

## S&P/ASX 200 – Technical Perspective

27<sup>th</sup> January 2018

By Craig Parker Private Client Adviser and Senior Technical Analyst

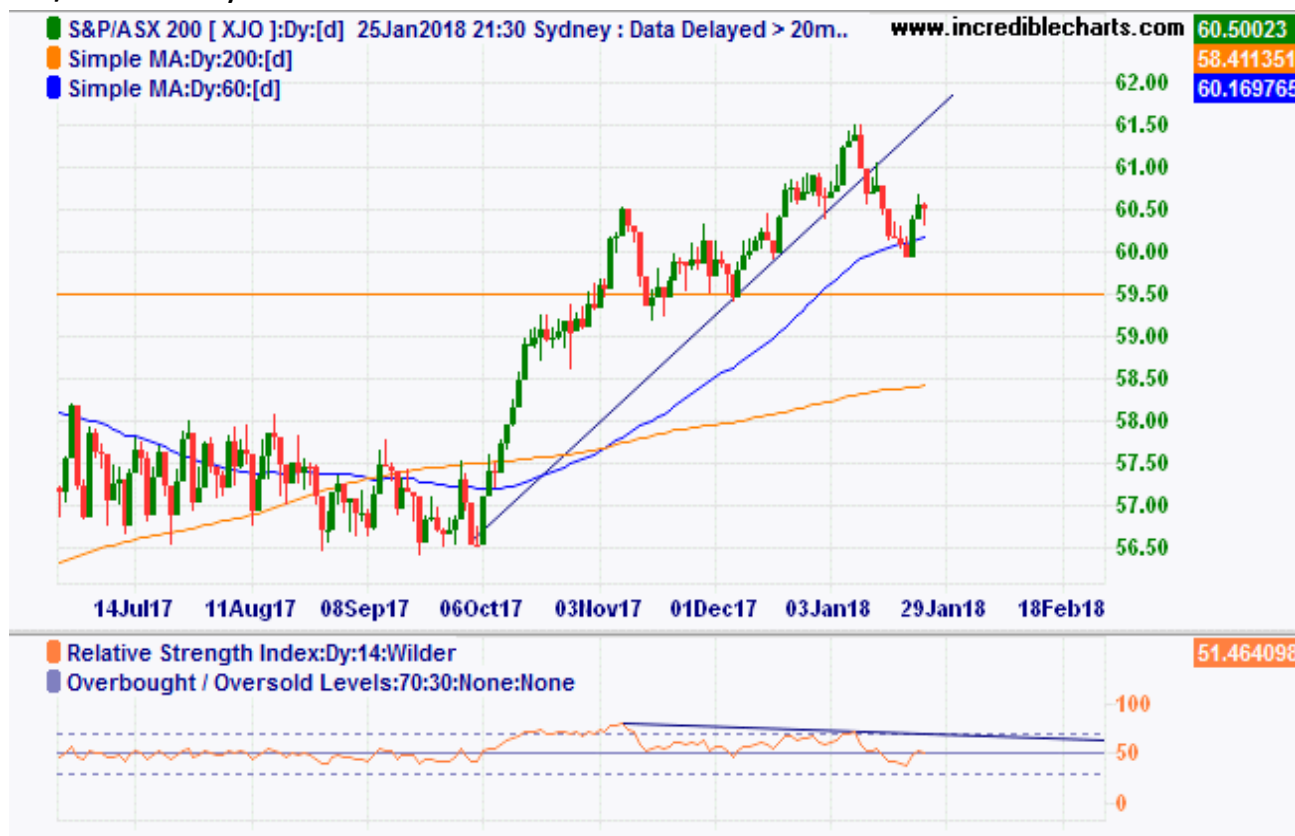
Authorised Representative Sentinel Private Wealth AFSL 344762



MOAT CAPITAL

Before I make any technical observations on the local ASX 200 market I wanted to touch on something of interest in relation to the S&P 500. I know we think the party on the US market seems to be out of control however I did notice something interesting when using a Log chart. If you look at the period from 1988 through to 2000 (approximately 12-year cycle) you will see that the past 9 years from 2009 to present illustrate a very similar pattern. Specifically, the pullbacks in 1989 and 2011 and 1994 and 2015 were near identical for size and duration and currently the S&P 500 is about where the 12-year cycle was in 1996. This means that the S&P 500 could still have up to 3 years to run before a big correction. This assumes of course the current cycle is 9 years in to a 12-year cycle. A big assumption considering every valuation metric both fundamental and technical indicates overbought in a serious way. Generally, the best sign the animal spirits have hit the markets and it's time to get out is when mum and dad investors are requesting margin lending into equities. Back to our local market and as mentioned last week the 60-day moving average could be a turning point and considering the US markets went up significantly on Friday we might have some further upward movement come Monday. If we don't break the 6140 mark in the next couple of weeks, then we could see some mixed price action around the 60-day moving average. Our dollar breaking the 80-technical barrier is not great news along with the Iron Ore price hitting some resistance around the 79-80 mark. Gold is hitting some resistance again which signals some signs of risk on for equities and Oil is hitting recent new highs which is positive for our energy sector.

### S&P/ASX 200 – Daily



### S&P 500 – Weekly (Log scale)



Relative Strength Index:Dy:14:Wilder 86.686646  
Overbought / Oversold Levels:70:30:None:None



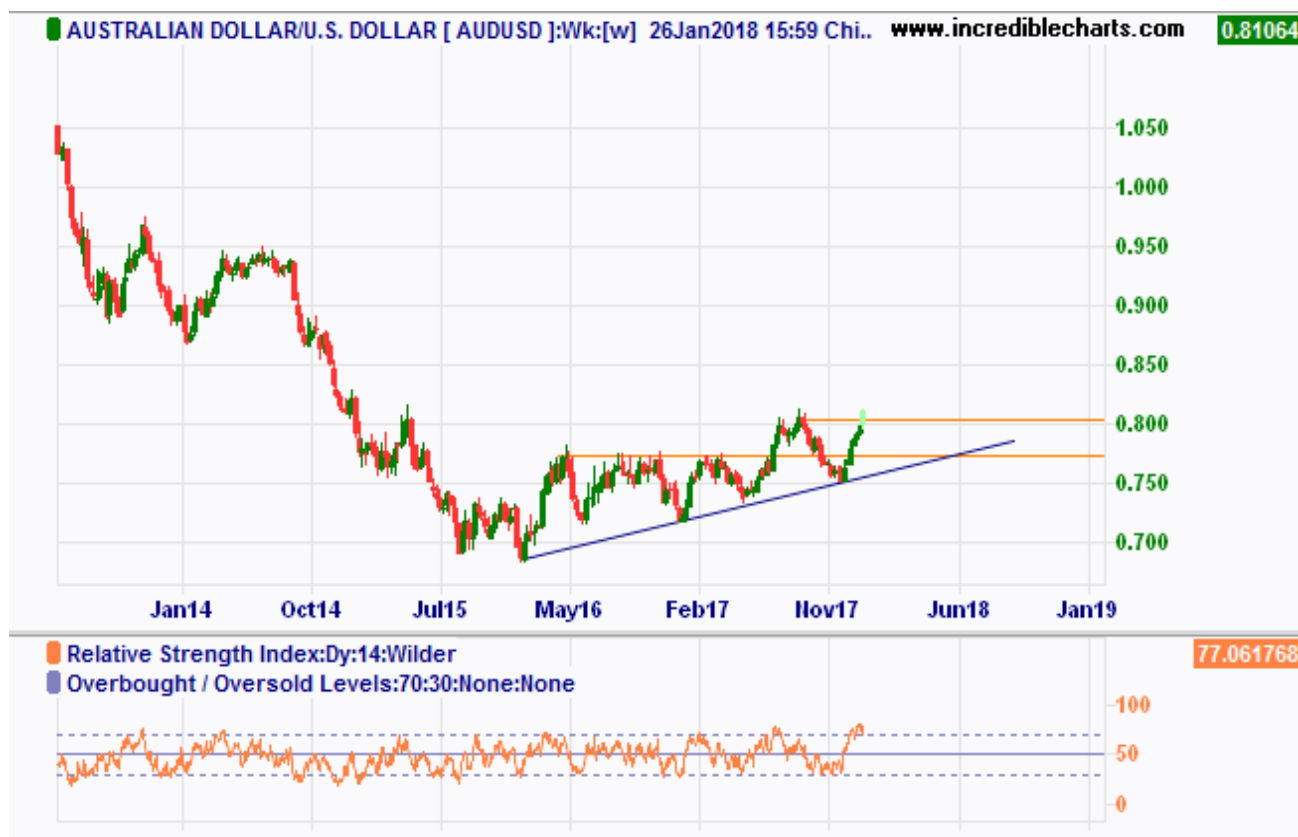
#### Gold – Weekly



Relative Strength Index:Dy:14:Wilder 66.860035  
Overbought / Oversold Levels:70:30:None:None



#### Australian Dollar Versus US Dollar – Daily



Source: Incrediblecharts

### Important Information

This document and its contents are general in nature and do not constitute or convey personal advice. It has been prepared without consideration of anyone's particular financial situation, needs or financial objectives. Personal advice should be sought before acting on any of the areas discussed. The authors and distributors of this document accept no liability for any loss or damage suffered by any person as a result of that person, or any other person, placing any reliance on the contents of this document.

Moat Capital has made every reasonable effort to ensure the information provided is correct, but Moat Capital makes no representation or any warranty as to whether the information is accurate, complete or up to date. To the extent permitted by law, Moat Capital accepts no responsibility for any errors or misstatements, negligent or otherwise. The information provided may be based on assumptions or market conditions and may change without notice.