



LINVEST RESEARCH

MARKET NEWSLETTER

Lininvest Chart Chat (150) Nov 4, 2016 Weekly Update

By Lin Yingjun

In Lininvest "Chart Chat" #147, I commented about how the short-term U.S. market will be bearish. It would appear that my speculation has indeed come to pass as the IWM finally broke its key support while QQQ dropped below its 50 dma. Moreover, SPY shares stalled below its key support in the \$210 trading range. A decisive move below this level may have us see a price of \$198 (which was the low seen in July 2016) or the Feb 2016 low of \$178, which might be reached in the context of this correction. The breadth indicator at top of the SPY chart (see: the yellowish line) has continued deteriorating to the downside. CBOE (Option Equity Put and Call Ratio, see: \$CPCE Chart) is bottoming out, indicating a Sell mood. \$VIX turned upwards, which is bearish to the stock market. In summary, the short-term U.S. equity market is bearish. We also initiated a TZA position to short IWM couple weeks ago. (See: Open and Closed Position and Data in Excel sheet.)

TLT gapped downwards and remains bearish, (See: Excel sheet of Oct 28, 2016), while the direction of TBT's trend is opposite to TLT's. Hence, some investors will long TBT to short TLT.

The price of Gold stalled as it closed at \$1276 and has yet to reverse its short-term bearish trend towards \$1240 and \$1200. RSI has started to venture into positive territory with its key resistance being \$1305. Relatively-speaking, GLD should close above \$121.5 to be bullish towards R1 \$122.5 and R2 \$123.5, or, GLD may target \$115.5 and \$112. The longer-term posture of Gold is bullish with \$1250 providing great support on the weekly chart.

The price of Crude Oil has been in correction mode since it reached its resistance of \$52 with producers shorting crude oil futures towards \$40. Seasonally-speaking, Crude Oil prices strengthen starting in January of each year. Every dip in the price of Crude Oil will be a good opportunity for the bull to accumulate USO shares. The price of Natural Gas bounced back and closed at its 20 dma, with a price of \$3.7 possibly looking to reach \$4.00. I expect the price of Natural Gas to trade in the \$2.9 to \$3.1 range for the next while as prices are usually strongest between the middle of November and the end of January.

That's it for this week. Thanks for reading and good trading with your plan!

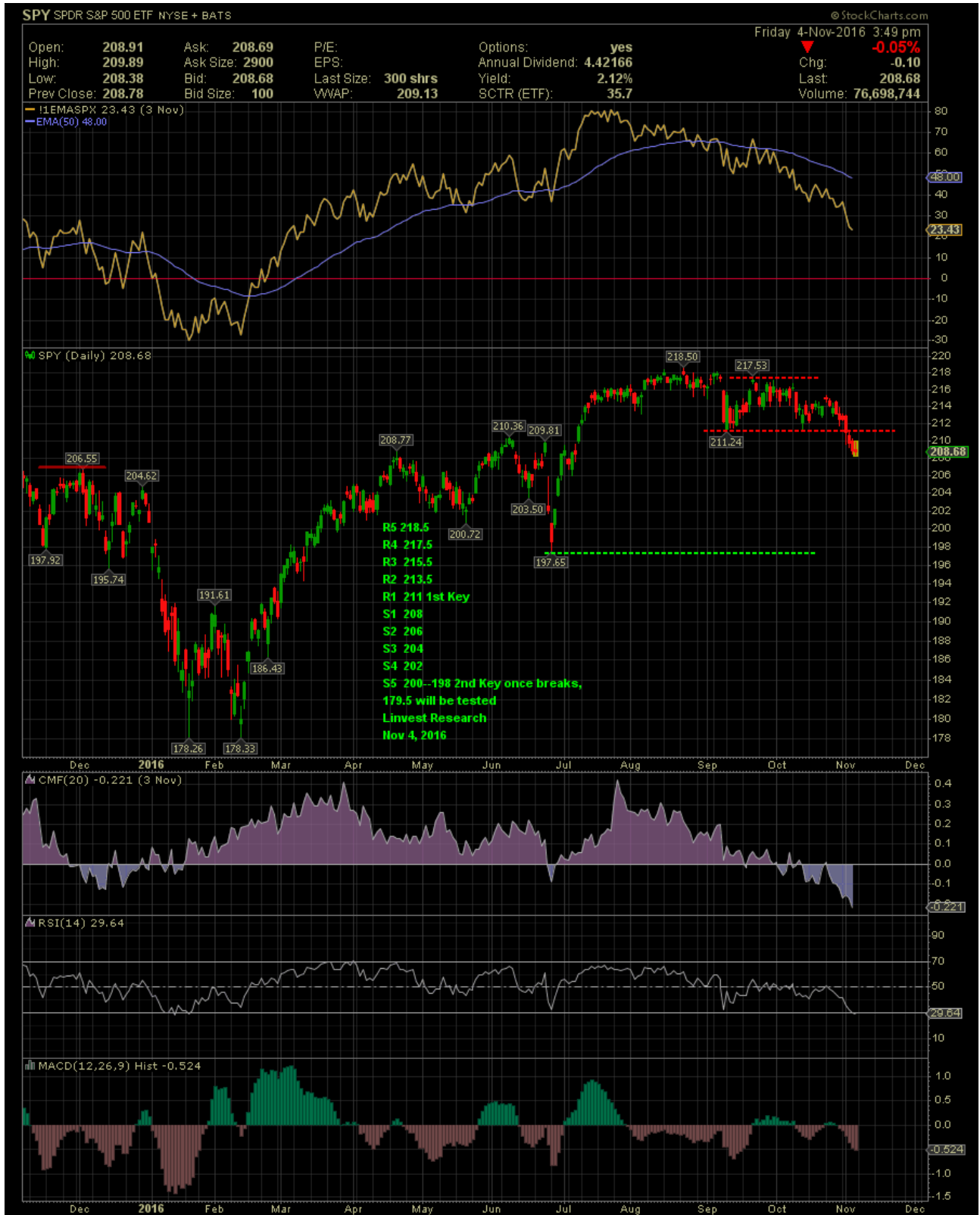


Chart 1

\$CPCE CBOE Options Equity Put/Call Ratio (EOD) INDX

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3-Nov-2016

Open 0.74 High 0.74 Low 0.74 Close 0.74 Chg -0.25 (-25.25%)

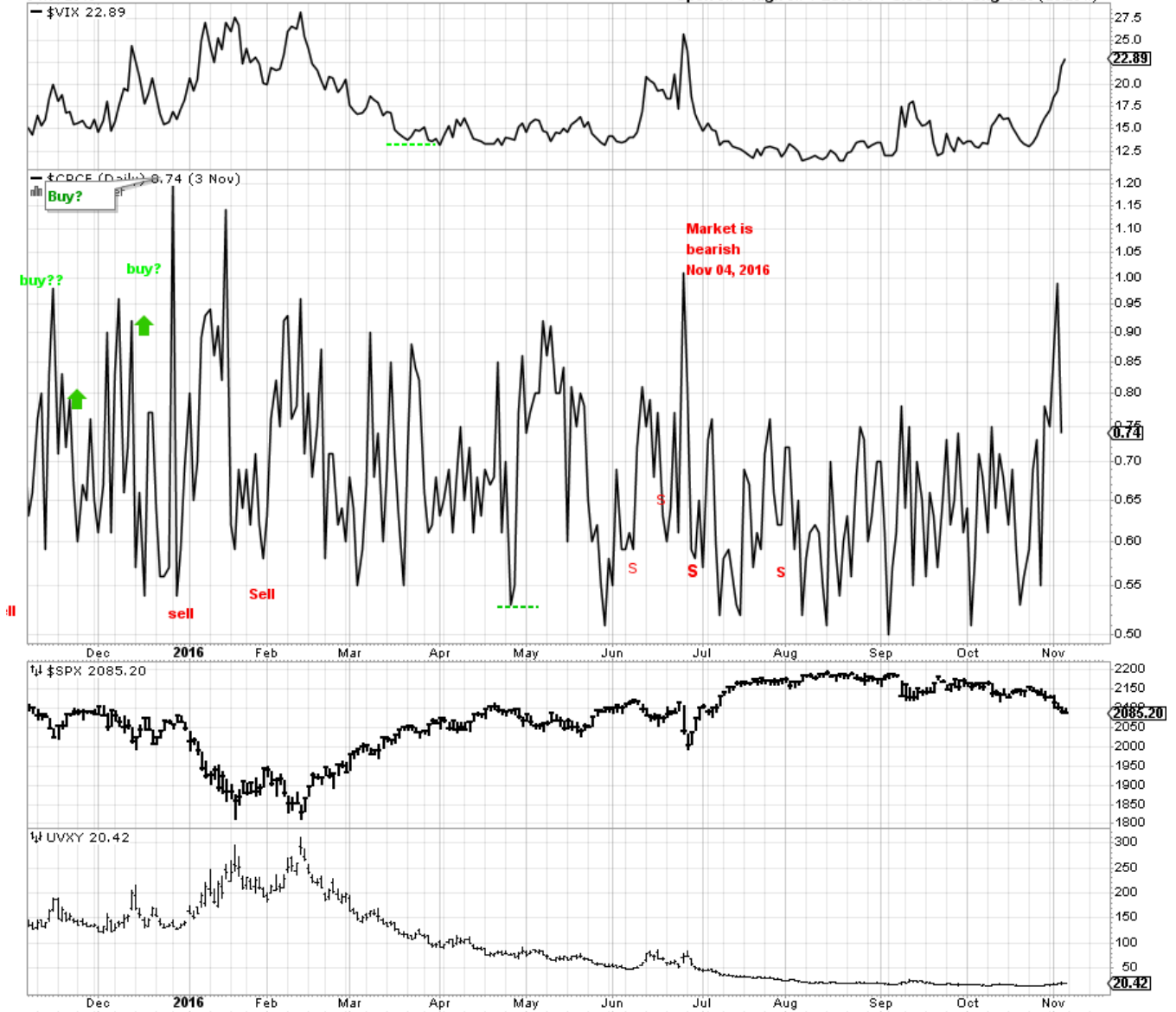


Chart 2

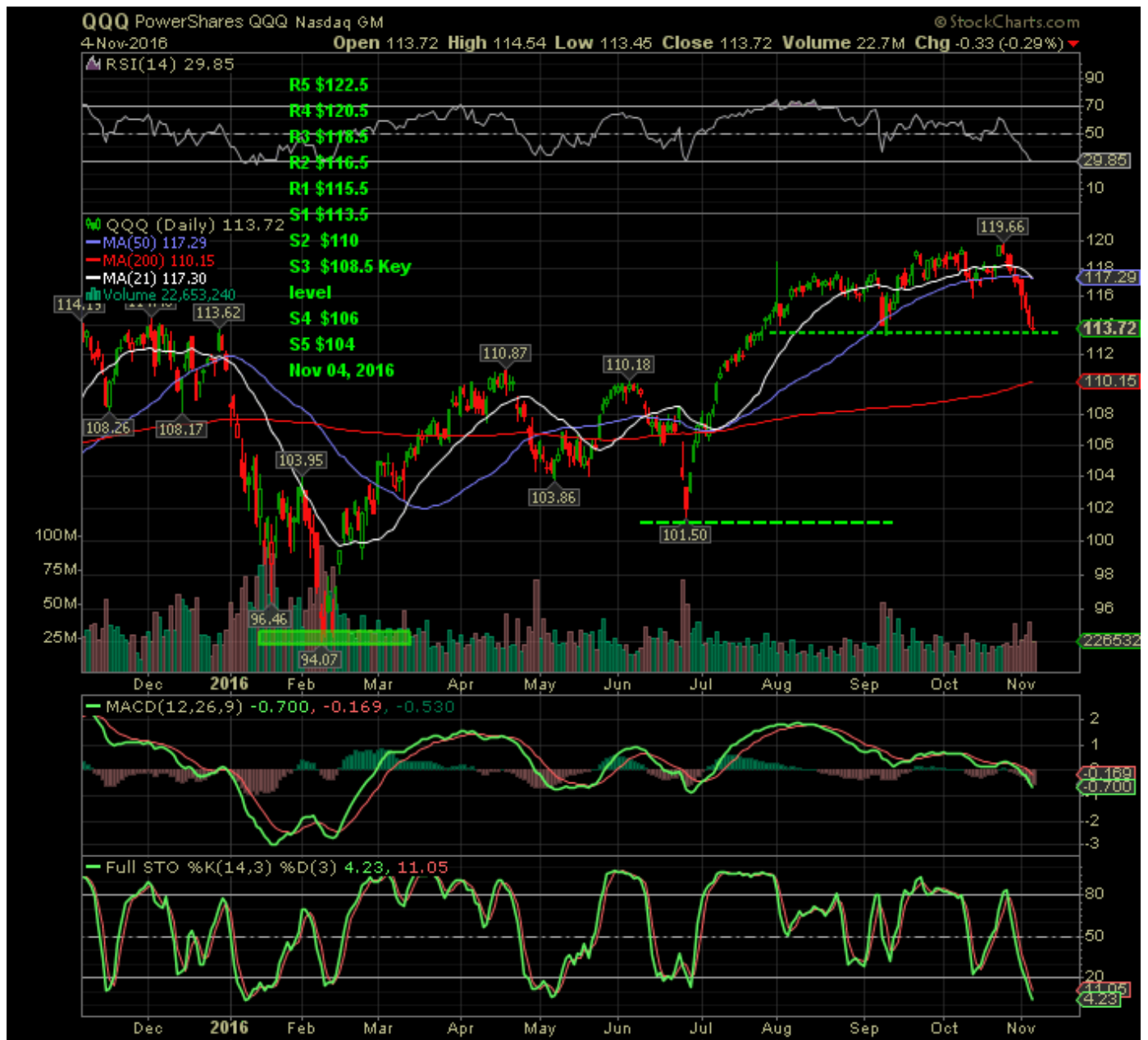


Chart 3

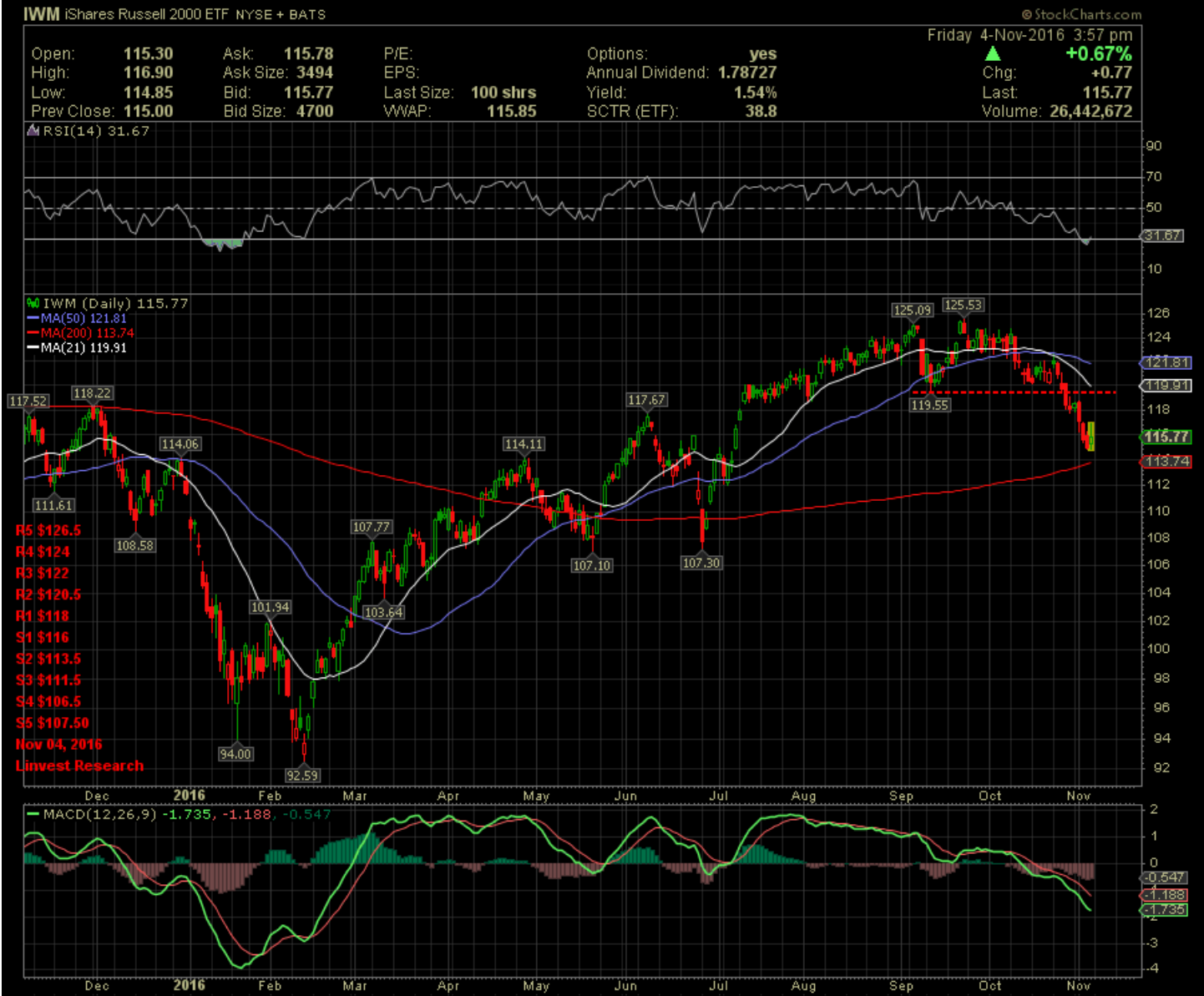


Chart 4



Chart 5

TLT iShares 20+ Year Treasury Bond ETF Nasdaq GM
4 Nov 2016

© StockCharts.com

Open 131.27 High 131.79 Low 131.13 Close 131.74 Volume 7.6M Chg +1.17 (+0.90%) ▲

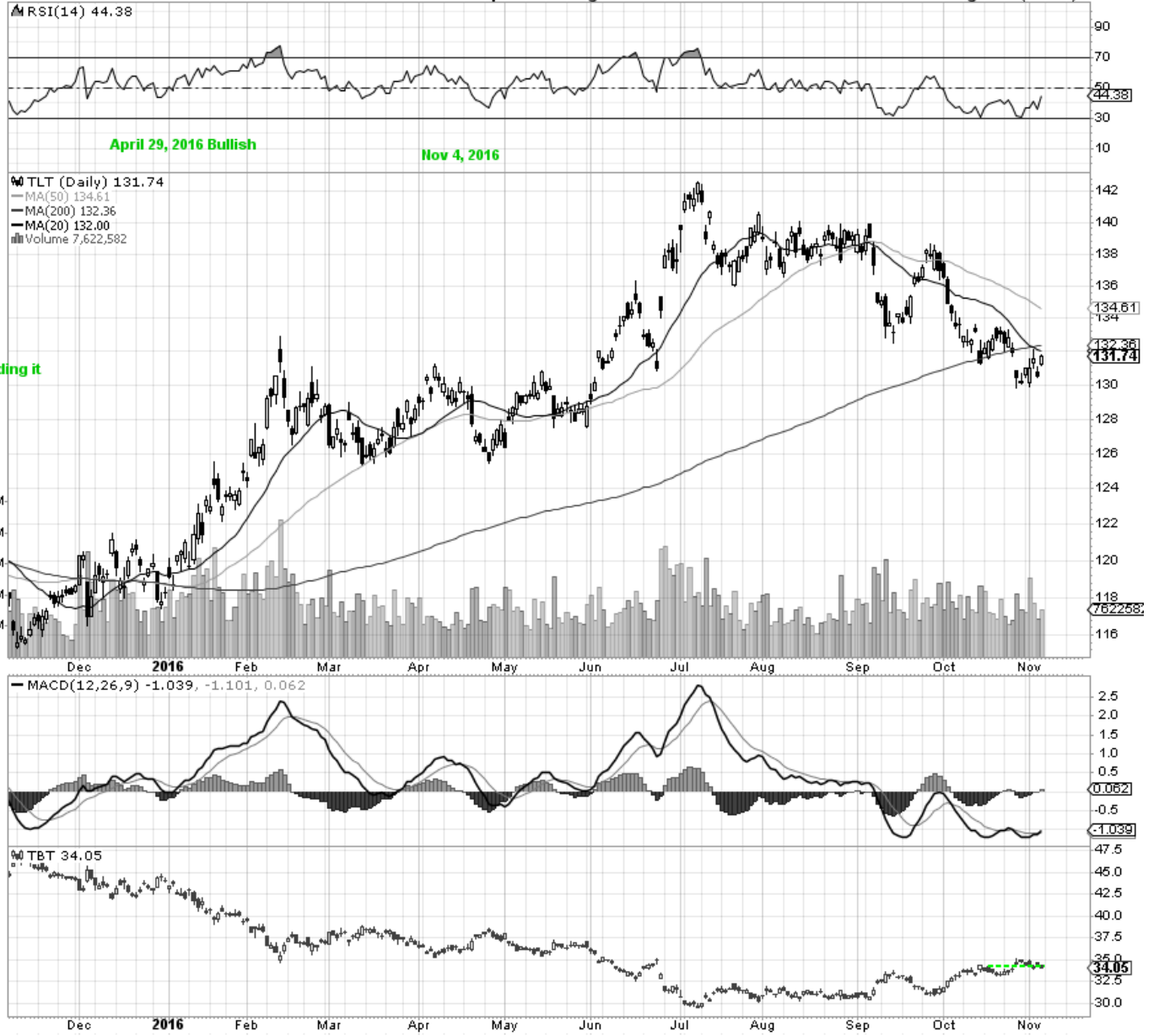


Chart 6

\$GOLD Gold - Continuous Contract (EOD) CME

© StockCharts.com

| | | | | |
|----------------------------|-----------|------------|-----------------------------|------------------------|
| Open: 1303.20 | Ask: | P/E: | Options: no | Friday 4-Nov-2016 |
| High: 1308.30 | Ask Size: | EPS: | Annual Dividend: N/A | ▲ +0.09% |
| Low: 1295.70 | Bid: | Last Size: | Yield: N/A | Chg: +1.20 |
| Prev Close: 1303.30 | Bid Size: | VWAP: | SCTR: | Last: 1304.50 |
| | | | | Volume: 203,525 |

▲ RSI(14) 60.44



Chart 7

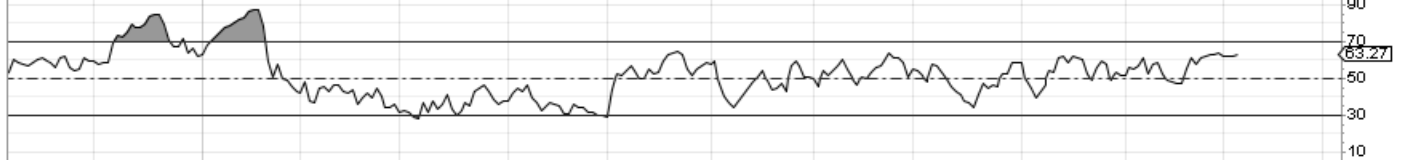
\$USDCAD US Dollar to Canadian Dollar (EOD) INDX

© StockCharts.com

4-Nov-2016

Open 1.339 High 1.347 Low 1.339 Close 1.340 Chg +0.001 (+0.08%) ▲

▲ RSI(14) 63.27



W \$USDCAD (Daily) 1.340

— MA(50) 1.318
— MA(200) 1.311
— MA(21) 1.329
■ Volume undef

resistance



UUP 25.06



— MACD(12,26,9) 0.007, 0.006, 0.001

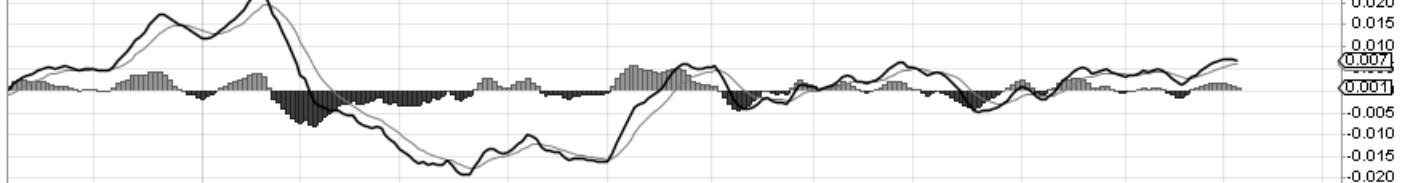


Chart 8



Chart 9



Chart 9-1

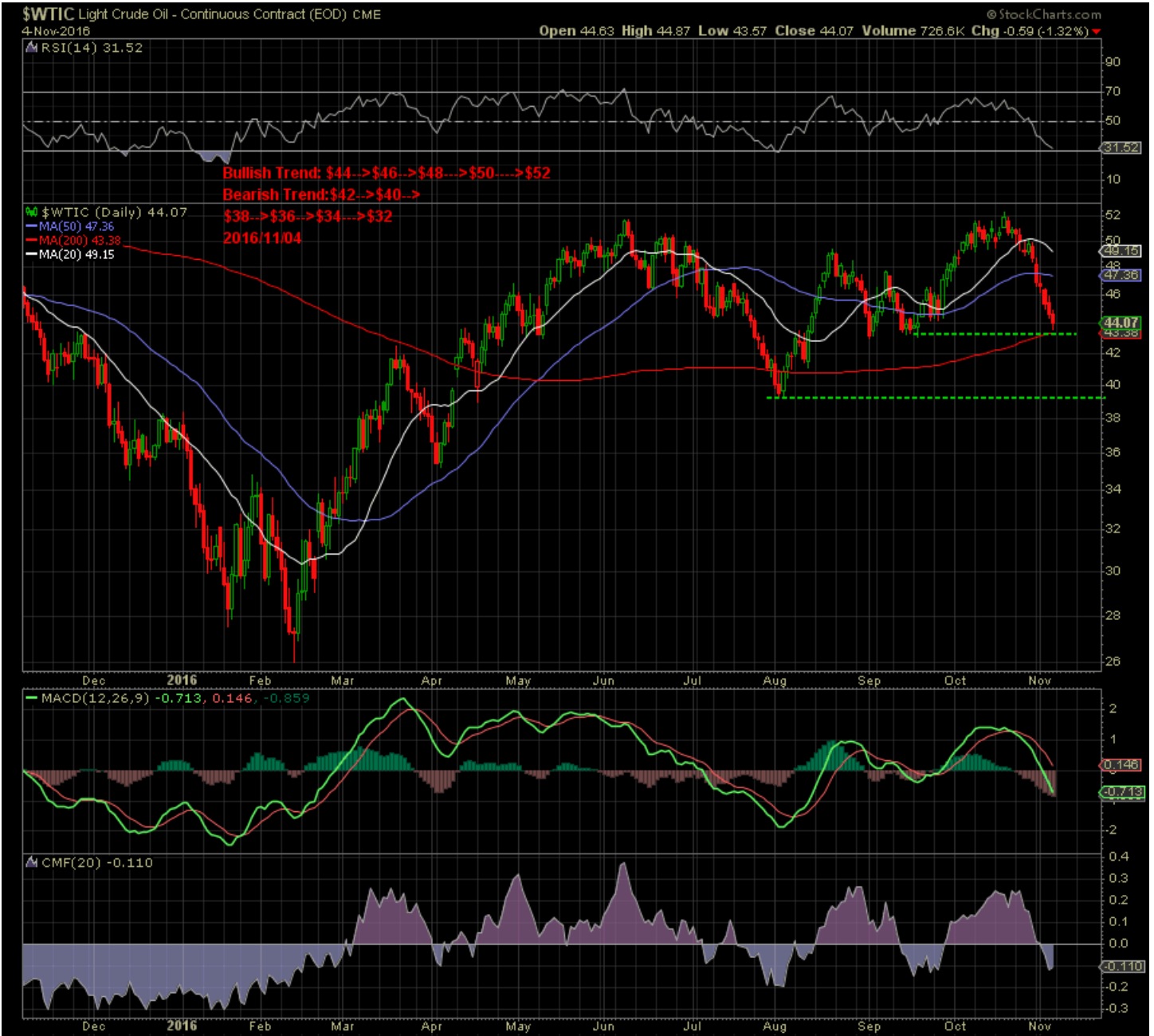


Chart 10



Chart 11

Chart 12

More intermediate-term trading ideas watch list (Long and short):

Leader stocks: AAPL ,GOOG, CMG, AMZN, ISRG,NFLX, PCLN, CF, FB,TWTR,TSLA,
Bio, health and Pharmaceutical: ACAD, AMPE,ADX, ACHN, BIIB, ONVO, CRIS, CERS, INSM,TROV , PRTA, RMTI,RTPT, RGLS, NVTA
China Stock: BABA, VIPS, DL, EJ, FENG, JRJC , KNDI, WB, BIDU,SINA, XRS,DANG, XNET, YINN, YANG
Commodites: UNG, NGS, JO, SGG, USO, GDX,GDXJ, SLV, CORN, JNUG ,JDST
Energy and service sector: XLE, PDS, CLF, PBR, SWN, ALA.TO, SU, ECA, BTE, DO, UCO, XLE, SCO, DWTI
Solar Stocks: TAN, CSIQ, CSUN, TSL , SCTY, FSLR, JASO, SPWR
Precious metal, and mining companies: X, SMF.TO, GLD, EGO , CG.TO, IMG.TO, EDR.TO, SLW, NEM, SA ,
Prime : AKAM, BA, BX, CVU, MOS, LVS, KEM, HLF,WAG,WDAY, WHR,HSY, ED,
Airline, Cruise , hotel, restaurant: UAL, DAL, ALK, WJA.TO, AC.TO CCL, NCLH, RCL, EAT, MGM, LVS, CEA
Currency pair: EUR/USD: EUO, FXE; USD/CAD, CAD/USD, FXC

Green: stocks with long position.

Orange: stocks with long positions (small).

Red: stocks with short position.

Black: candidate stocks.

(**Note:** Some positions are not in the above list.)

Notable companies to report earnings and report this week include:

- Monday : HUM
- Tuesday : VRX am JAZZ pm
- Wednesday *US Change in Crude Oil Inventories 10:30 AM ET*
- Thursday SUBX pm LVS pm *Weekly Natural gas storage 10:30 AM ET*
- Friday: JCP am

*Report date unconfirmed

Members, please feel free to send me a note or call if you would like to discuss any of the above (or other) stocks you are interested in. Please **pre-order Earning Trades** at least 2 days prior to stock earning report being issued. Thanks and good trading!

*The stock market is
the story of cycles and of the human behaviour
that is responsible for overreactions in both directions.
Seth Klarman*

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