



the technical analyst

AWARDS 2012

FINALIST BEST INDEPENDENT RESEARCH HOUSE

Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + S&P 500
- + EuroStoxx 50
- + FTSE 100
- + Nikkei 225

Bonds

- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLCATION



Multi-asset technical strategies

Week 15th May 2018

Mark Sturdy

Disclaimer

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by the FSA



summary

Very powerful signals arise when the charts of any one asset are aligned in all three time frames - see highlights

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Long-term BEAR Euro	Medium-term BEAR Euro	Short-term FLAT Euro
Long-term BEAR Sterling	Medium-term BEAR Sterling	Short-term BEAR Sterling
Long-term FLAT Yen	Medium-term FLAT Yen	Short-term BEAR Yen
Long-term FLAT Euro	Medium-term BEAR Euro	Short-term BEAR Euro

Stocks

- + S&P 500
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Long-term BULL	Medium-term BULL	Short-term BULL
Long-term BEAR	Medium-term FLAT	Short-term BULL
Long-term BULL	Medium-term BULL	Short-term BULL
Long-term BULL	Medium-term BULL	Short-term BULL

Bonds

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Long-term BEAR	Medium-term BEAR	Short-term FLAT
Long-term BEAR	Medium-term BEAR	Short-term FLAT
Long-term BEAR	Medium-term BEAR	Short-term FLAT

Commodities

- + Oil
- + Gold

Long-term BULL	Medium-term BULL	Short-term BULL
Long-term FLAT	Medium-term FLAT	Short-term FLAT

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More



Currencies: Dollar Euro

CURRENCIES

The surge in Dollar strength has caused a convincing turnaround against Sterling. Less so against the Euro. The Yen has simply re-entered an old trading range, as has Sterling Euro. Cable is the interesting market.

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Dollar Euro monthly spot cash chart

These powerful resistances above the market at 1.15 and above **have been penetrated** but the market looks to have **stumbled....the falling diagonal remains unbroken...**

So the Euro bears have hope (but not yet conviction) that the market has turned...

More



Currencies: Dollar Euro

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Dollar Euro weekly spot cash chart

No break through this band of resistance from the two diagonals..

Note the fall back through the horizontal support from the Prior High.

And, clearly, the steep rising diagonal has been broken.

But the band of support to watch is surely 1.1710-1.2040...**only a break of that would really convince the Dollar bulls**



Dollar Euro spot cash chart daily chart...

Note the push and close beneath the support from 1.2092.

And, in this context, it looks like a multiple top has completed.

The bears are in charge.



Currencies: Dollar Sterling

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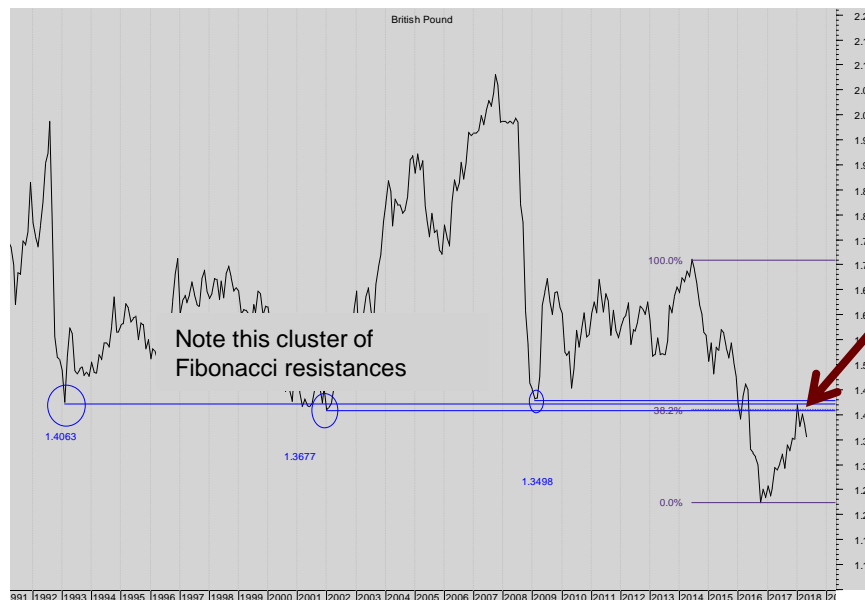


Dollar Sterling Monthly spot cash chart

All the Prior Pivotal lows of 1993, 2001, 2008 and 2016 have acted as good resistance. A massive Multiple Top has formed.

The market rallied back deep into resistance as far as the 50% Fibonacci resistance – but failed there.

Look more closely.



Dollar Sterling Monthly spot cash LINE CHART based on closes

Note here the repeated testing of the resistance band formed from low closes.

It's a clear failure...

Look more closely still...

More



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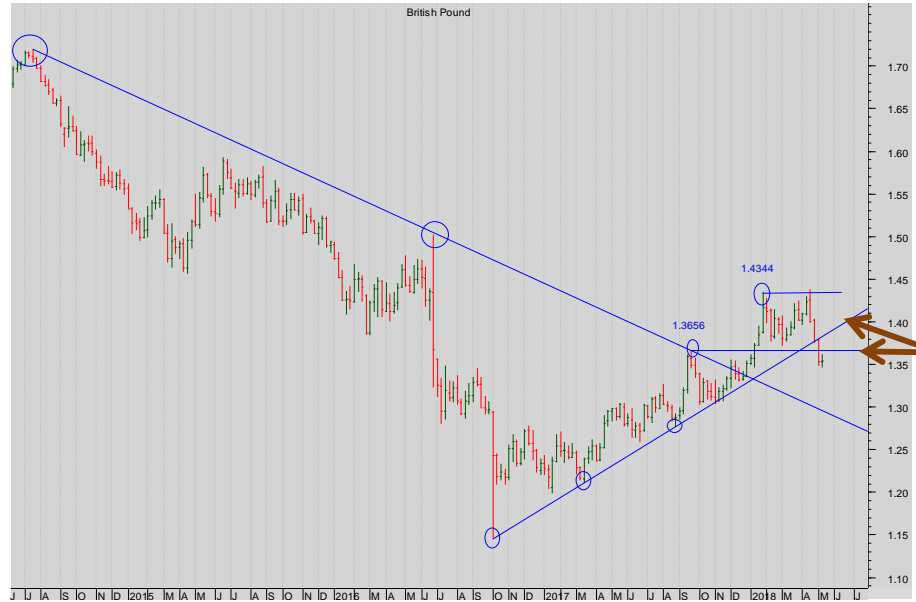
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Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

The double failure at the recent high is interesting BUT:

the break of both the Prior High and diagonal support from 1.3656 is a clear sell signal for Sterling.

the bull trend of the last 19 months is breaking down.



Dollar Sterling daily spot cash chart

There's a completed Double Top in place with a break beneath 1.3656,

The completion is strongly reinforced by the simultaneous breakdown through the rising diagonal.

Minimum move squire? 1.31!



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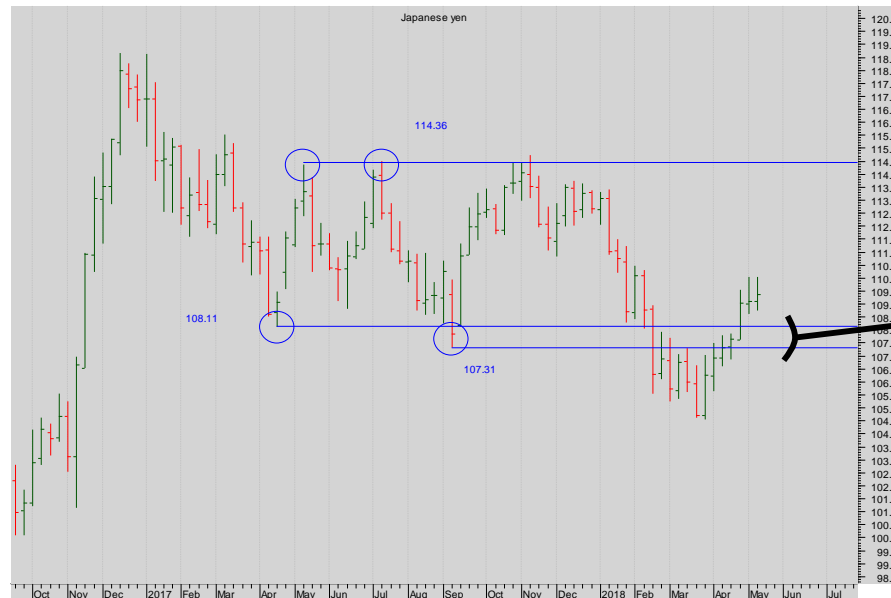
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Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

The structure's not clear but the drift of the Dollar will find support at the 102 level whence it has bounced before.



Dollar Yen weekly spot cash chart

But this is interesting;

The break beneath the lower boundary of the trading range showed that the Dollar bears were in charge **but the rally back has smashed that thought.**

The dollar has fallen back into the old trading range.

Stan back: there is a lack of clear structure.

More



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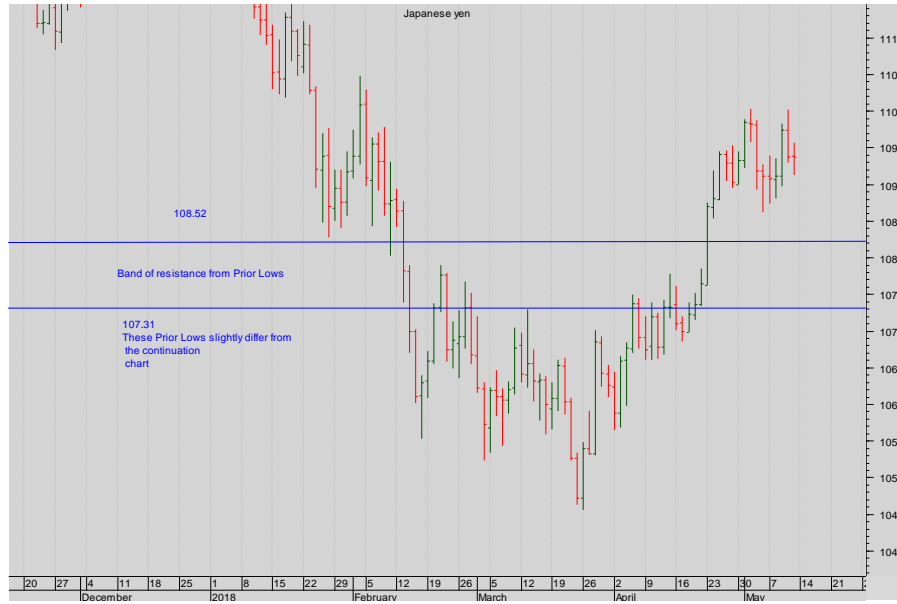
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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Is that a bottom formation?
Certainly some sort of reversal
but not a clear structure.



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IMPLIED ASSET ALLOCATION

Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The last four months' volatility has created a wide trading range.



Sterling Euro weekly spot cash chart

The trading range has not clearly broken.

Stand back for clarity.

More



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- + **Sterling Euro**

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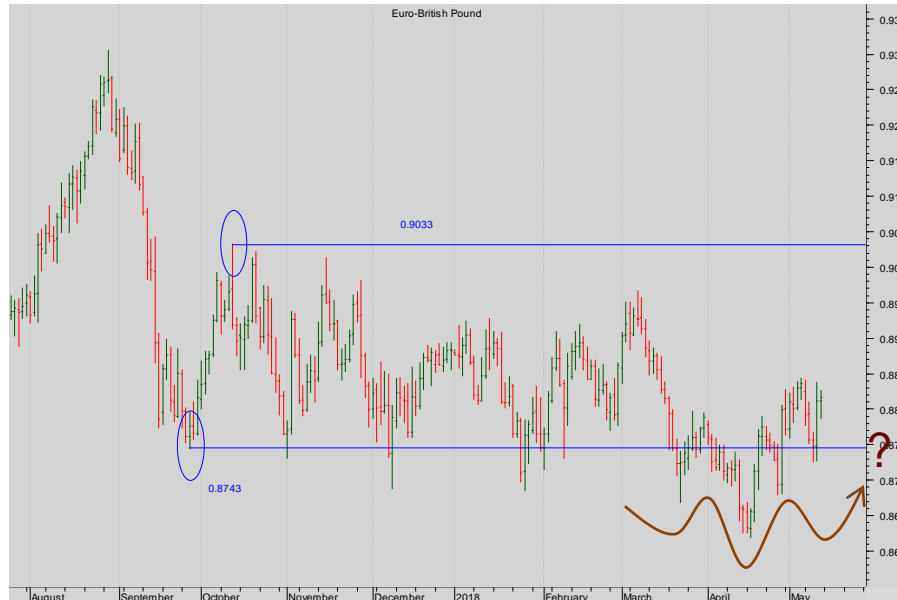
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Commodities

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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

Is that a bull H&S bottom formation that has just completed?

We're not sure, but in any event the Dollar has strengthened sufficiently to have drifted back into the old trading range.

Stand aside.



Stocks

STOCKS: The completed bull triangle in the S&P is terrifically exciting for the bulls. Hard on the heels of that break (but less structurally compelling) is the FTSE's push through Prior Highs having bounced off powerful long-term support and the Nikkei's similar long and short bounce and breakout. Note the lack of a similar bullish long-term structural solidity in the European markets.

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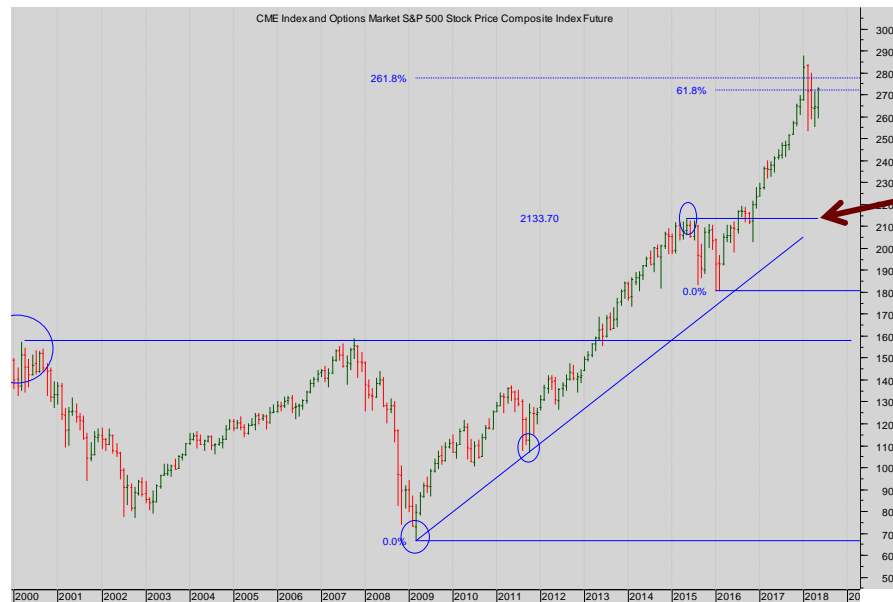
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Commodities

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IMPLIED ASSET ALLOCATION

Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

The bulls remain firmly in control. The market paused beneath 2133 and then overcame it.

Is this pause at 2700 the beginning of a reversal?

Look closer.

More



Stocks: CME S&P 500

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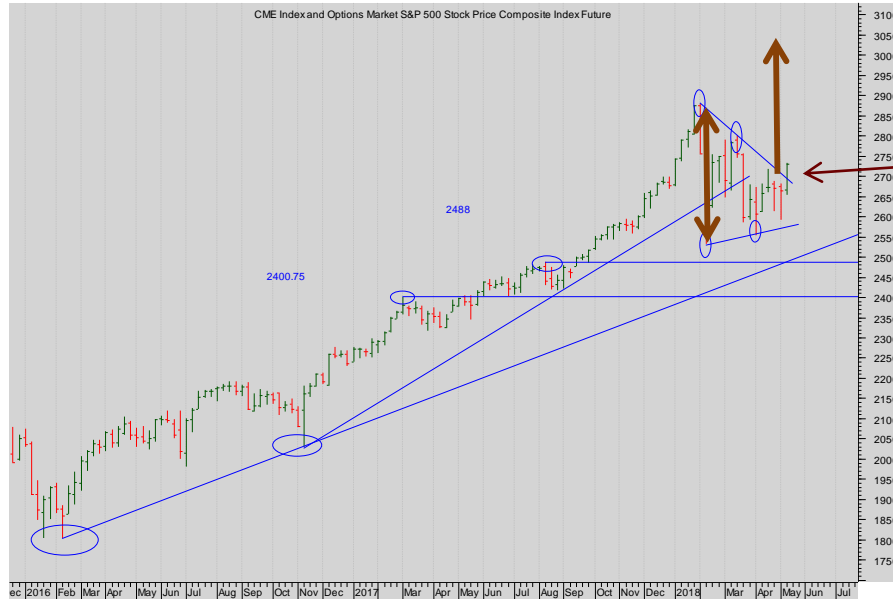
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Commodities

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IMPLIED ASSET ALLOCATION

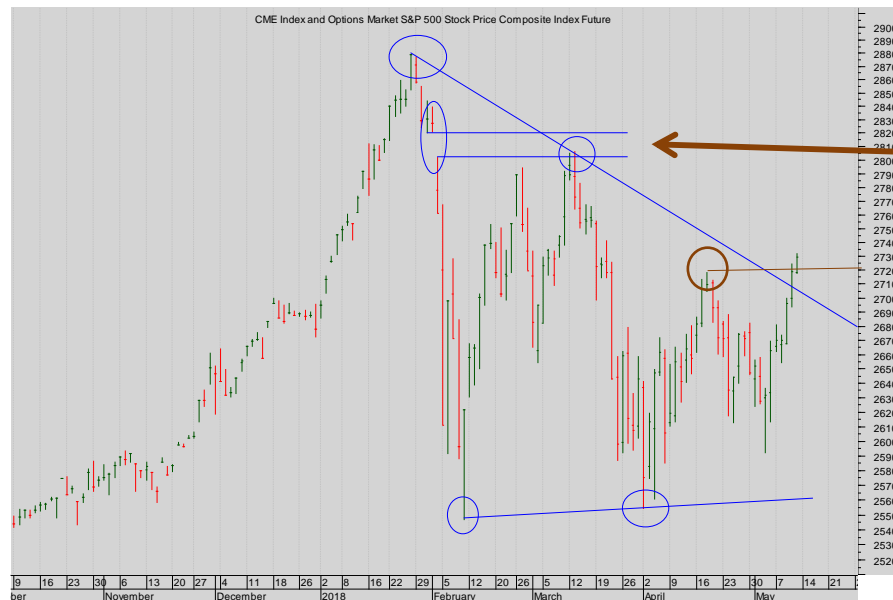


CME S&P 500 cont weekly cont. chart

The triangle has completed. The bulls are in charge

(And despite that there was a weekly Key Reversal at the top... though maybe the subsequent price action has exhausted the implications of that)

Minimum move? 3025!



CME S&P 500 daily Jun 2018 chart

NB this failure at the Gap resistance...still resistance.

Note that the completion of the triangle coincided with the break up through the Prior high at 2720 adding **vim and vigour** to the break out.

More



Stocks: Eurex EuroStoxx 50

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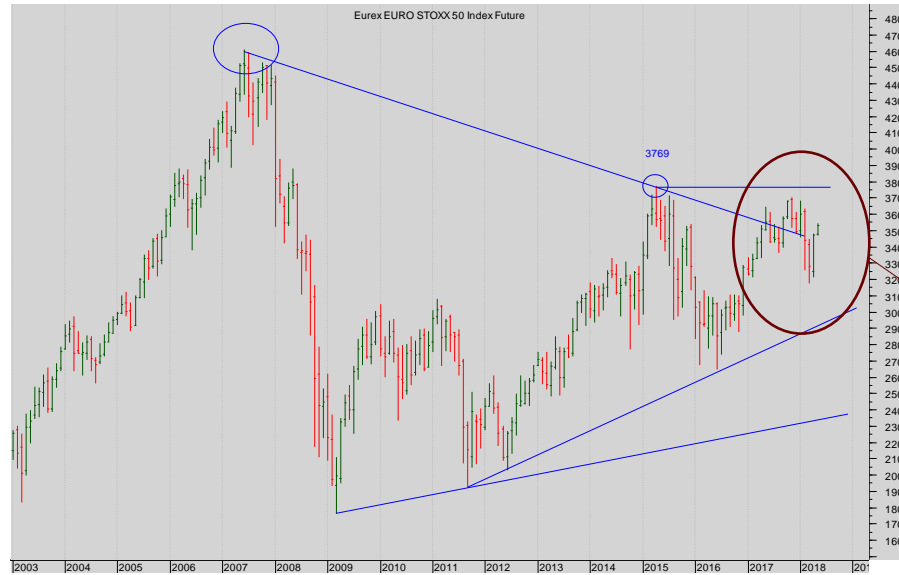
Bonds

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Commodities

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- + Gold

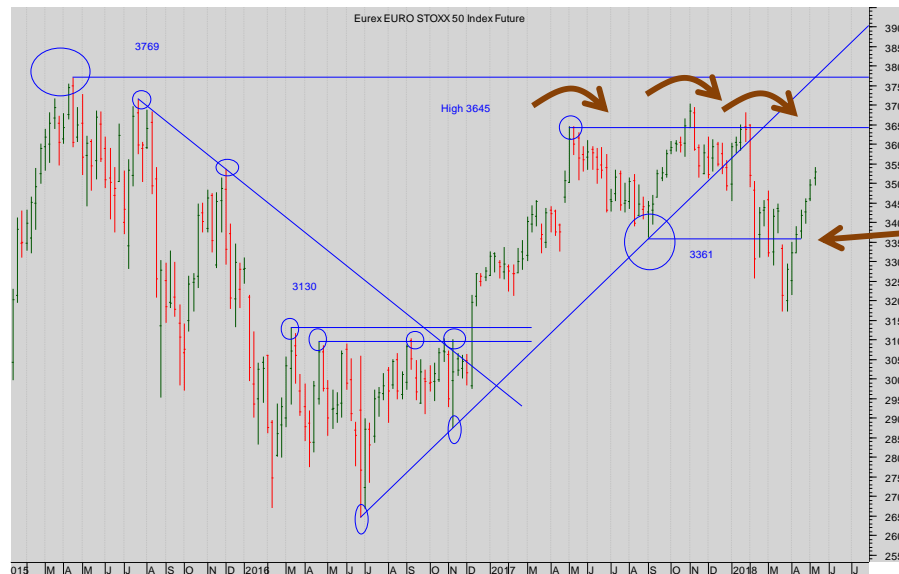
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Eurex EuroStoxx 50 monthly continuation futures chart

The long-term condition of the market is not clear:

The market has failed to push through the old High and remains looking vulnerable...



Eurex EuroStoxx 50 weekly continuation futures chart

The bounce back through 3361 broke the immediate bear case apart.

More



Stocks: Eurex EuroStoxx 50

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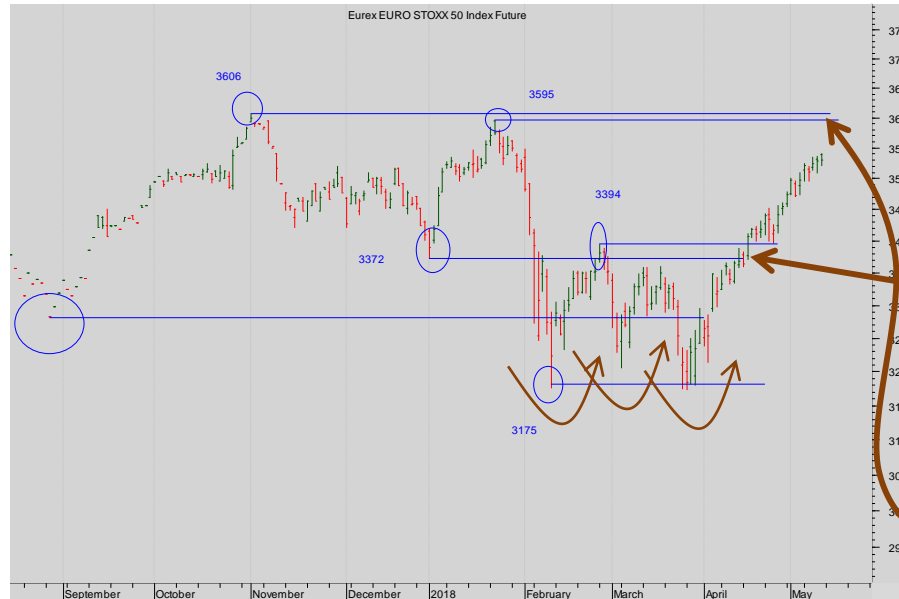
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Jun 17 futures chart

But the short-term detail favours the bulls...

There's a Multiple Bottom in place and the market had the power to break up through the resistance from the low at 3372.

3394 is now good support.

But the bulls won't really be excited until the old Highs of 3600 are taken out.



Stocks: Liffe FTSE 100

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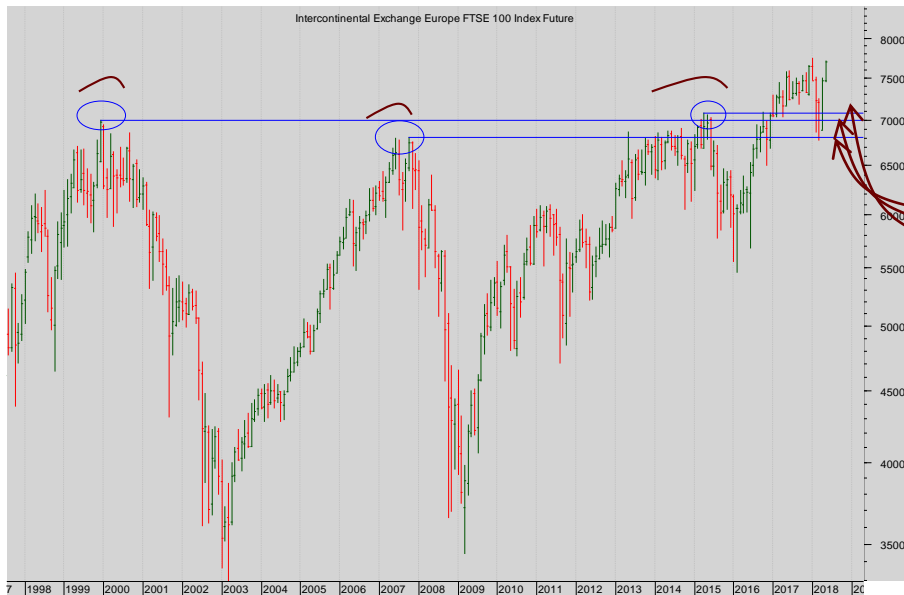
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Commodities

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IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

The succession of Prior Highs (6796, 6995) has been overcome, so the market remains **underpinned** in a very very powerful way.



Liffe FTSE 100 Weekly cont. futures chart

The retest and bounce from the successive levels of support from 6800 to 7100 looks **very spirited** – can the market break 7745?

More



Stocks: Liffe FTSE 100

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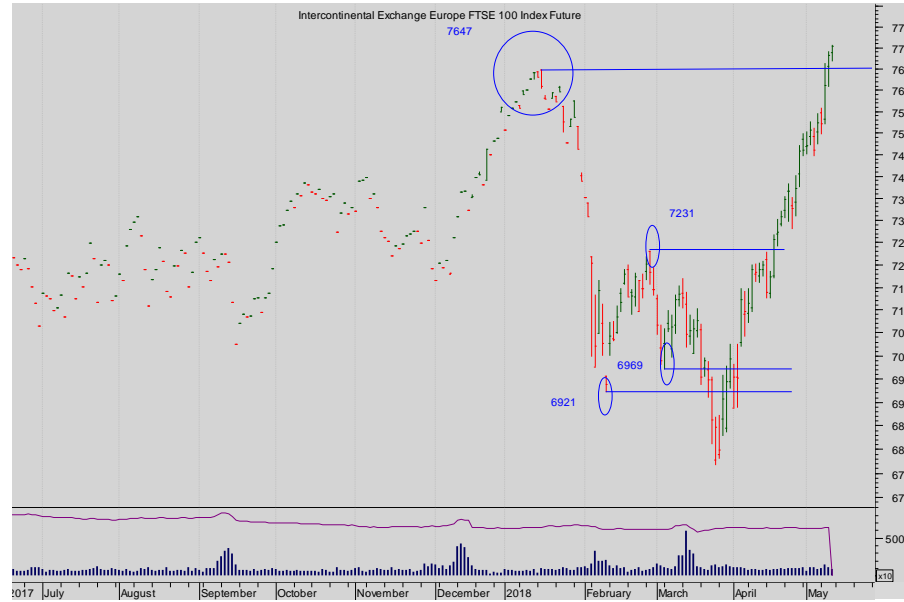
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 jun18 daily futures chart

The bulls have broken through the Prior High at 7647 (in the Jun contract)

So the the bulls look well-set.



Stocks: OSE Nikkei 225

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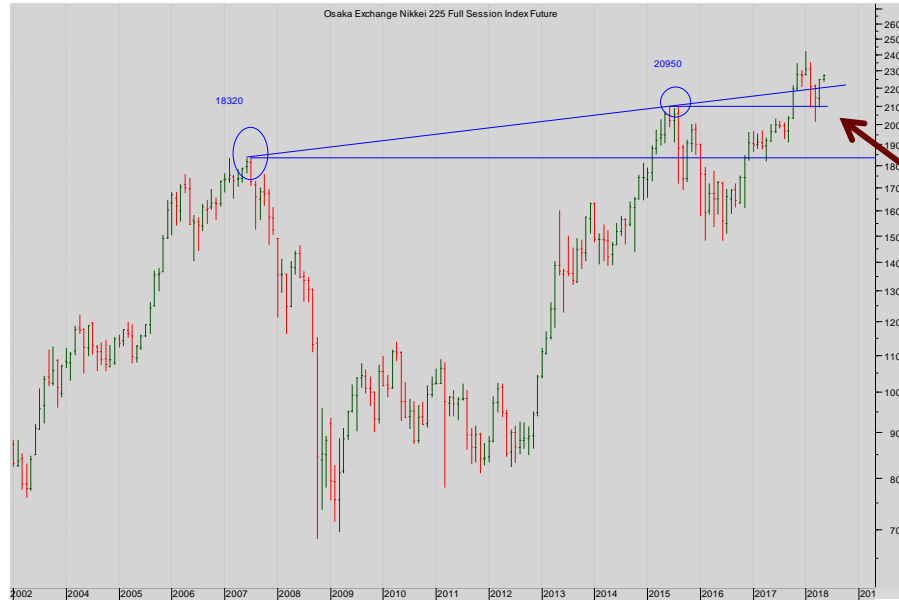
Bonds

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Commodities

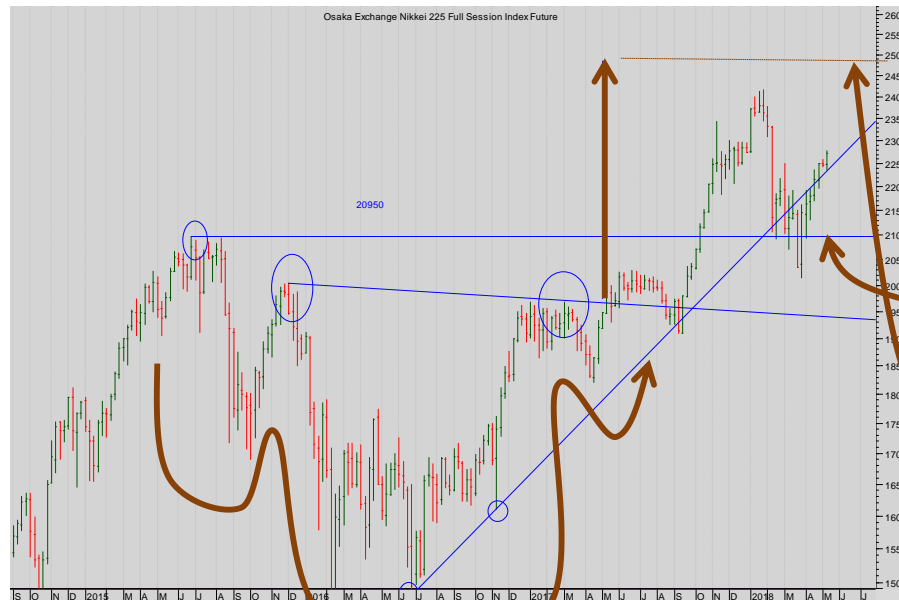
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nikkei 225 chart (monthly)

The market smashed up through the Prior High and then, on pulling back, found support from that level.



Nikkei 225 chart (WEEKLY)

The bulls have retreated to the support from the Prior High between 20000 and 21000.

So far all the horizontal supports have held... the bulls remain intact.

And the minimum move implied by the H&S pattern is up as far as 25000

More



Stocks: OSE Nikkei 225

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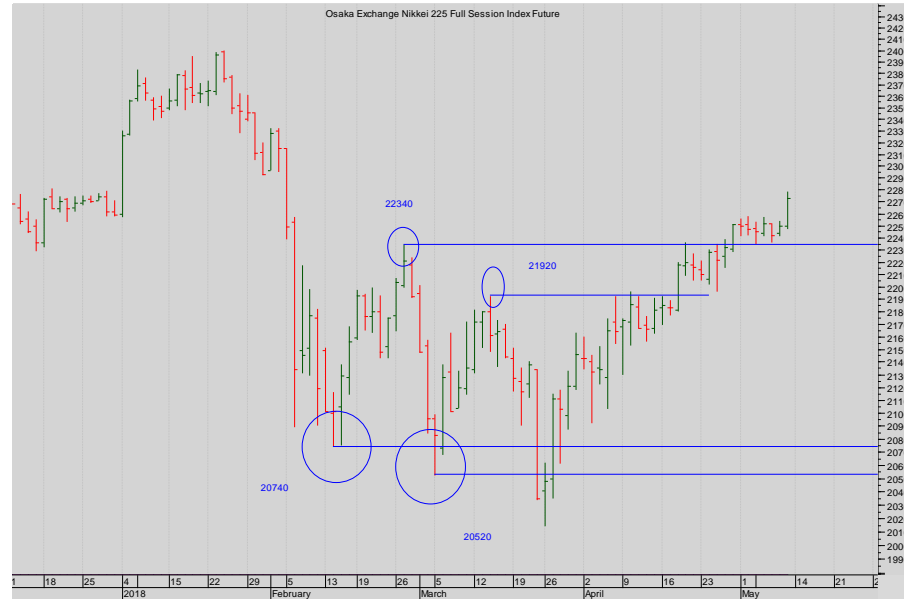
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Commodities

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Nikkei 225 chart Daily Jun 18.

This is the break of a trading range so 22340 should be good support to lever the market higher on the upside.



Bonds

BONDS These markets were not exciting over the week, the long-term breakdown of the US market (we think) has reverberations in the Gilt and Bunds, and they too remain variously bearish, without any short-term breakdown to add to the general picture.

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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The long-standing diagonal
trendline support from 1998
looks broken.

More



Bonds: CBOT Ten Year Notes

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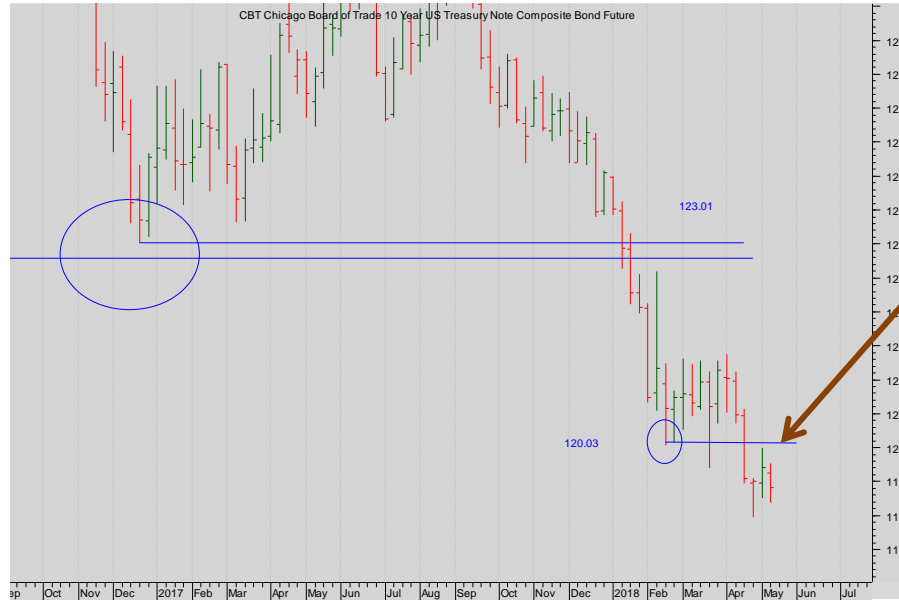
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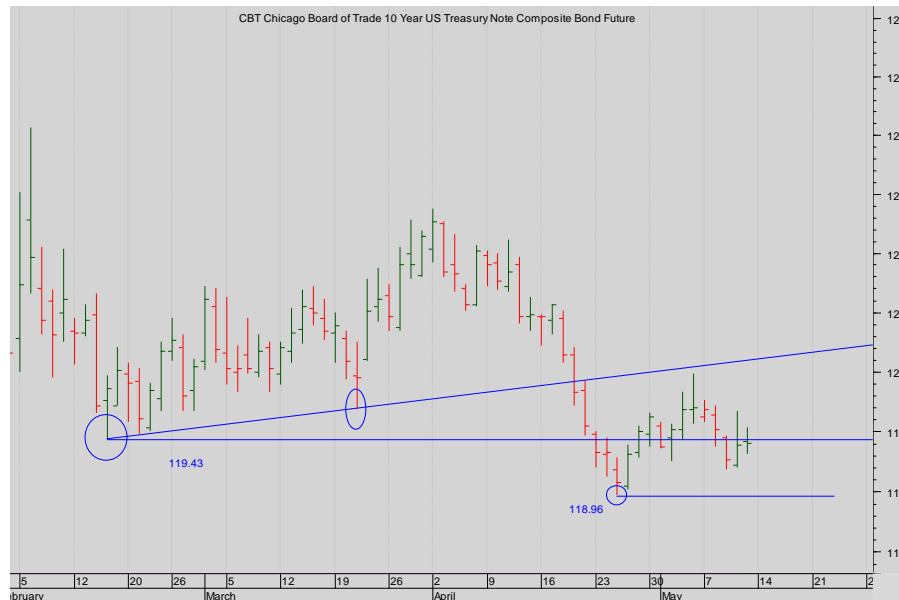
- + Oil
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CBOT Ten Year Notes weekly futures continuation chart

and note this push beneath the recent low 120.03



CBOT Ten Year Notes daily Jun18 futures chart

This is not clear - the break beneath 119.43 has not been sustained in the short-term...

More



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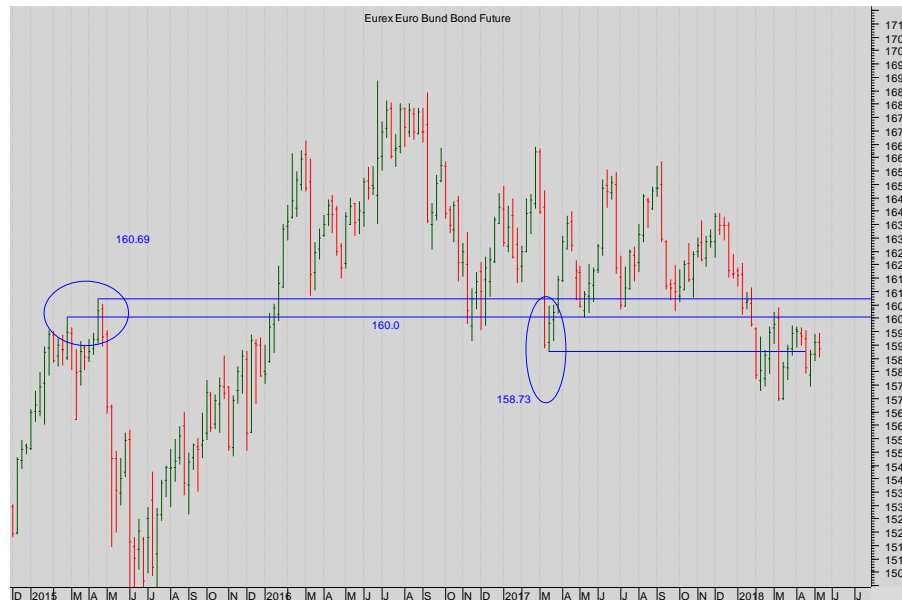
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IMPLIED ASSET ALLOCATION

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund monthly futures continuation chart

A top formation is very much completed.

The push beneath

- the support from the Prior High at 160.69
- The Prior low at 158.73

Is clear.

The breakdown is clear.

Eurex Ten Year Bund weekly cont. futures Chart

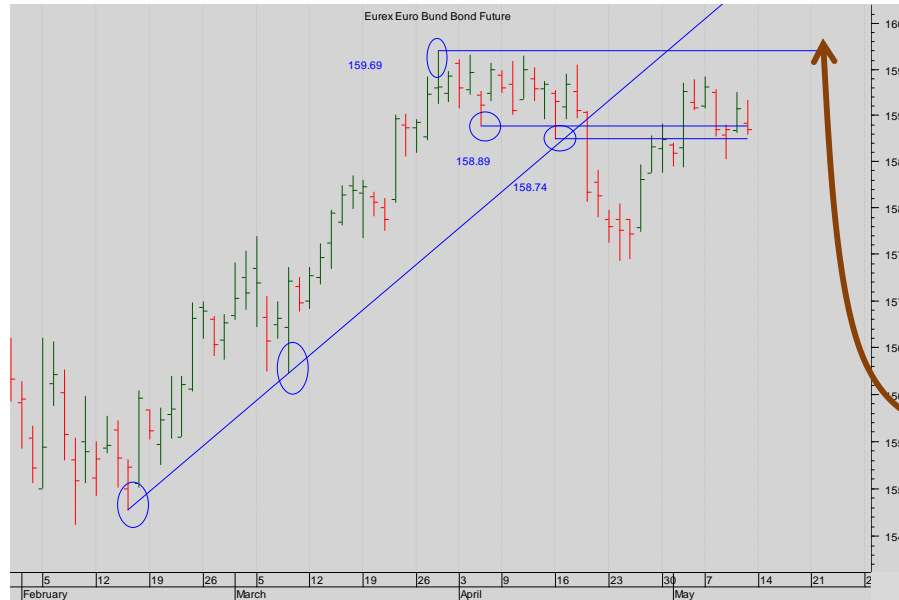
Looking at that top formation in greater detail shows that successive attempts to break back above the Prior Low (157.73) have failed.

The bears remain in control while the resistance remains intact above the market.

More



Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund Jun 18 Daily futures chart

This short-term picture shows an impressive bull rally.

The resistance at 158.74-89 proved weak.

But the bulls need a breakthrough the old Prior highs to really convince...

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IMPLIED ASSET ALLOCATION



Bonds: Liffe UK Gilt futures

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IMPLIED ASSET ALLOCATION



Liffe UK Gilt monthly futures continuation chart

1. The clear well-established long-term diagonal bull trend support that has been broken.
2. The market has fallen back through the band of support from the Prior Highs.
3. Which should act as good band of resistance resistance to any rally.

Look closer.



Liffe UK Gilt weekly continuation futures Chart

And it has fallen beneath the Prior Lows beginning at 122.60.

That band should be **important resistance** above the market;

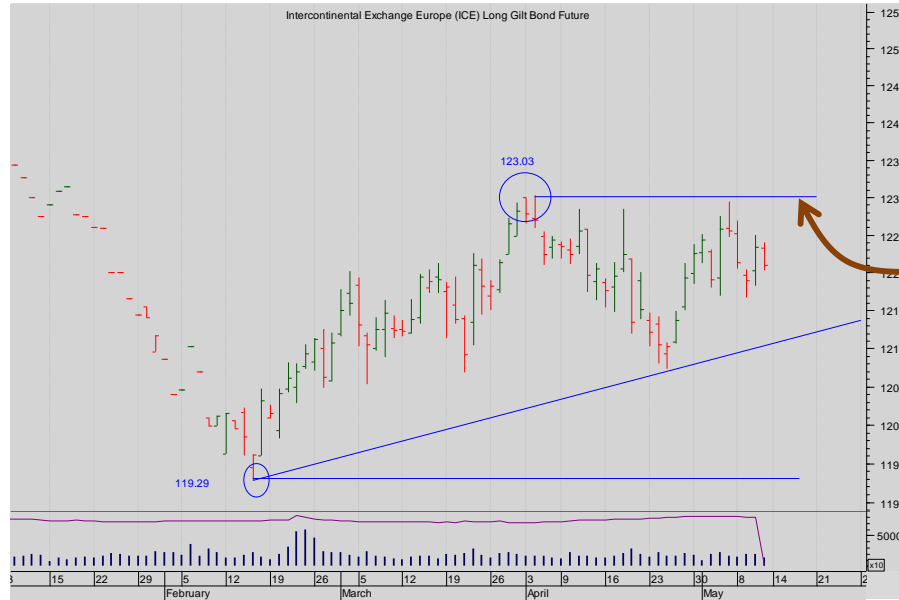
The price action is testing it right now.

Yet yet... Is that a continuation Triangle beneath the resistance? Wait for completion.





Bonds: Liffe UK Gilt futures



TSE Ten Year JGB daily June 17 chart

Watch the rally back to the Prior High.

A break of that would set the bulls going.

(A failure would re-energise the bears...)

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Commodity

COMMODITIES: Oil is still very bullish – short-term target is \$77, longer-term over a \$100. Gold lacks interest except in the very short-term where it is testing the bottom of a powerfully well-established trading range.

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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

Massive support at \$37.80

And note too the completed H&S bull reversal

Minimum move? Over \$100.

More



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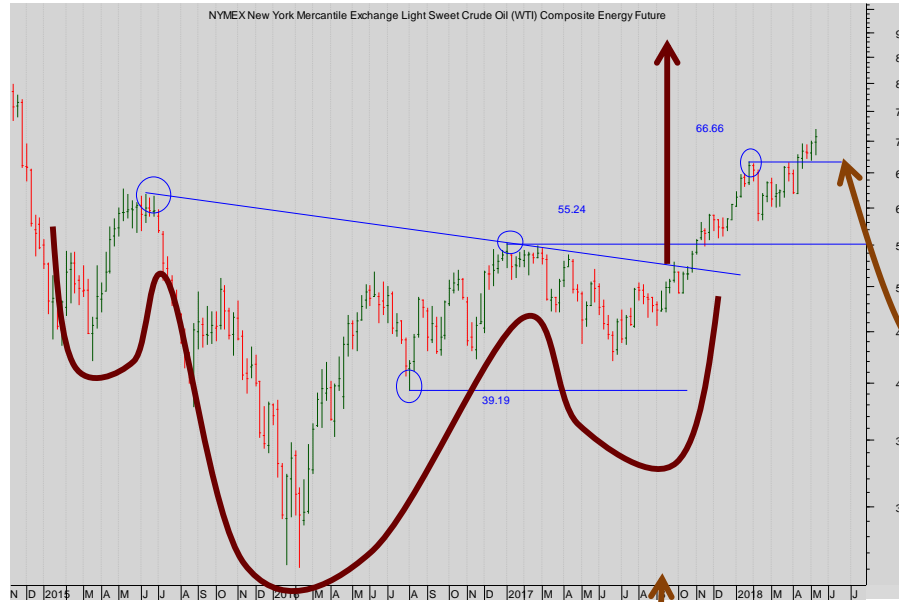
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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil weekly continuation

The bull H&S reversal pattern dominates the chart

Then note the recent break above 66.66 continuing the minimum move up towards 90.



Nymex oil daily Jun 17 futures

The completed short-term continuation triangle is set to drive the market higher still, up as far as \$76.



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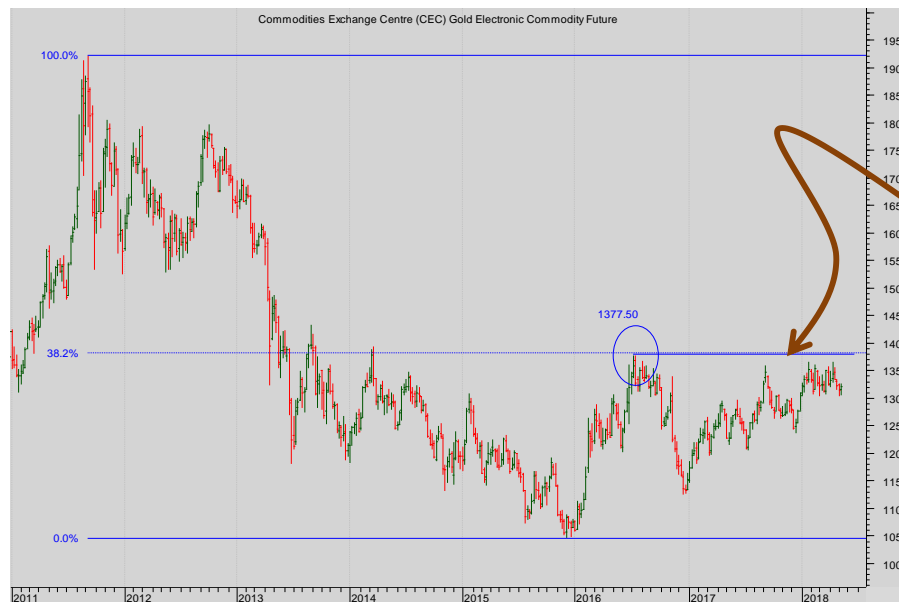
IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



Comex Gold Monthly Cont futures chart

The long-term chart shows a clear bounce from the long-term support from the Prior High (and Fibonacci) at 1034.



Comex Gold Weekly futures chart

Stand back; traders and investors are on the side-lines.

There is a clear difficulty in overcoming the 1377 level....

We are buying **only if the market can do that – to complete the bottom formation.**



Commodities: Comex Gold

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- + Nikkei 225

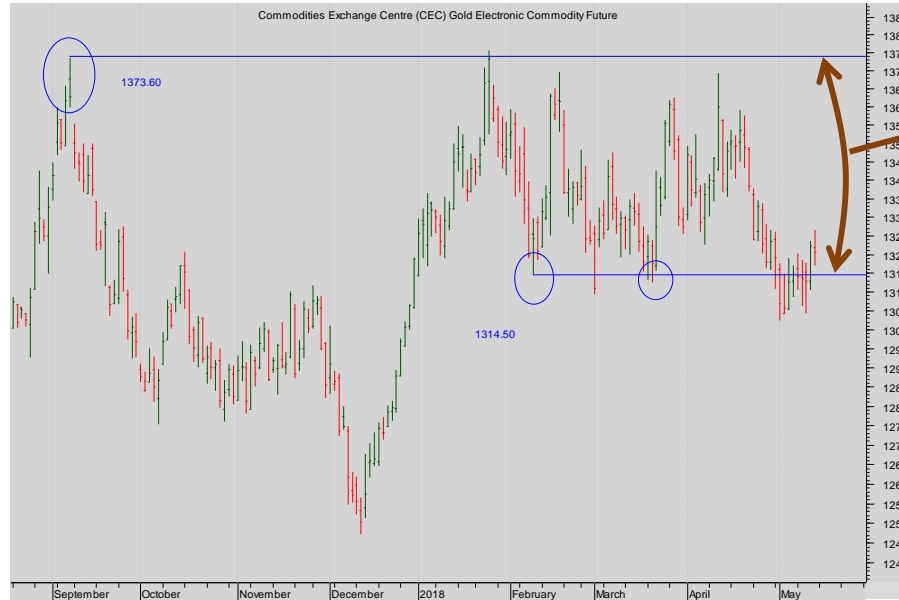
Bonds

- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Comex Gold daily Jun 2018 futures chart

Watch this structure: and wait for a confirmed break of the 1315-1375 range.

The testing of the lower boundary is tantalising!



Summary

Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + S&P 500
- + EuroStoxx 50
- + FTSE 100
- + Nikkei 225

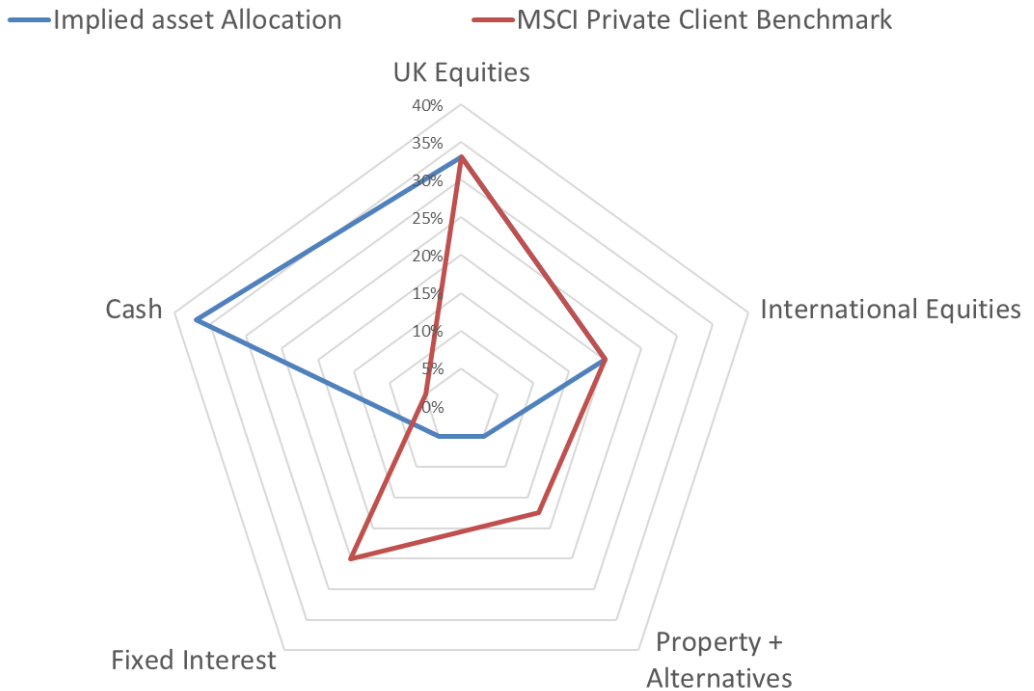
Bonds

- + Ten Year US TNote
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Commodities

- + Oil
- + Gold

Comparing SDA's implied tactical asset allocations
with the MSCI benchmark:



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