



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 25th 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
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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 **BULL**
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:

There's still a pause in the Dollar's weakening trend against the rest. Note well the diagonal resistance to further Euro strengthening, and the horizontal resistance to further Yen strengthening. Note too, the lack of clarity against Sterling. Sterling Euro is going nowhere.

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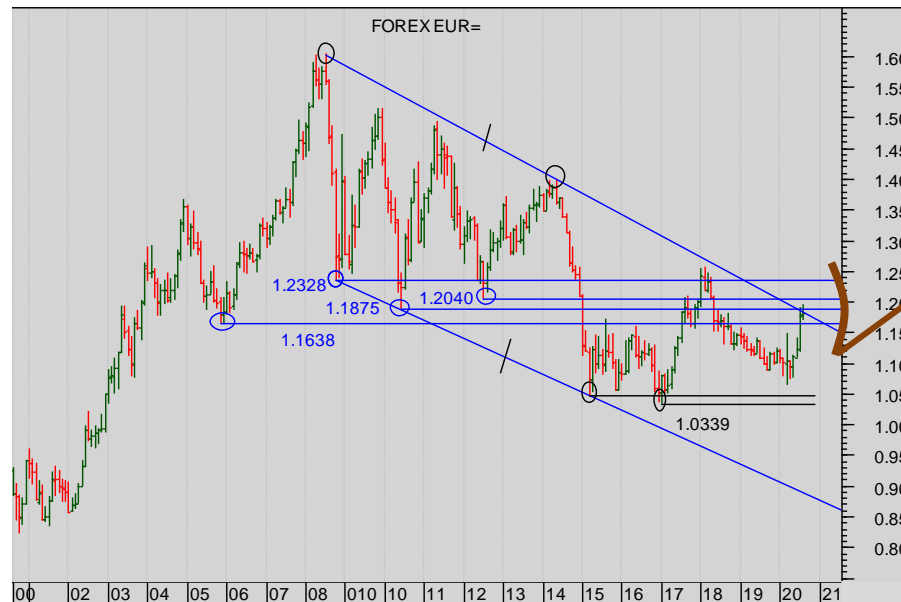
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Dollar Euro monthly spot cash chart

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 in particular the diagonal resistance from the parallel flag...**the market is testing the bull Dollar trend from 2008.**

More



Currencies: Dollar Euro

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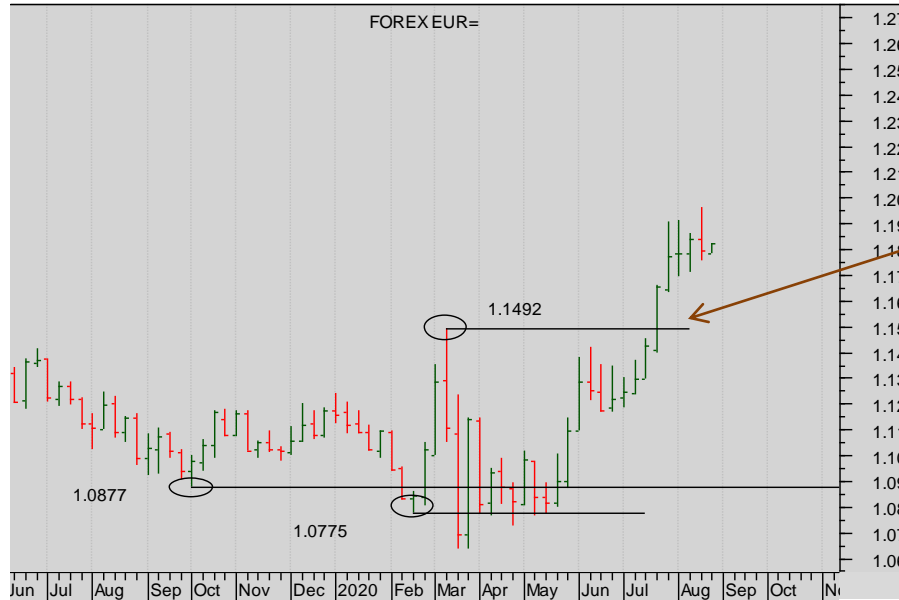
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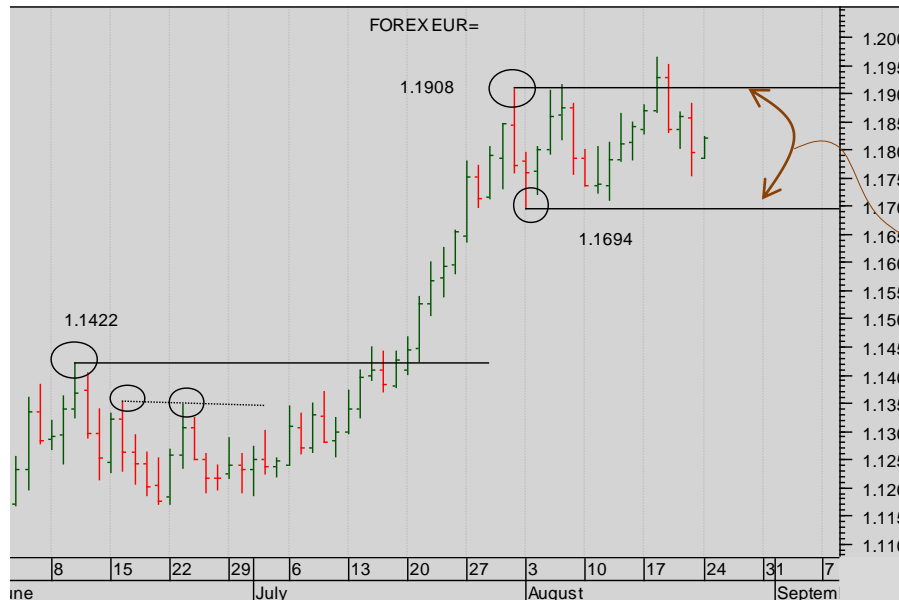
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Dollar Euro weekly spot cash chart

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,...the bear Dollar trend remains intact.



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.

Nothing yet.



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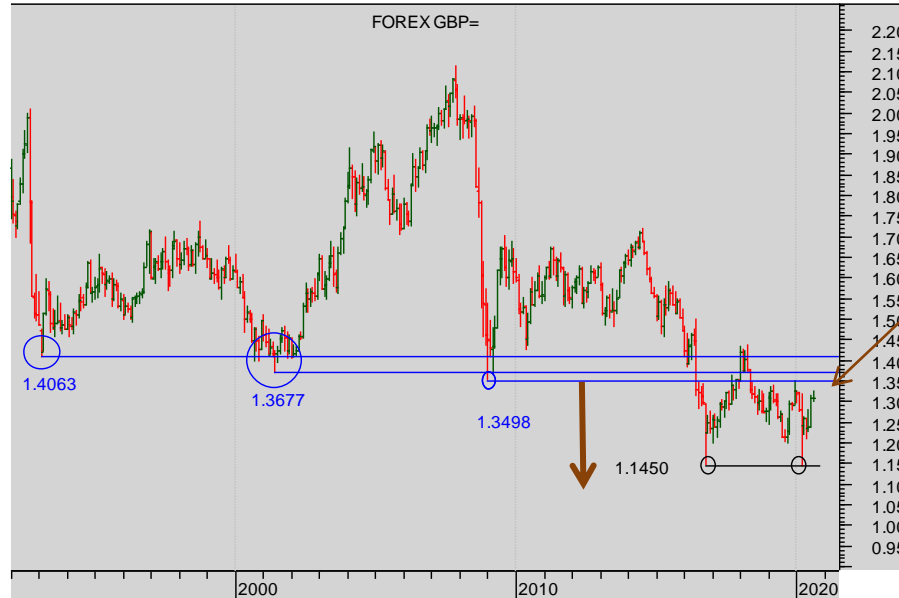
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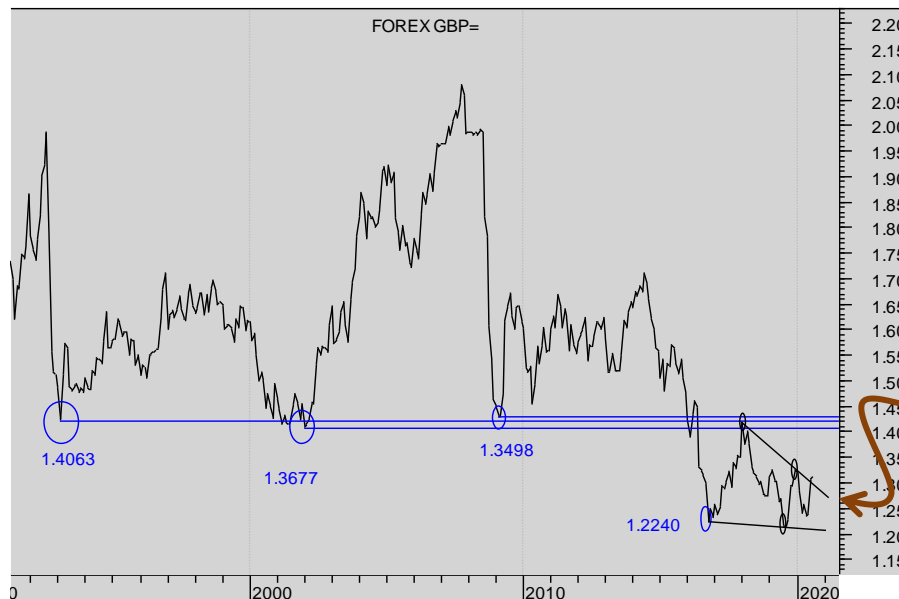
Currencies: Dollar Sterling



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 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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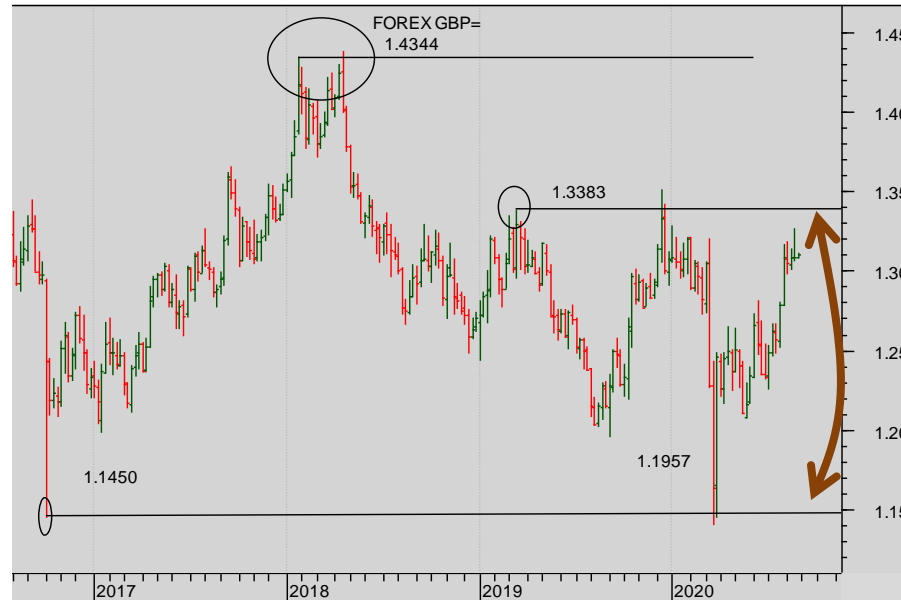
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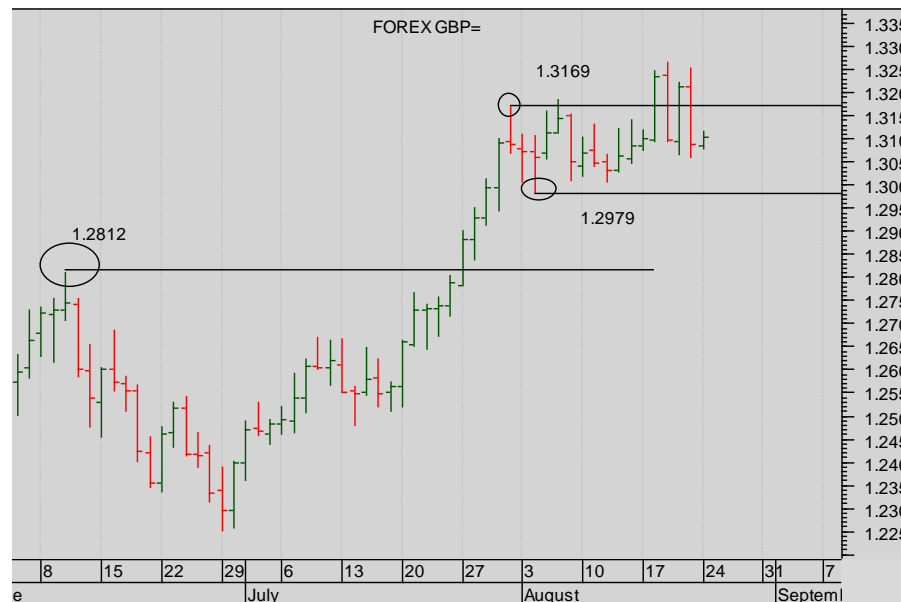
Currencies: Dollar Sterling



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...it has been breached and then re-entered...



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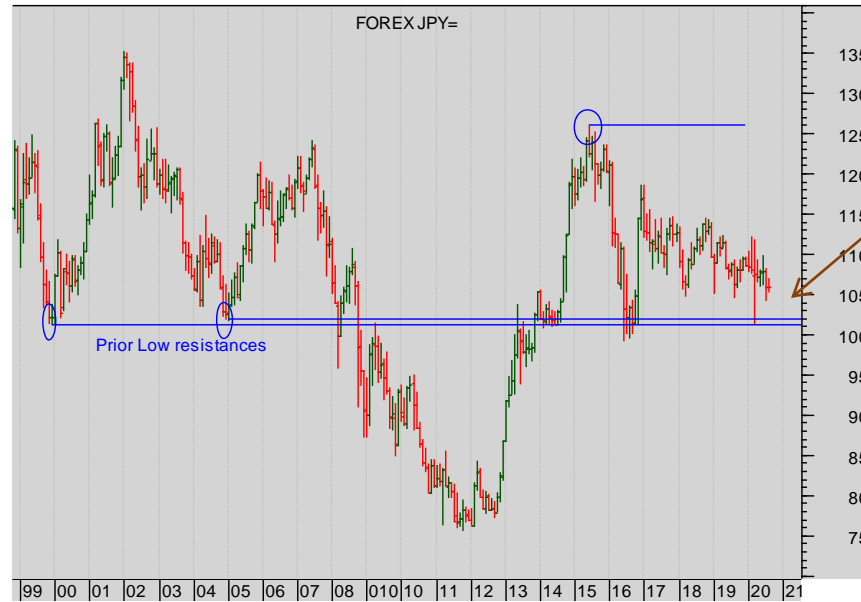
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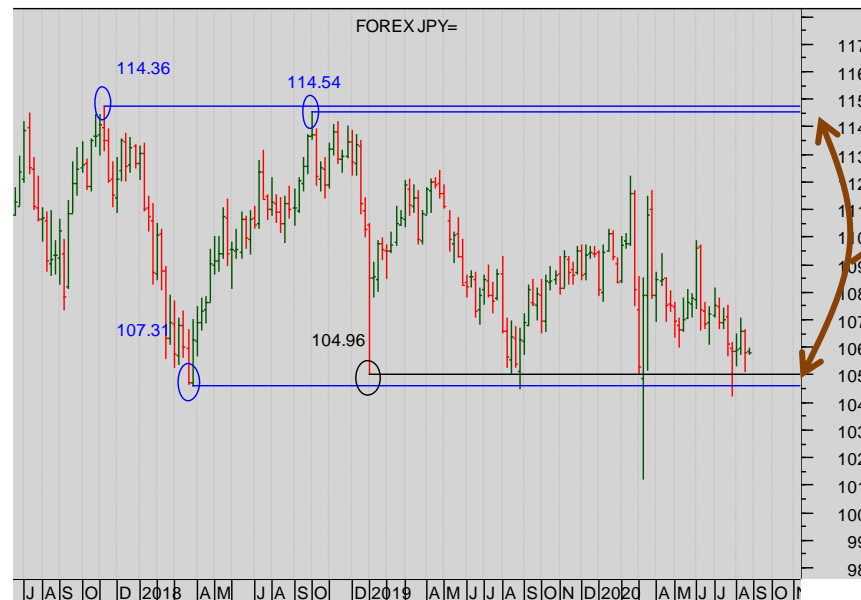
Currencies: Dollar Yen



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

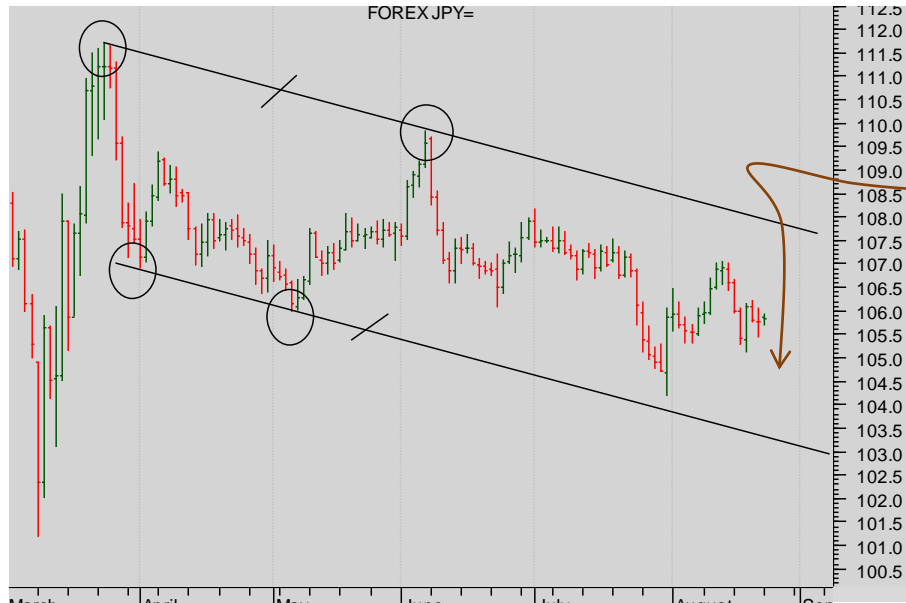
Watch the range – this is a smaller range within the large and there looks to have been a false break out.

The range remains intact.

More



Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Short-term, this lacks clarity.
Stand back and watch the bear channel...

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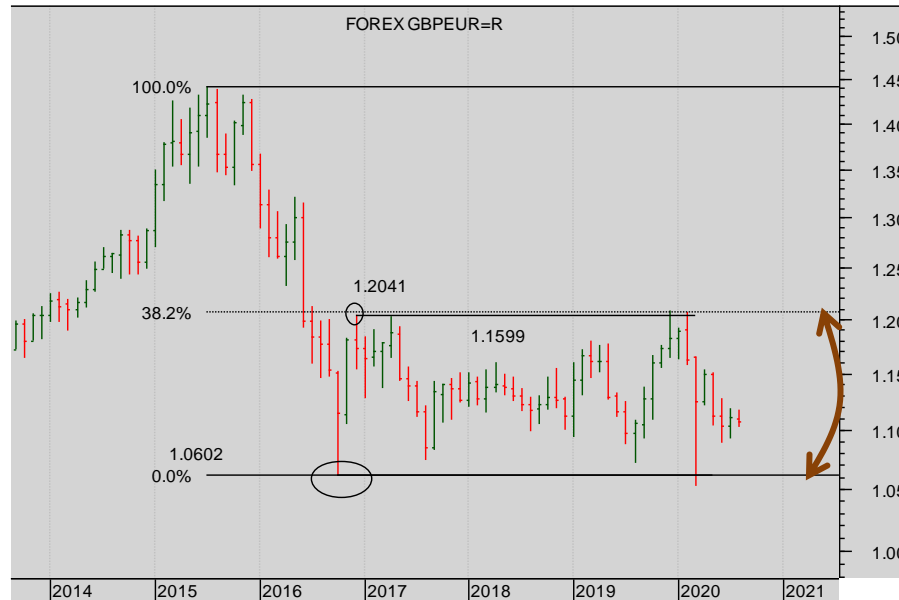
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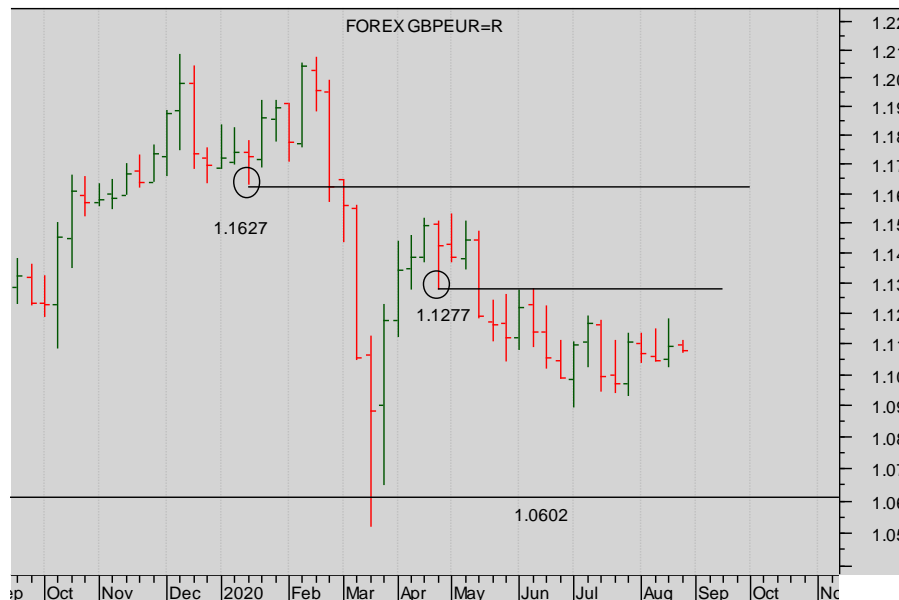
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Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The market remains in the broad trading range_



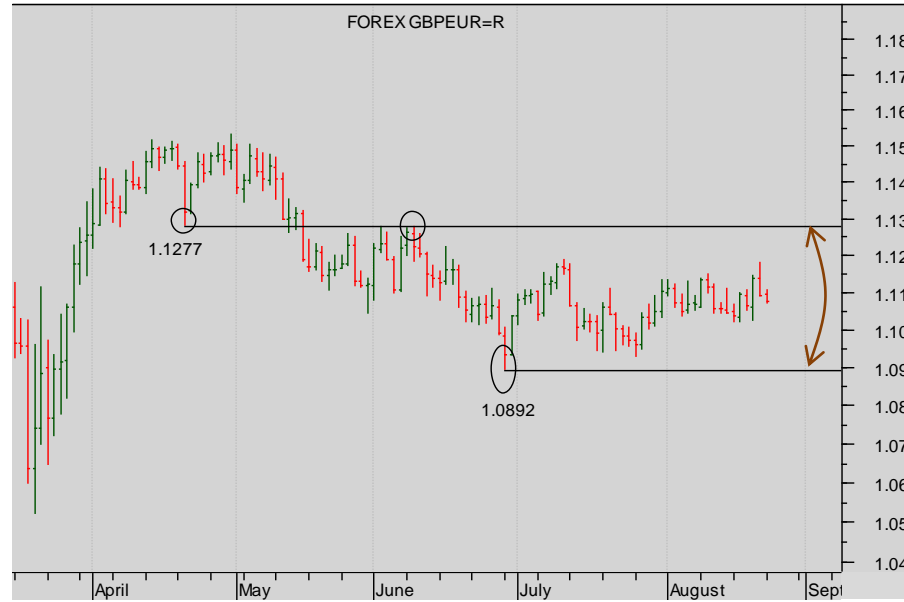
Sterling Euro weekly spot cash chart

This detail is a bit clearer: some small pressure to drive the market lower beneath 1.1277.

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

Watch the range.

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

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Stocks: CME S&P

STOCKS:

While the S&P is through the All-Time-High, other markets remain notably reluctant. The Nikkei is more spirited, but still beneath the Highs where the market has failed three times in the last two years.

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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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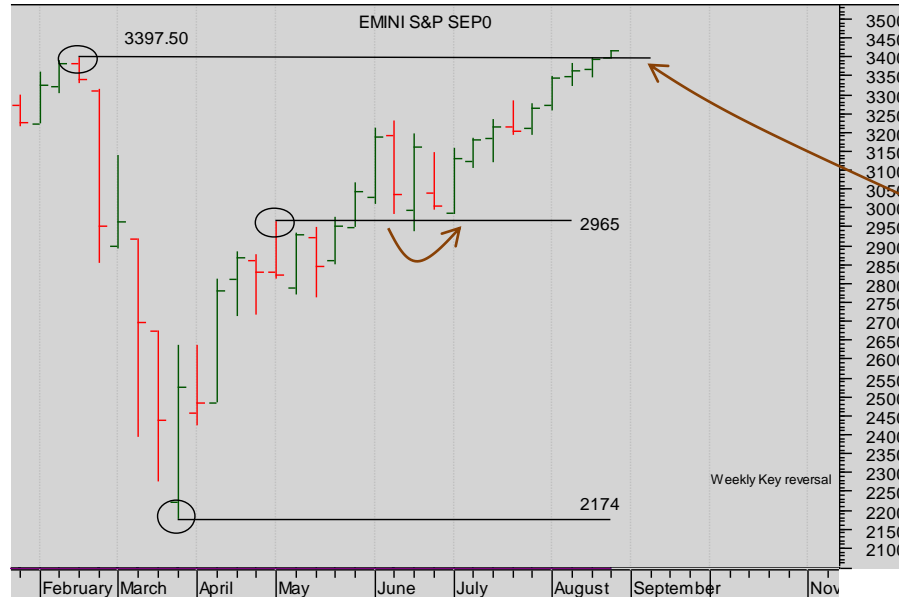
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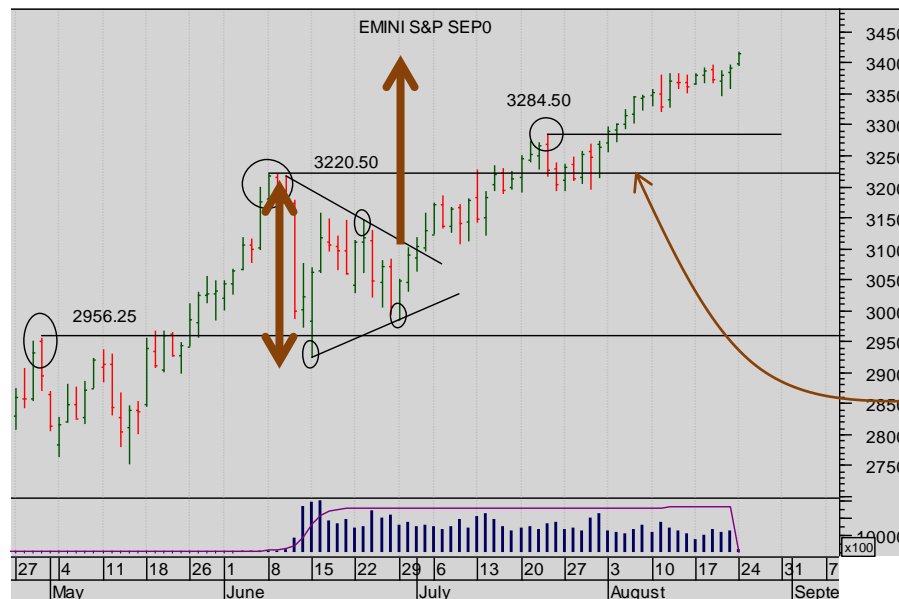
- + Oil
- + Gold

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CME S&P 500 cont. weekly cont. chart

The bull rally – has found additional impetus from the break up through the Prior High. If sustained at the end of the week the 3397 level will be good support for a new bull leg....



CME S&P 500 daily SEP 2020 chart

This is interesting – the completion of a clear continuation Triangle, (minimum move as far at 3400) and the break up through the Prior High continued the bull trend.

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

But the bounce from the short-term Prior High 3220.50 was encouraging.

More



Stocks: Eurex EuroStoxx 50

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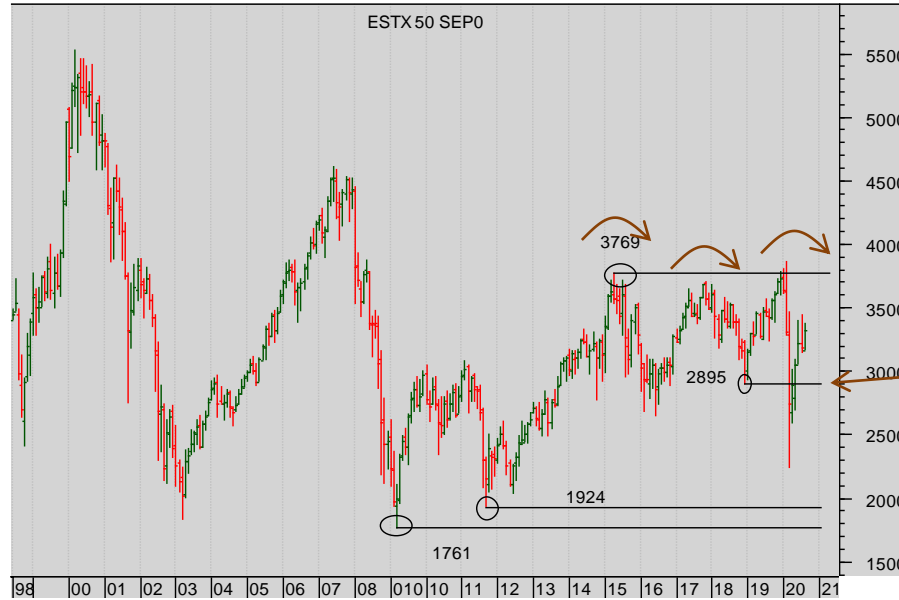
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Commodities

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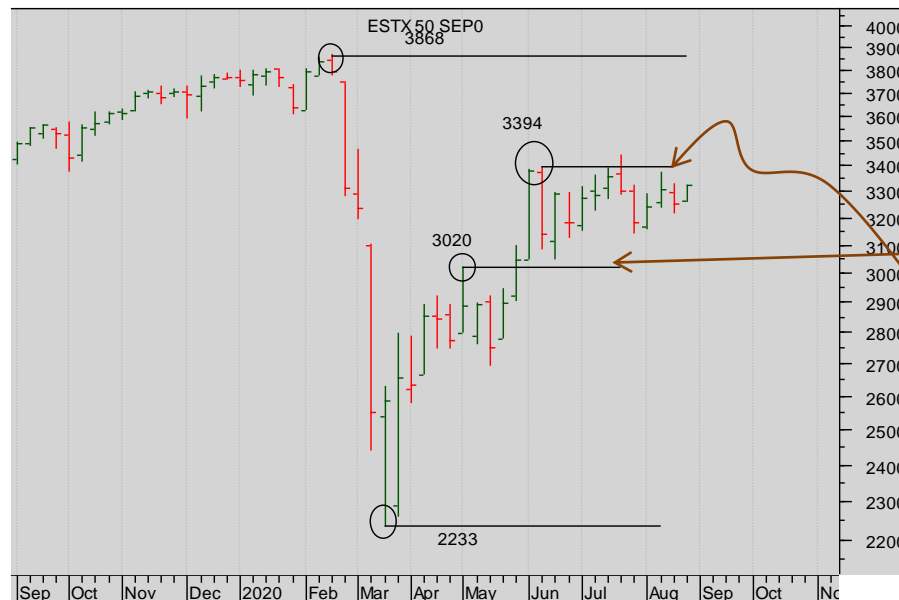
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Eurex EuroStoxx 50 monthly continuation futures chart

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 a confirmed 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 FOUR TIMES and yet does not want to sell off.

The bears are having to short-covering constantly. The bulls look in command.



Stocks: Liffe FTSE 100

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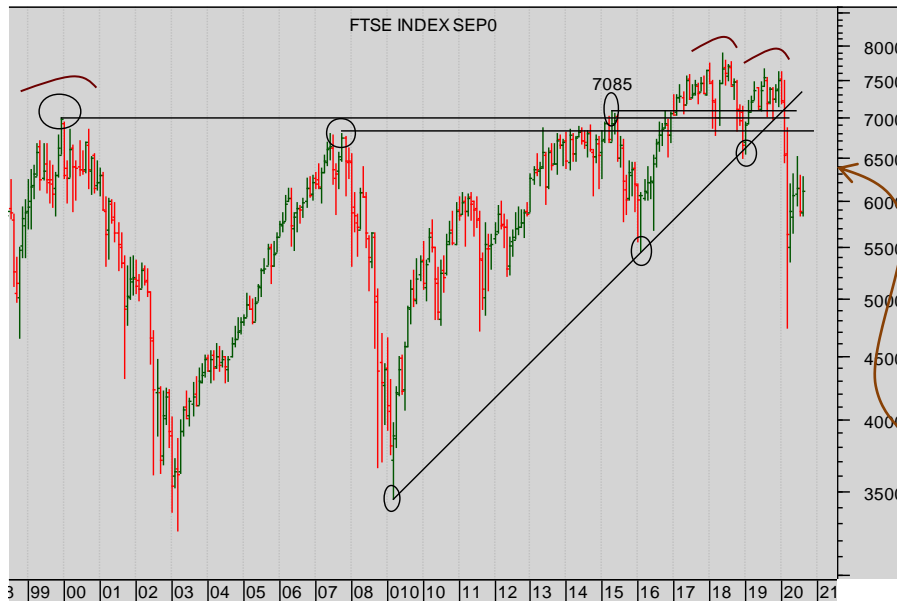
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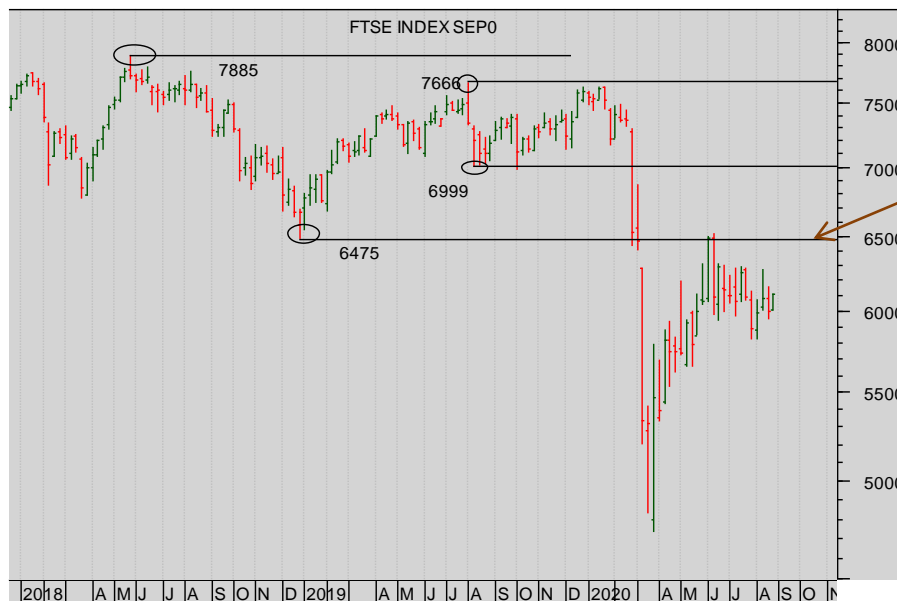
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Liffe FTSE 100 Monthly continuation futures chart

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



Liffe FTSE 100 Sep 20 daily futures chart

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

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

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IMPLIED ASSET ALLOCATION

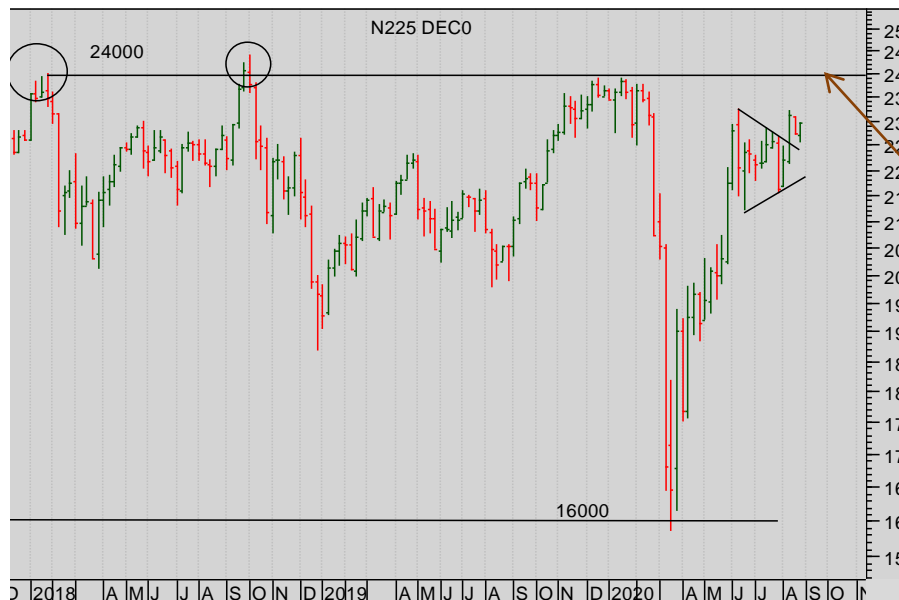
Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

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

Whence the market had bounced before.



Nikkei 225 chart (WEEKLY)

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

But medium-term note the completed bull triangle – minimum move above the 24000 Prior High.

IS that the catalyst for the bull breakout?

More



Stocks: OSE Nikkei 225

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IMPLIED ASSET ALLOCATION



Nikkei 225 chart Daily
Sep 2020.

But this's **far less 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:

Bonds are drifting sideways within medium-term ranges (but within them note the resilience of the TNote) – the UK Gilt the notable exception with much greater weakness thus far and vulnerability to further sell-offs.

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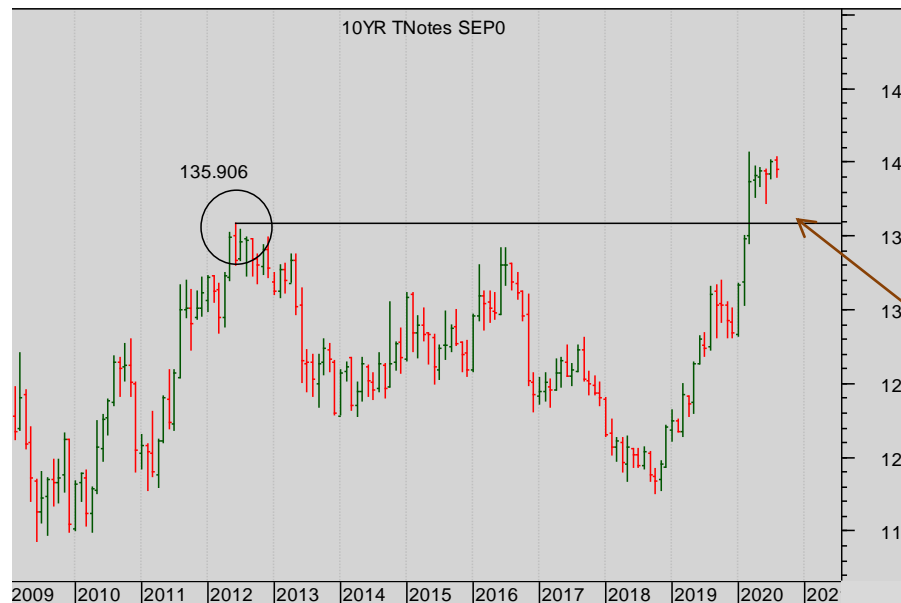
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IMPLIED ASSET ALLOCATION

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 135.90.

The market looks set for the
next bull leg.

More



Bonds: CBOT Ten Year Notes

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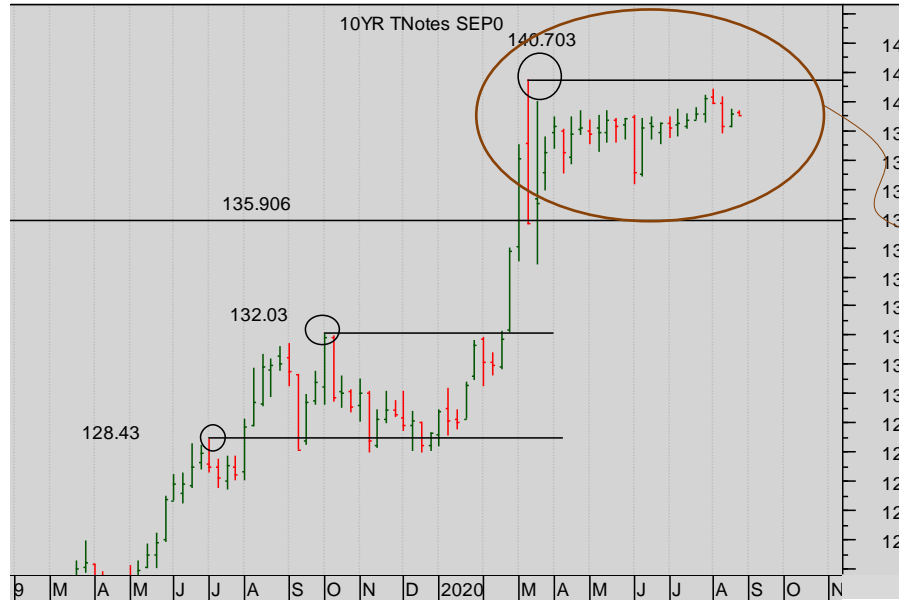
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CBOT Ten Year Notes weekly futures continuation chart

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, because the market has overcome the successive Highs (now support) it is well-set.

The bulls must have been pleased – but the lack of impetus will have disappointed.

Now the market is testing the support from the Prior Highs





Bonds: Eurex Ten Year Bund

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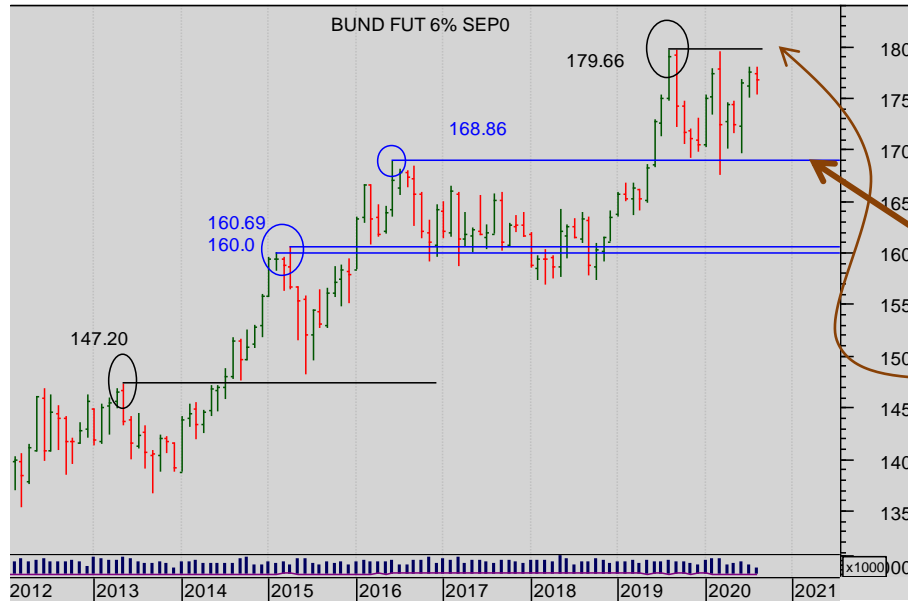
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Eurex Ten Year Bund monthly futures continuation chart

The support at 168.86 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

168.86 remains good support on the pull-back.

More



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.

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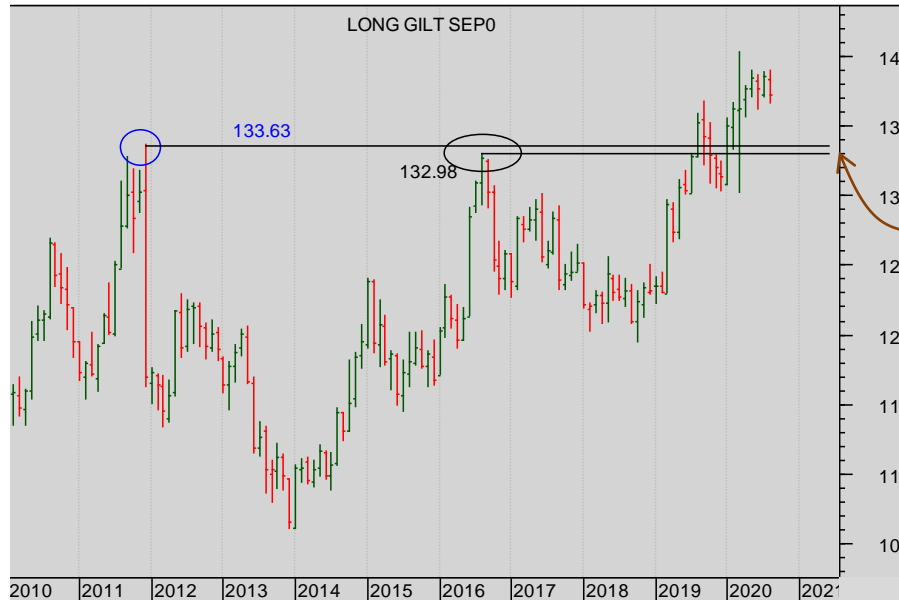
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Bonds: Liffe UK Gilt futures



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 market sits in a trading range...

More



Bonds: Liffe UK Gilt futures

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Long Gilt daily Sep 20 chart

But there's a clear lack of bull momentum.

The market for the broke above the band from Prior Highs – but on the test of those the bulls will have been disappointed.

The market looks vulnerable – but the possible breakdown through the lower boundary of the weekly chart (136.14) is the critical one.



Commodity

COMMODITIES:

Oil is still hovering beneath critical overhead resistance in all time frames. Gold's recent pause has formed a potential continuation Triangle – wait for the completion of that to add on to longs.

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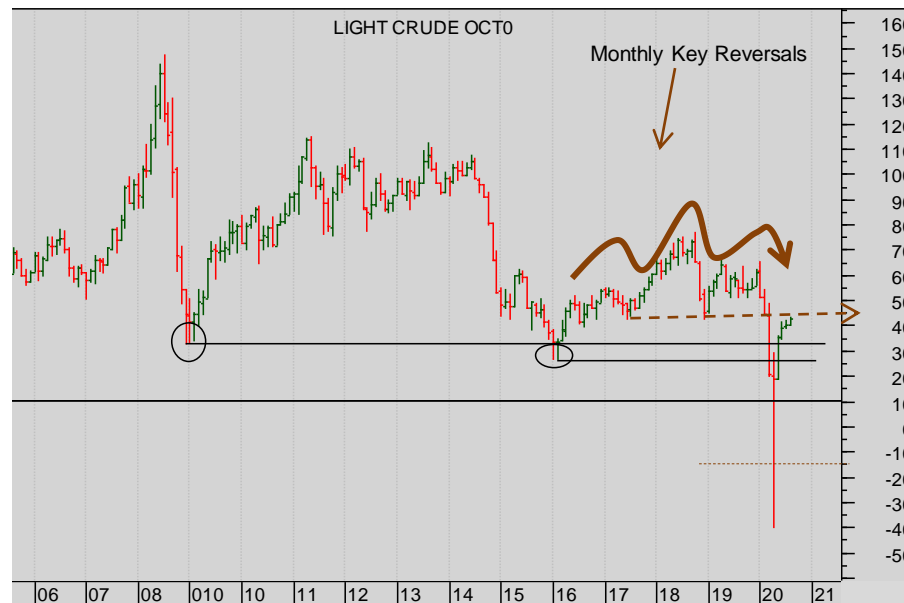
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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

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

More



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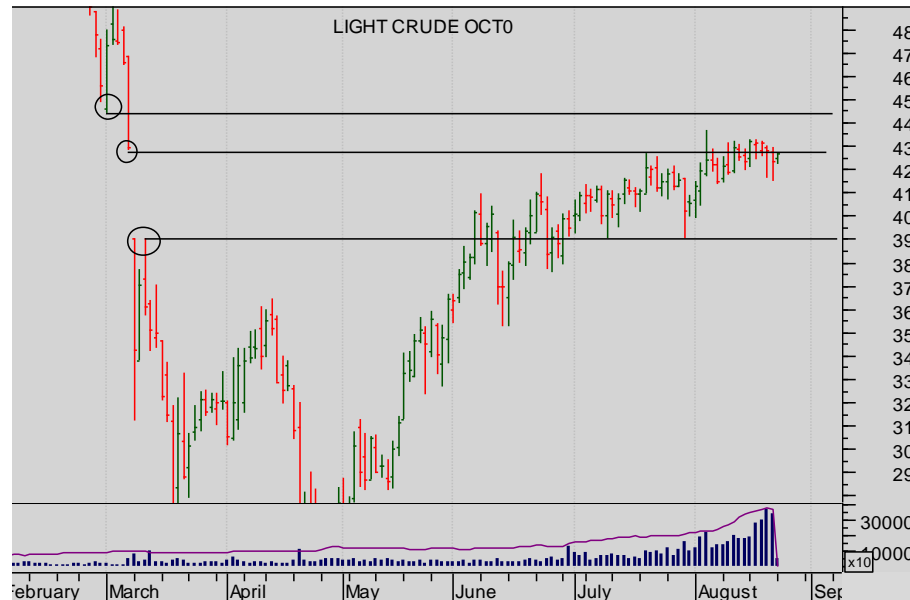
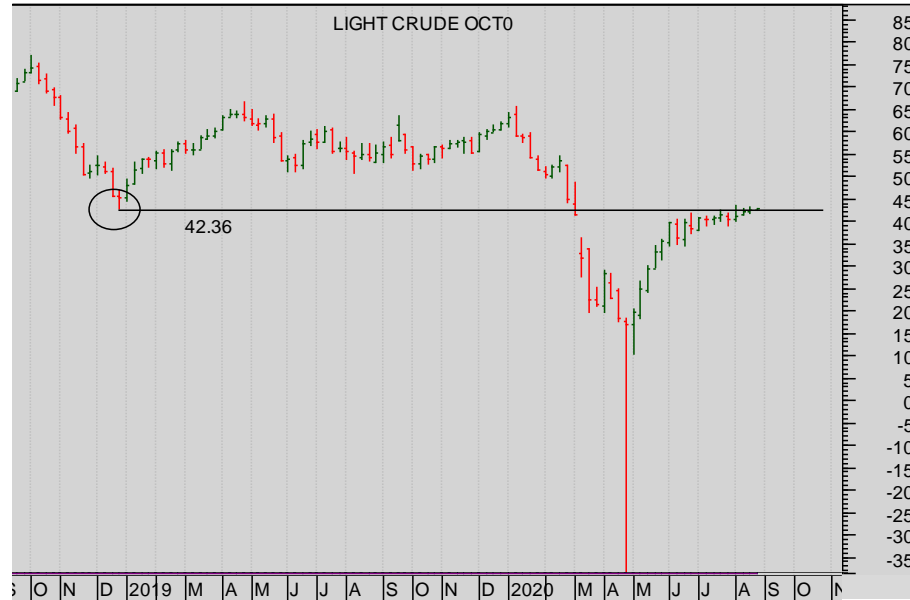
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Commodities: Nymex WTI Oil



Nymex oil weekly continuation

The rally has closely approached the resistance from the Prior Lows at 42.36 – but hasn't broken through.

Nymex oil daily SEP 2020 futures

The market has closed the Gap resistance above the market.

Now watch carefully to see whether the price action can get above the Gap and force its way through the resistance of the low at 44.50



Commodities: Comex Gold

Summary

Currencies

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

Stocks

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

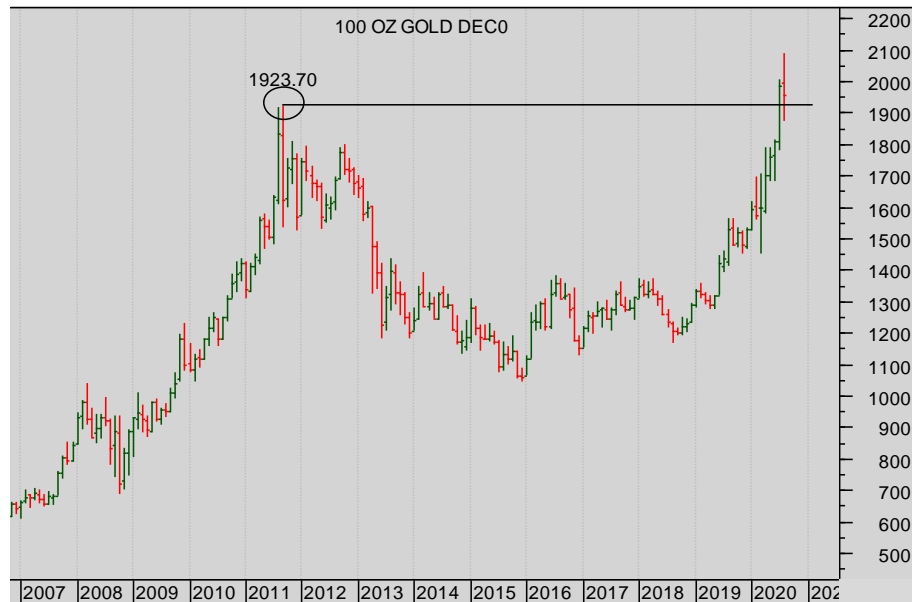
Bonds

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

Commodities

- + Oil
- + Gold

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...

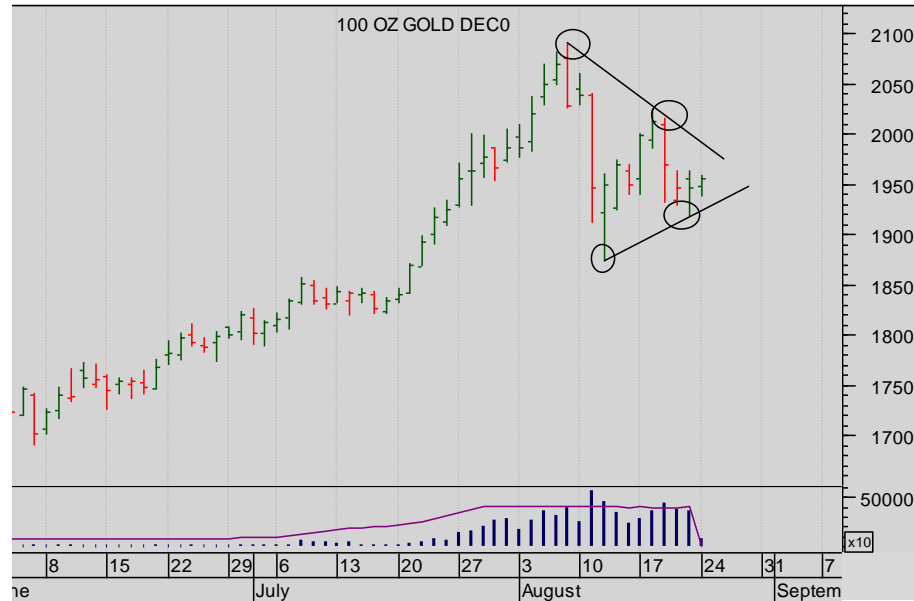
Nymex Gold weekly

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? So far it looks like it – note the support there on the recent pull-back.



Commodities: Comex Gold



Nymex Gold August 2020 2020 Daily

The daily chart had a Key Reversal - then we had a retest of the 1923 level.

Since then the market has stabilised above the 1923, and in so doing it has created a continuation triangle.

Is this a good buying level?

1. While 1923 holds yes.
2. Buy **again** on a completion of the Triangle around 1980

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Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

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the technical analyst

AWARDS 2012

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