

WEEKLY MARKET UPDATE

August 12, 2019



So Much Noise

We spared you any charts last week, so we will make up for that a bit this time around! As volatility has returned over the past couple of weeks, it has reminded us of the importance of zooming out and looking at the bigger and broader picture. We say all the time that although we track our model on a daily basis, much of the change we see at that level is noise. What do we mean by noise? Let's start with a monthly chart of the ACWI (All Country World Index), a key measure of the global equity markets.



The chart above goes back about eight years and you can see that there are lots of swings in price. Remember, that's a **monthly** chart. If we narrow in on a **daily** chart, you can see the chart gets much more "noisy." (We are looking here at the past six months)

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ACWI

Aug 12

O:71.61 H:71.74 L:71.36 C:71.61

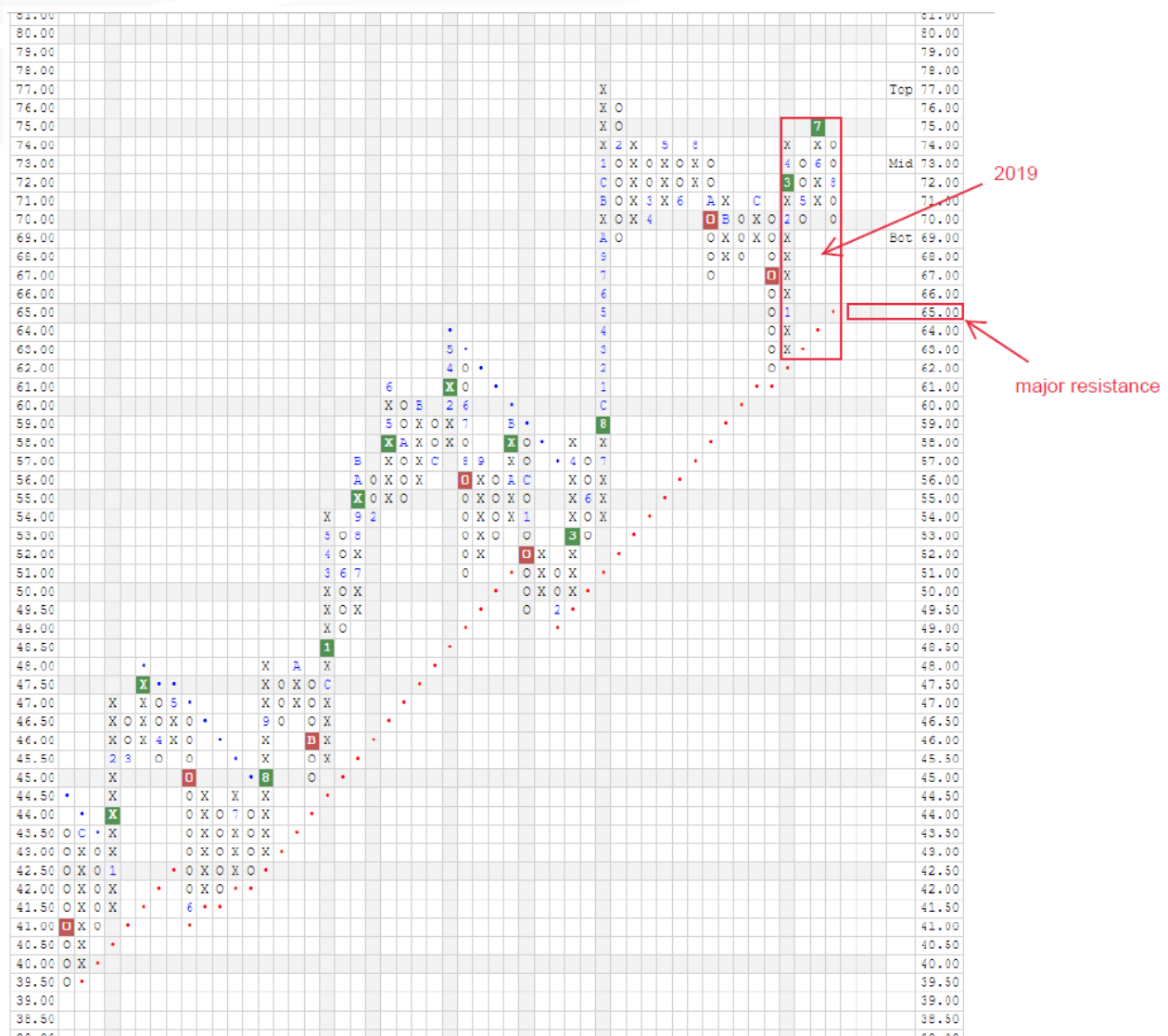
Vol:937.98K

-0.37 (0.51%)

finviz.com



Now, if we look at something called a point-and-figure chart, it tends to remove some of the daily noise and tells us more about important price action. The area inside the red box below is what is referenced in the chart above. You can see how much of the daily noise is reduced to something that can actually start telling a story.



While the format of each chart is wildly different, used together they help tell an important story. Both charts tell us right now that we are at important short-term junctions and it is important for the market to “get its legs under it.” Additionally, on our point-and-figure chart above, we can see that a more important longer-term chart area is around the \$65 level for the All County World Index (ACWI). If prices were to break the uptrend line in red, it would not bode well for the market as a whole and would likely cause many asset classes to technically break down.

Basically, this chart is showing a consolidation from 2017 on, and the market at some point will show its spots and either break out or break down. Only time will tell. Our money flow data are still positive even as the market wrestles with the China trade war, slowing economies, and global negative interest rates.

We continue to be ***cautiously optimistic*** for the public markets and we will continue to stay vigilant and if we need to, we will take protective measures.

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