



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 8th December 2020

Mark Sturdy

Authorised and regulated
by the FCA



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

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Long-term **BULL** Euro

Long-term FLAT Sterling

Long-term FLAT Yen

Long-term FLAT Euro

Medium-term **BULL** Euro

Medium-term **BULL** Sterling

Medium-term **BULL** Yen

Medium-term FLAT Euro

Short-term **BULL** Euro

Short-term **BULL** Sterling

Short-term **BULL** Yen

Short-term FLAT Euro

Stocks

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

Long-term **BULL**

Long-term FLAT

Long-term FLAT

Long-term **BULL**

Medium-term **BULL**

Medium-term FLAT

Medium-term **BULL**

Medium-term **BULL**

Short-term **BULL**

Short-term **BULL**

Short-term FLAT

Short-term **BULL**

Bonds

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

Long-term FLAT

Long-term FLAT

Long-term FLAT

Medium-term FLAT

Medium-term FLAT

Medium-term FLAT

Short-term FLAT

Short-term FLAT

Short-term FLAT

Commodities

- + Oil
- + Gold

Long-term **BULL**

Long-term FLAT

Medium-term **BULL**

Medium-term **BULL**

Short-term **BULL**

Short-term **BEAR**

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More



Currencies: Dollar Euro

CURRENCIES:

The Dollar's weakness is clear. The euro is the clearest beneficiary. Sterling is stymied by overhead resistance. The Yen is slowly gaining strength, but remains volatile. The sudden weakening of Sterling against the Euro is only a very short-term signal, easily reversed.

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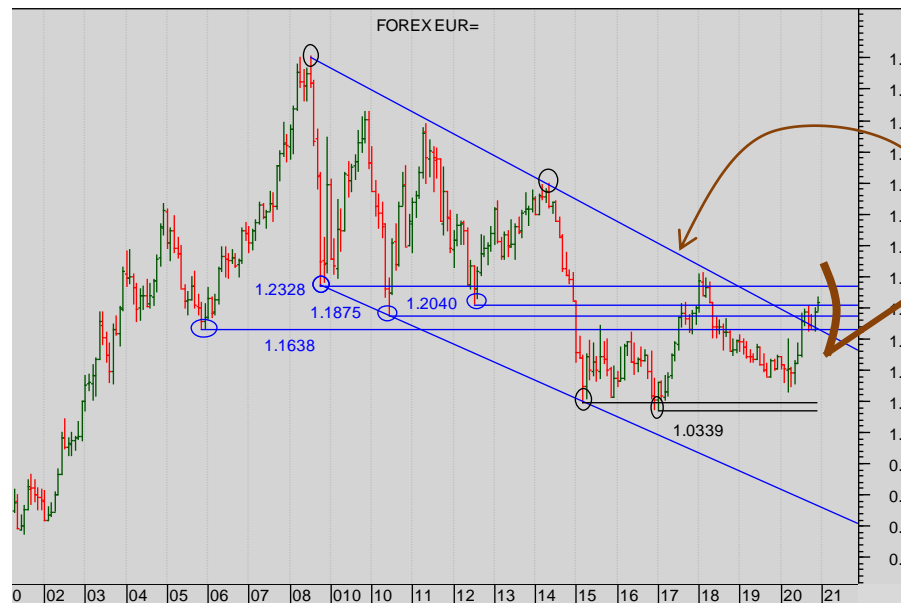
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Dollar Euro monthly spot cash chart

These powerful resistances above the market at 1.15
But The deep penetration of recent months + the break of the 2007 downtrend suggests a weakening Dollar is likely to continue ...

More



Currencies: Dollar Euro

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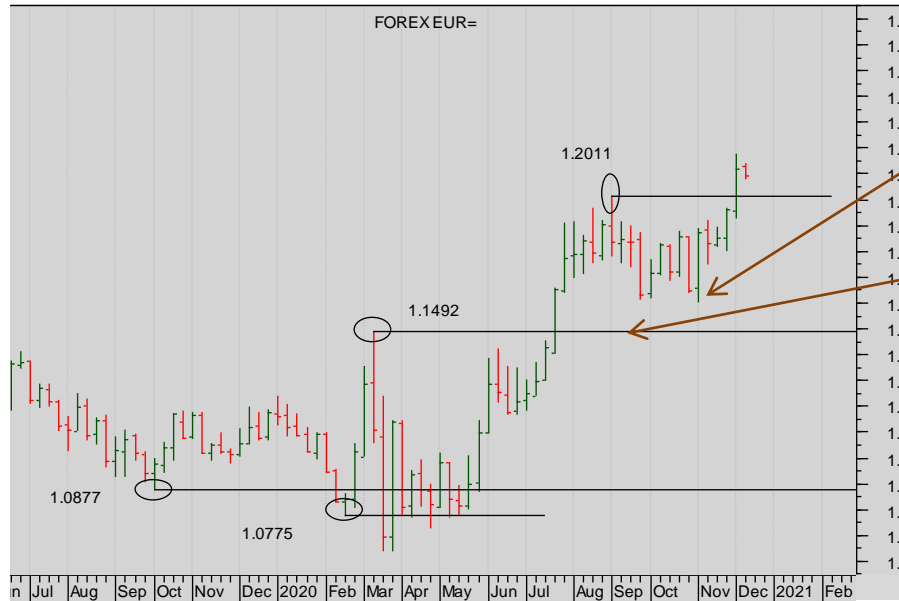
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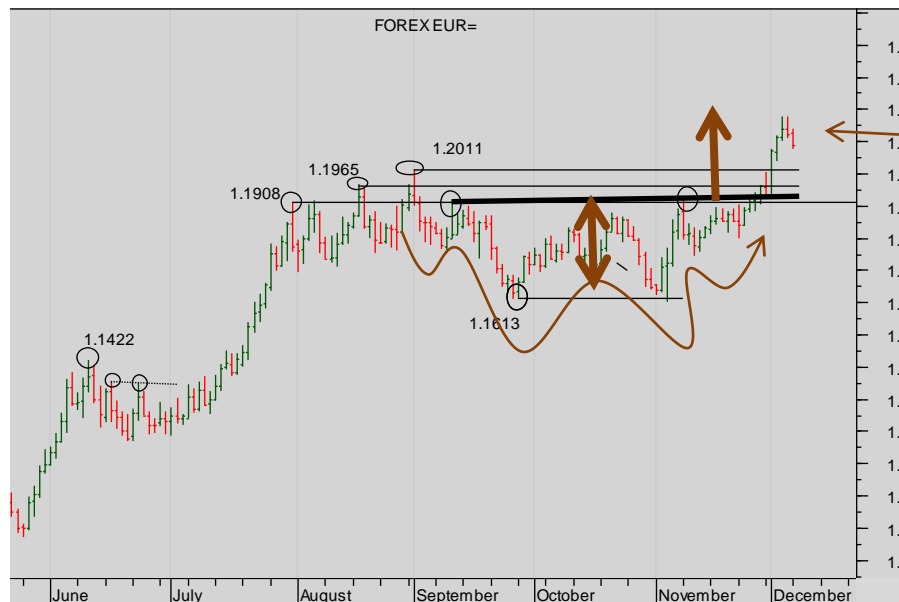


Dollar Euro weekly spot cash chart

Note the bullish weekly Key Reversal here.

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

The trend from March is clear and solidly constructed.



Dollar Euro spot cash chart daily chart...

The completed Continuation Double Bottom/ H&S reversal has a minimum target of 1.2250.



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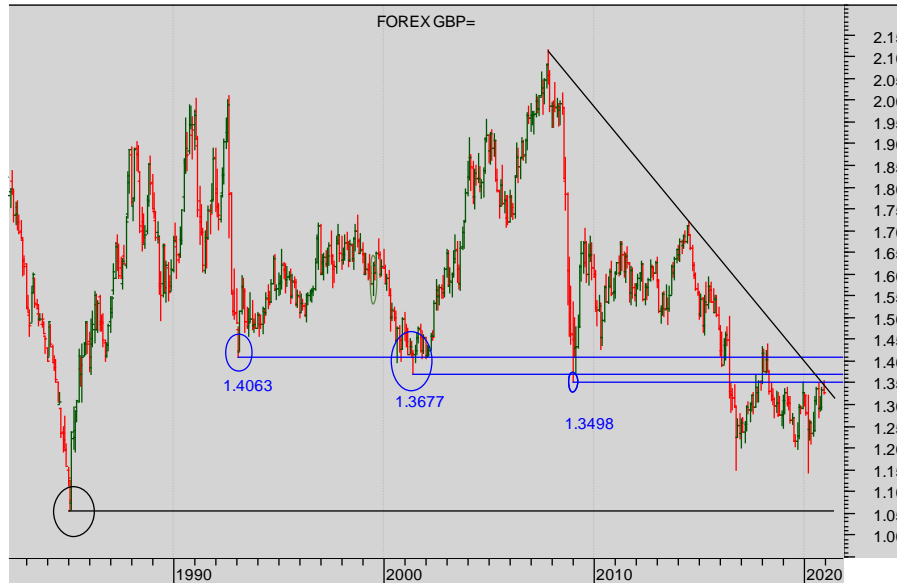
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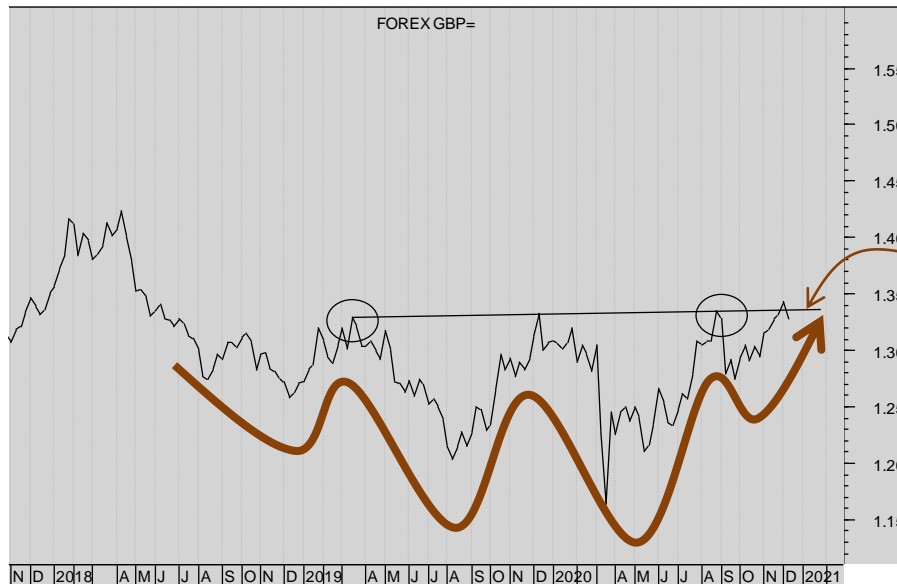
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Currencies: Dollar Sterling



Dollar Sterling Monthly spot cash chart

All the Prior Pivotal lows of 1993, 2001, 2008 and 2016 formed a Multiple Top - but the sideways price action beneath 1.35 is now pressing against the diagonal downtrend resistance Yet still below powerful resistance from the horizontals...



Dollar Sterling Monthly spot cash LINE CHART based on closes

Note this bottom formation – Double Headed H&S pattern very close to completing....

Watch for a push above 1.35 to achieve that.

More



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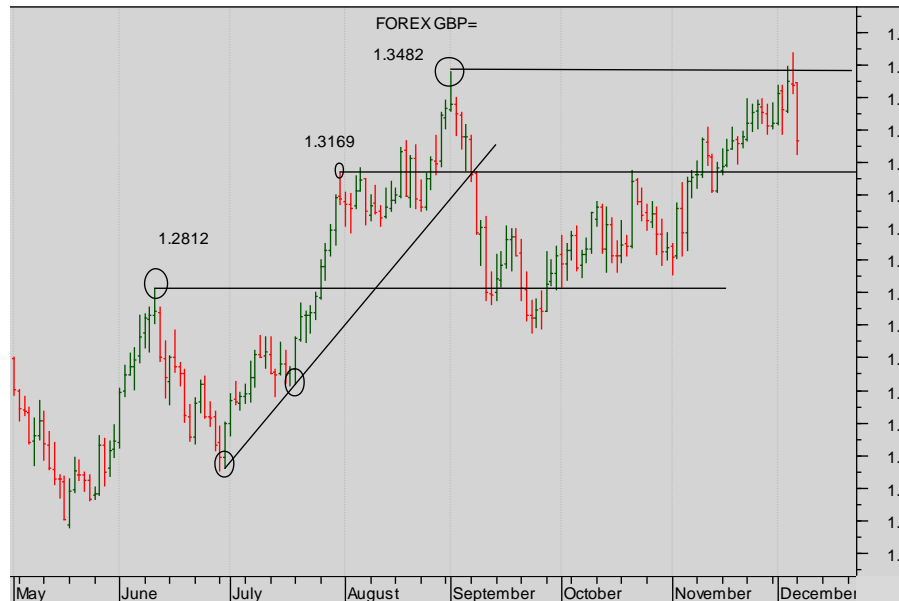
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Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

Note the repeated failures of the market at the 1.3383 boundary....
As with the monthly chart, a **push up through 1.3498** would complete a complex H&S reversal....



Dollar Sterling daily spot cash chart

The surge from last September paused at the Prior High ...



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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

It's not clear.



Dollar Yen weekly spot cash chart

This is now clearer: note the breakdown through this now sustained it suggests a much stronger Yen.

And resistance above the market now sits at 104.50-105

More



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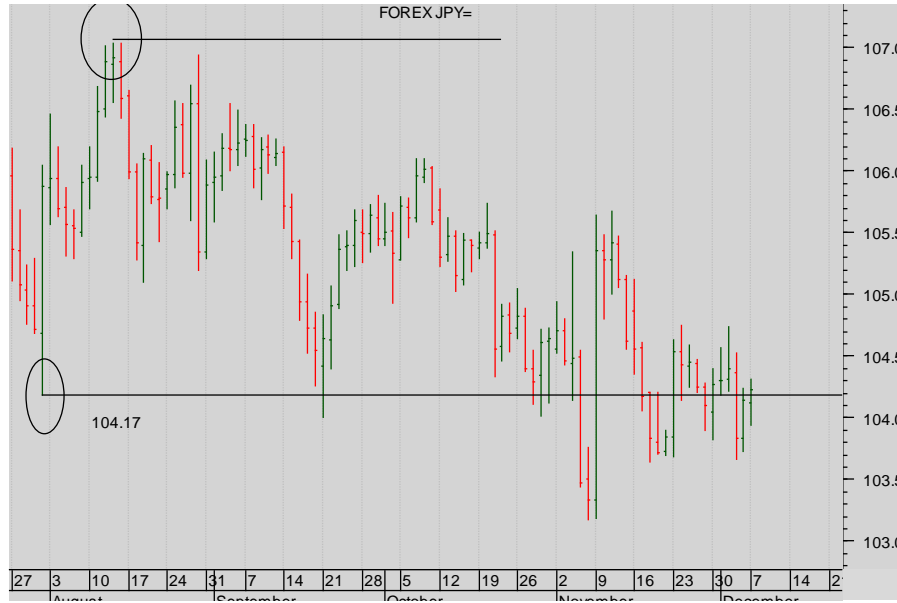
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Short-term, it's not clear.
The volatility is disturbing.



Currencies: Sterling Euro

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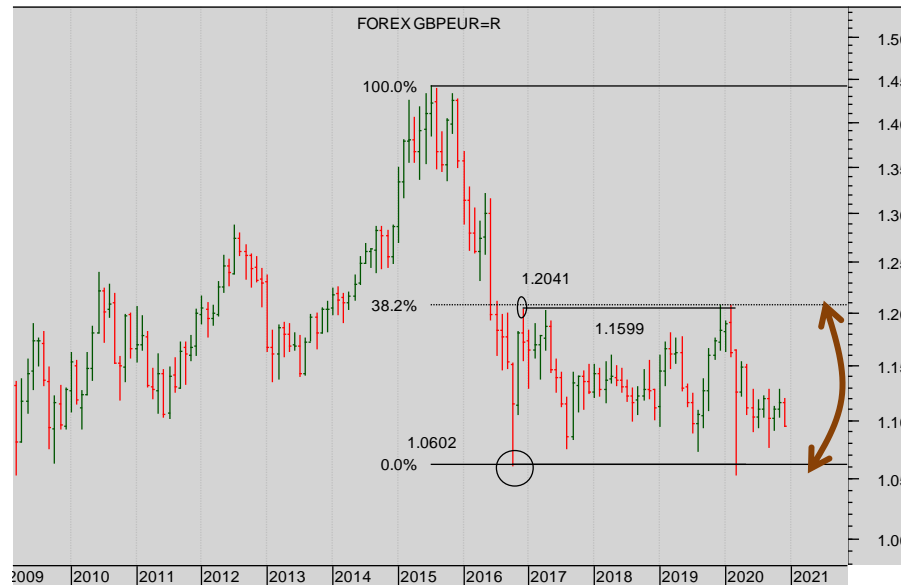
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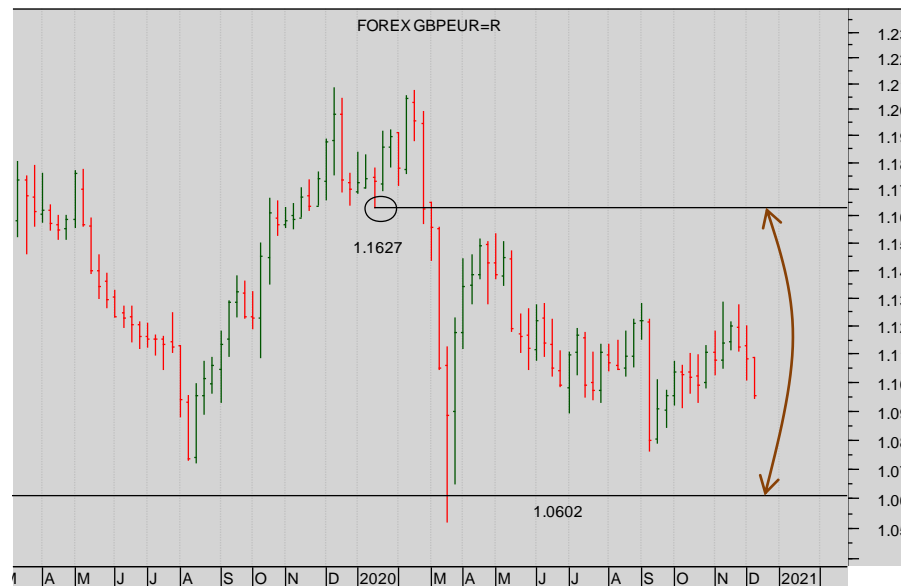
- + Oil
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Sterling Euro monthly spot cash chart

The market remains in the broad trading range.



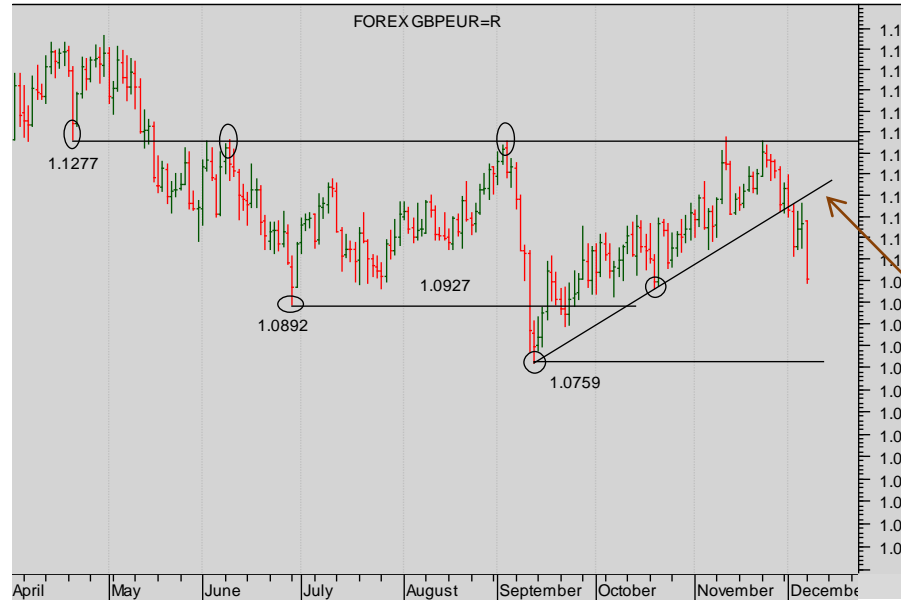
Sterling Euro weekly spot cash chart

Inside the range: there is no clarity.

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

Note the clear resistance at the 1.1277 level... a break up through that would get the Sterling bulls going.

Note too the steep diagonal trendline support smashed ...

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IMPLIED ASSET ALLOCATION



Stocks: CME S&P

STOCKS:

The bullish move across the board in all markets have varying significance: the US and Japan look to be beginning exciting new bull legs with very solid underpinnings. FTSE is struggling with overhead resistance. The EuroStoxx has yet to break out of important medium and long-term ranges – despite the short-term moves.

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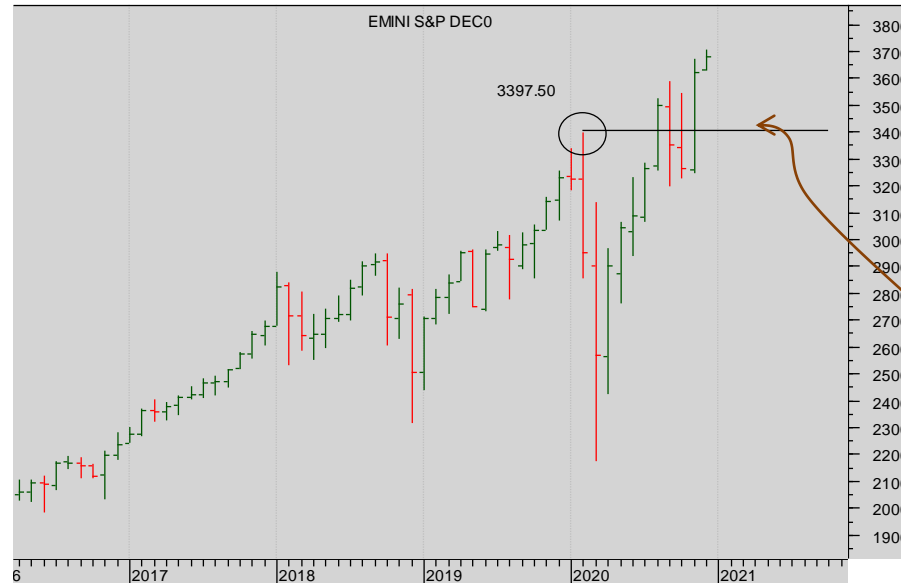
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IMPLIED ASSET ALLOCATION



CME S&P 500 monthly cont. futures chart

The market has driven above the Old high of 3397 – **and closed on the month above that level.**

The next bull leg is beginning.

Powerful support now established at 3397.50

More



Stocks: CME S&P 500

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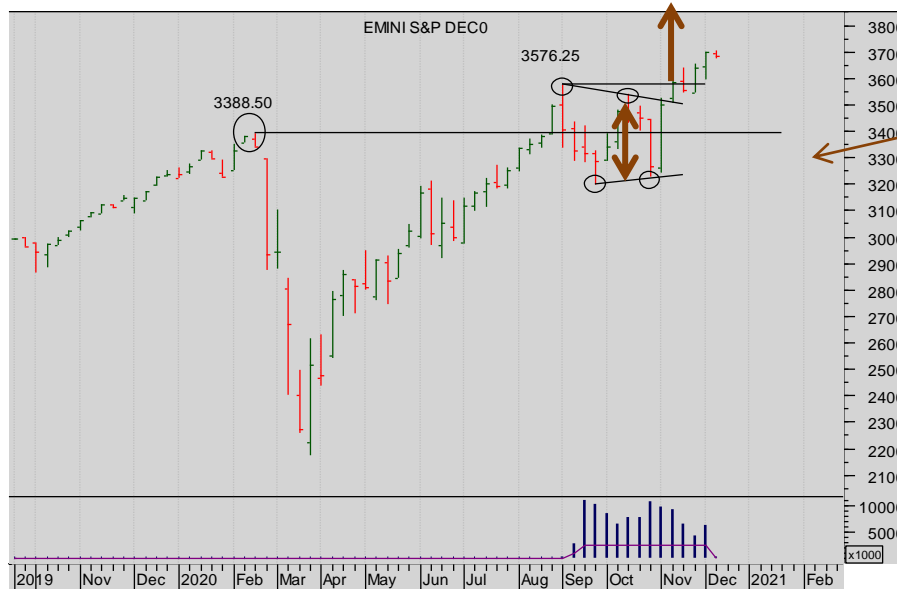
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IMPLIED ASSET ALLOCATION

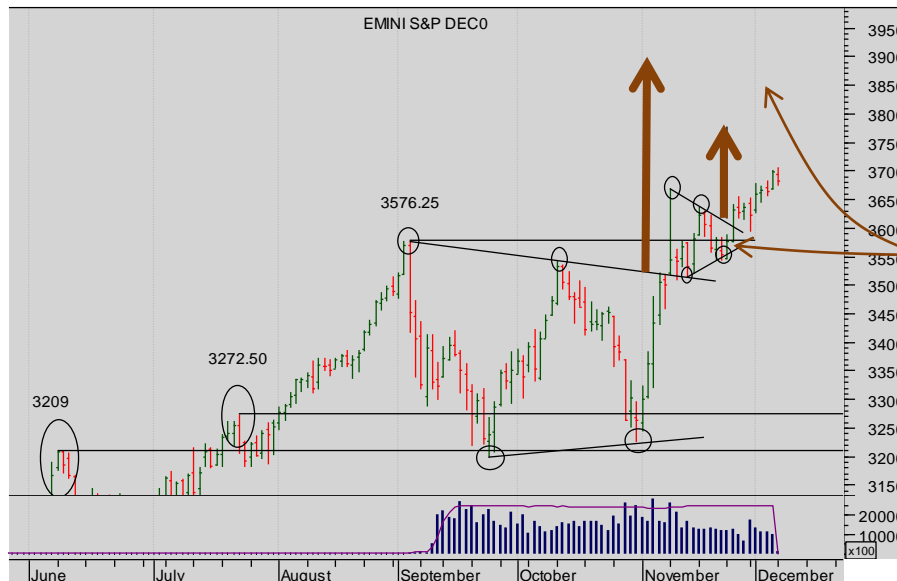


CME S&P 500 cont. weekly cont. chart

The catalyst for the break was a bull continuation triangle that has **completed**...

Minimum move? 3900.

We are bulls.



CME S&P 500 daily DEC 2020 chart

It's a bull market.

Two triangles have completed and are **both** driving the market higher.

More



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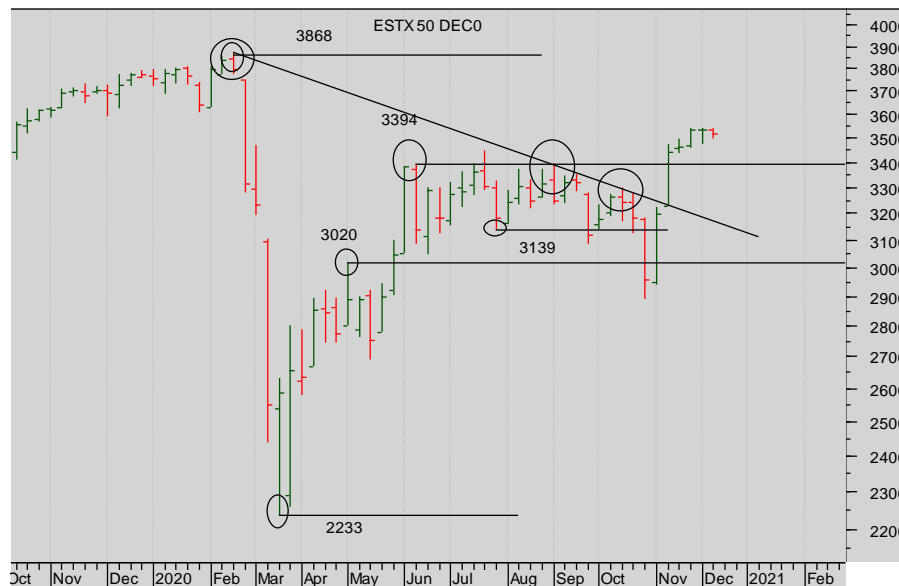
Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 monthly continuation futures chart

1. The triple failure of the market at 3700 forced the sell off.
2. The Monthly Key Reversal of the market was the immediate catalyst
3. Yet there was no confirmed clear monthly close beneath the Prior Low range of 2645-2895

So back within a trading range.



Eurex EuroStoxx 50 weekly continuation futures chart

This suggests there is more to come on the upside because:

1. There is a breach of the well-established falling diagonal
2. and a push above the Prior High 3394.

More



Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Dec 19 futures chart

The market has pushed through the near high, paused, and then held above.

It looks strong.

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Commodities

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IMPLIED ASSET ALLOCATION



Stocks: Liffe FTSE 100

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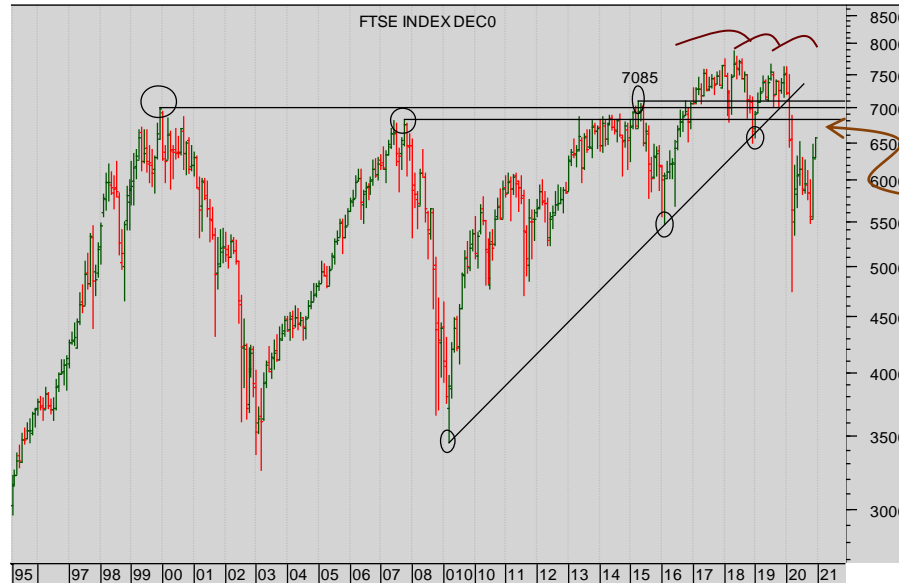
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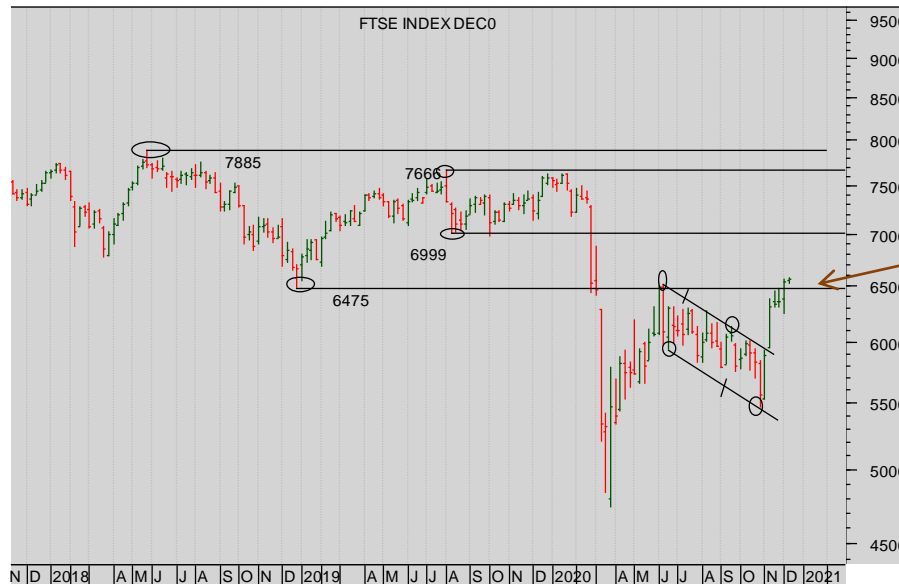
Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

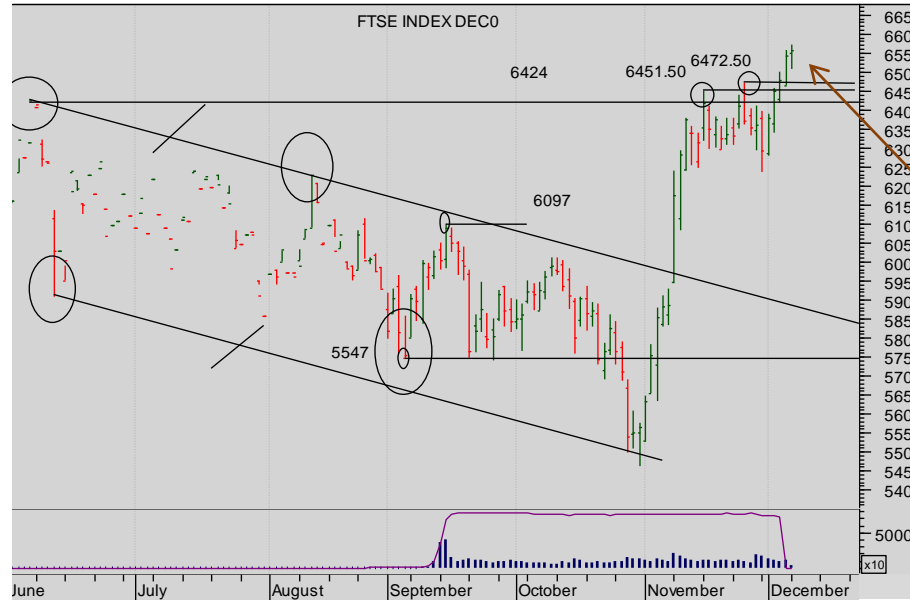


Liffe FTSE 100 Weekly cont. futures chart

More



Stocks: Liffe FTSE 100



Liffe FTSE 100 Dec 20 daily futures chart

The Flag looks set to drive the market higher, now we have a clear break above the Prior High (in June) and more recent Prior Highs too!

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IMPLIED ASSET ALLOCATION



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IMPLIED ASSET ALLOCATION

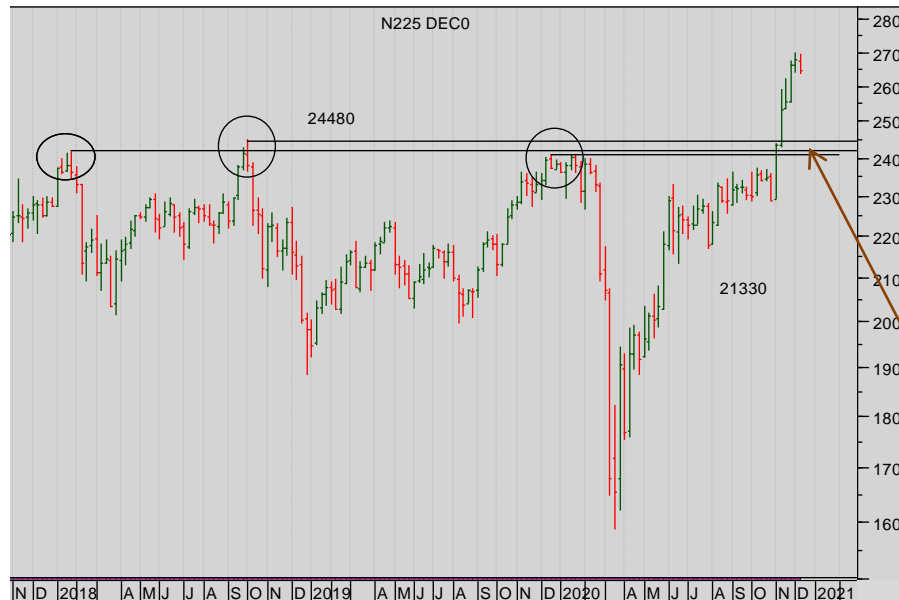
Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

The close above here **on the month** would be very bullish.

It completes a complex but identifiable Double Headed Head and Shoulders Reversal - a very large one - **with a minimum move up to 8000 or so.**



Nikkei 225 chart (WEEKLY)

The market has surged through the longer-term highs at 24480.

The break (and weekly close) above those supports (now) is massively bullish.

Support on any pull-back lies beneath t 24500

More



Stocks: OSE Nikkei 225

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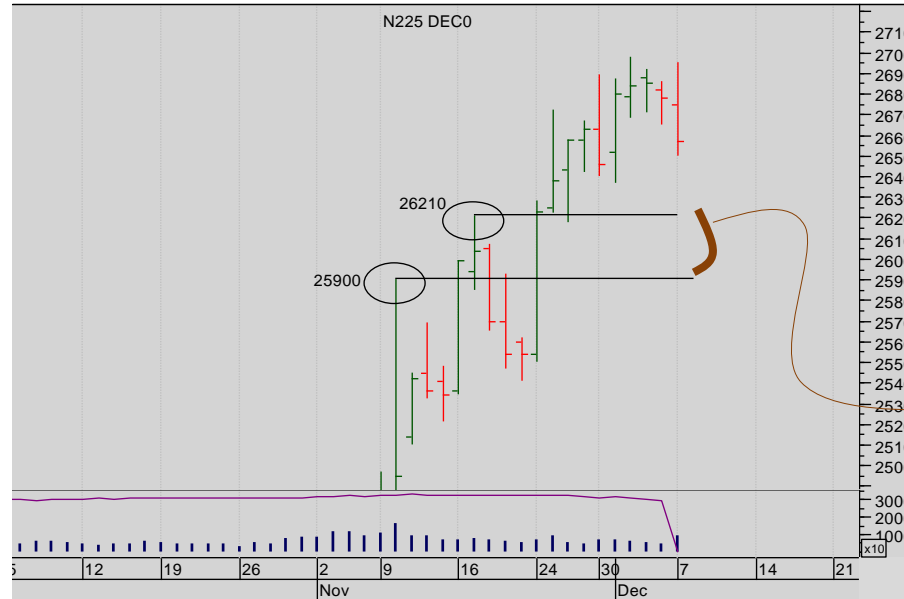
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



**Nikkei 225 chart Daily
Dec 2020.**

Watch the price action
around the first short-term
support band of support
at 2600.



Bonds

BONDS:

Chart-wise the Sterling bond market is closest to a turn towards higher yields. Watch the emerging reversal pattern there closely. Other markets have paused their falling yields trends – without clarity yet.

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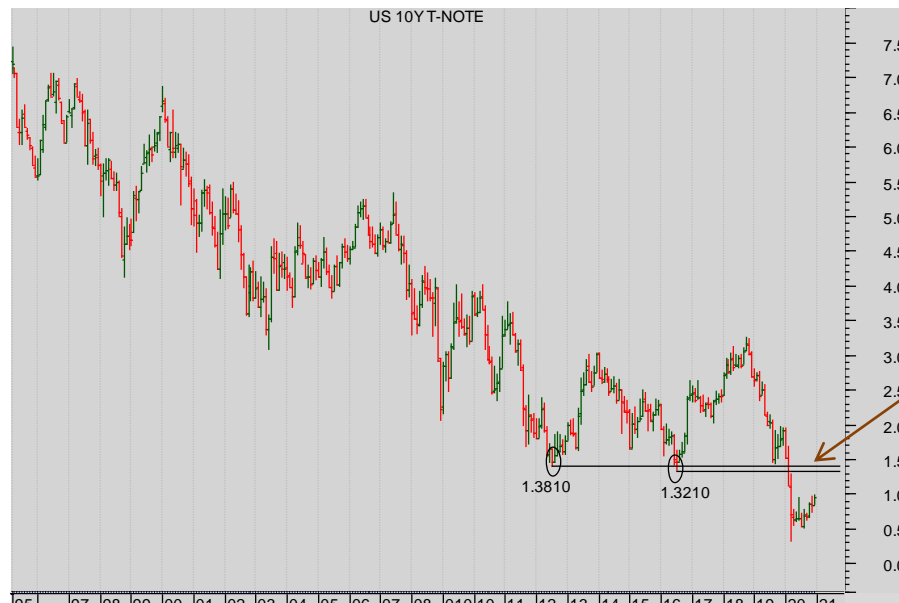
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IMPLIED ASSET ALLOCATION

Bonds: US Ten Year Notes (Yield)



US Ten Year Notes (Yield) monthly chart

The long-run bear trend : the recent surge has driven the market through the Level achieved in 2012 and 2016 –all-time Prior LOWs.

There is now powerful resistance above the market at 1.32.

The market looks set for a retracement to resistance at 1.32.

More



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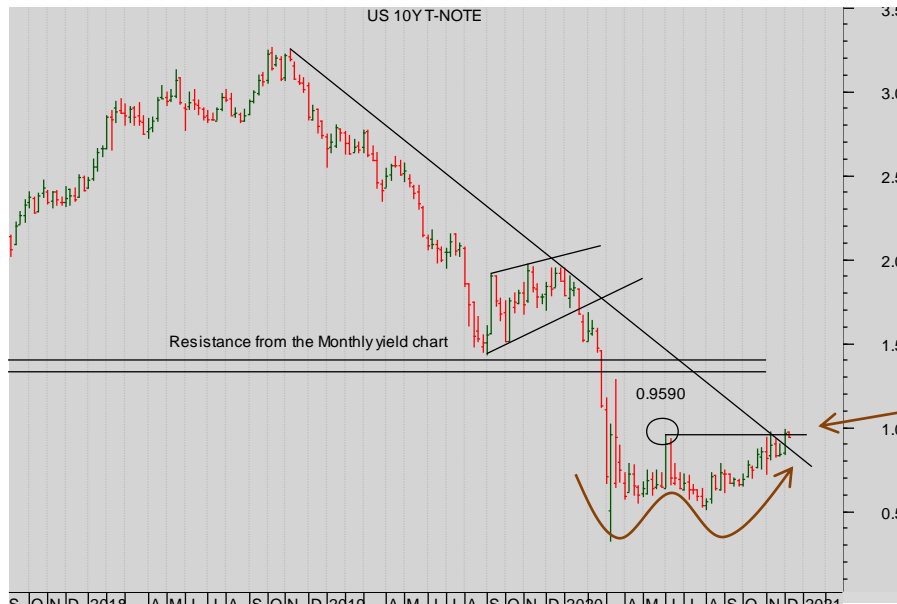
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IMPLIED ASSET ALLOCATION

Bonds: US Ten Year Notes (Yield)

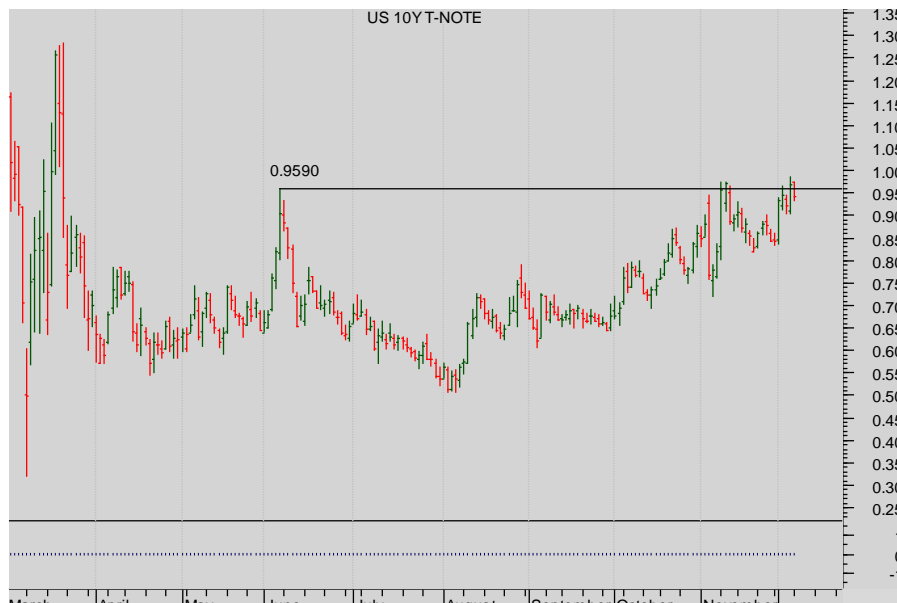


US Ten Year Notes (Yield) weekly chart

The accelerating bear trend (falling rates) from 2018 has paused this year - note the intersection of the Prior High at 0.9590 and the downtrend resistance .

A break up through 0.9590 would complete both a Double Bottom and break the downtrend resistance from 2018...

Watch and wait.



US Ten Year Notes (Yield) daily chart

In detail, the important of the Prior Highs is clear. Wait for a break above before buying.

More



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IMPLIED ASSET ALLOCATION

Bonds: German Bund yield chart



Bund monthly yield chart

The long-term bear trend from 1980 and the nearer term bear trend from 2008.

Note how close we are to the shorter steeper trend from 2008.



Bund weekly yield chart

Here is another bear trend established at successive points.

The horizontal resistance above the market at -0.2 dominates the chart as well.

...look closer.

More



Bonds: German Bund yield chart



Bund daily yield chart

Is this a continuation bear wedge?
Wait for a clear break of the falling diagonal.

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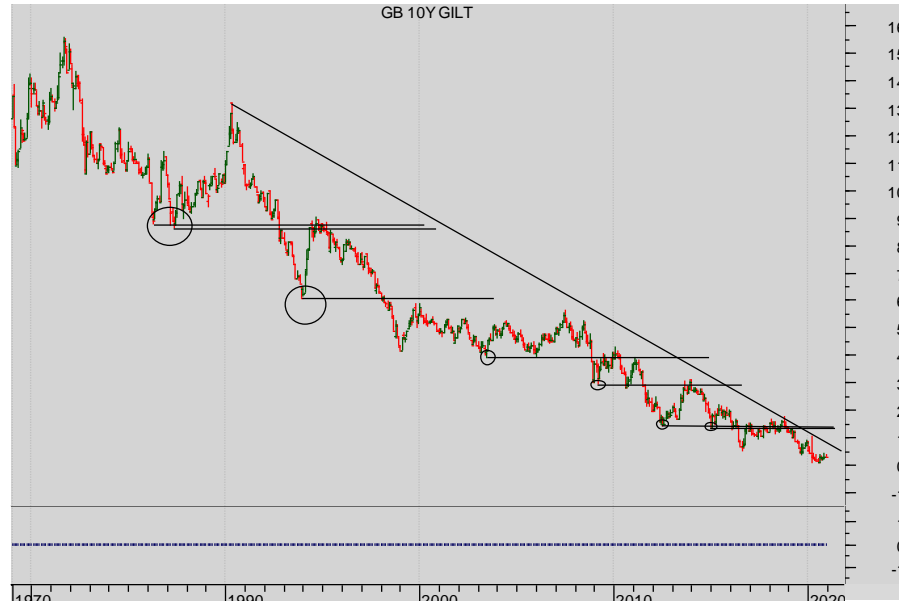
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IMPLIED ASSET ALLOCATION

Bonds: UK Gilt yield chart



Gilt monthly yield chart

The market long-term bear trend.

We are far from breaking the diagonal downtrend resistance.

Gilt weekly yield chart

1. The steeper trendline resistance from 2018 has been smashed,
2. There is a small bottom formation that is **close to completion** – a Head and Shoulders Reversal possibly ...

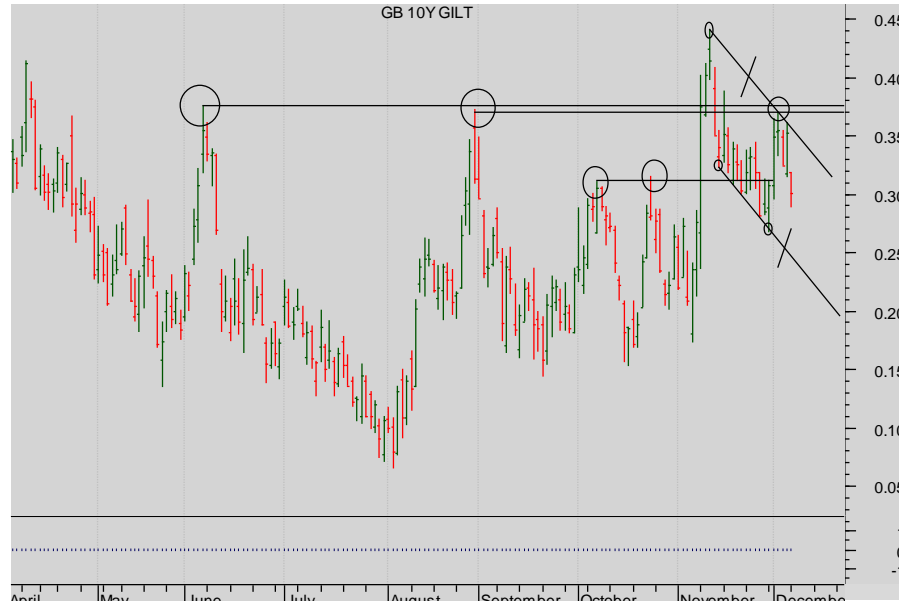
If the H&S pattern can complete then there will a test of the important resistance above the market at 0.5.

Not yet....

More



Bonds: UK Gilt yield chart



Gilt daily yield chart

But this is interesting: the market failed to complete the Possible H&S pattern

But in so doing a bull flag **may** have been completed.

Stand back and await clarity.

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Commodity

COMMODITIES:

Oil's bullish monthly reversal signal dominates that market. Gold is caught between support and resistance.

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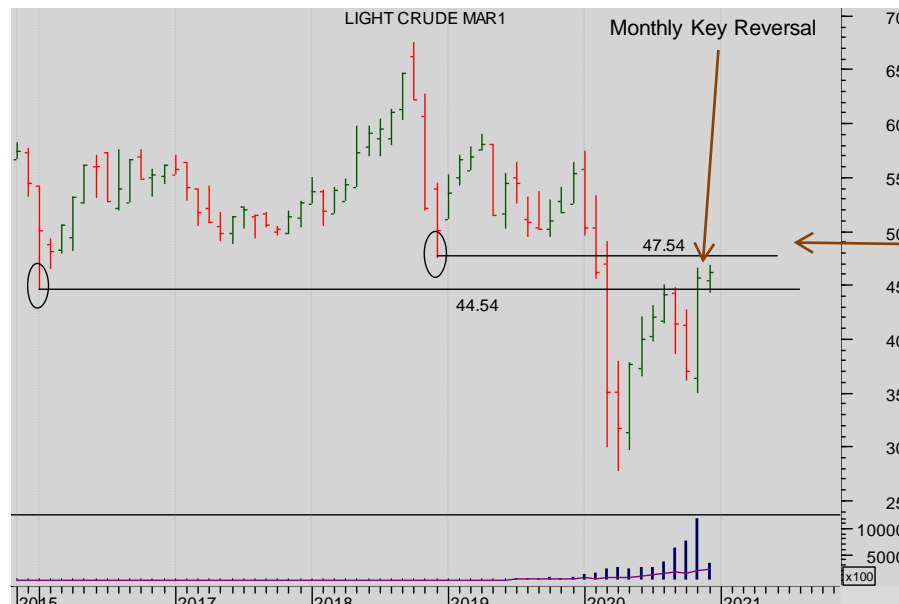
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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

On the bounce, there is powerful resistance at Prior low at \$44.50-47.50.

Note the completion of a monthly Key Reversal that surely would send the market up through the resistance.

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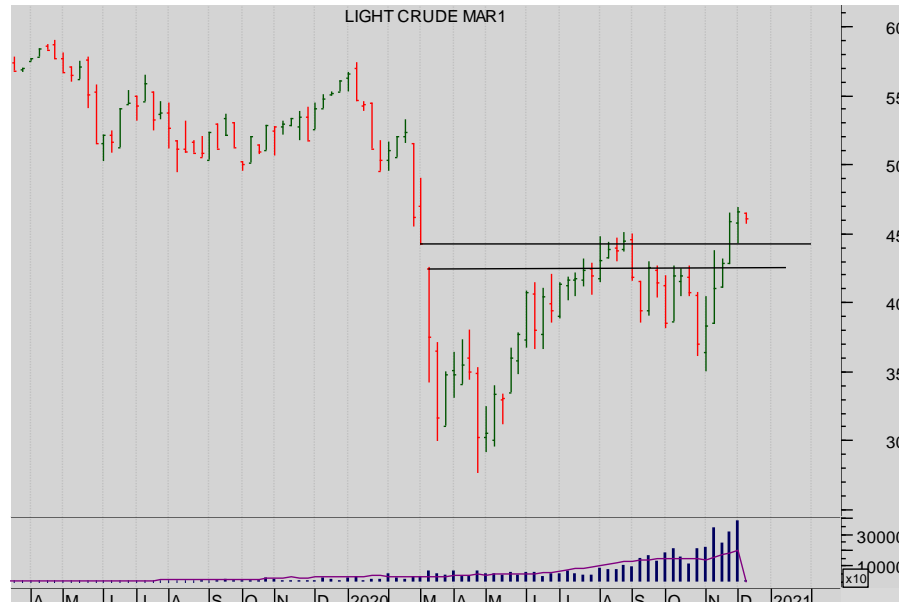
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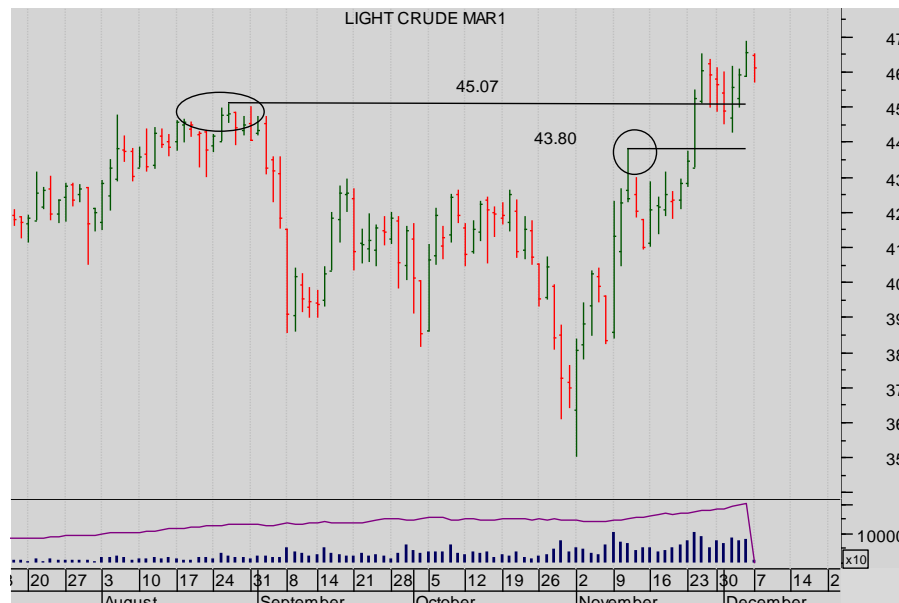
Commodities: Nymex WTI Oil



Nymex oil weekly continuation

The market has driven up through the Gap, the Prior low, and the Prior High.

The market looks very bullish.



Nymex oil daily Dec 2020 futures

The Prior Highs 45.07 – 43.80 are a band of good support and powerfully endorsing the bull trend.



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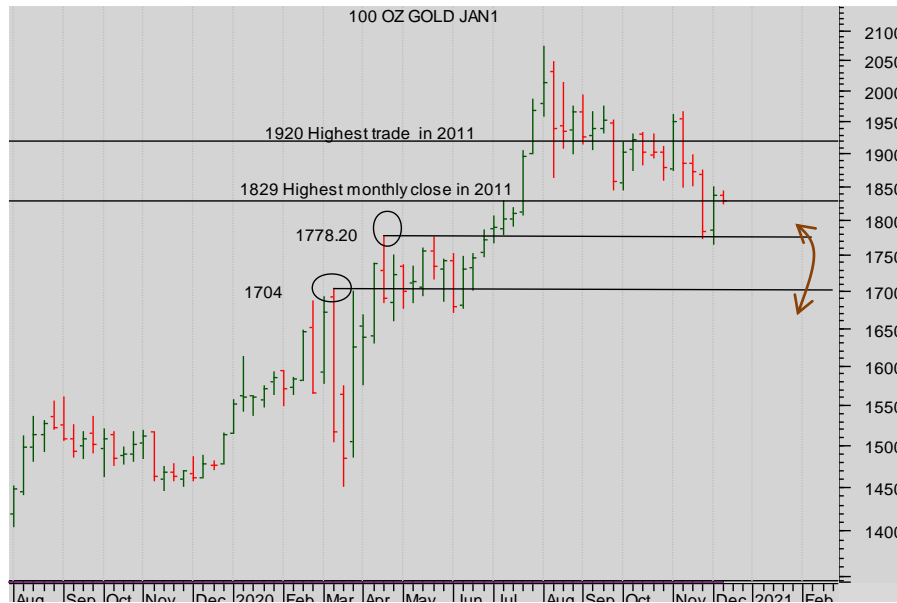
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- + Gold

IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



Nymex Gold Monthly

Will the pause at the Prior High resolves itself into a reversal pattern or a continuation pattern?

Nymex Gold weekly

In the weekly chart the weekly supports at 1704 and 1778 are a band of support....



Commodities: Comex Gold

Summary

Currencies

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

Stocks

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

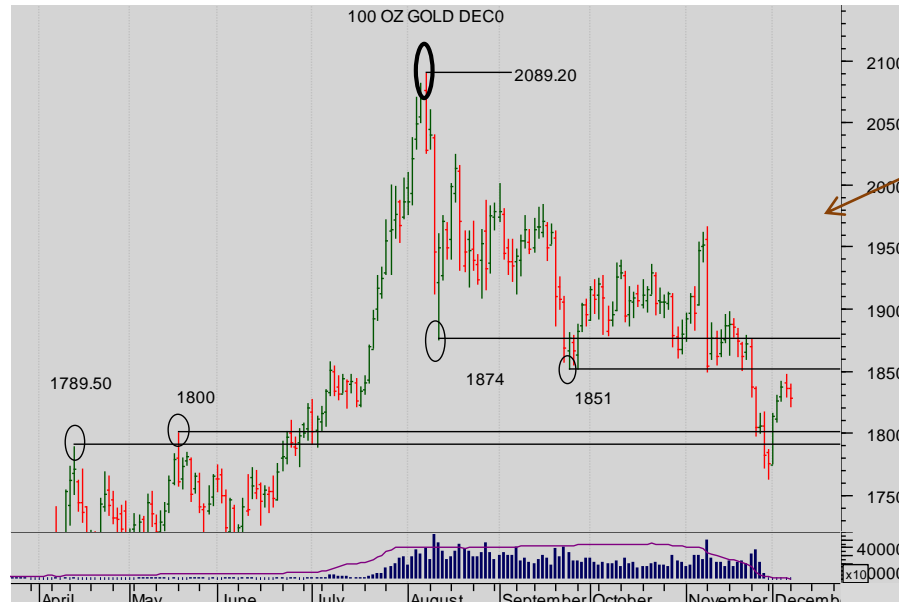
Bonds

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

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Nymex Gold Dec 2020 Daily

The band of support from Piror Highs has held.

But short-term resistance lies above the market at the Prior lows.

How will the market resolve this?

Stand back.



Summary

Summary

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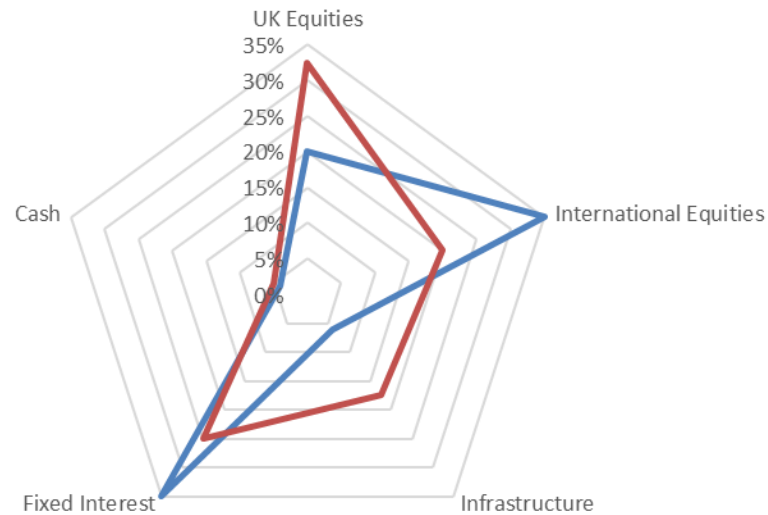
Commodities

- + Oil
- + Gold

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v

MSCI Balanced Risk Asset Allocation



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the technical analyst

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