SECURITIES DIVISION

The Charts That Matter Next Week

GS Techs

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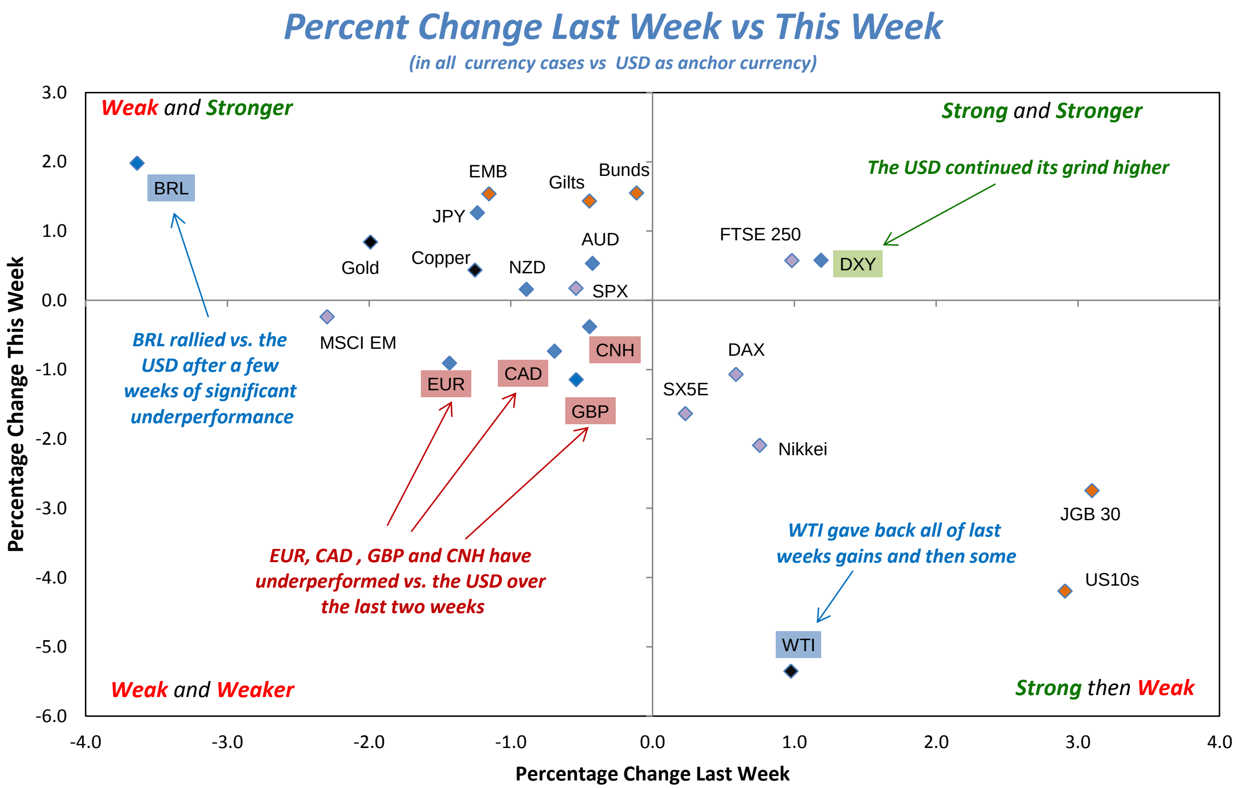
Trending or Turning?

Spotting Themes in the Market

This percentage change scatter chart helps to identify where trends in the market are extending or turning on a week by week basis



- **Multi-Asset Class** – Now included is the following list of securities; SX5E, DAX, CADUSD, Nikkei, HSCEI, WTI, Gold, FTSE 250, EM Bonds, S&P 500, Japan 30-year yields, GBPUSD, NZDUSD, CNHUSD, USD TWI, JPYUSD, AUDUSD, Copper, US 10-year Breakeven, EURUSD, MXNUSD, BRLUSD, U.S. Treasury Notes (10-year), Bunds and Gilts (all in price terms).
- **Performance vs Anchor Currency** – The performance of all non-USD currencies (base) is displayed vs the USD
- **First Across and then Up or Down** – The %age change last week is displayed on the x-axis and the %age change so far this week is displayed on the y-axis
- **Four Quadrants** – Top right is "*Strong and Stronger*" where a currency has strengthened for both of the past two weeks, bottom right is "*Strong then Weak*" where a currency strengthened last week but weakened this week, bottom left is "*Weak and Weaker*" where a currency weakened for both of the past two weeks and top left is "*Weak then Strong*" where a currency weakened last week but strengthened this week

Data Source: Bloomberg   Date: Sunday 27th May 2018

Goldman Sachs

G10 FX Snapshot

A quick overview of the technical outlook…

SECURITIES DIVISION

CCY Pair	Spot	Bias	Target	Comments
EURUSD	1.1662	-	- -	Has broken below thick support at 1.1735-1.1709; three separate levels. This allows room to extend a little further down to 1.1574 (ext. target for wave v). These are levels to watch for the start of a corrective process. An initial retrace level is up at 1.1843
USDJPY	109.44	-	- -	Completed a 5-wave rise from the March low. Has broken below the first retrace level at 109.79, the next comes in at 108.79 (23.6% and 38.2% of the 5-waves). Once a three-wave corrective sequence is in place, will watch for continuation of the underlying uptrend
GBPUSD	1.3313	1	Adding 1.31	The break below 1.3408 opens downside risks to 1.3109 (38.2% and 50% retrace from the Oct. '16 low). A nearer level of support comes in at 1.3268 (1.618 extension from the April high). Should not get back above the 200-dma at 1.3574 to maintain bearish view
EURJPY	127.630	3	125	The cross started a 5-3-5 ABC counter-trend process in January. Wave C has started to unfold after breaking below 128.85. The next level in focus is 127.13 (ABC from the Apr. high). There is scope to continue on towards 124.94 (ABC from January)
AUDUSD	0.7546	1	Adding 0.7380	Testing and holding resistance at 0.7602-0.7613. Includes an ABC off the low and 50% retrace from the Apr. 19th high. This signals a corrective rise and maintains an underlying bearish view. Targets come in at 0.7380 and 0.7331 (min target for wave 5 from March)
NZDUSD	0.6912	-	- -	Consider adding to downside exposure near 0.6979 and not much higher than 0.7059 (23-38.2% retrace). Eventually see potential for 0.68-0.6754. The market has held near 0.68 multiple times since middle of 2016
USDCAD	1.2986	1	Adding 1.32	Has broken an equality target off the May low, signaling tactical potential for impulse. The next tactical level in focus is the prior high from Mar. 19th at 1.3125. An ABC equality target from the April low extends out to 1.32
EURCHF	1.1570	-	Target Met	This set-up was primed for a sell-off against 1.20 resistance, and has worked well thus far. The next level of support to watch is 1.1481 (38.2% retrace since the '17 low). If this is wave 4 of 5 from '15, it should theoretically hold here. A break below opens 1.13-1.12
EURAUD	1.545	-	Target Met	Has reached and so far held near/around the 200-dma and 1.618 ext. from the Mar. 28th high at 1.548-1.546. The next level in focus is 1.5212 (38.2% retrace from Feb. '17). Any retrace/rally from here should be corrective and counter-trend
AUDJPY	82.5820	2	Adding 75.91	The cross tested and held an important area of resistance at 84.71-84.80. Now coming into important support at 81.13-80.50; lows from March/May. Going through that area will confirm an impulsive decline and scope to reach as far as 75.91 (ABC from January)

1= Low Conviction 2= Medium Conviction 3= High Conviction Bullish / Bearish

Data Source: Bloomberg   Date: Sunday 27th May 2018

EM FX Snapshot

A quick overview of the technical outlook…

CCY Pair	Spot	Bias	Target	Comments
USDMXN	19.56	-	Turn neutral	Putting pressure on notable resistance at 19.91-20.00. Breaking the high from Dec. '17 would confirm that this is in fact the C leg of an ABC correction that has scope to reach 20.40-20.56 (ABC target and 1.618 ext. from April). Support comes in at 19.50 and 19.32
USDBRL	3.668	-	- -	Has met and held a 1.618 extension target from early-'17 at 3.80. Although it might consolidate there initially, expecting any such pullback to appear corrective and counter-trend. Support comes in at 3.64 and 3.55 (23.6% and 38.2% retrace from Mar. '18)
USDCLP	623.60	-	- -	Coming into an important area of resistance at 639-642; includes a minimum target for wave 5 from February and the top of a declining channel from '15. This should be a difficult area to break above,. Support comes in at 620 (38.2% retrace from Feb. '18 and 200-dma)
USDCOP	2,883	-	Take profit	Failed to maintain momentum on a break of a downtrend from the Nov. '17 high and 200-dma. Need to maintain momentum above 2900 (200-dma) to continue higher. The top of a range from Jul. '17 is up at 3,100
USDPEN	3.2705	-	- -	The top of a range from May '17 and an equality target from January is up at 3.2950-3.3000. A break above here would open structural topside risks to 3.347 (1.618 ext.). Support comes in at 3.2523 (ABC off the high)
USDRUB	62.30	-	- -	Forming what looks like a triangle continuation pattern. These are characteristic of 4th waves. Indicates potential to oscillate sideways in the very near-term with a bias to make new highs over time. Need below 61 support to invalidate
USDTRY	4.7199	-	Target Met	Has shown clear signs of impulse. Now testing a 1.618 extension target from Sep. '17 at 4.68. Maintaining this break would theoretically open a 2.618 ext. target at 5.27. In terms of support, retrace levels come in at 4.64 and 4.46 (23.6% and 38.2% from Jan. '18)
USDZAR	12.50	-	- -	Resistance is up at 12.77-12.78; minimum target for wave 5 from February and 200-dma. Once a 5-wave sequence is in place, will watch for signs of a top and an ensuing corrective pullback. Support comes in at 12.37 (uptrend from March)
USDCNH	6.390	-	- -	The recovery since March has looked more corrective than impulsive. It's held below 23.6% retrace 6.40 as well as the downtrend from Jun. '17 at 6.41. In short, maintaining a longer-term downside bias; consider short exposure through 6.25
USDKRW	1,078	-	- -	The market looks like it is in a complex corrective 4th wave from the Jul. '17 high. Resistance is up at 1,084-1,080 (downtrend from the February high and prev. highs from February). A 5th wave has a minimum target at 1,036

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Data Source: Bloomberg *Date: Sunday 27th May 2018*

Goldman Sachs

Asset Snapshot

A quick overview of the technical outlook…

Asset	Last	Bias	Target	Comments
S&P 500	2,718	3	2,462	Holding below 2,744-2,758 would re-inforce the triangle like nature of price action since February. The bottom of this pattern is all the way down at 2,634 (200-dma). Ultimately still targeting a move towards 2,462 (ABC from the January high)
Nasdaq	6,963	3	6,100	Holding below 6,961-6,982 would re-inforce the counter-trend nature of price action since February. The primary focus to the downside is the trend across the lows since Jun. '16 down at 6,531. Ultimately see potential to reach as far as 6,000
Eurostoxx50	3,515	2	3,470	The index reached/held its minimum target for a 5th wave from March at 3,582. The index has only see the A of an ABC counter-trend. Support comes in at 3,483-3,464 (38.2% retrace and previous highs). A break opens downside risks to 3,413
DAX	12,938	2	Shift to 12,640	At the very least expecting to retrace between 23.6% and 38.2% to 12,856 and 12,640. Because of the impulsive nature of the recovery from March, it's tough to get too bearish here. Downside risks would however increase below 12,640
Nikkei	22,451	1	19,323	The recent advance from the March low looks impulsive, having reached a 1.618 ext. target at 23,079. Now having retraced 38.2% of a possible 3rd wave to 22,289. In order to maintain a bullish tone, the market should hold here. A 5th wave target goes out to 23,568
MSCI EM	1,135	2	1,087	The index has broken its long-term uptrend, opening downside risks. The next big support pivot comes in at 1,110-1,086; ABC from the February high, previous highs from '12/'13/'14 and 38.2% retrace from Nov. '16. This is an area to watch for signs of a base
US10Y	2.930	2	Adding 2.83%	Yields formed a key day reversal at the high on May 18th and since started the likely 4th of 5-waves from Sep. '17. The first level in focus is 2.94-2.89%; 23.6% retrace and uptrend from Sep. '17. Next below there is 2.826% (38.2% retrace)
U.S. 5-/30-Curve	32.61	-	- -	Having broken below ~42-40bps, opens a target at 23.57 (extended target for wave 5/V from the '17 high). It will be important to watch for signs of a base ahead of there. A break below opens scope to reach 13.83 (min. target for wave V from '11). Resistance is up at 34
Italy 10y	2.461	2	Adding 2.94%	Looks far more impulsive versus the rest of the global yield complex. Has reached/held a 1.618 extension target at 2.74%. Pullbacks should be treated as counter-trend/corrective and reach down towards 2.285% and not much further than 2.175% (23.6% and 38.2%)
DE10yy	0.406	2	Adding 0.322%	Exceeded an equality target from Apr. 15th at 0.511%. Also putting pressure on a cluster of support at 0.48%; gap support, low from Mar. and 200-dma. Failure to hold this opens downside risks to 0.427% and scope to reach 0.322%

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Data Source: Bloomberg *Date: Sunday 27th May 2018*

Goldman Sachs

Commodity Snapshot

A quick overview of the technical outlook…

Asset	Last	Bias	Target	Comments
Platinum	900.1	-	- -	Holding a downtrend from the Feb. '18 high as resistance at 919. The next level of support in focus comes in at 875 (ABC from the Feb. '17 high). A break below there opens another equality target from April at 867. Initial bias is to watch for signs of a base in this area
Palladium	981.6	-	- -	Back below the 200-dma, resistance at 994. Support comes in at 943 (low from May). The sell-off from the February high is largely overlapping/corrective, which doesn't lend itself to much conviction
Copper	6,885	-	- -	Has been in a range since the Dec. '17 low with the top at 7,140 and the bottom at 6,555-6,543. Ultimately expecting a break to the downside. Below 6,543 would increase the chances of a structural decline and opens 6,331 (ABC target off the Dec. '17 high)
Aluminum	2,263	1	2,075	Completed 5-waves at the April high. Ultimately expecting to pullback at least between 2,075 and 1,977; 50% of the entire advance from Nov. '15. More importantly, it could take some time before the market is able to resume its preceding uptrend
Zinc	3,051	-	- -	The market has marginally broken below the uptrend from '16 at 3,100. This opens the next level at 2,890 (ABC off the high). This will be a more important area to watch for signs of a base as a break below signals potential for impulse
Gold	1,303	2	Adding 1,350	Has once again held the base of a triangle from Jul. '16 at 1,270. Focus is shifting back higher to 1,358-1,375 highs. These patterns tend to breakout in the direction of the preceding trend, in this case higher. How price action develops at 1,375 will be trend defining
Silver	16.53	-	- -	Forming an untraditional triangle that favors an eventual topside breakout. Support comes in at 16.06 (the bottom of the triangle). The primary focus above is the trend across the highs since Apr. '17 at 17.48. Nearer resistance is up at 16.81 (200-dma)
WTI	67.66	2	Adding 62.23	Posted a bearish key week reversal on top of a 1.618 ext. target at 71.76. There is a good chance the market completed a 5-waves and is starting a corrective process. A wedge target suggests scope to reach 61.73 over time, with closer support at 66.80-66.31
Iron Ore	454.00	2	424	The decline since January has shown potential for impulse, and is now in a 4th wave. Resistance is up at 480 and should not go much higher than 485 (ABC off low and 38.2% retrace). A 5th wave from current levels has a min. target at 440.50 and ext. at 407.4
Nat Gas	2.93	-	- -	Broken above an equality target from the Feb. '16 low at 2.846. This signals potential for impulse after holding above important support at 2.532 (bottom of a range from '17). The next level in focus is up at 3.02 (1.618 extension)

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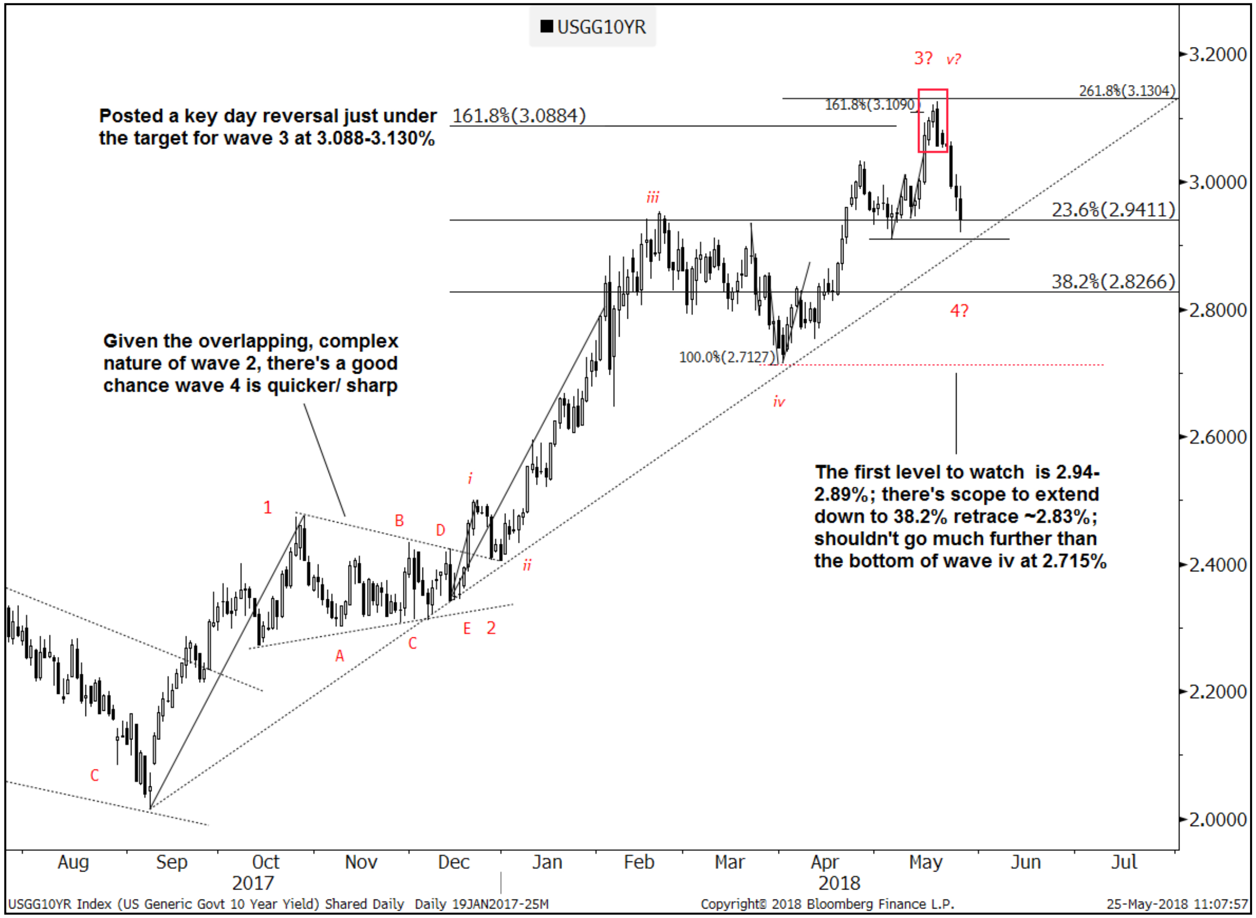
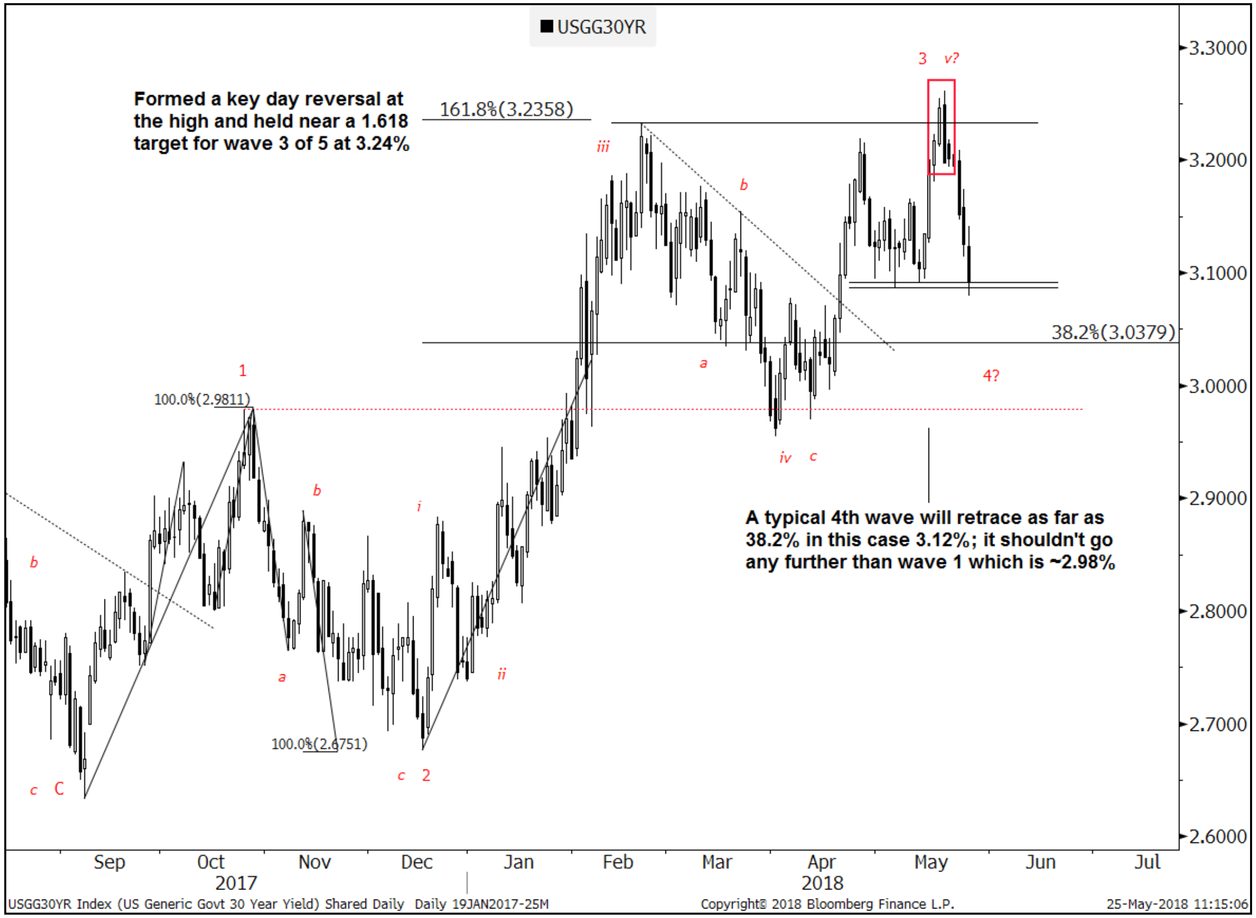
U.S. yields have put in a short-term top…



U.S. 10-year yields formed a key day reversal at the trend high on May 18th

- The market had met three separate projection targets that spanned between 3.088% and 3.13% (targets for v/3). This was an ideal level from which to watch for a short-term top. Yields have since started a corrective process.
- **The first level in focus is 2.94-2.89%;** this includes 23.6% retrace and the trend across the lows since Sep. '17. Although it might hold initially, it's important to keep in mind that this is only the first leg of an ABC count. There's **still scope to continue on towards 2.826%** (38.2% retrace). Given that the recent advance reached/held a held a 1.618 extension target from September at 3.088%, it seems reasonable to treat this pullback as a 4th wave. If that's the correct interpretation, it **shouldn't go much further than the Apr. 2nd low down at 2.715%.** Doing so might suggest that a more material top could be in place.
- As has been discussed in recent updates, given the complex nature of wave 2 in November/ December, the rule of alternation suggests that wave 4 should be (and *has* been) sharp/deep.
- **View:** Initial support 2.94-2.89%. Has scope to continue down towards 2.826%. Anything further than 2.715% warns of a more meaningful top.

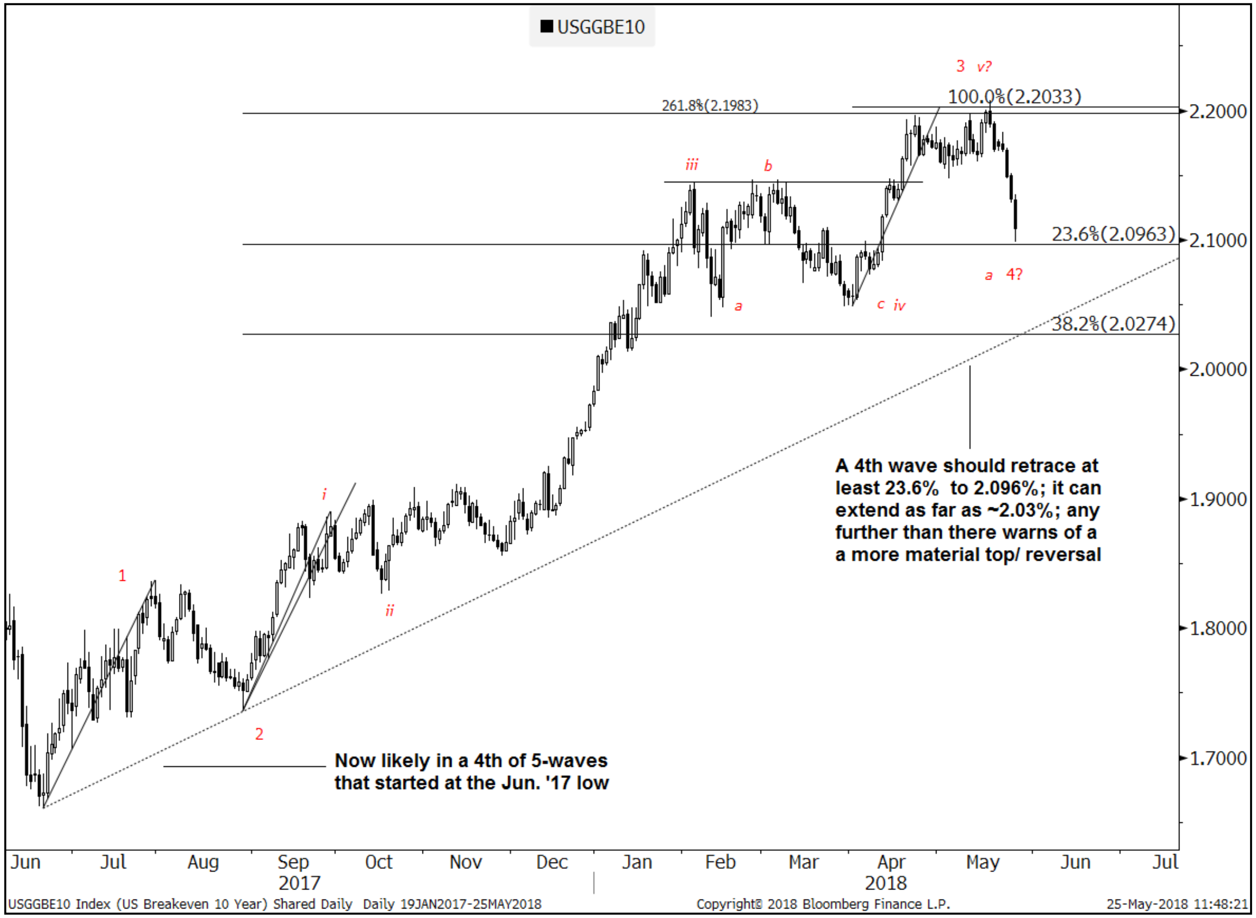
Initially expecting this to be a 4th wave…



A key day reversal was formed in U.S. 30-year yields as well

- The wave count is very similar to that of 10-year yields. It's reasonable to treat this as a corrective process, at least to begin with; wave 4 of 5- from September.
- **The first notable support is at 3.137-3.087%;** lows since late-April. **There's scope to continue down towards 3.038%** (38.2%). It's worth keeping in mind that a 4th wave cannot overlap with the top of wave 1 which in this case comes in at 2.979% (Oct. 27th high). **In other words, anything further than 2.979% (even on an intraday basis) would significantly increase the chances that a more meaningful top might actually be in place.**
- **View:** Next level in focus 3.137-3.087%. Scope to continue down towards 3.038%. Shouldn't go any lower than 2.98%; risk of a longer-term top below that point.

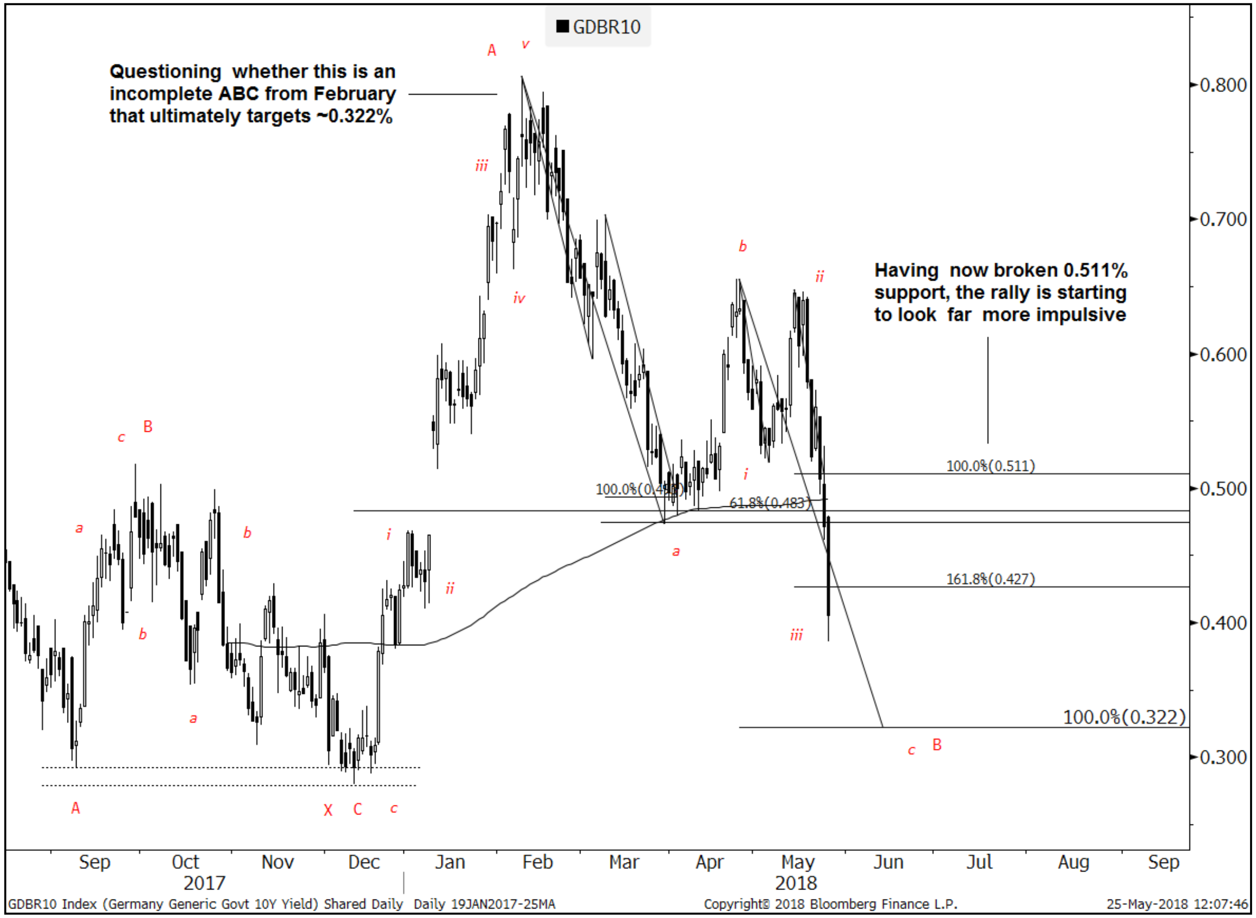
Until there's been evidence of material trend damage…



Has a similar wave count to nominal rates; having completed 3- of 5-waves at the May high

- In many ways it could have been a lead indicator, in that breakevens stalled sooner than the others.
- **It's now testing initial support at 2.096%;** 23.6% retrace from Aug. '17. Although this might hold initially, it's important to keep in mind that this is only the first leg of an ABC count. **There's scope to continue on towards ~2.03%** (38.2% retrace and the Jun. '17 uptrend). If this is truly a 4th wave, it shouldn't go much further than there. Doing so would damage the immediate uptrend, signaling that a more material top may actually be in place.
- **View:** Initial support 2.096%. Has scope to continue down towards 2.03%. Anything further than there warns of a more meaningful top.

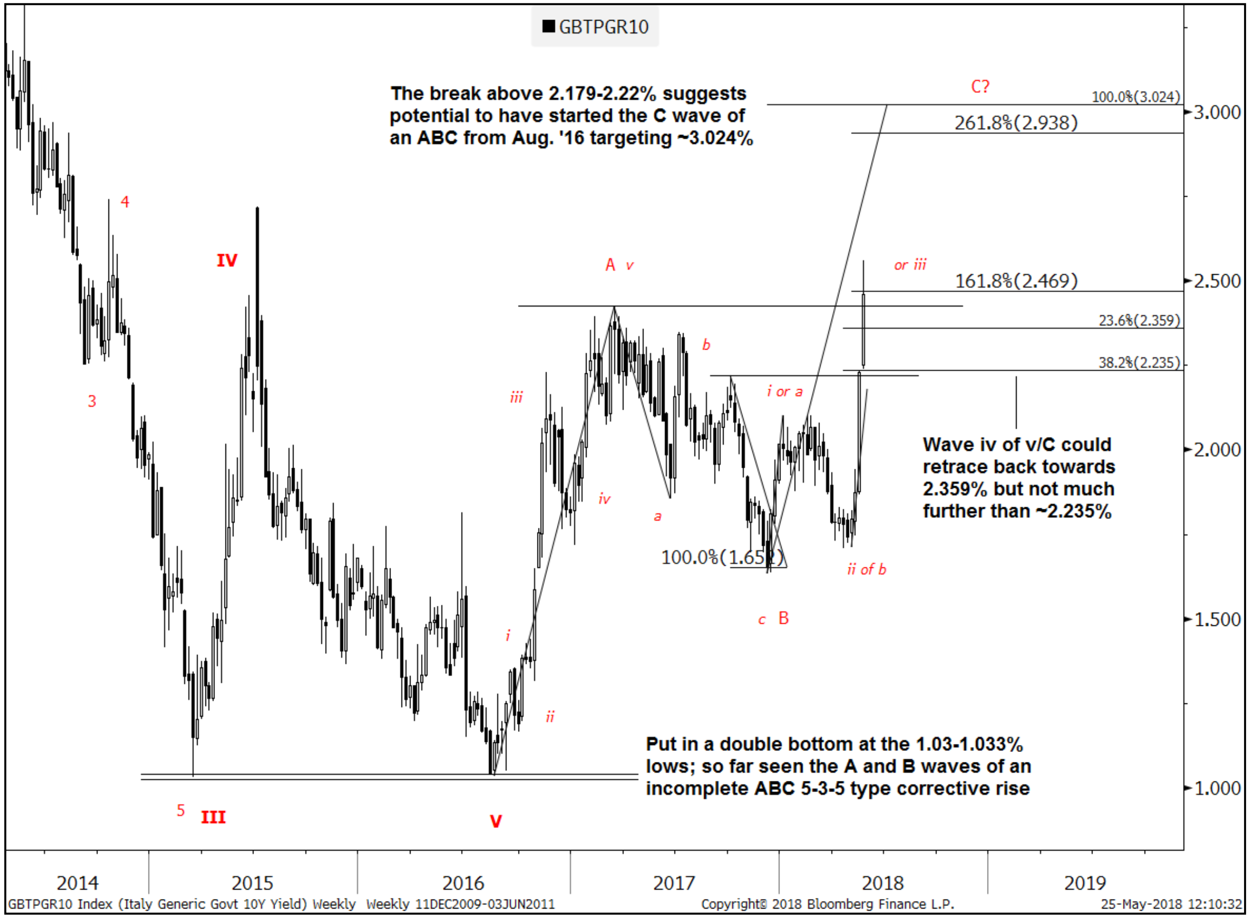
Bund yields have broken down through 0.48%..



German 10-year yields exceeded an equality target from the April 15th high 0.511%

- This was the first indication of an impulsive decline. It's since continued through a significant cluster of supports that were all tightly converged at ~0.50-0.48%. The area included the January gap, a prior interim low from March, the 200-dma and 61.8% retrace.
- **The next big pivot in focus is 0.322%.** Reaching this level might qualify as a complete ABC corrective count from the February high. This should therefore be an important place to watch for signs of a base/turn. Extending beyond there does however open the possibility that a more meaningful rally might actually be taking place.
- **View:** Next in focus 0.322%, watch for signs of a base once reached. Add to downside exposure near 0.48-0.50% no higher than 0.511%.

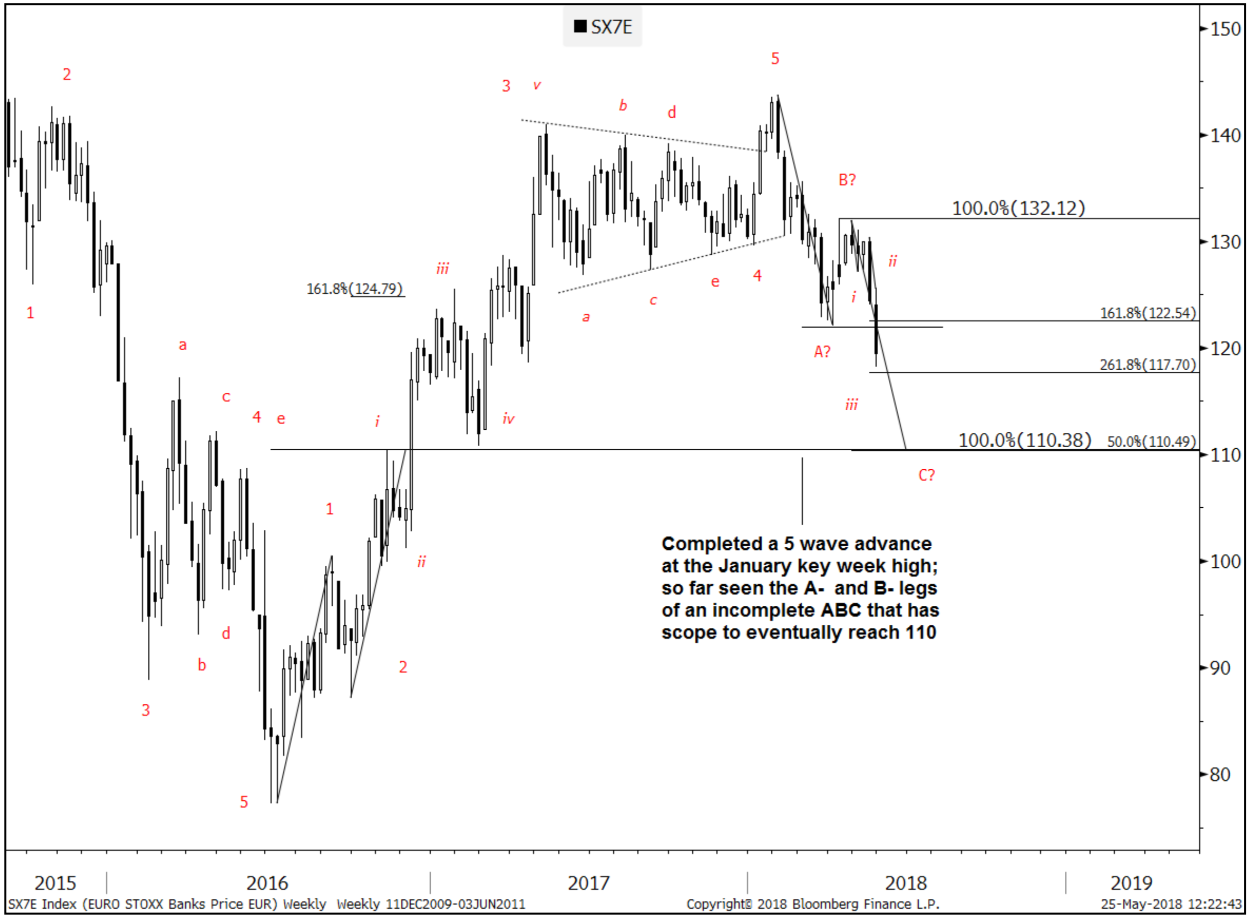
Italian 10-year yields remain elevated by comparison…



This chart looks far more impulsive in nature

- It's now reached/held a 1.618 extension target from the December low at 2.47%. Any pullback from current levels should be treated as corrective/counter-trend. A typical 4th wave will retrace at least 23.6%, which from current levels comes in at 2.359%. It shouldn't go much further than 38.2% down at 2.235%.
- Overall, the underlying bias remains in favor of higher levels. **There are two medium-term targets that project all the way up at 2.94-3.02%;** an equality from Aug. '16. Bottom line, there's still a good distance further to extend.
- **View:** Consolidation risk ahead of 2.47%. Consider adding towards 2.36% and no lower than 2.235%. Eventually targeting 2.94-3.02%.

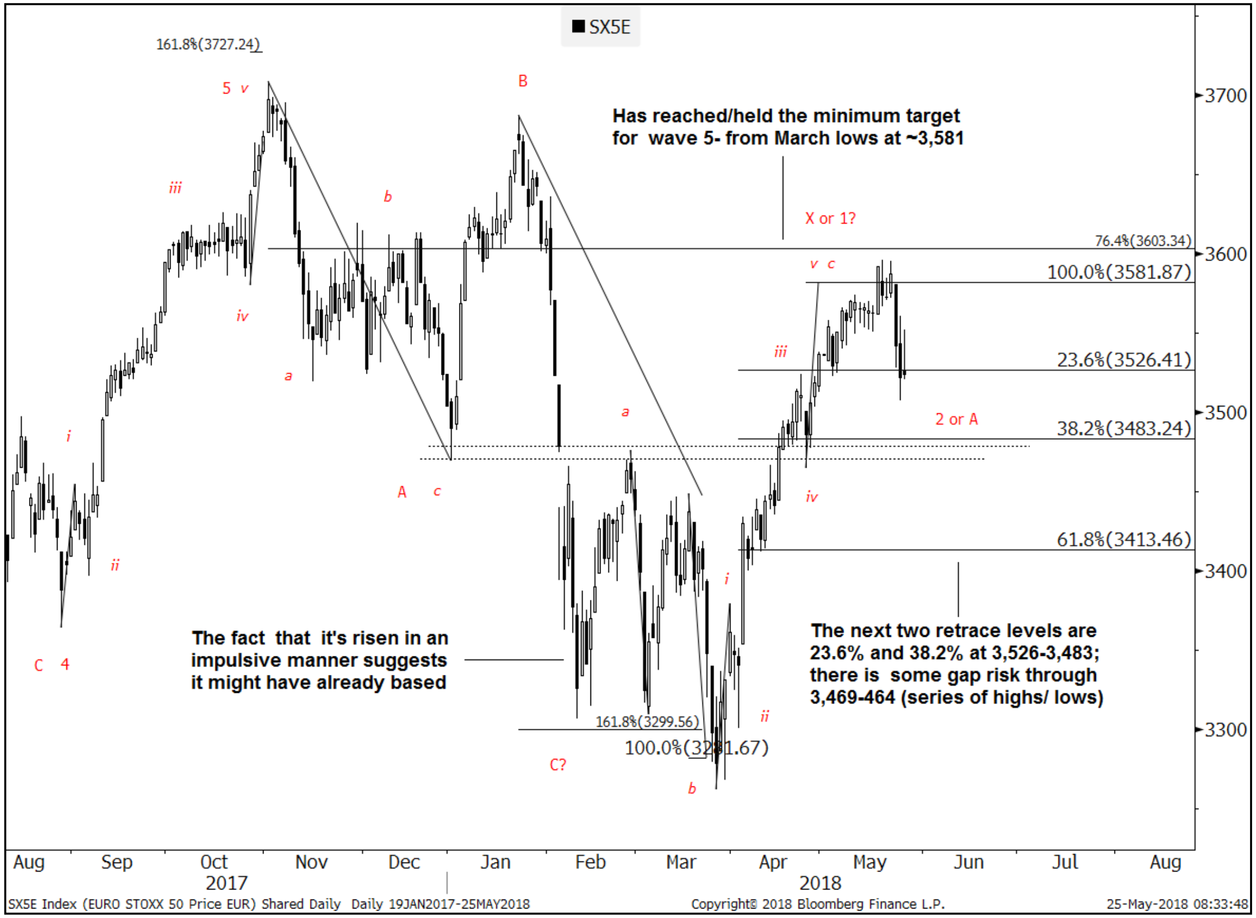
European Banks have responded appropriately…



The index has an equality target from January that projects down to ~110

- As a reminder, Eurostoxx Banks completed a 5-wave sequence at the February high. It posted a bearish key week reversal and has since fallen in a corrective manner. So far seen the A and B legs of an ABC that ultimately targets 110.38 (around 50% of the preceding rally).
- **Any near-term recovery should find resistance at 122.13** (previous April low). **Next interim support is down at 117.70;** possible 3rd wave target of 5/C. **Eventually looking for signs of a base/turn ahead of 110.**
- **View:** Next in focus 117.70. Add to downside exposure on any retrace towards 122.13. Eventually targeting 110.

Core indices haven't seen as sharp of a sell-off…



Eurostoxx50 reached/held its minimum target for a 5th wave from the low in March 3,582

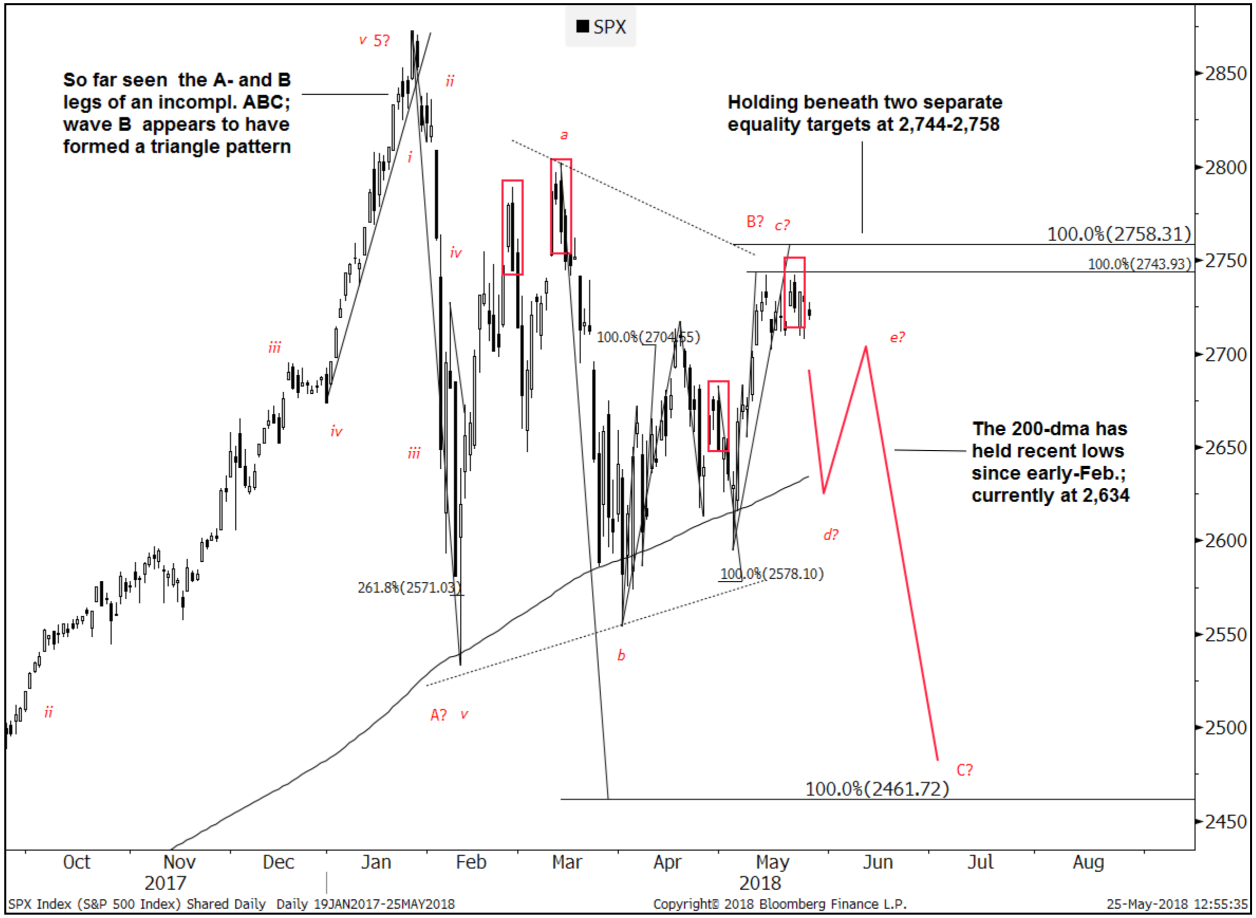
- Naturally, this 3,582 level was an area to watch for signs of a top/turn. This therefore be the early stages of a corrective process.
- **The next big pivot support is 3,483-3,464**. This includes 38.2% retrace as well as a series of prior highs/lows since January. **A break below this 3,483-3,464 area would expose downside risks to 3,413**; 61.8% of the advance since March.
- It's worth mentioning, that the index has only seen the A leg of an ABC counter-trend. It's important that there are at least three swings (an ABC or ABCDE) before resuming the underlying trend. Said another way, it might take some time before the market is able to resume its uptrend.
- **View:** Next area of congestion 3,483-3,464. Break opens downside risks to 3,413.

iTraxx Crossover is set to widen over time…

The index held long-term support at 218-210

- It tested and held the prior cycle extremes from Jun. '14. It also held above an equality target from the wides in Feb. '16. Bottom line, **the market has likely put in a significant base at 218-210;** it's since formed a series of higher highs/higher lows.
- Thinking in big picture terms, there seems to be potential **to eventually retrace the full length of the move since Feb. '16 to 467-499.** This area also encompasses an equality target from '14 levels, and 38.2% retrace of the entire previous flattening cycle from '11 onwards. Bottom line, there's room for XOVER to continue its current trajectory of widening levels.
- **View:** Put in a material base at 218-210. Scope to eventually widen as much as 467-499.

The S&P has been resilient as ever…



Similar to rates, the S&P formed a bearish key day reversal on Tuesday's high

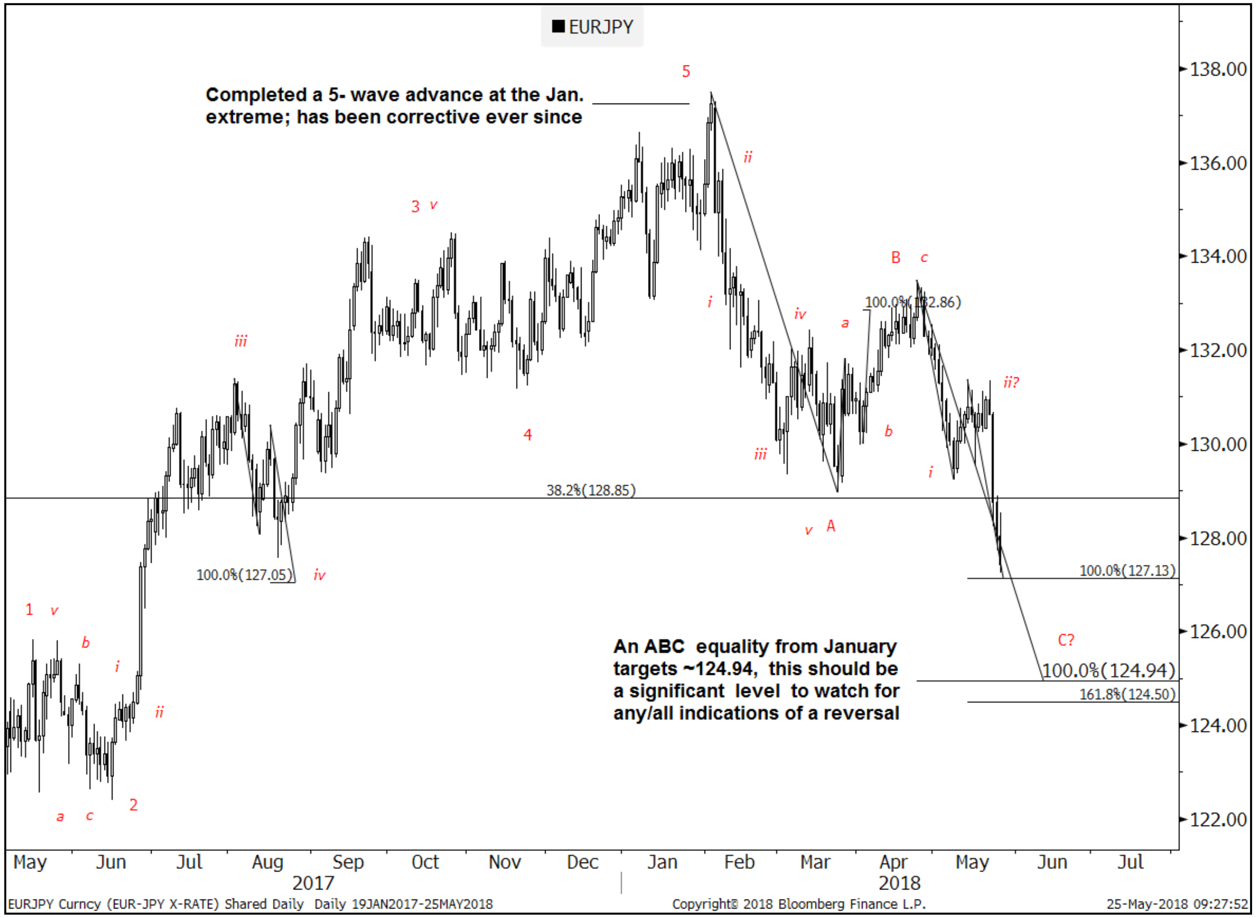
- These patterns have worked pretty well on the last few occasions (see red boxes). Moreover, it happened to be holding underneath significant resistance at ~2,744-2,758. The area includes two separate equality targets, one from May 3rd and another from Apr. 2nd.
- Failure to break above 2,744-2,758 reinforces the corrective nature of this recent advance, as well as the triangle like pattern that appears to have formed since February. **Confidence in a top will increase below 2,700; recent range lows. Focus is shifting back onto the 200-dma, now at 2,634.** Although it might hold initially, there's **still an underlying bias to see one more new low towards 2,462;** ABC target from January.
- **View:** Consider short exposure with a stop above 2,758. Confidence increases below 2,700. Target 2,634.

The balance of signals still negatively skewed…

CDX Investment Grade has broken from a multi-month declining wedge that ultimately targets 92

- The last time a similar wedge-like pattern formed was in the run up to the Jul. '14 extremes. That eventual breakout in Oct. '14 gave a projection target all the way back up at ~129.43. This was effectively reached in Feb. '16 (actual peak 127.60). This shows the reliability of this pattern, suggesting that the market does respect a breakout of this nature.
- It is worth pointing out that the market consolidated upon the first few months following the initial breakout. Basically, it took some time to really gain momentum. For this reason, it seems sensible to take a slightly more cautious stance until there's been evidence of impulse.
- **The level to watch closely is 71.38; an equality target from January extremes. Getting through 71.38 might increase the likelihood that a more impulsive widening trend is actually underway.**
- View: Confidence in a turn will increase above 71.38. Scope to eventually widen as much as 92.

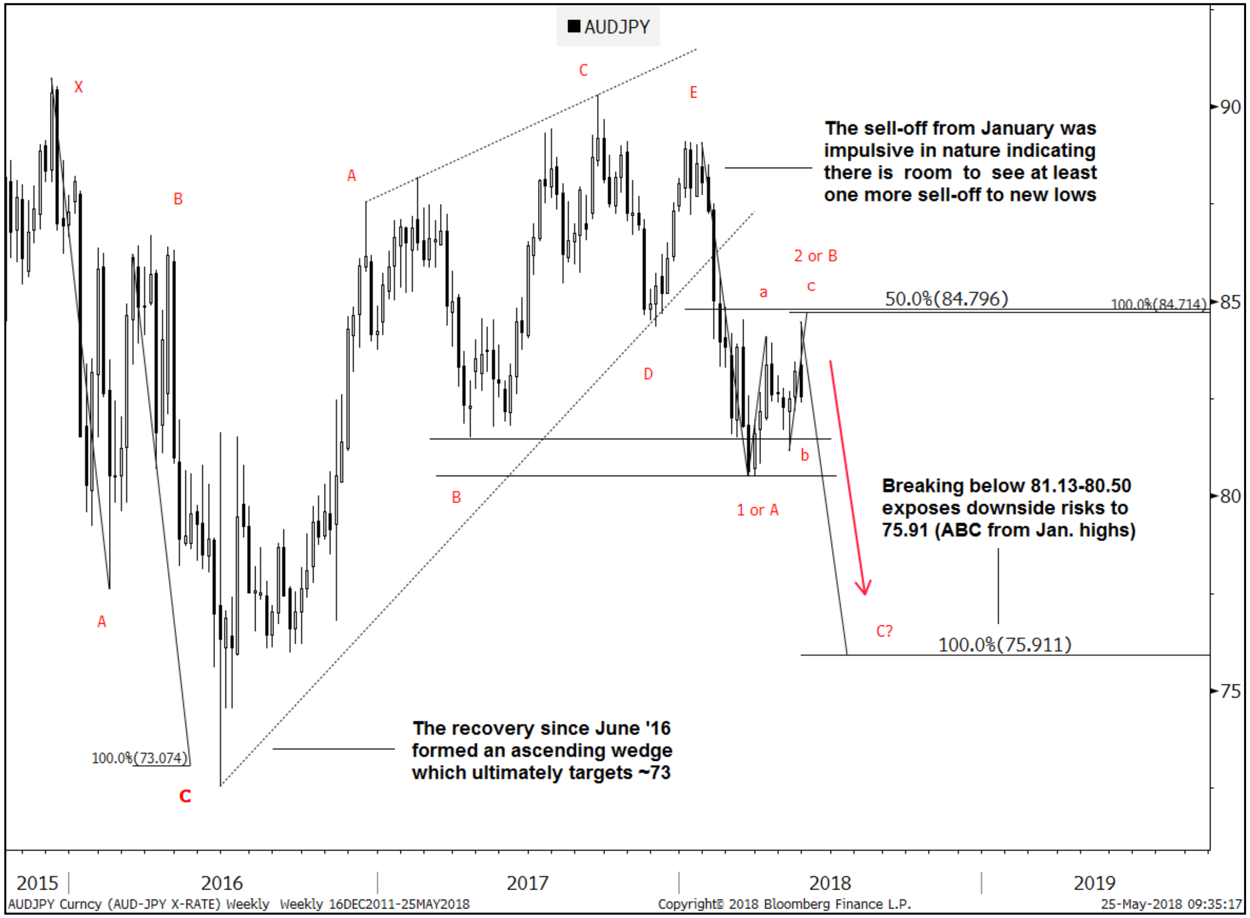
JPY/crosses have underperformed…



EURJPY put in a 5-wave sequence at the high in January; it has been corrective ever since

- The cross started a counter-trend process in January. Everything so far has been textbook in nature. Wave A looked classically impulsive, holding 38.2% retrace at 128.85. Wave B rallied in a three wave manner. Wave C is now well underway, having breached the prior interim low from March at 129.16.
- **The next level to focus on is 127.13**; an equality target from the recent high in April. **There's scope to continue on towards 124.94**; an ABC from the high in January. Reaching 124.95 could be enough to qualify as a full corrective process. **This will then be an important place to watch for a reversal in trend (and/or indications of a more material sell-off).**
- **View:** Stay short. Next in focus 127.13. Add to any bounce back towards 128 and no higher than 128.85. Target/cautious of a base near 125.

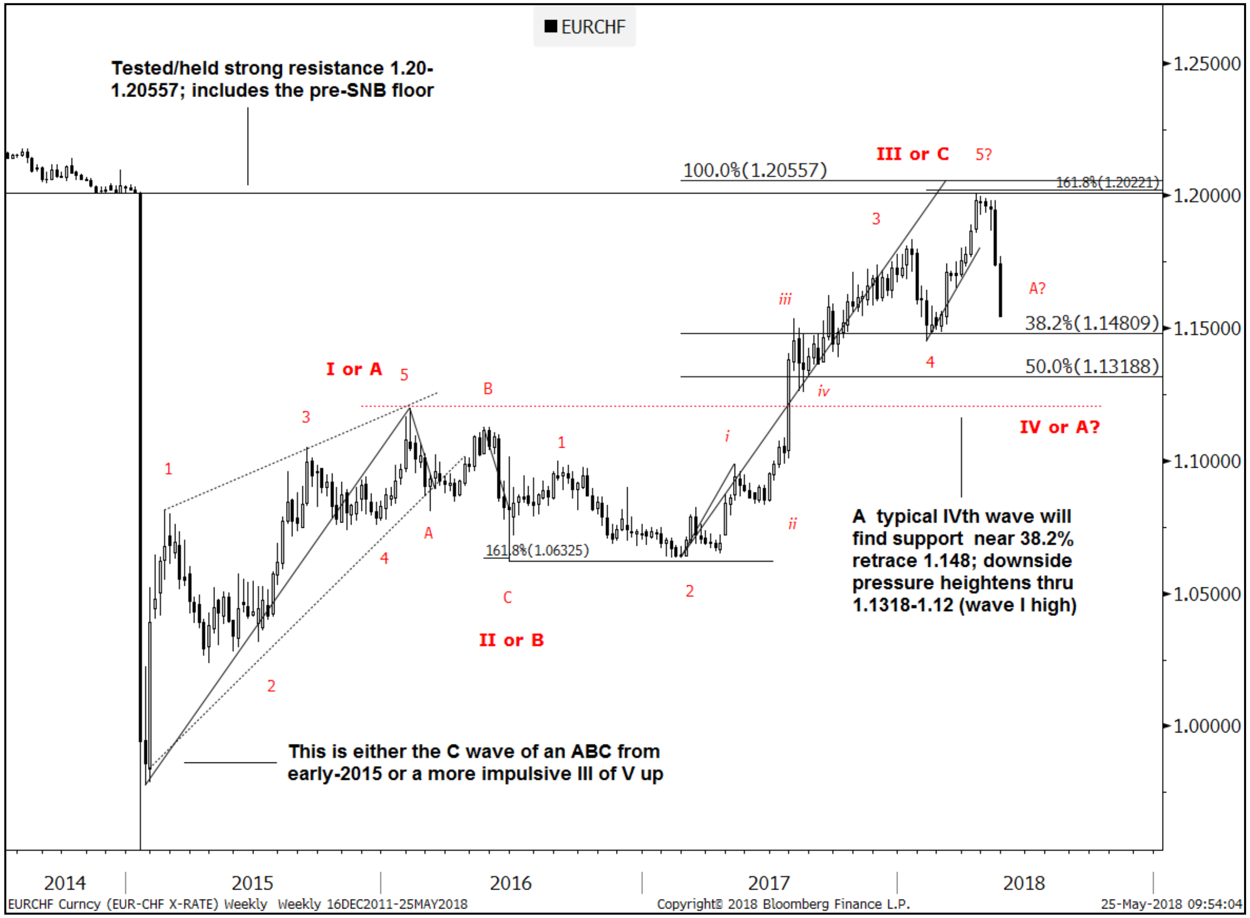
And there's room to extend even lower over time…



AUDJPY tested/held an equality target as resistance at 84.71-84.80

- The fact that it sold off in an impulsive manner off the January high indicates there's potential to continue this downtrend over time. Moreover it's broken from a rising wedge which is indicative of longer-term downside pressure.
- **The level to watch now is 81.13-80.50;** lows from March/May. Going through that area will confirm that this is in fact the start of another impulsive decline, one which has **scope to eventually reach as far as ~76** (ABC from January). The wedge itself has a projection target back at the Jun. '16 extremes which is also near/around ~73.
- **View:** Next in focus 81.13-80.50. Break lower opens scope to eventually reach between 75 and 73.

EURCHF is nearing critical support ~1.1481…



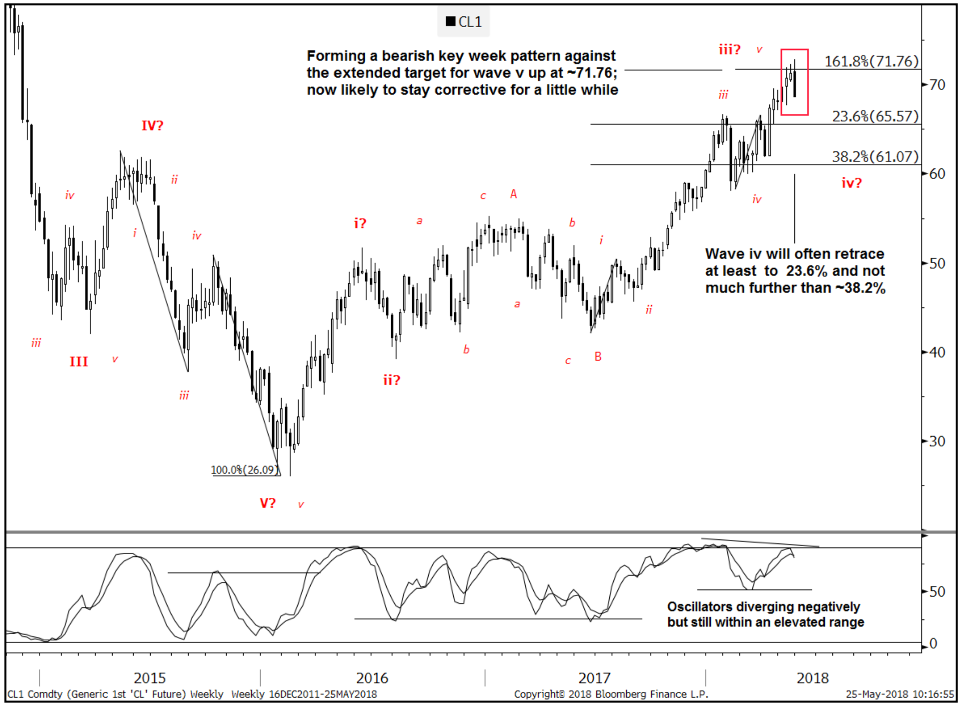
As has been discussed at length in recent updates, the setup was primed for a sell-off against 1.20 resistance

- The 1.20 area included pre-SNB support, an ABC equality from Jan. '15 and the extended target for a 5th wave from Feb. '17. It's significance lies both in its historical context as well as in Elliott wave terms.
- **The next level to watch for support is 1.1481**; 38.2% retrace. If this is truly a corrective IV of V waves up from early-'15, the cross should in theory hold near/around 1.1481. The fact that it's sold off so impulsively does however caution that there may something more structural taking place.
- The next retrace level through there is 1.1319. More importantly, the high from Feb. '16 (top of wave I) is down at 1.12. **Any contact with 1.12 will diminish the likelihood of this being a counter-trend IV and expose longer-term risk of damage.**
- **View:** Next in focus 1.1481. Watch for signs of a base ahead of the level. Break opens 1.1319 initially. Longer-term damage will be done through 1.12.

Goldman Sachs

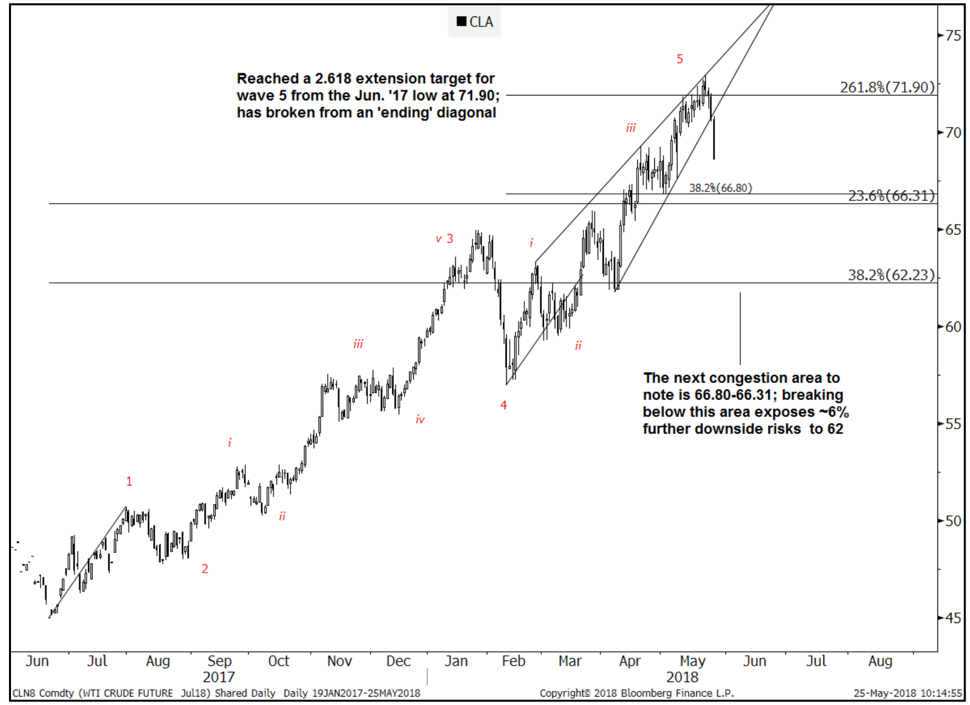
Crude oil posted a bearish key week reversal…

It tested/held a 1.618 extension target at 71.76



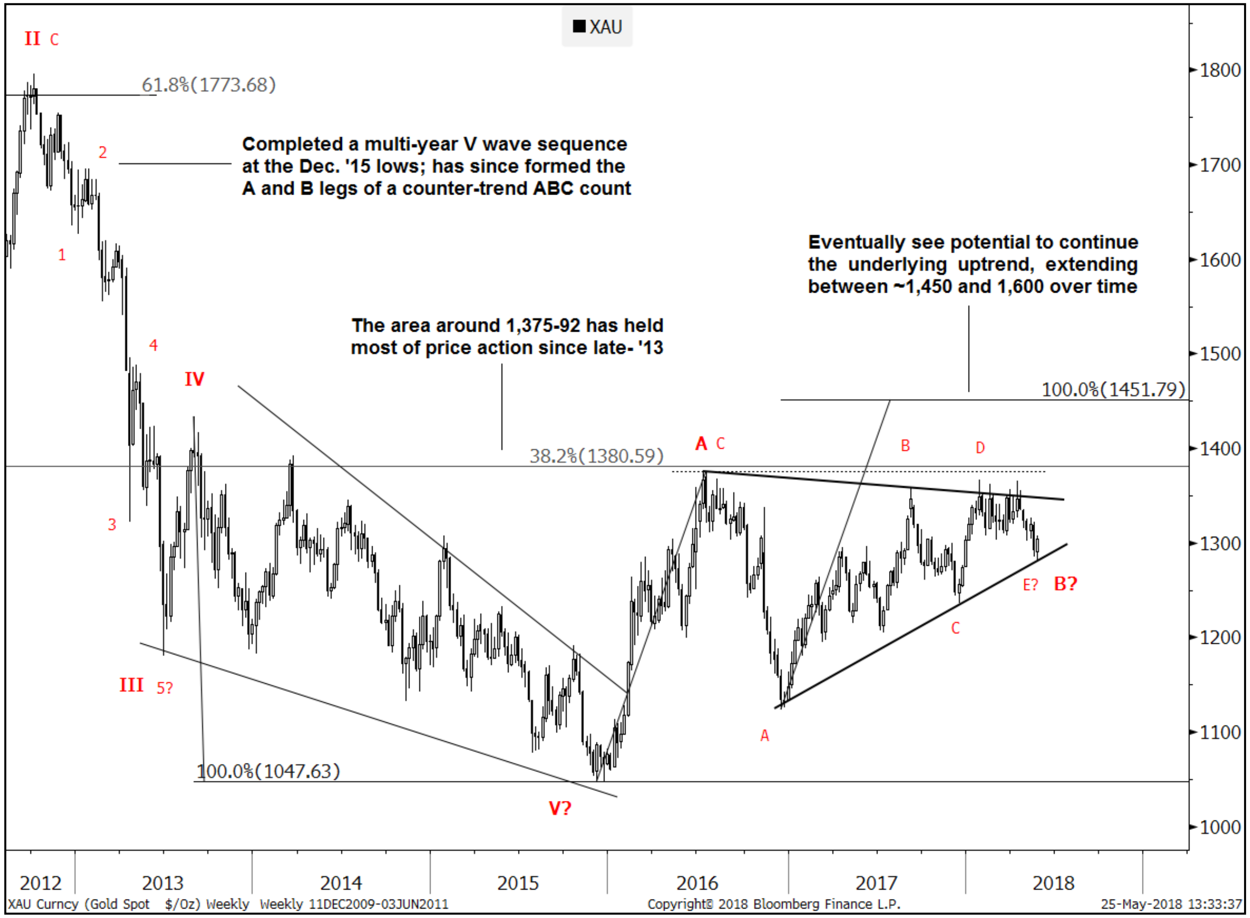
- This 71.76 level was the target for a 5th of 5-waves from Jun. '17 lows. It's since posted a bearish key weekly reversal against negatively diverging oscillators. The market hasn't posted one of these patterns (from a local high) since '13.
- Bottom line, there's a good chance the market has completed a 5-wave sequence here, which means that it's due to start a corrective process. **A short-term top is likely in place, it could take some before WTI is able to resume its uptrend.**

It's also broken from an ascending wedge



- Wedges are classic ending patterns that often result in sharp/impulsive breakouts. The breakout thus far has been pretty textbook. **The next congestion area to note is 66.80-66.31**; includes 23.6% from the Jun. '17 low. **The wedge itself suggests potential to retrace the full extent of its ascent to 61.73**, near 38.2% retrace 62.23.
- **View:** Next congestion area below 66.80-66.31. Scope to retrace as much as 62.23-61.73.

Gold held the base of its structural triangle…



Gold has once again held above the base of a triangle that's been in place since Jul. '16

- Triangle support is currently down at 1,270; the low this week reached 1,282. More importantly, it's possible to make the case that this is now qualifies as a complete ABCDE structure. A complete ABCDE structure means that a breakout is likely imminent.
- Triangles tend to breakout in the direction of their preceding trend. This one in particular suggests a move significantly higher, continuing a trend that started at the Dec. '15 low. **Focus has shifted back onto 1,358-1,375**; this area has held all of price action since Jul. '16, while also encompassing the top of this triangle. How price action develops there will likely be trend-defining.
- **View:** Holding above notable support 1,270. Focus shifting back onto the 1,358-1,375 range highs.

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