



5th May 2010

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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- + Dollar Yen
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BUY Euro, **SELL** Dollars with stops beneath 1.3271;
BUY Sterling with Stops beneath 1.52;
Stay SQUARE;
Stay SQUARE.

Stocks

- + CME S&P 500
- + Eurex EuroStoxx 50
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Stay **LONG** above 1176
Stay SQUARE (Jun 10)
Stay SQUARE (Jun 10)
Stay **LONG** above 10910 (Jun10);

Bonds

- + CBOT US Ten Year Notes
- + Eurex Ten Year Bund
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Stay SQUARE (Jun 10);
Stay SQUARE (Jun 10);
Stay SQUARE (Jun10);

Interest rates

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Stay SQUARE (Jun 11);
Stay **LONG** above (Jun 11).
Go **SHORT** (Jun 11) beneath 98.28

Commodities

- + Nymex WTI Oil
- + Comex Gold

Go SQUARE (Jun 10) beneath 83.80
Stay **LONG** (Jun 10) above 1124



Currencies: Dollar Euro

CURRENCIES: The respite didn't last long. Currencies remain under pressure. The Euro is weaker than Sterling but both have failed to sustain their better levels of recent weeks. The Yen too is weakening....

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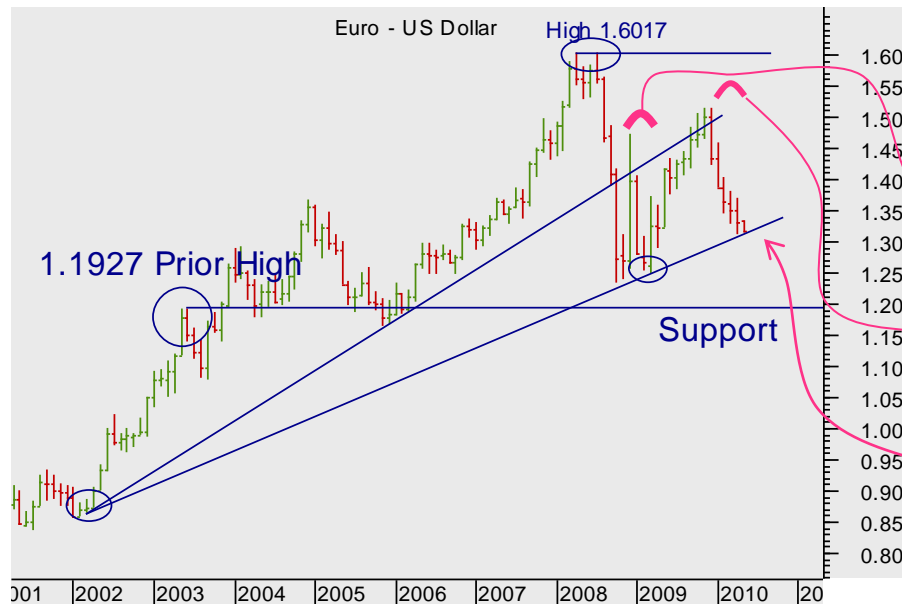
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Dollar Euro monthly spot cash chart

The breakdown through the long bear Dollar trend happened first in **September 2008**.

The subsequent rally was fierce, but failed to break that diagonal trendline at 1.4716.

The next rally failed at the same diagonal trendline resistance,

Look closer at the market's approach to the rising diagonal from 2002

More



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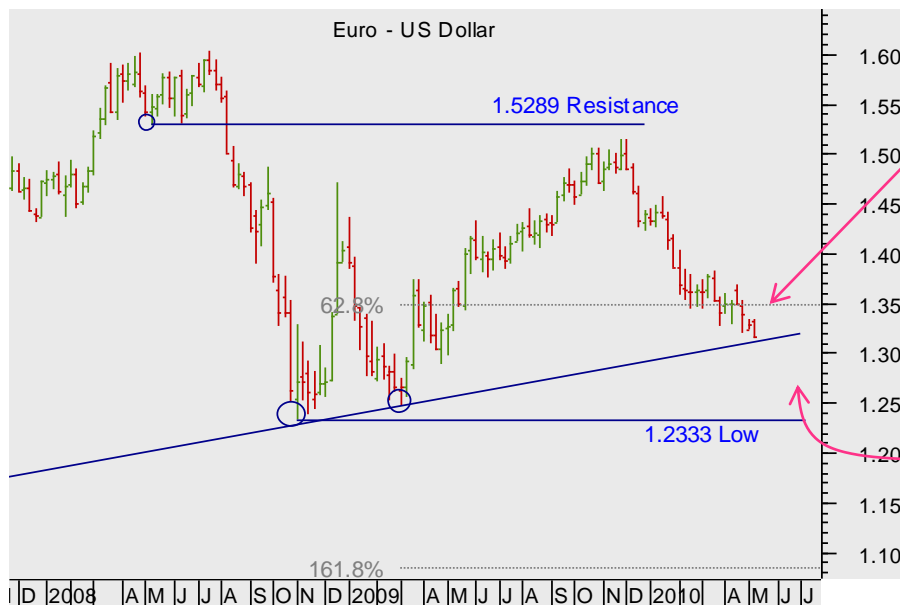
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Currencies: Dollar Euro

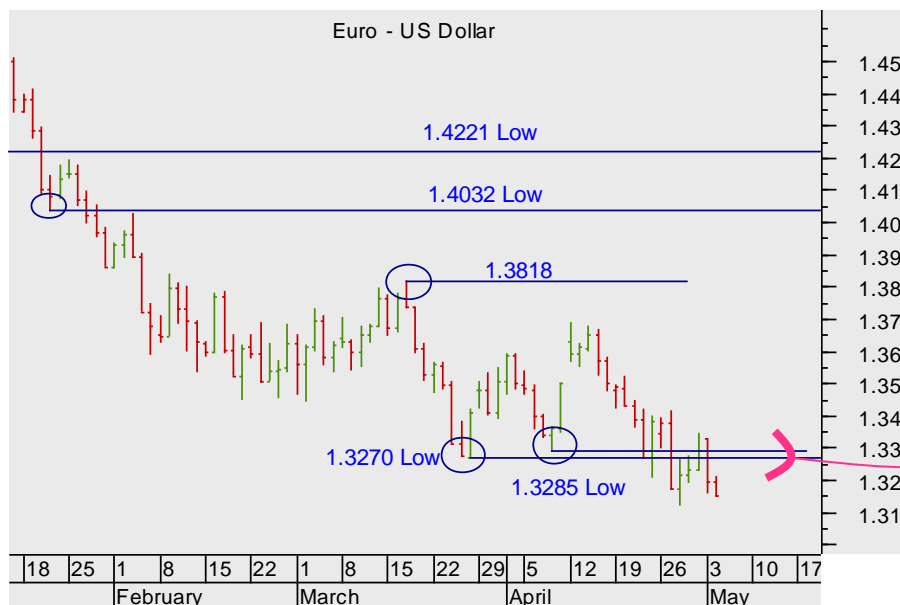


Dollar Euro weekly spot cash chart

But note the market's pause at the next Fib 62.8% level of 1.3474.

Yet the market has broken on down.

And is close to the important diagonal at 1.3150 or so. Look closer.



Dollar Euro daily spot chart

In detail the market tried three times to drive on down through that 1.3271 level.

And finally broke through.

Note well how the band of lows above the market 1.3270-1.3285 is powerful resistance.

More



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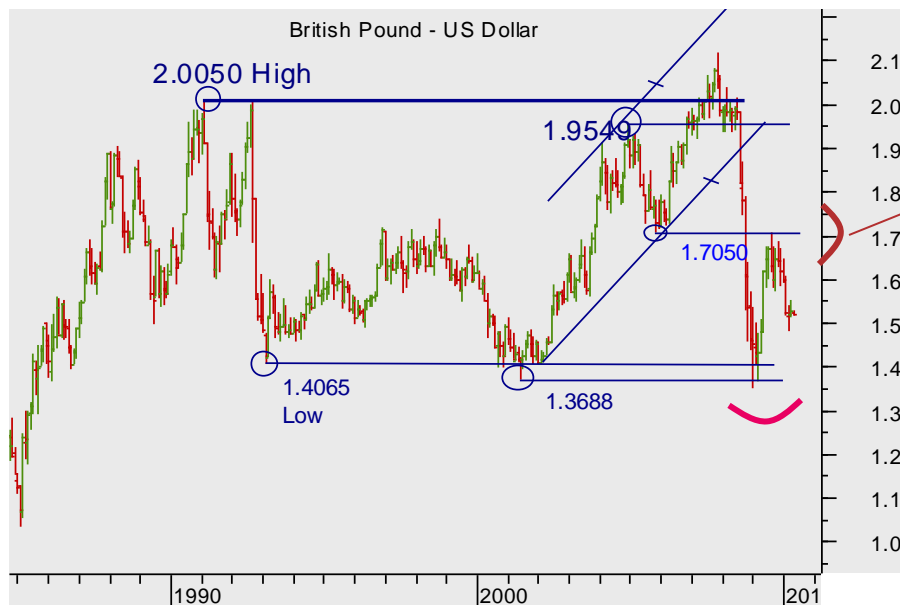
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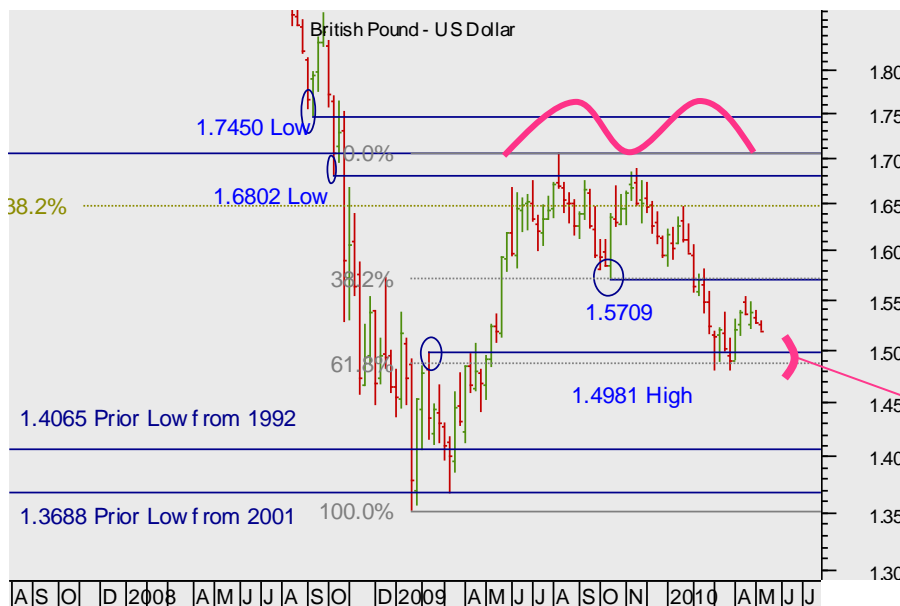
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Currencies: Dollar Sterling



Dollar Sterling monthly spot cash chart

There's been a third bounce from the old lows at 1.40 ... but the market has found the first big resistance of 1.7050 to be powerful resistance.



Dollar Sterling weekly spot cash chart

Within the trading range there is a completed Double Top whose minimum move can be measured down to 1.45 or so.

But the 61.8% Fibonacci support at 1.4869 + the support from the Highs at 1.4981 has been substantial support.

Look closer.

More



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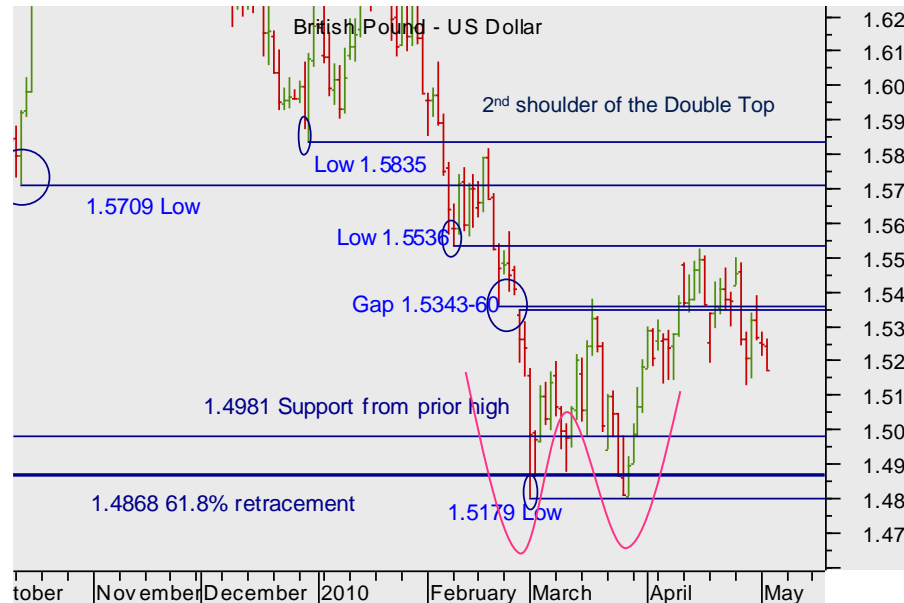
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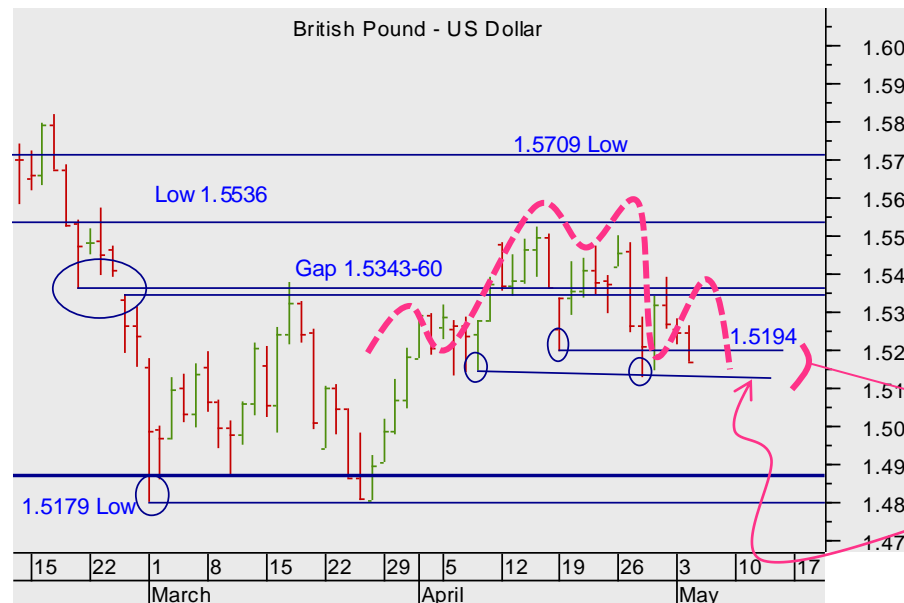
Currencies: Dollar Sterling



Dollar Sterling daily spot cash chart

The double bounce (Double Bottom) has failed. **But a small Double Top/Head and Shoulders Top) may have formed....**

Dollar Sterling daily spot cash chart



The failure of the market hold above the Gap and inability to get up through 1.5536 throws the market back on to the bear tack.

On which point watch the developing price action especially the band between the possible neckline and 1.5194.

A break of that neckline (at 1.5125) in the short term would complete a small top (Double Headed H&S) and give the bears a push down...

Look closer again.



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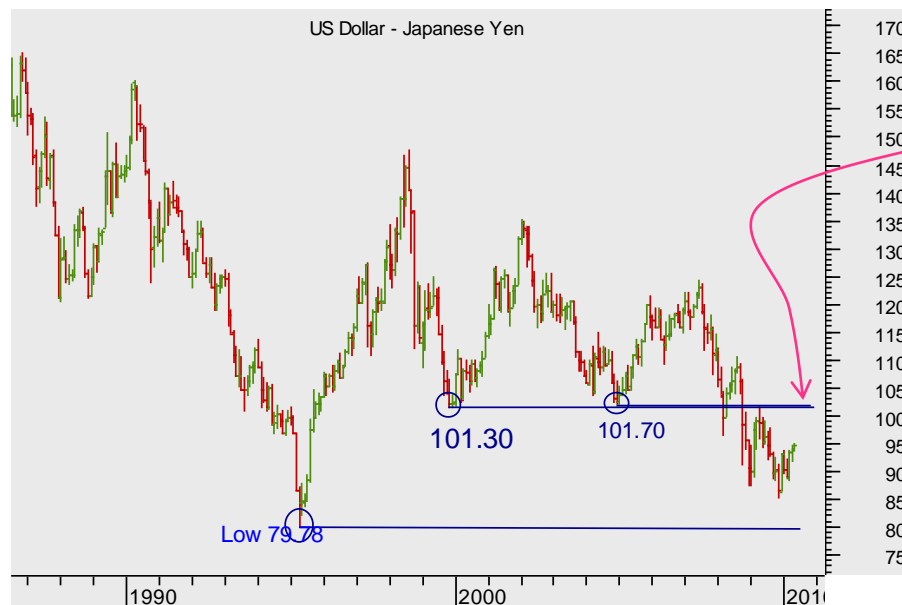
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Currencies: Dollar Yen

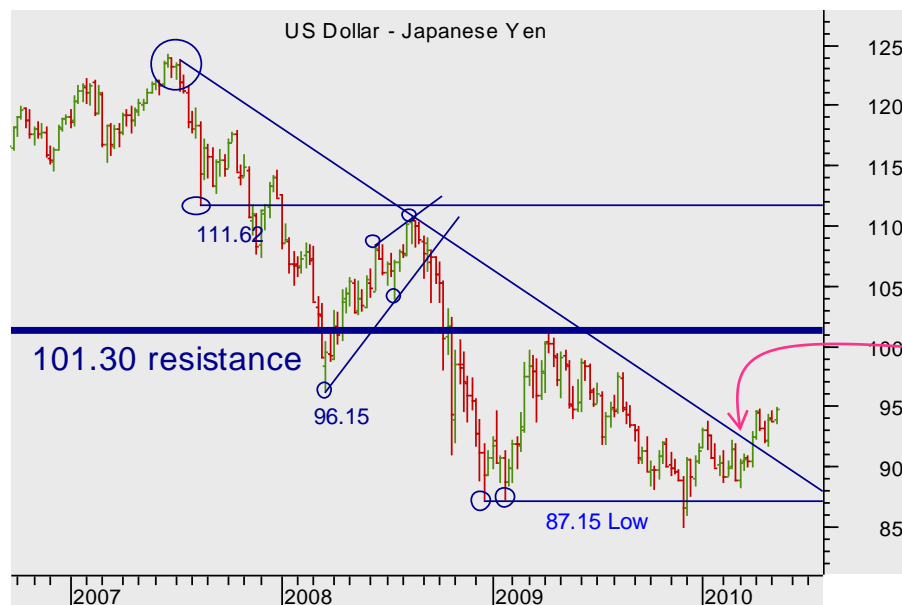


Dollar Yen monthly spot cash chart

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 falling diagonal (currently at 90) was clear resistance to any Dollar strengthening, so **the break up through the diagonal was impressive ...**

Look closer.

More



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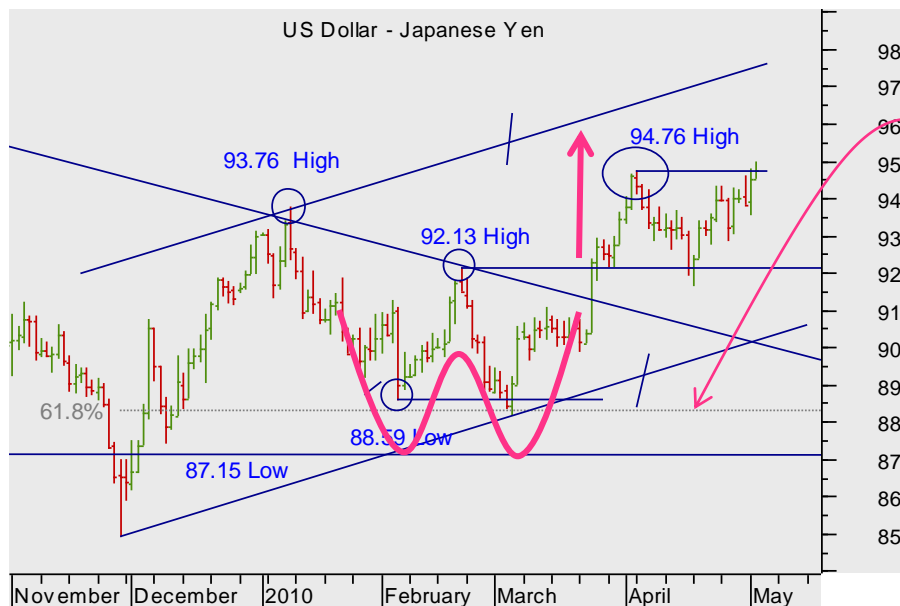
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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Note the double bounce off the Fibonacci support.

The completion of a Double Bottom with the close above the 92.13 High has driven the market better.

The bull move is very well structured – note well the support from the completion level and Prior High at 92.13.

Add to longs on a break up through 94.76....

More



Currencies: Sterling Euro

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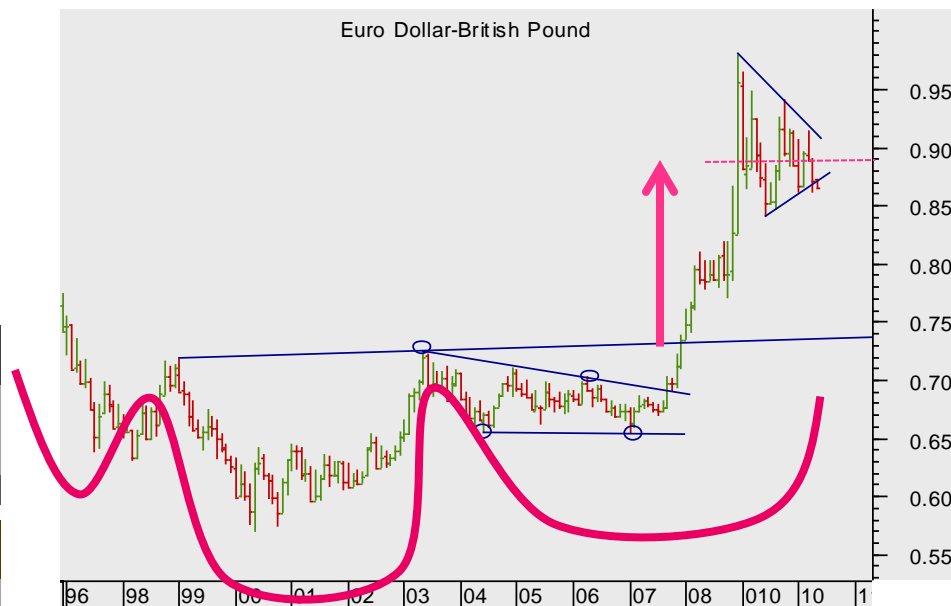
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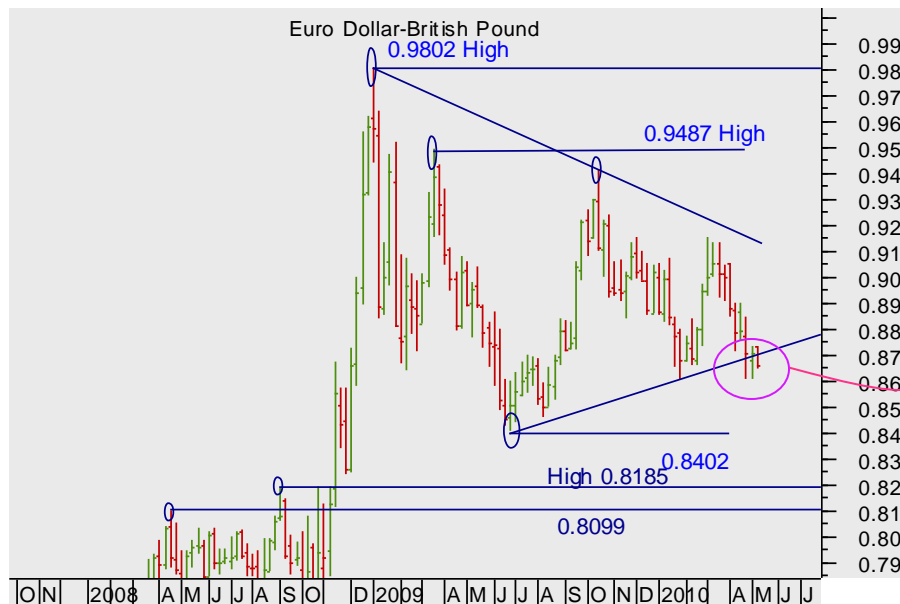


Sterling Euro monthly spot cash chart

We were long 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.

Then a potential triangle formed. And looks to have failed.

Look closer.



Sterling Euro weekly spot cash chart

This consolidation has yet to complete.

The pull back through the rising diagonal needs a confirming close ...

More



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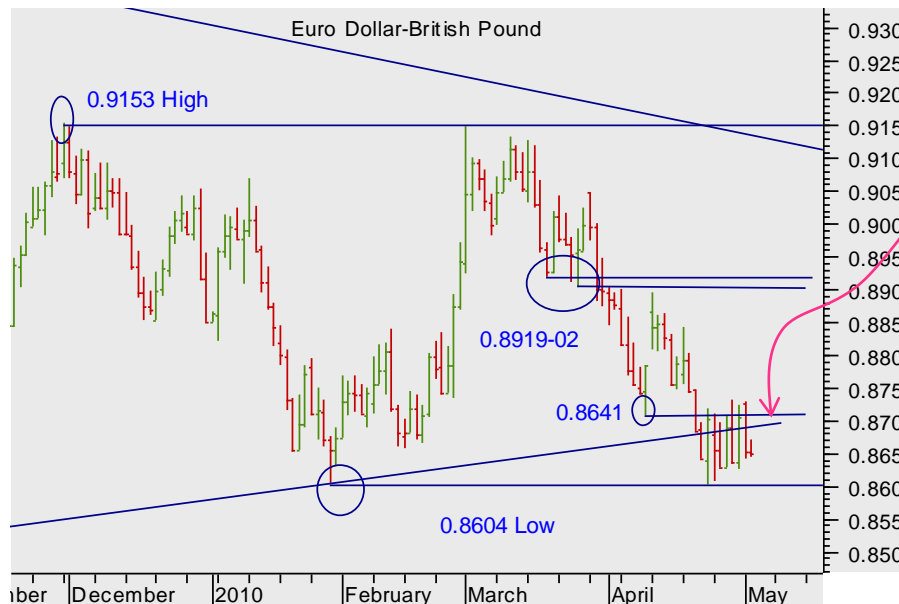
Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The two levels for the bears to watch are the lower diagonal at 0.8690 (rising) and the horizontal from the low at 0.8604.

Stand back until both break.



Sterling Euro daily spot cash chart

Note the importance of the resistance from the low at 0.8641 above the market.

Stand clear.



Stocks

STOCKS: The outperformance of the US market relative to Europe and UK markets is still true, but the overall tone is one of vulnerability in all stock markets. The big long-term resistances have made themselves felt - driving the European markets down especially - but more telling is the short-term bear patterns that are close to fruition in the S&P.

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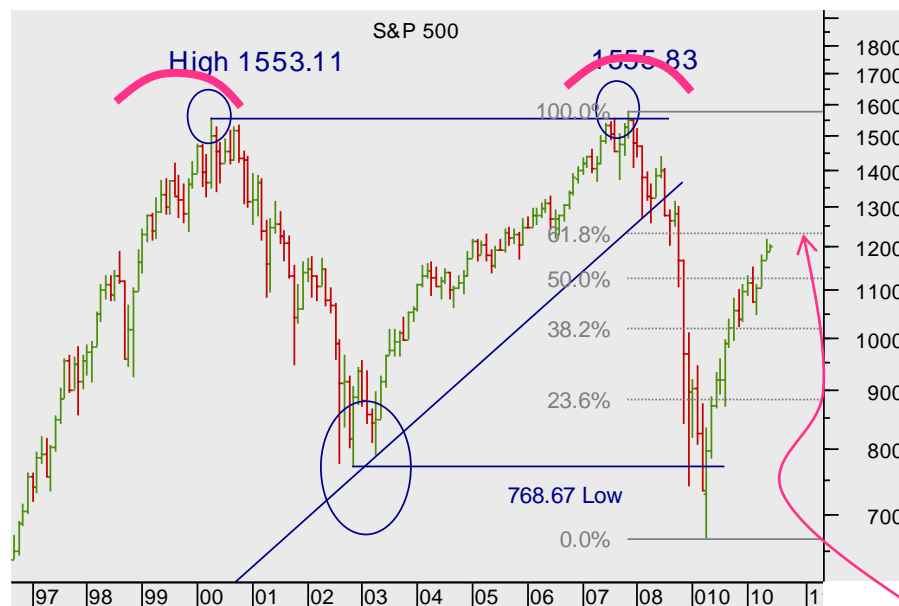
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Stocks: CME S&P 500



CME S&P 500 quarterly cash chart

The double failure at 1553 and 1555 - right at the 1574 High from 2003 has been **very negative for the market.**

The potential Double Top required a sustained break of 768.

That didn't happen.

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

The bounce has been nearly as far as the 61.8% retracement (1231) resistance....

More



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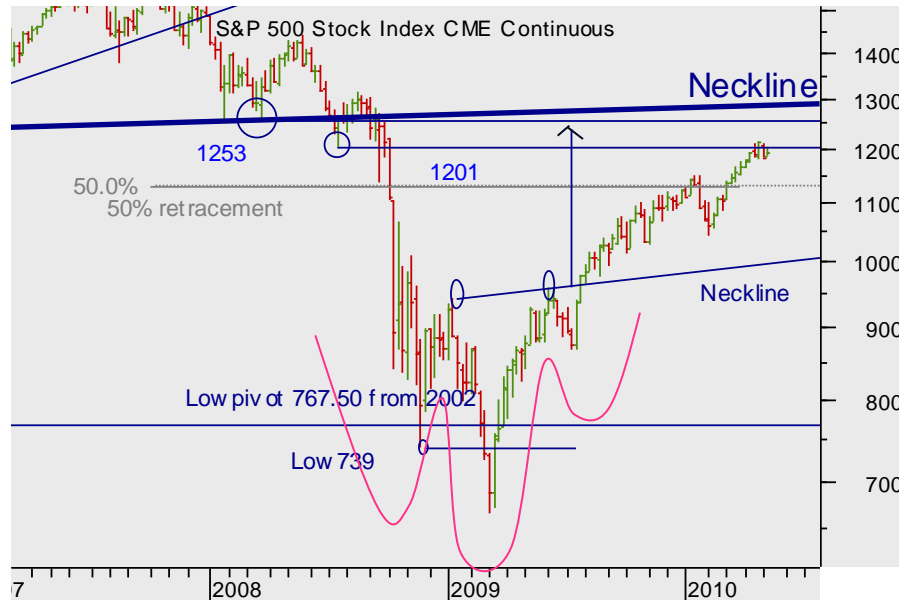
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Stocks: CME S&P 500

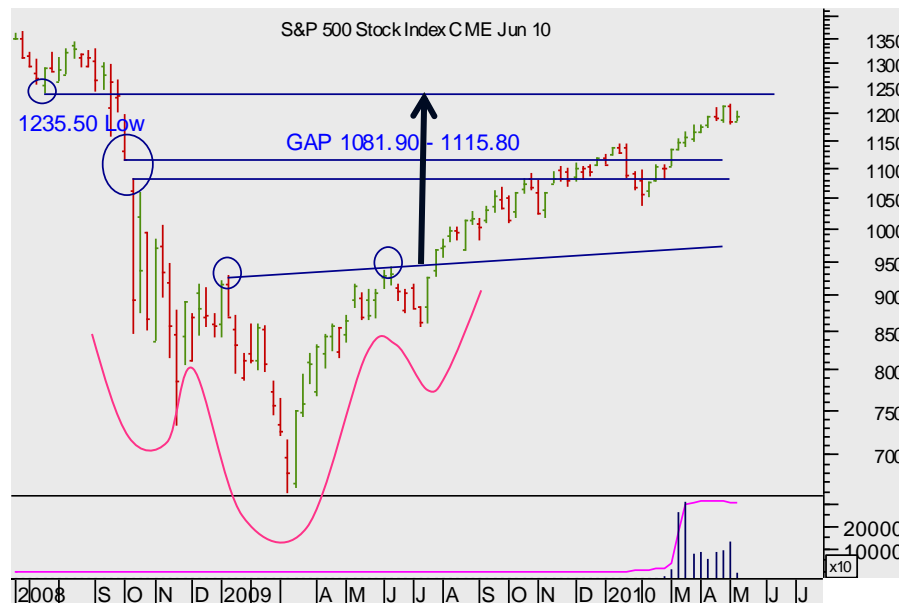


CME S&P 500 cont weekly cont. chart

The measured minimum target is the old neckline and the band of resistance from the Prior lows at 1201-1253.

We are trying the enter that area of resistance.

CME S&P 500 weekly JUN10 chart



In the **JUN 2010** contract the target for the H&S pattern, about is 1235.50...

The market is **closely approaching that level.**

All these Head and Shoulders patterns are close to their minimum targets.

Look closer still.

More



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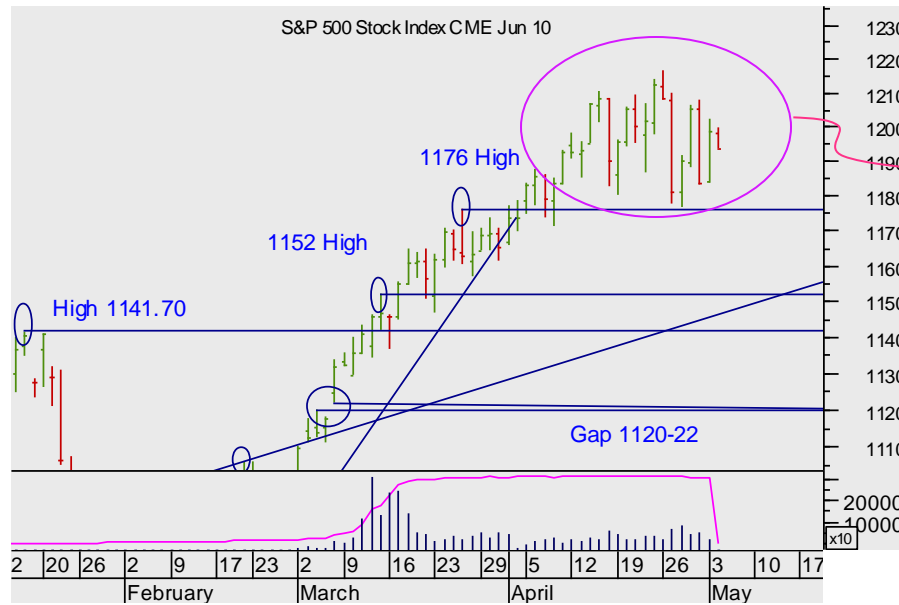
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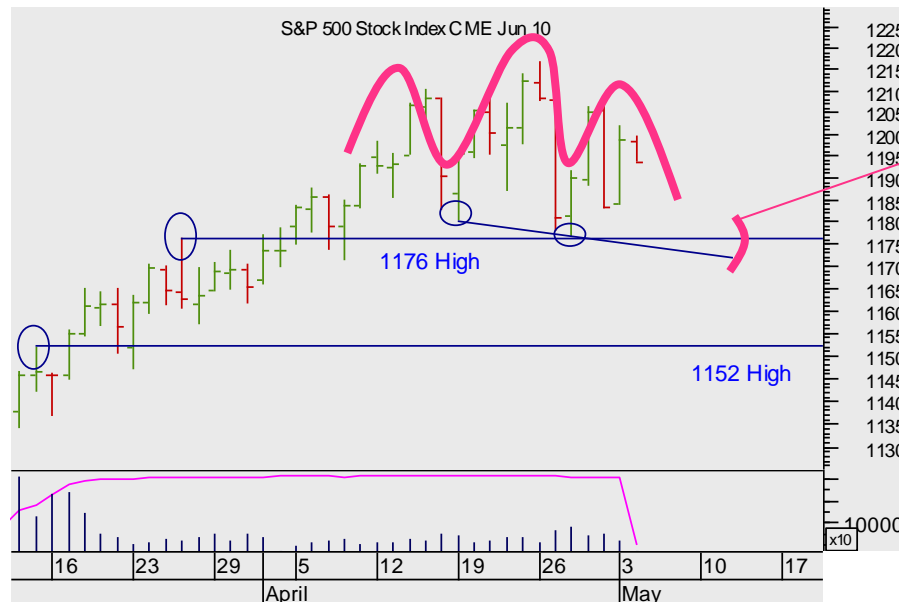
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Stocks: CME S&P 500



CME S&P 500 daily Jun 10 chart

The market has formed a tight trading range - 1180-1220.



CME S&P 500 weekly JUN10 chart

Close inspection suggests a possible Head and Shoulders Top in the making.

Bears should watch closely for a pull back through the area 1176-1171 - to confirm completion of the Head and Shoulders Top and a breakdown through the Prior High support.



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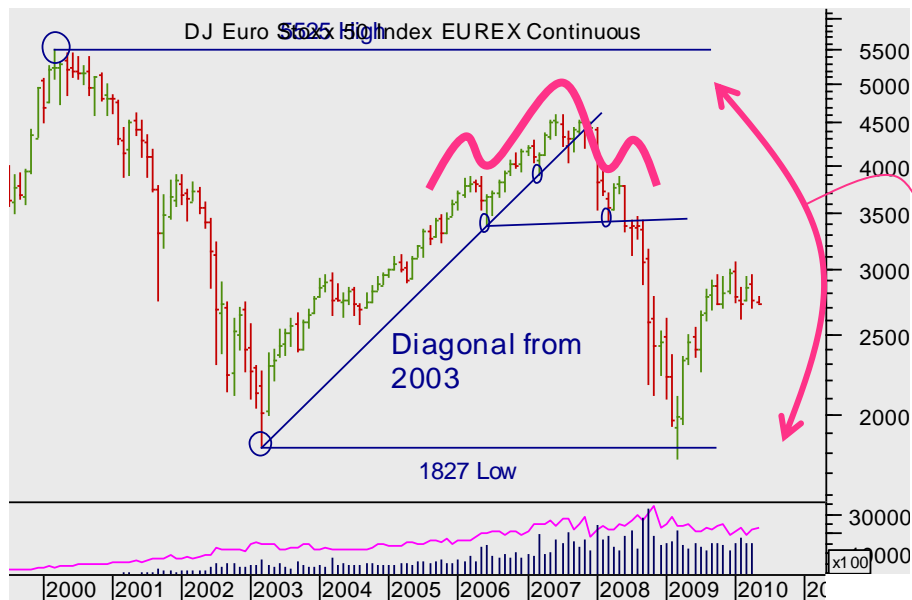
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Stocks: Eurex EuroStoxx 50

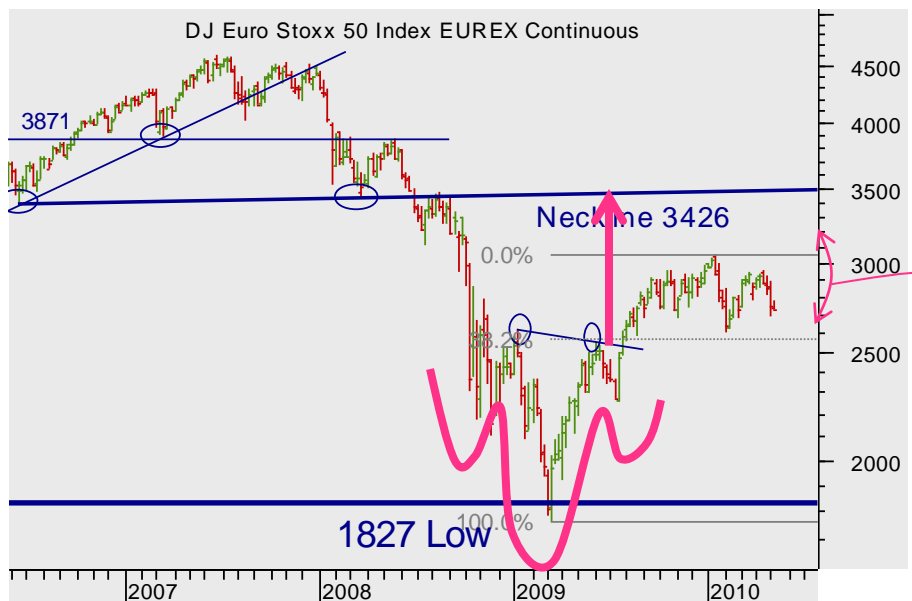


Eurex EuroStoxx 50 monthly continuation futures chart

The market is in a huge trading range.

Note the Head and Shoulders Top within that drove the market down and then the bounce from the 1827 low.

Look closer.



Eurex EuroStoxx 50 weekly continuation futures chart

That bounce was the result of a completed Head and Shoulders reversal. Minimum **target the Neckline at 3426**.

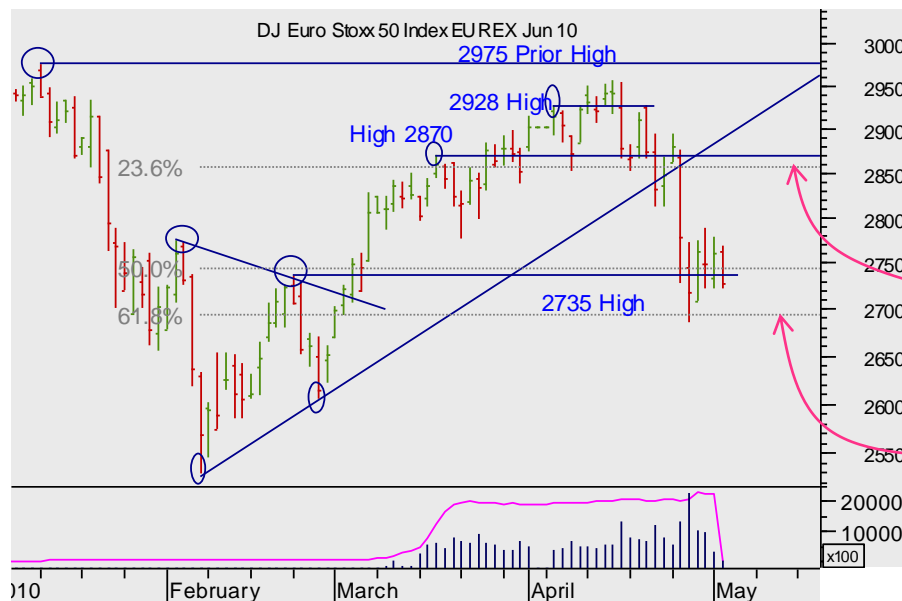
And that pattern is still driving the market better but the market has paused...

Look closer.

More



Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Jun 10 futures chart

The pause of the market is difficult to read.

The fall through 2870 - a fib , prior high and rising diagonal support was poor.

The pause at the next support of consequence is at the Fib coincidence with the 2735 support from Prior High.

Stand back and wait for clarity.

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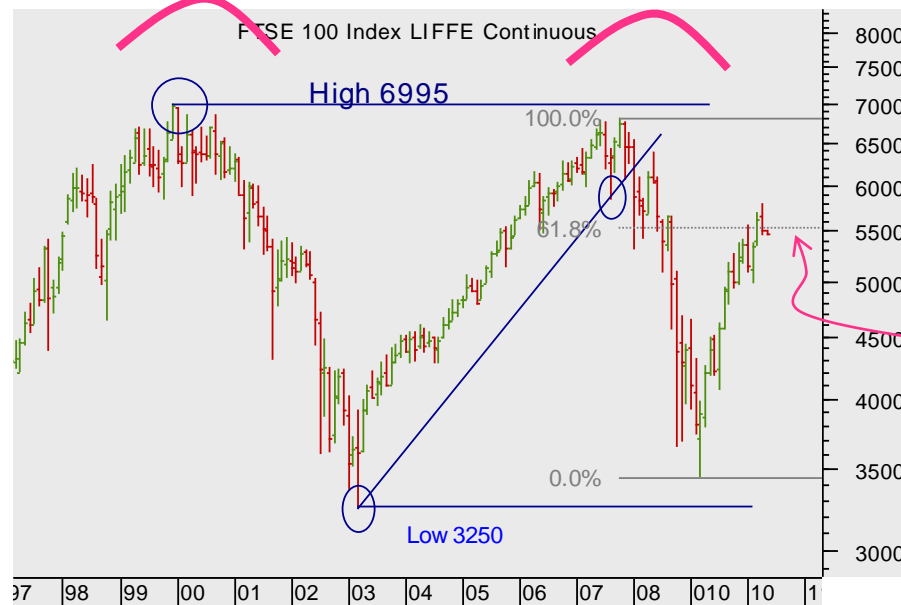
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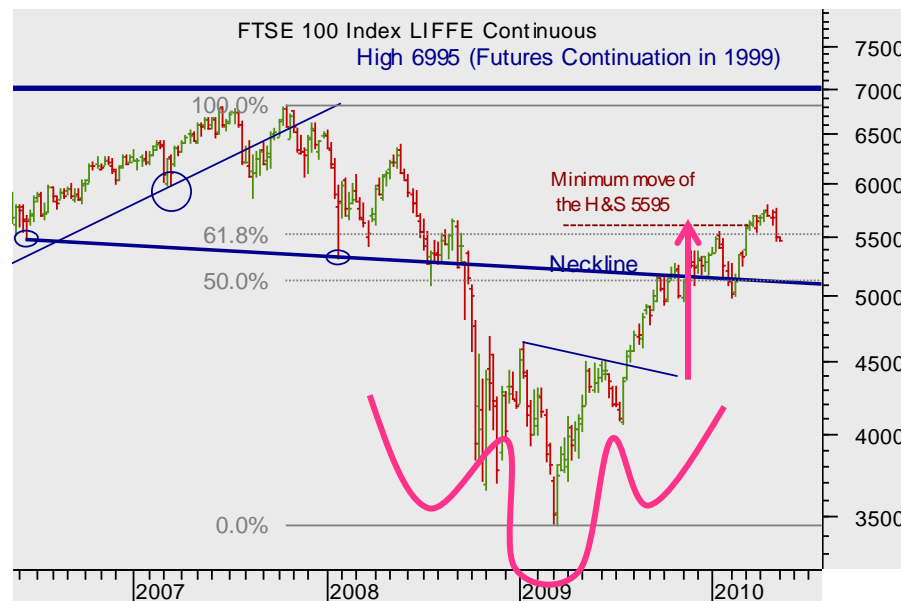
Stocks: Liffe FTSE 100



Liffe FTSE 100 monthly continuation futures chart

The market is in a massive trading range.

And the market has tried to smash up through the retracement resistance 61.8% (5500)



Liffe FTSE 100 weekly continuation futures chart

Driven by a clear Head and Shoulders Reversal the market has achieved the minimum measured move from the H&S reversal and fallen back....

More



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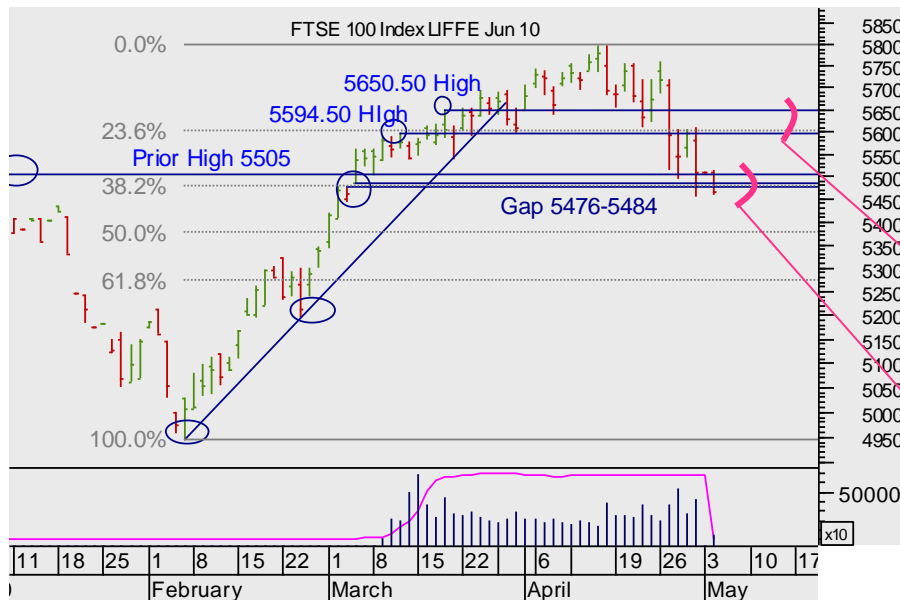
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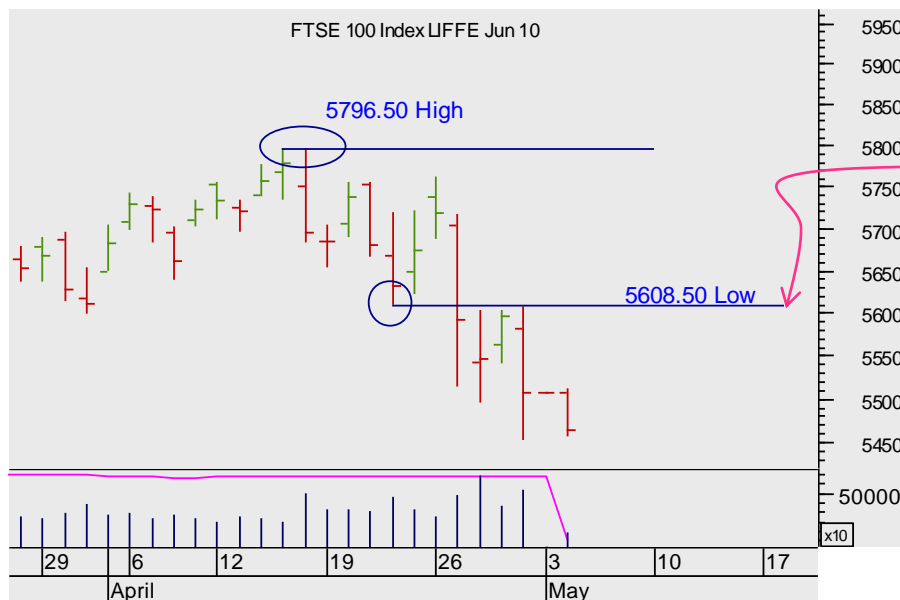


Liffe FTSE 100 daily Jun10 futures chart

The market's push up through the 5005 High (which is also the 61.8% retracement Fibonacci resistance) has been impressive.

But the fall back through the band of Prior Highs at 5594-5650 was the catalyst for a test of the support from 5505.

If that were to break the bears would be triumphant.



Liffe FTSE 100 daily Jun10 futures chart

On a bounce from 5505 watch the resistance at 5608 to gauge the bull energy....



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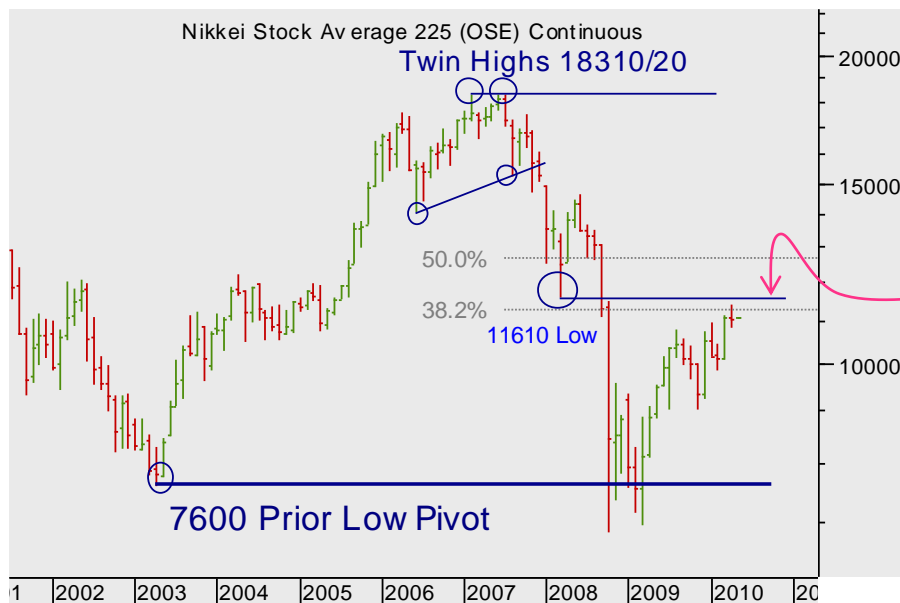
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Stocks: OSE Nikkei 225



OSE Nikkei 225 monthly continuation futures chart

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

... as far as the resistance from the 38% Fib and the 11610 Prior Low.



OSE Nikkei 225 weekly cont. futures chart

A completed Double Bottom was the catalyst for the bounce - set to drive the market to 13000.

The support from the completion level 9340 is clear and solid.

But the massive resistance from the 11610 Low is looming ever closer..

More



Stocks: OSE Nikkei 225

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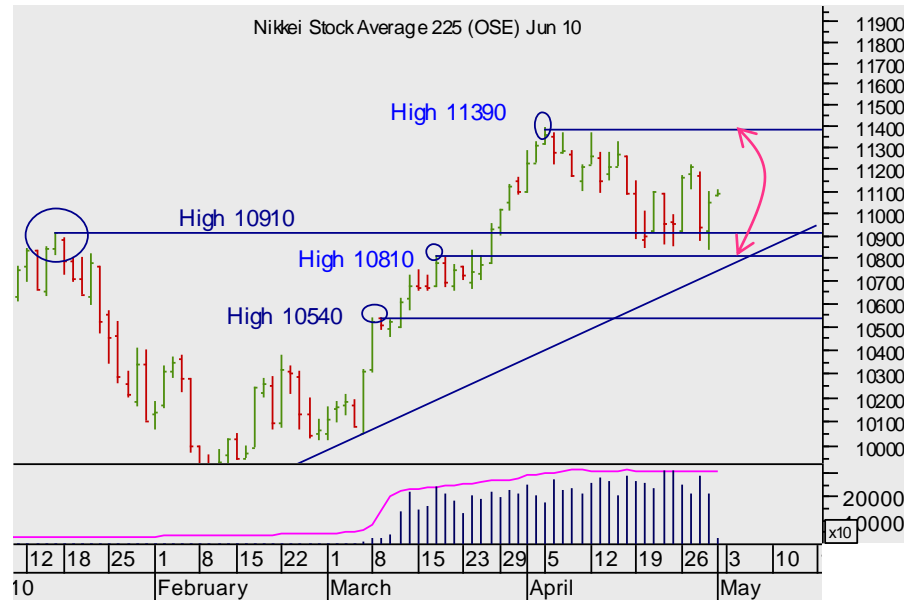
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OSE Nikkei 225 Jun 10 daily futures chart

In the **very short-term** the market looks well-supported and keen to bounce. Note the repeated support demonstrated at 10910/10810.

Note the important coincidence of support with the rising diagonal.

If 10810 breaks - **it will be poor for the market.**

Watch the range.



Bonds

BONDS: The uncertainties of the bond markets seem to be resolving themselves into a continuation of their bull trends from June 2009. All the same, there are important differences: the US TNotes remain far beneath their all-time highs, while the Bunds are on the point of pushing through their 2009 Highs. In both the long-term and short term the Bunds are leading the other markets.

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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The long bull channel –
surprisingly well-defined.

Now look within.

More



Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes weekly futures continuation chart

This is a fascinating chart – pregnant with medium and long-term bear possibilities....

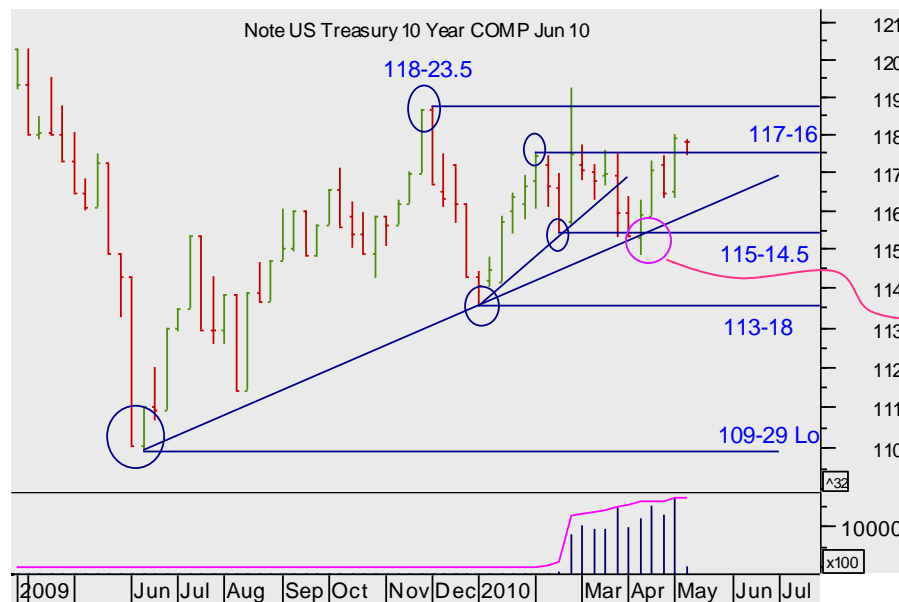
1. Note well the formation and completion of a bear rising wedge.
2. Note too, the two possible Head and Shoulders Reversals on a move beneath 114-16 or so.... (But that is conjecture for the moment.)

The general medium-term message is of repeated failure and large bearish reversal patterns fairly **close to completion**.

CBOT Ten Year Notes weekly Jun10 futures chart

But for the moment a bull trend is clearly in place.

The critical test of the bull trend was here....and it held.



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- + Sterling Euro

Stocks

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

Bonds

- + CBOT 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



Summary

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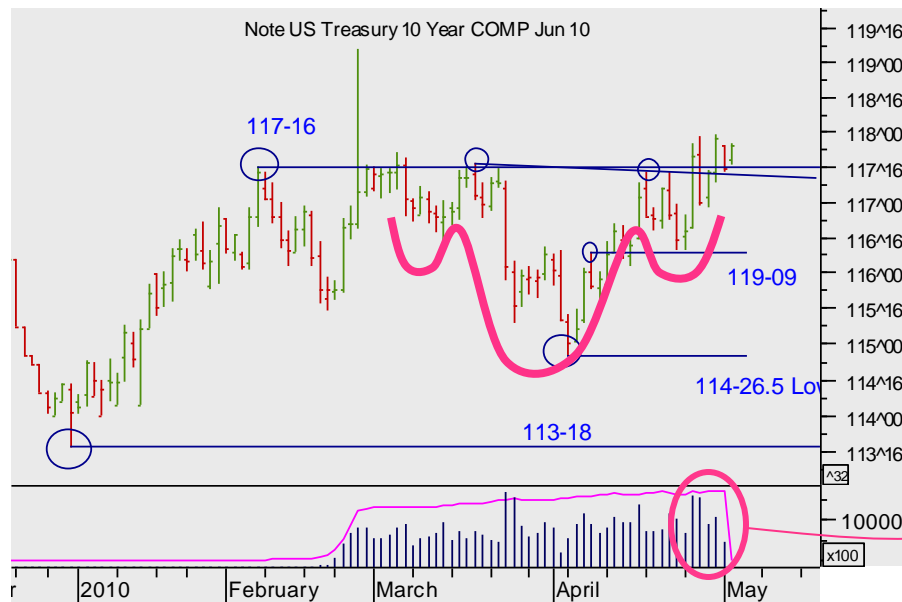
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes daily Jun10 futures chart

The last few days have completed a Head and Shoulders continuation pattern worthy of note.

The volume is unimpressive and needs to rise to support the move.



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- + **Eurex Ten Year Bund**
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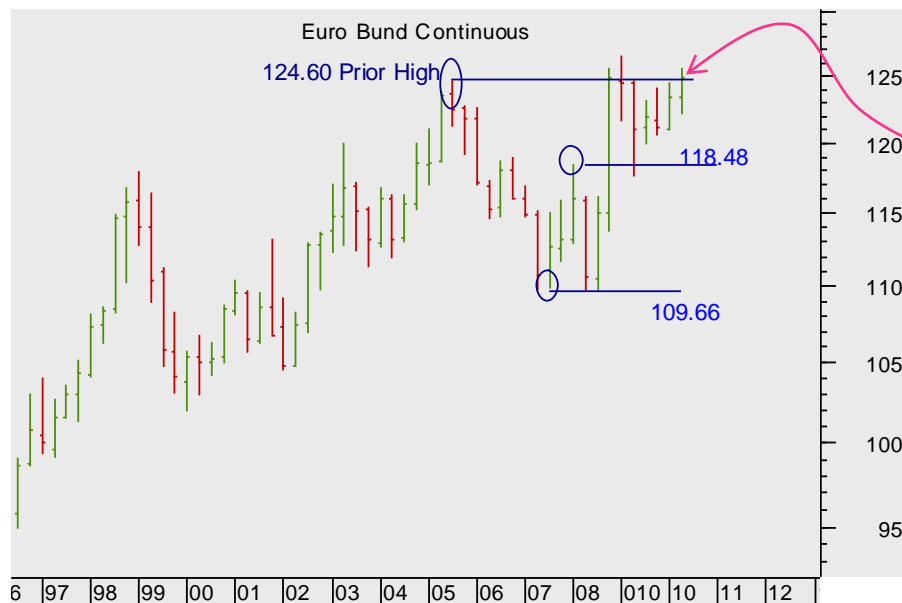
Interest rates

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Commodities

- + Nymex WTI Oil
- + Comex Gold

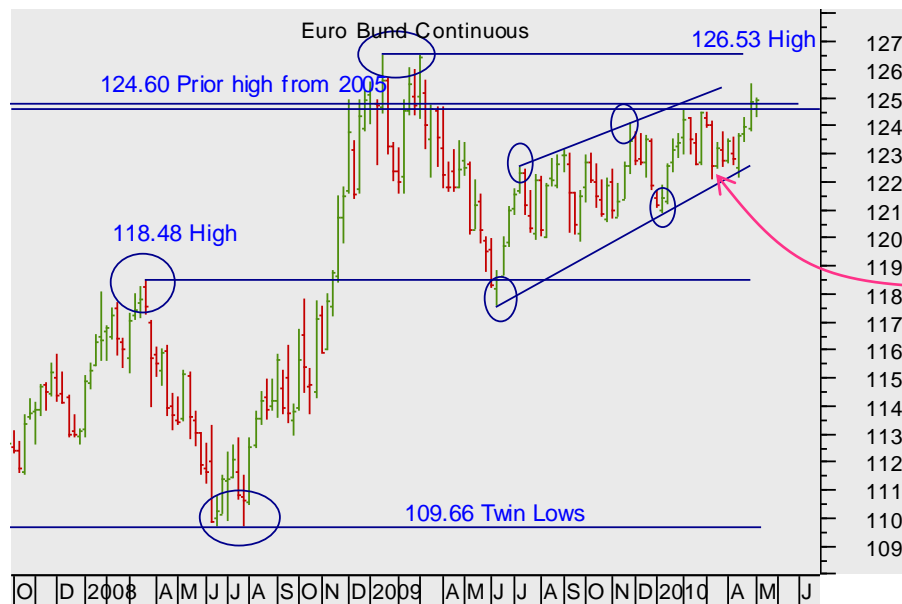
Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund quarterly futures continuation chart

The market is still close to the top established in 2005.

And that has proved to be a struggle to overcome.



Eurex Ten Year Bund weekly cont. futures chart

The slow grind up from early summer 2009 is continuing... only a break of the lower rising diagonal (at about 123) would threaten that. Is that about to happen?

Look closer.

More



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Commodities

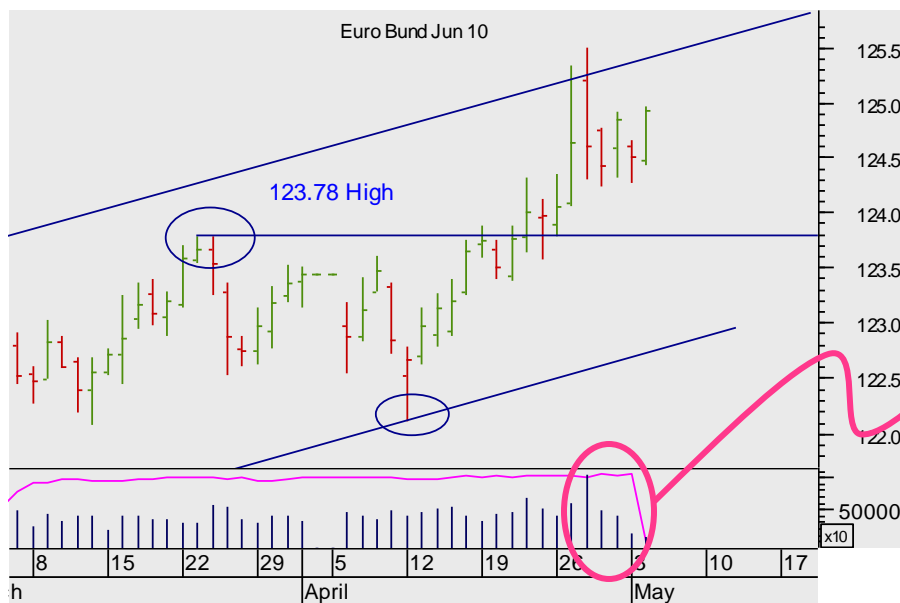
- + Nymex WTI Oil
- + Comex Gold

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund Jun 10 daily futures chart

The bull channel : note the resistance at the top of the channel.



Eurex Ten Year Bund Jun 10 daily futures chart

That surge through 123.78 in greater detail.

A break up for the bulls – but not yet a compelling one we feel – moreover the collapsing volume plus the resistance from the top of the channel.....

Stand back.



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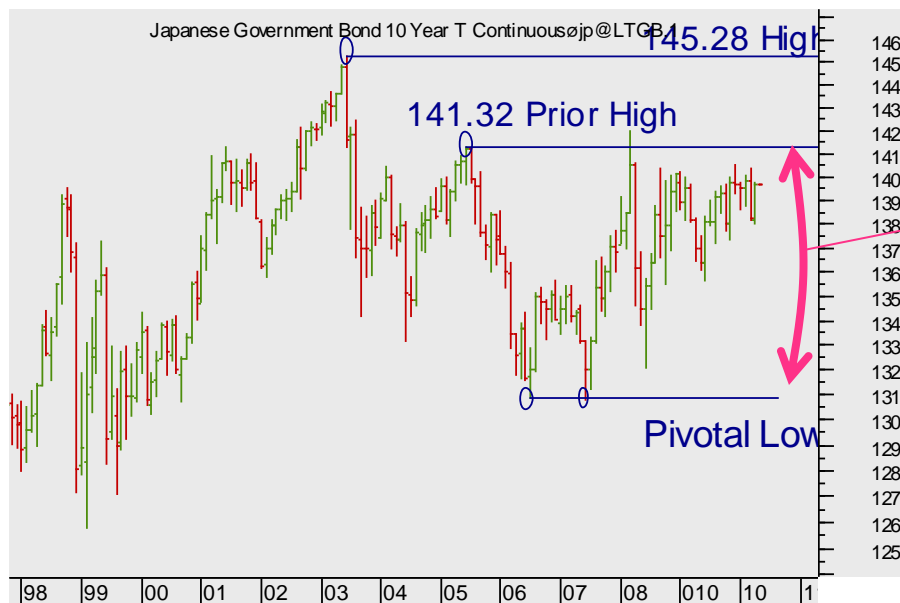
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Commodities

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- + Comex Gold

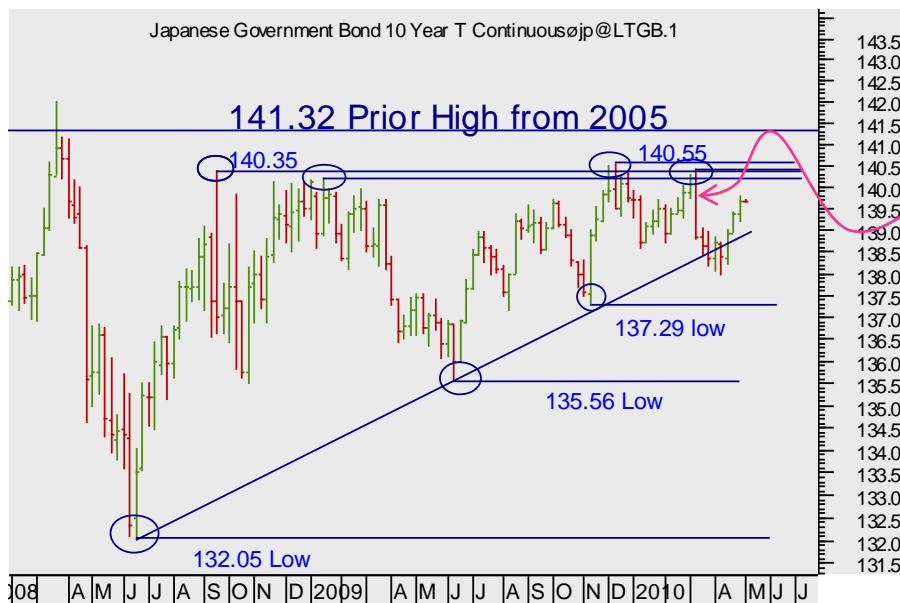
Bonds: TSE Ten Year JGB



TSE Ten Year JGB monthly futures continuation chart

The JGB market has remained within a trading range set in 2005-6

Look closer.



TSE Ten Year JGB weekly continuation futures Chart

Note the weekly key reversal that forced the market to retest the diagonal support

But the market has recovered.

Look closer.

More



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Commodities

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- + Comex Gold

Bonds: TSE Ten Year JGB



TSE Ten Year JGB daily Jun 10 futures Chart

The completion of a Double Bottom suggests a move up as far as 139.70 which we have achieved – and now the Prior High is good support.

Watch the pull-back for support at that level.

Stand back.



Interest rates

SHORT INTEREST RATE FUTURES: The bull rally of the last week has made our bear stance in the Short Sterling look vulnerable. Yet the move is notable for a lack of volume. Elsewhere the price action is more compelling for the bulls.

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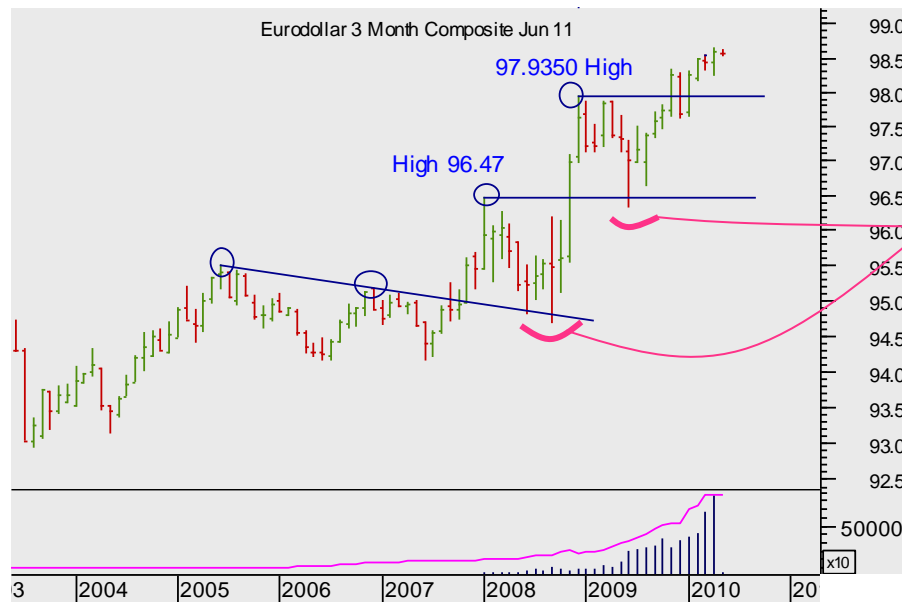
Interest rates

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Commodities

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- + Comex Gold

Interest rates: CME Eurodollar rates



CME Eurodollar rates monthly Jun11 futures chart

The long march of the Eurodollars – the market is ratcheting better on the support from Prior Highs.

We paused on top of the Highs since the beginning of 2009 and then pushed ahead.



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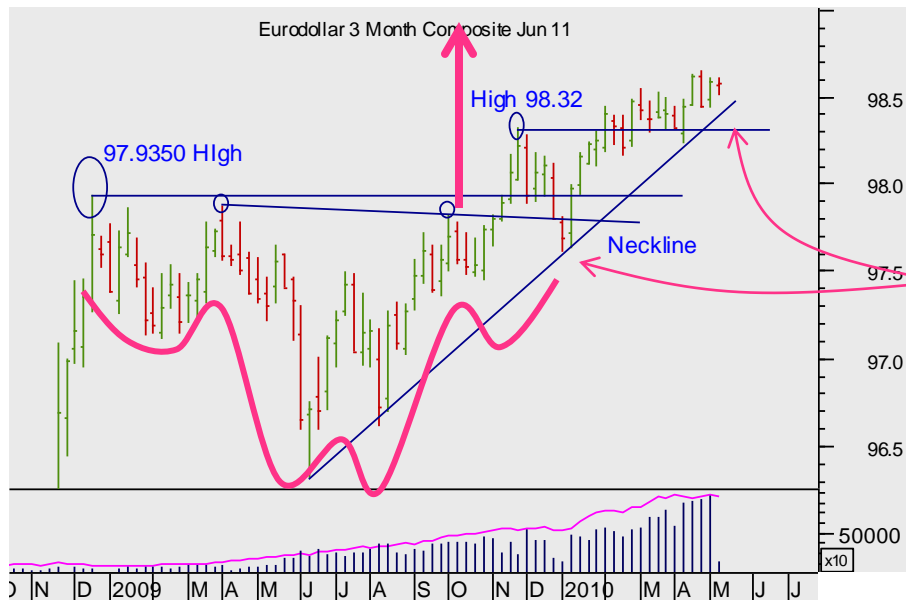
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Commodities

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- + Comex Gold

Interest rates: CME Eurodollar rates

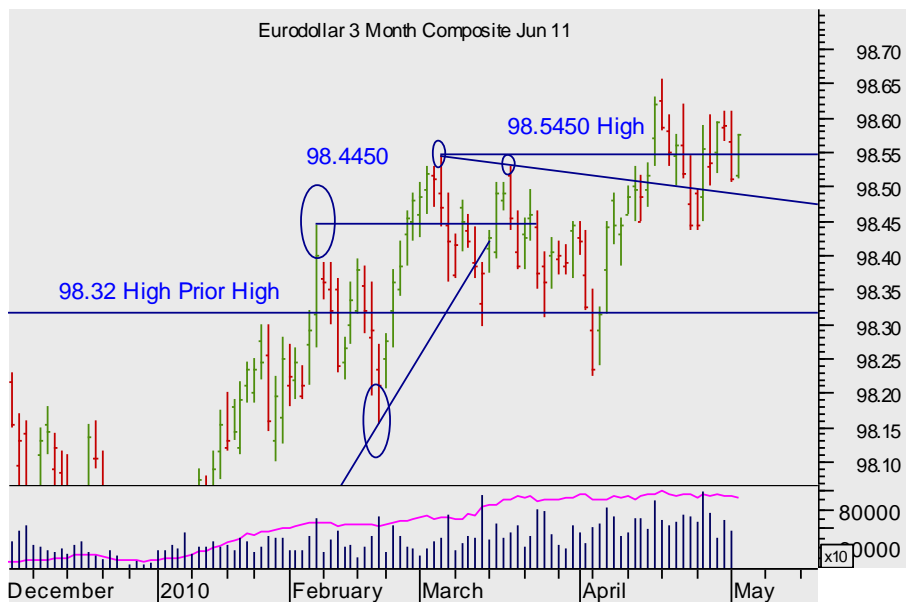


CME Eurodollar rates weekly Jun11 futures chart

Note the H&S continuation pattern whose minimum move is very much higher – 99.32.

The Neckline was powerfully solid support on the pull-back, then the drive above the Prior High at 97.9350 has been well-sustained over the last month.

Look closer.



CME Eurodollar rates daily Jun11 futures chart

The pull back through the Prior High couldn't be sustained by the bears.

The market looks well-supported.

More



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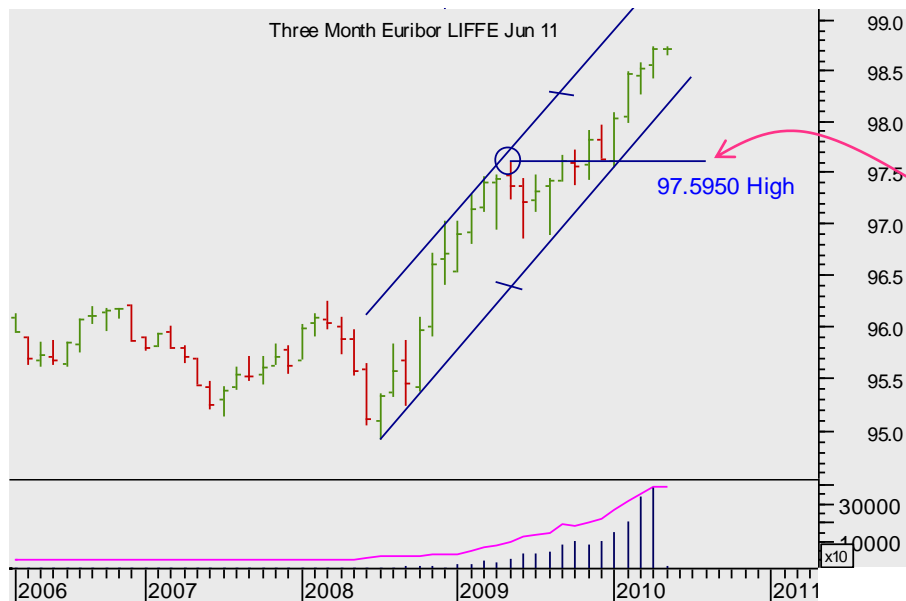
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Commodities

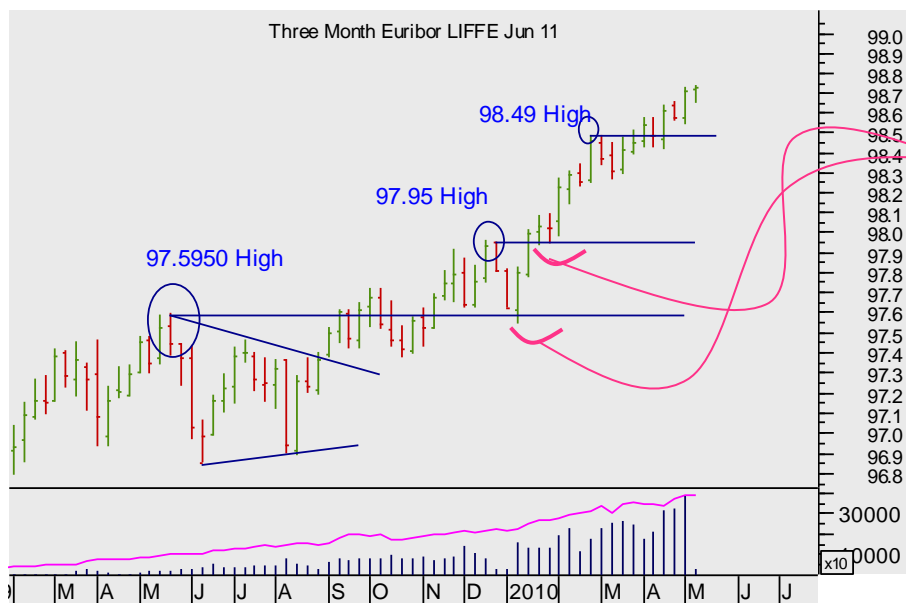
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates monthly Jun 11 futures chart

The drive up through the 97.5950 and the massive support found there on pull-backs suggested the beginning of a new bull leg to the trend and that has occurred.



Liffe Euribor rates Jun 11 weekly futures chart

Prior highs are acting as good support.

The bull trend remains in good fettle.

And now we have a **clear break** of 98.49 for a signal for adding to longs.

More



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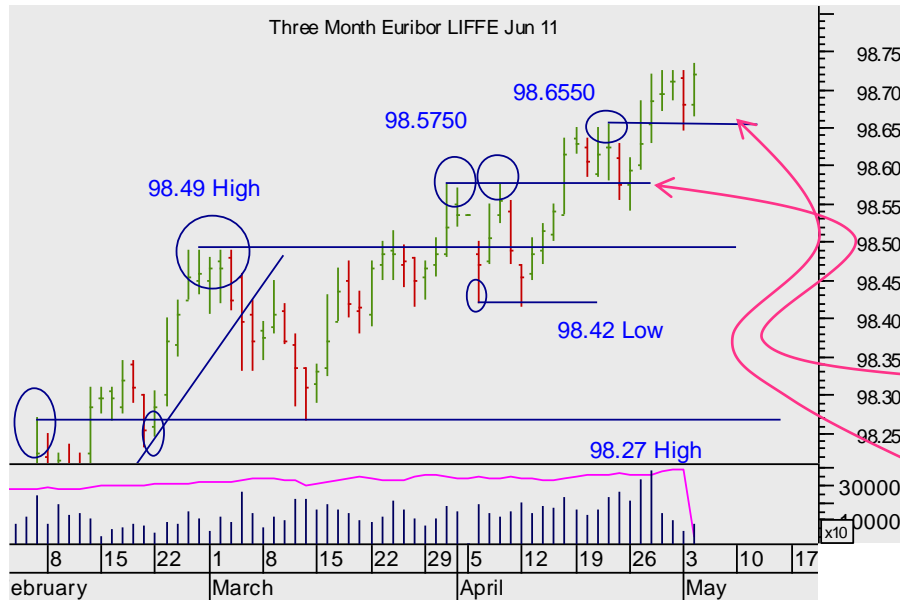
Interest rates

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- + Liffe Short Sterling

Commodities

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- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates daily Jun 11 futures chart

The market was dithering around 98.49.

And a small flag or rectangle formed but the bulls will have been watching the support from 98.5750.

That held allowing the bulls to remain confident.

So too has 98.6550 held.

The market is racheting better,



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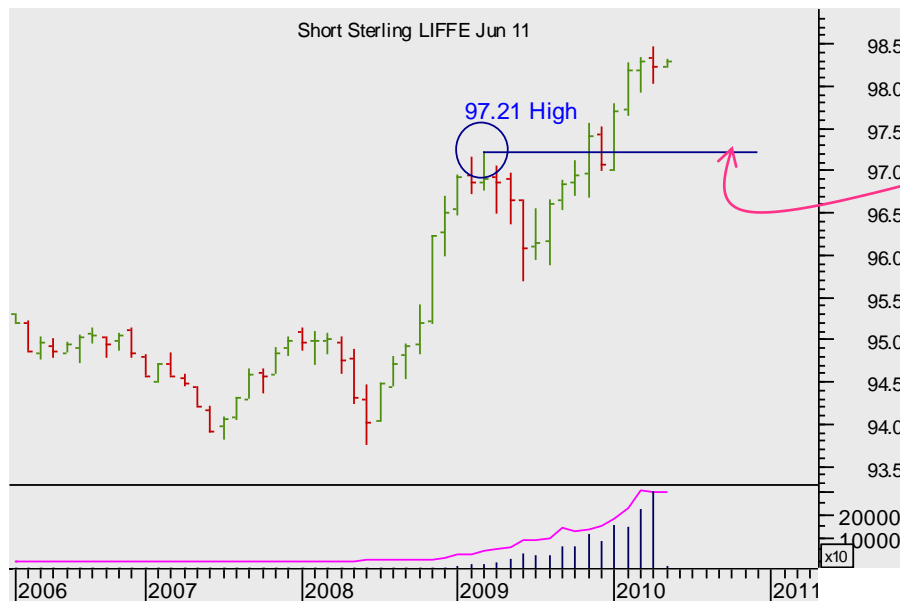
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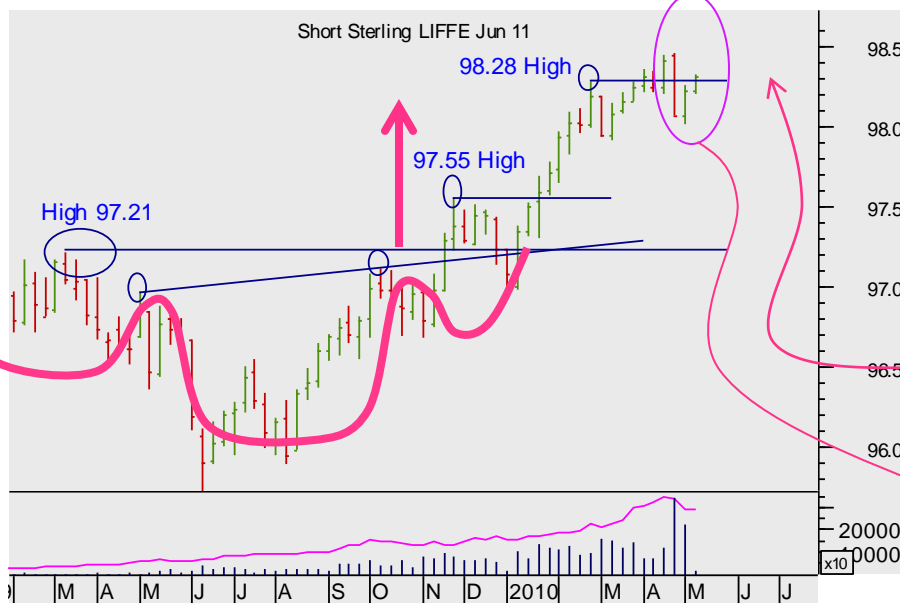
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates monthly JUN 11 futures chart

The major high 97.21 is now good support beneath the market.



Liffe Sterling rates weekly Jun 11 futures chart

There is a Head and Shoulders continuation pattern in the day chart.

But the targeted minimum move has already been achieved.

There was hesitation at the Prior High at 98.28 and that has broken... there is a weekly key reversal in place.

Look closer.

More



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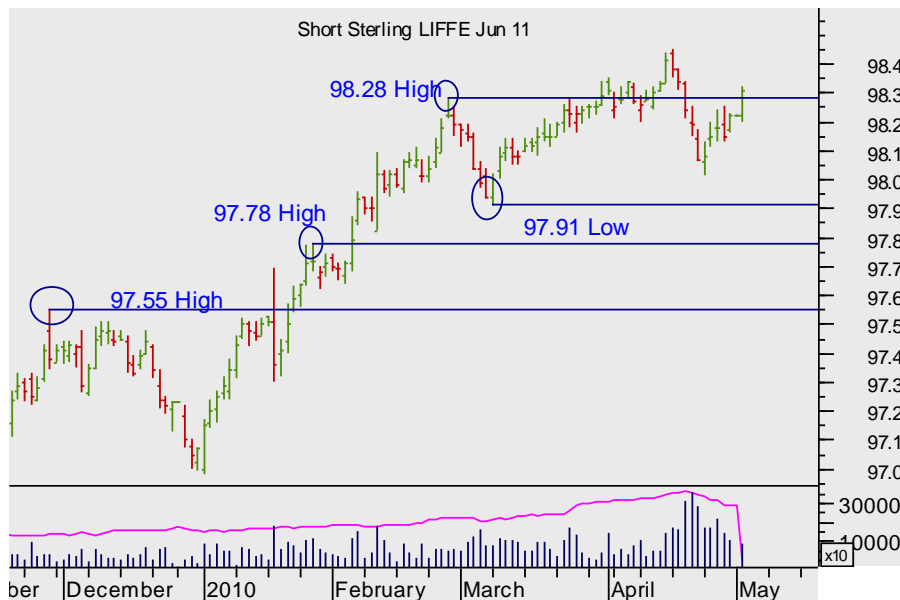
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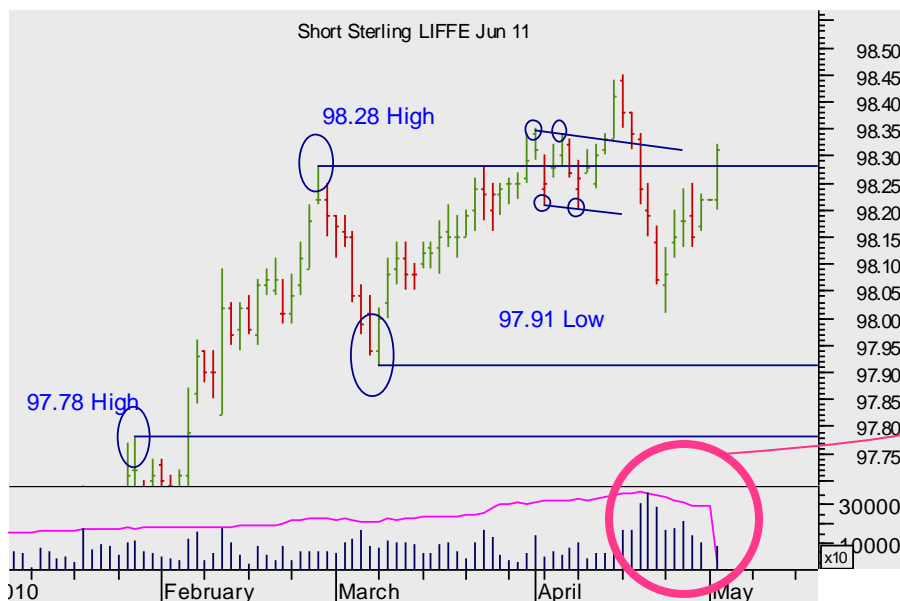
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates daily Jun 11 futures chart

Despite the weekly key reversal, last week's rally has been powerful



Liffe Sterling rates daily Jun 11 futures chart

The bulls have driven the bounce very sharply – but note the falling volume....we distrust the market.



Commodities

COMMODITIES: Gold remains a powerfully bullish market – driven by long-term patterns, sustained by short-term structures – particularly the support from Prior Highs. Oil has established powerful pivotal levels above the market which need to break to enthuse the bulls.

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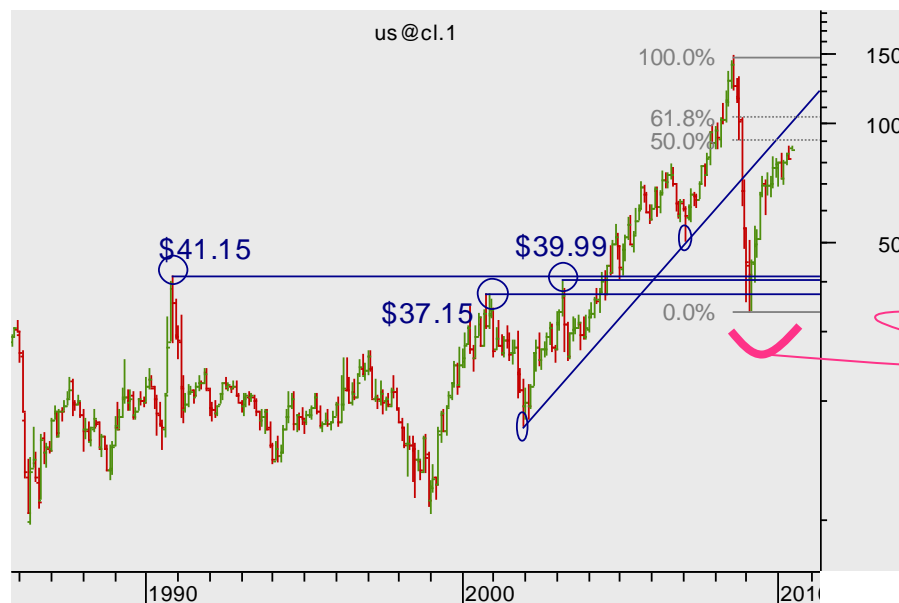
Interest rates

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- + 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.

Now study the bounce.

More



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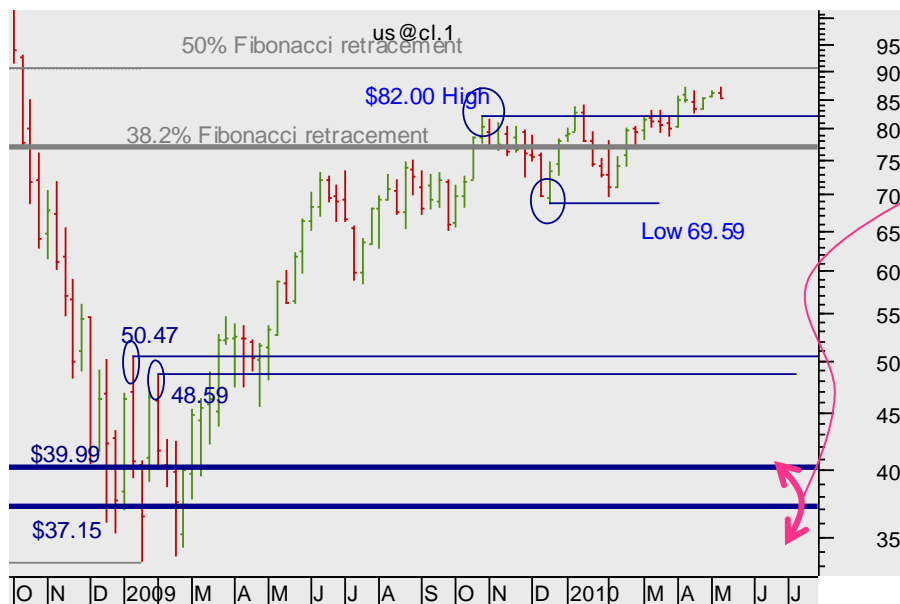
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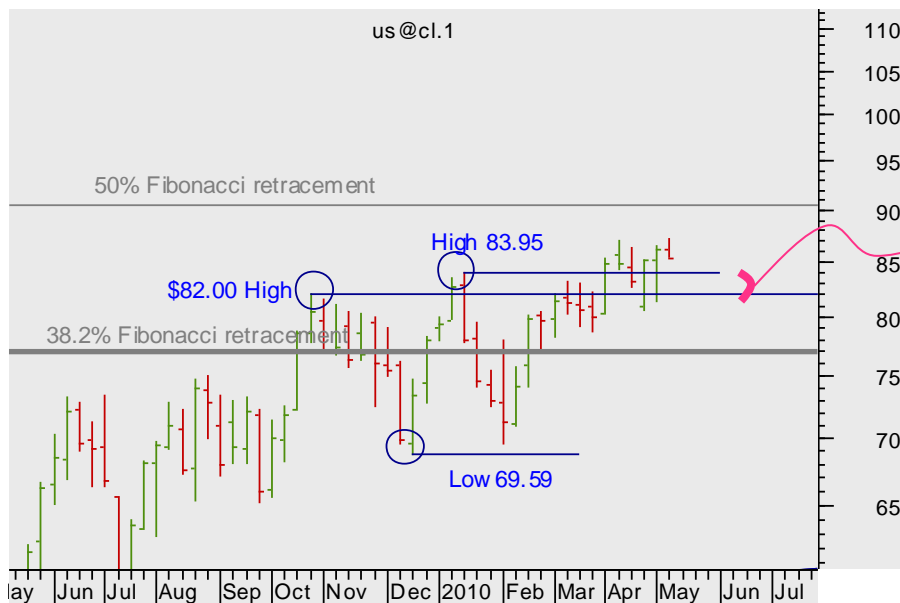
- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil weekly cont. 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... where it paused - **and then drove on up.**



Oil May 10 daily chart futures

That trading range in greater detail.... Use the band 82-83.95 as critical support for the bulls. It has worked well.

While it does, the market looks set to ratchet better.



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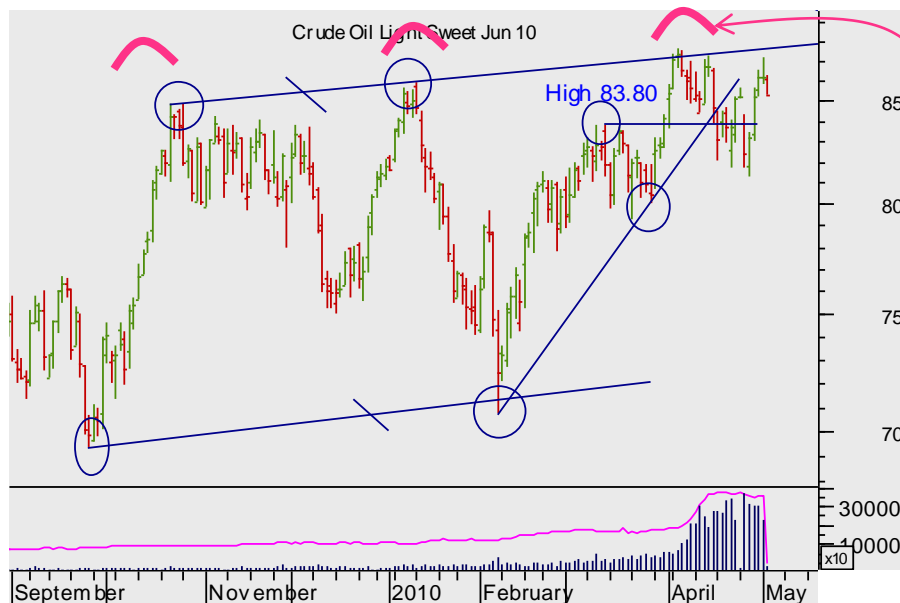
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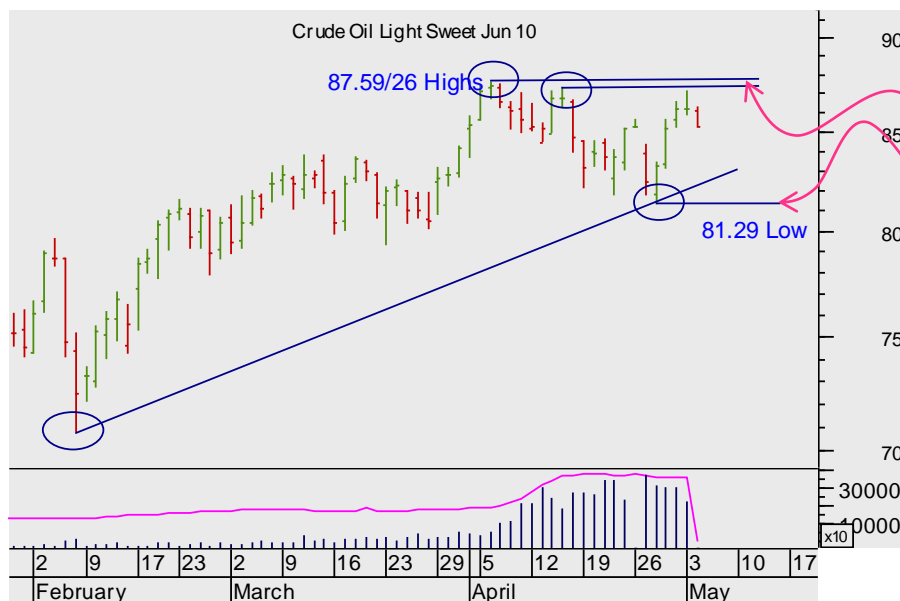
Commodities: Nymex WTI Oil



Oil Jun10 daily chart futures

The triple failure at the top of the channel is evident.

But the market is in no hurry to sell off.



Oil Jun 10 daily chart futures

In greater detail, the structure is **not at all clear** aside from a clear reluctance to break the recent highs.

Equally, the bears need a confirming close beneath 81.29 before selling hard.



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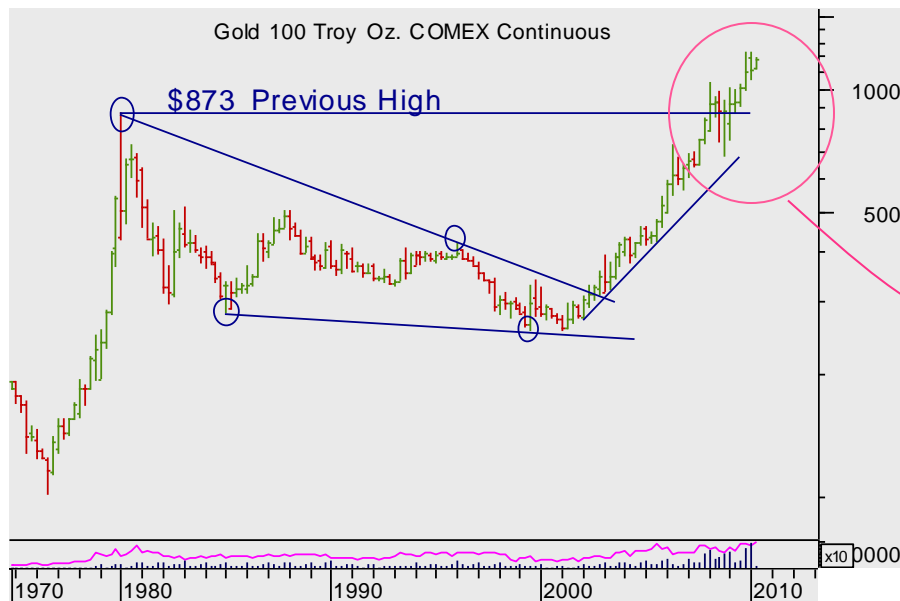
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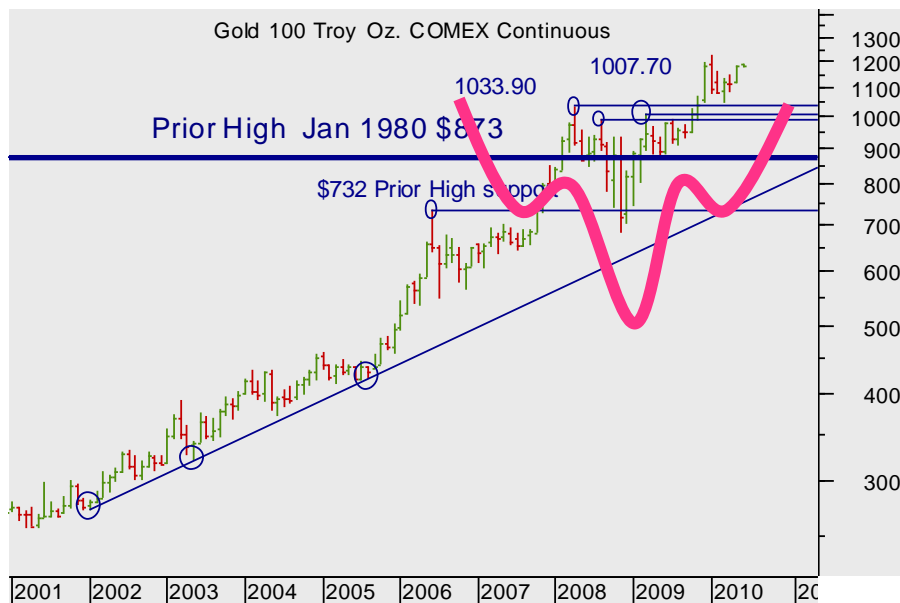
- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



Comex Gold quarterly cont. futures chart

The market has surged through the all-time-high from 1980.



Comex Gold monthly cont. chart

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

The minimum target of the pattern is **very much higher** – **around 1313**.

Look closer.

More



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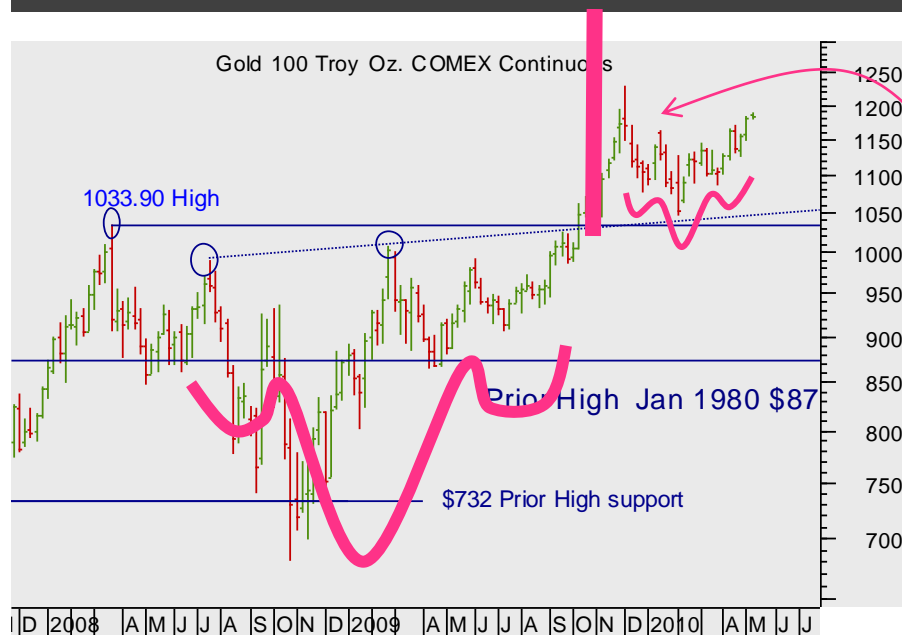
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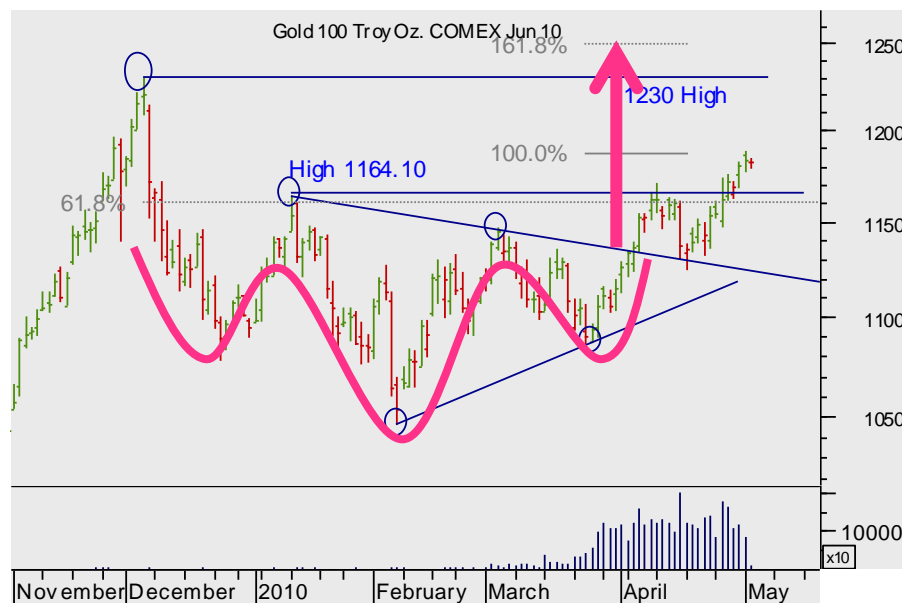
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Commodities: Comex Gold



Comex Gold **cont..** futures weekly chart

The pull-back to the Neckline support is a massive medium-term buying opportunity



Comex Gold **Jun 10** weekly futures chart

And now looking at the price action above the Neckline we see that another Head and Shoulders pattern has been completed...

Minimum target is easily measureable up to 1250.

Look closer.



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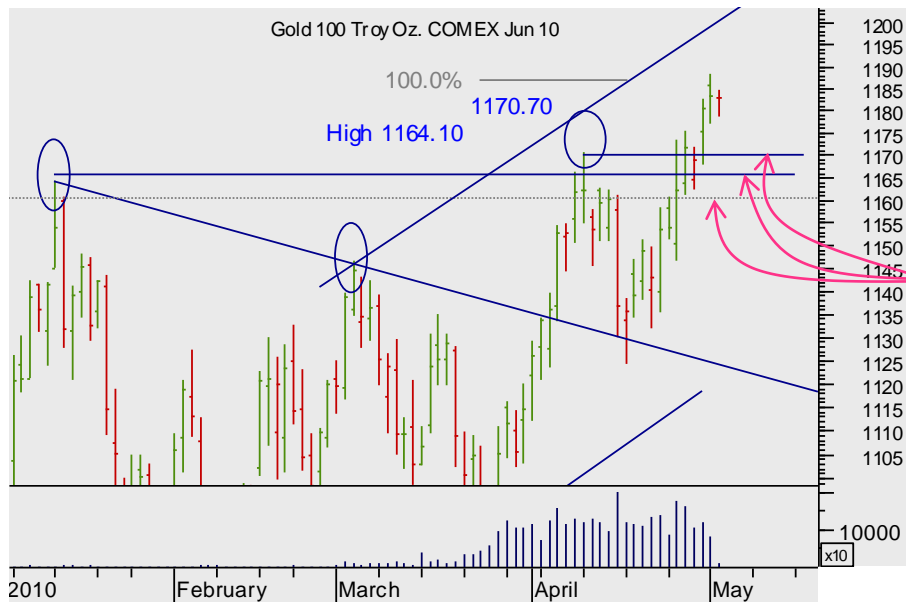
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Commodities

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Commodities: Comex Gold



Comex Gold **cont..** futures daily chart

The short-term structure is **absolutely clear** –like the medium and long-term patterns.

The approach to the multiple failures at 1164.10 (the prior High resistance + the Fibonacci resistance) was **very important** – as is the break of that level to enthuse the bulls afresh.

We remain hot bulls.



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