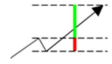


**Francesco Maggioni**  
francesco.maggioni@gmail.com  
IT +39 393 70 40 234  
UK +44 757 681 62 43

*“Quantitative approach for asymmetric results”*



## Fossil: time and price relationship for a non fossil position



Figura 1: Fossil monthly chart (ticker: FOSSL)

Sometime just glancing at a chart I can see immediately the overall structure of a stock. It is the case for Fossil, above presented in its monthly chart. It is interesting to note how the stock is respecting few bullish channels since 2007. The first one I found was the one with purple lines, then copying and pasting the height of the channel above and below (vertical orange lines) the other were discovered (light blue lines).

The February monthly candle is now arriving at the dynamic support set at 107 usd so a reaction can be expected. However the bullish situation has been compromised with the November 2013 inversion candle and since then the stock has been trading lower. A new bullish trend can be called only with the violation of that candle's high at 133 usd.

If the 106 usd low will be violated it is possible to see the stock arriving at the first target which is the support of the lower channel, in an area between 80 and 87 usd.

The final target however for the stock, is found with the dark blue trendline that is found linking the most relevant low since 2011.

Each point on that blue line gives specific time and price target for the stock, which is at an extreme, a value of 60 usd by November 2014.

Reading the overall picture since 2007 it looks like the stock is now in the process of completing a corrective ABC pattern started after a 5 wave structure has been concluded with the top of wave 5 set at the 2012 all time high.

Since then the stock already moved to the subsequent low in 2012 labelled as a wave A which came in a 5 waves structure, giving a signal that the impulsive structure is now bearish rather than a bullish one.

The wave that followed which topped at the November 2013 high has a main features of a typical wave B: it all retraced almost 100% of the previous bearish movement but concluded with a lower high.

The current situation would call for a double top around 130 usd or even another lower high (giving confirmation that the stock is now in a wave B or 2 of an either bearish corrective ABC or impulsive 1-5 wave structure) before resuming its descent to lower levels.

Final consideration is the Oscillator which is the final nail in the coffin: much lower strength in the latest move up (purple arrow) signalling that the party will be probably over soon.



Mr. Maggioni has been working in the financial markets for the last 13 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 traders' 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.

#### **Useful Links:**

European Central Bank: [www.ecb.int](http://www.ecb.int)  
Bank for International Settlements: [www.bis.org](http://www.bis.org)  
International Monetary Fund: [www.imf.org](http://www.imf.org)  
Federal Reserve: [www.federalreserve.gov](http://www.federalreserve.gov)  
US CFTC [www.cftc.gov](http://www.cftc.gov)

#### **Disclaimer**

Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. It is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. The writer does not undertake that investors will obtain profits, nor will it share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. The report should not be regarded by recipients as a substitute for the exercise of their own judgment. Past performance is not necessarily a guide to future performance. The value of any investment or income may go down as well as up and you may not get back the full amount invested. Any opinions expressed in this report are subject to change without notice. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, investors should contact their local sales representative. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments.