the technical analyst AWARDS 2011 FINALIST

SUMMARY

POSITIONS

+ DJ EuroStoxx
+ Bund
+ S&P (NEW)
+ Oil (NEW)
+

Alpha capture Performance to date from 2006

Key Trade Round Up
4^{th} July 2019

John Lewis
Mark Sturdy

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Disclaimer

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19th June 2019 BUY Sept 19 EuroStoxx@ 3442. Stop @3389

19th June 2019 BUY Sep Bund @ 172.18 . Stop 171.49

4th July 2019 BUY Sep S&P @ 2999.20. Stop @ 2949.

4th July 2019 SELL August Oil @ 57.00. Stop 60.31

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(1) TECHNICAL : 19th June 2019 BUY Sept 19 EuroStoxx@ 3442. Stop @3389

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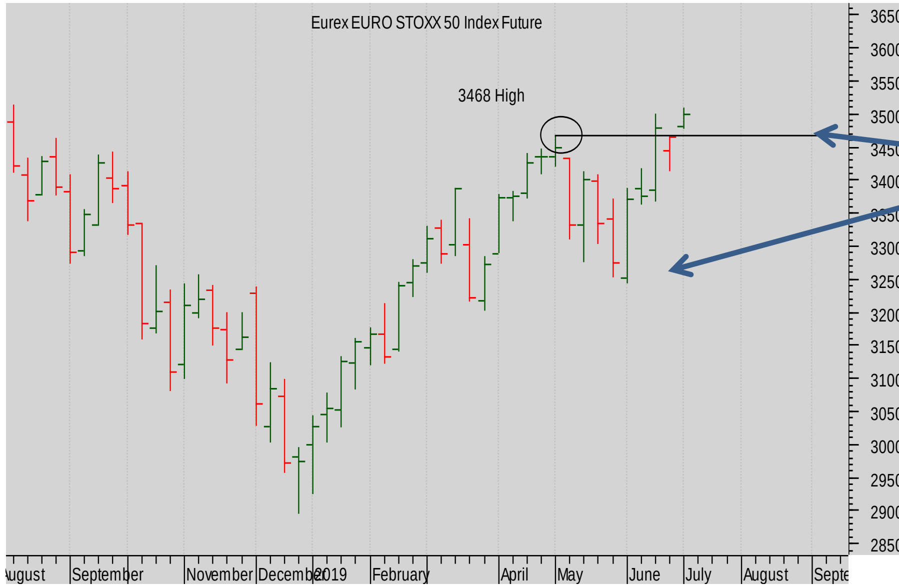
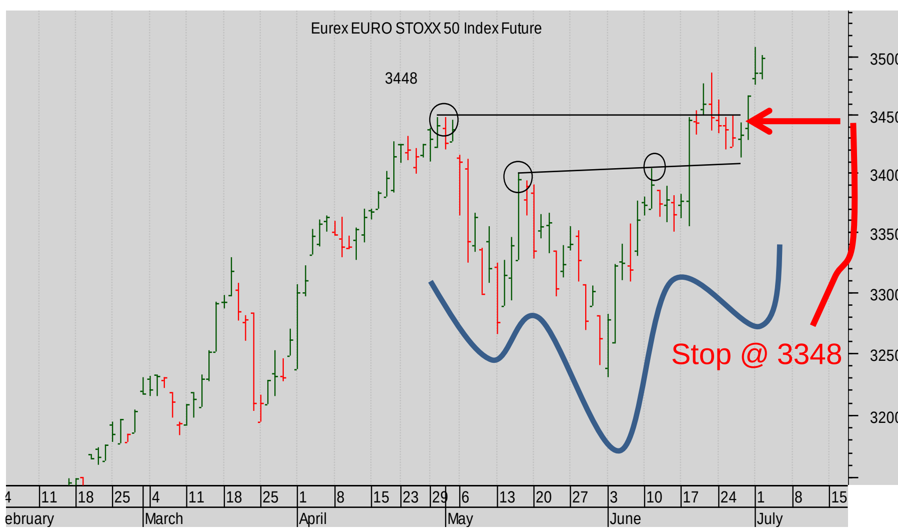


Weekly continuation Chart :

the weekly chart is thrilling for the bulls – the Key Reversal have given momentum to the recent rally that has now topped the Prior High at 3468.

The next leg begins!



Daily bar chart :

The market has completed H&S reversal, topped the Prior High (having paused there) and now there is a breakaway Gap.

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(2) FUNDAMENTAL: 19th June 2019 BUY Sept 19 EuroStoxx@ 3442. Stop @3389

The EuroStoxx market is well supported by several factors:

1. The Euro zone economy continues to cool, especially the German,
2. Euro zone inflation remains well below target and shows no sign of meeting the ECB'S 2.0% target any time soon,
3. The ECB looks set to ease interest rates and restart QE,
4. The US Fed also looks set to begin cutting interest rates, possibly at its next FOMC meeting, and
5. The US/China trade talks look set to resume after Trump and Xi held a meeting at the G20 summit end of last week.

Clearly of the above the greatest risk to the rally is if the trade talks stall again, but for now e advise holding the trade.

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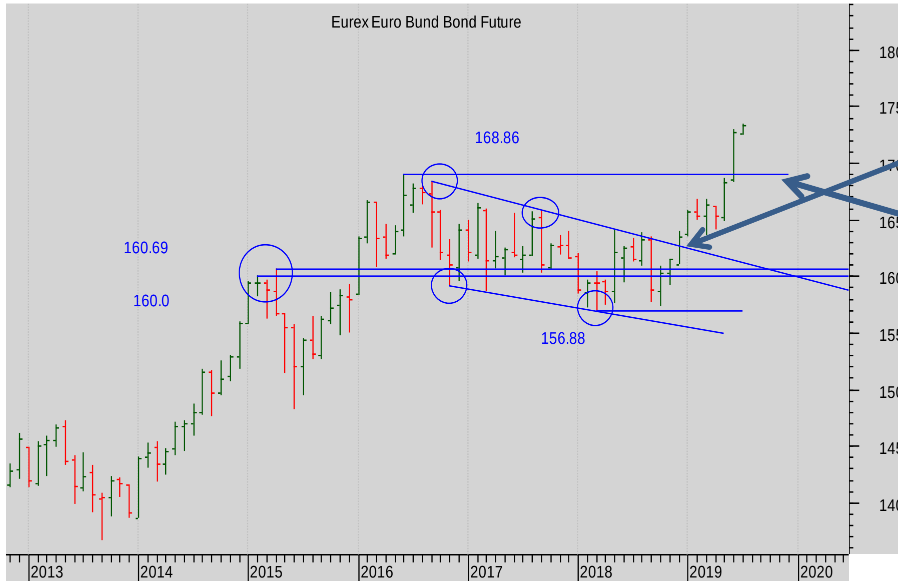
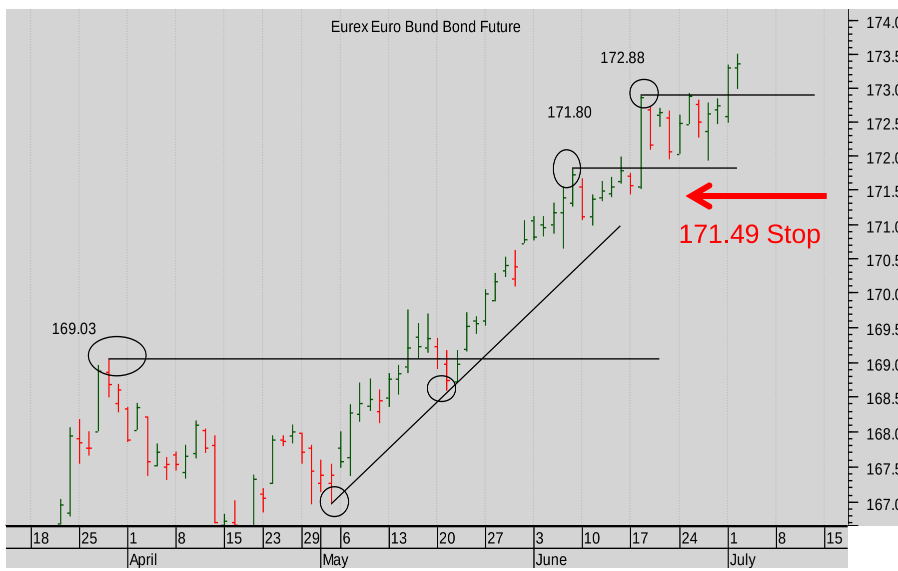


Weekly Chart – Continuation:

The market completed a bull falling wedge.

Now it has topped the Prior High 168.86.

The new bull leg begins.



Daily Chart Continuation:

The bull trend is well-established, Prior Highs acting as good support ….

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(2) FUNDAMENTAL: 19th June 2019 BUY Sep Bund @ 172.18 . Stop 171.49.

The Euro zone Bund is a clear bull market driven by a stream of disappointing economic data.

The ECB has made it clear that if economic activity doesn’t pick up and if inflation fails to begin moving higher towards target, they will ease interest rates and restart QE.

Although the US/China trade talks are apparently back on track, a deal is likely still some way off, and that’s if the two sides are able to compromise, which means the damage done to global trade and global economic growth wont just snap back.

In summary we remain bullish the Bund and advise holding the trade.

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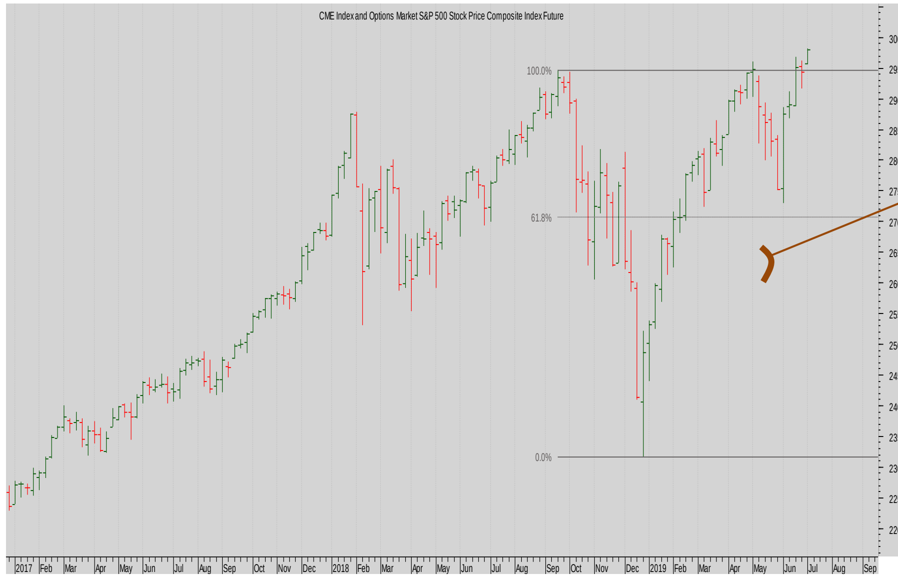
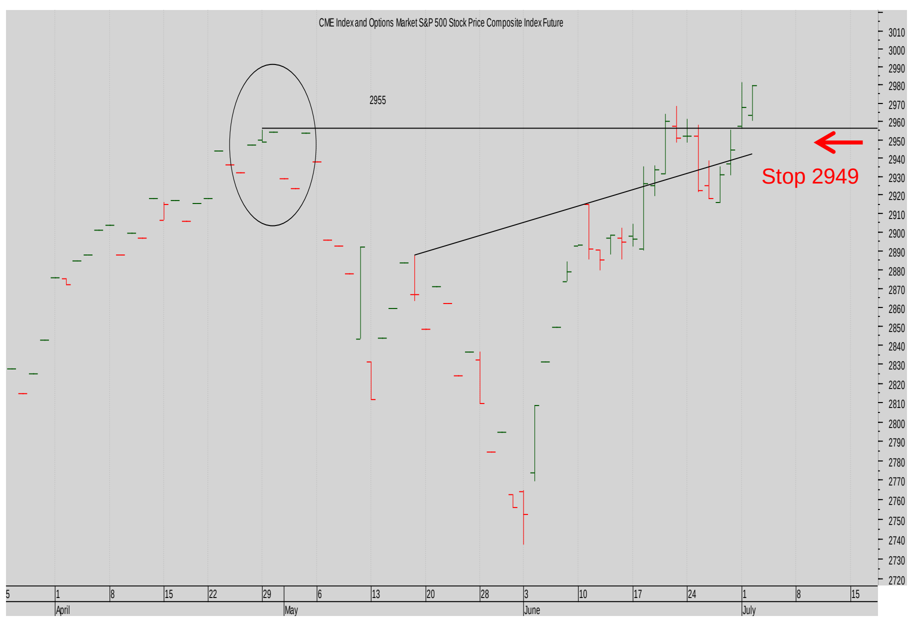


Weekly Chart Continuation:

The market has broken through the Prior High from Sep 2018 @ 2946 and the May 2019 @2960.

This creates massive support beneath the market.



Daily Chart Continuation:

The market has Pushed through the recent highs from April and June this year.

Again creating massive support.

The bulls are in charge.

SEVEN DAYS AHEAD

(2) FUNDAMENTAL : 3rd July 2019 BUY Sep S&P @ 2999.20. Stop @ 2949.

The S&P has made a solid recovery from what was now clearly a correction. Although US data has cooled somewhat, traders are focussed on the Fed.

The Fed has clearly indicated that it is concerned about the impact on the domestic economy from on going trade frictions, not just US/China, but also US/EU.

The inflation measures in the US have remained surprisingly benign and the Fed is concerned inflation doesn’t fall back too far away from target.

Moreover the non-farm payroll report which had for several years consistently reported steady solid growth has over recent months shown surprise weakness.

In summary the Fed is clearly set to ease policy, most likely at its next FOMC meeting.

We are Bullish the S&P and advise going long.

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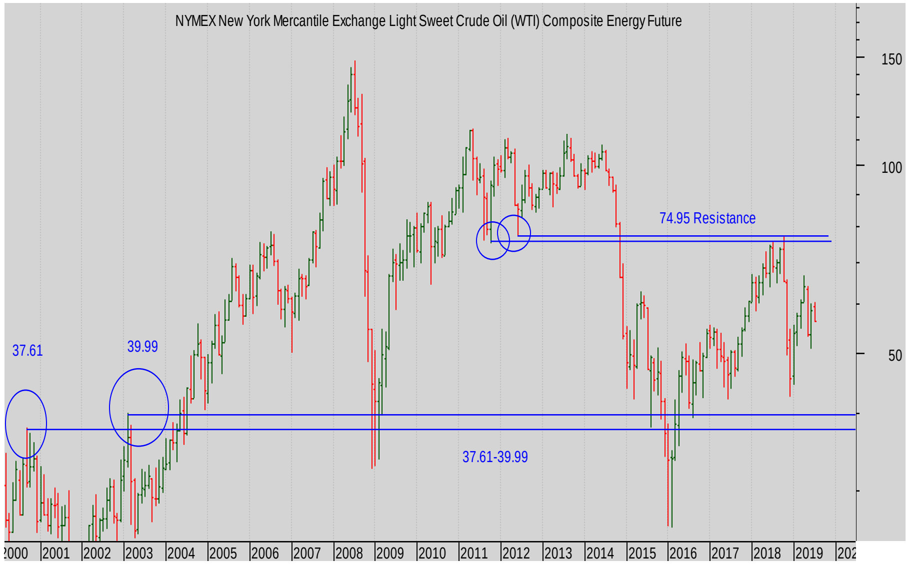

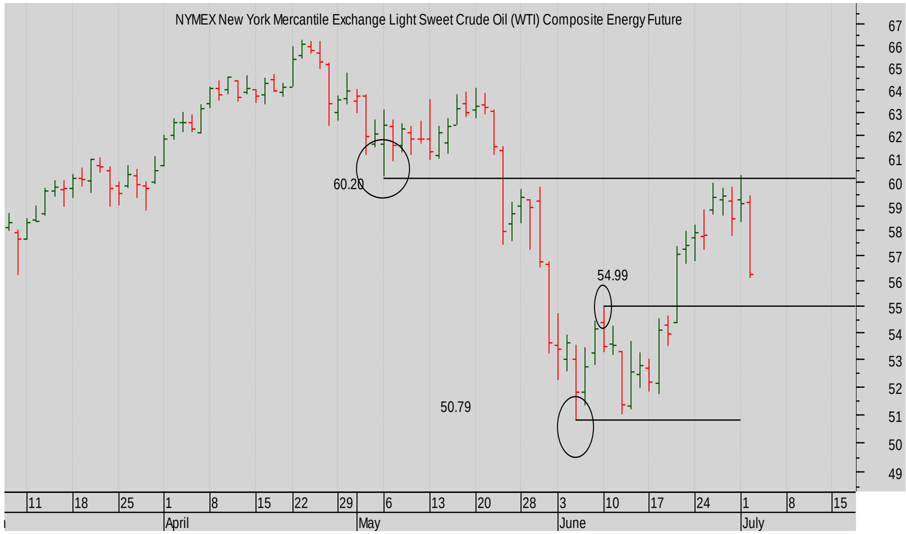

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There are several factors that could argue for higher oil prices:

- US sanctions on Iran, and
- OPEC/Russia agreement to extend the oil production cut by a further 6-9 months.

However the main dynamic is trade frictions between the US and China and the US and EU. This has hit global trade and economic growth which in turn has hit energy demand and the US continues to up its energy output and is the now the world's largest producer of oil/Shale.

In summary even if the various trade disputes are resolved, it will take time for the damage done to global trade and economic growth to correct and for energy demand to bounce back.

In the mean time the prospect of recession continues to rise.

We advise going short oil.

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SEVEN DAYS AHEAD
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