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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 30th November 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 **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 FLAT Euro

Short-term **BEAR** Euro
Short-term **BEAR** Sterling
Short-term FLAT 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 FLAT
Short-term FLAT
Short-term FLAT

Bonds

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

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

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

Short-term FLAT
Short-term **BEAR**
Short-term FLAT

Commodities

- + Oil
- + Gold

Long-term **BULL**
Long-term **BULL**

Medium-term FLAT
Medium-term FLAT

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

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Currencies: Dollar Euro

CURRENCIES:

The strengthening Dollar scenario remains in place in the long and medium term, but the short term picture was shaken by a sharp rally in the currencies at the end of last week. The Yen was most affected by short-covering (yet staying within a medium-term trading range) and the Sterling least affected.

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Dollar Euro monthly spot cash chart

These powerful horizontal resistances have repelled the Euro bulls

1. There can be no convincing weakening Dollar trend in place until there's a break up through 1.24.
2. On the contrary, **the market has completed a small top...it's bearish**
3. look closer

More



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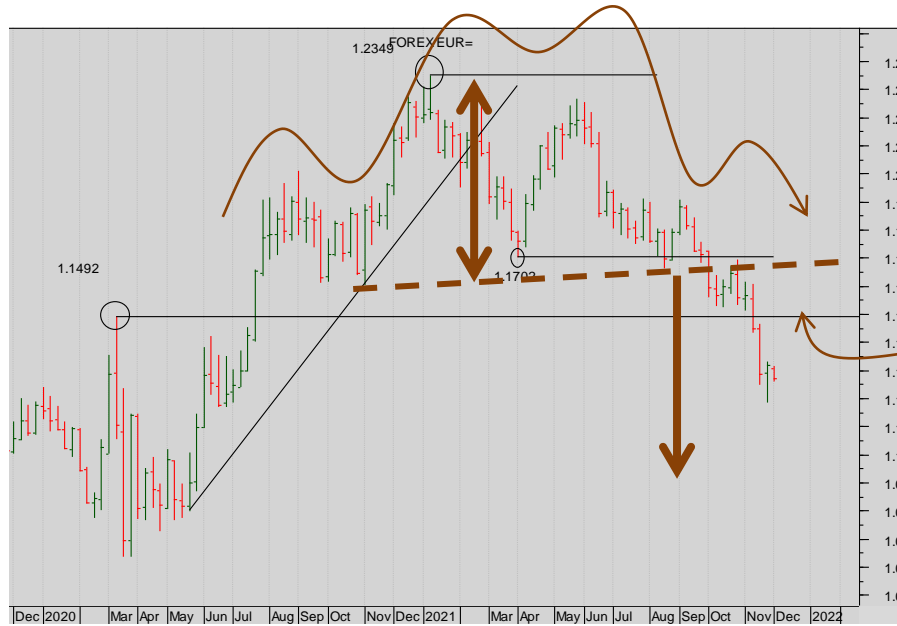
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Currencies: Dollar Euro



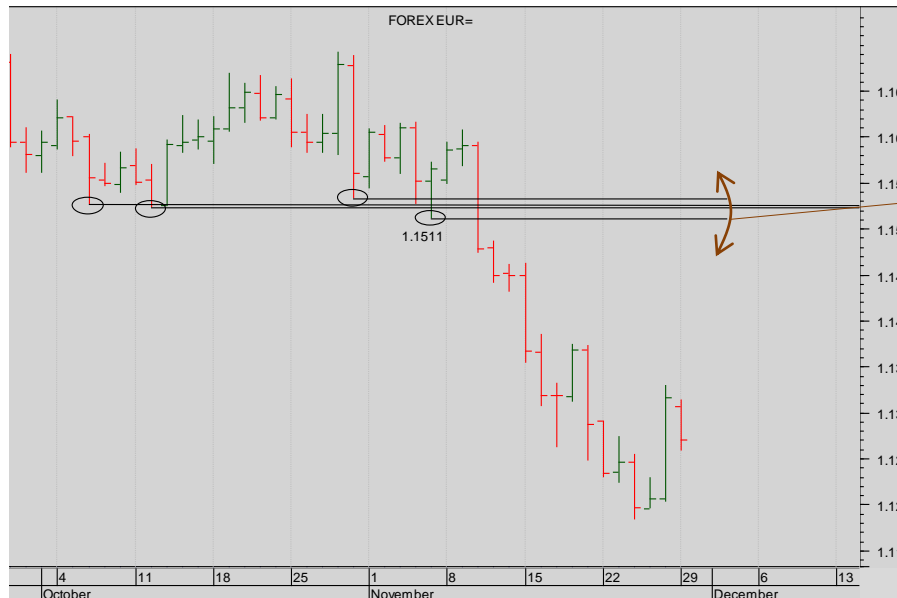
Dollar Euro weekly spot cash chart

Medium-term, this looks like a **COMPLETED Bear Double Top** (or a completed H&S Top)

A confirmed push down beneath 1.1492 was required and achieved for the bears to be confident.

Minimum move? **Down to 1.10 or so.**

The Dollar bulls are in charge.



Dollar Euro spot cash chart daily chart...

That band 1.1702-1.1662 would be crucial resistance on any bounce.

But there is no bounce.

The Euro bears are in charge.



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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 marketremain intact

Look closer at the small top in place



Dollar Sterling Monthly spot cash LINE CHART based on closes

This shows even more clearly that the overhead resistance is clearly intact and the market is recoiling from it.

The market is breaking down through the Neckline of the Double Headed H&S Reversal pattern beneath the market...

Has it broken down through it? NOT CLEAR (remember this is a monthly line chart.)

Look closer.

More



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Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

A closer look:

Now note the testing of the horizontal support at 1.3482 .

The now confirmed break of that 1.3482 has sent sterling down more sharply still.

The MEDIUM-TERM bears are in charge.



Dollar Sterling daily spot cash chart

It's not clear short-term.

Stand back short-term.

CONFIRMED break of the recent lows 1.3410.

But interesting that the diagonal has been supportive...



Currencies: Dollar Yen

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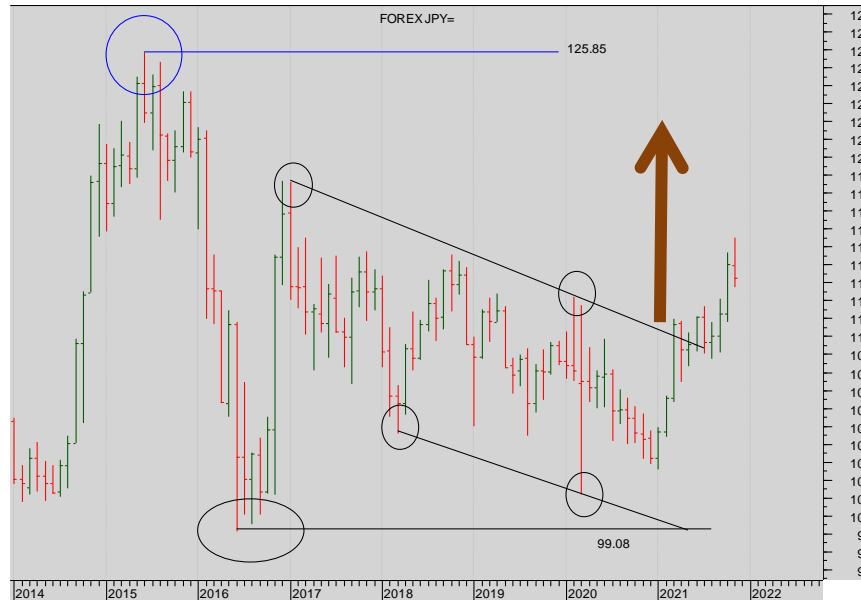
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Dollar Yen monthly spot cash chart

The bull falling wedge continuation pattern COMPLETED.

The Dollar bulls have a completion of the wedge to gain momentum – and now its clarified.

The Yen is going weaker.



Dollar Yen weekly spot cash chart

This push above the range (and additionally the completion of a bull rising wedge) is what has unambiguously confirmed the completed bull wedge above.

It's clear now AND BULLISH.

But, equally, the minimum target is not far away so there is limited momentum.

More



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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Short term there's a trading range ...

First support on a pull-back 112 and below.



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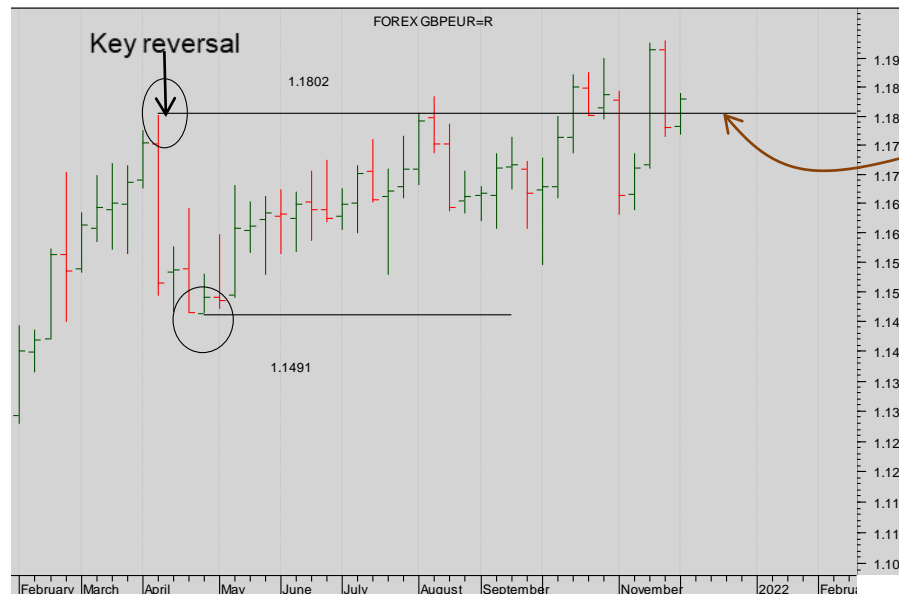
Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The market remains in the broad trading range.

Note the Key Reversal at the beginning of 2020 was unable to break the trading range (tho' it did drive the market to the bottom of the range.)



Sterling Euro weekly spot cash chart

The near term range had a false break.

Stand back. And wait for a convincing break of the monthly range at 1.2041. See above.

More



Currencies: Sterling Euro

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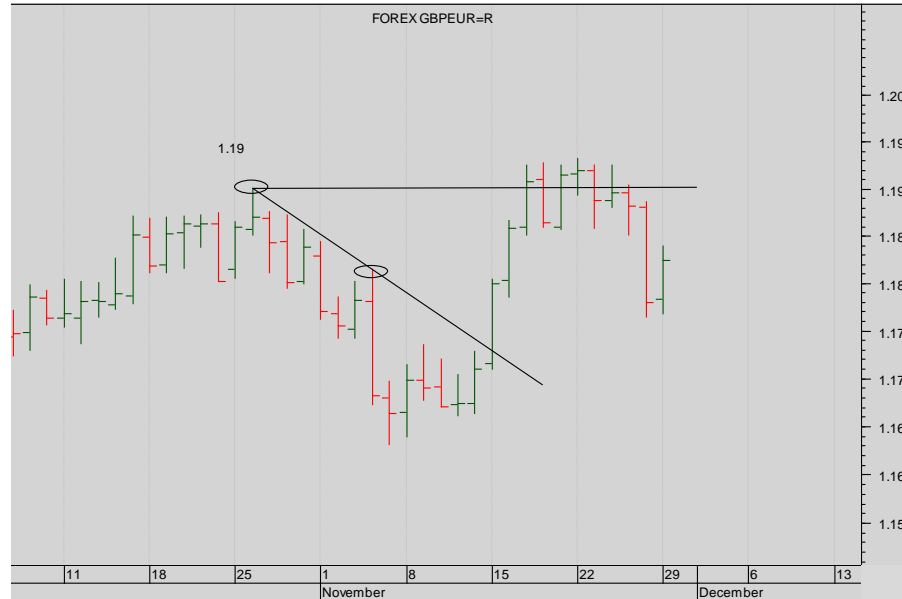
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Sterling Euro daily spot cash chart

Short-term wait for a convincing break of the Prior High at 1.19.



Stocks: CME S&P

STOCKS: There was sharp profit-taking in the US particularly at the end of the week, important to note too that there are a number of Key Reversals in play as a result. Expect and study a close approach of the market to the important horizontal supports we have emphasised. FTSE was worst hit by the sell-off and has been left most vulnerable. Note that the Nikkei remains within a longstanding trading range.

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CME S&P 500 monthly cont. futures chart

The market drove above the Old high of 3397 – beginning the next bull leg.

First powerful support now at 3397.50

More



Stocks: CME S&P 500

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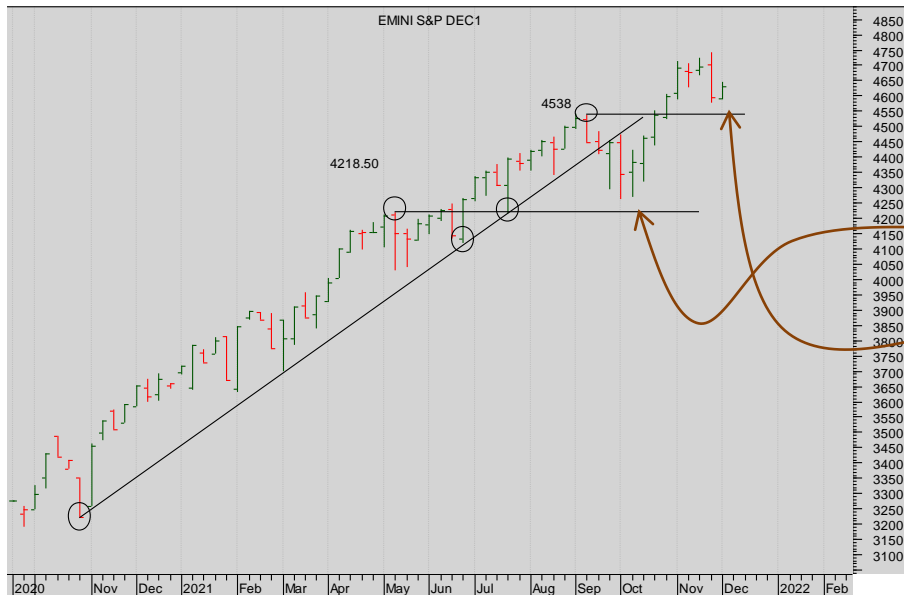
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IMPLIED ASSET ALLOCATION



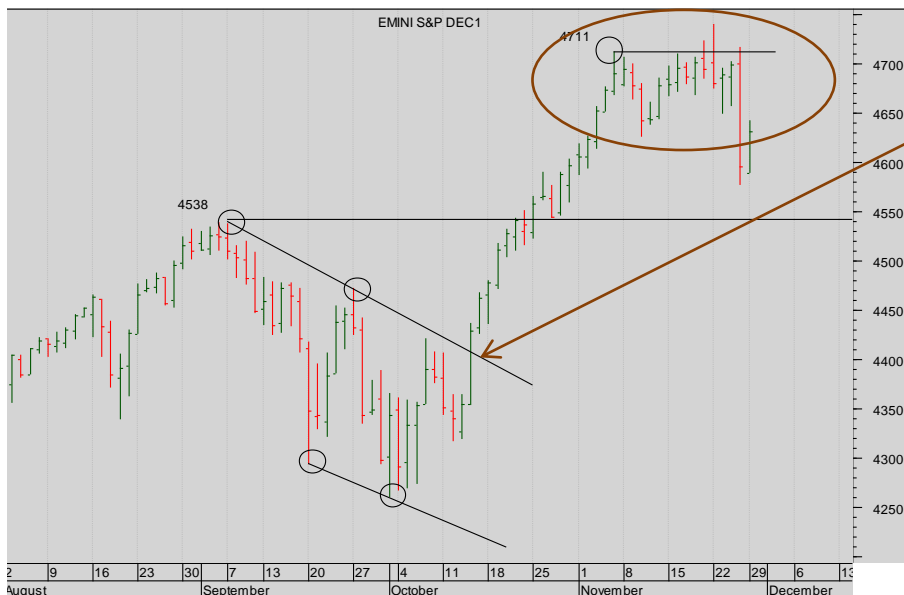
CME S&P 500 cont. weekly cont. chart

Note the recent bounce off the Prior High of 4218.

Now the Prior High pivot at 4538 has been surpassed.

The bulls are on the march!

Was that a Key Reversal last week?



CME S&P 500 daily Dec 2021 chart

The market bounced after the bull falling wedge completed.

The failed attempt to break above the Prior High at 4711 (NB Day Key Reversal) was emphatic on Friday (not quite but almost another Day Key Reversal) looks ominous.

It's a weak Double Top

We are bearish short-term. But there is important support close by at 4538....

More



Stocks: Eurex EuroStoxx 50

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Eurex EuroStoxx 50 monthly continuation futures chart

The market is establishing itself above the succession of Prior Highs, so a powerful platform of support has been built from which the market is trying to go higher.



Eurex EuroStoxx 50 weekly Dec 21 futures chart

There was no appetite for selling in September and October.

But note the failed break above the Prior High at 4223 and the emphatic selling of last week....

A retest of both the horizontal support and the diagonal support beneath the market is likely....

More



Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Dec 21 futures chart

The sell off through the Support from the Prior Highs 4210 and 4223 is clear. The market is vulnerable to further selling.

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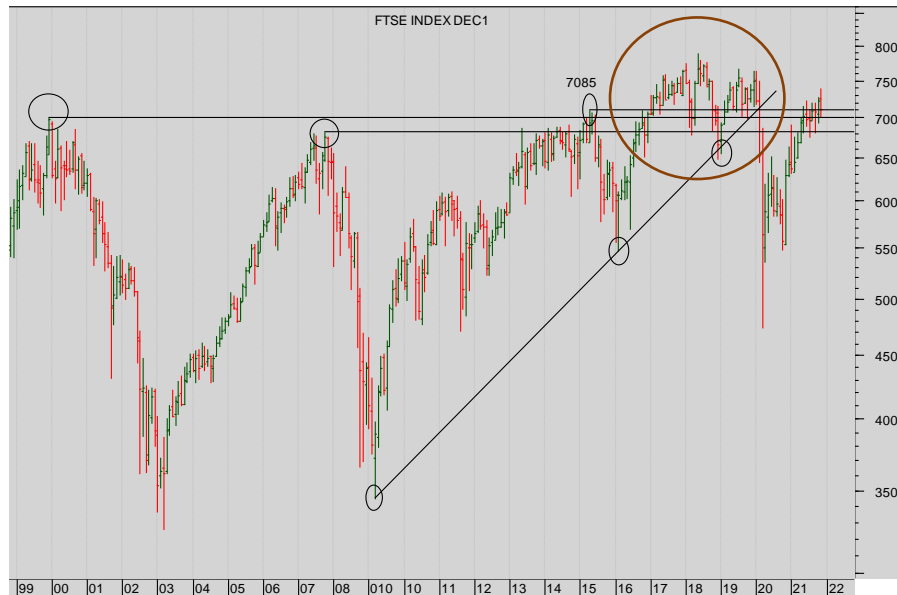
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Commodities

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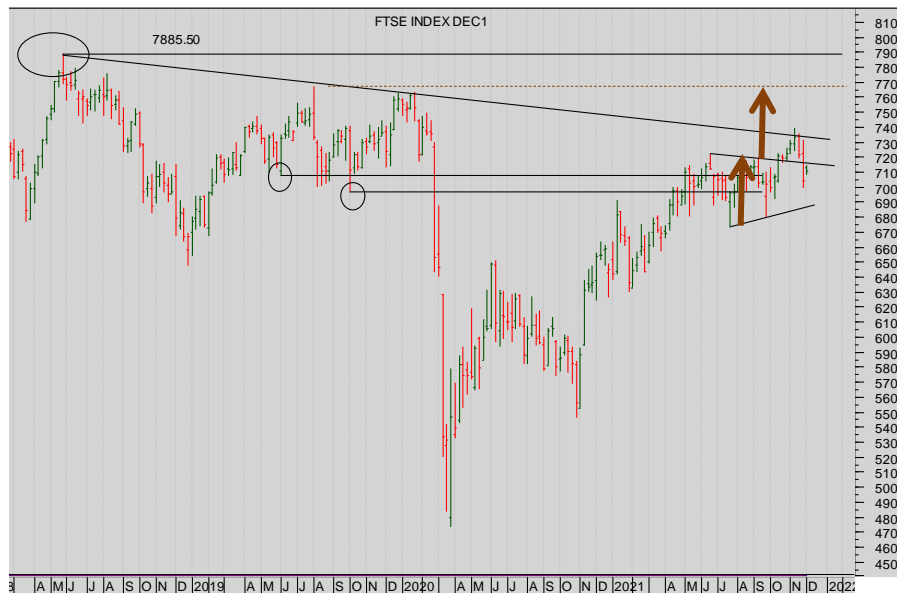
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Stocks: Liffe FTSE 100



Liffe FTSE 100 Monthly continuation futures chart

The market is penetrating into the massive overhead resistance above the market beginning at 6475 ...



Liffe FTSE 100 Weekly cont. futures chart

That's a bull triangle that has completed that has failed./

While there is no clear breakdown, the market looks uncertain.

Stand aside.

More



Stocks: Liffe FTSE 100

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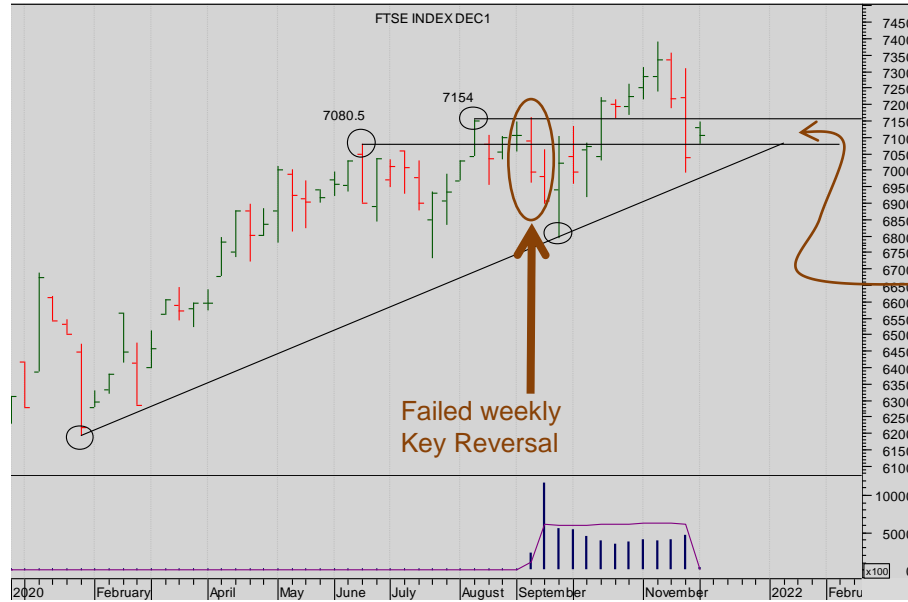
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Commodities

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Liffe FTSE 100 DEC 21 weekly futures chart

An important bull break has FAILED.

Band of support on any pull-back 7154 - 7080 HAS BROKEN.



Liffe FTSE 100 Dec 21 daily futures chart

The market smashed up through the Prior Highs. It looked well set.

But now has smashed the support at the band 7154-60.

The diagonal support is in place still, but looks likely to be tested..



Stocks: OSE Nikkei 225

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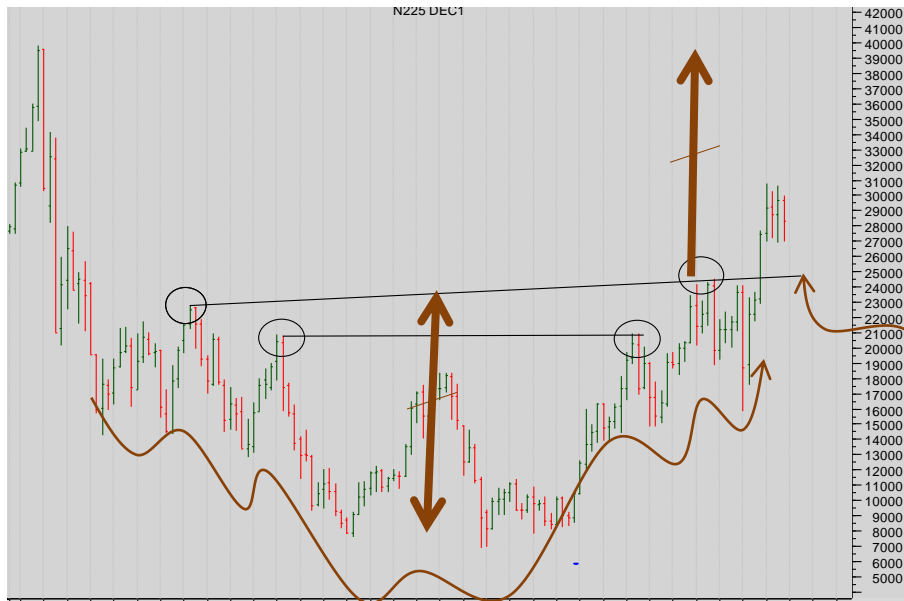
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Commodities

- + Oil
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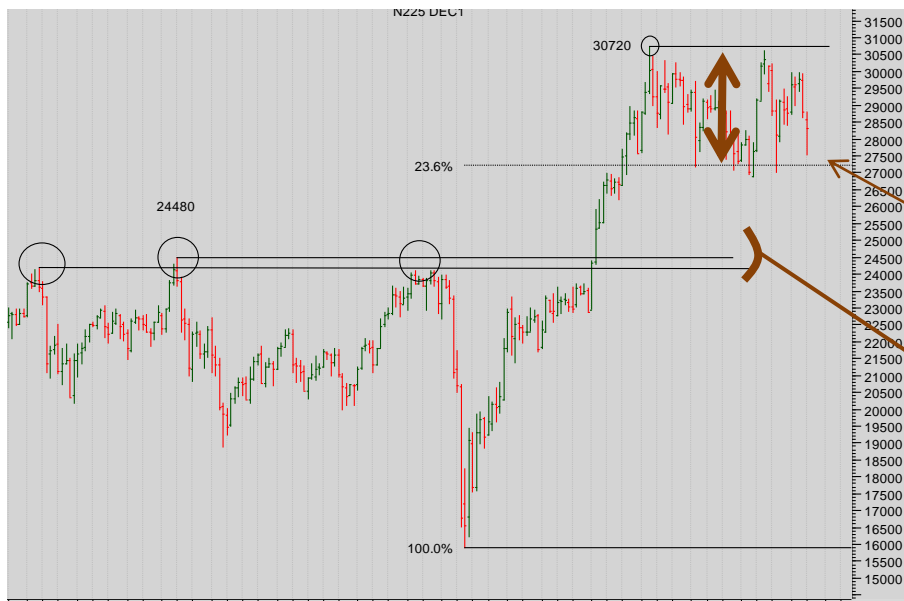
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Nikkei 225 chart (Quarterly)

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 continuation)

The fierce retracement was disappointing for the bulls but **didn't break the range.**

First important support at 24480

More



Stocks: OSE Nikkei 225



**Nikkei 225 chart Daily
Dec 2021.**

That push through 30000
was not confirmed.

Watch the range.

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IMPLIED ASSET ALLOCATION



Bonds

BONDS: We are doubtful about higher yields any time soon. The clearest and most powerful pattern in the bond markets, in the UK Gilts, has been smashed by the volatility at the end of the week. There weren't such clear structures in the other markets so they remain confused.

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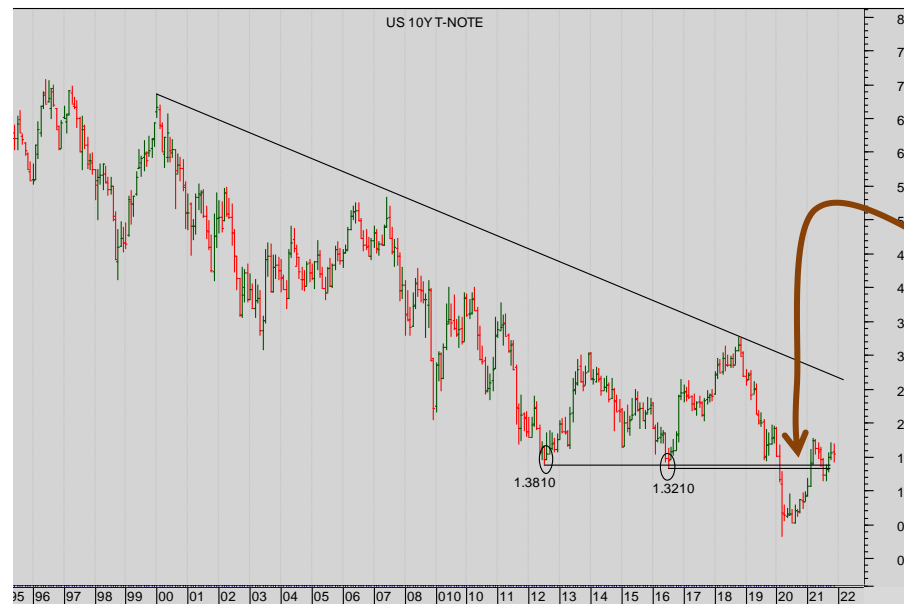
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Commodities

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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.

More



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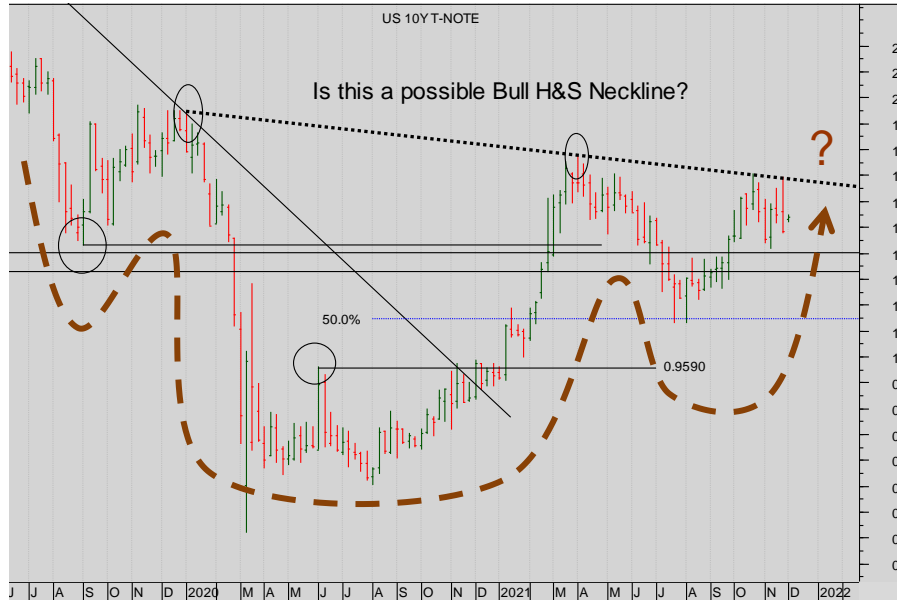
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Bonds: US Ten Year Notes (Yield)



US Ten Year Notes (Yield) weekly chart

Note the retracement was 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. ...

Wait for a break of the Neckline!



US Ten Year Notes Dec 2021 Futures price daily chart

Short term, there is clear bear market in bonds, the 132.57 Prior High **WAS SMASHED**

But the breakdown through the lows at 130 has failed, so

Stand Back.

More



Bonds: German Bund yield chart



Bund monthly yield chart

There is a **break of resistance** at 0.204 - that level was broken and closed above last month.

Watch now for the close of this month to see if the break is sustained.

And a possible MONTHLY Key Reversal created?

Wait and see.



Bund weekly yield chart

Watch the pivotal band of Highs - only a break up through -0.074 will **get the yield bulls going**.

NB The failure of three weeks ago was a notable weekly Key Reversal – so there may be more on the downside to come...

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Bonds: German Bund yield chart



Bund daily Sep 21 futures price chart

Stand back it's not clear.

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Bonds: UK Gilt yield chart



Gilt monthly yield chart

The market long-term bear trend.

The market has clearly broken a diagonal downtrend resistance.



Gilt weekly yield chart

This is better: the market has completed a **bull H&S Reversal** coincidentally **breaking the downtrend resistance**. (Minimum target 1.8% yield)

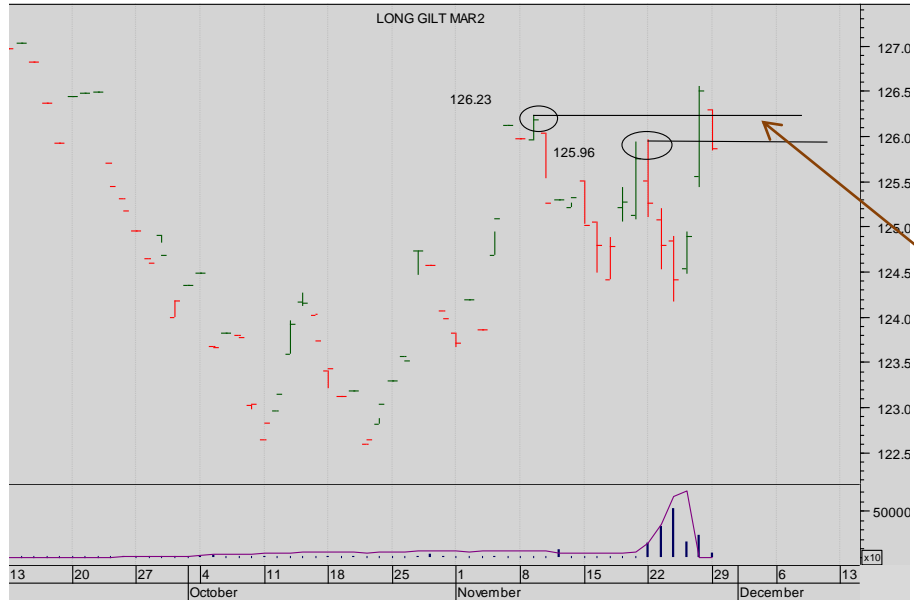
But the retracement is has penetrated the Neckline multiple weeks in succession.

The H&S pattern is severely weakened perhaps failed.

More



Bonds: UK Gilt yield chart



Gilt daily Futures Mar 21 chart

This gives the bond bears hope: The market has not yet been able to stay above 126.23.

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Commodity

COMMODITIES:

Oil has retraced sharply and confounded the bullishness of the market. Stand aside.

Gold has withdrawn within the large triangle from which it was attempting to rally. Stand back and await clarity.

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Commodities: Nymex WTI Oil



Nymex oil monthly continuation

Note the break through the falling diagonal above the market.

And then, more exciting still, the break above the horizontal resistance from the Prior Lows that reversed the last big rally in 2018.

But the break has failed.

More



Commodities: Nymex WTI Oil

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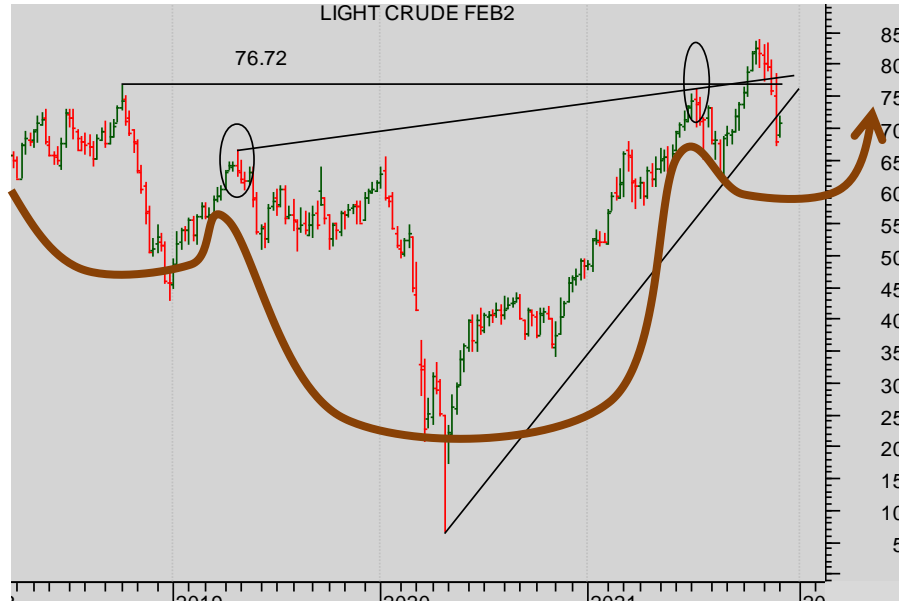
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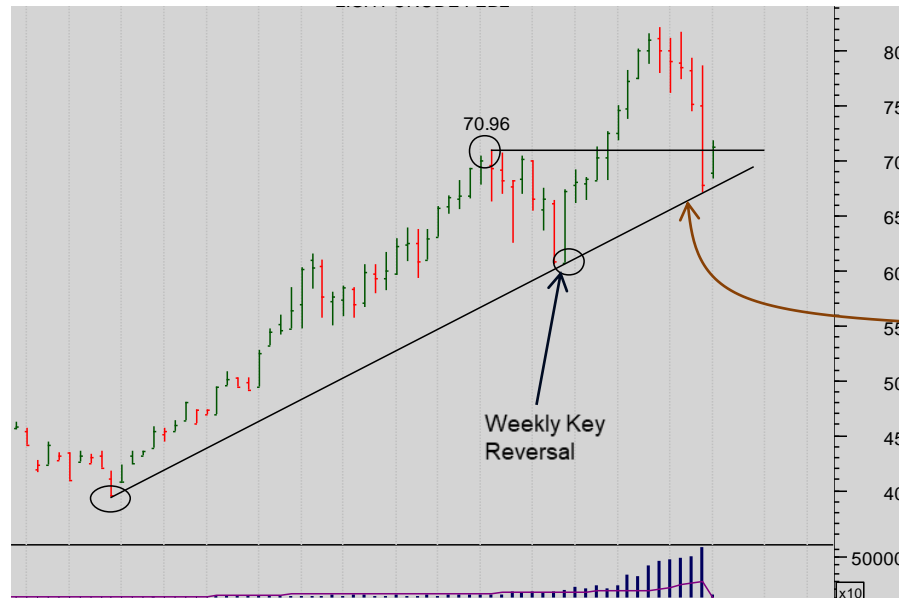
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Nymex oil weekly cont. 2021 future

The H&S pattern in the weekly chart has failed.

The bears are in charge.



Nymex oil weekly Feb 2021 futures

The drive back down through 70.96 was ominous.

Watch the diagonal support...



Commodities: Nymex WTI Oil

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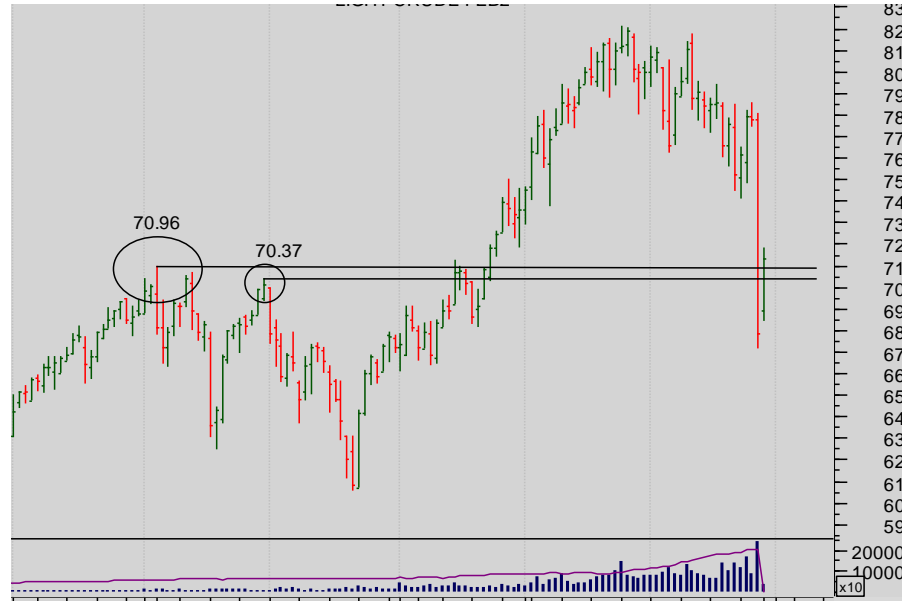
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Nymex oil daily Feb 2021 futures

The penetration beneath the band of support may be short-lived...



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Commodities: Comex Gold



Nymex Gold Monthly

The dither at the Prior High was entirely predictable. But note well the uncompleted bull triangle!

Nymex Gold Feb 21 weekly

There was a false break of the Triangle



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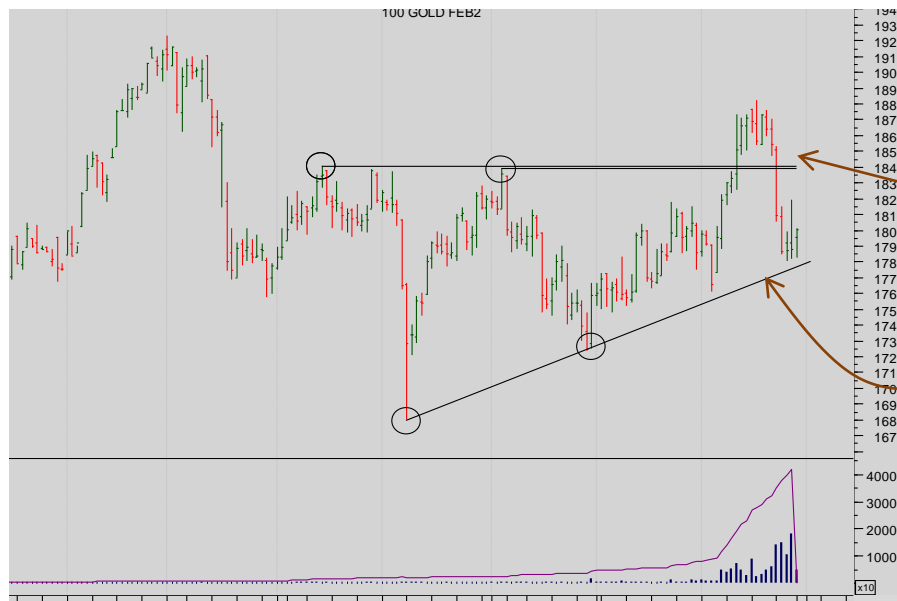
IMPLIED ASSET ALLOCATION

Commodities: Comex Gold



Nymex Gold Feb 2021 Weekly

The triangle in the Feb 2022 contract.



Nymex Gold Feb 2021 Daily

In the short-term, in greater detail, the critical support is at the Prior highs at 1836-1839..which failed.

Watch the support from the rising diagonal to see if the market has further to go.



Summary

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

Seven Days Ahead Balanced Risk IMPLIED Asset Allocation

v

MSCI Balanced Risk Asset Allocation



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the technical analyst

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