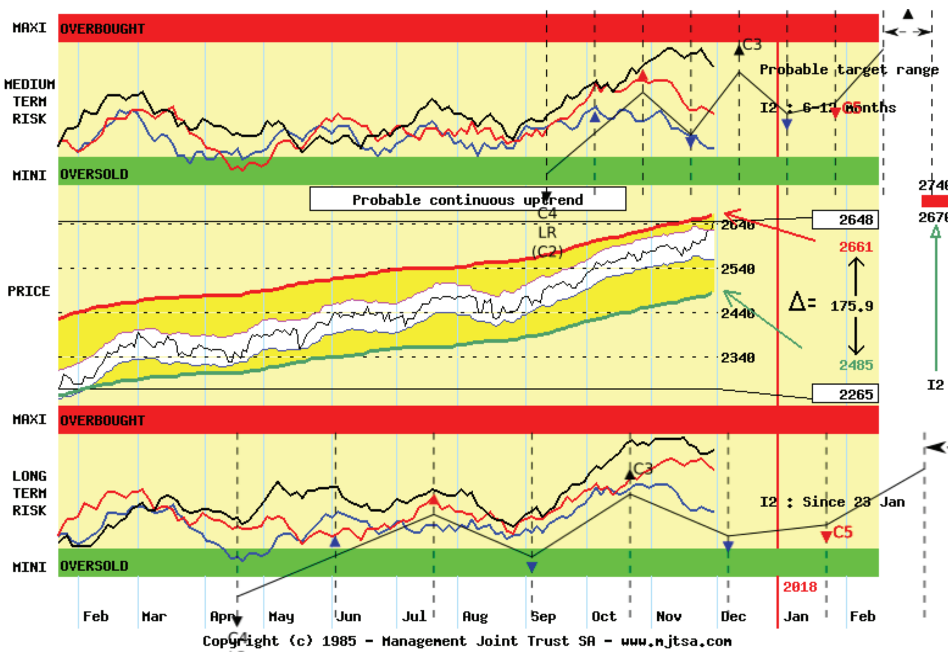
11 / MJT - TIMING AND TACTICAL INSIGHT

Equity markets are still favorable, probably until late February / March

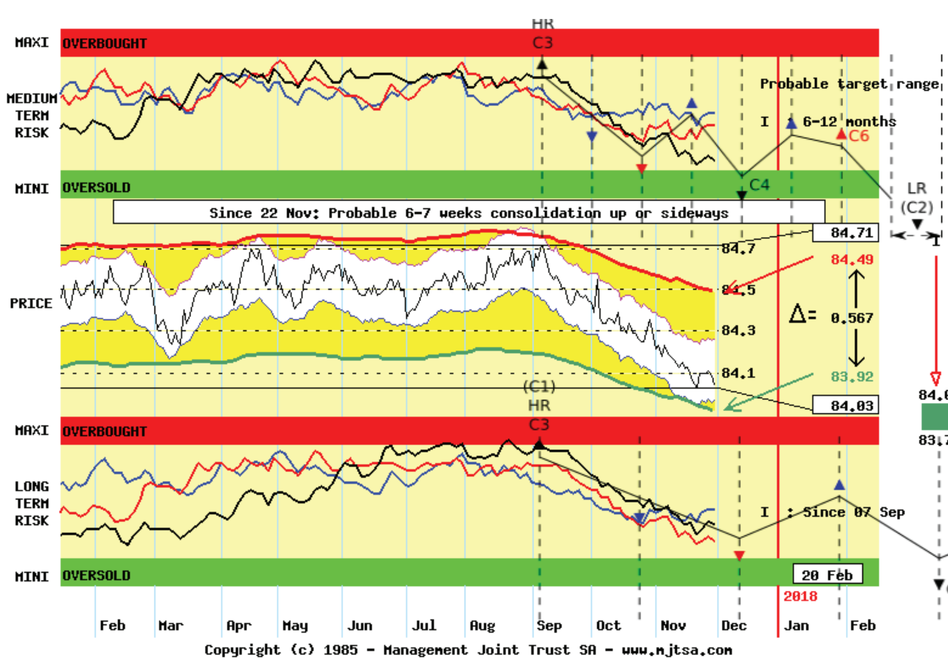
US markets have been strong over the last 3 months, while European ones are still stuck below the levels that were achieved on Mr Macron's victory in France. That said, we believe that both should continue/confirm they uptrends over the next few weeks. Europe may even start to play catch up, especially if, as we believe, the Dollar starts to rebound again.

S&P500 Index
Daily Graph or the perspective over the next 2 to 3 months



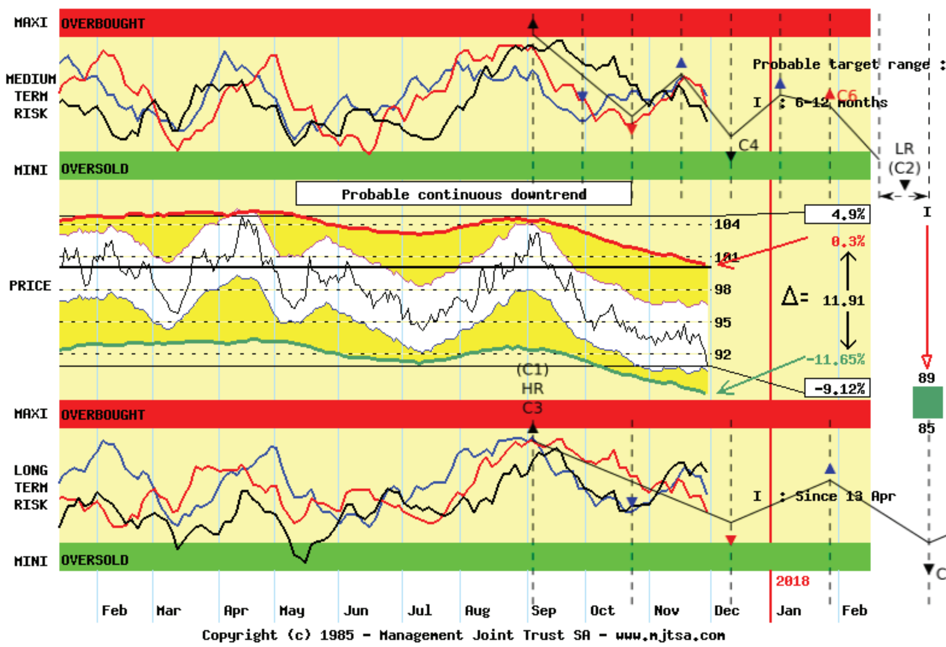
On both our Oscillator series, the S&P500 is still trending up into next year (lower and upper rectangles). Indeed, **our long term oscillators are still accelerating up and offering strong support into late February / March at least** (lower rectangle). Shorter term, the sequence on our medium term oscillators (upper rectangle), first moves up towards mid December, and then, following 2 to 3 weeks of consolidation (sideways/ down), accelerates up again in January towards February/ March. On the price targets front, our I2 Impulsive 2 extended targets up are suggesting that the **S&P500 could reach up towards 2'750 in the first months of 2018.**

SHY - iShares 1-3 Year Treasury Bond ETF
Daily Graph or the perspective over the next 2 to 3 months



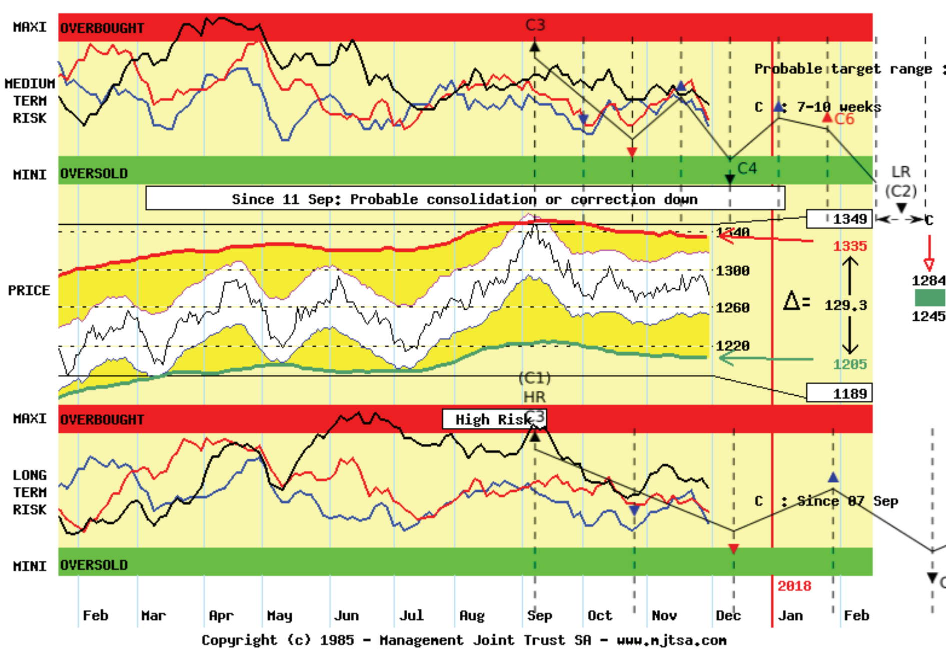
We confirm the strong uptrend on the S&P500 above by looking at the SHY ETF composed of short maturity Treasuries. As we can see, since early September, the S&P500 seems to have followed short term yields upwards, while the SHY ETF has corrected down. On both our oscillator series (lower and upper rectangles), **the SHY ETF should continue lower until late February/March**. In the meantime, it may bounce from mid December for 2 to 3 weeks, but should resume its downtrend from early January as shown our medium term oscillators (upper rectangle).

GLD - SPDR Gold Trust / SPY - SPDR S&P 500
Daily Graph or the perspective over the next 2 to 3 months



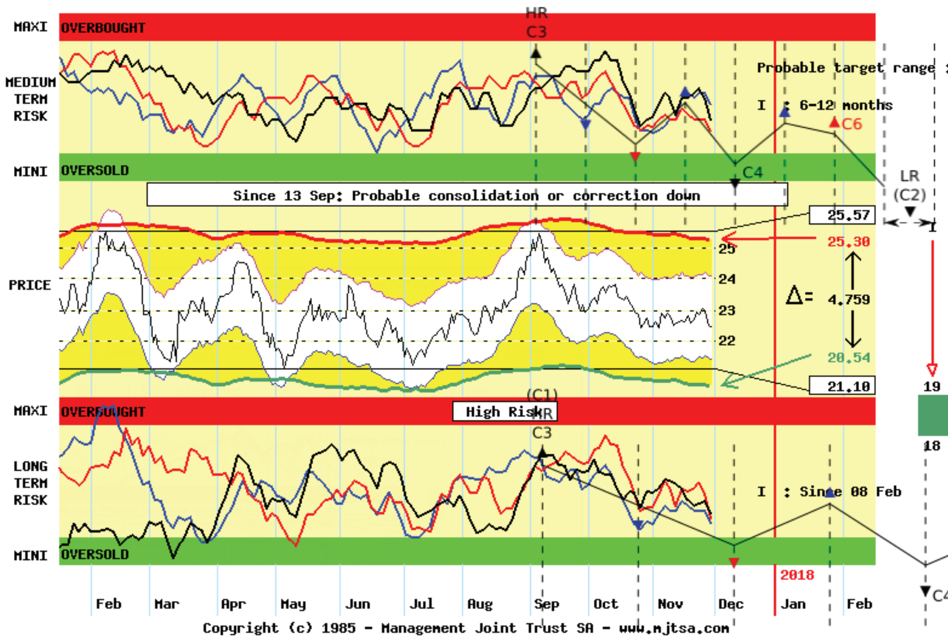
We now consider the Gold ratio vs the S&P500. Similarly to the graph of the SHY ETF, the ratio has been heading down since early September. **On both our oscillators series** (lower and upper rectangles), we expect it to continue lower towards late February/March. In the meantime, an intermediate low mid December could trigger a 2 to 3 weeks bounce. Yet from early January, the Gold/S&P500 ratio should resume its downtrend into March.

Gold Spot (USD/oz)
Daily graph or the perspective over the next 2 to 3 months



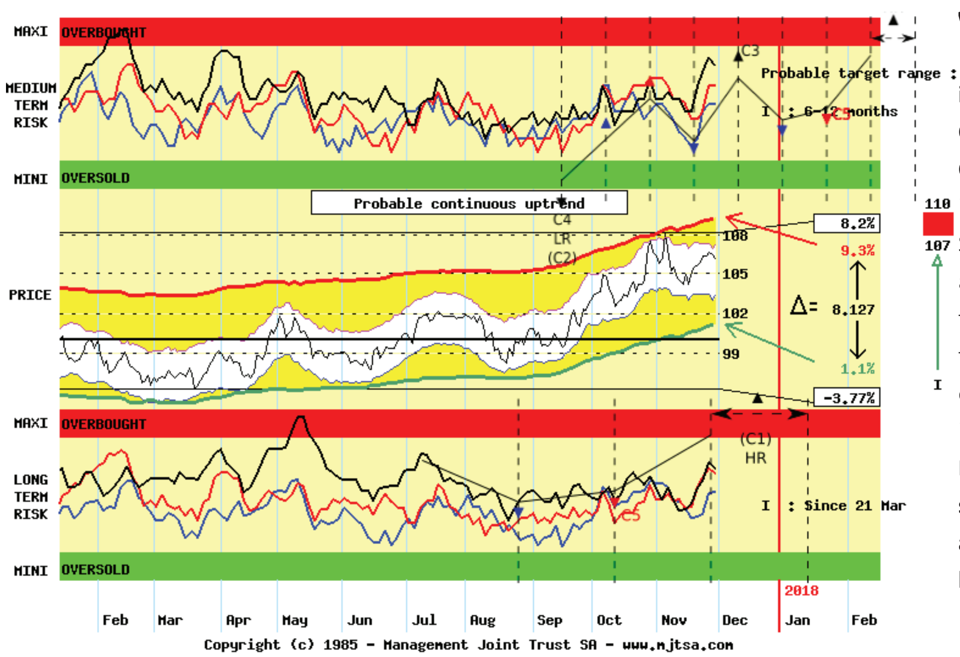
The graph of Gold standalone confirms a similar picture. On both our oscillator series (lower and upper rectangle), we would expect Gold to continue lower, probably until late February/March. In the meantime, Gold may find an intermediate low mid December and could bounce for 2 to 3 weeks, before it resumes down from early January (our medium term oscillators; upper rectangle). Until mid December, Gold could first reach its C Corrective targets down (right-hand scale) slightly below USD 1’250/oz. From January, Gold should then move lower, probably towards our I Impulsive targets to the downside (not shown yet). We can calculate these into the USD 1’180 – 1’130/oz range. That said, any dip below USD 1’200/oz should be short lived. Indeed, longer term, and as mentioned on page 27 of this edition, we expect Gold to pretty much hold USD 1’200/oz in Q1 2018, before it gradually resumes its uptrend during the rest of 2018.

GDX - Market Vectors Gold Miners ETF
Daily graph or the perspective over the next 2 to 3 months



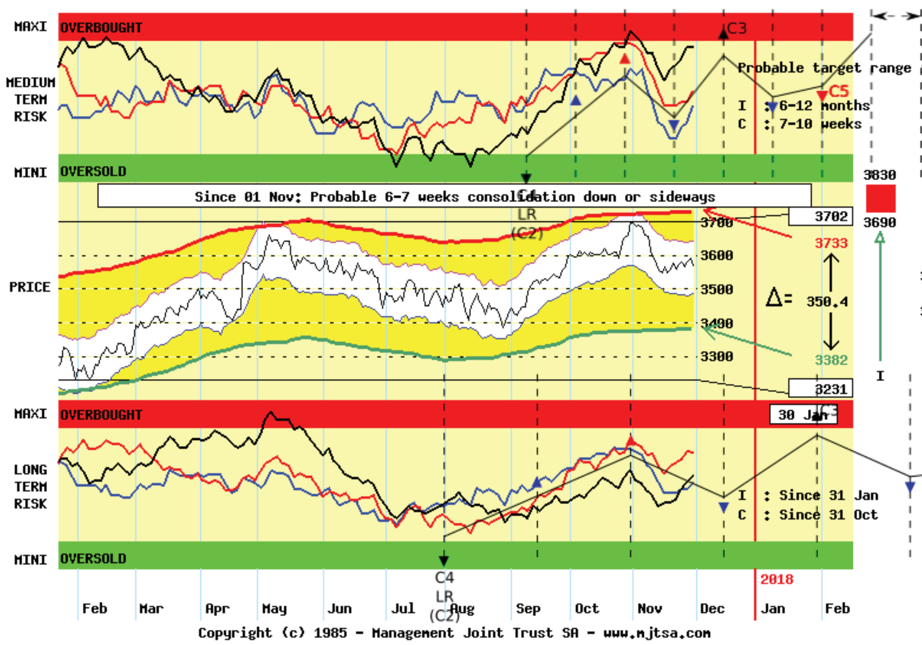
Gold Mines are following Gold lower. On both our oscillator series (lower and upper rectangle), they should continue their downtrend until late February/March. In the meantime, they should also make an intermediate low towards mid December and see a bounce. Then, from early January, they should start to resume lower as shown on our medium term oscillators (upper rectangle). **Our I Impulsive targets down, are pointing towards the 18/19 levels (or some 15 to 20% below current levels). These should be achieved in Q1 2018.**

XLY - Consumer Discr. Sector SPDR Fund / XLP - Consumer Staples Sector SPDR Fund
Daily graph or the perspective over the next 2 to 3 months



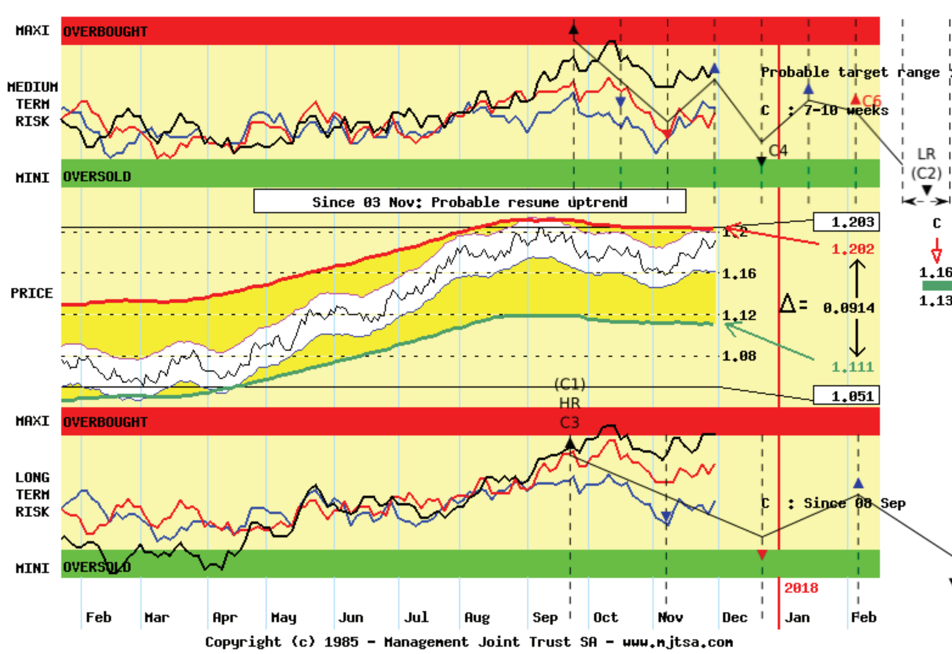
We now look at a classic Risk-on/Risk-off indicator, the ratio between Consumer Discretionary and Consumer Staples. Following its acceleration up since early September, it has now reached a High Risk position on our long term oscillators (lower rectangle). On our medium term oscillators (upper rectangle), it may correct a bit from **mid December to year-end, but should start to outperform again from early January until late February/March.**

Dow Jones EURO STOXX 50
Daily graph or the perspective over the next 2 to 3 months



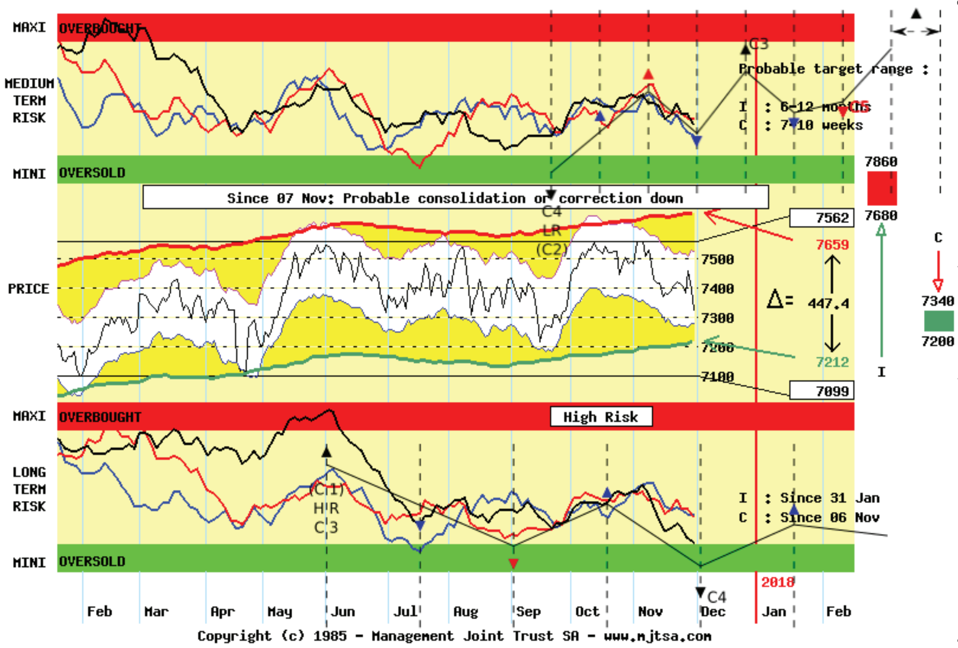
Switching to Europe, we now review the Euro Stoxx 50 Index. Following its brief upside break-out late October, it is now back into the range. **The sequences we show on both our oscillators series (lower and upper rectangles) are still heading up into late January at least** (lower rectangle)**, and probably towards late February / March** (upper rectangle). In the meantime, we expect the Euro Stoxx 50 to make an attempt to the upside towards mid December, correct slightly until early January and, then start accelerating up again towards late January and possibly February and March.

EUR/USD
Daily graph or the perspective over the next 2 to 3 months



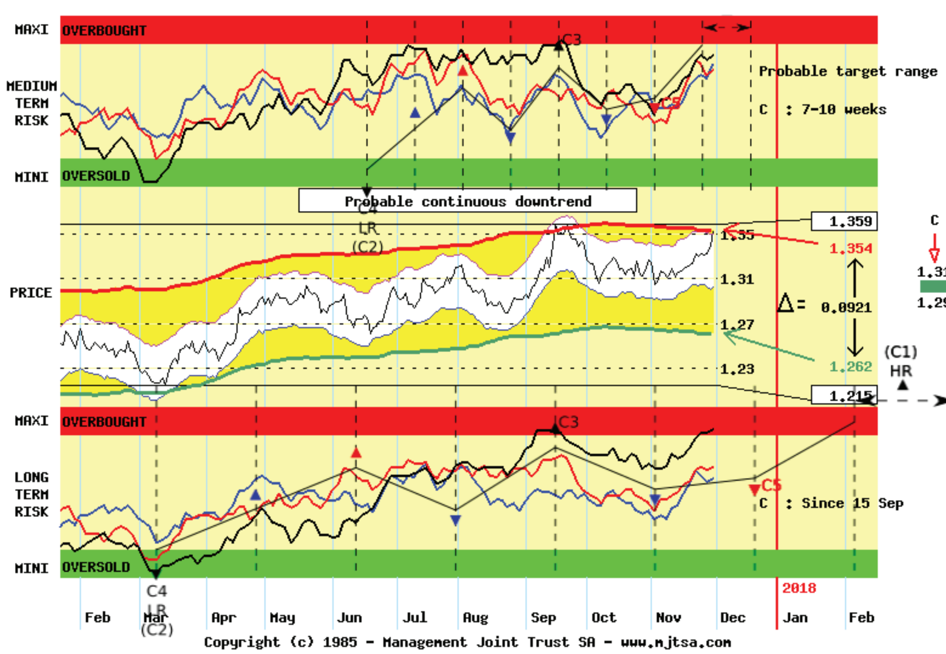
The scenario outlined above, depends a lot on the Euro, and how strong it will remain during December and then Q1 2018. In last month's edition, we pointed out that the Euro would probably see a bounce above the 1.17 during the first weeks of November and that from the 2nd half of November, it should start to retrace down into December. The sequences we show on both oscillator series (lower and upper rectangles) still confirm this view: **EUR/USD should now resume down, possibly into mid / 3rd week of December and towards our C Corrective targets down between 1.16 and 1.13** (right-hand scale). Following that, we would expect a slight bounce into early January and then further consolidation down (probably at high levels) into late February at least.

FTSE100
Daily Graph or the perspective over the next 2 to 3 months



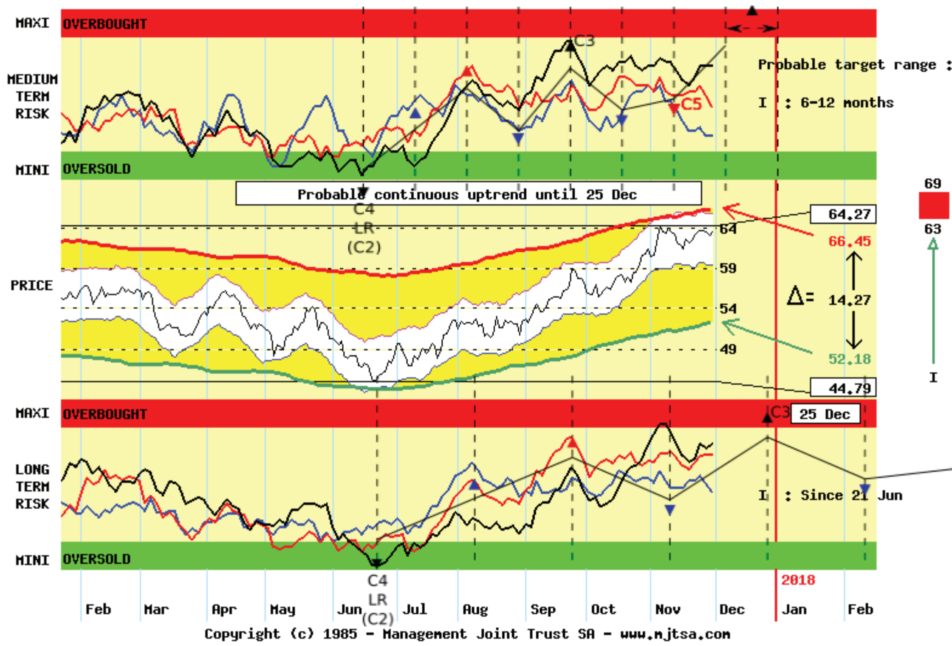
The FTSE has had a terrible time with the strong GBP/USD since June. It has reached into our C Corrective targets down (right-hand scale) on several occasion, but has not broken through. We believe this is currently the case again. Indeed, while our long term oscillators (lower rectangle) have found the support of a base (higher lows), our medium term oscillators are still in an uptrend (upper rectangle). **Over the next few days, the FTSE should resume its uptrend, first into mid/late December and then from mid January possibly into March. Our I Impulsive targets to the upside (right-hand scale) would point to levels between 7'680 and 7'860 during Q1 2108.**

GBP/USD
Daily Graph or the perspective over the next 2 to 3 months



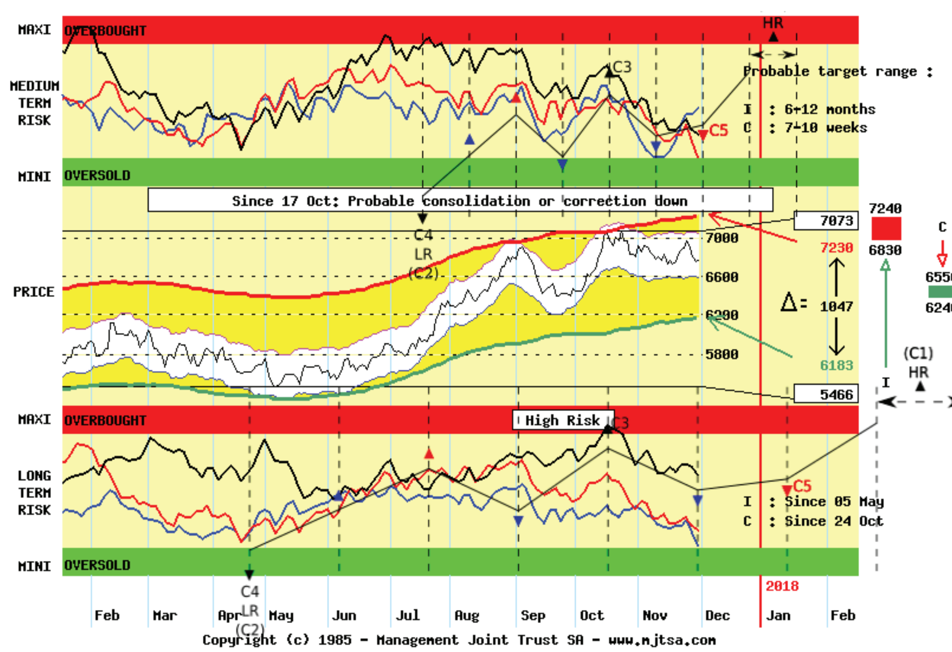
As with the EuroStoxx 50 and the Euro, the FTSE 100 will probably need a weaker Pound to start moving up again and fulfill its targets above. This should be the casevover the next few weeks at least. Indeed, GBP/USD has reached a top zone on our medium term oscillators (upper rectangle) and could now correct down into mid/3rd week December. That said, GBP/USD does seem stronger than the EUR/USD, especially towards year-end and early 2018. It may even continue to trend up during Q1 2018 as shown on our long term oscillators (lower rectangle). Because of this headwind, the FTSE may underperform other European markets over the next few months.

Brent Oil (USD/Barrel)
Daily Graph or the perspective over the next 2 to 3 months



Finally, we turn to the commodity space and first to Brent Oil. On both our oscillator series (lower and upper rectangles), the sequences up are not quite finished yet. **They should continue up until late December towards the high USD 60s a barrel levels that we've been talking about since June** (our I Impulsive targets up; right-hand scale). Following that, oil could see some consolidation into the new year, before it eventually resumes up once more into the Spring.

Copper (USD/ton)
Daily Graph or the perspective over the next 2 to 3 months



Copper (and by extension Industrial metals) have been consolidating down since October. On both our oscillator series (lower and upper rectangles), it is probably getting ready to resume its uptrend. **We expect it to bounce, and possibly make new highs into late December. Following that, a slight consolidation may materialize early January, before Copper accelerates up again towards February and March.**

Concluding remarks

US markets are still trending up, probably until late February / early March for now. European markets should follow suit as they resume their uptrends over the next few weeks. Indeed, since early November, they had been suffering from a strong Euro and Pound, and we believe that these trends are about to turn. More generally, these developments favor the re-acceleration of the reflation trades, which should start to materialize over the next few weeks. Along with equity markets, it should benefit the Dollar, US Yields, Value plays such as Financials and Energy, as well as Commodities. This last reflationary push could last into February/March.