



GLOBAL CHART OUTLOOK

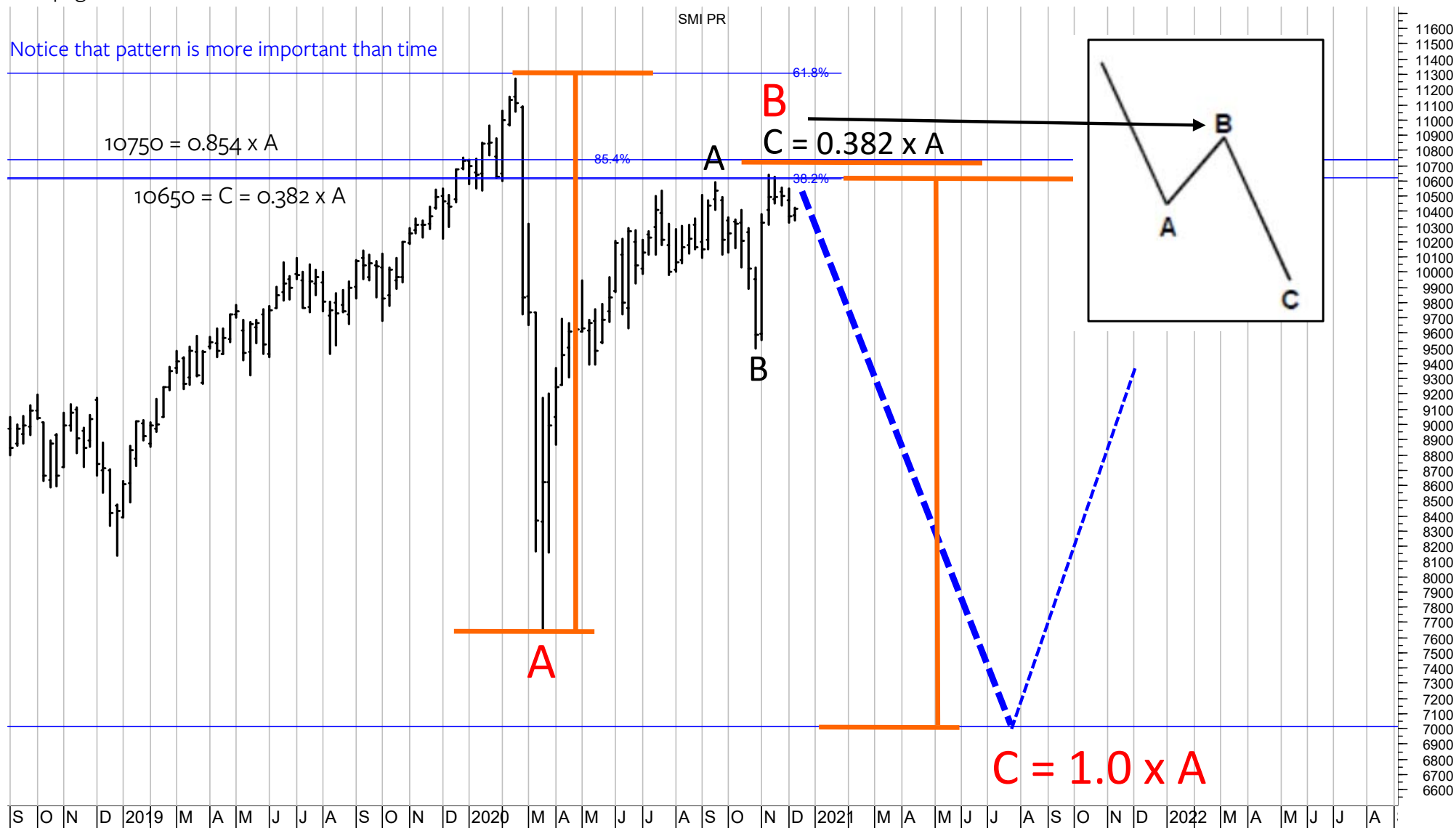
BERTSCHIS CHART OUTLOOK

Global Markets

7th December 2020 / Issue #47

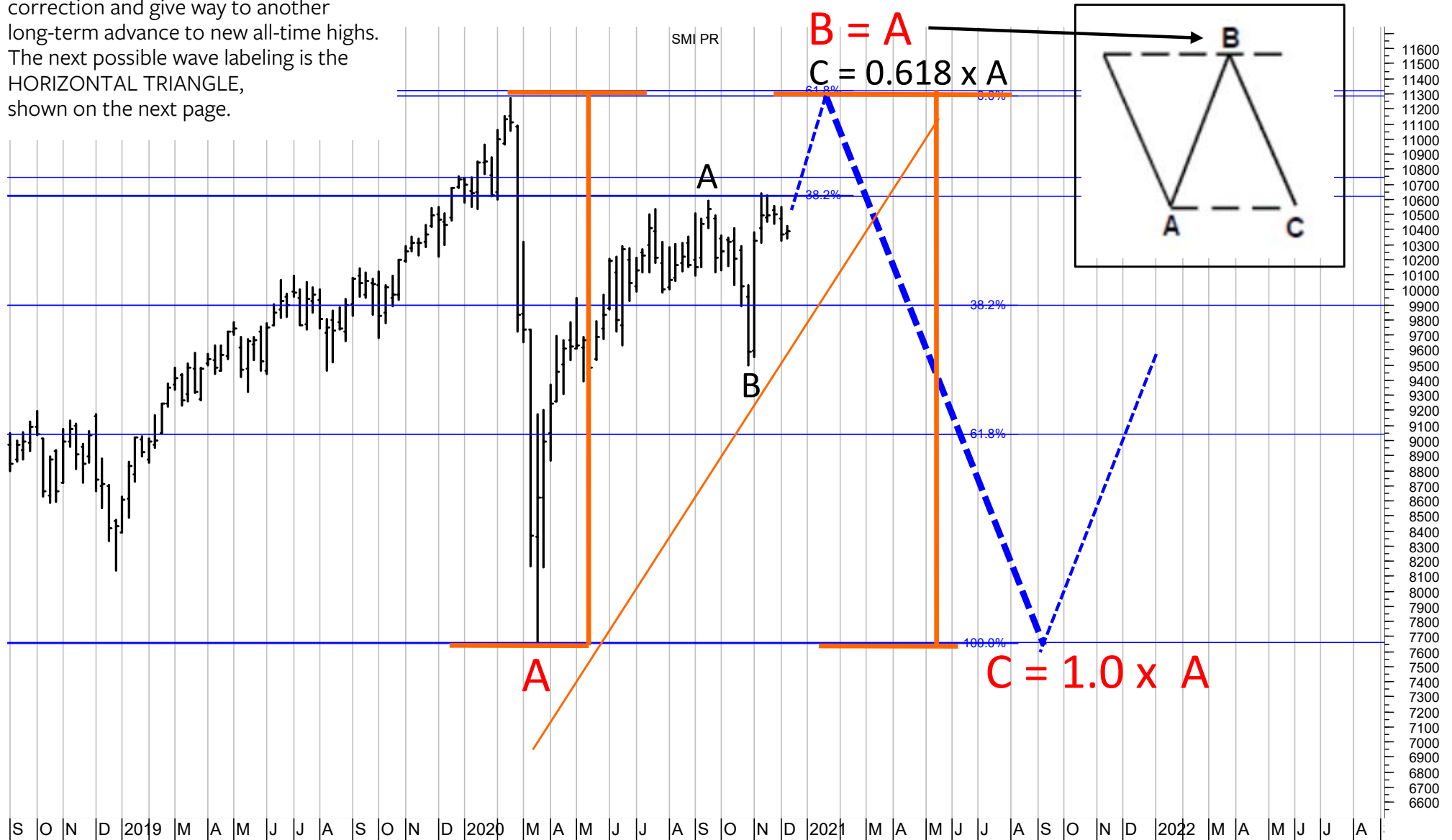
Swiss Market Index – Outlook 2021 – SIMPLE Elliott Wave CORRECTION A-B-C

On the following six pages, I present you my Elliott Wave interpretations of the Swiss Market Index as we move into 2021. The forecast on this page and page 3 are based on the Elliott Wave FLAT correction (A-B-C), which could have started at the high in February 2020. Below, I place the high of Wave B at the high of 9.11.2020 at 10644. Based on the pattern of the FLAT, Wave C could take the SMI down to 7000. At his level, Wave C is equal to Wave A. The low of Wave C should complete the correction and give way to another long-term advance to new all-time highs. The key level to watch is 10650 to 10750, a break of which would give more credibility to my wave interpretation of the Elliott Wave FLAT, shown on the next page.



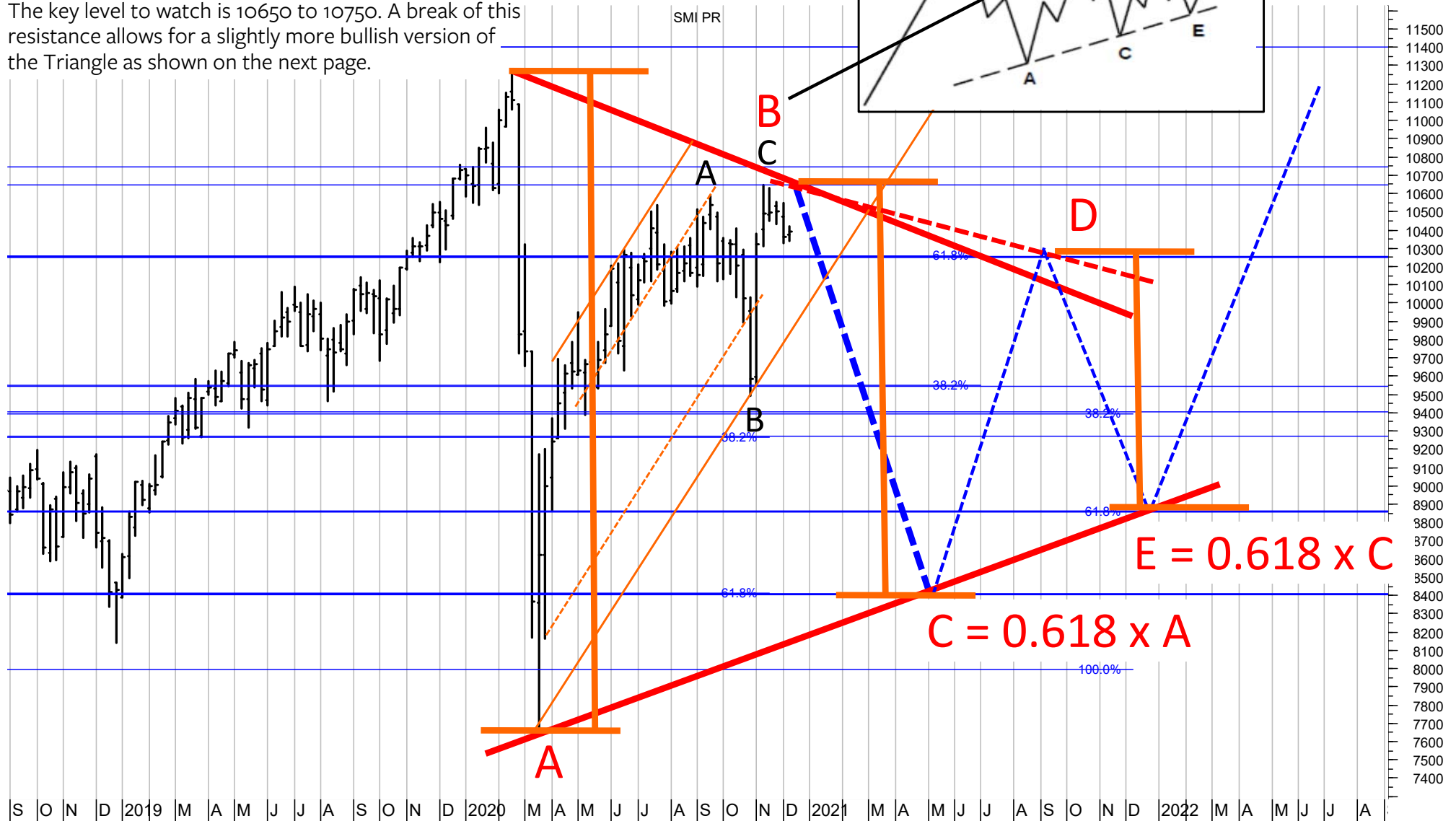
Swiss Market Index – Outlook 2021 - Textbook Elliott Wave FLAT CORRECTION (A-B-C)

A break above 10650 to 10750 would signal further market strength to 11350. At that level, the rise from October 2020 will be 0.618 times as long as the rise from March 2020 to October 2020. The entire advance from March 2020 could be labeled Wave B of an Elliott Wave FLAT A-B-C. The difference to the correction A-B-C, shown on the previous page, is that here Wave C starts from 11350, which equals the high from February 2020. If Wave C starts from that high, it would give the SMI the look of a textbook FLAT pattern. The pattern is called FLAT because the high of Wave C is at the same level as the top in February 2020 and the low of Wave C is at the same level as the low of Wave A. The low of Wave C should complete the correction and give way to another long-term advance to new all-time highs. The next possible wave labeling is the HORIZONTAL TRIANGLE, shown on the next page.



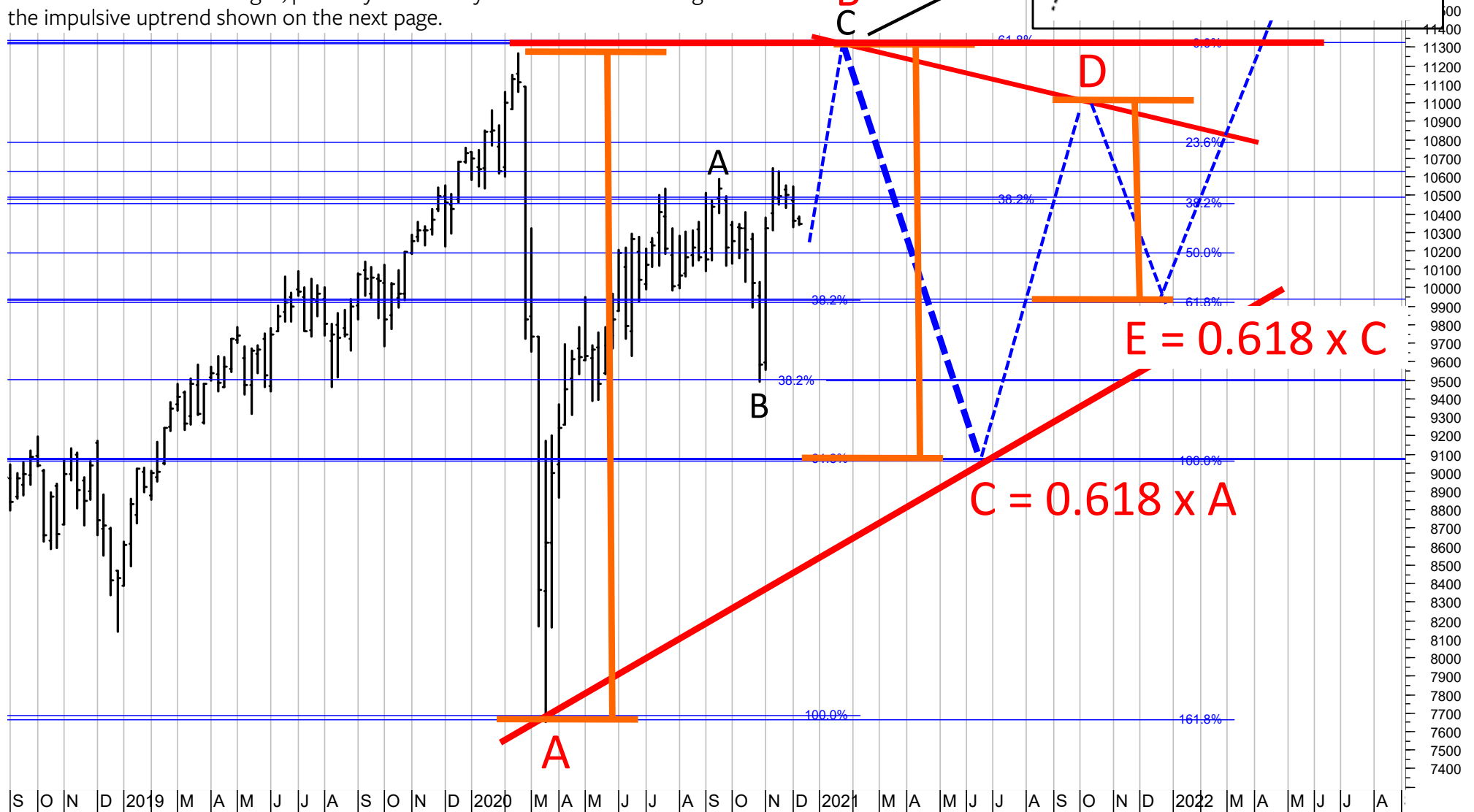
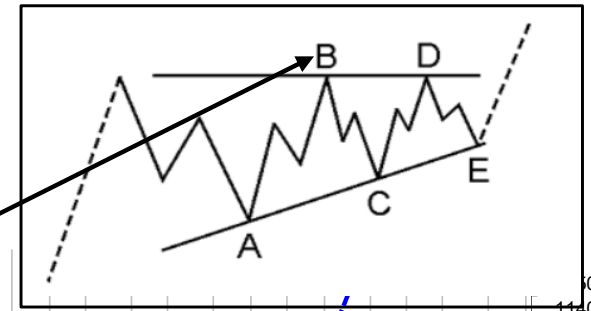
Swiss Market Index – Outlook 2021 - HORIZONTAL TRIANGLE (A-B-C-D-E)

The rise from October 2020 could be Wave C of a corrective A-B-C advance from the low in March 2020. This rise from March 2020 itself could be Wave B of a developing HORIZONTAL TRIANGLE (A-B-C-D-E). Notice that the alternating waves of the Triangle (C to A, D to B and E to C) correlate by the Fibonacci Ratios 0.618 or 0.382. For the SMI, the correlation of C to A indicates that the low of Wave C could be around 8400. The low of Wave E should complete the Triangle and give way to another long-term advance to new all-time highs. The key level to watch is 10650 to 10750. A break of this resistance allows for a slightly more bullish version of the Triangle as shown on the next page.



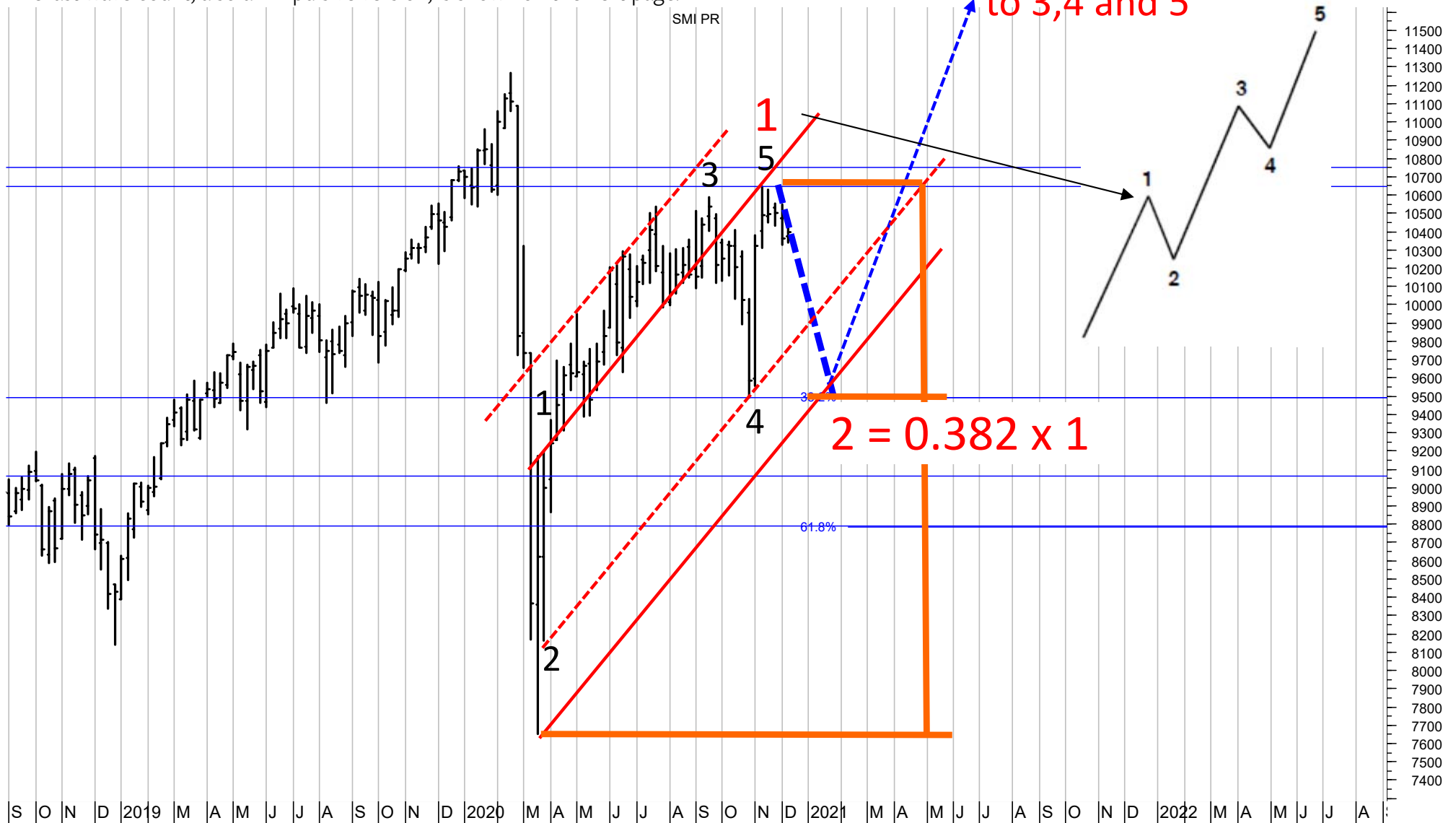
Swiss Market Index – Outlook 2021 – ASCENDING TRIANGLE (A-B-C-D-E)

A break above 10650 to 10750 would signal the high of Wave B at 11400, i.e. the same level as the high in February 2020. This means that a ASCENDING TRIANGLE could form instead of a horizontal Triangle. The same correlations apply for the ascending Triangle as for the horizontal Triangle (previous page). Moreover, Waves A and B would be the same waves in the ascending Triangle as in the Flat (page 3). For the ascending Triangle the decline in Wave C would not be as large as in the Flat. The low of Wave E should complete the Triangle and give way to another long-term advance to new all-time highs, probably in 2022. My next best wave labeling is the impulsive uptrend shown on the next page.



Swiss Market Index – Outlook 2021 – IMPULSIVE UPTREND (1-2-3-4-5) in bull market resumption

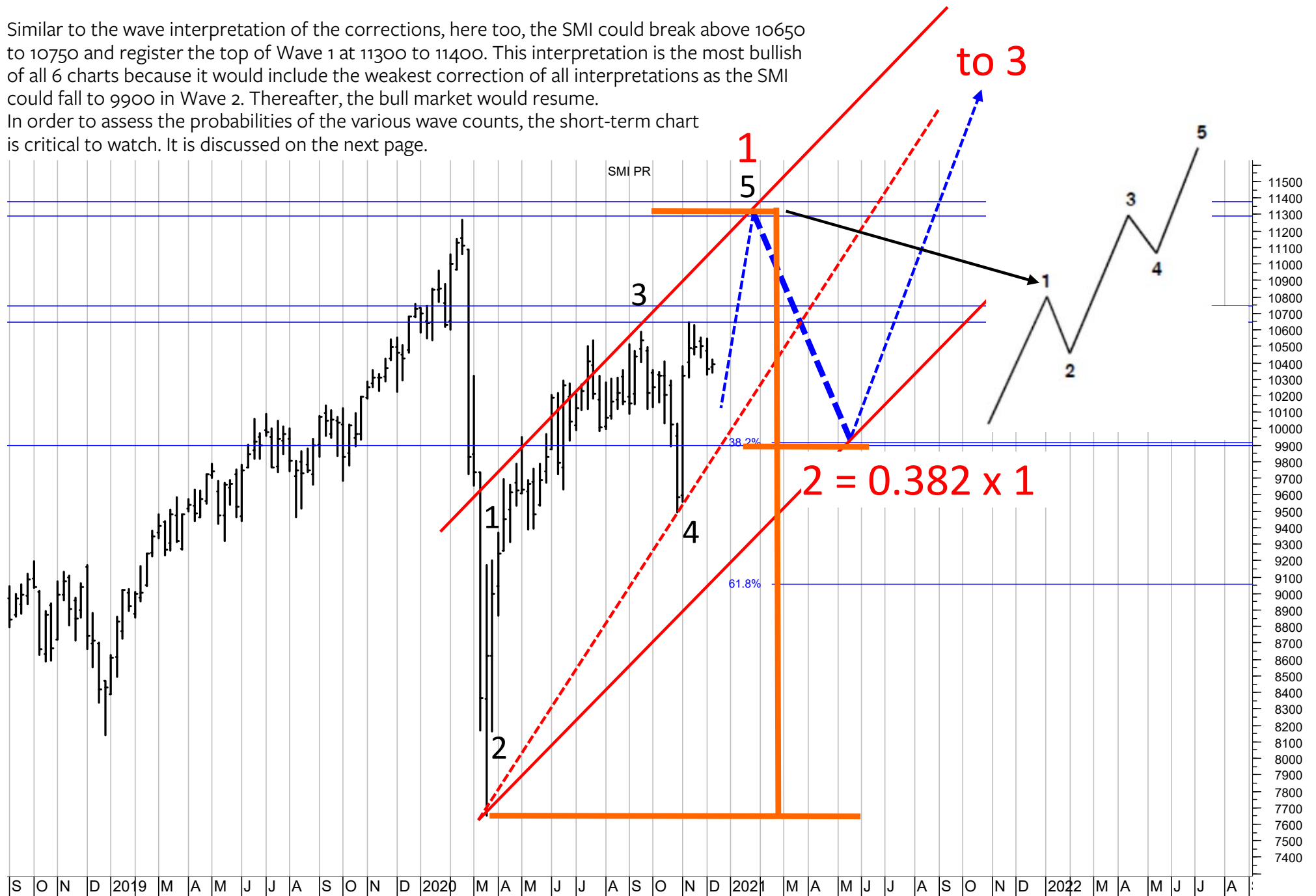
The wave counts on the previous four pages were all corrective patterns. Both, the Flat and the Triangle could persist through 2021. Both wave patterns would be followed by another uptrend to new all-time highs upon their termination, probably later 2021 or 2022. On this page and the next page, the rise from March 2020 is labeled as impulsive uptrend 1-2-3-4-5. It is more difficult to count this rise as impulsive 1-2-3-4-5. It is slightly more clear as A-B-C. This is why I give the impulsive interpretation a slightly lower probability. If Wave 1 topped in October, then Wave 2 could bottom around 9500. Thereafter, the bull market should resume and push the SMI to new all-time highs in Wave 3. The last wave count, also an impulsive version, is shown on the next page.



Swiss Market Index – Outlook 2021 – IMPULSIVE UPTREND (1-2-3-4-5) in bull market resumption

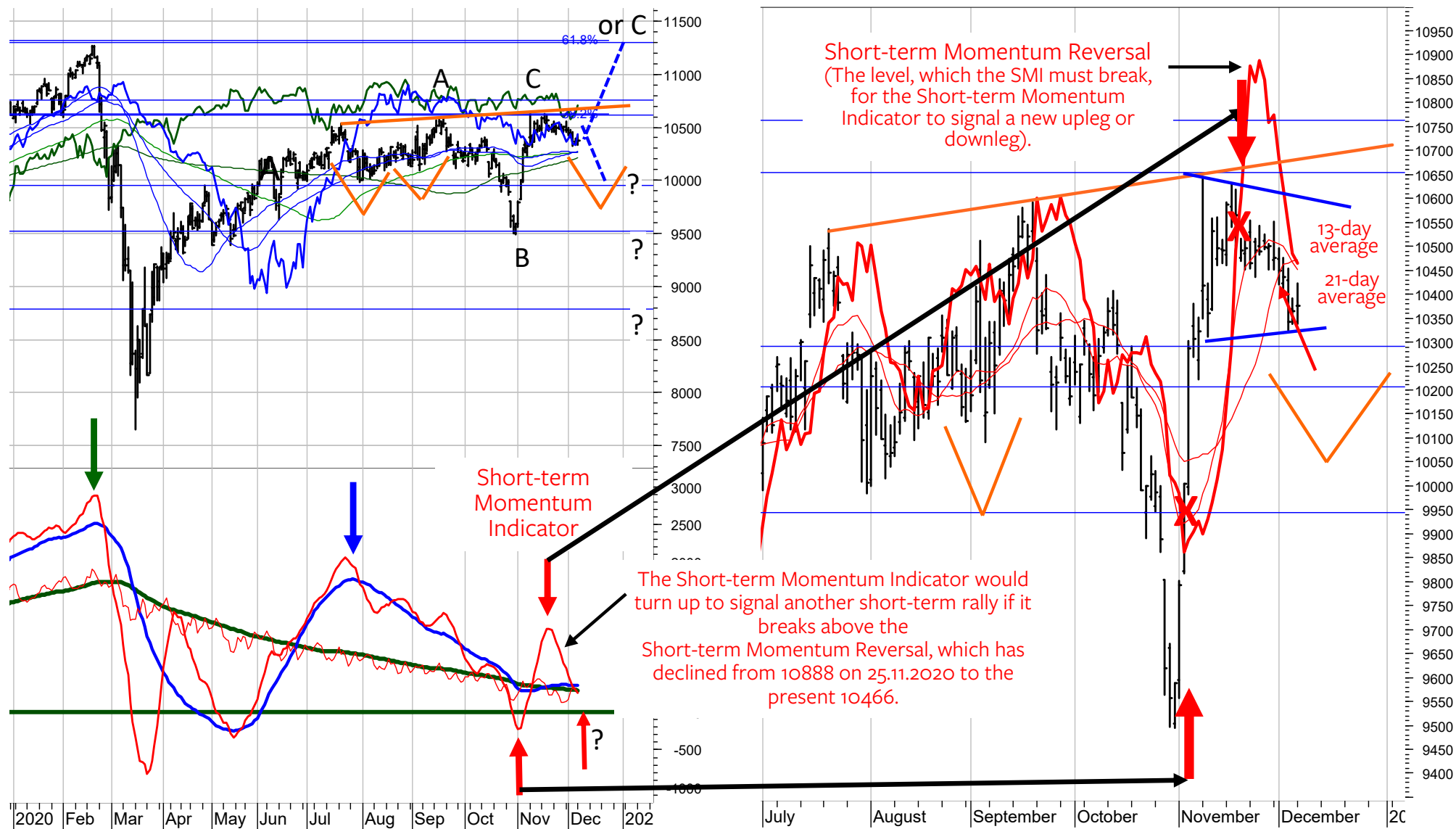
Similar to the wave interpretation of the corrections, here too, the SMI could break above 10650 to 10750 and register the top of Wave 1 at 11300 to 11400. This interpretation is the most bullish of all 6 charts because it would include the weakest correction of all interpretations as the SMI could fall to 9900 in Wave 2. Thereafter, the bull market would resume.

In order to assess the probabilities of the various wave counts, the short-term chart is critical to watch. It is discussed on the next page.



Swiss Market Index SMI

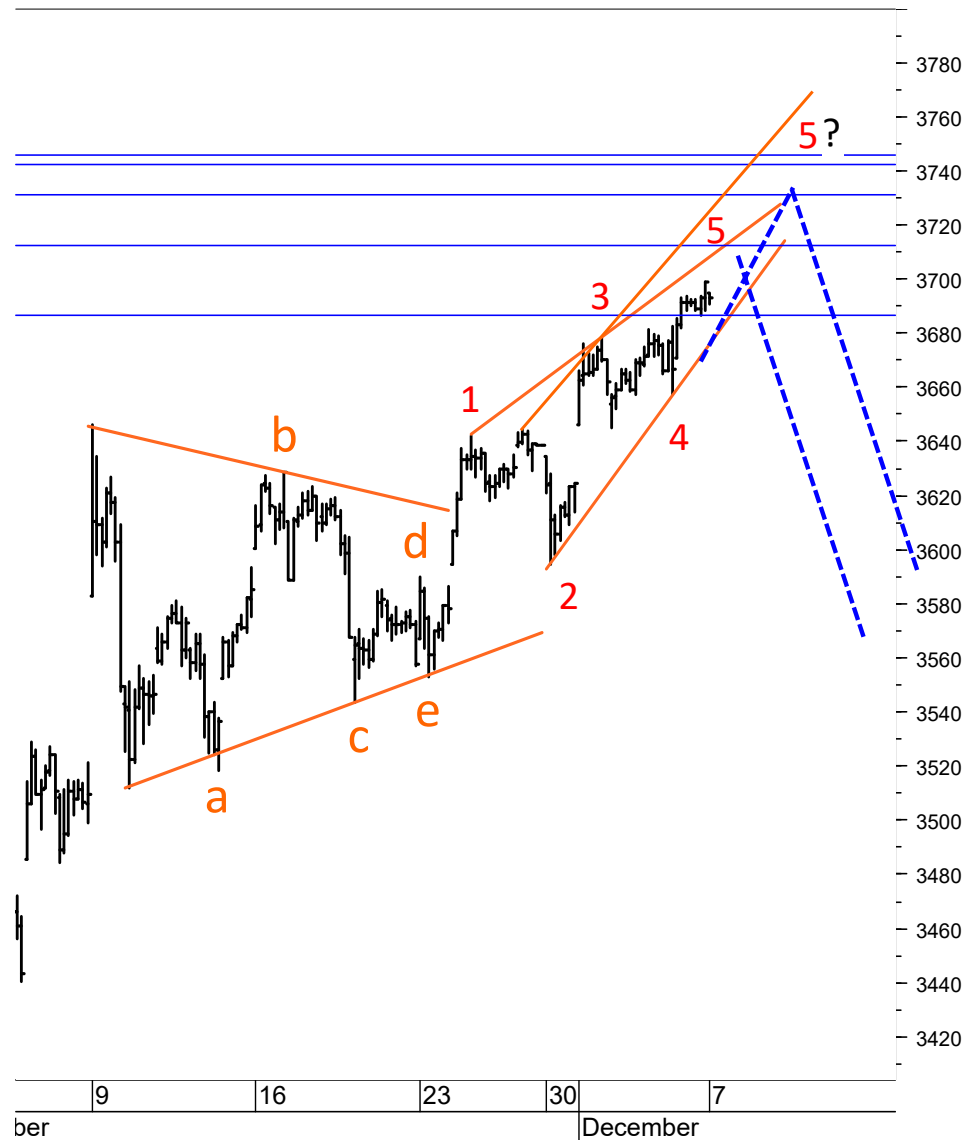
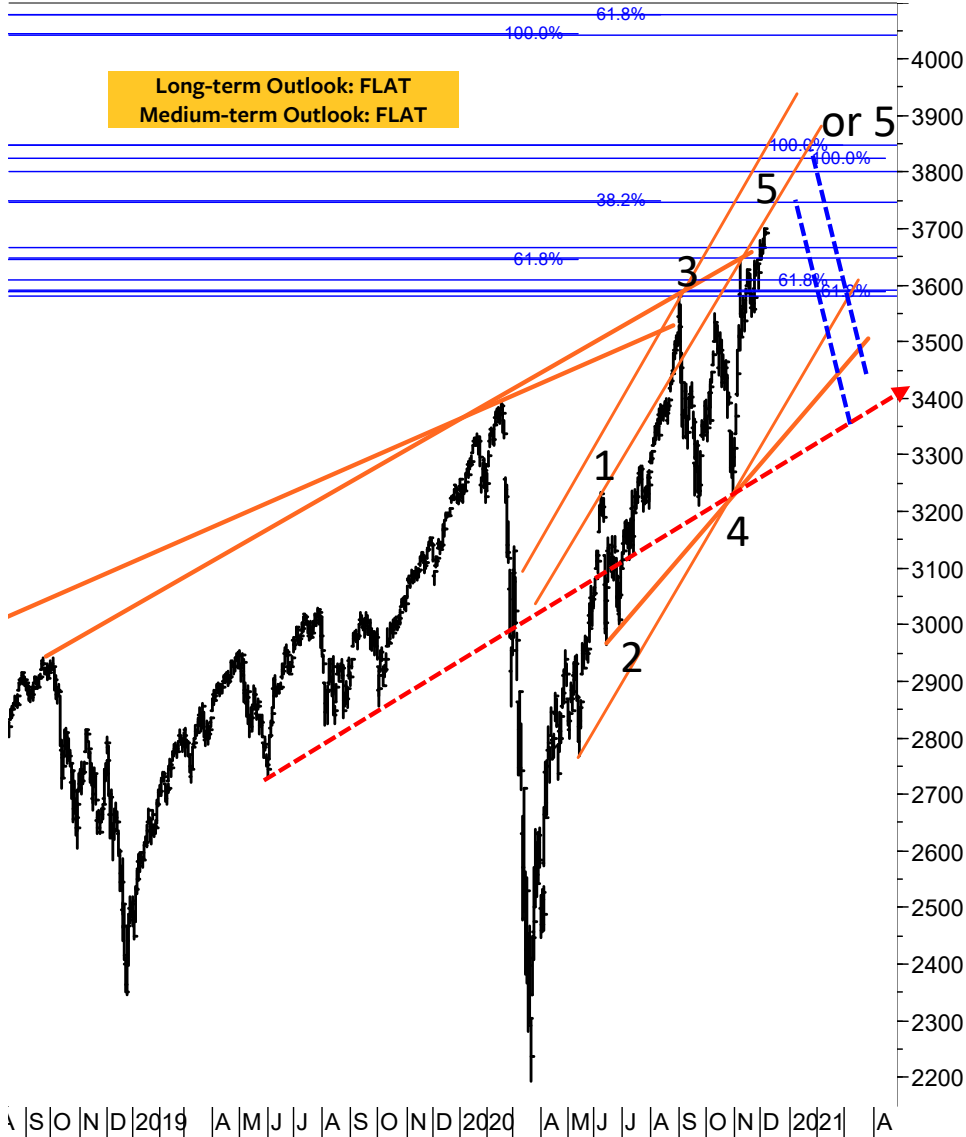
The SMI remains in its consolidation, which it entered following the November high. This consolidation could be the right shoulder of an Inverse Head and Shoulder bottom formation. As long as the support at 9930 is not broken, the odds favor a break upwards above the neckline at 10700 and the Fibonacci resistance levels at 10650 to 10770. According to my wave interpretations given on the previous six pages, such a break upwards would signal 11300 to 11450, the level where Wave B or 1 would top. Also, the Short-term Model, which is based on the 13-day average (at 10452) and the 21-day average (at 10465) plus the Short-term Momentum Indicator (at 10465), would signal a new short-term rally if 10500 is broken. Such a rally could cross above the Medium-term Momentum Reversal at 10435 (marked blue) and signal a new medium-term upturn. Moreover, such a medium-term upturn could cross above the Long-term Momentum Reversal at 10700 (marked green) and signal the resumption of the long-term uptrend. Thus, the next short-term rally would have medium-term and long-term implications. The bearish outlook would be given the preferred status if 9950 and 9500 is broken.



S & P 500 Index

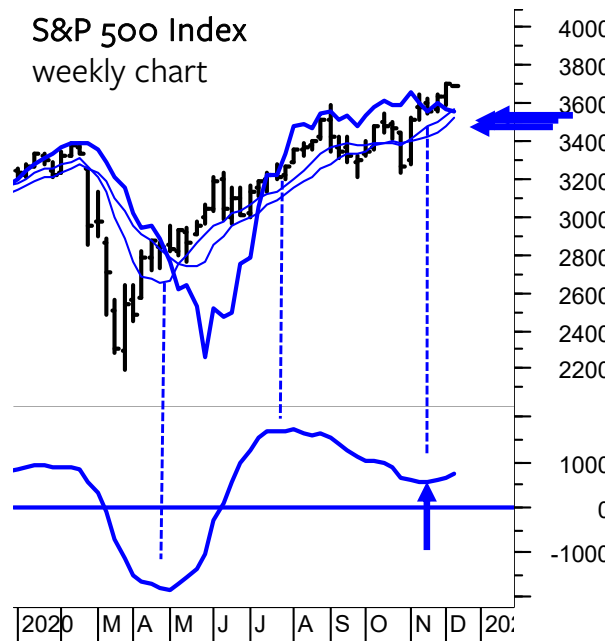
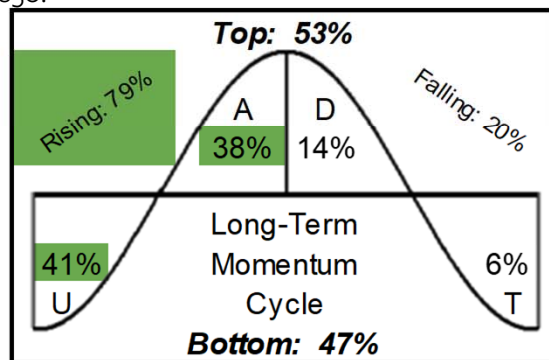
The S&P 500 Index appears to be forming a Wedge 1-2-3-4-5 (at right). This Wedge is likely to top between here or around 3750 and is likely to be followed by a sharp selloff.

The chart at left indicates that if 3750 is broken, the uptrend could extend to 3850. A break above 3850 would force a re-assessment of my long-term outlook. Such a break would signal 4100 to 4200, the level which I had projected already in September 2019 to be reached by 2024. For now, I give the top of the Wedge below 3740 the highest probability. Supports are at 3580, 3520, 3410, 3120 and 2750. Medium-term downgrade if 3630 is broken.

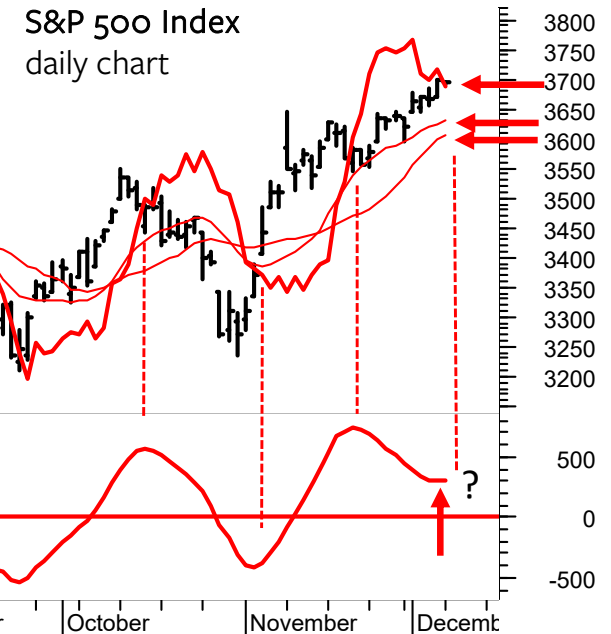
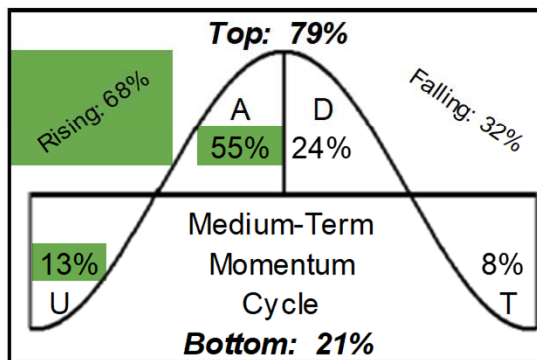




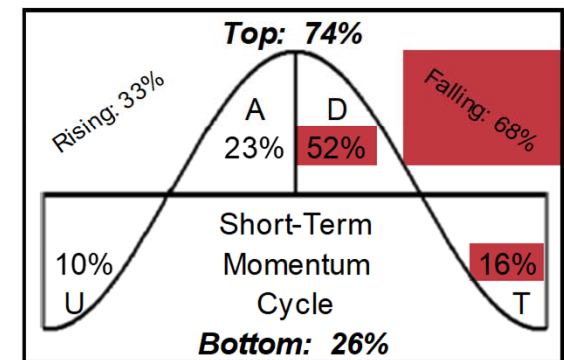
LONG-TERM: The S&P 500 Index is trading above the 89-day and 144-day moving averages and above the long-term momentum reversal (3 horizontal green arrows). Thus, based on my Trend and Momentum Model, the long-term trend is UP. Moreover, out of the 500 S&P 500 Index constituent stocks, 79% (last week 71%) display a rising long-term momentum indicator (U+A). 41% (last week 38%) of the 500 stocks are positioned in the phase U(p) and 38% (last week 33%) are in the phase A(dvancing). This compares to 20% (last week 29%) in the bearish phases D(eclining) and T(erminating). The increase in the number of the stocks in the bull squew increases the odds that the S&P 500 Index will be able to break above 3750 to 3850.



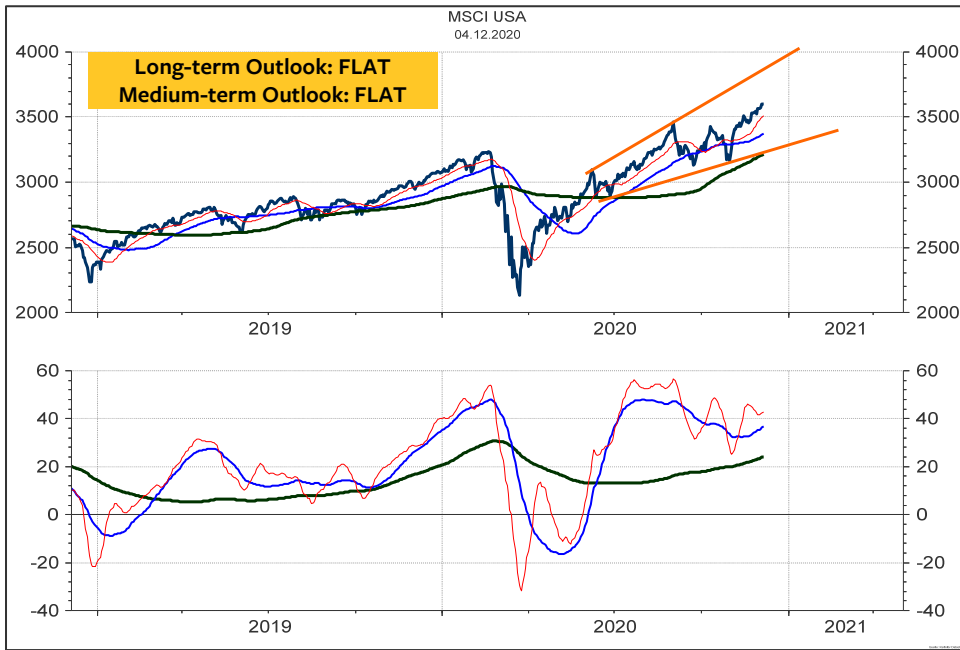
MEDIUM-TERM: The S&P 500 Index is trading above the 34-day and 55-day moving averages and slightly above its medium-term momentum reversal (3 blue arrows). This means that the Medium-term Momentum Indicator is UP. Moreover, out of the S&P 500 Index constituent stocks, 79% (last week 67%) display a rising medium-term momentum indicator. 13% (last week 15%) of the 500 stocks are positioned in the phase U(p) and 55% (last week 52%) in the phase A(dvancing). This compares to 32% (last week 34%) in the bearish quadrants D(eclining) and T(erminating). Thus, the number of stocks in the bullish quadrants has increased only slightly. But, the numbers favor a continuation of the uptrend.



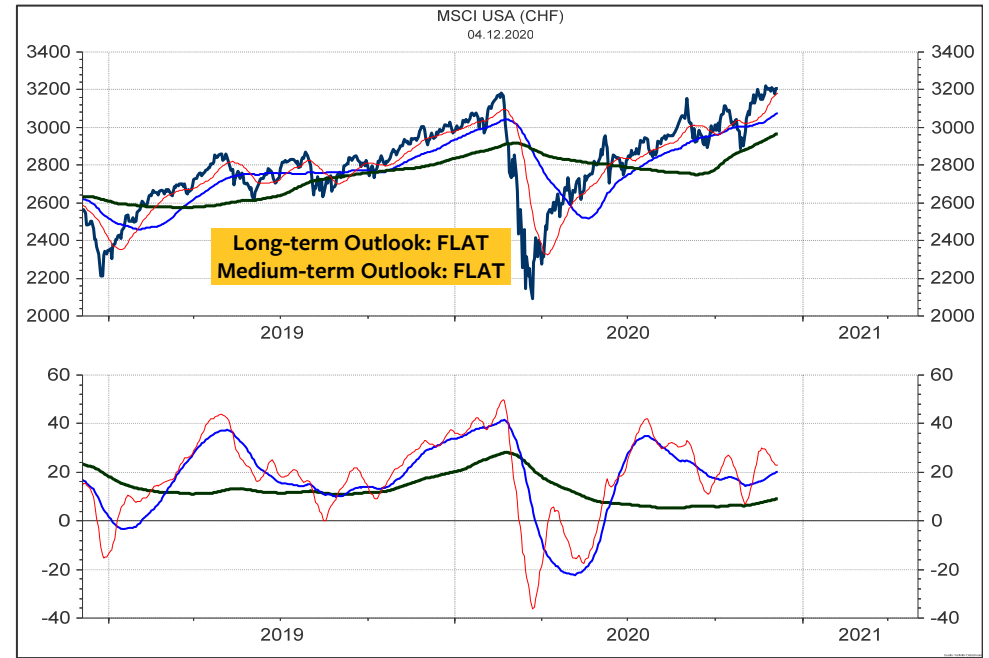
SHORT-TERM: The S&P 500 Index is trading above the 13-day and 21-day moving average and is now positioned exactly at the short-term momentum reversal (at 3700). The screening of the 500 stocks in the S&P 500 Index shows that 68% (last week 75%) are positioned in the short-term bearish quadrants D(eclining) and T(erminating). These stocks would have to shift to the bullish quadrants U(p) and A(dvancing) for the S&P 500 Index to break above 3750 and to signal 3850.



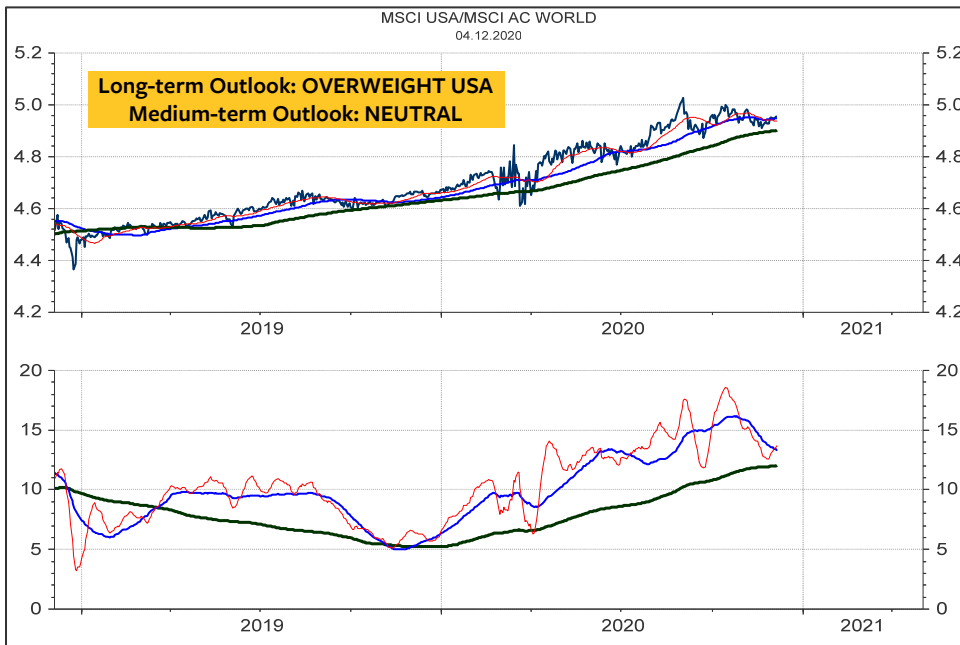
MSCI USA in US\$



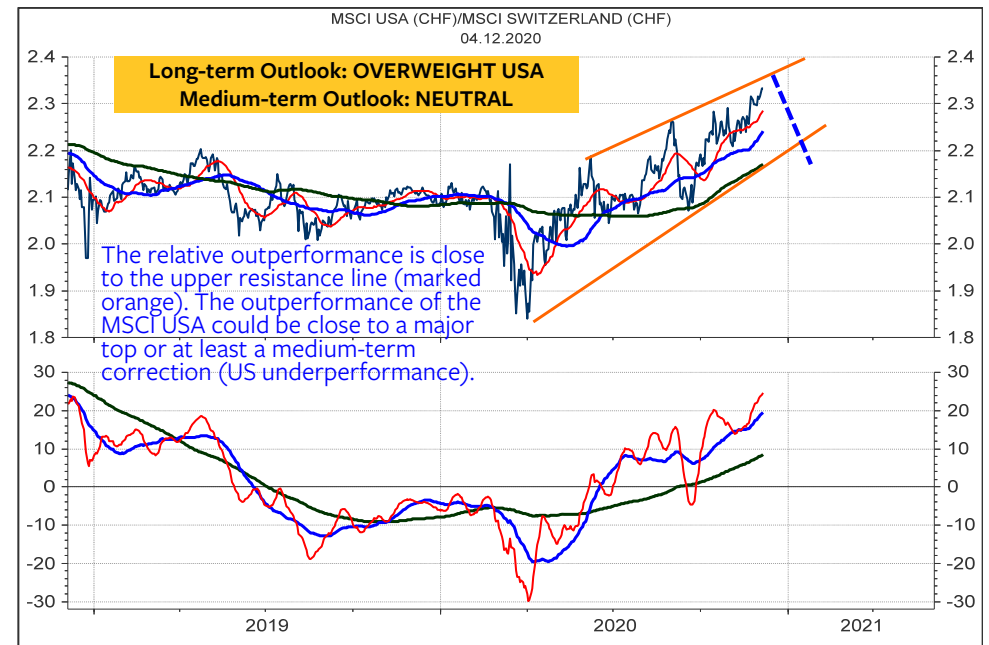
MSCI USA in Swiss franc



MSCI USA relative to the MSCI AC World



MSCI USA in SFR relative to MSCI Switzerland

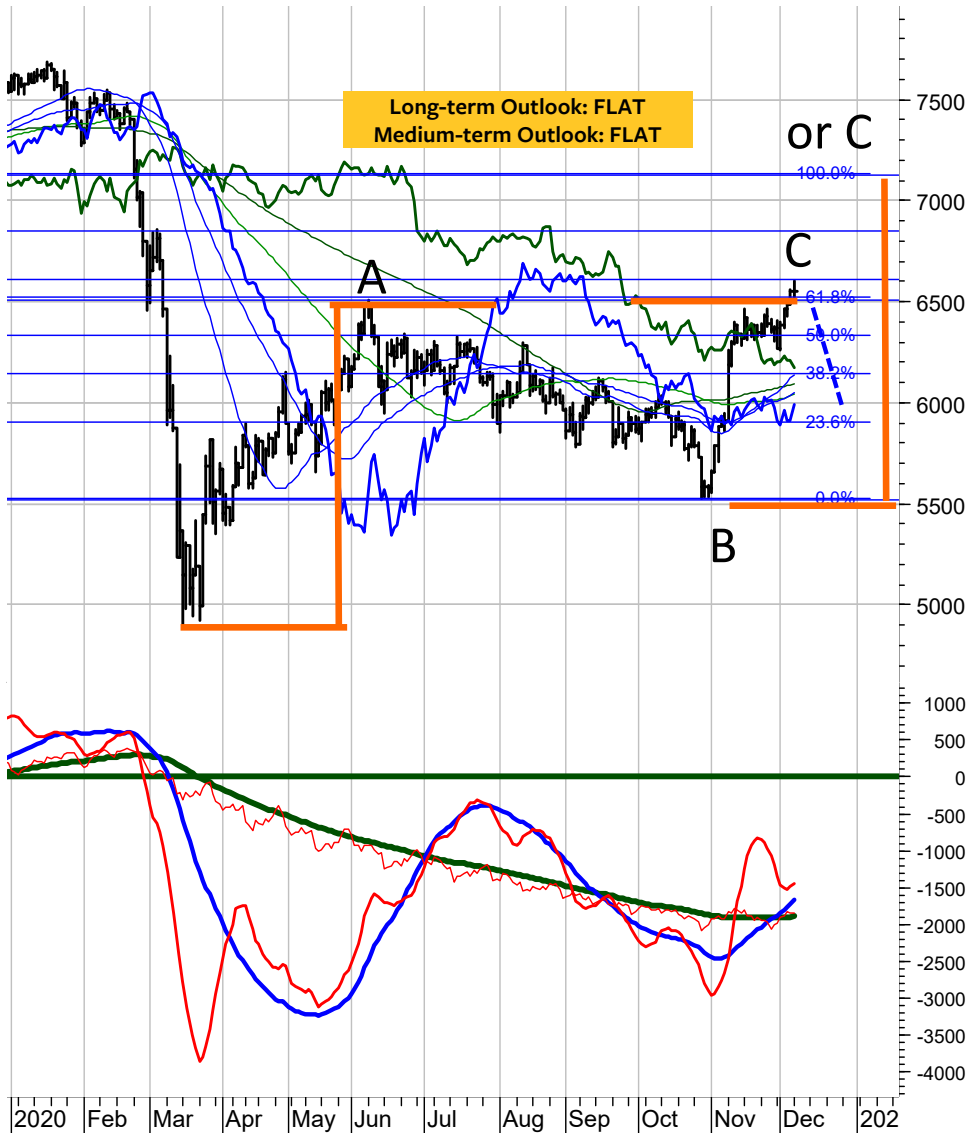


FTSE 100 Index

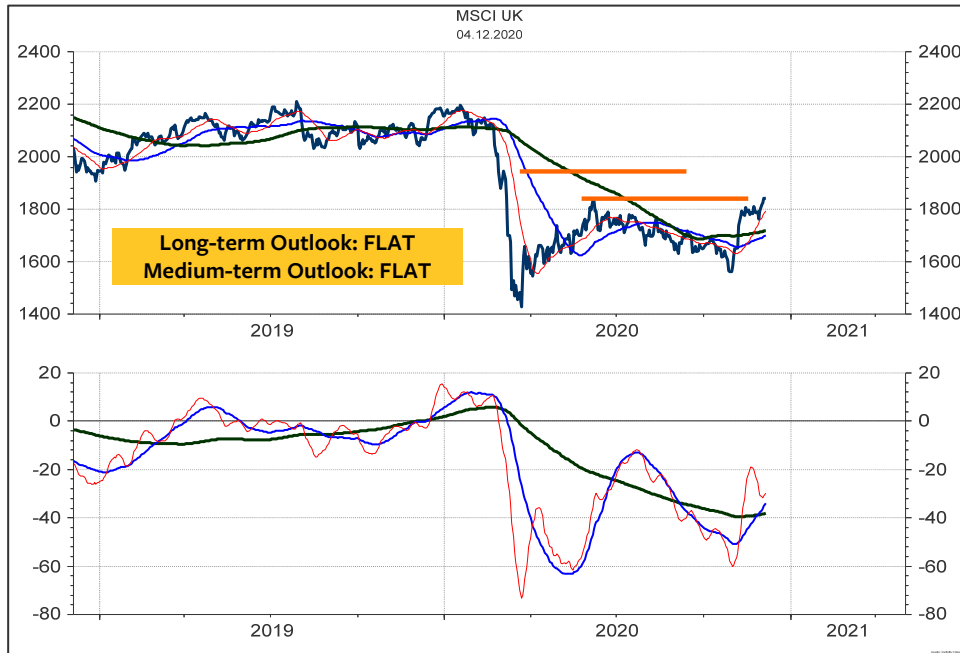
The FTSE 100 appears to be breaking the resistance at 6500 ($C = 0.618 \times A$). However, the correlation of the single waves in the rally from late October reveals a slightly higher resistance at 6620. I would rate a further advance to 6850 or 7100 above 50% if also 6650 is broken.

Supports are 6200 and 5920.

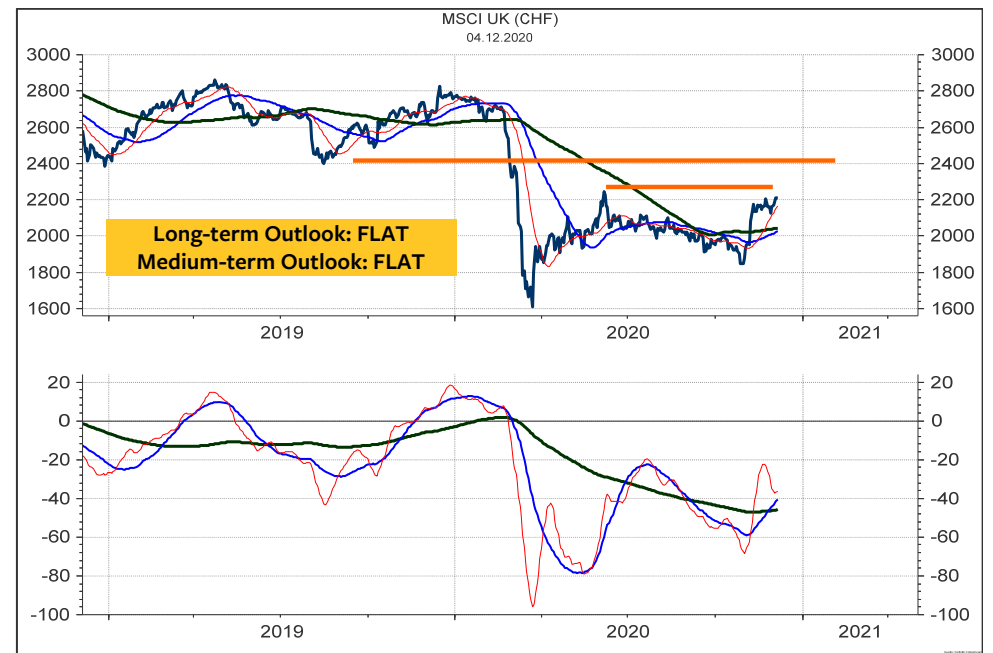
The MSCI U.K. measured in Swiss franc relative to the MSCI Switzerland (next page, lower right) is close to a bullish crossing of the 55-day and the 144-day moving average. I am upgrading the long-term relative outlook to NEUTRAL. Possibly, a major trend change could be signaled once the 31.12.2020 Brexit deadline is passed. It could signal a new outperformance following 15 years of underperformance.



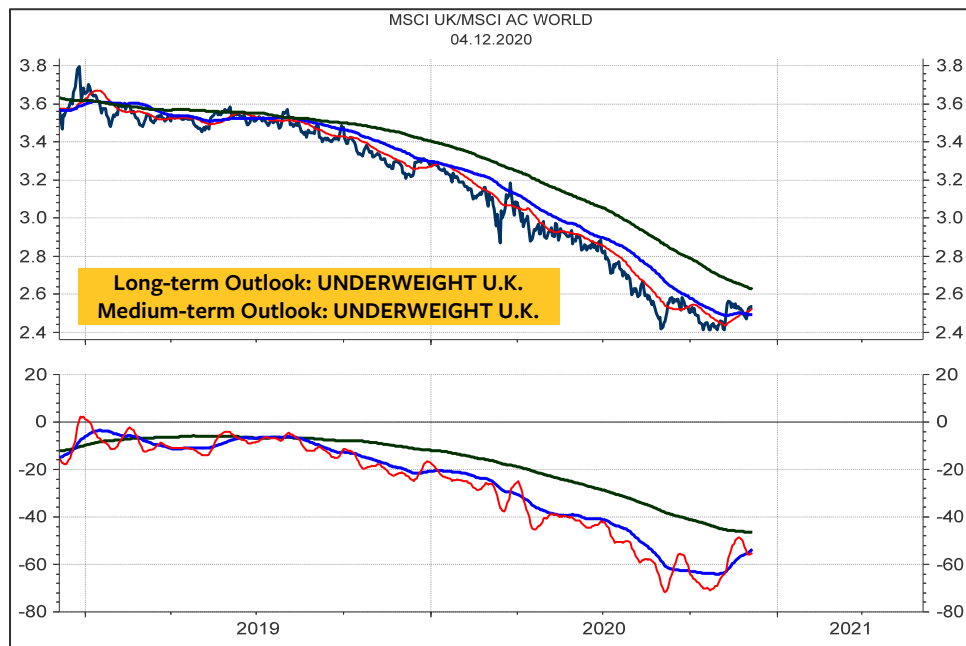
MSCI U.K. in British Pound



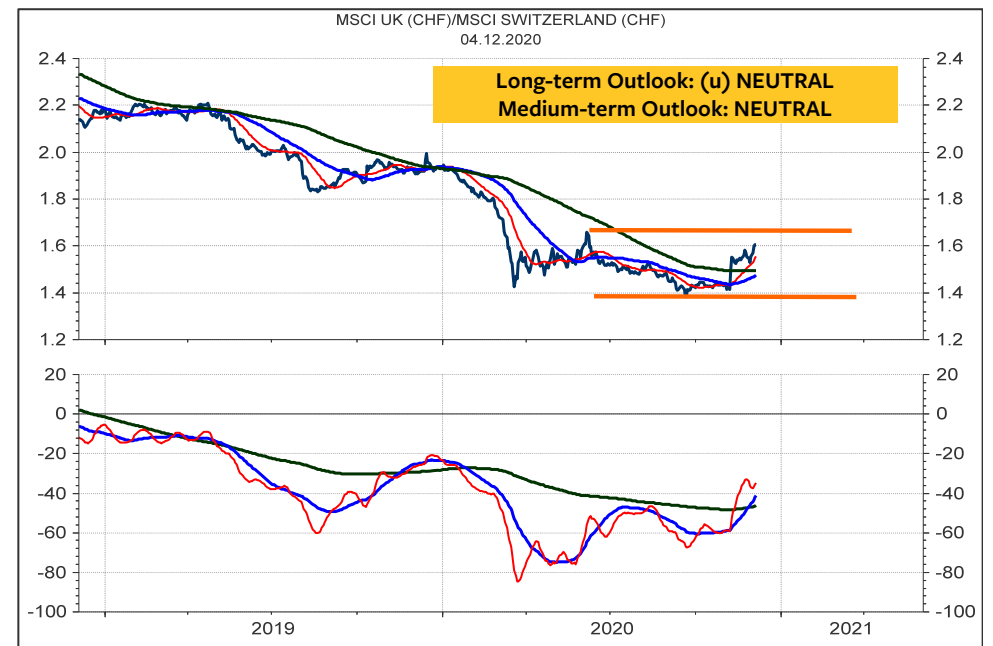
MSCI U.K. in Swiss franc



MSCI U.K. relative to the MSCI AC World



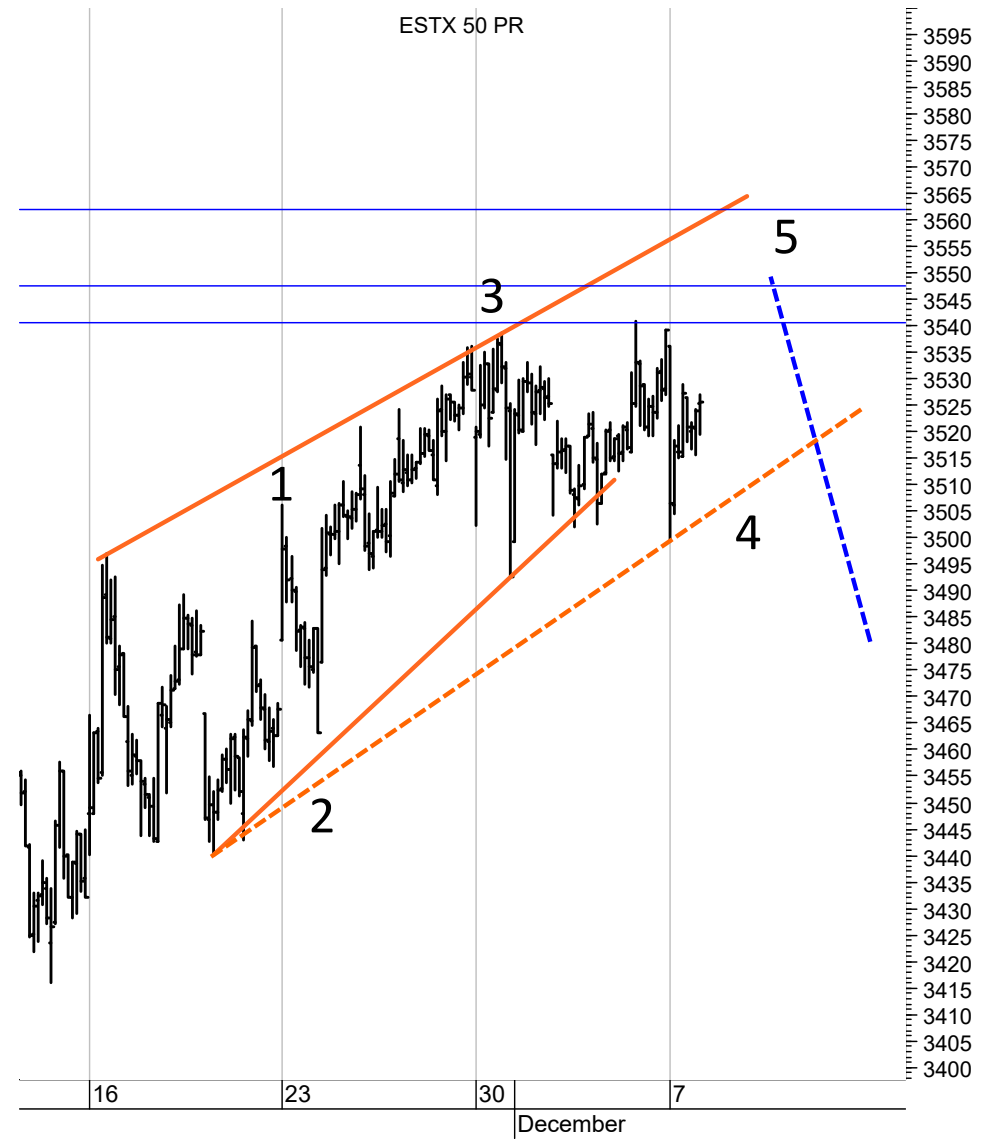
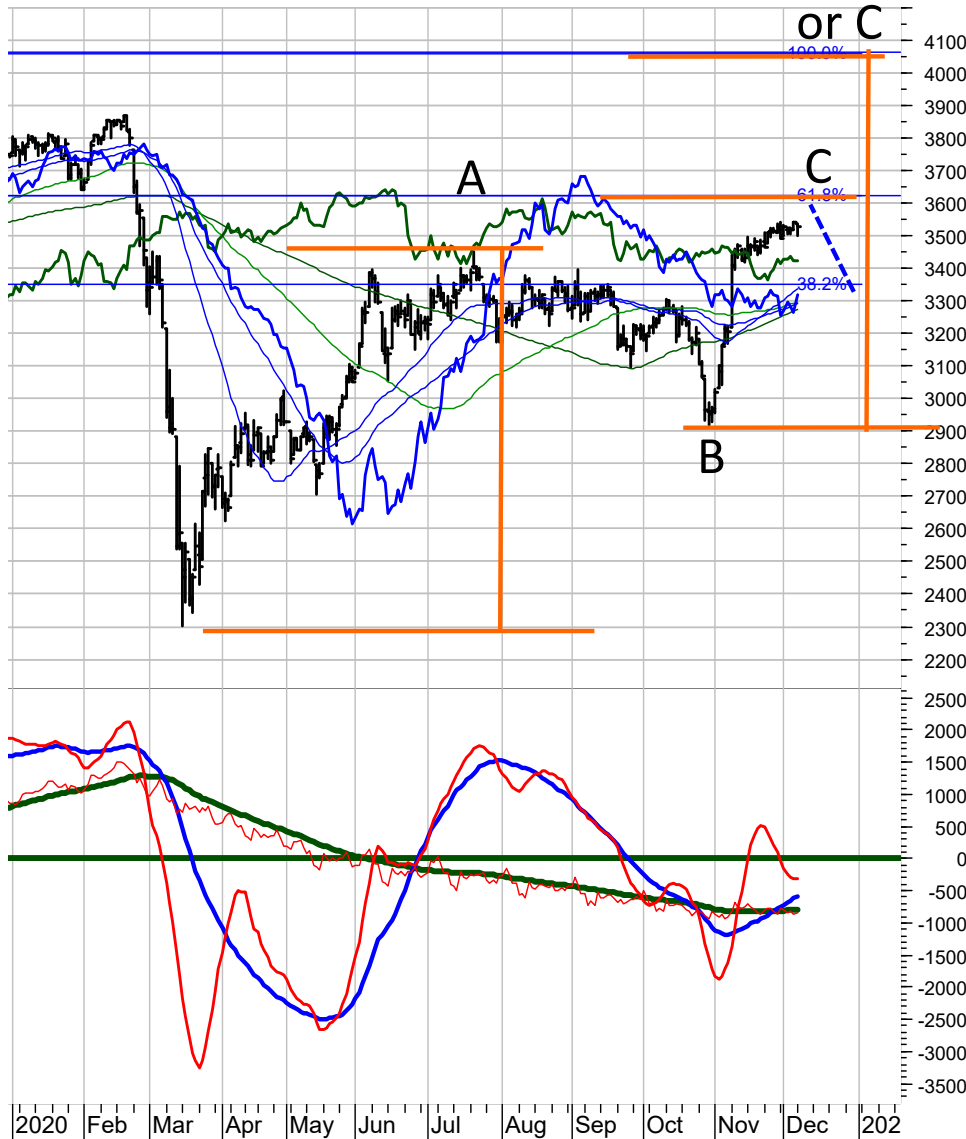
MSCI U.K. in SFR relative to MSCI Switzerland



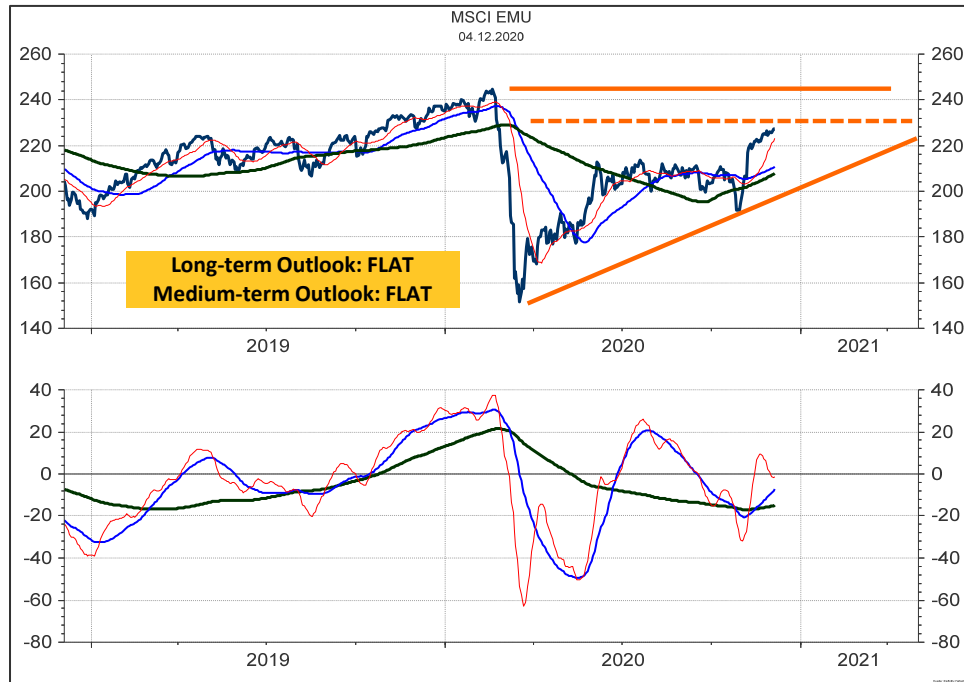
Eurostoxx 50 Index

Wave C is likely to top between 3540 and 2570, or, if 2565 is broken, then the top is likely to be registered around 3620.

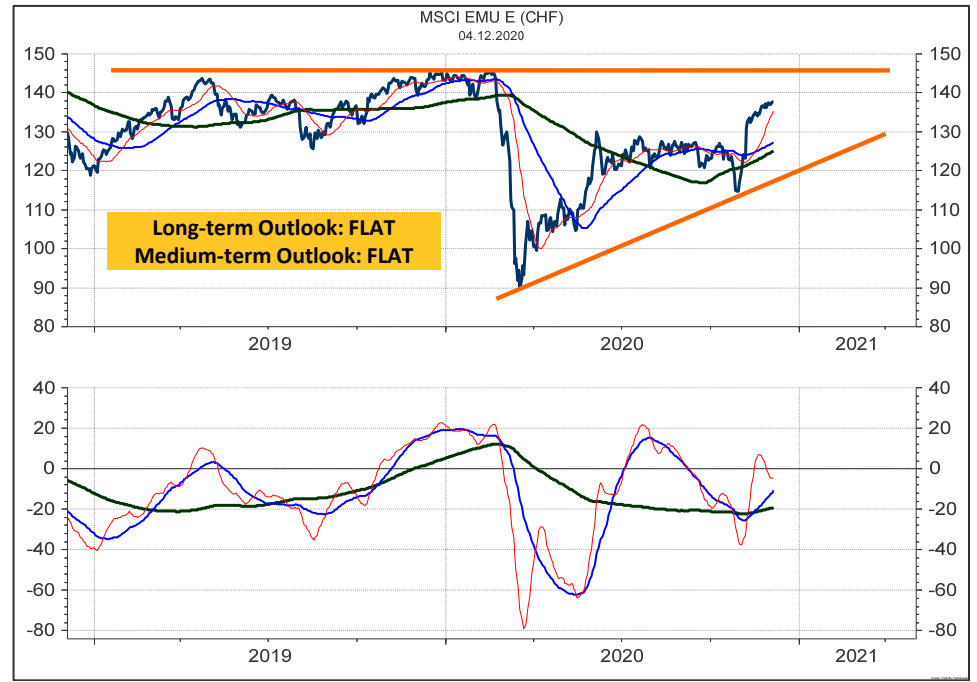
The MSCI EMU measured in Swiss franc relative to the MSCI Switzerland (next page, lower right) is approaching the resistance range 10 to 10.50. A correction (relative EMU underperformance) is likely from this range. A break upwards would trigger an upgrade of the long-term outlook to OUTPERFORM.



MSCI EMU in Euro



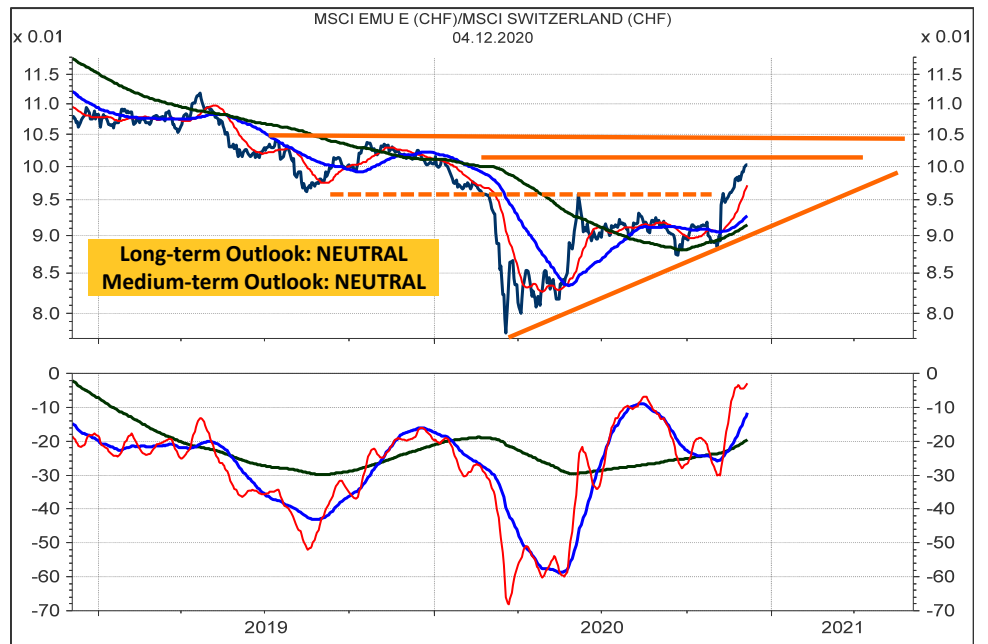
MSCI EMU in Swiss franc



MSCI EMU relative to the MSCI AC World

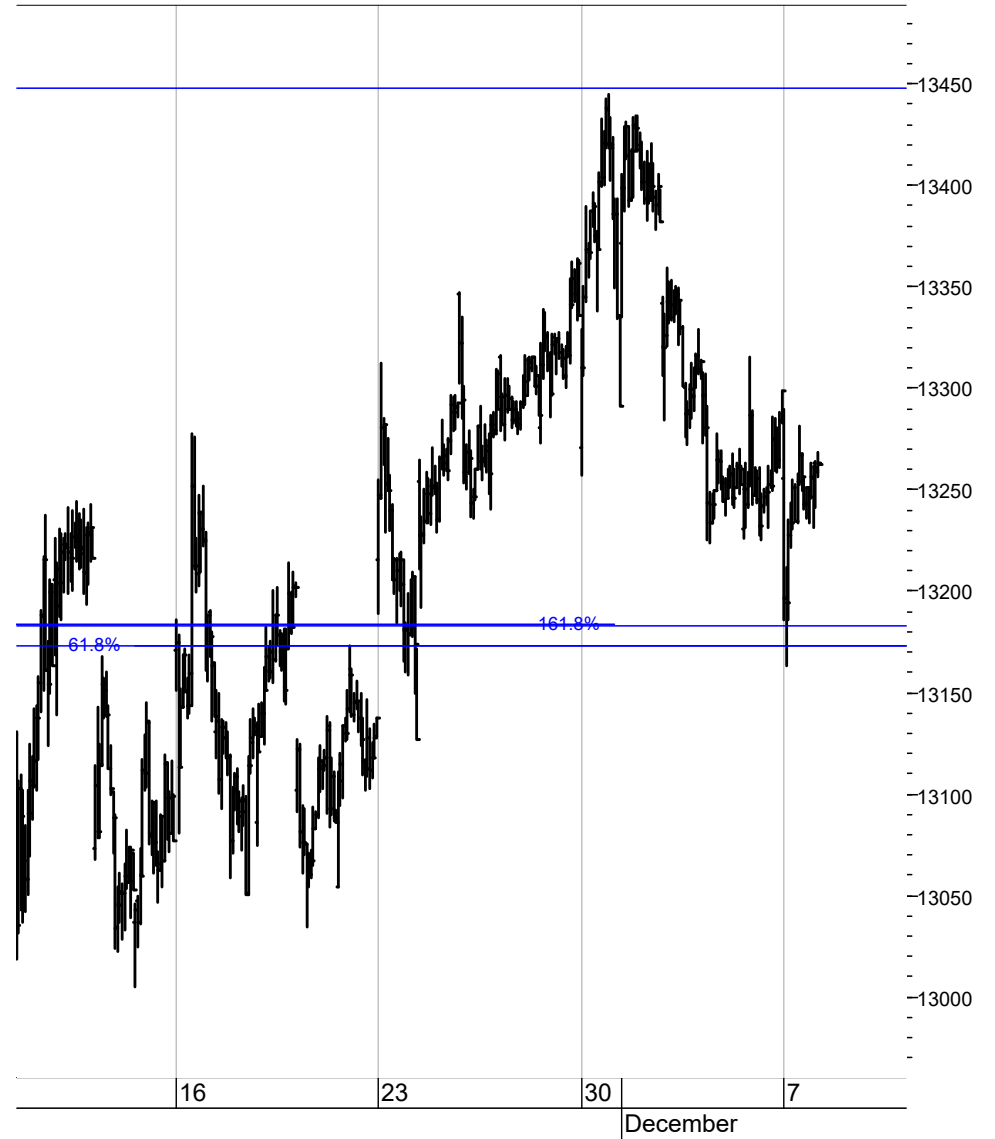
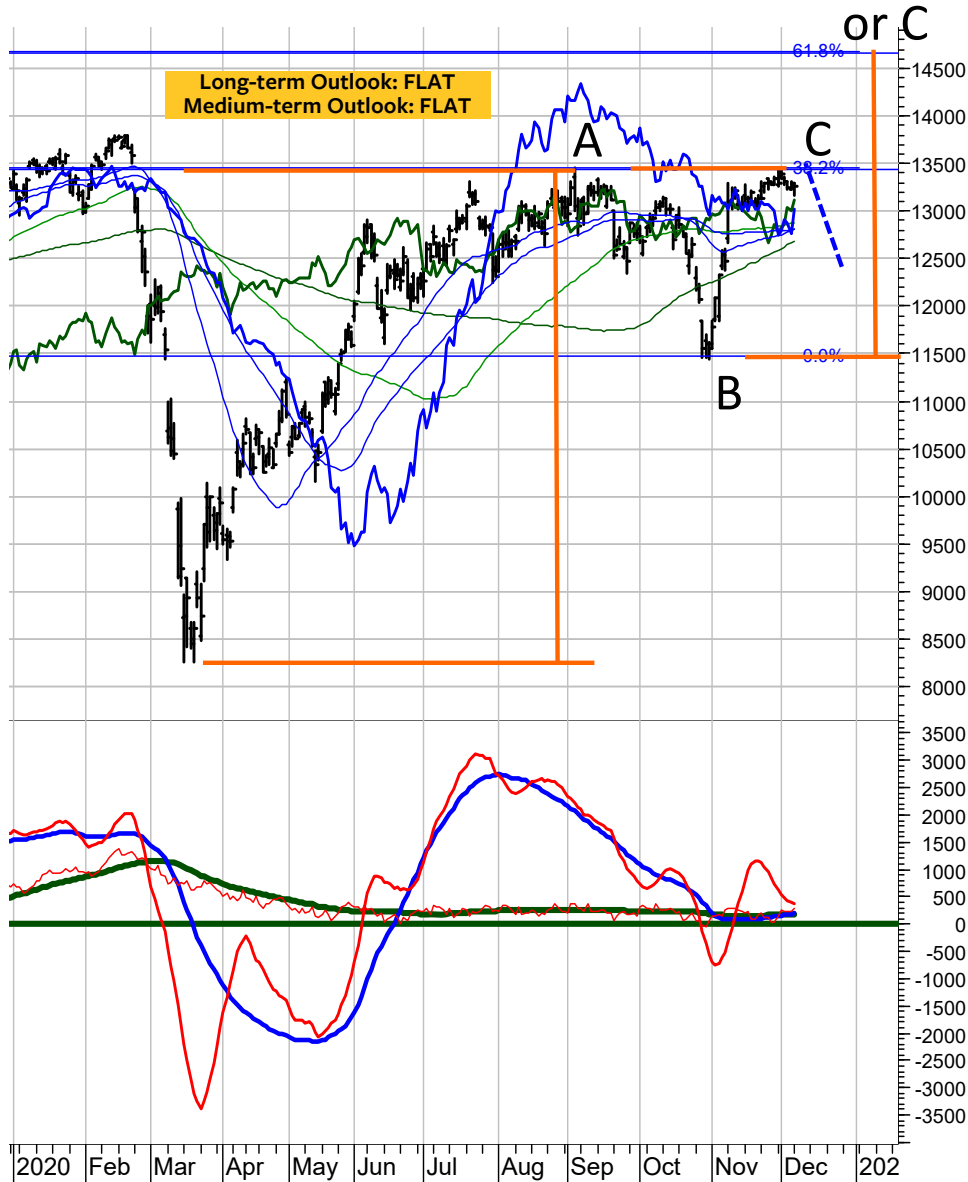


MSCI EMU in CHF relative to MSCI Switzerland



Deutscher Aktien Index DAX

Wave C of the inverse correction A-B-C from March 2020 is likely to have topped quite exactly at the resistance, which I had projected at 13450 ($C = 0.382 \times A$). But, the medium-term outlook would turn negative only if 13160 to 50 is broken.



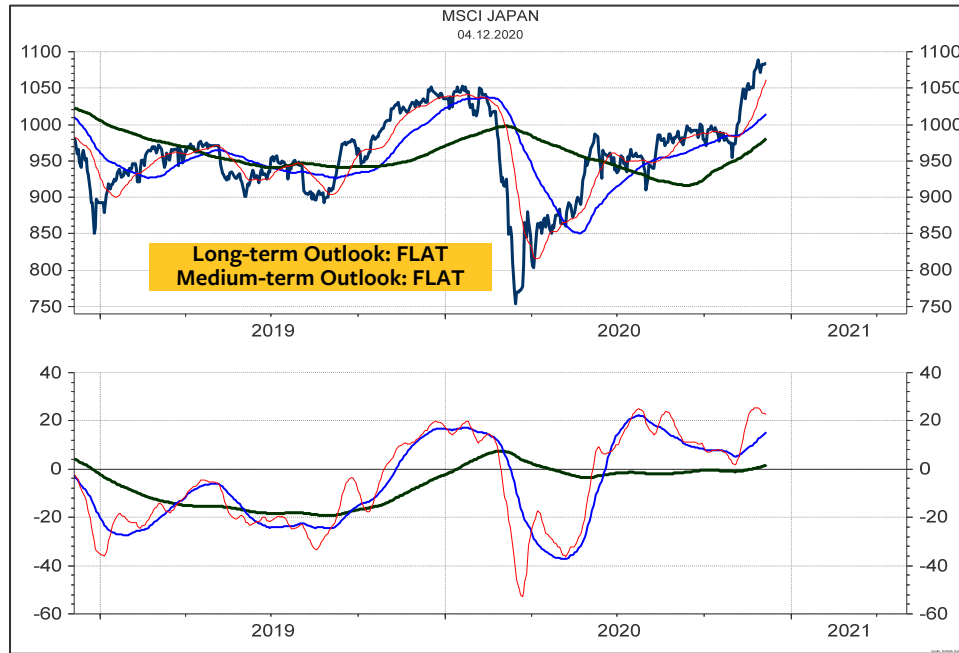
Nikkei 225 Index continuous Future

The Nikkei 225 Index entered a minor correction from within the resistance range, which I had projected between 26500 and 27500. The correction is rebounding off the support at 26400 to 26300. If this support holds, then the Nikkei could add one more short-term rally and reach 27500. There, a major top is expected.

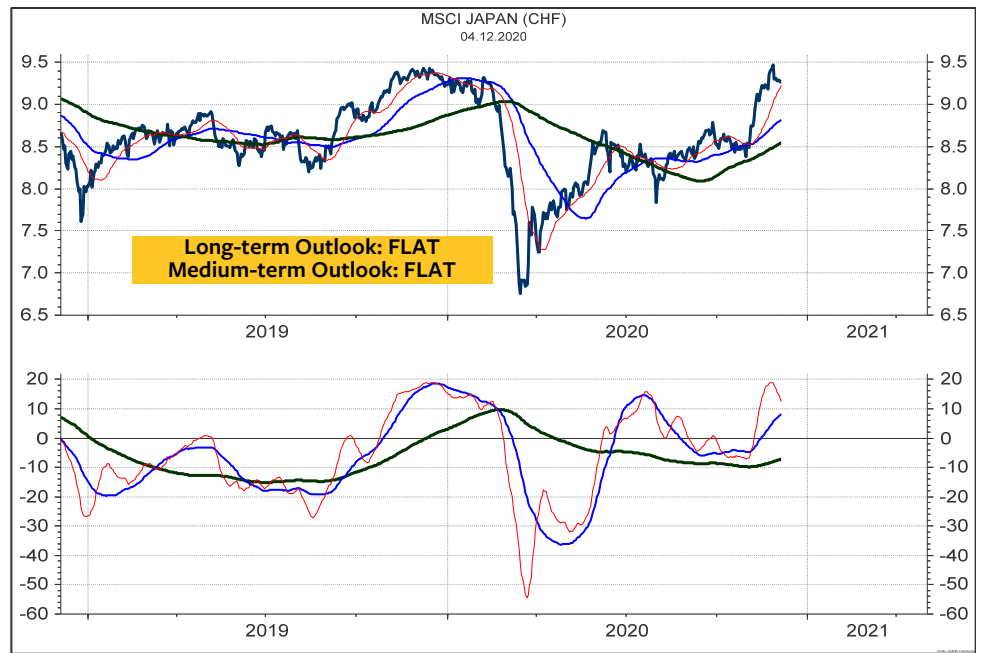
As you can see on the next page (lower right chart), the performance of the Nikkei Index in Swiss franc relative to the MSCI Switzerland remains positioned below the relative resistance at 6.90. Possibly, if the absolute uptrend is capped by 27500, the relative outperformance from August 2020 could also register a top. For now, the relative outlook remains NEUTRAL.



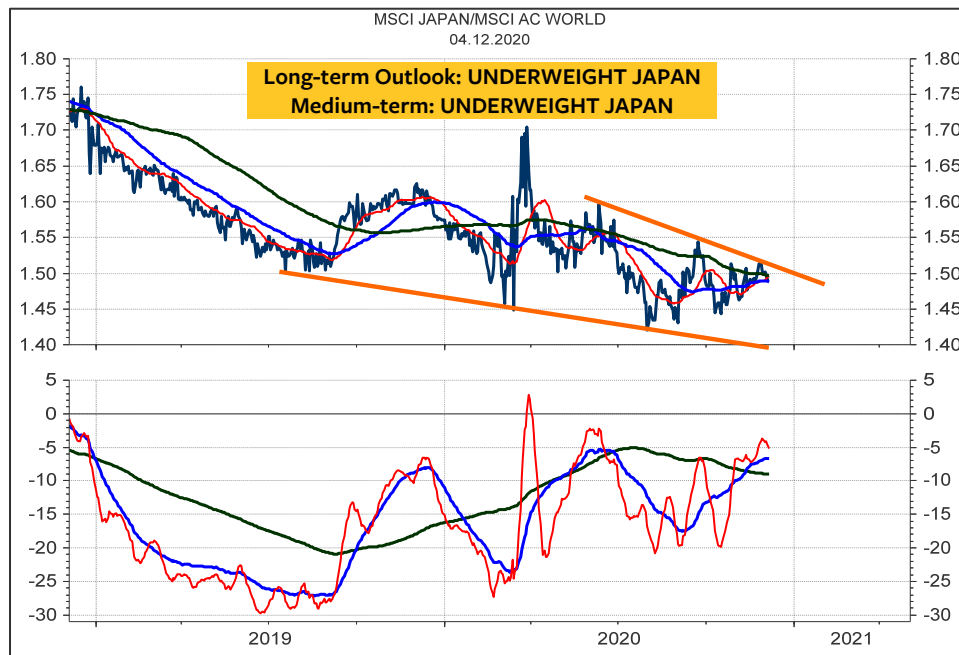
MSCI JAPAN in Yen



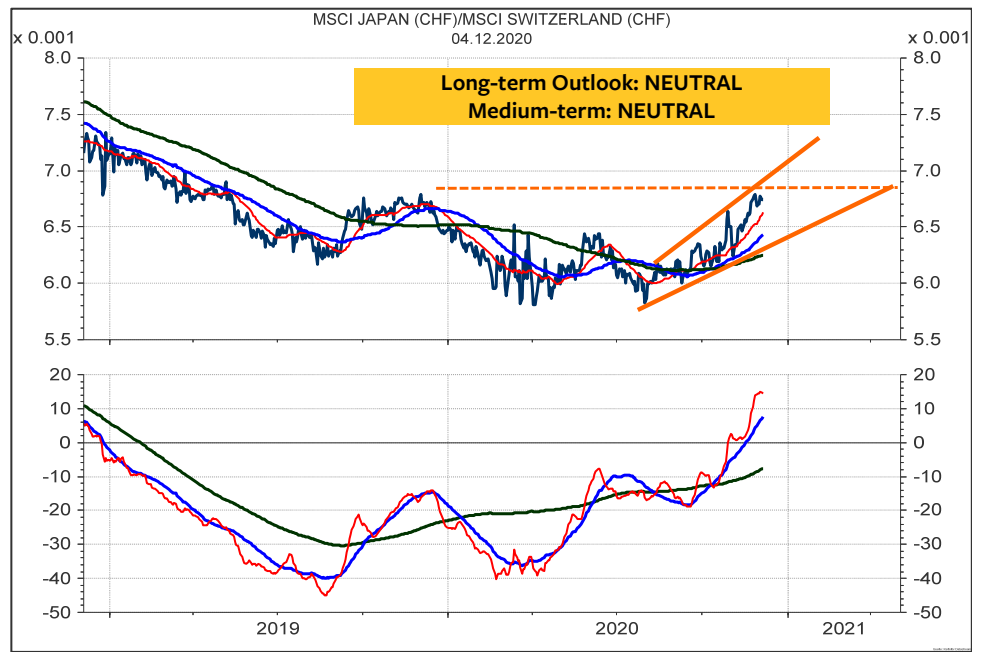
MSCI JAPAN in Swiss franc



MSCI JAPAN relative to the MSCI AC World



MSCI JAPAN in SFR relative to MSCI Switzerland



MSCI Emerging Market Index

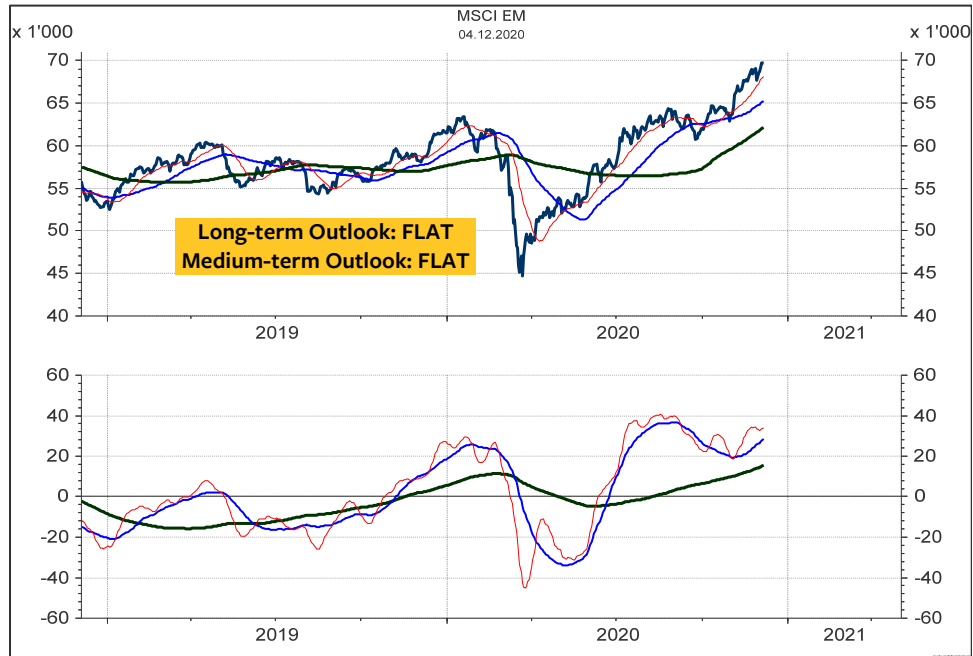
The MSCI Emerging Markets Index has reached the resistance around 1250 and the high of 26.1.2018 at 1273.

Ma wave labeling would require a change if the high from 2018 is broken. If it will be broken, the uptrend from March could stretch to 1350. As per the alternate count, the pattern from the low in 2008 would then be counted as 1-2-3-4-5.

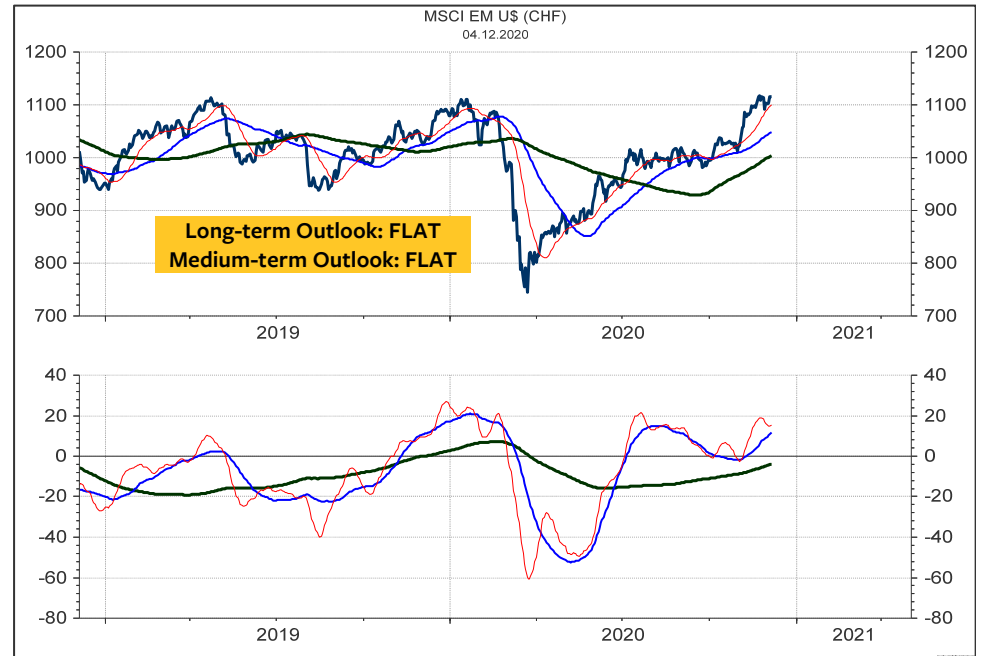
As you can see on the next page (lower right chart), the performance of the MSCI EM Index in Swiss franc relative to the MSCI Switzerland is testing the relative resistance around 0.82. If the absolute uptrend is capped by 1350, the relative outperformance from March 2020 could also register a top. For now, the relative outlook remains NEUTRAL.



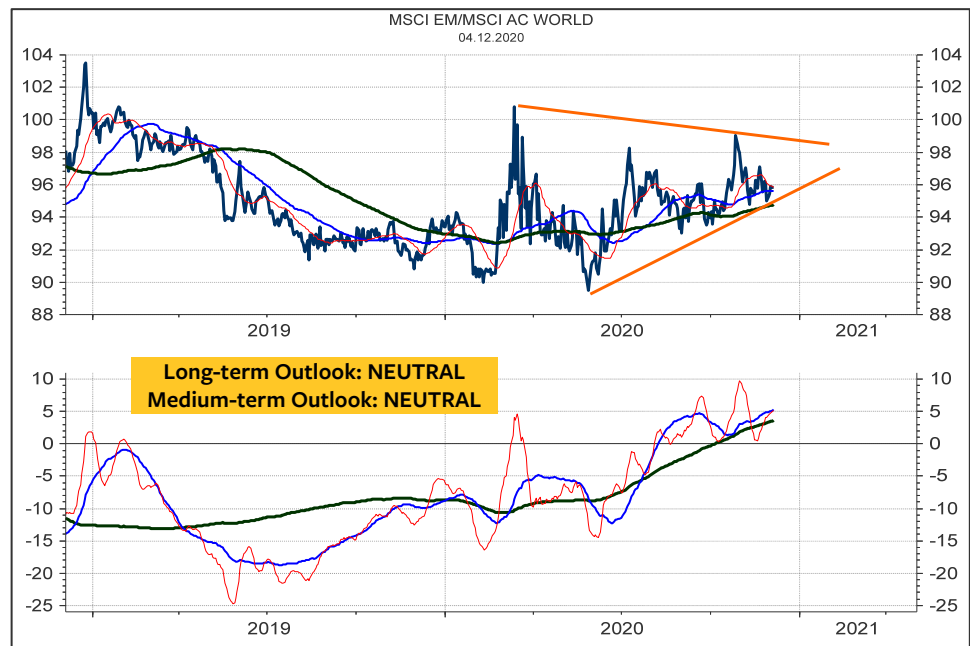
MSCI EMERGING MARKETS in local currencies



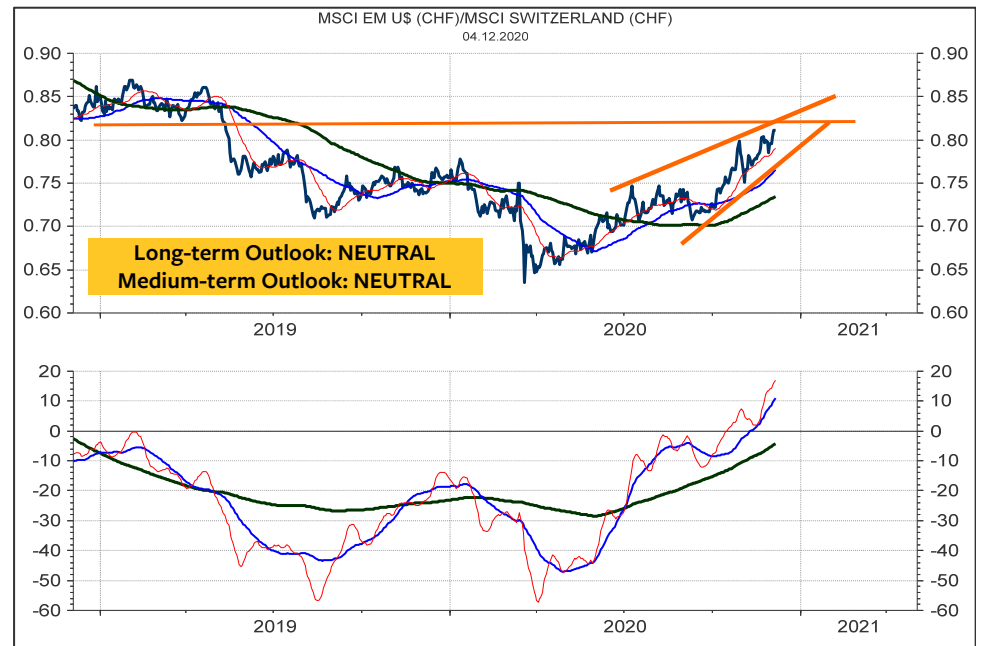
MSCI EMERGING MARKETS in Swiss franc



MSCI EMERGING MARKETS relative to the MSCI AC World

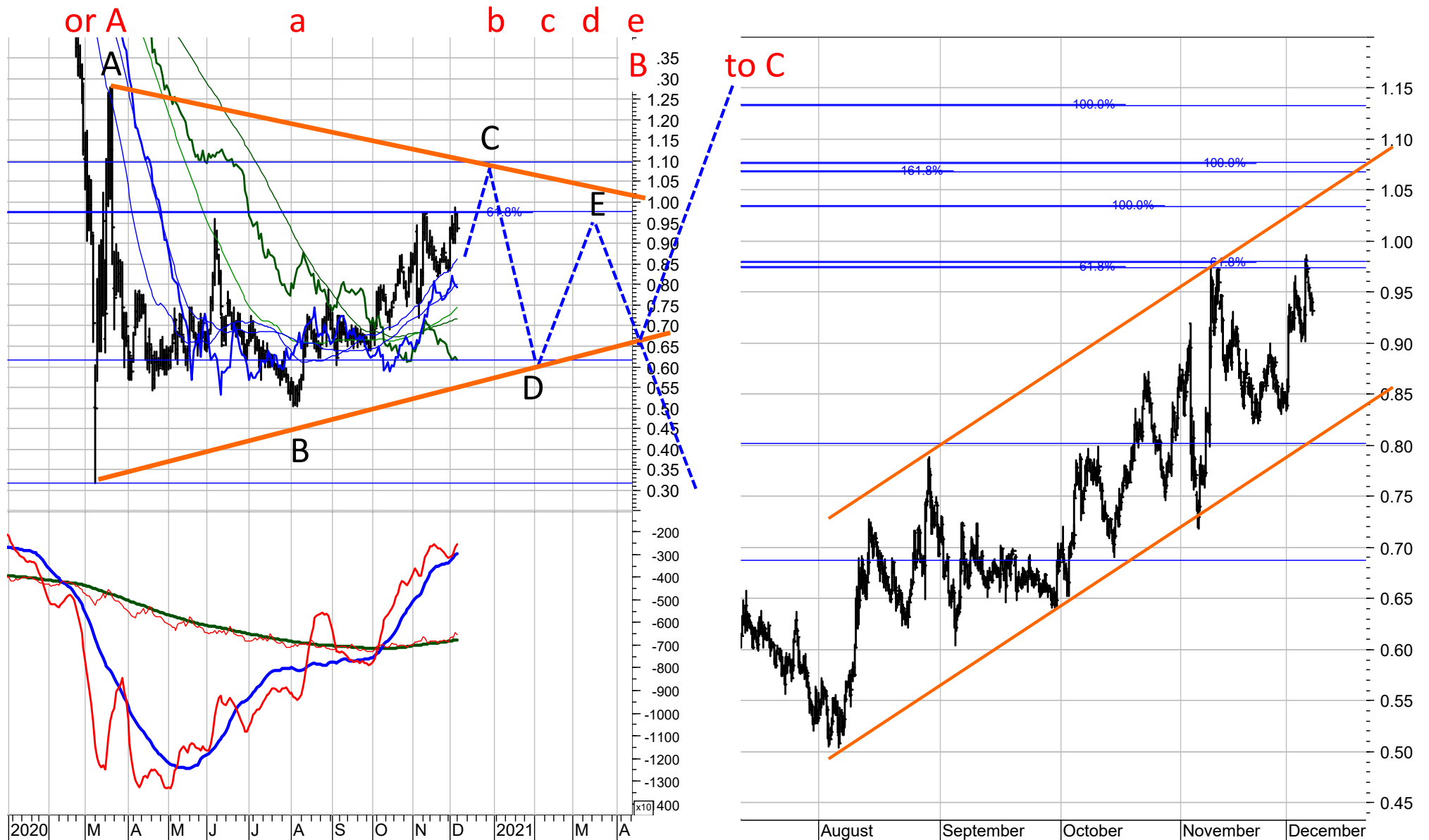


MSCI EMERGING MARKETS in CHF relative to MSCI Switzerland



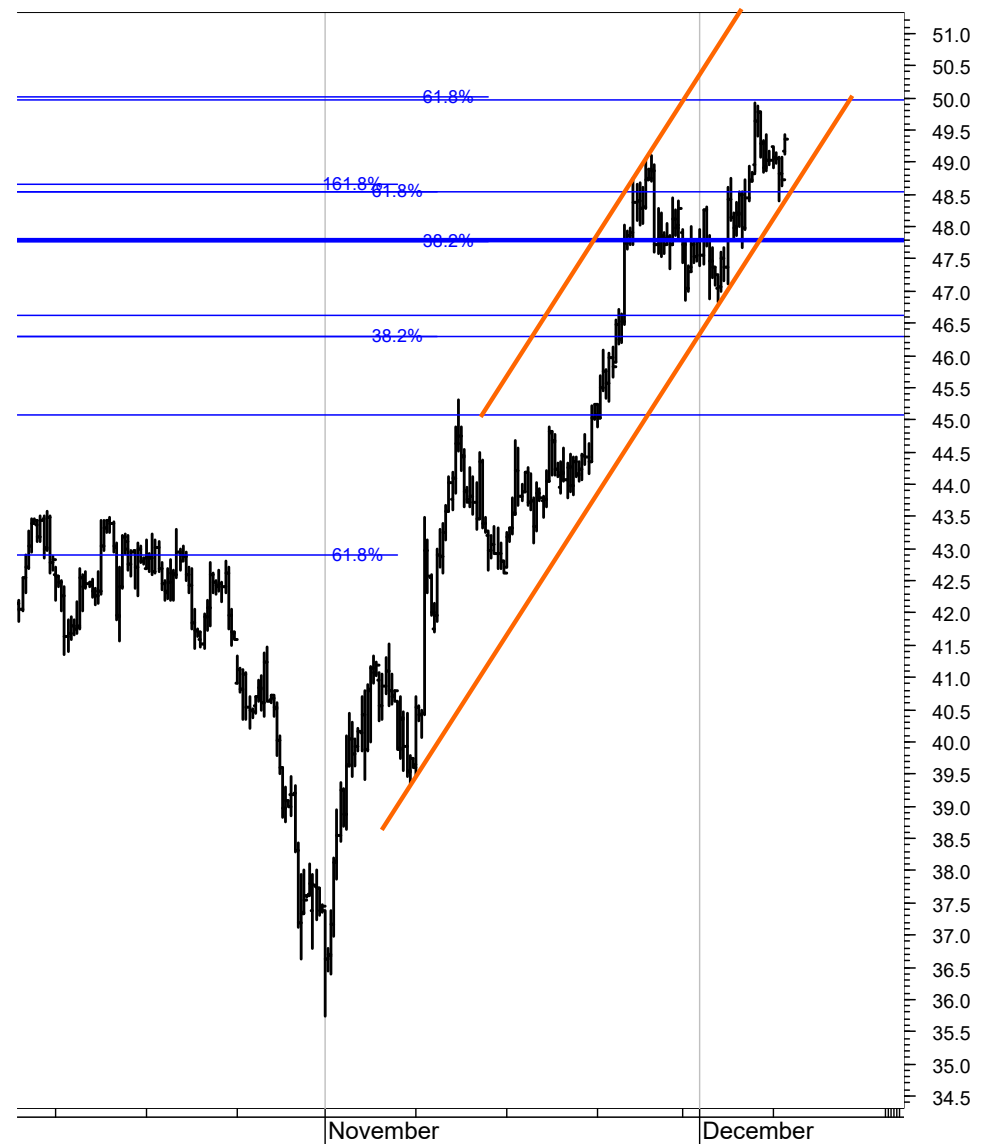
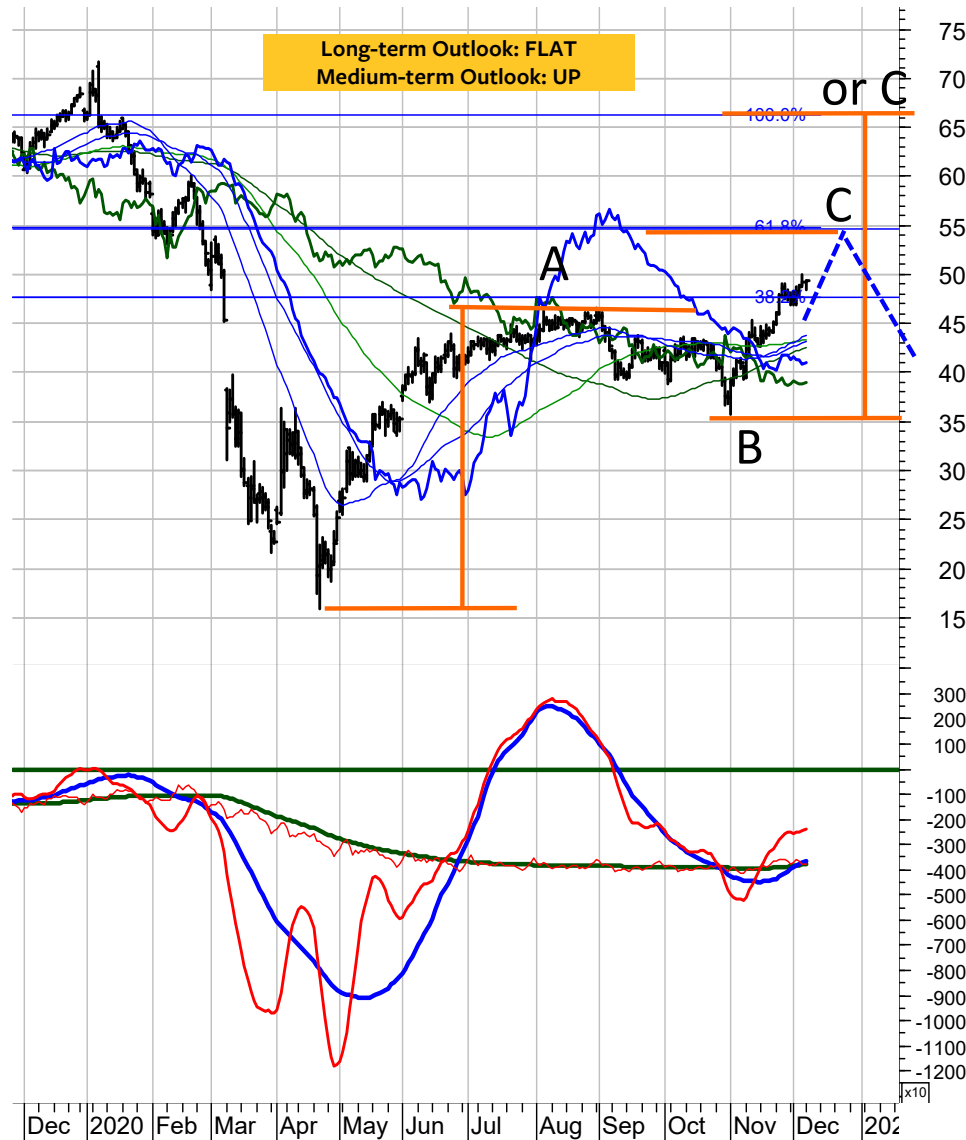
US 10-year T-Notes Yield

The 10-year T-Note Yield is likely to form a horizontal Triangle.
 It remains to be seen if the Triangle is a major bottom formation or, more likely, a trend continuation formation. The latter implies that a decline below the low of March 2020 could be expected.
 Supports are 0.80% and 0.68%.



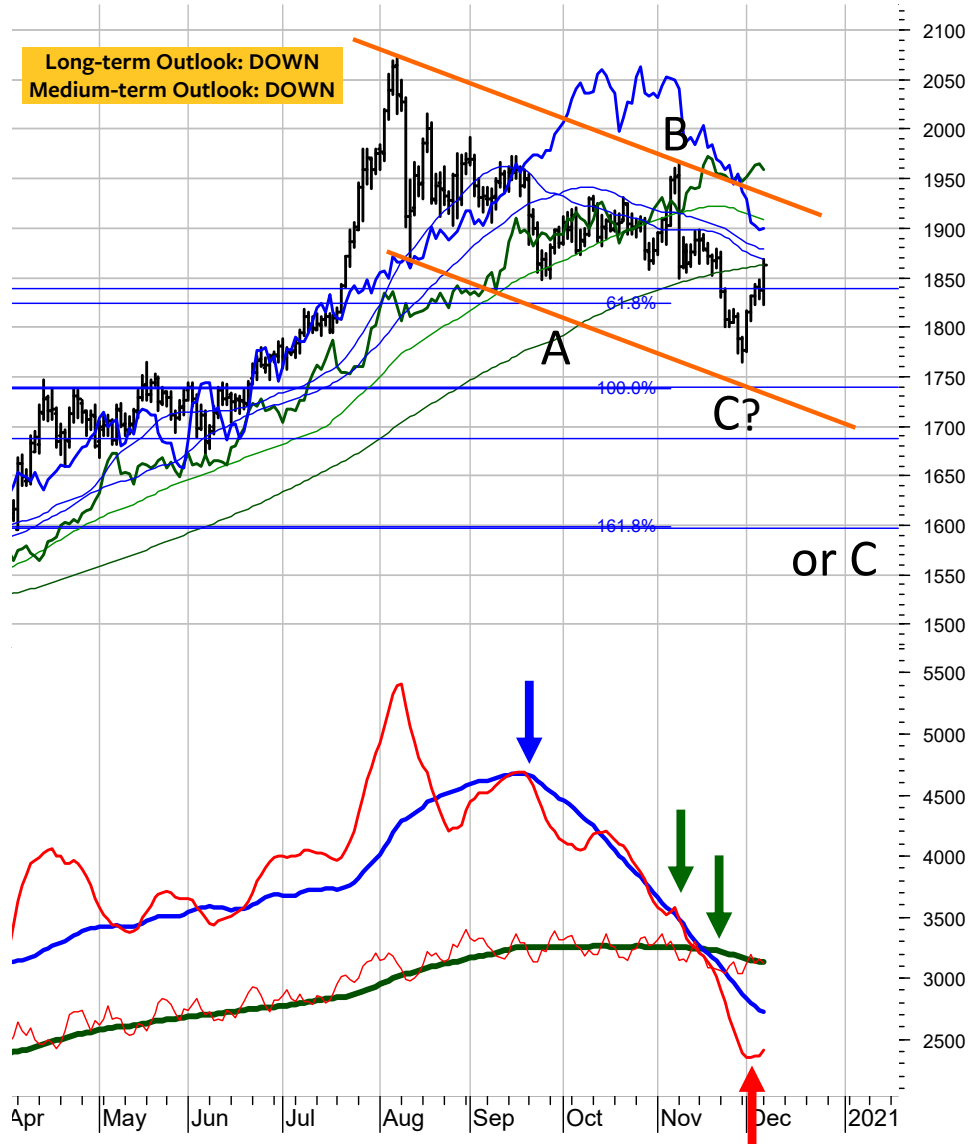
Brent Crude Oil Continuous Future (LCOc1)

Crude Oil appears to have broken the resistance at 48 (C = 0.382 x A) and thus, it signaled a rise to 55 (C = 0.618 x A). Supports are 46.50 and 45.



Gold per Ounce in US dollar

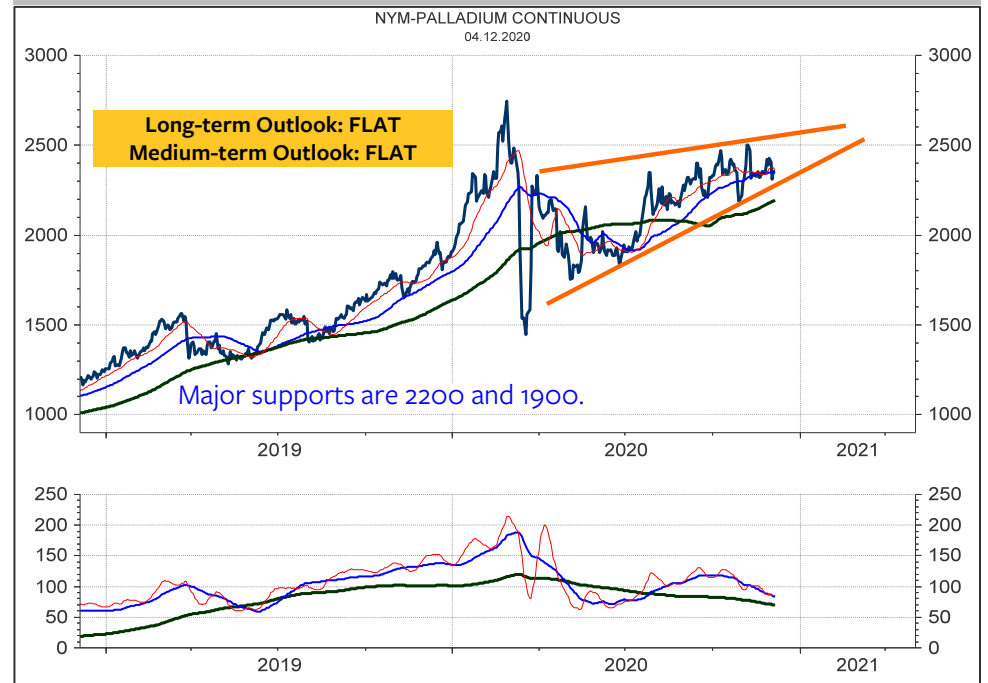
Gold is rebounding from the low at 1764. This low was registered slightly above the support at 1740. Presently, Gold is testing the 144-day and 89-day average from below. A break above 1890 would push the Long-term Model back to neutral, which could make last week's long-term downgrade look premature. Still, in order to reduce the odds of the downside, Gold must rise above 1875 to 1910.



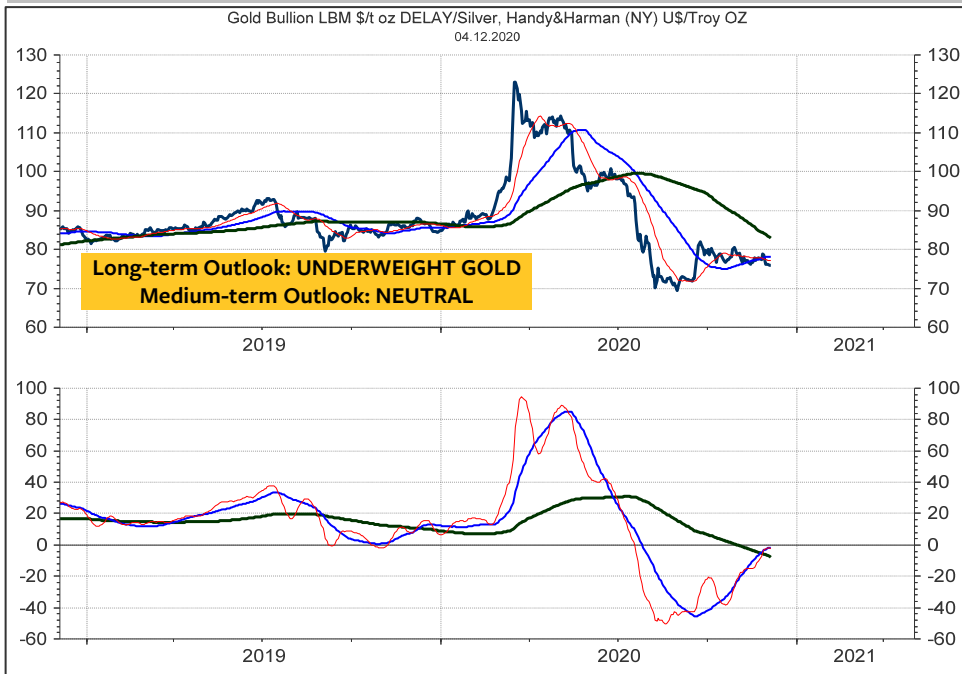
Silver



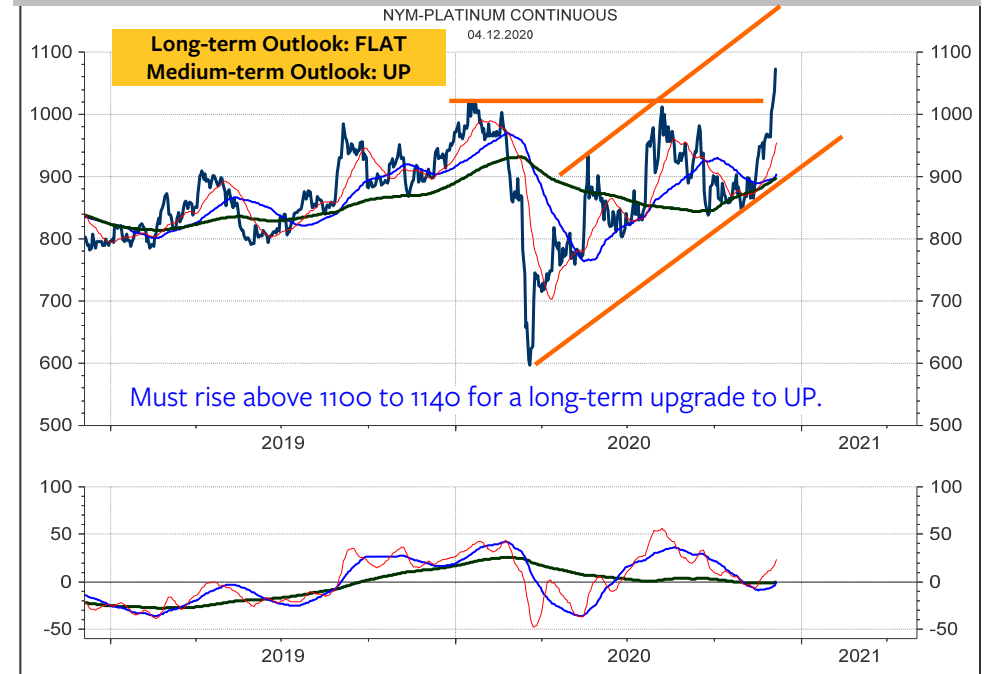
Palladium



Gold relative to Silver



Platinum



Swiss franc per US DOLLAR

The US dollar fell below the support, which I projected at 0.8990 and 0.8940 and fell to 0.8870.

Given the Fibonacci correlation of the two downlegs in October and November, the lowest lender of support is at 0.8870, a break of which would signal a selloff to 0.83. It seems that the odds of a break of 0.8870 are above 50%, which is why the Long-term Outlook is likely to turn DOWN with a distinctive break of 0.8870 to 0.8850.



US dollar per EURO

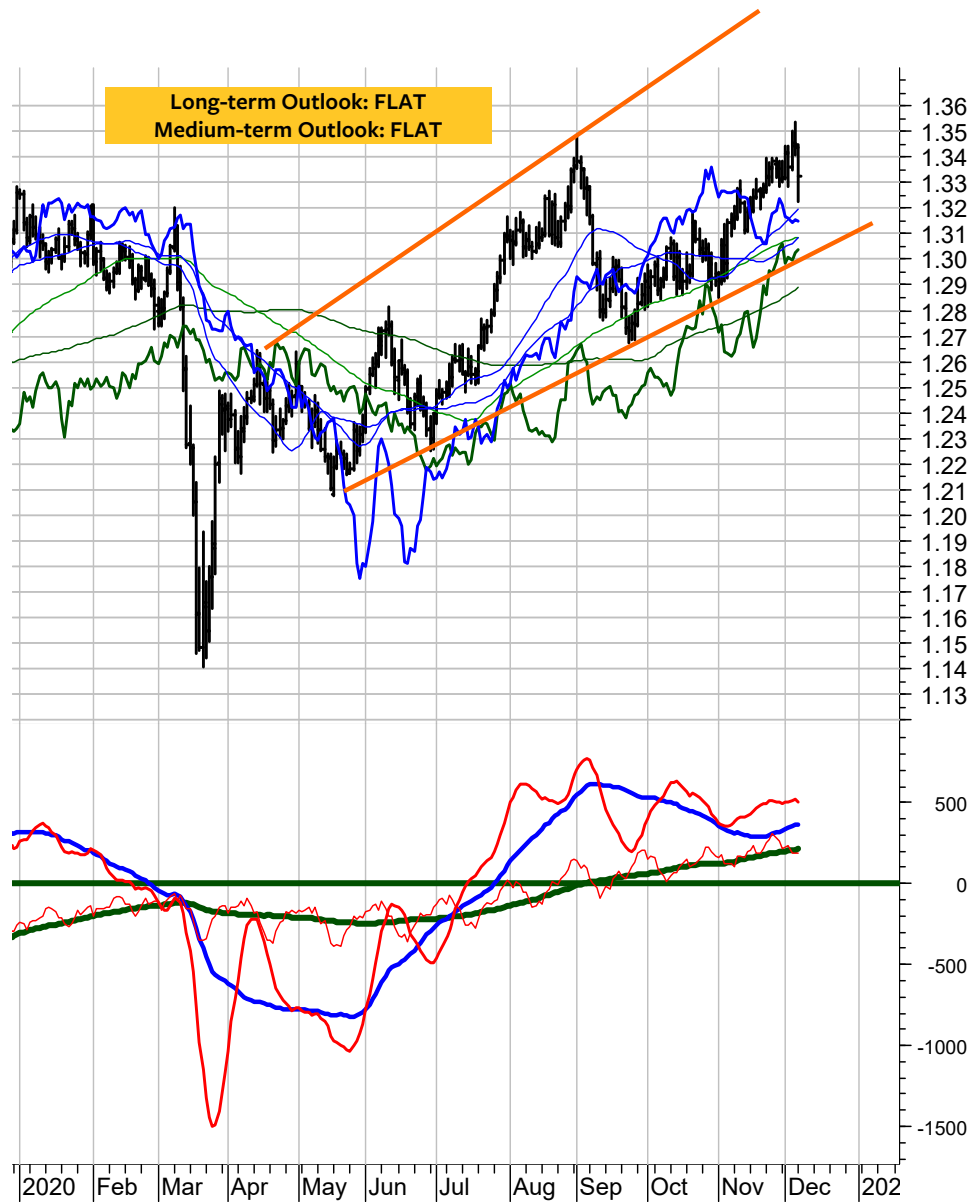
The Euro is consolidating the break above 1.2050 to 1.21 ($C = 0.618 \times A$). There is a resistance at 1.225, a break of which would confirm the next target at 1.29 ($C = A$).

It seems that the odds of a break above 1.21 and 1.225 are above 50%, which is why the Long-term Outlook is likely to turn UP with a clear break of 1.2250 to 1.23.

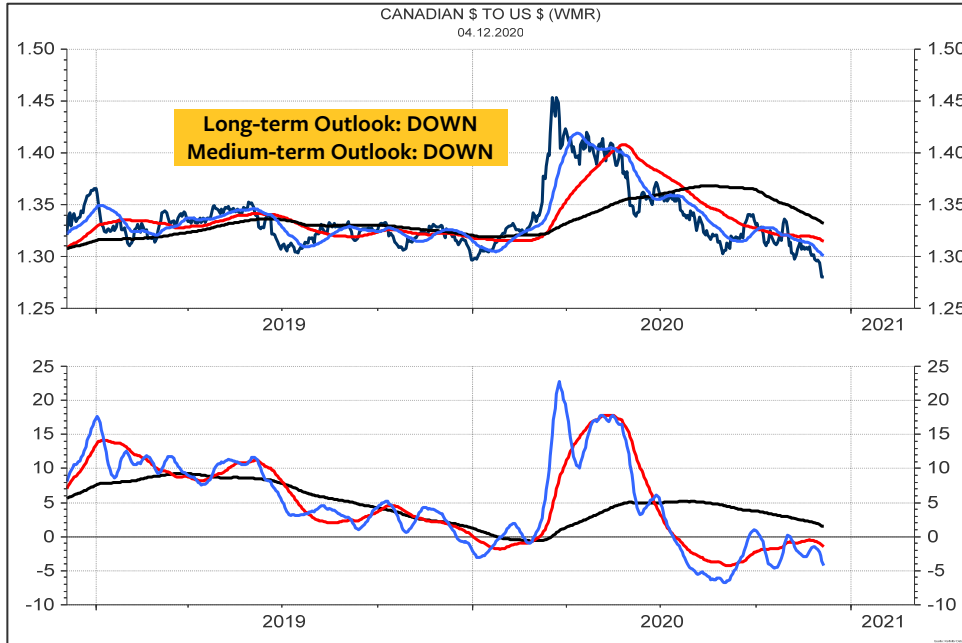


US dollar per BRITISH POUND

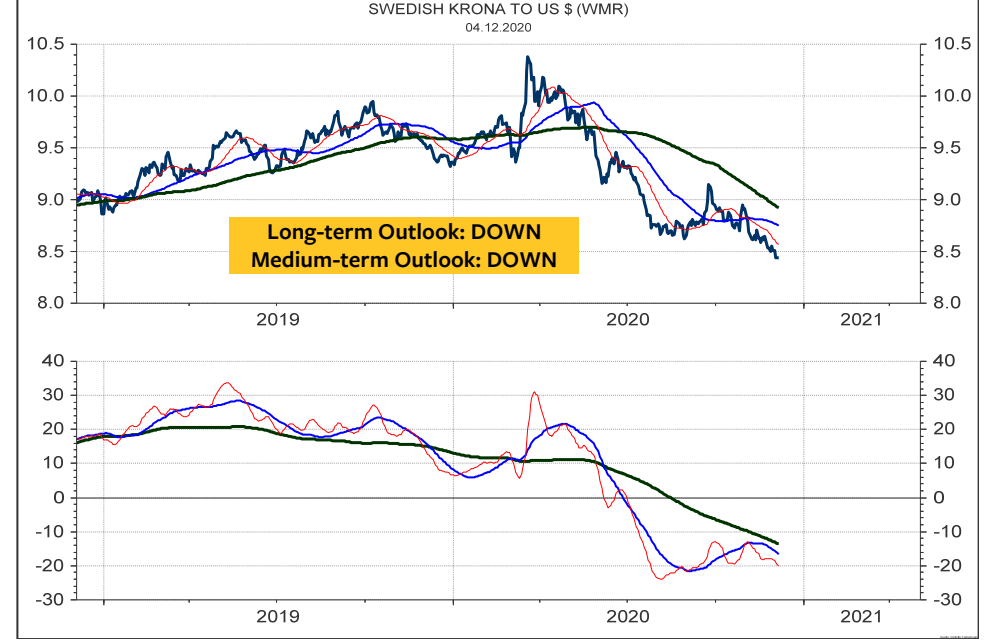
The British pound broke above 1.34 and turned down after it came close to the next resistance, which I had projected at 1.3560 to 1.3670. The present selloff has supports at 1.3220 and 1.3170 to 1.3140.



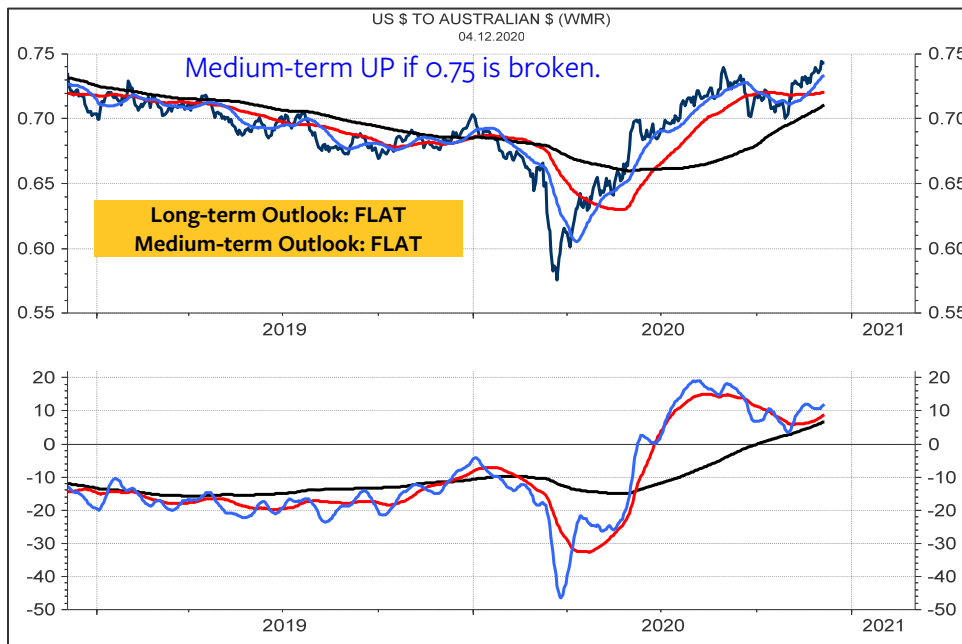
Canadian dollar per US DOLLAR



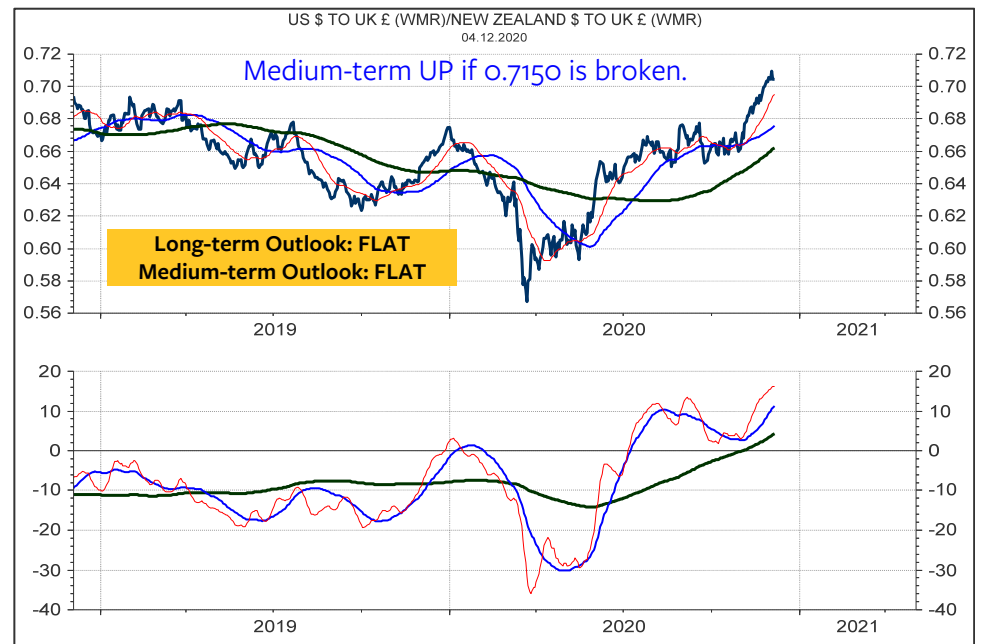
Swedish krona per US DOLLAR



US dollar per AUSTRALIAN DOLLAR



US Dollar per NEW ZEALAND DOLLAR

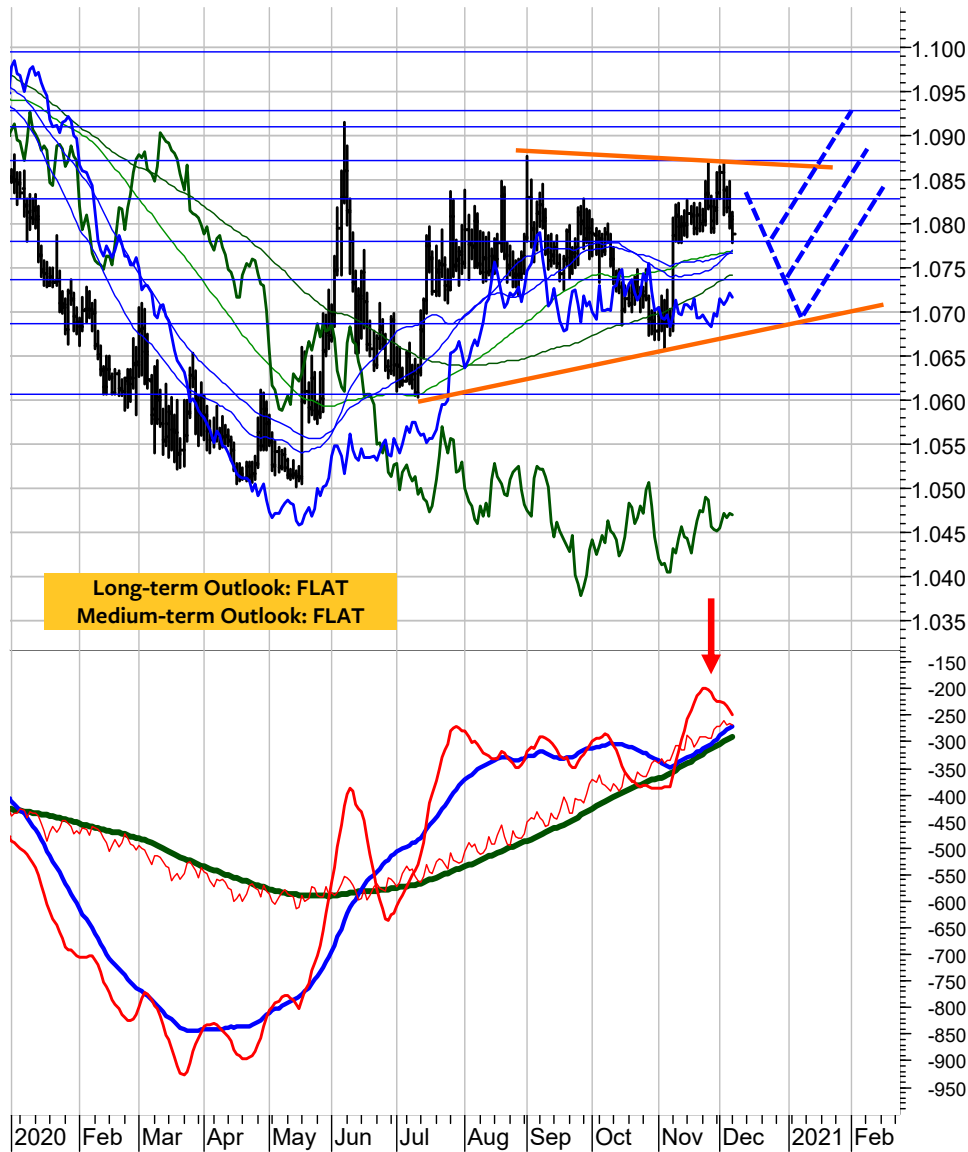


Swiss franc per EURO

The Euro continues to form a horizontal Triangle. The strength of the two uplegs in July to August and in November increase the odds of a break of the Triangle to the upside and a medium-term and long-term upgrade to UP.

Resistance is 1.0860, 1.0930 and 1.10.

The major support is at 1.0680 and 1.06.



Bitcoin / US dollar

The Bitcoin entered a consolidation in the form of a horizontal Triangle. The Triangle could be Wave 4 of the uptrend from 26.11.2020 at 16218. The chart at left provides the level for the top of Wave 5, which is at around 21200. Notice that a break above 21200 would signal 24500. Supports are 18300 and 17600.



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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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