



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 October 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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- IMPLIED ASSET ALLOCATION

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



Currencies: Dollar Euro

CURRENCIES:

The Dollar strength against all but the Yen continues to dominate the situation. The rally of the Euro last week remains, for the moment, unconvincing. Note in particular Sterling's strength against the Euro last week – that threatens to go further ...

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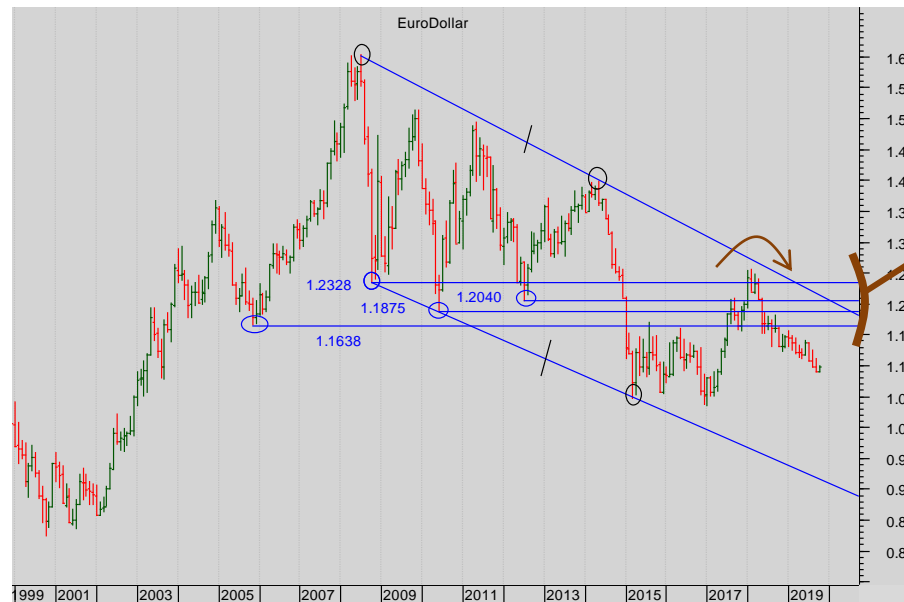
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IMPLIED ASSET ALLOCATION



Dollar Euro monthly spot cash chart

These powerful resistances above the market at 1.15 and above **reversed** the attempted bear Dollar/bull Euro market ...

The pressure is on the Euro now. **We favour a strengthening Dollar in the longer term.**

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

More



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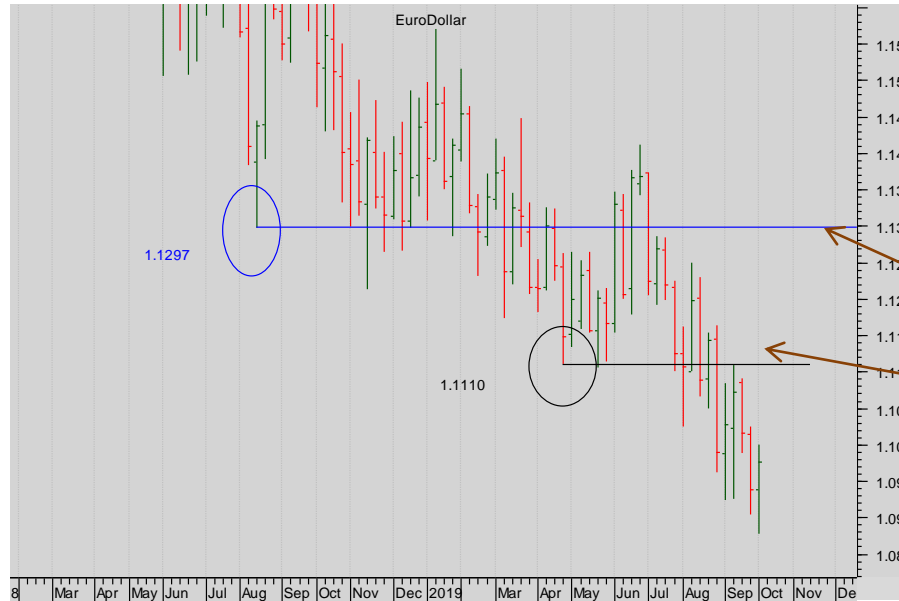
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Euro

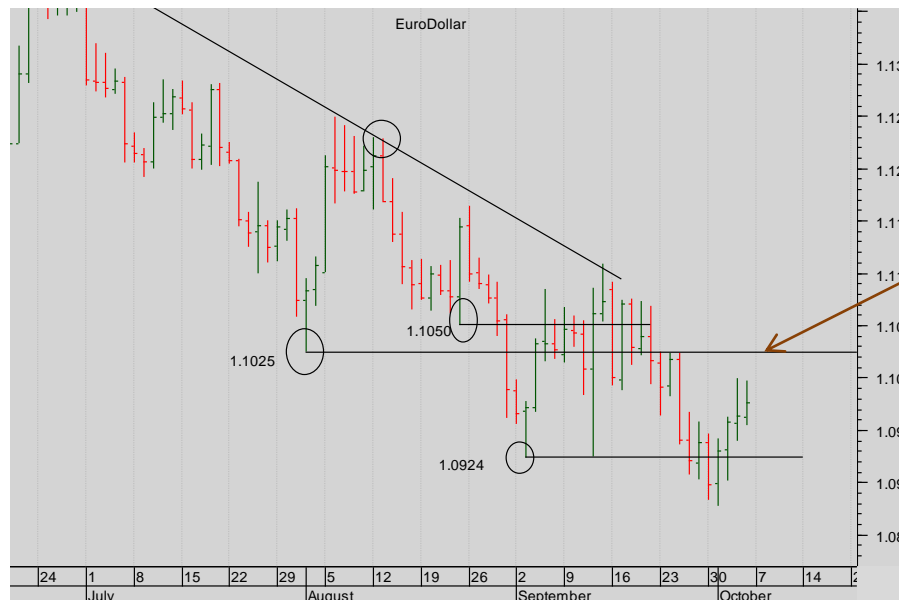


Dollar Euro weekly spot cash chart

This is a clear failure by the market to get back above and stay above the prior low resistance at 1.1297.

Note the rally back to test the resistance from the Prior Low at 1.1110

The Dollar bears remain in charge.



Dollar Euro spot cash chart daily chart...

The medium-term bear trend remains intact, for the moment, note the market's reaction to the falling diagonal and the band of resistance from the Prior Lows.

The dollar bears are in charge short, medium and long-term



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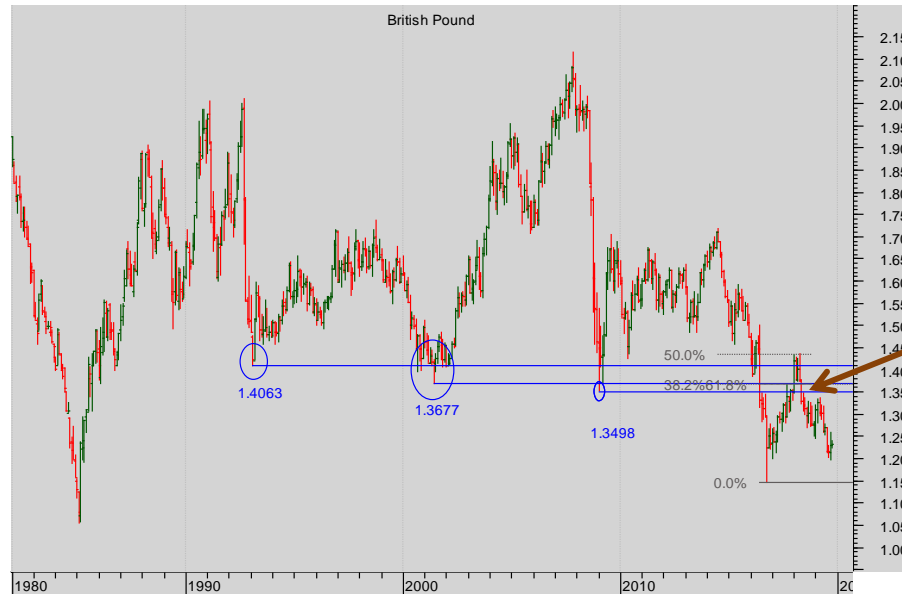
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

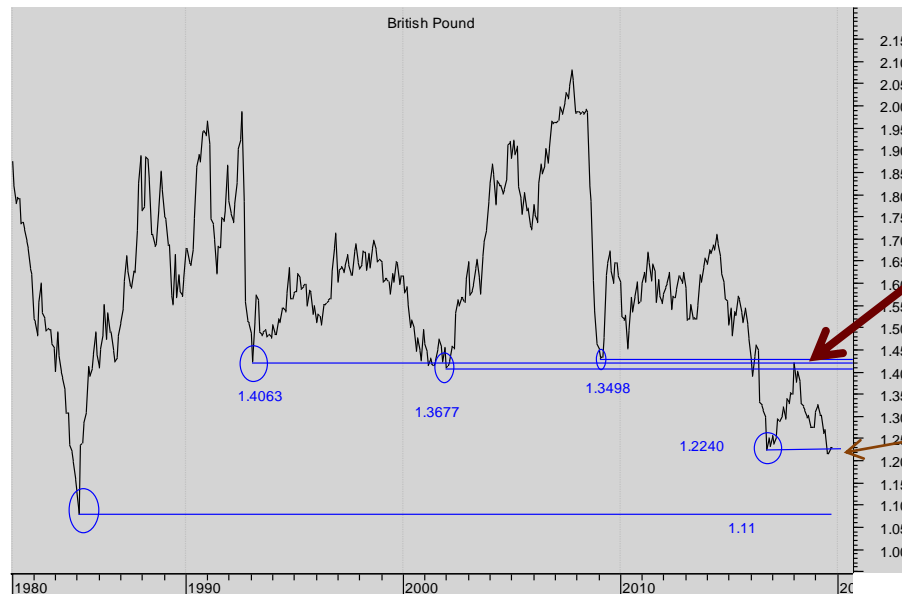


Dollar Sterling Monthly spot cash chart

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...

And now the market looks to be smashing down through the Prior low...

More



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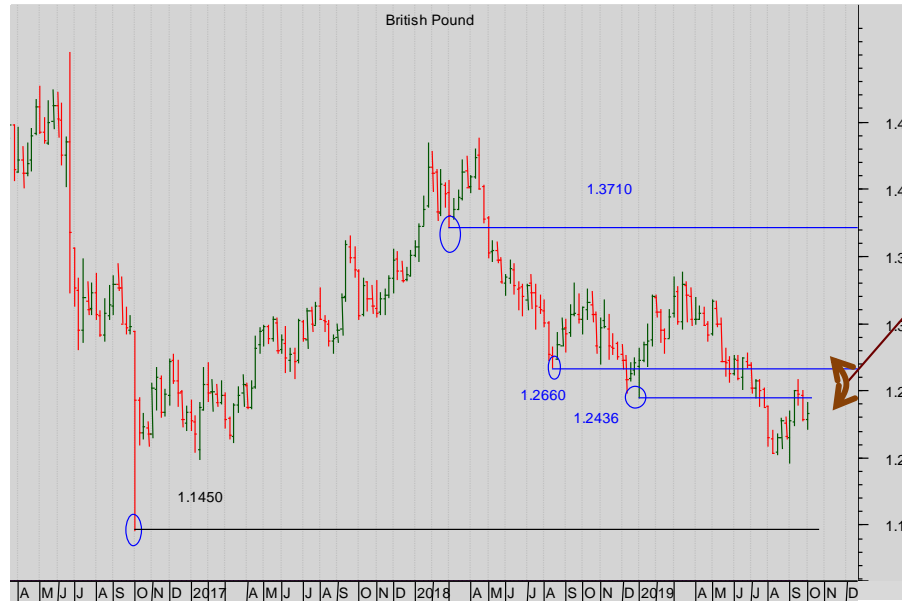
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

That band is big overhead resistance.

And the market has failed to penetrate

The Sterling bears remain in control.



Dollar Sterling daily spot cash chart

Massive resistance intact above the market .

Note the failure, for the moment, to push beneath the small support from the Prior High at 1.2307



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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen

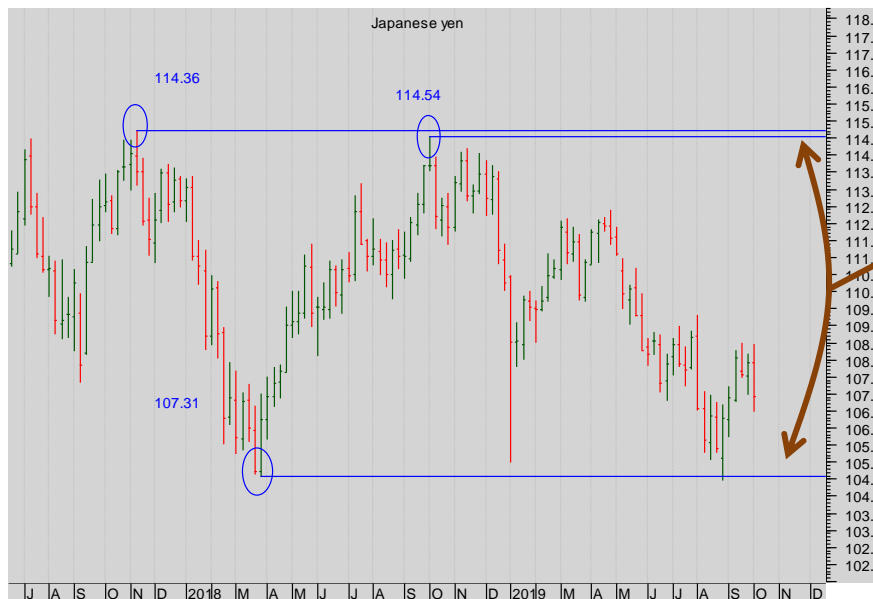


Dollar Yen monthly spot cash chart

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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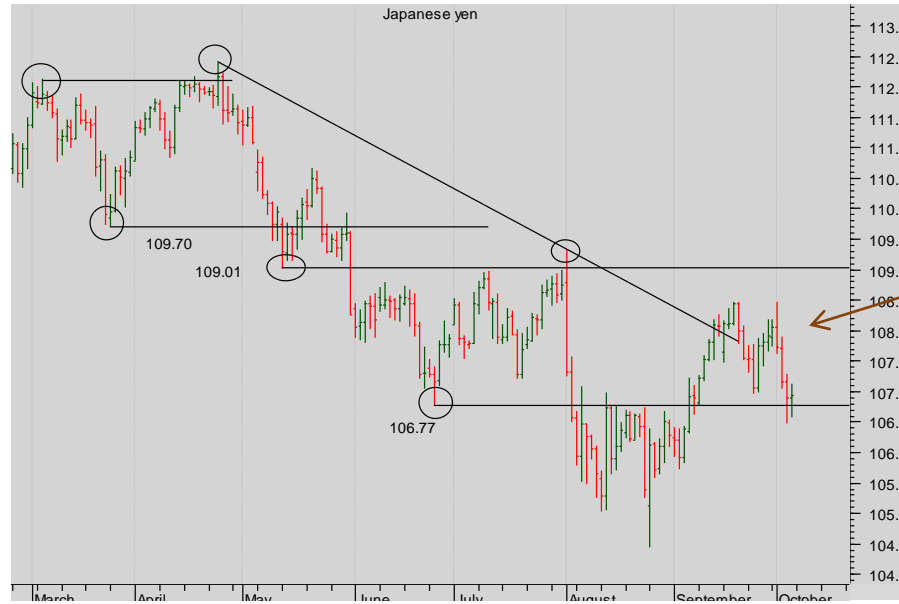
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IMPLIED ASSET ALLOCATION



Dollar Yen daily spot cash chart

This is not clear save for the continued bear trend of the Dollar unless the market can get above 109 and thus establish a bottom?



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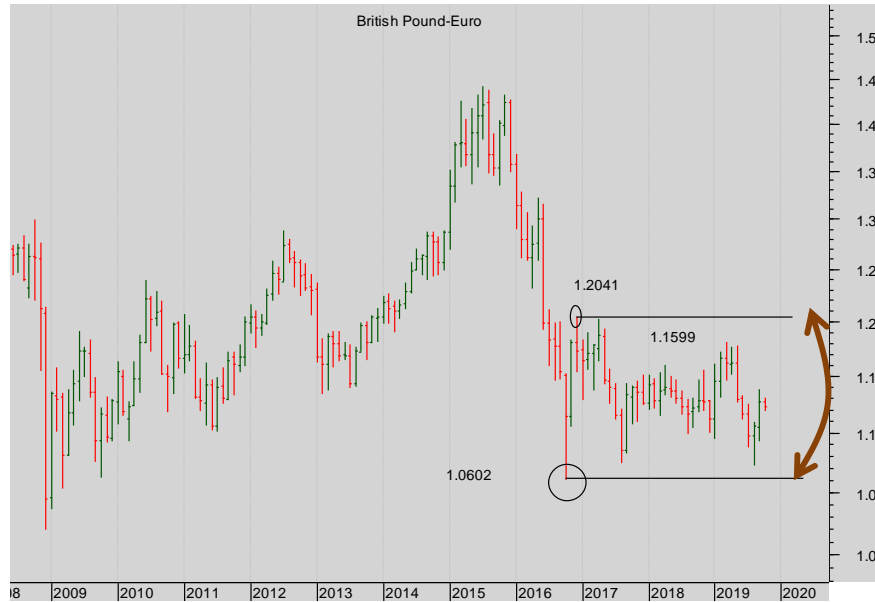
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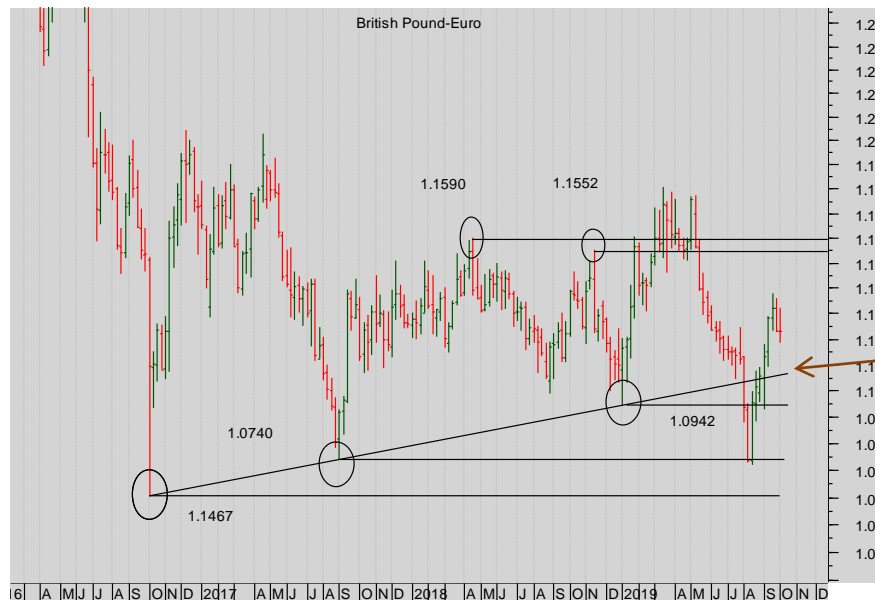
IMPLIED ASSET ALLOCATION

Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The market remains in the broad trading range.



Sterling Euro weekly spot cash chart

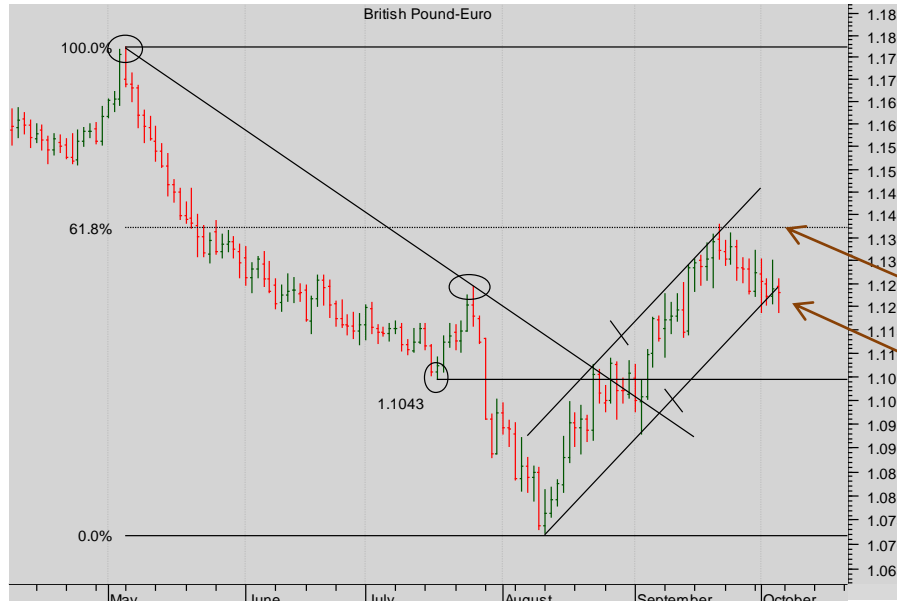
This detail is a bit clearer: the market has bounced back into the trading range. And penetrated the well-established diagonal above the market.

So the rally, the strengthening Sterling move, has been strong.

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

In more detail:

There is an established bull channel that has failed at the Fibonacci resistance,

Watch the lower diagonal to establish a breakdown

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IMPLIED ASSET ALLOCATION



Stocks

STOCKS:

Taking each market in turn: S&P: the bounce at the end of last week cannot disguise the vulnerability of the market to a sell off – the successive highs, the inability to sustain itself above the support from the 2018 highs... all point in the same direction. EuroStoxx: the weekly Key reversal of last week may prove the crucial signal. In the FTSE the weekly Key Reversal in early August may have been the critical signal....The Nikkei though with three successive failure at 22000, looks the perkier of the Majors...a break of 22135 would portend a massive rally.

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IMPLIED ASSET ALLOCATION

Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

The break of the Prior high 2946 was a powerful reassertion of the bull market.

But the subsequent dip back beneath makes traders anxious,

More



Stocks: CME S&P 500

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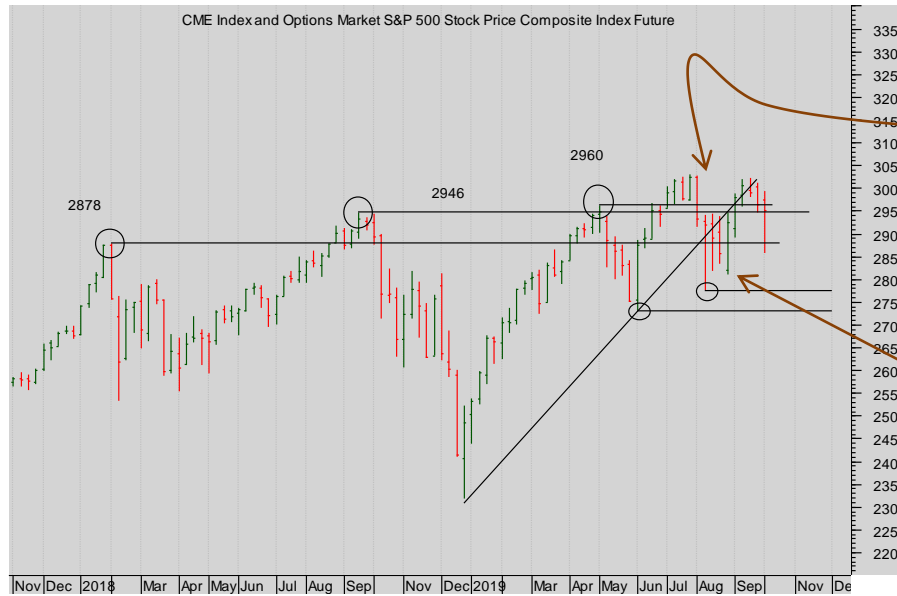
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IMPLIED ASSET ALLOCATION

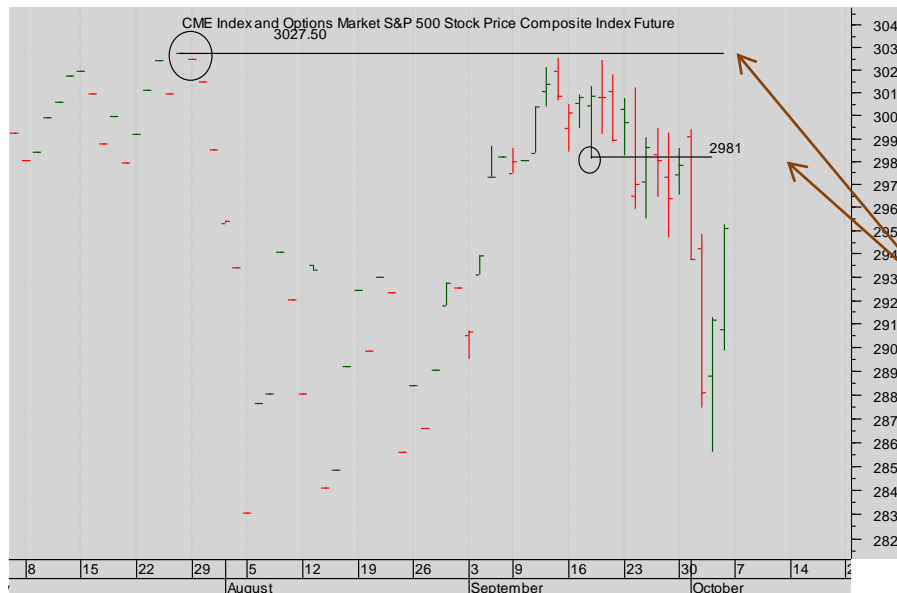


CME S&P 500 cont. weekly cont. chart

The repeated test and break of the old high was significant – the bulls were in control and then **failed**.

The support from the Prior highs 2946/2960 was **smashed** but the market wasn't able to stay beneath the broken support..

The sideways move looks vulnerable...



CME S&P 500 daily Dec 2019 chart

There was no break above break above the Prior High 3023.

But there was one beneath 2961...

The bears look in control...

More



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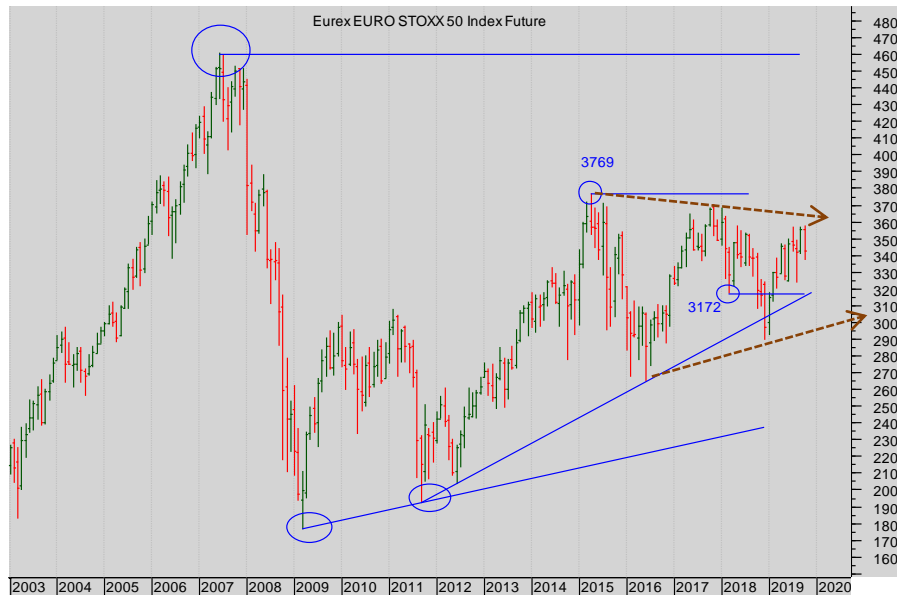
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IMPLIED ASSET ALLOCATION

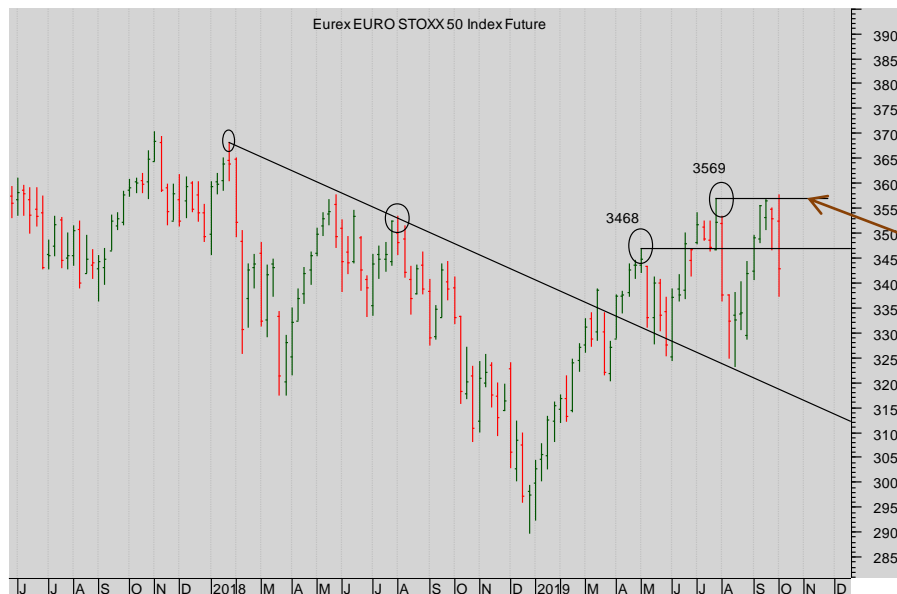
Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 monthly continuation futures chart

The long-term condition of the market is dominated by the large triangle – possibly a continuation Triangle...

The bulls need the market to break up through the upper diagonal at around 3670....



Eurex EuroStoxx 50 weekly continuation futures chart

This lacks clarity. Watch and wait for a break above 3569. Friday's Weekly Key reversal will not have helped...

More



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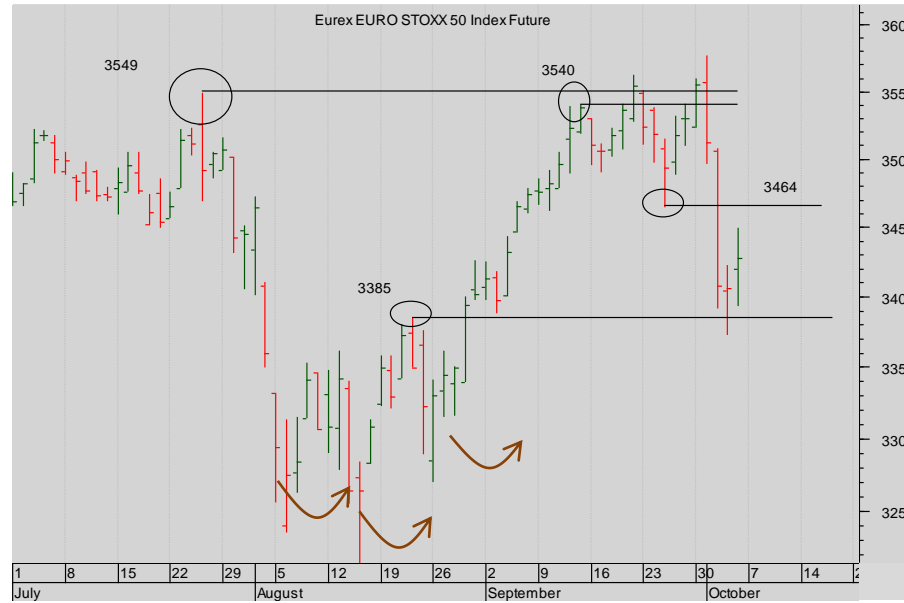
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Dec 19 futures chart

The weekly Key reversal led to the completion of a small Double Top...

Watch our short-term levels.

But the weekly bear Key Reversal will surely dominate.



Stocks: Liffe FTSE 100

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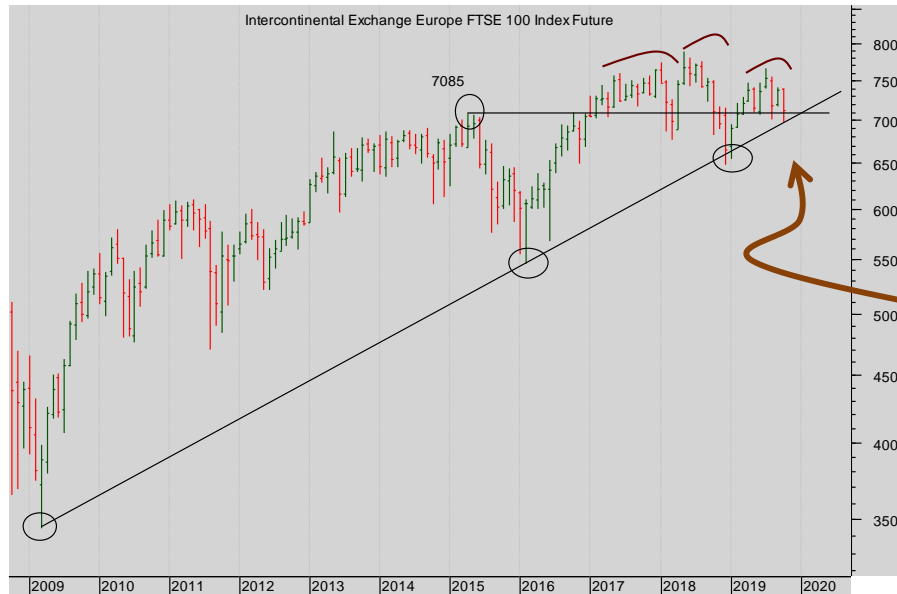
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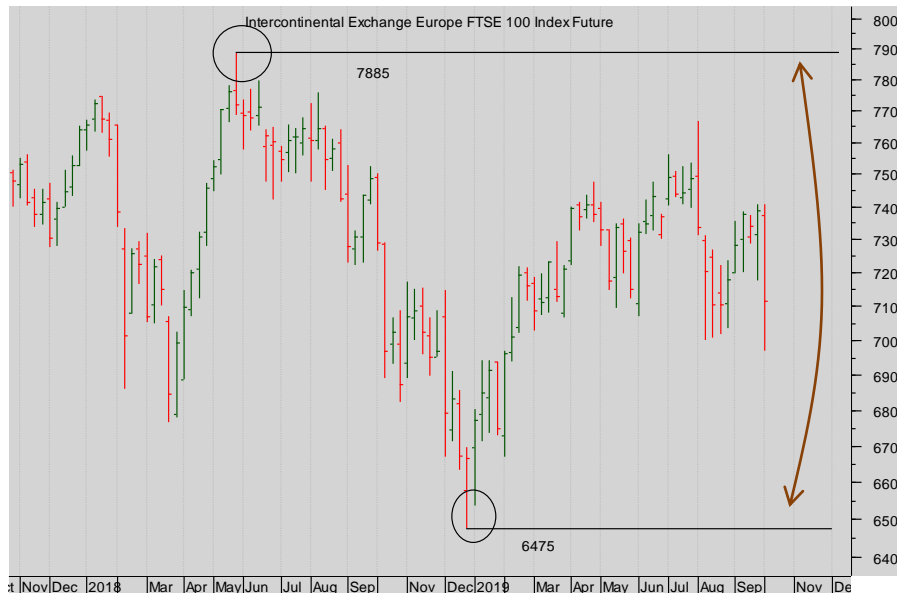
IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

So the support from the succession of Prior Highs (6796, 6995) was smashed up through, 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.

This should still give enormous confidence to UK investors because of the very long-standing and powerful support still beneath the market.



Liffe FTSE 100 Weekly cont. futures chart

Watch the range.

More



Stocks: Liffe FTSE 100

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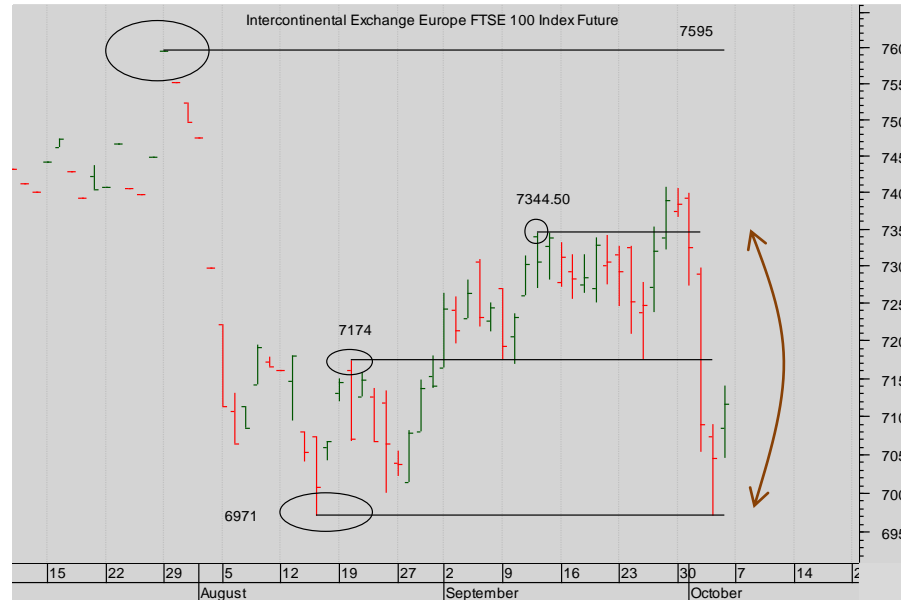
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IMPLIED ASSET ALLOCATION



Liffe FTSE 100 SEP 19 daily futures chart

The rally from the Double Bottom needed to break the 7344 to progress.

And it did but couldn't sustain the break...

Watch the range!



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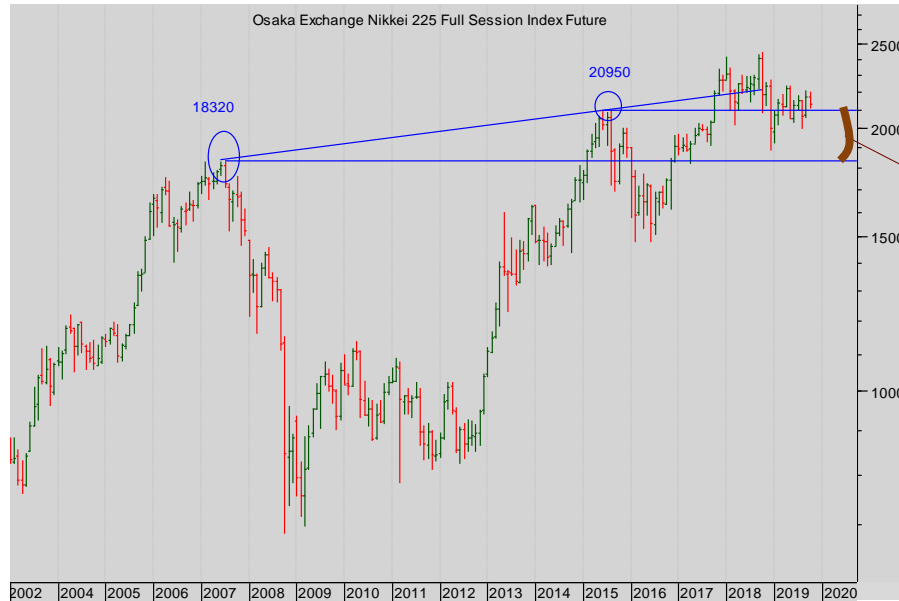
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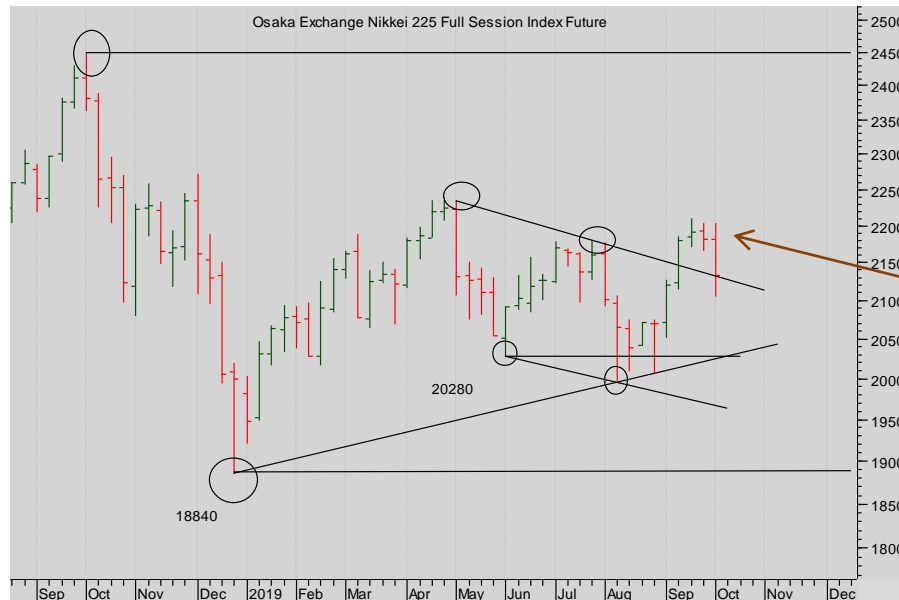
IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

The market is retesting the band of support 18320 - 20950.



Nikkei 225 chart (WEEKLY)

The break above the falling diagonal is one thing.

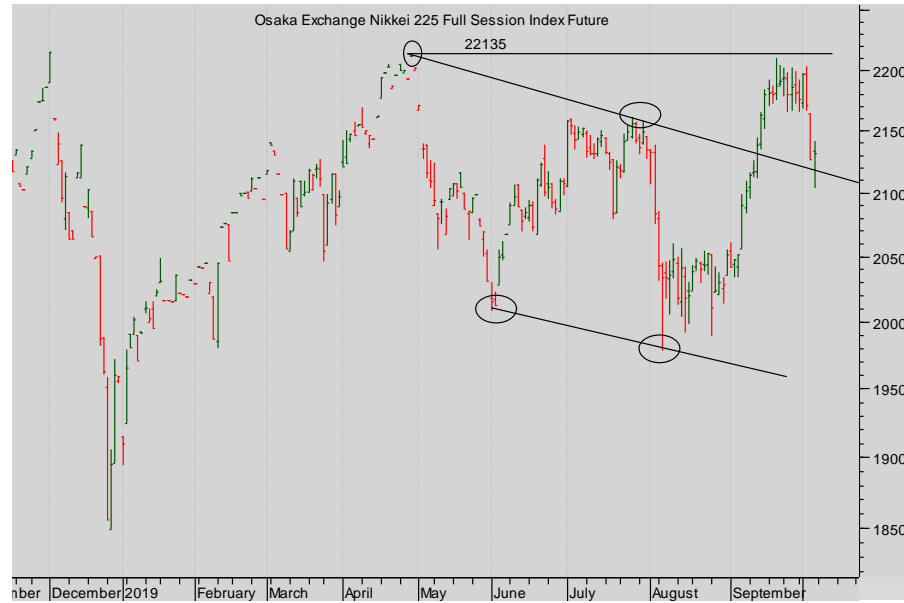
The completion of a bull falling wedge is another.

The bulls look to be in charge – but watch the support of the upper diagonal ...

More



Stocks: OSE Nikkei 225



**Nikkei 225 chart Daily
Dec 19.**

**Short-term, wait for a
break above 22135.**

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IMPLIED ASSET ALLOCATION



Stocks: RELATIVE STRENGTH

Sterling-hedged US and EU

The relative strength of the FTSE has had a dramatic move.

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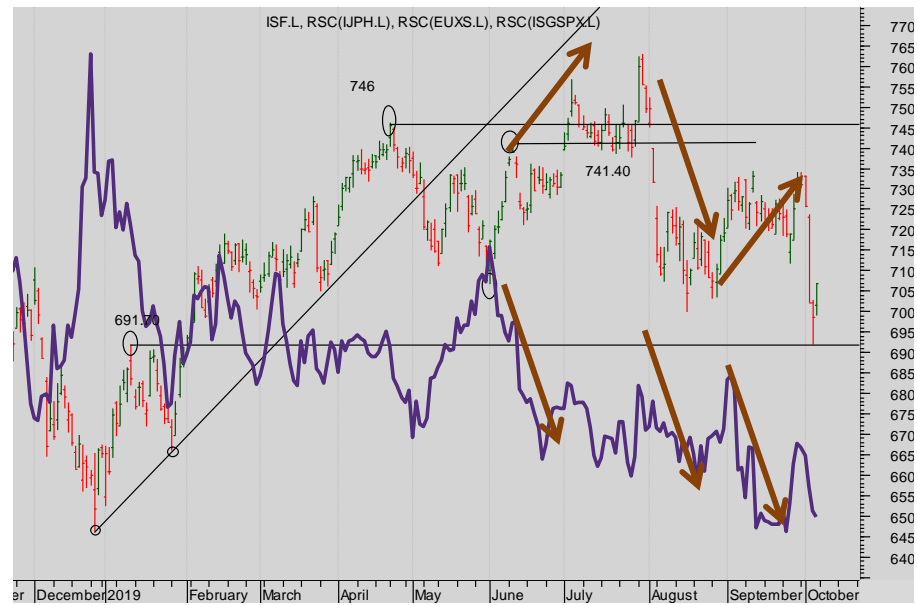
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iShares FTSE Etf. Daily chart.

Note now the dramatic relative failure of the UK market, relative to the US IN BOTH THE BEAR MOVE AND the bull moves!



Bonds

BONDS:

All these markets look well-set to rally a lot further. Use the current weakness in the Bund to add to bull positions.

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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 driven up 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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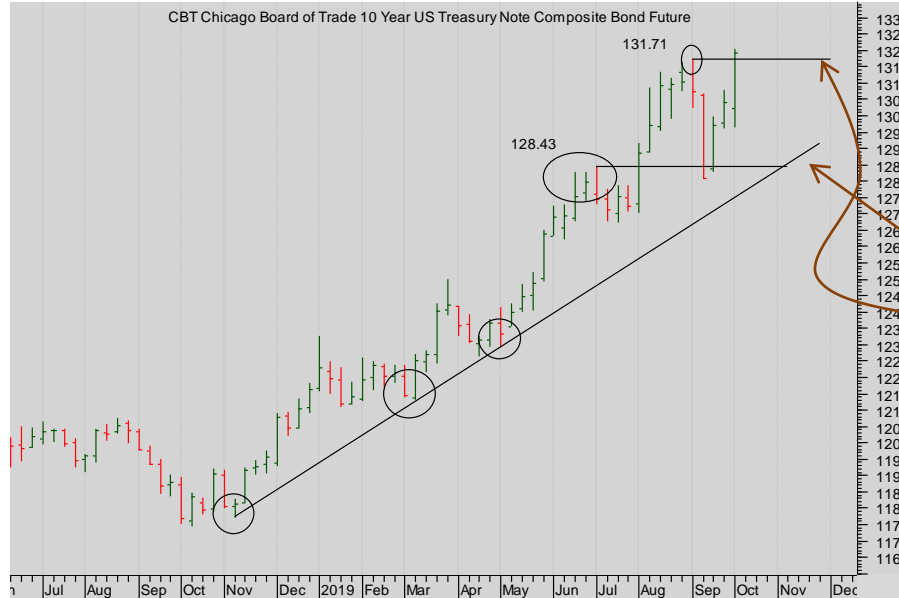
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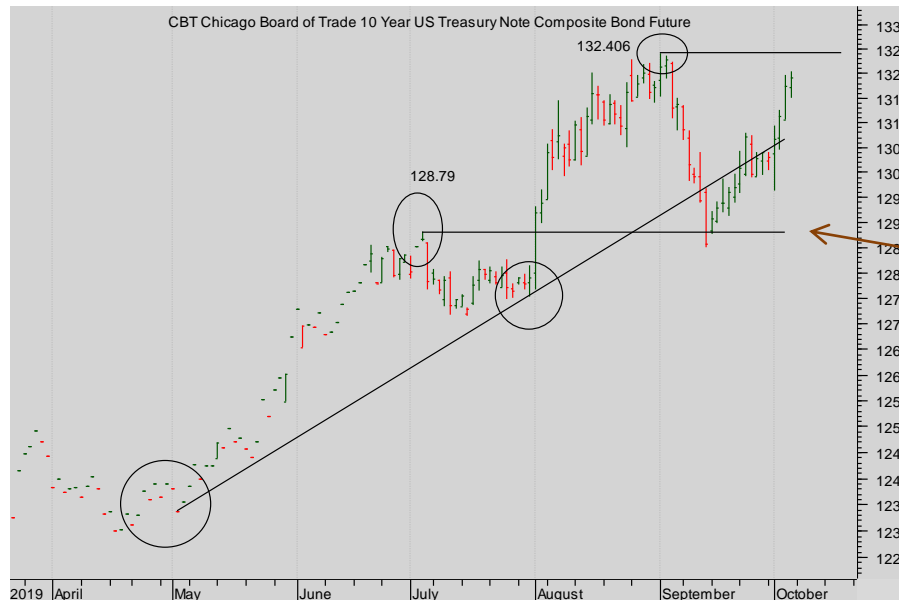
IMPLIED ASSET ALLOCATION



CBOT Ten Year Notes weekly futures continuation chart

Note the support at the Prior High at 128.43

And the break up through the Prior High ...



CBOT Ten Year Notes daily Dec 19 futures chart

Though the diagonal was smashed, the horizontal held.

SO the bull trend remains intact.

(but unlike the continuation had chart note that the market has not yet breached the old high...)





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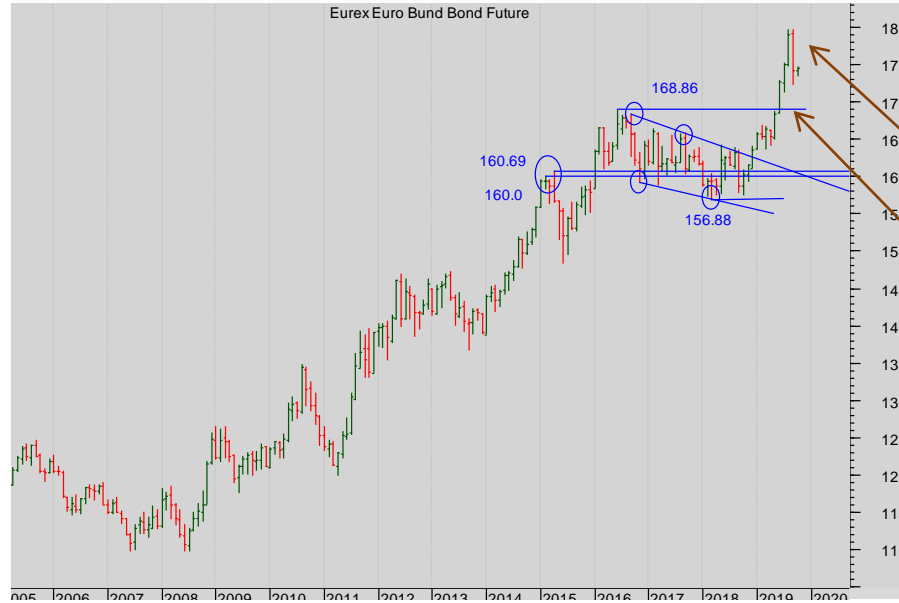
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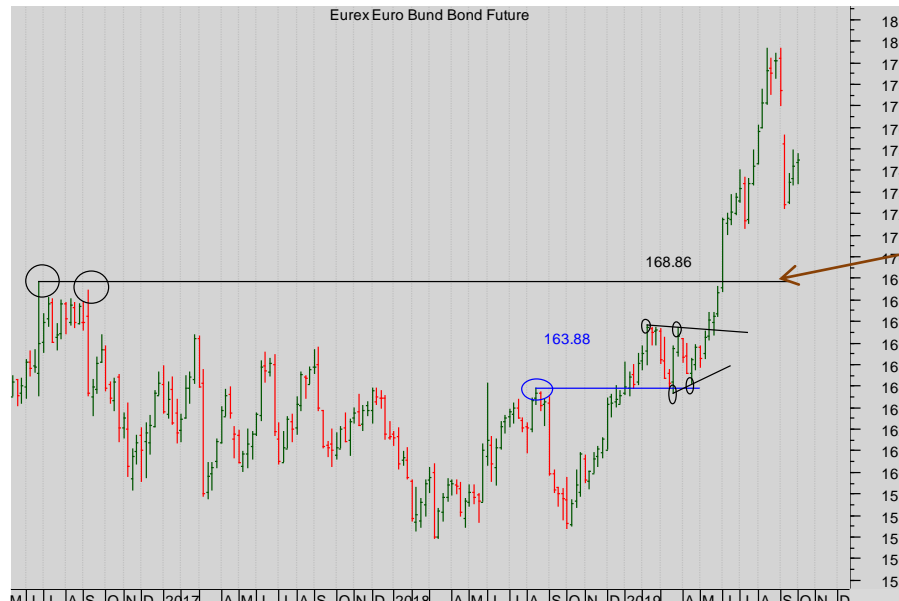
Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund monthly futures continuation chart

That is a possible Monthly bear Key Reversal ...

The break up through the Prior High added another support beneath the market. Now watch that support.



Eurex Ten Year Bund weekly cont. futures Chart

That 168.86 remains good support on any pull-back. So expect good support there...

More



Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund Dec 2019 Daily futures chart

Short-term the bull market has retraced to the first trend support.

Note the resistance above the market at 174.68.

Watch closely tho' for a close beneath 171.25

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Bonds: Liffe UK Gilt futures

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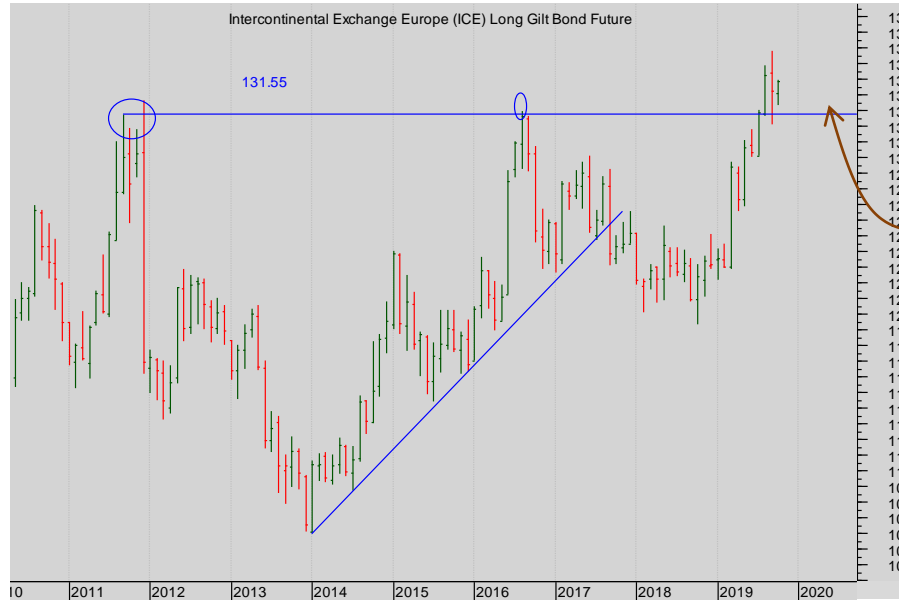
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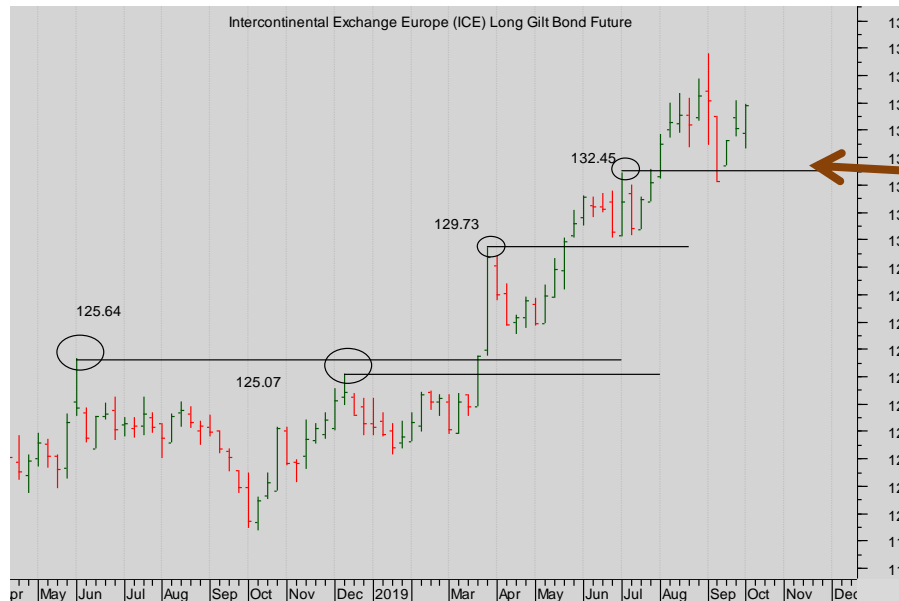
- + Oil
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IMPLIED ASSET ALLOCATION



Liffe UK Gilt monthly futures continuation chart

Note the break up through the Prior High – that established that as important support – now being tested....



Liffe UK Gilt weekly continuation futures Chart

Watch for support from the Prior Highs on any drift.





Bonds: Liffe UK Gilt futures

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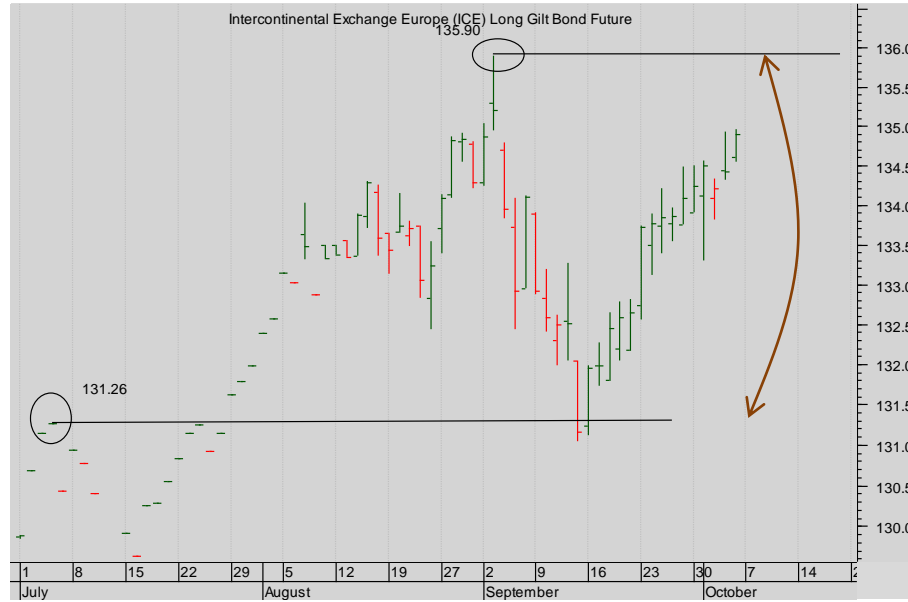
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IMPLIED ASSET ALLOCATION



Long Gilt daily Dec 19 chart

The bulls remain in charge, while the horizontal support remains intact.

Note the smashed resistance from the Prior Low.

Short-term the market is strong.



Commodity

COMMODITIES:

Oil look vulnerable to a sell-off from current levels – that would break down through Prior Lows and re-ignite a bear market. Gold remains perky, well supported and close to completing short-term bull continuation patterns.

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- + Nikkei 225

Bonds

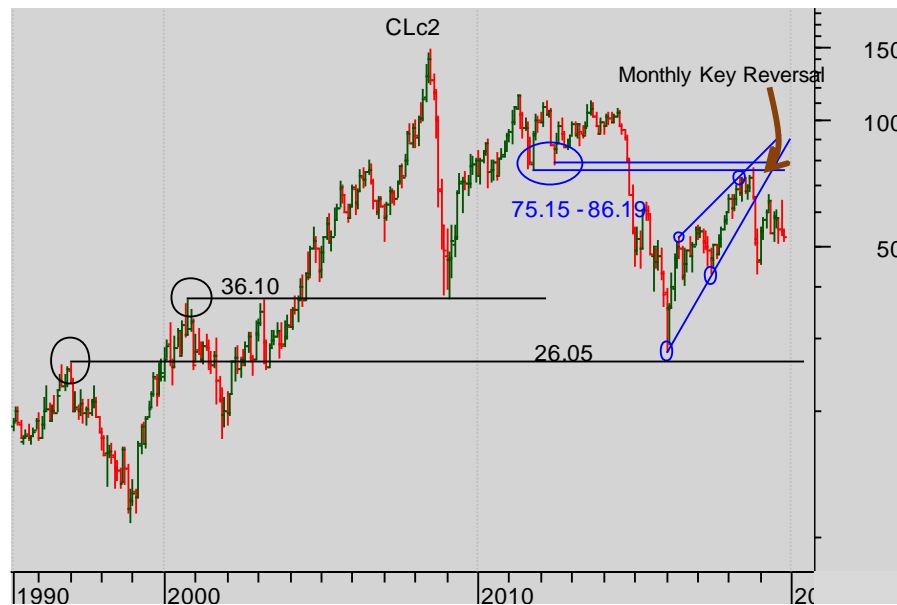
- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

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

Stand Back.

More



Commodities: Nymex WTI Oil

Summary

Currencies

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

Stocks

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

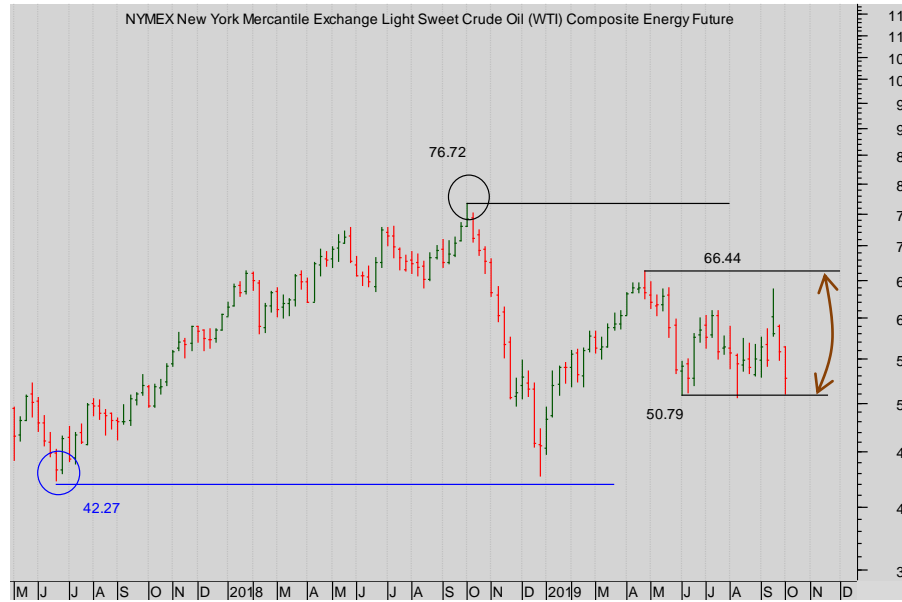
Bonds

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

Commodities

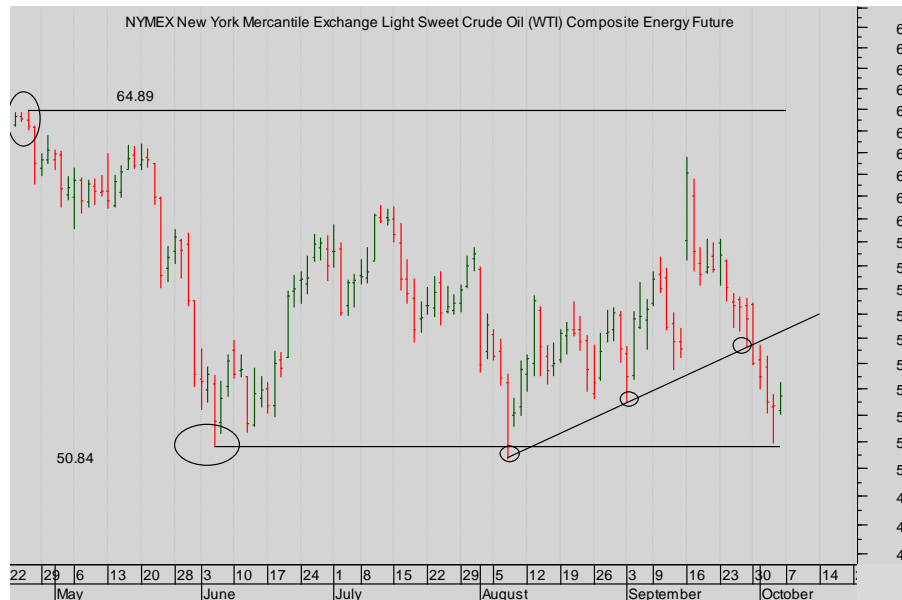
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nymex oil weekly continuation

It's not clear: watch the range.



Nymex oil daily Dec 19 futures

There's a range – watch the testing of 50.84 closely,...



Commodities: Comex Gold

Summary

Currencies

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

Stocks

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

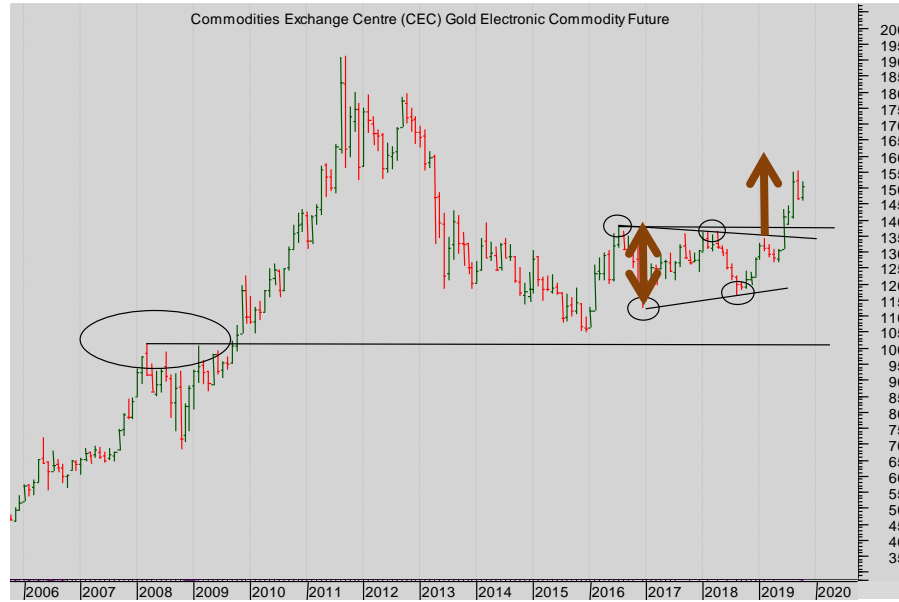
Bonds

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

Commodities

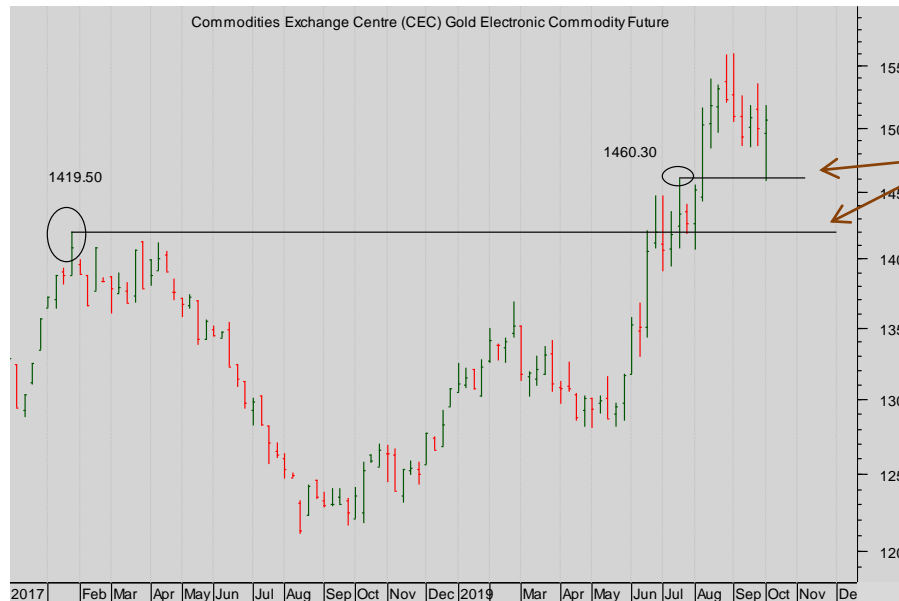
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nymex Gold Monthly

The long-term chart shows a failure at the Prior Low resistance at 1526.



Nymex Gold weekly

First and second supports are clear.



Commodities: Comex Gold

Summary

Currencies

- + Dollar Euro
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- + Sterling Euro

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- + FTSE 100
- + Nikkei 225

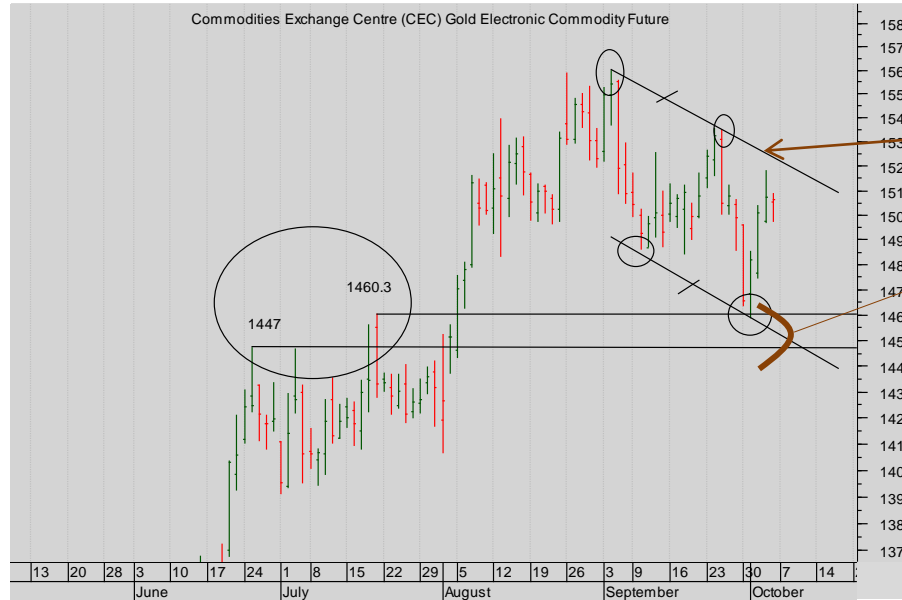
Bonds

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

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nymex Gold Oct 2019 Daily

A possible bull flag?

Wait for completion.

And watch the test of the band of support beneath.



Summary

Summary

Currencies

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

Stocks

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- + FTSE 100
- + Nikkei 225

Bonds

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

Commodities

- + Oil
- + Gold

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v

MSCI Balanced Risk Asset Allocation



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the technical analyst

AWARDS 2012

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