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
Equities have pushed to the ultimate line in the sand delineating a direct acceleration higher vs. downside resolution. Whenever such a line in the sand is tested, and if signs of topping are present, I see it as an attractive spot to reduce exposure – should this line be broken, exposure can be added back on with little lost in the process. Given this line of thinking, I have reduced equities to the bare minimum position, and am now watching carefully for whether market can deliver on the downside potential. If no conclusive downside reaction develops, I will look to bring the positions back to neutral.

| Market	Last issue		This issue	
	Level	Allocation	Level	Allocation
SPX	3,066.00	60%	3,092.00	50%
RUT	1,589.00	80%	1,598.00	50%
NDX	8,160.00	60%	8,253.00	50%
TLT	140.73	100%	135.10	100%
GLD	142.65	100%	137.49	100%
GDX	28.03	100%	26.25	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)

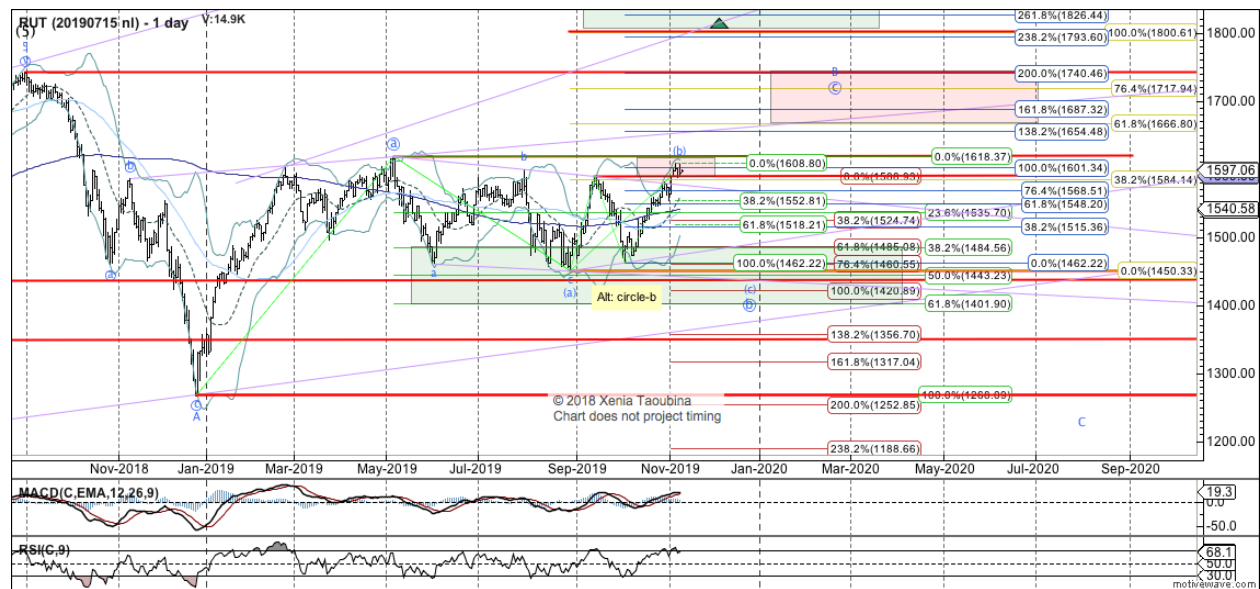| Allocation	Level	Support Levels	Resistance Levels
50%	3092	3024-3047	3099
		2940-3004	3193
		2739-2822	3448

Past week, I stayed with the plan, further reducing allocation at 3094 with SPX showing signs of topping in the 3059-3099 resistance zone. So far, reaction off the top has been minor and inconclusive; I will want to see a decisive break of the 3024-3047 support zone this week in order to confirm that an important top was struck. IF SPX fails to provide such downside followthrough, I will look to bring this position back to neutral. Big picture, the fact that SPX was able to reach upper portion of the resistance zone at 3099 does reduce the odds of summer lows being broken; to reopen that potential, SPX needs below 2940. For as long as it's holding over 2940, it can be viewed as setting up for acceleration higher. A break of 3099 is needed to open up potential of such acceleration higher, and a move over 3193 is needed for a stronger indication.
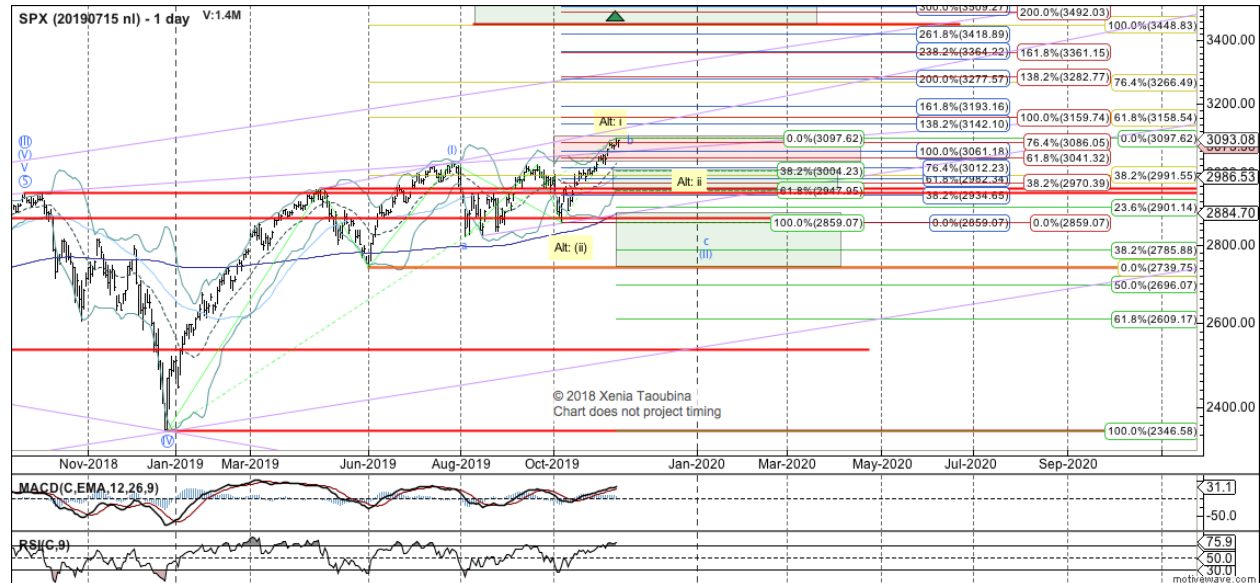
Russell 2000 Index (Ticker: RUT)

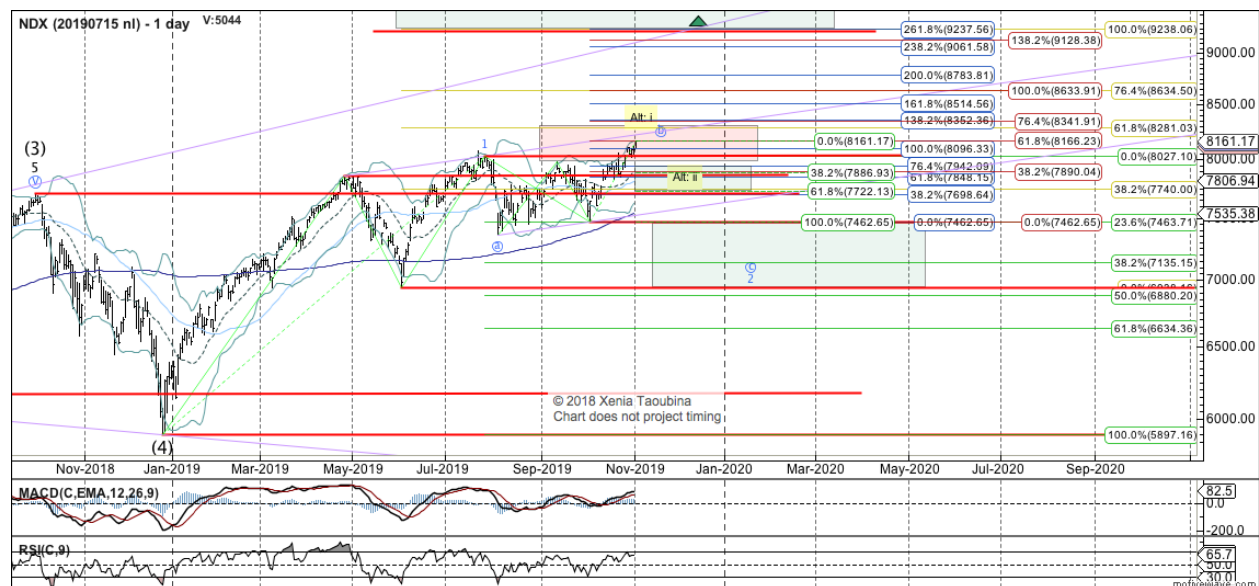| Allocation	Level	Support Levels	Resistance Levels
50%	1598	1518-1552	1589-1618
		1462	1666-1742
		1401-1450	
		1268	

Past week, RUT continued showing signs of topping in the 1589-1618 resistance zone, suggesting that there is a growing risk of it reversing back down to the 1401-1450 support zone, before it finally delivers the long-awaited move to the 1666-1742 area. As a result, I substantially reduced allocation to 50% at 1601. To suggest that the bearish detour is, in fact, unfolding, RUT needs to break below the 1518-1552 support zone. Bottoming in that zone will have me looking to increase this allocation. Conversely, IF a break over 1618 is seen, I will look to bring this position back to neutral, as it will favor a direct move to the 1666-1742 target zone.

Nasdaq 100 Index (Ticker: NDX)

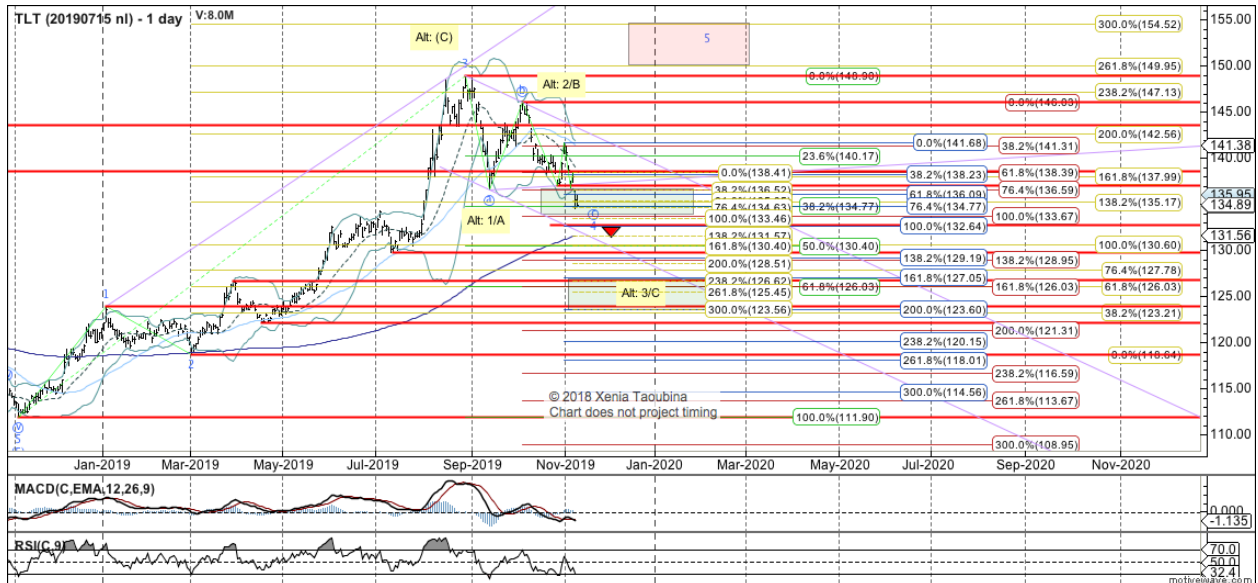| Allocation	Level	Support Levels	Resistance Levels
50%	8253	8019-8079	8285
		7700-7940	8514
		6938-7462	9238

Past week, I stayed with the plan, further reducing allocation at 8260 with NDX showing signs of topping in the 8152-8285 resistance zone. So far, reaction off the top has been minor and inconclusive; I will want to see a decisive break of the 8019-8079 support zone this week in order to confirm that an important top was struck. IF NDX fails to provide such downside followthrough, I will look to bring this position back to neutral. Big picture, the fact that NDX was able to reach upper portion of the resistance zone at 8285 does reduce the odds of summer lows being broken; to reopen that potential, NDX needs below 7700. For as long as it's holding over this level, it can be viewed as setting up for acceleration higher. A break of 8285 is needed to open up potential of such acceleration higher, and a move over 8514 is needed for a stronger indication.

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

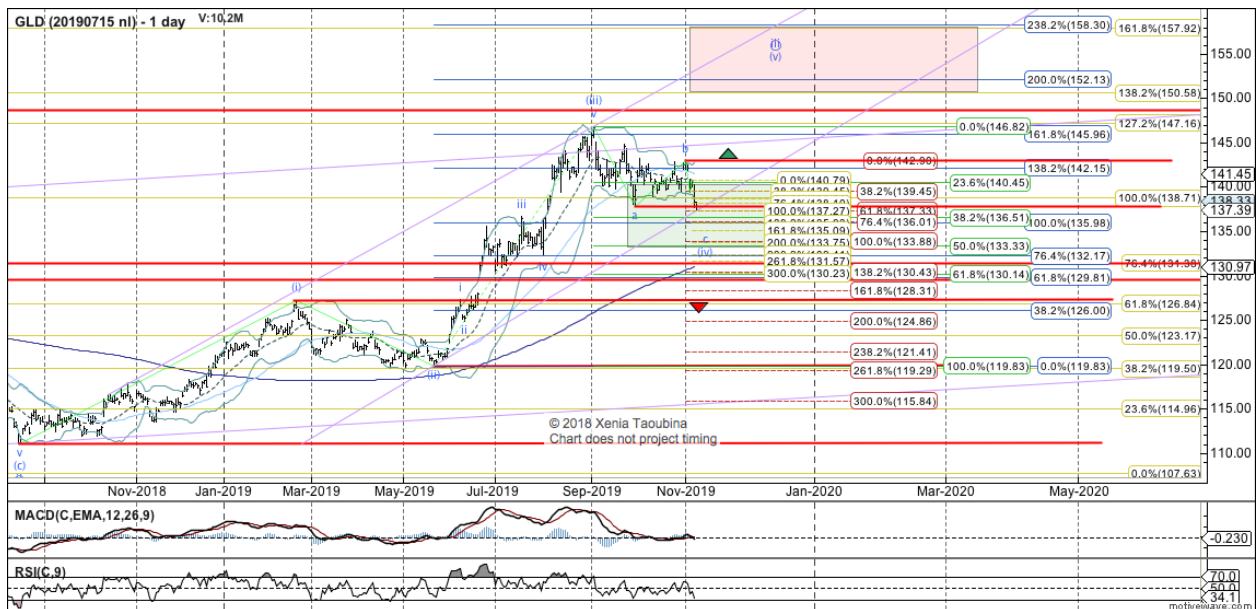| Allocation	Level	Support Levels	Resistance Levels
100%	135.1	133.67-136.54	141.68
		132.64	146.03
		123.86-126.03	148.9-154.5

TLT is in a precarious position, following a break of 136.99. Until it's able to recover over 141.68, it's at risk of a move down to 123.86-126.03 next. That said, the structure of last week's decline was not convincing enough to reduce this position to below neutral. A strong move below 132.64 will likely make me do so; conversely, a rally over 141.68 will have me consider going overweight. That said, the next high, if we get it, should set up a multi-month decline, so I intend to go strongly underweight upon such higher high.

SPDR Gold Shares ETF (Ticker: GLD)

Allocation	Level	Support Levels	Resistance Levels
100%	137.49	133.3-137.8	142.90
		132.1	146.82
		127.21	150.5-157.9

Past week, GLD provided the favored downside resolution, reaching the upper portion of its support zone. That said, its stance is not clearly suggestive of bottoming; in fact, ideal path would take GLD to the 134 area for a bottom. To suggest that it's likely done with the correction, GLD needs to rally over 142.90. Should such deeper pullback, or regaining constructive stance on the upside, be seen in the upcoming week, I will consider going overweight GLD.

Market Vectors Gold Miners ETF (Ticker: GDX)

| Allocation	Level	Support Levels	Resistance Levels
100%	26.25	24.48-26.18	28.18-29.58
		23.70	30.96
			33.58-37.89

Past week, GDX provided the favored downside resolution, testing the bottom of its consolidation range. That said, its stance is not clearly suggestive of bottoming; in fact, ideal path would take GDX to the 25.0 area for a bottom. To suggest that it's likely done with the correction, GDX needs to rally over 29.58. Should such deeper pullback, or regaining constructive stance on the upside, be seen in the upcoming week, I will consider going overweight GDX.

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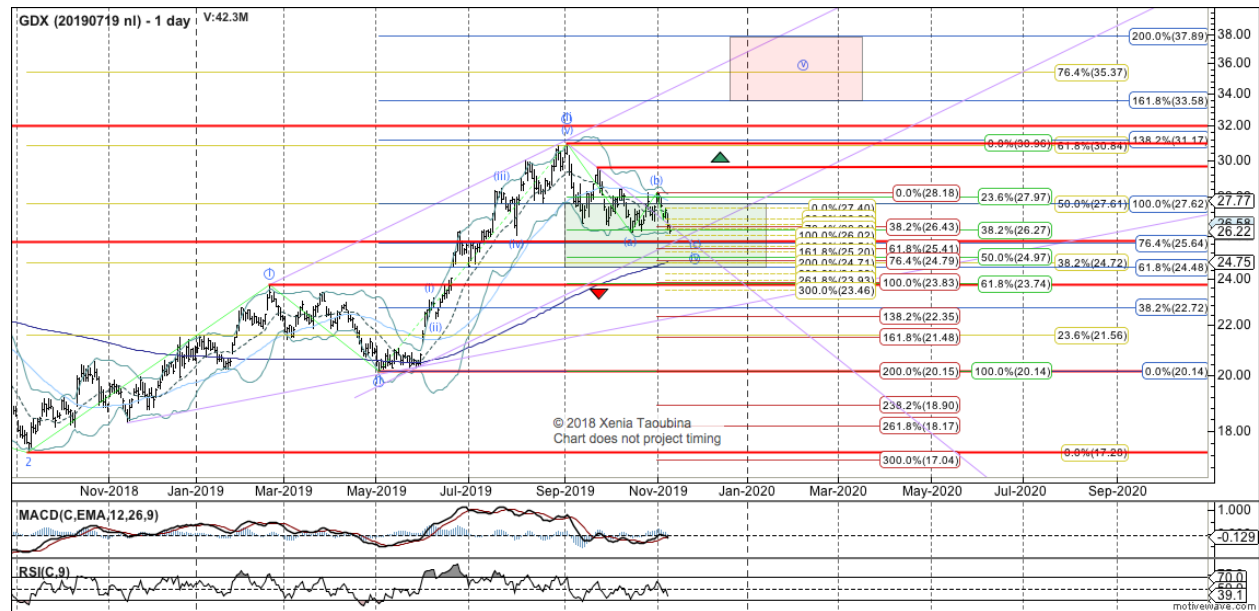
Past allocation changes

Underlying	Change Date	Transaction	Price	Total Position
SPX	7/19/19	90%	3001	90%
SPX	8/6/19	10%	2865	100%
SPX	9/24/19	-20%	2965	80%
SPX	9/26/19	20%	2974	100%
SPX	9/27/19	-20%	2952	80%
SPX	11/1/19	-20%	3058	60%
SPX	11/7/19	-10%	3094	50%

Underlying	Change Date	Transaction	Price	Total Position
RUT	7/19/19	120%	1559	120%
RUT	8/1/19	-20%	1557.97	100%
RUT	8/14/19	20%	1465	120%
RUT	9/24/19	-20%	1535	100%
RUT	11/1/19	-20%	1585	80%
RUT	11/7/19	-30%	1601	50%

Underlying	Change Date	Transaction	Price	Total Position
NDX	7/19/19	100%	7916	100%
NDX	9/24/19	-20%	7740	80%
NDX	9/24/19	20%	7757	100%
NDX	9/29/19	-20%	7646	80%
NDX	11/1/19	-20%	8120	60%
NDX	11/7/19	-10%	8260	50%

Underlying	Change Date	Transaction	Price	Total Position
TLT	7/19/19	120%	131.78	120%
TLT	8/2/19	-20%	135.7	100%
TLT	8/5/19	-20%	138.15	80%
TLT	8/15/19	-20%	147	60%
TLT	8/28/19	-10%	148.8	50%
TLT	9/6/19	10%	145.85	60%
TLT	9/9/19	20%	143.6	80%
TLT	10/1/19	20%	143.3	100%

Underlying	Change Date	Transaction	Price	Total Position
GLD	7/19/19	100%	134.83	100%
GLD	8/1/19	20%	132.4	120%
GLD	8/5/19	-20%	137.95	100%
GLD	8/8/19	-10%	142	90%

GLD	8/28/19	-10%	145.5	80%
GLD	9/6/19	10%	142.35	90%
GLD	9/9/19	10%	141.83	100%
GLD	9/11/19	10%	140.87	110%
GLD	9/19/19	-10%	141.55	100%
GLD	9/23/19	-20%	143.63	80%
GLD	9/27/19	20%	140.4	100%
GLD	10//1/19	20%	139.4	120%
GLD	10//25/19	-20%	142.6	100%

Underlying	Change Date	Transaction	Price	Total Position
GDX	7/19/19	100%	27.82	100%
GDX	8/8/19	-10%	29.6	90%
GDX	8/19/19	10%	27.88	100%
GDX	8/23/19	-10%	29.63	90%
GDX	8/28/19	-10%	30.62	80%
GDX	9/6/19	10%	28.79	90%
GDX	9/9/19	10%	28.03	100%
GDX	9/9/19	10%	27.9	110%
GDX	9/19/19	-10%	27.95	100%
GDX	9/23/19	-20%	29.11	80%
GDX	9/27/19	20%	27.46	100%
GDX	10/1/19	20%	26.97	120%
GDX	10/25/19	-20%	28.05	100%