



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 8th May 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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IMPLIED ASSET ALLOCATION

Long-term BEAR Euro	Medium-term BEAR Euro	Short-term BEAR Euro
Long-term BEAR Sterling	Medium-term FLAT Sterling	Short-term BEAR Sterling
Long-term BEAR Yen	Medium-term FLAT Yen	Short-term BEAR Yen
Long-term BEAR Euro	Medium-term BEAR Euro	Short-term FLAT Euro
Long-term BULL	Medium-term FLAT	Short-term BEAR
Long-term BULL	Medium-term BULL	Short-term BULL
Long-term BULL	Medium-term BULL	Short-term FLAT
Long-term BULL	Medium-term BEAR	Short-term BULL
Long-term BULL	Medium-term BULL	Short-term FLAT
Long-term BULL	Medium-term BULL	Short-term BEAR
Long-term BULL	Medium-term BEAR	Short-term BEAR
Long-term FLAT	Medium-term FLAT	Short-term BEAR

More



Currencies: Dollar Euro

CURRENCIES:

Stand aside from Dollar Sterling, and Dollar Yen, but stay long Dollars against the Euro. We remain cautiously optimistic for Sterling against the Euro.

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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



Currencies: Dollar Euro

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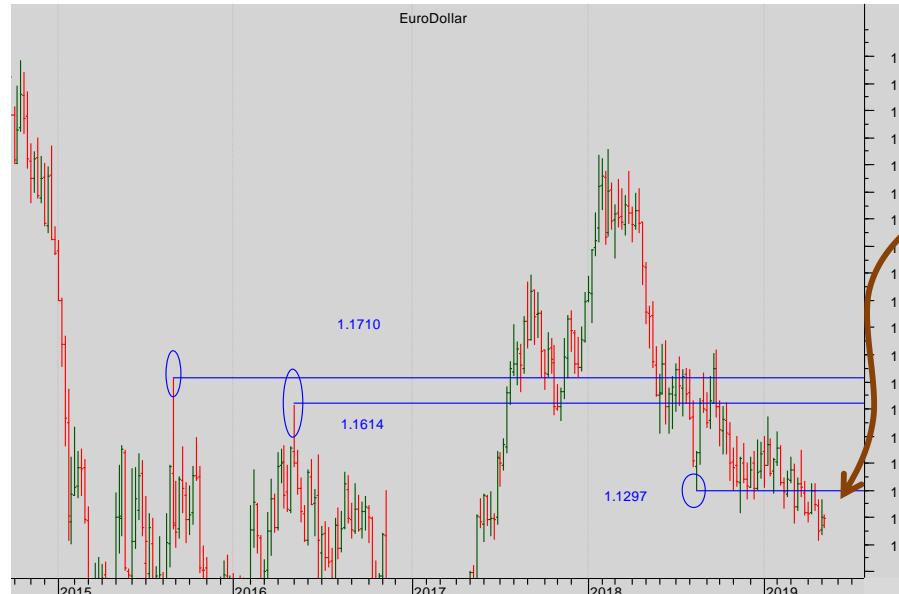
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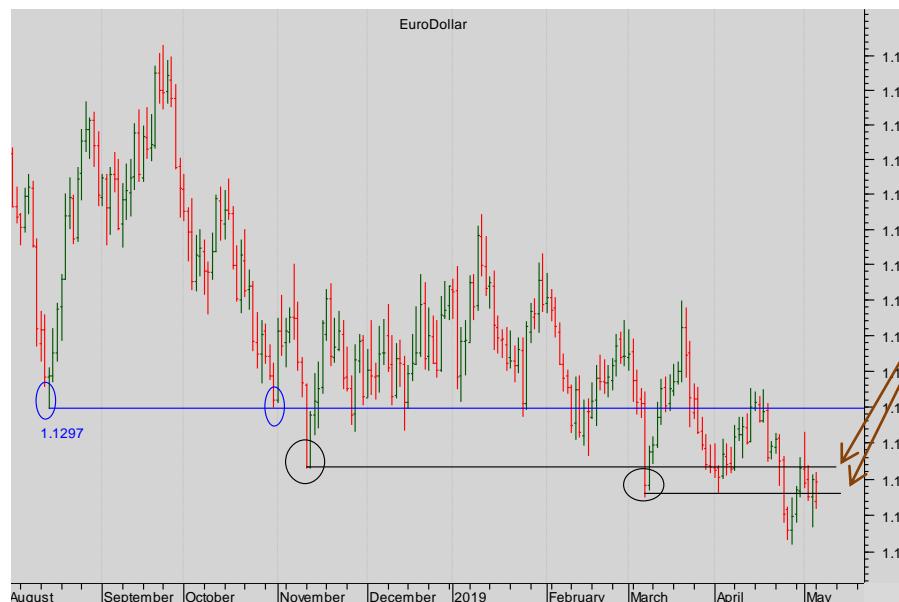
- + Oil
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IMPLIED ASSET ALLOCATION



Dollar Euro weekly spot cash chart

Note the push beneath 1.1297 trying to begin the next leg down (strengthening Dollar) the last weekly close confirming the break.



Dollar Euro spot cash chart daily chart...

There are a succession of Prior lows above the market that will be good resistance on any attempted bounce.



Currencies: Dollar Sterling

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IMPLIED ASSET ALLOCATION

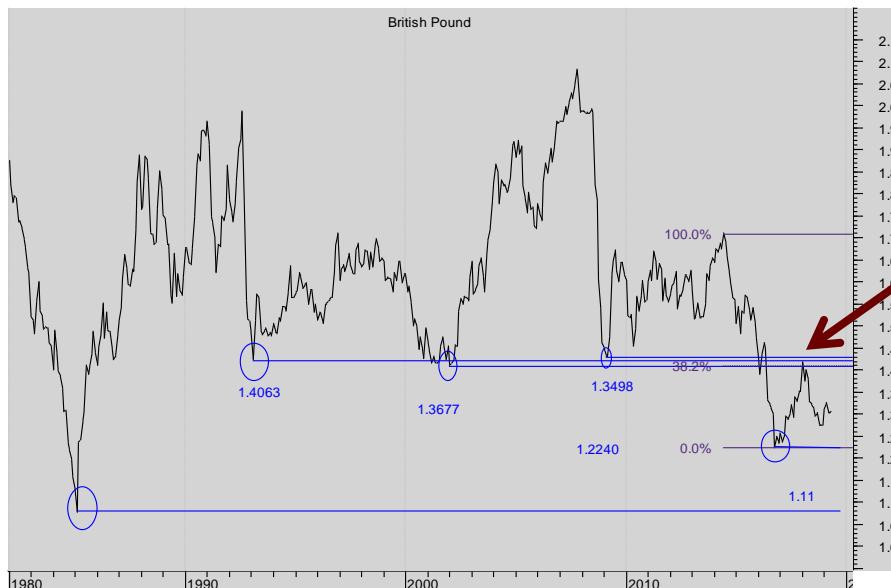


Dollar Sterling Monthly spot cash chart

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



Currencies: Dollar Sterling

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IMPLIED ASSET ALLOCATION



Dollar Sterling weekly spot cash chart

The range since August 2018 is intact.



Dollar Sterling daily spot cash chart

Wait for a confirmed and convincing break of the range.



Currencies: Dollar Yen

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IMPLIED ASSET ALLOCATION



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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IMPLIED ASSET ALLOCATION



Dollar Yen daily spot cash chart

The trading range is clear.



Currencies: Sterling Euro

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IMPLIED ASSET ALLOCATION



Sterling Euro monthly spot cash chart

Is this a break up - will the Prior High at 1.1599 provide good support for another push higher?

So far it has. But the price action is uninspiring.



Sterling Euro weekly spot cash chart

- This detail is a bit clearer: the band 1.5552-1.1590 is the critical support.

And so far it's holding...

More exciting for the Sterling bulls.

More



Currencies: Sterling Euro

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Sterling Euro daily spot cash chart

It's volatile and ranging....

Stand back short-term.



Stocks

STOCKS:

There are crucial levels in both the S&P and the Nikkei. So we are currently flat to short-term short. But watch carefully for a breakout and buy accordingly. EuroStoxx and Sterling are less fraught and remain in their bull trends, well underpinned.

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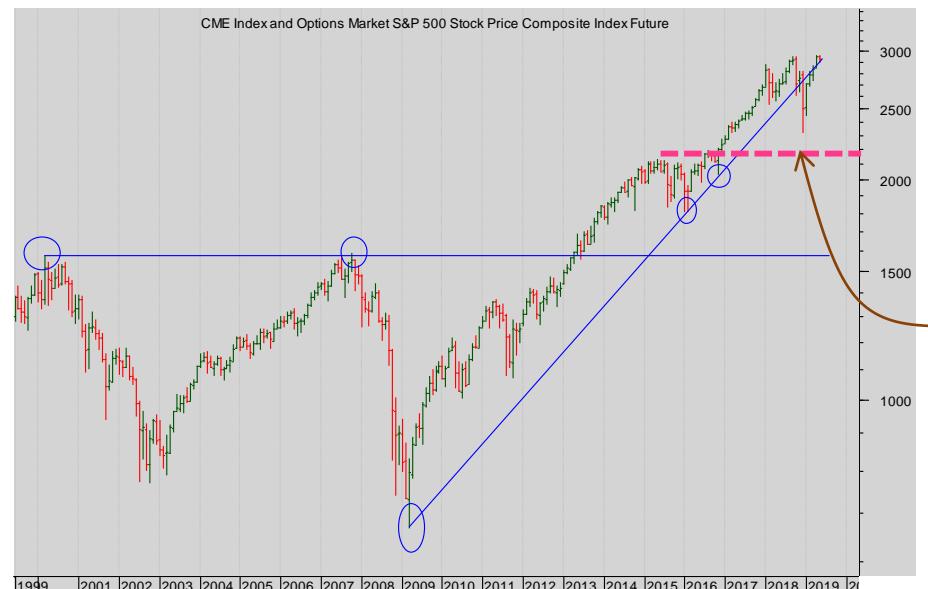
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IMPLIED ASSET ALLOCATION

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 lay some way beneath the market at 2118 – the horizontal from a Prior High back in 2015

Look closer.

More

Stocks: CME S&P 500



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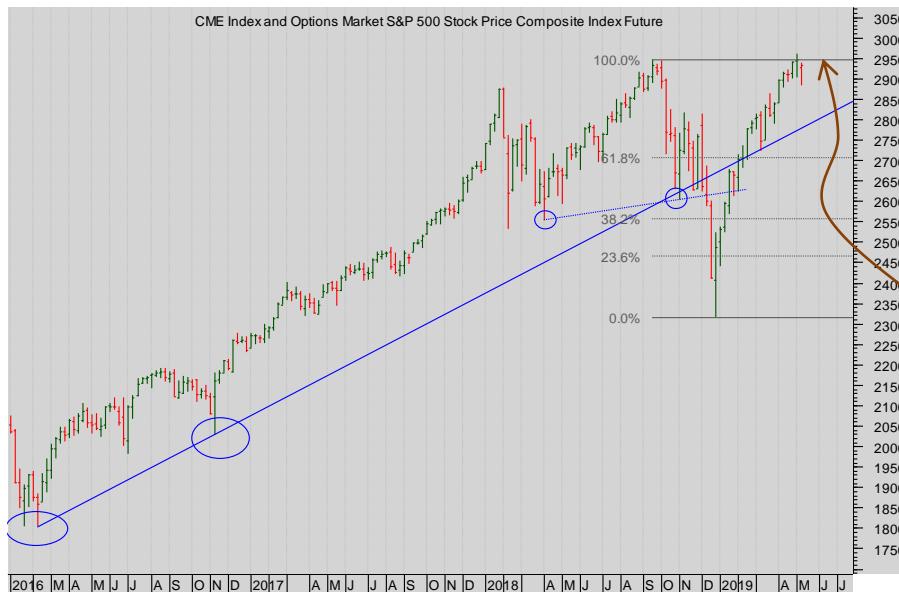
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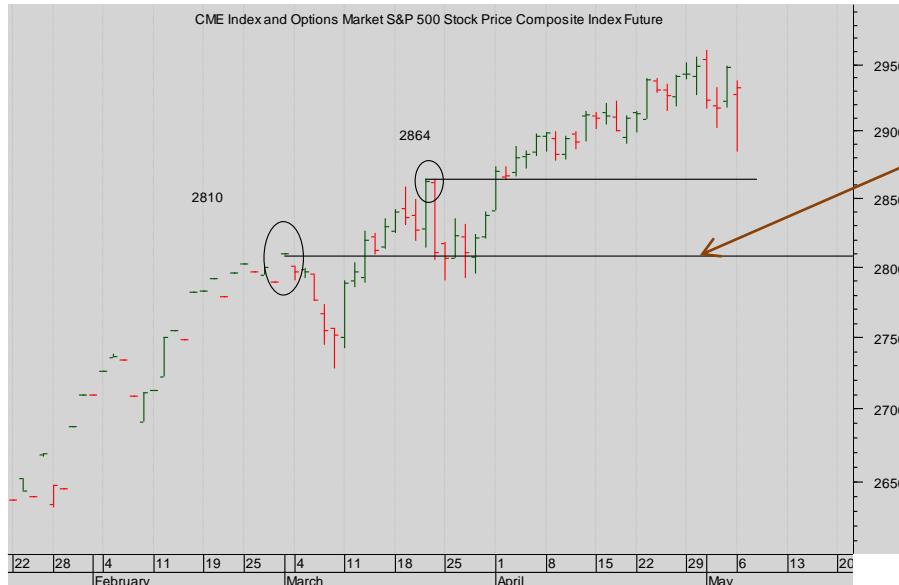
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CME S&P 500 cont. weekly cont. chart

We have long argued that this rally is not a retracement.
Now the test of the bull intention of the market is it's ability to break up through the Prior High.

Stand back and wait for a break



CME S&P 500 daily Jun 2019 chart

NO weakness yet apparent.
The bulls remain in charge.

Watch any approach to the Prior High supports closely.

More



Stocks: Eurex EuroStoxx 50

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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 the break up through the resistance at the Prior Low of 3172, was cause for celebration for the bulls.



Eurex EuroStoxx 50 weekly continuation futures chart

When the market pushed up through 3172 **the possibility of a Double Top disappeared**.

But note: the break up through the falling diagonal – it is an emphatic break signalling strength..

More



Stocks: Eurex EuroStoxx 50

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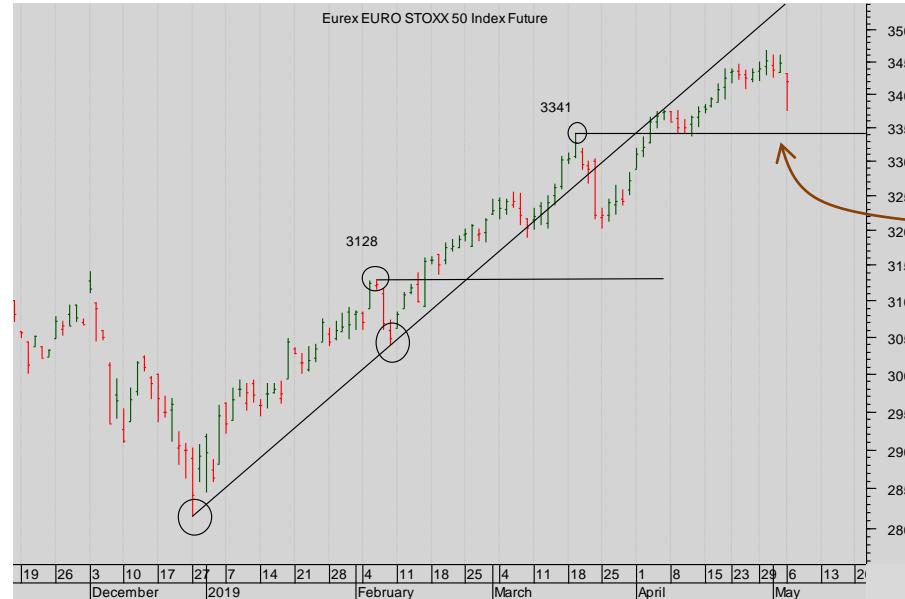
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Jun 19 futures chart

Short-term, the market has bounced cheerfully and there is no weakness to be found at all.



Stocks: Liffe FTSE 100

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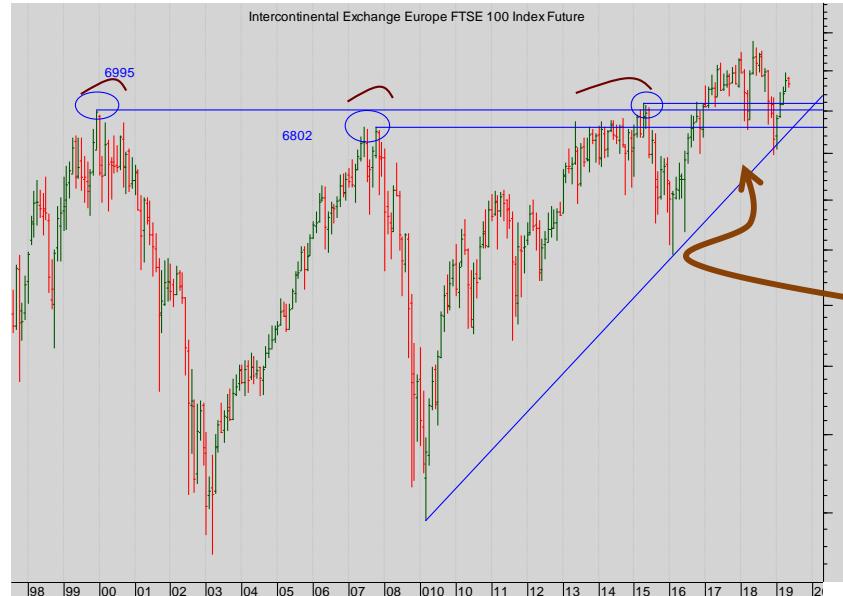
Bonds

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- + Ten Year German Bund
- + UK Gilt

Commodities

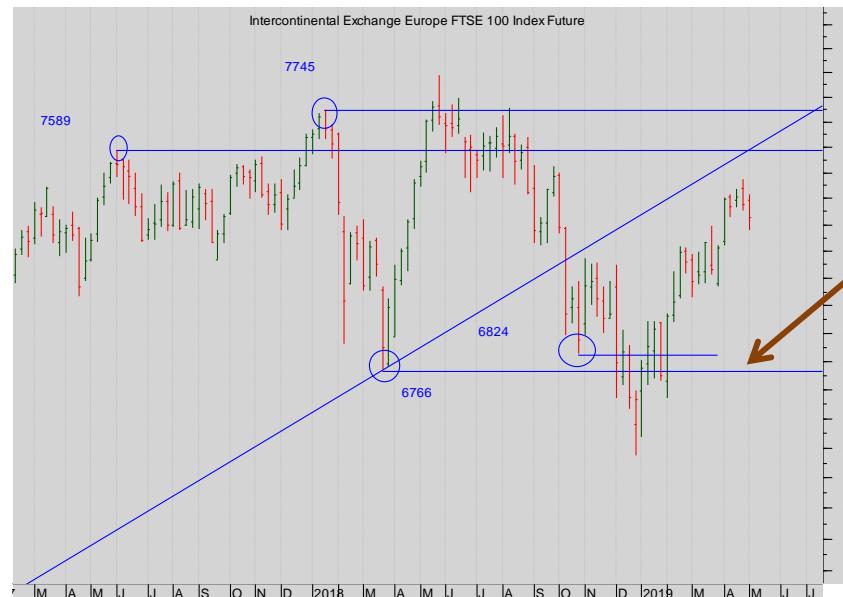
- + Oil
- + Gold

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Liffe FTSE 100 Monthly continuation futures chart

So the support from the succession of Prior Highs (6796, 6995) was smashed, then there was a **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.

More



Stocks: Liffe FTSE 100

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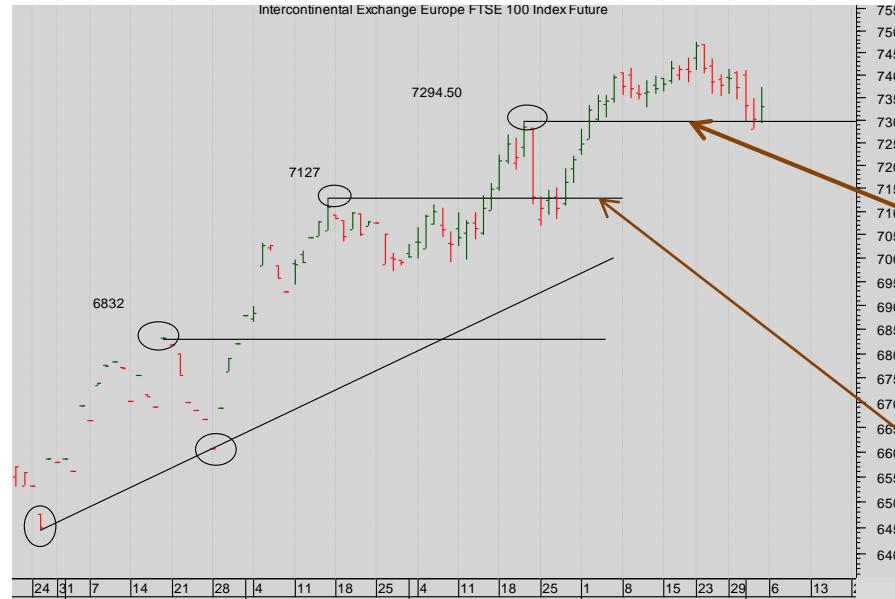
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Mar19 daily futures chart

The break up through the Prior High, if sustained, signals the next short-term bull leg. But note the pause of the last month.

Note the test of the short-term support and the alacrity with which the market has bounced.



Stocks: OSE Nikkei 225

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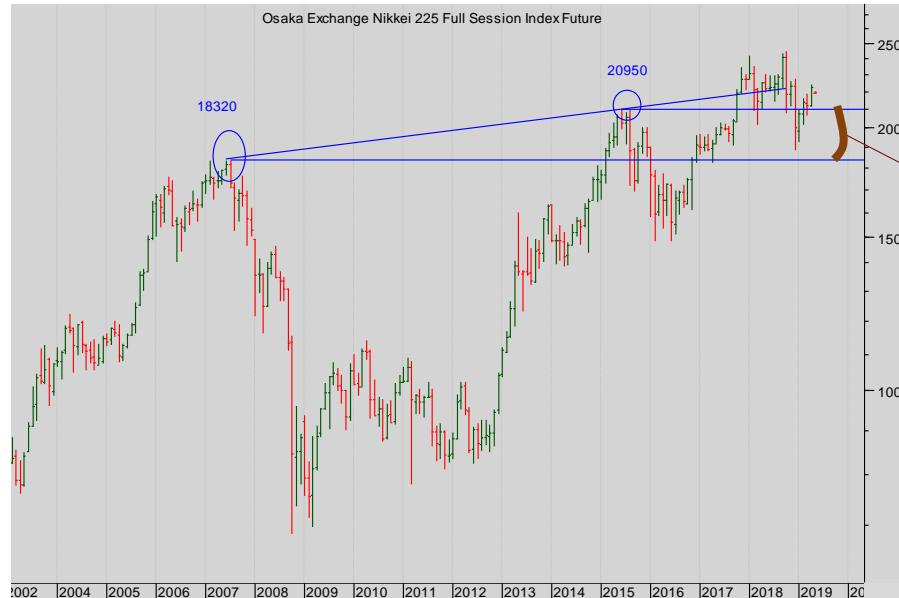
Bonds

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Commodities

- + Oil
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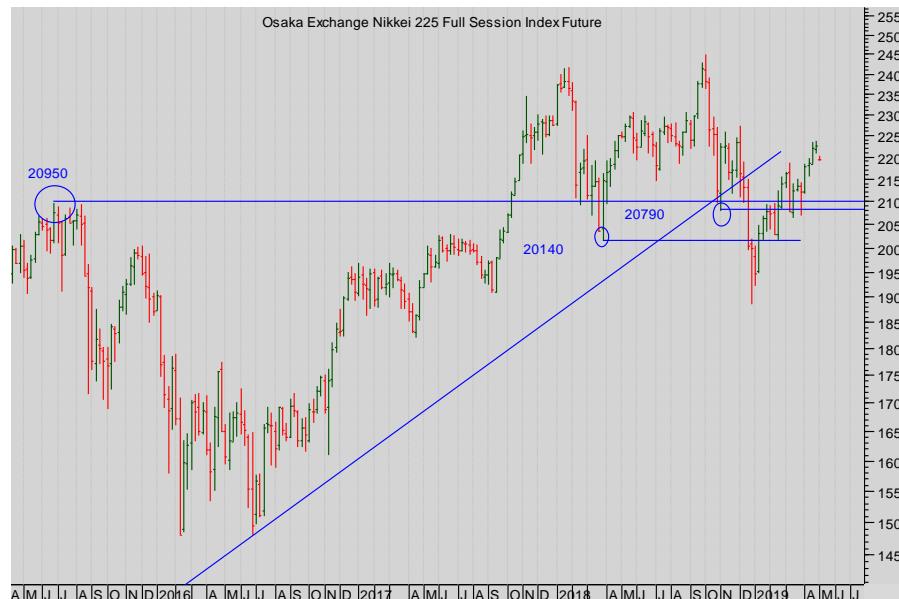
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Nikkei 225 chart (monthly)

The market has failed to break beneath the band of support 20850 – so far.

There's a bounce in progress.



Nikkei 225 chart (WEEKLY)

The market is holding above the 21000 level where there was support and the market smashed it emphatically..

More



Stocks: OSE Nikkei 225

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IMPLIED ASSET ALLOCATION



Nikkei 225 chart Daily JUN 19.

And that looks like the completion of a bull continuation triangle.

Minimum move? 22500

Just about there where the market has paused – at the Prior High from November 2018.

Stand back and wait for a push up through the Prior High or a retest of support beneath the market.



Stocks: RELATIVE STRENGTH

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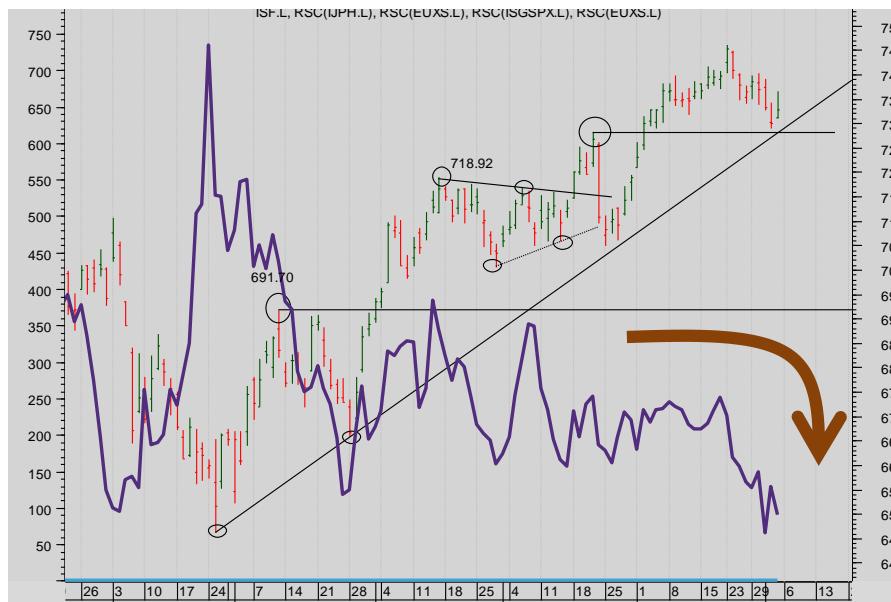
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Sterling-hedged US and EU

FTSE 100 relative strength v MSCI Europe ex-UK GBP Hedged UCITS ETF GBP (Brown) and Core S&P 500 UCITS ETF Hedged Dis GBP (purple) - NB the underperformance of FTSE relative to both.



iShares FTSE Etf. Daily chart.

The UK market, having radically underperformed the US market in the last month, looks to have stabilised somewhat with the short-term US weakness.



Bonds

BONDS:

The US awaits a completion of the important continuation Triangle before the bulls can gain any real confidence. SO too with the Bund. The Gilt remains weak and vulnerable.

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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The recent two-month rally has driven through the diagonal and the horizontal bands of resistance.

A massive statement of strength.

Look closer.

More



Bonds: CBOT Ten Year Notes

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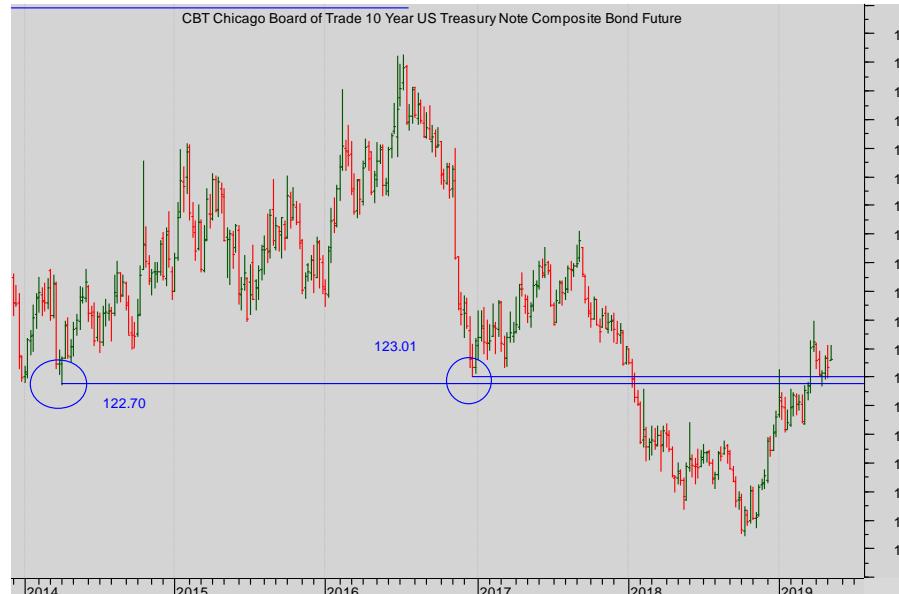
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IMPLIED ASSET ALLOCATION

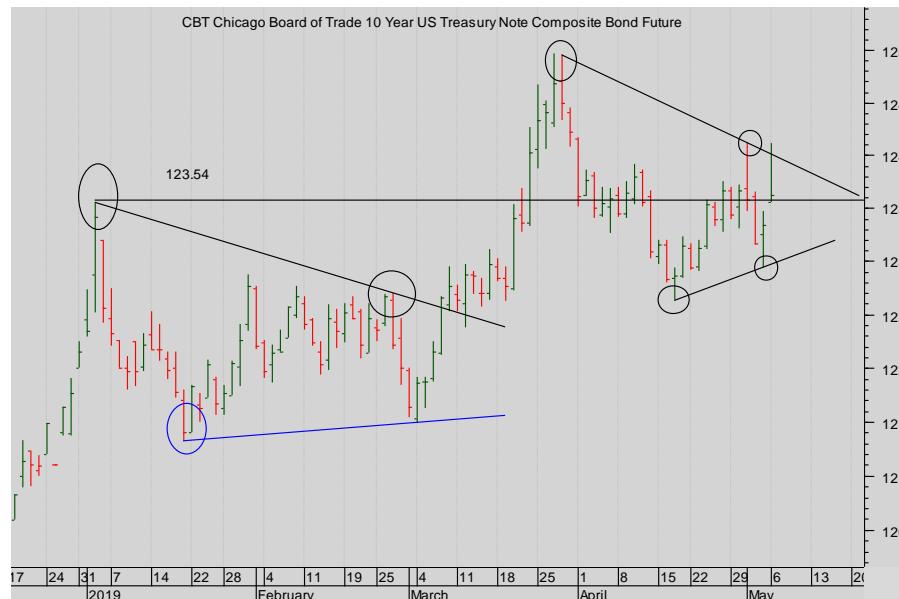


CBOT Ten Year Notes weekly futures continuation chart

This looks even more impressive.

The break up through the band of resistance from the prior Lows is hugely impressive.

But there has been a pause and drift for several months...



CBOT Ten Year Notes daily Jun 19 futures chart

And close inspection of the detail of that 2019 price action suggests that a bull continuation Triangle has been completed.

Minimum target? About 124.50. ACHIEVED.

The subsequent sell-off breaking short-term supports, does not yet negate the breakouts in the medium and long-term charts.

More



Bonds: Eurex Ten Year Bund

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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....first support on pull-back 163.88 Prior High is holding and strong.

Now a possible bull continuation Triangle is forming....

Watch carefully for a break through the upper diagonal.

More



Bonds: Eurex Ten Year Bund

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Eurex Ten Year Bund March 2019 Daily futures chart

Support from the 164.25 High is critical to maintain short-term bull momentum.

So it has proved.

Now watch and wait for a break up through the possible H&S Neckline.



Bonds: Liffe UK Gilt futures

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IMPLIED ASSET ALLOCATION



Liffe UK Gilt monthly futures continuation chart

The break up through the falling diagonal and the horizontal resistances has been impressive.



Liffe UK Gilt weekly continuation futures Chart

Watch for support from the Prior Highs on the drift.

More



Bonds: Liffe UK Gilt futures

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IMPLIED ASSET ALLOCATION



Long Gilt daily Jun 19 chart

But this does look **rather weak**.



Commodity

COMMODITIES:

Both Oil and Gold are still vulnerable in the short and medium term.

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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

The rally from 35.94 support failed at the resistance from the low at 75.35.

Then a confusion arose ... look closer.

More



Commodities: Nymex WTI Oil

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Nymex oil weekly continuation

The breakdown and then bounce in 2019 has little structure.

Watch the Prior Low
Resistance and theb
Fibonacci resistance at 64\$



Nymex oil daily Jun 19 futures

Some slight uncertainty has entered the short-term market with the break of the diagonal ...

Watch the market's reaction to the successive horizontal supports.



Commodities: Comex Gold

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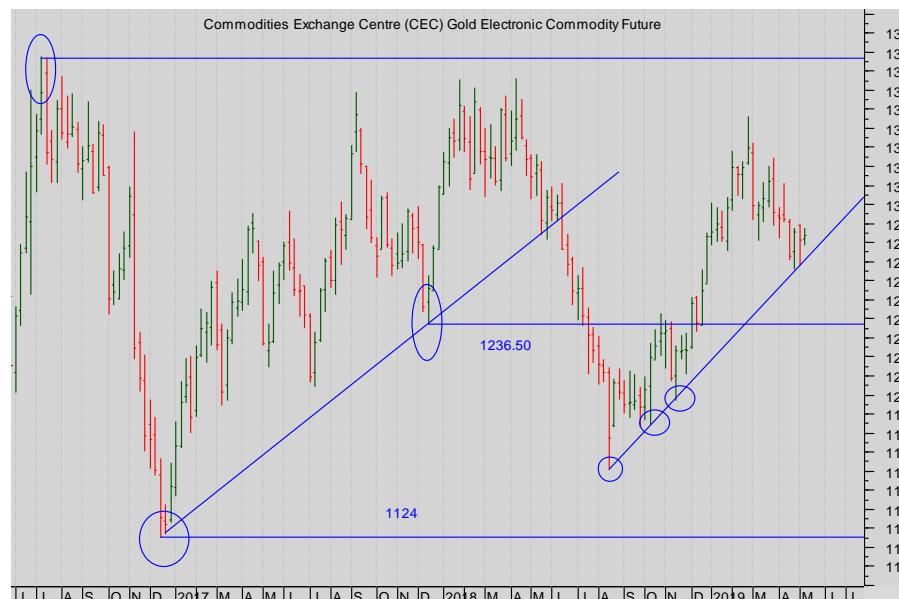
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Nymex Gold Monthly

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 ...possible



Nymex Gold weekly

The detail of the price action within the trading range....



Commodities: Comex Gold

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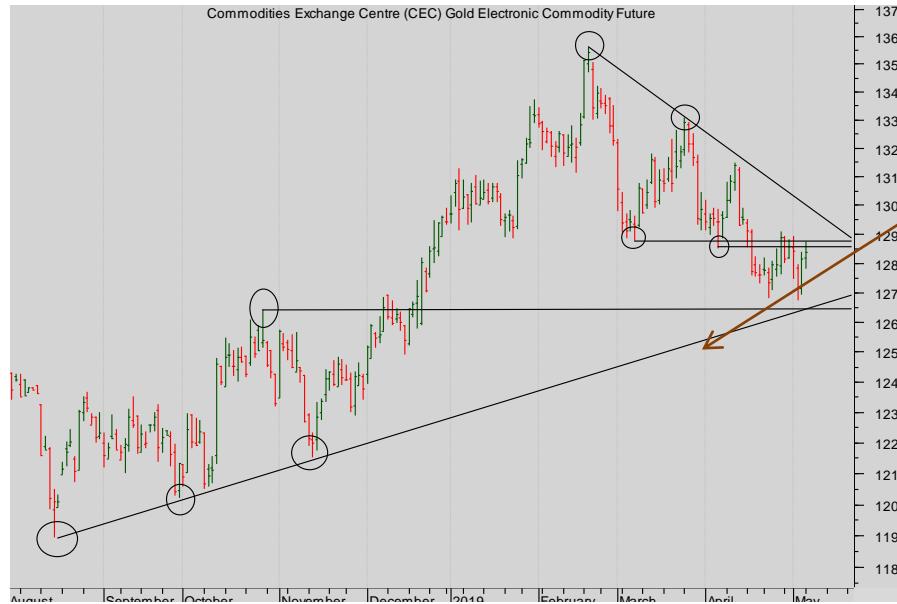
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Nymex Gold Daily

Watch for resistance from the Prior lows at 1286....and a further breakdown...

While the resistance from the Prior Lows holds above the market, the price looks vulnerable.



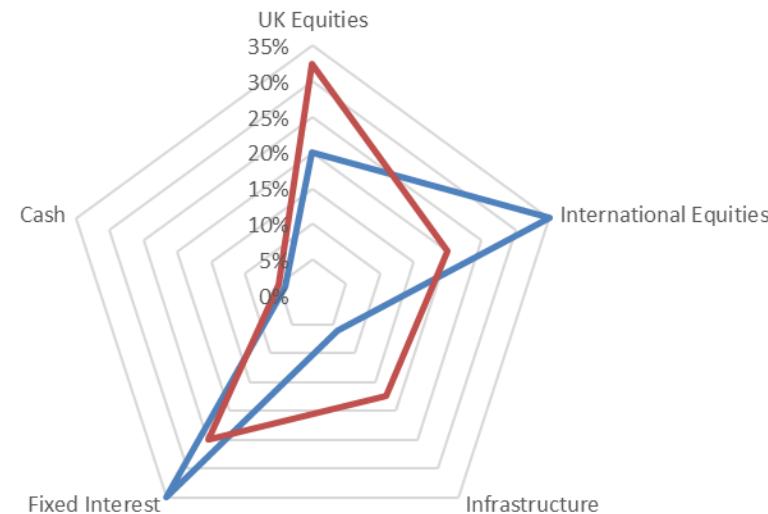
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Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

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MSCI Balanced Risk Asset Allocation



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