



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 9th 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 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 BEAR Euro	Medium-term BEAR Euro	Short-term BEAR 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 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
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Long-term BULL	Medium-term BULL	Short-term FLAT
Long-term BEAR	Medium-term BEAR	Short-term FLAT

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More



Currencies: Dollar Euro

CURRENCIES:

The short-term recovery of the Dollar against the Euro is now being tested by the presence of support for the Euro. Watch carefully. Sterling has remained strong against the Dollar and so, unsurprisingly, remains strong against the Euro. Note the sudden weakness of the Yen which has pushed it back into a well-established trading range with the Dollar.

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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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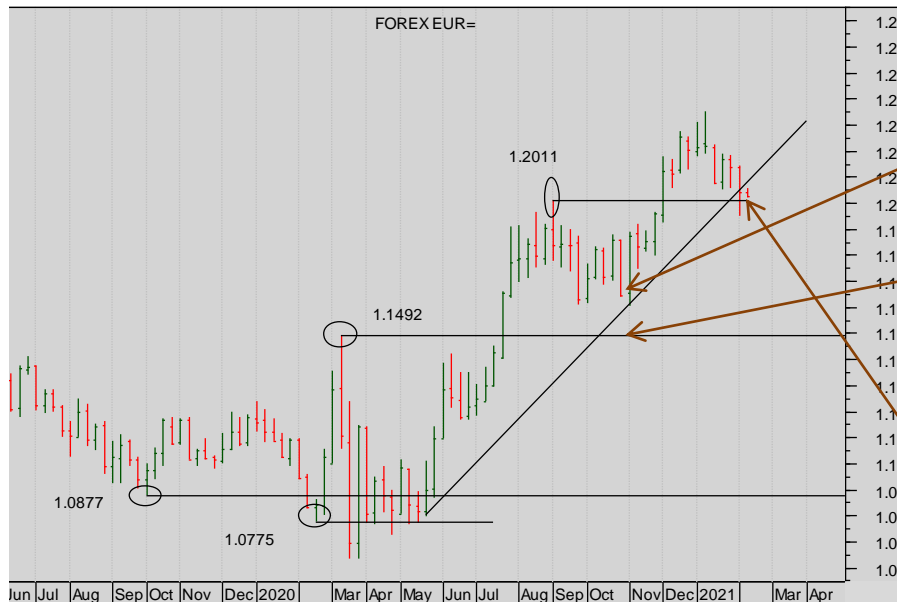
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IMPLIED ASSET ALLOCATION



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 **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**.

The band of support **1.2011, 1.1965** etc are important and should hold for the bulls to remain optimistic short-term.



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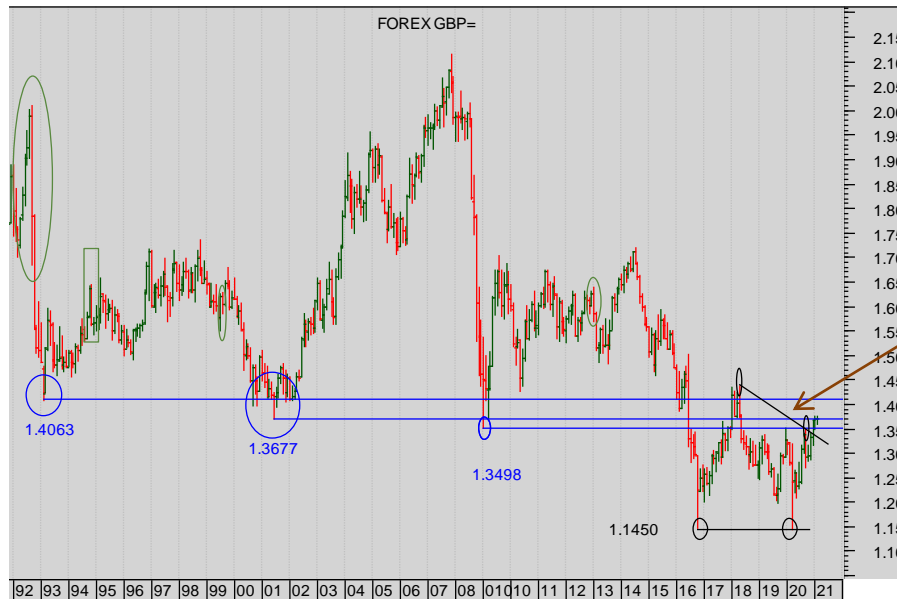
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Currencies: Dollar Sterling



Dollar Sterling Monthly spot cash chart

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

But the horizontal resistances remain largely intact above the market.

Dollar Sterling Monthly spot cash LINE CHART based on closes



Note:

- the simultaneous completion of the BULL H&S reversal pattern
- and the breaking of the DIAGONAL downtrend resistance...

That is bullish for Sterling. The minimum move suggested is up through the 1.42 Prior High and Horizontal resistance - that break would complete a Double Bottom reversal and send the market higher still.

More



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IMPLIED ASSET ALLOCATION

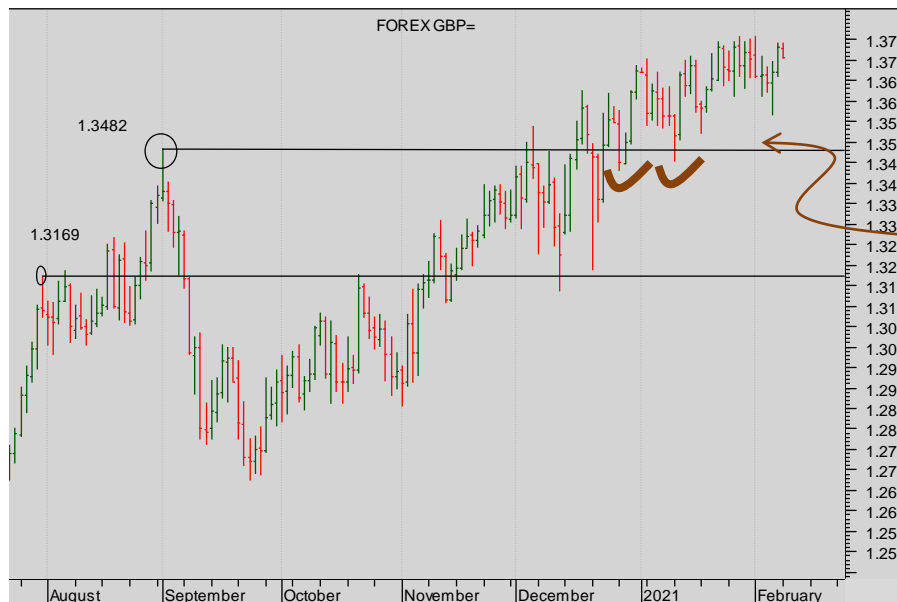
Currencies: Dollar Sterling



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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Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

It's not clear.



Dollar Yen weekly spot cash chart

The market's break beneath 104.50 has been reversed. A false break.

Now the market is back in a long-established trading range.

More



Currencies: Dollar Yen

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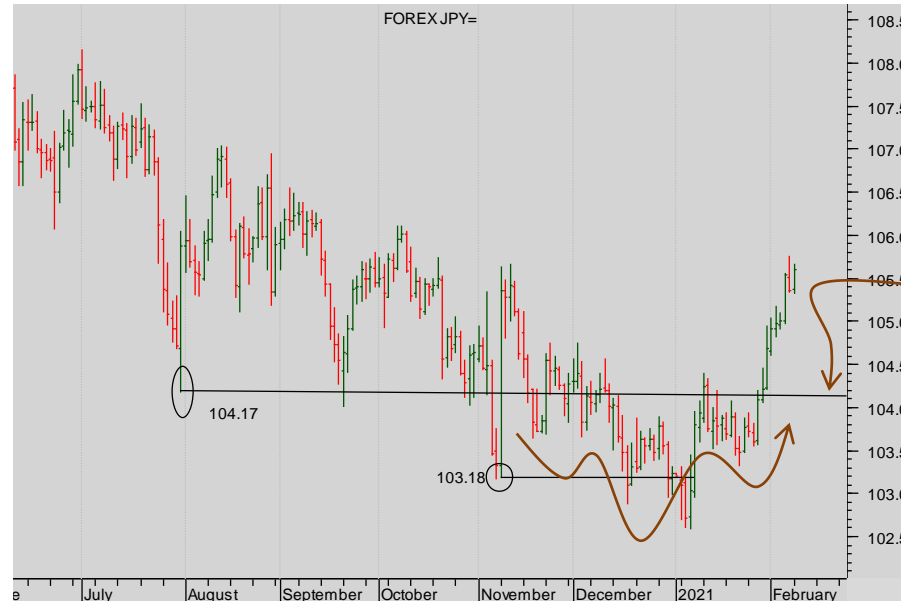
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Dollar Yen daily spot cash chart

The detail of the false break-down.

Note the H&S reversal.



Currencies: Sterling Euro

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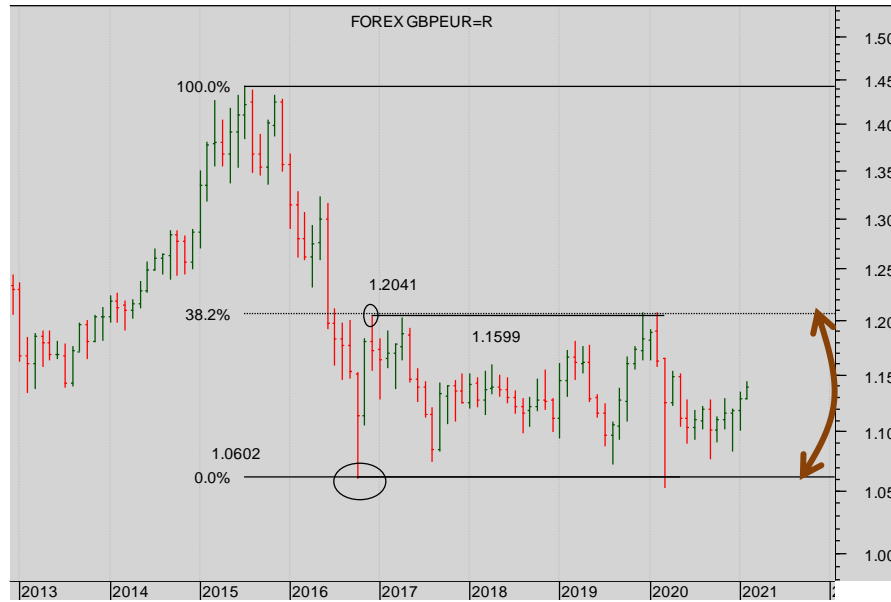
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Commodities

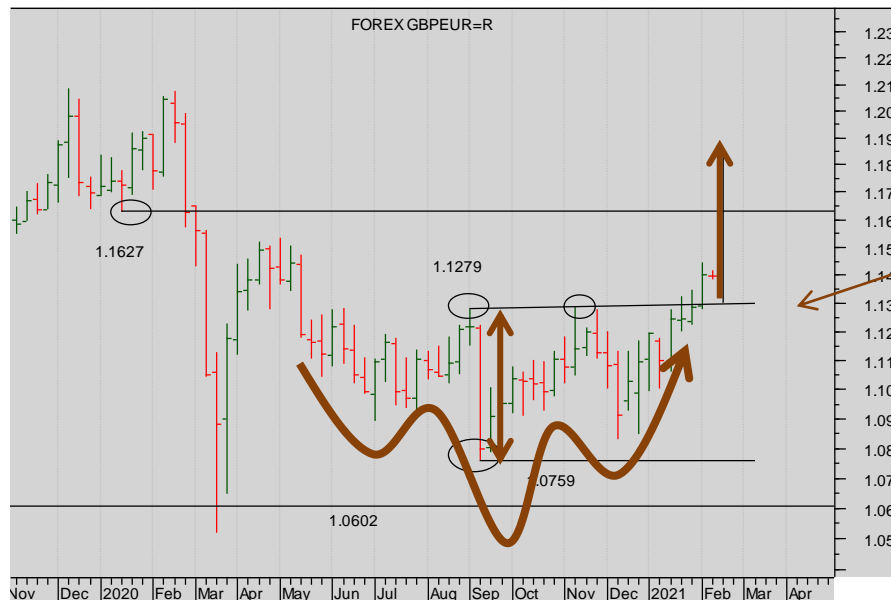
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Sterling Euro monthly spot cash chart

The market remains in the broad trading range.



Sterling Euro weekly spot cash chart

The market is bullish !

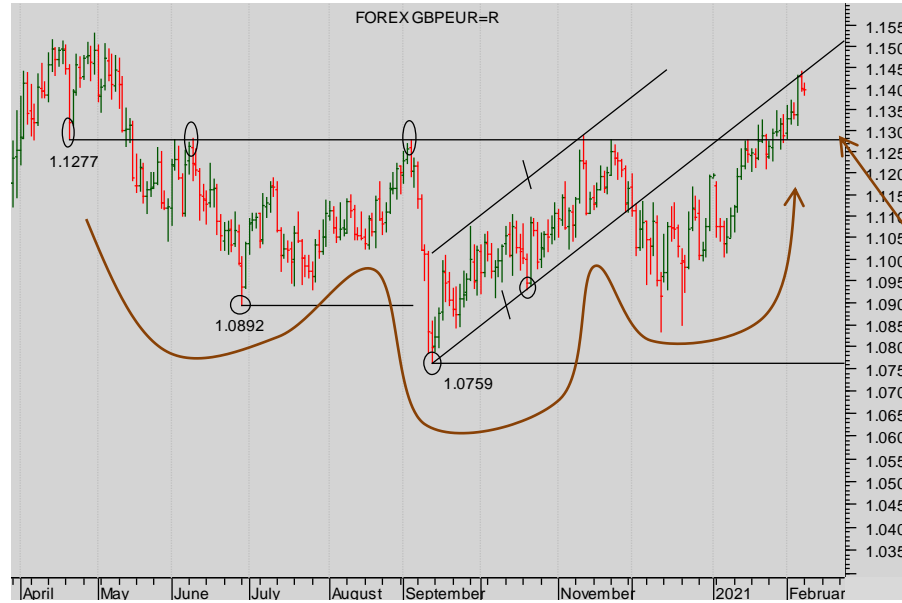
The break of those 1.1279 highs has broken the trading range.

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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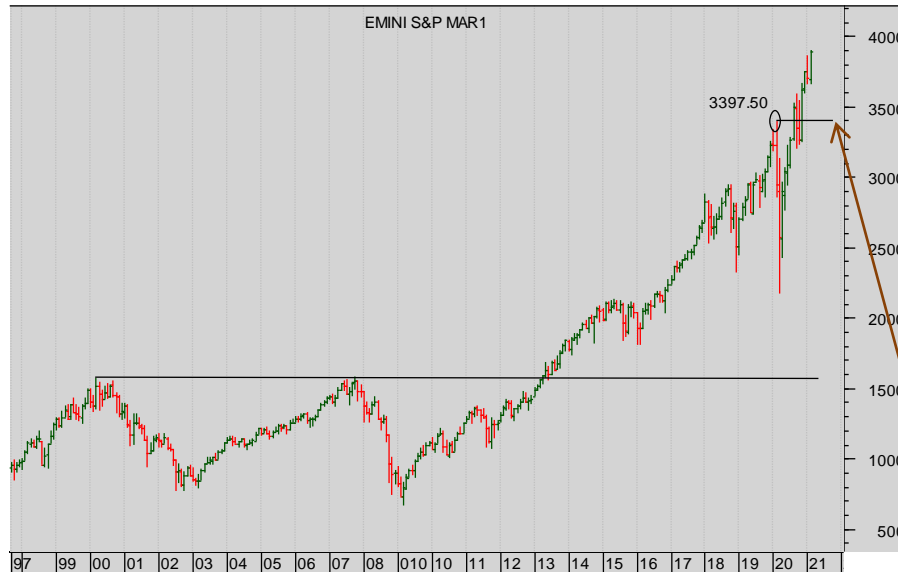
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Stocks: CME S&P

STOCKS:

Stocks look good across the board with the exception of the FTSE. Expect fresh surges into virgin territory in both the S&P and Nikkei as they ratchet higher on the support from Prior Highs that have just been overcome. FTSE looks vulnerable to any pause and drift in general sentiment as it is close to completing a bear H&S pattern....



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

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IMPLIED ASSET ALLOCATION

More



Stocks: CME S&P 500

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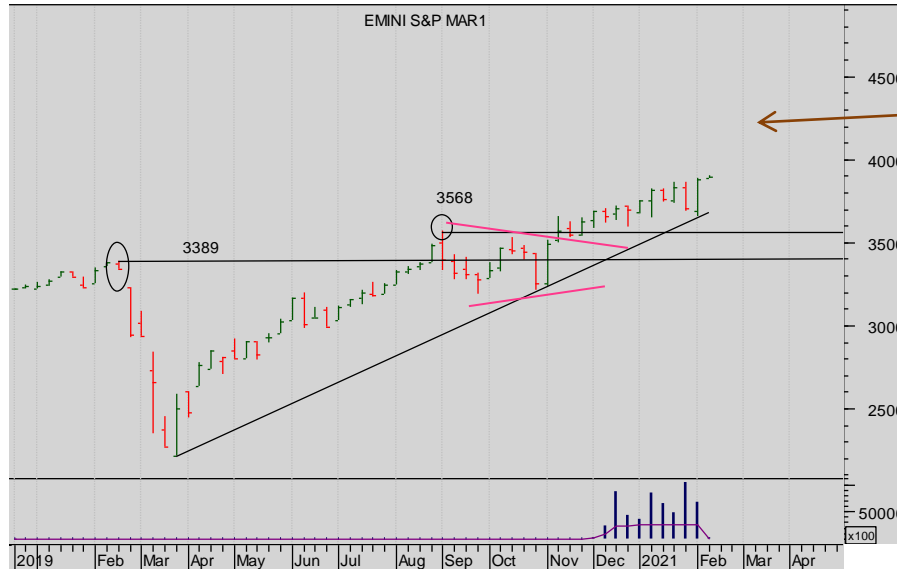
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Commodities

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CME S&P 500 cont. weekly cont. chart



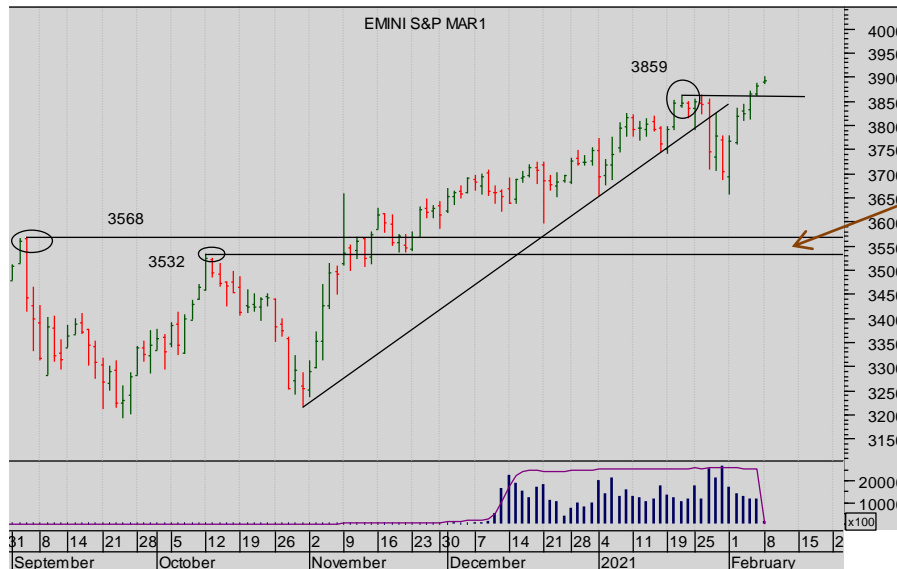
The catalyst for the break above 3388 was a small bull continuation triangle that has **completed**...

Minimum move? 3900.

We are bulls... the solidity of the diagonal trendline support is impressive.

(NB Last week's outside bar was almost a weekly Key Reversal.)

CME S&P 500 daily Mar 2021 chart



It's a bull market but the pull back reversed before testing the important horizontal support at 3568...

Now note the break up through the Prior High at 3859.

Another bull leg is in prospect.

More



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IMPLIED ASSET ALLOCATION

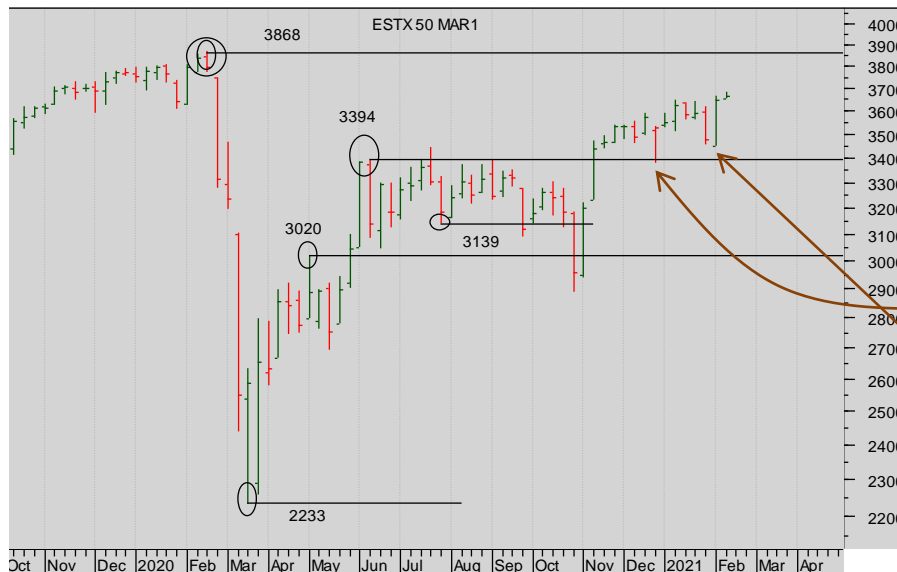
Stocks: Eurex EuroStoxx 50



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.

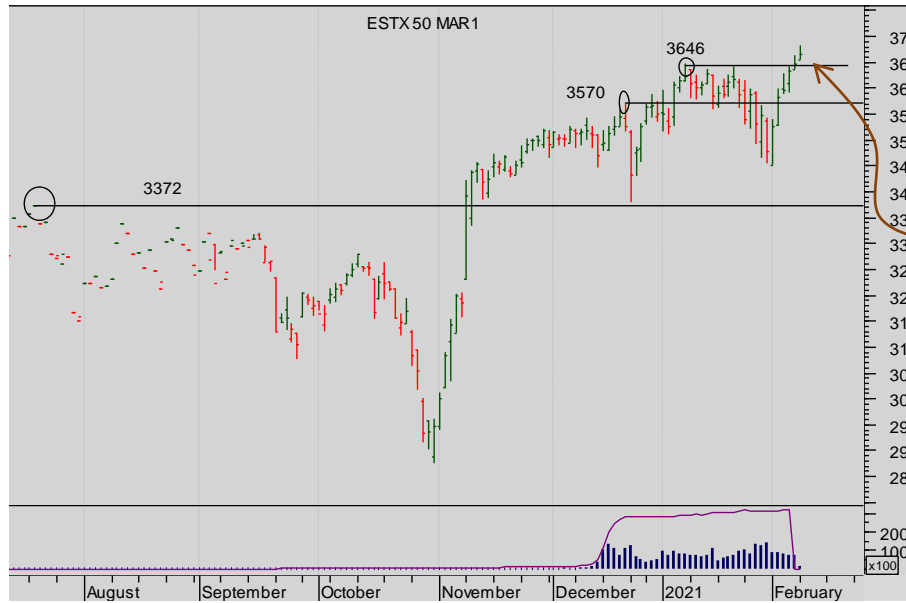
Note too the weekly Key Reversal of last week.

The market looks underpinned and well-set to go better still and test the Prior High at 3868.

More



Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Mar 21 futures chart

The detail for the push through the Prior High at 3646 which is setting the next bull leg of the market.

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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



Stocks: Liffe FTSE 100

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Stocks

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- + **FTSE 100**
- + Nikkei 225

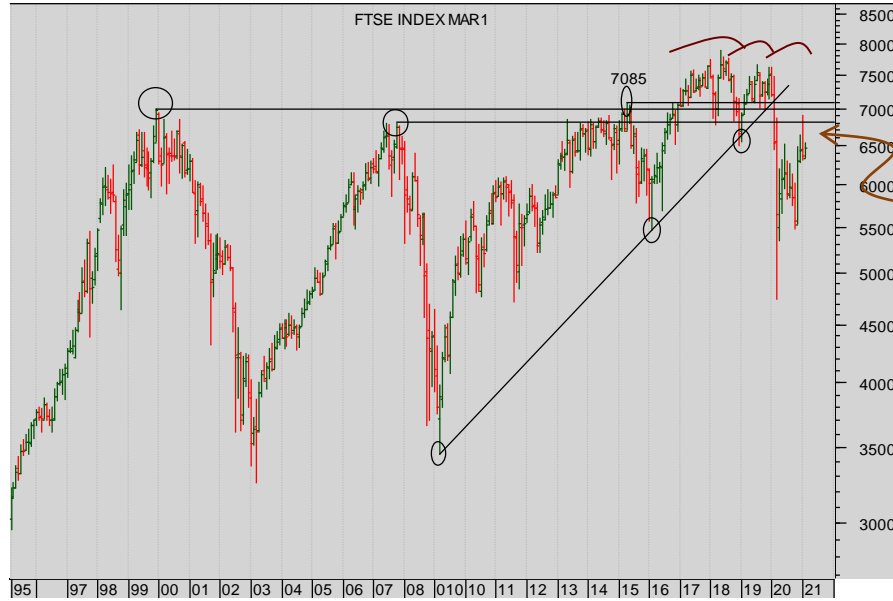
Bonds

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- + Ten Year German Bund
- + UK Gilt

Commodities

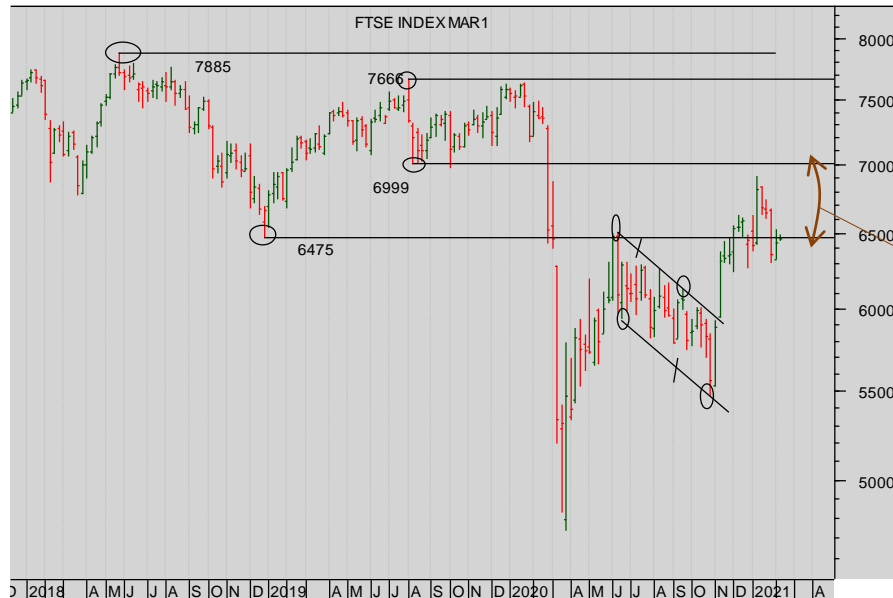
- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



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 .

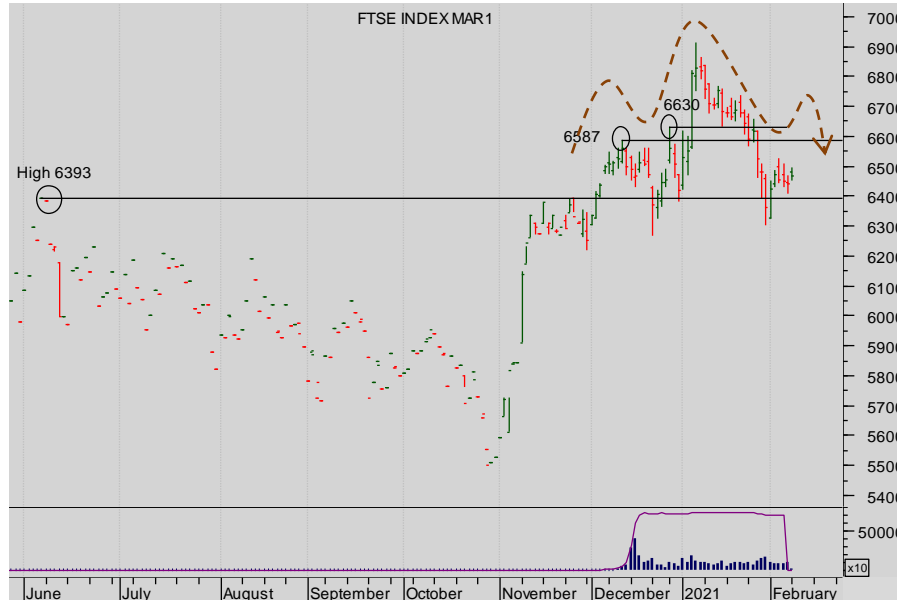
But there is a band of resistance between here and 6999.

We expected the market to struggle – and it is.

More



Stocks: Liffe FTSE 100



Liffe FTSE 100 Mar 21 daily futures chart

The support from the Prior High at 6393 is vital for the market.

Note well that a break down from here would completed a H&S Top and drive the market down sharply...

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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



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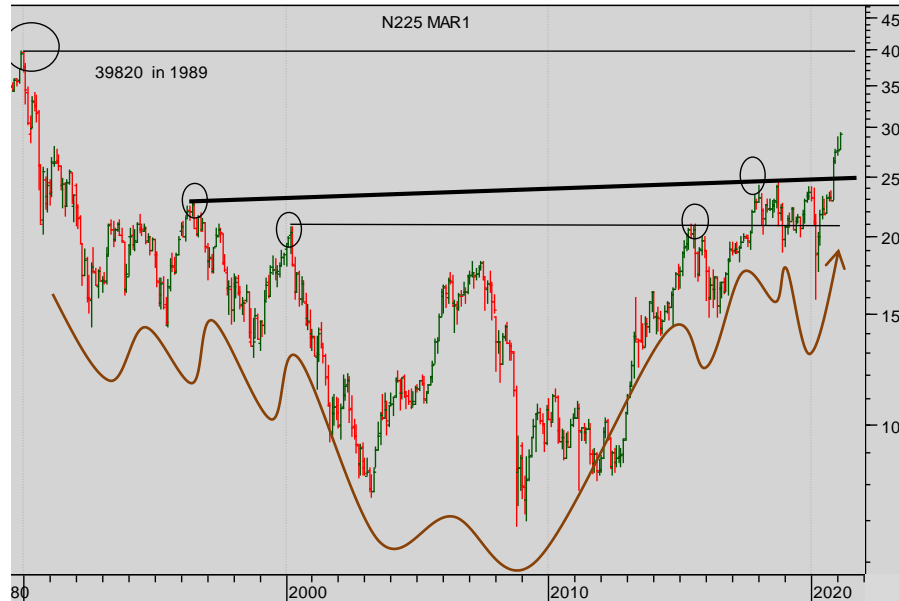
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Commodities

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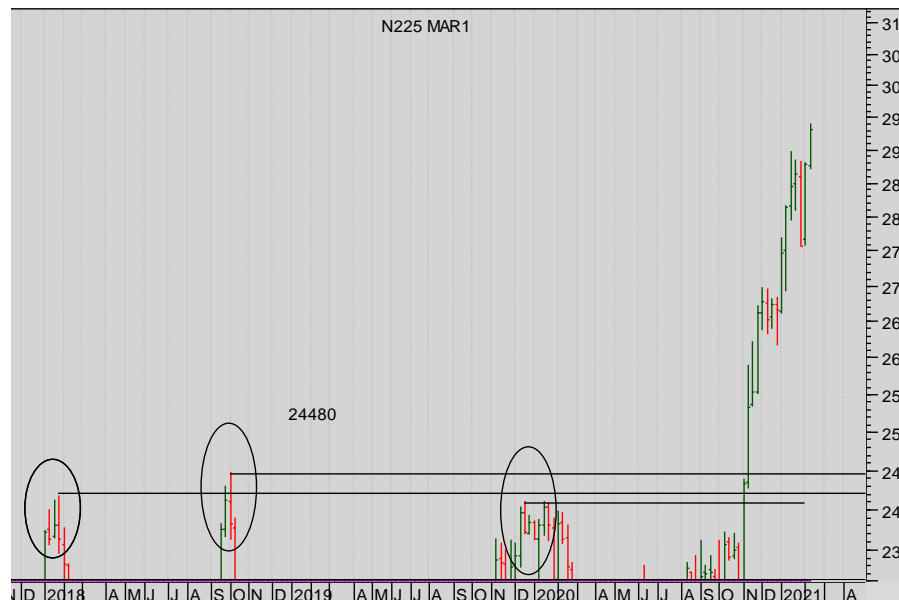
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Stocks: OSE Nikkei 225



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.

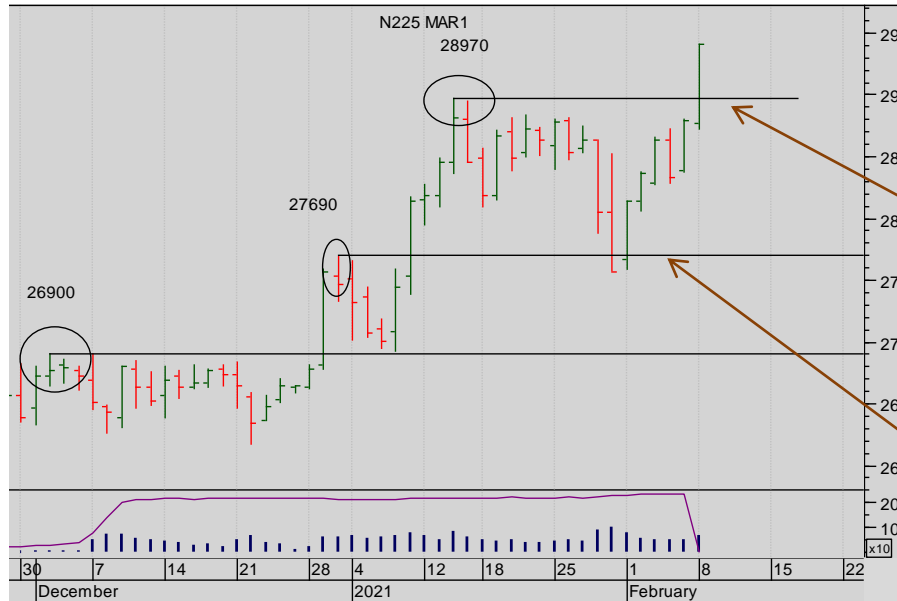
The break (and weekly close) above those supports (now) was massively bullish.

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 28970 creates another higher support on any pull-back...

We can see that Prior Highs are acting as good support....

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Bonds

BONDS:

These markets, led by the US have surged higher. All markets have now completed short and medium-term bottom formation in their yield charts. While the US may be running into resistance, Europe and the UK have only just got going!

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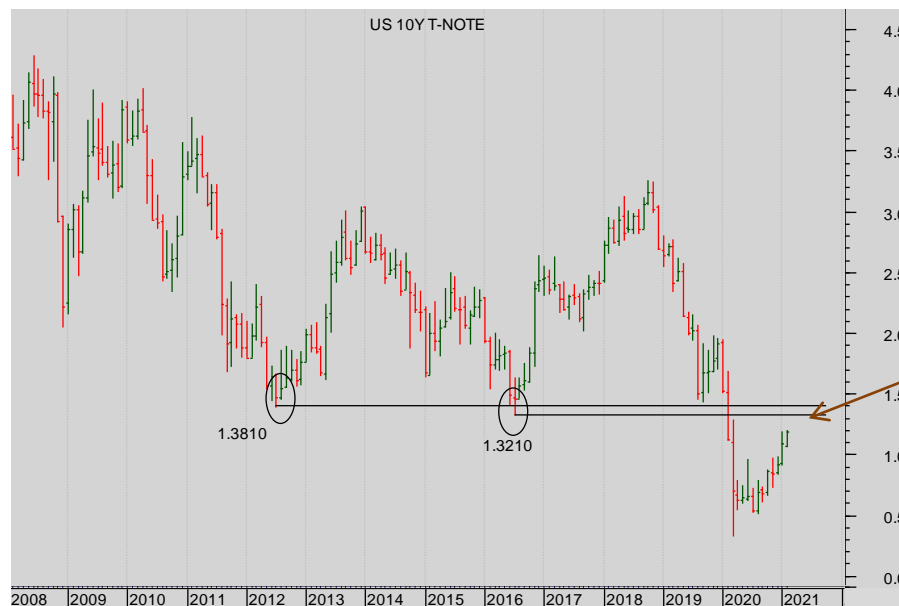
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IMPLIED ASSET ALLOCATION

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 is bouncing to test resistance at 1.32/8.

It's close.

More



Bonds: US Ten Year Notes (Yield)

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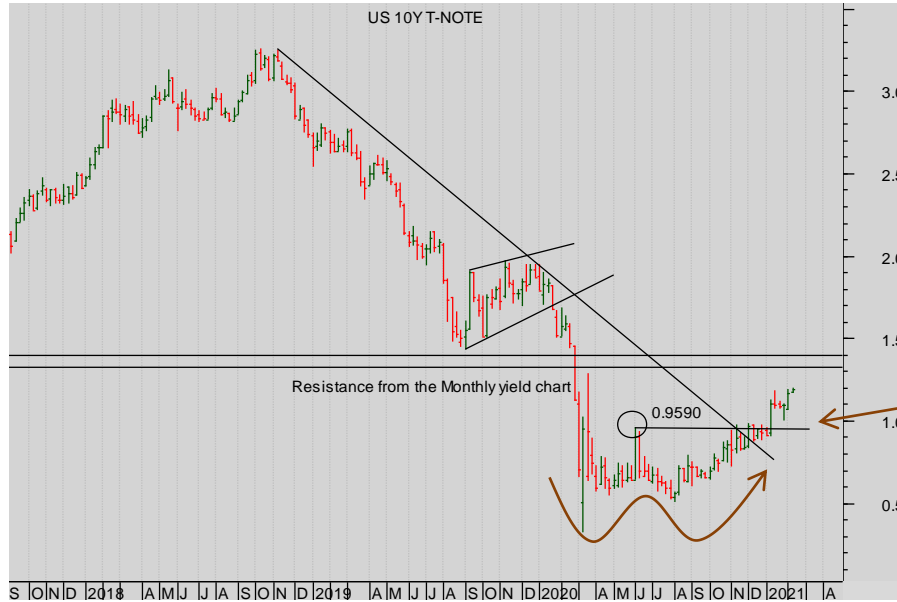
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US Ten Year Notes (Yield) weekly chart

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 down. ...





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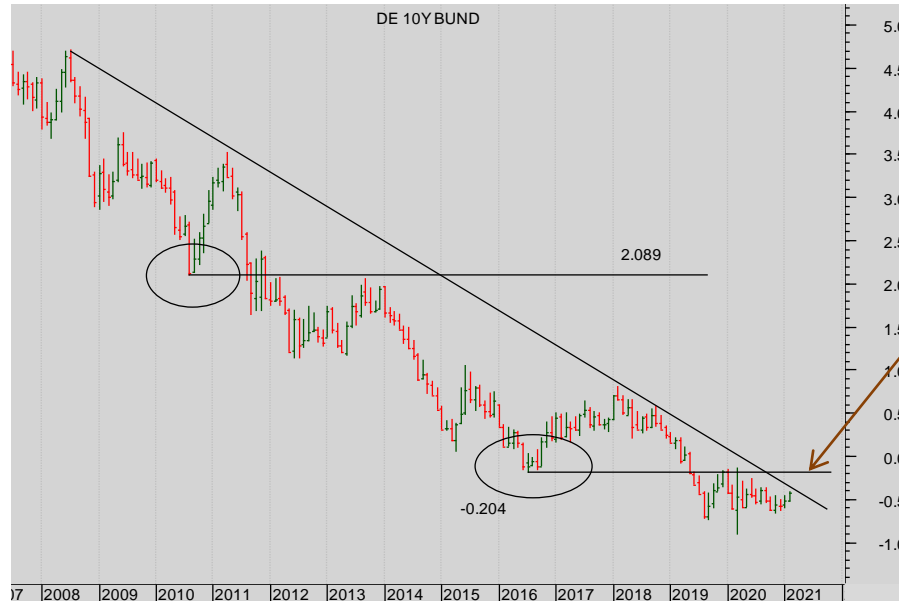
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IMPLIED ASSET ALLOCATION

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 short-term bear trend from 2018 established at successive points. **But that diagonal trendline resistance has been broken now**

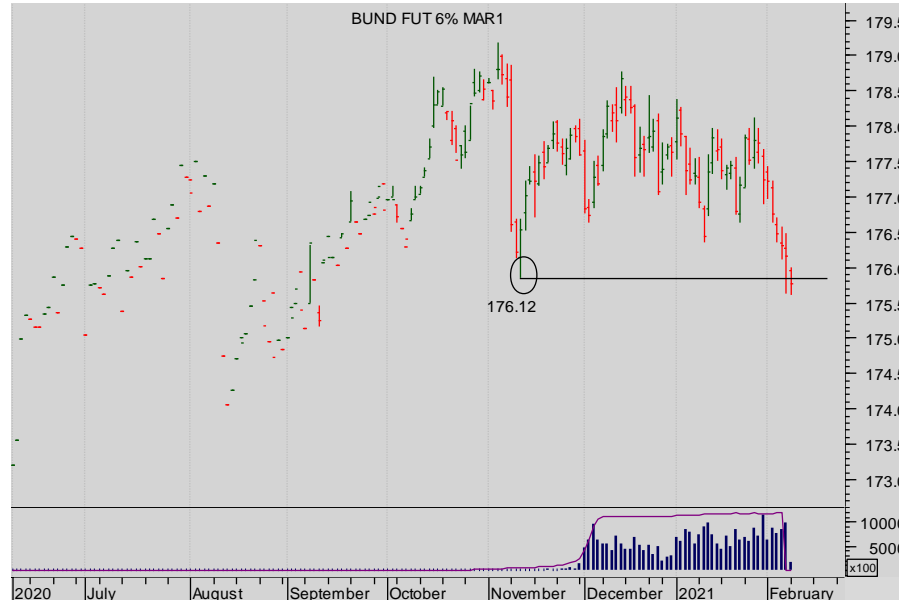
The horizontal resistance above the market at -0.2 is the first clear resistance on any rally.

Some way to go ...

More



Bonds: German Bund yield chart



Bund daily futures chart

Note well the completion of a Double Top – though a confirming close beneath 176.12 would reassure the bears....

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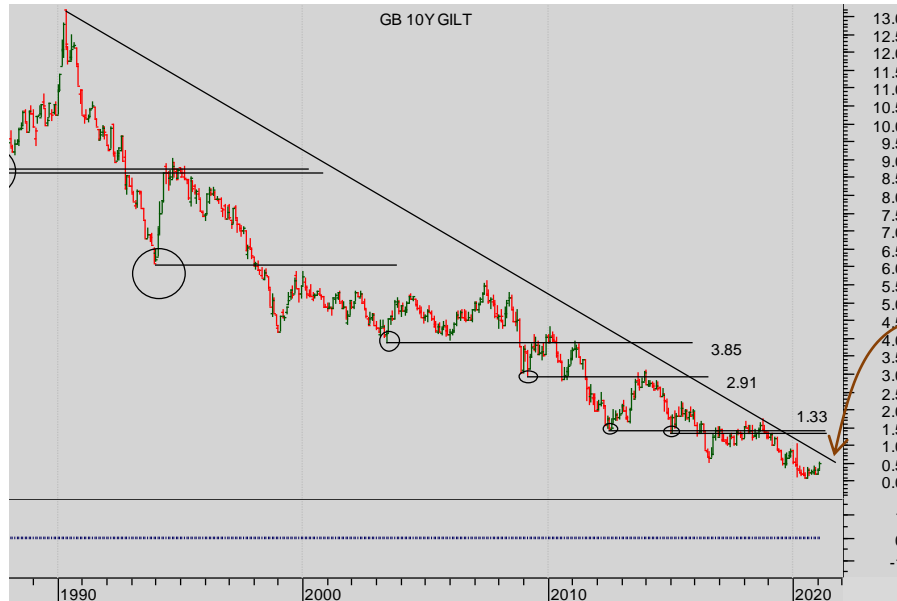
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Bonds: UK Gilt yield chart



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,

And additionally **breaking the horizontal resistance**,

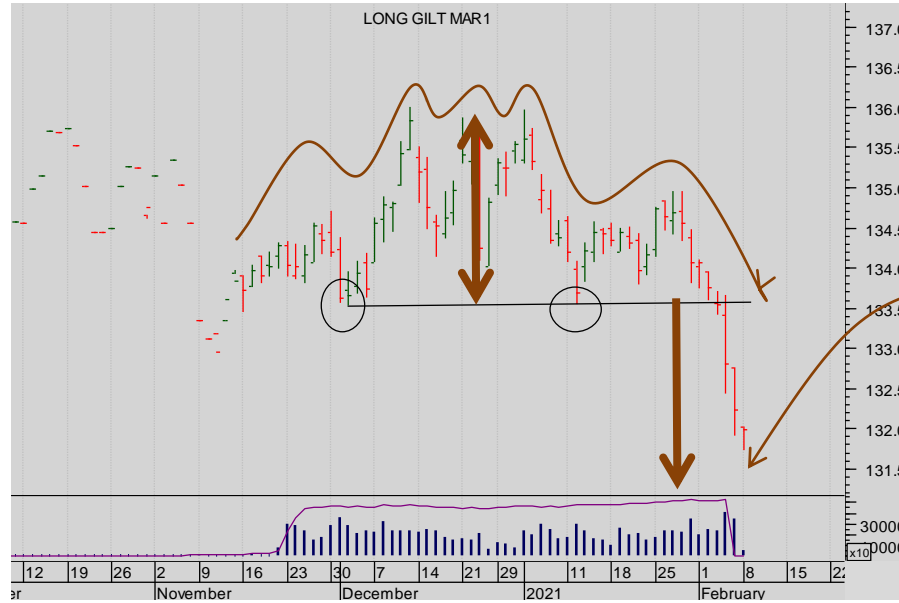
Note the underlying bullishness of the WEEKLY Key Reversal 4 weeks ago.

There is now a bottom formation in place. The Yield bulls should feel very secure.

More



Bonds: UK Gilt yield chart



Gilt daily yield chart

The minimum target for the H&S pattern is 131.30....

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

Oil is working higher but we can be worried it is running into resistances. If they break- expect another surge from fresh buying. Gold is drifting, with patterns in place to justify further moves to the downside before they lose influence. There is however long term support - the market can penetrate because it is diffuse, but the further down the market falls the stronger the support grows....

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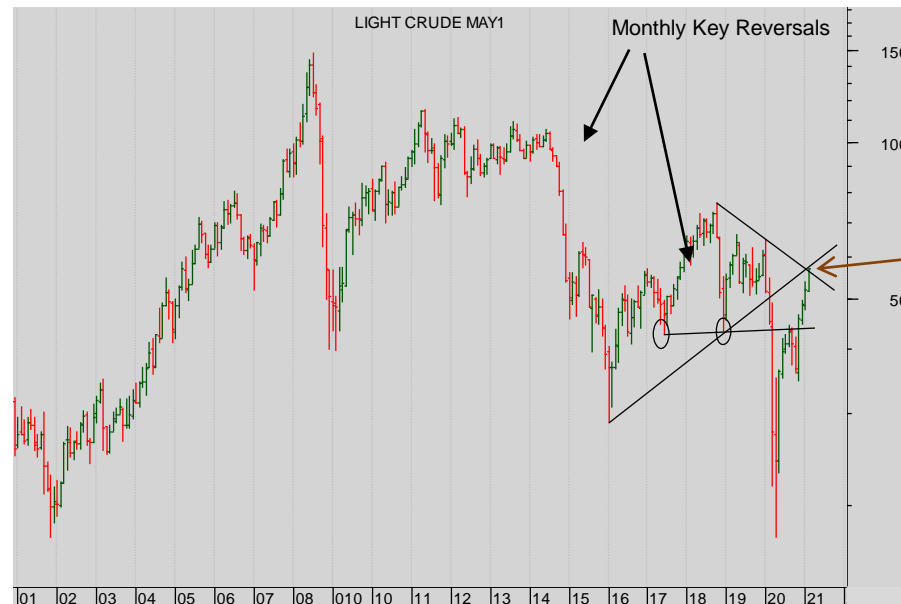
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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

The bulls are in charge still, clearly.

But there are coincident diagonals which may act as resistance...

More



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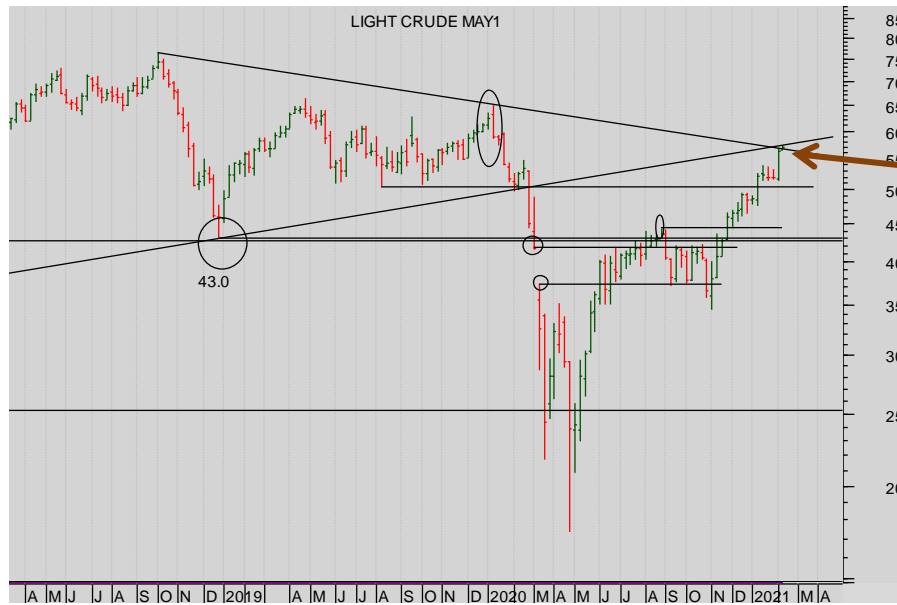
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Commodities

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Commodities: Nymex WTI Oil



Nymex oil weekly continuation

Watch though the diagonal resistances are clear – watch for a break!



Nymex oil daily Mar 2021 futures

There is bull trend, note the nearest horizontal support at 53.92



Commodities: Comex Gold

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- + 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?

It's not 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.

Against that, the market is sitting on a band of support from Prior Highs, the importance of which has already been demonstrated in the earlier bounce in November.

All told, we think that the Key Reversal has yet to take effect on the market and that a further penetration of the support is likely.



Commodities: Comex Gold



Nymex Gold April 2021 Daily

The successive bearish Day Key Reversals have been highlighted.

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

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IMPLIED ASSET ALLOCATION



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the technical analyst

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