



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 17th December 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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Currencies

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- + Dollar Yen
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Long-term **BEAR** Euro
Long-term **BULL** Sterling
Long-term **BEAR** Yen
Long-term **BEAR** Euro

Medium-term **BEAR** Euro
Medium-term **BULL** Sterling
Medium-term FLAT Yen
Medium-term **BEAR** Euro

Short-term **BEAR** Euro
Short-term **BULL** Sterling
Short-term FLAT Yen
Short-term **BULL** Euro

Stocks

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

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

Medium-term **BULL**
Medium-term **BULL**
Medium-term FLAT
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 **BEAR**

Medium-term FLAT
Medium-term FLAT
Medium-term **BEAR**

Short-term **BEAR**
Short-term **BEAR**
Short-term FLAT

Commodities

- + Oil
- + Gold

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

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

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

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

The long and medium-term bull trend of the Dollar against the Euro remains in place. The bull surge of the Sterling against the Dollar has run into massive resistance between 1.35-1.45. For the moment it is going nowhere. The Yen is dull against the Dollar – save for the recent Dollar surge pushing against resistance between 109-110. Watch to see if there's a break of that which would lead to further faster Dollar strength. Sterling Euro is at the top of a range due to Sterling's recent strength . And will struggle to break up through 1.20.

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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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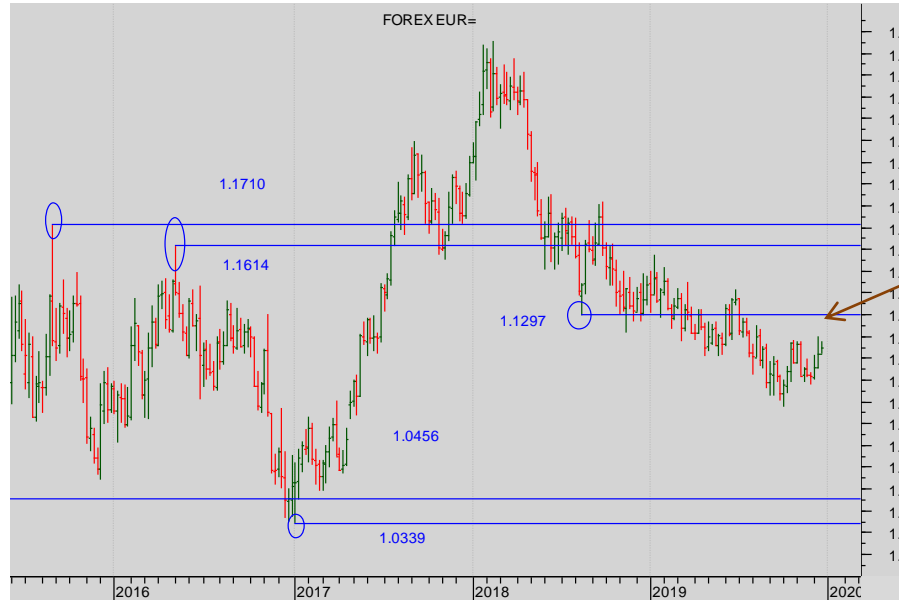
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IMPLIED ASSET ALLOCATION

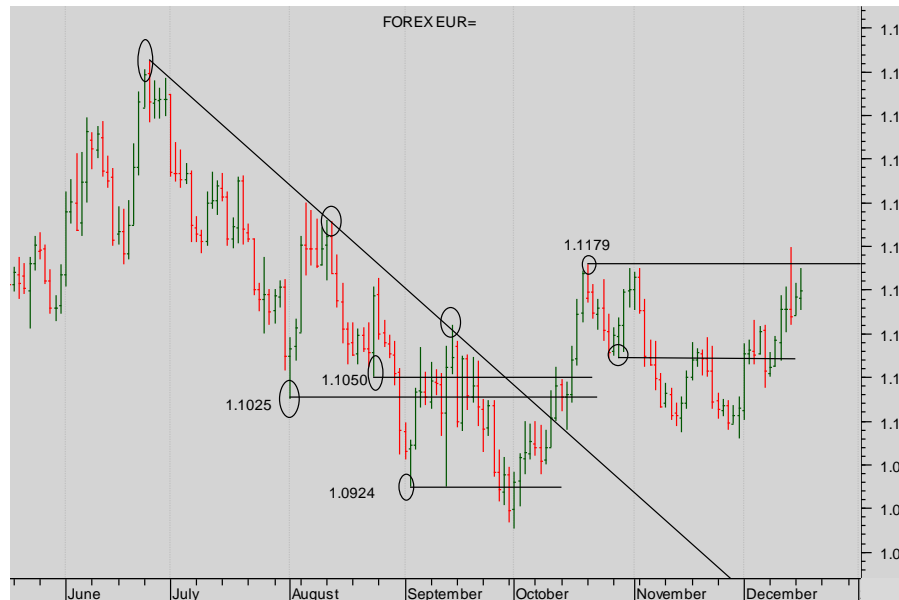
Currencies: Dollar Euro



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.

So the bear Euro trend remains intact and the Dollar bulls remain in charge.



Dollar Euro spot cash chart daily chart...

The Double Bottom has driven the market as far as the Prior High.



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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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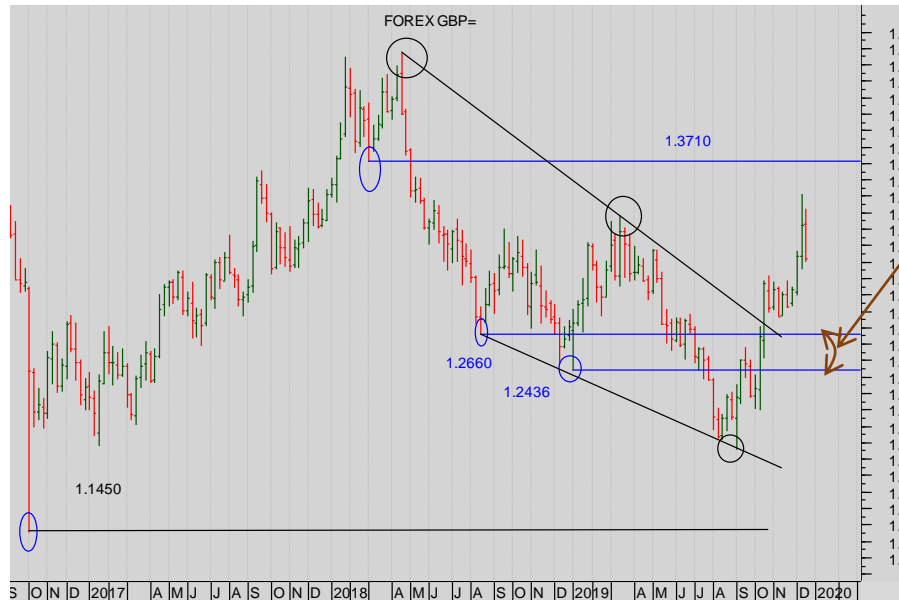
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

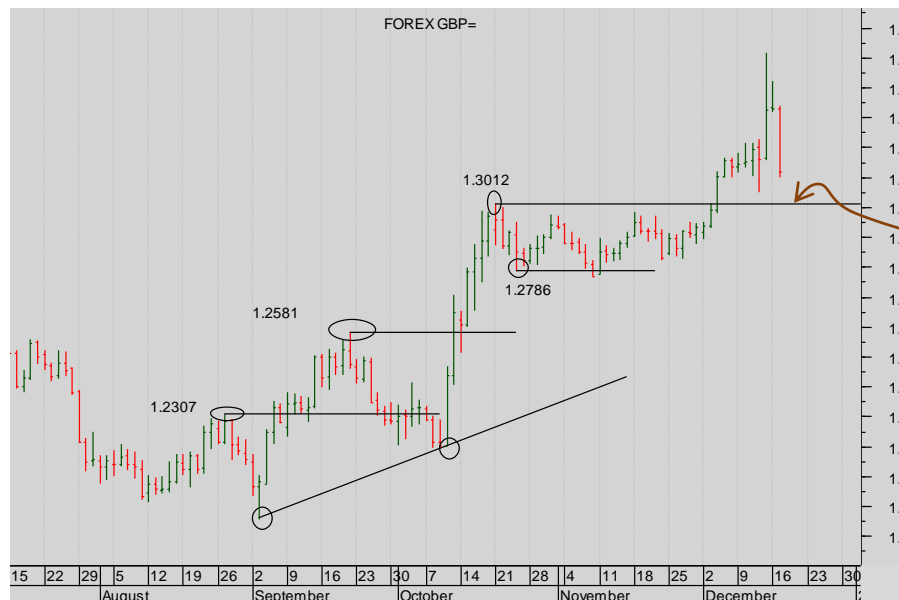


Dollar Sterling weekly spot cash chart

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

But note the pause in the rally..

Expect the prior high to act as good support and ratchet the trend higher still.

Bulls should buy the break up through (and any re-approach to) 1.3012.



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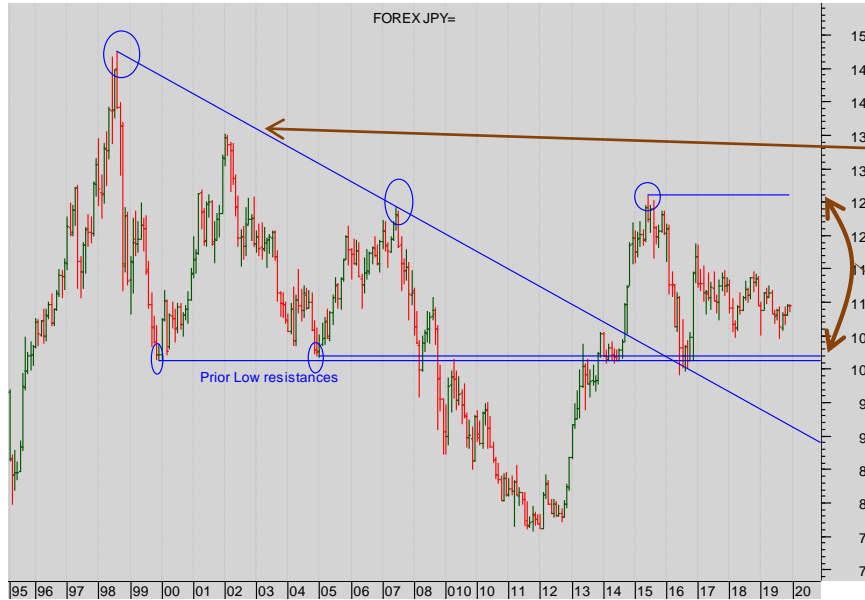
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen

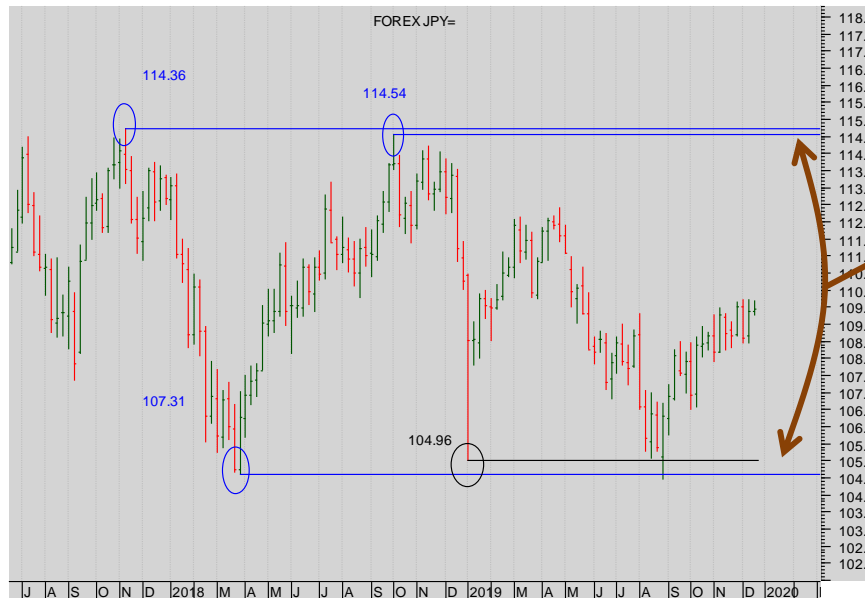


Dollar Yen monthly spot cash chart

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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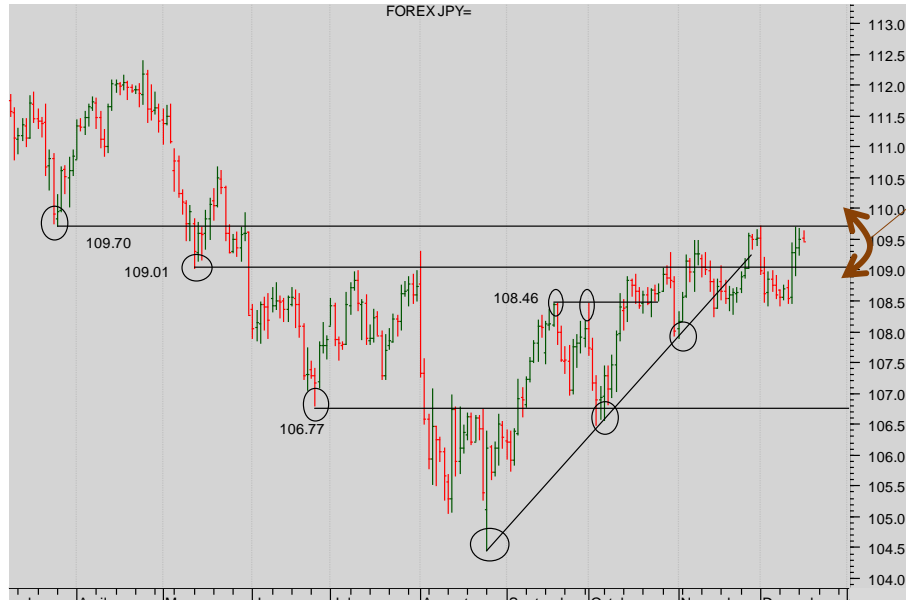
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen





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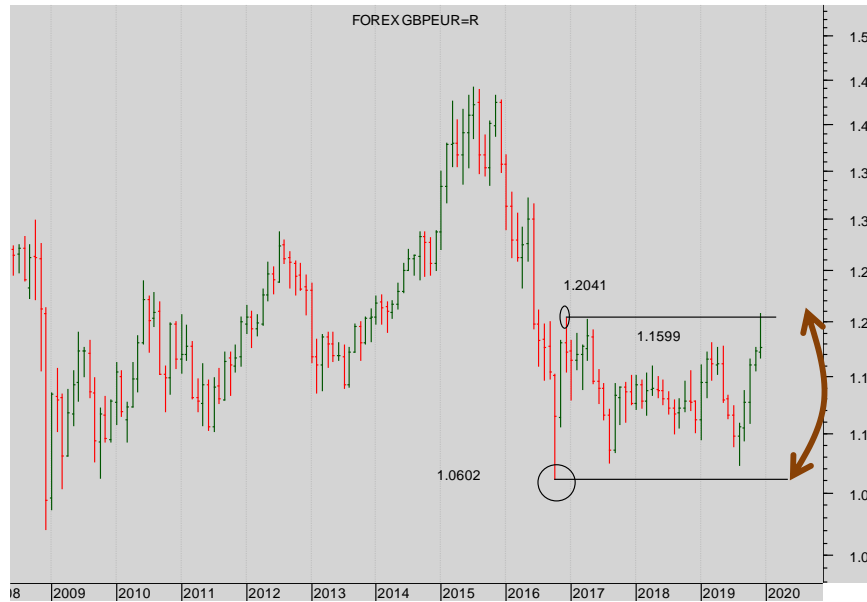
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The market remains in the broad trading range, but very close to the top of the range.



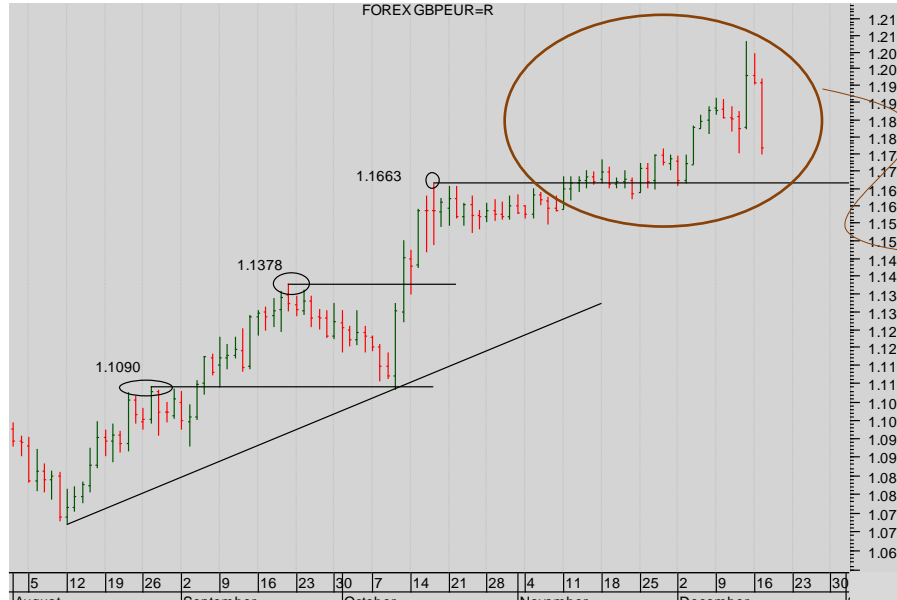
Sterling Euro weekly spot cash chart

This detail is a bit clearer: the market remains in the trading range. But there's not breakout yet!

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The short-term rally **CONTINUES** – the bulls will only worry if the support at 1.1663 breaks.

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- + **Sterling Euro**

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Commodities

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IMPLIED ASSET ALLOCATION



Stocks

STOCKS:

The bull run of the S&P looks to be pushing on, dragging with it the EuroStoxx. The latter is now teetering on the brink of a powerful breakout – which should unleash a further surge of buying watch so our levels closely. The FTSE is still languishing within medium and short-term trading ranges despite the vigour of a short-term break up. The Nikkei looks well set – close to all time highs at 24480; once through that level expect strong fresh buying to begin.

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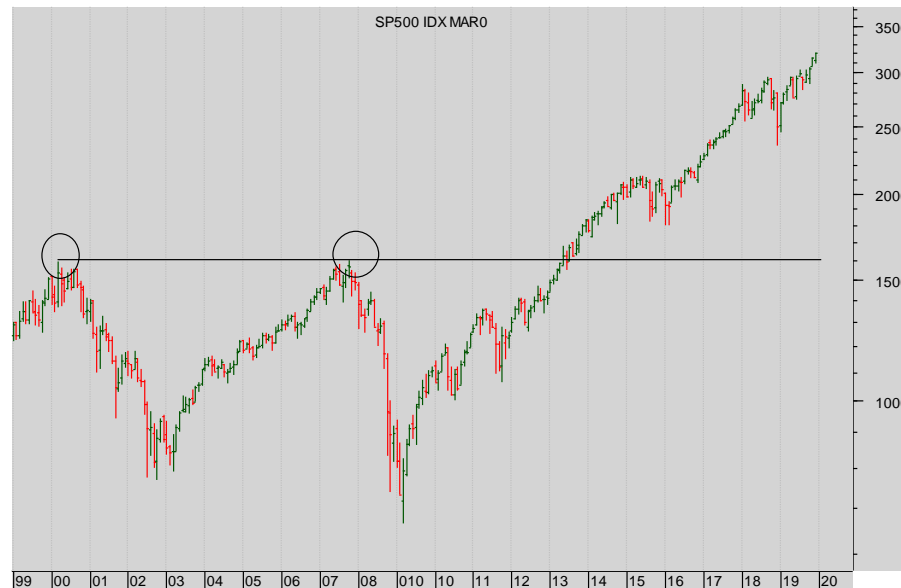
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Commodities

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IMPLIED ASSET ALLOCATION

Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

The bull market.

More



Stocks: CME S&P 500

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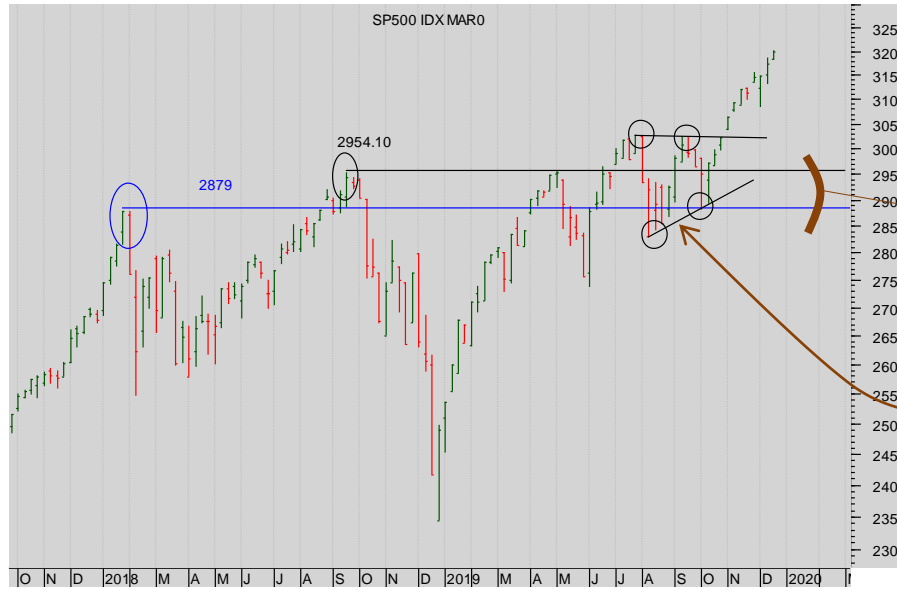
Bonds

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Commodities

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- + Gold

IMPLIED ASSET ALLOCATION

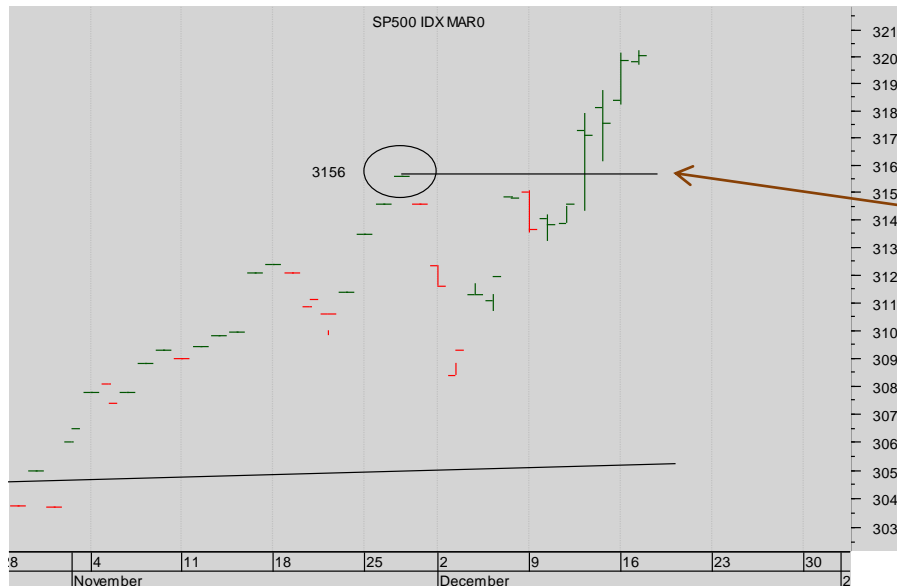


CME S&P 500 cont. weekly cont. chart

The succession of highs have all been overcome.

Thus there is now massive support beneath the market.

The surge through the Prior Highs was enabled by the **continuation triangle**.



CME S&P 500 daily Dec 2019 chart

The through the Prior High has energised the recent surge and is first support on any pull-back.

More



Stocks: Eurex EuroStoxx 50

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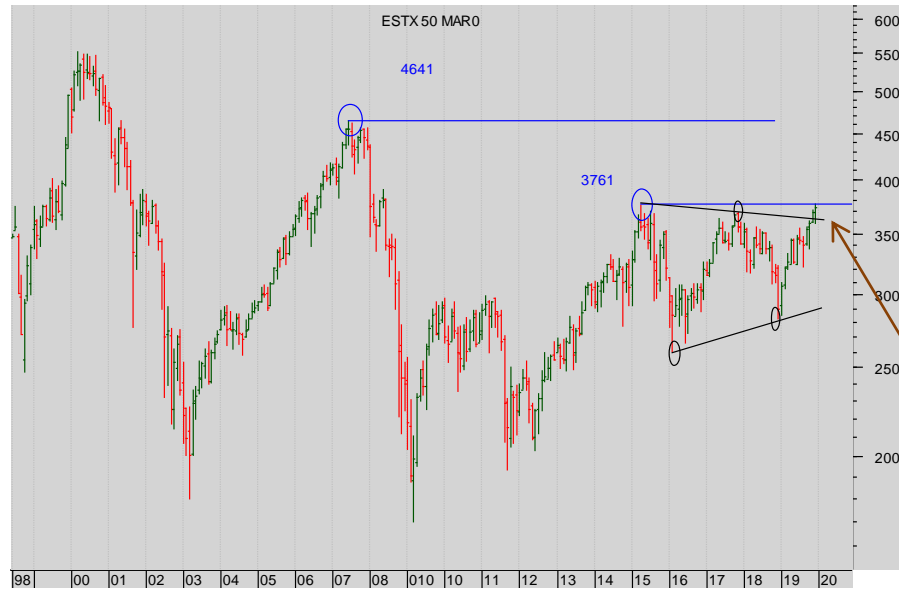
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Commodities

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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...

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

This is encouraging: note the completion of the Continuation Head and Shoulders.

Note too the close approach to the Prior High at 3761.

Bull need that to be overcome before they can buy again.

More



Stocks: Eurex EuroStoxx 50

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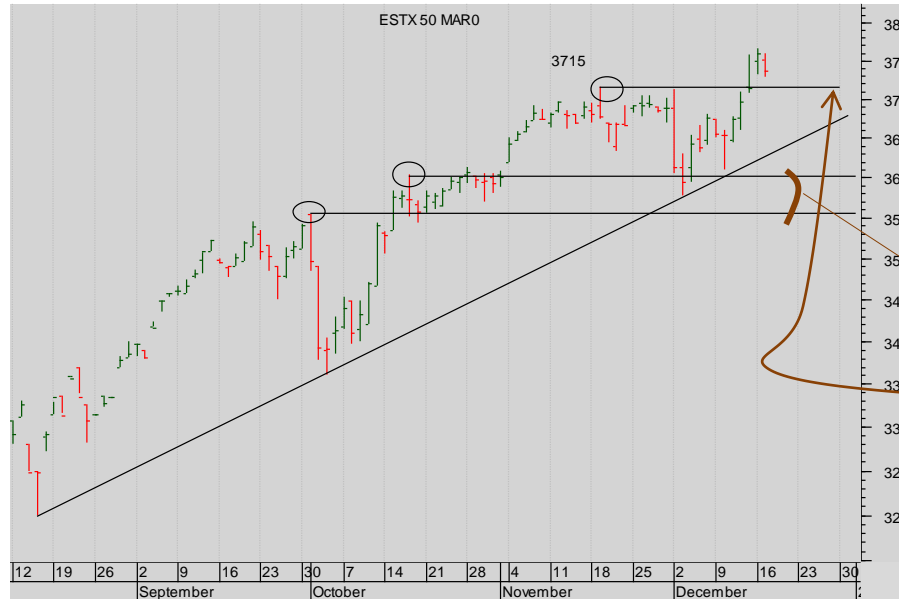
Bonds

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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.

The break up through the Prior High re-energises the bull trend....



Stocks: Liffe FTSE 100

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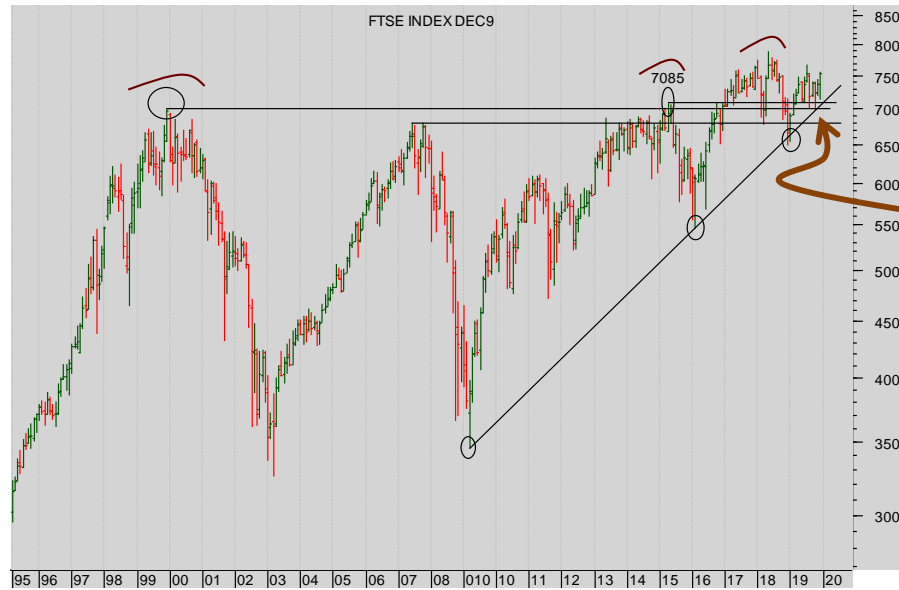
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

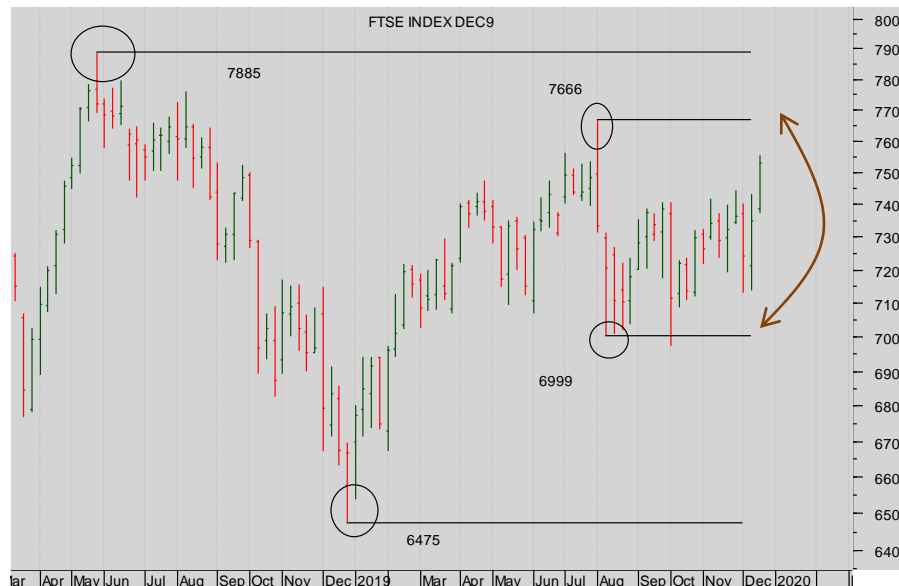


Liffe FTSE 100 Monthly continuation futures chart

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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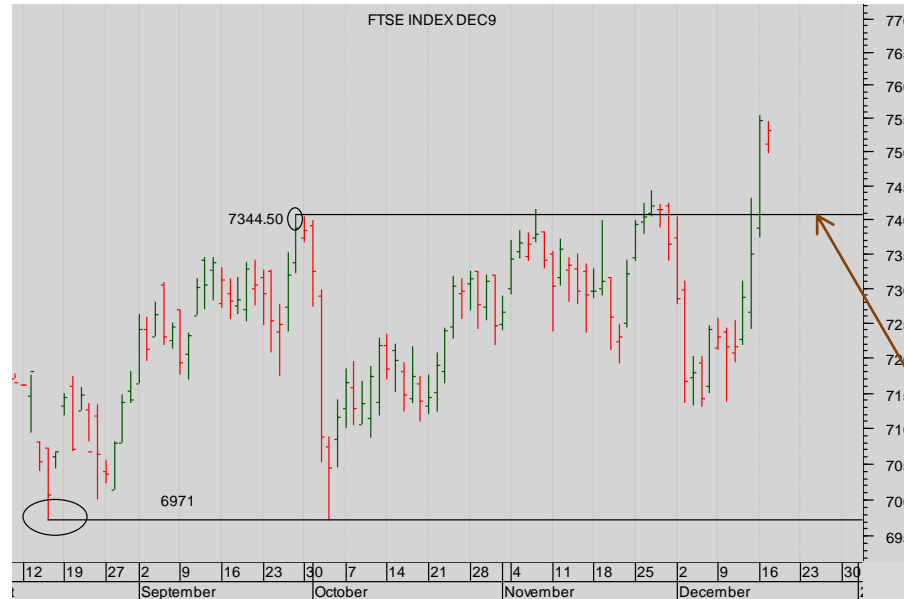
Bonds

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Commodities

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IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec 19 daily futures chart

Watch break up through the Prior High!

Now there is massive support beneath the market at the Prior highs.



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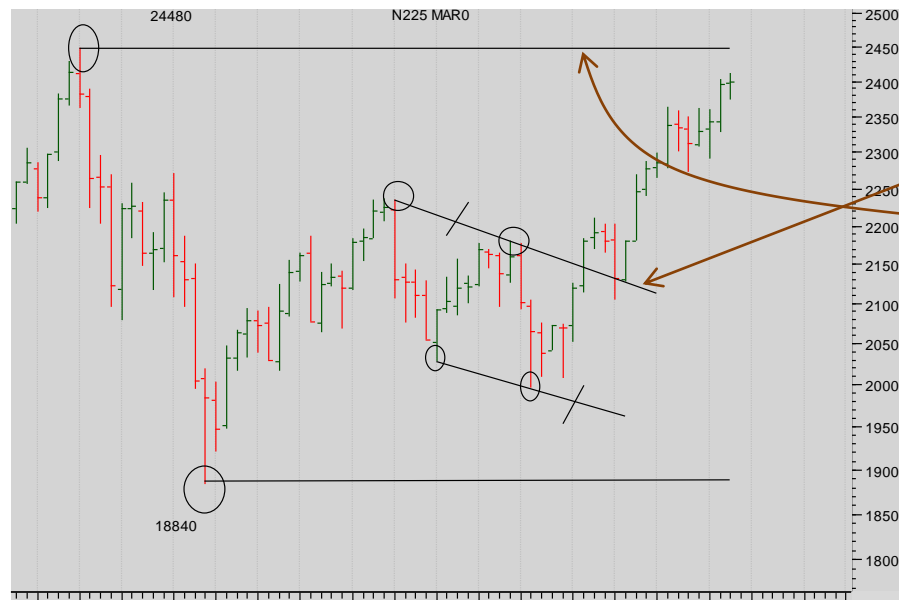
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Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

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



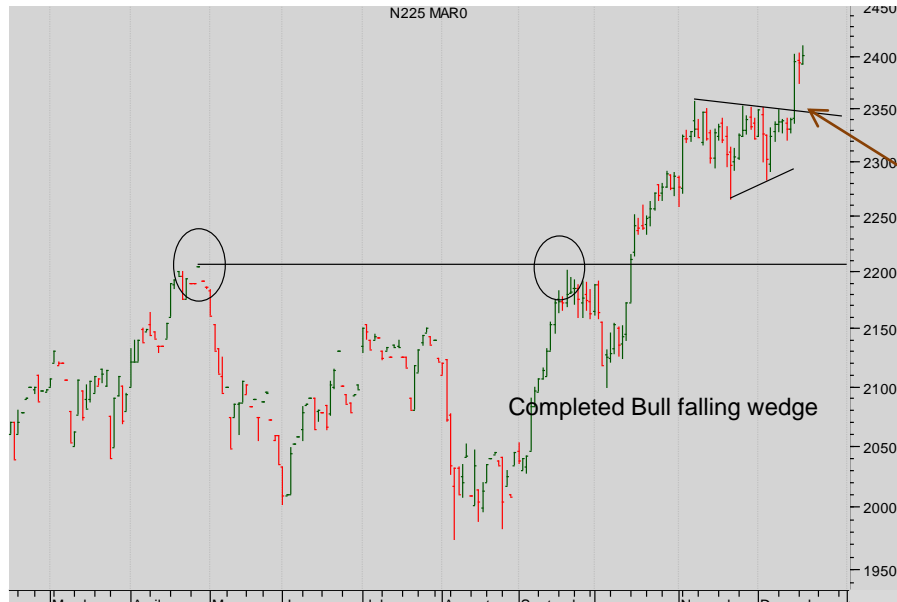
Nikkei 225 chart (WEEKLY)

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



Nikkei 225 chart Daily Dec 19.

Short-term, the completion of the continuation Triangle is a major bull catalyst with some way to go...

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IMPLIED ASSET ALLOCATION



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-year rally drove up through the horizontal bands of resistance.

A massive statement of strength.

Look closer.

More



Bonds: CBOT Ten Year Notes

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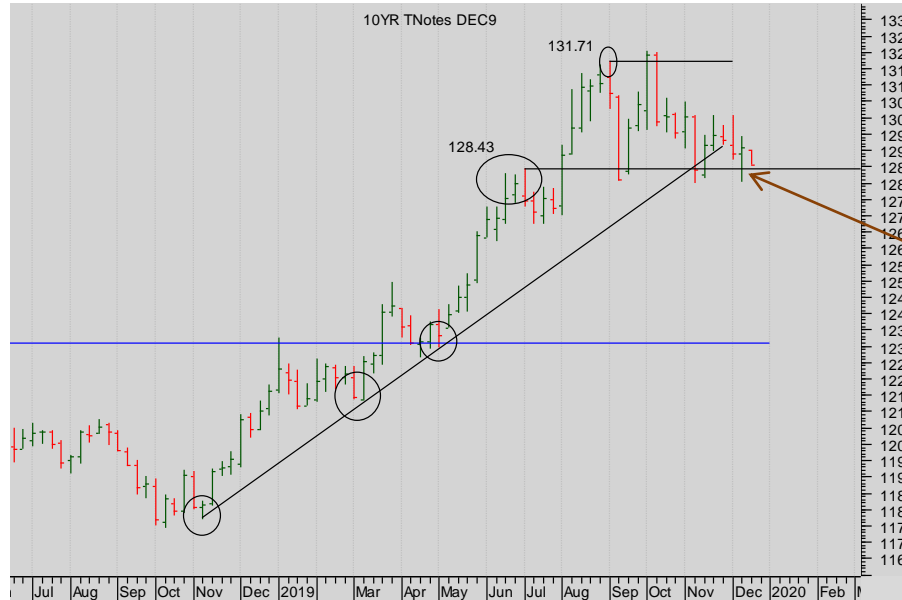
Bonds

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IMPLIED ASSET ALLOCATION



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, for the moment, intact.



CBOT Ten Year Notes daily Dec 19 futures chart

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

And at the same time there may be a large continuation falling wedge.... But within that wedge there is little clear structure.

More



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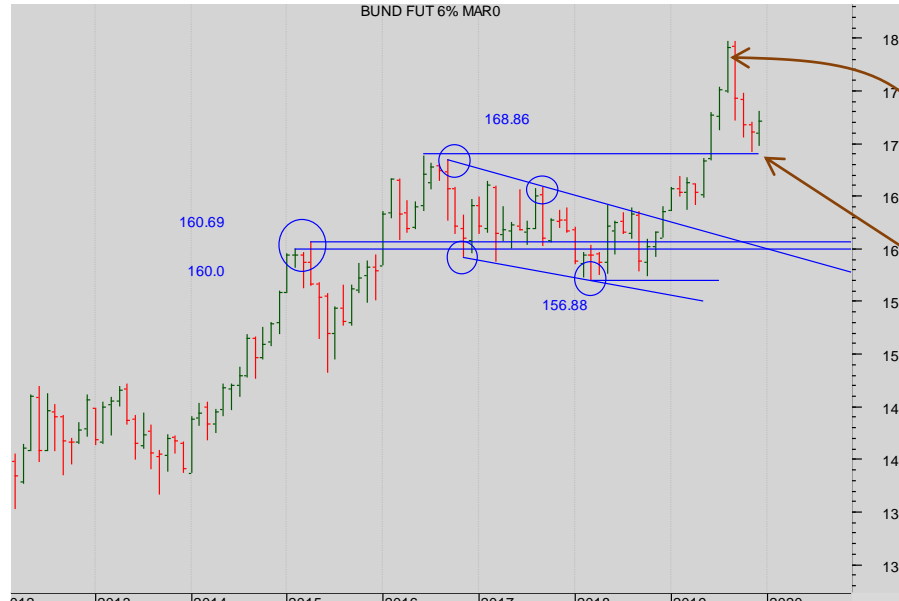
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Commodities

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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



Eurex Ten Year Bund Mar 2020 Daily futures chart

Short-term, note the important horizontal support beneath the market at 170.92.

Any rally back should find resistance above too at 174.20 or so.

This is a vulnerable market already in a bear trend but suggest further selling unless the market can get beneath 170.92.

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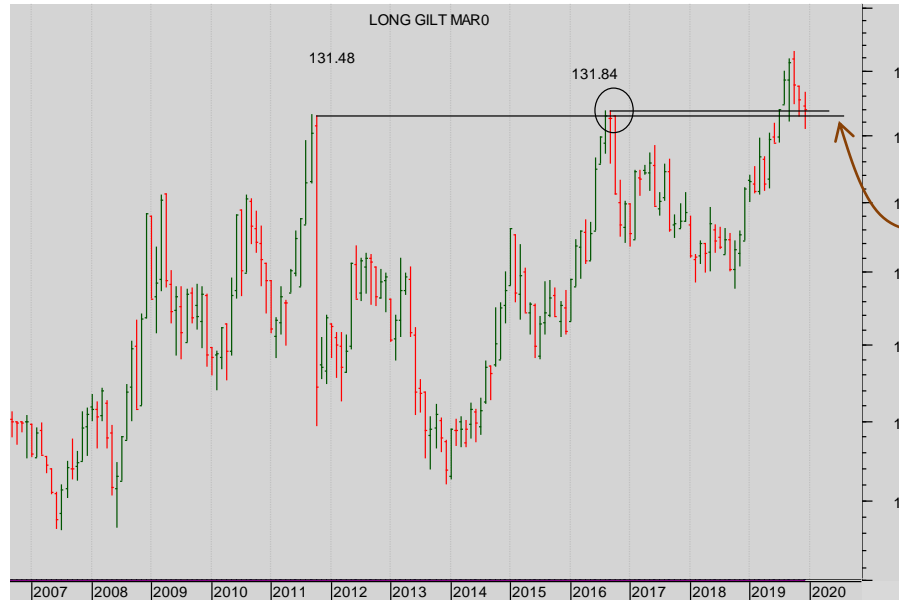
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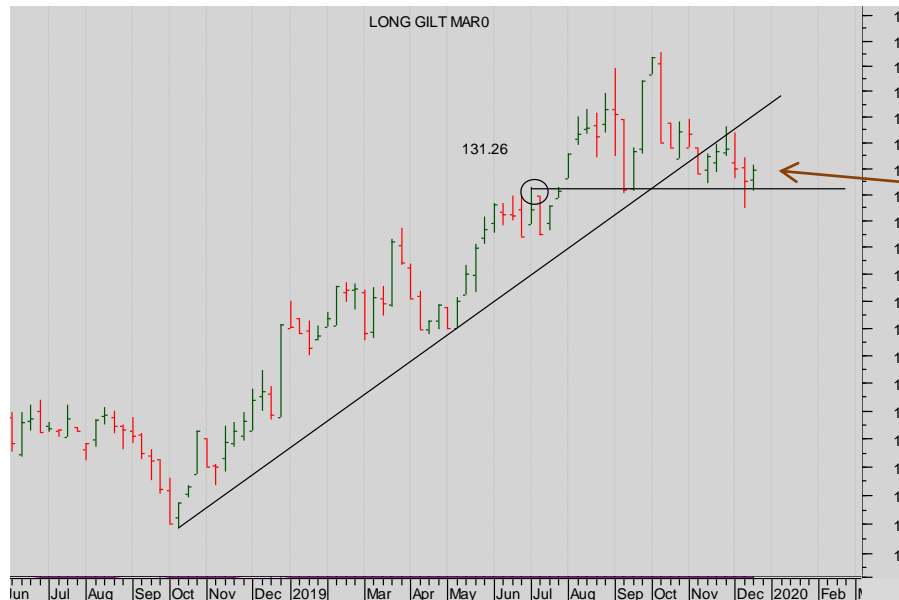
IMPLIED ASSET ALLOCATION

Bonds: Liffe UK Gilt futures



Liffe UK Gilt monthly futures continuation chart

Note the pause on the Prior Highs – so far, good support.



Liffe UK Gilt weekly continuation futures Chart

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

It looks for the moment, the market is held up...

More



Bonds: Liffe UK Gilt futures

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IMPLIED ASSET ALLOCATION



Long Gilt daily Dec 19 chart

This is not clear.



Commodity

COMMODITIES:

Oil has satisfied one of two conditions for the bulls to begin fresh buying. Watch our levels closely. Gold is caught between overhead resistance (long-term) and medium-term support beneath the market. Stand back and watch.

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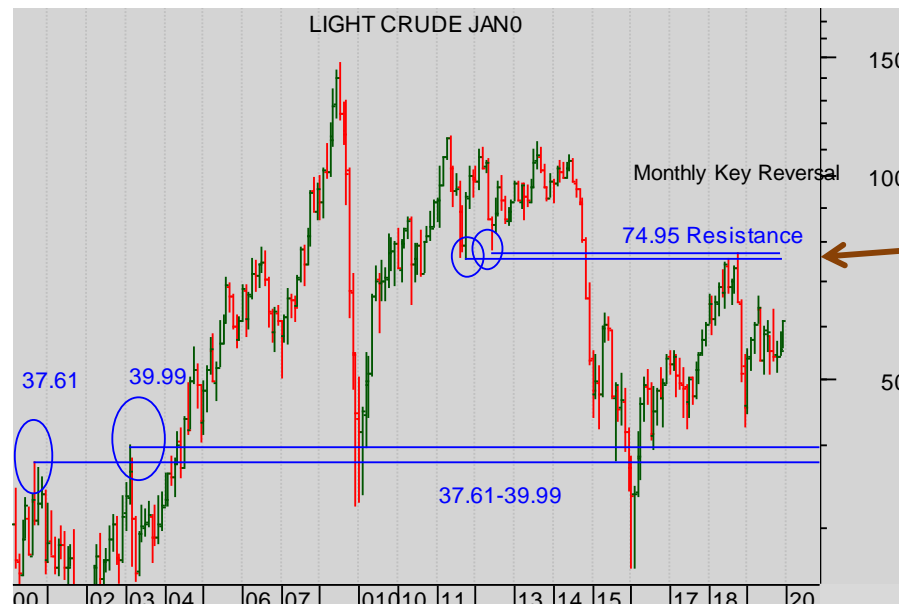
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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

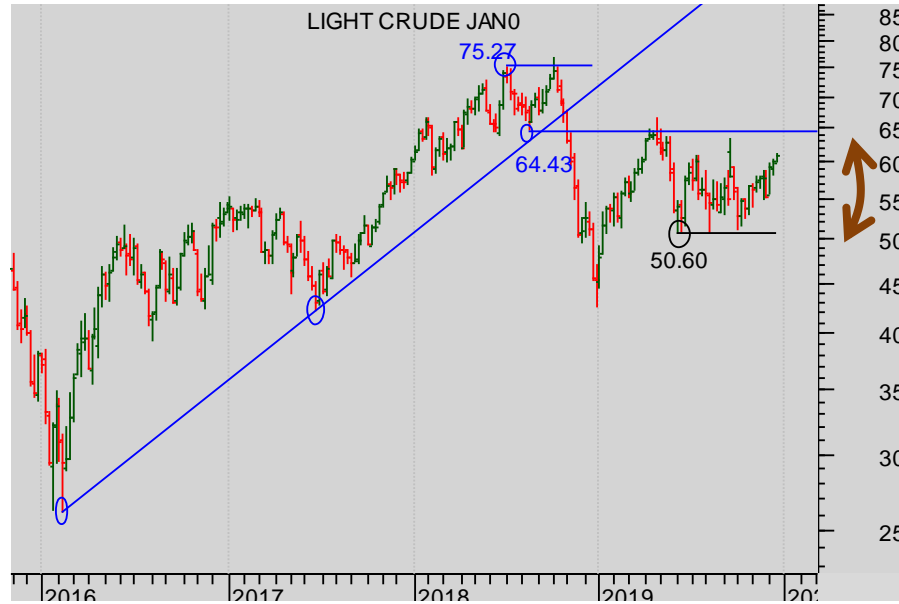
The rally failed at the resistance from the low at 75.35.

Stand Back.

More



Commodities: Nymex WTI Oil



Nymex oil weekly continuation

It's not clear: watch the range.



Nymex oil daily Jan 19 futures

There's a triangle and a range.

Note the break of the Triangle and stand back and watch the approach to the Prior High closely.

A break up through that would be a confirming bull signal...

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IMPLIED ASSET ALLOCATION



Commodities: Comex Gold

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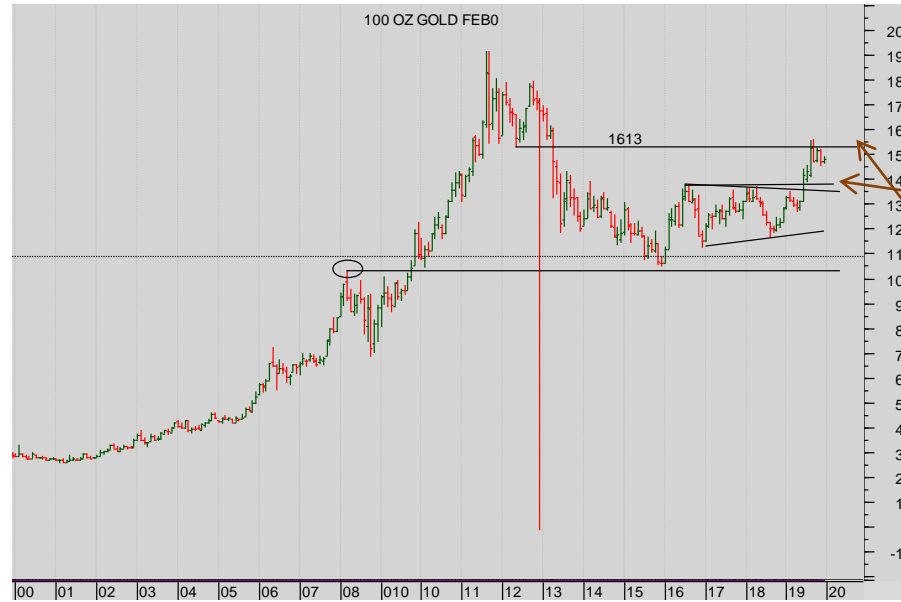
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IMPLIED ASSET ALLOCATION



Nymex Gold Monthly

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

But we also see the long-term resistance at the Prior Low at 1613.

Stand back!



Nymex Gold weekly

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



Commodities: Comex Gold

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 Gold Oct 2019 Daily

Here's the detail of that support from Prior Highs and the downtrend resistance from August.

Bulls need to wait for a break of the downtrend before buying.
Bears need to wait for a break of the band of support before selling.



Summary

Summary

Currencies

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- + Dollar Yen
- + Sterling Euro

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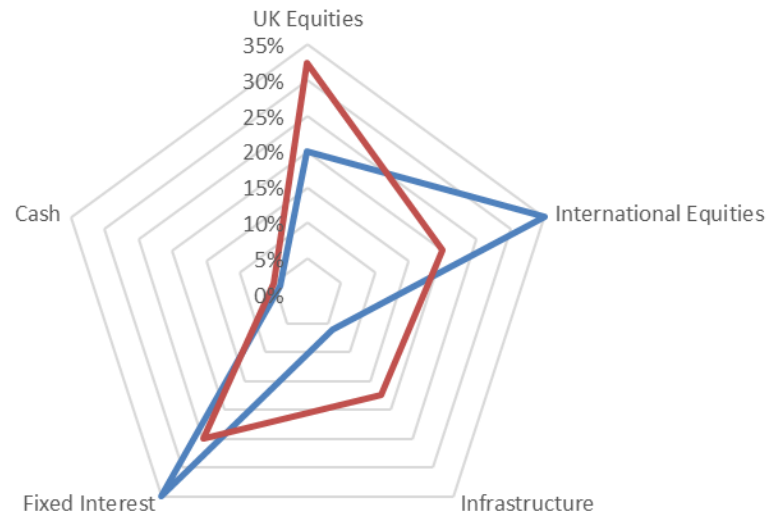
Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

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MSCI Balanced Risk Asset Allocation



More



the technical analyst

AWARDS 2012

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