



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 27th 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 **BEAR**
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 FLAT

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More



Currencies: Dollar Euro

CURRENCIES:

All remains quiet with the Dollar and its crosses. Remember the importance of the Yen's strength testing the Dollar's support at 104.17.

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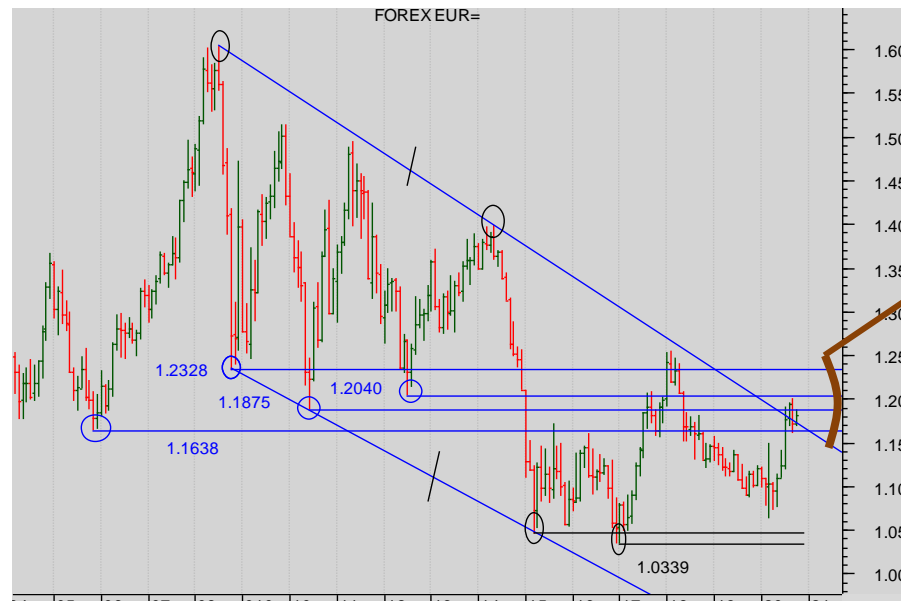
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Dollar Euro monthly spot cash chart

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

More



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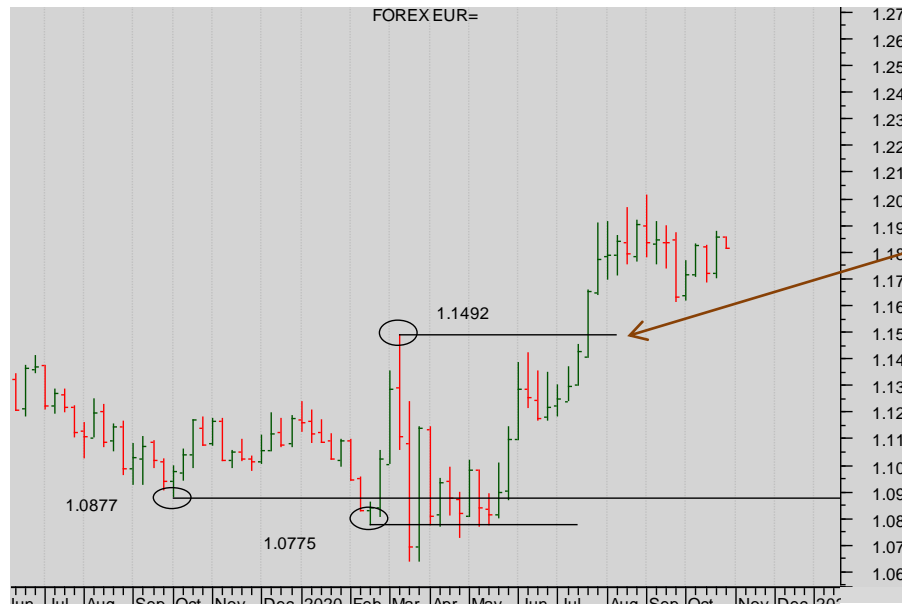
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IMPLIED ASSET ALLOCATION

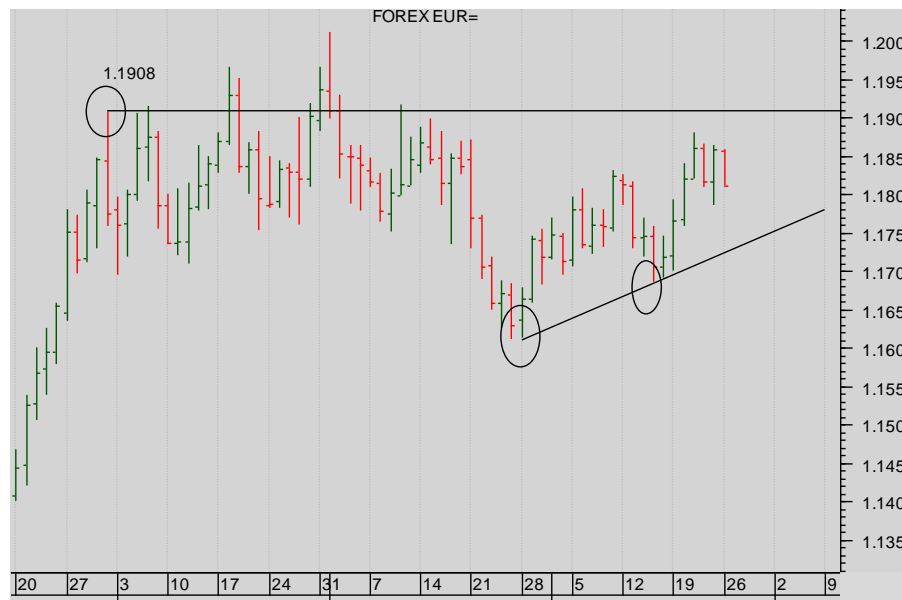
Currencies: Dollar Euro



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.



Currencies: Dollar Sterling

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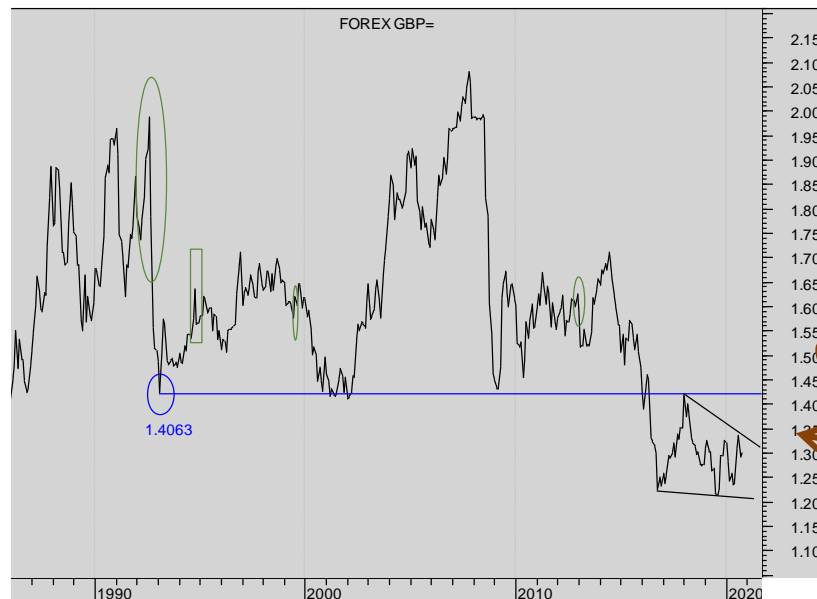
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Dollar Sterling Monthly spot cash chart

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 last 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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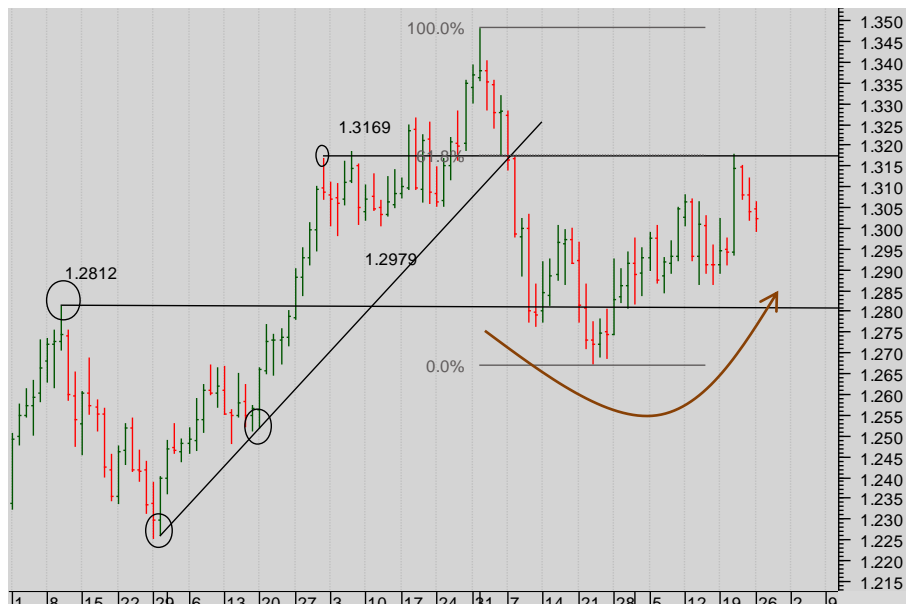
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Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

Note the third failure of the market at the 1.3383 boundary....and the completed bear wedge...but the wedge is having very little effect...



Dollar Sterling daily spot cash chart

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



Currencies: Dollar Yen

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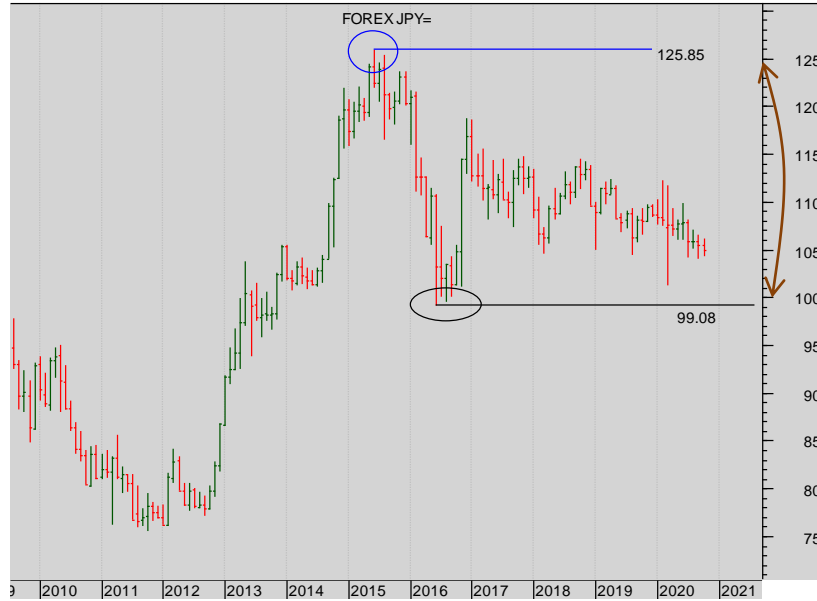
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Commodities

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Dollar Yen monthly spot cash chart

It's not clear.



Dollar Yen weekly spot cash chart

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

More



Currencies: Dollar Yen

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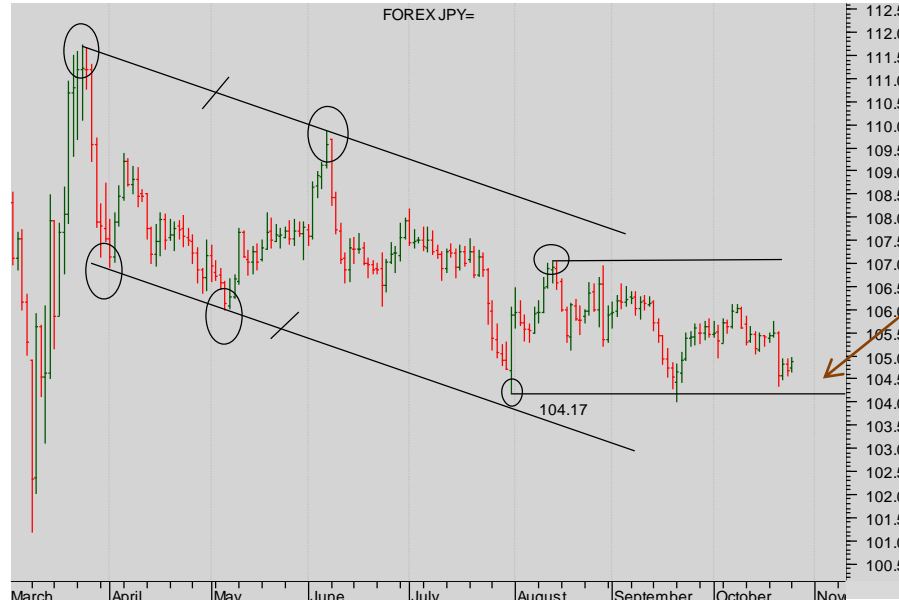
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Commodities

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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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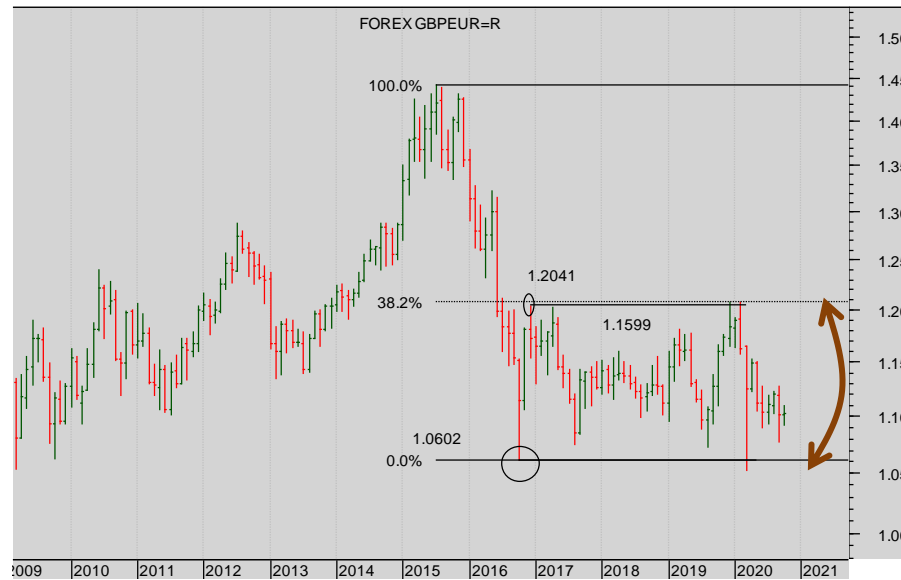
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Commodities

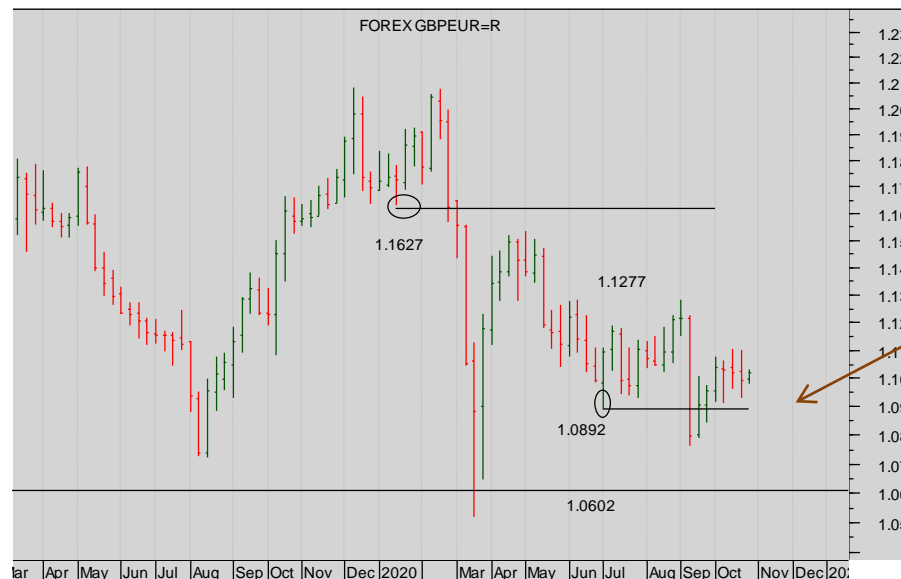
- + Oil
- + Gold

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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



Currencies: Sterling Euro

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- + **Sterling Euro**

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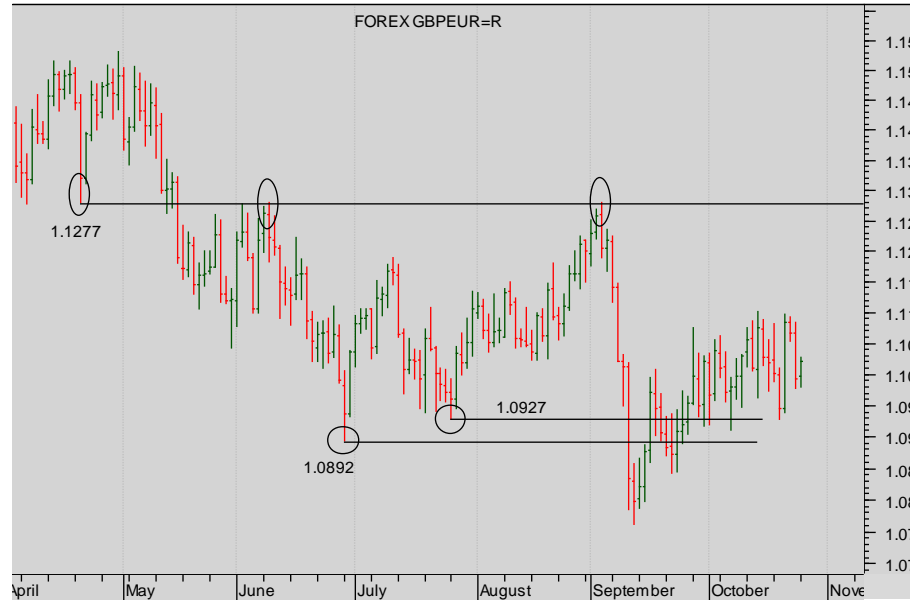
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



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:

Note well the tight trading range of the European market, sitting on important support. And the continued drift of the FTSE –now sitting on significant short-term support at 5547 which should be closely watched. The Nikkei remains in dramatic contrast –bolding testing the Prior Highs a break of which will sent it a good deal higher still.

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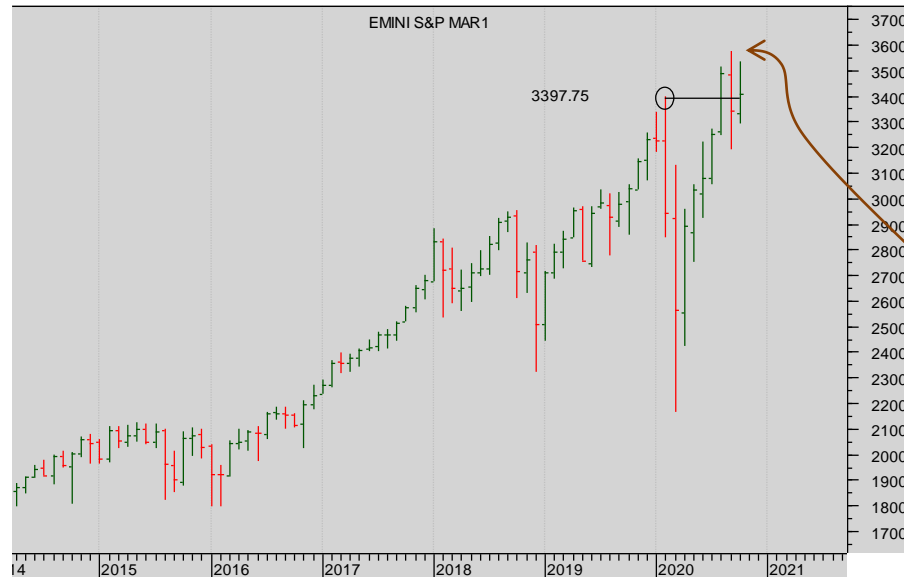
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IMPLIED ASSET ALLOCATION



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.**

More



Stocks: CME S&P 500

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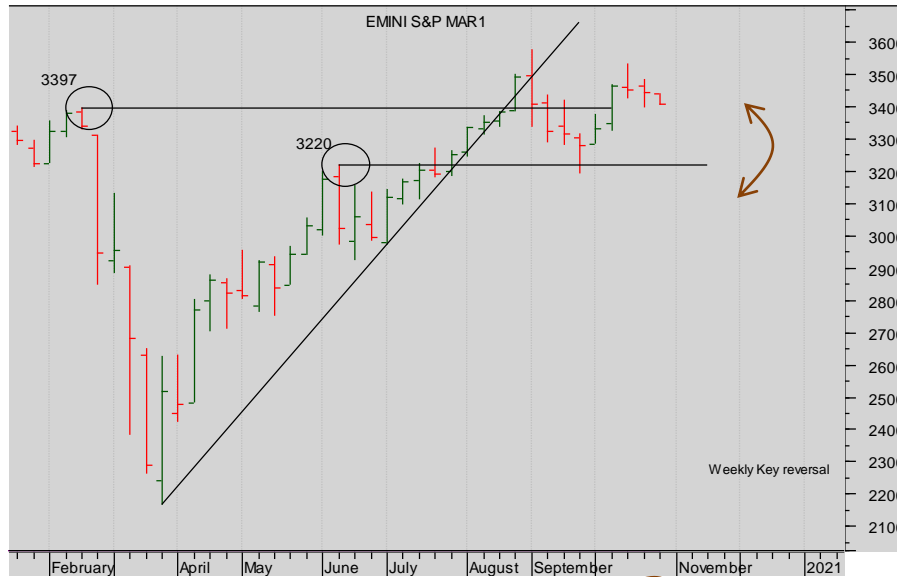
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Commodities

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IMPLIED ASSET ALLOCATION



CME S&P 500 cont. weekly cont. chart

The market has bounced off the band of 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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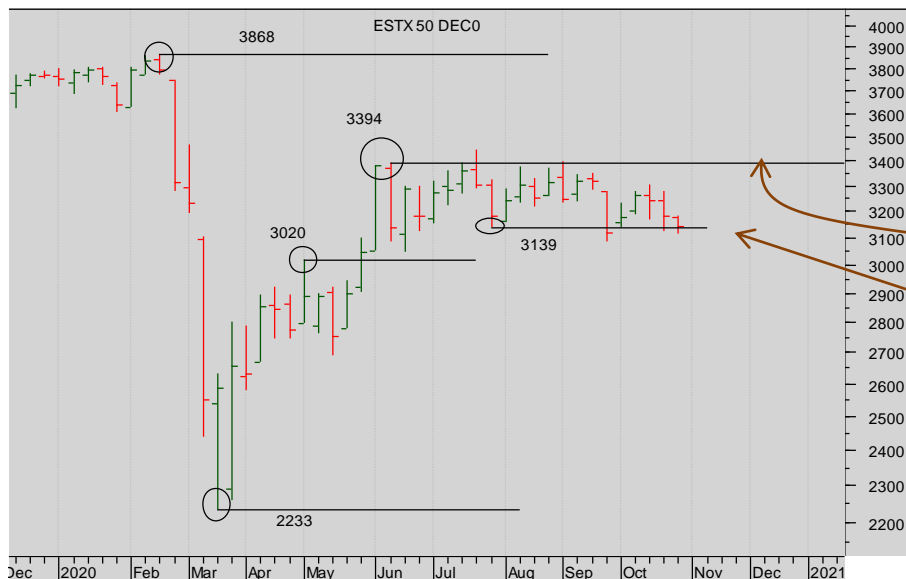
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Eurex EuroStoxx 50 monthly continuation futures chart

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

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

More



Stocks: Eurex EuroStoxx 50

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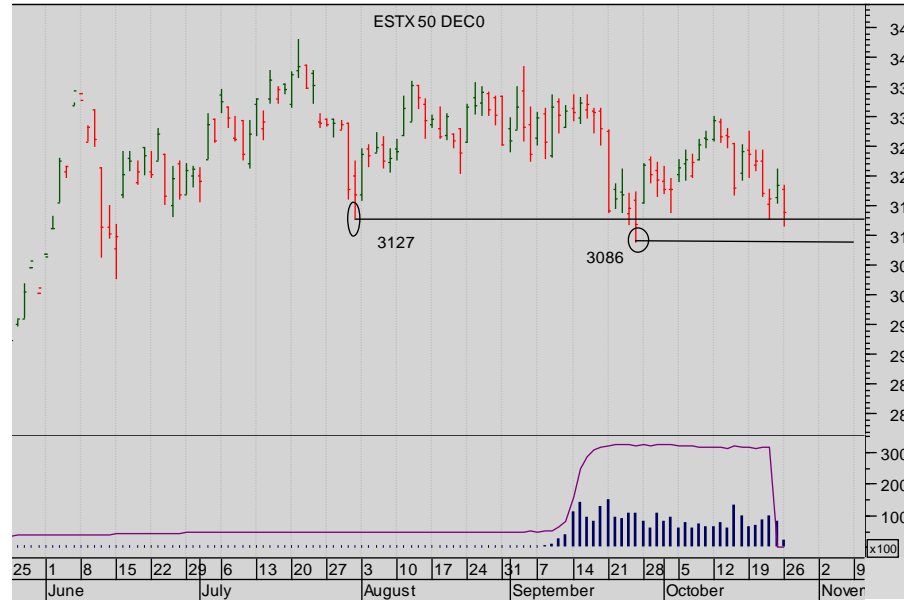
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 19 futures chart

The small Triple Top or Head & Shoulders Top looks like failing – watch the band from the lows – that needs to break.

Stand back.



Stocks: Liffe FTSE 100

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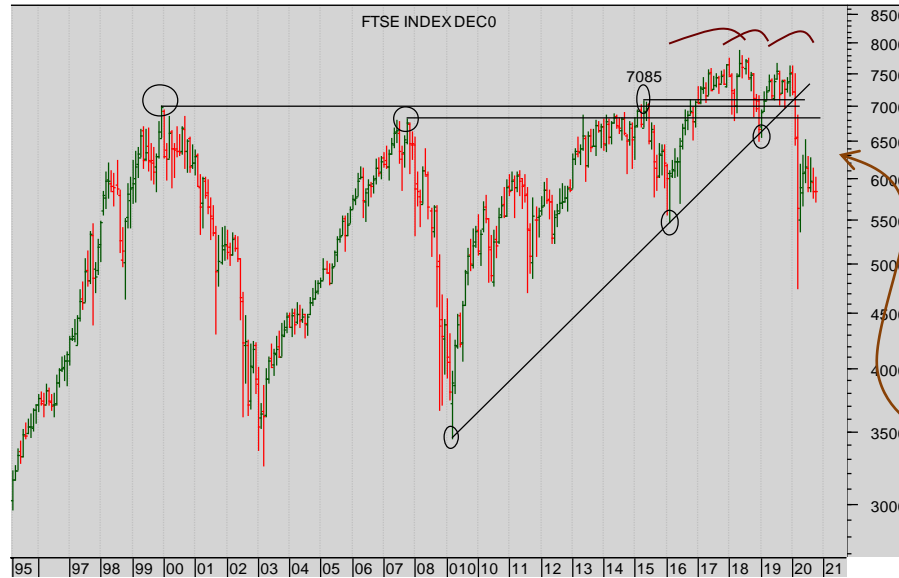
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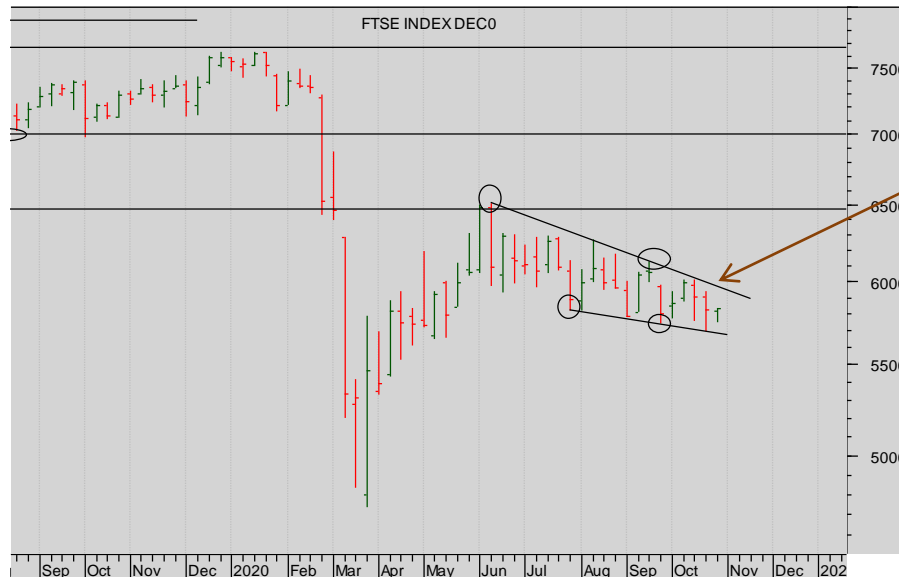
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Liffe FTSE 100 Monthly continuation futures chart

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

It's not clear what is going on save a potential bull falling wedge?

More



Stocks: Liffe FTSE 100

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Dec 20 daily futures chart

Within the wedge there some horizontal support evident at 5547 ...

Stand back and wait for clarity.



Stocks: OSE Nikkei 225

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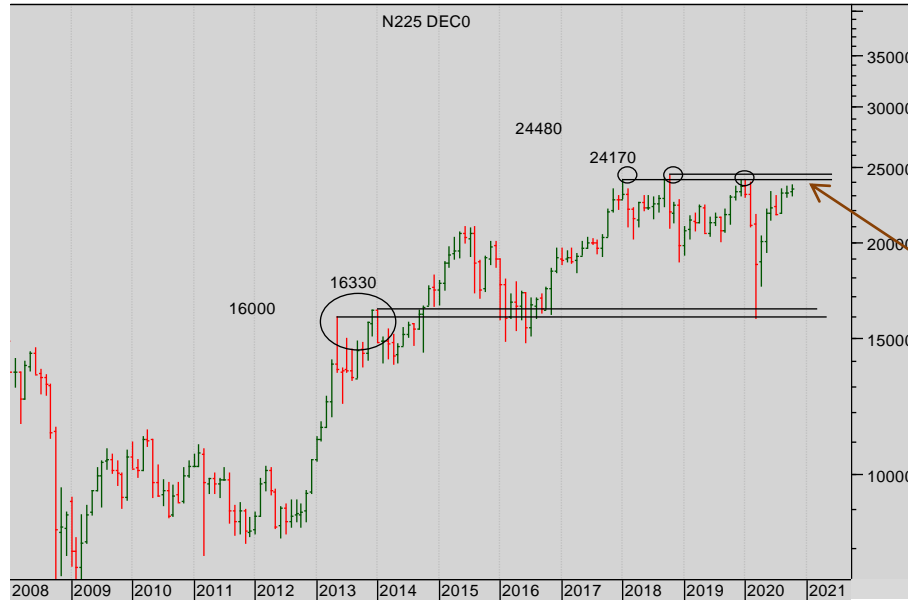
Bonds

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Commodities

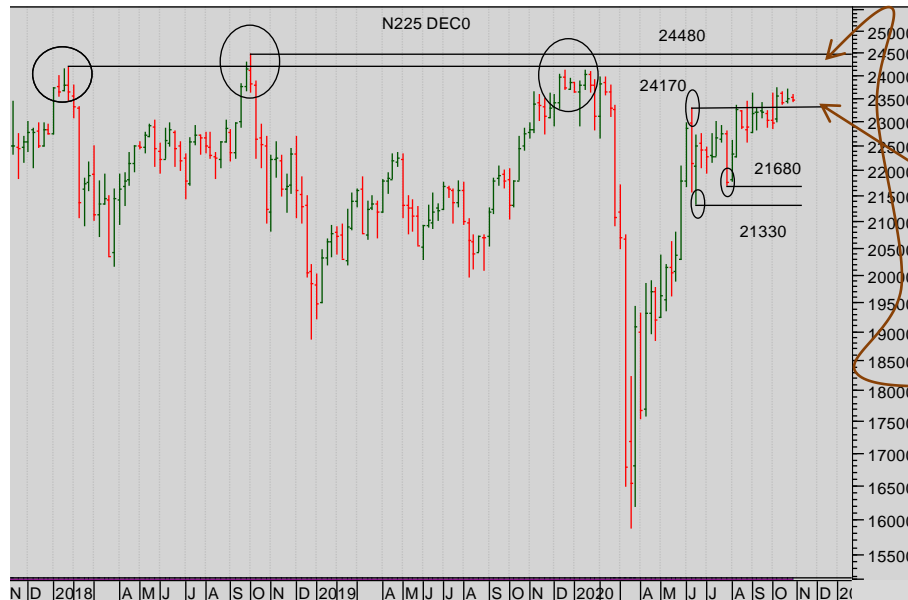
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



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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Bonds

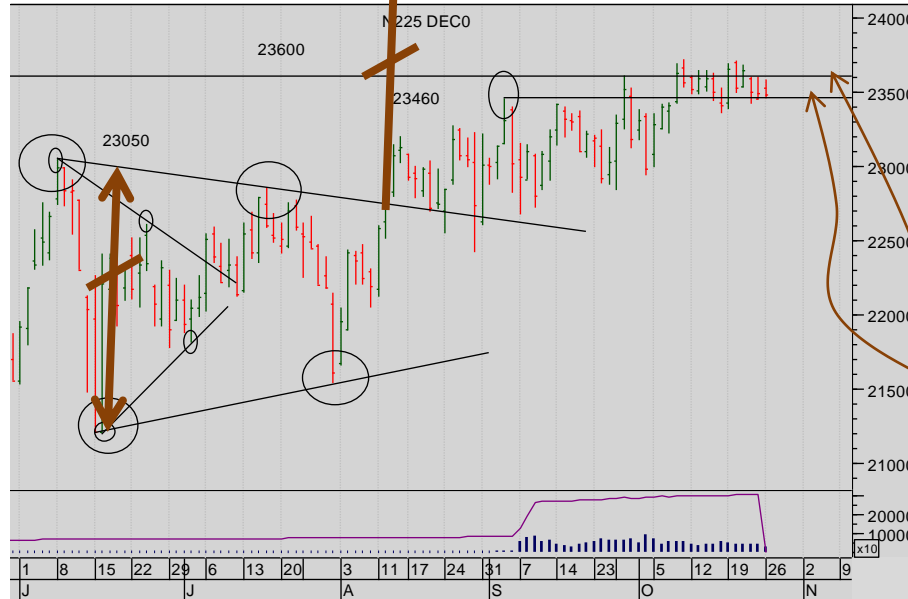
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Commodities

- + Oil
- + Gold

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 note the confirmed break up through 23460.

All we bulls need now is a break up through 23600.



Bonds

BONDS:

The US market is under slight pressure short term – like the UK market. Note though, the perkiness of the German bund!

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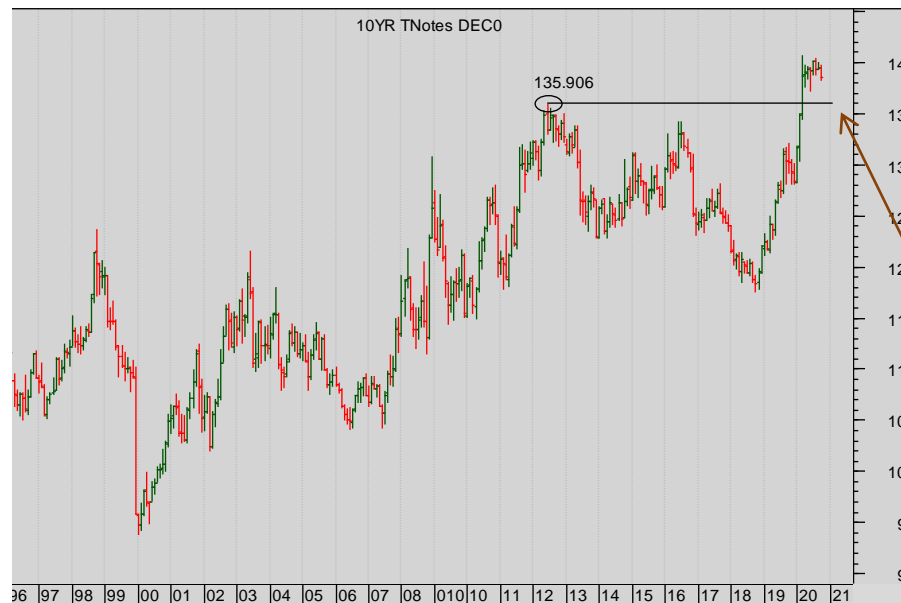
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IMPLIED ASSET ALLOCATION

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 135.9.

The market looks set for the
next bull leg.

More



Bonds: CBOT Ten Year Notes

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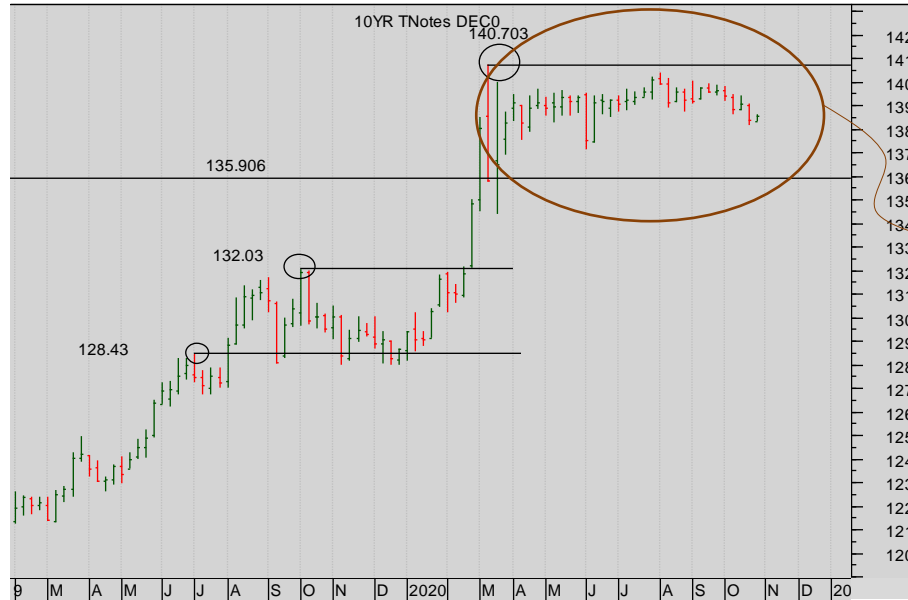
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IMPLIED ASSET ALLOCATION



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, though is this a ratcheting bear trend? Note quite a continuation H&S pattern (but v nearly)
At all events, expect resistance at the 138.76 level.

More



Bonds: Eurex Ten Year Bund

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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.



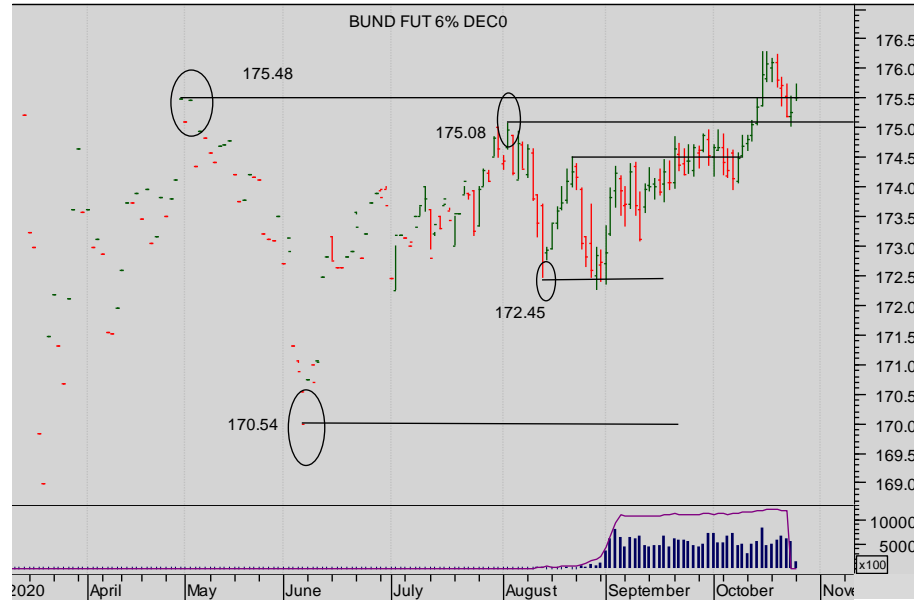
Eurex Ten Year Bund weekly cont. futures Chart

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, the bulls have a **break above 175.48/08**.

Which looks to be good support.

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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.

Will the diagonal hold to confirm at bull trend?

More



Bonds: Liffe UK Gilt futures

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IMPLIED ASSET ALLOCATION



Long Gilt daily Dec 20 chart

But this is interesting: a tight trading range



Commodity

COMMODITIES:

Oil looks close to testing the bottom of the short-term range at 37.12, which is important as a break of that might be a catalyst for the medium and long-term bearishness to be activated. Gold is stagnant despite the completion of a bull triangle. So more clarity is awaited.

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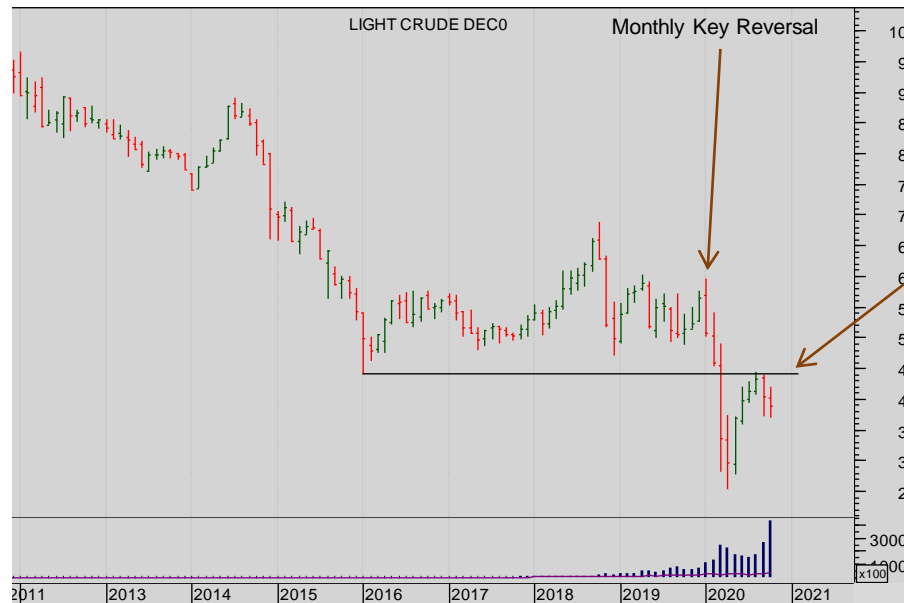
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Commodities

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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

On the bounce, there is powerful resistance at Prior low at \$45.

More



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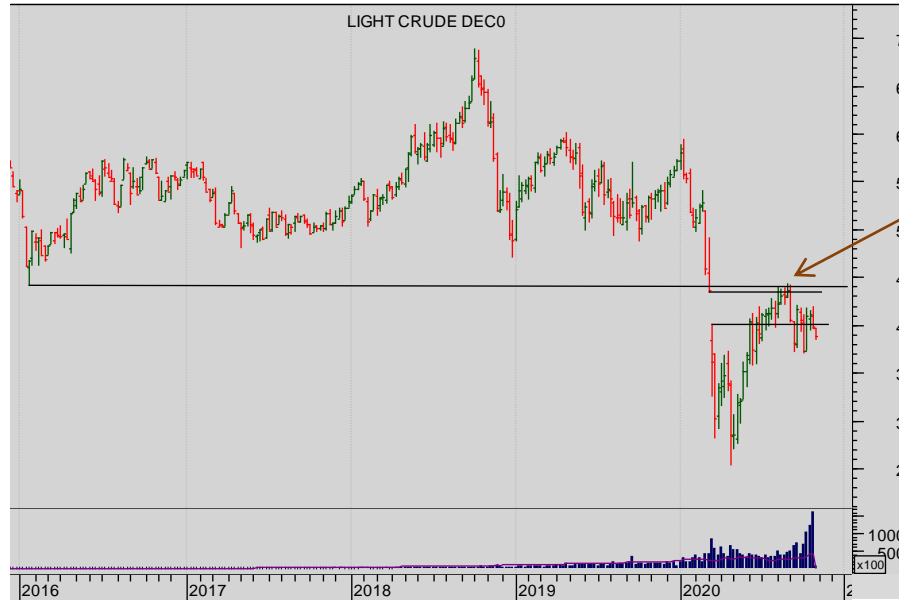
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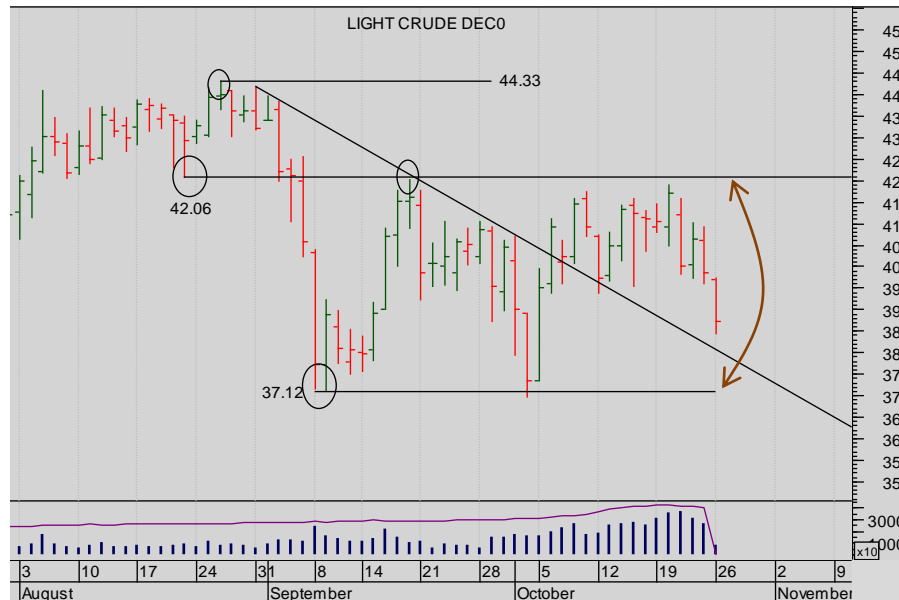
Commodities: Nymex WTI Oil



Nymex oil weekly continuation

Sure enough, the market has failed at the Gap which is coincident with the Prior low resistance.

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 range carefully.



Commodities: Comex Gold

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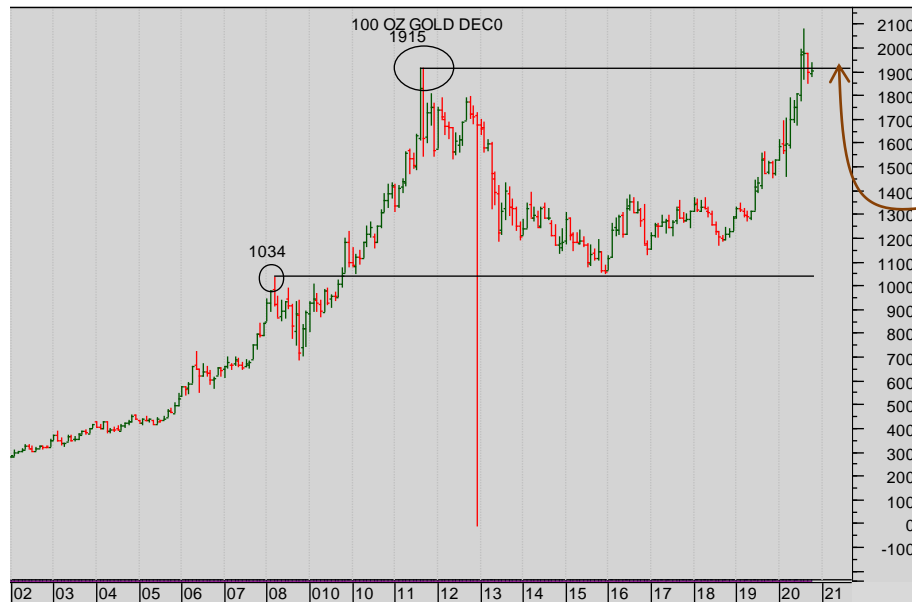
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IMPLIED ASSET ALLOCATION



Nymex Gold Monthly

The bulls are in charge.

Watch the support from the Prior High now...



Nymex Gold weekly

Is that a continuation triangle that has just completed? Look closer...the market is rather unimpressed by the triangle's completion.



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IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



Nymex Gold August 2020 2020 Daily

The short-term daily chart
has created a **bull
continuation triangle**.

But the price action is
stodgy and unconvincing.



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

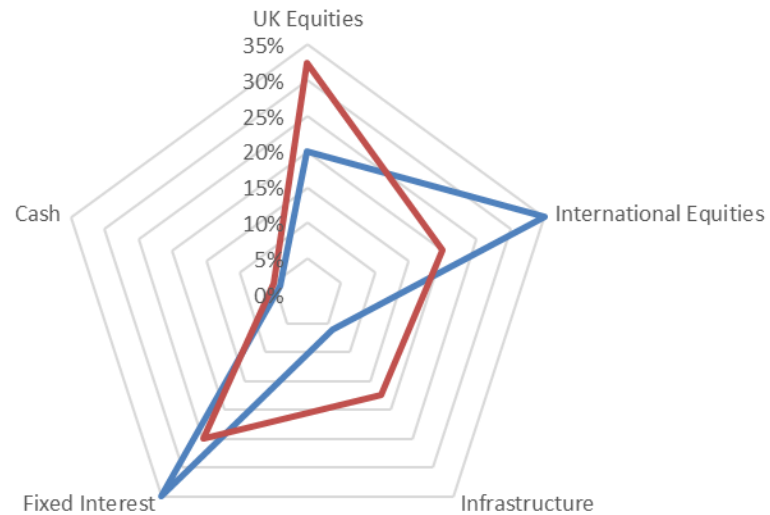
Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



More



the technical analyst

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