



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 5th January 2021

Mark Sturdy

Disclaimer

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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 BULL Euro	Medium-term BULL Euro	Short-term BULL Euro
Long-term BULL Sterling	Medium-term BULL Sterling	Short-term BULL Sterling
Long-term FLAT Yen	Medium-term BULL Yen	Short-term BULL Yen
Long-term FLAT Euro	Medium-term FLAT Euro	Short-term FLAT Euro

Stocks

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

Long-term BULL	Medium-term BULL	Short-term BULL
Long-term BULL	Medium-term BULL	Short-term BULL
Long-term FLAT	Medium-term BULL	Short-term FLAT
Long-term BULL	Medium-term BULL	Short-term BULL

Bonds

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

Long-term FLAT	Medium-term FLAT	Short-term FLAT
Long-term FLAT	Medium-term FLAT	Short-term FLAT
Long-term FLAT	Medium-term FLAT	Short-term FLAT

Commodities

- + Oil
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Long-term BULL	Medium-term BULL	Short-term FLAT
Long-term FLAT	Medium-term BULL	Short-term FLAT

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More



Currencies: Dollar Euro

CURRENCIES:

The Dollar remains under pressure in all time scales and in most of the crosses – there are some indication of a likely short-term pause against the Euro, but the breakouts against the Sterling look especially exciting for Sterling bulls. Note too the short-term drama of Yen strength. The sterling Euro cross remains unmoved.

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Dollar Euro monthly spot cash chart

These powerful resistances above the market at 1.15 have been deeply penetrated. **The market has nearly broken free of them....**

The break of the 2007 downtrend began the trend

The completion of the bull falling wedge continued it ...

More



Currencies: Dollar Euro

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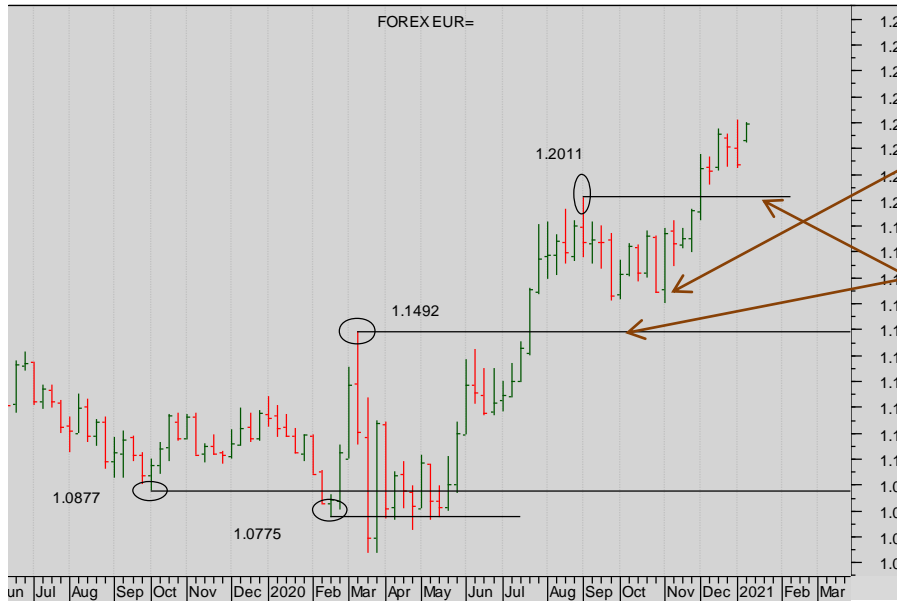
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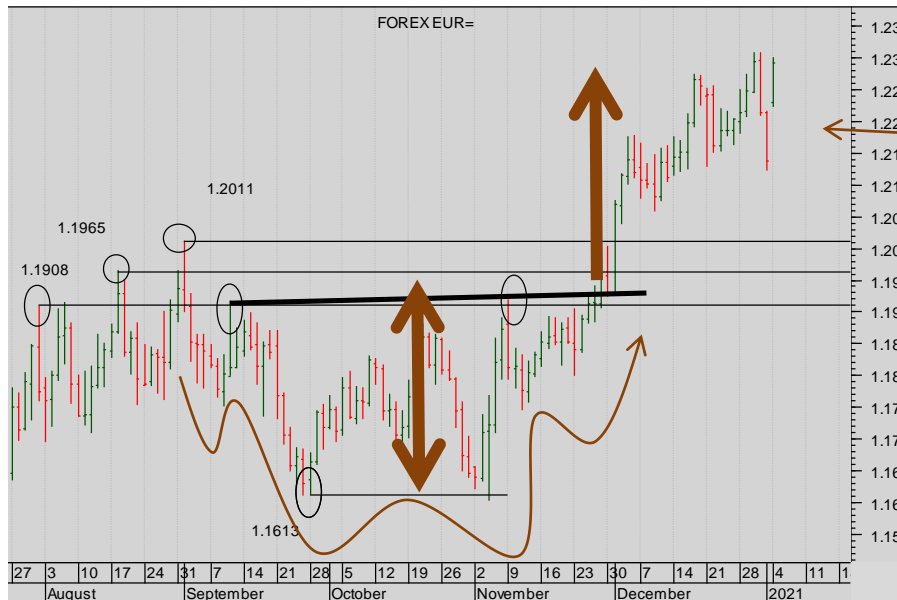
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Dollar Euro weekly spot cash chart

Note the **bullish weekly Key Reversal** here.

The sudden weakness of the Dollar has pushed the market back up through Prior Highs 1.1492 and 1.2011 showing that the trend from March is **is clear and solidly constructed**.



Dollar Euro spot cash chart daily chart...

The completed Continuation Double Bottom/ H&S reversal has a **minimum target** which has **been reached....**

So there may be a **short-term pause** before the trend continues.



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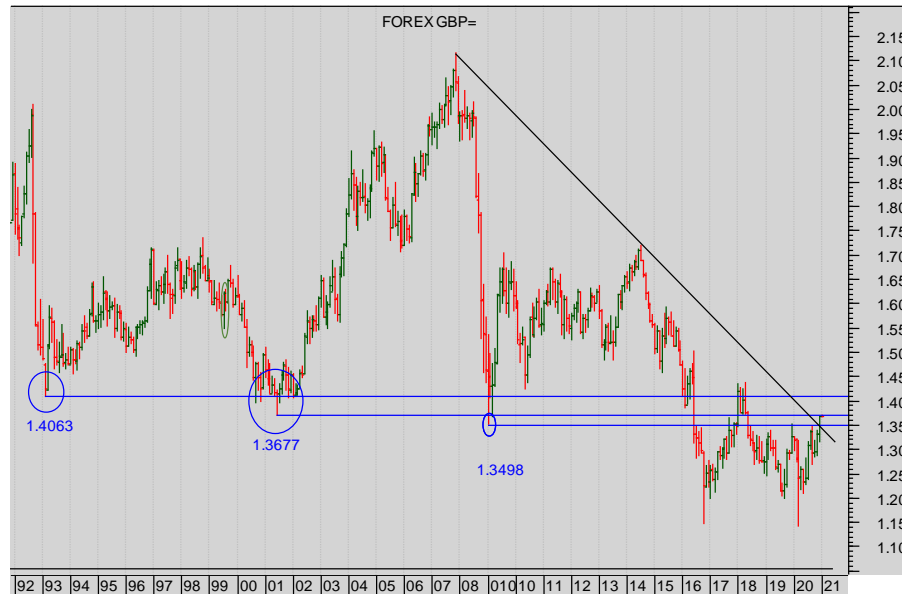
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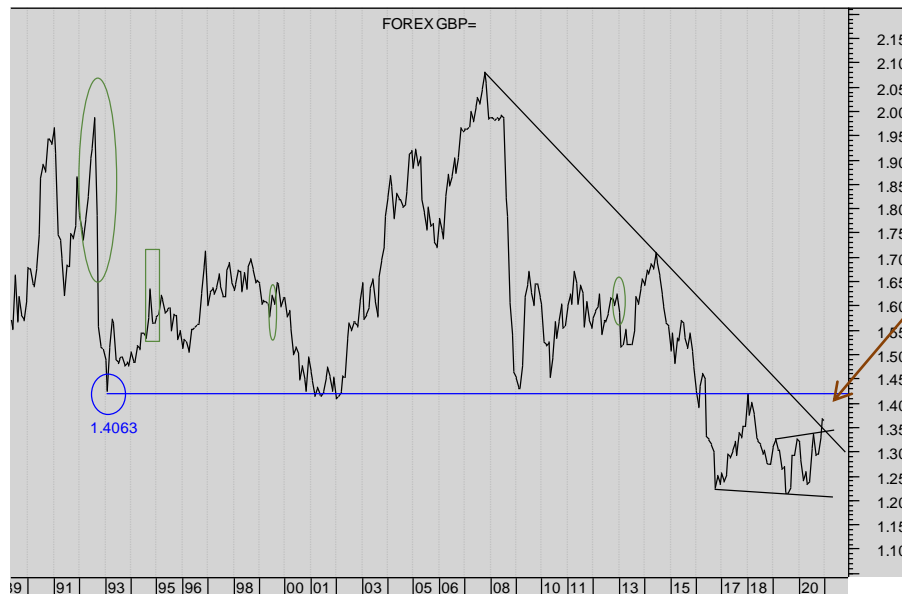
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Currencies: Dollar Sterling



Dollar Sterling Monthly spot cash chart

All the Prior Pivotal lows of 1993, 2001, 2008 and 2016 have formed a Multiple Top - but the sideways price action beneath 1.35 is now testing the diagonal downtrend resistance



Dollar Sterling Monthly spot cash **LINE CHART** based on closes

Note the simultaneous breaking of the Neckline of the H&S reversal pattern and the downtrend resistance...

That is bullish

More



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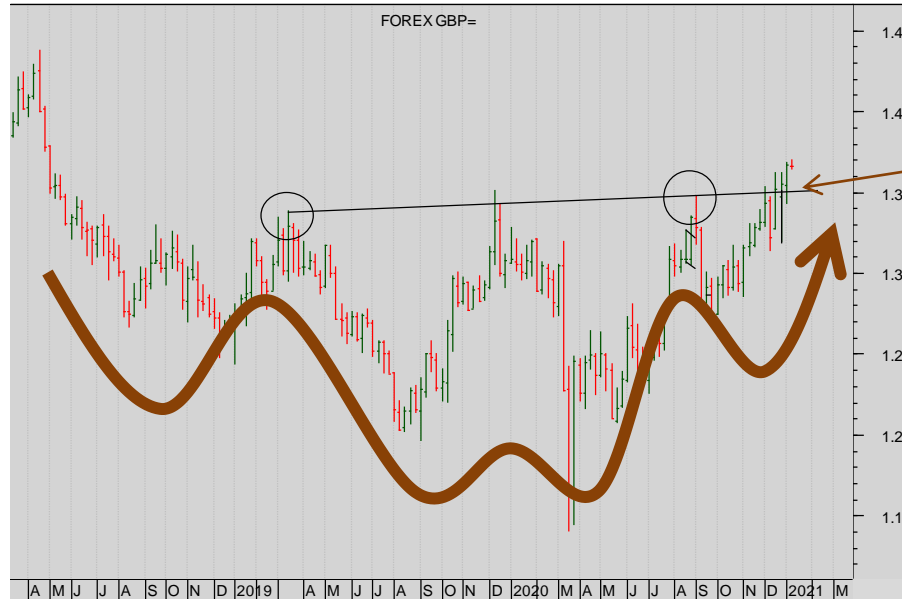
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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

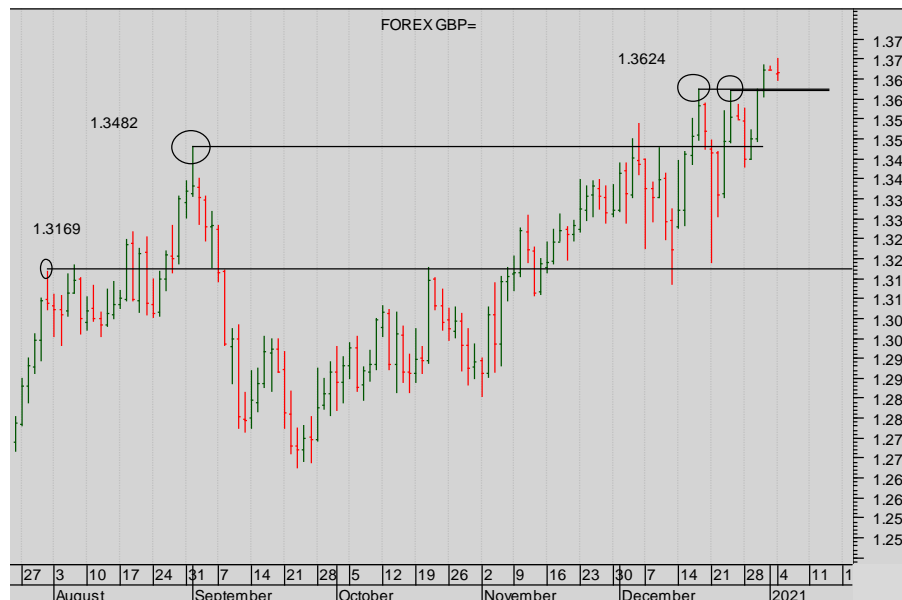


Dollar Sterling weekly spot cash chart

This has completed.

Note the push up through 1.3498 has completed a complex H&S reversal.....

Minimum move? About 1.50



Dollar Sterling daily spot cash chart

The bull trend looks well-constructed, the break up through the Prior Highs of 1.3624 will drive the market on further.



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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

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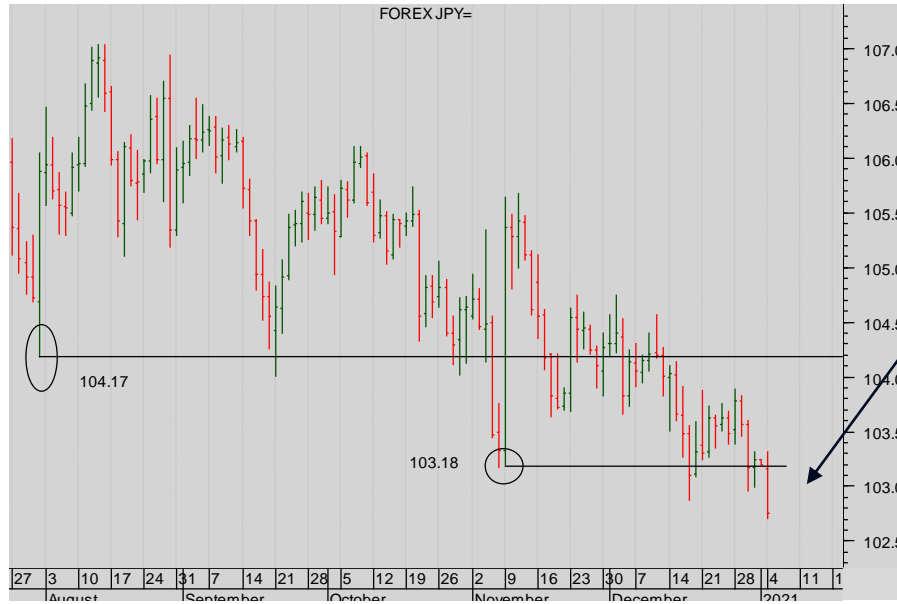
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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

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

The unambiguous break and close beneath 103.18 has helped.



Currencies: Sterling Euro

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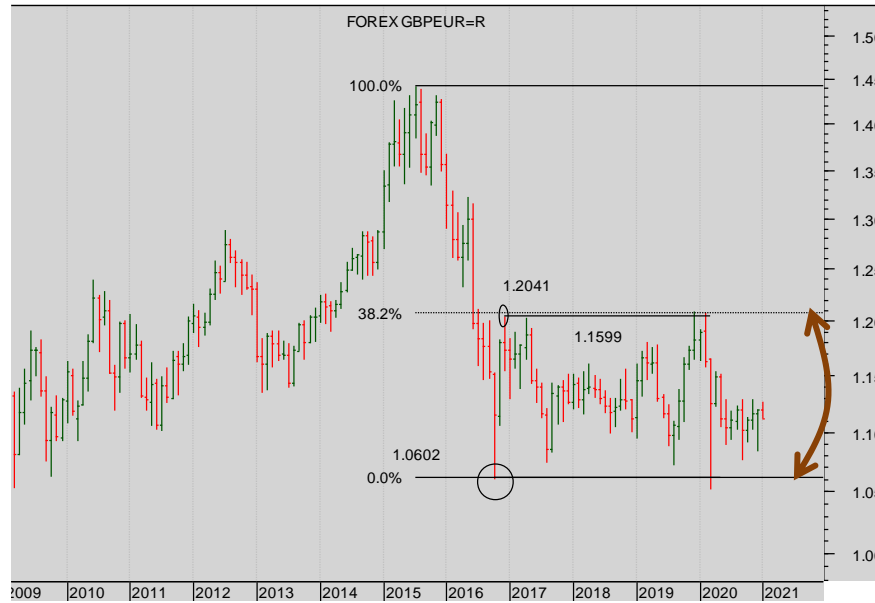
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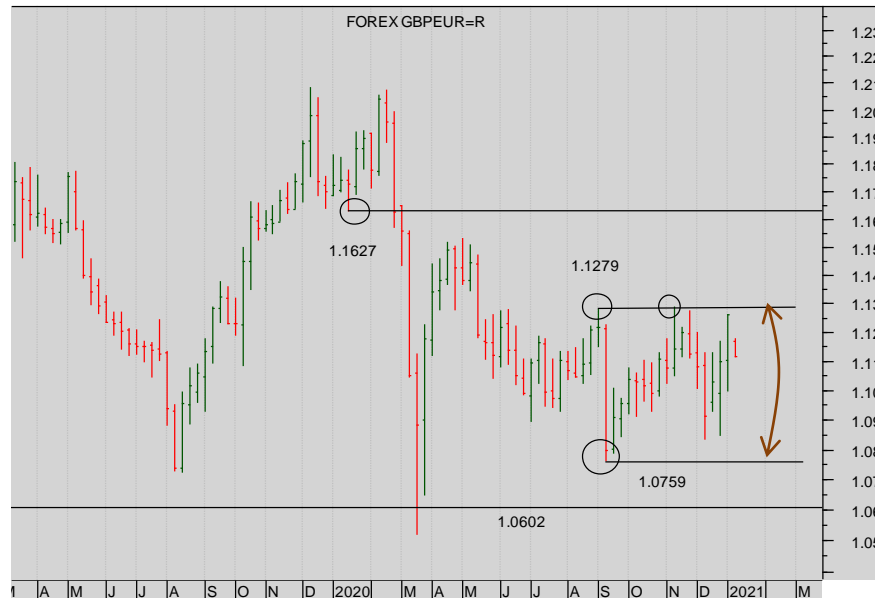
- + Oil
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Sterling Euro monthly spot cash chart

The market remains in the broad trading range.



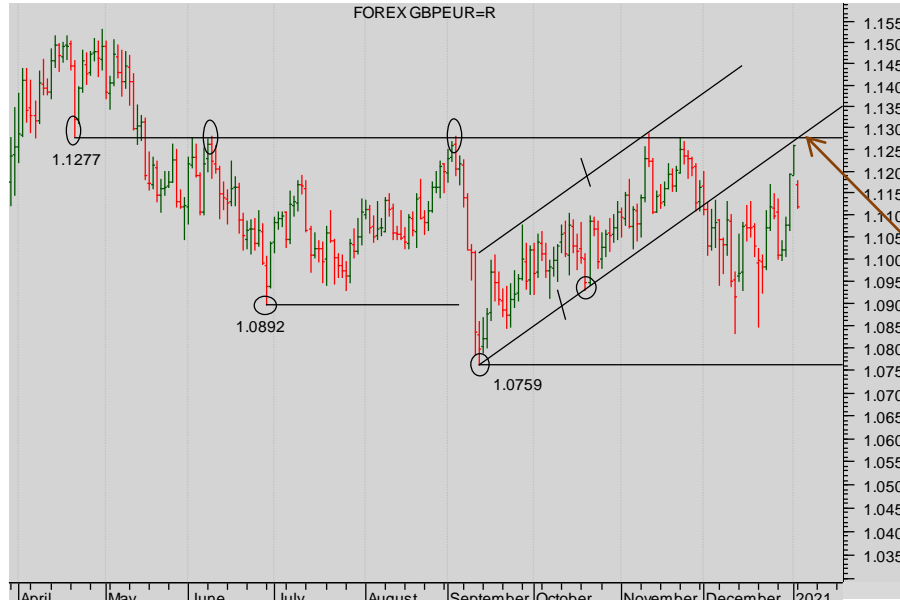
Sterling Euro weekly spot cash chart

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.

Stand back for clarity.

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Stocks: CME S&P

STOCKS:

Here the bull dramas are multiplying: the S&P remains strong, the Nikkei paused but powerfully set up for another bull leg, now add to those a breakout in the Eurostoxx. Less exciting is the short-term bull push in the FTSE because, as ever, there is massive resistance still above the market.

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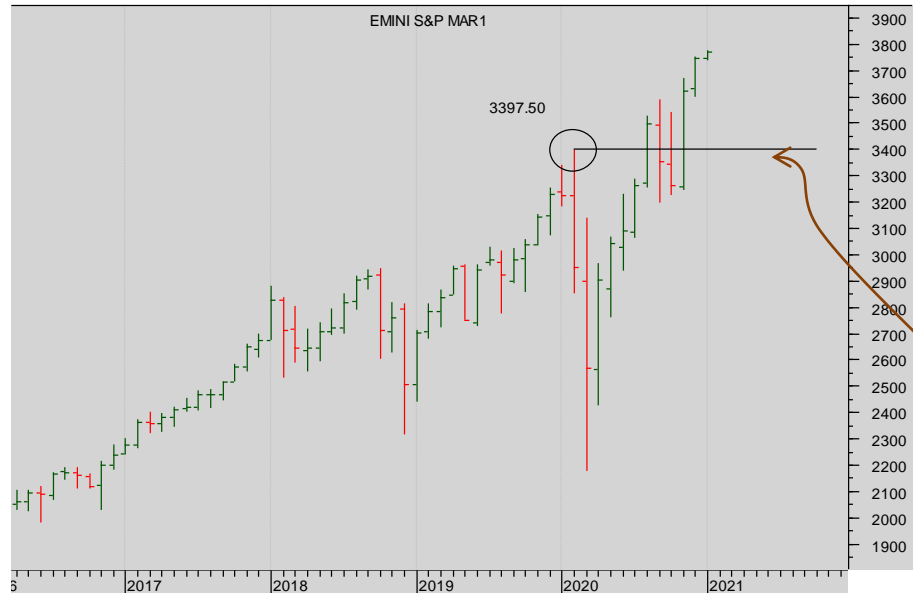
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CME S&P 500 monthly cont. futures chart

The market has driven above the Old high of 3397 – **and closed 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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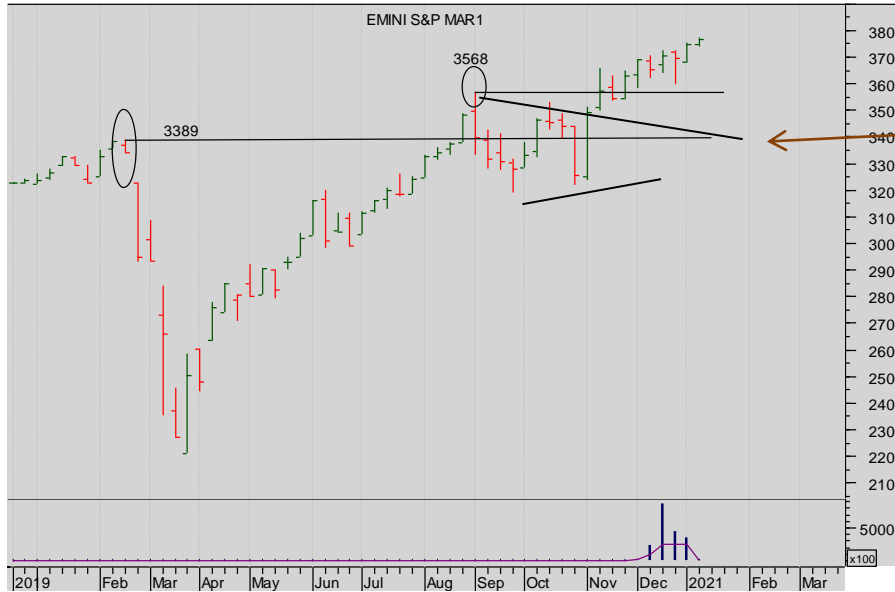
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Commodities

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IMPLIED ASSET ALLOCATION

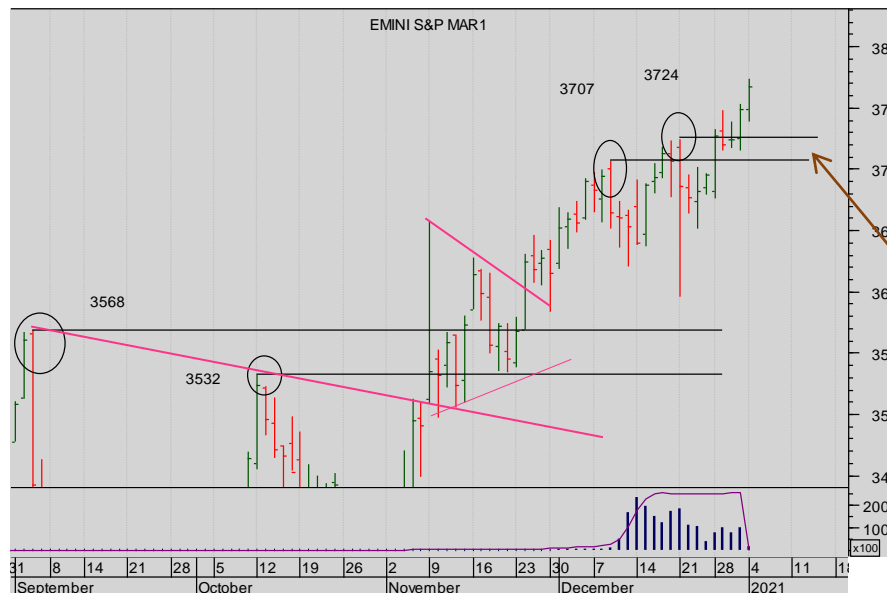


CME S&P 500 cont. weekly cont. chart

The catalyst for the break above 3389 was a bull continuation triangle that has **completed**...

Minimum move? 3900.

We are bulls.



CME S&P 500 daily Mar 2021 chart

It's a bull market.

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

First support from the near Highs at 3707-3724.

More



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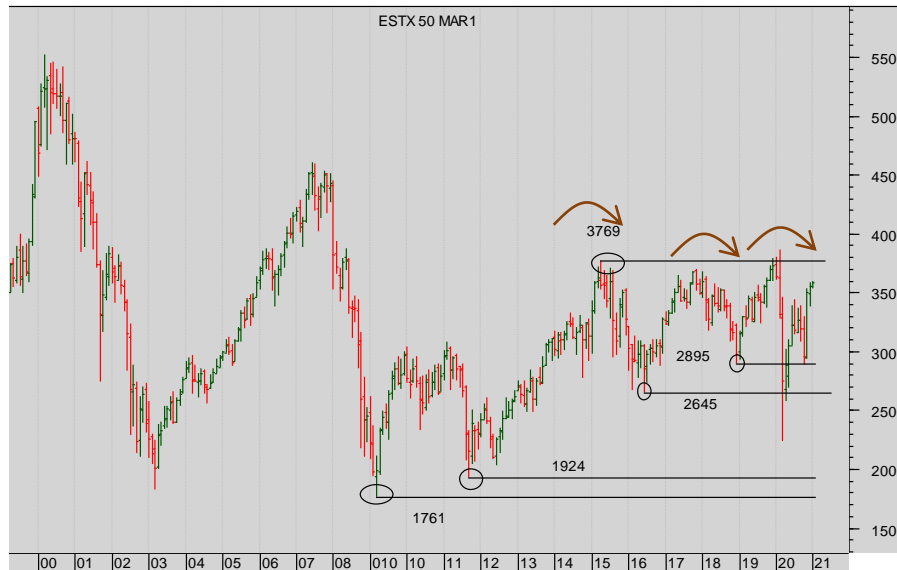
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION

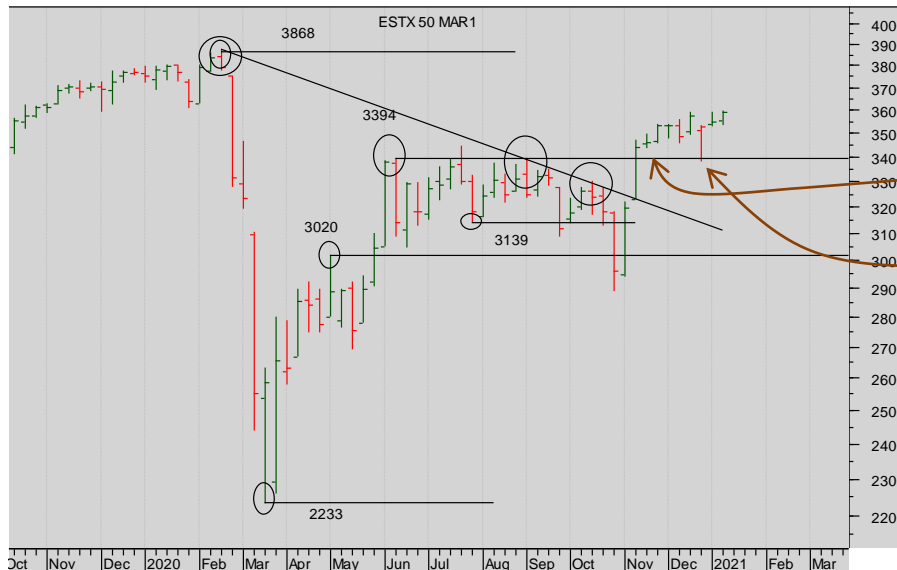
Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 monthly continuation futures chart

The triple failure of the market at 3700 is a critical level.

For the moment we remain within a trading range.



Eurex EuroStoxx 50 weekly continuation futures chart

The push above the Prior High 3394 looks important.

Note the immediate retest of that level.

The market looks underpinned.

More



Stocks: Eurex EuroStoxx 50

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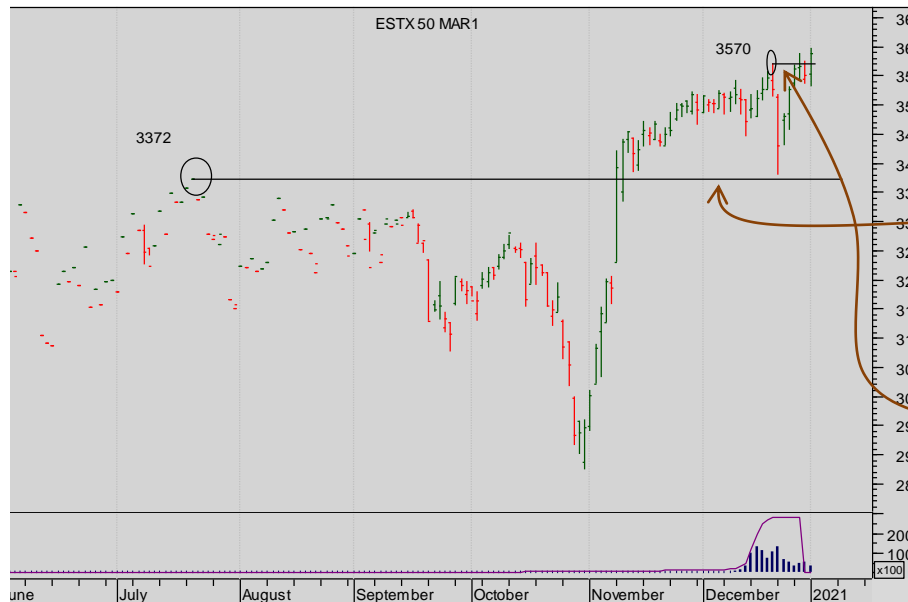
Bonds

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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Dec 19 futures chart

The market has bounced off the Prior high.

And pushed into new territory by overcoming the recent Prior High which is now underpinning the market.

We are bulls.



Stocks: Liffe FTSE 100

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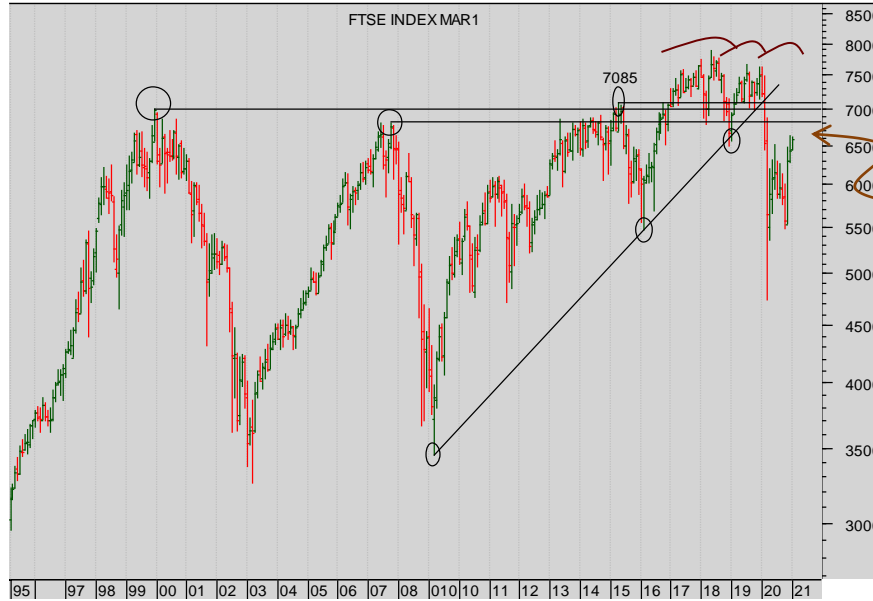
Bonds

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- + Ten Year German Bund
- + UK Gilt

Commodities

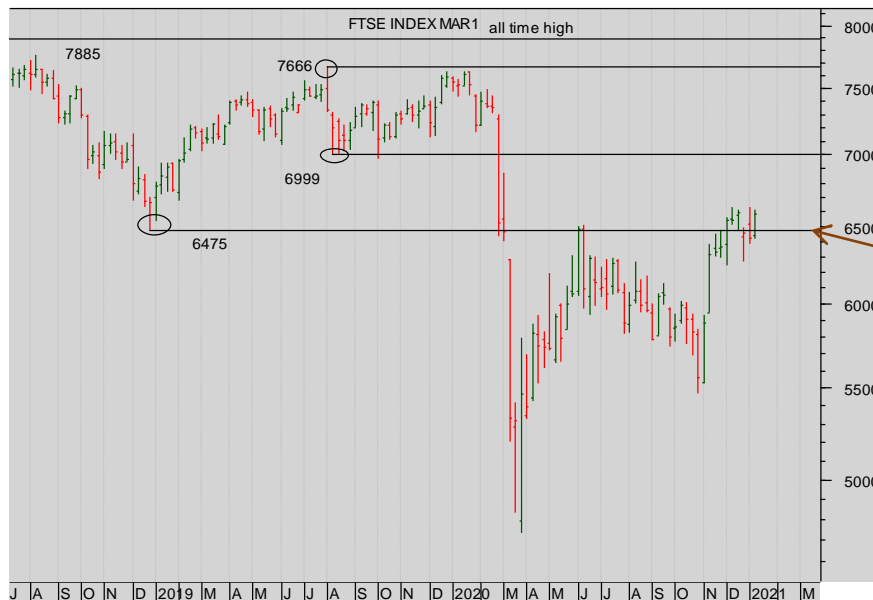
- + Oil
- + Gold

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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

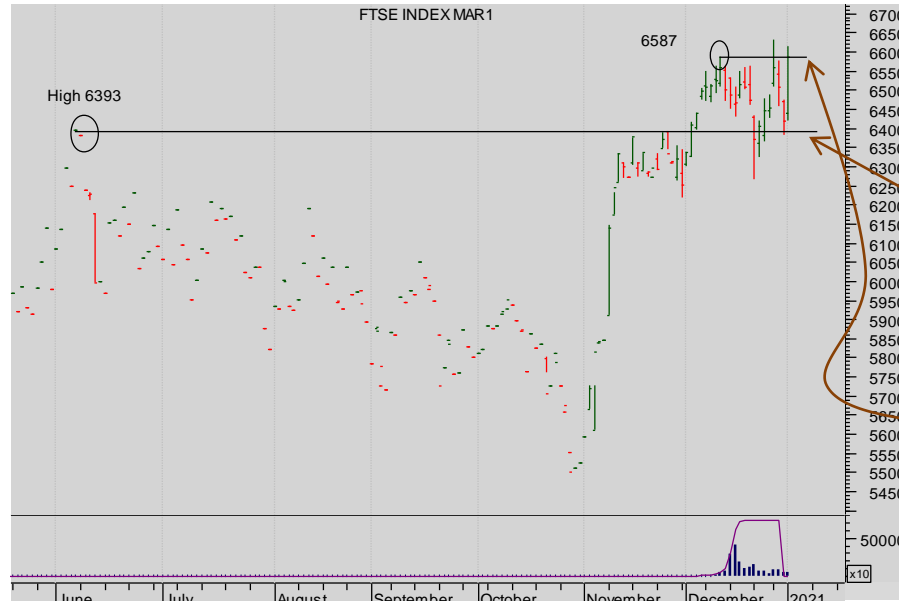
A bull flag has completed and is driving the market better .

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 Mar 21 daily futures chart

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

Watch for another break above the recent high at 6587... and a CLOSE above that level.

Then the bulls would really be in charge – at least short-term.

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IMPLIED ASSET ALLOCATION



Stocks: OSE Nikkei 225

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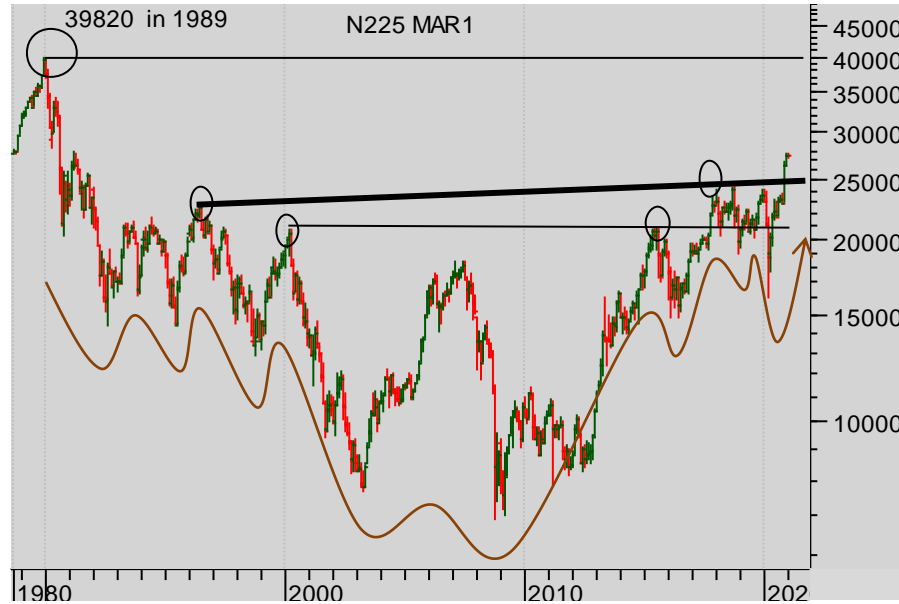
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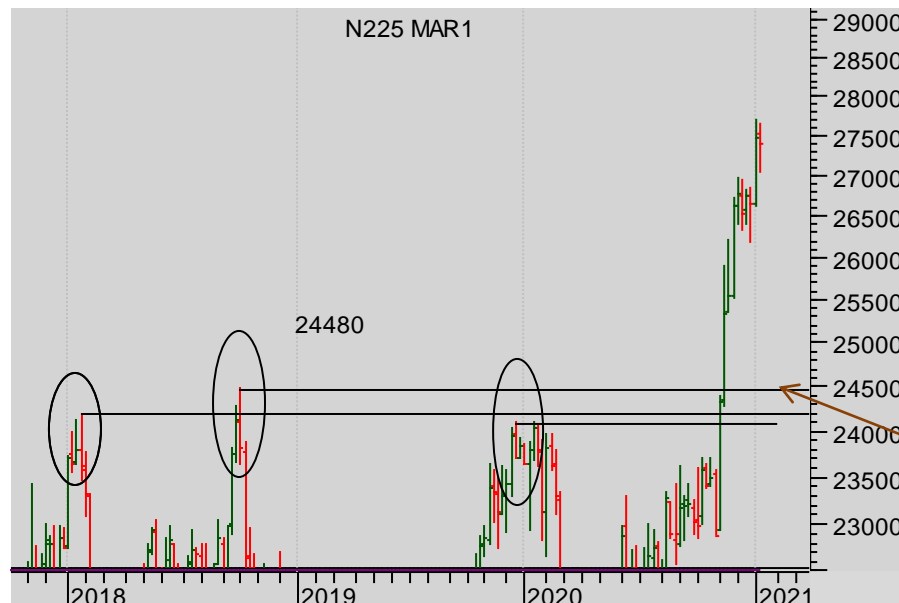
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Nikkei 225 chart (monthly)

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.

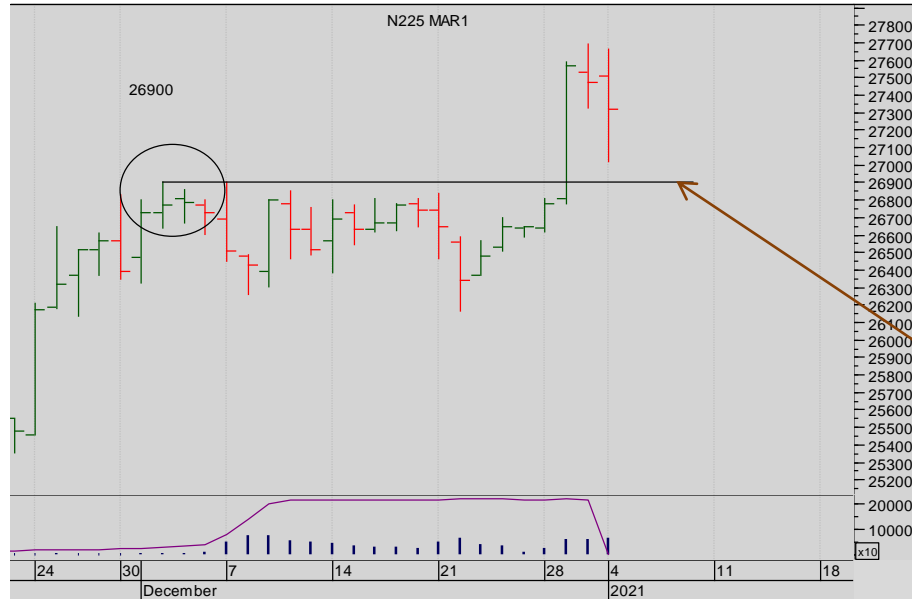
The break (and weekly close) above those supports (now) is massively bullish.

Support on any pull-back lies beneath t 24500

More



Stocks: OSE Nikkei 225



Nikkei 225 chart Daily Dec 2020.

The push up through the recent high at 26900 creates another higher support on any pull-back...

So the market ratchets higher and higher...

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Bonds

BONDS:

Bonds remain dull with the slight exception of the UK Gilt which may have completed a continuation pattern suggesting lower yields still. Watch the short-term chart for confirmation of that.

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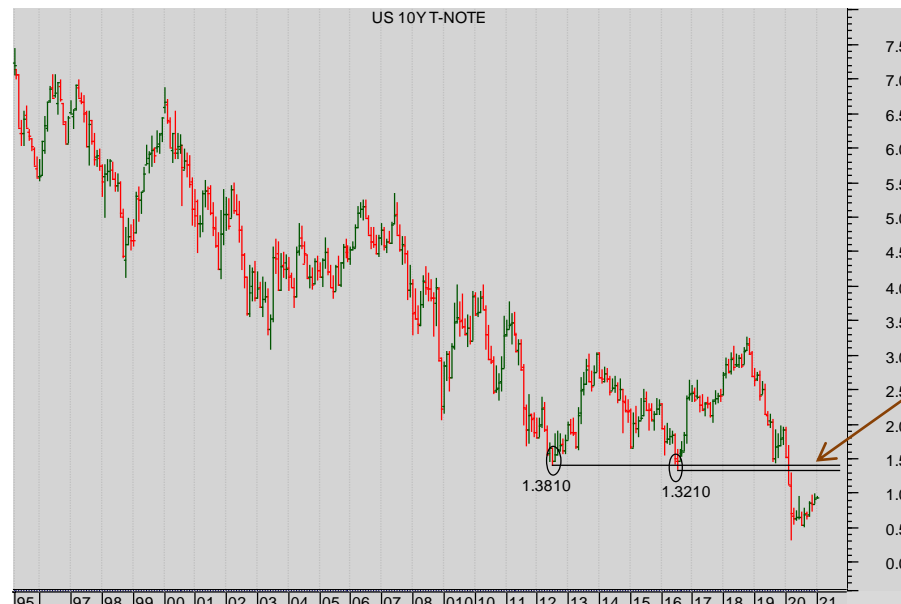
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IMPLIED ASSET ALLOCATION

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 down 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.

More



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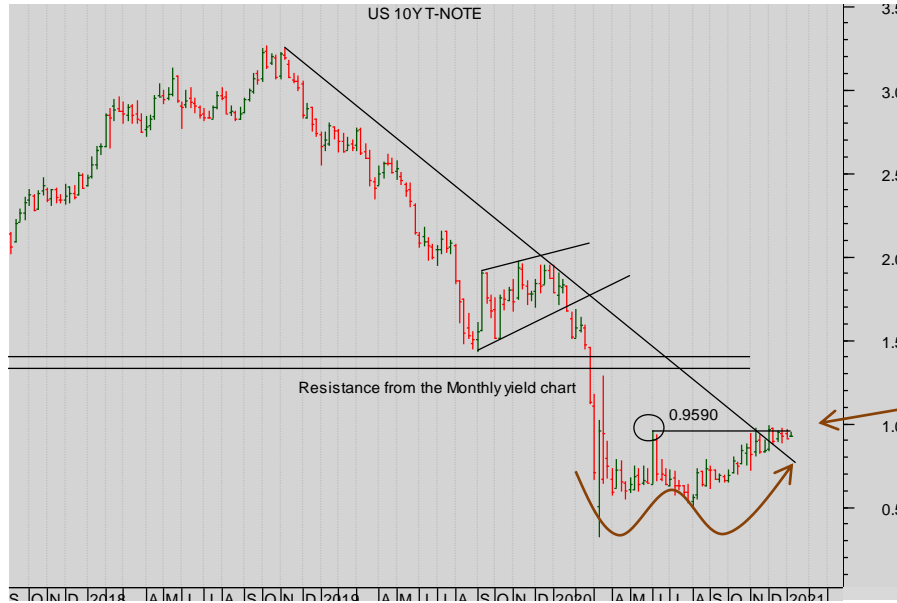
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Bonds: US Ten Year Notes (Yield)



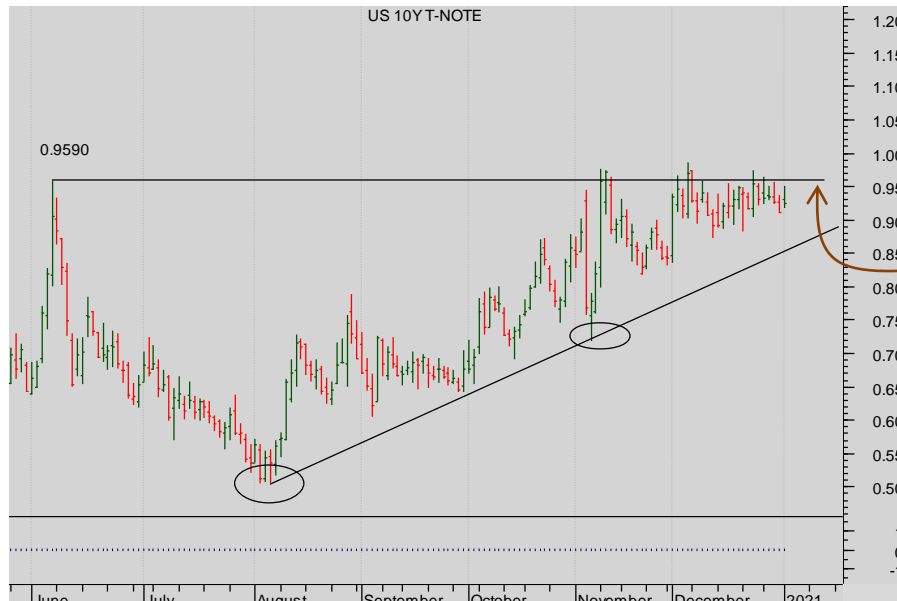
US Ten Year Notes (Yield) weekly chart

The accelerating bear trend (falling rates) from 2018 has paused in 2020 - and that sideways move has caused a test of the diagonal downtrend resistance .

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

The diagonal has been broken. But the horizontal resistance remain in place.

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.

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Bonds: German Bund yield chart



Bund monthly yield chart

The long-term bear trend from 2008 and the horizontal resistance from the Prior low at -0.204.



Bund weekly yield chart

Here is another bear trend from 2018 established at successive points.

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

The diagonal is close to being tested.

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.

Stand back in all time-frames.

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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

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

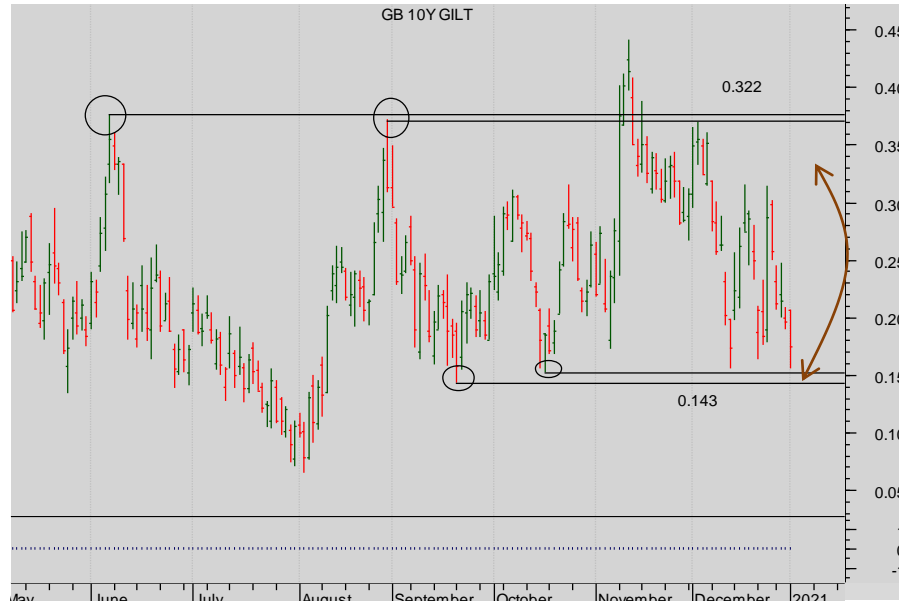
1. The steeper diagonal trendline resistance from 2018 was smashed, BUT IT PROVED TO BE A FALSE BREAK as the market fell back through it.
2. The sideways price action beneath the resistance from the Low at 0.34% may have completed a bear rising wedge...
3. Look closer.



More



Bonds: UK Gilt yield chart



Gilt daily yield chart

Stand back , watch the trading range, and await clarity.

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

Oil is now excitingly poised, close to beginning another bull run; watch carefully the price action around our levels in all time-frames. Gold looks close to confirming another monthly bull continuation pattern at these historic levels, but wait for confirming closes in all time frames.

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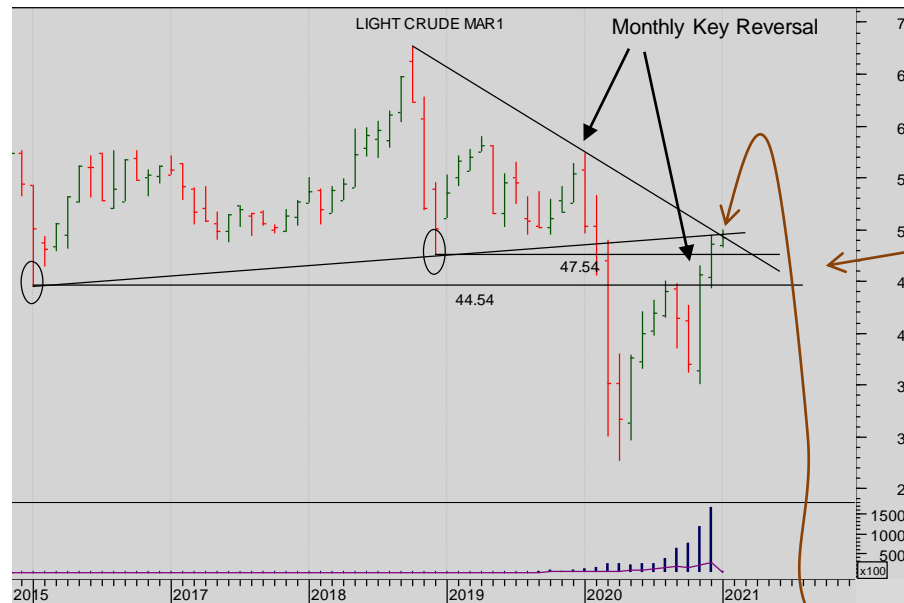
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IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil monthly continuation

On the bounce, there was powerful resistance at Prior low band at \$44.50-47.50. **Now smashed.**

Currently the market is sitting at

1. the downtrend resistance from 2018 from the Prior Lows
2. And the old broken bull trend support from 2015 diagonal

These are coincident and therefore important.

A break above here will get the bulls going again....

More



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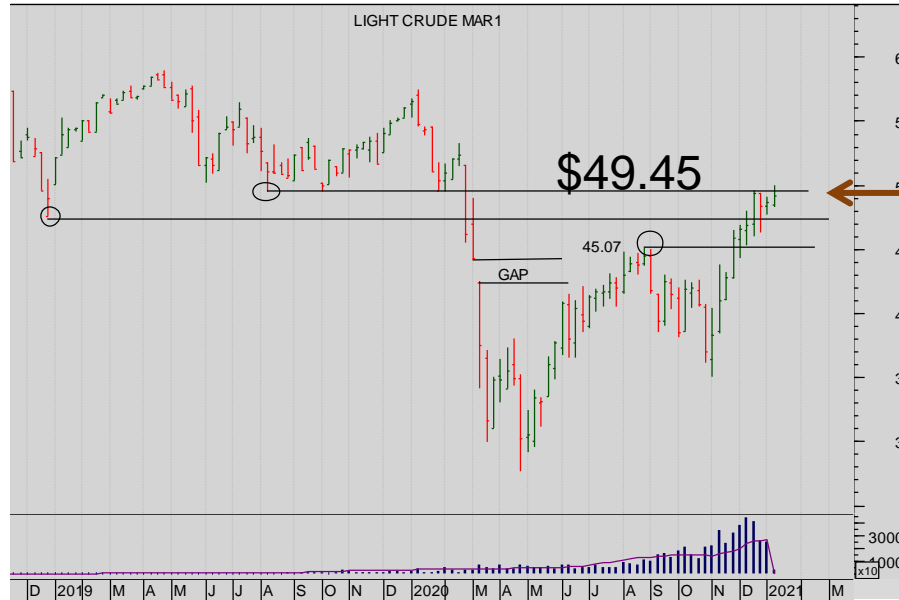
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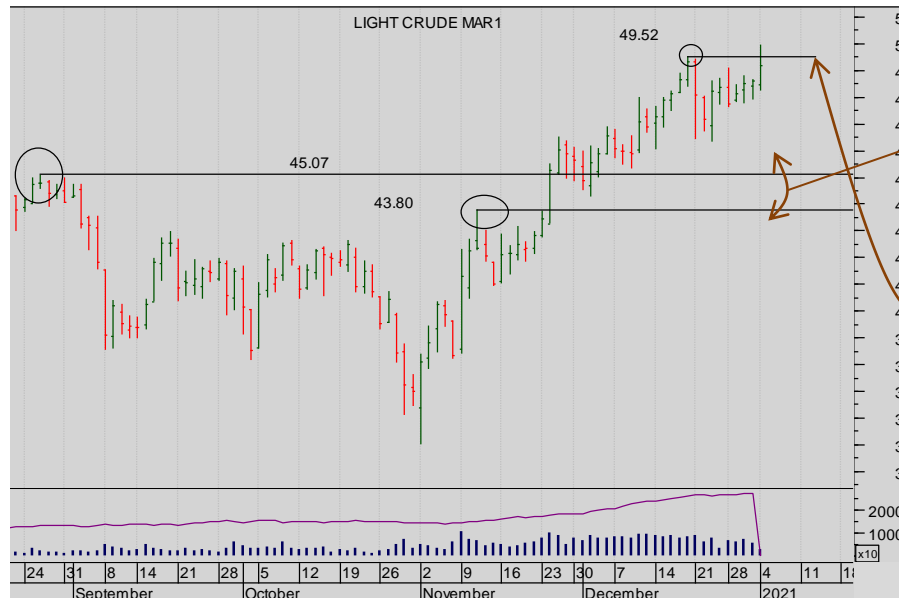
IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil weekly continuation

Watch closely as the market tests the upper limit of the band of resistance... a break of that will get the bulls going.



Nymex oil daily Mar 2021 futures

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

Wait for a close above the Prior High at 49.52.



Commodities: Comex Gold

Summary

Currencies

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

Stocks

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

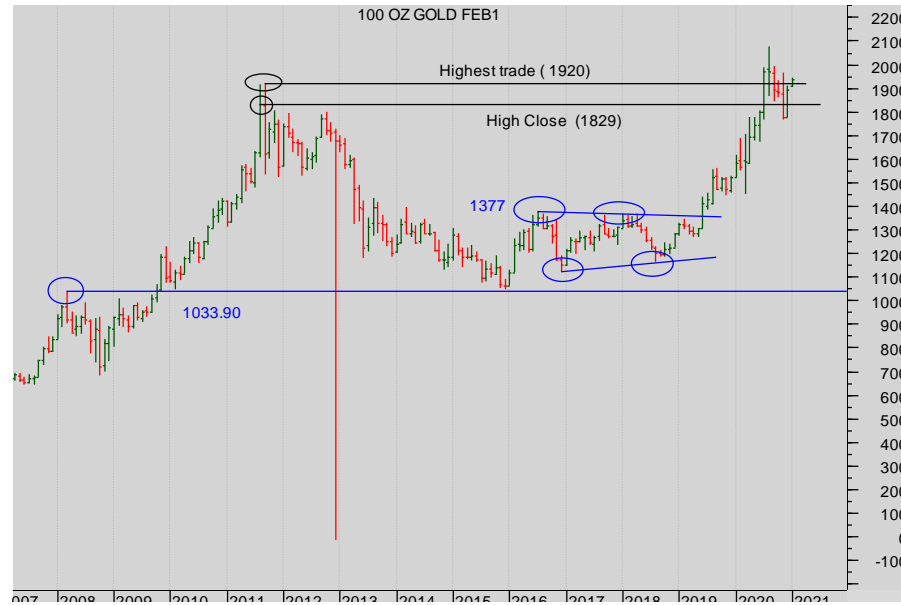
Bonds

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

Commodities

- + Oil
- + Gold

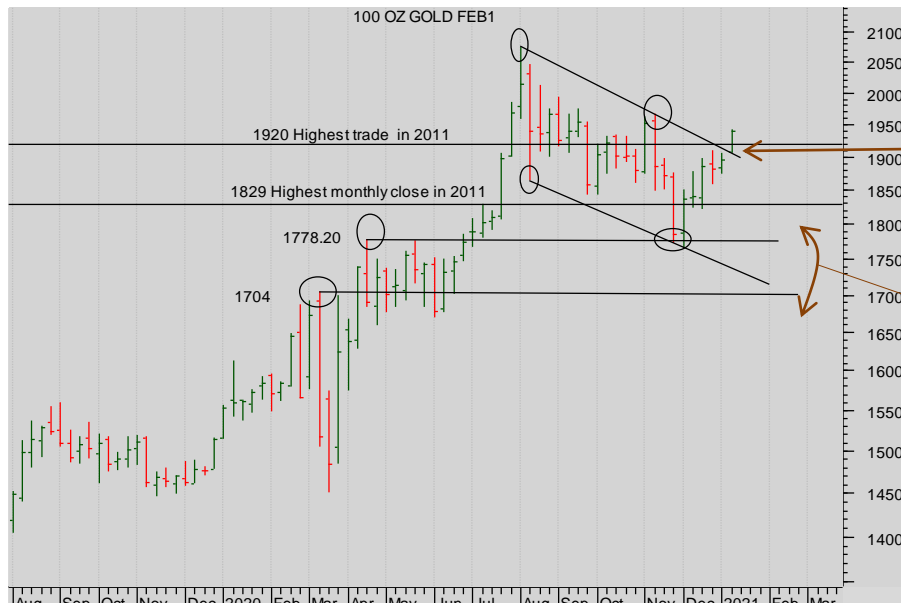
IMPLIED ASSET ALLOCATION



Nymex Gold Monthly

Will the pause at the Prior High resolve itself into

- a reversal pattern or
- a continuation pattern?



Nymex Gold weekly

The answer to the monthly question looks to be resolved in favour of a **continuation pattern** if the market closes above the diagonal at the wend of the week.

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



Commodities: Comex Gold

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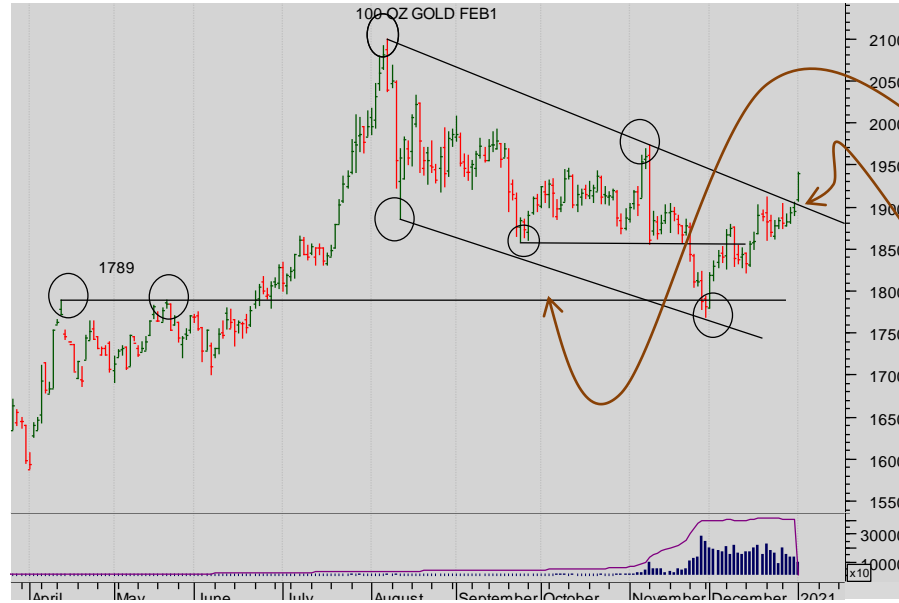
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Commodities

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- + Gold

IMPLIED ASSET ALLOCATION



Nymex Gold Feb 2021 Daily

The support from Prior Highs held.

And the large bull falling wedge has completed.

The bulls are once again in charge.



Summary

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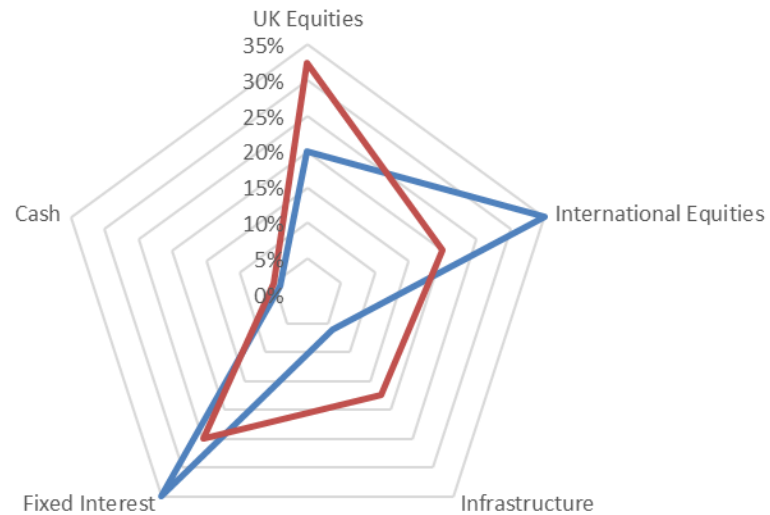
Commodities

- + Oil
- + Gold

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MSCI Balanced Risk Asset Allocation



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the technical analyst

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