

The above is a weekly chart of the Italian Banking giant Unicredit.

What is interesting to note is that the stock has been in a sideways movement for basically the whole year 2013, making its investors rather frustrating as no clear direction can be really noticed.

With a trading approach, each top around the 4.70 euros is a sell signal, and each bottom around 3.30 euro is a buy signal, of course with a stop above (below) the max (min).

Looking at the last few weeks it seems that the stock diligently touched the resistance and it is now moving to the lower part of the sideways channel. At this time the impulsive movement is a bearish one where each bounce on shorter timeframe could be a good short entry. Imperative stop above the August high.

Last week's candle is an inside one which is not giving us any information on the direction that the stock wants to take in the very short term.

It is still possible the first bearish target at the purple arrow, which is the dynamic support of the trendline coming from the July 2012 low.

If a renewed strength should materialize on this stock, then it is more than a possibility of a double top around 4.70 euros, or even marginally break previous high, just to probably do a bit of “stop hunting” before moving back to a bearish trend.

Similar to this stock is also the Italian index, the FTSE MIB.

On a higher timeframe, the monthly one, August has been for Unicredit and the Italian index alike a inversion candle, nothing less than a “shooting star” which tells me that it will be very difficult (or highly improbable) a break of that month’s high (see chart below).

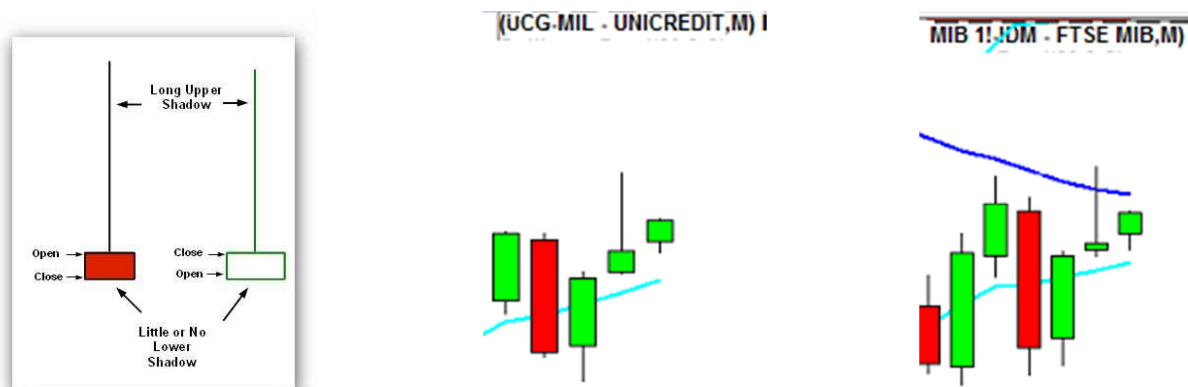
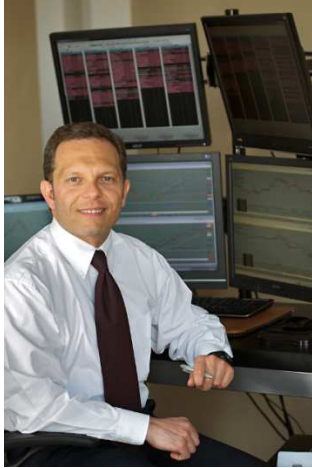


Chart 1: from left, example of a Shooting Star, Unicredit monthly chart since May 2013, Ftse Mib monthly chart since March 2013.

It seems that the current positive tone in the markets in general, but on Unicredit and the FTSE Mib in particular could soon to be revealed to be too optimistic, which if that will prove to be right, such current positive tone could be seen as the last chance for “smart money” to sell at a relative high prices their holdings.

This can already be seen during Italian bonds emissions: usually on emission date Italian equities and bonds alike tend to have an awful performance and soon after, around midday when the emission has been placed, both equities and bonds invert their course and typically finish the day positive.

Since last August, we witness the contrary happening. On emission date both equities and bonds have a stellar performance, and when the emission is done, they invert their course. This is a subtle shade of an otherwise quite clear picture.



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 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.

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International Monetary Fund: [www.imf.org](http://www.imf.org)  
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