

# S&P/ASX 200 – Technical Perspective

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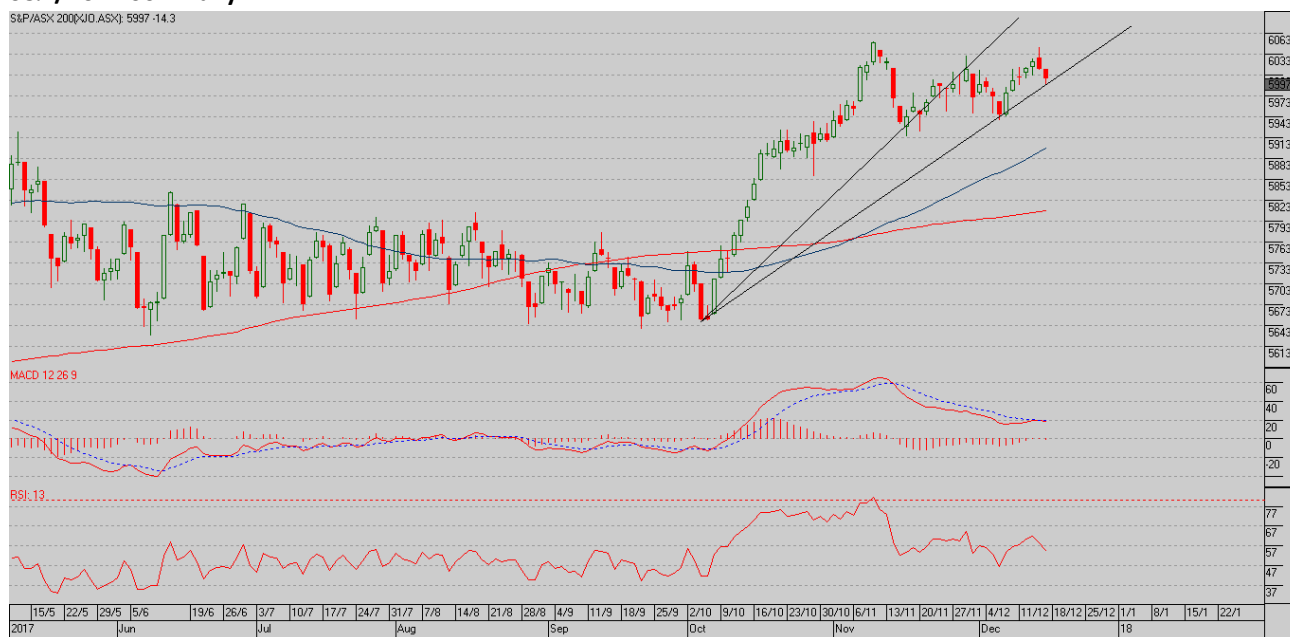
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The S&P/ASX 200 had a dead flat week with the market giving up its meagre gains Friday. When looking at the weekly chart we are possibly in for some mixed action in the short term as we head back towards a medium-term uptrend line. The move was mainly due to our Financial sector rolling over confirming, a continuation of the downtrend that has been in place since October and now has resistance around the 60 and 200 day moving averages which, isn't great news for our overall market. Currently it is hard to tell whether the current sideways movement is a consolidation pattern or a distribution pattern. If the next move is up then you would expect to see rising volumes on the recent move up which there wasn't, in fact there were declining volumes which suggests there isn't a lot of conviction in the upward trend. On the other side of the Pacific the S&P 500 still needs a much-needed breather and with the bearish RSI divergence and the US volatility index around support levels with some upside potential, I would look to see the S&P 500 head back towards the 60-day moving average in the medium term. Technically the S&P 500 is forming some headwinds considering it is in ridiculously overbought territory and with bearish RSI divergence it could make it difficult for our local market to hit new highs in the near term. Combined with our dollar having a very good week and if you read my report on the 2<sup>nd</sup> December I mentioned the bullish RSI divergence was indicating some possible upturn in our dollar and unfortunately this hasn't aided our equities market. I doubt the move will hold though and I will be watching our dollar around the 60 and 200 day moving averages for some resistance.

## S&P/ASX 200 – Daily



## S&P/ASX 200 – Weekly



## US Volatility (CBOE Market volatility) – Daily



## Australian Dollar Versus US dollar – Daily



Source: Bourse Data

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