February 14, 2018

Multi-Asset Class

- Technical Outlook & Forecast
- Exposure Recommendations

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Synopsis

This report provides:

- Asset class allocation/exposure recommendations
- Bullish/Neutral/Bearish technical bias
- Technical Market Outlook and Forecast
- Support and Resistance Zones
- Actionable and investable advisor/trader instructions
- Markets covered:
  - SPX
  - NDX
  - RUT
  - DJIA
  - Breadth
  - Volatility
  - 10-yr Treasury Notes
  - 10-yr Interest Rates
  - Bloomberg Commodity Index
  - Gold
  - Crude Oil
  - US Dollar Index

i10 Methodology

In our research, we use volume-at-price data and auction market principles to generate alpha for our clients by correctly identifying market biases, effective market timing, and locating asymmetric trading opportunities.

It is our data-driven, quantitative approach and adhering to processes that are proven, consistent and robust that allow us to deliver analysis and results that are accurate, reliable and that give our clients a trading edge far superior to other research providers and approaches.

Our analysis focuses on volume-at-price data because in addition to price, it is critical information that is 100% market-generated.

Volume-at-price data is key information that major institutions, trading algorithms, and hedge funds use to accommodate their liquidity needs.

By analyzing the market-generated volume-at-price data, we make our clients aware of key price locations before they are reached. We provide investable trading guidance that others using strictly fundamental or price-based information completely miss.

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Market Bias Summary and Exposure Recommendations

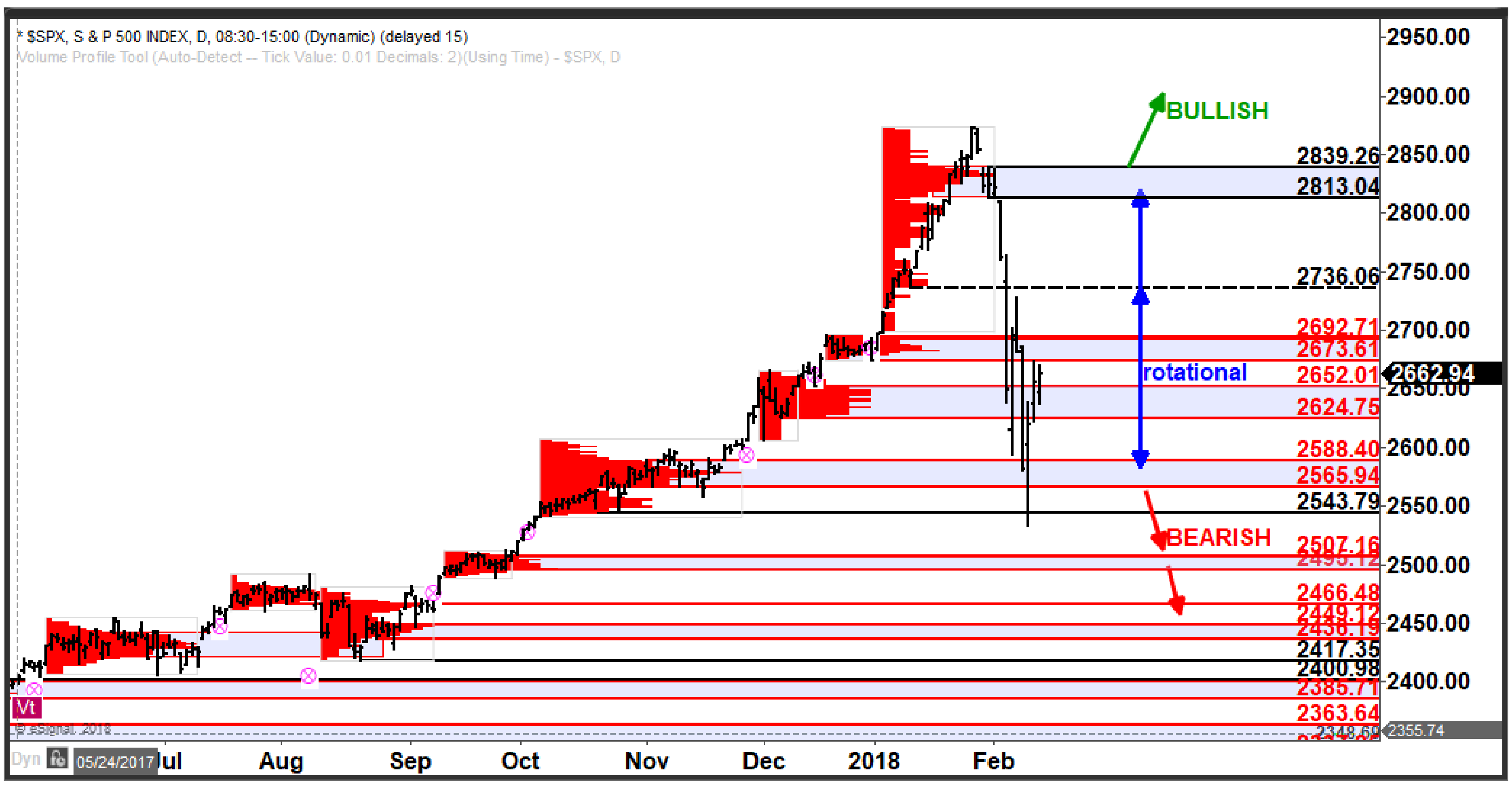
Market	Bias		High/Low/No/Inverse Exposure Recommendation
	Near-term	Long-term	
S&P 500	Neutral	Bullish	High Exposure
Nasdaq 100	Neutral	Bullish	High Exposure
Russell 2000	Neutral	Bullish	High Exposure
Dow Jones Industrial Average	Neutral	Bullish	High Exposure
10-yr Treasury Notes	Bearish	Bearish	No Exposure
Bloomberg Commodity Index	Neutral	Neutral	No Exposure
US Dollar Index	Bearish	Bearish	No Exposure

- When a change in Bias or Exposure Recommendation occurs, the change will be highlighted in yellow for a week following the change.

S&P 500 (SPX)

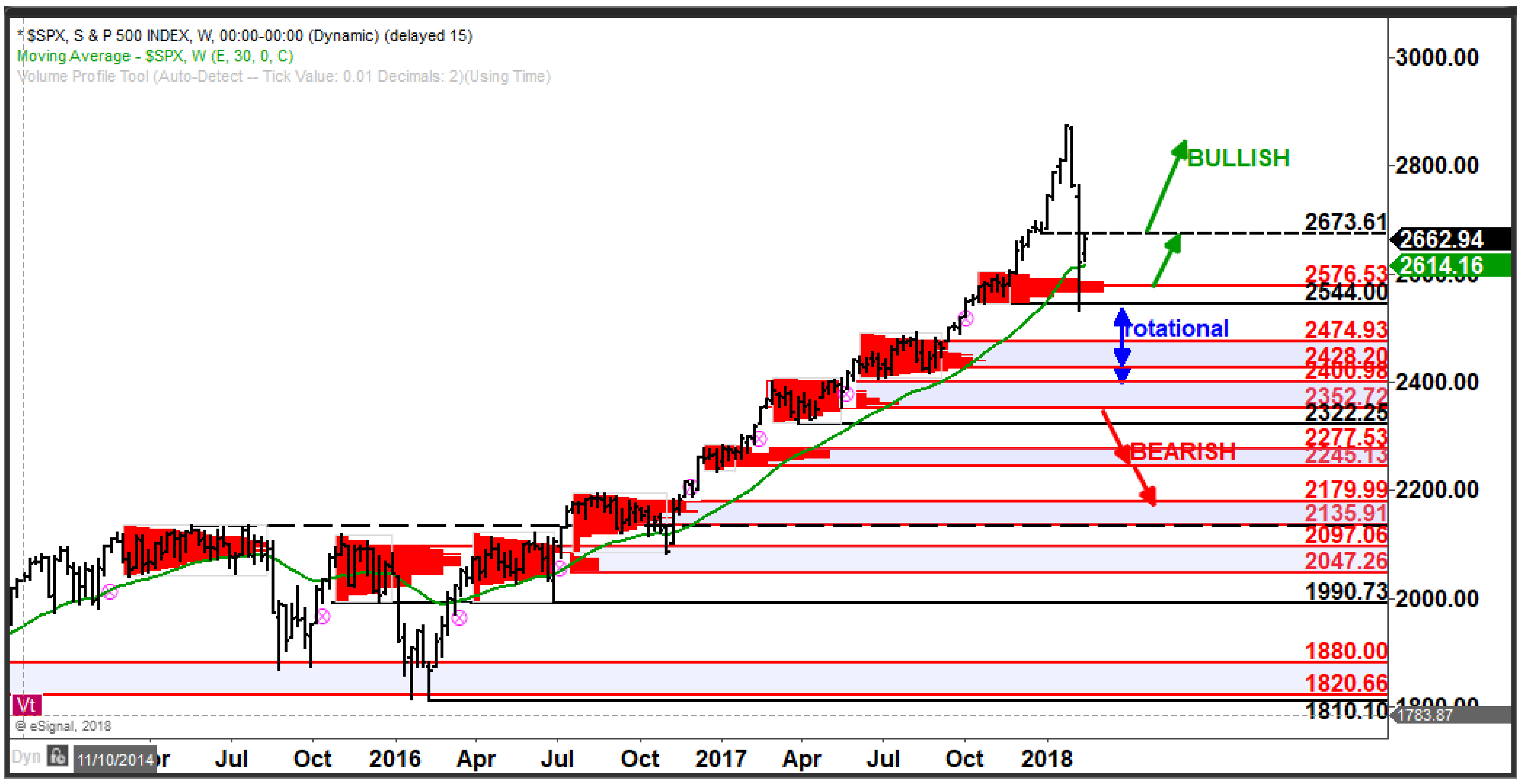
The S&P 500 index tested and bounced from 2543 back above 2588 and back into the area of rotation. Resistance zones in this rotational range is are 2673 – 2692, 2736, and 2813 – 2839.

As we scan across the indices in the following pages and the position of the breadth average and VIX, it is most likely that we will continue to see wide price swings and rotational price action in the near-term.



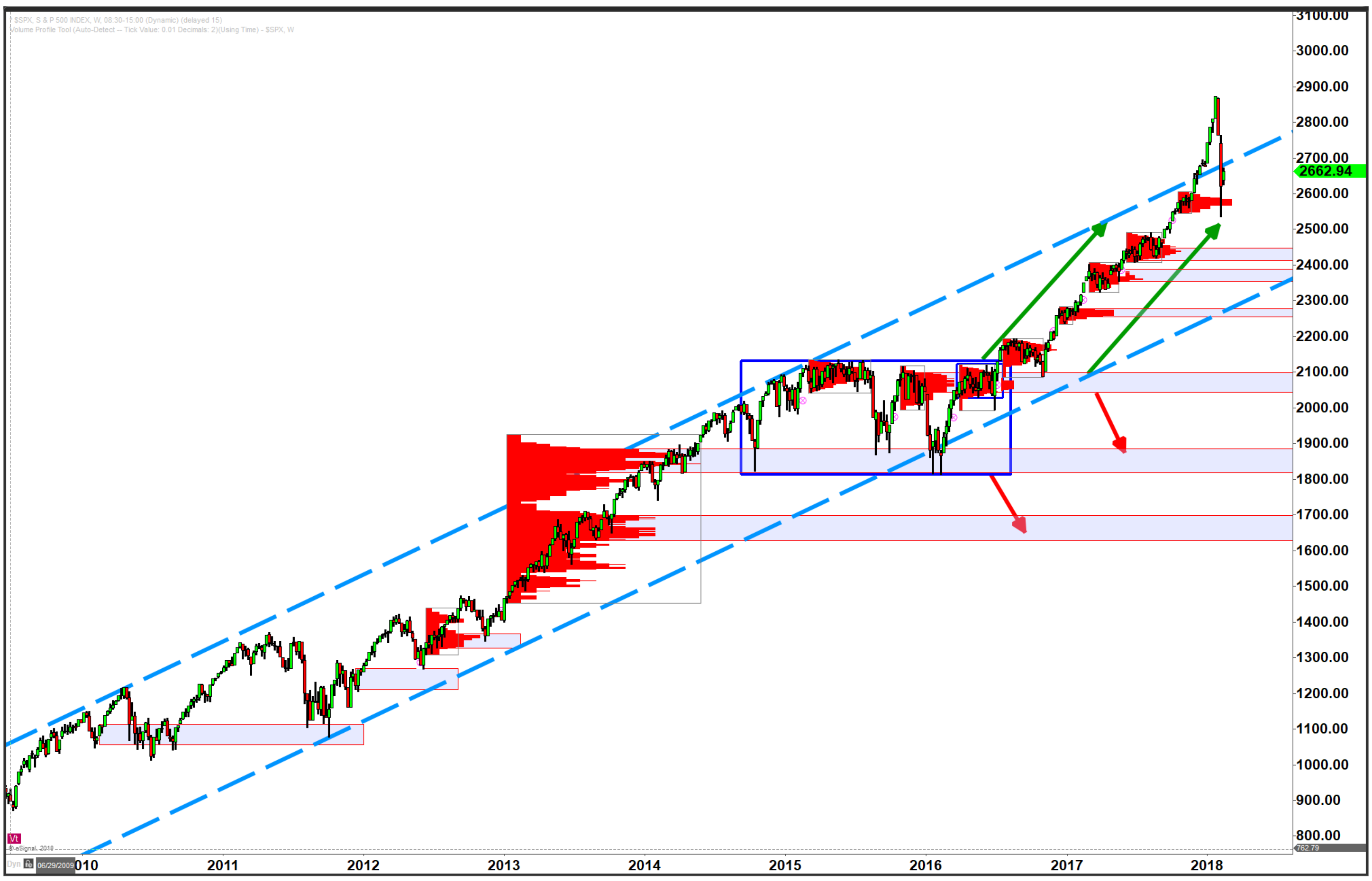
S&P 500 LONG-TERM

The S&P 500 index remains bullish at a large degree with support at 2544 - 2576. Only a drop below 2544 would shift the long-term bias away from bullish.



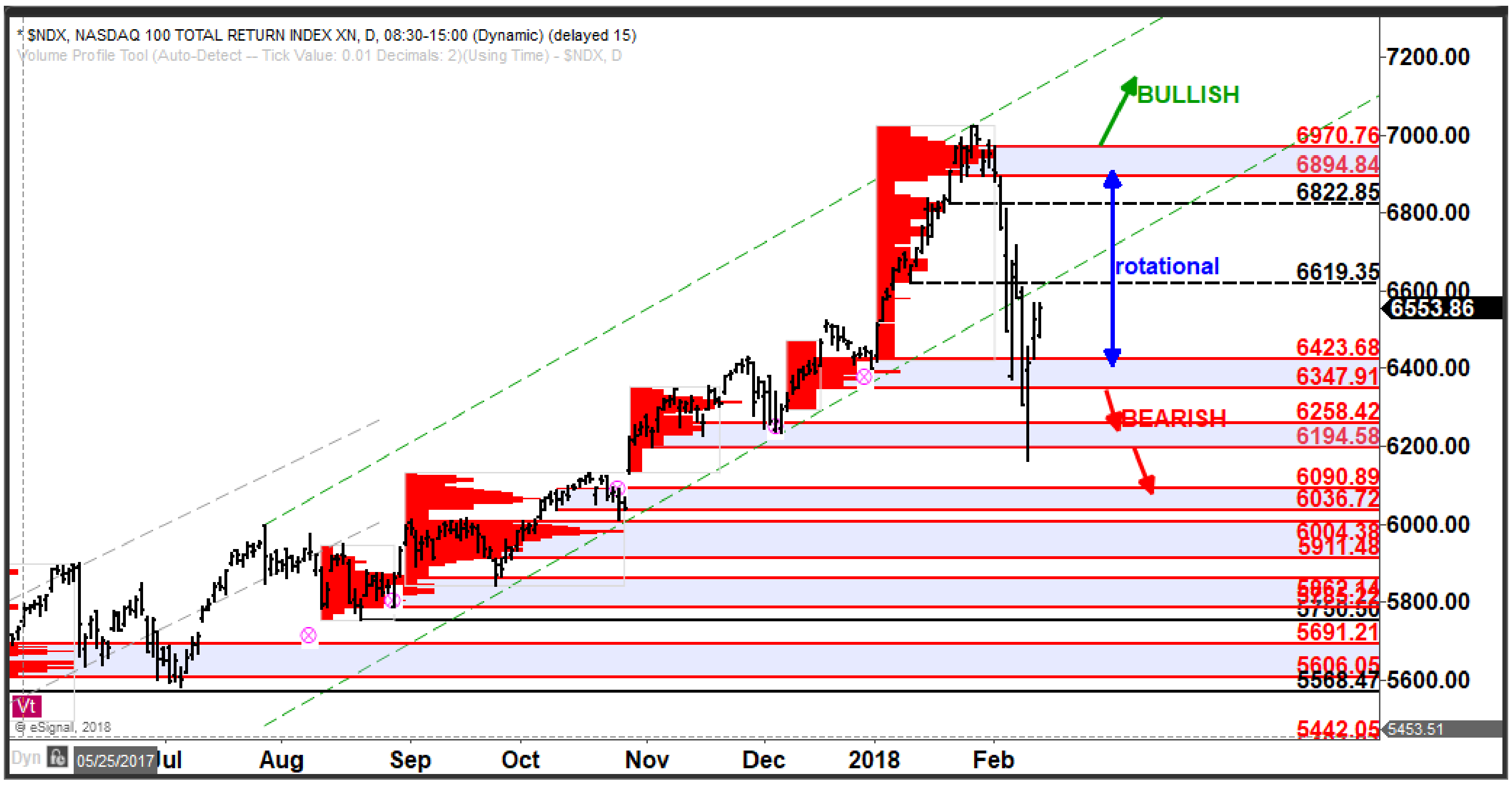
S&P 500 LONG-TERM ADDITIONAL COMMENT

The SPX has pulled back to inside the long-term rising trend channel. Even with the steep drop, the largest degree trend higher will remain intact, albeit on a different slope than we've seen over the last year plus, so long as this large degree channel remains intact. It would be consistent with previous steep drops in this big picture trend to see rotational price swings over the next few (2-5) months.



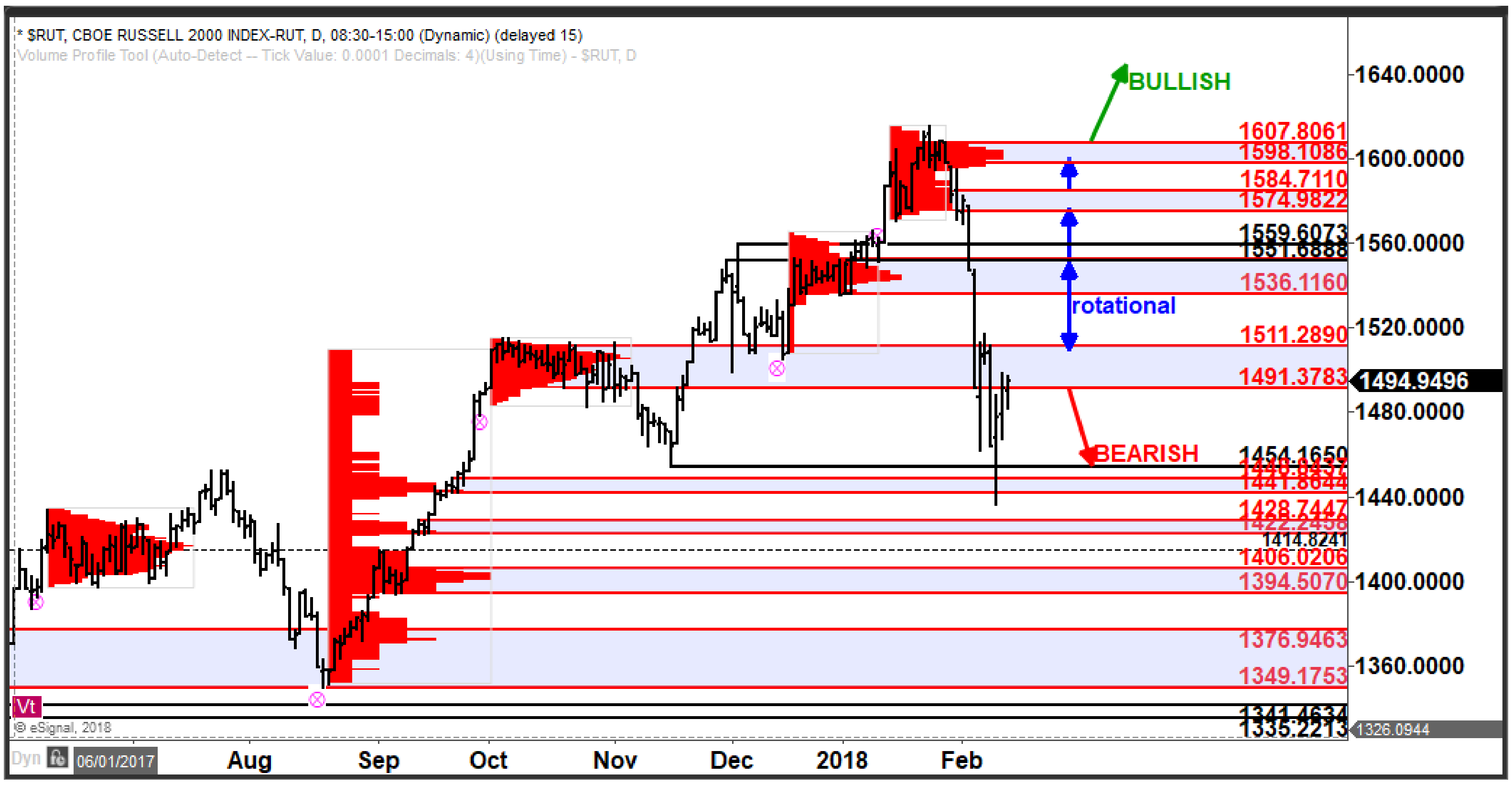
NASDAQ-100 (NDX)

The Nasdaq-100 tested and bounced from the lower support zone at 6194 – 6258 and has climbed back into the rotational range above 6423. Resistance remains at 6619 and 6822 on any further rally.



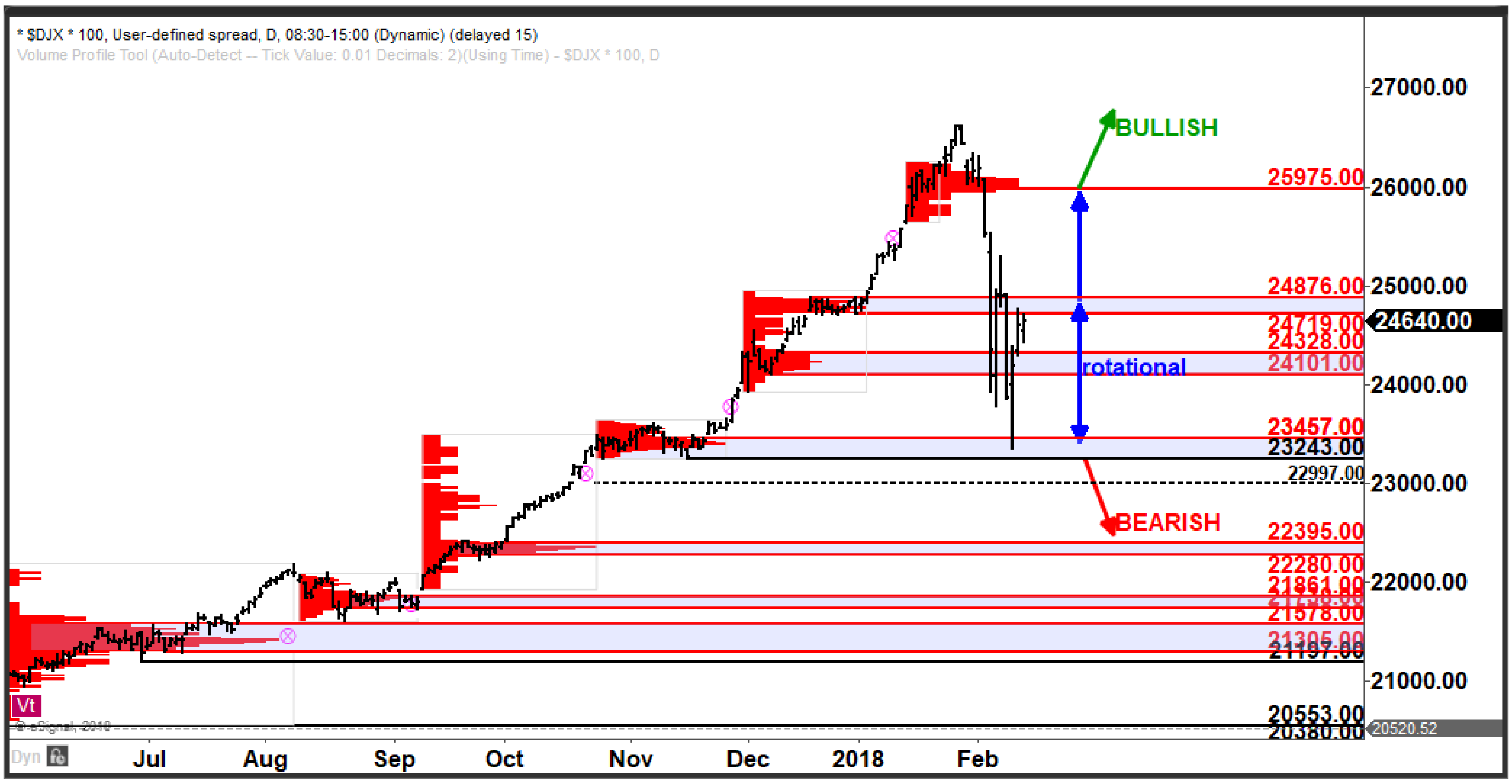
RUSSELL 2000 (RUT)

The Russell 2000 index remains bearish in the near-term as it again challenges the zone of resistance at 1491 – 1511. A move over 1511 would signal a shift to a rotational bias. Support to the downside remains at 1454.



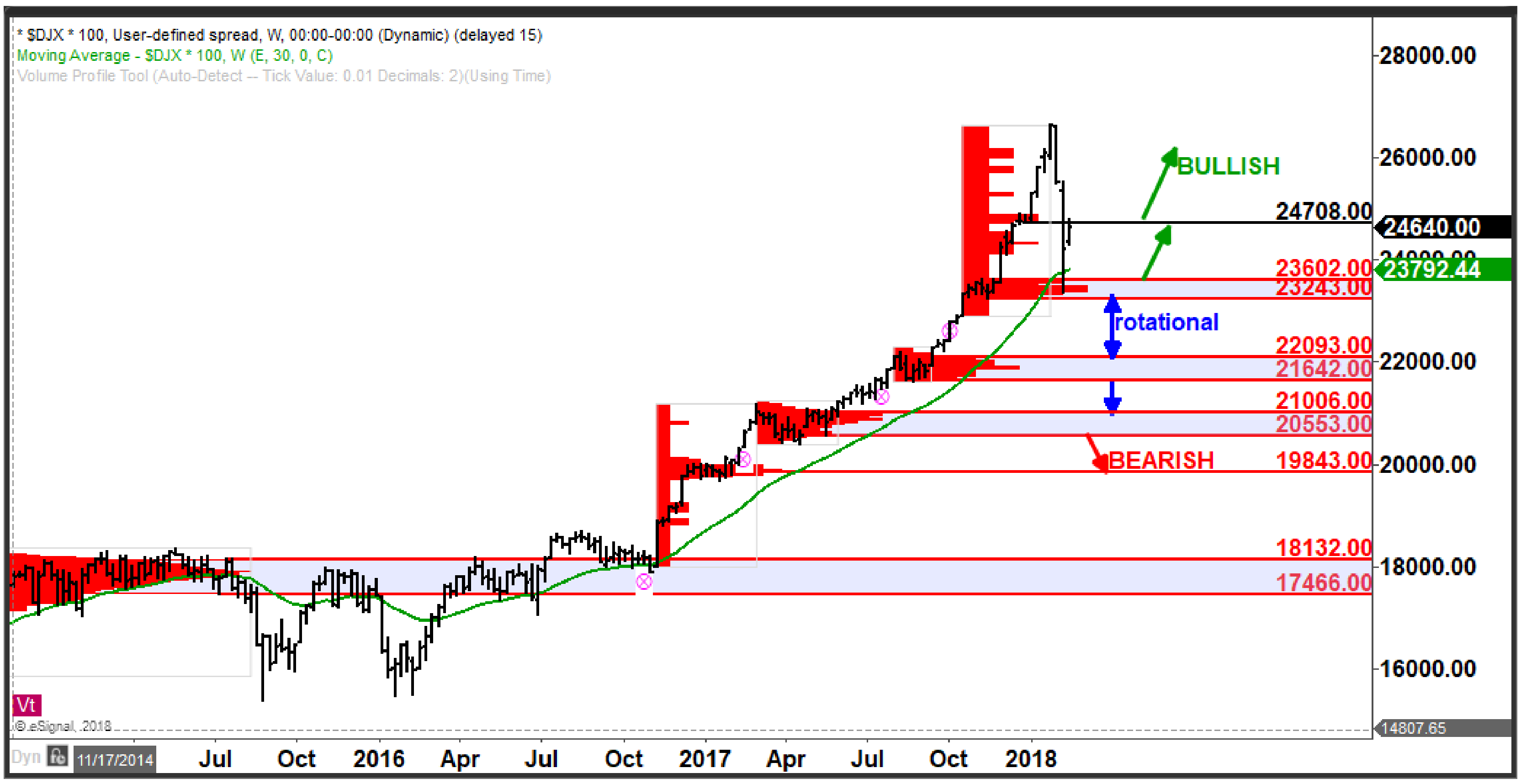
DOW JONES INDUSTRIAL AVERAGE

The Dow Jones Industrial Average has shifted its bias to rotational with resistance established at 24,719 – 24,876 and 25,975. Lower support remains at 23,243 – 23,457.



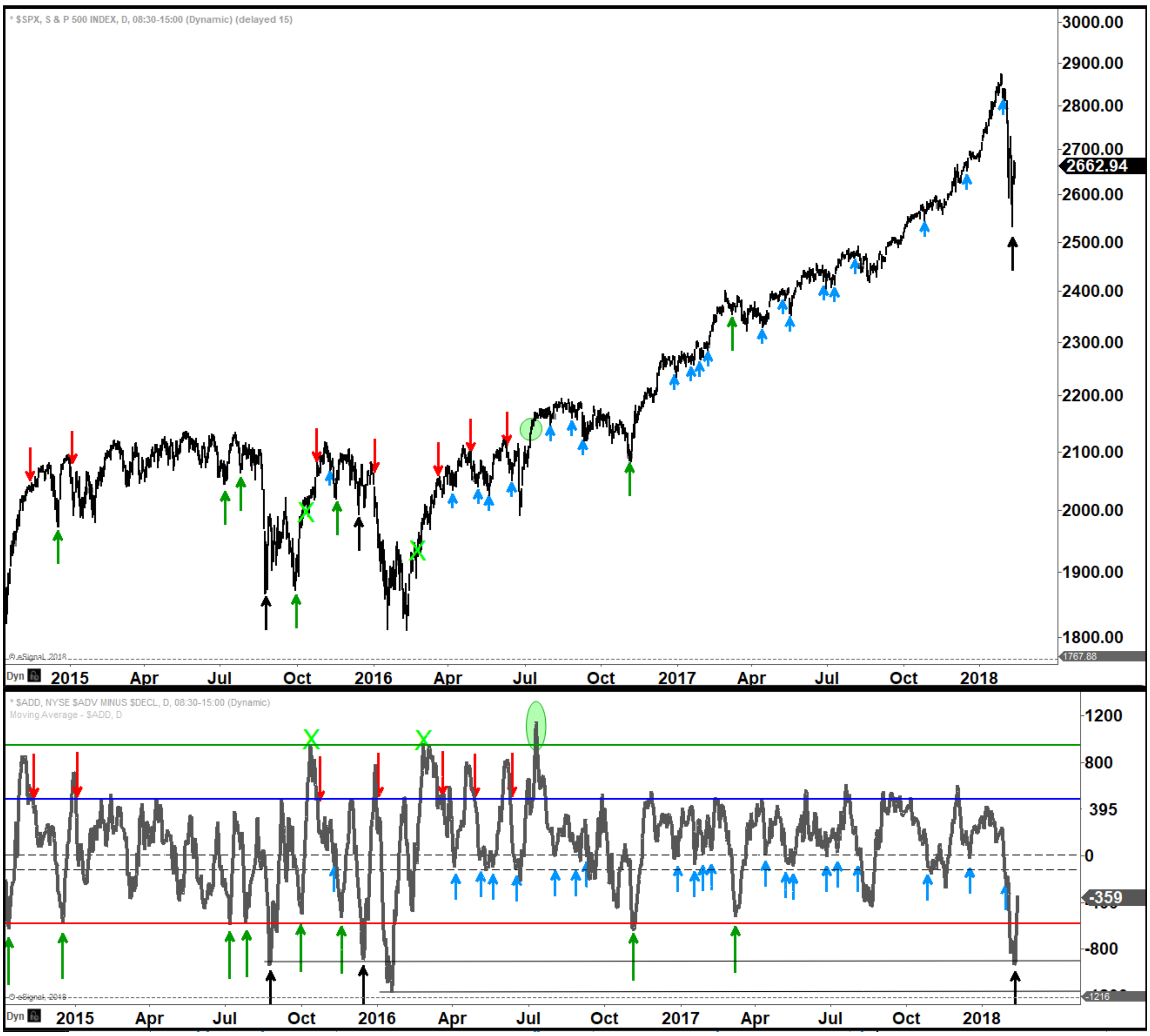
DOW JONES INDUSTRIAL AVERAGE LONG-TERM

The Dow Jones Industrial Average big picture uptrend will remain intact while above support at 23,243 – 23,602. Only a breach of 23,602 would shift the big picture bias away from bullish.



NYSE BREADTH (ADVANCE-DECLINE) AVERAGE

The breadth average touched to the black line and along with the SPX has responded back to the upside. Our next expectation is that we will see a return to swings in the breadth average from the lower black lines to the upper blue and green lines as the SPX oscillates and rotates between support and resistance levels in the near-term.



VOLATILITY (VIX)

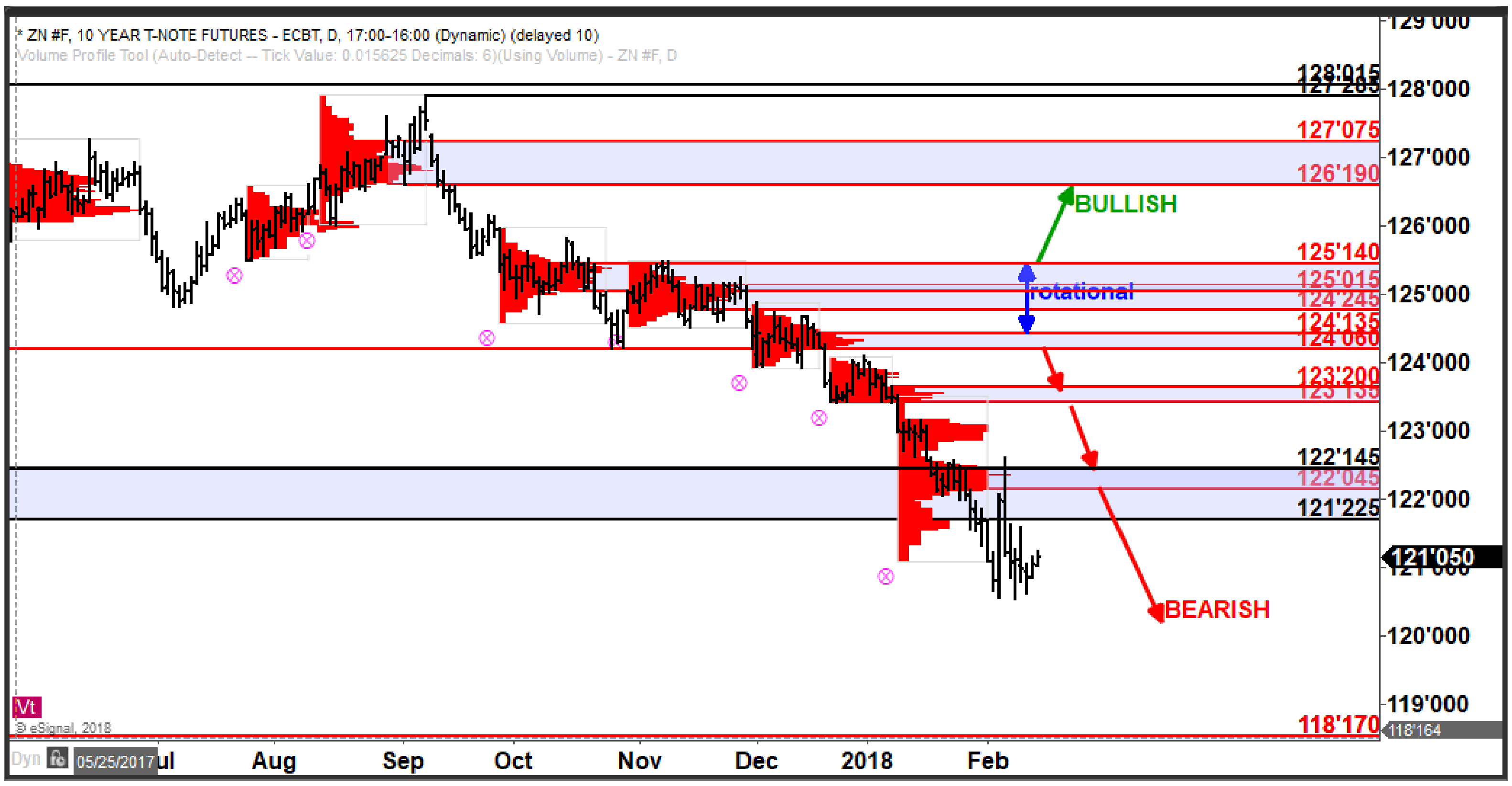
The VIX spike to 50 marks the end of the latest 'buy the dip' phase. The large degree trend higher in the SPX, which began from the 2009 low, remains intact. If the prior VIX spikes in this on-going uptrend are a guide, we can expect at least 3 months of rotational or net-sideways price action following the VIX spike.

The blue rectangles below show the prior VIX spikes that marked the beginning of prior corrections and rotational time periods. Each rectangle is a 3-month time period, which in 2 of the last 3 corrections encompassed the correction low and after which the uptrend reasserted itself.

What this means is that an immediate return to the bullish price action we've seen over the last year is unlikely but that a low in the next 2-4 months could mark a correction low in this on-going trend higher. The only caveat to attach to this is that it remains important to measure this timing expectation against the important support levels that have been established in the big picture uptrend.

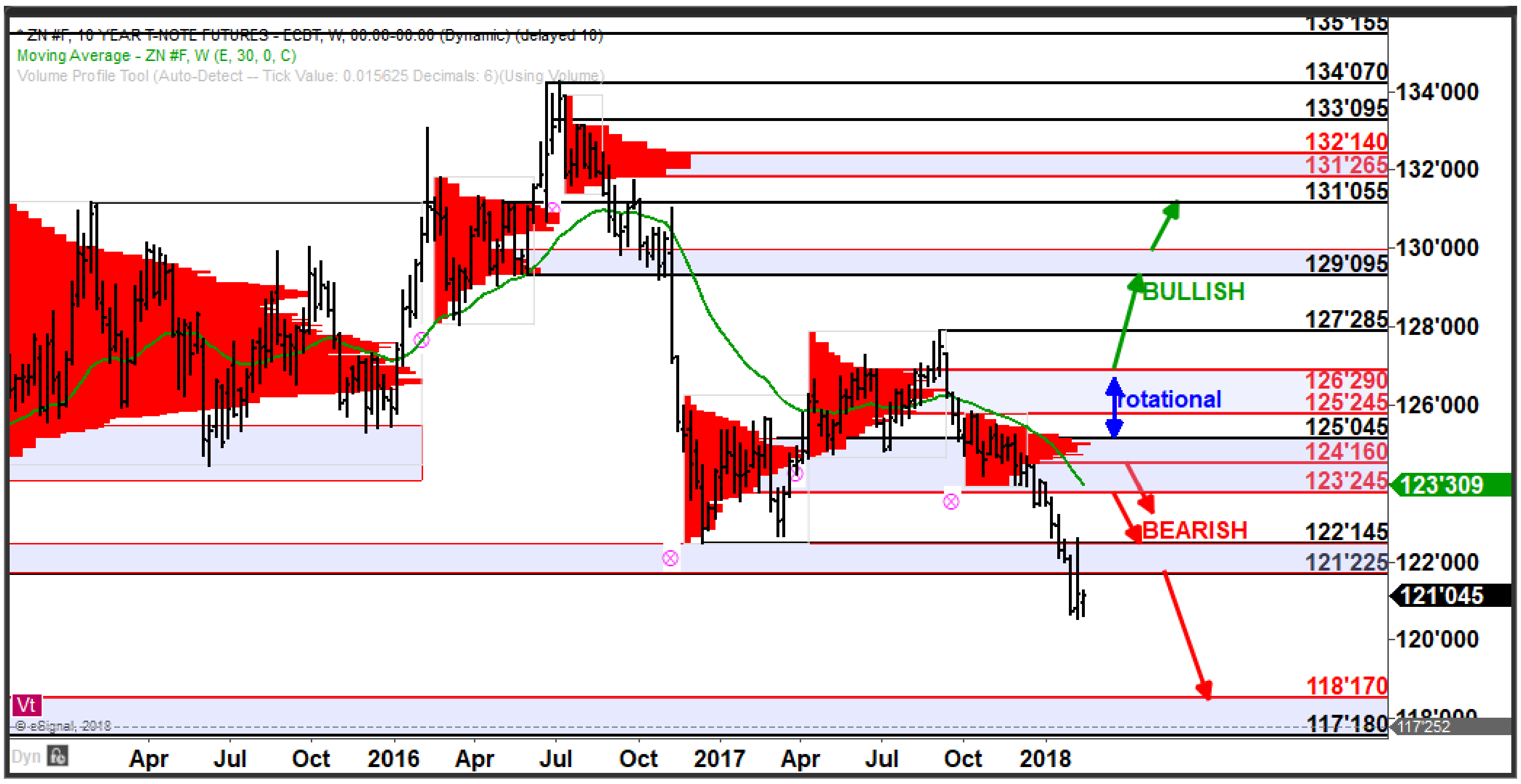
10-YEAR TREASURY NOTES

Notes bias remains bearish after testing and being rejected from resistance at 122’045 – 122’145. The next downside target remains 118’170.



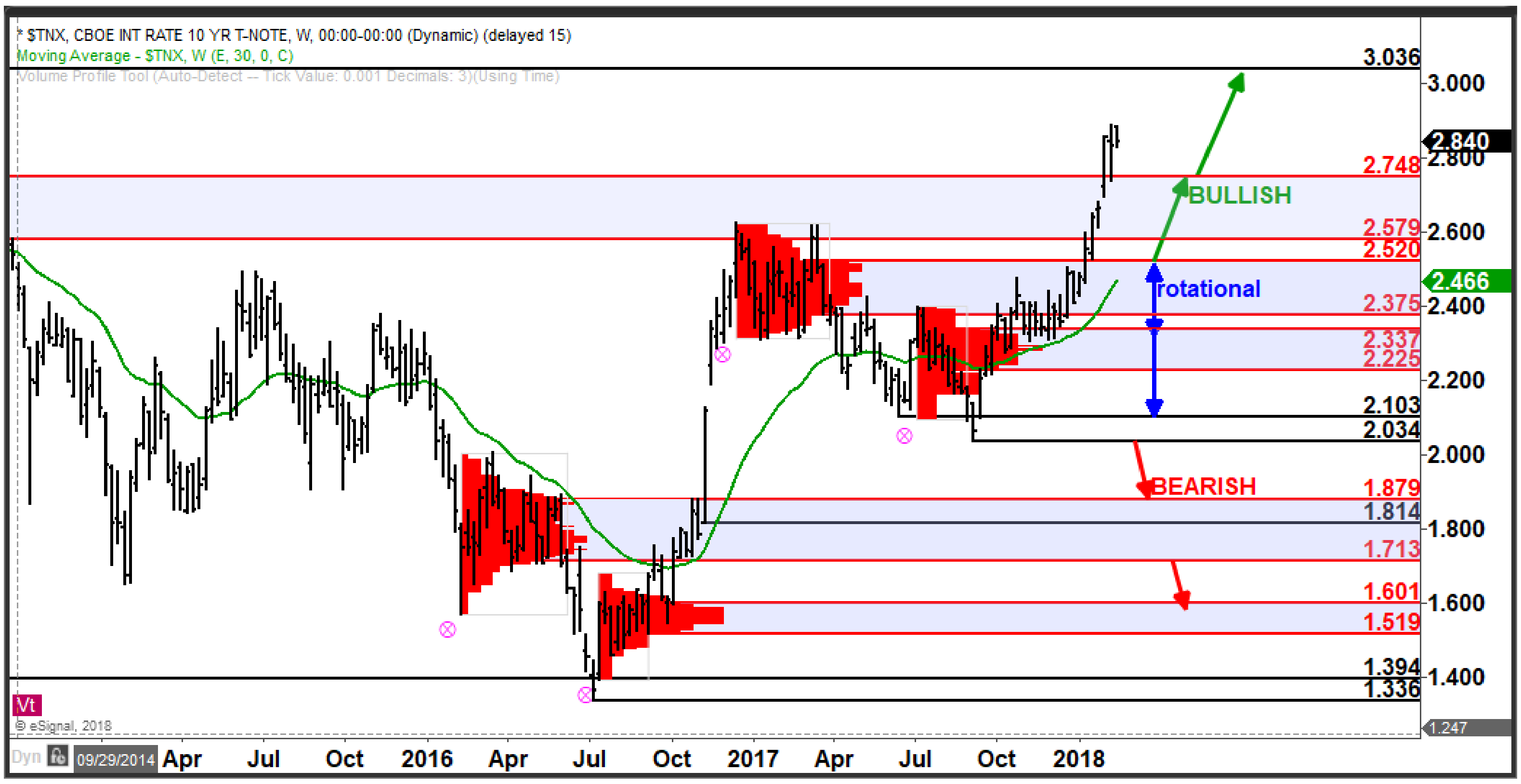
10-YEAR TREASURY NOTES LONG-TERM

Notes remain near the recent lows and the bias remains bearish. Resistance at 121’225 – 122’145 turned notes back to the downside. The next downside target remains 118’170.



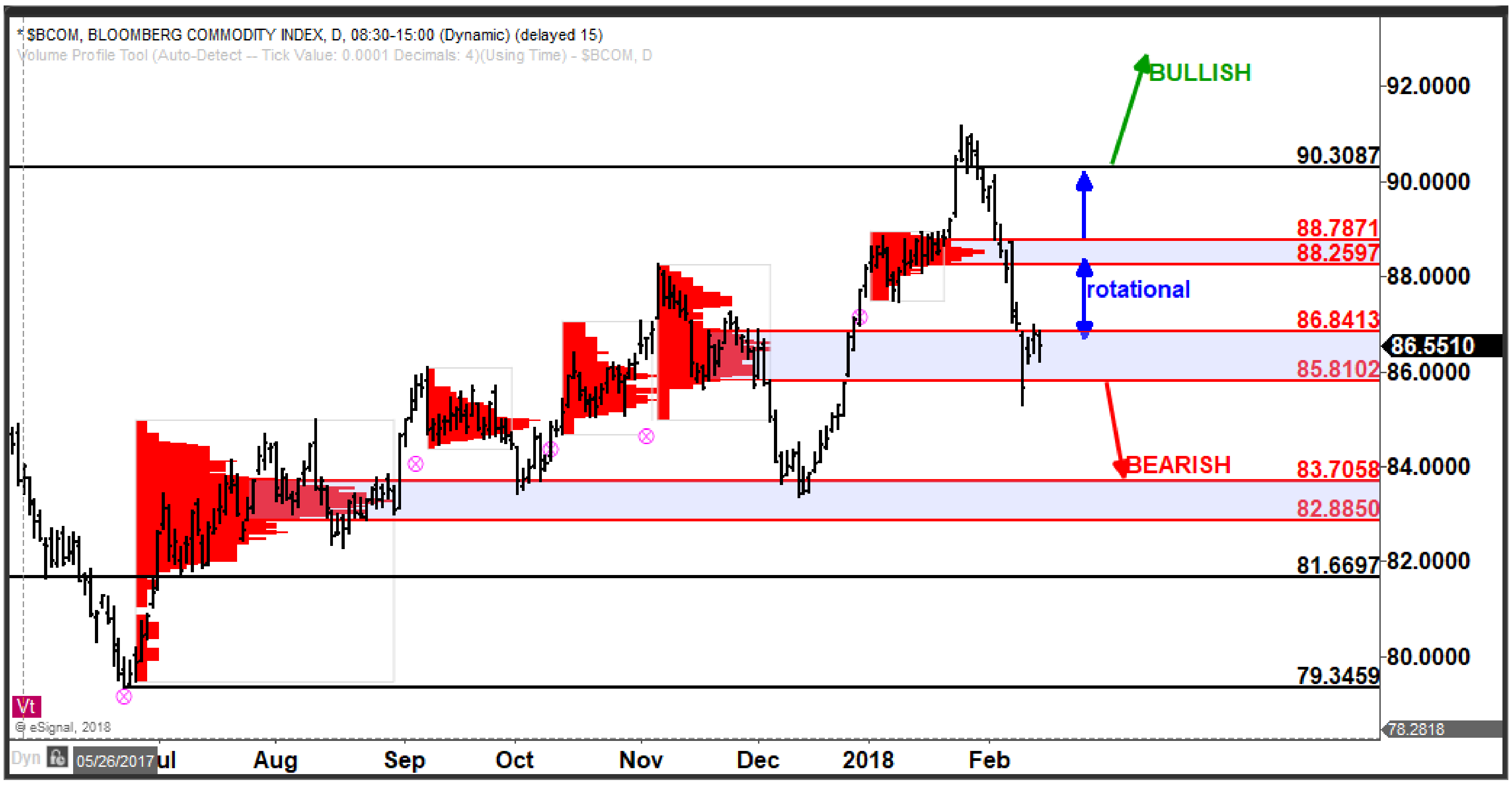
TEN-YEAR NOTE YIELD (INTEREST RATES)

Rates continue to press higher and the bias remains bullish. The next upside target remains at 3.036. Supports on any pullback are 2.748 and 2.520.



BLOOMBERG COMMODITY INDEX

The Bloomberg Commodity Index continues to challenge support at 85.81 – 86.84. The bias remains rotational while this support is maintained. A move below 85.81 would shift the near-term bias to bearish.

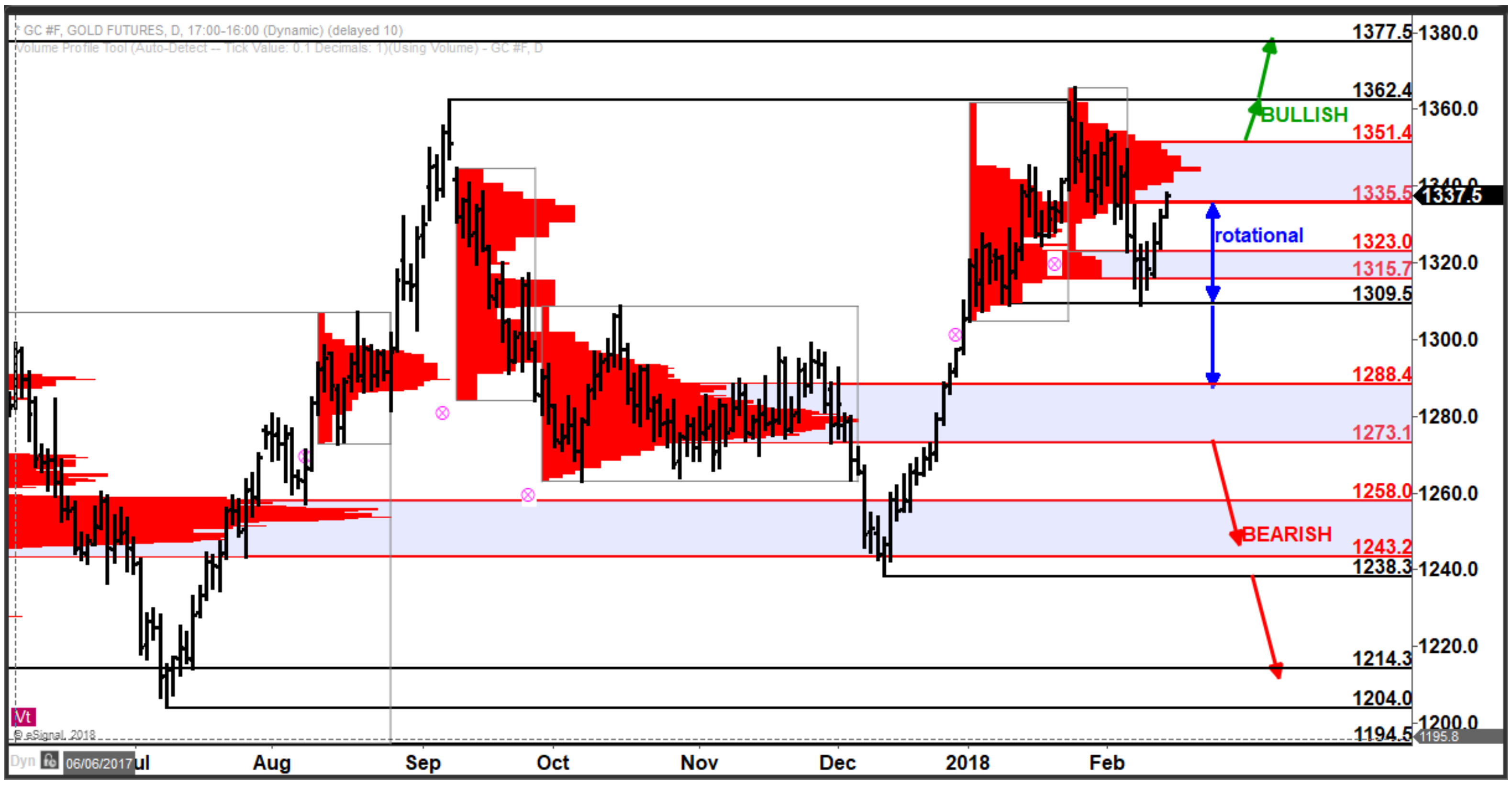


BLOOMBERG COMMODITY INDEX LONG-TERM

The Bloomberg Commodity Index long-term bias has shifted to rotational after failing to surmount the zone of resistance at 86.82 – 90.31. A move over 90.31 is needed to shift the bias to bullish. Lower support remains at 79.34 – 81.67.

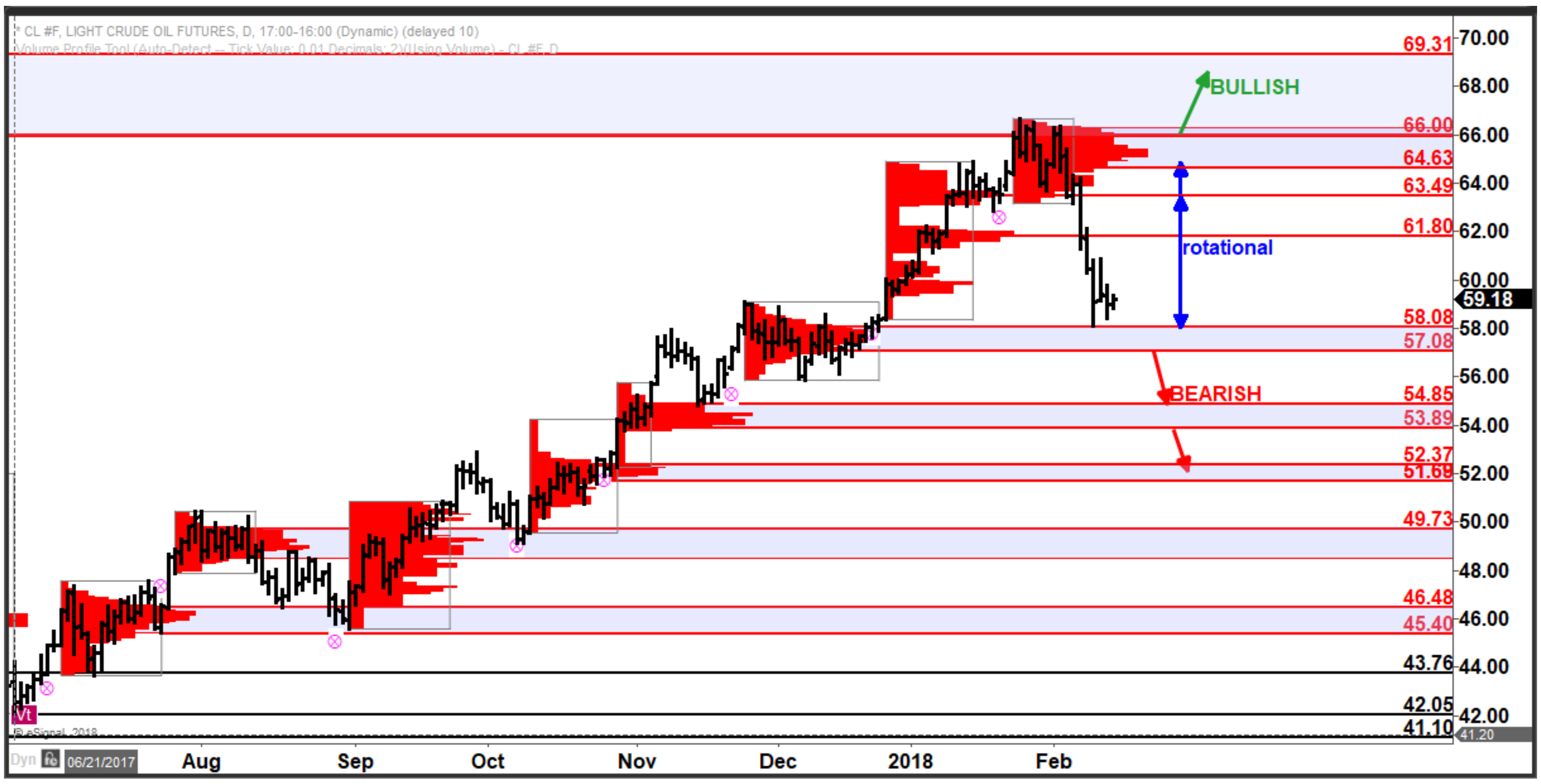
GOLD

Gold bounced from the test to support at 1309.5 and has reached resistance at 1335.5 – 1351.4. The bias remains rotational. A move above 1351.4 is needed to shift the bias back to bullish. Lower support remains at 1273.1 – 1288.4.



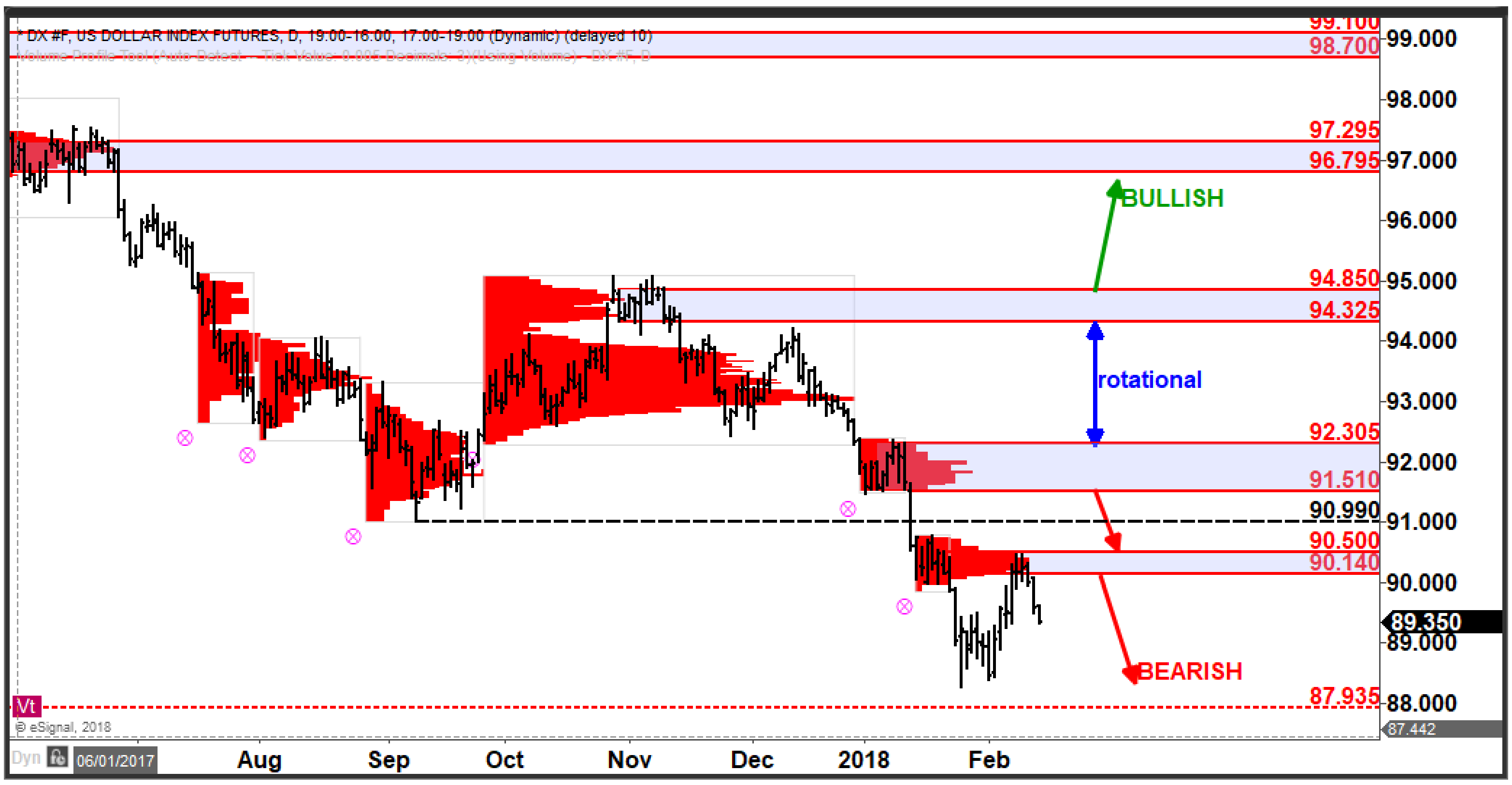
CRUDE OIL

Crude oil has touched to the zone of support at 57.08 – 58.08 and the bias remains rotational while above this zone. Resistance is established at 64.63 – 66.00 on any rally attempt.



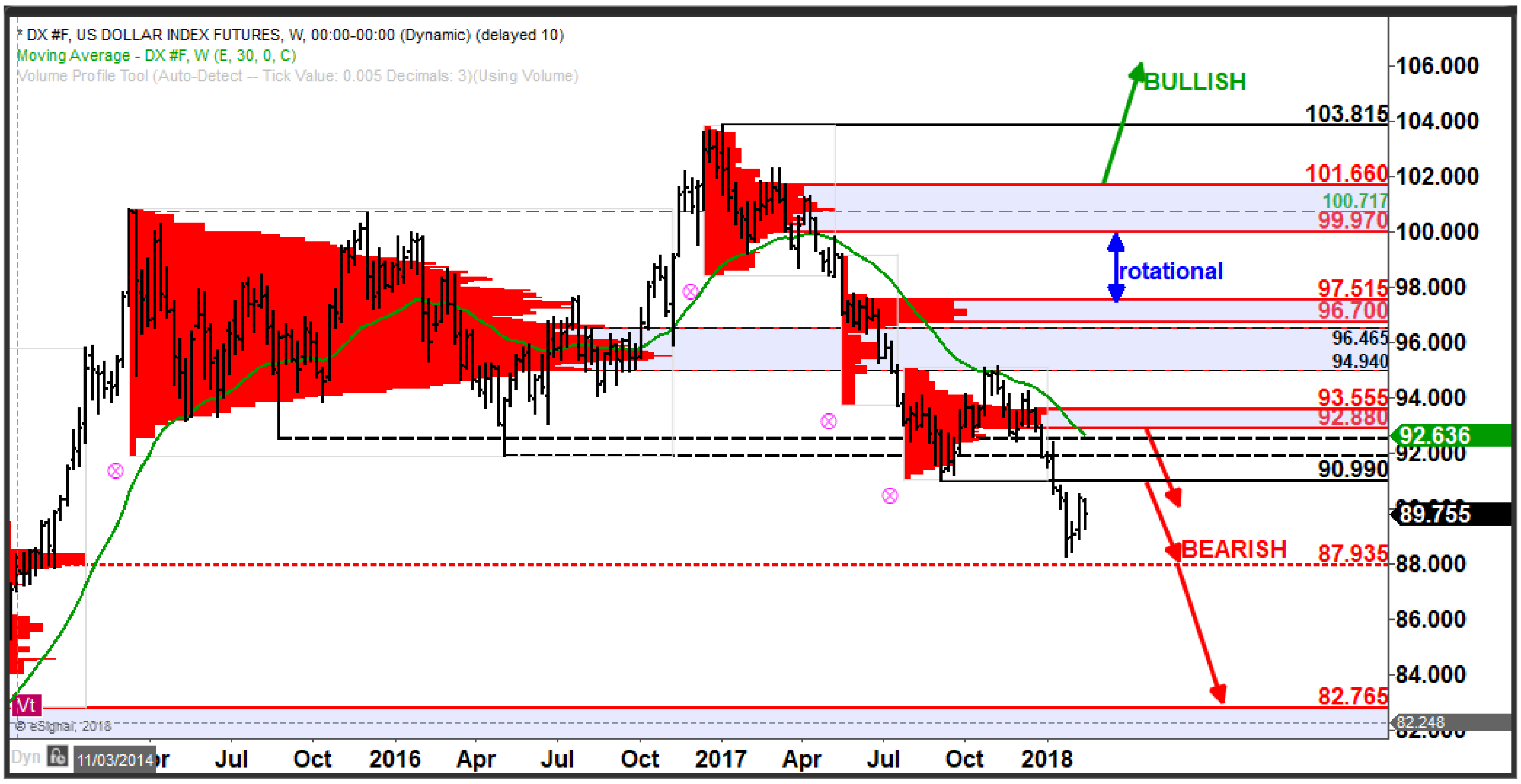
US DOLLAR INDEX

The US Dollar index has been turned back to the downside from resistance at 90.140 – 90.500 and the bias remains bearish. Higher resistance levels remain at 90.990 and 91.520 – 92.305. The next downside target / support remains at 87.935.



US DOLLAR INDEX LONG-TERM

The US Dollar index bounced just ahead of the next lower target / support at 87.935 and the bias remains bearish. Resistance remains at 90.990 – 92.520 on any further rally attempt.



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