



11th 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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SELL Euro, **BUY** Dollars on a rally back to 1.3271;
Stay SQUARE;
Stay SQUARE;
Go **SHORT** Euros **LONG** Sterling with Stops above 0.8641.

Stocks

- + CME S&P 500
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Stay SQUARE (June 10)
Stay SQUARE (Jun 10)
Stay SQUARE (Jun 10)
Stay SQUARE (Jun10);

Bonds

- + CBOT US Ten Year Notes
- + Eurex Ten Year Bund
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Stay SQUARE (Jun 10); **SELL** beneath 117-16
Stay SQUARE (Jun 10); **SELL** beneath 123.78
Stay SQUARE (Jun10); **SELL** beneath 139.45

Interest rates

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Stay SQUARE (Jun 11);
Stay SQUARE (Jun 11).
Stay SQUARE (Jun 11)

Commodities

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



Currencies: Dollar Euro

CURRENCIES: The recent weaknesses of the currencies have been reversed today after the weekend's European deal. But the bounces are not yet technically self-sustaining reversals. Good resistances – the first ones – still lie above the Sterling and the Euro. Of the two, Sterling looks to be the greater gainer so far. No surprise to see the switch in to the Yen being reversed somewhat and a weakening Yen remains a plausible medium-term prospect.

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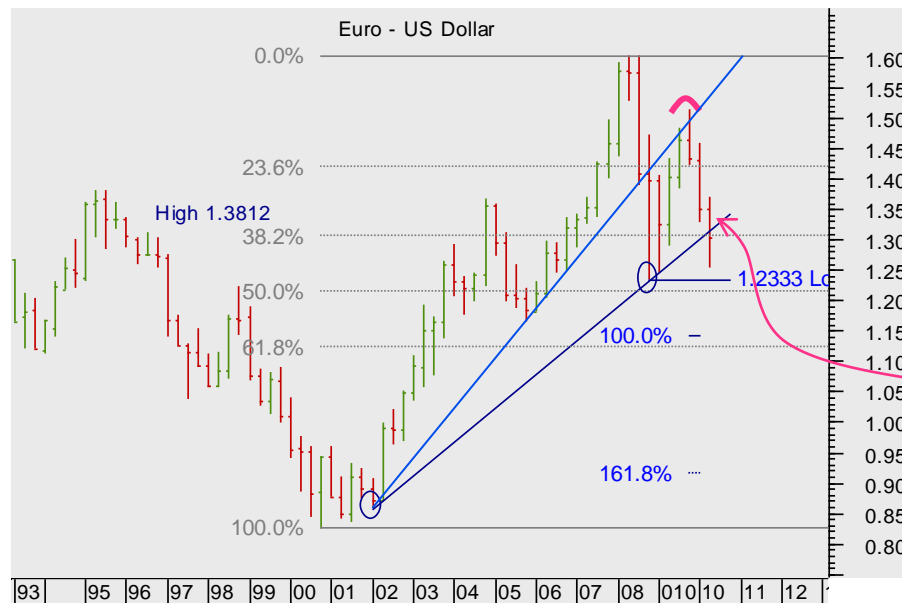
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Dollar Euro monthly spot cash chart



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.

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

More



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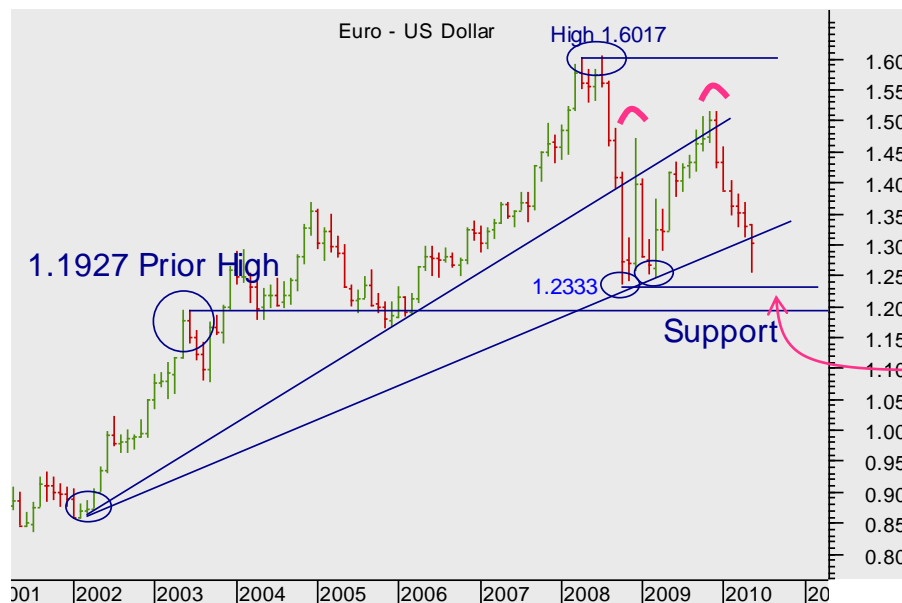
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Currencies: Dollar Euro

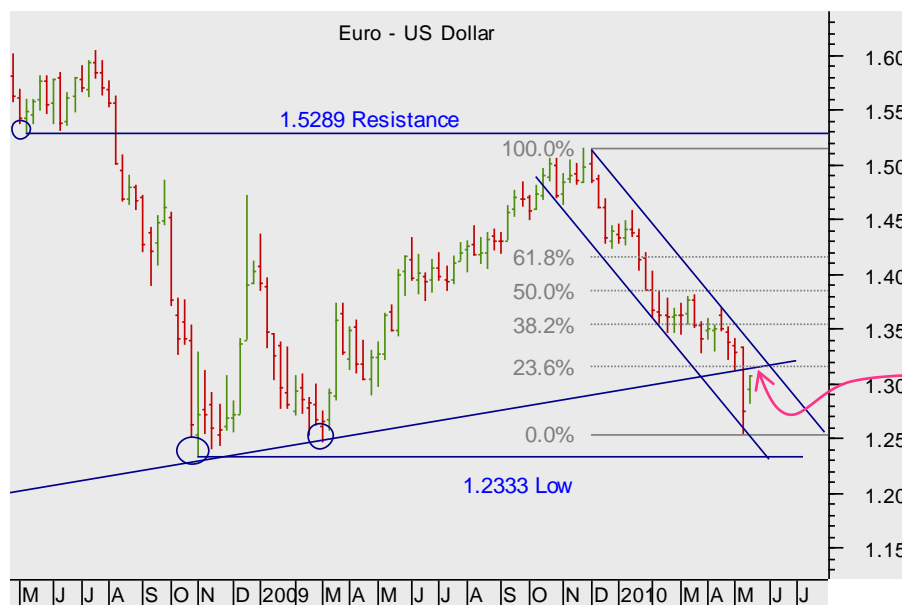


Dollar Euro weekly spot cash chart

In greater detail the market failed twice at the diagonal resistance

And now the market has broken the second diagonal

Critical support remains at the horizontal beneath the market at 1.1927-1.2333



Dollar Euro daily spot chart

In detail: the market's sell-off since October has been confined in a bear channel

And finally broke through the rising diagonal support from 2002 last week.

Now watch the bounce.

Note the Fibonacci resistance coincident with the bounce...

More



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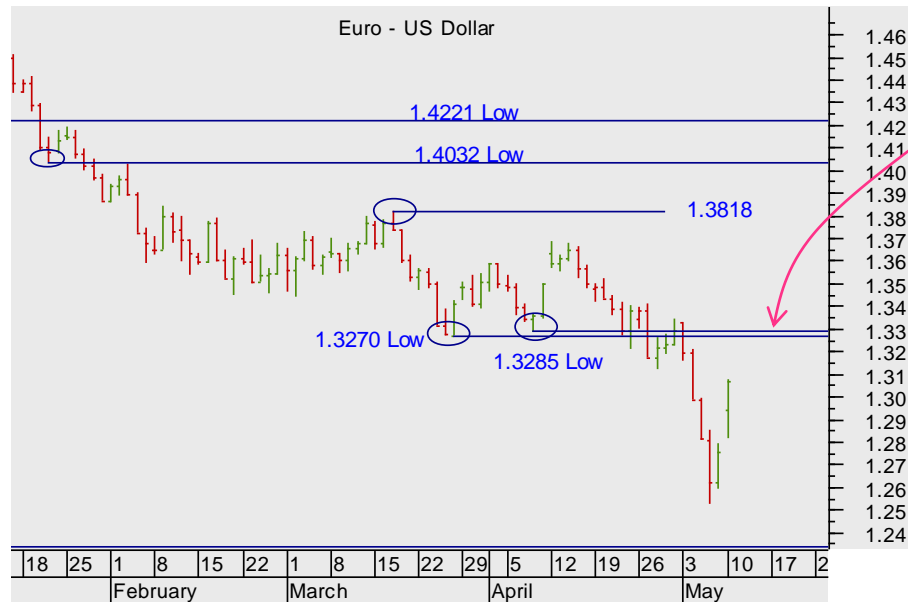
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Currencies: Dollar Euro



Dollar Euro daily spot cash chart

First resistance lies above the market at 1.3270-1.3285



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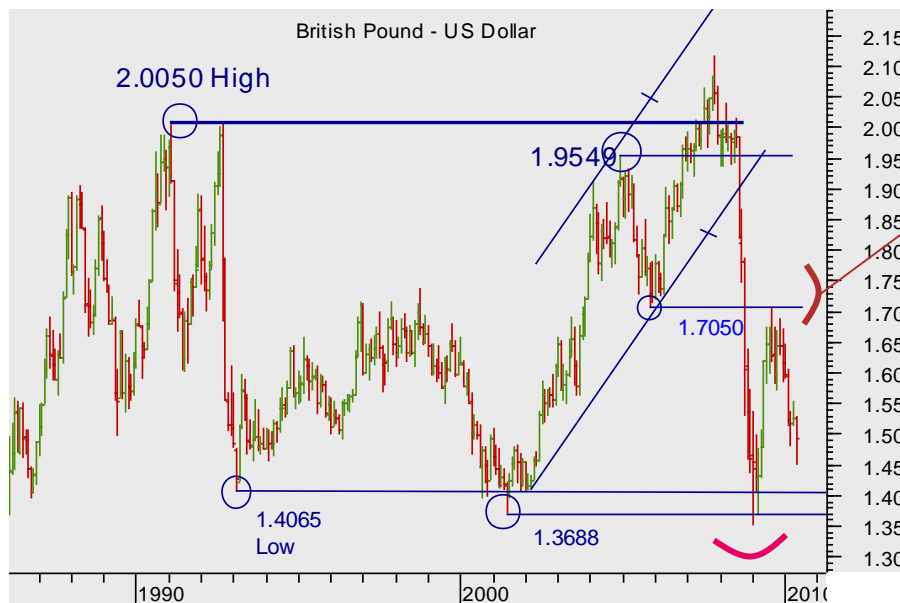
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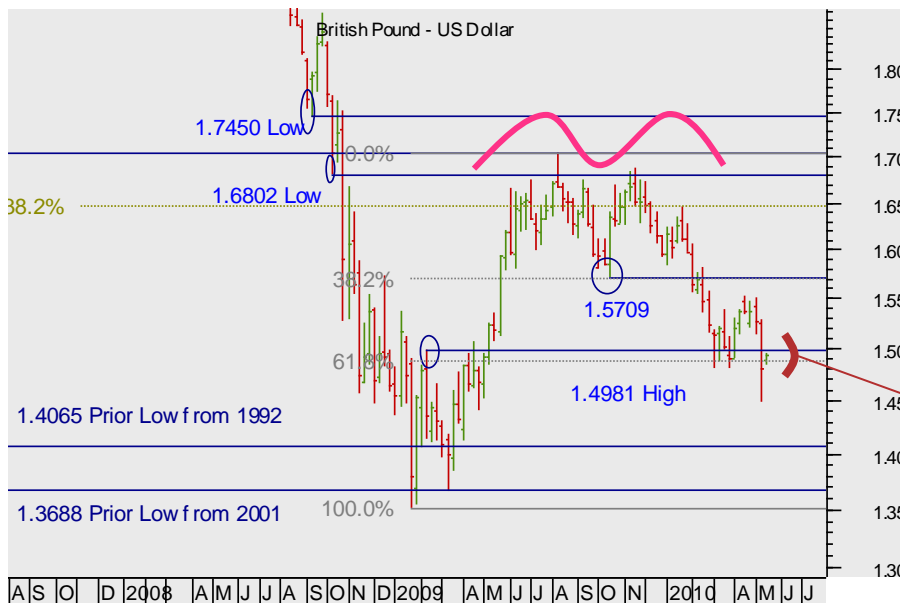
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Currencies: Dollar Sterling



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

Note the completed Double Top whose minimum move measured down to 1.45 has now been achieved..

But the 61.8% Fibonacci support at 1.4869 + the support from the Highs at 1.4981 **remains** substantial support.

Look closer.

More



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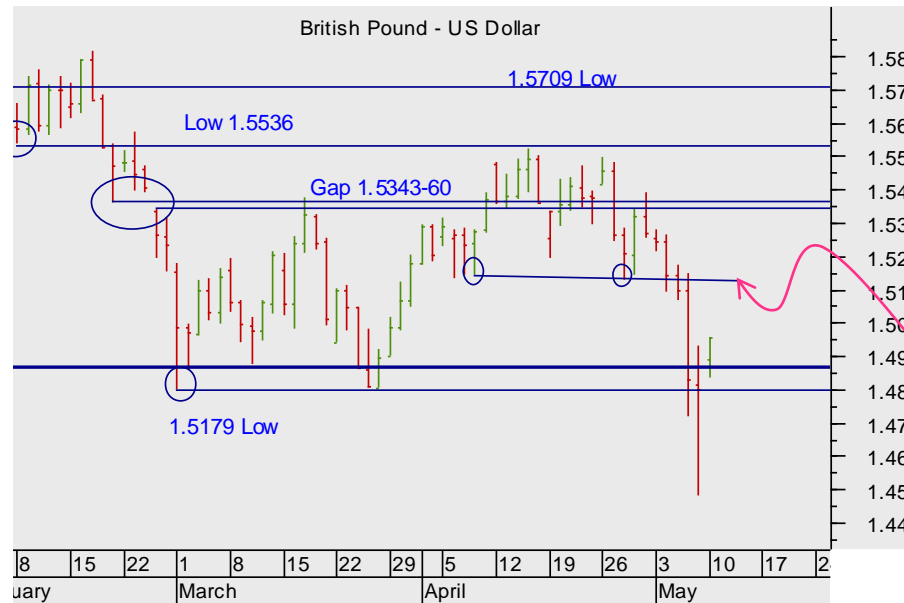
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Currencies: Dollar Sterling



Dollar Sterling daily spot cash chart

A triple bounce (Triple Bottom) IS IN THE OFFING.

Note the resistance at the Neckline of the small Head and shoulders Top.



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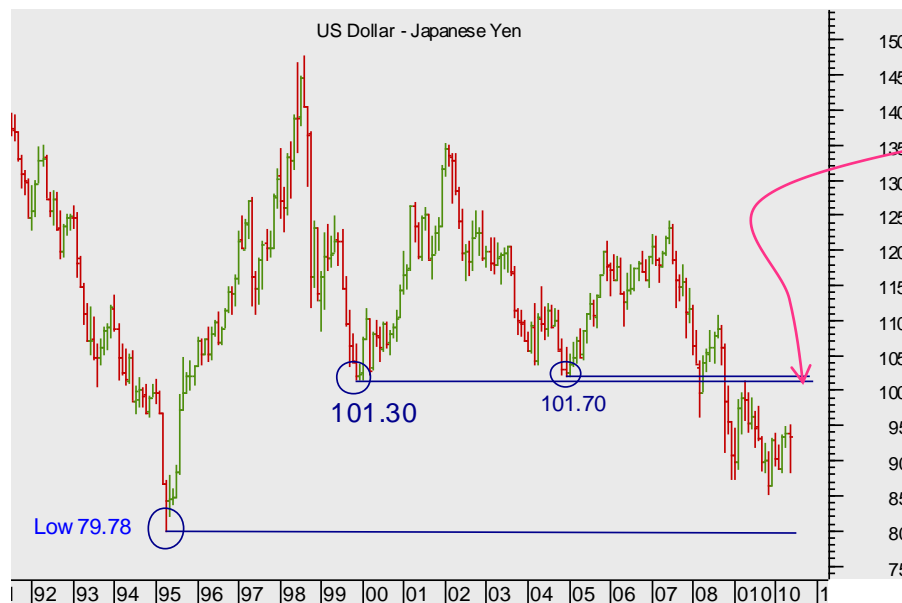
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Currencies: Dollar Yen

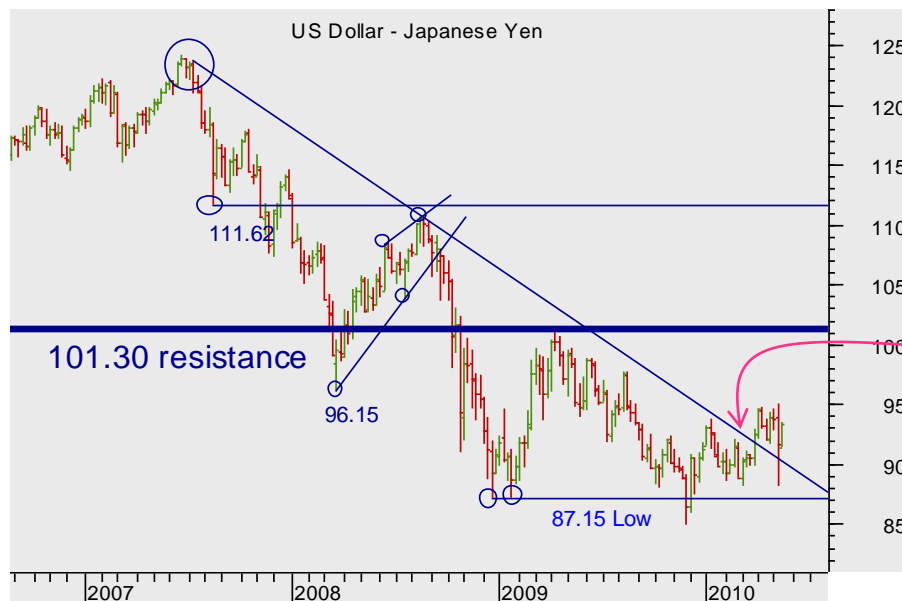


Dollar Yen monthly spot cash chart

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 so **the break up through the diagonal was impressive** Dollar strengthening, ...

Look closer.

More



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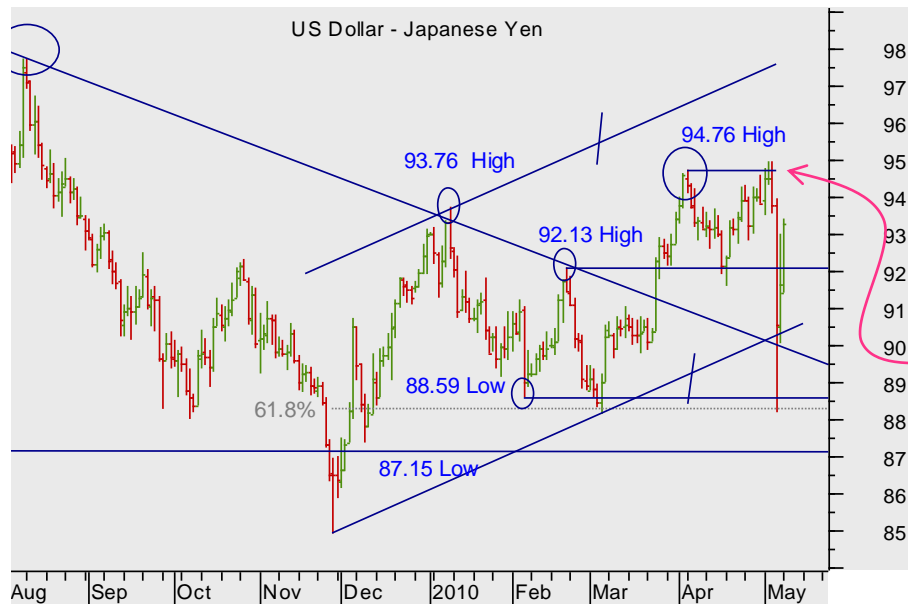
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Commodities

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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Note the triple bounce off the Fibonacci support.

The resistance level from the completion level and Prior High at 92.13 have been smashed.

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

More



Currencies: Sterling Euro

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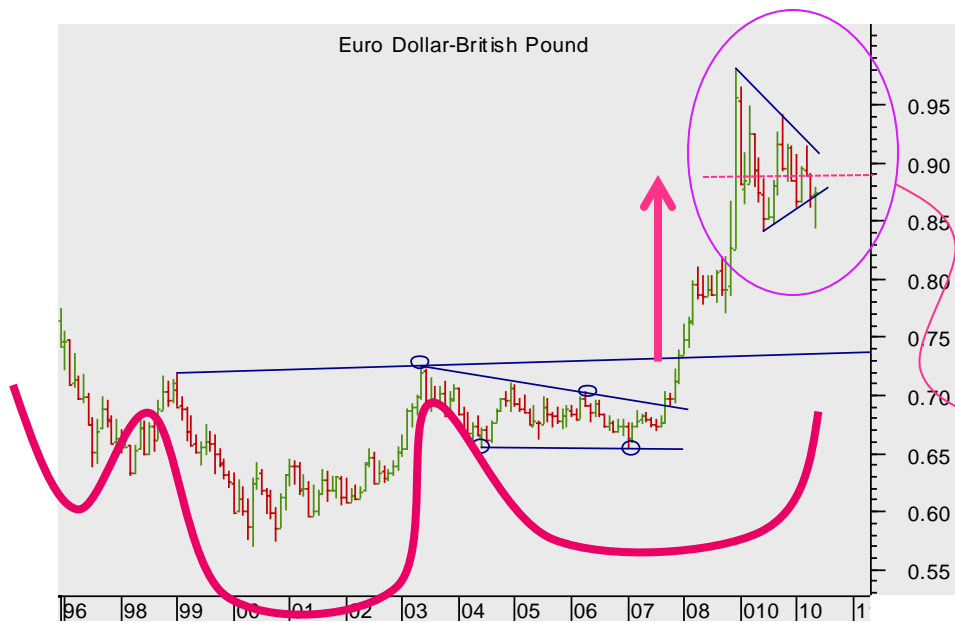
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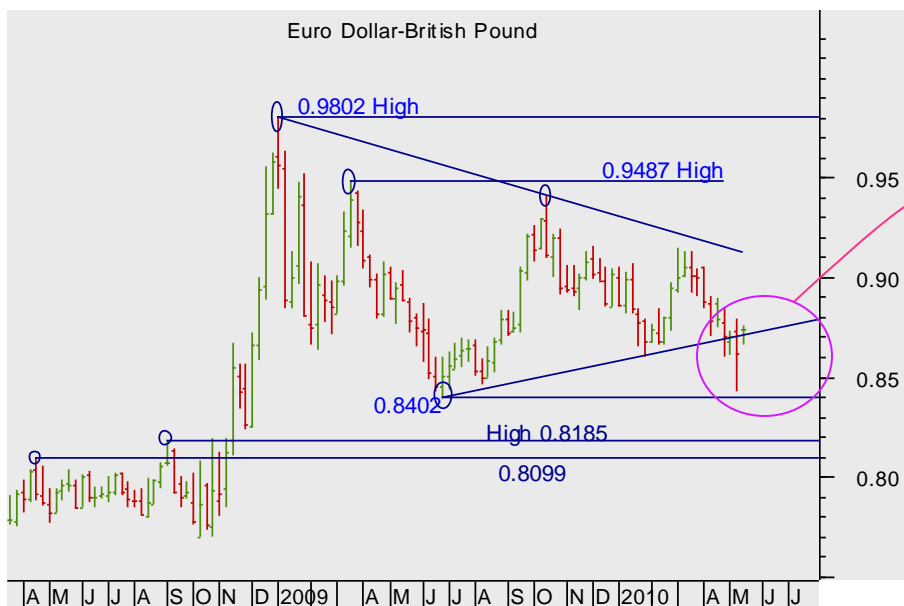


Sterling Euro monthly spot cash chart

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. Which looks to have failed.

Look closer.



Sterling Euro weekly spot cash chart

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

Watch carefully.

More



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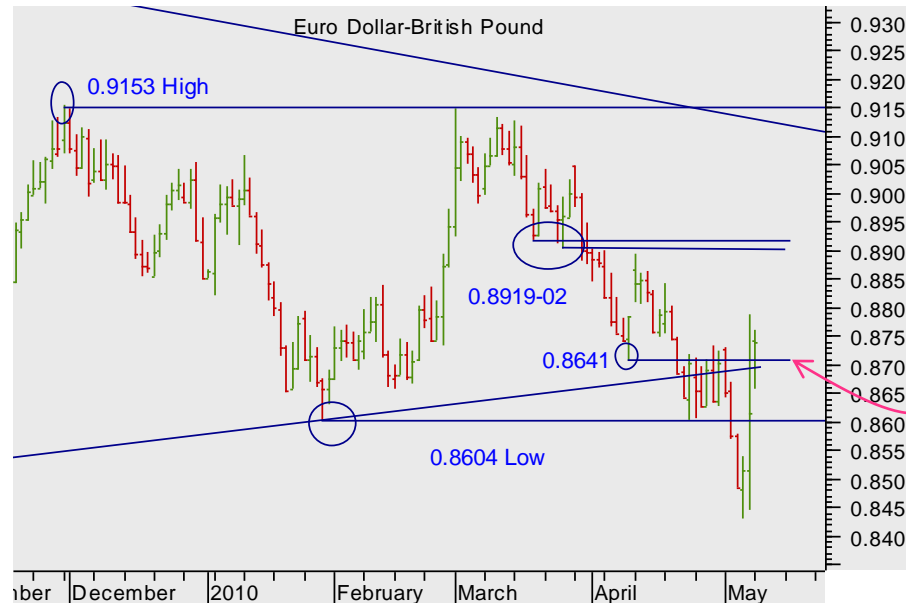
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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The two resistances for traders to watch are the horizontal from the low at 0.8604 and the horizontal and diagonal at 0.8641

Both have been broken - but wait for the confirming close.



Stocks

STOCKS: The short-term bear patterns that were 'close to fruition' in the S&P last week completed and drove the market on down aggressively in pursuit of the European markets. But the breakdown through recent Prior Lows was not sustained in any of the markets. Yet the bounces, though violent, have yet to test any resistances of note to reveal the true quality of the bulls' energy will be revealed.

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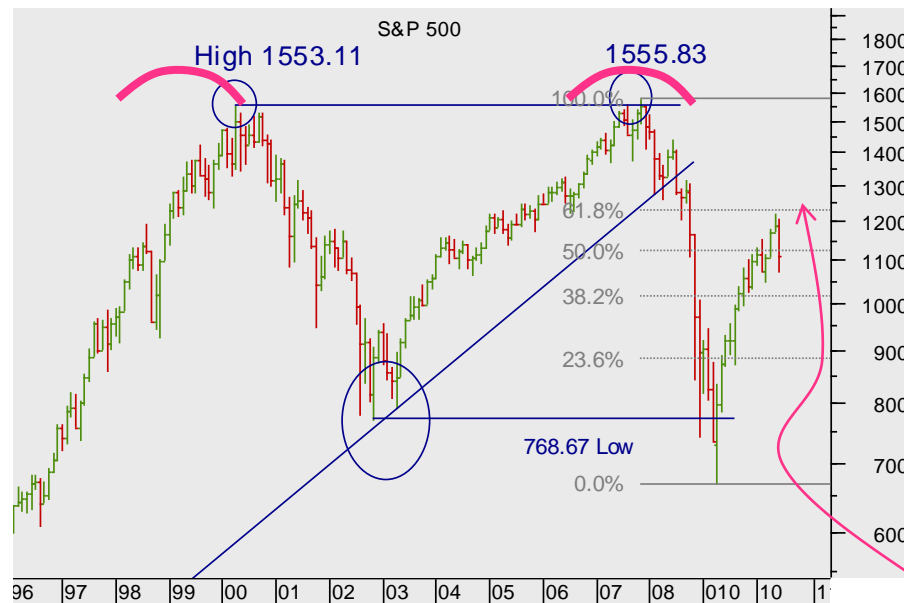
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Stocks: CME S&P 500



CME S&P 500 quarterly cash chart

The double failure at 1553 and 1555 - right at the 1574 High from 2003 was **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 as far as the 61.8% retracement (1231) resistance....

Then the market fell back hard.

More



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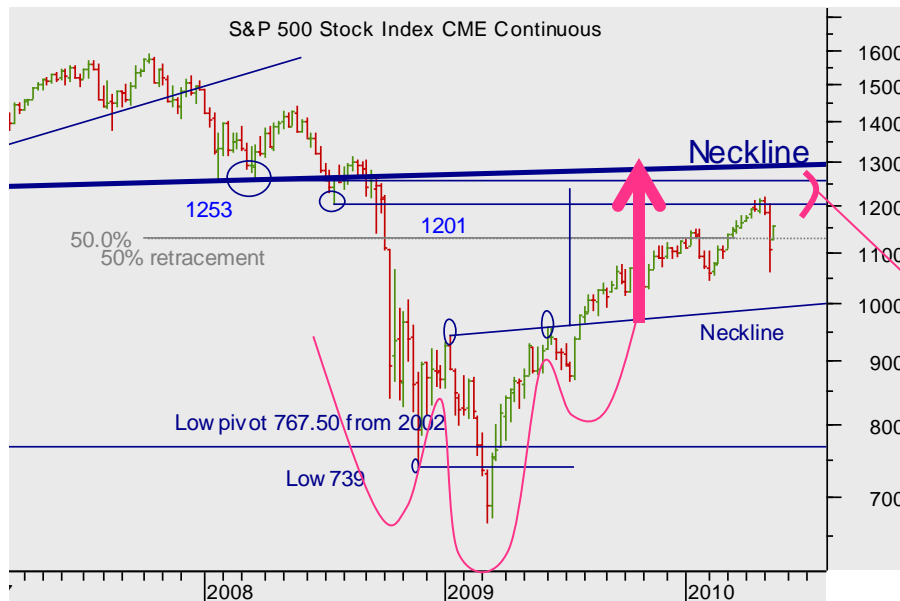
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Stocks: CME S&P 500

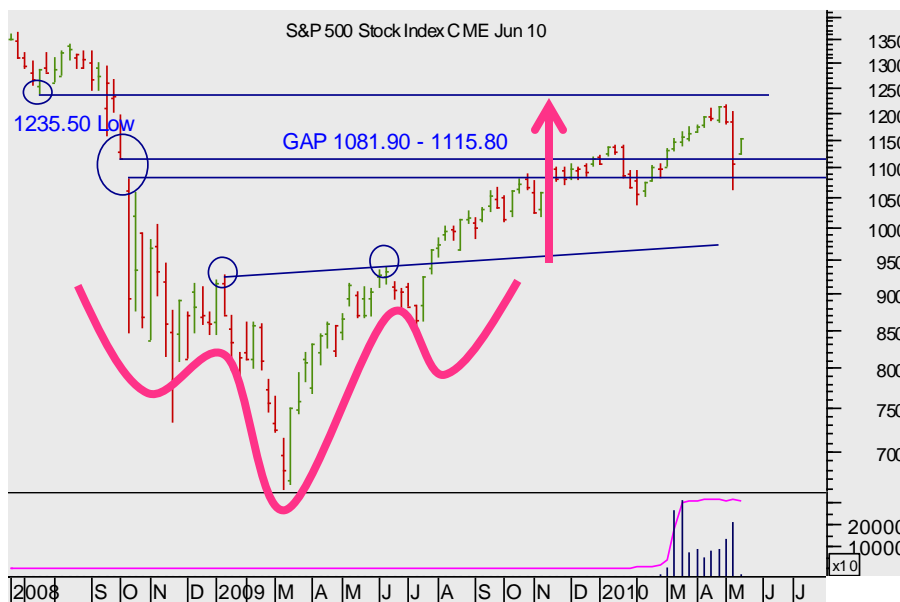


CME S&P 500 cont weekly cont. chart

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

The market has fallen back hard from that resistance.

CME S&P 500 weekly JUN10 chart



In the **JUN 2010** contract the target for the H&S pattern, about is 1235.50 coincident with the horizontal resistance from the low at 1235.

The market has fallen hard from that level.

Look closer still.

More



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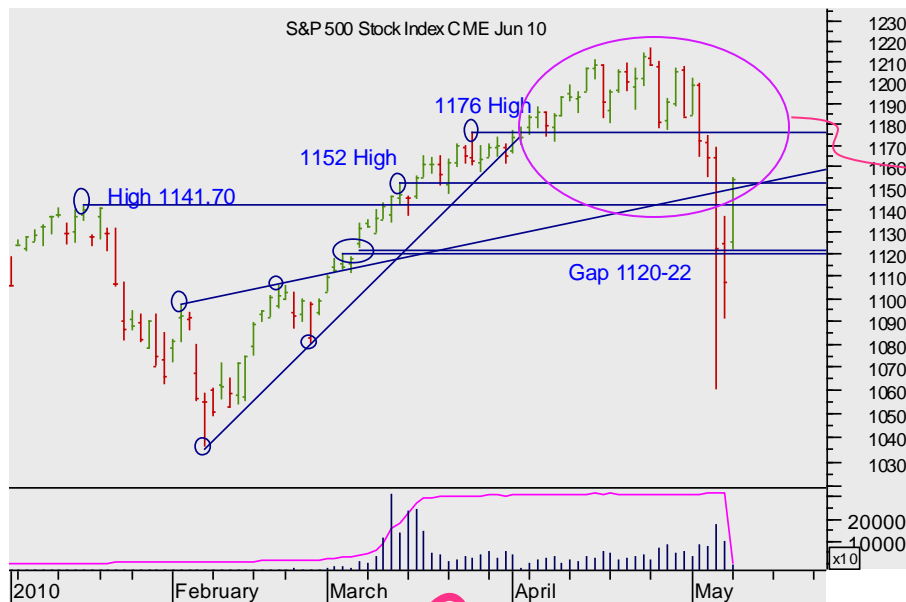
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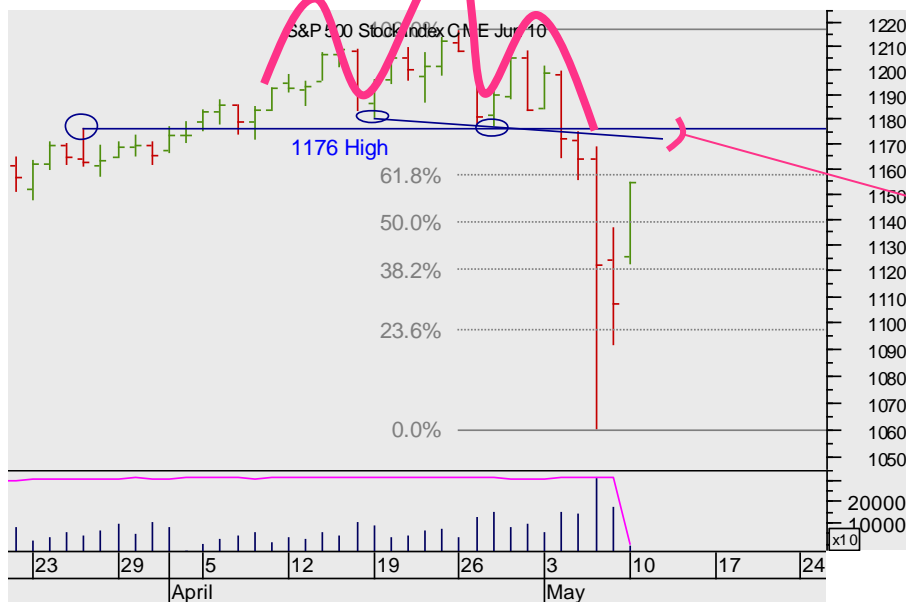
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- + Comex Gold

Stocks: CME S&P 500



CME S&P 500 daily Jun 10 chart

The small top formation completed and triggered the collapse.... but the bounce has been swift.



CME S&P 500 weekly JUN10 chart

On the bounce watch for resistance at 1157 and then the Neckline resistance at 1170-1176.



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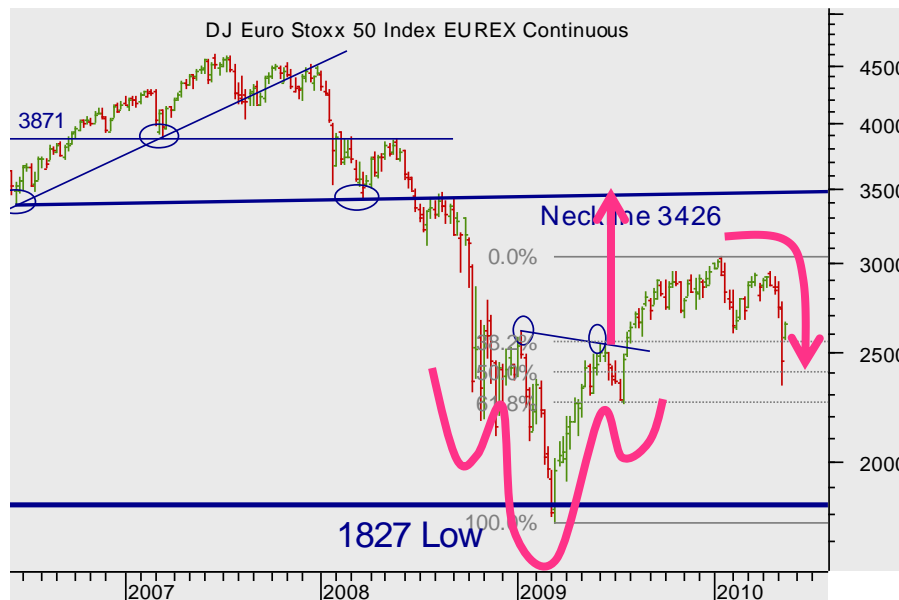
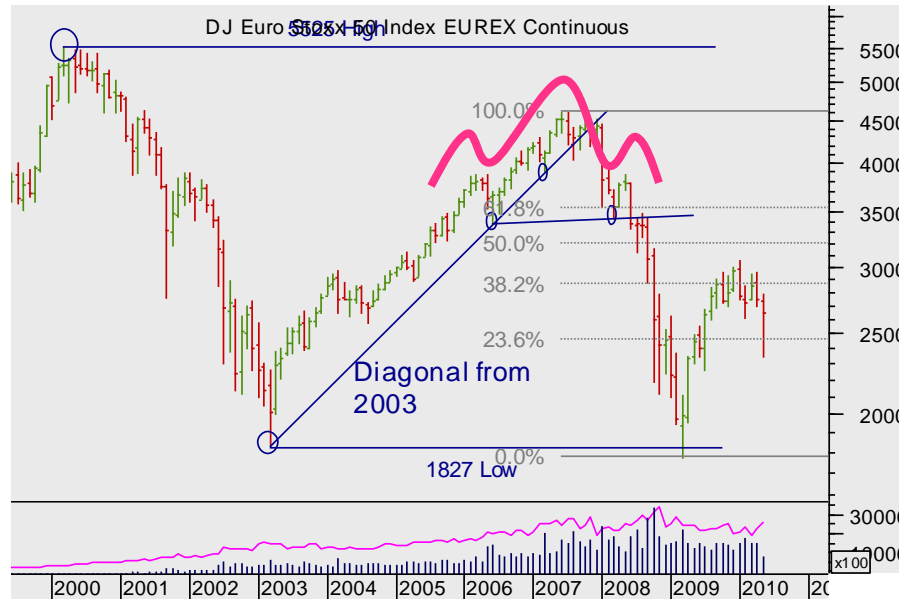
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Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 monthly continuation futures chart

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.

But the market paused and fell back.

Look closer.

More



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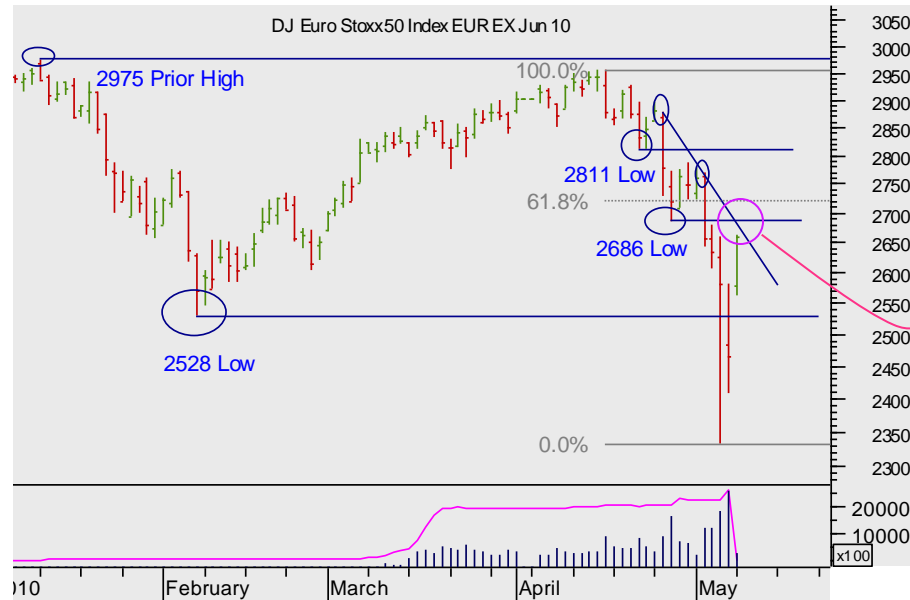
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Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Jun 10 futures chart

The single close beneath the 2528 low was readily reversed. It was a false breakdown.

But watch the resistance from the 2686 Low combining with the falling diagonal to gauge the strength of the rally.

Stay back.



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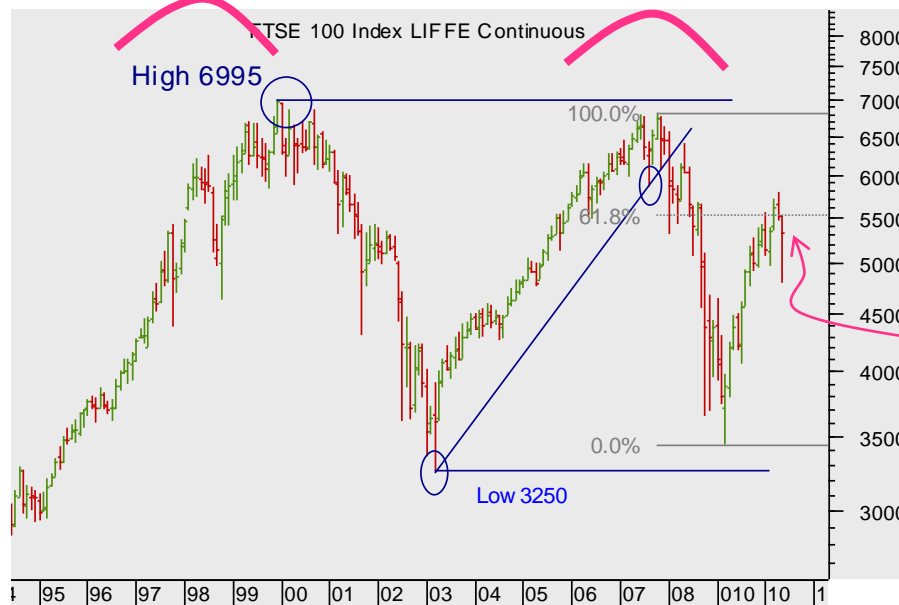
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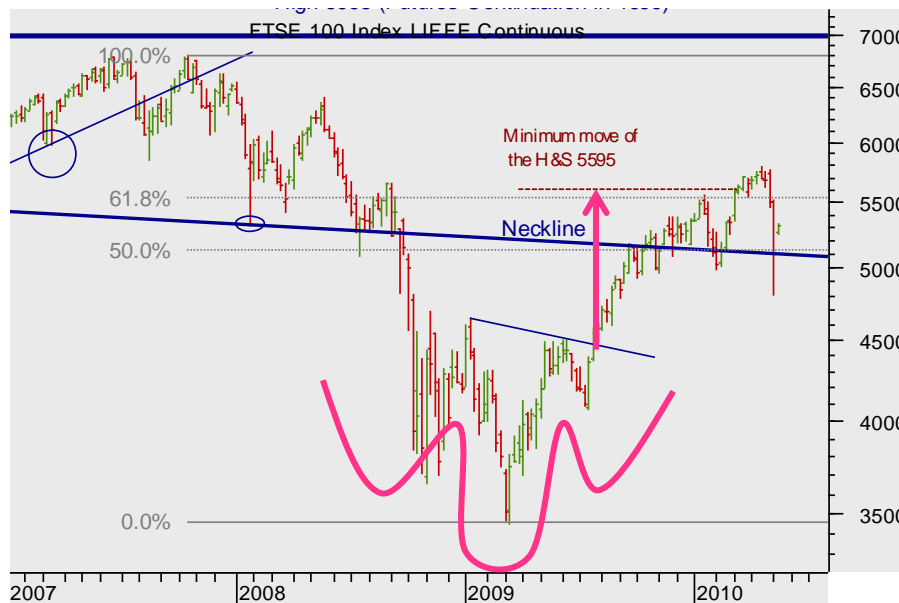


Liffe FTSE 100 monthly continuation futures chart

The market is in a massive trading range.

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

But failed.



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....

Look closer.

More



Stocks: Liffe FTSE 100

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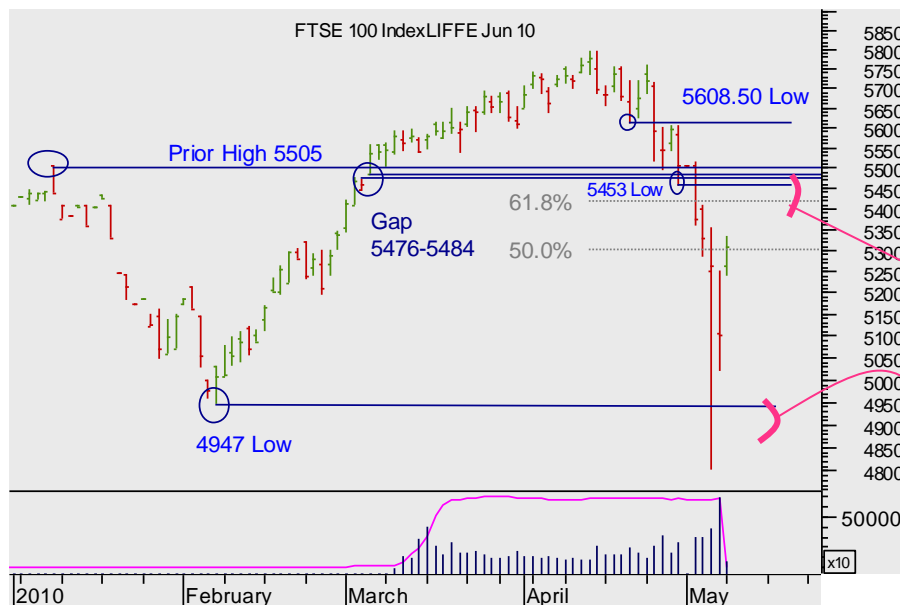
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Liffe FTSE 100 daily Jun10 futures chart

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

The Prior High support from 5505 was critical. When that broke the market lost support.

But note that the 4947 low as not breached on a close.

Watch that rally carefully, especially the resistance up at 5420-5453.

Stand back and await more clarity.



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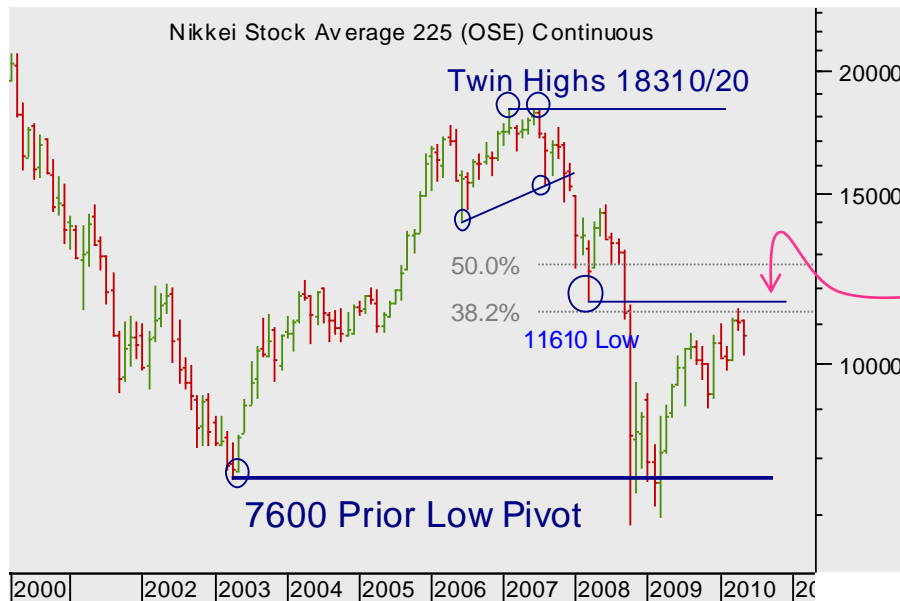
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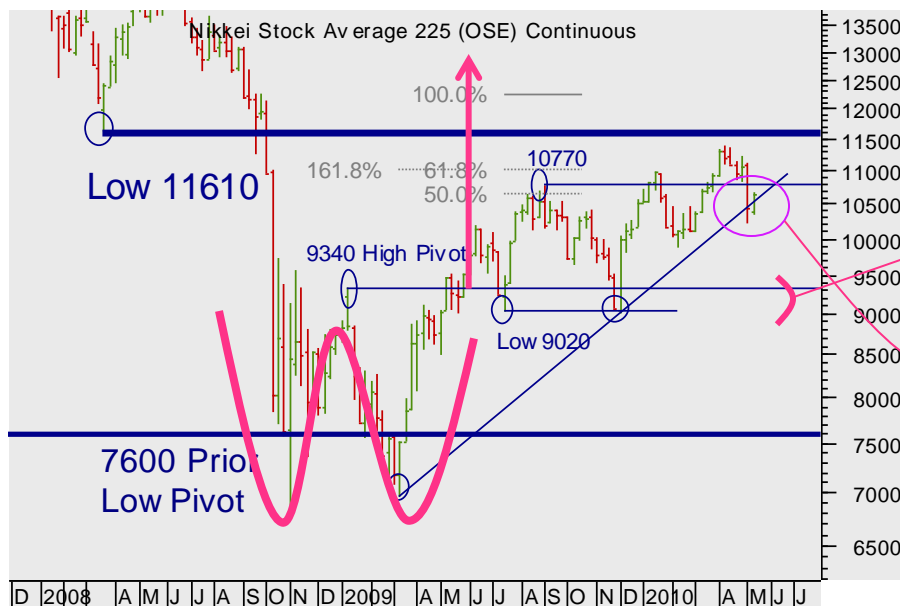
Stocks: OSE Nikkei 225



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.

The market has paused - but the pull-back has found support at the rising diagonal

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Stocks: OSE Nikkei 225



OSE Nikkei 225 Jun 10 daily futures chart

In the **very short-term** the market the support demonstrated at 10910/10810 including the important coincidence of support with the rising diagonal.

That was poor for the market.

10380 was support from where the market has bounced... for the moment.



Bonds

BONDS: Our scepticism of these markets will be tested when the sell-offs test the first supports of substance. Most technically bearish are the bunds, but before selling in any market, wait for a break of the critical supports we have indentified in all cases.

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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

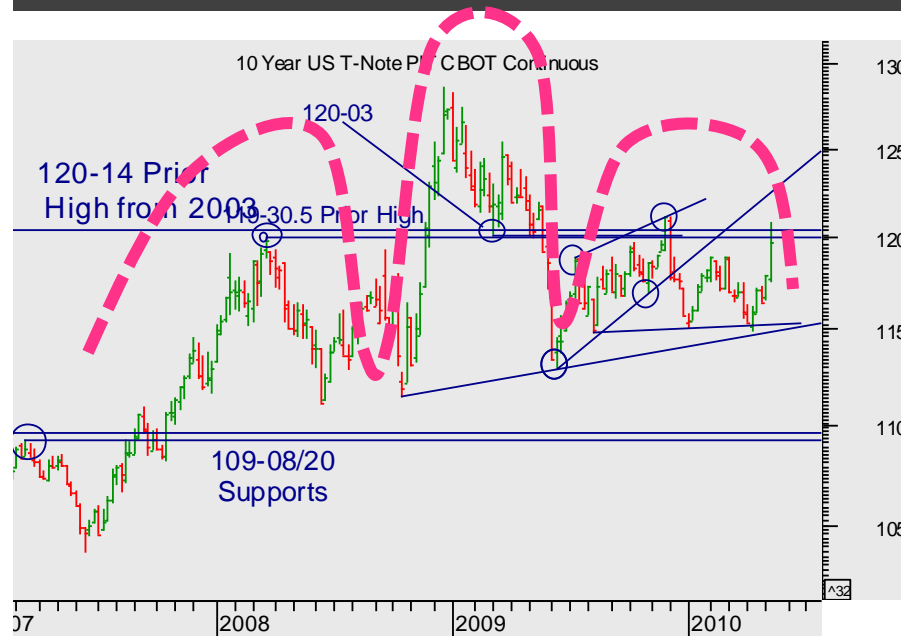
The long bull channel –
surprisingly well-defined.

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 but not completed.**

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 at 118-13.5 .

The bulls need a confirmed close above 118-23.5.



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

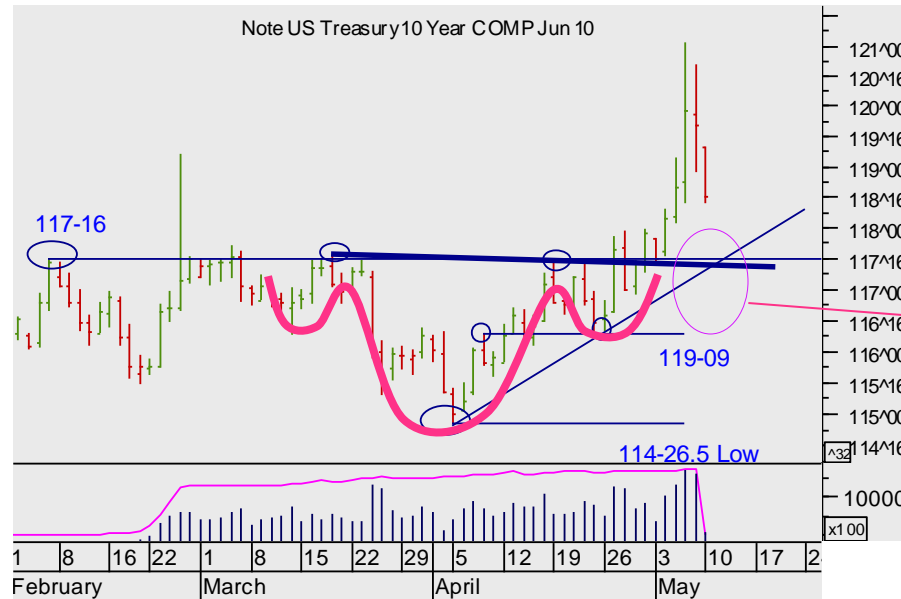
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes daily Jun10 futures chart

Short-term the market will find support at 117-16.

Note the co-incidence with the rising diagonal.

A break of both those will send the bulls for cover.



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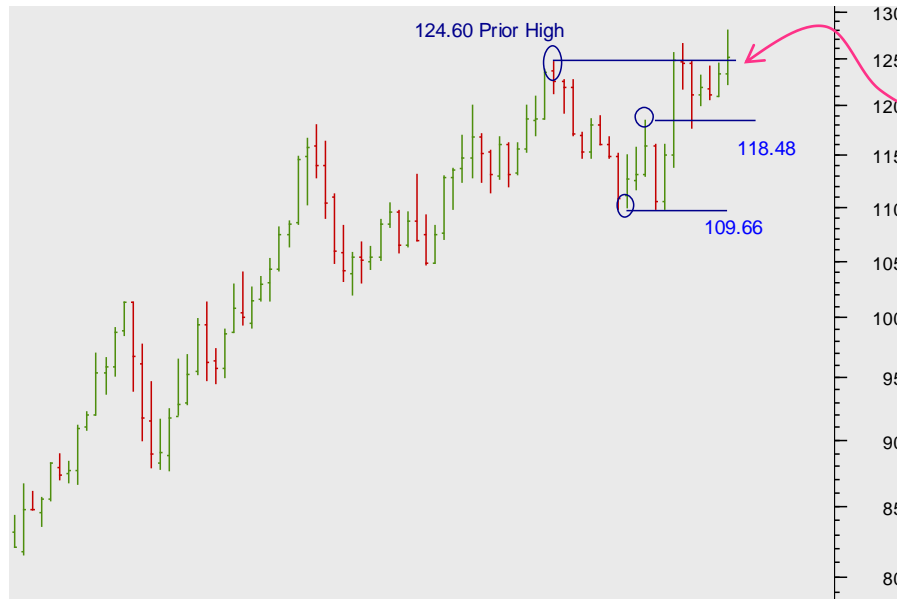
Interest rates

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- + Liffe Short Sterling

Commodities

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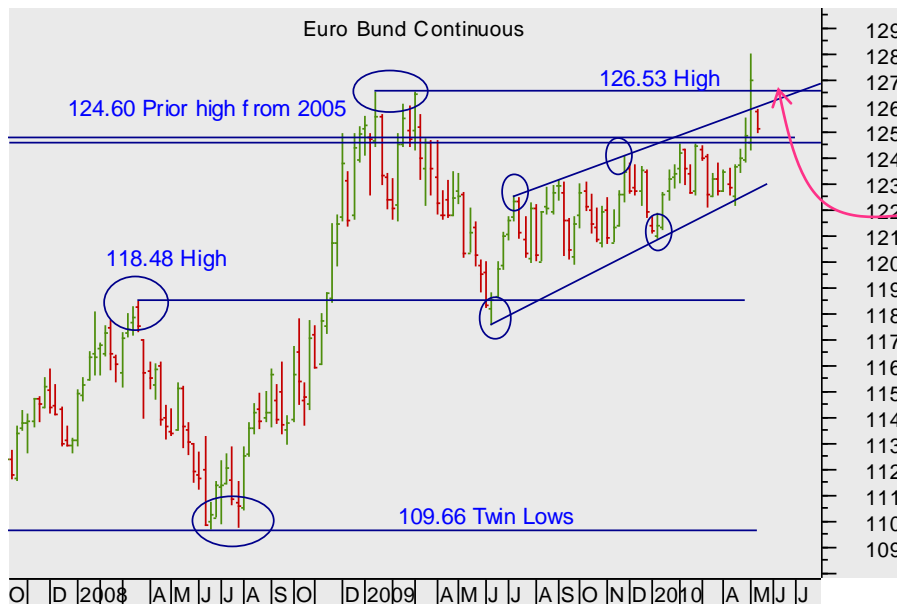
Bonds: Eurex Ten Year Bund



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 close above 126.53 was exciting for the bulls – but the market couldn't sustain the move.

Look closer.

More



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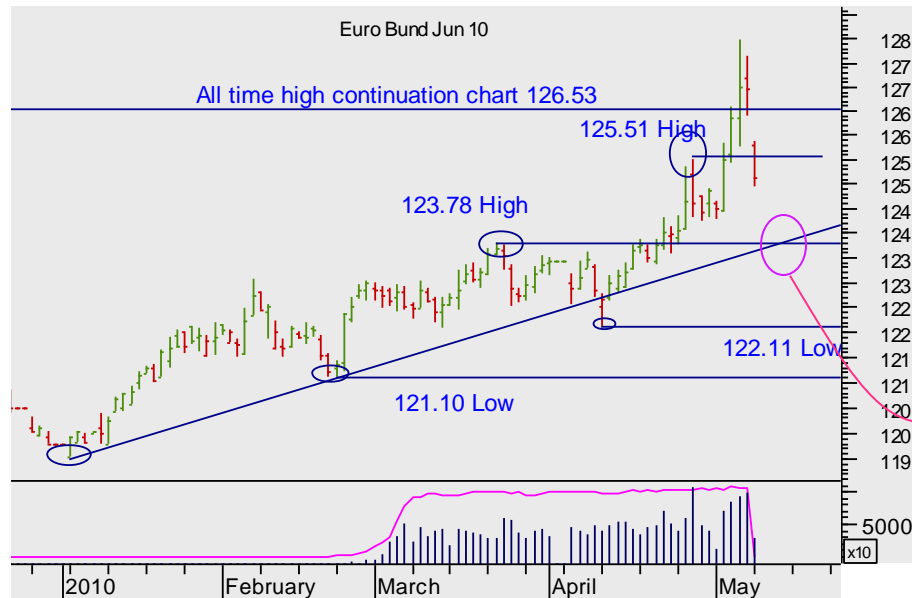
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund Jun 10 daily futures chart

Note too the failure of the support at 125.51.

Medium-term – watch the support at 123.78 (coincident with the rising diagonal from 2010).

A break of that would the bulls running for cover.



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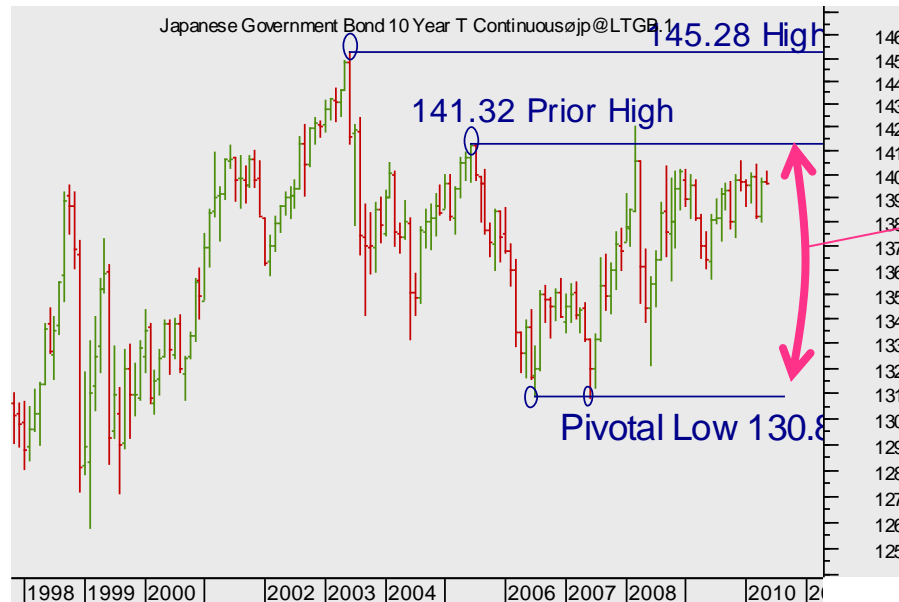
Interest rates

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- + Liffe Short Sterling

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

Then the market recovered.

Look closer.

More



Bonds: TSE Ten Year JGB



TSE Ten Year JGB daily Jun 10 futures Chart

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Interest rates

SHORT INTEREST RATE FUTURES: Unlike the bonds, the pull back in the short-ends against the fierce bull moves of last week have been muted. Again, wait for the break of critical supports before joining in on the bear tack.

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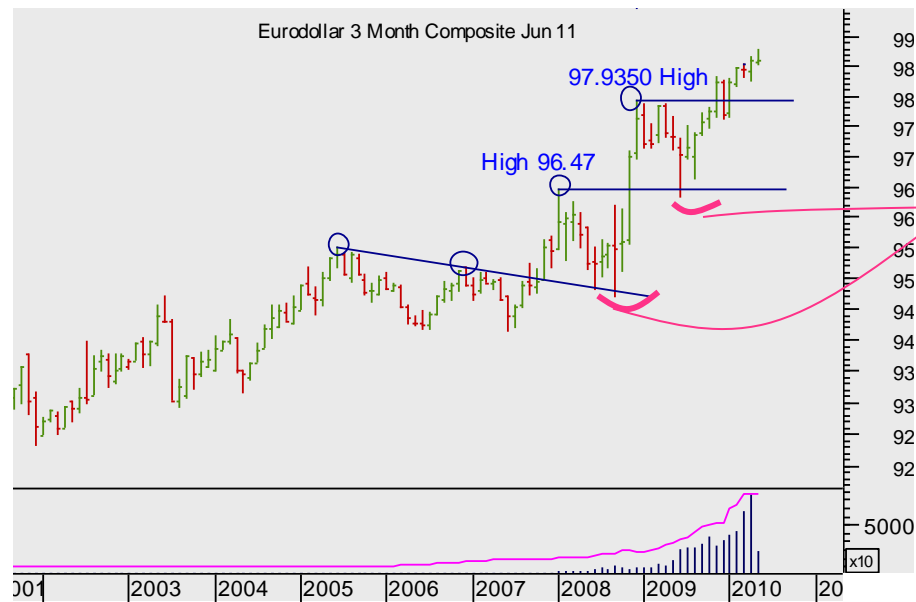
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- + Liffe Short Sterling

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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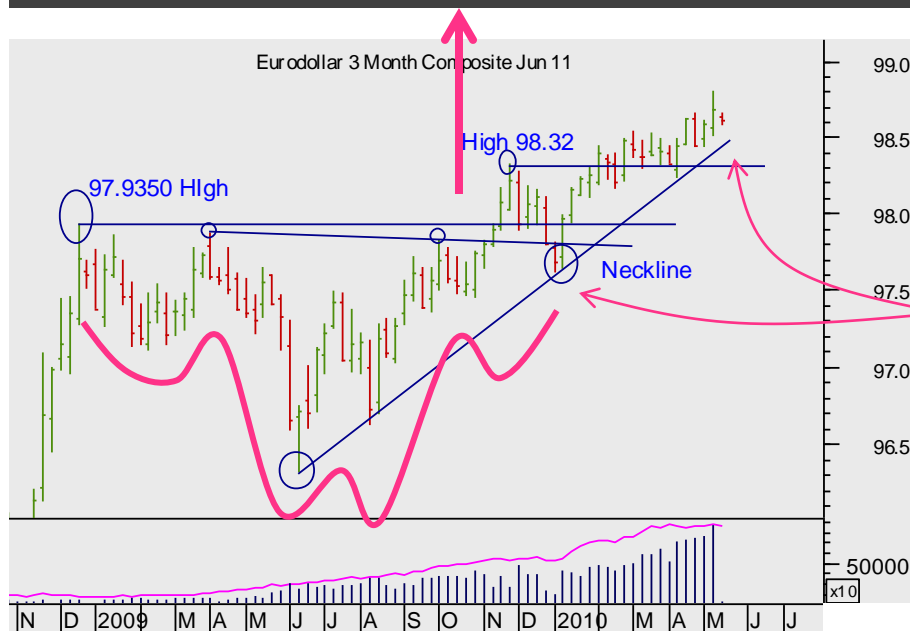
Interest rates

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Commodities

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- + Comex Gold

Interest rates: CME Eurodollar rates

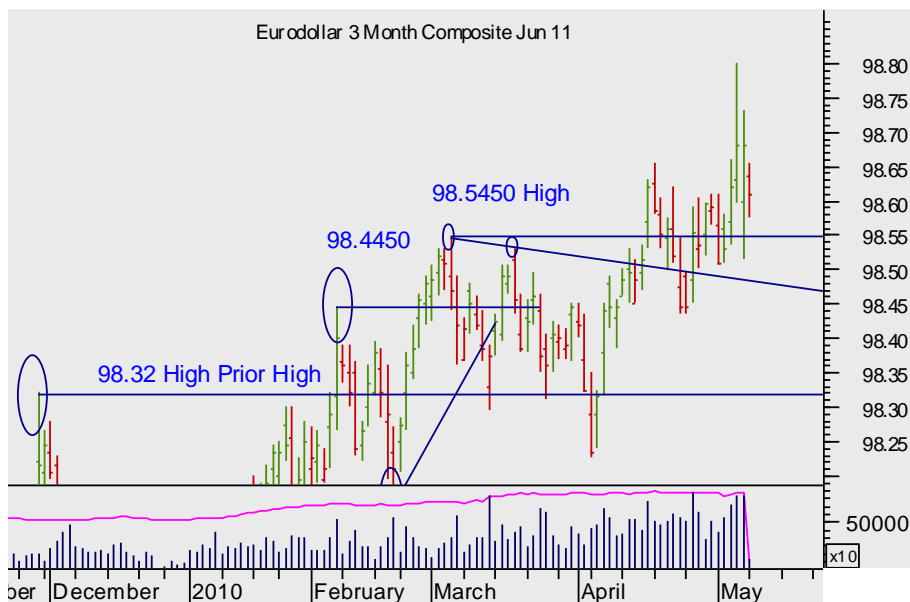


CME Eurodollar rates weekly Jun11 futures chart

Note the H&S continuation pattern whose minimum move is still 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 pause at the Prior High was sustained and the market has pushed on..

The market looks well-supported.

Look closer still.

More



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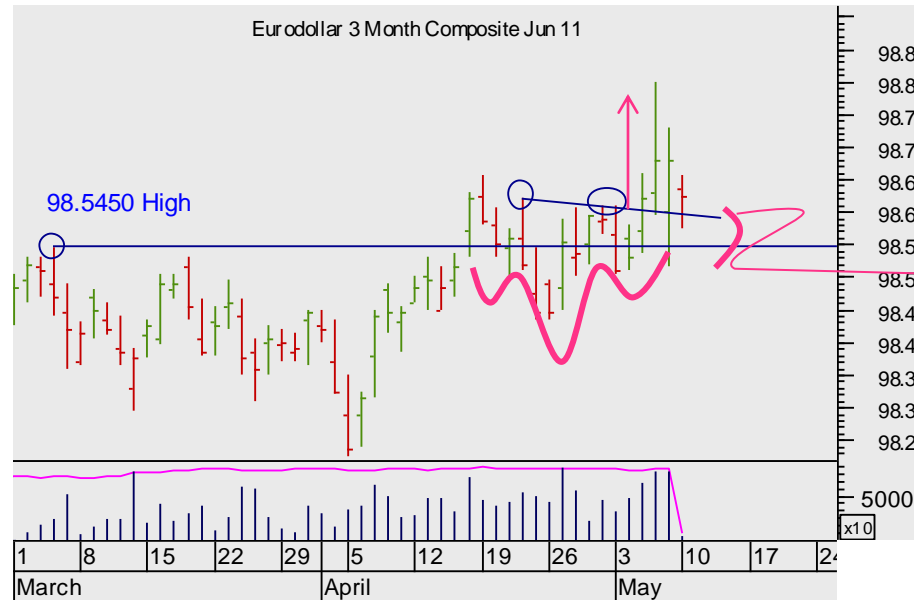
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: CME Eurodollar rates



CME Eurodollar rates daily Jun11 futures chart

The very small H&S continuation pattern achieved its minimum target... sapping the bullishness from the move... yet the small band of support 98.50-98.54 is support in the very short-term.

Stand back.



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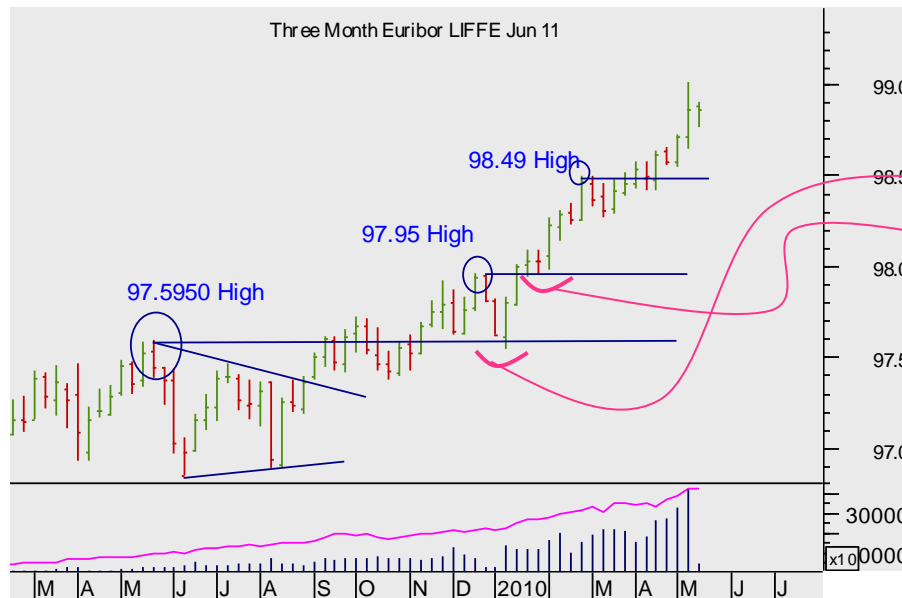
- + Nymex WTI Oil
- + Comex Gold

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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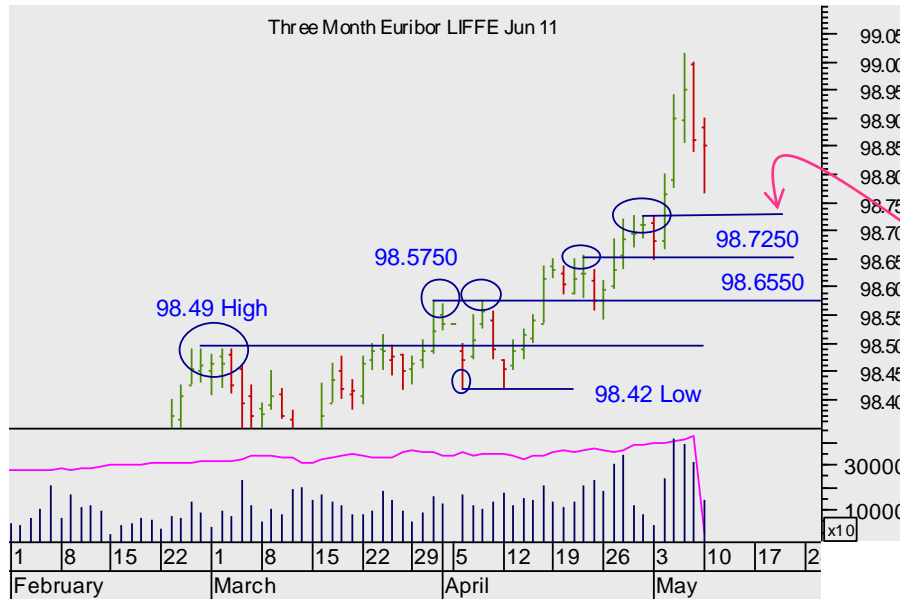
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates daily Jun 11 futures chart

The high volume surge has fallen back towards the first support at 98.7250.

Watch the market's reaction to that to gauge the bear energy.



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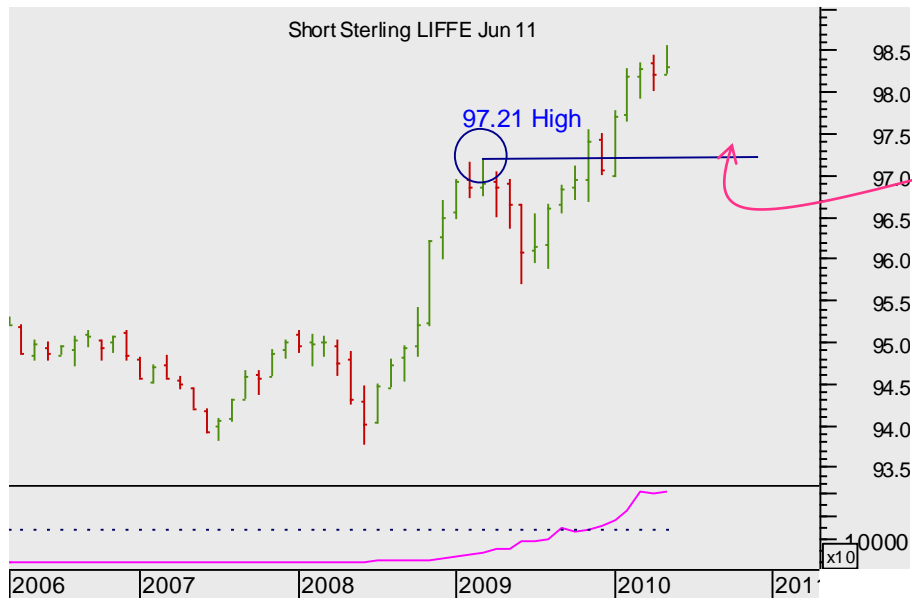
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- + Liffe Sterling

Commodities

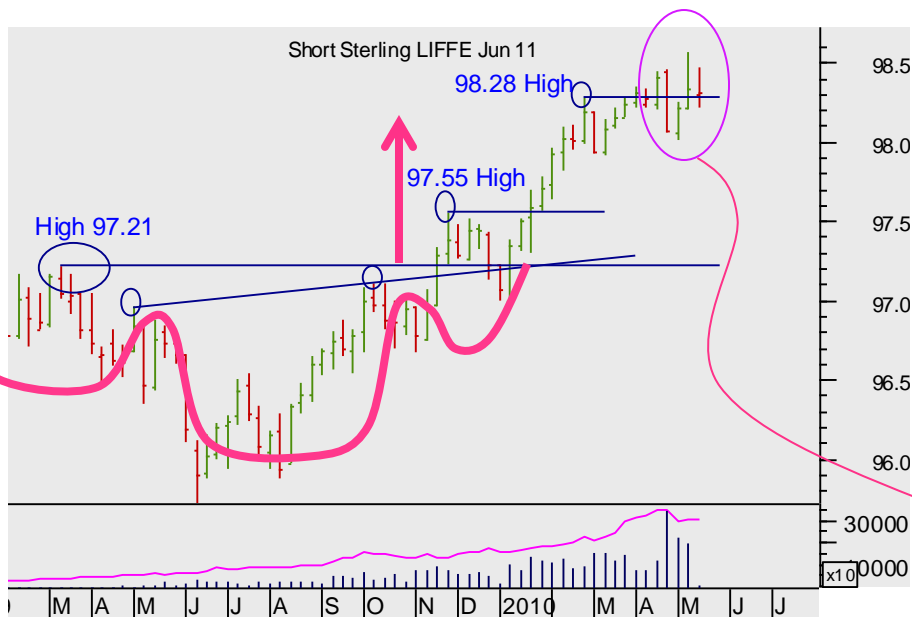
- + Nymex WTI Oil
- + Comex Gold

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 but the **weekly key reversal** proved to be a false signal

Stand back for clarity.

More



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Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates daily Jun 11 futures chart

The bears need a pull back beneath the low at 98.00 before getting short....stand aside.



Commodities

COMMODITIES: Gold is still powerfully set up despite the volatility of the past week. And it is tempting to see the pull-back in the oil market as a buying opportunity – but we are not so sure - the weekly Key Reversal just established needs careful watching.

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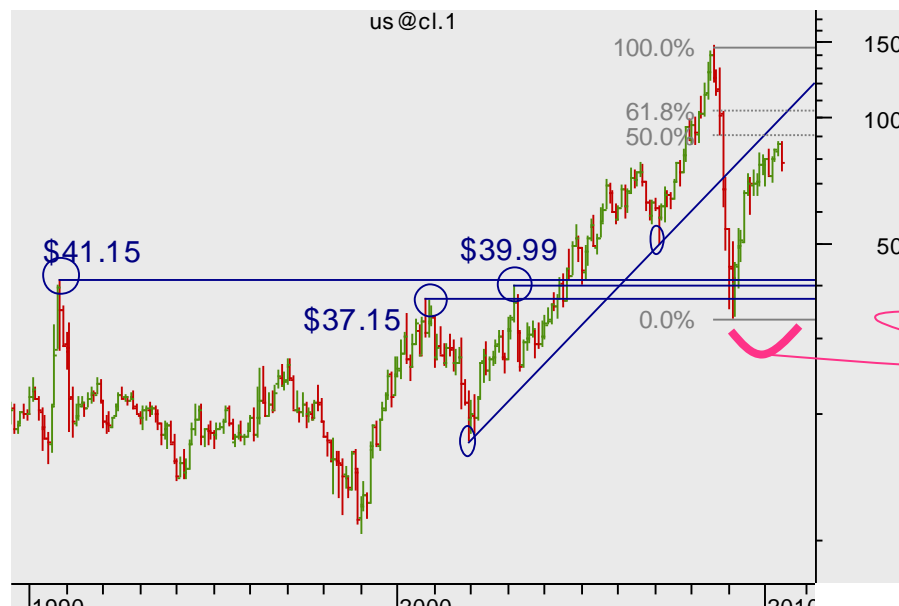
Interest rates

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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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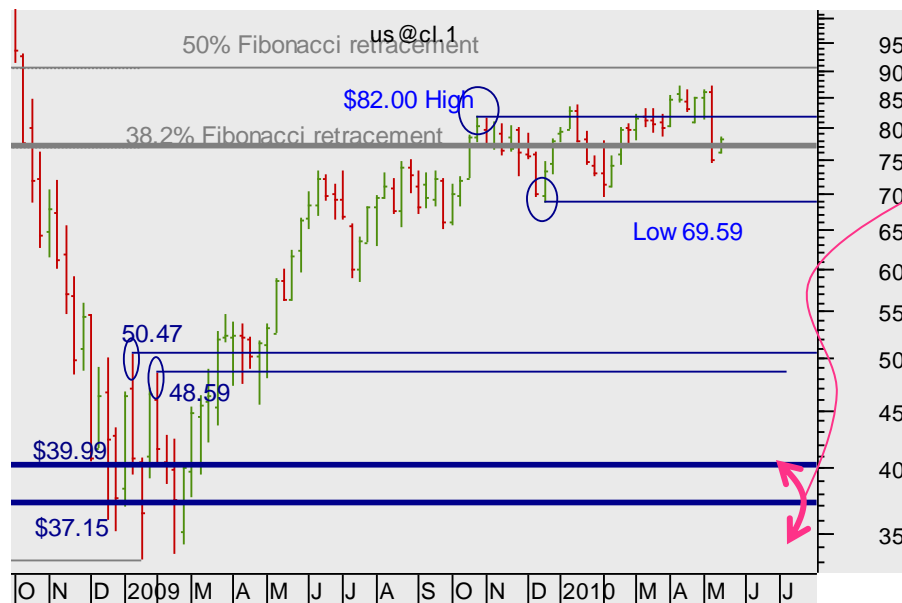
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Commodities

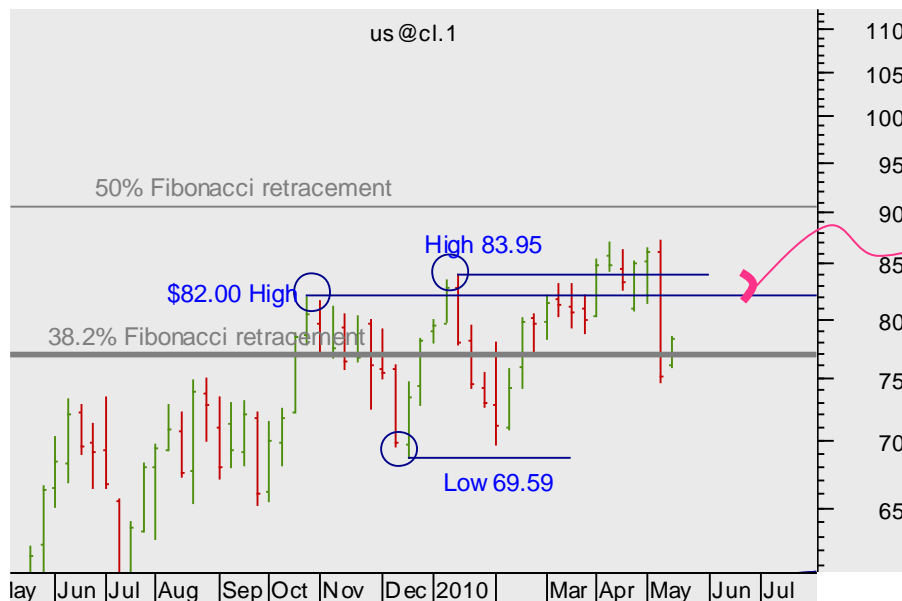
- + Nymex WTI Oil
- + Comex Gold

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.



Oil May 10 weekly chart futures

That trading range in greater detail.... Note well that the band from the Prior Highs, 82-83.95, failed dramatically last week.

That was a weekly key reversal.



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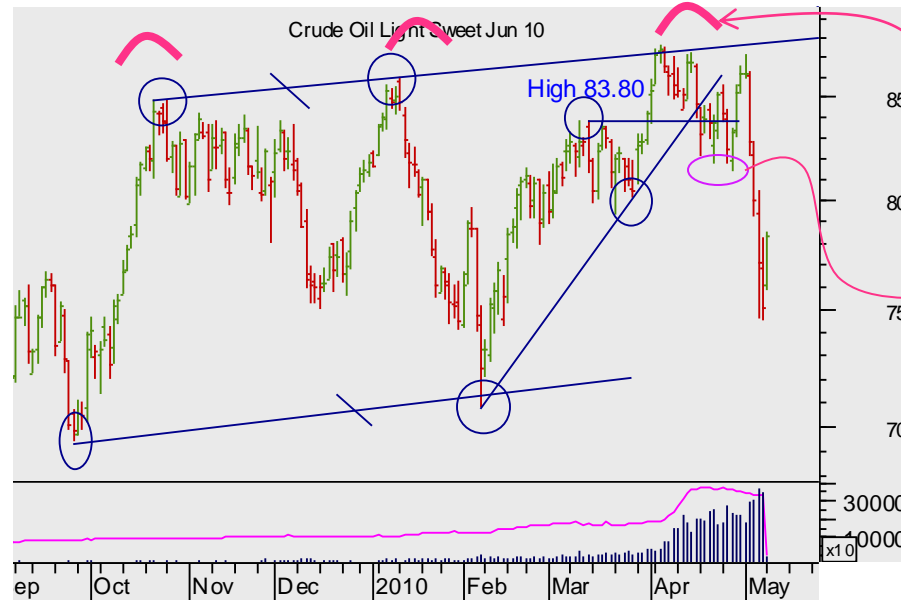
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Commodities

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Commodities: Nymex WTI Oil

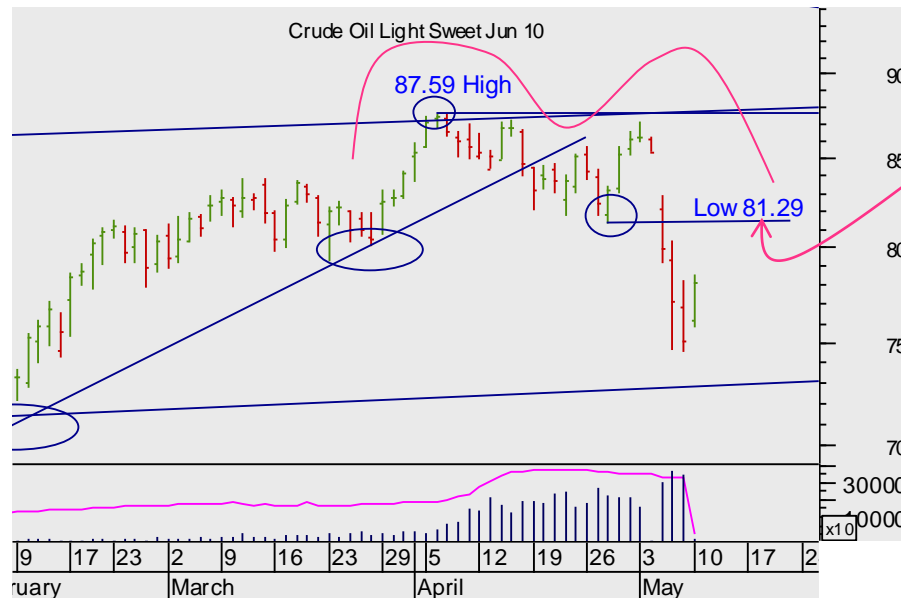


Oil Jun10 daily chart futures

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

So too is the small Double Top that the market formed when it fell through the low at 81.29.

That Top achieved its minimum move on the downside, so the bounce is no surprise....



Oil Jun 10 daily chart futures

But expect 81.29 to be good resistance on the upside.....



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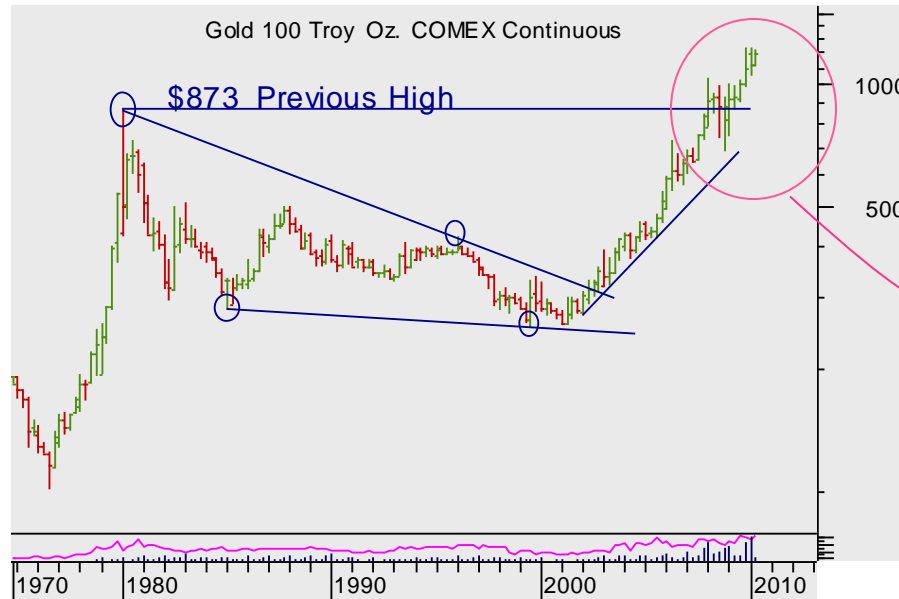
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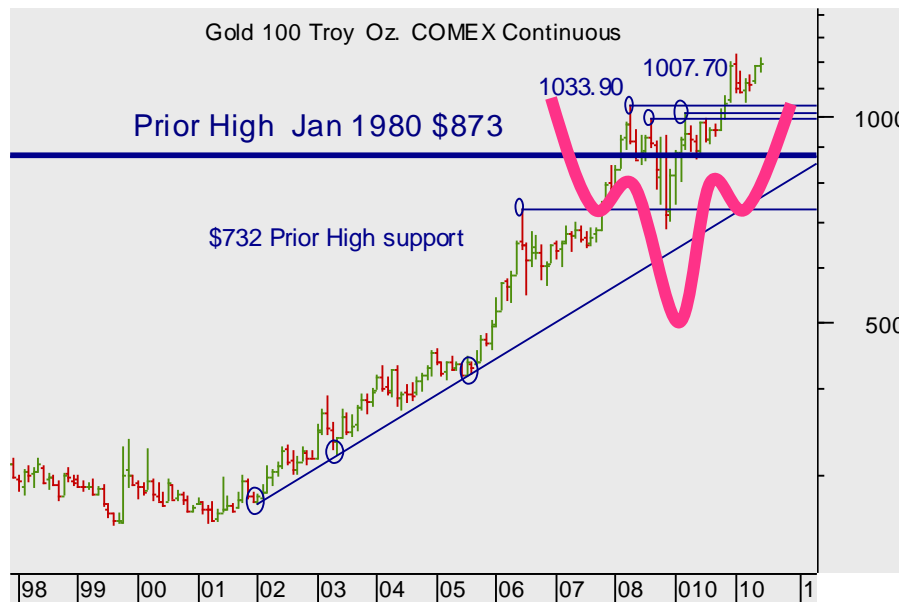
- + Nymex WTI Oil
- + Comex Gold

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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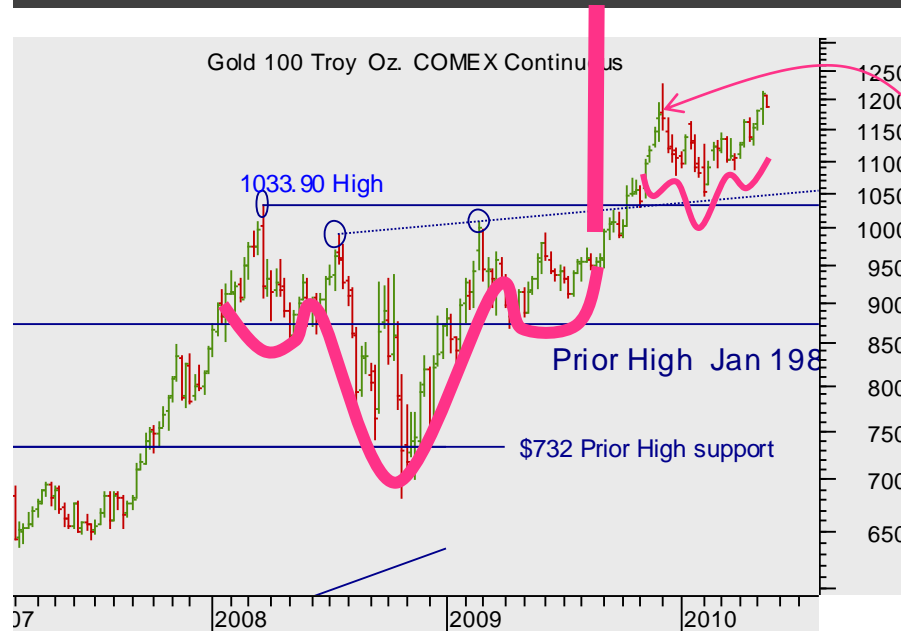
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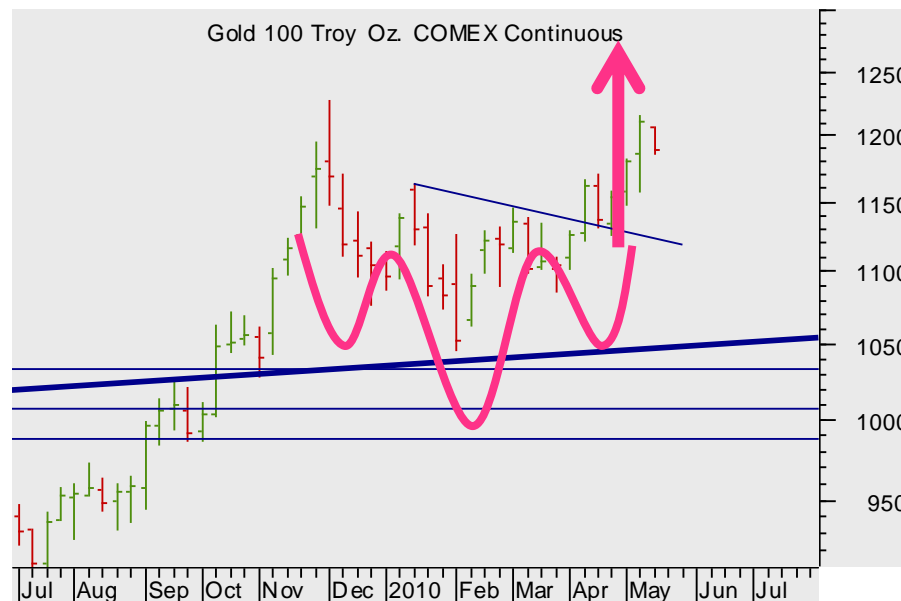
- + Nymex WTI Oil
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Commodities: Comex Gold



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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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.

Note that that level was good support.

The pause at the top of the bull channel is interesting. But only a break down through the 1170 will threaten the bulls.

We remain hot bulls.



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