



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 27th 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

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Currencies

- + Dollar Euro
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Long-term **BEAR** Euro

Long-term **BEAR** Sterling

Long-term **BEAR** Yen

Long-term FLAT Euro

Medium-term **BEAR** Euro

Medium-term **BEAR** Sterling

Medium-term **BEAR** Yen

Medium-term **BEAR** Euro

Short-term **BEAR** Euro

Short-term FLAT Sterling

Short-term **BULL** Yen

Short-term FLAT Euro

Stocks

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

Long-term **BULL**

Long-term **BULL**

Long-term FLAT

Long-term **BULL**

Medium-term **BULL**

Medium-term **BULL**

Medium-term FLAT

Medium-term **BULL**

Short-term **BULL**

Short-term **BEAR**

Short-term **BEAR**

Short-term **BULL**

Bonds

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

Long-term FLAT

Long-term **BULL**

Long-term **BULL**

Medium-term FLAT

Medium-term FLAT

Medium-term FLAT

Short-term **BEAR**

Short-term **BEAR**

Short-term **BEAR**

Commodities

- + Oil
- + Gold

Long-term **BULL**

Long-term FLAT

Medium-term **BULL**

Medium-term **BULL**

Short-term **BULL**

Short-term FLAT

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More



Currencies: Dollar Euro

CURRENCIES:

The emerging weakness of the Currencies against the Dollar is not yet totally convincing - but the possibilities are very exciting. Note in particular the potential for a sharply weaker Euro. Sterling, for the moment looks rather stronger but still under pressure. Note the longer term charts of the Yen and how much weaker they might drive that market!

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Dollar Euro monthly cash chart

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

1. So the market has broken the DIAGONAL strengthening Dollar trend from 2008.
2. But there is no weakening Dollar trend in place **until a break up through THE HORIZONTAL RESISTANCES UP TO 1.24.**

More



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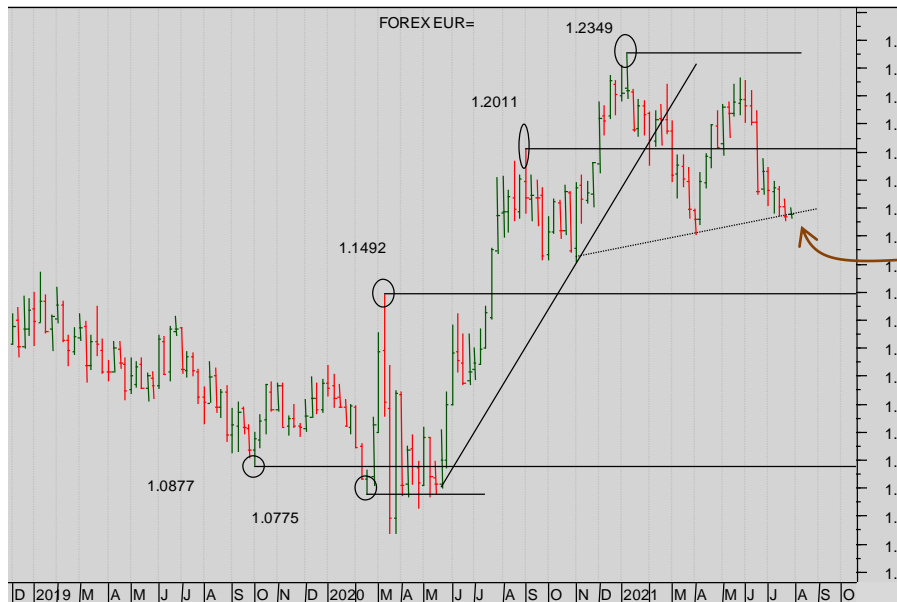
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IMPLIED ASSET ALLOCATION

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.



Currencies: Dollar Sterling

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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 not yet been breached.

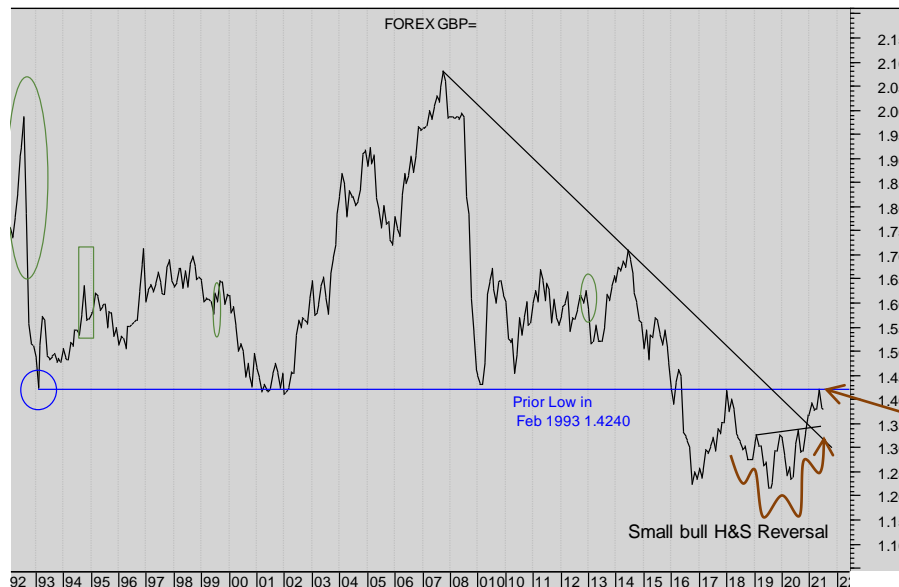
The Sterling bulls need a break above the Prior High @1.4376.

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**.



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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 - IT'S STILL INTACT.



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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?**

(WATCH THEN FOR A CLOSE BENEATH 109.17)



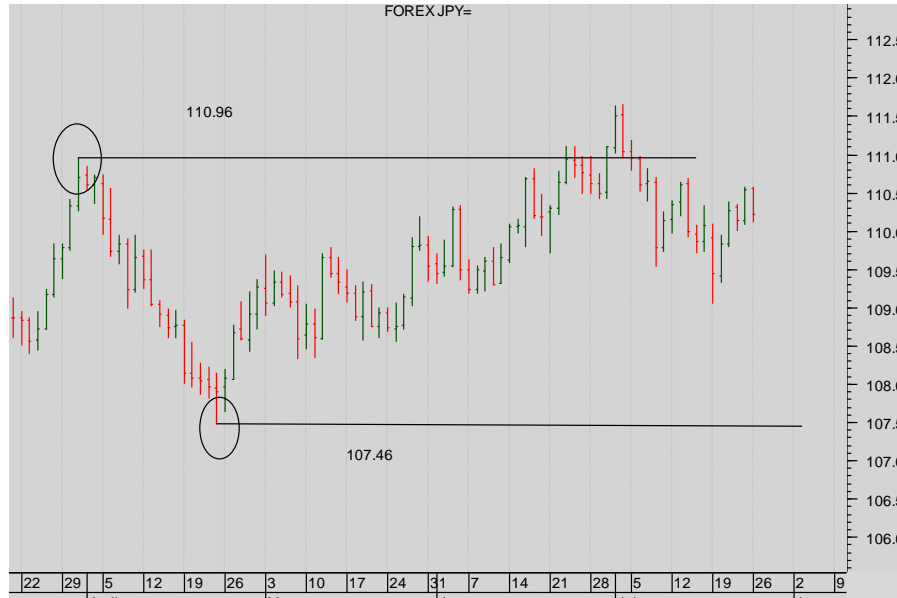
Dollar Yen weekly spot cash chart

Not clear, stand back!

More



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

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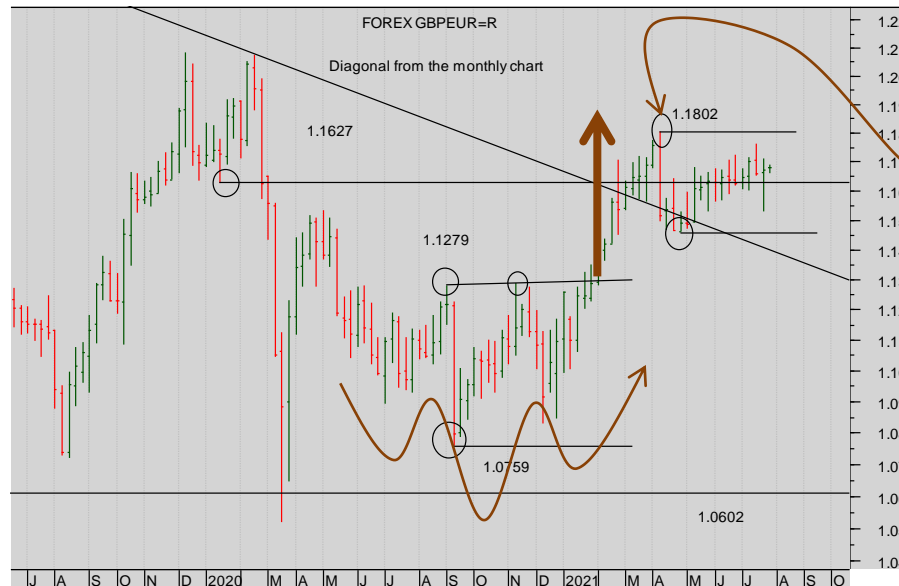
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Sterling Euro monthly spot cash chart

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. Wait for a break of the small range.

More



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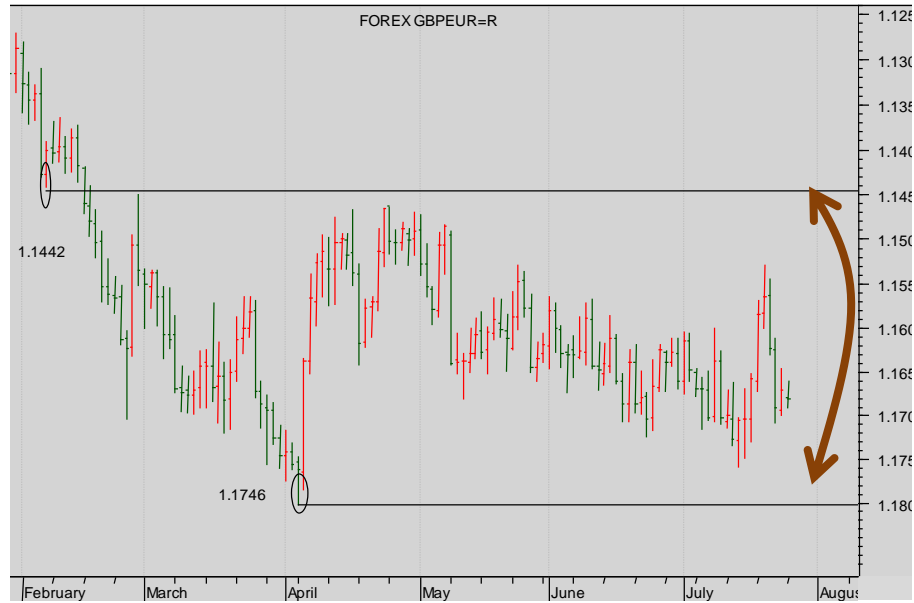
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IMPLIED ASSET ALLOCATION

Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The opportunity to break the small range was spurned.

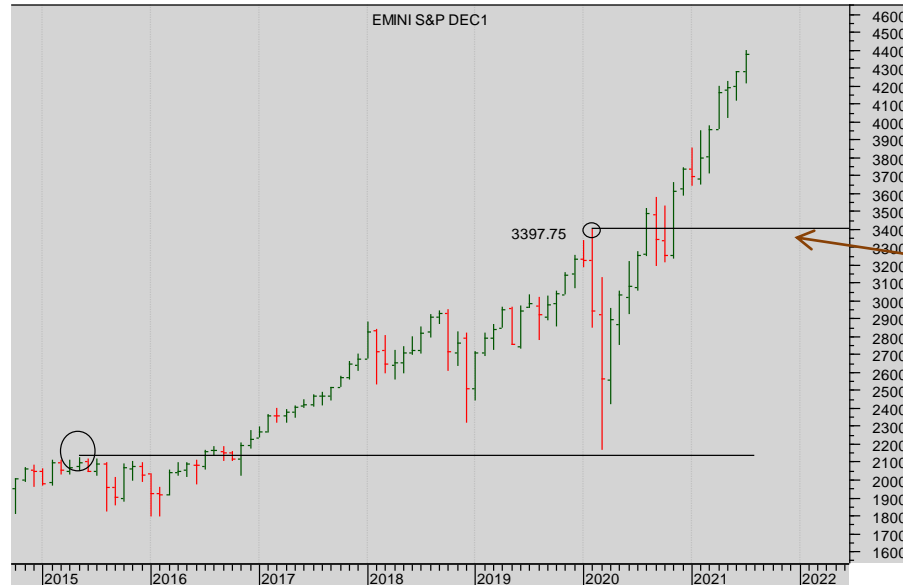
Stand back and watch the range.



Stocks: CME S&P

STOCKS:

Every test of these bull markets proves the strength of them time and time again. Last week's bounce of the Prior Highs of May and June was only the most recent reminder of the bulls' resilience. That is equally true of the S&P (bouncing of Prior Highs) the EuroStoxx (last week was a weekly Key Reversal) and the Nikkei (bouncing of the bottom of a clear trading range which is a Fibonacci support too) . The exception remains the FTSE. It really does struggle on weakness and remains confined and cribbed by overhead resistance on rallies.



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

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Stocks: CME S&P 500

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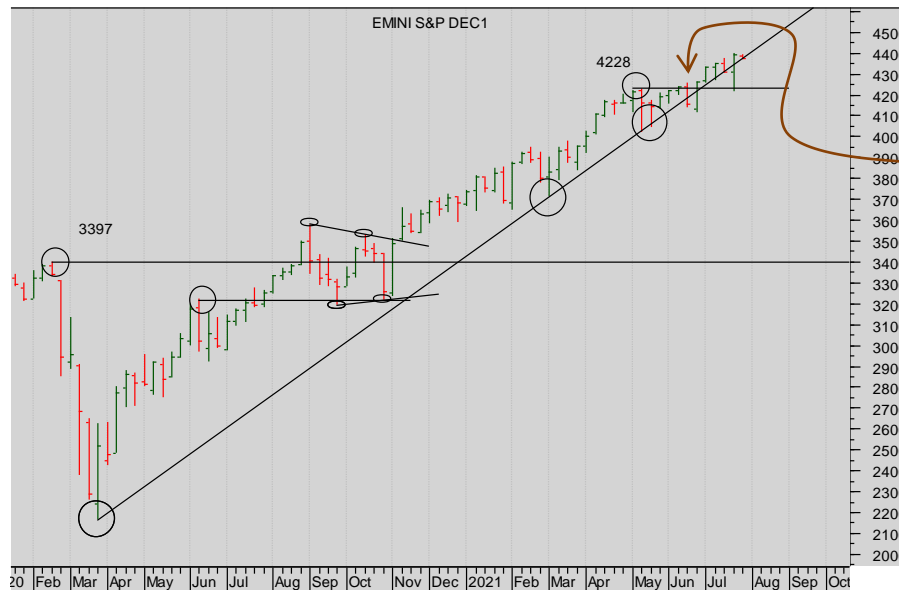
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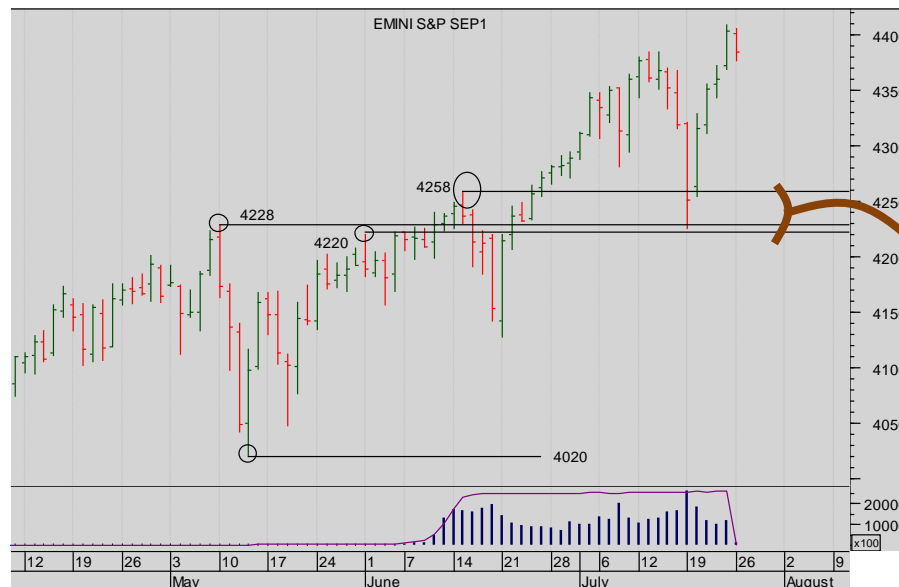
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CME S&P 500 cont. weekly cont. chart

The weekly Key Reversal was a false signal.

And note last week's bounce off the Prior High of 4228.



CME S&P 500 daily Sep 2021 chart

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

The bounce is very bullish.

More



Stocks: Eurex EuroStoxx 50

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IMPLIED ASSET ALLOCATION

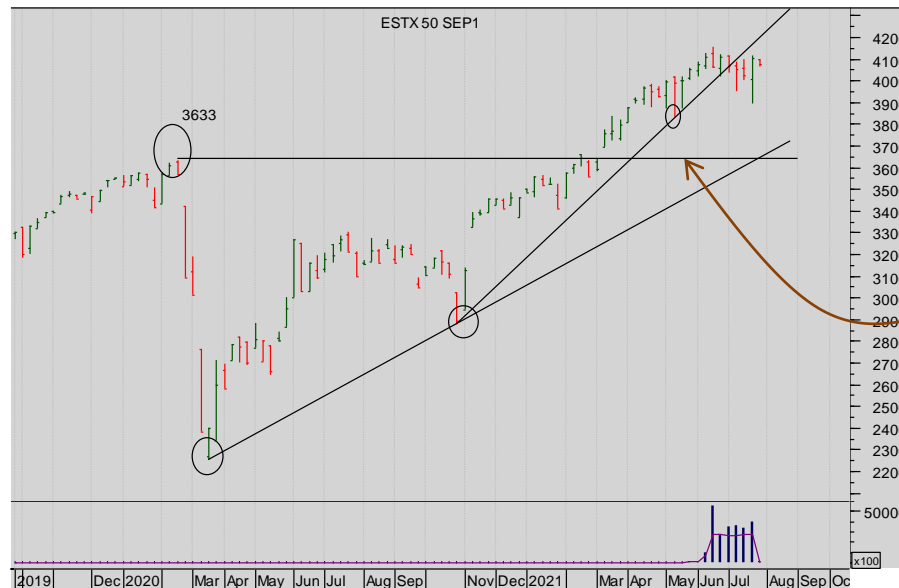


Eurex EuroStoxx 50 monthly continuation futures chart

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

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IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Sep 21 futures chart

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

So a daily top looked to have formed.

But the bounce showed the breakdown to have been false.



Stocks: Liffe FTSE 100

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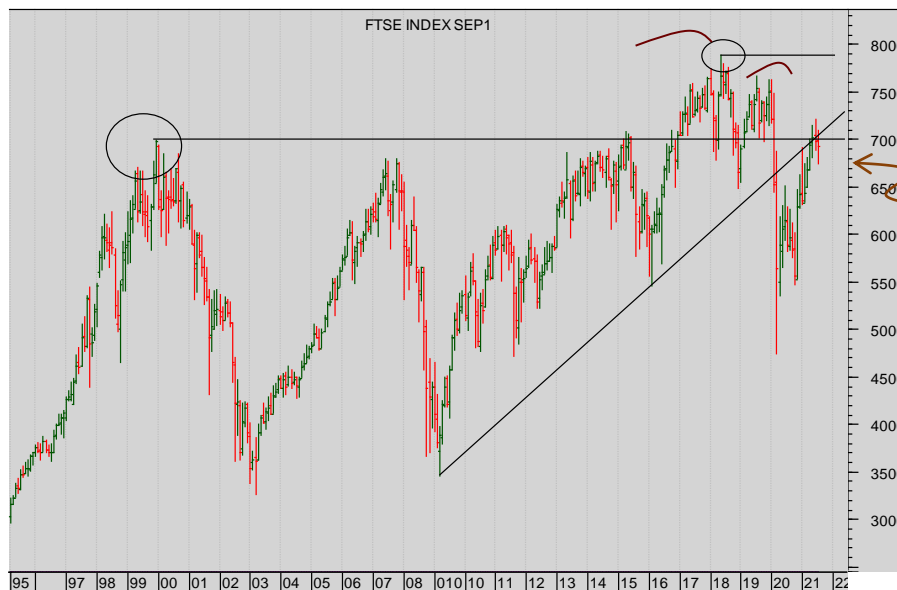
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Commodities

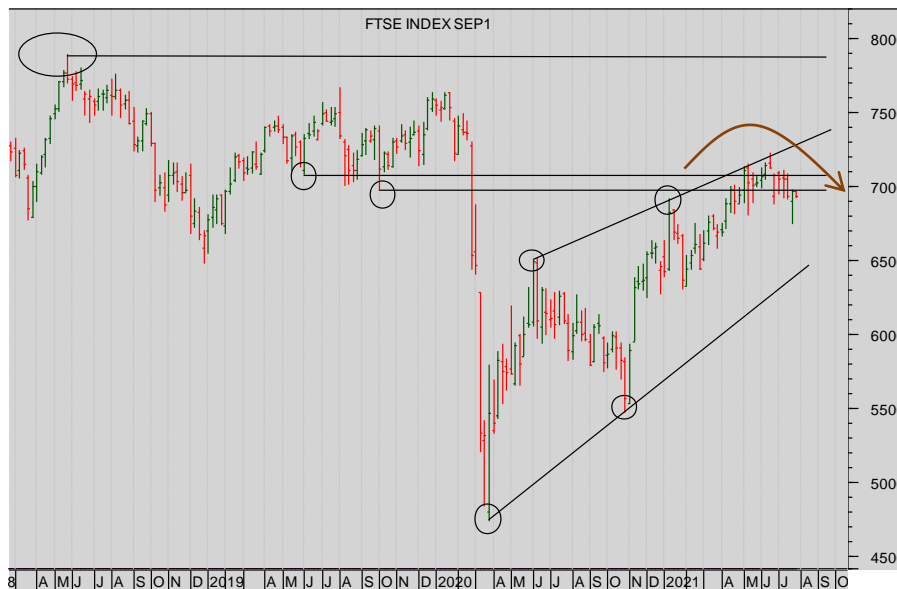
- + Oil
- + Gold

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 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.

The market looks vulnerable to further selling.

More



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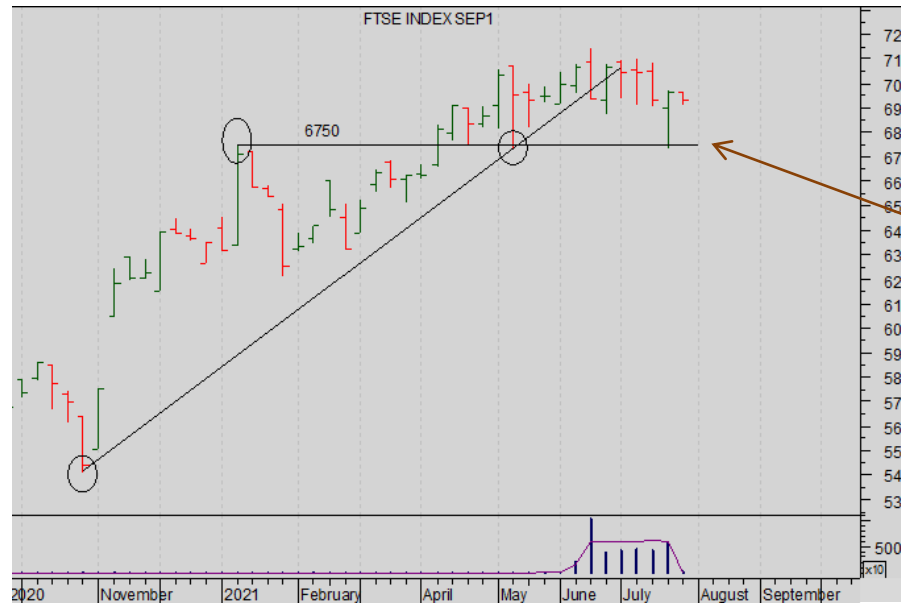
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Commodities

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- + Gold

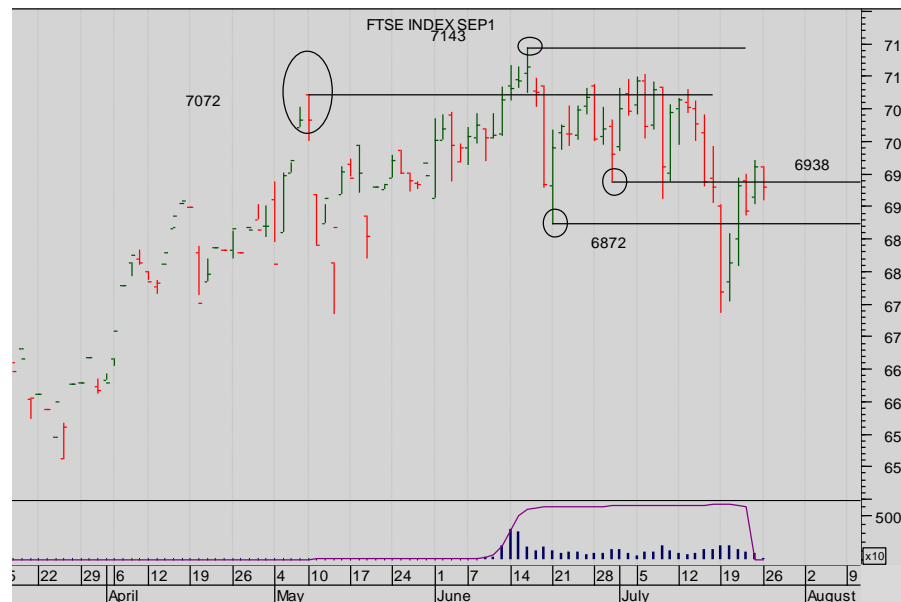
IMPLIED ASSET ALLOCATION

Stocks: Liffe FTSE 100



Liffe FTSE 100 **Sep 21** weekly futures chart

But first it has to break the first important support at 6750.



Liffe FTSE 100 **Sep 21** daily futures chart

Note the push beneath the Prior Lows - both of which acted as good resistance on any rebound (cf of the other markets whose bounces have been much stronger.)



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Commodities

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IMPLIED ASSET ALLOCATION

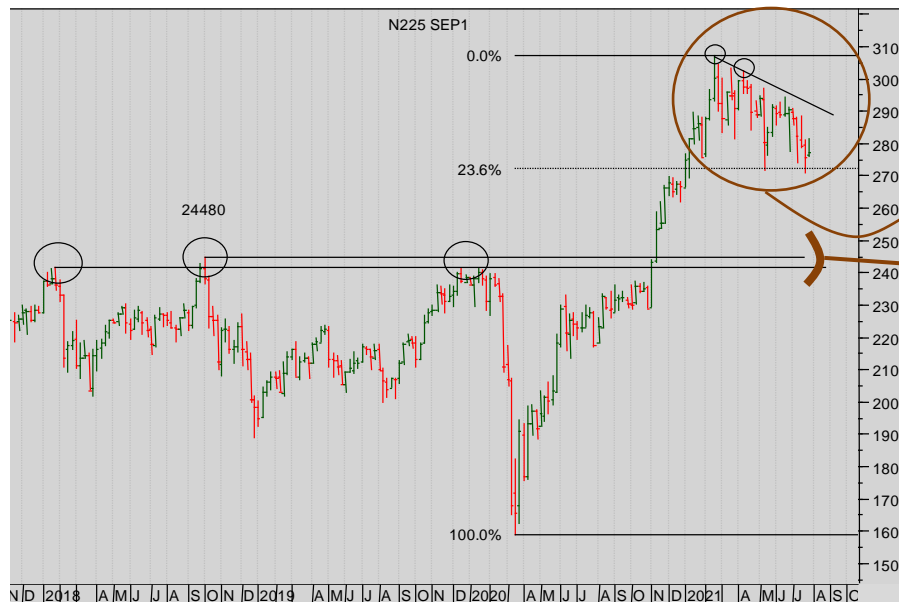
Stocks: OSE Nikkei 225



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 but not a clear reversal . Note the support at the Fibonacci support.

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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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION



Bonds

BONDS:

Bond markets are strong still, bouncing sharply back from the weakness that set in September 2020. The bounce back has been strong - 50% of the rise in yields. How much further will it go? The Eurostoxx is strongest and most well structured rally. The UK Gilt the weakest. None are over yet.

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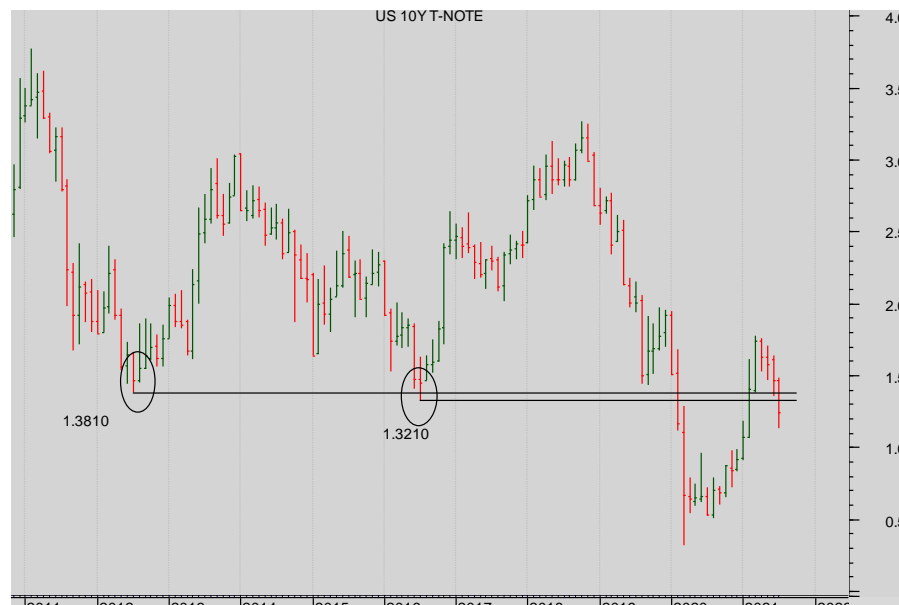
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Commodities

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IMPLIED ASSET ALLOCATION

Bonds: US Ten Year Notes (Yield)



US Ten Year Notes (Yield) monthly chart

Now the market drove back up **THROUGH** that powerful resistance above the market at 1.32/8.

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

More



Bonds: US Ten Year Notes (Yield)

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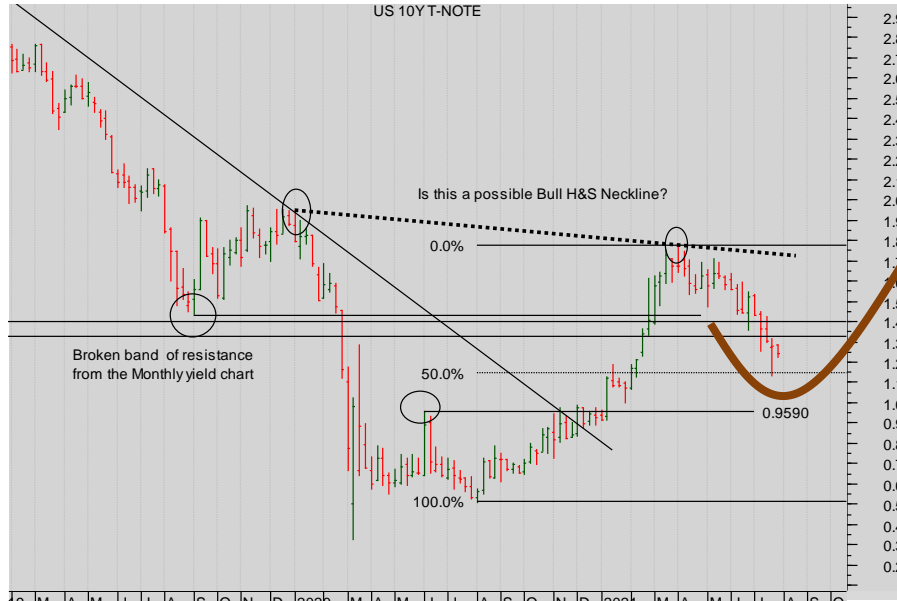
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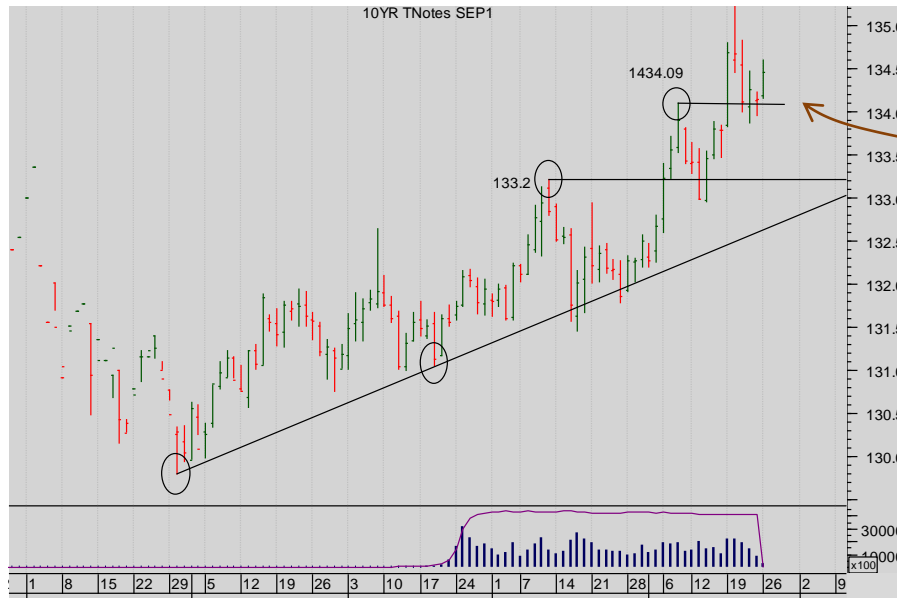
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US Ten Year Notes (Yield) weekly chart

? Note the retracement is a Fibonacci 50%

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

But **short term**, there is a **bull market in bonds**, **Prior Highs** are acting as good support and ratcheting the market higher and higher!





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IMPLIED ASSET ALLOCATION

Bonds: German Bund yield chart



Bund monthly yield chart

This was a major penetration but there was 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.

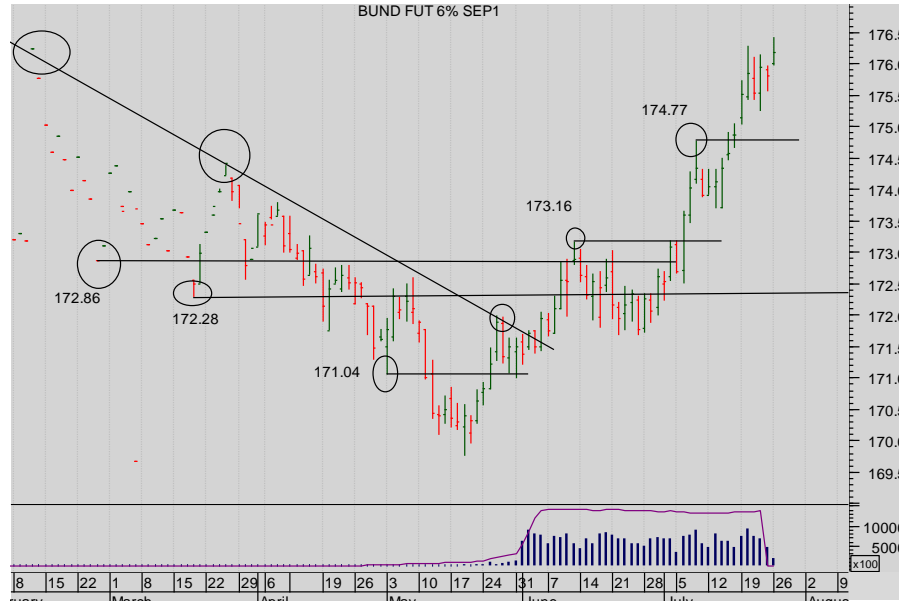
Note too that a Triple Bottom was completed. So we were yield bulls.

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

More



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.

Note weakness discernible there!

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IMPLIED ASSET ALLOCATION

Bonds: UK Gilt yield chart



Gilt monthly yield chart

The market long-term bear trend.

We attacked the diagonal downtrend resistance but so far without convincing success.



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



Bonds: UK Gilt yield chart



Gilt daily Futures Sep 21 chart

A short-term rally has developed, but be sure - rather less convincing than the TNote and the Bund.

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

We are excited by oil. The rally from the massive support from the Prior Highs in 2019 and 2020 has been sharp and impressive. There may be a massive bull H&S pattern influencing the market... Gold languishes without clear structure.

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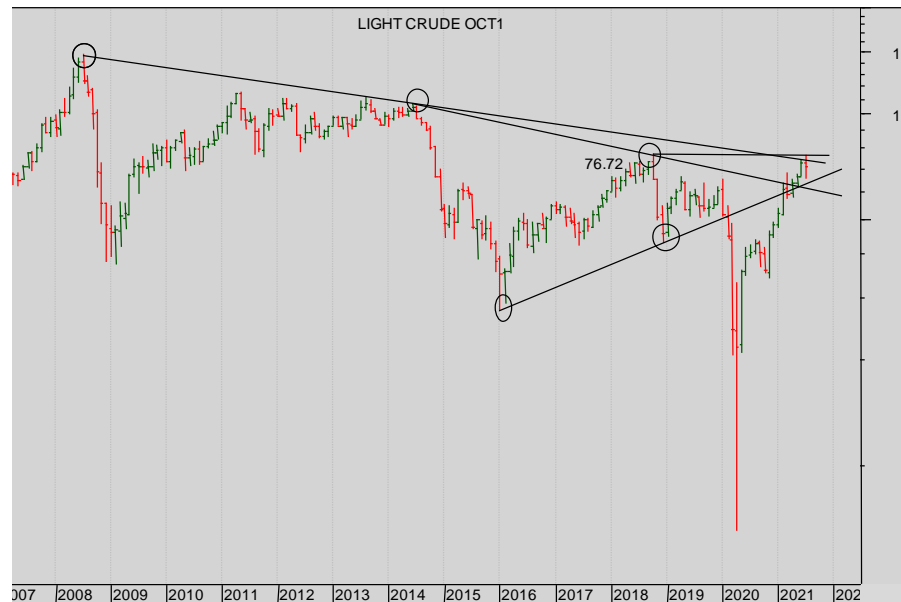
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Commodities: Nymex WTI Oil



Nymex oil quarterly continuation

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

The market has paused there.

More



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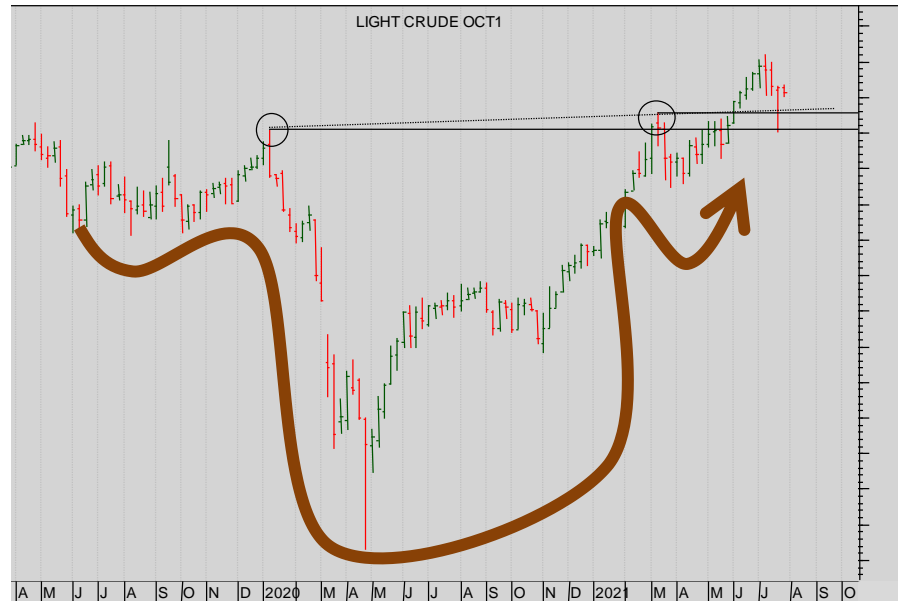
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Commodities: Nymex WTI Oil



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 support?



Nymex oil daily Sep 2021 futures

This bull continuation triangle completed

Watch the diagonal and horizontal supports carefully.

The bounce for the bull was rather convincing.



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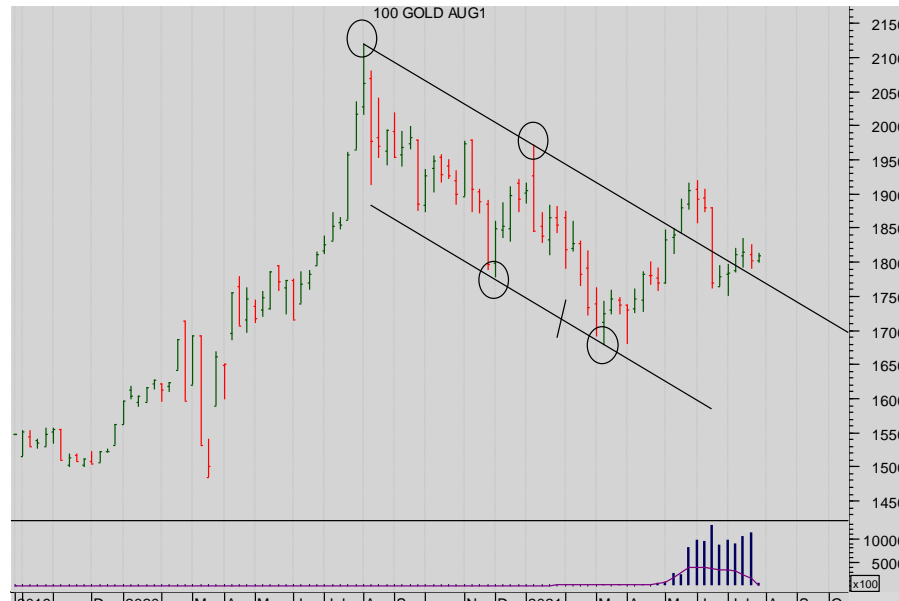
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IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



Nymex Gold Monthly

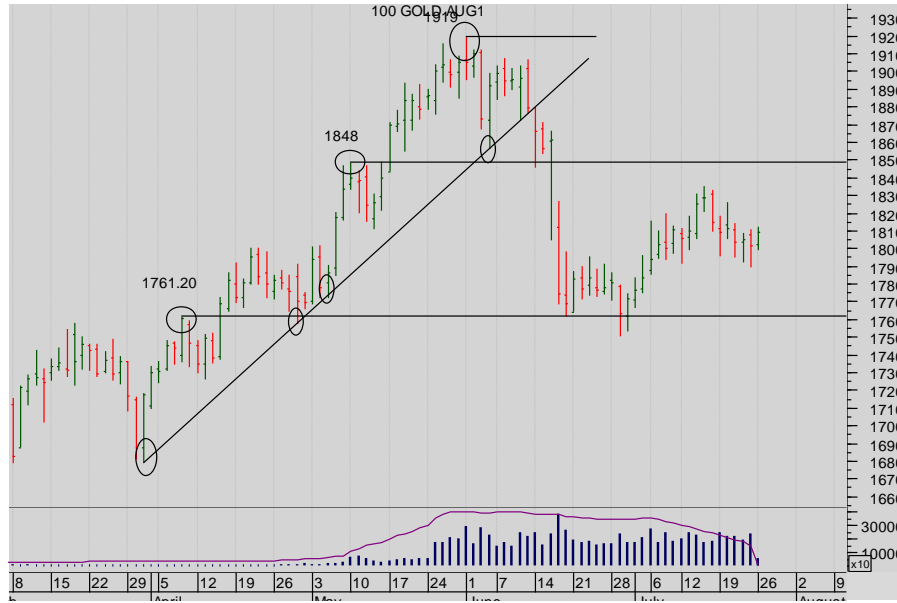
The dither at the Prior High was entirely predicatable.

Nymex Gold Oct 21 weekly

It's not clear.



Commodities: Comex Gold



Nymex Gold Aug 2021 Daily

It's not clear.

Stand back.

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