



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 1st September 2021

Mark Sturdy

Disclaimer

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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

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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 FLAT 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 **BULL**
Medium-term **BULL**

Short-term **BULL**
Short-term **BULL**
Short-term FLAT
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 FLAT
Long-term FLAT

Medium-term FLAT
Medium-term **BULL**

Short-term **BEAR**
Short-term **BULL**

IMPLIED ASSET ALLOCATION

More



Currencies: Dollar Euro

CURRENCIES:

The Dollar's opportunity to rally hard against the Euro has not yet come to fruition. The weekly pattern we spotted may not have worked. So to with the Yen. In short the currency markets are dull. Stand back.

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Dollar Euro monthly cash chart

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

1. As a result, 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



Currencies: Dollar Euro

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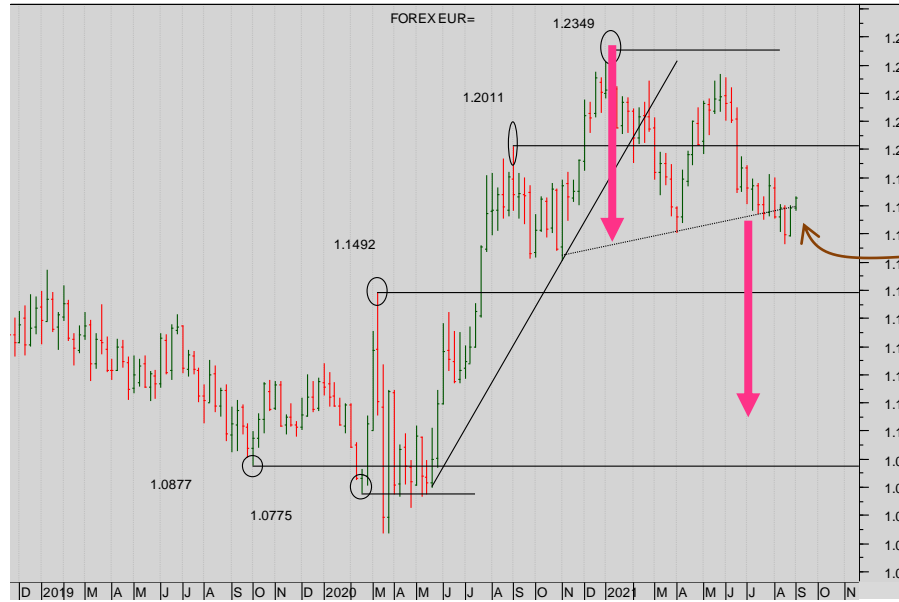
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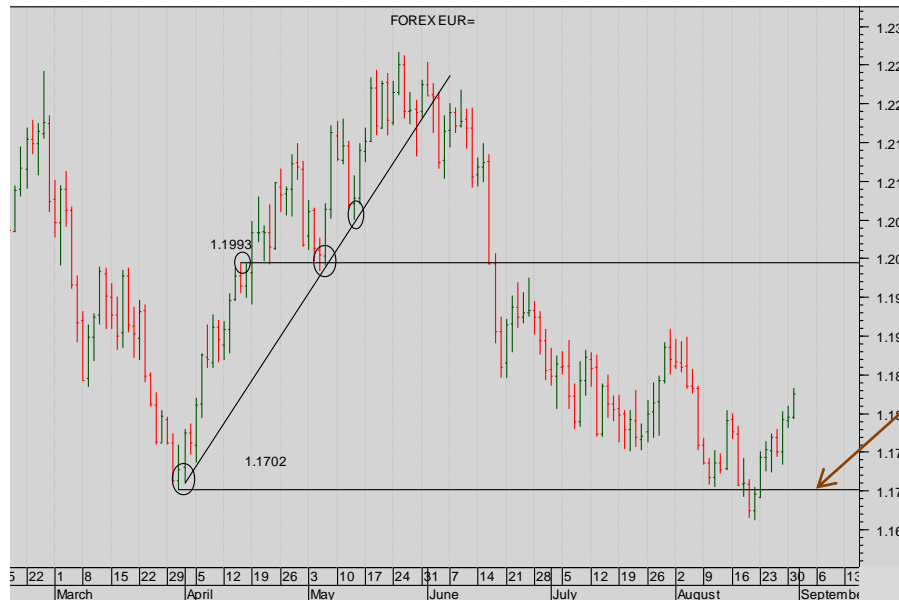
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Dollar Euro weekly spot cash chart

Medium-term, this looked like a H&S top... minimum move? Down as far as 1.11 minimum.

But the market is not behaving accordingly unless this week closes emphatically beneath the possible Neckline.



Dollar Euro spot cash chart daily chart...

But the short-term trigger for selling the Euro should be a breakdown through the Prior Low of 1.1702 in the day chart.

Wait for that.



Currencies: Dollar Sterling

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IMPLIED ASSET ALLOCATION



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 .

That has been **achieved**.

Note well that a break of 1.42 would complete a Double Bottom reversal and **send the market higher still**. **BUT FOR THE MOMENT THE RESISTANCE THERE IS INTACT**

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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...

The bull sterling stance only fails if that 1.35 Neckline fails...



Dollar Sterling daily spot cash chart

Watch the trading range.



Currencies: Dollar Yen

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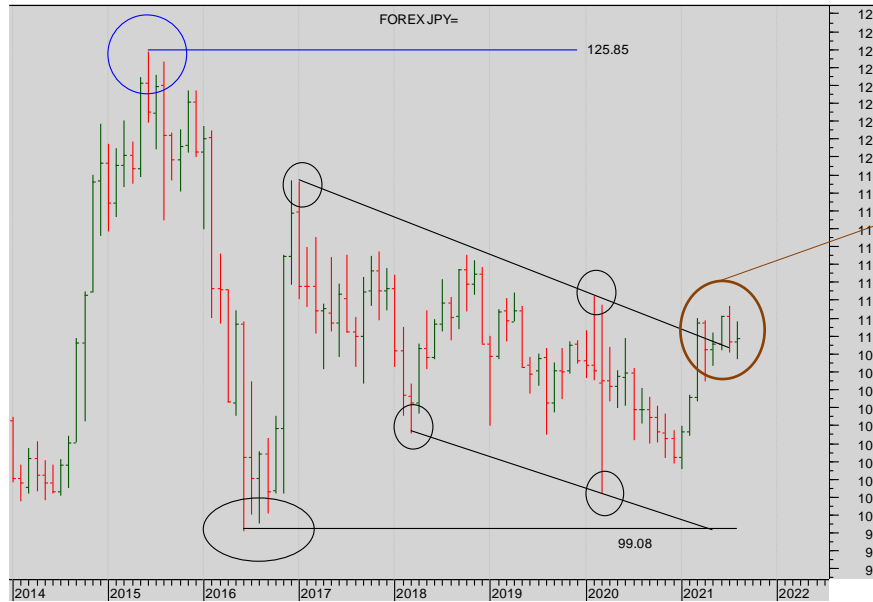
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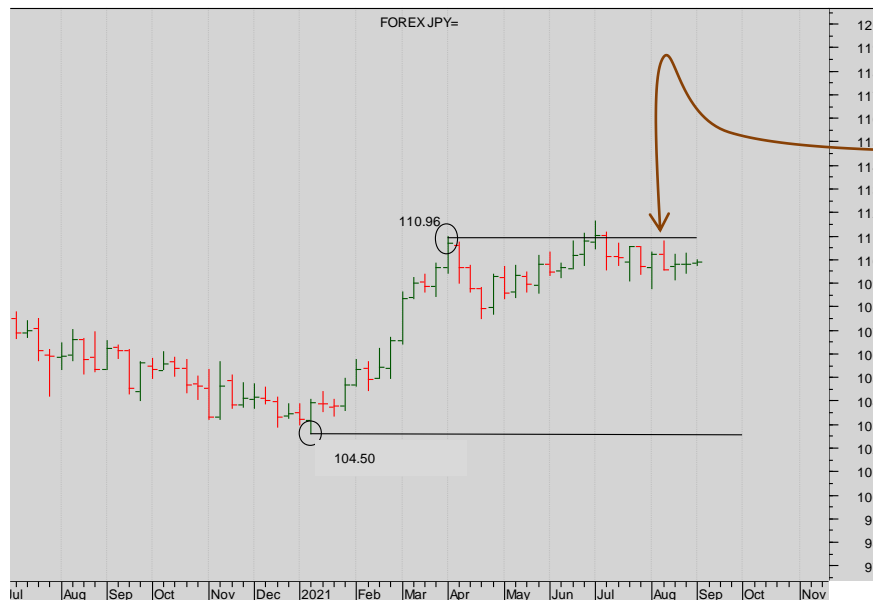
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Dollar Yen monthly spot cash chart

The bull falling wedge COMPLETED?

The Dollar bulls had a completion of the wedge to gain momentum **but the market is dithering still.**
- it's unclear.



Dollar Yen weekly spot cash chart

Not clear, stand back!
A successful push beyond the 110.96 High is a prerequisite for the monthly chart to get going and confirm a completed bull wedge.

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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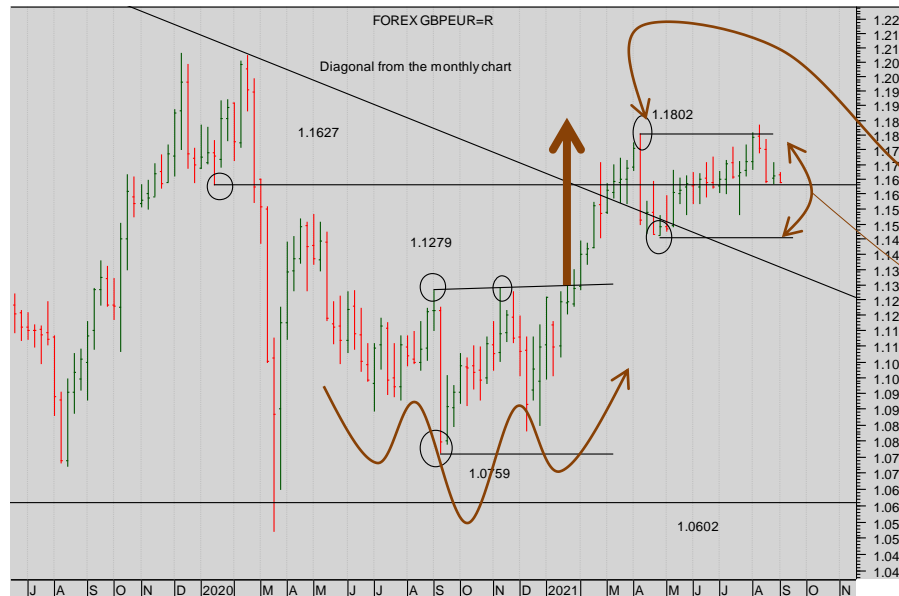
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Sterling Euro monthly spot cash chart

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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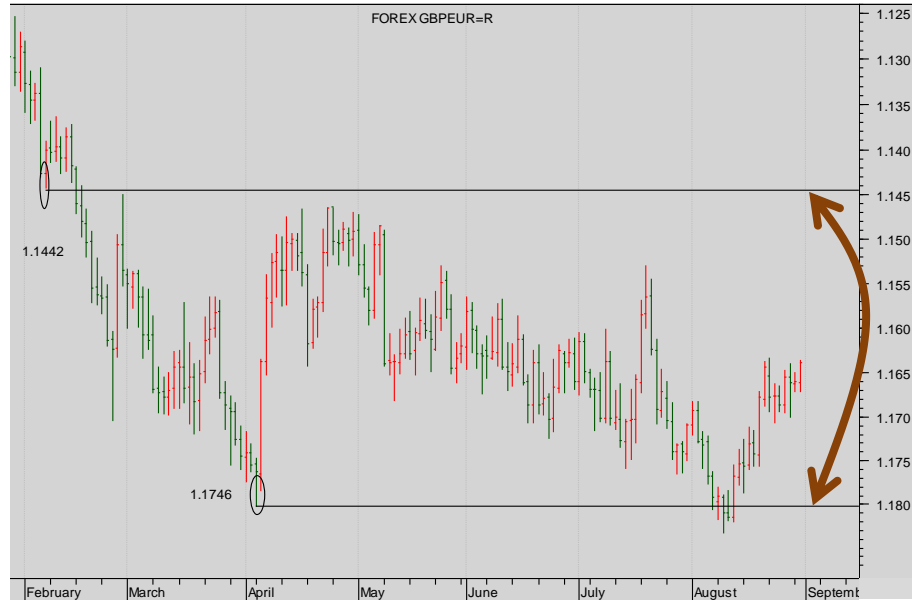
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Commodities

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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:

The bull market in the USA roars on. Europe too looks good. FTSE remains reluctant. And the Nikkei is totally lacklustre. There are signs, only emergent ones, that the price bullishness of these markets may be waning. Look closely at the day charts in each case.



CME S&P 500 monthly cont. futures chart

The market has driven above the Old high of 3397 – so 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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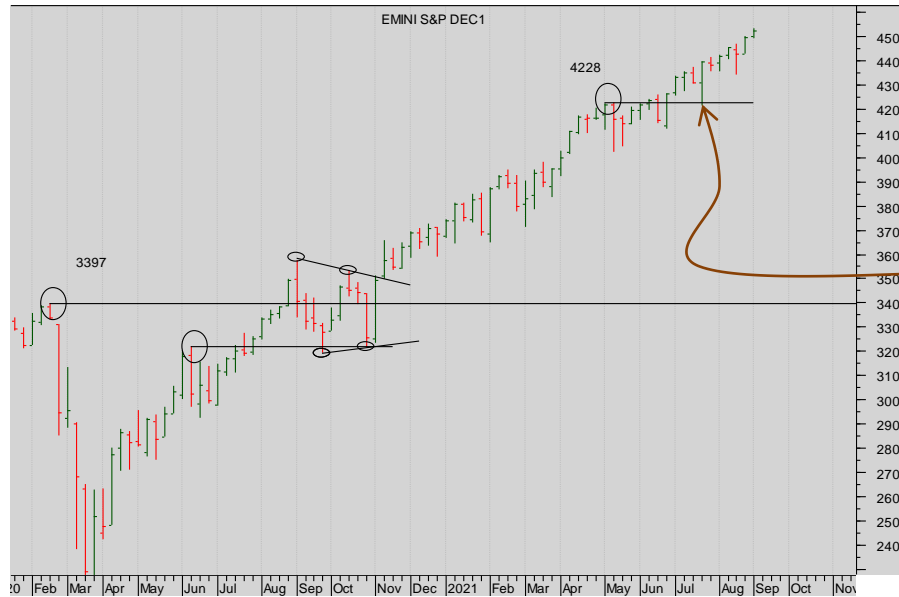
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Commodities

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IMPLIED ASSET ALLOCATION

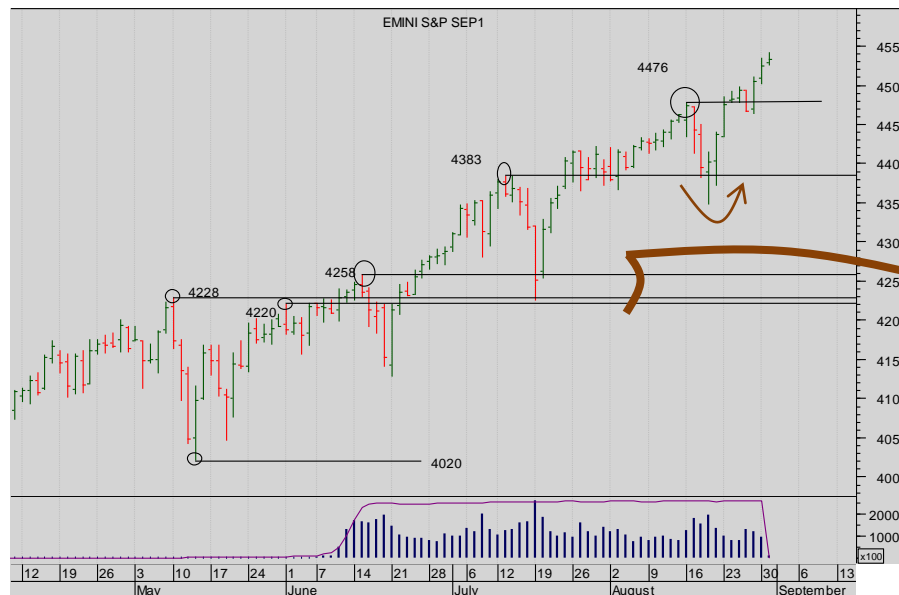


CME S&P 500 cont. weekly cont. chart

The weekly Key Reversal was a **false signal**.

And note the recent bounce off the Prior High of 4228.

The market looks well set-up.



CME S&P 500 daily Sep 2021 chart

Note the very recent breakup through and then bounce off the Prior Highs now **underpins the market**.

This bounce was very bullish.

More



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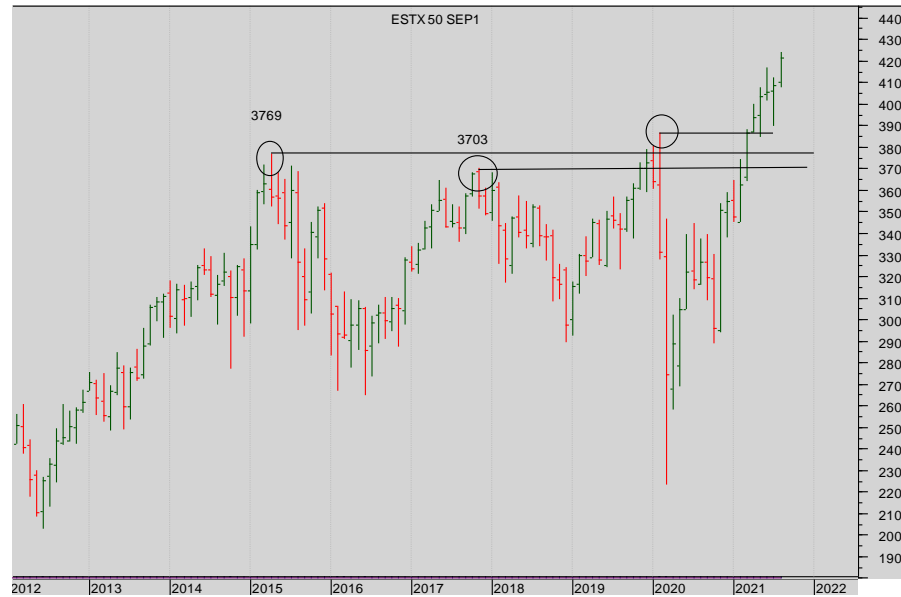
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Commodities

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- + Gold

IMPLIED ASSET ALLOCATION

Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 monthly continuation futures chart

The market has now broken out
Note the most recent 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

First obvious support at 3868 from which the market has bounced twice.

It's very bullish.

More



Stocks: Eurex EuroStoxx 50

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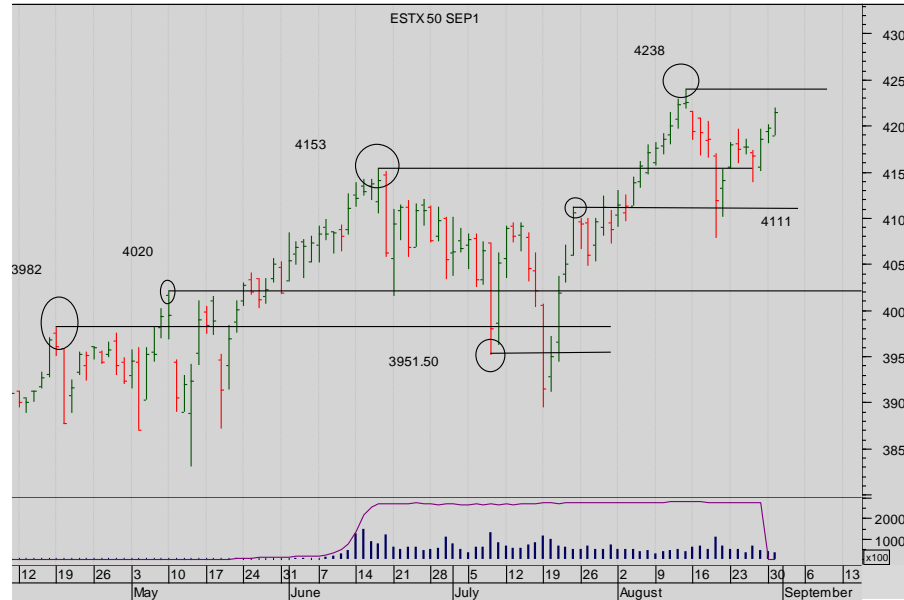
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Commodities

- + Oil
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IMPLIED ASSET ALLOCATION



Eurex EuroStoxx 50 daily Sep 21 futures chart

This is more complex: the attempt in July to break down failed. But the prior highs are not powerfully structuring the market. There is a good deal of price volatility which means it is not easy to time the entry and exit to markets.



Stocks: Liffe FTSE 100

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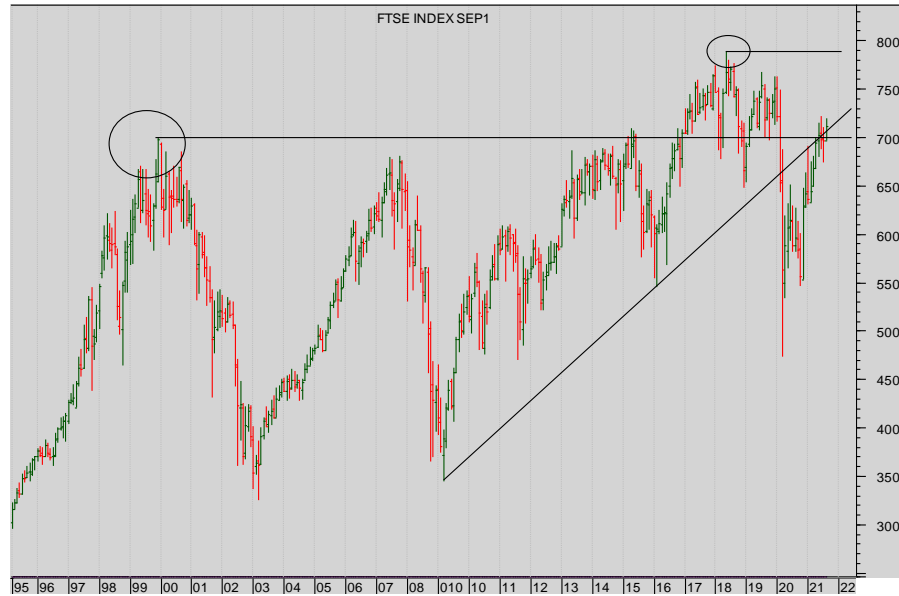
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Commodities

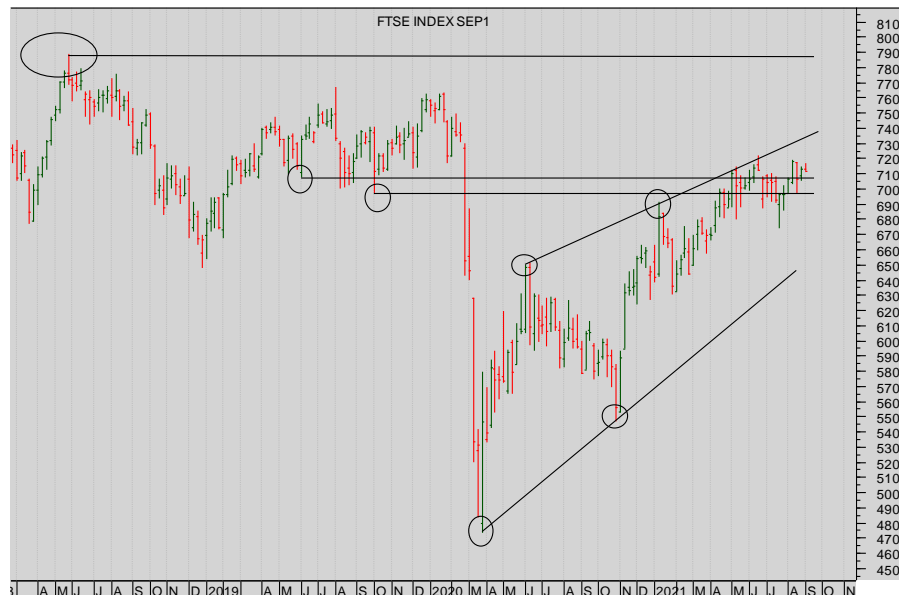
- + Oil
- + Gold

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 has re-penetrated the band of resistance from the Prior Lows.

The bulls are poised to break through the recent Prior High at about 7200. BUT THEY HAVEN'T DONE IT YET.

Look more closely.





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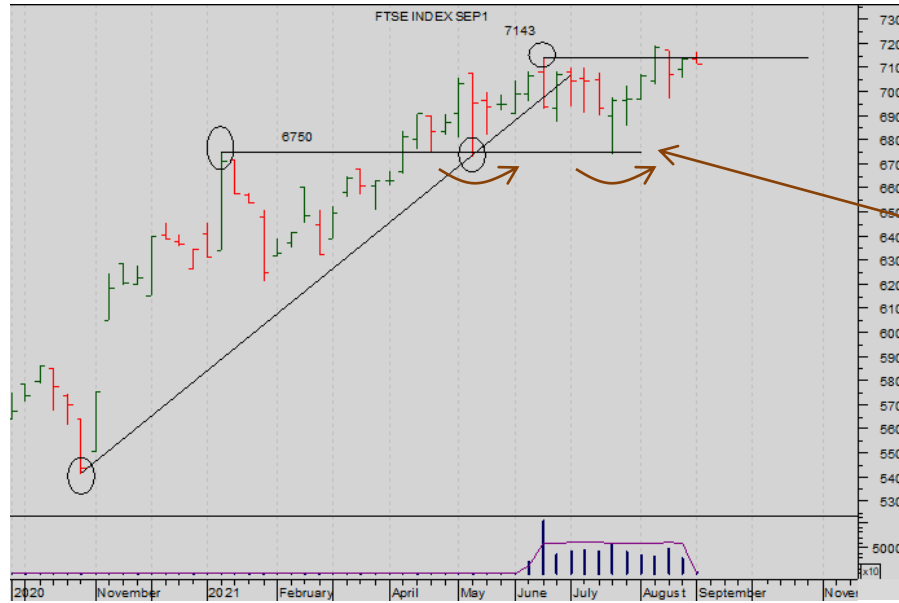
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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Stocks: Liffe FTSE 100



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

This looks good - the successive bounces off the 6750 Prior High are very **impressive** AND **BULLISH**.



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

Note that in this short-term day chart, the push beneath the Prior Lows was not sustained.

The bounce up through the band of resistance from those lows was **impressive!**

But the market has not established itself above 7143. Wait for a confirmed break of the 7143 High.



Stocks: OSE Nikkei 225

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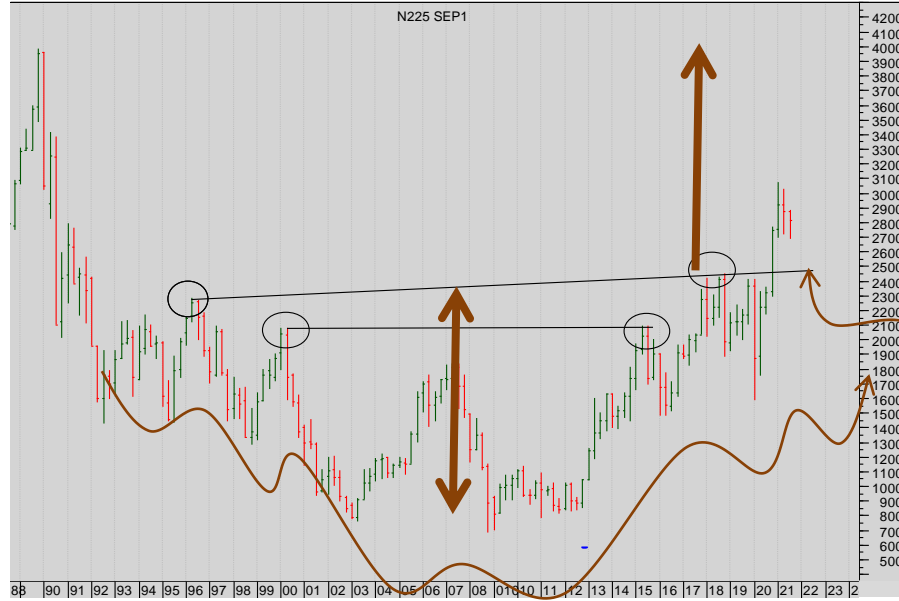
Bonds

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

Commodities

- + Oil
- + Gold

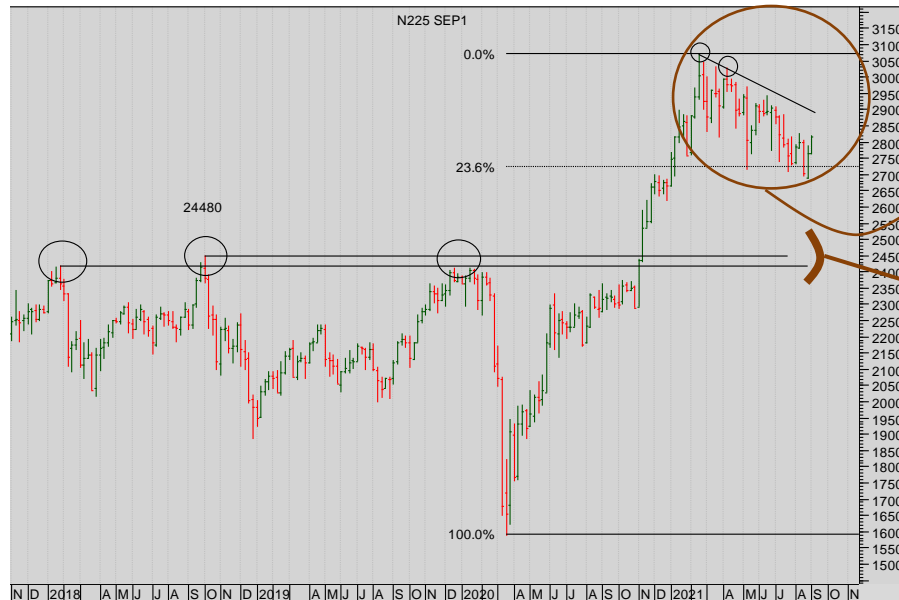
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Nikkei 225 chart (Quarterly)

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 and pull-back since the beginning of the year is marked but does not reveal a clear reversal!

First important support at 24480

Look closer.





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Commodities

- + Oil
- + Gold

IMPLIED ASSET ALLOCATION

Stocks: OSE Nikkei 225



Nikkei 225 chart Daily Sep 2021.

It's not clear.

Wait for a break of the range.



Bonds

BONDS:

We remain price bulls and yield bears of these markets - the short-term price charts are especially clear.

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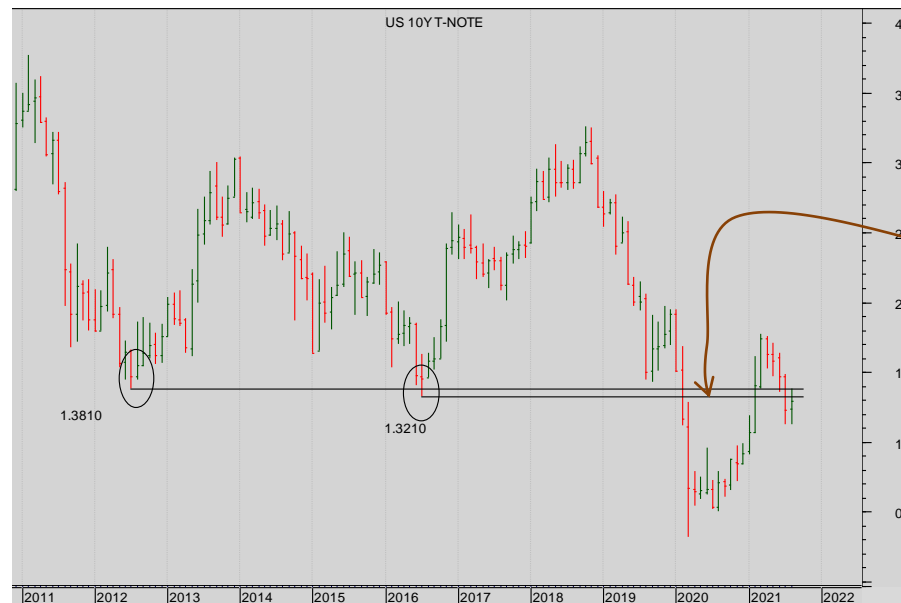
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IMPLIED ASSET ALLOCATION

Bonds: US Ten Year Notes (Yield)



US Ten Year Notes (Yield) monthly chart

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

But the retracement back through that same level robs the chart of clarity

More



Bonds: US Ten Year Notes (Yield)

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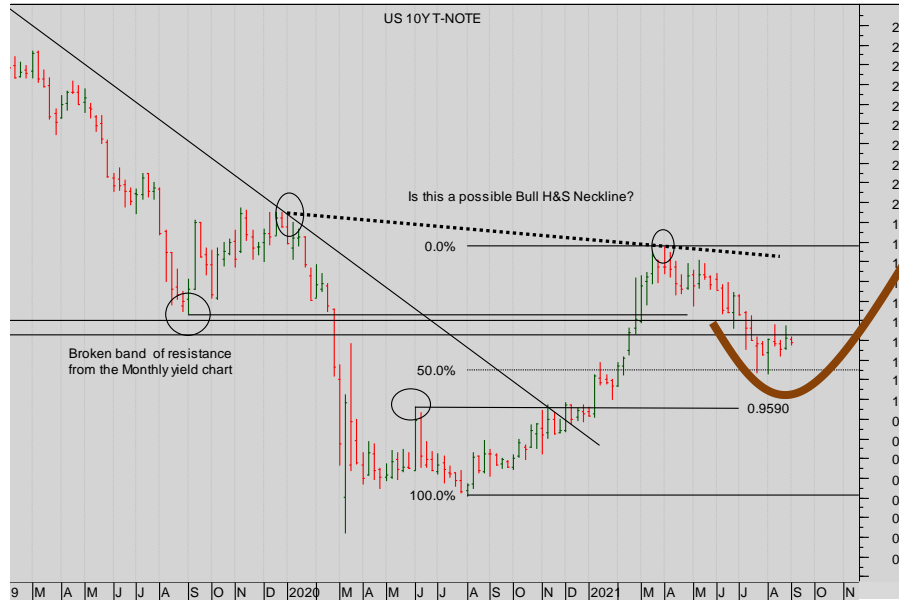
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US Ten Year Notes (Yield) weekly chart

? Note the retracement is to a Fibonacci 50% support from which the market has bounced.

Might that be the support that builds a 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 still a bull market in bonds, 133.20 Prior High looked to be important support ...

But more important still is the diagonal ...





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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.

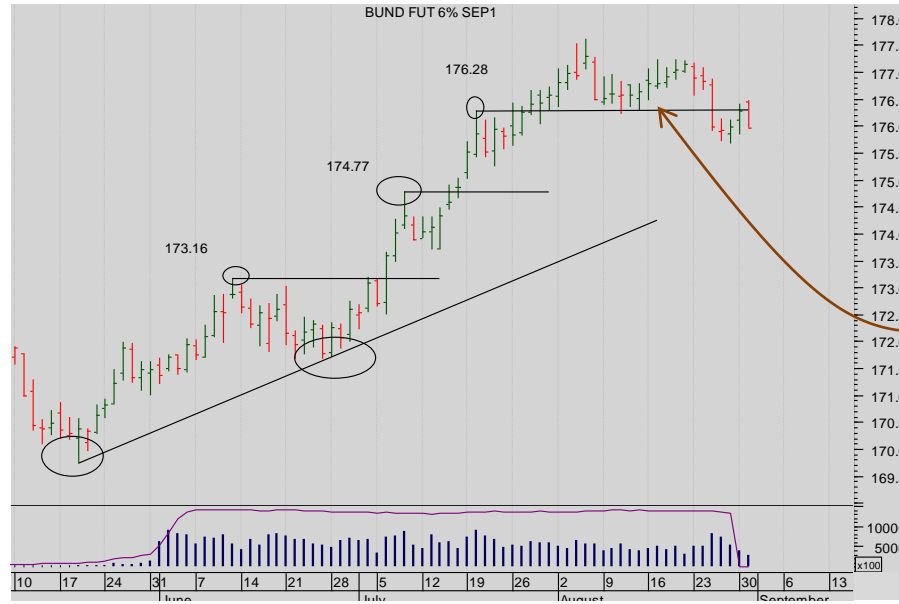
But now looks closely at the pull back - through Prior High support, back into a parallel trading range.

Stand back.

More



Bonds: German Bund yield chart



Bund daily Sep 21 **futures** price chart

The Bund price has developed a strong rally.

But now the 176.28 level has been breached...some weakness looks as if it is setting in.

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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 for the Yield bulls or Price bears to get hold of. (yet note the slight pause at the gap support ...)

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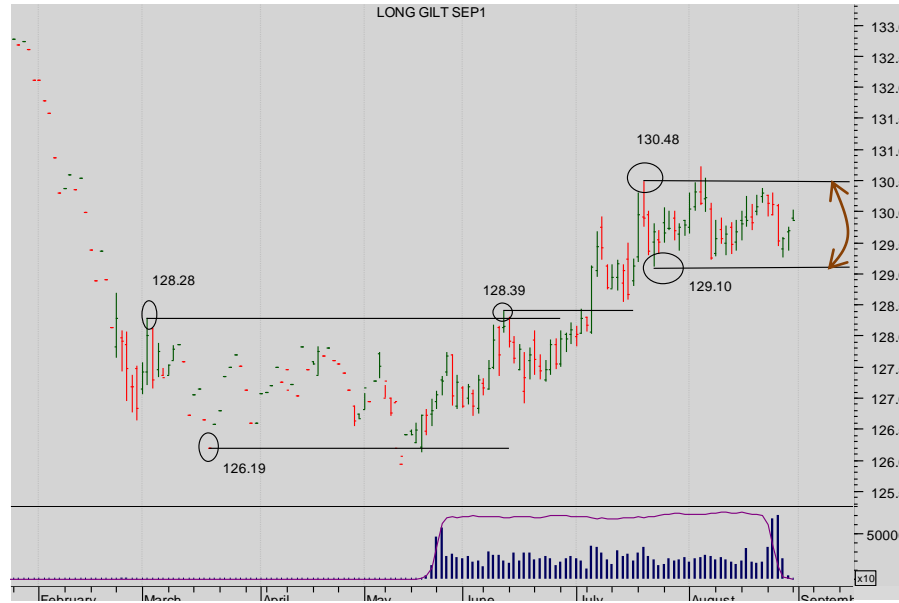
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Bonds: UK Gilt yield chart



Gilt daily Futures Sep 21 chart

Since May a short-term Price rally has developed, to be sure - but rather less convincing than the TNote and the Bund.

It's not clear.

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IMPLIED ASSET ALLOCATION



Commodity

COMMODITIES:

We are excited by Oil and Gold and on the brink of buying both. Oil needs to confirm the breaking of a long-term resistance in the month chart (which it surely will, energised by both weekly and daily bull Key Reversals) and the Gold needs medium-term encouragement of a push up through 1850 where a bear trend diagonal resistance would be broken. This it surely will too, energised by the double bounce of Prior Highs, and a break of a diagonal resistance in the day chart.

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Commodities: Nymex WTI Oil



Nymex oil quarterly continuation

Watch the approach to:

- (1) the falling diagonal above the market.
- (2) The Prior High at 76.72

The market has paused there.

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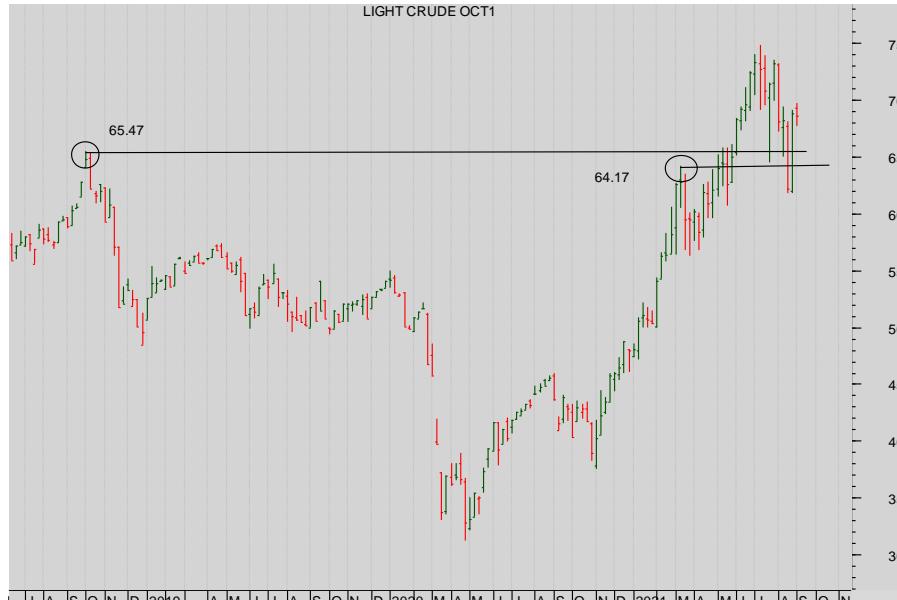
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Commodities: Nymex WTI Oil



Nymex oil weekly Oct 2021

The market's retracement has bounced off the substantial band of support from the two Prior Highs around 65.

This is massively bullish.

Note too that the bounce created a **Weekly Key Reversal**.

Nymex oil daily Oct 2021 futures

That bounce in greater detail shows that there is a day key reversal in place too. **ANOTHER POWERFUL BULL INDICATOR.**



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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

The support from the Prior High is impressive AND LOOKS TO HAVE UNDERPINNED THE MARKET
This is bullish.



Commodities: Comex Gold

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IMPLIED ASSET ALLOCATION



Nymex Gold Aug 2021 Daily

And this too, though not a perfectly completed parallel flag pattern, (nonetheless still a triple bounce of a single level and the break of a falling diagonal) is exciting for the bulls...



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

Bonds

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

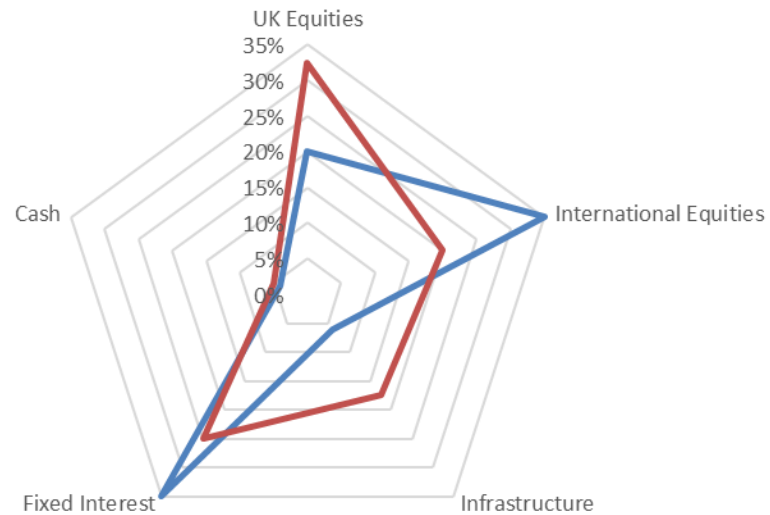
Commodities

- + Oil
- + Gold

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



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