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, equities provided further upside as had been speculated they would, now confirming a breakout over the "line in the sand" levels discussed in prior issues. Given this development, I will be looking for a constructive pullback next week to add to allocations. Outside of equities, I increased allocation in GLD and GDX upon what looked like a constructive pullback. I'm also on the lookout to potentially add to the TLT allocation in the coming week.

| Market	Last issue		This issue	
	Level	Allocation	Level	Allocation
SPX	3,110.00	65%	3,142.00	65%
RUT	1,588.00	65%	1,624.00	65%
NDX	8,272.00	65%	8,409.00	65%
TLT	139.90	100%	140.41	100%
GLD	137.74	100%	137.93	120%
GDX	26.76	100%	27.10	120%

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)

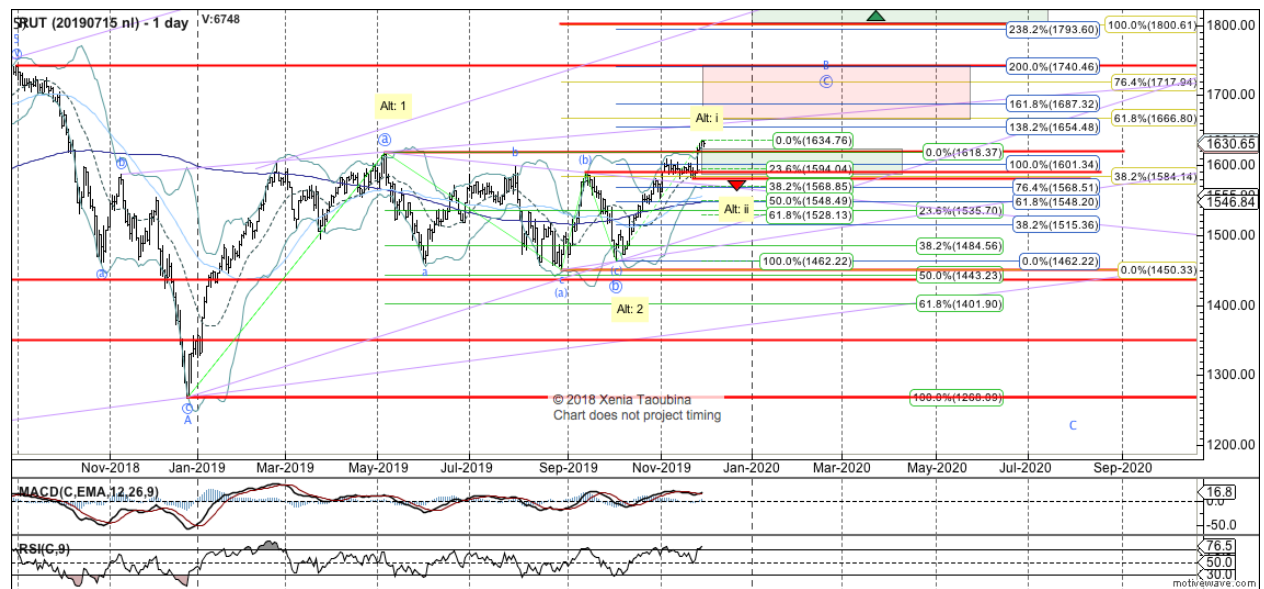| Allocation	Level	Support Levels	Resistance Levels
65%	3142	3063-3110	3166-3193
		2968-3038	3282-3361
		2859	3448-3492

With SPX having first breached 3099, and then continuing to hold upper support zone on pullbacks, I have to adopt the more bullish interpretation that I've been tracking as the favored scenario. In this interpretation, move up off October low still has at least several more weeks to go, with new highs likely to continue into late December / early January, with the expectation that SPX will reach over 3200 on that move. For such direct extensions higher to remain favored, SPX needs to hold 3063-3110 as support on any pullbacks. I favor that zone to be tested early next week, and if such a test is seen, will look to increase this allocation back to neutral. A break of this zone would be the earliest signal that the entire rally off Dec 2018 low may have completed, with a break below 2968 further increasing the odds, and a break below 2859 confirming. So, IF SPX doesn't hold 3063, I will consider reverting back to a defensive posture.
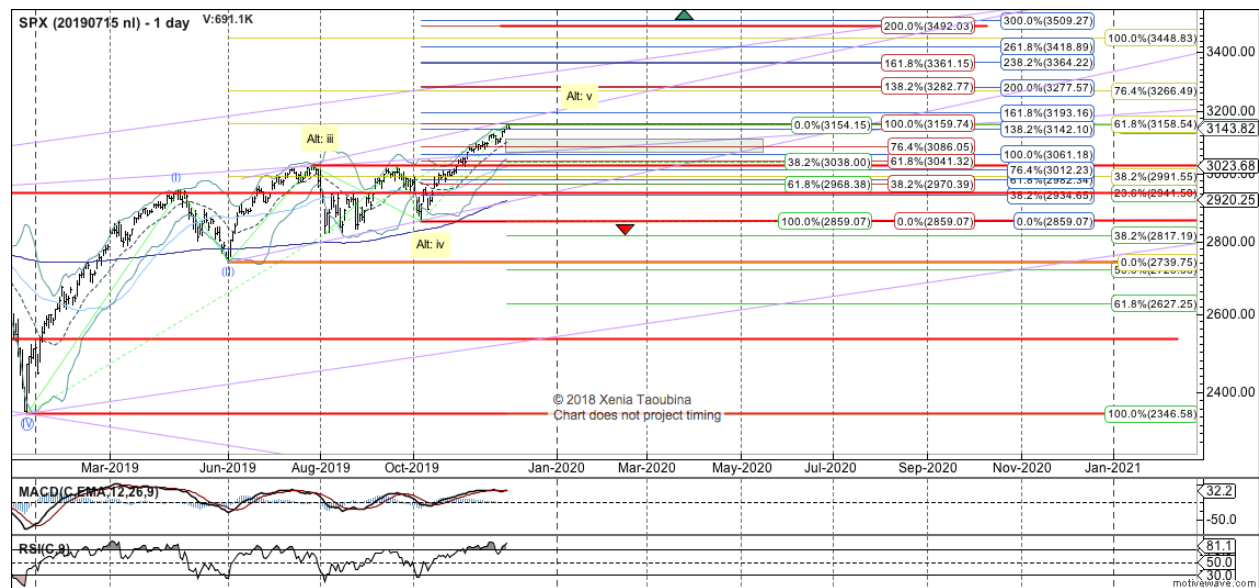
Russell 2000 Index (Ticker: RUT)

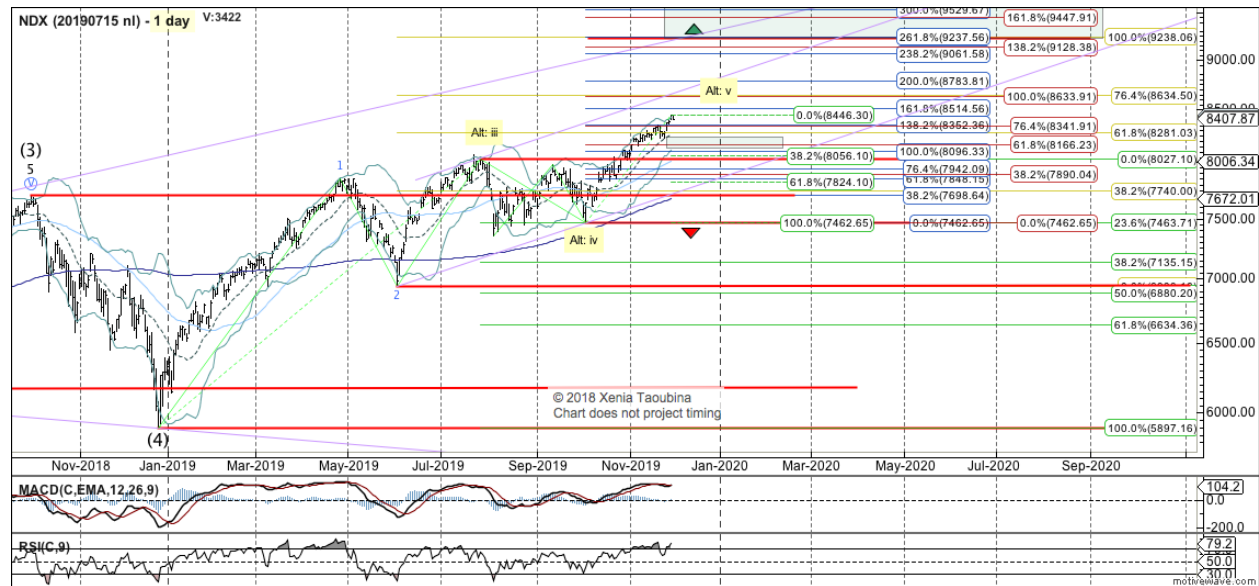| Allocation	Level	Support Levels	Resistance Levels
65%	1624	1581-1618	1654-1687
		1528-1568	1742
		1462	1800
		1268	

RUT finally made the new high for the year, which was my minimum upside expectation voiced in a LinkedIn article posted on May 31, and reinforced near August lows. At this point, 1581 is an important level. For as long as this level is holding, ideally RUT will see somewhat higher, with 1654-1687 as next resistance zone. IF a break below 1581 is seen, it would open up potential for the entire corrective bounce off Dec 2018 to have completed, with such potential increasing in probability below 1528. IF pullbacks to the 1581-1618 support zone are seen, and I deem them as constructive, I will look to bring this position back to neutral.

Nasdaq 100 Index (Ticker: NDX)

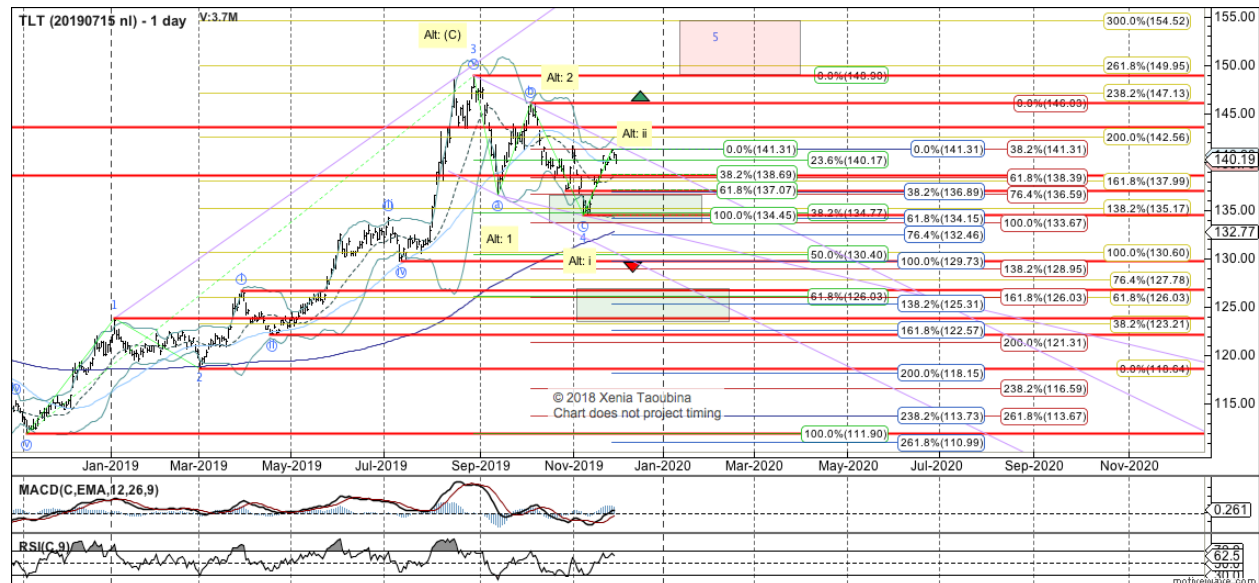| Allocation	Level	Support Levels	Resistance Levels
65%	8409	8141-8301	8514-8783
		7824-8056	9238
		7462	

With NDX having first breached 8285, and then continuing to hold upper support zone on pullbacks, I have to adopt the more bullish interpretation that I've been tracking as the favored scenario. In this interpretation, move up off October low still has at least several more weeks to go, with new highs likely to continue into late December / early January, with the expectation that NDX will reach over 8600 on that move. For such direct extensions higher to remain favored, NDX needs to hold 8141-8301 as support on any pullbacks. I favor that zone to be tested early next week, and if such a test is seen, will look to increase this allocation back to neutral. A break of this zone would be the earliest signal that the entire rally off Dec 2018 low may have completed, with a break below 7824 further increasing the odds, and a break below 7462 confirming. So, IF NDX doesn't hold 8141, I will consider reverting back to a defensive posture.

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

Allocation	Level	Support Levels	Resistance Levels
100%	140.41	133.67-136.54	141.68
		132.64	146.03
		123.86-126.03	148.9-154.5

Action continues to be constructive, with odds of a breakdown having diminished significantly. At this point, I favor the bottom to be in at 134.45, or close to being in. To favor completion of the pullback, TLT needs over 141.68, with a move over 146.03 needed to make it likely. IF TLT establishes a strongly constructive stance, I will 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)

Date	Allocation	Level	Support Levels	Resistance Levels
12/2/19	120%	137.93	133.3-137.8	142.90
			132.1	146.82
			127.21	150.5-157.9

After continued benign consolidation and smaller degree action that favored bottoming, I added to this allocation on November 26 at 136.70, within pennies of what proved to be the low of the week. Potential for completion of the corrective pullback remains, that said, its stance is not clearly suggestive of bottom being in place. 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 confirmation of a bottom by sufficient reversal up, be seen in the upcoming week, I will consider further increasing this allocation. Conversely, a break below 133.3 will have me consider reducing this position back to neutral.

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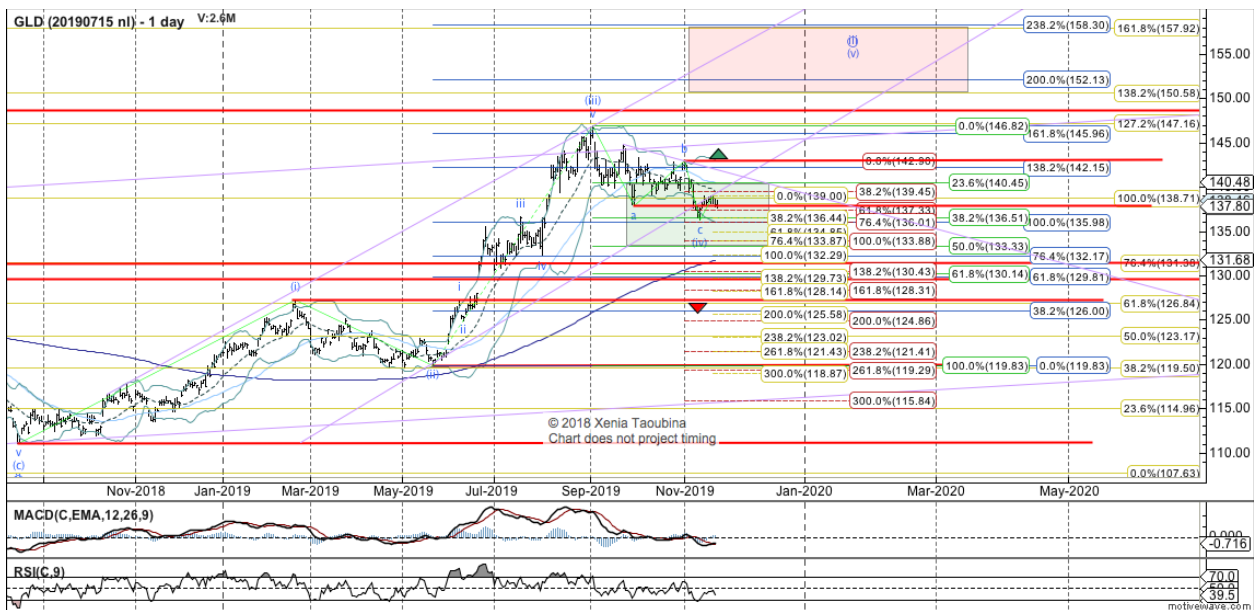
Market Vectors Gold Miners ETF (Ticker: GDX)

Allocation	Level	Support Levels	Resistance Levels
120%	27.10	24.48-26.18	28.18-29.58
		23.70	30.96
			33.58-37.89

After continued benign consolidation and smaller degree action that favored bottoming, I added to this allocation on November 26 at 26.18, within pennies of what proved to be the low of the week. Potential for completion of the corrective pullback remains, that said, its stance is not clearly suggestive of bottom being in place. To suggest that it's likely done with the correction, GDX needs to rally over 29.58. Should such deeper pullback, or confirmation of a bottom by sufficient reversal up, be seen in the upcoming week, I will consider further increasing this allocation. Conversely, a break below 25.97, or an inconclusive rally to the 28.18-29.58 resistance area, will have me consider reducing this position back to neutral.

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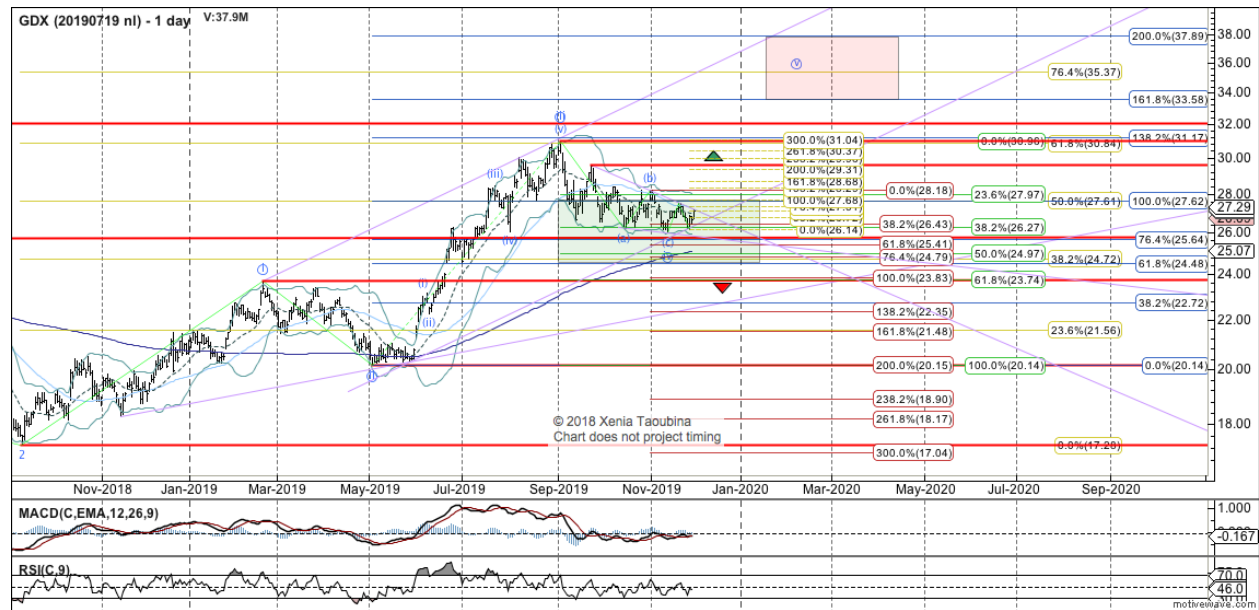
Past allocation changes

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%
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%
GLD	11/26/19	20%	136.7	120%

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%
GDX	11/26/19	20%	26.18	120%