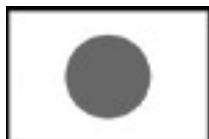


FX Technicals

Special Q1/January Outlooks – 2 January 2017

Overview: The new setups for Q1 do favor follow-thru to the Q4 moves. The projected Q1 targets are 127.89JPY, 129.83 in EURJPY, 1.0905 in GBP; .9750 in EUR; 1.3915 in USDCAD and .9750 in AUD. But because Q1 trends are mixed – only JPY and GBP are in trend – continued follow-thru will hinge on a mix of monthly trend and initial Q1/Yearly levels. Early structural levels to work against are Q1/Jan uptrend at 112.08/110.00JPY; monthly uptrend at 118.52 in EURJPY; Jan trend/Q1 zone at 1.0740/1.0810 in EUR; Yearly/Q1 support at 1.3323/1.3175CAD; and Jan monthly trend at .7417/70 in AUD. GBP is seen from 1.3080 to 1.0905.



USDJPY

Dec 30 Close – 116.88

January	Q1	2017
Bullish	Bullish	Neutral
Target = 124.56 Neutral Below 110.00	Target = 127.89 Neutral Below 106.62	Projected Range 109.92 to 127.89

Comments: BULLISH. Trend is bullish in all three of the long-term time frames, from monthly thru Yearly – although the Yearly setup is quite clearly more neutral than it is bullish. The closest long-term resistance and likely target for Jan/Q1 is the initial Yearly level at 127.89. There is a monthly level at 124.56 ahead of there; there is a Q1 level at 129.83 above. Supports for Q1 are 112.08 and the 106.62 Quarterly uptrend. Monthly uptrend is at 110.00. The projected ranges are: January from 112.08 to 124.56; Q1 from 112.08 to 127.89 for Q1; and for the Yearly, 127.89 high (first) back to at least 109.60 low (with drop to 82.18 under there).

Position Strategy: Given the multiple uptrends, strategy is to buy against 112.08 (Q1) and 110.00 monthly trend in January. Exit longs at 124.56 in Jan. On strength, will sell 127.89 (Yearly) to 129.83 (Q1) during Q1.



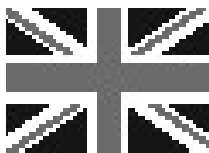
EURJPY

Dec 30 Close – 123.20

January	Q1	2017
Bearish	Neutral	Neutral
Target = 125.31 Neutral Below 118.52	Projected Range 117.19 to 129.83	Projected Range 93.04 to 133.31

Comments: NEUTRAL. There are some significant differences between EURJPY and USDJPY, the biggest being the neutral status of the Quarterly and Yearly trends (as opposed to bullish in USDJPY) and setups. The two main long-term resistance levels are 129.83 for Q1 and 132.81/133.31 Yearly trend zone. Supports are Yearly level at 119.41, the monthly uptrend at 118.52 for Jan (and rising), then 117.19 and 114.46 for Q1. Yearly support also drops sharply below 119.41 to 93.04, with possible implications after Q1. Projected ranges: January from 118.39 to 125.31; Q1 from 117.19 to 129.83; and for 2017 from 129.83/133.31 high to 93.04 low.

Position Strategy: As long as monthly trend is bullish (above 118.39 in Jan), will be a better buyer of weakness. In January, buy 119.41/118.39; for Q1, buy against 114.39. Exit longs at 125.31/126.93. On strength, sell 129.83 and 132.81/133.31 Yearly target.



GBPUSD

Dec 30 Close - 1.2320

January	Q1	2017
Bearish	Bearish	Bearish
Projected Range 1.2030 to 1.2610	Target = 1.0905 Neutral Above 1.3080	Target = 1.0905 Neutral Above 1.4730

Comments – BEARISH. Long-term trend is bearish across all time frames in GBP, with a strong negative bias for both Q1 and the Year. The result is expected to be new lows seen in 2017. For Q1, the closest support is 1.0905, with no Yearly support until .8940. (Though monthly trend is also bearish, the Jan monthly setup is more neutral from 1.2030 to 1.2610.) At the same time, long-term resistance is fairly high, with Q1 downtrend at 1.3080/1.3110 and yearly resistance way up at 1.4110/1.4420. The projected ranges are: January from 1.2030 to 1.2610; Q1 from 1.3080 down to 1.0905; and for the Year from 1.0905 to 1.4110.

Position Strategy: Strategy is to sell strength. The preferred sell zone is 1.3080/1.3110 Q1 trend. The more aggressive sale is to sell weakness on close under 1.2000 (during Jan). The eventual target for Q1 is 1.0905.

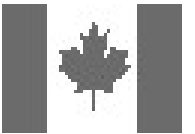
**EURUSD**

Dec 30 Close – 1.0525

January	Q1	2017
Bearish	Neutral	Bearish
Target = 1.0185 Neutral Above 1.0810	Projected Range 0.9750 to 1.0775	Target = 0.9750 Neutral Above 1.1560

Comments – BEARISH. EUR is bearish on both the monthly and yearly trends, with all three setups, including the Q1, pointing lower. But the support targets are split. Initial January and Yearly supports are fairly shallow at 1.0240/1.0185. But if broken, downside drops to .9750 for Q1 and .8595 for the Year. Initial resistance and sell zone is very clean at the combined Jan downtrend of 1.0740/1.0810 and Q1 level at 1.0770. Above there sees jump to Yearly level at 1.1125 and Yearly downtrend at 1.1520/60. Projected ranges are: January from 1.0740/70 to 1.0185; Q1 range from 1.0770 to .9750; Yearly range from same .9750 low to 1.1520/60 trend.

Position Strategy: During January, will aggressively sell strength to the monthly downtrend/Q1 zone at 1.0740/1.0810. Cover at 1.0245/1.0185. Also sell weakness on break/close under 1.0185 for eventual Q1 target of .9750.

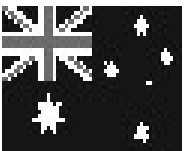
**USDCAD**

Dec 30 Close – 1.3435

January	Q1	2017
Bullish	Neutral	Bullish
Target = 1.3915 Neutral Below 1.3359	Projected Range 1.3175 to 1.3915	Target = 1.5379 Neutral Below 1.2665

Comments – NEUTRAL TO BULLISH. Quarterly trend is officially 'neutral.' But Yearly trend is firmly bullish and both the Q1 and Yearly setups point one-sidedly higher. Supports between the two time frames overlap nicely to form excellent buy structure, with first buy zone at Yearly/Q1 combination of 1.3323/1.3248, followed by Q1 uptrend at 1.3175/1.3090. The closest long-term resistance for Q1 isn't until 1.3915, with no Yearly level until 1.5380. The monthly setup starts out neutral under 1.3644. Projected ranges are: January from 1.3323(1.3248) to 1.3644; Q1 from 1.3248/1.3175 to 1.3915; the projected yearly range is 1.2870 to 1.5379.

Position Strategy: With the multiple uptrends and bullish setups, will look to buy weakness. Will buy against 1.3323; 1.3248 and 1.3175. Can also aggressively buy break/close above 1.3650 during Jan. The target for longs in Q1 is 1.3915.

**AUDUSD**

Dec 30 Close – 0.7213

January	Q1	2017
Neutral	Neutral	Bearish
Projected Range 0.6994 to 0.7370	Projected Range 0.6897 to 0.7370	Target = 0.6750 Neutral Above 0.7790

Comments – NEUTRAL TO BEARISH. Long-term trends are a mixed bag in AUD: Yearly trend is bearish, Quarterly neutral and monthly leaning bearish under .7470 for Jan. All three setups do point lower – although resistance levels between time frames fail to match-up precisely. The first major area of resistance is combined Yearly level and bearish-leaning monthly trend from .7370/.7417 to .7470. Above there sees jumps to Yearly trend at .7740/.90. Supports are staggered at .6994 for Jan, .6897 for Q1 and .6750 for the year. Expected ranges are: January from .7370 to .6994; Q1 from .7370/.7470 to .6910; and for 2017 from .6760 low to .7740/90.

Position Strategy: Sell strength in Jan and Q1, with the main starting point the combined Yearly/Jan trend zone at .7370/.7470. Cover shorts at .6910 for Q1 and .6750 for the Year.

Stock/Bond Technicals

Special Q1/January Outlooks – 2 January 2017

Overview: Quarterly trends reversed bearish in Treasuries in Q4 and the setups for Q1 signal more downside follow-thru – albeit, with high resistance also allowing for a sharp counter-trend bounce. Main Q1 sell structures are 2.765/627 in bonds, 2.00/1.80 in 10s, 1.59/48 in 5s and .93/.883 in 2s. Monthly downtrends for January sit in front of those areas and are the more aggressive sales. 2s are the only maturity with both Yearly trend and setup bearish. Should they get behind 1.50 Yearly support, downside accelerates. Stocks are trend up, but with widespread setups in all three time frames. The expected Q1 range is 2138.65 trend to 2361.25.

S&P 500 Cash Index

Dec 30 Close – 2238.83

January	Q1	2017
Bullish	Bullish	Bullish
Target = 2291.09	Target = 2361.25	Target = 2420.34
Neutral Below 2179.00	Neutral Below 2138.65	Neutral Below 2029.16

Comments – BULLISH TO NEUTRAL. Trend remains bullish in all time frames in stocks. But the outside range in 2016 also leaves a textbook two-way setup for 2017. The result should be more of a two-way trade in Q1 that will demand patience for key structural levels. The first round of support is the combined Q1 support/Jan uptrend zone at 2193.51/2179.00. Below there is the Q1 uptrend at 2138.65 and 2093.52. Resistance starts with an immediate Yearly level at 2248.23 and Jan hurdle at 2291.09. But the main target for Q1 is 2361.25. Projected ranges are: January from 2193.51 to 2291.09; Q1 from 2138.65 to 2361.25; Yearly range from 2361.25 or 2420.34 high and 2029.16 low.

Strategy: The uptrends favor buying weakness to the structural supports. In January, the first buy zone is 2193.51/2179.00 (Q1/Jan). Also buy against deeper 2138.65 Quarterly trend. Exit longs at 2291.09 (Jan) and 2361.25 (Q1). Sell 2420.34.

US 30yr Bonds

Dec 30 Close – 3.07

January	Q1	2017
Bullish	Bearish	Neutral
Target = 3.337	Target = 3.75	Projected Range
Neutral Above 2.83	Neutral Above 2.535	3.75 to 2.627

Comments – BEARISH TO NEUTRAL. Quarterly trend is bearish and the setup for Q1 points generally lower. But the fact trend resistance is quite high also allows for a counter-trend corrective rally. Main resistance is the Q1 levels at 2.765 and 2.53/52 downtrend. The main Yearly resistance sits at 2.627 between there, while the monthly downtrend for Jan is at 2.83. The closest long-term support targets are Yearly level at 3.75 and Q1 level at 3.927. There are monthly levels at 3.337 and 3.493 for January. Projected long-term ranges are: January from 2.923/83 to 3.337; Q1 from 2.76/627 to 3.75; and Yearly range from 2.627 to 3.75.

Strategy: Generally speaking, strategy is to sell strength in line with the downtrends. For January, can sell against 2.927/83 monthly trend zone; for Q1, sell against Quarterly/Yearly zone at 2.765/627. During Q1, will buy weakness at 3.75 to 3.92, if reached.

US 10yr Note

Dec 30 Close – 2.45

January	Q1	2017
Bearish	Bearish	Neutral
Target = 2.962	Target = 1.3.117	Projected Range
Neutral Above 2.137	Neutral Above 1.795	3.103 to 1.78

Comments – BEARISH TO NEUTRAL. Quarterly trend reversed bearish and Yearly trend fell neutral to end Q4 in 10s. Like bonds, the long-term setups are generally bearish, although high resistance levels do allow for countertrend bounce. Q1 resistance is 2.00 and 1.865/795 trend. The monthly downtrend for January sits ahead of there at 2.137 and falling rapidly over time. The closest Yearly resistance is 1.78 (matching Q1 trend). The main long-term support target is the Yearly level at 3.103. Monthly levels are at 2.865/962 ahead of there; the closest Q1 level is way back at 3.53. Expected ranges are: January from 2.26/137 to 2.865; Q1 from 2.00 to 3.103; Yearly range from 1.78 to 3.103.

Strategy: Will look to sell strength. In January, sell against 2.137 monthly trend. For Q1, will sell 2.00 and the combined Q1 trend/Yearly zone at 1.865 to 1.795/78, separately. The targets are 2.865/963 in Jan and 3.103 (Yearly level) for Q1.

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US 5yr Notes

Dec 30 Close – 1.928

January	Q1	2017
Bearish	Bearish	Bearish
Target = 2.29/338	Target = 2.29/415	Target = 2.305/415
Neutral Above 1.615	Neutral Above 1.313	Neutral Above 1.59

Comments – BEARISH TO NEUTRAL. Quarterly trend reversed bearish in 5s. Downside follow-thru for Q1 is very likely, given both the negatively biased setup and bearish monthly trend. Initial resistance is the monthly downtrend for Jan at 1.665/615 (dropping over time), with the main Q1 resistance at 1.485 to 1.395/313 trend. Yearly trend is also bearish (behind 1.59), but the outside range in 2016 leaves a widespread setup conducive to an eventual rebound off 2.305/415 Yearly support. A break behind there, however, drops to 2.973 in Q1. Upper Yearly resistance is unlikely at 1.06. The projected ranges are: January from 1.665/615 to 2.29/337; Q1 from 1.59 to 2.29/415; and Yearly from 2.415 to 1.59.

Strategy: Sell strength to 1.665/59 in January and at 1.49/393 for Q1. On weakness, will cover all shorts and set longs against 2.29/415 (especially in January with additional 2.338/42 monthly zone).

US 2yr Notes

Dec 30 Close – 1.21

January	Q1	2017
Bearish	Bearish	Bearish
Target = 1.443	Target = 1.50	Target = 1.50
Neutral Above 1.01	Neutral Above 0.818	Neutral Above 0.800

Comments – BEARISH. Like 5s, 2s also have trend bearish in monthly, quarterly and yearly time frames. But in addition, both the Yearly and Quarterly setups are bearish, with closer resistance. The result is likely to be a more defensive trade here and one that portends flattening. Resistance starts with a very aggressive Yearly level at 1.103 and monthly downtrend for January at 1.01/.985. The bigger structural barrier is the combined Q1 downtrend at .93/.883 to Yearly trend at .80. Supports are initial Yearly level at 1.50 and Q1 levels at 1.75 and 2.063. Projected ranges are: January from Yearly/Jan trend zone at 1.103/01 to 1.435; Q1 from .93 to 1.50 Yearly level; and for 2017 from .80 Yearly trend to 1.50 – but with extension risk behind there.

Strategy: Sell strength. In January, will sell from 1.103 Yearly level to 1.01/.985 monthly downtrend. For remainder of Q2, will sell .93/.883 to .818/.80 Q1/Yearly trends. The earliest cover is 1.50 (Yearly); but if broken, the next target is 1.75 (Q1).

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