Flash Report NEM

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"Quantitative approach for asymmetric results"

Newmont Mining Monthly chart

Chart Analysis: looking at the monthly chart and therefore on a longer term than usual it is possible to note how Newmont Mining (ticker: NEM) in the last 20 years is inserted in a fairly big sideways channel. From 2009 then the stock is moving upwards in a perfect channel: such channel is formed using a set of regression trend lines.

Short term trading will be going long at the low part of the regression channel and to sell or go short on the higher part.

The upper purple line represents the highest and oldest resistance that NEM has, which is the 60 usd threshold. Recently such resistance has been finally violated and after a period of accumulation it seems that the stock is ready to move to its new possible highest target which is found by moving the width of the previous channel (yellow line) on top of the 60 usd resistance, getting a 90 usd target.

This may very well be as historically the stock has a track record of "living inside channels": previous examples are the 13 usd to 30 usd channel and from 30 usd to 60 usd channel (recently broken).

Candlestick analysis: looking at single monthly candles and specifically the last three it can be noted that the stock is moving sideways with no clear direction. The stock broke the upper Bollinger band which can be a bullish signal, since it could mean that a band surf (using a term by Bollinger himself) could start: however at that point the stock has been rejected fiercely moving the price even below the 60 usd level.

The recent red monthly candle could mean that further down movement could be possible and therefore extra care is needed when trading this stock, especially keeping an eye on that candle's low is a must, since if such low will be broken, it would confirm the bearish trend recently materialized.

Conclusions: on monthly chart the bullish trend is still intact and ready to go beyond recent historical highs but at this moment a pull back could be in sight and therefore more short term weakness could be expected.

Daily chart:

Quite different the daily chart from the monthly one. From the historical highs the stock is now inserted in a bearish channel formed here as well by a set of regression trend lines and that the recent breaking of the lower part of this channel has produced a violent pull back upward which materialized with also a gap up.

In the very short term the bullish set up should continue up to a 65 usd target. However at this stage the movement can only be labeled as a pull back and not a resuming of the previous bullish trend.

In addition the behave of the stock in the recent months produced a bearish head and shoulder which I highlighted with purple lines.

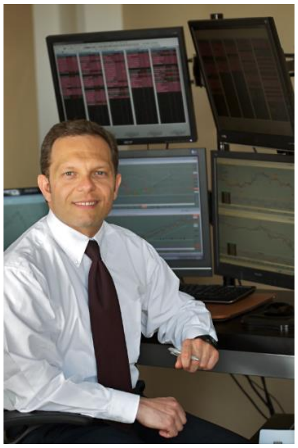
Interesting and vital for those who are deciding to go long on this stock, is that the price just recently broke the neckline of such head and shoulder, giving the final signal that such bearish set up is now confirmed.

Usually in the head and shoulder formation, once the neckline is violated the price tends to go back to the neckline (testing of previous support) before resuming its bearish or bullish trend.

Right now it's what the stock is doing, and a possible bearish target for the stock is the transposition of the width of the distance between the head and the neckline, in this case the 52 usd level.

Such level is by no mistake, a sensible level, as it can be seen from the chart.

Conclusions: bearish trend with a 52 usd target. Such trend is negated if prices will go beyond the 65 usd level.



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on tradersô behavior.
Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.

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