



## BERTSCHIS CHART OUTLOOK

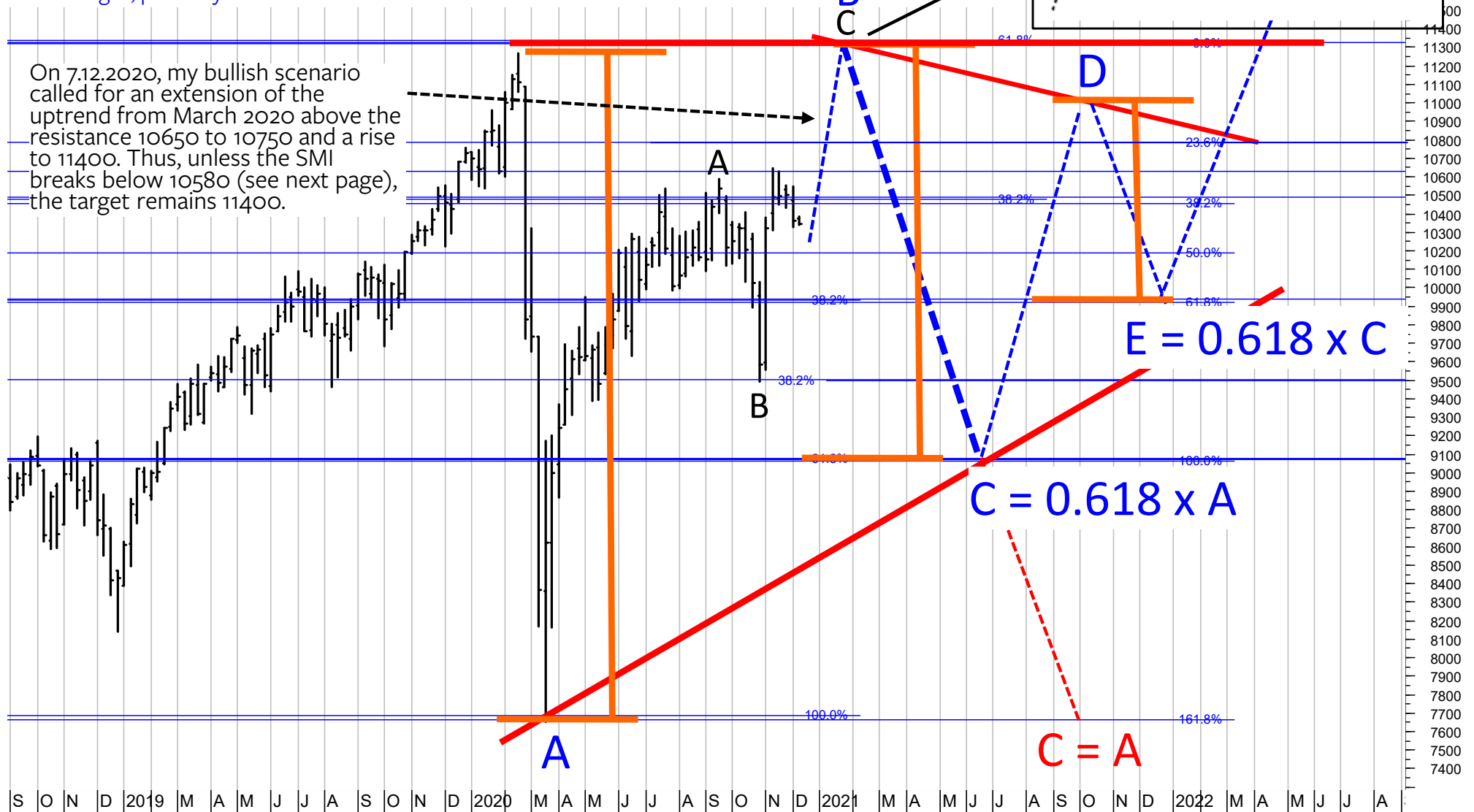
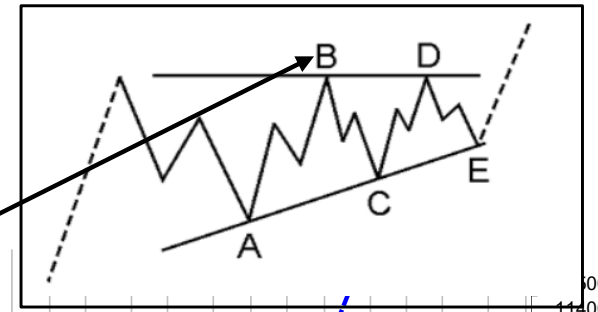
Global Markets

4<sup>th</sup> January 2021 / Issue 21/1



# Swiss Market Index (chart and comment reprinted from Chart Outlook 7.12.2020)

On 7.12.2020 I stated: "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 an ASCENDING TRIANGLE could be forming. The same correlations apply for the Ascending Triangle as for the Horizontal Triangle. Moreover, Waves A and B would be the same waves in the ascending Triangle as in the Flat. For the ascending Triangle the decline in Wave C would not be as large as in the Flat. The low of C would be 9100 in the Triangle and 7600 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."

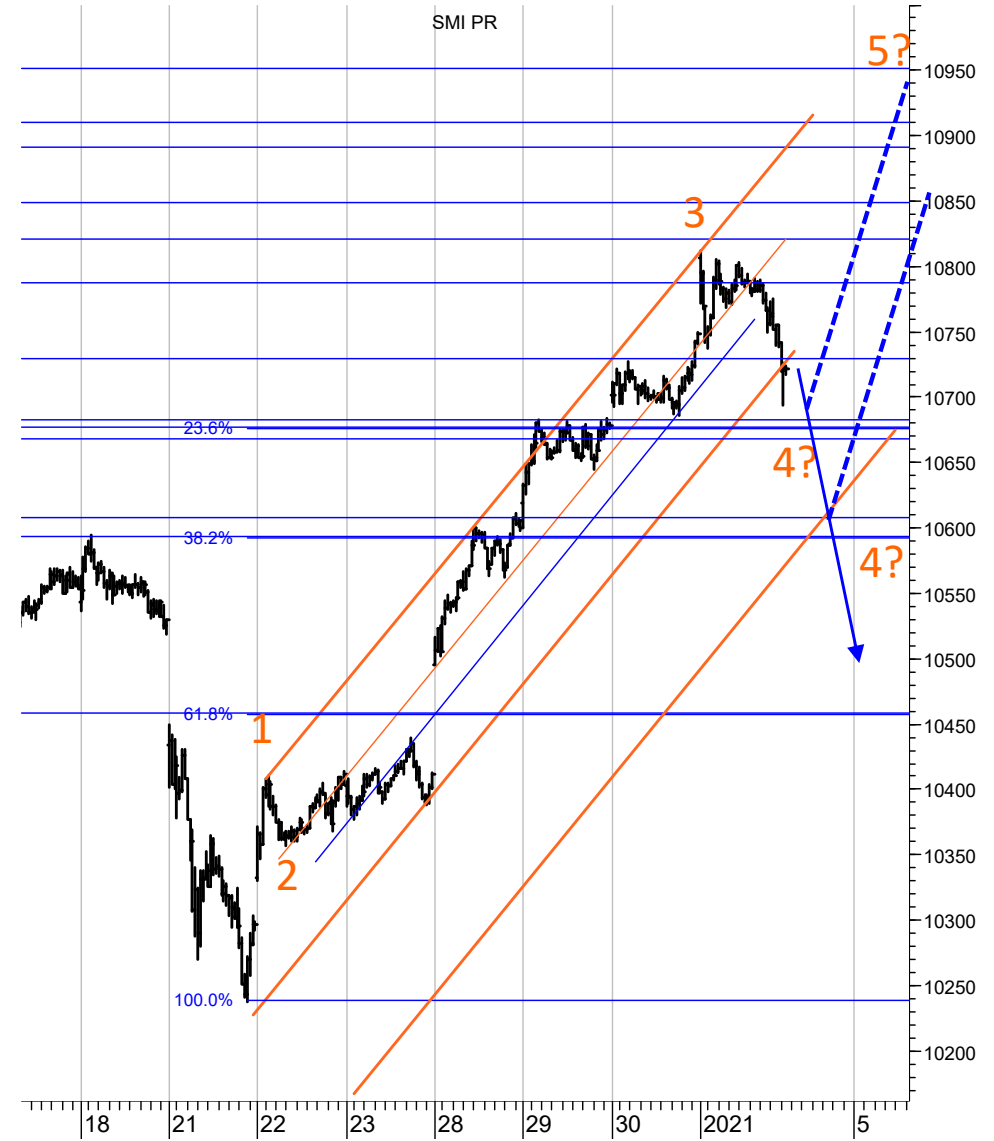
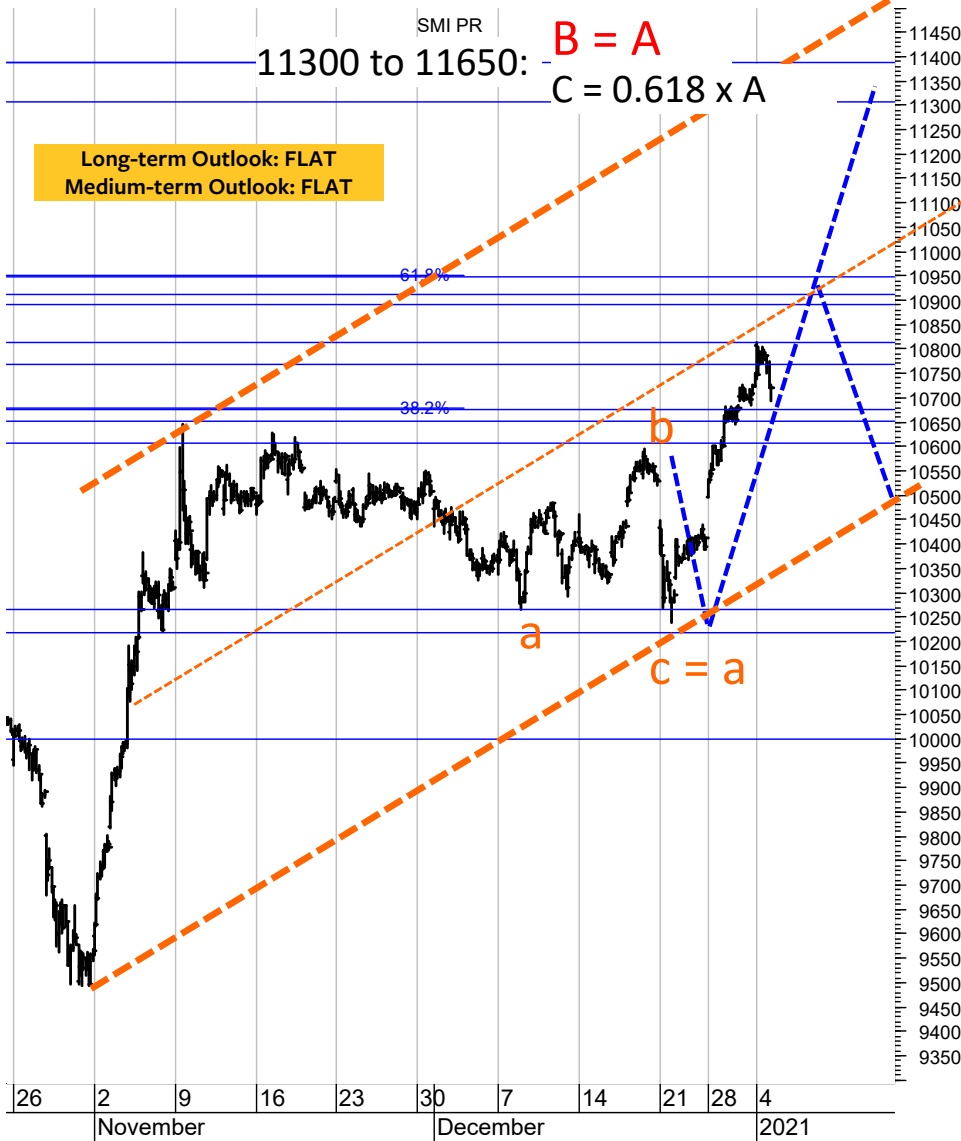


On 7.12.2020, my bullish scenario called for an extension of the uptrend from March 2020 above the resistance 10650 to 10750 and a rise to 11400. Thus, unless the SMI breaks below 10580 (see next page), the target remains 11400.

# Swiss Market Index SMI

The correction a-b-c from 9.11.2020 to 21.12.2020 has followed the bullish path, which I projected as the preferred scenario as long as 10200 is not broken. The SMI did turn up from 10235, at which level Wave c was equal in its length to Wave a. On 7.12.2020 I stated: "Thus, the next short-term rally would have bullish medium-term and long-term implications."

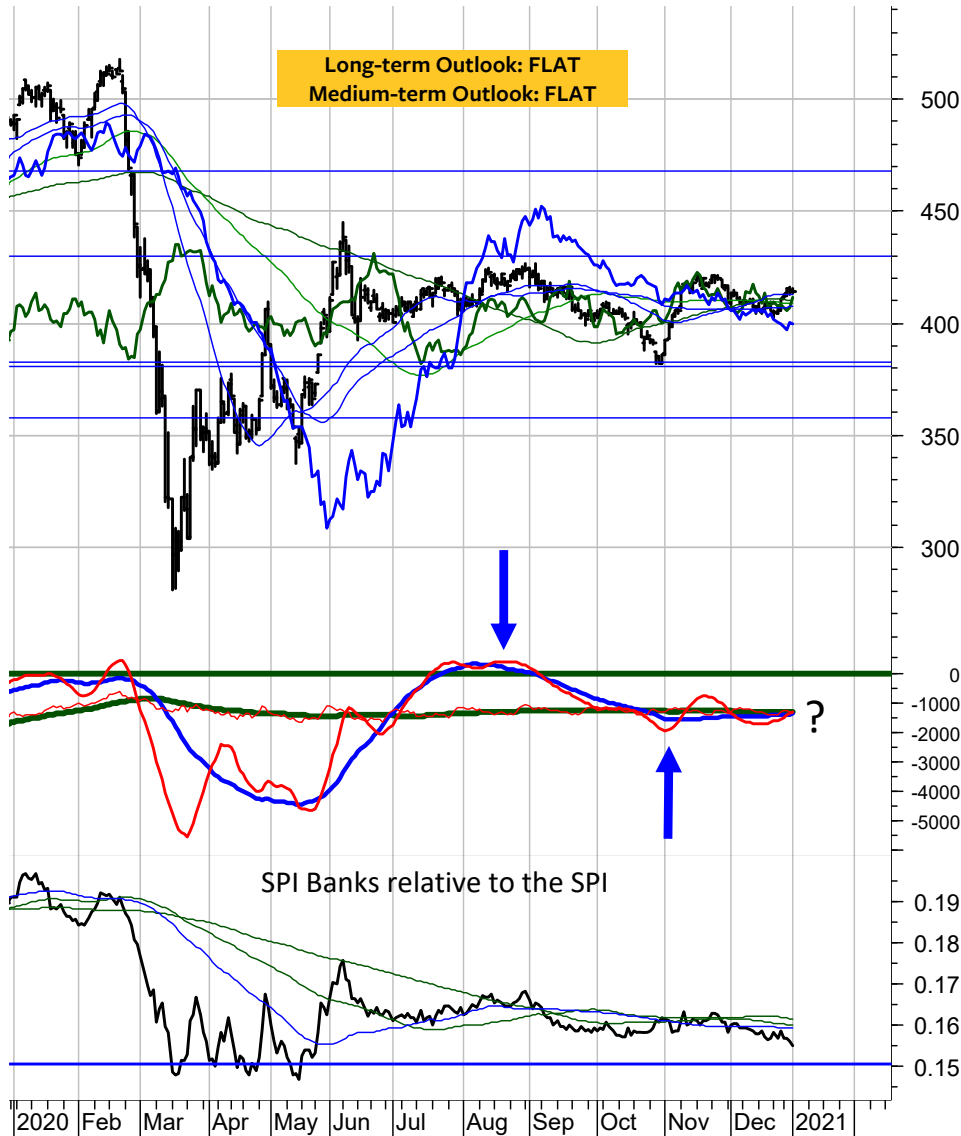
The rally from 21.12.2020 has several overhead resistance levels between 10820 and 10950. A break of 10950 would activate the major resistance between 11300 and 11650. As long as the SMI is trading below 10950, I leave the Medium-term Outlook FLAT. It would shift to DOWN if the supports at 10650, 10580, 10450 and 10000 are broken. Today's selloff can be Wave 4 of the uptrend from 21.12.2020. It would lead to another rally in Wave 5 towards 10950. This bullish scenario has a 60% probability. A break of 10650, 10580 and 10450 would mean that the trend is turning down (40% probability).



## Swiss Banks Price Index

The SPI Banks Index remains in the neutral trading range between 380 and 430. The Outlook remains FLAT.

The relative chart of the Banks to the SPI (bottom) remains NEUTRAL. A downgrade to underweight would be signaled if the relative support at 0.15 is broken.



## Swiss Real Estate All Shares Price Index

The SPI Real Estate All Share Index must rise above the resistance range 1660 to 1720 to signal a medium-term upgrade to UP.

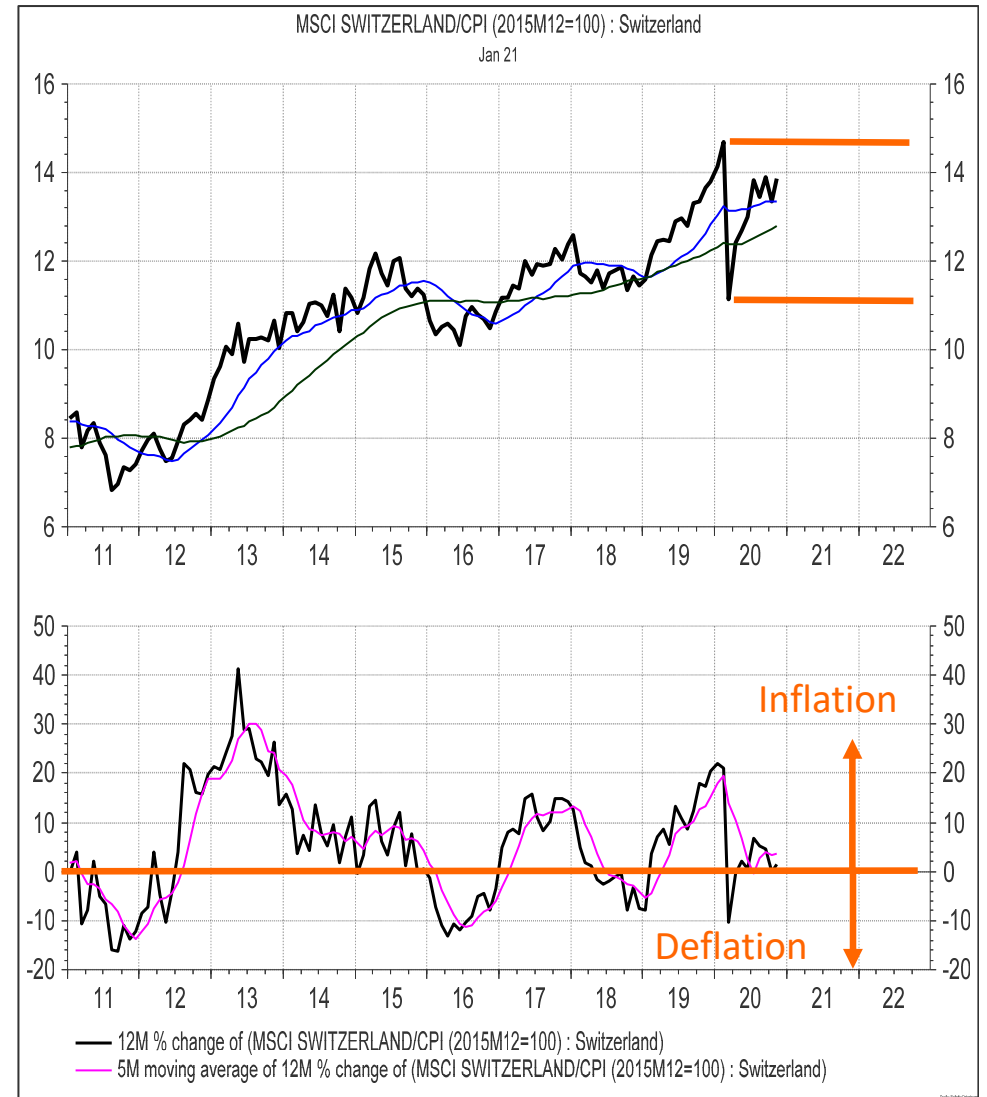
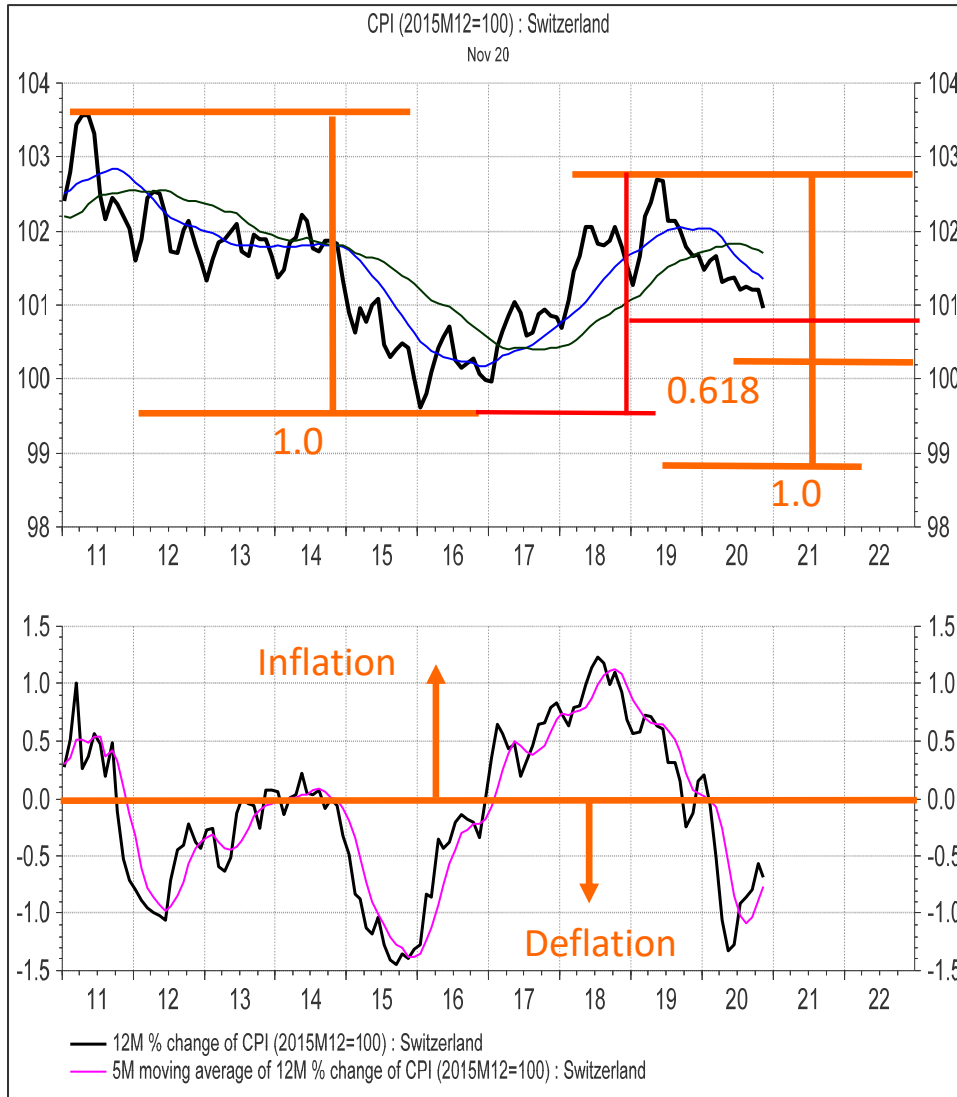
The relative chart of the Real Estate Index to the SPI (bottom) is NEUTRAL. It remains to be seen on which side the consolidation will be broken.



## Swiss Consumer Price Index (left) and the MSCI Switzerland relative to the Swiss CPI (right)

The Swiss CPI remains in Deflation. The 12-month Rate-of-Change (bottom left) is negative as it stands at -0.685%. The major supports for the CPI are 100.80, 100.20 and 98.60.

The MSCI Switzerland relative to the Swiss CPI is trading just above the moving averages, but still below the high from February 2020. The 12-month Rate-of-Change is at 1.51%. This means that over the past 12 months, the real MSCI Switzerland has gained 1.5%. For a long-term bullish outlook the MSCI Switzerland would have to rise to a new all-time high in absolute and relative terms.



## Swiss 10-year Conf Yield (left), the Swiss CPI 12-month Rate-of-change and the Real Yield (right)

The Swiss 10-year Yield is trading at -0.5210%.

It remains in the neutral range between the resistance levels at -0.35% to -0.24% and the supports at -0.55%, -0.68% and -0.85%.

Based on the latest reading of the 12-month rate-of-change, the Consumer Price Index (blue) is positioned at -0.6794%.

Thus, the real yield is at +0.1584%, which is at the same level as its 12-month moving average. I am watching for the real yield to signal a break below the 12-month average and the zero-line or the resumption of the uptrend from August 2019.



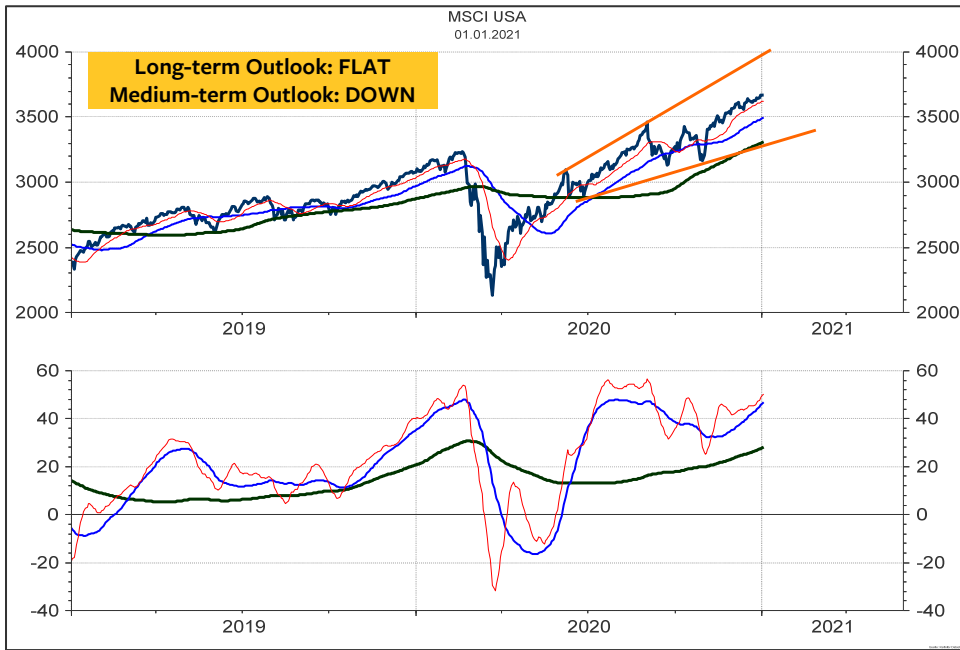
# S & P 500 Index

In late December, the S&P 500 Index extended Wave 5, adding one more upleg to test the resistance at 3770. The present selloff must hold above 3660 to 3670, or it would signal 3610, a break of which would signal 3520. As long as 3520 holds, the extension of the uptrend with Wave 5 topping around 3800 to 3900 is possible. Overall, the rise from March 2020 will take more time to top out. This is a slight change to my previous scenario (previous page), which called for a sharp decline from 3650 to 2900. I am waiting for the low of the present decline and a test of 3520 if I want to buy or if a break of 3520 becomes more probable. For now, my Outlook ratings remain unchanged FLAT and DOWN.

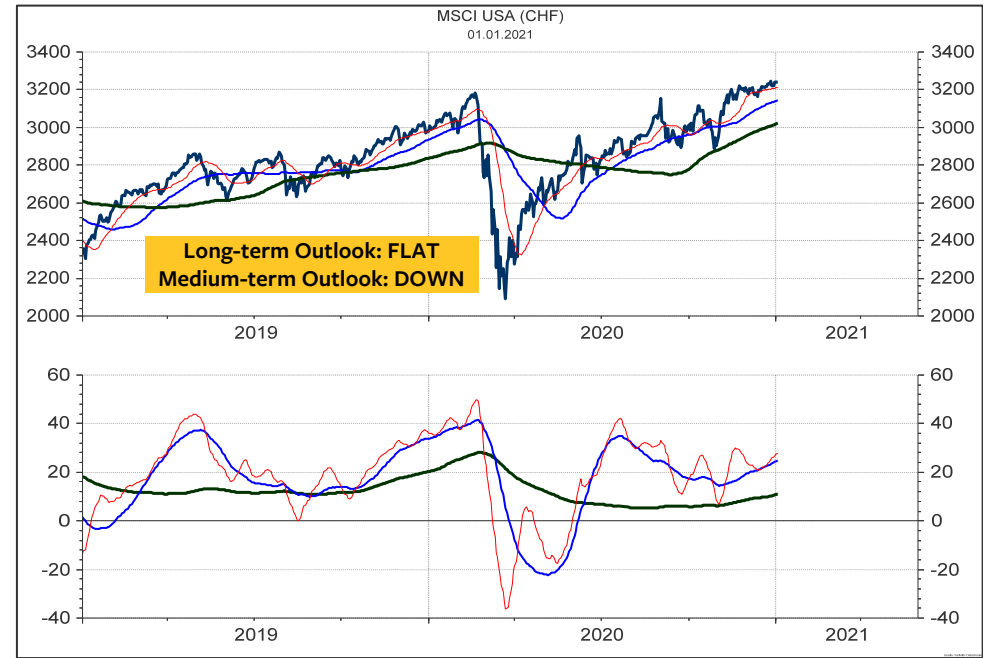




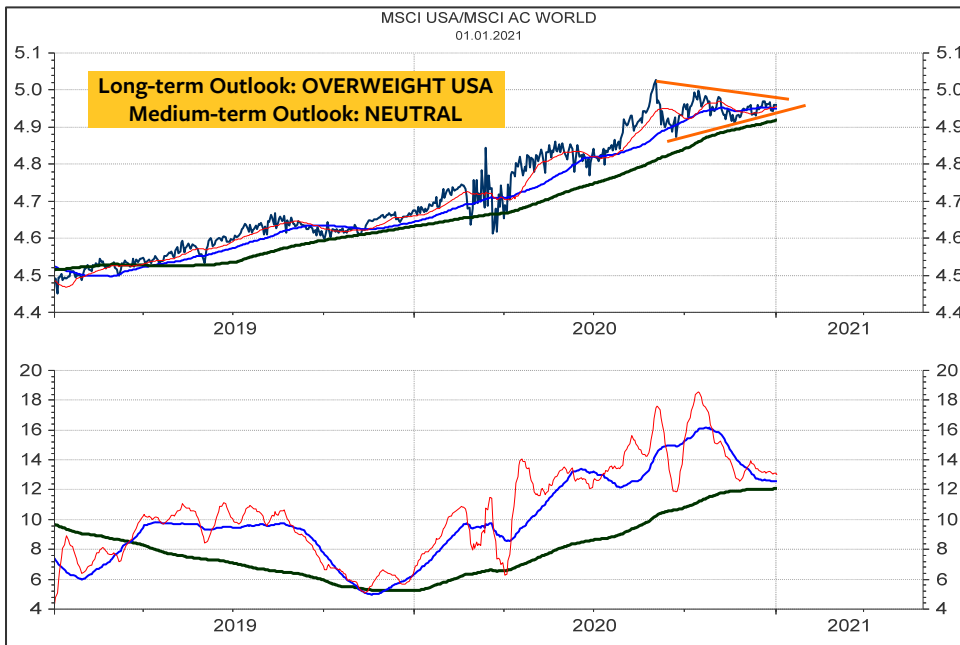
## MSCI USA in US\$



## MSCI USA in Swiss franc



## MSCI USA relative to the MSCI AC World

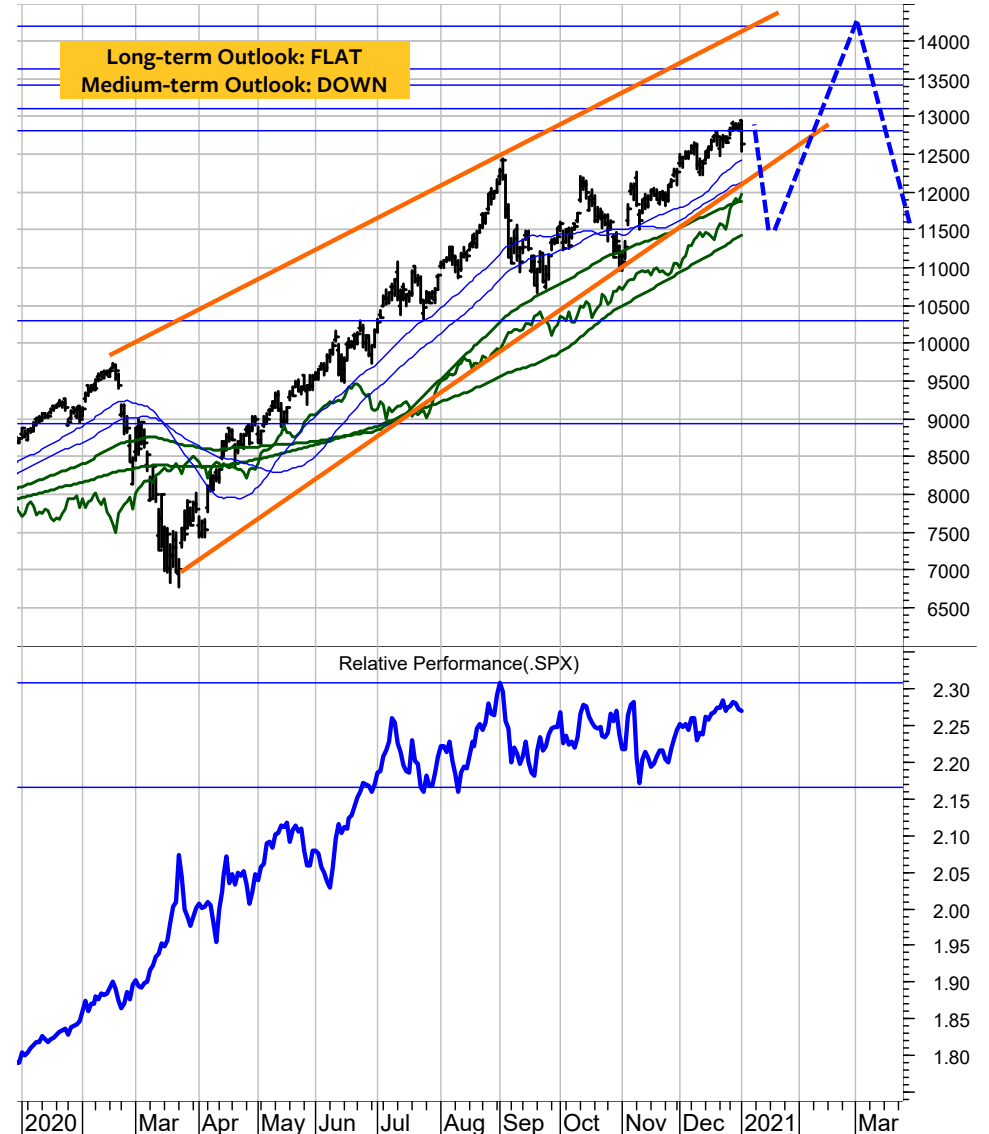
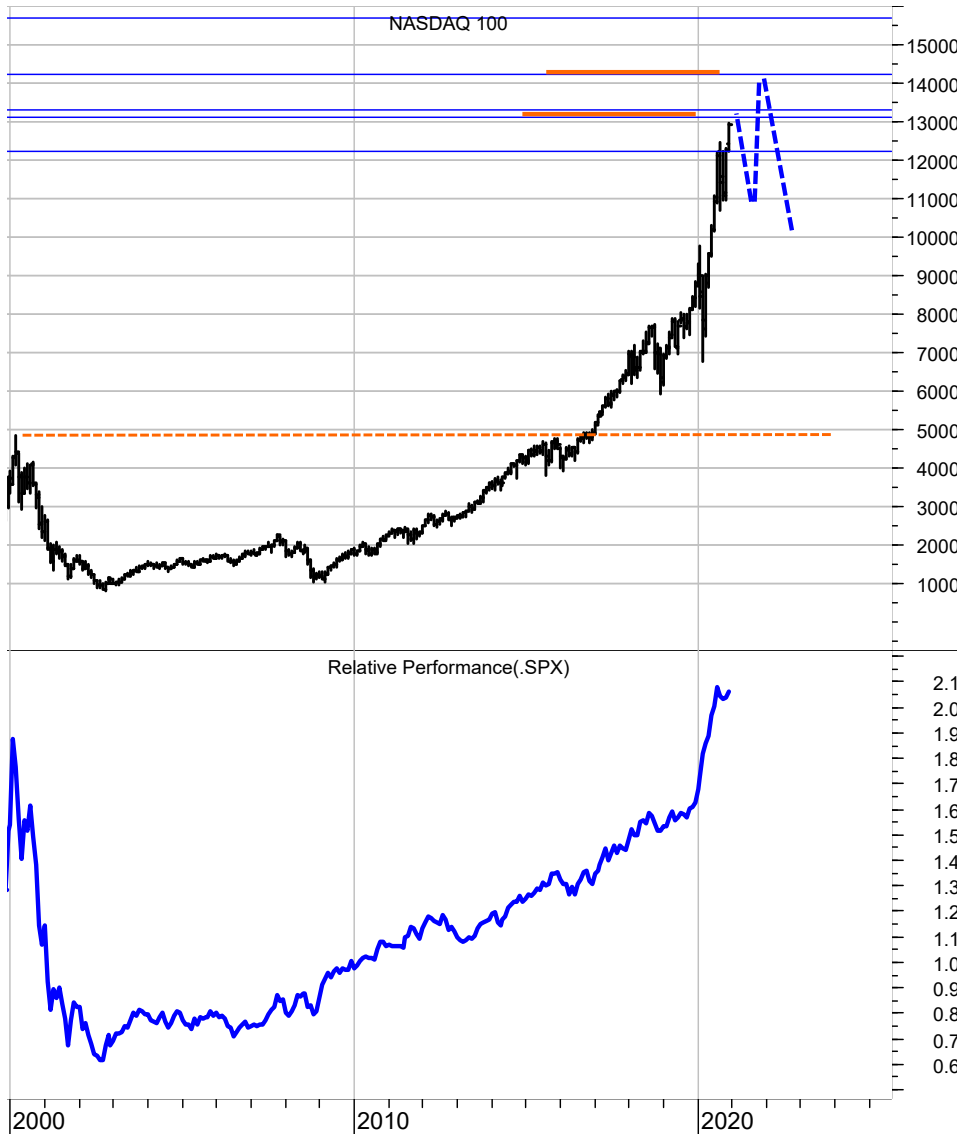


## MSCI USA in SFR relative to MSCI Switzerland



# Nasdaq 100 Index

The loss of relative outperformance in the Nasdaq relative to the S&P 500 Index (bottom charts) since September 2020 supports my expectation that a top could soon be registered, probably at one of the resistance levels between 13200 and 14200. A top around these levels is also indicated by the Fibonacci correlations (monthly chart, at left) within the uptrend from 2009.



# Russel 2000 Index

The Russel 2000 Index is close to major resistance on the monthly chart (at left) and the daily chart (at right). Both charts point to 2050 to 2100 as a potential top, or at least, a major resistance.

The relative chart at left indicates that the outperformance from March appears as technical rebound to the underperformance from the tops in 2011 and 2013 to the low in April 2020. The relative resistance levels are at 1.63 to 1.70.



# US 10-year Notes Yield (left) and the US CPI 12-month Rate-of-change and the Real Yield (right)

The US 10-year Yield is trading at +0.9450%.

It remains in the neutral range between the resistance levels at 1.00%, 1.10%, 1.16% and the supports at 0.80% and 0.67%.

Based on the latest reading of the 12-month rate-of-change, the US Consumer Price Index (blue) is positioned at 1.1609%.

Thus, the real yield is at -0.2160%, which is at the same level as its 12-month moving average (bottom right). I am watching for the real yield to signal a break below the 12-month average and the zero-line or the resumption of the uptrend from August 2019.

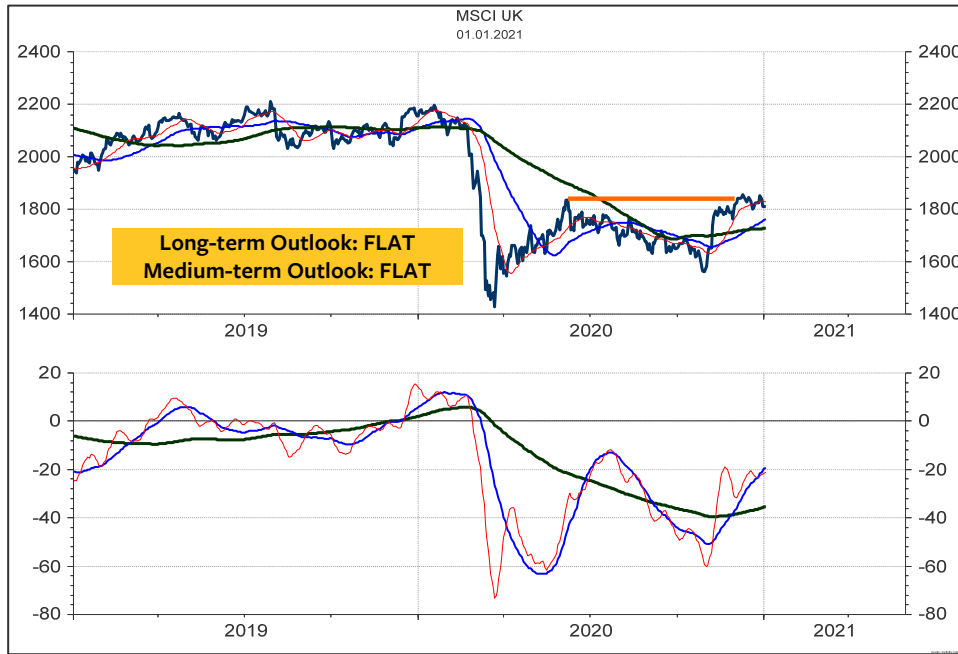


# FTSE 100 Index

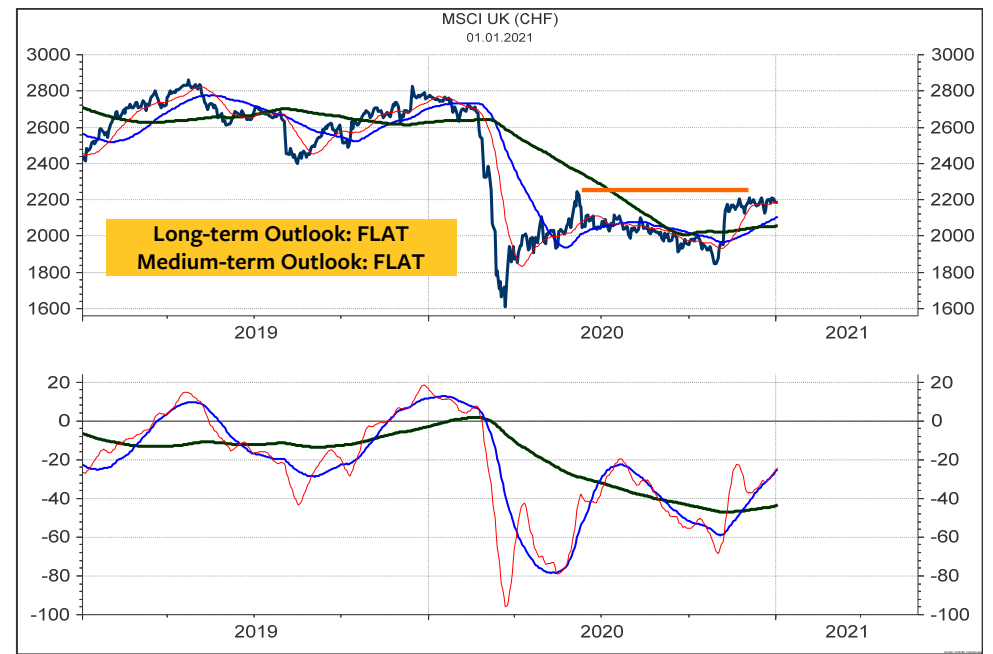
The FTSE 100 is testing the major resistance, which I had projected between 6550 ( $C=0.618 \times A$ ) and 6700. The next resistance is at 7150 ( $C = A$ ). The hourly chart (at right) shows a Wedge, which could be in the final rally to 6710 or 6800. Because a Wedge is most often a trend-ending pattern, I leave the Medium-term Outlook FLAT and expect a top between 6710 and 6800. The MSCI U.K. measured in Swiss franc relative to the MSCI Switzerland (next page, lower right) is at risk of turning down to register a new relative performance low. For now, the relative outlook remains neutral medium-term and long-term.



## MSCI U.K. in British Pound



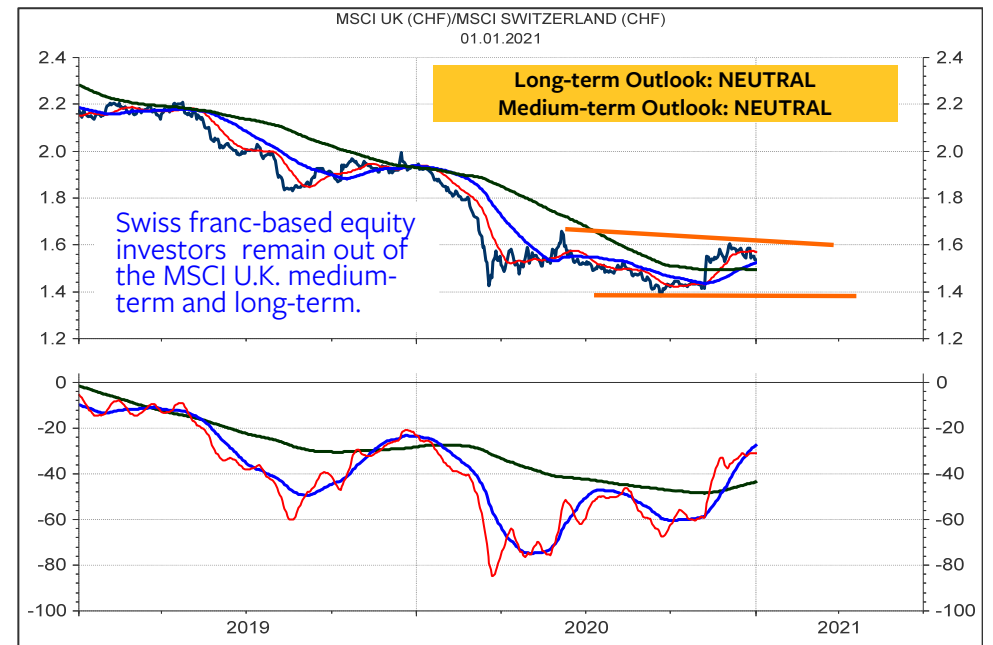
## MSCI U.K. in Swiss franc



## MSCI U.K. relative to the MSCI AC World

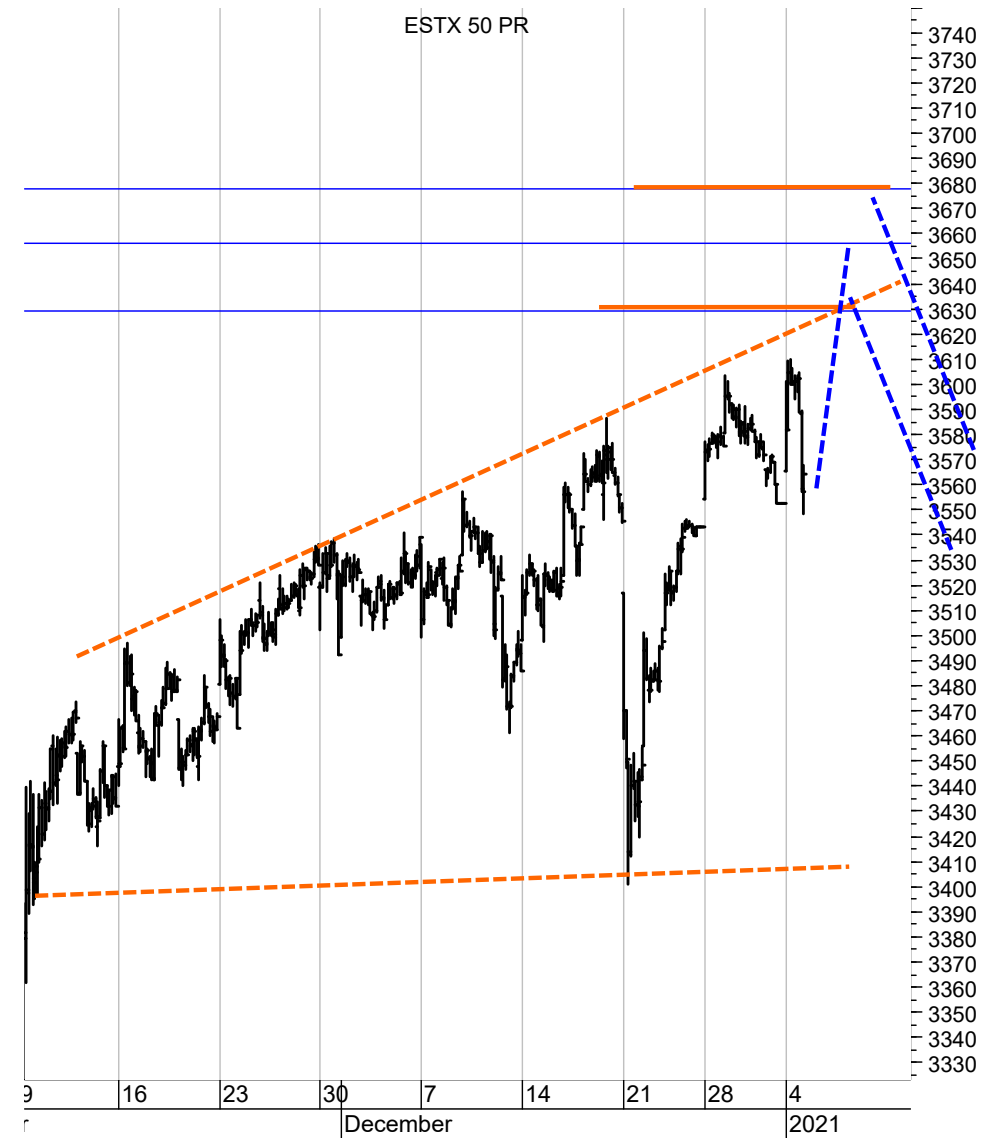
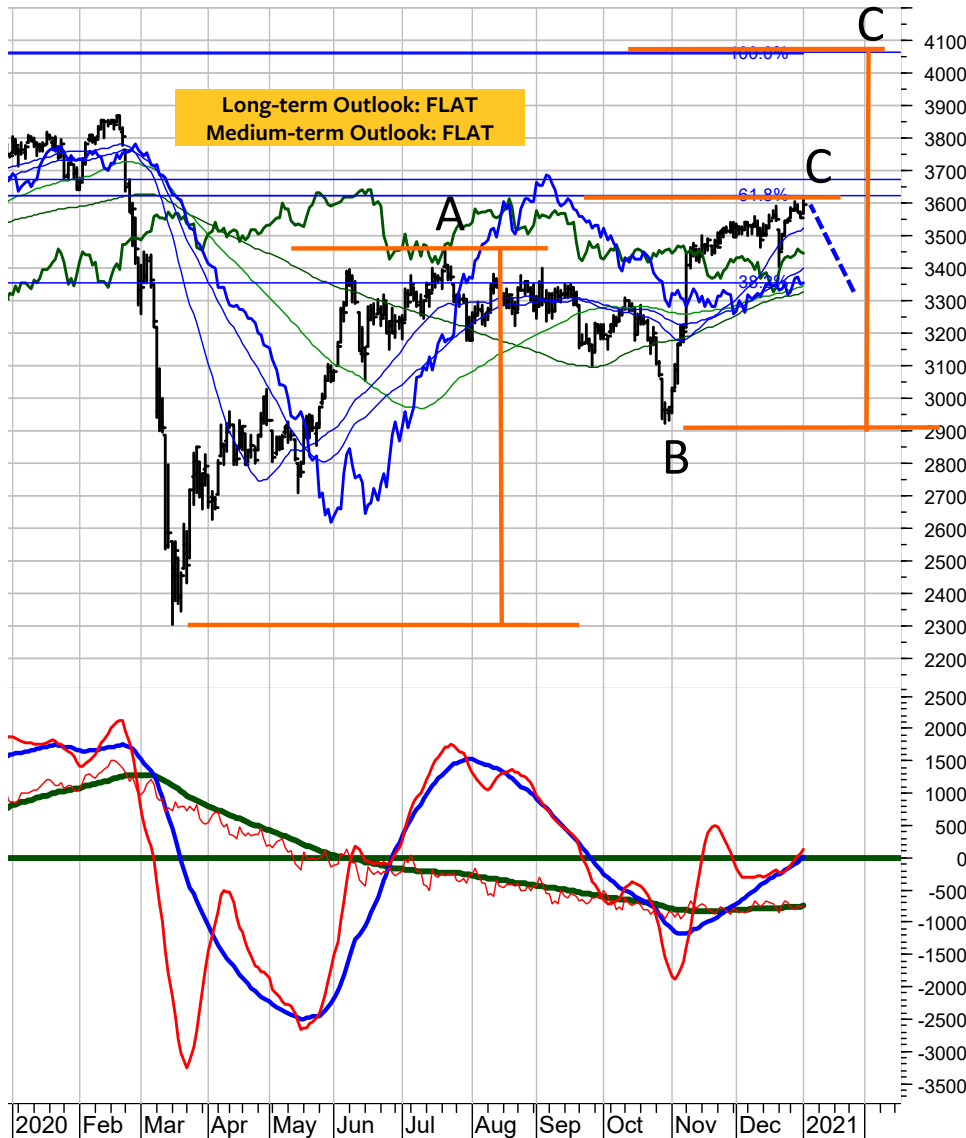


## MSCI U.K. in SFR relative to MSCI Switzerland

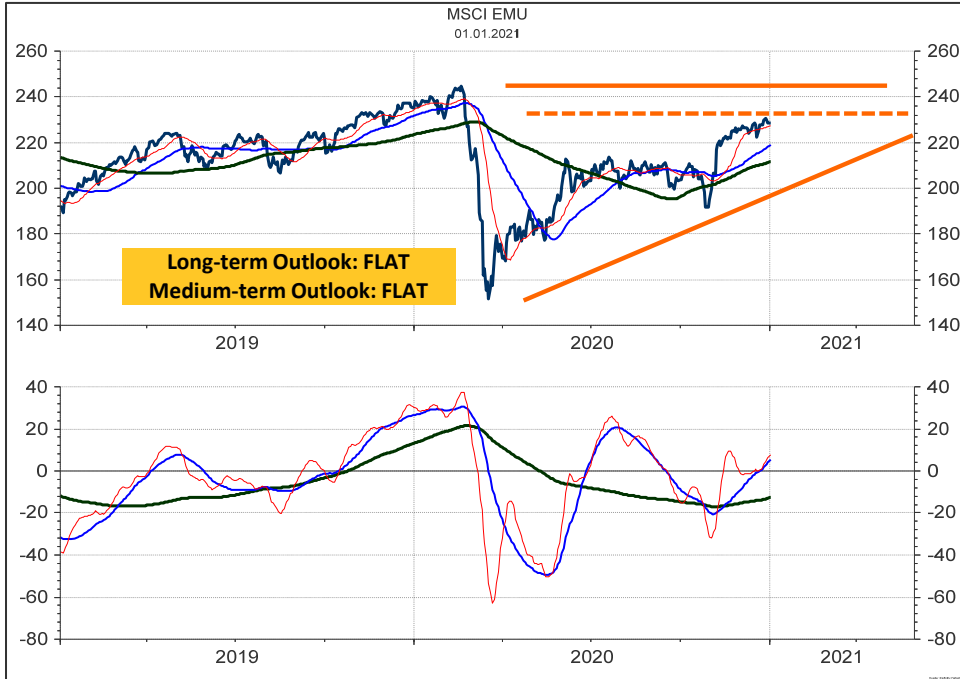


# Eurostoxx 50 Index

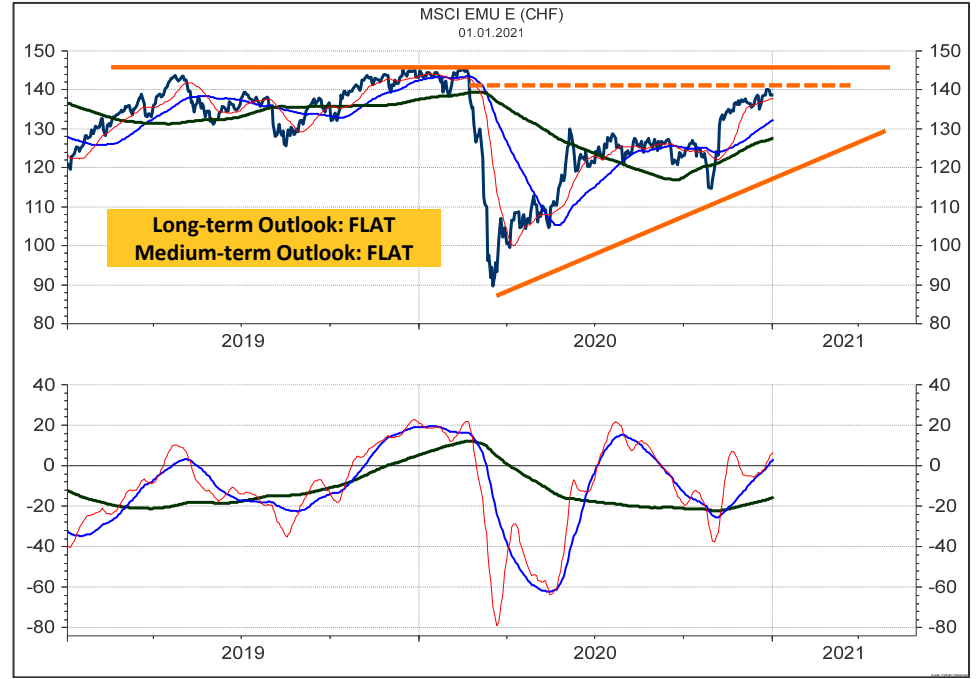
My conclusion that the top of Wave C was registered at 3586 on 18.12.2020 was a bit premature. The Eurostoxx did sell off, but managed to recover again. But, the Fibonacci correlation within the rise from October allows for some more strength to 3630 to 3680. I am looking for a top within this range. I would consider a shift in the Medium-term Outlook to UP if 3700 is broken. The MSCI EMU measured in Swiss franc relative to the MSCI Switzerland (next page, lower right) appears to be topping below the resistance range 10 to 10.50. The correction (relative EMU underperformance), which I was looking for two weeks ago, is unfolding. For now, the relative outlook remains NEUTRAL medium-term and long-term. I am watching if the relative support at 9.40 will be broken.



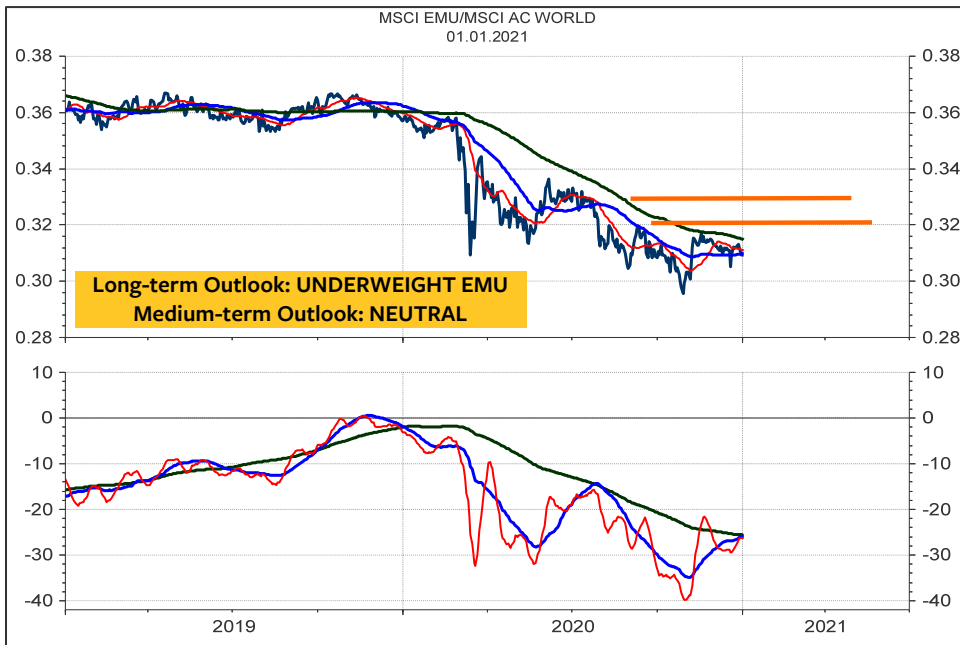
## MSCI EMU in Euro



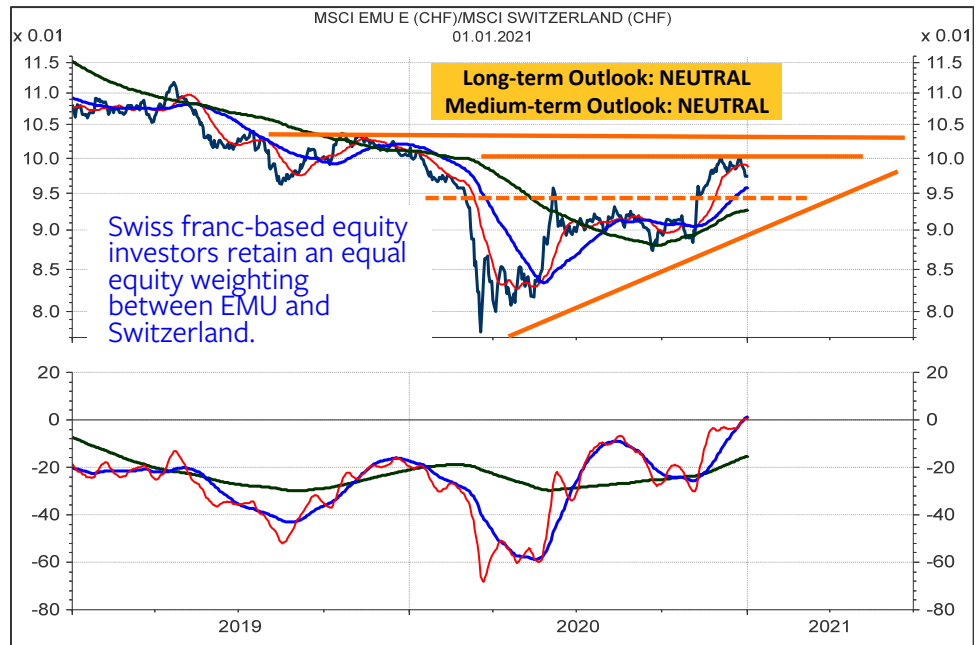
## MSCI EMU in Swiss franc



## MSCI EMU relative to the MSCI AC World



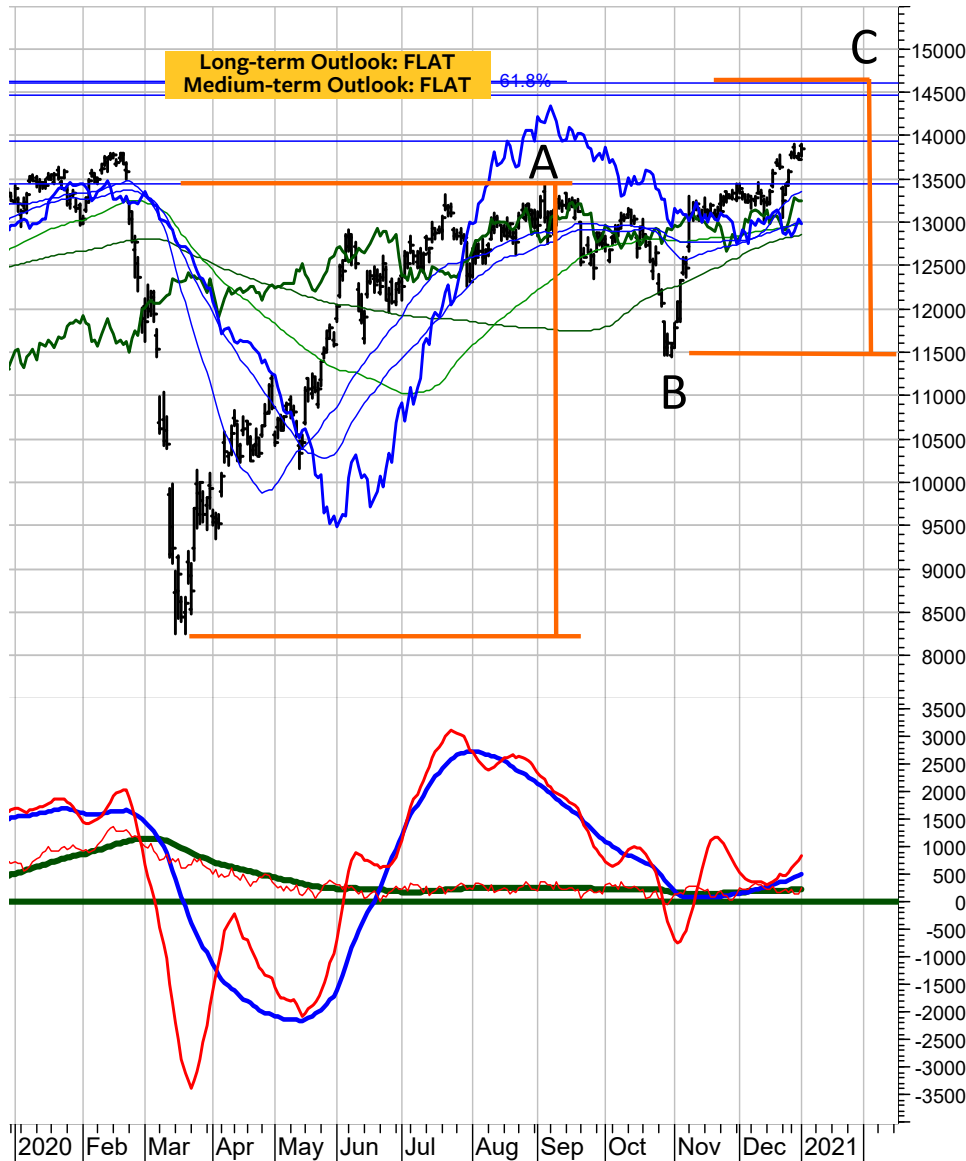
## MSCI EMU in CHF relative to MSCI Switzerland





# Deutscher Aktien Index DAX

Following the break of the resistance at 13500, I should expect the DAX to extend its advance to 14600 ( $C = 0.618 \times A$ ). However, the pattern of the rise from 13.11.2020 appears as Expanding Wedge. This means that a top could be signaled either here (at 13900) or around 14150 to 14300 and that another selloff could be seen.



# Nikkei 225 Index continuous Future

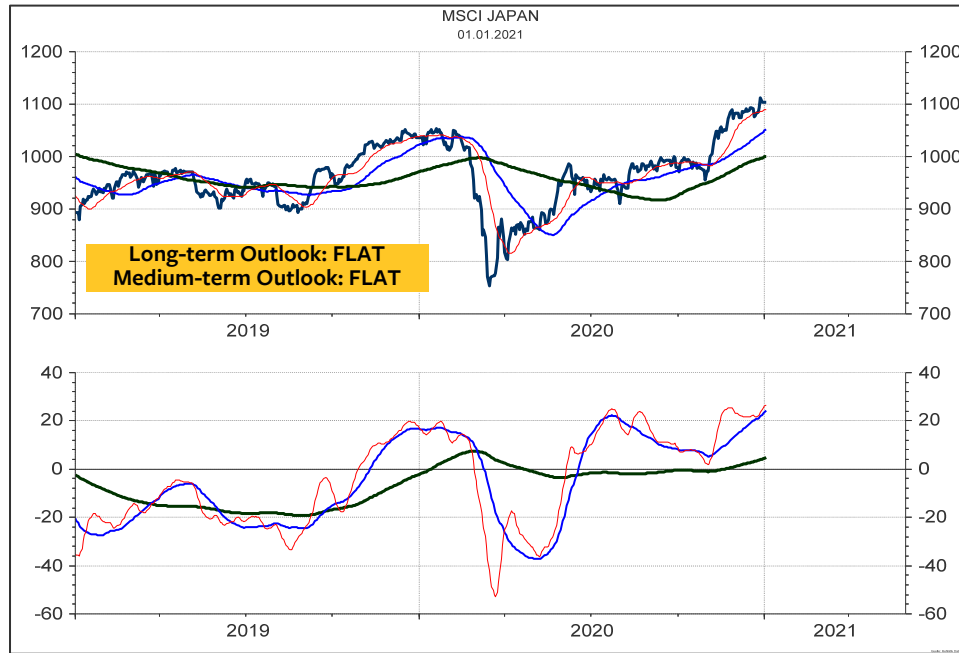
The Nikkei 225 Index broke above the lower resistance of the resistance range between 26500 and 28000.

The resistance at 28000 is derived from the hourly chart (at right) and is based on the correlation of the rally from 21.12.2020 to the rise from 10.11.2020 to 2.12.2020. A clear rise above 28000 could activate the major resistance at 33500. Thus, I might consider a medium-term upgrade to UP if 28000 is broken.

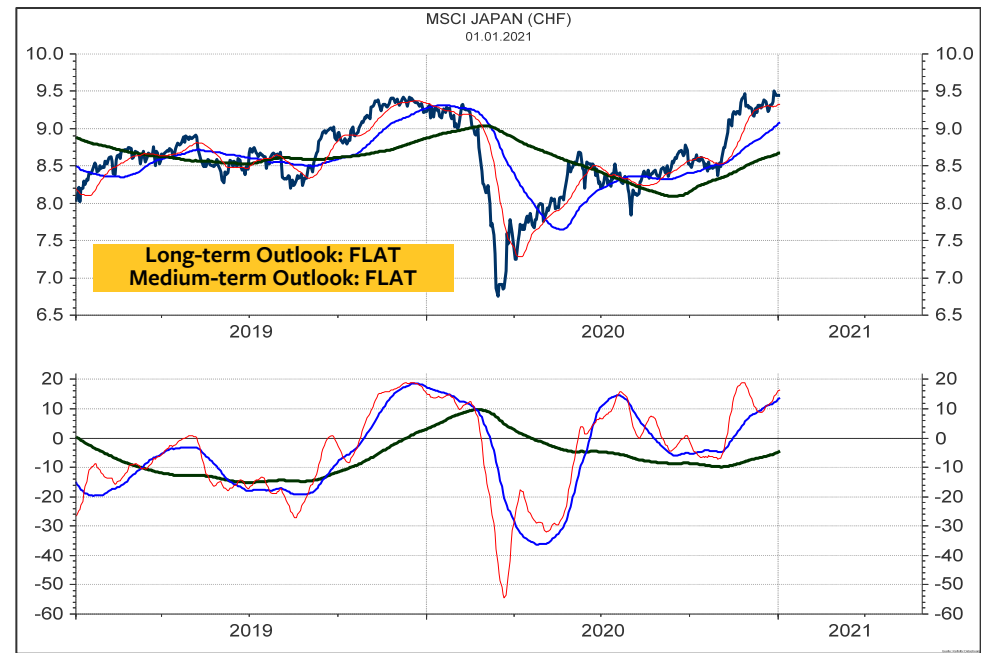
As you can see on the next page (lower right chart), the performance of the Nikkei Index in Swiss franc relative to the MSCI Switzerland remains positioned below the relative resistance at 6.90. Possibly, if the absolute uptrend is capped by 28000, the relative outperformance from August 2020 could also register a top. For now, the relative outlook remains medium-term and long-term NEUTRAL.



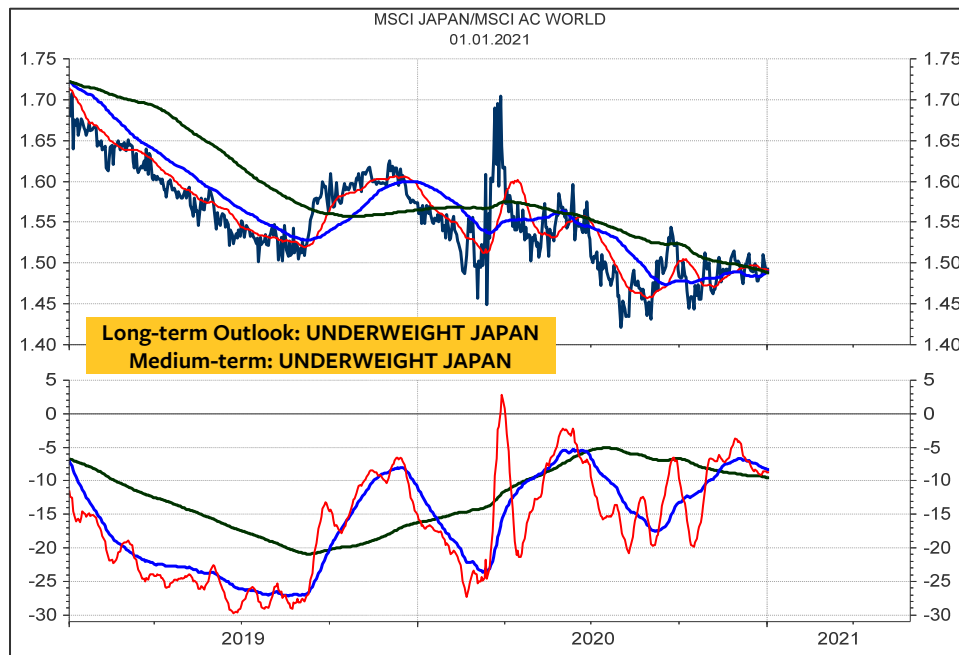
## MSCI JAPAN in Yen



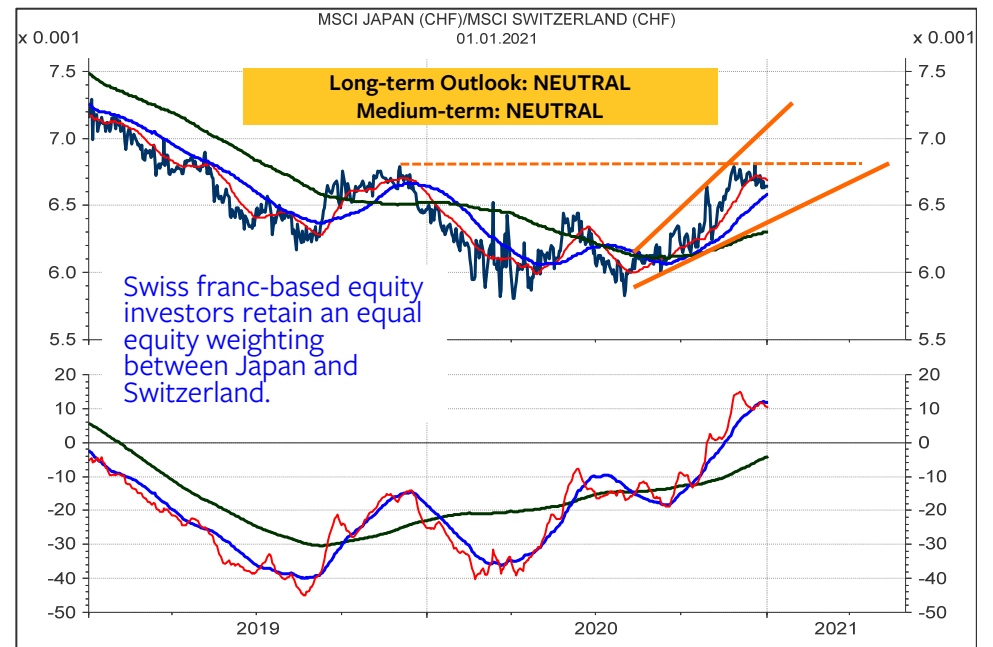
## MSCI JAPAN in Swiss franc



## MSCI JAPAN relative to the MSCI AC World



## MSCI JAPAN in SFR relative to MSCI Switzerland

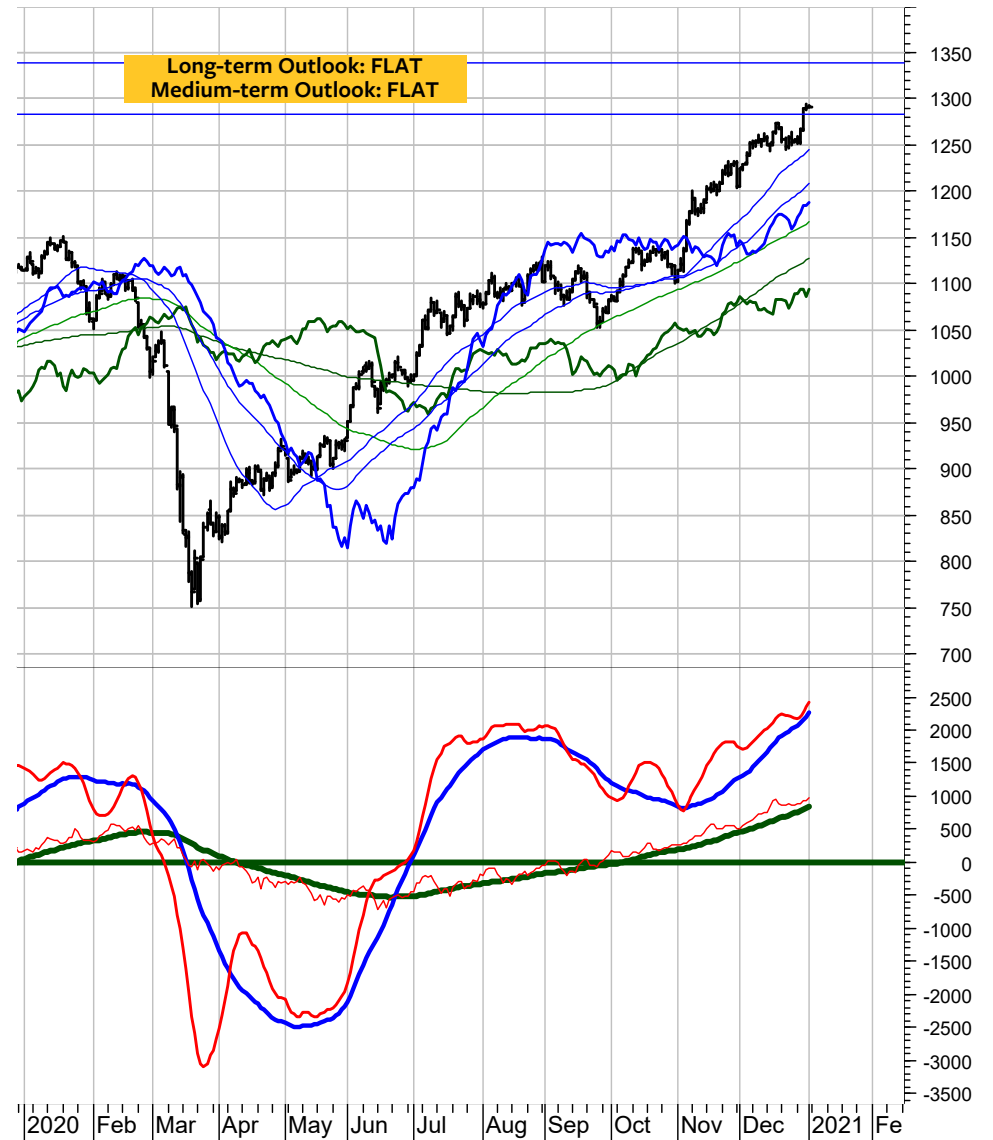


# MSCI Emerging Market Index

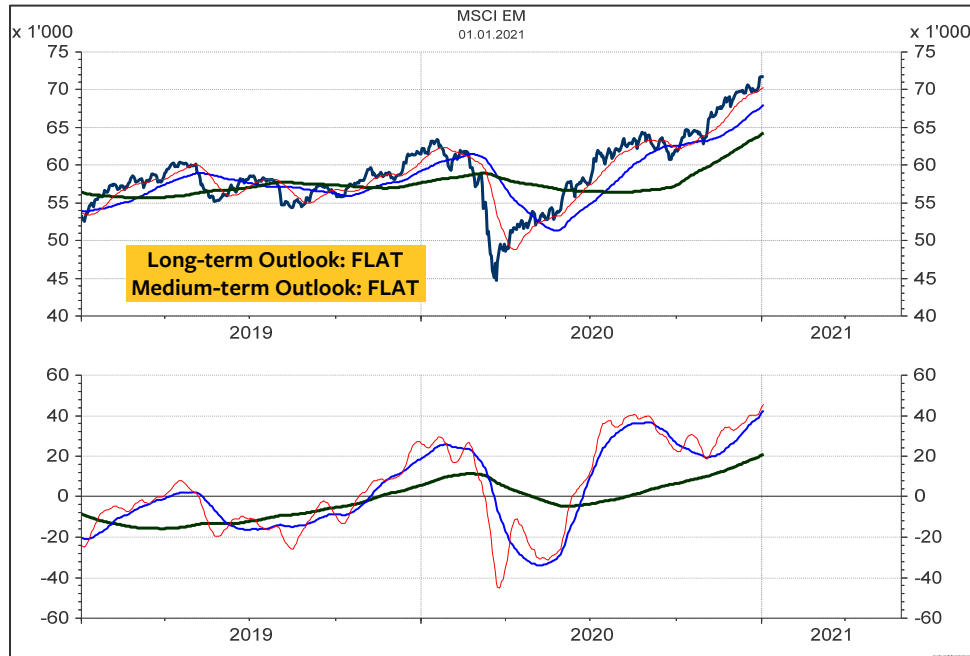
The MSCI Emerging Markets Index has reached the long-term resistance range between 1270 and 1350.

A correction is likely to start from 1350. A clear break of 1350 could activate the resistance at 1600.

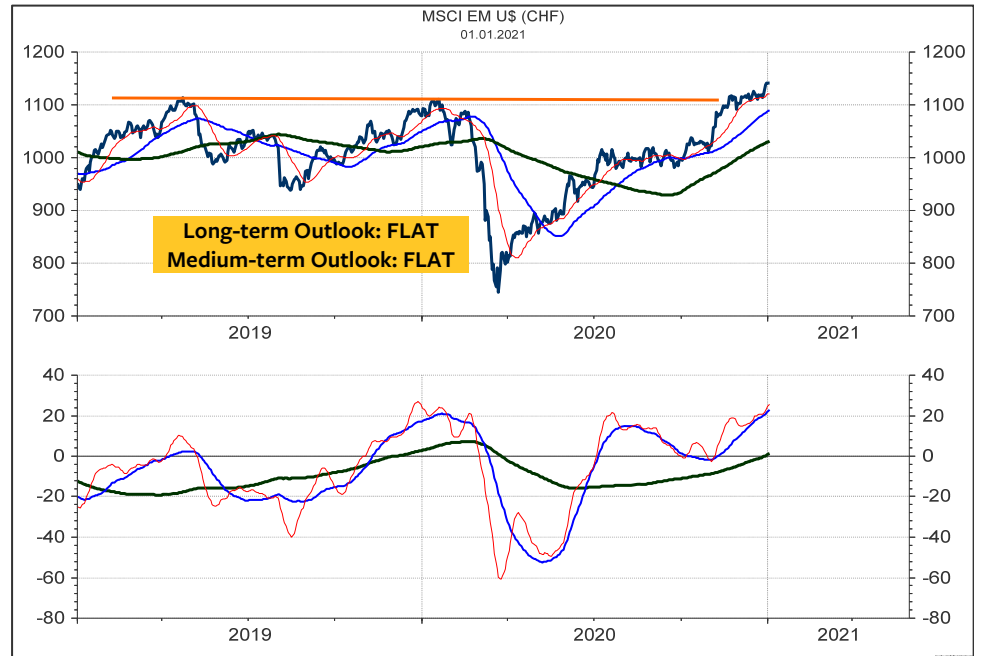
The MSCI EM, measured in Swiss franc and relative to the MSCI Switzerland (next page lower right) could signal a relative top if the absolute chart fails to break above 1350. For now, the relative outlook remains NEUTRAL, which to the Swiss franc-based equity investor, means an equal weighting between Emerging Markets and Switzerland.



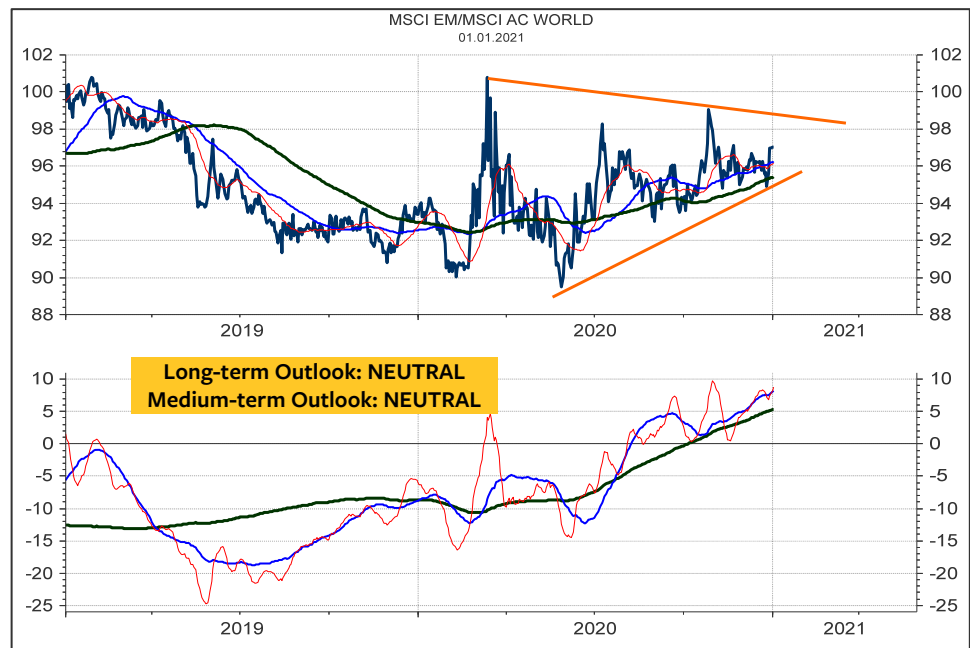
## MSCI EMERGING MARKETS in local currencies



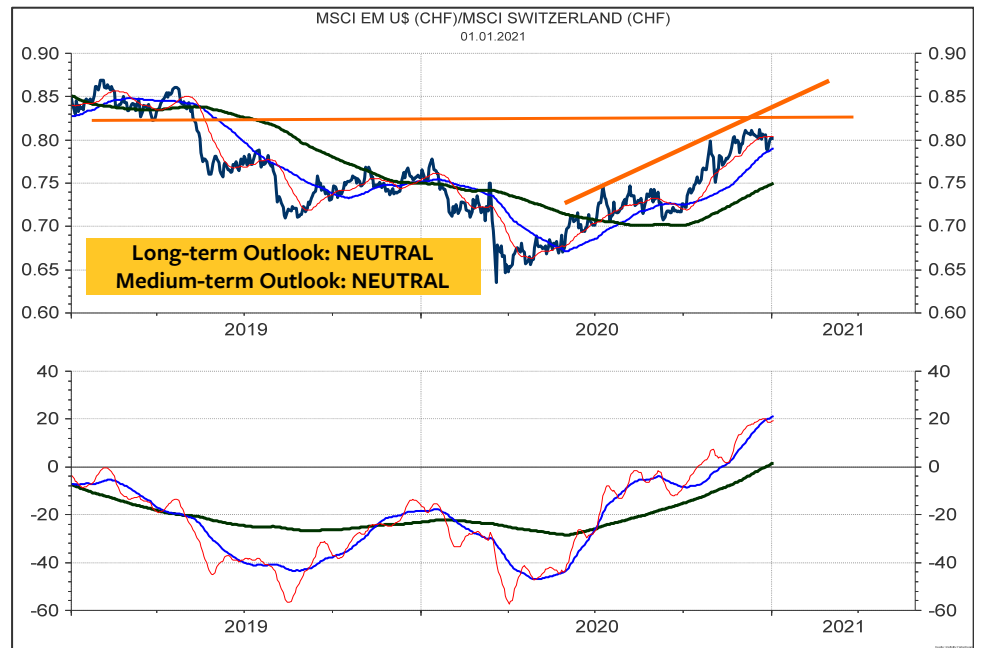
## MSCI EMERGING MARKETS in Swiss franc



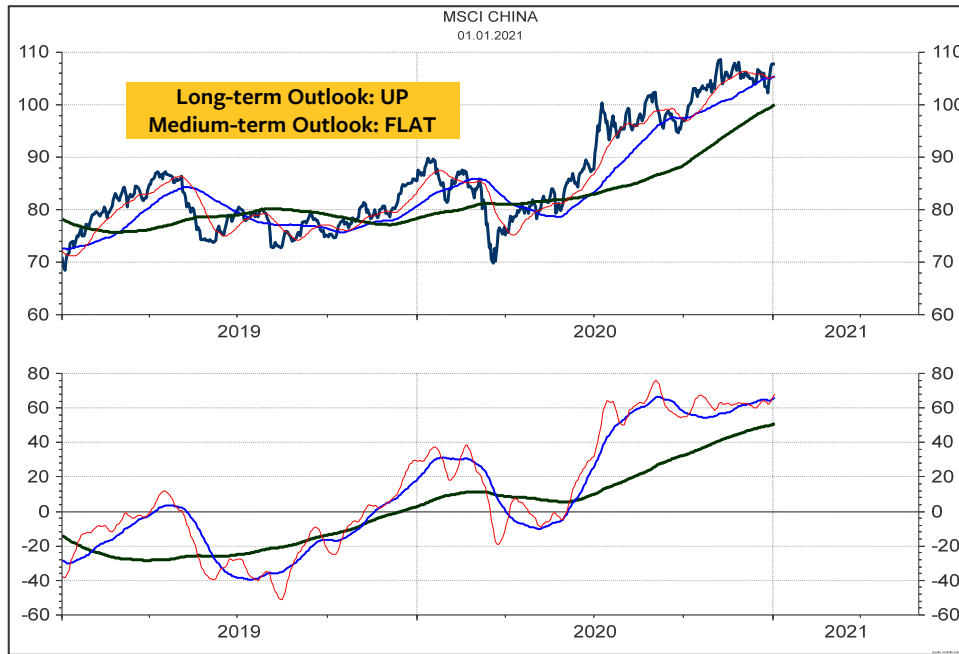
## MSCI EMERGING MARKETS relative to the MSCI AC World



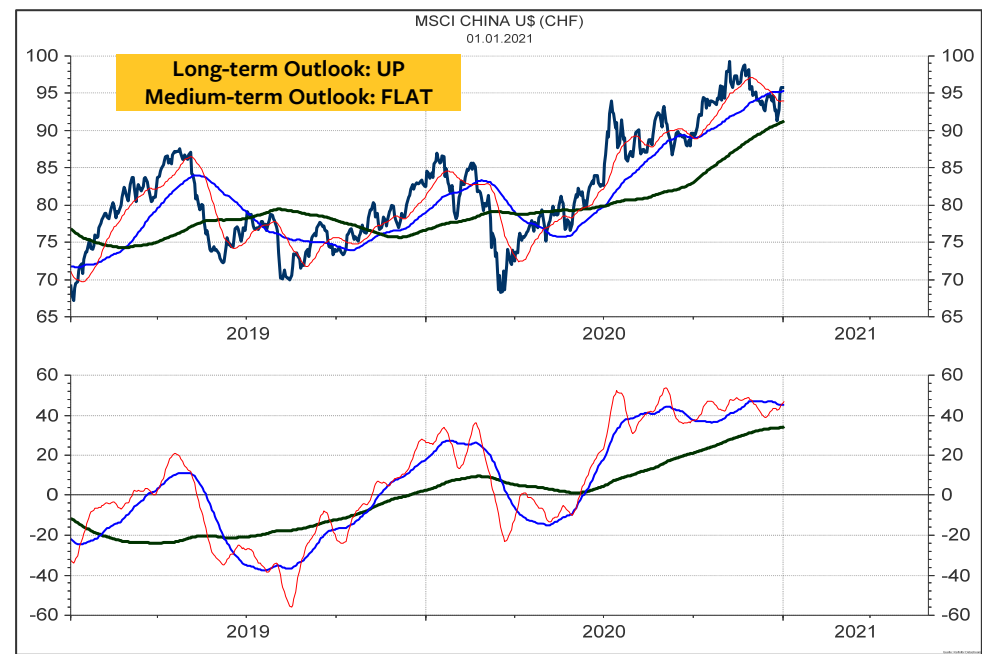
## MSCI EMERGING MARKETS in CHF relative to MSCI Switzerland



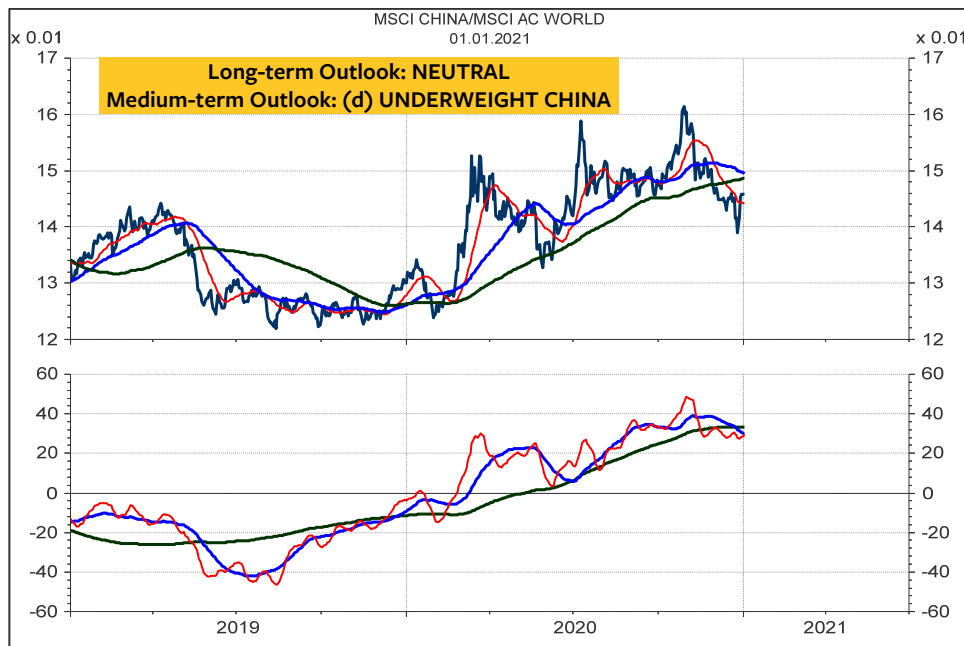
## MSCI CHINA in Chinese yuan



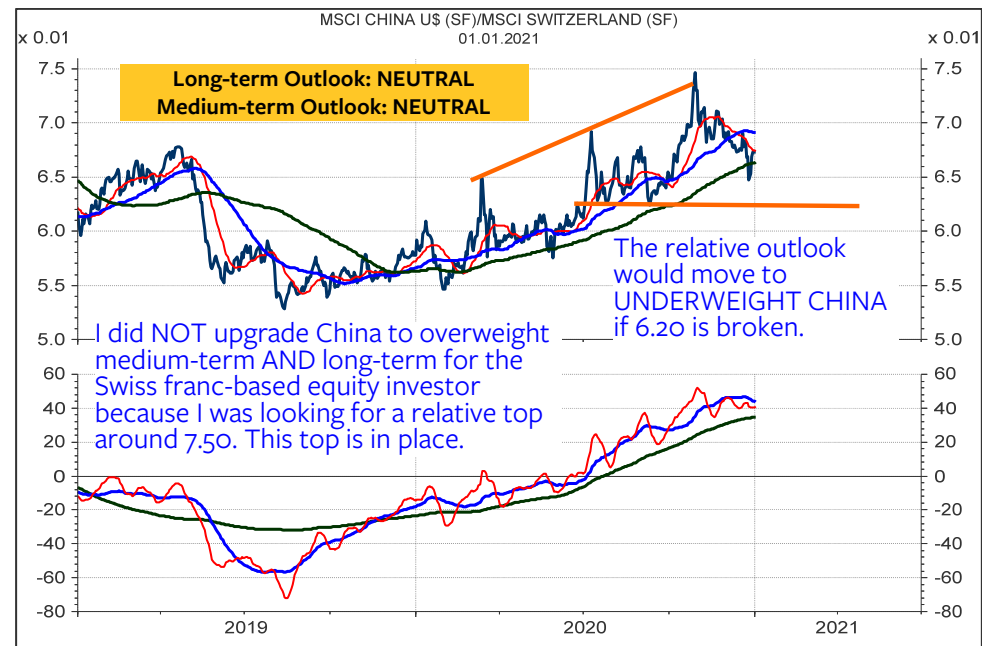
## MSCI CHINA in Swiss franc



## MSCI CHINA relative to the MSCI AC World

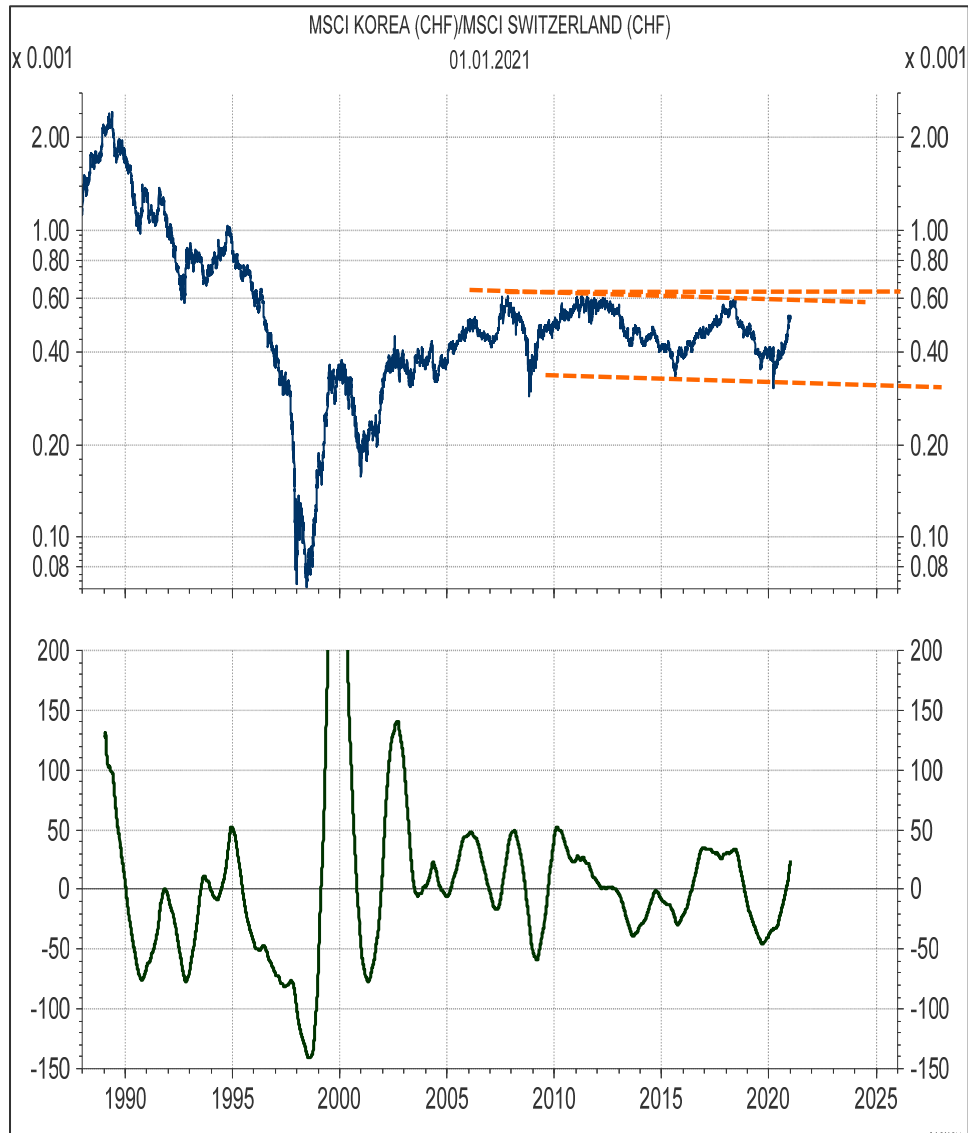


## MSCI CHINA in SFR relative to MSCI Switzerland



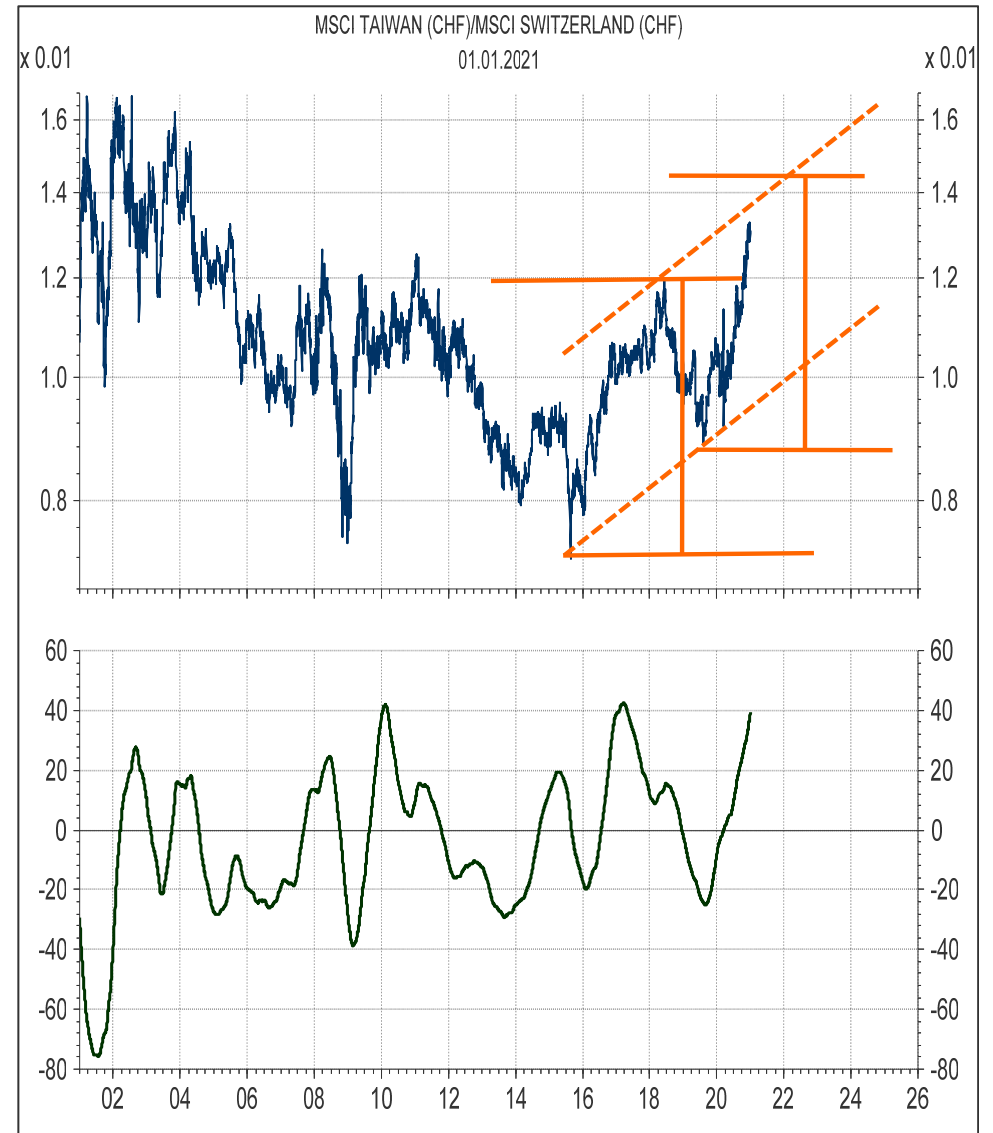
## MSCI KOREA in SFR relative to MSCI Switzerland

The MSCI Korea, measured in Swiss franc, has been outperforming the MSCI Switzerland since April 2020. But, a long-term upgrade to overweight Korea would be signaled only if the relative chart breaks above the relative resistance at 0.60.



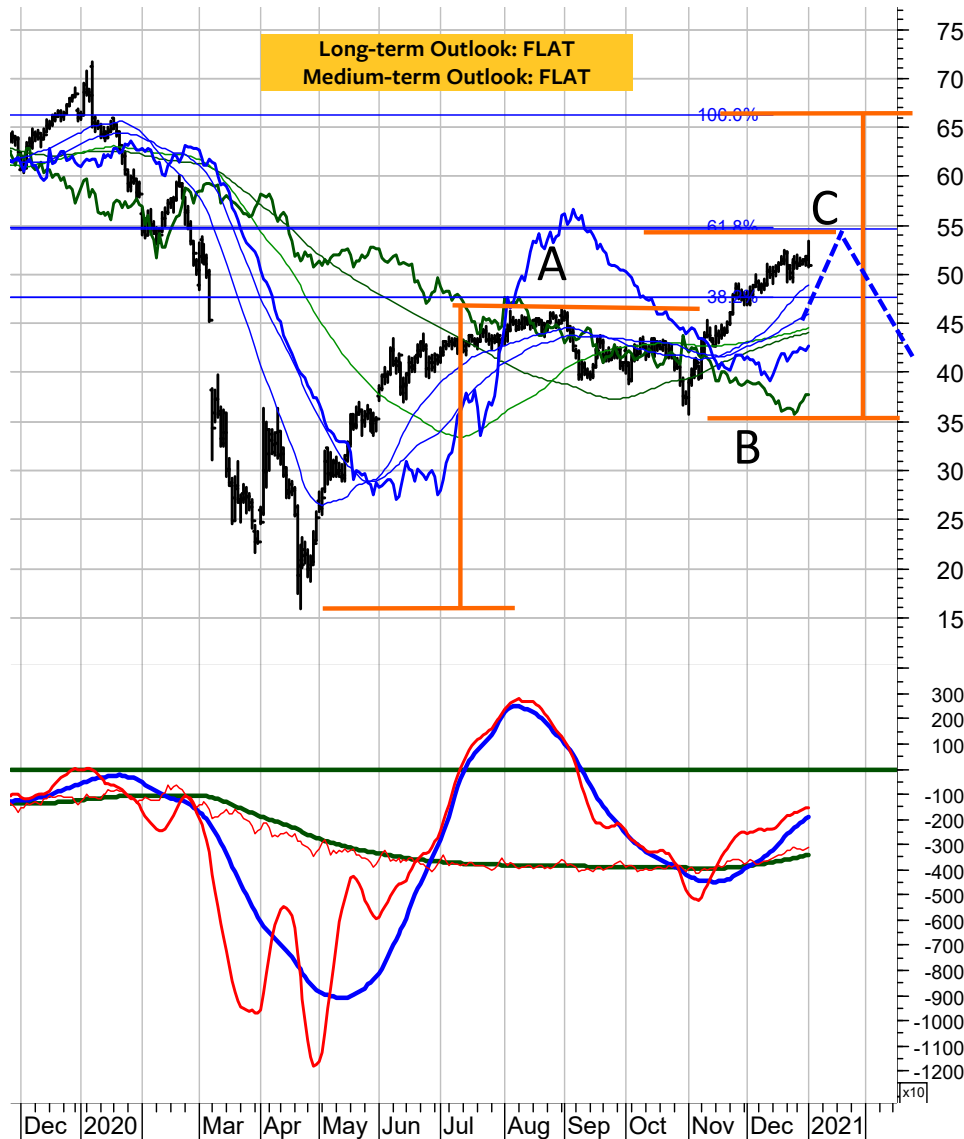
## MSCI TAIWAN in SFR relative to MSCI Switzerland

The MSCI Taiwan, measured in Swiss franc, has been outperforming the MSCI Switzerland since August 2015 and since August 2019. But, a long-term upgrade to overweight Taiwan would be signaled only if the relative chart breaks above the relative resistance at 1.45.



# Brent Crude Oil Continuous Future (LCOc1)

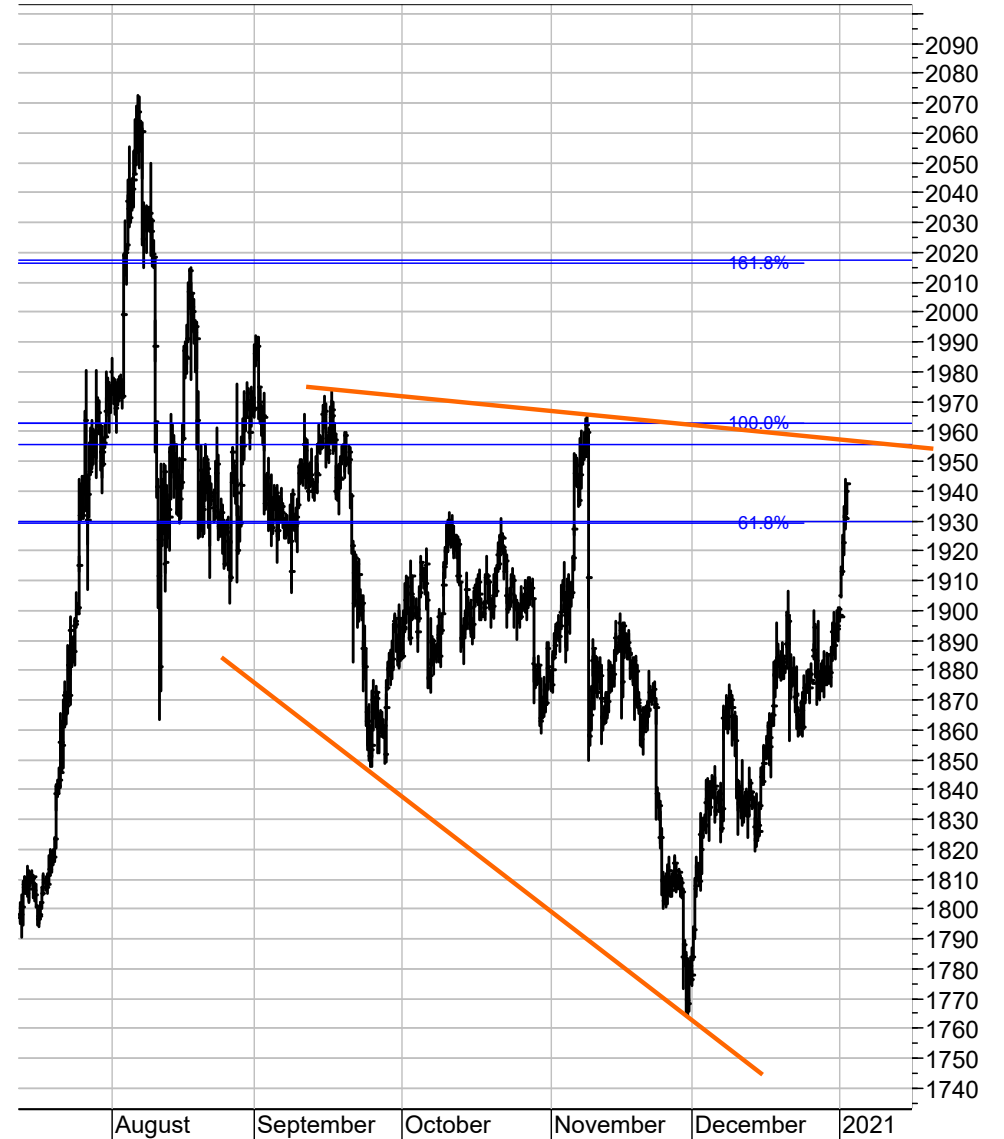
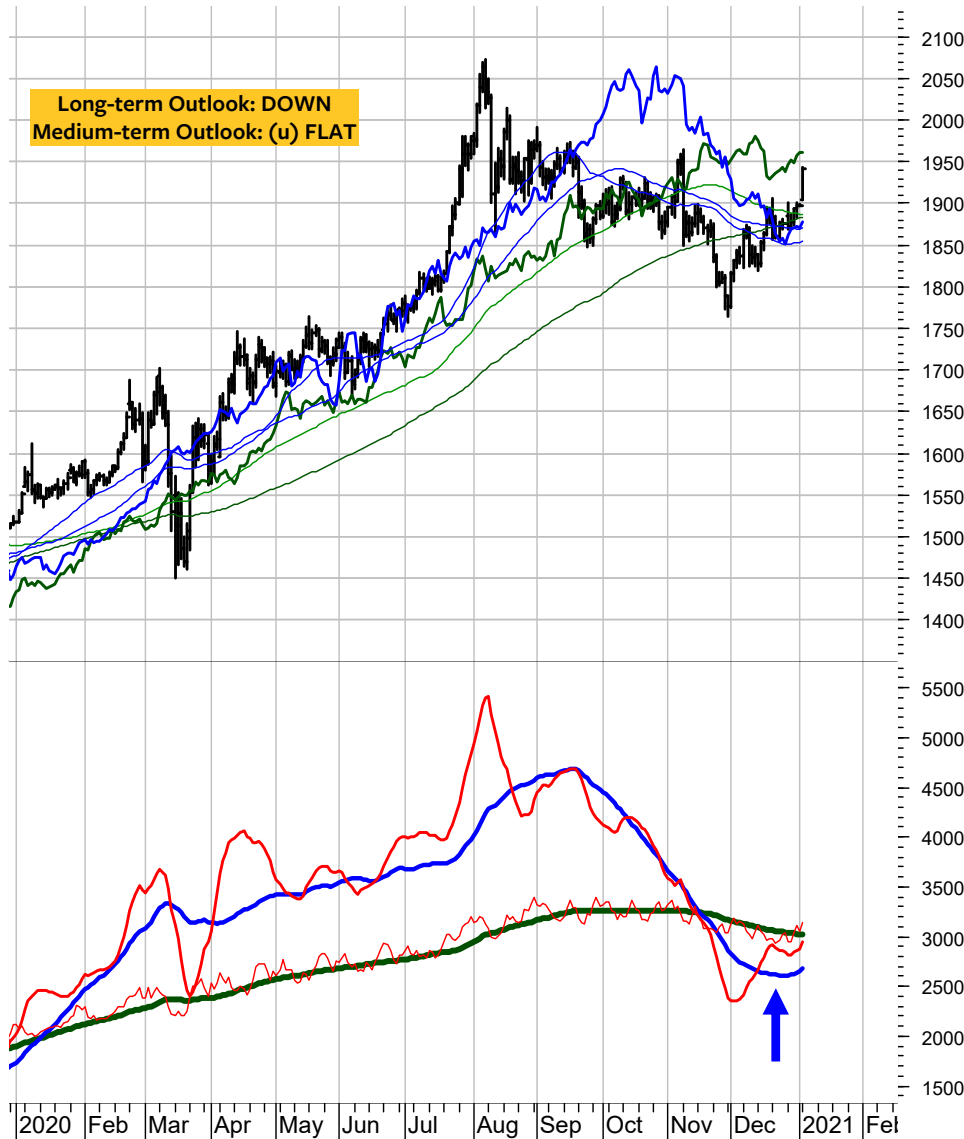
The uptrend from 2.11.2020 at 35.74 (Wave C) did not top at 52.48 on 18.12.2020, as I thought as per my discussion two weeks ago. But, it appears to have topped today at 53.33. This means that Crude Oil almost reached the major resistance, which I had projected at 55 ( $C = 0.618 \times A$ ). A break of 49 and 46.50 would signal that the downtrend is in force. The Medium-term Outlook would be downgraded to DOWN if 49 is broken.





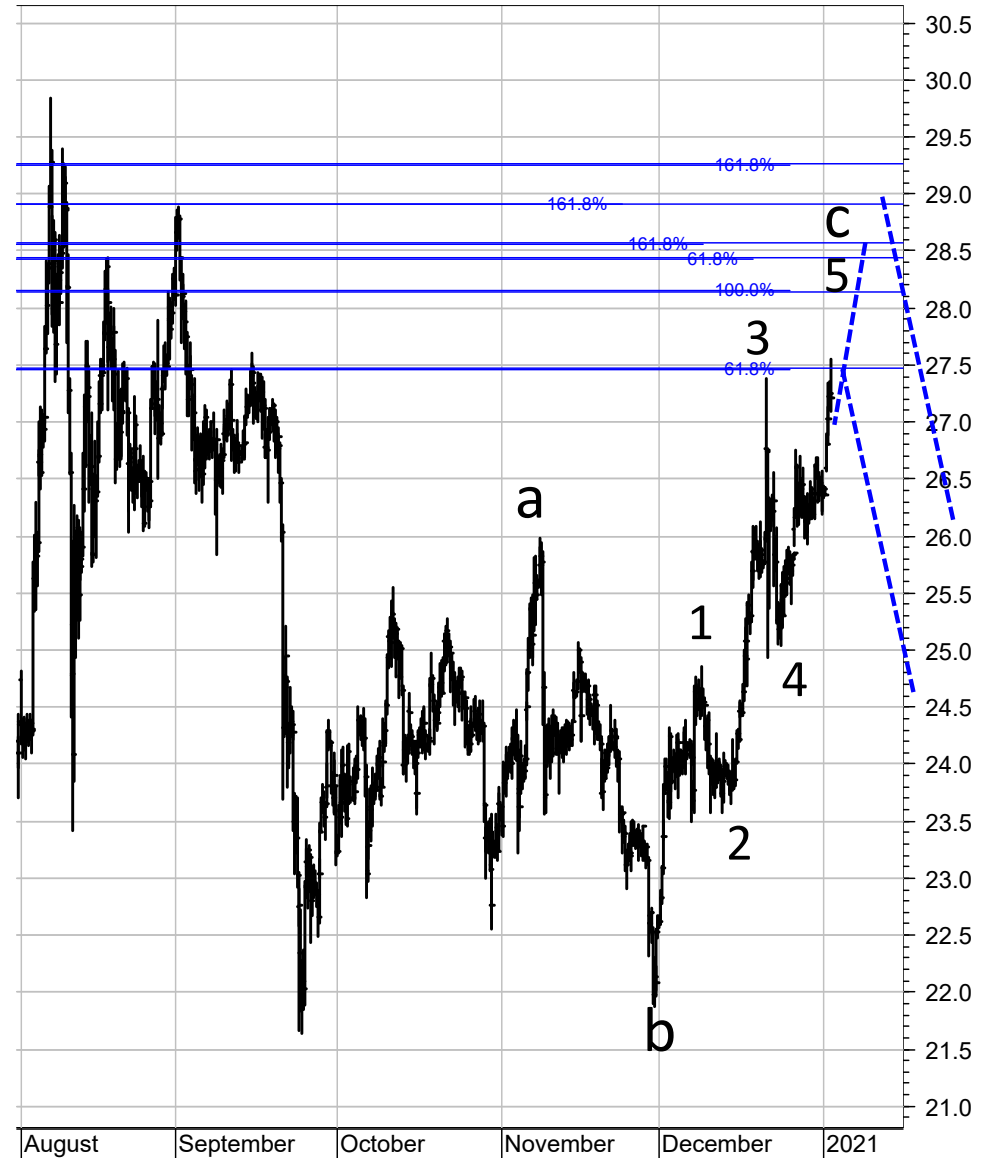
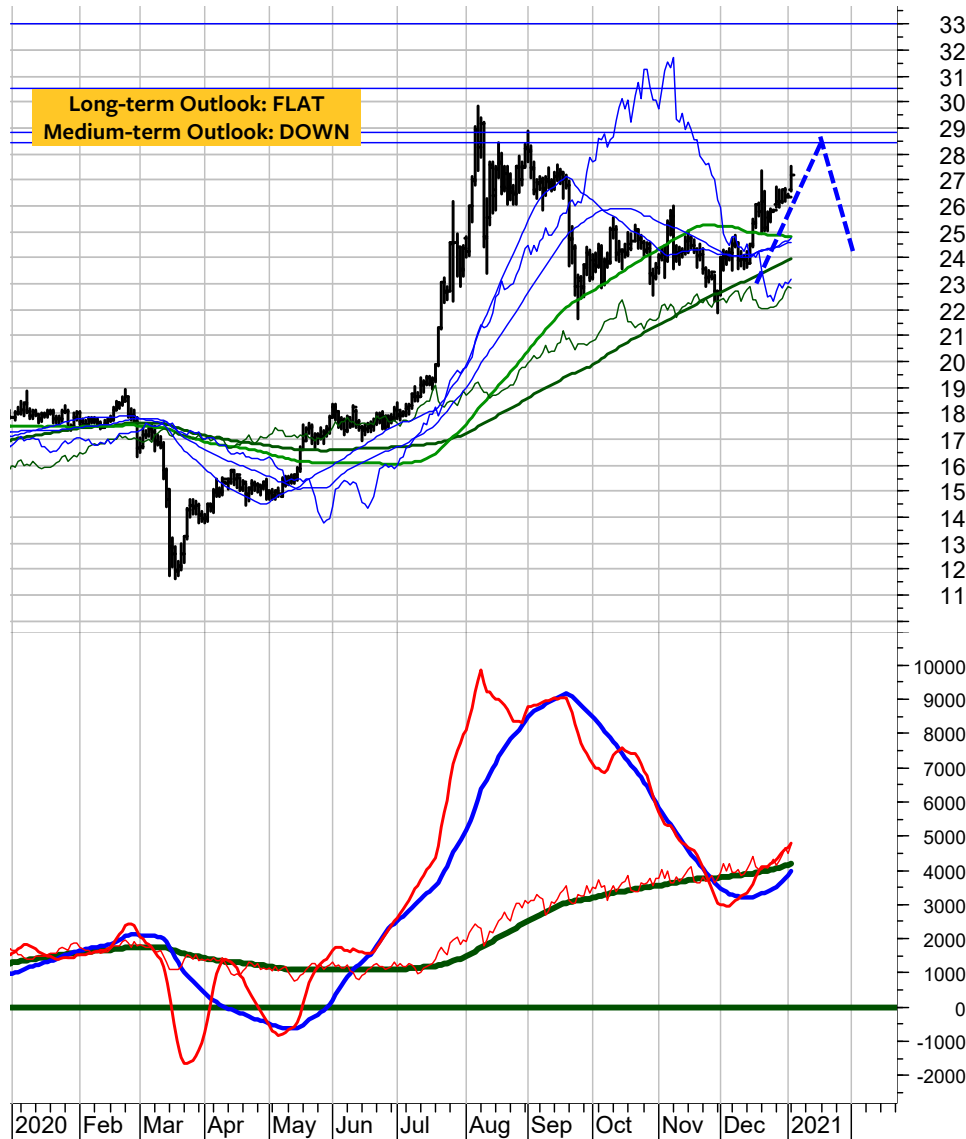
# Gold per Ounce in US dollar

Gold has recovered and is now positioned above the moving averages and above the medium-term momentum reversal (at 1880). The crossing above this reversal signals the upturn in the medium-term momentum indicator (left, bottom chart, marked blue). This upturn has triggered a medium-term upgrade to FLAT. For a long-term upgrade to FLAT it would take a rise above 1970. Next resistance above 1970 is 2020.



# Silver – daily chart

I treat the pattern from the low in September as an Inverse FLAT a-b-c. Wave c is tracing out five waves. Wave c could stretch to 28 or 29.30. But, a top could be close given the strength of the resistance levels and the pattern forming. This is why I leave the medium-term outlook DOWN. The long-term resistance is at 29 to 30.50.



# Swiss franc per US DOLLAR

Two weeks ago, I stated that “the US dollar is testing the multiple support cluster between 0.8870 and 0.8770.”

Today, the US dollar has reached the lower end of this range at 0.8770.

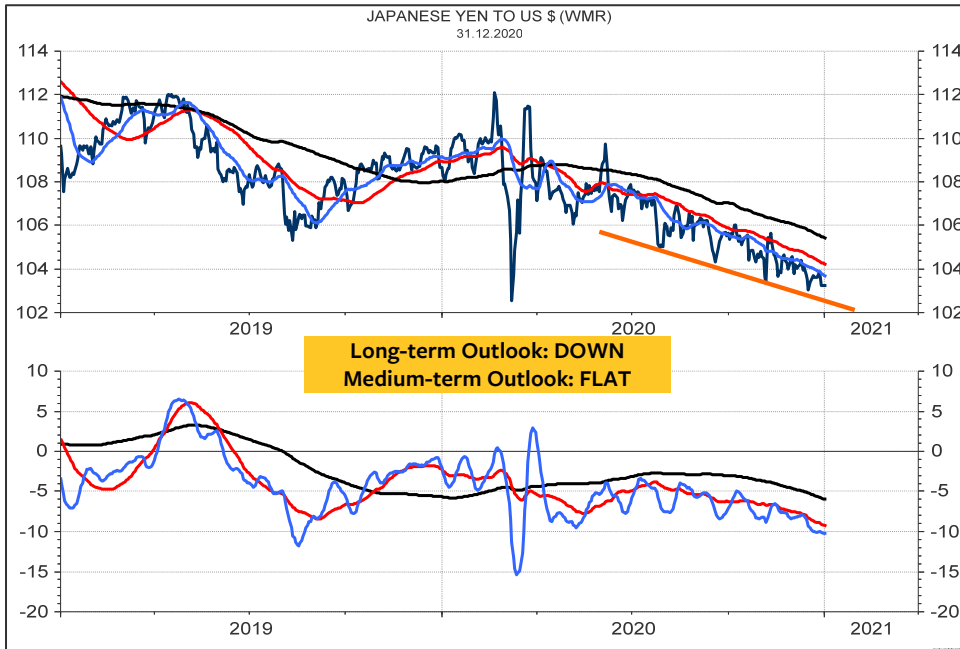
A clear break of 0.8770 would signal a long-term downgrade and activate the long-term support at 0.83 (at left).

A break of 0.83 could signal 0.70.

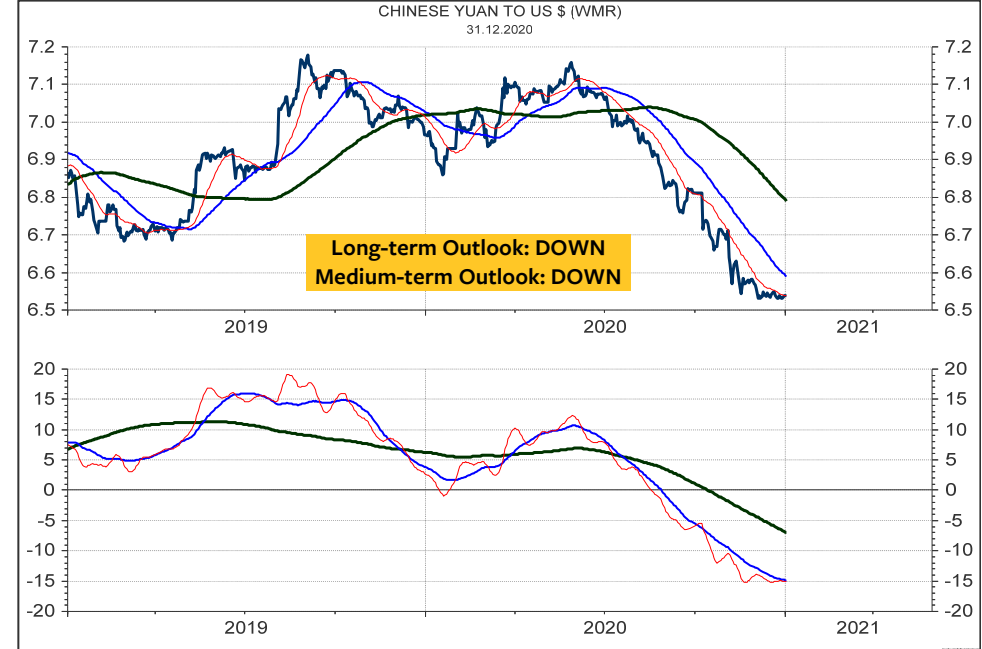
For a new upturn, the US dollar would have to rise above the 3 long-term indicators. Presently, they are positioned between 0.90 and 0.93.



## Japanese yen per US DOLLAR



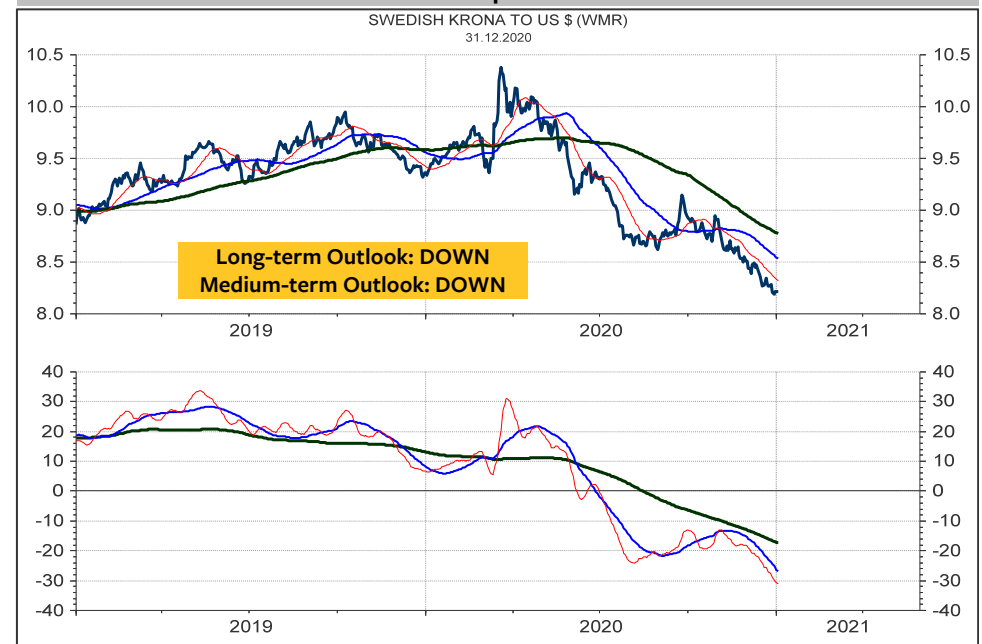
## Chinese yuan per US DOLLAR



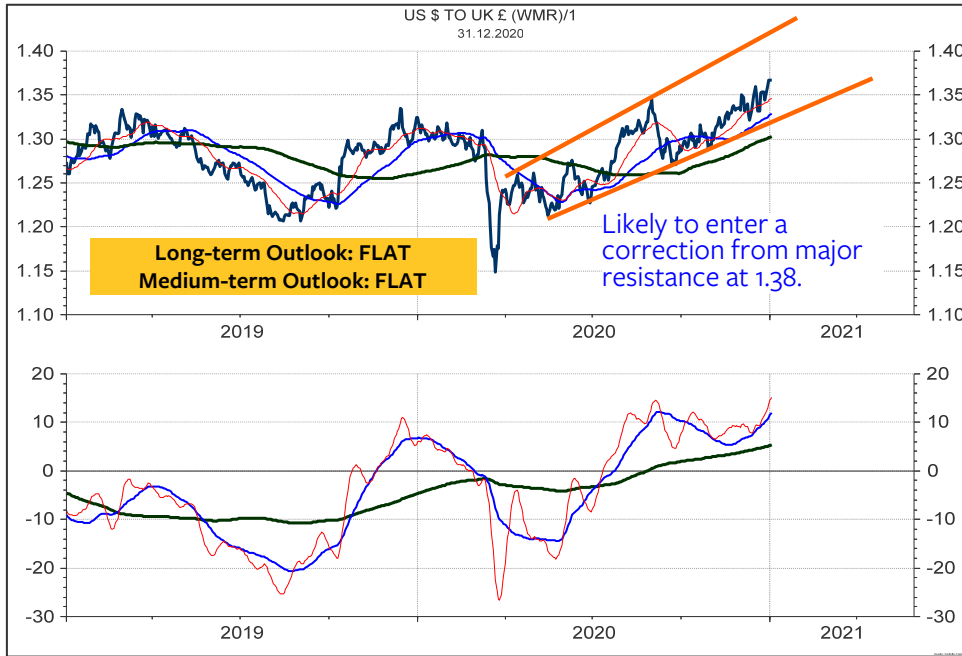
## Canadian dollar per US DOLLAR



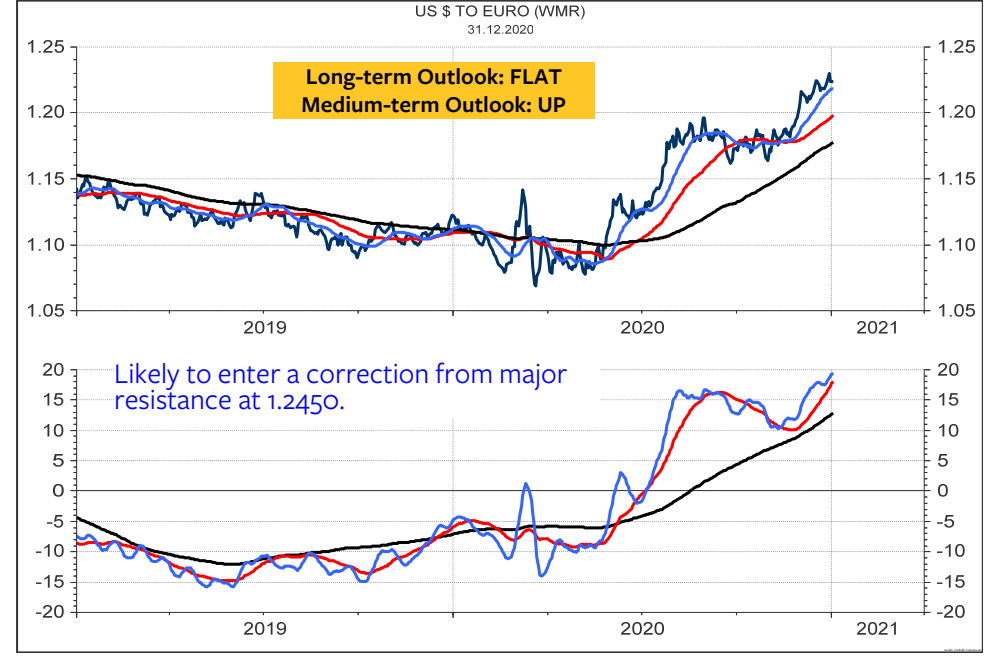
## Swedish krona per US DOLLAR



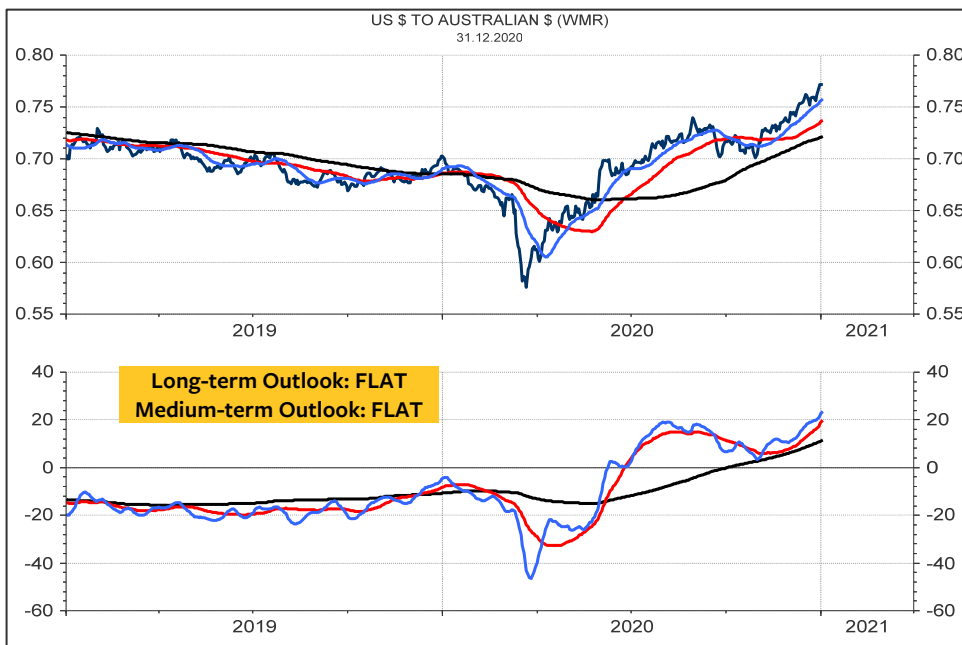
## US dollar per BRITISH POUND



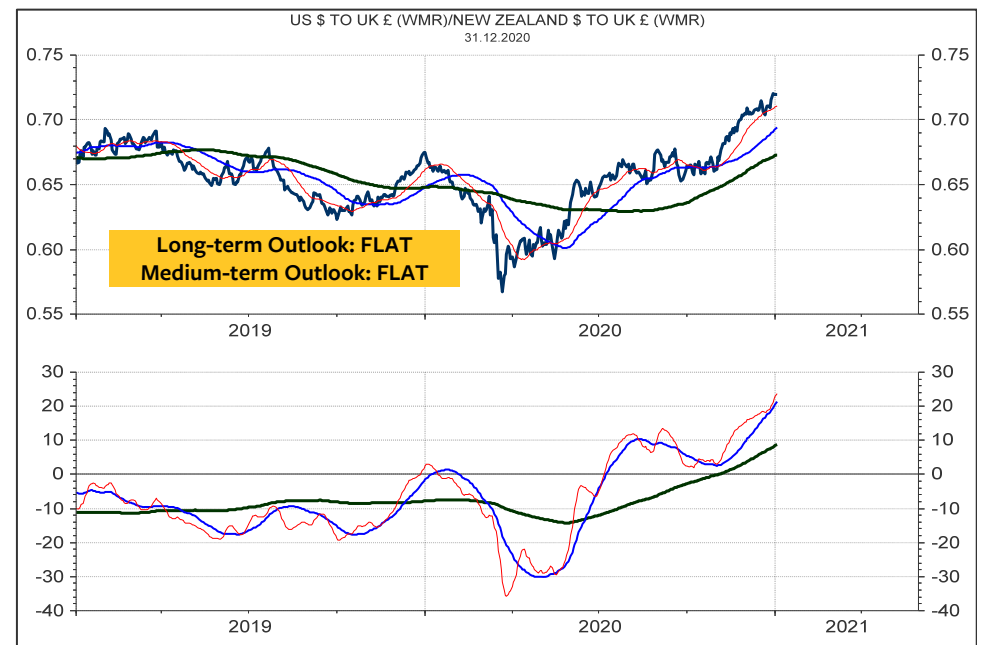
## US dollar per EURO



## US dollar per AUSTRALIAN DOLLAR

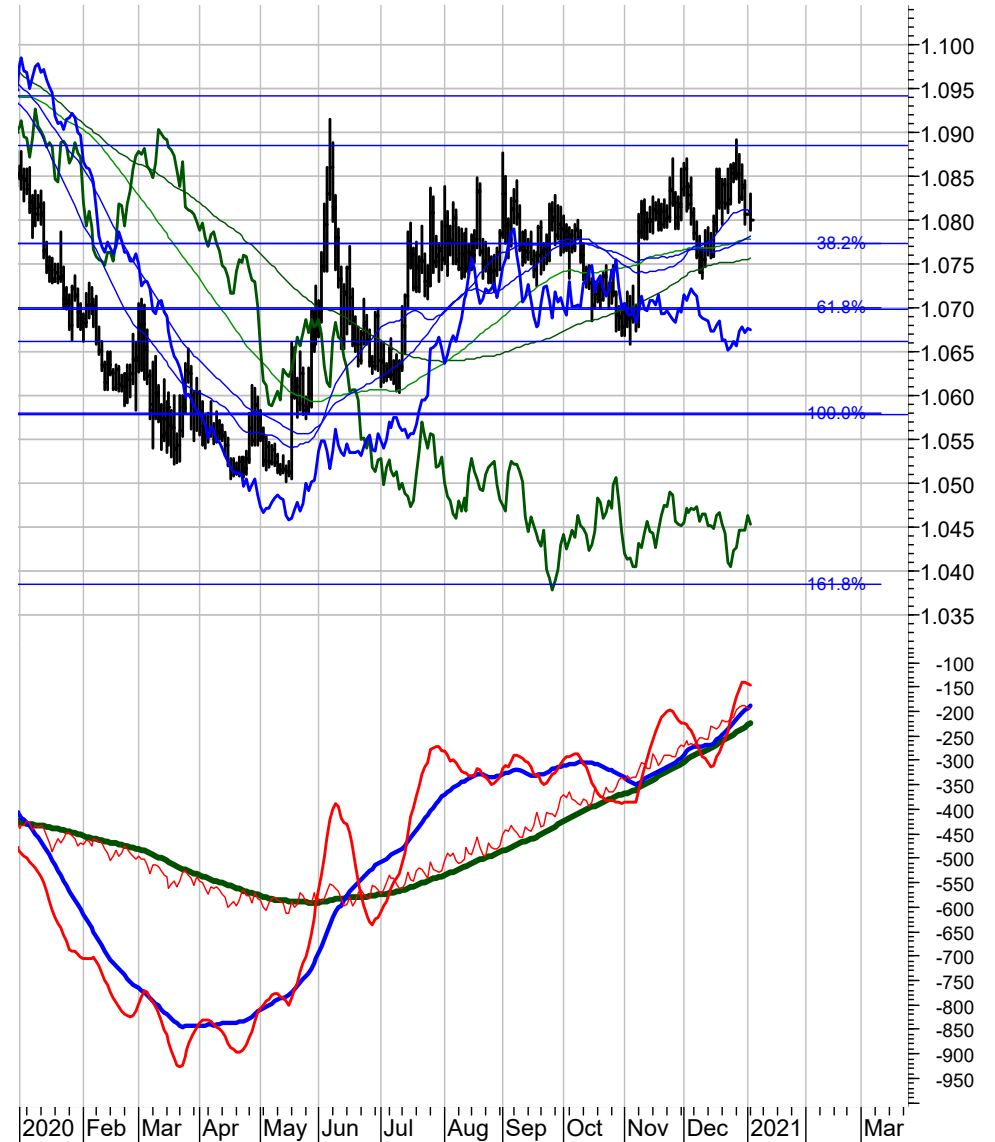


## US Dollar per NEW ZEALAND DOLLAR



# Swiss franc per EURO

The Euro appears to have difficulties breaking the resistance range between 1.09 and 1.0950.  
 For the positive outlook to remain intact, the Euro must hold above 1.0650 and 1.0570.  
 The Medium-term Outlook would move to FLAT below 1.07 and to DOWN below 1.0650 and 1.0570.  
 Long-term Euro investors should watch the support from the long-term momentum reversal, presently at 1.0450.



# Bitcoin / US dollar

Two weeks ago, I stated that: “The next long-term resistance levels are at 32000 to 35500.”

The Bitcoin surged to 34800 on 3.1.2021 and sold off.

The presently unfolding correction could take more time for the overbought market condition to be relieved.

A break of 29500 and 27800 would signal more weakness to 25000.



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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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