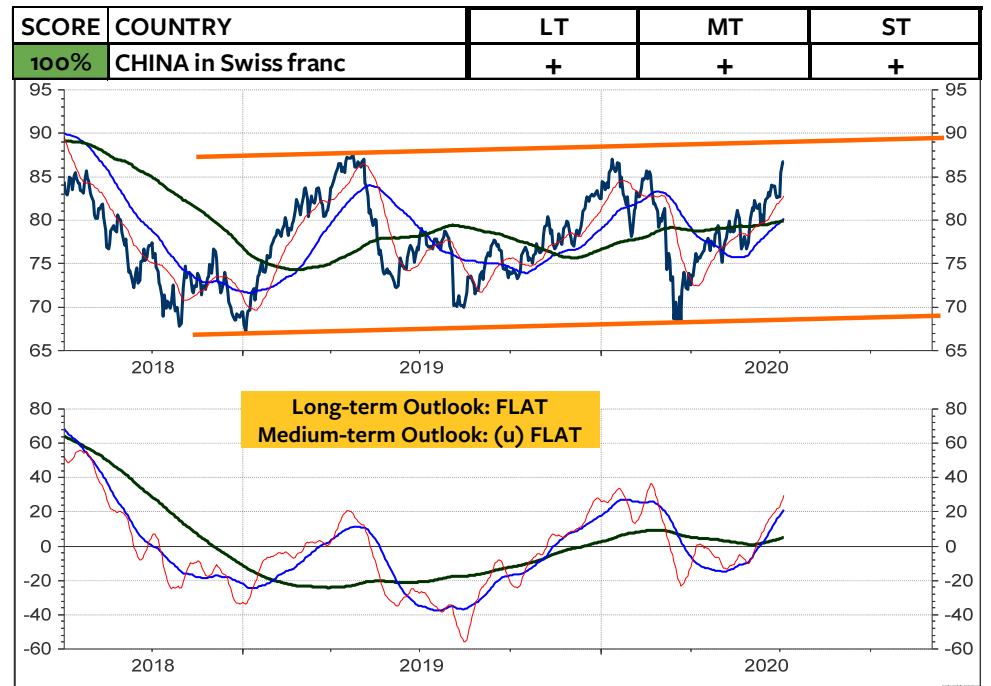
MSCI SINGAPORE in SFR relative to MSCI Switzerland



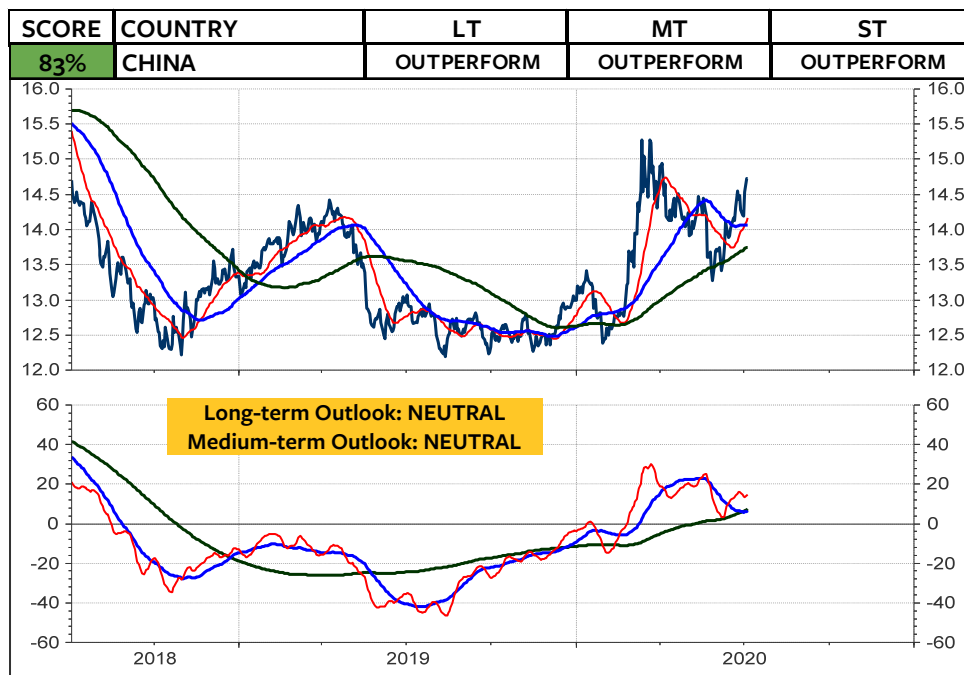
MSCI CHINA in Chinese yuan



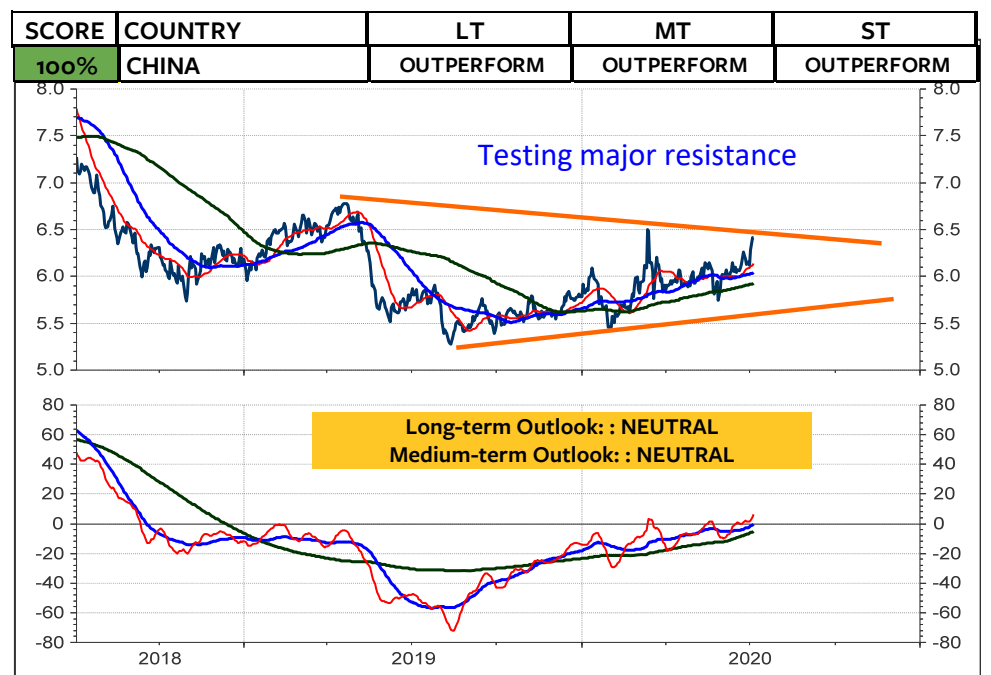
MSCI CHINA in Swiss franc



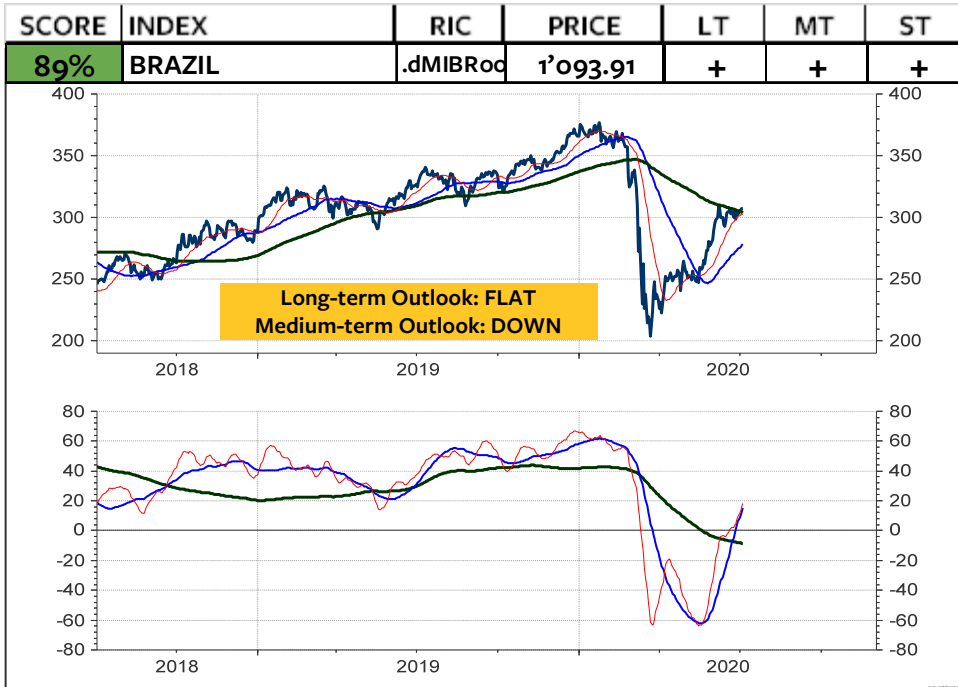
MSCI CHINA relative to the MSCI AC World



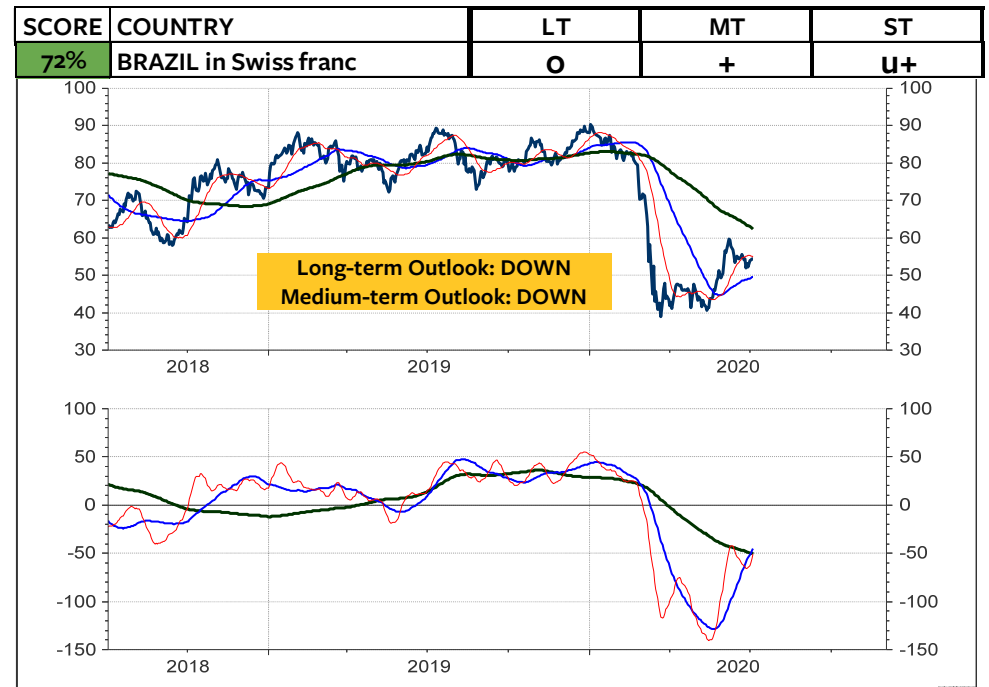
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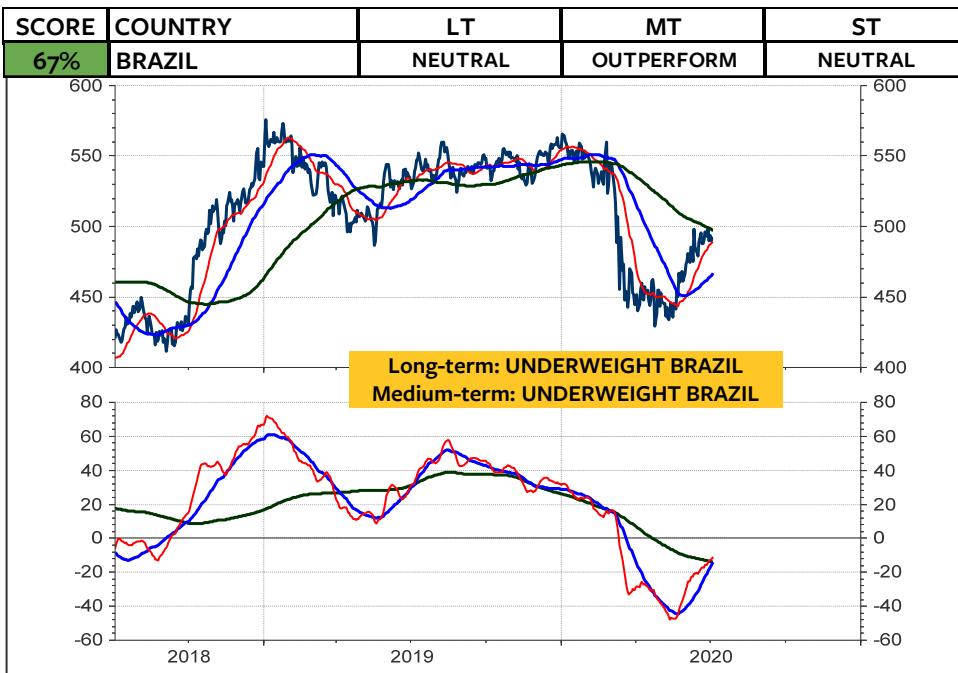
MSCI BRAZIL in Brazil real



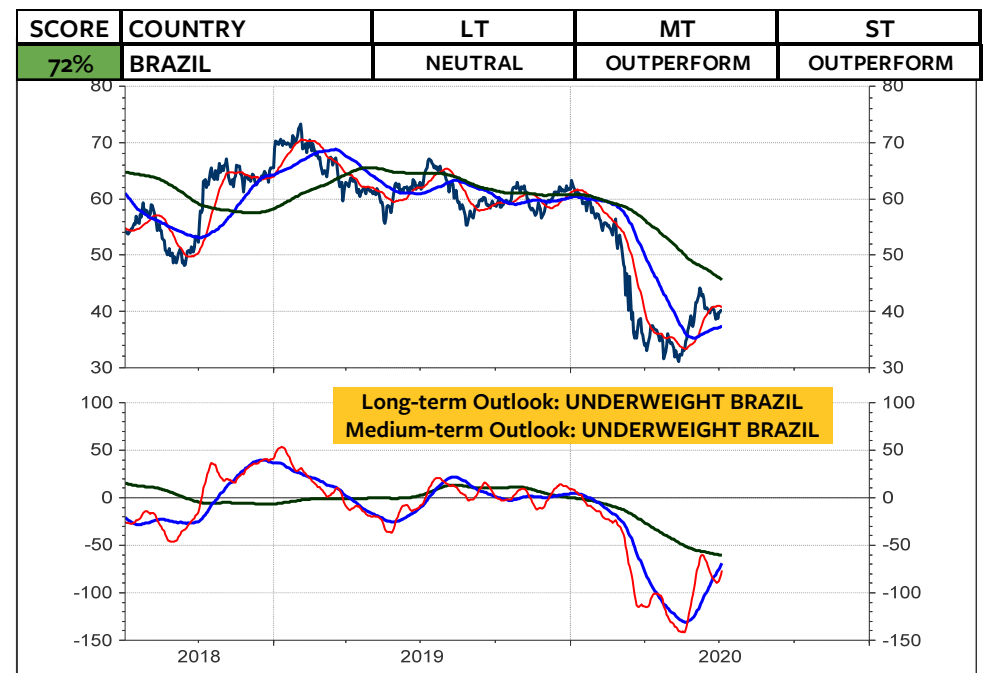
MSCI BRAZIL in Swiss franc



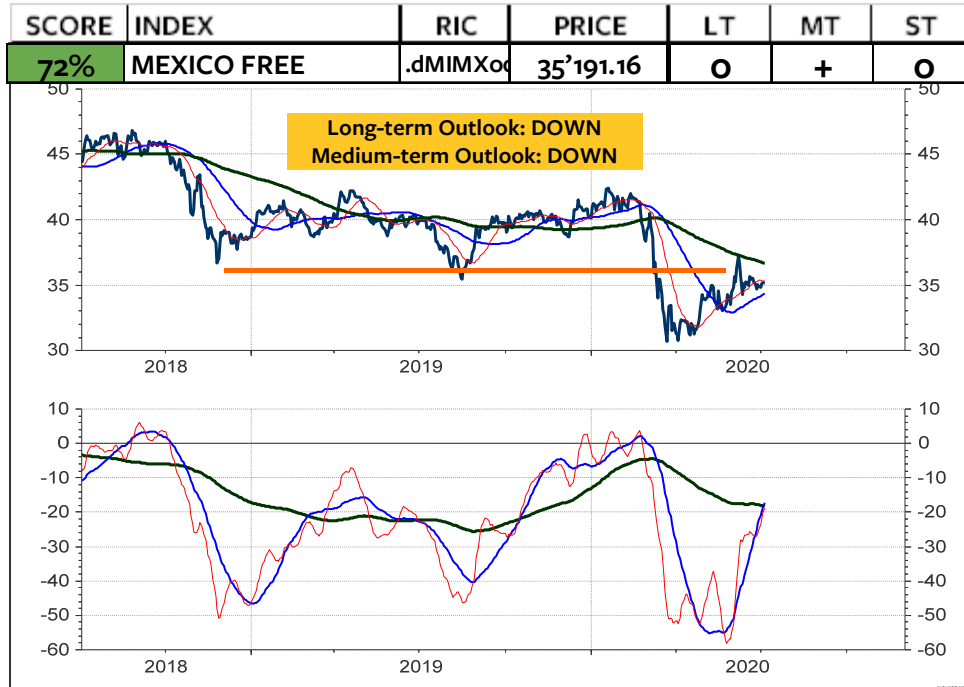
MSCI BRAZIL relative to the MSCI AC World



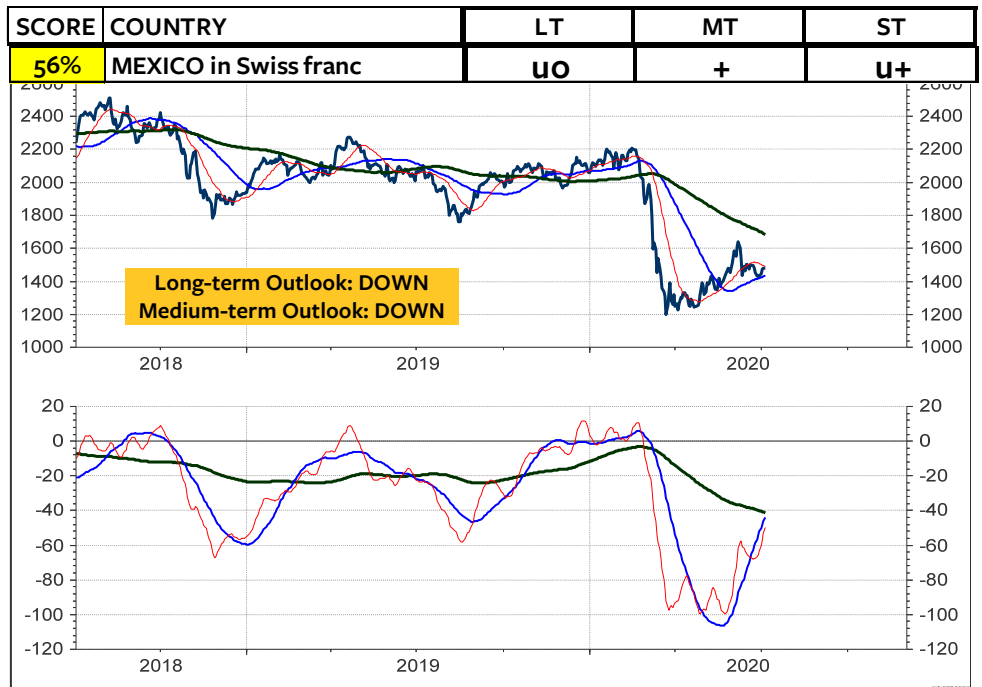
MSCI BRAZIL in SFR relative to MSCI Switzerland



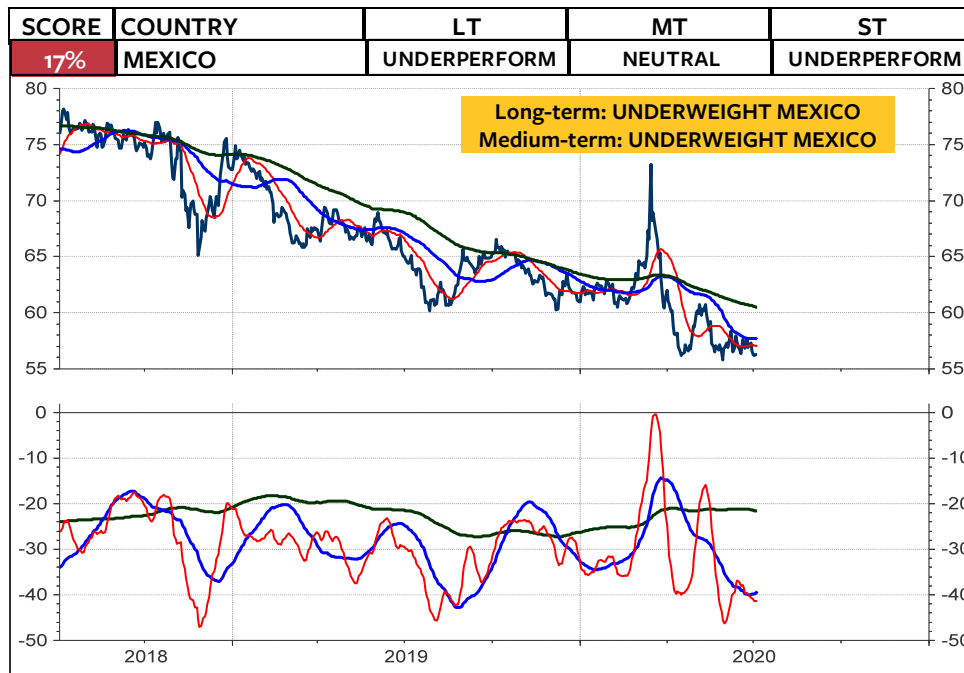
MSCI MEXICO in Mexican peso



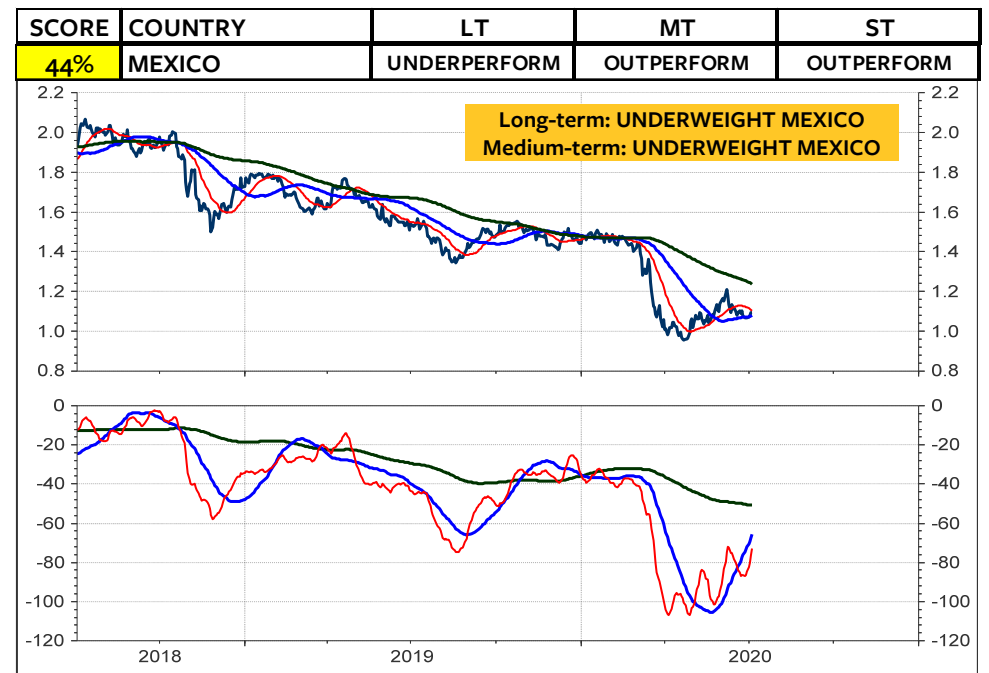
MSCI MEXICO in Swiss franc



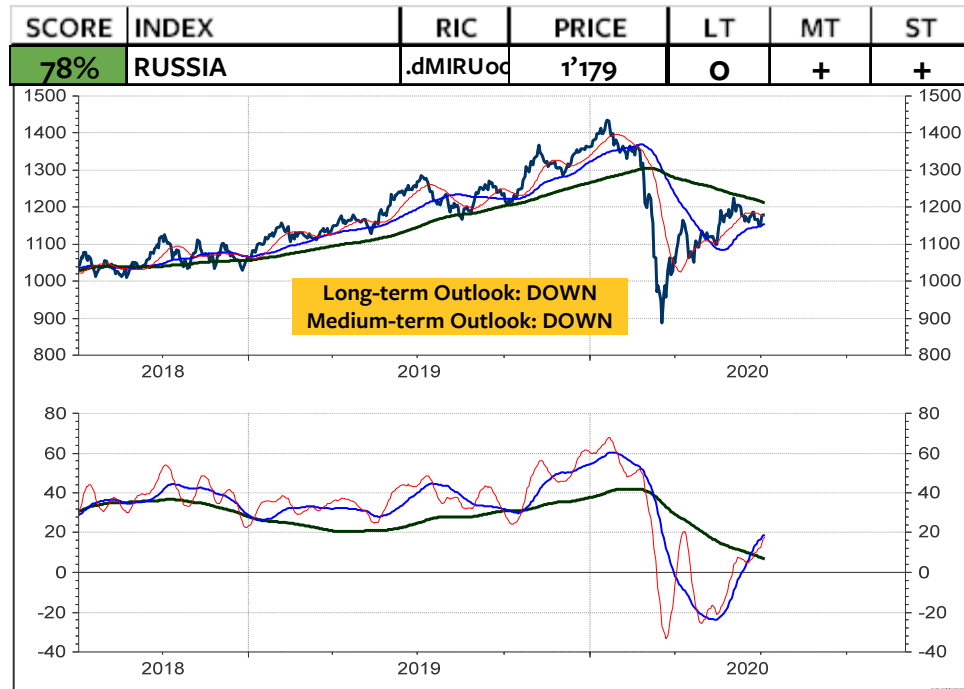
MSCI MEXICO relative to the MSCI AC World



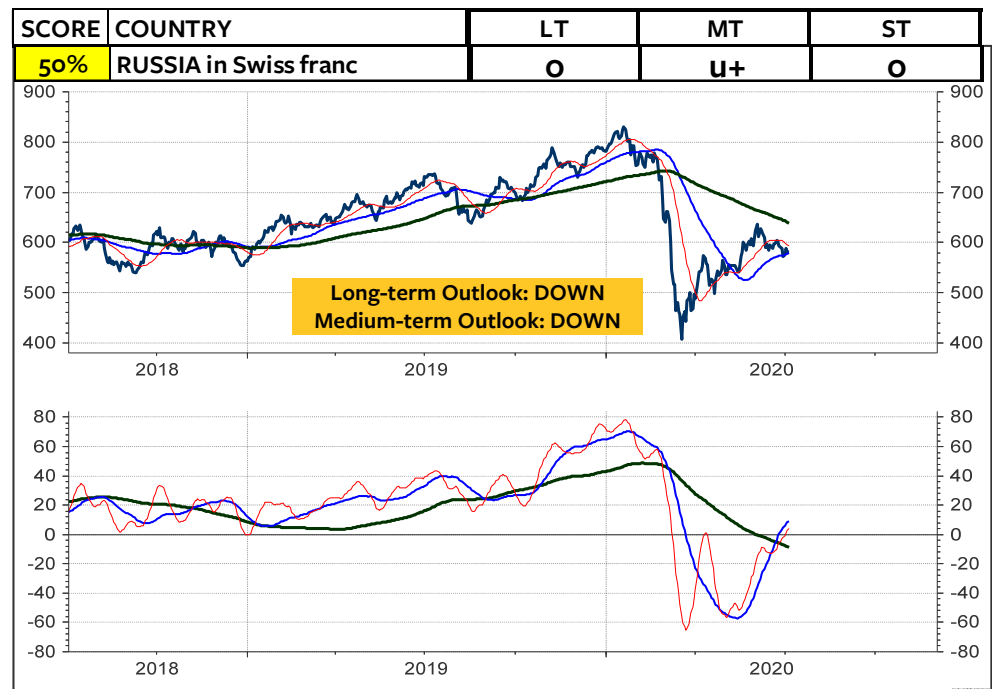
MSCI MEXICO in SFR relative to MSCI Switzerland



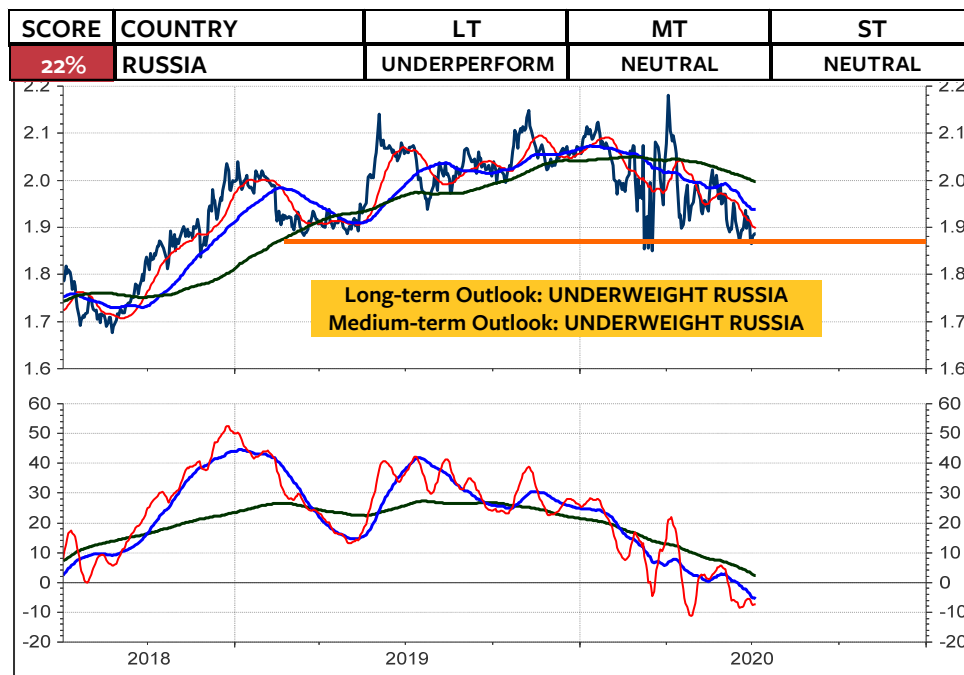
MSCI RUSSIA in Russian rouble



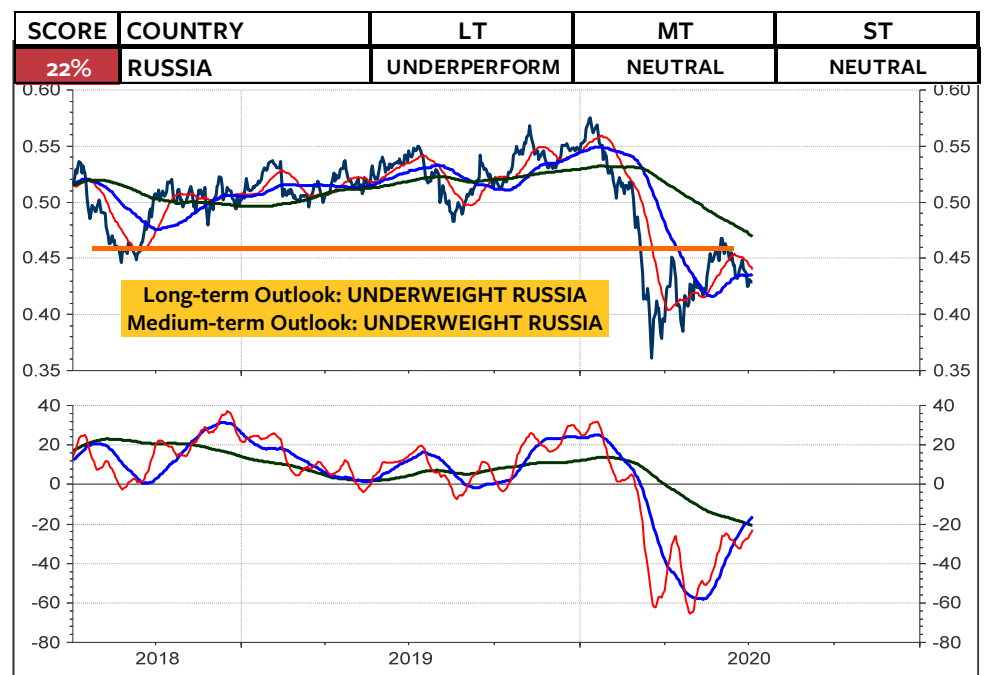
MSCI RUSSIA in Swiss franc



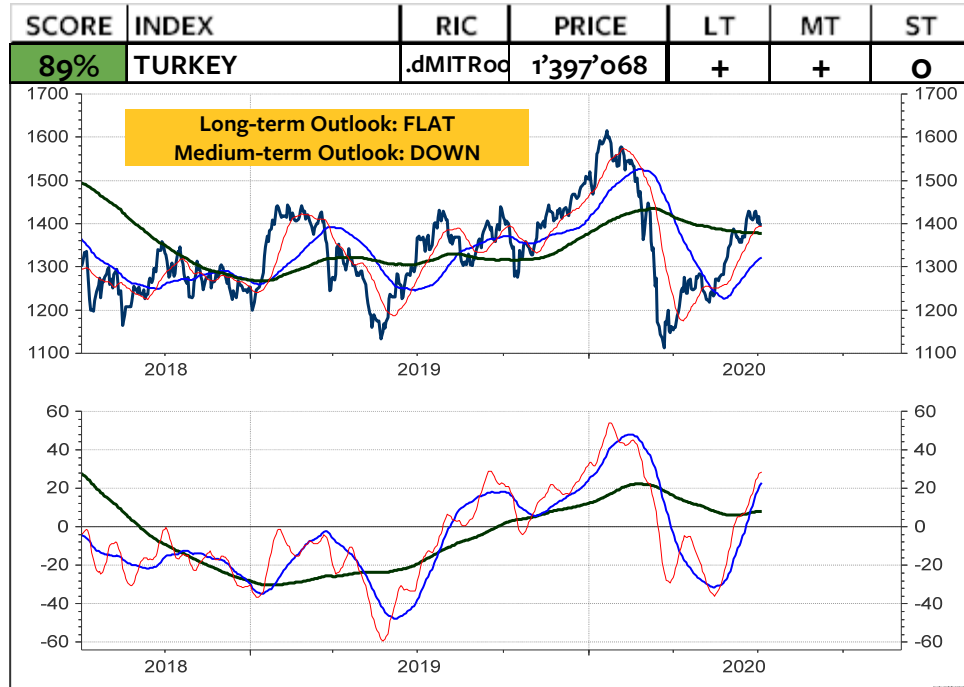
MSCI RUSSIA relative to the MSCI AC World



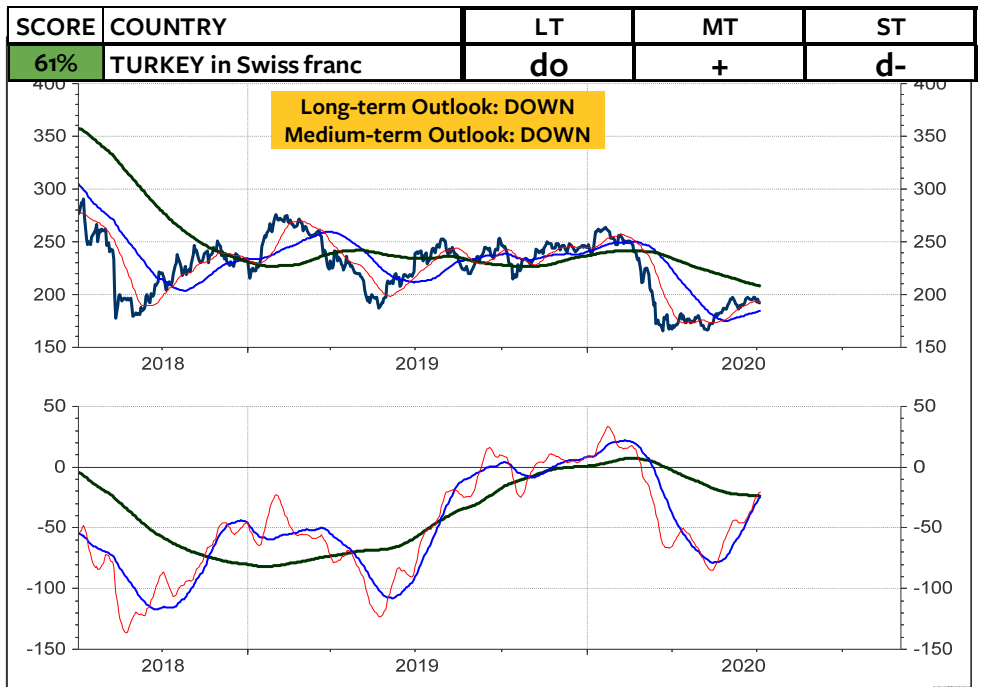
MSCI RUSSIA in SFR relative to MSCI Switzerland



MSCI TURKEY in Turkish lira



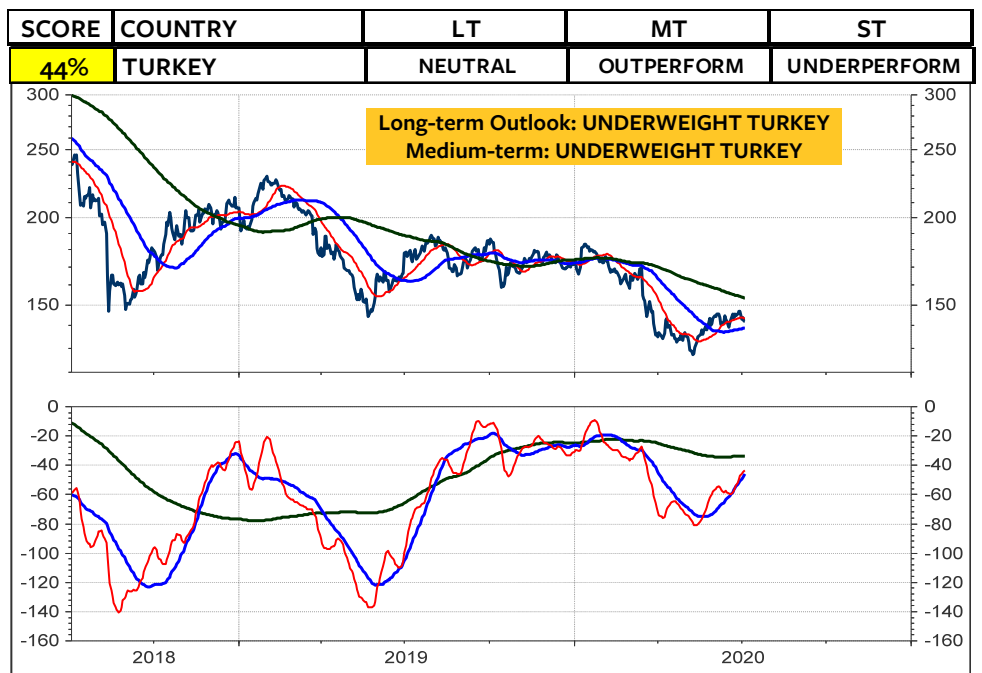
MSCI TURKEY in Swiss franc



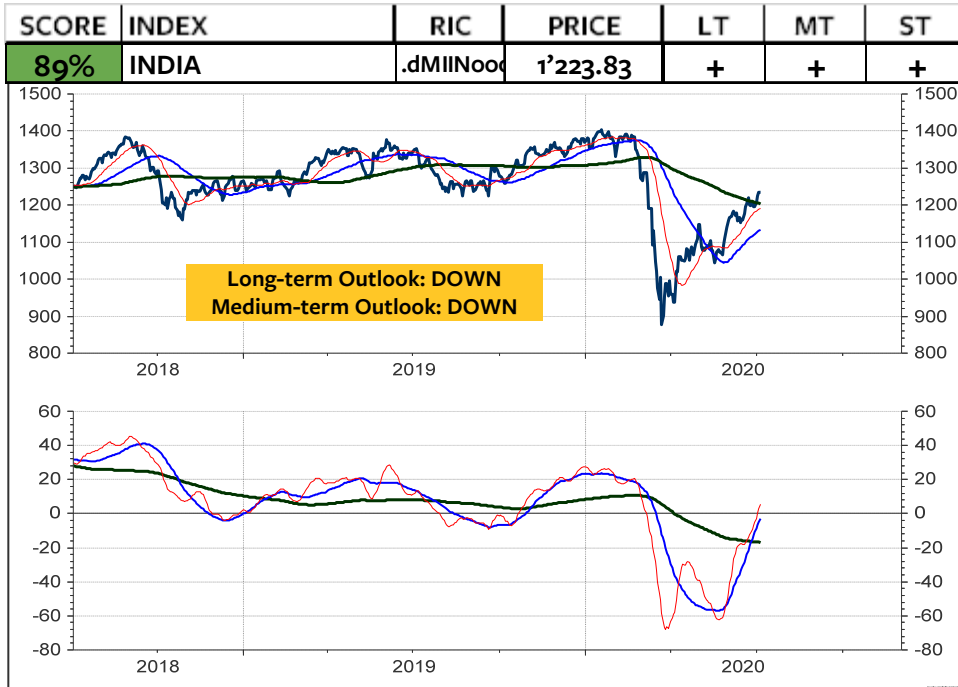
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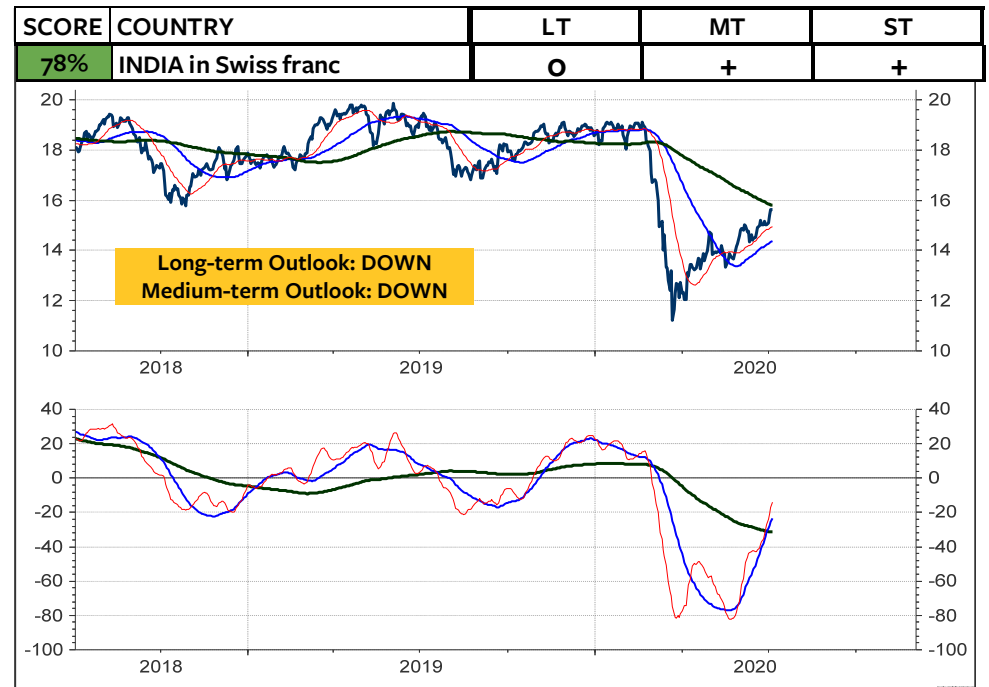
MSCI TURKEY in SFR relative to MSCI Switzerland



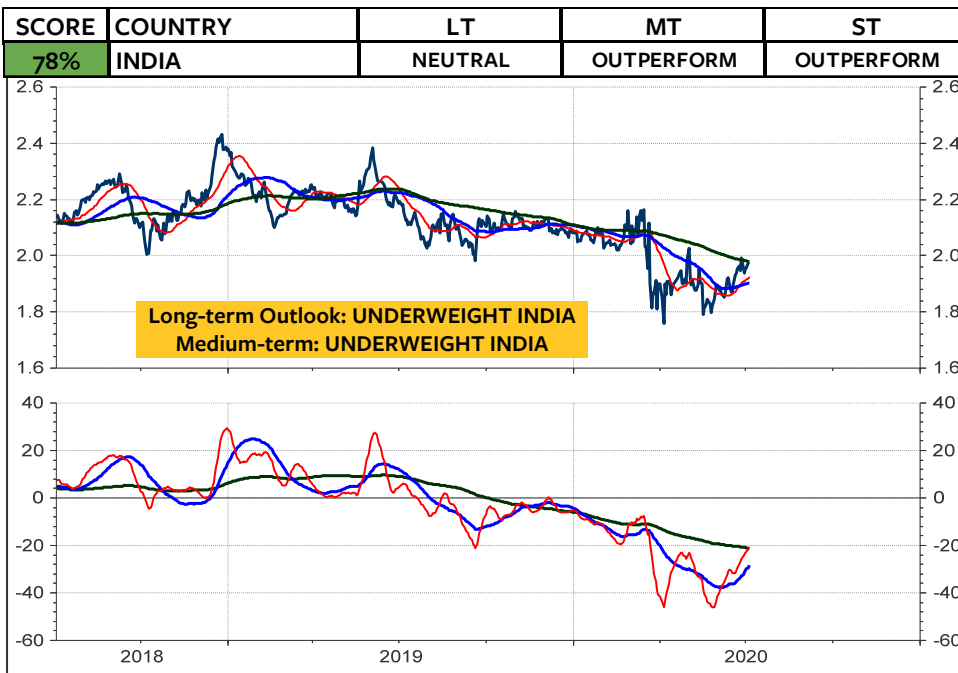
MSCI INDIA in Indian rupee



MSCI INDIA in Swiss franc



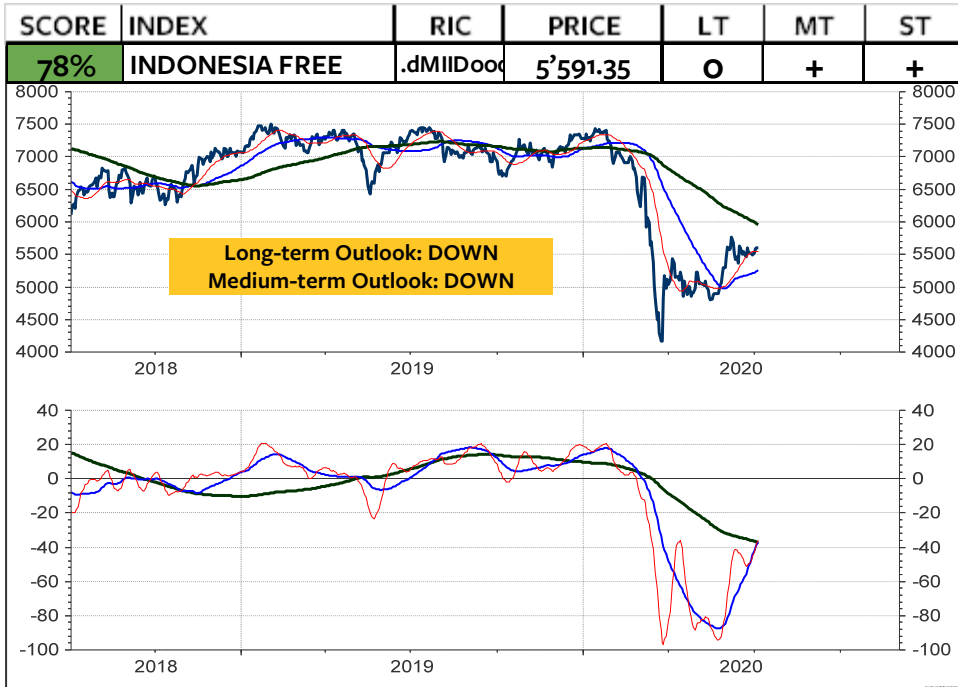
MSCI INDIA relative to the MSCI AC World



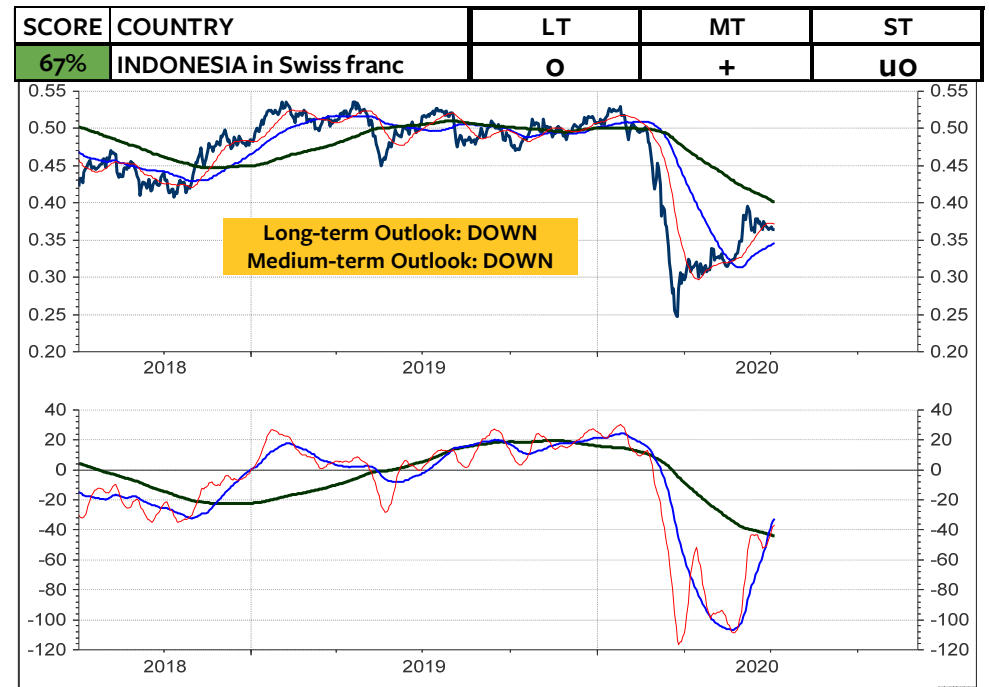
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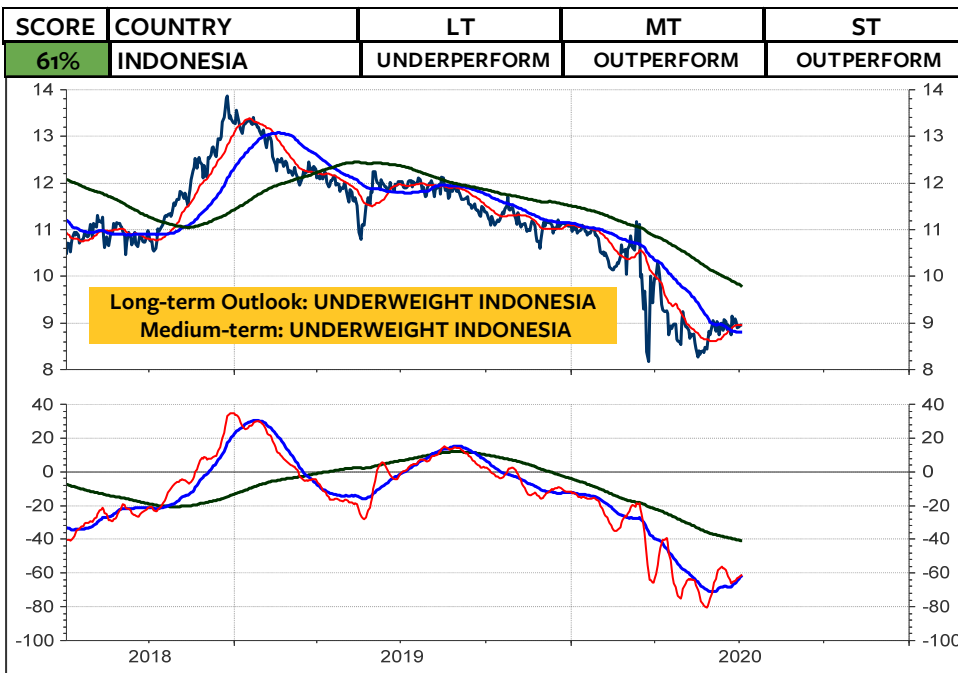
MSCI INDONESIA in Rupiah



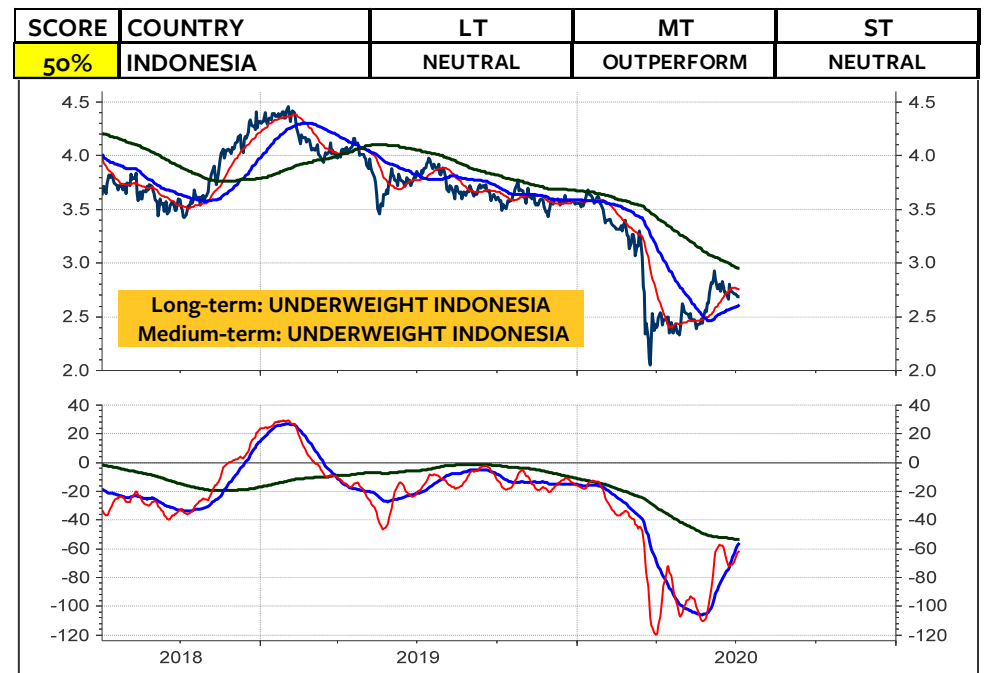
MSCI INDONESIA in Swiss franc



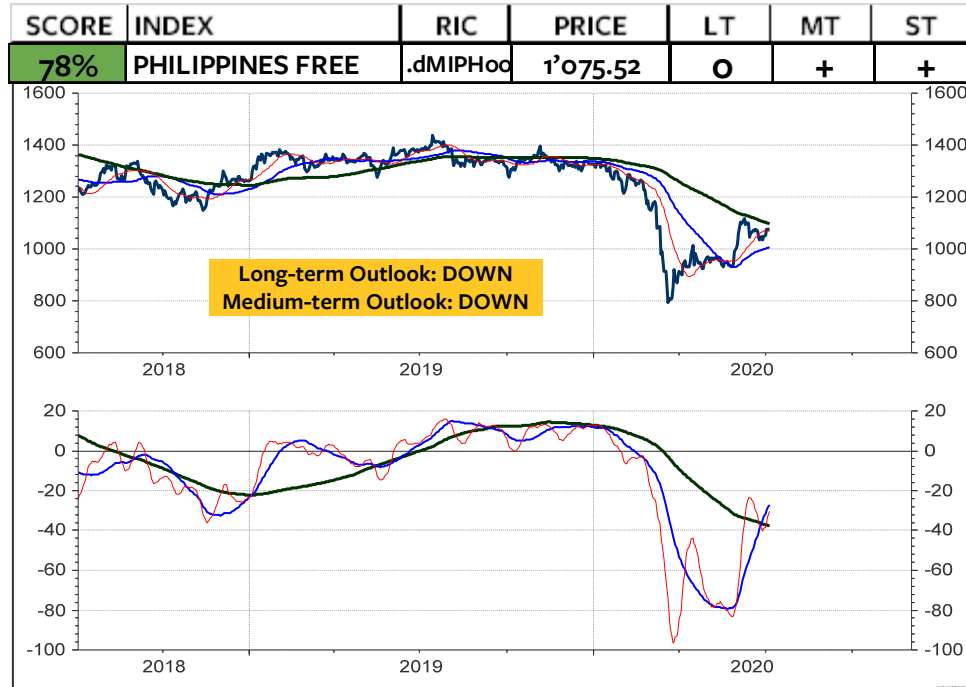
MSCI INDONESIA relative to the MSCI AC World



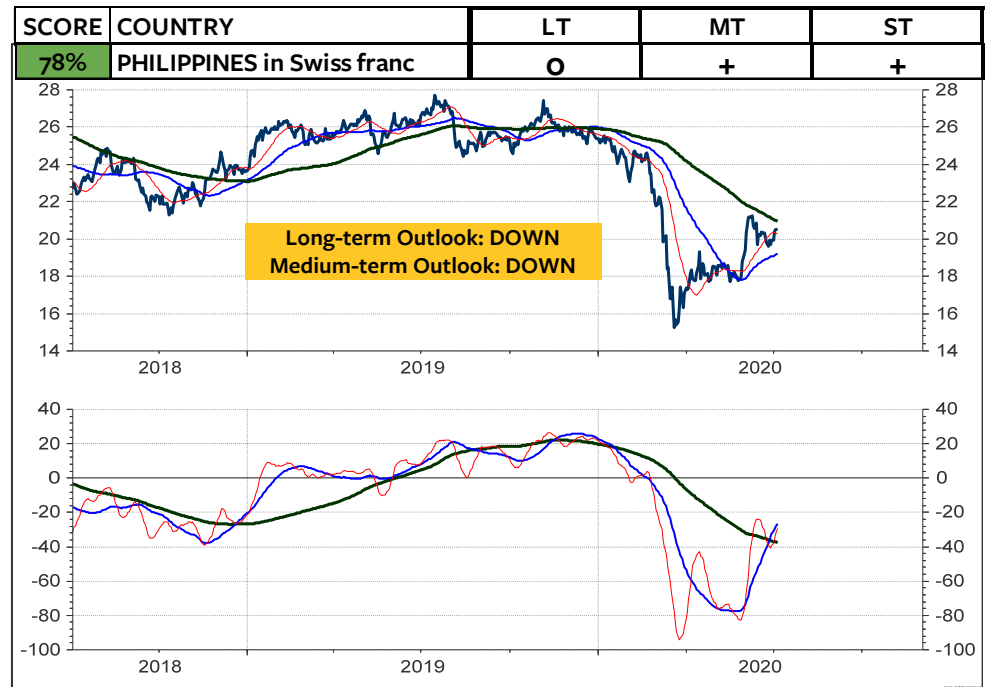
MSCI INDONESIA in SFR relative to MSCI Switzerland



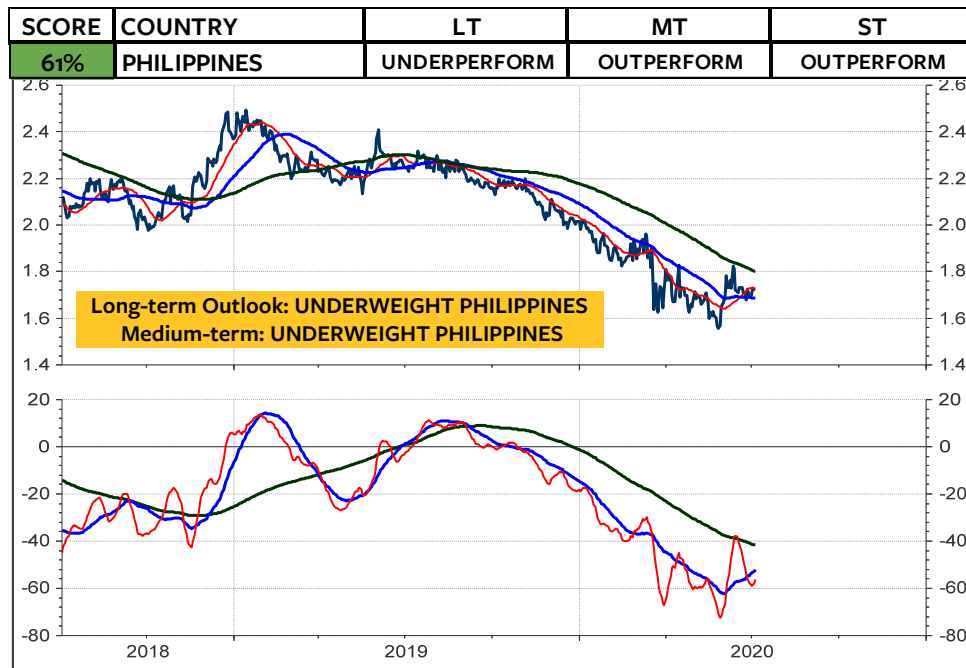
MSCI PHILIPPINES in Peso



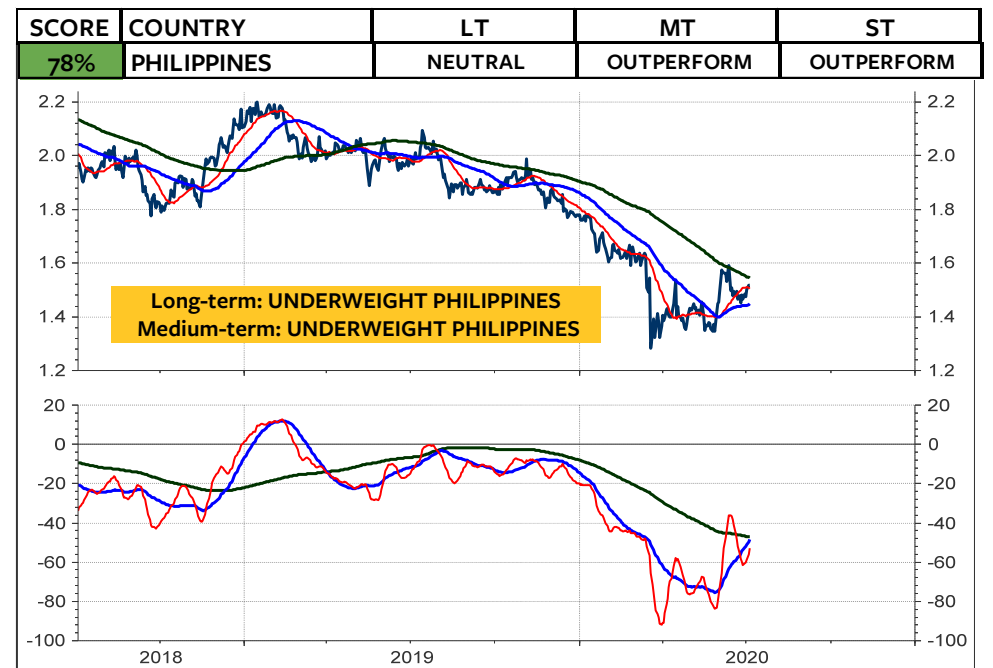
MSCI PHILIPPINES in Swiss franc



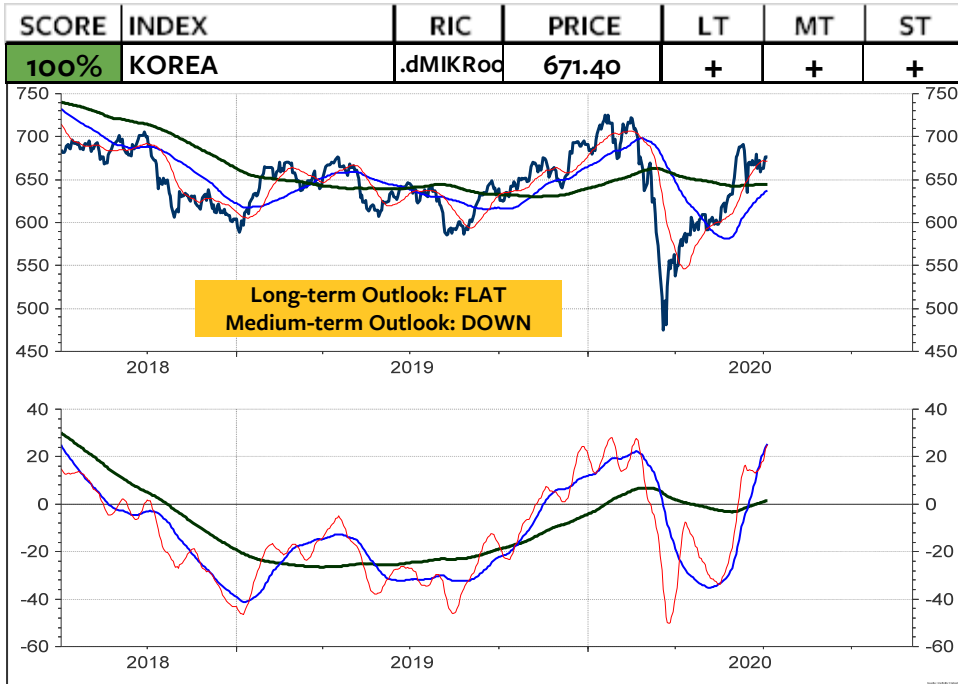
MSCI PHILIPPINES relative to the MSCI AC World



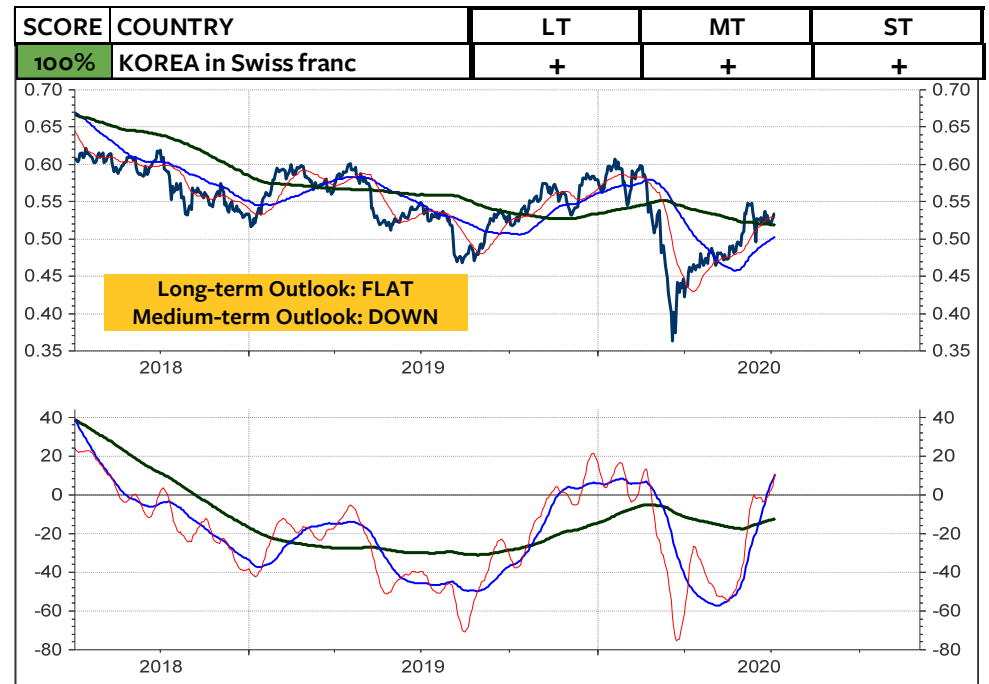
MSCI PHILIPPINES in SFR relative to MSCI Switzerland



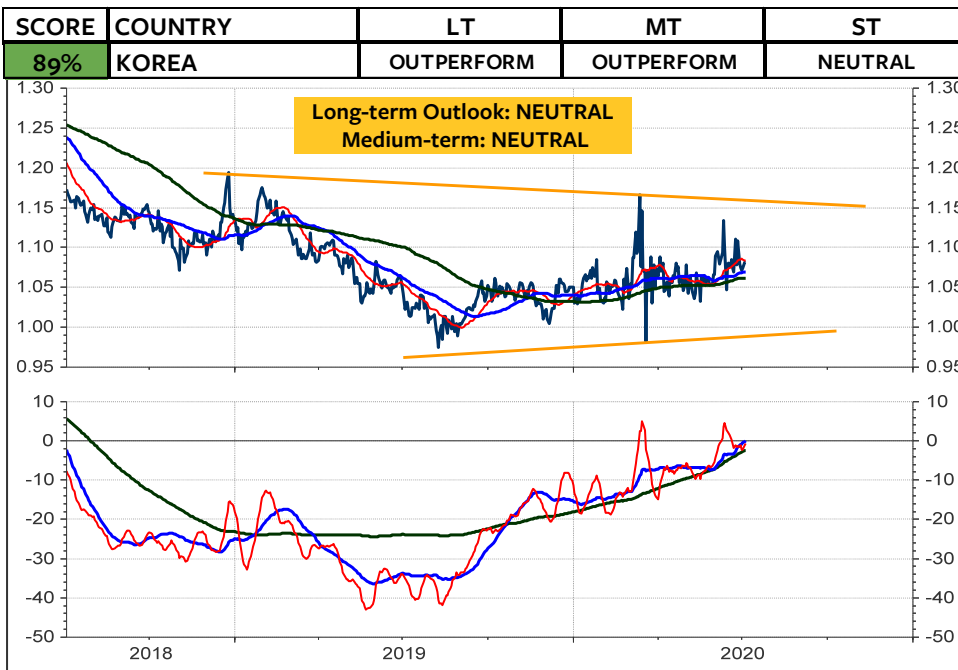
MSCI SOUTH KOREA in Won



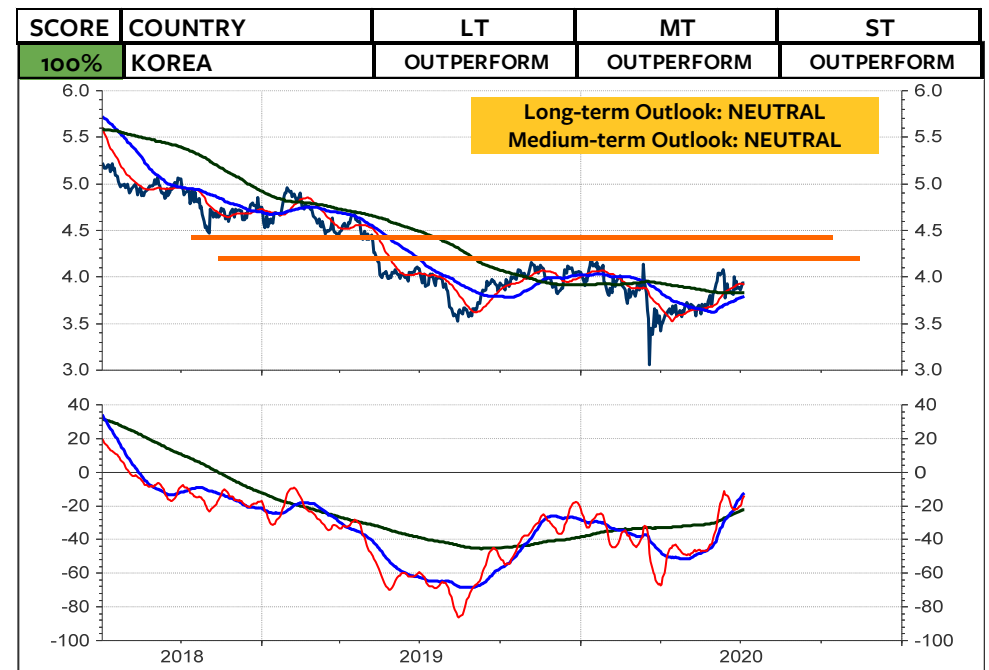
MSCI SOUTH KOREA in Swiss franc



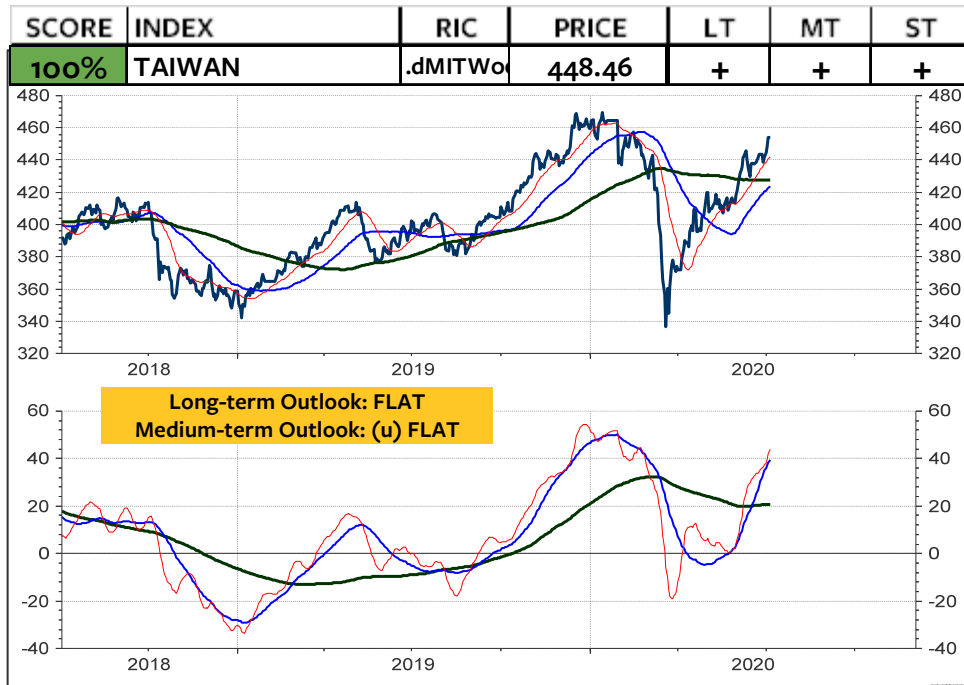
MSCI SOUTH KOREA relative to the MSCI AC World



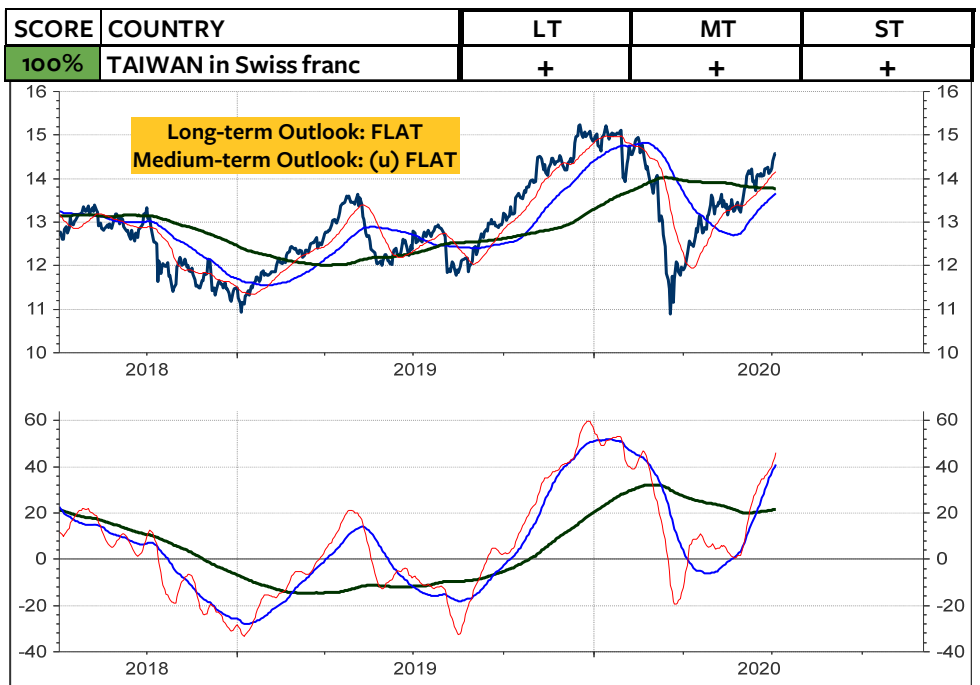
MSCI SOUTH KOREA in SFR relative to MSCI Switzerland



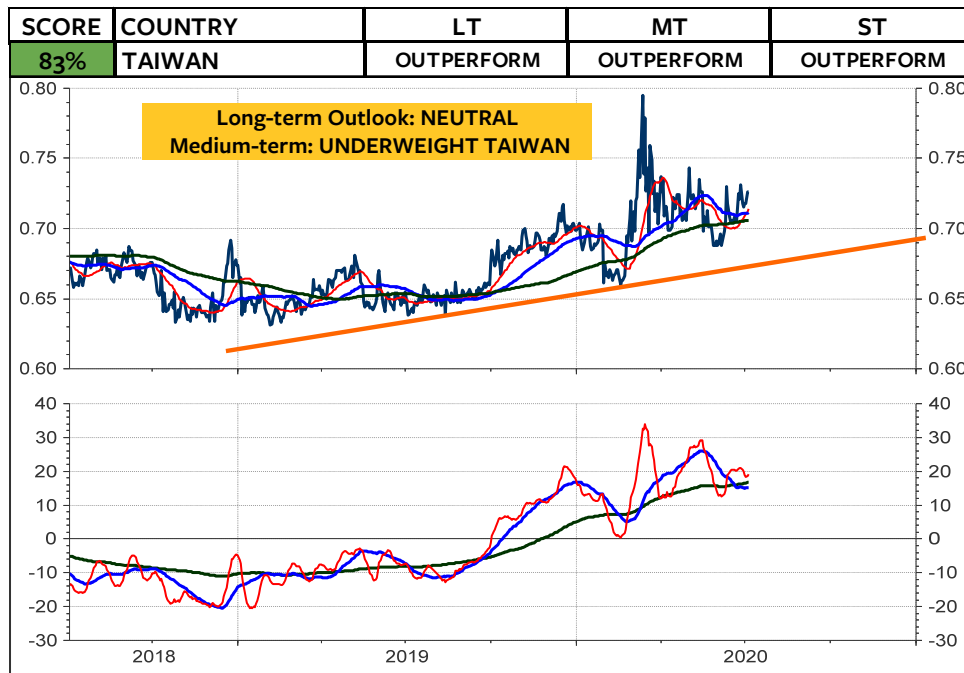
MSCI TAIWAN in Taiwanese dollar



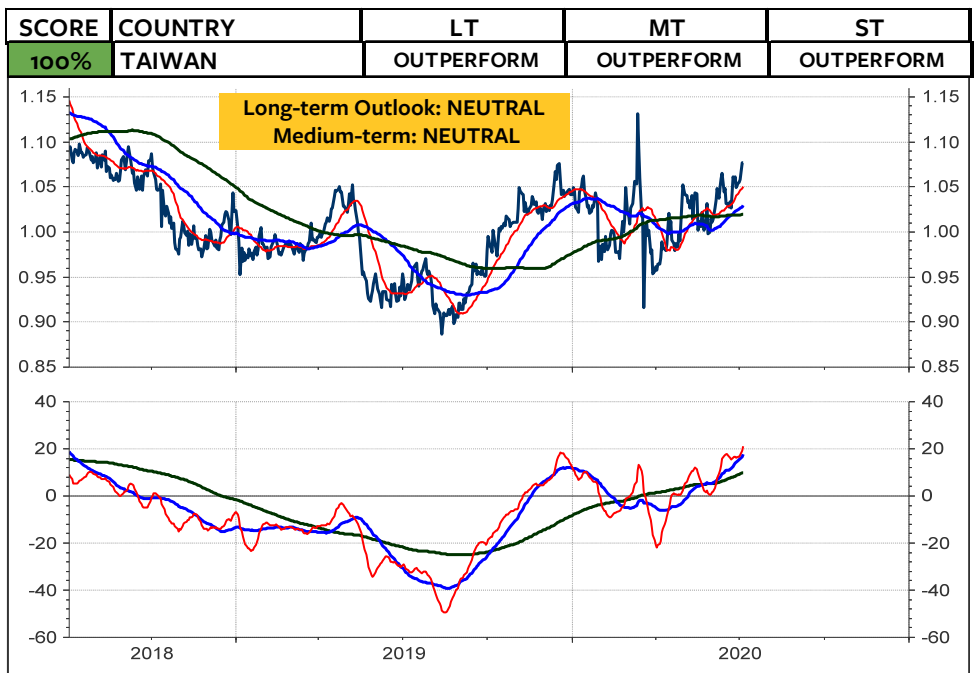
MSCI TAIWAN in Swiss franc



MSCI TAIWAN relative to the MSCI AC World



MSCI TAIWAN in SFR relative to MSCI Switzerland



Commodities

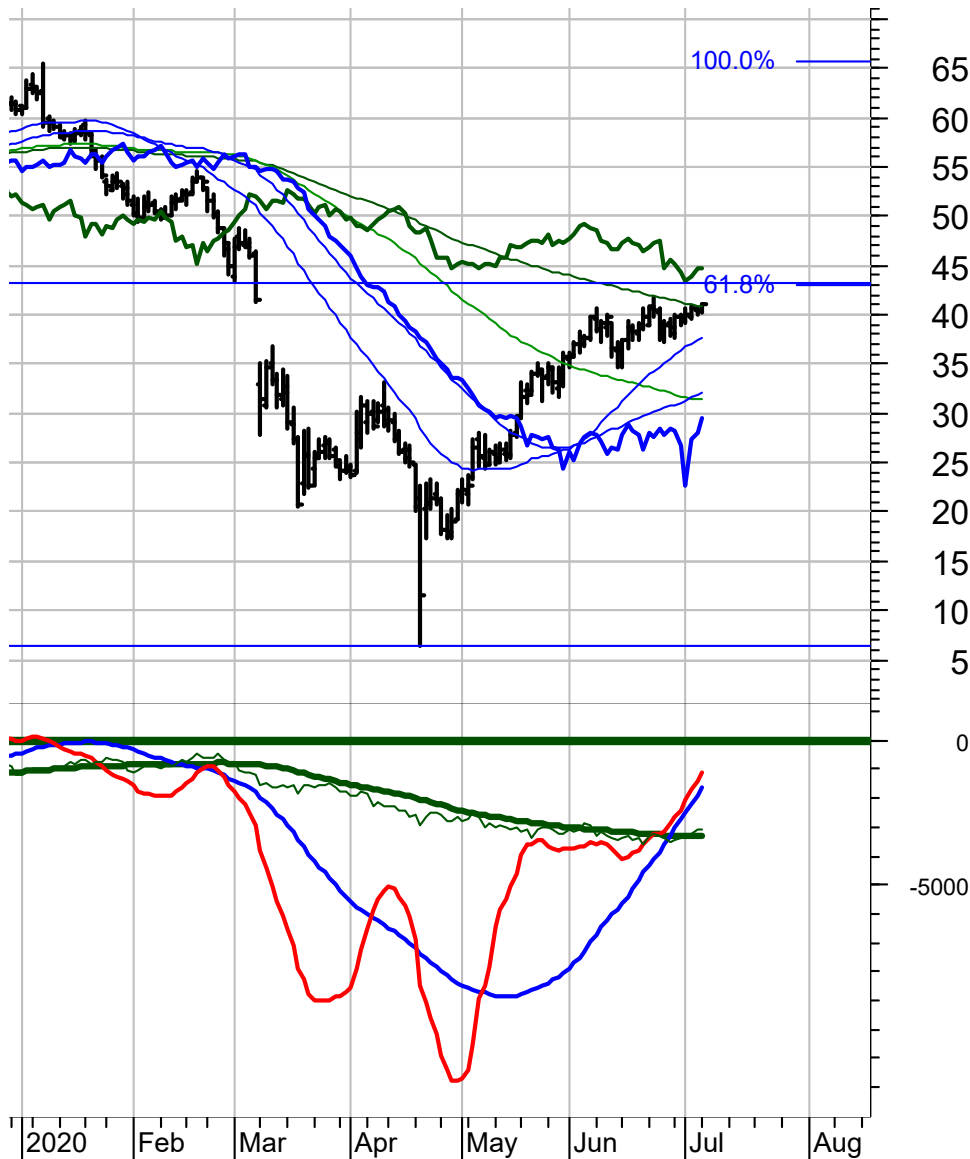
The Refinitiv Commodity Index managed to stand up again, thus avoiding the bearish signal of the Head and Shoulder Top. Thus my slightly adjusted wave count. I still believe the pattern is an INVERSE FLAT. But, Wave 3 of C is subdividing in five waves. The price gap of 8.5.2020 still appears as “third-of-the-third” wave. This means that the Index could rise to 204 or, which is less likely, to 210. It would take a rise above the long-term momentum reversal (207) and the 144-day moving average (209) to negate my deflationary outlook, which still calls for a resumption of the commodity downtrend upon conclusion of the present rebound.



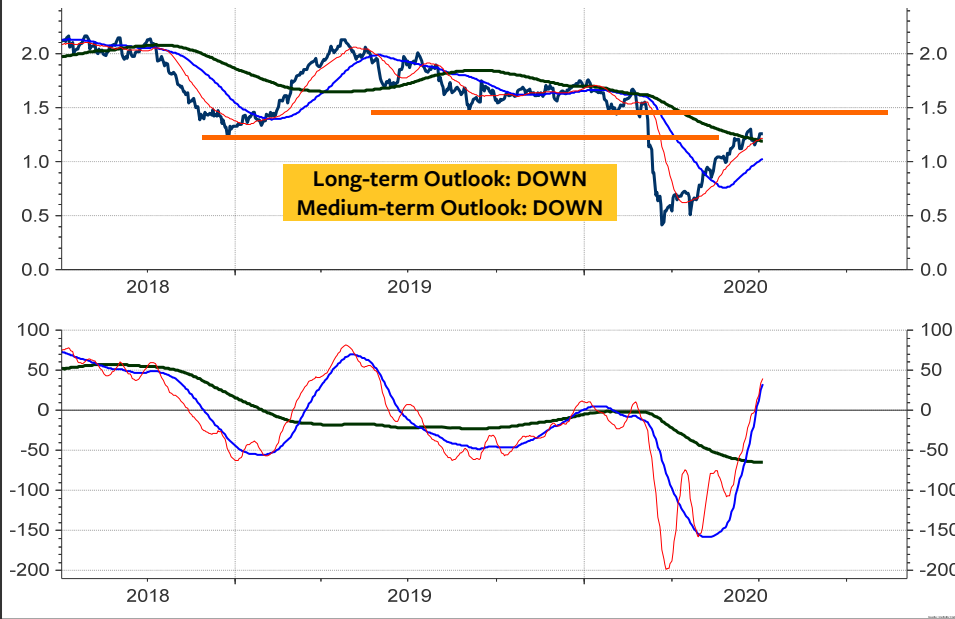
Crude Oil 2nd continuous Future (September 2020)

Crude Oil is forming a Wedge. The two converging trend lines imply that a top is likely to be signaled between 41.80 and 43.50. It would take a break above the 61.80% retracement level to the January to April decline at 43 and above the long-term momentum reversal at 45 to indicate that the long-term trend has turned up.

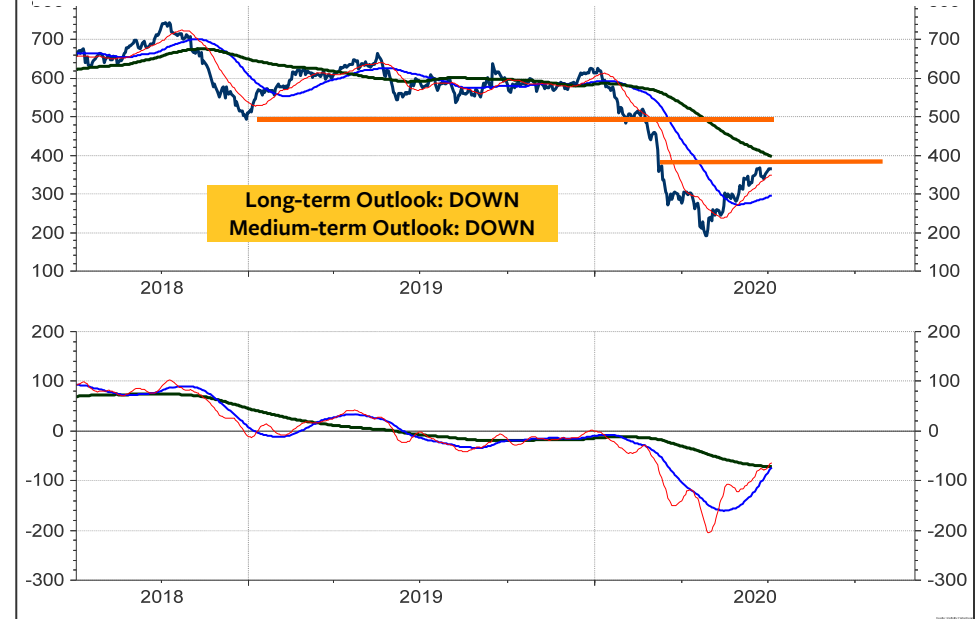
A break of the supports at 38.40 and 36.70 would signal that the uptrend from April has topped and that a medium-term correction is unfolding.



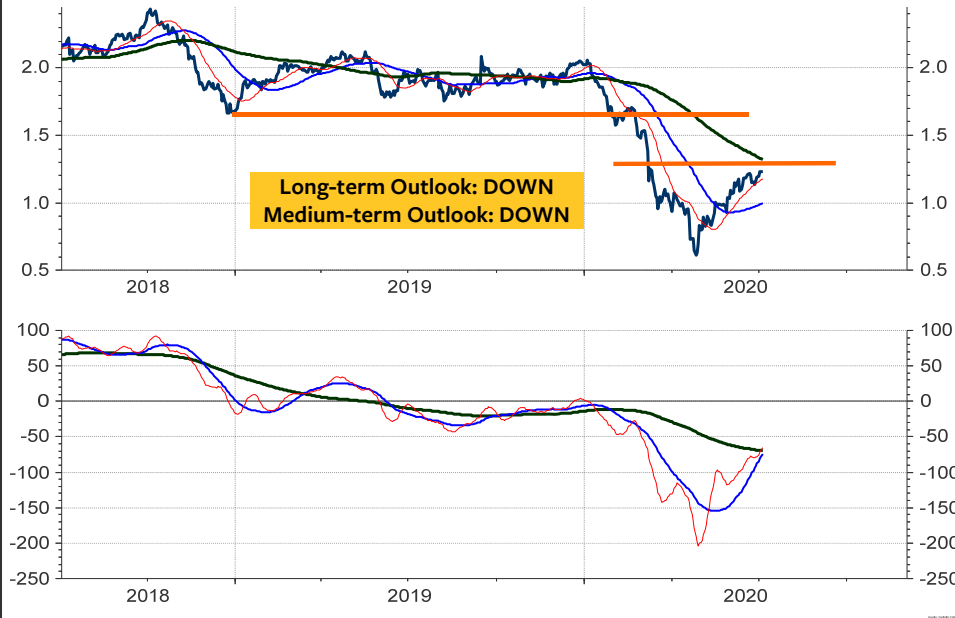
NYMEX RBOB Gasoline Continuous Future



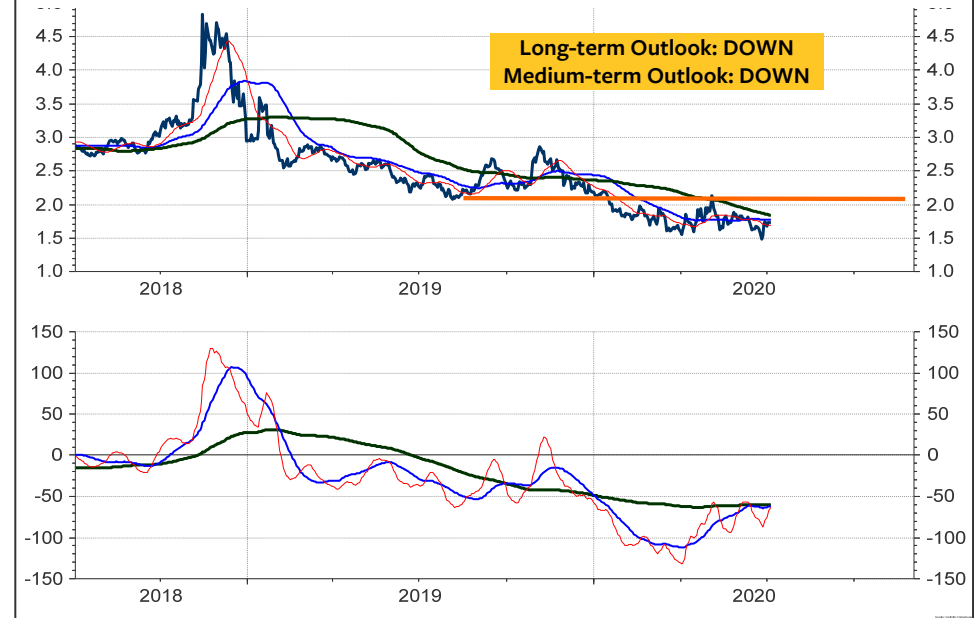
ICE Gas Oil Continuous Future



NYM Harbor ULSD Heating Oil Continuous Future



NYM Natural Gas Continuous Future

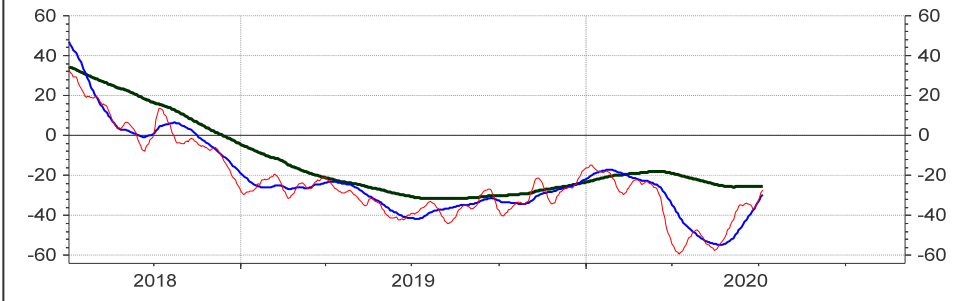
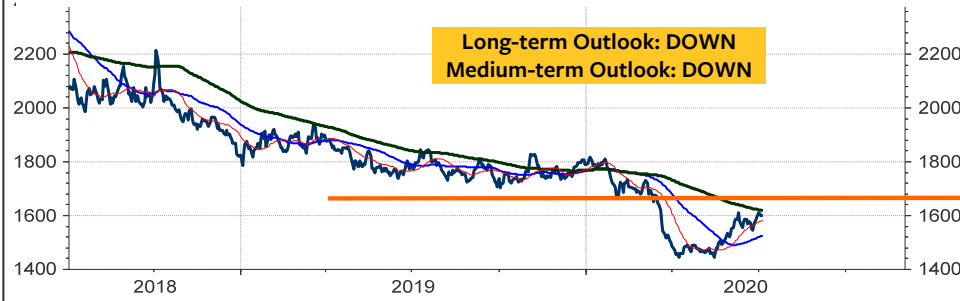


Copper

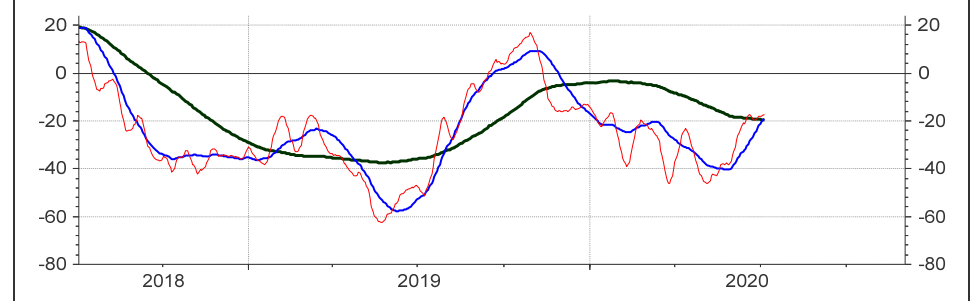
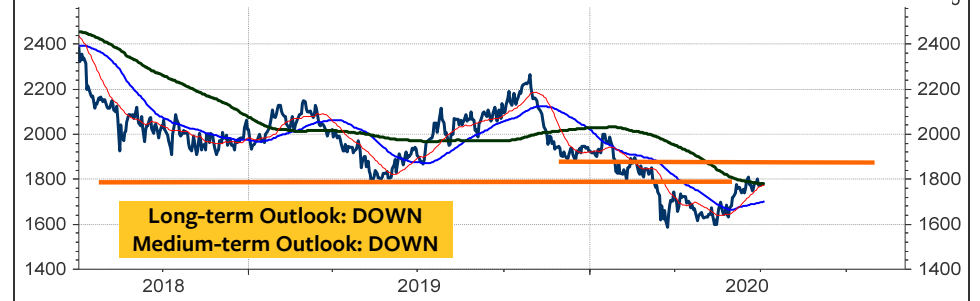
Copper remains on its way to test the resistance range between 2.80 and 2.90. From this range, Copper will turn DOWN, if a TRIANGLE is forming, or it will further rise to 3.40 if an INVERSE FLAT is forming. The Long-term Outlook will move to FLAT if 2.90 is broken.



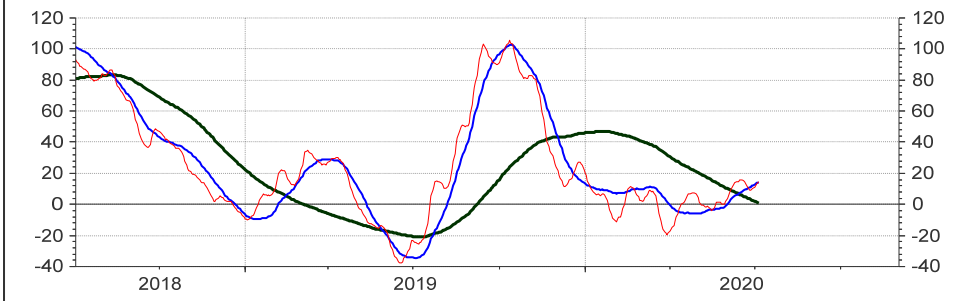
LME Aluminium Continuous Future



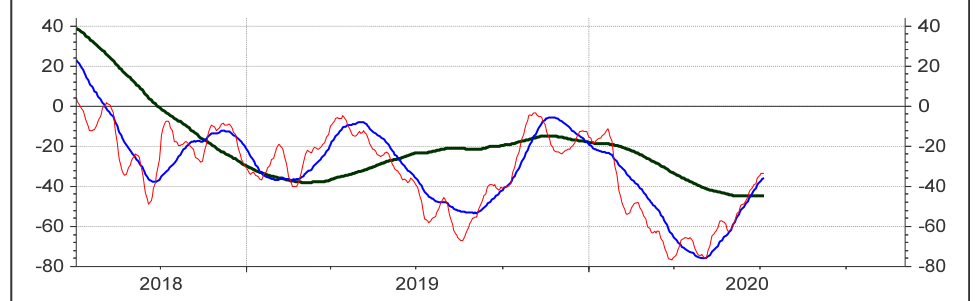
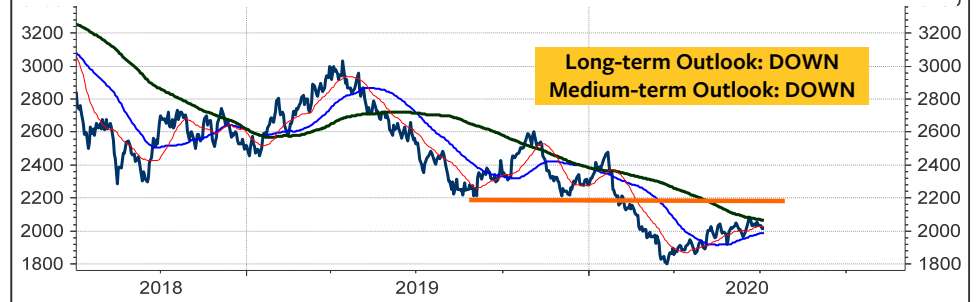
LME Lead 3 Month US\$/MT



LME Nickel US\$/MT



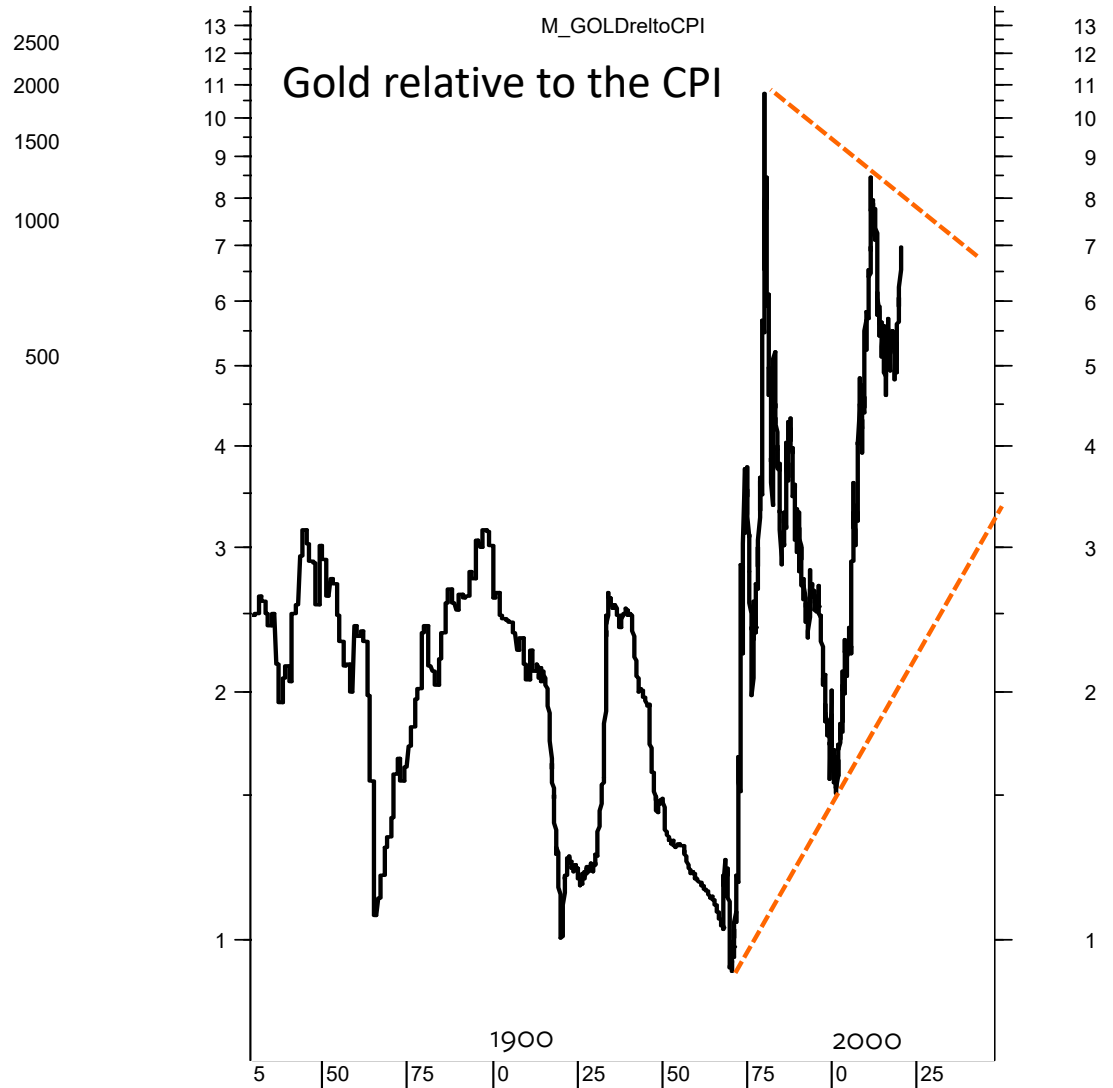
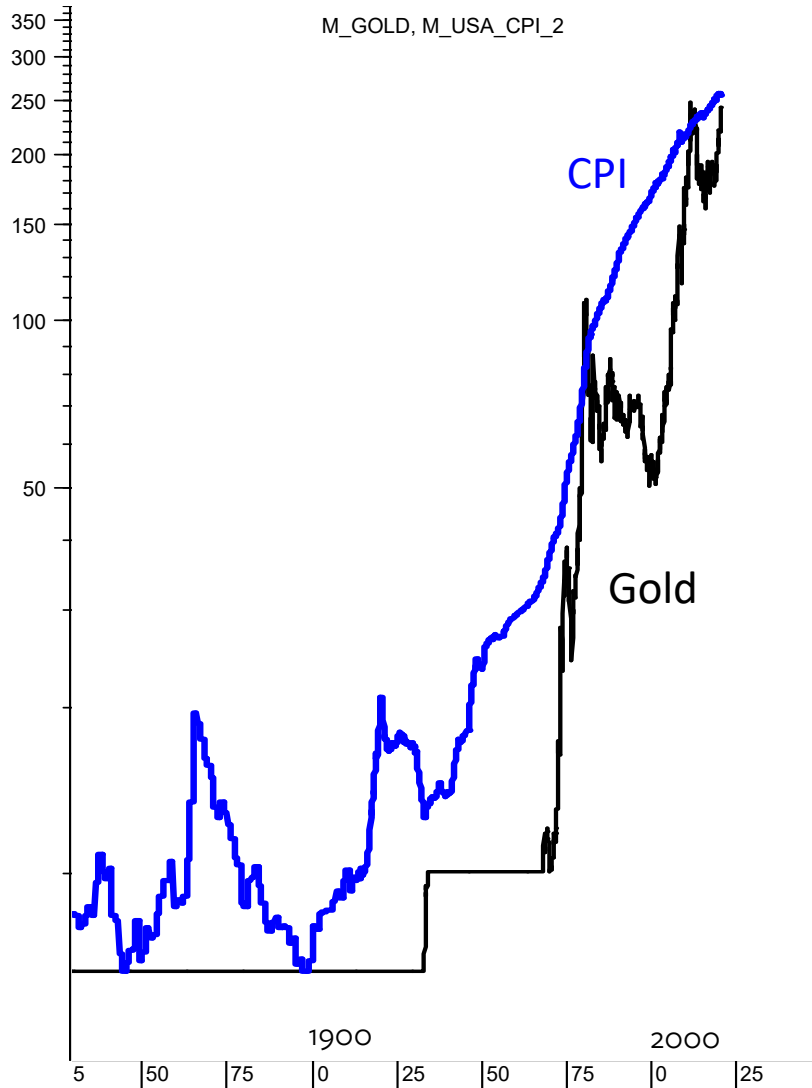
LME SHG Zinc 99.995% Cash US\$/MT



Gold, US Consumer Price Index (CPI, blue) and Gold relative to the CPI (right)

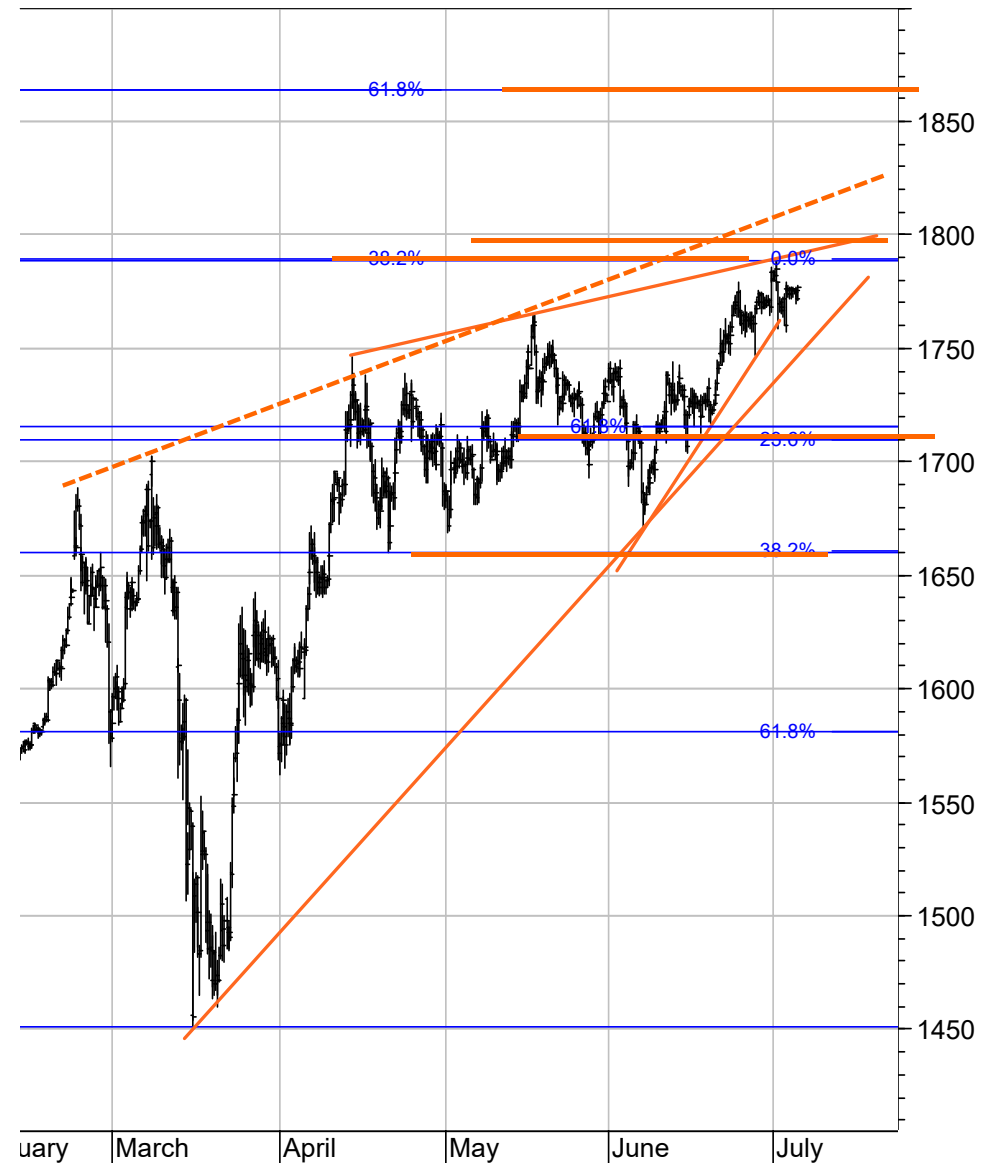
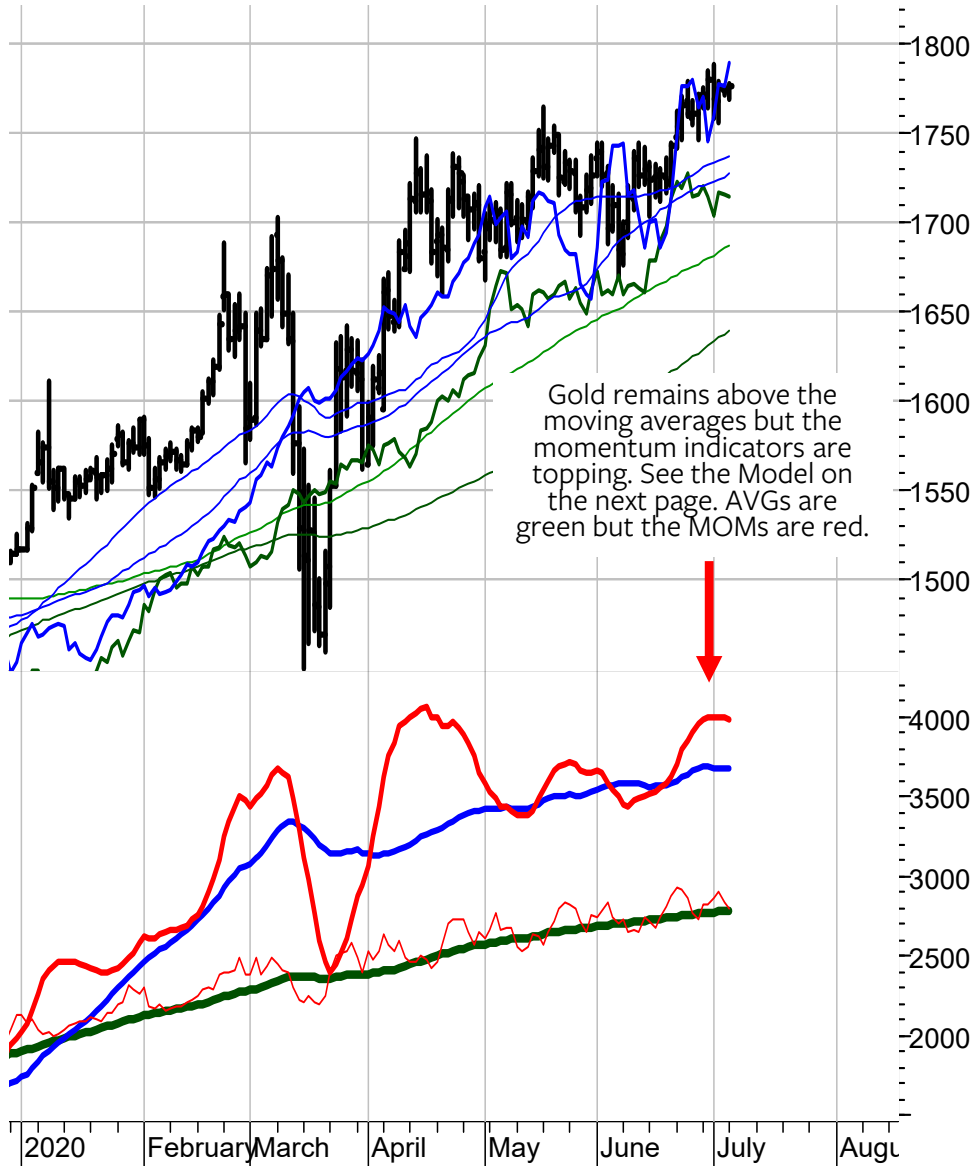
Ever since the end of the Gold Standard in 1932, Gold and the CPI have moved higher in tandem. Whether the present Deflation accentuates or the present money printing leads to Inflation or Hyperinflation cannot be said at this point. Because there is no historical precedence when Gold was tradeable in the free market while the economy moved through Deflation, nor was there a time when the central banks were allowed to print such amounts of money.

In the last Deflation (1930s), Gold was fixed to the currencies. When Gold was revalued and the US dollar was devalued in 1933, the economy moved out of the Deflation and entered what we know as the Superinflation of the last 88 years. To me, it appears that following the tandem rise of Gold and the CPI over the past 88 years, both series are likely to fall during Deflation. This would clearly be against the consensus, which believes that Gold will rise to 10000 because of the surge in the money supply, which in the past, has lead to Inflation. Let's wait and see.



Gold per Ounce in US dollar

Gold has not really made much progress since it registered the high on 14.4.2020 at 1731. It did register a minor higher-high on 18.5.2020 and on 1.7.2020 but the higher highs cannot be termed as new breakout. The level at 1800 still marks a major resistance. Clearly, a break of the supports at 1710 and 1660 would indicate that the uptrend from March at 1451 and possibly from August 2018 at 1173 has topped.



Global-GOLD Model – Gold measured in 37 different currencies

My Global Gold Model is still POSITIVE. On the scale from 0% (maximum bearish) to 100% (maximum bullish) the Total Score is 68%.

The Short-term Model is POSITIVE at 70%

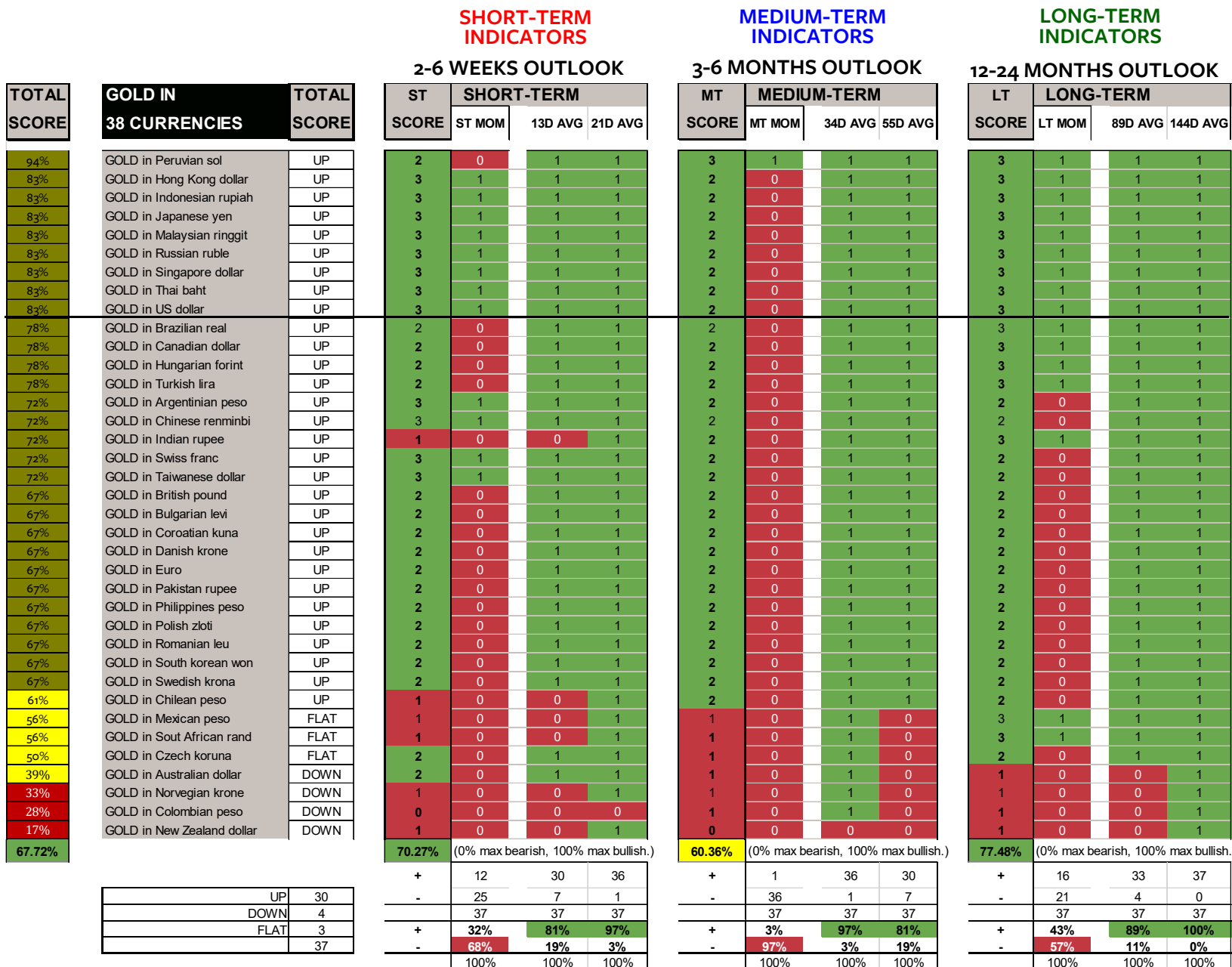
The Medium-term Model is NEUTRAL at 60%.

The Long-term Model remains POSITIVE at 77%.

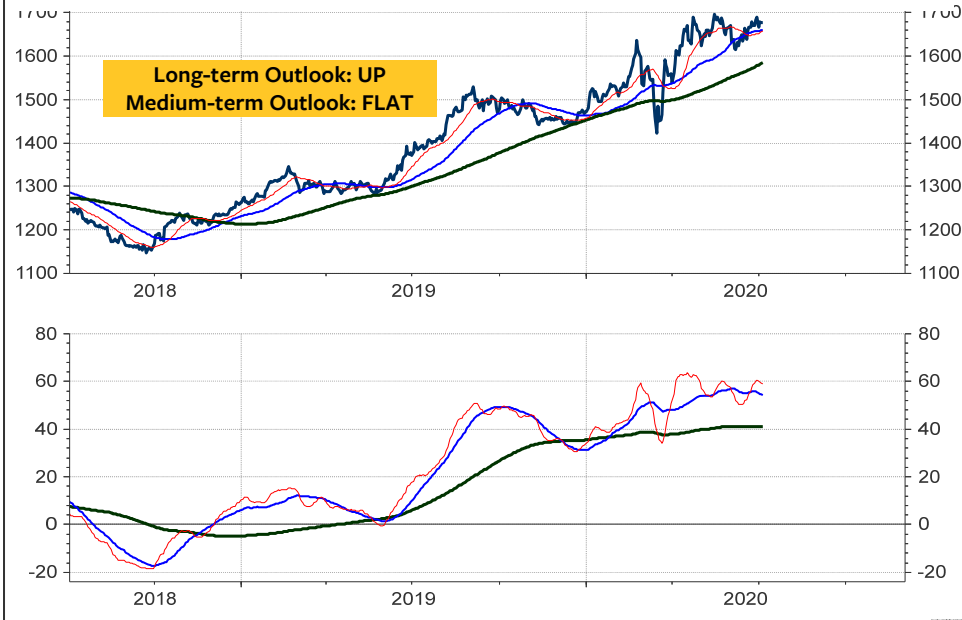
What is remarkable about the Global Gold Model is that the trend readings are still mostly positive. BUT, THE MOMENTUM READINGS ARE NEGATIVE FOR THE SHORT, MEDIUM AND LONG TERM.

As I explain on pages 2 and 3 are the buy and sell signals triggered when both indicators, the momentum and the moving averages, point in the same direction. Sometimes, the trend follows its momentum and at other times momentum follows its trend. In other words, investors should sell if the support levels are broken, because then, the trend follows the momentum to the downside.

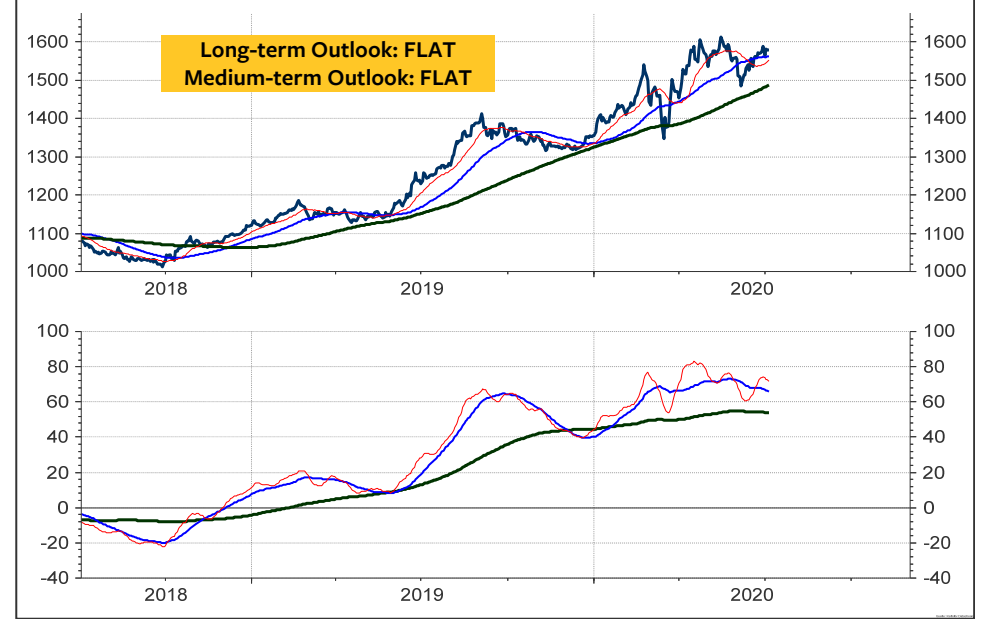
The next readings in my Gold Model will show if the moving average turn red or if the momentum indicators turn green again.



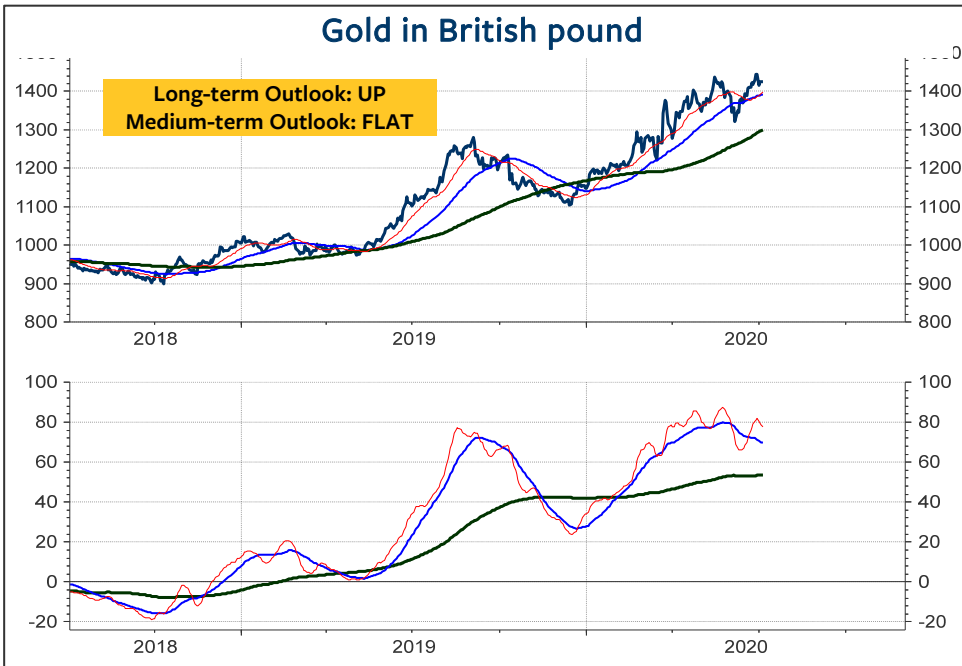
Gold in Swiss franc



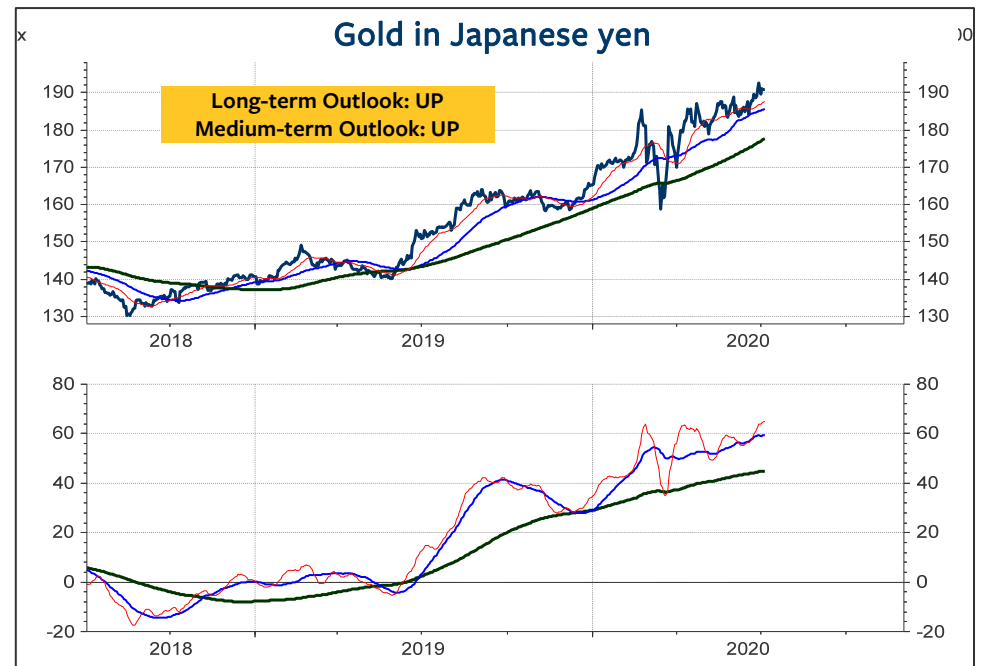
Gold in Euro

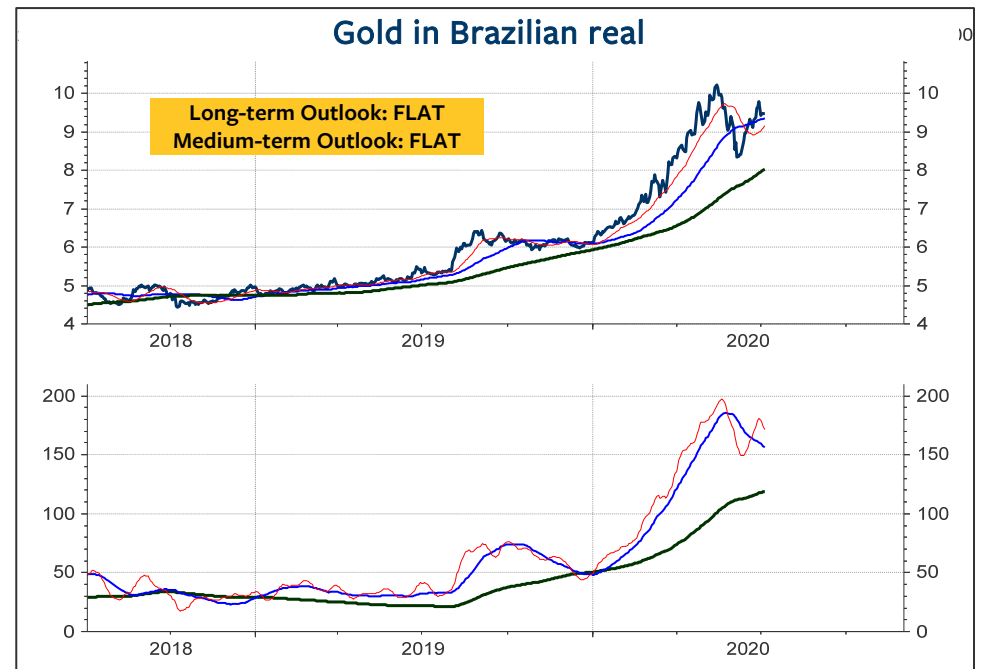
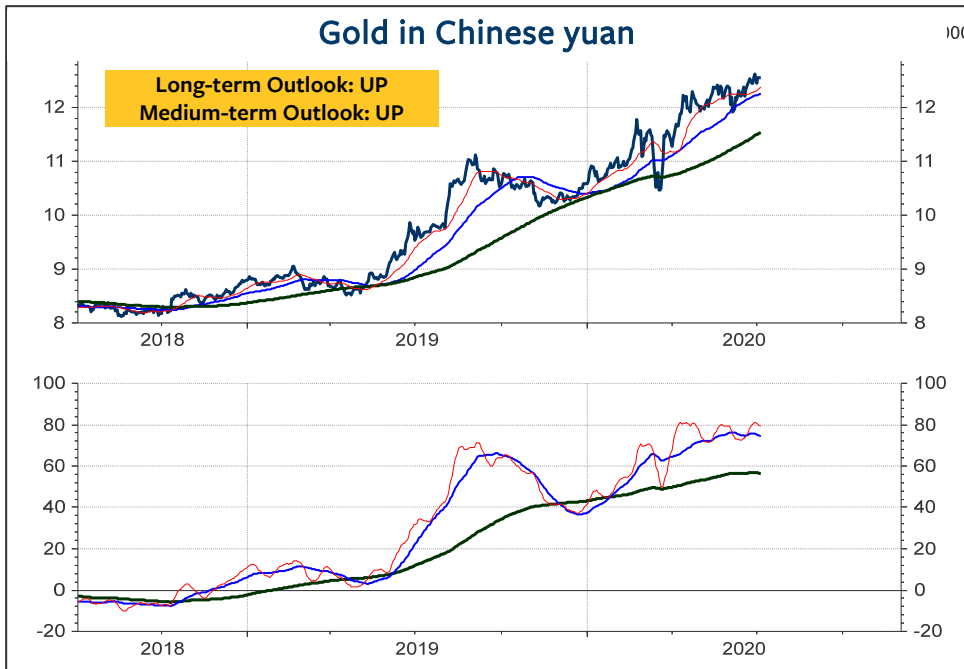
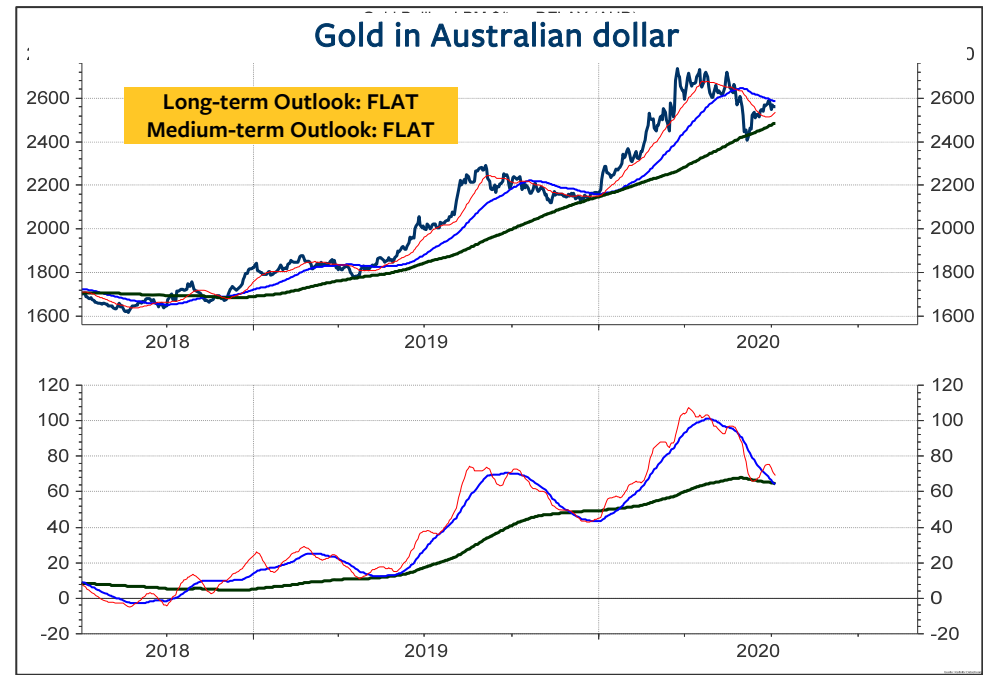
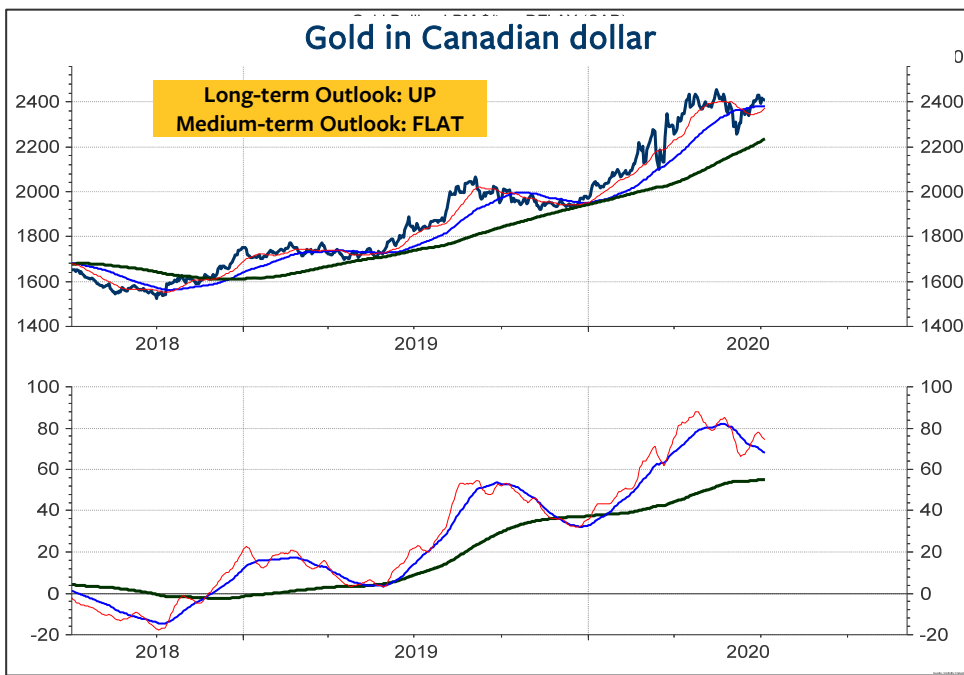


Gold in British pound

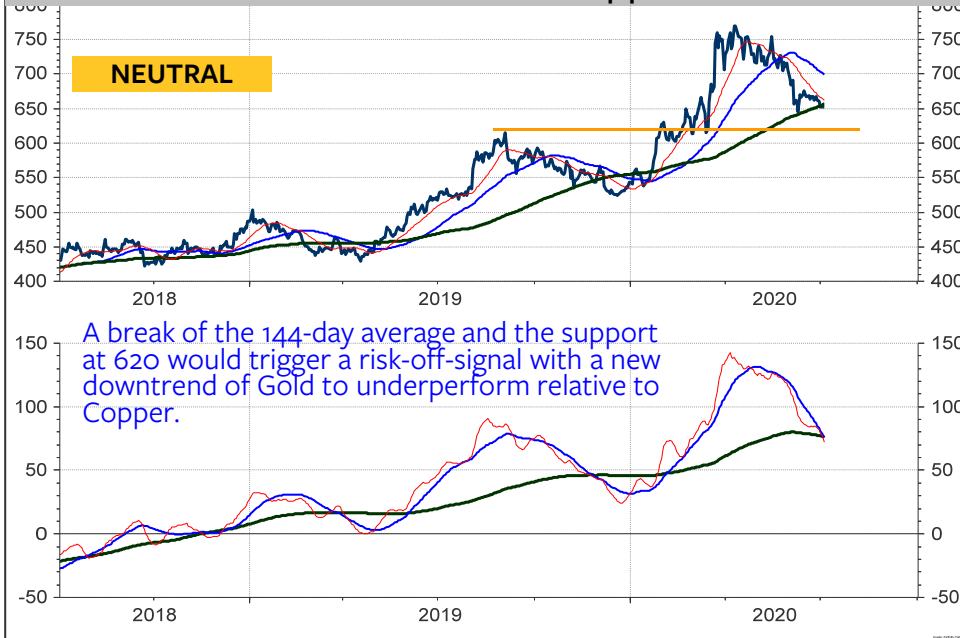


Gold in Japanese yen

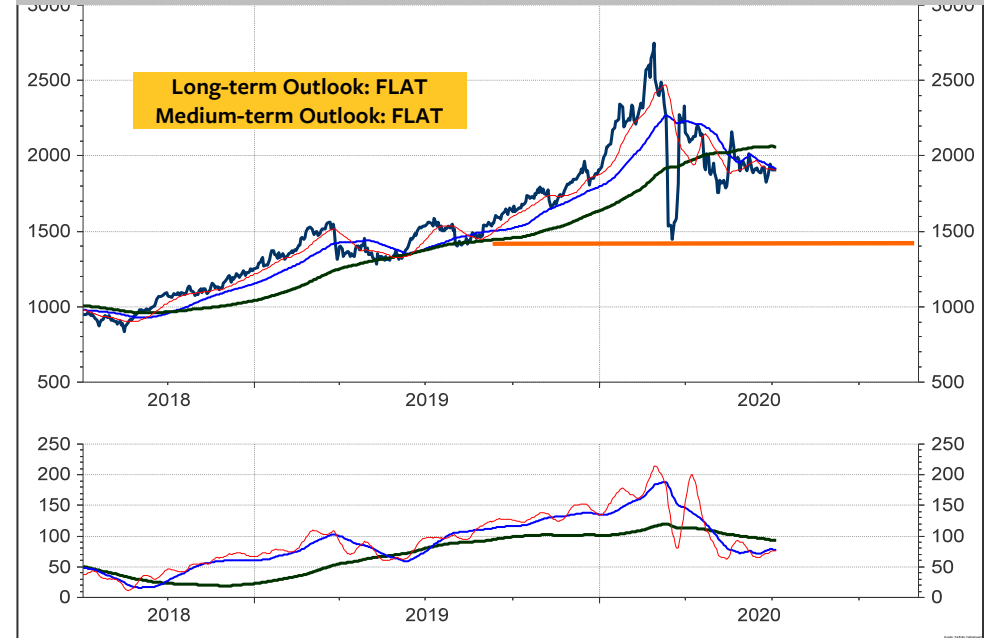




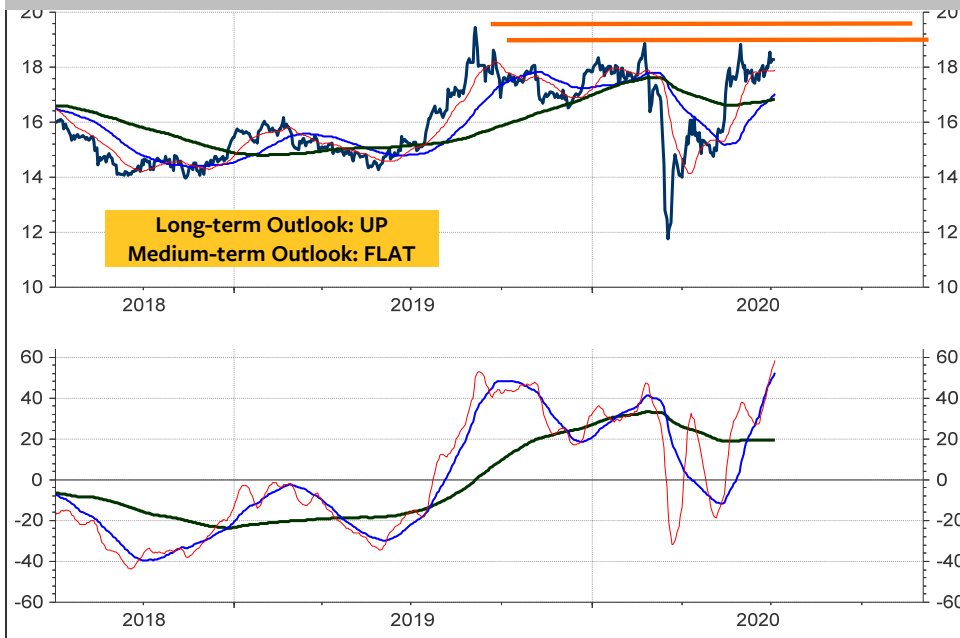
Gold relative to Copper



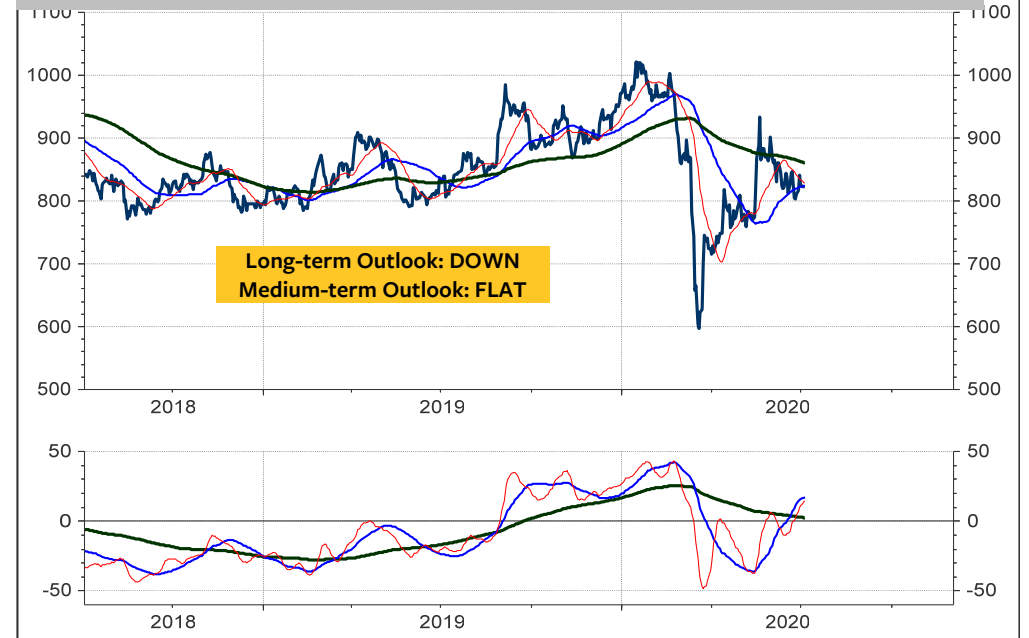
Palladium



Silver



Platinum

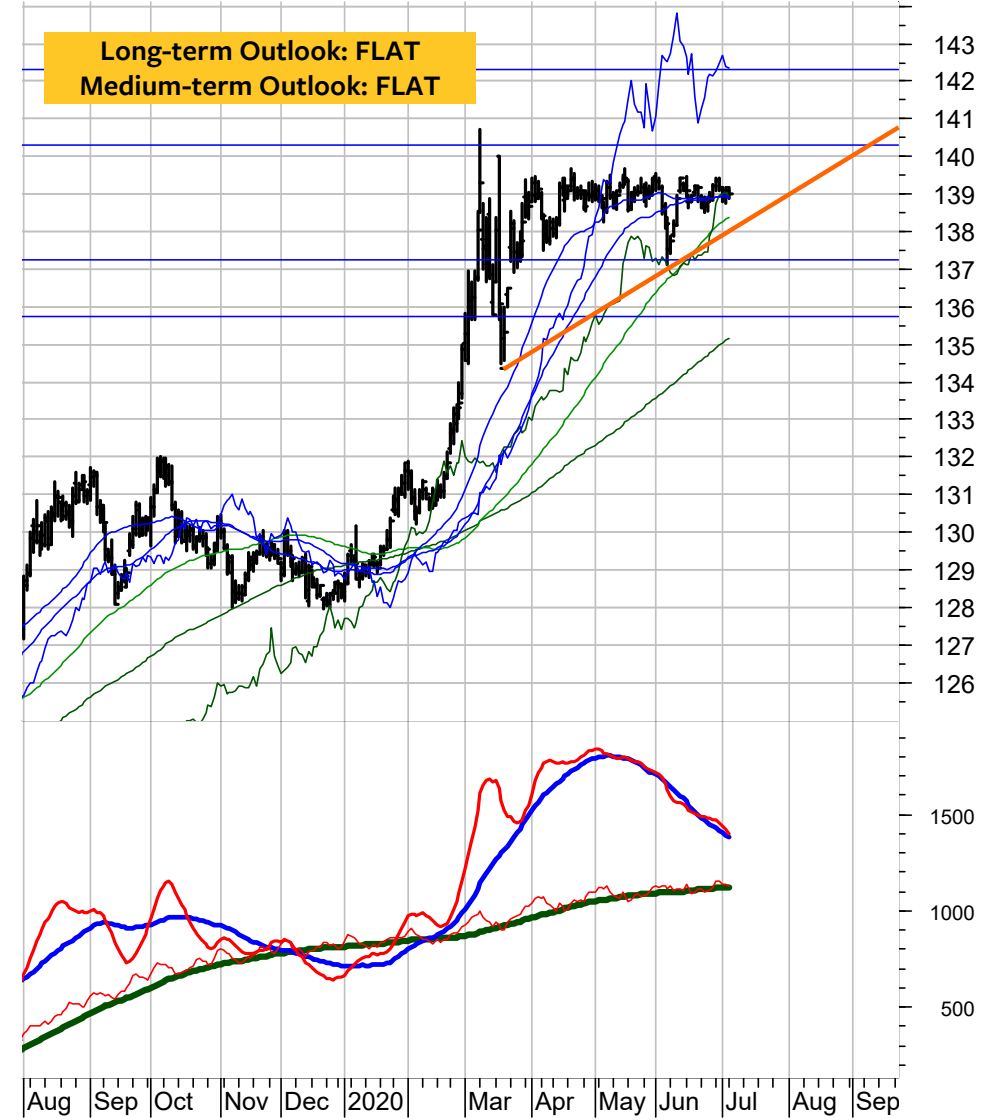


US 10-year Treasury Note Yield – daily chart

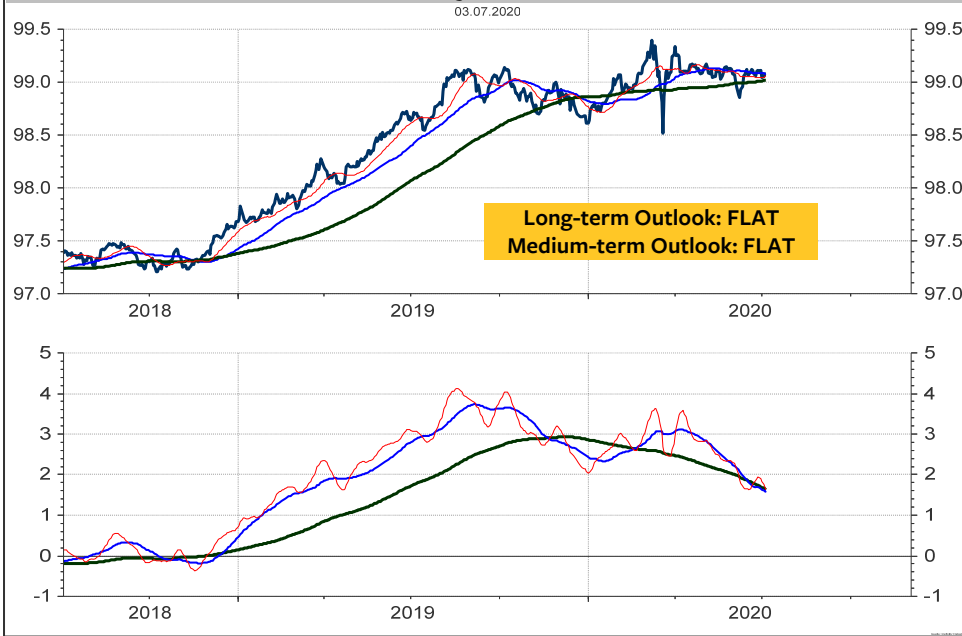
The US 10-year yield (left) appears to be forming a horizontal Triangle. The support is at 0.5%. The resistance levels are 0.92%, 1.04% to 1.15%. The medium-term outlook would shift to up or down, depending on the break of either the support (to down) or the resistance (to up). The T-Note Price Future (right) will move to medium-term UP if 140.50 is broken. Or, it could shift to medium-term DOWN if 127 is broken. It appears that the FED is in control of the Yield curve and that the Triangle could take many more months until a breakout occurs.



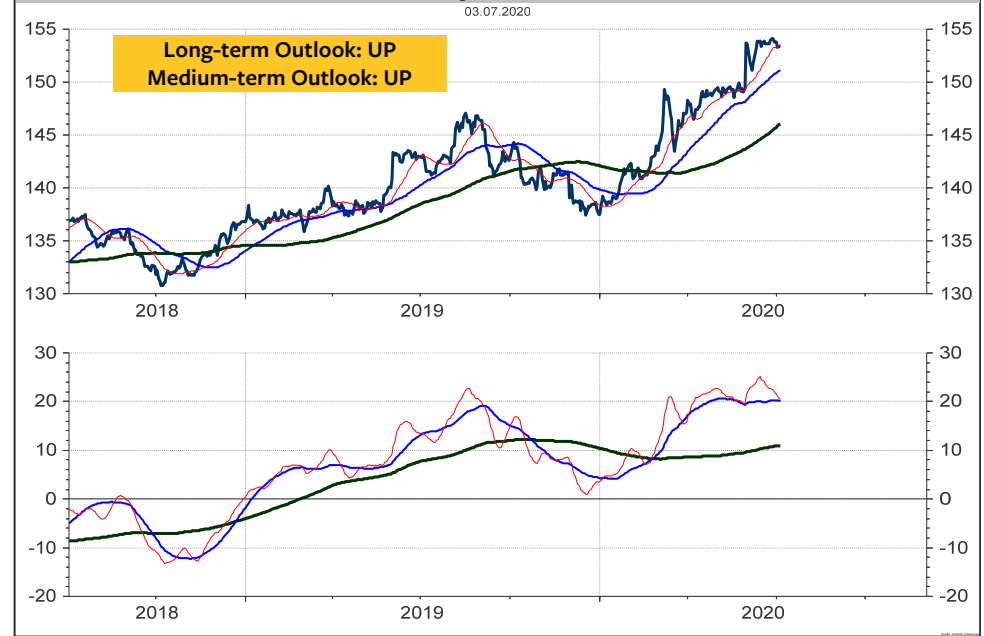
US 10-year Treasury Note continuous Future



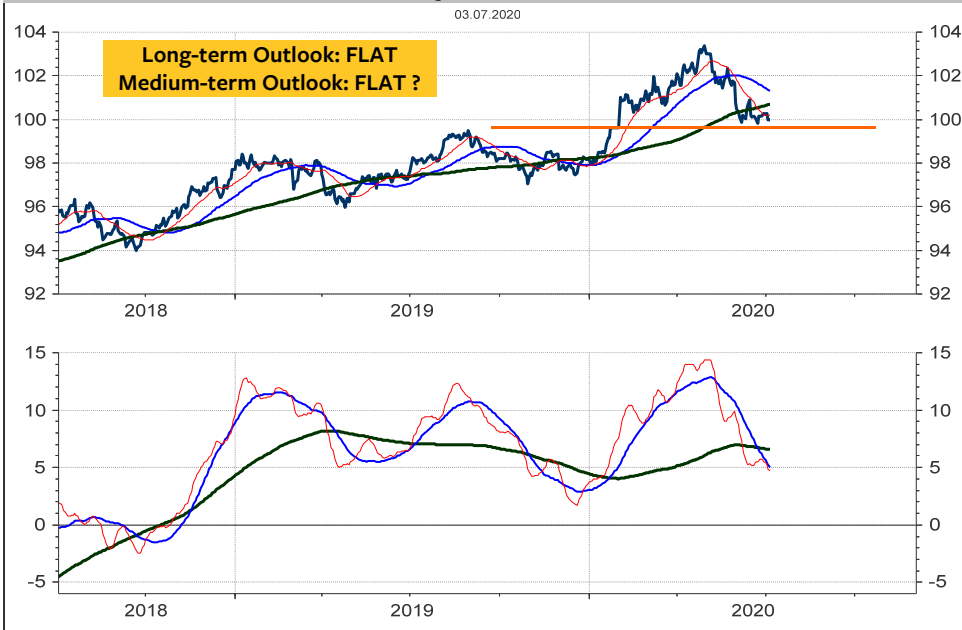
Australian 10-year Bond Future



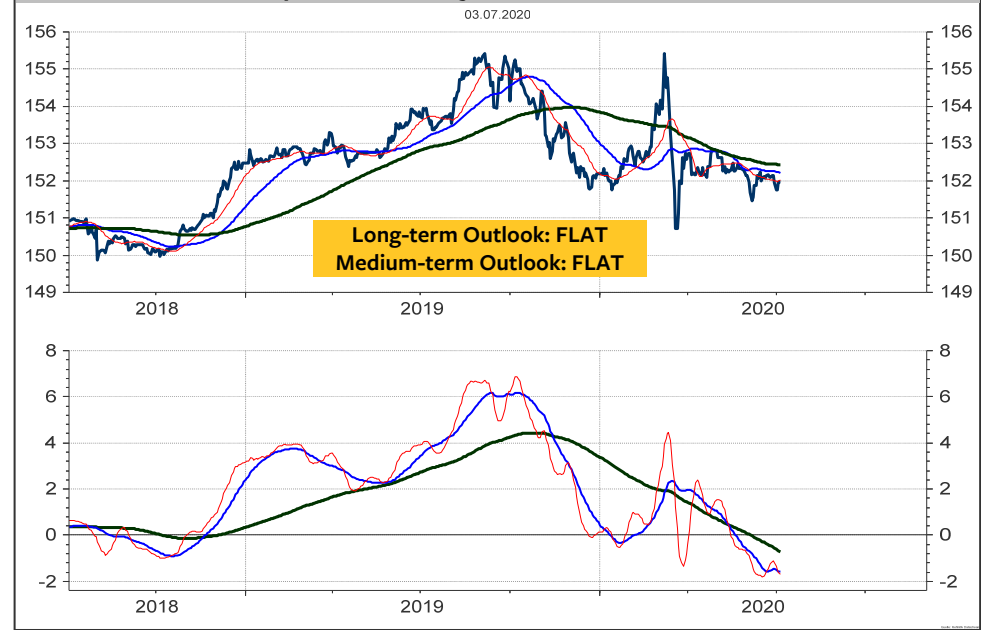
Canadian 10-year Bond Future



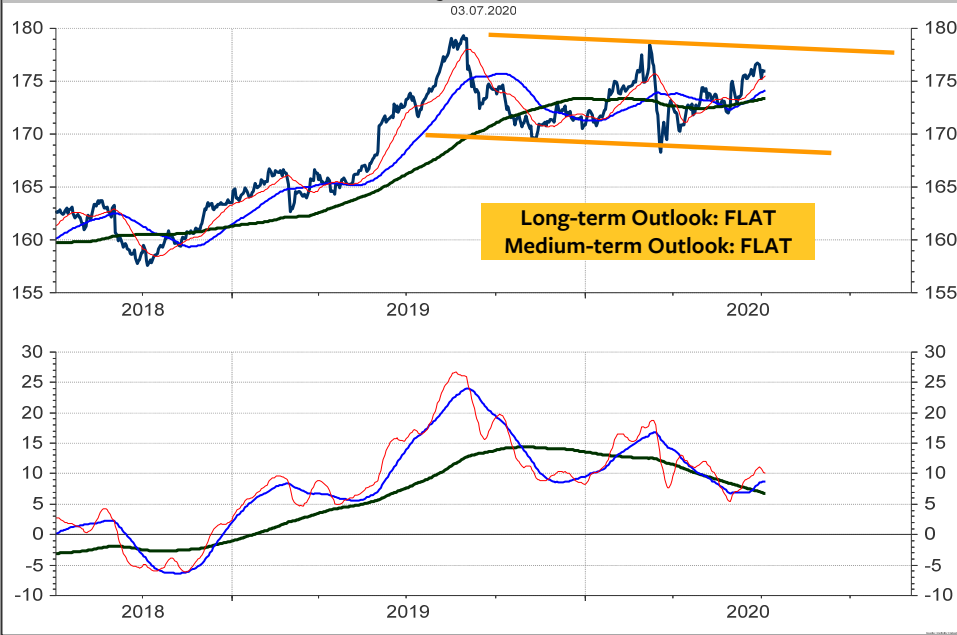
Chinese 10-year Bond Future



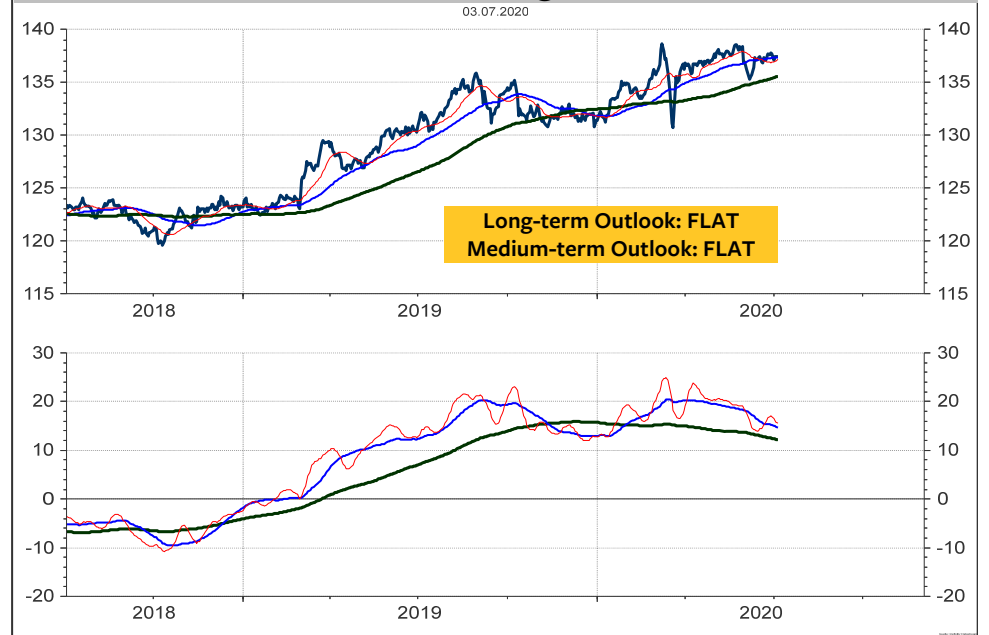
Japanese 10-year Bond Future



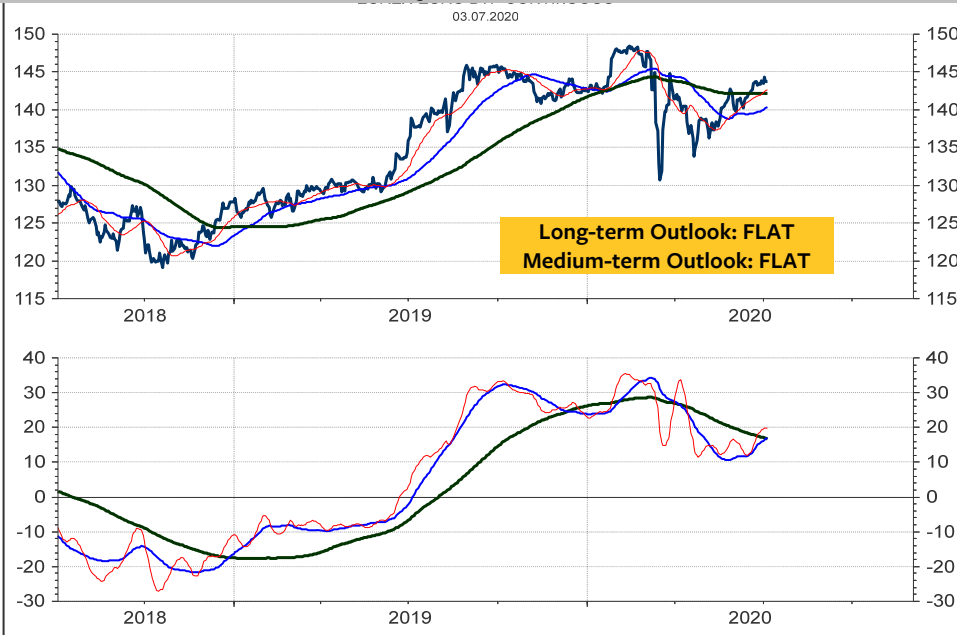
German 10-year Bund Future



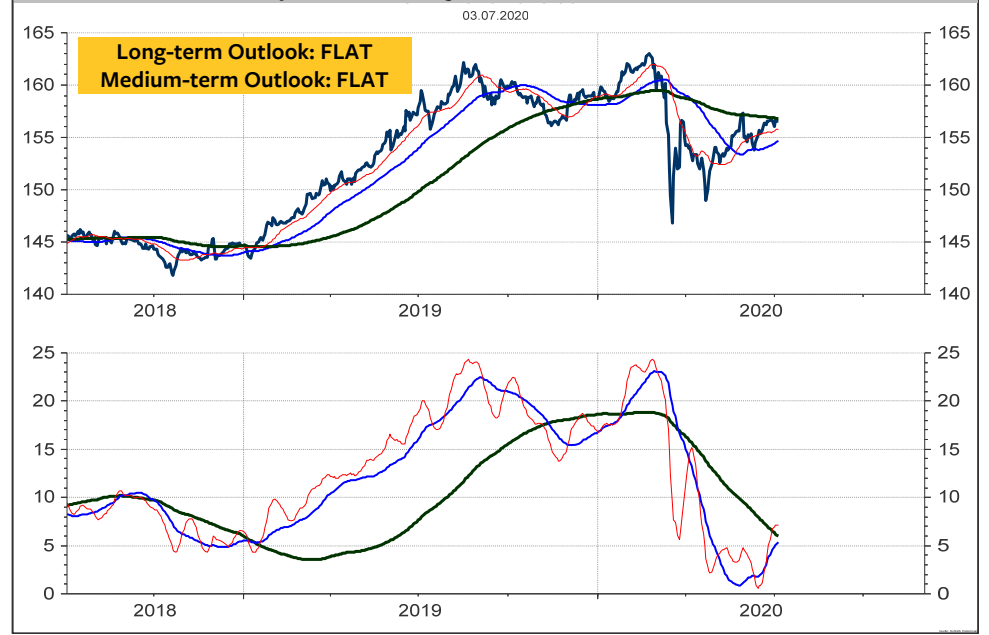
Great Britain Long Gilt Future



Italian 10-year Bond Future

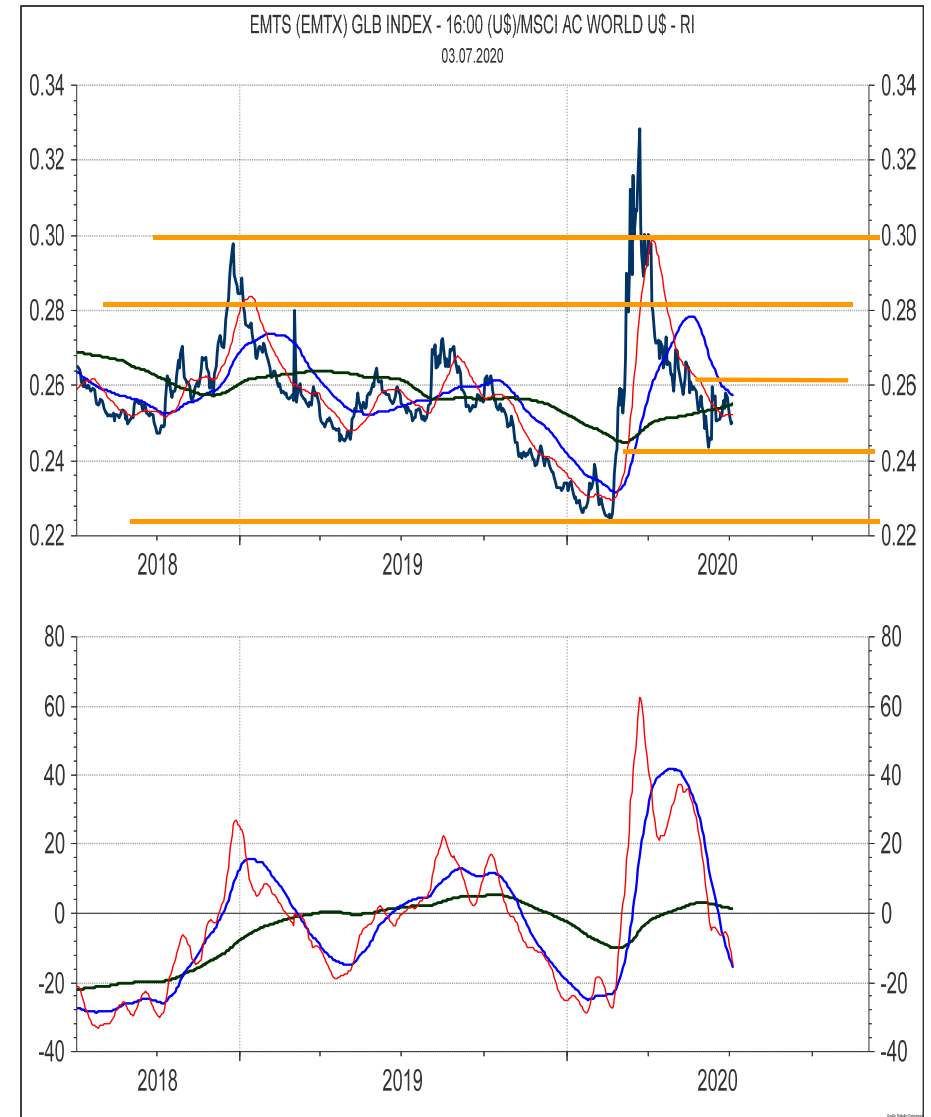
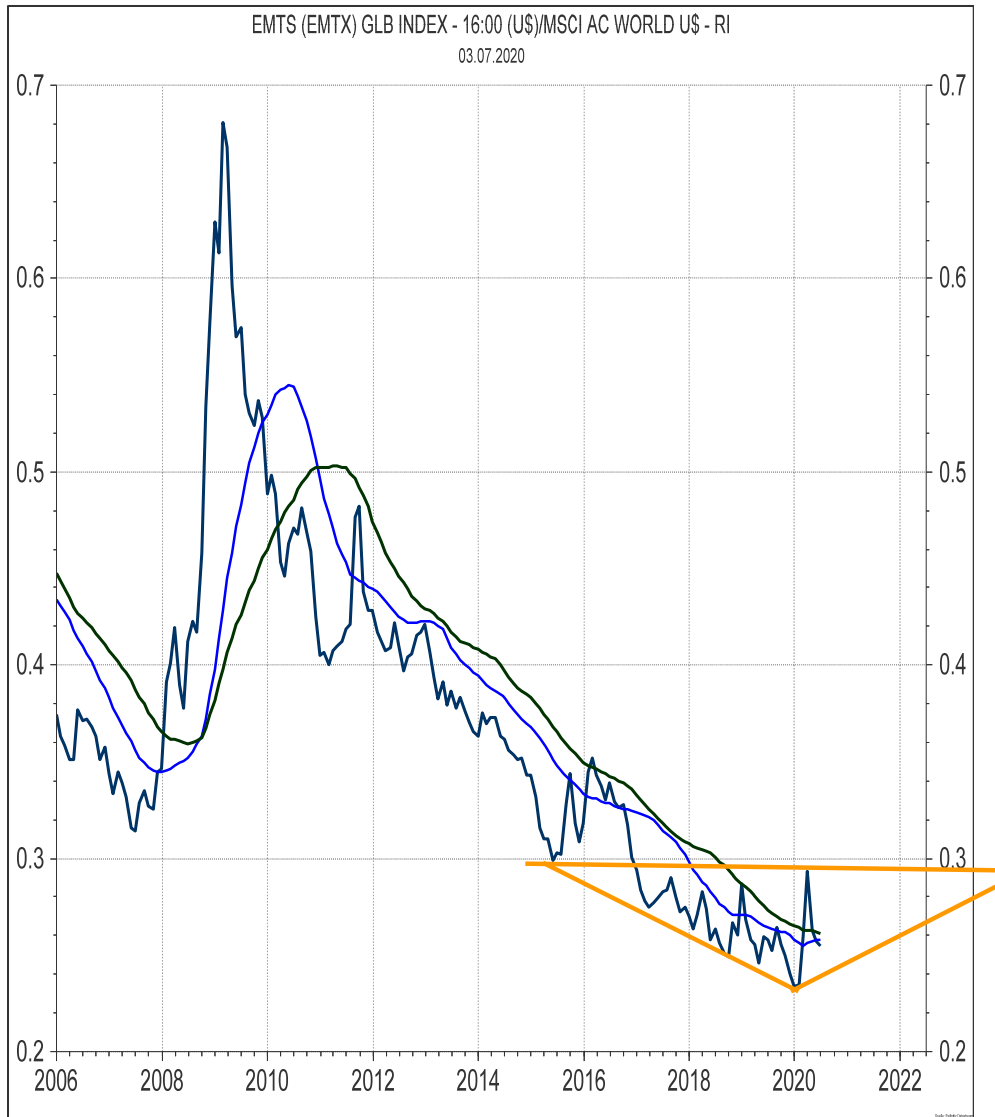


Spanish 10-year Bond Future

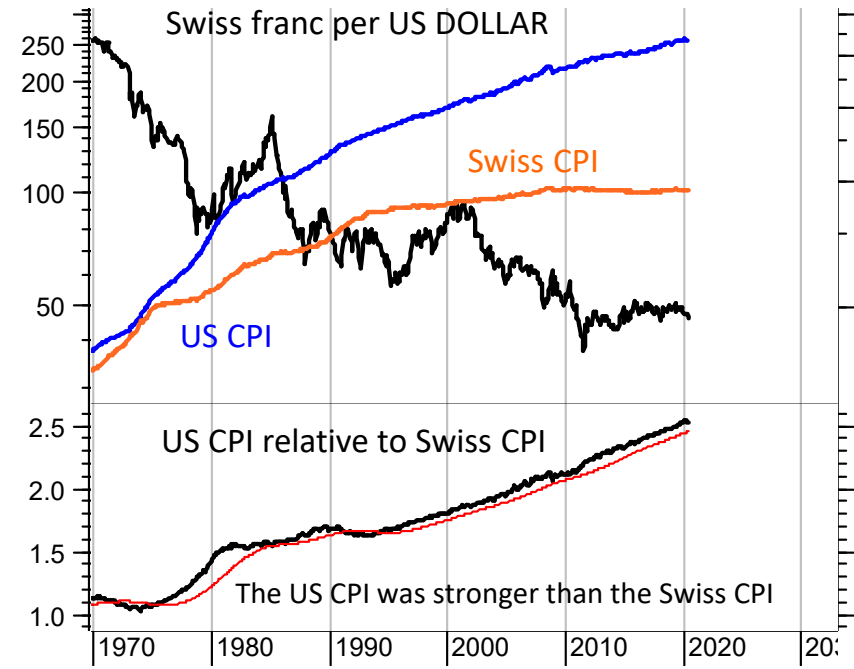
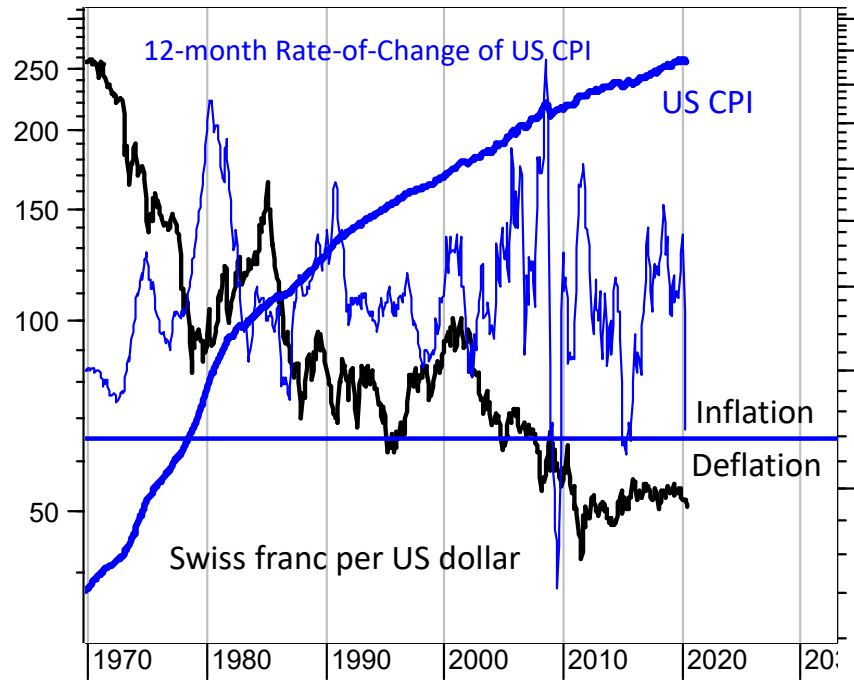


Global Government Bond Index relative to MSCI World Stock Market Total Return Index

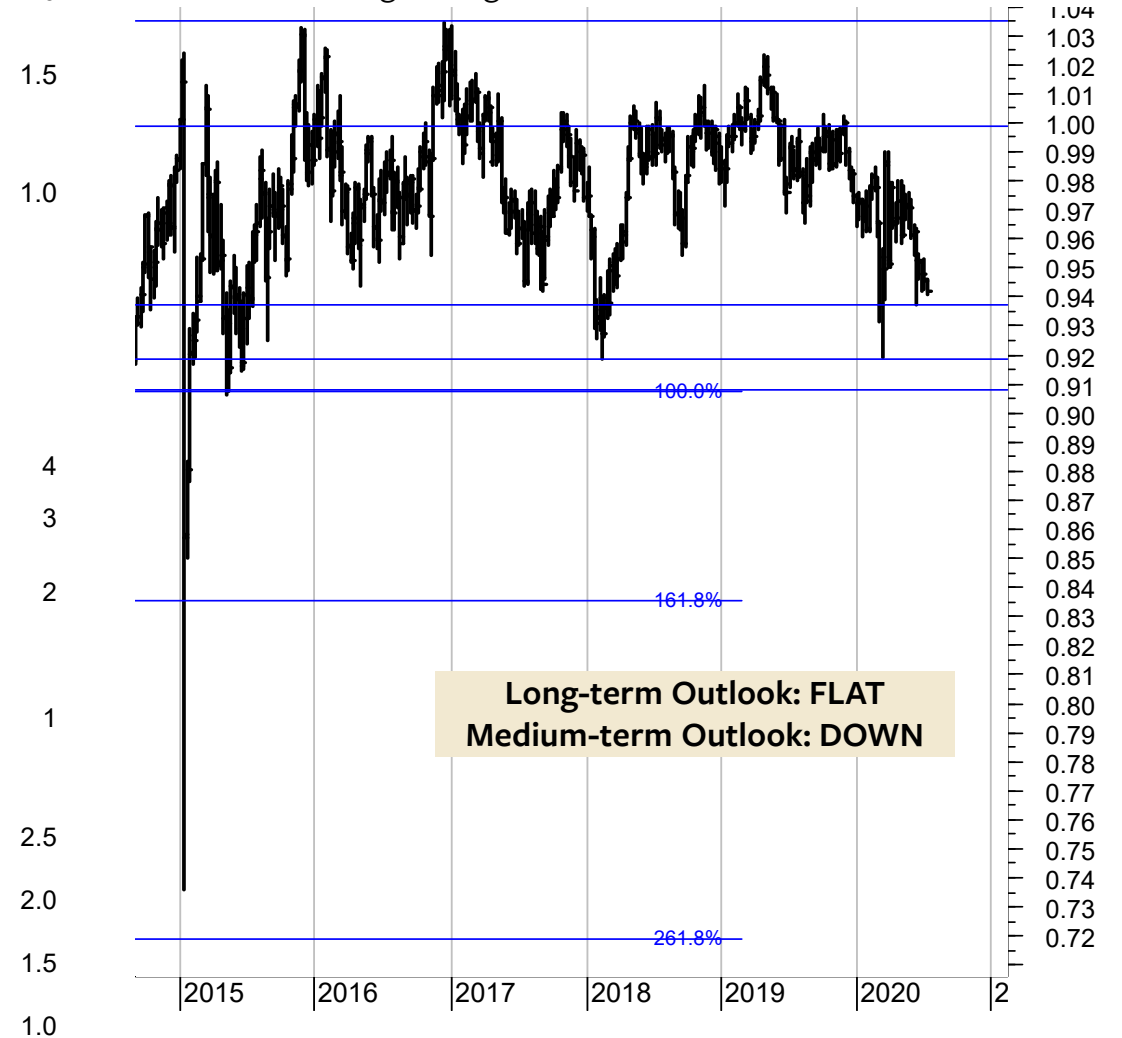
With the stock market indices holding up reasonably well, there is not much further evidence that the bond markets could be bought as a hedge against falling equities. The chart below right shows that the relative chart remains in a small consolidation. Let's wait and see.



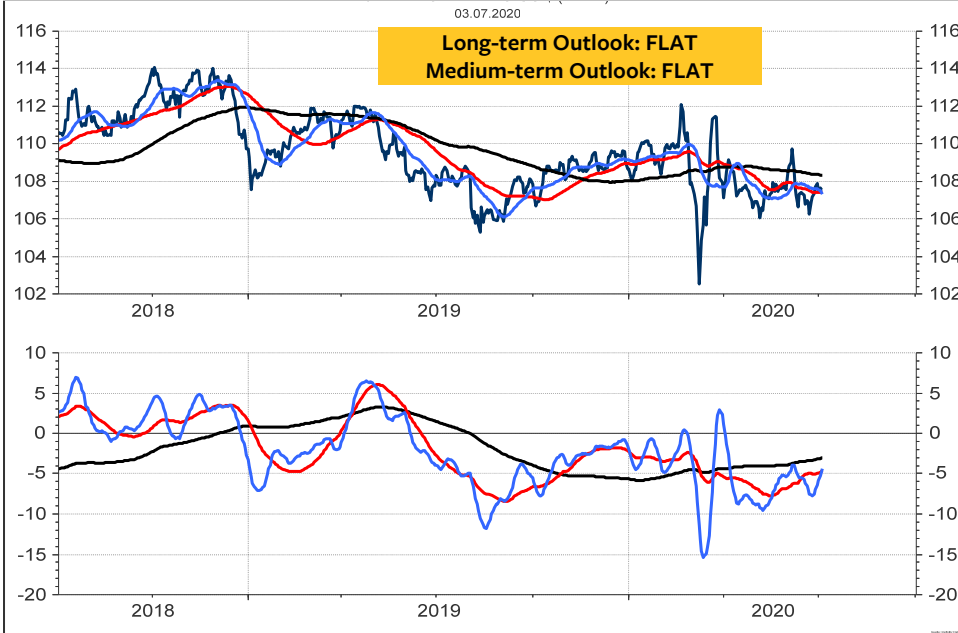
Swiss franc per US DOLLAR and the US and Swiss CPI



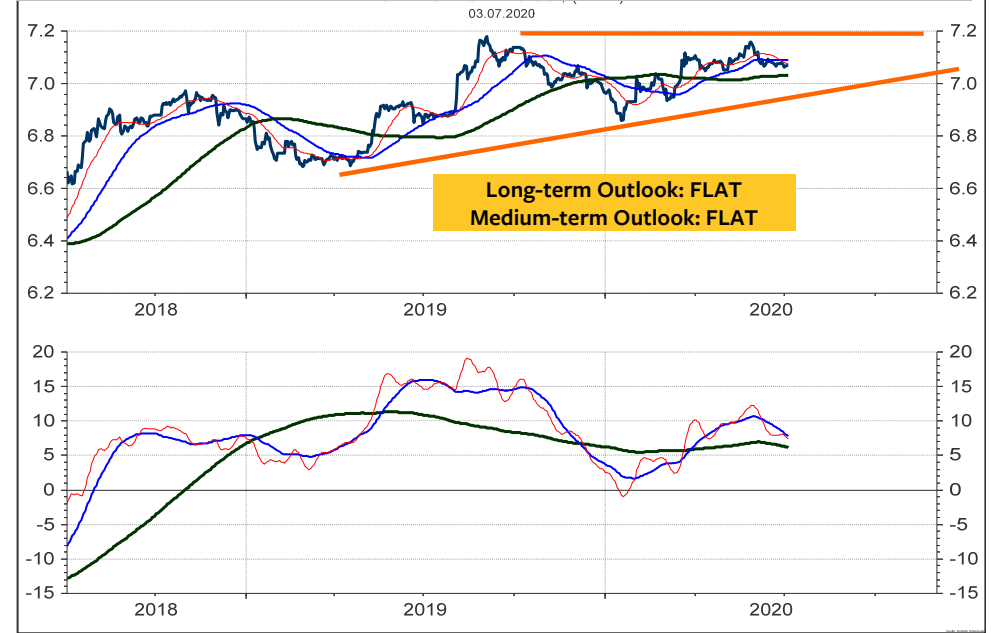
The chart at the upper left shows the US dollar in Swiss franc (black) and the US Consumer Price Index (blue). The chart below left shows the US dollar in Swiss franc and the US CPI RELATIVE to the Swiss CPI. The charts show that the US dollar has devalued more than the Swiss franc because the US CPI has been stronger than the Swiss CPI. The trends in the CPI is not (yet) broken. But, the US dollar is holding up rather well, given the floating trillions of greenbacks. I am watching for a break of the consolidation of the US dollar from 2015 between 1.00 to 1.03 and 0.92 to 0.90. If Deflation is arriving, the US dollar could strengthen again.



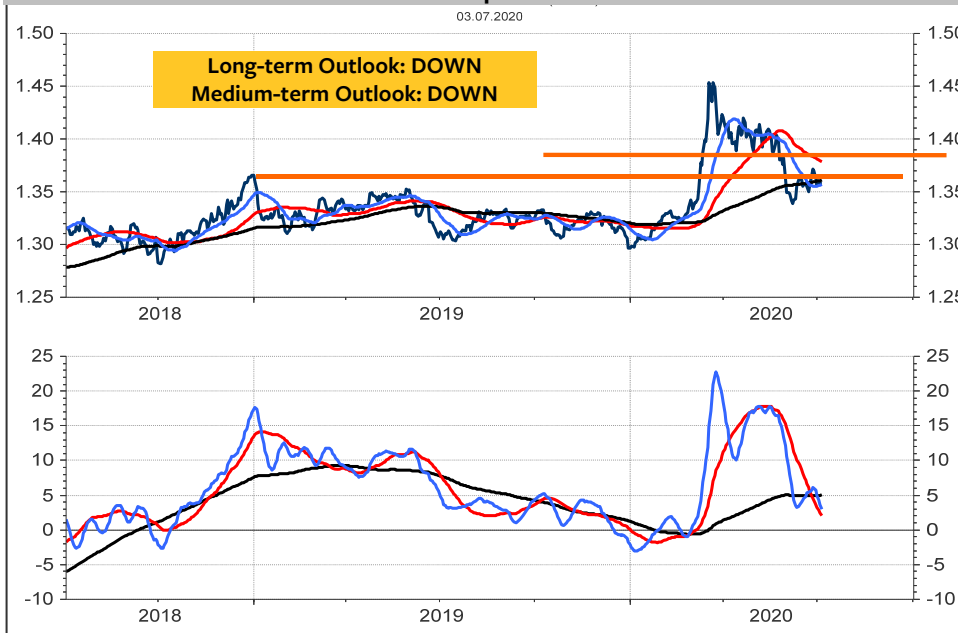
Japanese yen per US DOLLAR



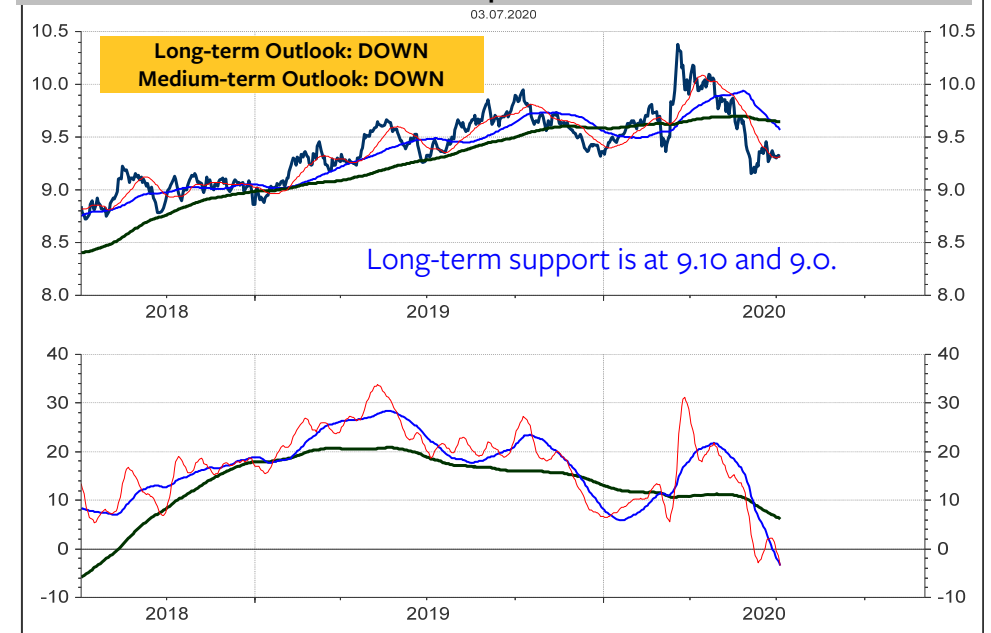
Chinese yuan per US DOLLAR



Canadian dollar per US DOLLAR

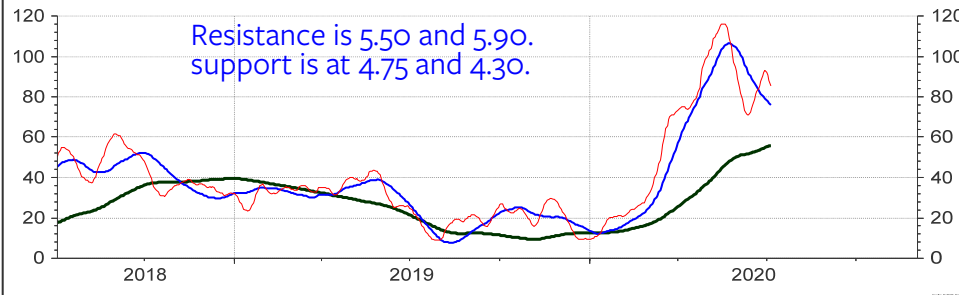
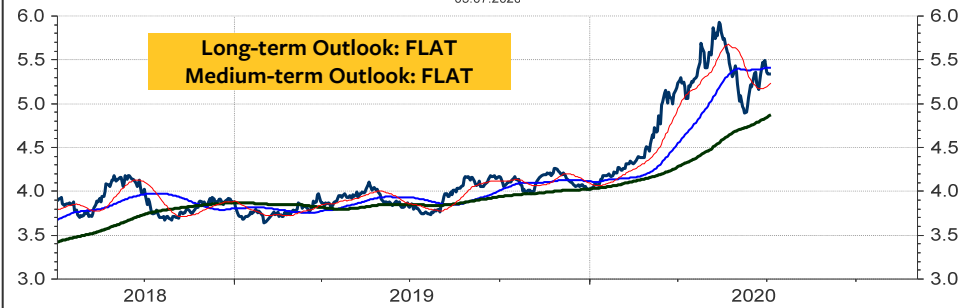


Swedish krona per US DOLLAR



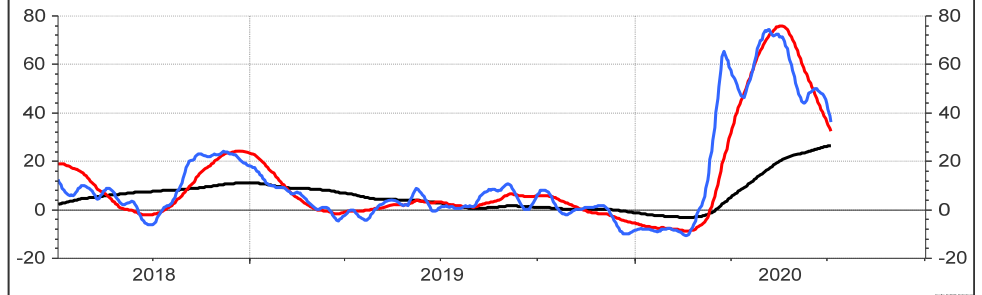
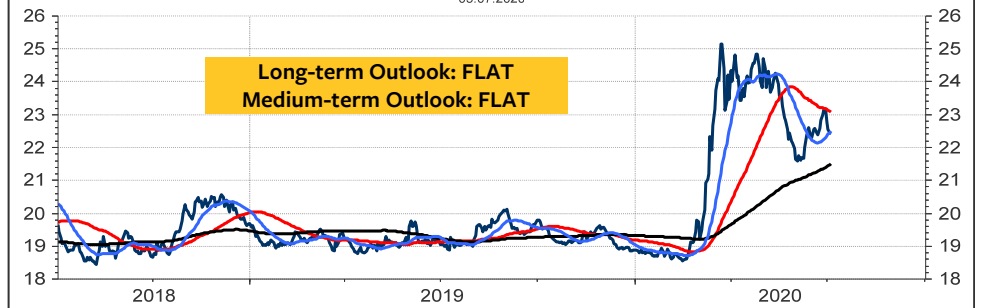
Brazilian real per US DOLLAR

03.07.2020



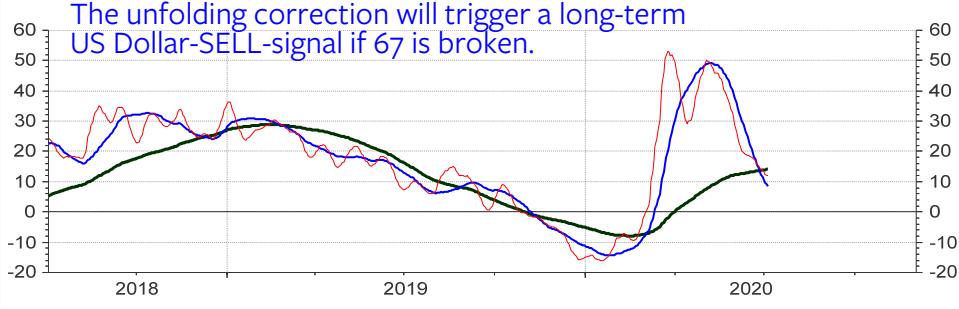
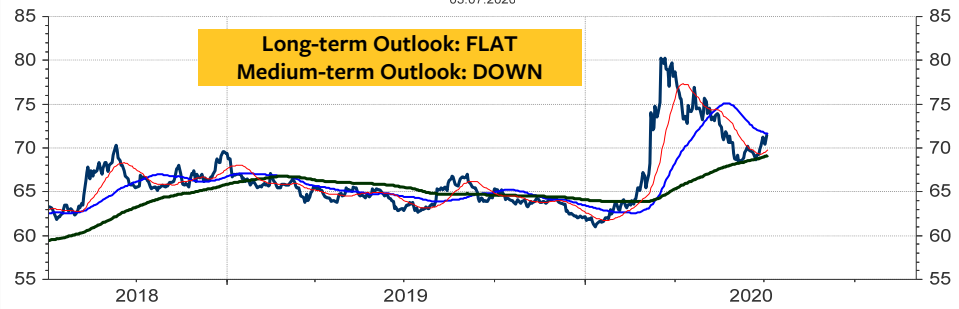
Mexican peso per US DOLLAR

03.07.2020



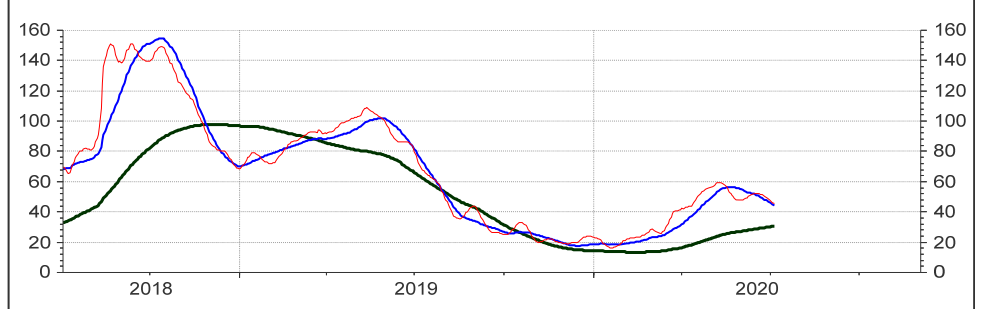
Russian rouble per US DOLLAR

03.07.2020

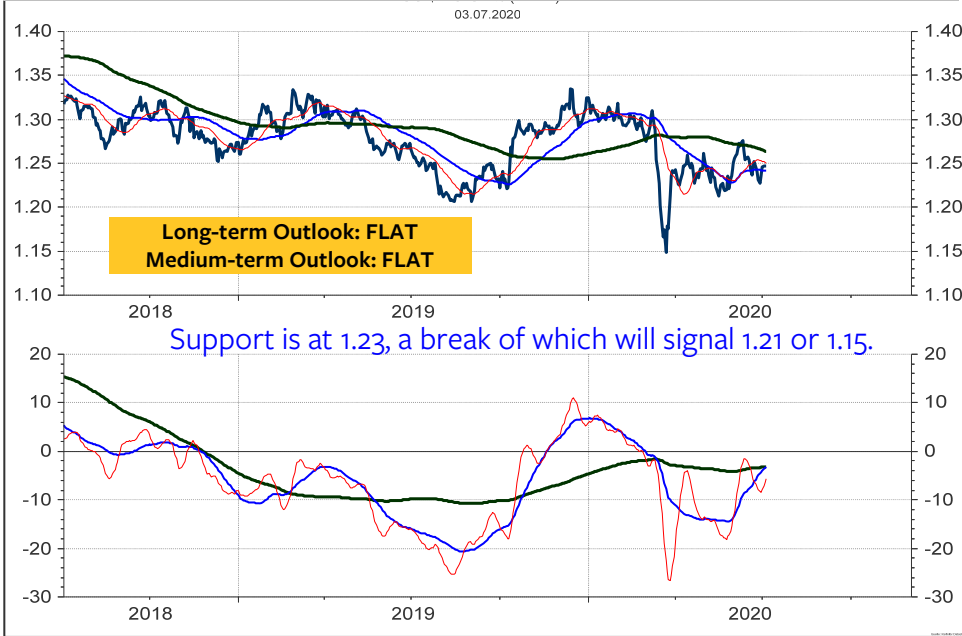


New Turkish lira per US DOLLAR

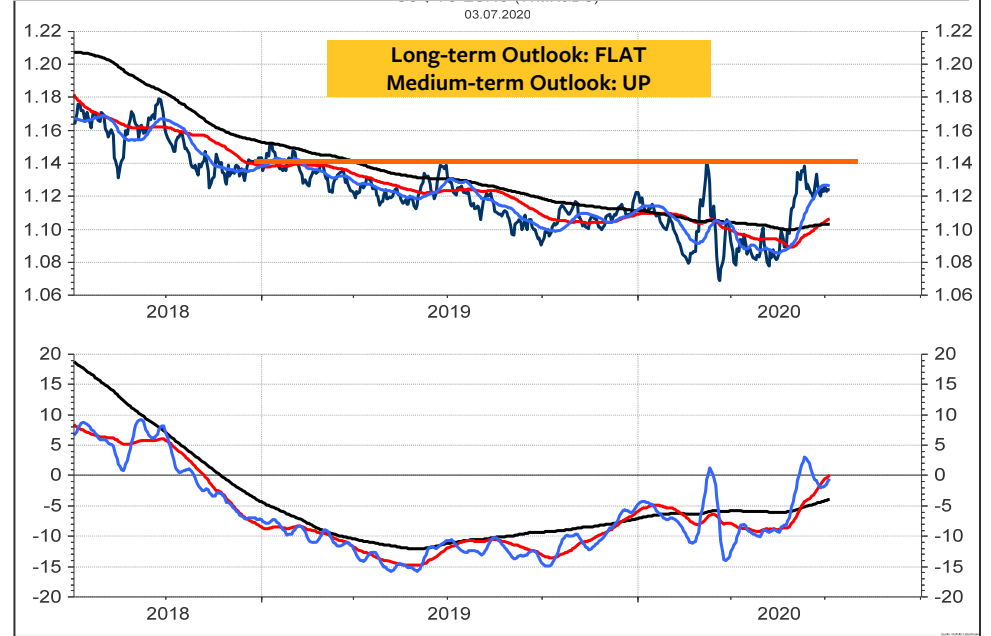
03.07.2020



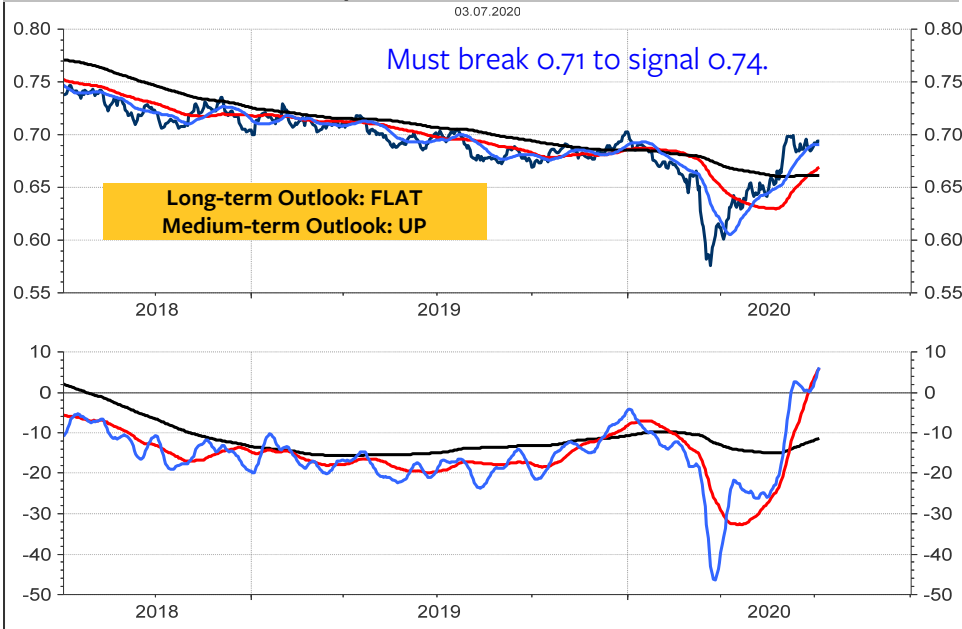
US dollar per BRITISH POUND



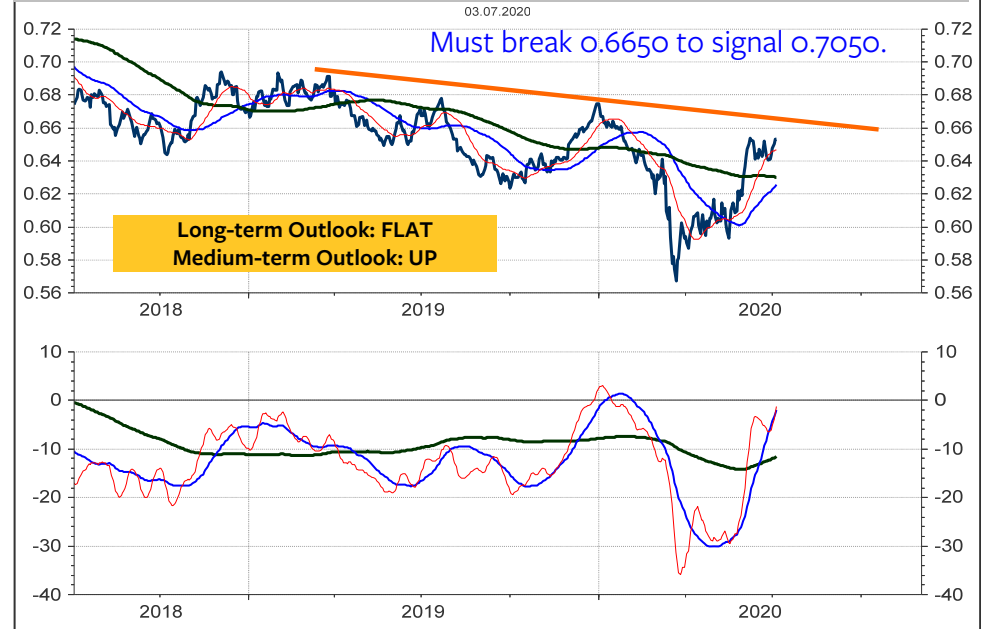
US dollar per EURO



US dollar per AUSTRALIAN DOLLAR



US Dollar per NEW ZEALAND DOLLAR



Swiss franc per EURO

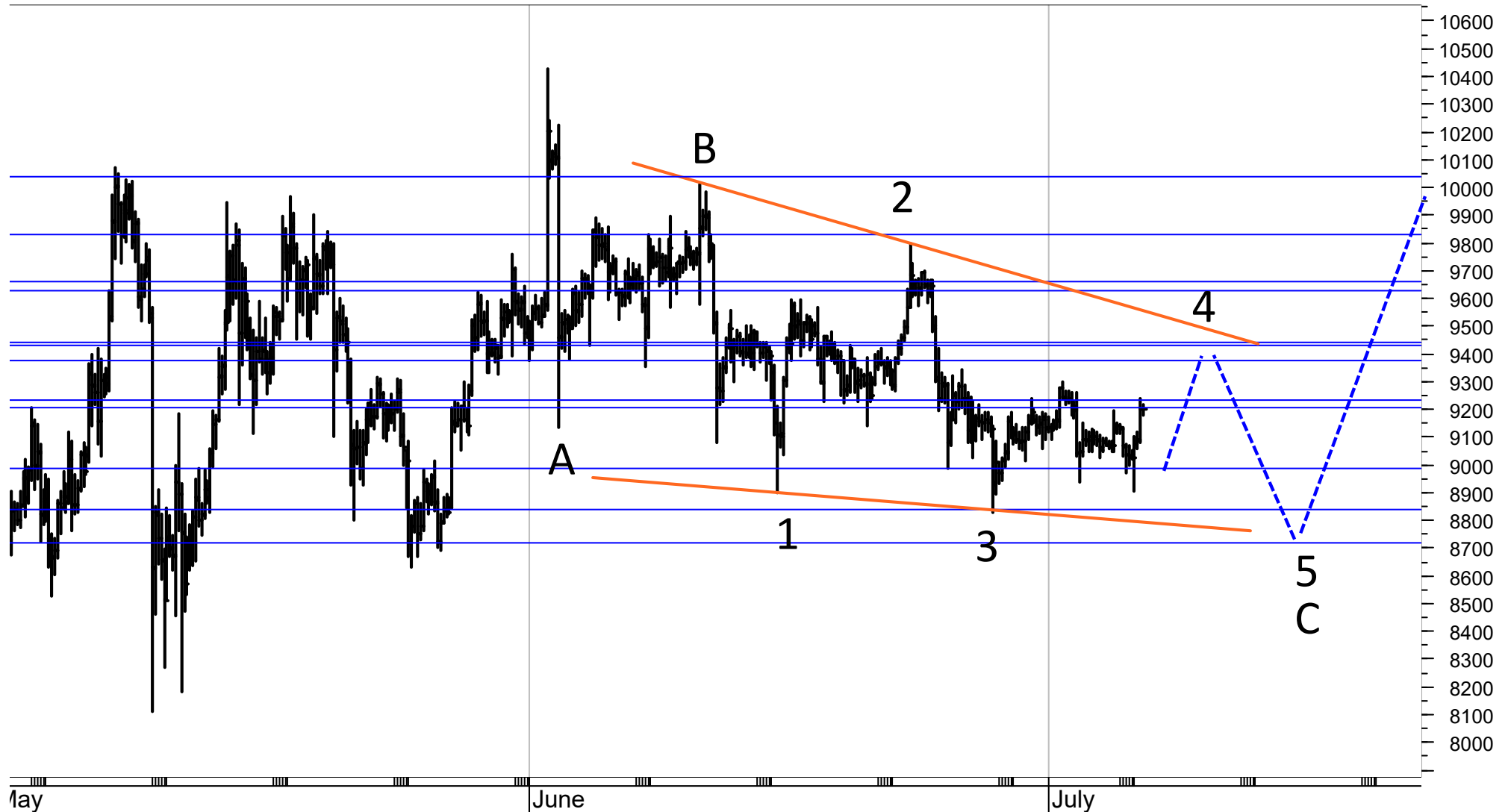
The Euro has further slowed and is testing the key support level, which I had projected at 1.0610. However, the bottom does not appear to be reached. One more dive to 1.0580 could be seen before the correction from June is over.

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



Bitcoin / US dollar

The Bitcoin continues to unwind the strongly overbought market condition, which it registered on 2.6.2020 at 10429. It continues to retrace part of its uptrend from March 2020 at 3850 to the high of 2.6.2020 at 10429. So far, the correction has been rather muted and the overlapping of the various waves implies that the correction should be followed by another impulsive upleg sooner or later. A am labeling the decline as A-B-C, in which Wave C is forming a Wedge. But, the support at 8700 must not be broken if the bullish outlook is to retain the preferred status.



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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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