



Key Trades Bulletin 5th June 2009

New Position

1. Bund

SELL September 09 Bund today (5th June) @ 118.30 Stop 119.40.

The Macro Trader's view:

We were stopped out of a short Bund position earlier this week as the market enjoyed a BRIEF correction, which it couldn't sustain.

Policy makers in the US and politicians in Germany are starting to talk about the need to think about removing the massive stimulus pumped into global economies over recent months as signs of recovery begin to emerge.

However the authorities will find normalising fiscal and monetary policy difficult to time as they need to be certain growth, when it does fully emerge, is self sustaining.

This leaves Bonds generally vulnerable to the down side as fears over future inflation build and investors face a slew of new bond issuance, especially in the Euro zone which is having to contend with peripheral member states facing real funding difficulties that the other bigger states will need to cover if the integrity of the Euro is to be maintained.

We judge Bonds are still a sell and advise going short.

NB.

There is no Technical analysis today.

Mark Sturdy

John Lewis

Seven Days Ahead