

S&P/ASX 200 – Technical Perspective

25th November 2017

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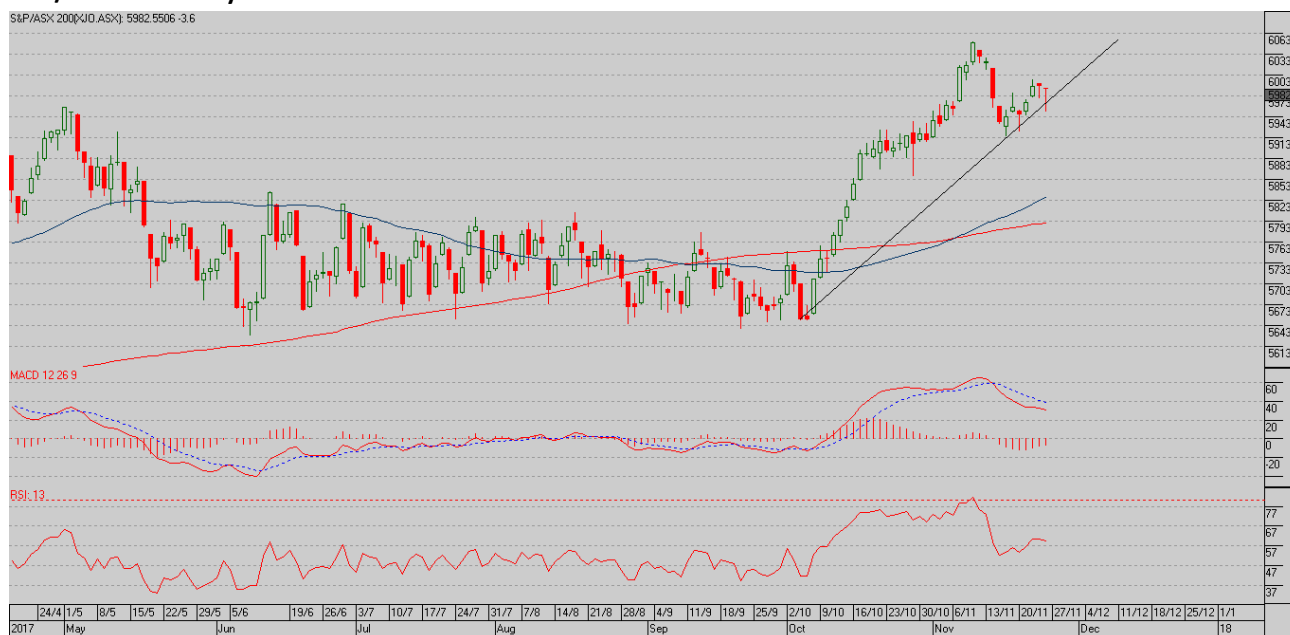
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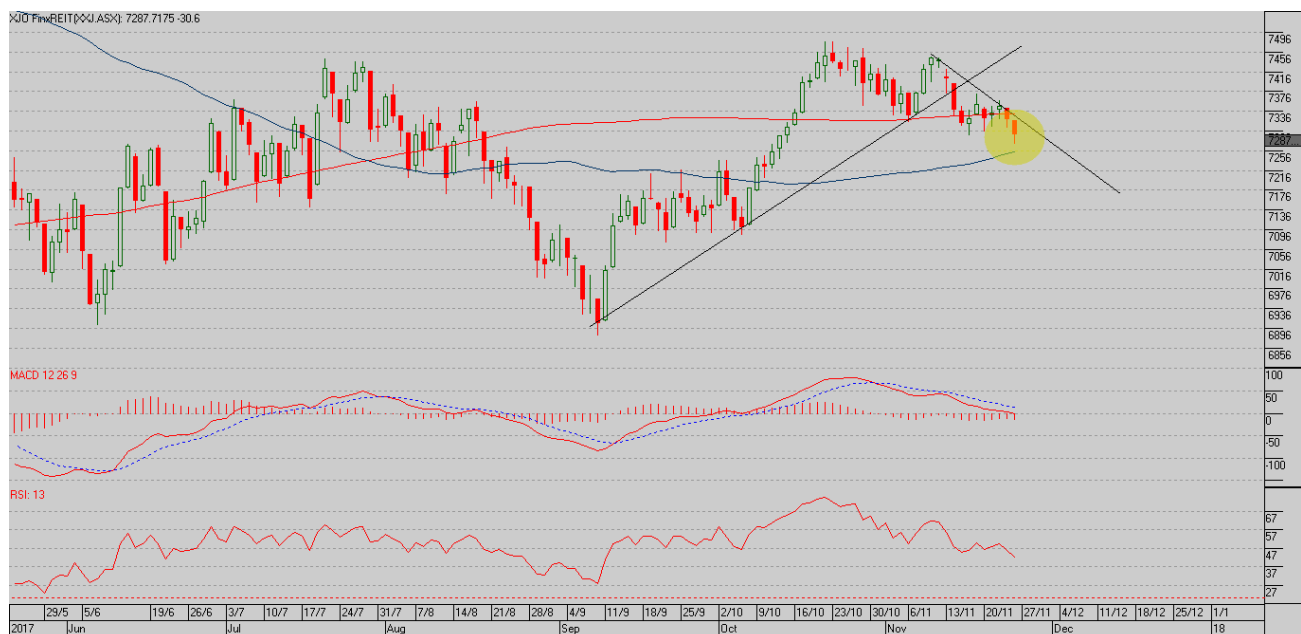
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Further consolidation required. Late Friday the market made a last hour comeback and ended the week slightly above last week. It looks like more consolidation is on the horizon. Ideally, from a technical perspective I would like to see the ASX200 get back up around the 6000 mark, or just above and then with clear bearish divergence on the daily RSI look at correcting back around the 5900 level in preparation for a move higher into the low 6000's. On the negative side the Financial sector has settled into a medium-term downtrend with the move down on Friday and is now below the 200-day moving average and nearing the 60-day moving average. It will need to be monitored around these averages for the coming weeks and might put a strain on any advance in the market overall. Materials and Energy continue to push the upward momentum although Light Crude is nearing the high end of the 40 to 60 channel that could prove difficult to break, unless of course Iran and Saudi Arabia take the gloves off. Not sure the Saudi's have what it takes to sort out a hardened Iranian army. That would send Oil prices soaring and pump prices high here putting further pressure on the household budgets and consumer spending habits. One chart (daily) to keep an eye on is the US 10 Year Bond Rate which is squeezing into a pennant pattern and a head and shoulders pattern simultaneously. A jump out to the upside could mean a December correction and negative for the Property trust sector. A move to the downside and this could be good for further equity market upside.

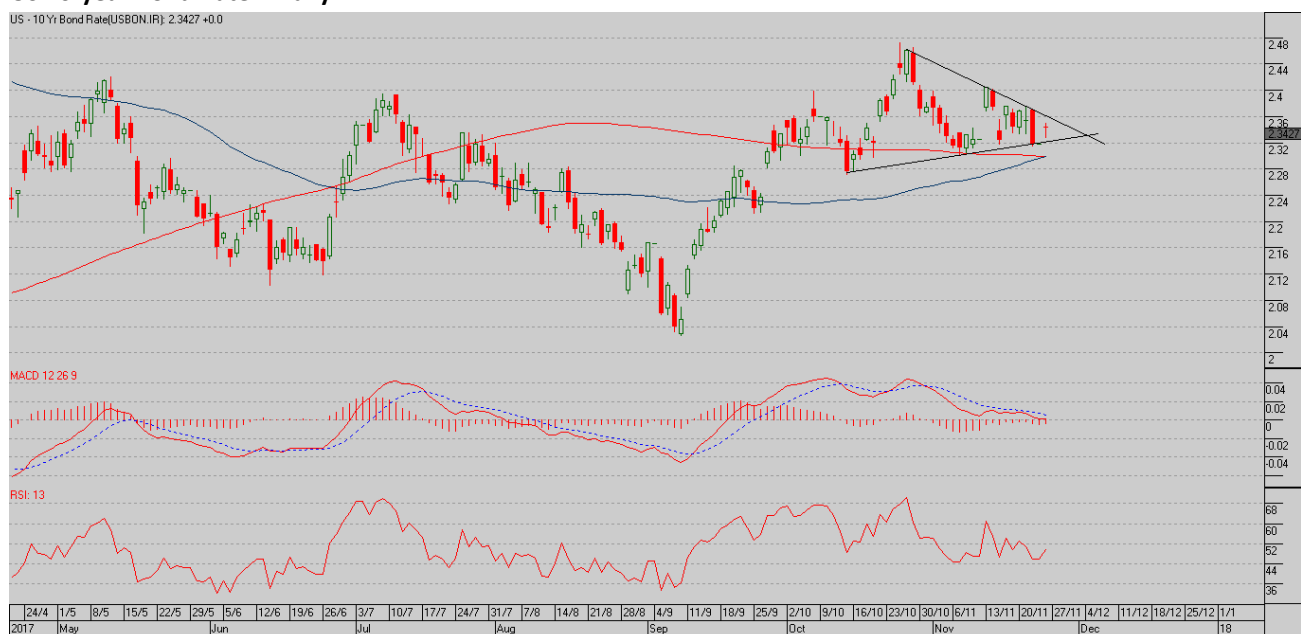
S&P/ASX 200 – Daily



Financials Sector ex REIT's – Daily



US 10-year Bond Rate – Daily



Source: Bourse Data

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