



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 15th October 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 FLAT 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 FLAT
Long-term BULL	Medium-term BULL	Short-term FLAT
Long-term BULL	Medium-term BULL	Short-term FLAT
Long-term FLAT	Medium-term FLAT	Short-term FLAT
Long-term BULL	Medium-term BULL	Short-term FLAT





Currencies: Dollar Euro

CURRENCIES:

The Dollar strengthened a little, to break some short-term overhead resistances (a short-run diagonal) against the Euro, a Prior High against Sterling and the Yen) , but more work needs to be done to convince the Dollar bulls in anything other than the short term. There was a big leap within the medium and long-term trading range of the Sterling 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 **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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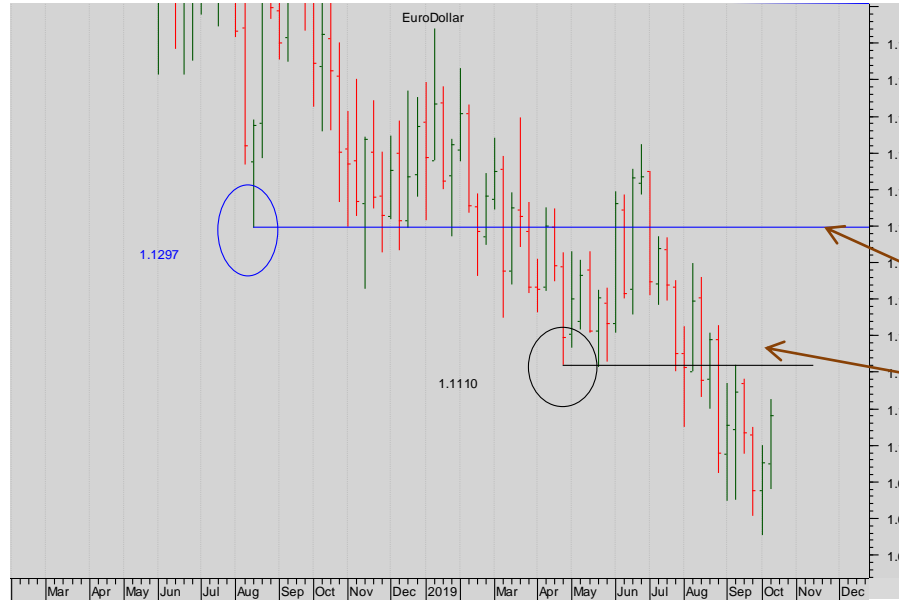
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Euro

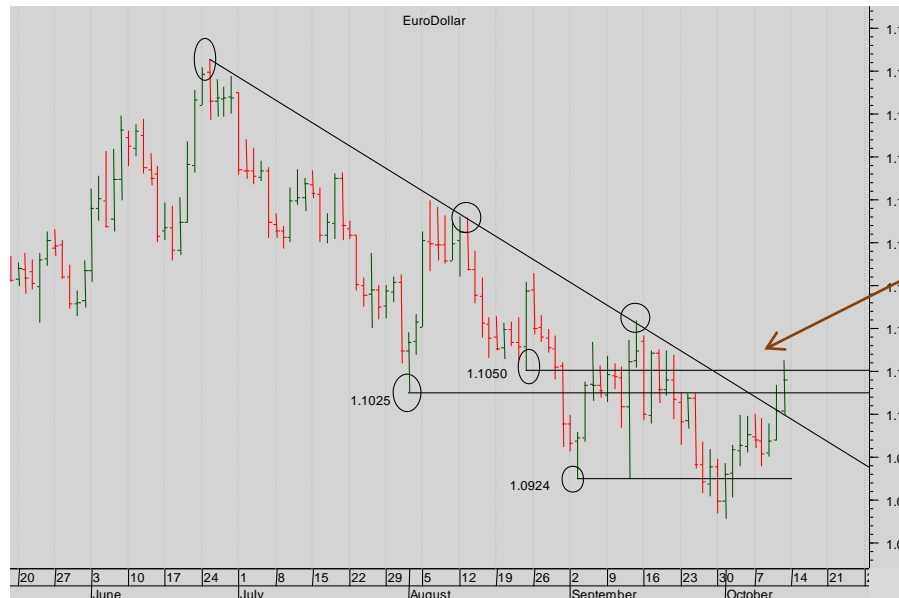


Dollar Euro weekly spot cash chart

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

Until that breaks 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-term, while the 1.1025-1.1050 band of resistance holds



Currencies: Dollar Sterling

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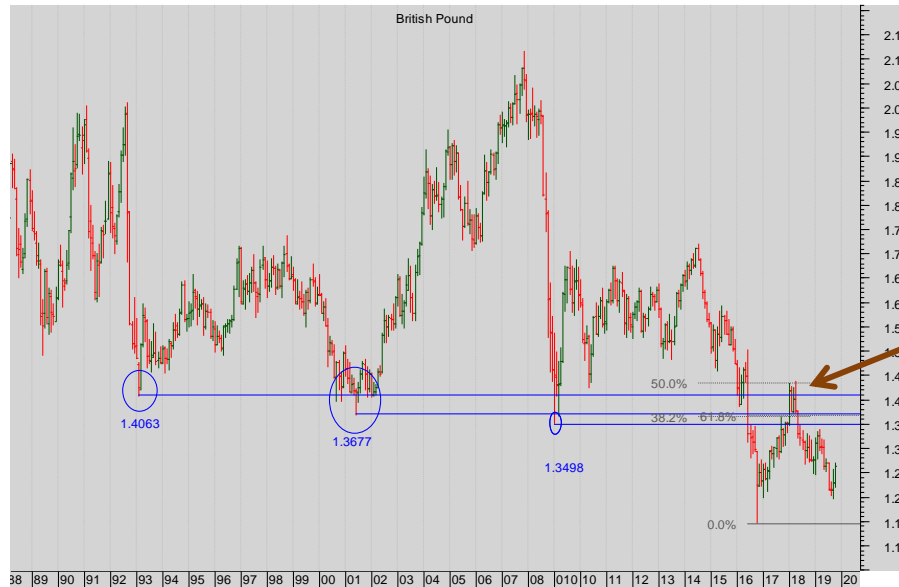
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Commodities

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IMPLIED ASSET ALLOCATION

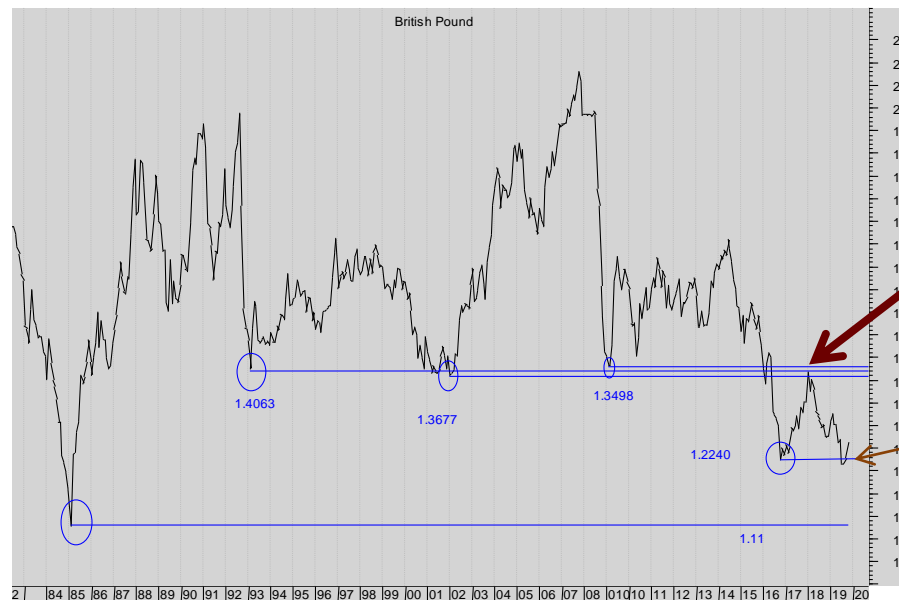


Dollar Sterling Monthly spot cash chart

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...

But the market is now testing the Prior low...and, for the moment, bouncing

More



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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

Watch the medium-term resistance from the horizontal band and the diagonal resistance that so far the market has failed to penetrate

The Sterling bears remain in control.

For the moment!



Dollar Sterling daily spot cash chart

Massive resistance above the market smashed.

Now the band of short-term resistance has been broken, there is scope on the upside.

Watch for more evidence that a new trend has begun...



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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



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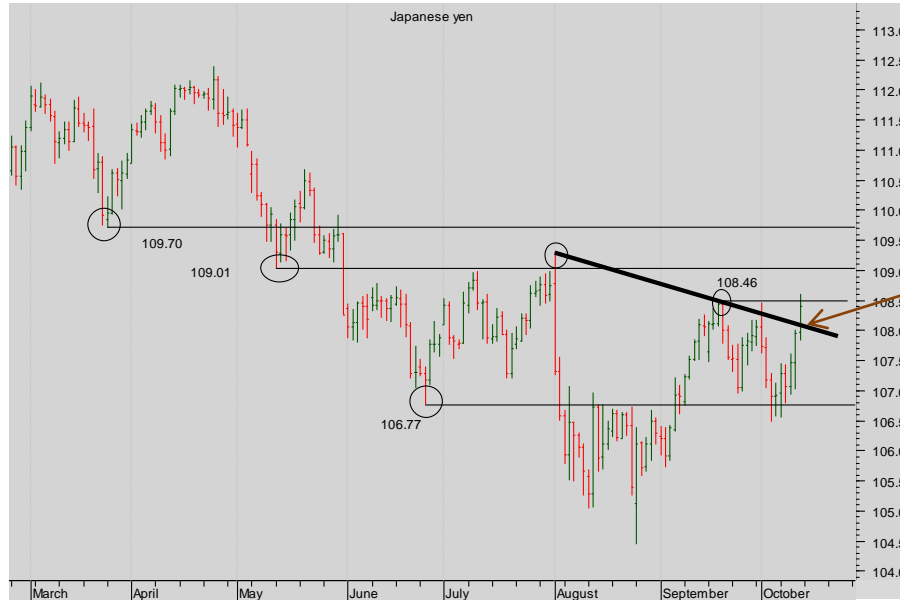
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen daily spot cash chart

This is not clear is a small bottom in place? We need a break up through the band 109.01/109.70 to convince.



Currencies: Sterling Euro

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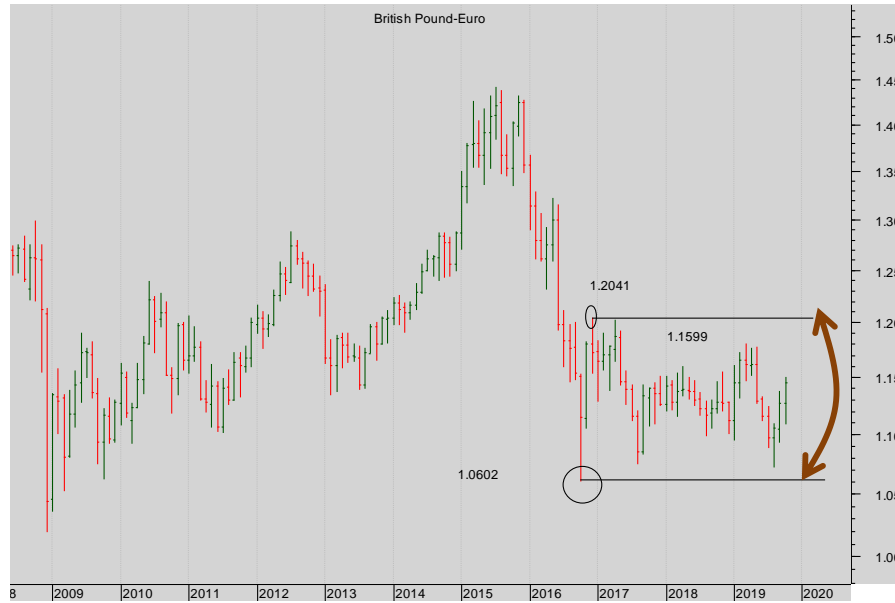
Bonds

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Commodities

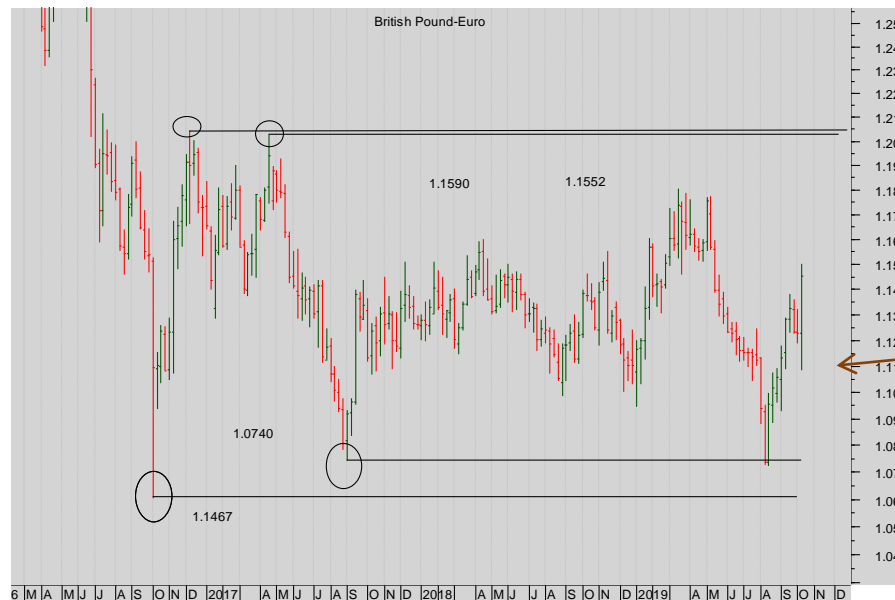
- + Oil
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IMPLIED ASSET ALLOCATION



Sterling Euro monthly spot cash chart

The market remains in the broad trading range.



Sterling Euro weekly spot cash chart

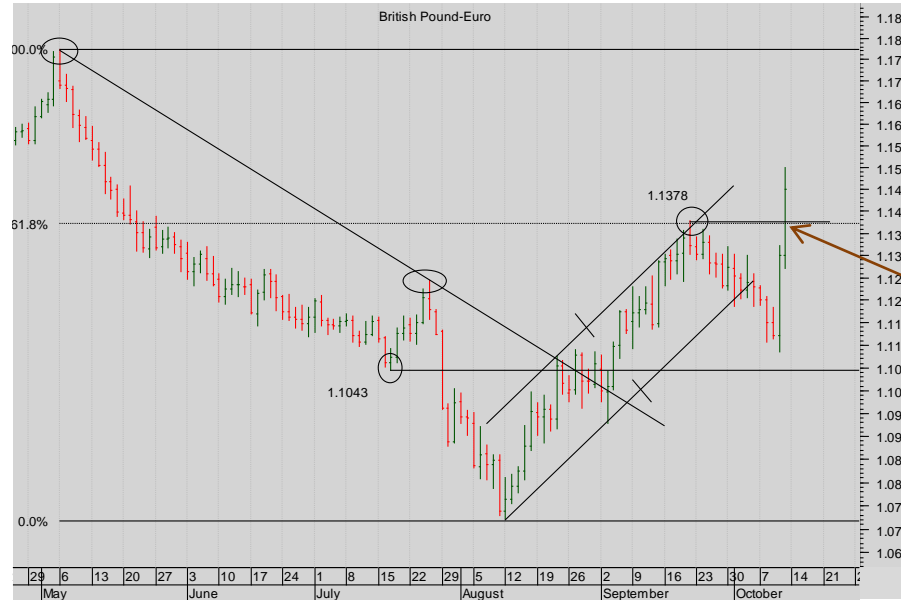
This detail is a bit clearer: the market has bounced back into the trading range.

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

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

In more detail: the fierce rally at the end of last week has re-established the bull trend by breaking up through the Prior High.

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IMPLIED ASSET ALLOCATION



Stocks

STOCKS:

Stocks are impossible to read. A massive congestion is still forming with the S&P and EuroStoxx and FTSE. Stand back. The Nikkei looks the most impressive of all the structures. Sitting on good long-term support, a bull flag in the weekly chart just completed...

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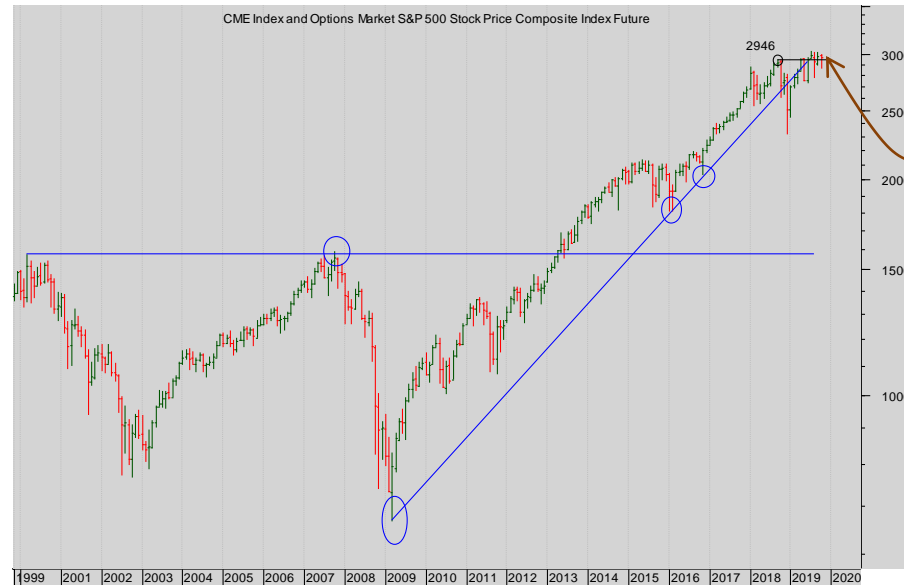
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IMPLIED ASSET ALLOCATION

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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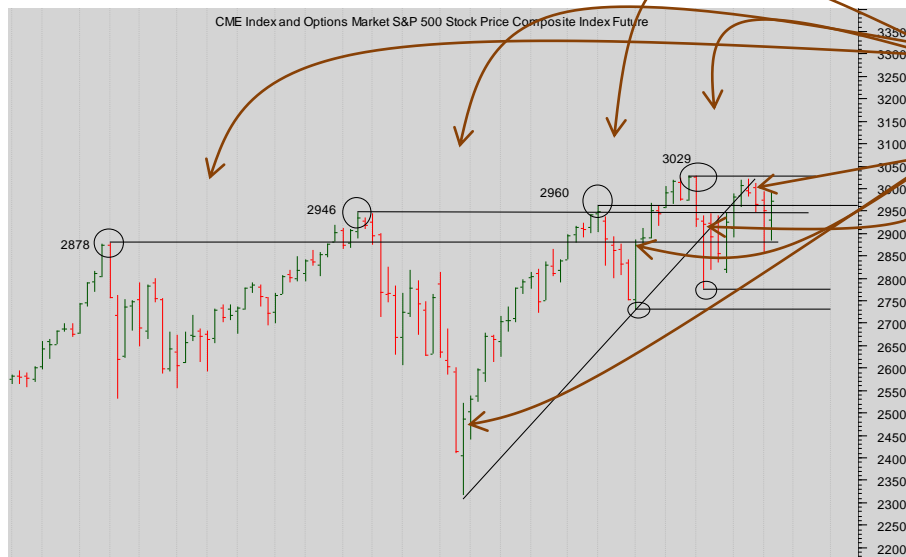
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IMPLIED ASSET ALLOCATION

CME S&P 500 cont. weekly cont. chart



The succession of highs makes the market very vulnerable.

The succession of rising lows is equally impressive.

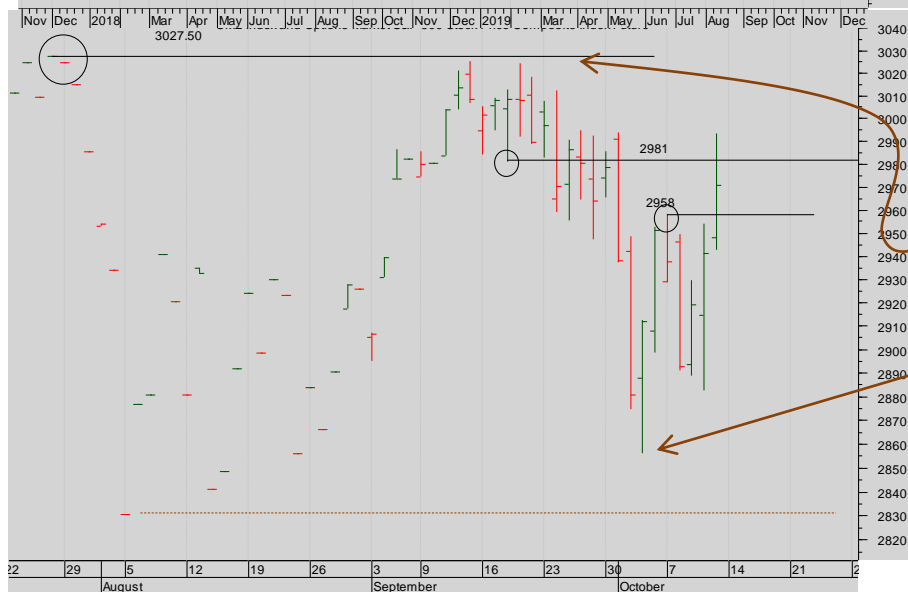
It's not clear.

Bears need a lower High to be in place followed by a lower low...

Bulls need higher Highs and higher lows...

Wait and see!

CME S&P 500 daily Dec 2019 chart



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

Nor was there a lower low....

Stand back.

More



Stocks: Eurex EuroStoxx 50

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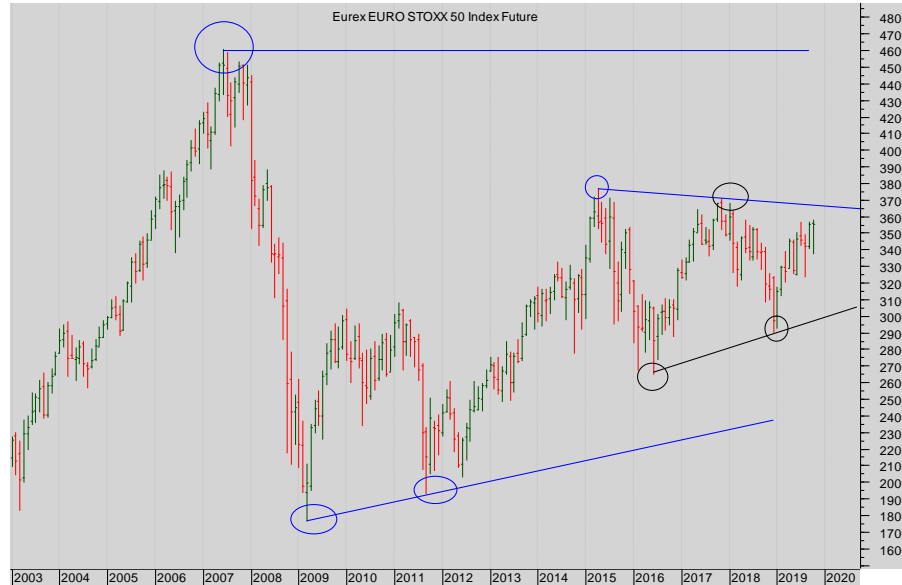
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Commodities

- + Oil
- + Gold

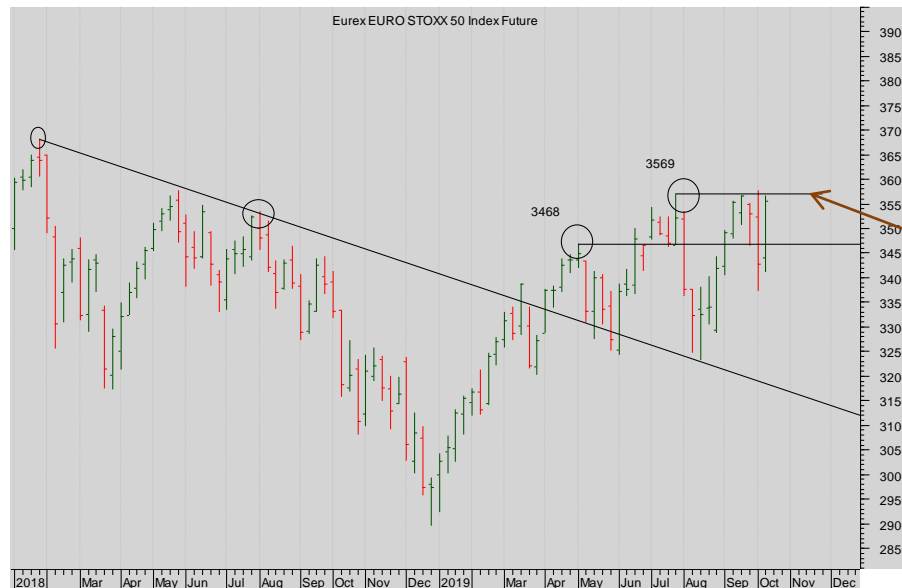
IMPLIED ASSET ALLOCATION



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.

More



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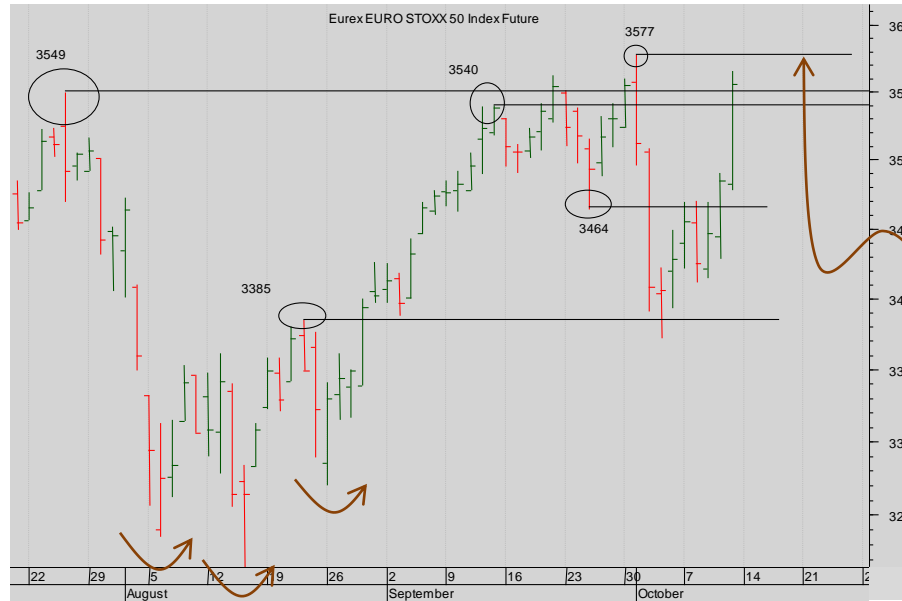
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Dec 19 futures chart

Watch our short-term levels.

Watch in particular for a break above the Prior Highs ...



Stocks: Liffe FTSE 100

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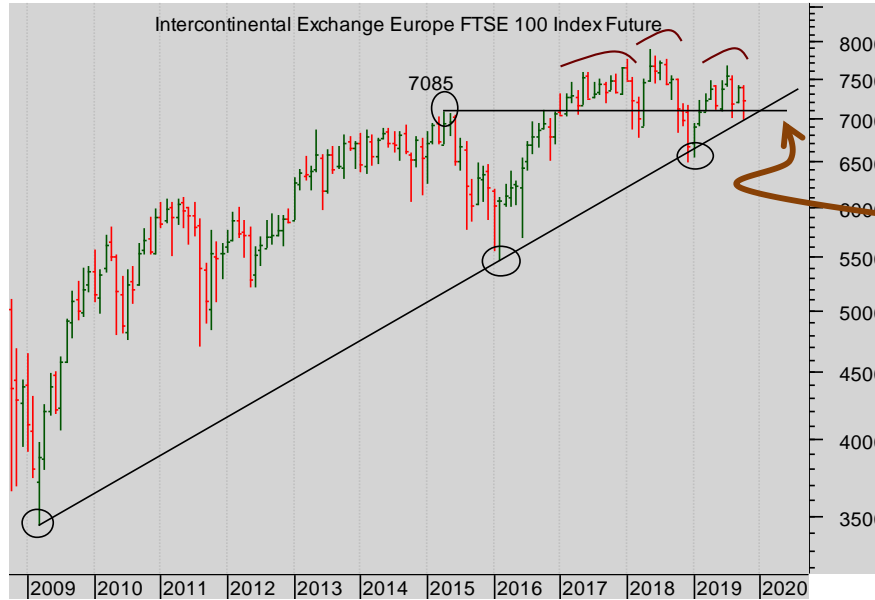
Bonds

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Commodities

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- + Gold

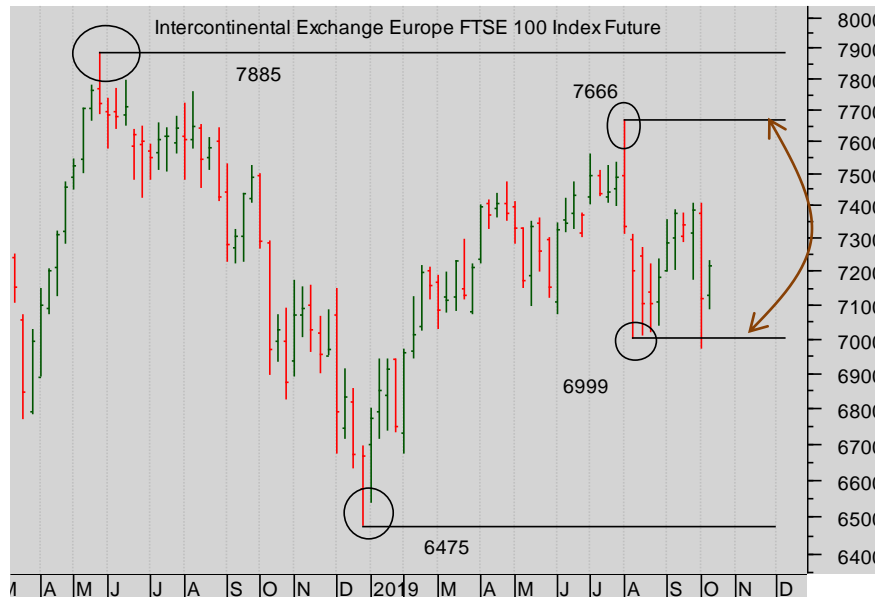
IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

Watch the rising diagonal support.

While it remains intact it is giving enormous confidence to UK investors



Liffe FTSE 100 Weekly cont. futures chart

Watch the range.

More



Stocks: Liffe FTSE 100

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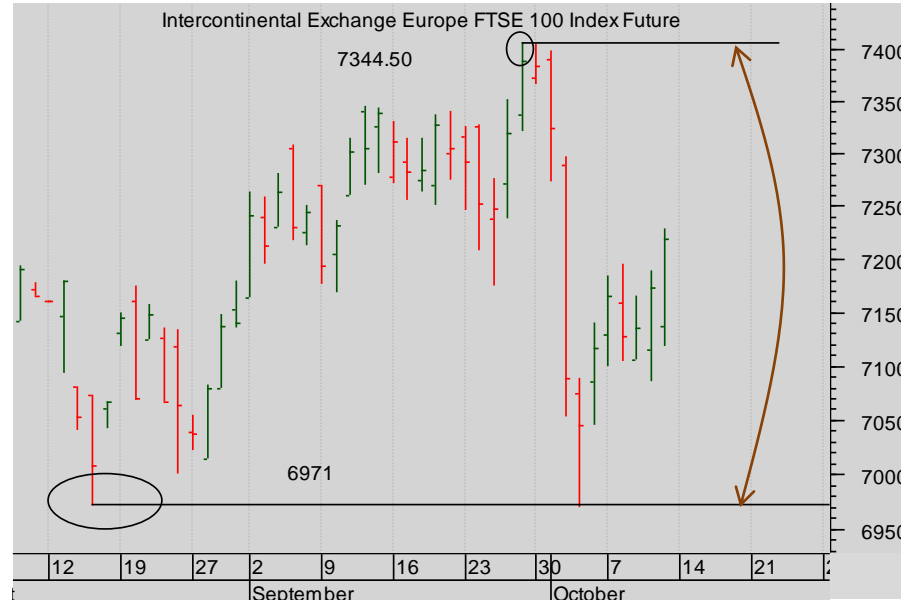
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



**Liffe FTSE 100 SEP 19
daily futures chart**

Watch the range!



Stocks: OSE Nikkei 225

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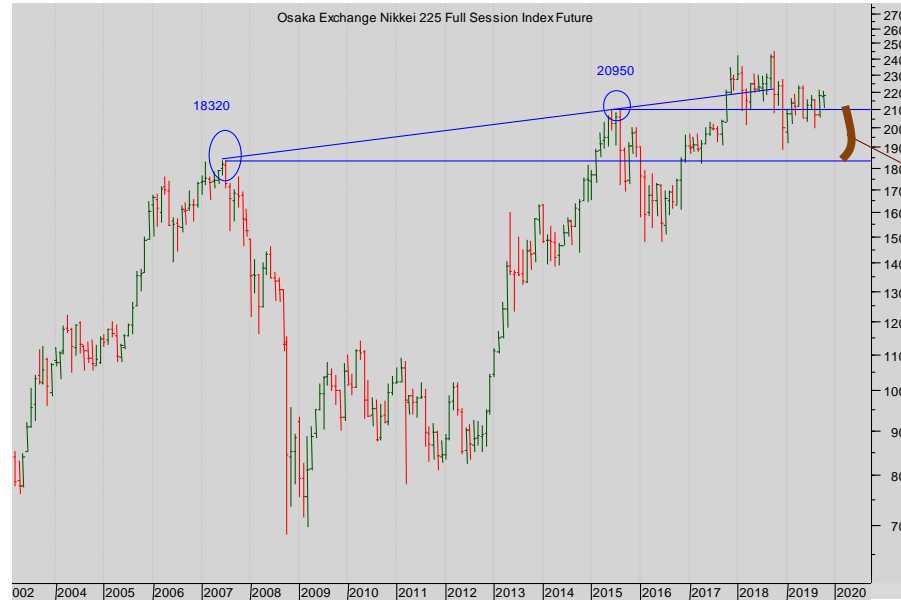
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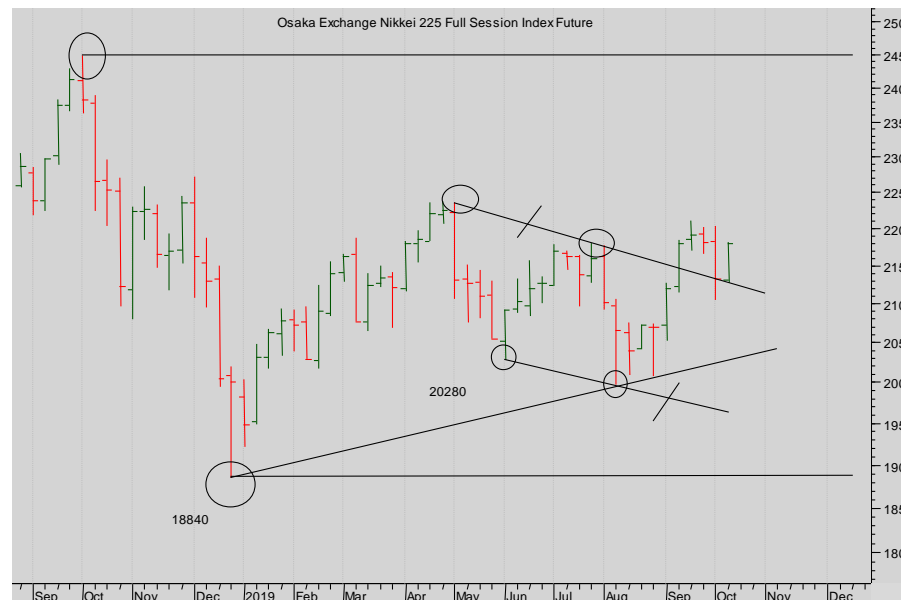
- + Oil
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IMPLIED ASSET ALLOCATION



Nikkei 225 chart (monthly)

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



Nikkei 225 chart (WEEKLY)

The completion of a bull falling wedge is bullish.

The bulls look to be in charge –

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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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:

Bond markets look close to break down. The UK Gilt is testing powerful support, Bunds and TNotes are close to having completed Top formations.

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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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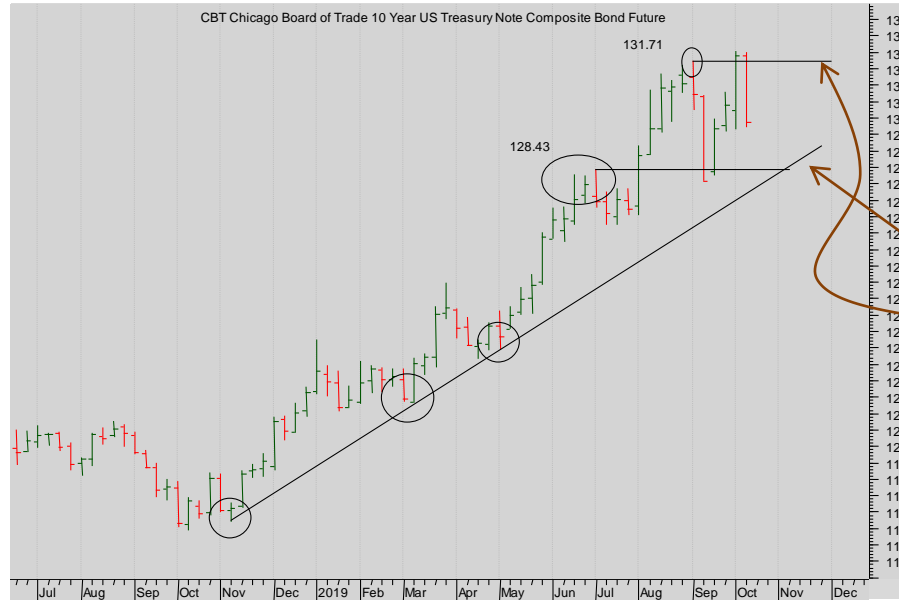
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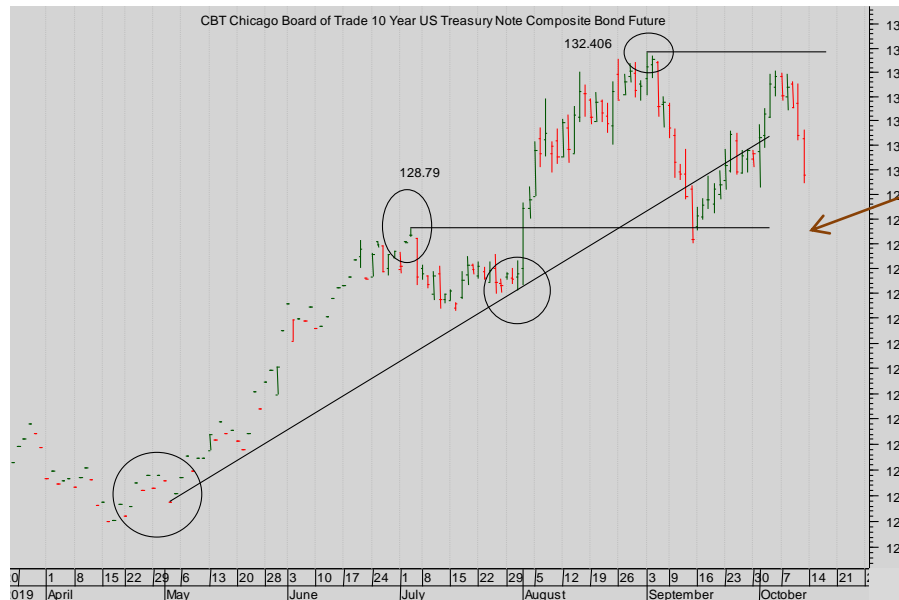
IMPLIED ASSET ALLOCATION



CBOT Ten Year Notes weekly futures continuation chart

Note the support at the Prior High at 128.43

And the failed 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 for the moment.

More



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IMPLIED ASSET ALLOCATION

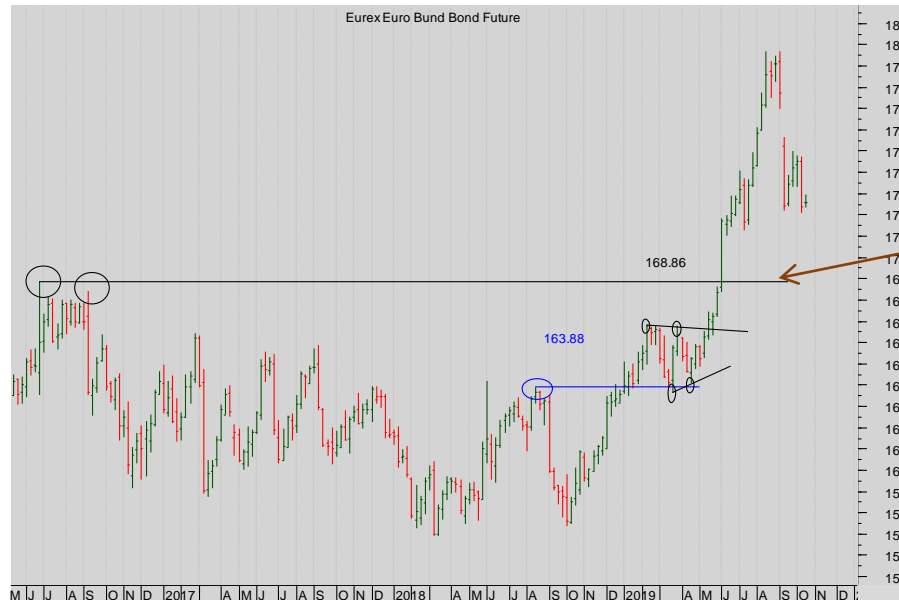
Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund monthly futures continuation chart

That is a **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 broken the first trend support.

Expect a test of the horizontal support beneath the market at 171.25

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IMPLIED ASSET ALLOCATION



Bonds: Liffe UK Gilt futures

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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 potentially SMASHED.

Wait for the monthly close.



Liffe UK Gilt weekly continuation futures Chart

In detail there is a small Double Top





Bonds: Liffe UK Gilt futures

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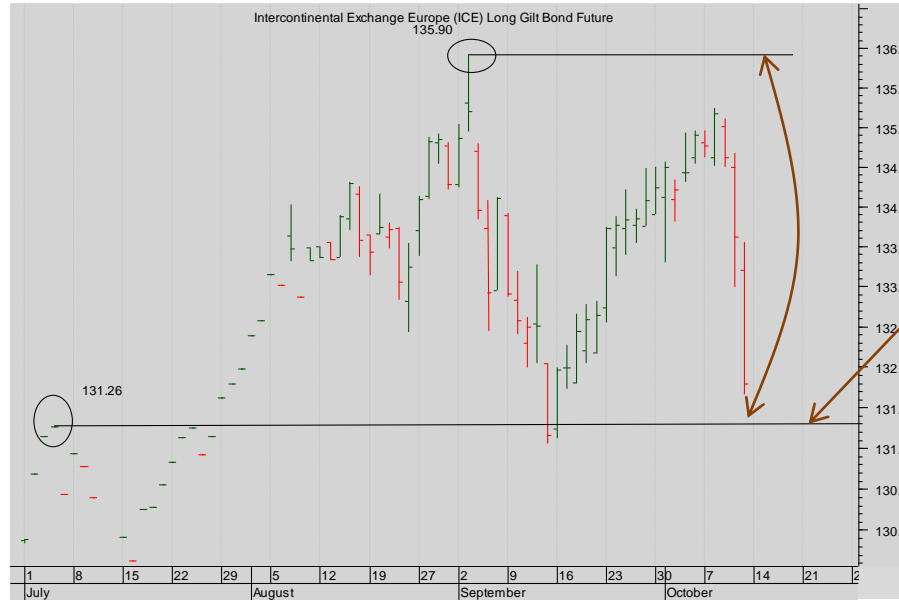
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Commodities

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IMPLIED ASSET ALLOCATION



Long Gilt daily Dec 19 chart

Watch the range.

A break beneath 131.26 completes a Double Top.



Commodity

COMMODITIES:

Oil remains in a trading range. Gold though, is still perky, well supported and close to completing short-term bull continuation patterns.

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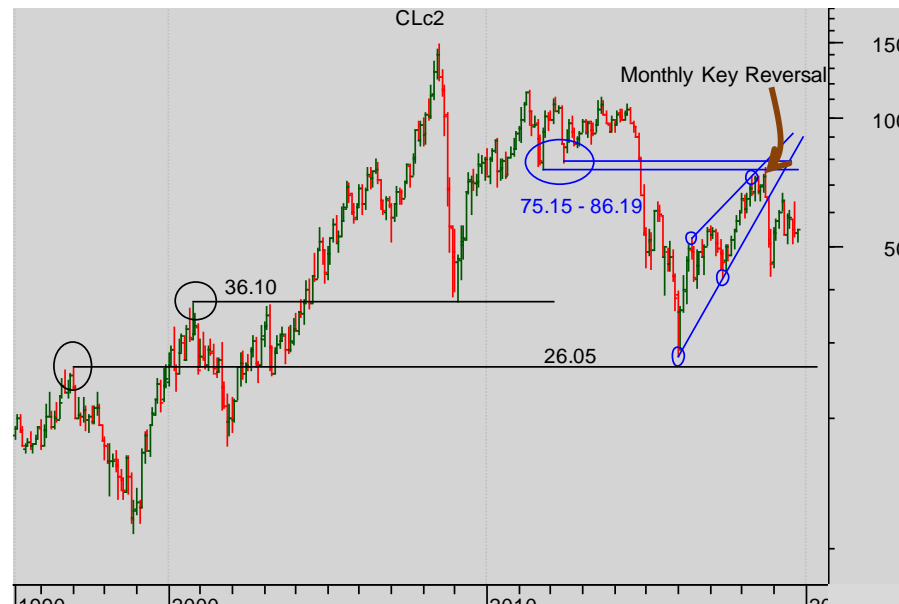
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Commodities

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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

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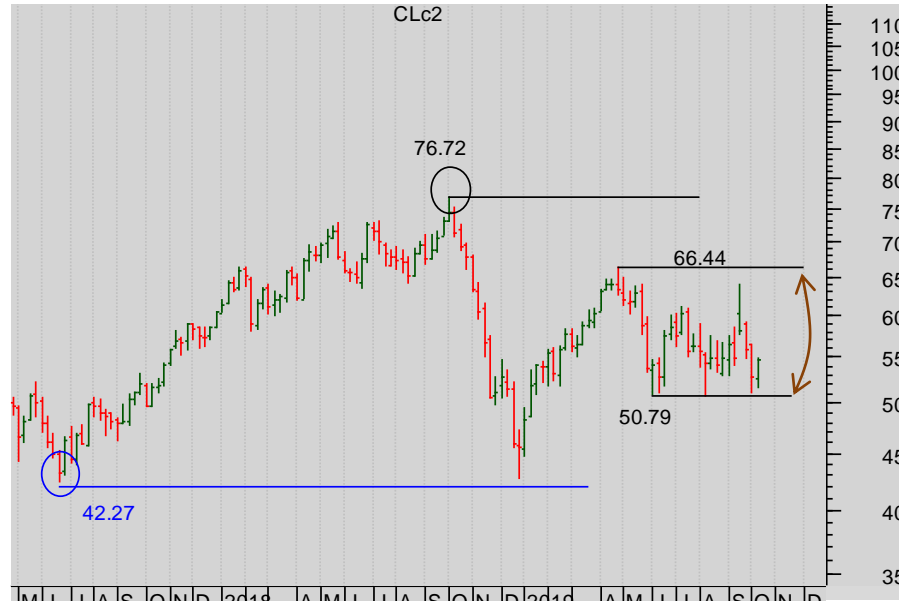
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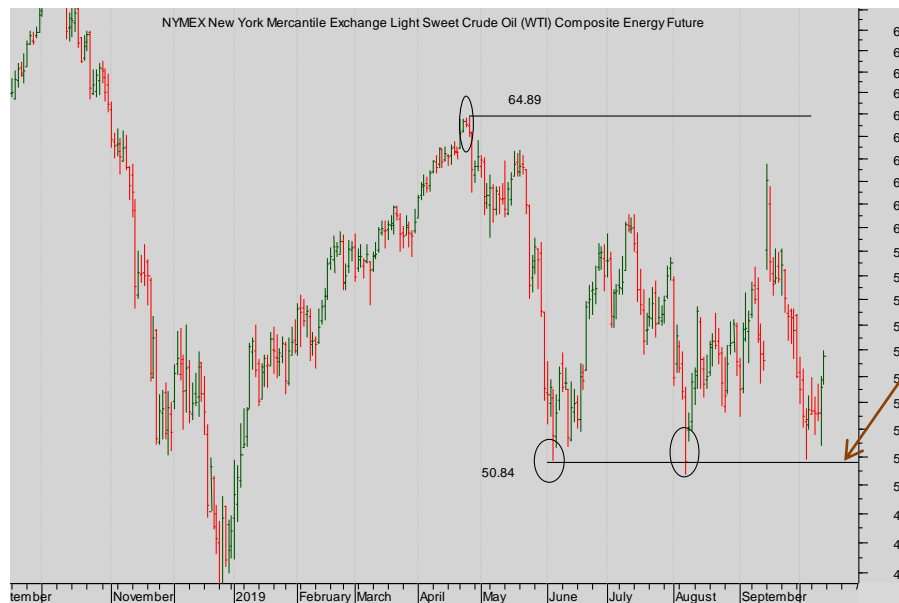
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nymex oil weekly continuation

It's not clear: watch the range.



Nymex oil daily Dec 19 futures



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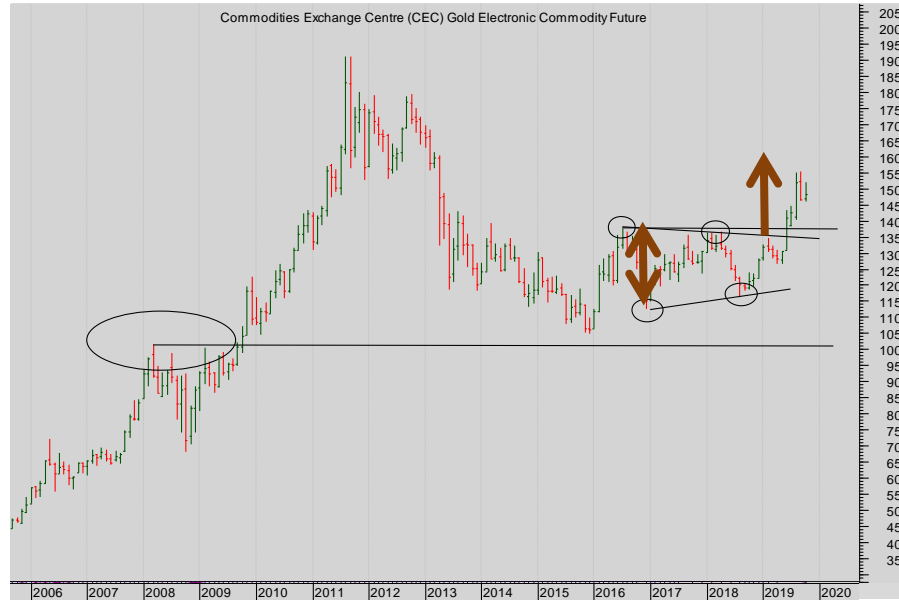
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IMPLIED ASSET ALLOCATION

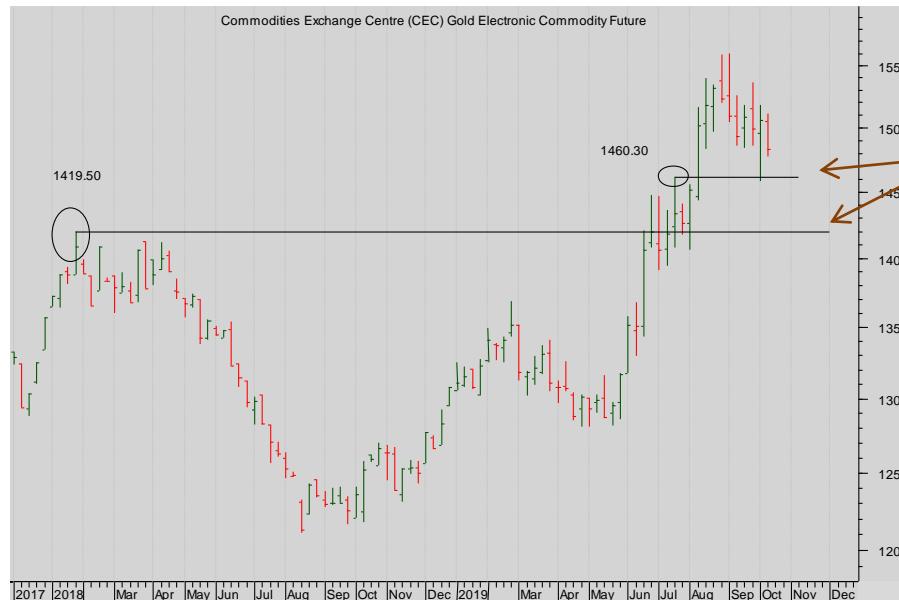
Commodities: Comex Gold



Nymex Gold Monthly

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

The bulls remain in charge.



Nymex Gold weekly

First and second supports are clear.



Summary

Currencies

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

Stocks

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

Bonds

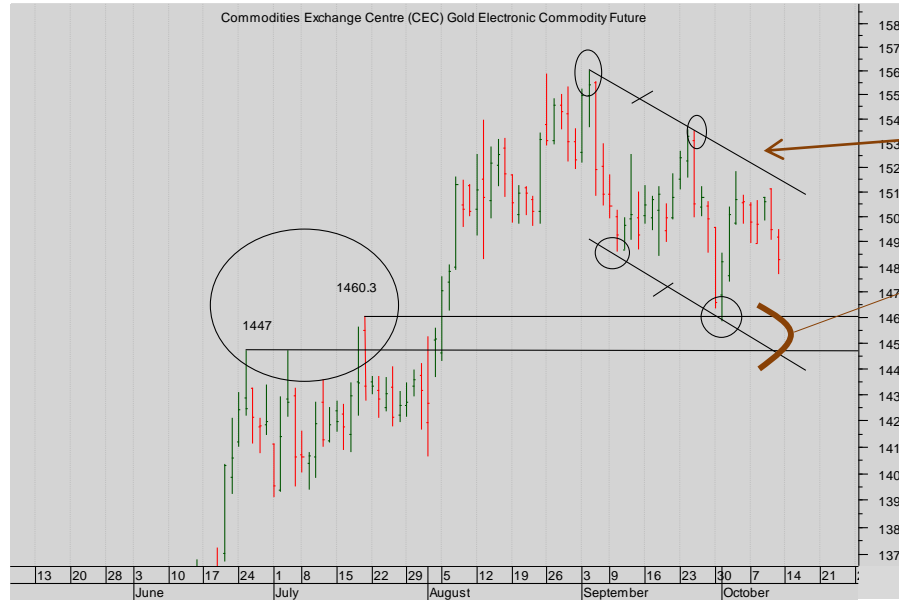
- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



Nymex Gold Oct 2019 Daily

A possible bull flag?

Wait for completion.

And watch the test of the band of support beneath.



Summary

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- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



More



the technical analyst

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