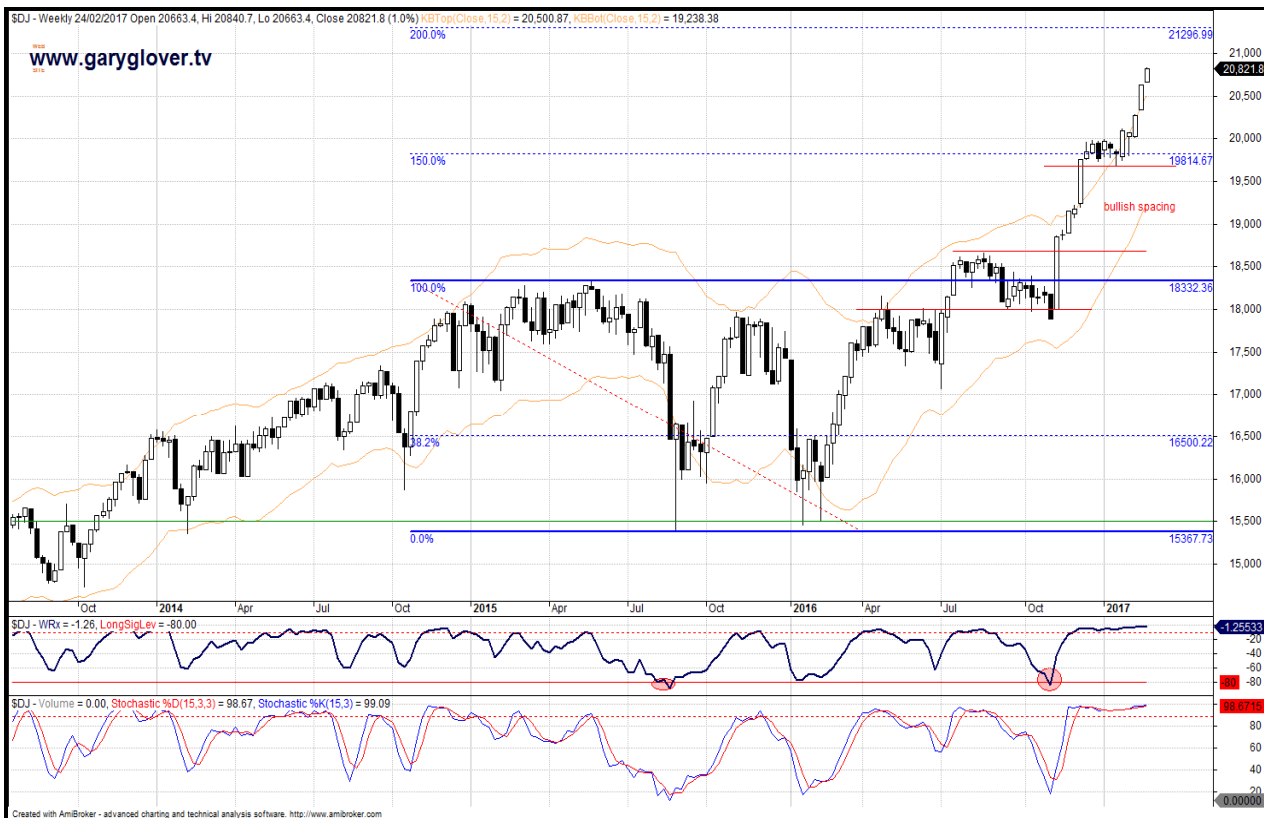


## What We’re Watching

27th of February, 2017

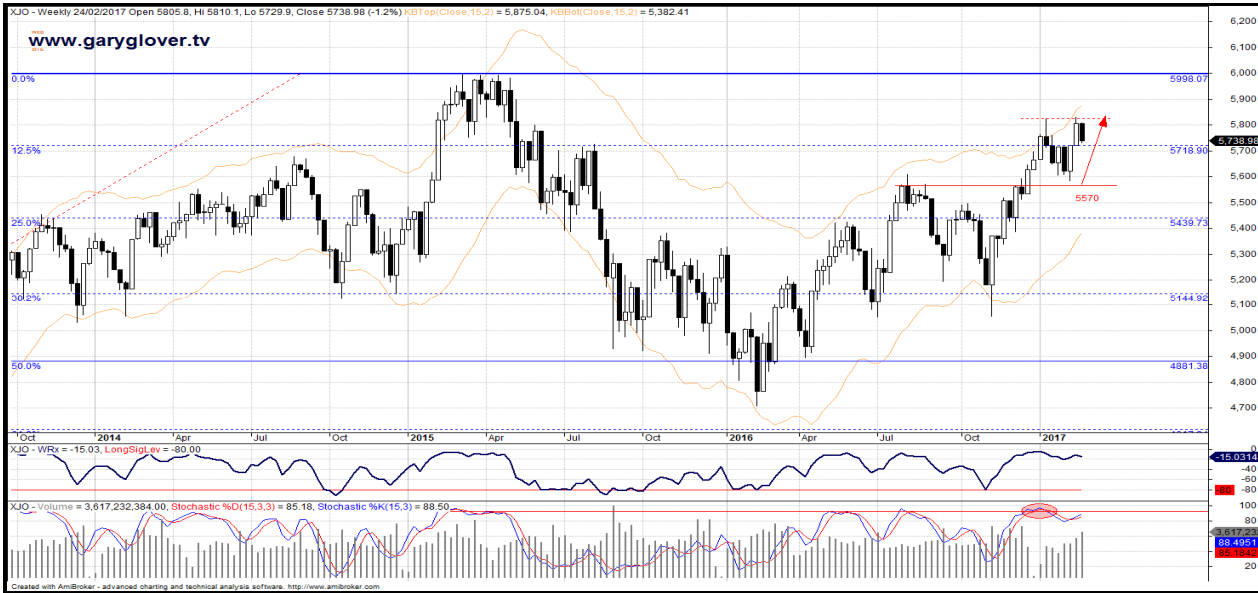
### Dow Jones Industrials Index (\$DJ) Weekly Chart

- The Dow Jones still looks like a runaway train currently and shows no sign of slowing down.
- It is starting to look a bit vertical and exhaustive but the trend is nonetheless very firm.
- I see some sort of pullback or consolidation in the coming weeks but it could push slightly higher in the short term as momentum is still very strong.
- Risk is now high of a pullback occurring soon as this trend is looking a bit extended.
- I still think the best guess might see an early March peak before a pullback into early April which would possibly set up the market for a final 3 month rally into early July.
- We should monitor for any key resistance points over the next fortnight as the market should look to consolidate this recent move - rather than get too aggressive yet. 200% of the range at 21290 approximately looks to be first key resistance point.



## S&P ASX 200 Index (XJO) Weekly Chart

- A four week pullback was followed by a marginal new high achieved in very quick time.
- Last thing on the chart is a marginal new high or possible false break, so there is some risk of a pullback occurring here after last week's rejection of that new high. False breaks normally turn the other way quickly in recent years.
- There is a bit of bearish divergence also with our indicators, multiple indicators are showing a lower high while price made a new high, so there is some other signs of weakness currently.
- The resource sector in particular had a strong bearish turn last week on strong volume and that could filter through to our index.
- Worst case scenario we may see a retest of the 5570 level but I still think the market is on track for higher levels around the July time frame. I am still of the opinion we should be looking to buy any descent dips.



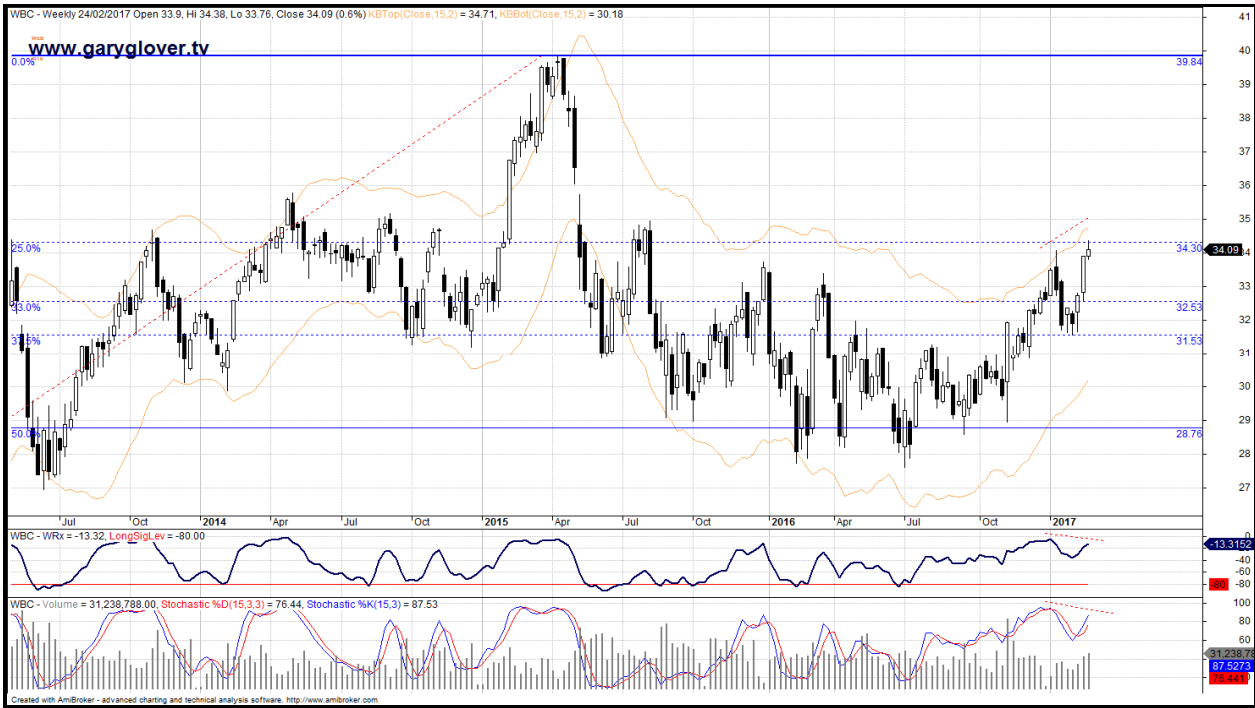
## Flight Centre (FLT) Weekly Chart

- Flight Centre has an overlapping pattern with 5 new marginal lows in place.
- In the recent year, price keeps bouncing from under the \$30 region and seems to be well supported below this key price point.
- The corrective trend is normally a bullish sign here longer term and I like how strong volume has swarmed into this stock each time it goes under \$30.
- I think this looks very constructive here and I would expect bullish move from this recent low. \$34-36 is possible in the short term.



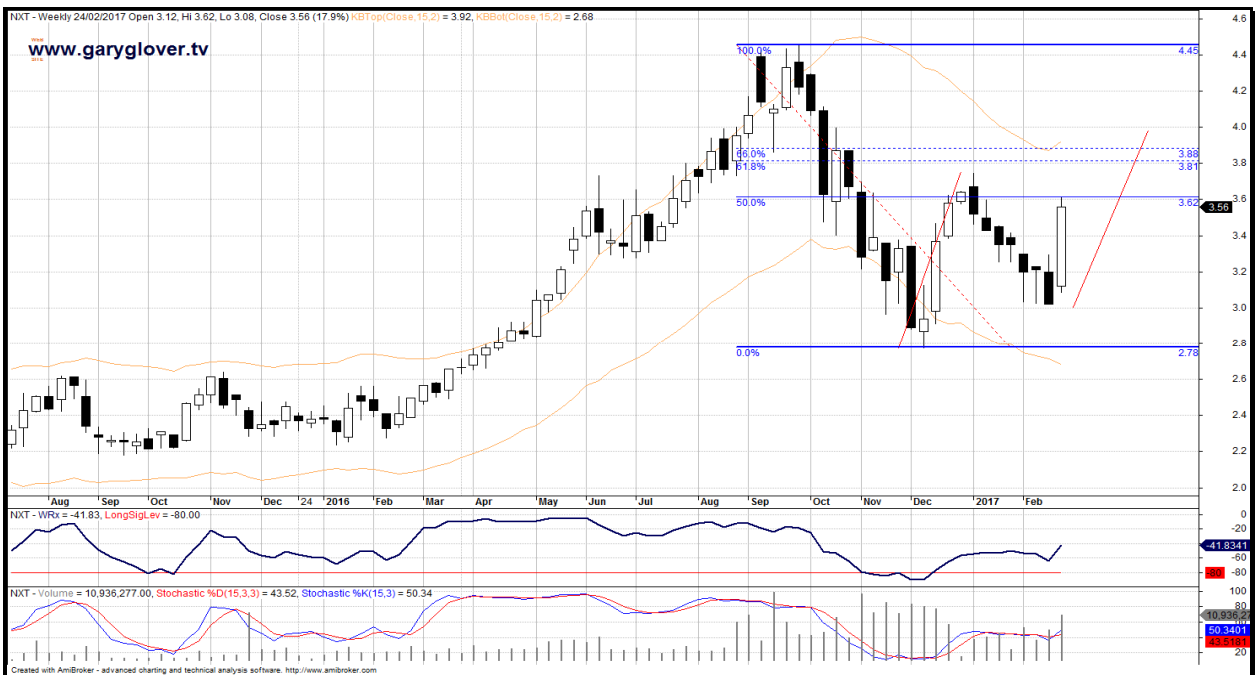
## Westpac Banking Corporation (WBC) Weekly Chart

- We liked WBC recently for a long entry around the \$31.55 region but it has bounced very strongly since then.
- Most of our indicators like the XJO are showing some bearish divergence so that is putting this rally at risk.
- Our Gann ranges, 3/8 and 1/4 ranges have proven to be good support and resistance points and that is showing the current high at \$34.38 to be hitting a key resistance point.
- We could see a small pullback in the short term from the current peak. Writing a call option over our stock would appear the smart move.



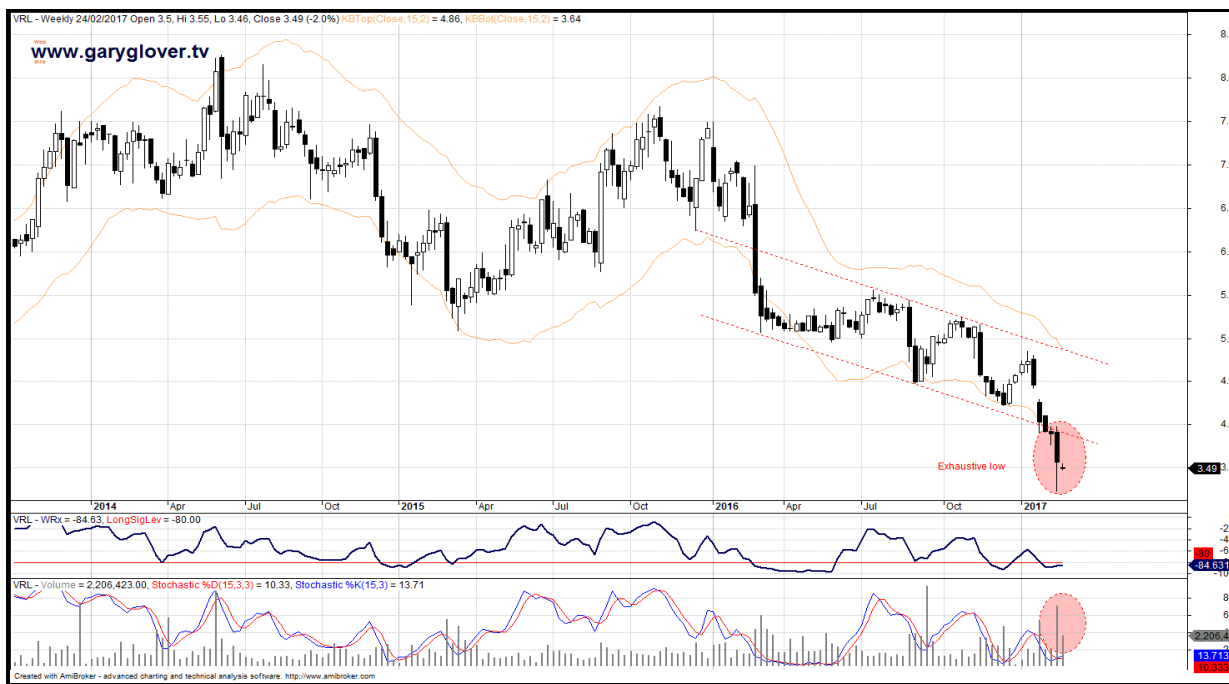
## Next DC Limited (NXT) Weekly Chart

- We added this to our model portfolio a fortnight ago and had a \$3.80-4.00 price target.
- With the very strong result last week and the strong bounce technically we'll adjust our target to the slightly higher end of that range.
- It could possibly go much higher here as everything appears very constructive.



## Village Roadshow Ltd (VRL) Weekly Chart

- This stock has been trending down for quite some time now.
- Recent days has seen a bearish break of the recent downside channel and this is how an exhaustive low often occurs after an extended decline.
- The long tail or bullish hammer reversal pattern on strong volume is also a strong sign of exhaustion and is a classic reversal signal at major lows.
- This stock has some risk here due to the large decline so far but all the signs are consistent with an exhaustive low.
- I think we'll see a healthy bounce from here.



For professional and timely advice on how to maximize your returns on your portfolio please call

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**There are no certainties in the share market, only probabilities.**

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