



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 15th January 2019

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

Stocks

- + S&P 500
- + EuroStoxx 50
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Long-term **BEAR**
 Long-term **BEAR**
 Long-term **BEAR**
 Long-term **BEAR**

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

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

Bonds

- + Ten Year US TNote
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Long-term **BEAR**
 Long-term **BULL**
 Long-term FLAT

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

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

Commodities

- + Oil
- + Gold

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

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

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

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

The Dollar wants to weaken all around: where are the most compelling charts? There's lots of action in the short-term, but it's more difficult to find critical breaks in the medium and long-term. Sterling Euro looks very dull in all time-frames!

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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 still favour the Dollar.**

More



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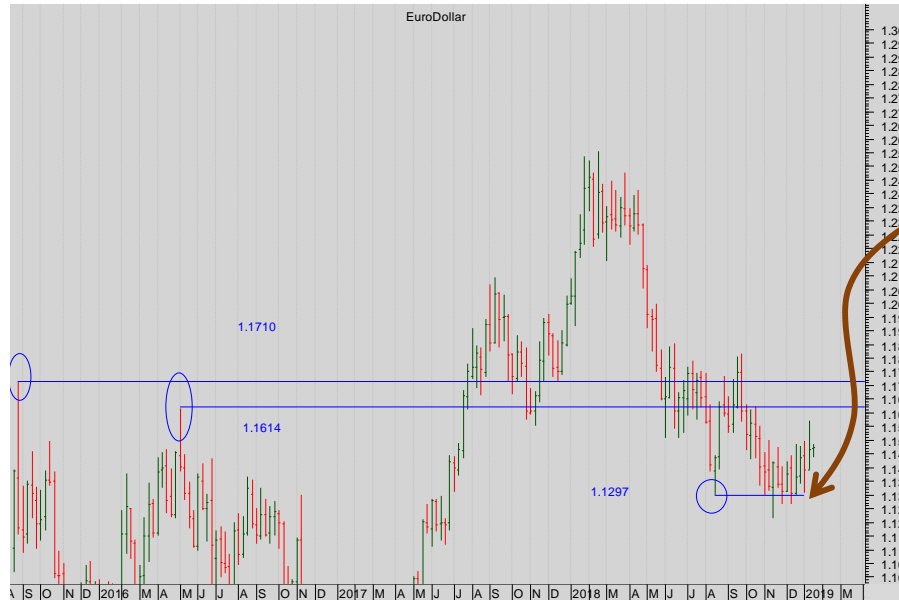
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IMPLIED ASSET ALLOCATION

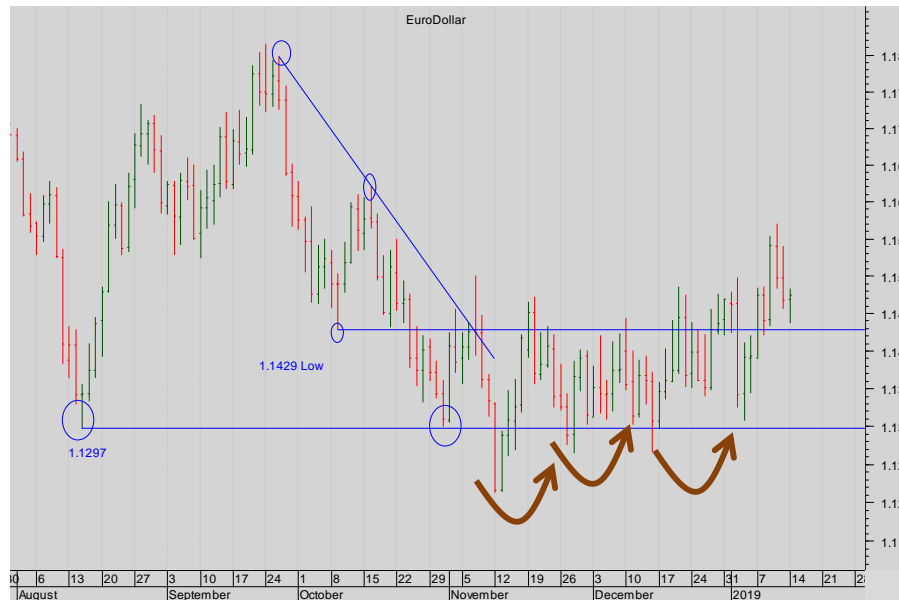
Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

Note 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 bounce looks well supported.



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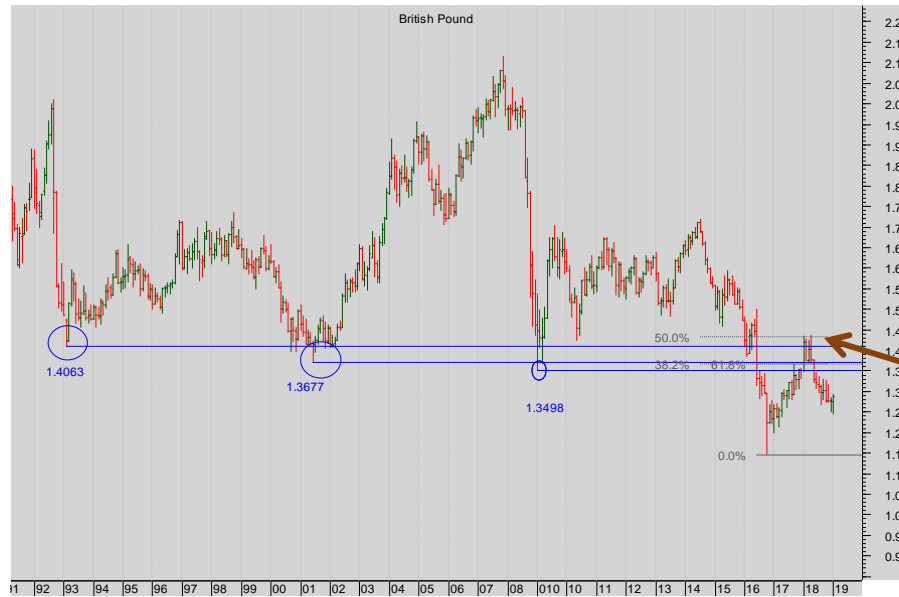
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

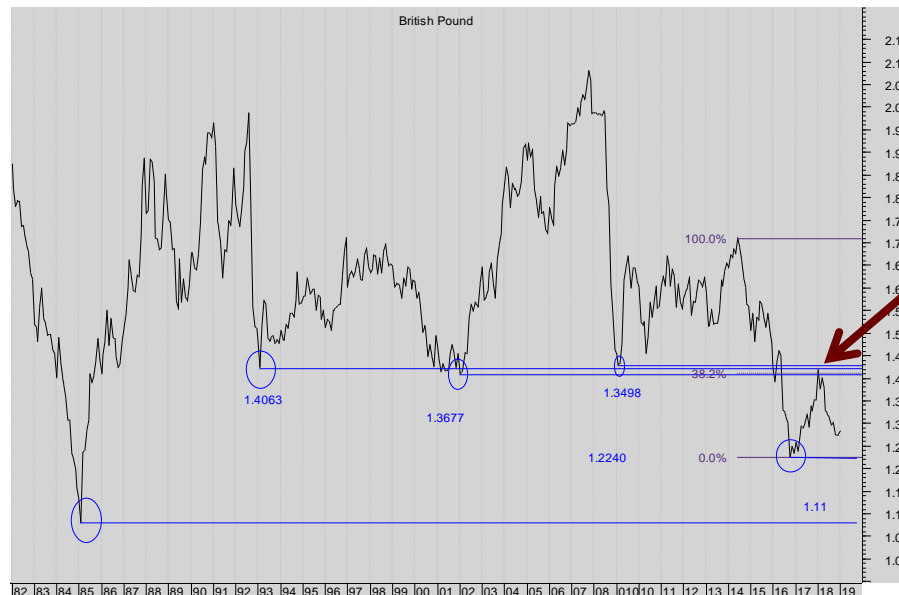


Dollar Sterling Monthly spot cash chart

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



Currencies: Dollar Sterling

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IMPLIED ASSET ALLOCATION



Dollar Sterling weekly spot cash chart

The range since August looked to have been broken.

But the market has bounced...

It doesn't want to stay beneath 1.2660.

This is **bullish** for Sterling medium-term...

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.

We have formed a bottom – a Double Bottom has completed with a minimum move up as far as the Top of the trading range....



Currencies: Dollar Yen

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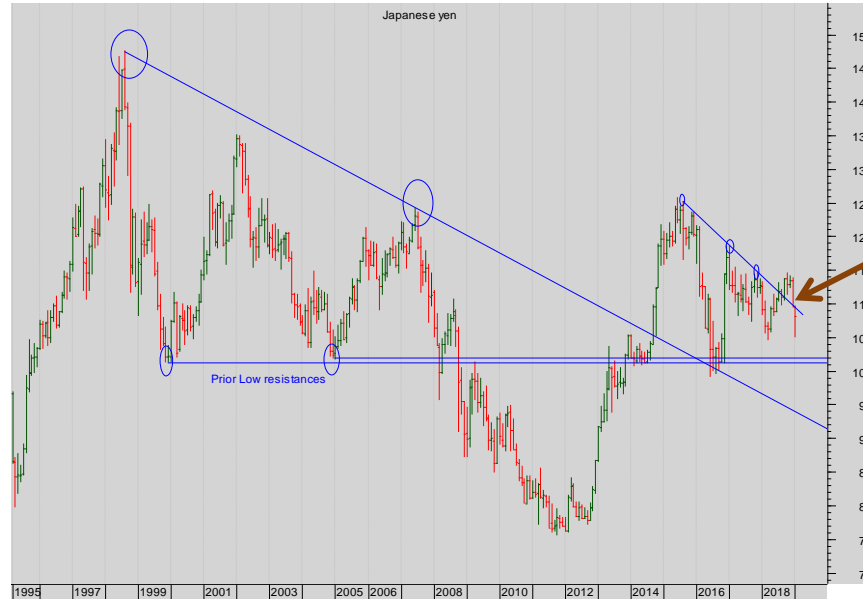
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Dollar Yen monthly spot cash chart

Note the very well-formed diagonal downtrend resistance that was smashed has failed as support.

The Yen has strengthened sharply.

Stand back.



Dollar Yen weekly spot cash chart

What the range: watch in particular for a break beneath the 107.31 low before selling the Dollar.





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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Note the breakdown of the range. Watch for resistance at 111.61 on any bounce.

For the moment the remains bearish.



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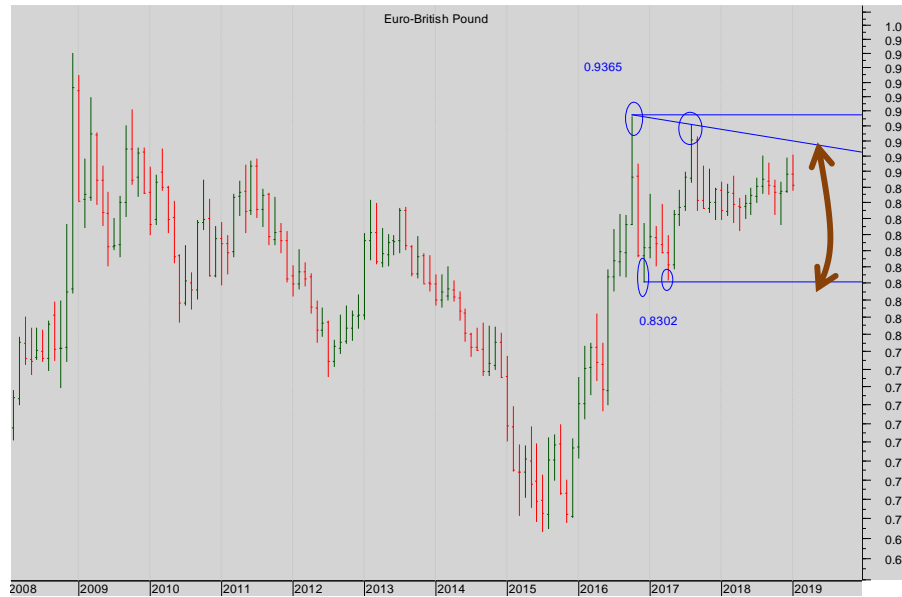
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IMPLIED ASSET ALLOCATION

Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

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

Stand back!



Sterling Euro weekly spot cash chart

There a compact shorter-term range.

Still.

More



Currencies: Sterling Euro

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IMPLIED ASSET ALLOCATION



Sterling Euro daily spot cash chart

It's volatile, but the short term range has been broken

Buy sterling Sell Euros on this breakdown through 0.8940



Stocks

STOCKS:

The retracements have reached critical levels in a number of markets and often in multiple time-frames simultaneously. We remain bears across the board.

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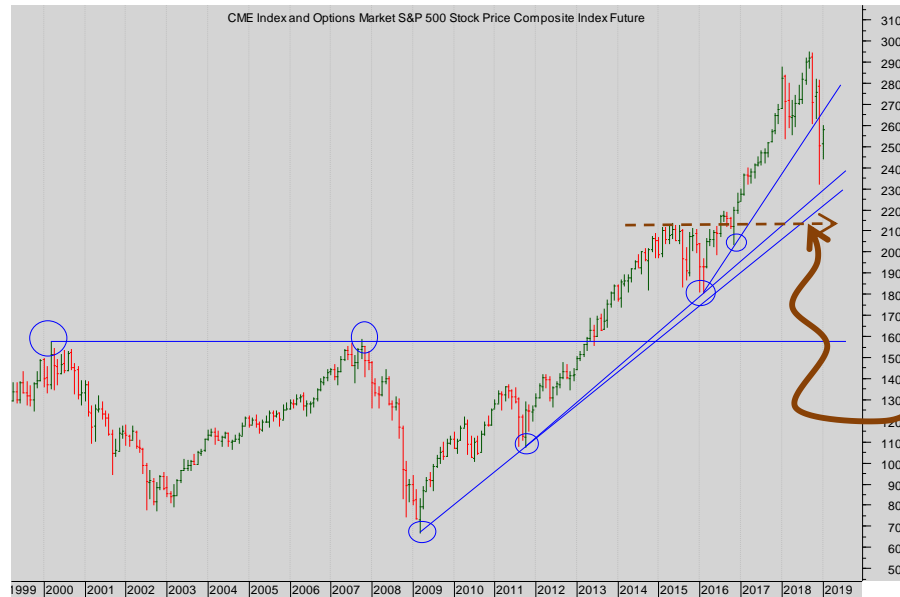
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IMPLIED ASSET ALLOCATION

Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

There is a clear long-term breakdown 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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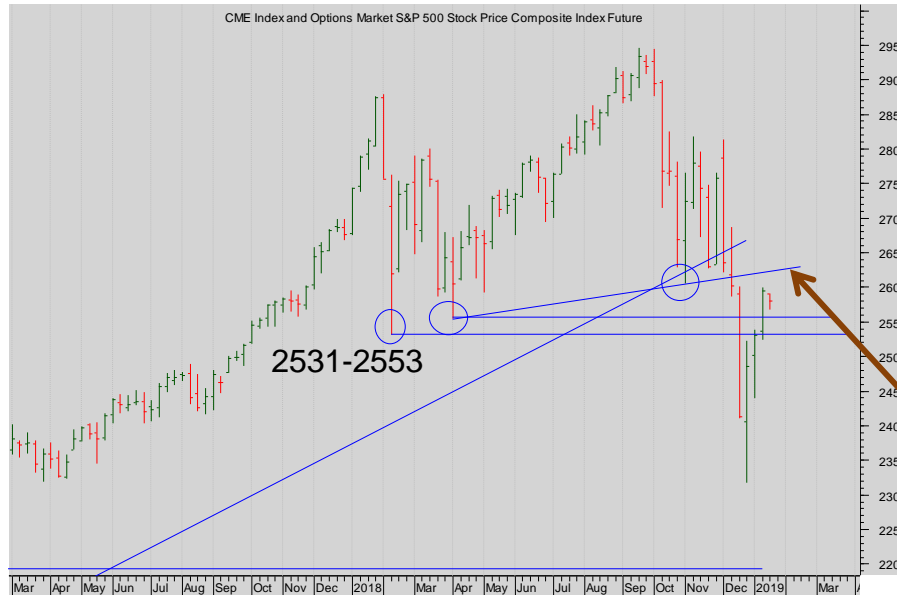
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IMPLIED ASSET ALLOCATION

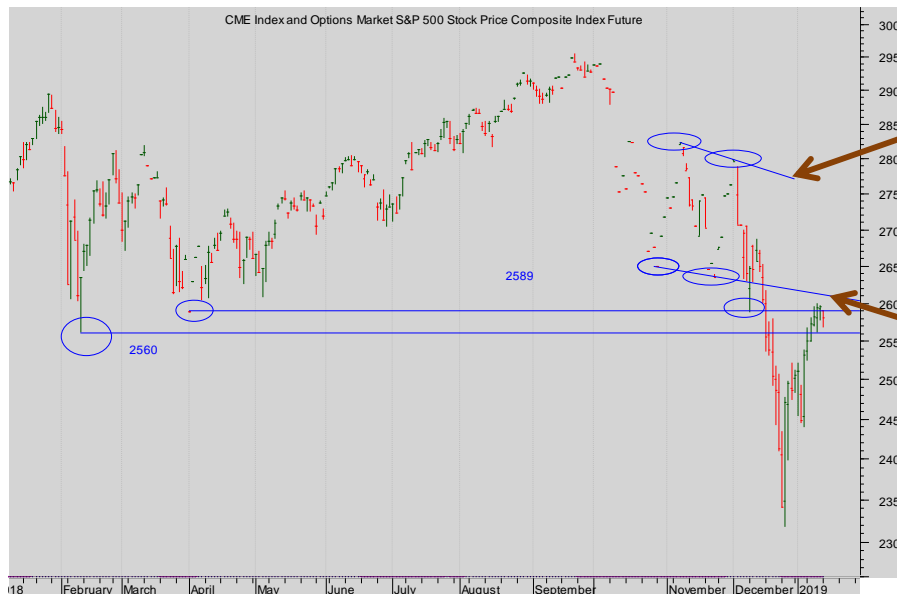


CME S&P 500 cont weekly cont. chart

Note the smashing down through the Prior Lows 2531-2553. plus the breaking of the diagonal uptrend support (from 2011) at the same time were very bearish.

So there was massive resistance above the market at 2550 and still now there's resistance above that at the diagonal – possibly a Neckline.)

So the rally may go further because of the lack of Prior closes around the 2550 level... and the Neckline resistance being higher still. But we remain bearish



CME S&P 500 daily Mar 2019 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. So we remain bears and selling into the rally as far as 2600 or so.

More



Stocks: Eurex EuroStoxx 50

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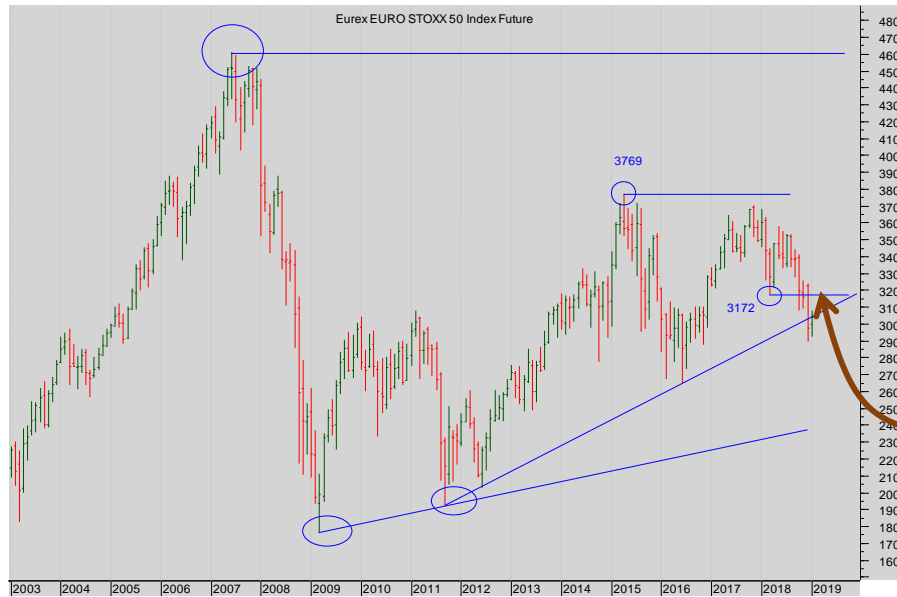
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Commodities

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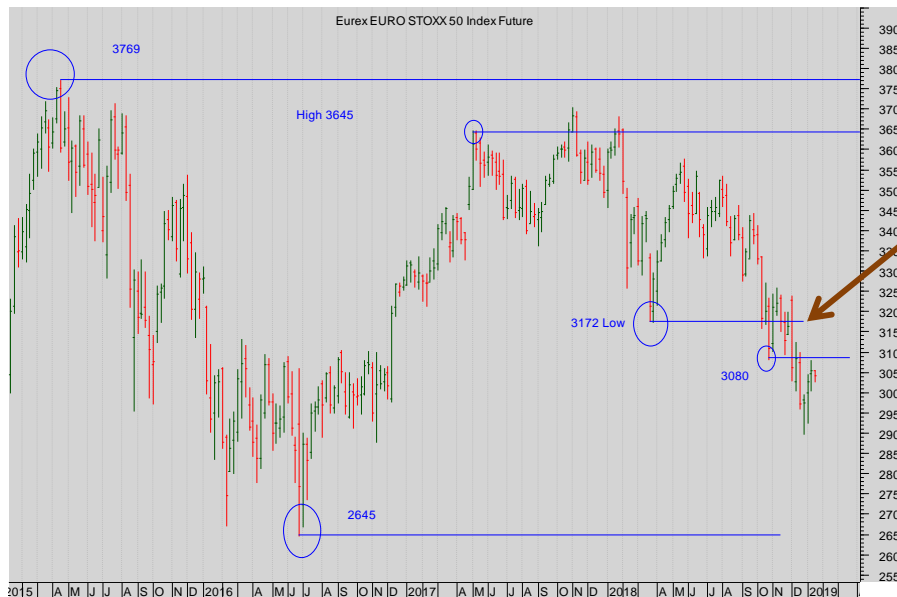
IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 monthly continuation futures chart

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

It's clear though, that the market failed to push through the old 3769 High and looks vulnerable, because of 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 complex Double Top?

(No powerful resistance on a rally 'til 3172).

More



Stocks: Eurex EuroStoxx 50

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IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 18 futures chart

The market is being driven down by the short-term continuation Triangle.

But it has already reached it's minimum target...

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

On any rally there is good resistance from the lows at 3080 and the bottom of the triangle at 3100 or so.



Stocks: Liffe FTSE 100

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Commodities

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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) was 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 suggested a Double Top has been completed

But watch the rally back closely....

More



Stocks: Liffe FTSE 100

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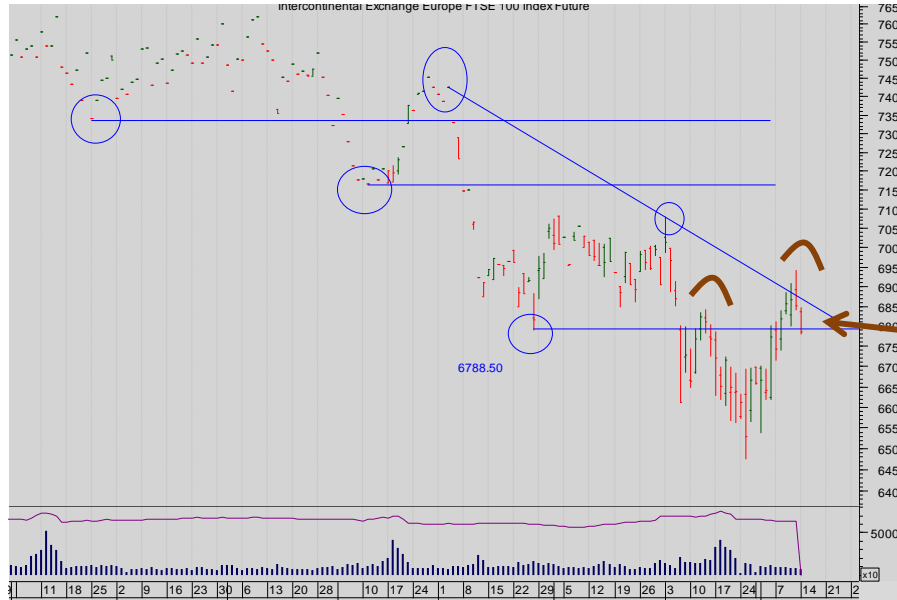
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec18 daily futures chart

Note the **DOUBLE** failure to back through 6788.

For the moment the bears remain in charge.



Stocks: OSE Nikkei 225

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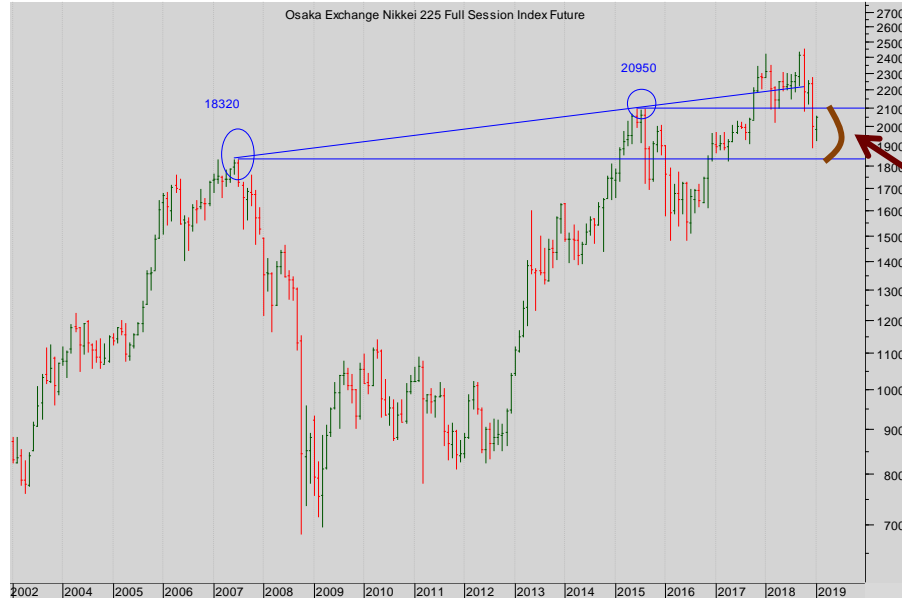
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Commodities

- + Oil
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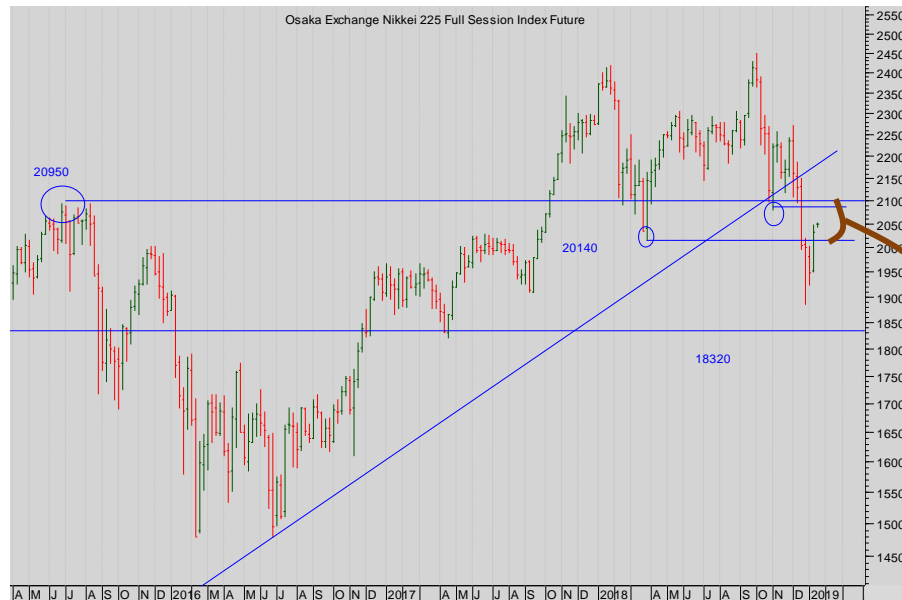
IMPLIED ASSET ALLOCATION



Nikkei 225 chart (monthly)

The market has smashed down through the Prior High 20950.

But for the moment the **band of support** from Prior Highs 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.

On any rally look to resistance from the band 20140-20950

More



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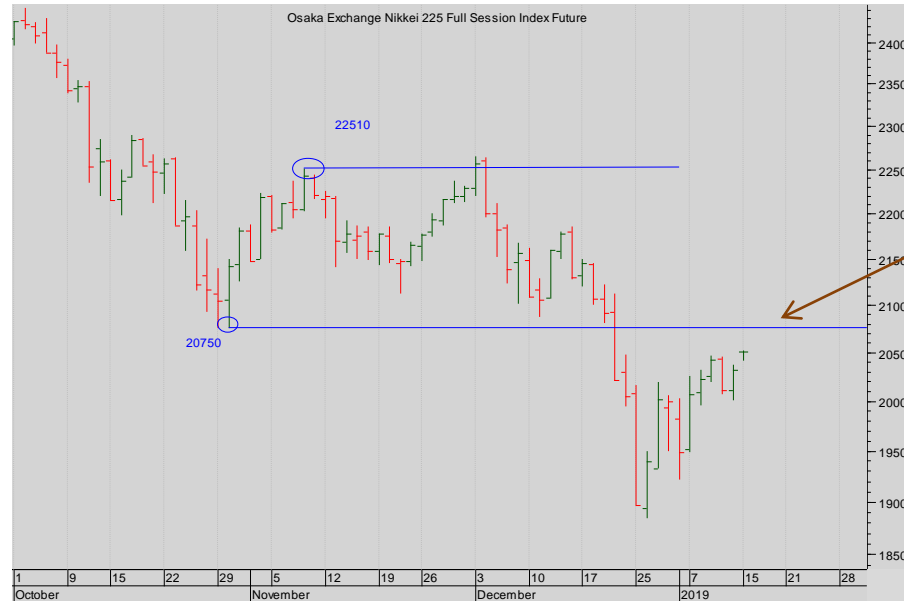
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart Daily Mar 19.

But here's a short-term resistance before that at 20750.



Bonds

BONDS:

The Bunds still look the best bull market. Actually they are the only bull market. The US and UK are retracements which have everything to prove before the bulls can get interested.

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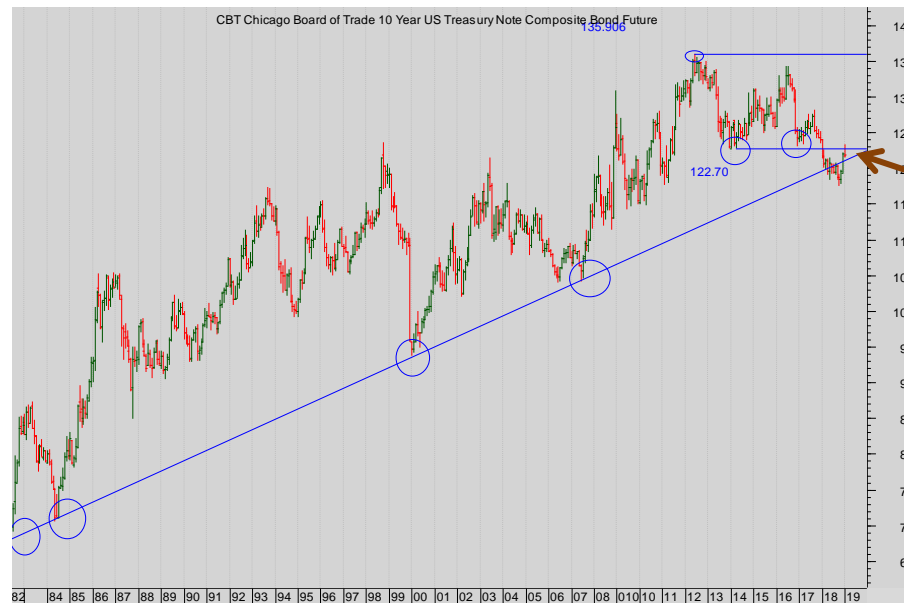
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Commodities

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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 was **broken**.

The Pivotal band of Prior Lows has been smashed.

The recent two-month rally has smashed back through the diagonal but running into resistance at that band.

Look closer.

More



Bonds: CBOT Ten Year Notes

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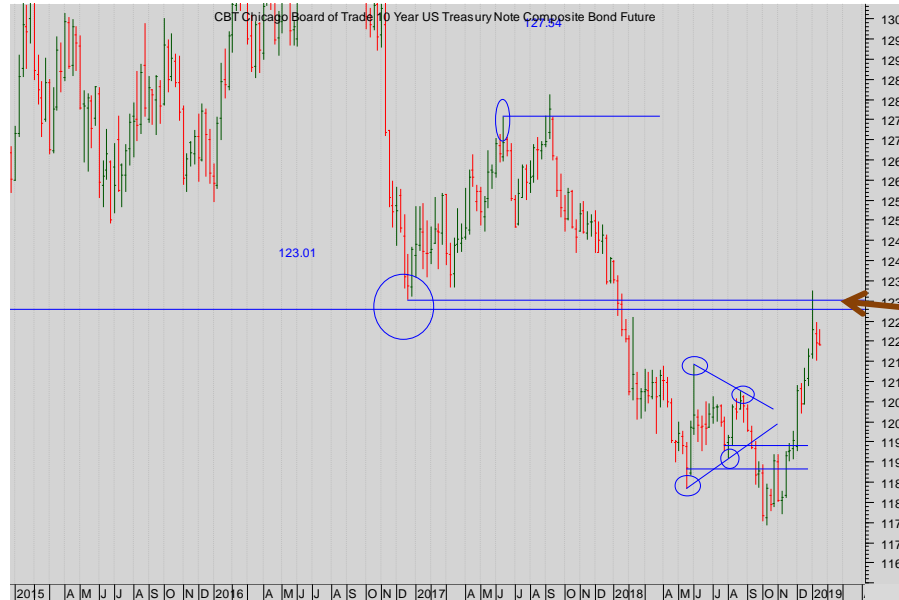
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IMPLIED ASSET ALLOCATION

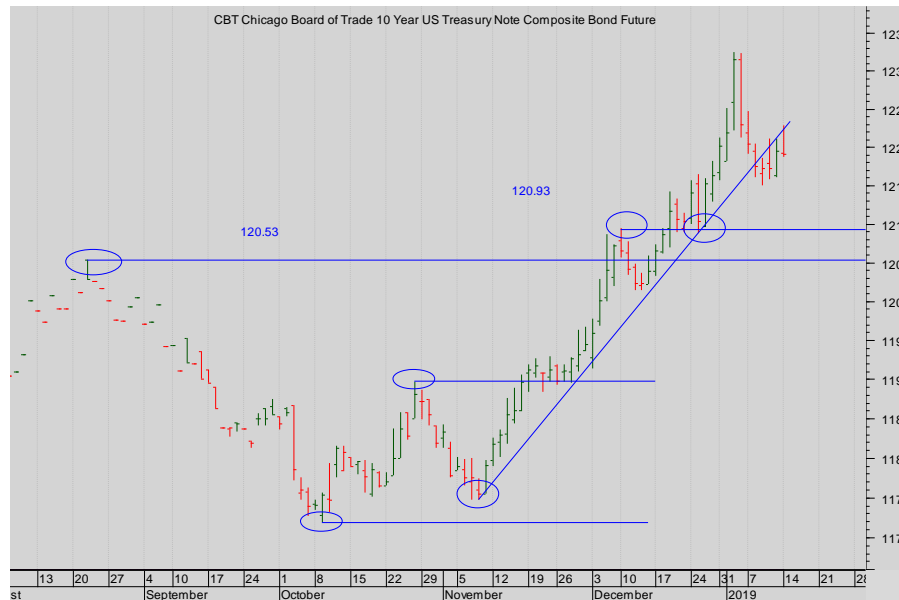


CBOT Ten Year Notes weekly futures continuation chart

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

The band from the Prior Lows 123.07-123.01 which has yet to break.

The market looks vulnerable here...



CBOT Ten Year Notes daily Mar 18 futures chart

This may be the top-out of the short-term bull rally.

There is a break of the steep diagonal... but that is not yet very convincing for the bears...





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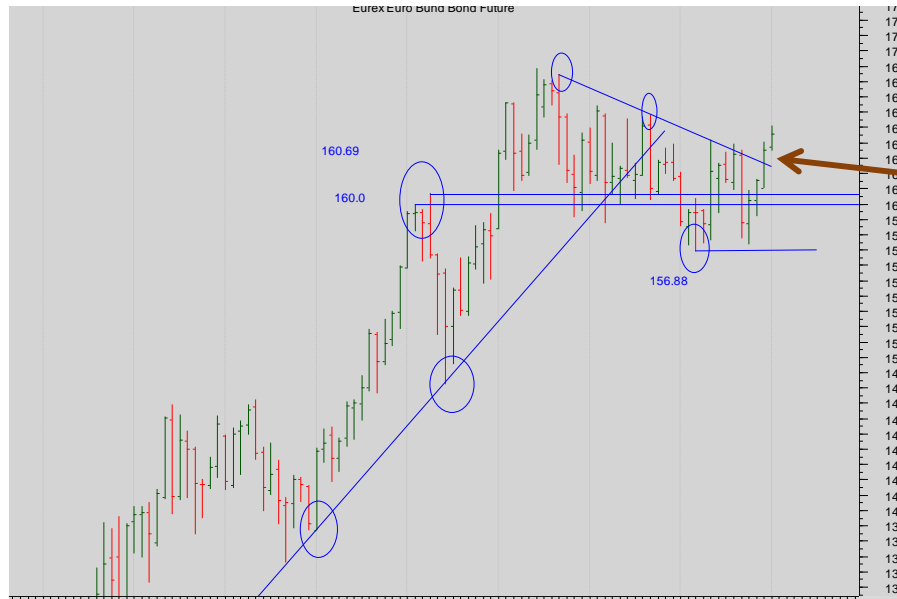
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Commodities

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IMPLIED ASSET ALLOCATION

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund monthly futures continuation chart

The 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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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund March 2019 Daily futures chart

The CONFIRMED break of 161.33/162 was very bullish in the short-term.

Watch the support from the two Prior Highs 163.50/164.

The bears need a break of that and the rising diagonal...until that happened the bulls are in charge.



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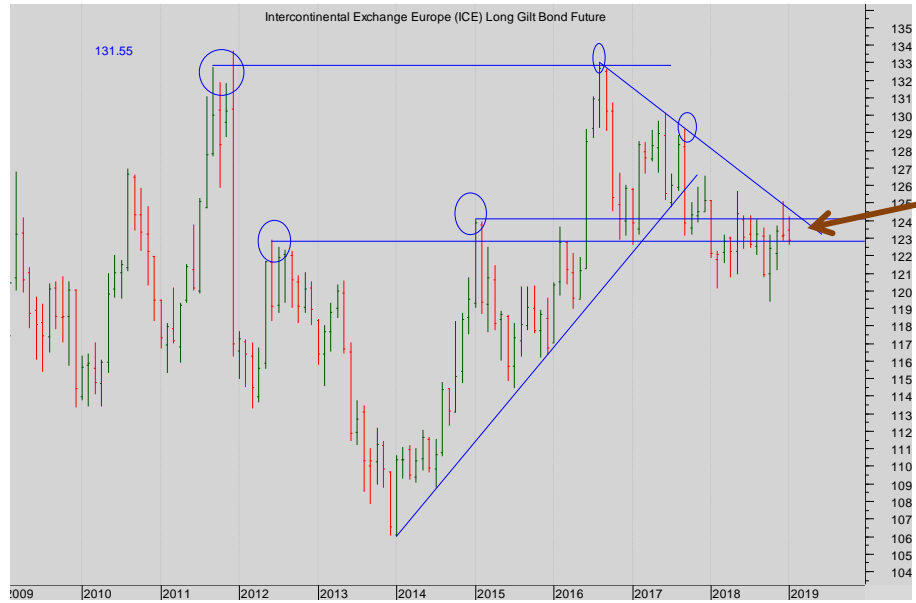
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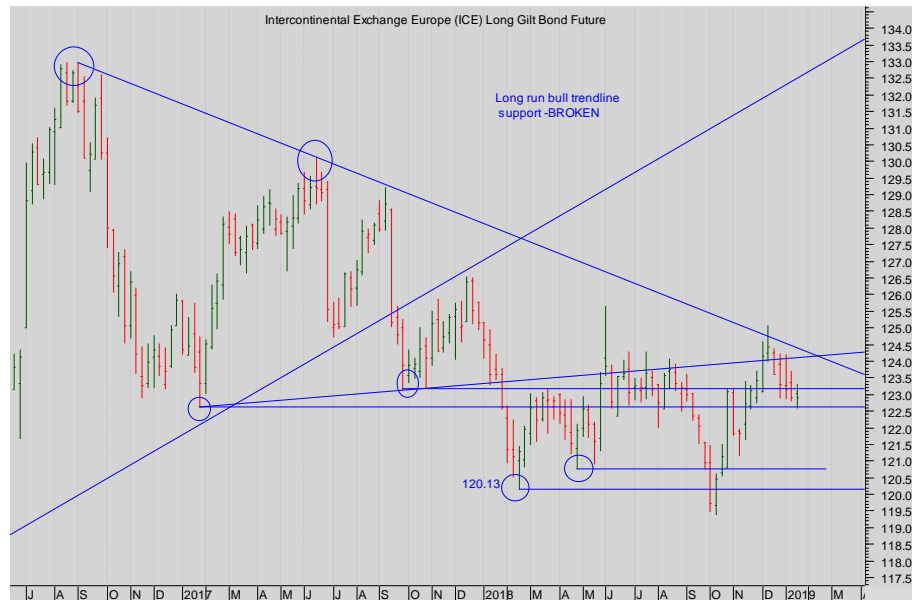
Bonds: Liffe UK Gilt futures



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.**

The bulls need more.

More



Bonds: Liffe UK Gilt futures

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IMPLIED ASSET ALLOCATION



Long Gilt daily Mar 19 chart

Yet is this the catalyst? A completed bull falling wedge?7
Wait for a break of the short-term trading range.



Commodity

COMMODITIES:

Stand aside from Oil – it has lost structure in the short and medium-term. Gold remains a good buy in all time-frames.

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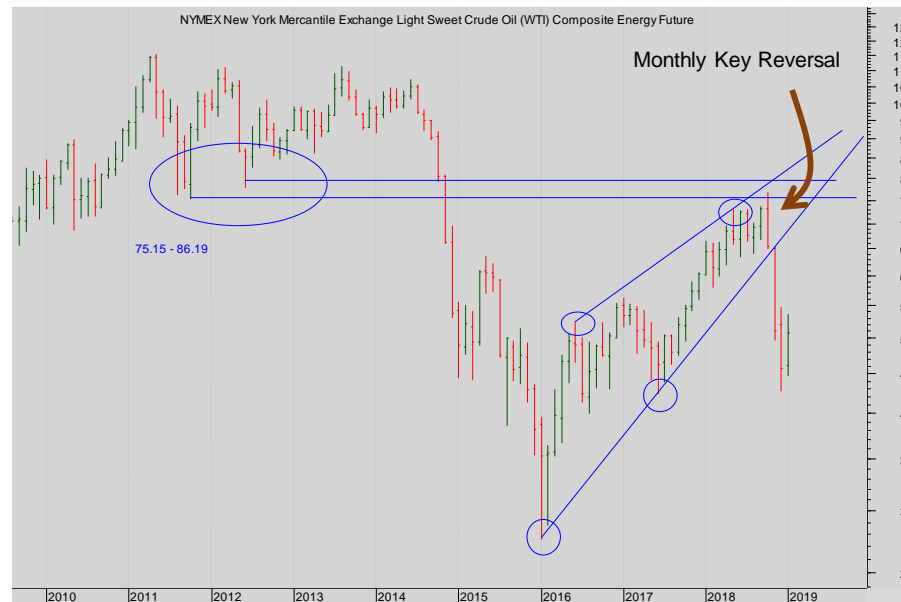
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Commodities

- + Oil
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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 were in control...



Nymex oil daily Mar 19 futures

The short-term price action is not clear.



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IMPLIED ASSET ALLOCATION

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.

A bull continuation Triangle has been completed.



iShares physical Gold ETC Weekly (in Sterling)

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



Commodities: Comex Gold



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

Bonds

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

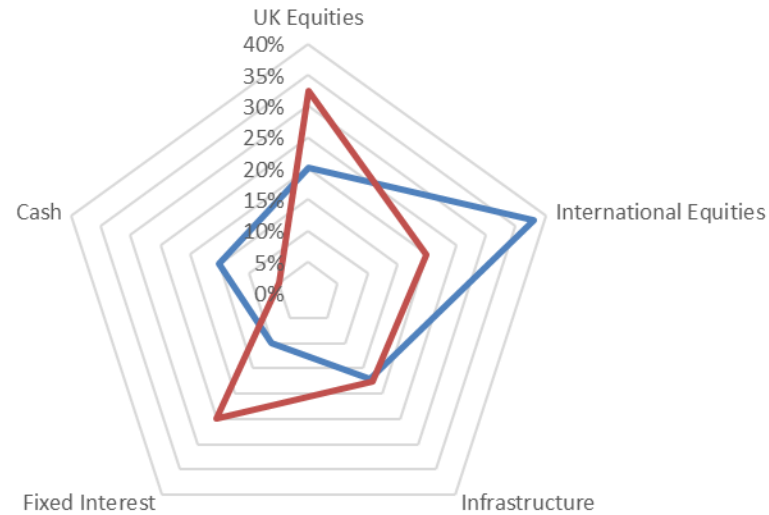
Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation benchmark



More



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