THE SWISS TECHNICAL ANALYSIS JOURNAL

SAMT

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The Swiss Association of Market Technicians

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THE SWISS TECHNICAL ANALYSIS JOURNAL

The Swiss Technical Analysis Journal is a quarterly publication established by The Swiss Association of Market Technicians (SAMT). It is compiled by a committee of SAMT colleagues. The Swiss Technical Analysis Journal is essential reading for academics, students and practition

ical analysis in all arenas. It is an excellent reference source for anyone interested in technical analysis, containing a wealth of resource material.

Credibility And Recognition

The Swiss Technical Analysis Journal has original contributions from its members covering developments in technical analysis in global markets. The Journal's aim is to reach leading practitioners and students of technical analysis throughout the world.

The Swiss Technical Analysis Journal is a professional resource. Its online publication on the SAMT website will make its work available as a future resource to the community of technical analysts.

Topics

SAMT is seeking papers that cover developments impacting, either directly or indirectly, on the field of technical analysis; they may be drawn from such areas as:

- Basic market analysis techniques
- Indicators – sentiment, volume analysis, momentum, etc.
- Global and intra-global technical analysis
- Styles of technical analysis
- The changing role of technical analysis in the investment community.

We would especially like to see contributions that draw from areas not previously examined, and/or topics tangential to technical analysis.

The list is just a guide and should in no way be considered restrictive. We wish to make the Journal open to new and innovative ideas from all areas of technical analysis and those that connect with it.

Submitting Contributions

Submission of contributions to mario@guffanti.net

Language

Contributions must be submitted in English with British grammar required.

Writing Style

Papers should be written in a thesis style.

References

All texts referred to in the paper must be appropriately referenced with a bibliography and endnotes (footnotes will not be accepted.)

Responsibility for the accuracy of references and quotations is the author's. We expect the authors to check thoroughly before submission.

All references are to be included as endnotes. No separate list of references or bibliography should be provided.

Figures, Charts and Tables

Illustrations and charts must be referred to by Figure Number and source (when applicable). Tables must be referred to by Table Number and source.

Length of Contribution

Papers should be approximately 1,200 to 3,000 words, with supporting graphs and charts.

Format

We ask for submission in MS Word or other text format. PDF format will not be accepted. Charts and graphs may be in gif or jpeg, but we ask that authors also keep a tif format in case it is required.

Material deadline for the Autumn 2015 issue

Friday, 16 October 2015

Willkommen
Benvenuto
Bienvenue
Welcome

From the President's Desk

Dear SAMT members & industry colleagues,

As the new president of SAMT, I am proud to influence the future of our association together with a team of very dynamic people. At the same time, I would like to express my gratitude to former SAMT president Daniel Stilhart. He had been the SAMT president for 7 years and had a great influence on the association. In the name of all our board members: Thank you, Daniel!

This spring edition of the SAMT journal is focused on commodities and the methods of technical analysis used in these markets. The first article will introduce us to the Lugano Commodity Forum. Among many interesting articles, check out Martin Pring's article about how Technical Analysis can be applied to commodity prices, the contribution of Jeanette Schwarz Young on intermarket analysis and commodities and the essay by Carlo Alberto De Casa on gold. Professor Hank Pruden from San Francisco's Golden Gate University continues his work that began in our previous edition, about The Life Cycle Model: Wyckoff Method Combined with Elliott Waves. We have Ron William's interview with Robin Griffiths and an article by Alberto Vivanti about index sector selection.

We are fortunate that this edition of the journal will be distributed to the delegates attending the Lugano Commodity Forum on 8-9 June. Our autumn issue will be distributed to the delegates of the Lugano Fund Forum, scheduled for 23-24 November.

Also in the 4th quarter will be the IFTA conference. This year it will be hosted by the NTAA and held in Tokyo. I motivate all SAMT members, as well as readers of this journal, to join me in attending the mother of all technical analysis conferences! For information about the IFTA Tokyo conference, click here.

We are currently setting the course of SAMT's future. We will soon have a new webpage in full responsive design with more features and benefits for our members. Our Facebook page is also gaining momentum – follow us, to stay up to date with our latest news!

Sincerely yours,

Patrick

Patrick Pfister, CFTe
President of the Swiss Association of Market Technicians (SAMT)

LUGANO COMMODITY FORUM

An Interview With Founder Riccardo Esposito

Mario Valentino Guffanti, CFTe

The 4th annual Lugano Commodity Forum (LCF) will be dedicated to commodity traders, users and investors, organized in the Italian side of Switzerland (Canton of Ticino) and take place at the well known Palazzo dei Congressi, Lugano on the 8th and 9th June 2015. It will be held in a 500 m^2 exhibition area with 30 exhibitors, 14 specialized conferences and workshops, and two roundtables.

The organizer and CEO of this event is Riccardo Esposito, well known in Lugano also as organizer of the "older" Lugano Fund Forum (LFF), founded in 2010.

The statistics are quite impressive: the first Lugano Fund Forum in 2010 had about 400 representatives from Switzerland, Italy and Europe. In 2014 the representatives had increased to 1,700.

We had the opportunity to meet Riccardo and him ask about the history of these two Forums, and more...

Mario Valentino Guffanti (MVG): Good morning Riccardo, can you tell us something about you, and how and why you realized the idea of these two Forums?

Riccardo Esposito (RE): A large part of my professional career was spent working as a financial analyst for some of the major European investment banks. As a consequence of the financial crisis of 2008, I felt the need to create something new and innovative in the financial sector, so I had the idea to create a financial community through a website, called The Lantern Research. Lantern Research was born as a website and later was transformed into an aggregating platform where other financial analysts could publish their research. Then it became a kind of portal where you could find more services in addition to financial research, such as job placement or a deal boards for venture capital and private equity. The true concept of community was born later, when users have been able to communicate with each other and there was an effort to create and to give visibility to our partners and create networking.

Riccardo Esposito

It is important to understand the philosophy and the business model behind the creation of the Forums. The idea was born from listening to the community of financial professionals, that I realized that there was a number of requests of implicit and unsatisfied visibility by a number of these professionals.

Because we had just experienced a financial crisis, I thought that it would be a good idea to put together these requests in an area like that of the Canton of Ticino, normally very closed to marketing events, and to get together to have economies of scale and thus some benefits in terms of lower costs. These Forums are a business where costs are kept under control for the partners to present their products and services to the Ticino market and beyond.

MVG: Why did you choose Lugano for these Forums?

RE: Both for geographical and strategic reasons: Lugano represents a unique gateway from Switzerland & Central Europe towards the richest part of Italy (Northern Italy), and vice-versa. For this reason, in recent years a lot of international trading companies, shipping companies, representative offices of large international producers and a large number of skilled professionals involved in this sector have established their headquarters in the Canton of Ticino. There are more than 150 active companies directly or indirectly involved in commodity trading based in the Canton of Ticino, where they find a solid banking system with specific technical skills and a growing presence of Investment Funds, Wealth Managers, Private Bankers and Financial Advisors with a strong focus on commodities and favorable fiscal conditions.

MVG: in your Forums you always have important guest speakers such as Nouriel Roubini, Jean Claude Trichet, Dominique Salvatore, and this year the Nobel Prize winner Joseph Eugene Stiglitz: can you tell us how you know these important people and the reason that led you to propose this type of speaker for your Forums?

RE: The relationship I had with these professionals was purely professional, except for Dominique Salvatore where there has been an agreement and an understanding from the start so that today he is the "artistic director" of the LFF.

As regards to the public, I considered a number of factors. First I always thought Lugano should have a greater role in the financial field than the one it had, and therefore, the presence of these professionals can help our city to achieve this role. Another is the possibility to increase the visibility of the event and make it known internationally, increasing the quality of the Forums.

MVG: As we said, the growth of representatives in these years has been very strong: what is the key of the success of these two Forums?

RE: The elements of success are to be found in a mix of variables: having moved forward from the 2008 financial crisis, there has always been a focus on cost structure. This allowed us to offer the opportunity for all to participate actively in these events, not only the large banks, but also startups, the boutiques, and the independents, because we could offer services within their reach. This economic factor has allowed us to reach a critical mass in terms of partners.

Then the fact that there has been a growth of delegates, has created a virtuous circle. In addition, the event was established in the Canton of Ticino, in Lugano in particular, where there was a total absence of events that could give visibility to the financial and commodity sectors. This coinciding with the transition from the total closure dictated by banking secrecy to an ongoing revolution that is leading to greater openness. It was also a strategic choice that has been rewarding: our events are reserved only for professionals, and not to the public. This was particularly appreciated by our partners knowing that who comes to the Forum is attending for business, and the quality of the people you meet during our events is universally recognized.

MVG: This year the Lugano Commodity Forum will be dedicated to the shipping sector: Why this choice?

RE: It is one of the novelties of this 4th Forum and for this reason the event's name will change to LUGANO COMMODITY & SHIPPING FORUM, also in consideration of the important community of shipping professionals based in Lugano.

What we are doing here at the Forum is something that transcends the mere organization of an event for industry professionals.

We are trying to create a kind of cooperation between Lugano and

NB: There are 26 cantons of Switzerland that are the member states of the federal state of Switzerland. Ticino is the Italian speaking canton which is an area of 2,812 km^2 - almost entirely surrounded by Italy which lies to its east, west and south. Lugano is its largest city.

Jean Claude Trichet,
Lugano Fund Forum 2014

Genoa in the shipping industry. Accordingly, in attendance will be the Councillor for Economic Development of the City of Genoa responsible for the port, the Mayor of Lugano, Marco Borradori, and also the Italian Consul in Lugano should be present.

This is to ratify a collaboration that already exists between Genoa and Lugano: Genoa is an important logistical base that has been in crisis in recent years that is slowly recovering, offering expertise in the shipping field which is difficult to find elsewhere. Lugano has complementary expertise, because it is rich with companies that deal with shipping that are managed mostly by Genoese people who have moved to Ticino. And, I add, that if there were greater cooperation between these two cities, a synergic collaboration, I do not exclude that maybe a little bit of the 22% of the world's shipping traffic that is managed in Geneva, which also has no outlet to the sea, maybe could be intercepted.

Moreover, something new is being introduced – a networking gala dinner in order to increase the number of opportunities for all the partners and delegates to gain visibility and create useful relationships.

MVG: About program and speakers, can you give us a preview of some of the events and main speakers?

RE: The first day of Forum will be focused on shipping, with guest speakers Stefano Messina, CEO at Messina Group, and Lorenzo Banchero, Chairman at Banchero & Costa. During the shipping session a number of analysts will provide their outlook on the various segments of the shipping industry (tankers, containers, bulk) and on insurance issues.

On the second day, the focus will be on the outlook of the main commodities: gold, diamonds, metals, agricultural commodities, oil, coal …

Riccardo Esposito and Mario Valentino Guffanti with Dominique Salvatore looking at the SAMT Journal at the Lugano Fund Forum, 2014

MVG: who is the target audience and what are your expectations for this year's Forum?

RE: The LCF is aimed at professionals in the commodities sector: local and international trading companies, industrial companies reliant on commodities for their production cycle and those potentially interested in diversifying their supply chain, chambers of commerce, associations and consulates from European and non-European countries seeking new business opportunities for their members, service providers for the commodity industry, money managers, technical & fundamental analysts and financial advisors with in-depth interest in commodities.

This year we expect about 650 qualified delegates and select visitors (+30% vs 2014). In these last years, the Forum has moved from a local event towards an international one. In 2014 39% of delegates came from the Canton of Ticino and 37% from Italy.

In 2015 we expected 1/3 of the delegates to come from the rest of Switzerland and Europe (+25% vs 2014).

MVG: who are the main Exhibitors & Sponsors?

RE: This year we expect about 30 exhibitors (+20% vs 2014), among those who have already confirmed: Gruppo Messina, Banchero Costa, Holman Fenwick Willan, Simpson Spence Young, Schroders, P.L. Ferrari, Directa e Attijariwafa Bank.

MVG: thank you Riccardo, see you at the Forum.

Lugano Fund Forum 2014

Mario Valentino Guffanti, CFTe (Certified Financial Technician) is a financial advisor and researcher. Vice President of the Swiss Italian Chapter of the Swiss Association of Market Technicians (SAMT) and Committee Member of its technical journal. Among his interests, financial coaching through NLP techniques (neuro-linguistic programming); teacher in technical analysis, of which he is author of several articles, and conference speaker. He can be reached at: mario.guffanti@samt-org.ch

APPLYING TECHNICAL ANALYSIS TO COMMODITY PRICES

Martin J. Pring

The objective of technical analysis is to identify emerging price trends and ride on those trends until the weight of the evidence proves that the trend has reversed. The "evidence" in this case is represented by the myriad of indicators developed by technicians over the course of the last 100 years or so. They run the gamut from such things as trend following moving averages, momentum, wave analysis and so forth. None are perfect and neither is technical analysis, which deals in probabilities, never certainties.

Technical analysis can be applied to any freely traded market and to any time frame. It is especially useful for analysing long-term price movements in industrial commodities, which are strongly influenced by the business cycle. The most important first step, even for short-term traders, is to make an attempt at understanding the direction of prevailing the primary (1-2-years) trend. That's because counter-cyclical trends are notoriously difficult to pin point. Corrections in bull markets are usually brief and rallies in bear markets incredibly deceptive. A trader who is not kicked out during a bull market and who does not buy into a bear market will be much further ahead, however great the opportunity appears to be at the time. My objective here is to present some tools used regularly in my Intermarket Review publication to help you better understand how technical analysis can help identify primary trend price movements with better accuracy. You will notice that I used the word "better". I would have liked to substitute the word "perfect", but alas there is no such word that applies to technical analysis.

Technical analysis applied to economic indicators

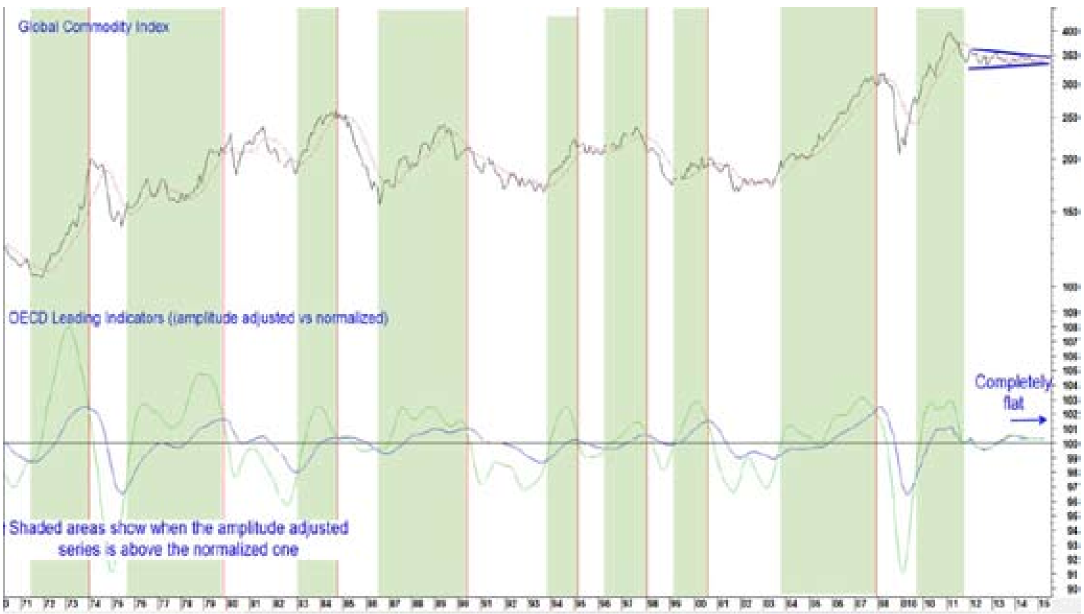
Despite the best efforts of central banks, the business cycle remains with us as a consistently recurring theme, where periods of growth alternate with those of actual contraction or a slowdown in the growth rate.

This reality can be appreciated by observing the first three charts.

Chart 1 compares my Global Commodity Index with two OECD leading economic indicators.

Chart 1

Pring Research Global Commodity Index versus 2 OECD Leading Economic Indicators



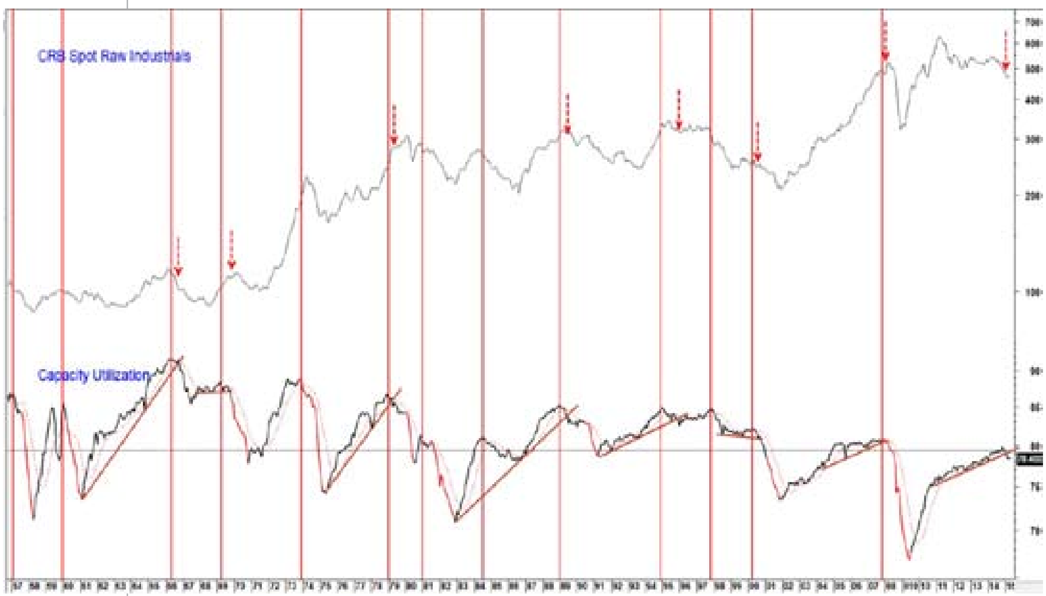
The Index itself is constructed from the CRB Spot Raw Industrials expressed in dollars, euro and yen and weighted by GDP. The CRB Spot has been chosen because none of 18-commodities that go into its construction are traded on public exchanges (cotton is an exception). Distortions from speculative activity is therefore substantially reduced. Also, all of its components are sensitive to economic developments and are not influenced by weather. Cotton is again an exception. Returning to Chart 1, the green (amplitude adjusted) economic indicator is calculated from all OECD countries. It leads its "normalised" (blue) counterpart. A level of economic growth that is consistent with rising commodity prices is signaled when the amplitude adjusted series rises above the normalized one. Such action earns a green shading on the chart. When their position is reversed conditions are ripe for commodity prices to fall. This relationship is not perfect but it does explain most of the commodity price fluctuations in the last 45-years.

In this respect it is worth noting that both series have been flat for an unprecedented period of time as prices themselves have been confined within a narrow trading range.

Chart 2 focuses on the US, where the CRB Spot Raw Industrials are compared to total capacity utilization.

Chart 2

CRB Spot Raw Industrials versus US Capacity Utilisation



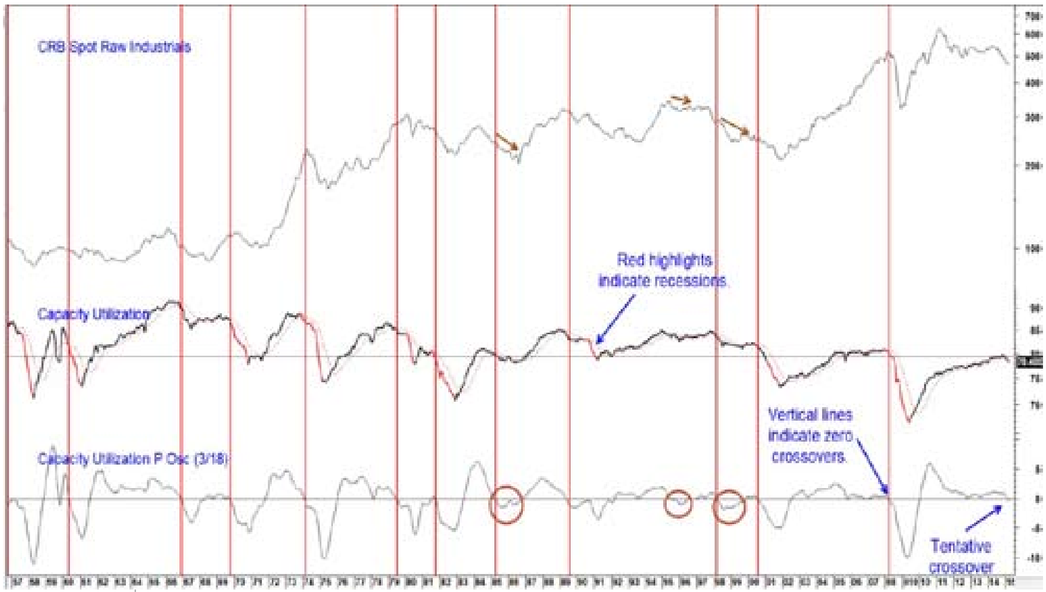
If you line up the peaks of both series you will see that there is a strong, though not perfect, correlation between them. Peaks in capacity utilisation have been flagged by the vertical red lines. Note also that it's occasionally possible to successfully apply technical analysis to economic indicators by constructing trendlines for the capacity series. When they are violated it's usually a sign that capacity (and therefore commodity prices) has peaked for the cycle. The small red dashed arrows above the commodity index indicate such instances. Note also that the red dashed line, a 12-month moving average (MA) is often violated very close to such trendline breaks. This adds additional credibility to both signals.

In Charts 2 and 3 the red highlights contained in the capacity plot represent official US recessions. Chart 3 though, takes the analysis a step further by including a price oscillator.

Price oscillators compare two moving averages, plotting them as a deviation against trend. In this instance the oscillator is calculated by dividing a 3-month simple MA by an 18-month time span. The chart also shows, by way of the vertical lines, that the onset of recessions typically takes place when the price oscillator in the bottom window, crosses below its zero reference line i.e. the 3-month crosses below the 18-month MA. This is not a perfect indicator as the three brown ellipses indicate sub-

Chart 3

CRB Spot Raw Industrials versus US Capacity Utilisation



zero crossovers that did not result in a recession. All recessions though, resulted in falling commodity prices as did all three false signals contained in the ellipses. That means that the latest tentative negative crossover by the price oscillator should be followed by lower commodity prices unless quickly reversed.

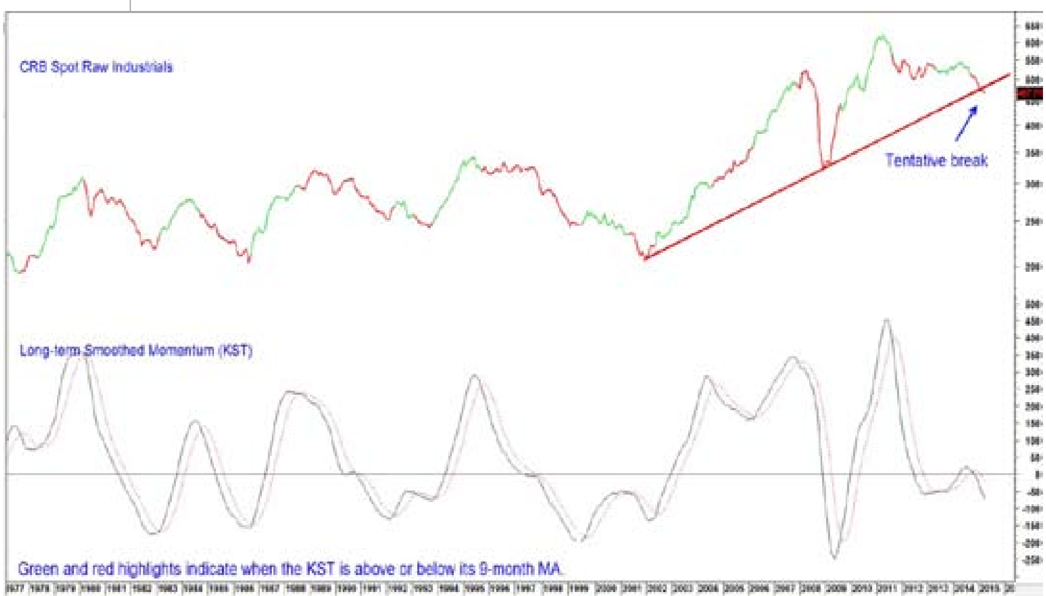
Technical Analysis Applied To Industrial Commodity Prices

Because of their sensitivity to economic developments commodity prices lend themselves to long-term momentum interpretation. In this respect Chart 4 compares the CRB Spot Raw Industrials to long-term smoothed momentum indicator called the "KST".

You can read about its construction and interpretation here. The green and red highlights indicate when the KST is above or below the red dashed line, which is its 9-month moving average. The signals are reasonably accurate because of the sensitivity of industrial commodity prices to changes in the level of economic activity. Nothing in this world of analysis is perfect as you can see from the bearish signal in 2004, which was followed by a strong advance. Most of the time though, the KST tracks the magnitude and duration of price moves fairly well. When readings are high they warn of over optimism and when low, that a good long-term buying opportunity is in the wind.

Chart 4

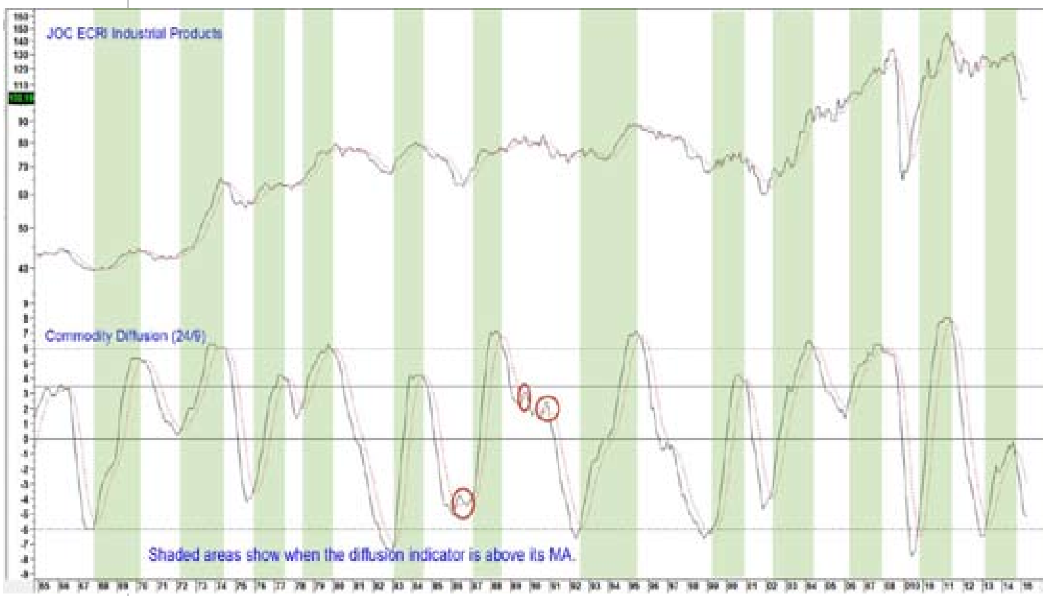
CRB Spot Raw Industrials and a Long-term Momentum Indicator



One other useful technique for identifying changes in long-term trends of commodities is to calculate the percentage of a basket of commodities in a positive trend. The end result is what is known as a “diffusion” indicator. In Chart 5 an alternative industrial commodity measure, the ECRI Journal of Commerce Industrial Products Index is compared to a diffusion series calculated from a basket of commodities that are above their 24-month moving averages. The raw data have, in turn, been smoothed by a 9-month MA to minimize false moves.

Chart 5

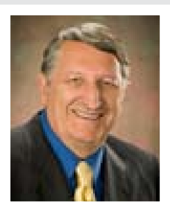
JOC ECRI Industrial Products versus a Commodity Diffusion Indicator



The green shaded areas reflect those periods when the diffusion indicator is above its 9-month MA, as represented by the dashed red line. The three ellipses again draw our attention to the fact that this indicator is not perfect, but by and large this technique accounts for pretty well all of the major price moves that have developed since 1965.

Conclusion

The trend identification techniques used in technical analysis can be applied to economic indicators as well industrial commodity prices. Application of these tools shows that there is a strong correlation between the direction of commodity price movements and that of the economy. This knowledge can be used to obtain a better understanding of the direction and maturity of the primary trend in commodity prices.



Martin Pring serves as chairman and investment strategist at Pring Turner Capital Group and president of pring.com. He provides research to individuals and financial institutions worldwide through the publication, Martin Pring’s Intermarket Review. Martin is a contributor to Stockcharts.com weekly commentaries. Currently, he is an adjunct professor at Golden Gate University in San Francisco, CA helping to teach the world’s first virtual graduate level course on technical analysis.

In 2012, Martin in collaboration with Dow Jones Indexes, co-developed the Dow Jones Pring U.S. Business Cycle Index, a unique active index based on Pring Turner’s business cycle research.

Martin has written more than 20 books, including Technical Analysis Explained, now in its fifth edition, which has been translated into 10 languages. He is an honorary member of SAMT.

THE CASE FOR INTERMARKET ANALYSIS IN THE GLOBAL ARENA

Jeanette Schwarz Young, CFTe, CFP®, CMT, M.S.

".... No man is an island, entire of itself; every man is a piece of the continent, a part of the main. If a clod be washed away by the sea, Europe is the less, as well as if a promontory were, as well as if a manor of thy friend's or of thine own were: any man's death diminishes me, because I am involved in mankind, and therefore never send to know for whom the bell tolls; it tolls for thee. ..."

John Donne

Strength in the US Dollar has a deflationary effect on the economy here in the USA. As the US Dollar increases in strength import prices priced in weaker currencies, put a downward pressure on prices resulting in cheap imports flooding the US markets. Imported goods here in the US become cheaper. The effect is deflationary. The side effect is that these foreign goods steal business from domestic US products. Why? Because the average American worked has little discretionary income left after paying fixed costs like rent, food, utilities, taxes, etc. and seeks the lowest price for purchased goods. They are price sensitive and are not loyal to brands. As the Federal Reserve System's Federal Open Market Committee (FOMC) ratchets interest rates higher, even talking about it, they cause the US Dollar to gain strength. Higher interest rates attract money looking for a return and thus demand outweighs supply and money floods into the US short-term bond market and out of the low yield Euro Zone.

A frank word about the FOMC's actions over the extended period of ZIRP interest rates, it hasn't really worked. Only the banks, corporations and wealthy have enjoyed the rewards of cheap money. The average wage earner, after inflation, earns less today than was earned in 1970. Clearly, average Americans are still struggling. Banks have tightened up lending making it difficult for the average American to get a mortgage to buy a home. Any first year finance student knows that it is the velocity of money that will help expand the economy, not cheap money. Banks must lend and wages must go up.

The trade gap here in the US was a huge miss this past month, it was $-51.4, the last time that sort of number was seen was in 2008, when it was $-60.191. The March goods deficit was $69.8 and imports of consumer goods were $54.2. As chartists, it was clear months and months ago that the US Dollar was on an upward trajectory. What should have also been obvious was that a strong US Dollar would take a toll on domestic multi-nationals insomuch as their export products would cost more and become less competitive. In turn, this increased our trade deficit and, more importantly, negatively impacted corporate profits. This bleeds into GDP and employment. Seeing and understanding intermarket relationships are part of the core of technical analysis. John Murphy's work on intermarket analysis was the first to attempt to quantify and plot how intermarket analysis blends markets and crosses lines. I cannot recommend his work strongly enough and feel Trading with Intermarket Analysis is essential reading for any market professional.

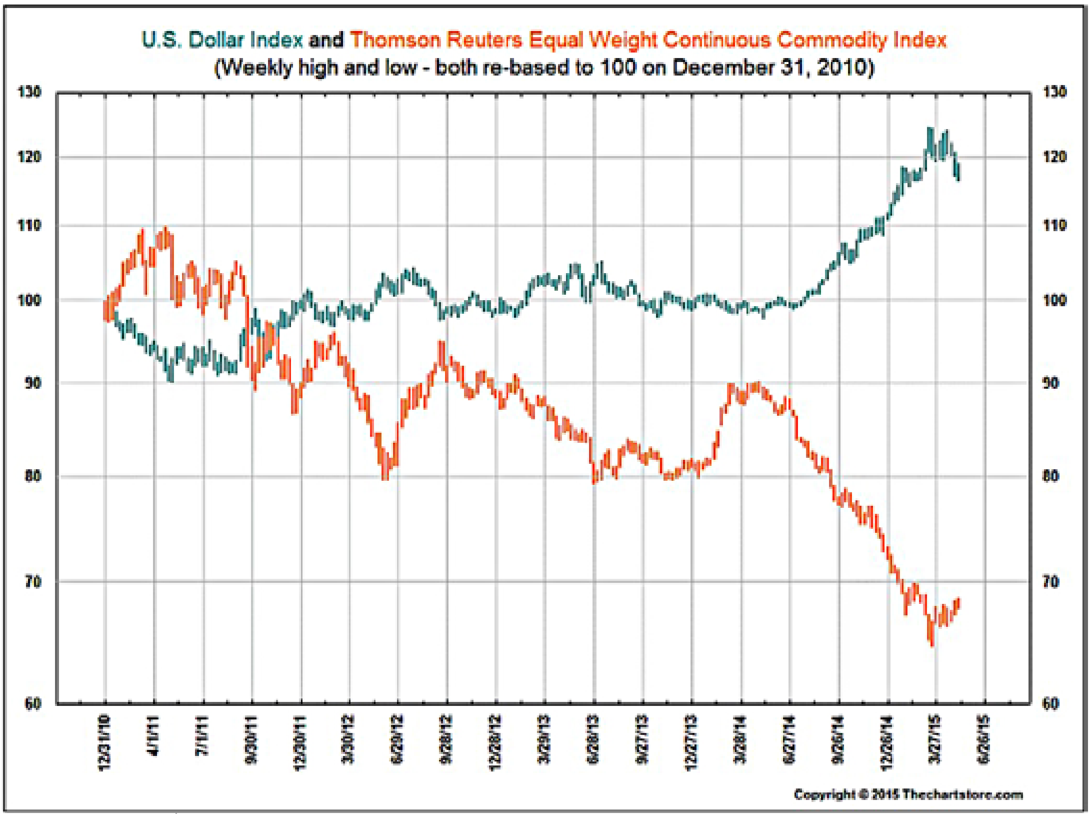
In today's markets, we have the pleasure of watching intermarket analysis at its best. Yes, there is a lag that comes with this but it is to be expected. We have learned that a cheap US Dollar is supportive for commodities traded in US Dollars and that an expensive US Dollar is detrimental for commodities traded in US Dollars. The end result is that a strong US Dollar is deflationary for the economy. It is easy to see how this works. Simply view a line chart of the US Dollar vs. crude oil or another commodity traded in US dollars.

Light Sweet Crude Oil Futures Near

Chartist had a leg-up on the US Dollar rally because the chart clearly showed the US Dollar trend, zooming to the upside. At this juncture, the US Dollar is challenging the uptrend line which began in July of 2014.

US Dollar Index Futures June Contract (DXY FX)

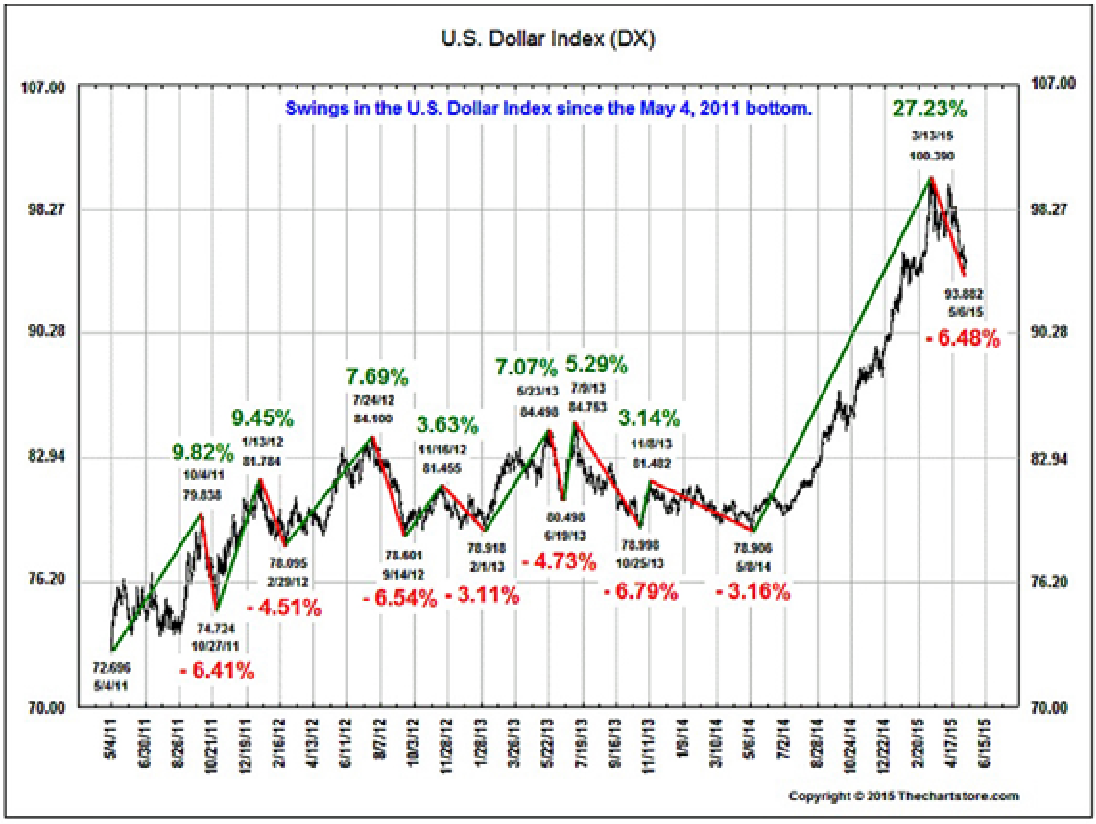
US Dollar Index and Thomson Reuters Equal Weight Continuous Commodity Index



Money has been flooding into the US as international investors buy real-estate and other hard assets. The effect on the real-estate market is that prices increased. That was fine so long as there was cheap money to be borrowed for the purchase, but as interest rates inch higher, the cost of owning property inches higher as well. As a result of that cost to carry, the prices of real-estate begin to drop as interest rates move to the upside. The only way to combat this is to enter into an inflationary environment where wages rise and compensate for the increased cost of money. This hasn't happened as yet and I do not foresee this in the near future.

US Dollar Index Futures June Contract (DXY FX)

US Dollar Index



Today, the US Dollar is beginning to retreat. Currently the Dollar is above the uptrend line which began in earnest in July of 2014. We are beginning to see cracks and a loss of upside momentum. We should see support at about 94, but the Fibonacci retracement of 38.2% would take us to 92.12. Not only that, the uptrend line would be violated.

S&P 500

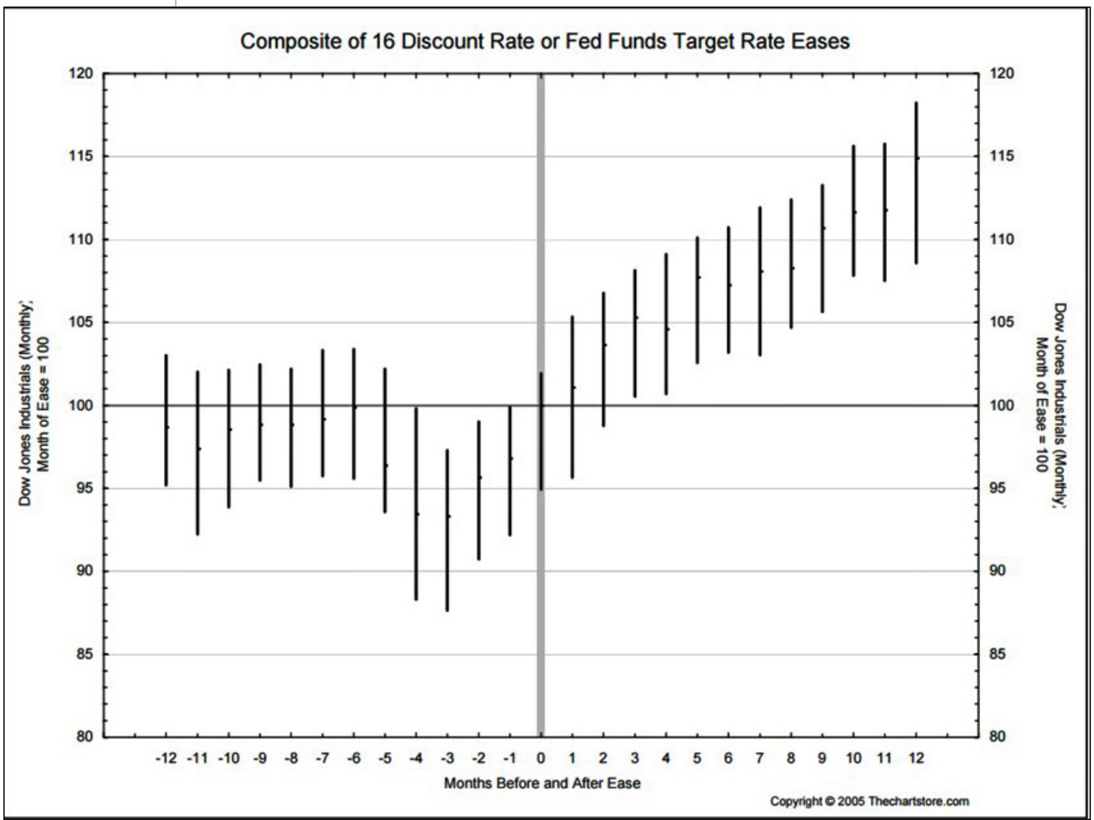
The strong US Dollar has helped the emerging markets and Euro Zone recover as their products have taken the competitive edge. With a US Dollar retreat, this competitive edge could be and likely would be challenged. We also know that as the US Dollar retreats, commodities will rally. It is our job to solve this mystery and thankfully, we have charts to guide our way in a sea of confusion.

I believe in keeping things simple or KISS. Don't overcomplicate your work use trendlines to guide you and horizontal lines to identify support and resistance areas. There is a lesson I learned in the pit which is very important. When a breakout or trend violation occurs, it must be confirmed. Likely the first probe will fail and unless you see confirmation of the direction, it is likely that probe was caused by stops.

As to the FOMC, they have been "talking their book" (speaking about raising interest rates) for a while now. I believe that they have come to the point in time when they must inch the rates up just a tad. No, I do not believe it is the correct thing to do but I also believe that the FOMC will lose credibility if they don't do something. It is likely that this move will be reversed. The US economy is very fragile and they know that. Should the FOMC inch the rates up, it is likely that the US Dollar will sell-off. Why? Another lesson from the pits, buy the rumor sell the fact.

The US housing market will become active as buyers seek to lock in rates before they go higher. This action will steal buys from the future and we will see a slowdown in real-estate sales about a month after the interest rate adjustment.

Composite of 16 Discount Rate or Fed Funds Target Rate Eases

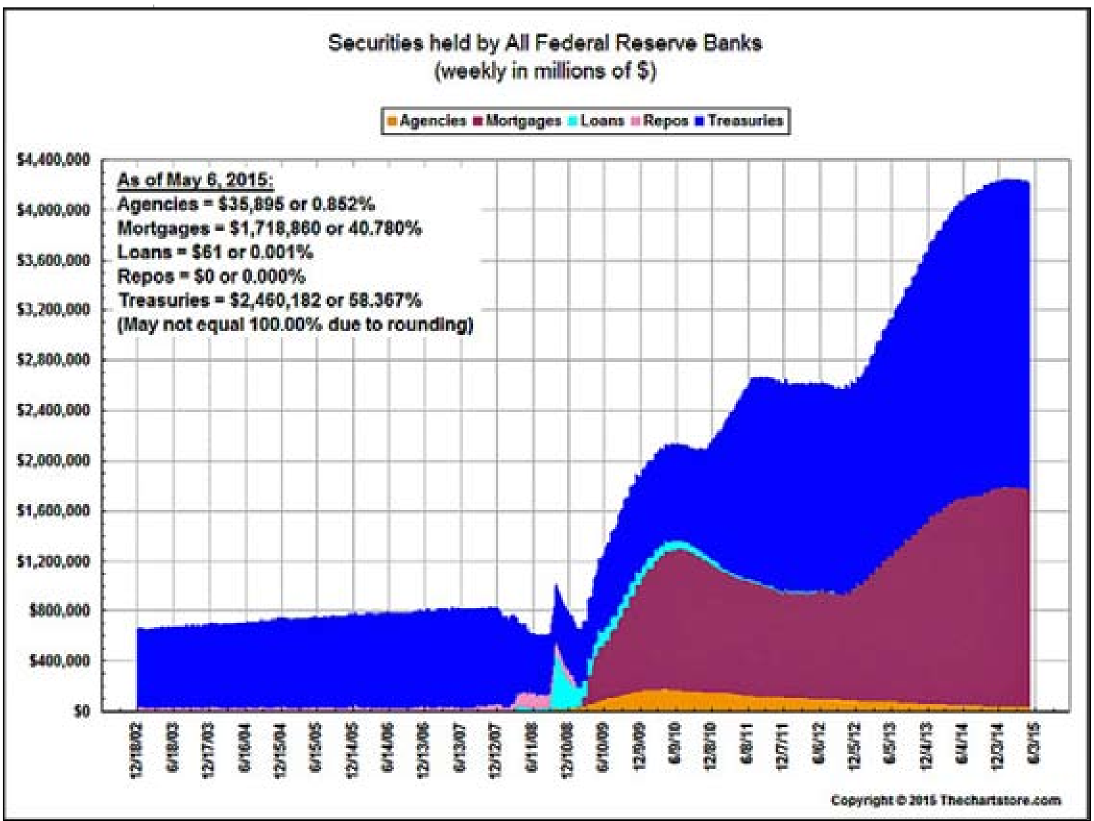


In conclusion, a strong US Dollar will impede the US's ability to compete globally. The advice then is to invest in companies that produce products for use and consumption here in the USA where there are little or no imported products to compete for the market. A strong US Dollar also makes commodities cheaper for us here in the USA also increases the demand for imported products, which will tilt our trade balance a bit more off-kilter. Americans will enjoy cheaper imports which in turn, will increase demand for products. That demand will stimulate the Euro Zone and other markets that export their products to the US. Shippers and transporters are also a good bet for the coming year.

The one sour note is, that with the USA shutting down its shale production (down 50% this year), supply of crude will dwindle and this could have the effect of pushing prices higher. That said, it might not be a bad idea to look at crude oil as well.

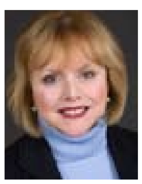
Light Sweet Crude Oil Futures Near

Securities Held by all Federal Reserve Banks



Charts generously provided by TheChartStore.com and Updata.

The actions of the FOMC, and its effect on the US Dollar, is truly is a spider's web that isn't easily maneuvered. What a mess! Trendlines do work and we had a lot of warnings about the Dollar's rally. Plain easy chart reading could save investors plenty.



Jeanette Schwarz Young, CFTe, CFP, CMT, MS – Author of the Option Queen Letter (www.optionqueen.com), a weekly newsletter published every Sunday and the Options Doctor. She is the current and past President of American Association of Professional Technical Analysts (AAPTA) and a member of the Board of Directors of the International Federation of Technical Analysts (IFTA). Jeanette worked for the New York Board of Trade (NYBOT) and Intercontinental Exchange (ICE) where she produced, wrote and aired, two market reports daily covering the financials, currencies, and the softs (frozen concentrated orange juice, sugar, cocoa, coffee and cotton).

U.S. DOLLAR SLOWDOWN AND GOLD'S DIFFICULT RECOVERY

Carlo Alberto De Casa

A few weeks ago, inside a packed auditorium at IMF headquarters in Washington, D.C., Federal Reserve chair Janet Yellen talked about financial stability, regulatory policy and asset valuation. When the central banker warned that equity markets may be "generally quite high," stocks immediately sunk and investors grew more cautious vis-à-vis the ever-nebulous thread of economic news coming lately from global financial centres.

It is true that investors have many things to heed these days – from China's monetary policy and U.S. consumer confidence to labour trends in the U.K. and geopolitical tergiversations in the Eurozone.

But capital markets are increasingly focusing on gold and the U.S. dollar, which are quintessential instruments for fundamental and technical analysts.

Two questions remain atop the list of open items: After the ascending technical path followed by gold and the dollar in the first few months of 2015, what is in store for capital markets in the second half of the year? Will investors see a gradual retracement or a full-on confirmation of the trends previously registered in greenback and bullion prices?

These questions have caught the attention of analysts and traders alike – and no clear answer has emerged yet, as gold is still in a long-term bearish trend, although the strength of this negative trajectory is weakening.

In fact, in April, 2013, when gold broke away from the important support area placed at 1,530-1,550 $/oz, the price of the precious metal collapsed and reached a new low at 1,321 in less than two trading sessions.

In October, 2014, when gold broke the double minimum placed at 1,180, the price did not have enough strength to continue the bearish route much further – and the fall was capped at 1,131 $/oz, even though we are currently in a strong U.S. dollar environment.

Gold Weekly Prices: Long-Term View from December 2010

Source: MetaTrader - ActivTrades

On the contrary, at the beginning of 2015, gold valuation climbed to 1,305, before dropping to 1,200 $/oz. During March and April, 2015, the bullion remained in an unnerving laterality, with the quotation stuck in a tight trading range, from 1,175 to 1,225 $/oz.

In the last few weeks, the yellow metal profited from the USD retracement, showing the traditional inverse correlation with the American currency and generating an interesting attempt to recover in mid-May, just as the EUR/USD got back on its feet, closer to the 1.15 area, after the overall strongly bearish momentum pushed the euro just below 1.05 in the previous months.

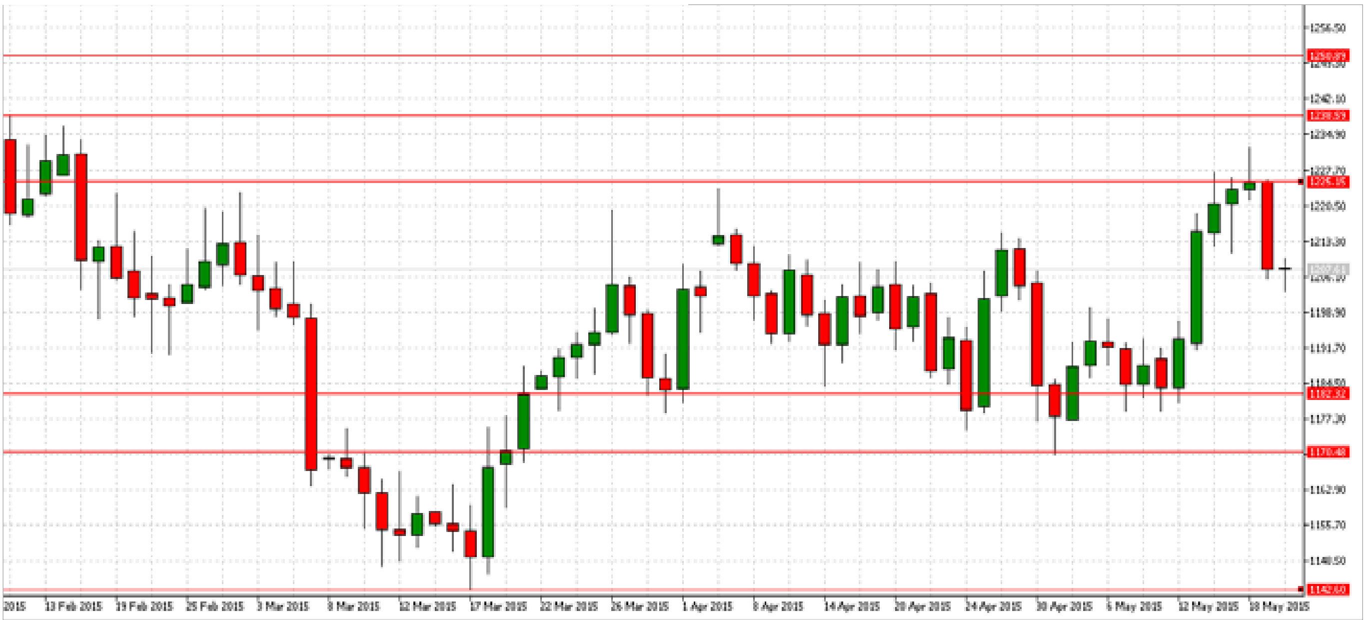
Following the momentary retracement of the dollar, gold prices exceeded the bar of $1,200 an ounce, trying to attack the resistance placed at $ 1,225. And this value is the first real challenge for the bullion: If prices will be able to go stable over 1,225, the precious metal will have space for further recovery.

Other significant resistance areas (where we can expect fights between bears and bulls) are located at 1,240 and 1,255.

The target of an eventual bullish rally could be identified within the 1,300 – 1,305 range, where it peaked earlier in the year. The precious metal should be able to overcome the obstacle represented by the dynamic resistance that we currently identify near 1,270.

We can create a trend line by combining the series of lower maximum prices that gold has reached since the summer of 2013, initially around $1,430/oz, then 1,390, 1,345 and, in early 2015, just over 1,305.

Gold Daily Prices: View of the Last 4 Months



Source: MetaTrader - ActivTrades

So which factors could drive up the price of gold?

First, we think about international geopolitical tensions. Second, the uncertainty coming from Greece is still lingering in the minds of traders and captains of industry. Third, strategic or policy-related bullion purchases by central banks remain significantly high: After eight quarters of capital outflows from the ETF industry, the last report released by the World Gold Council (analysing the first quarter of 2015) attested a rebound in ETF gold purchases.

It is just a modest +25.7 tonnes – already turned back in negative in the first weeks of Q2 – but nevertheless a positive signal, which it was missing since 2012.

Moreover, demand for gold in Q1 2015 was growing again, for the third quarter in a row, reaching 1,079.3 tonnes (the highest since Q1 2014).

Period	Demand for Gold (in tonnes)
Q2 2013	1,245.6
Q3 2013	1,056.4
Q4 2013	1,009.6
Q1 2014	1,089.9
Q2 2014	1,033.0
Q3 2014	1,039.2
Q4 2014	1,050.4
Q1 2015	1,079.3

Source: World Gold Council

However, two factors might hamper the bullion's technical ascent, reducing the precious metal's value over time. The first obstacle to higher gold prices: the strong US dollar and the historically negative correlation between the American currency and the yellow metal. The second element, as mentioned, comes from long-term charts: Gold is still in a long-term bearish trend, which has caused the precious metal to drop over 30% in value from the peak reached during the summer of 2011.

A thrilling battle awaits bulls and bears in the coming months.

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He then joined ActivTrades in London, where he is specializing in the forex and commodities markets. He is regular weekly guest on CNBC on "Market Driver". He's also an analyst for "La Stampa", one of the largest Italian newspapers, publishing an article on the currency markets every Monday. He is also working with other major Italian newspapers (Corriere della Sera, Repubblica, Milano Finanza), and since 2014, with Reuters UK. He recently published a book on gold with Hoepli Editore, I Segreti per Investire con l'oro.

THE LIFE CYCLE MODEL: WYCKOFF METHOD COMBINED WITH ELLIOTT WAVE

Henry O. (Hank) Pruden, Ph.D.

So DNA, which is in itself a kind of metaphor, is one more, and perhaps the ultimate, way to consider how markets possess a kind of life of their own. This is useful in encouraging the analyst to identify ever more basic structural components, how they interact, and ultimately to predict outcomes…

Robert Miltner,
Scientist, Chemist and Entrepreneur,
Larkspur, California

The herd instinct is reflected by the S-shaped curve of the life cycle model, while the bell-shaped model shows how groups of market participants may be positioned and interrelated, ranging from the smart money to those who enter the market last. Together, the two form a cycle model that can be used to organize indicators to gauge technical market conditions and to predict crowd behavior.

Hank Pruden

In the Autumn 2014 issue of the SAMT Journal, I concluded with the following observations:

> The double helix structure can be used to combine the independent powers of the Wyckoff Method and Elliott Wave Principle. Together Wyckoff and Elliott forge a partnership that combines their strengths and offset each other's weaknesses.

That powerful synergy of Wyckoff and Elliott was illustrated with the case study of an intraday analysis of a trade depictred and explained first with the Wyckoff Method, and then the Elliott Wave Principle.

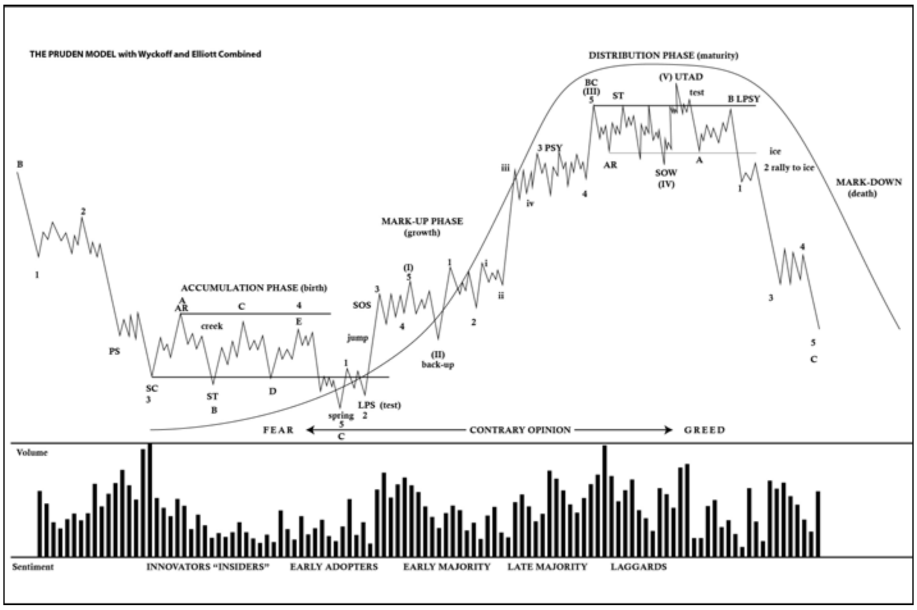
In a subsequent article, I proposed to offer a further refinement of the DNA metaphor combining Wyckoff and Elliott. To that would be added a more detailed application that shows the Wyckoff Method and the Elliott Wave Principle at work together over a bull-bear market cycle.

The conceptual scheme that I apply in this present article is based upon my "Life Cycle Model of Crowd Behavior," which first appeared in the *Technical Analysis of Stocks and Commodities* magazine, 1999. I offer it as a further refinement of the DNA metaphor combining Wyckoff and Elliott.

The framework for combining Wyckoff and Elliott is Pruden's Model of The Life Cycle of Crowd Behavior (Three Skills, page 58). The reward of combining Wyckoff and Elliott is in the confirmations of one theory by the other. Those cross validations can be drawn from the price and volume structure (patterns) and from the counts of the price objectives. Let's start with the pattern formation under the Wyckoff Method (consult Figure 1).

Figure #1

A Life Cycle Model Combining Wyckoff and Elliott



Birth Phase: Accumulation

The Wyckoff Method interpretation:

(PS) - Preliminary Support is where substantial buying begins to provide pronounced support after a prolonged downmove. Volume and spread widen and provide a signal that the downmove may be approaching its end.

(SC) - Selling Climax... the point at which widening spread and selling pressure usually climaxes with heavy or panicky selling by the public that is being absorbed by larger professional interests at prices near a bottom.

(AR) - Automatic Rally... selling pressure has been pretty much exhausted. A wave of buying can now easily push up prices which is further fueled by short covering. The high of this rally will help define the top of the trading range.

(STs) - Secondary Test(s)... revisit the area of the Selling Climax to test the supply/demand balance at that price level. If a bottom is to be confirmed, significant supply should not resurface. Volume and price spread should be significantly diminished as the market approaches support in the area of the Selling Climax.

The "CREEK" is an analogy to the flow of a stream of water. A wavy line of resistance drawn loosely across rally peaks within that trading range constitutes the creek. There are minor lines of resistance and more significant lines that will have to be crossed before the market's journey can continue onward and upward.

Springs or Shakeouts usually occur late within the trading range and allow the market and its dominant players to make a definite test of available supply before a markup campaign can unfold. If the amount of supply that surfaces on a break of support is very light (low volume), it will be an indication that the way is clear for a sustained advance. Heavy supply here will usually mean a renewed decline. Moderate volume here may mean more testing of support and to proceed with caution. The spring or shakeout also serves the purpose of providing dominant interests with additional supply from weak holders at low prices.

Jump across the Creek (JAC) is a continuation of the creek analogy. The jumping of resistance is a positive sign if done on good price spread and volume — a "sign of strength" (SOS).

Sign of Strength (SOS)... an advance on good (increasing) spread and volume. Typically follows a phase of accumulation.

Back Up (BU) to a Last Point of Support (LPS) - a pull back to old resistance which has become new support on diminished spread and volume after a SOS. Sometimes labeled BUEC or Back Up to the Edge of the Creek.

The Elliot Wave Theory interpretation: Markdown to Accumulation

The corrective wave C consists of 5 sub-waves and ends the Mark Down Phase. According to the wave personality description (EWP, p.79), wave C reflects the worst of the bear market. It represents the strength and breadth of the decline. Prices decline relentlessly.

Part of this Wave C is the initial formation of the Wyckoff accumulation base. Preliminary support and the Selling Climax represent the end of the third wave within the five of C. The third wave usually is the largest and most aggressive in price spread and volume behavior. That fits the description of a Selling Climax.

The Preliminary Support can be found in the structure of "wave 4 of the third of C" or even higher in the third wave of C. PS should be confirmed by increasing volume.

The developing trading range can be identified as the wave 4 of C and often unfolds in a triangle formation. That's where the initial accumulation by insiders and institutions begins.

We are left with the fifth wave of C. If supply is exhausted, and the actions within triangle/ trading range are accumulative, then the 5th wave could truncate and not exceed the wave 3 of C. The possible formations of such kind could be Ending or Leading Diagonal Triangles.

Conventional technical analysis would refer to that as a Wedge formation. Such kind of development shows that demand is exceeding supply and the Accumulation Phase is underway. On the other hand, if supply remains heavy until the end of the triangle/trading range, the subsequent 5th wave can be more aggressive. It can break below the support line of the triangle/trading range and exceed it by the length of the widest wave of the triangle. This action corresponds to Springs or Shakeouts.

The end of the 5th wave, the bottom of the bear market, reflects "panic" among weak holders and often it is accompanied by "bad news".

The further development of the accumulative phase is instructive. The test of the Spring/Shakeout comes on the wave 2 of wave (I) larger degree. It is accompanied with drying up of volume and represents the second buying opportunity (first having been on the spring/shakeout). If sub-wave 3 of (I) happens on increased volume and overcomes the resistance of the Creek it reflects a SOS.

The Back Up to the Edge of the Creek happens on the wave (II). The second wave typically culminates the accumulation by the Composite Operator. Later on during the markup phase, further smaller trading ranges could be the periods of re-accumulation.

The depth of the (II)nd wave can reveal the strength of the upcoming bull market and the readiness of the Composite Operator to proceed with a Mark Up Phase. Retracements of more than 62% of the initial advance can be interpreted as follows:

1. The Composite Operator hasn't completed accumulation of the desirable line of a stock and thus the Operator allows the market to go down in order to accumulate more.
2. This might also lead to a weak Mark-Up Phase or a further re-accumulation process at a higher price level.

The second wave on low volume that is located at the same level as Preliminary Support is a most desirable sign that the trading range is accumulation.

A series of first and second waves can unfold thereafter. The price and volume should be constructive. If the pattern structure is higher tops and higher bottoms, the Mark Up Phase is in progress.

Growth: Mark Up Phase

How and why does the price of a stock move up? Can the price of a stock move by itself? How does the Mark Up Phase unfold? Why do the stocks move in trends? The best answers to those questions can be found in the book "Reminiscences of a Stock Operator" by Edwin Lefevre:

> "... Assume that there is some one — an underwriting syndicate or a pool or an individual — that has a block of stock which it is desired to sell at the best price possible. The best place for selling it ought to be the open market, and the best buyer ought to be the general public.
>
> "… The first step in a bull movement in a stock is to advertise the fact that there is a bull movement on. The most effective way to advertise what, in effect, are your honorable intentions is to make the stock active and strong. After all is said and done, the greatest publicity agent in the wide world is the ticker, and by far the best advertising medium is the tape.
>
> "… Activity is all that the floor traders ask. They will buy or sell any stock at any level if only there is a free market for it. They will deal in thousands of shares wherever they see activity, and their aggregate capacity is considerable. It necessarily happens that they constitute the manipulator's first crop of buyers. They will follow you all the way up and they thus are a great help at all the stages of the operation. It is well, of course, to remember that these professionals on the floor of the Exchange buy stocks with the intention of selling them at a profit. They do not insist in its being a big profit; but it must be a quick profit.
>
> "I make the stock active in order to draw the attention of speculators to it. I buy it and I sell it and the traders follow suit. The selling pressure is not apt to be strong where a

man has as much speculatively held stock sewed up — in calls — as I insist on having. The buying, therefore, prevails over selling, and the public follows the lead not so much of the manipulator as of the room traders. It comes in as a buyer. This highly desirable demand I fill — that is, I sell stock on balance. If the demand is what it ought to be it will absorb more than the amount of stock I was compelled to accumulate in the earlier stages of the manipulation; and when this happens I sell the stock short — that is, technically. In other words, I sell more stock than I actually hold. It is perfectly safe for me to do so since I am really selling against my calls. Of course, when the demand from the public slackens, the stock ceases to advance. Then I wait.

"Say, then, that the stock has ceased to advance. There comes a weak day. The entire market may develop a reactionary tendency or some sharp-eyed trader may perceive that there are no buying orders to speak of in my stock, and he sells it, and his fellows follow. Whatever the reason may be, my stock starts to go down. Well, I begin to buy it. I give it support that a stock ought to have. And more: I am able to support it without accumulating it — that is, without increasing the amount I shall have to sell later on. It is always well to make it plain to the traders — and to the public, also — that there is a demand for the stock on the way down. That tends to check both reckless short selling by the professionals and liquidation by frightened holders — which is the selling you usually see when a stock gets weaker and weaker, which in tum is what a stock does when it is not supported. These covering purchases of mine constitute what I call the stabilizing process.

"As the market broadens I of course sell stock on the way up, but never enough to check the rise. It is obvious that the more stock I sell on a reasonable and orderly advance the more I encourage the conservative speculators, who are more numerous than the reckless room traders; and in addition the more support I shall be able to give to the stock on the inevitable weak days. By always being short I always am in a position to support the stock without danger to myself. As a rule I begin my selling at a price that will show me a profit. But I often sell without having a profit, simply to create or to increase what I may call my riskless buying power.

"A stock which it is desired to distribute should be manipulated to the highest possible point and then sold. I repeat this both because it is fundamental and because the public apparently believes that the selling is all done at the top. Sometimes a stock gets waterlogged, as it were; it doesn't go up. That is the time to sell. The price naturally will go down on you selling rather further than you wish, but you can generally nurse it back. As long as a stock that I am manipulating goes up on my buying I know I am all hunky, and if need be I buy it with confidence and use my own money without fear — precisely as I would any other stock that acts the same way. It is the line of least resistance (R.B. — oversold line or trend line). Well, when the price line of least resistance is established I follow it, not because I am manipulating that particular stock at that particular moment but because I am a stock operator at all time.

"When my buying does not put the stock up I stop buying and then proceed to sell it down; and that also is exactly what I would do with that same stock if I did not happen to be manipulating it. The principal marketing of the stock, as you know, is done on the way down.

"I repeat that at no time during the manipulation do I forget to be a stock trader. My problems as a manipulator, after all, are the same that confront me as an operator. All manipulation comes to an end when the manipulator cannot make a stock do what he wants it to do. When the stock you are manipulating doesn't act as it should, quit. Don't argue with the tape. Do not seek to lure the profit back. Quit while the quitting is good — and cheap."

The Mark Up Phase is experienced during the development of the third Elliott wave in the structure of five waves. Here is the description of the third wave:

"Third waves are wonders to behold. They are strong and broad, and the trend at this point is unmistakable. Third waves usually generate the greatest volume and price movement and are most often the extended wave in a series. It follows, of course, that the third wave of a third wave, and so on, will be the most volatile point of strength in any wave sequence. Such points invariably produce breakouts, 'continuation' gaps, volume expansions, exceptional breadth, major Dow Theory trend confirmations and runaway price movement, creating large hourly, daily, weekly, monthly or yearly gains in the market, depending on the degree of the wave. Virtually all stocks participate in third waves" (EWP, page 67).

Maturity: Distribution Phase

The Wyckoff interpretation:

(PSY) Preliminary Supply... is where substantial selling begins to provide pronounced resistance after an upmove. Volume and spread widen and provide a signal that the upmove may be approaching its end.

(BC) Buying Climax... is the point at which widening spread and the force of buying climaxes, and heavy or urgent buying by the public is being filled by larger professional interests at prices near a top.

(AR) Automatic reaction... with buying pretty much exhausted and heavy supply continuing, an AR follows the BC. The low of this selloff will help define the bottom of the Trading Range (TR) of distribution.

(ST) Secondary Test(s)... revisit the area of the BC to test the demand/supply balance at these price levels. If a top is to be confirmed, supply will outweigh demand and volume and spread should be diminished as the market approaches the resistance area of the BC. (SOW) Sign of Weakness... will usually occur on increased spread and volume. Supply is showing dominance.

The ICE... is an analogy to a wavy line of support drawn loosely under reaction lows of the Trading Range. A break through the ICE will likely be followed by attempts to get back above it. A failure to get back above firm support may mean a "drowning" for the market.

(UTAD) Upthrust After Distribution ...Similar to the spring and Shakeout in the TR of Accumulation, a UTAD may occur in a TR of distribution. It is more definite test of new demand after a breakout above the resistance line of the TR, and usually occurs in the latter stages of the TR: If this breakout occurs on light volume with no follow through or on heavy volume with a breakdown back into the TR, then this is more evidence that the TR was Distribution not Accumulation.

(LPSY) Last Point of Supply... Volume may be light or heavy, showing weak demand or substantial supply. It is at these LPSY's that the last waves of distribution are being unloaded before markdown is to begin.

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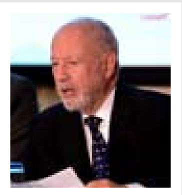

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RIDING THE WAVE

Alberto Vivanti

Imagine if you could invest in the stock market by choosing the best performing sector every year. For example, in the catastrophic 2008 the European market lost 45%, as measured by the Stoxx600 Total Return Index, while the typically defensive Health Care sector only decreased by 18%. The following year, the leader of the big bounce had been the Basic Resources, whose value doubled in 2009; the market, as a whole, had recovered 35%.

Well, if an investor who had been able to foresee the best performing sector for the coming year could have turned 100 euros into 4500 in the 15 years – from 2000 to 2014. A passive investment in the European market, after all the ups and downs, had produced only 34%, a meager 2% per year against the 26% given by the unrealistic scenario just described.

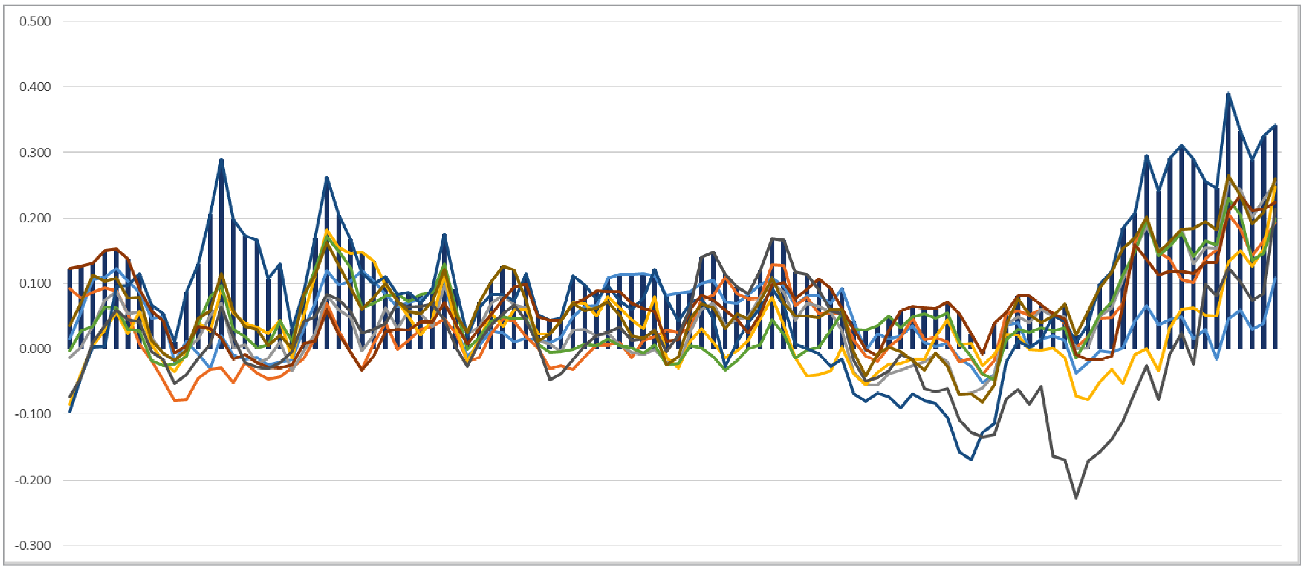
Back on earth, we cannot forecast which sector will be the best performer but we can at least try to participate in the strongest trends among the different sectors through a disciplined methodology. Relative strength is one consistent method able to enhance the investment returns. There are several ways to measure the strength of a stock, or a group of stocks if we invest in sectors, compared with others. The goal is to take advantage from the strongest trends as long as they persist.

In the last issue of 2014 of The Swiss Technical Analysis Journal, I had introduced a dynamic allocation strategy based on bottom-up selection of trending sectors. In this case too, I have backtested the 19 supersectors of the Stoxx®Europe 600 Indices. All the time series I used for this study are total return, including the benchmark Stoxx 600, since the related ETFs available on the market track these benchmarks.

An intensive back-testing of 25 years drove me to the conclusion that an optimal time span for medium term trend is around three months. If we want to stay invested in the strongest sectors we should choose those with the highest values in momentum. Figure 1 shows an overlapping of momentum indicators for several indices. The strongest is highlighted with histograms. In order to invest into the strongest trends we should switch from time to time to the indexes whose momentum reaches the highest values. It is like a surfer that, wishing to ride the highest wave, jumps from a one to another.

Figure 1

A medium-term momentum indicator calculated on 10 data series. The histograms highlight strongest momentum into which we should stay invested if we want to ride the wave like surfers do.



A question is raised immediately. How many sectors should we choose in a relative strength strategy? Relative strength methods usually address the choice to the 20/25% of the investable universe. In our case, made of 19 Supersectors, it corresponds to 4-6 candidates. Is this number appropriate? According to our simulation, the answer is yes. A look at Figure 2 confirms that the most rewarding basket is composed of 5 sectors, 4 and 6 are also okay. As long as the number of sectors increases in the portfolio, the return is lower. A special mention deserves the alternative of only 2 sectors, but it costs in terms of volatility and, therefore, it fits for aggressive strategies.

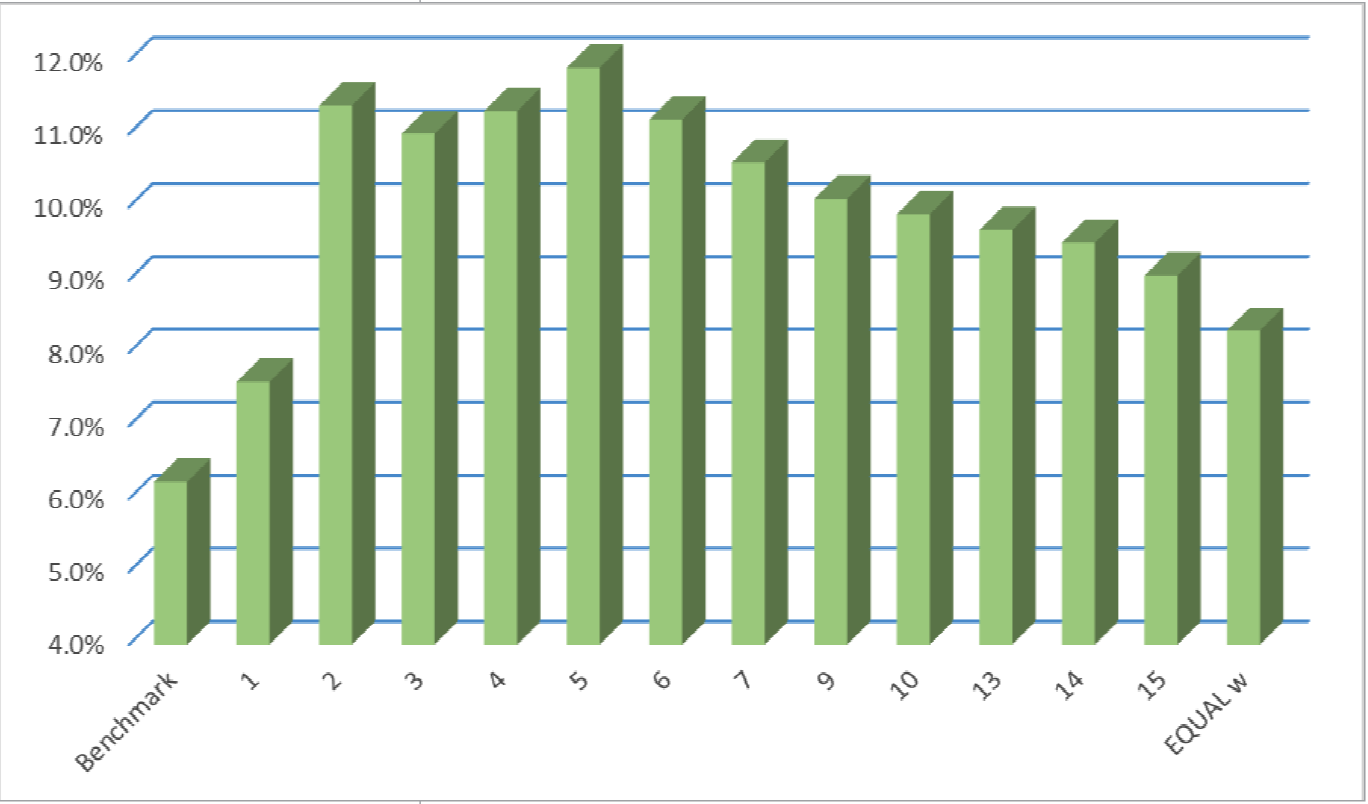


Figure 2

Compounded yearly rates of return of a range of simulations based on relative momentum on sectors in the European market. The backtest on the 15 year history shows that the best returns can be obtained when the selection contains 4-6 sectors.

I have simulated a portfolio composed of the Stoxx indexes of 5 European Supersectors, easily reproducible by traded ETFs, according to the following rules:

- Every month select the 5 sectors with the strongest momentum at 3 months, among the 19 Stoxx Supersectors.
- Give equal weight to each sector
- Review the selection at the end of every month

The results are the following:

	2000-2014		1990-2014	
Years	15		25	
	Stoxx600 TR	Model	Stoxx600 TR	Model
Total Return	34.0%	147.0%	659.0%	1926.0%
Yearly CRoR	2.0%	6.2%	8.3%	12.6%
Max Drawdown	-58.0%	-56.0%	-58.0%	-56.0%
Yrly St. Deviation	17.2%	17.5%	17.2%	17.5%

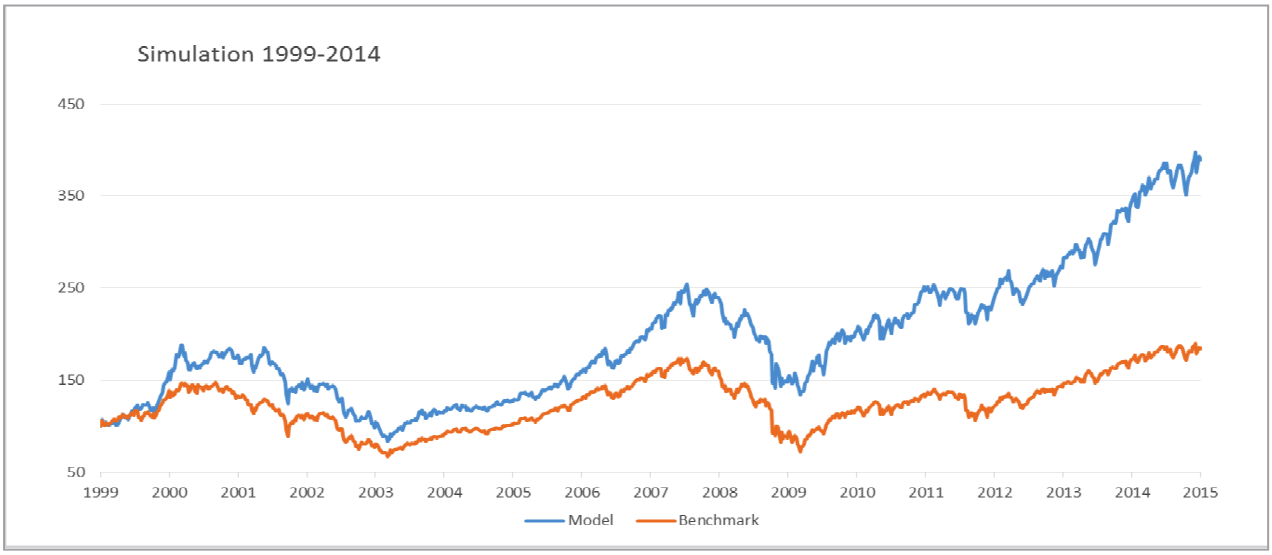


Figure 3

Simulation of 100 Euros invested in a portfolio of 5 European sectors, selecting the strongest momentum every month.

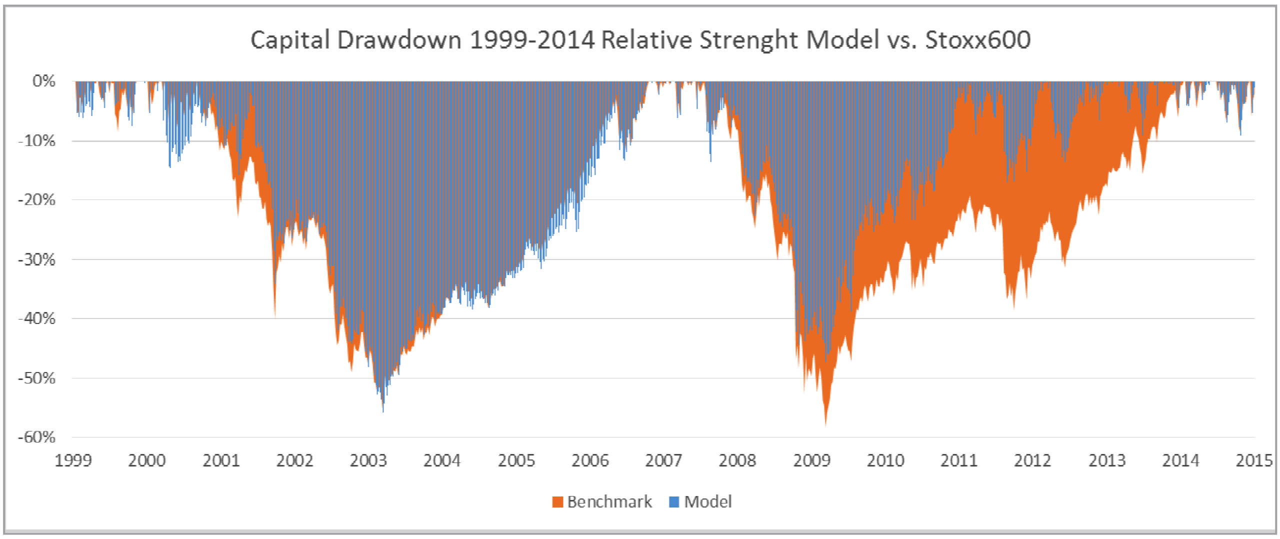


Figure 4

Drawdowns, calculated on weekly closing prices, of the simulation in Figure 3.

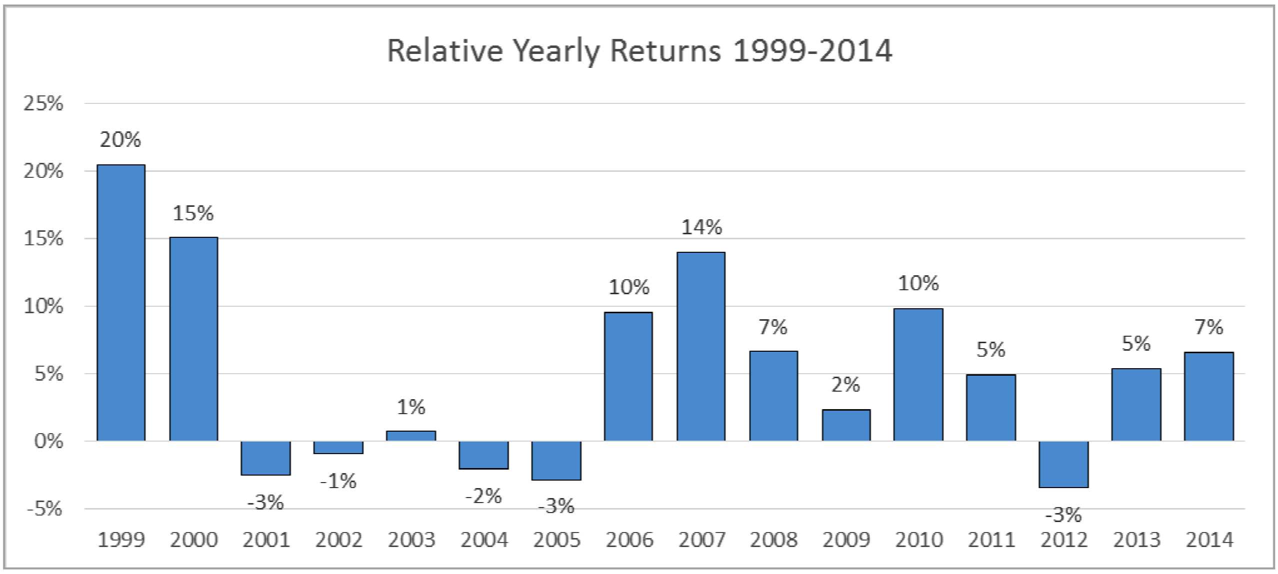


Figure 5

Differences of the yearly returns of the simulated portfolio with the index Stoxx600 TR.

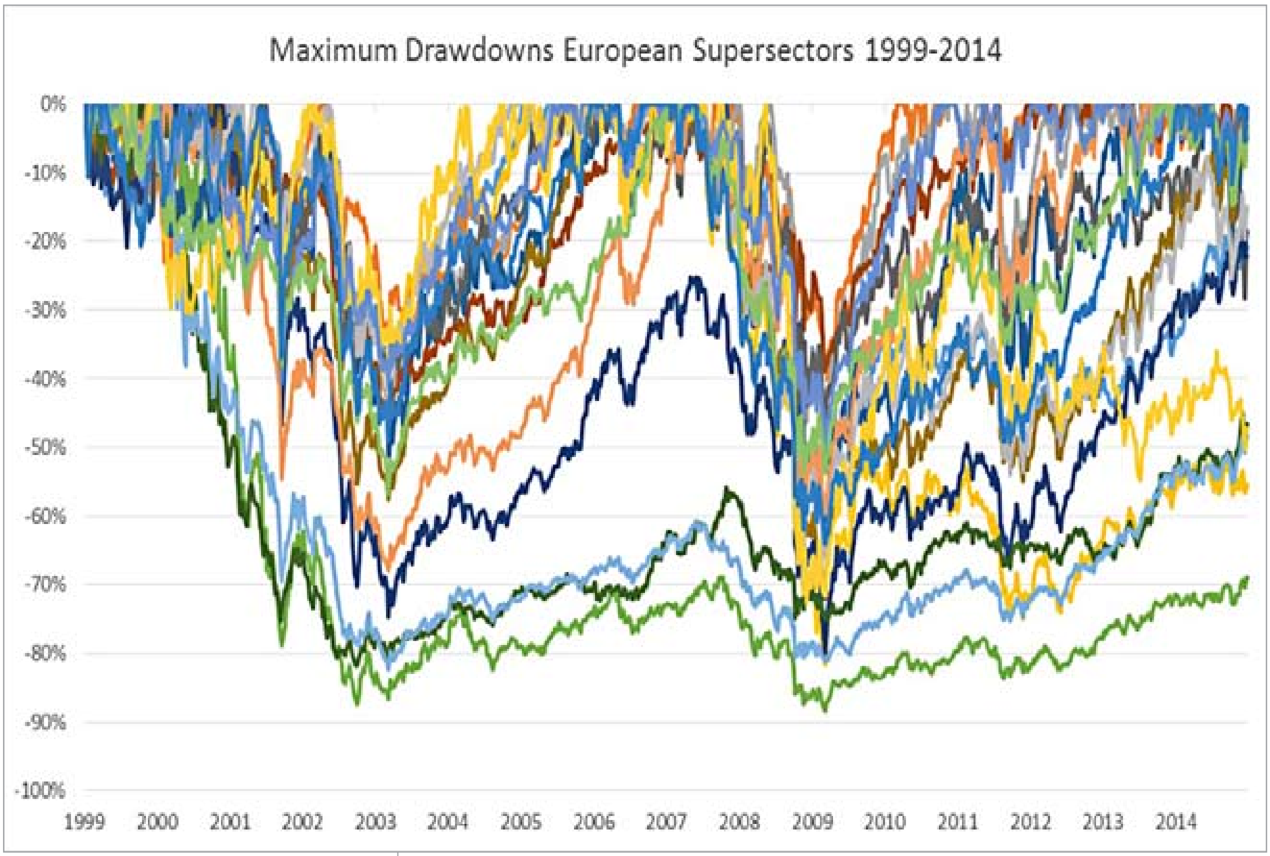


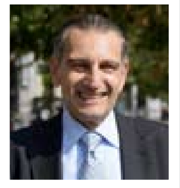
Figure 6

The maximum drawdowns of all the Stoxx Supersectors from 1999 to 2014. Each of them is vulnerable to bear market, although some tend to do a little better in tough periods. We cannot avoid the drawdowns unless we filter the size of the global exposure through a trend filter.

Conclusion

A dynamic strategy based on the relative strength of sectors can significantly improve the return of a passive investment in the equity market. The methodology described is especially rewarding at medium/long term. Yet, an approach based on relative strength is less efficient if our goal is to decrease the volatility and capital drawbacks.

In fact, the drawdowns given by the simulation are quite similar to those of the index. The issue is that all the sectors are vulnerable to bear markets, although some, like the so-called defensive sectors, tend to do a little better in tough periods. If we really want to contain the drawdowns then we have no choice but to back up the relative strength methodology with a trend following strategy addressing the markets.



Alberto Vivanti, independent analyst and founder of Vivanti Analysis in 2003, is a technical and quantitative analyst since the early 1980s, with a sound experience as an asset manager with Swiss institutions. Author of a technical newsletter, lecturer for institutions and instructor in Technical Analysis courses in Switzerland for the IFTA Certification, author of articles and books, has been co-author of a book with Perry Kaufman. Alberto chaired the 2006 IFTA conference held in Lugano. He has been a speaker at the IFTA Conferences 1998 in Rome and 2006 in Lugano. He is Vice President of the Swiss Association of Market Technicians, representing the new Graubünden and Liechtenstein Chapter.

INTERVIEW WITH ROBIN GRIFFITHS, CHIEF TECHNICAL ANALYST AT THE ECU GROUP, LONDON

Ron William, CMT, MSTA

Robin Griffiths is one of the world's most experienced and highly regarded analysts. He is currently Chief Technical Strategist at ECU Group in London, where he has been a member of the Global Macro Team for over 20 years. Robin began his career in the financial markets with Phillips & Drew in 1966, having taken a degree in economics at Nottingham University.

He went on to be a partner at WI Carr, the first British stock broker to have offices in Hong Kong and Tokyo. Part of this firm was acquired by Grieveson Grant, with whom Robin enjoyed a stay in Japan. In 1986 Robin joined James Capel, which was already owned by HSBC. He stayed there until normal retirement age, and during that period travelled all over the world to meet their extended client base. For the last six years of that employment Robin was a resident in New York. Having left HSBC Investment Bank in 2002, Robin then joined Rathbones as head of Global Investment Strategy, where he stayed until 2008. Thereafter, he became the Technical Strategist for Cazenove Capital and managed the Worldwide Absolute Return hedge fund.

Robin has been a regular on CNN, CNBC, Reuters and Bloomberg TV. He is a committee member and former chairman of the International Federation of Technical Analysts; former chairman, now fellow, of the British Society of Technical Analysts; and honorary member of the Swiss Association of Market Technicians (SAMT). Robin is also author of several notable financial market books, including **Mapping the Markets** *and* **Future Storm***, and a contributor to* **Technical Analysis & Behavioural Finance in Fund Management: Discussions with Investment Managers and Analysts** *and* **Breakthroughs in Technical Analysis: New Thinking from the World's Top Minds.**

A keen sailor, Robin has crossed the Atlantic eight times, setting a new British record in 1984 with Sir Robin Knox-Johnston. Most recently, he completed a boyhood dream of sailing his own yacht around the world. His circumnavigation took just under two years and ended in Trinidad in late May 2013.

Ron William (RW): How did you feel being awarded the honorary recognition from the Swiss Association of Market Technicians (SAMT)?

Robin Griffiths (RG): It felt very good for my work to be recognised by another country and people, other than the one that I have lived and worked in.

RW: One of the key attributes that our SAMT members and global IFTA affiliate colleagues are very grateful for has been your years of gracious dedication to the industry and development of technical analysis. Specifically, in terms of co-founding and supporting of technical analysis societies around the world, notably your local British STA and global IFTA body. How did it all begin?

RG: I left Nottingham University, having previously been a mechanical engineer, with a degree in economics. A subsidiary subject was statistics, so using something like regression analysis was absolutely a normal way to analyse a stream of data. When I first started plotting streams of data of a share price, the FT30 Index was the benchmark (as the FTSE100 had not been invented back in those days). To draw a trend's progression, I didn't get a ruler out and connect all of the highs and all of the lows. It was actually more natural for me to calculate a line of best fit, otherwise known as a regression analysis trendline, with one and two standard deviations on either side of that. Of course, if the move was bigger than two standard deviations, then clearly the trend was changing or was likely to revert.

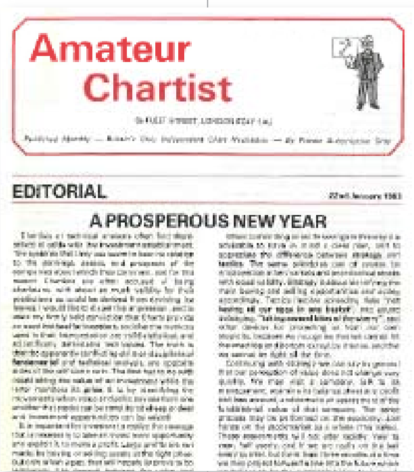
Thereafter, right out of the blue, I didn't know who he was at the time, Alec Ellinger, a doyen of technical analysis, rang me up and said that "we chart analysts connect highs and lows and your trend-line down the middle of the data is a breakthrough. Come and tell us how you do it." So that got me to meet people called chart analysts and I realised that I joined the club.

RW: What was your practical experience back then of learning about the subject of technical analysis, given there wasn't much supportive material in terms of education or books?

RG: You must bear in mind that computers back then were bigger than the average brief case and were very clunky devices. To plot a chart onto a computer and do regression analysis, you had to enter the data into the computer each time and then manually do the related calculations. It wasn't easy and effortless to do and the majority of charts were actually drawn by hand. People used to say that as the fingers move to plot the chart, the brain relates to the chart. I didn't relate to that because I used the computer, which was by modern standards a very underpowered and clunky computer, but it was able to do regression analysis.

RW: How did you evolve into the world of technical analysis?

RG: I was introduced by Alec Ellinger, founder of Investment Research of Cambridge (IRC), to what was then called the Association of Chartered Technical Analysts (ACTA), which has since become the Society of Technical Analysts (STA). I met several people in the technical community. Two of the most important were Teddy Clarke, who headed up a company called Chart Analysis, and the then young man who worked for him called David Fuller. Having talked with them, I then realised that I was going to become a technical analyst. I also read various books including Technical Analysis of Stock Trends by Edwards and Magee, Extraordinary Popular Delusions and The Madness of Crowds by Charles Mackay and books by John Murphy and Martin Pring which were seen as the standard textbooks of technical analysis. I was drawn in by that, but mainly through the people within the industry.


Amateur Chartist

EDITORIAL

A PROSPEROUS NEW YEAR

RW: How did your contribution to technical analysis societies begin?

RG: During those original days Alec Ellinger and his directors would help run the society (STA). Also, David Fuller's right-hand person, Anne Whitby, helped run the society. So I helped them and, in the end, became chairman of the society for a while. I like going to the regular meetings and reading the books about what worked and what didn't. I was chairman of the STA for three years. Back then the British society was extraordinarily wealthy. One of the wealthiest of the world's societies. I'm sure the Japanese and American societies were also wealthy.

We were one of the three able to put on a conference. The story of International Federation of Technical Analysts (IFTA) began at a conference in Japan, at which it was debated should there be a body called IFTA; and if so, how would it get the money to keep going? I stood up at that conference and said yes there should be, and if there is to be one, Britain would host the conference to raise money for IFTA. This would offer a kitty to help it with its start-up activities. Although the Japanese ran this first conference, it was actually there that we decided there should be something actually called IFTA. As it was backed by Britain, America and Japan, then it was going to happen. Other smaller societies, like Canada, also supported it.

RW: What was the perception of technical analysis back then, compared to now?

RG: It has changed and has always been a dynamic situation, not static. Back then, in America the two big names in technical analysis were Bob Farrell at Merrill Lynch and Alan Shaw at Smith Barney. Those two made the subject respectable, at least in the U.S. I was also speaking to many institutions in Britain and Europe related to the thoughts going on in the institutional minds. That is to say, I didn't just look at the charts. I also intertwined things with the fundamentals.

In my HSBC and James Capel days, there was lots of fundamental research, with easy access to develop such products. When I went to live in Japan, I felt that it was actually the buy-side of the market that had more technical analysis then the sell-side. So that was clearly different from the western world. But they were some very big institutions that were very well backed. Whereas, traditionally the media referred to the entire subject as "the guys with the tea leaves in a cup". It was seen as all a little bit of a joke. But if you were talking to institutions, then clearly it was not a joke. It was a serious subject and you had to approach it as such and relate to other things that serious investors were thinking about.

RW: How did the inspiration start for writing your flagship Amateur Chartist publications?

RG: By the time I joined Philips & Drew, their research and equity sales department were ranked as number one within investment research. They had a significant number of all London actuaries working for them. I was very lucky because the subjects in my degree exempted me from seven of the thirteen papers that were needed to actually become an actuary. I was on the right wave length with them and started to write notes about where the British stock markets were going, illustrating them with charts.

The first chart was actually given to me by a good client, Nigel Fletcher of Guardian Insurance company. He showed me the chart of the FT30 Share Index and showed me how to keep it up. It was actually a point & figure chart and I stuck that in the back of my diary and kept it up to date ever since. I considered myself to be an amateur and called the document The Amateur Chartist. Later, when I left to go to WI Carr, [the first British stockbroker to have offices in Hong Kong and Tokyo], that became a newsletter and the coverage expanded significantly to include the Far East markets. The report was deliberately marketed and advertised in the press. A company called Fleet Street Newsletter did everything but write the newsletter which saved me a lot of hassle and aggravation.

RW: What was the premise behind the name?

RG: In those days, the word "amateur" was not a disrespected name. There were lots of magazines called "Amateur"; such as "Amateur Gardener and Amateur Photographer", etc. You didn't have to be hopeless at things to be an amateur. It just wasn't your main job. My main role was to be a stock broker, as member of the London Stock Exchange with my own name. That was my job. This was partly a hobby on the side, but of course it was initially related. That is where the name came from.

RW: A signature part of The Amateur Chartist was its thematic quotes? Which were your favourite?

RG: I very much love the English language, particularly Shakespeare, but also other commentators like Oscar Wilde and Mark Twain. Then I would usually find something they would have said to begin the quote that was relevant to the stock market movement. That became my gimmick. In the end, I bought a book of quotations to make sure I got them accurate and correct. For quite a long time I wouldn't write anything until I found the right quote. Then the rest of it just fell out onto the typewriter. Some of these quotes are particularly easy to remember.

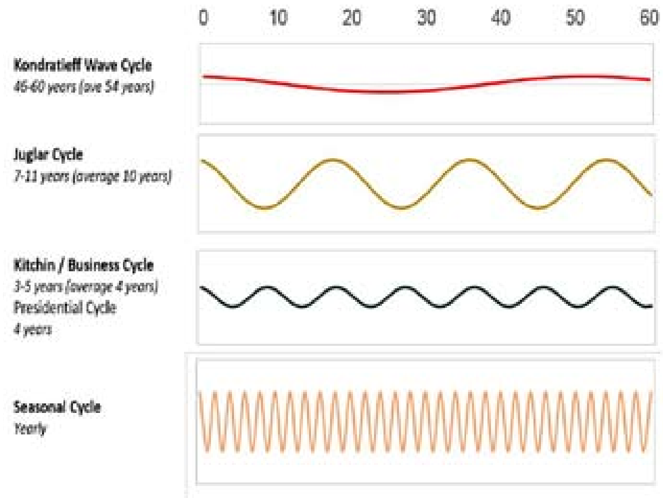
For example, "there is a tide in the affairs of men, which taken at the flood, leads on to fortune" is an obvious piece of Shakespeare. Another one from Richard II, "His rash fierce blaze of riot cannot last ... He tires betimes that spurs too fast betimes". Shakespeare, when the market is falling and you want them to buy: "Once more unto the breach, dear friends, once more; Or close the wall up with our English dead!"

Alexander Woollcott: "Everything I like is either illegal, immoral or fattening". You'd certainly feel like that when trying to buy at the bottom of the market. It's a bit like catching a falling knife. You certainly feel that it's dangerous to the health. It may even be illegal and immoral as well. Is the Bear market over? Mark Twain, "Rumours of my death have been greatly exaggerated".

RW: How important are the synergies between technical and macro analysis?

RG: I think it's actually essential. What got me into it was that, firstly, I had a degree in economics. At the time that I took the degree, I didn't know how relevant it would be later on. When doing the charts of the indices, it became very noticeable that in order to do regression analysis, you needed to know when and where to start. Do you begin from a high or a low? What defines a high and low? Then I noticed there was a pattern to where you began these regressions and they moved in cycles. So suddenly, I remembered Joseph Schumpeter and his model of cycles: the Kondratieff, Juglar and Kitchin waves. These were indeed where you did the regressions from, on the turning points of these cycles.

Schumpeter's Adapted Cycle Schema



It was in fact the economic data that gave you the turning point of these cycles and to some extent let you predict when and where they should turn. It was from then, onto the rest of my career that I was using my version of Schumpeter's work to relate to stock markets and where we were on the cycle.

I then realized that when you extrapolated forwards, there was a special shape for a bull market and a different special shape for a bear market around these cycles. I noticed that shape was what many Elliotticians would call an Elliott Wave Pattern. Although I went out of my way to deliberately label them differently. This is because I didn't want to be plagued throughout my career, with others saying that I had lettered it wrongly to someone else's count.

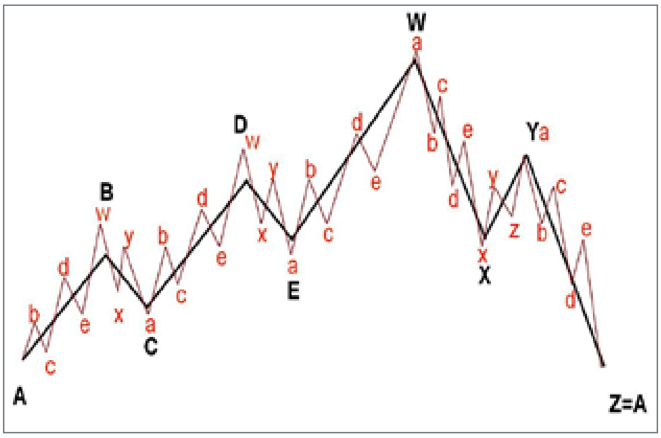
My process was that either the moving averages produce this special shape or they don't. In which case there is a force overriding them and we need to identify and analyse that force. Quantitative Easing for example would be one of those forces. But the Roadmaps have been that shape for over 45 years, around the cycle of Schumpeter's model.

RW: How do your "Roadmaps" change with different types of bull and bear cycles?

RG: There is a standard shape of a bull and bear market. On the way up it's a five-legged animal, with three surges that are separated by two corrections. The bear market is always a fall, followed by rally, which is then followed by the rest of the fall.

However, in a secular uptrend, that gets distorted favourably and is twisted up to the right. So it seems as though the bull market is longer, lasting more than normal and basically you can buy every dip. In a downtrend, the standard road map gets twisted to the right, the other way. It seems though the bear market is only three legs: up, down, up; but it is actually a five-legged animal. This indeed, does fit with what the Elliott Wave people say. But I believe that you can get to that shape with the first principles of economics and how markets work.

Primary Trend Roadmap



RW: What does your "Roadmap" cycle work suggest about the global market landscape?

RG: When the U.S. Fed started to do Quantitative Easing (QE), it undoubtedly overrode some of the shorter-term cycles. The QE was designed to do exactly that, because if had they not, we would have been in a depressionary secular downtrend. So QE was designed to break the model for a while, but they have started to work again. So the cycles never really went away. They were merely overridden for a while by the printing of money.

For example, on the normal seasonal deviation we would expect a very nasty October, with a very nasty climatic low, which we have experienced perfectly. We also expected a "sell in May and go away", which partly happened last year (2014). So we are right now in the fifth year of the decade (2015), which is normally a good year and equity markets have continued to go up into it. This is also the middle year of the U.S. presidential election cycle, which is on the road map; that at least the first few months of that should be jolly good and markets are behaving accordingly. Although there was a period where QE overrode the cycle, they haven't destroyed them and they are starting to become evident again.

RW: There is a growing number of sceptics that are quite critical of the cycle schematics, in the sense that policy makers can change, and in some cases, actually break the cycle. What are your thoughts on this?

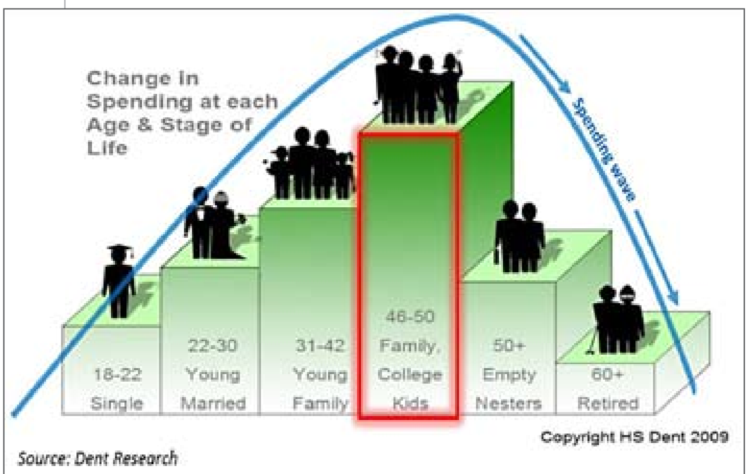
RG: There are exogenous forces such as the world wars and government policies that can bend some of the cycles a bit out of shape. But what history shows is that we still ought to keep tabs on where the cycle lows should be, because they will pop up back again in the right place as soon as the overriding force goes away; during either peace time, or the end of QE, or whatever it is.

I was told an anecdotal story by mentor and friend, Teddy Butler-Henderson; that he used to live in the same neighbourhood as Alan Greenspan in the 1960s. They met and had a conversation about the Kondratieff Cycle. According to Teddy, Alan Greenspan confided that he hoped he could be Federal Reserve Chairman at the onset of a Kondratieff winter, because he felt he could defeat the winter cycle by substantially increasing the money supply and reducing interest rates to near zero. History shows that he got his wish and executed those actions following the 2000 stock market peak.

There is also a larger macro influence that is driving these secular trends, which is the growth now coming from Asia, particularly China and India. The mature western world is in a much flatter, lower growth period. One of the forces that drives these trends is demographics. This is now a big part of the work. It's relevant for a technician to follow demographics because it drives the long-term trends. So it's important to know how many young people are retiring there, because that drives their spending wave. Consumption is a huge part of GNP, which is a large part of the economic cycle, affecting the stock market. This is very relevant and is part of our job to keep tabs of that sort of information.

RW: Based on the data that you look at, what do the demographic trends suggest for world markets across the U.S., Europe and Asia?

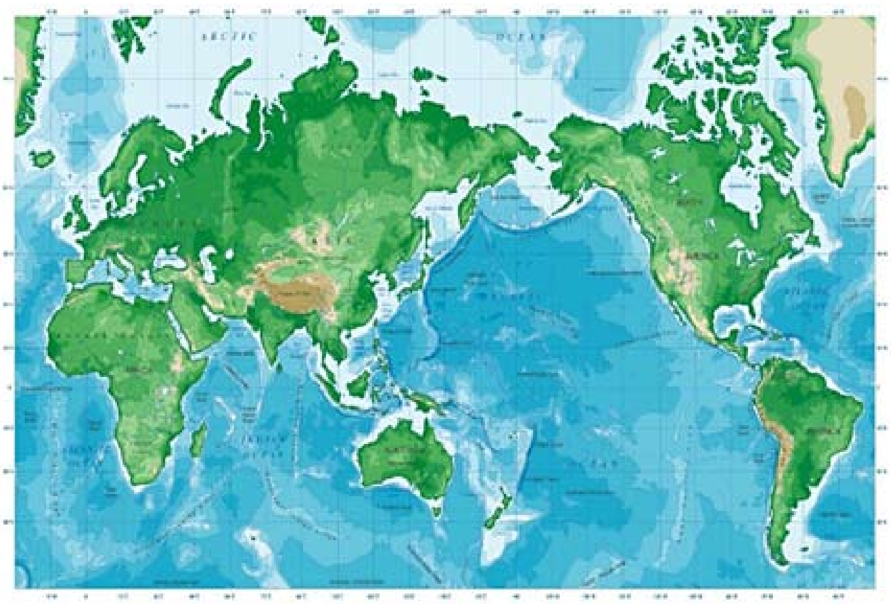
RG: The western world had a post-World War II baby boom. As soon as dad got back to America or Canada from fighting the war, he had 4.2 children. They carried on breeding like that until the pill was invented and put a stop to it. There are roughly 100 million out of 300 million Americans that fall into that baby boom generation. The important point is not when they die or retire, it's when the spending wave within their life cycle peaks out. For most people that's roughly at the same time, between ages 46-50.



Source: Dent Research

At that stage, they have the biggest houses, the most expensive cars, children are at college and they are paying the fees. Their consumption is absolutely maximized. After that, people save for their pension plan. It's not that they are going to die or retire at 60 years or later, the fact is their children have left school and having their own children now. So their consumption has peaked out.

What has happened is the baby boomers retired already during 2008. The youngest baby boomers won't be allowed to retire when they are 60. They will have to wait until they are 70. So there is a period when lots of baby boomers will be retiring, stretching from now until 2023. Trying to start an inflationary consumption boom anywhere in this period would be a tough strategy, because the whole demographic structure is against you. It's not just America; Europe's demographics are no different. Britain is possibly a little better. Germany is a lot worse. All of the western world has this pattern to it.



When you now go across to Asia, there are two differences. One is that China simply has six times as many people. But this isn't a dynamically healthy demographic, because they had the one-child-only policy for many years. And in Asia, if you are only allowed one child, then it's going to be a boy. So their demographic trend is more lopsided, which produces an aging population. When the current young people are ready to retire, the dynamism from the China economy will fade away.

In India this is very different. Lots of healthy people having lots of babies, which is very dynamic and positive. Places like Indonesia and the Philippines, it is also a very powerful dynamic. So this is another force suggesting that looking forward for the rest of my lifetime the secular uptrends are going to be in Asia. For certain, the next ten years, the secular downtrends are really in the West. However, because of QE, we have experienced a recovery from a disastrous period into something that looks a bit more normal in the western world.

RW: How much of this translates into social and political implications?

RG: This is very, very important, as we are hearing from the news media right now. If you are in the wealthiest 5% of Americans, the QE has pumped up your assets and you're rich. "You've never had it so good", as Harold Macmillan would say. But if you are not in that select group at the top, then you haven't had a pay rise in years. The average American's real income is lower now than it was ten years ago. The recent shootings in America are symptomatic of the ongoing social stresses. So this is a very divisive set of policies and in its present form cannot carry on for a lot longer. Something else is going to have to happen and hopefully they'll do the right things and not the wrong things. Otherwise, it could go very pear shaped.

RW: What do favorable demographics in Asia mean for future developments within the field of technical analysis?

RG: Very interestingly, we in the West feel that we know all about the subject. However, in the East, the Japanese are very good at technical analysis and have their own unique insights. We are moving into a world where it is going to matter a whole lot more what the Chinese and Indians think and we need to look at their cultures. Their cultures lend themselves absolutely to areas such as cycle theory, some of which is to do with the planets and esoteric things of that nature. I think this will become much more popular in the future and we better start learning how to speak some Hindi or Cantonese. The biggest technical analysis societies are likely to grow within this region, especially with modern electronic communication.

RW: Moving on to technological advances within our industry, what can you share with us about your experience in co-developing advanced systematic models?

RG: The power of the computer is obeying Moore's law. These days even the tiniest of devices are incredibly powerful and fast. Many things can be done that in the past would have been a lot of hard work. So regression analysis is an absolute doddle these days and doesn't take any time at all. Back-testing of algorithmic systems is very easy and fast to do. So we are going to get a lot more of that, with more sophisticated systems.

Now in my era, the form of computer technology that was billed as the future was seen as almost the magic bullet - Neural Networks. When I was at James Capel, the company fully funded a project to develop a Neural Network and we published the coming three months of the FT30 Share Index. We could then overlay what actually happened on the forecast versus the market and it looked pretty good. They actually hired a dedicated computer, which was called a VAX computer, with a team of three people worshipping at this machine to make it actually do the work. I think we took that development work as far as it could be taken at the time, with the then neural network technology. We learnt a lot of things.

One of the most obvious lessons was don't give your computer too much data, because if you do then it would effectively be amplifying random noise. You've given lots of data and it will assume that it's important and do something with it. But it might be the wrong data. For example, at the simplest level, rather than trying to give the close of the index that you were trying to forecast at the end of the day, give it the moving average, which would serve as a less noisy signal. This would help to actually help produce more accurate forecasts. So the big lesson was to give the computer few bits of data, but not too much. It proved better to alternatively give noiseless or smoothed data. We then stopped that project, thinking that we had taken it as far as it could go.

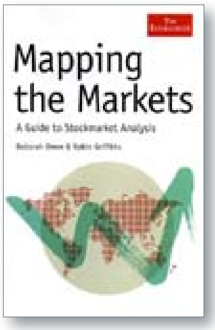
Nowadays, computer technology has moved into what they call swarm technology. This is like a group of fish, birds or bees flying around. Each little bee in the swarm acts as a separate strategy. You don't want to follow where any one particular bee goes, it's better to follow where the swarm goes. This is also billed as the new thing and certainly as far as computing technology is going, it is the cutting edge. Modern computers can handle these more complicated algorithms and we will likely learn a lot from these technologies very quickly.

RW: Where do you see the future of technical analysis evolving over the next few years?

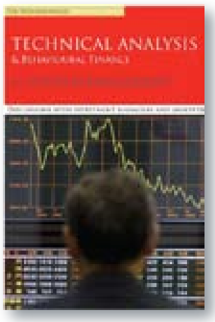
RG: Firstly it will move into Oriental cultures. Therefore, we will experience massive feedback coming back from the Orient into our analysis and people will have to adapt. Secondly, the computer hasn't stopped getting faster and faster. There will be things coming out of the ability to compute that we have never had before. I don't think this will override the basics of technical analysis. The real basic principal is that markets trend. So you will always be trying to identify trends. That's the bottom line. If that weren't true, no computer would be of any value at all. We know that in real practice all markets trend. That's the justification for what we do, which is why the basics are still valid. But now we have these very smart toys to play with.

RW: Could you share a quick synopsis about the books that you have written?

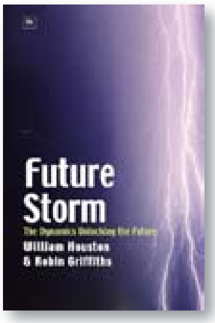
RG: The first book is called Mapping the Markets: A Guide to Stock Market Analysis. My presentations at James Capel were always called "Mapping the Markets". An industry colleague and friend, Deborah Owen, encouraged me to write the book, and we wrote it together. It was basically my presentation work and my methodologies used at James Capel and HSBC. She wrote sections about the economics and I did the stock market.



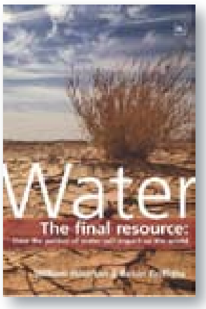
Another more recently published book is Technical Analysis & Behavioural Finance in Fund Management: Discus-sions with Investment Managers and Analysts, which was contributed to by me and my colleague, Rashpal Sohan. It is comprised of interviews with 21 successful investment managers and technical analysts, providing in-depth insight onto how to best apply strategies across asset classes.



The other two books were written with Bill Houston, who is at the tender age of 86, but has a very young mind. He doesn't stop thinking. One was called Future Storm. Bear in mind that when we wrote this, there was no QE or the Lehman Brothers debacle, but we were still looking for a chaotic period, which is what we had during 2008 and 2009. So the book was prescient to a degree. However, some of what we predicted in that book has not yet been put right, because the mountain of debt and margin in the markets is bigger now then it was then. We have had some of the problems resolved and others which are still out there waiting to be put right. Future Storm is still relevant now.



The other book is called Water: The Final Resource: How the politics of water will affect the world. Although the planet is to a huge extent covered by water, most of it is not drinkable. It's the one element that human beings absolutely have to have or we are going to die. We are made out of this stuff. We can't grow any food without it. So this is about fresh water and how to get and provide it, to keep the human race going. Historically, wars have been fought over water and in the future there are technologies being developed to desalinate the sea. Some of this technology is very ancient, through evaporating the salt, while other methods use modern filtering techniques. You can make crops grow in the desert if they are given enough water. We will need to do that as the human population moves past 9 billion.



Pollution means that much of our existing water sources become unusable. This is incredibly important. Go out to Las Vegas and down to the Hoover dam. You will see there is this small trickle that used to be the Colorado River. Look at the sides of the deep valley, there is a line about a hundred meters up where the water used to be. You realize that we have done something wrong here with our water. It's going to be an enormous problem. We can always move on from oil, but we can't move on from water. We are made from water.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RW: Coming up to a big 50 year anniversary in your career, what are your thoughts on writing a book about this unique market experience?

RG: There is a famous book called 45 Years in Wall Street and I have always wanted to write one after 50 years. If I live long enough, then I will do it. I am already coming up to being entitled to doing it and it is certainly on my agenda!

RW: What have been key books that have helped influence the technical analysis industry?

RG: The book which I feel is absolutely vital is, Extraordinary Popular Delusions and The Madness of Crowds – because that just gets the message across that you don't need to be logical all the time. That's not how markets work. So you need to handle the emotion of markets and human beings. Obviously in terms of text books, John Murphy did a great job writing various books on the subject. Martin Pring has also written many books, which I consider just as good textbooks. The one that I still consider as the 'bible of technical analysis' is Technical Analysis of Stock Trends by Edwards and Magee, There were quite a lot of other books that were written from the commodity market perspective. Of course, there are other books that were written from places like Japan, which have English translated versions. I lived in Japan and when Steve Nison did his book on Japanese candlesticks, I wrote a piece on it within the cover section, saying what a good job he had done in putting forward this Oriental way of looking at charts. That's a good book because, again, the Asian way of looking at things is going to be very important.

RW: What are your passions and hobbies in life?

RG: There are two really – sailing and skiing. I have sailed since I was a little boy. My father taught me on a dingy on the Norfolk Oulton Broad. I have crossed the Atlantic eight times so far. The first time with Sir Robin Knox-Johnston in 1984 – and we broke the British record.

I have since done the journey seven times in my own boat and have completed a circumnavigation of the globe in my latest boat, which I finished in 2013.

As for skiing, I have been skiing since I was eight years old. My grandfather skied the downhill at Wengen, Switzerland on his 79th birthday. I've grown up being told that it is my duty to do it on my 80th birthday. It's definitely on the bucket list and I am not allowed to die until I have done it!

Follow Robin on LinkedIn

twitter @wistrategy on

Ron William, CMT, MSTA, is Senior Tactical & Market Timing Strategist for the Technical Research team at the ECU Group. Founded in 1988, ECU is a Global Macro Research, Advisory and Investment firm specialising in Currency Risk Management. Ron is an active member of the International Federation of Technical Analysts (IFTA), Vice President & Head of the Geneva Chapter of the Swiss Association of Market Technicians (SAMT) and Honorary member of the Egyptian Society of Technical Analysts (ESTA).

SAMT ACHIEVERS & EVENTS

SAMT CFTe ACHIEVER:

Nicola Malgesini

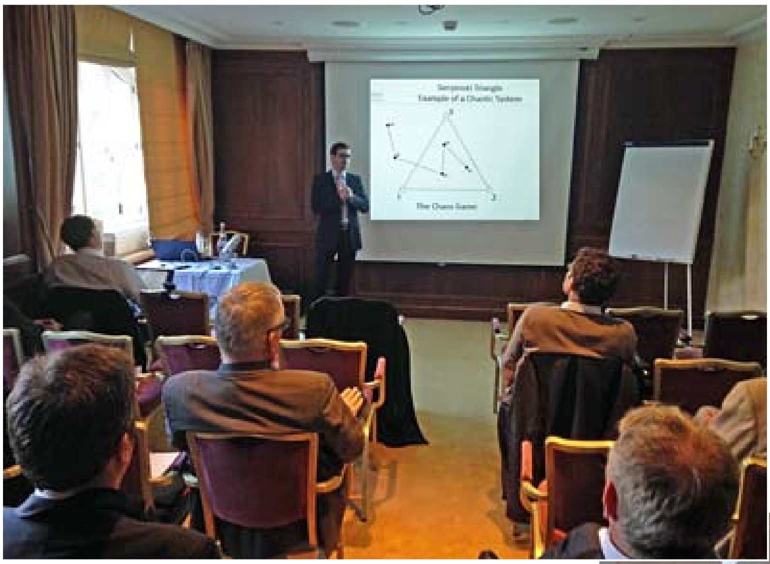
I'm a financial engineer with international experience, working in the wealth management industry advising high net worth clients on financial markets and financial planning.

How do you feel about achieving your CFTe diploma?

I achieved the CFTe certification through a self-study program (and thanks to the precious advice from Mr Guffanti, vice-president of SAMT Ticino) in the first try. The fact of having obtained the diploma whilst having a full time job, makes the achievement even more worthy.

What value does the CFTe qualification provide in your career?

Being the current environment is very demanding, with financial information largely available and infinite instruments to invest in, a key to success with clients is to provide quick analysis of any possible markets. That's why technical analysis stand in your favour: a set of tools to study supply and demand in a market in an attempt to forecast the direction, theoretically applicable for every asset class. Adopting this methodology together with the fundamental analysis learned at university, allows me to study the markets from a better perspective.



SAMT EVENTS

Genève, 20 April

Speaker: Julien Camberlin, CFTe, MFTA

Zürich, 21 April

Speaker: Julien Camberlin, CFTe, MFTA

Read Julien's article in the of the Spring edition of the Swiss Journal of Technical Analysis, page 17.

NEXT CFTe PREP COURSE SET FOR 12-13 SEPTEMBER 2015

AN IMMERSION COURSE IN PREPARATION FOR THE IFTA CERTIFIED FINANCIAL TECHNICIANS (CFTe) LEVEL II EXAMINATION IN OCTOBER

On Saturday and Sunday, 12-13 September 2015, the Geneva chapter of the Swiss Association of Market Technicians (SAMT) will present a two-day immersion course on advanced technical analysis and preparation for IFTA Certified Financial Technicians (CFTe) Level II examination. This course is designed for professionals with market experience who are familiar with the essentials of technical analysis and also for those who would like to use more advanced technical analysis on a regular basis.

- This immersion course is also designed to prepare candidates for the upcoming CFTe Levels I and II exams which culminate in the award of an international professional qualification in technical analysis. The exam tests technical skills knowledge and understanding of ethics and the markets.
- The course will be limited to 5-10 candidates so that each person will receive the same individual level of information and instruction.
- The CFTe Level II exam incorporates a number of questions requiring essay-based analysis and answers. The candidate will demonstrate a depth of knowledge and experience in applying various methods of technical analysis.
- The exam also contains a number of different charts covering one specific market (often an equity) to be analysed, as though for a fund manager or trader.

Who Will Teach the Course?

- The course will be taught by Bruno Estier, CFTe, MFTA; and Ron William, CMT, MSTA who are members of the Geneva chapter of SAMT.
- Collectively, the instructors have 50 years of experience, have technical analysis professional designations, and use technical analysis in their daily work.

How Will it Work?

- The two-day course will begin promptly at 09:00 on Saturday morning. The instructors will begin with an overview of basic technical analysis per the CFTe Level I exam.
- A sample of a CFTe Level II exam will be introduced to familiarize each candidate with each of the three sections and how best to answer the questions in the three hours allotted for the exam.
- Lunch will be served (12:00-13:30).
- The afternoon will focus on all aspects of technical analysis – with particular attention to subjects which will be needed to complete and hopefully pass the CFTe Level II exam.
- At the end of the day – about 18:00 – an overnight assignment will be given – similar to the chart analysis section of the CFTe Level II exam. The class will end at 18:00.
- On Sunday morning, the class will review the overnight assignment before continuing with the materials needed to familiarize the participants with the information needed for the CFTe Level II exam.
- Lunch will be served (12:00-13:30).
- The afternoon will focus on sample CFTe Level II exam questions and sample charts which will be analysed.
- There will be a review of all subjects in the late afternoon before the course ends at 18:00.
- In preparation for the exam, candidates should review the IFTA Syllabus and Study Guide (CFTe Level II). Click on link to download.

Preparation Course for the October CFTe Exam

When:

Saturday, 12 September &

Sunday, 13 September 2015

Where:

Geneva

Hours:

9:00 until 18:00 each day

20 hours of Immersion Training

Class Size:

5 minimum; 10 maximum

Cost:

SAMT Members - CHF 1250

Non-Members - CHF 1450

Early Bird Cost:

SAMT Members - CHF 1150

Non-Members - CHF 1350

Registration Deadline:

Friday, 4 September 2015

Early Bird Deadline:

Friday, 28 August 2015

IFTA Exam:

Thursday, 1 October 2015

Deadline for exam registration:

21 August 2015

Complete information:

http://samtjournal.uberflip.com/i/394255-samt-cfte-prep-course-sept-2015

Contact:

ronwilliamPR@gmail.com

THE COURSE WILL BE PRESENTED IN ENGLISH

CFTe

CERTIFICATION

IFTA Certified Financial Technician (CFTe) Program

Examinations

Passing the CFTe I and CFTe II culminates in the award of an international professional qualification in technical analysis. The exams are intended to test not only your technical skills knowledge, but your understanding of ethics and the market.

Level I: This multiple-choice exam consists of 120 questions covering a wide range of technical knowledge, but usually not involving actual experience. In preparation for the exam, candidates should use this Syllabus and Study Guide (CFTe I). This exam is currently offered in English, German and Spanish. It will be offered in Arabic and Chinese at a later date. Download the CFTe I practice (mock) examination.

Level II: This exam incorporates a number of questions requiring an essay based analysis and answers. For this, the candidate should demonstrate a depth of knowledge and experience in applying various methods of technical analysis. The exam provides a number of current charts covering one specific market (often an equity) to be analysed, as though for a Fund Manager.

The CFTe II is a paper and pencil exam that is offered in English, French, Italian, German, Spanish, and Arabic, bi-annually, typically in April and October. This exam regularly takes place in major cities throughout the world. Additional fees apply to candidates requesting the exam in a non-English language or non-IFTA proctored exam location. IFTA will attempt to accommodate any exam location request.

In preparation for the exam, candidates should use this Syllabus and Study Guide (CFTe II).

Click here to register for the next CFTe II held on 1 October 2015. The deadline to register for this exam is 21 August 2015. *No registrations will be accepted after this date.*

Curriculum

The program is designed for self-study. Local societies may offer preparation courses to assist potential candidates.

Exemptions

Individuals who have successfully completed IFTA accredited certification programs through: Australian Technical Analysts Association (ATAA), Egyptian Society of Technical Analysts (ESTA), Nippon Technical Analysts Association (NTAA), and Society of Technical Analysts (STA) are exempt and may proceed directly to the MFTA program. See below for more details:

- Individuals who have successfully been awarded the Diploma in Technical Analysis (DipTA) by the Australian Technical Analysts Association (ATAA) are considered to have the equivalent of the certificate and may apply for the MFTA Program.
- Individuals who have successfully completed Levels I, II, & III of the Certified ESTA Technical Analyst Program (CETA) through the Egyptian Society of Technical Analysts (ESTA), and have been awarded the CETA diploma, are exempt from both levels and may proceed to the MFTA Program.
- Individuals who have passed Level I and Level II of the certification program offered by the Nippon Technical Analysts Association (NTAA) and have been awarded the designation of Chartered Member of the Nippon Technical Analysts Association (CMTA) are also exempt from both levels and may proceed to the MFTA Program.
- Beginning January 2013, individuals who have passed the STA Foundation and Diploma Courses offered by the Society of Technical Analysts (STA) and have been awarded the designation of Member of the Society of Technical Analysts (MSTA) are eligible to receive the CFTe certification (please contact STA's Administration for procedures) and may proceed with IFTA's MFTA Program. Prior to January 2013, holders of the Society of Technical Analysts (STA) Diploma are exempt from Level II, but must pass Level I (a multiple-choice test) before qualifying for the CFTe certification.

Additionally,

- Individuals who passed the Market Technicians Association (MTA) Chartered Market Technician (CMT) levels I and II on, or before, 28 June 2013, are eligible to receive the CFTe certification. Please submit an application and provide a pass confirmation from the MTA, including dates attained. There is a one-time application fee of $550 US. No future fees or membership requirements apply.

Cost

IFTA Member Colleagues

- CFTe I $500 US
- CFTe II $800* US

Non-Members

- CFTe I $700 US
- CFTe II $1,000* US

*Additional Fees (CFTe II only):

- $250 US translation fee applies to non-English exams
- $100 US applies for non-IFTA proctored exam locations

For more information on the program please email admin@ifta.org.

SAMT BOARD OF DIRECTORS & OFFICERS

SAMT
The Swiss Association of Market Technicians
Founded 1987

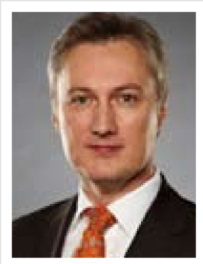
The Swiss Association of Market Technicians (SAMT) is a non-profit organisation (Civil Code Art 60ff) of market analysis professionals in Switzerland, founded in 1987. SAMT is a member of the International Federation of Technical Analysts (IFTA).

Technical analysis is the study of prices and markets. It examines price behavior on an empirical and statistical basis. It extends to the study of all published information on price trends, volatility, momentum, cycles and the interrelationship of prices, volume, breadth, sentiment and liquidity. A comprehensive understanding of technical analysis requires a knowledge of statistics and pattern recognition, a familiarity with financial history and cycles.

SAMT encourages the development of technical analysis and the education of the financial community in the uses and applications of technical research and its value in the formulation of investment and trading decisions. SAMT has a wide range of activities including:

- Organising meetings on a broad range of technical subjects encouraging the exchange of information and knowledge of technical analysis for the purpose of adding to the knowledge of its members.
- Preparing its members to sit for the Certified Financial Technician (CFTe) exams and the Masters level degree Master of Financial Technical Analysis (MFTA) in Switzerland. These exams are controlled by IFTA.
- Developing CFTe preparatory courses which are given twice yearly in advance of the IFTA exams.

Patrick Pfister, CFTe
President & IT Webmaster
patrick.pfister@samt-org.ch



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Vice President Geneva Chapter and IFTA Liaison
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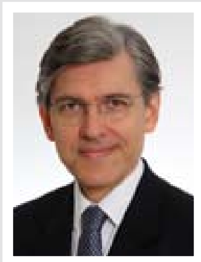

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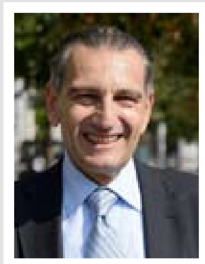

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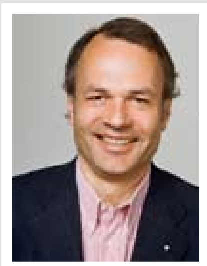

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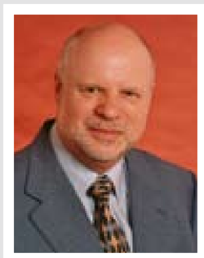

Marco Zahner
Auditor
ma_zahner@bluewin.ch

SAMT MEMBERSHIP

SAMT encourages the development of technical analysis and the education of the financial community in the uses and applications of the technical research and its value in the formulation of investment and trading decisions.

SAMT offers the following benefits:

- The organisation of meetings on a broad range of technical subjects encouraging the exchange of information and knowledge of technical analysis for the purpose of adding to the knowledge of the members.
- The organisation of presentations from guest speakers from around the world.
- The possibility to sit for the Certified Financial Technician (CFTe) exams at a discounted rate. These exams are controlled by IFTA.
- The "IFTA Update" - a quarterly newsletter from the International Federation of Technical Analysts.
- A discount on the annual IFTA Conference registration fee.

The Cost of Membership

- Initial one time registration fee of CHF 50.
- Annual membership fee of CHF 150. (The total cost for the first year is CHF 200.)
- Only fully paid-up members have access to the member area.
- The membership cost for each subsequent year is CHF 150.

Membership Payments

While the SAMT website is under construction, anyone wishing to become a SAMT member, please contact Patrick Pfister at patrick.pfister@samt-org.ch

SAMT PARTNER SOCIETIES

International Federation of Technical Analysts (IFTA)

IFTA is a non-profit federation of 26 individual country societies who individually and jointly dedicate themselves to

- Research, education, camaraderie and dissemination of technical analysis of world markets. The IFTA societies support sharing technical analytical methodology that at its highest level is a valid, and often-indispensable element in the formulation of a reasonable basis for investment decisions.
- Promotion of the highest standards of professional conduct, international cooperation and scholarship between all its Member and Developing Societies within all arenas of technical analysis.
- Providing centralized international exchange for information and data of various financial centers while respecting individual country and Society business practices, legal structures and customs.
- Encouraging the standardization of education and testing of its constituent members in technical analysis, making sure that each individual country's security analyst licensing, legal and language /communication priorities continue to be individually accepted.
- Fostering the establishment of individual societies of technical analysts without bias in regard to race, creed or religion. It supports the need for maintaining a free and open worldwide markets under normal, and in particular crisis periods.

As a growing bridge of communication worldwide, IFTA remains open to methods of technical analysis, while encouraging the consideration and support of membership for both developing and established societies.

www.ifta.org

Centro di Studi Bancari

Founded by the Ticino's Banking Association in 1990, Centro di Studi Bancari (CSB) is an institution that promotes and provides education, training and continuous update for banking, fiduciary, insurance and legal-financial professionals in the financial markets. CSB provides courses, training courses for various certifications and hosts conferences. The training programs are recognized at local, national and international levels, as well as by many private associations, such as SwissBanking. CSB can also organise tailor-made training, leveraging on its inter-disciplinary competences in the field of banking, finance, compliance, management and taxation.

www.csbancari.ch

Swiss CFA Society

The Swiss CFA Society boasts over 2,400 members in Switzerland, against barely 100 in 1996 at inception. It is the largest CFA Institute society in continental Europe. With more than 2,000 candidates taking the rigorous Chartered Financial Analyst® (CFA®) exam in Switzerland each year, the society's impact on the Swiss investment community is self-evident.

It was the first society of CFA charterholders in the EMEA region to be directly affiliated with the prestigious CFA Institute, which includes more than 110,000 members in 139 countries.

The vision of the Swiss CFA Society is to be a leader in fostering the highest level of knowledge, professionalism, and integrity in the investment business.

www.cfasociety.org/switzerland

Swiss Futures and Options Association

The Swiss Futures and Options Association (SFOA), previously the Swiss Commodities, Futures and Options Association, was founded in 1979 as a non-profit professional association for the purpose of promoting derivative financial instruments, particularly standard futures and options contracts on financial instruments and commodities, to the widest possible audience, and to serve the interests of its members. SFOA serves users of commodity and financial derivatives, as well as professionals, their institutions and the exchanges.

www.sfoa.org

Groupement Suisse des Conseils en Gestion Independants (GSCI)

CSCGI is a group of economic interests formed by specialized independent financial intermediaries who are confirmed professionals in the financial services industry. The group is open to contacts with any person interested in the business of wealth management seeking to promote dialogue with the banking partners and authorities at all levels. Their goals are to:

- Promote contacts between professionals motivated by the same desire for independence, wishing to maintain and develop relationships with counterparts.
- Find common ground for exchanging experiences and ideas, a field where diversity and novelty are prevailing.
- The enrichment of the links that can be forged on a friendly and professional level within a well defined and recognized framework to favour professional consultation and close dialogues.

www.gscgi.ch

Zürich Spring 2015, photographer:
Mario Valentino Guffanti

The Swiss Association of Market Technicians

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