

Equity Technical Analysis

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ANTIPODEAN
CAPITAL

Long Term ASX200 View – Multi Year Range

❖ *First leg correcting the '07-'09 decline may be ending, rotations a big theme for '10.*

- **Long Term trend:** '07 peak 6,851 ended bull market from '03 low, but also possible 40yr bull from '60's/'70's of low inflation/low government, now high inflation/government debt/over regulation may herald multi decade range/bear market. Decline from 6,851 very deep, possible (A) wave (chart 1). Now 18-36mth bull phase (B) to '12/'13 then (C) bear phase to 3,175. Next peak may coincide with peak in RBA rates '12?
- **Medium term trend:** Within the 18-36mth rally, the most likely outlook is that wave A of (B) is ended at 4,955 already in Jan, or will be with a new high near 5,200 (chart 2). As long as either occurs, we should expect a B wave back to 4,500/4,300 to complete wave (B). Anything more bearish cannot be contemplated for now.

Chart 1: Last bear likely a bigger (A), not (ABC) done



Chart 2: Within (B) rally, first upleg A done?



Potential catalysts for what may cause this dip could be higher US long yields (next 3-6mths), a mid cycle US data dip (normal by Q4), or gov't debt issues dragging EU growth (into '11?). Earnings though are rising (positive) as is recovery momentum, so any dip most likely deemed corrective only for now within a 2-3yr bull market trend.

- **Short term trend:** So far no firm sign that c of (B) (chart 3) lower underway yet, though 31/3 bear key reversal day might be first signal. US jobs data may be key. Favour 4,955 caps (small chance 5,200 extension first) for 4,500. Rotation (industrials/banks/miners) key '10 theme. ❖

Chart 3: 4,955 probably holds short term.



Charts provided by etrade.com.au & stockcharts.com

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