



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 May 2021

Mark Sturdy

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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

Summary			
Currencies			
+ Dollar Euro	Long-term BEAR Euro	Medium-term BEAR Euro	Short-term BULL Euro
+ Dollar Sterling	Long-term BULL Sterling	Medium-term BULL Sterling	Short-term BULL Sterling
+ Dollar Yen	Long-term BEAR Yen	Medium-term BEAR Yen	Short-term BULL Yen
+ Sterling Euro	Long-term FLAT Euro	Medium-term BEAR Euro	Short-term BEAR Euro
Stocks			
+ S&P 500	Long-term BULL	Medium-term BULL	Short-term BULL
+ EuroStoxx 50	Long-term BULL	Medium-term BULL	Short-term BULL
+ FTSE 100	Long-term FLAT	Medium-term BULL	Short-term FLAT
+ Nikkei 225	Long-term BULL	Medium-term BULL	Short-term BULL
Bonds			
+ Ten Year yield US TNote	Long-term BULL	Medium-term FLAT	Short-term FLAT
+ Ten Year yield German Bund	Long-term BULL	Medium-term FLAT	Short-term FLAT
+ Ten Year yield UK Gilt	Long-term FLAT	Medium-term BULL	Short-term FLAT
Commodities			
+ Oil	Long-term FLAT	Medium-term FLAT	Short-term BULL
+ Gold	Long-term FLAT	Medium-term FLAT	Short-term BULL
IMPLIED ASSET ALLOCATION			

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

More



Currencies: Dollar Euro

CURRENCIES:

The Dollar lacks clarity. Bears need a break up through 1.23 or so against the Euro and 110 against the Yen. Dollar Bulls need a second failure beneath those levels. The shorter time scales offer no clarity yet. We remain Dollar bears against Sterling in all time frames.

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IMPLIED ASSET ALLOCATION



Dollar Euro monthly spot cash chart

These powerful resistances above the market at 1.15 have been deeply penetrated

1. So the market has broken the strengthening Dollar trend from 2008.
2. But there is no weakening Dollar trend until a break up through 1.24.

More



Currencies: Dollar Euro

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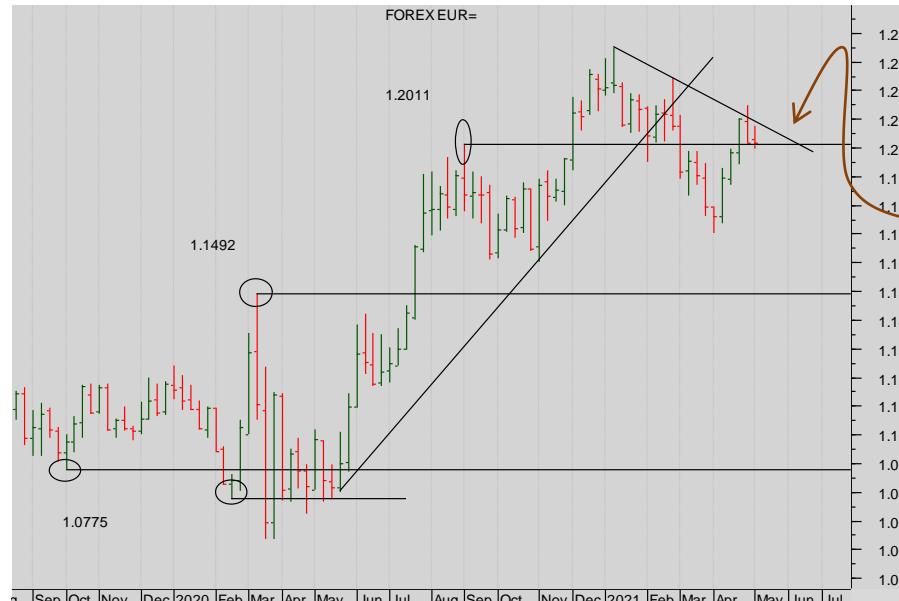
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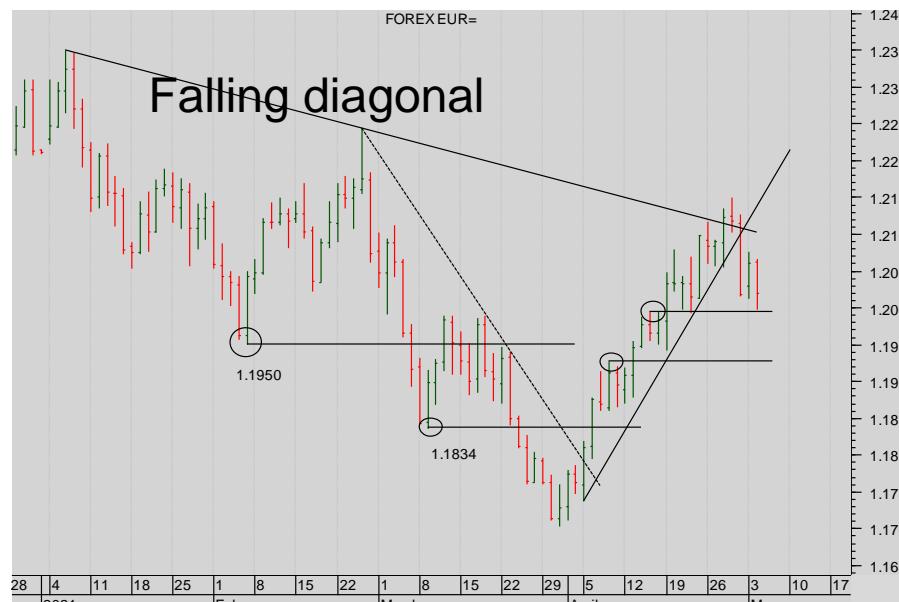
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Dollar Euro weekly spot cash chart

Medium-term, the Prior High support 1.2011 broke, but now watch the reapproach to the falling diagonal... a break of that would revitalise the bulls... it hasn't happened yet.



Dollar Euro spot cash chart daily chart...

The market's rally in April (strengthening Dollar) has been impressive – but there's no bottom formation in place ...obvs the falling diagonal is a marker of bullishness were it to break...not yet.

There are only weak supports beneath the market.



Currencies: Dollar Sterling

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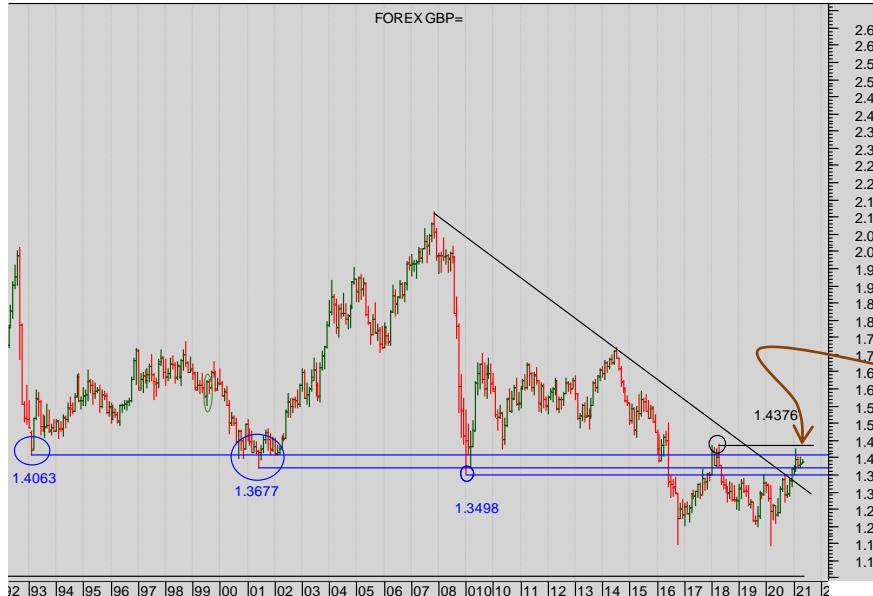
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IMPLIED ASSET ALLOCATION



Dollar Sterling Monthly spot cash chart

The sideways price action beneath 1.35 has now broken the diagonal Sterling downtrend resistance.

But note that the band of horizontal resistances penetrated by the markethas not yet been breached.

The Sterling bulls need a break above the Prior High @ 1.4576.

Dollar Sterling Monthly spot cash LINE CHART based on closes

Note the simultaneous completion of a BULL H&S (double headed) reversal pattern and the breaking of the DIAGONAL downtrend resistance...

So the market remains bullish for Sterling.



The minimum move suggested is up to the 1.43 Prior Low and Horizontal resistance and note well that a break of 1.42 would complete a Double Bottom reversal and send the market higher still.

More



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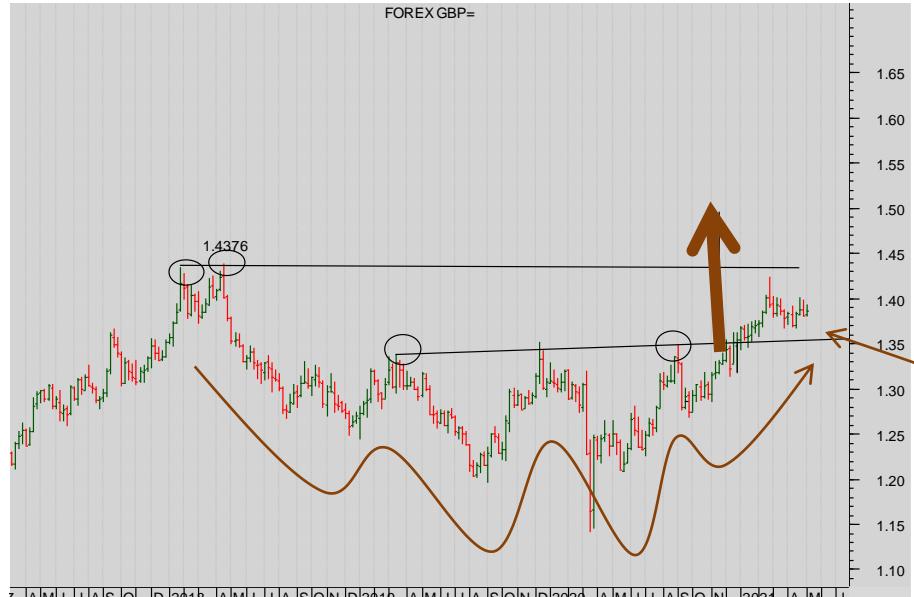
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Dollar Sterling weekly spot cash chart

Here is the detail of the bull H&S reversal that is driving Sterling better. The Minimum move? About 1.50....



Dollar Sterling daily spot cash chart

The bull falling wedge completed ... and might that be a small complex H&S Reversal in the offing?

Watch the possible Neckline carefully.



Currencies: Dollar Yen

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Dollar Yen monthly spot cash chart

The bull falling wedge close to completion DIDN'T COMPLETE.

The Dollar bulls need a completion of the wedge to gain momentum.



Dollar Yen weekly spot cash chart

This shows the multiple diagonals at current levels.

The testing of the diagonals is far from over.

More



Currencies: Dollar Yen



Dollar Yen daily spot cash chart

This lacks compelling structure.

Stand back

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Currencies: Sterling Euro

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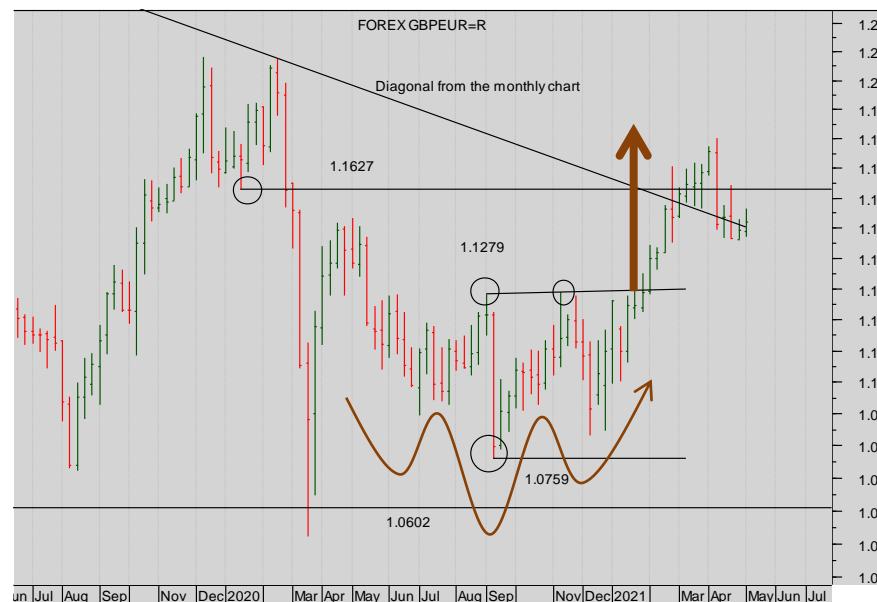


Sterling Euro monthly spot cash chart

The market remains in the broad trading range.

Note though, the push up through the falling diagonal.

Yet note too the monthly key reversal!



Sterling Euro weekly spot cash chart

We thought there was more to go for Sterling but the **Weekly Key reversal** is ominous.

The bears look set to drive the market lower....

More



Currencies: Sterling Euro

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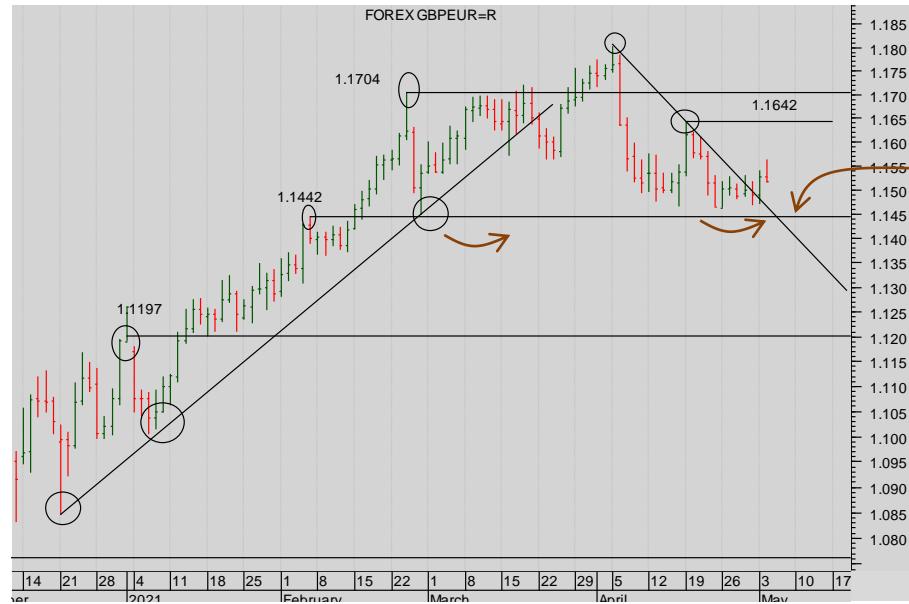
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Sterling Euro daily spot cash chart

Is there good support at 1.1442?

Note that a break now down through that level would lead to the completion of a small H&S Top...



Stocks: CME S&P

STOCKS:

We remain bulls in all markets except the FTSE. But all the while are watching the canary in the coalmine – the tech markets of the US and note elsewhere the Nasdaq's short-term weakness...

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CME S&P 500 monthly cont. futures chart

The market has driven above the Old high of 3397 – so the the next bull leg has begun.

First support now at 3397.50

More



Stocks: CME S&P 500

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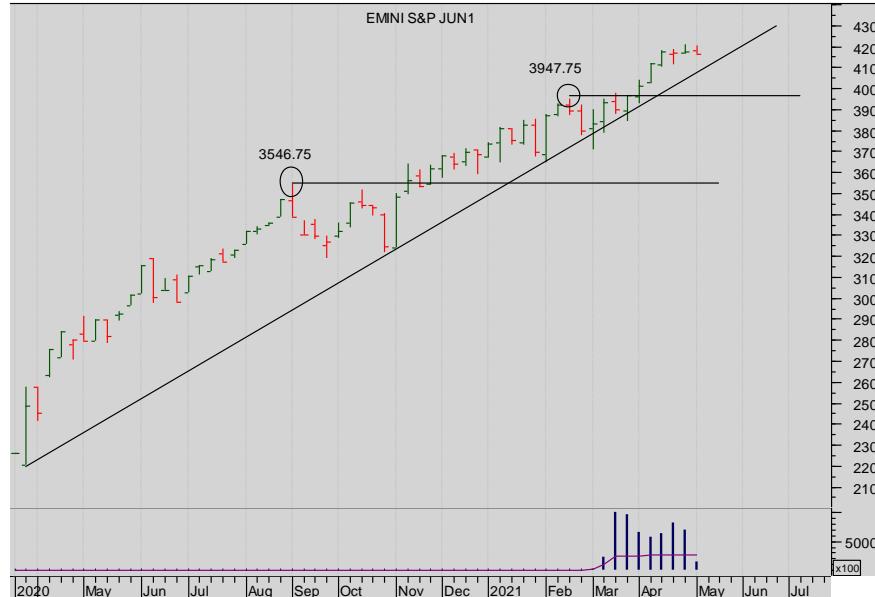
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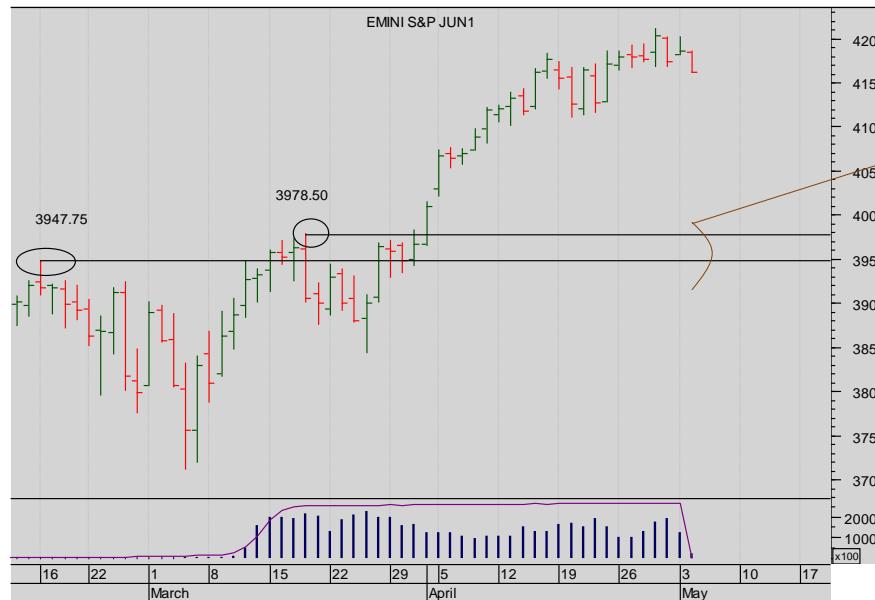
- + Oil
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CME S&P 500 cont. weekly cont. chart

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



CME S&P 500 daily Jun 2021 chart

The break of the 3947/78 band maintained momentum and is first support on any pull-back.

More



Stocks: Eurex EuroStoxx 50

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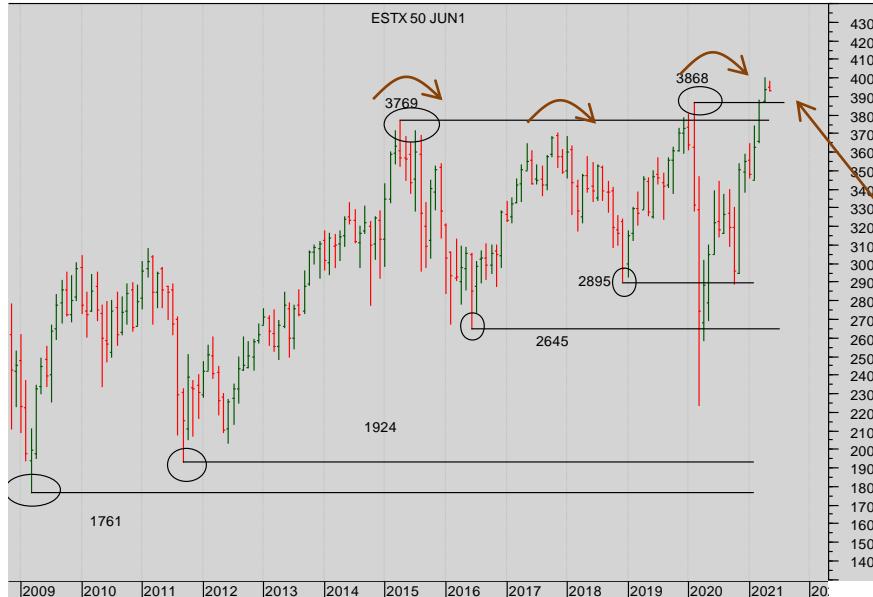
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Eurex EuroStoxx 50 monthly continuation futures chart

The market has now broken out
Note the monthly close above 3868.

The break of 3868 establishes
very powerful support beneath
the market and so sets up the
next bull leg.



Eurex EuroStoxx 50 weekly continuation futures chart

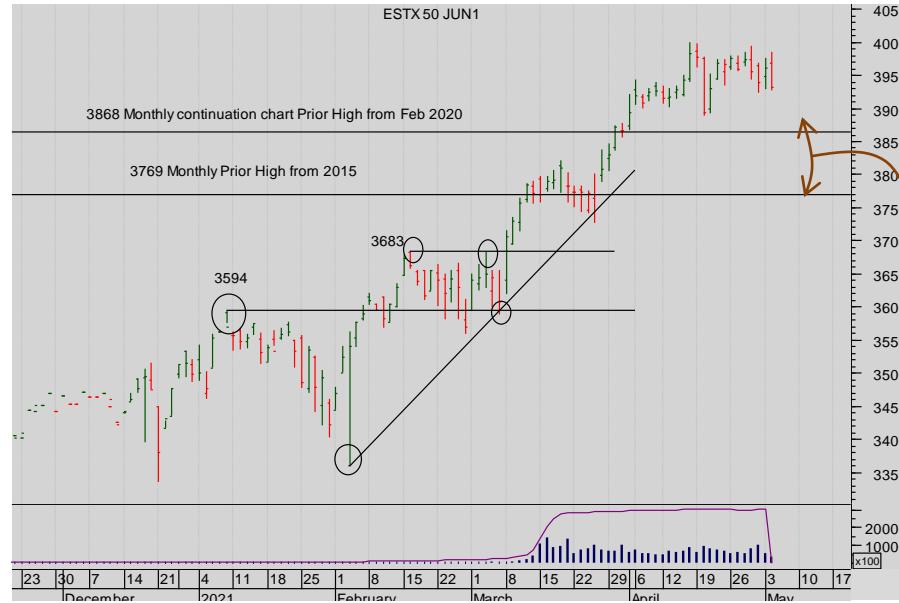
The market has broken up through
the Prior High at 3868

**Watch carefully and note the
successive closes that followed.**

More



Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Jun 21 futures chart

The market has smashed the pivotal band of Prior Highs - the Top of the Long-term trading range.

That break of the band of Prior Highs is very significant.

First support? The band 3769-3868

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Stocks: Liffe FTSE 100

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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 break up through those levels.



Liffe FTSE 100 Weekly cont. futures chart

There is a band of resistance between here and 6999 from the Prior Lows.

We expected the market to struggle – and tho' the rally has accelerated, watch closely the 6999 resistance.

A break of that tho' would drive the market higher still without resistance ...

More



Stocks: Liffe FTSE 100

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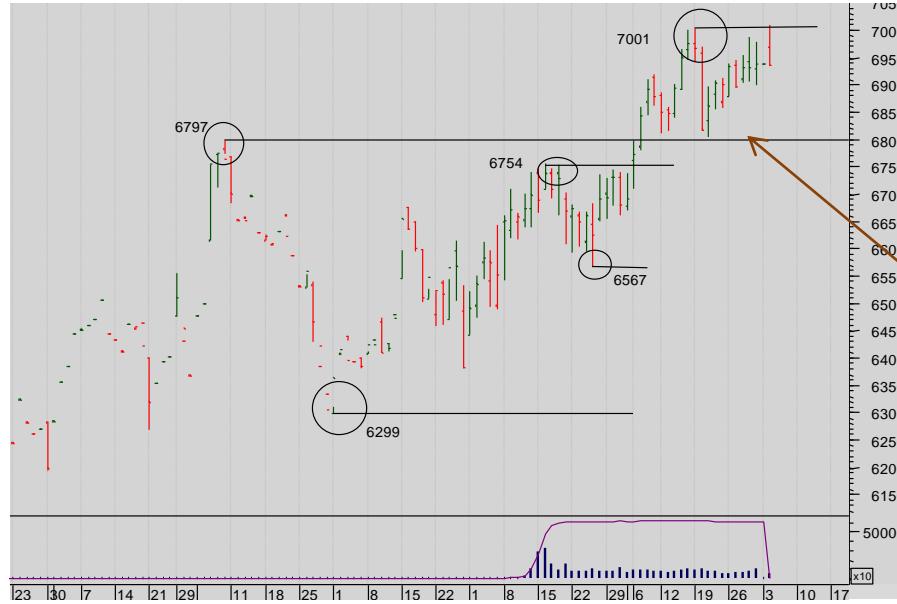
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Commodities

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Liffe FTSE 100 Jun 21 daily futures chart

The break and close above the 6797 High of the range was important; note, in particular, the demonstration that there is good support at 6797.

But note the hesitation at 7001...



Stocks: OSE Nikkei 225

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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)

There is a rough bull channel ... watch the emergent bull continuation Triangle now.

Wait for completion to add to longs.

More



Stocks: OSE Nikkei 225

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Nikkei 225 chart Daily Jun 2021.

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

But now watch the the range 30500 and 28100.



Bonds

BONDS:

Bonds yields have consolidated for two months. The sideways price action may offer hope of further mild retracement, but that looks like a buying (of yields) opportunity in the US. Elsewhere there are clear chart levels to watch to confirm the long-term reversal of both Europe and the UK.

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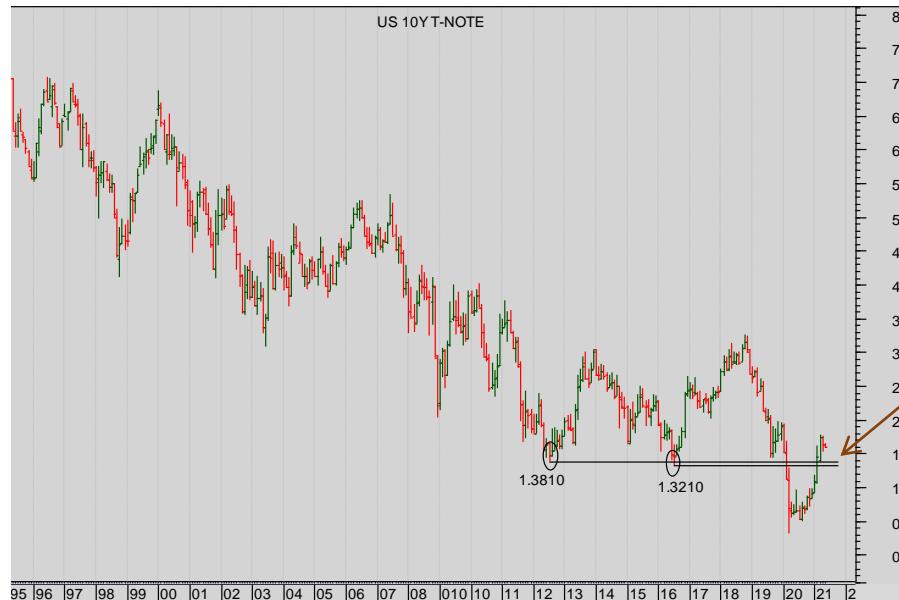
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Bonds: US Ten Year Notes (Yield)



US Ten Year Notes (Yield) monthly chart

Now the market has bounced back THROUGH that powerful resistance above the market at 1.32/8.

The two monthly closes convince that the resistance has been breached.

More



Bonds: US Ten Year Notes (Yield)

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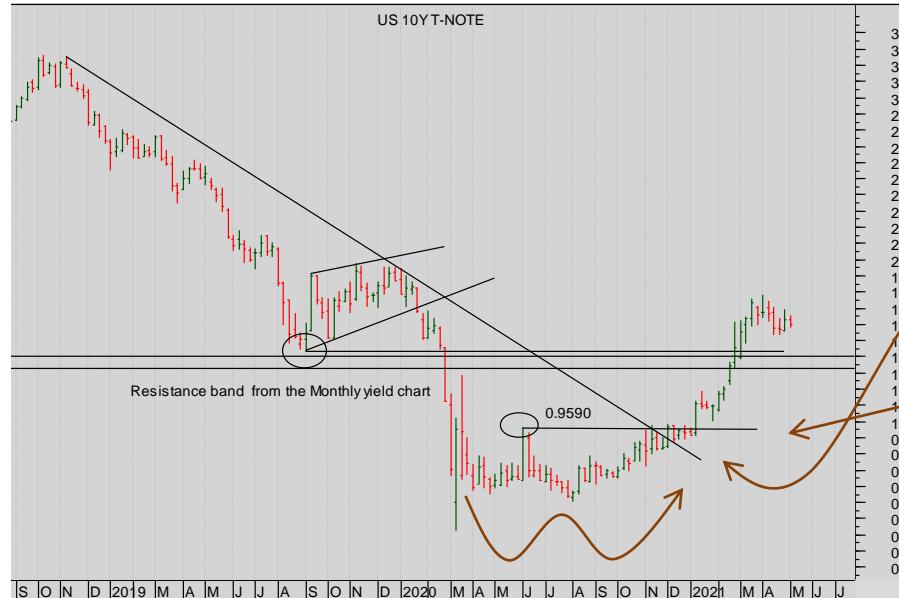
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US Ten Year Notes (Yield) weekly chart

1. The sideways pause in 2020 - a sideways move broke the diagonal downtrend resistance .
2. The completed Double Bottom has driven the bounce through the monthly horizontal resistance above the market
3. The successive weekly closes above the band of resistance is **more and more convincing**



US Ten Year Notes June 2021 **Futures price** daily chart

The futures market has created a short-term bottom but without a potent structure **there's only small reversal potential.**

Watch for a possible rally up through 132.76....

More



Bonds: German Bund yield chart

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Bund monthly yield chart

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

The diagonal resistance (NOW BROKEN) and the horizontal is being tested.



Bund weekly yield chart

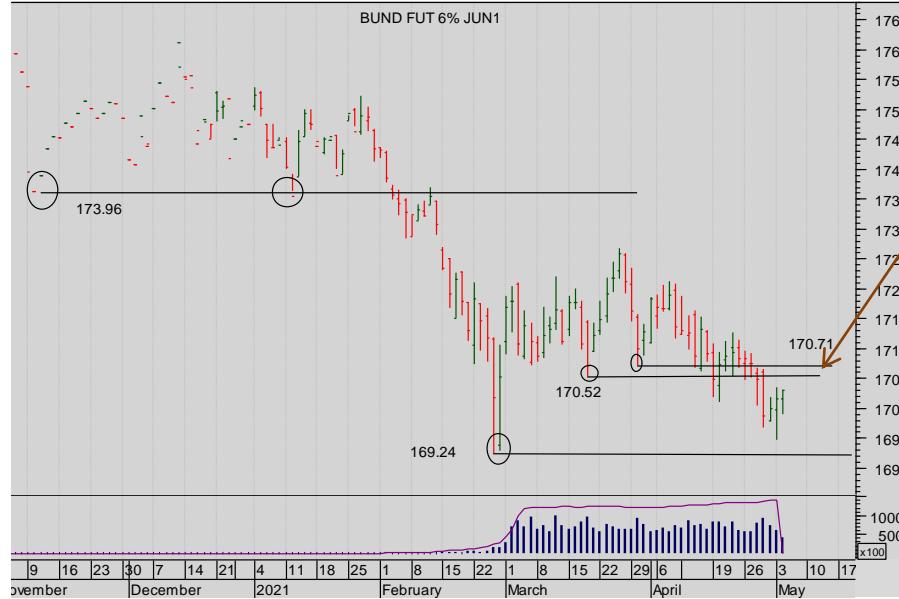
The horizontal resistance above the market at -0.2 is the first clear resistance on any rally.

Watch and wait for a confirmed break of that resistance.

More



Bonds: German Bund yield chart



Bund daily futures chart

The drift back down lacks punch.
Bears need a break of 169.24
before getting interested.

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Bonds: UK Gilt yield chart



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Gilt monthly yield chart



More



Bonds: UK Gilt yield chart



Gilt daily Futures Jun 21 chart

Short-term watch the formation of a Multiple Bottom, and note the bullish day island reversals and the day Key Reversal....

So we're slightly bullish short-term but need a break up through the 129.27 level to convince.

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Commodity

COMMODITIES:

Oil looks interesting. Watch the and medium and long-term breakout levels to see if the short-term bullishness can be sustained. Gold is mildly bullish.

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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

The rocketing rally is retesting the May 2021 contract High at 66.44 and looks like pausing there.

Note the impetus imparted by the Key Reversal here.

Look closer.

More



Commodities: Nymex WTI Oil

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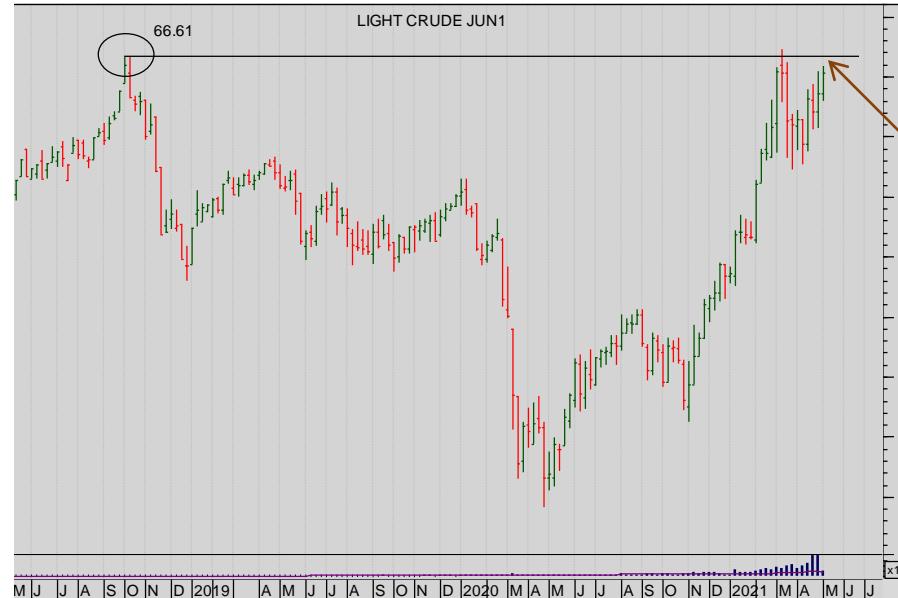
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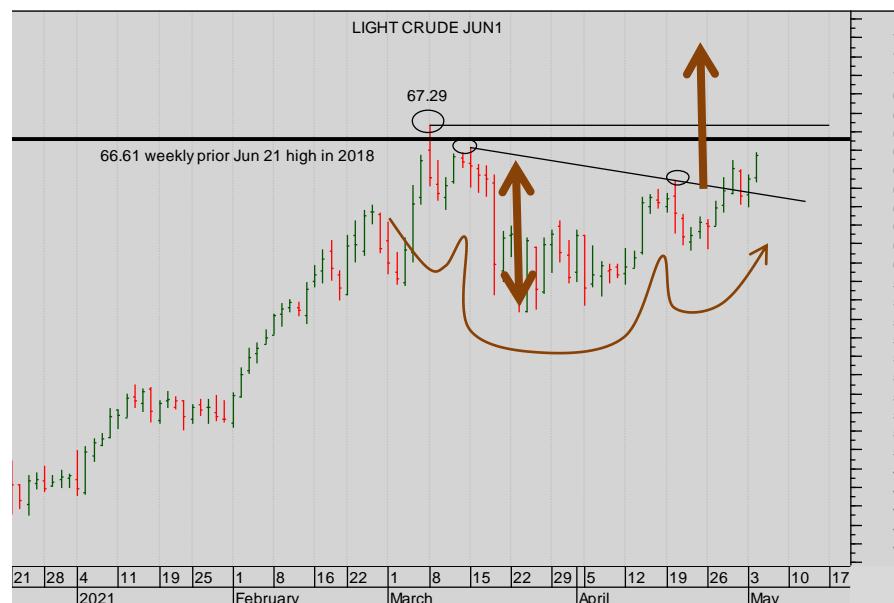


Nymex oil weekly continuation

The rally has failed to break up through the Prior High.

And pulled back.

But there is no top formation yet.



Nymex oil daily Jun 2021 futures

Isn't this a H&S Reversal?
Minimum move up to 72.
Note that that implies a break up through the Prior High of 66.61.

Which would further the drive the market higher.



Commodities: Comex Gold

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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. But the failure at the Prior Highs and the pull-back says that the **bears** look to be winning the argument.,



Nymex Gold weekly

The influence of the **weekly bear Key Reversal** was important.

But the market has penetrated the band of support from Prior Highs, WITHOUT breaking it.

A close beneath 1704 on the week would have been very bearish BUT IT DIDN'T HAPPEN

A small Double Bottom has resulted which has helped drive the market back up through the resistance from the Prior Low at 1778 (continuation chart).



Commodities: Comex Gold

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Nymex Gold Jun 2021 Daily

Now that the market has completed a Small Double Bottom, evidently sufficient to pierce the resistance at 1774 (Jun 2021 contract) , the minimum target beckons at 1840 or so.

But it's not a compelling situation.



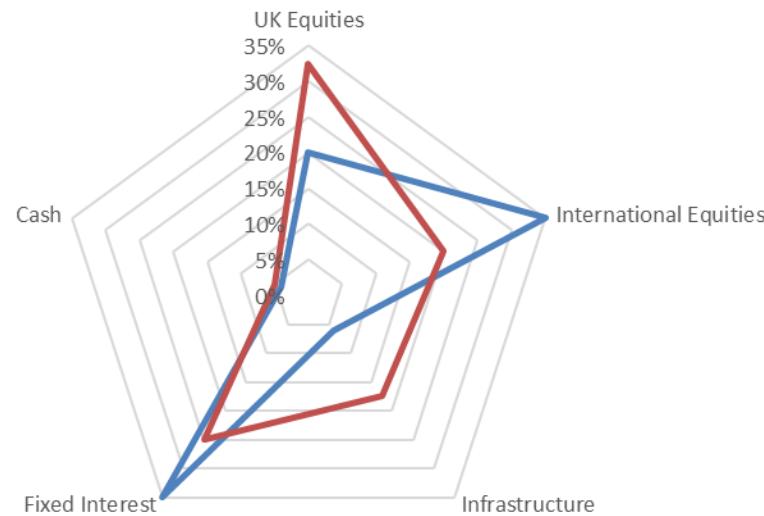
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Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



More



the technical analyst

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FINALIST BEST INDEPENDENT RESEARCH HOUSE

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[Back to main menu](#)