

## **Top 10 Charts of The Week (06-26-2019)**

### **Table of Contents:**

- [1. Even The Strongest US Stocks Can't Break Out](#)
  - [2. Risk Appetite Measure Micr-Caps Remain Weak](#)
  - [3. Global Stock Market Breadth Stinks](#)
  - [4. From Failed Moves Come Fast Moves \(1\)](#)
  - [5. From Failed Moves Come Fast Moves \(2\)](#)
  - [6. Gold Breaks Long-Term Trading Range](#)
  - [7. Are Corn Futures About To Get Shucked?](#)
  - [8. A Counter-Trend Trading Opportunity In EUR/JPY](#)
  - [9. Hard To Ignore The Massive Bullish Divergence In AUD/USD](#)
  - [10. T-ruble Ahead For This US Dollar Pair?](#)
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### **Check out our Top 10 Charts from the last few weeks:**

[June 19, 2019](#)

[June 12, 2019](#)

[June 5, 2019](#)

[May 29, 2019](#)

[May 22, 2019](#)

[May 15, 2019](#)

[May 8, 2019](#)

[May 1, 2019](#)

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Report content begins on page 2.



## 2. Risk Appetite Measure Micro-Caps Remain Weak

One of our biggest concerns has been the weak absolute and relative performance in the Small/Micro-Cap segments of the market both in the US and globally. If there was strong risk appetite in Equities, we'd be seeing market participants rotating money into these "riskier" areas of the market, however, that's not what we're seeing. Micro-Caps are up roughly 6% from their early June lows, whereas large-cap indexes like the S&P 500 are up nearly 9%. With prices clinging to support below a downward-sloping 200-day and momentum in a bearish range, the risk looks skewed to the downside as long as prices remain below 91.00.



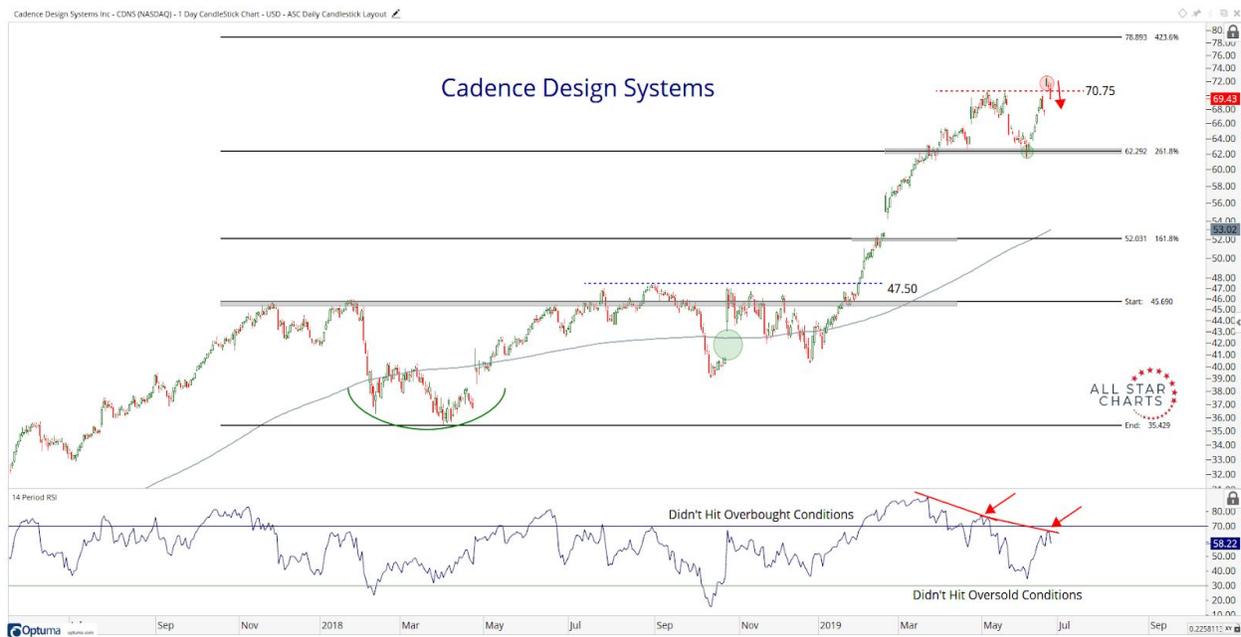
### 3. Global Stock Market Breadth Stinks

Below is a table of the global equity markets we track prices in their local currencies. While there are performance stats from several key inflection points like the January 2018 and September highs in the S&P 500, as well as the bottom on December 24th, we want to focus on the left-most “Change From 2018 Highs” column. This compares the market prices now to where they were at their highest point in 2018, or in other words, it gives us an idea of what the trend is. Currently, the median stock market in the world is 6.22% off its 2018 high and only 20% of them are above their 2018 highs despite six months of aggressive buying off their Q4 lows. This is not a recipe for a sustainable breakout, we need to see more of these markets making new highs before we can get excited.

Code	Name	Change From Highest High (2018)	Change Since Jan 26, 2018	Change Since September 21, 2018	Change Since December 24, 2018	YTD % Change
	Median	-6.22%	-5.43%	1.29%	11.00%	10.05%
MERV	Merval - Argentina	13.11%	14.13%	16.85%	40.96%	32.42%
BVSP	Bovespa - Brazil	11.57%	19.33%	28.47%	19.10%	16.13%
NZ50	NZSX 50 Index	10.74%	24.99%	10.80%	19.21%	17.90%
MICEX	MICEX Index	10.43%	20.36%	15.07%	18.96%	17.14%
XIO	S&P/ASX 200	4.58%	10.17%	7.60%	21.33%	18.05%
RTS	Russian Trading System Index	3.87%	6.10%	21.97%	30.01%	30.49%
SSMI	Swiss Market Index	2.94%	4.03%	10.04%	17.60%	17.43%
OMXSCAPGI	OMX Helsinki All-Share Index	2.07%	11.63%	3.03%	20.22%	19.90%
TASI	Tadawul All Shares Index	1.13%	14.32%	10.69%	10.75%	9.87%
TSX	TSX COMPOSITE INDEX	-0.38%	1.75%	1.85%	19.91%	15.36%
NSEI	NSE Nifty Index	-0.51%	5.69%	4.99%	9.72%	7.71%
DWC	Wilshire 5000 TMI Full Cap	-1.13%	1.53%	-0.68%	25.11%	17.35%
CAC	CAC 40 Index	-2.40%	-0.13%	0.50%	19.35%	16.72%
BUX	Budapest Indices BUX Index	-2.73%	-0.76%	13.11%	2.27%	3.41%
AEX	AEX General - Netherlands	-2.92%	-1.19%	1.87%	17.09%	14.80%
OMX	OMX Stockholm 30 Index	-4.08%	-0.10%	-3.09%	14.39%	14.35%
Y9999	Taiwan Stock Exchange Weighted Index	-4.35%	-3.30%	-1.76%	11.82%	10.82%
KFX	OMX Copenhagen	-4.54%	-2.92%	2.63%	12.89%	13.08%
OMXTGI	OMX Tallinn Index	-4.88%	-2.63%	2.97%	8.04%	8.02%
SXXP	STOXX Europe 600 Index	-4.94%	-4.13%	-0.13%	14.48%	13.67%
GD	Athens Stock Exchange General Index	-5.17%	-3.27%	21.55%	39.56%	38.49%
JKSE	Jakarta Stock Exchange Composite Index	-6.05%	-5.59%	5.55%	2.03%	1.52%
FTSE	FTSE 100 Index	-6.16%	-3.25%	-0.98%	10.93%	10.23%
STOXX	DI Stoxx 50 Index Euro	-6.28%	-5.26%	0.72%	16.20%	15.13%
SEI	Thailand SET Index	-7.37%	-6.17%	-2.28%	7.84%	9.73%
OMXVGI	OMX Vilnius Stock Index	-8.70%	-7.56%	-3.35%	8.82%	8.19%
STII	Straits Times Industrial Index	-9.07%	-7.17%	2.92%	8.54%	7.91%
DAXX	DAX Index	-9.73%	-7.99%	-1.26%	15.43%	16.25%
CTXEUR	Czech Traded Index EUR	-9.97%	-8.29%	-5.11%	8.17%	7.83%
KLSE	Bursa Malaysia KLCI Index	-11.60%	-9.59%	-7.43%	-0.46%	-0.85%
WIG	Warsaw Indices WIG Index	-11.67%	-10.36%	3.03%	4.66%	4.01%
NI	Nikkei Stock Average 225	-12.93%	-9.93%	-10.83%	5.55%	6.35%
FTSEMIB	FTSE MIB Index	-13.28%	-10.79%	-1.17%	15.69%	16.15%
XIBX	Spain IBEX 35	-13.63%	-13.24%	-4.15%	8.39%	7.64%
MXX	Mexico IPC Index	-14.43%	-14.34%	-11.35%	5.71%	5.05%
HSI	Hang Seng Index	-14.85%	-14.00%	2.00%	11.16%	10.32%
SSEC	Shanghai Composite Index	-16.14%	-15.46%	7.53%	19.04%	20.62%
BFX	BEL 20 - Belgium	-16.49%	-15.95%	-7.33%	8.98%	7.85%
PSEI	Philippines Stock Exchange PSEI Index	-16.91%	-10.85%	9.18%	7.77%	7.96%
KSI	Kospi 200 Index	-18.77%	-17.83%	-8.39%	4.21%	5.19%
ATX	Vienna Stock Exchange Index	-20.11%	-19.10%	-13.19%	8.71%	7.45%
XU100	Borsa Istanbul 100 Index	-21.68%	-21.14%	-2.86%	3.99%	4.29%
CASE	Egyptian EGX30	-24.64%	-8.59%	-1.53%	8.47%	6.38%
ZADOWD	Dj Global Indexes South Africa Stock Index USD	-25.99%	-25.27%	2.51%	11.07%	8.52%
KSE	Pakistan Karachi 100 Index	-26.88%	-22.62%	-16.57%	-10.02%	-7.00%
SPLK20LP	S&P Sri Lanka 20 Index LKR	-34.78%	-33.61%	-17.47%	-20.33%	-20.59%
	Total Positive	9	12	25	43	43
	Total Negative	37	34	21	3	3
	Total Positive	20%	26%	54%	93%	93%
	Total Negative	80%	74%	46%	7%	7%

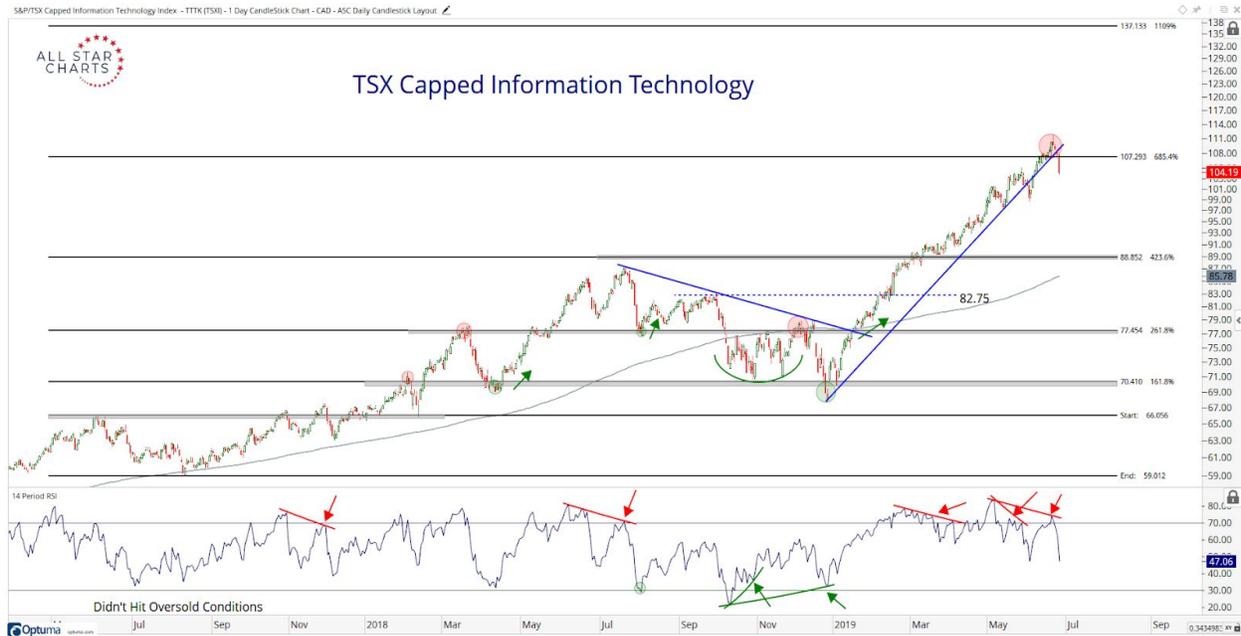
#### 4. From Failed Moves Come Fast Moves (1)

If you're looking for some quick mean-reversion trades to the downside, high-beta names like Cadence Design Systems that may have seen their uptrends accelerate pretty aggressively over the last few months may be good candidates, particularly if they have a catalyst like a failed breakout and bearish momentum divergence. In the case of CDNS, we have both. As long as prices are below 70.75, the risk is to the downside and we can be short for a move back towards its early June lows near 63. Since counter-trend trades are lower probability in nature, we need to be more selective about our setups and only choose those with high enough reward/risks to justify taking the trade. That's different for everyone, but for us, it's generally 5/1 or higher.



## 5. From Failed Moves Come Fast Moves (2)

These type of failed breakout and bearish momentum divergence combinations are one of our favorite setups when trading counter-trend moves, whether that be in individual stocks like CDNS or in indexes like the TSX Capped Information Technology. After a 65% rally off its December lows, it looks like this sector is due for a pullback after finally closing back below 107.50. As long as prices are below that level, the failed breakout thesis is intact and suggests downside risk towards 89 where we'd be covering shorts.



## 6. Gold Breaks Long-Term Trading Range

Gold has finally broken out of its multi-year range to 6-year highs as momentum prints its highest reading since early 2016. Despite this breakout, longer-term concerns around risk appetite measures like the Silver/Gold ratio remain but we recognize that this breakout cannot be ignored. While we think some backing and filling is likely in the near-term, we'd be buying weakness in the days and weeks ahead. We'd prefer to see Gold consolidate above 1,380, but see the potential for a deeper pullback to occur before it continues higher. To that point, as long as prices remain above their early 2019 highs of 1,350, the bias remains to the upside.



## 7. Are Corn Futures About To Get Shucked?

We've seen a lot of people getting excited about this rally in Agriculture Commodities, but we remain skeptical. Despite our mean-reversion trades in Wheat and a few others over the last few months working just fine, action across the space has been a bit lackluster with failed breakouts in confirming in Oats and Cocoa and waning upside momentum in many others. As a result of these conditions, we think Corn looks vulnerable here as it consolidates above its April 2016 highs near 440. Given the presence of a bearish momentum divergence, we think the highest probability outcome is that prices break back below 440 and confirm a failed breakout. If they do, we want to be short with downside price objectives near 410 and 390.



## 8. A Counter-Trend Trading Opportunity In EUR/JPY

This week's Top 10 has been largely about actionable trade ideas and that theme continues with Currencies. We like the way EUR/JPY is acting down near support at 121 and think that the recent bullish momentum divergence is the catalyst to help prices mean-revert back to 125.50 before ultimately heading lower. Whether you're trading it on the long side for against 121 or are looking to short strength and take advantage of the longer-term downtrend, we think this chart is worth watching in the days and weeks ahead.



## 9. Hard To Ignore The Massive Bullish Divergence In AUD/USD

Over the last few month's we've been pointing out some of the reversals in commodity-related countries like Australia, Russia, Saudi Arabia, and others relative to the S&P 500 and/or their related Diversified International ETF like Emerging Markets (EEM) or Developed Markets Ex-US (EFA). Much like Australian Equities relative to the S&P 500, we are now seeing the Australian Dollar find its footing relative to the US Dollar. The massive bullish momentum divergence accompanying price's most recent test of long-term support near 0.68 is much like ones we've seen at other long-term inflection points in the currency, suggesting to us that as long as prices are above 0.68 we need to be erring on the long side AUD/USD.



### 10. T-ruble Ahead For This US Dollar Pair?

The Ruble is gaining strength relative to the US Dollar after USD/RUB failed to accelerate higher off of support near 64.15-64.85. Former support turns to resistance and the downward sloping 200-day moving average and bearish momentum readings suggest that the trend has shifted to the downside. As long as prices are below 64.85, let's call it 65.00 even, we can be short and looking for a move back down towards the 2017-2018 lows over the next 6-12 months.



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