ChartGuidance
Financial Forecasts
Chart Based Technical Analysis

Outlook 2017

Globally speaking, 2017 will be apathetic and boring, neither positive nor negative, directionless, disappointing. Developed stock markets will undergo 2 or 3 significant intermediate corrections. Intensity, emotion and nervousness will increase from the summer. Many financial asset prices will perform nervous and volatile within a lateral trading range. A very poor year for buy-and-hold strategies but an opportunistic year for trading & tactical strategies.

Stock markets: in **developed markets**, upside potential throughout 2017 is limited whilst downside risk is subject to at least two or possibly three significant intermediate corrections of more than 10% but less than 20%.

S&P500 has maximum upside potential of 2375-2385 whilst downside risk is 1825-1905 area, or from current level (2275) upside potential is +5% whilst downside risk is -20%.

The two months that qualify for main cycle-troughs (=lows) are April and August/September – and possibly a third one may form in October.

With a high technical visibility, we expect our next signal to be a reducing/hedging/selling within next few weeks.

The lowest level of 2017 will be reached whether in August/September or in October. Year-end closing remains uncertain at this stage.

Most developed markets will be on the same page.

At this stage it is **not yet** clear if 2017 correction mode will turn into a major bear market through 2018.

The good surprise will arise from some **emerging markets**, especially from mid-year. In that sense we will include the Indian market index in our core list. **India** and **China** will be among leading markets from mid-2017.

Volatility: market volatility will start to increase noticeably from mid-2017. Prelude to full craziness in 2018.

Precious metals: H1 will remain soft with uncertain temporary downside risk. H2 will be much positive and silver will start to significantly outperform gold. 2016 and 2017 are accumulation time ahead of the major soaring that will develop from 2018 or 2019. Summer of 2017 should be the starting point of real sustained revival. We will build up a full sizeable metal position around mid-2017.

Brent will remain within a lateral trading range of $44 to $64. We may sell at upper range ($60+) what we bought in the low $30s one year ago.

Grains/cereals will be among best performing commodities with **soybean** as leading one. Surely on our buy list in 2017. Maximal evidence we will buy **soybean**. **Coffee** stays in its major uptrend.

Major currencies will remain within a lateral trading range. **US Dollar Index** has limited upside potential (105-107) whilst downside risk is also limited to 93-94. However it will trade with much higher nervousness within this horizontal price range. **Yen** and **Euro** will slightly underperform.

Good surprise will appear in some of the **emerging currencies** that will start to outperform against US dollar.

US 10Y Tsy yield will stay within a slight up-trending channel 2.02-2.65 with the possibility to test the yearly pivotal line at 3.02. At some point of 2017 we will fully exit those long bonds.

We monitor some **Solar Energy Companies Indexes** that may achieve a significant bottom in 2017 and double thereafter.

We maintain our view that the **Hellish Year will be 2018**: a serious assumption at present time is that 2018 will be H2 2017's volatility on steroids.

We will issue an additional Outlook 2017 of "themes that matter" but we need some more weeks to gather data from all of our long-time favourite contributors.

Sincerely,

Nils Baranger