



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 January 2019

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

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

Short-term FLAT Euro
Short-term **BULL** Sterling
Short-term **BULL** Yen
Short-term FLAT Euro

Stocks

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

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

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

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

Bonds

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

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

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

Short-term **BULL**
Short-term **BULL**
Short-term **BULL**

Commodities

- + Oil
- + Gold

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

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

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

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More



Currencies: Dollar Euro

CURRENCIES:

The long-term picture of Dollar bullishness has been confused by the short and medium-term Dollar weakness that has crept into the markets. This weakness is particularly evident in the Cable and the Dollar Yen. Note the dull Sterling Euro cross.

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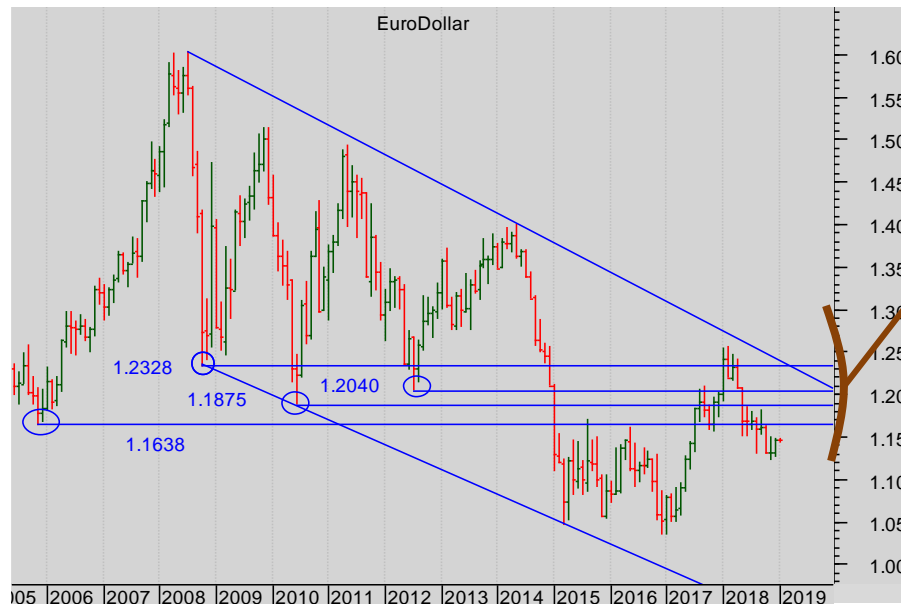
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IMPLIED ASSET ALLOCATION



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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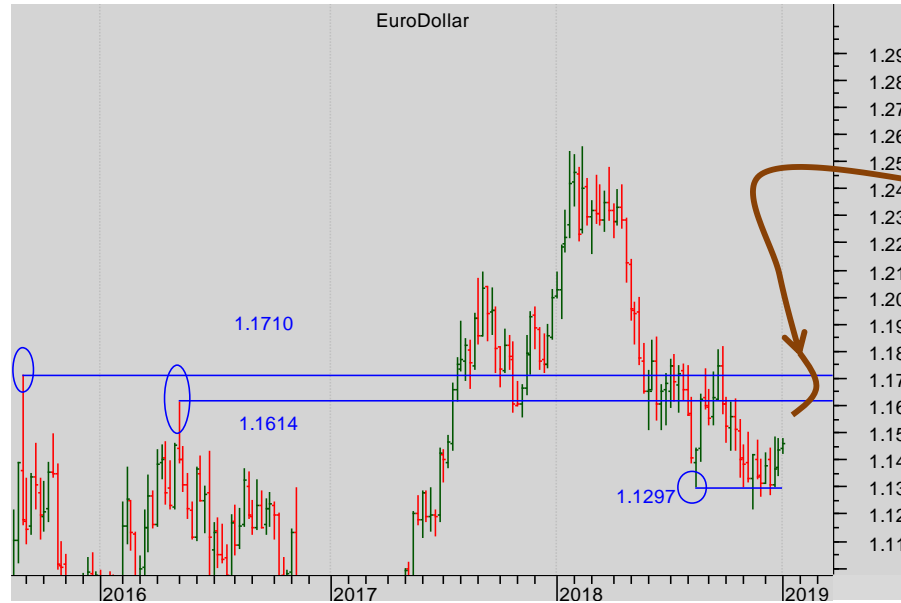
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

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

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

Is a bounce in the Euro possible from here?



Dollar Euro spot cash chart daily chart...

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

Note though that the market (the Euro) is close to having completed a bottom formation...



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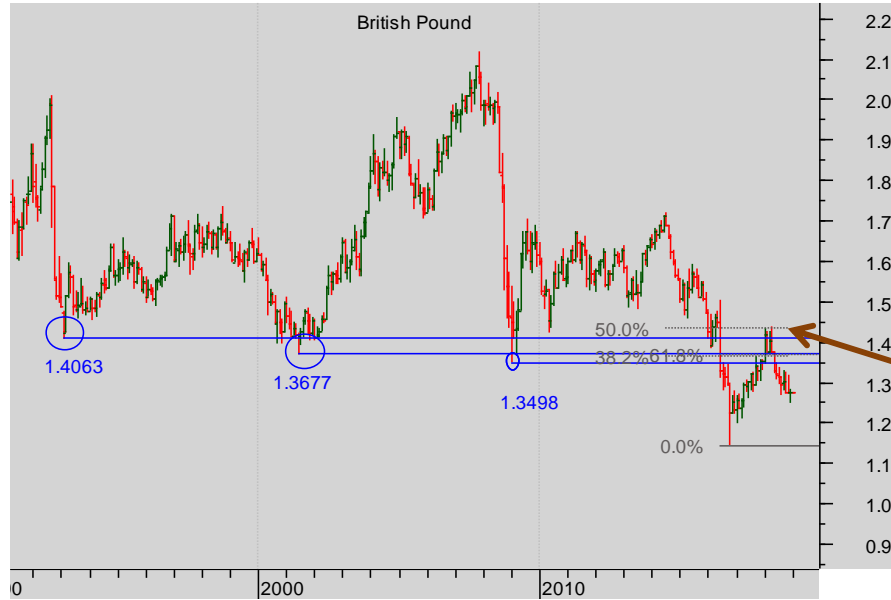
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

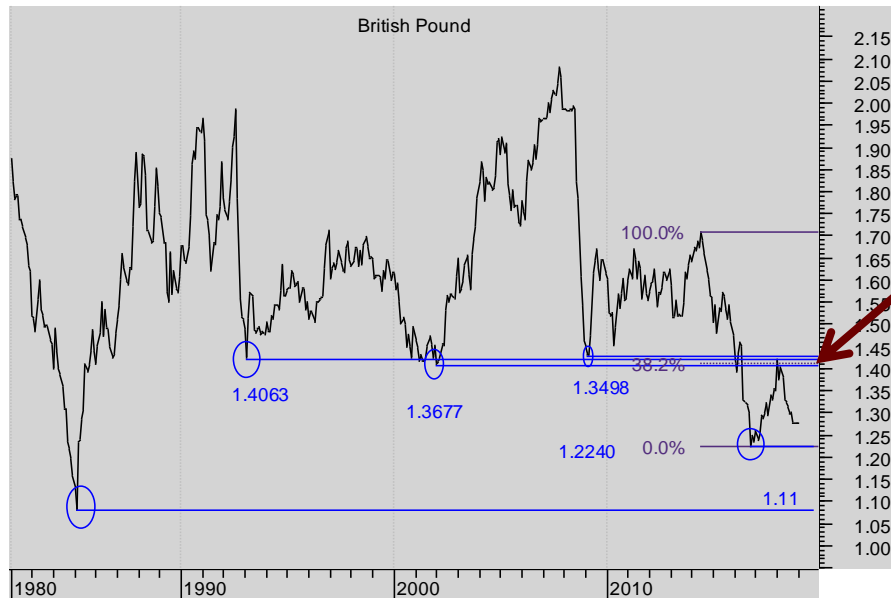


Dollar Sterling Monthly spot cash chart

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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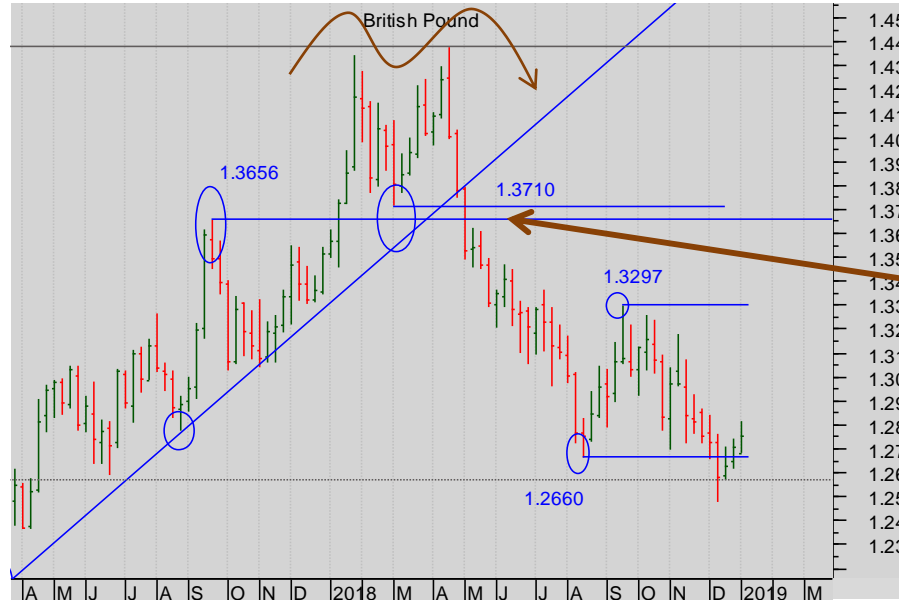
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Commodities

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IMPLIED ASSET ALLOCATION



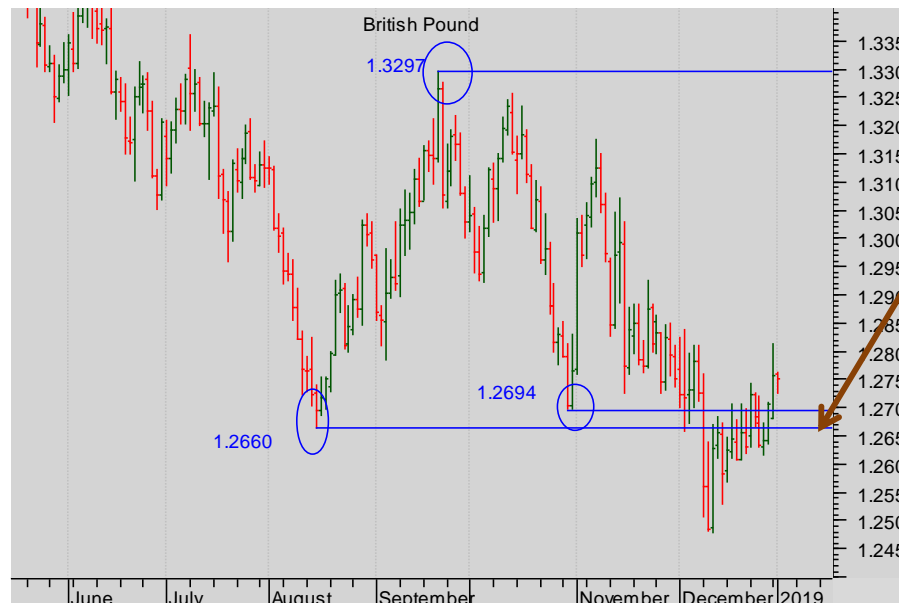
Dollar Sterling weekly spot cash chart

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.

The range since August looked to have been broken.

But the market has bounced...



Dollar Sterling daily spot cash chart

The break of the lower boundary of the range. Was a false Sell Sterling signal.

We are back in the trading range.



Currencies: Dollar Yen

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Commodities

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IMPLIED ASSET ALLOCATION



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

Yet this suggests no Dollar strengthening for the moment.

Note the failed close approach to the Prior Highs at 114.36

In the medium term the Dollar is weakening...

More



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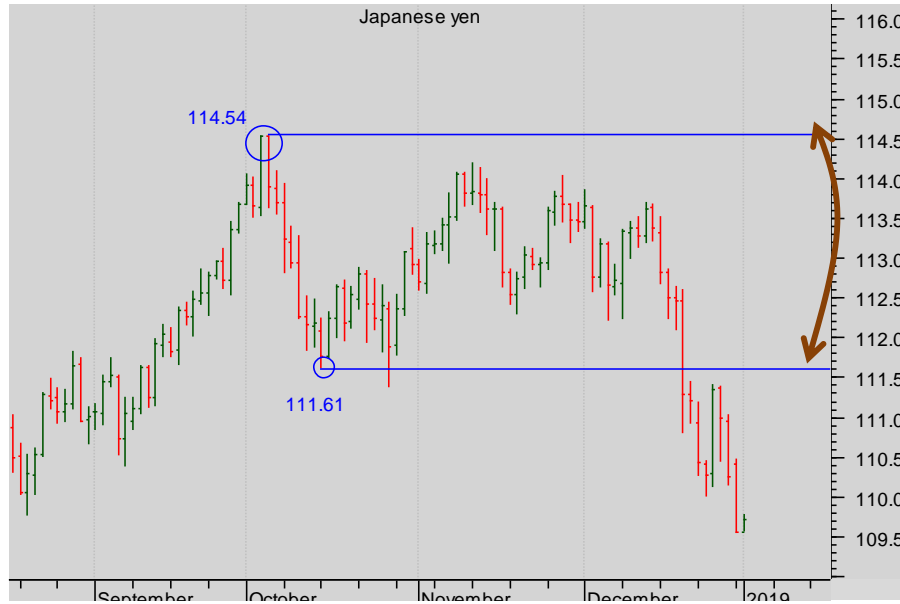
- + Ten Year US TNote
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Commodities

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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Note the breakdown of the range. Sell the Dollar short-term.



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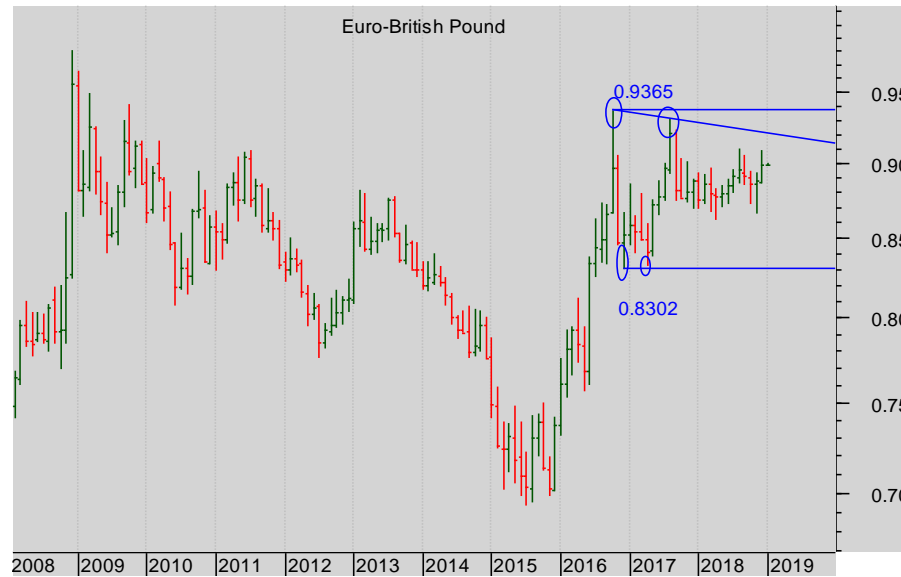
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Commodities

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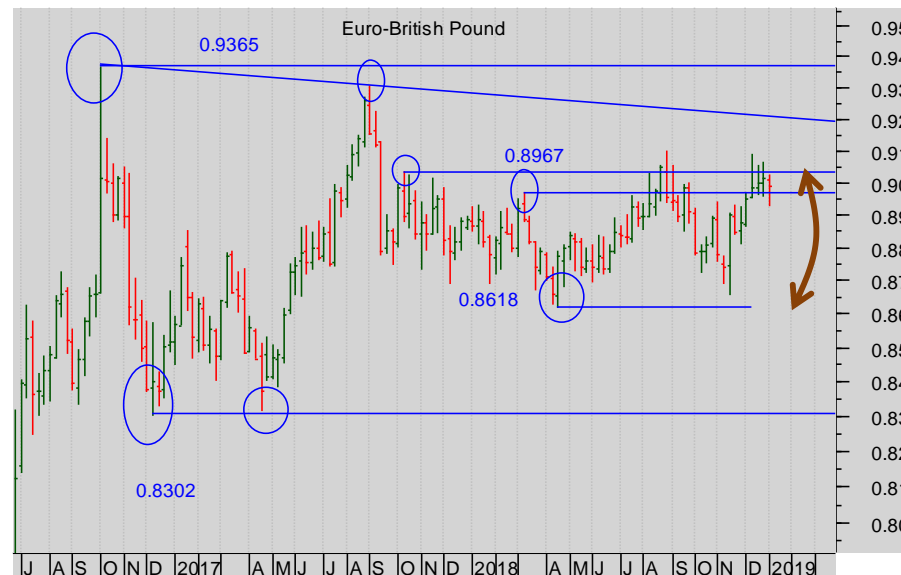
IMPLIED ASSET ALLOCATION

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.

Still.

More



Currencies: Sterling Euro

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- + **Sterling Euro**

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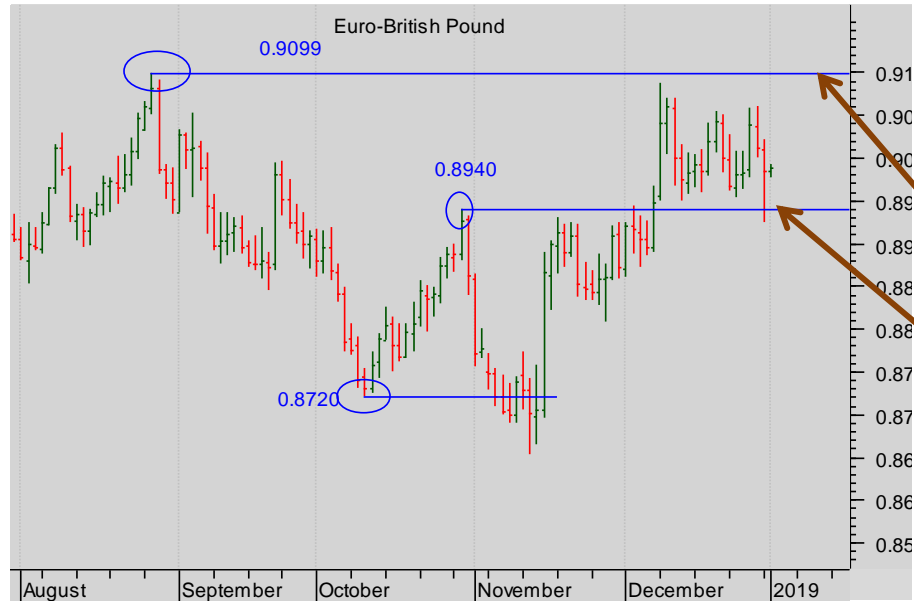
Bonds

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Commodities

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- + Gold

IMPLIED ASSET ALLOCATION



Sterling Euro daily spot cash chart

It's volatile, so stand back and wait for a break.

Sell Sterling again on a break of 0.9099.

Buy sterling on a breakdown through 0.8940



Stocks

STOCKS:

The S&P and Eurostoxx remain very bearish, there is indeed scope for further short term rallies but they will have to do a great deal more in pushing through close powerful resistances to convince the bears that they are wrong. FTSE is bearish too, but has stopped at interesting diagonal support to through some (perhaps short-term) doubt on the bear case. Least bearish is the Nikkei which has yet to break down through the equivalent long-term supports that others have long since smashed.

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Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

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

Look closer.

NB first long-term support lies some way beneath the market at 2118

More



Stocks: CME S&P 500

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IMPLIED ASSET ALLOCATION



CME S&P 500 cont weekly cont. chart

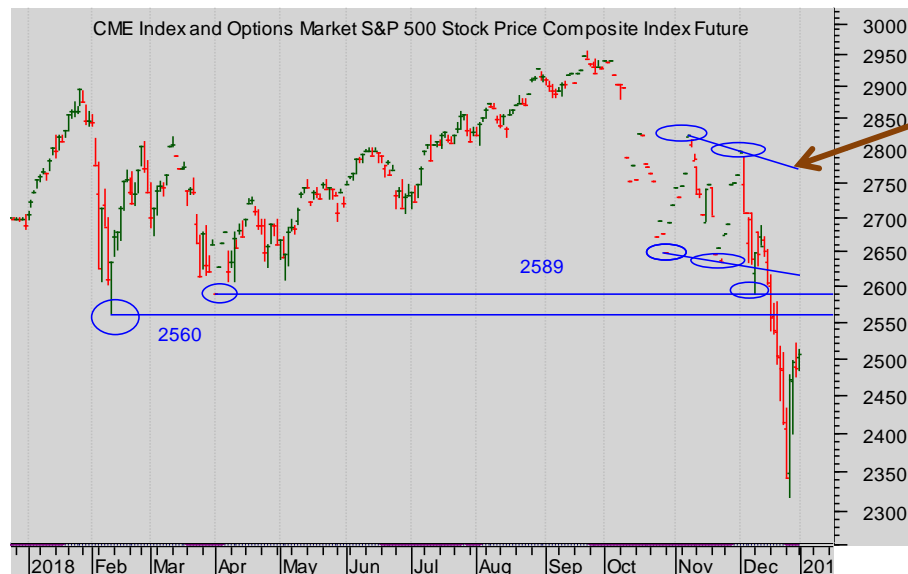
Note the smashing down through the Prior Lows a band 2546-2579.

And the breaking of the diagonal uptrend support (from 2011) at the same time

A close beneath that area on the week is very bearish.

(There is now massive resistance above the market at 2550.)

Any rallies to that level should be sold.



CME S&P 500 daily Dec 2018 chart

Now this looks like a continuation Bear triangle.

It drove the market down through the Prior Lows at 2560.

The rally looks like a short-covering rally.

We remain bears and selling into the rally as far as 2600.

More



Stocks: Eurex EuroStoxx 50

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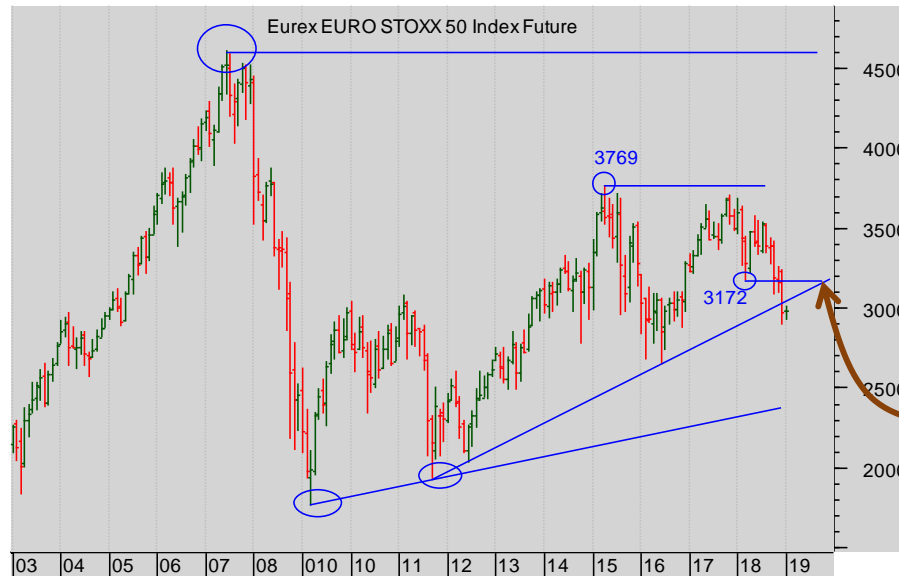
Bonds

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- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

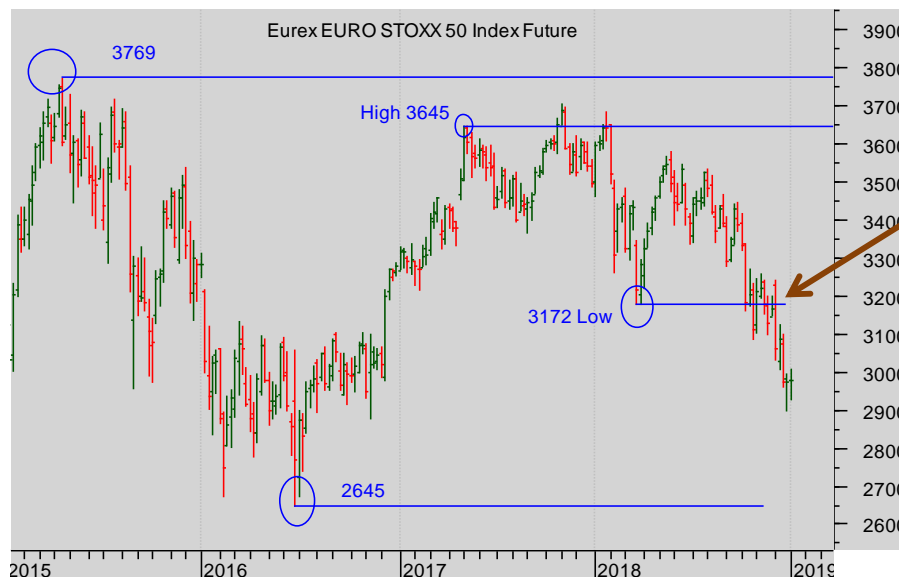


Eurex EuroStoxx 50 monthly continuation futures chart

The long-term condition of the market is quite clear: no unambiguous top formations are in place

It's clear the market failed to push through the old 3769 High and looks vulnerable.

Note the break beneath the Prior Low of 3172 and the resultant break of the (well-established) uptrend support from 2010



Eurex EuroStoxx 50 weekly continuation futures chart

Good resistance above the market at 3172 – the completion level of a Double Top?

More



Stocks: Eurex EuroStoxx 50

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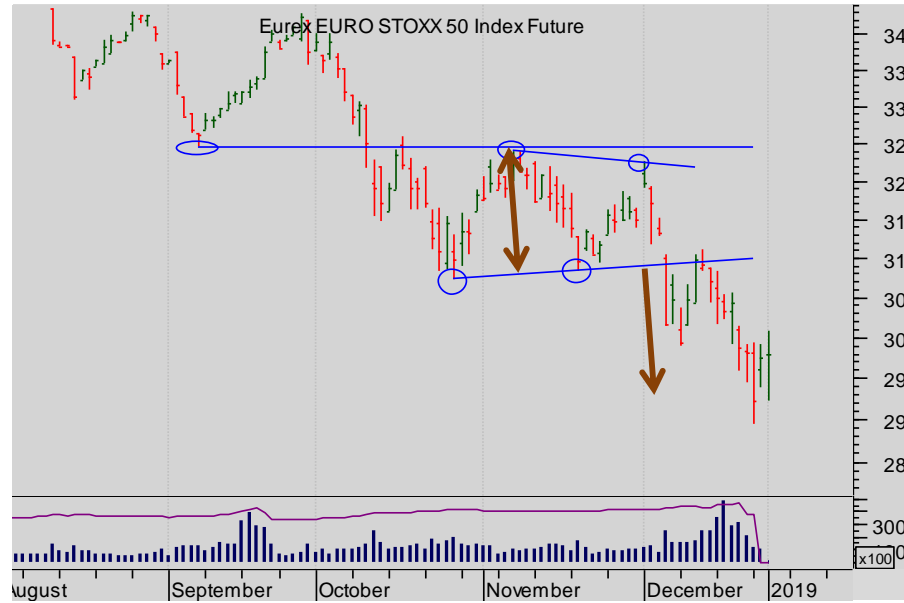
Bonds

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Commodities

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- + Gold

IMPLIED ASSET ALLOCATION



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 and so confirmed the bearishness).

Minimum move? 2950 We have had that.

So there is a loss of short-term bear momentum.



Stocks: Liffe FTSE 100

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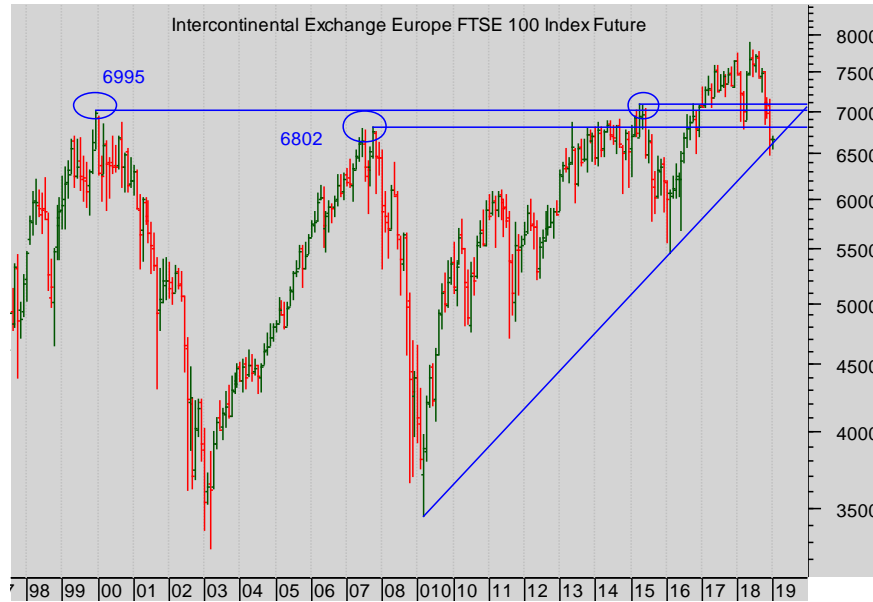
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

The market closed at the end of December beneath 6802

so the support from the succession of Prior Highs (6796, 6995) has been smashed,

so the market is no longer underpinned.

Note the pause at the Uptrend support from 2009...



Liffe FTSE 100 Weekly cont. futures chart

Note the Prior Low.

A break of 6766 will suggest a Double Top has been completed suggesting

...

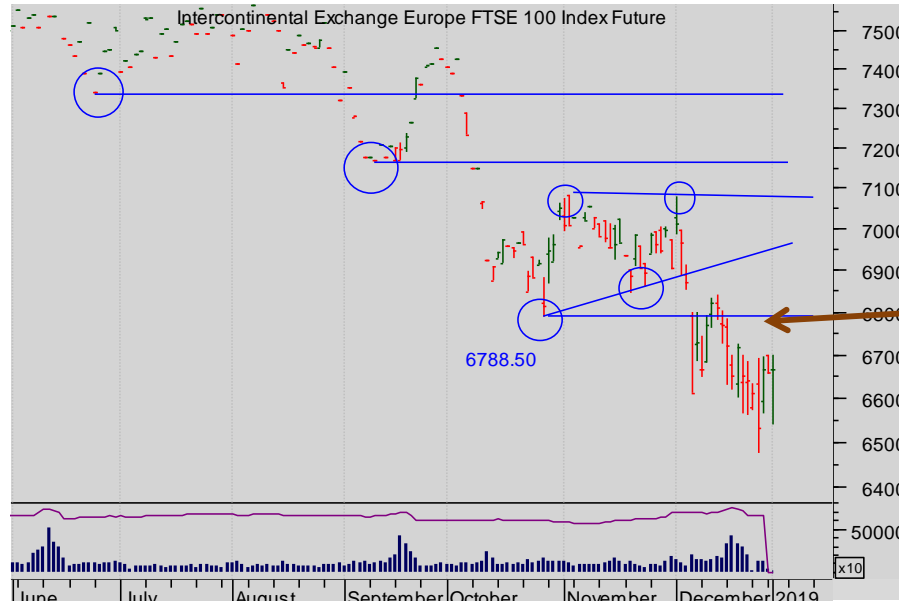
further breakdown.

Minimum Measured likely move? 6000.

More



Stocks: Liffe FTSE 100



Liffe FTSE 100 Dec18 daily futures chart

The continuation Triangle began the next leg down.

Note the failure to back through 6788.

The bears remain in charge.

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IMPLIED ASSET ALLOCATION



Stocks: OSE Nikkei 225

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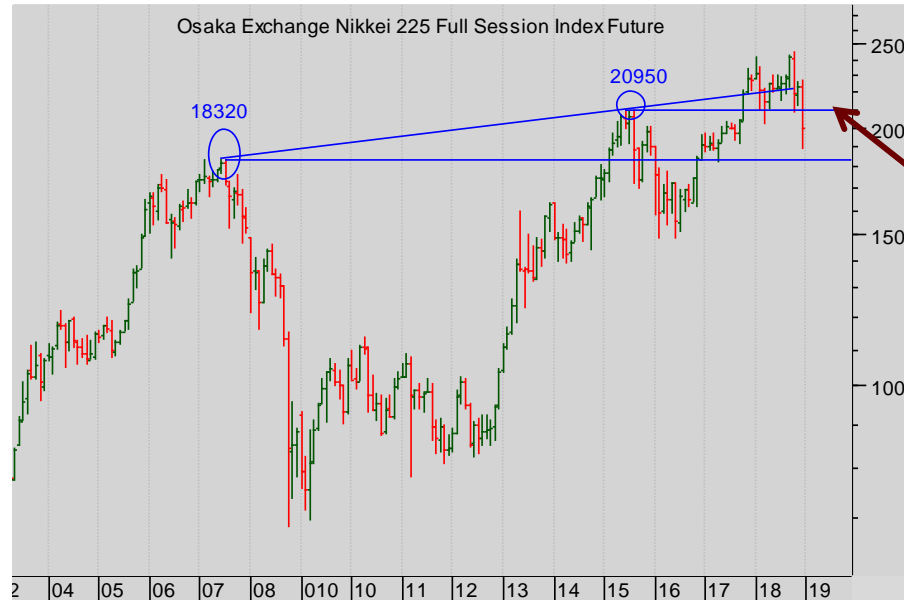
Bonds

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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



Nikkei 225 chart (monthly)

The market has smashed down through the Prior High 20950.

But for the moment the band of support from 18320/20950 is **holding**.



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



Stocks: OSE Nikkei 225

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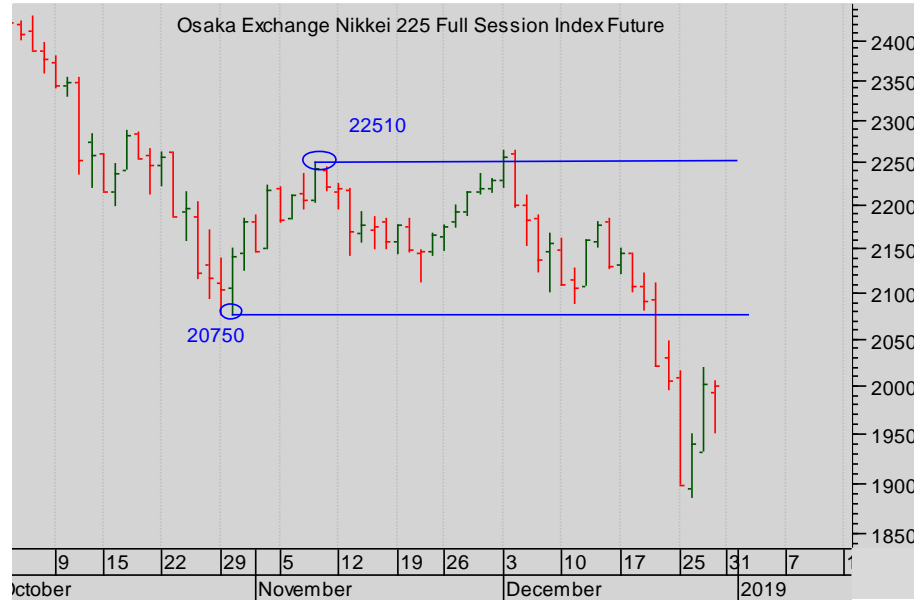
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Commodities

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IMPLIED ASSET ALLOCATION



Nikkei 225 chart Daily Mar 19.

But here's a short-term breakdown: **the bears are in charge.**

Watch for resistance at 20750 on any rally.



Bonds

BONDS:

The rallying bonds are led by the Bunds which have begun a new bull leg. The US Tnote has rallied to crucial levels of resistance that need to break to convince the market that this is anything other than a short-covering rally. Gilts are totally sidelined.

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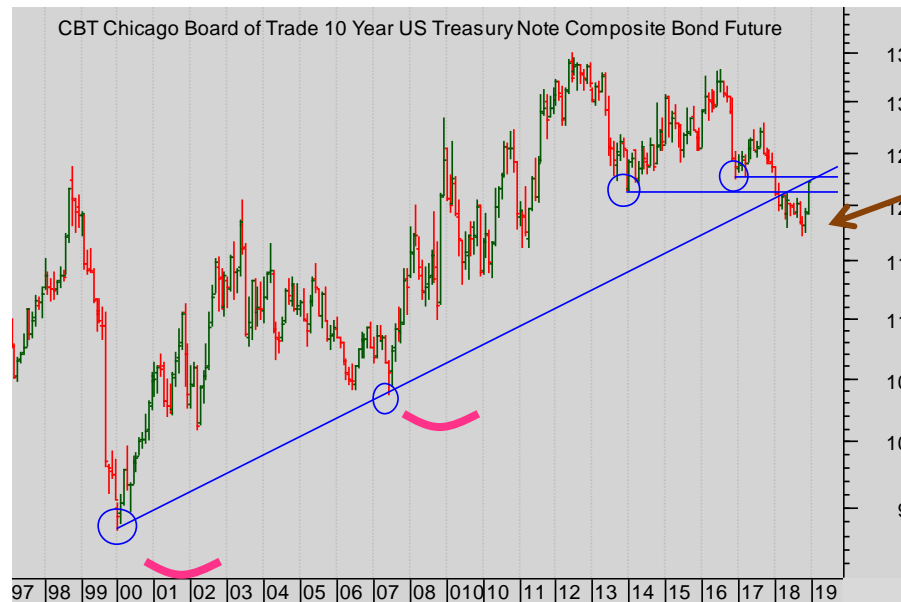
- + Ten Year US TNotes
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Commodities

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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 and at the underside of the broken diagonal.

More



Bonds: CBOT Ten Year Notes

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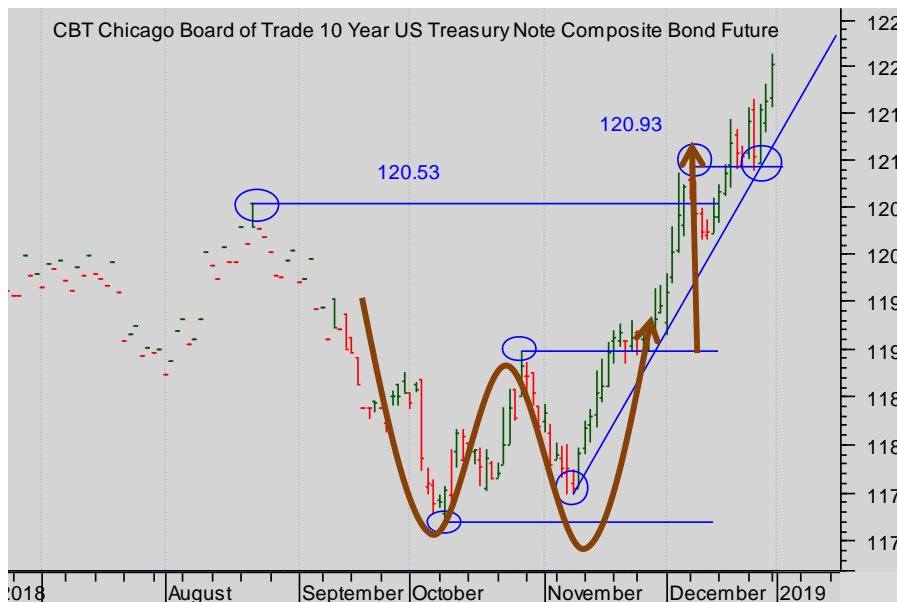
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CBOT Ten Year Notes weekly futures continuation chart

Note the bounce to test the resistances above the market now.

First the Prior Low 121.39 and then the diagonal downtrend resistance.. Which has yet to break.



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 as the two prior Highs, one recent and once in August have been overcome then there may be more short-term bullishness...





Bonds: Eurex Ten Year Bund

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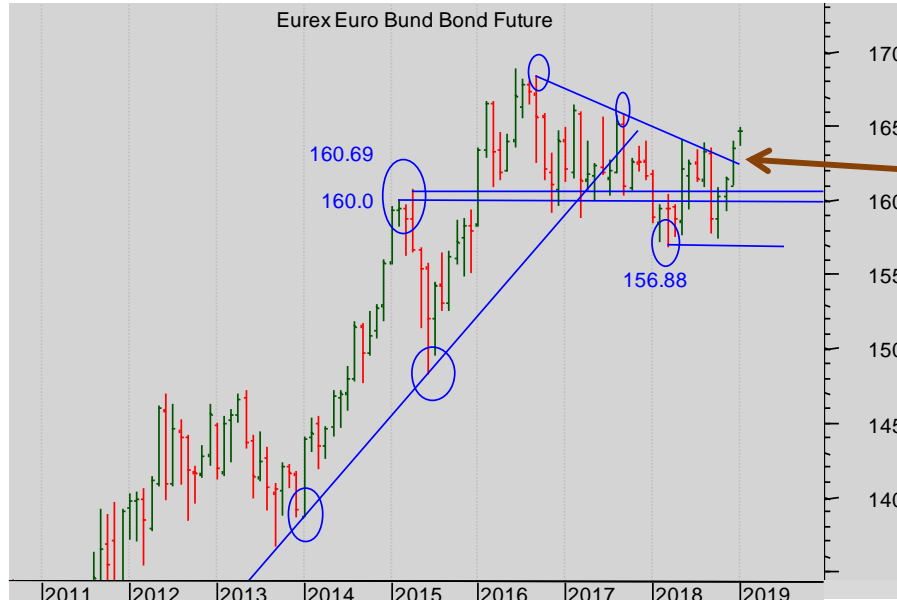
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Commodities

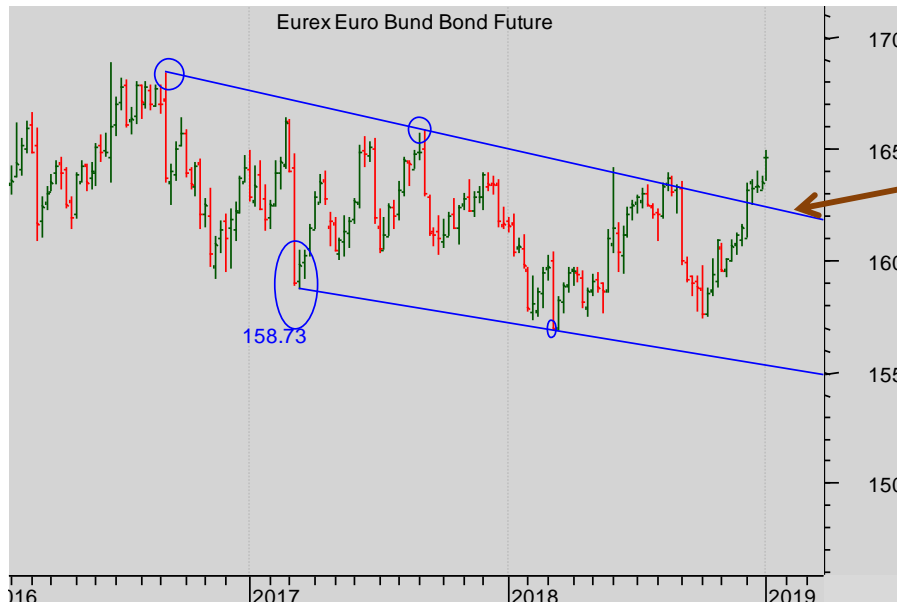
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



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....





Bonds: Eurex Ten Year Bund

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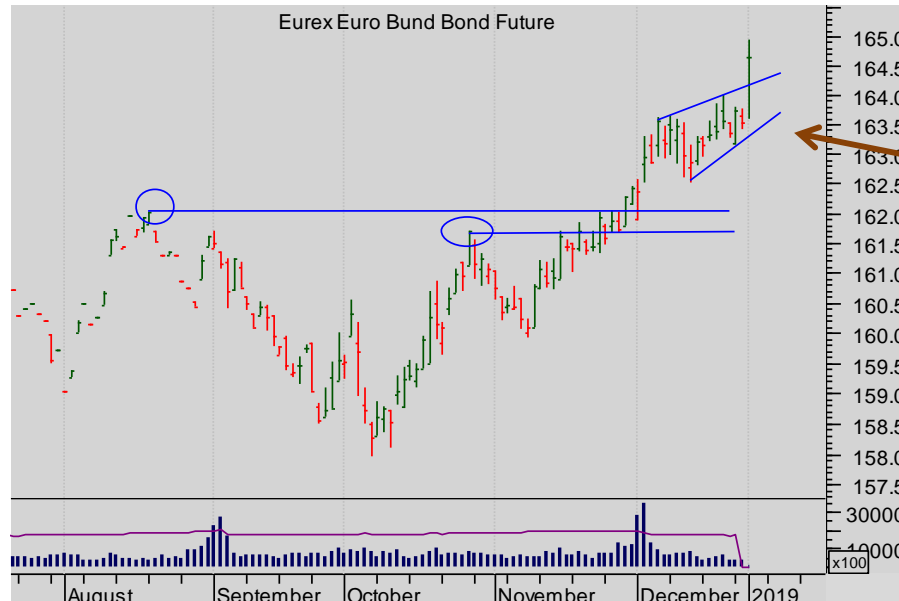
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Commodities

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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund March 2019 Daily futures chart

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

The completed short-term triangle adds to the bull impetus.



Bonds: Liffe UK Gilt futures

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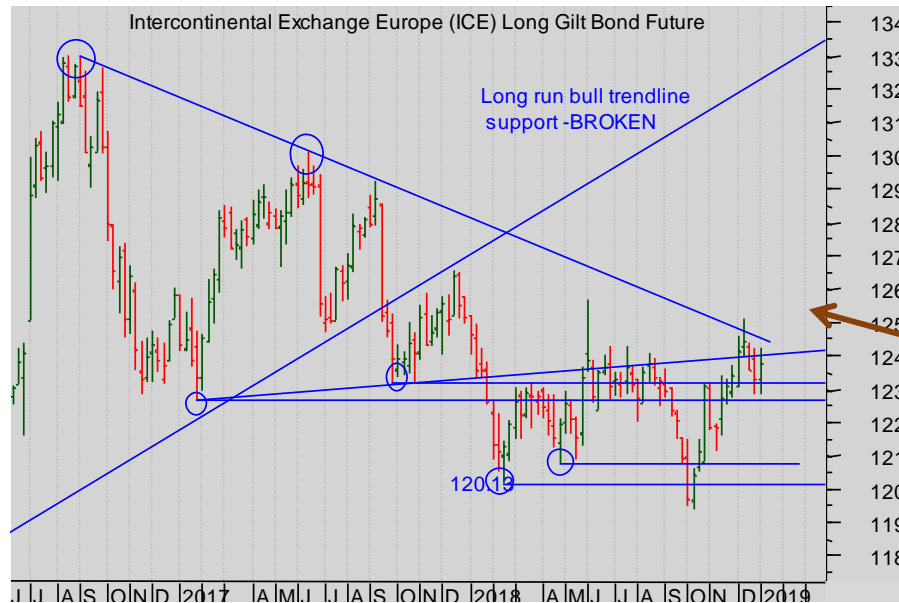
- + Oil
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IMPLIED ASSET ALLOCATION



Liffe UK Gilt monthly futures continuation chart

The market is confused.
Look closer at the test of the diagonal downtrend resistance



Liffe UK Gilt weekly continuation futures Chart

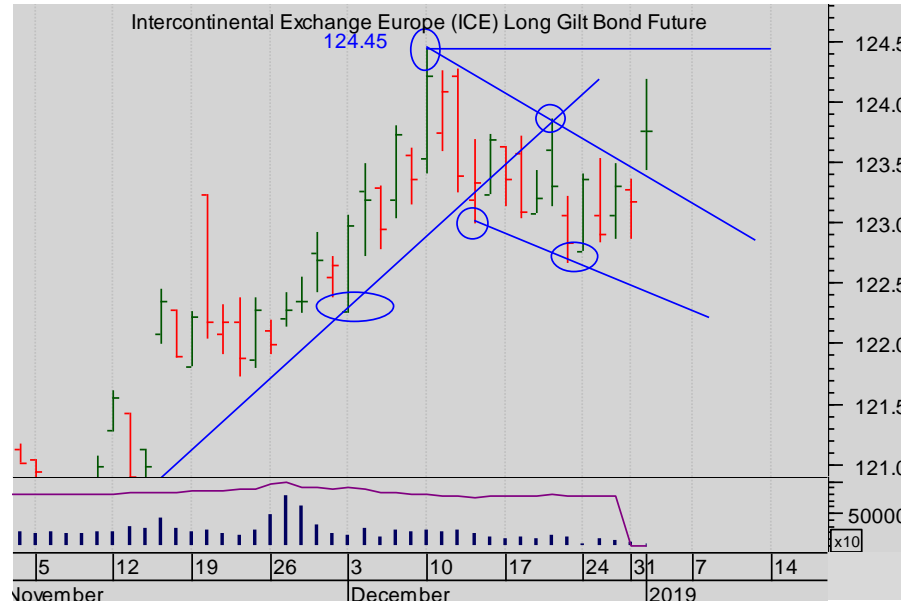
No break yet despite the testing of the diagonal...

A break up through 125 or so would be **very bullish**, for sure, but **there's nothing there at the moment.**





Bonds: Liffe UK Gilt futures



Long Gilt daily Dec 18 chart

Yet is this the catalyst? A completed bull falling wedge?7
Wait for a break of 124.45 to get excited.

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

Oil remains bearish in all time-frames. Gold is bullish in all time frames.

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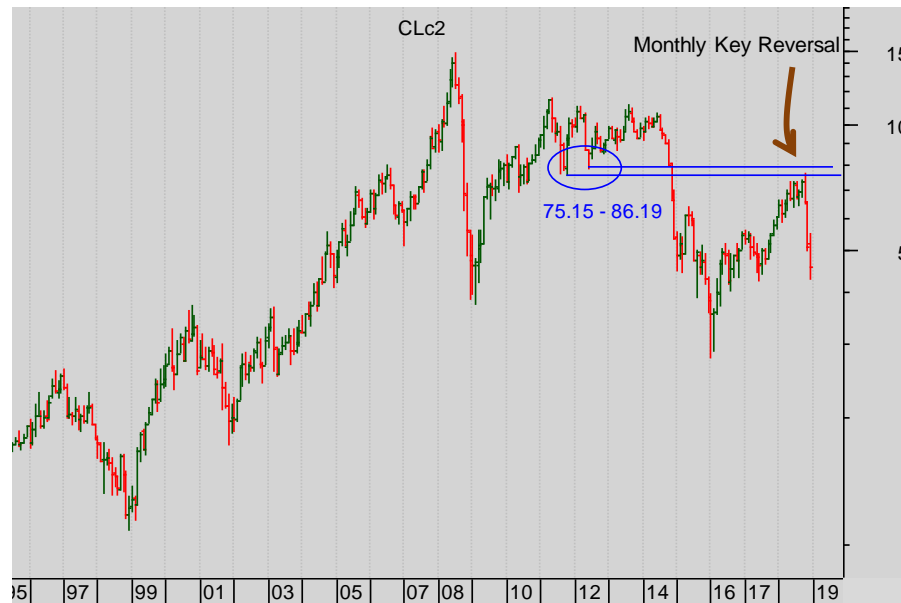
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Commodities

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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... to the failure at the Prior Lows

More



Commodities: Nymex WTI Oil

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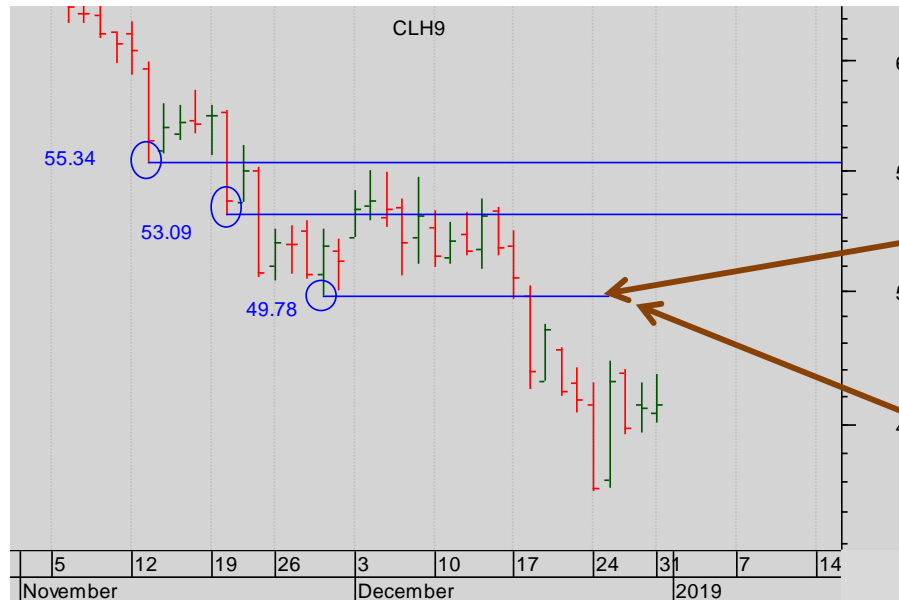
IMPLIED ASSET ALLOCATION



Nymex oil weekly continuation

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

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. First resistance on any rally is the Prior Low at 49.78



Summary

Currencies

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

Stocks

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

Bonds

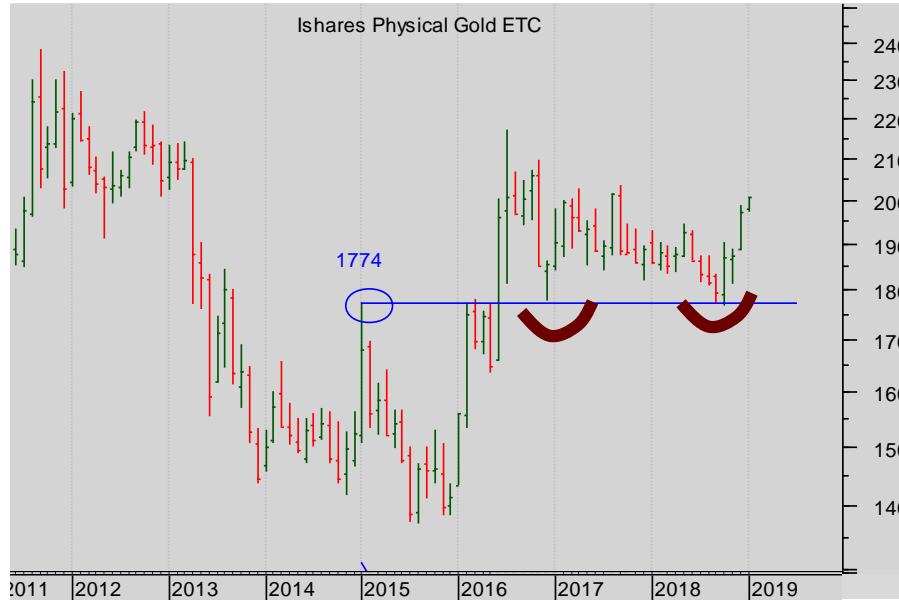
- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

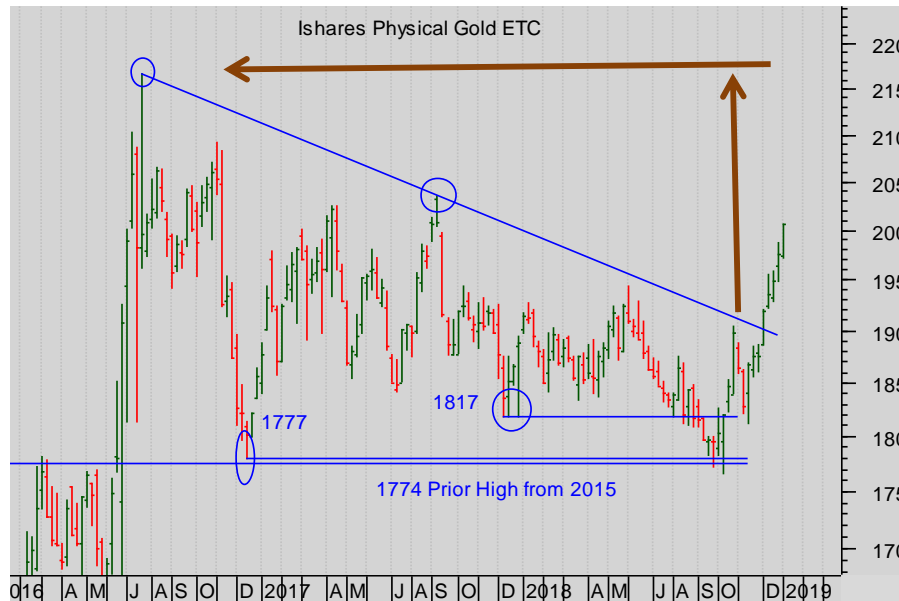
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Commodities: Comex Gold



iShares physical Gold ETC Monthly (in Sterling)

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



iShares physical Gold ETC Weekly (in Sterling)

The completed Bull falling wedge...minimum move? Up as far as 2150 the Prior High.



Commodities: Comex Gold

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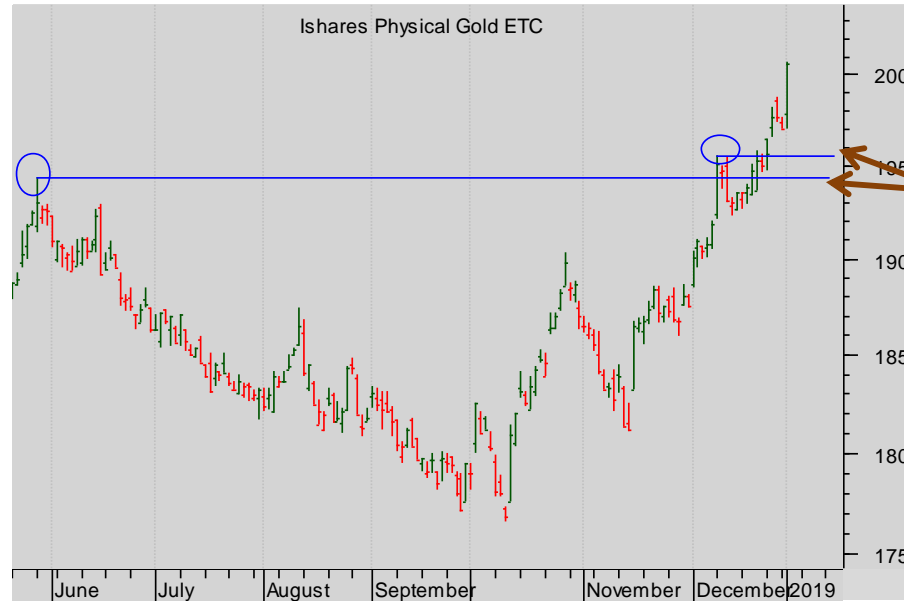
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iShares physical Gold ETC Daily (in Sterling)

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



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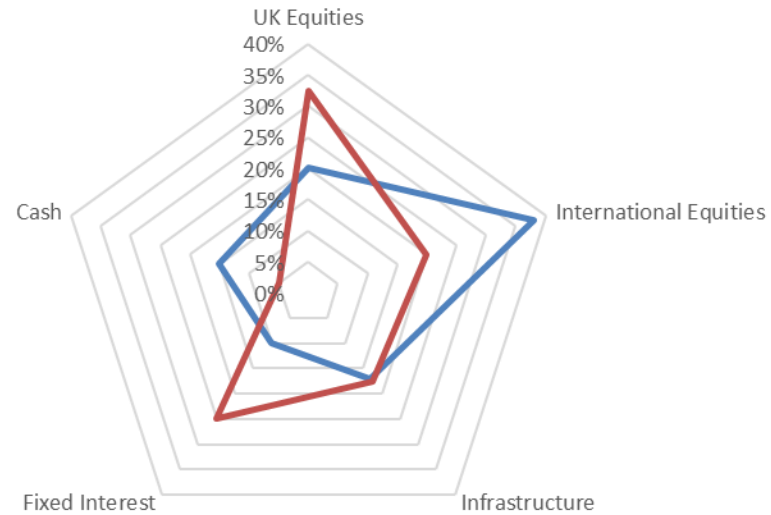
Commodities

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- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation benchmark



More



the technical analyst

AWARDS 2012

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