

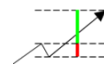
Flash Report Yoox

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“Quantitative approach for asymmetric results”



Yoox: fans include Gann and Fibonacci too! (and not only them)

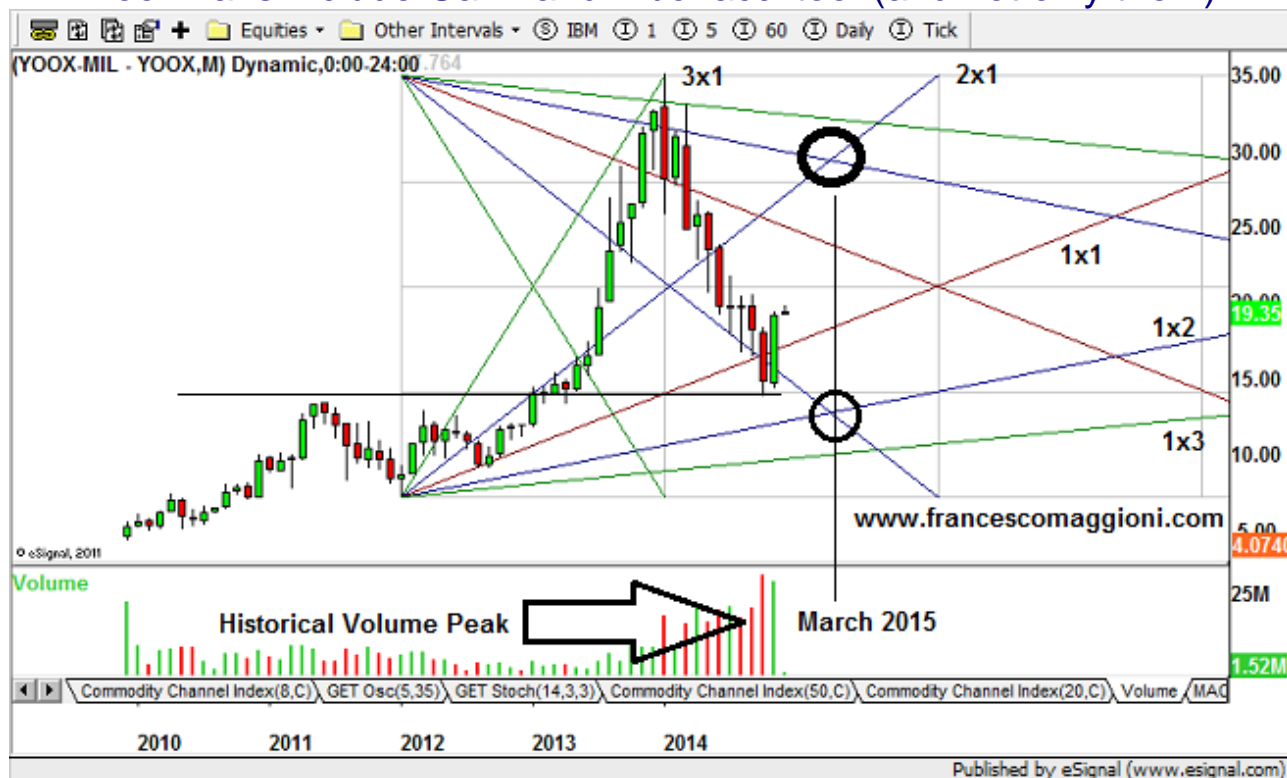


Figure 1: Yoox monthly chart

The above is the chart for Yoox SpA, an Italian company that is active in the e-commerce space. Well it sounds a bit an understatement the way I presented the company. Many e-commerce platforms are made or powered by Yoox, and it also signed a joint venture with Kering in 2012.

Yoox is really one of the main player in the e-commerce space, this is really how it should be presented.

Looking at the chart in Figure 1, the stock already did a lot even in this short life span, going from 4 euros in 2010 at its IPO, to 35 euros reached in January 2014, from when it started moving lower until last October.

Therefore if we have to label the overall structure, the label has to be a bullish impulsive one. If that is the case what happened from January 2014 to October is so far a corrective pattern within a bullish impulsive structure.

There are few reasons to write a report on Yoox right now.

First of all it is a crucial moment for the stock as the November's candle represents a trend inversion of the corrective movement. That candle, together with the volume explosion that has been accompanied with, looks to be a trend inversion from bearish to bullish, and it also has the chances to resume the long term bullish structure. The corrective movement stopped just at an important support, 14 euros, which was a previous top and resistance too (as you can see in Figure 1, the black horizontal line).

Let's now use the Gann box, that is made of those boxes and colored lines. Without getting into too many details, the lines it is important to look at are those that start from the bottom left of the box. The brown line that basically divides the entire set of boxes at 45 degrees is called the 1x1 line. The two lines above the 1x1 are called 2x1 (blue) and 3x1 (green). This last one shows which time and price relationship the stock had in the previous bullish movement.

Yoox moved upwards for 28 euros (from 7 to 35 euros) in 24 months, or 28x24 (or 1,166 which means that for each unit of time the stock moved 1,166 unit of price, in this case, up).

Another interesting tool of the Gann box is represented by the intersections of two lines within the box. Those intersections represents time (but also price) clusters where the stock may change its course, so it could change direction, or change pace within the trend.

Can you see the intersections below the October candle in Figure 1?

All the evidence seems to point to the idea that we are witnessing now the resuming of the bullish trend, and now the job is to find a possible target.

Looking at Figure 1 you can see I already highlighted the next two intersections with two black circles: both happen on March 2015. However March 2015 should be just an intermediate stop because if I would copy and past from here the previous bullish movement (28 euros in 24 months) the final target should be 45 euros on November 2016, as in Figure 2 here below.



Figure 2: Yoox monthly chart with Gann box and Fibo Price Ext.

In conclusion:

- From the IPO Yoox seems to be in a long term bullish impulsive structure and the correction that started last January should be considered ended with the November candle;
- The low on October 2014 is also a higher low and that is an important aspect not to be forgotten and that reinforces the idea of the long term bullish structure;
- Other evidences are suggesting what just explained, such as volume spike as well as Gann and Fibonacci;
- The final price and time target could be 45 euros for November 2016;
- The nearest time and price target could be between 25 and 29 euros for March 2016;

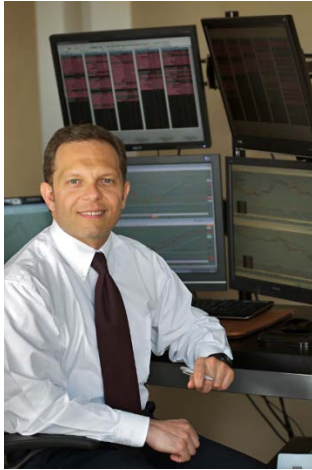
Be careful:

the fact that all the pieces of evidence are leading to believe that the stock should move to higher prices do not necessarily means it will happen no matter what.

As usual let's now think of a plan B, meaning if the stock fails to move higher, where it could possibly go from here.

In Figure 1 the level that undermine the current view is the October 2014 low. A break of that level would bring the stock down to 10 euros first and 8 euros afterwards.

Whoever is interested in opening a position on this stock I suggest to look at shorter time frame in order to work with smaller entries and stop losses: as of now positions should be opened in the direction of the main trend.



Mr. Maggioni has been working in the financial markets for the last 15 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.

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