



GLOBAL CHART OUTLOOK

BERTSCHIS CHART OUTLOOK

Global Markets

11th January 2021 / Issue #21/2

Given the slope of the uptrend in the World Index and the S&P 500 Index from March 2020, I wonder if this rise is a Buying Climax or if it is the beginning of a Big Bubble. On page 3, I compare the rise from March to a typical bubble pattern. I will try to assess the two possibilities in the next weeks. For now, I still see the odds favoring a top in the S&P 500 Index (page 9) at 3870 or 3960. I leave the Medium-term Outlook DOWN.

On page 4, I introduce my MSCI Sector Model. The 10 sectors are rated relative to the World Index and also relative to each other.

Presently, the Technology sector is close to a downgrade to underweight. The Energy and Financial sectors are close to an upgrade to overweight. Going forward, I will analyze the model for recommendations in the sector rotation.

In the table of the global stock market indices (page 7) there is no major change. The most interesting market is the MSCI Emerging Markets (page 17). It could well be breaking the long-term resistance at 1350. But, I give it another extension of the uptrend to 1430. A breakout above the high from 2008 and 1430 would offer a substantial upside target. It could match the view of an accelerating bubble. Also, for the Swiss franc-based equity investors, the relative chart to the MSCI Switzerland is at a crossroad (page 18).

The US T-Note Yield could rise to 1.45%. A break of 1.45% would mean that the long-term yield trend has turned upward. On the pages 21 to 23, I picture the charts for the Total Return from the core Government Bonds, all measured in Swiss franc (instead of the local currencies).

Gold and Silver sold off. The chart of Silver clearly shows an Inverse Flat. This explains the selloff from 28. My Medium-term Outlook for Gold would move to DOWN if 1810 is broken. Next supports in Gold are 1690, 1650, 1470.

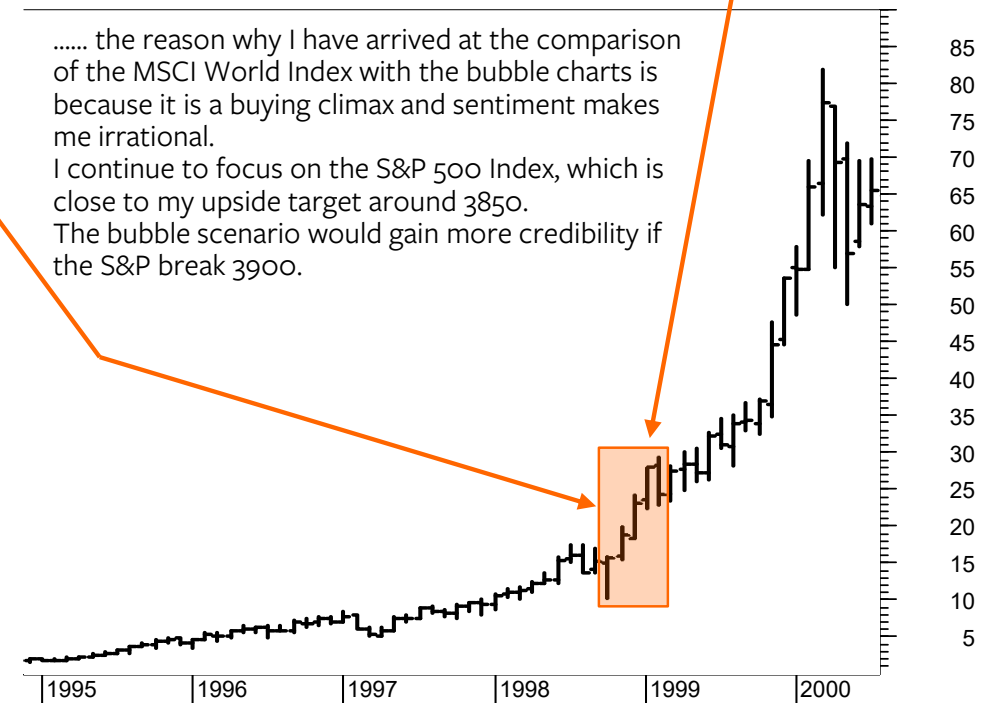
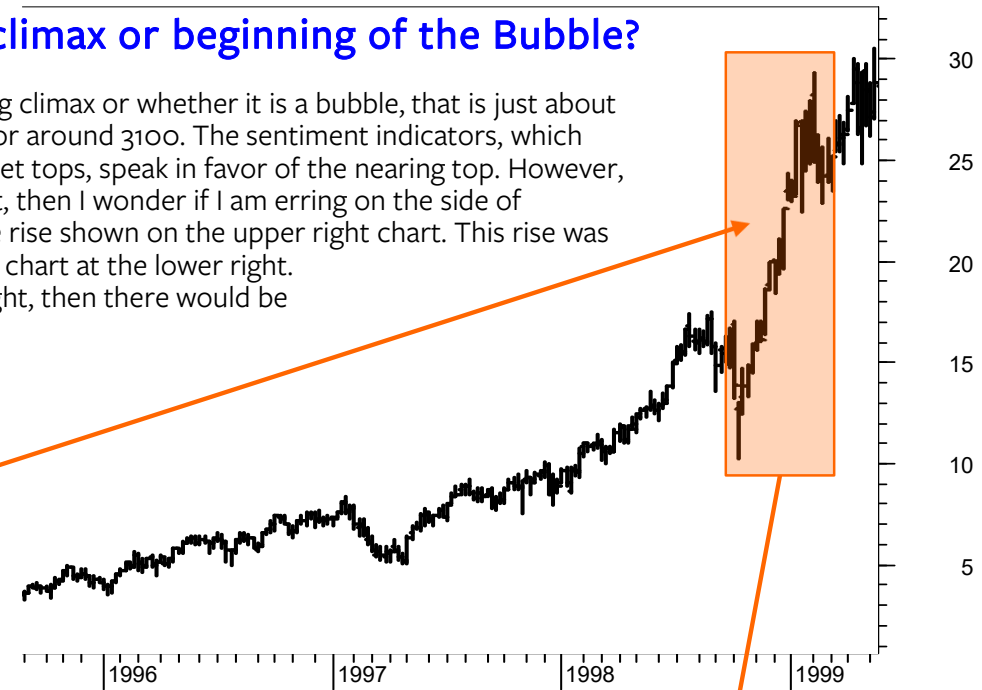
The inverse picture is provided by the US dollar / Swiss franc. The US dollar appears to be reversing from 0.8750, which was the support, which I had projected to make the difference between a downleg or a new dollar upturn. The latter could be signaled if 0.8980 and 0.9030 is broken.

On the lower side of the chart, a break of 0.8750 to 0.87 would signal 0.83.

The US dollar upturn and Gold downturn could go hand in hand with a stock market decline, which would mirror the deflationary phase of my the seasonal model. Therefore, the key levels are provided.

MSCI All Country World Stock Market Index –Buying climax or beginning of the Bubble?

The steepness of the rise in March 2020 raises the question of whether it is a buying climax or whether it is a bubble, that is just about to start its acceleration phase. If it is a buying climax, then it is likely to top at 2850 or around 3100. The sentiment indicators, which have reached extremely high readings, which in the past, were consistent with market tops, speak in favor of the nearing top. However, if I take an unbiased look at the typical pattern of a bubble, such as is shown at right, then I wonder if I am erring on the side of proportionality. The rise in the MSCI World from March 2020 has similarities to the rise shown on the upper right chart. This rise was indeed just the beginning of the bubble, which is shown in its full proportion on the chart at the lower right. If indeed the MSCI World Index is in the same stage of the bubble as the charts at right, then there would be a tremendous upside potential. But, possibly



..... the reason why I have arrived at the comparison of the MSCI World Index with the bubble charts is because it is a buying climax and sentiment makes me irrational. I continue to focus on the S&P 500 Index, which is close to my upside target around 3850. The bubble scenario would gain more credibility if the S&P break 3900.

Introduction to my Global MSCI Sector and Cross-Sector Model

No new recommendations; watching Technology (pending shift to underperform), Energy and Financials (pending shift to outperform)

The table shows the performance of the 10 major sectors relative to the MSCI World Index and relative to each other. The score ranges from 0 to 24. The positive range is from 15 to 24. The neutral range is from 10 to 14. The negative range is from 9 to 0.

The table shows the performance of

- the MSCI World Index relative to the 10 sectors (top range),
- the 10 major sectors relative to the MSCI World Index with the overall relative weighting at the far right column, and
- the 10 sectors relative to each other.

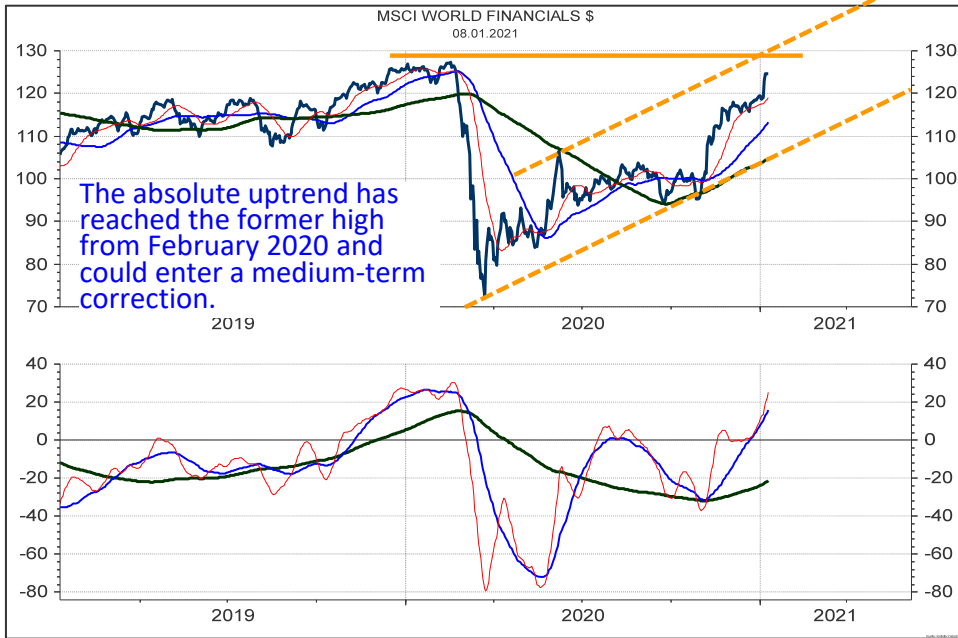
The number in the white boxes (diagonal) are the absolute rating of the World Index and the sector indices. Presently, all indices are given the maximum of 24 points. The single exception is the Utility Index, which is given a slightly less positive 18 points. Thus, presently, all trend ratings are all UP.

At the moment, the most important sectors are the Financials, Energy and Technology. On the table, Energy relative to the Financials are given 22 points (circled), which is positive. It means that Energy is outperforming Financials. As the chart below shows is the relative chart Energy/Financials testing the 144-day moving average. It could be close to the upgrade to overweight Energy. But, a break below 1.16 could still signal the resumption of the underperformance of Energy. Thus, both sectors are at a critical juncture. Moreover, the model readings are one input factor. For a final recommendation I am also looking at the charts, shown on the next pages. Despite the model overweight for Energy and Financials, I am waiting for a break of the resistance lines to go for a new position.

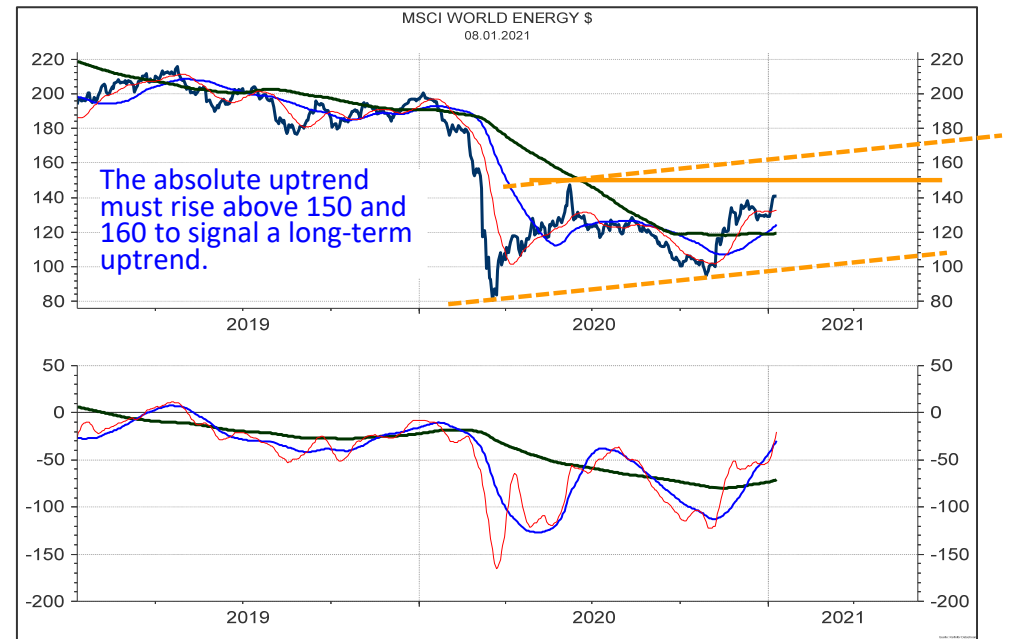


	World	EN	MA	IN	CD	CS	HC	FN	IT	TC	UT	TREND	WEIGHTING
World	24	0	0	15	0	24	17	0	11	24	17	UP	
Energy	24	24	21	24	24	24	24	22	24	24	24	UP	OVERWEIGHT
Materials	24	3	24	24	18	24	24	14	24	24	24	UP	OVERWEIGHT
Industrials	9	0	0	24	2	24	11	0	10	18	21	UP	UNDERWEIGHT
Cons. Discretionary	24	0	6	22	24	24	22	4	24	24	22	UP	OVERWEIGHT
Consumer Staples	0	0	0	0	0	24	4	0	2	0	10	UP	UNDERWEIGHT
Health Care	7	0	0	13	2	20	24	0	7	16	24	UP	UNDERWEIGHT
Financials	24	0	10	24	20	24	24	24	24	24	24	UP	OVERWEIGHT
Info. Technology	7	0	0	14	0	22	17	0	22	18	20	UP	UNDERWEIGHT
Telecom	0	0	0	0	0	24	8	0	6	24	17	UP	UNDERWEIGHT
Utilities	3	0	0	3	2	14	0	0	4	7	18	UP	UNDERWEIGHT

MSCI World Financials



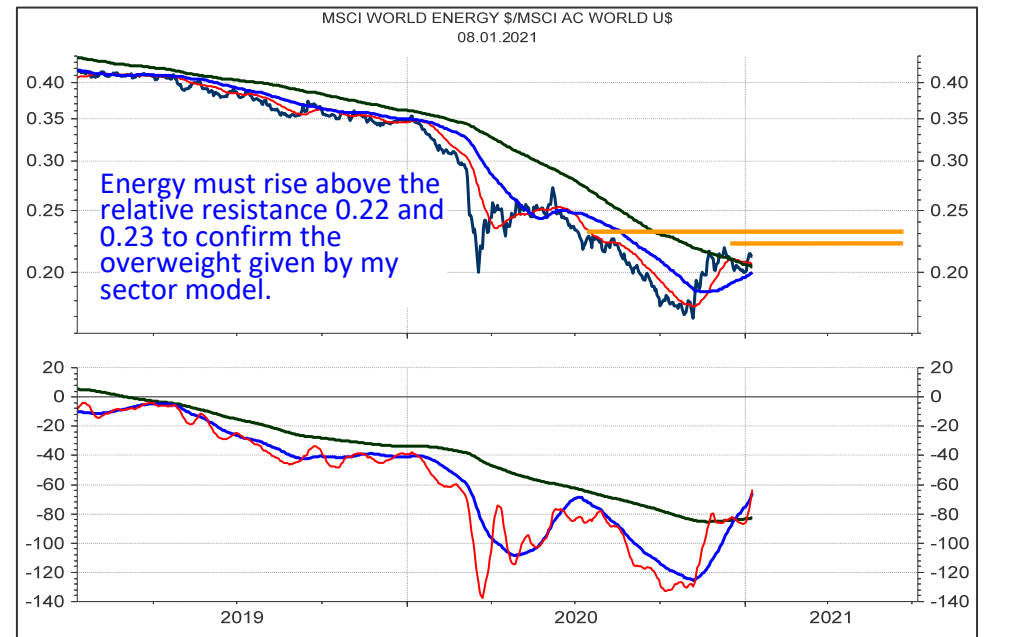
MSCI World Energy



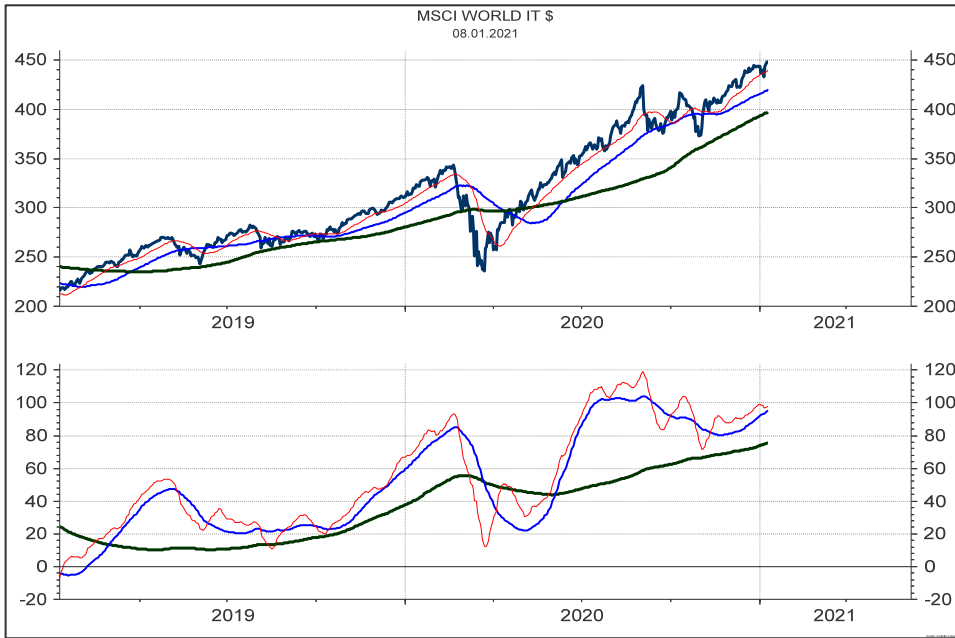
NEUTRAL



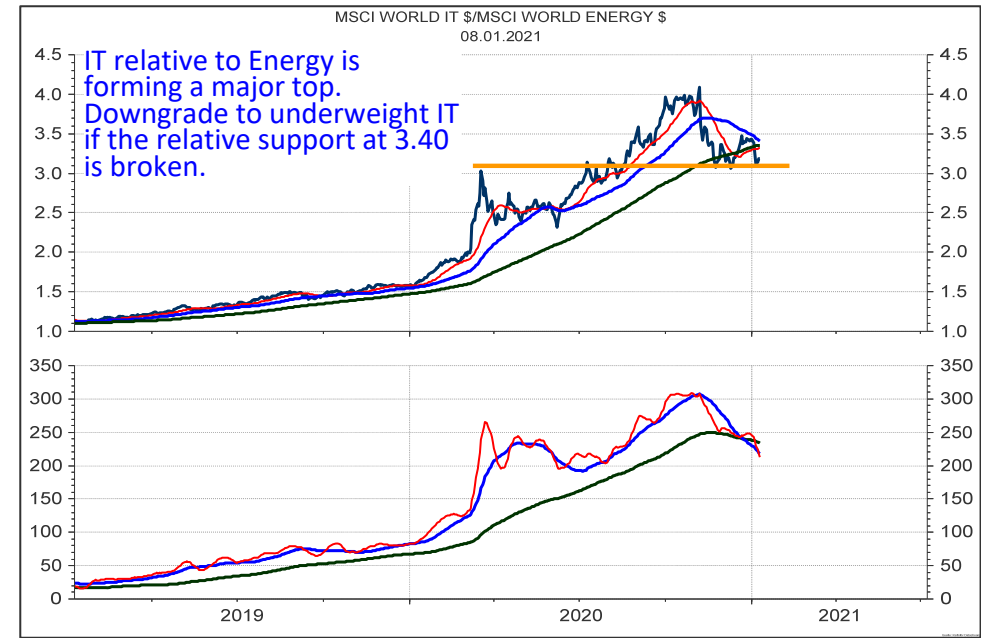
NEUTRAL



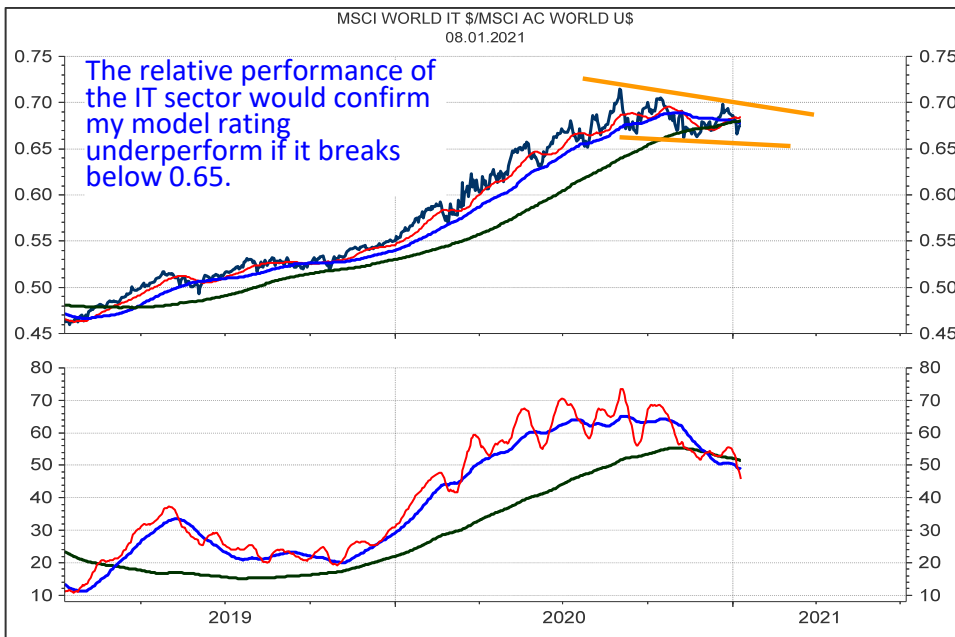
MSCI World Infotech



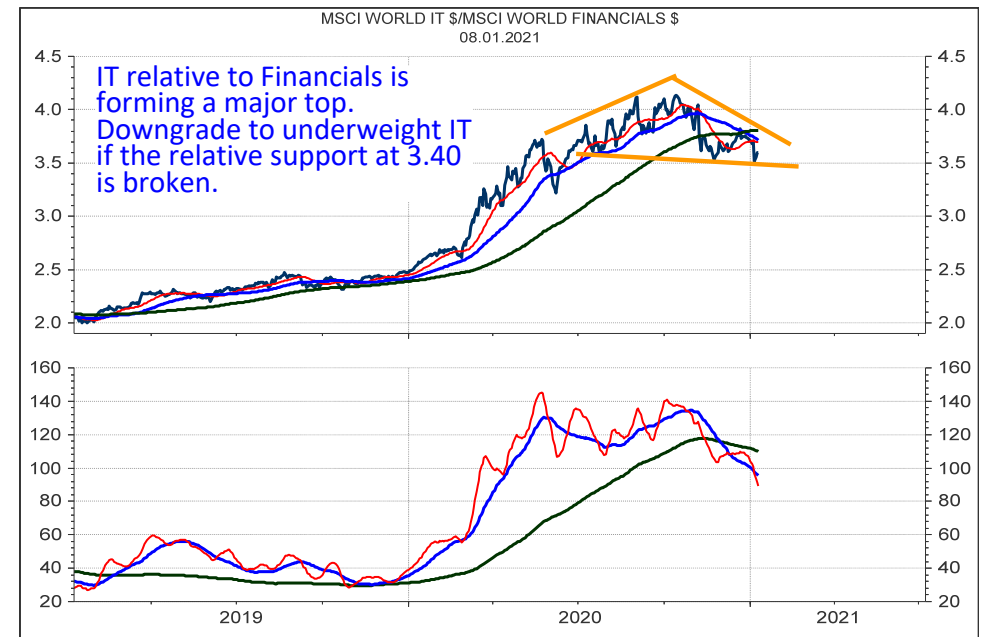
MSCI World IT relative to MSCI World Energy



NEUTRAL



MSCI World IT relative to MSCI World Financials



MSCI Stock Market Indices – Absolute and Relative Model Ratings and Outlook

MSCI INDICES IN LOCAL CURRENCIES, ABSOLUTE

SCORE	INDEX	RIC	PRICE	LONG TERM	MEDIUM TERM	MEDIUM TERM
				MODEL	MODEL	OUTLOOK
94%	ARGENTINA	.dMIARoc	13'755'477	+	+	
100%	AUSTRALIA	.dMIAUoc	1'327.59	+	u+	FLAT
100%	AUSTRIA	.dMIAToc	532.26	+	+	
100%	BELGIUM	.dMIBEoc	935.71	+	+	
100%	BRAZIL	.dMIBRoc	1'428.62	+	+	FLAT
100%	CANADA	.dMICAOc	2'261.32	+	+	FLAT
100%	CHILE	.dMICLoc	4'033.84	+	+	
100%	CHINA	.dMICNoc	111.87	+	+	FLAT
100%	COLOMBIA	.dMICOoc	2'556.92	+	+	
100%	CZECH REPUBLIC	.dMICZoc	216.44	+	+	
94%	DENMARK	.dMIDKoc	12'478.93	+	+	
11%	EGYPT	.dMIEGoc	2'388.23	-	-	
100%	EM	.dMIEOFoc	75'382.29	+	+	FLAT
100%	EMU	.dMIEMoc	235.20	+	+	FLAT
100%	FINLAND	.dMIFLoc	790.80	+	+	
100%	FRANCE	.dMIFRoc	2'057.80	+	+	FLAT
100%	GERMANY	.dMIDEoc	1'027.88	+	+	FLAT
100%	GREECE	.dMIGRoc	39.81	+	+	FLAT
100%	HONG KONG	.dMIHKoc	17'586.68	+	+	FLAT
100%	HUNGARY	.dMIHUoc	2'048.62	+	+	FLAT
100%	INDIA	.dMIINoc	1'658.18	+	+	FLAT
100%	INDONESIA FREE	.dMIIDoc	6'888.07	+	+	FLAT
100%	ITALY	.dMIIToc	730.49	+	+	FLAT
100%	JAPAN	.dMIJPoc	1'135.62	+	+	FLAT
100%	KOREA	.dMIKRoc	1'022.15	+	+	FLAT
78%	MALAYSIA FREE	.dMIMYoc	537.77	+	o	
100%	MEXICO FREE	.dMIMXoc	43'108.94	+	+	FLAT
100%	NETHERLANDS	.dMINLoc	2'208.63	+	+	FLAT
89%	NEW ZEALAND	.dMINZoc	205.98	o	u+	
100%	NORWAY	.dMINOoc	2'826.44	+	+	FLAT
100%	PAKISTAN	.dMIPKoc	363.04	+	+	
83%	PHILIPPINES FREE	.dMIPHoc	1'228.32	+	do	FLAT
100%	POLAND	.dMIPLoc	1'374.20	+	+	FLAT
100%	PORTUGAL	.dMIPToc	106.88	+	+	FLAT
100%	QATAR	.dMIQAoc	811.70	+	u+	
100%	RUSSIA	.dMIRUoc	1'394.03	+	+	FLAT
100%	SINGAPORE	.dMISGoc	1'596	+	+	FLAT
100%	SOUTH AFRICA	.dMIZAoc	1'400.74	+	+	
100%	SPAIN	.dMIESoc	823.80	+	+	FLAT
100%	SWEDEN	.dMISEoc	15'636.71	+	u+	FLAT
100%	SWITZERLAND	.dMICHoc	1'429.52	+	+	FLAT
100%	TAIWAN	.dMITWoc	631.22	+	+	FLAT
100%	THAILAND FREE	.dMITHoc	511.04	+	+	
100%	TURKEY	.dMITRoc	1'750'948.12	+	+	FLAT
100%	UK	.dMIGBoc	1'921	+	+	FLAT
100%	UNITED ARAB EMIRATES	.dMIAEoc	328.37	+	u+	
100%	UNITED STATES	.dMIUSoc	3'737.78	+	+	DOWN
100%	WORLD	.dMIWDoc	759.49	+	+	FLAT

MSCI INDICES REL. TO WORLD (All indices in local currencies)

LONG-TERM	MEDIUM-TERM
OUTLOOK	OUTLOOK
UNDERWEIGHT	UNDERWEIGHT
NEUTRAL	NEUTRAL
UNDERWEIGHT	UNDERWEIGHT
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
UNDERWEIGHT	NEUTRAL
UNDERWEIGHT	NEUTRAL
UNDERWEIGHT	NEUTRAL
UNDERWEIGHT	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
UNDERWEIGHT	NEUTRAL
UNDERWEIGHT	NEUTRAL
UNDERWEIGHT	NEUTRAL
NEUTRAL	OVERWEIGHT
UNDERWEIGHT	NEUTRAL
NEUTRAL	NEUTRAL
UNDERWEIGHT	NEUTRAL
UNDERWEIGHT	NEUTRAL
UNDERWEIGHT	NEUTRAL
UNDERWEIGHT	NEUTRAL
UNDERWEIGHT	NEUTRAL
NEUTRAL	NEUTRAL
UNDERWEIGHT	NEUTRAL
OVERWEIGHT	NEUTRAL

MSCI INDICES REL. TO SWITZERLAND (All indices in Swiss franc)

LONG-TERM	MEDIUM-TERM
OUTLOOK	OUTLOOK
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
UNDERWEIGHT GREECE	NEUTRAL
UNDERWEIGHT HONG KONG	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
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NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
(u) NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
NEUTRAL	NEUTRAL
OVERWEIGHT USA	NEUTRAL
OVERWEIGHT WORLD	NEUTRAL

Swiss Market Index SMI

The SMI remains below the resistance 10900 to 10950, a break of which is required to signal 11300 to 11650. The monthly chart at left allows for a slightly higher resistance at 12000. I am watching the test of 10950 to assess the probabilities of the break upwards and of the downturn. Presently, a decline below 10600 and 10200 would favor the major downturn.

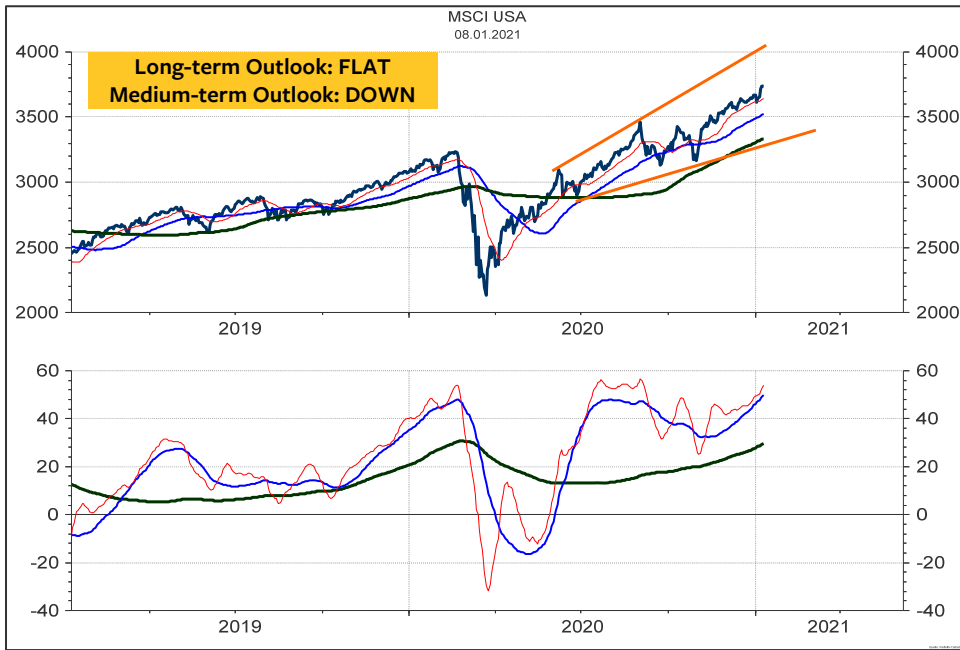


S & P 500 Index

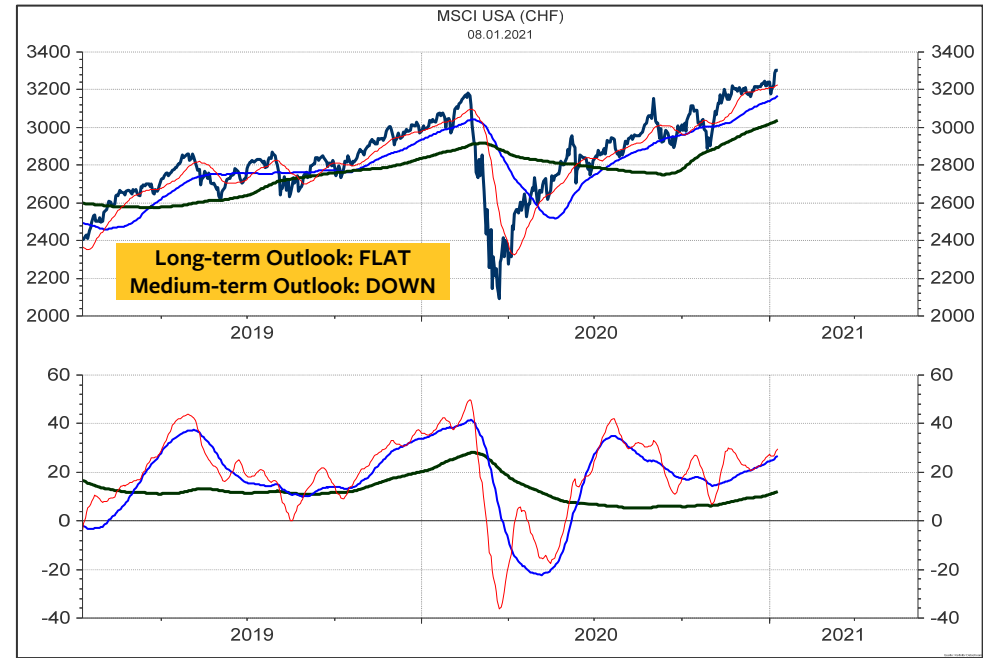
On page 3, I wrote about the two scenarios, the Buying Climax and the beginning of the Big Bubble. Of course, this all applies also to the S&P 500 Index. It is reaching the resistance around 3850. Here, I had projected the top of Wave 5 of the uptrend from March 2020. The sentiment indicators still favor a major correction before a breakout above 4000 occurs. A correction below 3680 and 3600 would signal that a correction has started.



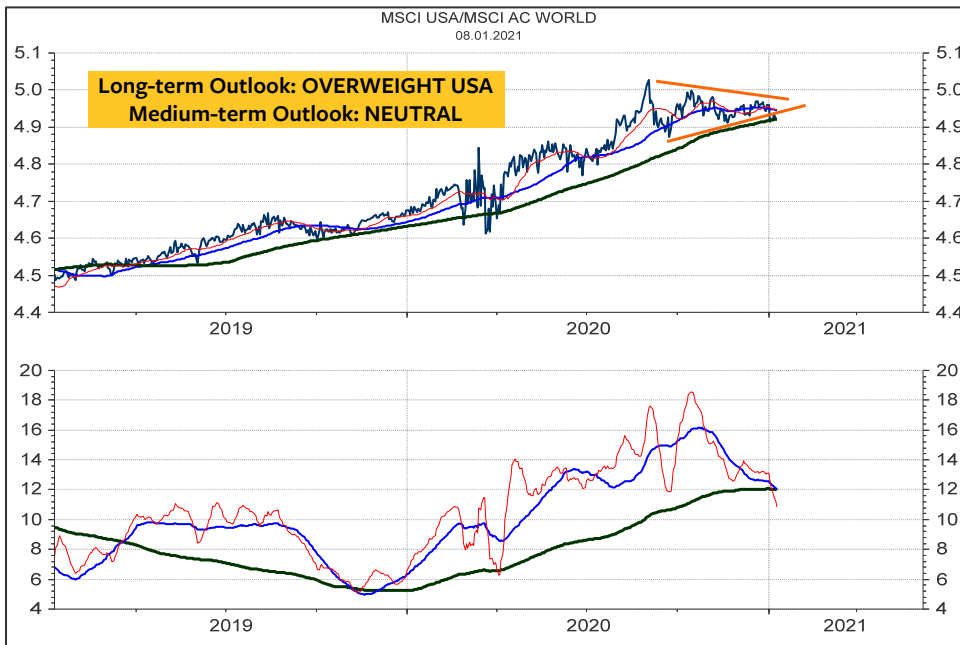
MSCI USA in US\$



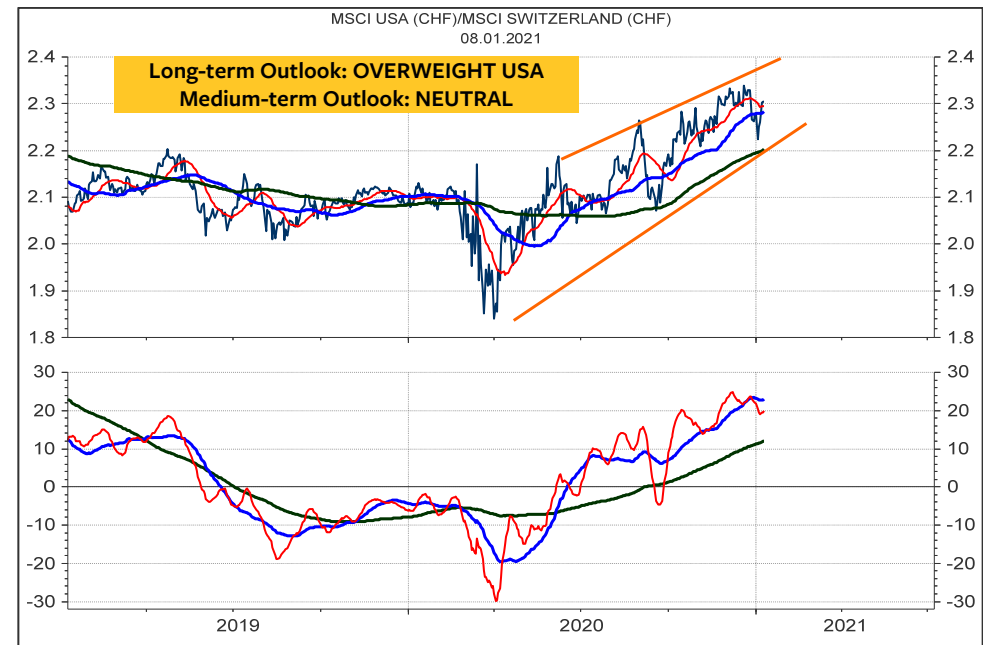
MSCI USA in Swiss franc



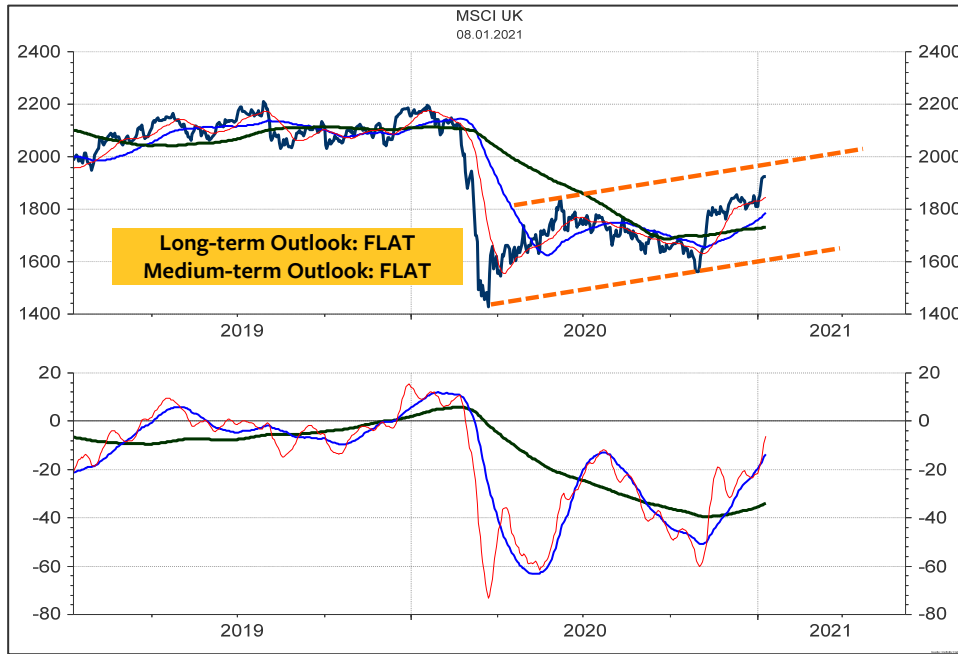
MSCI USA relative to the MSCI AC World



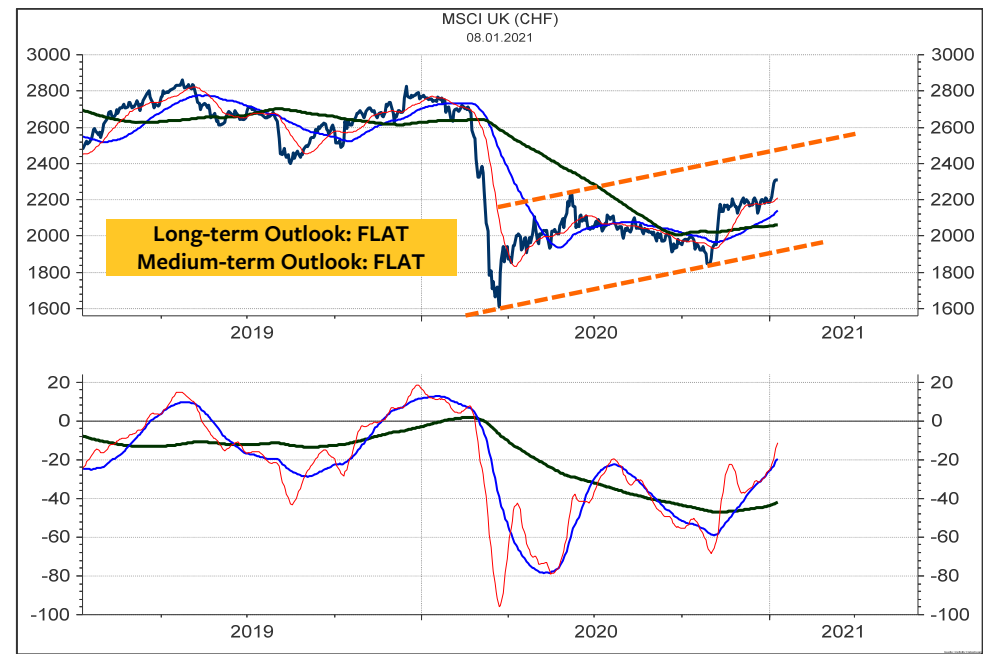
MSCI USA in SFR relative to MSCI Switzerland



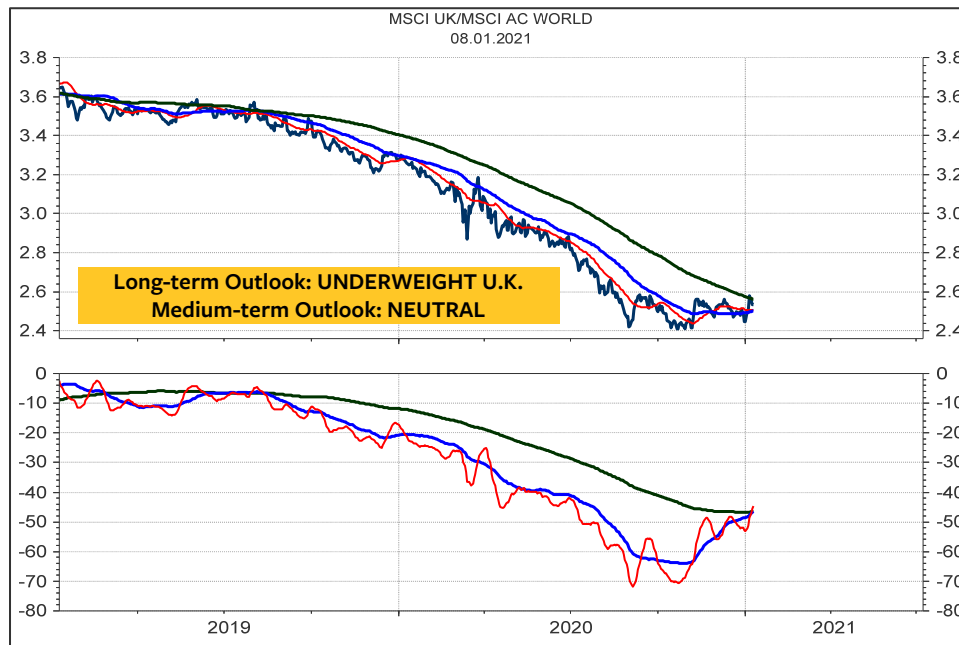
MSCI U.K. in British Pound



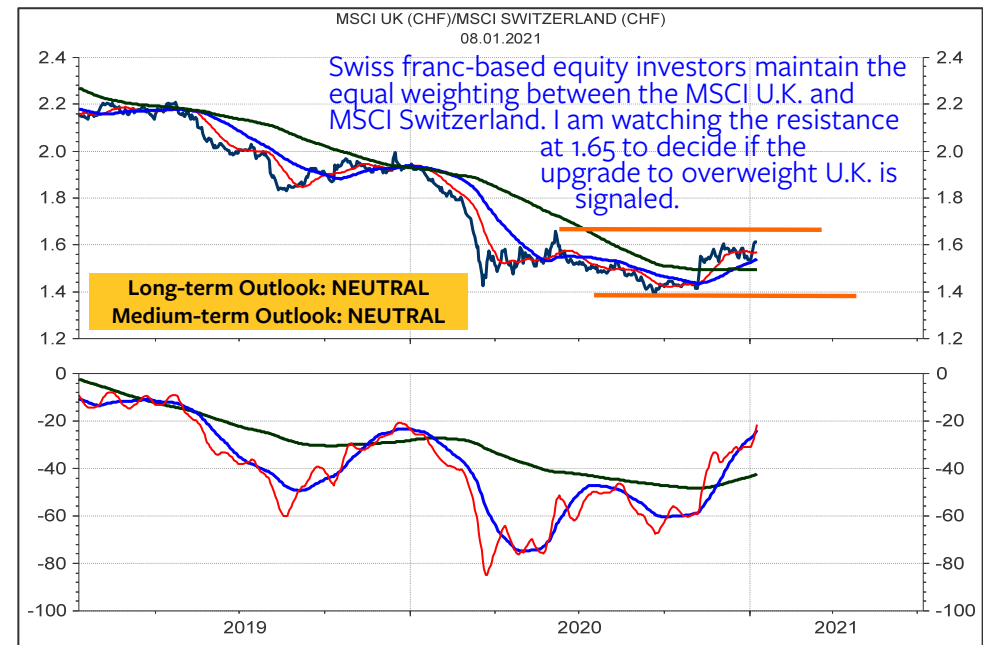
MSCI U.K. in Swiss franc



MSCI U.K. relative to the MSCI AC World

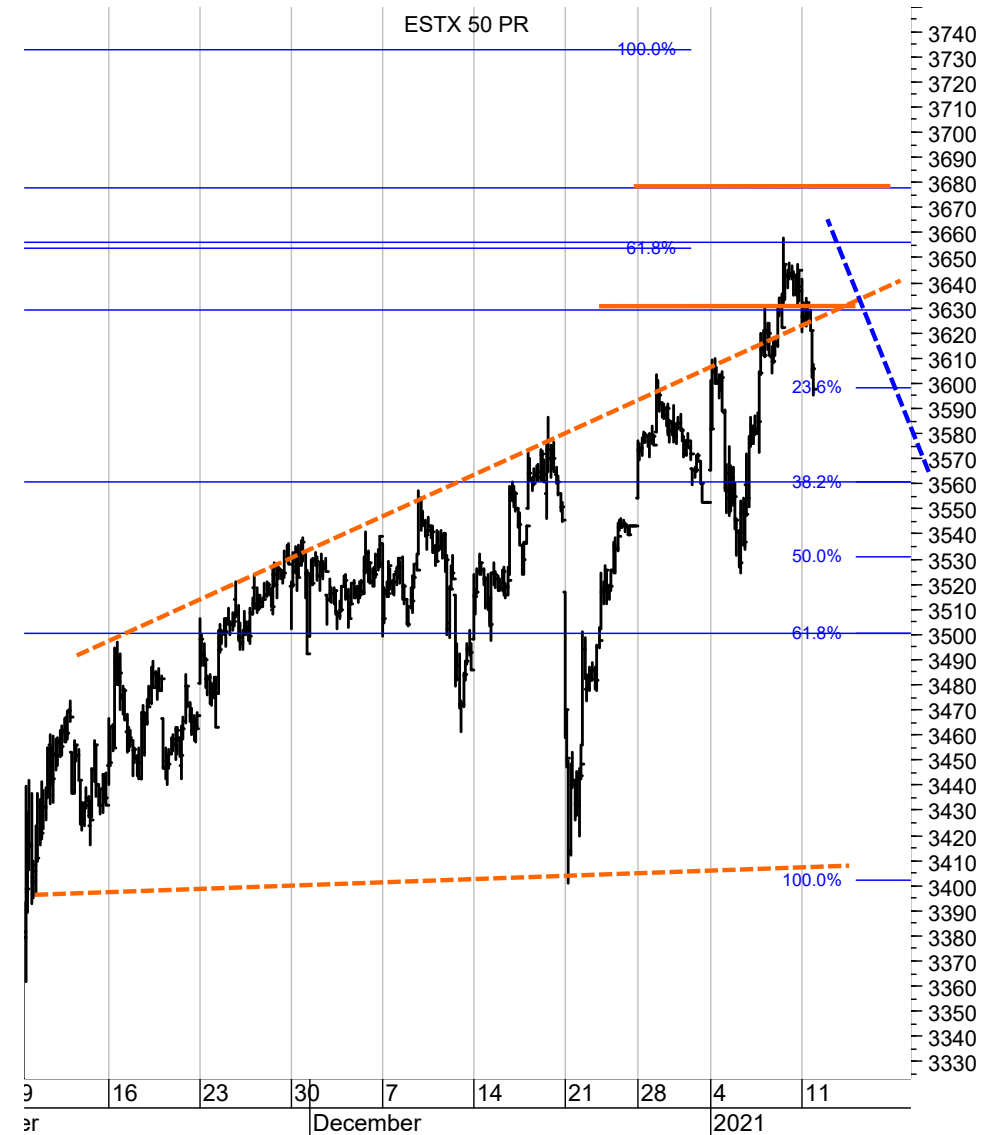
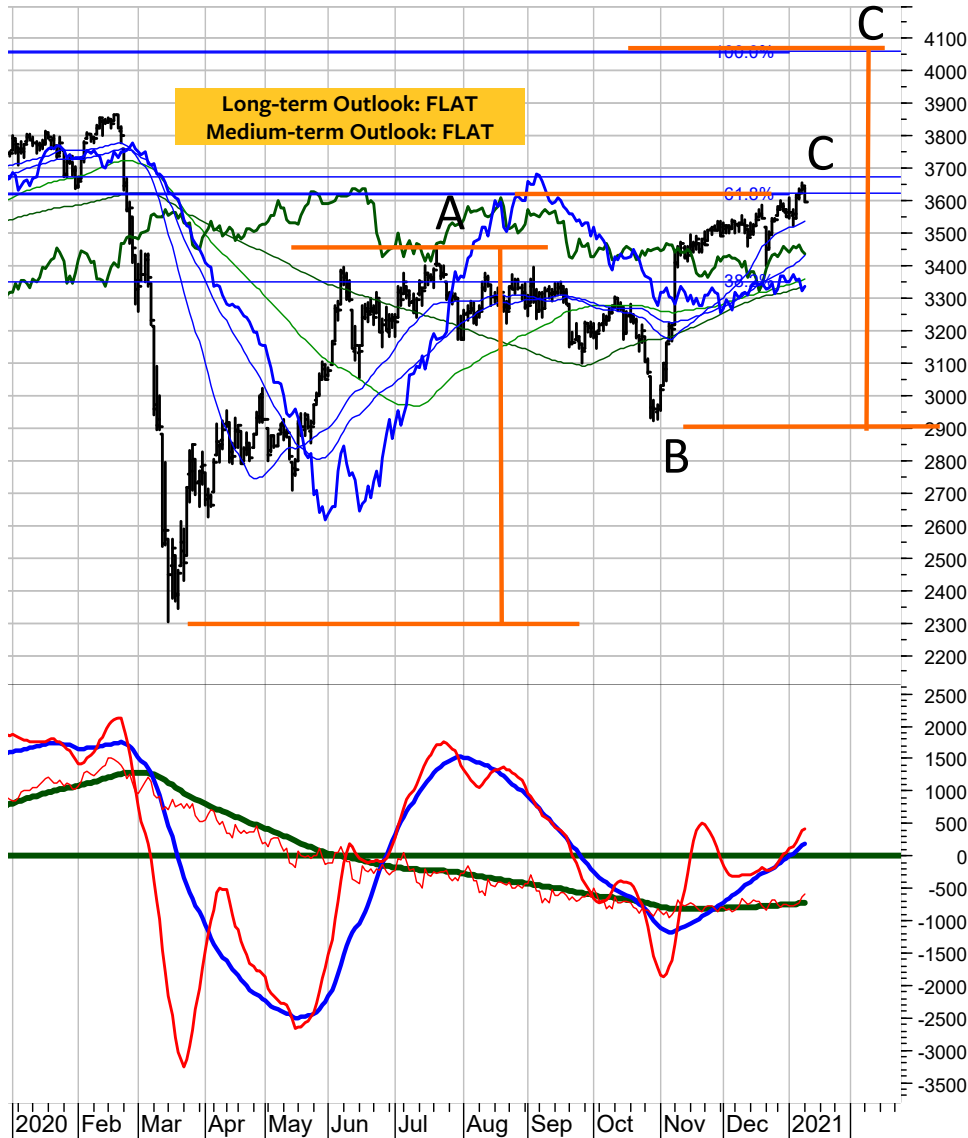


MSCI U.K. in SFR relative to MSCI Switzerland

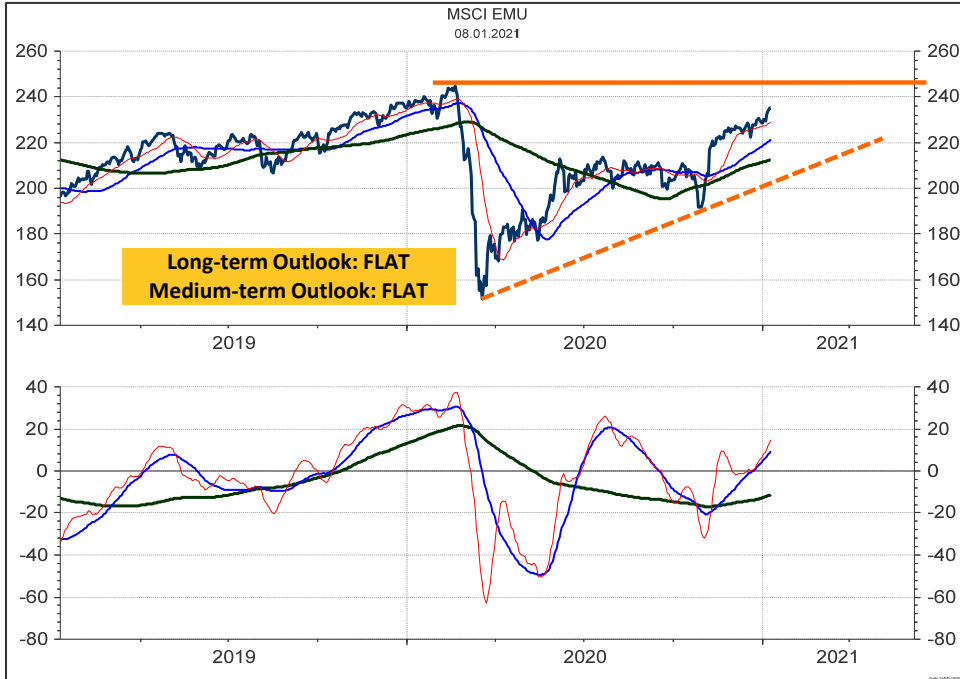


Eurostoxx 50 Index

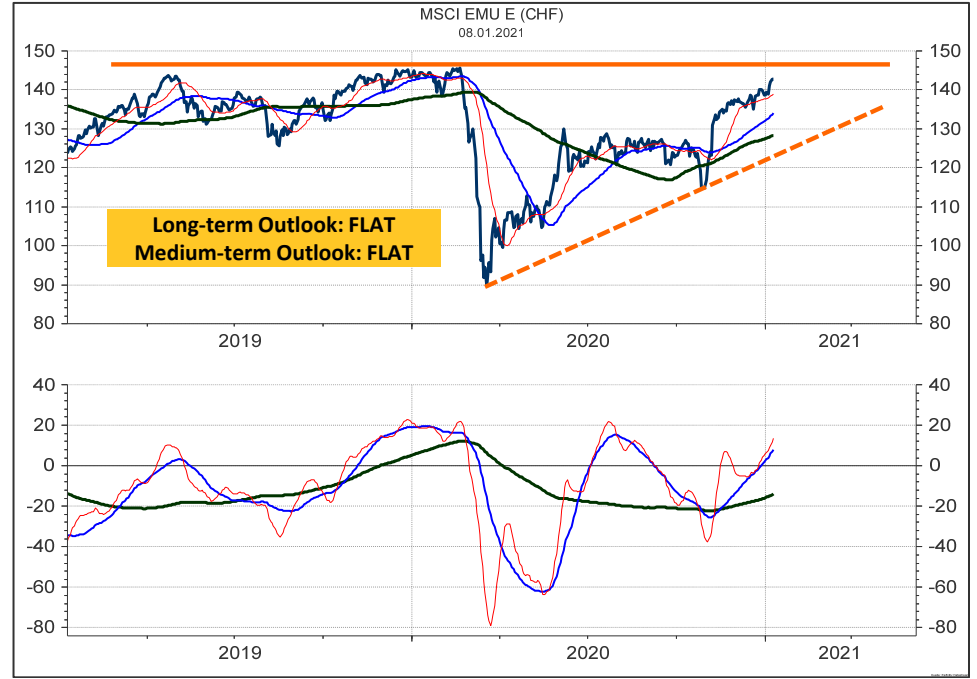
The Eurostoxx 50 Index must break above 3680 and 3730 to signal 4100.
 I am watching the test of this resistance to look for a medium-term upgrade to UP.
 A major correction would be signaled if 3560 and 3500 is broken.
 The MSCI EMU measured in Swiss franc relative to the MSCI Switzerland (next page, lower right) is likely to extend the uptrend to the resistance around 10.20 to 10.50. For now, the relative outlook remains NEUTRAL medium-term and long-term. This means, Swiss franc-based equity investors maintain the equal weighting of the MSCI EMU and MSCI Switzerland.



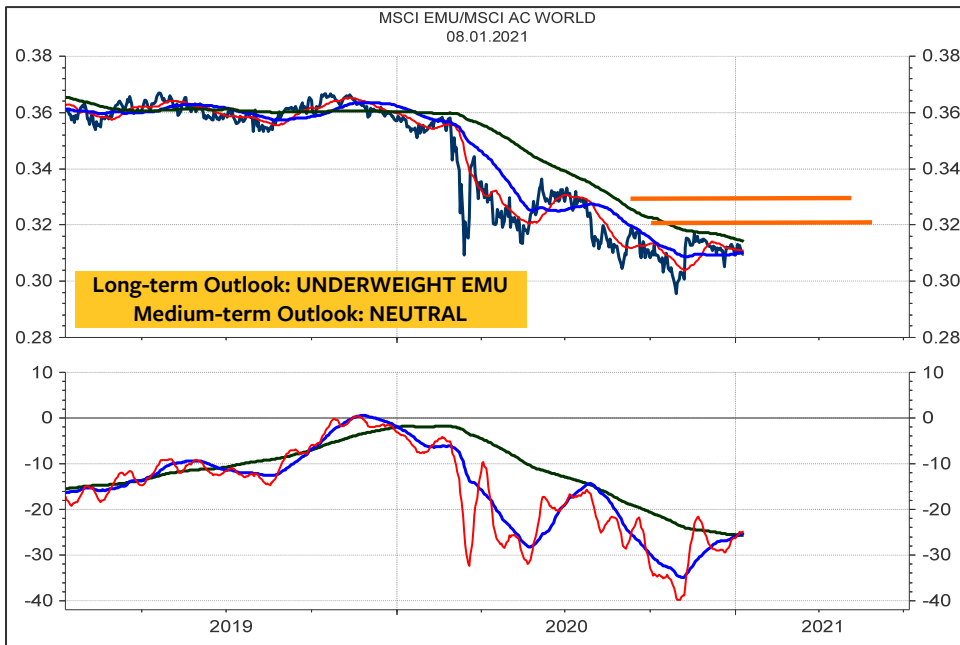
MSCI EMU in Euro



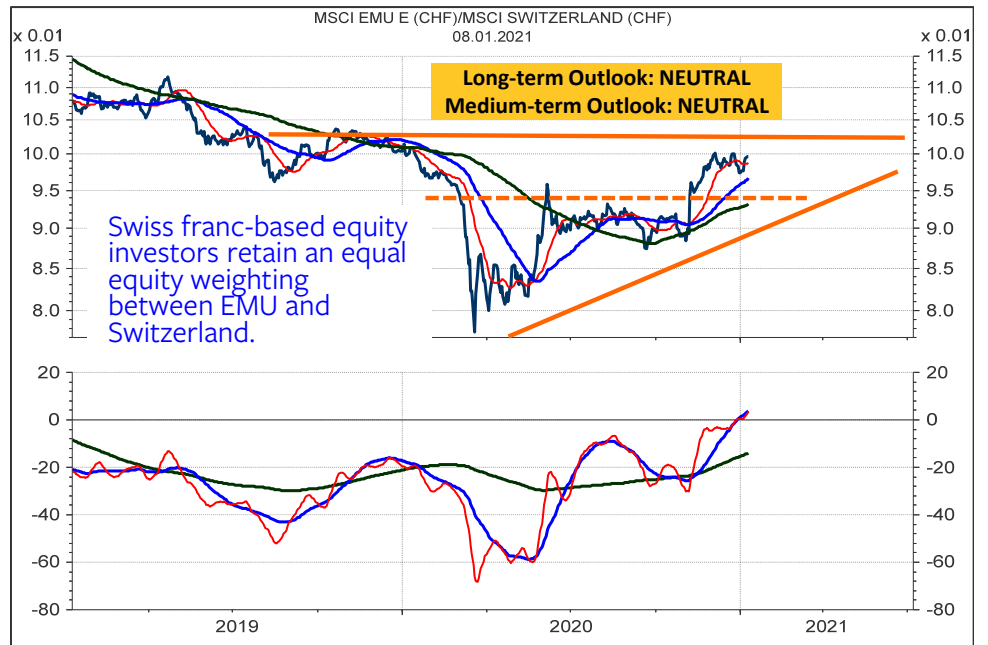
MSCI EMU in Swiss franc



MSCI EMU relative to the MSCI AC World

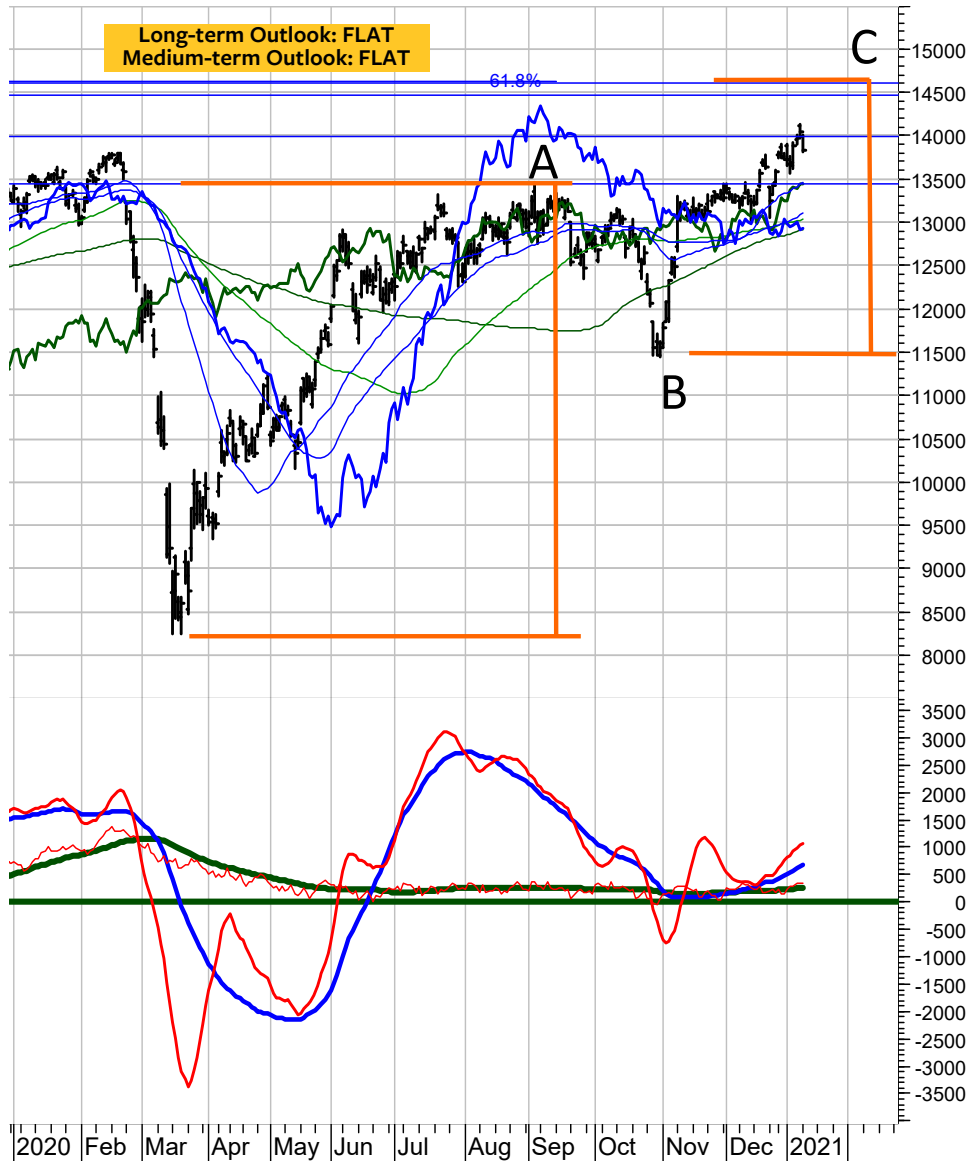


MSCI EMU in CHF relative to MSCI Switzerland



Deutscher Aktien Index DAX

The DAX could just have terminated the Wedge, which began on 12.11.2020. This top would mark the end of Wave C. It would take a rise above 14150 to signal that the top of Wave C is likely to be registered at 14600. A decline below 13700 and 1345 would signal that a major correction is in force.



Nikkei 225 Index continuous Future

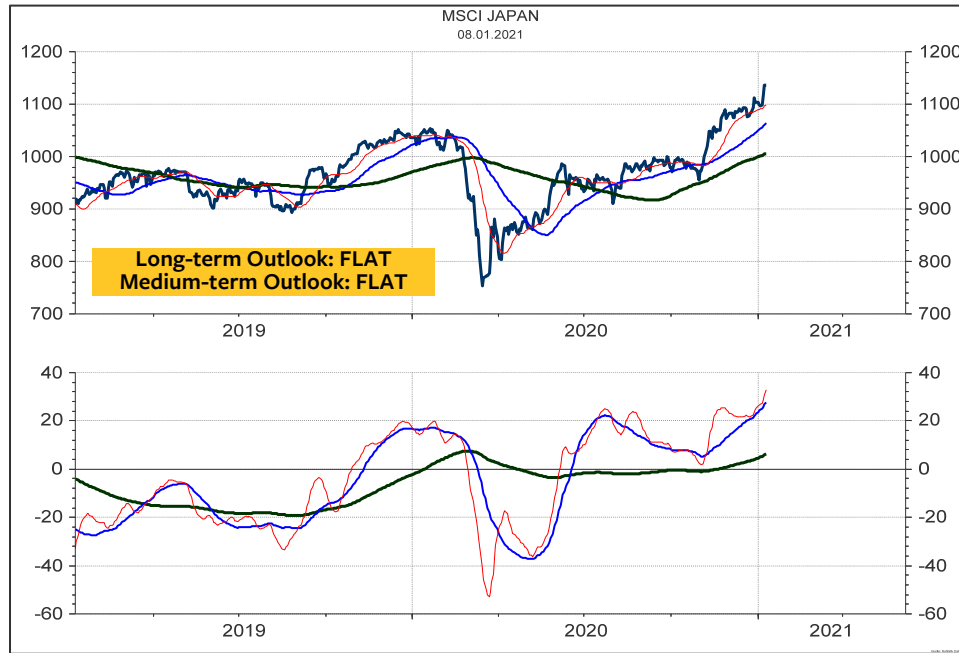
The Nikkei broke above 28000 and could have activated the resistance at 33500.

However, given the magnitude of the two rallies from the low in December, I arrive at a slightly higher resistance at 28500. Therefore, my Medium-term Outlook would move to UP if 28500 is broken.

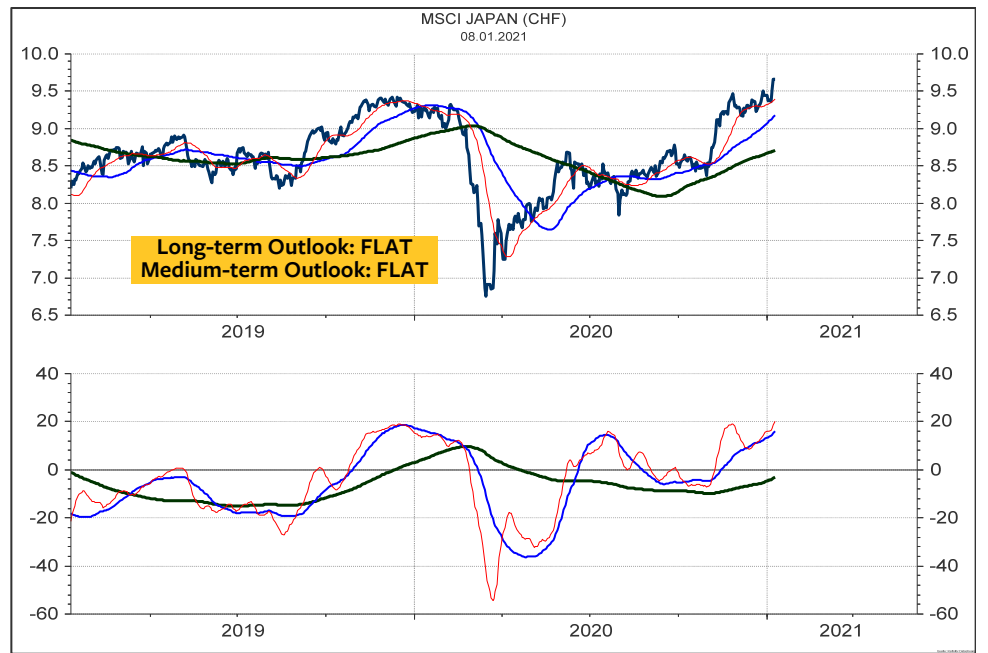
As you can see on the next page (lower right chart), the performance of the Nikkei Index in Swiss franc relative to the MSCI Switzerland remains positioned below the relative resistance at 6.90. Possibly, if the absolute uptrend is capped by 28000, the relative outperformance from August 2020 could also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



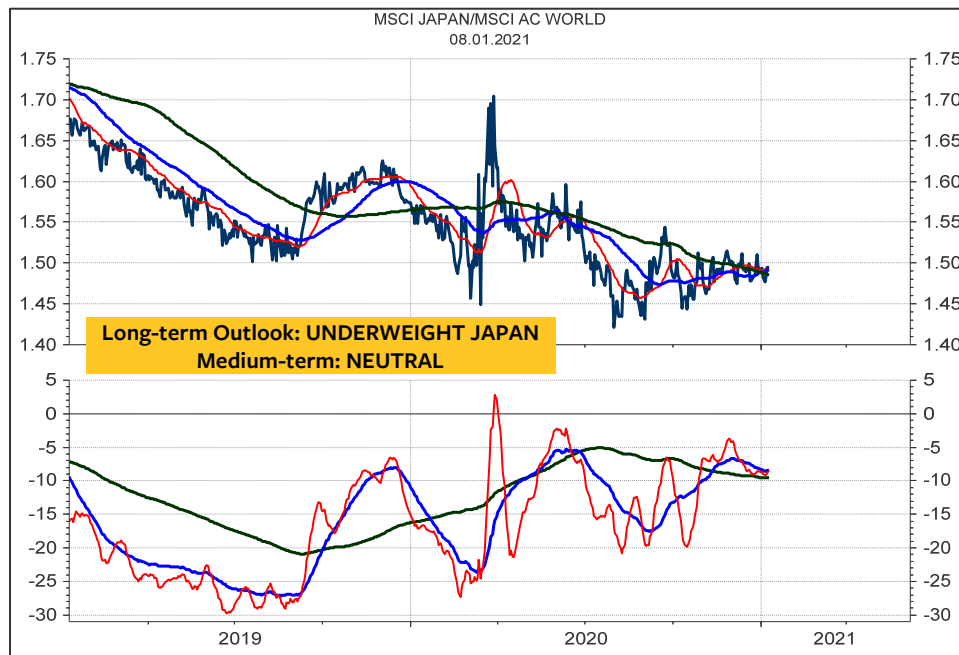
MSCI JAPAN in Yen



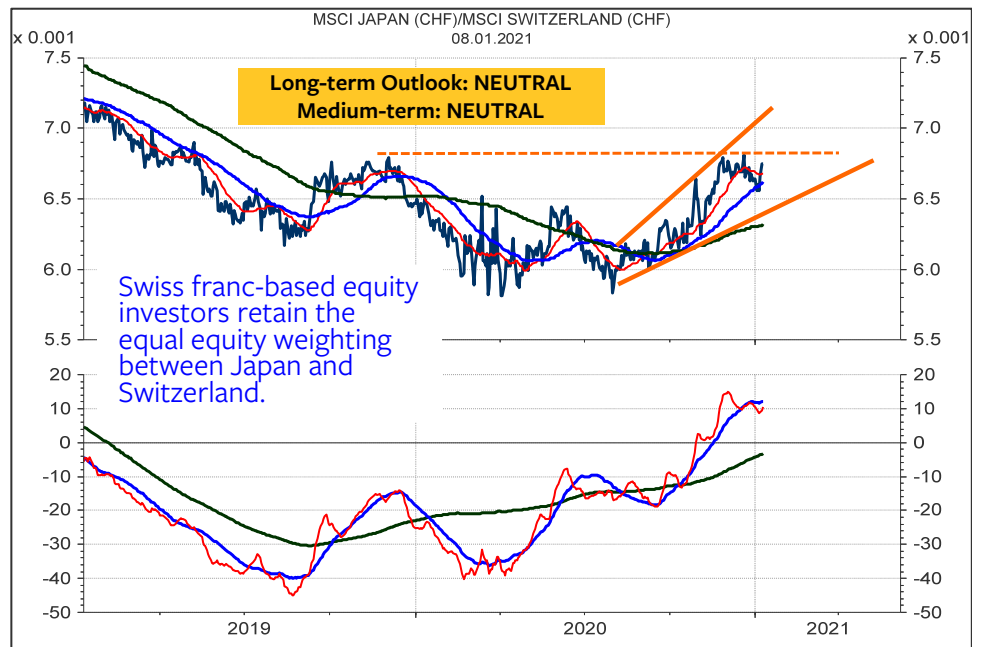
MSCI JAPAN in Swiss franc



MSCI JAPAN relative to the MSCI AC World

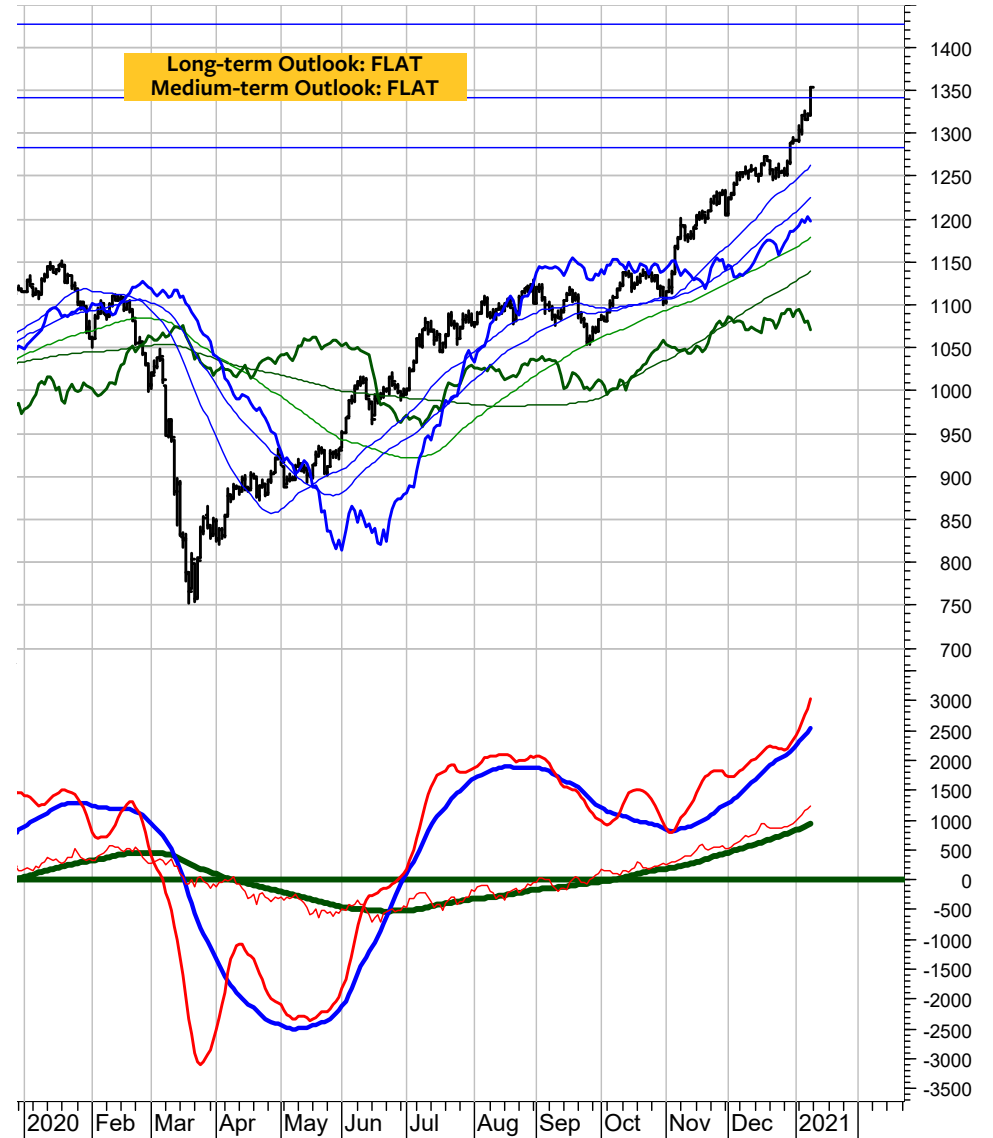


MSCI JAPAN in SFR relative to MSCI Switzerland

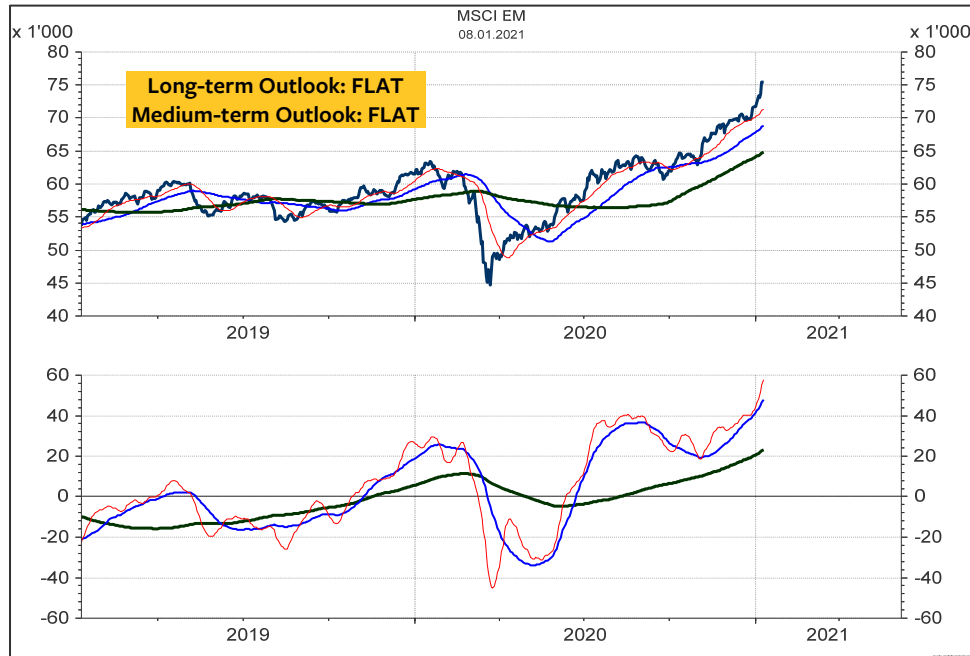


MSCI Emerging Market Index

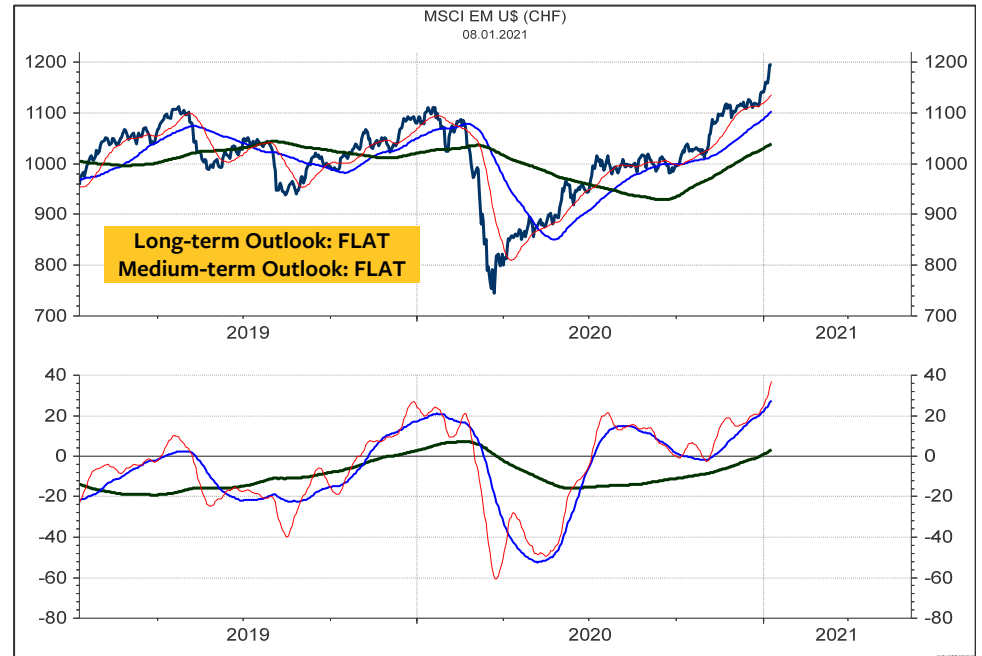
I am not sure if the MSCI Emerging Markets Index is indeed breaking the resistance at 1350, which would signal a major upgrade of the outlook to UP. Given the sizable upside potential to 1600, I think I could wait for another week and see if also 1430 is broken. The same narrow decision is to be made in the MSCI EM, measured in Swiss franc and relative to the MSCI Switzerland (next page lower right). A break of the upper trendline and the resistance at 0.85 would justify a medium-term and long-term upgrade to overweight Emerging Markets.



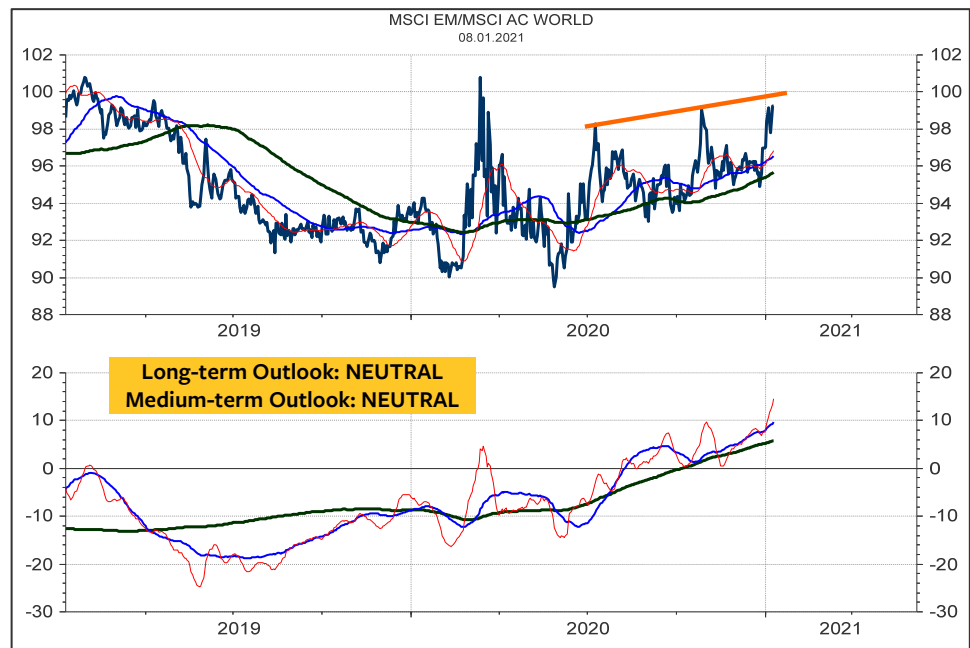
MSCI EMERGING MARKETS in local currencies



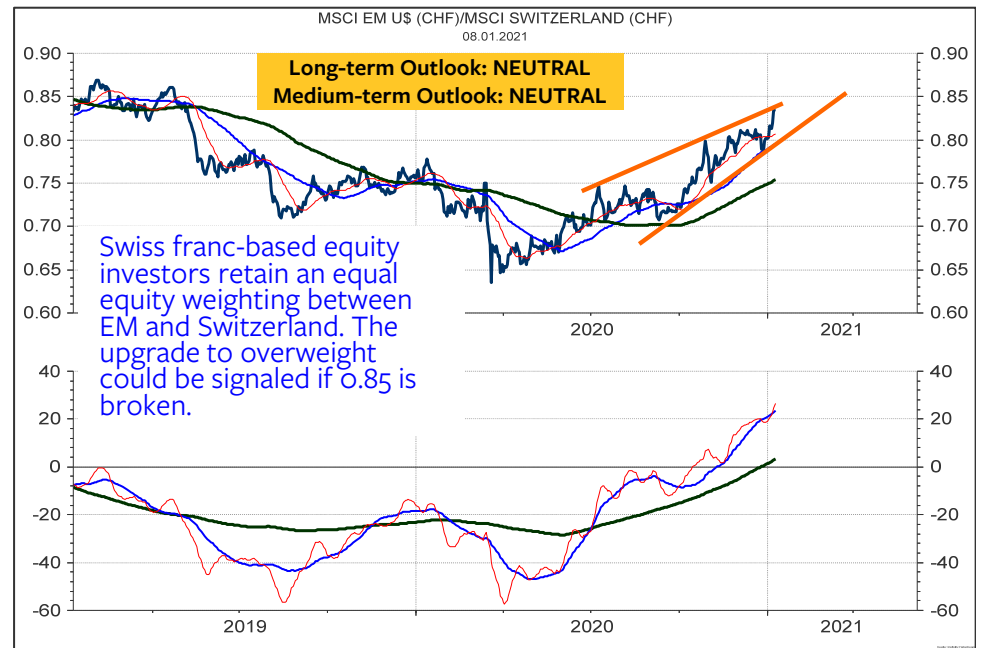
MSCI EMERGING MARKETS in Swiss franc



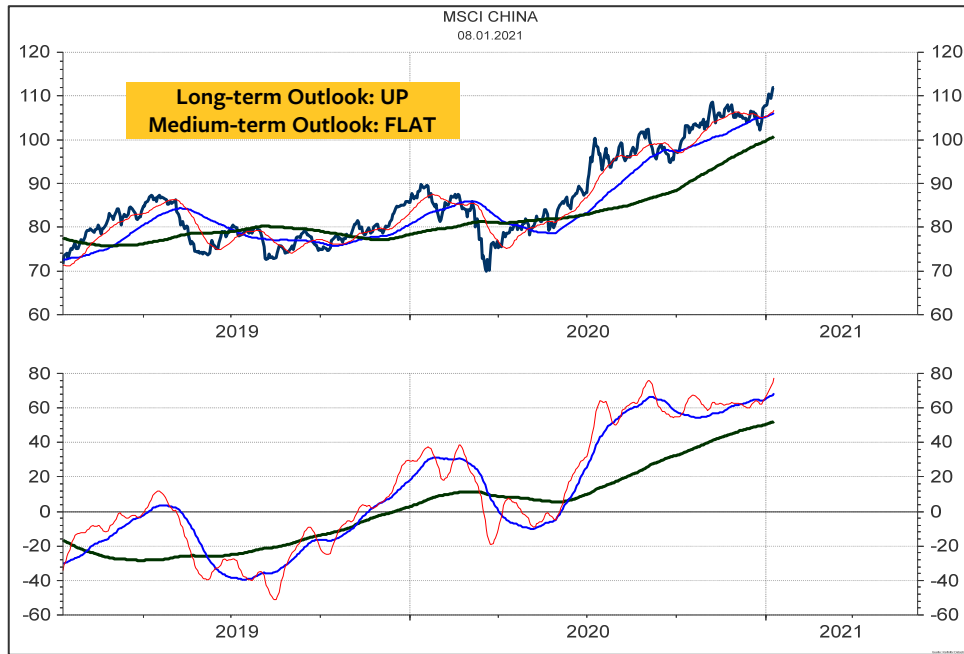
MSCI EMERGING MARKETS relative to the MSCI AC World



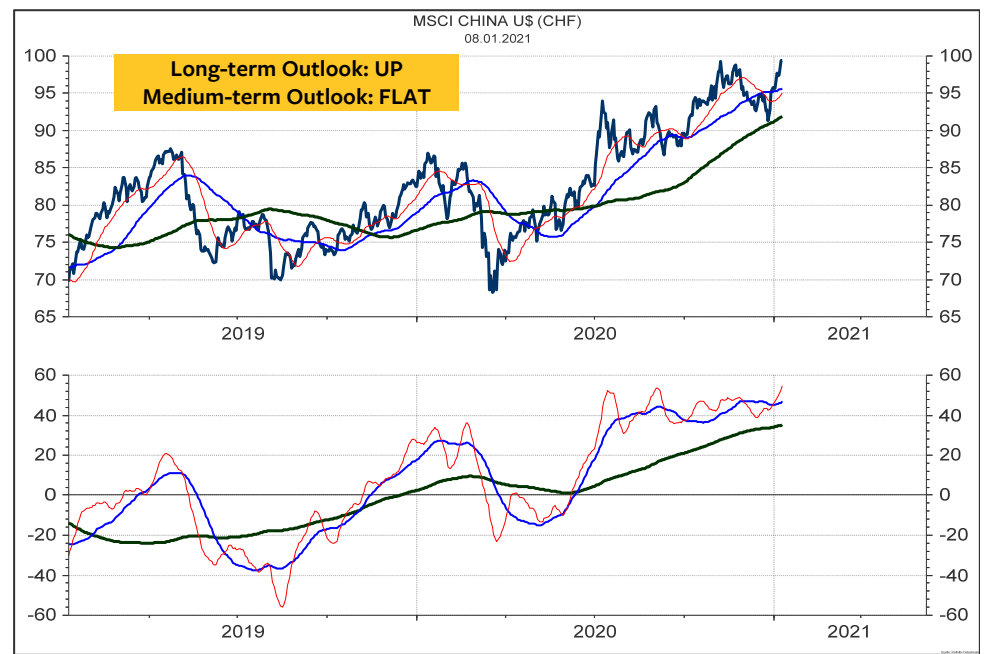
MSCI EMERGING MARKETS in CHF relative to MSCI Switzerland



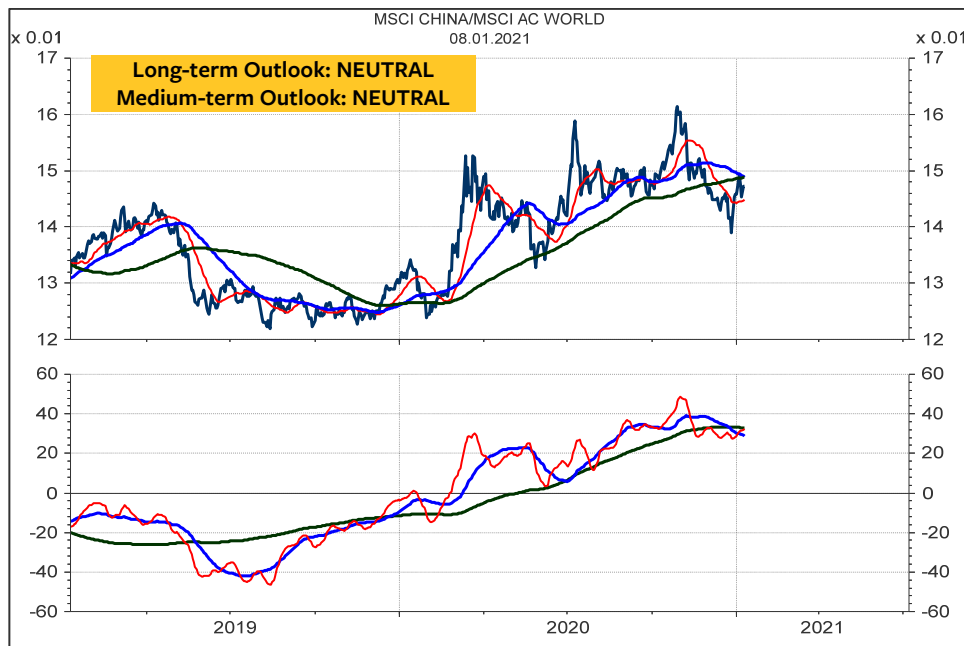
MSCI CHINA in Chinese yuan



MSCI CHINA in Swiss franc



MSCI CHINA relative to the MSCI AC World



MSCI CHINA in SFR relative to MSCI Switzerland



US 10-year T-Notes Yield

The 10-year T-Note Yield is breaking the resistance at 1.10% ($C = 0.618 \times A$).

Given the sharp rise from the low in March and the higher low, which was registered in early August, the next resistance is 1.45%.

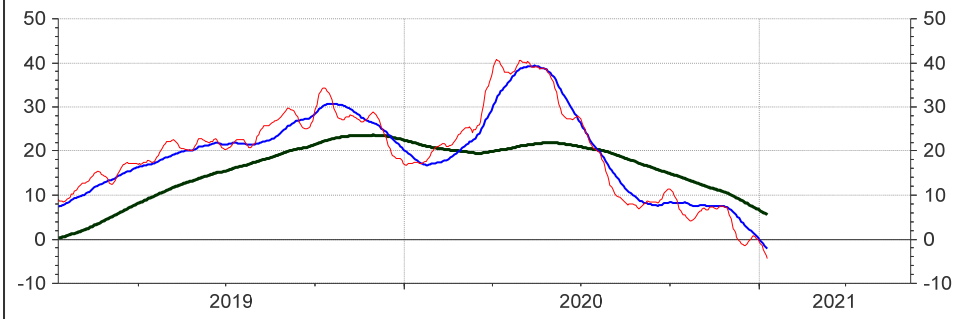
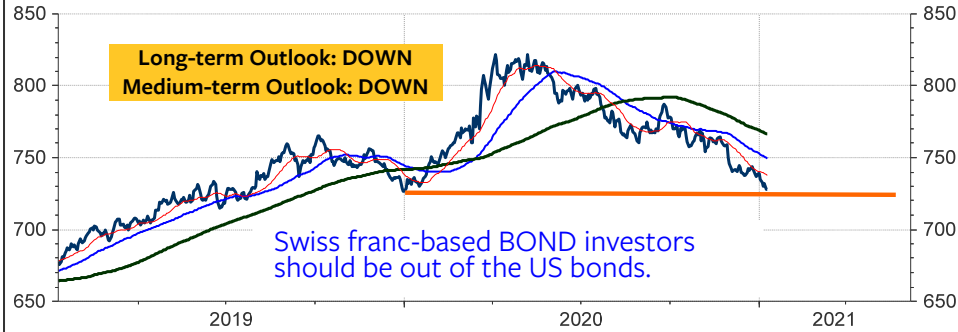
The rise in the rates could be an Inverse Flat.

The long-term downtrend would be broken and a new uptrend would be signaled if 1.45% is cleared.

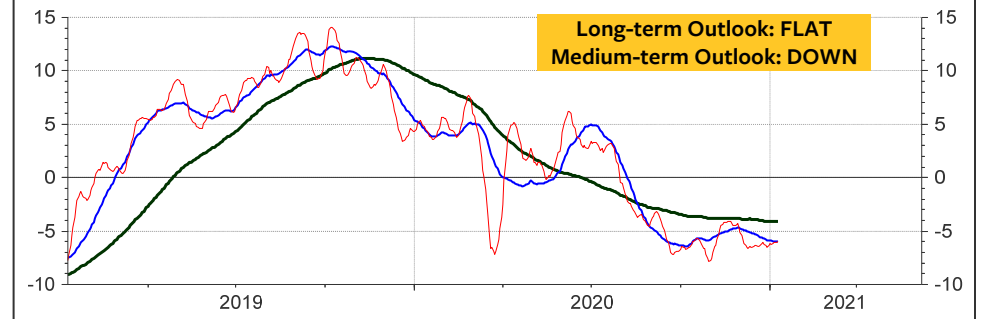
On the next few pages, I picture the Total Return from the 10-year Government Bonds of the core countries, measured in Swiss franc.



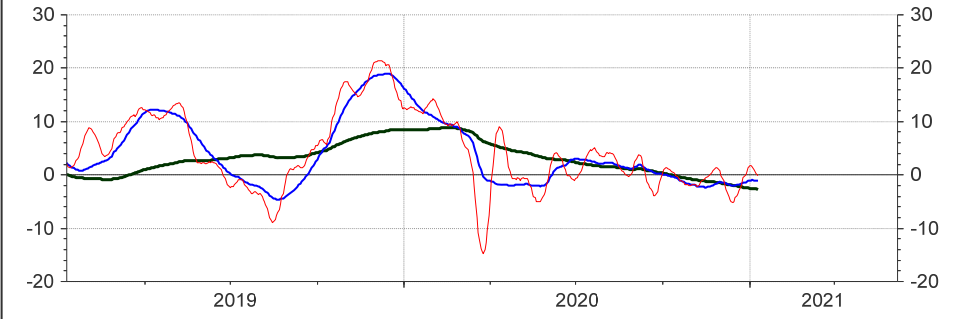
Total Return from the US 7-10-year T-Notes in Swiss franc



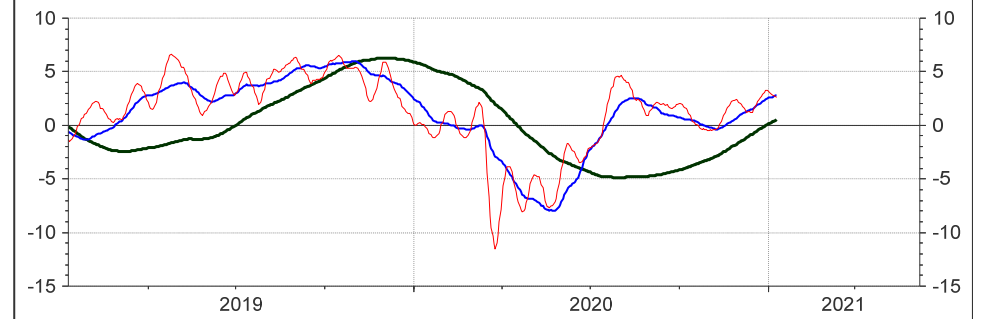
TR from the CANADIAN Gov Bonds in SFR



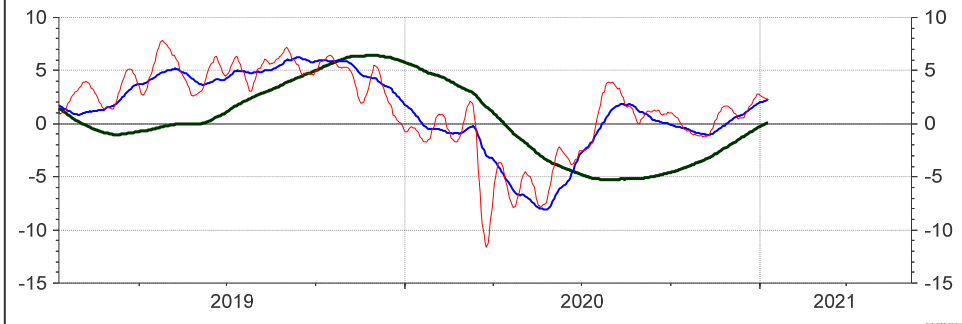
TR from the U.K. 7-10-year Gilts in SFR



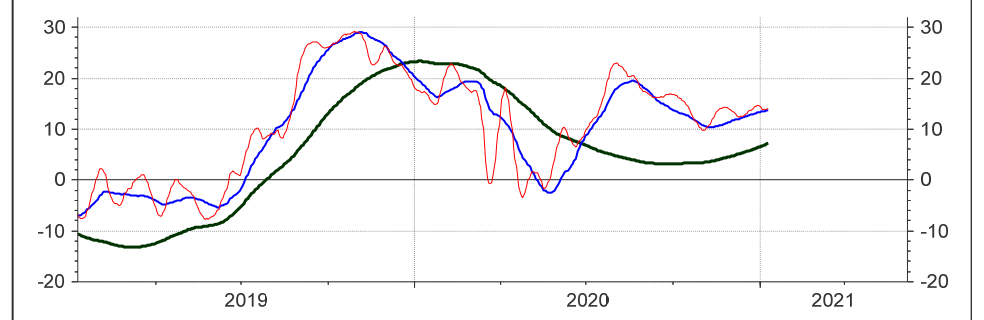
TR from the GERMAN Gov Bunds in SFR



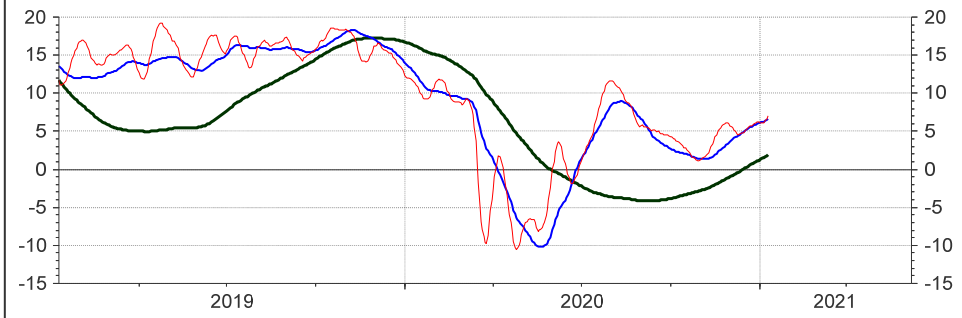
TR from the FRENCH 7-10-year Bonds in SFR



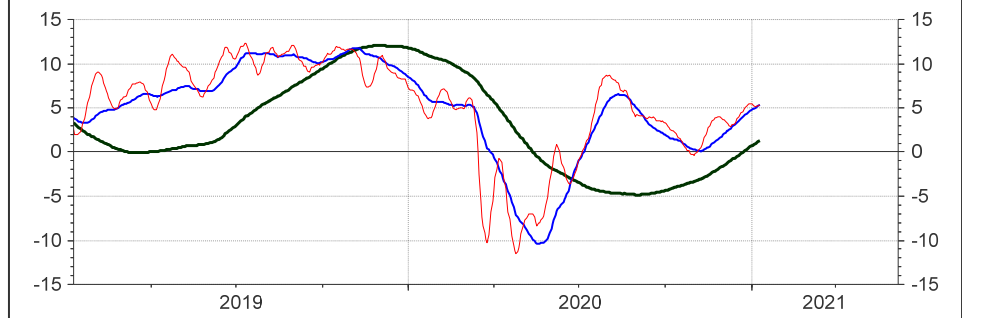
TR from the ITALIAN Gov Bonds in SFR

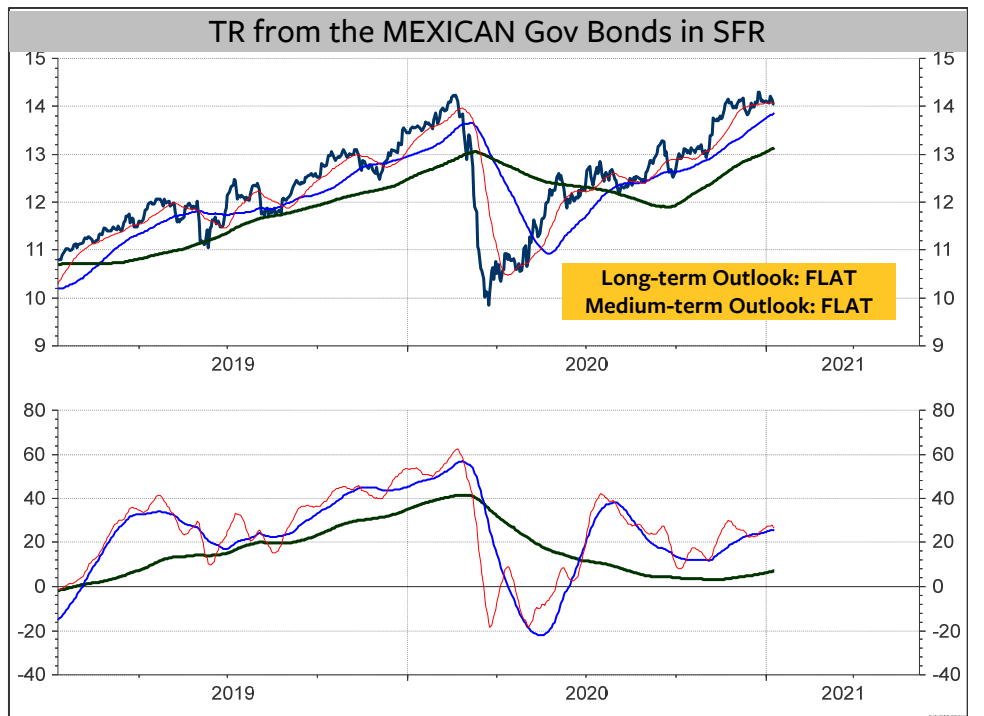
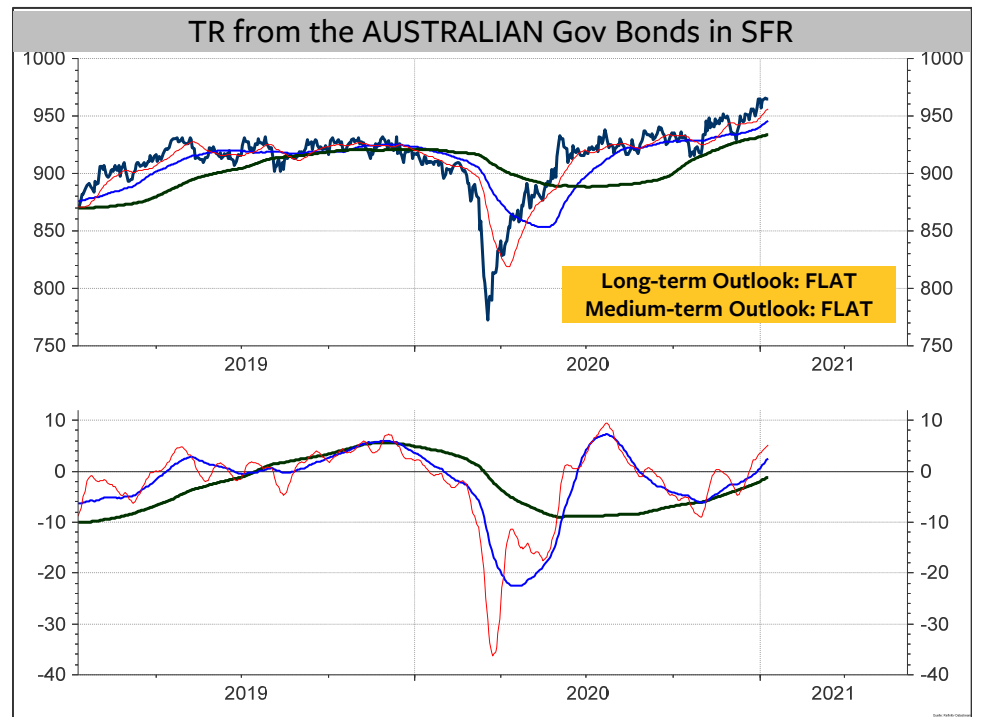
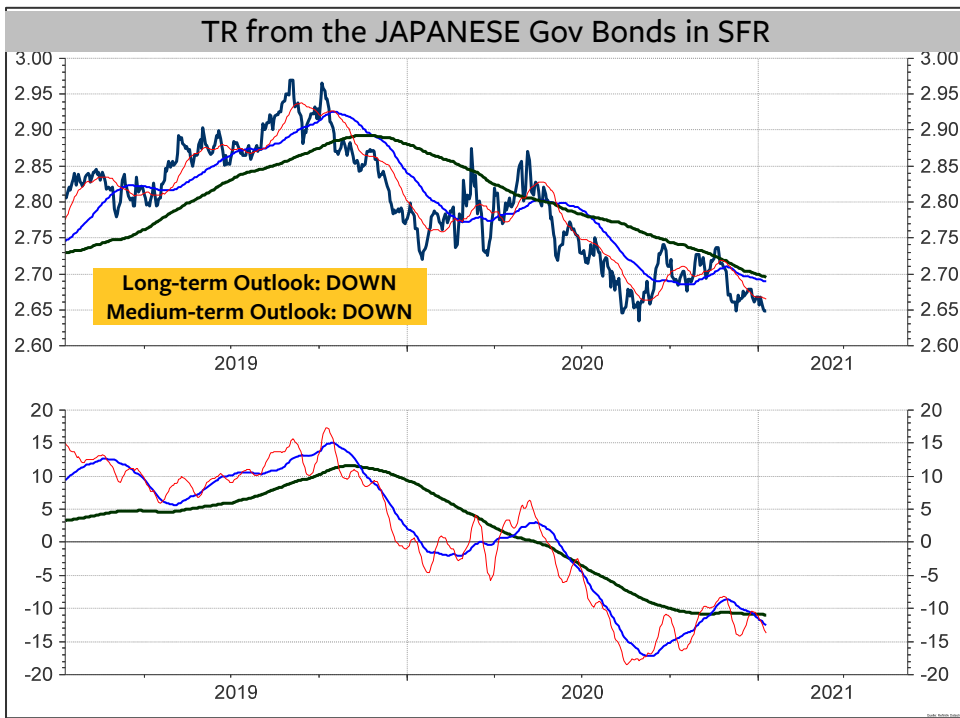


TR from the PORTUGUESE 7-10-year Bonds in SFR



TR from the SPANISH Gov Bonds in SFR





Brent Crude Oil Continuous Future (March 2021)

Brent Crude Oil must rise above 60 to signal a long-term upturn and reversal of the downtrend from 148 in 2008. Supports are 48 and 43.



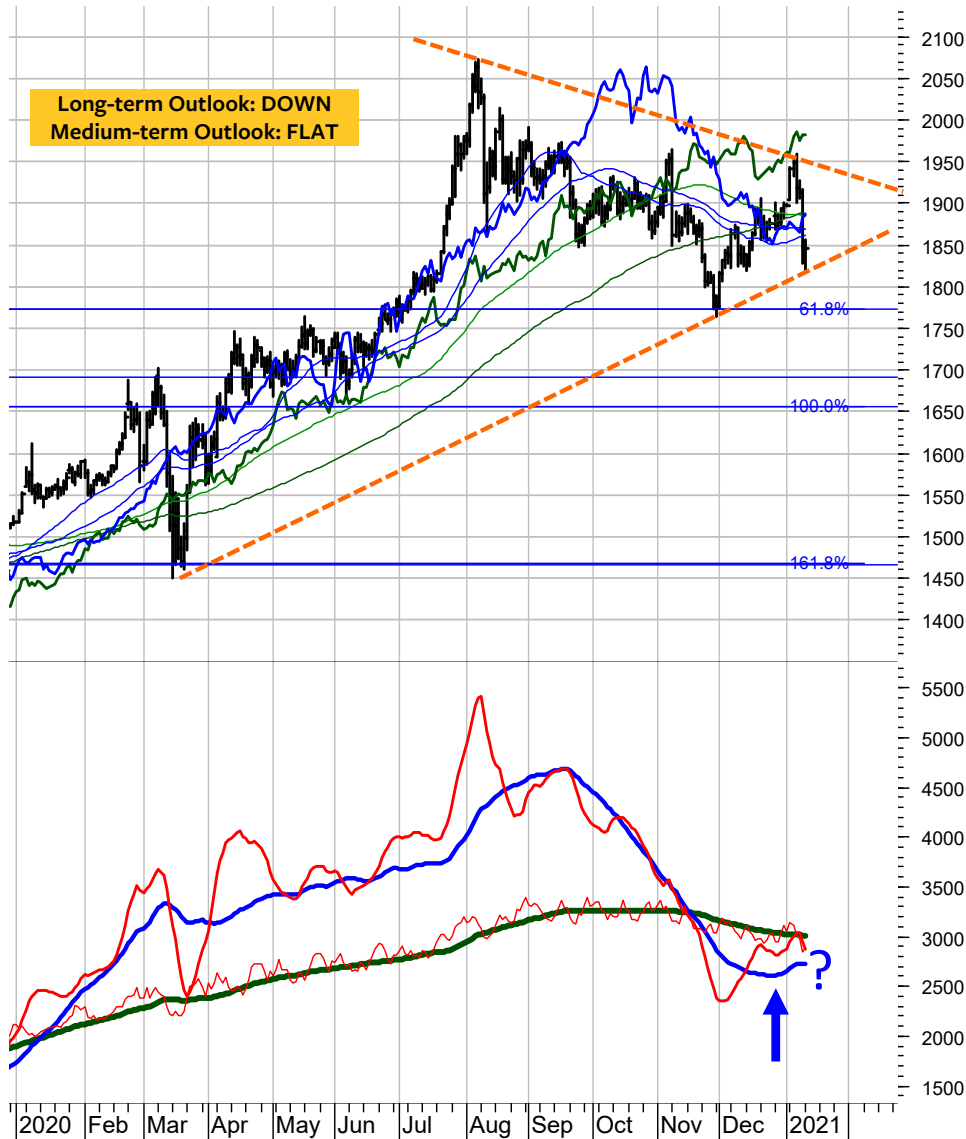
Gold per Ounce in US dollar

Gold topped quite exactly at the resistance, which I had projected at 1965.

The decline has set a major support at 1815. At this level the decline from 1960 can be labeled as a corrective a-b-c, in which Wave c was 1.618 times as long as Wave a.

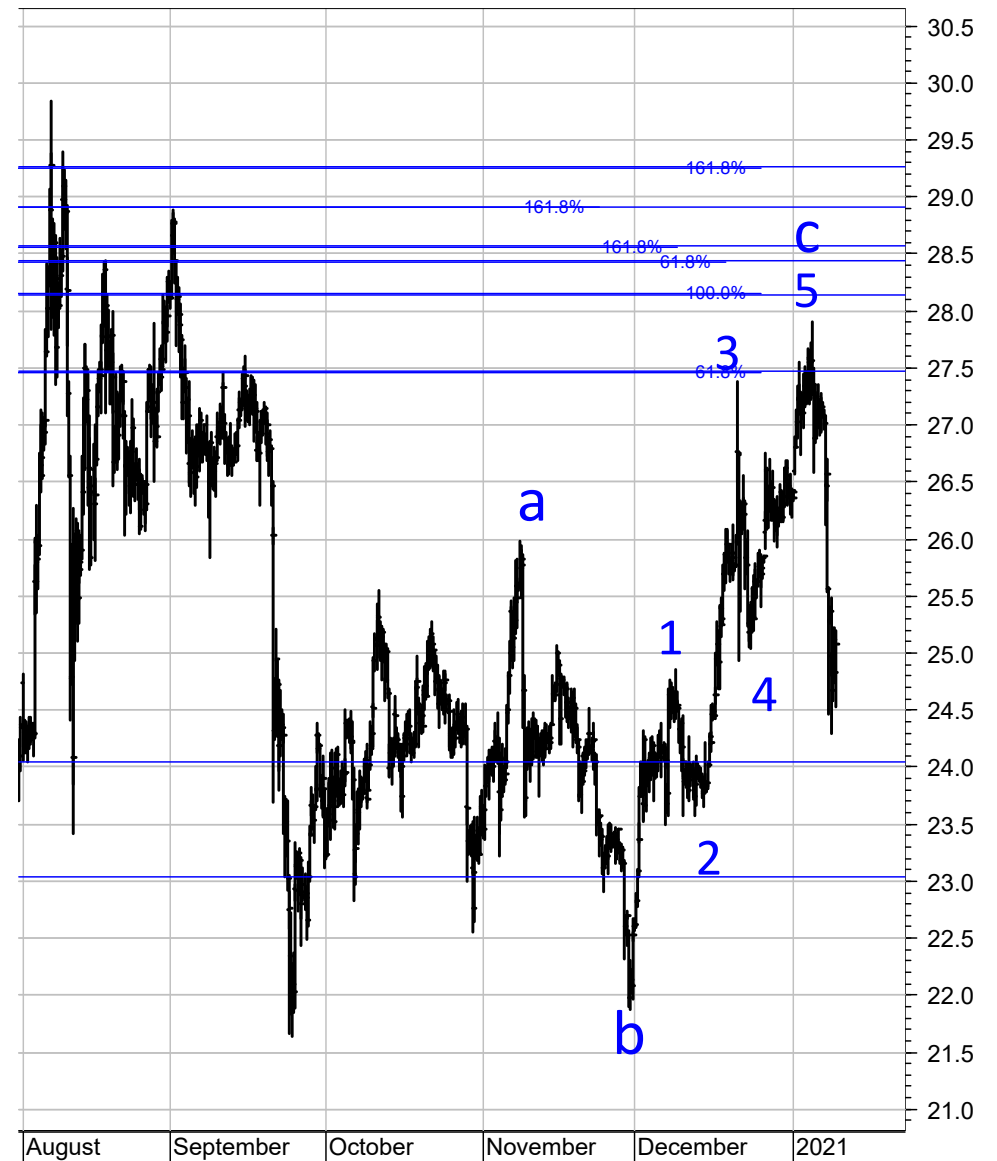
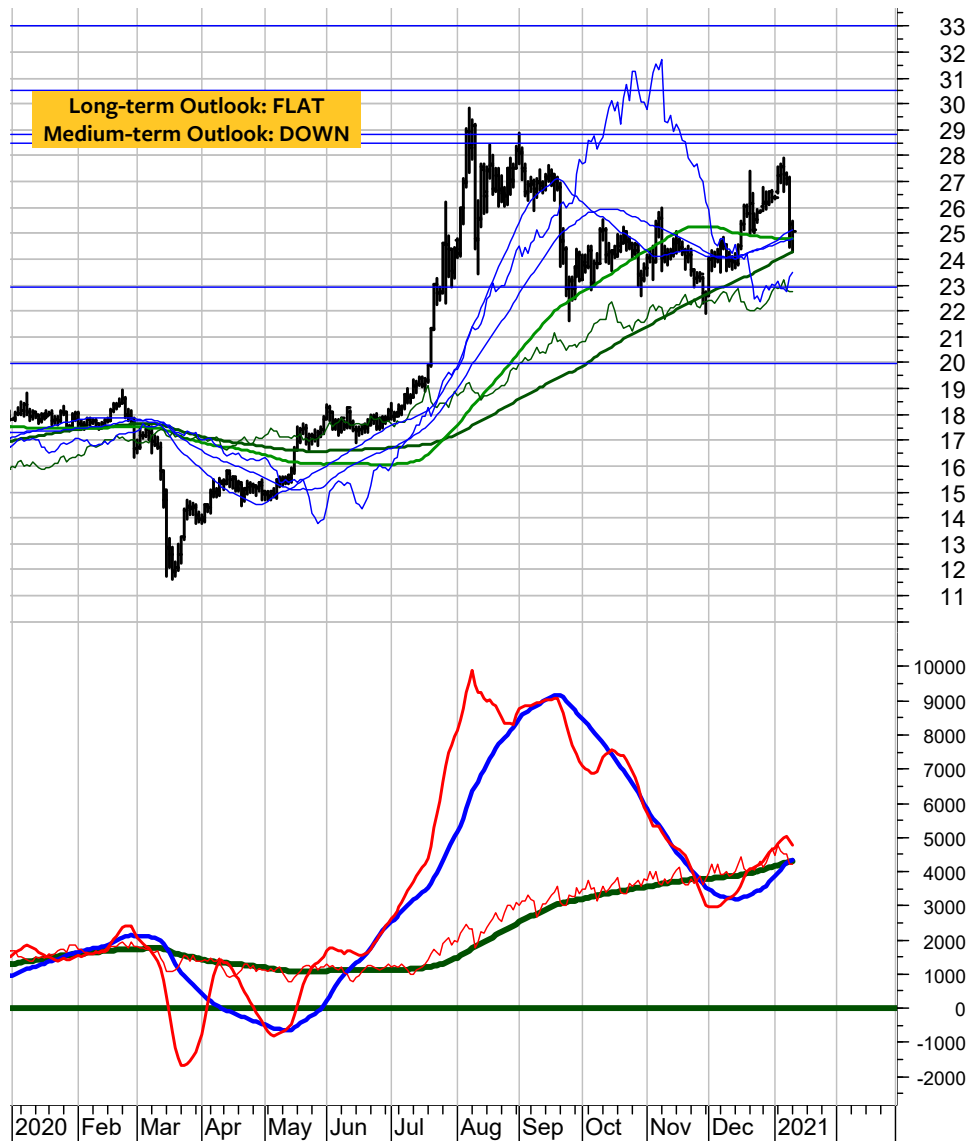
But, the pattern would enlarge into an impulsive 5-Wave decline if 1810 is broken.

The next supports are at 1690 to 1650 or 1470. My Medium-term Outlook would move to DOWN if 1810 is broken.



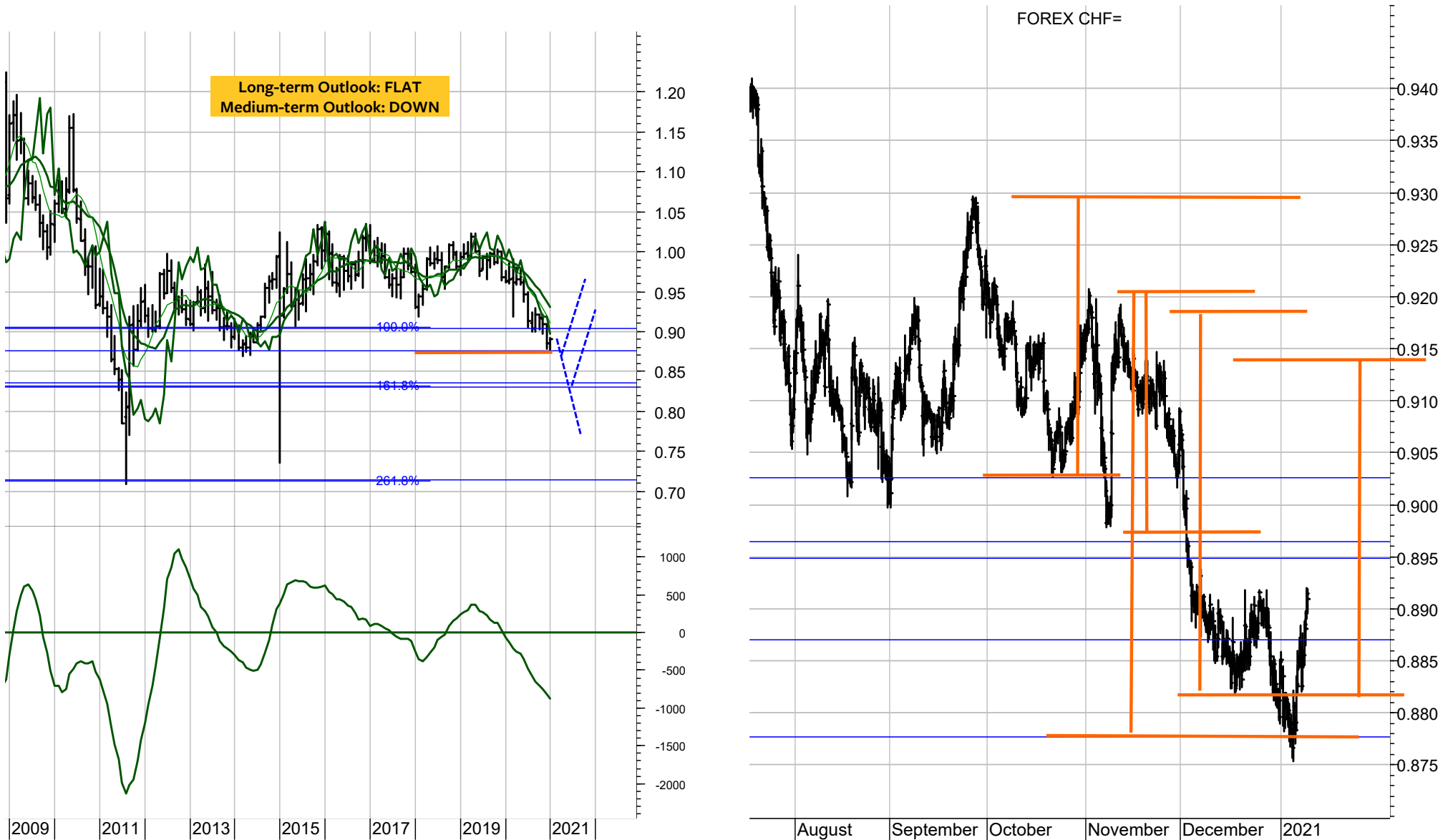
Silver

Silver turned down upon the completion of Wave C of the Inverse Flat a-b-c, which was traced out from September to January. The Long-term Outlook would move to DOWN if 23 is clearly broken. Next support below 23 is 20.

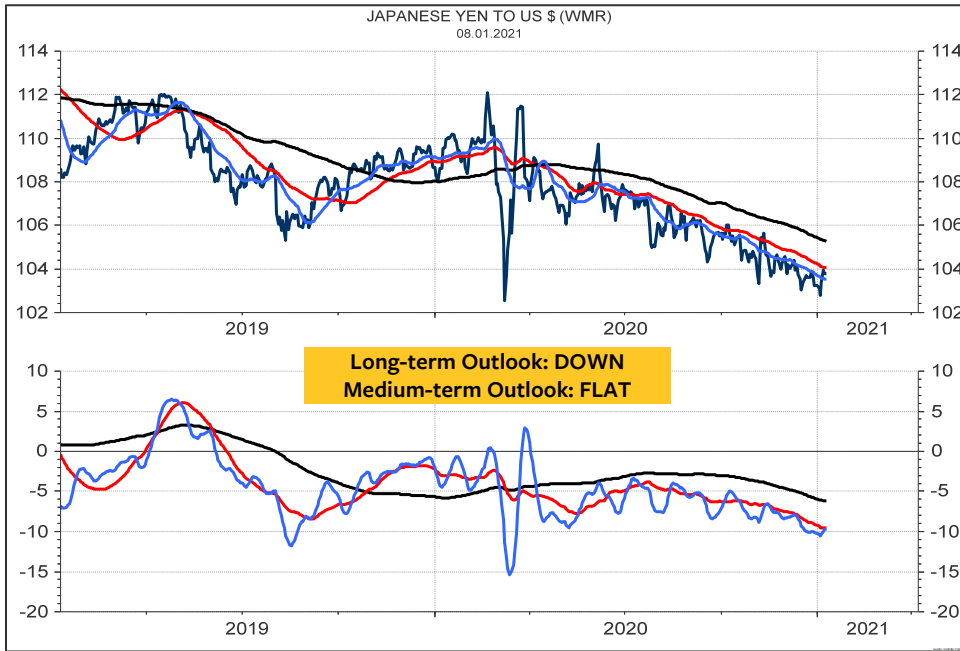


Swiss franc per US DOLLAR

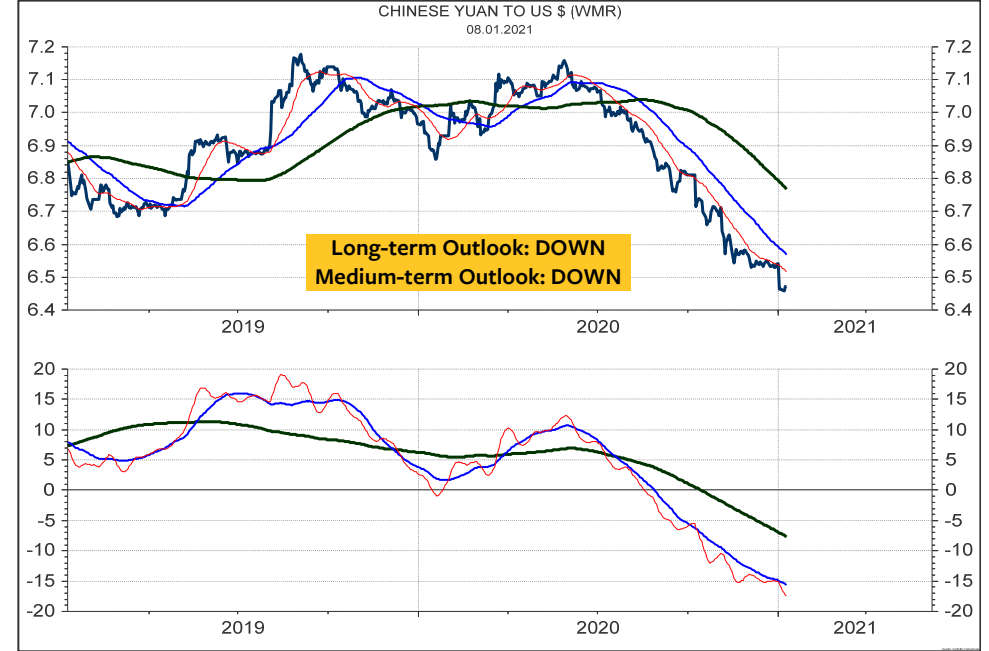
The US dollar could be turning upwards here. The low of 0.8750 is within the range of the long-term support at 0.8770. A break above 0.8980 and 0.9030 would provide fresh evidence that the downtrend has bottomed. The Medium-term Outlook would move to FLAT and UP if these two levels are broken. A break of 0.8750 would signal 0.83.



Japanese yen per US DOLLAR



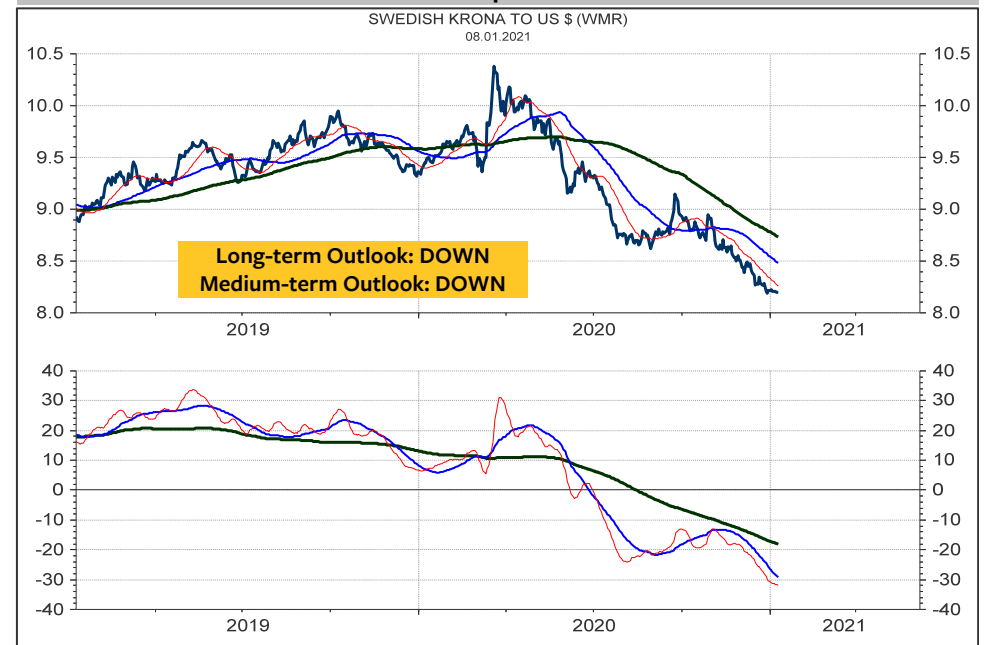
Chinese yuan per US DOLLAR



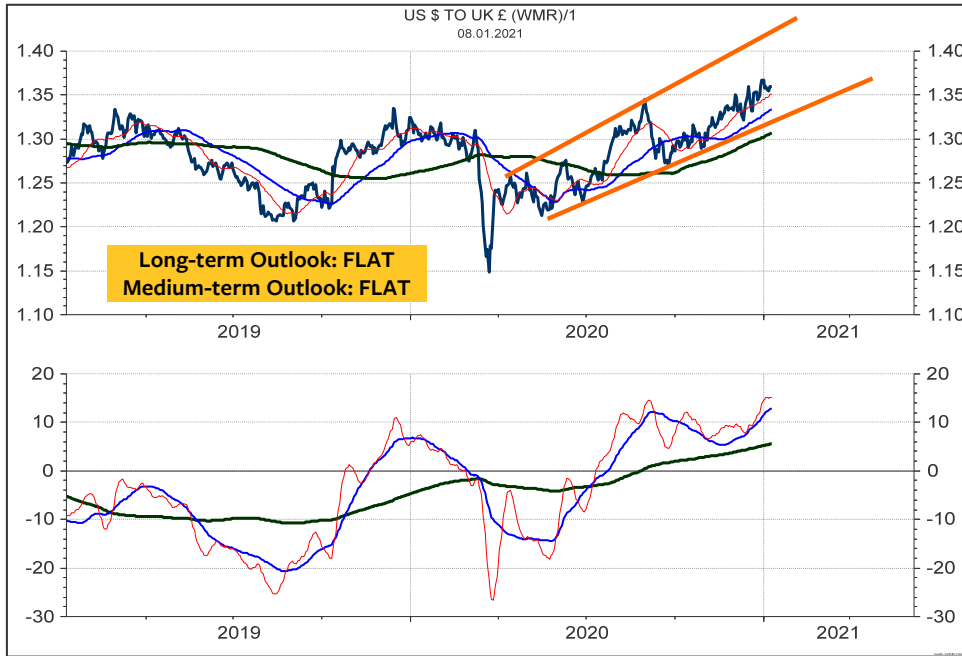
Canadian dollar per US DOLLAR



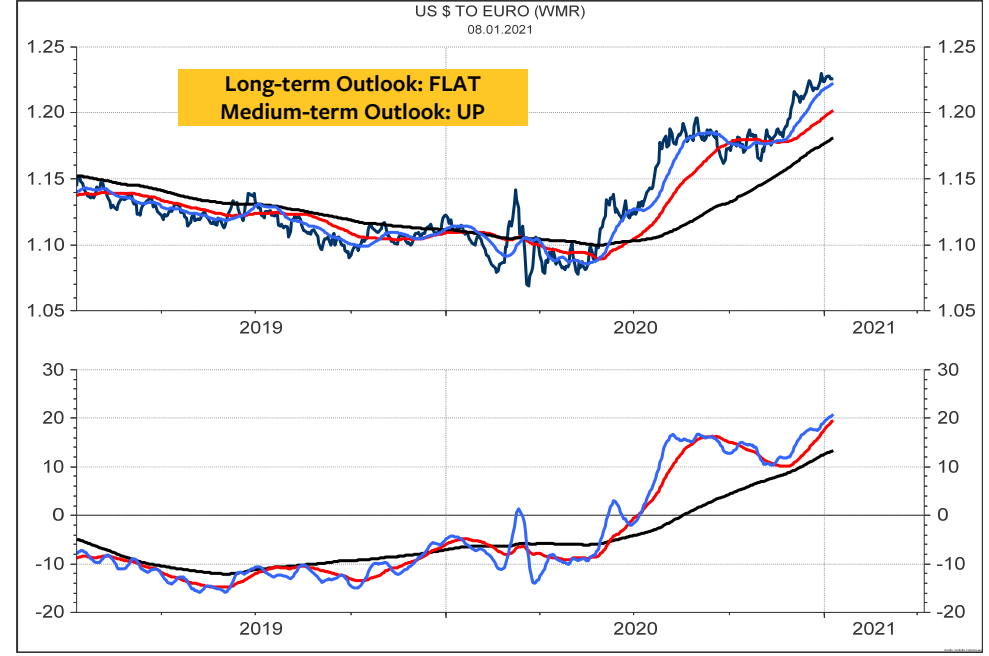
Swedish krona per US DOLLAR



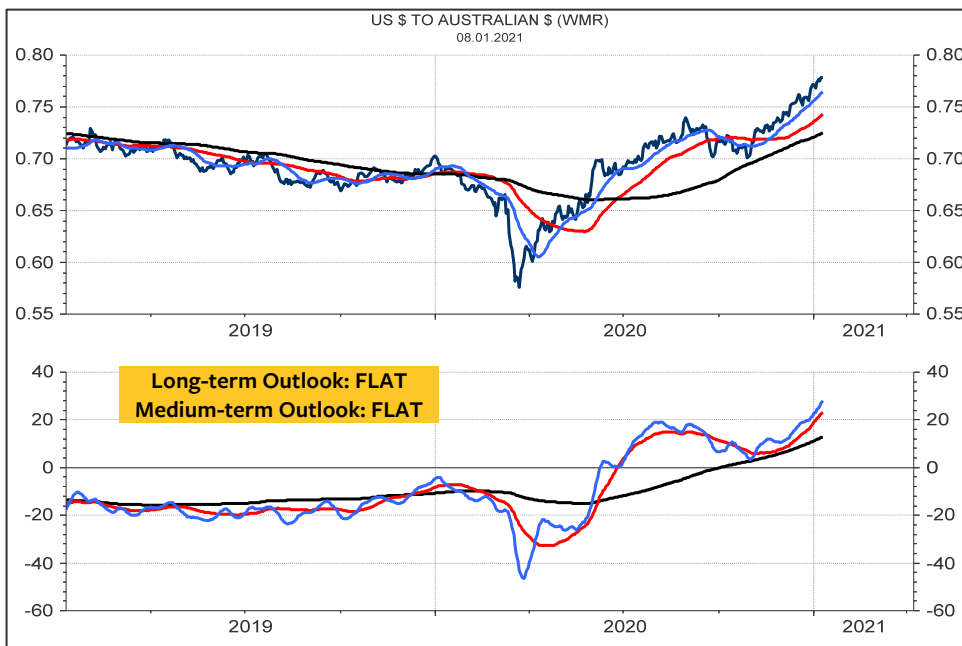
US dollar per BRITISH POUND



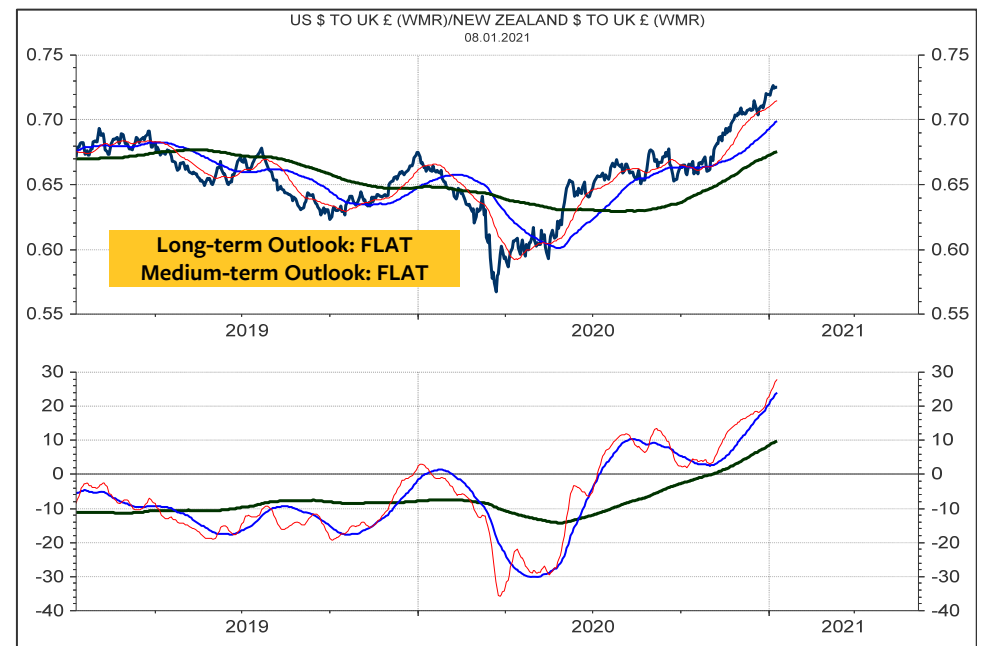
US dollar per EURO



US dollar per AUSTRALIAN DOLLAR

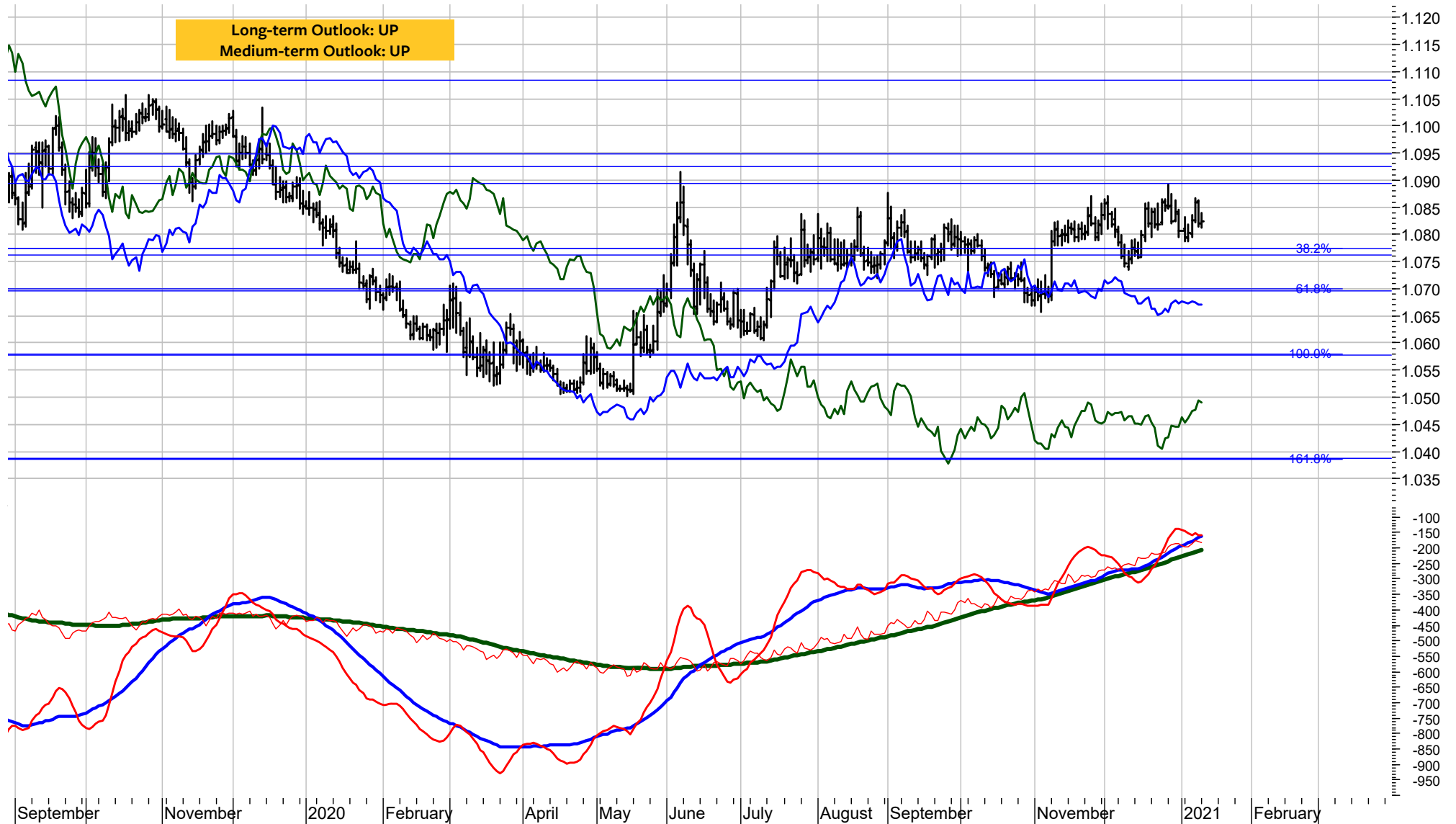


US Dollar per NEW ZEALAND DOLLAR



Swiss franc per EURO

Indeed 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 1.0750, 1.0680 and 1.0570.
The Medium-term Outlook would move to FLAT below 1.0750 and to DOWN below 1.0680 and 1.0570.
Next support is 1.0380.
For a major break upwards the Euro must rise above 1.0950 and 1.11.



Bitcoin / US dollar

The long-term uptrend can remain intact as long as 30k to 27.5k is not broken.

A break of 27k would signal 22k or 18k.

Resistance is at 35k and 37.5k.

More time is needed to see if a consolidation takes over.



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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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