



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 22nd 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

Summary

Currencies

- + Dollar Euro
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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 **BEAR** Euro

Short-term **BULL** Sterling

Short-term FLAT Yen

Short-term FLAT Euro

Stocks

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

Long-term **BEAR**

Long-term **BEAR**

Long-term **BEAR**

Long-term **BEAR**

Medium-term FLAT

Medium-term **BEAR**

Medium-term **BEAR**

Medium-term **BEAR**

Short-term FLAT

Short-term FLAT

Short-term **BULL**

Short-term **BEAR**

Bonds

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

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 **BEAR**

Commodities

- + Oil
- + Gold

Long-term FLAT

Long-term **BULL**

Medium-term FLAT

Medium-term **BULL**

Short-term **BULL**

Short-term **BULL**

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

Sterling has rallied against the Dollar and the Yen and Euro have fallen. Leaving aside Sterling's special situation, the Dollar looks in good fettle. And the cross between Sterling and the Euro has moved sharply, but without breaking any important trading ranges yet.

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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 still favour the Dollar.**

More



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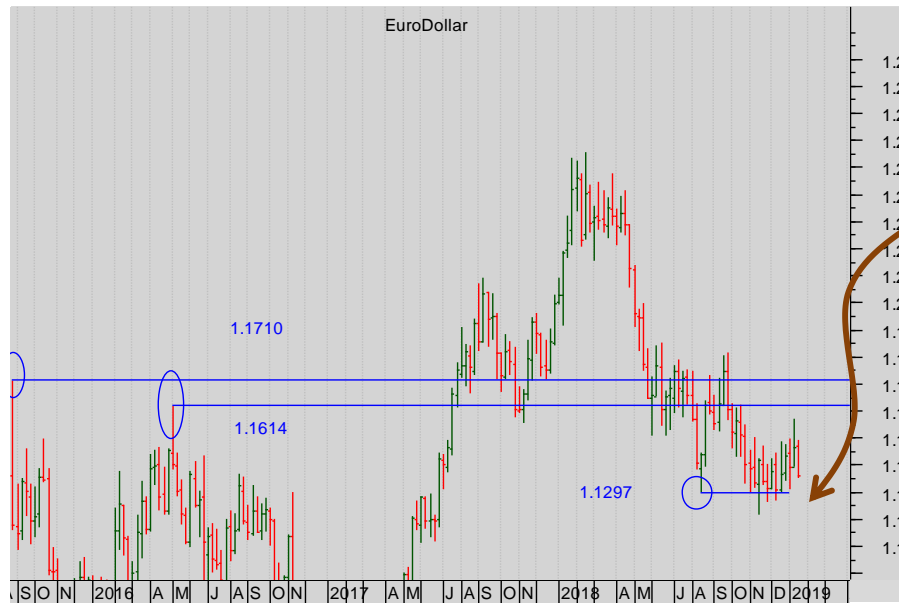
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IMPLIED ASSET ALLOCATION

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?

Not clear.



Dollar Euro spot cash chart daily chart...

Short-term, the bounce looked well supported.

But the lack of follow-through in unmistakable.

Watch now for a break beneath the rising diagonal.



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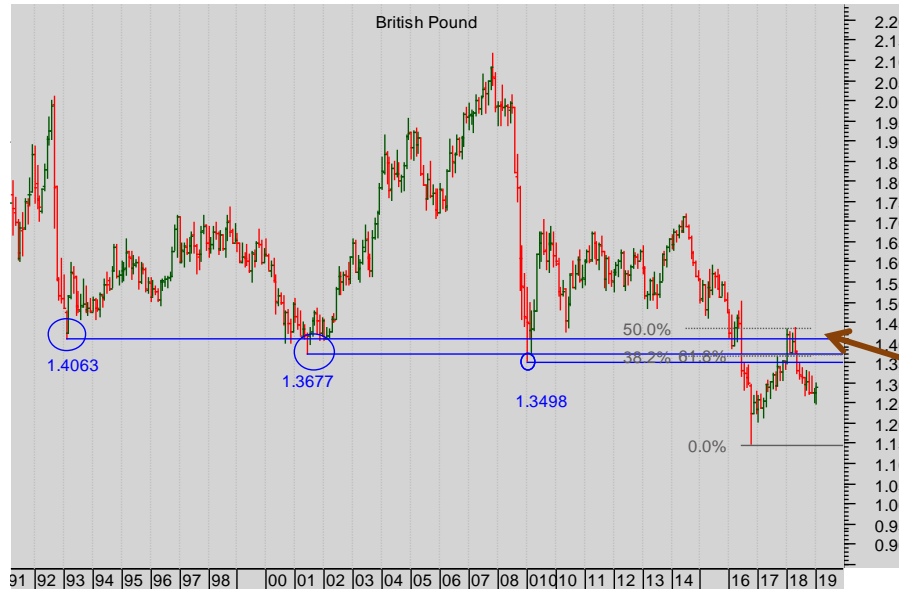
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

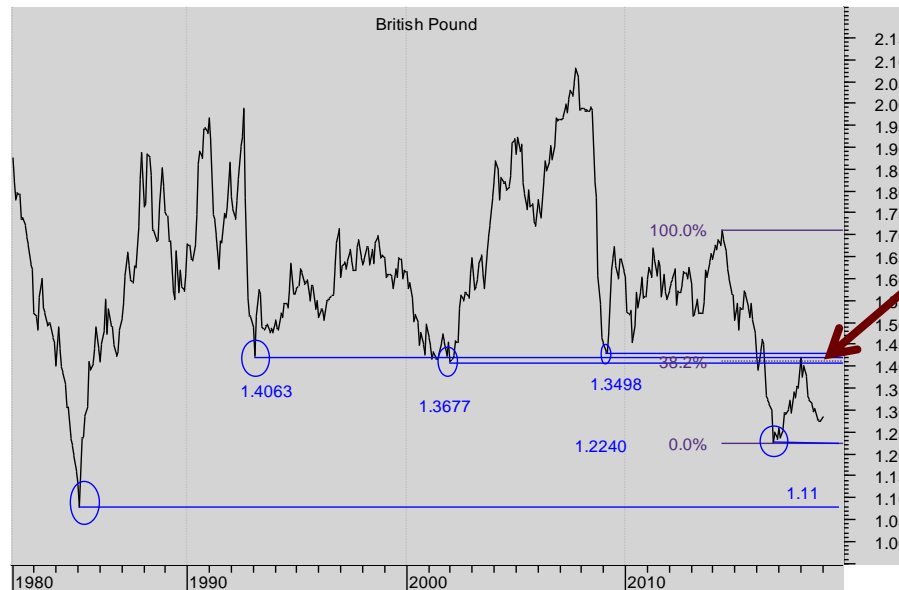


Dollar Sterling Monthly spot cash chart

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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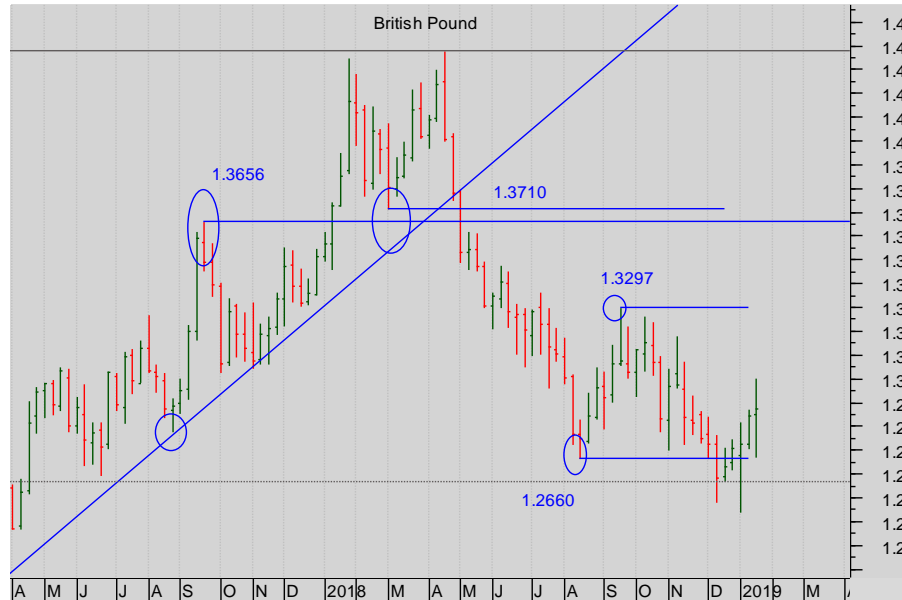
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

The range since August looked to have been broken. But then the market 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 which is further supportive.



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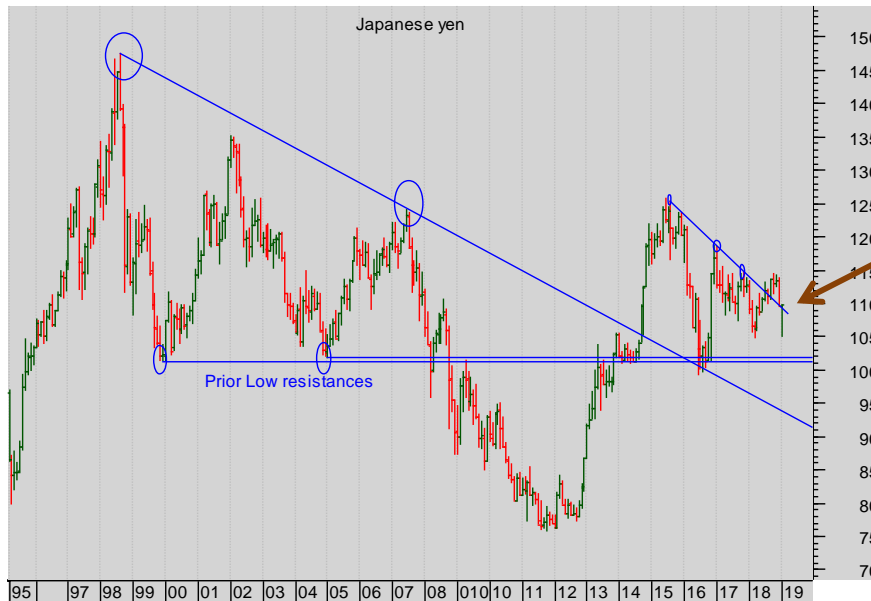
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Commodities

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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 was smashed has failed as support.

The Yen has strengthened sharply.

Stand back.



Dollar Yen weekly spot cash chart

Watch the range.

More



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Commodities

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IMPLIED ASSET ALLOCATION

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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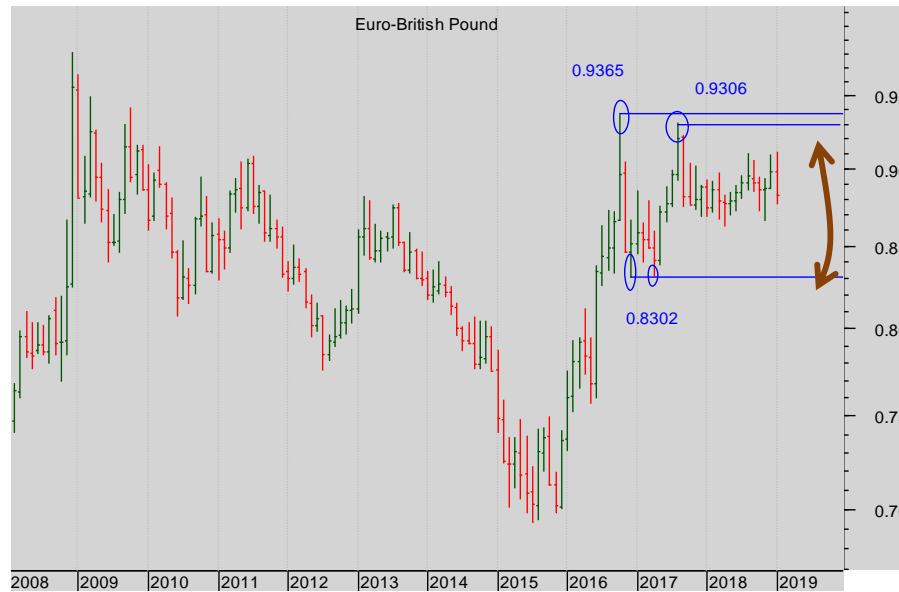
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Commodities

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IMPLIED ASSET ALLOCATION

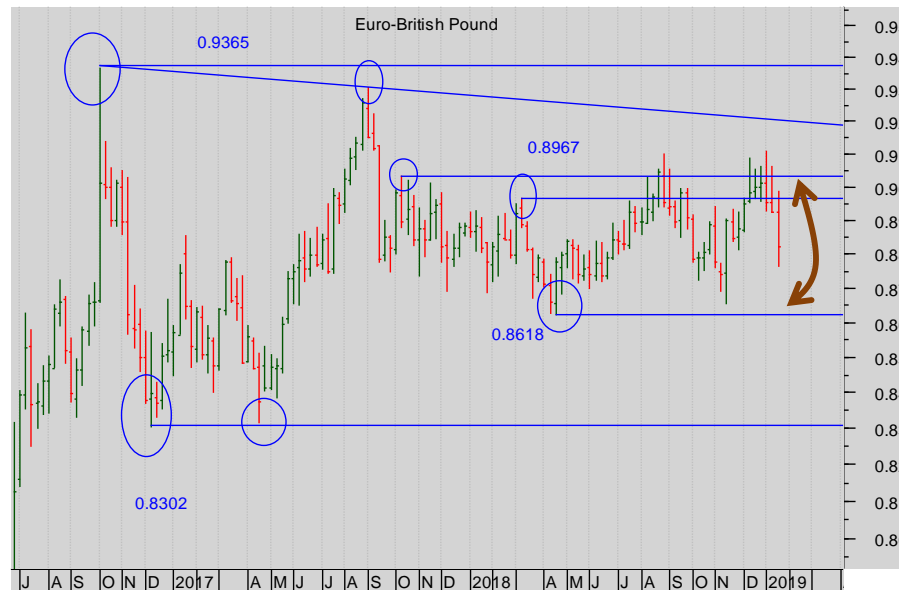
Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

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

Stand back!



Sterling Euro weekly spot cash chart

There is a compact shorter-term range.

Still!

More



Currencies: Sterling Euro

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- + **Sterling Euro**

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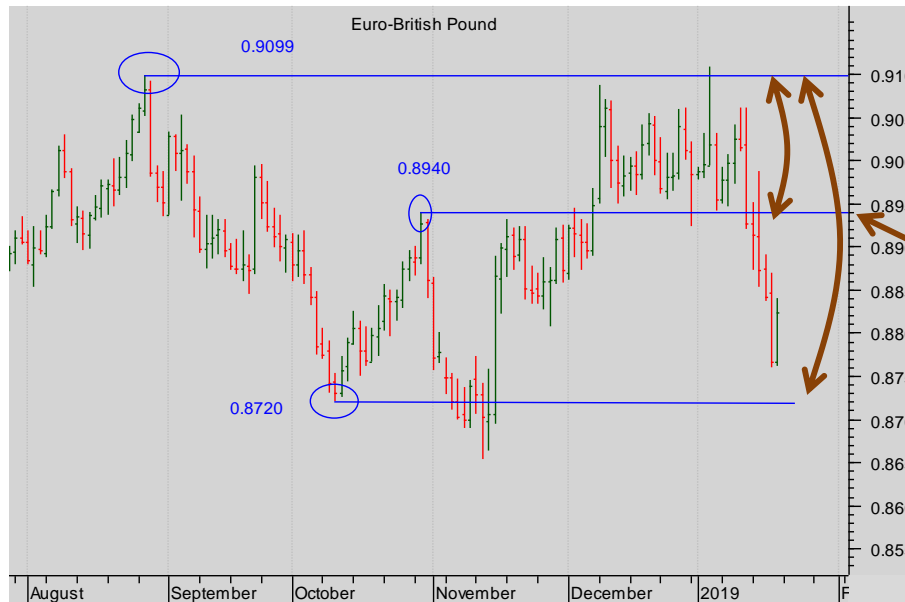
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Commodities

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IMPLIED ASSET ALLOCATION



Sterling Euro daily spot cash chart

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

Buy sterling Sell Euros on this breakdown through 0.8940



Stocks

STOCKS:

The markets are not clear yet: the rallies have been very powerful but, as yet, not totally convincing. Watch the outsiders: the EuroStoxx, the Nikkei. None of these are yet bullish, all remain, for the moment, bearish. As with the currency it may be that the FTSE is a special case: vulnerable to long-term breakdown but attempting a medium and short-term riposte to that long-term breakdown.

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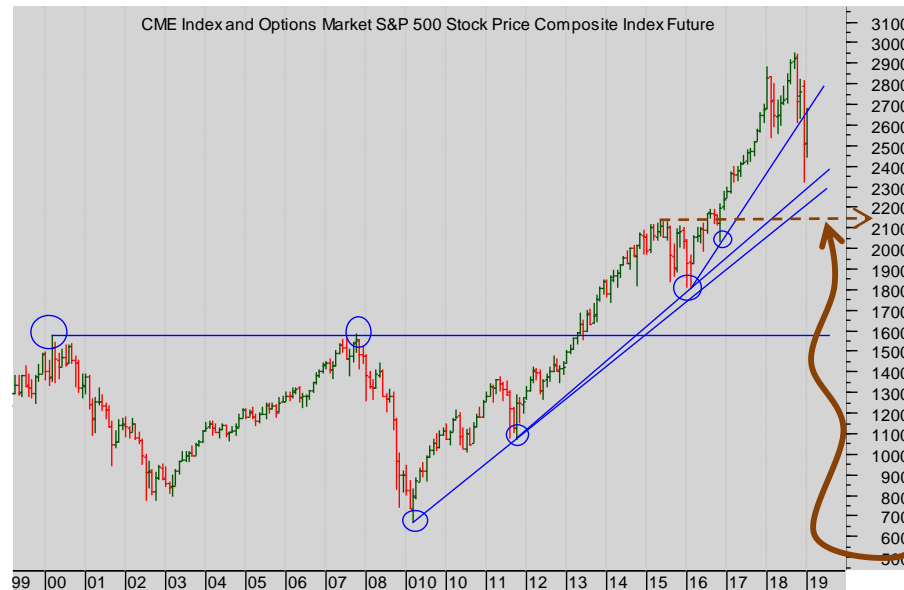
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Commodities

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IMPLIED ASSET ALLOCATION

Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

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

Just!

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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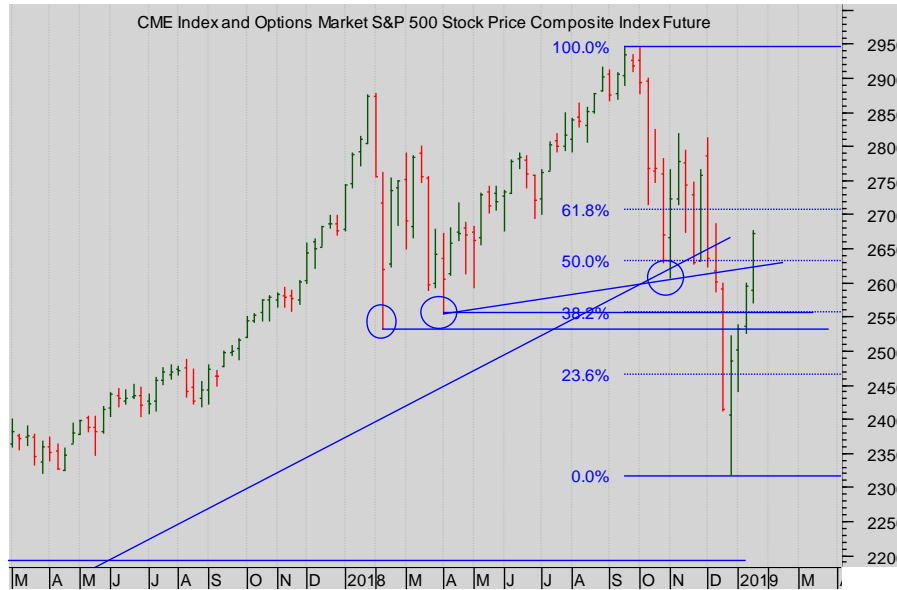
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Commodities

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IMPLIED ASSET ALLOCATION



CME S&P 500 cont weekly cont. chart

We said : **'the rally may go further because of the lack of Prior closes around the 2550 level...'**

And it did.

The smashing of the 50% retracement resistance and at the same time the push through the Neckline resistance is powerfully bullish.



CME S&P 500 daily Mar 2019 chart

Bounce has been phenomenally powerful.

The final signal for the bulls will be a push up through the falling diagonal from the recent highs.

More



Stocks: CME S&P 500

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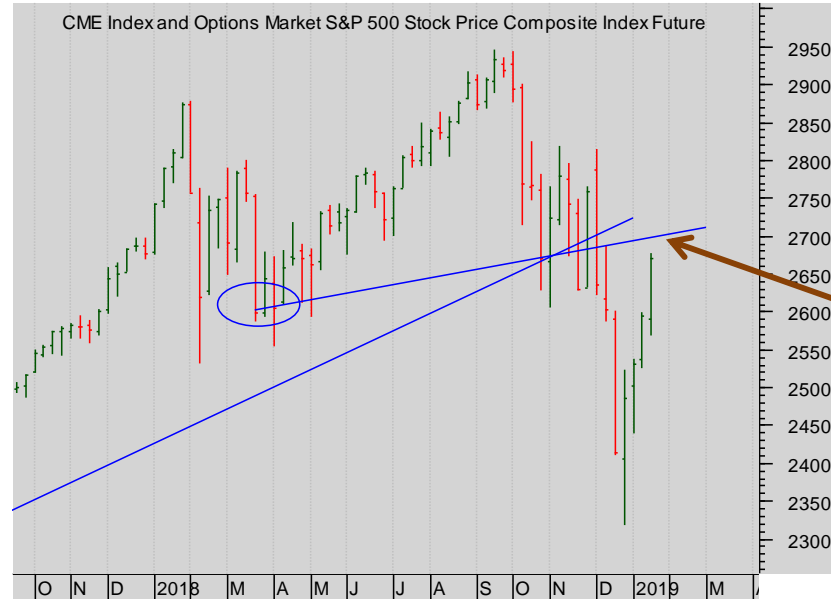
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Commodities

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IMPLIED ASSET ALLOCATION



CME S&P 500 cont weekly cont. chart

Here's a contrary interpretation:

Using Closes, the H&S neckline is drawn a good deal higher than that that based on the lows.

As a result the retracement is less damaging to the H&S pattern and may yet falter at the Neckline.

More



Stocks: Eurex EuroStoxx 50

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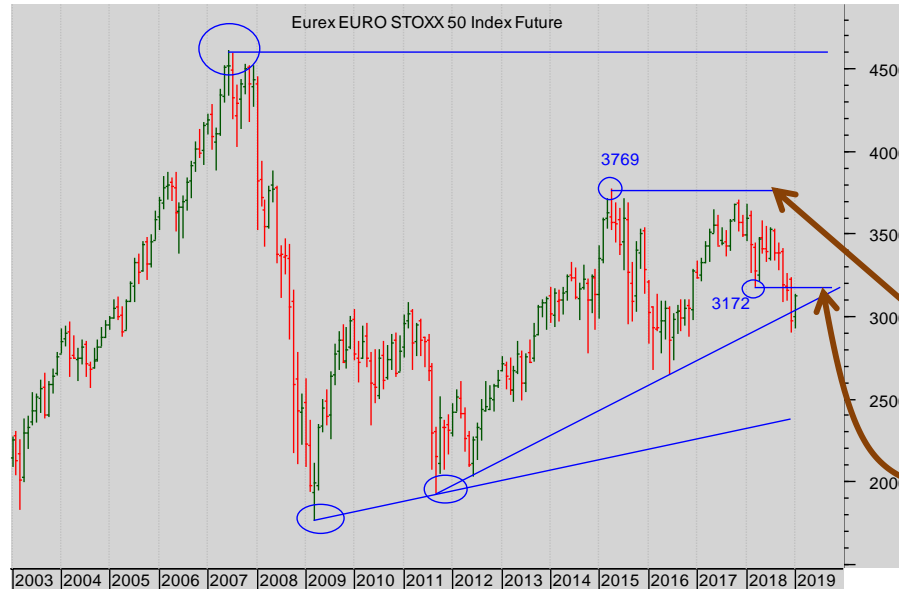
Bonds

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Commodities

- + Oil
- + Gold

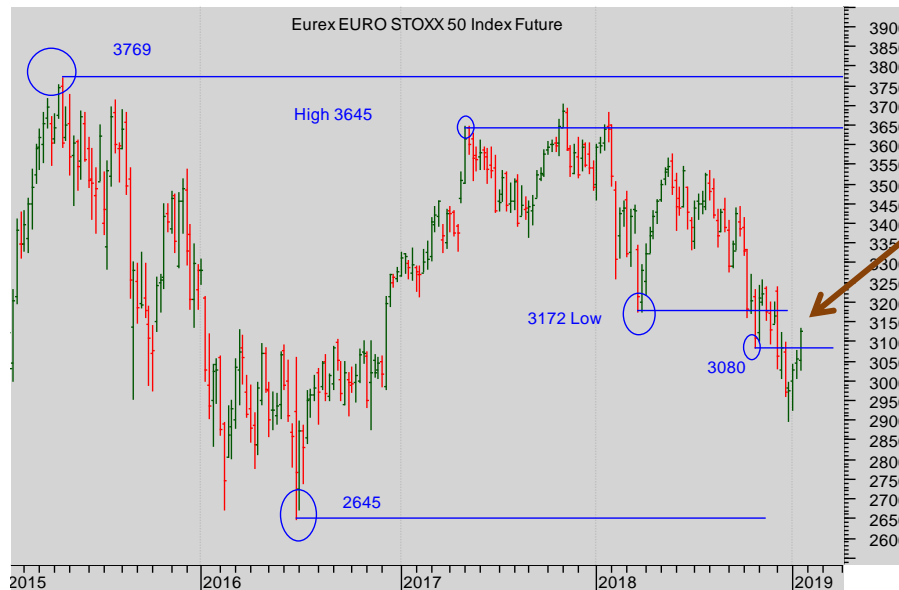
IMPLIED ASSET ALLOCATION



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 though, that the market failed twice at the old 3769 High and looks vulnerable because of the break beneath the Prior Low of 3172 while that remains intact above the market the bears remain in charge.



Eurex EuroStoxx 50 weekly continuation futures chart

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

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

More



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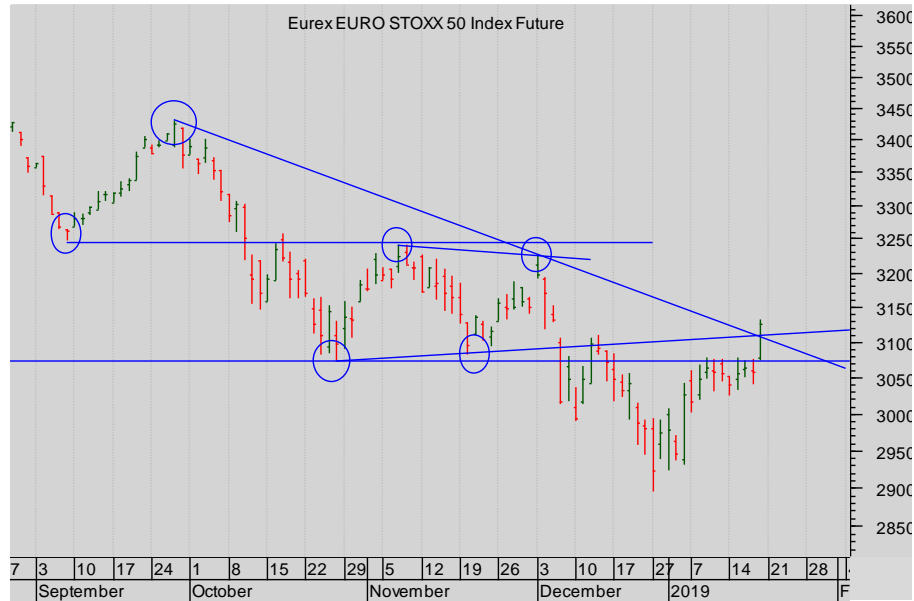
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Dec 18 futures chart

But this is an impressive short-term bull signal: the simultaneous push up through :

- The Prior low
- The lower diagonal of the bear triangle
- The falling bear trend resistance.



Stocks: Liffe FTSE 100

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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



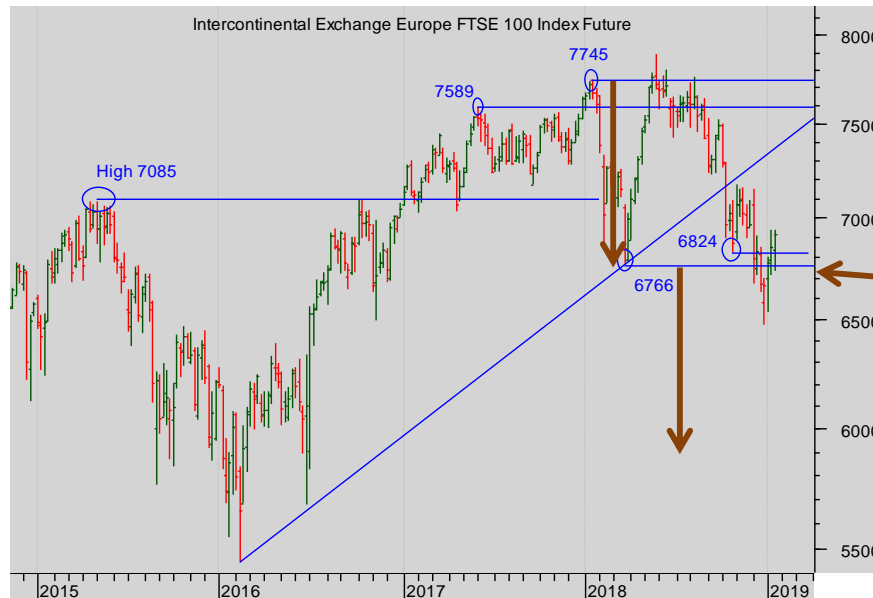
Liffe FTSE 100 Monthly continuation futures chart

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.

(despite all that, note the pause at the Uptrend support from 2009...)



Liffe FTSE 100 Weekly cont. futures chart

The bounce back up through the resistance from the Prior Lows has been impressive....

If it lasts...

More



Stocks: Liffe FTSE 100

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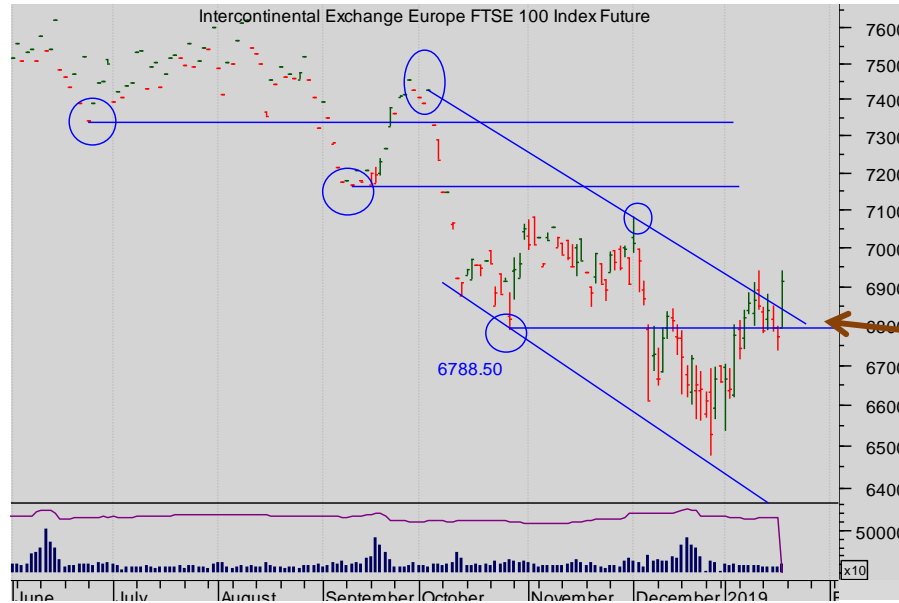
Bonds

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- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec18 daily futures chart

The rally has been impressive.

The bears (which we remain in the long-term) have little to encourage them in the short-term.



Stocks: OSE Nikkei 225

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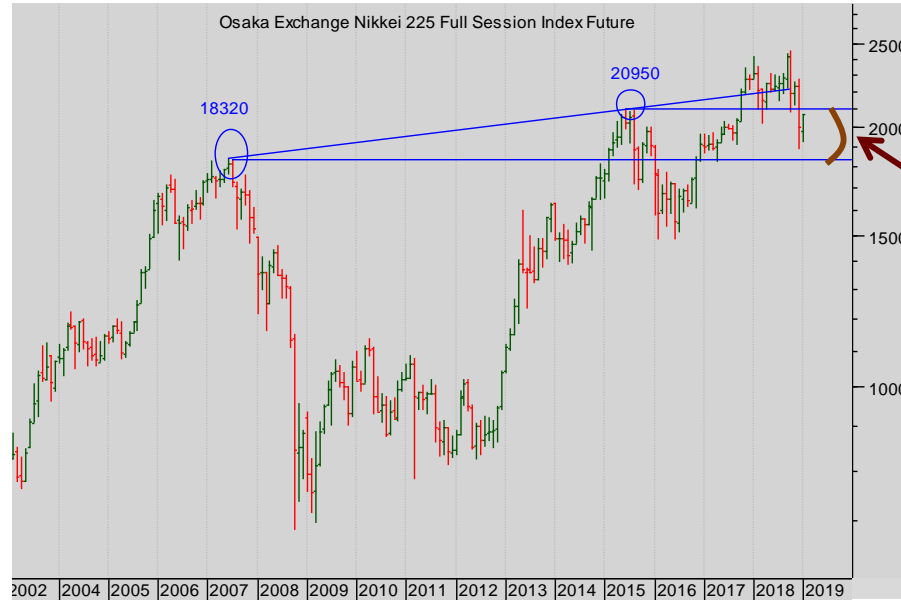
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Commodities

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IMPLIED ASSET ALLOCATION



Nikkei 225 chart (monthly)

The market has smashed down through the Prior High 20950.

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



Stocks: OSE Nikkei 225

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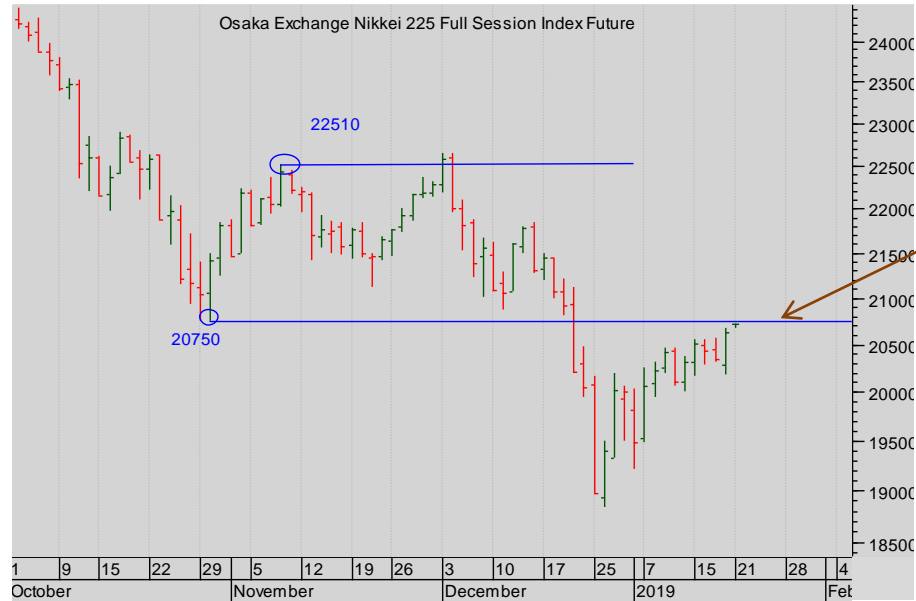
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Commodities

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IMPLIED ASSET ALLOCATION



Nikkei 225 chart Daily Mar 19.

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

Watch the market's response to that...



Bonds

BONDS:

The US market looks like it has exhausted the short and medium-term bull retracement leaving it vulnerable to selling in all time frames. The UK Gilt market is now within a trading range. Bunds? Still bullish but lacking short-term heft.

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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.

Yet 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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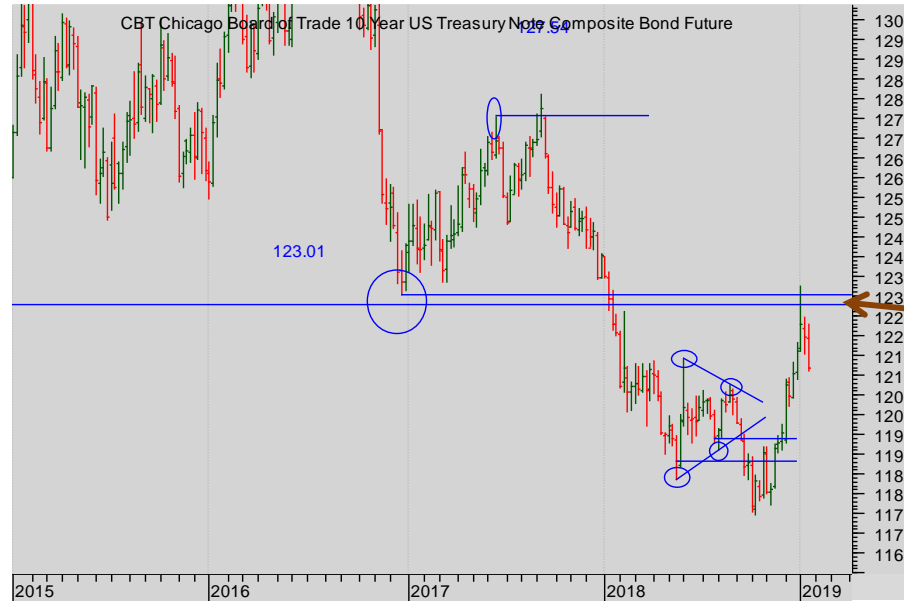
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IMPLIED ASSET ALLOCATION

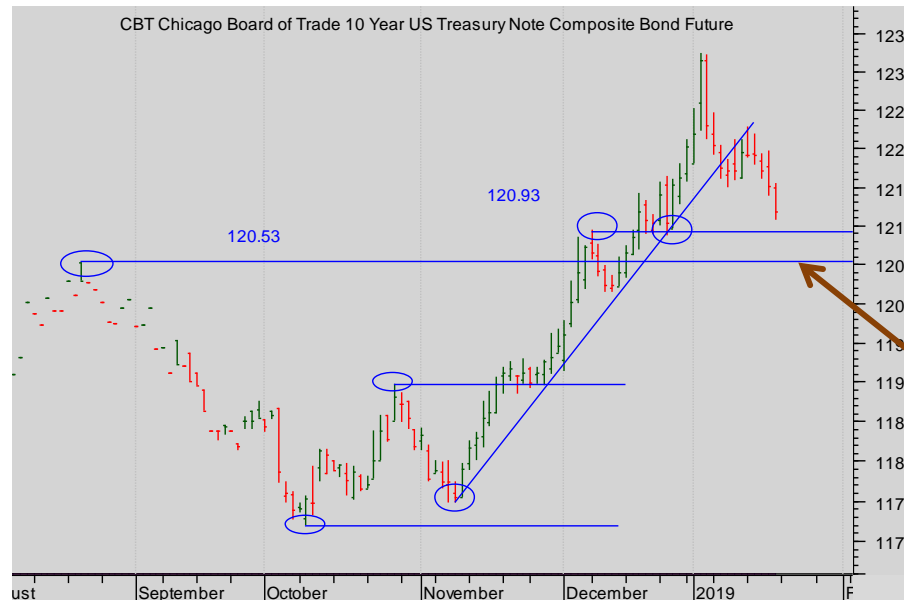


CBOT Ten Year Notes weekly futures continuation chart

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

The band from the Prior Lows 123.07-123.01 has proved strong.

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, because they need a break back down through the support from 120.53.

More



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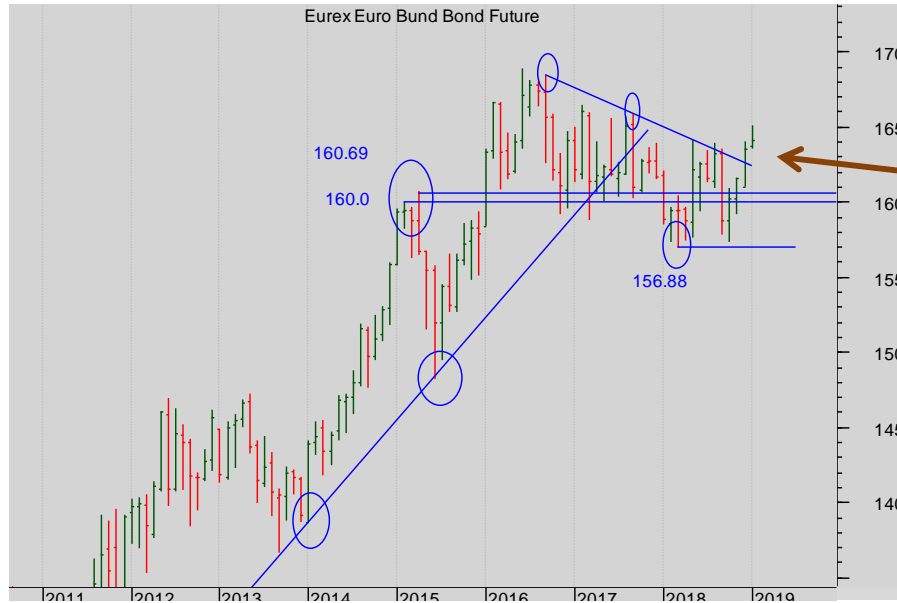
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Commodities

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IMPLIED ASSET ALLOCATION

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund monthly futures continuation chart

The 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 162.03 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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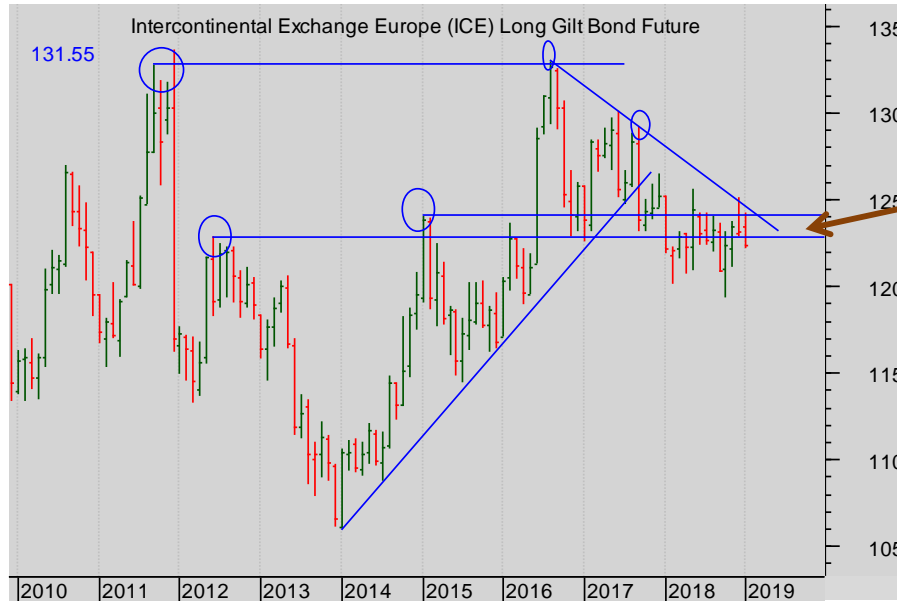
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IMPLIED ASSET ALLOCATION

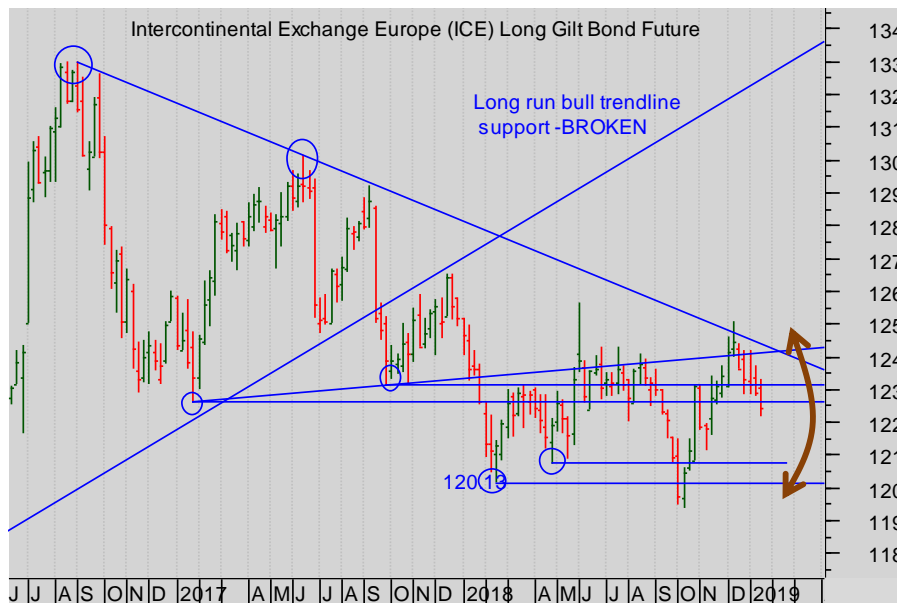
Bonds: Liffe UK Gilt futures



Liffe UK Gilt monthly futures continuation chart

The market is confused.

Look closer at the FAILED test of the diagonal downtrend resistance



Liffe UK Gilt weekly continuation futures Chart

No break of the diagonal RESISTANCE.

The bulls needed.

NOW THERE'S A RANGE.

More



Bonds: Liffe UK Gilt futures

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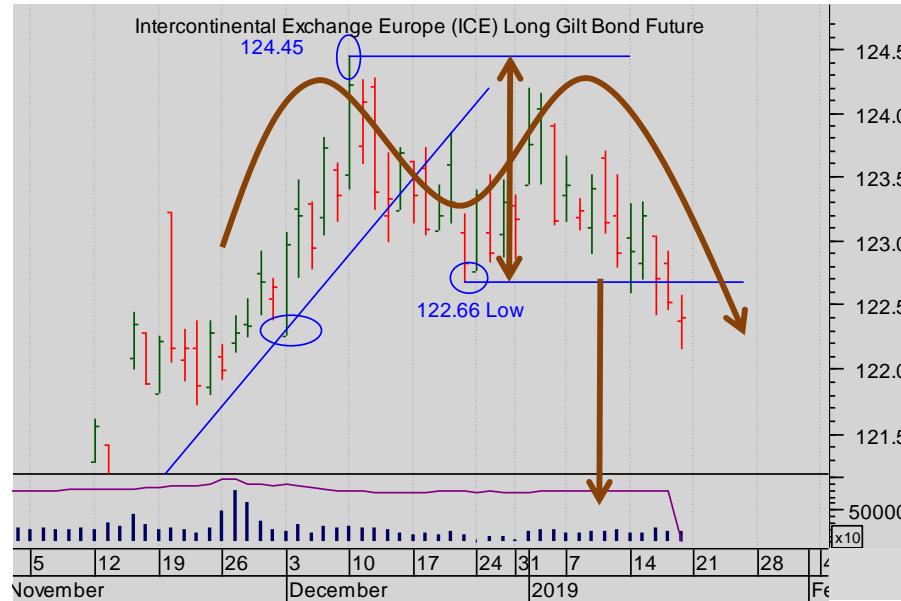
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Commodities

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IMPLIED ASSET ALLOCATION



Long Gilt daily Mar 19 chart

Yet this short-term Double Top is pressing the market back down.

Minimum move?

About 121.00



Commodity

COMMODITIES:

Oil looks ready to rally in the short term, driven by a well constructed H&S bottom. Gold looks tired but well-underpinned.

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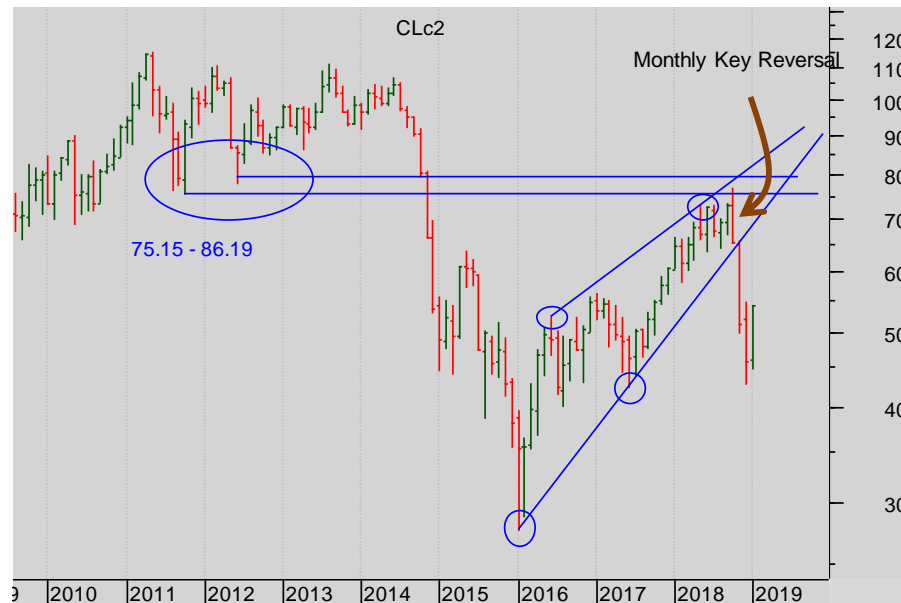
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Commodities

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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 from back in 2011 and 2012.

More



Commodities: Nymex WTI Oil

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- + Oil
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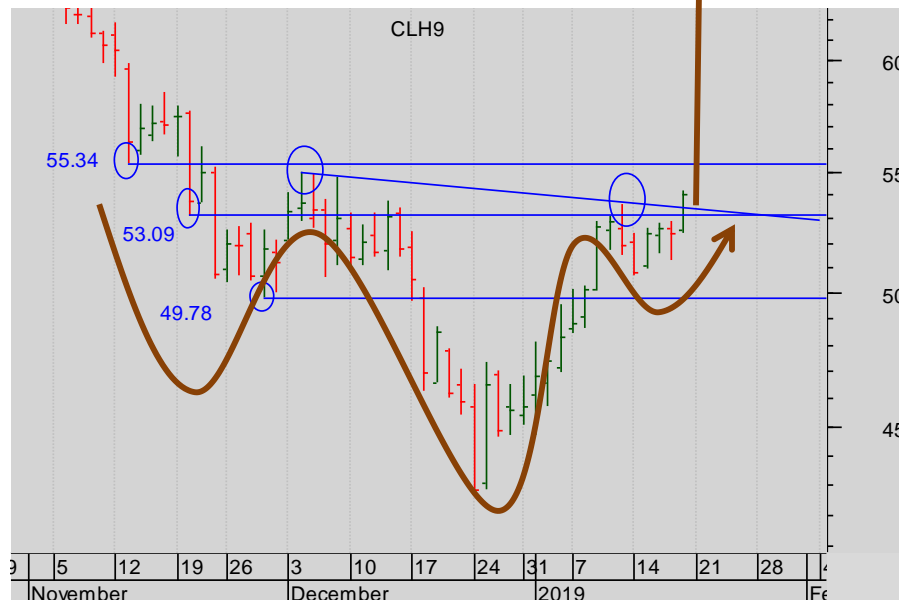
IMPLIED ASSET ALLOCATION



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 surely a H&S reversal.

Minimum move?

Up as far as : \$ 65



Summary

Currencies

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

Stocks

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

Bonds

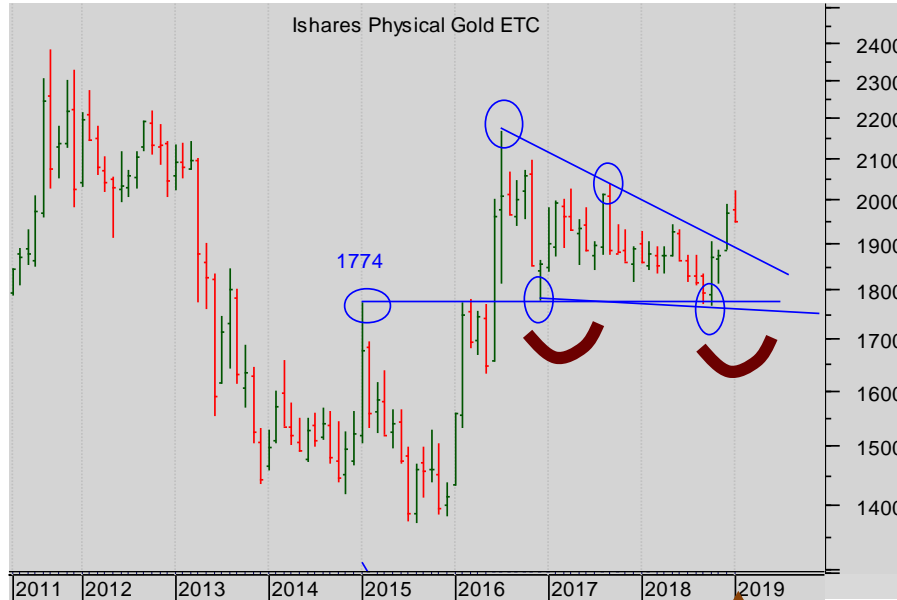
- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

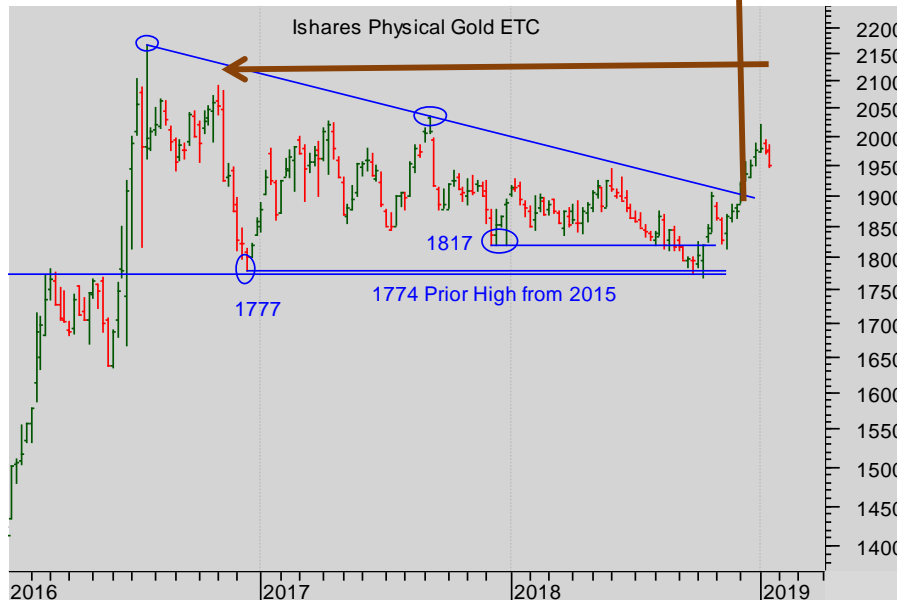
Commodities: Comex Gold



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 (in particular a bull falling wedge) 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

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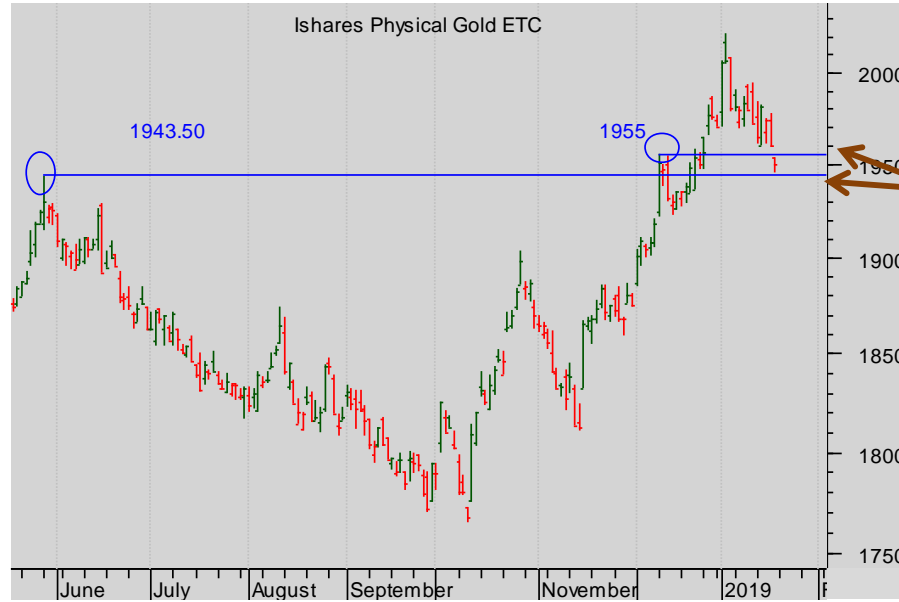
Bonds

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

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



iShares physical Gold ETC Daily (in Sterling)

And having pushed up through the Prior Highs they will be important support on the pull-back.



Summary

Summary

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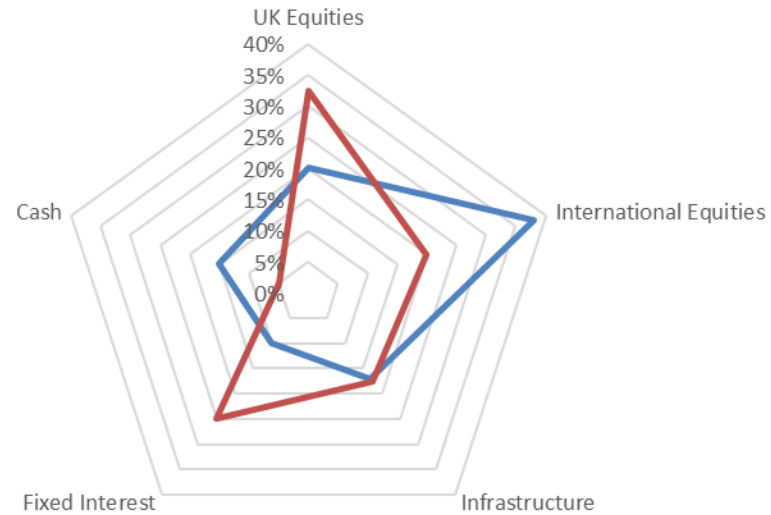
Commodities

- + Oil
- + 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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