



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 2nd February 2021

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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Long-term BULL Euro	Medium-term BULL Euro	Short-term FLAT 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 BEAR Euro	Medium-term BEAR Euro	Short-term BEAR Euro

Stocks

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

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

Commodities

- + Oil
- + Gold

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

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

There has been a slight fracturing of the bear Dollar stance: Sterling still looks strong against the Dollar and having completed important patterns is set to go stronger still. . The Yen however has weakened short-term as has the Euro. No surprise then to not that Sterling looks strong against the Euro too and having done so has completed important structures there and so looks to go strong still.

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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** confirmed the weak Dollar trend ...

More



Currencies: Dollar Euro

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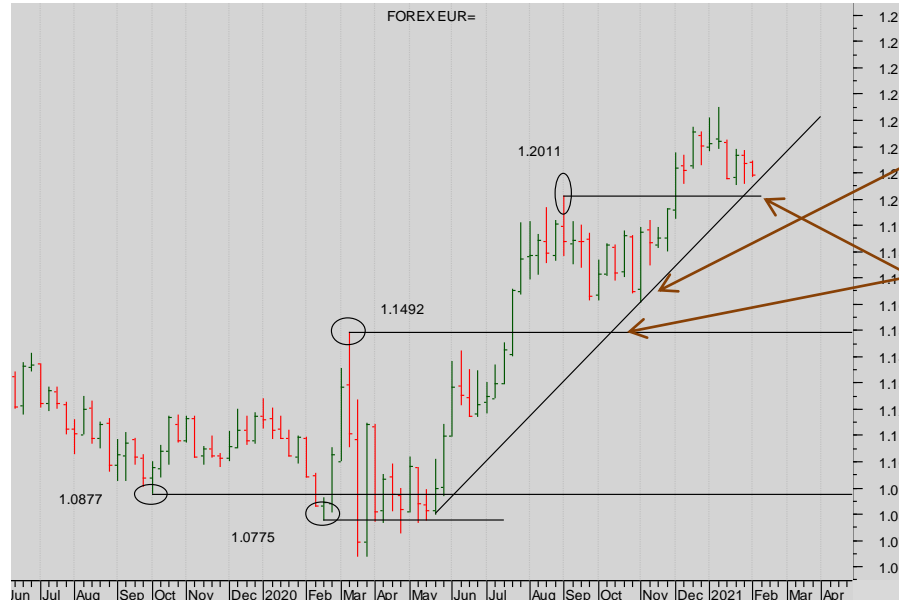
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IMPLIED ASSET ALLOCATION

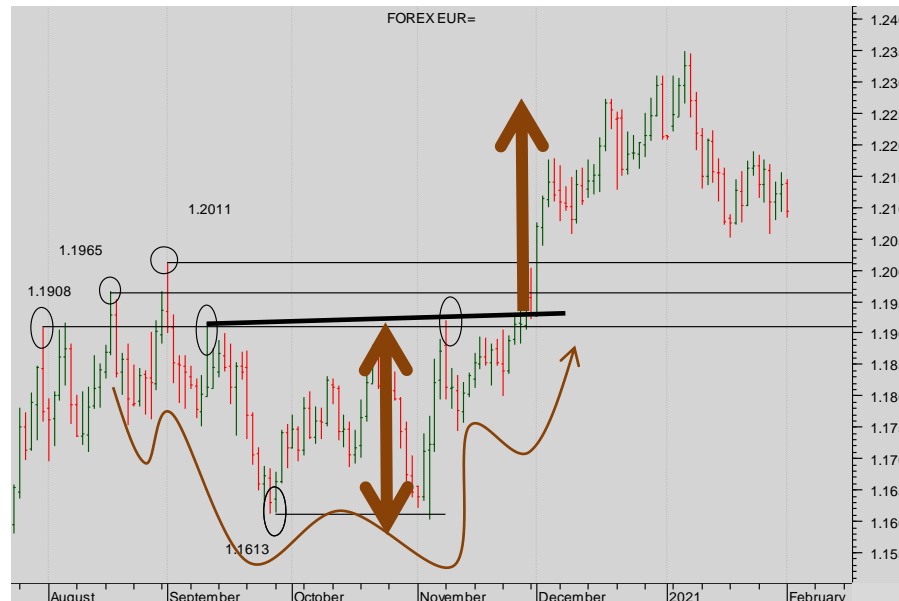


Dollar Euro weekly spot cash chart

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

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

Watch for a test of the **1.2011** Prior High support.



Dollar Euro spot cash chart daily chart...

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

So the **short-term pause and drift is not surprising**.



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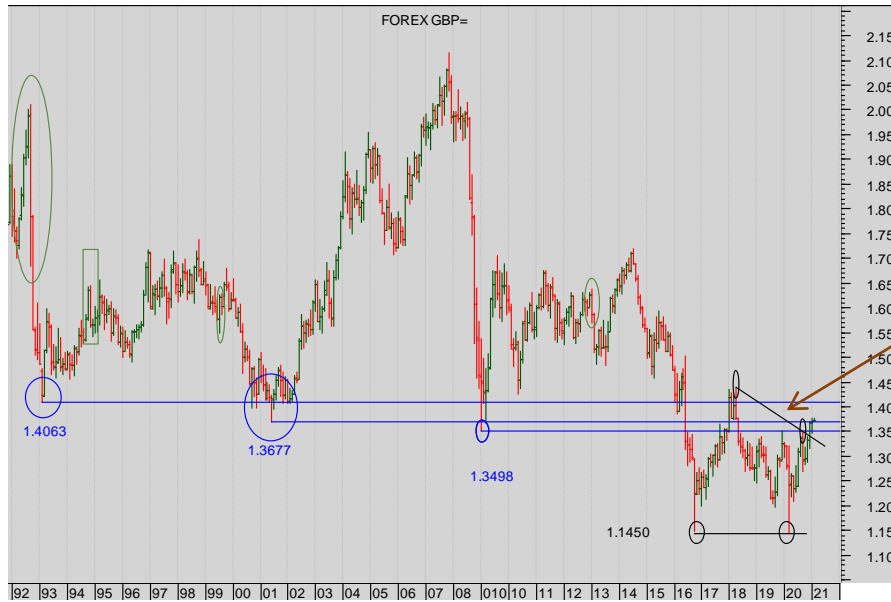
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Commodities

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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 bearish long term Multiple Top - but the sideways price action beneath 1.35 has now broken the diagonal downtrend resistance Indeed has broken it.

But the horizontal resistances remain largely intact above the market.



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

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

That is bullish for Sterling.

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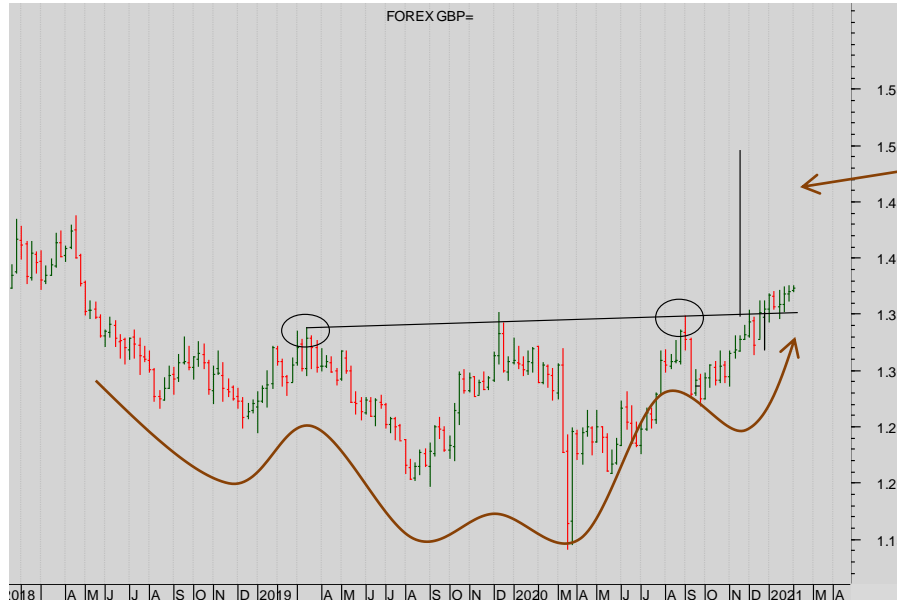
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IMPLIED ASSET ALLOCATION

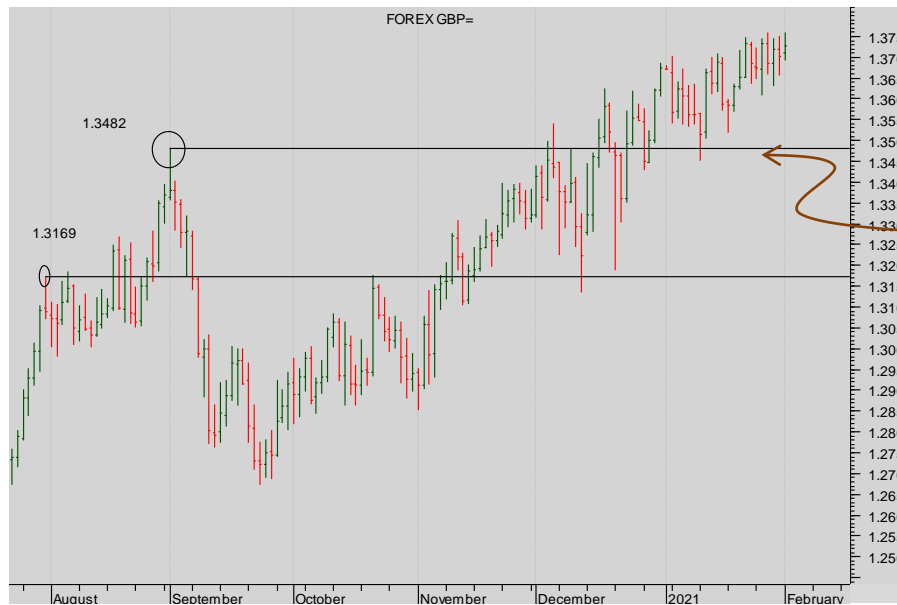
Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

This shows the H&S pattern in the line chart more clearly.

The push up through 1.3498 has completed a complex H&S reversal (or Multiple Bottom) with a Minimum move implied up to about **1.50**



Dollar Sterling daily spot cash chart

The bull trend looks well-constructed, despite the short-term dither, the support from the Prior High of 1.3482 looks solid.



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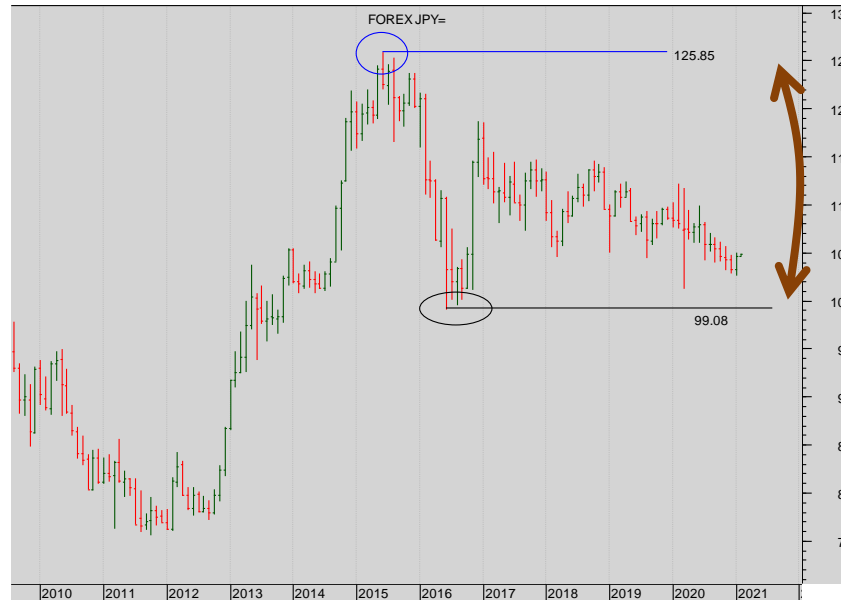
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Commodities

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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 clearer: the slow motion breakdown through this boundary of the trading range now confirmed **it suggests a stronger Yen.**

And resistance above the market now sits at 104.50-105 – WHICH IS BEING TESTED NOW

More



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IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Very short-term, it's bullish for the Dollar.



Currencies: Sterling Euro

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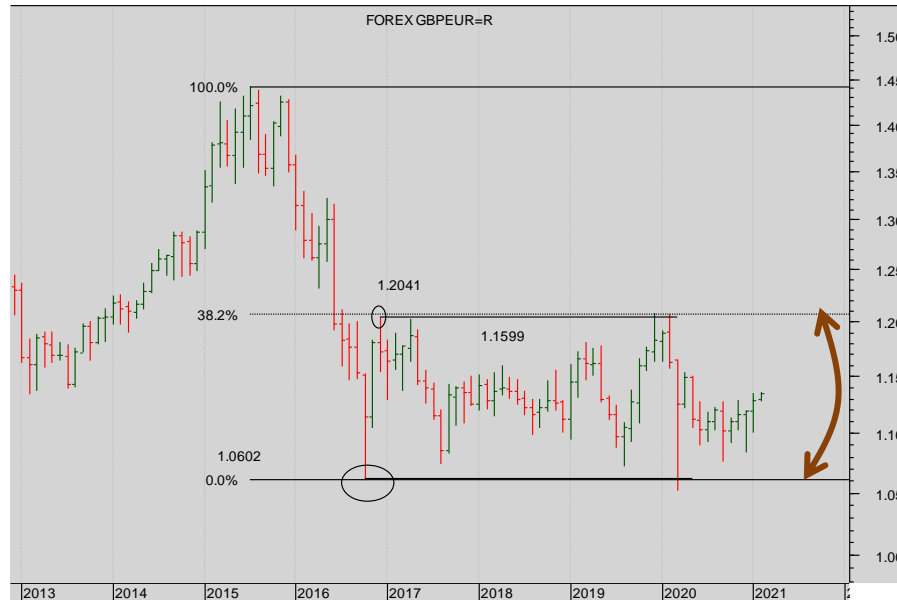
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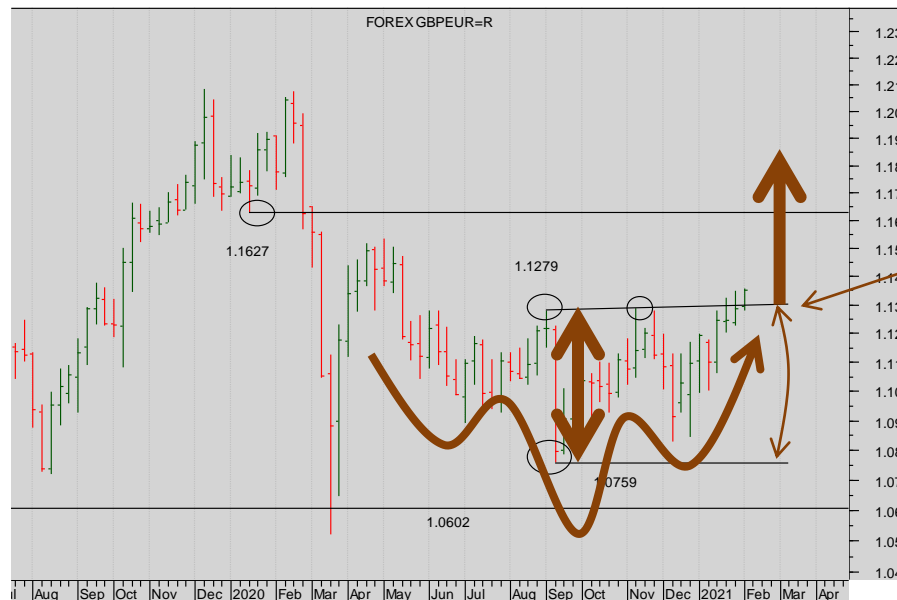
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IMPLIED ASSET ALLOCATION



Sterling Euro monthly spot cash chart

The market remains in the broad trading range.



Sterling Euro weekly spot cash chart

The market is bullish !

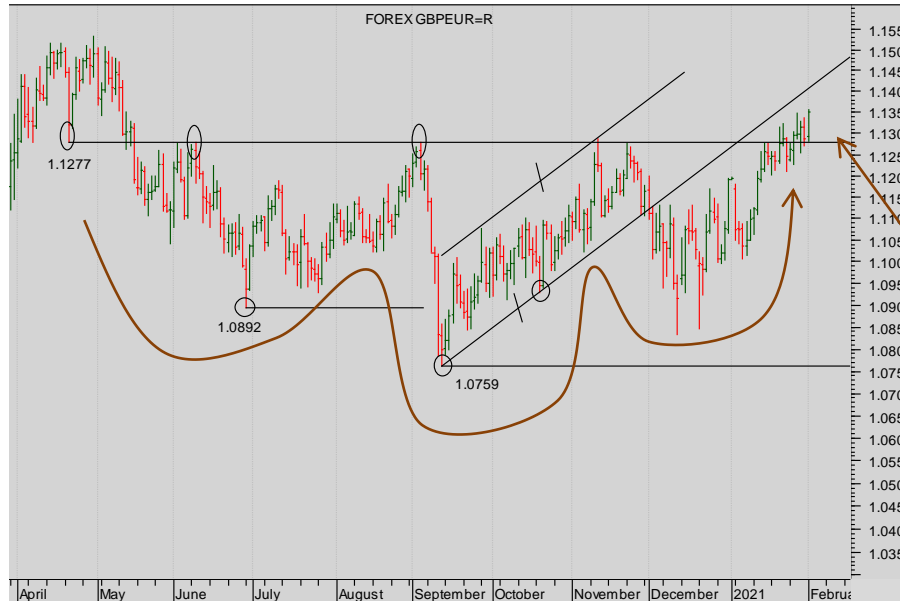
The break of those 1.1279 highs has broken the trading range.

By completing a H&S Reversal...there is a minimum move in the offing up to 1.19....

More



Currencies: Sterling Euro



Sterling Euro daily spot cash chart

Note the clear resistance at the 1.1277 level... the CLEAR break up through that has got the Sterling bulls going.

We are bull for Sterling against the Euro.

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IMPLIED ASSET ALLOCATION



Stocks: CME S&P

STOCKS:

It's been a week of drift and sure enough, as we anticipated, the FTSE and the EuroStoxx have been the worst performers. The robust S&P and Nikkei remain in bullish medium and long-term trends, the others can't be so sure....

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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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IMPLIED ASSET ALLOCATION

CME S&P 500 cont. weekly cont. chart

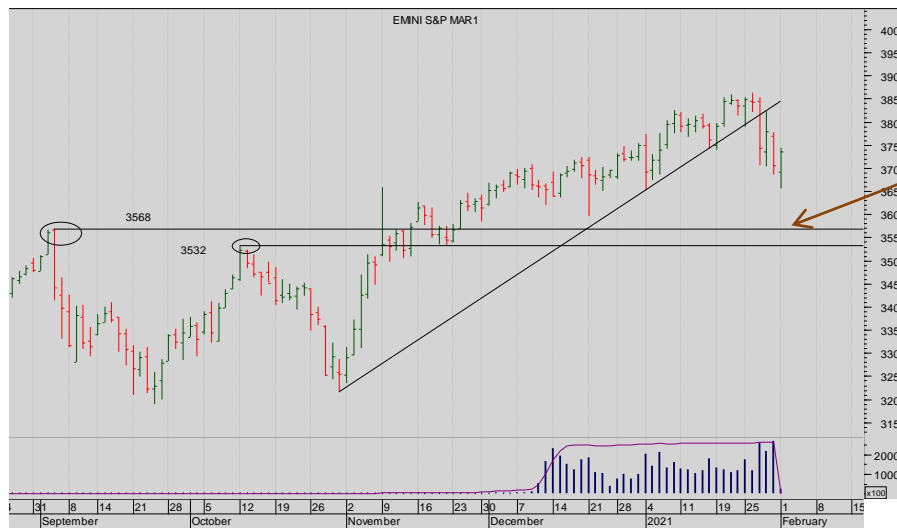


The catalyst for the break above 3388 was a small bull continuation triangle that has **completed**...

Minimum move? 3900.

We are bulls... but watch the test of the diagonal support...

CME S&P 500 daily Mar 2021 chart



It's a bull market but the pull back may want to test the important horizontal support at 3568...

More



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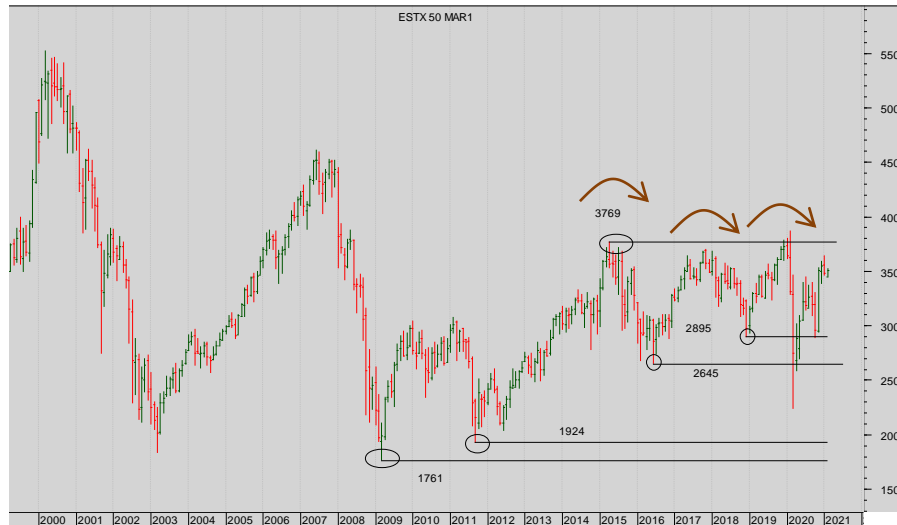
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Commodities

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IMPLIED ASSET ALLOCATION

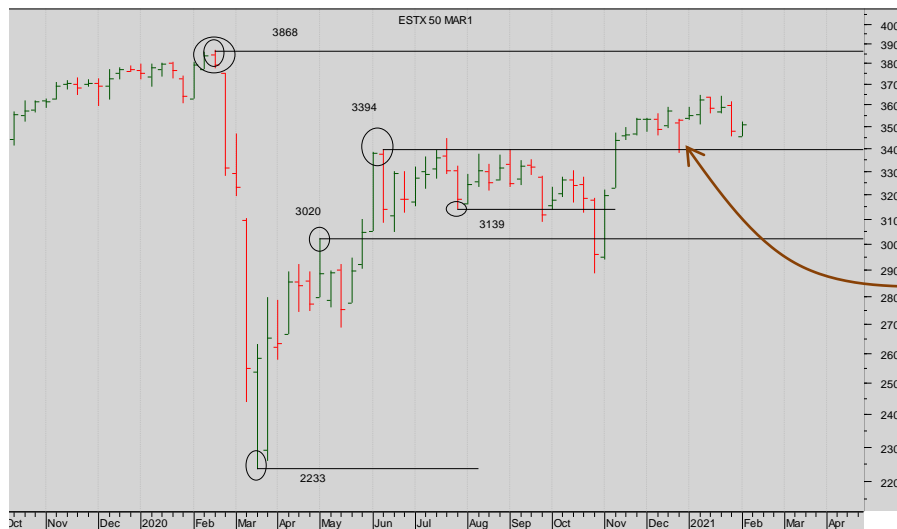
Stocks: Eurex EuroStoxx 50



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. Its now good support.

Note the bounce from that level.

The market looks underpinned.

More



Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Mar 21 futures chart

The market bounced off the Prior high.

But the push into new territory by overcoming the recent Prior High has failed in the very short term, expect another test of the horizontal support at 3372.

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IMPLIED ASSET ALLOCATION



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Commodities

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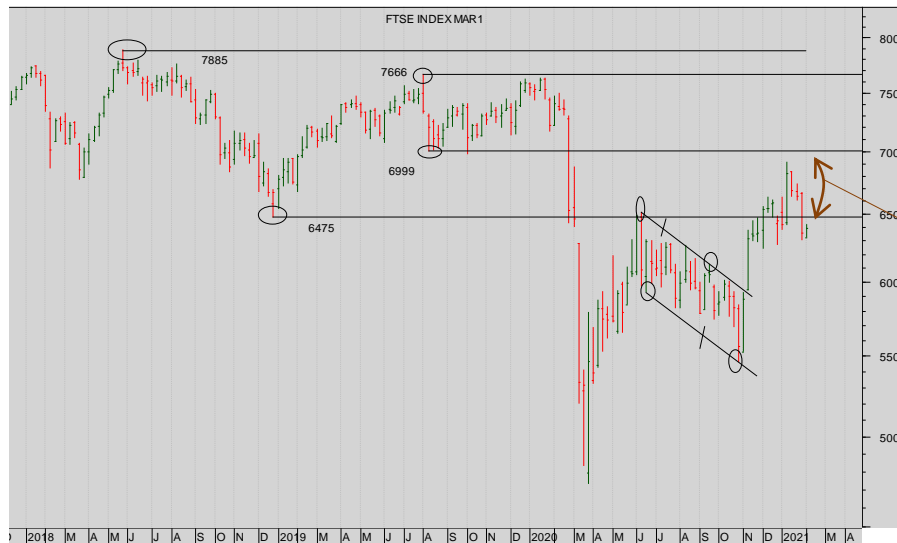
IMPLIED ASSET ALLOCATION

Stocks: Liffe FTSE 100



Liffe FTSE 100 Monthly continuation futures chart

The market bounced into the massive overhead resistance above the market at 6475 but so far has been unable to sustain those levels.



Liffe FTSE 100 Weekly cont. futures chart

A bull flag propelled the market better .

But there is a band of resistance between here and 6999.

We expected the market to struggle – and it is.

More



Stocks: Liffe FTSE 100

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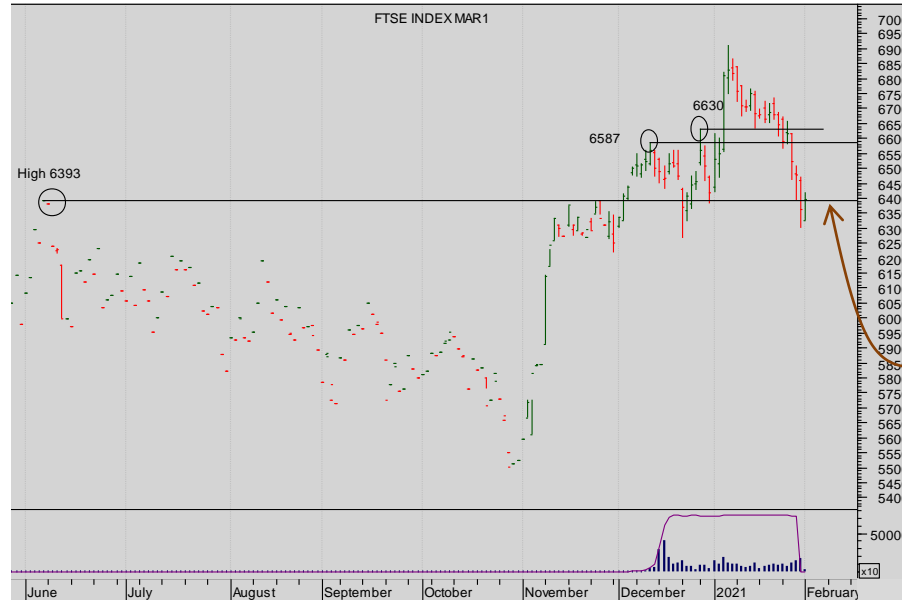
Bonds

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- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Liffe FTSE 100 Mar 21 daily futures chart

The short-term price action – the drift – is within the parameters of the bull trend.

Watch for support from the Prior High at 6393.



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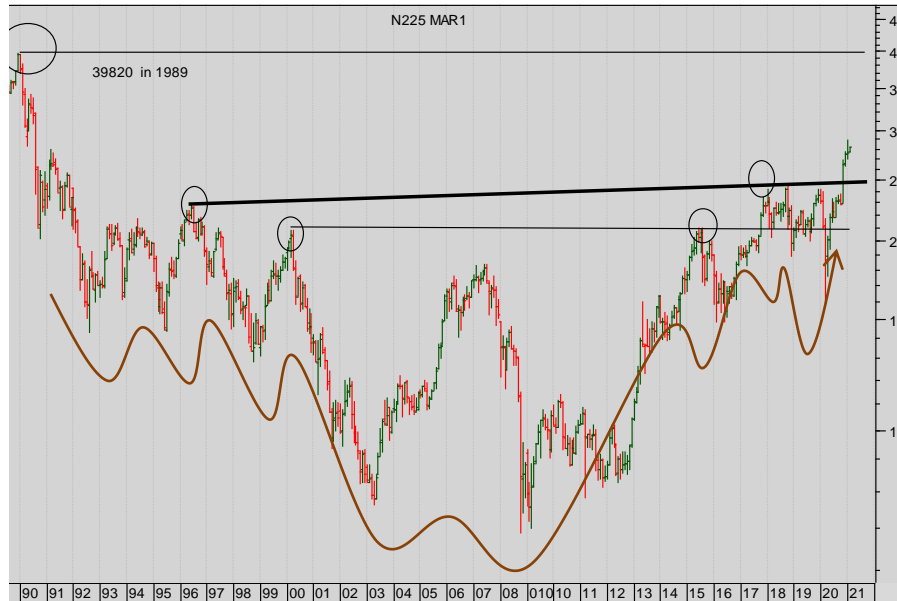
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Commodities

- + Oil
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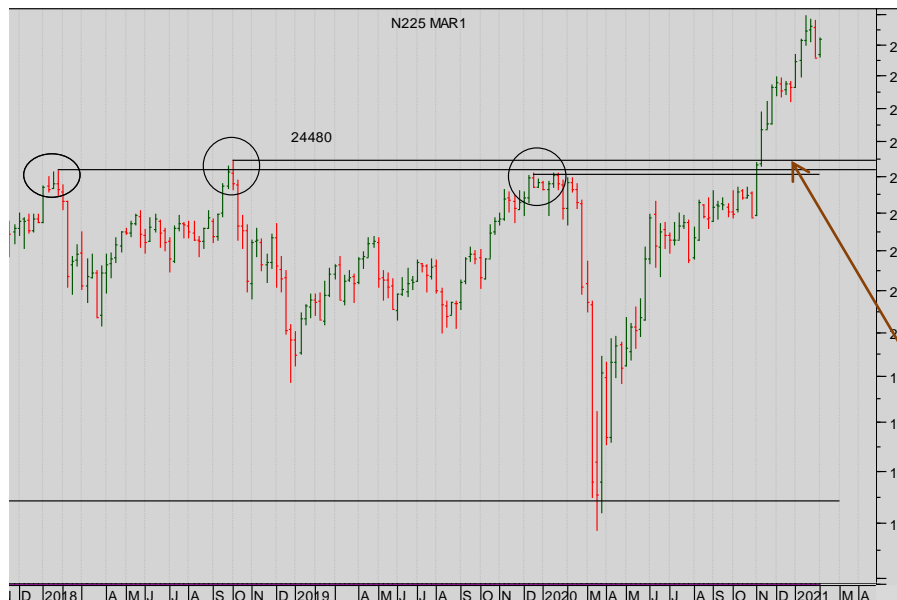
IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart (monthly)

The market has completed 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.

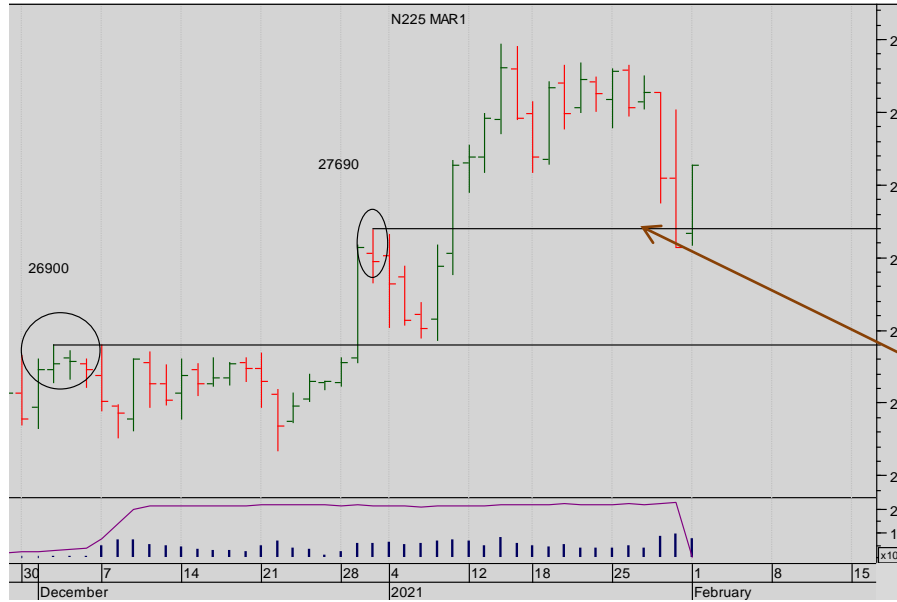
The break (and weekly close) above those supports (now) was massively bullish.

Support on any pull-back lies beneath at 24480

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...

Watch the test of that support carefully.

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IMPLIED ASSET ALLOCATION



Bonds

BONDS:

The US as the end of last week experience a resurgence of higher yield moves; in Germany too the consolidation and pause looks close to finishing with structures suggesting higher yield in the offering. Look closely too, at the UK Gilt: while still within a trading range, the price action looks supportive for higher yields – without yet the clarity of a completed pattern to drive the market ...

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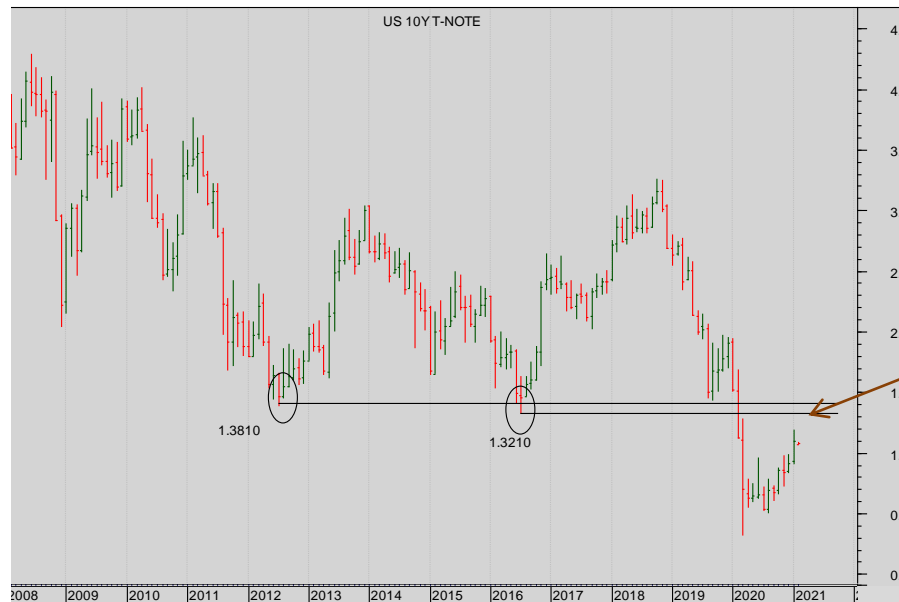
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IMPLIED ASSET ALLOCATION

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 1.32/8.

The market looks set for a bounce to test resistance at 1.32/8.

More



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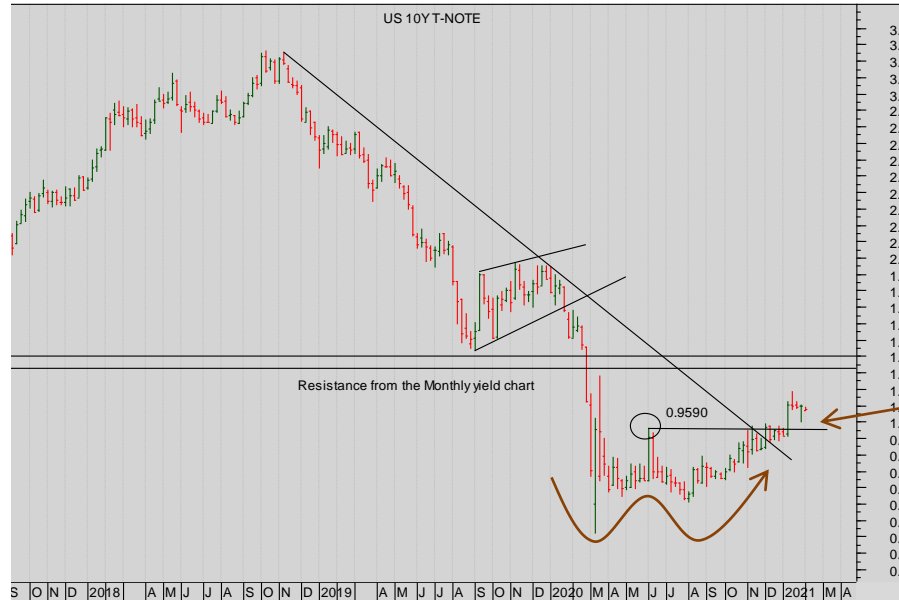
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IMPLIED ASSET ALLOCATION

Bonds: US Ten Year Notes (Yield)



US Ten Year Notes (Yield) weekly chart

1. The pause in 2020 - a sideways move has broken the diagonal downtrend resistance
2. There is also a completed Double Bottom whose structure suggests a test of the monthly resistance above the market.



US Ten Year Notes March 2021 Futures price daily chart

In the futures market, the bear move beneath the Prior Lows is clear. And the good resistance to rallies above the market now looks to have formed a small Bear Rising Wedge – which has now completed and set to drive the market on further down.

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IMPLIED ASSET ALLOCATION

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. **But that diagonal trendline resistance has been broken now**

The horizontal resistance above the market at -0.2 is the first clear resistance on any rally.

More



Bonds: German Bund yield chart



Bund daily yield chart

We can see that the catalyst for the break on the weekly falling diagonal was a H&S Reversal.

Note the support of the Neckline and the creation of a continuation triangle – not completed yet

It looks bullish bull should wait for the completion of the continuation triangle.

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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

This shorter term steep diagonal trendline resistance from 2018 has been smashed, but without yet breaking the horizontal resistance, so, at the moment, the yield bulls lack confidence.

Wait for a break of the horizontal resistance.

Note the underlying bullishness of the WEEKLY Key Reversal ...

More



Bonds: UK Gilt yield chart



Gilt daily yield chart

The range is intact, for sure.

But it is a bullish set up:

Watch for a break above 0.32.

(Note that within the range there may be a complex bull H&S Reversal - watch for completion there carefully)

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Commodity

COMMODITIES:

Oil has paused for three weeks we remain cautious bulls, but watch our levels before buying again. Gold is drifting still without short-term clarity, but remains under the influence of medium-term bearish structures.

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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

1. There was powerful resistance at this Prior low band at \$44.50-47.50. **Now smashed.**
2. The market, in addition, broke the downtrend from 2018
3. The recent bull monthly Key Reversal is still propelling the market higher.

The bulls are in charge.

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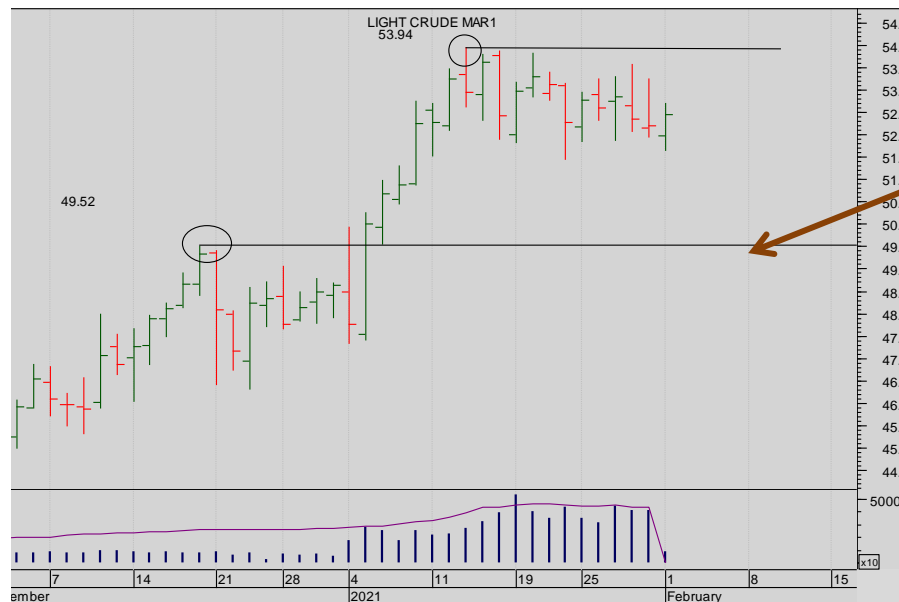
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Commodities: Nymex WTI Oil



Nymex oil weekly continuation

That break in greater detail.



Nymex oil daily Mar 2021 futures

There is bull trend, note the nearest horizontal support at 49.52...



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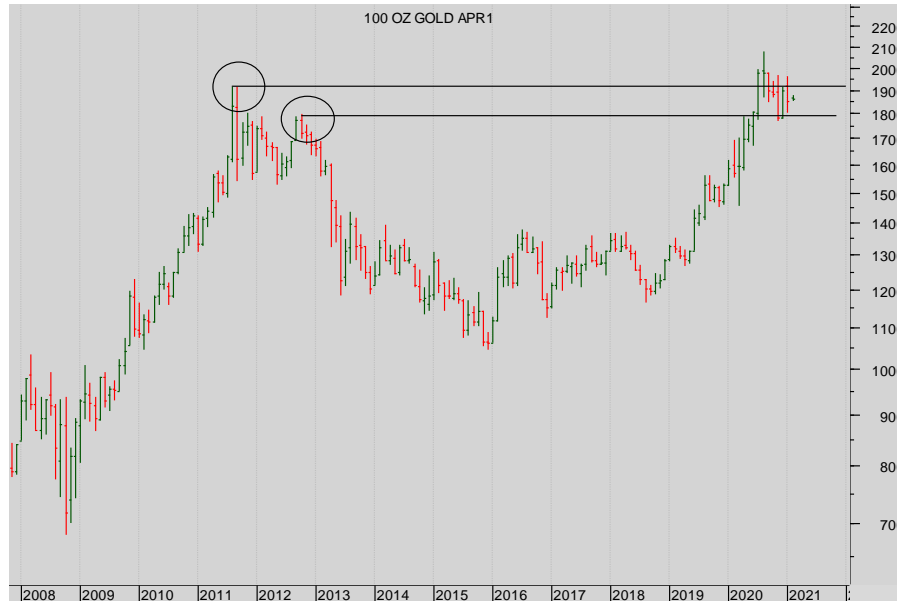
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Commodities: Comex Gold



Nymex Gold Monthly

Will the pause at the Prior High resolve itself into

- a reversal pattern or
- a continuation pattern?

Neither pattern is clear yet.



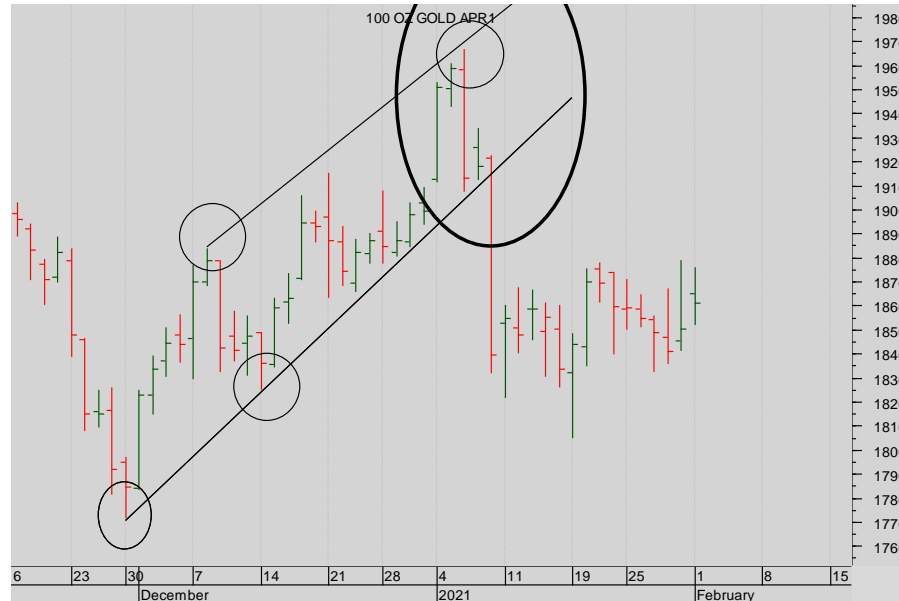
Nymex Gold weekly

There was the possibility of a bull falling wedge – but it didn't complete – and worse – on the day it should have completed there was a **weekly bear Key Reversal**.

We still think that Key Reversal has yet to take effect on the market.



Commodities: Comex Gold



Nymex Gold Feb 2021 Daily

1. Not only were the Bull's hops dashed in the Weekly chart.
2. But there was a say Key Reversal completed
3. And a bear Rising Wedge was completed soon afterwards.

So, despite the hesitation of the last three weeks **we remain cautiously bearish.**

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- + UK Gilt

Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



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

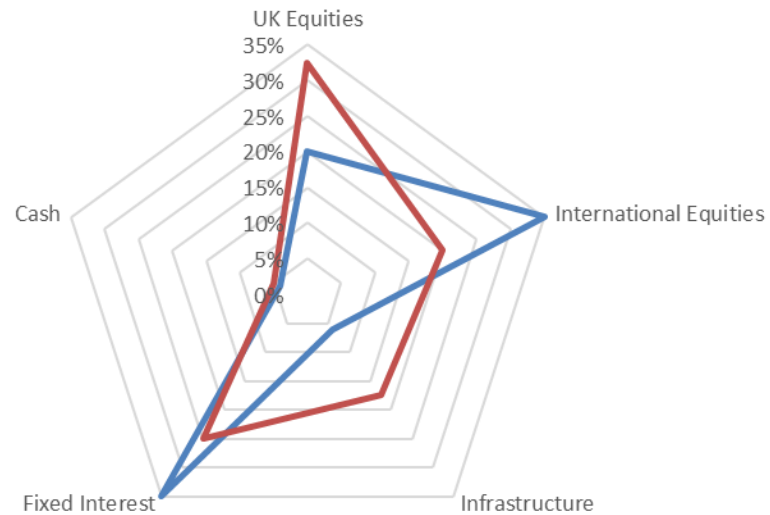
Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



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