



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 26th February 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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Currencies

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

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

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

Bonds

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

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

Medium-term FLAT
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 FLAT

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

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

The Dollar Euro needs to move from here (in the weekly and daily charts) to encourage our long-term perception of future strength. There's been a pause since November 2018 watch the critical levels that are being tested. Dollar Sterling is in a range, so too is the Sterling Euro.

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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. That is, a continuance of the trend from the beginning of 2018.**

More



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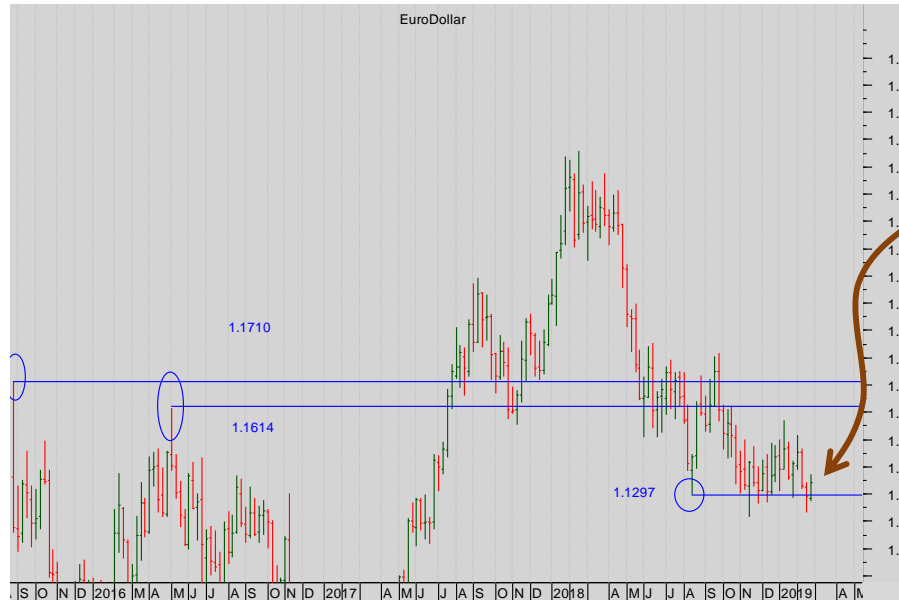
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Euro

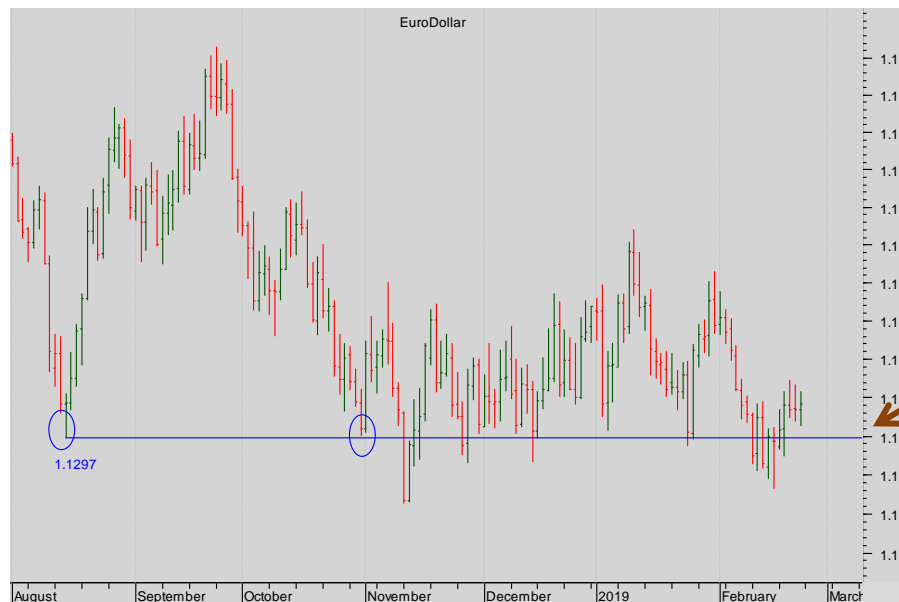


Dollar Euro weekly spot cash chart

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?

It's 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....



Currencies: Dollar Sterling

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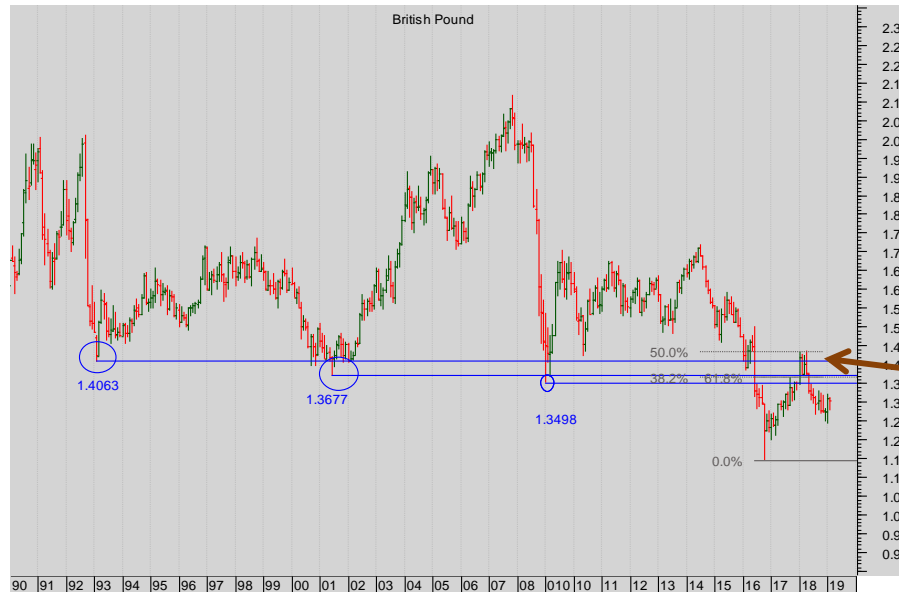
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Commodities

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IMPLIED ASSET ALLOCATION

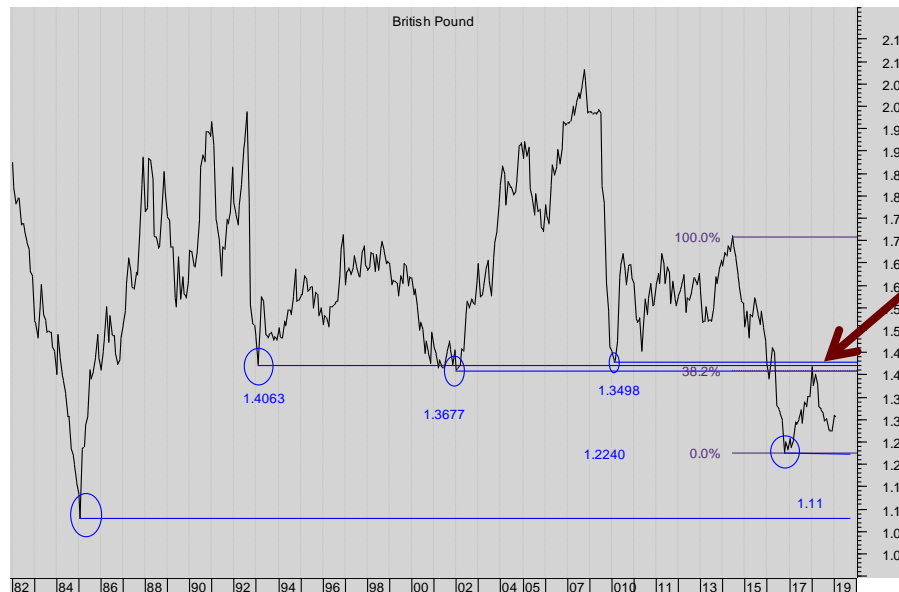


Dollar Sterling Monthly spot cash chart

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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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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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

Note the very well-formed diagonal downtrend resistance, that was smashed by the rally in 2014, and then, later, acted as good support in 2016.

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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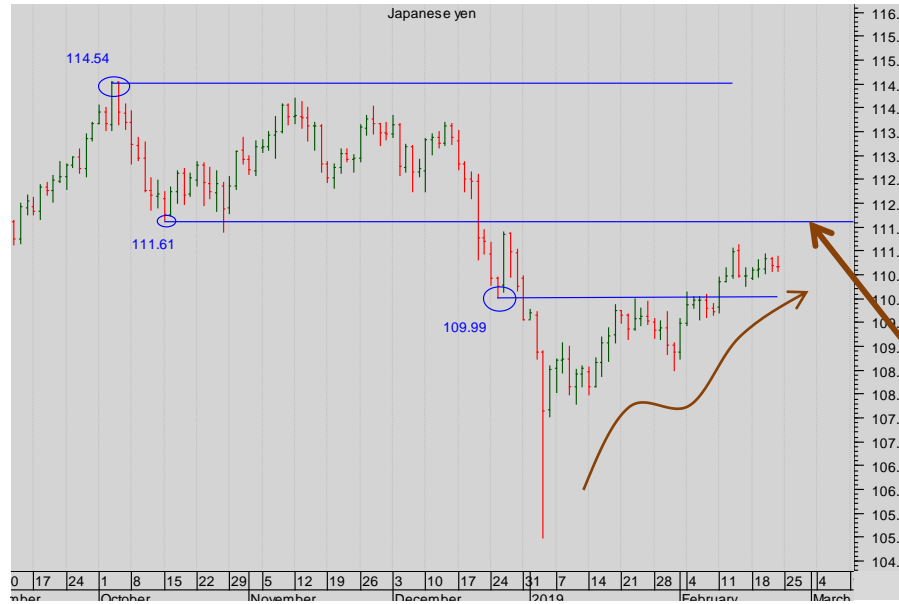
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Dollar Yen daily spot cash chart

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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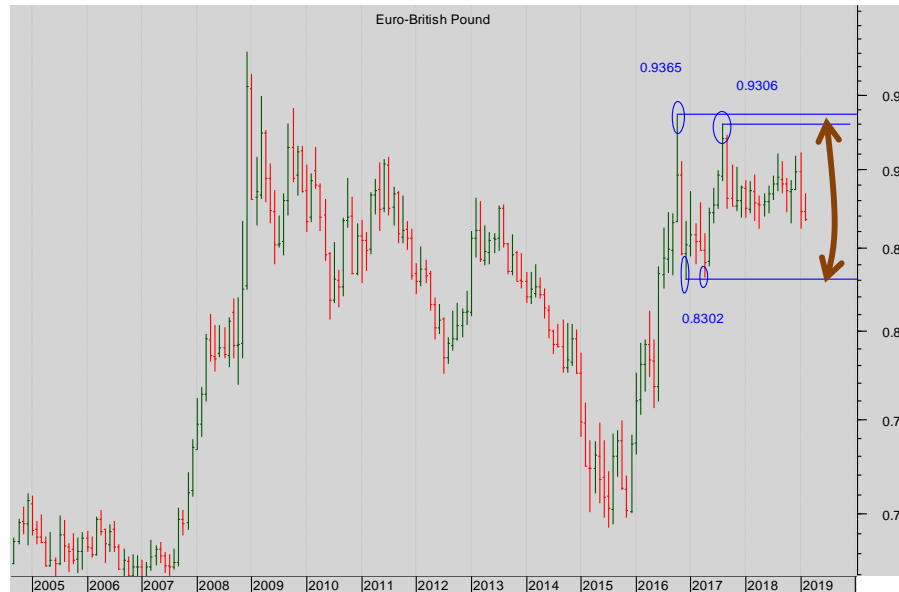
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Commodities

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IMPLIED ASSET ALLOCATION

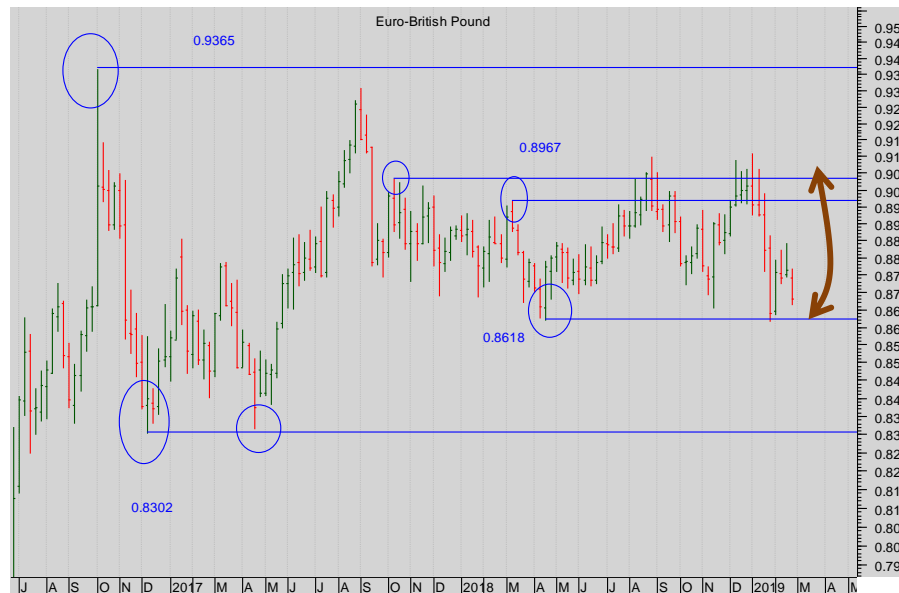
Currencies: Sterling Euro



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:

We remain bulls of these markets. The slight reservations of last week are weaker still now. Set-backs from here look likely to be buying opportunities. Note especially the break through resistance in the Eurostoxx and the Nikkei. Both keen to assert their bull credentials. FTSE has paused in contrast.

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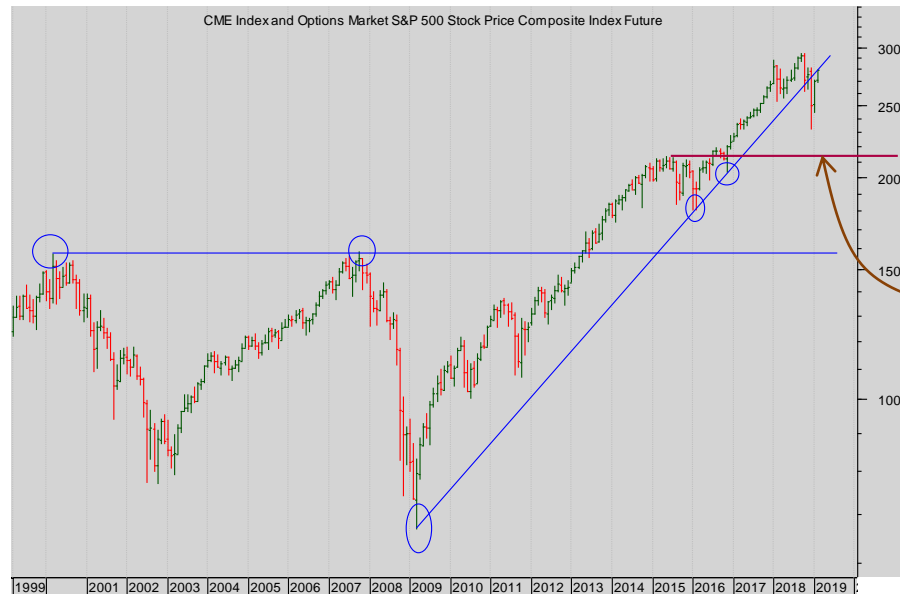
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IMPLIED ASSET ALLOCATION

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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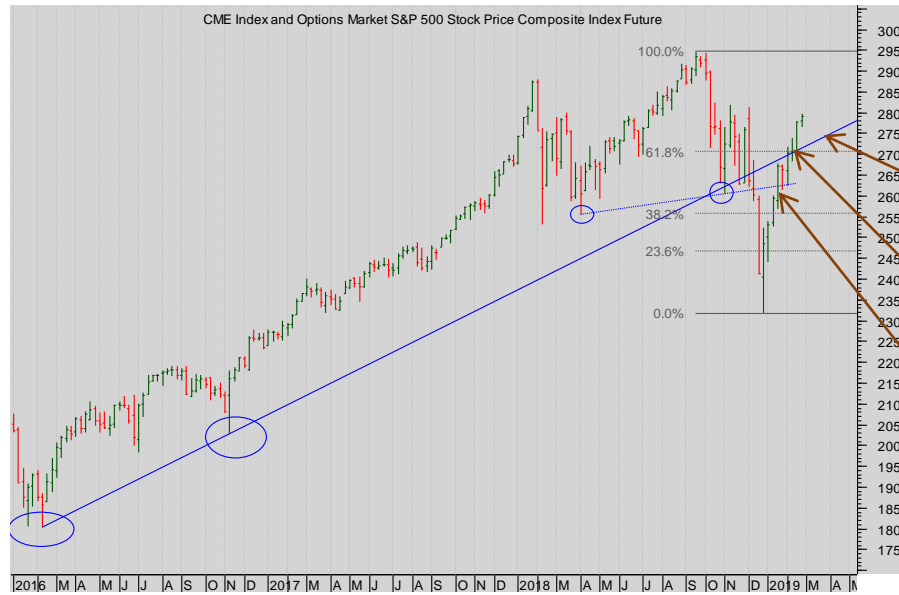
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Commodities

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IMPLIED ASSET ALLOCATION

CME S&P 500 cont weekly cont. chart

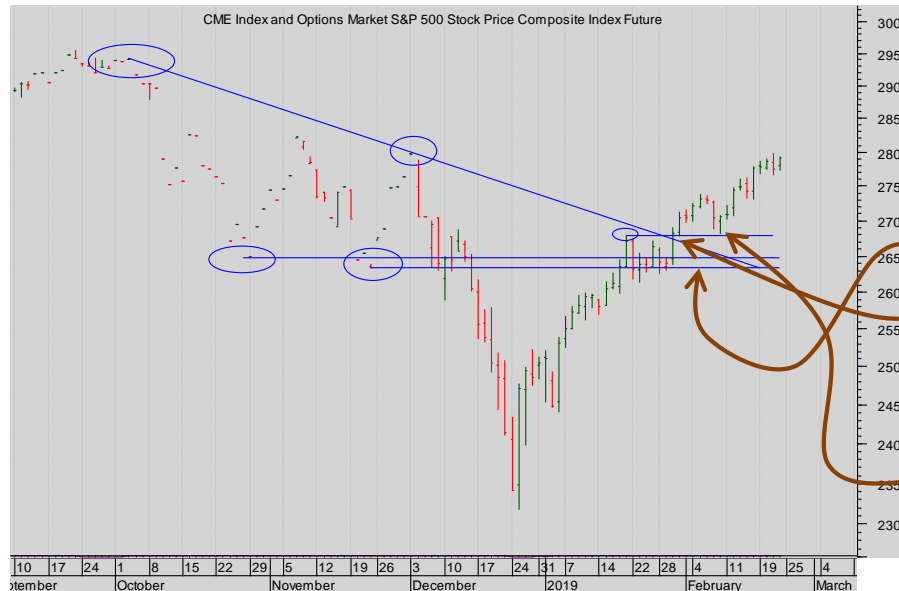


The market has

- 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 – smashing it (and the hopes of the bears)

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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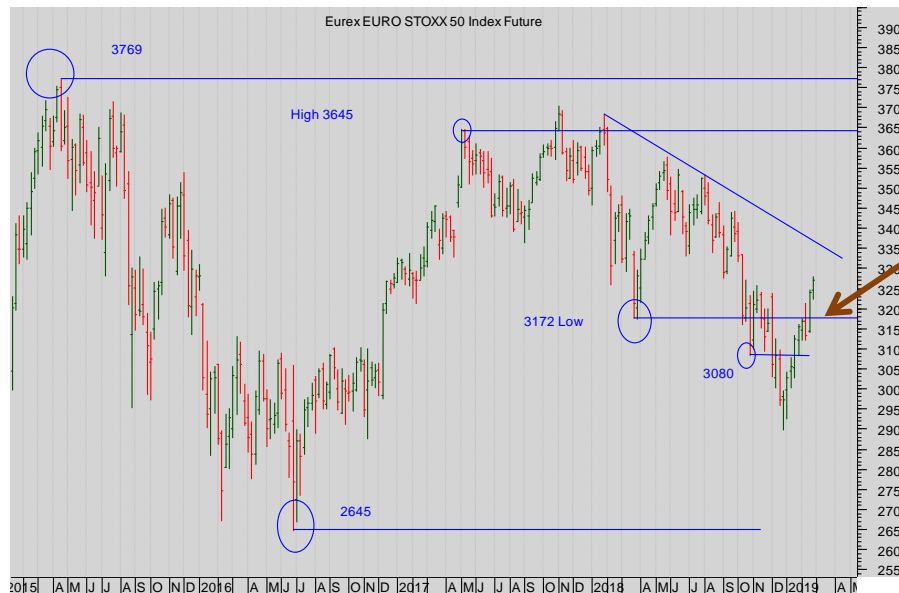
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Eurex EuroStoxx 50 monthly continuation futures chart

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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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 Short-term resistance from the Prior Low at 3250.
- So it's clear that the bulls are in charge.



Stocks: Liffe FTSE 100

Summary

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- + **FTSE 100**
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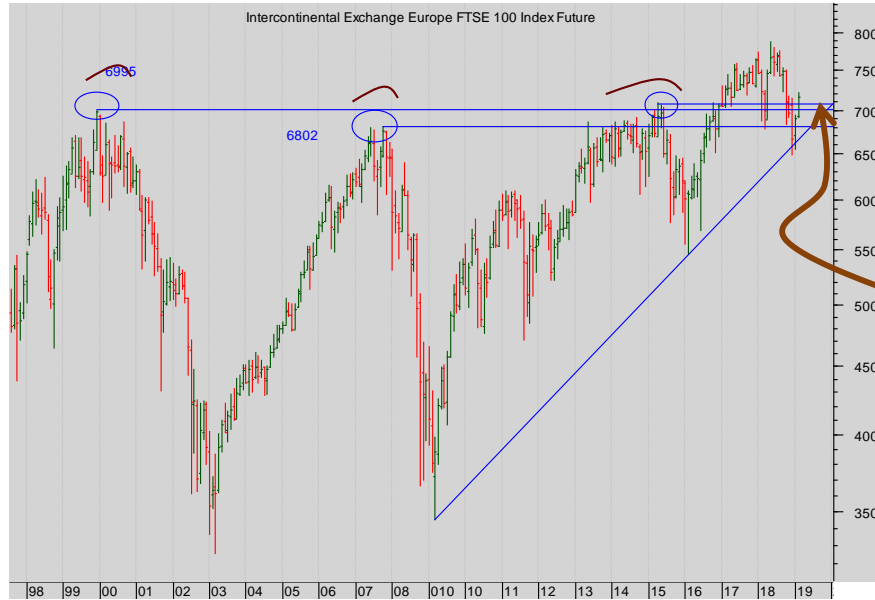
Bonds

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- + Ten Year German Bund
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Commodities

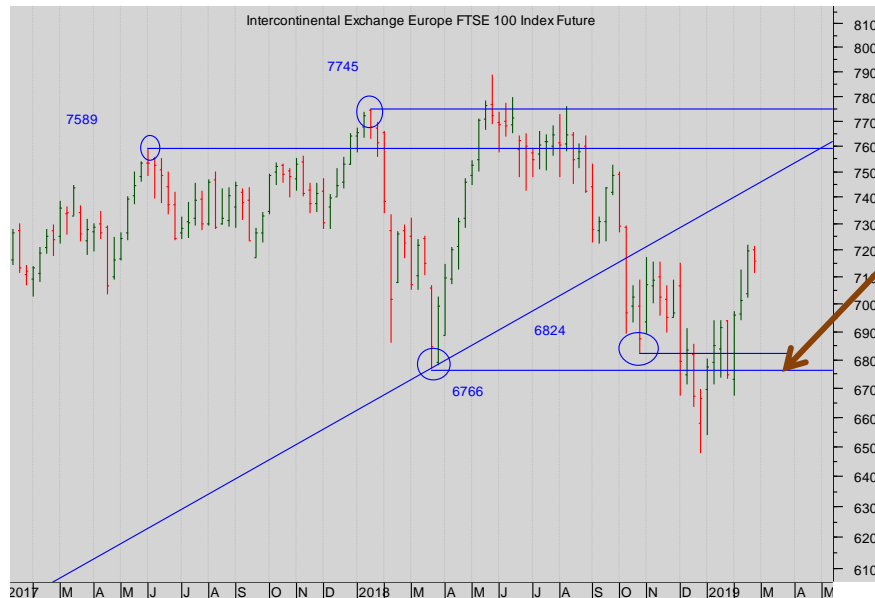
- + Oil
- + Gold

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 powerful bounce from the diagonal uptrend support drawn from 2009... and the consequent push 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.

There's no evidence yet that it is running out of steam?

More



Stocks: Liffe FTSE 100

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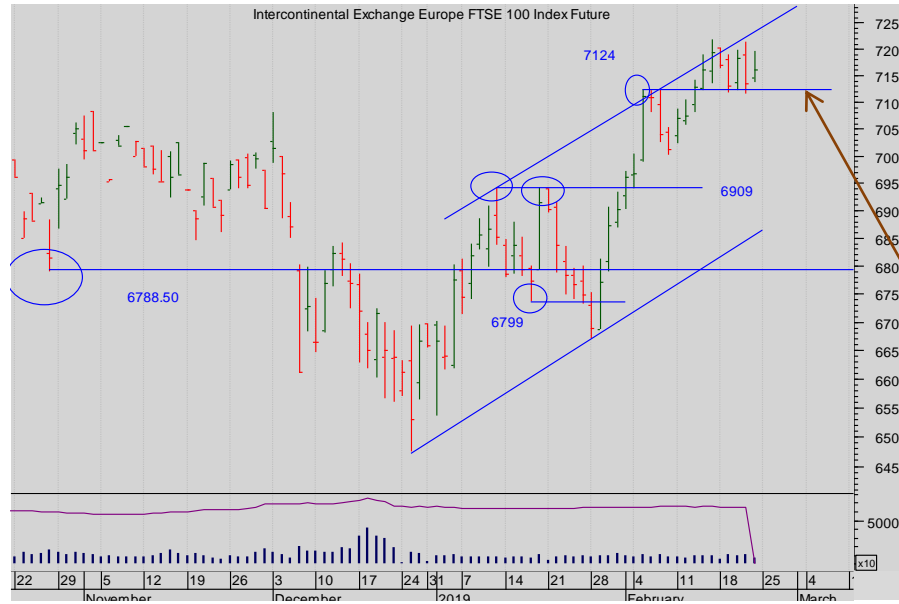
Bonds

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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec19 daily futures chart

Certainly, the market has paused sitting on the support from the Prior High 7124



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Bonds

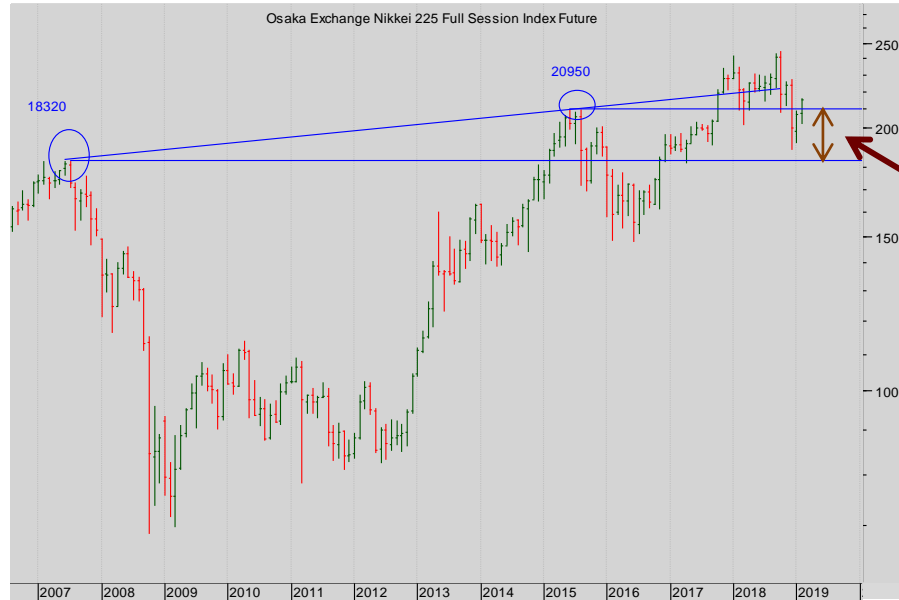
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

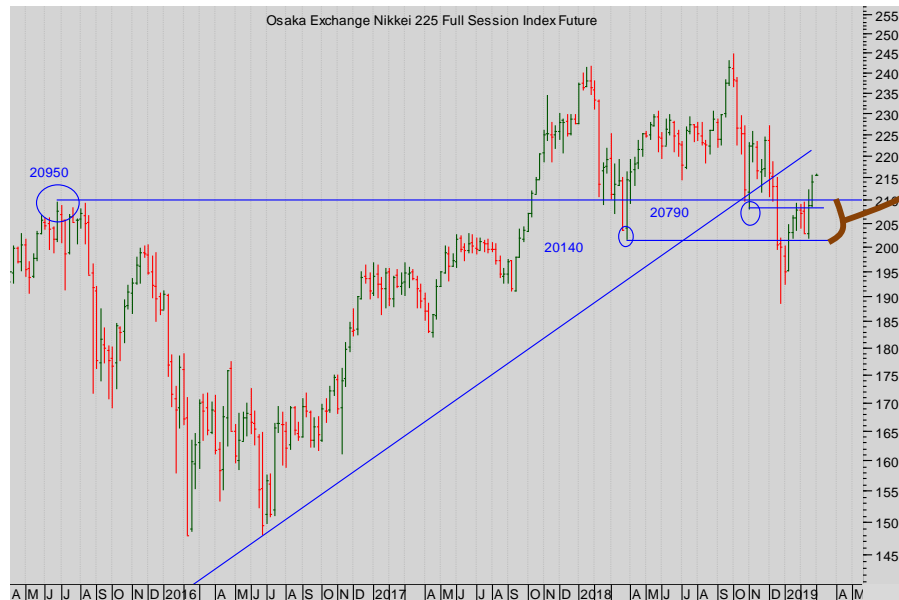
Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

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

And there's a bounce in progress.



Nikkei 225 chart (WEEKLY)

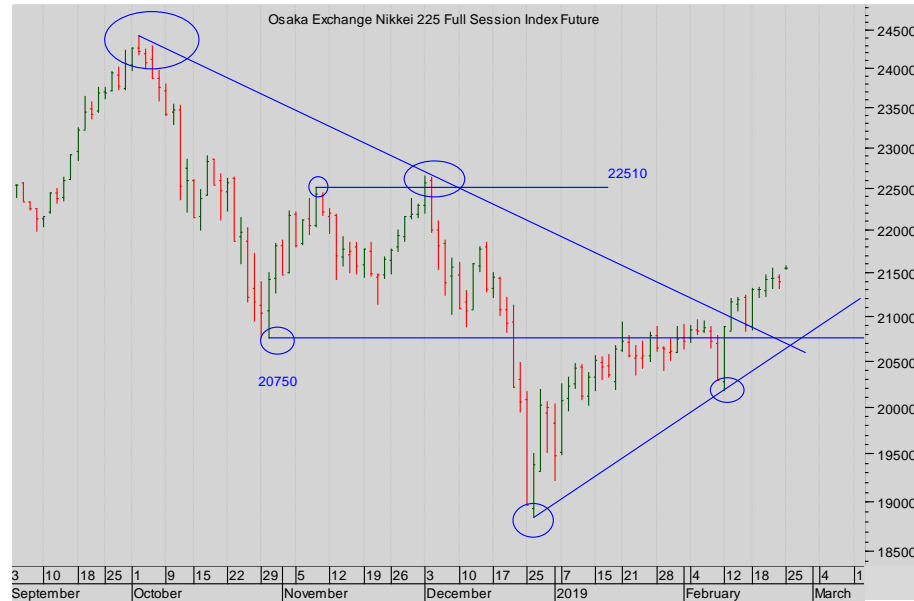
And the resistance from the band formed from the Prior Lows 20140-20790. **Has broken.**

The bulls are twice happy therefore.

More



Stocks: OSE Nikkei 225



Nikkei 225 chart Daily Mar 19.

And here's a clear break of

1. the short-term horizontal resistance at 20750.
2. And the diagonal downtrend resistance

So the bulls look to be in charge.

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Commodities

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IMPLIED ASSET ALLOCATION



Bonds

BONDS:

The US TNotes continue to dither beneath powerful resistance. But that hasn't stopped the bull progress of the Bunds. Watch too the poised position of the UK Gilts – on the brink of bullishness.

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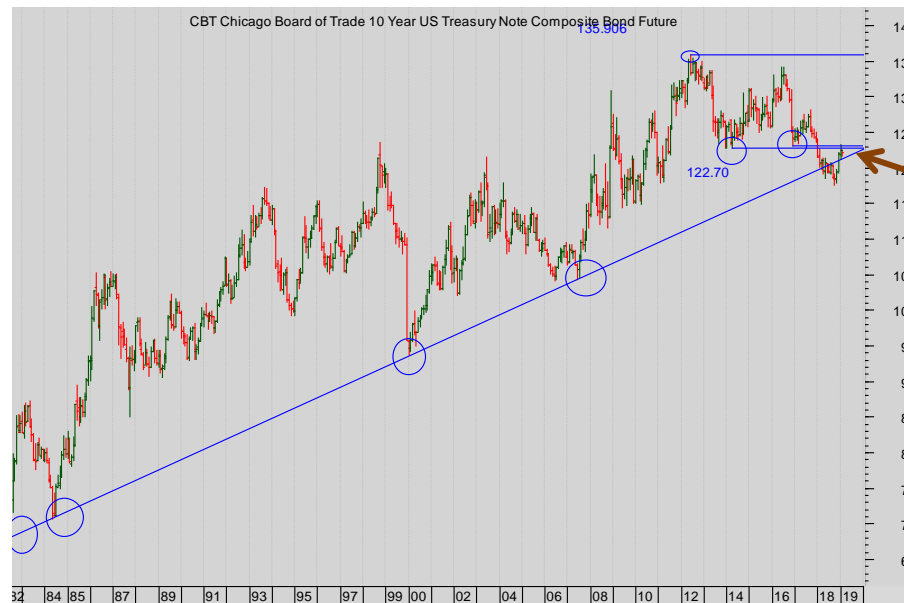
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Commodities

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IMPLIED ASSET ALLOCATION

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

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

Look closer.

More



Bonds: CBOT Ten Year Notes

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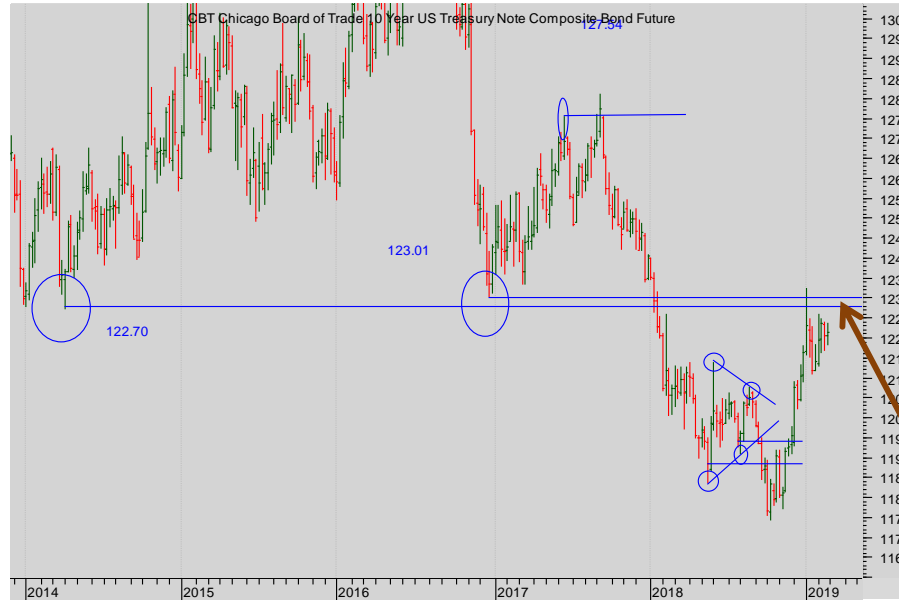
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IMPLIED ASSET ALLOCATION



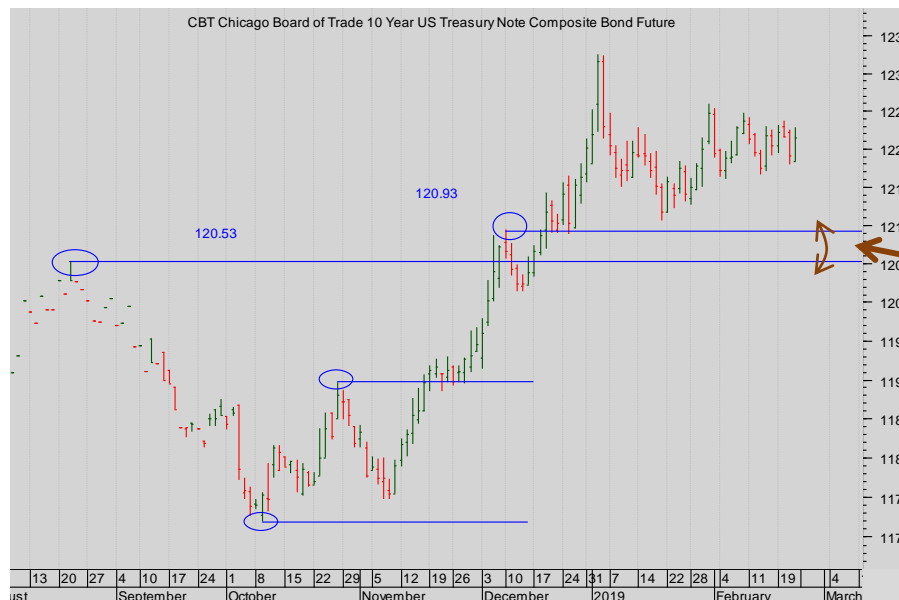
CBOT Ten Year Notes weekly futures continuation chart

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 support band (!) breaks will the bears regain confidence.

More



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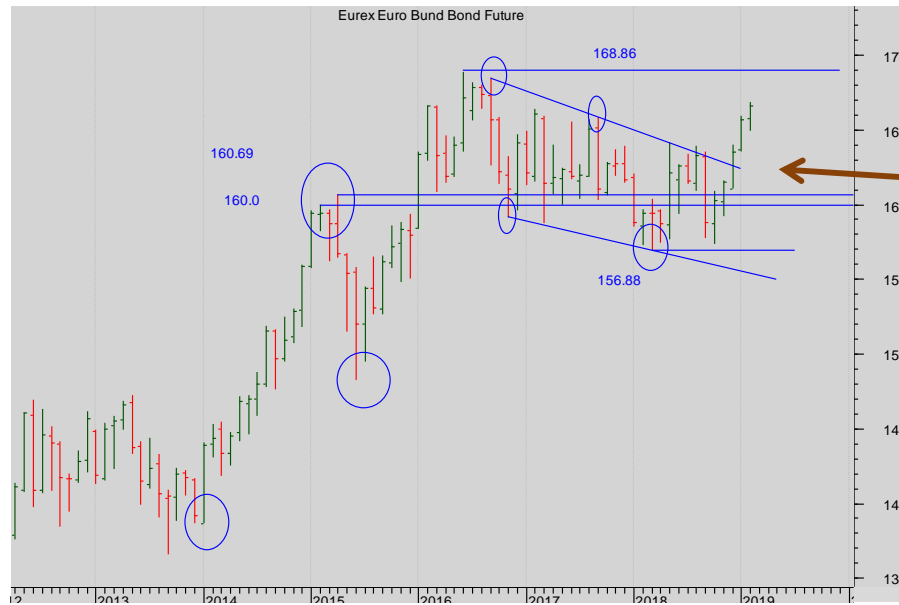
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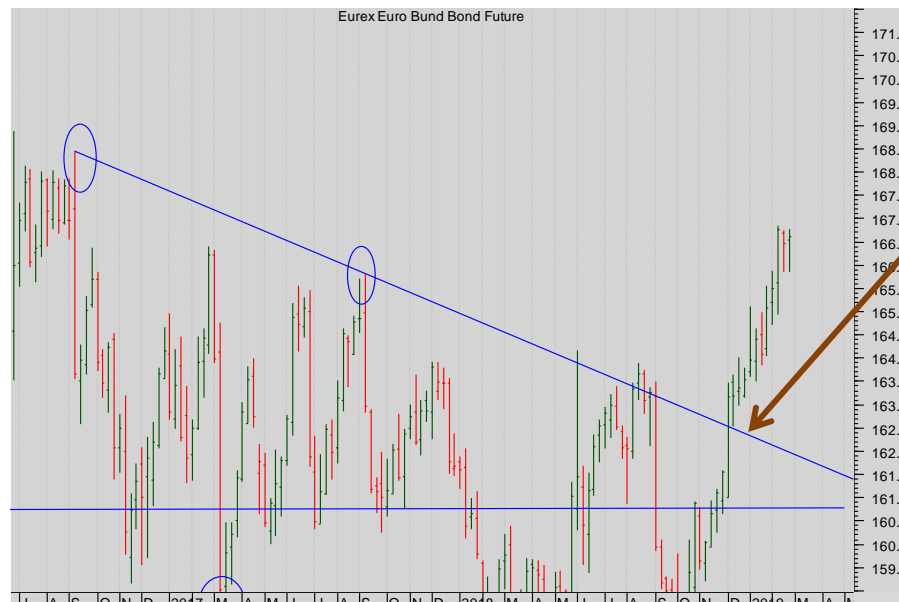
IMPLIED ASSET ALLOCATION

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund monthly futures continuation chart

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



Eurex Ten Year Bund weekly cont. futures Chart

The bulls are excited....

More



Bonds: Eurex Ten Year Bund

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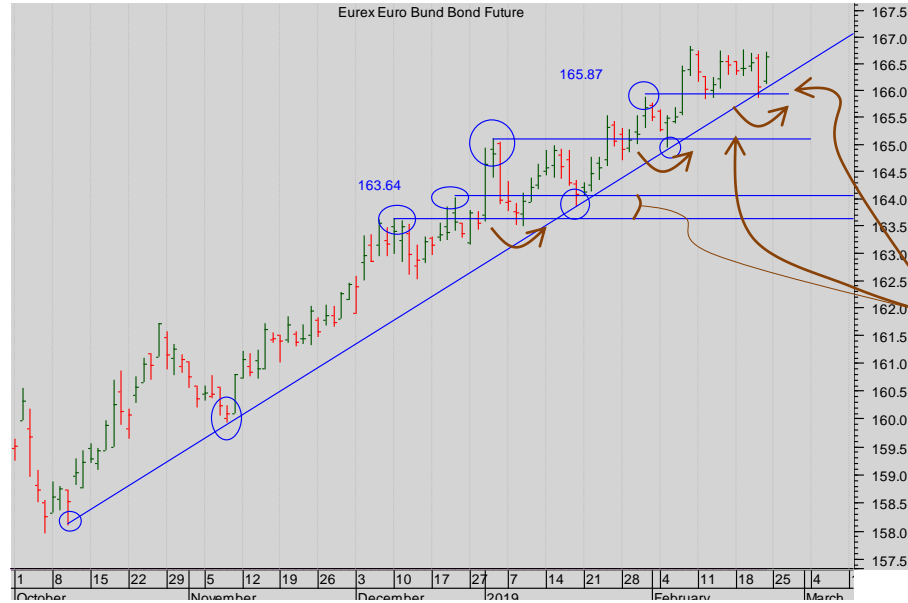
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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund March 2019 Daily futures chart

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

The bulls remain in charge!



Bonds: Liffe UK Gilt futures

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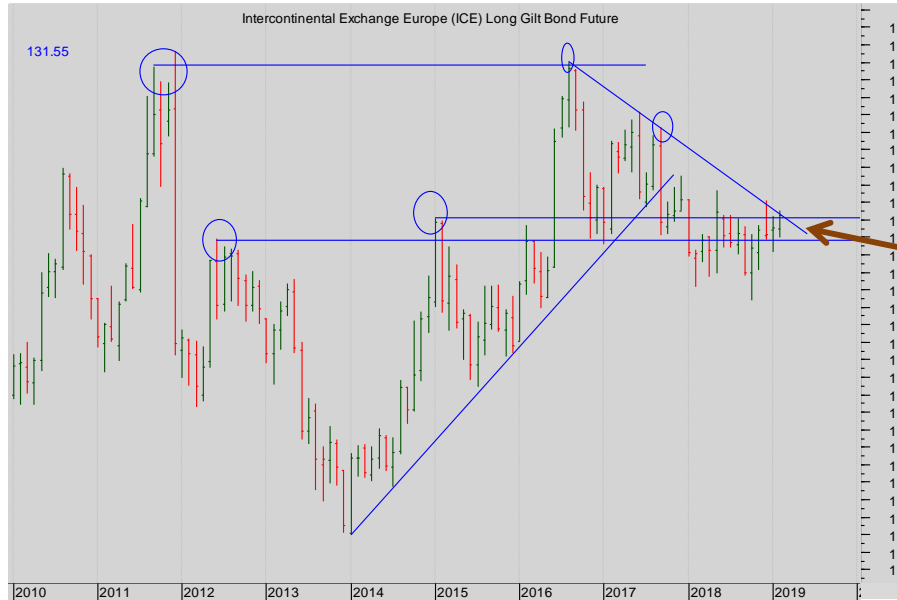
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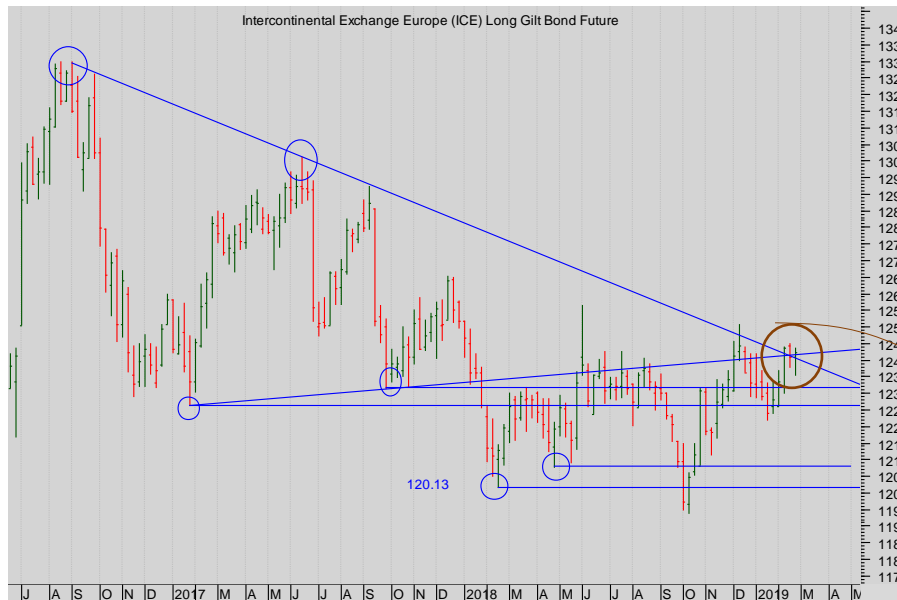


Liffe UK Gilt monthly futures continuation chart

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 resistance

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

Wait for the break.





Bonds: Liffe UK Gilt futures

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IMPLIED ASSET ALLOCATION



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.



Commodity

COMMODITIES:

The Oil market is now subject to the powerful influence of a H&S reversal in the daily chart that suggests a continued bounce within the wide long-term trading range. Watch for a break of 1360 in the Gold that would signal the next bull leg.

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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



Commodities: Nymex WTI Oil

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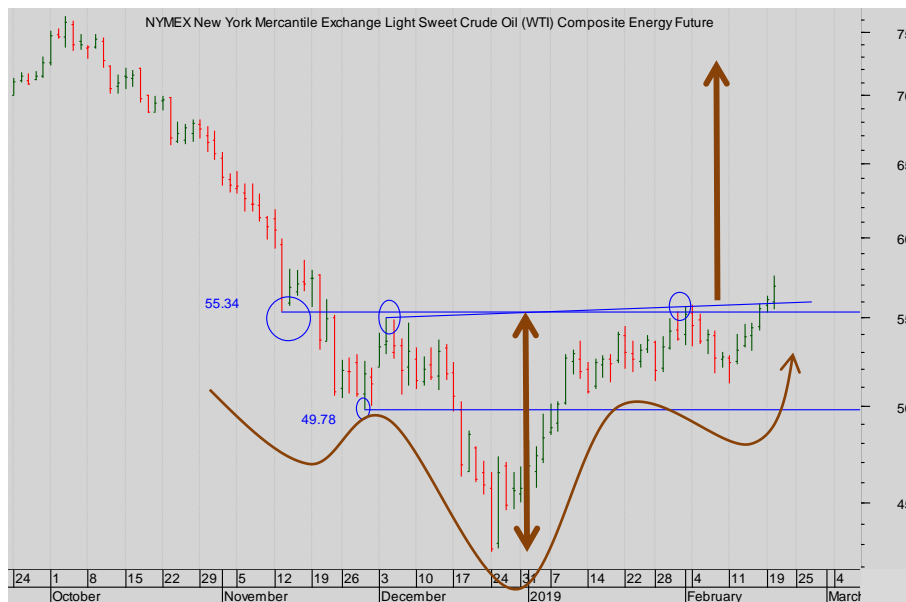
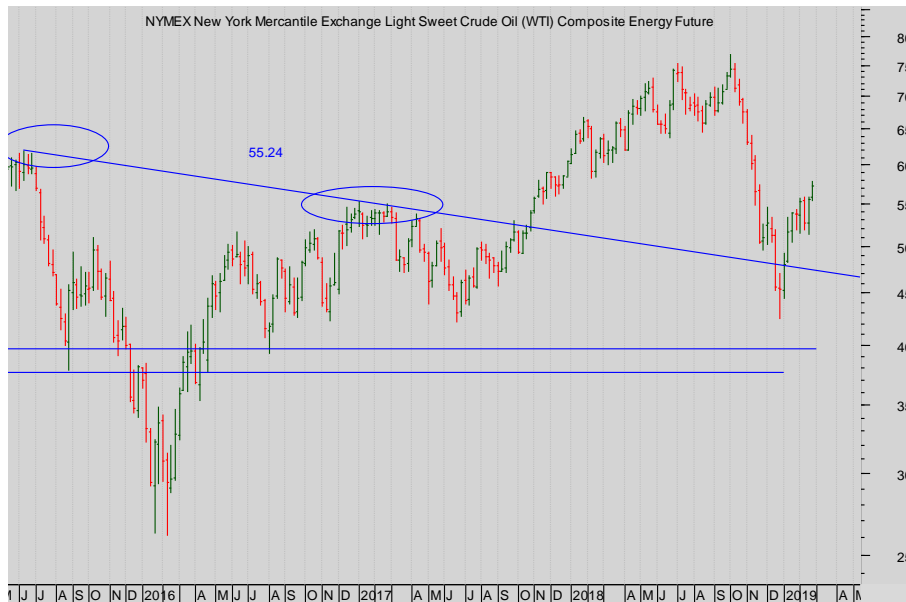
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IMPLIED ASSET ALLOCATION



Nymex oil weekly continuation

Has the old neckline given critical support?

Or was it the influence of the \$40 level? The support from the old highs from 200 and 2003?

At any rate the market has bounced.

Nymex oil daily Mar 19 futures

This is a completed H&S reversal?

Minimum move targeted?

Up as far as \$73.



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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 is close to completion ...

iShares physical Gold ETC Weekly (in Sterling)

The incomplete Bull triangle – watch the market's reaction to the completion level around 1360 currently.



Summary

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Bonds

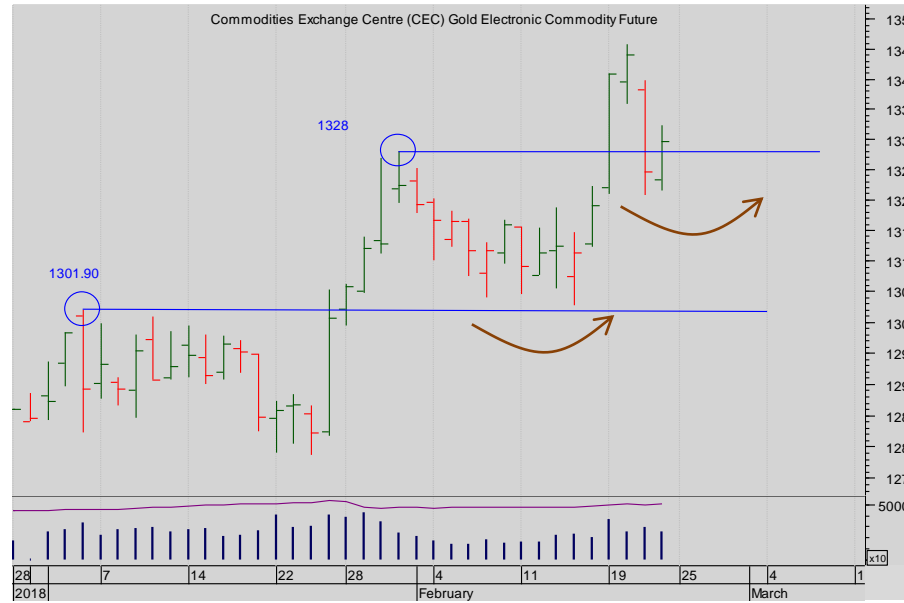
- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



iShares physical Gold ETC Daily (in Sterling)

The market needs to find support at the Prior Highs to gain momentum.



Summary

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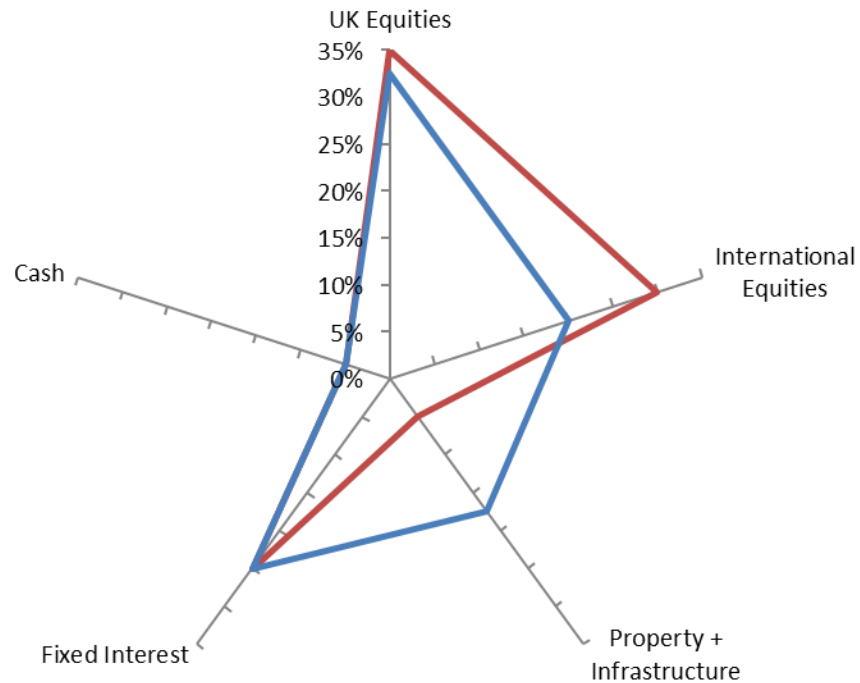
Bonds

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

Commodities

- + Oil
- + Gold

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



More



the technical analyst

AWARDS 2012

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