



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



Multi-asset technical strategies

Week of 3rd December 2018

Mark Sturdy

Disclaimer

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 **BEAR** Euro

Short-term FLAT Sterling

Short-term **BEAR** 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 **BEAR**

Short-term **BULL**

Short-term FLAT

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

We remain bullish of the Dollar against the Euro, but the short-term trigger has yet to be pulled. Watch and wait for the market to break the critical levels before buying the Dollar again. Sterling remains weak but, crucially, still within the important long and medium-term ranges. The Yen has critical level it has to break before further weakening can be anticipated. Sterling Euro is in a range.

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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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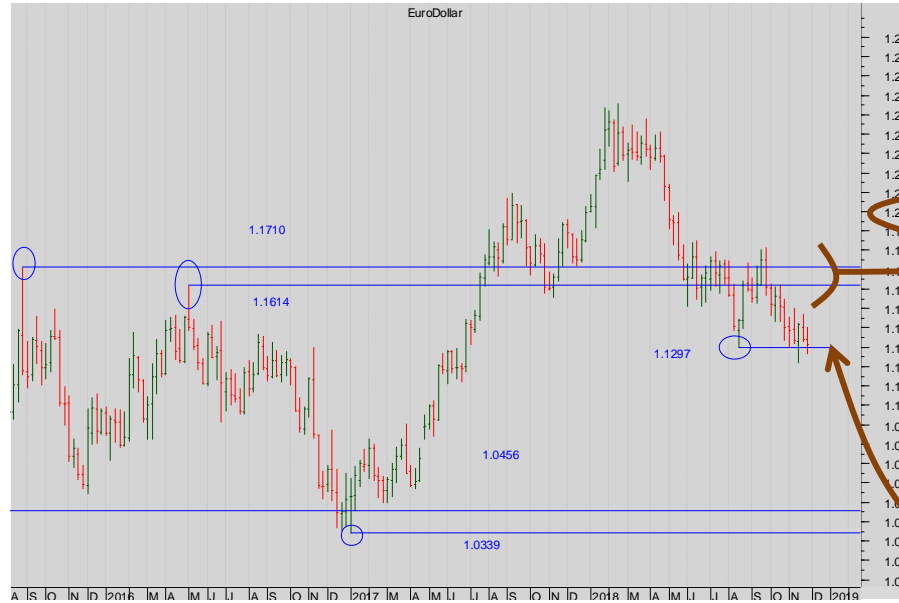
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IMPLIED ASSET ALLOCATION

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 Day Key reversal

This bounce back above the Prior Low was disappointing for the Dollar bulls but the bounce hasn't been sustained.



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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



Currencies: Dollar Sterling

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IMPLIED ASSET ALLOCATION



Dollar Sterling weekly spot cash chart

The **Double Top** at the recent high was interesting BUT: **The bull trend broke down in April 2018..**

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.

Now there's a range...



Dollar Sterling daily spot cash chart

Watch the range



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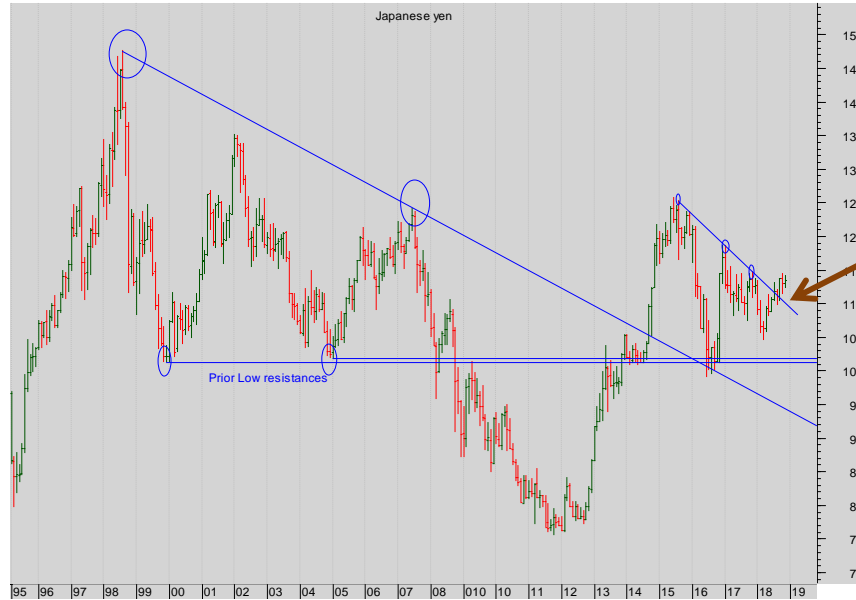
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IMPLIED ASSET ALLOCATION

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



Currencies: Dollar Yen

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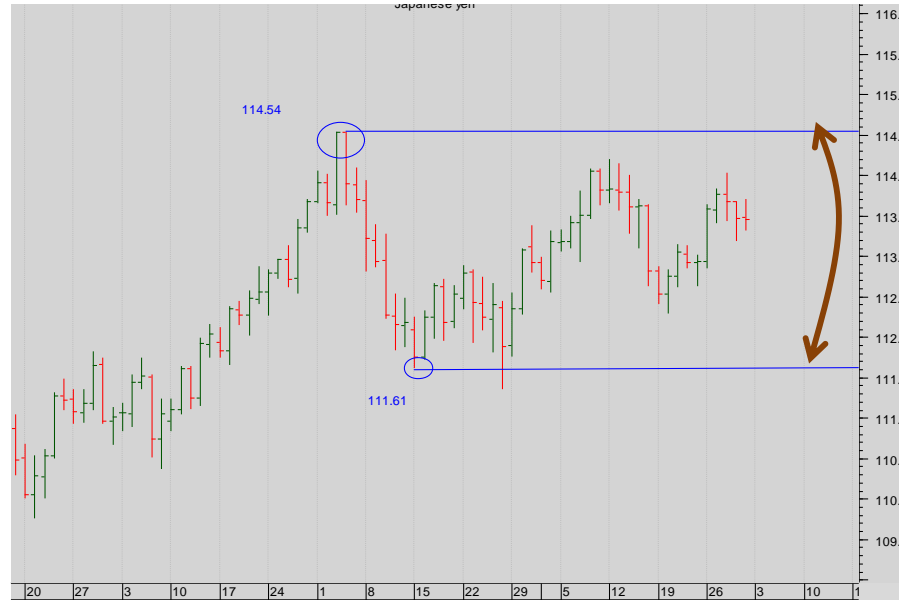
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IMPLIED ASSET ALLOCATION



Dollar Yen daily spot cash chart

Stand back, watch the range.



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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 triangle of consolidation.



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 is now in the middle of a wide range which is sitting on the long-term uptrend support from 2016. The Eurostoxx remains looking very vulnerable, tantalisingly ranging around the critical breakdown level of 3150. FTSE looks long-term solid, but ranging tightly since early October. The Nikkei is similar to the S&P: wide-ranging but remaining in the long-term bull trend.

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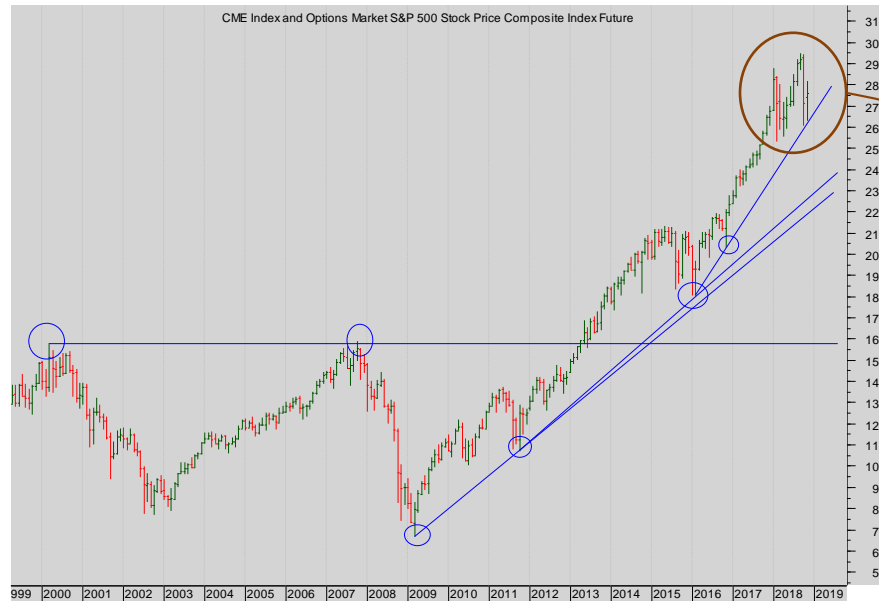
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IMPLIED ASSET ALLOCATION

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 watch the test of the 2016 trend line support.

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).

And a narrower one....

Stand back.

More



Stocks: Eurex EuroStoxx 50

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IMPLIED ASSET ALLOCATION

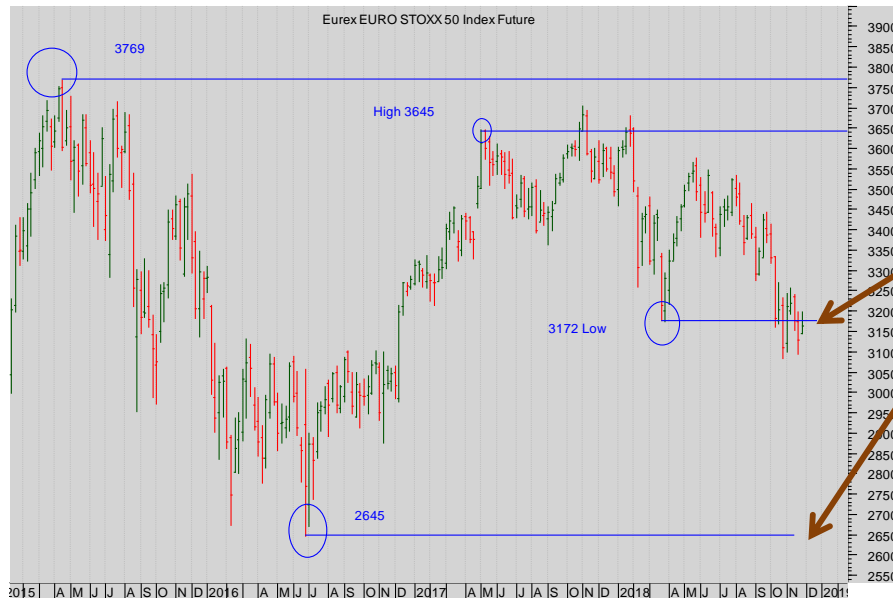


Eurex EuroStoxx 50 monthly continuation futures chart

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

The market has failed to push through the old 3769 High and is looking vulnerable.

Will the break beneath the Prior Low of 3172 be confirmed?



Eurex EuroStoxx 50 weekly continuation futures chart

Is this a Double Top ?

If so, then look for a minimum move down to the lows of 2018 at 2645.

Watch and wait for a clear break beneath the 3172 low.

More



Stocks: Eurex EuroStoxx 50

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IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 18 futures chart

The market is teetering at the bottom 3150 (Dec contract) of the old trading range.

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

Or wait for the breakdown... for certainty beneath 3100...



Stocks: Liffe FTSE 100

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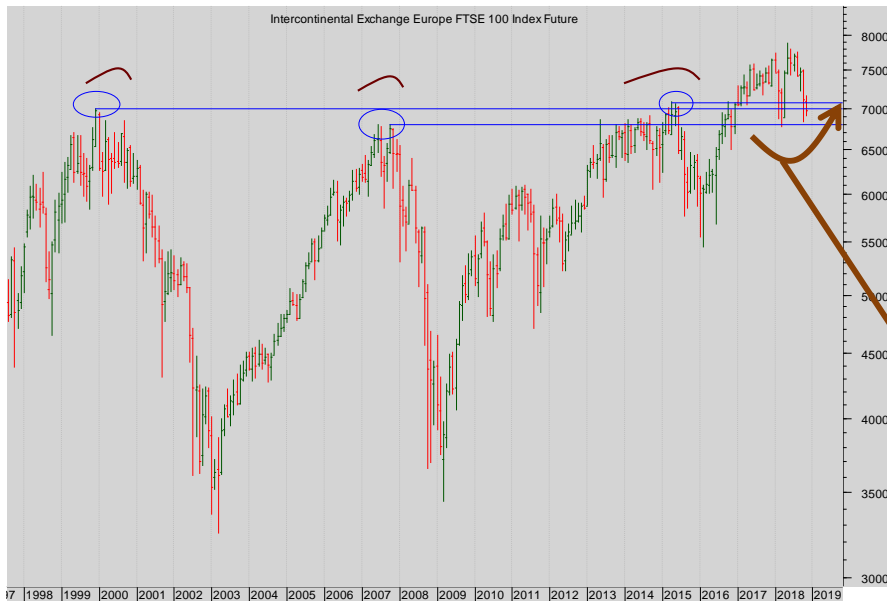
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Commodities

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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

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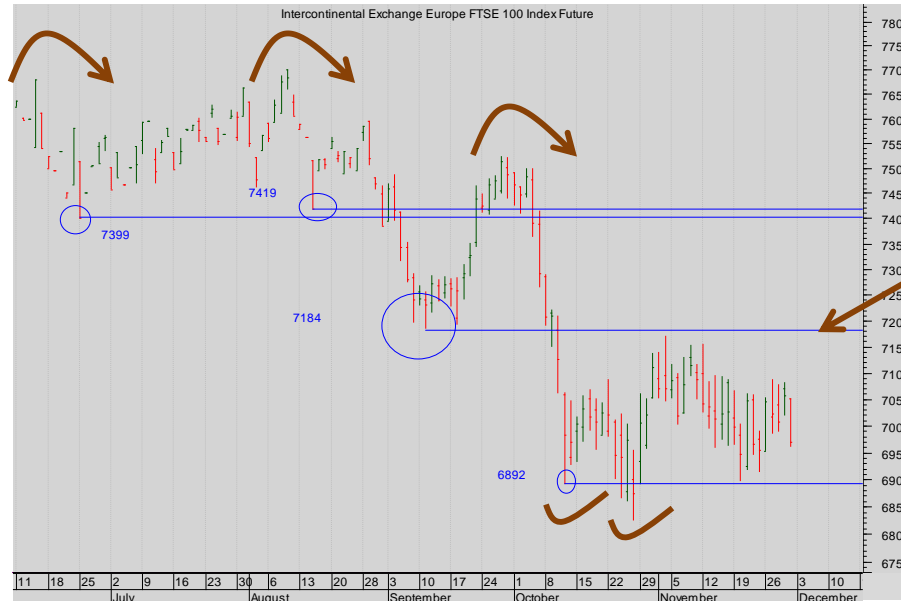
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec18 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.



Stocks: OSE Nikkei 225

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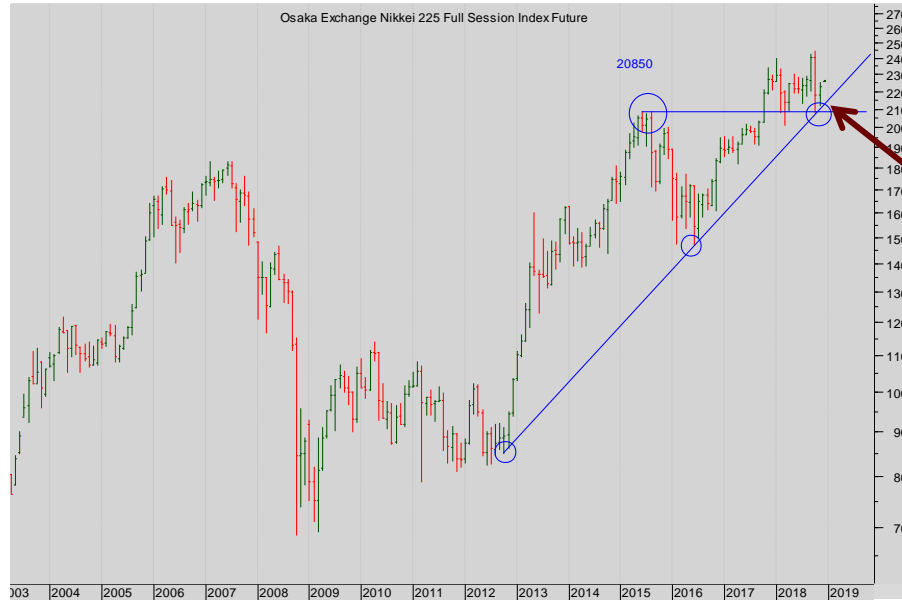
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Commodities

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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



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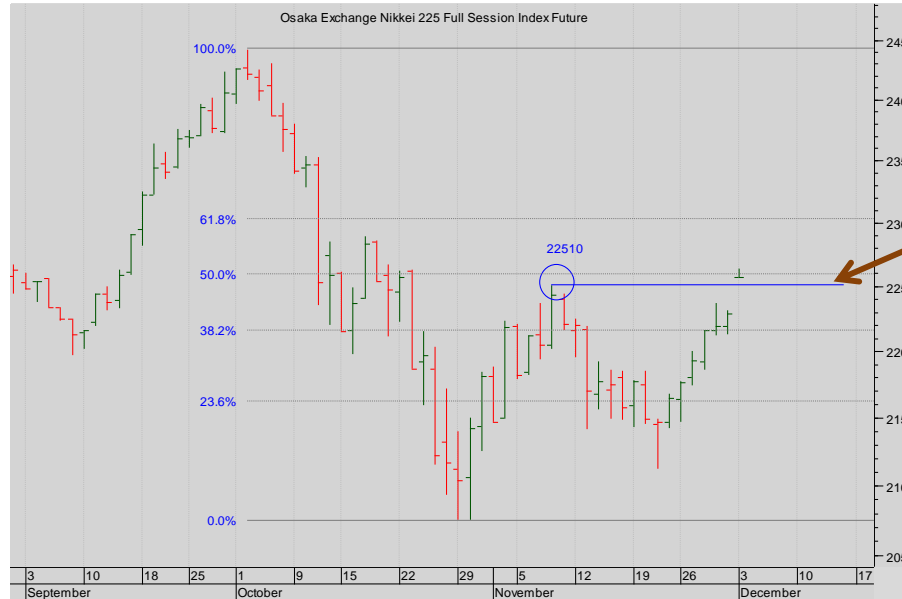
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



**Nikkei 225 chart Daily
Mar 19.**

The short-term break up through the horizontal Pivot from the Prior High at 22510 needs confirmation.

Stand back.



Bonds

BONDS:

We believe there is a long-term breakdown in the US bonds but the short-term rally in the 10 year bonds is set to go somewhat further. Gilt and bunds are teetering at Prior Highs, and if the breakouts can be achieved and sustained will drive higher still.

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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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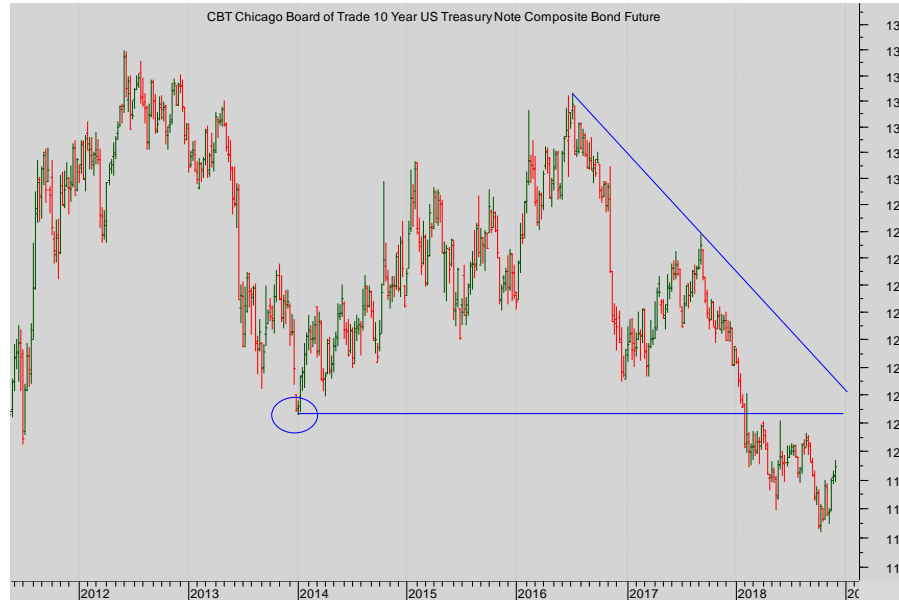
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Commodities

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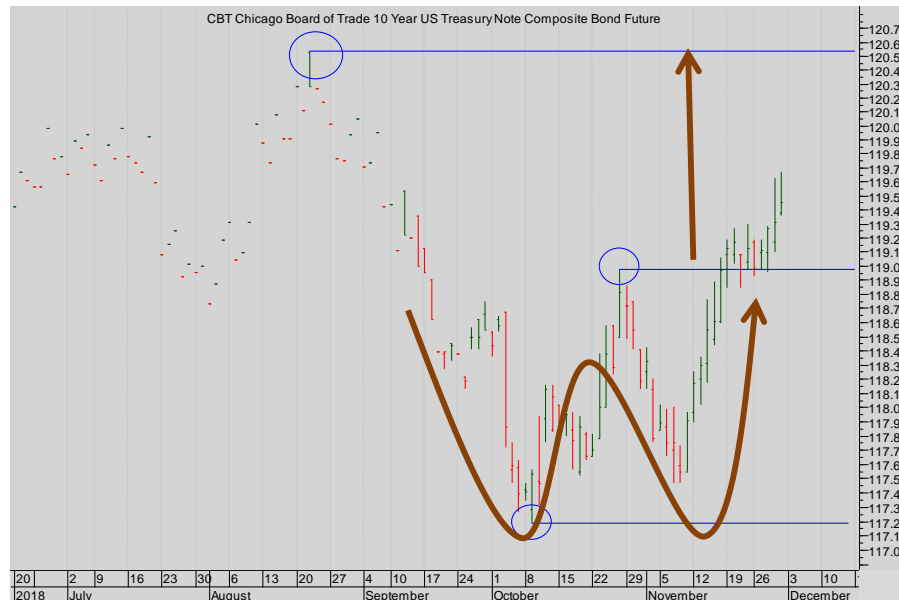
IMPLIED ASSET ALLOCATION



CBOT Ten Year Notes weekly futures continuation chart

Note the push beneath the Prior Low which will be good resistance above the market now..

But the market is dithering and rallying...



CBOT Ten Year Notes daily Mar 18 futures chart

This is surely a completed Double bottom.

Minimum move? Up as far as the Prior High.

More



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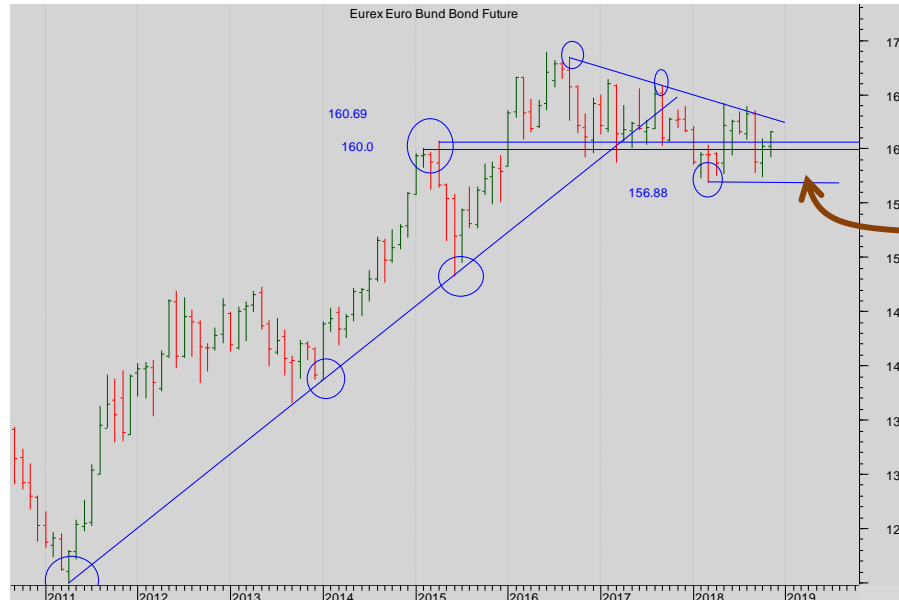
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Commodities

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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 **CONFIRMED** break of 161.33 would be very bullish.



Bonds: Liffe UK Gilt futures

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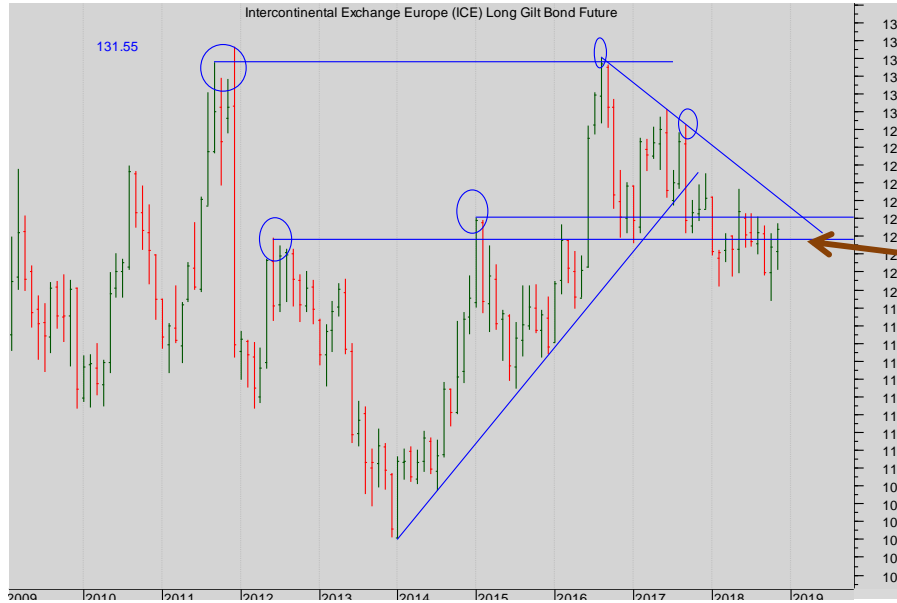
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IMPLIED ASSET ALLOCATION



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.

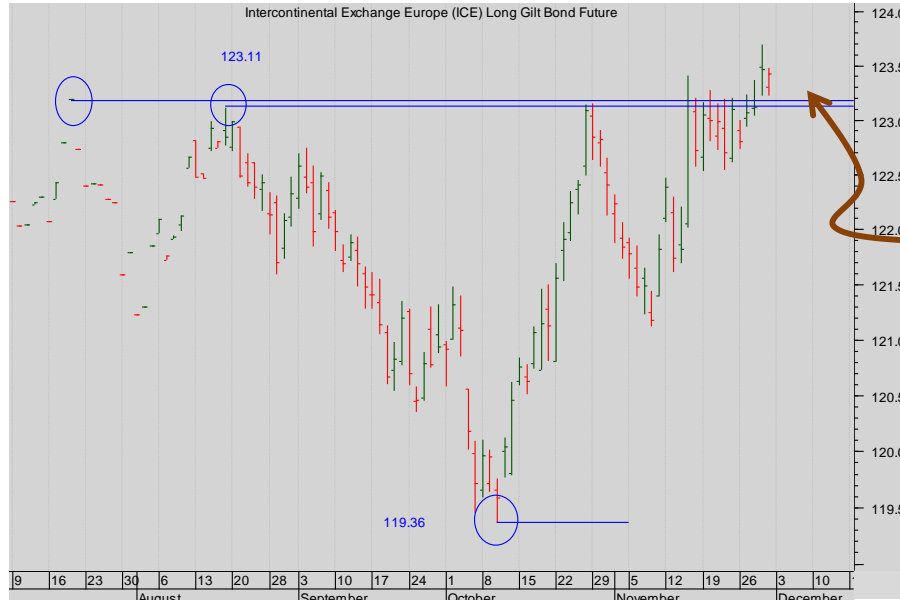
A sideways trading range.

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





Bonds: Liffe UK Gilt futures



Long Gilt daily Dec 18 chart

Note the rally up to the important Prior Highs 123.11 if the market can confirm the break of those **then the bulls will be in charge.**

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

Oil is surely ready to bounce from very long-term support. Gold remains within a clear trading range.

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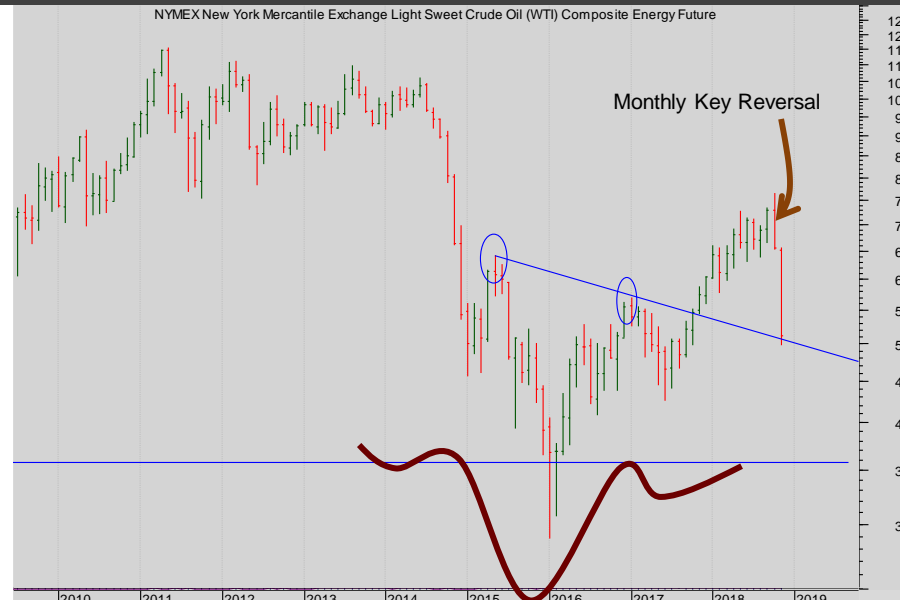
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Commodities

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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

Massive support at the Neckline. Until that breaks the bull pattern remains in play.

But the Key reversal added a good deal of bear impetus...

More



Commodities: Nymex WTI Oil

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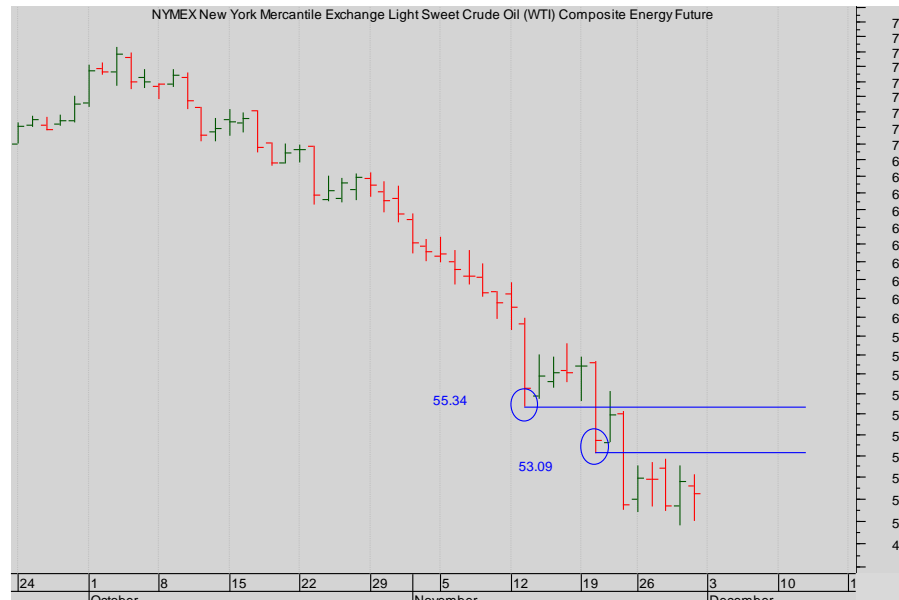


Nymex oil weekly continuation

The collapse in value of the market has such impetus that the supports from the Prior Highs have been smashed.

Note though that the Neckline has yet to be breached.

We think that this area around 50\$ is important support.



Nymex oil daily Mar 19 futures

The drama of the sell-off is clear.

Note that the market has tracked sideways for five days....



Commodities: Comex Gold

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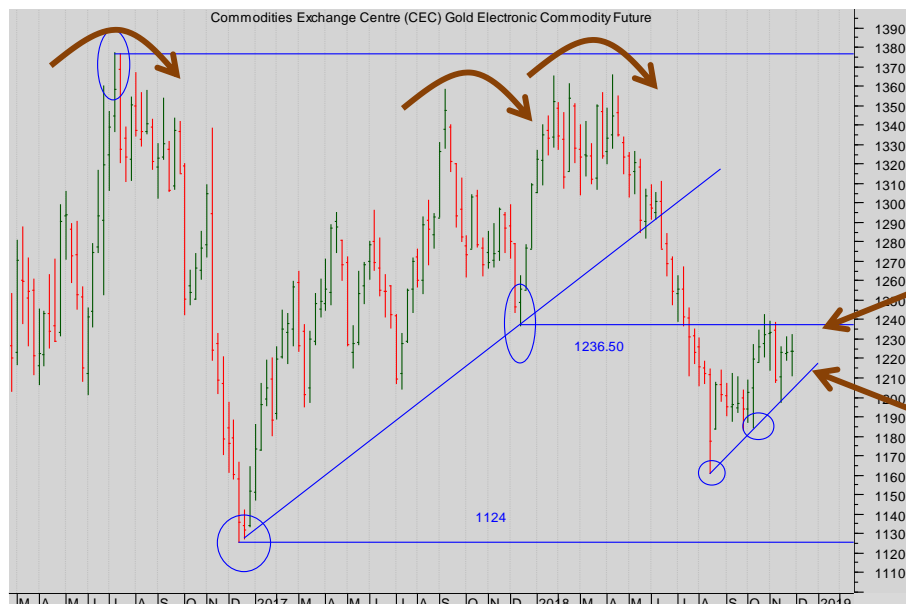
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Physical Gold ETF Monthly

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

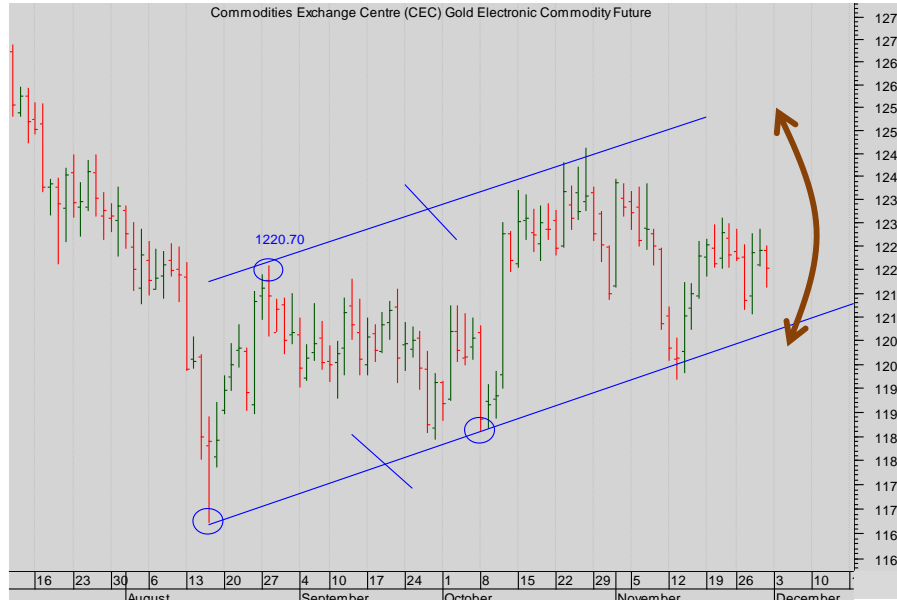
Watch how the market deals with the resistance form the Prior Low.

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

We will add to bears positions on a break beneath the diagonal....



Commodities: Comex Gold



Physical Gold ETF Daily

...

The bull channel remains intact.

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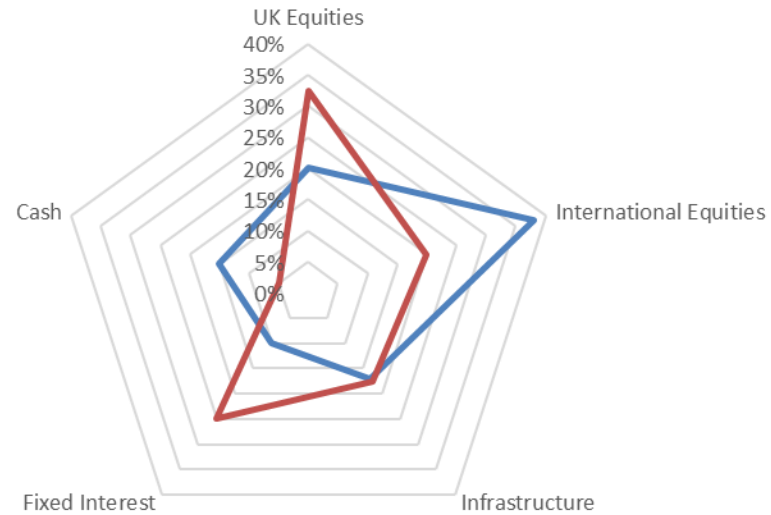
Commodities

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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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