



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 4th February 2020

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

- + Dollar Euro
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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 **BEAR** Euro

Short-term **FLAT** Sterling

Short-term **FLAT** Yen

Short-term **FLAT** Euro

Stocks

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

Long-term **BULL**

Long-term **BULL**

Long-term **BULL**

Long-term **BULL**

Medium-term **BULL**

Medium-term **FLAT**

Medium-term **FLAT**

Medium-term **BULL**

Short-term **FLAT**

Short-term **BEAR**

Short-term **FLAT**

Short-term **FLAT**

Bonds

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

Long-term **BULL**

Long-term **BULL**

Long-term **BEAR**

Medium-term **BULL**

Medium-term **BULL**

Medium-term **FLAT**

Short-term **FLAT**

Short-term **BULL**

Short-term **FLAT**

Commodities

- + Oil
- + Gold

Long-term **FLAT**

Long-term **BULL**

Medium-term **BEAR**

Medium-term **BULL**

Short-term **FLAT**

Short-term **FLAT**

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

Note well the short-term weakness of the Euro that looks set to continue –despite the sharp Euro rally at the end of last week . The Sterling looks solid against the Dollars so the cross (again despite the Euro rally at the end of last week) is moving in Sterling's favour re-igniting the recent trend tho' a break up through 1.20 in the Sterling Euro is needed to drive Sterling a lot higher still.

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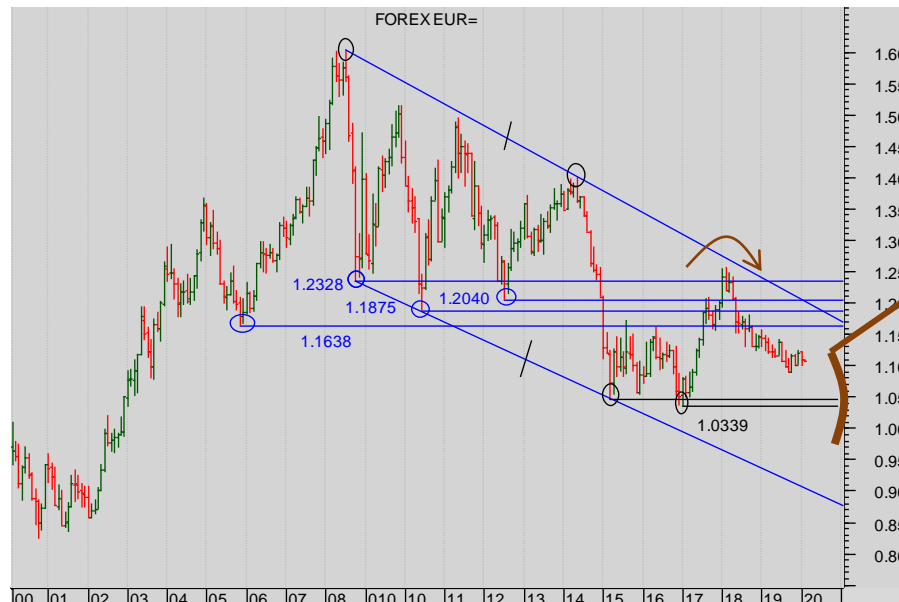
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IMPLIED ASSET ALLOCATION



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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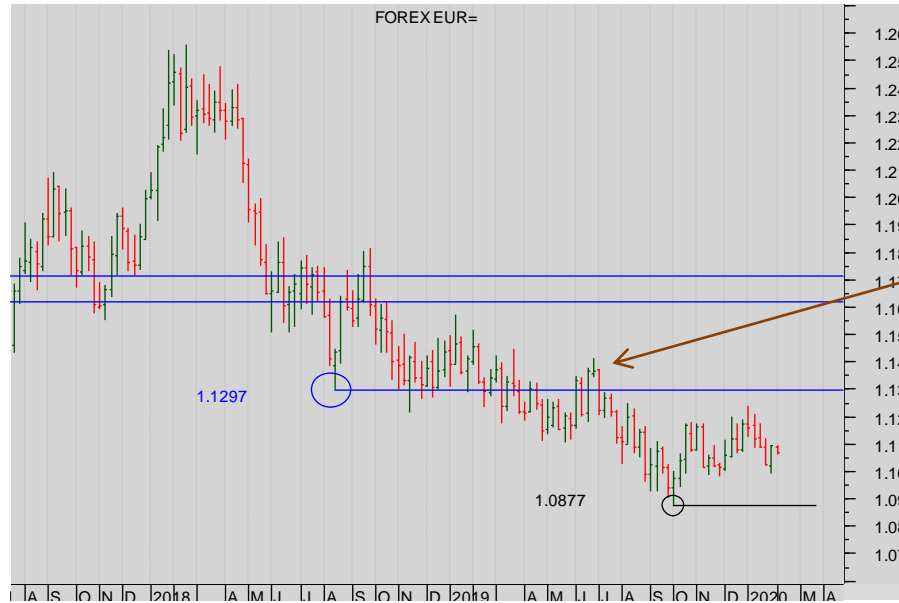
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IMPLIED ASSET ALLOCATION

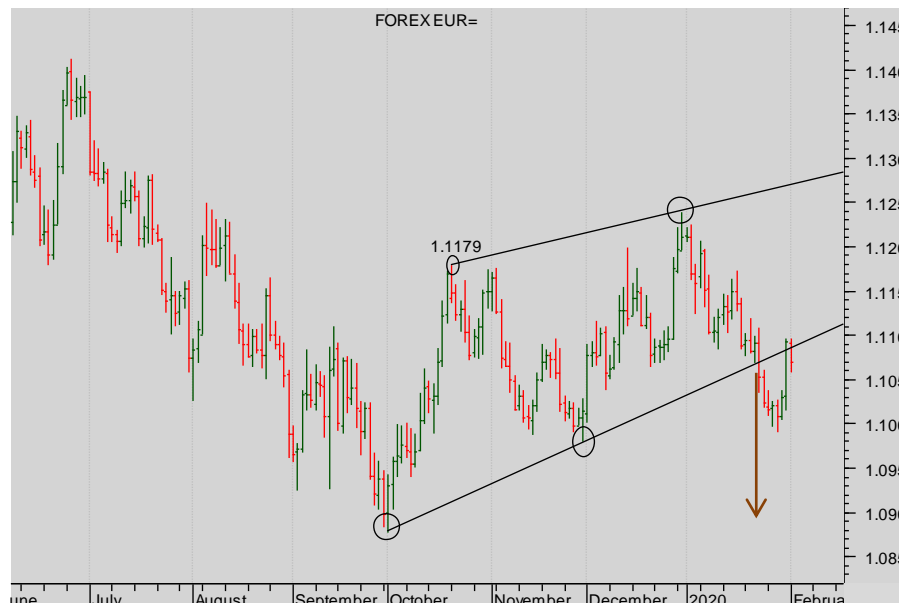
Currencies: Dollar Euro



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.

Note the resistance the lower diagonal of the wedge.

Minimum move down as far as 1.09.



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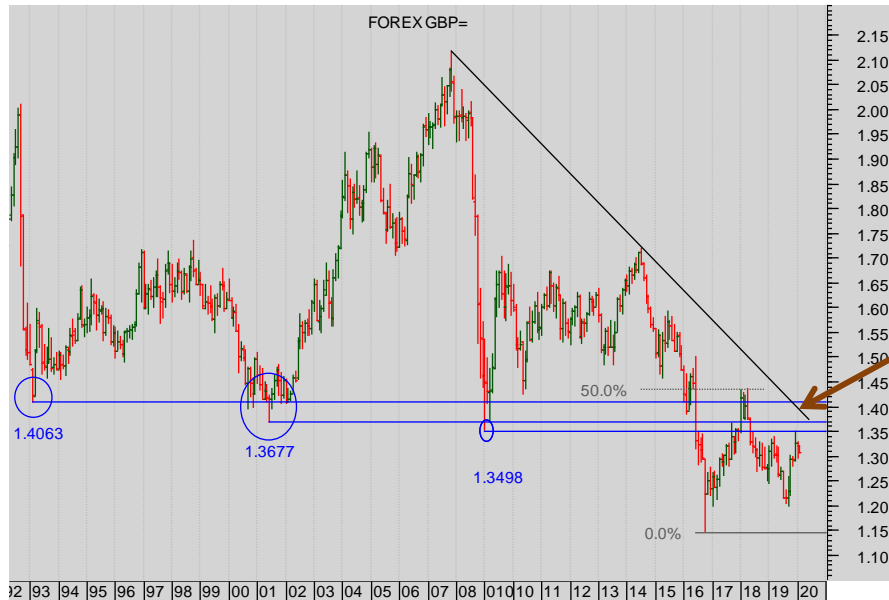
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IMPLIED ASSET ALLOCATION

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 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



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IMPLIED ASSET ALLOCATION

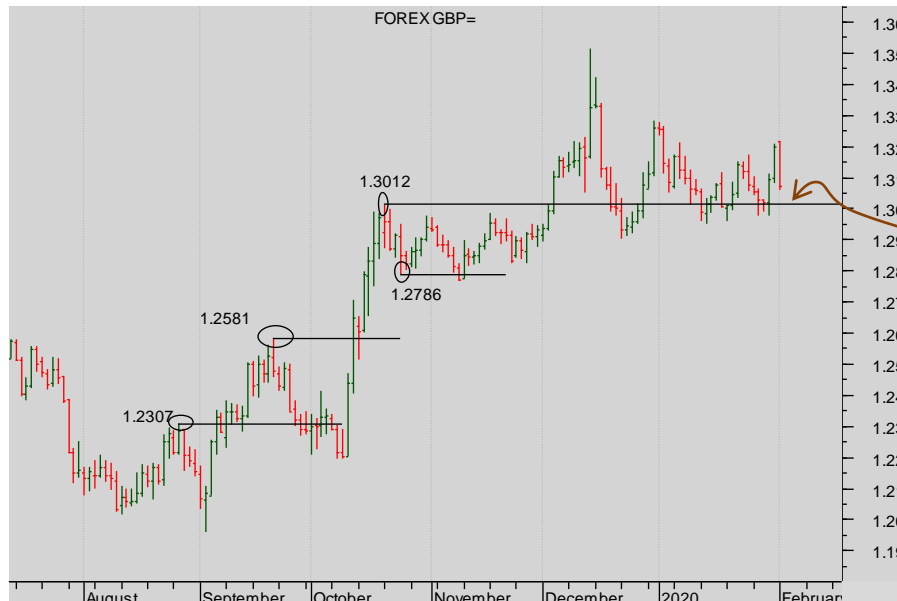
Currencies: Dollar Sterling



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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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen

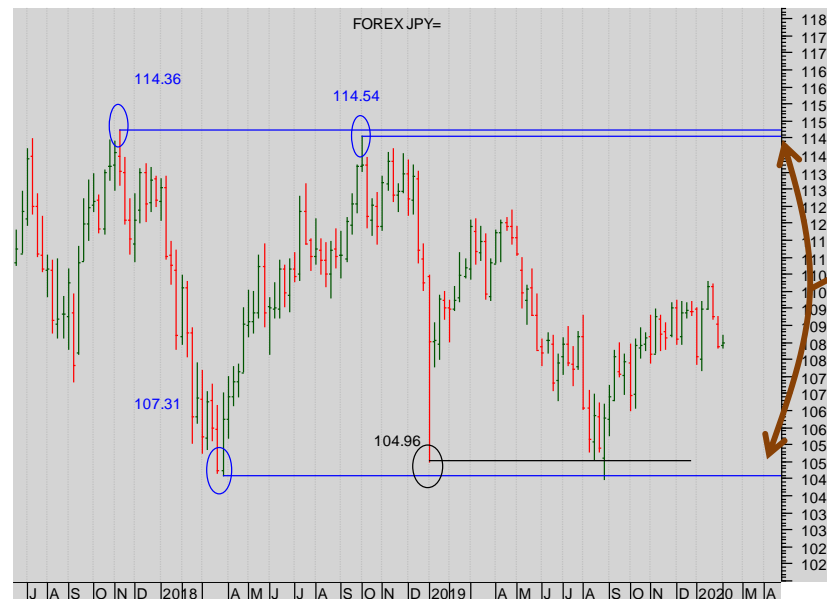


Dollar Yen monthly spot cash chart

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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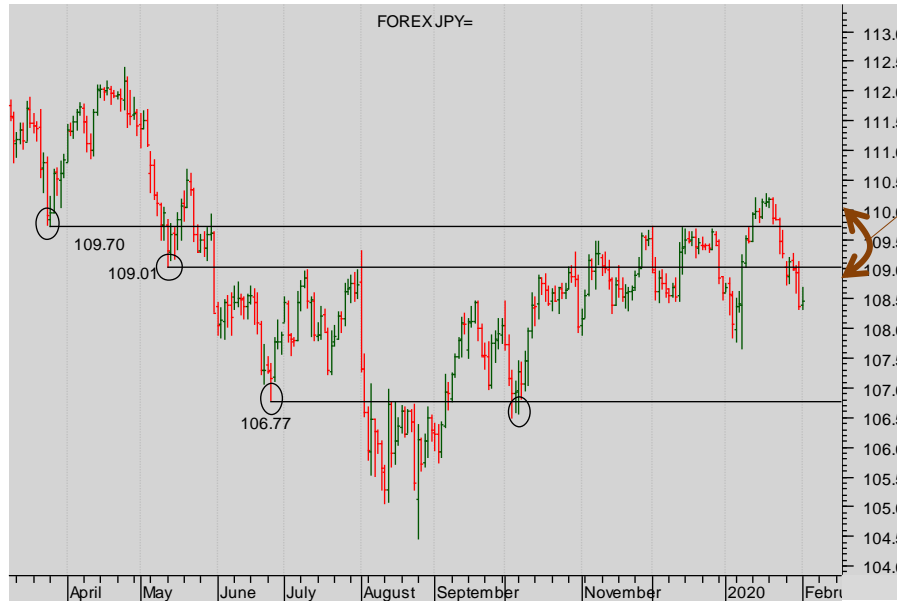
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen daily spot cash chart

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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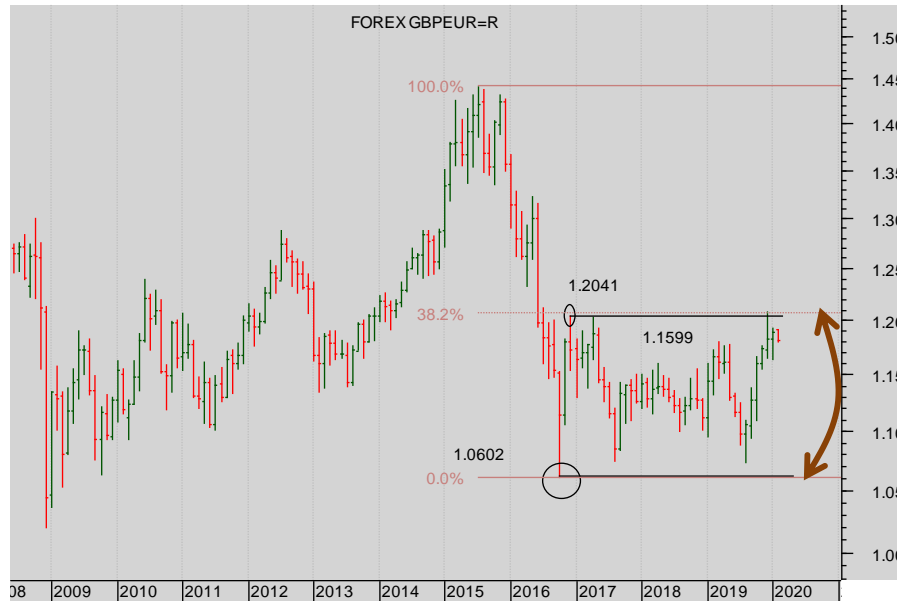
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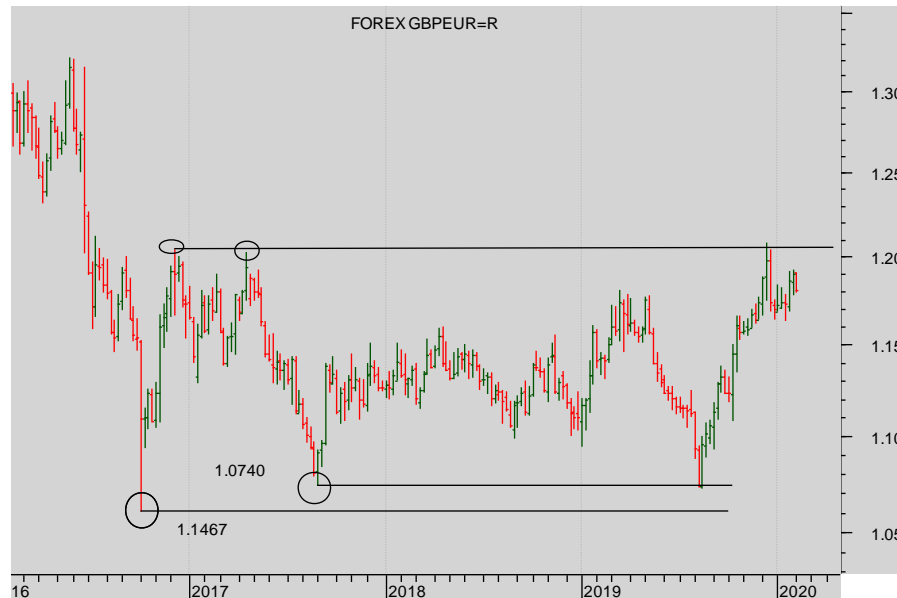
IMPLIED ASSET ALLOCATION

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 no breakout yet!

More



Currencies: Sterling Euro

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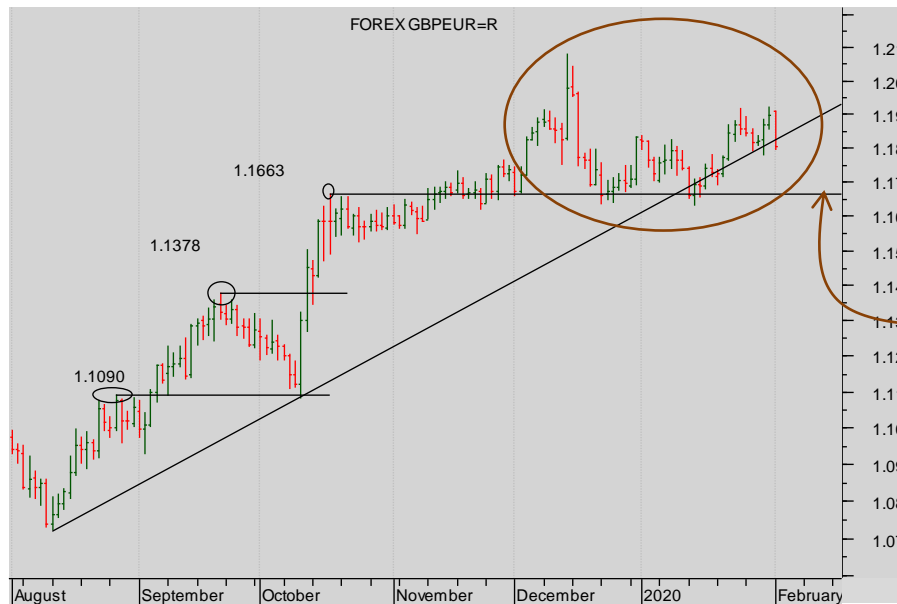
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Commodities

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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 bear jolt to stocks across the board is still in place and driving them further down. The only important level to be broken so far is the 2017 support in the EuroStoxx market. Notable supports in the other market lay some way further down. Only if those are broken will the bears be really emboldened.

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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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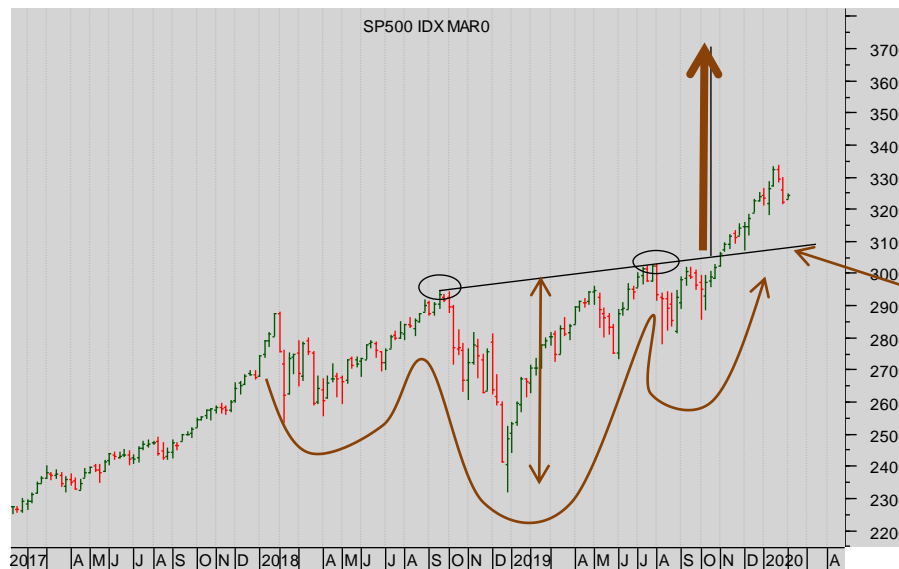
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IMPLIED ASSET ALLOCATION

CME S&P 500 cont. weekly cont. chart

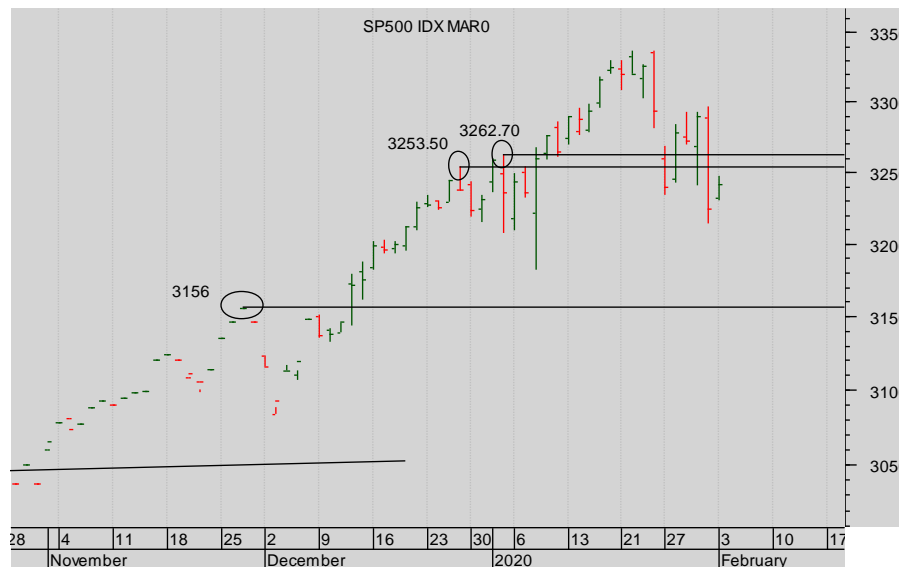


The succession of highs have all been overcome. This is surely a bull continuation Head and Shoulders!

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



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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

Note the breakdown through the Prior High at 3703.

The market needs to get back above that level before the bulls can buy again with confidence.

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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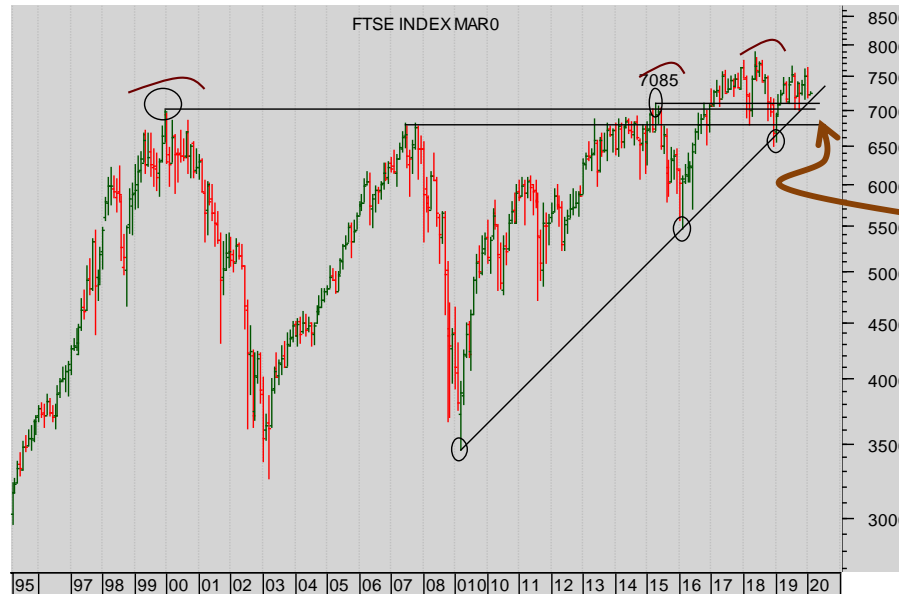
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION

Stocks: Liffe FTSE 100

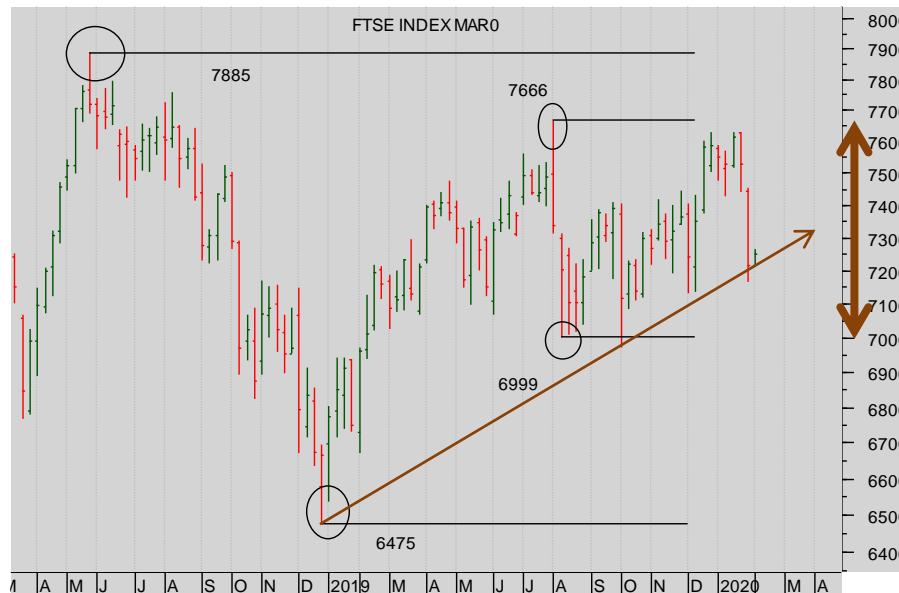


Liffe FTSE 100 Monthly continuation futures chart

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. Note the diagonals. **But the ranges are the things that matter.**

More



Stocks: Liffe FTSE 100

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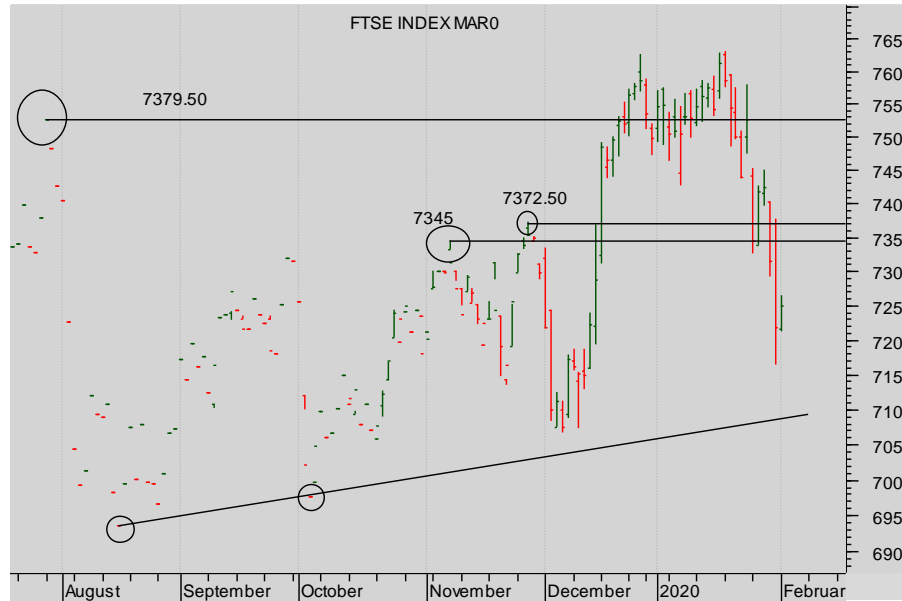
Bonds

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- + 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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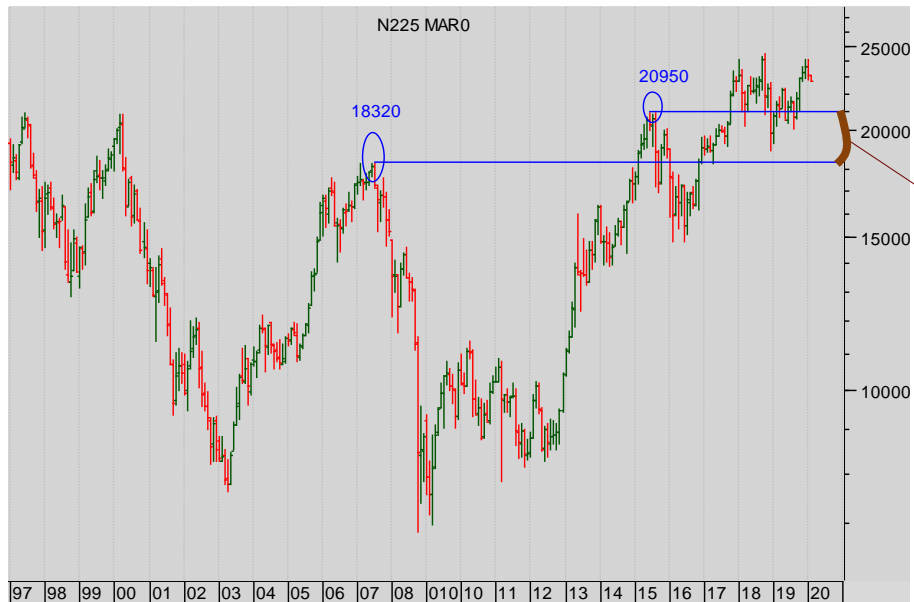
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Commodities

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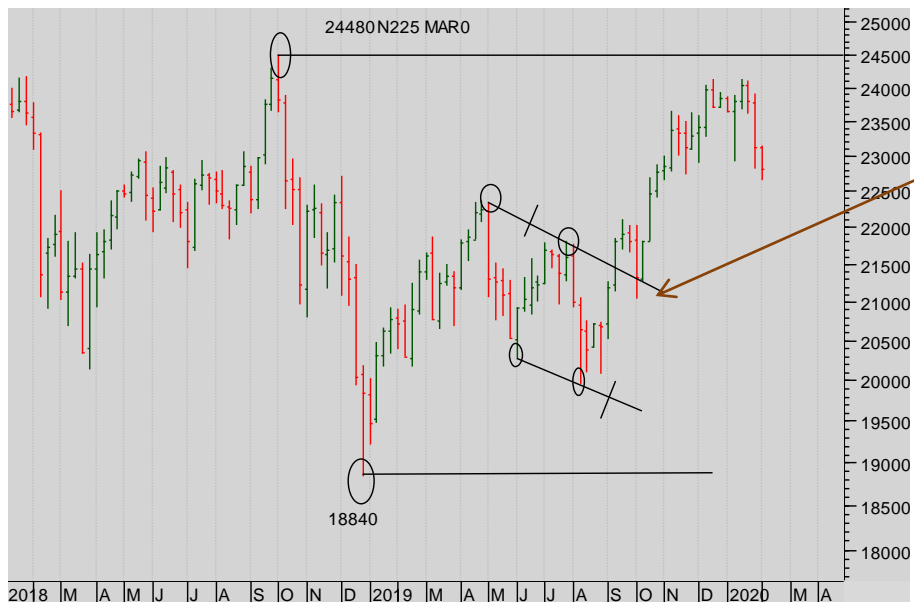
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Stocks: OSE Nikkei 225



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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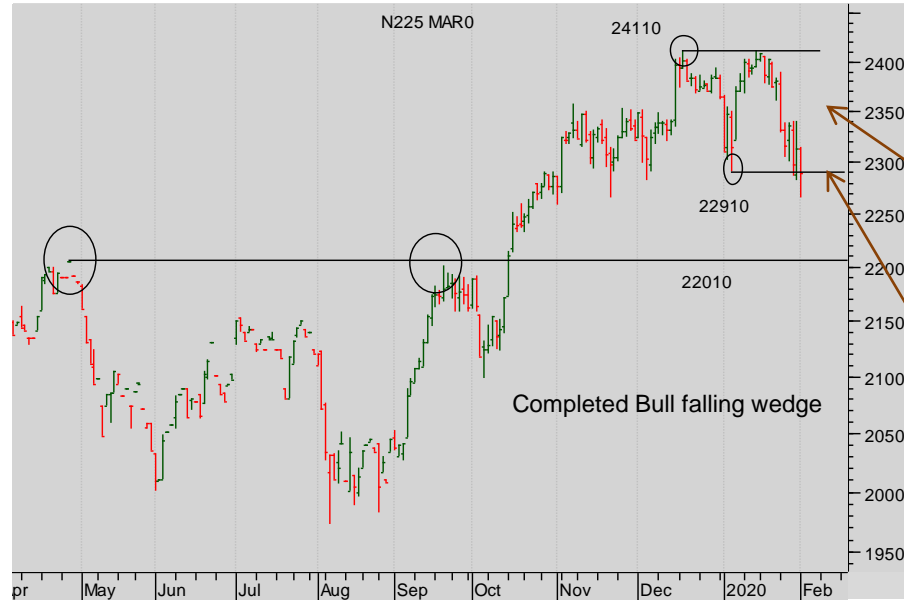
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Commodities

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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.

A clear break beneath the 22910 level would drive the market even further down.



Bonds

BONDS:

The bonds surge has driven the US market close to the all-time-highs. Bunds are less bullish, but remain solidly bullish in underlying structure. Gilt has been totally revitalised by the recent rally – if these levels can be sustained.

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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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IMPLIED ASSET ALLOCATION



CBOT Ten Year Notes weekly futures continuation chart

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

The range is, for the moment, intact.

Bulls need a break of the 132.03 level.



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



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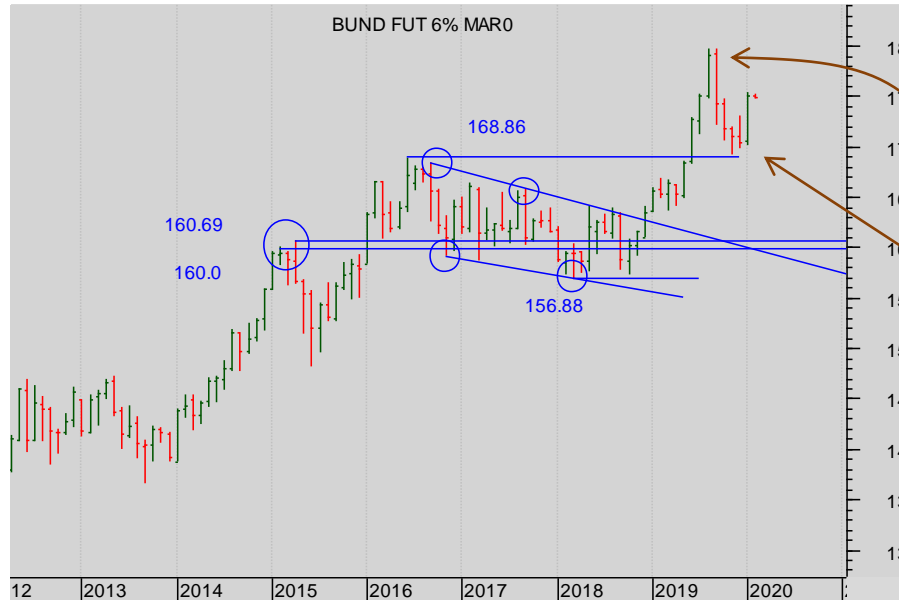
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IMPLIED ASSET ALLOCATION

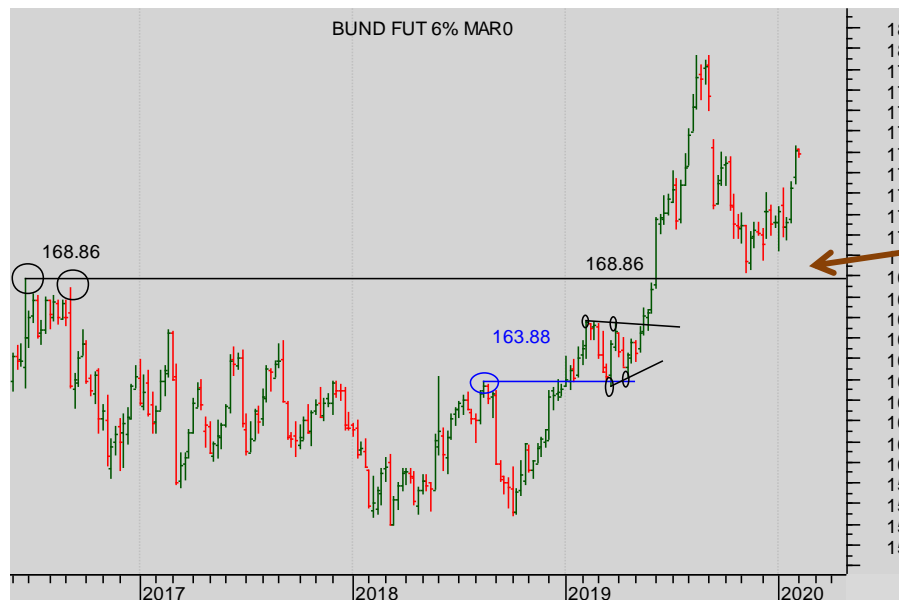
Bonds: Eurex Ten Year Bund



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 the bounce off that support.**



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

That 168.86 remained good support on the pull-back.

More



Bonds: Eurex Ten Year Bund

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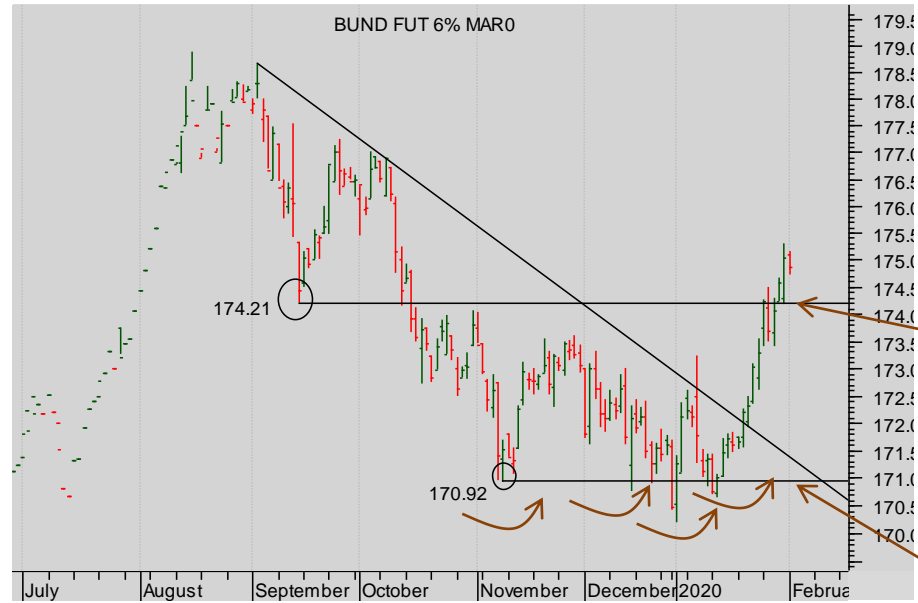
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IMPLIED ASSET ALLOCATION



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 has impressively driven up through 174.21

The bulls remain in control.



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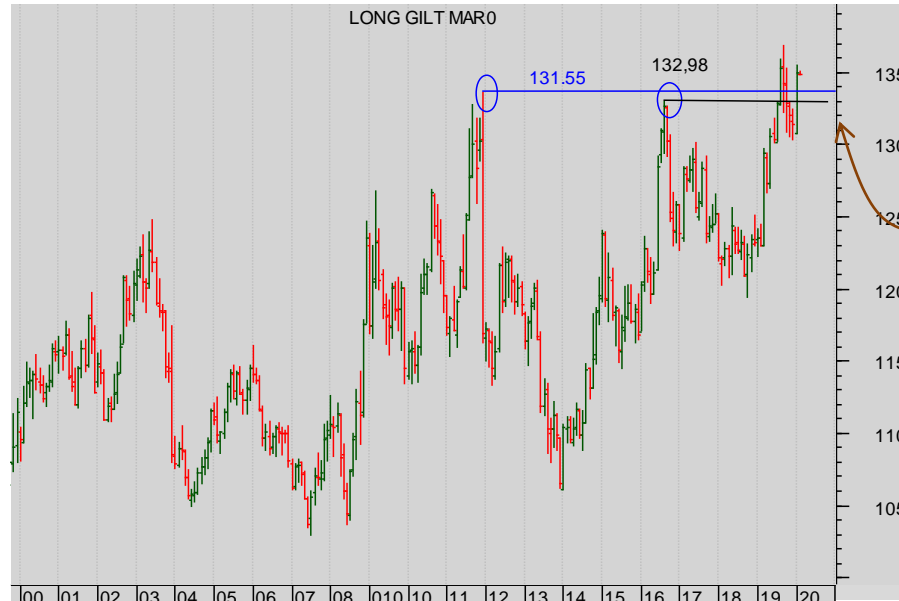
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IMPLIED ASSET ALLOCATION

Bonds: Liffe UK Gilt futures



Liffe UK Gilt monthly futures continuation chart

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

If the market sustains itself above that 131.55 132.98 band – it will be a powerful endorsement of the bull trend.

Another leg will be in prospect.



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

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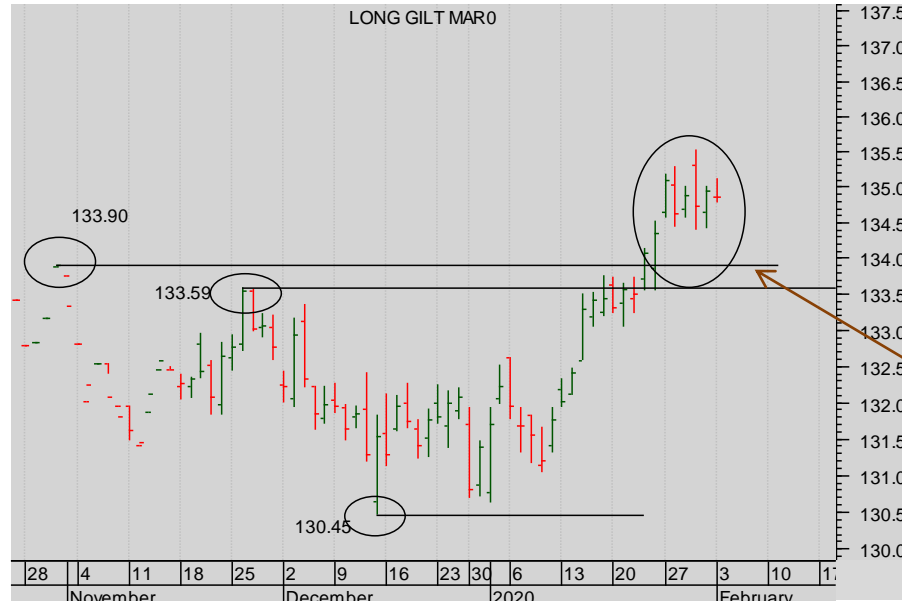
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Long Gilt daily Mar 20 chart

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 SHORT-TERM bull structures to drive the market yet further.



Commodity

COMMODITIES:

Oil is sitting on important horizontal and diagonal support a break of which would be hugely significant. Gold feels perky if not a runaway buy. There's a lack of underlying bull structure.

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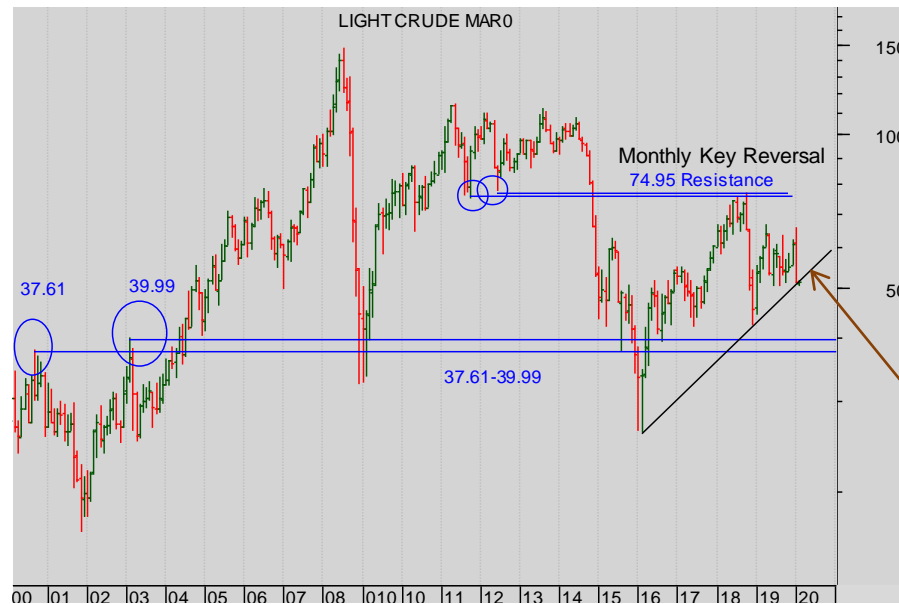
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IMPLIED ASSET ALLOCATION

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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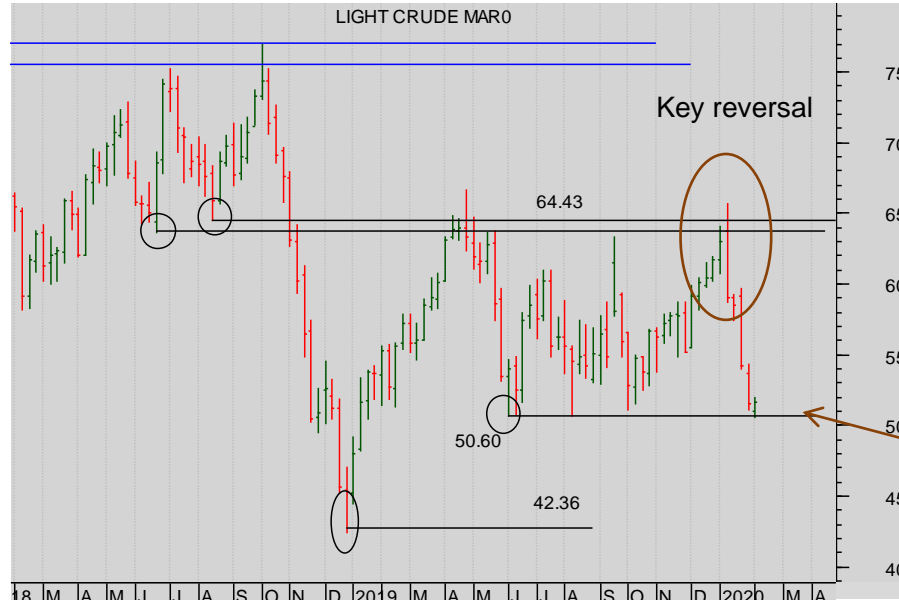
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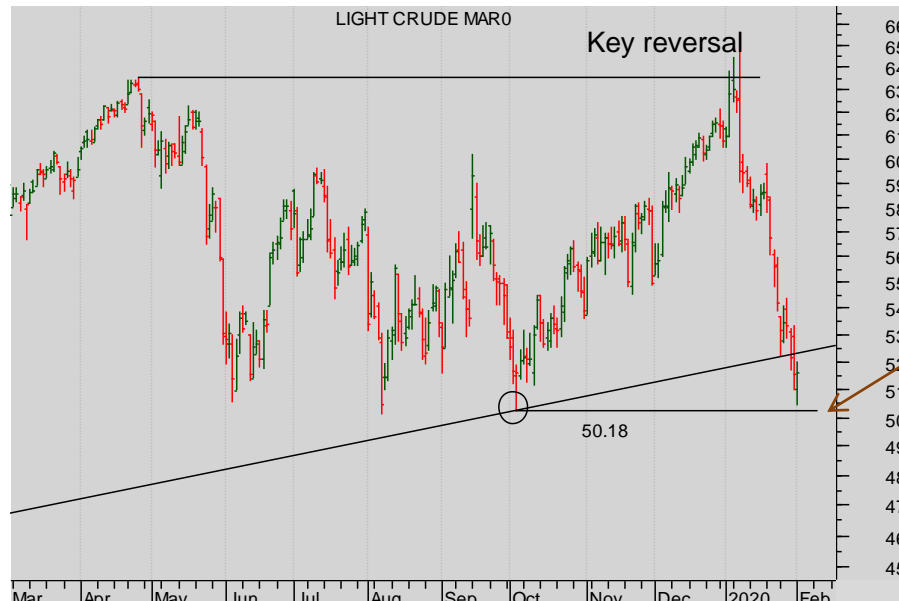


Nymex oil weekly continuation

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

Nor is the possible completion of a Bear rising wedge. Or, better still, a Double Top

Wait for the completion BENEATH to confirm the Double Top.



Nymex oil daily Feb 2020 futures

That's a Day 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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- + Gold

IMPLIED ASSET ALLOCATION



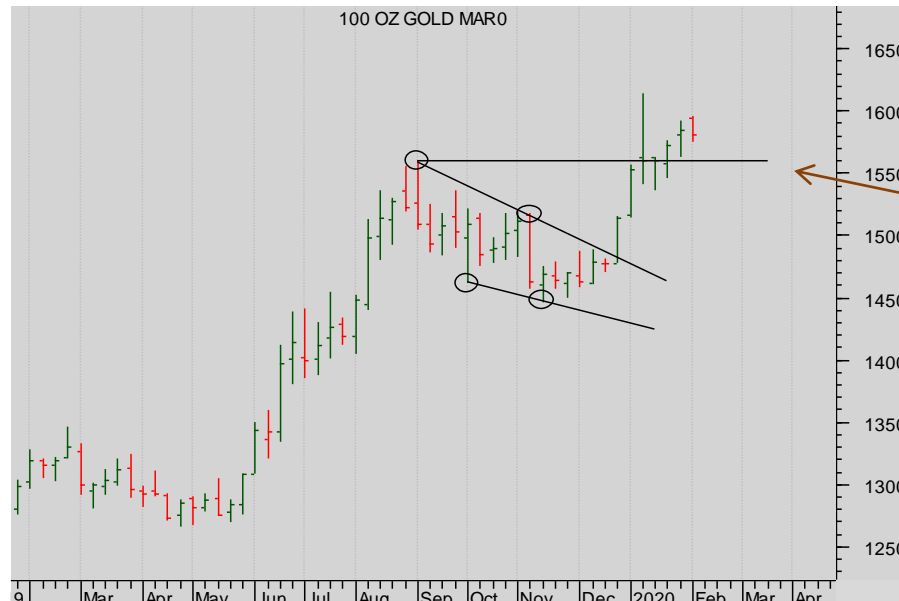
Nymex Gold Monthly

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.



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 Feb 2020 Daily

The reassertion of the Break of the Prior High at 1565 is bullish.



Summary

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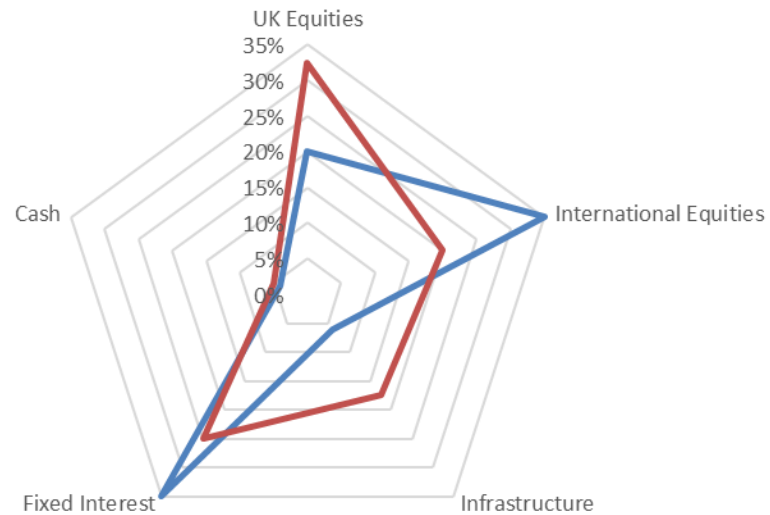
Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

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MSCI Balanced Risk Asset Allocation



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the technical analyst

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