



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 12th February 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 FLAT Sterling

Short-term FLAT Yen

Short-term FLAT Euro

Stocks

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

Long-term **BULL**

Long-term **BULL**

Long-term **BULL**

Long-term FLAT

Medium-term **BULL**

Medium-term **BULL**

Medium-term **BULL**

Medium-term FLAT

Short-term **BULL**

Short-term FLAT

Short-term **BULL**

Short-term FLAT

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 **BULL**

Medium-term **BULL**

Short-term FLAT

Short-term **BULL**

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

We remain bulls of the Dollar against the Euro watching and waiting for the short-term breakdown that would put all the time frames into alignment. Dollar Sterling is a more complex animal sitting solidly within short and medium-term trading ranges. The Yen and Sterling Euro similarly lack clarity.

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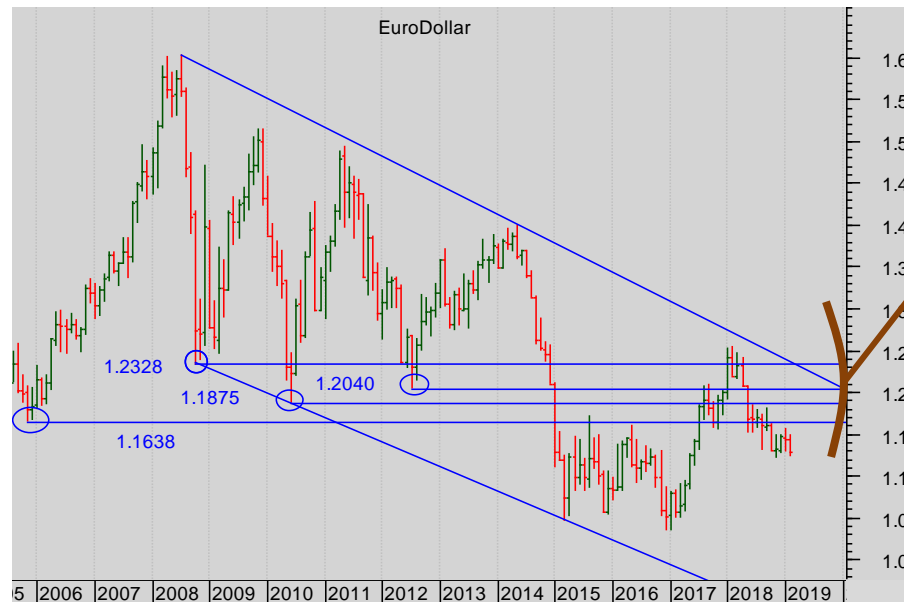
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IMPLIED ASSET ALLOCATION



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 still favour a strengthening Dollar. That is, a continuance of the trend from the beginning of 2018.**

More



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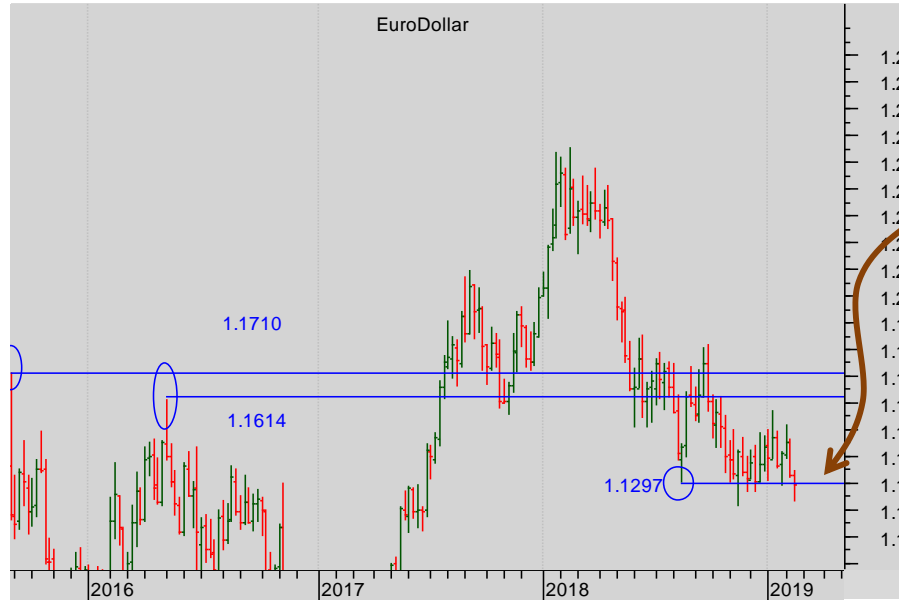
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Euro

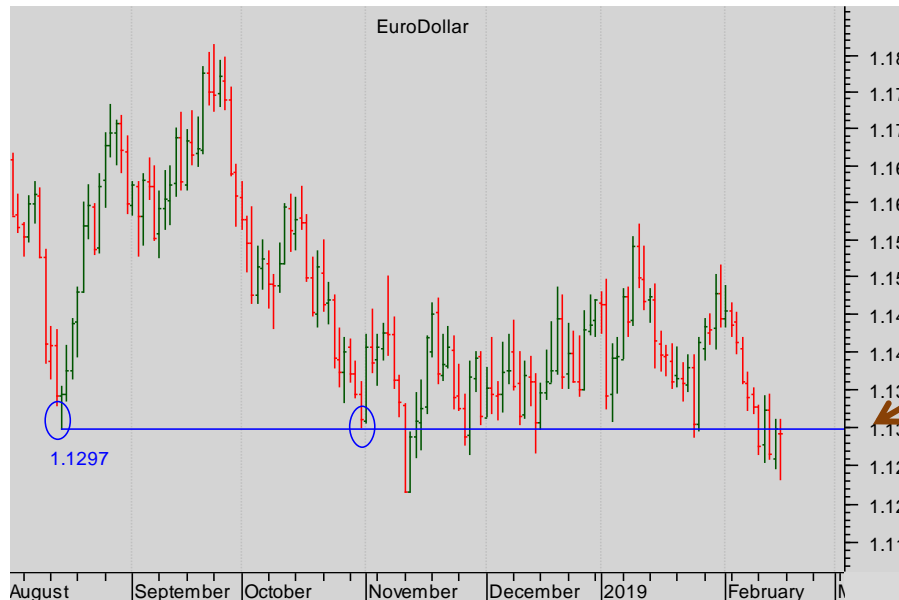


Dollar Euro weekly spot cash chart

Note the renewed attempt to break beneath 1.1297 beginning the next leg down (strengthening Dollar).

Is a bounce in the Euro possible from here?

Not clear yet but watch closely..



Dollar Euro spot cash chart daily chart...

There's a bottom forming...

Bears of the Euro / Dollar Bulls are relying on a confirmed break beneath the 1.1297 Low.

Wait for it....



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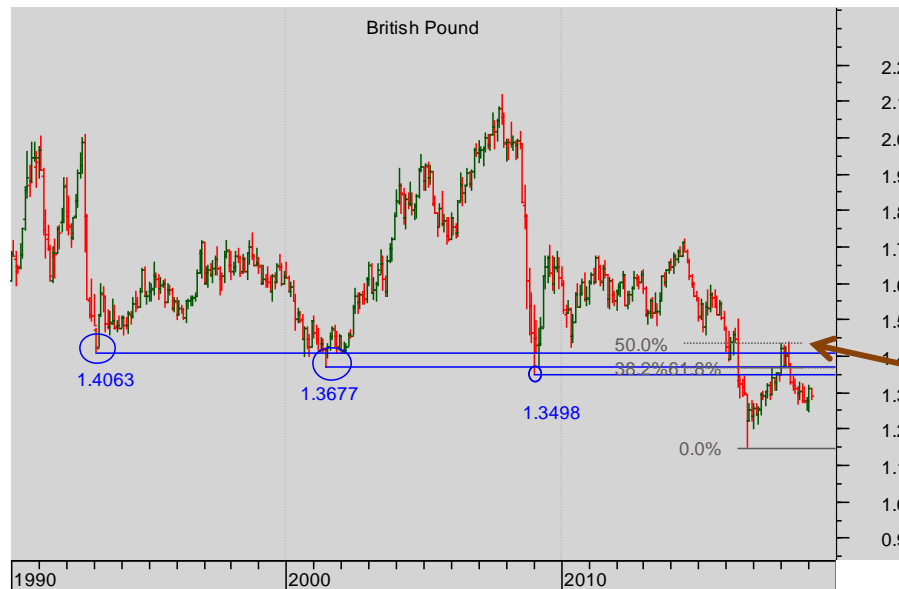
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

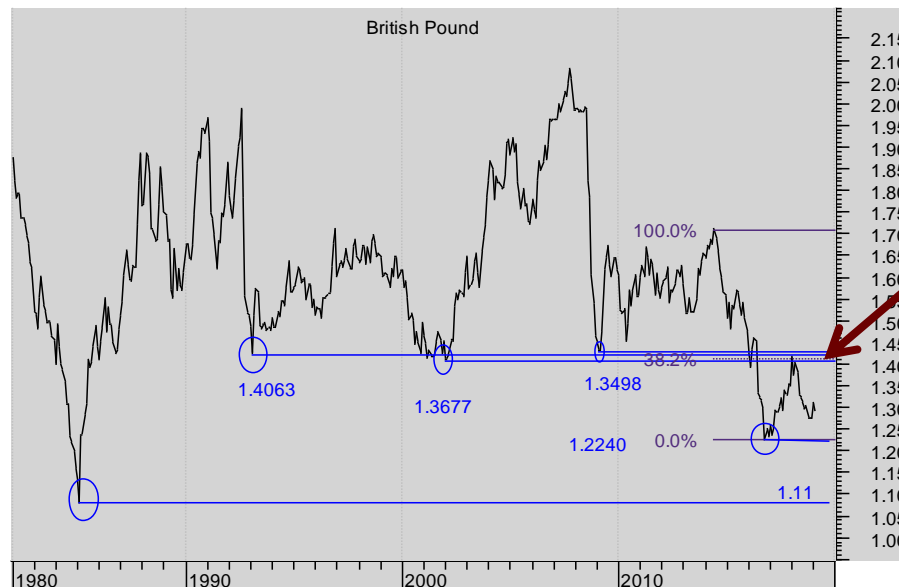


Dollar Sterling Monthly spot cash chart

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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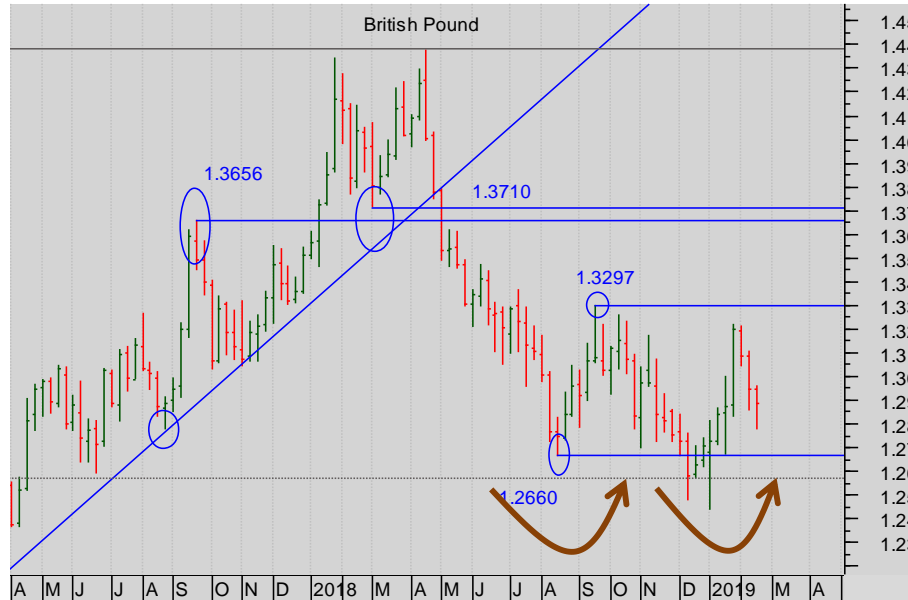
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IMPLIED ASSET ALLOCATION

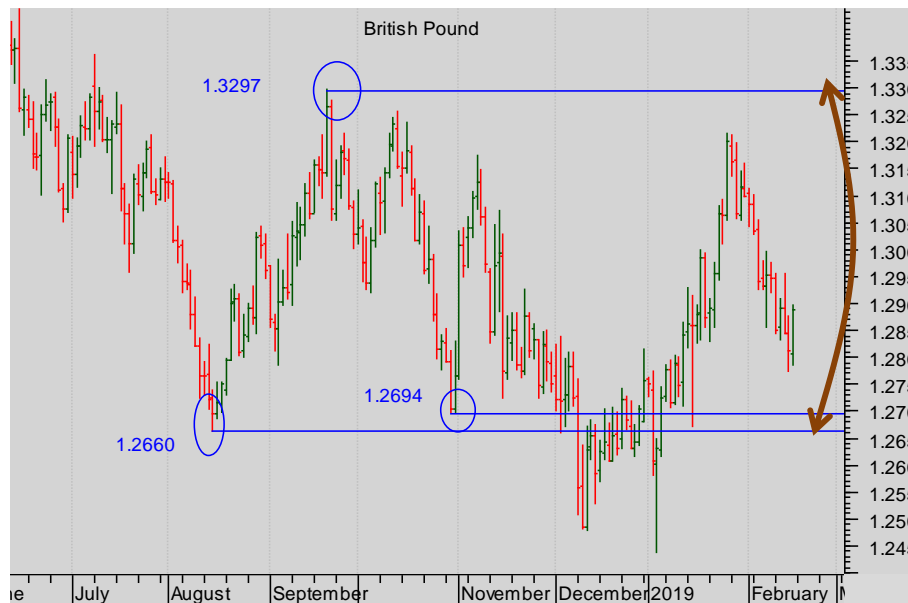
Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

The range since August 2018 remains **intact**

The Pound has tried to get beneath the Prior Low 1.2660 but doesn't want to stay there.



Dollar Sterling daily spot cash chart

Wait for a confirmed and convincing break of the range.



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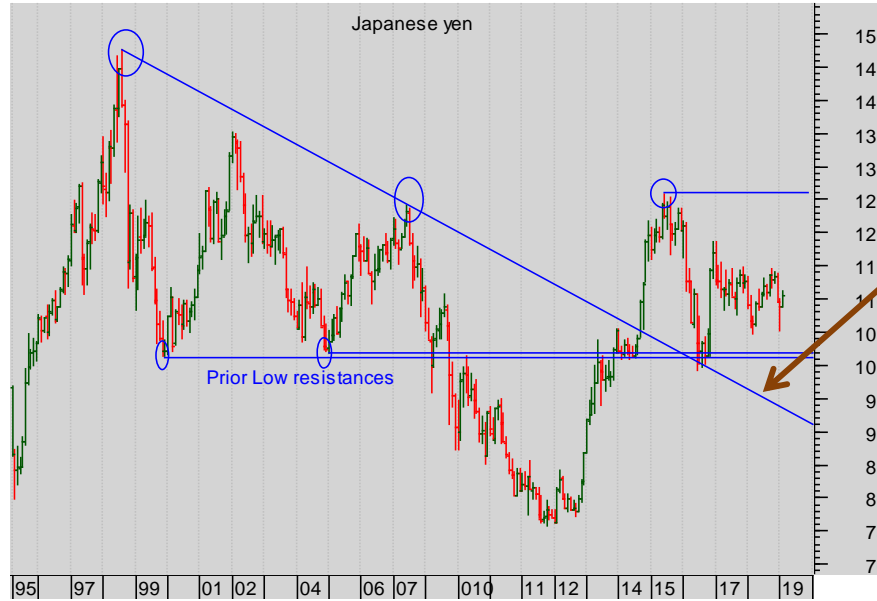
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

Note the very well-formed diagonal downtrend resistance, that was smashed, and then, later, acted as good support too.

No clear structure since the beginning of 2017.

Stand back.



Dollar Yen weekly spot cash chart

Watch the range.

More



Currencies: Dollar Yen

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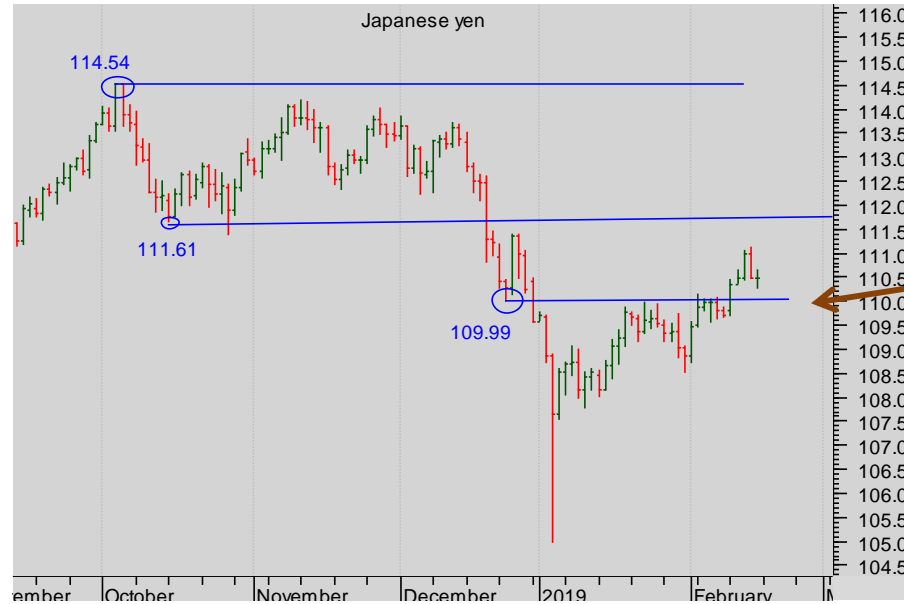
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Dollar Yen daily spot cash chart

Since the beginning of 2019, the Yen has been stronger than the dollar, with the resistance above the market at 111.61 about to be tested..



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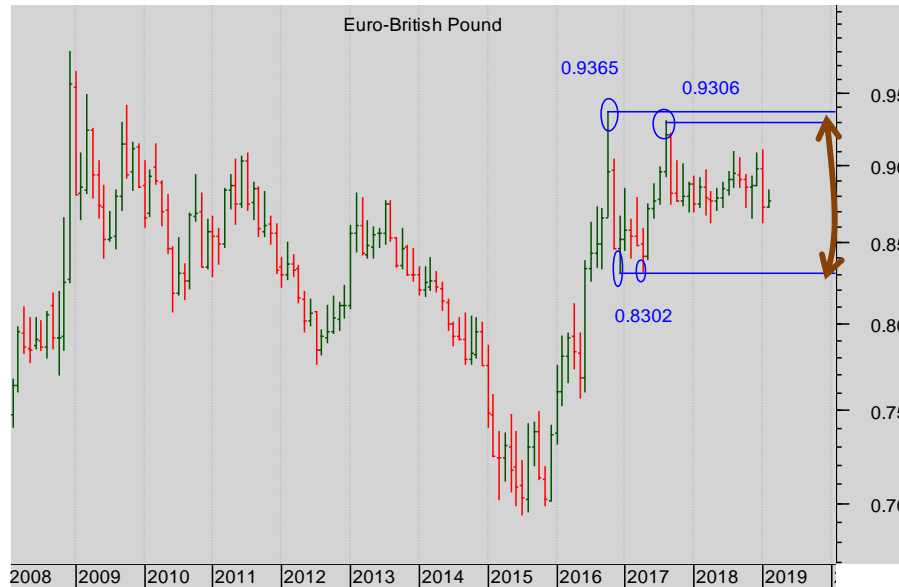
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Commodities

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IMPLIED ASSET ALLOCATION

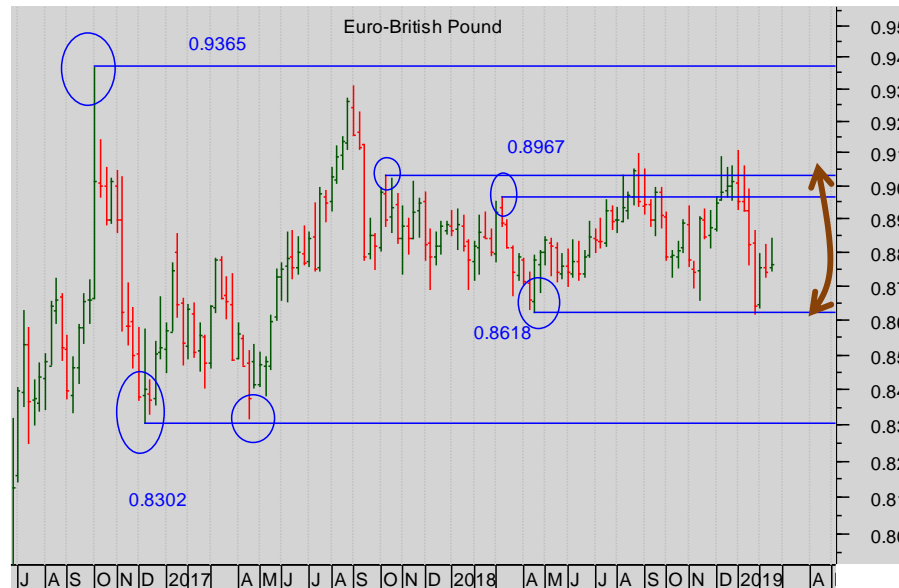
Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The last two years' volatility has created a wide trading triangle of consolidation.

Stand back!



Sterling Euro weekly spot cash chart

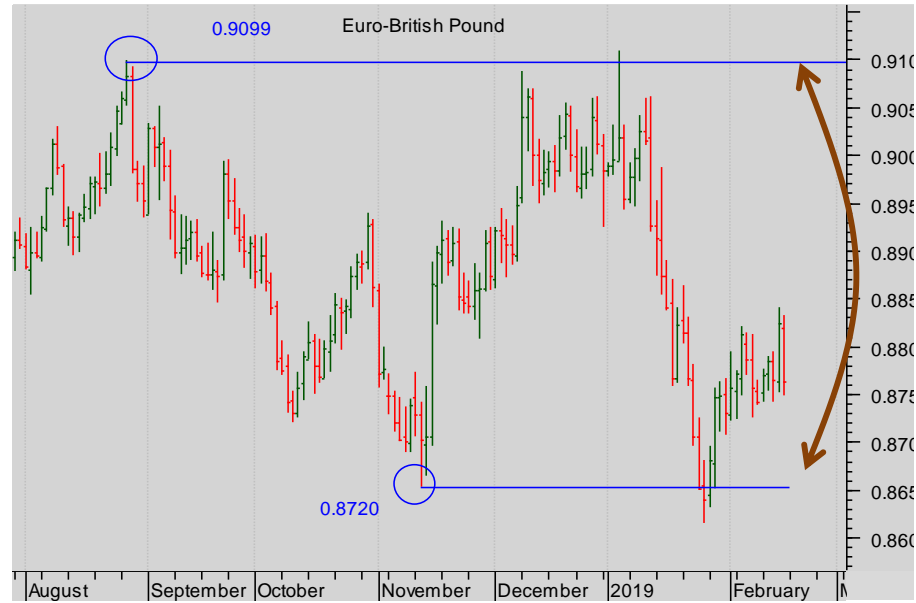
There is a compact shorter-term range.

Still!

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

It's volatile, but the very short term range has yet to be broken

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IMPLIED ASSET ALLOCATION



Stocks

STOCKS:

The arguments that the recent rally is still a retracement in a new bear trend rather than a reversal within a continuing bull trend look increasingly weak. Successive resistances has been overcome, and increasingly supports are being established that will ratchet the market higher still. This is clearest in the S&P, but laggards such as the Eurostoxx too are showing unusual structural strength. FTSE's breakdown of the massive support from the Prior Highs in 1999, 2007 and 2015 has been wholly reversed. The Nikkei is more hesitant than the others.

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Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

The market broke the well-established long-term diagonal support, and then bounced.

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

Look closer.

More



Stocks: CME S&P 500

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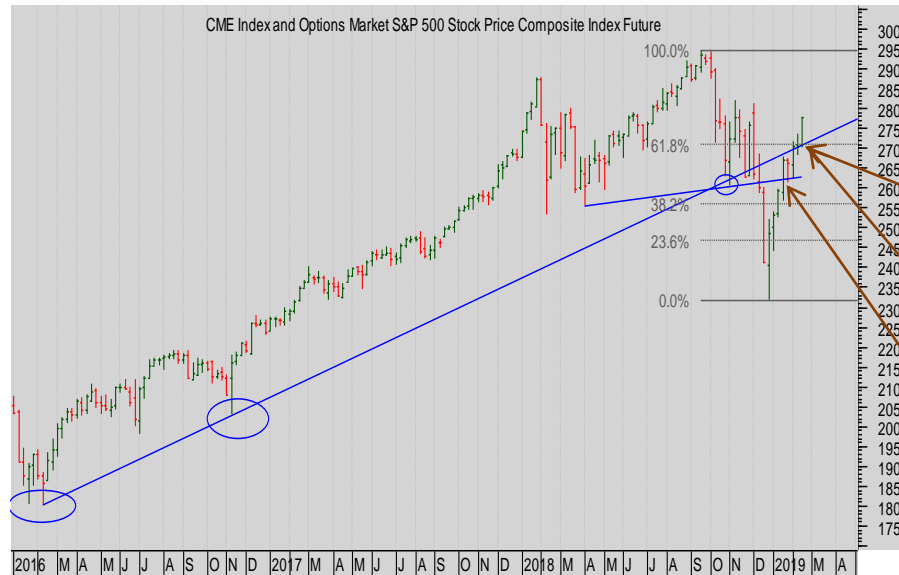
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IMPLIED ASSET ALLOCATION

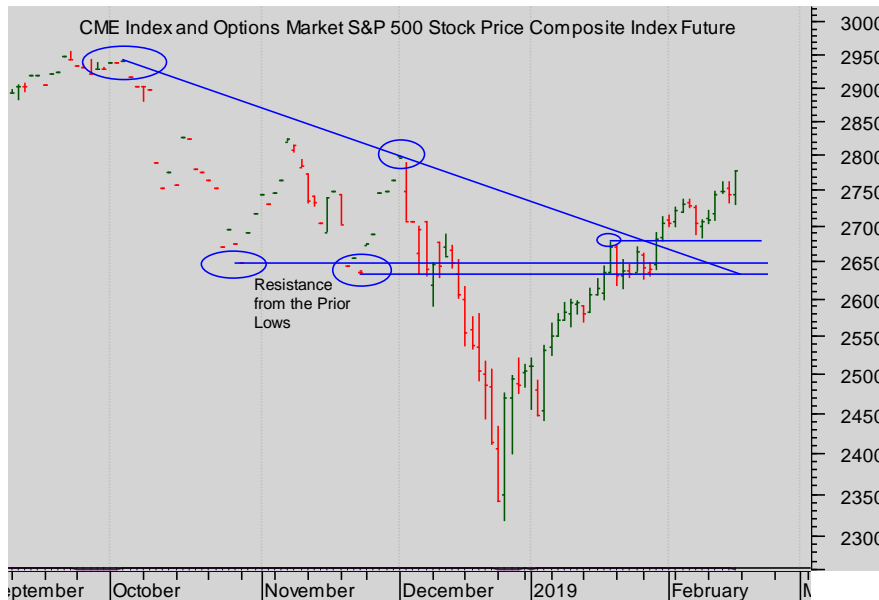


CME S&P 500 cont weekly cont. chart

The market has

- smashed back through the important resistance from the broken diagonal.
- Broken above the Fibonacci resistance that was co-incident at that same level.
- Broken back through the Neckline resistance of the potential H&S Top

The rally is not a retracement.



CME S&P 500 daily Mar 2019 chart

We have seen that the bounce has been phenomenally powerful.

In the day chart we see

- the break back through the resistance from the Prior Low at 2650.
- The break through the diagonal downtrend resistance

There is now some modest support beneath the market from

- the old falling diagonal and
- the Horizontal from the Prior High at 2680

The bulls are in charge

More



Stocks: Eurex EuroStoxx 50

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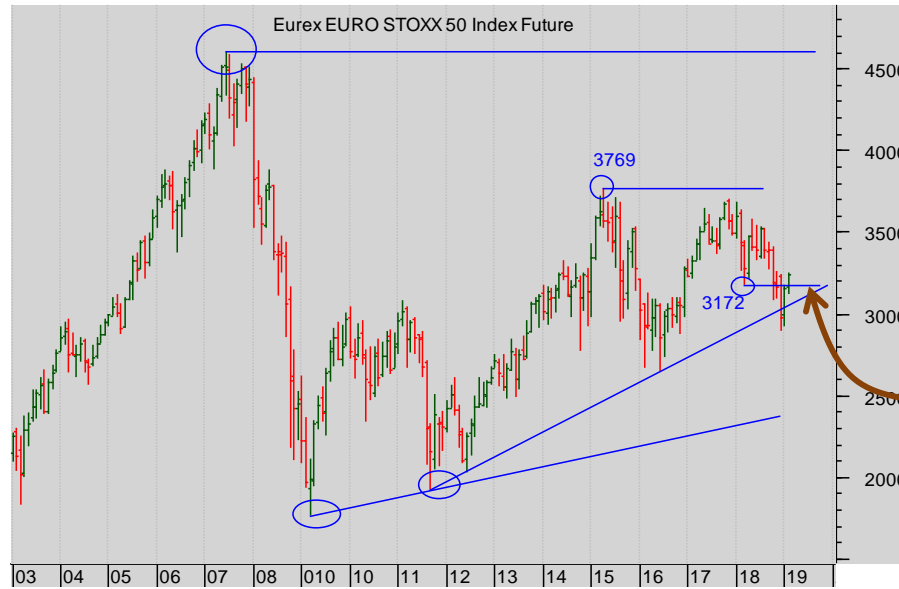
Bonds

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Commodities

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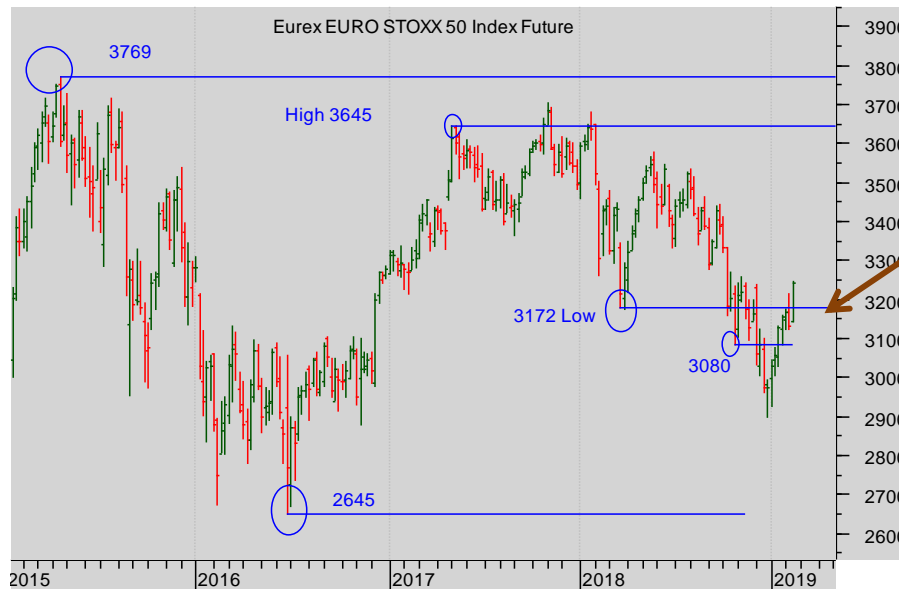
IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 monthly continuation futures chart

The long-term condition of the market is quite clear: the market failed twice at the old 3769 High and remains vulnerable.

But because of the break through the Prior Low of 3172, is cause for celebration for the bulls.



Eurex EuroStoxx 50 weekly continuation futures chart

The possibility of a Double Top has gone. The rally is impressive.

More



Stocks: Eurex EuroStoxx 50

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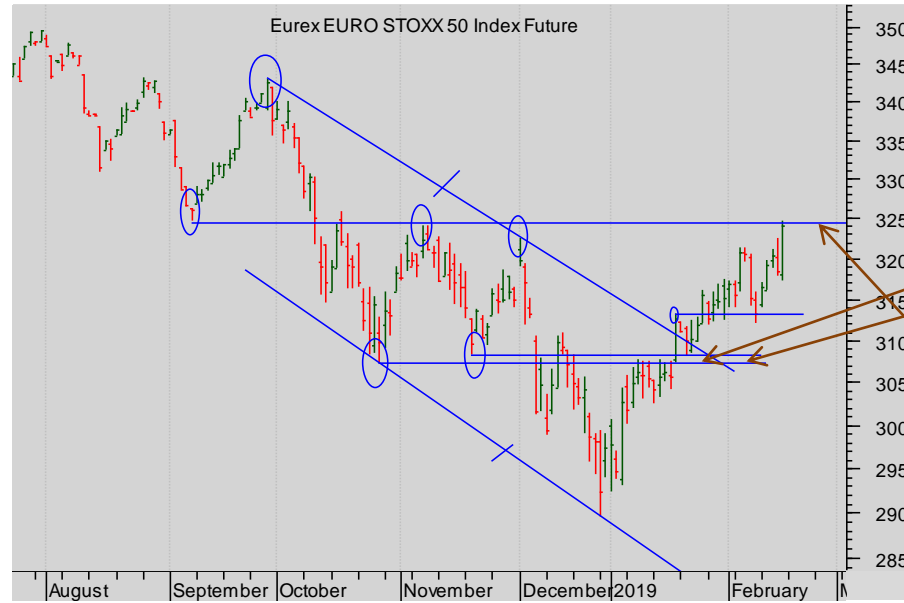
Bonds

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- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Mar 19 futures chart

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

- The Prior low
- The falling bear trend resistance.
- NB though the Short-term resistance from the Prior Low at 3250.



Stocks: Liffe FTSE 100

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Commodities

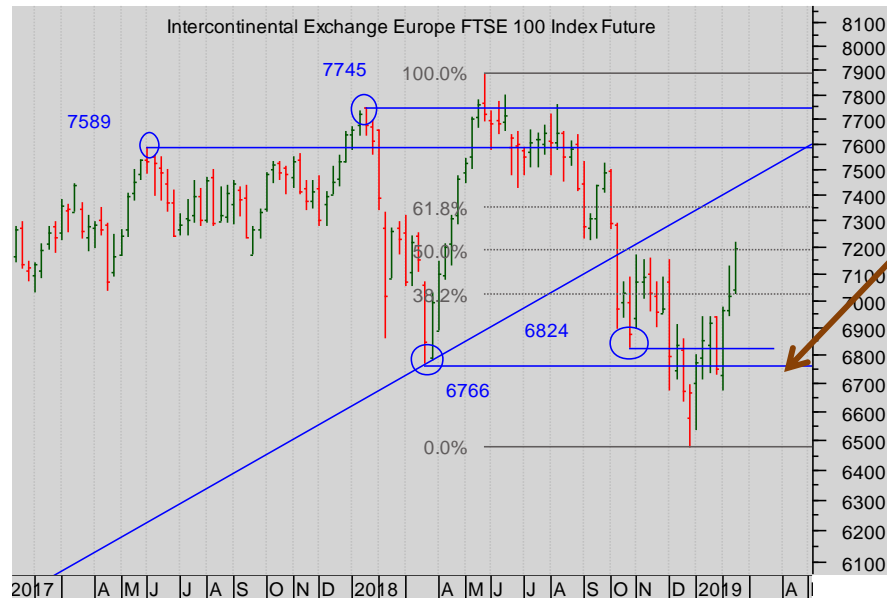
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

So the support from the succession of Prior Highs (6796, 6995) was smashed, note the pause at the diagonal uptrend support from 2009... and the powerful bounce back above the band of support from the Prior Highs



Liffe FTSE 100 Weekly cont. futures chart

The bounce back up through the resistance from the Prior Lows was impressive and began the rally.

Is there any evidence that it is running out of steam?

More



Stocks: Liffe FTSE 100

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec19 daily futures chart

No evidence that the rally is running out of steam.

With the close above the 6909 High there's new added support beneath the market.



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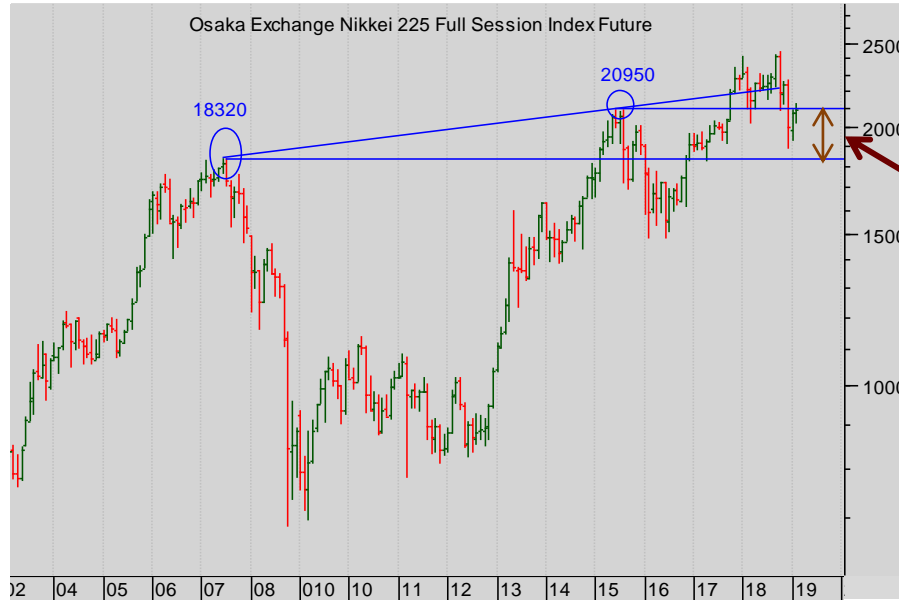
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Commodities

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IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

The market has failed to break beneath the band of support 20950 – 18320..



Nikkei 225 chart (WEEKLY)

look to resistance from the band formed from the Prior Lows 20140-20790.

Note that that resistance has broken

More



Stocks: OSE Nikkei 225

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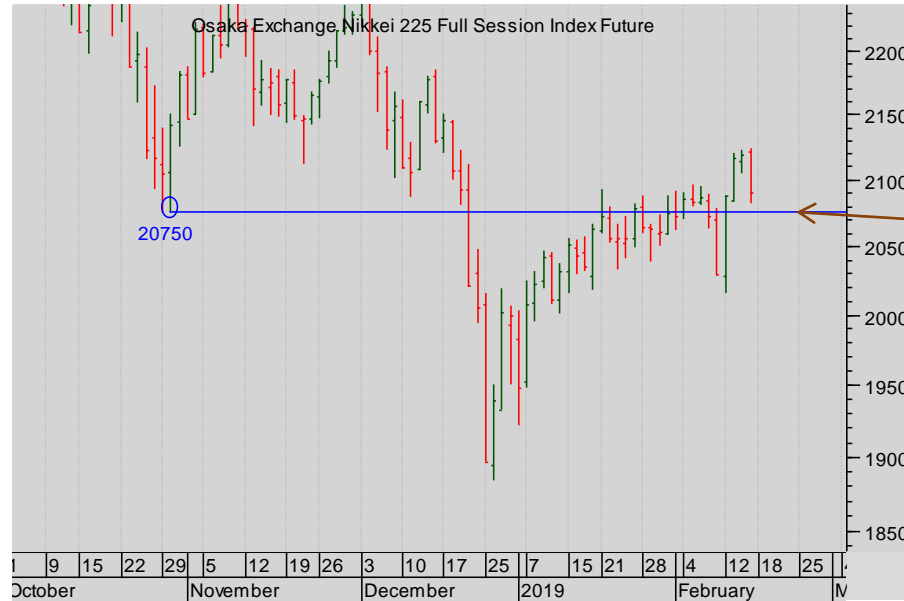
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Commodities

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- + Gold

IMPLIED ASSET ALLOCATION



**Nikkei 225 chart Daily
Mar 19.**

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

The market has breached
that too.



Bonds

BONDS:

The new bull leg in the Bund market is the standout feature of these markets. Note well the confusion and hesitancy of the UK Gilt market, and the important testing of overhead resistance in the US TNotes. They are not yet bullish, but this is a critical juncture.

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IMPLIED ASSET ALLOCATION

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

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

Look closer.

More



Bonds: CBOT Ten Year Notes

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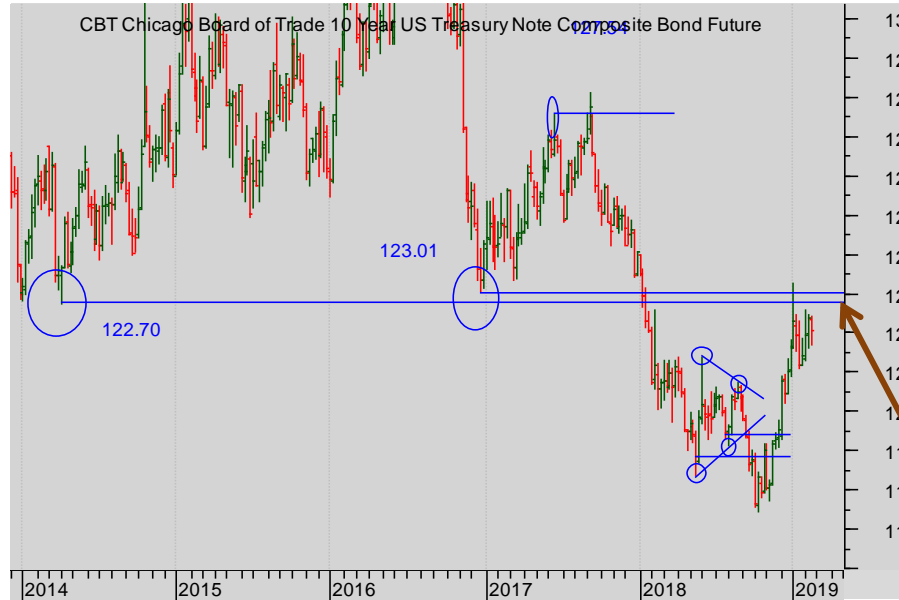
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IMPLIED ASSET ALLOCATION



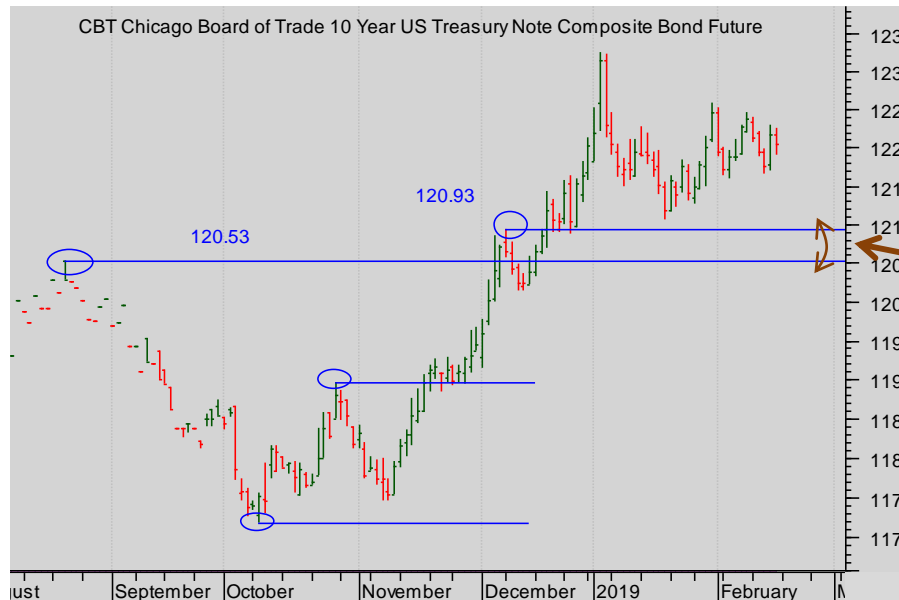
CBOT Ten Year Notes weekly futures continuation chart

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...

The bulls need to break above 122.70-123.01 to convince.



CBOT Ten Year Notes daily Mar 18 futures chart

Short-term the market looks supported by the Prior Highs 120.53-120.93.

Only if that band breaks will the bears regain confidence.





Bonds: Eurex Ten Year Bund

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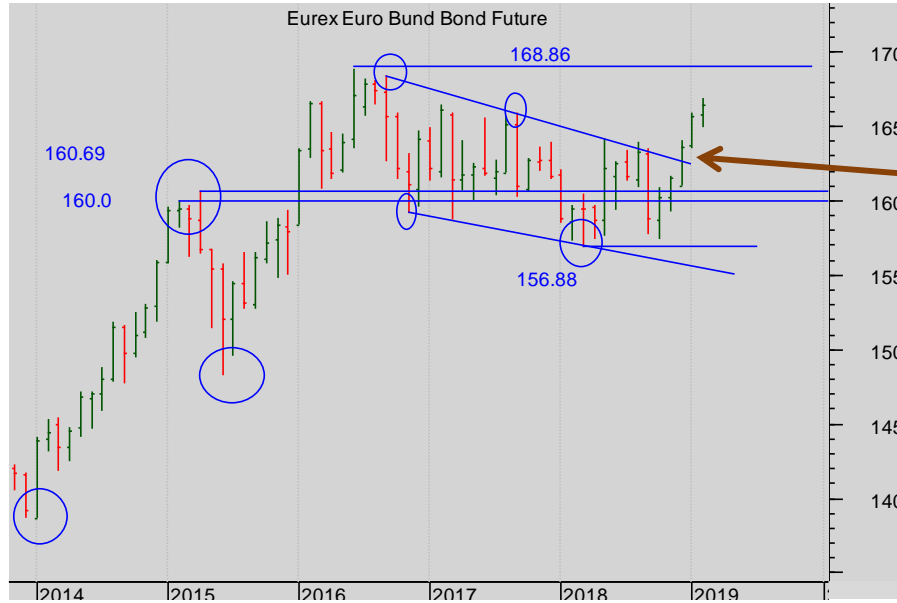
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Commodities

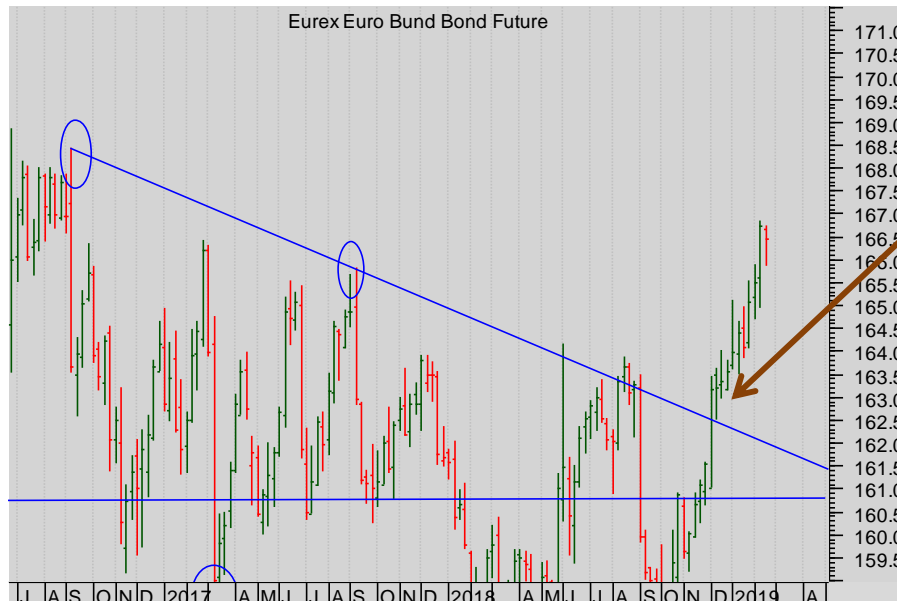
- + Oil
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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund monthly futures continuation chart

The break up through the falling diagonal is important and sets up a new bull leg by completing a bull flag formation.



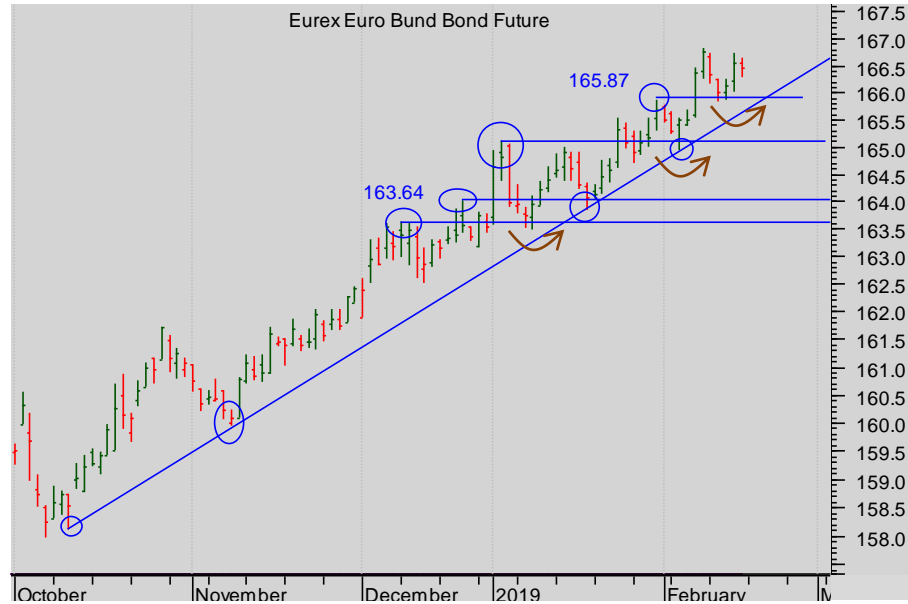
Eurex Ten Year Bund weekly cont. futures Chart

The bulls are excited....





Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund March 2019 Daily futures chart

The anatomy of the bull trend is interesting – the diagonal is very well-established, successive diagonal support from Prior highs are acting to ratchet the market higher and higher.

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Bonds: Liffe UK Gilt futures

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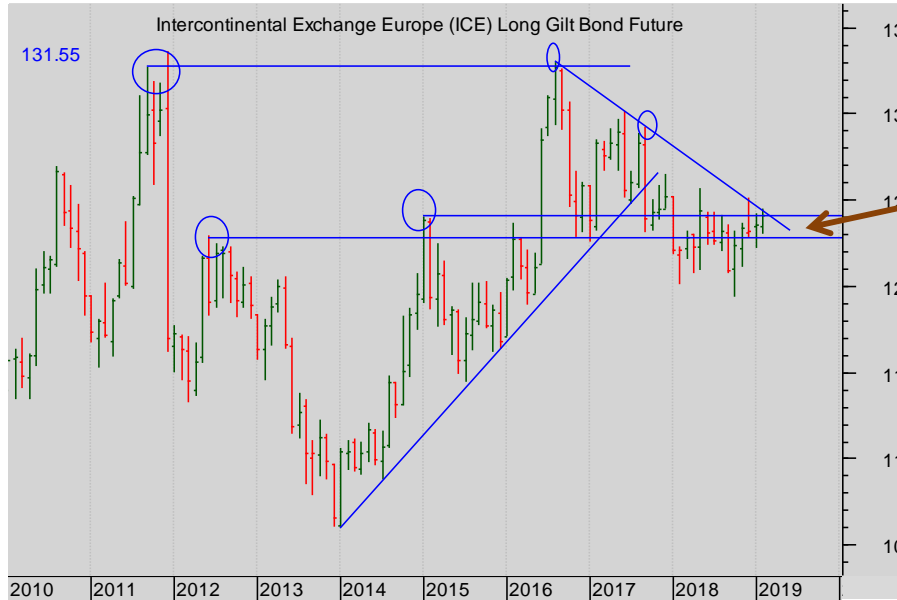
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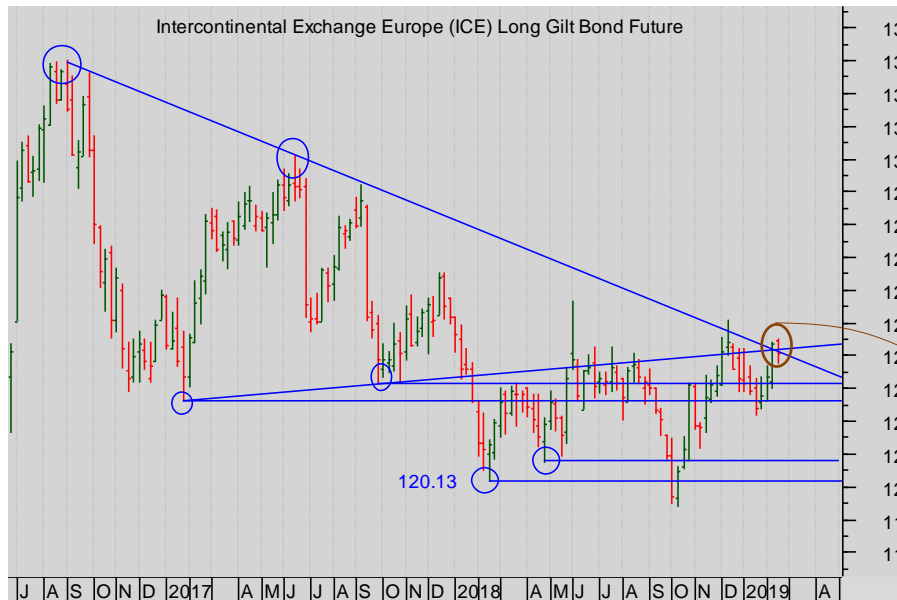


Liffe UK Gilt monthly futures continuation chart

The market is confused.

That falling diagonal has to be broken if the Gilt bulls are to make headway.

Look closer.



Liffe UK Gilt weekly continuation futures Chart

Here's the detail of the test of that diagonal resistance

The bulls need to push up through the combined resistance from the two diagonals.

Wait for the break.





Bonds: Liffe UK Gilt futures



Long Gilt daily Mar 19 chart

Short-term all eyes are on the Pivot at the horizontal from the Prior High.

Watch for a break up through the Prior High 124.45.

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

Oil's situation demands the closest attention as it is near to completing a bullish H&S structure. Gold is being driven higher by long and medium-term patterns. Watch the short-term levels closely as the market is poised delicately.

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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...

But the market is in a very long-term range defined by 75 and 40 on the downside.

More



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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil

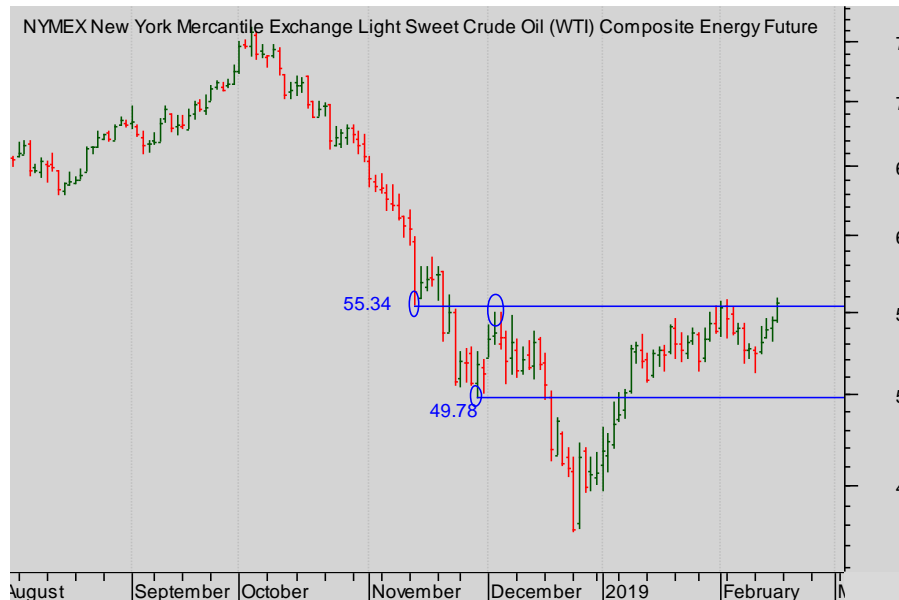


Nymex oil weekly continuation

Has the old neckline given critical support?

Or was it the influence of the \$40 level?

At any rate the market has bounced.



Nymex oil daily Mar 19 futures

Is the short-term price action going to become a H&S reversal?

Wait and see – the bulls need a confirmed break of the 55.34 level.



Summary

Currencies

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

Stocks

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

Bonds

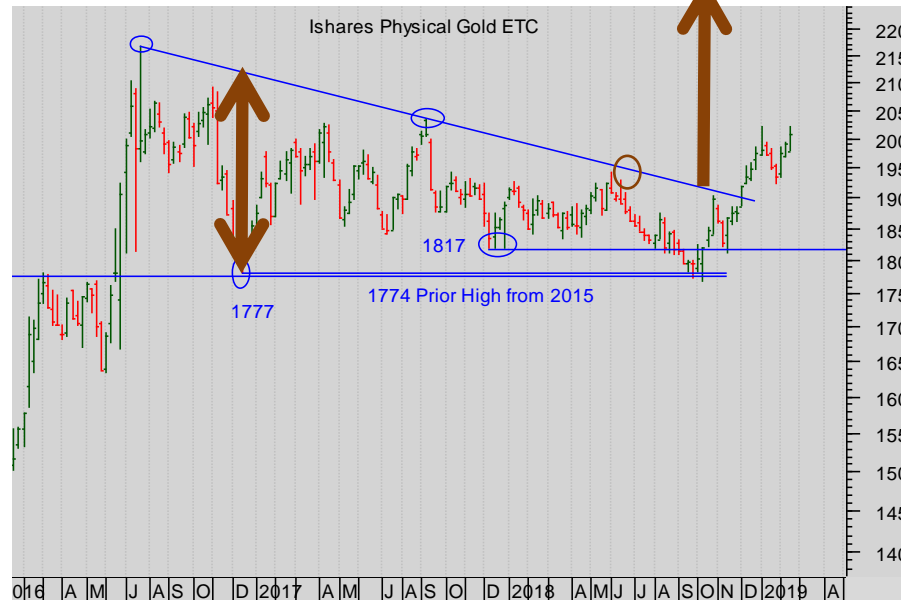
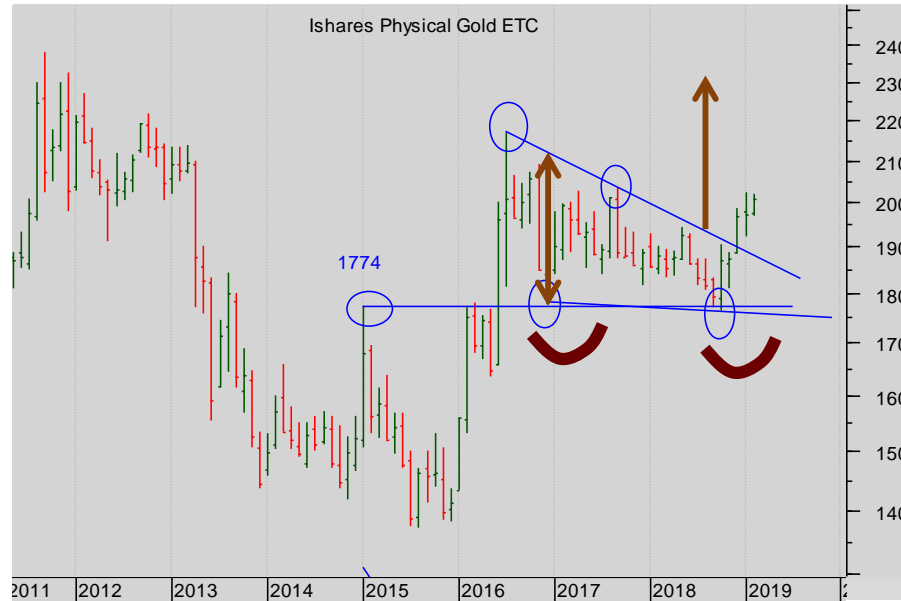
- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

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.

The bulls are in charge.

Minimum move implied by the triangle? About 2300.

iShares physical Gold ETC Weekly (in Sterling)

The completed Bull triangle ...minimum move? Up as far as 2300 the Prior High.



Commodities: Comex Gold

Summary

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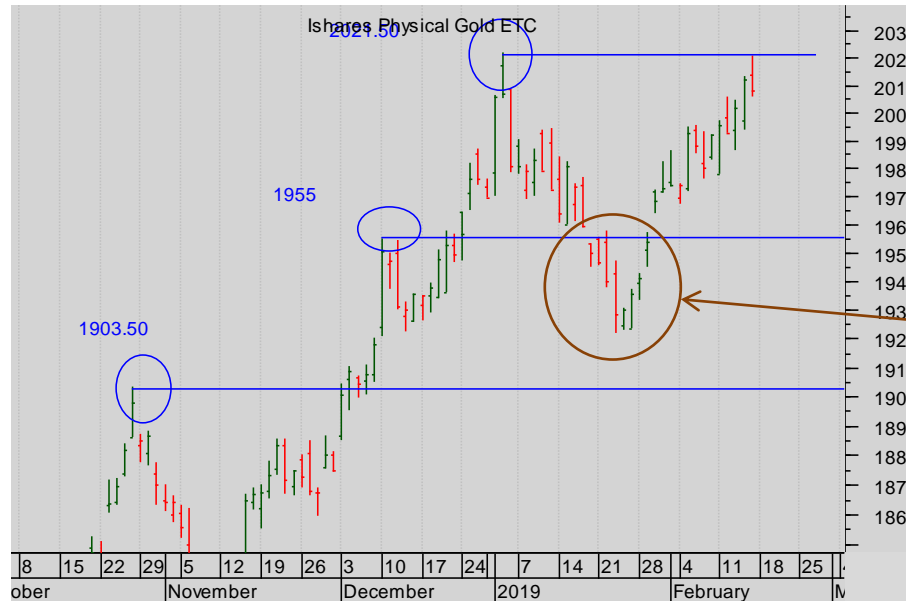
Bonds

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

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



iShares physical Gold ETC Daily (in Sterling)

The market needs to push up through the Prior Highs to gain bull momentum.

Note the Island Reversal a powerfully bullish signal.

The bulls are in charge.



Summary

Summary

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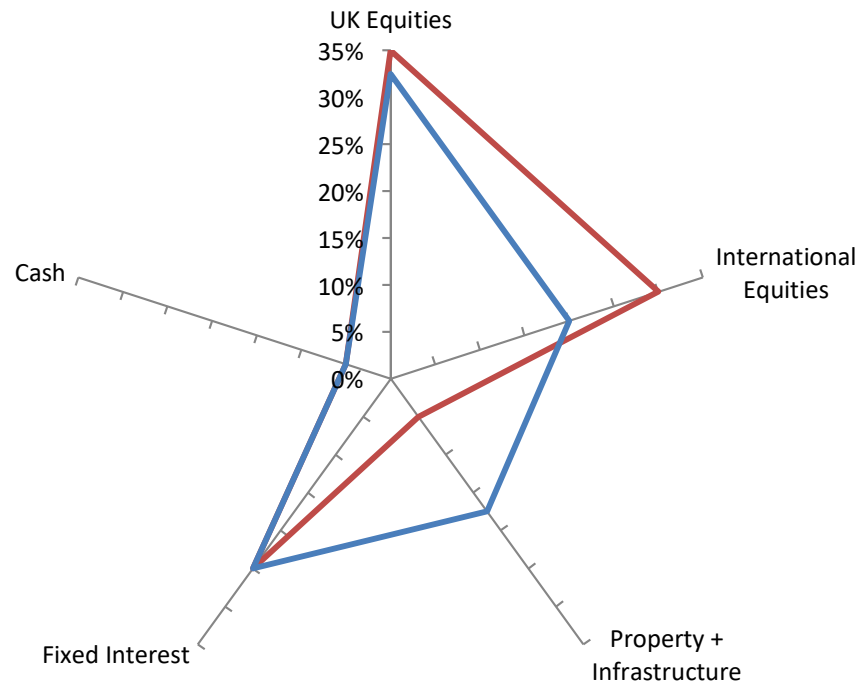
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Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk Asset Allocation MSCI Balance Risk Asset Allocation



More



the technical analyst

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