**S&P/ASX 200 – Technical Perspective**

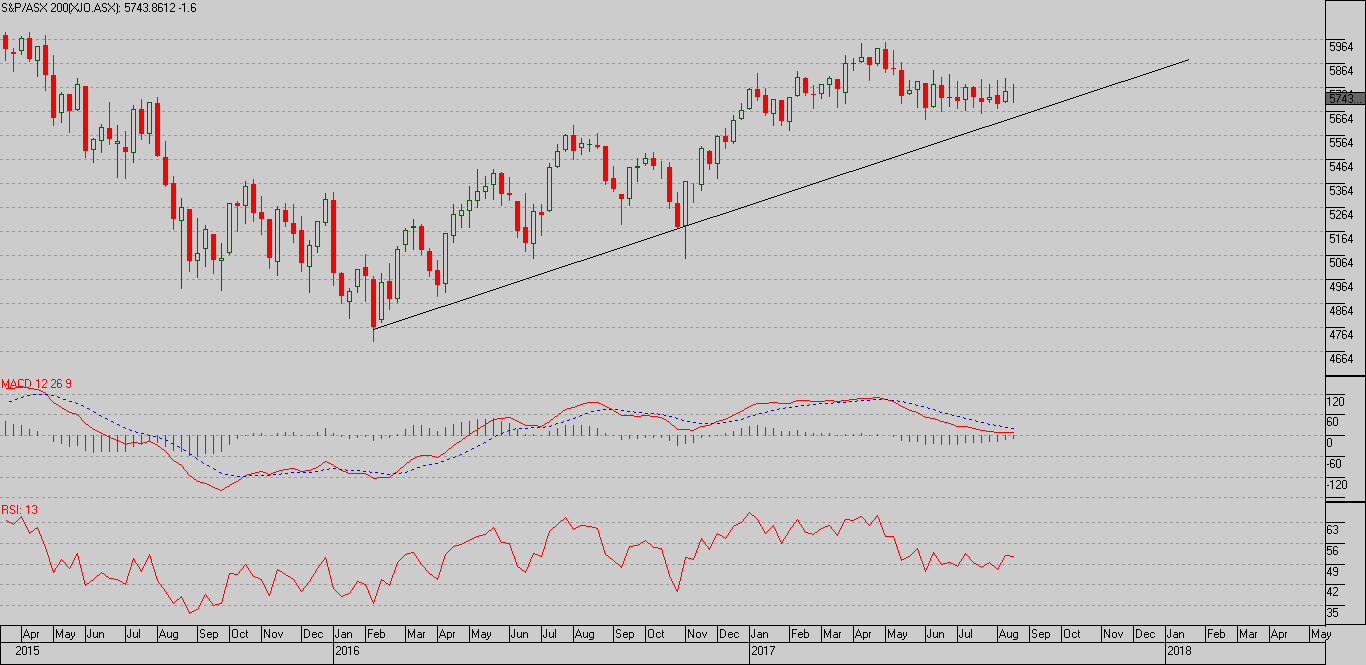
26th August 2017

By Craig Parker Private Client Adviser and Senior Technical Analyst

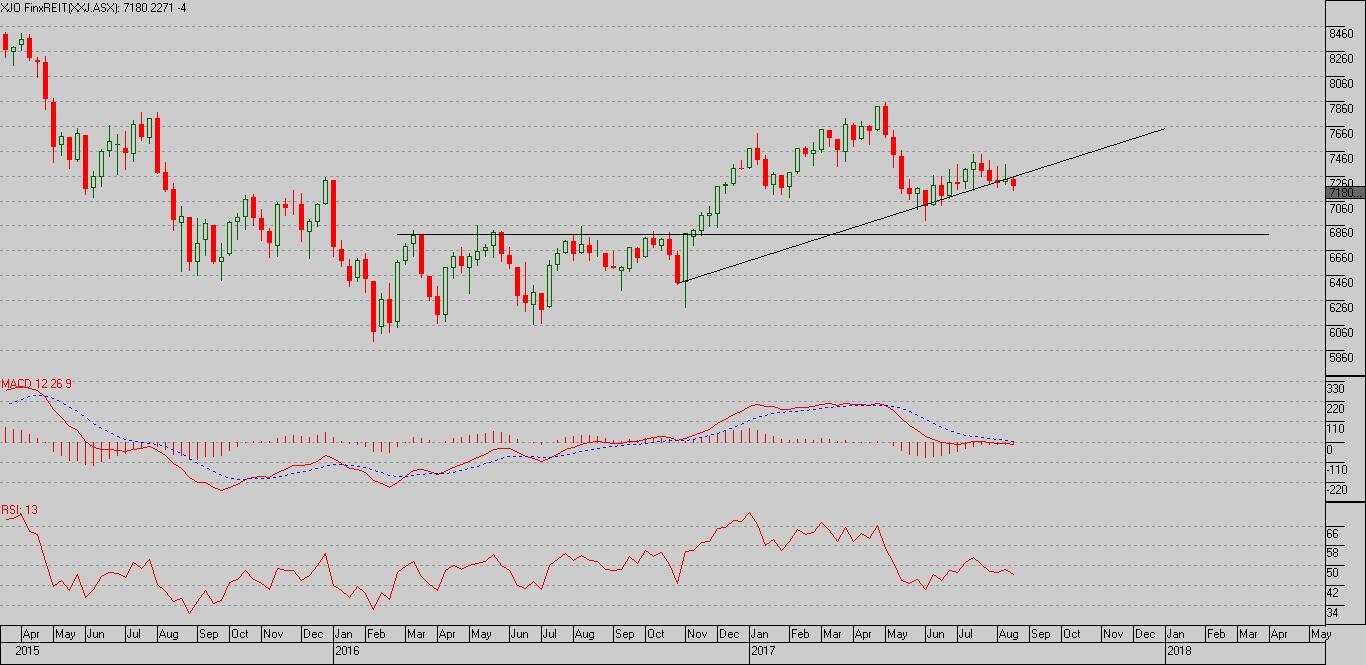
Authorised Representative Sentinel Private Wealth AFSL 344762

I know this report is focused on the S&P/ASX 200 however Friday was a big day for the Chinese market (Shanghai composite below) breaking a long-term resistance level with some strength behind the move. Let’s hope this can help propel our market on in the coming weeks, especially since we have been experiencing some very tepid GDP results and the credit growth outlook isn’t looking great at all, hence our financials’ sector is suffering. Time for politicians to toughen up and take some bold moves in diversifying our economy and subsequently the share market lest, share investors want to see zero growth for years to come. Looking at our financials’ sector chart you can see the similarities with the S&P/ASX 200 in the chart patterns which isn’t a great sign for the future of our overall market. Might have to look at other sectors with the small ordinaries chart experiencing a breakout with the Chinese share market on Friday as can be seen below. Our energy sector also had a good week as can be seen in the chart below although this sector will be volatile over the medium to long term with the price of oil fluctuating between the 55 and 40 levels and the long-term future not looking great for the conventional fossil fuel energy companies with higher use of electrification of vehicles and increasing renewable energy production. Any companies and governments that think the future is clean coal are misguided to say the least. The crackpot award for the week would go to Trump with his idea of clean coal being extracting it out of the ground and giving it a bit of a wash with the hose. Even if they do find the technology to somehow clean what is dirty the net energy output will be offset by the energy required to clean it. Waste of time and money and this along with our lessening reliance on oil will cause great volatility in the energy sector for years to come. Back to our S&P/ASX 200 and for our market to gain any upward momentum the financials’ sector is going to have to have a change in momentum which could be a struggle considering it is trying to consolidate its medium-term downtrend. All in all, not a great outlook for our overall market but some light could be shining on the small ordinaries space considering their exposure to the Chinese market and the fact that it is easier for a quality small cap to grow revenue. Naturally, care needs to be taken as the small caps sector is also fraught with danger if you get your picks wrong.

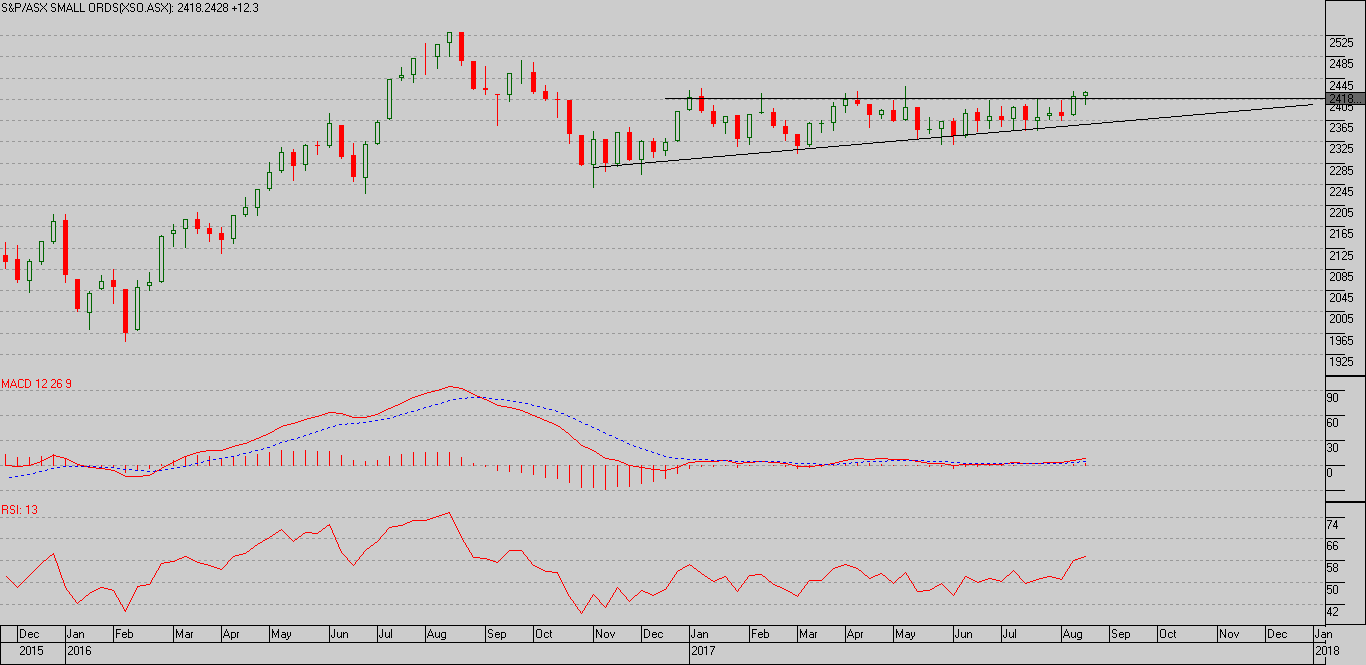
**S&P/ASX 200 – Weekly**



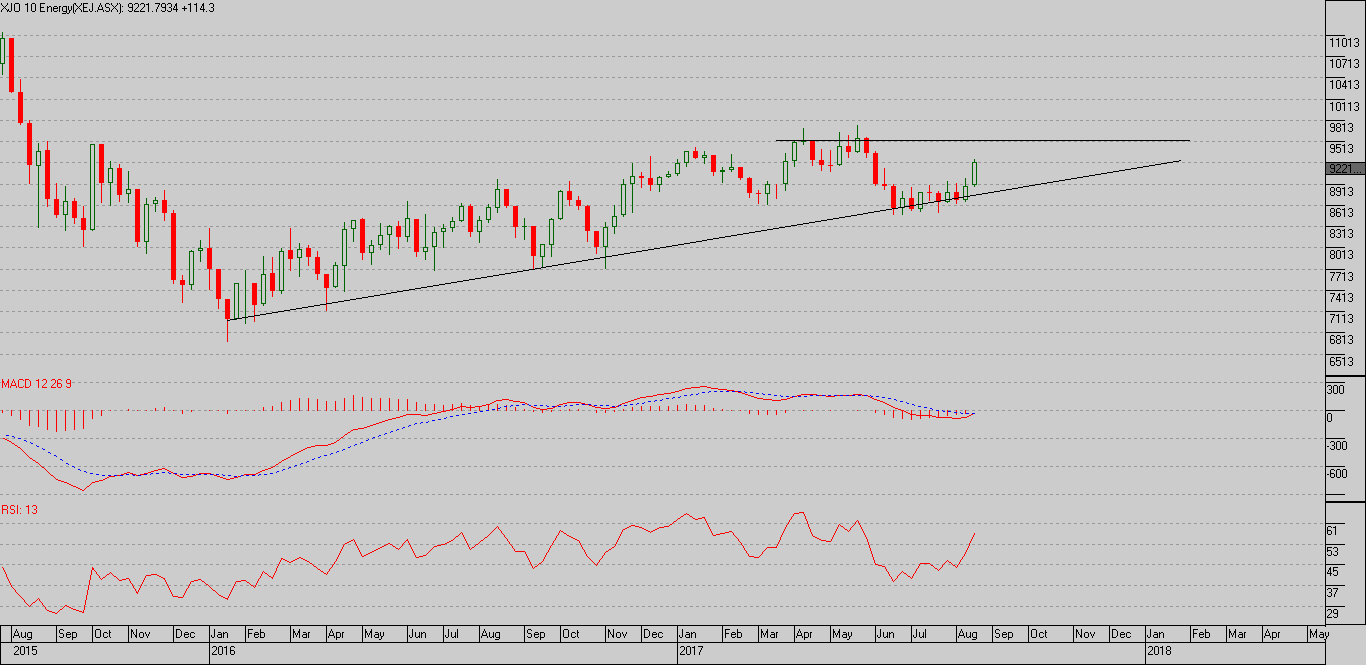
**Financials Sector ex REIT’s – Weekly**



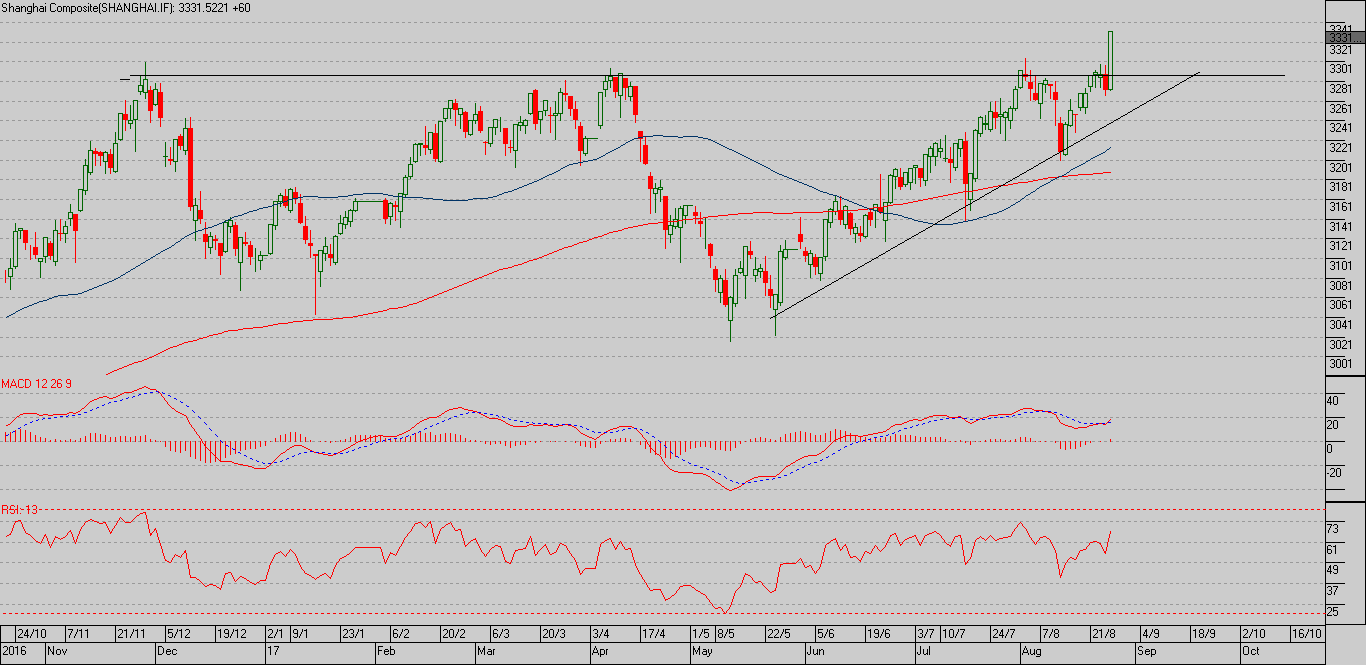
**S&P/ASX Small Ord’s - Weekly**



**XJO Energy - Weekly**



**Shanghai Composite – Daily**



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