



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

Disclaimer



Multi-asset technical strategies

Week of 10th December 2019

Mark Sturdy

Authorised and regulated
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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Long-term BEAR Euro	Medium-term BEAR Euro	Short-term BEAR Euro
Long-term BULL Sterling	Medium-term BULL Sterling	Short-term BULL Sterling
Long-term BEAR Yen	Medium-term FLAT Yen	Short-term FLAT Yen
Long-term BEAR Euro	Medium-term BEAR Euro	Short-term BEAR Euro

Stocks

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Long-term BULL	Medium-term BULL	Short-term BULL
Long-term BULL	Medium-term BULL	Short-term BULL
Long-term BULL	Medium-term FLAT	Short-term FLAT
Long-term BULL	Medium-term BULL	Short-term BULL

Bonds

- + Ten Year US TNote
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Long-term BEAR	Medium-term FLAT	Short-term BEAR
Long-term BULL	Medium-term FLAT	Short-term BEAR
Long-term BEAR	Medium-term BEAR	Short-term FLAT

Commodities

- + Oil
- + Gold

Long-term FLAT	Medium-term FLAT	Short-term FLAT
Long-term FLAT	Medium-term FLAT	Short-term FLAT

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

The currency drama is all Sterling related – the rally against both the Euro and the Dollar. The Euro is becalmed against the Dollar in the very short-term, but in the longer term, the Dollar remains powerfully set up.

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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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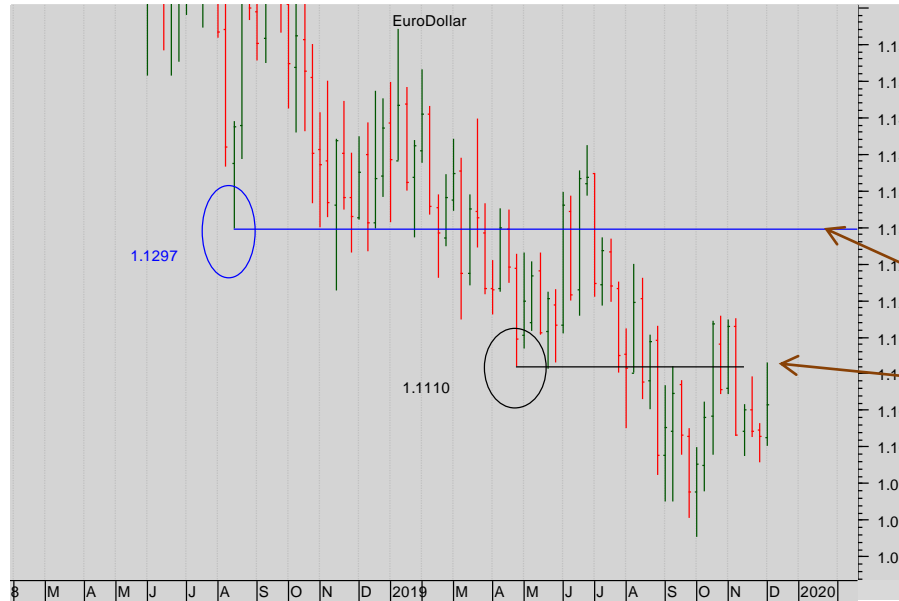
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Euro

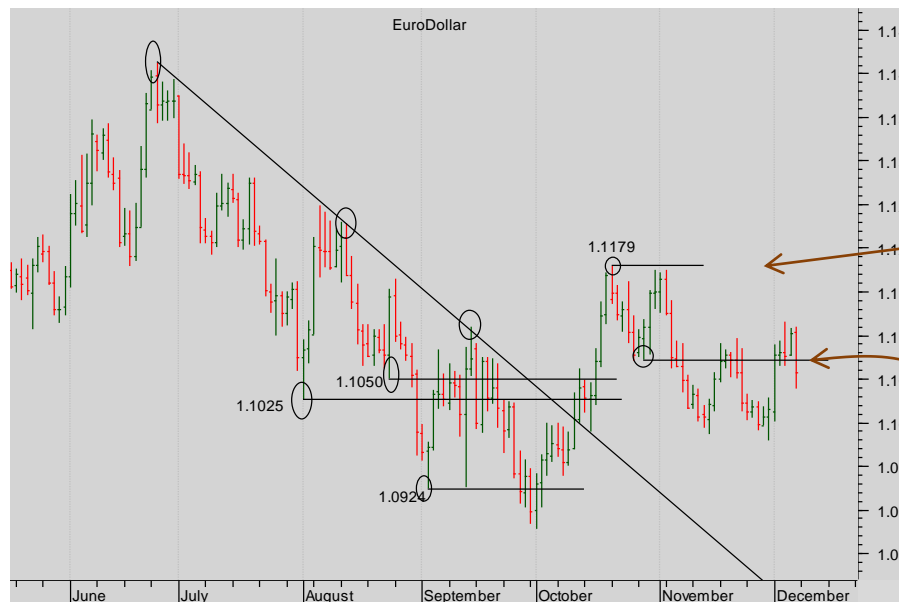


Dollar Euro weekly spot cash chart

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

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

So the trend is intact and the Dollar bears remain in charge.



Dollar Euro spot cash chart daily chart...

The small Double Top has thrown doubt on the bull case too...

The Double Top completed and the resistance from the completion level has stymied the rally.

The bears remain in charge!



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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...

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

More



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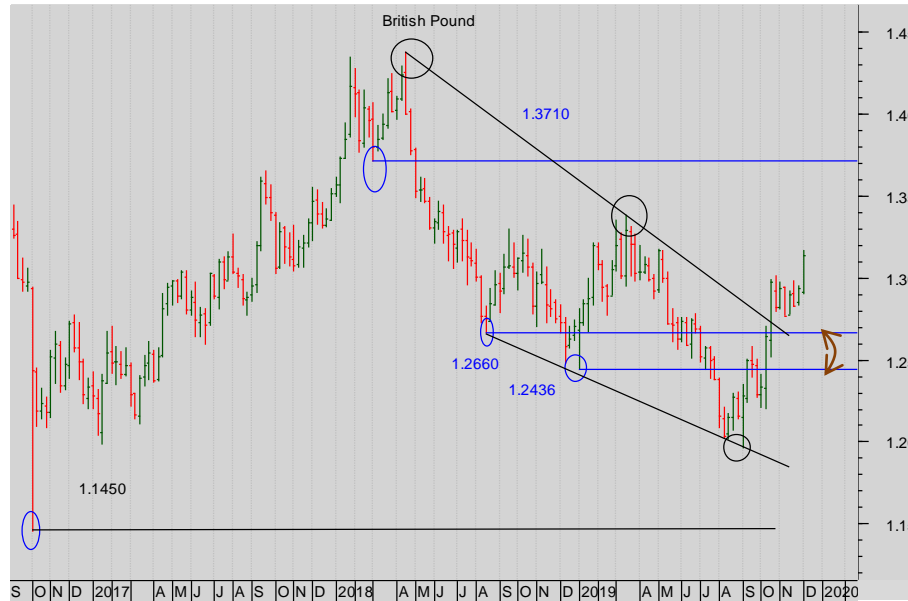
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

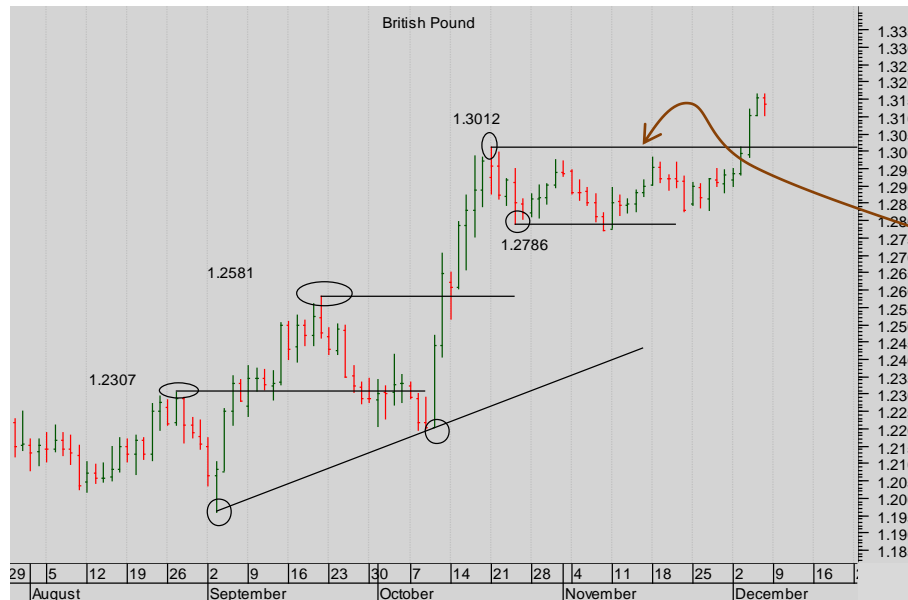


Dollar Sterling weekly spot cash chart

The detail of the Sterling bounce: Note the smash up through resistance

The Sterling bears have been routed **short-term, THAT IS A BULL FALLING WEDGE** that has completed.

The Pound is set to go stronger still.



Dollar Sterling daily spot cash chart

Here' the short-term bull trend expect the prior high to act as goods support and ratchet the trend higher still.

Bulls should buy the break up through 1.3012.



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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen

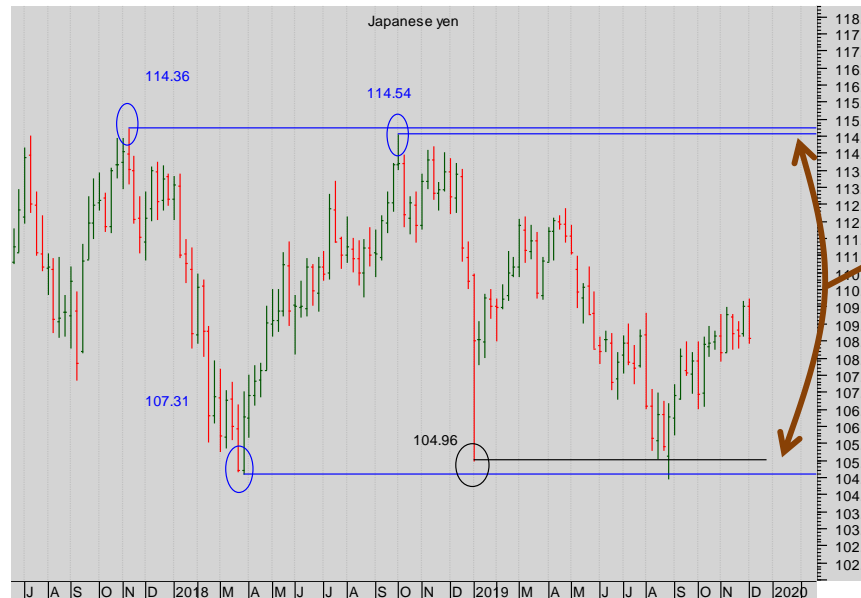


Dollar Yen monthly spot cash chart

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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Dollar Yen daily spot cash chart

Short-term we need a break up through the band 109.01/109.70 to convince the Yen bears (and Dollar bulls)



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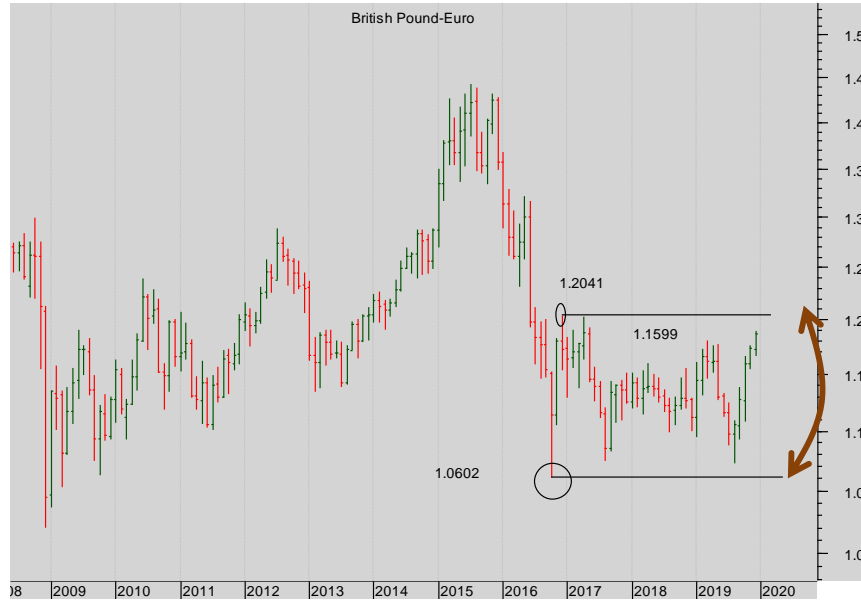
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IMPLIED ASSET ALLOCATION

Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The market remains in the broad trading range.



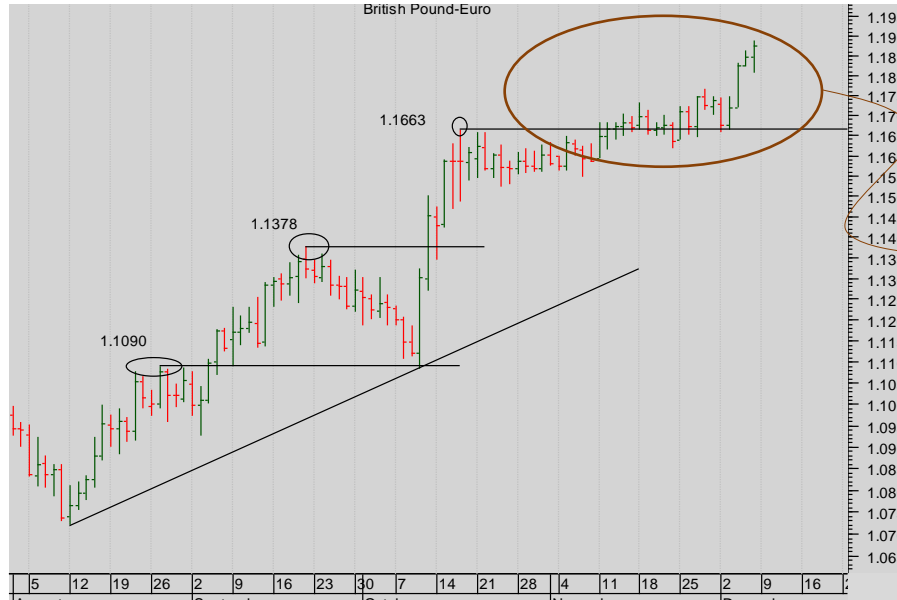
Sterling Euro weekly spot cash chart

This detail is a bit clearer: the market has bounced back into the trading range. The strengthening Sterling move, has been strong.

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The short-term rally CONTINUES

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- + **Sterling Euro**

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IMPLIED ASSET ALLOCATION



Stocks

STOCKS:

The biggest news is the completion of a very long-term bull pattern in the EuroStoxx. There are short-term hurdles to overcome but if the market sustains the break at the end of December the bulls will be ecstatic. The FTSE languishes (cf the Pound). The S&P and the Nikkei both look very bullish – without having the immediate bull drams of the EuroStoxx.

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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.

And despite the brief subsequent dip back beneath, in 2018, making traders anxious, the market looks set to sustain the break up...

More



Stocks: CME S&P 500

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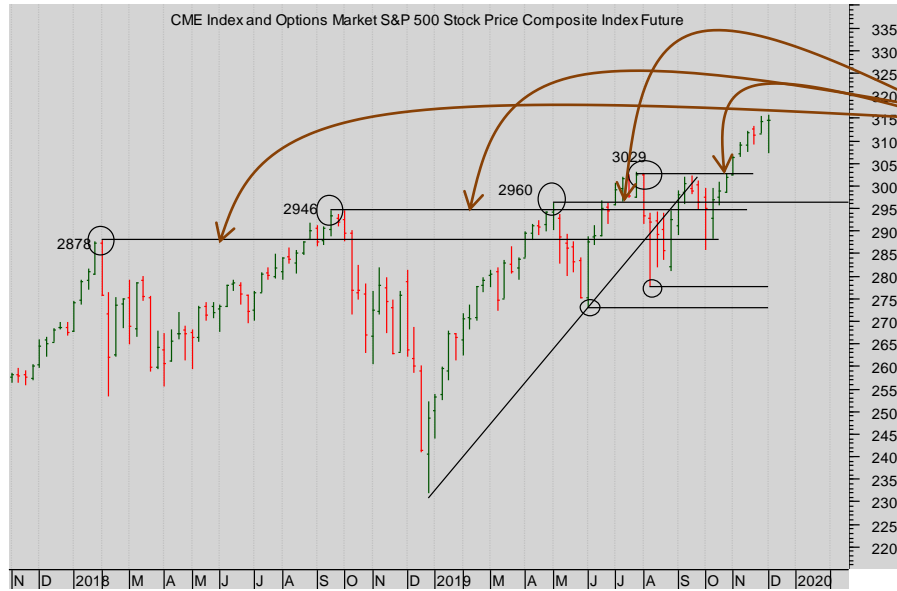
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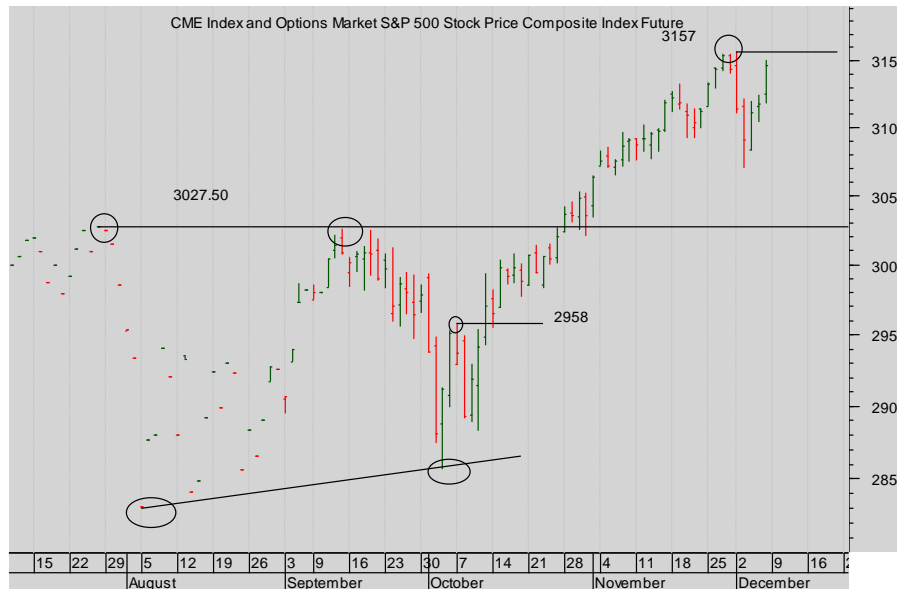
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CME S&P 500 cont. weekly cont. chart

The succession of highs have all been overcome.

Thus there is now massive support beneath the market.



CME S&P 500 daily Dec 2019 chart

The sell-off has rallied back before testing the important support.

More



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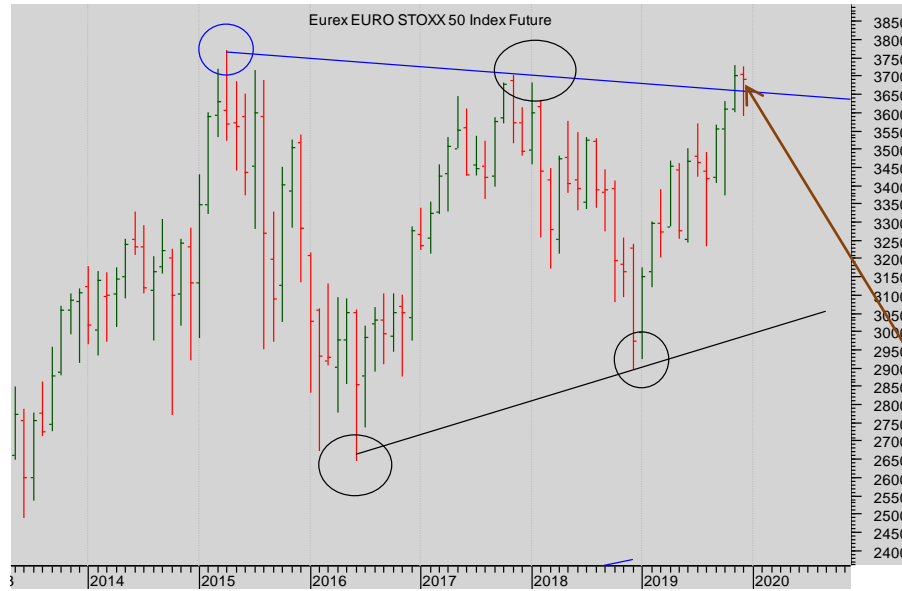
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Commodities

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IMPLIED ASSET ALLOCATION

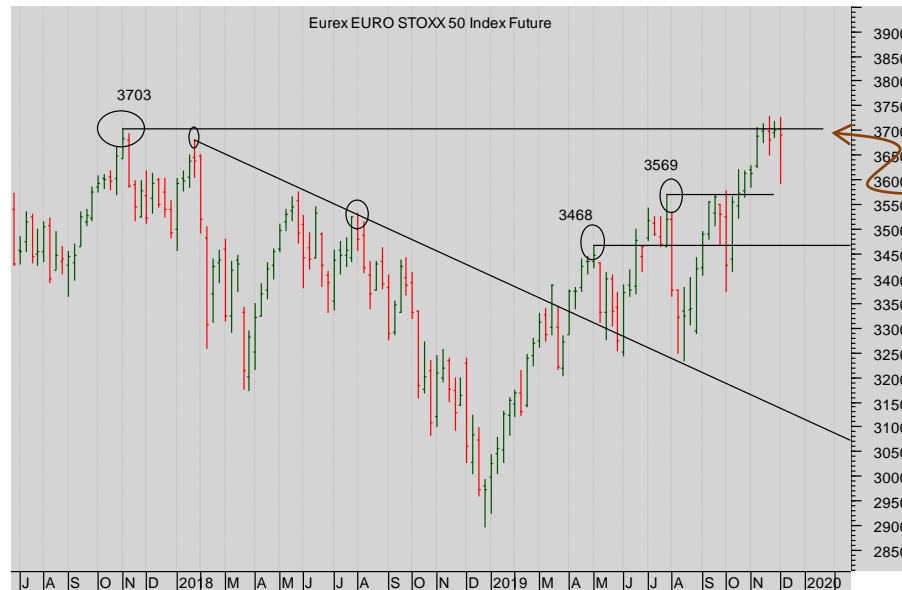
Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 monthly continuation futures chart

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

If the market can hold above the upper diagonal at around 3670 at the end of November and again in December to confirm the completion – the bulls will be ecstatic.



Eurex EuroStoxx 50 weekly continuation futures chart

Bulls need a break above 3703 to sustain the bull momentum in the medium-term.

More



Stocks: Eurex EuroStoxx 50

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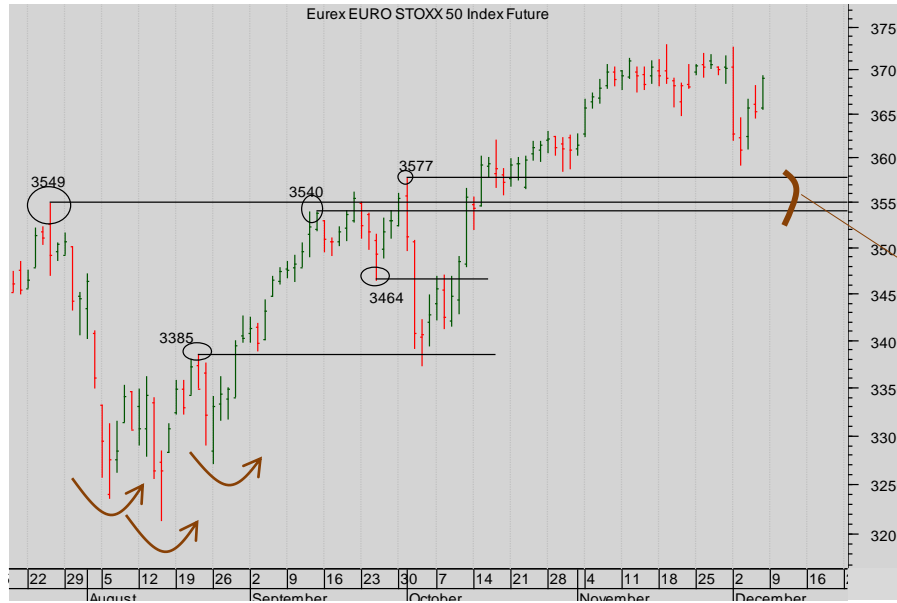
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 19 futures chart

The pull-back to support was clear as was the bounce...

Good support remains beneath the market at 3577 and 3550.



Stocks: Liffe FTSE 100

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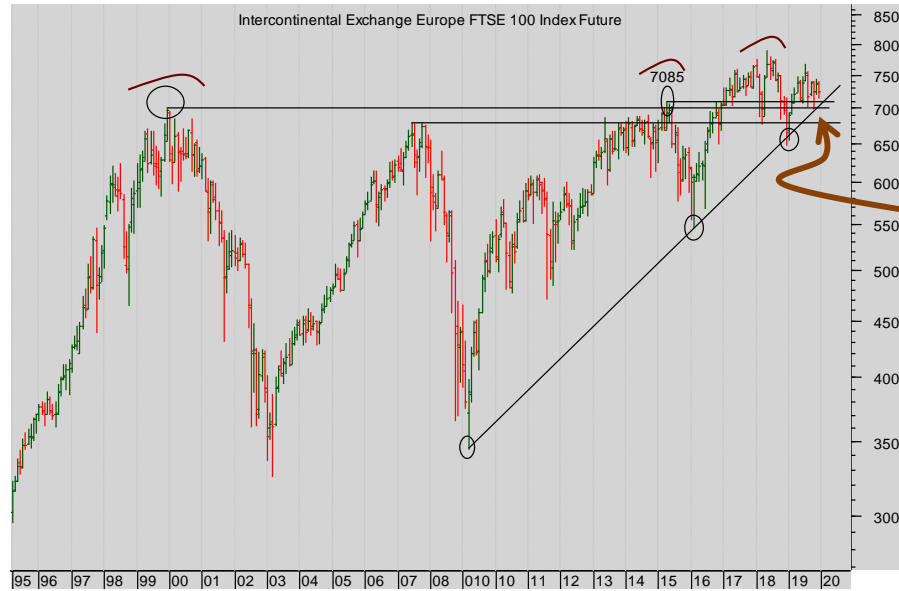
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Commodities

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IMPLIED ASSET ALLOCATION

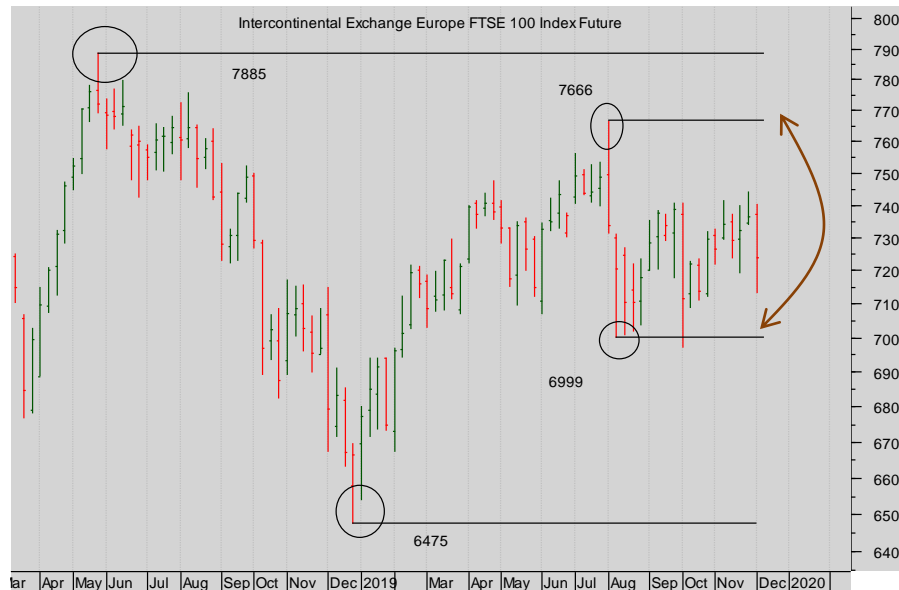


Liffe FTSE 100 Monthly continuation futures chart

While the rising diagonal support remains intact

And while the horizontal support remains intact,

They are giving enormous confidence to UK investors.



Liffe FTSE 100 Weekly cont. futures chart

Watch the ranges.

More



Stocks: Liffe FTSE 100

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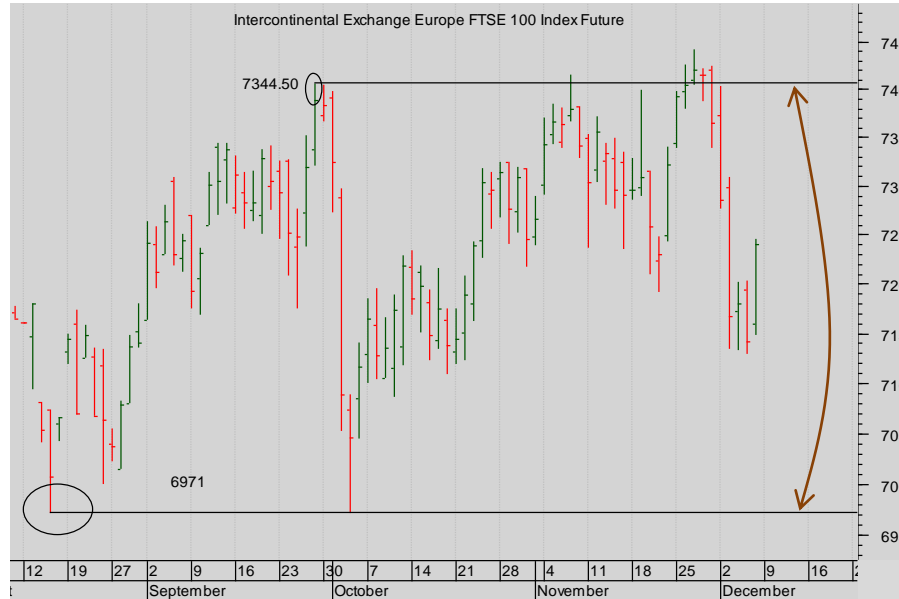
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec 19 daily futures chart

Watch the Prior High!

A break up through would encourage.

The failure so far discourages.

The range is intact.



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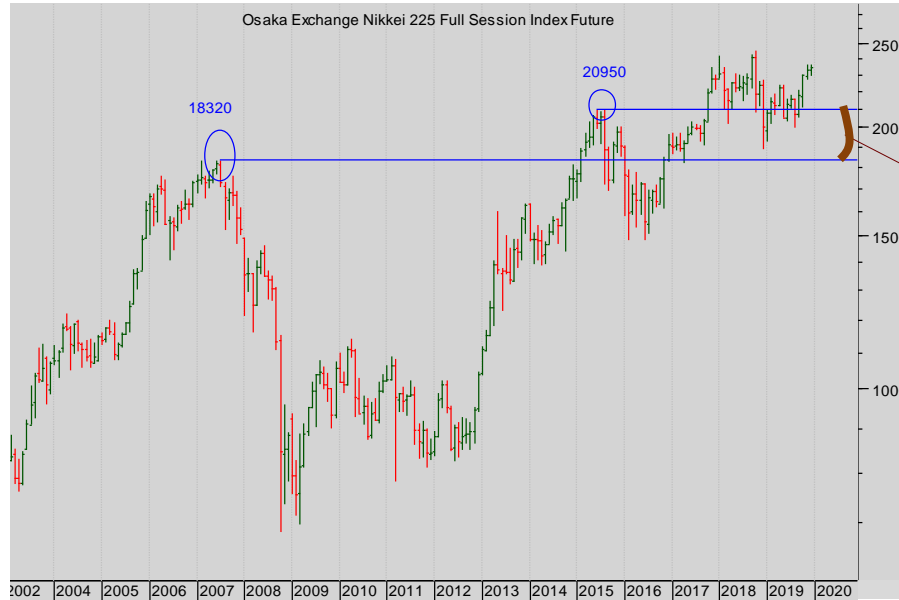
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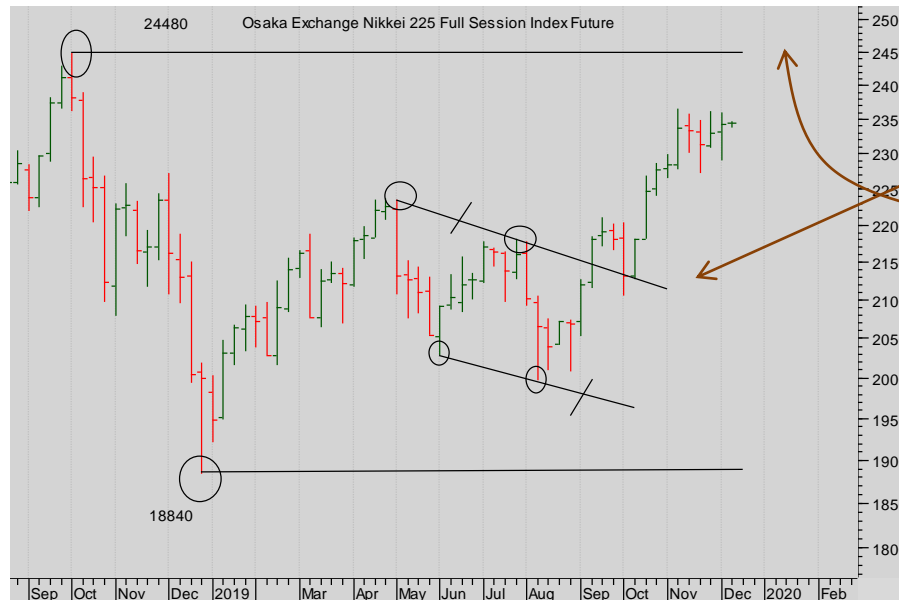
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Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

The market is bouncing from the powerful band of support from the Prior Highs 18320 - 20950.



Nikkei 225 chart (WEEKLY)

The completion of a bull falling wedge is bullish.

The bulls look to be in charge : expect a test of the recent high.

More



Stocks: OSE Nikkei 225

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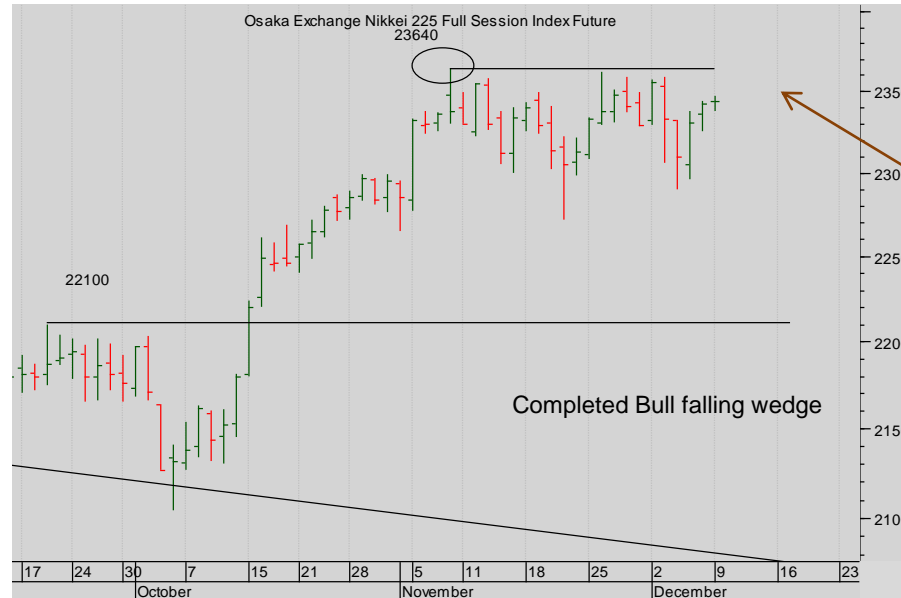
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IMPLIED ASSET ALLOCATION



Nikkei 225 chart Daily
Dec 19.

Short-term, a push above
the Prior High of 23640 is
critical.



Stocks: RELATIVE STRENGTH

Sterling-hedged US and EU

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

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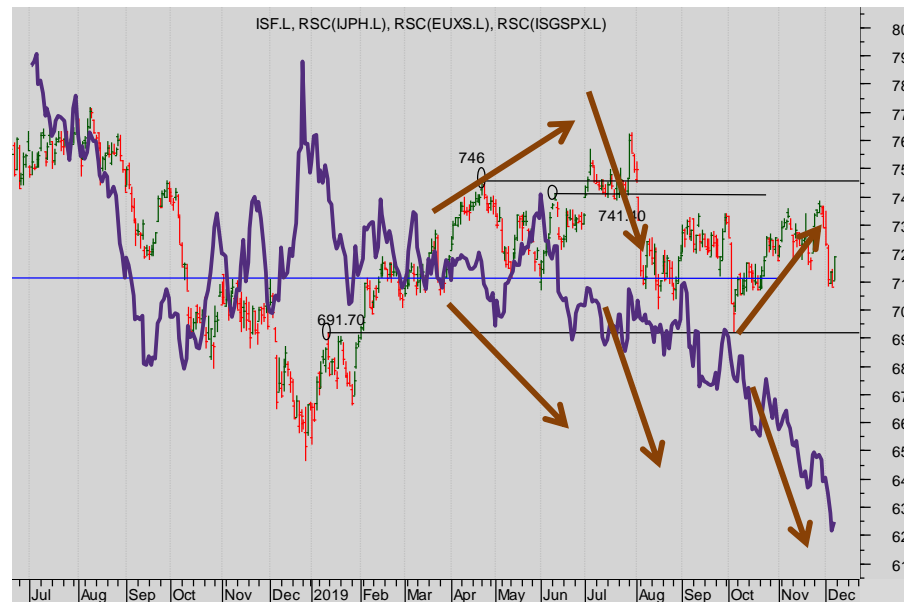
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iShares FTSE Etf. Daily chart.

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:

These markets are still vulnerable – watch our medium and short-term levels of support in all the markets. While these hold holders of bonds will be comforted. But, as we said before, when they begin to break...

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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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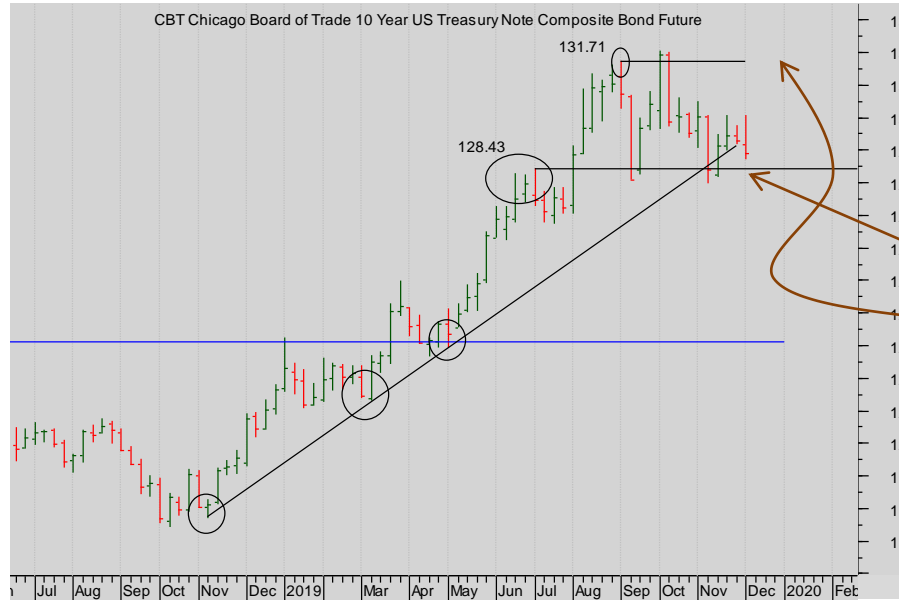
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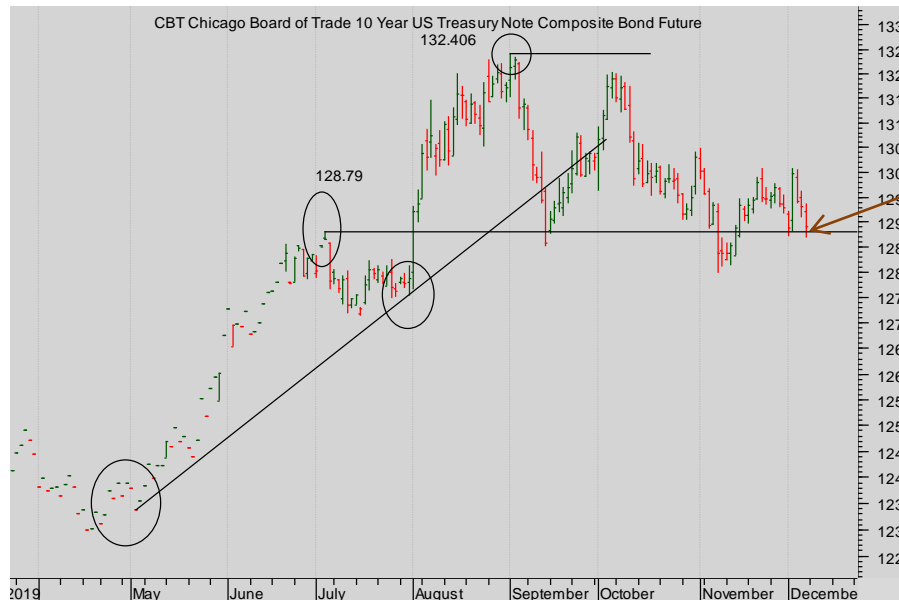
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CBOT Ten Year Notes weekly futures continuation chart

Note the test of the combined support at the diagonal and Prior High at 128.43

The range is intact.



CBOT Ten Year Notes daily Dec 19 futures chart

The market has refused to break back down through the Prior High.

It looks solid.





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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 retest of 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

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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund Dec 2019 Daily futures chart

Short-term note the important smashing of the current horizontal support beneath the market at 171.25.

The rally back should find resistance there too...

This is a vulnerable market to further selling unless the market can get back up through 171.25.



Bonds: Liffe UK Gilt futures

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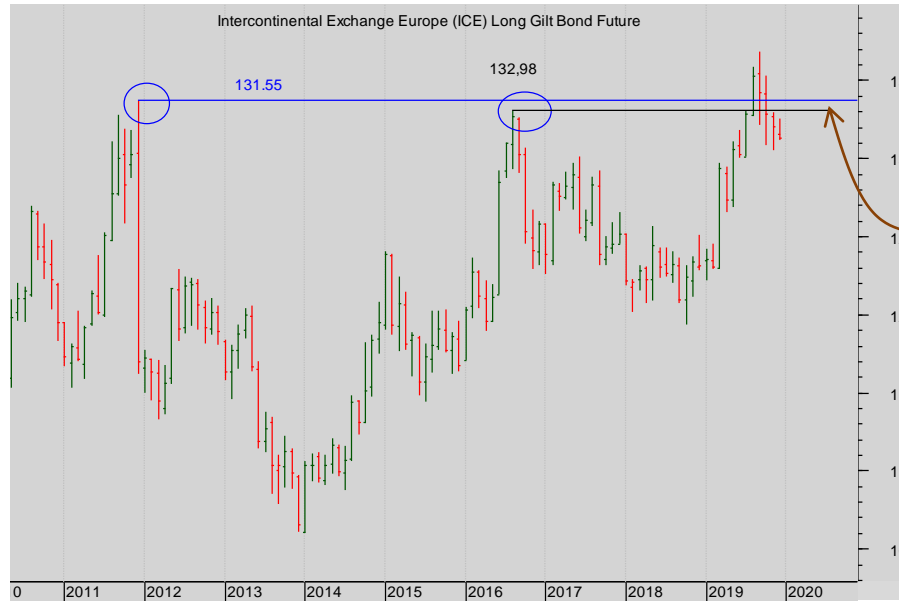
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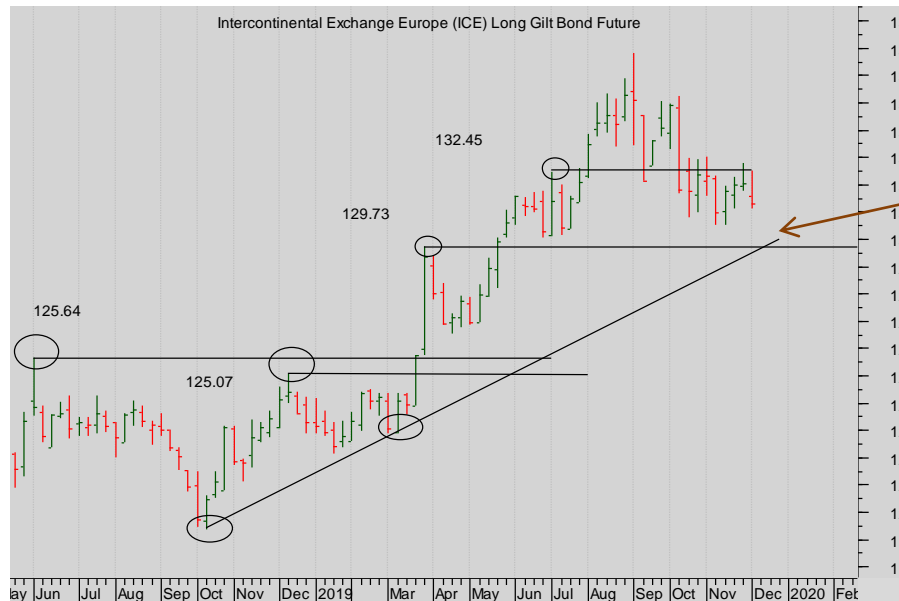
- + Oil
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IMPLIED ASSET ALLOCATION



Liffe UK Gilt monthly futures continuation chart

Note the break down through the band from the Prior Highs – the market's broken down and vulnerable to further selling.



Liffe UK Gilt weekly continuation futures Chart

In detail: here is the weekly price action pulling back through the support from the nearer high.

It looks bearish In the very medium-term.





Bonds: Liffe UK Gilt futures

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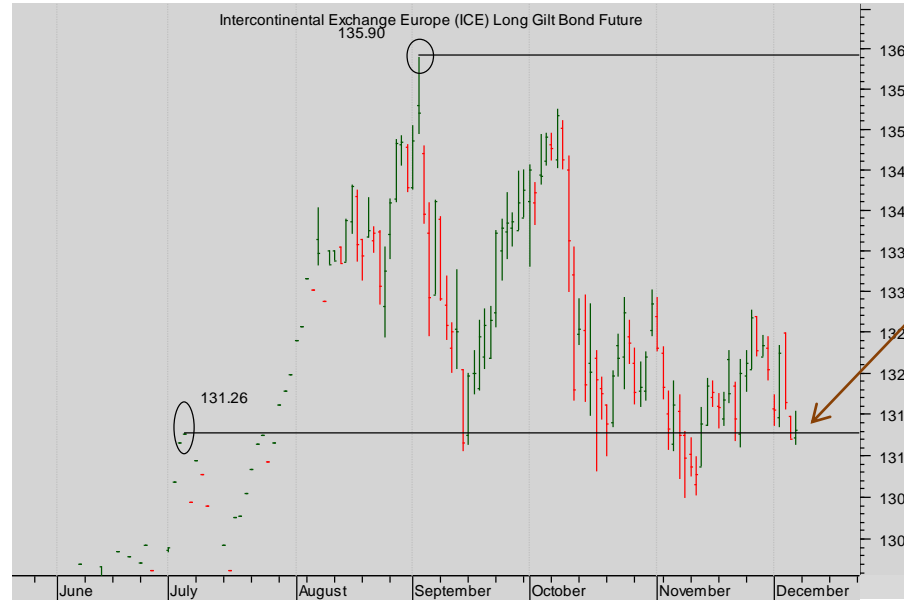
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IMPLIED ASSET ALLOCATION



Long Gilt daily Dec 19 chart

We thought a break beneath 131.26 would complete a short-term Triple Top.

But the rally back has thrown the bears into disarray.

The support looks to have held in the short-term.



Commodity

COMMODITIES:

Oil is poised at the top of a big continuation triangle – watch it carefully of a bull breakout. And Gold like last week is sitting on medium and short-term support...

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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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IMPLIED ASSET ALLOCATION



Nymex oil weekly continuation

It's not clear: watch the range.



Nymex oil daily Jan 19 futures

There's a range.

Stand back and watch the approach to the edge of the Triangle closely.



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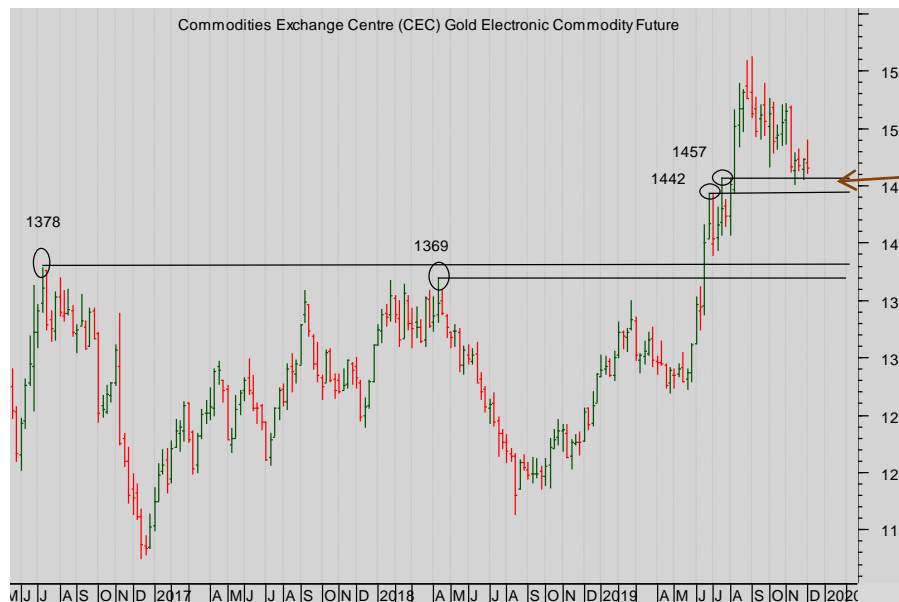
Commodities: Comex Gold



Nymex Gold Monthly

We see the long-term propulsion due to the continuation Triangle.

We see the long-term resistance at the Prior Low at 1613.



Nymex Gold weekly

The pull-back has found support at the horizontal from the Prior Highs.



Commodities: Comex Gold

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Stocks

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

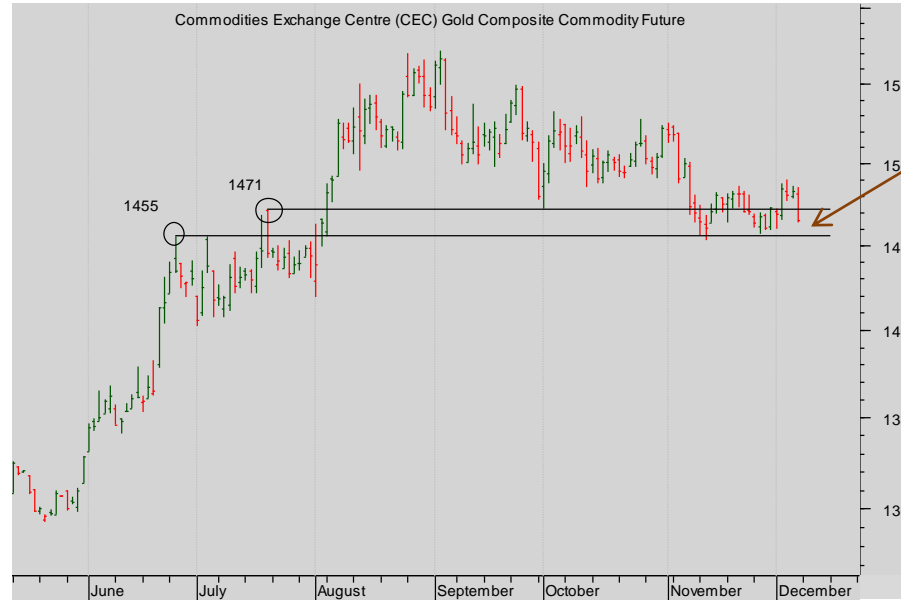
Bonds

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

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nymex Gold Oct 2019 Daily

Here's the detail of that support from Prior Highs.



Summary

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

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MSCI Balanced Risk Asset Allocation



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