

SEVEN DAYS AHEAD

23rd February 2010

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- + Barclays
- + Bunzl
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daily trading guide to FTSE 100 single stocks

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Daily Chart :

The surge of the market through both the 301 horizontal and the falling diagonal has simultaneously a bull falling wedge and a smaller but clear Double Bottom.

Both bull patterns.

The minimum target for the Double Bottom is easily measured to 350. The minimum target for the wedge, a less reliable pattern, is the prior high at 388.95.

Taken together these patterns present a compelling bull narrative.

Weekly Chart :

The wider context shows the drama of a possible Head and Shoulders Reversal in the making.

The Neckline lies above the market around 370 or so.

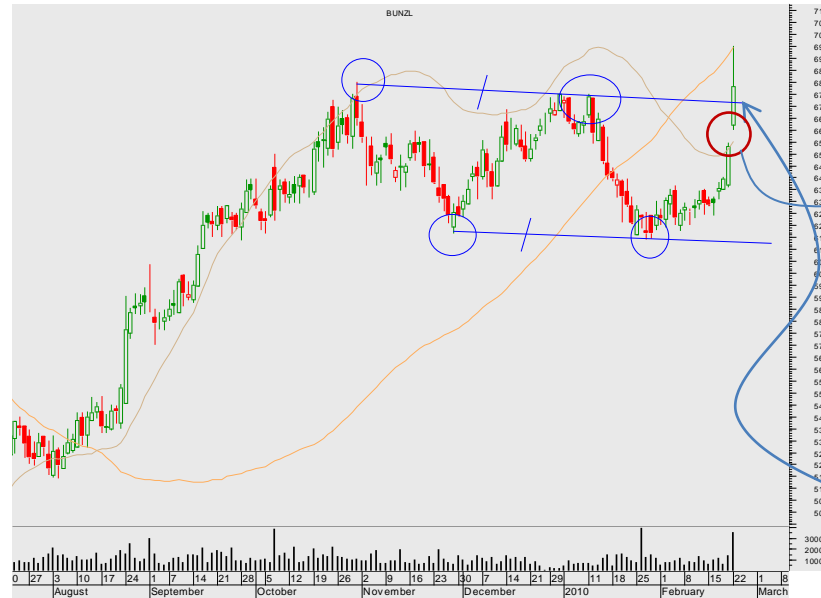
A break of that would send the market a good deal higher still.

And the catalysts for the move to complete the possible H&S reversal are (1) the bull falling wedge and (2) the Double Bottom so clear in the daily chart.

Buy limit 325. Stop 301. 1st Target 350. Then 388.

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Daily Chart :

The market has completed a large bull flag formation.

The gap suggests massive bull energy.

The minimum move anticipated by Gaps is typically the length of the preceding move projected beyond the flag formation.

Support is clear enough at the top of the gap beneath the market at 672 or so.



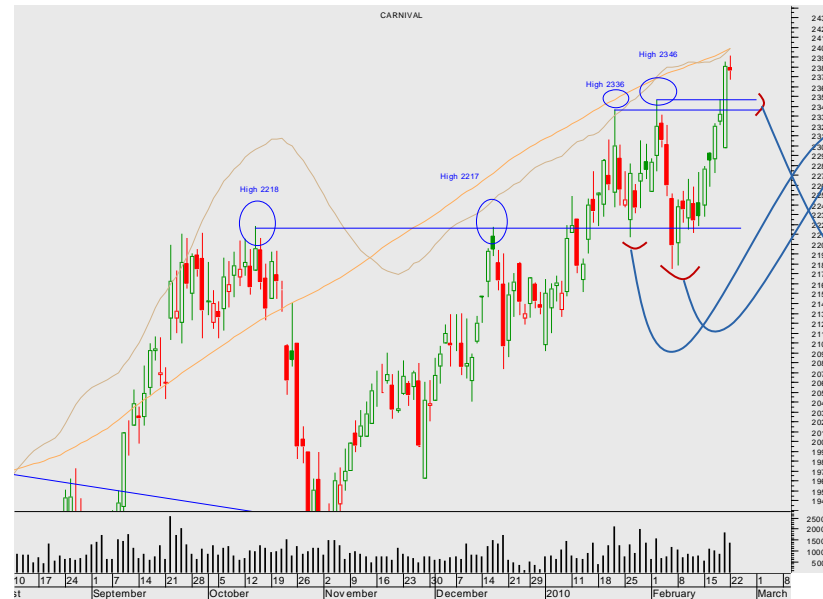
Weekly Chart :

The weekly chart shows the projection of the preceding move – which suggests a break above the Prior Highs – themselves a band of important Pivotal resistance which the market may have difficulty getting up through.

Buy limit 690. Stop 650 (beneath the Gap) . 1st Target 750, then 870.

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Daily Chart :

The bull excitement surrounds the clearly solid supports from the Prior Highs at 2218/7 – twice tested and twice held, and then the powerful surge up through the prior Highs 2336 and 2346.

While not of themselves resistance these will now act as good support on any pull-backs and help ratchet the market better still.



Weekly Chart

The wider context emphasises the importance of the break up through 2218 since that is a major Fibonacci resistance of the whole bear move from January 2006.

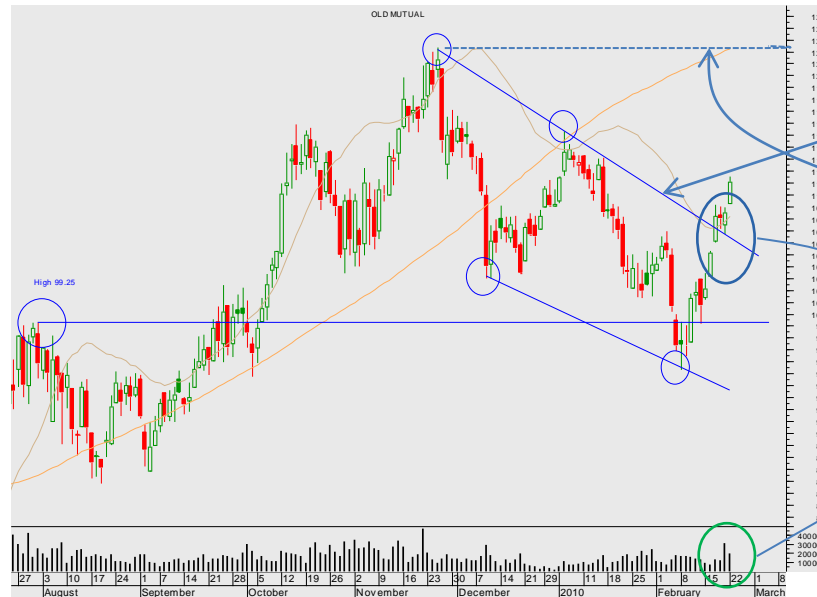
Beneath that there is clear evidence of a Head and Shoulder Reversal (see how powerful the support at the Neckline was) and in any event the downtrend resistance has clearly been breached.

Buy limit 2400. Stops 2310.
Target 2500 then 3000.

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Daily Chart :

The surge through the falling diagonal has completed a bull falling wedge that targets the Prior high 122.30 as a minimum move.

Note too the succession of Gaps: just prior to the completion and soon after suggesting enormous bull energy.

The breakout is further endorsed by the large rise in volumes.



Weekly Chart :

The medium-term emphasises the Fibonacci resistances that have defined the rally – first 38.2% then 50%. Note how 38.2% was good support.

We contend the completion of the wedge will provide the bull energy to get through the 50% resistance.

Buy limit 113. Stop103. 1st Target 123 then 140.

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