



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 29th 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 FLAT Sterling
 Short-term FLAT Yen
 Short-term FLAT Euro

Stocks

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

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

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

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

Commodities

- + Oil
- + Gold

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

Medium-term FLAT
 Medium-term FLAT

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

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

There have been no big moves in the Dollar Euro, and though Sterling and the Yen have both rallied sharply against the Dollar, they remain within sharply-defined trading ranges. The surge of Sterling against the Euro has brought it close to a breakout level which should be closely watched.

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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 a strengthening Dollar.**

More



Currencies: Dollar Euro

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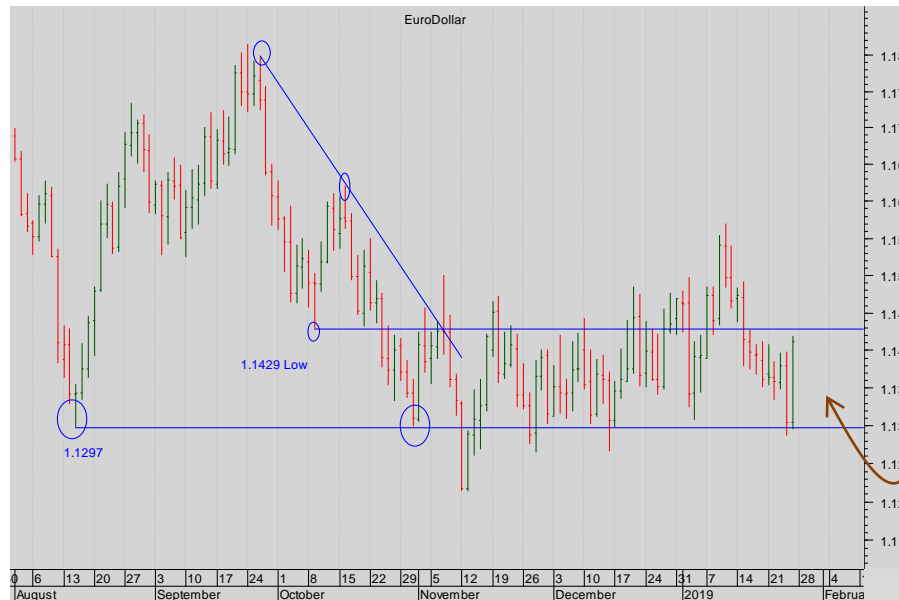
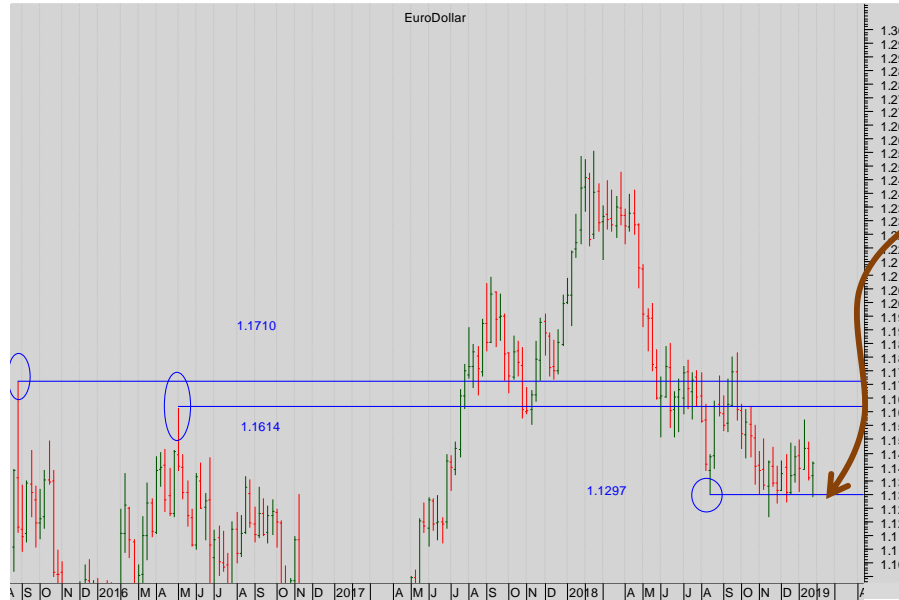
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IMPLIED ASSET ALLOCATION



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.



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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

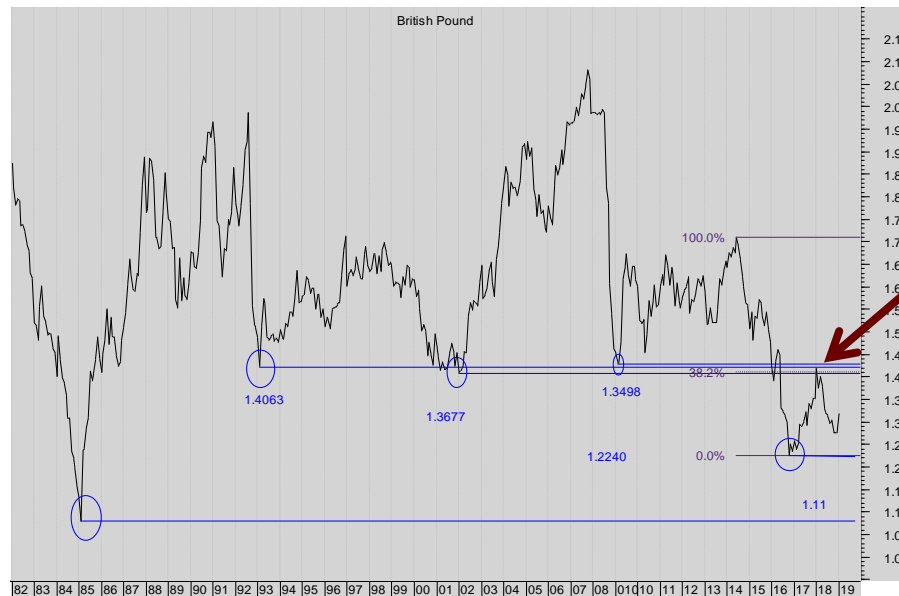


Dollar Sterling Monthly spot cash chart

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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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

Having formed a Double Bottom which is supportive we are back in the trading range.

Wait for a break of the range.



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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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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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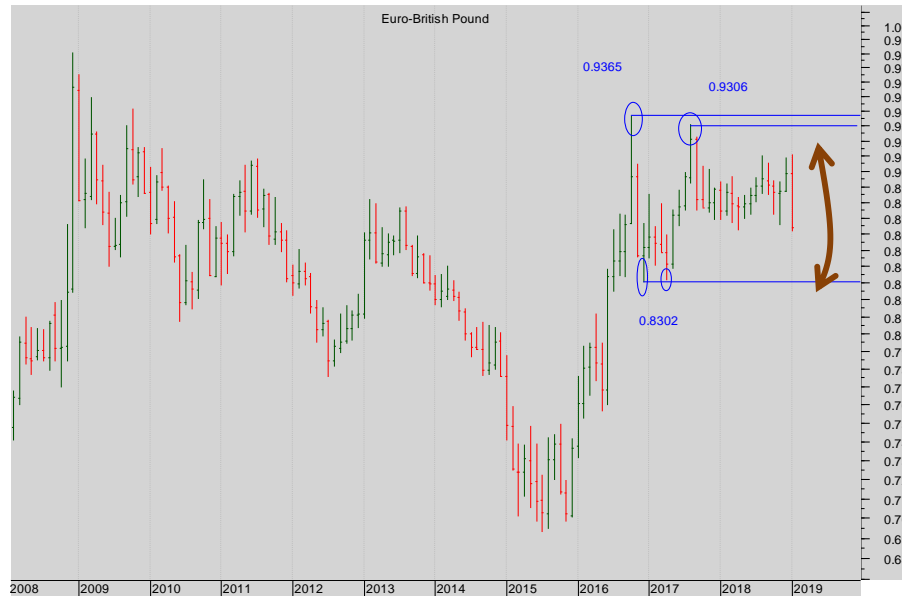
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Currencies: Sterling Euro



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

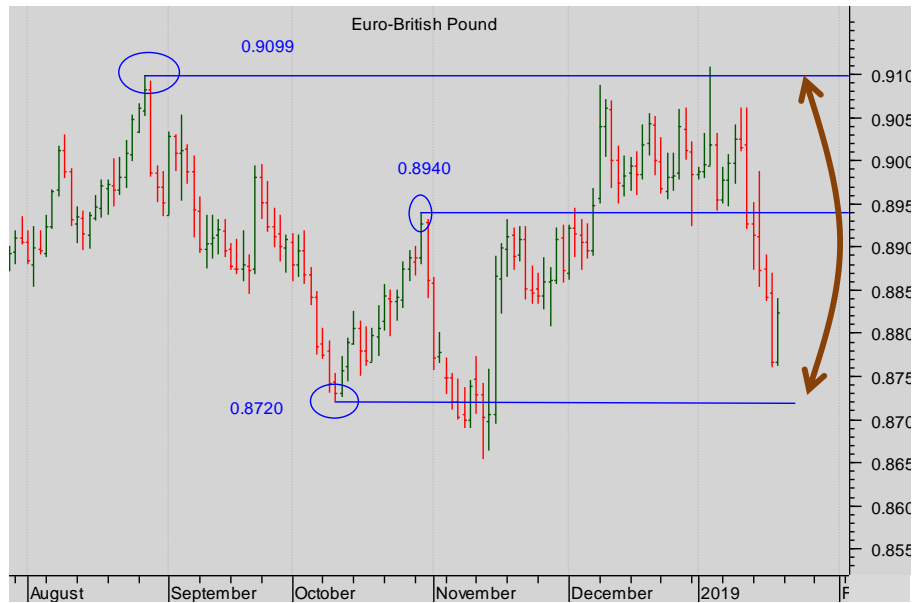
There is a compact shorter-term range.

Still!

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

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

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IMPLIED ASSET ALLOCATION



Stocks

STOCKS:

Retracement or reversal? The rallies have yet to peter out in any of these markets and yet we remain unclear about whether they will be sustained. Vital signals to watch? The falling diagonal in the weekly S&P chart, the 3172 horizontal resistance in the Eurostoxx weekly chart, another plus beneath 6766 in the FTSE and finally the failure of the day chart in the Nikkei to break up through 20750. Watch these.

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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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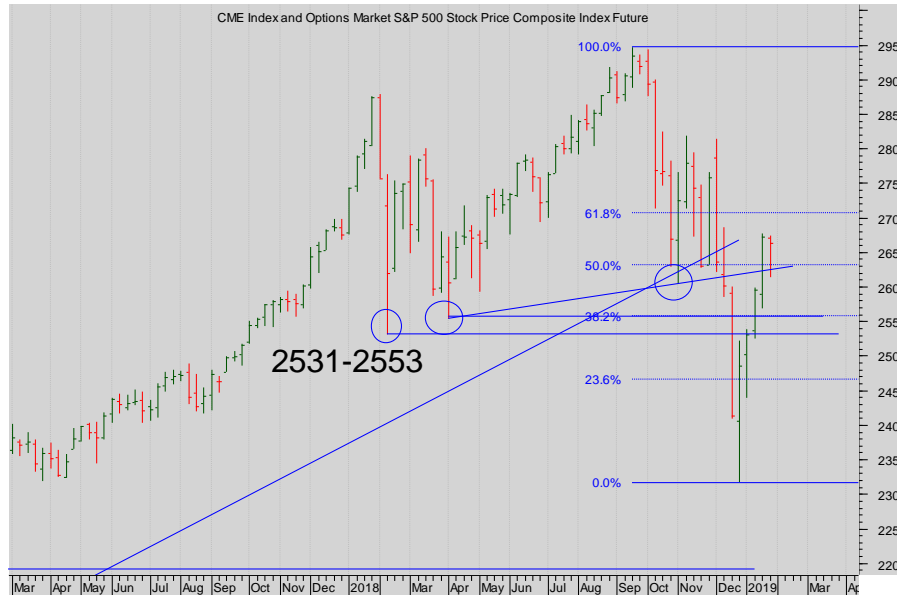
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IMPLIED ASSET ALLOCATION

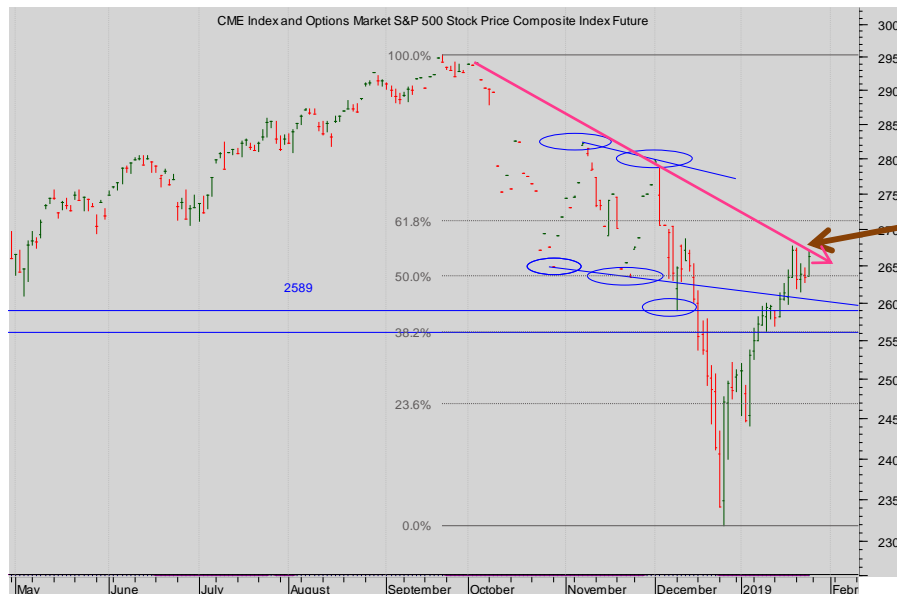


CME S&P 500 cont weekly cont. chart

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: Eurex EuroStoxx 50

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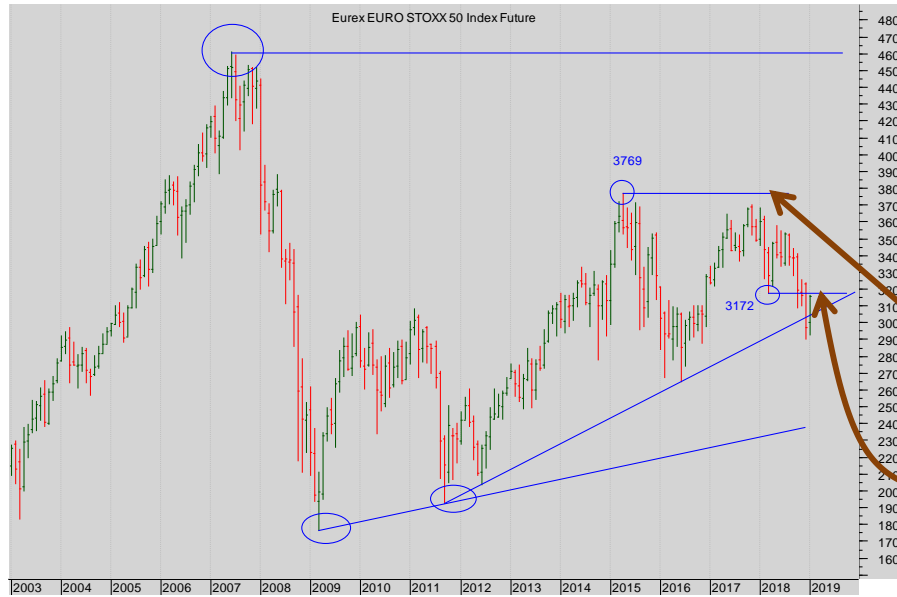
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Commodities

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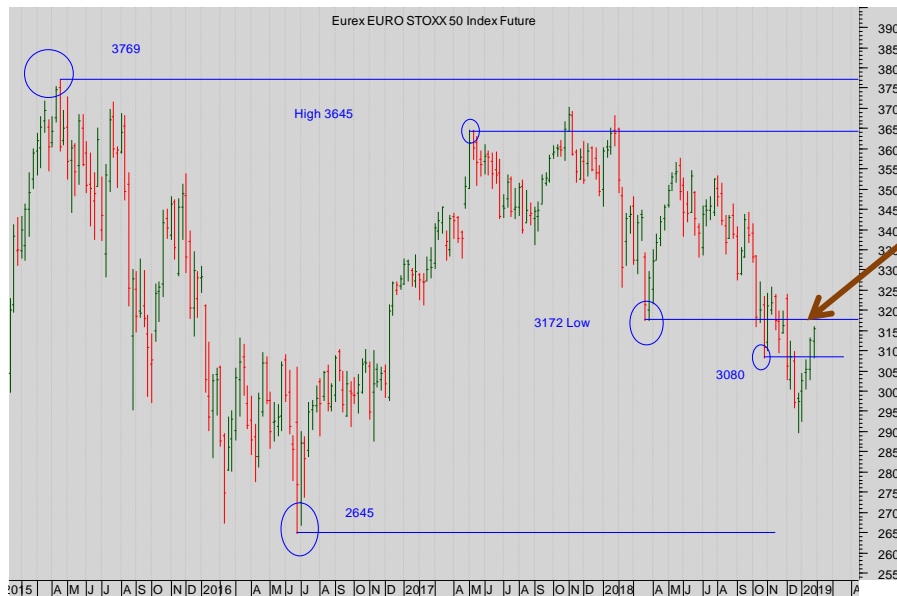
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Eurex EuroStoxx 50 monthly continuation futures chart

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



Stocks: Eurex EuroStoxx 50

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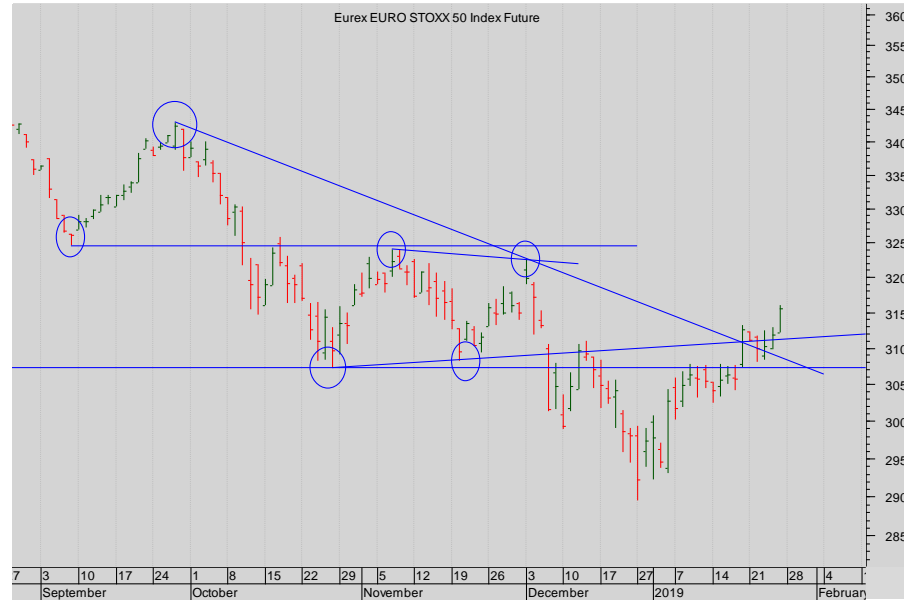
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Commodities

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IMPLIED ASSET ALLOCATION



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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IMPLIED ASSET ALLOCATION



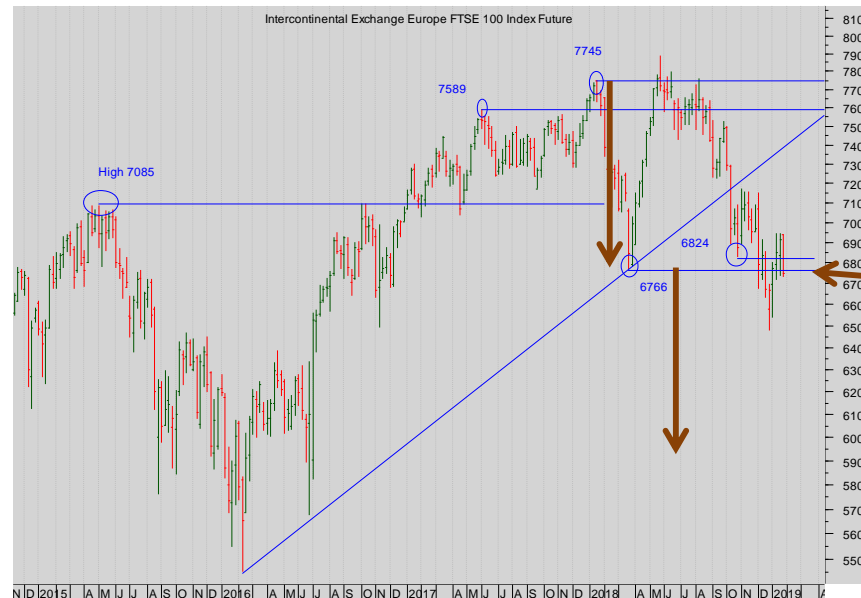
Liffe FTSE 100 Monthly continuation futures chart

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: OSE Nikkei 225

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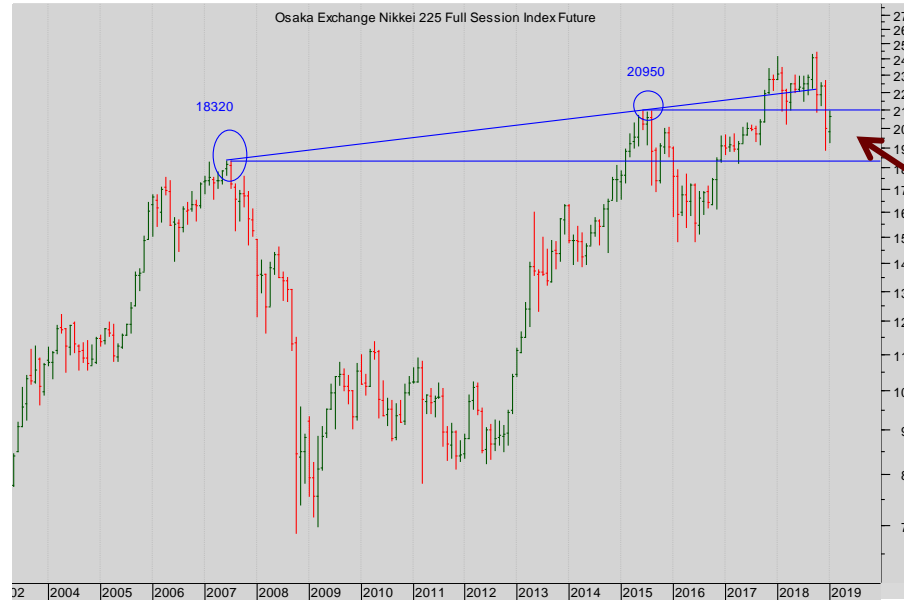
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Commodities

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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.

Note that that resistance has yet to break.

More



Stocks: OSE Nikkei 225

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



**Nikkei 225 chart Daily
Mar 19.**

And here's a short-term
resistance at 20750.

Watch the market's
response.



Bonds

BONDS:

We still like the Bunds. But the TNotes do look as if they may have topped out. And the UK Gilt market is stuck in a trading range. So it's a mixed picture.

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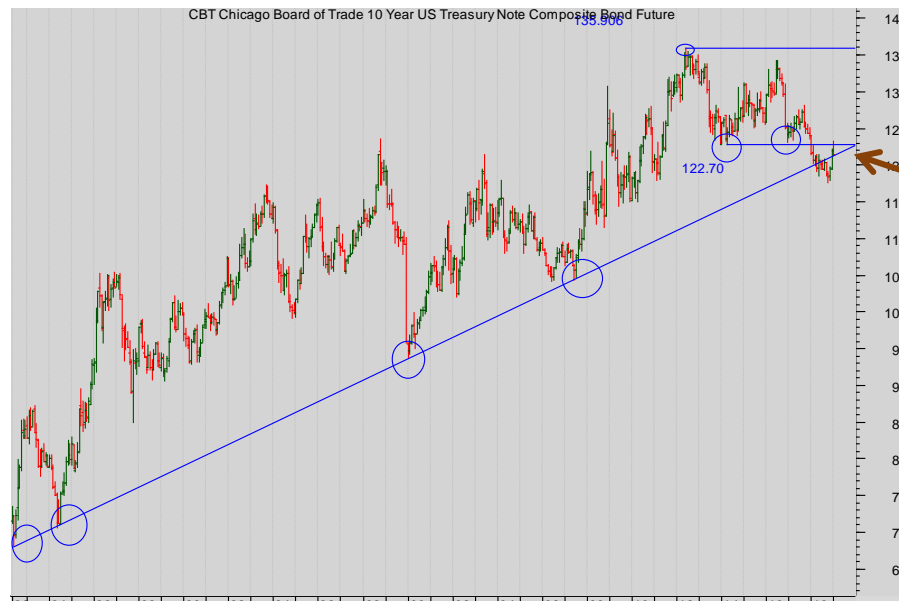
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Commodities

- + Oil
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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.

But the recent two-month rally has smashed back through the diagonal but running into resistance at 122.70

Look closer.

More



Bonds: CBOT Ten Year Notes

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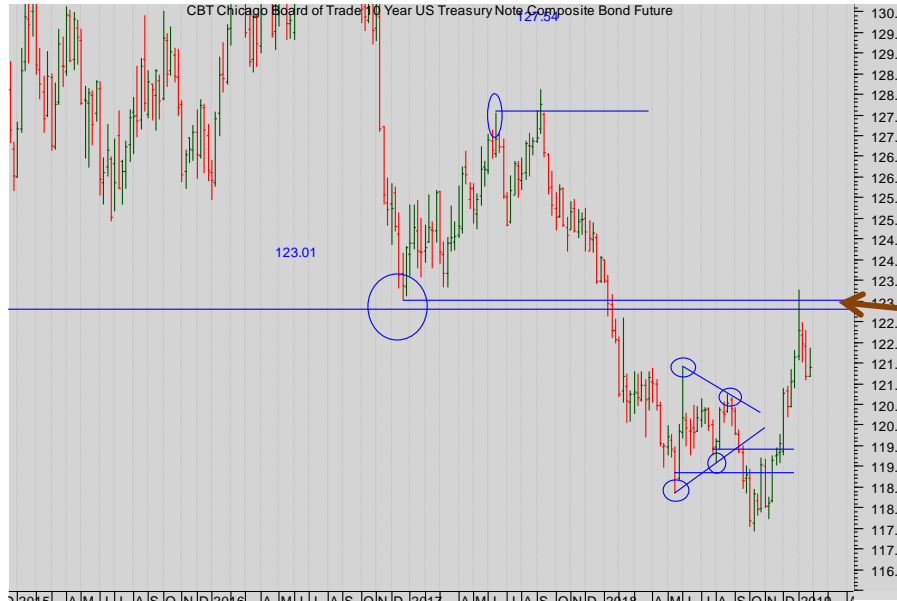
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IMPLIED ASSET ALLOCATION

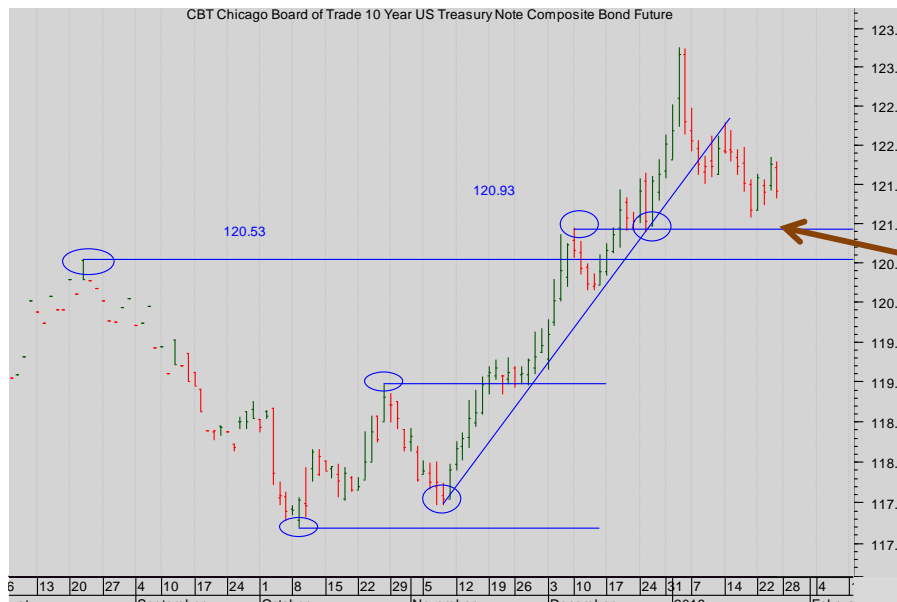


CBOT Ten Year Notes weekly futures continuation chart

Note the test of 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.

not yet very convincing for the bears because they need a break back down through the support from 120.53.





Bonds: Eurex Ten Year Bund

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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund monthly futures continuation chart

The break up through the falling diagonal is important 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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Eurex Ten Year Bund March 2019 Daily futures chart

The bulls are in charge and encouraged by a small continuation Triangle that has just completed.



Bonds: Liffe UK Gilt futures

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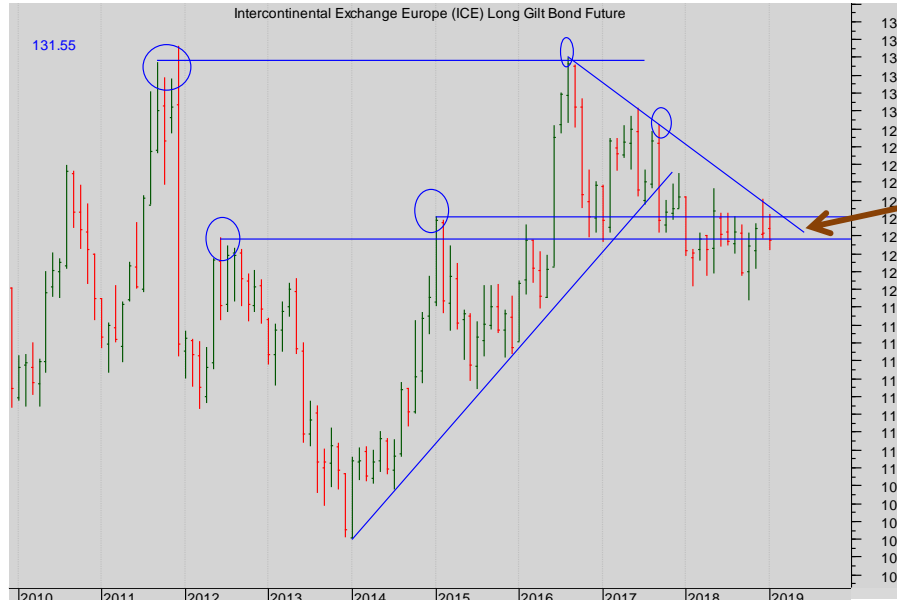
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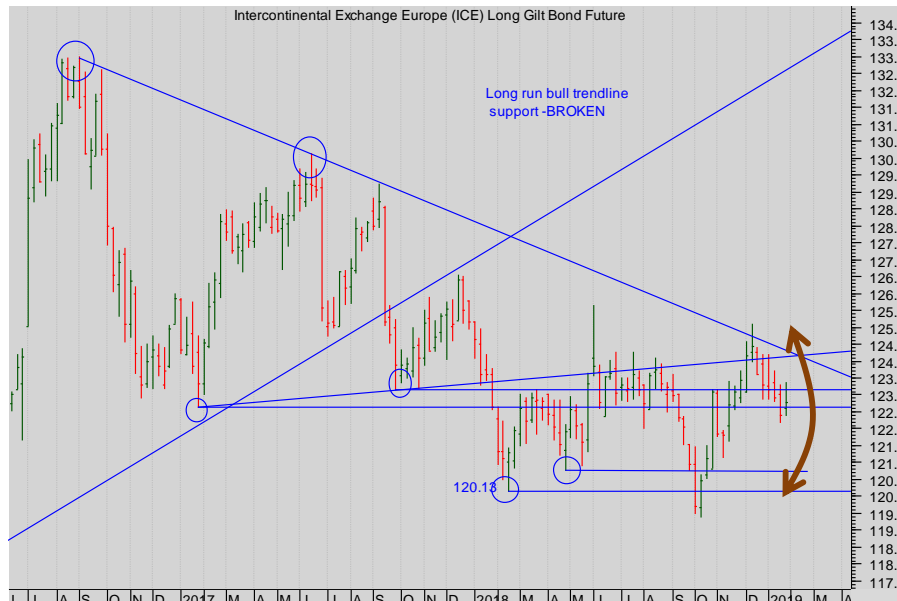
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Liffe UK Gilt monthly futures continuation chart

The market is confused.

Look closer at the FAILED test of the diagonal downtrend resistance



Liffe UK Gilt weekly continuation futures Chart

NOW THERE the reassertion of A RANGE.

Stand back





Bonds: Liffe UK Gilt futures

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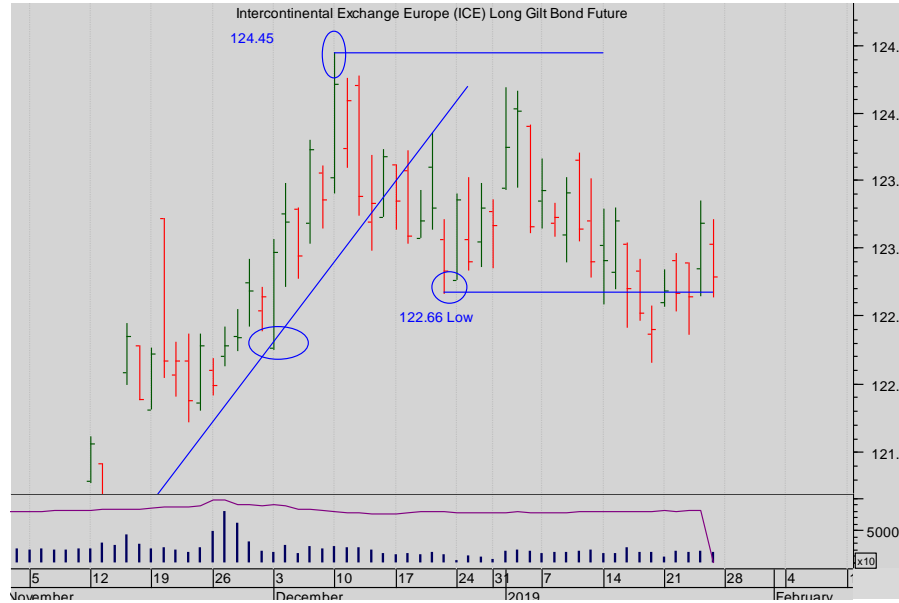
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Long Gilt daily Mar 19 chart

The market lacks clarity.



Commodity

COMMODITIES:

Oil remains ready to rally in the short term, driven by a well-constructed H&S bottom. Gold looks tired and less well-underpinned than we thought. The bears look powerful still.

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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

The Key reversal added a good deal of bear impetus... to the powerful resistance from the Prior Lows from back in 2011 and 2012.

But the market is in a range.

More



Commodities: Nymex WTI Oil

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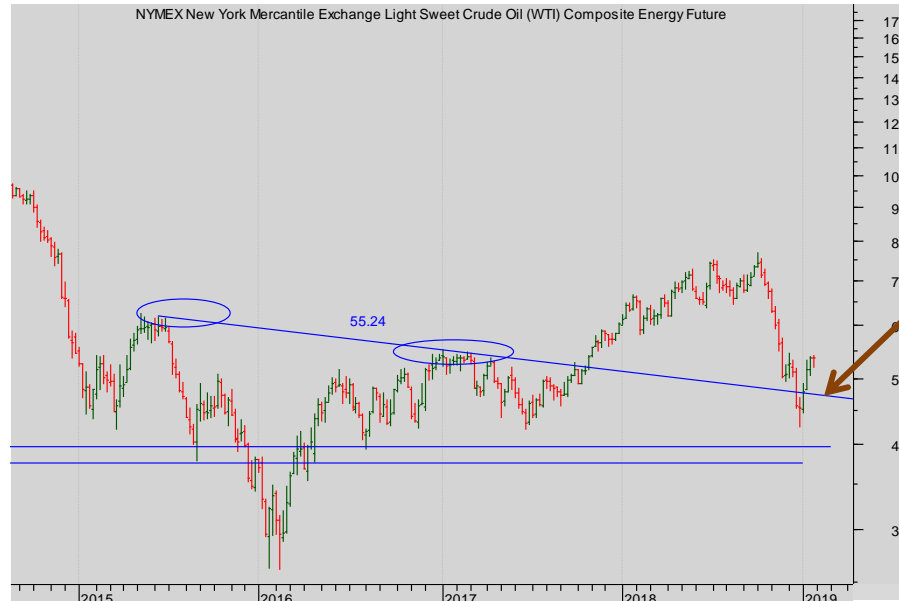
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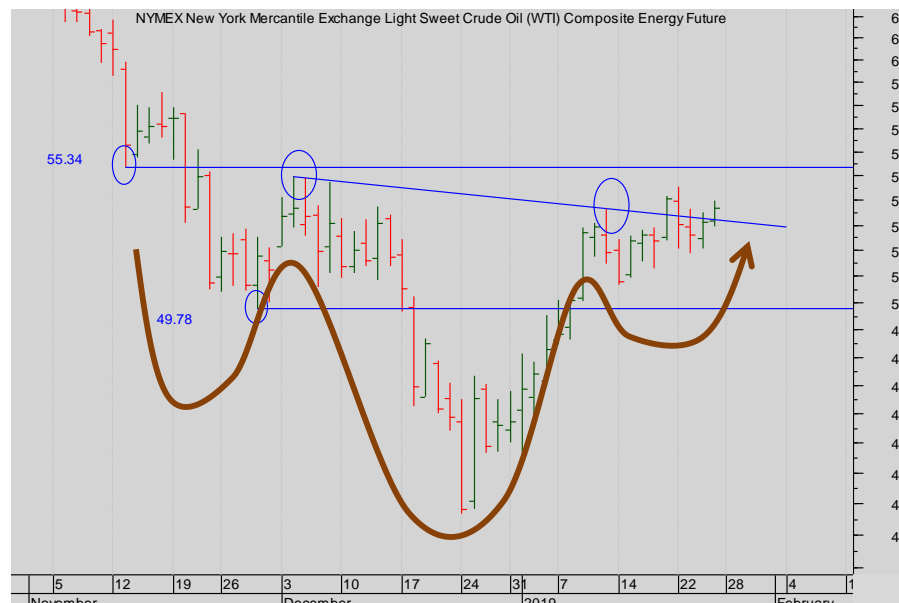
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Nymex oil weekly continuation

Has the old neckline given critical support?



Nymex oil daily Mar 19 futures

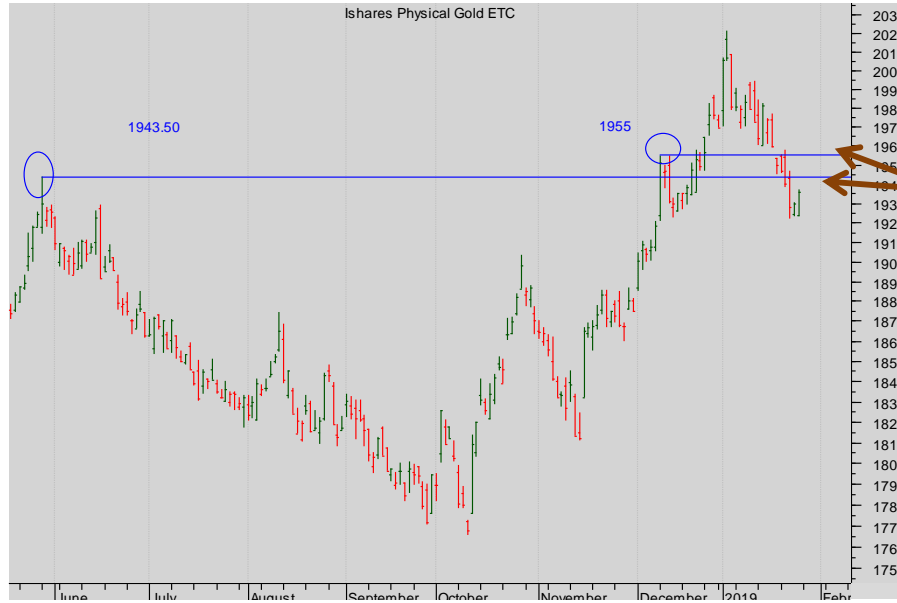
Is the short-term price action a H&S reversal.

Not clear yet.

The reluctance to complete the pattern is interesting and troubling for the bulls.



Commodities: Comex Gold



iShares physical Gold ETC Daily (in Sterling)

And having pushed up through the Prior Highs they should have been important support on the pull-back.

Watch this weakness carefully.

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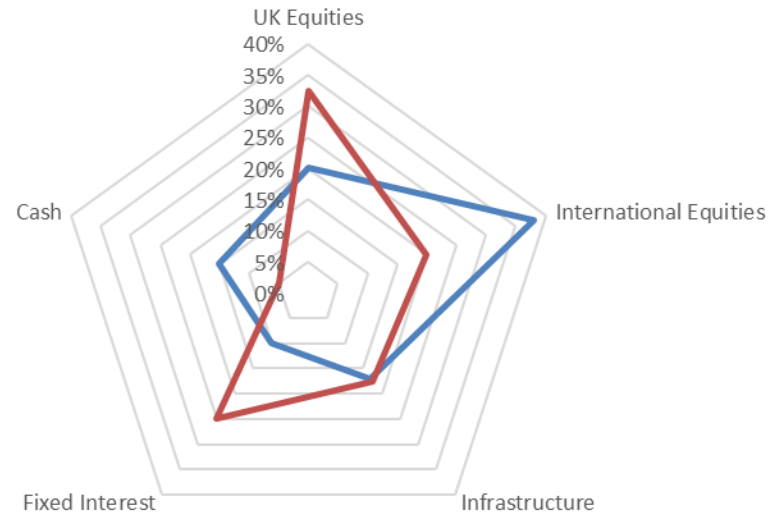
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Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation benchmark



More



the technical analyst

AWARDS 2012

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