



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 11th August 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
- + FTSE 100
- + Nikkei 225

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

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

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

Bonds

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

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

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

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

Commodities

- + Oil
- + Gold

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

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

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

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More



Currencies: Dollar Euro

CURRENCIES:

The Dollar weakness has paused over the last week – in all markets. Further weakness from these levels will be important in the medium and long-term charts especially with the Yen and the Euro. Breakthroughs in those markets will lead to further faster weakness. Sterling Euro is sidelined.

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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 in 2017 – WILL THEY DO THE SAME IN 2020?

Note the close diagonal resistance from the parallel flag...

More



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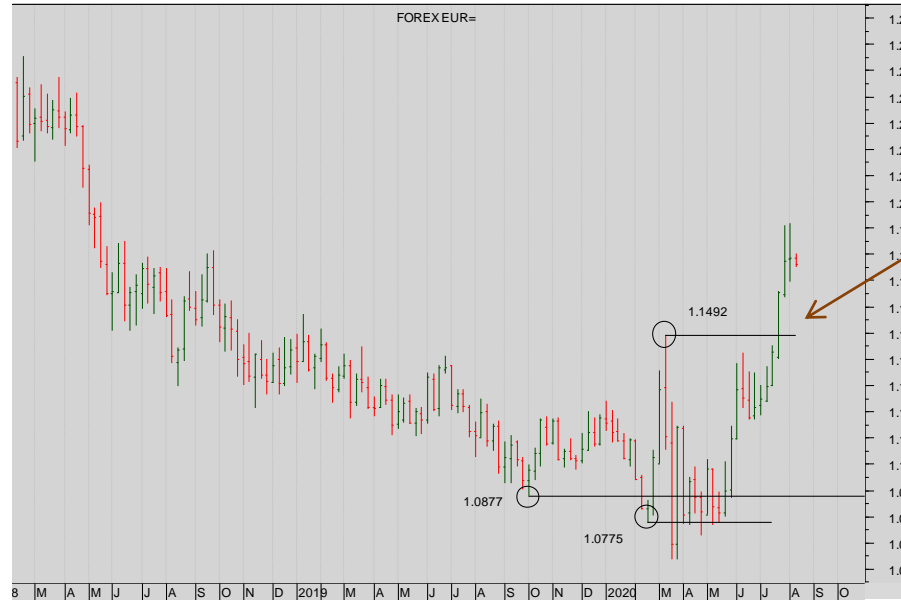
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Commodities

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IMPLIED ASSET ALLOCATION

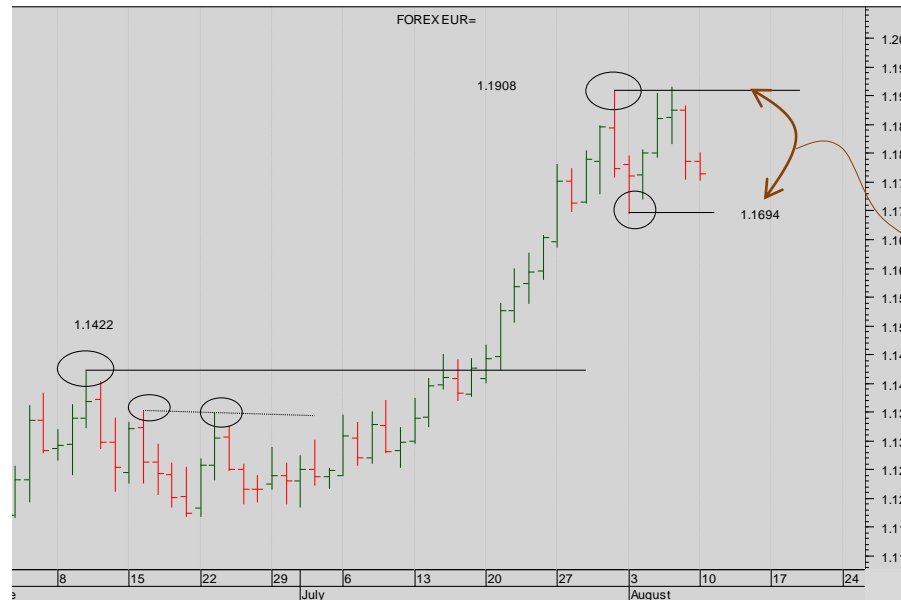
Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

The sudden weakness of the Dollar has pushed the market back up through 1.1492.

A base has been completed – though it's not a compelling structure it is a Double Bottom,...



Dollar Euro spot cash chart daily chart...

The Dollar pause over the last few days should be closely watched from the next short-term breakout.



Currencies: Dollar Sterling

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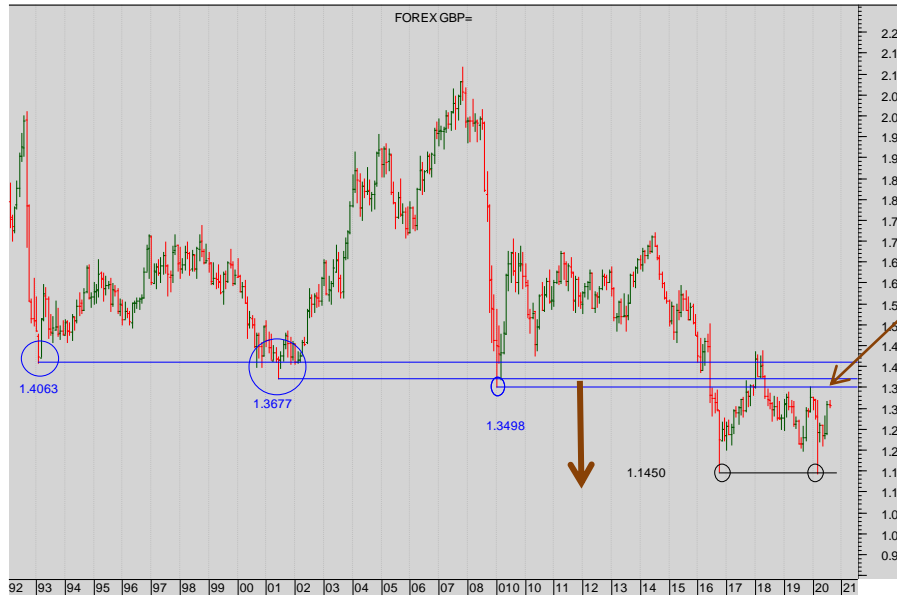
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Commodities

- + Oil
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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 recent rally back into the band of resistance from those lows should be closely watched for failure as before...



Dollar Sterling Monthly spot cash LINE CHART based on closes

The possible bear continuation triangle looks rather unlikely at the moment.

Stand back and wait for a monthly close for greater clarity.

More



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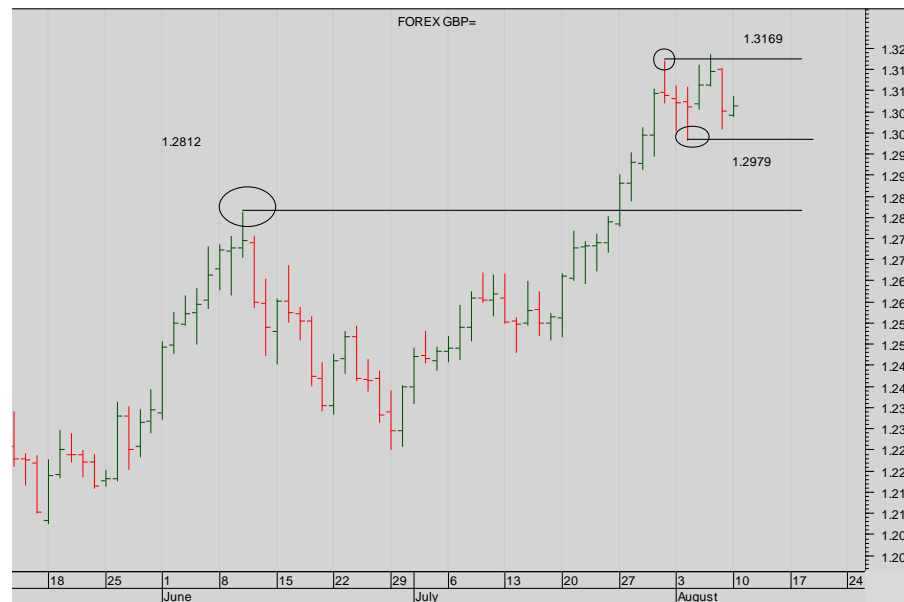
Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

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

Note the market's approach of the upper boundary of the range.



Dollar Sterling daily spot cash chart

Note the small range over the last few days...



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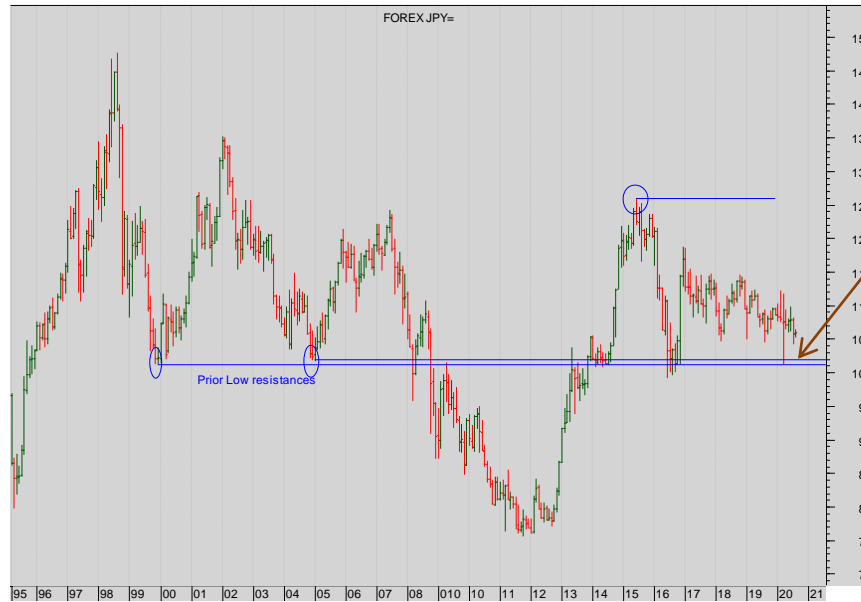
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IMPLIED ASSET ALLOCATION

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 fake break out.

The range remains intact.

More



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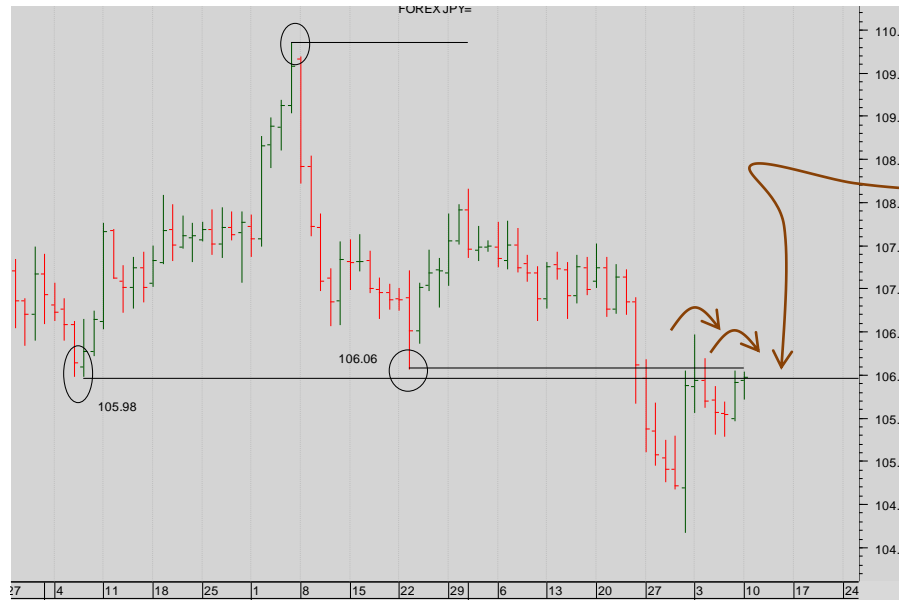
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Commodities

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Short-term, there's a breakdown through the Prior Lows which may add some bear impetus to the Dollar short-term.

Watch carefully for signs of resistance to any rally which will encourage the bears.



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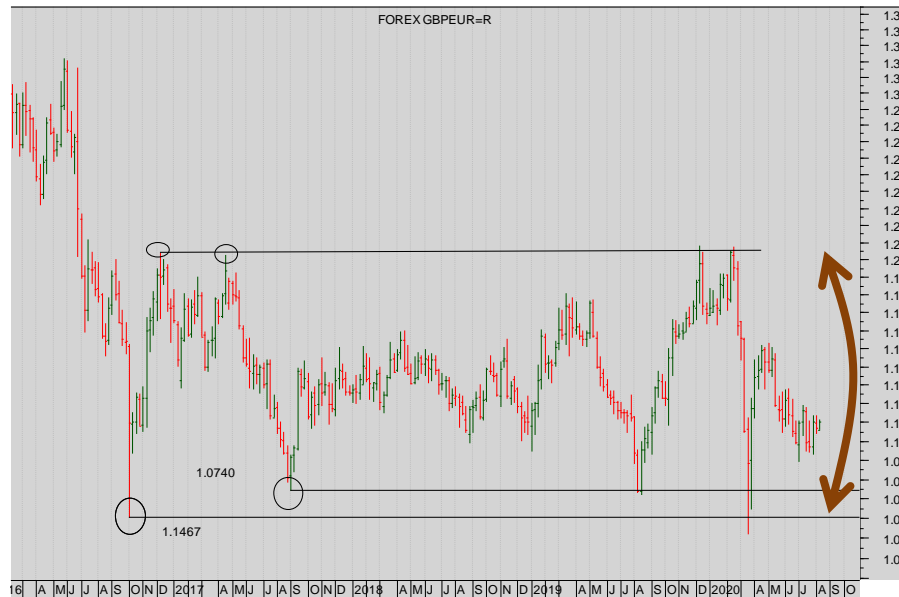
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Currencies: Sterling Euro



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

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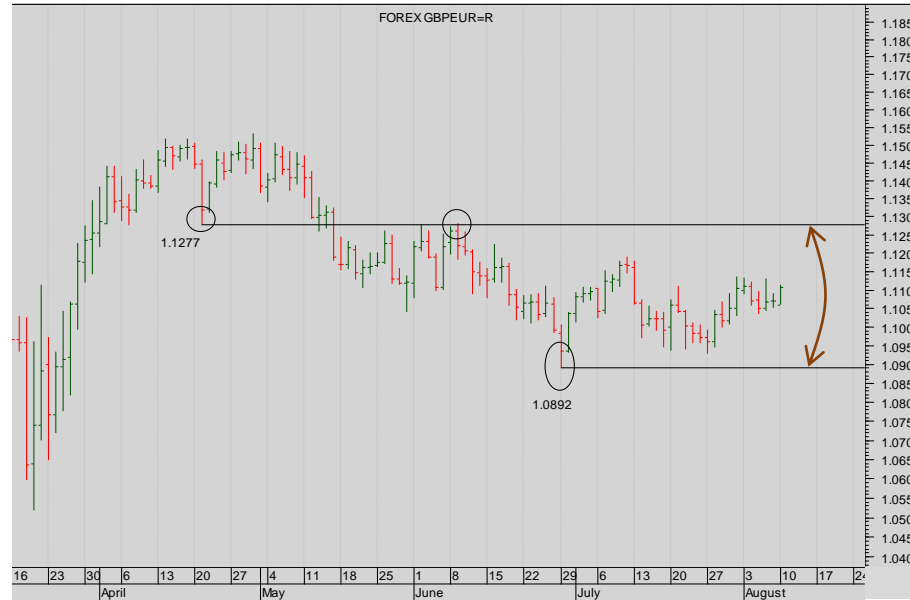
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IMPLIED ASSET ALLOCATION



Sterling Euro daily spot cash chart

Watch the range.

Sterling needs to break 1.0892 for the bulls to really get excited.



Stocks

STOCKS:

The S&P is close to its all time high. Other markets are stuck in sideways consolidations. The FTSE looks vulnerable to sell offs with critical levels beneath and close by.

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IMPLIED ASSET ALLOCATION

Stocks: CME S&P



CME S&P 500 monthly cont. futures chart

The long-run bull points are that:

- There is an 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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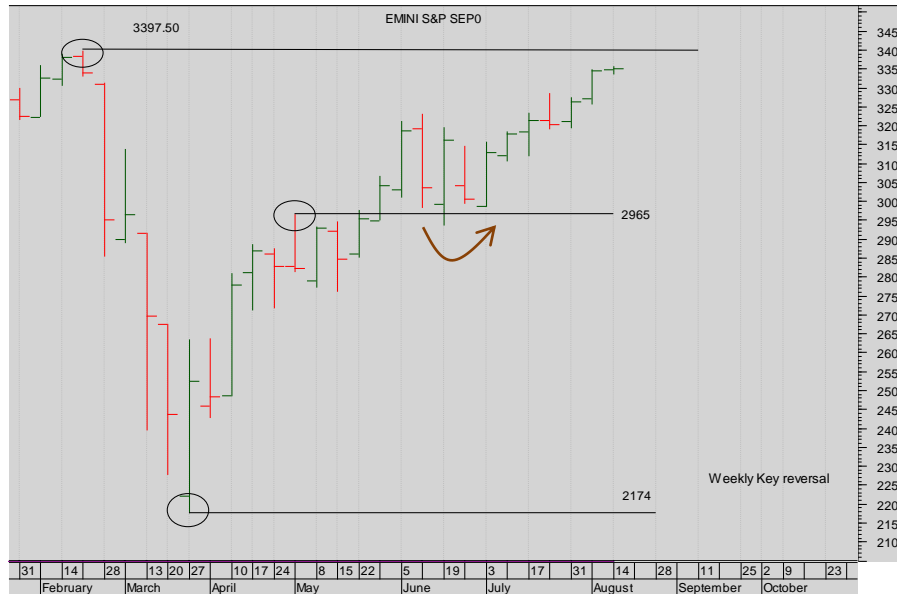
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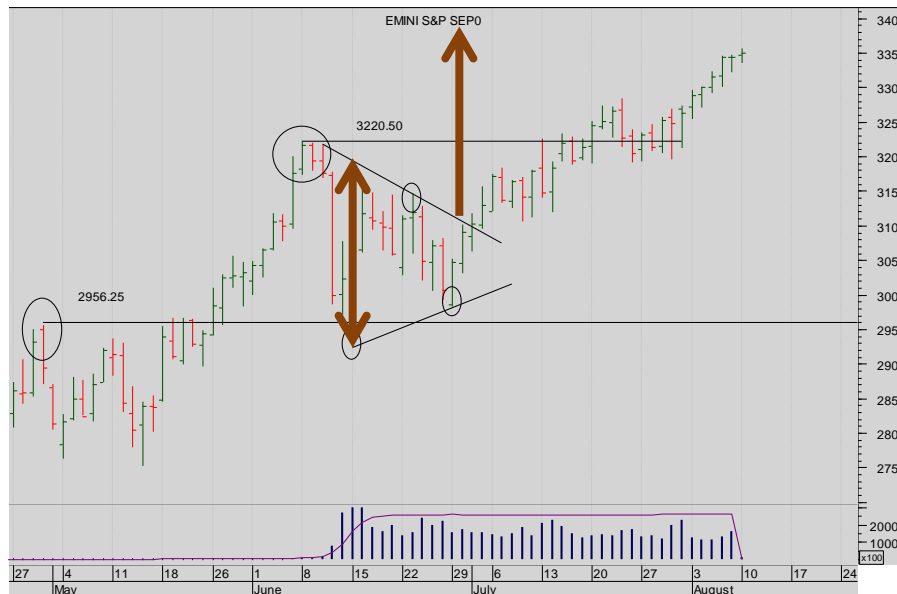
- + Oil
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IMPLIED ASSET ALLOCATION



CME S&P 500 cont. weekly cont. chart

The bull rally – has found good support at the horizontal from the Prior High at 2965.



CME S&P 500 daily SEP 2020 chart

This is interesting – the completion of a clear continuation Triangle, and the break up through the Prior High created a bull trend.

It's still short-term bullish and the minimum move is up as far as 3400.

But the bounce from the Prior High is encouraging

More



Stocks: Eurex EuroStoxx 50

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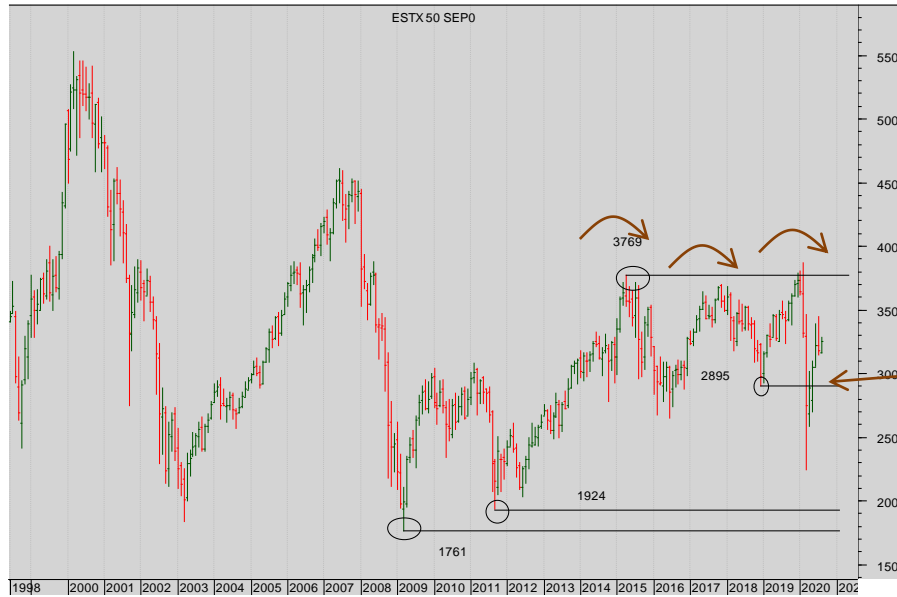
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Commodities

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- + Gold

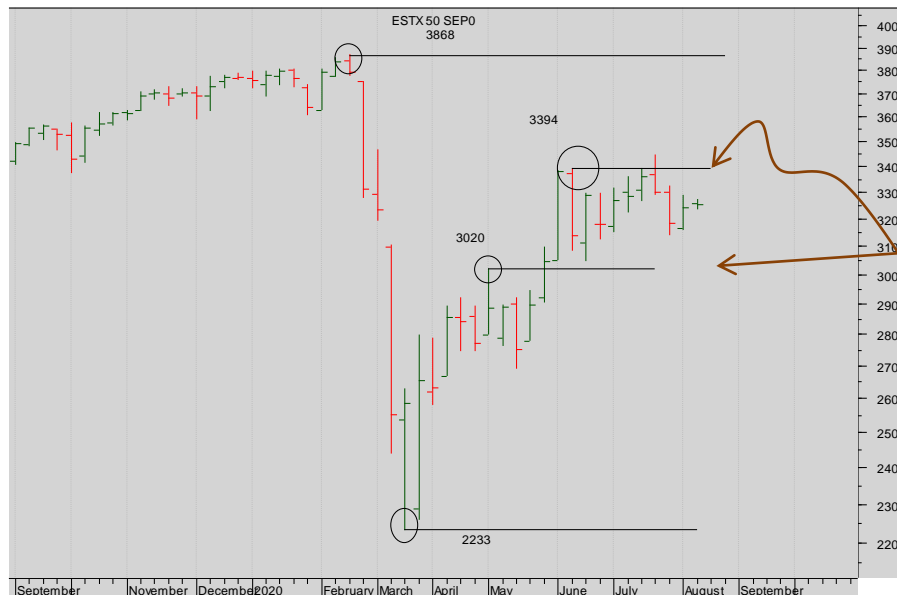
IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 monthly continuation futures chart

1. The triple failure of the market at 3700 bode ill
2. The Monthly Key Reversal of the market boded ill.
3. Yet there was no confirmed clear monthly close beneath the Prior Low range of 2645-2895 –

Are we simply back in a trading range?



Eurex EuroStoxx 50 weekly continuation futures chart

The bounce has been sharp and for the moment there is good support at the Prior High at 3020.

Bulls now need the break up through the Prior High at 3394.

More



Stocks: Eurex EuroStoxx 50

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Commodities

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IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 19 futures chart

The market failed to establish itself above the Prior High and so looks disappointing short-term.

Watch the range.



Stocks: Liffe FTSE 100

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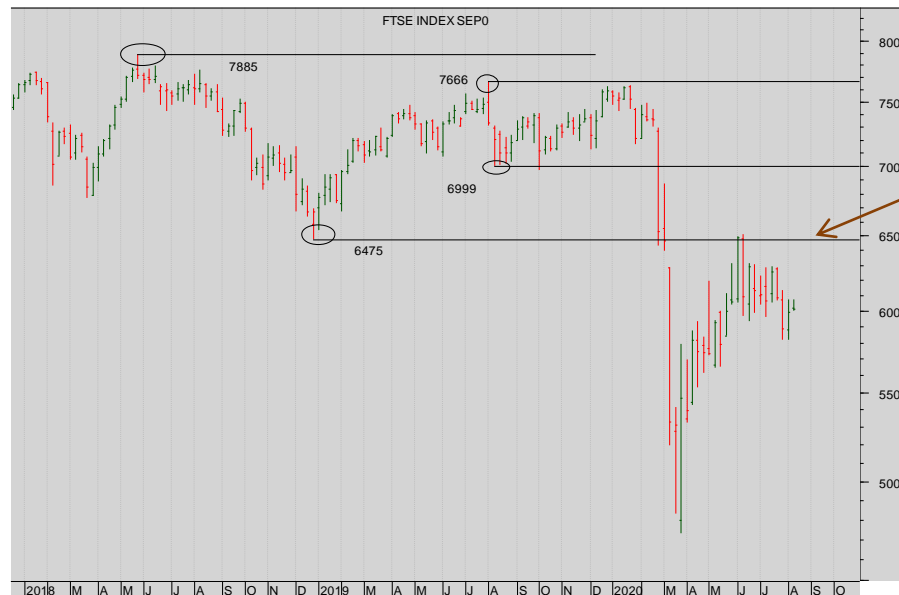
IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

1. 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 at 6475 and very little support.



Liffe FTSE 100 Weekly cont. futures chart

The powerful resistance above the market – which so far has held ...

More



Stocks: Liffe FTSE 100

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IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Sep 20 daily futures chart

The market has failed at the 6475 resistance from the low in the long-term charts,

And now the possible bear continuation Triangle **is focussing our attention**

We were watching the 5894 low for signs of a confirming breakdown.



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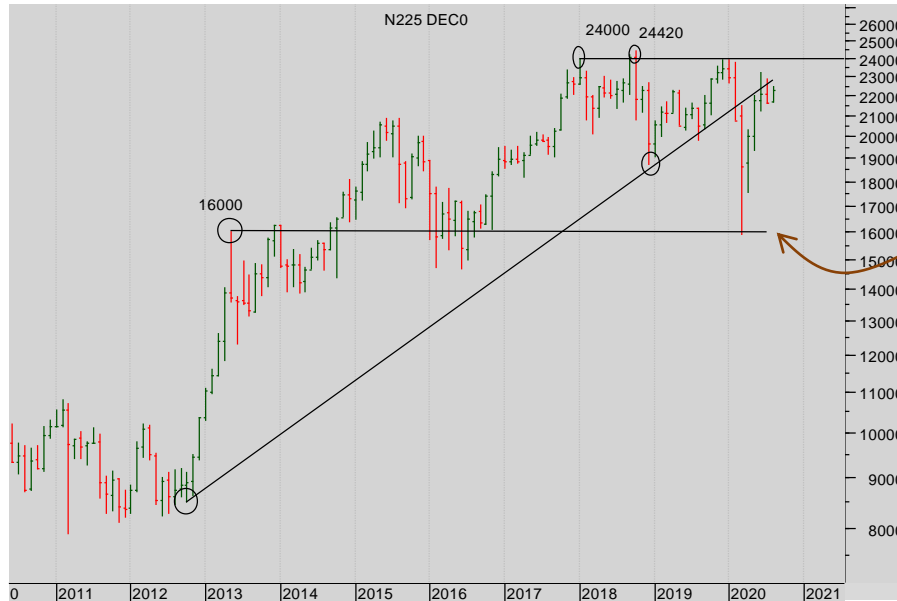
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION

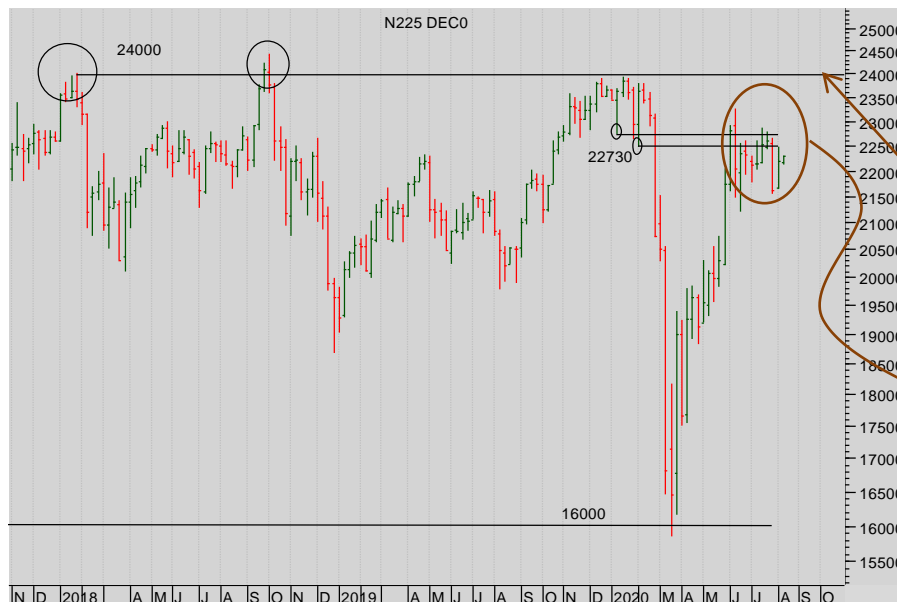
Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

Note the bounce off the major Prior high Support at 16000.

Where the market had bounced before.



Nikkei 225 chart (WEEKLY)

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

On the bounce from the 16000 support, note the pause at the band of resistance beginning at 22730.

More



Stocks: OSE Nikkei 225

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nikkei 225 chart Daily Sep 2020.

This isn't clear. The bulls need a break up through the band from the Prior Highs

Bears should watch for a break of 21330

Stand back.



Bonds

BONDS:

The German bund is stuck in a long-term sideways consolidation – though close to critical levels on the upside certainly. Gilts are sitting on important support. T Notes are pausing too but above impressive long-term support.

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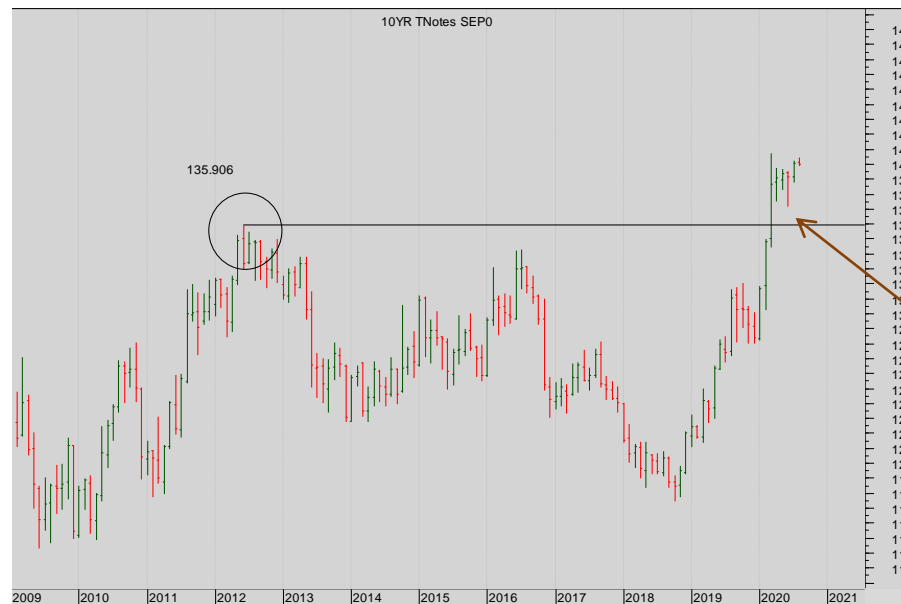
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Commodities

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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 135.90.

The market looks set for the
next bull leg.

More



Bonds: CBOT Ten Year Notes

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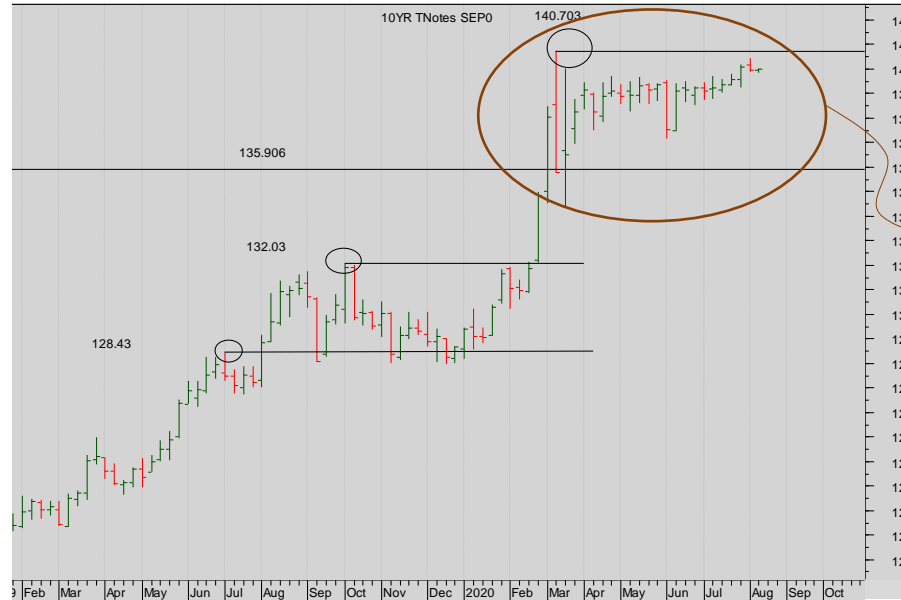
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IMPLIED ASSET ALLOCATION



CBOT Ten Year Notes weekly futures continuation chart

But this is a rather different picture.

Note the consolidation – rather shapeless – and lacking consolidation characteristics.



CBOT Ten Year Notes daily SEP 20 futures chart

In detail, though the market has overcome the successive Highs (now support) so it is well-set.

The bulls should be pleased – but the lack of impetus will have disappointed.





Bonds: Eurex Ten Year Bund

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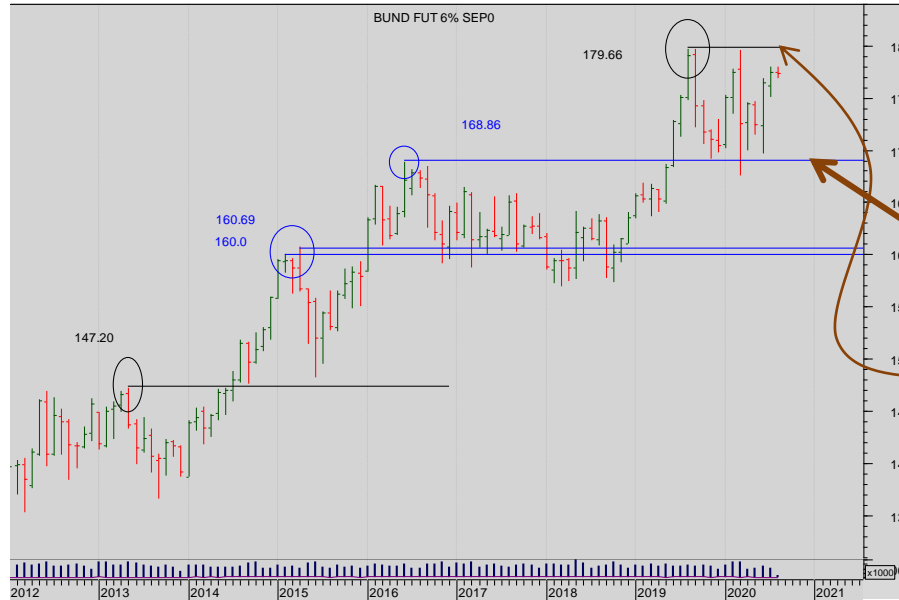
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IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund monthly futures continuation chart

The support at 169.03 is important (and so far has held) as the market re-approaches the 179.66 High again.

A breakthrough would set the bulls going again.



Eurex Ten Year Bund weekly cont. futures Chart

For the moment the range is intact

169.03 remains good support on the pull-back.





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IMPLIED ASSET ALLOCATION

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund JUN 2020 Daily futures chart

Short-term, the bulls and bears will have been disappointed.

Stand back.



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 The push through 136.80 looks more sustainable this time...





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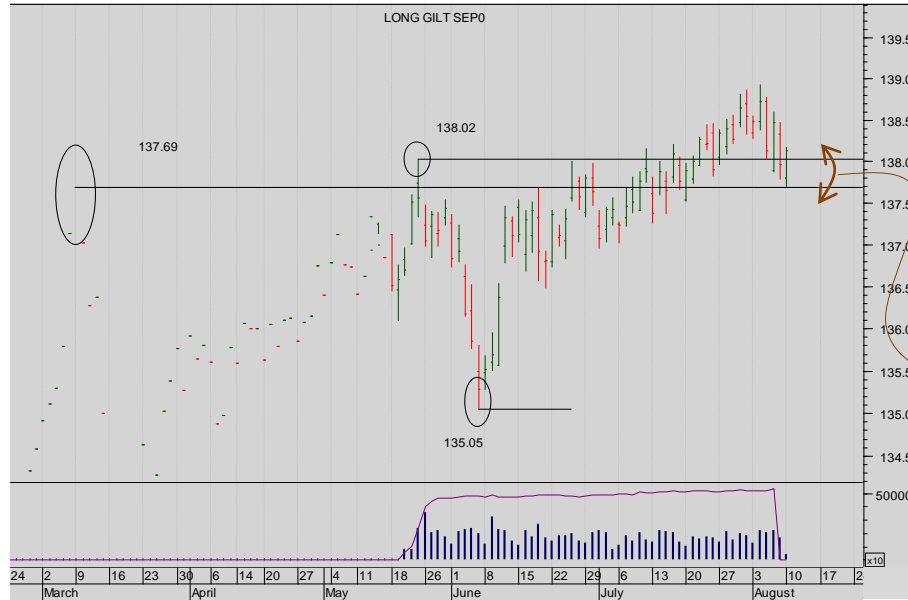
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IMPLIED ASSET ALLOCATION

Bonds: Liffe UK Gilt futures



Long Gilt daily Sep 20 chart

But there's a clear lack of bull momentum. The market for the moment has broken above the band from Prior Highs – which should be good support now.

Watch the price action closely. The bulls will want to see good support at these horizontals from the Prior High.



Commodity

COMMODITIES:

Oil remain vulnerable in all time frames but reluctant to sell-off. Gold may be over-extended short-term but remains underpinned in the medium and long-term.

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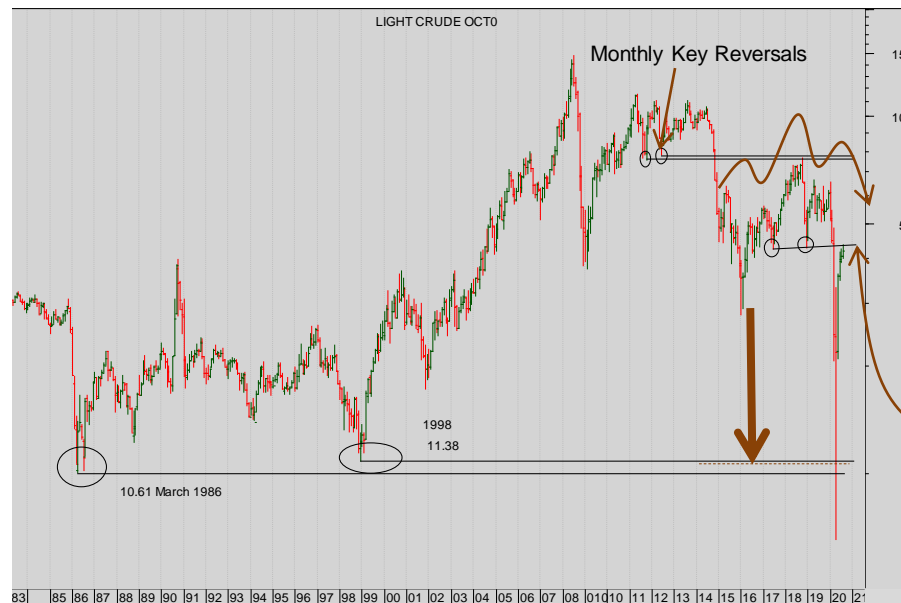
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Commodities

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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

The completion of the H&S reversal achieved the minimum move at great speed.

On the bounce, there will be powerful resistance at the Neckline at \$44 or so.

More



Commodities: Nymex WTI Oil

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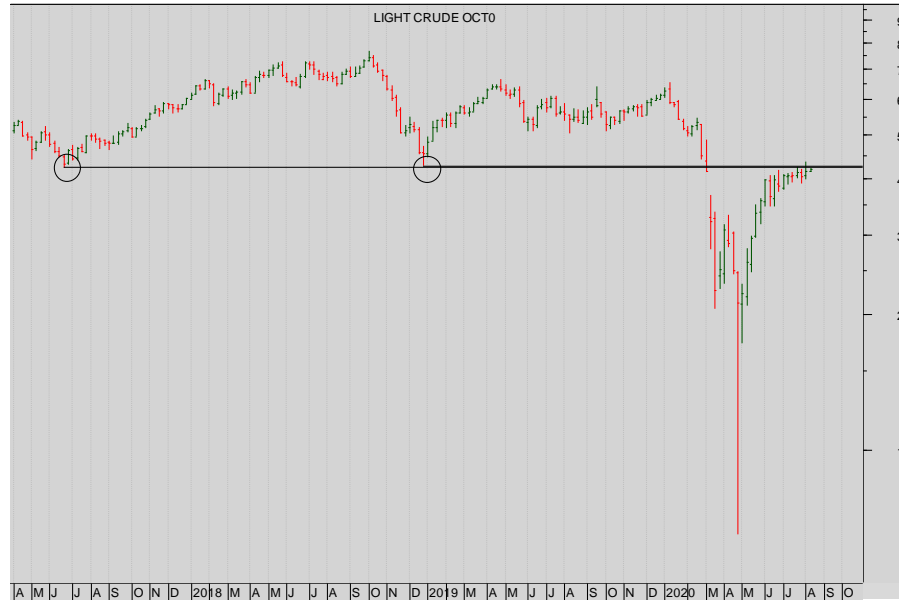
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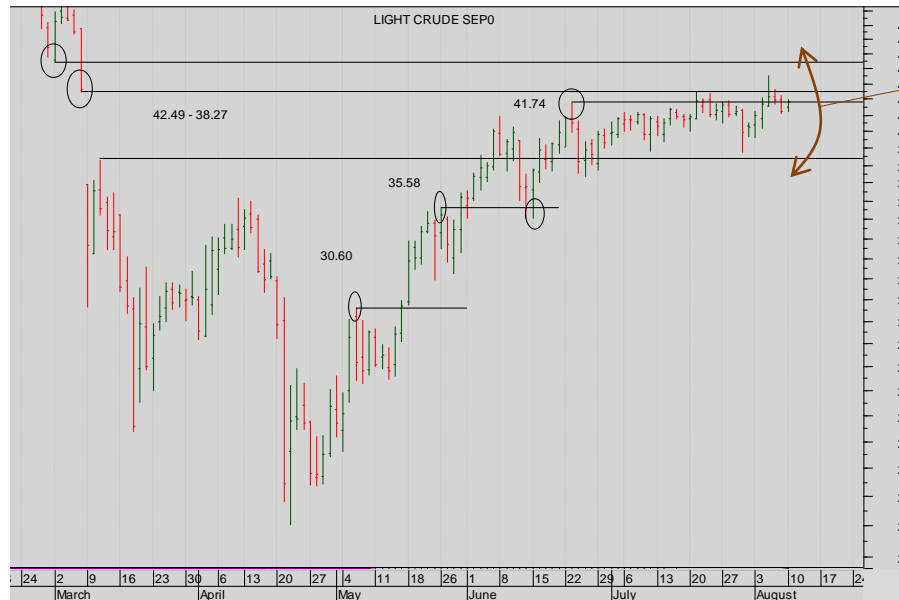
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IMPLIED ASSET ALLOCATION



Nymex oil weekly continuation

The rally has closely approached the resistance from the Prior Lows at 43.00 – but hasn't broken through.



Nymex oil daily SEP 2020 futures

The market has closed the Gap resistance above the market.

Watch carefully to see whether the price action can get above the Gap and sustain the break.



Commodities: Comex Gold

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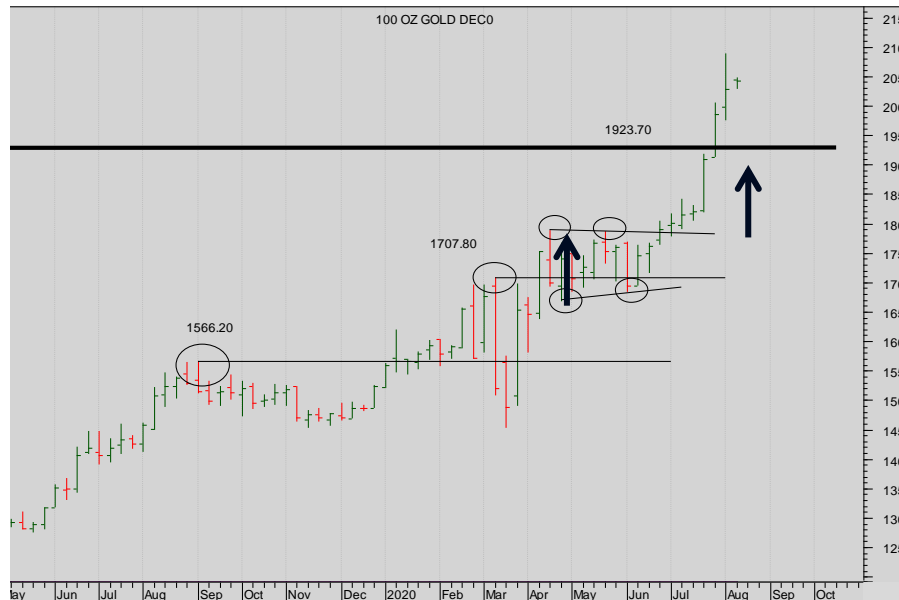
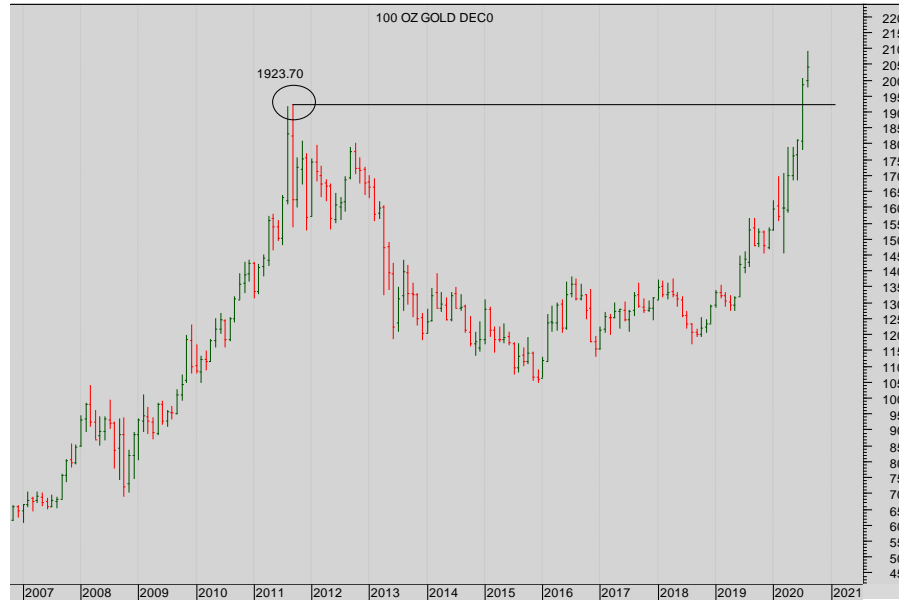
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IMPLIED ASSET ALLOCATION



Nymex Gold Monthly

The bulls are in charge.

Watch the Prior Highs of 2011 and 2012 have been tested and new High closes have been established...

Nymex Gold weekly

The completion of the continuation Triangle – provided the momentum to break the Long Term Prior High.

Can the market sustain itself above the Prior High?



Commodities: Comex Gold



Nymex Gold August 2020 2020 Daily

The daily chart has a Key Reversal - **might we have a retest of the 1923 level?**

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- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



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

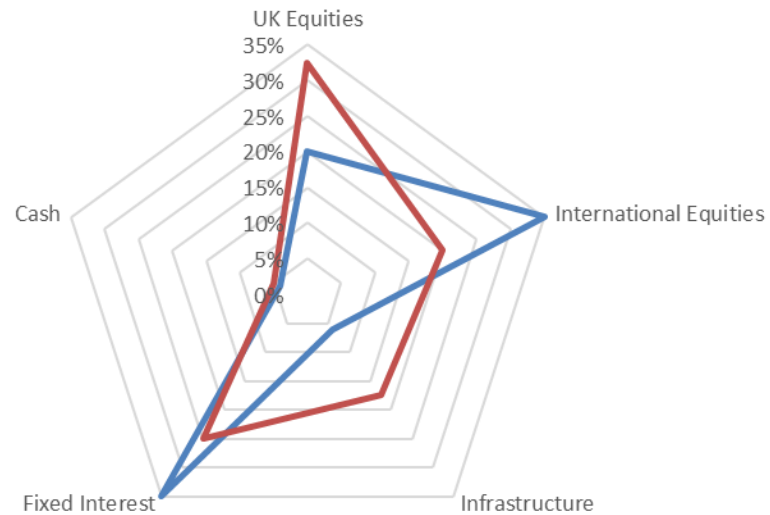
Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



More



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