



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 5th May 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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Long-term **BEAR** Euro
Long-term **BEAR** Sterling
Long-term **BEAR** Yen
Long-term FLAT Euro

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

Short-term FLAT Euro
Short-term FLAT Sterling
Short-term FLAT Yen
Short-term FLAT Euro

Stocks

- + S&P 500
- + EuroStoxx 50
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Long-term FLAT
Long-term **BEAR**
Long-term **BEAR**
Long-term FLAT

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

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

Bonds

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

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

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

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

Commodities

- + Oil
- + Gold

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

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

Short-term **BEAR**
Short-term **BULL**

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

The Dollar looks indecisive in the short and medium term, but beyond that in the long term the strengthening trend remains intact. Sterling is steady against the Euro but may weaken from here if short-term patterns come to fruition...

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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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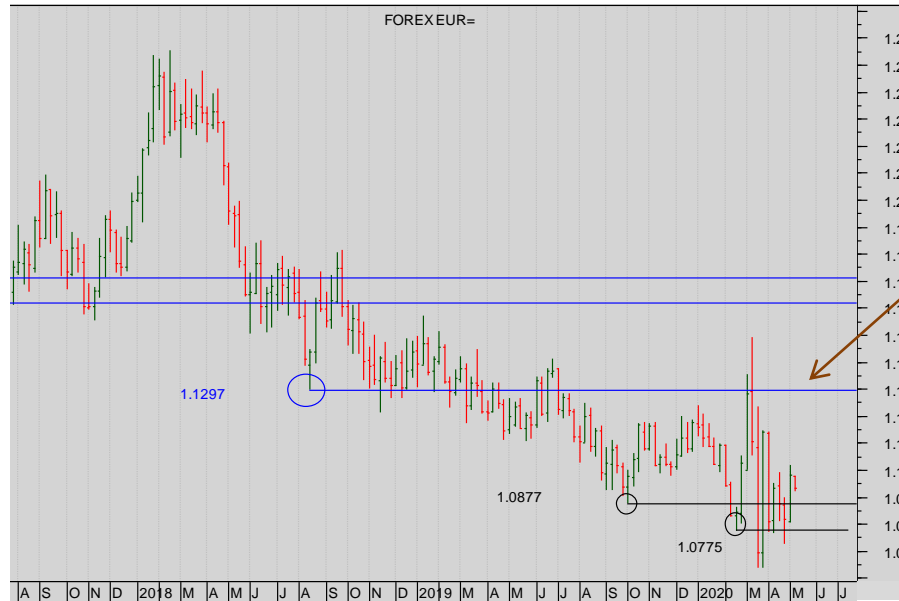
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IMPLIED ASSET ALLOCATION

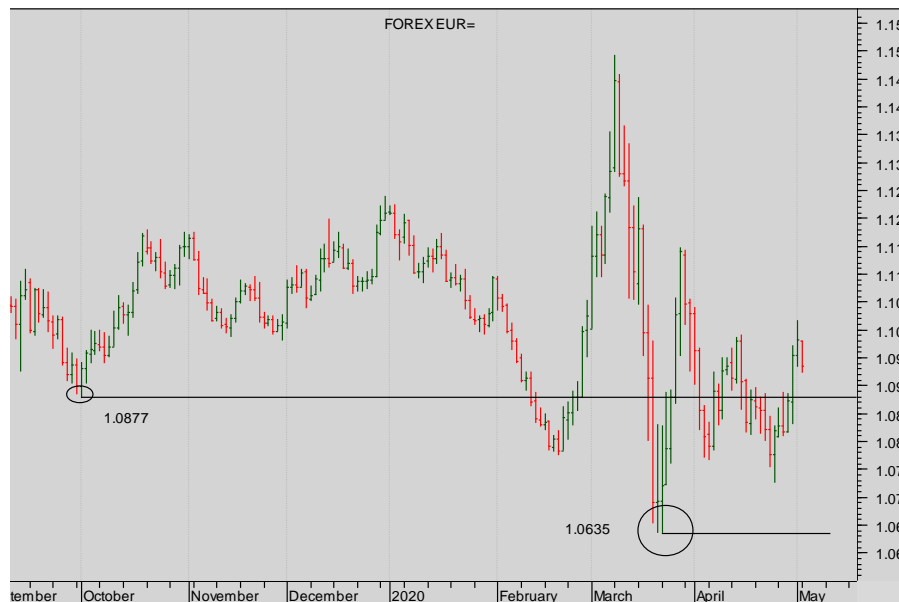
Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

The sudden weakness of the Dollar that pushed the market back up through the resistance 1.1297 has failed. **Dollar strength remains the default position.**

But there is great volatility still ...



Dollar Euro spot cash chart daily chart...

Stand aback in the short-term these wild gyrations have no structure...



Currencies: Dollar Sterling

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IMPLIED ASSET ALLOCATION

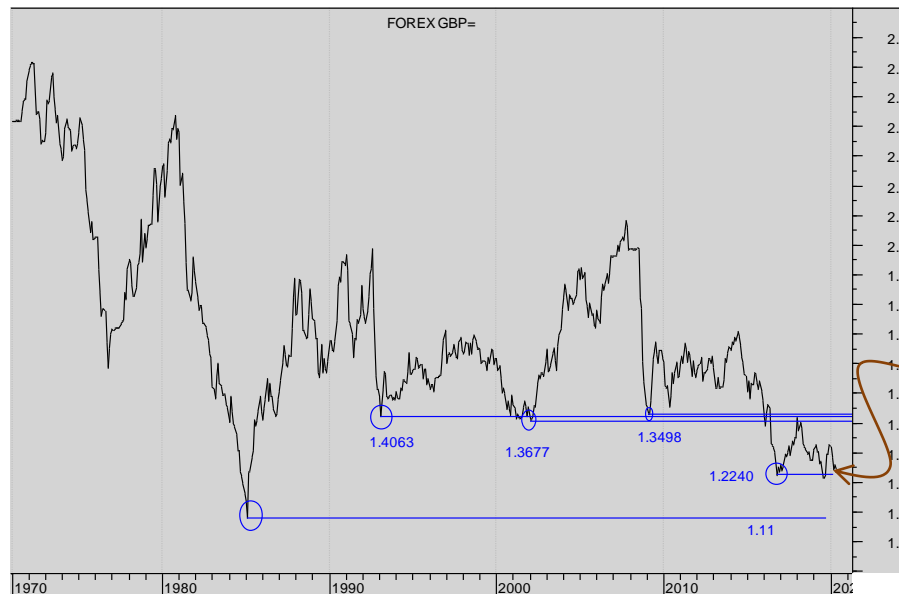


Dollar Sterling Monthly spot cash chart

All the Prior Pivotal lows of 1993, 2001, 2008 and 2016 have acted as good resistance. A massive Multiple Top has formed.

The latest rally back into the band of resistance from those lows has failed...

Watch and wait now for a break back beneath the Prior Low 1.1450 to set off the bears.



Dollar Sterling Monthly spot cash LINE CHART based on closes

Note here the possible bear continuation triangle. The break beneath the lower diagonal would **accelerate the bear move implicit in the massive bear formation in the long-term chart....wait for the monthly close.**





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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

The volatility is chaotic. **Stand aside.**



Dollar Sterling daily spot cash chart

The only clear structure is the resistance at 1.28.

Might there be a Reversal Head and Shoulders in the making?



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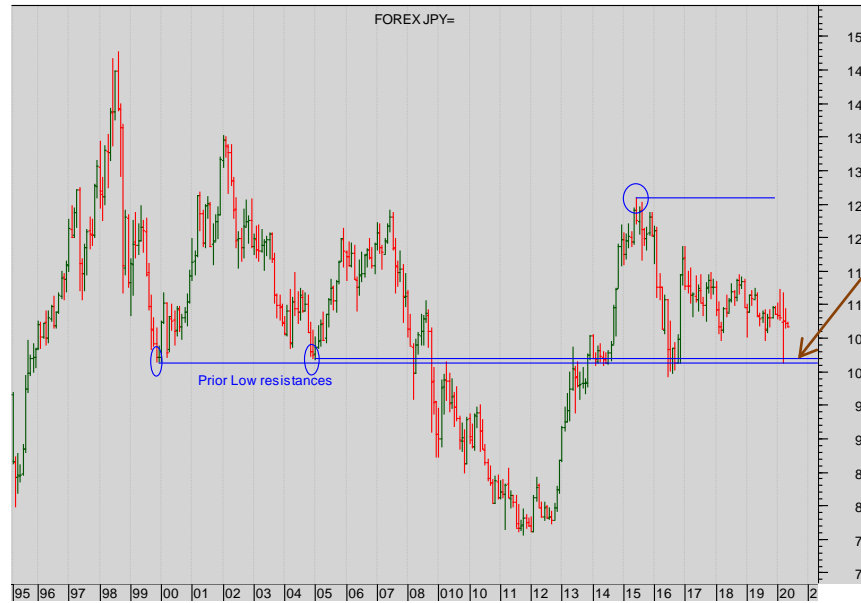
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Commodities

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IMPLIED ASSET ALLOCATION

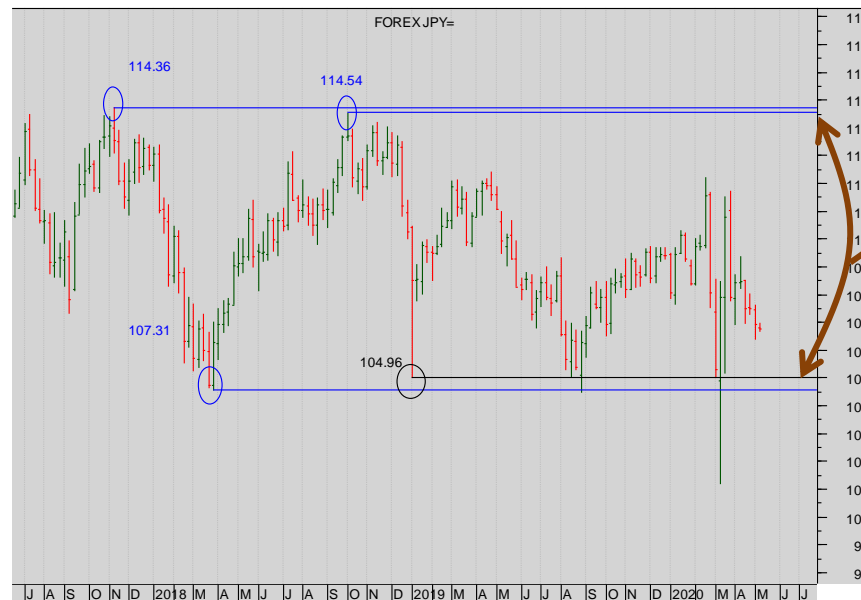
Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

Note the fall to 102 – where the market found support in 2016 ... and which was major resistance in years past.

That's the bottom of the trading range – the Yen may have difficulty strengthening from here note that it's bounced (weakened) from here before.



Dollar Yen weekly spot cash chart

Watch the range – this is a smaller range within the large and there looks to have been a false break out.

More



Currencies: Dollar Yen

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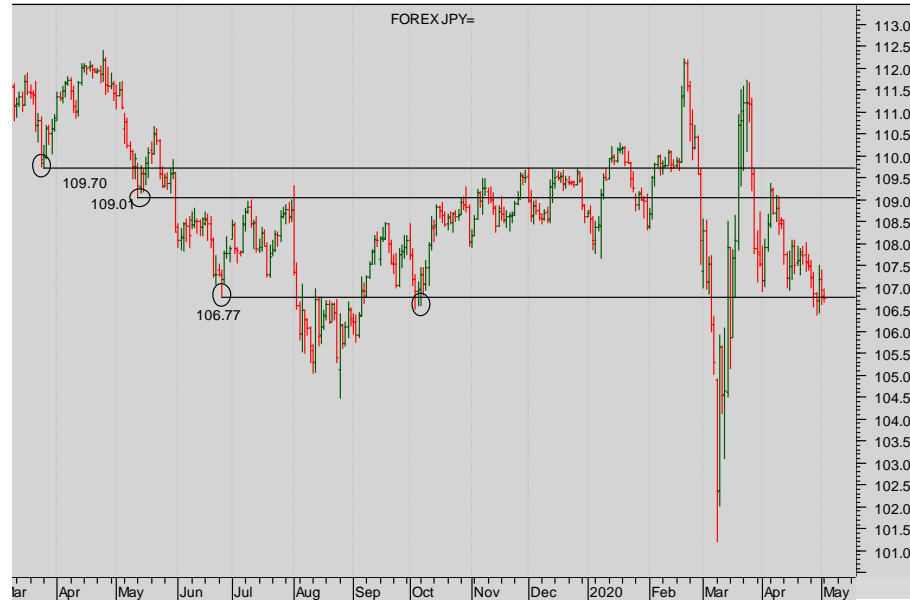
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Dollar Yen daily spot cash chart

Short-term, great volatility and an unclear structure.



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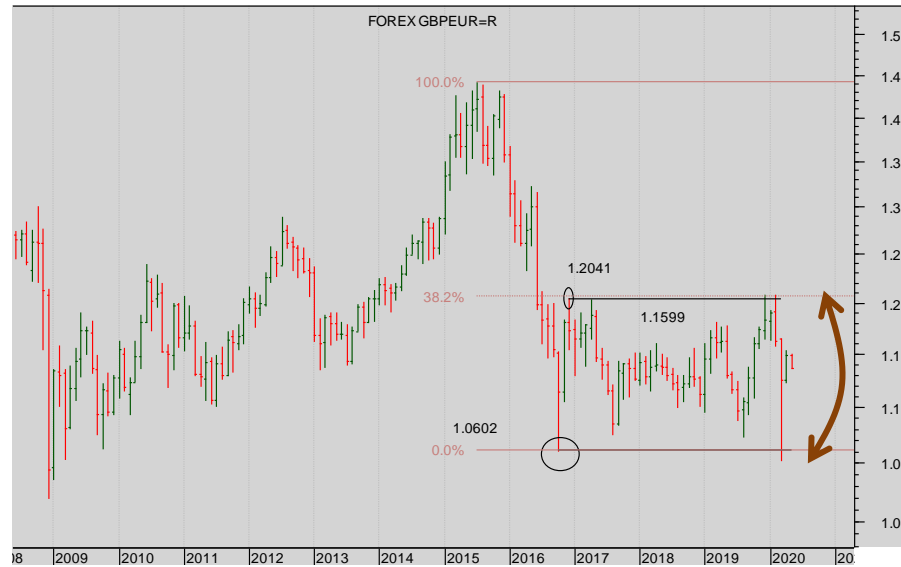
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Commodities

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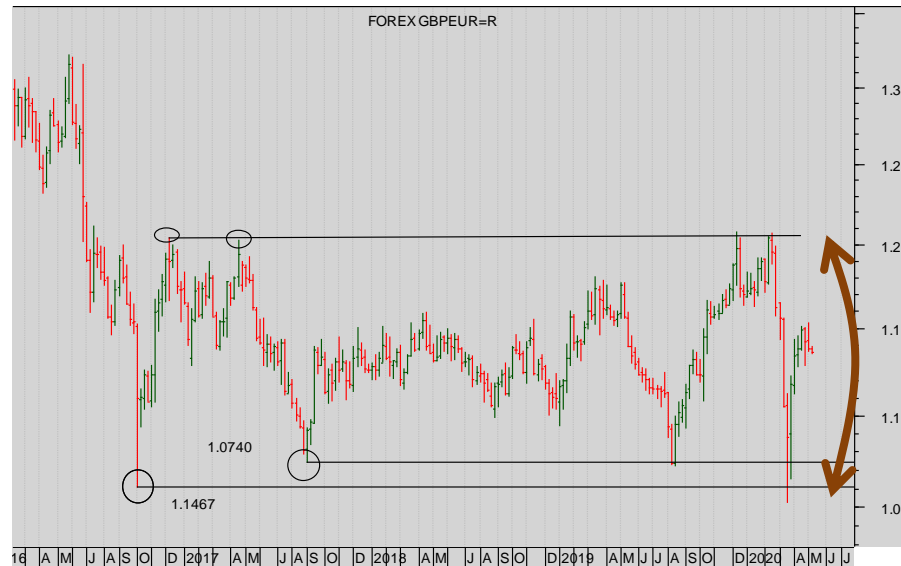
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Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The market remains in the broad trading range_



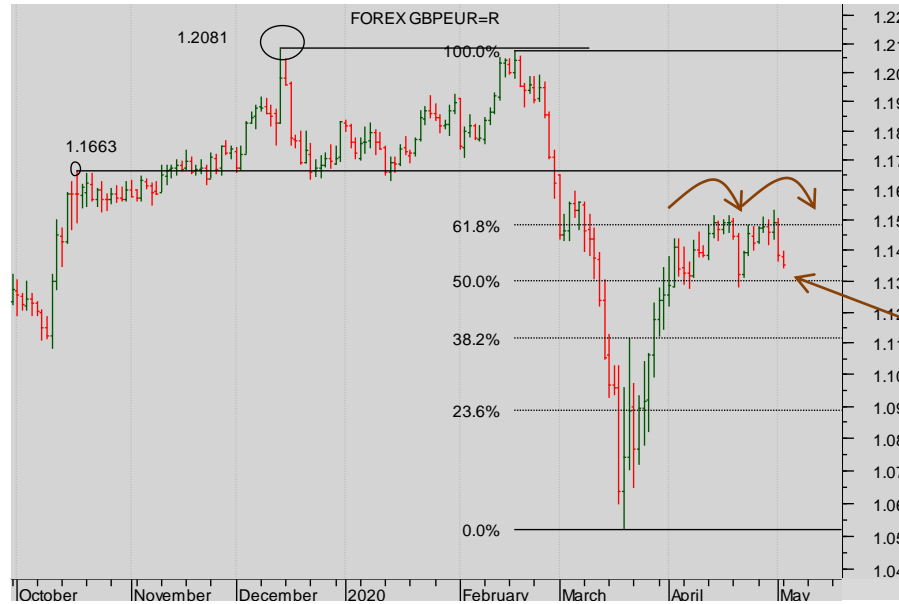
Sterling Euro weekly spot cash chart

This detail is a bit clearer: the market remains in the trading range.

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The detail: note the double failure at the Fibonacci resistance at 1.15, so a break of the low at 1.13 would add to bearish excitement by completing a small Double Top.

Watch and wait.

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- + **Sterling Euro**

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IMPLIED ASSET ALLOCATION



Stocks

STOCKS:

Stocks across the board look vulnerable from these levels. Note especially the Key Reversals in the EuroStoxx and FTSE and the strength of a succession of Prior Lows (Eurostoxx, Nikkei) and Fibonacci resistances (FTSE, S&P) that have stymied the rally.

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Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

The pull back of this month has been accelerated by the MONTHLY Key reversal of last month.

Note the intact horizontal support and bounce from the 2133 Prior high support.

And the close on the month above the diagonal bull trendline support from 2010.

More



Stocks: CME S&P 500

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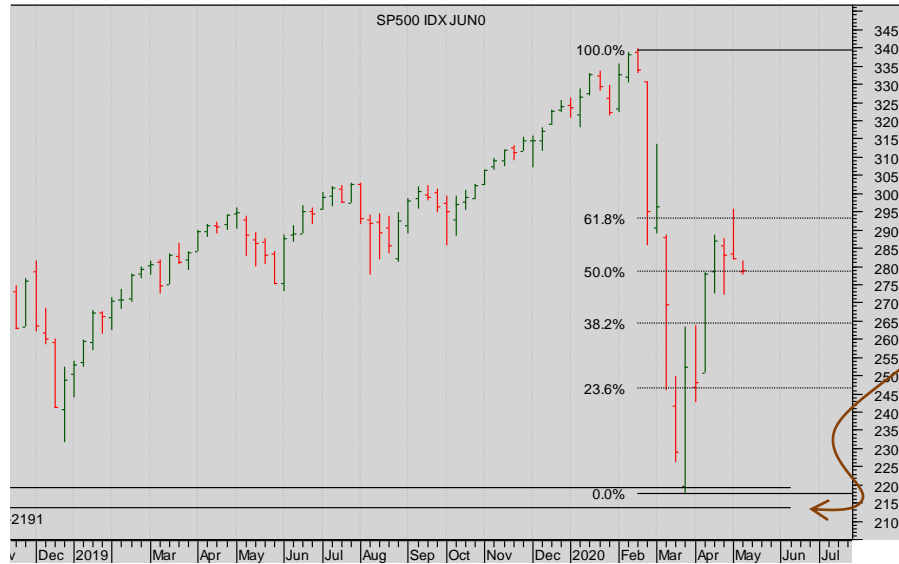
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IMPLIED ASSET ALLOCATION



CME S&P 500 cont. weekly cont. chart

The intact band of support from the Prior Highs looks important.



CME S&P 500 daily Jun 2020 chart

Note the resistance at 2945.60. The market has baulked there ...

More



Stocks: Eurex EuroStoxx 50

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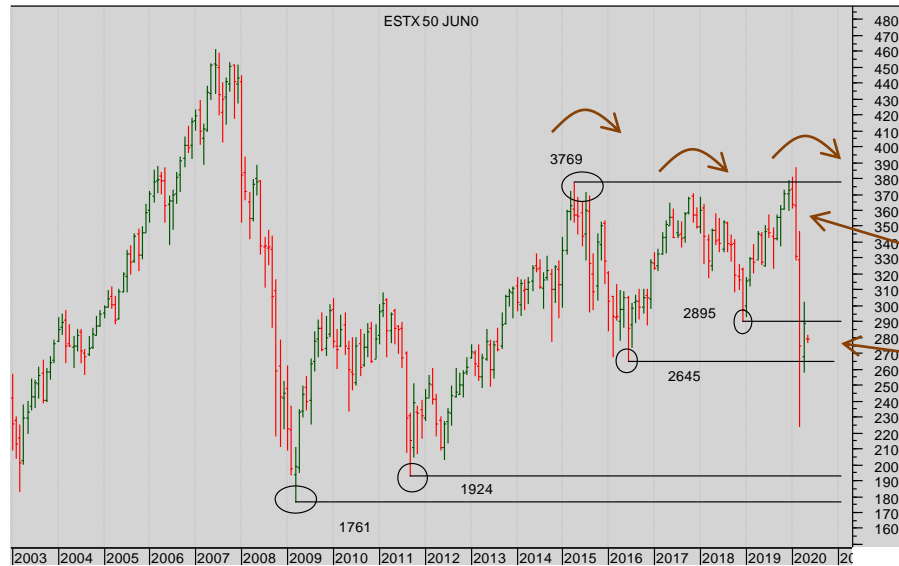
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Commodities

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IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 monthly continuation futures chart

1. The triple failure of the market at 3700 boded ill
2. The Monthly Key Reversal of the market boded ill.
3. There was no clear monthly close beneath the Prior Low range of 2645-2895 – the bears will be hesitant and the bulls watching closely for a bottom formation ...



Eurex EuroStoxx 50 weekly continuation futures chart

The speed of the bounce has found resistance at the **Prior Lows of 2895/2974 ...**

It looks as if the market will struggle to get above that level and revisit the downside.

More



Stocks: Eurex EuroStoxx 50

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Eurex EuroStoxx 50 daily Dec 19 futures chart

The pause of the last few days ... note the Fibonacci retracement resistance (the market has broken up through the 38.3%) – and there was almost a Key Reversal last Friday.



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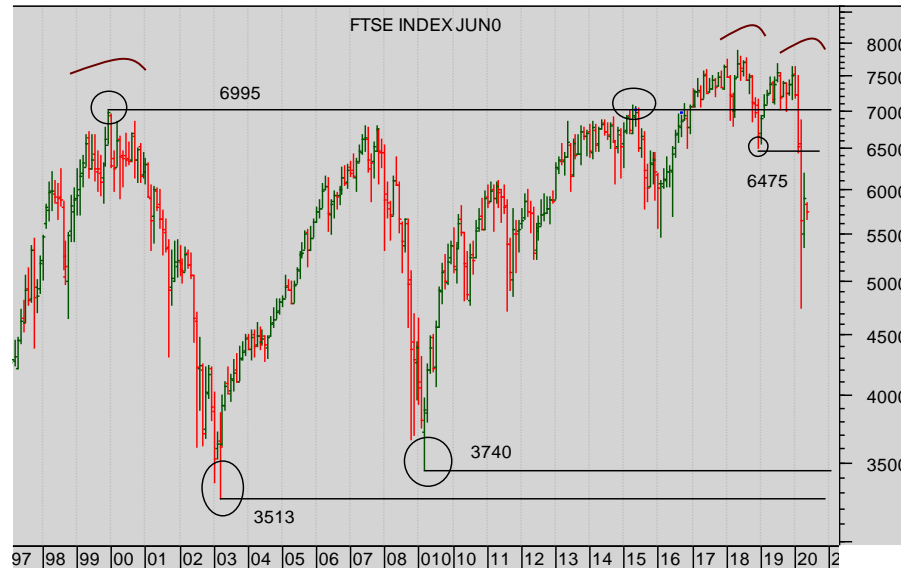
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Commodities

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IMPLIED ASSET ALLOCATION

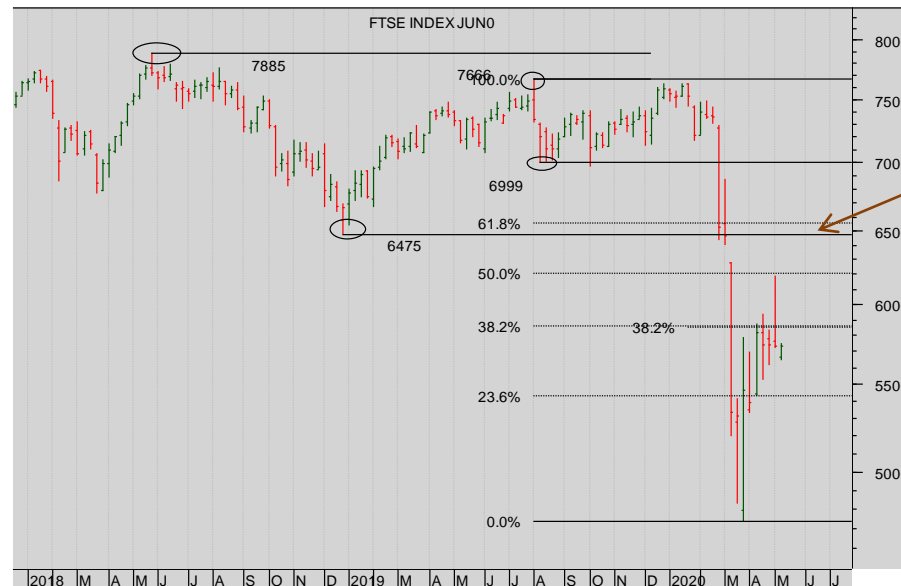
Stocks: Liffe FTSE 100



Liffe FTSE 100 Monthly continuation futures chart

1. The rising diagonal support has been smashed
2. The 6995 horizontal support (the long-term support for the market dating back to 1999) has been smashed.
3. The recent low at 6475 has been smashed completing a Double Top (whose minimum target has been achieved).

There is now massive resistance above the market and very little support.



Liffe FTSE 100 Weekly cont. futures chart

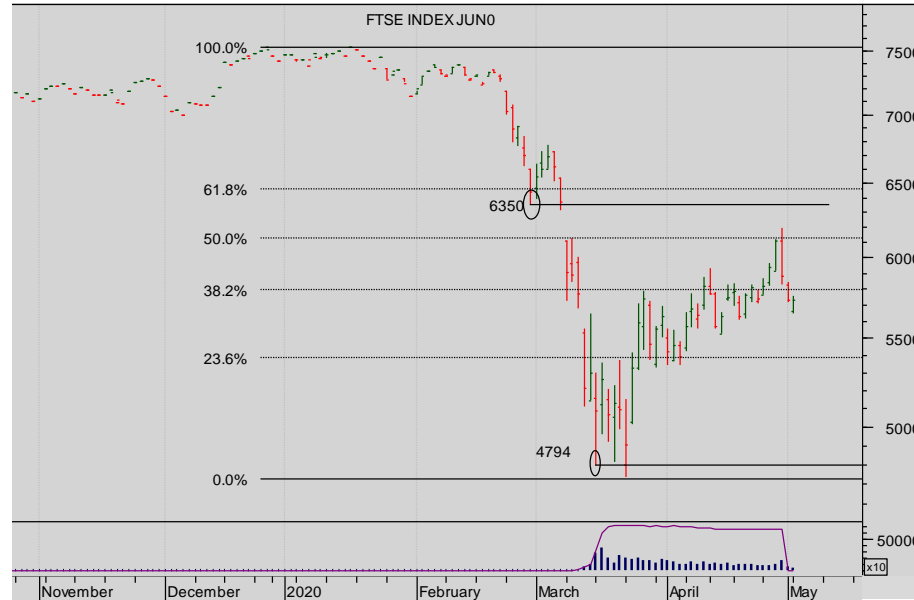
The break beneath 6475 has established powerful resistance above the market

And on the bounce note the failure to break the 50% retracement resistance...

More



Stocks: Liffe FTSE 100



Liffe FTSE 100 Mar 20 daily futures chart

That is a bearish day Key reversal in the FTSE..

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IMPLIED ASSET ALLOCATION



Stocks: OSE Nikkei 225

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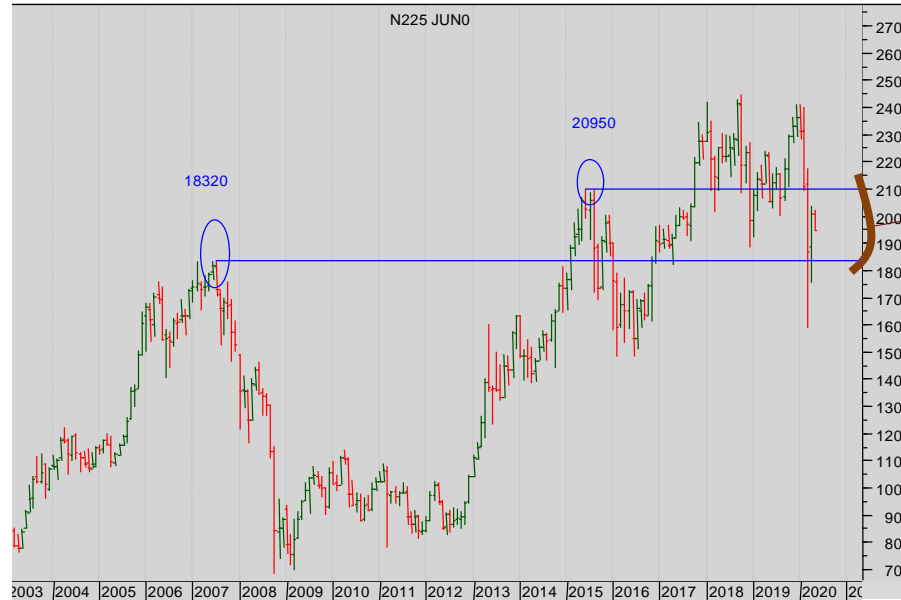
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Commodities

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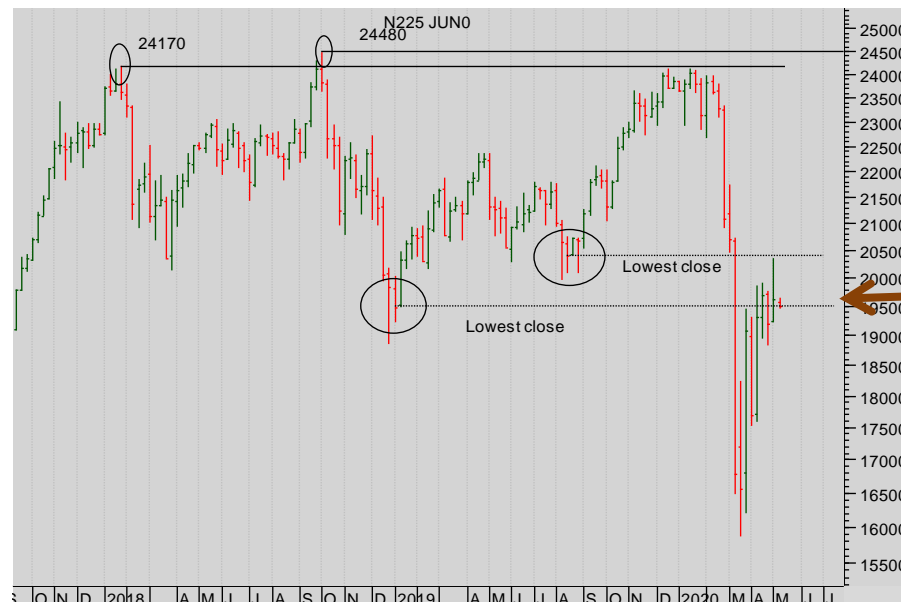
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Nikkei 225 chart (monthly)

Note that the monthly close was not beneath the powerful band of support from the Prior Highs 18320 – 20950. **That band of powerful support is still intact...**

The bears are hesitant and the bulls hopeful...



Nikkei 225 chart (WEEKLY)

The triple failure of the market at the 24500 level was worrying.

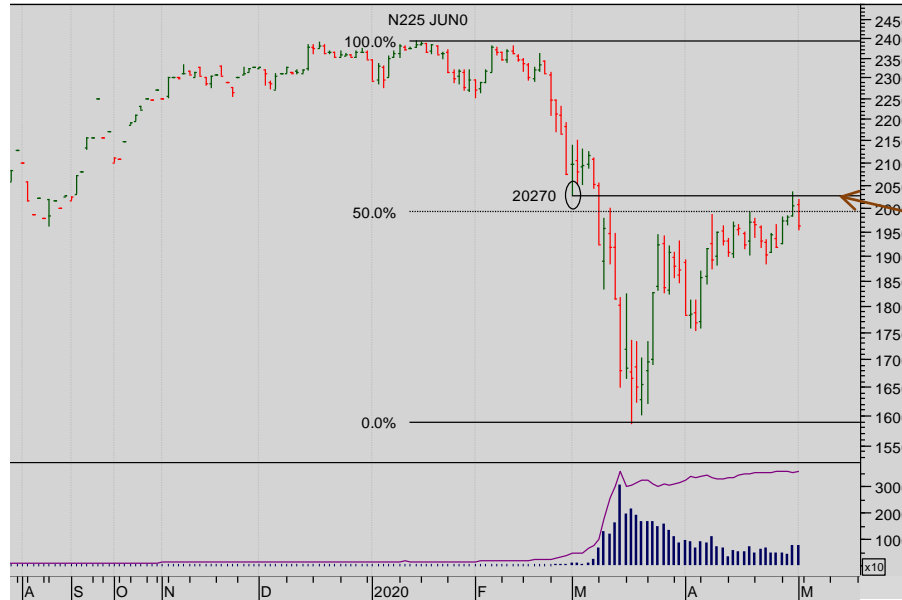
Note the positive price action pushing up through the resistance at **18840 at the bottom of the range.**

But note too that the band of resistance from the lowest Closes has proved useful.

More



Stocks: OSE Nikkei 225



Nikkei 225 chart Daily
March 2020.

Note the failure at the low
at 20270... Close to the
Fibonacci resistance –
forming a BAND OF
RESISTANCE .

The rally looks vulnerable
to a sell-off...

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IMPLIED ASSET ALLOCATION



Bonds

BONDS:

The US bond market looks very well set in the longer term but lacks a short-term trigger. The UK is bullish both short and longer term. Bunds have that short-term trigger too, but without the longer-term clarity...

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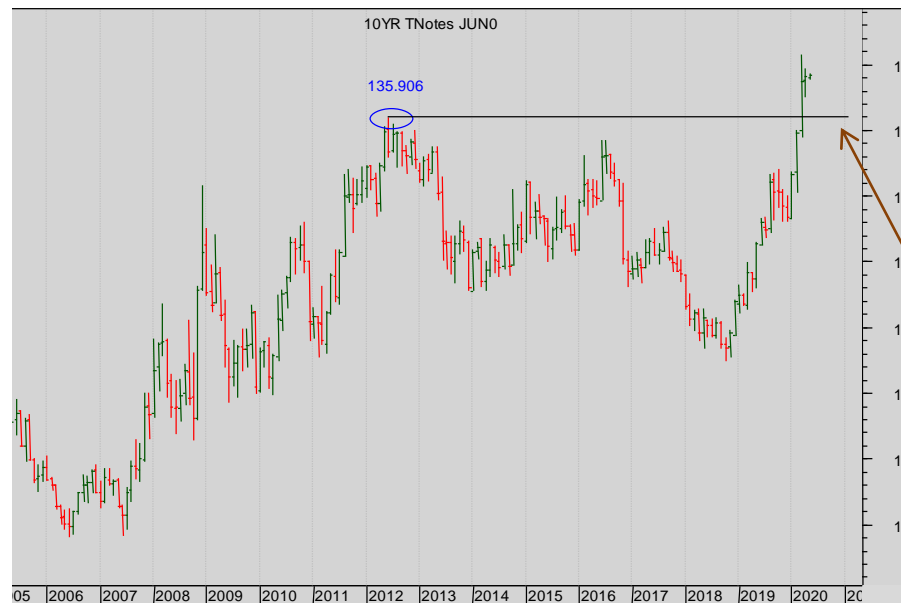
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IMPLIED ASSET ALLOCATION

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The long-run rally:
the recent surge has driven the market through the Level achieved in 2012 – an all-time Prior High.

There is now powerful support beneath the market at 133/4.

The market looks set for the next bull leg.

More



Bonds: CBOT Ten Year Notes

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CBOT Ten Year Notes weekly futures continuation chart

Note the continuation triangle that may be forming....



CBOT Ten Year Notes daily JUN 20 futures chart

This lacks clarity.

...





Bonds: Eurex Ten Year Bund

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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund monthly futures continuation chart

The closes have not yet established a convincing reversal case.

The support at 168.86 is important and so far has held.



Eurex Ten Year Bund weekly cont. futures Chart

That 168.86 remains good support on the pull-back.

For the moment the range is intact.

More



Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund Mar 2020 Daily futures chart

Short-term, note the small triangle that has competed ...encouraging the bulls.

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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

The market has bounced off the Prior Highs 131.55/131.56 band – it is a **HUGELY powerful endorsement of the bull trend.**

Another bull leg is in prospect.



Liffe UK Gilt weekly continuation futures Chart

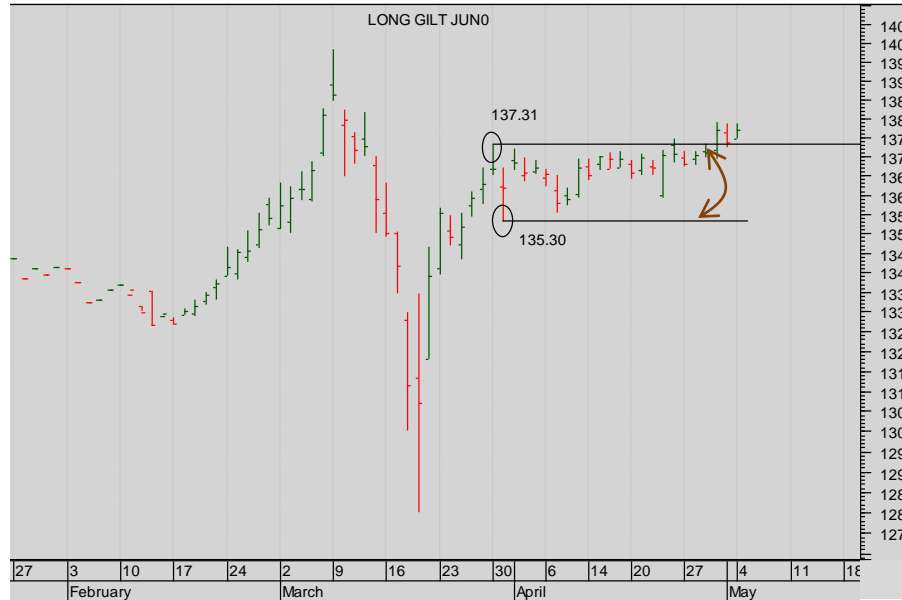
In detail: the bounce back from the supports of high at 129.73 .

The push through 136.80 failed first time, but can it get above this time?





Bonds: Liffe UK Gilt futures



Long Gilt daily Jun 20 chart

Note the break up through the short-term term range.

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

We think the Oil is vulnerable to the downside from here... and Gold looks perky still, forming a bull continuation Triangle, maybe, that should repay close inspection ...

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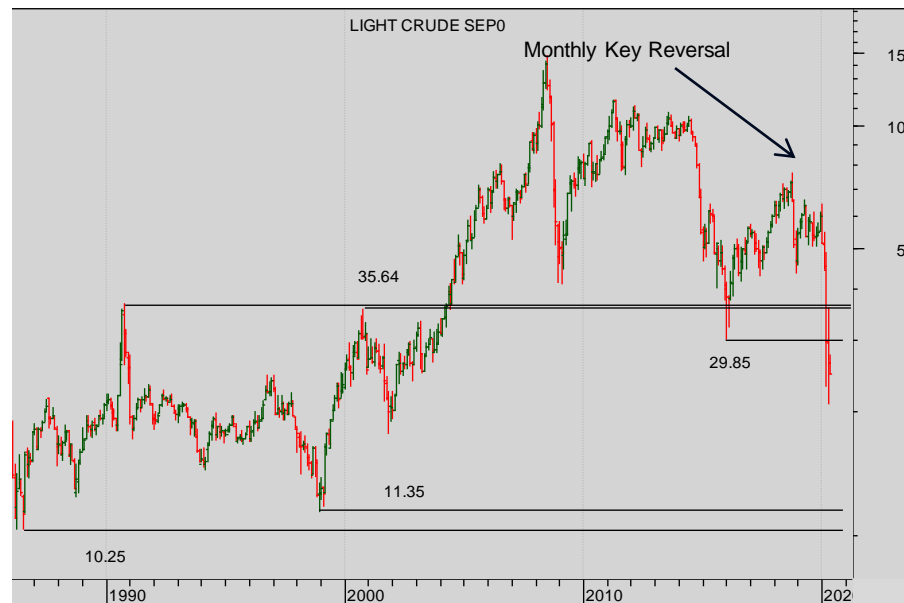
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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

The market has smashed the support from the long-term support at 35.64.

An in addition pushed beneath the 29.85 overhead resistance from the Prior Low at 29.85.

Both breaks suggest that the market will remain under pressure.

More



Commodities: Nymex WTI Oil

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Nymex oil weekly continuation

The minimum target of the H&S top has been achieved

But now the market is beneath the Prior Low at 29.85 there is still downward pressure on the price.



Nymex oil daily SEP 2020 futures

Wait for the short-term triangle at the Prior low of 25.34 to complete before adding to shorts.



Commodities: Comex Gold

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IMPLIED ASSET ALLOCATION



Nymex Gold Monthly

The bulls are in charge – but lacking dynamism.



Nymex Gold weekly

The market is edging up, helped now by the support from the Prior high 1704.30.



Commodities: Comex Gold



Nymex Gold Jun 2020 2020 Daily

NB: A break above 1697 establishes good support for a fresh bull leg and the measured move of the H&S continuation pattern is as far as 1950 MINIMUM!

Wait for a break of the small continuation Triangle to add to Long positions...

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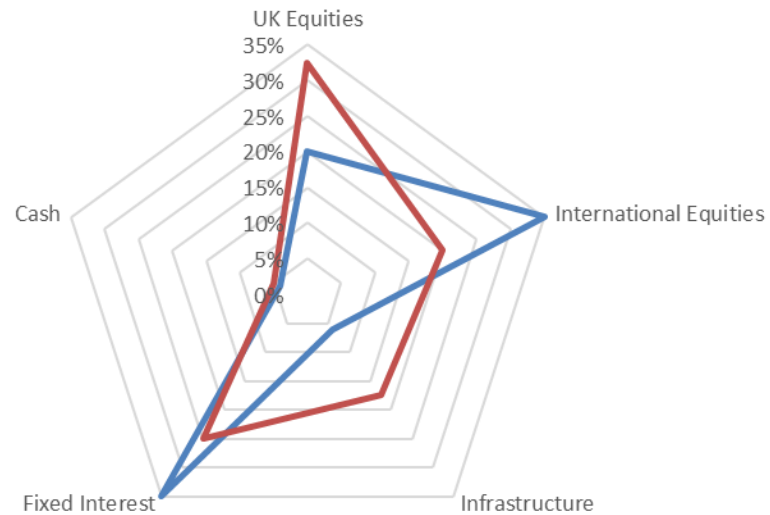
Commodities

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Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



More



the technical analyst

AWARDS 2012

FINALIST BEST INDEPENDENT RESEARCH HOUSE

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