



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 ALLOCATION

Disclaimer



Multi-asset technical strategies

Week of 30th October 2018

Mark Sturdy

Authorised and regulated
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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Currencies

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Long-term **BEAR** Euro

Medium-term **BEAR** Euro

Short-term **BEAR** Euro

Long-term **BEAR** Sterling

Medium-term **BEAR** Sterling

Short-term **BEAR** Sterling

Long-term **BEAR** Yen

Medium-term **BULL** Yen

Short-term **BULL** Yen

Long-term FLAT Euro

Medium-term FLAT Euro

Short-term FLAT Euro

Stocks

- + S&P 500
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Long-term **BULL**

Medium-term **BULL**

Short-term **BEAR**

Long-term **BEAR**

Medium-term **BEAR**

Short-term **BEAR**

Long-term **BULL**

Medium-term FLAT

Short-term **BEAR**

Long-term **BULL**

Medium-term FLAT

Short-term **BEAR**

Bonds

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Long-term **BEAR**

Medium-term **BEAR**

Short-term FLAT

Long-term FLAT

Medium-term FLAT

Short-term FLAT

Long-term FLAT

Medium-term **BEAR**

Short-term FLAT

Commodities

- + Oil
- + Gold

Long-term **BULL**

Medium-term FLAT

Short-term FLAT

Long-term **BULL**

Medium-term **BEAR**

Short-term **BULL**

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

The Dollar is strengthening – most obviously against Sterling (and looks to go further faster now) , but also against others. Note the result that Sterling has sharply weakened against the Euro.

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Dollar Euro monthly spot cash chart

These powerful resistances above the market at 1.15 and above **look to have reversed or at least halted** the bear Dollar/bull Euro market ...

The pressure is on the Euro now. We favour the Dollar.

More



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IMPLIED ASSET ALLOCATION

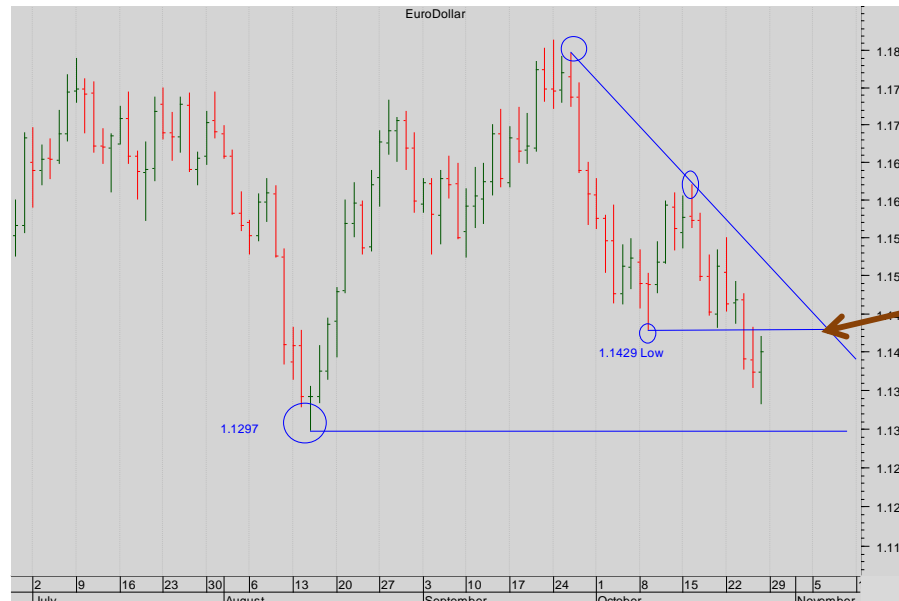
Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

So has the support from the Prior Highs held?

There are wild swings, but on the whole the Dollar looks set to gain strength.



Dollar Euro spot cash chart daily chart...

Short-term, the momentum and trend is with a stronger Dollar.

Watch the Prior low at 1.1429 to provide resistance.



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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

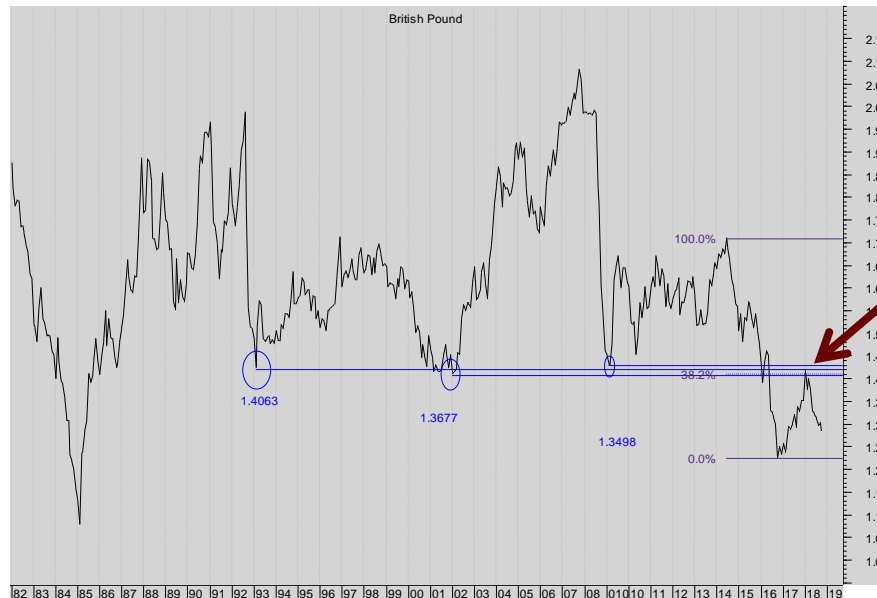


Dollar Sterling Monthly spot cash chart

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 the band of 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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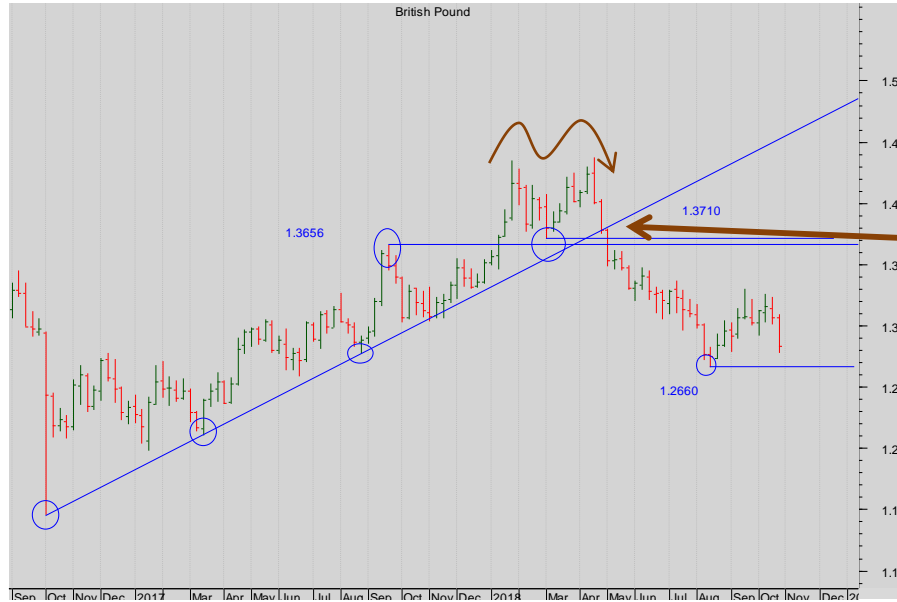
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

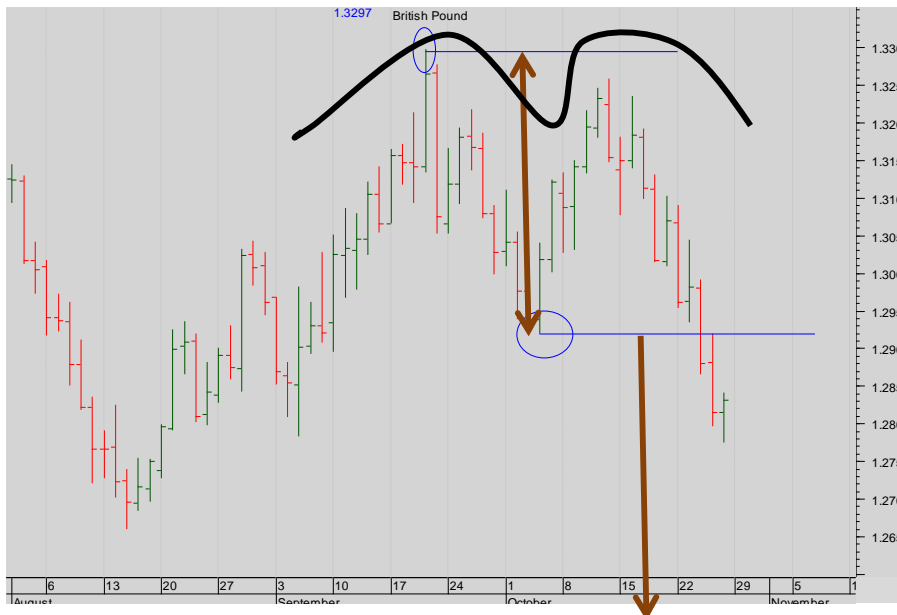


Dollar Sterling weekly spot cash chart

The **Double Top** at the recent high was interesting BUT:

the break of both the Prior High and diagonal support (and a coincident Fibonacci support) from 1.3656 was a clear sell signal for Sterling.

The bull trend of the last 19 months has broken down.



Dollar Sterling daily spot cash chart

Very short-term though, Sterling has completed a Double Top.

Next target? 1.2550 minimum....

(NB that takes the trend beneath the Prior Low of 1.2660, ratcheting the trend lower still.



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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

Note the very well-formed diagonal downtrend resistance that has been smashed.

The bull Dollar is set to go further.



Dollar Yen weekly spot cash chart

The breakout from the parallel channel is clear.

And very encouraging for the Dollar Bulls and Yen bears.

Note though that the highs at 114.36 need to be taken out.

Stand back and watch.

More



Currencies: Dollar Yen

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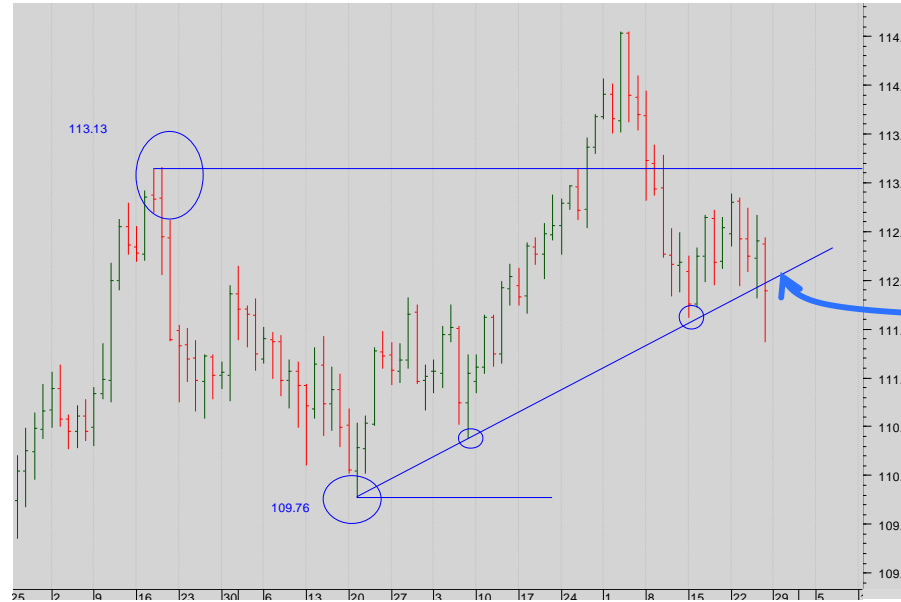
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Commodities

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IMPLIED ASSET ALLOCATION



Dollar Yen daily spot cash chart

The sharp weakening of the Dollar at the end of last week has thrown the short-term chart into confusion.

Stand back



Currencies: Sterling Euro

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IMPLIED ASSET ALLOCATION



Sterling Euro monthly spot cash chart

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

Watch the test of the lower diagonal.



Sterling Euro weekly spot cash chart

It's not clear (!)
Stand back

More



Currencies: Sterling Euro

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- + **Sterling Euro**

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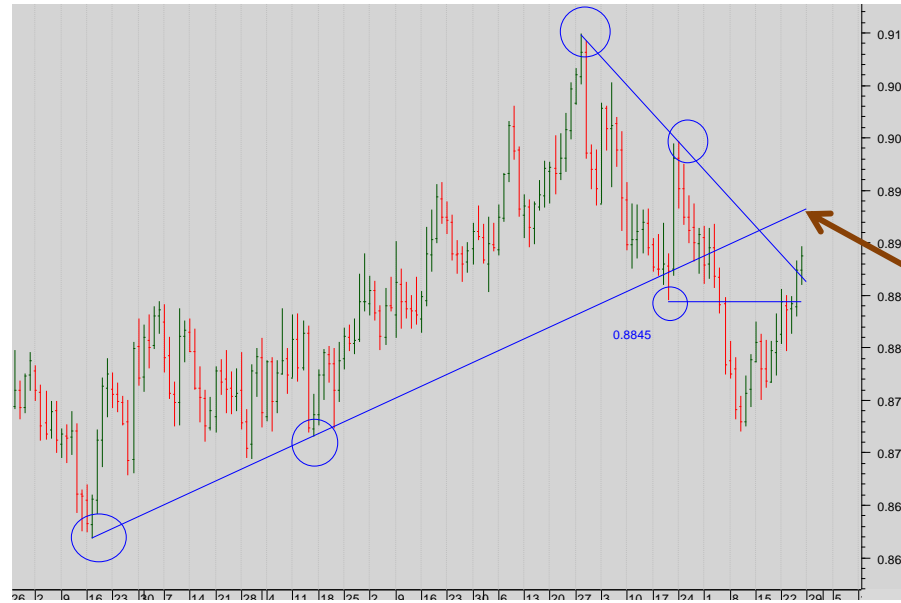
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IMPLIED ASSET ALLOCATION



Sterling Euro daily spot cash chart

The short-term bull trend for Sterling has been reversed over the last three weeks.

But it's complex.

The rally back to the bull trend (now resistance) needs watching.

Stand back.



Stocks

STOCKS:

Now the market is coming to critical long-term supports in the S&P and FTSE especially. In all cases there is significant short-term bear momentum. A close watch needs to be kept on the long and medium term levels in every market.

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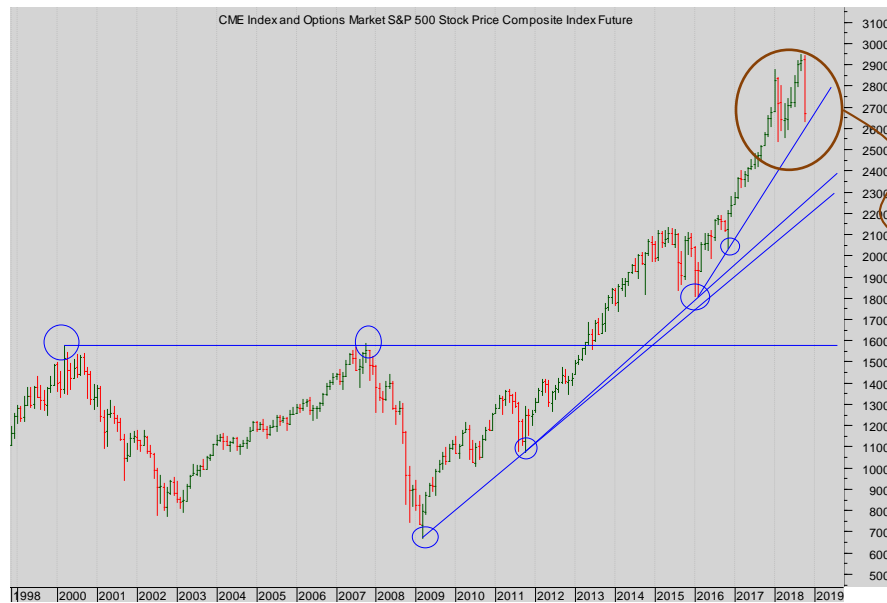
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Commodities

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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 in the sense that there is no clear long-term breakdown.

Look closer.

More



Stocks: CME S&P 500

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IMPLIED ASSET ALLOCATION



CME S&P 500 cont weekly cont. chart

The pull-back to test the Prior High at 2879 smashed it.

Now the test of the 2016 trend line support is nigh.

If that breaks **it would be very bearish**, though a confirming close beneath that diagonal would be more convincing.



CME S&P 500 daily Dec 2018 chart

The short-term chart suggested that there was combined support from two diagonal at current levels.

Now broken.

More



Stocks: Eurex EuroStoxx 50

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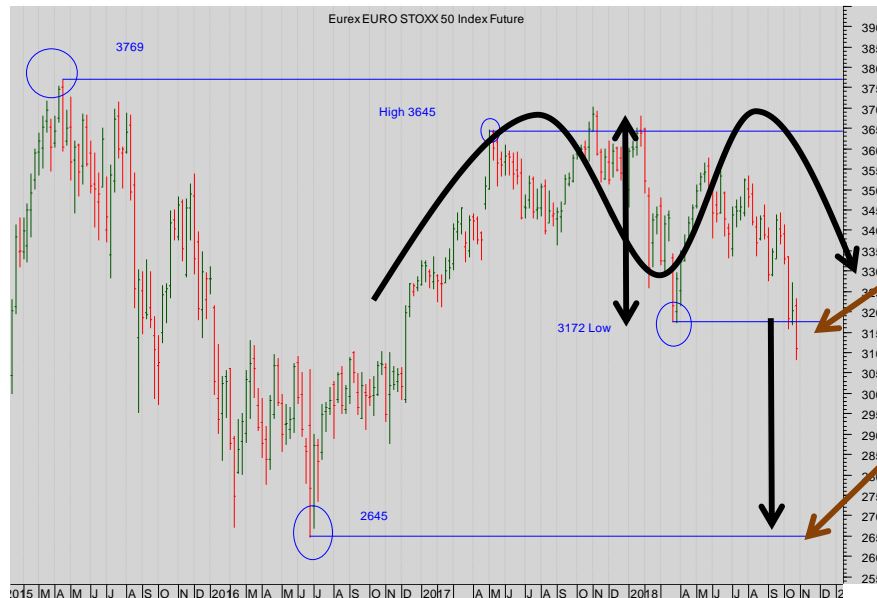
IMPLIED ASSET ALLOCATION



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 3769 High and remains looking vulnerable.



Eurex EuroStoxx 50 weekly continuation futures chart

The market has broken beneath the support from the Prior Highs at 3172 convincing the bears that the market wants to go lower.

Look for a minimum move down to the lows of 2018 at 2645.

More



Stocks: Eurex EuroStoxx 50

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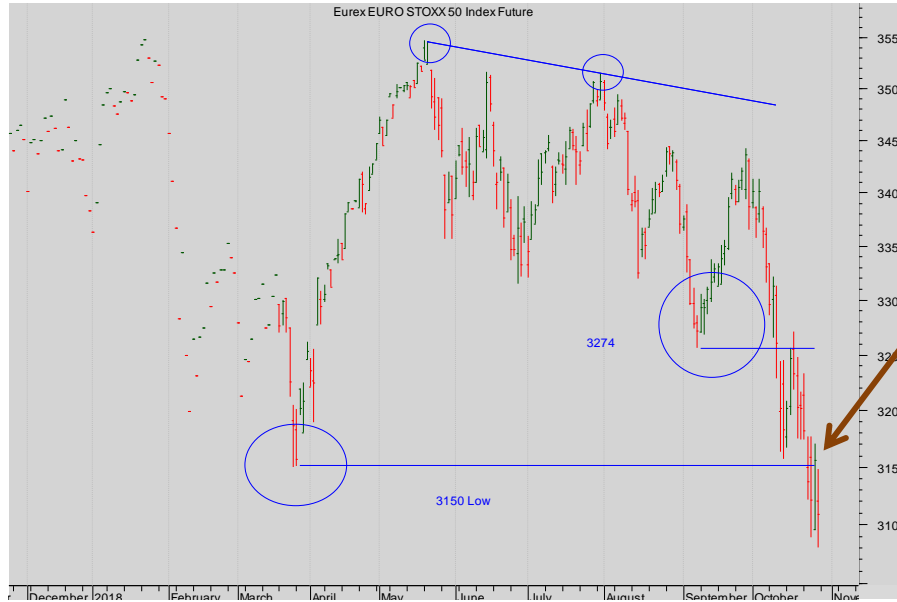
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Commodities

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IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 18 futures chart

The market has smashed the bottom of the old trading range.

The bears are in charge medium and short-term.



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Bonds

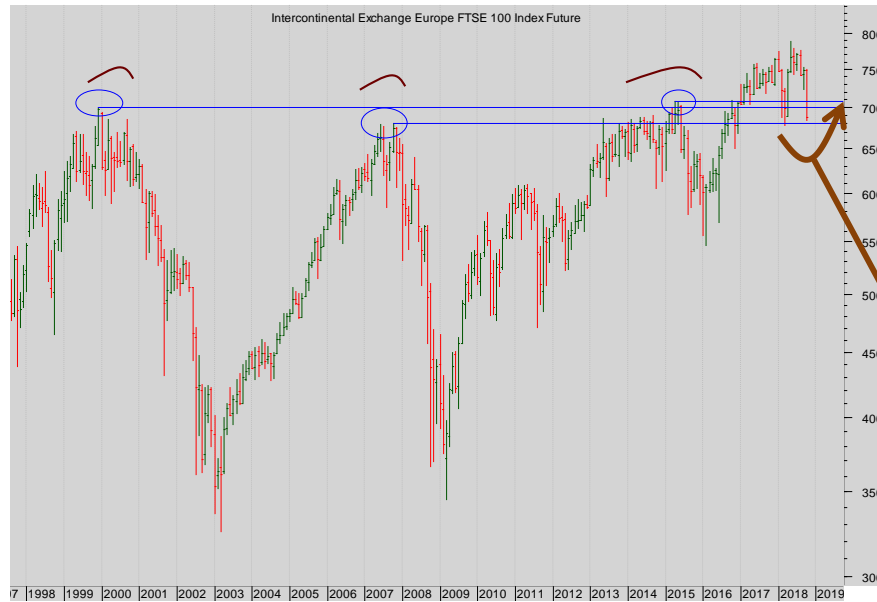
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION

Stocks: Liffe FTSE 100

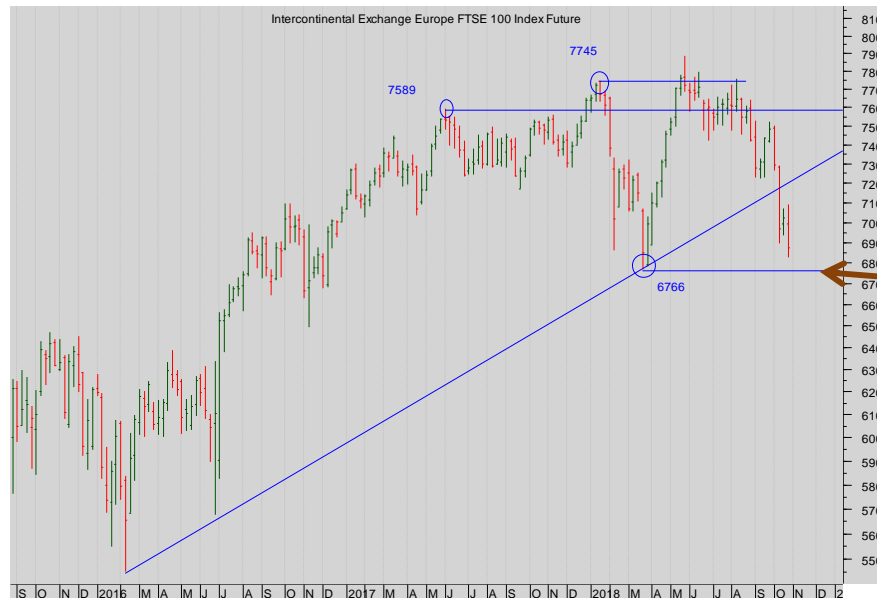


Liffe FTSE 100 Monthly continuation futures chart

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

Note that the one retest of that support led to a rapid bounce.

Will the market bounce from the same level?



Liffe FTSE 100 Weekly cont. futures chart

Watch the Prior Low.

A break of 6766 will suggest a break of the very long-term chart...

More



Stocks: Liffe FTSE 100

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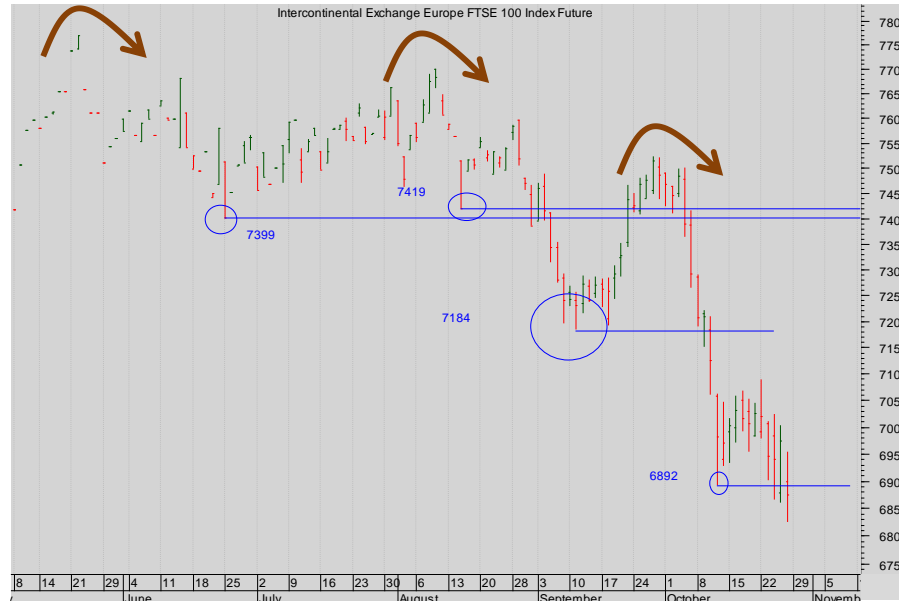
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Commodities

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IMPLIED ASSET ALLOCATION



Liffe FTSE 100 jun18 daily futures chart

This rally failed badly.

The bulls are in shock.

There's more short-term selling to come.



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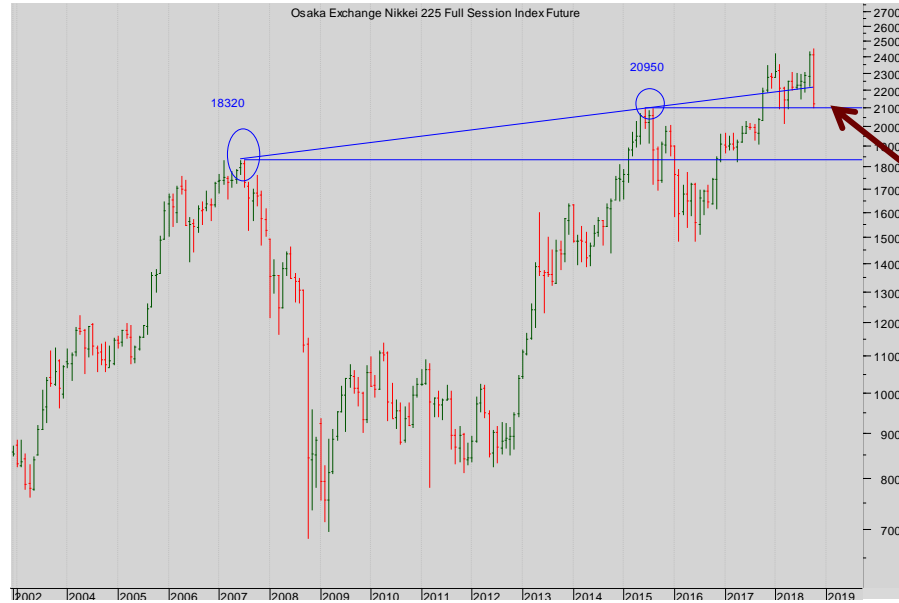
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Commodities

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IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

The market smashed up through the Prior High 20950 and then, on pulling back, is testing that long-term support.

(it was tested once before and bounced)



Nikkei 225 chart (WEEKLY)

The market's retreat from the Prior High at 24170 has been sharp and smashing the support from the 23050 suggested weakness that proved right when the diagonal was smashed.

But the major support at 20950 is still intact and should be good support.

More



Stocks: OSE Nikkei 225



Nikkei 225 chart Daily Sep 18.

But this is clear.

The failure at the old High had lead to a sell-off that has broken the medium-term diagonal.

The momentum of that break is obviously bearish, but the wider structure suggests a wide trading range ...

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IMPLIED ASSET ALLOCATION



Bonds

BONDS:

Bonds have rallied over the last three weeks. The strength of that rally has been greatest in Europe. In no case has the short-covering breached important resistance in anything other than the very short term. No significant reversals have been achieved. Yet. Again, like the stock charts, close attention needs to be paid to our resistance levels in all time-frames.

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IMPLIED ASSET ALLOCATION

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The long-standing diagonal
trendline support has surely
broken.

More



Bonds: CBOT Ten Year Notes

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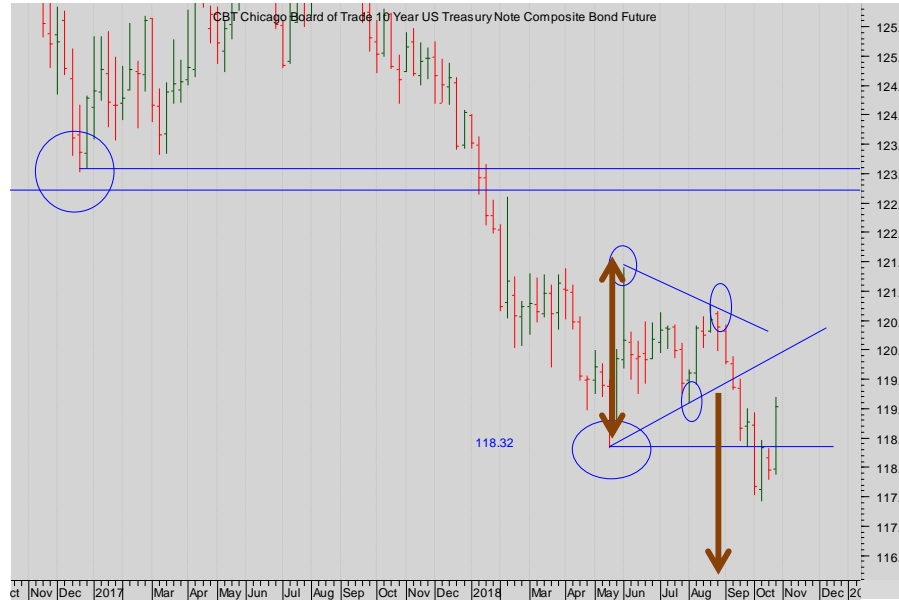
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IMPLIED ASSET ALLOCATION



CBOT Ten Year Notes weekly futures continuation chart

Note the completion of the bear continuation triangle.

Minimum move? Down as far as 116.50.

But last week's rally...



CBOT Ten Year Notes daily Sep18 futures chart

A large triangle had broken.

But the sharp rally through successive resistances is impressive.

Stand back and watch the price action for any sign of failure at current levels and a return to the long and medium-term bear trend.

More



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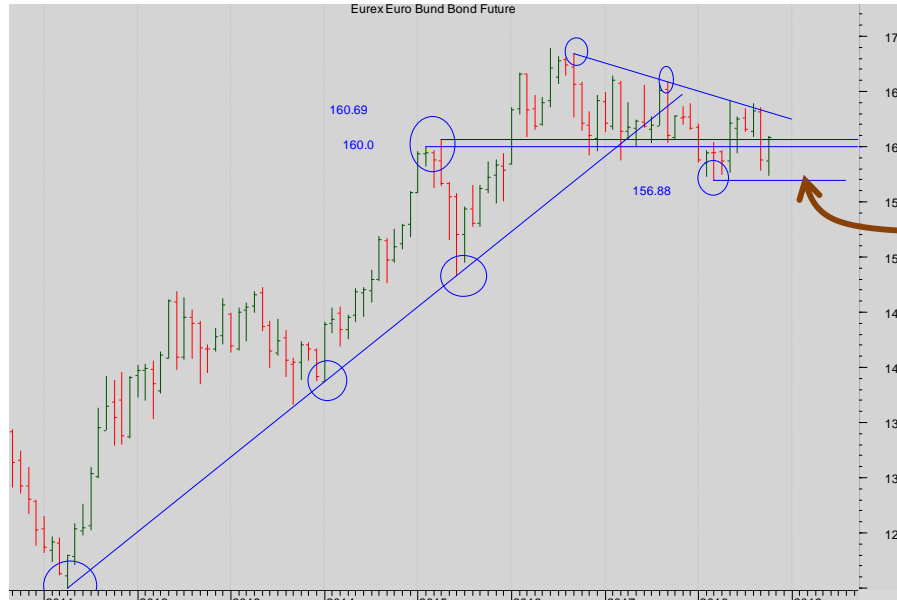
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IMPLIED ASSET ALLOCATION

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund monthly futures continuation chart

The market lacks clarity. Only a clear break of the Prior Low of 156.88 will get the bears.



Eurex Ten Year Bund weekly cont. futures Chart

The market is solidly within the drifting trading range.

More



Bonds: Eurex Ten Year Bund

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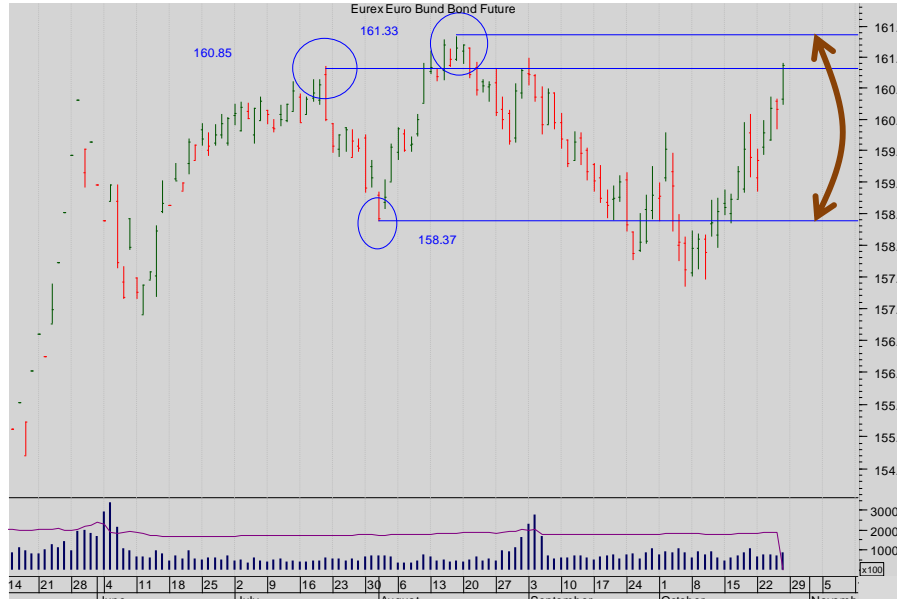
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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund Sep 18 Daily futures chart

A top has surely been formed – but there is a lack of clarity.



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IMPLIED ASSET ALLOCATION

Bonds: Liffe UK Gilt futures



Liffe UK Gilt monthly futures continuation chart

It looks as though the market has broken two supports horizontal and diagonal.

Look closer at the recent rally.



Liffe UK Gilt weekly continuation futures Chart

That recent rally to resistance has been dramatic.

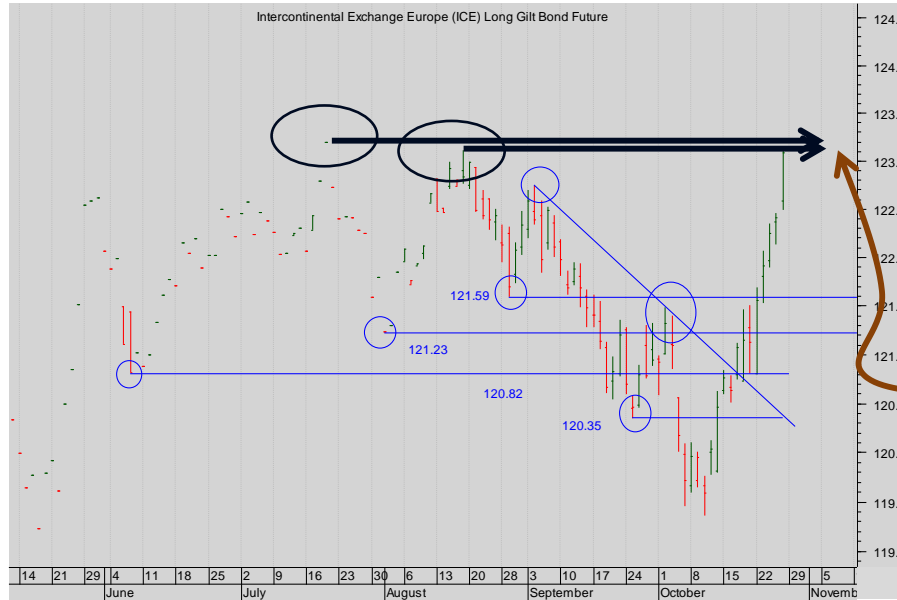
A continues rally through 124 would set up a Double Bottom.

But the resistance from Prior Lows (around 123), for the moment, **is still in place.**

More



Bonds: Liffe UK Gilt futures



TSE Ten Year JGB daily June 18 chart

Note the rally up through the important Prior Lows.

The bounce has been spirited and the market is at the top of the trading range.

Watch for a break up through 123.50 or so..

Otherwise, the market remains in a trading range.

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

Oil's recent retreat has found some modest short-term support. The overall solidity of the bull run remains, for the moment, intact. Gold's three week rally has resistance now and in any event lacks the solidity of a Reversal structure.

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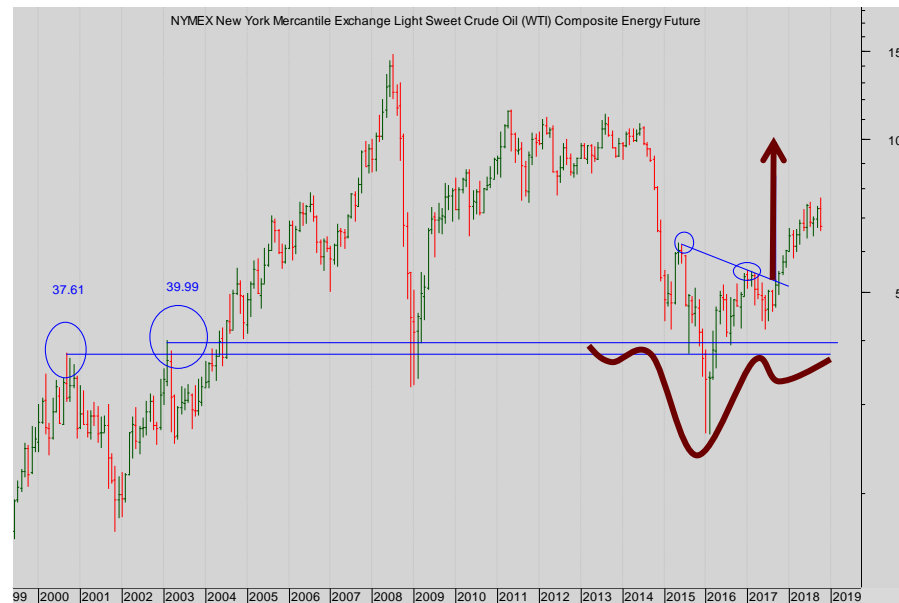
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Commodities

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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? Up to and beyond \$100.

More



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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil weekly continuation

The full splendour of the bull H&S pattern.

And the rising diagonal support....

Watch carefully if that rising diagonal is broken...



Nymex oil daily Dec 18 futures

The break beneath the successive Prior Highs shows the bulls are weakened.

Watch these levels carefully

NB the resulting short-term weakness should the rising diagonal break.

But, more widely, the market has re-entered a trading range 62-70.



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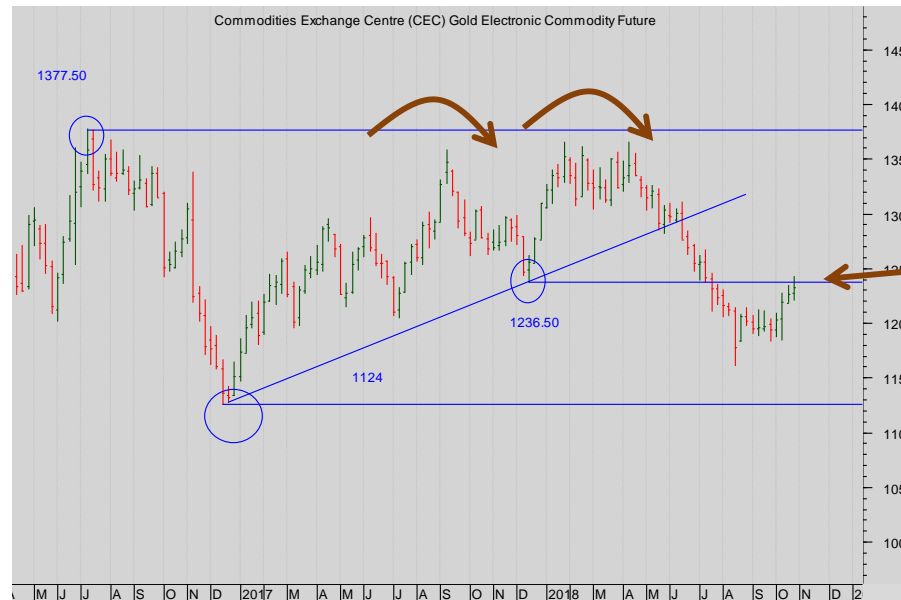
IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



Physical Gold ETF Monthly

The long-term chart shows a clear bounce from the long-term support from the Prior High (and Fibonacci) at 1774.



Physical Gold ETF Weekly

Watch how the market deals with the resistance form the Prior Low.

The bears remain in charge.



Commodities: Comex Gold

Physical Gold ETF Daily



The bulls are pleased with the rally – note the support at the Prior High on any pull-back..

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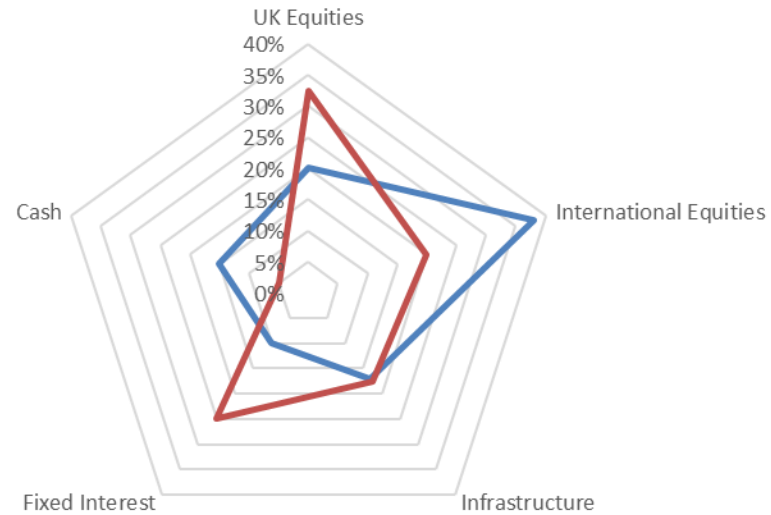
Commodities

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Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation benchmark



More



the technical analyst

AWARDS 2012

FINALIST BEST INDEPENDENT RESEARCH HOUSE

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