



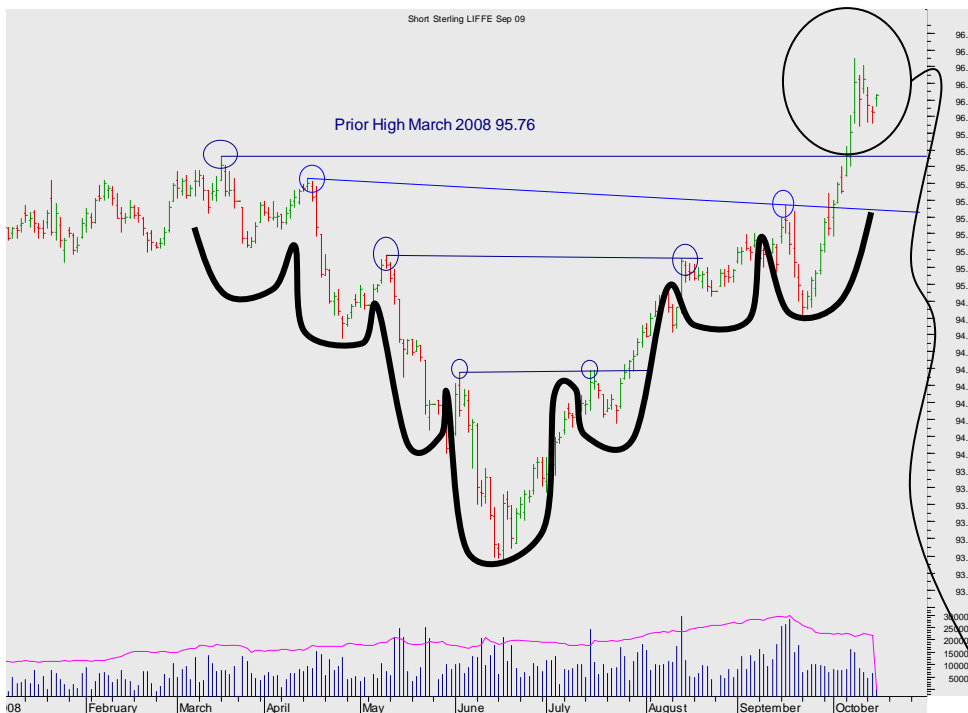
# New Key Trade: 15<sup>th</sup> October 2008

## New Position

### 1. Short Sterling

BUY Short Sterling Sep 09 today 15<sup>th</sup> October @ 96.120. Stop 95.69.

#### The Technical Trader's View:



#### SEPT 09 Daily Bar chart

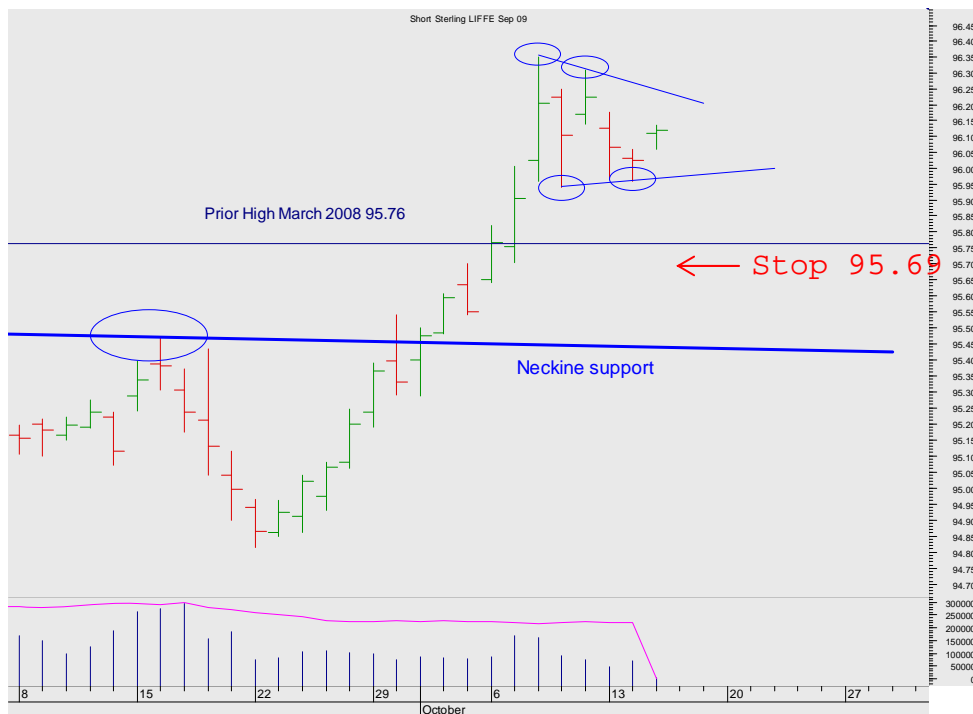
The successive Head and Shoulders Pattern are all driving the market the same way.

The minimum target of the biggest of those H&S patterns is 98.00 or so.

The market has shown no real inclination to pull back in the recent rally in Stocks

A small Continuation Triangle may be forming.

Look closer.



## SEPT 09 Daily Bar chart

That possible Continuation Triangle.

But we don't want to wait for the Triangle to complete (a close above 96.25 today)

We want to buy here – 96.1150 as we write.

Stops should be beneath the Prior High at 95.76 - say 95.69

## *The Macro Trader's view:*

Last week's internationally coordinated rescue package has stabilized the Banking system, but will not prevent recession.

House prices continue to drop and there are reports of prices falling by 40% in some parts of the country; clearly only small pockets but the correction has further to go nationally.

Unemployment also continues to rise and looks set to rise further, and as Christmas approaches, retailers are already worry about the expect drop in demand, at what is usually their strongest season of the year.

Even CPI which hit a 16 year high of 5.2% yesterday is now widely judged to have peaked, and as oil prices continue to fall, weaker demand and lower energy prices will bear down on inflation.

In conclusion UK interest rates are set to fall further over the coming months as the Bank of England prepared the way for lower rates in last week's co-ordinated rate cut and we advise being long of this market.

*Mark Sturdy*

*John Lewis*

*Seven Days Ahead*