

LE COIN TECHNIQUE

As the wall of worry dissipates, Equities should continue to rise

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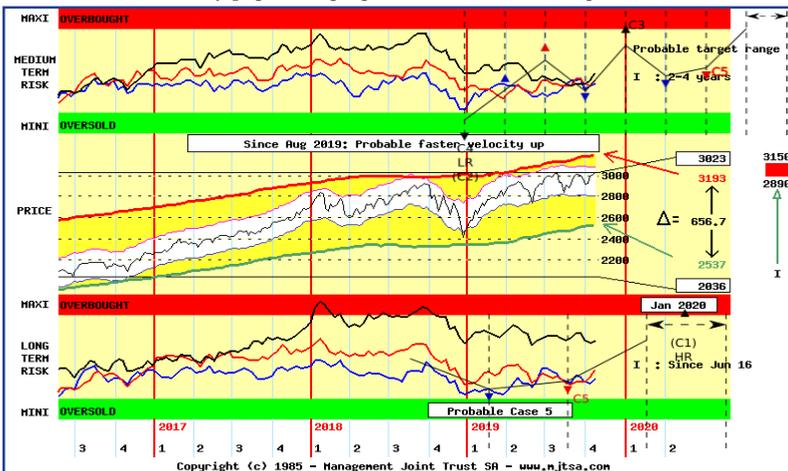


During October, following a Summer of high level consolidation, Equity markets broke out to the upside once again. Since April, they had been held back by an accumulation of potential risks. The Brexit process and the US-China Trade negotiations were both in an impasse, while the US and the Global economies continued to

show signs of deceleration. Defensive assets surged, while cyclical profiles came close to retesting their December 2018 lows. Early September, these trades started to reverse. The so-called MOMO trades saw an initial strong sell-off, while cyclical assets have since been outperforming. The newsflow has also improved, although slightly. There is some hope that the Brexit process could finally find some clarity with the December general elections, the US-China trade negotiations do seem to be advancing, although painfully, while US GDP just posted a Q3 preliminary figure above expectations. With the market still positioned quite defensively, we believe there is some

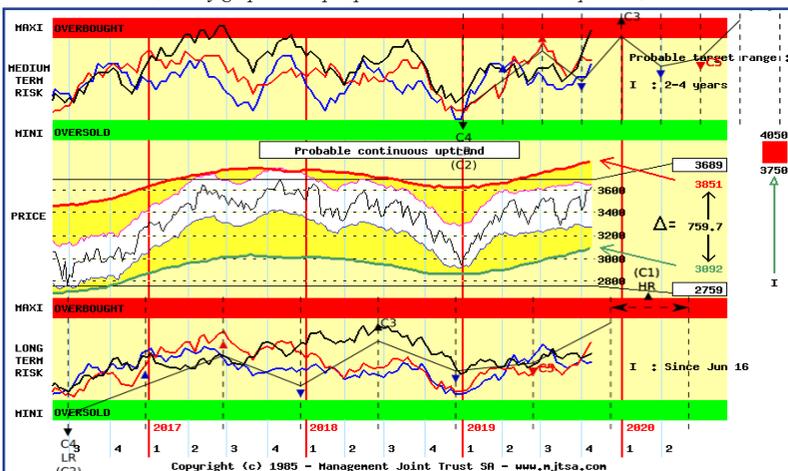
scope for further rises in equities.

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



Both our oscillator series (lower and upper rectangles) are still showing uptrend sequences on the Weekly graph of the S&P500 Index. These could lead us higher into year-end on our medium oscillators (upper rectangle) and potentially into next Spring on our long term ones (lower rectangles). On the price target front, we have reached the initial lower boundaries of our I Impulsive targets to the upside (right-hand scale), yet the uptrend, which is still underway, should probably extend towards their higher end, or towards 3'150, over the next 3 to 6 months.

EuroStoxx 50 (Weekly graph or the perspective over the next 2 to 4 quarters)



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The EuroStoxx 50 is following a similar path. Both oscillator series (lower and upper rectangles) also indicate further upside into year-end and possibly the Spring. Our I Impulsive targets to the upside (right-hand scale) are pointing to the 3'750 – 4'050 range. Such targets would imply a break above the EuroStoxx 50 2017 highs and possibly even above its 2015 ones, or to its highest point since the 2008 Great Financial Crisis.

CONCLUDING REMARKS: In a way, markets still seem to be climbing a wall of worry and every weeks comes with further doubts on the economy, the Brexit process or the US-China Trade negotiations. Yet, as these fears could gradually dissipate, we believe that the defensive unwinding

may continue, that equity markets should rise, that cyclical themes should outperform. Put differently, we believe there is more risk to the upside than to the downside over the next few months as the newsflow may still deliver some positive surprises.