

Market Review

Bob Krishfield

Jan 2018

bobkrish22@gmail.com

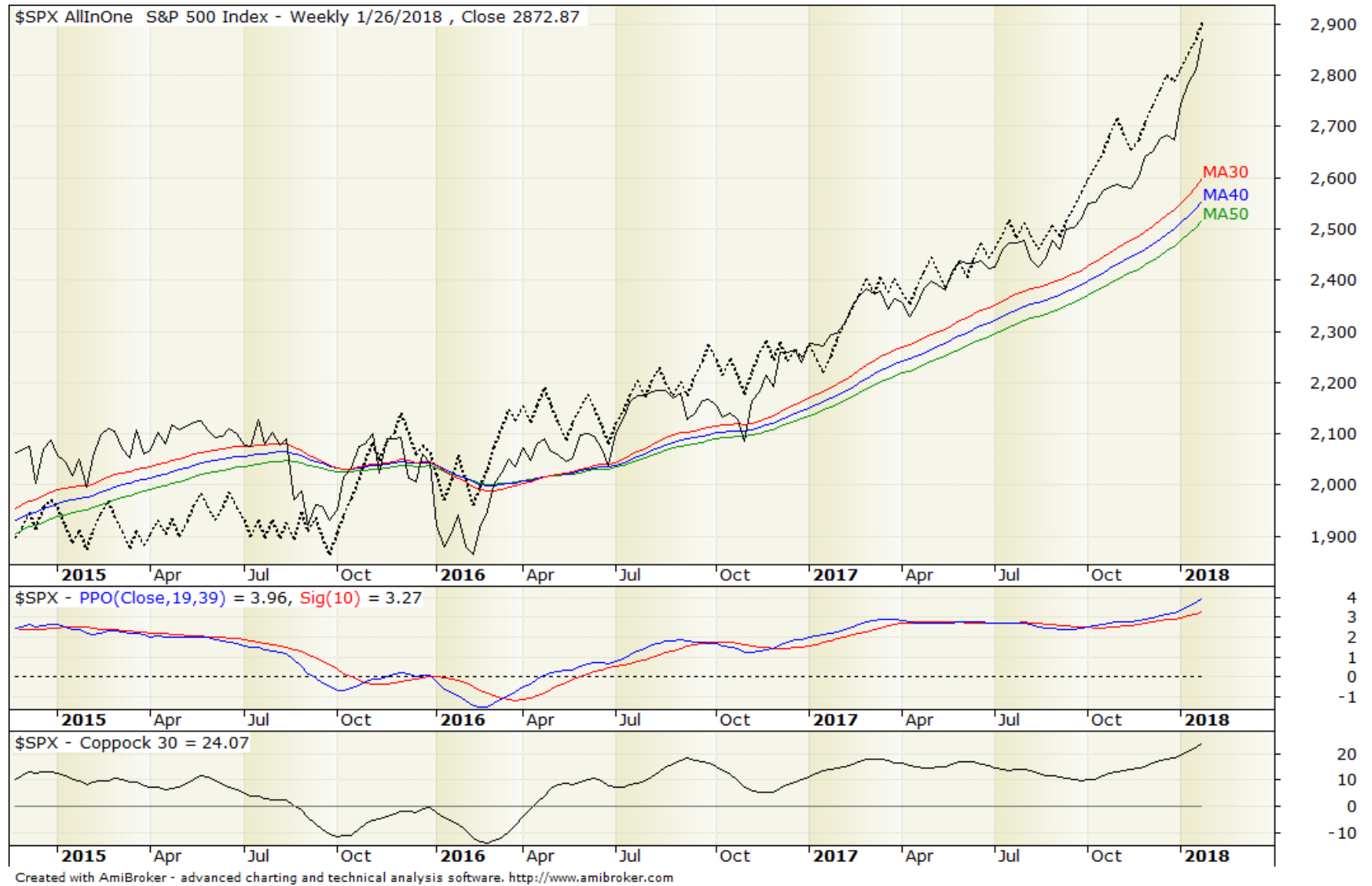
Topics Today

- Markets – Charts on What's Happening
- Views on 2018 Market Future Direction
 - A Hurst Cycle's Analysis of the Upcoming Market
 - Ciovaccio Capital's View of the Bull Market
 - Ken Fisher Comments on the Market

S&P 500 – Continuing New Highs



S&P 500 Weekly Up Trend Continues



Dow 30 Up Trend Making New Highs



NASDAQ LT Trend Still Positive



Russell 2000 Uptrend Breakout - Watch



NYSE Uptrend Accelerating



US Dollar – New Multi Year Lows



Dollar Down from Global Rates Dropping

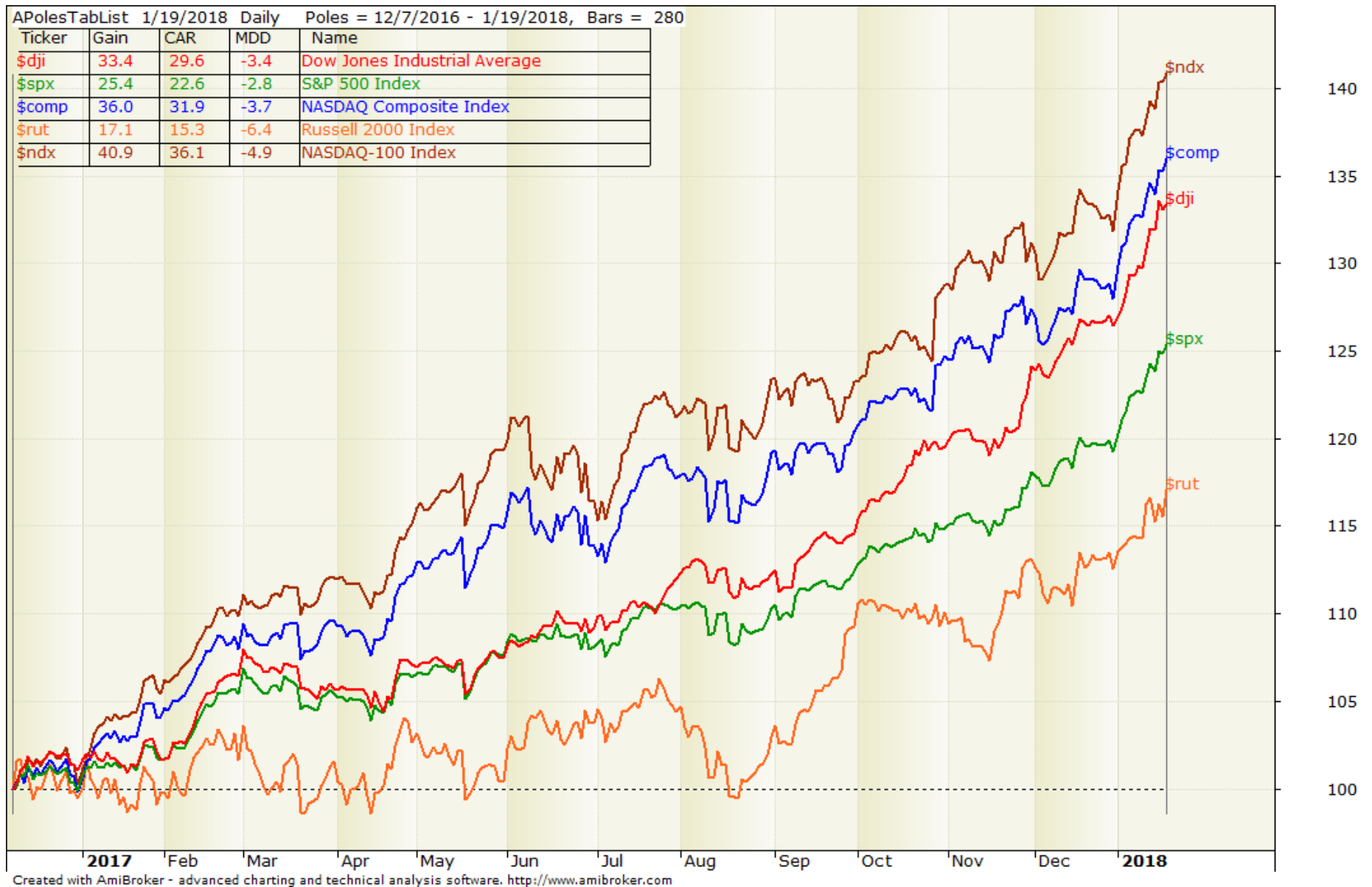
As US Dollar drops, the 10 Yr Treasury Yields rise with the price of Oil.

A side-effect of a weak dollar is that it tends to drive global funds into foreign markets which has been the case this year.

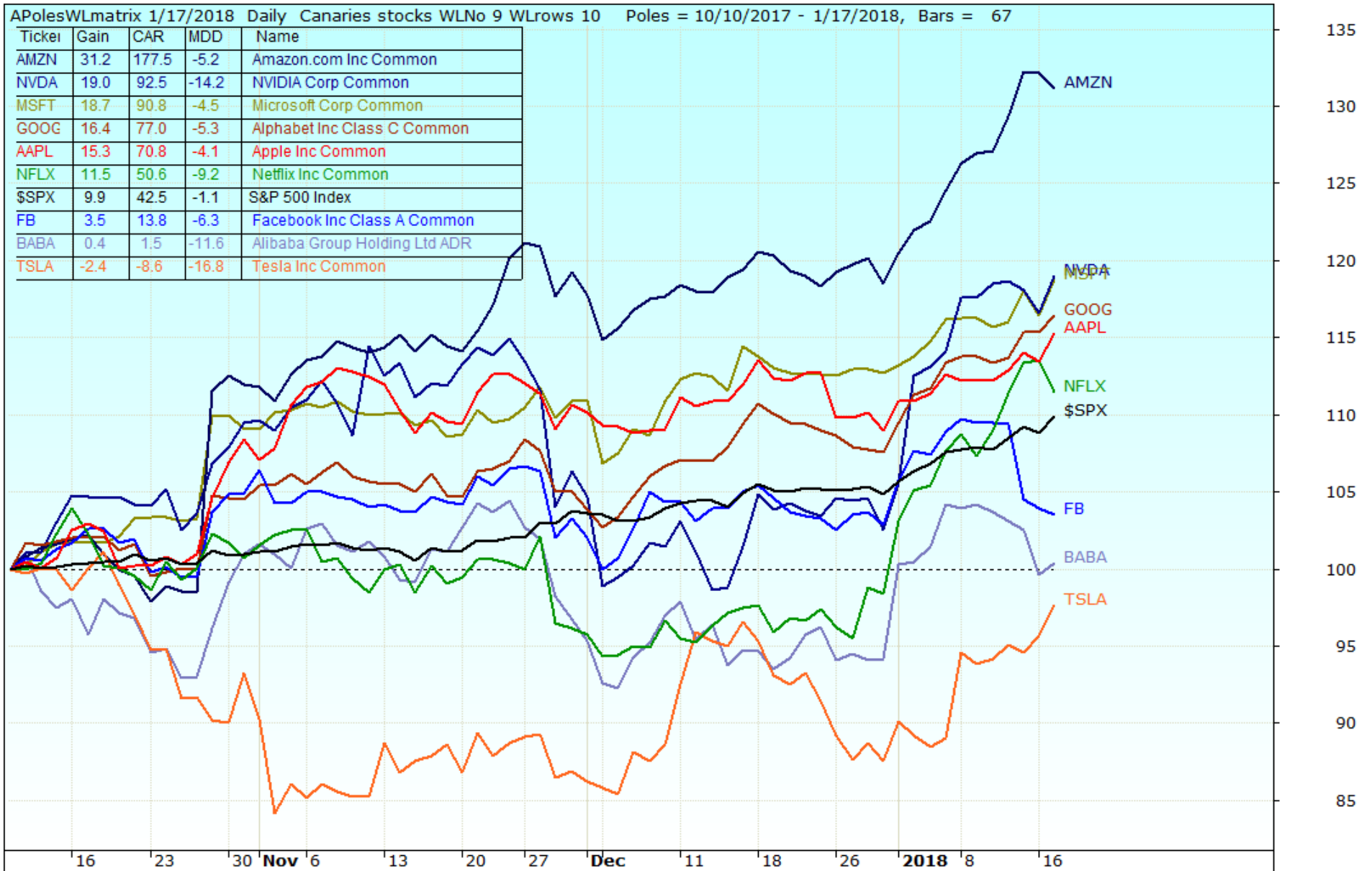
The falling dollar, however, has had positive influences on the U.S. market, especially large cap multinationals that get half of their revenues from foreign markets.



Best 1 Yr Performance – Nasdaq 100



Comparison of Canary Stock Performances



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Foreign vs US Stock Performance

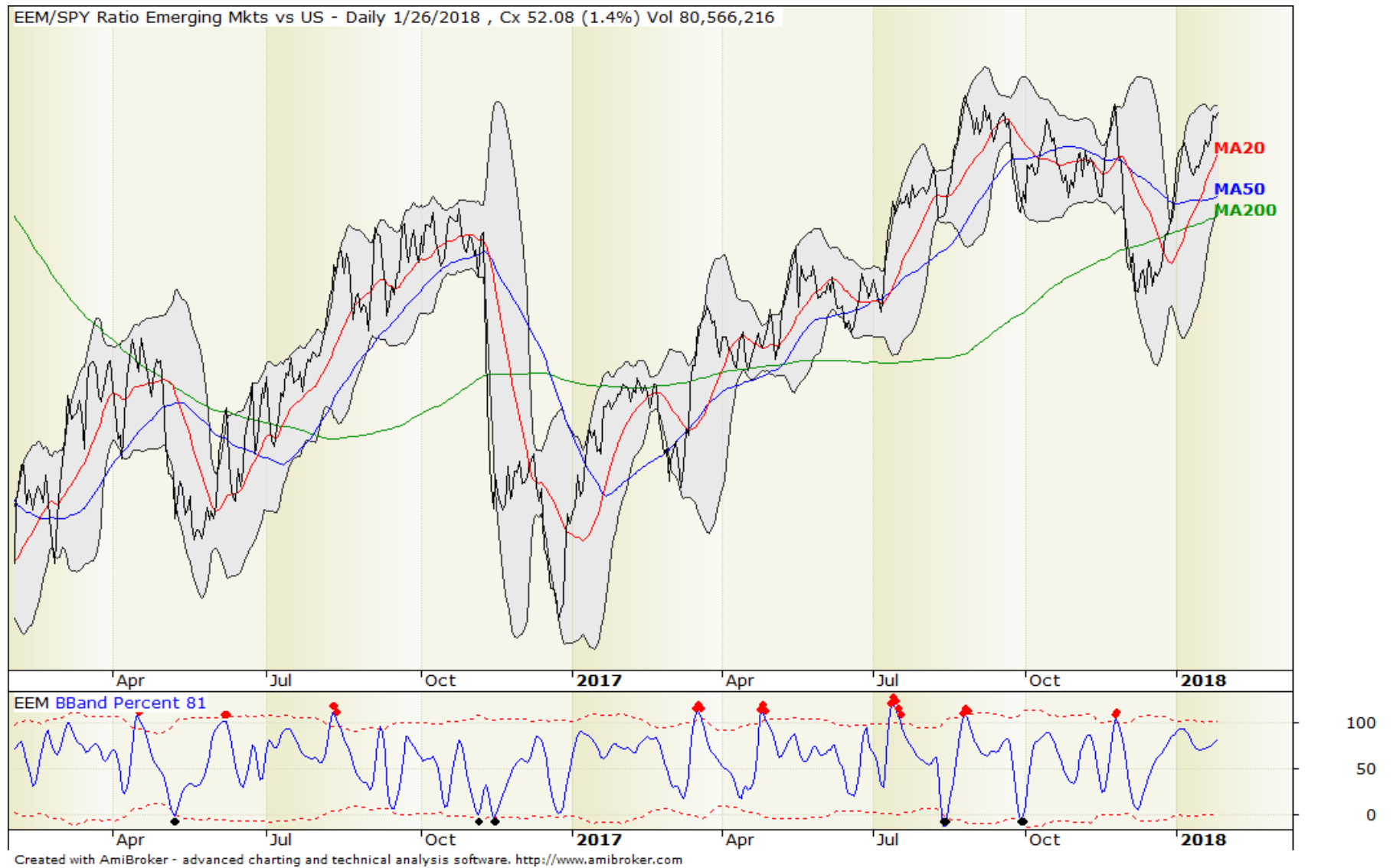


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China vs US Stock Performance



Emerging Mkts vs US Stock Performance



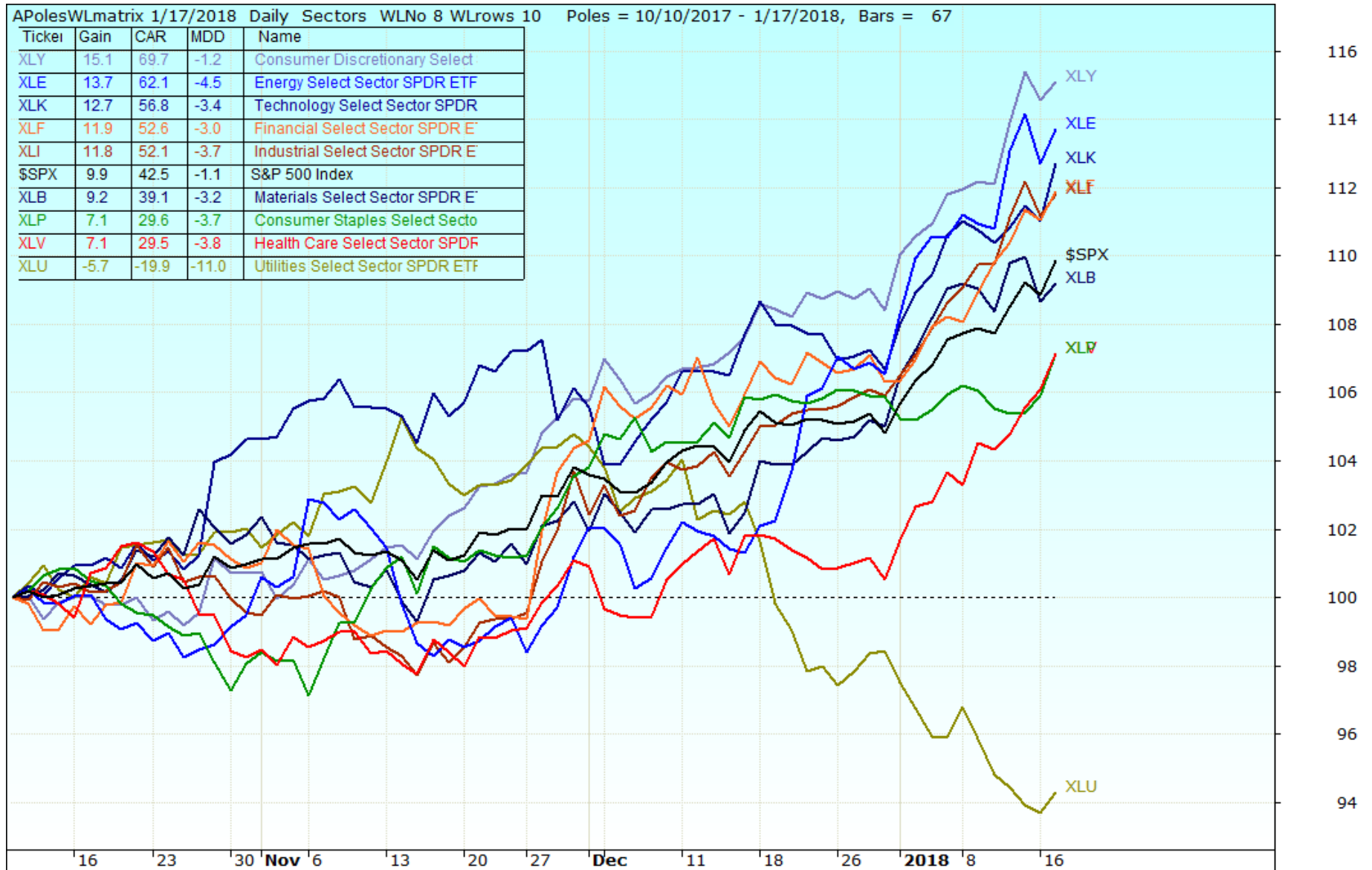
Risk On/Off Performance SPY vs AGG



Risk On/Off Performance SPY vs TLT



Comparison of Sectors



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Top 20 ETFs (ranked by ETFReplay.com)

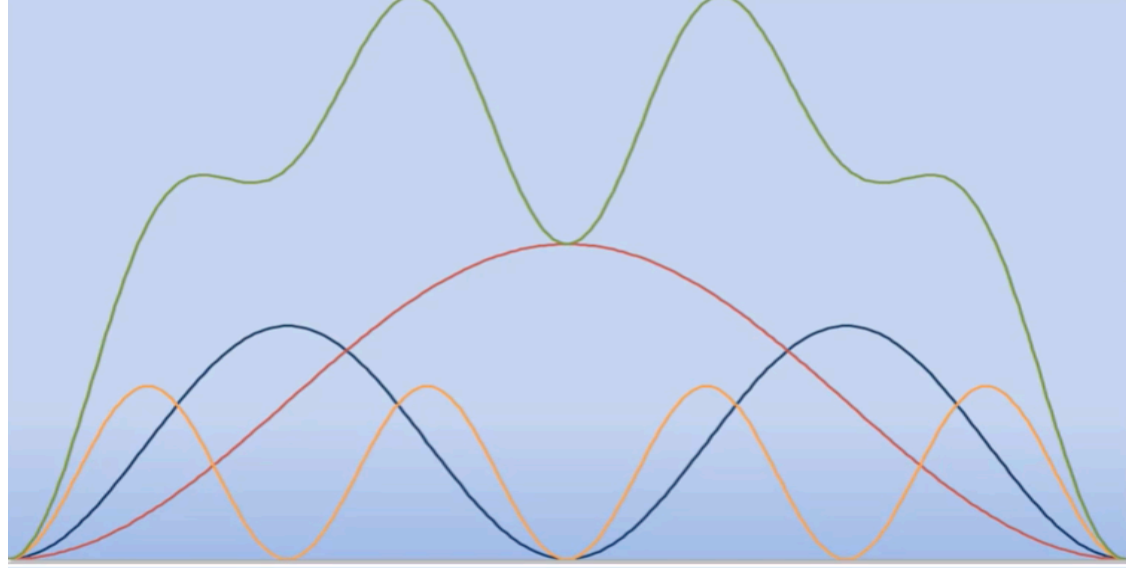
Symbol	ETF	ReturnA	ReturnB	Volatility	Rank
EWJ	<u>iShares MSCI Japan Index Fund</u>	+11.7%	+7.1%	8.0 %	1
DIA	<u>SPDR Dow Jones Industrial Average</u>	+13.2%	+5.4%	7.0 %	2
XLY	<u>U.S. Consumer Discret Sector SPDR</u>	+16.3%	+7.0%	10.2 %	3
XLF	<u>U.S. Financial Sector SPDR</u>	+12.8%	+5.7%	8.0 %	4
XLI	<u>U.S. Industrials Sector SPDR</u>	+11.3%	+6.2%	7.9 %	5
ACWI	<u>iShares MSCI All-World ACWI Index</u>	+9.3%	+5.8%	6.0 %	6
SCZ	<u>iShares MSCI EAFE Small Cap Index</u>	+9.4%	+6.9%	6.2 %	7
IWF	<u>iShares Russell 1000 Growth</u>	+11.8%	+5.5%	7.6 %	8
XLE	<u>U.S. Energy Sector SPDR</u>	+13.3%	+10.1%	14.9 %	9
VV	<u>Vanguard MSCI U.S. Large Cap</u>	+10.2%	+5.0%	6.2 %	10
VEU	<u>Vanguard FTSE All-World ex-US</u>	+8.4%	+6.9%	6.1 %	11
IXUS	<u>iShares Core MSCI Total Int'l Stock</u>	+8.4%	+7.2%	6.2 %	12
VT	<u>Vanguard FTSE Global All Cap</u>	+9.2%	+5.8%	6.1 %	13
VIG	<u>Vanguard Dividend Appreciation</u>	+11.6%	+4.9%	6.3 %	14
VWO	<u>Vanguard FTSE Emerging Markets</u>	+10.5%	+11.0%	9.4 %	15
IVV	<u>iShares Core S&P 500 ETF</u>	+10.3%	+5.0%	6.2 %	16
IEMG	<u>iShares Core MSCI Emerging Markets</u>	+10.5%	+10.2%	9.8 %	17
SCHX	<u>Schwab Dow Jones U.S. Large-Cap</u>	+10.1%	+5.0%	6.2 %	18
IVW	<u>iShares S&P 500 Growth Index Fund</u>	+10.8%	+5.3%	7.4 %	19
VOO	<u>Vanguard S&P 500</u>	+10.2%	+4.9%	6.2 %	20

Mkt Strength – NY AD Line



Market Summary

- The year 2017 was quite spectacular.
 - The Dow Jones Industrial index was up 29%.
 - The Nasdaq was even better at +32%.
 - The S&P 500 gained 22%.
 - The U.S. dollar fell 7.5%, the biggest annual drop since 2007.
 - Market Indices for 2018 are very strong
- Market Experts are divided about Continuation of the Bull Market. We Shall Look at 3 viewpoints
 - Hurst Cycle Analysis
 - Ciovaccio Capital's View Using Technical Analysis
 - An Interview with Ken Fisher



Hurst Market Cycles

Disclaimer: This information is strictly for educational purposes and is not intended or should be considered as investment advice or recommendations.

Hurst Cycles

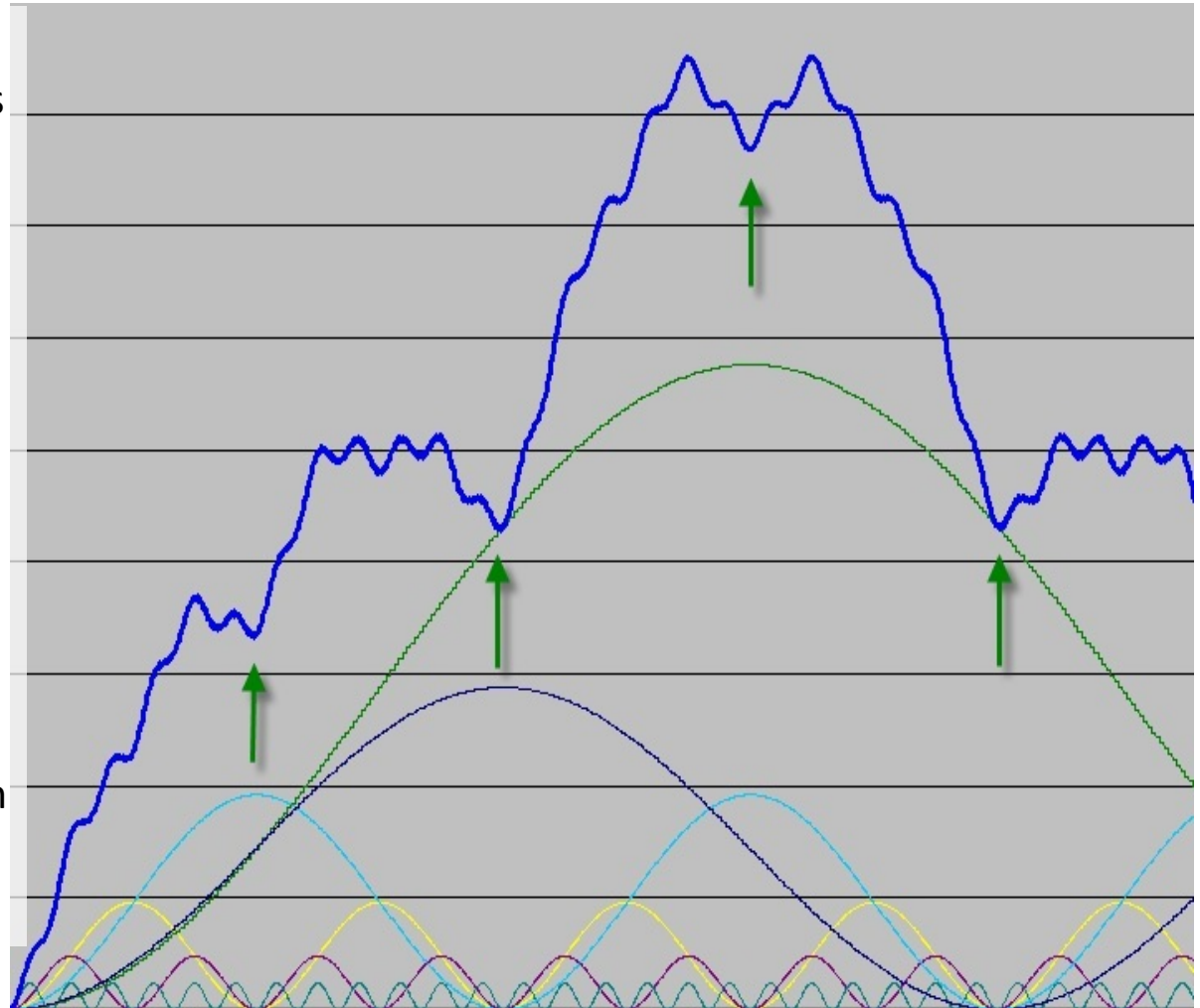
- In 1970, JM Hurst published a theory about why financial markets move in the way they do. The theory was the result of many years of research on powerful mainframe computers, and it became known as Hurst's Cyclic Theory.
- His book, "The Profit Magic of Stock Transaction Timing" is available on Amazon, or for free in PDF form from the downloads section of the website: **westcoastcyclesclub.com**.
 - **Downloads**
 - **Reference Books**
 - `JMHurstTheProfitMagicofStockTransactionTiming.pdf`

Stock Price Made up of Hurst Cycles

The theory describes the movement of a financial market as the combination of an infinite number of “cycles”.

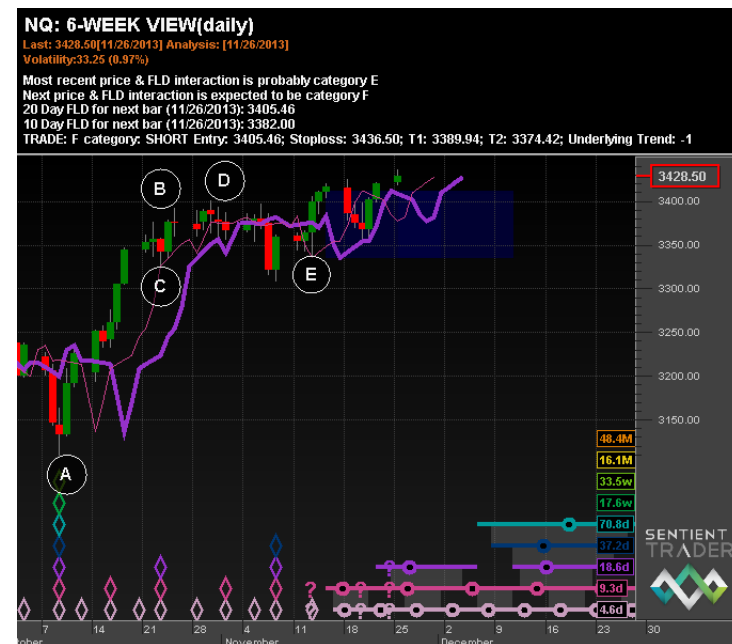
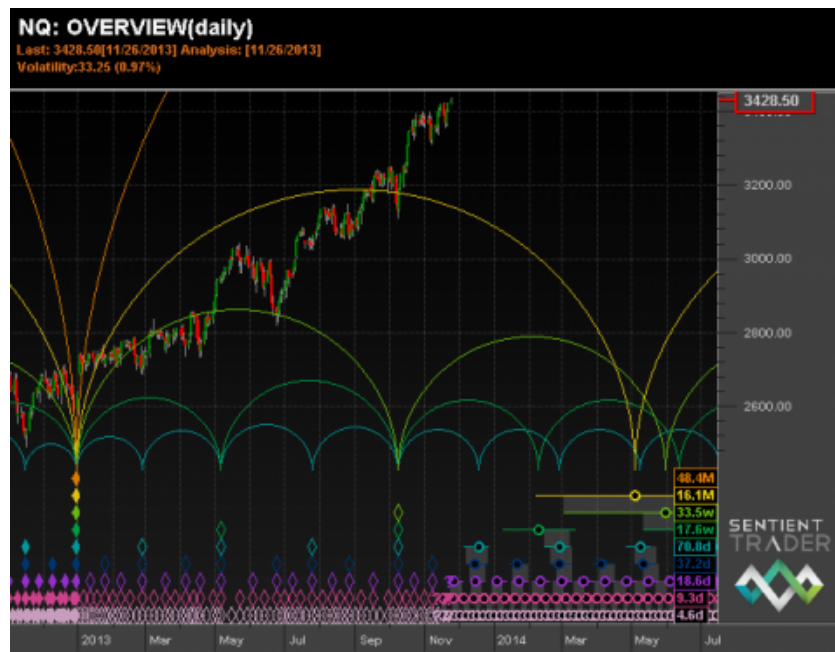
These cycles are all harmonically related to one another (their wavelengths are related by small integer values) and their troughs are synchronized where possible, as opposed to their peaks.

These principles define exactly how cycles combine to produce a resultant price movement (with an allowance for some randomness and fundamental interaction).

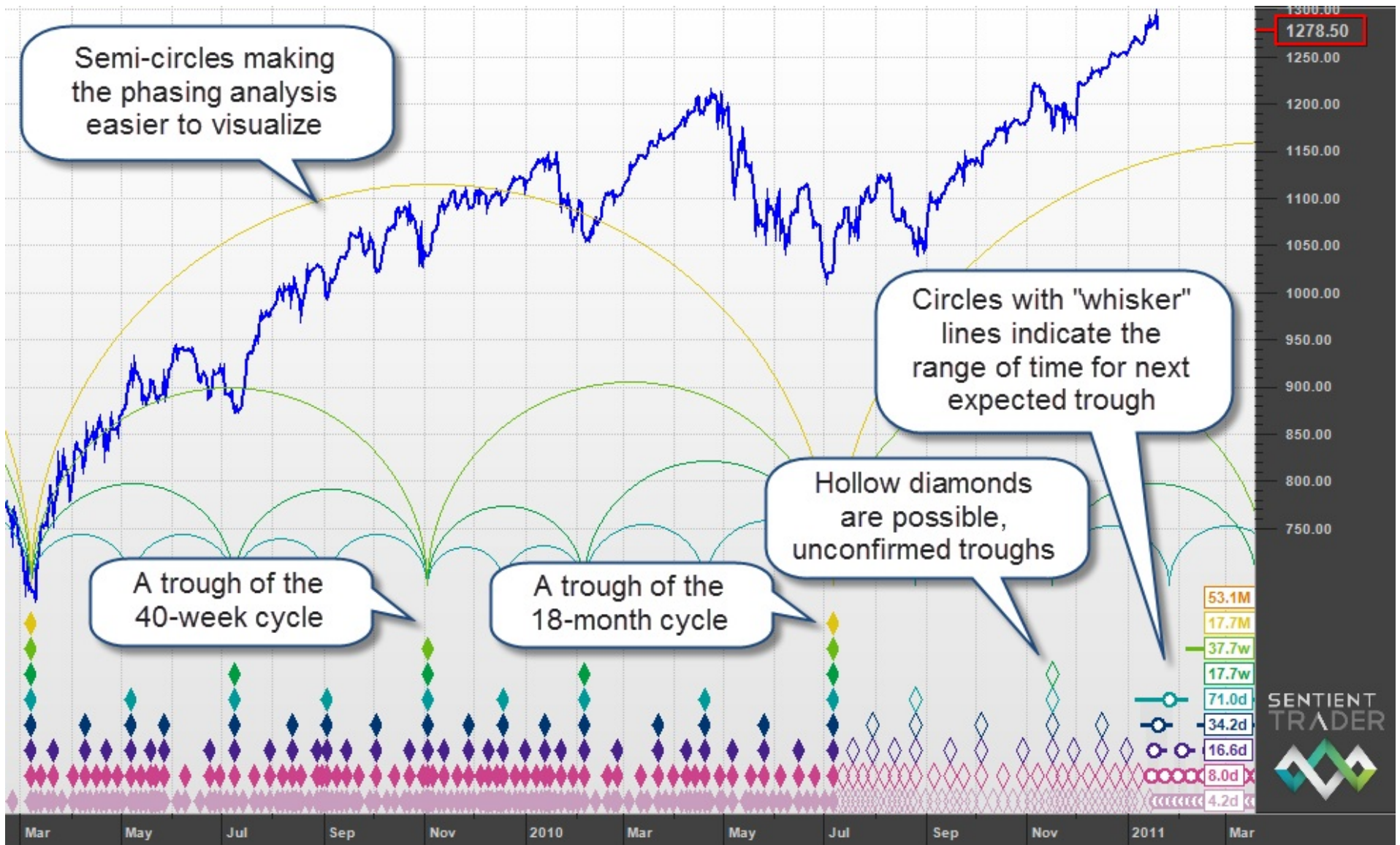


Sentient Trader Uses Hurst Cycles

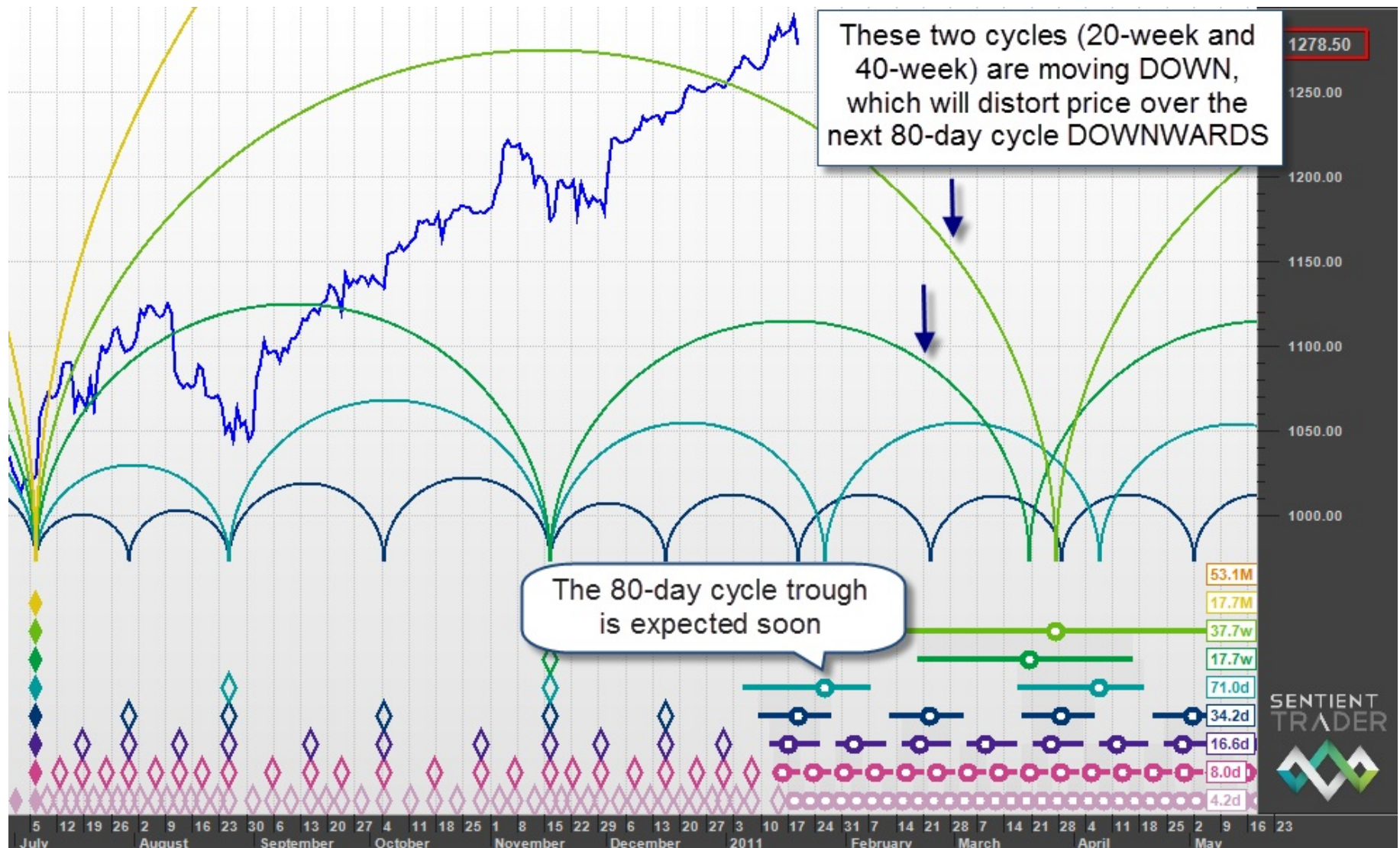
- Sentient Trader is Technical Analysis and Trading Software that predicts the Hurst Cyclical price movement of Any Instrument on Any Markets, e.g. Forex, Indices, Futures, Stocks, Commodities, etc. and includes all JM Hurst's Analysis and Trading Tools.
- Hurst Signals is an online web service that provides daily Trading Signals for popular markets.



Sentient Trader Uses Hurst Cycle Theory



Cycle Troughs are Nested at Market Downturns



15 Min Video Extract from 1 Hour Webinar

- This webinar from Jan 15th, David Hickson takes a look at a long-term outlook on the S&P 500, with data from 1870 through Jan 2018. He discusses the wavelengths of the longer cycles, recent troughs, and the magnitude and timing of the approaching peak.
- First he reviews an analysis he performed in Nov 2017 where he shows the peak in the market and then updates it with new data. The results don't change– a significant market top is forming during Feb. through August 2018.
- [Hurst Cycles Analysis of S&P500 Jan 15, 2018](#)

Complete video available at

youtube.com/watch?v=XOgaGbMpdgE&t=3484s

Key Points from Analysis

S&P500 is very close to top already.

Topping process will run from Feb – August

Correction will continue through May 2019

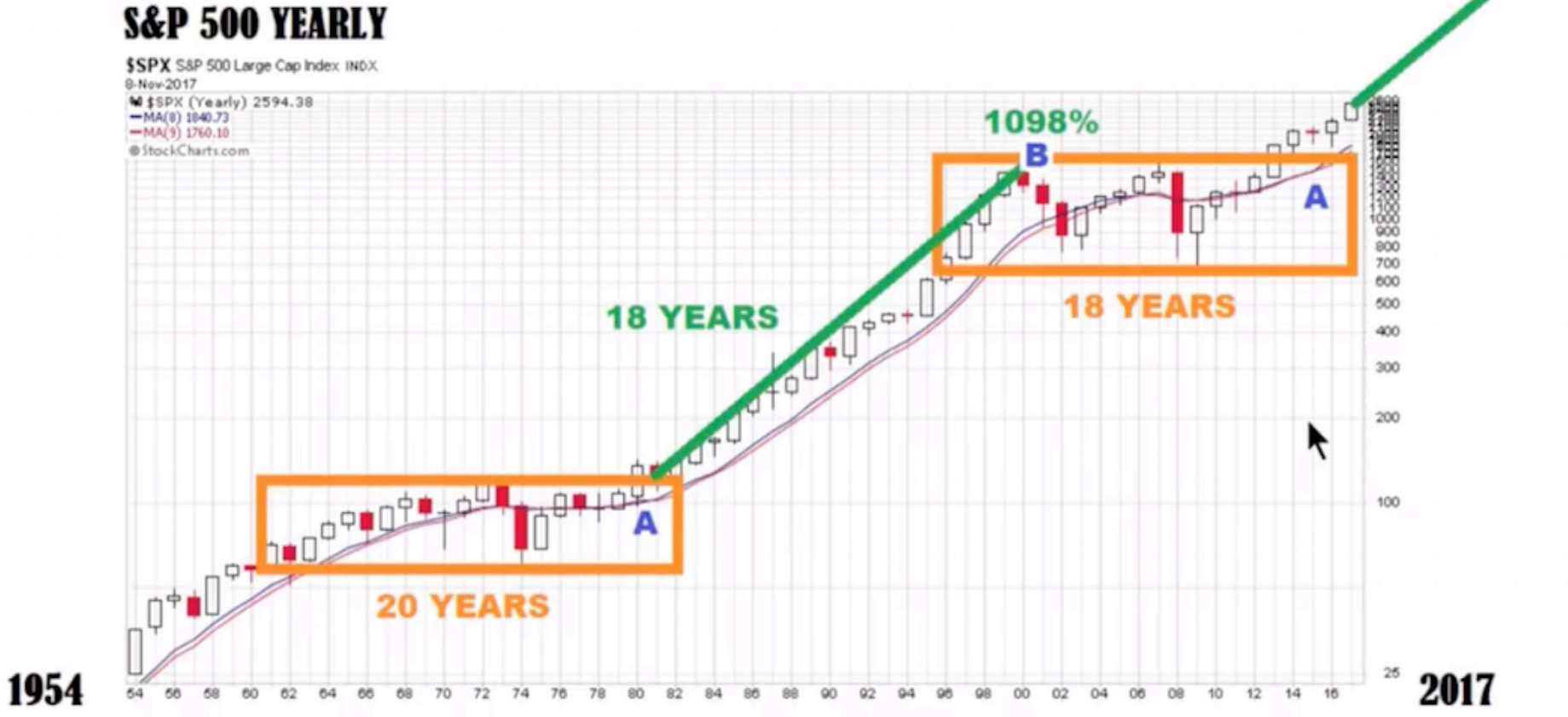


Technical Analysis View

- Ciovaccio Capital's Provides Regular Videos on YouTube
 - Source of the Consolidation Boxes on Charts previously shown
 - Uses Technical Analysis, emphasizing weekly & monthly assessments.
- The Charts that follow were obtained from YouTube video at
 - <https://youtu.be/jFoOzYiXgpE> that discribes Bull/Bear insight.

Ciovaccio Capital's Technical Analysis

63 Year History of S&P500



Ciovaccio Capital's Technical Analysis



S&P 500 YEARLY 1955-2018

The theory is that periods of low volatility are followed by periods of high volatility. Relatively narrow BandWidth (BBW) can foreshadow a significant advance or decline.

The majority of CCI movement occurs between -100 and +100. A move that exceeds this range shows unusual strength or weakness that can foreshadow an extended move.

TSI is somewhat unique because it tracks the underlying price quite well. In other words, the oscillator can capture a sustained move in one direction or the other. The peaks and troughs in the oscillator often match the peaks and troughs in price.

JANUARY 2018

Source: StockCharts.com



Ciovaccio Capital's Technical Analysis



S&P 500 YEARLY 1955-2018

Using these three ADX indicators together, chartists can determine both the direction and strength of the trend.

The Relative Strength Index (RSI) is a momentum oscillator that measures the speed and change of price movements.

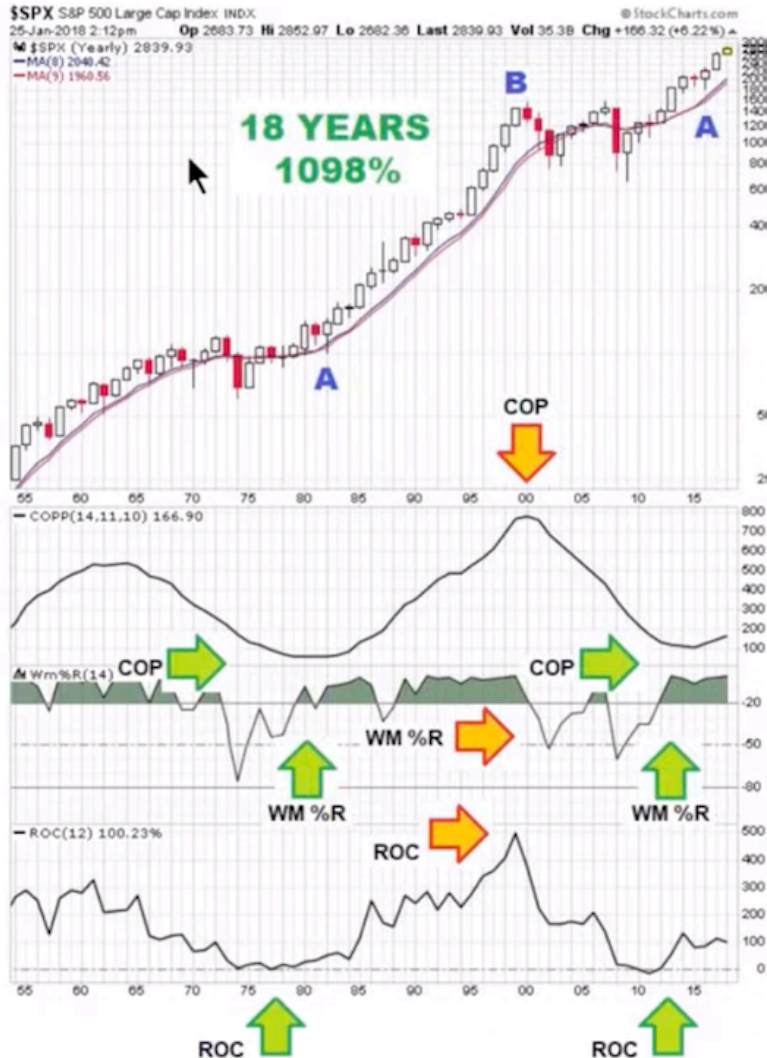
The Percentage Price Oscillator (PPO) generates the same signals as the MACD, but provides an added dimension as a percentage version of MACD.

JANUARY 2018

Source: StockCharts.com



Ciovaccio Capital's Technical Analysis



S&P 500 YEARLY 1955-2018

The Coppock Curve is a momentum indicator developed by Edwin "Sedge" Coppock. The goal of this indicator is to identify long-term buying opportunities.

Williams %R is a momentum oscillator that measures the level of the close relative to the high-low range over a given period of time.

The Rate-of-Change (ROC) indicator, which is also referred to as simply Momentum, is a pure momentum oscillator that measures the percent change in price from one period to the next. ROC signals include centerline crossovers, which can be used to identify the overall trend.

← **JANUARY 2018**

Source: StockCharts.com

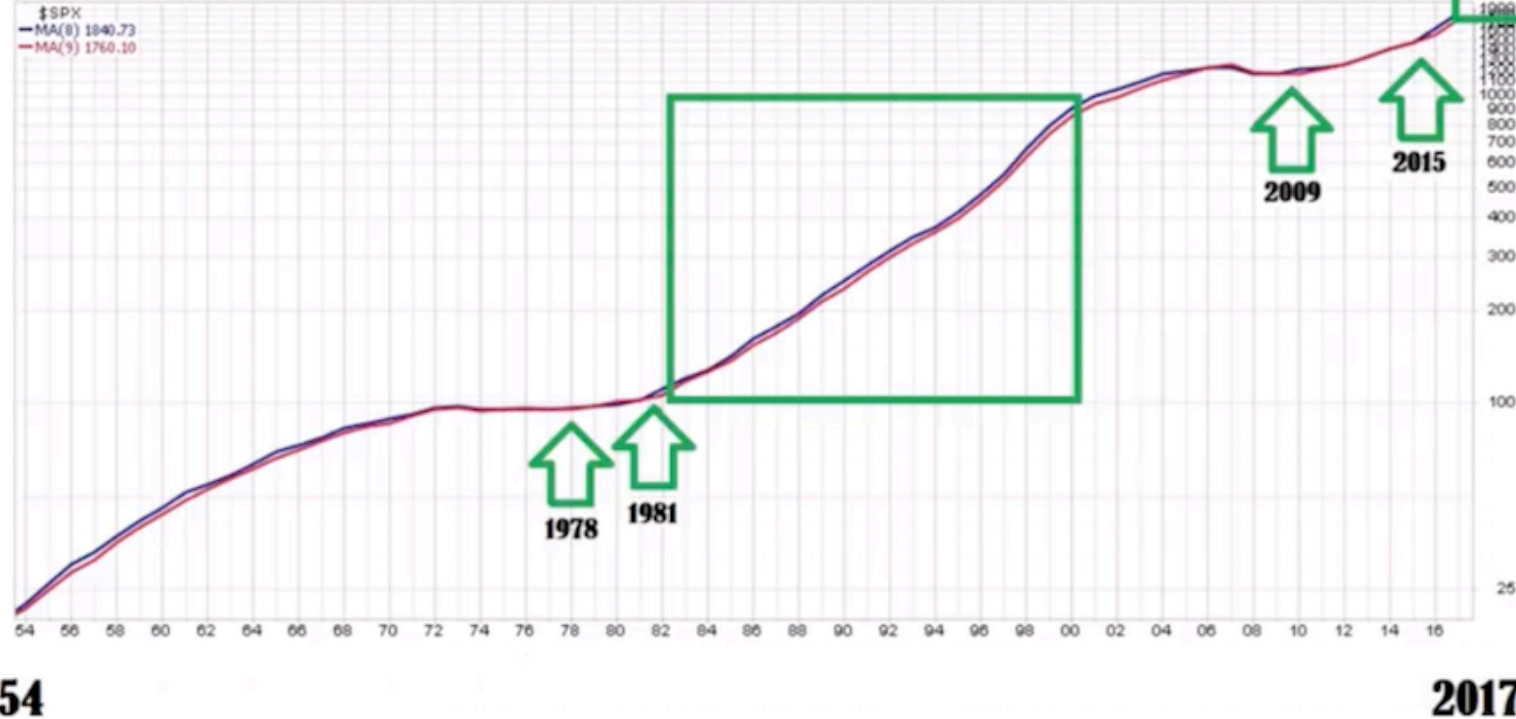


Ciovaccio Capital's Technical Analysis

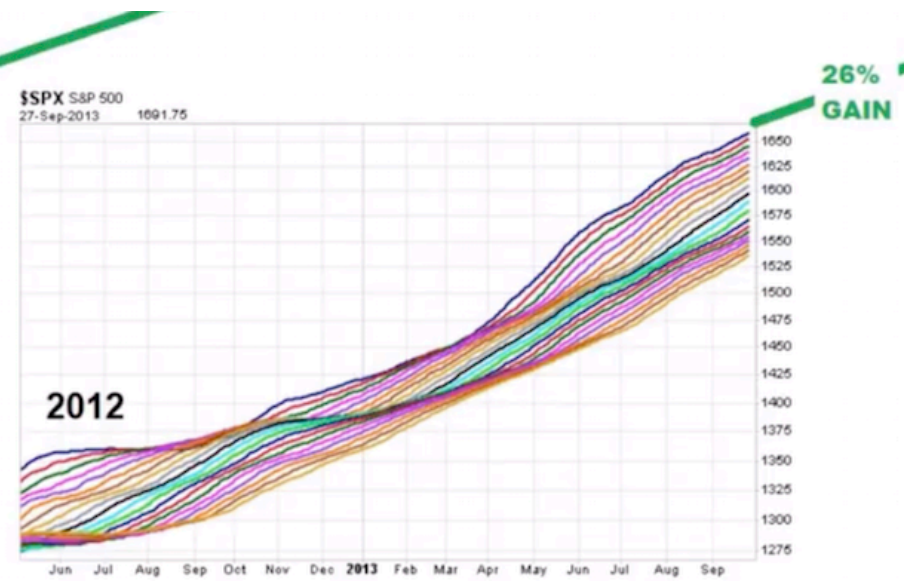
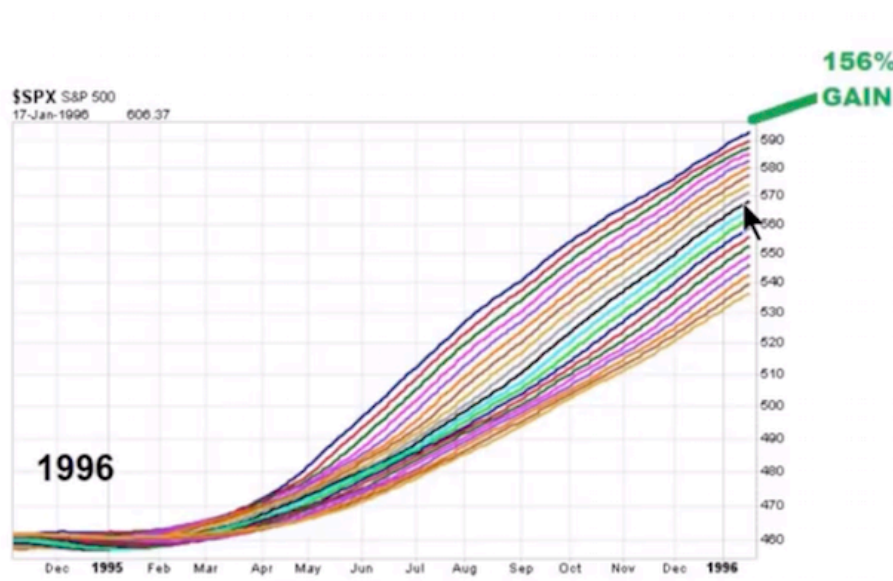
After the period of consolidation, a strong uptrend follows. That is the historical pattern.

S&P 500 YEARLY

\$SPX S&P 500 Large Cap Index: INDX
8-Nov-2017



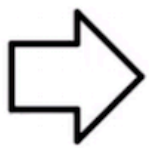
Ciovaccio Capital's Technical Analysis



- \$SPX
- MA(100) 1408.50
- MA(110) 1412.34
- MA(120) 1418.80
- MA(130) 1422.05
- MA(140) 1425.28
- MA(150) 1427.13
- MA(160) 1426.33
- MA(170) 1426.00
- MA(180) 1426.56
- MA(190) 1429.99
- MA(200) 1431.46
- MA(210) 1431.47
- MA(220) 1428.27
- MA(230) 1427.52
- MA(240) 1426.68
- MA(250) 1427.22
- MA(260) 1428.08
- MA(270) 1427.51
- MA(280) 1426.95
- MA(290) 1425.90



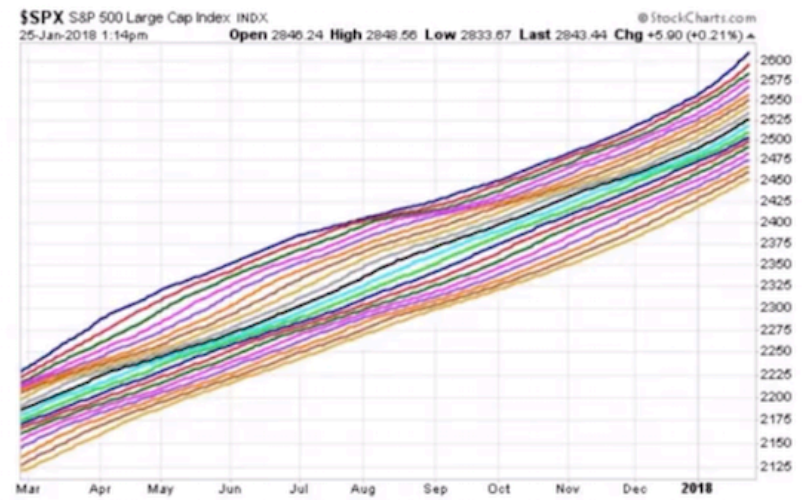
JAN 25, 2018



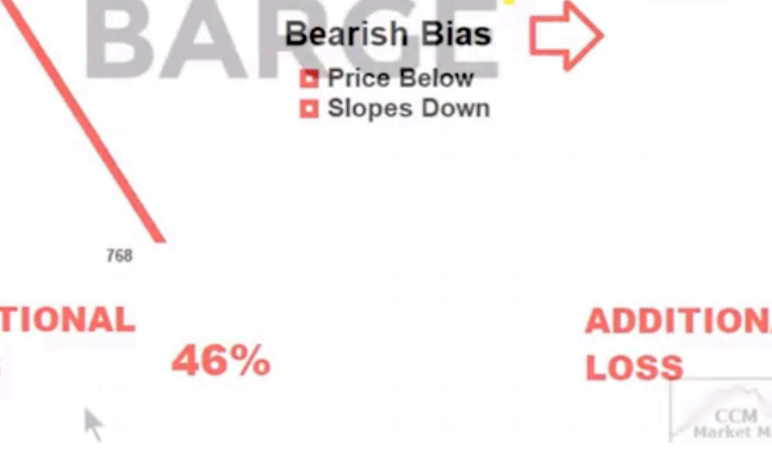
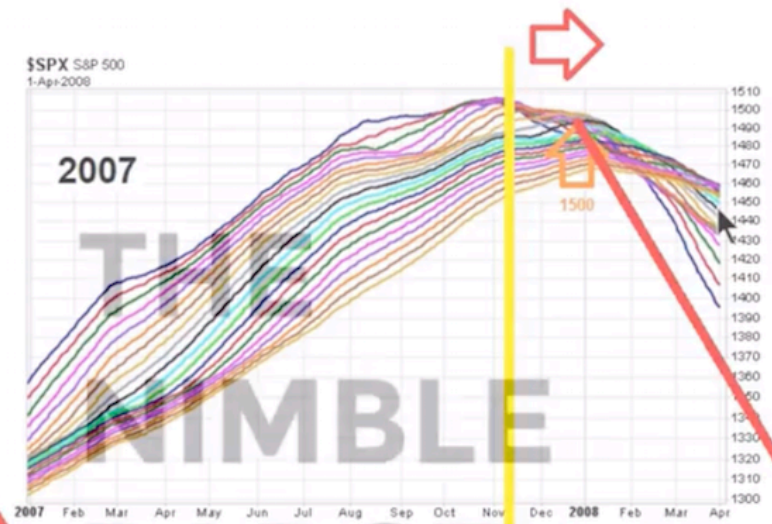
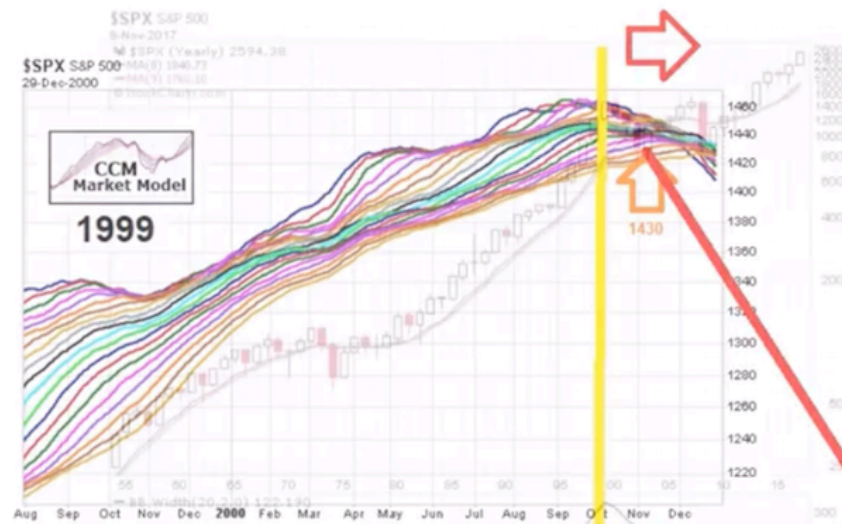
Bullish Bias

- Price Above
- Slopes Up

S&P 500
GENERIC DAILY MAs
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Ciovaccio Capital's Technical Analysis



Comments by Ken Fisher

- Video taken from YouTube Interview with Ken Fisher on his Market Outlook for 2018
 - Video at <https://youtu.be/GAmAk1LNvJA>
- Key points made:
 - First up, remain overweight foreign stocks vs. U.S. stocks.
 - He suggests a portfolio with material exposure to U.S. stocks, but well under 50%.
 - Meanwhile, the S&P 500 is up almost 20% this year and that's in-line with what's traditionally seen in a bull market
 - He expects the Bull Market to continue for another 4 years.