



Key Trade Bulletin

1st December 2009

Open Positions

1. Short Sterling

24/11/2009 Long of Short Sterling Dec 10 @ 98.11. Stop @ 97.94. Currently 98.23. Unrealised profit 12bps.

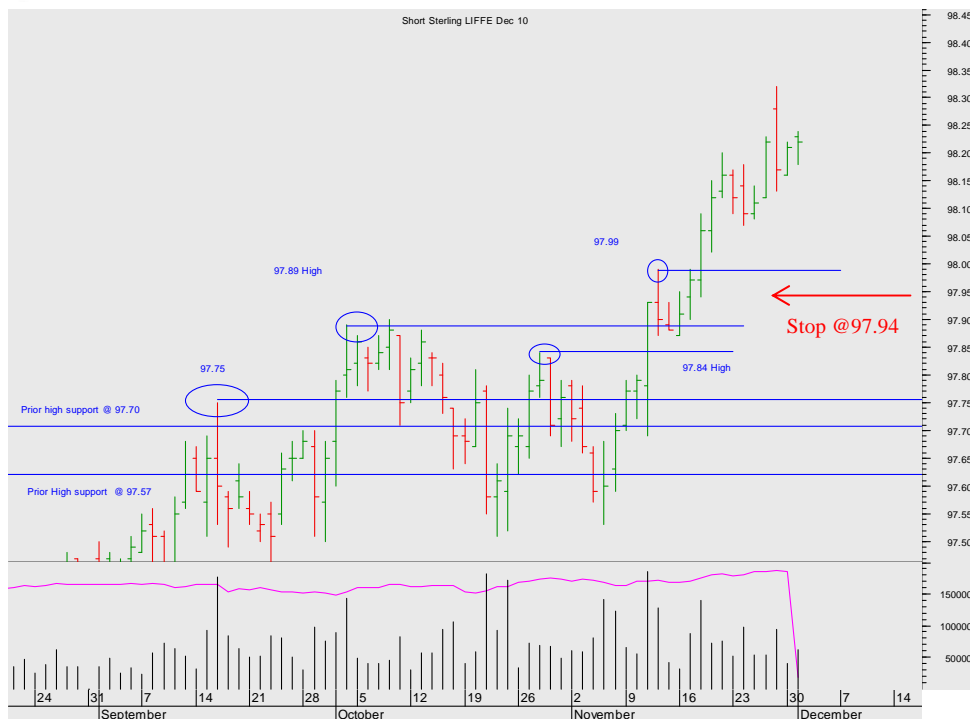
The Technical Trader's View:



Dec10 Weekly bar chart

The market is massively underpinned by the succession of Prior highs beneath.

Look closer...



DEC10 Daily bar chart

The market has shot ahead from the small Double Bottom that acted as a catalyst to break free from the old Highs.

The trend is well-established – more to come.

Stops remain in place.

The Macro Trader's view:

The market spiked higher on Thursday/Friday on Dubai which we regard as a side show in the global economic recovery. Domestic data was thin on the ground last week, Q3 GDP was the main release and was bullish for the market.

With both PMI surveys due this week, we expect the Services survey to continue the well established trend of reporting strengthening growth.

However, with the Bank set to keep policy on hold for much if not all of next year, and Chancellor Darling briefing ahead of his pre-budget statement, that he expects weaker growth next year than previously forecast, based on a deeper recession than originally expected, we judge this market remains bullish and still likely to converge towards official interest rates and current 3 month money market interest rates over the medium term.

In summary we advise remaining long of this market



2. Dollar Yen

29th November Short Spot Dollar, Long Yen @ 86.09. Stop @88.75. Currently 86.65.

The Technical Trader's View:



Monthly bar chart

The market failed at the 10130/70 level and is set to retest the lows at 79.78.

Note the break down through the recent low.

Look closer.



Daily Bar chart

The market has recently broken three prior Lows – all three will act as good resistance above the market.

All rallies will meet good selling.

Stops above the near term resistance up at 88.27.

The Macro Trader's view:

Very little new to add since recommending the trade yesterday, except the Bank of Japan held an extraordinary monetary policy meeting yesterday and acknowledged the threat from deflation which they said they would do all they could to tackle.

Additionally the finance minister seemed impressed with the US and UK application of QE which he felt had yielded results.

The Yen corrected a little as a result but we remain bullish and advise holding the trade.

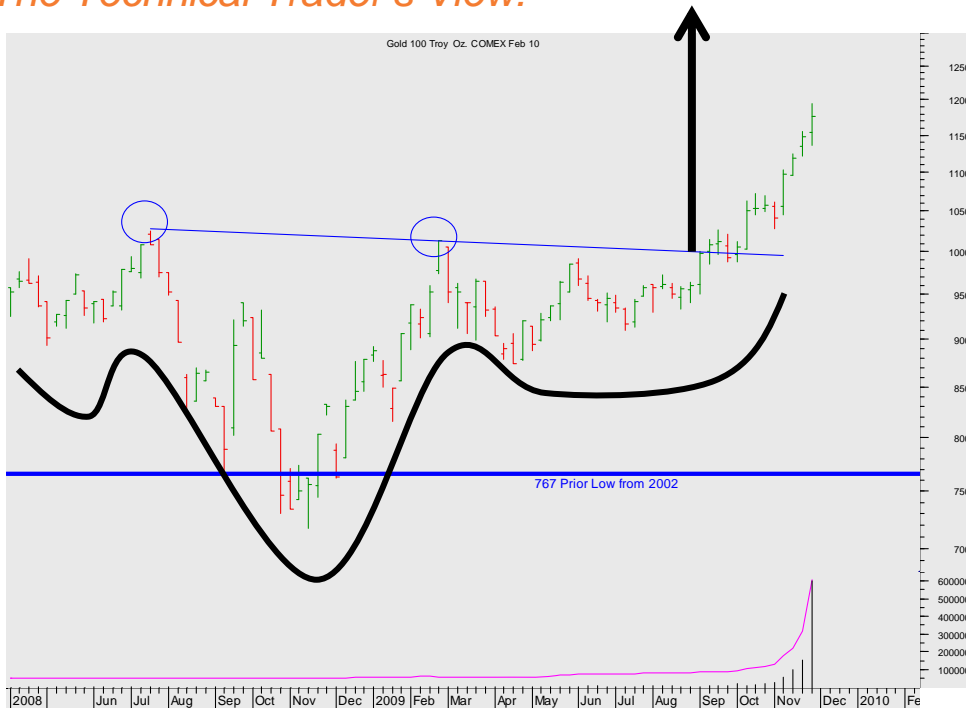


New Positions

3. Gold

Go LONG Feb 10 Comex Gold today at 1199.0. Stop at 1149

The Technical Trader's View:



Feb 10 Weekly Bar chart

The market is still being driven by the Head and shoulders pattern – that we have enjoyed so far in the Dec 09 contract.

We want to get back in.



Feb 10 Daily Bar chart

The market has driven up solidly and in the recent turmoil (which stopped us out of the Dec09 contract in profit) found good support at the recent High at 1154.70.

Stops beneath that prior High.

The Macro Trader's view:

Although we were stopped out of a gold trade last week, we remain bullish. The price action on Friday was mainly a result of the shock news from Dubai, but markets appear to have recovered from it.

The dynamics behind Gold remain unchanged:

- Unhappiness with US economic policy and the Dollars resultant weakness,
- Fears Global fiscal and monetary stimulus will lead to inflation, and
- Repeated criticism of US policy by China with substantial purchases of Gold by China and also India.

In short Gold has emerged as the only neutral asset to store wealth free from the influence of policy makers, and we expect it to rally much further.

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