XT on Markets
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Published by Xenia Taoubina

Mission
The objective of this newsletter is to assist investors with tactical decision-making. The goal is to outperform a buy-and-hold strategy for each of the individual markets covered.

Author
Xenia Taoubina is a capital markets professional with 17 years of experience. Xenia spent the first 10 years of her career working on trading desks of some of the top investment banks on Wall Street. In 2011, Xenia left an Executive Director position at J.P. Morgan to become an independent trader. Soon after, Xenia established a reputation as an Elliott Wave expert, having built a six year track record of market forecasts, with a high degree of accuracy.

Methodology
The basis for the views expressed in this newsletter is technical analysis – Elliott Wave Theory, as well as traditional technical analysis. The underlying premise of my analysis is that anything can happen in the markets. As such, my work is to distill the slew of possibilities down to what is likely to happen, and to identify levels that require me to reassess my working hypothesis. I use that information strategically to increase, or decrease, allocation to a particular market.

Executive Summary
Past week's action continued to shift the landscape in favor of risk-off, with the three equity indices breaking their upper supports and triggering partial stops. At this point, a higher high for these indices, if it comes, will be an opportunity to further reduce risk exposure and take on a more defensive stance. However, potential for a strong move down directly has also increased, with summer extremes being ideal target.

| Market	Last issue		This issue	
	Level	Allocation	Level	Allocation
SPX	3,017.00	100%	2,946.00	80%
RUT	1,581.00	120%	1,520.00	100%
NDX	7,943.00	100%	7,671.00	80%
TLT	140.50	80%	142.50	80%
GLD	141.30	100%	141.10	100%
GDX	28.01	100%	27.45	100%

Key features of the newsletter are as follows:

- Newsletter is written in **plain English**, without the use of technical terms. Those interested in the technical discussion should feel free to reach out to me directly.
- **Markets covered** are: US equity markets (SPX, NDX and RUT), bonds (TLT), and gold and miners (GLD and GDX).
- **Investor focus** – assessment is from the long-only perspective, and degrees of risk appetite are stated in terms of underweight/overweight allocation for the asset in question.
- **Risk management** – with the exception of extraordinary market situations, the goal is to have allocations between 50% and 150% of neutral, where "neutral" is defined as one's target allocation model. Given that everyone's allocation model is different, I leave it to the readers to determine what their "neutral" is.
- **Tactical** – strategically adjusting level of market exposure with the goal of outperforming the market on a risk adjusted basis.
- **Publication frequency** –absent action that requires intraweek tactical allocation adjustments, frequency will be weekly. If intraweek adjustments are required, an additional alert will be posted.
- **Support/resistance levels –** levels marked in red mark automatic reduction in positions; levels marked in green mark automatic increase in positions (for details, please review the writeup). The rest of the support/resistance levels are zones where I will consider taking action on a discretionary basis.
- **Charts** are included as a bonus for more technically inclined readers and are not required reading. That said, for those who want to understand the charts: red zones are resistance zones where, upon topping action, reduction of exposure is considered. Conversely, green zones are support zones: bottoming into those zones is a consideration for adding exposure. Lines marked with a green and red arrow are ultimate support/resistance levels; breaching those changes the odds away from the primary scenario and likely warrants a change in allocations.

S&P 500 Index (Ticker: SPX)

Allocation	Level	Support Levels	Resistance Levels
80%	2946	2940	3027-3082
		2739-2822	3448
		2533-2665	

SPX came just short of a new high, with this week's action opening up potential that such new high will not be seen. Given growing signs of a risk-off posture in the market that I've noted in the last two weeks, along with this week's further developments, I preemptively trimmed this position down to 80%. When potential for the intraweek low to hold developed, I attempted to add back the reduced portion with very little room, but that didn't hold. At this point, there is still a slim chance for a marginal higher high to develop, expected not to exceed 3082. IF that higher high materializes, I will expect it to be short lived, rather than a lasting breakout, with a better opportunity for a long entry to follow. That said, odds of a direct downside resolution targeting 2739-2822 have increased. Given that a lasting breakout from here is unlikely, and risks are skewed to the downside, I'm not going to attempt to catch the slightly higher high, and will instead wait for a better opportunity on the downside to upsize the position.
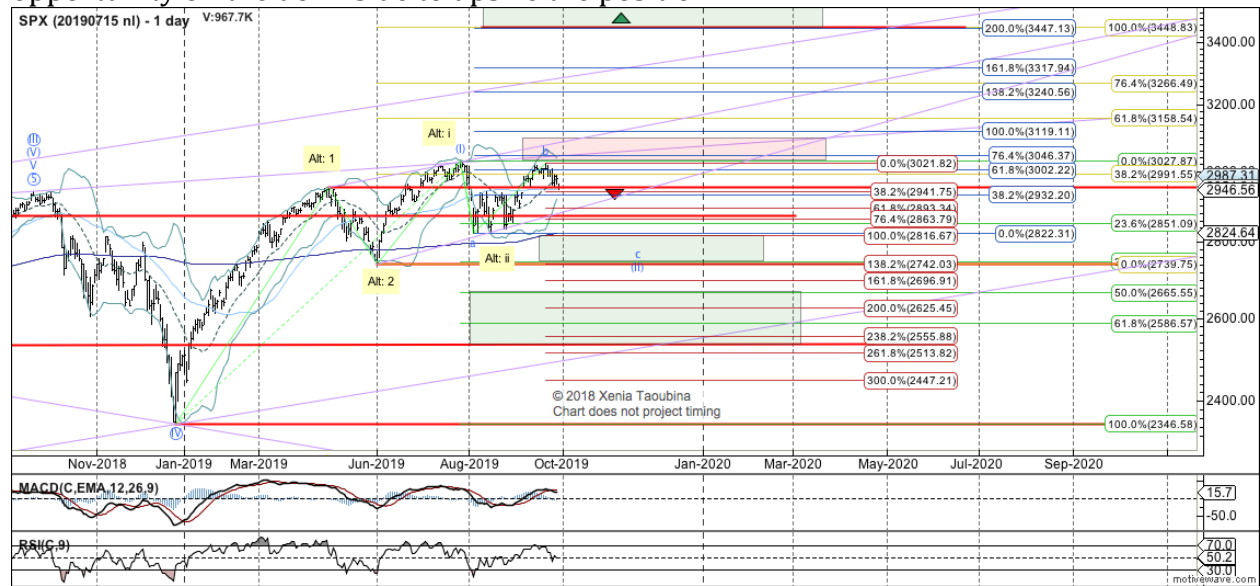
Past allocation changes

Change Date	Transaction	Price	Total Position
7/19/19	90%	3001	90%
8/6/19	10%	2865	100%
9/24/19	-20%	2965	80%
9/26/19	20%	2974	100%
9/27/19	-20%	2952	80%

Russell 2000 Index (Ticker: RUT)

Allocation	Level	Support Levels	Resistance Levels
100%	1520	1401-1450	1589
		1268	1618
			1742

RUT triggered the stop portion of the bracket order, unwinding the 20% overweight portion of the position at 1535, from 1465 entry. While ideal upside target was not met, going overweight in August did prove to be the right directional bias expressed at the right time. At this point, ideal resolution for RUT would be not to exceed its September high and move to 1401-1450 support zone to try from there one more time. IF signs of bottoming develop there, I will try going overweight again. I don't plan to bring this position to below neutral unless very clear indications for an impending move down develop.
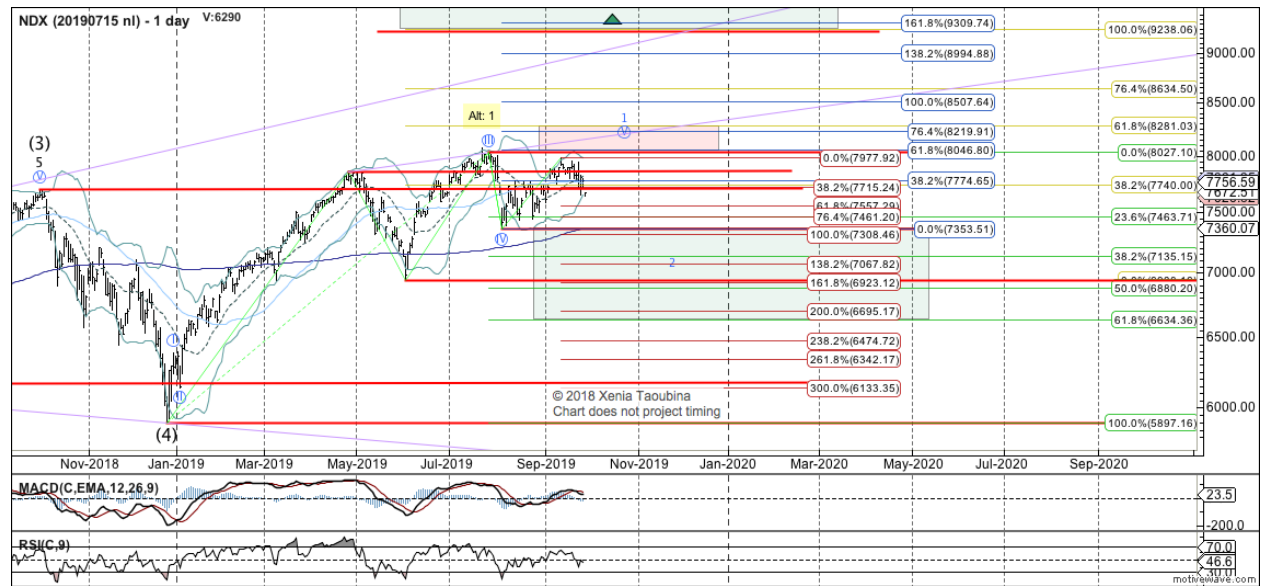

Past allocation changes

Change Date	Transaction	Price	Total Position
7/19/19	120%	1559	120%
8/1/19	-20%	1557.97	100%
8/14/19	20%	1465	120%
9/24/19	-20%	1535	100%

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Nasdaq 100 Index (Ticker: NDX)

Allocation	Level	Support Levels	Resistance Levels
80%	7671	6938-7353	8027-8145
		6634	8507
			9238

NDX came just short of a new high, with this week's action opening up potential that such new high will not be seen – it broke upper support, and triggered reduction in weighting to 80%. When potential for the intraweek low to hold developed, I attempted to add back the reduced portion with very little room, but that didn't hold. At this point, there is still a slim chance for a marginal higher high to develop, expected not to exceed 8145. IF that higher high materializes, I will expect it to be short lived, rather than a lasting breakout, with a better opportunity for a long entry to follow. That said, odds of a direct downside resolution targeting 6938-7353 have increased. Given that a lasting breakout from here is unlikely, and risks are skewed to the downside, I'm not going to attempt to catch the slightly higher high, and will instead wait for a better opportunity on the downside to upsize the position.
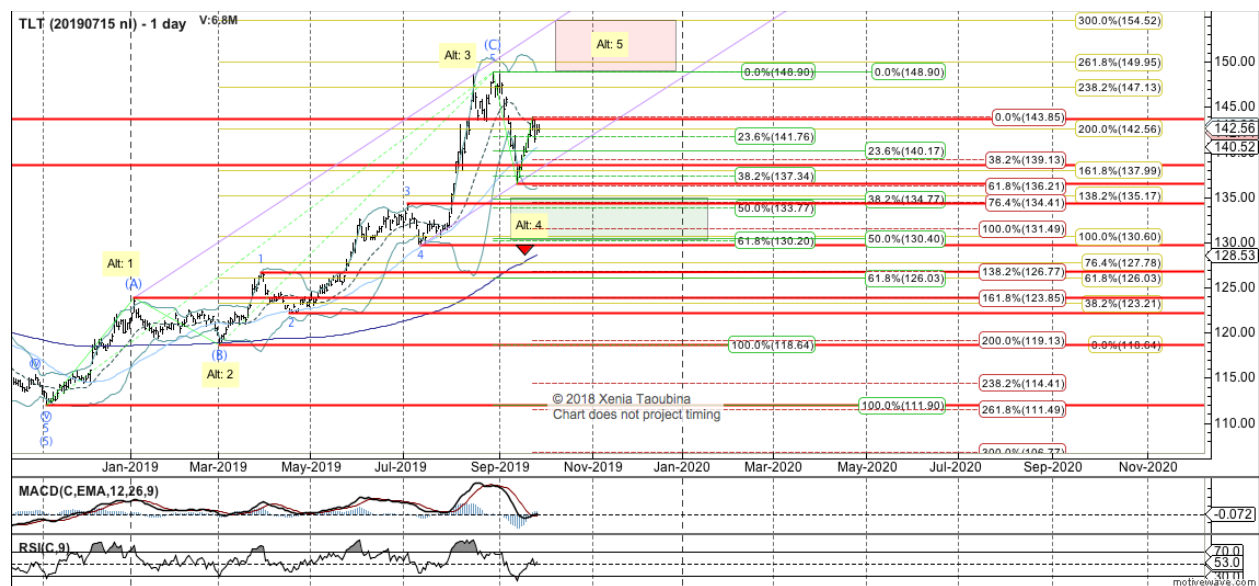

Past allocation changes

Change Date	Transaction	Price	Total Position
7/19/19	100%	7916	100%
9/24/19	-20%	7740	80%
9/24/19	20%	7757	100%
9/29/19	-20%	7646	80%

iShares 20+ Year Treasury Bond ETF (Ticker: TLT)

Allocation	Level	Support Levels	Resistance Levels
80%	142.5	136.54	148.9
		129.68-134.29	149.9-154.5

Past week presented growing evidence that TLT's September low will hold, and produce higher highs, to then form what should be a lasting top. With that, I am considering increasing this allocation back to neutral, if a pullback I favor for this week develops. Whether with or without the upsize, IF it proceeds to a new high, I will be looking for signs of topping to trim this position to heavily underweight.
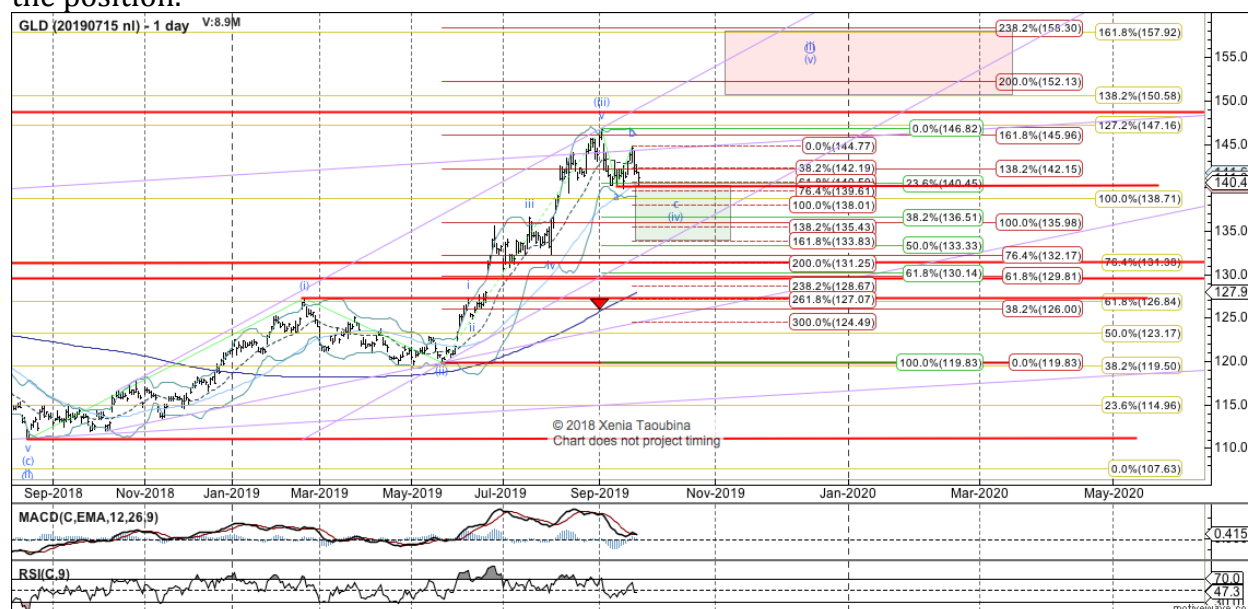

Past allocation changes

Change Date	Transaction	Price	Total Position
7/19/19	120%	131.78	120%
8/2/19	-20%	135.7	100%
8/5/19	-20%	138.15	80%
8/15/19	-20%	147	60%
8/28/19	-10%	148.8	50%
9/6/19	10%	145.85	60%
9/9/19	20%	143.6	80%

SPDR Gold Shares ETF (Ticker: GLD)

Allocation	Level	Support Levels	Resistance Levels
100%	141.1	133.3-140.5	144.77
		132.1	146.82
		127.21	150.5-157.9

This past week, when the smaller degree pattern developed clearly bearishly, I reduced this position to 80% on a bounce. A move down did follow, and upon completion of the high probability portion of the pattern, I restruck this position by the end of the week for a price improvement, leaving net position unchanged on the week. Ideally, lower will be seen this week, and IF clear signs of bottoming develop, I will look for an attractive entry to upsize the position.
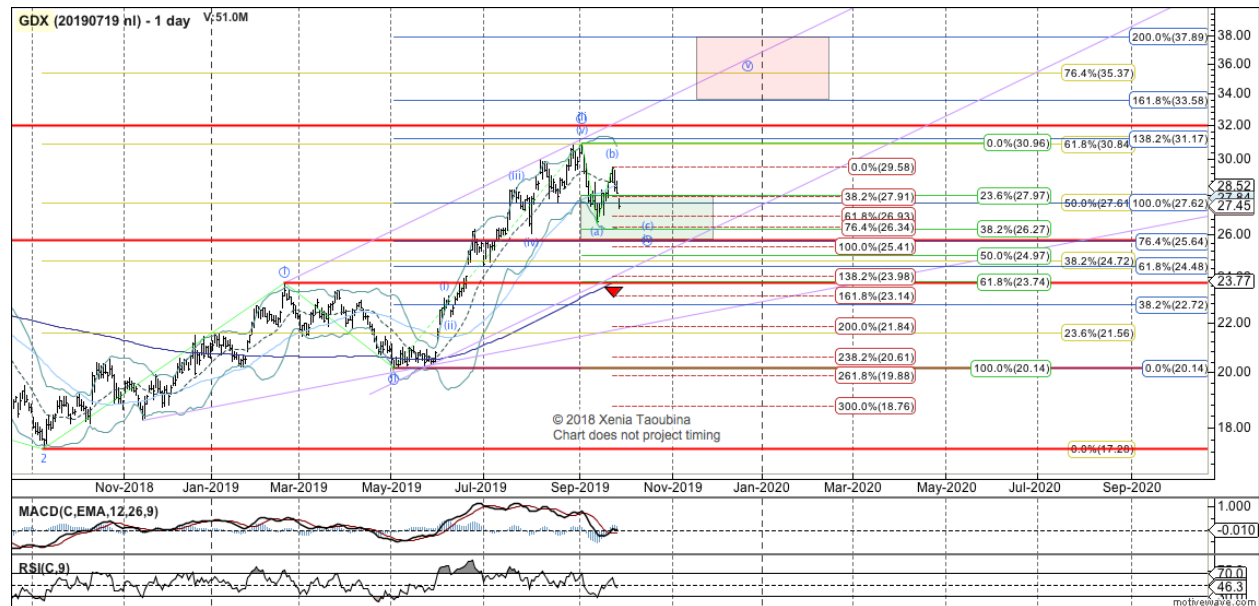

Past allocation changes

Change Date	Transaction	Price	Total Position
7/19/19	100%	134.83	100%
8/1/19	20%	132.4	120%
8/5/19	-20%	137.95	100%
8/8/19	-10%	142	90%
8/28/19	-10%	145.5	80%
9/6/19	10%	142.35	90%
9/9/19	10%	141.83	100%
9/11/19	10%	140.87	110%
9/19/19	-10%	141.55	100%
9/23/19	-20%	143.63	80%
9/27/19	20%	140.4	100%

Market Vectors Gold Miners ETF (Ticker: GDX)

Allocation	Level	Support Levels	Resistance Levels
100%	27.45	25.64-27.97	30.96
		23.70	33.58-37.89

This past week, when the smaller degree pattern developed clearly bearishly, I reduced this position to 80% on a bounce. A move down did follow, and upon completion of the high probability portion of the pattern, I restruck this position by the end of the week for a price improvement, leaving net position unchanged on the week. Ideally, lower will be seen this week, and IF clear signs of bottoming develop, I will look for an attractive entry to upsize the position.

Past allocation changes

Change Date	Transaction	Price	Total Position
7/19/19	100%	27.82	100%
8/8/19	-10%	29.6	90%
8/19/19	10%	27.88	100%
8/23/19	-10%	29.63	90%
8/28/19	-10%	30.62	80%
9/6/19	10%	28.79	90%
9/9/19	10%	28.03	100%
9/9/19	10%	27.9	110%
9/19/19	-10%	27.95	100%
9/23/19	-20%	29.11	80%
9/27/19	20%	27.46	100%