

LE COIN TECHNIQUE

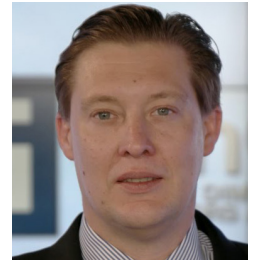
Expect a rebound on equities in September and further weakness into October

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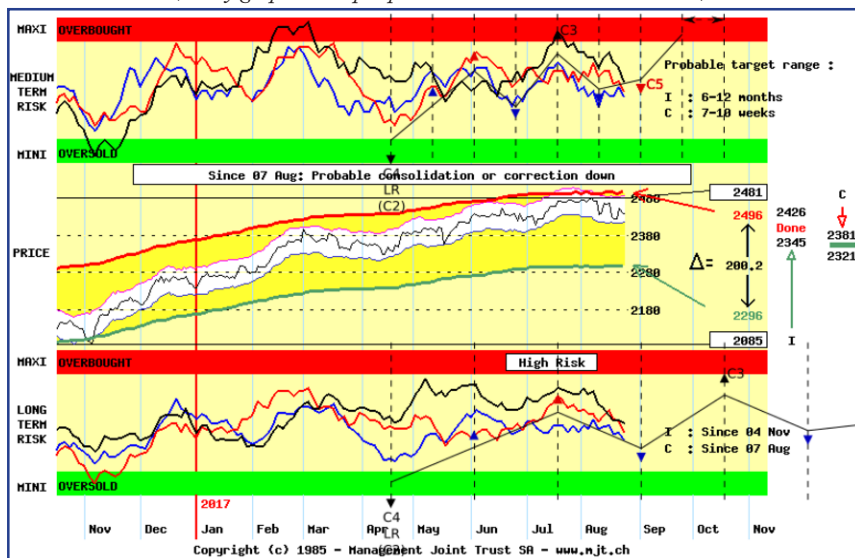
The current August market correction is probably coming to an end over the next week or so. We see it as a potential by the dips opportunity. Yet, it will probably be short lived, as late Q3 and early Q4 may provide more negative surprises.



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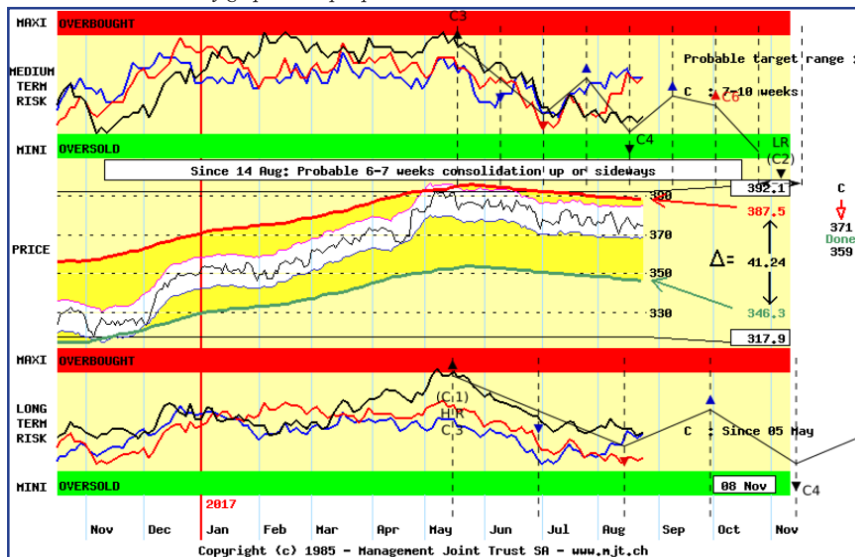


S&P500 Index (Daily graph or the perspective over the next 2 to 3 months)



On both our oscillator series (lower and upper rectangles), a "High Risk" situation was identified early August triggering the correction we have experienced over the last three weeks. This important top could also put a cap on upside price potential over the next 2 to 3 months. In the meantime, however we would expect a rebound / continuation trade into September, possibly reaching, in the best of cases, into the first half of October (as shown by the sequences we plot on our oscillators). Following that a new period of consolidation to the downside is expected into late October / November. Risk/reward (see our prices targets: right-hand scale) is stretched at this stage so that the upside potential is limited. The downside risk into November is between 2'380 and 2'320.

EuroStoxx600 (Daily graph or the perspective over the next 2 to 3 months)



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European markets have been weaker than US ones since May. From peak to trough, they have corrected almost 7%. This difference in performance is widely due to the strength of the Euro which renders European companies less competitive and more expensive to buy. Our oscillator series (lower and upper rectangles) would suggest that this state of affair continues into the Fall with the EuroStoxx600 bouncing a bit into mid/end September, but probably resuming its correction to the downside earlier than the S&P500. We would also expect a low on the EuroStoxx600 towards end October / early November, possibly between 370 and 360 or 4 to 5% lower than today.

CONCLUDING REMARKS: Our longer term scenario (Weekly charts; not shown here) still calls for higher equity markets into year-end and H1 2018. That said, in the meantime, we would expect more work around current levels with possibly a re-test of highs to the upside into September

(for the US at least) and generally lower lows (than the ones just made) into late October/November for both markets. Following that, we hope that we will be able to give you the all clear towards next year.