

LE COIN TECHNIQUE

Risk Assets could see a Dip in August and it should be bought

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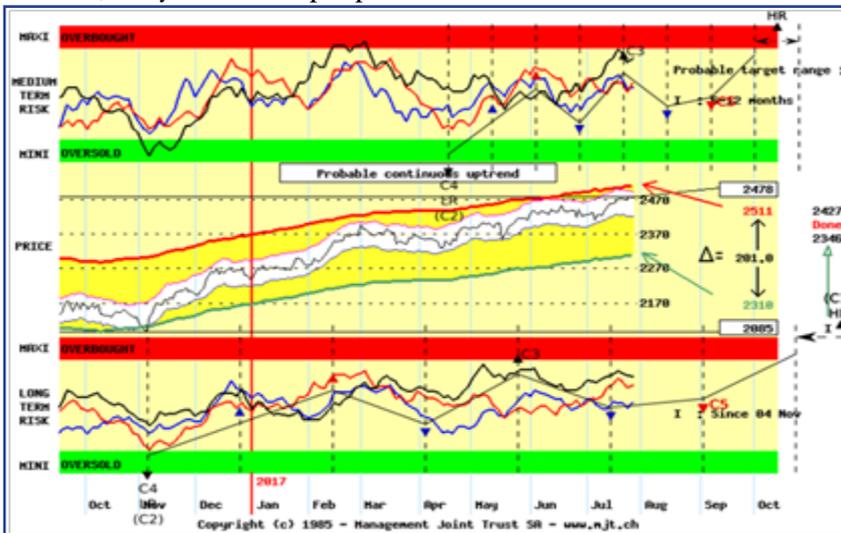


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We expect some consolidation into August for Equities. Indeed, Risk/Reward seems momentarily stretched on the S&P500 Index, while the EuroStoxx 600 could be eyeing a second leg down into August.

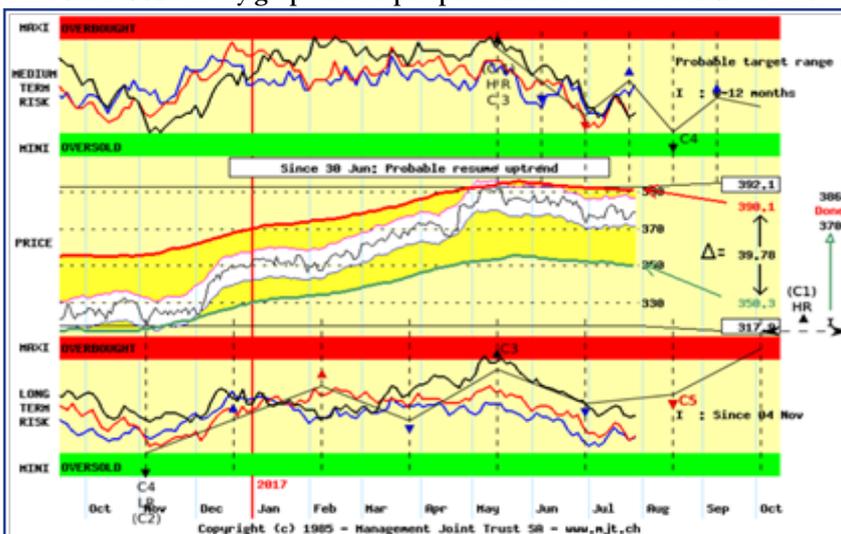
Following that, these trends should resume up possibly from late-August/early-September into October.

S&P500, Daily chart or the perspective over the next 2 to 3 months



The Risk/Reward on this Daily graph of the S&P500 is stretched at this stage (Impulsive up targets "done"; right-hand scale) and on our medium oscillators (upper rectangle) an intermediate top is imminent. We would, hence, expect that a consolidation period materializes over the next 2 to 3 weeks into mid August. Following that, the S&P500 index should resume its uptrend towards October, although another retest is still possible towards early September, as shown by both our oscillator series (lower and upper rectangles). The consolidation potential is somewhere between 0.5 and 0.8 times our historical volatility measure "delta", currently at 201.0 (middle rectangle, right-hand side), i.e. between 100 and 160 points.

EuroStoxx 600 - 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 the Euro re-accelerated mid June. On our long term oscillators (lower and upper rectangles), a first bottom was made end of June. We expect a second one to materialize during August. Our medium term oscillators (upper rectangle) indicate a slightly lower low, which would be our preferred scenario for now. It syncs quite well with the 2-3 weeks consolidation period we await on the S&P500. Following that, the EuroStoxx 600 should resume its uptrend. The corrective price potential to the downside we can calculate using our historical volatility measure 'delta', currently @ 39.78 (middle rectangle, right-hand side) is between 372 and 360 (or 0.5 to 0.8 our 'delta' subtracted from the early May top @ 392). This would lead us back to the lows made end of June and possibly 3% lower.

CONCLUDING REMARKS: More generally, we expect some consolidation to the downside into August on most risk assets; i.e. a risk-off period that could see Equities correct, the EUR and USD/JPY retrace, while Yields and Commodities could retest the lows they made in June.

From mid August (at the latest end August/early September), we believe risk assets should resume their uptrend possibly in first instance towards October, then into early 2018. Hence, we would view any weakness into August as an opportunity.