



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 20th November 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
Long-term **BEAR** Sterling
Long-term **BEAR** Yen
Long-term FLAT Euro

Medium-term **BEAR** Euro
Medium-term **BEAR** Sterling
Medium-term FLAT Yen
Medium-term FLAT Euro

Short-term FLAT Euro
Short-term FLAT Sterling
Short-term FLAT Yen
Short-term FLAT Euro

Stocks

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

Long-term **BULL**
Long-term **BEAR**
Long-term **BULL**
Long-term **BULL**

Medium-term FLAT
Medium-term FLAT
Medium-term FLAT
Medium-term FLAT

Short-term FLAT
Short-term FLAT
Short-term FLAT
Short-term FLAT

Bonds

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

Long-term **BEAR**
Long-term FLAT
Long-term **BEAR**

Medium-term **BEAR**
Medium-term FLAT
Medium-term **BEAR**

Short-term FLAT
Short-term FLAT
Short-term FLAT

Commodities

- + Oil
- + Gold

Long-term **BULL**
Long-term FLAT

Medium-term **BULL**
Medium-term FLAT

Short-term FLAT
Short-term FLAT

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

The Dollar is still strong against the Yen with a further bull trigger close by. There was some weakness in the Dollar against the Euro late on in the week, but not enough to convince. An uneasy equilibrium was evidenced against the Sterling.

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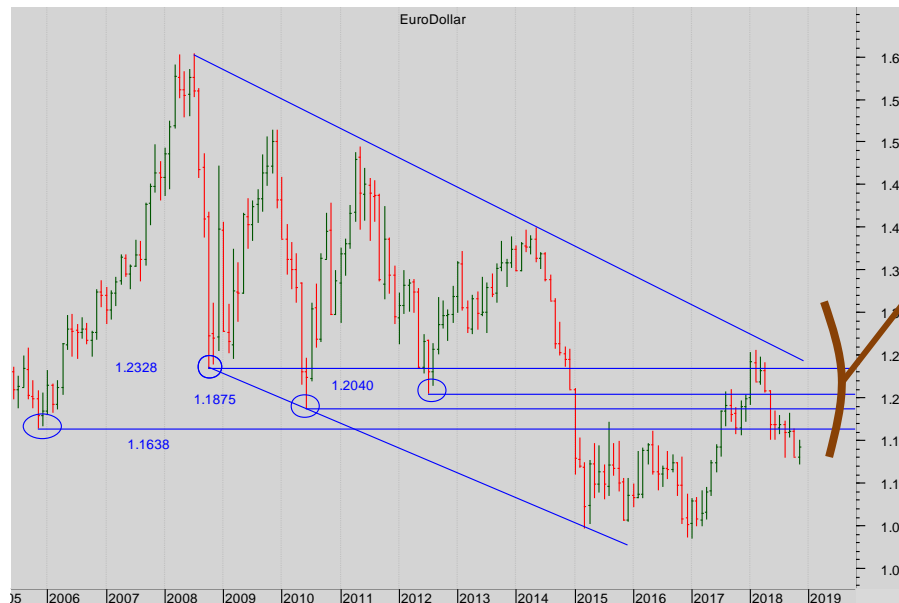
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IMPLIED ASSET ALLOCATION



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 the support from the Prior Highs looks as if it has failed.

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

Note though, the FAILED break beneath 1.1297 beginning the next leg down (strengthening Dollar).

Wait for a break



Dollar Euro spot cash chart daily chart...

Short-term, the momentum is **unclear.**

Note the break of the diagonal downtrend resistance and the re-testing of the horizontal resistance.

This bounce back above the Prior Low was disappointing for the Dollar bulls....



Currencies: Dollar Sterling

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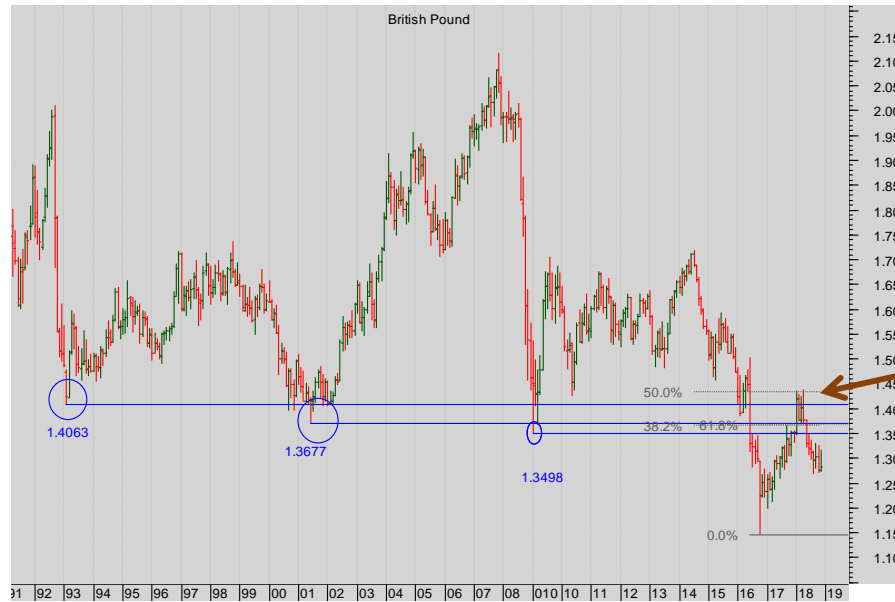
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Commodities

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IMPLIED ASSET ALLOCATION

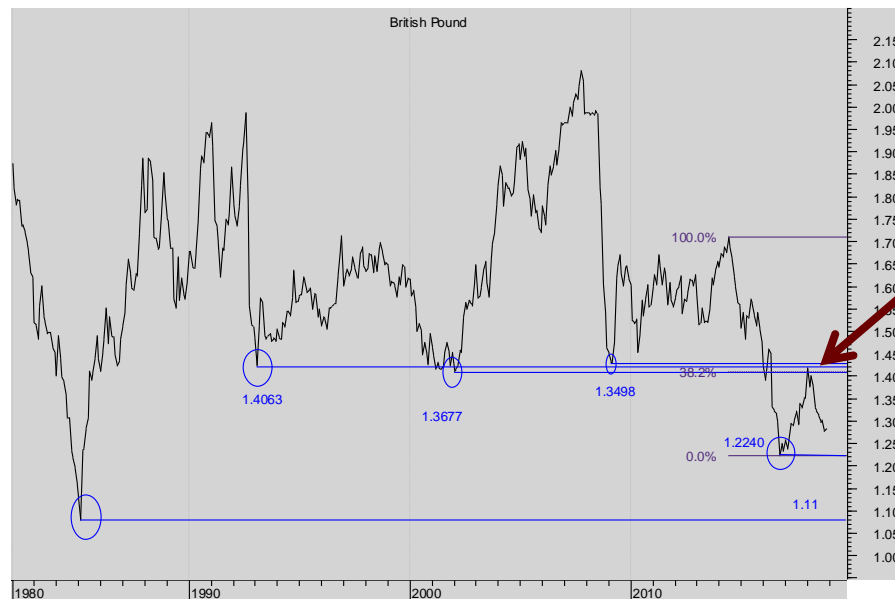


Dollar Sterling Monthly spot cash chart

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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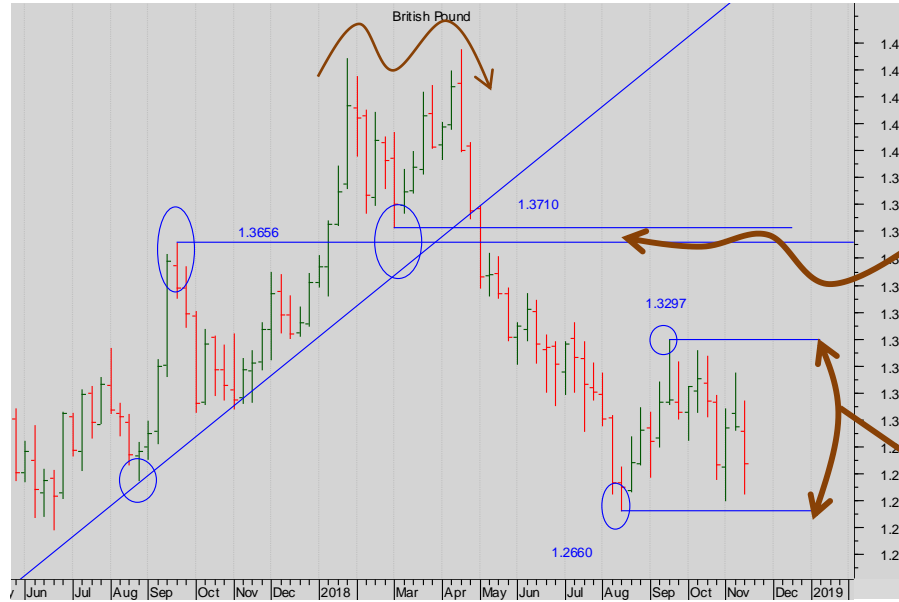
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IMPLIED ASSET ALLOCATION

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.

Now there's a range...



Dollar Sterling daily spot cash chart

But the rally has smashed that - now watch the range



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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

Watch the close approach to the Prior Highs at 114.36

Very encouraging for the Dollar Bulls and Yen bears.

Add to the Dollar (sell the Yen) on a break up through the 114.54 level.

Wait for the break.

More



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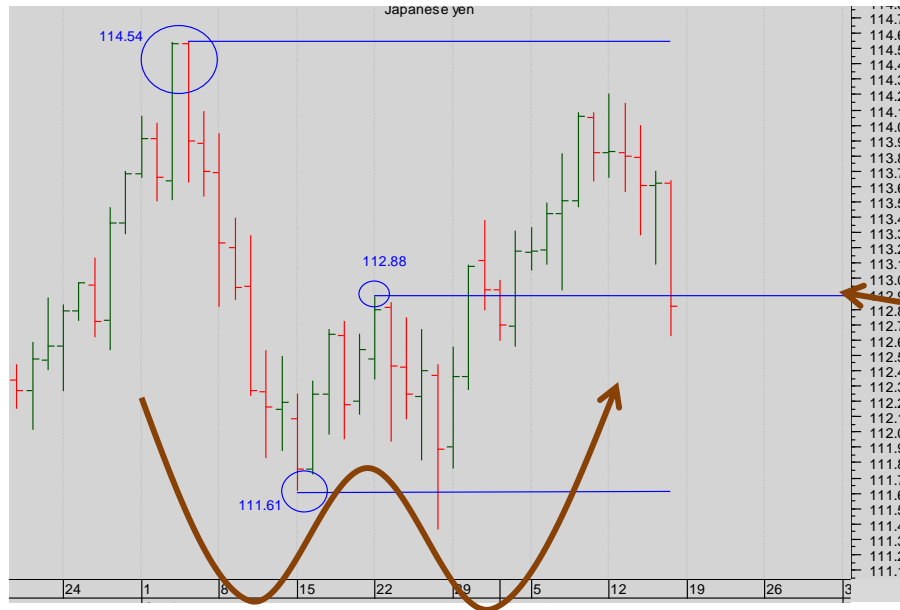
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Note the Bull dollar is supported by the small Double Bottom, if so, there should be good support at the Horizontal.



Currencies: Sterling Euro

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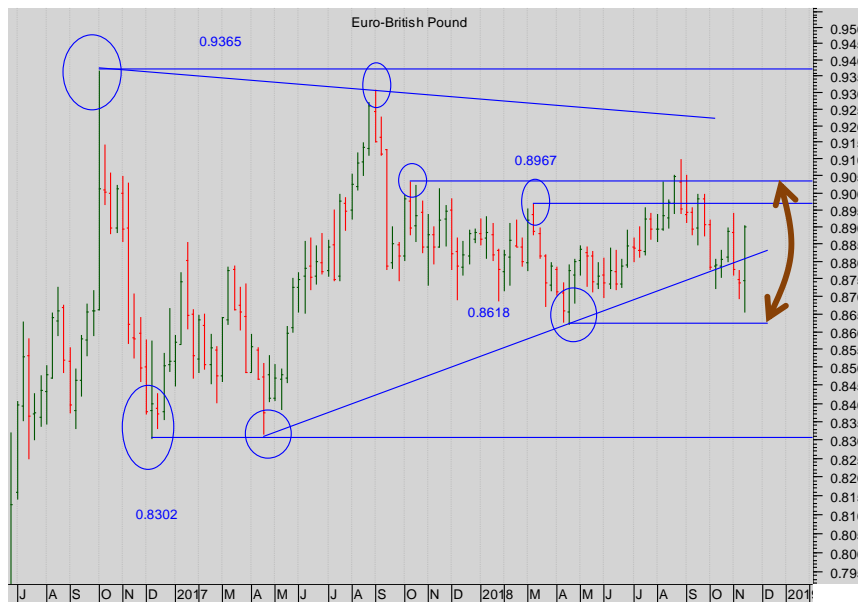
IMPLIED ASSET ALLOCATION



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 a range.
Add on a break.

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

It's volatile and shapeless.

Stand back and watch the range.

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IMPLIED ASSET ALLOCATION



Stocks

STOCKS:

The S&P still swings wildly within the long-established (over 2018) trading range. There is some slight short-term evidence of consolidation in the EuroStoxx that might in due course allow a bull retracement, which chimes with the longer-term underpinnings in the FTSE and Nikkei but watch our levels closely.

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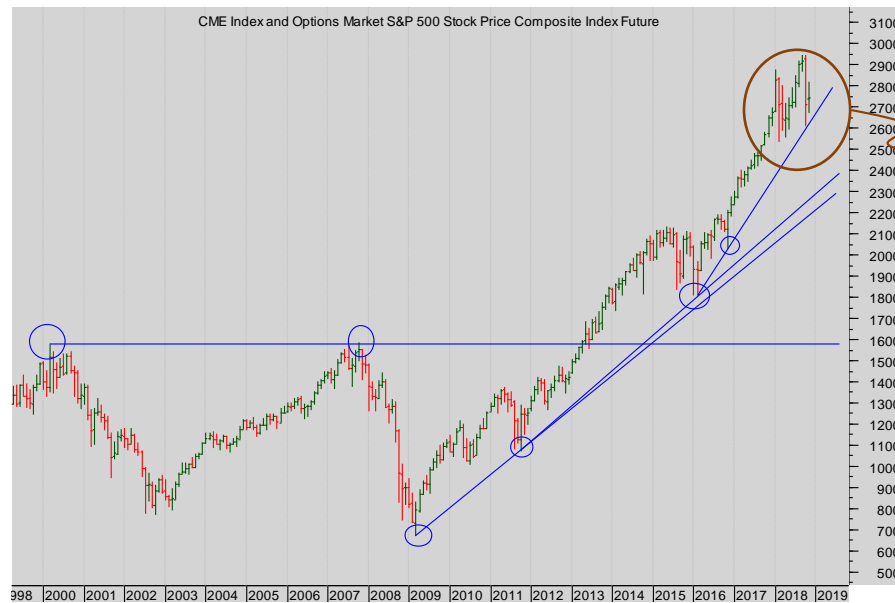
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Commodities

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



CME S&P 500 daily Dec 2018 chart

There is a wide trading range in play (that is, 2900-2600).

(It was tempting to look for a bull H&S pattern in the middle of the range, but the price action makes that look doubtful...)

Stand back.

More



Stocks: Eurex EuroStoxx 50

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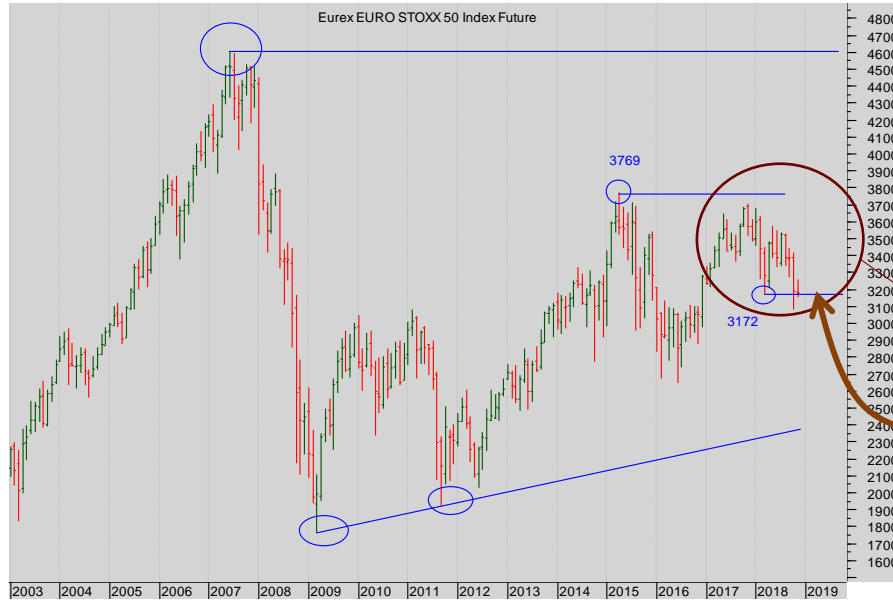
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Commodities

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IMPLIED ASSET ALLOCATION

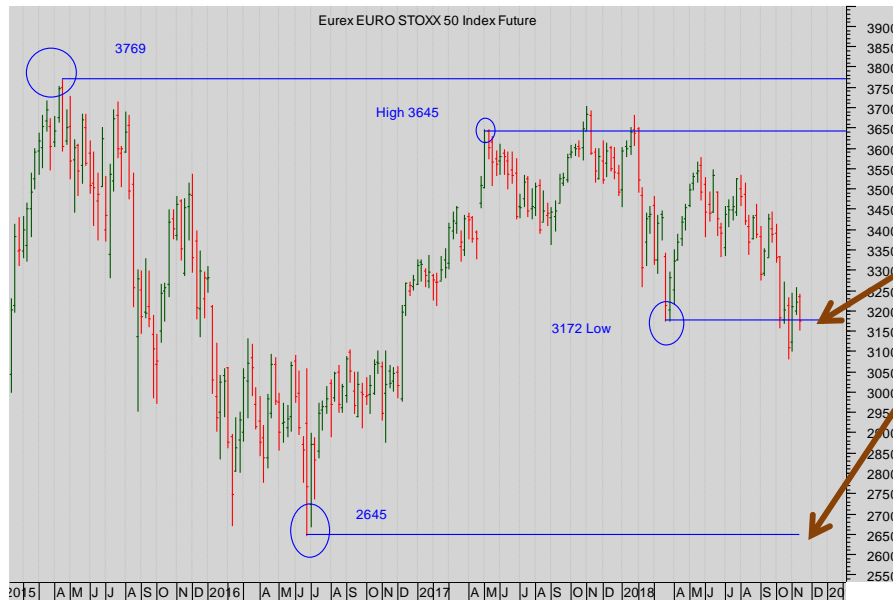


Eurex EuroStoxx 50 monthly continuation futures chart

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.

But as yet there is no break beneath the Prior Low of 3172.



Eurex EuroStoxx 50 weekly continuation futures chart

Is this a Double Top - no completion yet.

If it does convincingly get beneath 3172 then look for a minimum move down to the lows of 2018 at 2645.

Watch and wait.

More



Stocks: Eurex EuroStoxx 50

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Commodities

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- + Gold

IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 18 futures chart

The market is teetering at the bottom of the old trading range.

Wait for the break.

Or watch for a break up through the 3274 resistance to re-establish the wide trading range.



Stocks: Liffe FTSE 100

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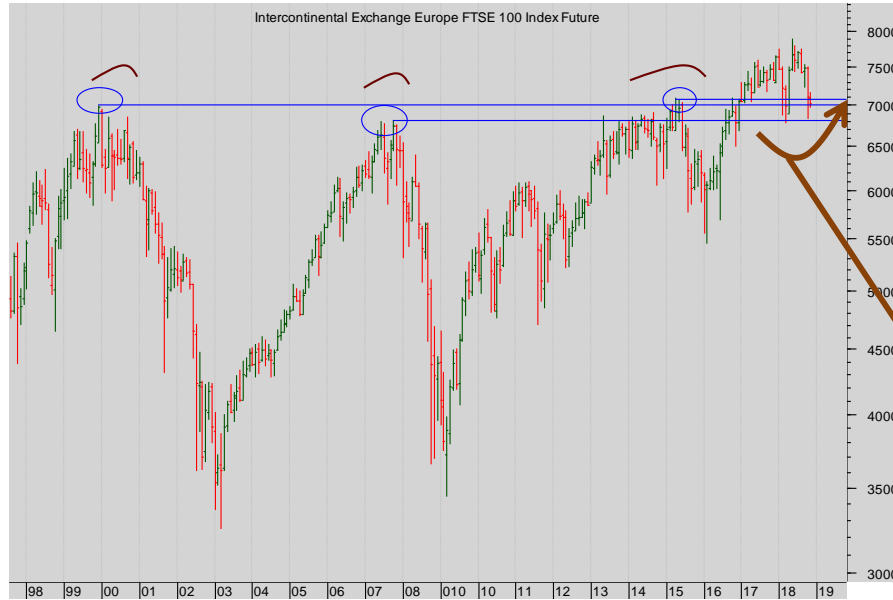
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Commodities

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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 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

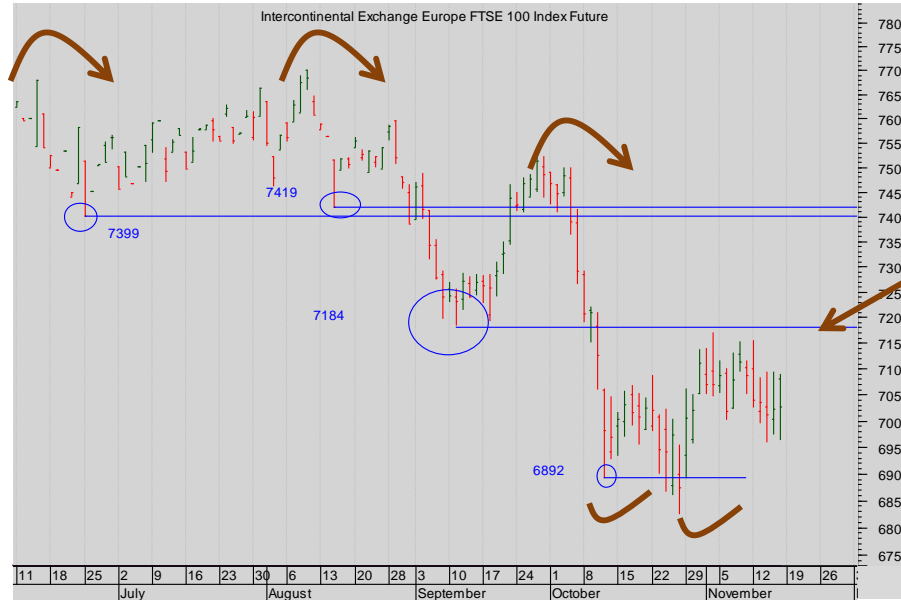
Watch the Prior Low.

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

More



Stocks: Liffe FTSE 100



Liffe FTSE 100 jun18 daily futures chart

The double bounce off 6892 has allowed the market to test the resistance from the low at 7184.

That needs to be broken for the bulls to get confident.

Watch closely.

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Stocks: OSE Nikkei 225

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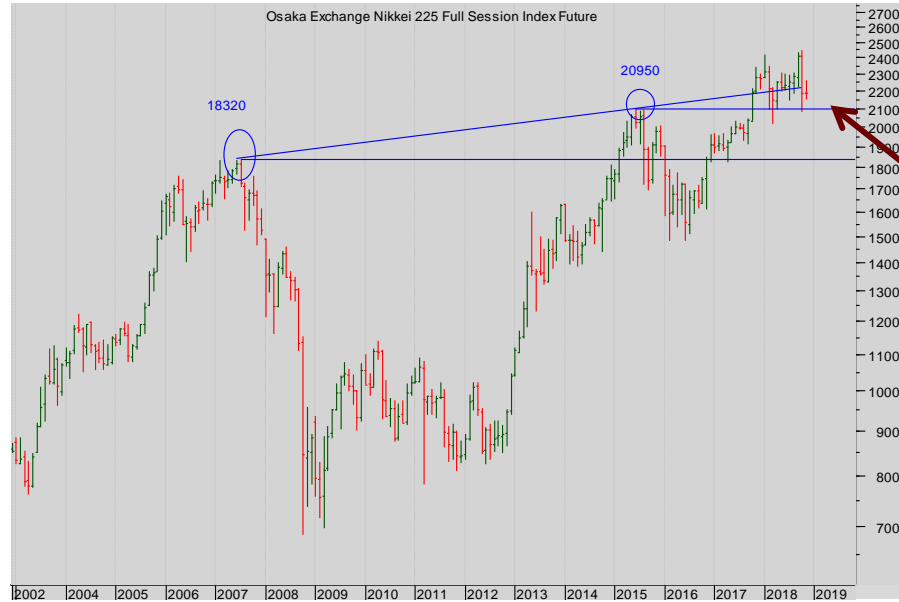
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Commodities

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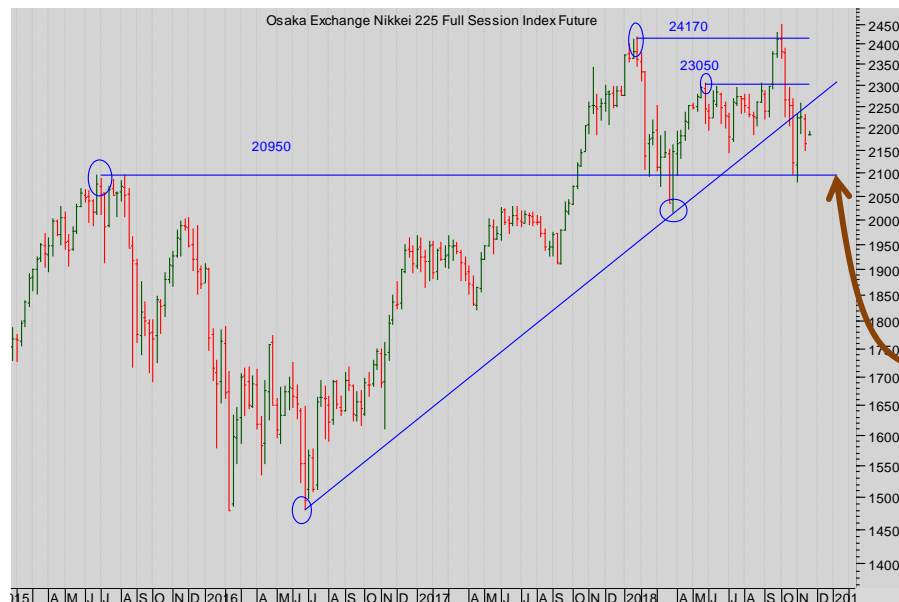
IMPLIED ASSET ALLOCATION



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

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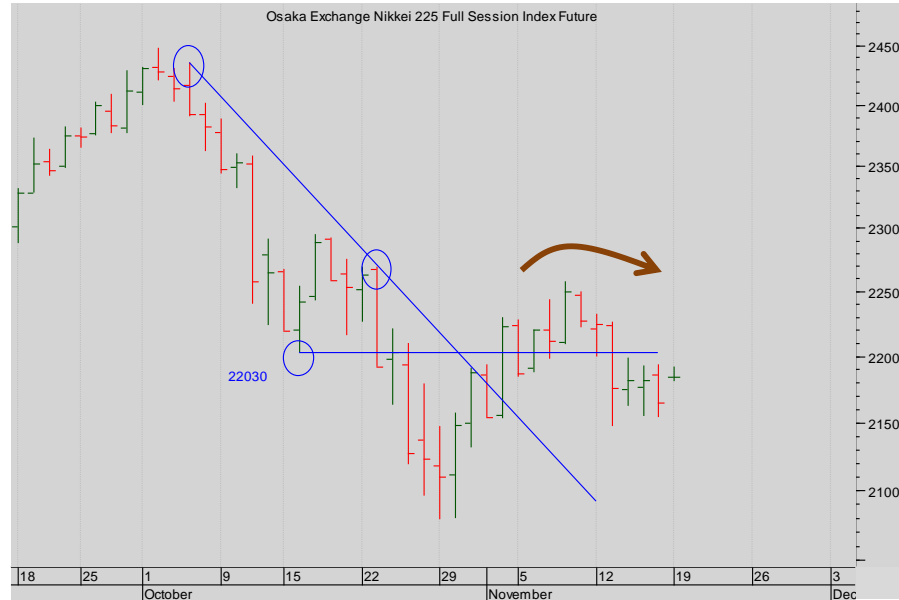
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nikkei 225 chart Daily Sep 18.

The short-term break up through the horizontal resistance at 22030 was short-lived.

Stand back.



Bonds

BONDS:

US bonds have rallied (retraced) to a Prior High Pivot that should be closely watched. There are interesting levels in the very short-term Bunds and (to a lesser extent) the Gilts too. The Bund is altogether less bearish than the US, so the tension between the two is fascinating.

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Commodities

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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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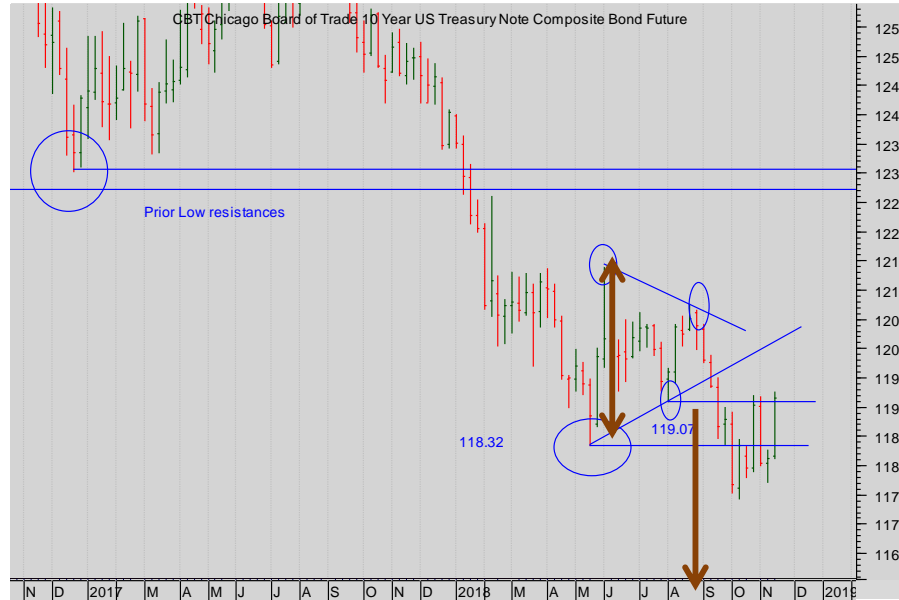
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IMPLIED ASSET ALLOCATION



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 the market is dithering.



CBOT Ten Year Notes daily Sep18 futures chart

That sharp rally through successive resistances has failed

Wait for greater clarity.

More



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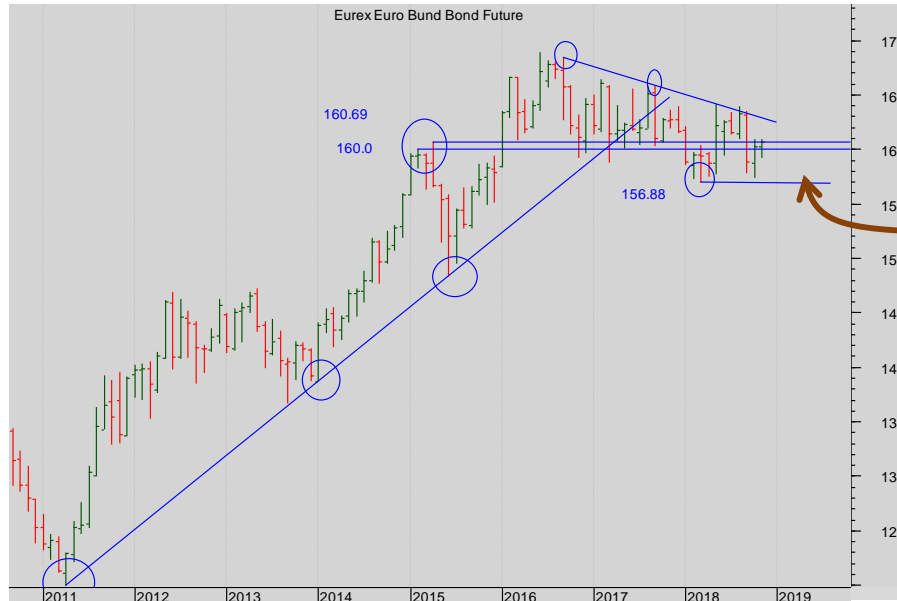
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IMPLIED ASSET ALLOCATION

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 going.



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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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, note a break of 161.33 would be very bullish.



Bonds: Liffe UK Gilt futures

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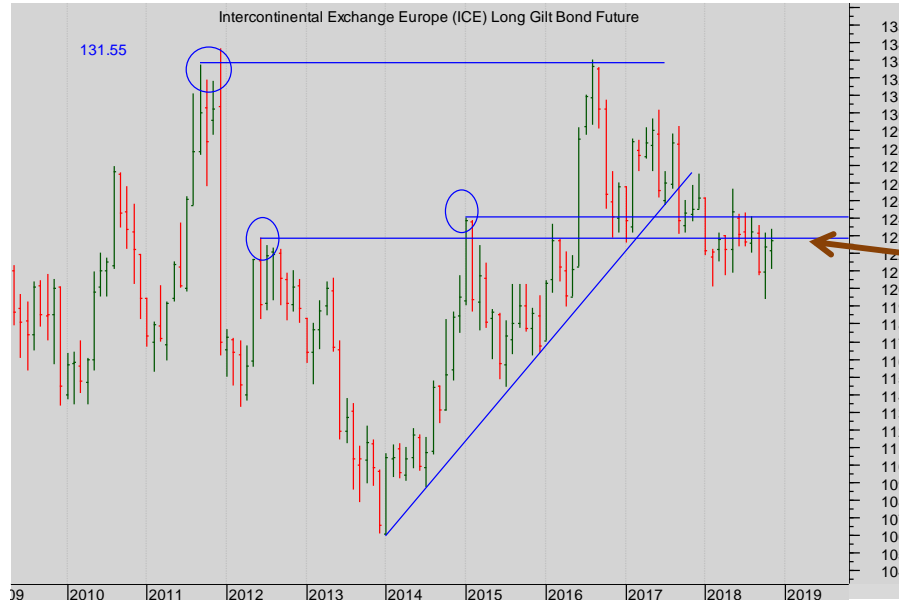
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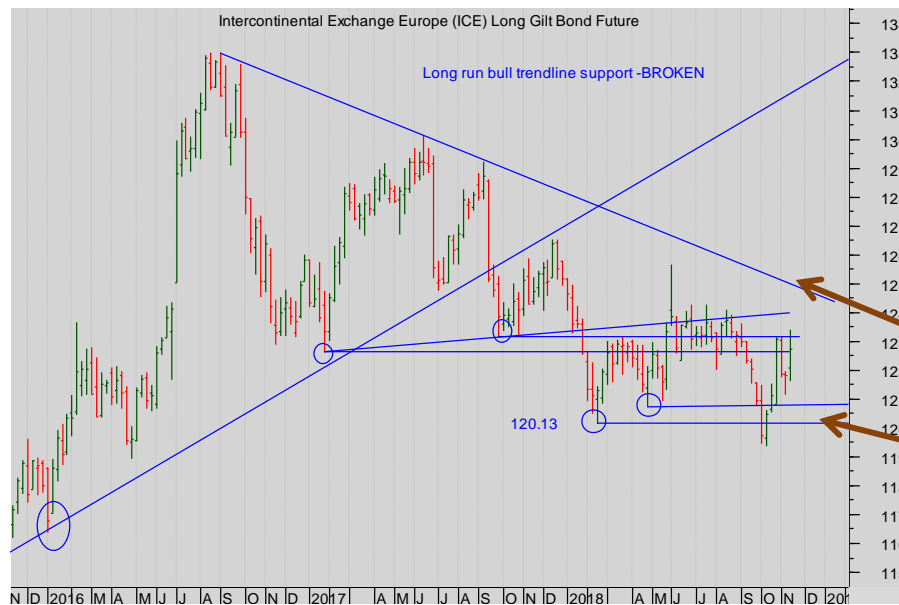
IMPLIED ASSET ALLOCATION



Liffe UK Gilt monthly futures continuation chart

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

Look closer.



Liffe UK Gilt weekly continuation futures Chart

But the medium-term price action, still within a clear downtrend, is confused.

A sideways trading range.

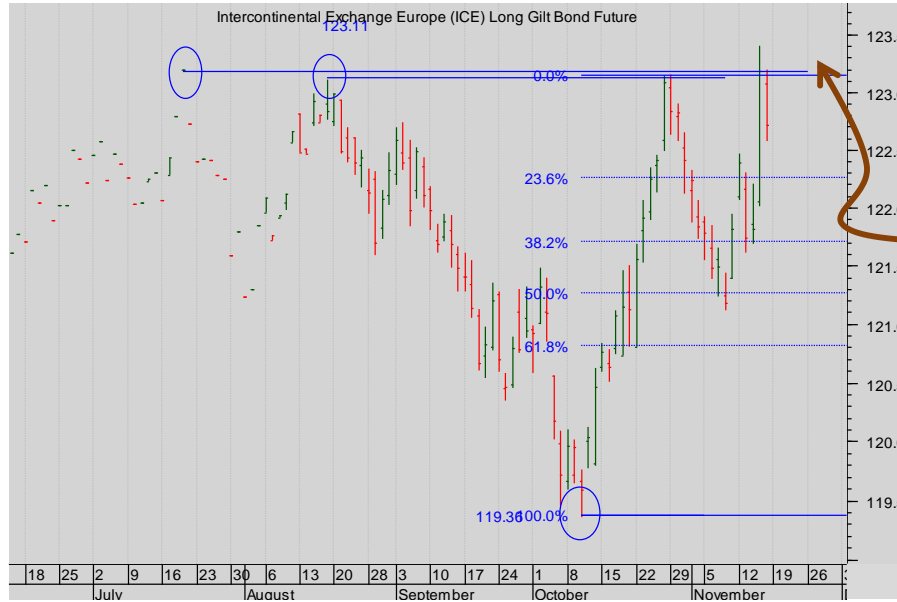
A break up through 125 or so would be **very bullish**.

Equally a sustained break beneath 120 would be **very bearish**.





Bonds: Liffe UK Gilt futures



TSE Ten Year JGB daily June 18 chart

Note the rally up to the important Prior Highs if the market can break those then the bulls will be in charge.

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

Oil's rapid sell-off looks to have run its course with good support beneath the market now and the minimum move target of the original Double Top having been achieved. Gold remains within well constructed trading ranges in each time frame.

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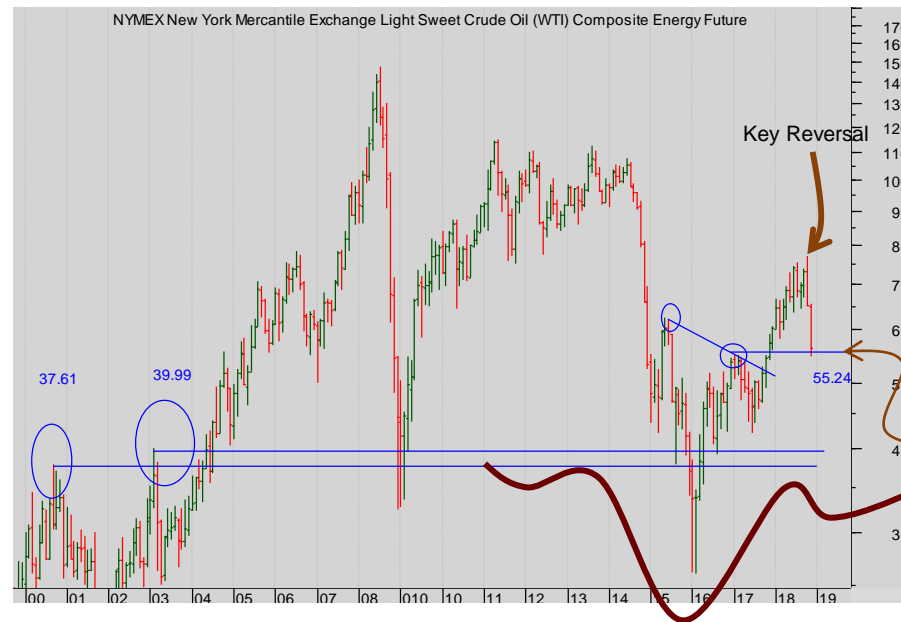
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IMPLIED ASSET ALLOCATION

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.

But the Key reversal adding a good deal of bear impetus... look more closely at the support from the Prior High at 55.24

More



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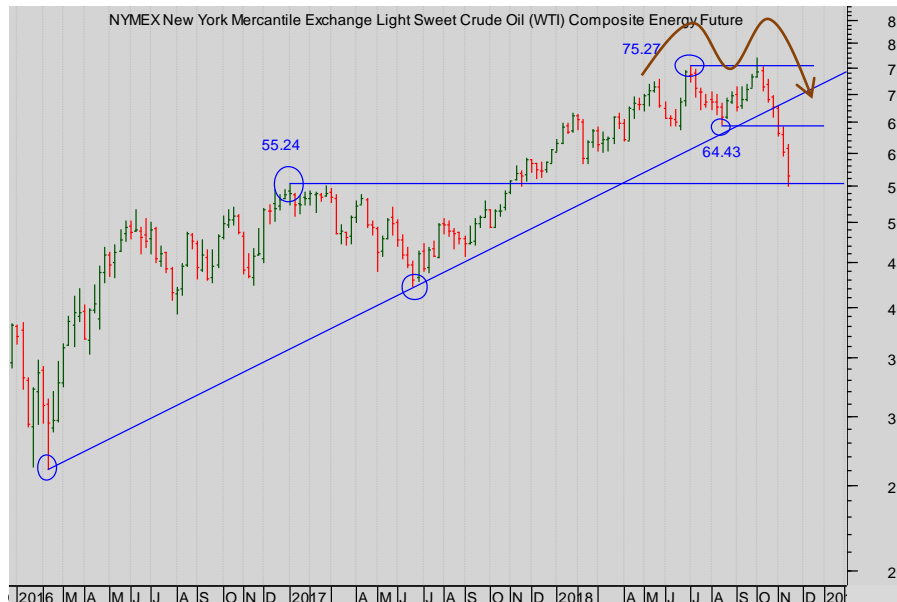
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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil weekly continuation

The rising diagonal support has been broken and the low at 64.43 – completing a bear double top.

The bears are in charge, no question, but note that the target of the Double Top **has been achieved** and the support from the Prior High is **intact**. We would cover medium-term shorts here.



Nymex oil daily Dec 18 futures

The test and break of of the critical short-term support at 62.30 is of major importance.

The bears remain in charge (but see above)



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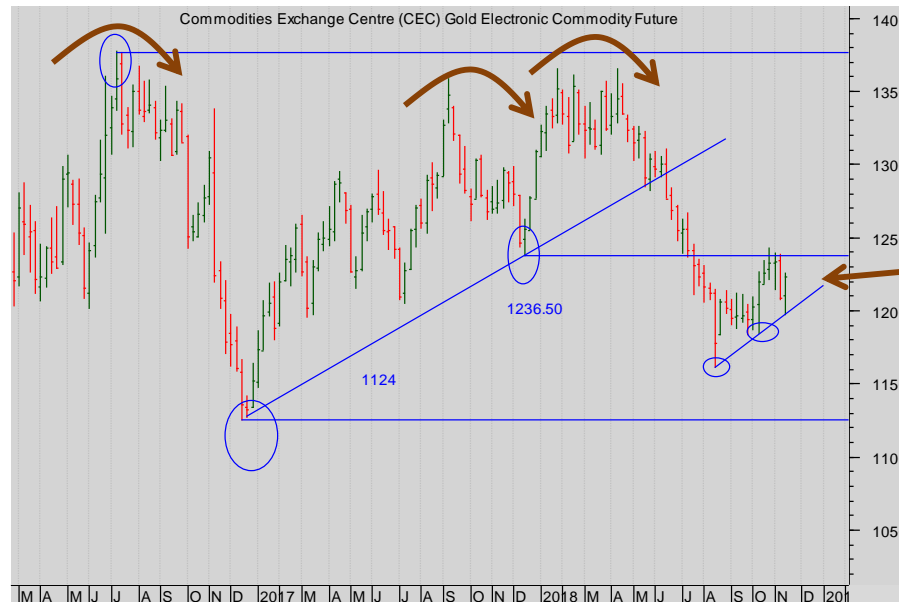
IMPLIED ASSET ALLOCATION

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.



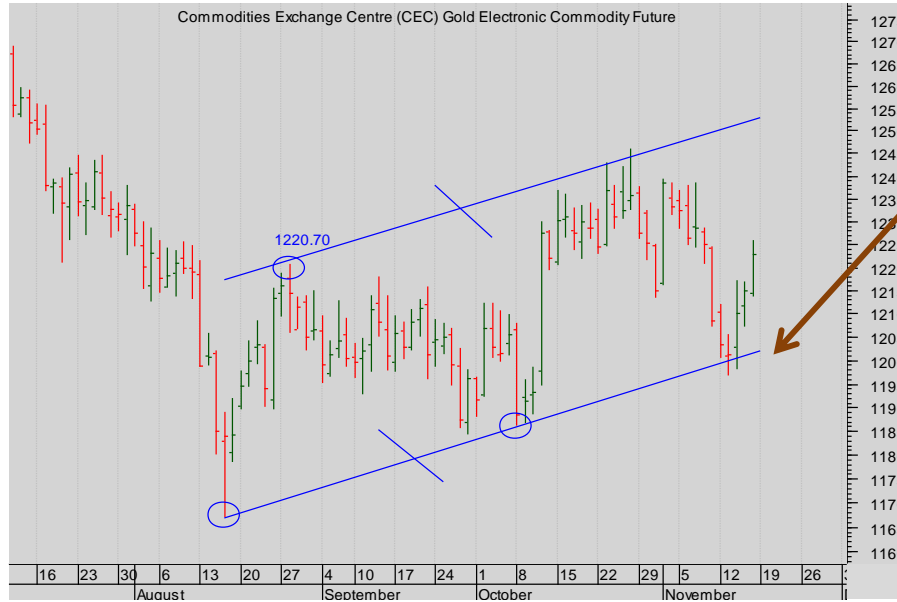
Physical Gold ETF Weekly

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

The bears remain in charge and the market's rally fails at the first important horizontal resistance...



Commodities: Comex Gold



Physical Gold ETF Daily

Note the market is testing the diagonal...

A break of which will complete a very bearish bear flag.

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- + FTSE 100
- + Nikkei 225

Bonds

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

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



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
- + Ten Year German Bund
- + UK Gilt

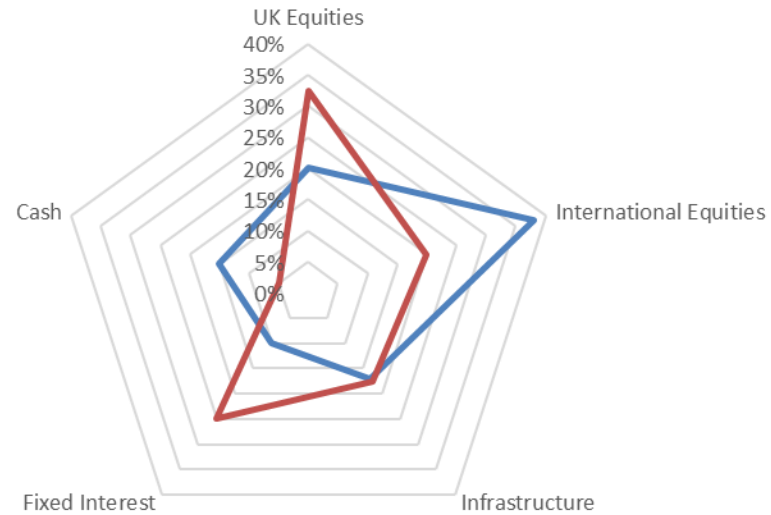
Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation benchmark



More



the technical analyst

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