

## LE COIN TECHNIQUE

### From early/mid June, Equity markets should push up one last time into the Summer!

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The environment has been challenging for equity markets since the beginning of the year. Very few indeed have for now fully recovered from their late January sell-off, and recent developments such as political instability in the Southern EuroZone or the prospects of a US initiated trade war are casting further doubts on their capacity to make new highs soon. More generally, our longer term view is that we are reaching the later stages of the business cycle, and that from late Summer, Global Growth could start to surprise to the downside, with dire consequences on equity valuations. That said, **we would warn on turning too negative, too quickly.**

#### S&P500 – Daily graph or the perspective over the next 2-3 months



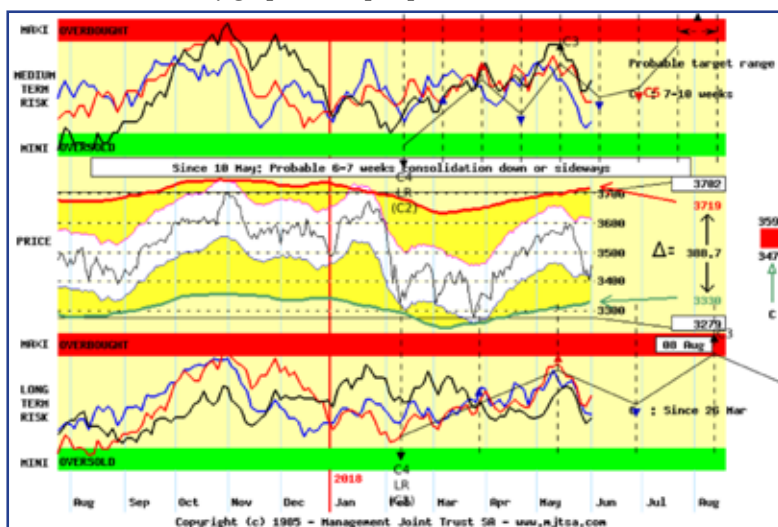
Both our oscillator series (lower and upper rectangles) are suggesting that following a couple more weeks of instability (with little/no price correction for now), the S&P500 should confirm a “resume uptrend” situation between now and the 2nd week of June.

The uptrend should then continue towards mid year on our medium oscillators (upper rectangle), and potentially even into late July/August on our long term oscillators (lower rectangle). Our I Impulsive targets to the upside (right-hand scale) are suggesting that by then, the S&P500 could make new highs in the 2'820 – 2'950 range.

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#### EuroStoxx 50 – Daily graph or the perspective over the next 2 to 3 months



The recent political turmoil in the Southern EuroZone, has taken its toll on European markets, where despite a rapidly declining EURO (a factor which is usually favourable to European markets), the EuroStoxx 50 has decreased almost 200 points over the last 2 weeks (minus circa 5 to 6%). That said, our medium oscillator (upper rectangle) are suggesting that the EuroStoxx should find a first support point over the next week or so. A further low in late June, on both oscillator series (lower and upper rectangles), possibly at higher levels, should then help the EuroStoxx 50 accelerate up into late July/August. Making it back above our C Corrective targets to the upside (right-hand scale), or above 3'590, would confirm this medium term bullish outlook (until mid-Summer). Above these levels, the next range of upside targets we can calculate is between 3'784 and 3'940 (hence, potentially

**CONCLUDING REMARKS:** Despite our more negative long term prospects for equity markets, we expect both the S&P500 and the EuroStoxx 50 to rally one last time from early/mid June into late July/August. The move could be quite strong

and will eventually achieve new highs for both markets. This last acceleration may create the ideal set-up for an important market top, potentially marking the beginning of the end of our long lasting 2009-2018 Bull market.