



# Key Trade Bulletin

21<sup>th</sup> August 2009

## New Position

### 1. S&P 500

LONG S&P500 Sep 09 @ 1021.50. Stop @ 975.00

#### *The Macro Trader's view:*

The market has shaken off the doubts about growth and fears of deflation generated by last week's weak CPI and disappointing retail sales.

With today's Existing home sales report coming in stronger than expected there is additional evidence that the housing market may slowly be turning the corner, and the Fed's Bernanke said today that the global economy was starting to emerge from recession with the Fed's liquidity facility less in demand as markets normalise.

And where as traders feared falling CPI was a deflation threat, the positive is that policy can remain at current historical lows for an extended period, offering the economy important and effective support which is bullish for equities which are now trading above recent highs.

In short we judge the market has overcome its recent bout of nerves and is a buy and we recommend going long.

Mark Sturdy

John Lewis

**Seven Days Ahead**

SEVEN DAYS AHEAD 124 REGENTS PARK ROAD LONDON NW18XL

TEL +44 (0) 7849 922573 E-MAIL [MSTURDY@SEVENDAYS Ahead.COM](mailto:MSTURDY@SEVENDAYS Ahead.COM) [JLEWIS@SEVENDAYS Ahead.COM](mailto:JLEWIS@SEVENDAYS Ahead.COM) [WWW.SEVENDAYS Ahead.COM](http://WWW.SEVENDAYS Ahead.COM)

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