



# KEY MARKET STRATEGIES

Wave Trend Analysis & Commentary

Thursday 5 April 2018/8:26 a.m. ET

ETF	<a href="#">SPY</a>	<a href="#">EEM</a>	<a href="#">TLT</a>	<a href="#">GLD</a>	<a href="#">USO</a>	<a href="#">UUP</a>	<a href="#">WEAT</a>	<a href="#">CORN</a>	<a href="#">BAL</a>
Long/Short/Flat	Long	Flat	Flat	Long	Flat	Flat	Long	Long	Flat
Wave Bias	Up	Up	Down	Down	Neutral	Down	Up	Up	Range
Last Price	263.83 (259.84)	47.90 (47.29)	120.69 (121.31)	126.45 (125.73)	12.82 (13.04)	23.63 (23.62)	6.23 (6.13)	17.66 (17.32)	52.41 (53.16)

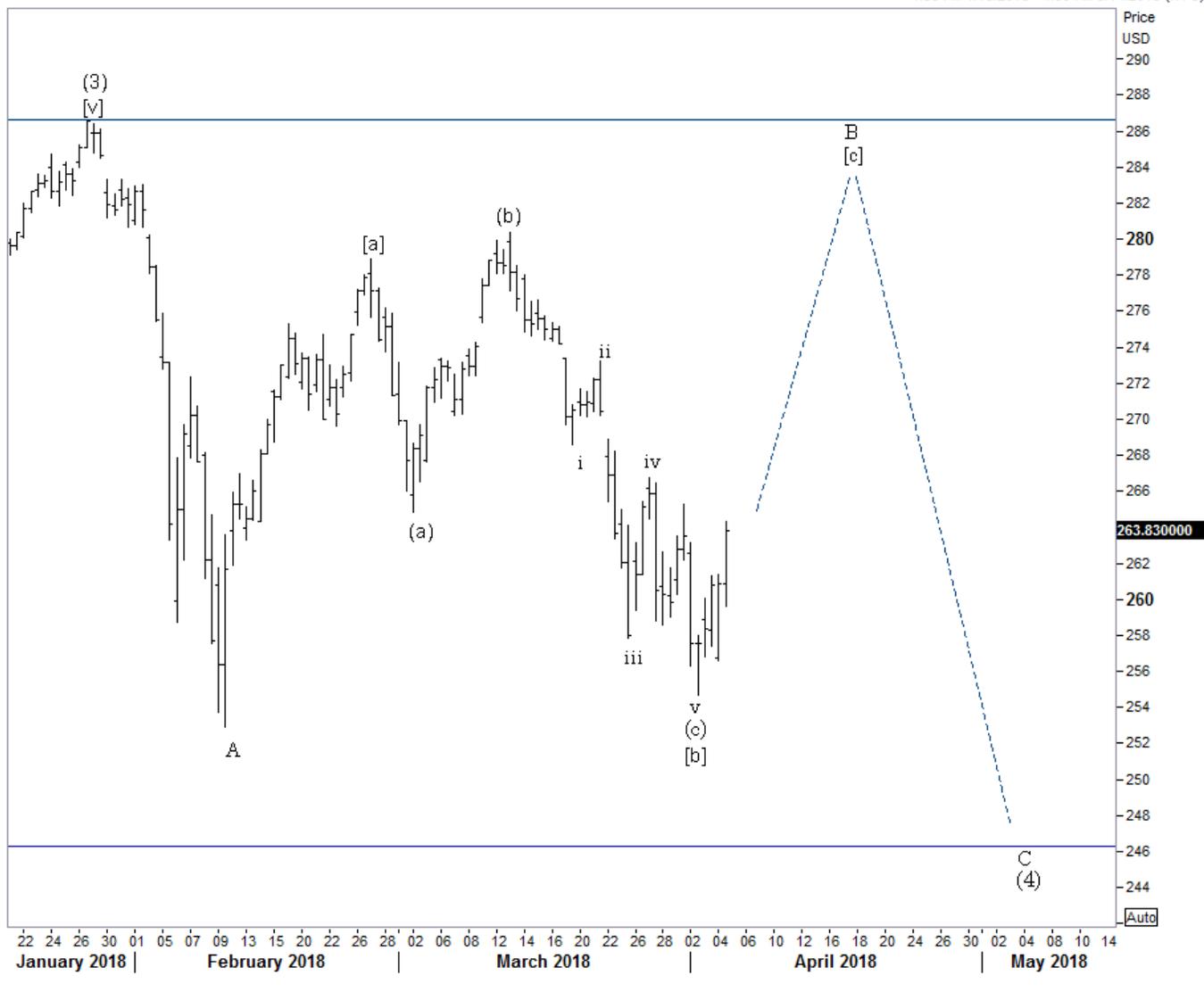
ETF	Entry		Price	Current Price	Profit	
	Date	L/S			\$ Chg	% Chg
<b>SPY</b> (S&P 500 Index)	3/29/2018	Long	263	263.56	0.56	0.2%
<b>GLD</b> (Gold Shares)	3/6/2018	Long	126.36	126.45	0.09	0.1%
<b>CORN</b> (Corn etf)	3/8/2018	Long	18.11	17.66	-0.45	-2.5%
<b>WEAT</b> (Wheat etf)	3/22/2018	Long	6.22	6.23	0.01	0.2%

**Actions:** Exited **SPY** short position on 3/29/18 with a 6.9% profit; went long **SPY** on 3/29/18 at 263.

**Trades:** 1) Going short **TLT** at market on the open; 2) Exiting long **GLD** on the open

## Summary:

- **Stocks** – Today’s massive rally off of deep overnight lows suggests we have seen the an intermediate-term bottom in stocks we were looking for; we are now long and expecting a rally back toward the old highs which would represent an approximate 8.40% rally from Wednesday’s **SPY** close. Pages 2-3
- **Yields** – Looking for yields to work higher, and **TLT** to push down to fresh lows in line with the rally in stocks. We are adding short **TLT** on the open today. Page 4
- **Gold** – We remain cautious bulls, but think the metal works lower before a decent rally. Let’s exit at market and look to re-enter on a better setup. Pages 5
- **Oil** – **USO** failed to get through the most recent swing high; a more complex correction could be developing; still expecting another push lower, but confidence is low. Page 6
- **US dollar** – Chippy and complex is the watchword still; we believe this complex correction will end soon and we will see another thrust down to fresh lows before a rally takes hold. Page 7
- **Wheat (WEAT)** – We believe the correction is in here, but volatile on China trade concerns. Page 8
- **Corn (CORN)** – Ditto here; same setup as **WEAT**. Page 9
- **Cotton (BAL)** – A six-year bottoming process and going long on a breakout above weekly resistance—at 56.76. Head and shoulders bottom setup? Page 10



**SPY (US stocks)**

**Update:** 5 April 2018/8:00 am ET

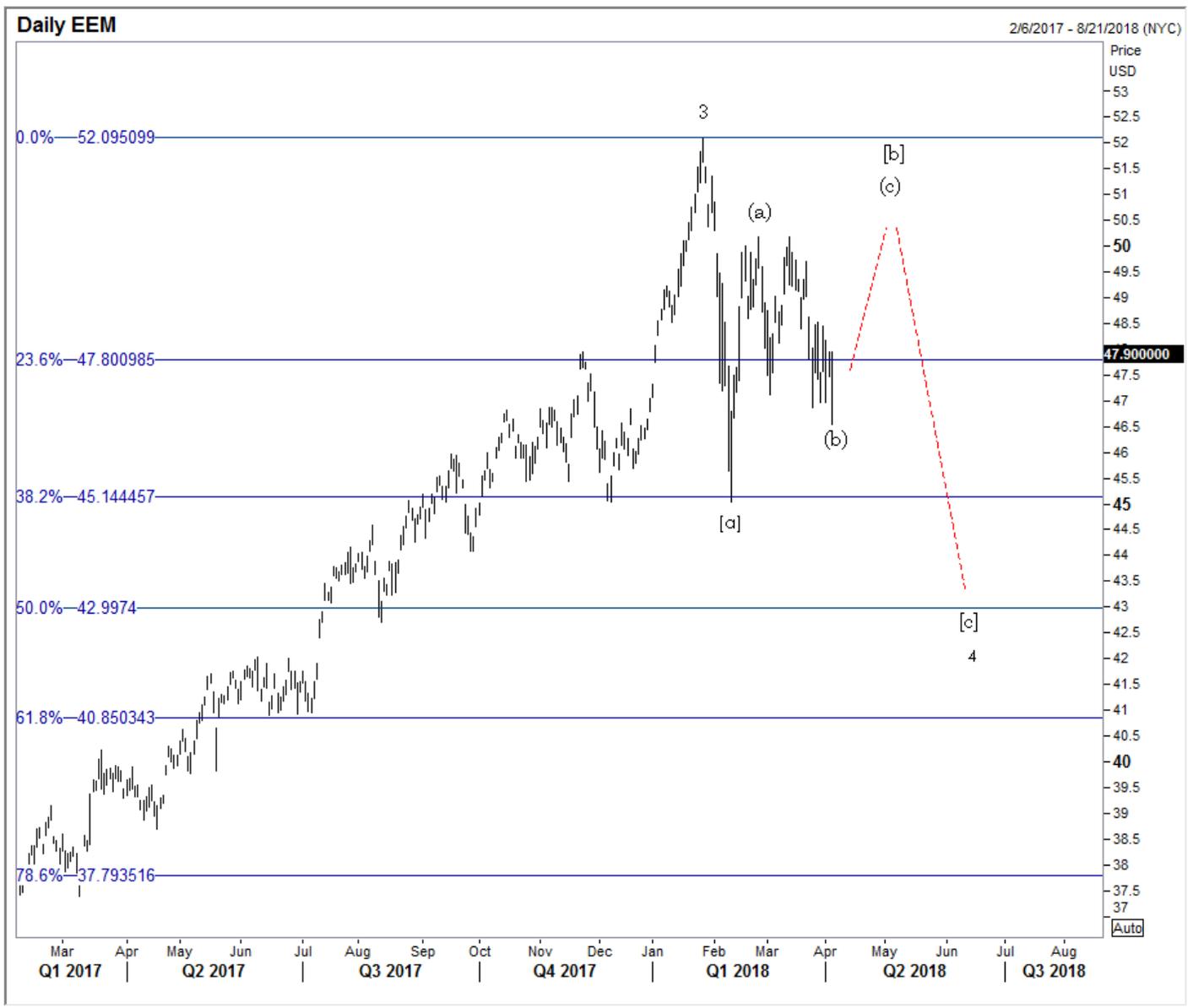
**Price at update:** 263.83

**Wave Bias:** Up  
**Price Target:** 285 (then 246)  
**Support:** 254.67|252.92  
**Resistance:** 266.77|273.27|280.37

**Wave Description:** [c]/B/(4) Irregular flat pattern

**Wave Analysis**

We are expecting a back toward the January high at 287—a 8.4% move. We don't know the drive, speculating it could be another strong job market and progress on trade tensions with China, etc. But it seems Mr. Market is performing his usual magic, fooling as many players as possible at any one time. Most believed "trade wars" would mean a new low and more; but our wave analysis was telling us otherwise. The irregular flat pattern in play has the potential to fool again, as a significant rally would increase expectations for a new high in a classic head fake. Our expectation is this irregular flat pattern completes at a new low—toward 246; spiking out wave 4.



**EEM (Emerging Market Stocks)**

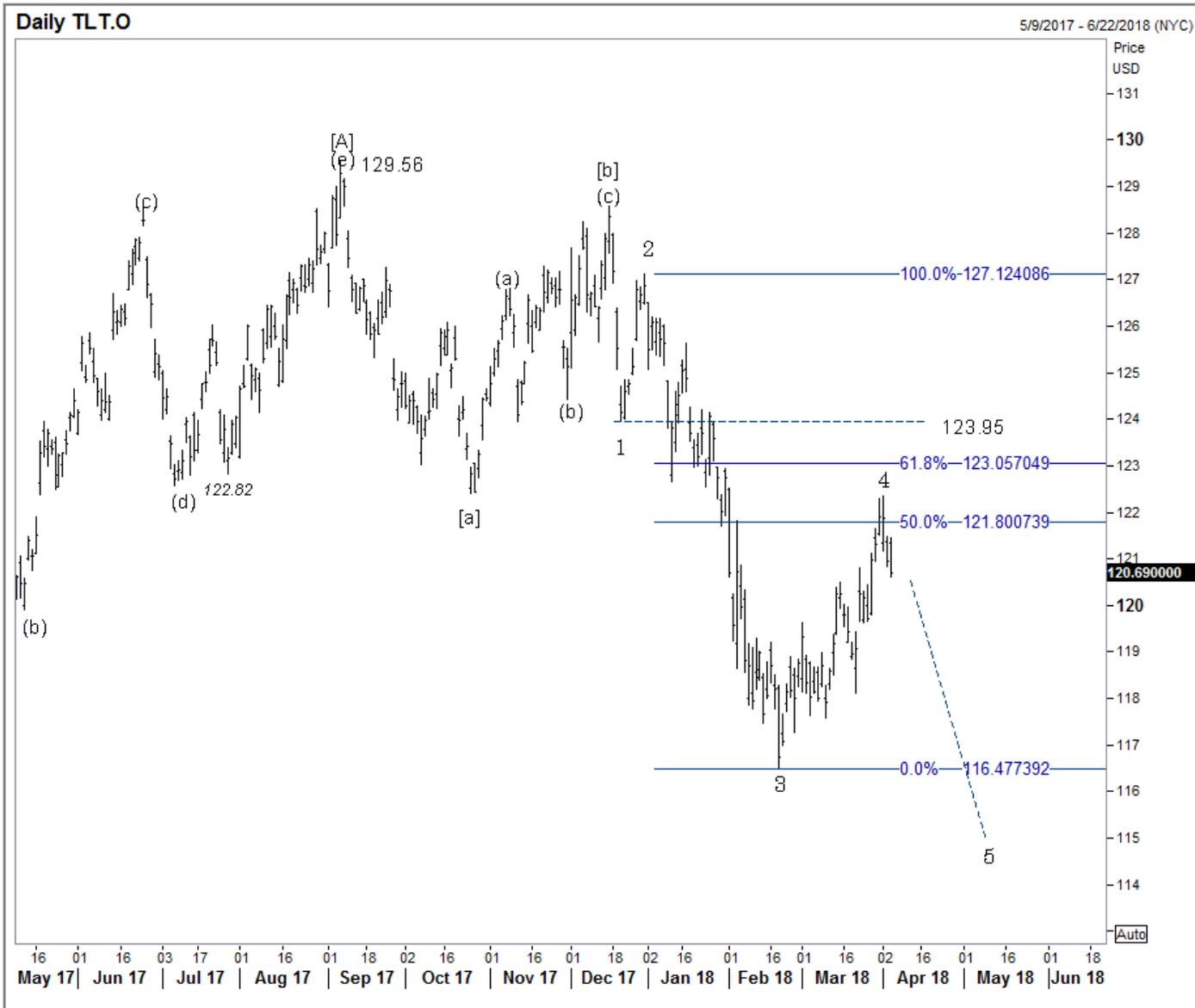
**Update:** 5 April 2018/8:36 am ET

**Price at update:** 47.90

**Wave Bias:** Up  
**Price Target:** 51  
**Support:** 46.54|45.03  
**Resistance:** 50.18|52.09

**Wave Description:** (c)/[b]/4 Irregular flat pattern

**Wave Analysis**  
 Effectively, emerging market stocks are working within the same pattern—irregular flat—as US stocks. We are expecting a rally to the 51.00-51.50 level before turning lower.



### TLT (20-yr bond index)

Update: 5 April 2018/8:36 am ET

Price at update: 120.69

**Wave Bias:** Down  
**Price Target:** 115  
**Support:** 118.11|116.48  
**Resistance:** 122.36|123.95

**Wave Description:** 5/(c)/[B] Impulse

### Wave Analysis

Bonds have been rallying in a safe haven bid; but have turned lower the last two sessions. Today's TLT move is very much in line with the big rally in stocks. And the wave setup, suggesting TLT moves lower, would very much support our stock rally expectations. We are looking for a fresh low in TLT and targeting down toward 115. **Going short TLT on the open Thursday morning.**



## GLD (Gold)

**Update:** 5 April 2018/8:36 am ET

**Price at update:** 126.45

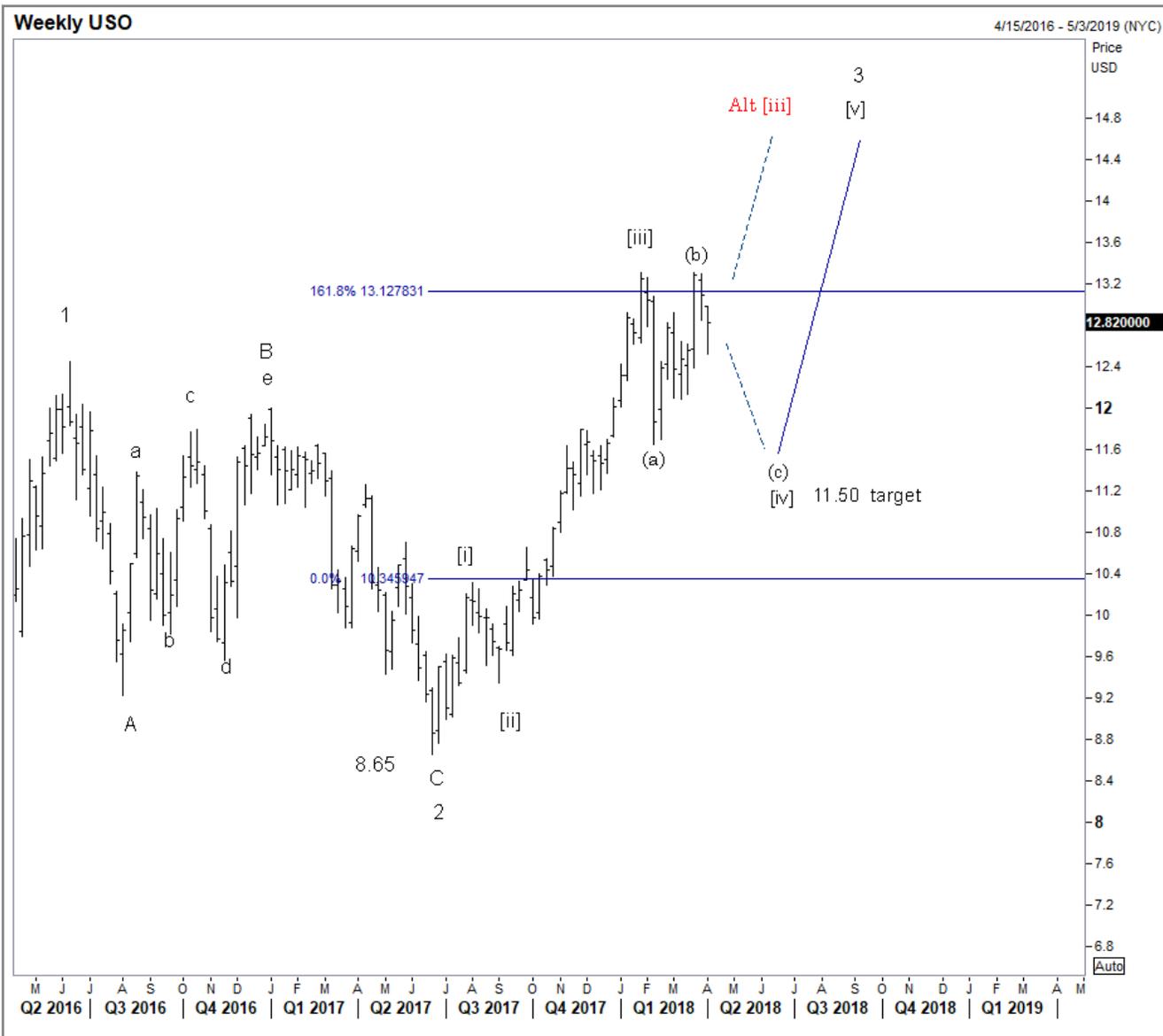
**Wave Bias:** Down  
**Price Target:** 123.57-121.98  
**Support:** 125.37|13.57|121.98  
**Resistance:** 128.70|121.98

**Wave Description:** e/[b]/C Triangle

### Wave Analysis

Once again, this setup seems to align with on going correlations, i.e. if stocks go higher gold goes lower. The metal has rallied on some haven flow—but given all the talk of its “safe have role,” gold has underperformed. Thus, the target down to 123.57 or further on a minor e wave overshoot makes sense.

Thus, we are existing this trade on the open and waiting for a better setup to enter long again.



## USO (Oil)

**Update:** 5 April 2018/8:36 am ET

**Price at update:** 12.82

**Wave Bias:** Down (see alt)

**Price Target:** 11.50

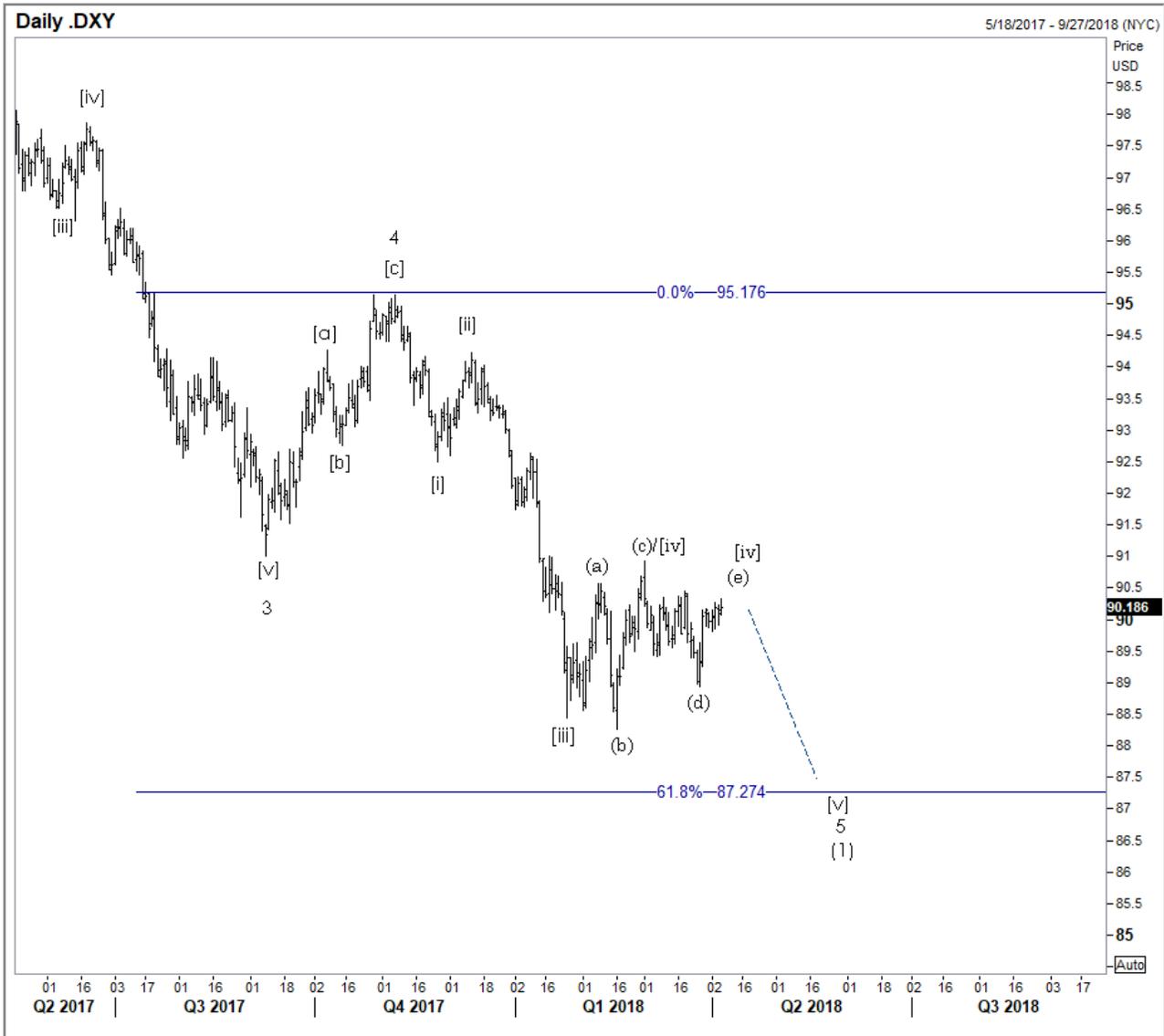
**Support:** 12.08|11.65|11.50

**Resistance:** 13.30|15.26

**Wave Description:** (c)/[iv]/3 Impulse, but see **alternative count in red**

### Wave Analysis

Though we remain bullish on oil longer term, we suspect a correction lower first, back toward 11.50 to complete correction wave [iv]. However, a very viable alternative is shown; i.e. we are in the midst of minor wave [iii] rally toward 14.80 which would extend the target for a completed wave 3. Standing aside, but a nimble traders may wish to consider a breakout above the double top at 13.30.



**US \$ Index (DXY) [UUP proxy]**

**Update:** 5 April 2018/8:36 am ET

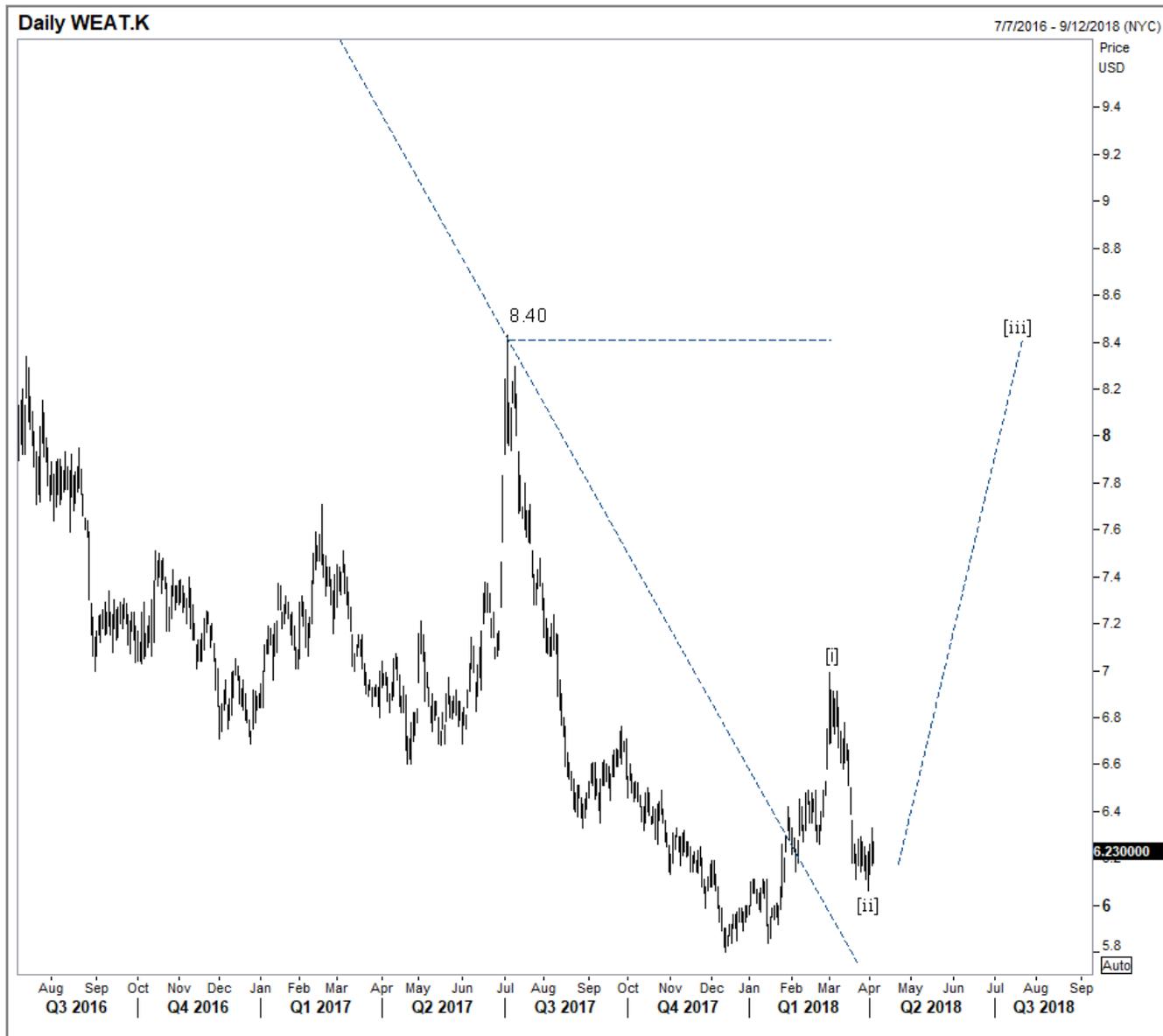
**Price at update:** 90.18

**Wave Bias:** Down  
**Price Target:** 97.27  
**Support:** 88.94|88.25  
**Resistance:** 90.70|92.64

**Wave Description:** (e)/[iv]/5 Completing a complex triangle pattern in larger impulse down

**Wave Analysis**

They aren't making this easy. A maddening sideways (triangle) pattern continues in the US dollar index. Eventually, and we think we are close to that, we will see one final thrust lower in the US dollar to complete larger impulse wave (1); then a sustained multi-month rally ensues.



## WEAT (Wheat etf)

Update: 5 April 2018/8:36 am ET

Price at update: 6.23

**Wave Bias:** Up  
**Price Target:** 8.40  
**Support:** 6.13|5.80  
**Resistance:** 6.33|6.99

**Wave Description:** (i)|[iii]|1 Working off the premise corrective wave [ii] down is complete

### Wave Analysis

Grains were hit hard yesterday, but then recovered a bit, on news China would place a tariff on soybean imports coming from the US. Needless to say, if this tit for tat trade spat continues and evolves into a full-blown “trade war,” (however defined) then grains could take another hit. But technically, it appears wave [ii] corrective low is in place; we are targeting a strong wave [iii] rally back to 8.40—the swing high from July 2017.





**BAL (Cotton etf)**

**Update:** 5 April 2018/8:36 am ET

**Price at update:** 52.41

**Wave Bias:** Up  
**Price Target:** 80  
**Support:** 50.18  
**Resistance:** 56.76

**Wave Description:** [ii]3 Impulse rally

**Wave Analysis**

We are expecting a major breakout rally above key resistance 56.76—a double-top. This move should be a wave 3, and our target is 80. But, we may still have to work lower in wave [ii], scope to 48, before this move gets underway.

## ETF Inverse Equivalents

Below is a table which includes the ETF's we track and equivalent *inverse* ETF's, i.e. these ETF's move opposite the *regular* ETF's.

Thus, you can use these *inverse* ETF's to "go short" by buying them (long) instead of trying to actually sell short the ETF's we track. Keep in mind, these are single-weighted ETF's; there are plenty of alternatives available such as 2x or 3x long or short ETF's for the asset classes we track should you wish to add more leverage to your positions.

ETF's Tracked	Equivalent Reverse ETF
<a href="#">SPY</a> (SPDR S&P 500 ETF)	<a href="#">SH</a> (ProShares Short S&P 500)
<a href="#">EEM</a> (MSCI Emerging Market ETF)	<a href="#">EUM</a> (Short MSCI Emerging Markets)
<a href="#">TLT</a> (Ishares 20+ Yr. US Treasury Bond ETF)	<a href="#">TBF</a> (Short 20+ Yr. Treasury)
<a href="#">GLD</a> (SPDR Gold Shares ETF)	<a href="#">DGZ</a> (DB Gold Short ETN)
<a href="#">USO</a> (US Oil Fund)	<a href="#">DNO</a> (US Short Oil Fund)
<a href="#">UUP</a> (DB USD Dollar Index Bullish Fund)	<a href="#">UDN</a> (DB USD Dollar Index Bearish Fund)

*Note: I have found the [Stock-Encyclopedia.com ETF List](#) a good reference material.*

Regards,

Jack Crooks  
Black Swan Capital  
[www.blackswantrading.com](http://www.blackswantrading.com)

