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 20th July 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

Summary

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

IMPLIED ASSET ALLOCATION

More

CURRENCIES:

Watch the weekly chart in the Euro – it's potentially very powerful sufficiently so to drive the market substantially. Elsewhere there seems very little to go on in the FX markets.

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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 in place until a break up through 1.24.

More

SEVEN DAYS AHEAD

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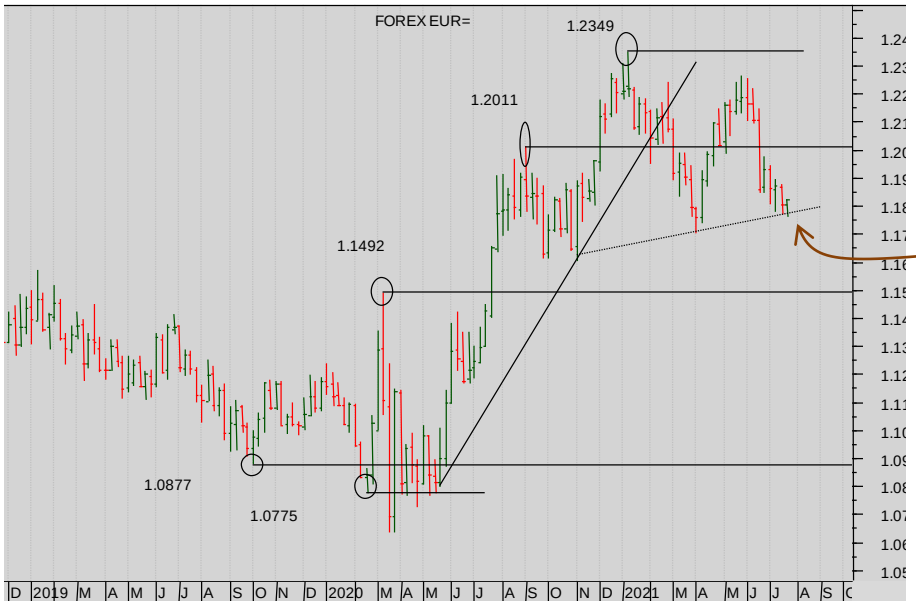
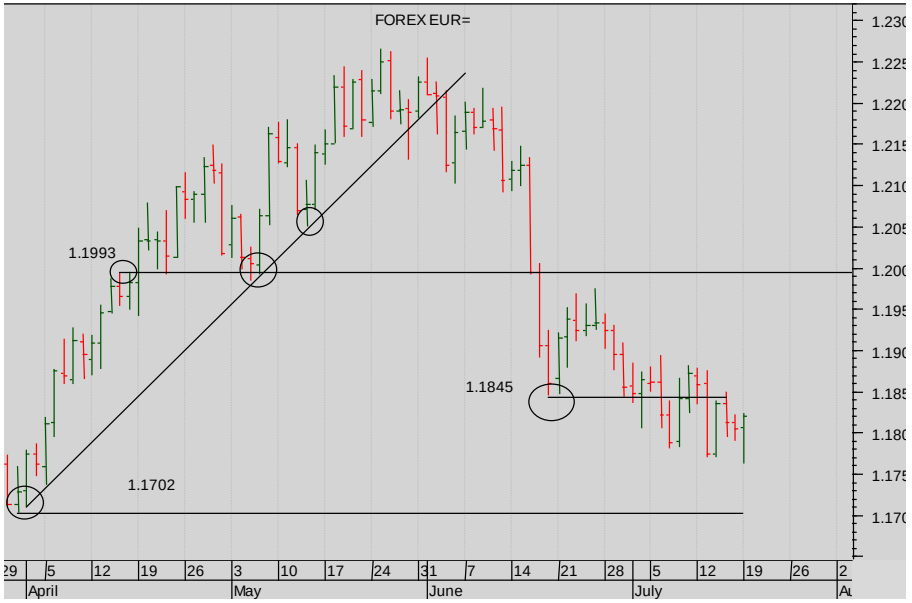
IMPLIED ASSET ALLOCATION

Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

Medium-term, the market can drive down through this POSSIBLE neckline …THEN THERE WILL BE A PUSH FURTHER DOWN look for a weekly close below 1.18



Dollar Euro spot cash chart daily chart...

No clear structure: Stand aside.

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IMPLIED ASSET ALLOCATION

Currencies: Dollar Sterling

Dollar Sterling Monthly spot cash chart

The sideways price action beneath 1.35 broke the diagonal Sterling downtrend resistance and forged ahead.

But note that the horizontal resistances the market ….have been penetrated but not yet been breached.

The Sterling bulls need a break above the Prior High @1.4376.

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…

The minimum move suggested is up to the 1.4240 Prior Low and Horizontal resistance .

Now achieved.
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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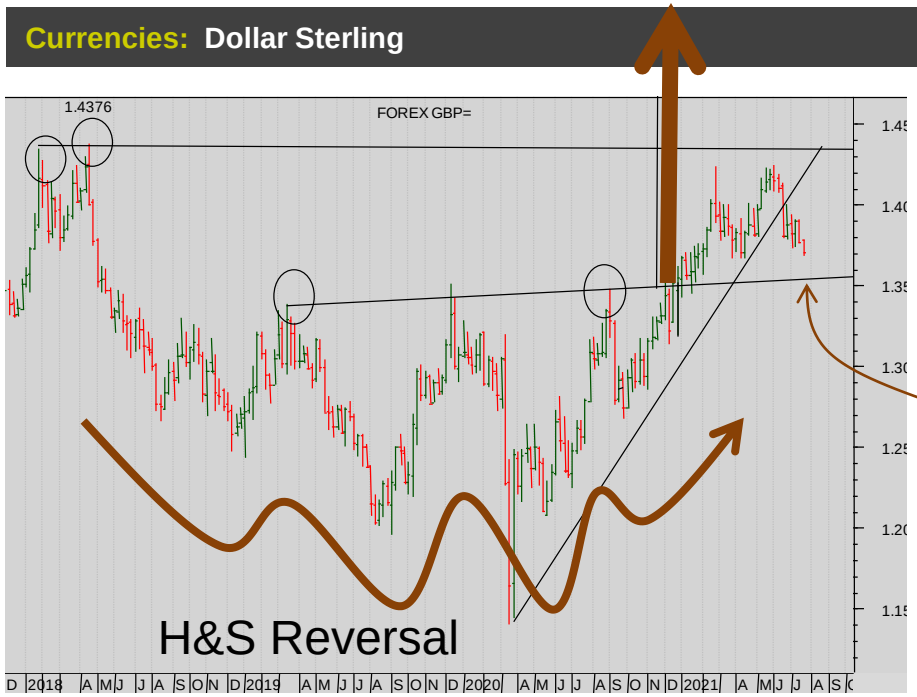
IMPLIED ASSET ALLOCATION

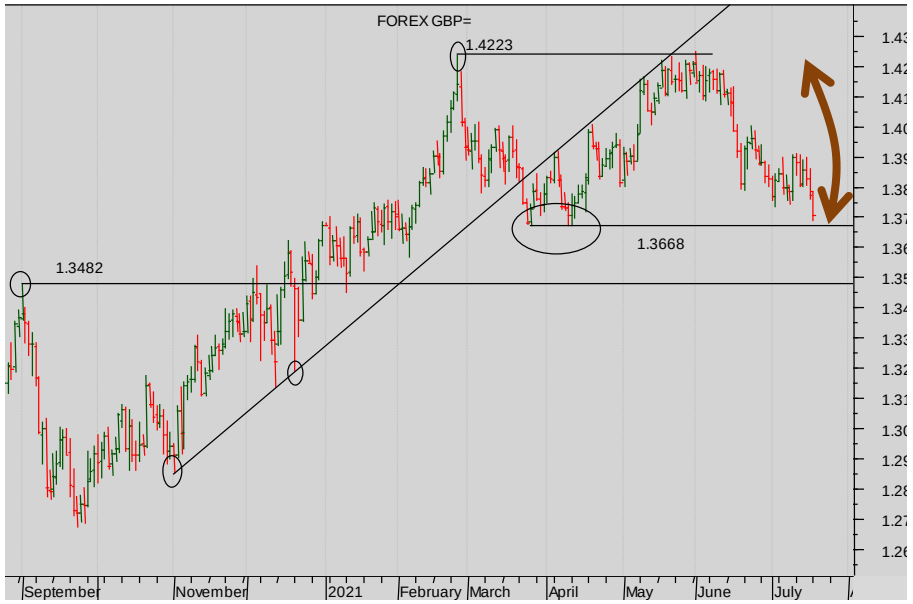
Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

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

In the meantime the support is the Neckline at 1.36 or so…



Dollar Sterling daily spot cash chart

Watch the range.

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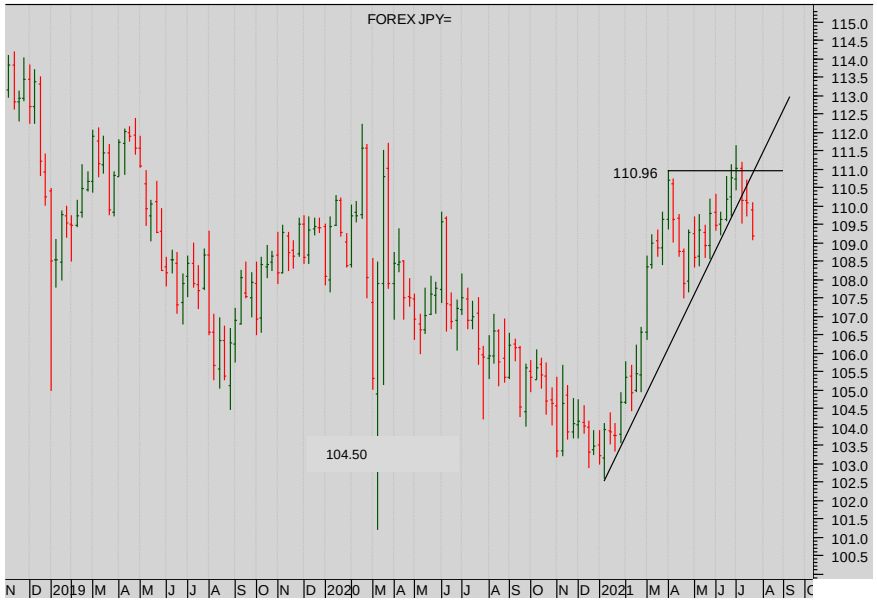
IMPLIED ASSET ALLOCATION

Currencies: Dollar Yen

Dollar Yen monthly spot cash chart

The bull falling wedge COMPLETED.

The Dollar bulls had a completion of the wedge to gain momentum but the market is dithering still. Might this month be a monthly Key Reversal?



Dollar Yen weekly spot cash chart

Not clear, stand back!

More

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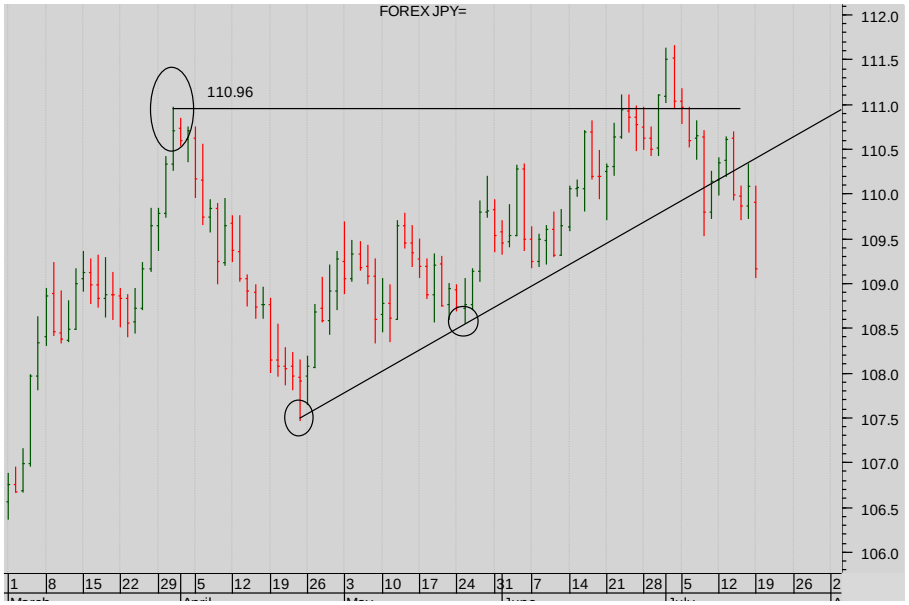
Currencies: Dollar Yen



Dollar Yen daily spot cash chart

The Dollar failed to get and stay above 110.96….

Stand aside.

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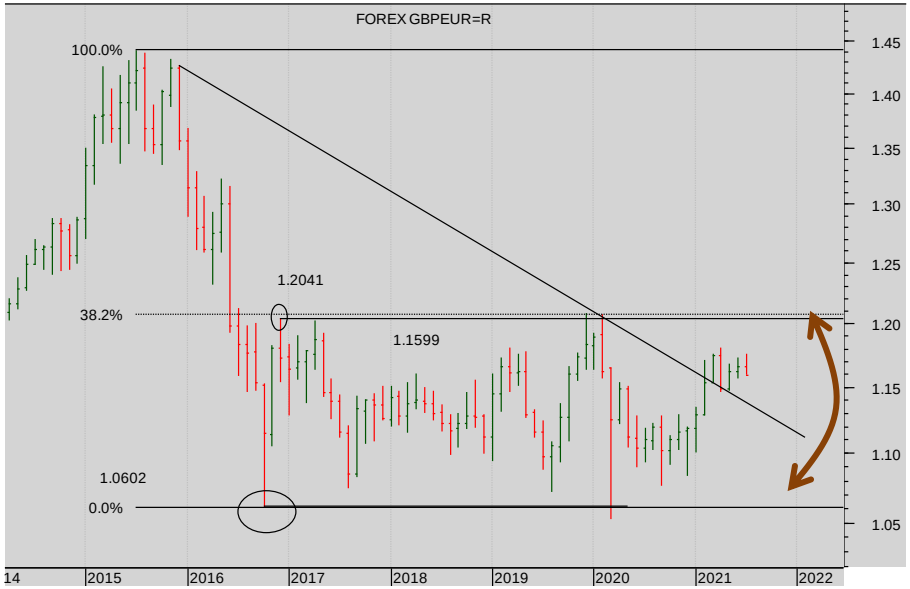
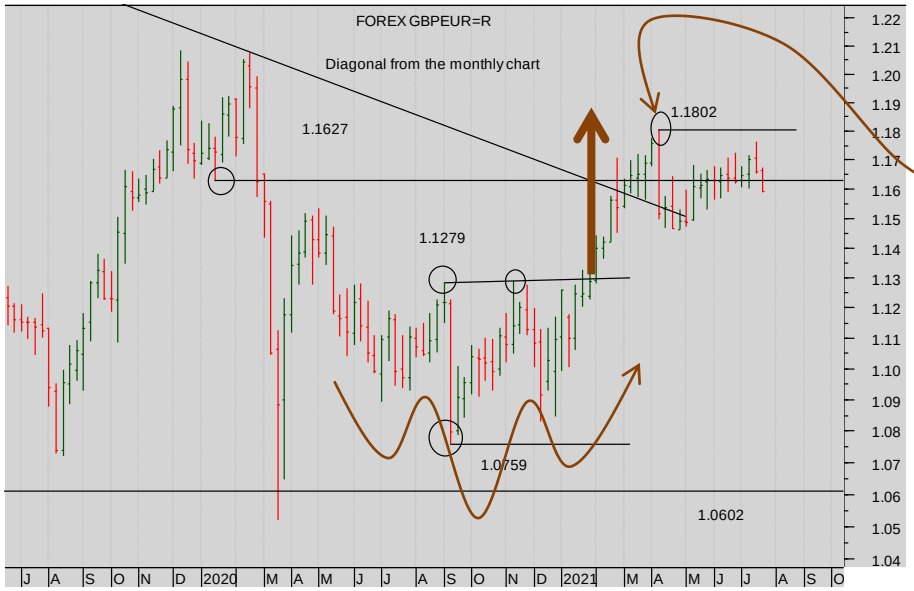
Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The market remains in the broad trading range.



Sterling Euro weekly spot cash chart

We thought there was more to go for Sterling but the recent Weekly Key reversal should be worrying for the bulls.

Stand aside.

More

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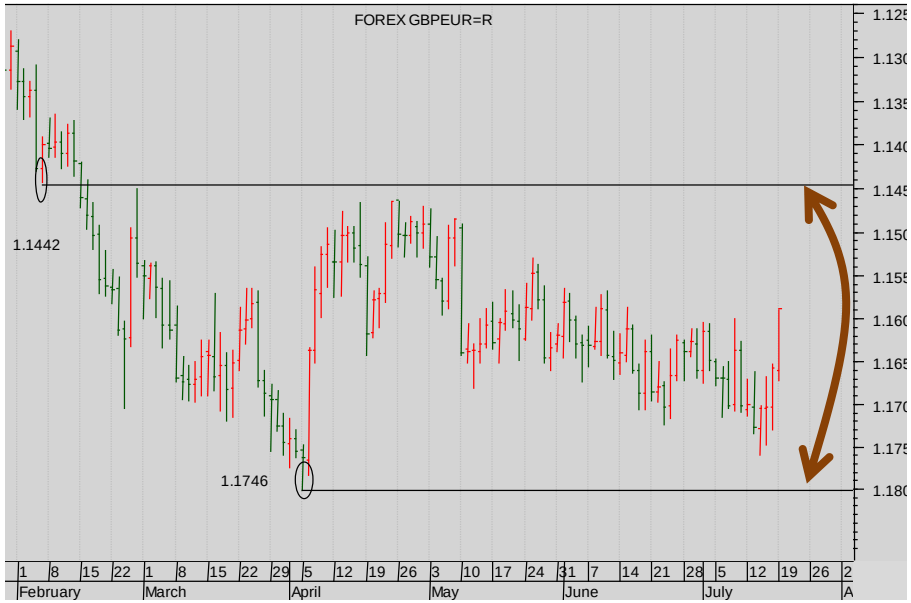
IMPLIED ASSET ALLOCATION

Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The opportunity to break the small range was spurned.

Stand back and watch the range.

STOCKS:

Are the bull markets weakening? The sharp reverses of recent days have caused short-term breakdowns, but no medium-term break - yet. Watch the medium term support (S&P and FTSE) and the long-term support (Eurostoxx) both of which are close to being tested. Note well the relative solidity of the Nikkei.

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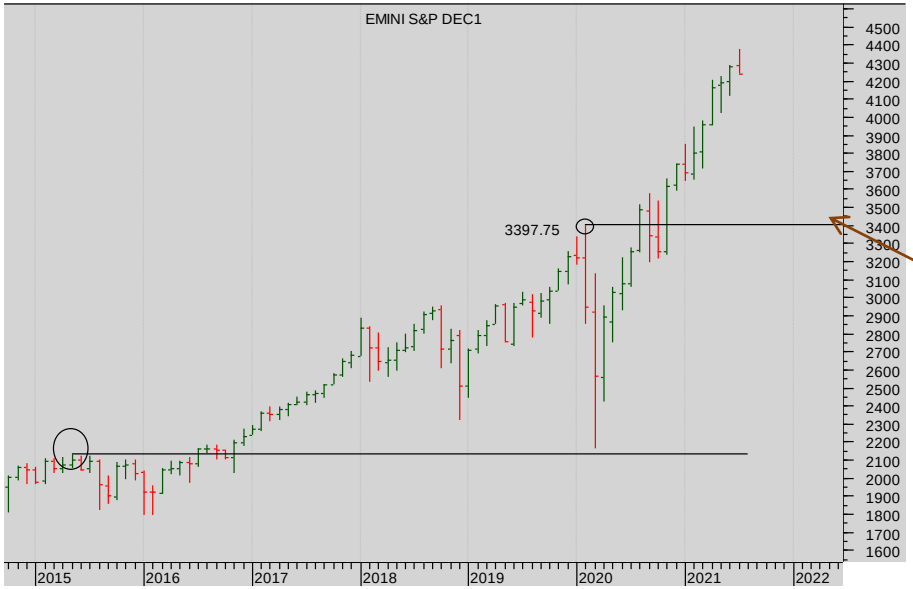

CME S&P 500 monthly cont. futures chart

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

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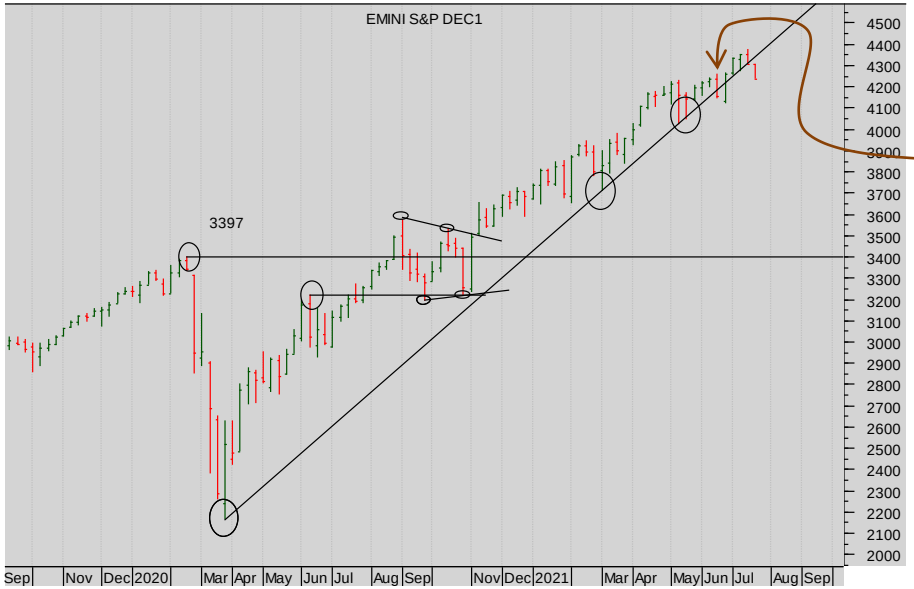
IMPLIED ASSET ALLOCATION

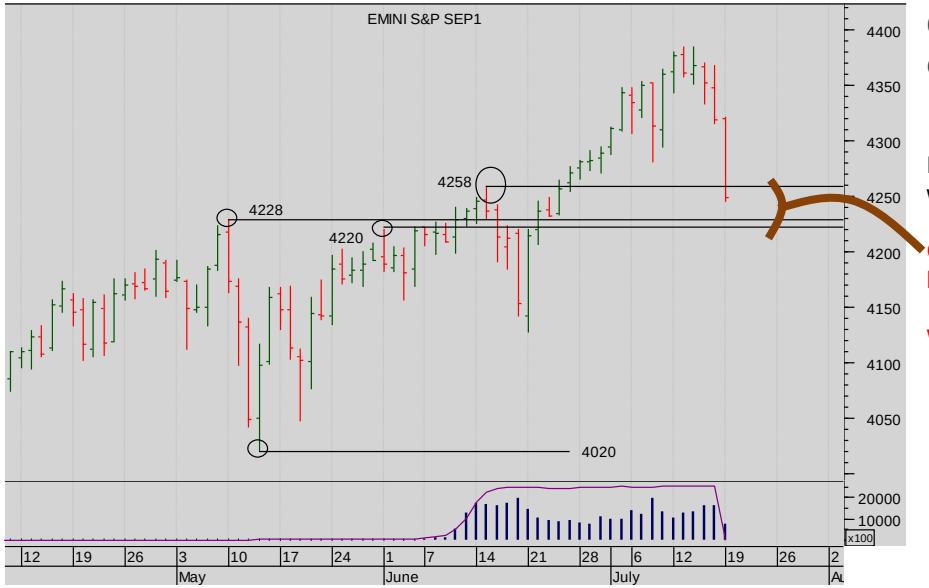
Stocks: CME S&P 500



CME S&P 500 cont. weekly cont. chart

The weekly Key Reversal was a false signal.

But there is a weakening tone to the market…



CME S&P 500 daily Sep 2021 chart

Note the breakup through the Prior Highs which now underpin the market.

Only a break of 4220-4258 will get the bears going….

Watch closely.

More

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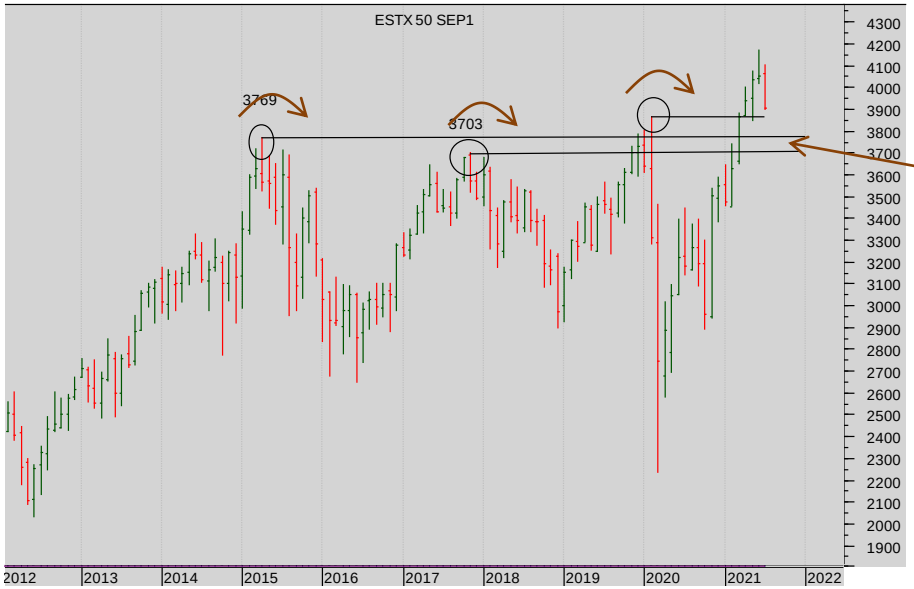
IMPLIED ASSET ALLOCATION

Stocks: Eurex EuroStoxx 50

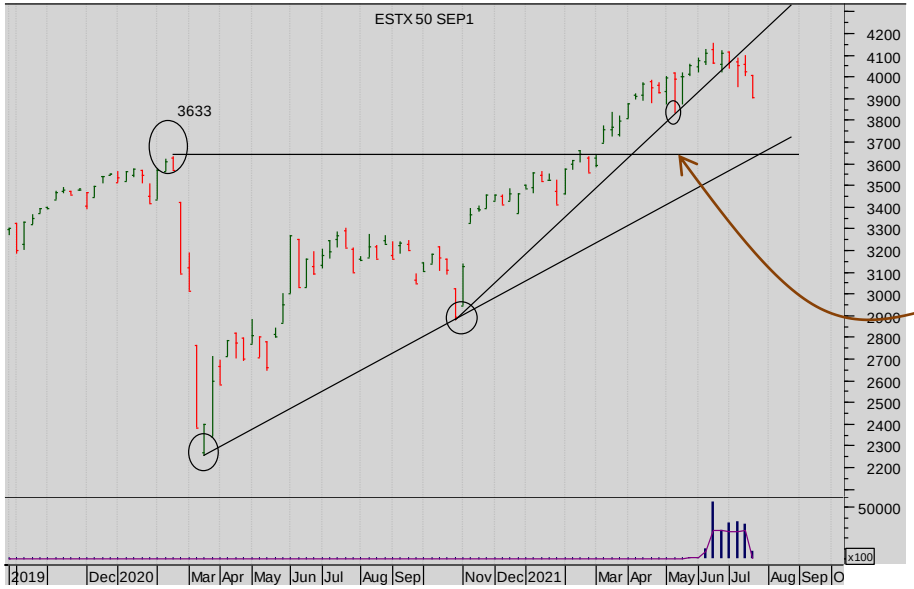


Eurex EuroStoxx 50 monthly continuation futures chart

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

Prior Highs establish powerful support beneath the market and so sets up the next bull leg.

This is a very bullish pattern.



Eurex EuroStoxx 50 weekly Sep 21 futures chart

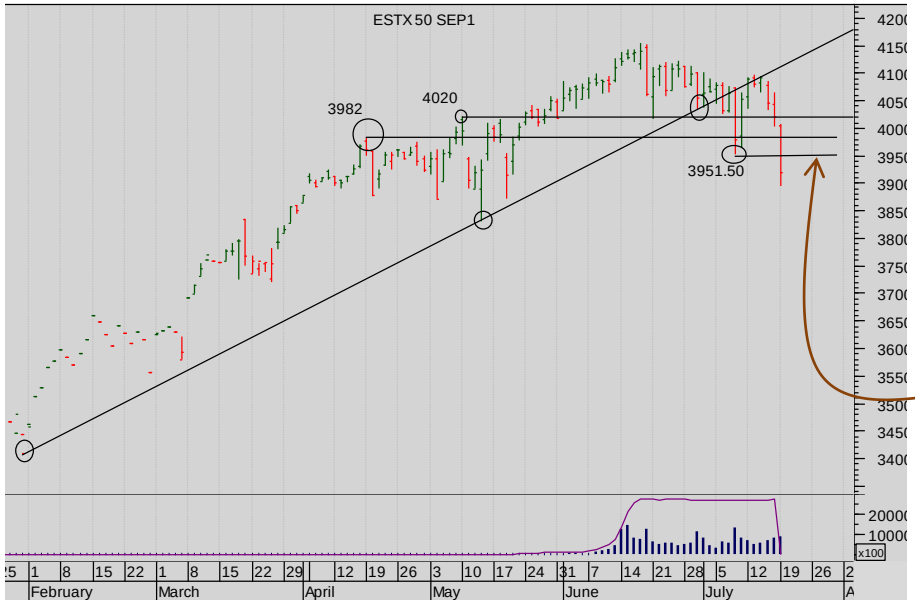
The market had the support of a steep diagonal. No longer.

Is the pace of the bulls slackening?

First obvious support at 3633.

More

Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Sep 21 futures chart

The market broken both the diagonal support and the horizontal support from Prior Highs.

So a daily top looks to have formed.

On retracement watch for emergent resistance at the recent low at 3851.50.

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IMPLIED ASSET ALLOCATION

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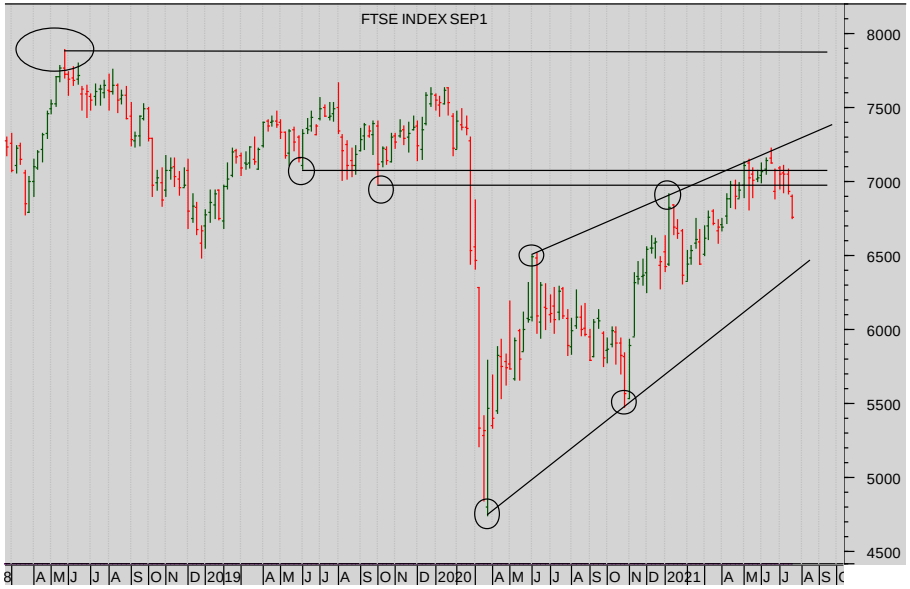
IMPLIED ASSET ALLOCATION

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 break up through those levels.



Liffe FTSE 100 Weekly cont. futures chart

The market looks to be constrained by the wedge and the horizontal resistances.

Look closer at the breakdown.

More

SEVEN DAYS AHEAD

- Summary
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  - + EuroStoxx 50
  - + FTSE 100
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  - + Ten Year US TNote
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- IMPLIED ASSET ALLOCATION

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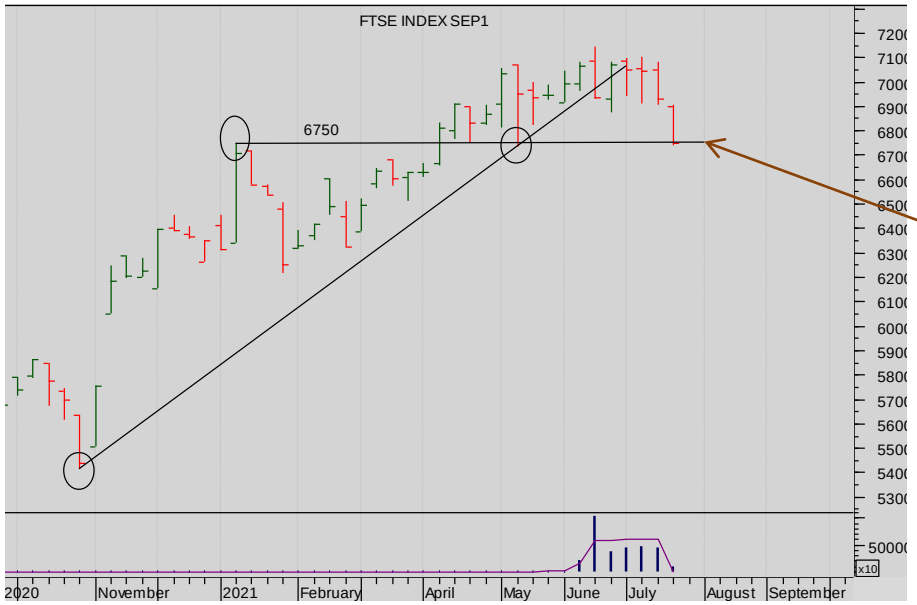
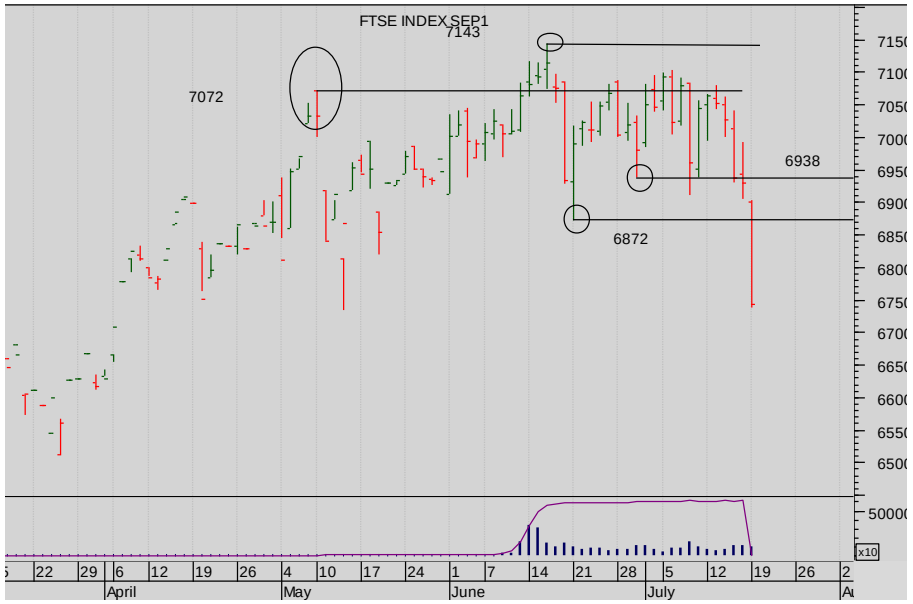


Liffe FTSE 100 Sep 21 weekly futures chart

Watch the first important support at 6750.



Liffe FTSE 100 Sep 21 daily futures chart

Note the push beneath the Prior Lows both of which should act as good resistance on any rebound.

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  - + Ten Year US TNote
  - + Ten Year German Bund
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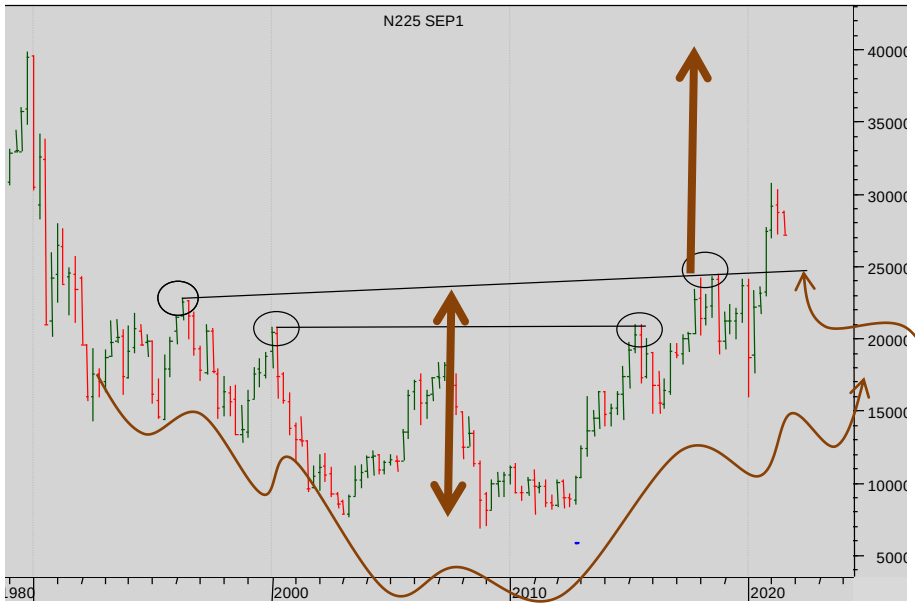
  - + Gold
- IMPLIED ASSET ALLOCATION

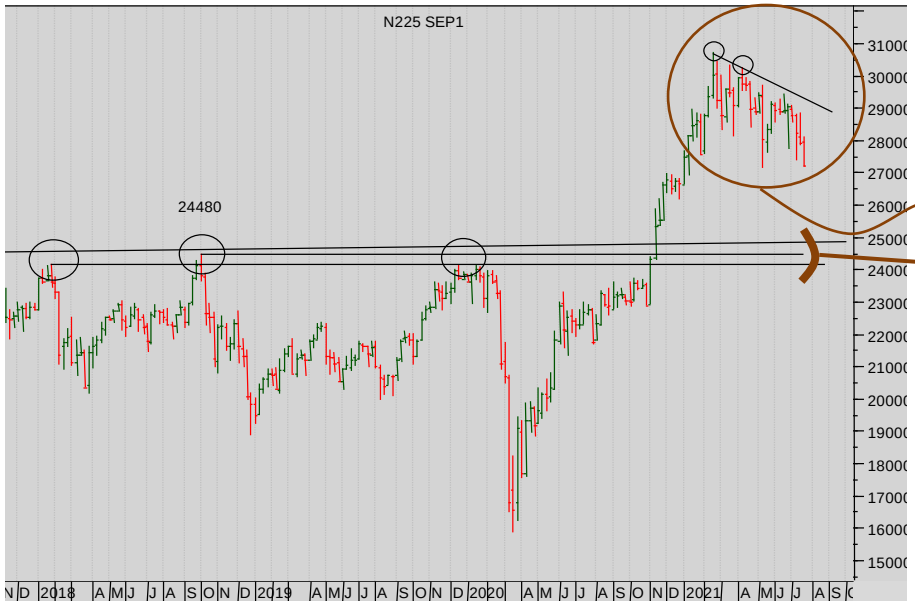
Stocks: OSE Nikkei 225



Nikkei 225 chart (Quarterly)

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.)

On any pull back the support lies beneath at the Neckline.



Nikkei 225 chart (WEEKLY)

The pause since the beginning of the year is marked not a clear reversal though …

First important support at 25000

Look closer.

More

Stocks: OSE Nikkei 225

Nikkei 225 chart Daily Sep 2021.

It's not clear.

Wait for a break of the range.

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IMPLIED ASSET ALLOCATION

Bonds

BONDS:
These market are vigorously price bullish in the short-term retracing much of the sell off (price wise) of 2020 and the first quarter of 2021. BUT while we don't doubt the power and likely continuation of that short-term trend, we are unconvinced medium and longer term. Some yield charts show a clear smashing of the lower yield trend from the 1990s other not so clear.
Stand aside.

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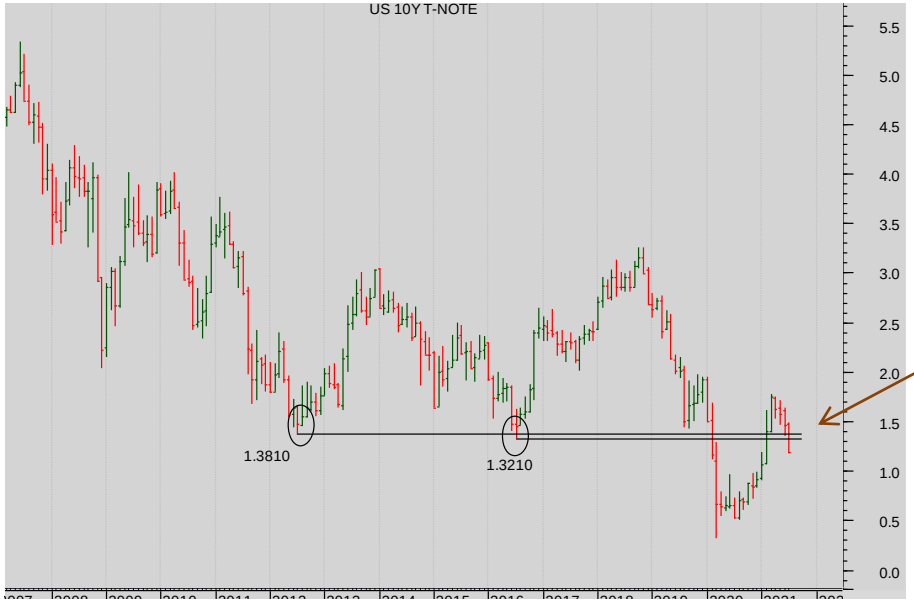
IMPLIED ASSET ALLOCATION

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.

Yields look bullish now in the long-term.

But the retracement back through the breakout level robs the chart of clarity

More

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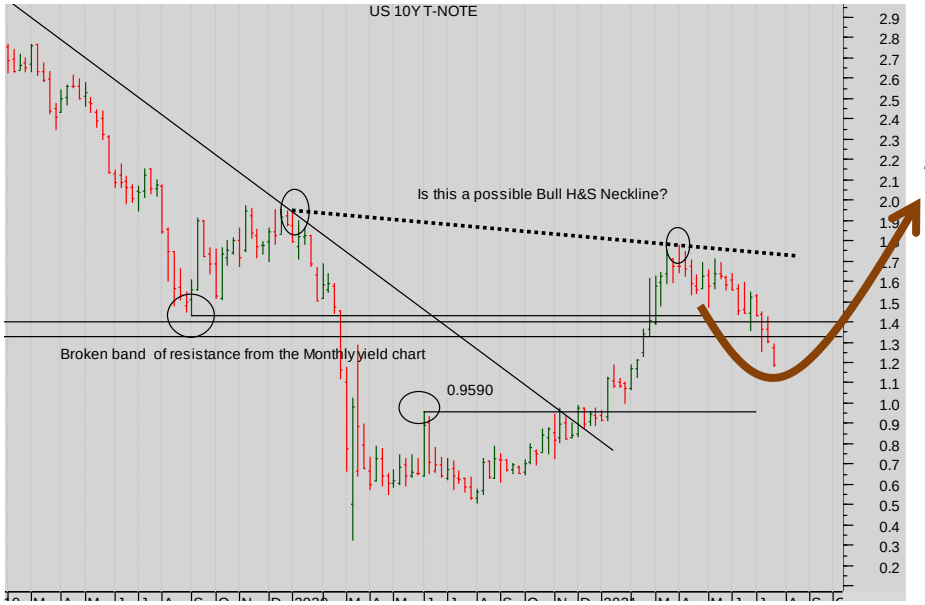
IMPLIED ASSET ALLOCATION

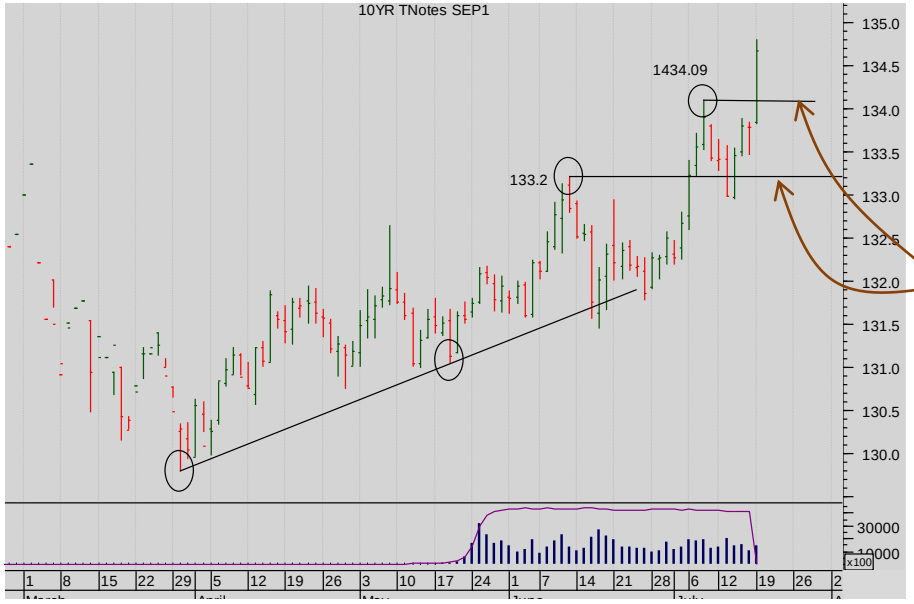
Bonds: US Ten Year Notes (Yield)



US Ten Year Notes (Yield) weekly chart

Notice the small consolidation over the last four months.

Might that be the second shoulder of a H&S bull pattern? We'll see.



US Ten Year Notes Sept 2021 Futures price daily chart

The bull trend of three months remains in place while the diagonal support beneath and, subsequent to that, the horizontal supports from Prior Highs remain intact.

Short term, there is a bull market in bonds.

More

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IMPLIED ASSET ALLOCATION

Bonds: German Bund yield chart

Bund monthly yield chart

This is **a major penetration but no monthly close to establish a break of resistance** at 0.204

Bund weekly yield chart

We had a confirmed **weekly** break of that resistance.

Note too that a Triple Bottom was completed. So we were yield bulls.

But now looks closely at the pull back – through Prior High support, back into a trading range.

More

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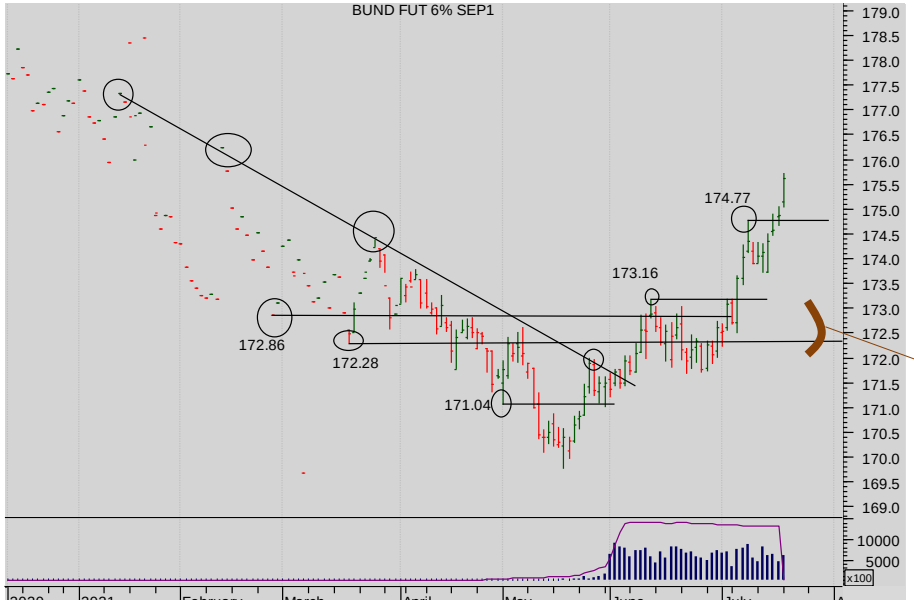
IMPLIED ASSET ALLOCATION

Bonds: German Bund yield chart



Bund daily Sep 21 futures chart

The price rally has broken the resistance from Prior Lows, that is clear, and has developed a strong rally.

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+ Ten Year German Bund
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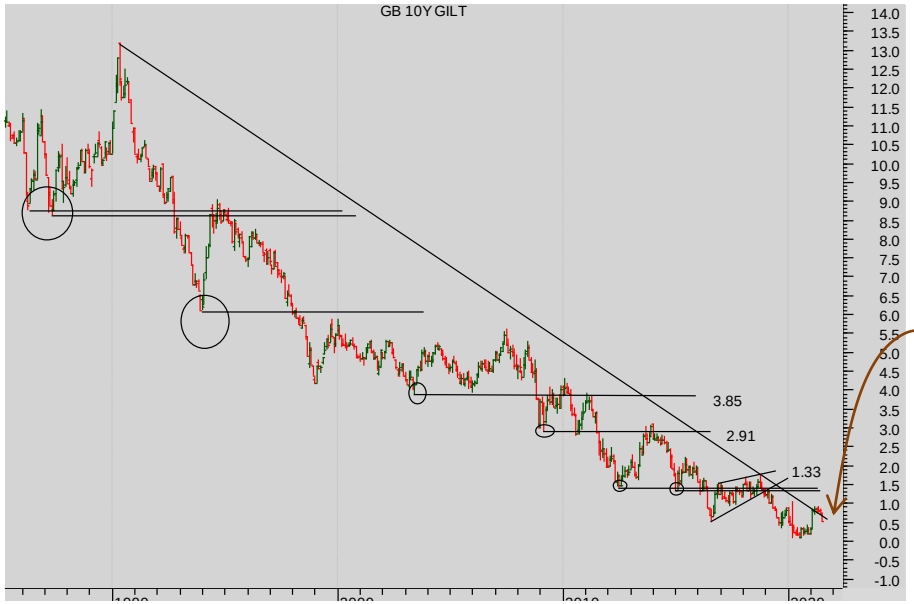
Commodities
+ Oil
+ Gold

IMPLIED ASSET ALLOCATION

Bonds: UK Gilt yield chart



Gilt monthly yield chart

The market long-term bear trend.

We are attacking the diagonal downtrend resistance.

Gilt weekly yield chart

The recent sideways drift and retracement opens the possibility of the creation of a second shoulder in a large bull H&S pattern….

But there's nothing there at the moment.

More

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

Bonds: UK Gilt yield chart

Gilt daily Futures Sep 21 chart

A strong short-term rally has developed.

Commodity

COMMODITIES:

Oil looks vulnerable having failed at the pivot at the Prior High at 76.72. Watch to see if either that turns into a Monthly Key Reversal or the clear supports in the medium and short- term charts is broken. Gold lacks structure, so stand aside.

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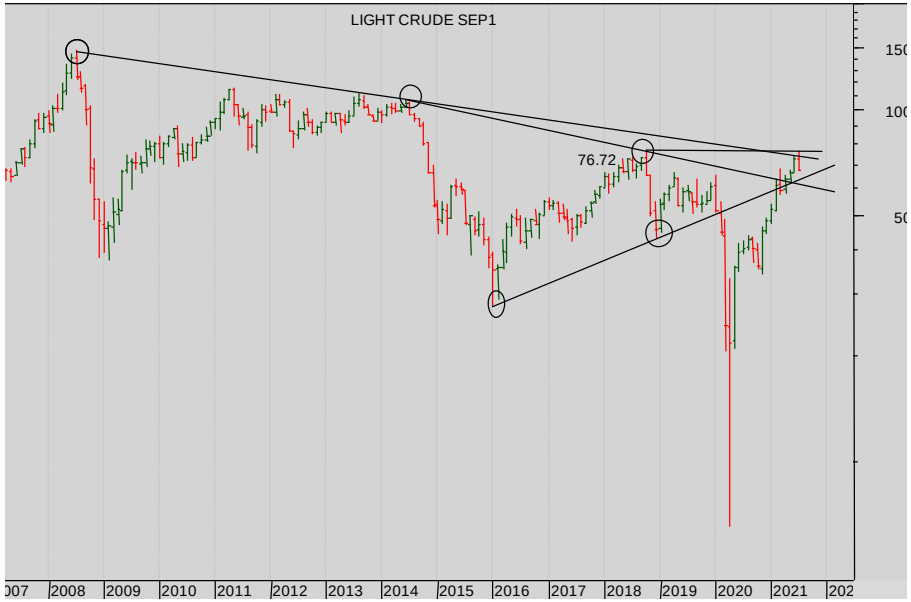
IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil quarterly continuation

Watch the approach to the falling diagonal above the market closely.

The market has paused there.

More

SEVEN DAYS AHEAD

- Summary
- Currencies
  - + Dollar Euro
  - + Dollar Sterling
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  - + EuroStoxx 50
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  - + Nikkei 225
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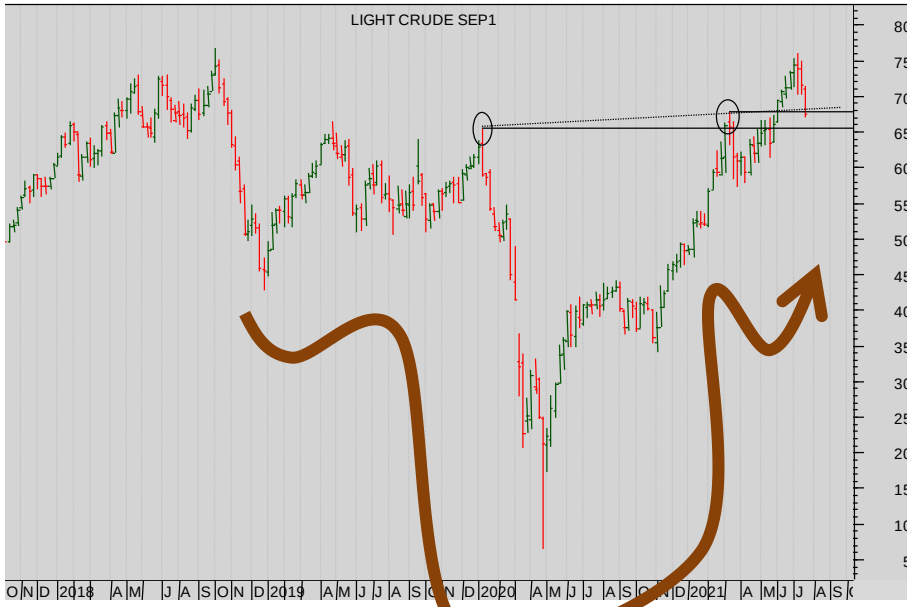
- IMPLIED ASSET ALLOCATION

Commodities: Nymex WTI Oil



Nymex oil weekly continuation

Is this a major bull H&S pattern that has just completed?

And is the recent retracement a pull back to important Neckline resistance?

Or a band of horizontal support?

Nymex oil daily Sep 2021 futures

This bull continuation triangle completed

Watch the diagonal support carefully….

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Commodities
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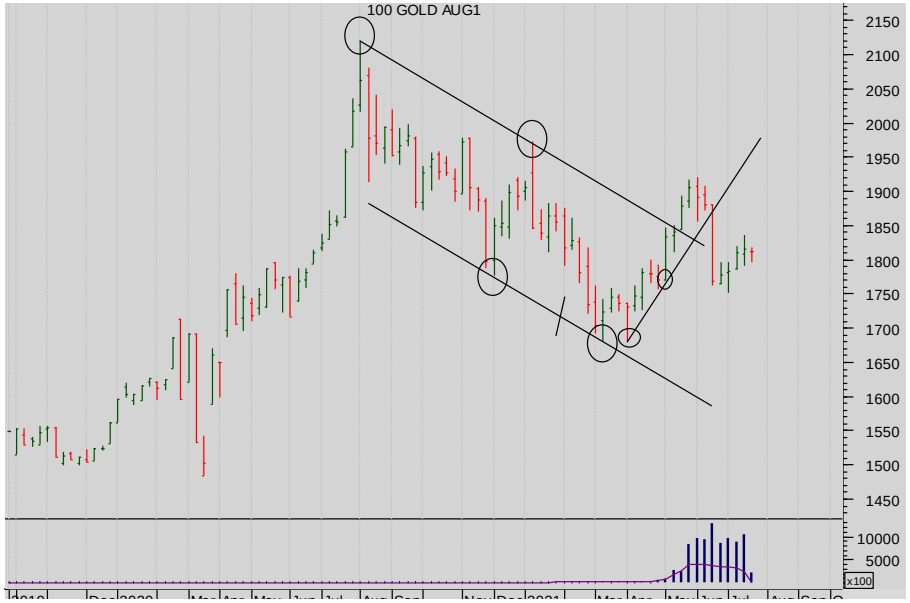
IMPLIED ASSET ALLOCATION

Commodities: Comex Gold

Nymex Gold Monthly

The dither at the Prior High was entirely predicatable.



Nymex Gold Oct 21 weekly

It's not clear.

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IMPLIED ASSET ALLOCATION

Commodities: Comex Gold

Nymex Gold Aug 2021 Daily

It's not clear.

Stand back.

Summary

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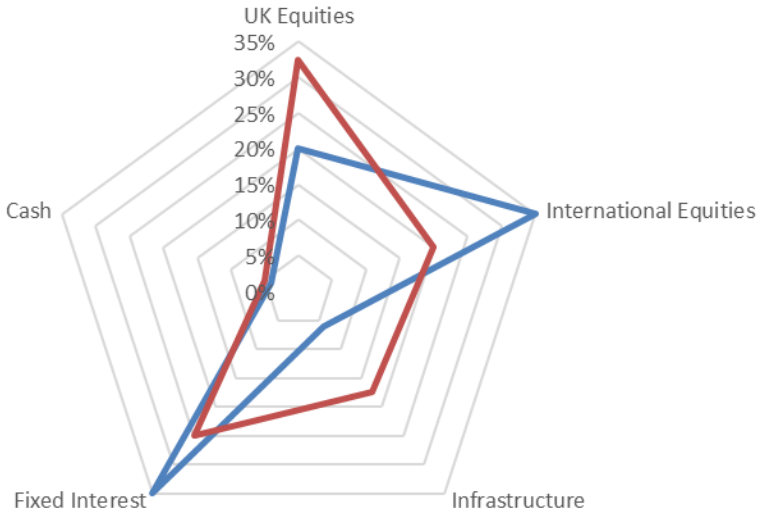
Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



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the technical analyst

AWARDS 2012

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Back to main menu