



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 15th 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

- + Dollar Euro
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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**

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

Still there is notable Dollar weakness against the Euro – that move is going further.
The Sterling Dollar rate is subject to one off giant trade tariff shocks but there remain massive overhead resistances. The Yen too is weak but the trend is much less clear and compelling.

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Dollar Euro monthly spot cash chart

These powerful resistances remain 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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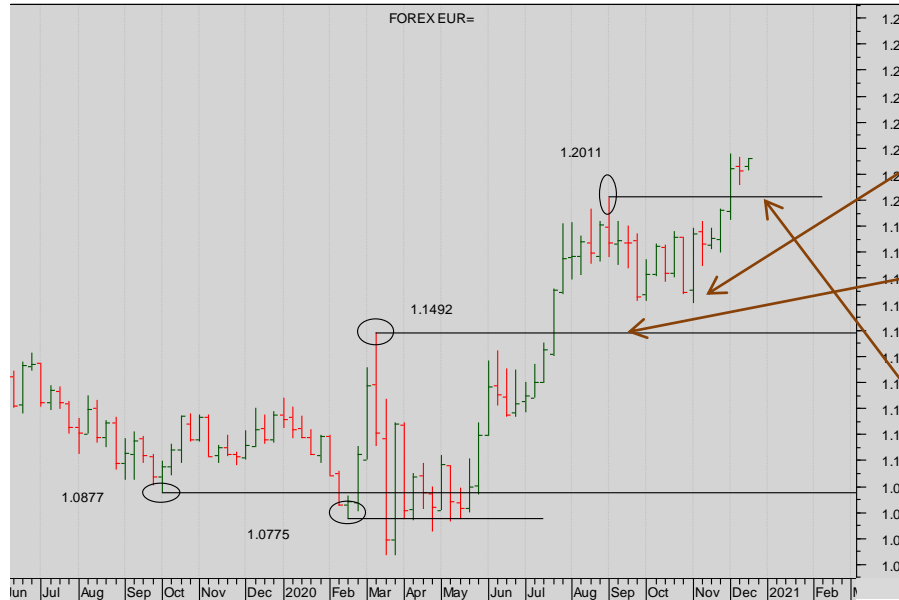
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IMPLIED ASSET ALLOCATION

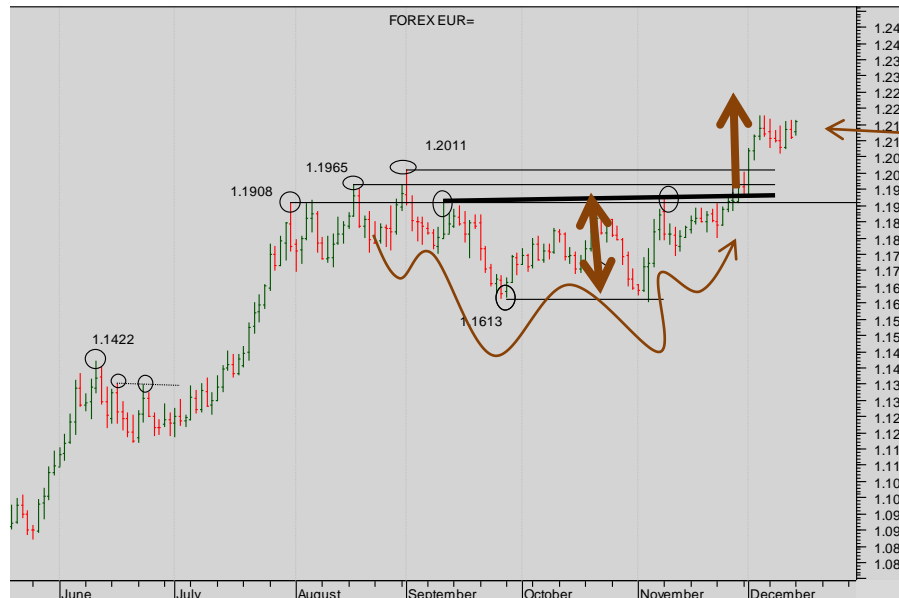


Dollar Euro weekly spot cash chart

Note the bullish weekly Key Reversal here.

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

And the break up through the Prior High at 1.2011 shows that 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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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling



Dollar Sterling Monthly spot cash chart

All the Prior Pivotal lows of 1993, 2001, 2008 and 2016 have 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

This doesn't add much – the resistance above the market at 1.4063 remains impressive – throws the diagonal downtrend resistance only established at two places, into **relative unimportance**.

More



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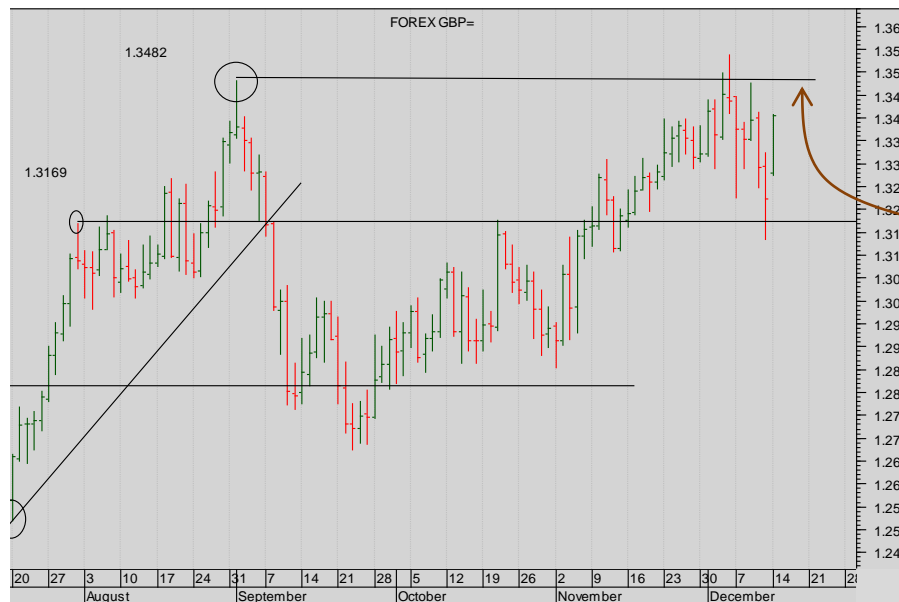
Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

This has **good bull potential**

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 in August.... Bull need that to break to trigger a further bull leg.



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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 slow motion 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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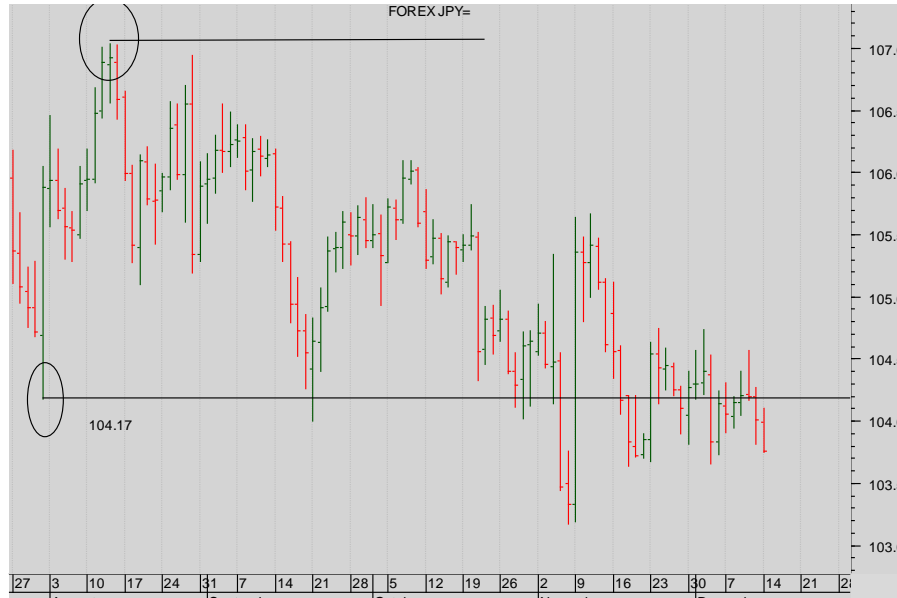
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Commodities

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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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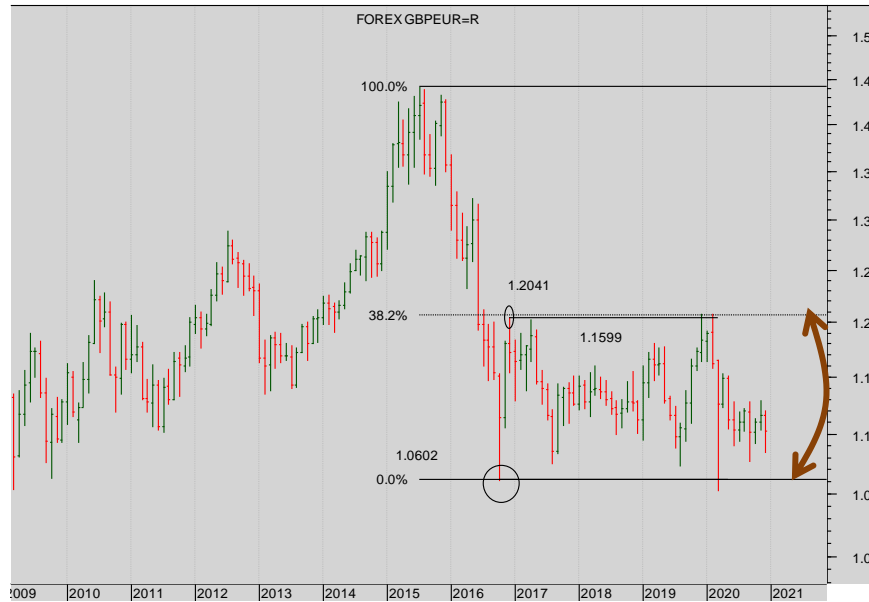
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Commodities

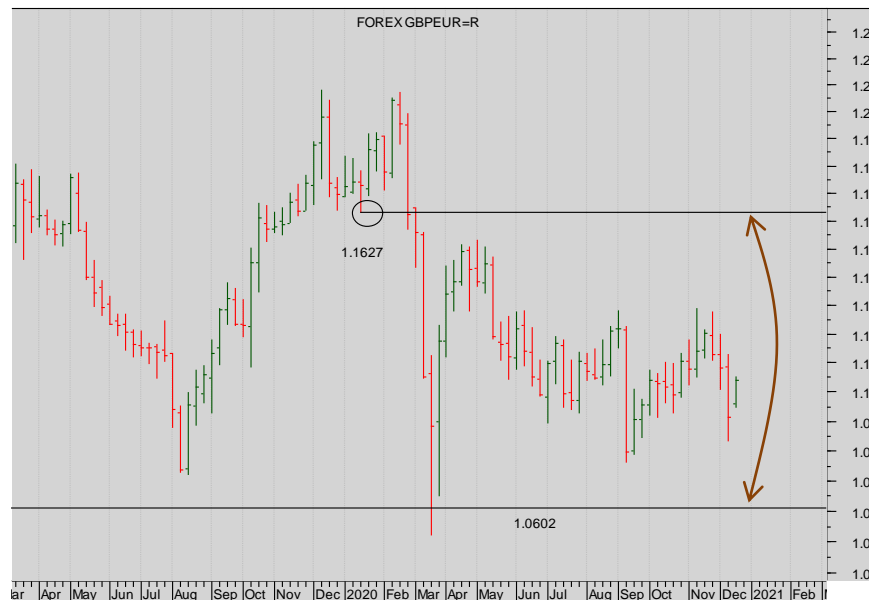
- + Oil
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Sterling Euro monthly spot cash chart

The market remains in the broad trading range.



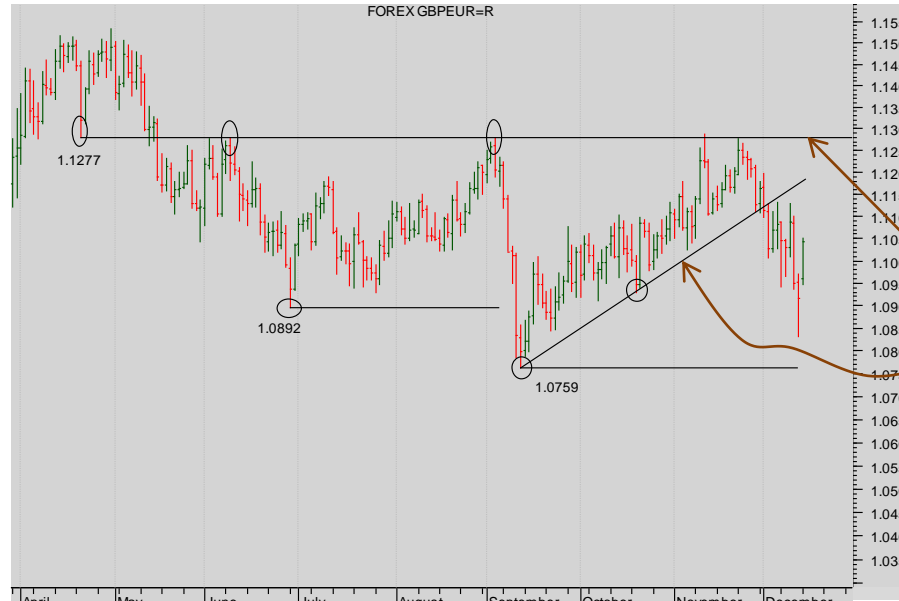
Sterling Euro weekly spot cash chart

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 short-term diagonal trendline support smashed ...

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IMPLIED ASSET ALLOCATION



Stocks: CME S&P

STOCKS:

Our favourite bull market are Japan and the S&P. The EuroStoxx looks short and medium-term bullish, while the FTSE looks weighed down with long-standing resistances above the market.

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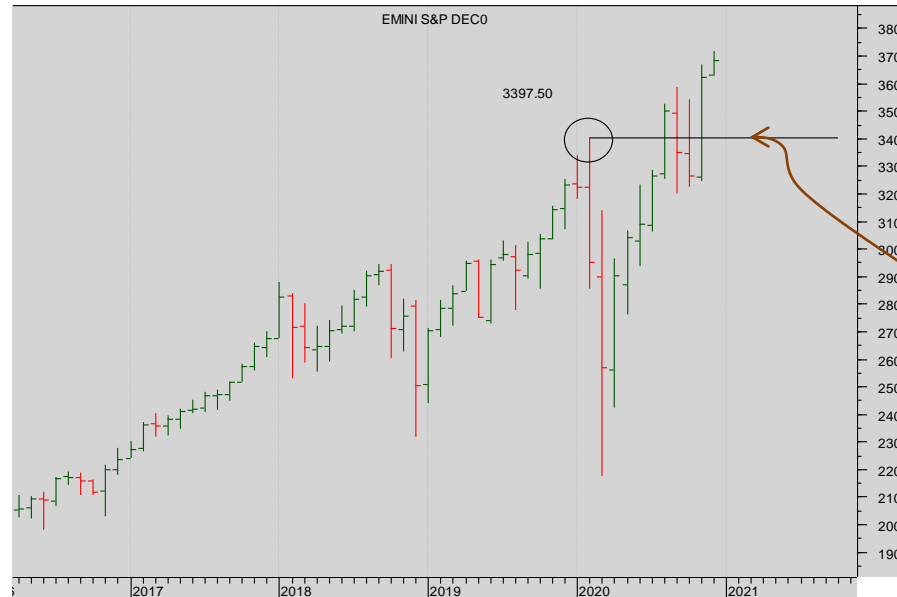
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IMPLIED ASSET ALLOCATION



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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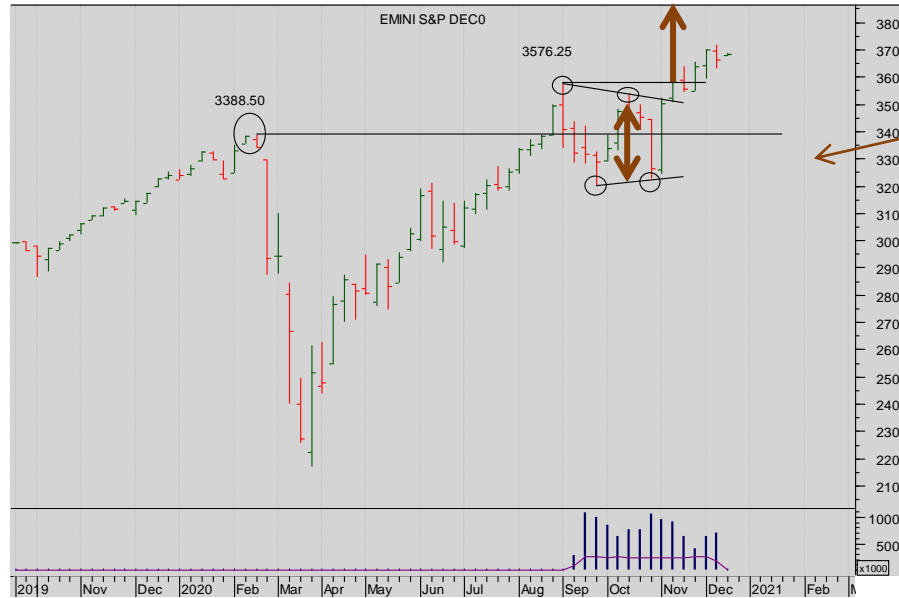
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Commodities

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IMPLIED ASSET ALLOCATION

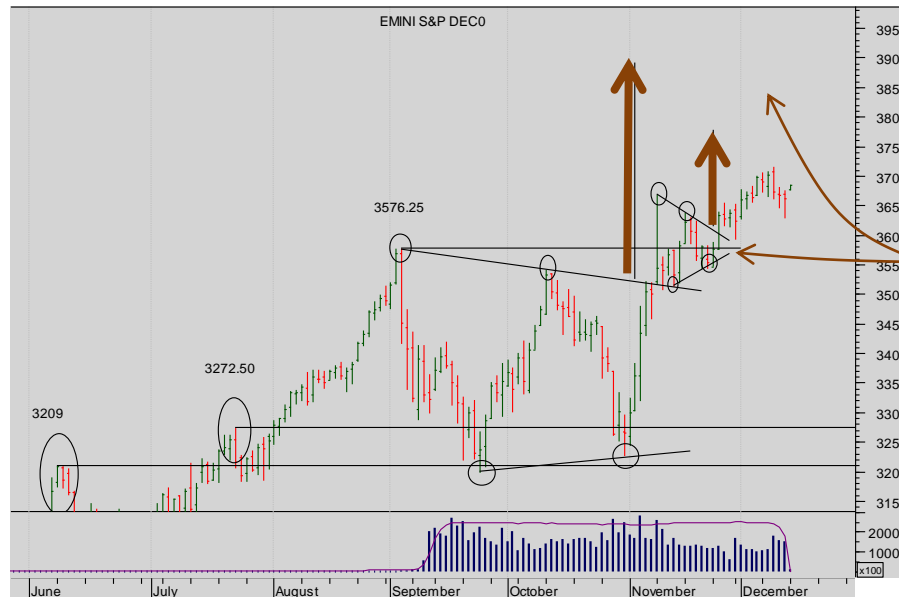


CME S&P 500 cont. weekly cont. chart

The catalyst for the break above 3388 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



Stocks: Eurex EuroStoxx 50

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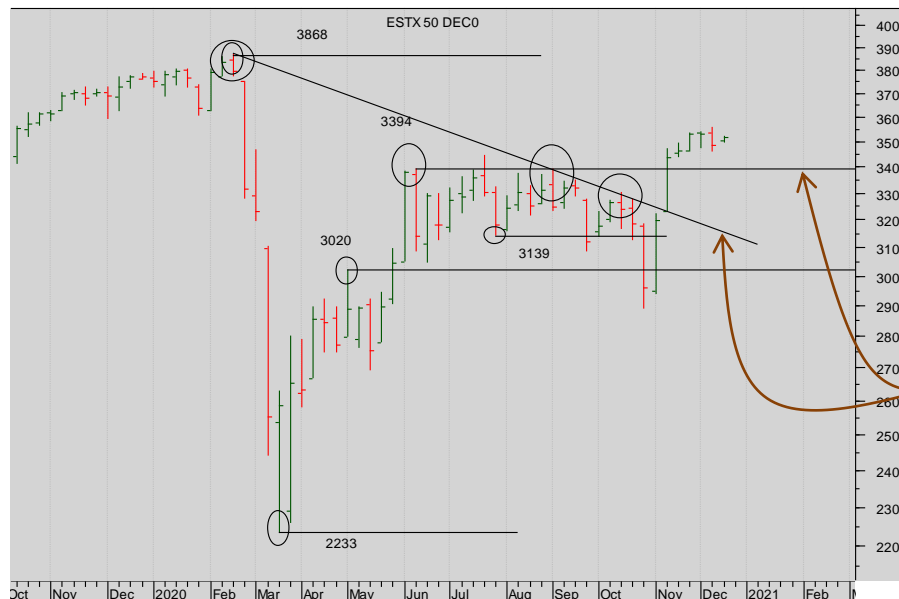
IMPLIED ASSET ALLOCATION



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

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- + Gold

IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 19 futures chart

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

It looks strong and underpinned.



Stocks: Liffe FTSE 100

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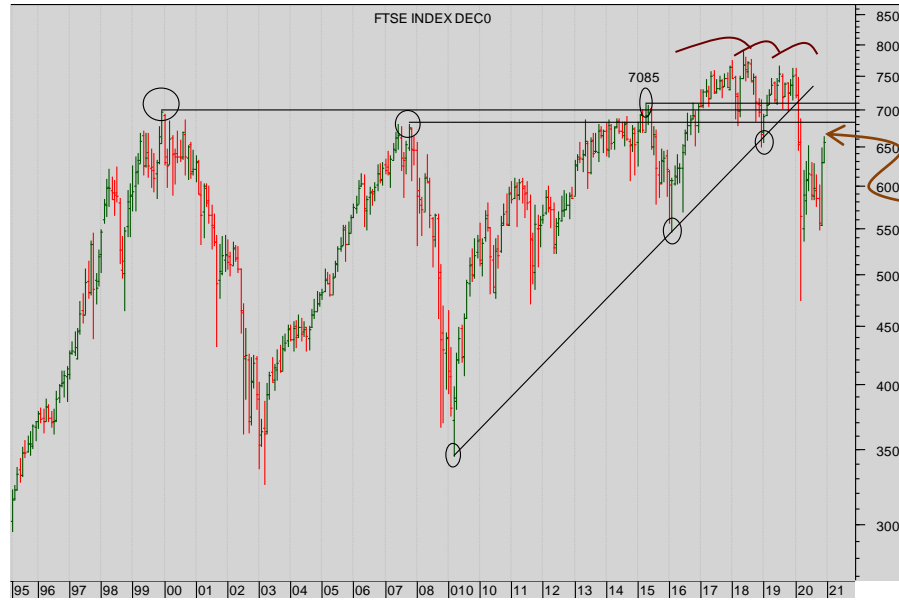
Bonds

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Commodities

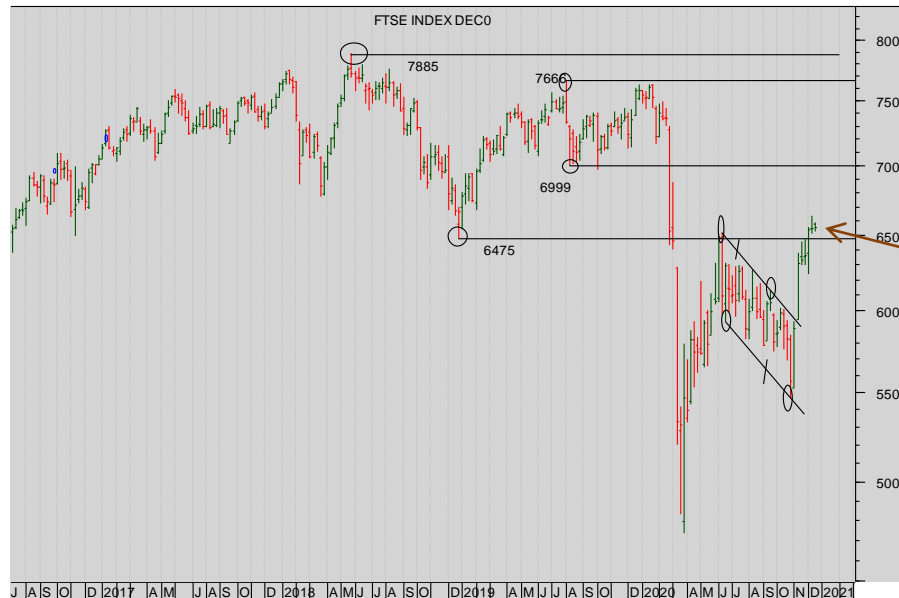
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Monthly continuation futures chart

There is now massive resistance above the market at 6475 and very little support.



Liffe FTSE 100 Weekly cont. futures chart

A bull flag has completed and is driving the market better .

But resistance has begun at the 6475 Prior Low - there is a band of resistance between here and 6999.

More



Stocks: Liffe FTSE 100



Liffe FTSE 100 Dec 20 daily futures chart

Now we have a clear break above the Prior High (in June) and more recent Prior Highs too!

The market is underpinned at 6450.

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IMPLIED ASSET ALLOCATION



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IMPLIED ASSET ALLOCATION

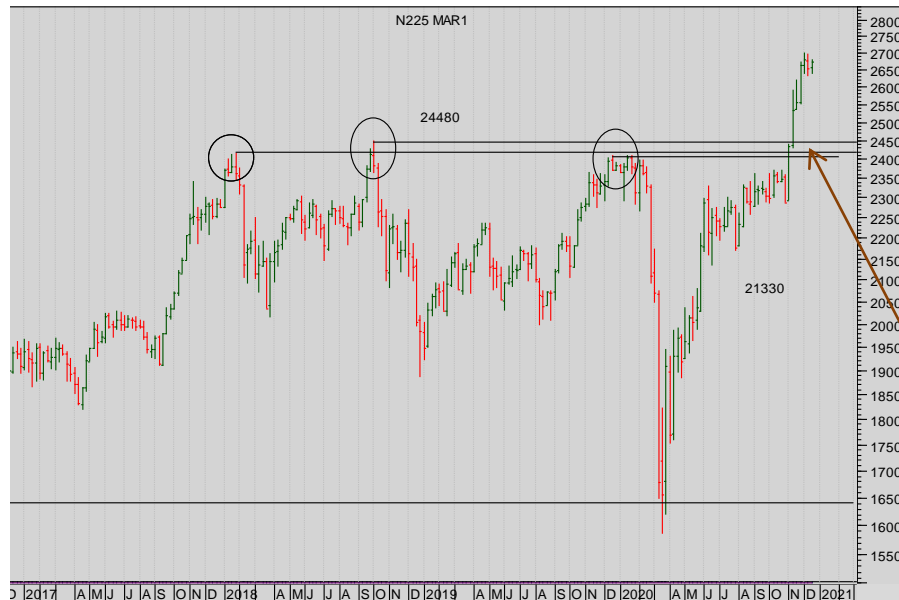
Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

The close above here **on the month** is very bullish.

It completes a complex but identifiable Double Headed Head and Shoulders Reversal - a very large one - **with a minimum move up to 40000 or so (measured on a linear chart.)**



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



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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart Daily Dec 2020.

Note that the first short-term support band of support at 26000 has held and is bouncing the market better.



Bonds

BONDS:

There are no clear pattern reversing the long-term bear (yield) trends across the board. Retracements are clear in the US and clear sideways consolidations in the German market and the UK. No reversals yet!

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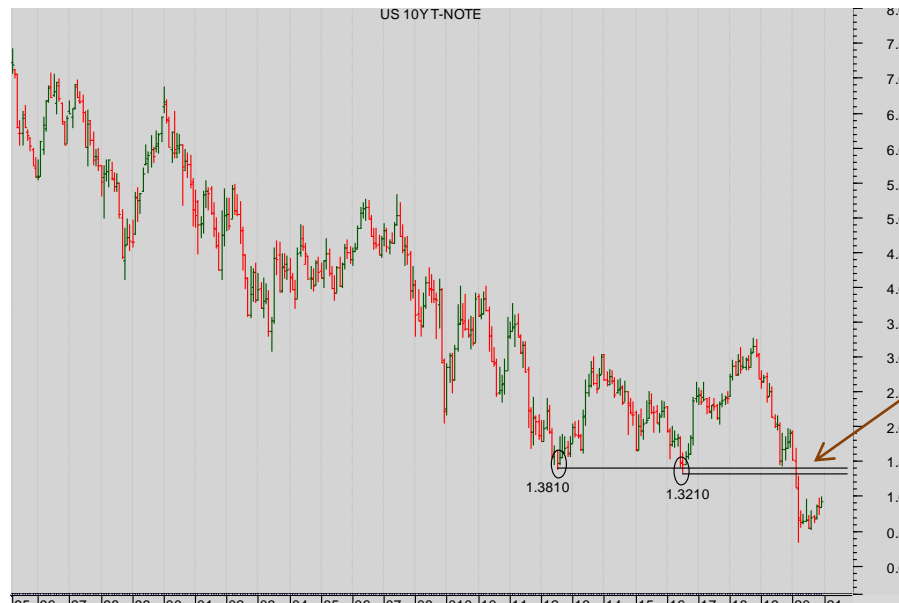
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Commodities

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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 test resistance at 1.32/8.

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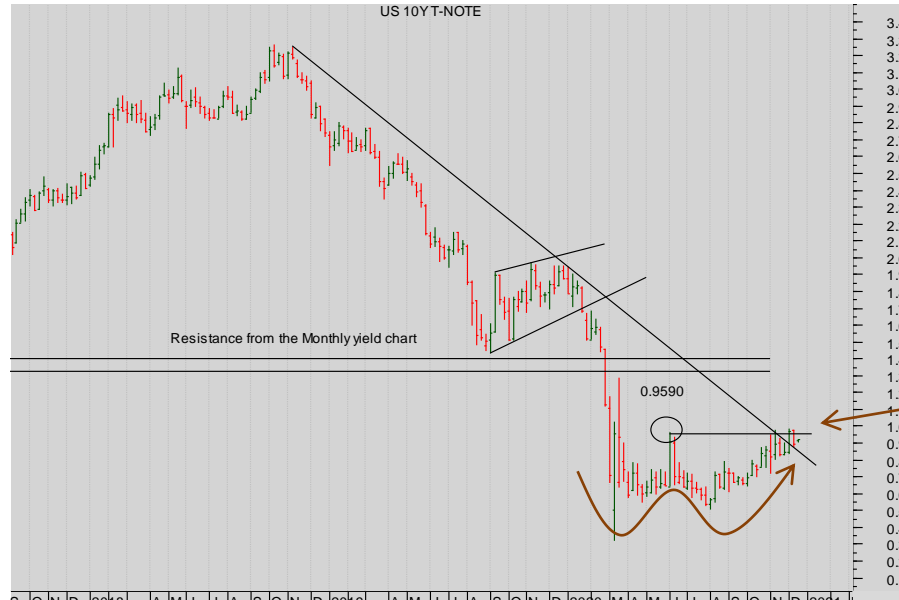
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IMPLIED ASSET ALLOCATION

Bonds: US Ten Year Notes (Yield)

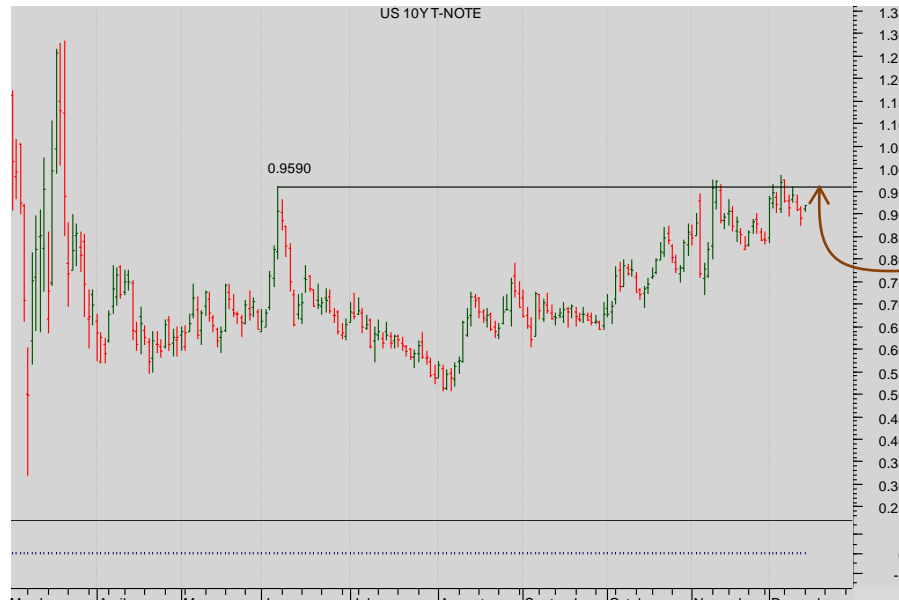


US Ten Year Notes (Yield) weekly chart

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 importance of the Prior Highs is clear. Wait for a clear 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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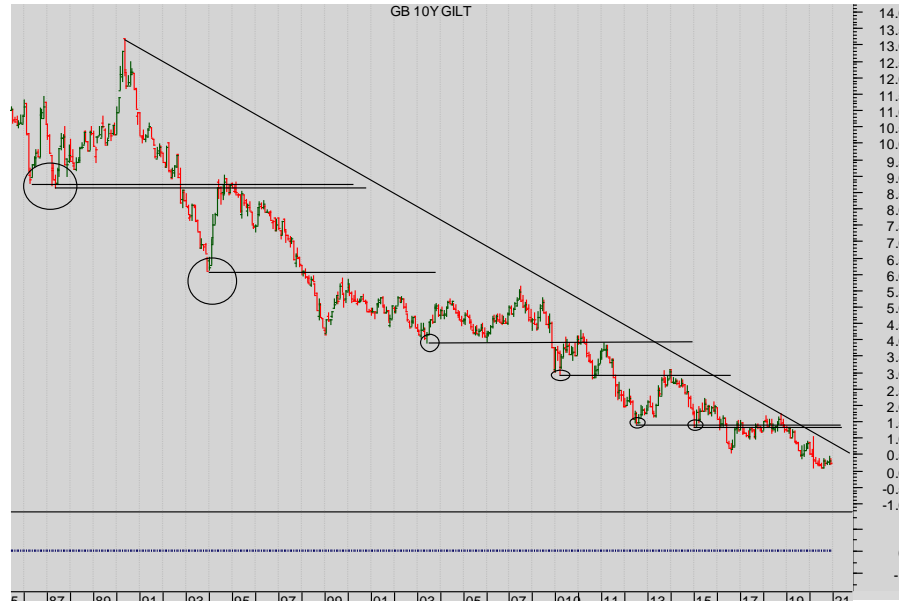
Commodities

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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.

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IMPLIED ASSET ALLOCATION



Gilt weekly yield chart

The attempt to break back above the 0.34% resistance (an H&S Reversal as the catalyst) has failed.

1. The steeper diagonal trendline resistance from 2018 was smashed, BUT IT PROVED TO BE A FALSE BREAK as the market fell back through it.
2. The sideways price action beneath the resistance from the Low at 0.34% may now have resolved itself into a bear continuation wedge formation ...

Stand back and wait for a break of the recent low (0.065%) to confirm that...

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 bear continuation wedge **may** have been completed.

Stand back and await clarity.

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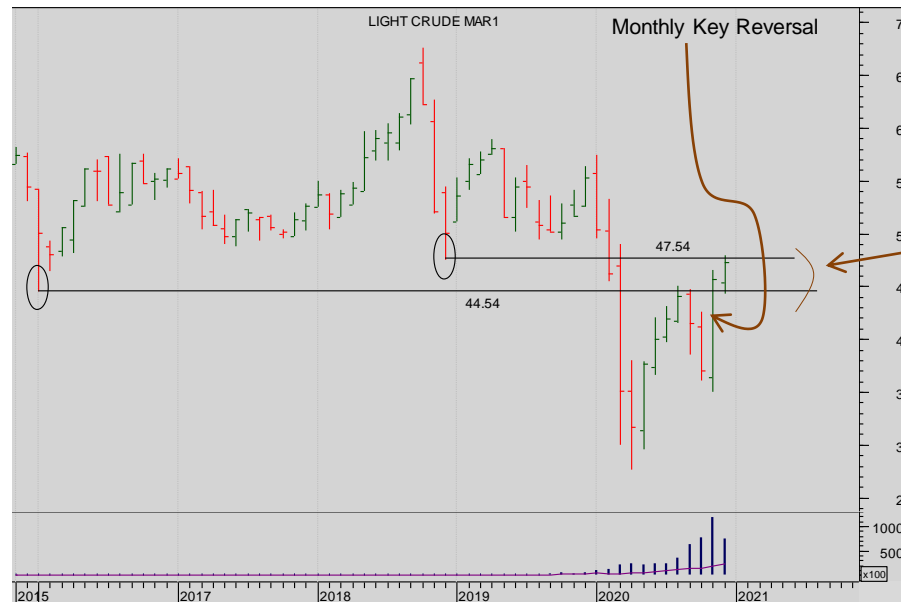
Commodity

COMMODITIES:

Oil's bullish monthly reversal signal still dominates. The medium-term resistances are clear but countered (surely more than) by a solidly-constructed medium-term bull trend from April.

The pause in Gold since August at a long-term reversal level is entirely to be expected. It's not clear how it will be resolved. All time frames are unclear: stand back!

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

On the bounce, there is powerful resistance at Prior low band 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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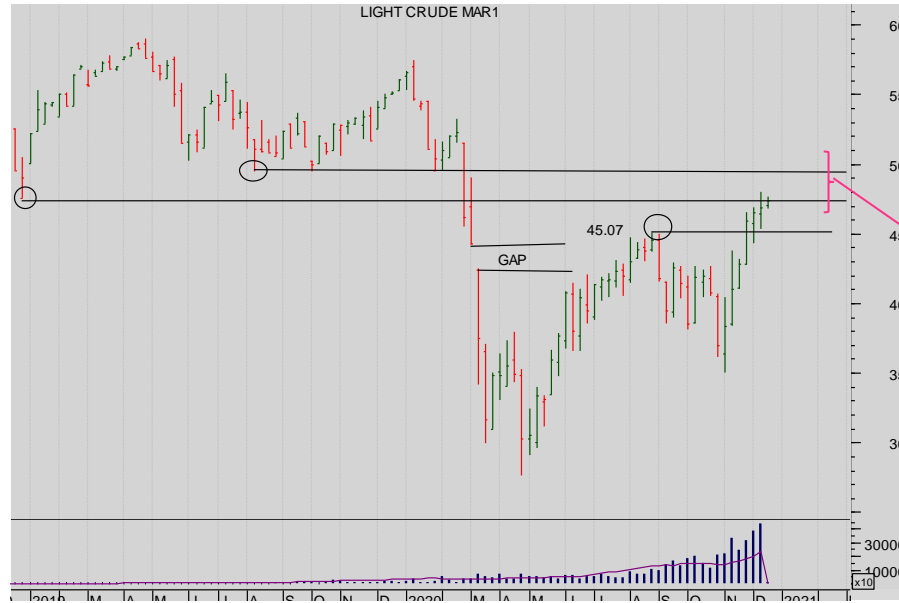
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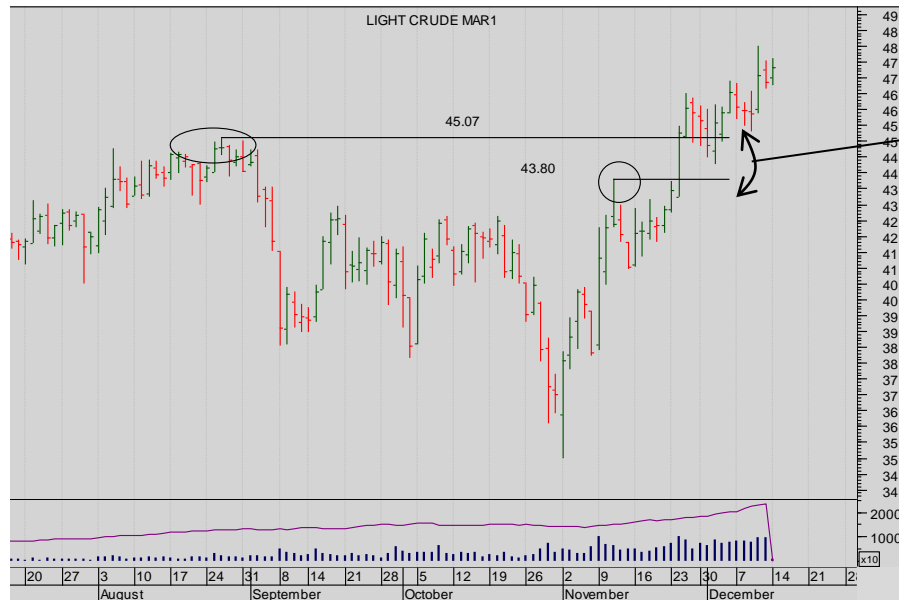
Commodities: Nymex WTI Oil



Nymex oil weekly continuation

The market has driven up through the Gap and the Prior High. There is a band of resistance above that may cause the market to struggle.

In this time frame the market looks **bullish but without great impetus.**



Nymex oil daily Dec 2020 futures

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



Commodities: Comex Gold

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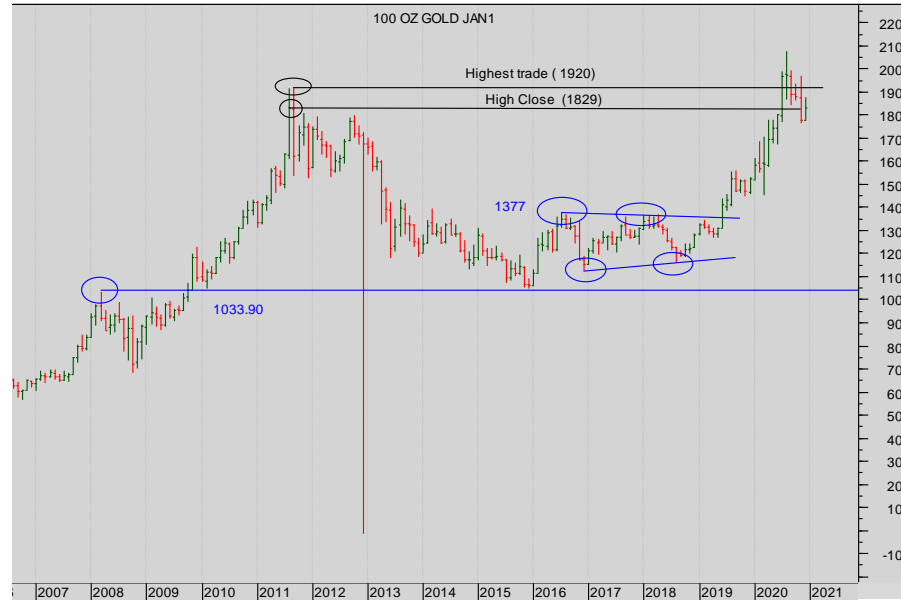
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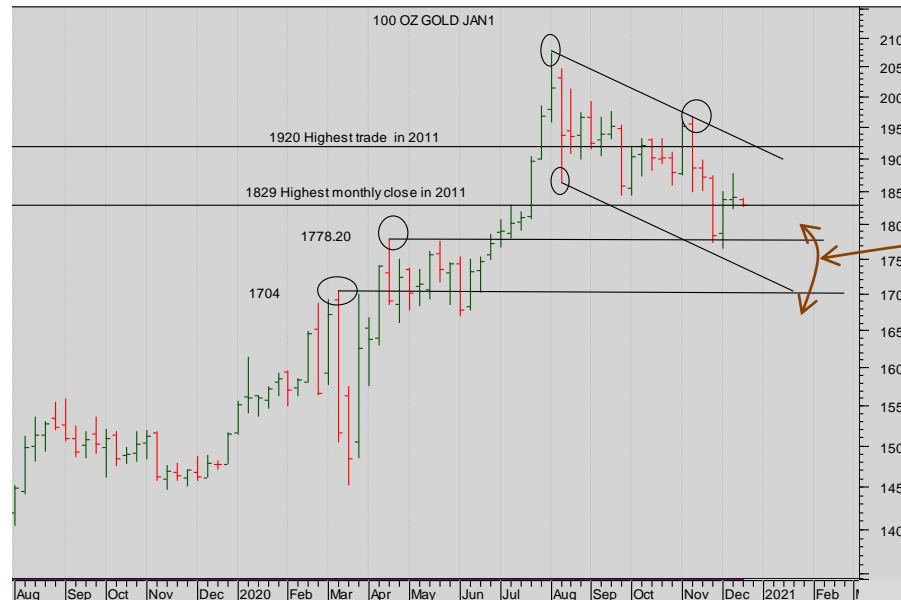
IMPLIED ASSET ALLOCATION



Nymex Gold Monthly

Will the pause at the Prior High resolve itself into

- a reversal pattern or
- a continuation pattern?



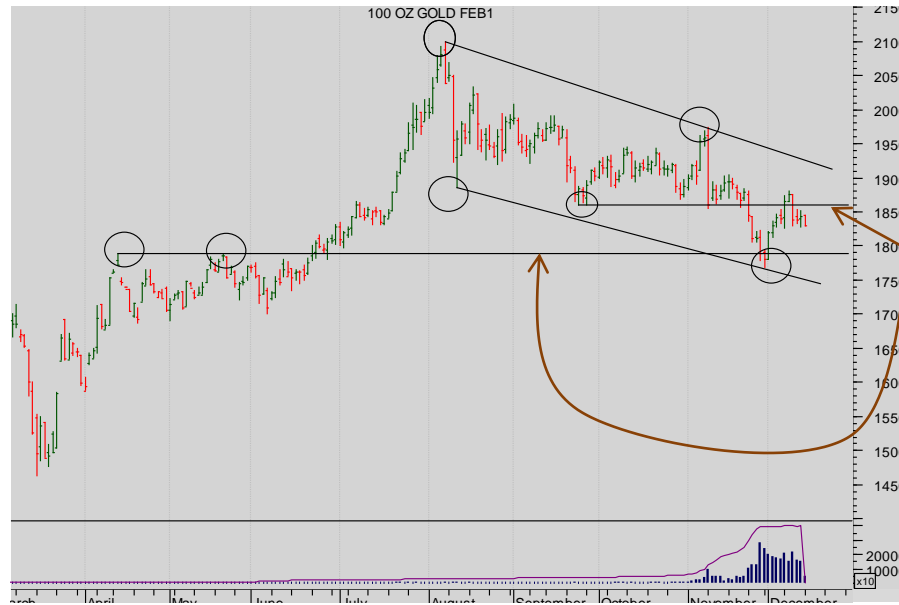
Nymex Gold weekly

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

There is a possible flag or continuation wedge pattern developing?



Commodities: Comex Gold



Nymex Gold Dec 2020 Daily

The support from Prior Highs has held.

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

How will the market resolve this? We don't know.

Stand back.

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



Summary

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- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

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MSCI Balanced Risk Asset Allocation



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the technical analyst

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