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
Last week, equities provided a tight range consolidation under key resistance. Given that no meaningful reaction off that resistance developed, when the alignment for risk-off that I saw across various markets began to deteriorate, I increased equity allocations somewhat. My reticence to further increase equity allocations stems from multiple statistical indicators suggesting an overheated market; that said, if early this week market is able to demonstrate a constructive stance, I will look to increase equity allocations further.

| Market	Last issue		This issue	
	Level	Allocation	Level	Allocation
SPX	3,092.00	50%	3,119.00	65%
RUT	1,598.00	50%	1,596.00	65%
NDX	8,253.00	50%	8,311.00	65%
TLT	135.10	100%	137.69	100%
GLD	137.49	100%	138.20	100%
GDX	26.25	100%	26.73	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)

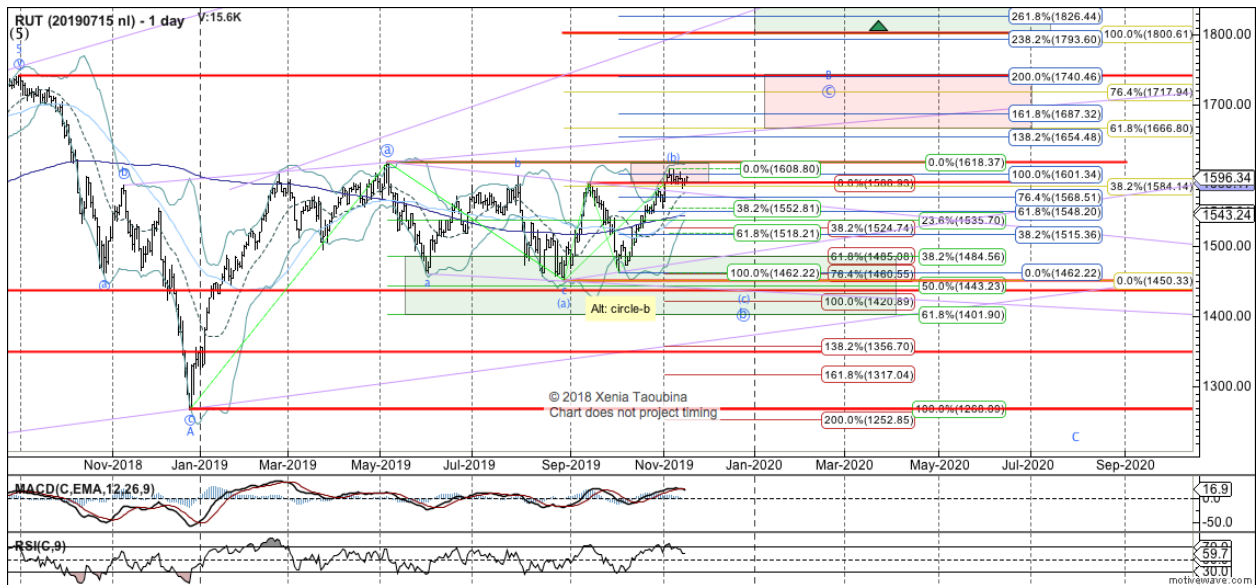| Allocation	Level	Support Levels	Resistance Levels
65%	3119	3023-3079	3099-3166
		2940-3015	3193
		2739-2822	3448

Alignment for risk off that I've been observing over the past couple of weeks began to deteriorate last week, prompting me to increase this allocation at 3095, just before SPX broke out to new all time highs. At this point, there is an increased potential for direct extensions higher, with 3166 being the next level of significance, and 3193 being the last line of resistance before 3448. If the path to 3166 and 3193 were to play out, SPX should hold 3079 as support. Should constructive attempts to pull back develop this week, I will consider further increasing this position. Bearish resolution remains reasonably probable, though no longer favored, but to begin to open up that potential, SPX needs below 3079 to begin with, with a stronger indication of such resolution below 3023. Even then, however, for as long as such decline is holding over 2940, it can be viewed as setting up for acceleration higher, with acceleration higher becoming likely over 3193.

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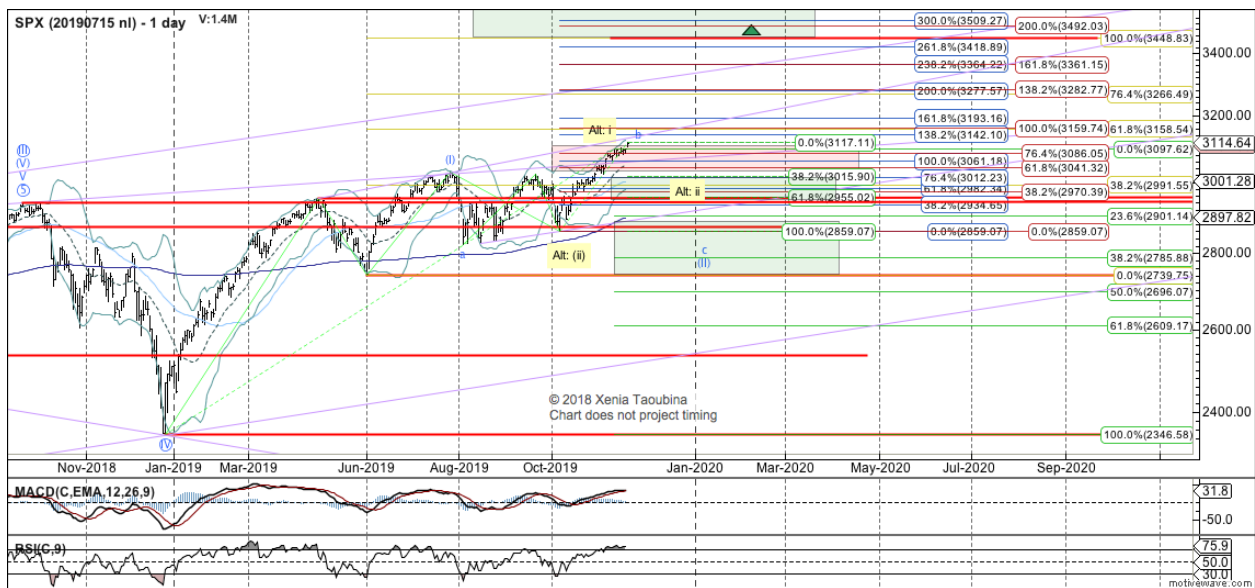
Russell 2000 Index (Ticker: RUT)

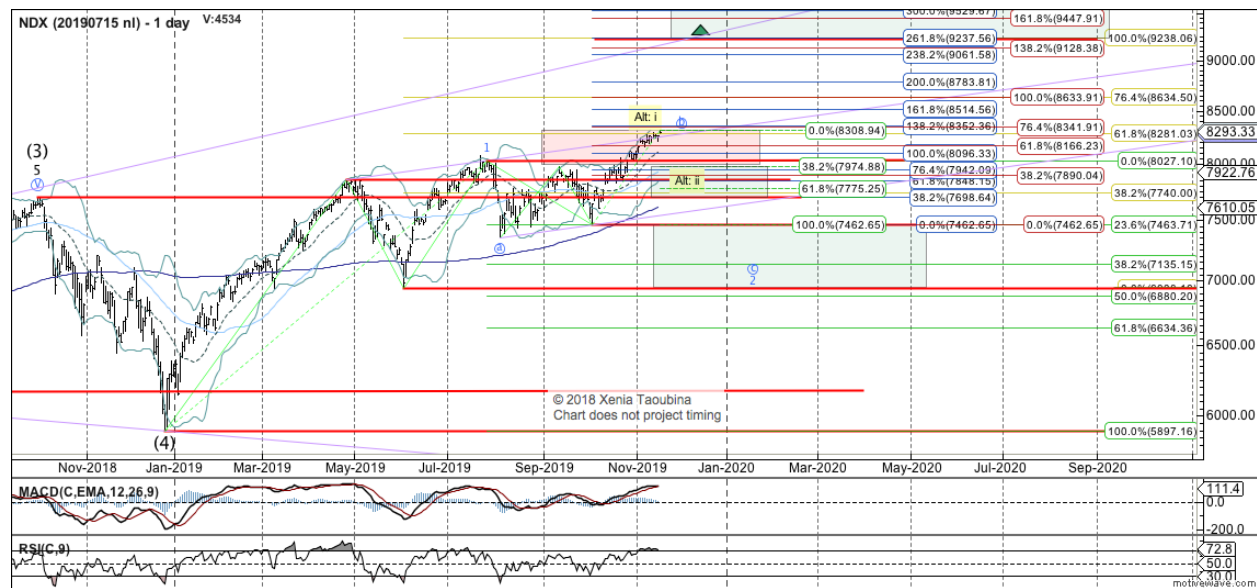| Allocation	Level	Support Levels	Resistance Levels
65%	1596	1518-1552	1589-1618
		1462	1666-1742
		1401-1450	
		1268	

When RUT reached 1589-1618 in what could be viewed as a topping stance, I substantially reduced this allocation. That said, when alignment for risk-off became to deteriorate and RUT barely made downside progress, I added some of the position back at 1590 at the end of last week. Going forward, RUT's ability to break out of 1618, or lack thereof, remains the main delineator between the bullish and the bearish scenarios. 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. Conversely, 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.

Nasdaq 100 Index (Ticker: NDX)

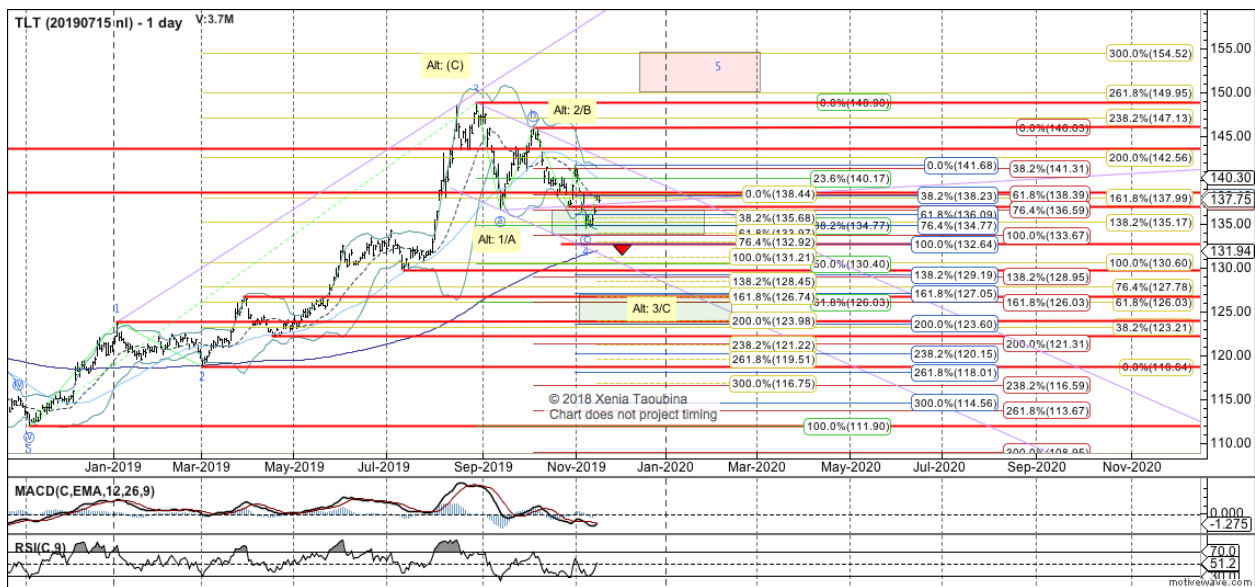| Allocation	Level	Support Levels	Resistance Levels
65%	8311	8079-8210	8285-8368
		7700-7940	8514
		6938-7462	9238

Alignment for risk off that I've been observing over the past couple of weeks began to deteriorate last week, prompting me to increase this allocation at 8256, just before NDX broke out to new all time highs. At this point, there is an increased potential for direct extensions higher, with 8368 being the next level of significance, and 8514 being the last line of resistance before 9238. If the path to 8368-8514 were to play out, NDX should hold 8079 as support. Should constructive attempts to pull back develop this week, I will consider further increasing this position. Bearish resolution remains reasonably probable, though no longer favored, but to begin to open up that potential, NDX needs below 8079 to begin with, with a stronger indication of such resolution below 8019. Even then, however, for as long as such decline is holding over 7700, it can be viewed as setting up for acceleration higher, with acceleration higher becoming likely over 8514.

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

Allocation	Level	Support Levels	Resistance Levels
100%	137.69	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. IF November low (134.45) breaks, I will consider reducing this allocation to below neutral. 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%	138.2	133.3-137.8	142.90
		132.1	146.82
		127.21	150.5-157.9

With a break of its October low, GLD met its minimum downside expectation, opening up potential for completion of the corrective pullback. 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.
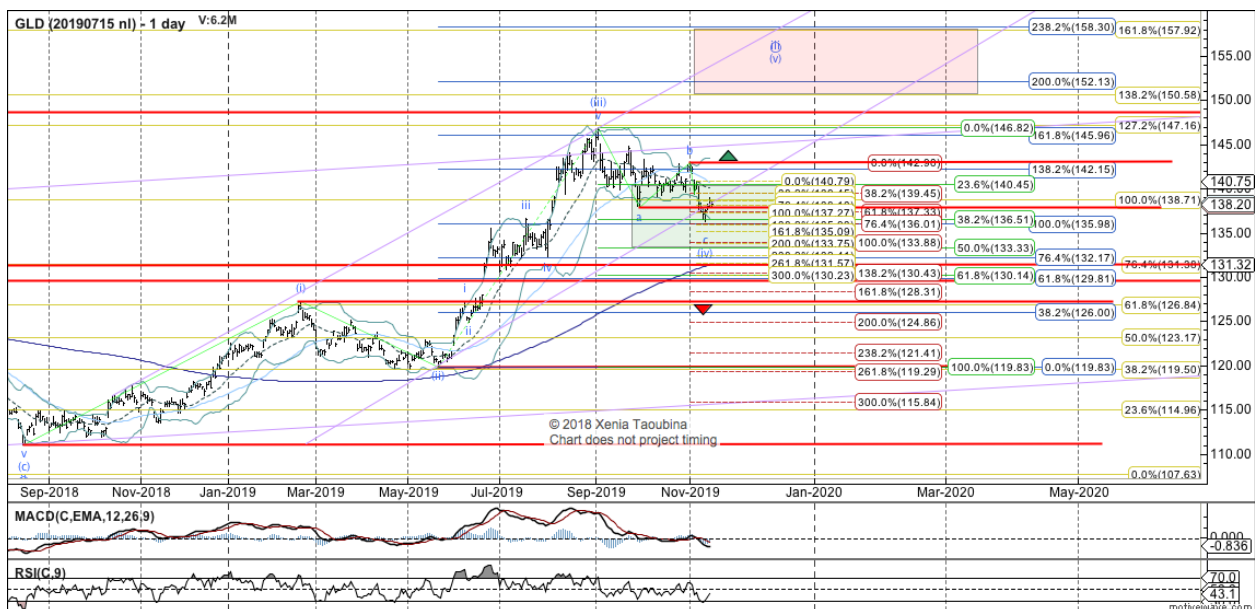
Market Vectors Gold Miners ETF (Ticker: GDX)

Allocation	Level	Support Levels	Resistance Levels
100%	26.73	24.48-26.18	28.18-29.58
		23.70	30.96
			33.58-37.89

GDX provided the favored downside resolution with a break of its October low, in the process 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.
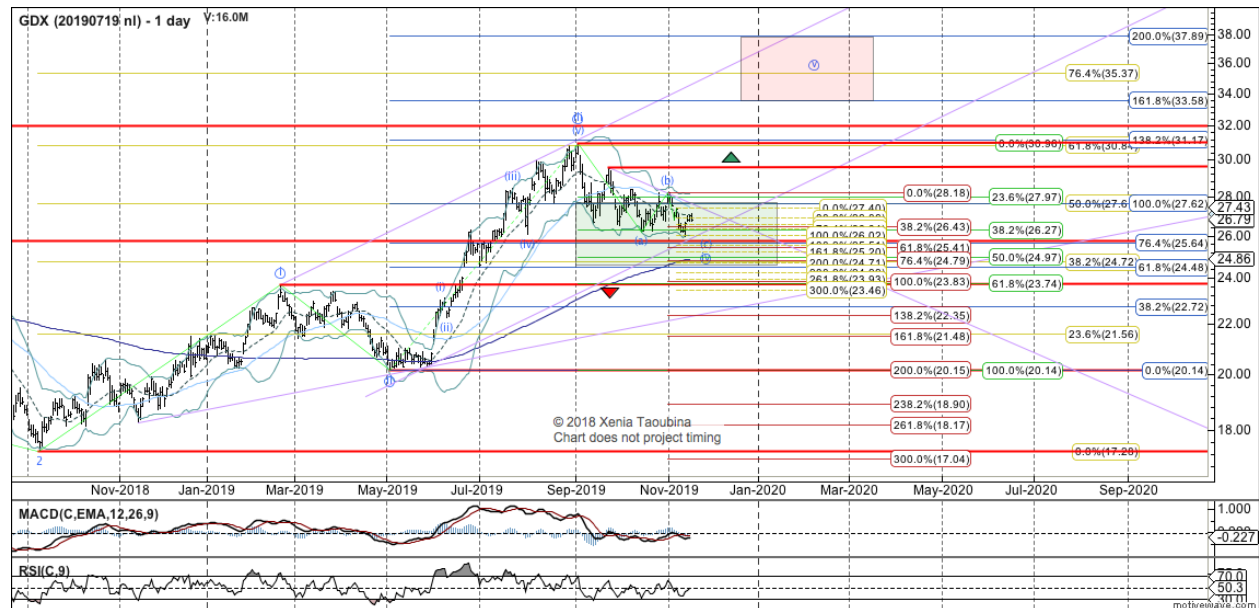
Past allocation changes

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%
SPX	11/15/19	15%	3095	65%

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%
RUT	11/15/19	15%	1590	65%

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%
NDX	11/15/19	15%	8256	65%

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%

Underlying	Change Date	Transaction	Price	Total Position
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%