



17th November 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 1.4716; **ADD** on a break of 1.5062
Stay **SQUARE**; BUY Sterling above 1.6842
Stay **SHORT** Dollars beneath 91.77/98 **ADD** beneath 88.04
Stay **SQUARE**

Stocks

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

Stay **SQUARE** (Dec09); BUY close above 1099
Stay **SQUARE** (Dec 09).
Go **LONG** above 5273 (Dec 09)
Stay **SQUARE** (Dec09).

Bonds

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

Stay **SQUARE** (Dec 09);
Stay **SQUARE** (Dec 09)
Stay **SQUARE** (Dec 09)

Interest rates

- + CME Eurodollar
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Stay **LONG** (Dec 10) above 98.47.
Stay **SQUARE** (Dec 10). **BUY** a close above 98.26
Go **LONG** above 97.84 (Dec 10);

Commodities

- + Nymex WTI Oil
- + Comex Gold

Go **LONG** above \$76.50 (Dec 09); **ADD** above \$82.
Stay **LONG** (Dec 09) above \$1072.



Currencies: Dollar Euro

CURRENCIES:

Despite the churning of last week the Dollar remains close to its lowest levels against the Euro, Sterling and the Yen. In all cases the critical levels are clear where short-term traders should join the well-established medium-term bear Dollar trend. Sterling Euro has been in a tight range for two weeks.

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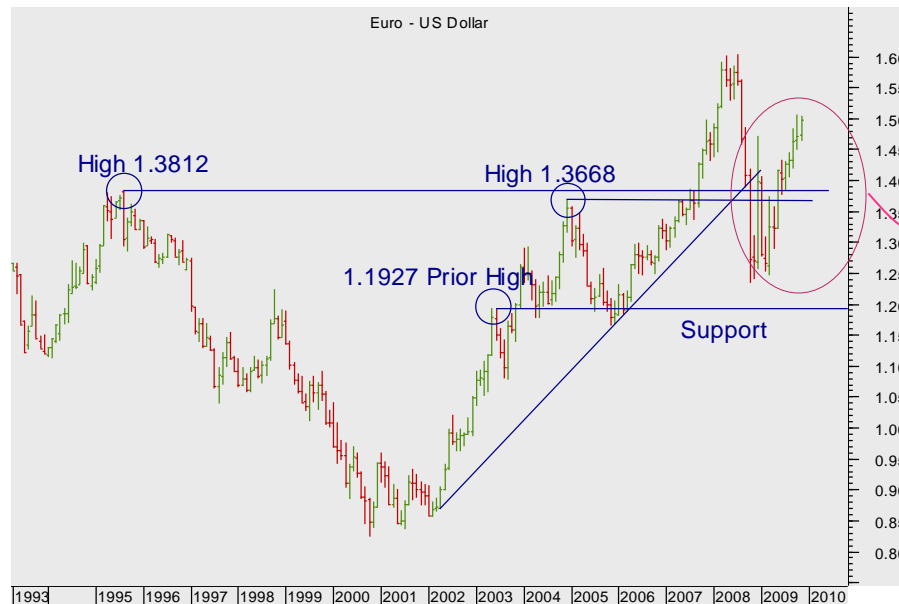
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Dollar Euro monthly spot cash chart

The market has twice broken the support from the previous Highs at 1.36-38, **yet cannot stay beneath** those levels... The weakening of the Dollar has been the clear trend since the beginning of 2009.

Look closer.

More



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Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

The second rally from the 1.2333 level has gone further than the first. Completing a Double Bottom

Now traders should focus on the 1.4716 High..... Strong and critical short-term support. Look closer.



Dollar Euro daily spot chart

The market has paused at that level 1.4716 and now has established itself clearly above - the crucial trigger will be a break above the High at 1.5062...

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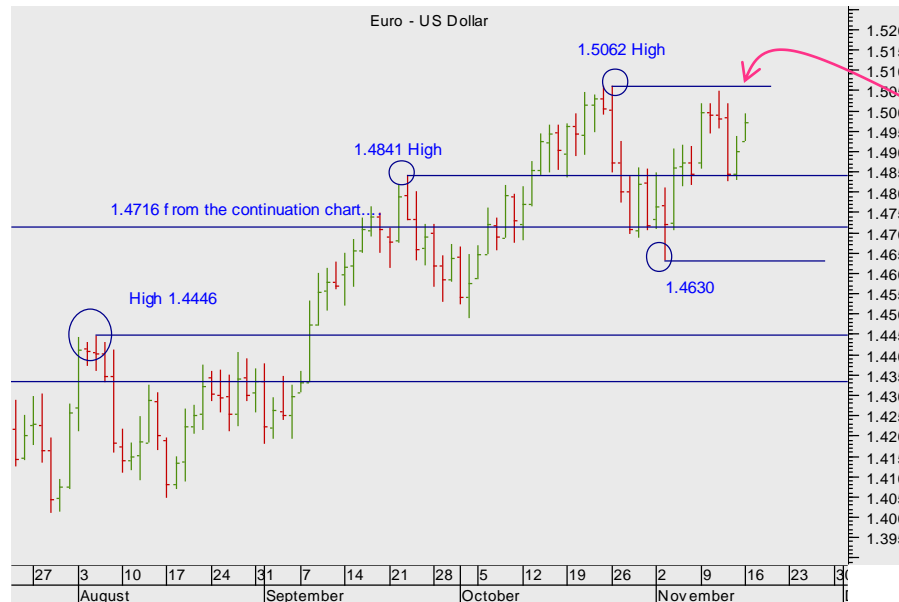
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Currencies: Dollar Euro



Dollar Euro Daily spot cash chart

We are fresh sellers of the Dollar on a confirmed break above 1.5062



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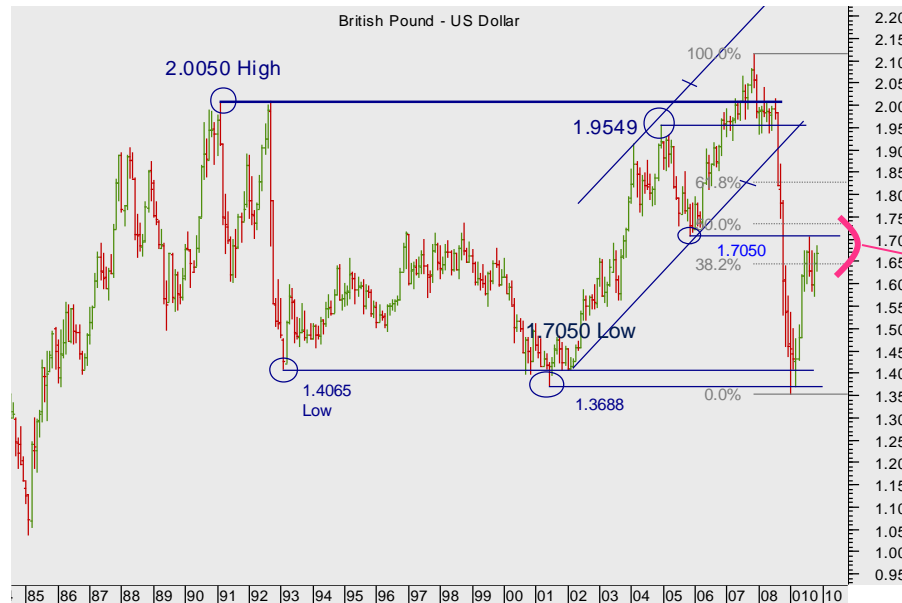
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Currencies: Dollar Sterling



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 1.6802-1.7050-1.7450.

That band is a continuing problem for the bulls.

Now look closer.

More



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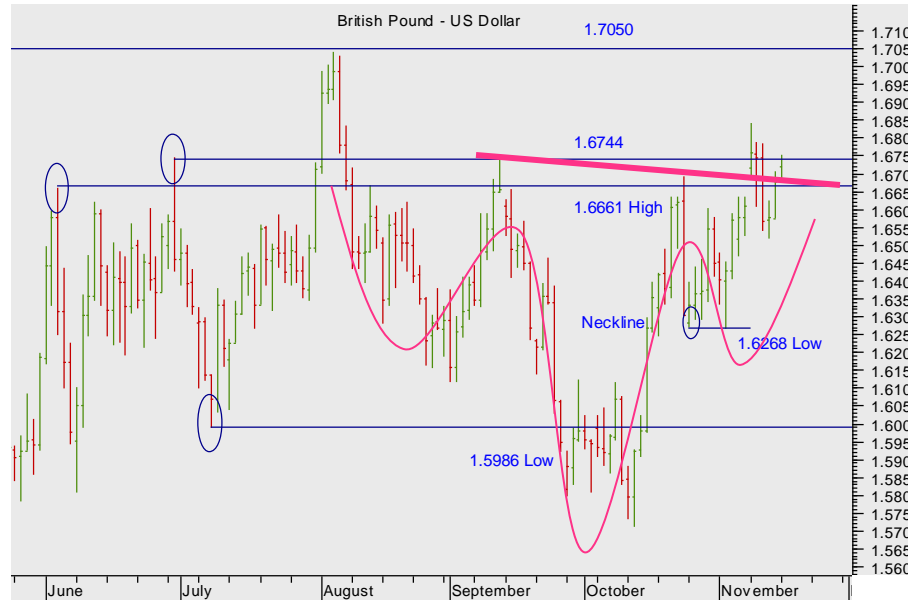
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Currencies: Dollar Sterling

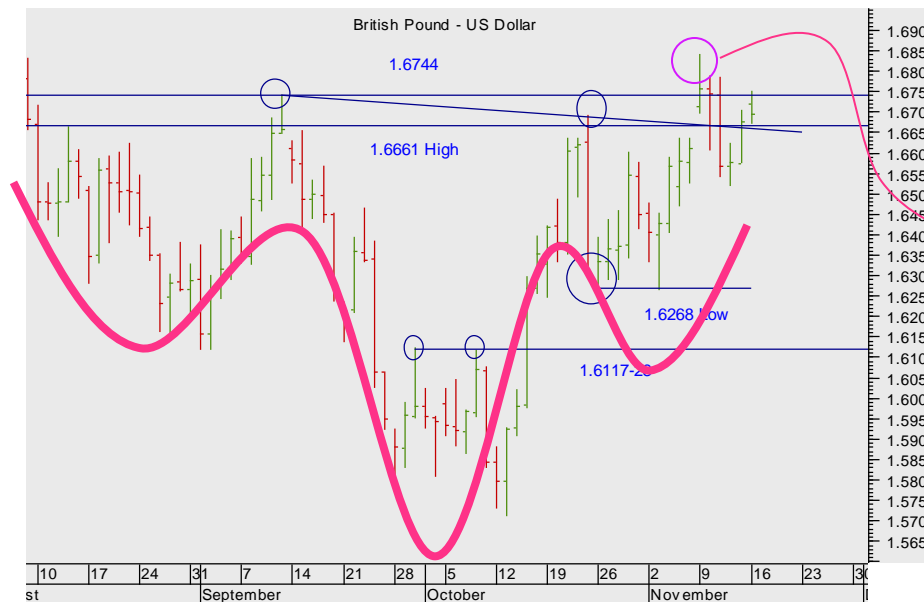


Dollar Sterling daily spot cash chart

But there has been a notable reluctance to sell-off.

The surge better has completed a H&S Reversal.

Look closer.



Dollar Sterling daily spot cash chart

The Head and Shoulders Reversal has yet to complete unambiguously, watch the near High at 1.6842...



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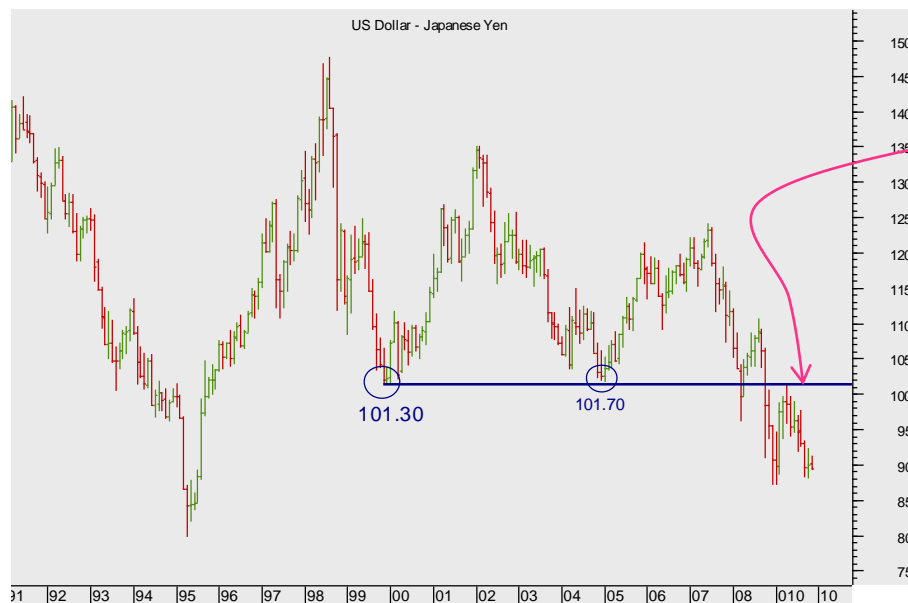
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Currencies: Dollar Yen

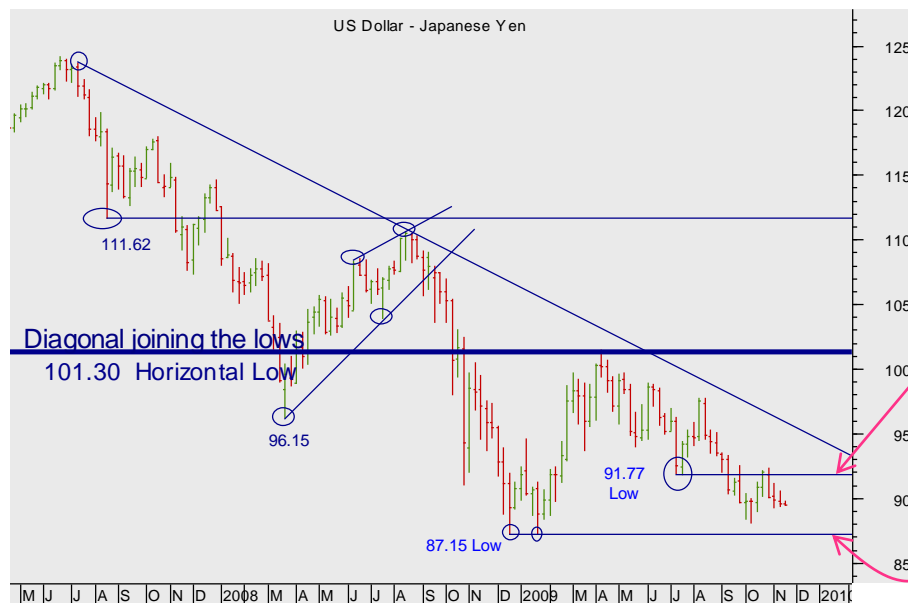


Dollar Yen monthly spot cash chart

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 Dollar's 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 91.77 level which is now clear resistance above the market

Expect a test of the low at 87.15.

More



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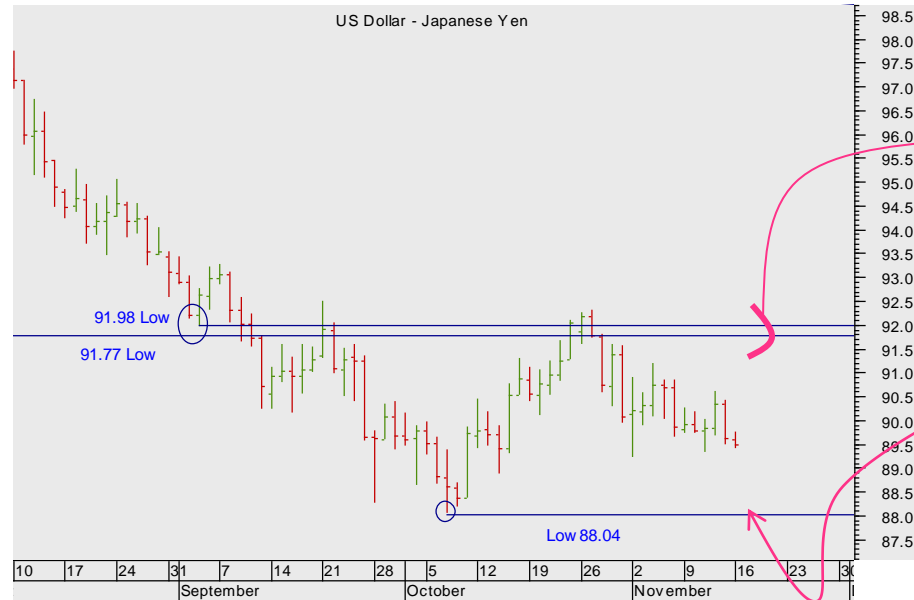
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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

the resistance at 91.77-98 held.

Since then there has been a pause.

But we favour a retest of the lows.

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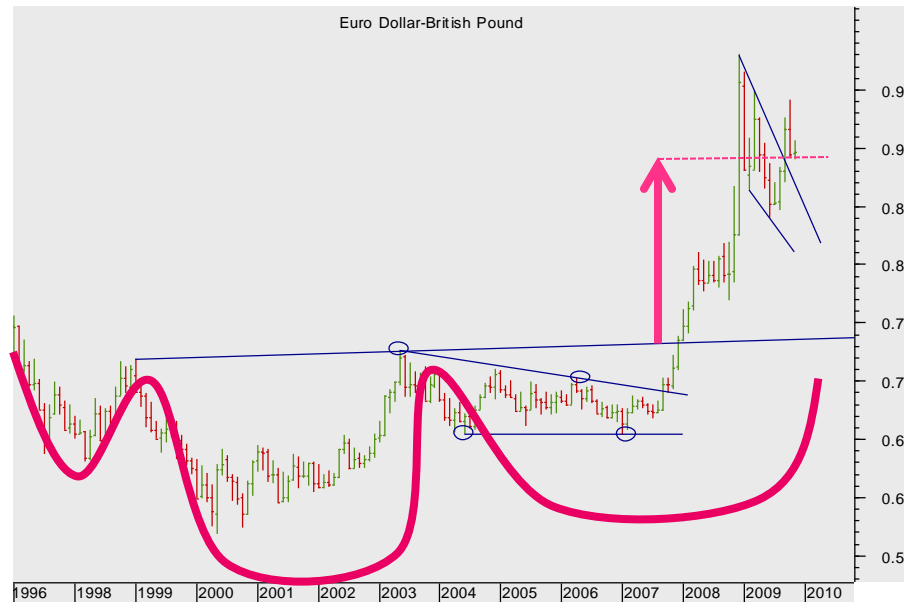
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Currencies: Sterling Euro

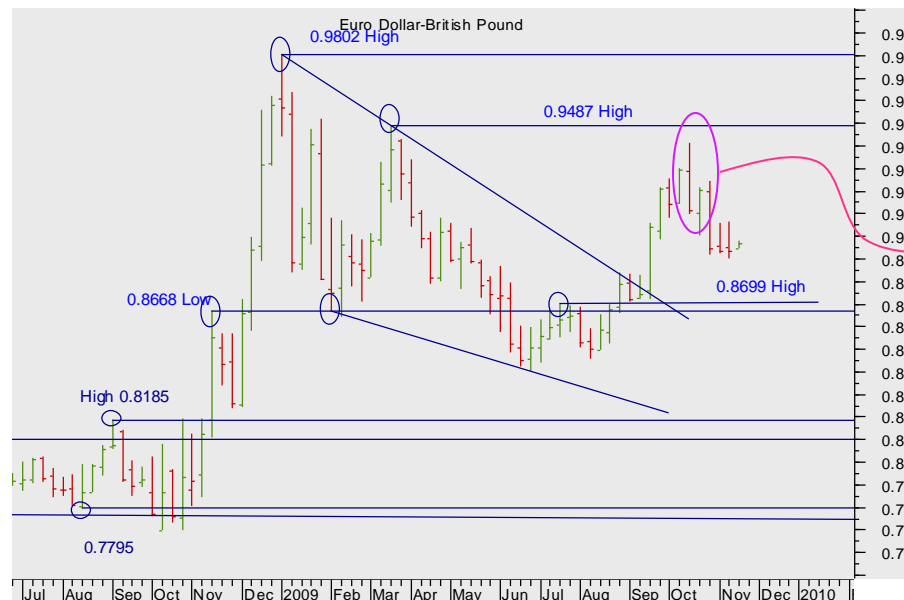


Sterling Euro monthly spot cash chart

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

The wedge began a bull move but that appears to have run out of steam.

Now note the weekly Key Reversal that began the sell-off ... look closer.

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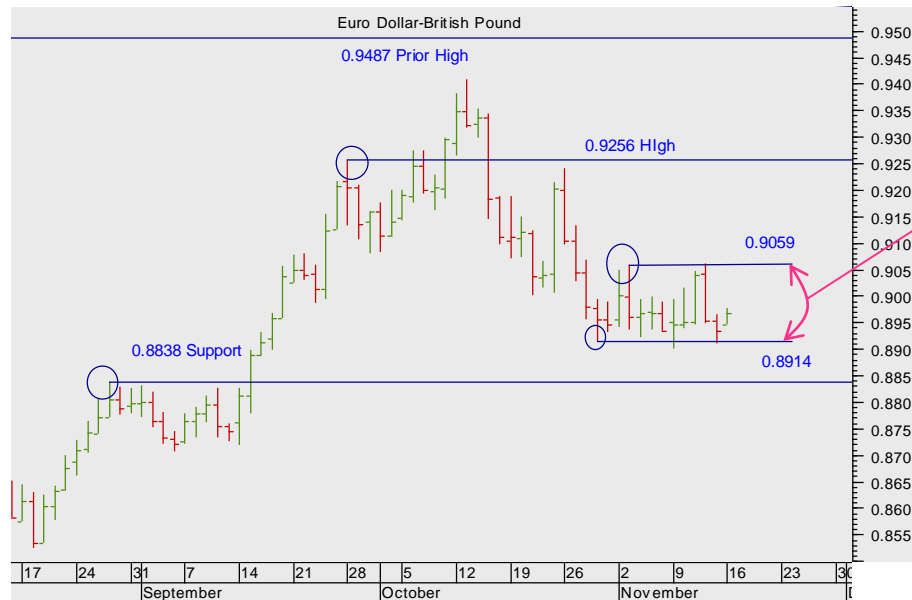
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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

But the sell-off has ground to a halt just above in a tight trading range just the critical support at 0.8838.

Stand back in the short-term



Stocks

STOCKS: Now we are bullish of these markets. The ample opportunities for the bears to wrest control from the bulls has been lost. The FTSE has broken out, the S&P hovers close to breakout and the European markets lag somewhat further beneath their previous highs. Our medium-term bullishness across the board is now backed by a new short-term bullishness.

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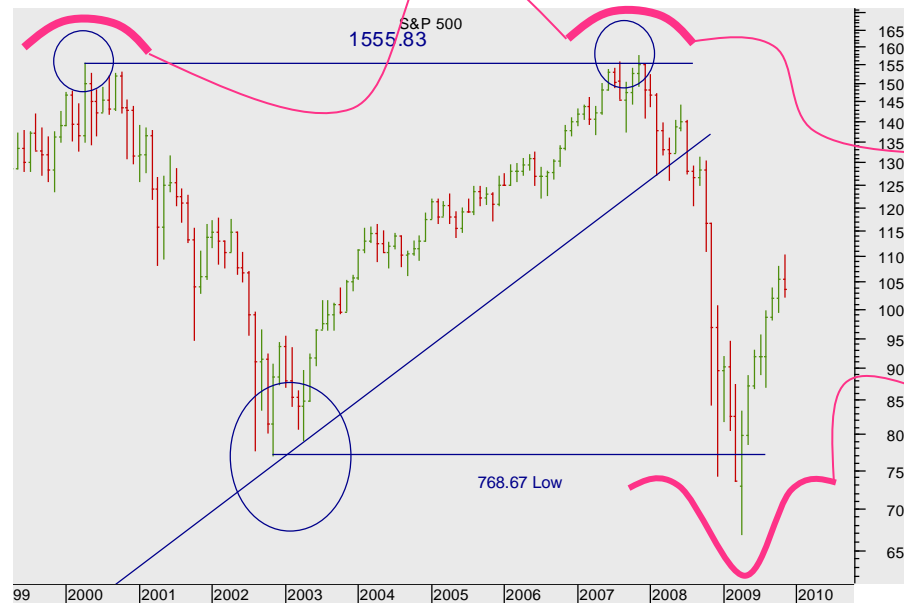
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Stocks: CME S&P 500



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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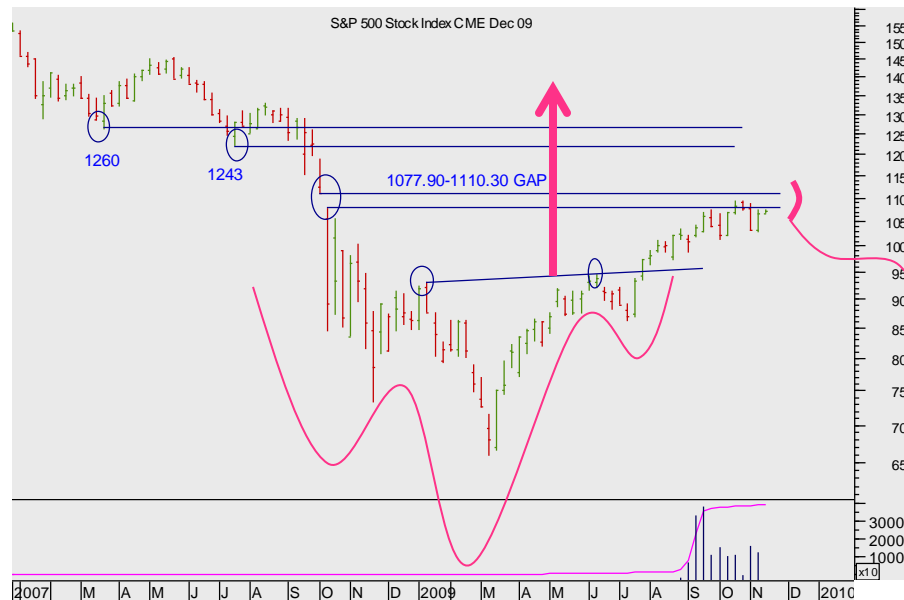
Stocks: CME S&P 500



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 cont. 09 chart

The detail of that completion. Minimum target? Around 1250.

But notice the resistance from the Gap.

More



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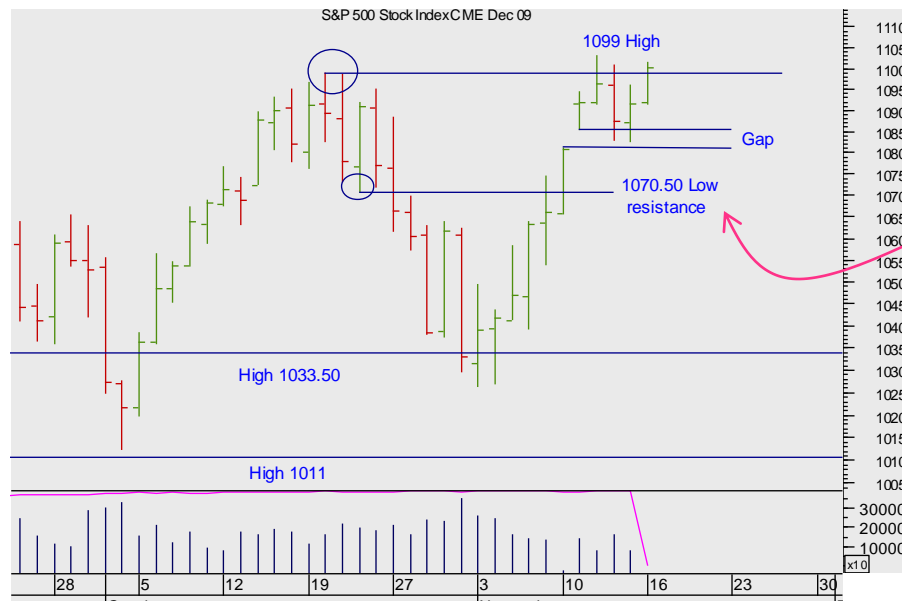
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Stocks: CME S&P 500



CME S&P 500 weekly Dec09 chart

The market has been working itself better and now sits close to the Prior High at 1099 and the Top of the Gap resistance ...



CME S&P 500 daily Dec09 chart

We have been sceptical of the rally – watching falling open interest and low volumes.

But that Gap was clear short-term support.

And a break of the 1099 High/ gap resistance at 1110 in good volume will lead to fresh entrants to the market.



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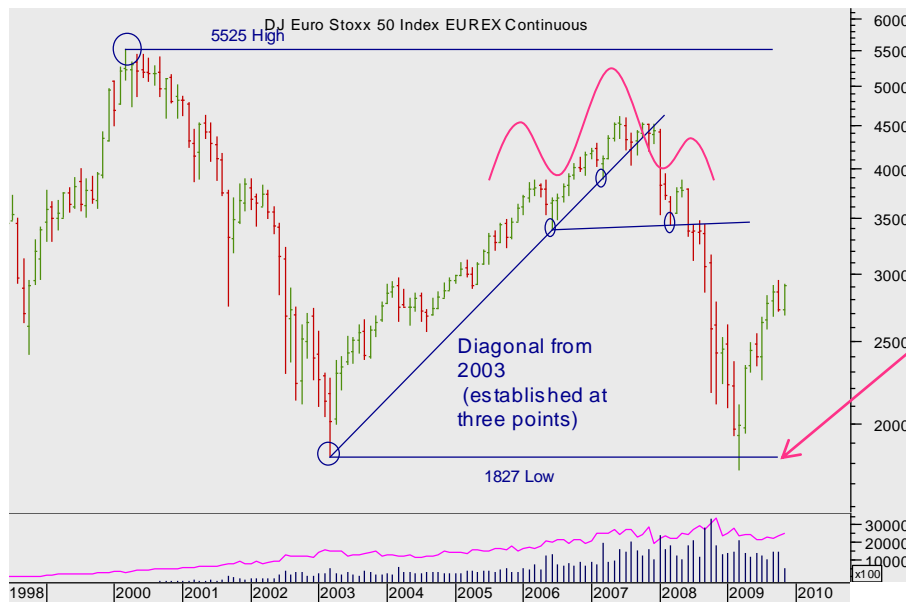
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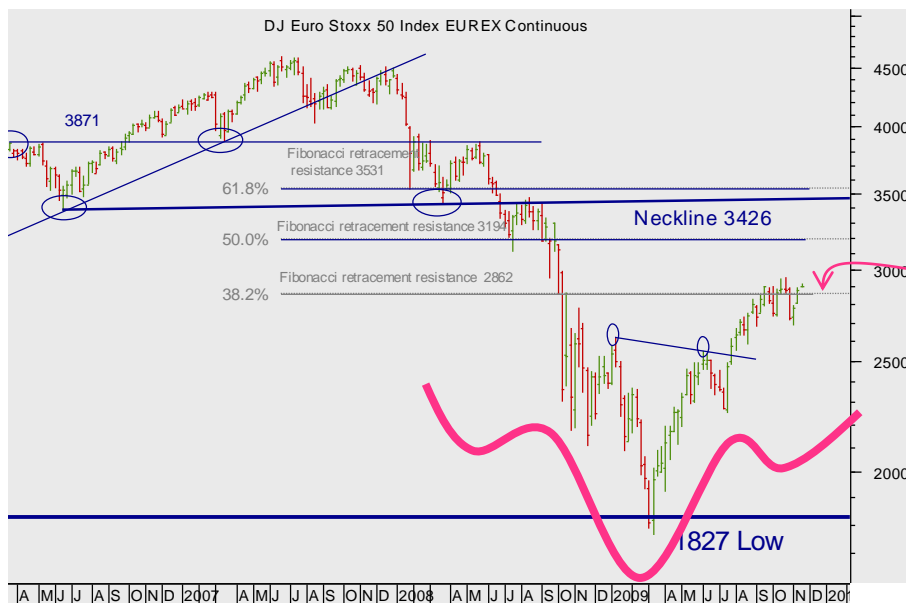
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Stocks: Eurex EuroStoxx 50



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 well the Fibonacci retracement resistance at 2862... **that seems to have held the market.**

More



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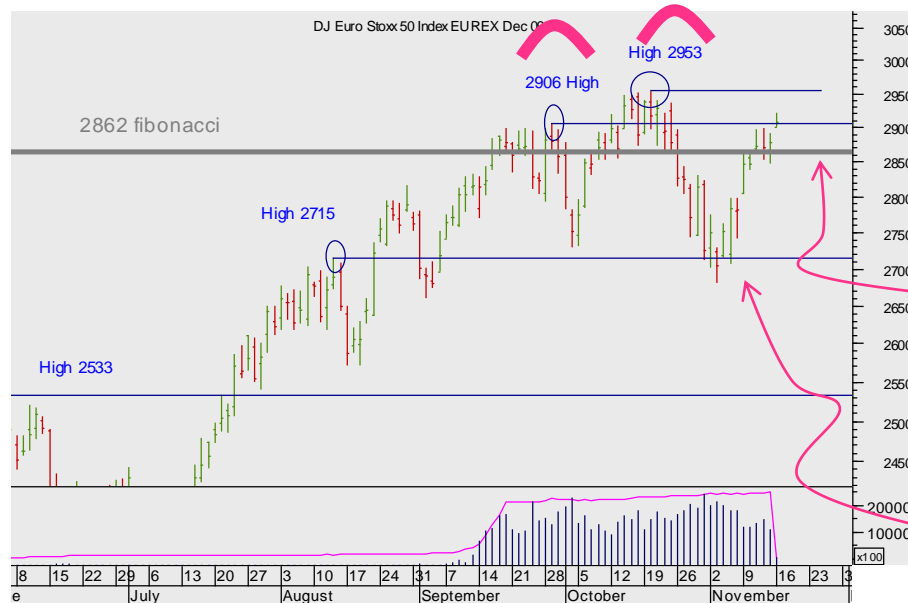
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Stocks: Eurex EuroStoxx 50



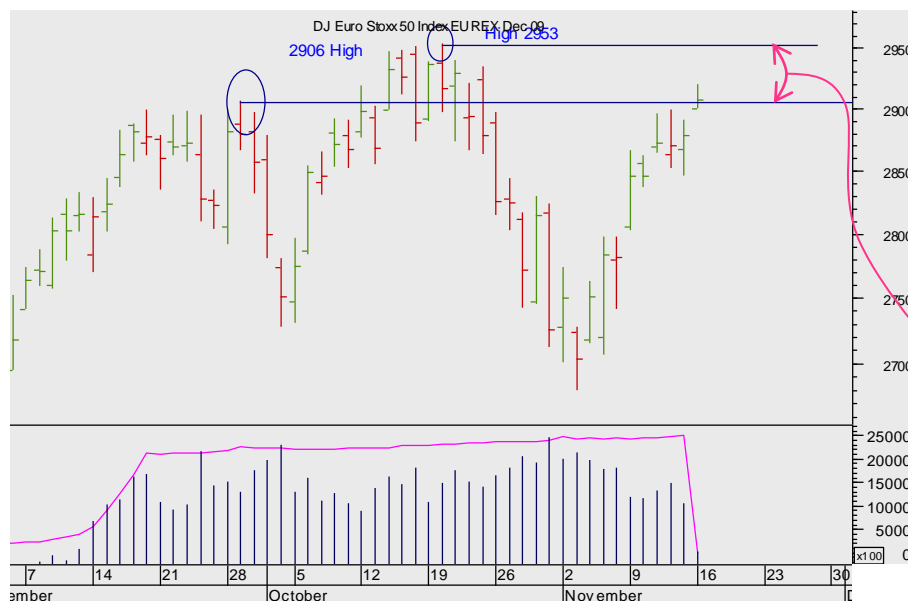
Eurex EuroStoxx 50 daily Dec 09 futures chart

The twin failure at 2906 is clear.

The presence of the major Fibonacci is important too, adding bearishness.

So the pull-back to the support from the prior High at 2715 is no surprise.

But the market bounced (albeit on falling volume)



Eurex EuroStoxx 50 daily Dec 09 futures chart

We didn't trust the bounce – but if the market got get through 2906-2953 there will be fresh buying.

Watch the band of resistance.



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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 penetrated the Neckline from the H&S Top that drove the market lower in the first place.

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

The market looks well-set.

More



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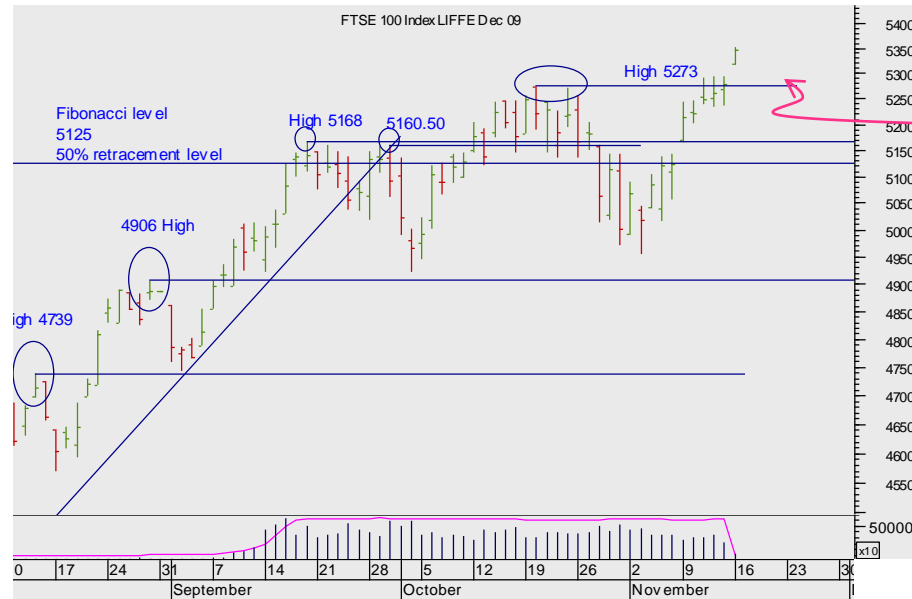
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Stocks: Liffe FTSE 100





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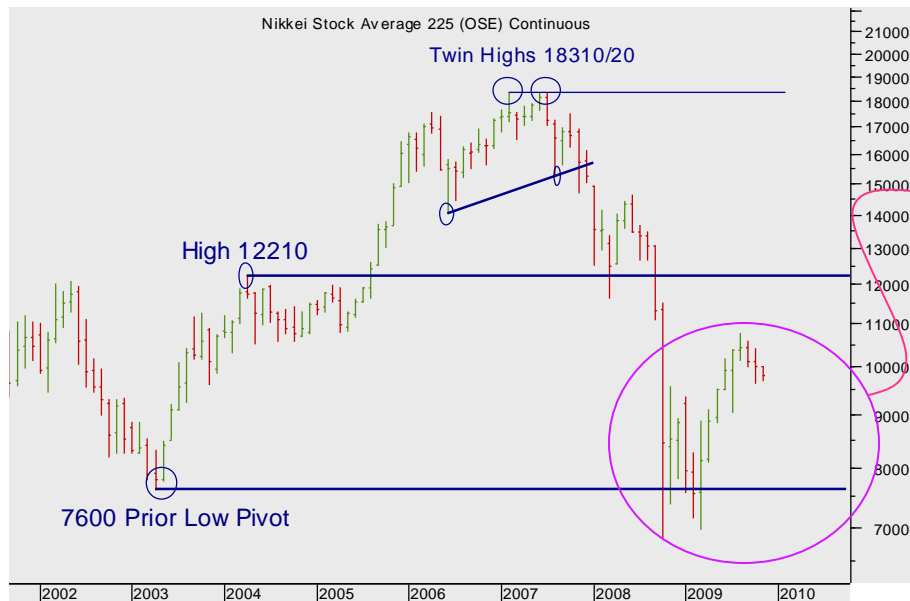
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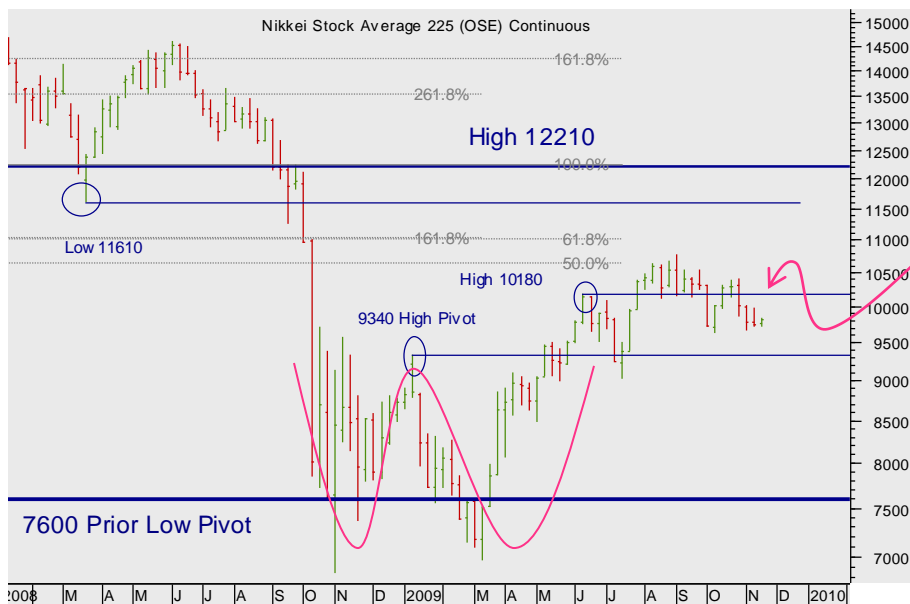
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Stocks: OSE Nikkei 225



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

A completed Double Bottom is set to drive the market to 13000.

But the impetus has been lost since the Prior High at 10138 has been broken....

Look closer.

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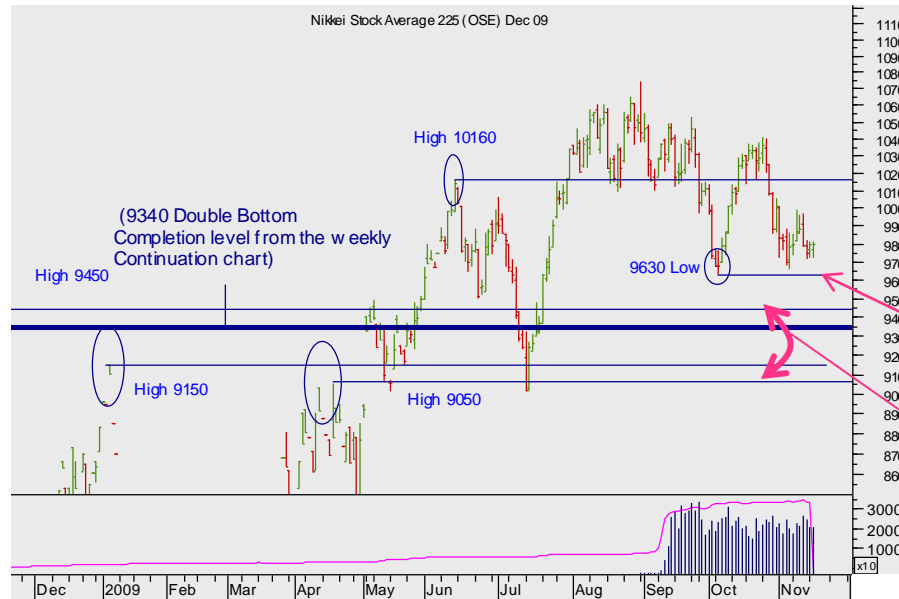
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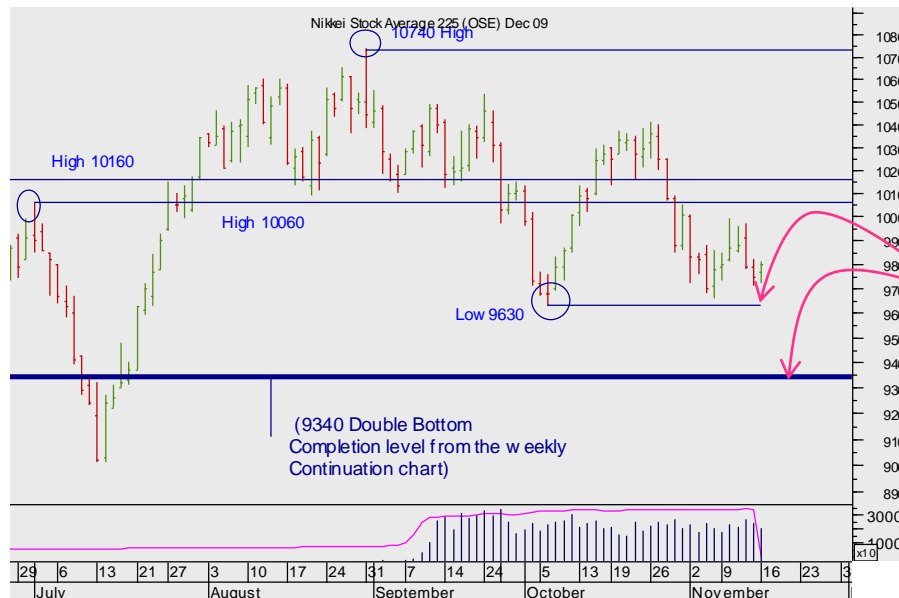
OSE Nikkei 225 weekly Dec09 futures chart

The failure to hold the support at 10160 is clear enough.

But the price action has been all over the place.

Bears should watch for a fresh break of the low at 9630

But even then we see a band of support 9050-9450 beneath the market.



OSE Nikkei 225 daily Dec09 futures chart

There is no very satisfactorily clear top in place but the **retest of 96.30 is important and if that breaks then expect a test of 93.40.**



Bonds

BONDS: The mixed picture remains: the bulls are backing the TNote whereas Bunds and Yen bonds are languishing within ranges, hemmed by resistance and support.

Stand back.

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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.

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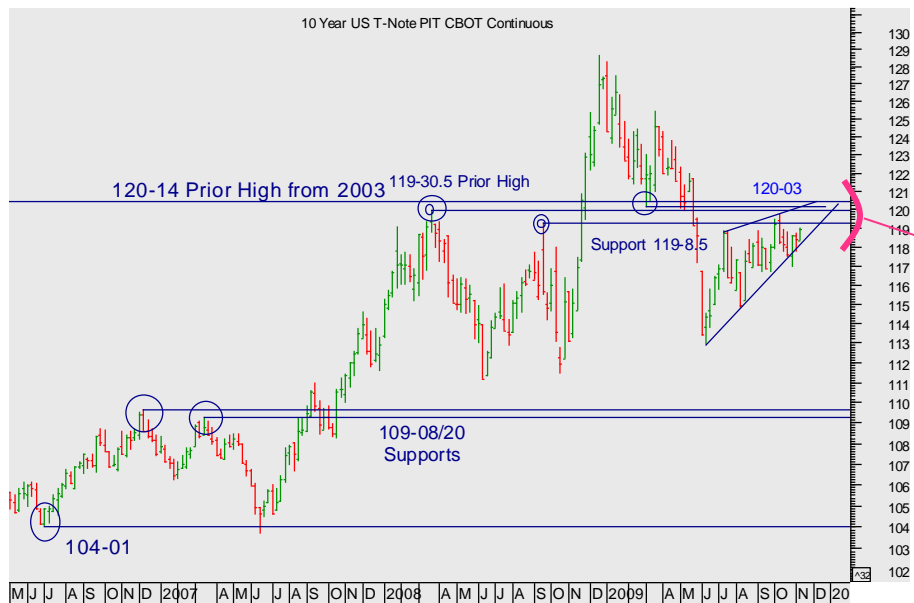
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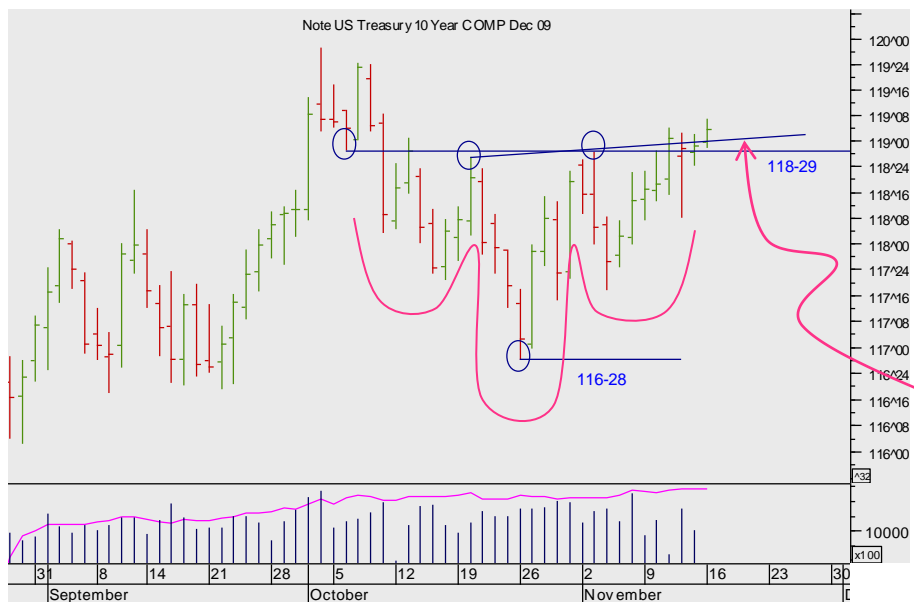


CBOT Ten Year Notes weekly futures continuation chart

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

But the rally back has been dogged, but so far has **failed** at the resistances – and may be close to completing a bear Rising wedge.

Look closer.



CBOT Ten Year Notes daily Dec 09 futures chart

The daily Dec 09 chart however, is much less clear and potentially bullish

The possible Head and Shoulders Reversal is clear, and the short-term price action suggests that it may have broken.

Wait for a clear confirmed break above the Neckline at 119.00.



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- + **Eurex Ten Year Bund**
- + TSE Ten Year JGB

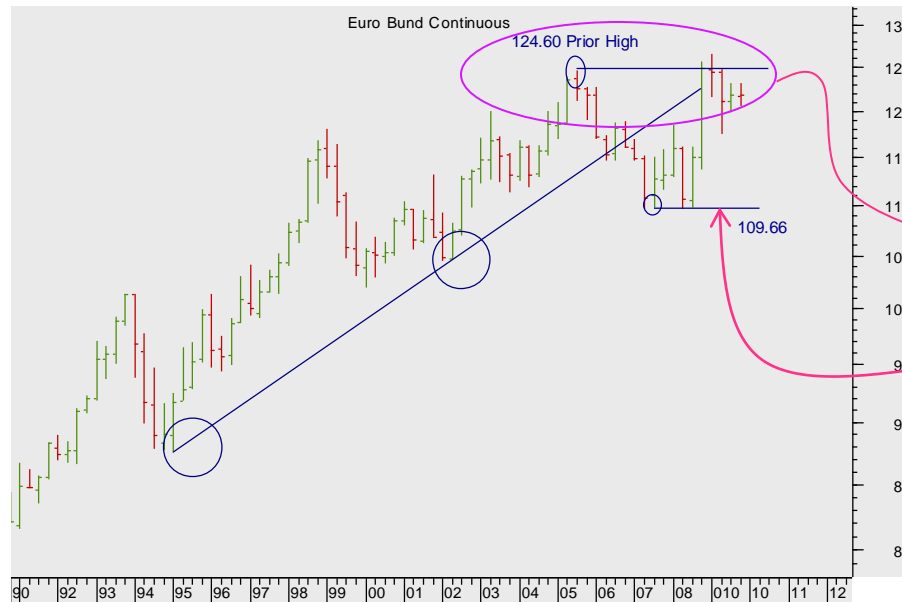
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

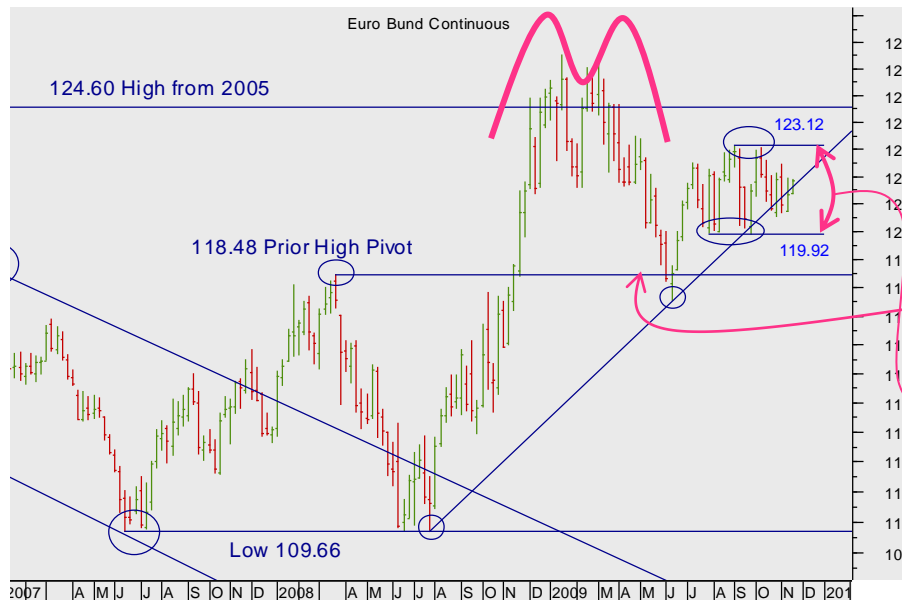
Bonds: Eurex Ten Year Bund



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.

But now the market has worked itself into a trading range

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

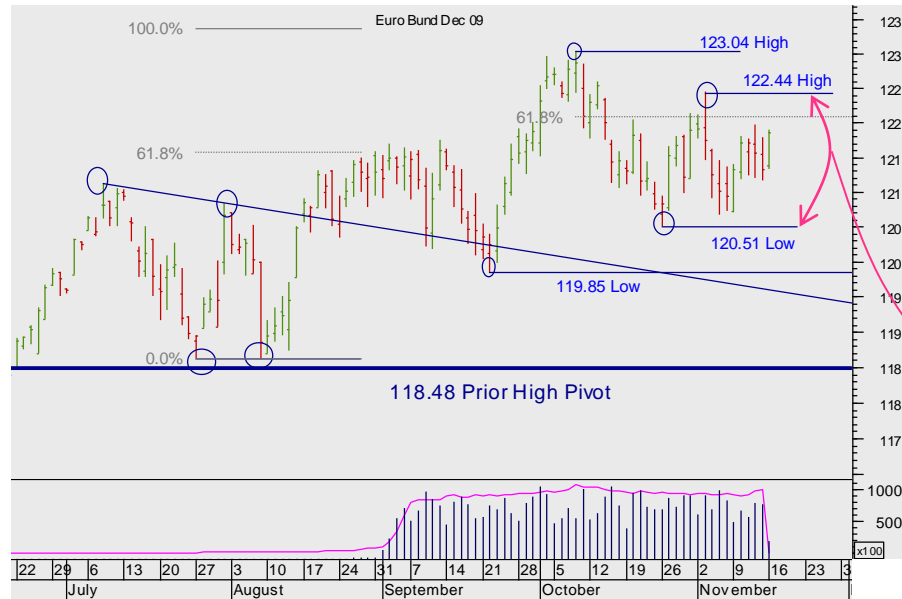
Interest rates

- + 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

The complexity of the Dec 09 picture is no clearer.

The well-established trading range should be closely watched.

Stand back and wait for the break.



Summary

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Bonds

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- + Eurex Ten Year Bund
- + TSE Ten Year JGB

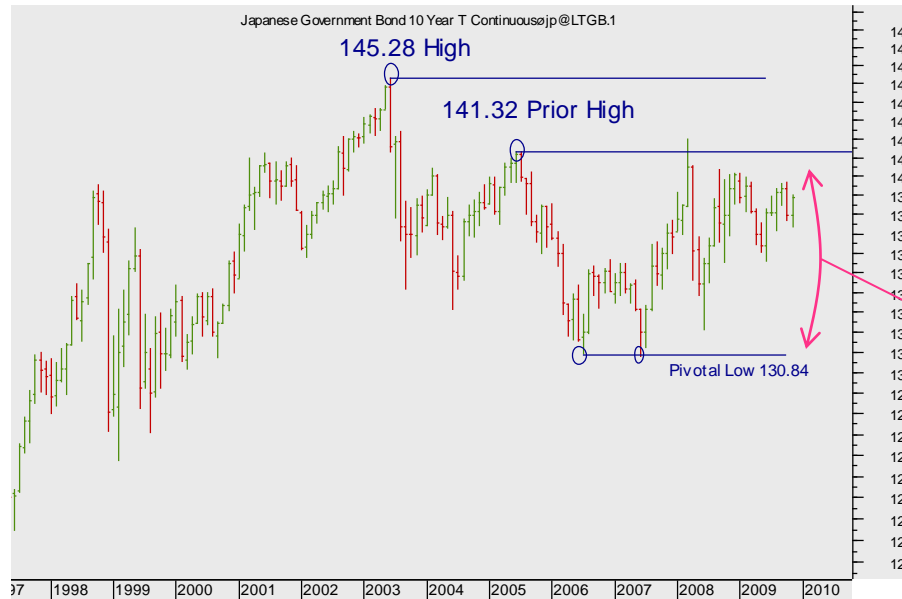
Interest rates

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- + 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 bull trigger.



TSE Ten Year JGB weekly Dec 09 futures chart

The Dec 09 chart lacks structure - but notice the weekly Key reversal - so watch for follow through first the diagonal at 139.00 and then the Prior High at 139.70.

More



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Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: TSE Ten Year JGB



TSE Ten Year JGB daily Dec 09 futures chart

The break down through the 138.37/36 lows and Prior High support has been impressive short-term bull evidence too.



Interest rates

SHORT INTEREST RATE FUTURES: These markets are being driven into bullishness one by one. But it is well-structured bullishness: the leader is the Eurodollar, then the Short Sterling, which we favour, and then the Euribor.

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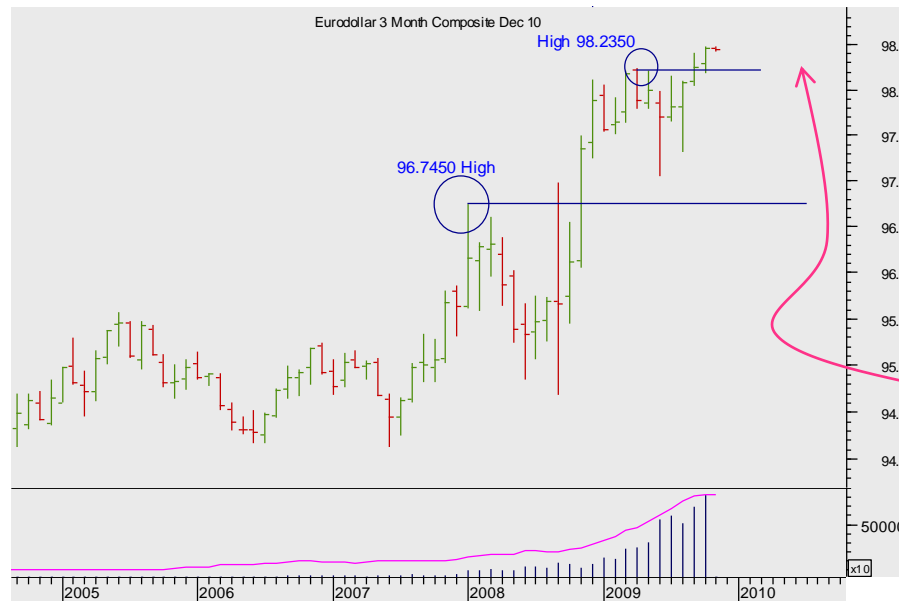
Interest rates

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Commodities

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- + 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

– the market is ratcheting better on the support from Prior Highs.



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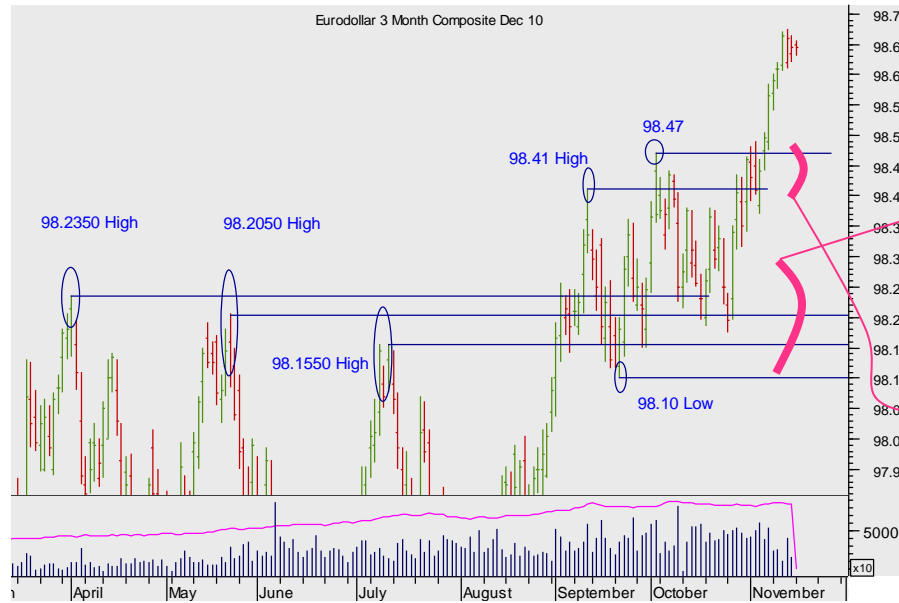
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Commodities

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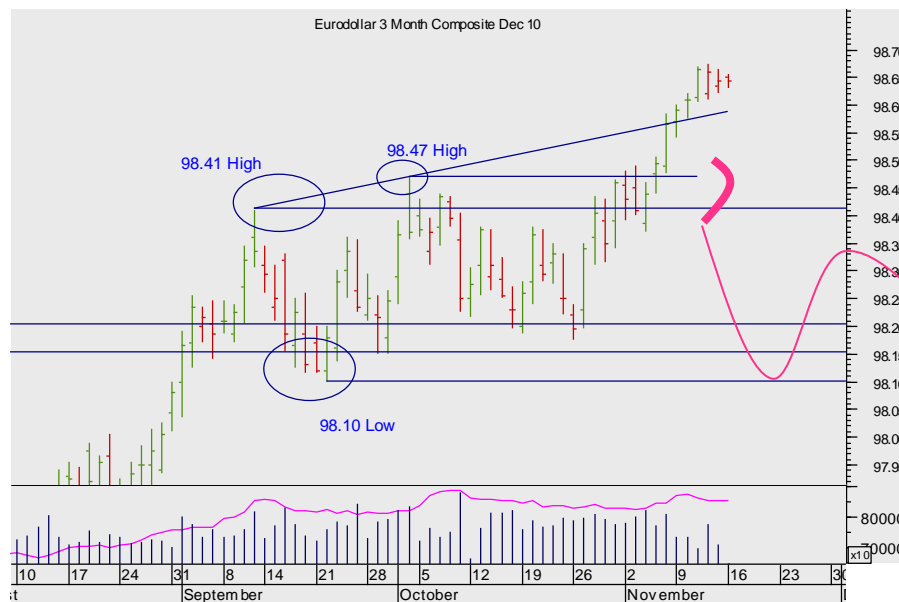
Interest rates: CME Eurodollar rates



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 so far, despite repeated attempts to break down **they have held**.

Now study the break up through the 98.41/7 Highs.



CME Eurodollar rates daily Dec10 futures chart

We were bulls and wanted to add on a break up through 98.47.

We remain bulls - noting the smashed short-term resistance at the rising diagonal at 96.57.

Short run support at 98.47 – 98.41.

More



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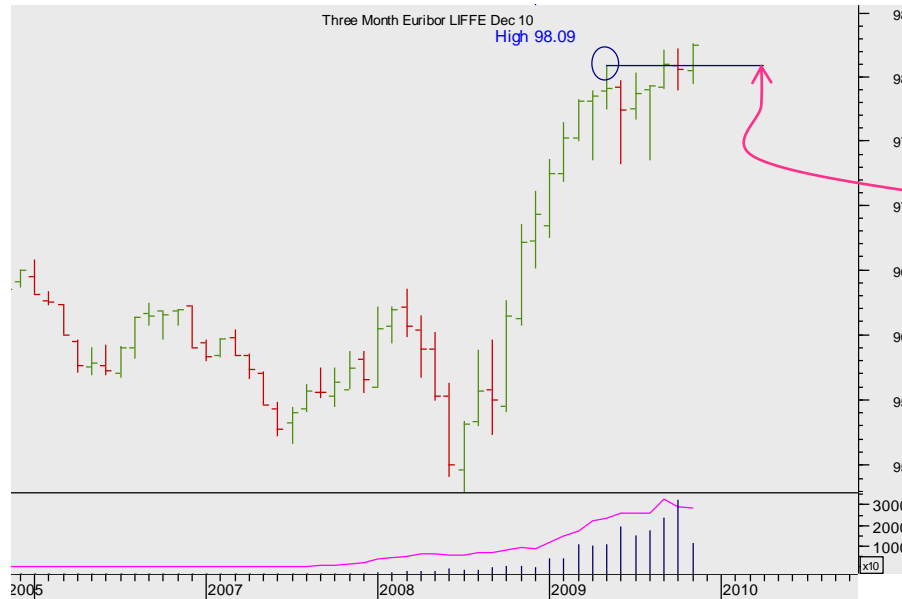
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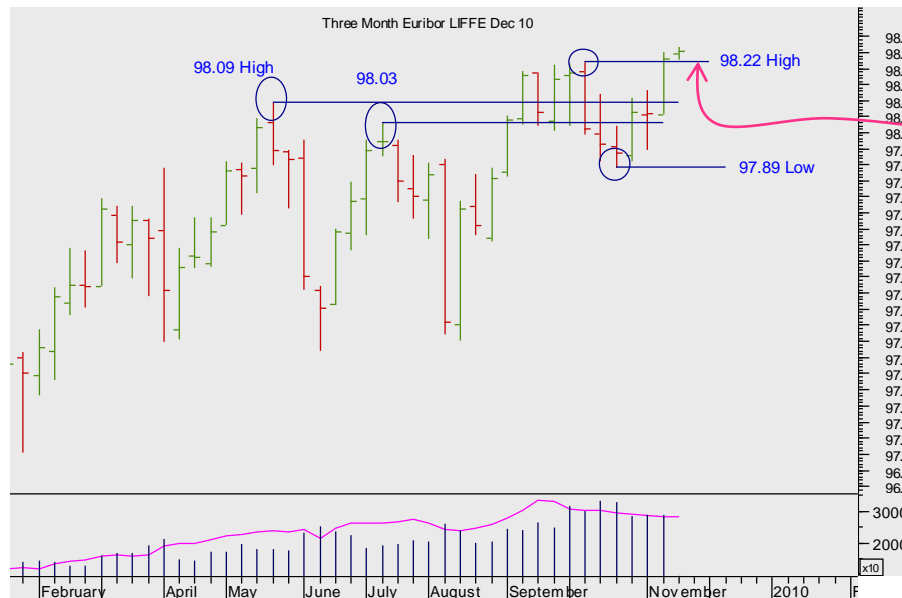
Interest rates: Liffe Euribor rates



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

The break up through the Prior High has broken the bear Key Reversal of **six weeks ago.**

If sustained it will be a major break.

More



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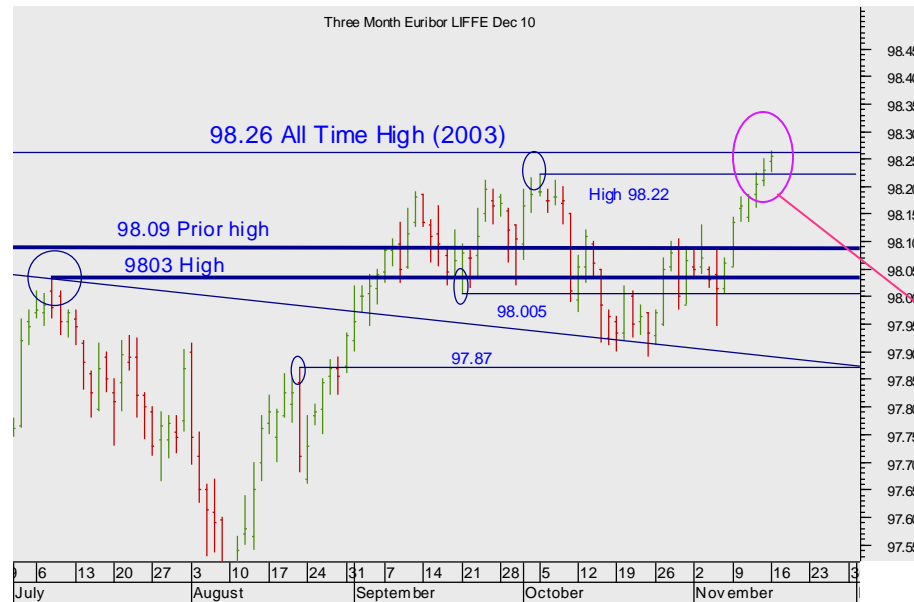
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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates Dec 10 daily futures chart

The rally back through the 98.005, 98.03, and 98.09 (briefly) has sorely tested the bears.

Watch the band of resistance from the Prior Highs at 98.22-98.26.

A clear break up through there and the market will have a good deal of fresh buying.



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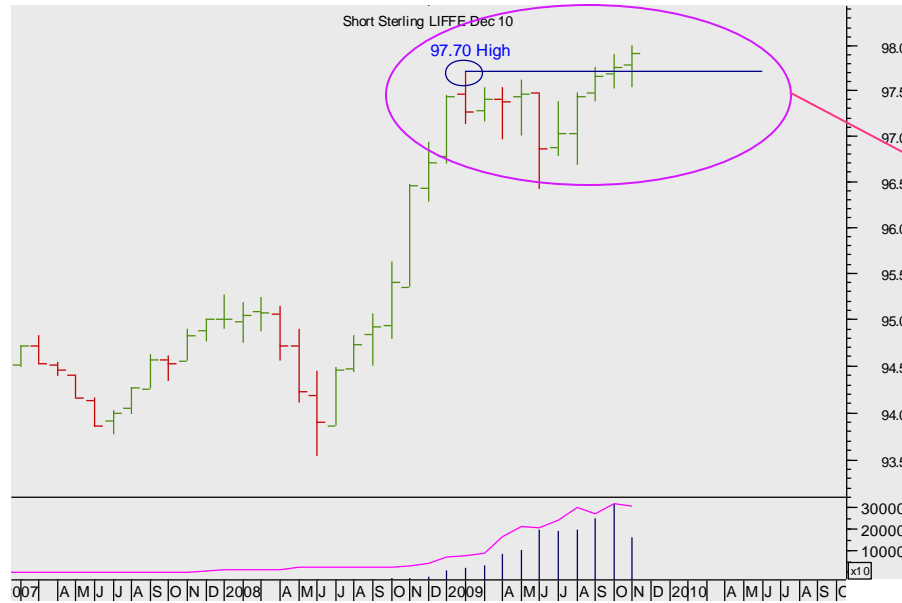
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Commodities

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- + Comex Gold

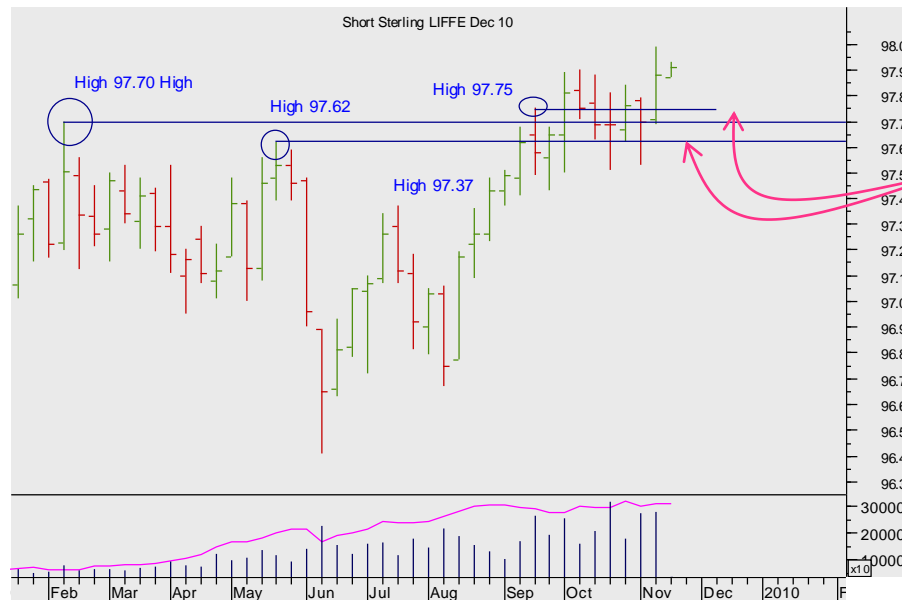
Interest rates: Liffe Sterling rates



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.

The market is well-set.



Liffe Sterling rates daily Dec 10 futures chart

The support from the Prior Highs is substantial and driven the market better.

More



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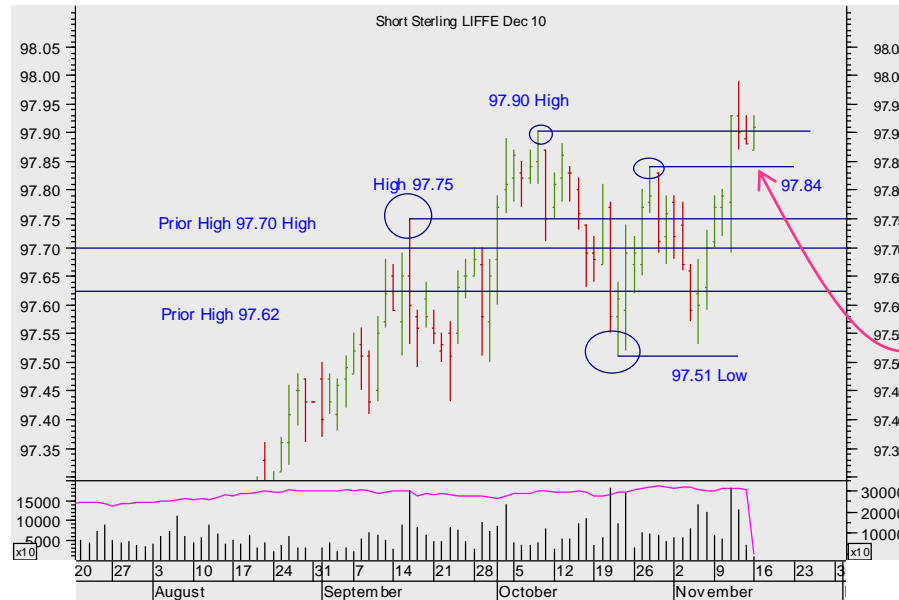
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates daily Dec 10 futures chart

The completion of a Double Bottom has driven the market better – to teeter at the Prior High 97.90.

Good support at the completion level of the Double Bottom.

We are bulls with stops beneath 97.84 and will add above 97.90.

Stay long.



Commodities

COMMODITIES: Gold is having a fantastic run, which looks set to continue. Oil has been disappointing for the bulls, but for all the sideways price action the essence of the bull structure remains in place. We remain bulls, though slightly jaded.

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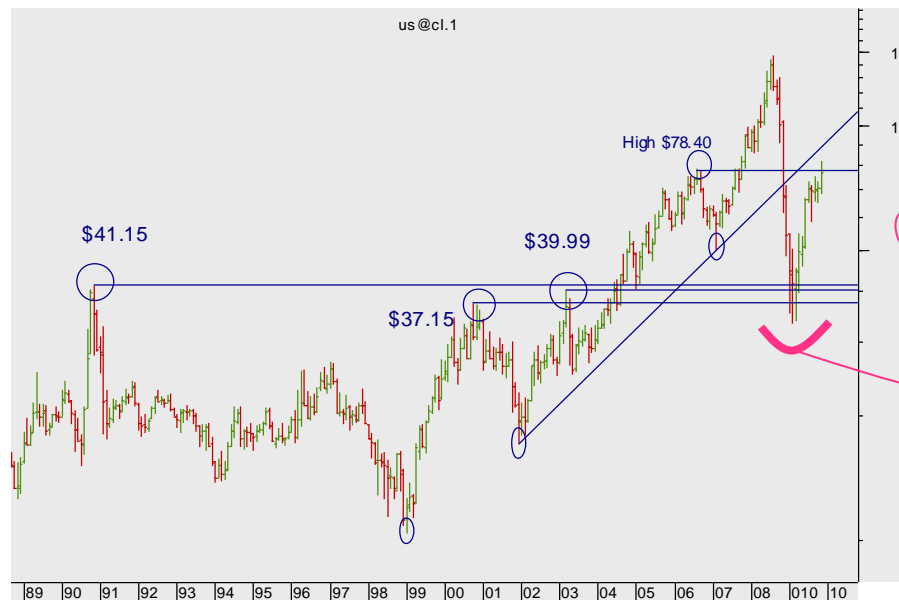
Interest rates

- + 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's sell-off found huge support at the \$40.

And bounced.

More



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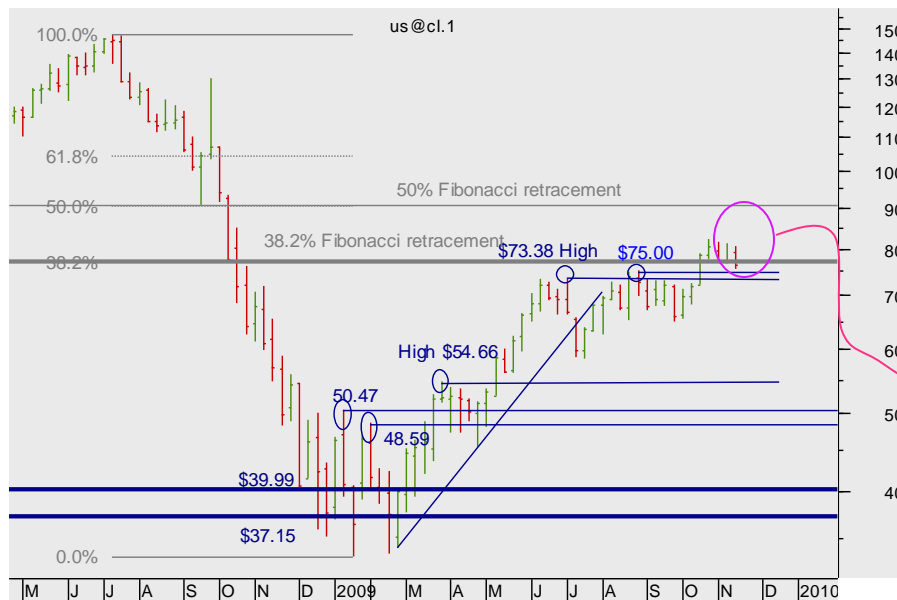
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil Cont. weekly chart futures

The bounce off the band of long-term support (\$37-\$39) drove the market better – up as far as the 38.2% Fibonacci...

The market paused there, forming a triangle

And note that the completion of the Triangle coincided with the break up through the 38.2% Fibonacci resistance. **Look closer.**



Oil Dec 09 daily chart futures

Study that triangle in detail. **Minimum move? About.\$91.**

But as anticipated the market wants to retest the breakout of such a pattern.

Look closer again.



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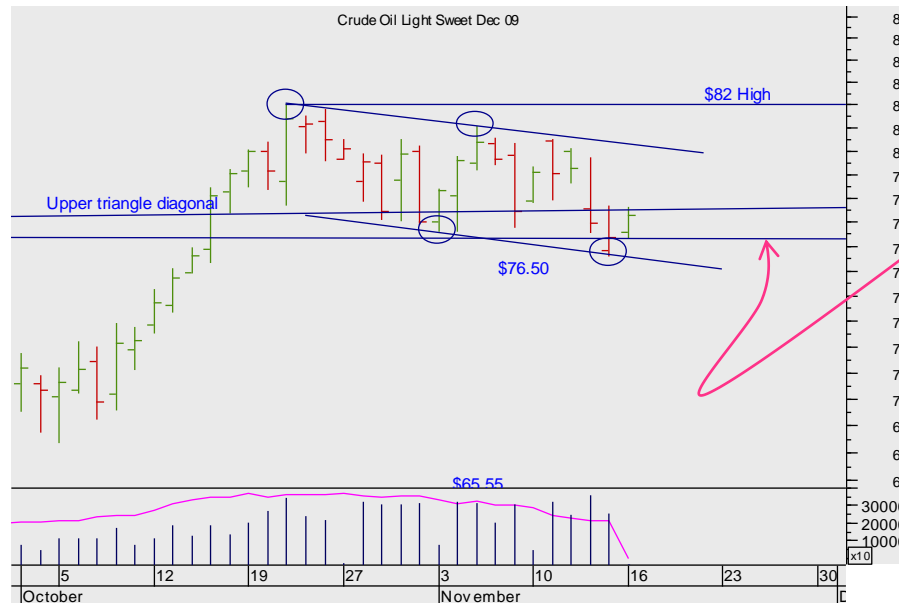
Interest rates

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- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil Dec 09 daily chart futures

Stops beneath the \$76.50 horizontal.

We remain bullish while \$76.50 holds, noting the falling wedge...and will be adding on a break up through \$82.



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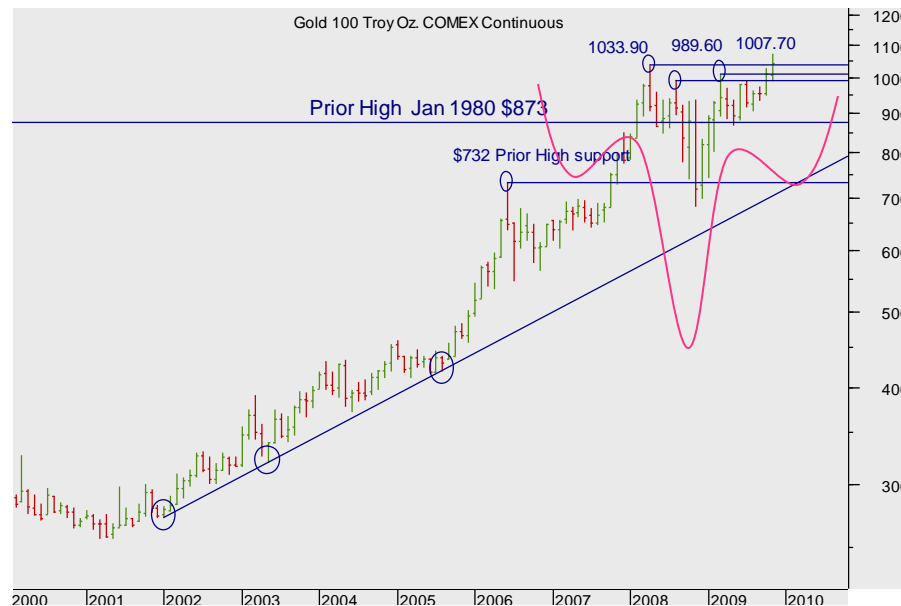
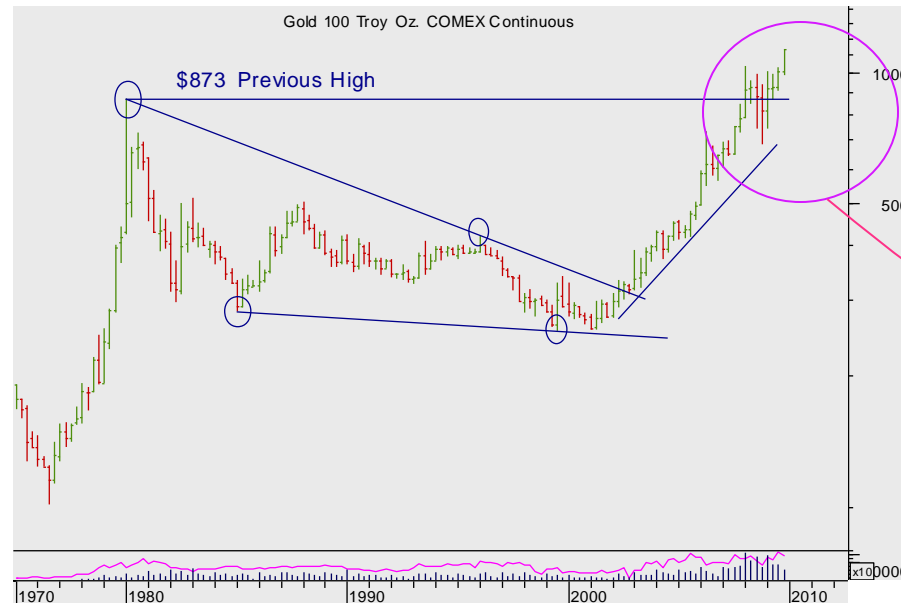
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



Comex Gold quarterly cont. futures chart

The market has surged through the all-time-high.

Comex Gold monthly cont. chart

Driven by a **Head and Shoulders Continuation** pattern.

Look closer.

More



Summary

Currencies

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- + Dollar Yen
- + Sterling Euro

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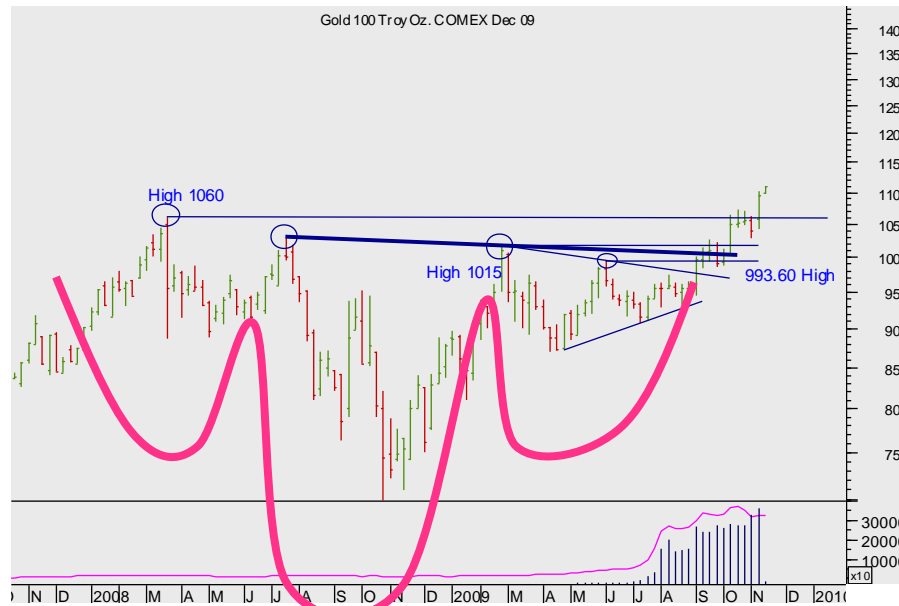
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



Comex Gold Dec09 futures weekly chart

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

The minimum target of the pattern is **very much higher** – **around 1350**.



Comex Gold Dec 09 daily futures chart

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

And second, the chart shows the bulls have had difficulty penetrating the Prior High at 1060.

But that was emphatically achieved and surpassed two weeks ago.



Summary

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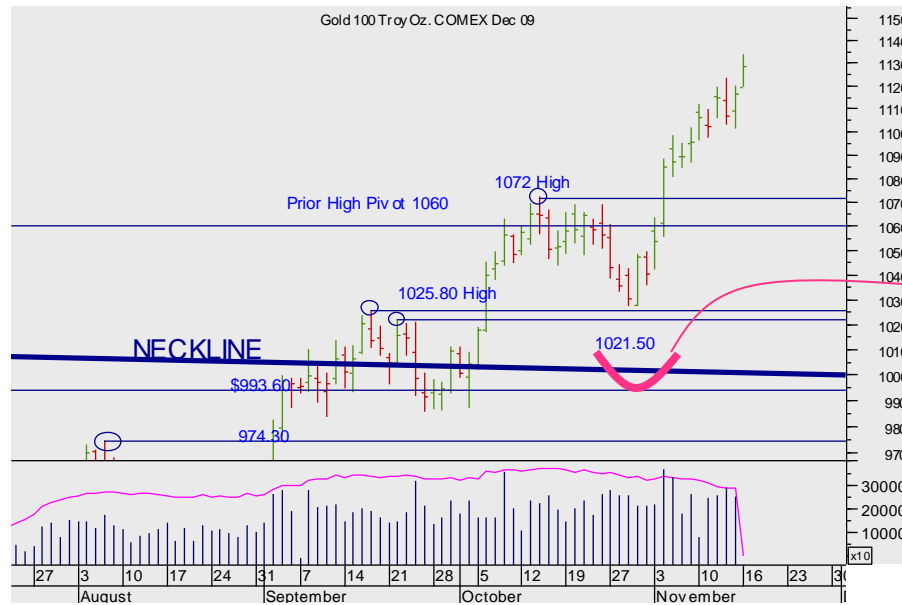
Interest rates

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Commodities

- + Nymex WTI Oil
- + **Comex Gold**

Commodities: Comex Gold



Comex Gold Dec 09 daily futures daily chart

We were anxious at the market's pause at the pivotal prior High at 1060.

But emboldened at the clear support from 1025 – and the subsequent bounce that **up** through 1072 - we went long with **Stops** beneath 1072..

We still remain long, **Stops** now beneath 1100 or so.



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