

**Tax reform optimism still drives the markets.**  
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By Hawk Namiki

Stock markets still remain bullish after the FED rate hike. The tax reform optimism still remains as a driver of the markets, and eyes are not on the US deficits yet. While the stock market has been enjoying about 3.6% increase since 17 November, gold prices have faded about 1.8% and traded as low as 1236 on 12 December. While gold prices decline, CFTC net non-commercial long position has been decreased from the peak at 224417 on 28 November to 107068 on 12 December. However, SPDR Gold trust holding remained calm and almost unchanged from 17 November.

Will this bull trend carry on in the year 2018?

S&P 500 charts still show the momentum to push prices another 10% higher for the long run, but some may be cautious and will want to see how the market will be develop from here as the level around 2684 is one of the extrema area of distribution.

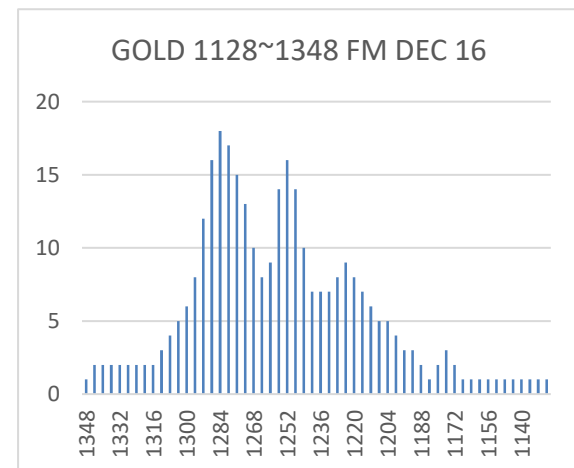
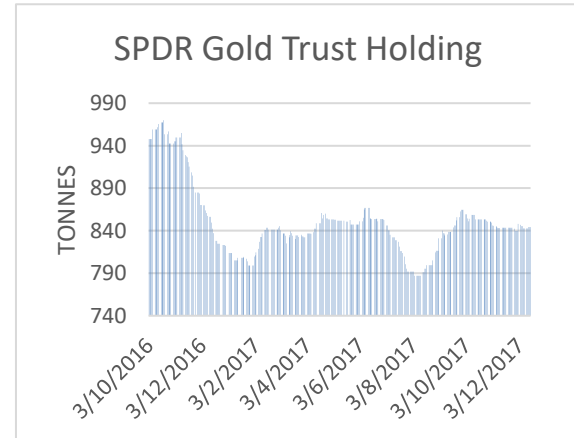
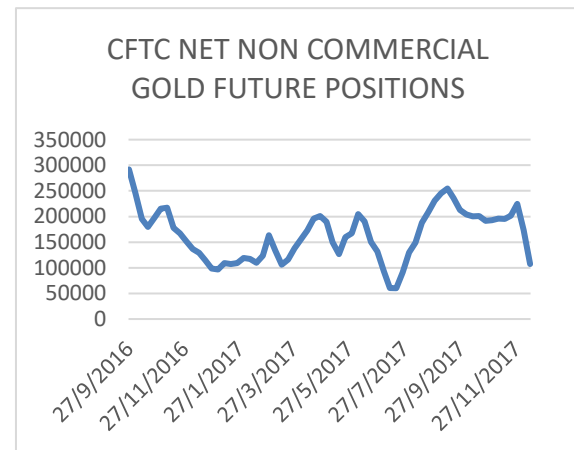
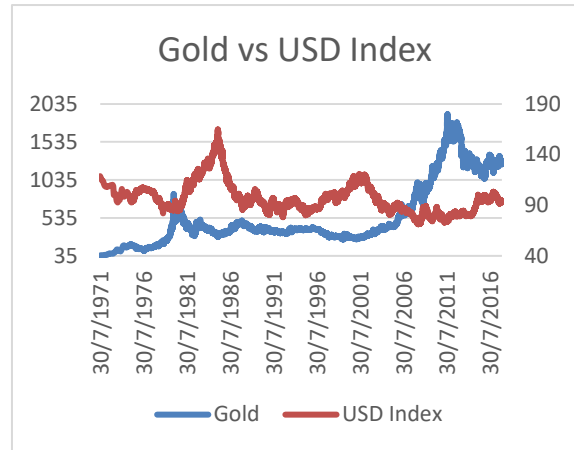
What's next on gold?

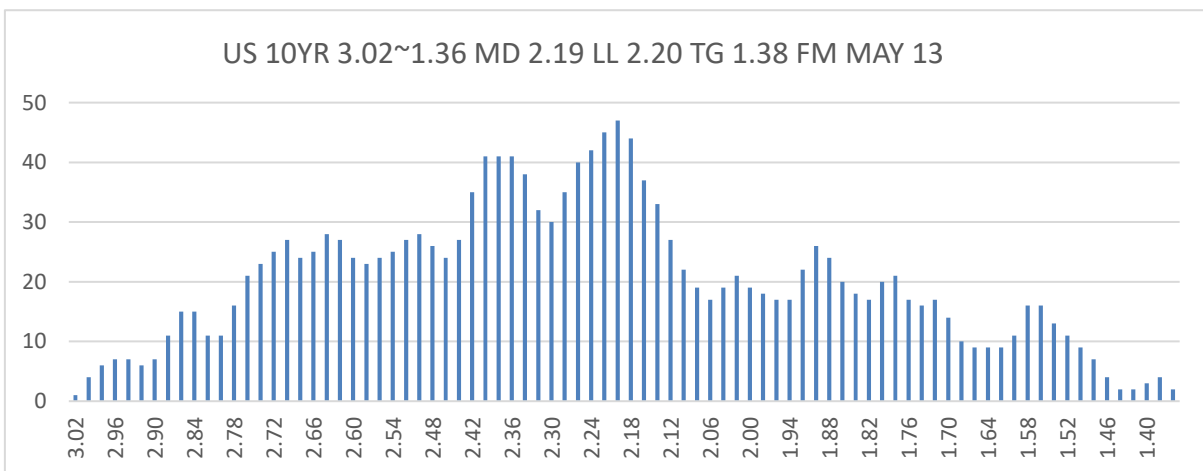
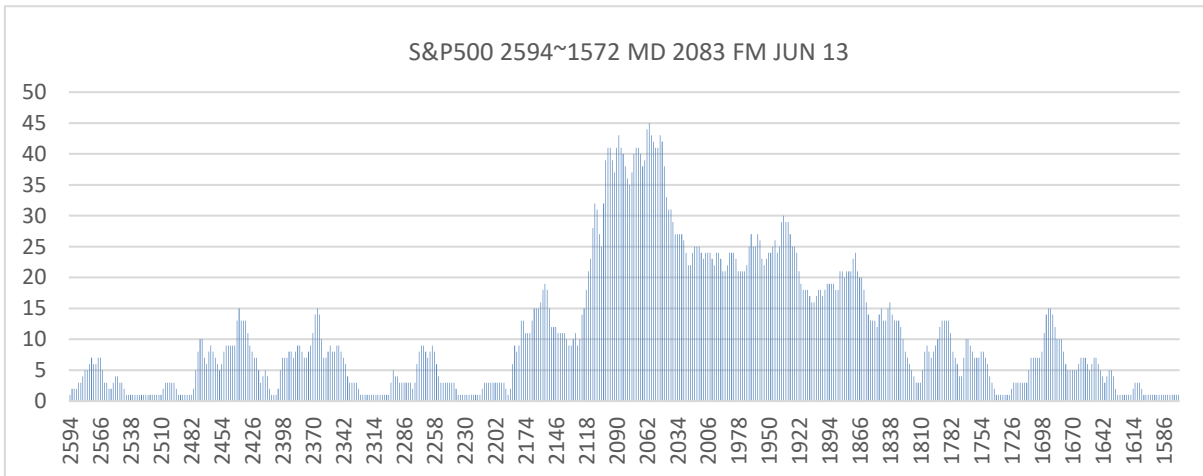
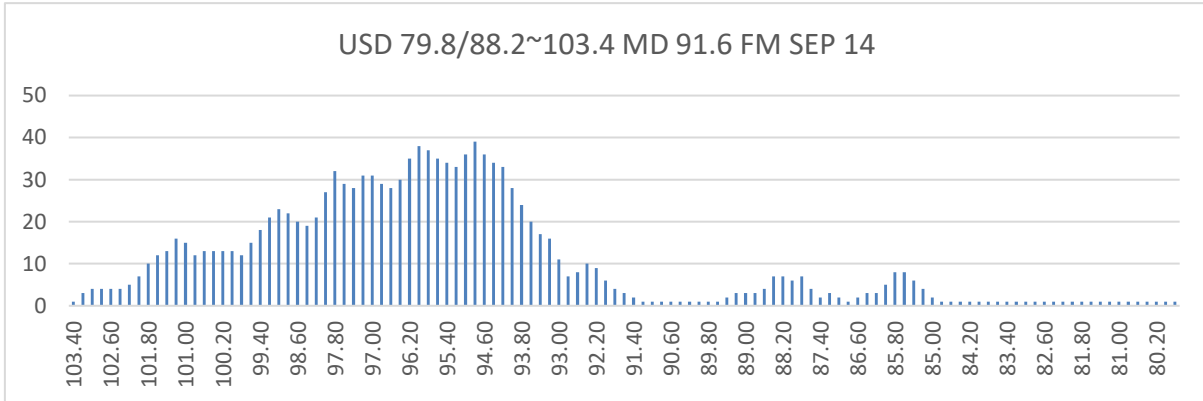
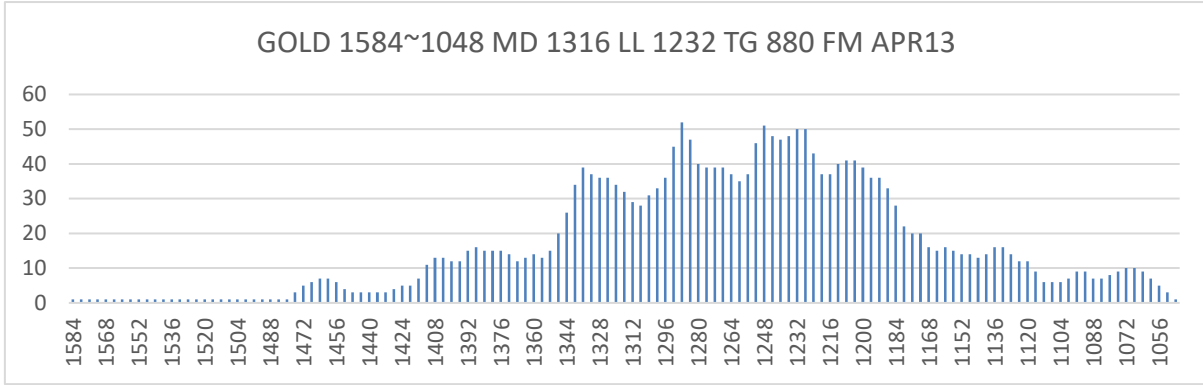
Gold price has spiked down to 1236 on the day before FED rate hike, but it has managed to crawl back above 1250 after the hike. Accepting value around 1252 is not as positive as the level around 1284, but accepting value around 1252 may hint a move towards 1284.

Gold is likely to remain in the range between 1250~1310, but the value around 1284 needs to be accepted to confirm the bull trend.

Key levels to watch remain 1250 and 1284. For those who are in the bull camp on gold will want to see the price actions sticking around 1284. On the other hand, bears will want to see the gold price pushed down below 1250 and remain below 1250.

It appears that markets are not ready to make a big move from here, except S&P market which has been reaching to the extrema side. Some people will be keeping a very close watch on the price action of S&P to protect this year's profit.





Source of numbers and statistics from Bloomberg



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