

LE COIN TECHNIQUE

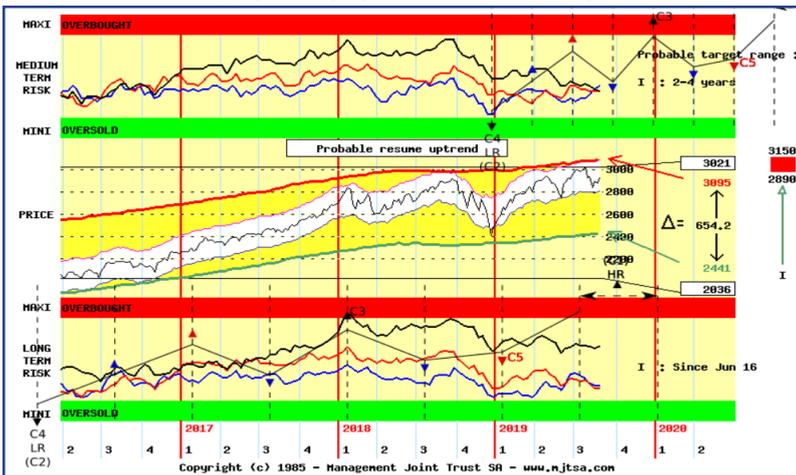
Still climbing a wall of worry

...article by Jean-Francois Owczarczak - CEO, Management Joint Trust SA - jfo@mjt.ch



Market tops are usually marked by Euphoria and “this time is different” type of assertions. To be fair, for now, this year has seen none of the above. Many equity markets did make new highs in July, yet residual risks are everywhere, from the not too dovish FED, to the Trade War, to the Hong Kong protests, to Brexit, to the declining German GDP, to Argentina or to the possibility of war in the Middle East. As a result, Treasuries or Gold have exploded, the Yen and the Swiss Franc have also been quite strong lately. This rather Defensive environment really doesn't feel like a market top. We hereby review the Weekly and Daily graphs of the S&P500.

S&P500 Index (Weekly graph or the perspective over the next 2 to 4 quarters)

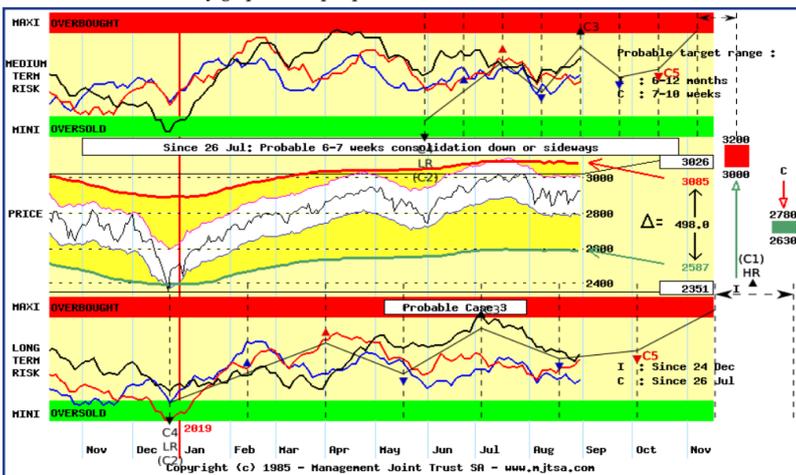


Both our oscillators series (lower and upper rectangles) are still uptrending. Our long term oscillators (lower rectangle) found support late December and started to resume up. Their uptrend now probably continues towards year-end. Our medium-term oscillators (upper rectangle) also started a new uptrend sequence in December. It also reached an intermediate top in July while the S&P500 was making new all-time highs.

Going forward, we expect the current consolidation to the downside to continue until late Q3. Following that, the trend should resume higher again into year-end at least, and possibly into Spring/Summer 2020. The targets we can calculate still point to more upside potential, possibly back above 3'000 and towards 3'150 over the next few quarters.

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



On our long term oscillators (lower rectangle), the S&P500 reached an intermediate top in July and has since been consolidating. We expect this period of correction to continue probably into late September / early October.

Our medium-term oscillators (upper rectangle) would confirm this timing as the recent bounce should soon meet a new intermediate top. The correction to the downside that follows could last 2 to 3 weeks, or into the second half of September. Hence, on both oscillator series, we would remain prudent until then. The risk is towards our C Corrective targets to the downside between 2'780 – 2'630 (right-hand scale). Finally, from October, we expect the trend to resume higher again. The S&P500 could then move back above 3'000 over the following few months and potentially even up to 3'200 according to our I Impulsive targets to the upside (right-hand scale).

CONCLUDING REMARKS: The current consolidation period still seems to be underway and we expect it to resume lower over the next 2 to 3 weeks. The downside risk is not negligible, somewhere between 5 and 10%. Yet, following that, the uptrend should resume once more, probably towards year-end and potentially into Spring/Summer 2020. Our

targets indicate that it could reach back above 3'000 by then, probably pushing towards 3'150 – 3'200. We would consider this move as a last late cycle rally, Defensive positions could come unwind, 'Fear Of Missing Out' could come back, probably culminating next year in a “this time is different” type of major market top.