



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

Disclaimer



Multi-asset technical strategies

Week of 13th October 2020

Mark Sturdy

Authorised and regulated
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 **BULL** Euro
Long-term **BEAR** Sterling
Long-term FLAT Yen
Long-term FLAT Euro

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

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

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

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 **BEAR**

Commodities

- + Oil
- + Gold

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

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

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

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

Currencies and the Dollar in particular are very quiet. The Dollar is still in a weakening trend – medium-term. Sterling Euro has returned to within a trading range. There are no important breaks or completions.

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

More



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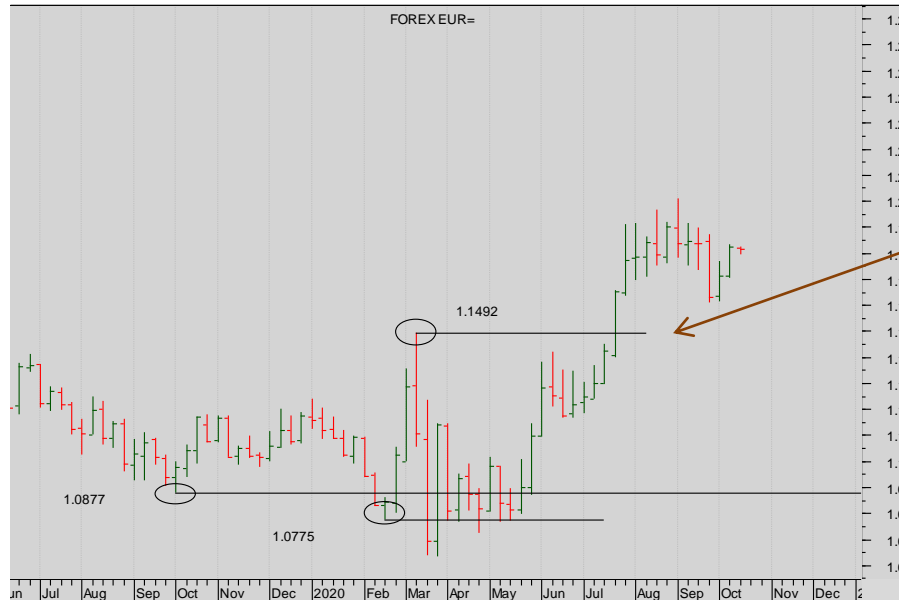
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Commodities

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IMPLIED ASSET ALLOCATION

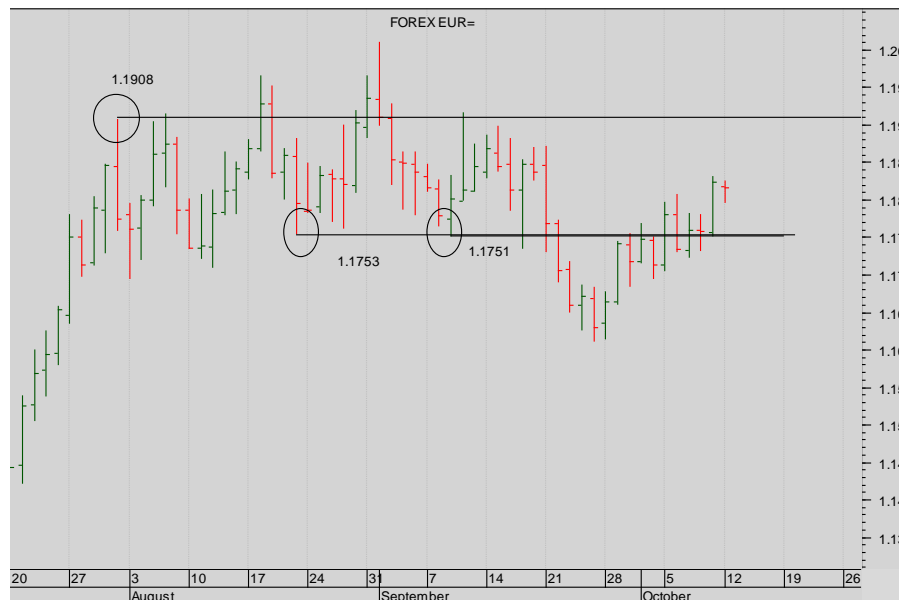
Currencies: Dollar Euro



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 - the bear Dollar trend remains intact unless that breaks.



Dollar Euro spot cash chart daily chart...

The Dollar short-term breakout was not sustained - it's not clear.



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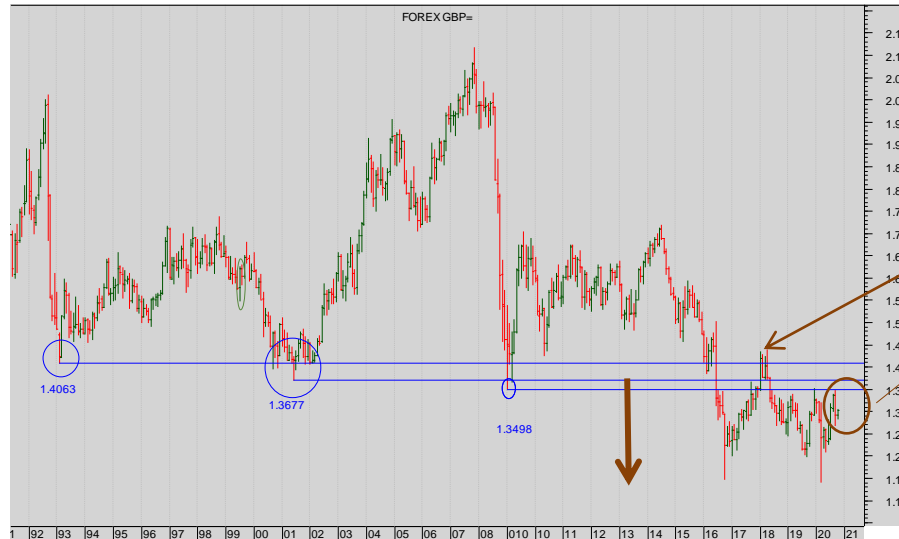
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Currencies: Dollar Sterling

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 looks like failing for the fourth time – there's a Key Reversal created this month too – it all looks bearish.



Dollar Sterling Monthly spot cash LINE CHART based on closes

The possible bear continuation triangle looks to be threatening the market still.



More



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IMPLIED ASSET ALLOCATION

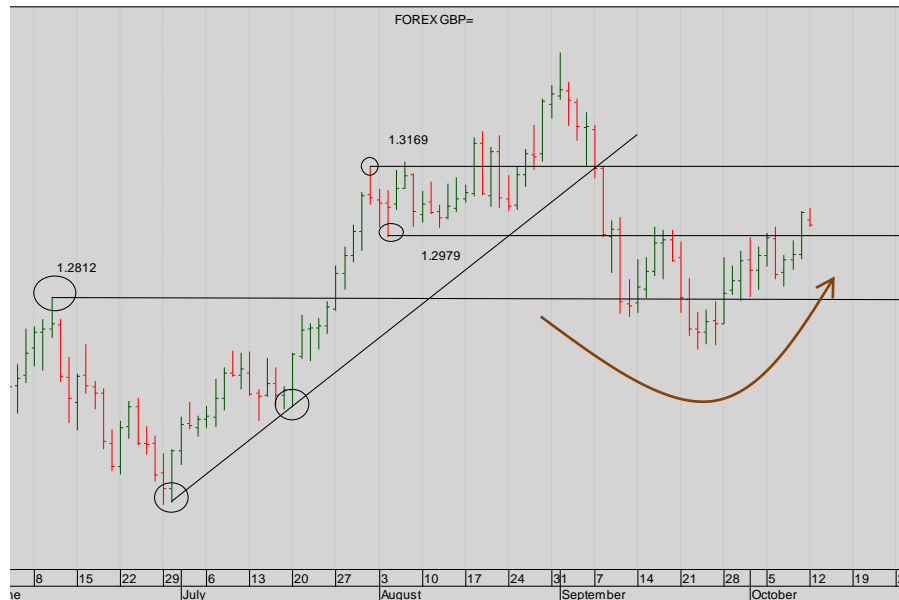
Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

Note the third failure of the market at the 1.3383 boundary....and the completed bear wedge.

Taken together they should send the market down to the bottom of the trading range...



Dollar Sterling daily spot cash chart

The brisk sell-off of the last two weeks has paused ...



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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

It's a range.



Dollar Yen weekly spot cash chart

Watch the test of the bottom of the range ... a breakdown through this level suggests a much stronger Yen.

More



Currencies: Dollar Yen

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IMPLIED ASSET ALLOCATION



Dollar Yen daily spot cash chart

Short-term, it's not clear.

Watch for a bear move down through the low at 104.17...that would ratchet the market lower still.



Currencies: Sterling Euro

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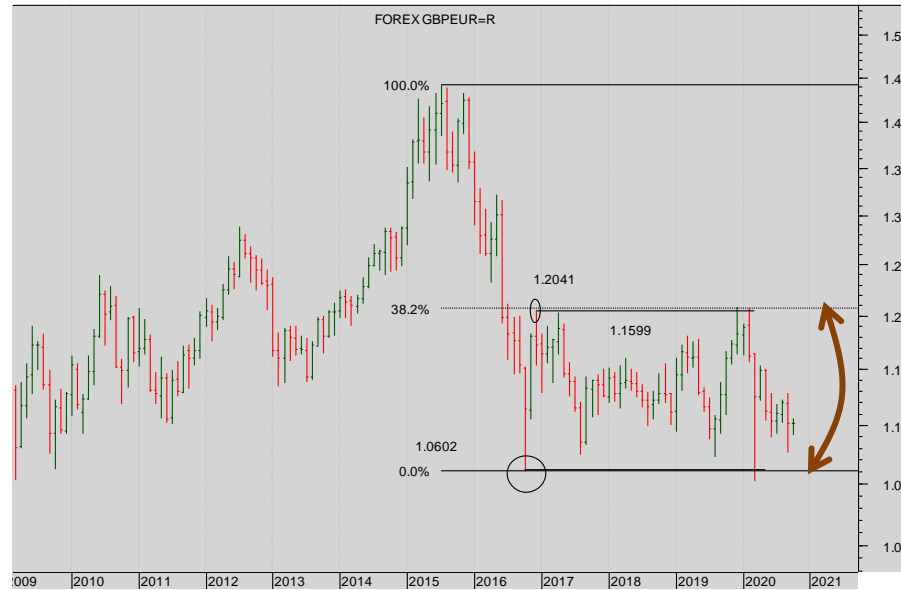
Bonds

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Commodities

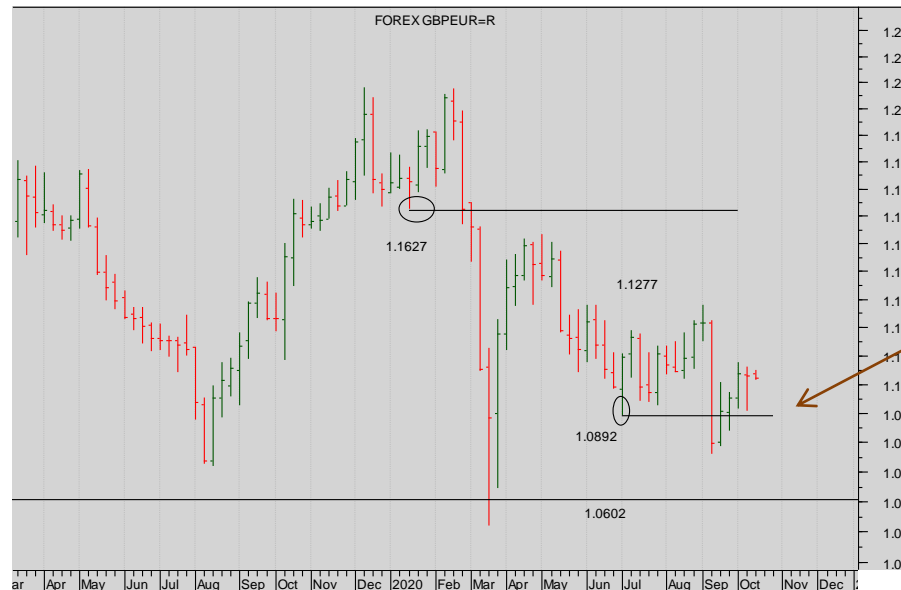
- + Oil
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IMPLIED ASSET ALLOCATION



Sterling Euro monthly spot cash chart

The market remains in the broad trading range_



Sterling Euro weekly spot cash chart

Inside the range: there is some pressure to weaken sterling further.

Note the failed break of the low at 1.892.

More



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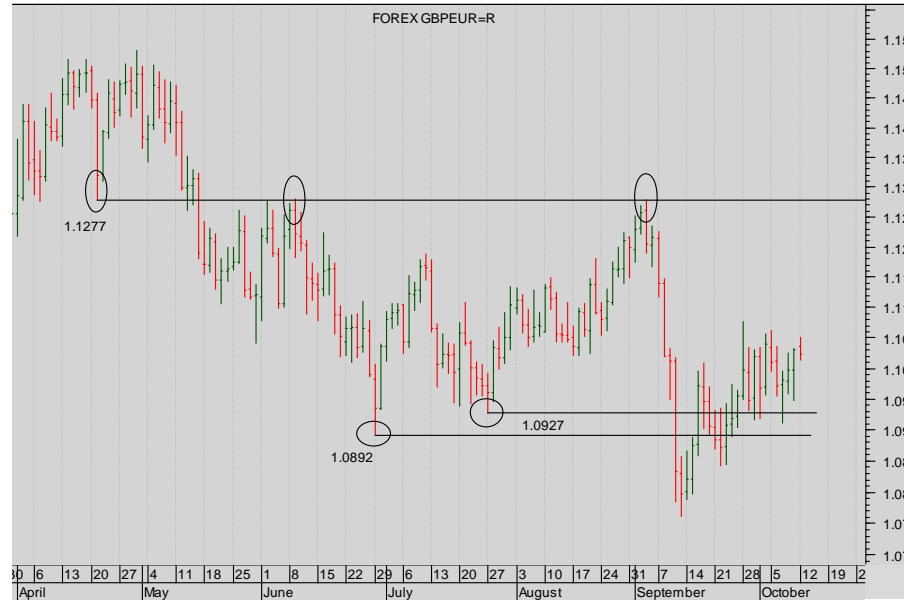
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Currencies: Sterling Euro



Sterling Euro daily spot cash chart

Note the failed breakout and now the market has rallied back to stay within the range.

There's no real weakness in Sterling yet.



Stocks: CME S&P

STOCKS:

Stock are very impressive: the possible top and reversal formations in the US we talked about, none of them have come to fruition. Instead there have been good bounces off supports (S&P) , and continuation triangles (S&P) created. The Nikkei continuation triangle never went away (it has never looks topy) – and that market is now testing the Highs of January 2020, 2017 and 2018. The Europeans look anaemic still – driving back up into a trading range. The UK may be close to completing a bull triangle.



CME S&P 500 monthly cont. futures chart

The market didn't complete a Monthly Key Reversal **and** the a break back through the support from the Prior High looks temporary.

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IMPLIED ASSET ALLOCATION

More



Stocks: CME S&P 500

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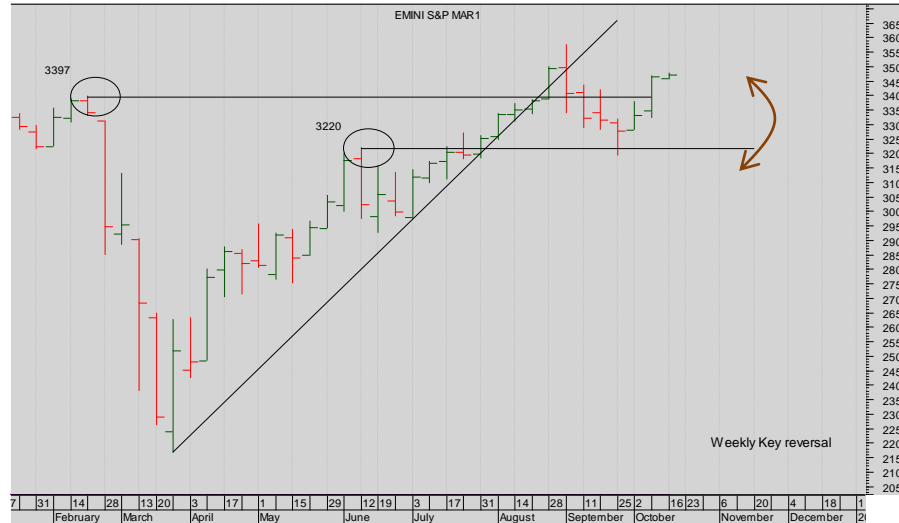
Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

CME S&P 500 cont. weekly cont. chart

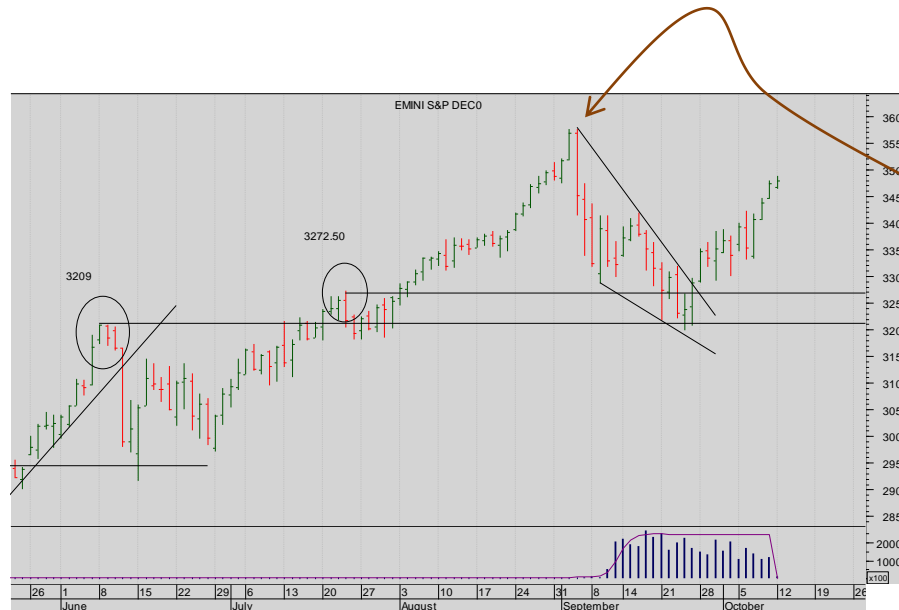
The market has bounced off the support 3220- 3397



CME S&P 500 daily DEC 2020 chart

Note the Day Key Reversal that began the sell-off.

But now the market is making a spirited rally, bouncing off the band of support using the bear rising wedge as the catalyst.



More



Stocks: Eurex EuroStoxx 50

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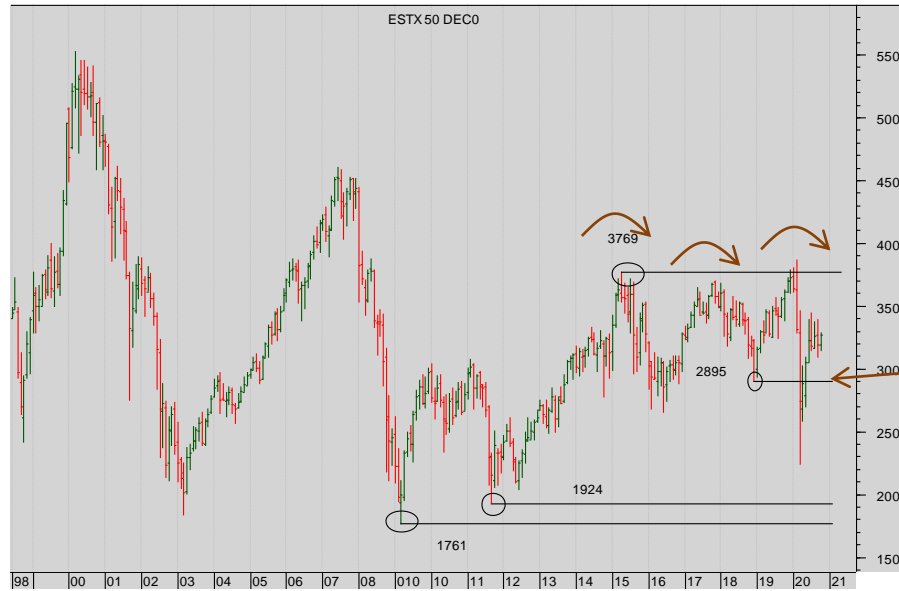
Bonds

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Commodities

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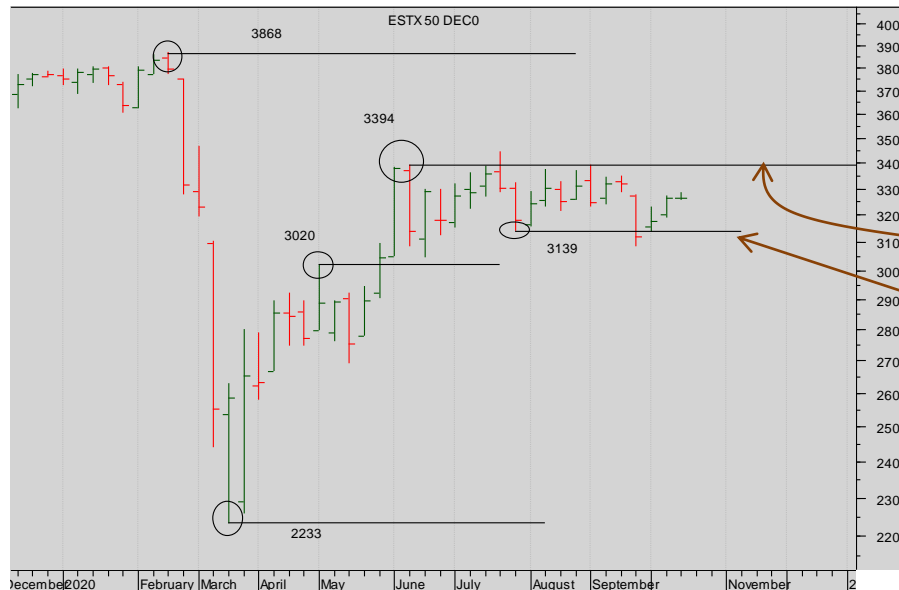
IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 monthly continuation futures chart

1. The triple failure of the market at 3700 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

- Bulls now need a confirmed break up through the Prior High at 3394.
- Nothing so far. A confirmed breach of the low 3139 would surely complete a small top? But there's nothing there yet...

More



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IMPLIED ASSET ALLOCATION

Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Dec 19 futures chart

The small Triple Top or Head & Shoulders Top looks like failing – tho' there should be good resistance at the Neckline.

Stand back.



Stocks: Liffe FTSE 100

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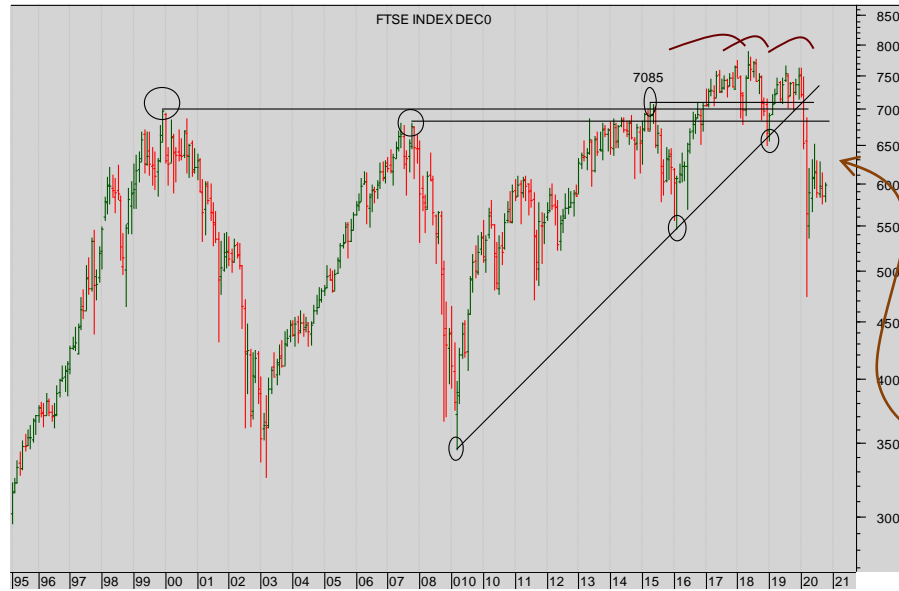
Bonds

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Commodities

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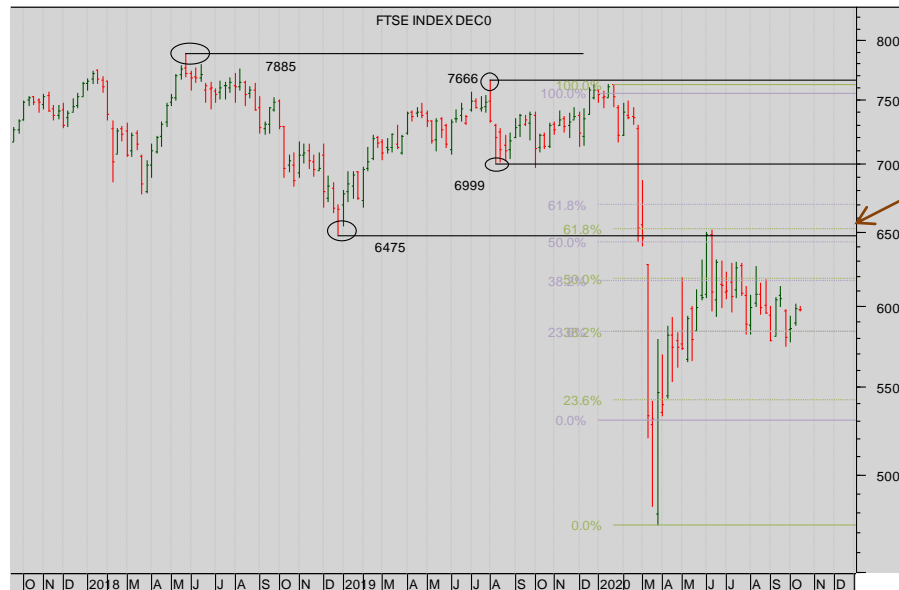
IMPLIED ASSET ALLOCATION



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

It's not clear what is going on save the clear important resistance above the market at 6475.

More



Stocks: Liffe FTSE 100

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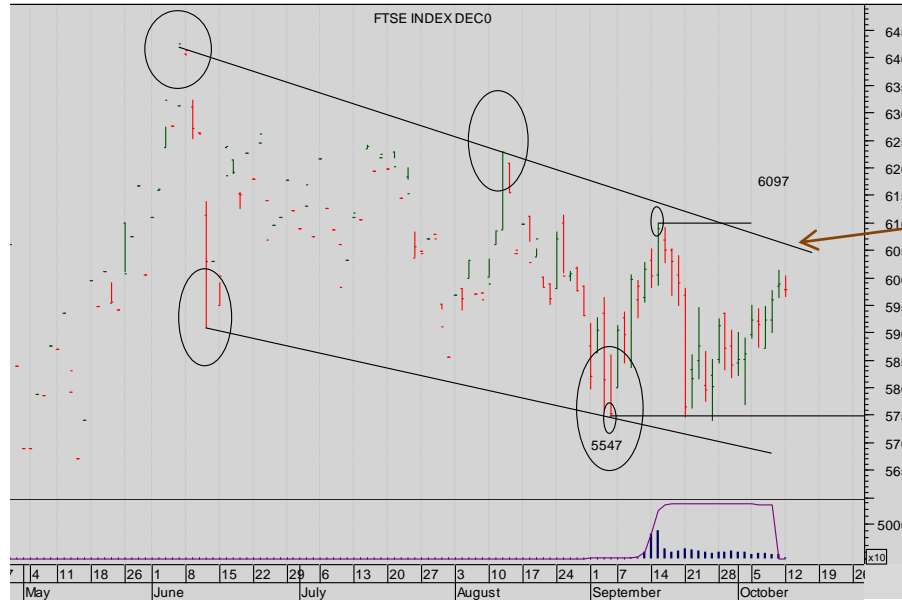
Bonds

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Commodities

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IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec 20 daily futures chart

Now watch the upper diagonal of the possible falling wedge.

Stand back and wait for clarity.



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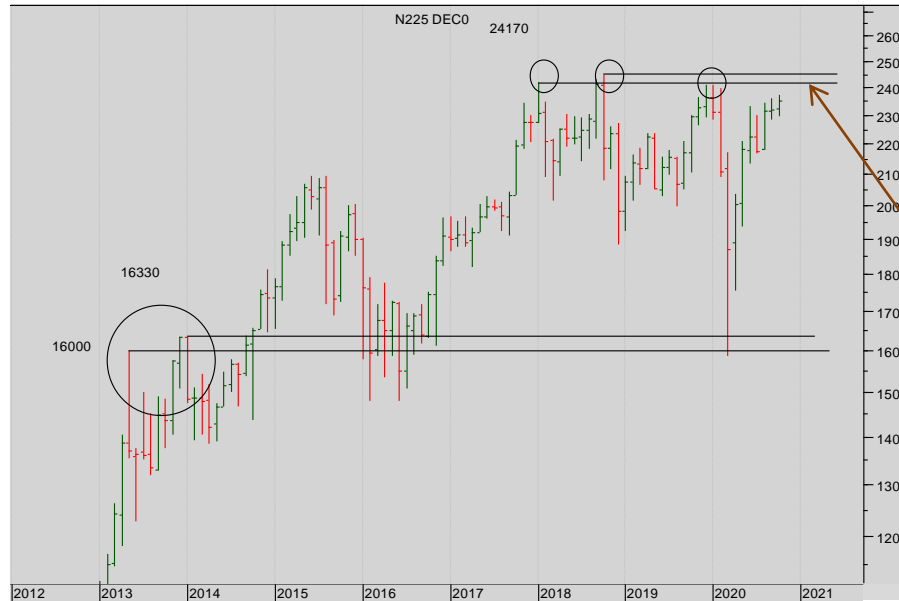
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Commodities

- + Oil
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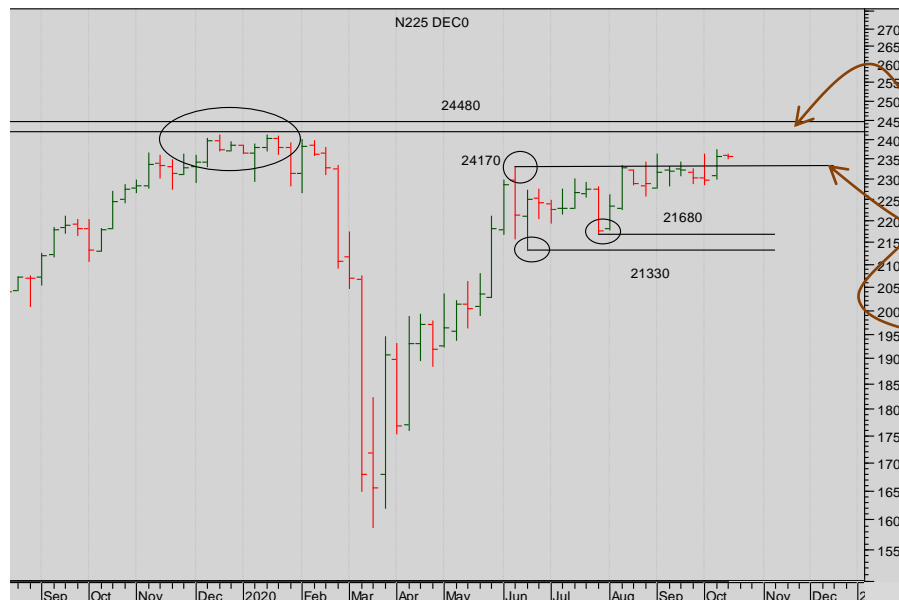
IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

The triple failure of the market at the 24500 level was worrying – but the indefatigable bounce off 16330 suggests a re-approach to the Highs.



Nikkei 225 chart (WEEKLY)

The market has surged ahead of the 24170 High and approaching the longer-term highs at 24480. **A break of those would be massively bullish.**

More



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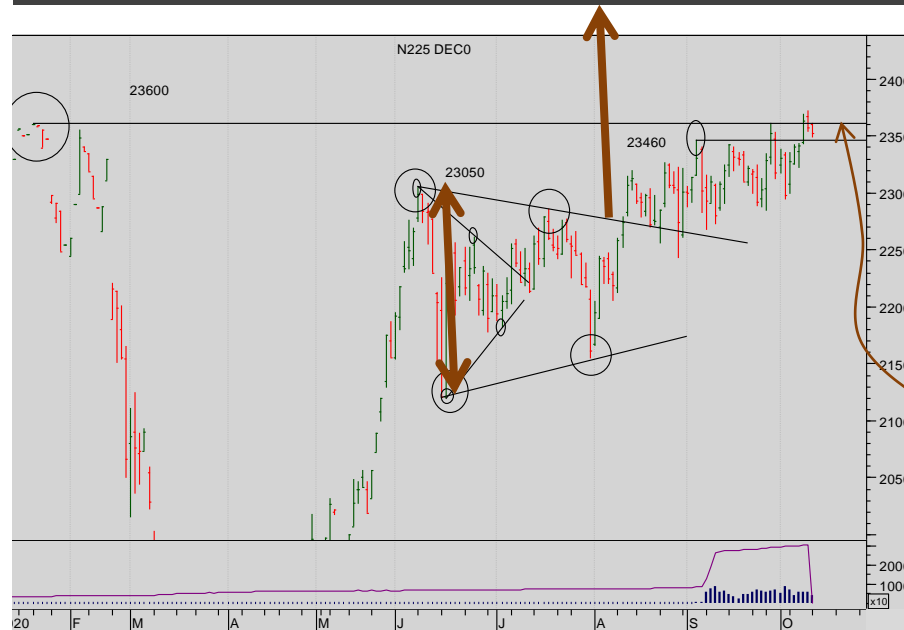
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart Daily Sep 2020.

The bull continuation triangle is working well – suggesting a minimum move up as far as 24500.

But short-term watch for a confirmed break up through 23460.

(note that this Dec contract shows a test of the old highs already, well ahead of the continuation charts)



Bonds

BONDS:

US Bonds have gone nowhere since March. Bunds since 2019. Nor the Gilts. But the Gilts look groggier since the market has been higher and has now been drifting all Summer. But there are no great pattern or trends in play.

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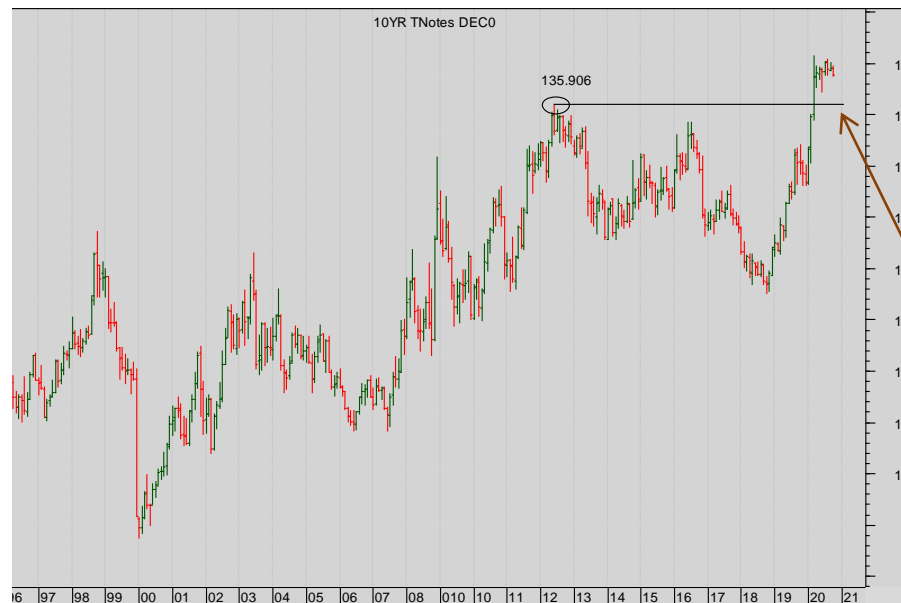
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Commodities

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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 135.9.

The market looks set for the
next bull leg.

More



Bonds: CBOT Ten Year Notes

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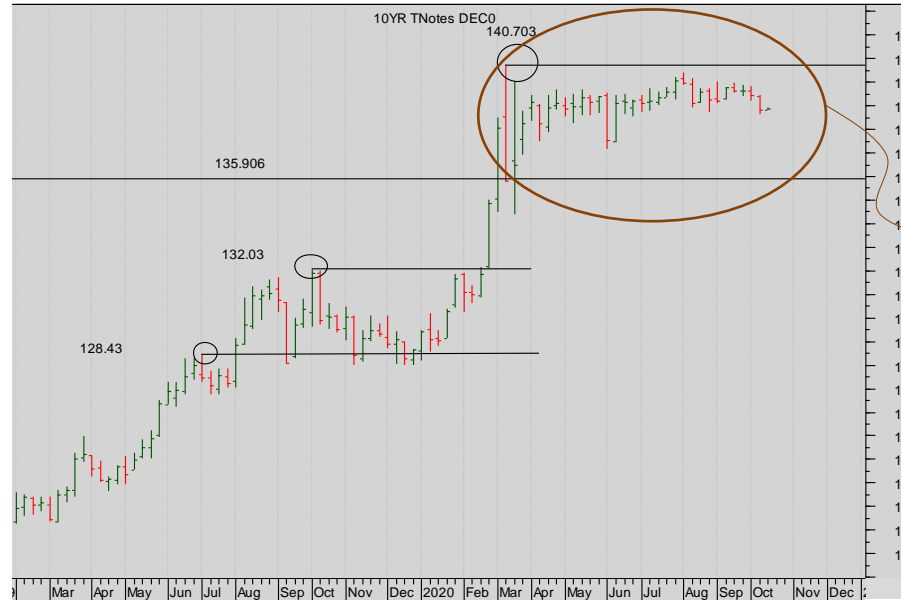
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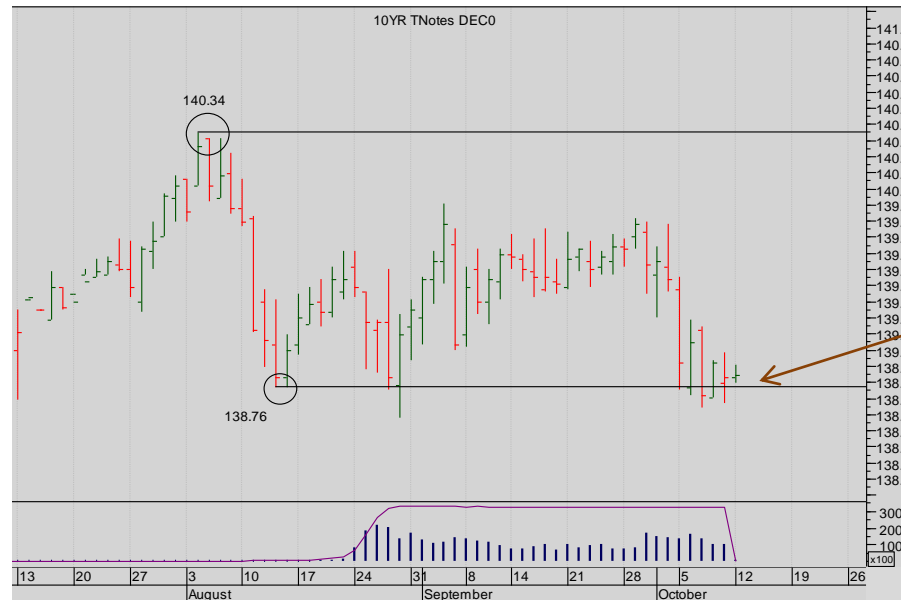
IMPLIED ASSET ALLOCATION



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 Dec 20 futures chart

In detail, it lacks clarity. Stand back and watch for a break in the recent low 138.76.

More



Bonds: Eurex Ten Year Bund

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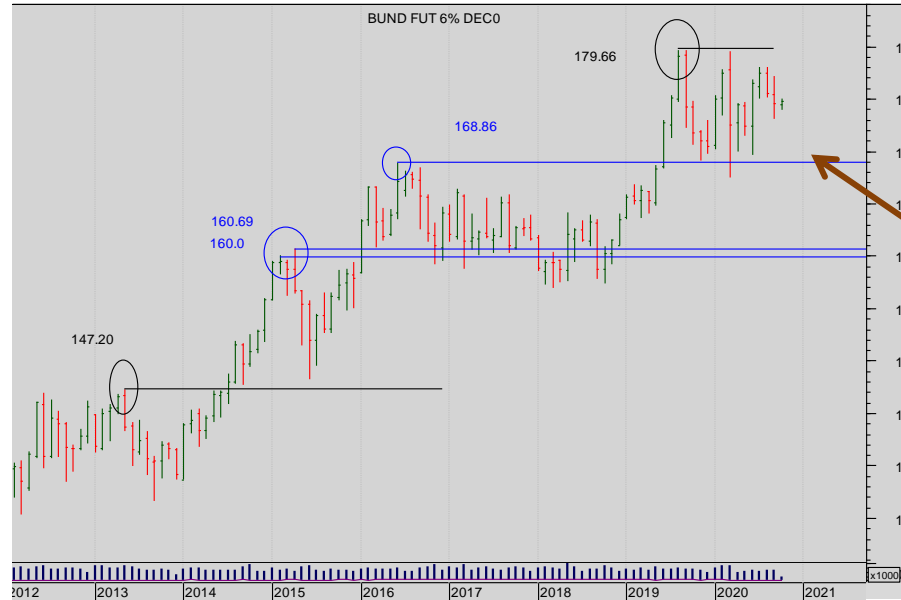
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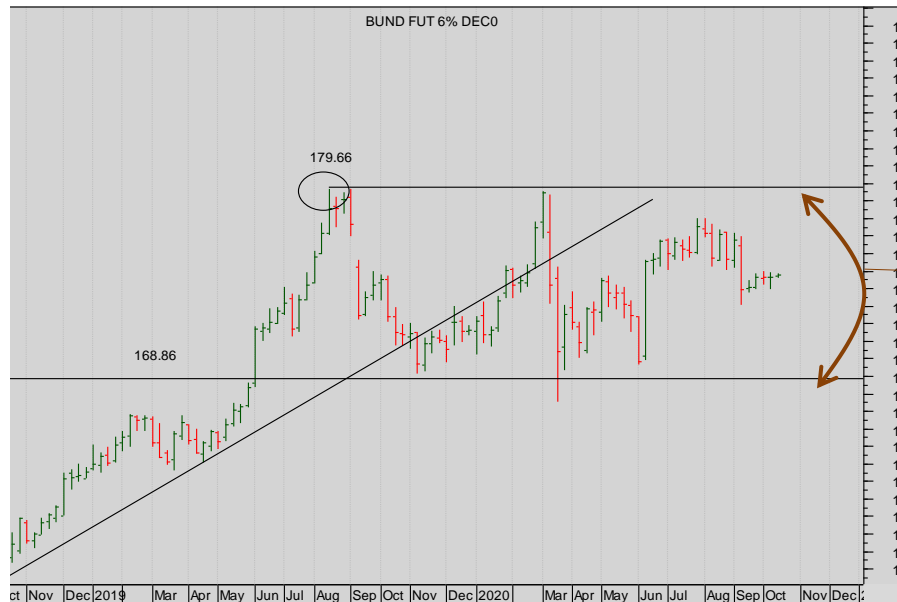
IMPLIED ASSET ALLOCATION



Eurex Ten Year Bund monthly futures continuation chart

The support at 168.93 is proving important (and so far has held) as the market remains within a clear trading range..

For the moment the bull trend remains intact.



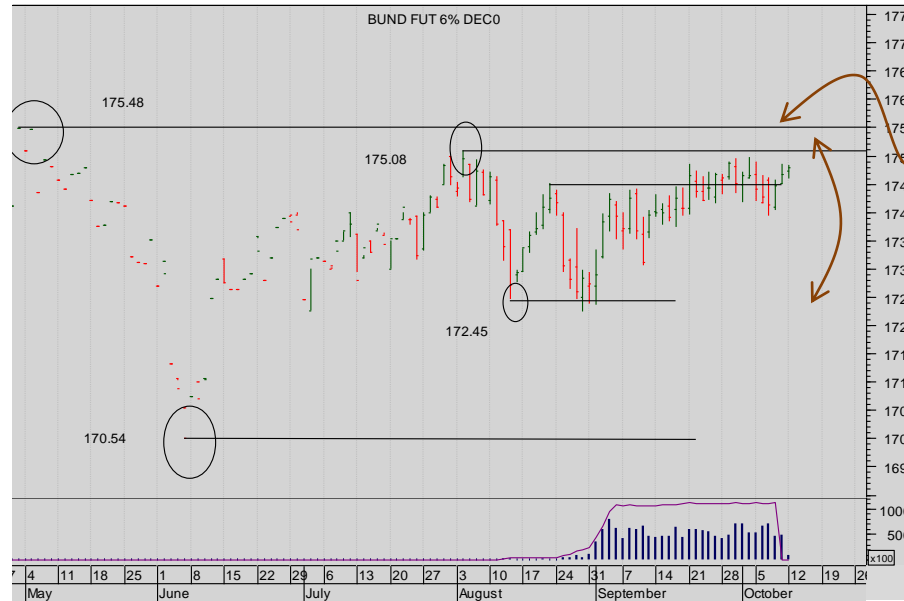
Eurex Ten Year Bund weekly cont. futures Chart

For the moment the range is intact





Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund JUN 2020 Daily futures chart

This is clearer: Short-term, both the bulls and bears have been disappointed.

Stand back and watch the short-term range.

The bulls need a break above 175.48.

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IMPLIED ASSET ALLOCATION

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 long-term endorsement of the bull trend.

Another bull leg is in prospect.



Liffe UK Gilt weekly continuation futures Chart

But this price action is disappointing – drifting back down through 136.80.

More



Bonds: Liffe UK Gilt futures

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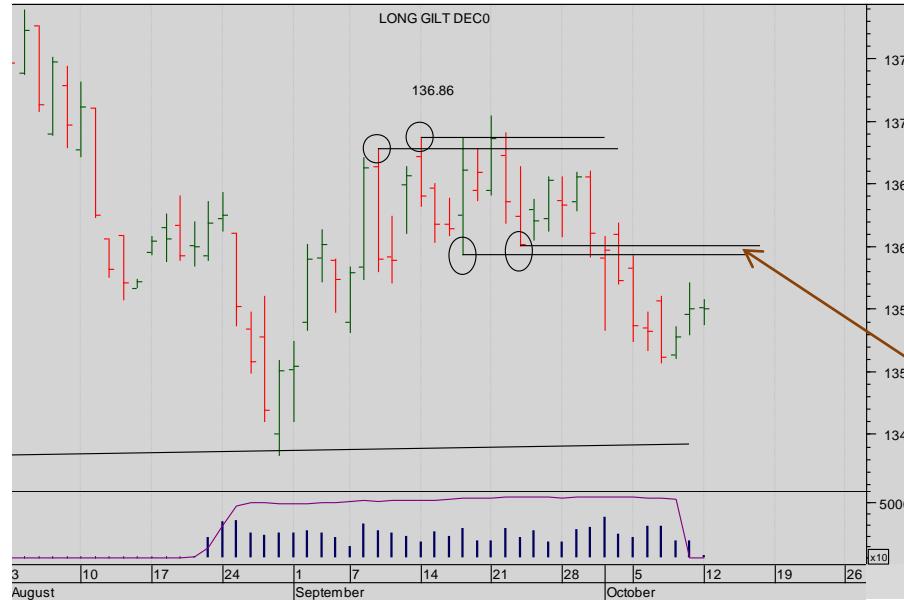
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Commodities

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IMPLIED ASSET ALLOCATION



Long Gilt daily Dec 20 chart

But this is interesting: a tight trading range has broken and thus formed a small top... there is no real bear momentum.

Short-term resistance at 136 or so



Commodity

COMMODITIES:

Oil is at the top of a short-term trading range and right up against medium and long-term resistances. Gold looks bullish having completed a bull triangle and seemingly bounced off the support from long-term highs.

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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

On the bounce, there is powerful resistance at the H&S Neckline at \$43 or so.

More



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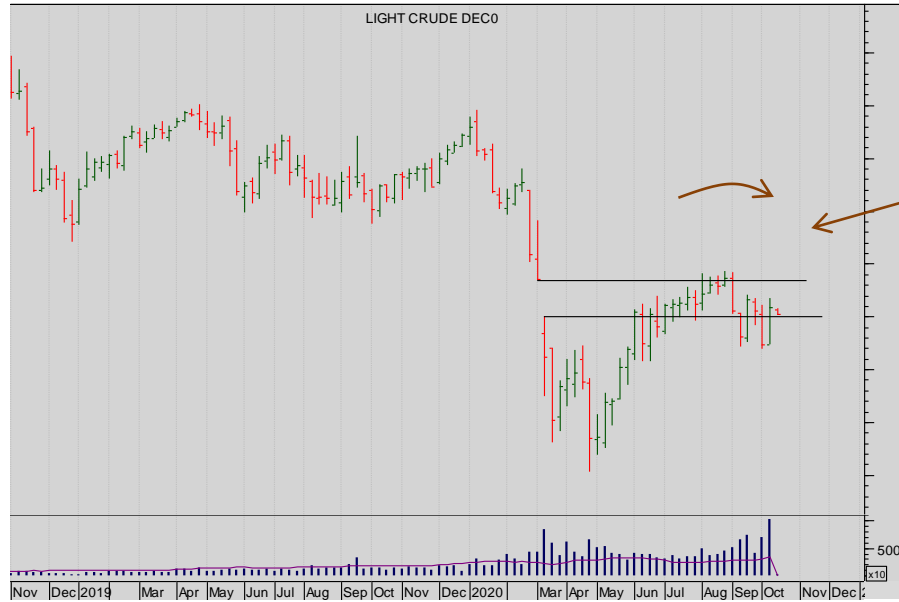
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IMPLIED ASSET ALLOCATION

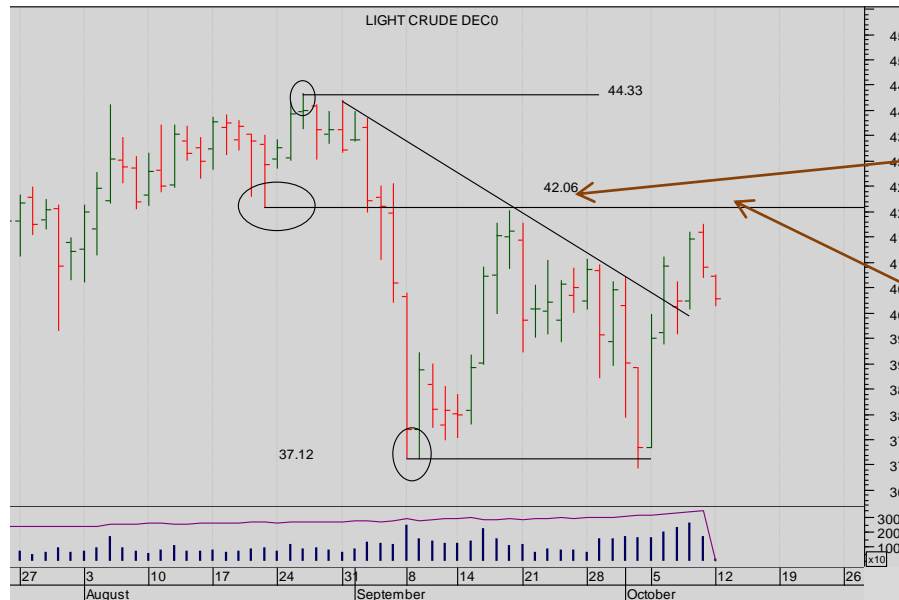
Commodities: Nymex WTI Oil



Nymex oil weekly continuation

Sure enough, the market has failed at the Gap.

It now looks like formidable resistance above the market.



Nymex oil daily Dec 2020 futures

Note the failure at the Prior Low at 42.06. The bears look still to be in charge but watch the bounce carefully.

(A break up through 42.06 would complete a Double Bottom.)



Commodities: Comex Gold

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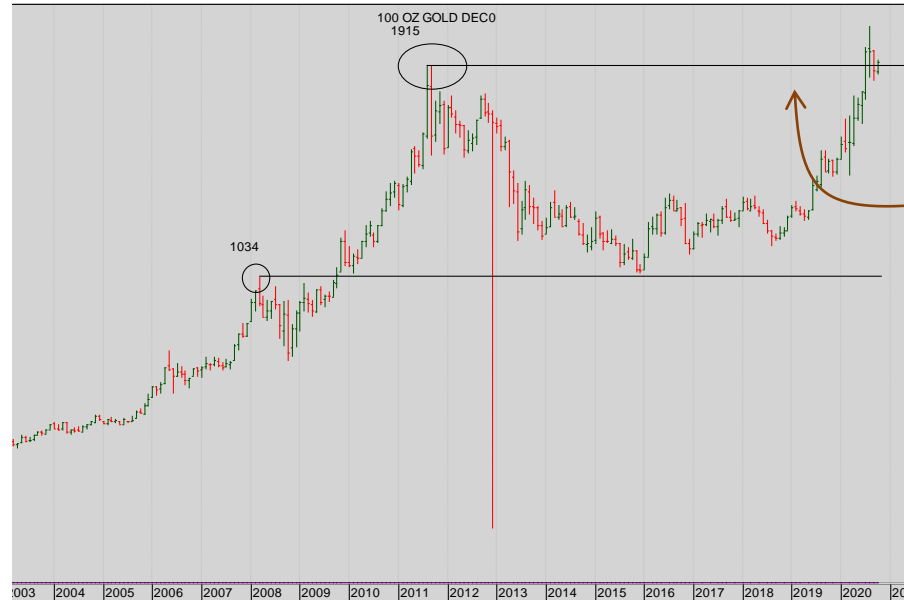
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- + Ten Year US TNote
- + Ten Year German Bund
- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nymex Gold Monthly

The bulls are in charge.

Note that the Prior High of 2011 has been overcome....but watch the band of support from the Prior High now...



Nymex Gold weekly

Is that a continuation triangle that has just completed? Look closer...



Commodities: Comex Gold



Nymex Gold August 2020 2020 Daily

The short-term daily chart had a Key Reversal – which impacted the market in a sharp pull-back

Since then the market has stabilised above the 1923 horizontal support (weekly chart) , and in so doing it has created a **bull continuation triangle**.

Minimum move? **UP as far as 2130**

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
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IMPLIED ASSET ALLOCATION



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Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

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MSCI Balanced Risk Asset Allocation



More



the technical analyst

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