



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 11th December 2018

Mark Sturdy

Disclaimer

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

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

Bonds

- + Ten Year US TNote
- + Ten Year German Bund
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Long-term BEAR	Medium-term BEAR	Short-term BULL
Long-term BULL	Medium-term BULL	Short-term BULL
Long-term BEAR	Medium-term BEAR	Short-term BULL

Commodities

- + Oil
- + Gold

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

IMPLIED ASSET ALLOCATION





Currencies: Dollar Euro

CURRENCIES:

We are unambiguous bears of the Sterling against the Dollar but elsewhere trading ranges hold sway...

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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



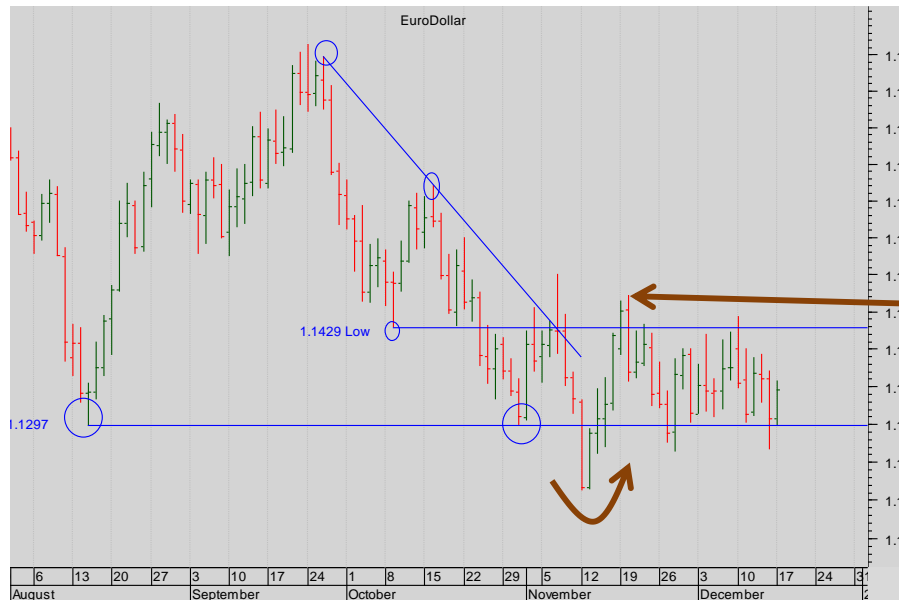
Dollar Euro weekly spot cash chart

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 Day Key reversal

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



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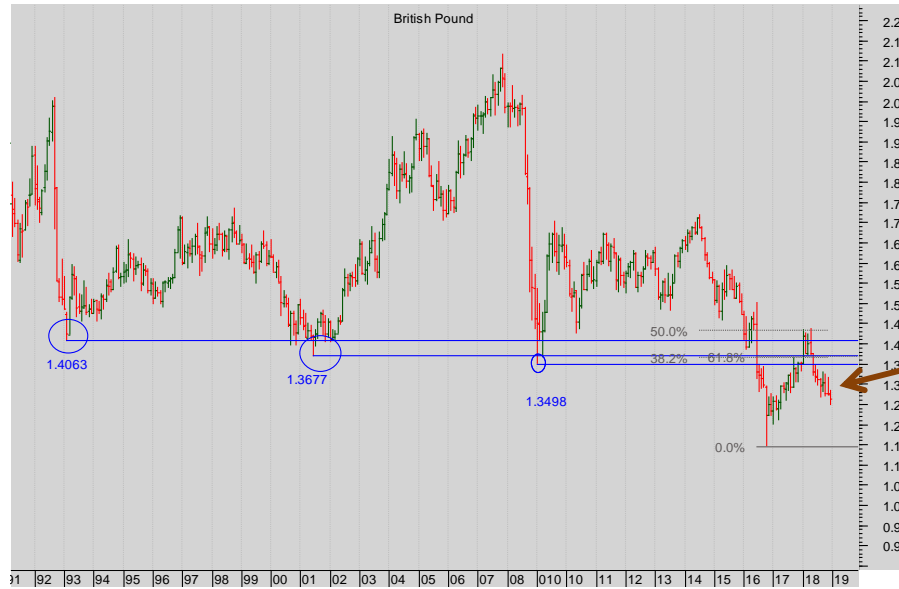
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

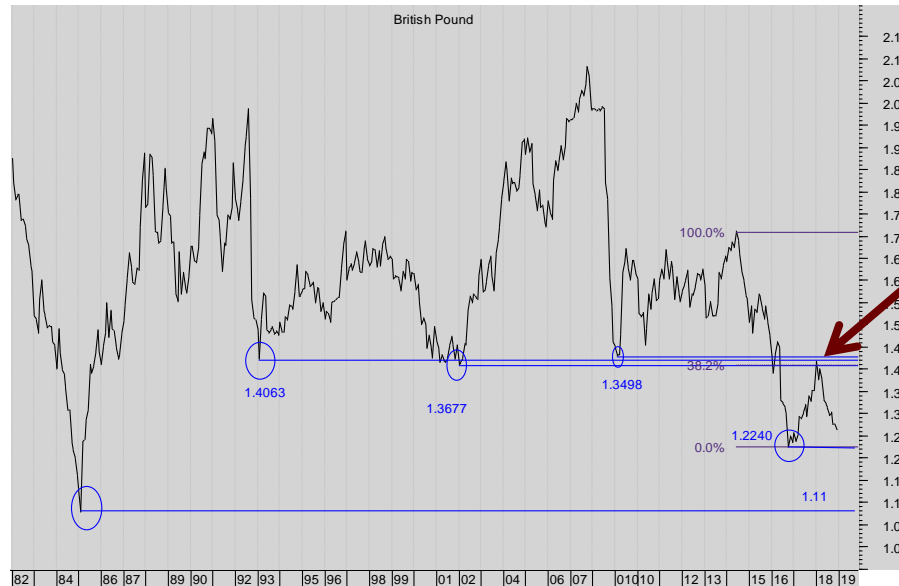


Dollar Sterling Monthly spot cash chart

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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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling



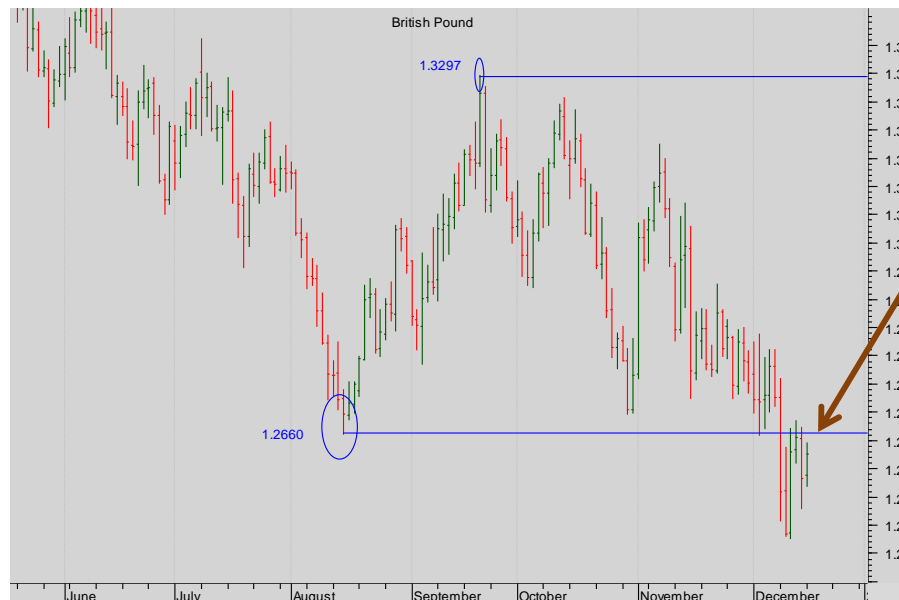
Dollar Sterling weekly spot cash chart

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 the range since August has been broken.

Sell sterling again.



Dollar Sterling daily spot cash chart

Watch break of the lower boundary of the range. Sell Sterling.



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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



Dollar Yen daily spot cash chart

Stand back, watch the range.

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Currencies: Sterling Euro

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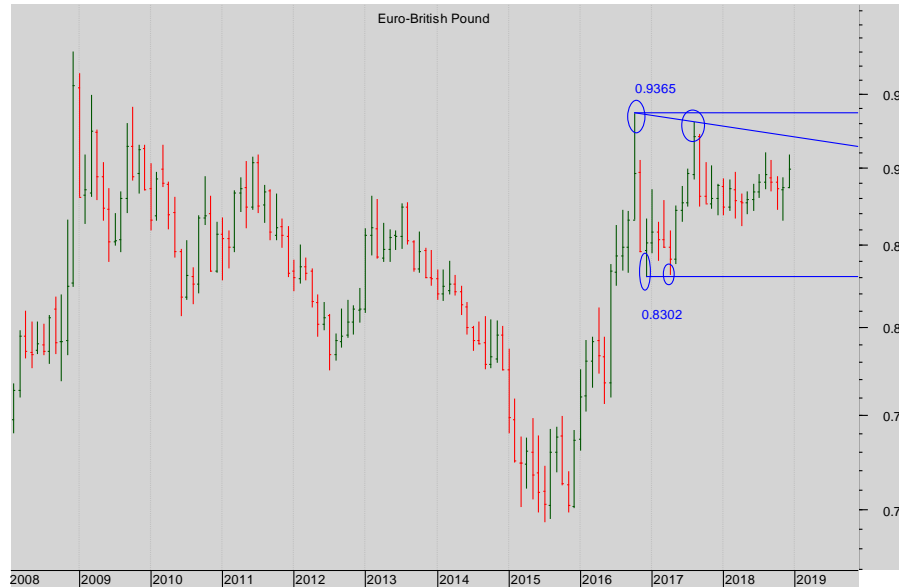
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IMPLIED ASSET ALLOCATION



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 confirmed break of 0.8967.

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

It's volatile, certainly but here's a weakening Sterling break – but it's v short-term.

Sell Sterling again on a break of 0.9099.

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IMPLIED ASSET ALLOCATION



Stocks

STOCKS:

All these markets to a greater (S&P) or lesser (Nikkei) degree look vulnerable to further declines in the short, medium and long-term.

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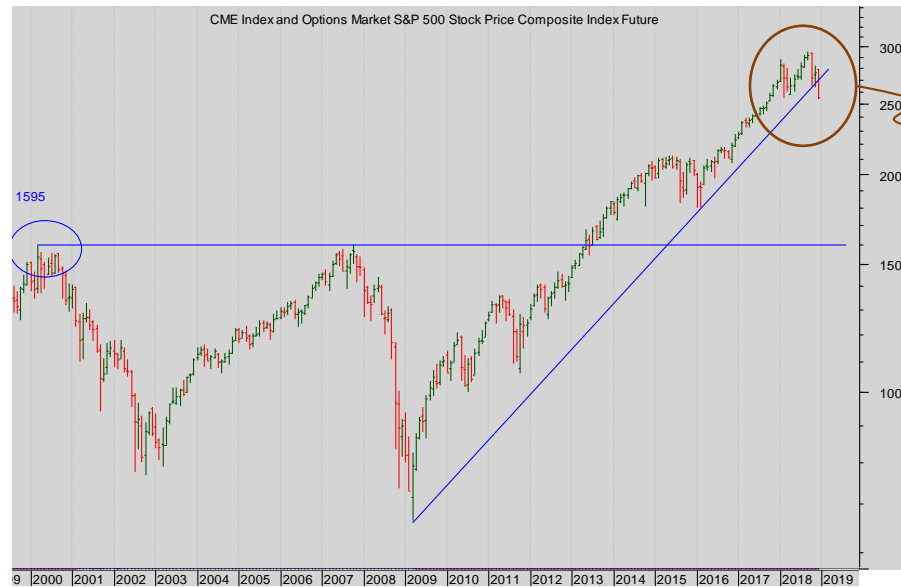
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IMPLIED ASSET ALLOCATION

Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

There is a clear long-term breakdown if the market remains beneath the bull trend line support at the end of the Month.

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 the bull trendline support.

Now watch the test of the Prior Lows a band 2546-2579.

A close beneath that band on the week would be very bearish.



CME S&P 500 daily Dec 2018 chart

Now this looks like a continuation Bear triangle.

Has it completed? Yes.

Cautious bears will have waited wait for a break beneath 2560.

Now they have that break!

The bears are in charge.





Stocks: Eurex EuroStoxx 50

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IMPLIED ASSET ALLOCATION

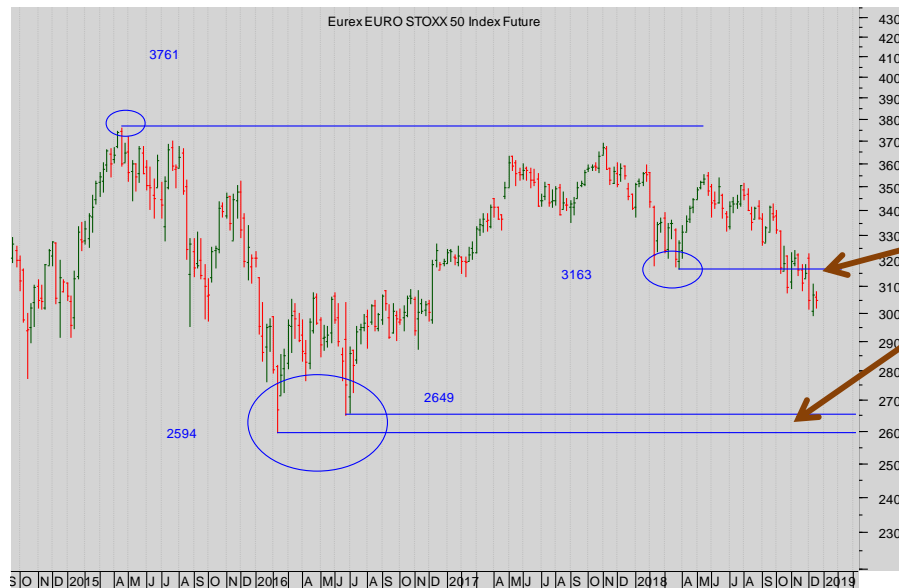


Eurex EuroStoxx 50 monthly continuation futures chart

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.

Note the break beneath the Prior Low of 3163 will it be confirmed?



Eurex EuroStoxx 50 weekly continuation futures chart

Is this a Double Top ?

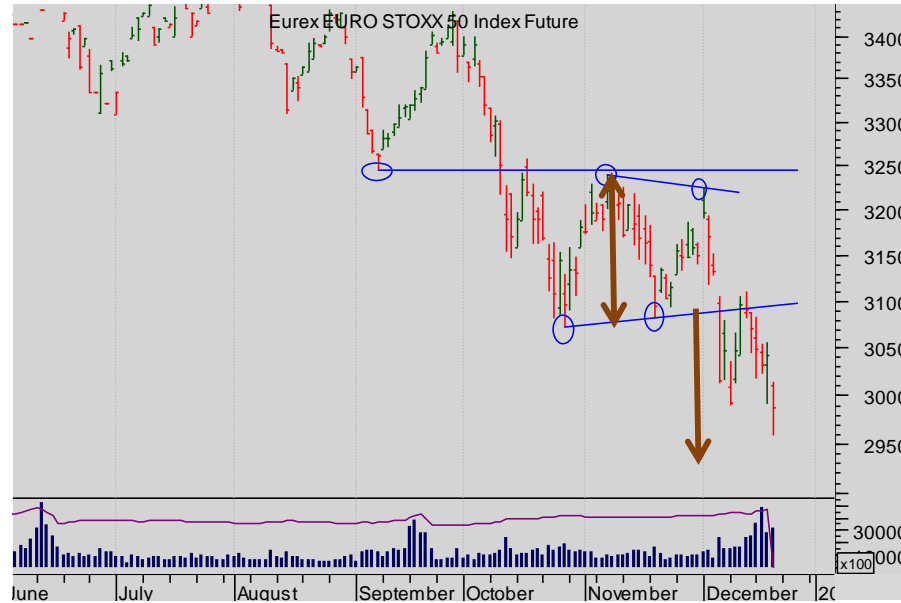
If so, then look for a minimum move down to the lows of 2018 at the band 2594-2649.

We have a clear break beneath the 3163 low.

More



Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Dec 18 futures chart

The market is being driven down by the continuation Triangle.

Note that the rally to the base of the triangle failed there...
The bears are in charge.

Minimum move? 2950

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IMPLIED ASSET ALLOCATION



Stocks: Liffe FTSE 100

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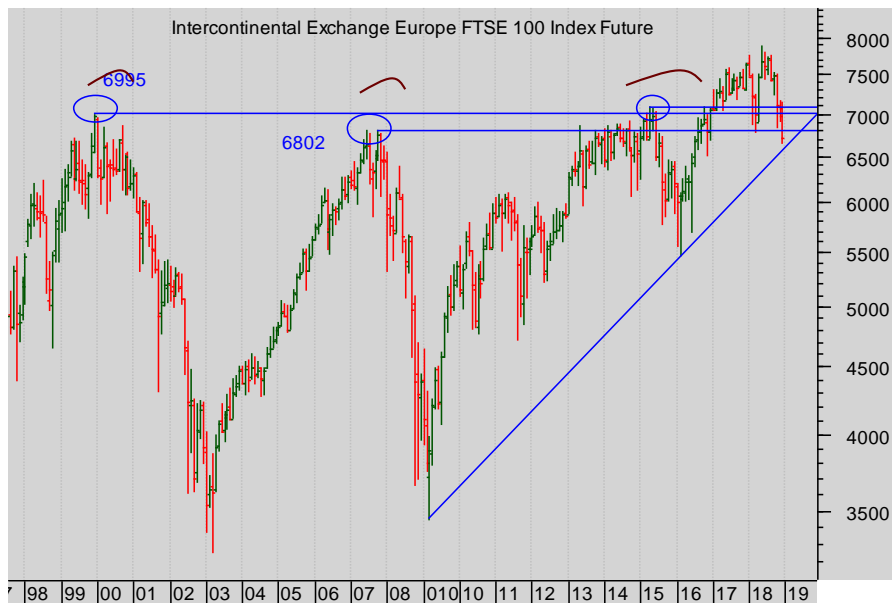
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IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

If the market closes at the end of December beneath 6802 then the support from the succession of Prior Highs (6796, 6995) has been smashed, so the market is no longer underpinned.



Liffe FTSE 100 Weekly cont. futures chart

Watch the Prior Low. The trigger for the break of the monthly chart is maybe the Prior Low in the weekly chart at 6766.

A break of 6766 will suggest a further breakdown

More



Stocks: Liffe FTSE 100

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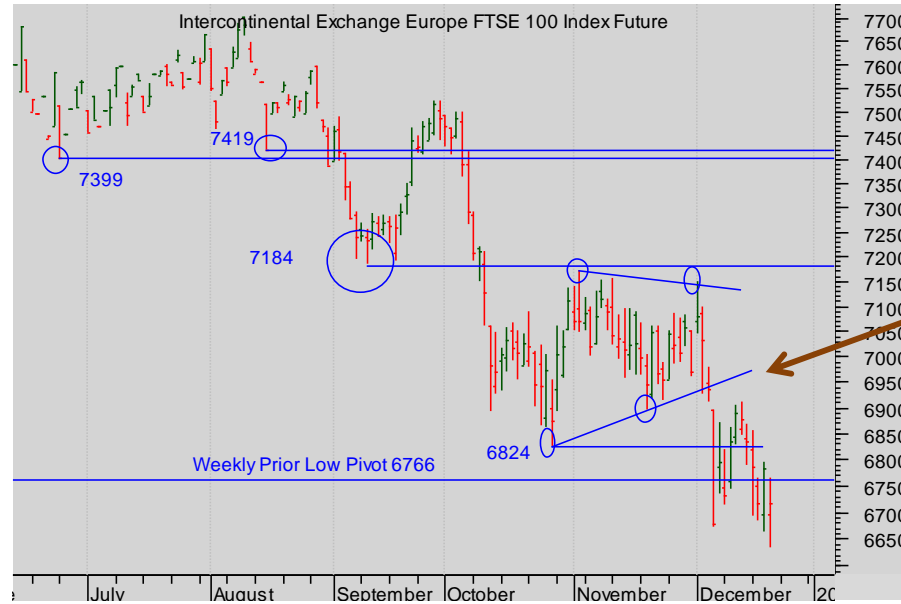
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec18 daily futures chart

Because of the continuation Triangle the next leg down has begun.

Note the failure to rally + the proximity of the weekly low Pivot at 6766.

A close below 6766 on the week (tonight) would be very poor for the market and set up a break of the monthly support level of 6802...

Eeek!



Stocks: OSE Nikkei 225

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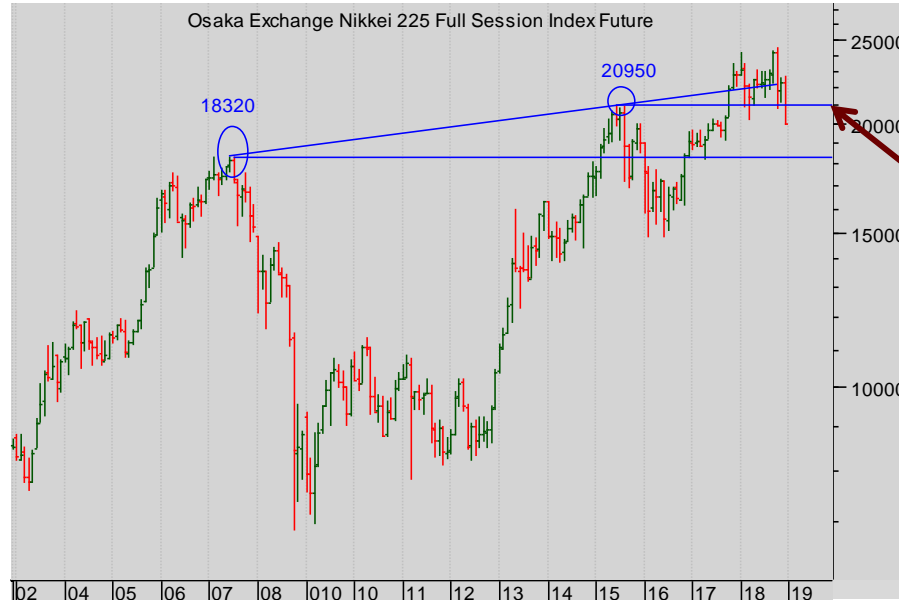
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Commodities

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IMPLIED ASSET ALLOCATION



Nikkei 225 chart (monthly)

The market has smashed down through the Prior High 20950.



Nikkei 225 chart (WEEKLY)

The market's retreat from the Highs has been sharp and smashing the major support from the 20950 suggests ongoing weakness.

More



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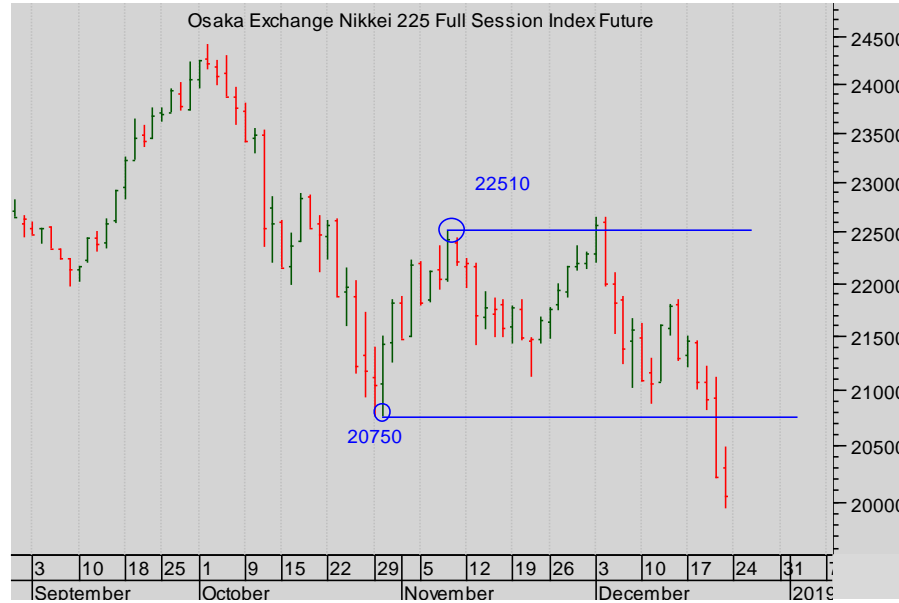
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart Daily Mar 19.

But here's a short-term break down: long, medium and short-term **the bears are in charge.**



Bonds

BONDS:

As we had argued before only the German bund looks unambiguously bullish in the long-term. Other markets have all risen sharply too but remain confined by massive overhead resistance...

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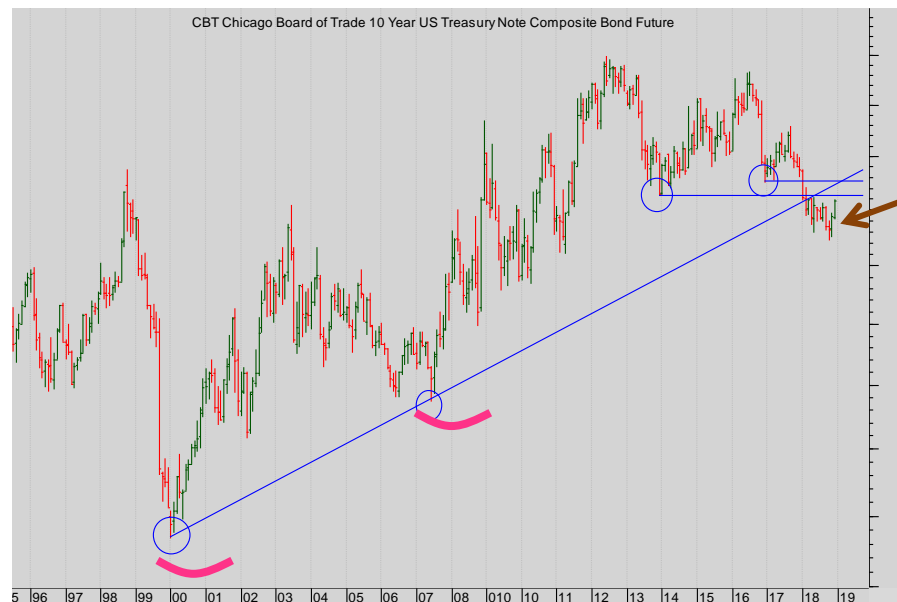
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Commodities

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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**.

The Pivotal band of Prior Lows has been smashed.

The recent two month rally is running into resistance at that band...

More



Bonds: CBOT Ten Year Notes

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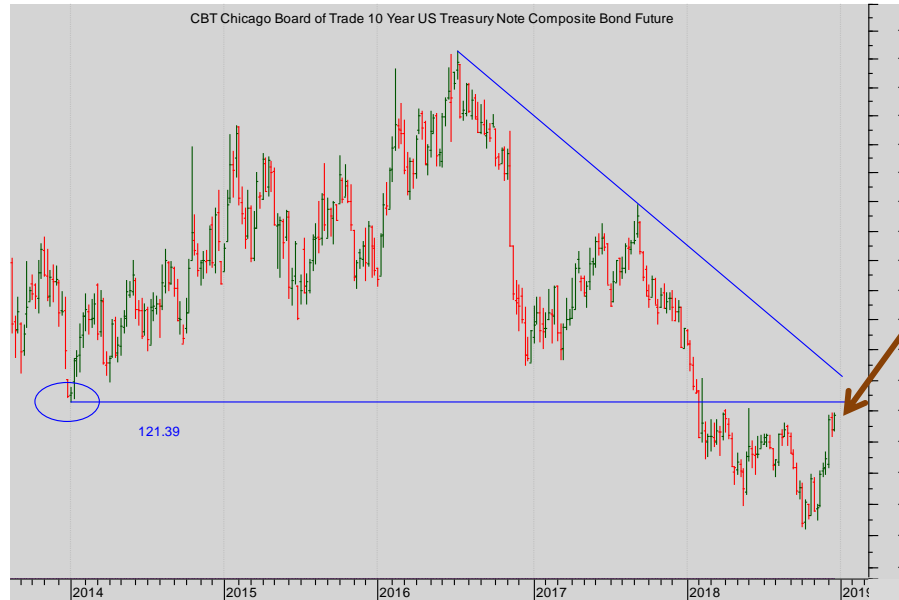
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Commodities

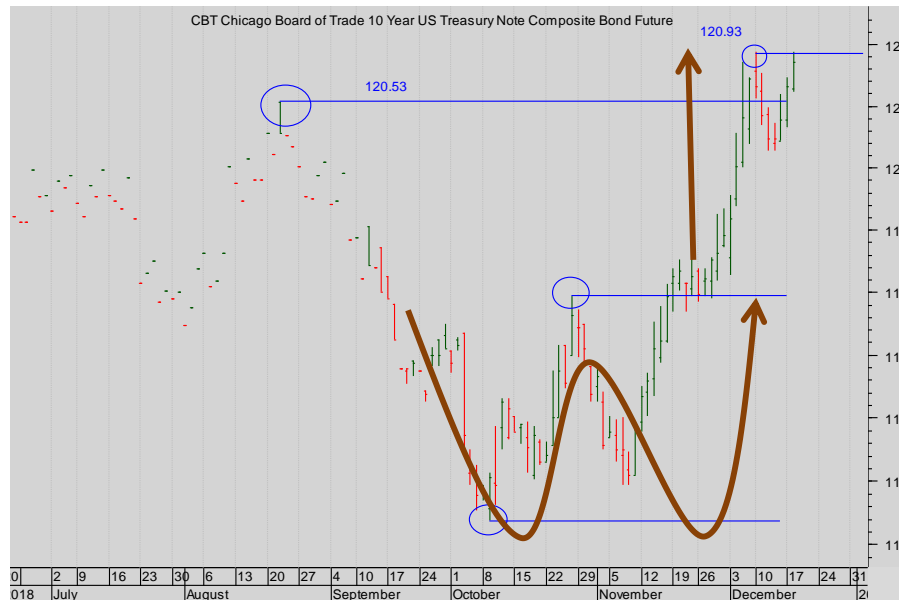
- + Oil
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IMPLIED ASSET ALLOCATION



CBOT Ten Year Notes weekly futures continuation chart

Note the bounce to test the good resistance above the market now..



CBOT Ten Year Notes daily Mar 18 futures chart

This was surely a completed Double bottom.

The minimum bull move from the Double Bottom has been achieved

But if the two prior Highs, one recent and once in August can be overcome then there may be more short-term bullishness...





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IMPLIED ASSET ALLOCATION

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund monthly futures continuation chart

The break up through the falling diagonal is important (if confirmed at the end of the year) **and sets up a new bull leg.**

Eurex Ten Year Bund weekly cont. futures Chart

This bull falling wedge continuation pattern looks to have completed.

The bulls are excited....

More



Bonds: Eurex Ten Year Bund

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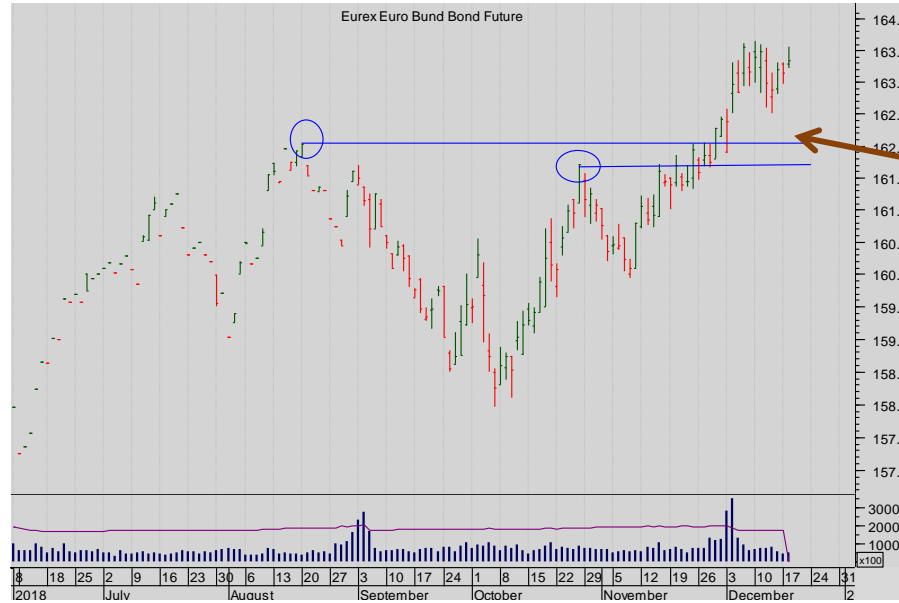
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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund March 2019 Daily futures chart

The CONFIRMED break of
161.33 is very bullish in the short-
term



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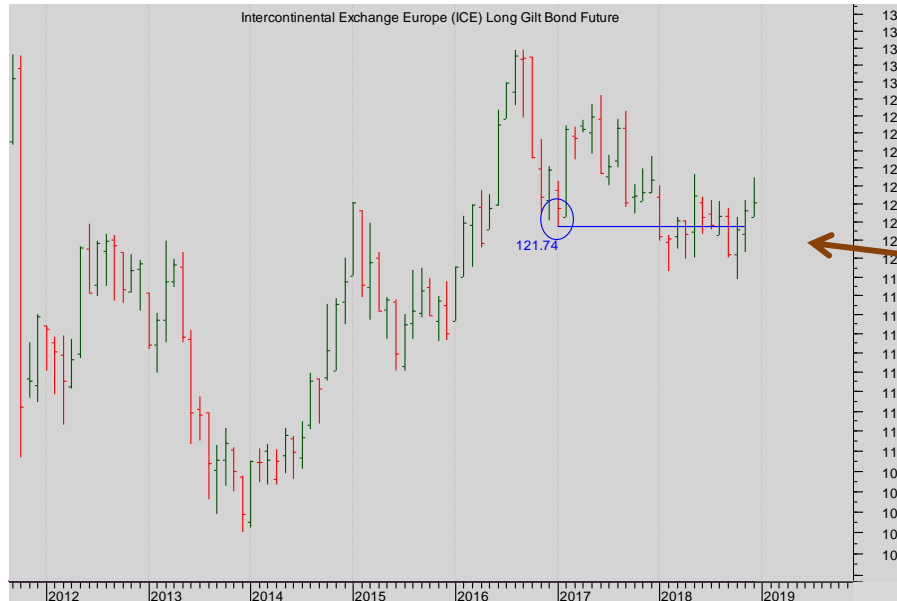
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IMPLIED ASSET ALLOCATION

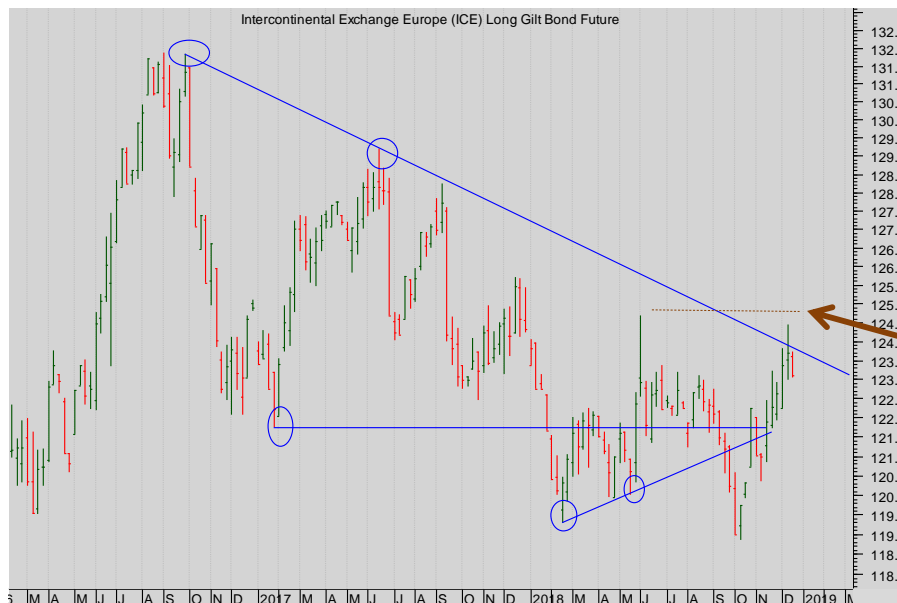
Bonds: Liffe UK Gilt futures



Liffe UK Gilt monthly futures continuation chart

The market is confused.

Look closer.



Liffe UK Gilt weekly continuation futures Chart

But the medium-term price action, still within a clear downtrend, is interesting because of the testing of the diagonal...

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

More



Bonds: Liffe UK Gilt futures



Long Gilt daily Dec 18 chart

Note the **pause of the last few days...**

The small bull trend diagonal support has been broken.

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

Oil has smashed all possible supports short medium and long-term. Gold has rallied sharply, breaking resistances, but lacks a clear structure to take a measure of the bullishness and likely extent of the bull move.

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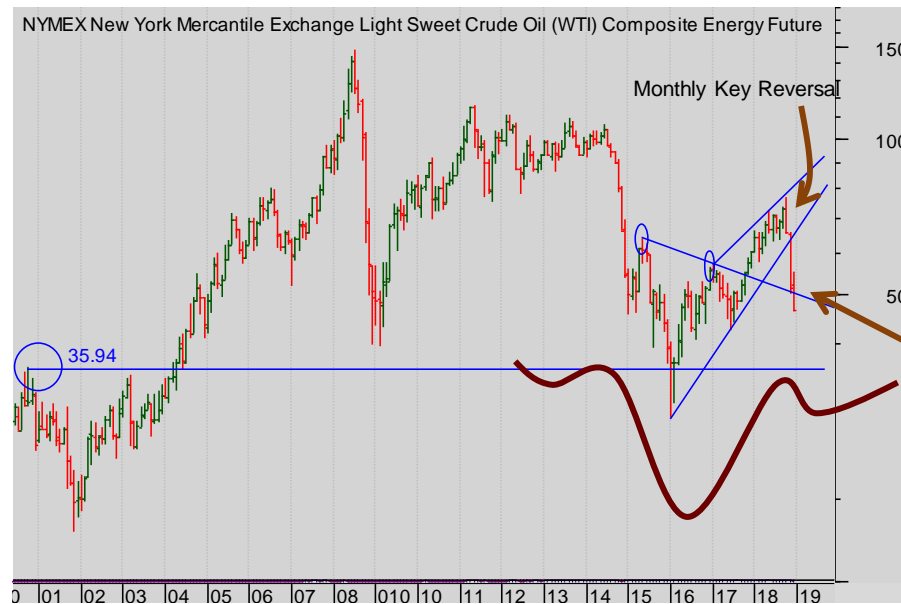
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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

The Key reversal added a good deal of bear impetus...

As a result the massive support at the Neckline has been smashed.

More



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Commodities: Nymex WTI Oil

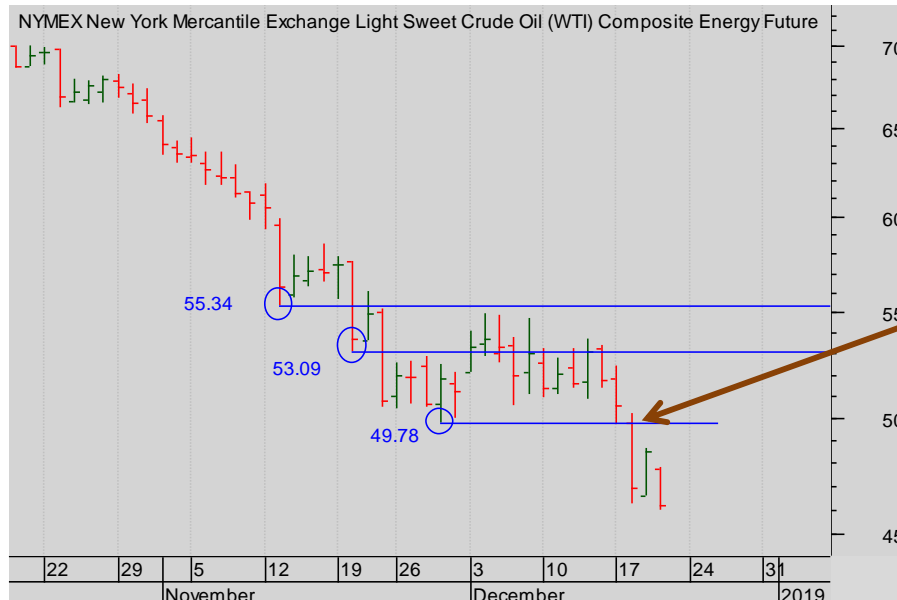


Nymex oil weekly continuation

The collapse in value of the market had such impetus that the supports from the Prior Highs were smashed.

And the Neckline has been breached.

The bears are in control...



Nymex oil daily Mar 19 futures

The drama of the sell-off is clear.

The market tracked sideways for five days.... and then broke down again.

The bears are in charge.



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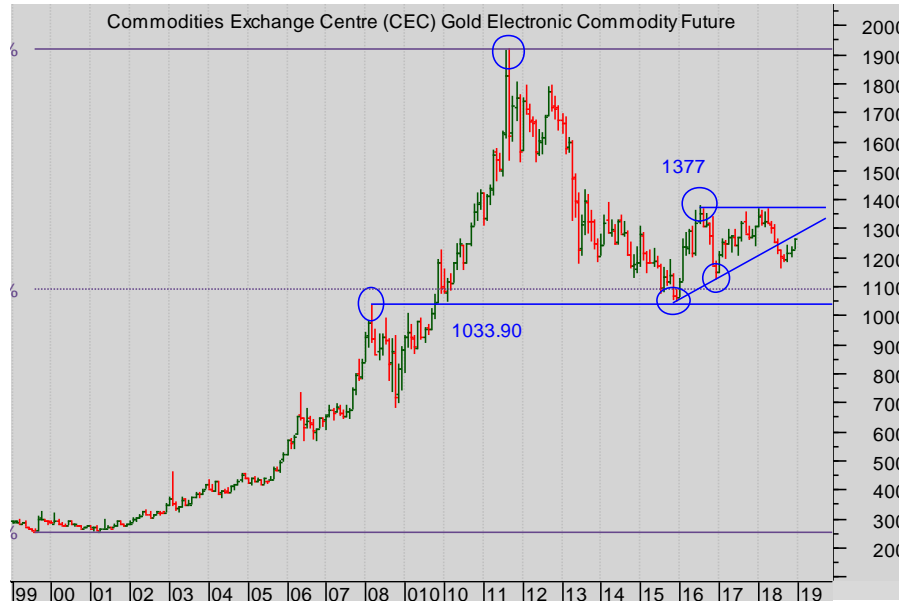
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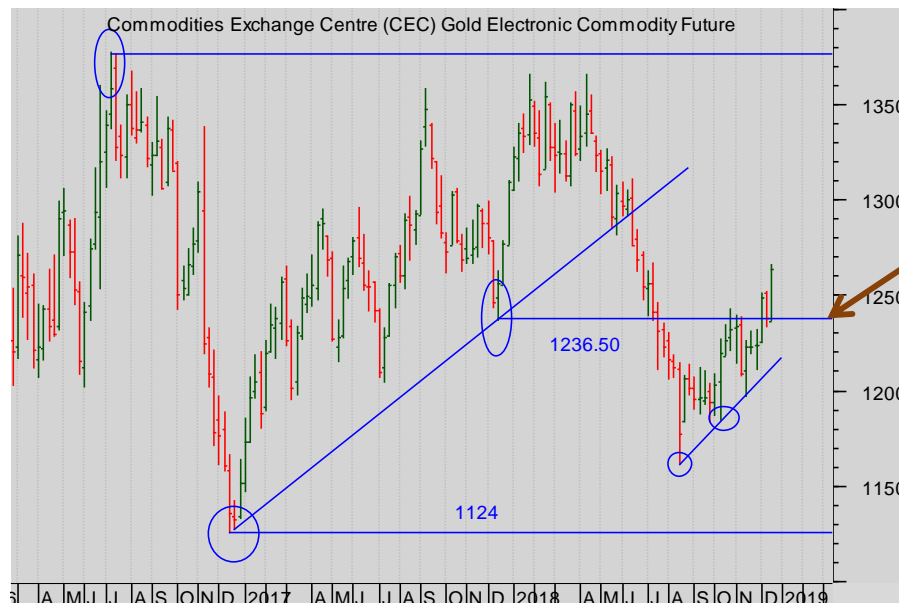
IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



Gold Continuation Week Monthly

The long-term chart shows a clear bounce from the long-term support from the Prior High (and Fibonacci) at 1033.90.



Gold Continuation Weekly

The market SMASHED UP through the resistance from the Prior Low at 1236.50.

The bulls are in charge.



Commodities: Comex Gold

Gold Jan 19 Daily



And is pushing up through the Prior Highs, building support on any pull-backs ...

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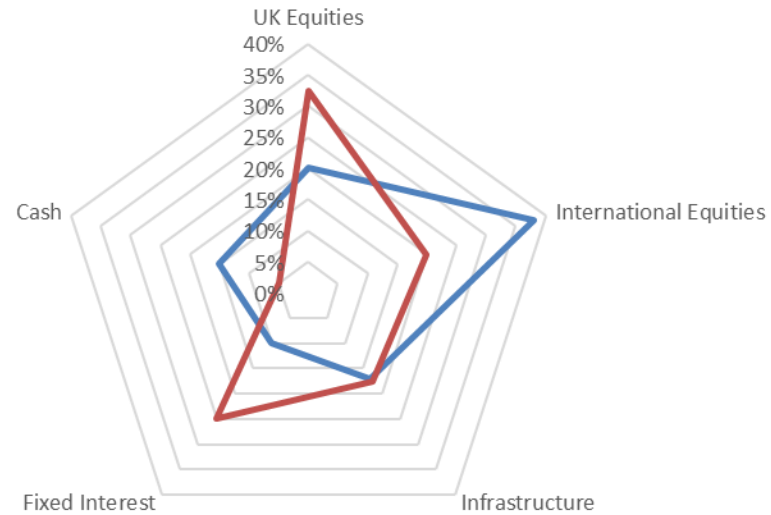
Commodities

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Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation benchmark



More



the technical analyst

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