

LE COIN TECHNIQUE

Possible Market Timing in the run-up to the US election and year end

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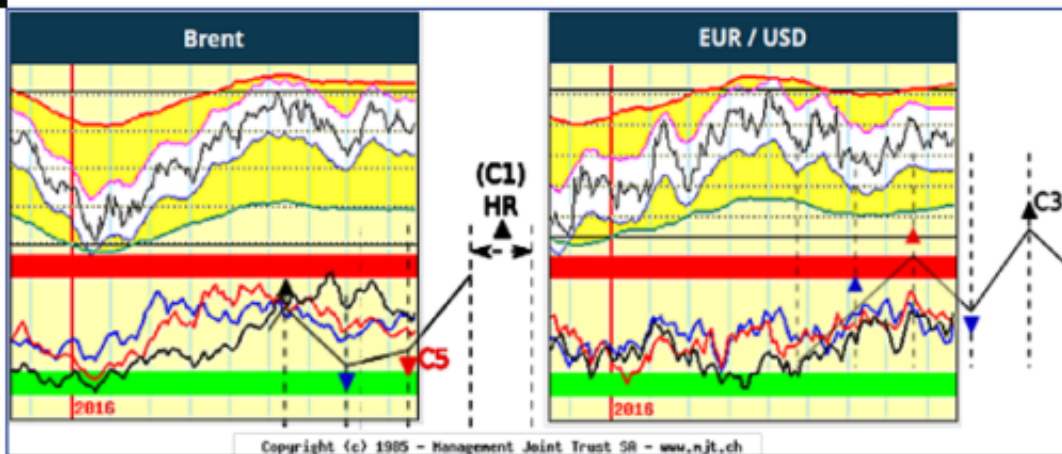


At our recent lunch presentation to the GSCGI mid September, we presented our reflationary scenario for the next 12 to 18 months. Indeed, as global monetary policy still remains accommodative, we believe that a cyclical upturn could see growth and inflation normalize, triggering a strong move up

more resiliency). We believe that from early October all three could now re-synch for a move up into late October at least, just before the US presidential election.

In retrospect, the Daily charts of Brent Oil and EUR/USD show some similarities, although strong sudden moves on EUR/USD have resulted in different configurations in our oscillators. Yet, both are now close to resuming their uptrends with a Case 5 (C5) acceleration on Brent (possible price targets above \$55 a barrel) and a resume uptrend (blue bottom in an uptrend) on EUR/USD (1.16 is feasible).

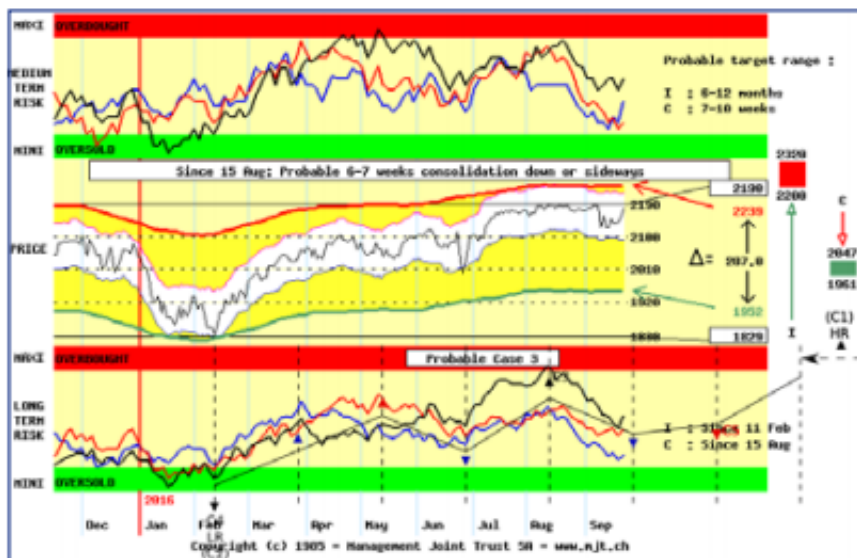
on commodities and equity markets. The first leg up of this reflation trade, between January and May this year, saw Oil, EUR/USD and the S&P500 all move up in synch. Since then, these markets have been consolidating, showing different patterns (equity markets have shown



S&P500, daily chart or the perspective over the next few months

On the S&P500, our oscillators are close to confirming a blue bottom (end September) following a intermediate Case 3 top mid August. Prices should then move up 3 to 4 weeks into the second half of October, possibly into the 2'220 - 2'250 range.

As mentioned above, all three Daily charts will be topping out again between end October and early November, leading into a new period of consolidation and potential de-synchronization. Indeed, if our scenario is correct, equity markets could resume their uptrend sooner than later towards end November on a Case 5 (C5) red bottom. Brent and EUR/USD could continue to consolidate into December and possibly year end. From January 2017, we believe all three could accelerate again into the Spring.



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