



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 28th January 2020

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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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 **BULL** Euro

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

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

Medium-term FLAT
Medium-term FLAT
Medium-term FLAT

Short-term FLAT
Short-term FLAT
Short-term FLAT

Commodities

- + Oil
- + Gold

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

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

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

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More



Currencies: Dollar Euro

CURRENCIES:

Note well the short-term weakness of the Euro that looks set to continue. The Sterling looks solid against the Dollars so the cross is moving in Sterling's favour re-igniting the recent trend. A break up through 1.20 in the Sterling Euro would drive Sterling a lot higher still.

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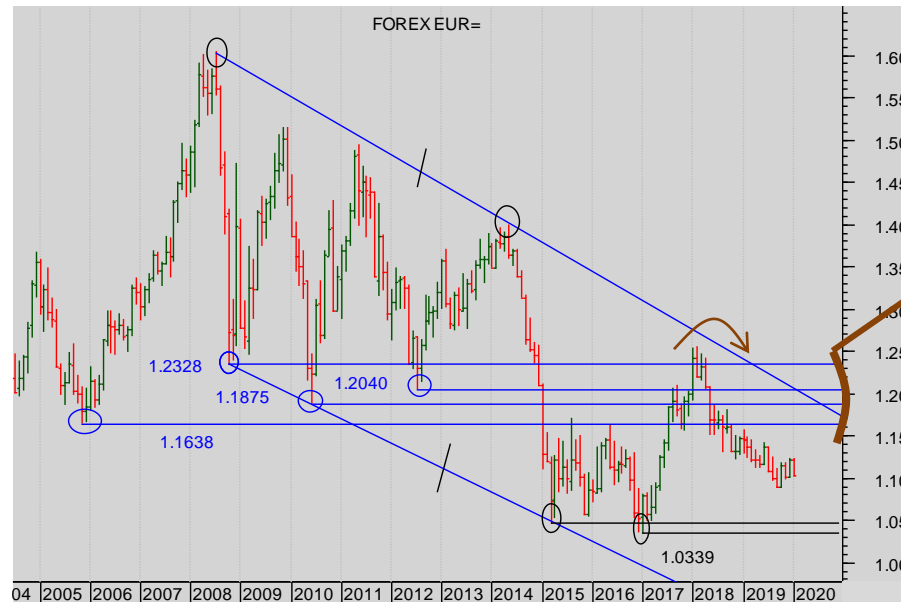
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IMPLIED ASSET ALLOCATION



Dollar Euro monthly spot cash chart

These powerful resistances above the market at 1.15 and above have **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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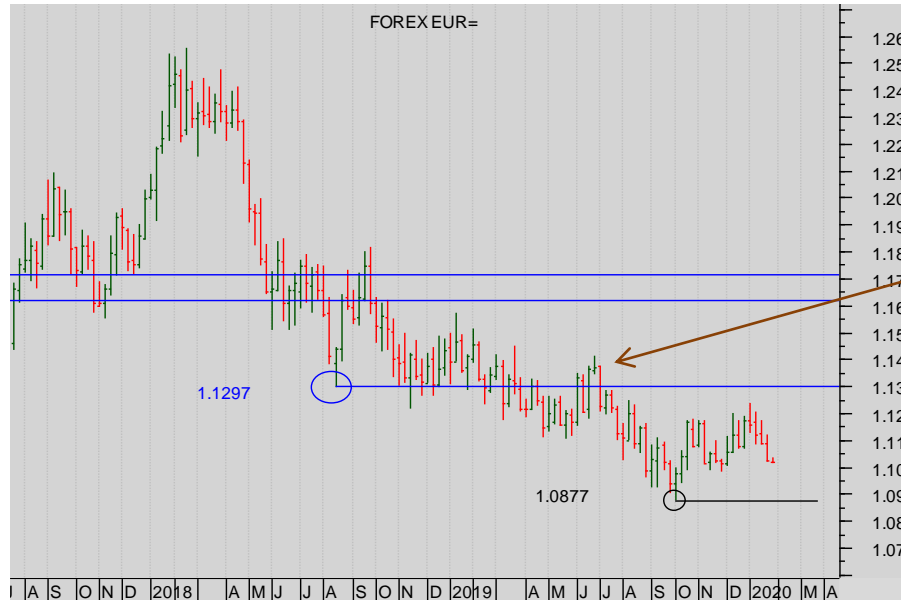
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IMPLIED ASSET ALLOCATION

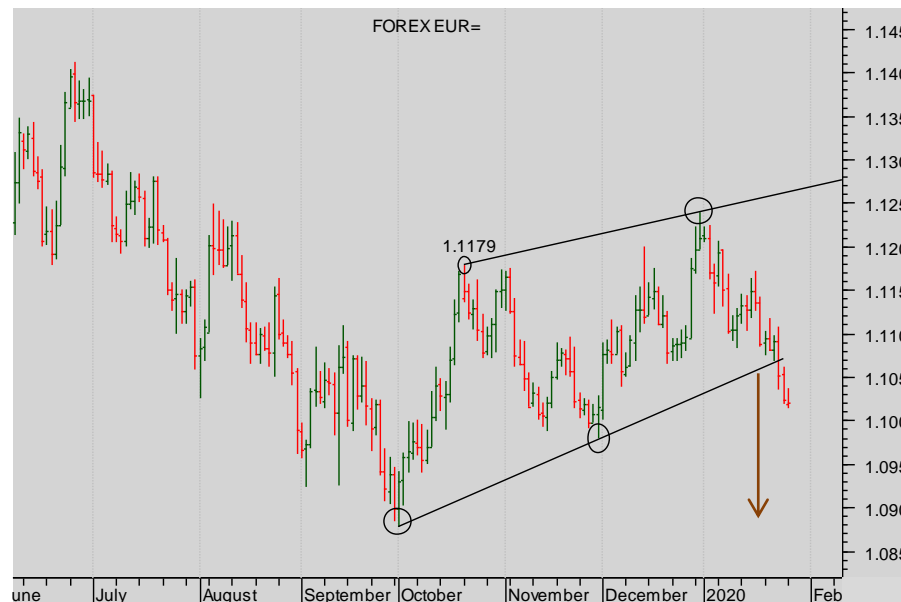
Currencies: Dollar Euro



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...

That's a bear wedge that has completed.

Minimum move down as far as 1.09.



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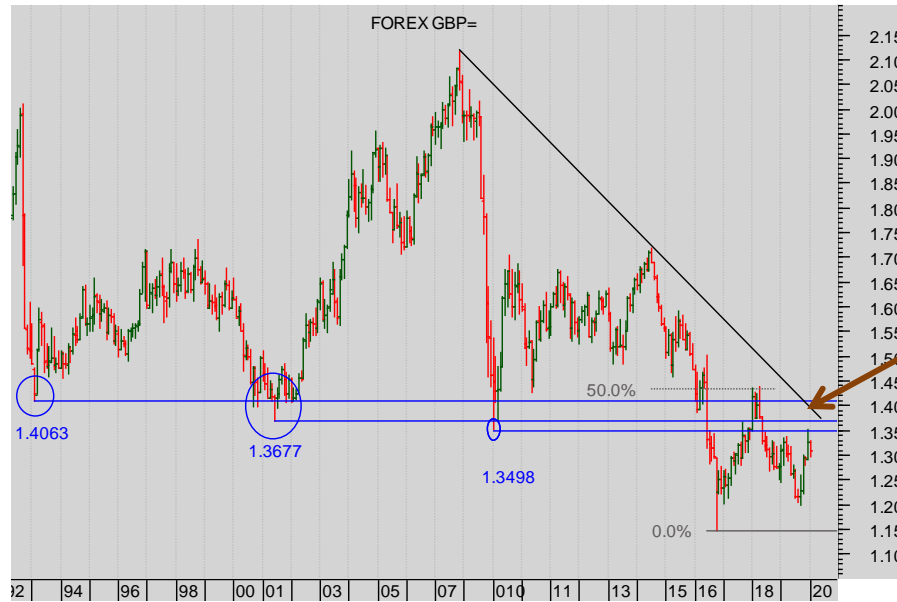
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

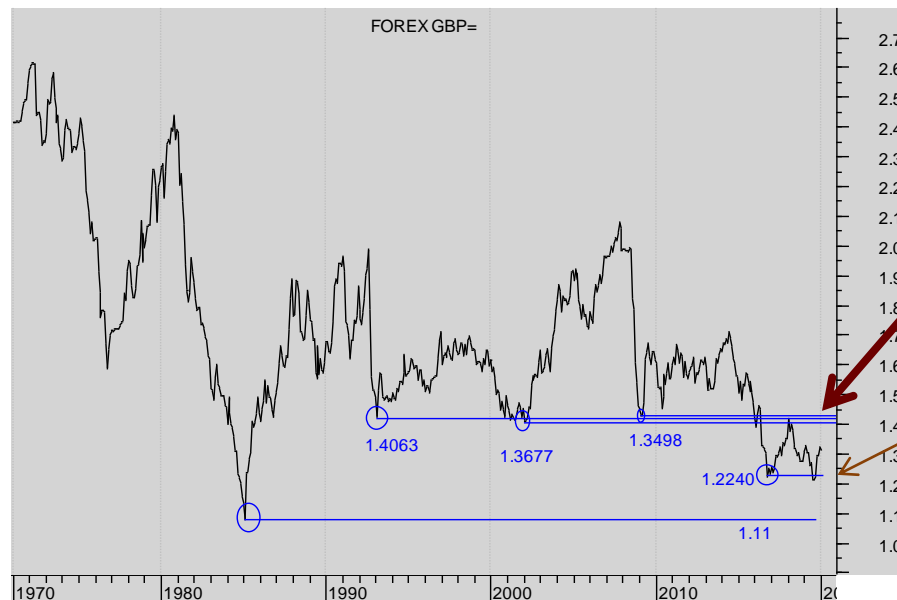


Dollar Sterling Monthly spot cash chart

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 at the re-approach.



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



Currencies: Dollar Sterling

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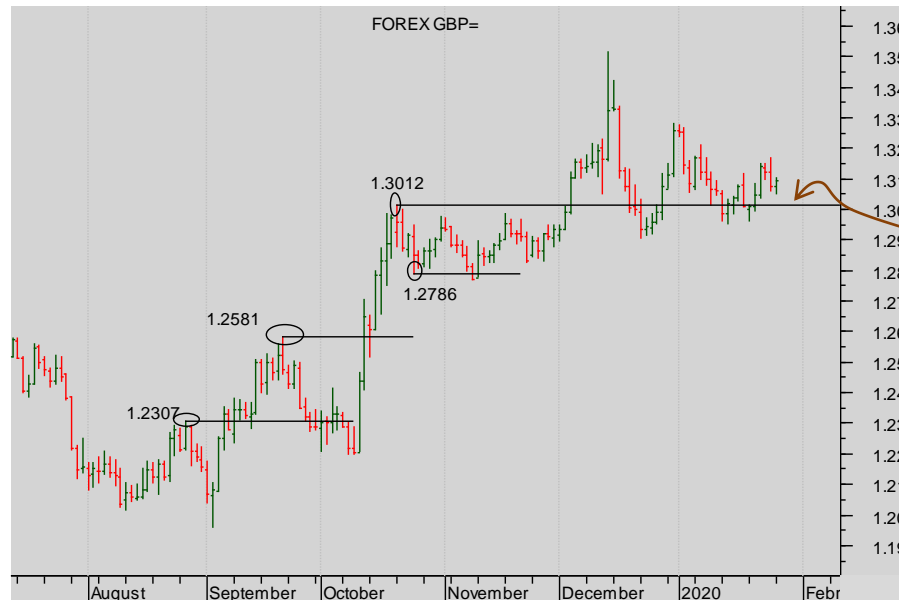
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Dollar Sterling weekly spot cash chart

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..

The prior high is acting as good support leveraging the trend higher still

Unless it breaks...

Wait and watch.



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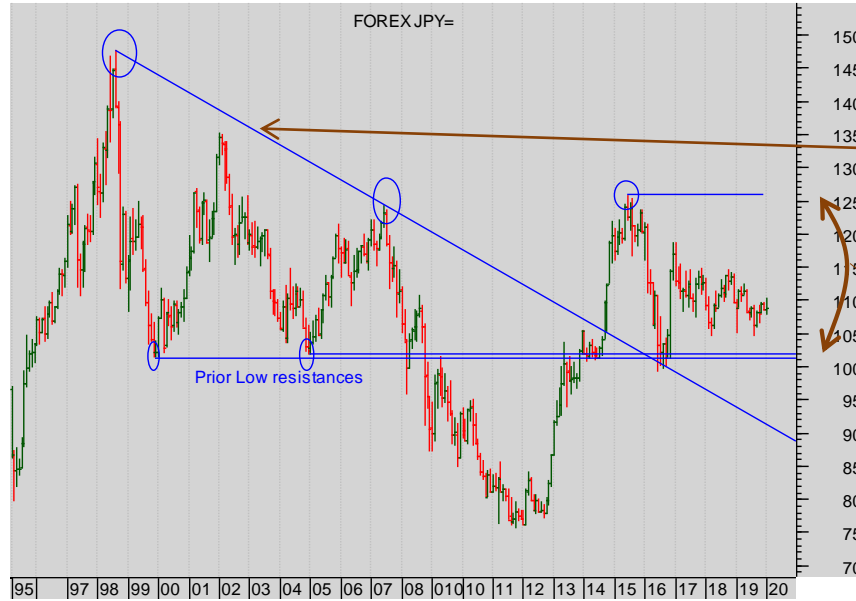
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Commodities

- + Oil
- + Gold

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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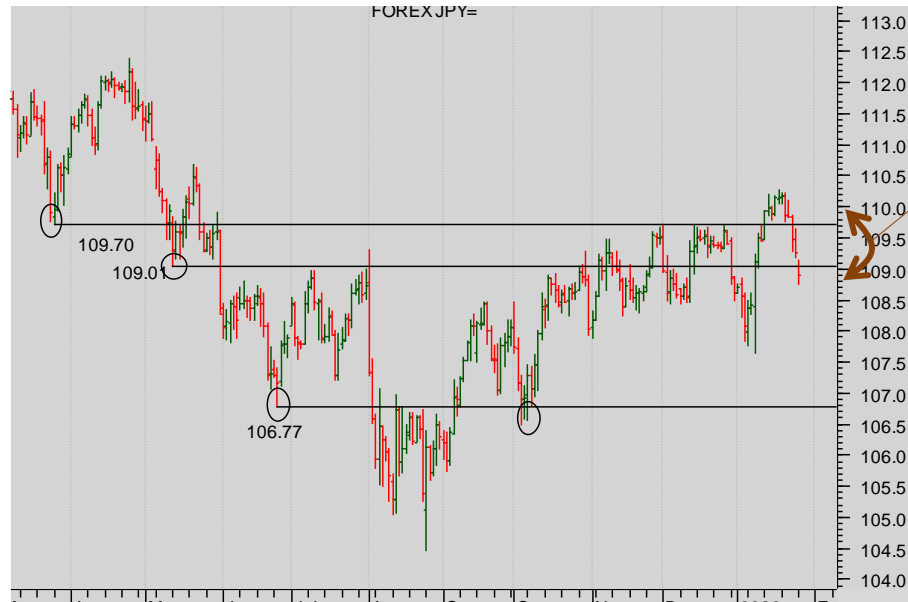
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Commodities

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Dollar Yen daily spot cash chart

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



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Bonds

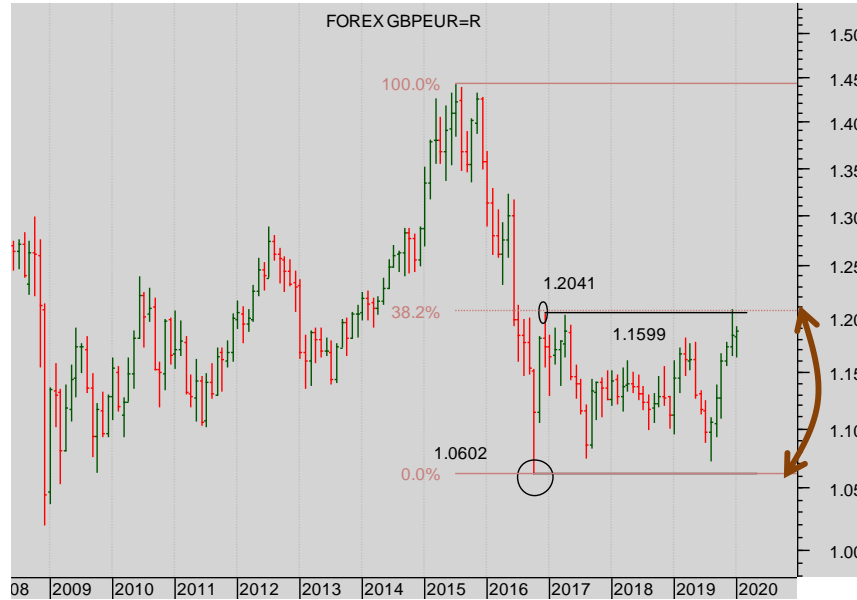
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- + UK Gilt

Commodities

- + Oil
- + Gold

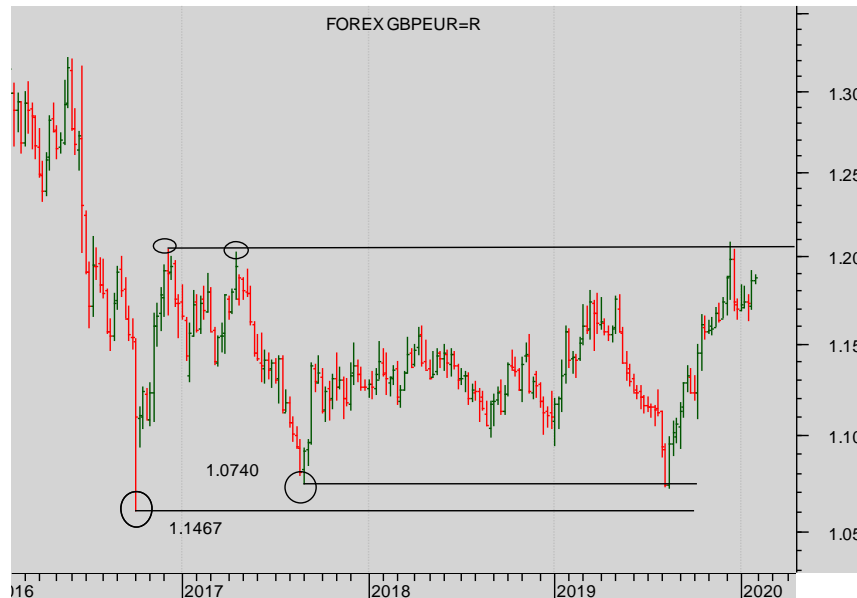
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Currencies: Sterling Euro



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 no breakout yet!

More



Currencies: Sterling Euro

Summary

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

Stocks

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- + Nikkei 225

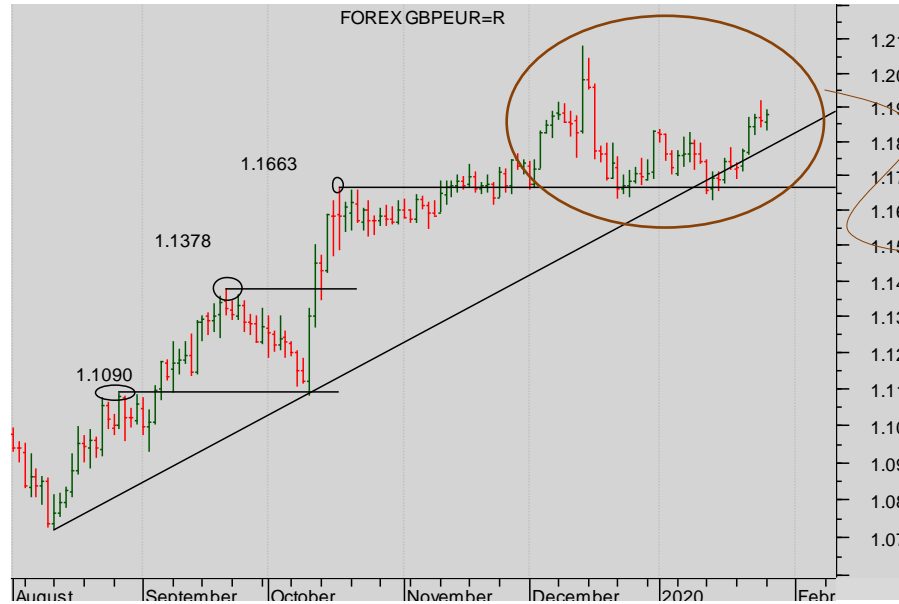
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



Sterling Euro daily spot cash chart

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



Stocks

STOCKS:

The short-term pull back in stocks has good momentum in the US and should go further before testing important support. For the moment the Eurostoxx remains bullish given it's rather muted response to the sell-off. But important supports are close by and need watching. FTSE's lacklustre recent bullishness leaves the same sell-off as elsewhere embedded within a wide trading range. The Nikkei looks rather more vulnerable in the short-term – like the S&P.

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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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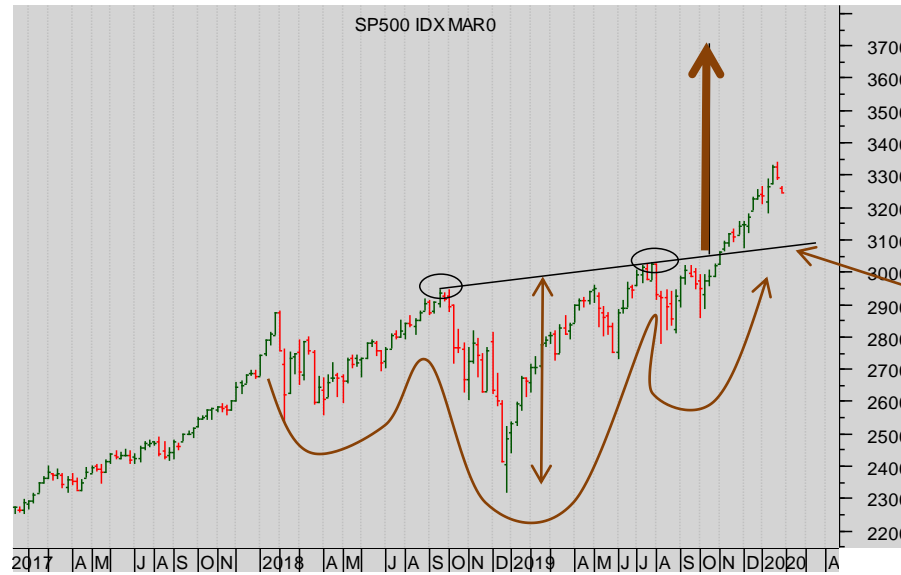
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Commodities

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IMPLIED ASSET ALLOCATION

CME S&P 500 cont. weekly cont. chart

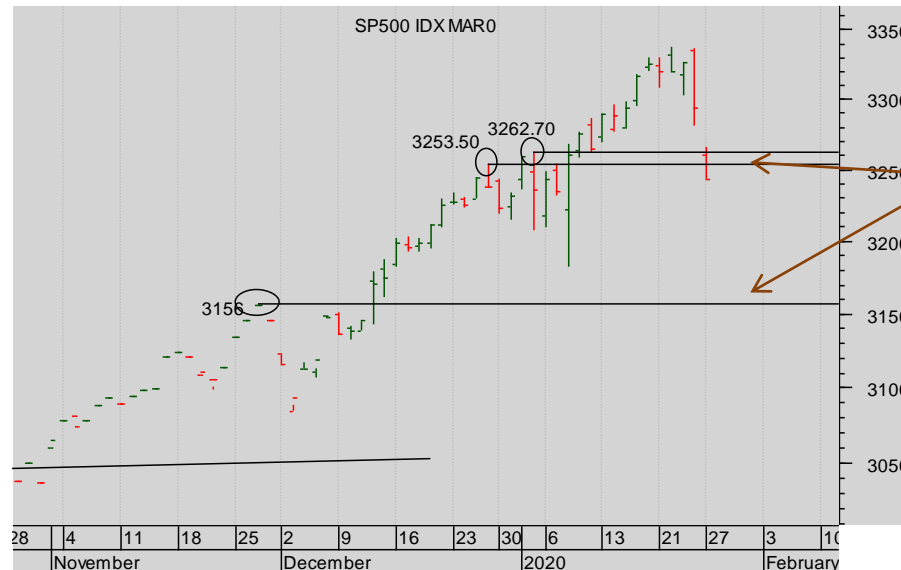


The succession of highs have all been overcome. This is surely a bull continuation Head and Shoulders!

Minimum move? 3700!

Thus there is now massive support beneath the market at the rising neckline.

CME S&P 500 daily Dec 2019 chart



A close beneath the Prior Highs will surely send the market further down still to 3156

More



Stocks: Eurex EuroStoxx 50

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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

Note the retest of the Prior High at 3703.

That needs to hold before the bulls can buy again.

More



Stocks: Eurex EuroStoxx 50

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Commodities

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- + Gold

IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 19 futures chart

The latest pull-back to support looks likely to break it – and note too the failure of the diagonal that was so well established.

Good support remains beneath the market at the horizontals



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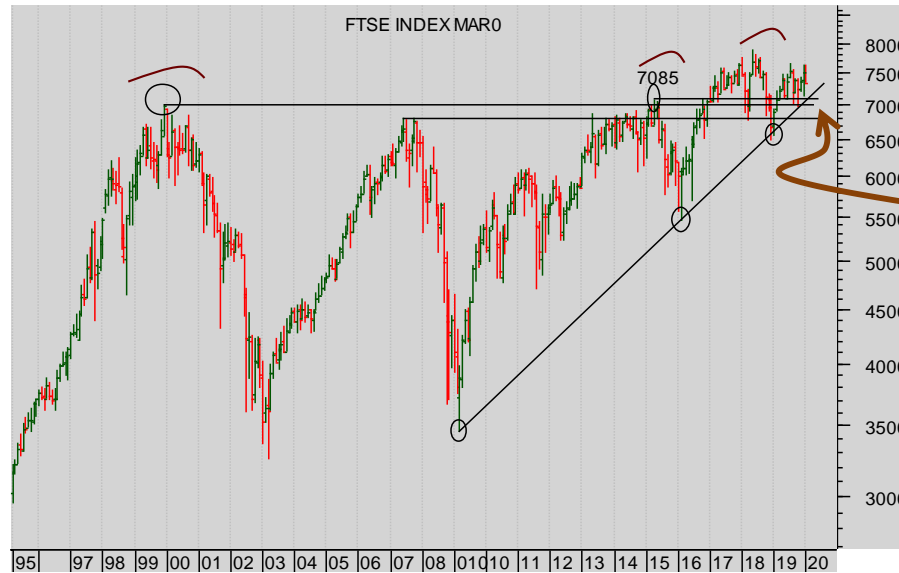
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Stocks: Liffe FTSE 100

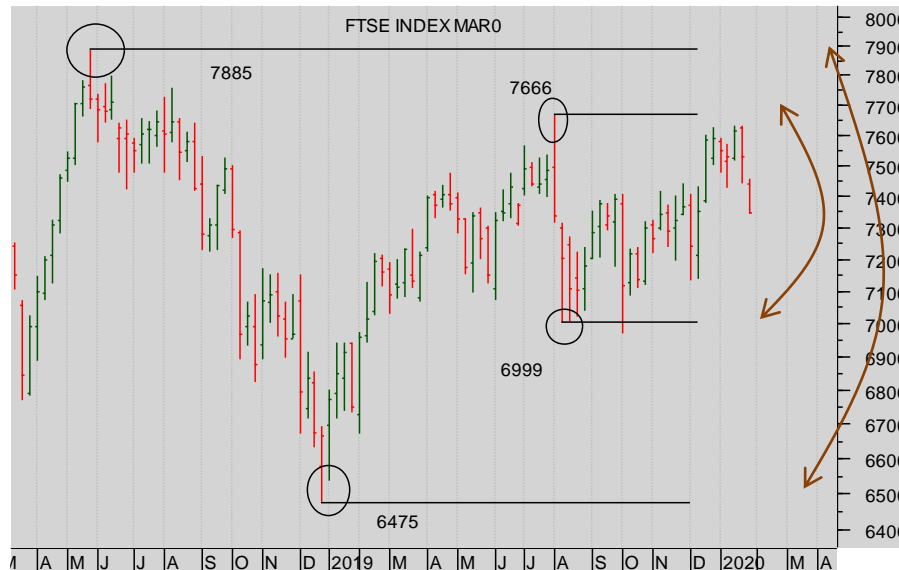


Liffe FTSE 100 Monthly continuation futures chart

The rising diagonal support remains intact

And 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

Summary

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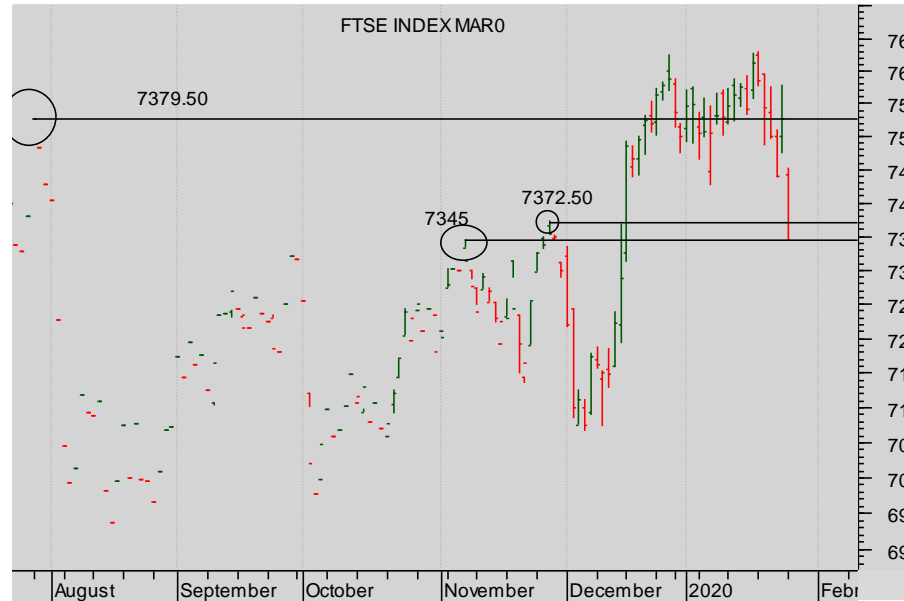
Bonds

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- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec 19 daily futures chart

Note the short-term testing of the good support beneath the market

The bulls remain in charge!

For the moment.



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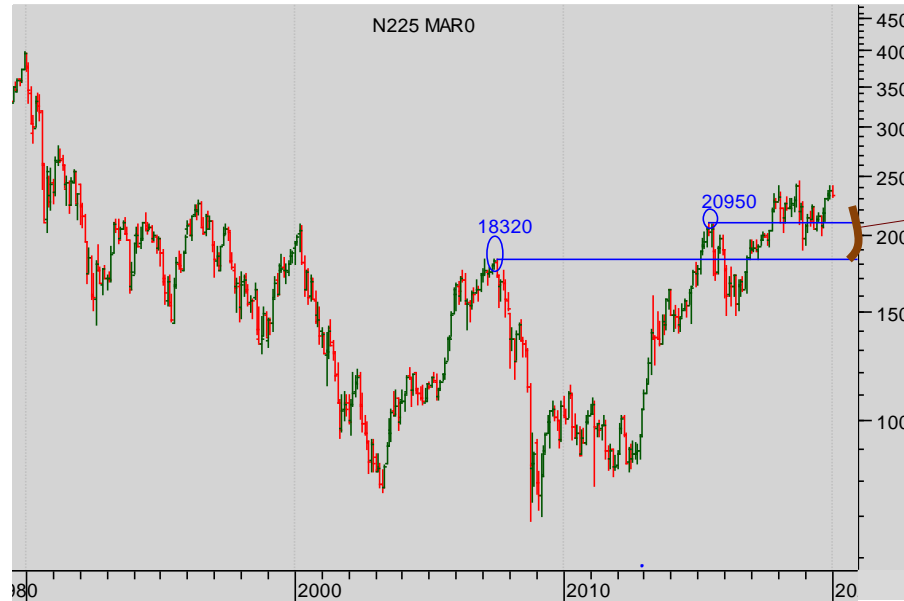
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Commodities

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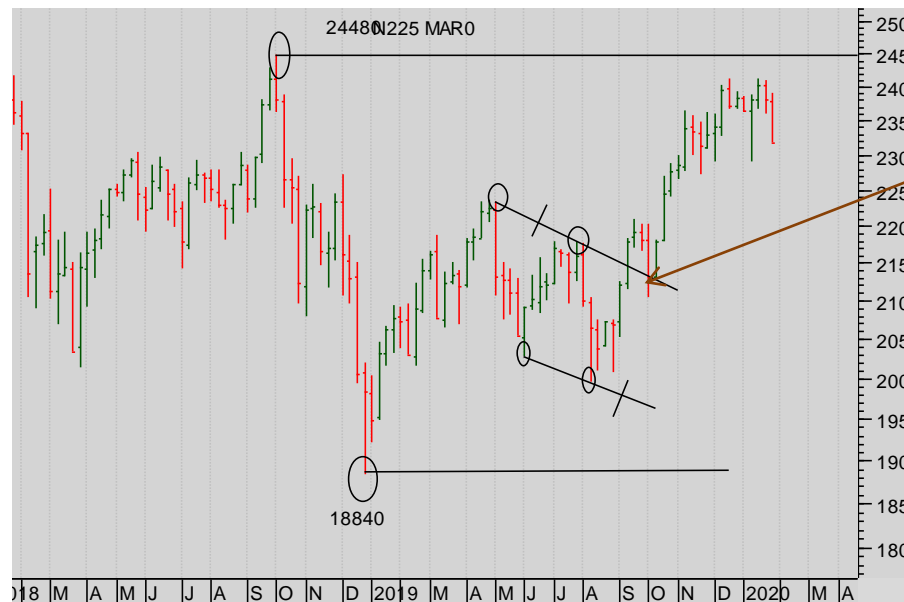
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Stocks: OSE Nikkei 225



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 was bullish.

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

More



Stocks: OSE Nikkei 225

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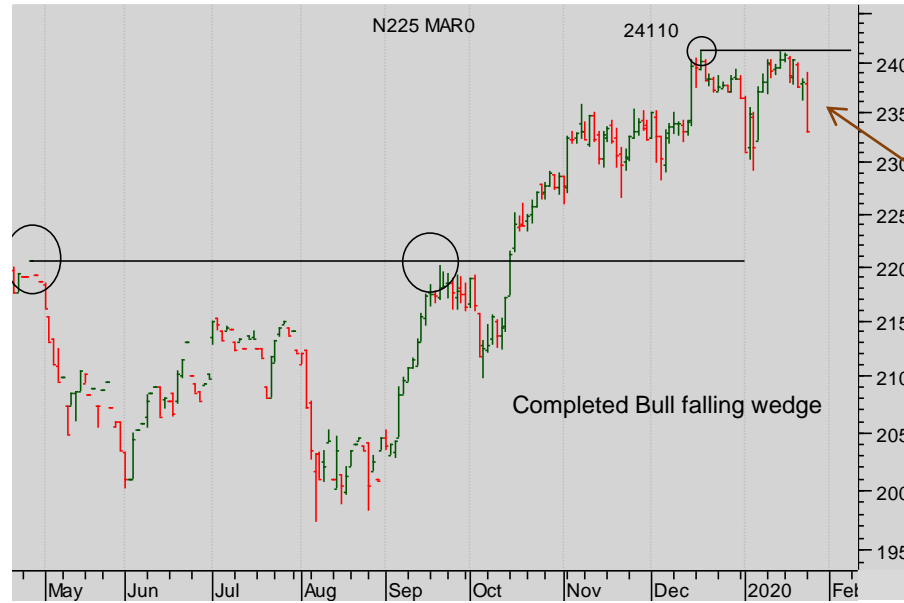
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IMPLIED ASSET ALLOCATION



Nikkei 225 chart Daily March 2020.

Short-term, the failure to breakup through the Prior High makes the market look vulnerable to sell-offs.



Bonds

BONDS:

The bonds had all found long an medium-term support prior to the small sharp rallies of last week. These could well go further in the US and Europe. The UK is less clear, having been most vulnerable prior to the rally.

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IMPLIED ASSET ALLOCATION

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The long-run rally.

Look closer.

More



Bonds: CBOT Ten Year Notes

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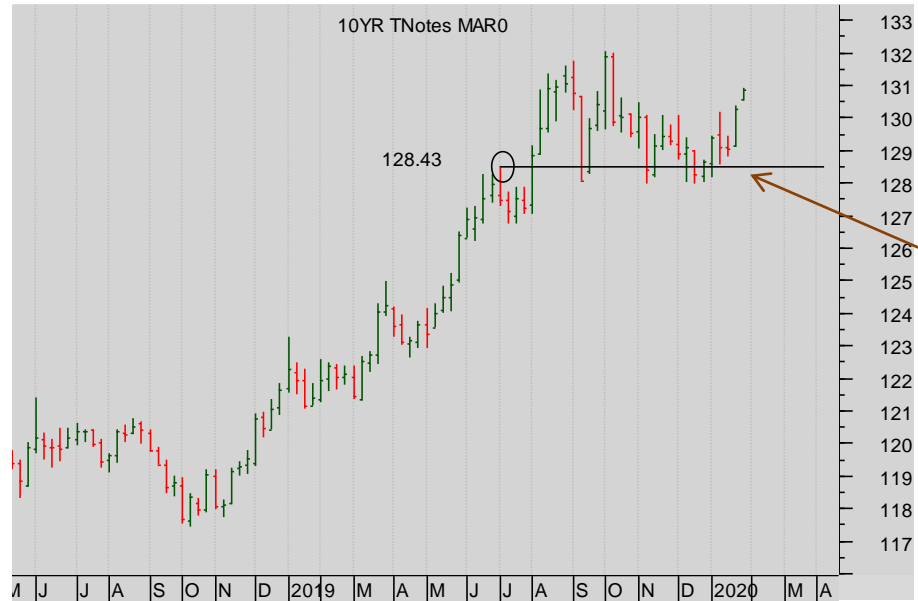
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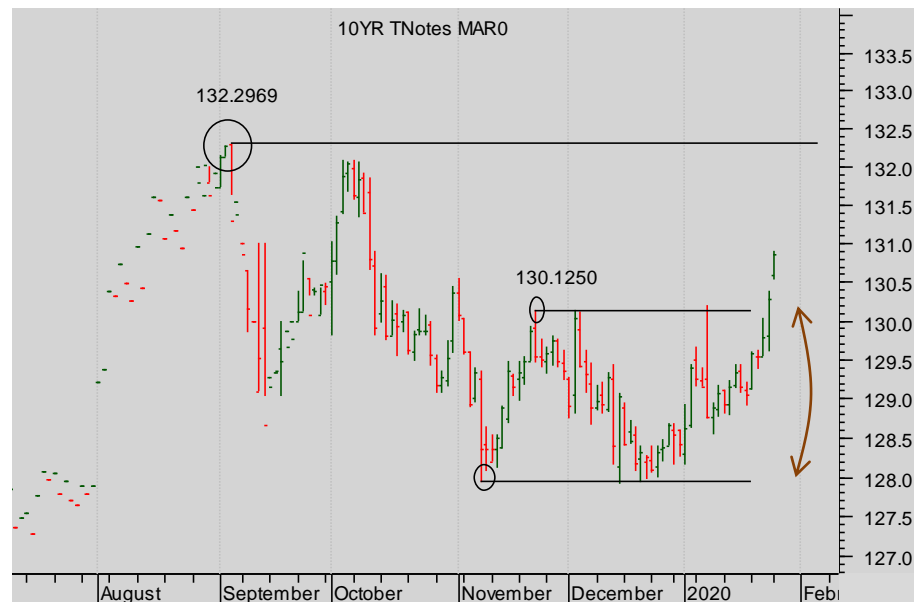
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CBOT Ten Year Notes weekly futures continuation chart

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

The range is, for the moment, intact.



CBOT Ten Year Notes daily March 20 futures chart

The range has been broken.

That old range will now be good support.

A test of the Prior High looks likely.

More



Bonds: Eurex Ten Year Bund

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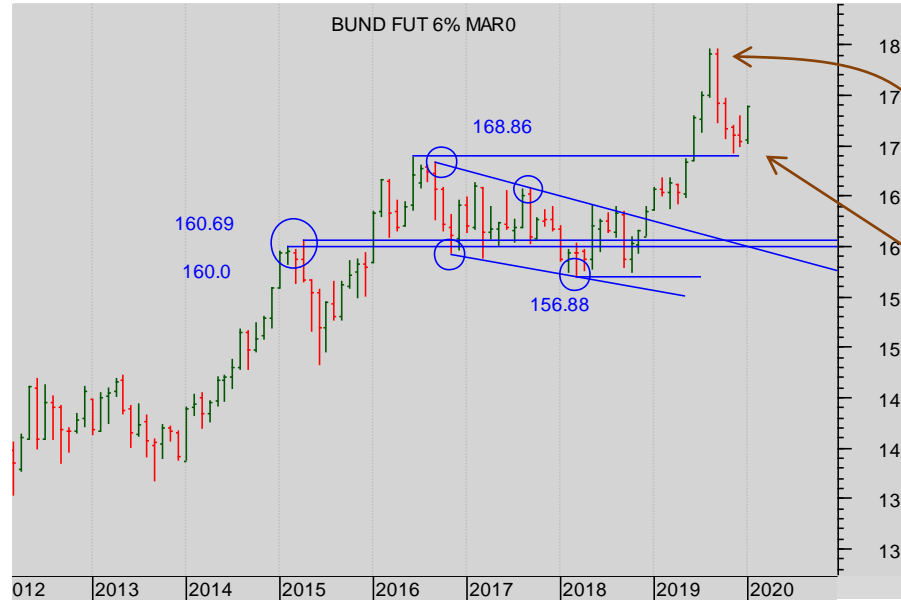
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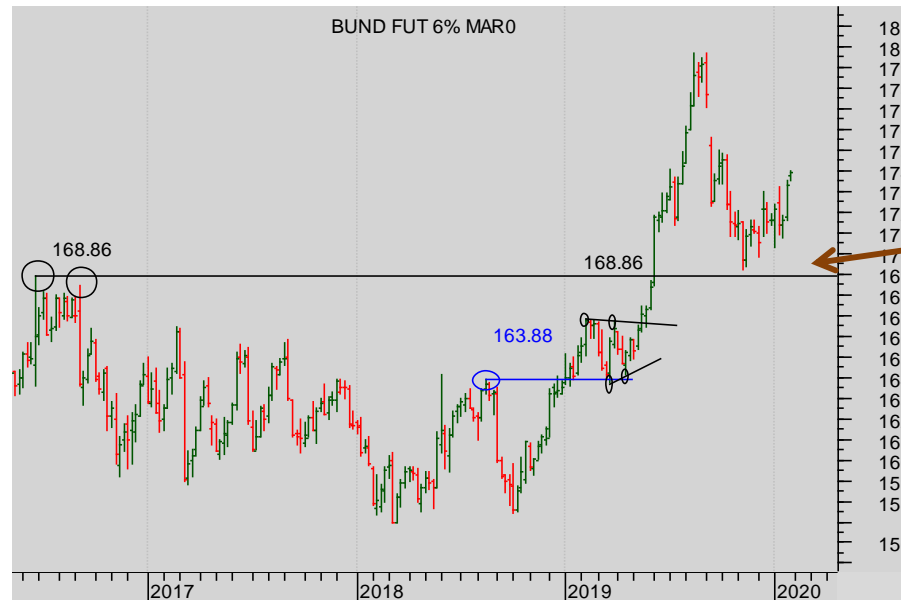
IMPLIED ASSET ALLOCATION



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 the bounce off that support.**



Eurex Ten Year Bund weekly **cont.** futures Chart

That 168.86 remained good support on the pull-back.





Bonds: Eurex Ten Year Bund

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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund Mar 2020 Daily futures chart

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

The rally back should find resistance above too at 174.20

Only a break of that will get the bulls going.



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IMPLIED ASSET ALLOCATION

Bonds: Liffe UK Gilt futures



Liffe UK Gilt monthly futures continuation chart

The drift from the Prior Highs there's has been reversed.

Can the market sustain itself above that 131.55 132.98 band?



Liffe UK Gilt weekly continuation futures Chart

In detail: here is the weekly price action bouncing back from the support of the nearer high 129.73 and possibly the diagonal.

More



Bonds: Liffe UK Gilt futures



Long Gilt daily Mar 20 chart

This resurgence into new territory (for the Mar Contract only) is exciting for the bulls, establishing good (band of) support beneath the market, but for the moment lacks clear bull structures to drive the market yet further.

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Commodity

COMMODITIES:

Oil remains under pressure, it was already being driven lower by multiple bear patterns but now it is close to completing another that may drive it much lower still. Gold is rallying but without substantial underlying bull structures.

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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

The wider range is clear. The influence of the monthly Key Reversal is still there – and another may have been set in motion...

Use the diagonal as the critical trigger to sell.

More



Commodities: Nymex WTI Oil

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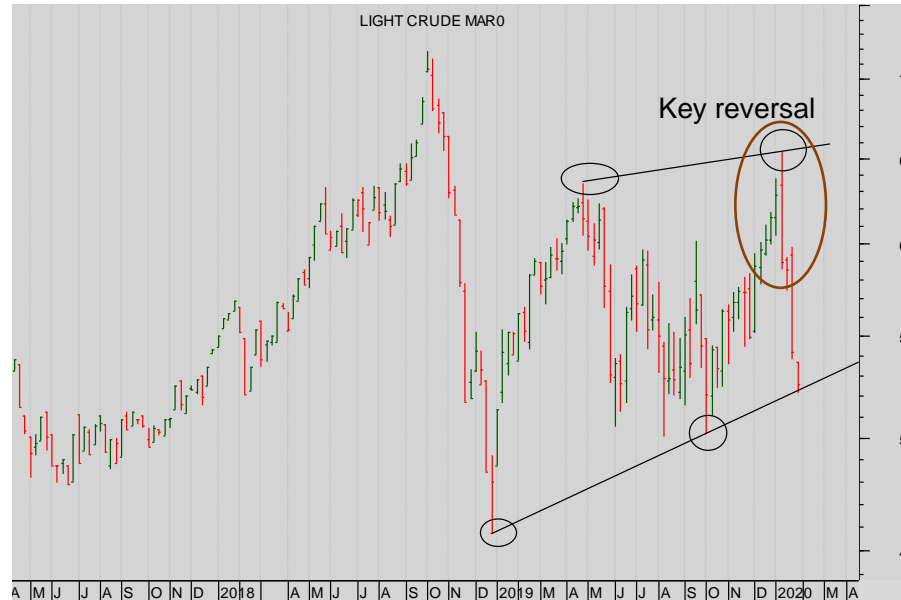
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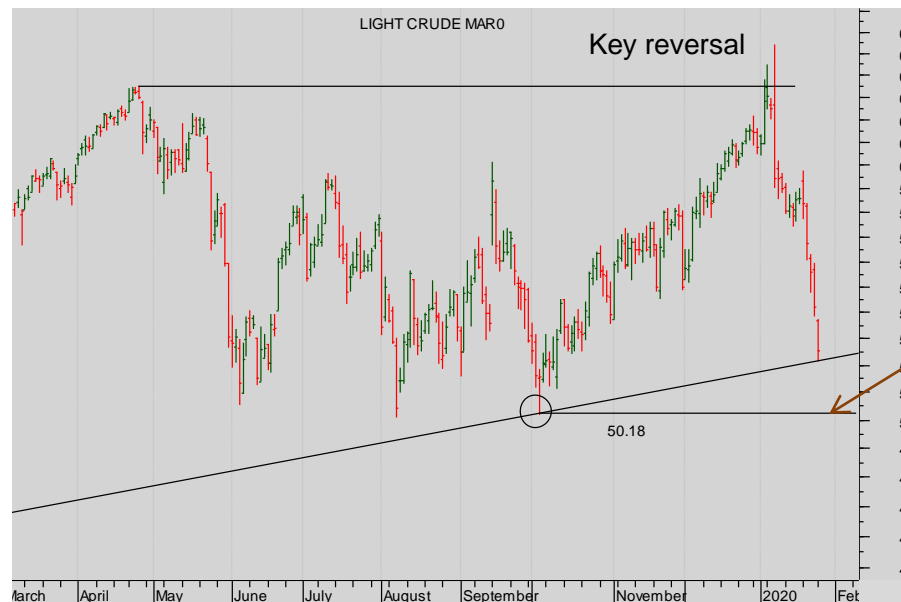


Nymex oil weekly continuation

It's failed twice at the 64 level.... Not good.

Nor is the possible completion of a Bear rising wedge.

Wait for the completion.



Nymex oil daily Feb 2020 futures

That's a key reversal too!
The bears are in control.
Watch the horizontal too from the low at 50.18...



Commodities: Comex Gold

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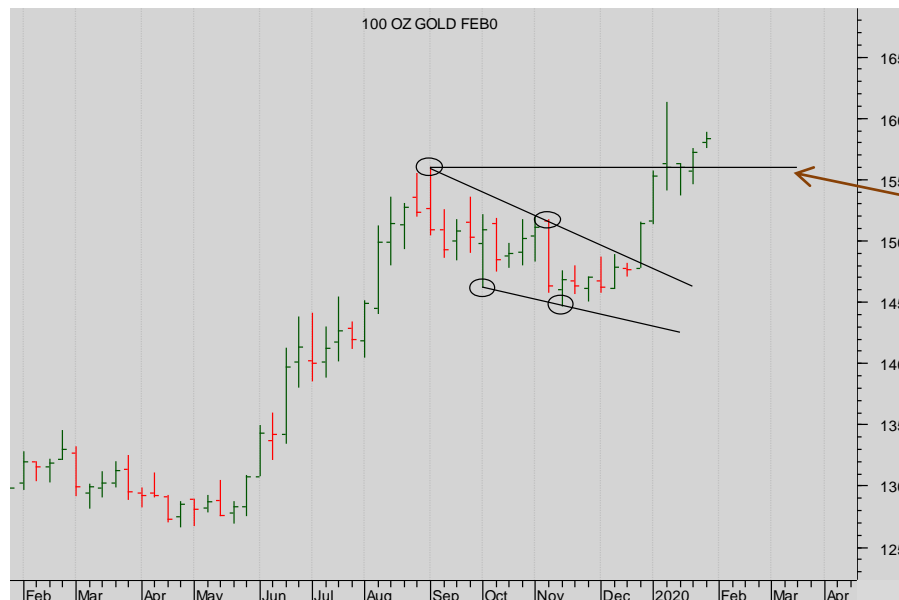
Nymex Gold Monthly

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

Yet note too that the minimum target has been reached.

But we also see the long-term resistance at the Prior Low at 1523. SMASHED!

The bulls are in charge.



Nymex Gold weekly

The emphatic smash up through the Prior High has encouraged the bulls.



Commodities: Comex Gold

Nymex Gold Feb 2020 Daily

The reassertion of the Break of the Prior High at 1565, if sustained by a second close, is massively bullish.



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



Summary

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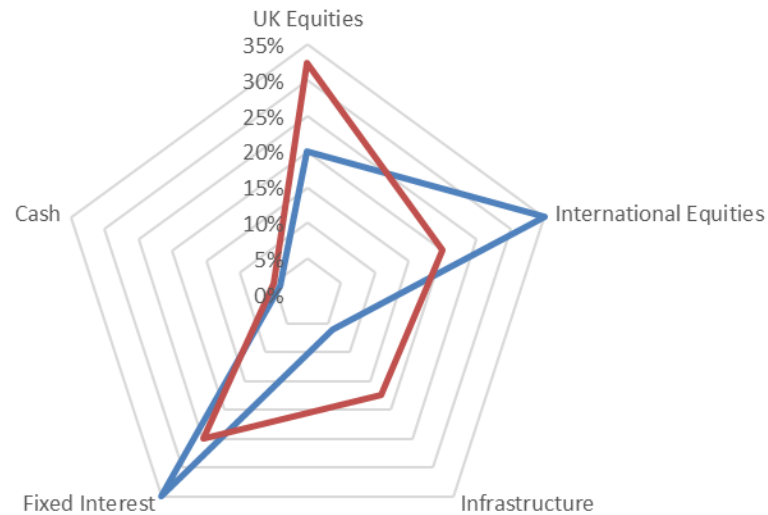
Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



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