



20th October 2009



Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + CME S&P 500
- + Eurex EuroStoxx 50
- + Liffe FTSE 100
- + OSE Nikkei 225

Bonds

- + CBOT US Ten Year Notes
- + Eurex Ten Year Bund
- + TSE Ten Year JGB

Interest rates

- + CME Eurodollar
- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Disclaimer



the technical trader's guide to major markets

Mark Sturdy

Authorised and regulated
by the FSA



summary

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Stay **LONG** Euros above 1.4841
Stay **SQUARE**
Stay **SHORT** Dollars beneath 91.77/98
Stay **SHORT** Sterling above 0.9080; **ADD** above 0.9256.

Stocks

- + CME S&P 500
- + Eurex EuroStoxx 50
- + Liffe FTSE 100
- + OSE Nikkei 225

Stay **LONG** (Dec09) above 1033.70
Stay **LONG** (Dec 09) above 2715. **ADD** above 2906.
Stay **LONG** above (Dec 09) 5168.
Stay **SQUARE** (Dec09).

Bonds

- + CBOT US Ten Year Notes
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Go **SHORT** with stops beneath 120-00. (Dec 09)
Stay **SHORT** beneath 121.70 (Dec 09)
Stay **SQUARE** (Dec 09)

Interest rates

- + CME Eurodollar
- + Liffe Euribor
- + Liffe Short Sterling

Stay **SQUARE** (Dec 10); **SELL** a break of 98.10.
Stay **SHORT** (Dec 10) beneath 98.005
Stay **SHORT** beneath 97.71 (Dec 10);

Commodities

- + Nymex WTI Oil
- + Comex Gold

Go **LONG** above \$76.87 (Dec 09)
Stay **LONG** (Dec 09) above \$1021.50



Currencies: Dollar Euro

CURRENCIES:

Sterling's rally was a major feature of the week – without entirely dispelling the Sterling bears' enthusiasm. Less obviously, yet importantly, the Dollar weakened through major levels against the Euro – completing a major pattern that looks set to drive it lower still.

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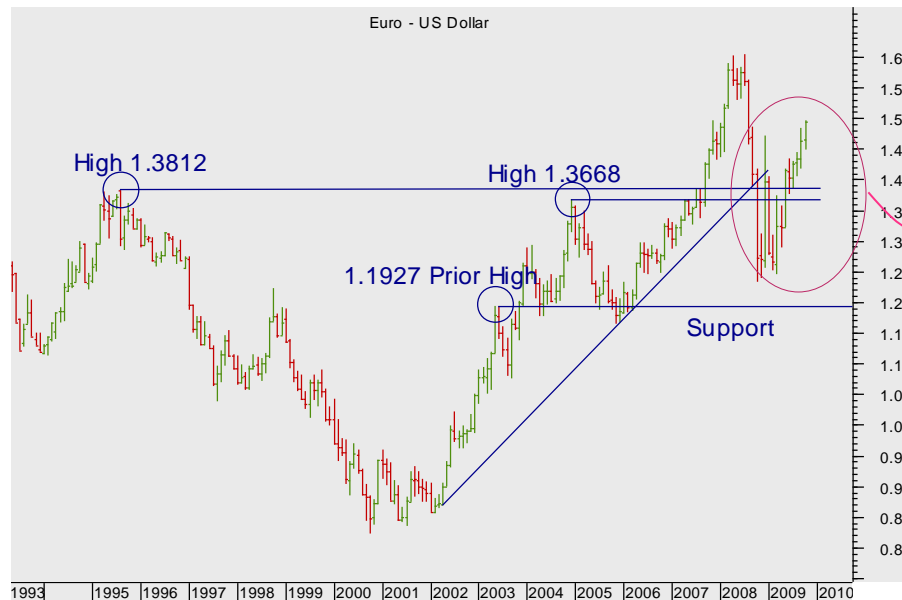
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Dollar Euro monthly spot cash chart

The market has twice broken the support from the previous Highs at 1.36-38, **yet cannot stay beneath** those levels...

Look closer.

More



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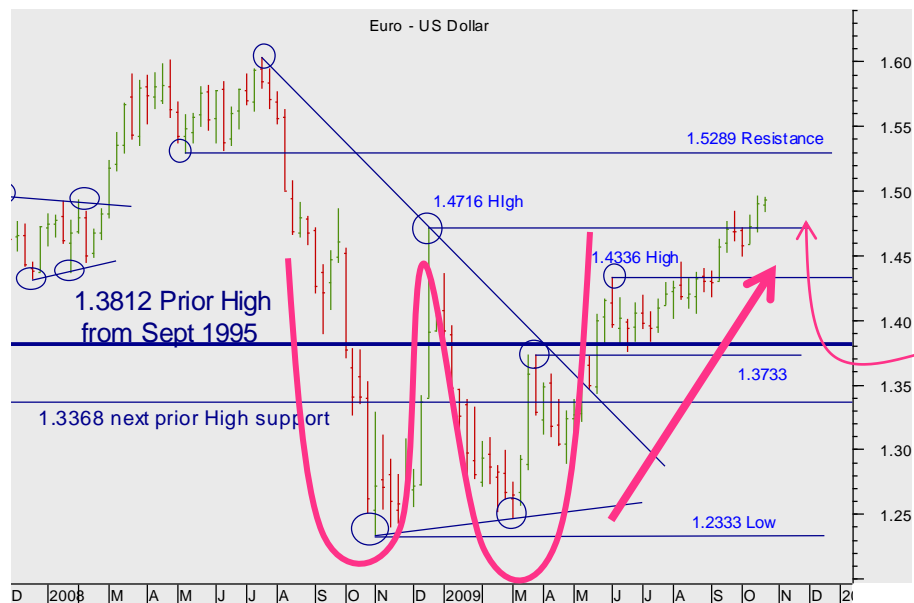
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Currencies: Dollar Euro

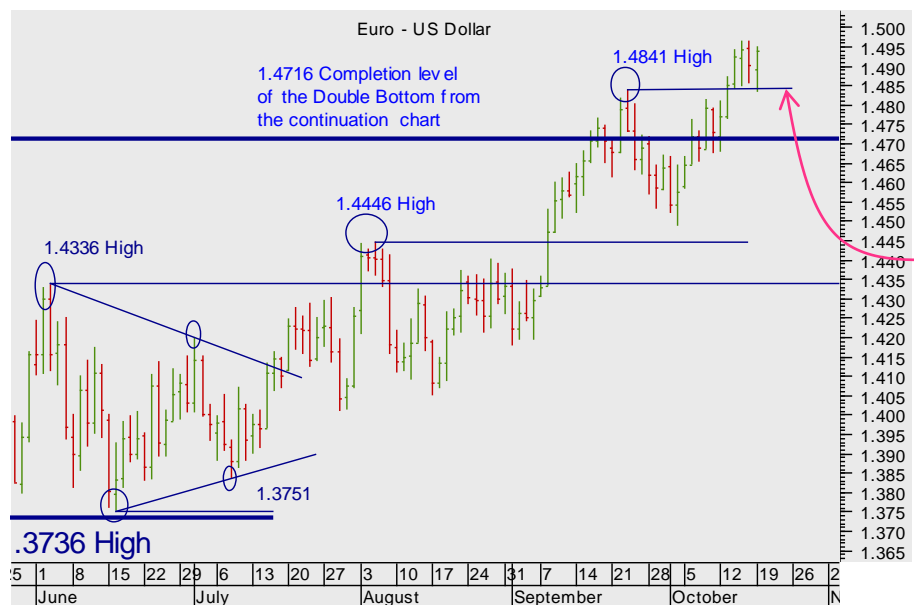


Dollar Euro weekly spot cash chart

The second rally from the 1.2333 level is looking robust. The support from the Prior Highs 1.3733 was deeply impressive for the bulls.

Now traders should focus on the 1.4716 High.....the market has smashed back through it completing a Double Bottom.

Look closer.



Dollar Euro daily spot chart

The hesitation of the market at the completion level of 1.4716 has been overcome.

Note too the support from the prior High at 1.4841...

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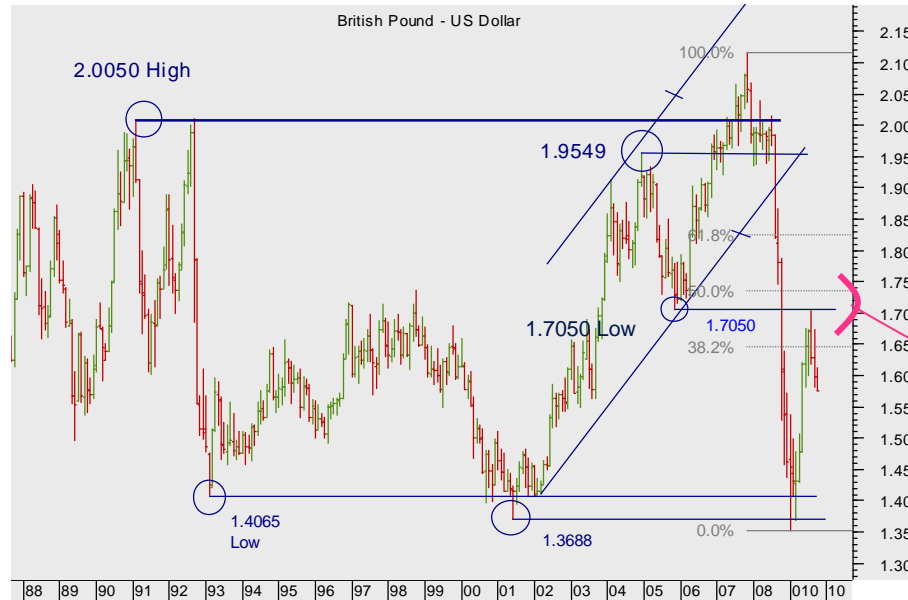
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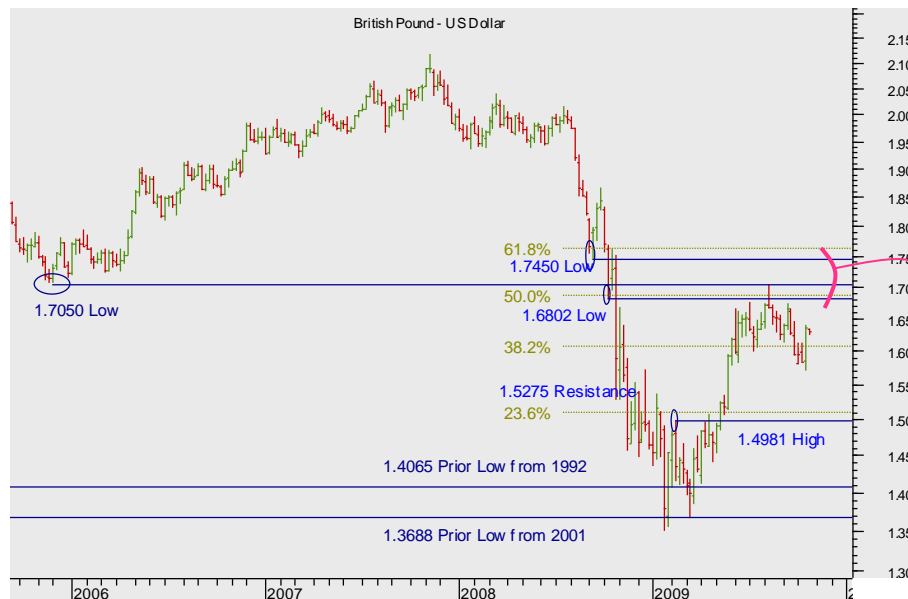
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Currencies: Dollar Sterling



Dollar Sterling monthly spot cash chart

There's been a bounce from the old lows ... but the market has found the first big resistance a powerful force...



Dollar Sterling weekly spot cash chart

The progress has been impressive as far as the important band of resistance 1.7050 – 1.7450.

That will be a problem for the bulls.

Now look closer.

More



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- + Comex Gold

Currencies: Dollar Sterling



Dollar Sterling daily spot cash chart

The market has made a determined attempt at the resistance - and it has failed

Then the bears thought they had a top formation - a Head and Shoulders Top

But there has been a fierce rally back - penetrating the Neckline.

The bears need a failure here in the next day or so to sustain their stance.



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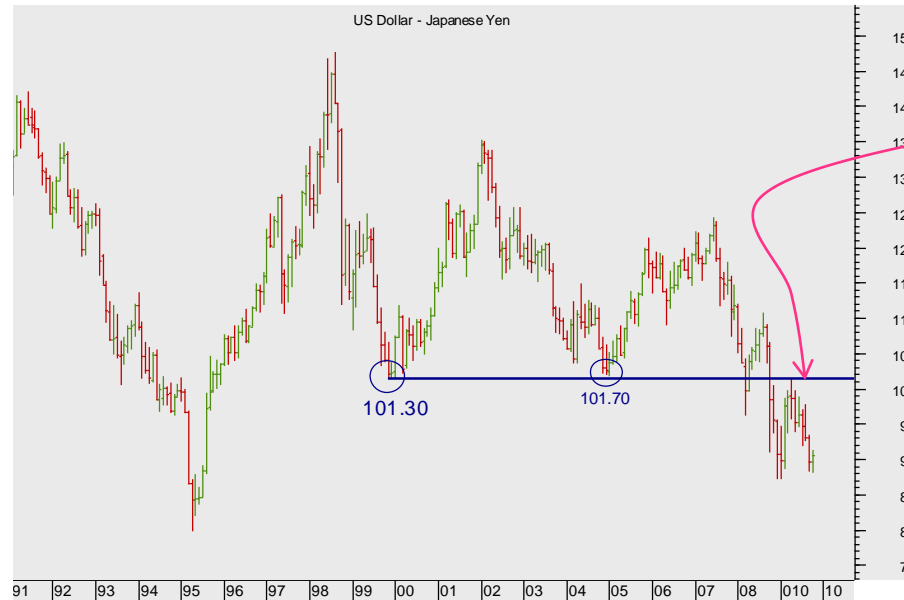
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Currencies: Dollar Yen

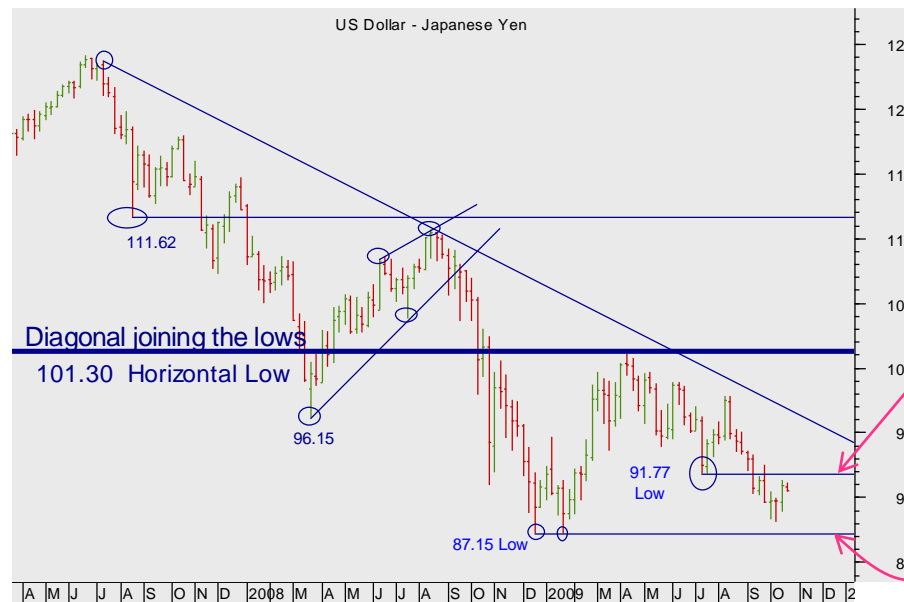


Dollar Yen monthly spot cash chart

The prior lows are pressing down on the market.

That level has proven massively powerful resistance to any weakening of the Yen and smashed the rally in its early stages.

Look closer.



Dollar Yen weekly spot cash chart

The fading market beneath that level **lacks any clear structure** though, except a developing bear trend.

NB the broken pivot which is now resistance above the market at 91.81.

Expect a test of the low at 87.15.

More



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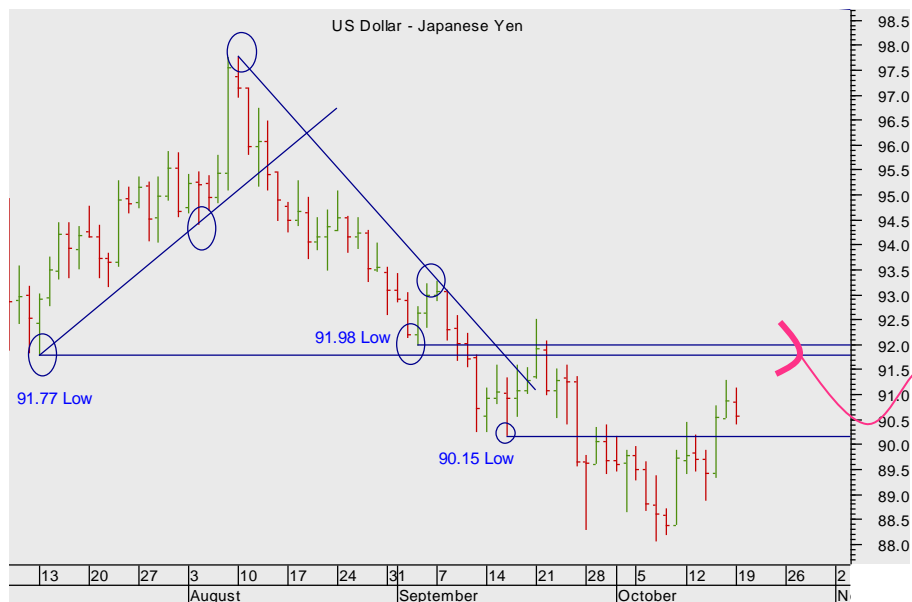
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Commodities

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- + Comex Gold

Currencies: Dollar Yen



Dollar Yen daily spot cash chart

The market was trending lower, without the drama of a clear bear pattern.

But the market has found support at the 88.50 level.

Expect a determined push at the resistance at 91.77-98.

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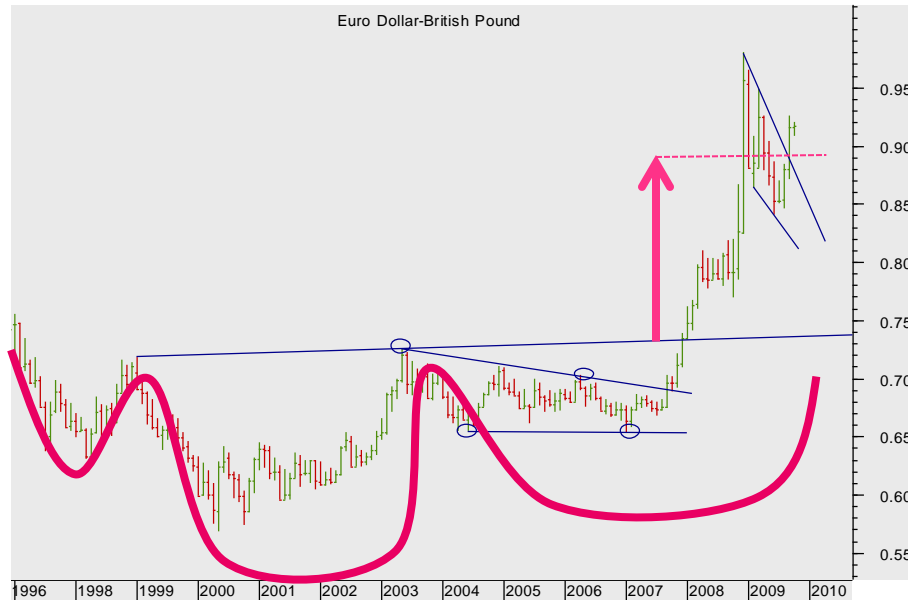
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Currencies: Sterling Euro

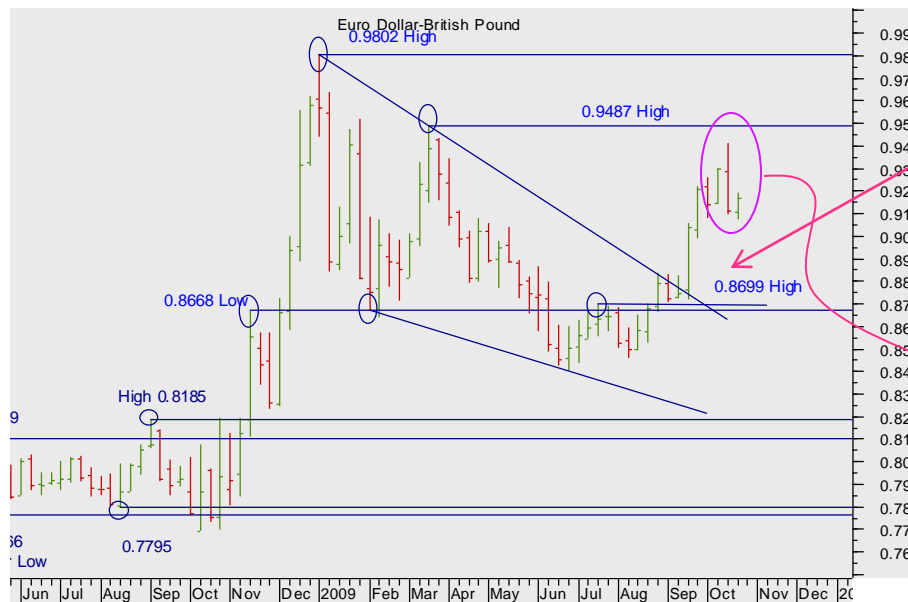


Sterling Euro monthly spot cash chart

We have long been buyers of the Euro because of this large and clear Head and Shoulders Bottom in place which anticipated the moves up as far as 0.90.

But that move has been exhausted.

Now study the Continuation pattern (a bull falling wedge) that has resulted.



Sterling Euro weekly spot cash chart

This is a bull falling wedge that has **completed** from a break up through the upper falling diagonal.

Now look for additional evidence short-term...

Note well the weekly Key Reversal which may be signalling a more substantial pause.

More



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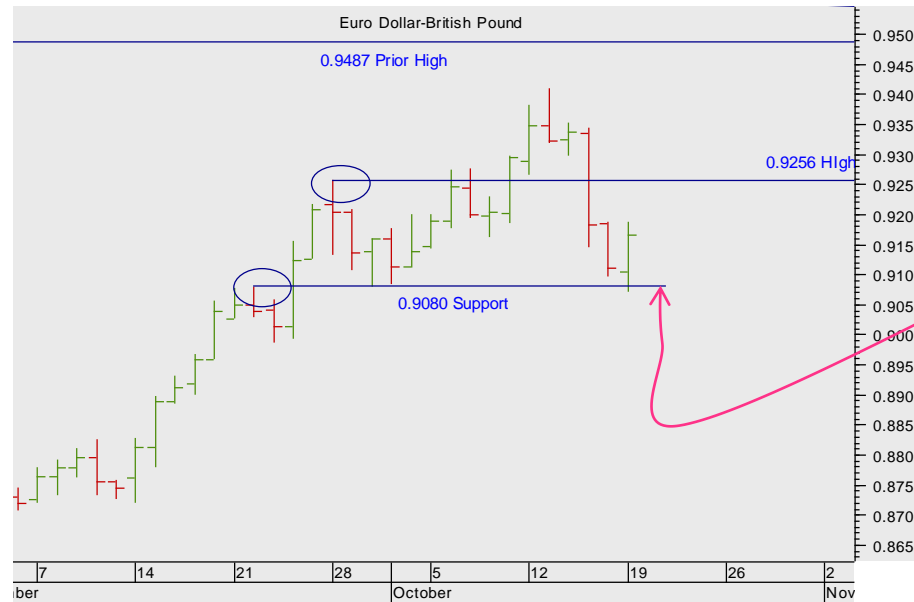
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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The market's pull-back found support at the Prior High at 0.9080.

We remain bears of Sterling while that level holds.



Stocks

STOCKS: The markets forged ahead through their prior Highs at the beginning of the week, and then fell back with varying aggression. Note well the S&P and FTSE's solidity and the ease with which they have bounced from Friday's sell-off.

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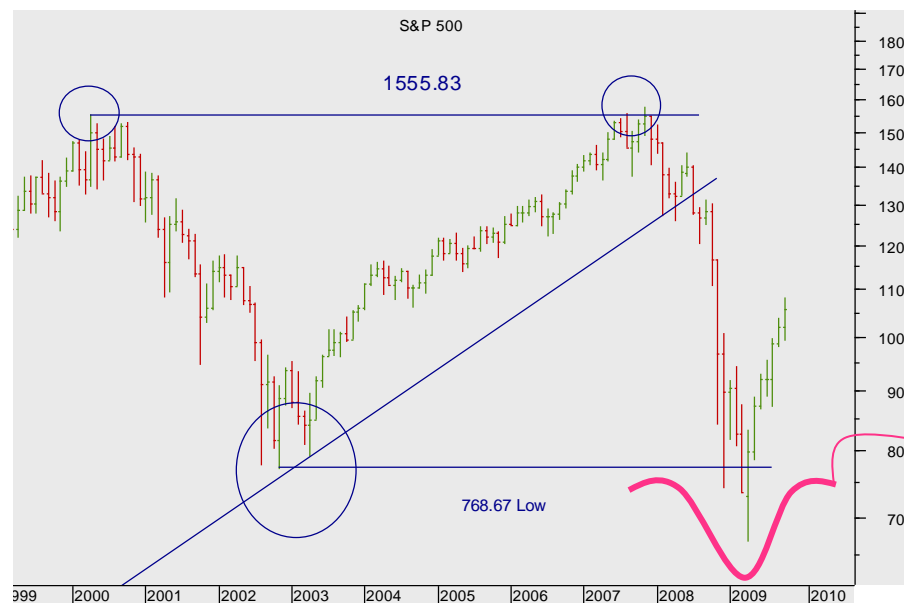
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Stocks: CME S&P 500



CME S&P 500 quarterly cash chart

The double failure at 1553 and 1555 has been **very negative for the market.**

The potential Double Top required a sustained break of 768.

It didn't happen.

We traded through that 768 level and then the market bounced back through it.

Look closer.

More



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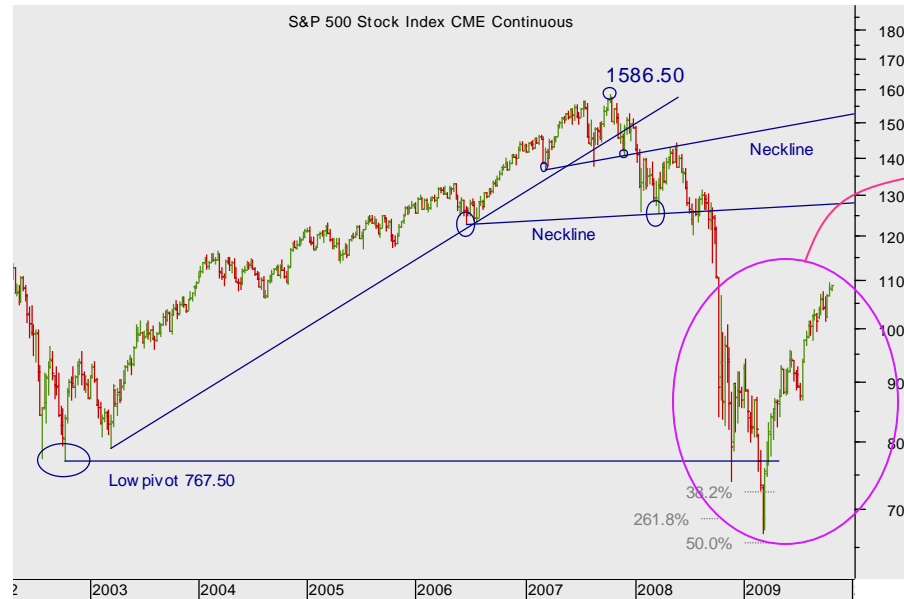
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Stocks: CME S&P 500



CME S&P 500 cont monthly cont. chart

The rally back has completed a Head and Shoulder Reversal whose minimum target is the band of resistance at the Prior Lows up at 1250 or so.

Look closer still.



CME S&P 500 weekly Dec 09 chart

The detail of that completion. Minimum target? Around 1250 – the Neckline of the original reversal pattern that led to the sell off in 2008.

More



Stocks: CME S&P 500

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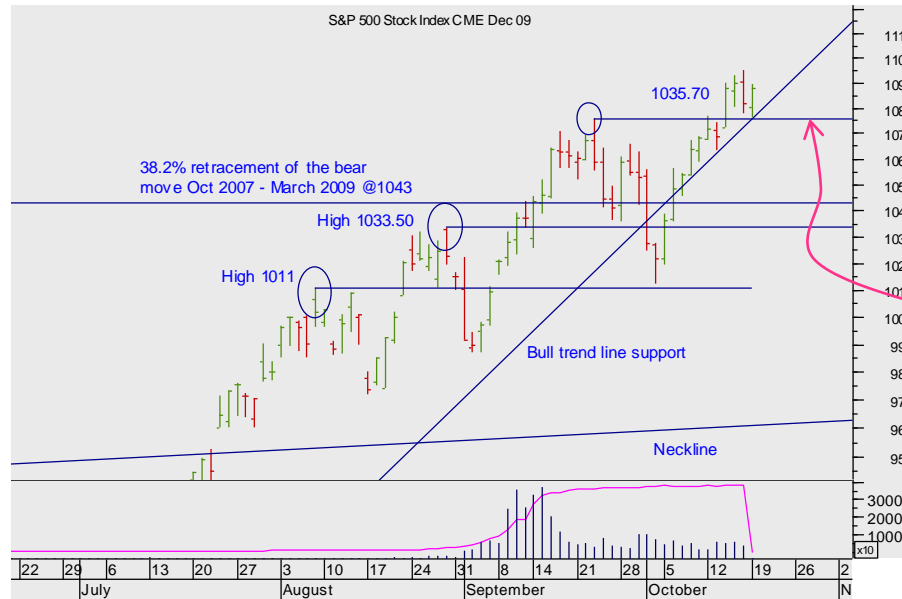
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Commodities

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- + Comex Gold



CME S&P 500 daily Dec09 chart

The market has been working itself better – structured solidly with Prior Highs acting as good support.

Watch for example the support from the near High at 1035.70.

(NB the rally back through the 38.2% fib)

We remain bulls – stops beneath 1035.70.



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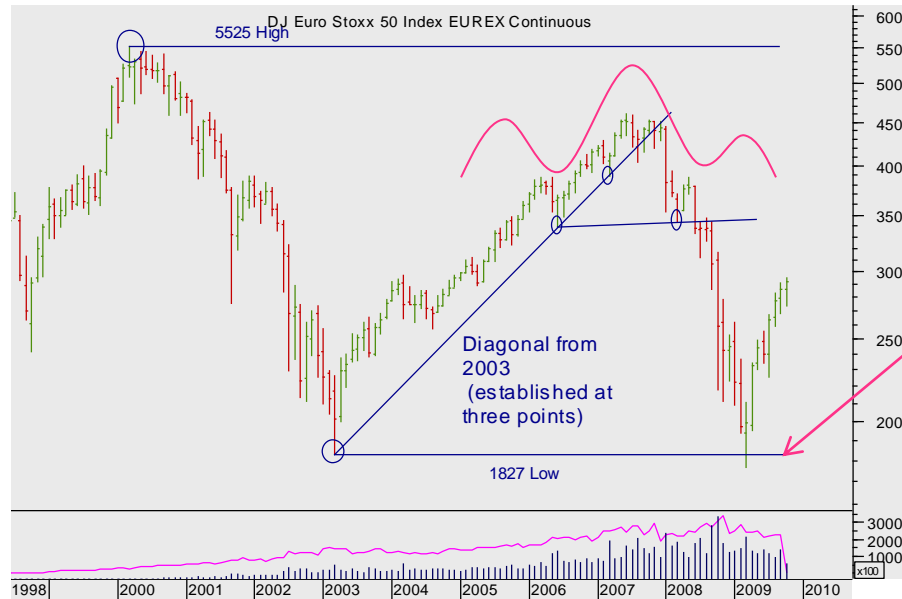
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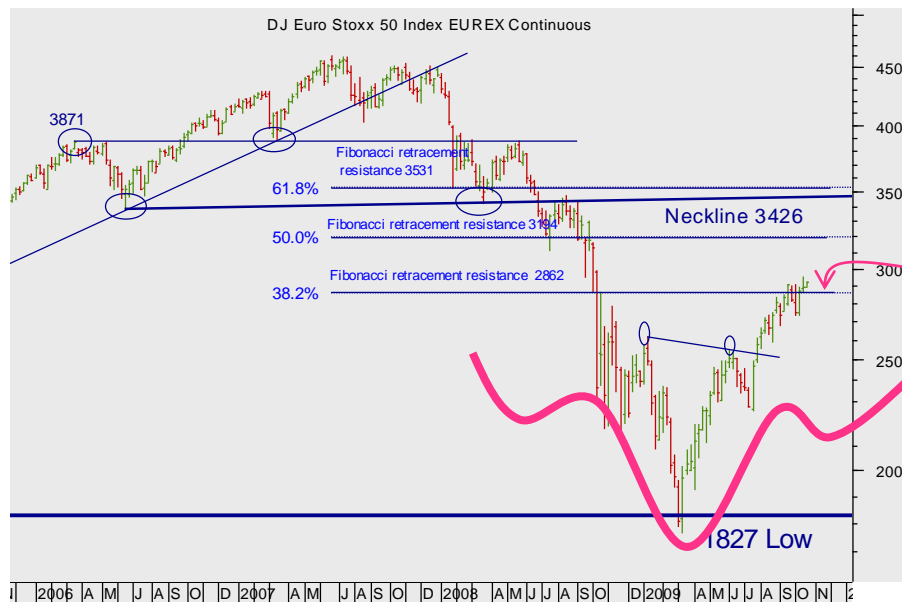
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Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 monthly continuation futures chart

The market formed a Head and Shoulders top which drove it on down...to the old low at 1827 -



Eurex EuroStoxx 50 weekly continuation futures chart

and then the market bounced to finally complete a Head and Shoulders Reversal - minimum target the old Neckline around 3426.

But for now, note the Fibonacci retracement resistance at 2862..

More



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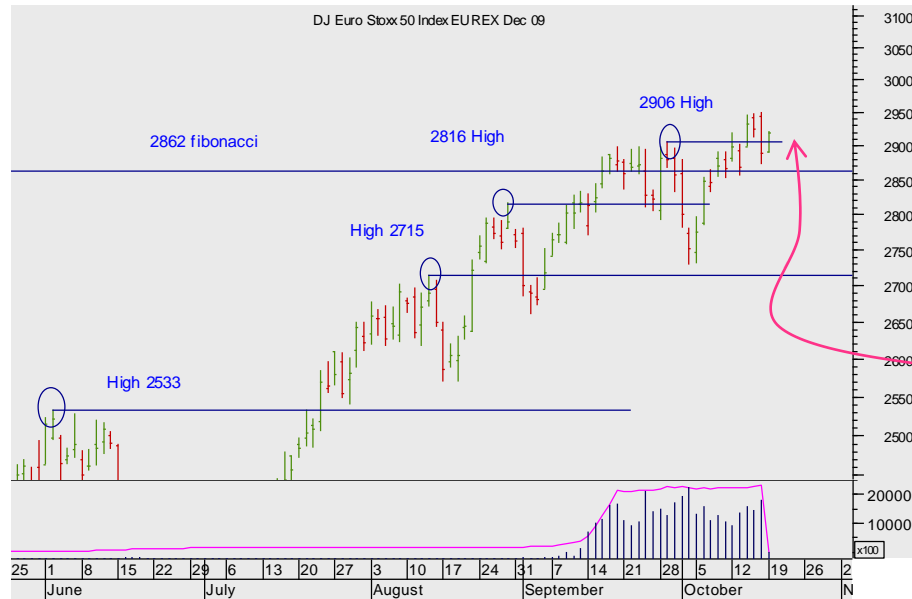
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Commodities

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Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Dec 09 futures chart

We have failed once at 2862 and on the re-approach, some bull anxieties are watching for a repeat failure.

The exact Pivotal level short-term is 2906. **Buy hard on a break up through that level.**



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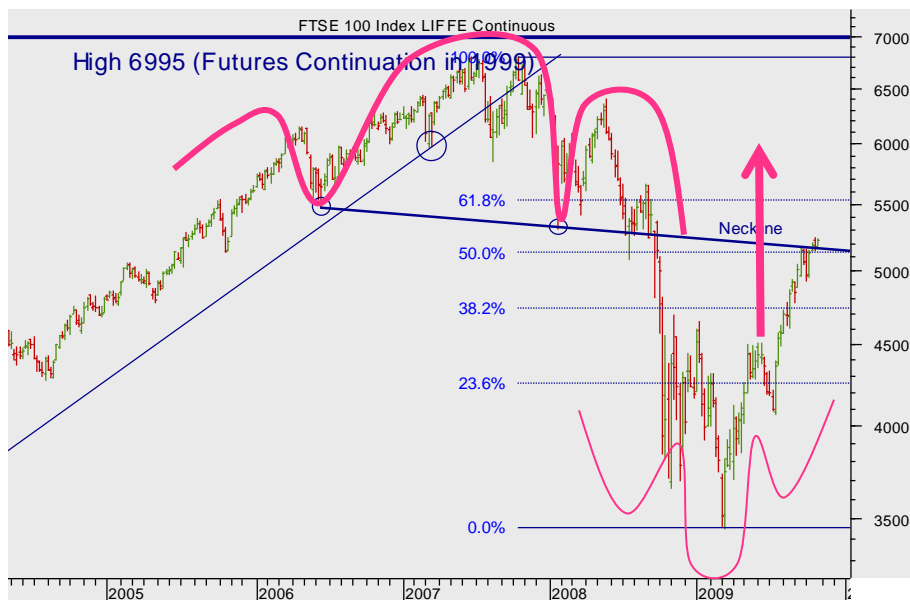
Stocks: Liffe FTSE 100



Liffe FTSE 100 monthly continuation futures chart

The pull back, the second from the 6995 level, gives rise to interest at the 3250 low....

If that broke, a powerfully bearish Double Top would have been created.



Liffe FTSE 100 weekly continuation futures chart

Check the bounce. The rally has paused at the Neckline from the H&S Top that drove the market lower in the first place.

And that level is **also** the 50% retracement resistance....

Look closer at the rally.

More



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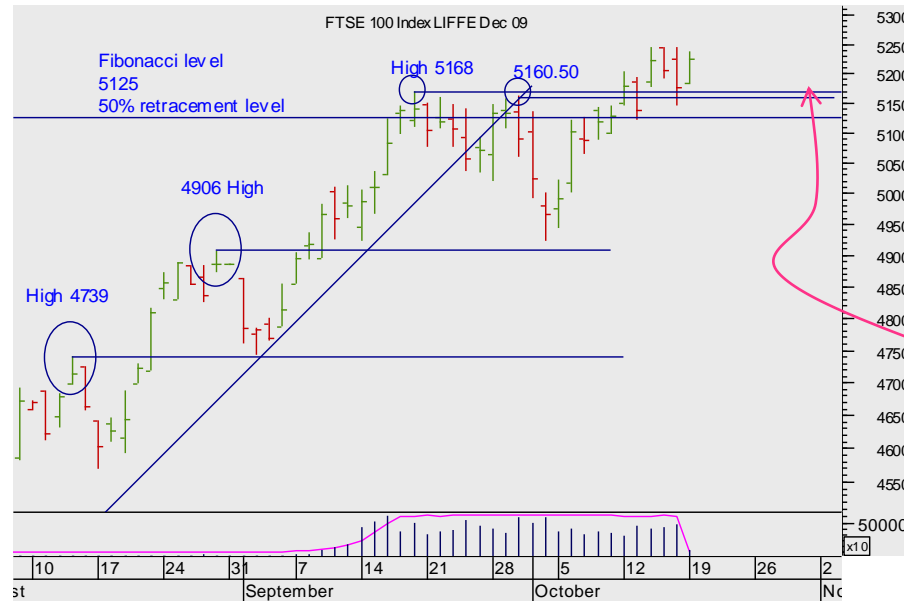
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Stocks: Liffe FTSE 100



Liffe FTSE 100 weekly Dec09 futures chart

After a struggle the market has gone better - if not without a backward glance...

5168 and 5160 look to be good supports - while they hold we remain buyers....



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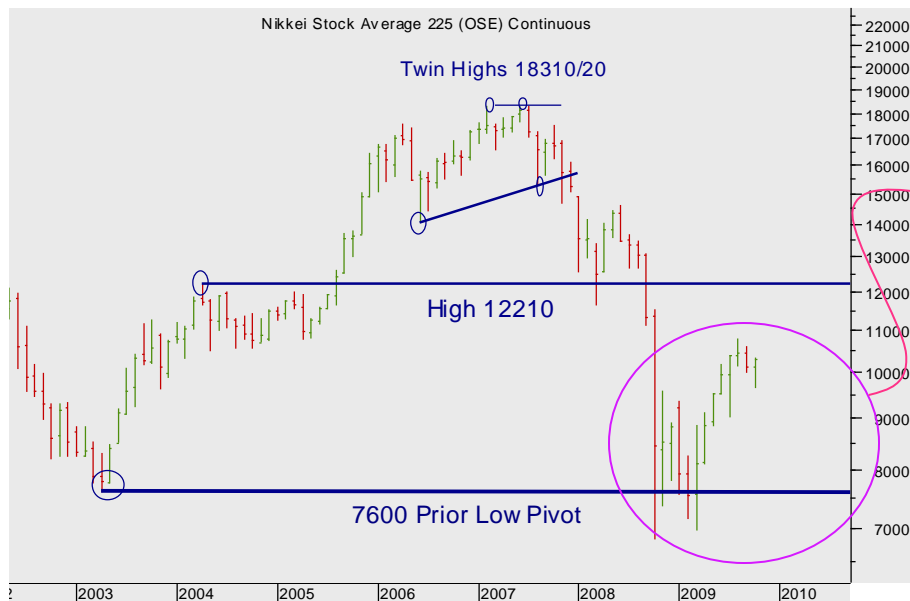
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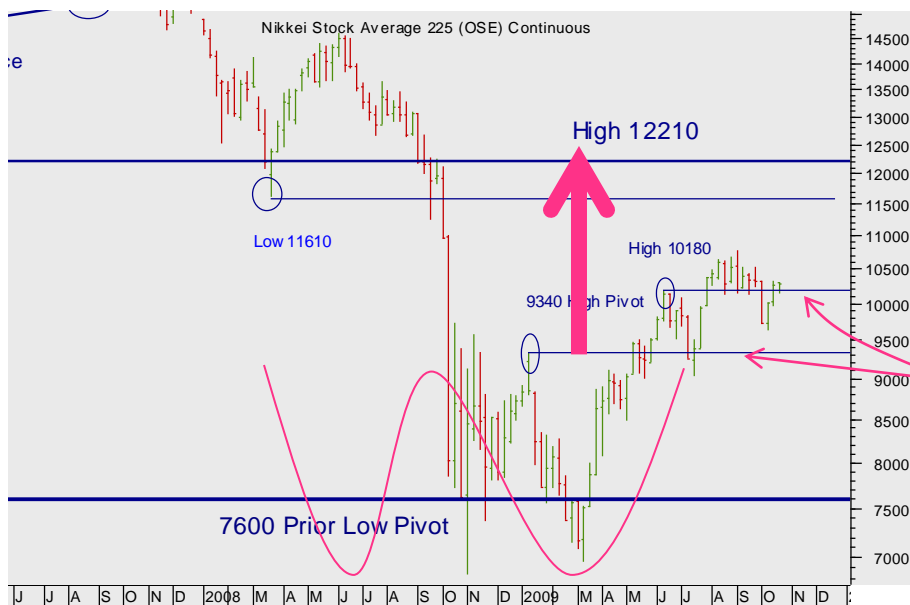
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Stocks: OSE Nikkei 225



OSE Nikkei 225 monthly continuation futures chart

The market traded down to the Pivotal level of the 7600 low and has bounced hard.



OSE Nikkei 225 weekly cont. futures chart

The spirited attempt to bounce from the second test of that **has led to a completed Double Bottom....** (set to drive the market to 13000)

The market was racheting better ...see how the completion level of the Double Bottom was good support, and the old High at 10180 was supportive too for a while....**until it broke.**

More



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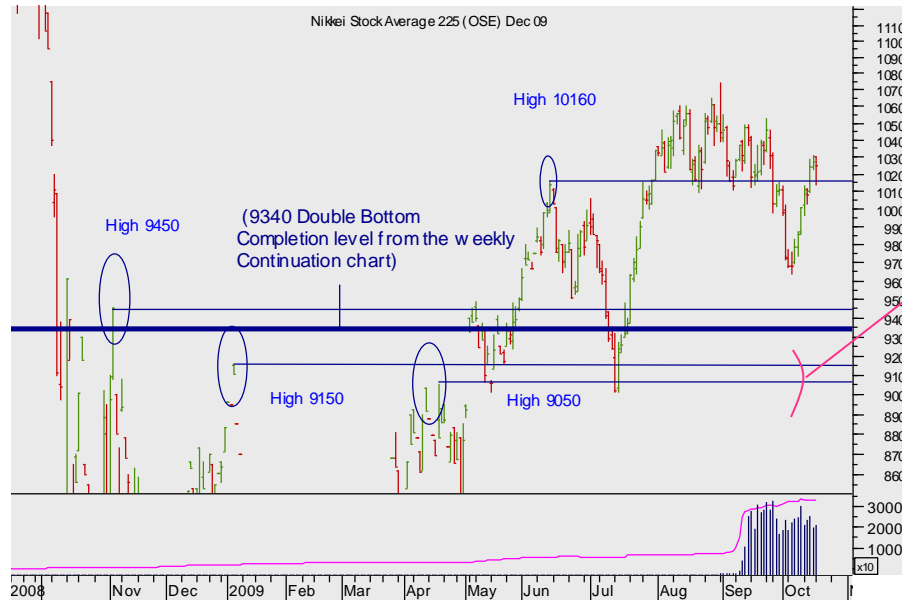
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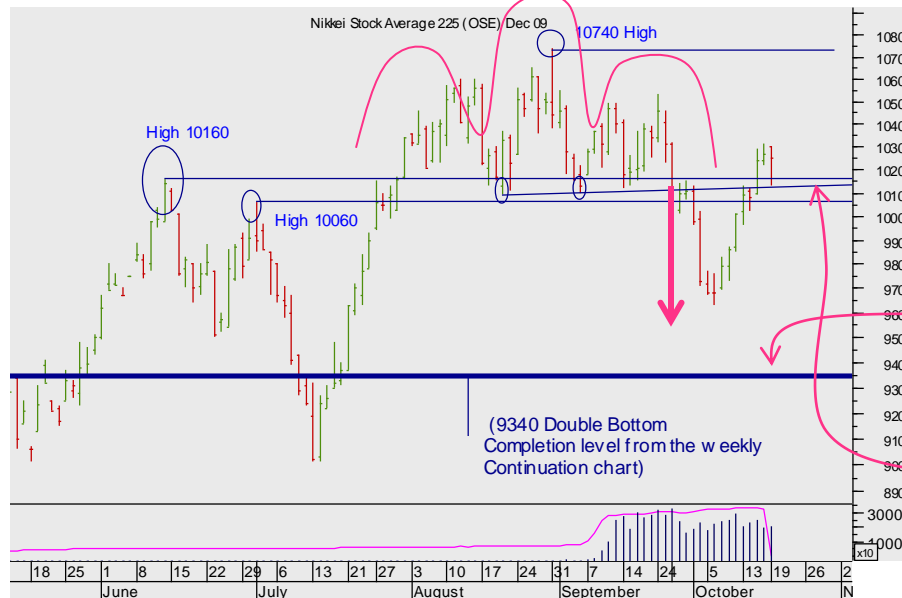
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Stocks: OSE Nikkei 225



OSE Nikkei 225 weekly Dec09 futures chart

Here we see a band of support 9050-9450 beneath the market.



OSE Nikkei 225 daily Dec09 futures chart

We have a Triple Top/Head & Shoulders Top in place.

The minimum move? Just about as far as the 9340 completion level.

And the recent rally? It has been impressive - we expected resistance at the Neckline at about 10150 – but there was penetration. It should not be sustained for the bear case to retrain integrity.



Bonds

BONDS: The long-term patterns do not augur well for these markets. None are complete yet they serve as a tense background as the short-term patterns struggle to emerge. On the whole we are bearish, long and short-term, but lack clear compelling medium-term patterns...

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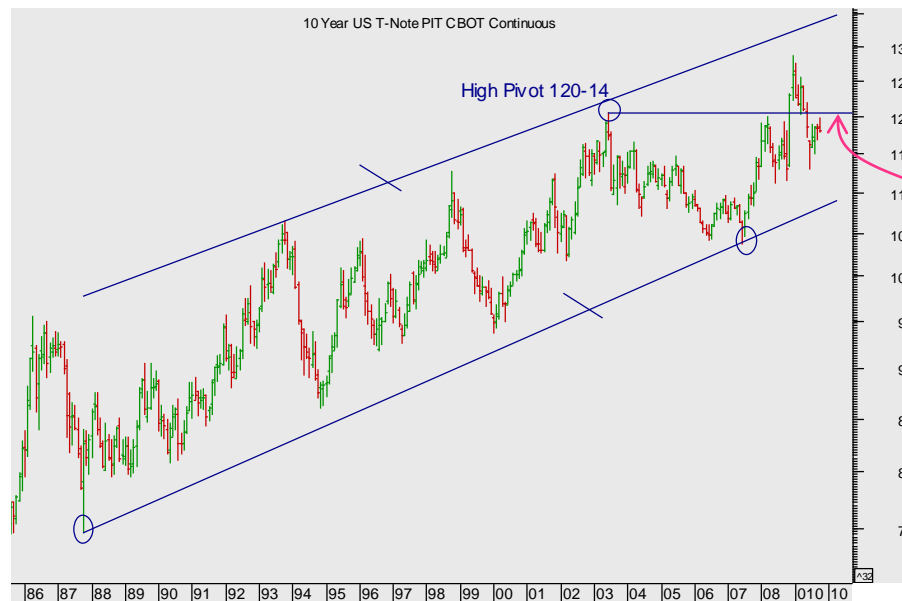
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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The market has fallen back down through the Highs of 123-19, 120-14 and 120-01

One of those should have been good support if the market had any bull ambitions.

Look closer.

More



Bonds: CBOT Ten Year Notes

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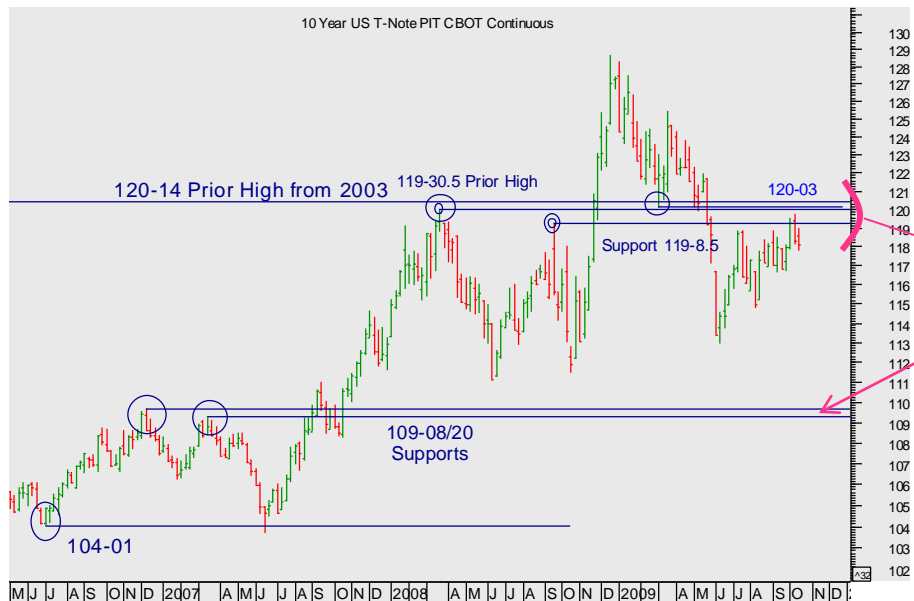
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CBOT Ten Year Notes weekly futures continuation chart

That pull-back in greater detail showing the succession of prior High supports that have been smashed.

The first powerful support for the market lies some way beneath the market at the level 109-08/20

In the middle the market has rallied back in spirited fashion.



CBOT Ten Year Notes daily Dec 09 futures chart

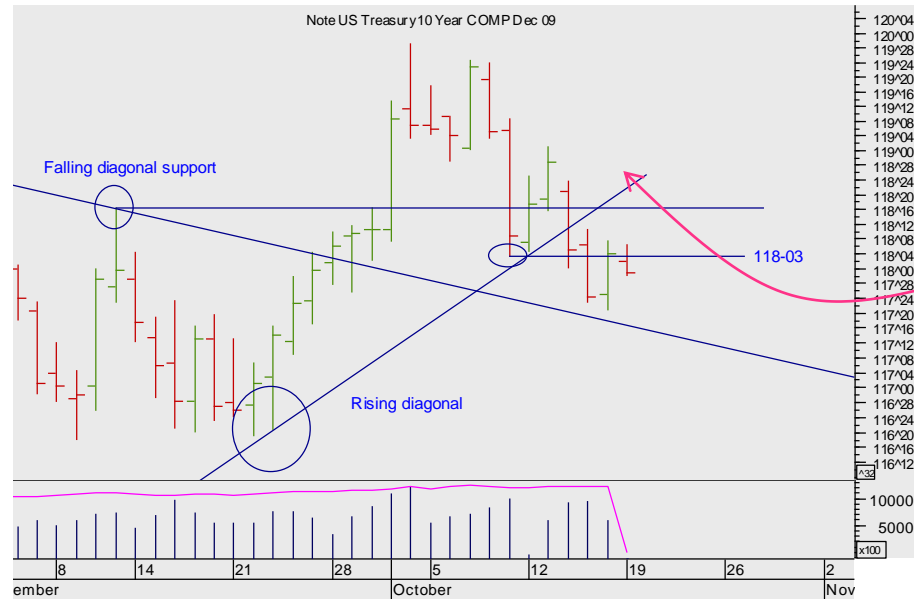
This December chart lacks clarity.

The market is sitting on the falling diagonal support, yet has broken the small upward diagonal and the very near-term horizontal support from 118-16.5.

Stand back for greater clarity.



Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes Dec 09 futures chart

In the very short-term note the double failure at 120-00, and the 118-03 resistance.

We are short-term bears with Stops above the diagonal at 119-00.

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- + OSE Nikkei 225

Bonds

- + CBOT US Ten Year Notes
- + **Eurex Ten Year Bund**
- + TSE Ten Year JGB

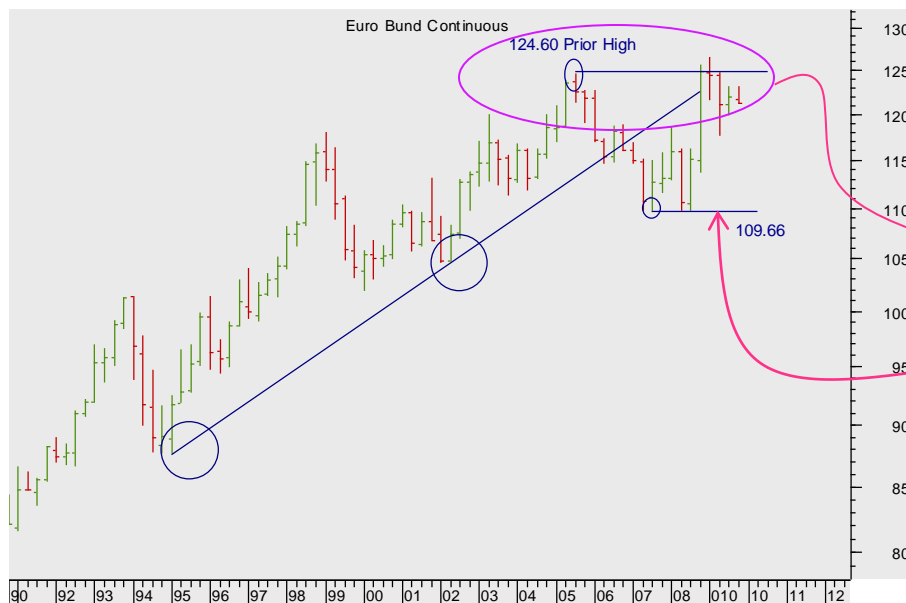
Interest rates

- + CME Eurodollar
- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund quarterly futures continuation chart

The market has failed twice at the all-time high... but the second failure is not yet conclusive.

For that we need a break down through 109.66.



Eurex Ten Year Bund monthly cont. futures Chart

IN GREATER DETAIL: This small Double Top suggests a **pull back from the High.**

But there was a bounce from the major support at 118.48.

More



Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + CME S&P 500
- + Eurex EuroStoxx 50
- + Liffe FTSE 100
- + OSE Nikkei 225

Bonds

- + CBOT US Ten Year Notes
- + **Eurex Ten Year Bund**
- + TSE Ten Year JGB

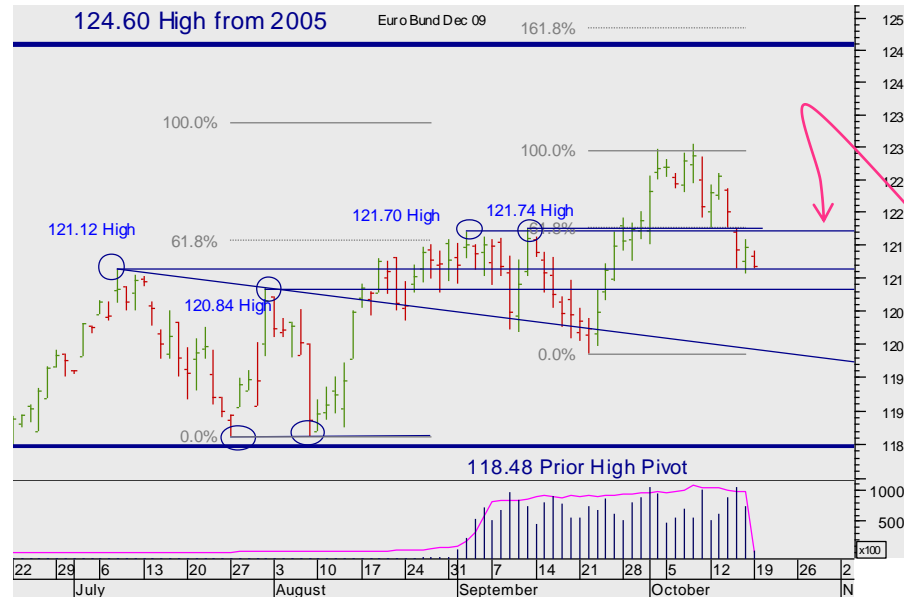
Interest rates

- + CME Eurodollar
- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund daily Dec 09 futures chart

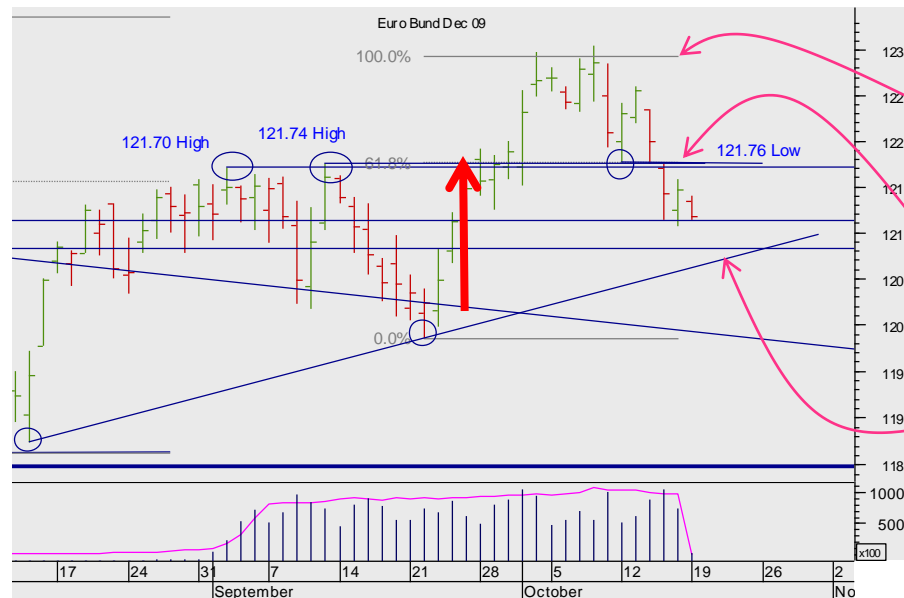
This is a complex picture like the TNote.

But we find it more bearish on balance.

Note the double failure at 123.00.

And the failure at the Prior Highs at 121.70/4

The market is under pressure.



Eurex Ten Year Bund daily Dec 09 futures chart

The Fibonacci 122.94 was the first point of reference on the upside...and it looks to have driven the market back.

We are bears with Stops above 121.76.

And set to add to shorts if the diagonal currently coincident with the horizontal at 120.84 is broken.



Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + CME S&P 500
- + Eurex EuroStoxx 50
- + Liffe FTSE 100
- + OSE Nikkei 225

Bonds

- + CBOT US Ten Year Notes
- + Eurex Ten Year Bund
- + TSE Ten Year JGB

Interest rates

- + CME Eurodollar
- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: TSE Ten Year JGB

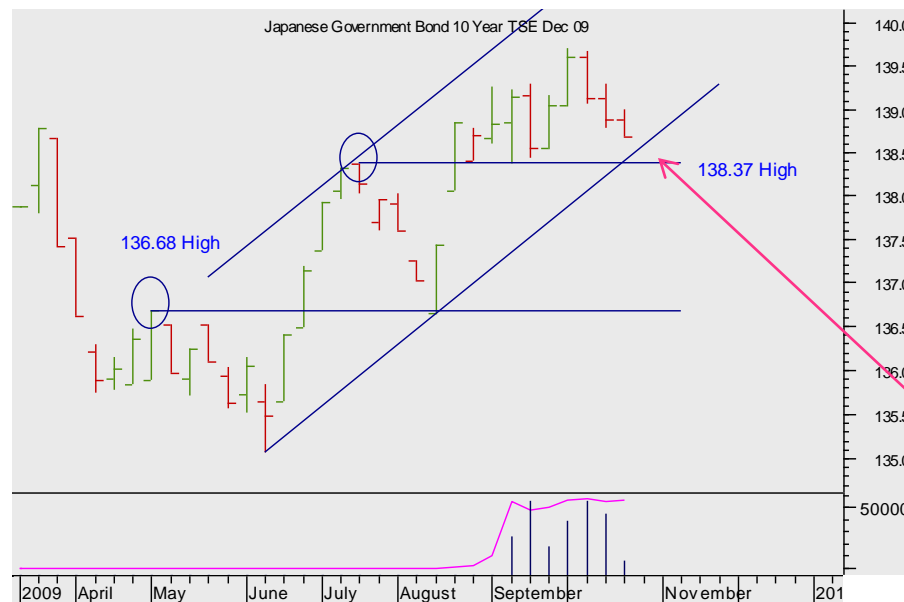


TSE Ten Year JGB monthly futures continuation chart

Unlike other bond markets, the JGB market in 2008 fell well short of its previous highs in 2003.

But remains within a trading range from 2005.

A breakup through 141.32 is the next big medium-term trigger.



TSE Ten Year JGB weekly Dec 09 futures chart

The market has been trending better.- ratcheting on the strength of Prior Highs.

The bull trend is solid and well-constructed.

First important support is at the coincidence of the horizontal and rising diagonal support at 138.37 or so.

More



Summary

Currencies

- + Dollar Euro
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- + Dollar Yen
- + Sterling Euro

Stocks

- + CME S&P 500
- + Eurex EuroStoxx 50
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- + OSE Nikkei 225

Bonds

- + CBOT US Ten Year Notes
- + Eurex Ten Year Bund
- + TSE Ten Year JGB

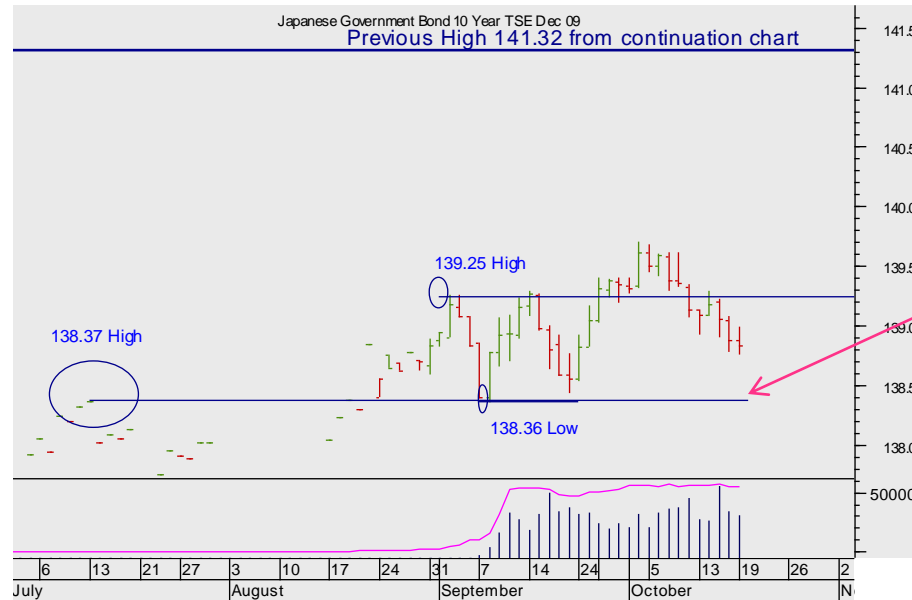
Interest rates

- + CME Eurodollar
- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: TSE Ten Year JGB



TSE Ten Year JGB daily Dec 09 futures chart

The breakup above 139.25 looks to have failed.

The bulls' disappointment certainly suggests a test of the 138.37/36 lows and Prior High support.

We are a seller of a break of that level.



Interest rates

SHORT INTEREST RATE FUTURES: These markets are growing more bearish daily. Last week the Euribor had completed a Key Reversal. Now the Eurodollar and Short Sterling are penetrating deeply into their supports – not far from bear breakdowns...

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- + Dollar Euro
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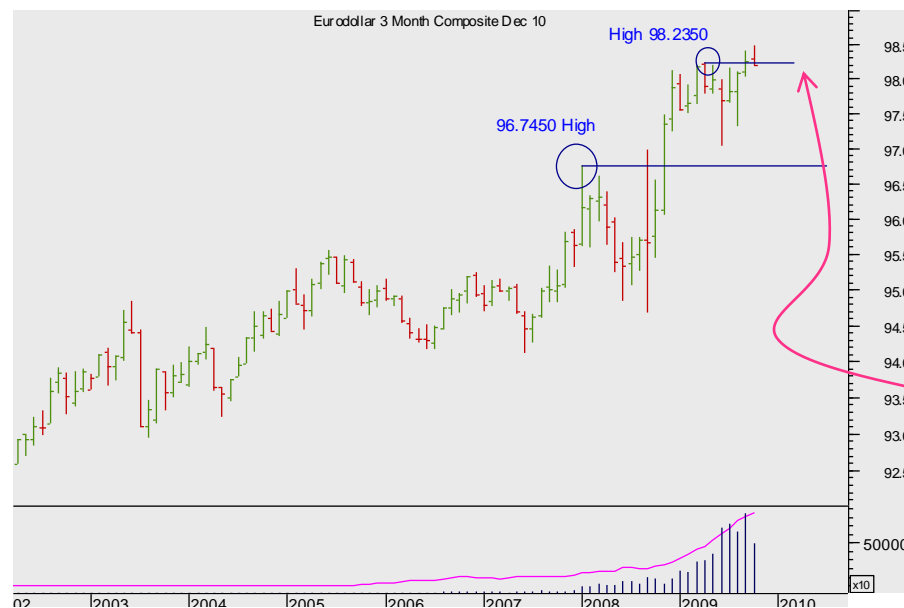
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: CME Eurodollar rates



CME Eurodollar rates weekly Dec 10 futures chart

The long march of the Eurodollars.

We paused at the Highs since the beginning of 2009.

And then recently drove higher still



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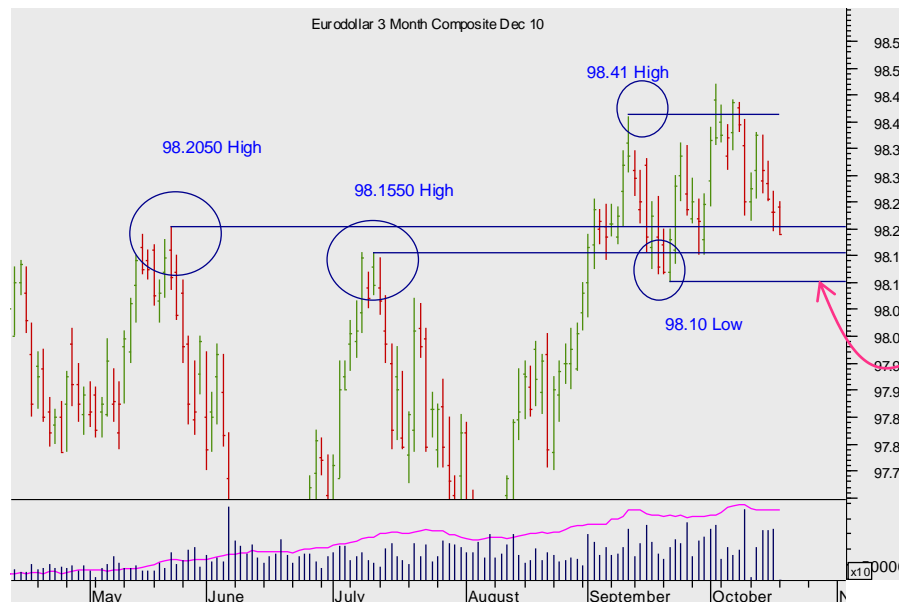
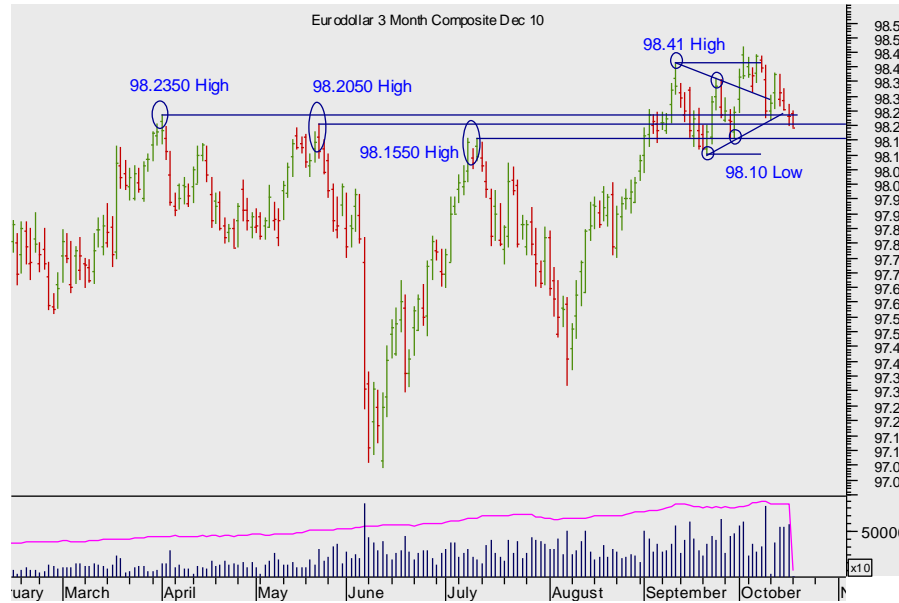
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: CME Eurodollar rates



CME Eurodollar rates weekly Dec10 futures chart

The initial break up through the Prior Highs 98.20-98.15 happened in early September, then those Highs were tested as supports – and they held.

But note the continuation Triangle **that has failed**.

So now those prior High supports are being re-tested again.

CME Eurodollar rates daily Dec10 futures chart

We **remain bulls for the moment** but would reverse that position on a breakdown through 98.10.....

More



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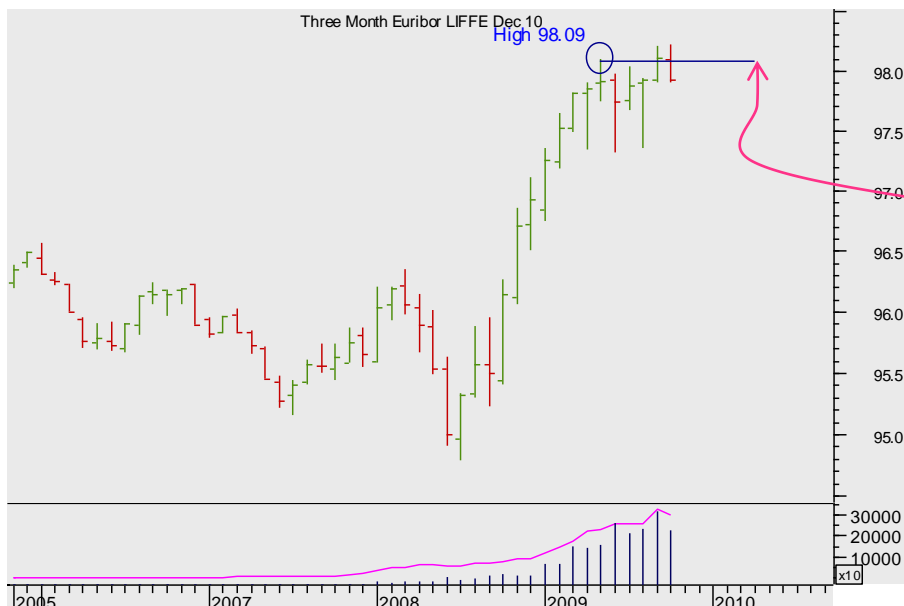
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Commodities

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- + Comex Gold

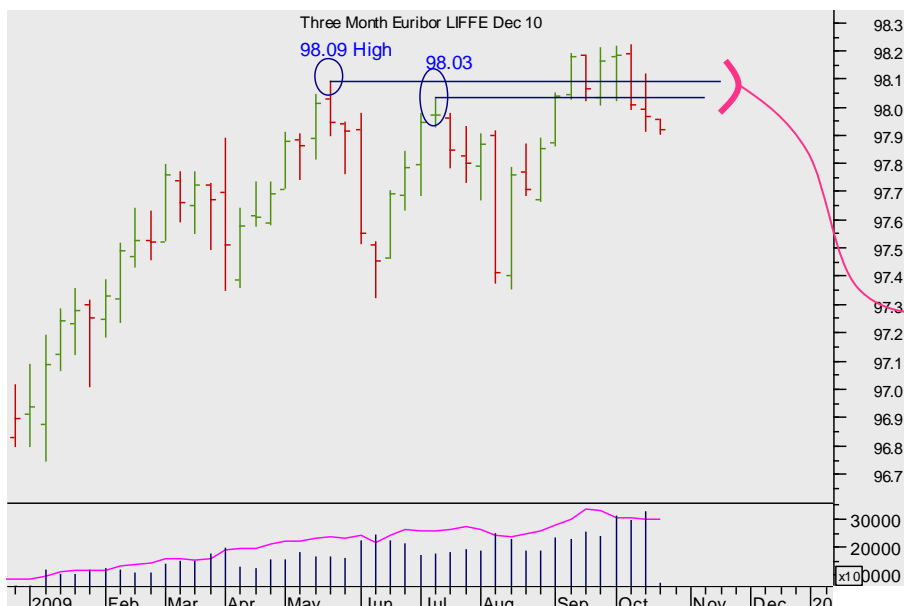
Interest rates: Liffe Euribor rates



Liffe Euribor rates weekly Dec10 futures chart

The possible smash up through the Highs at 98.03/09 **had great bull potential.**

But the breakup has not been sustained.



Liffe Euribor rates Dec10 weekly futures chart

We thought this was **compelling bull break and completion** of a Double Bottom - but last week's Key Reversal is **a major bear indicator** because the Reversal has simultaneously broken the twin horizontal support from the Prior highs 96.09 and 98.03.

The whole bull structure is under question.

More



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Interest rates

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- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates Dec 10 daily futures chart

The triple failure at 98.19, the break of the Prior Low at 98.005, if sustained, have completed a Triple Top.

We are sellers with stops above 98.03.



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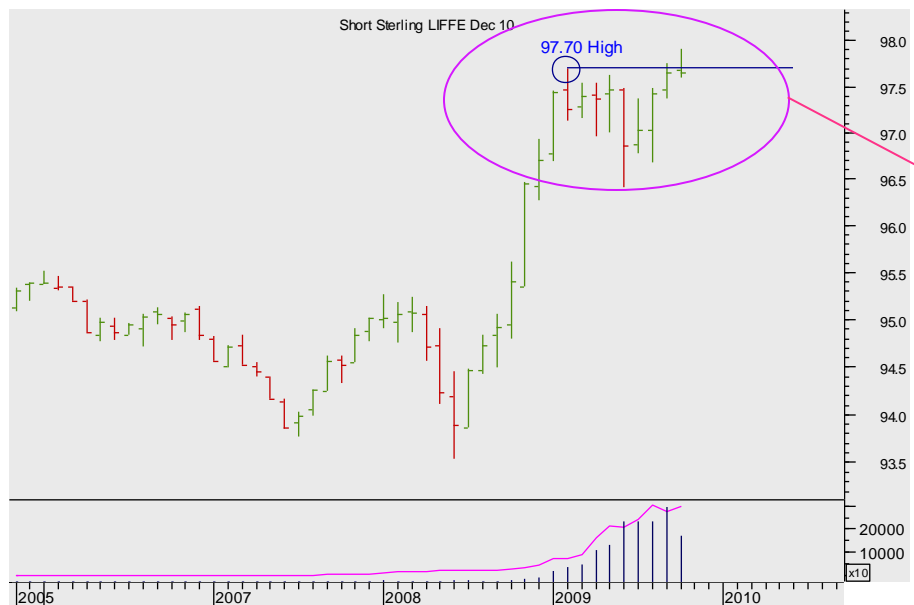
Interest rates

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- + Liffe Sterling

Commodities

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- + Comex Gold

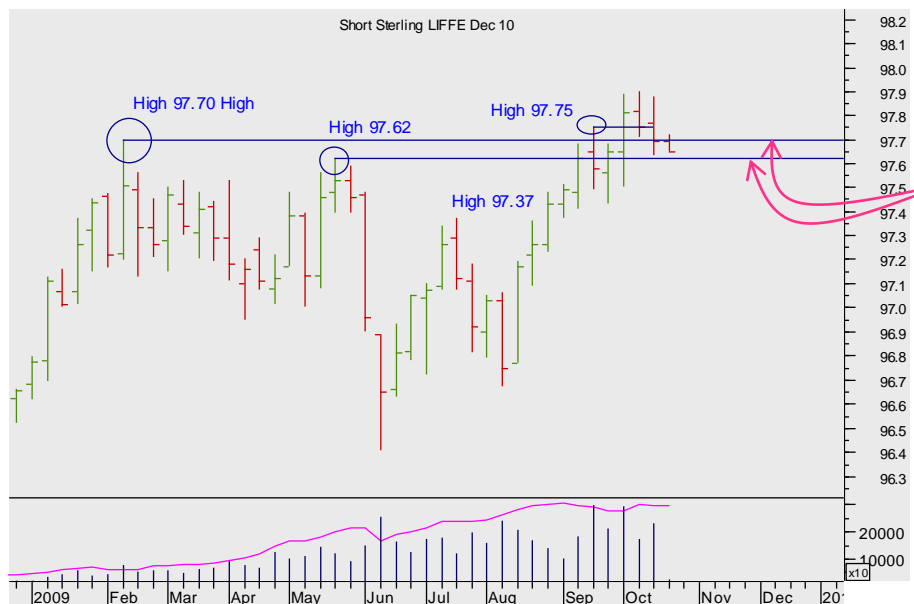
Interest rates: Liffe Sterling rates



Liffe Sterling rates Dec 10 futures chart

Short Sterling is higher than it has ever been. The succession of major highs are now good support beneath the market.

But they are being tested.



Liffe Sterling rates daily Dec 10 futures chart

But the support from the Prior Highs is still substantial ...

More



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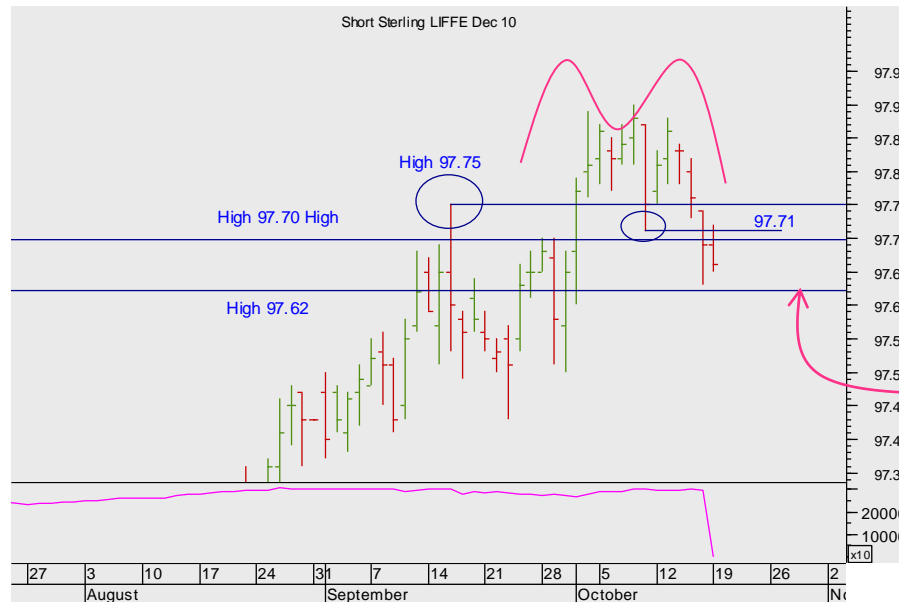
Interest rates

- + CME Eurodollar
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- + Liffe Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



CME Eurodollar rates Daily Dec10 futures chart

We remain bulls while the succession of Highs are intact, certainly, but it does not look good.

The small Double Top is giving good bear impetus to the market.

And its minimum move is beneath the lowest Prior High Support at 97.62.



Commodities

COMMODITIES: Oil transformed itself into a powerful bull market after the bull break of late last week. Gold remains an exciting bull market.

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- + Sterling Euro

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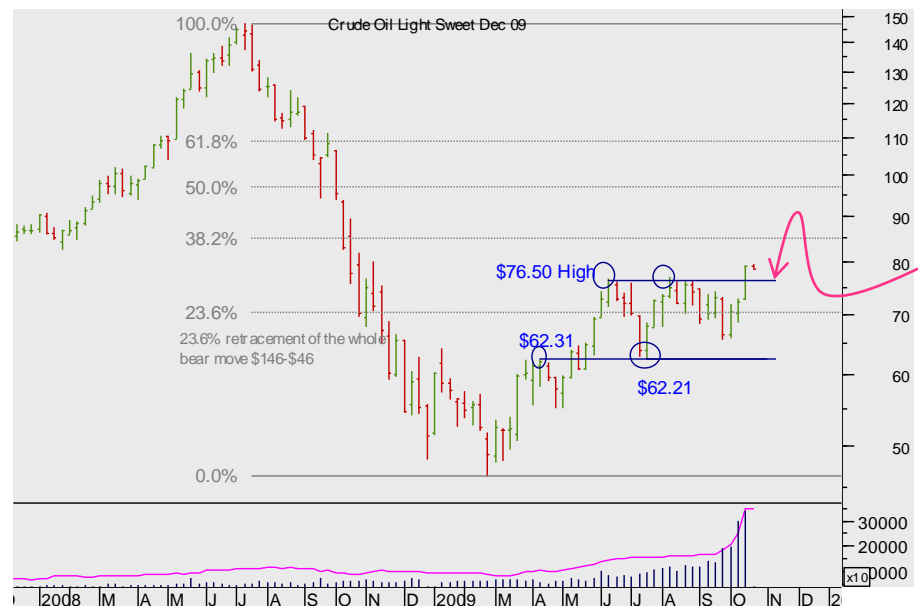
Interest rates

- + CME Eurodollar
- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Nymex WTI Oil monthly futures continuation chart

The market has smashed the prior Highs – which should be good **support..**

More



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Commodities

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- + Comex Gold

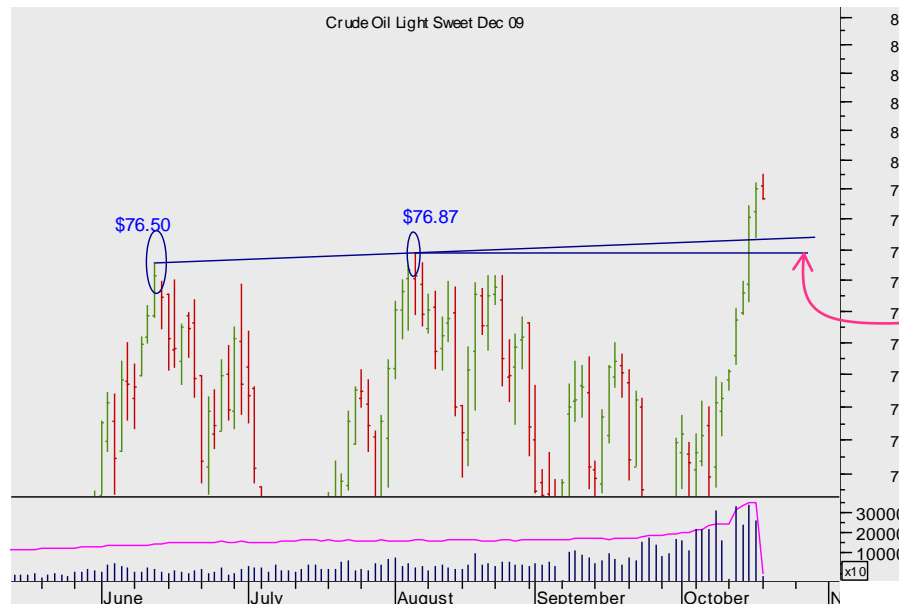
Commodities: Nymex WTI Oil



Oil Dec 09 weekly chart futures

The bounce off the band of long-term support drove the market better – the subsequent Price action formed a Continuation Triangle which completed last week.

The minimum move of the pattern? \$91.40.



Oil Dec09 daily chart futures

Don't be surprised if the market wants to retest the breakout of such a pattern.

But the break looks good.

Stops beneath \$76.87.



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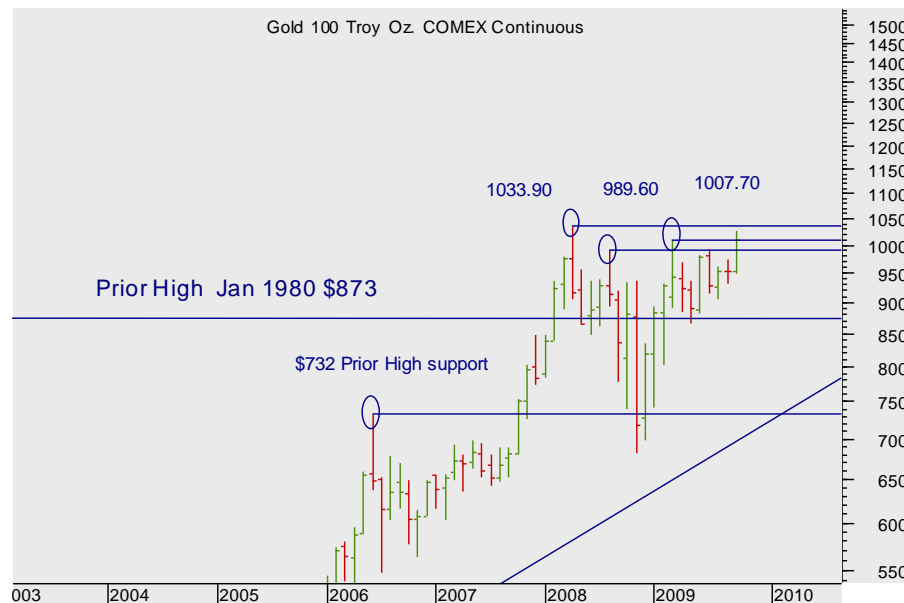
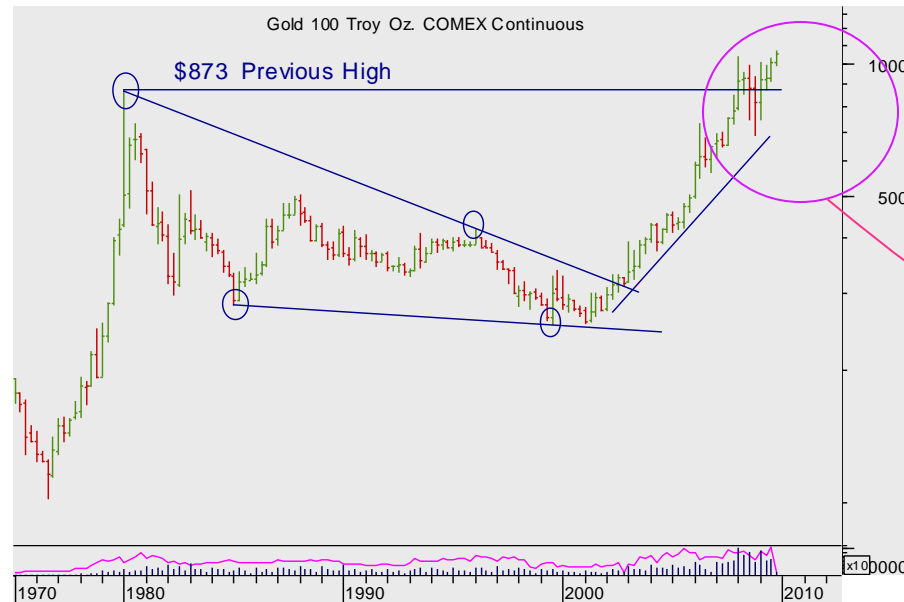
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



Comex Gold quarterly cont. futures chart

The market remains teetering at the all-time-high.

Comex Gold monthly cont. chart

And the reluctance to stay down beneath that level, despite repeated attempts to sell off, is evident.

Is there a possible Head and Shoulders Continuation pattern in the offing?

More



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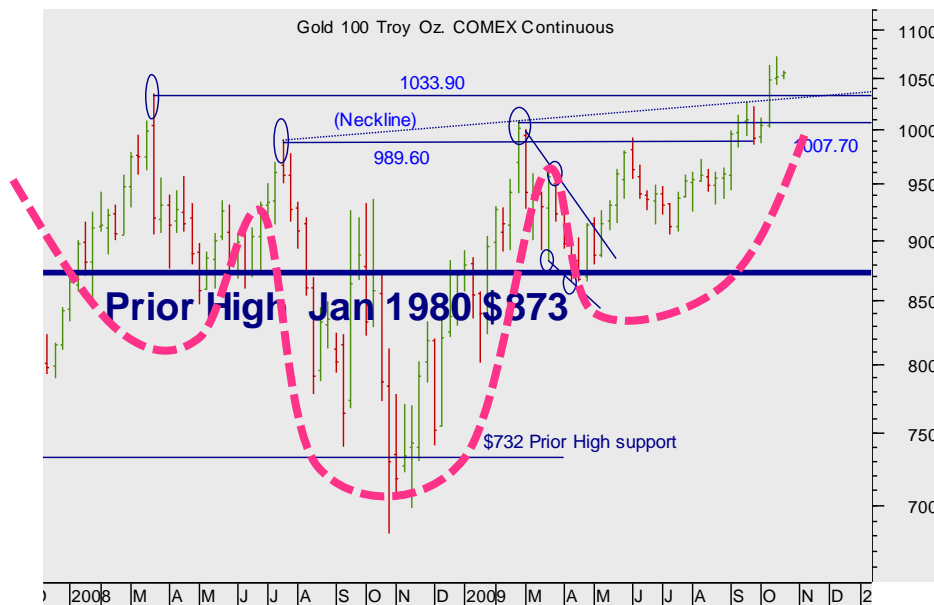
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Commodities

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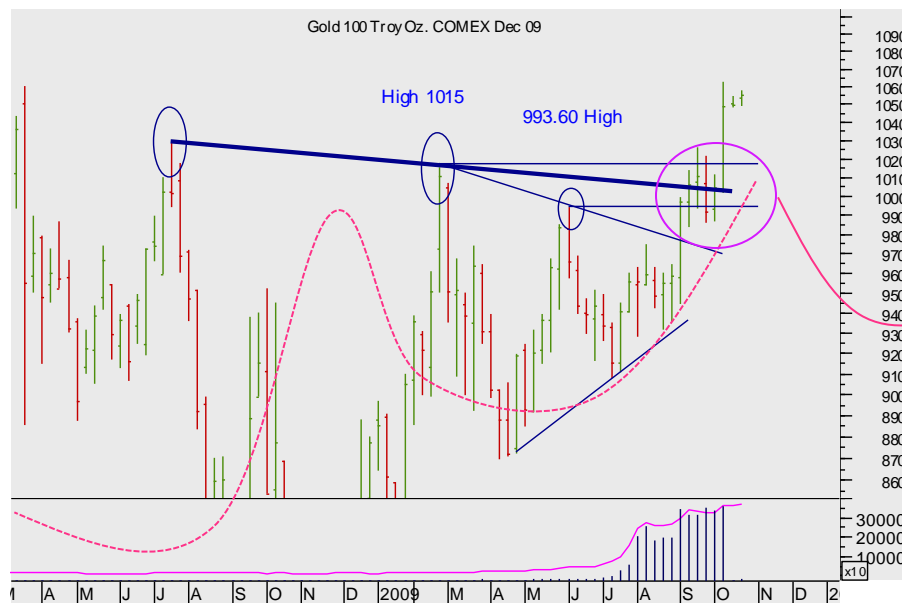
Commodities: Comex Gold



Comex Gold **cont.** futures weekly chart

The Head and Shoulders pattern is clear – **and completed**.

The minimum target of the pattern is very much higher.



Comex Gold **Dec 09** weekly futures chart

The Dec H&S pattern has a falling Neckline.

The chart shows the consolidation around the Neckline - the market's refusal to sell off – and the surge on completion.

We are buyers



Summary

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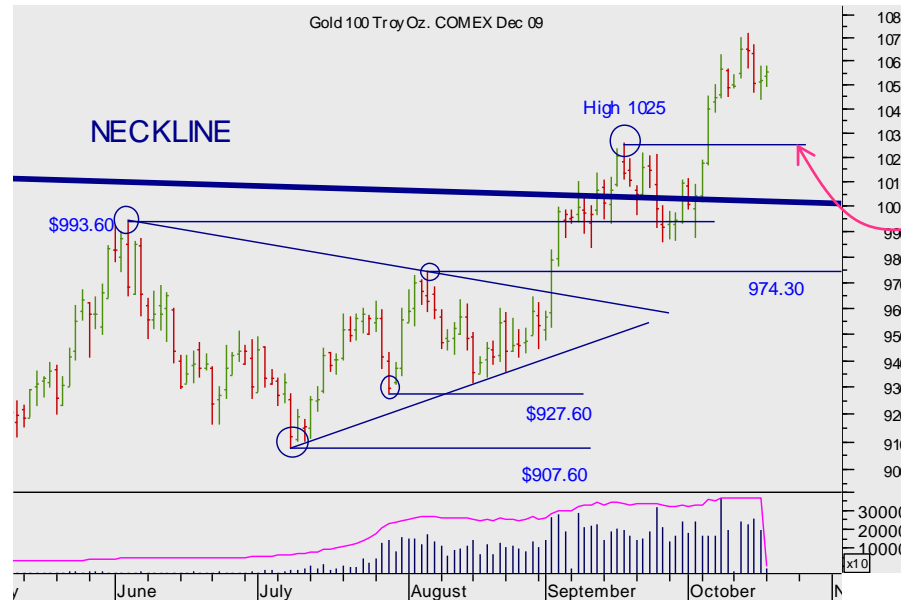
Interest rates

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Commodities

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- + Comex Gold

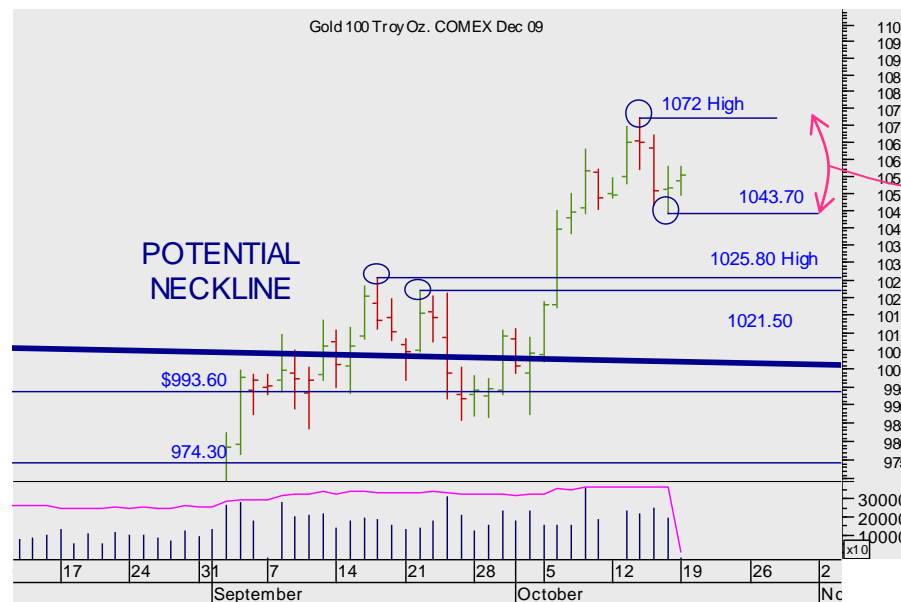
Commodities: Comex Gold



Comex Gold Dec 09 daily futures daily chart

The Neckline is the major support beneath the market, but before that watch the market's reaction to 1025 on any pull back.

We are bulls.



Comex Gold Dec 09 daily futures daily chart

In the very short-term, watch the range .



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