



STRATEGY NOTE:

MAJOR MARKETS TESTING IMPORTANT LEVELS

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NEELS HEYNEKE

Senior Strategist
Tel : +27 11 535 4041
Nheyneke@Nedbank.co.za

MEHUL DAYA

Strategy: Research Analyst
Tel : +27 11 295 8838
MehulD@Nedbank.co.za



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CIB

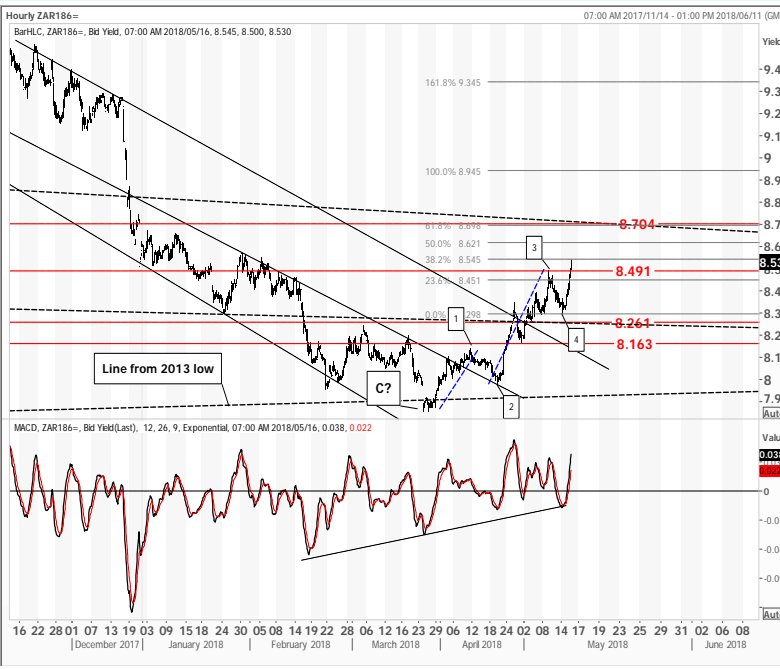
\$/RAND, TURNED UP FROM STRONG RESISTANCE



Source: Reuters, Nedbank CIB

- We anticipated wave 4 to take longer to play out and we are surprised about the speed. This indicates that the market is still very long the carry-trade.
- A break above the previous highs at 12.74 would indicate that wave 5 is unfolding, targeting a rally to the top of the bull channel at 12.94, with an extended target at 13.40-13.55.
- A 5-wave pattern would also send an important signal, indicating a trend.

R186, HAS TAKEN OUT PREVIOUS HIGH TARGETING 8.70%



Source: Reuters, Nedbank CIB

- The R186 price action has been very weak, failing to retrace back to the 8.26% break-out level.
- The R186 has taken out the previous high and the Elliott wave Fibonacci projections target a move to 8.54%, 8.62%, and our preferred target level at 8.70%.
- On completion of the 5-waves up, we believe we can expect a meaningful consolidation or correction phase.

JSE TOP40 FUTURE, MAJOR SUPPORT AT 51,500



Source: Reuters, Nedbank CIB

- The equity market has been falling much faster than the rallies.
- The overlapping rallies indicate corrective patterns and not trends.
- A break below trendlines at 51,500 would target a move to 48,000-48,500.
- The MACD, which is usually an early warning signal, has already broken the support line and we expect the spot to follow within the next day or two.

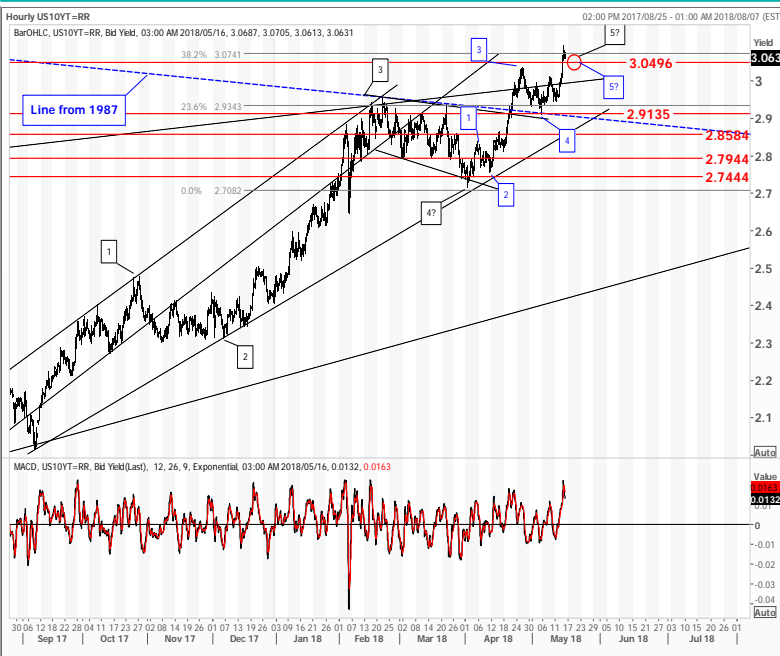
EURO-\$, A BREAK BELOW THE PREVIOUS LOW TARGETS 1.15



Source: Reuters, Nedbank CIB

- If the euro takes out the previous low, we can assume that the 5th wave is playing out.
- The Fibonacci target levels coincide with previous lows at 1.172 and our target level at 1.155.
- We have been calling 1.15 for some time now, but we must admit that we are surprised by the speed of the move.
- The short-dollar position was at record levels and the price action is a consequence of this.
- We expect a major rally off the 1.15 support level.

US10YR, IN THE LATTER STAGES OF THE BEAR MOVE



Source: Reuters, Nedbank CIB

- We have been calling for another wave higher. This is now playing out.
- The blue wave-5 needs another wave down, followed by a final push higher to complete the Elliott wave structure that started in September 2017.
- On completion of a 5-wave structure, markets tend to correct the 5th wave, and this would indicate a rally to 2.70% once the pattern is complete.
- We recommend clients with a longer-term view accumulate US bonds into this weakness.

S&P500, TESTING SUPPORT



Source: Reuters, Nedbank CIB

- At 27,00 the S&P500 is testing the previous resistance line from above.
- The market has broken below the April high, confirming that the latest rally is not a bull trend. A break below 2700 would announce the start of wave 3 of 3 to the downside, which should be the biggest wave down since the January 2018 top.
- The next wave down targets 2600 and 2464, with an extended target at 2255.