



18th 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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Stay SQUARE
Stay SQUARE;
Stay SQUARE;
Stay SQUARE.

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Stay SQUARE (Jun10)
Stay SQUARE (Jun10)
Stay SQUARE (Jun10)
Stay SQUARE (Jun10);

Bonds

- + CBOT US Ten Year Notes
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Stay SQUARE (Jun 10);
Go **LONG** above 125.51 (Jun 10);
Go **LONG** above 139.45 (Jun10);

Interest rates

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

Stay SQUARE (Jun 11);
Stay **LONG** above 98.56 (Jun 11).
Stay **LONG** (Jun 11)

Commodities

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- + Comex Gold

Go SQUARE (Jun 10) beneath 83.80
Stay **LONG** (Jun 10) above 1214.90



Currencies: Dollar Euro

CURRENCIES: The breakdown of the Euro is the central theme of the markets. But it is a very long-term chart. We expect the band of support from 1.2333-1.1972 to give good support to the market - without negating the bearish force of the Head and Shoulders top. Sterling Euro looks difficult to call, and the Yen, though a beneficiary against Sterling and the Euro, still looks liable to future weakness against the Dollar.

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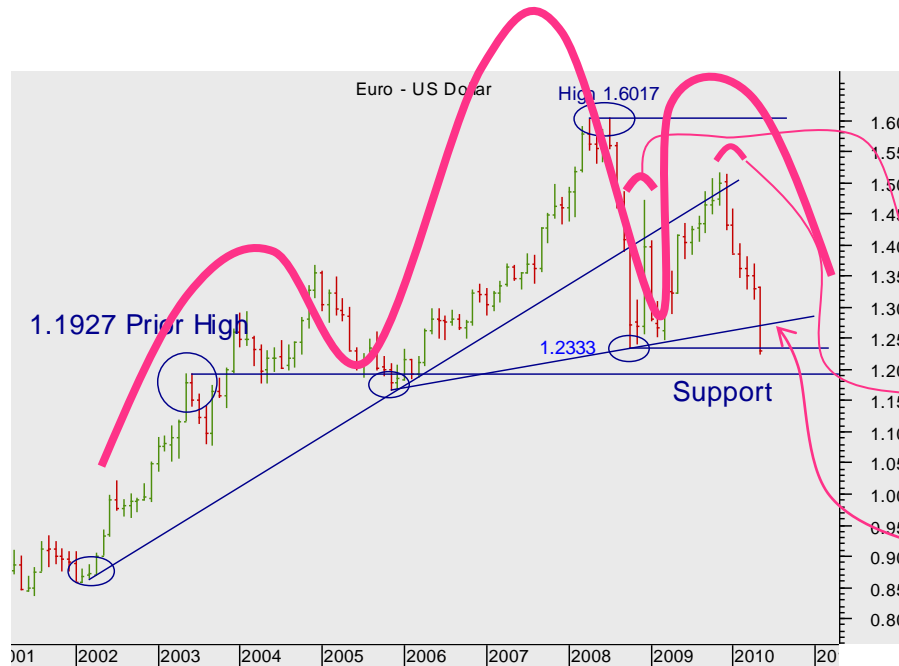
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Dollar Euro monthly spot cash chart

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 and breakdown through the rising diagonal from 2005 – a **Head and Shoulders neckline**.

More



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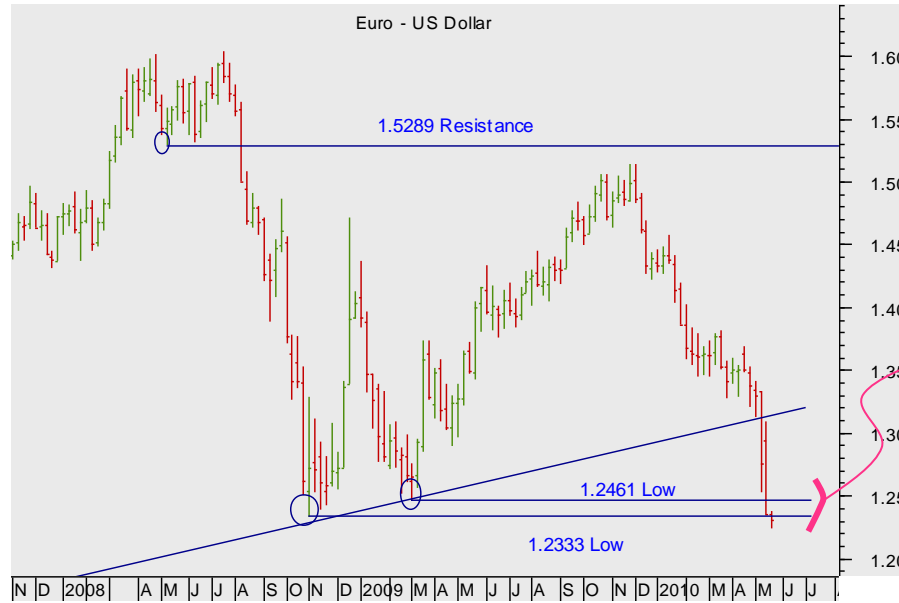
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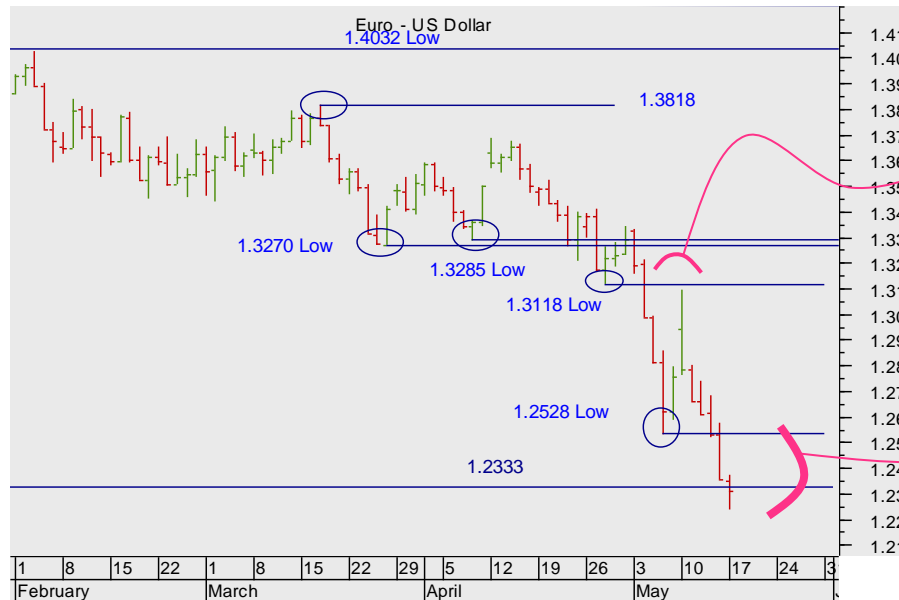
Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

The market has broken on down through that important diagonal at 1.3150 or so to the band of support from the prior pivotal lows.

Look closer.



Dollar Euro daily spot chart

The market failed at the powerful resistance beginning at 1.3118.

The breakdown through the 1.2528 low gave the market impetus to attack the 1.2333 Pivot.

A confirmed breakdown through that level **will lead to fresh selling.**

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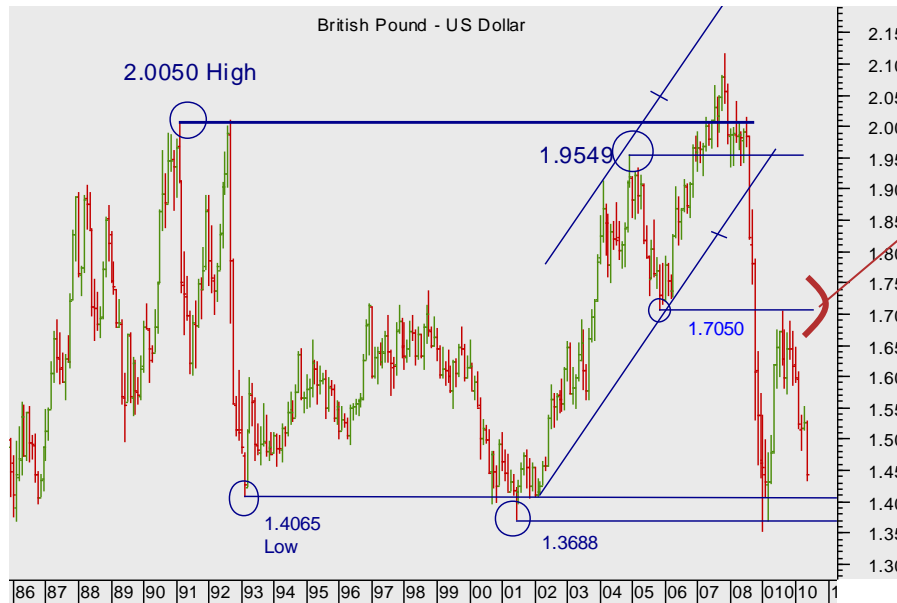
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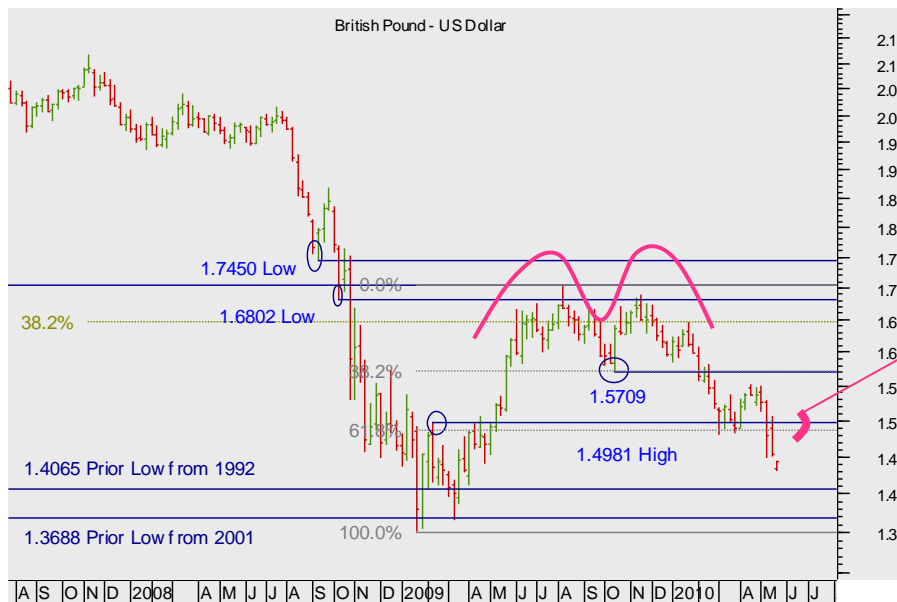
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Currencies: Dollar Sterling



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 which has been achieved with a break of the Fib support at 1.4869 + the prior Highs at.

More



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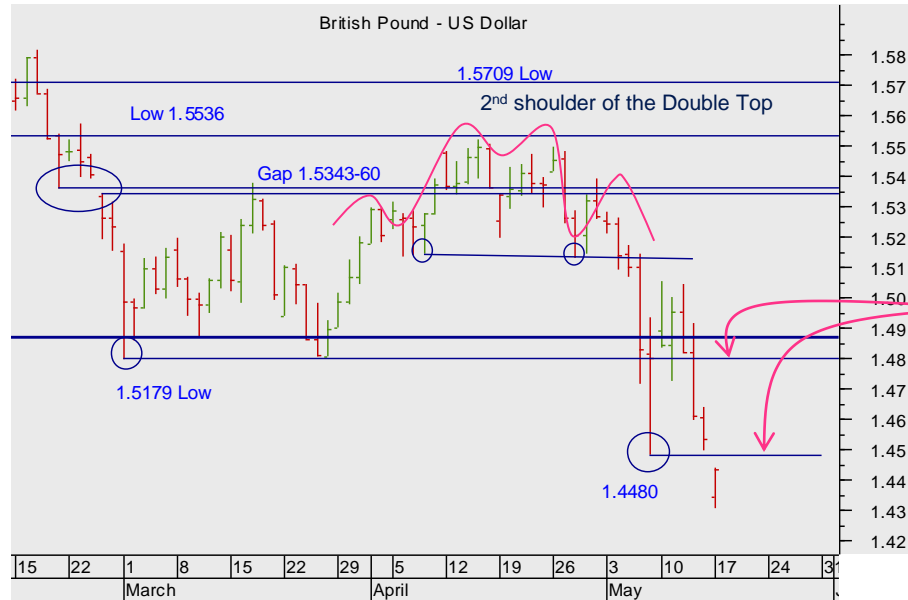
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Currencies: Dollar Sterling



Dollar Sterling daily spot cash chart

The small Double Top/Head and Shoulders Top) began the downside momentum that drove the market down through the 1.5179 low and then finally the 1.4480 low.

The market has no clear support and looks set to go lower.



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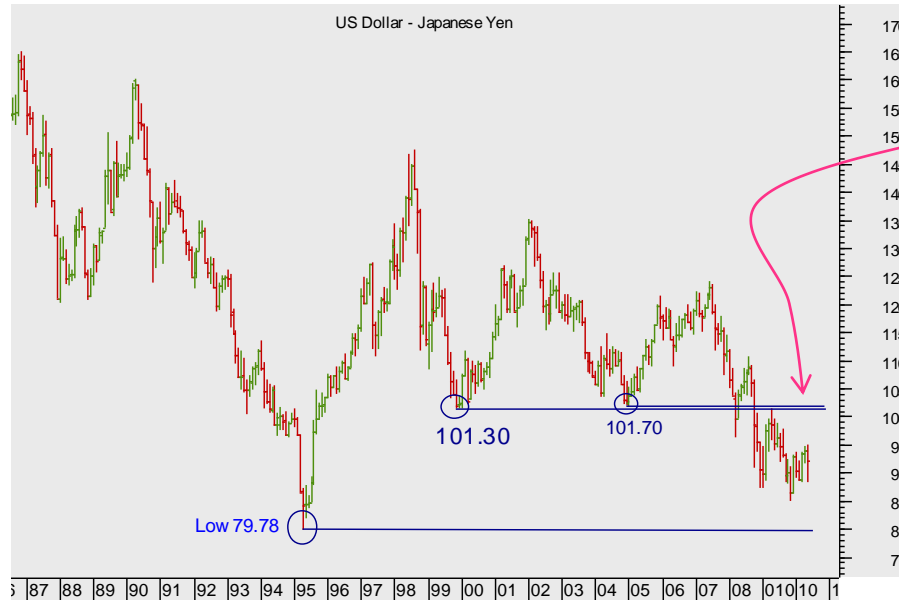
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Currencies: Dollar Yen

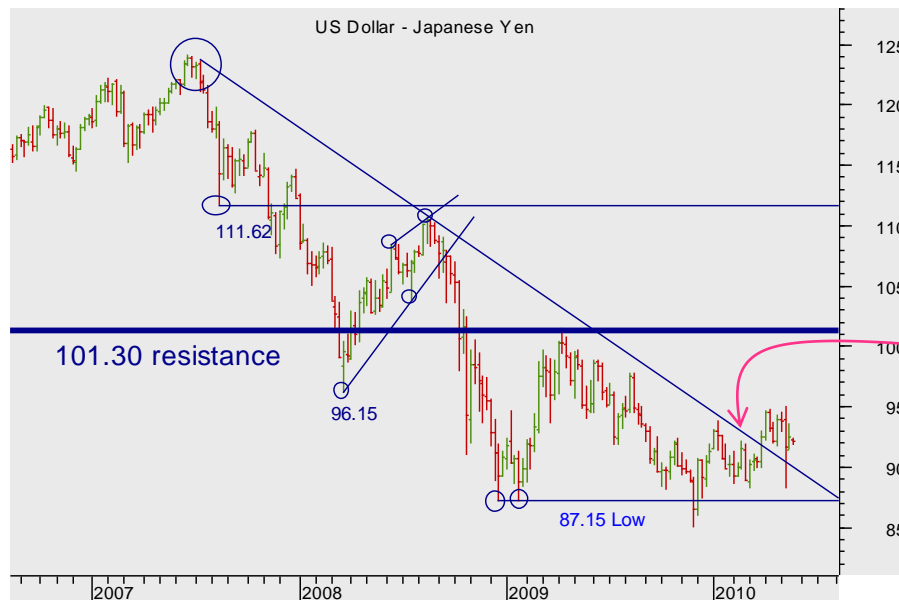


Dollar Yen monthly spot cash chart

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.

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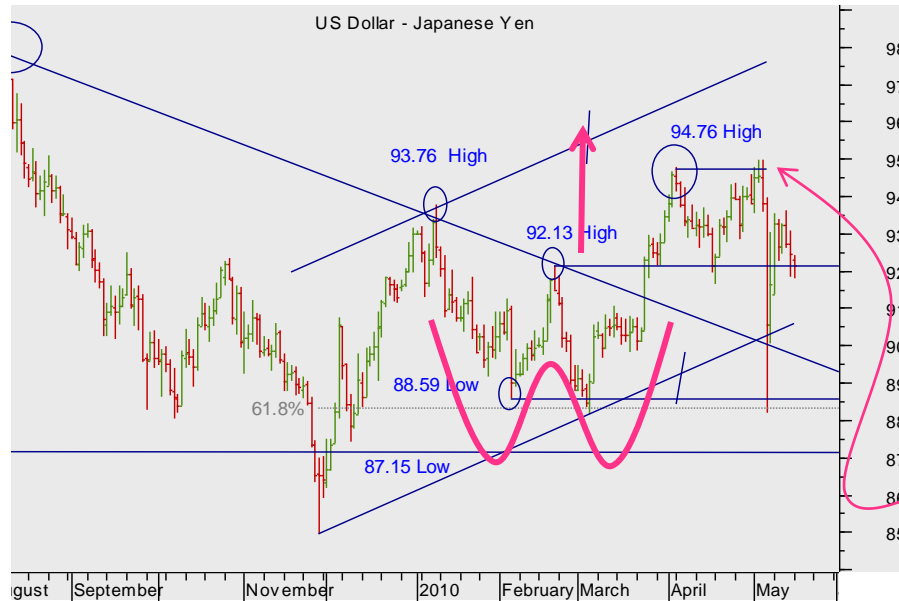
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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

The double bounce off the Fibonacci support led to the completion of a Double Bottom with the close above the 92.13 High.

Note well the support from the completion level and Prior High at 92.13 which may well still be intact, despite the volatility.

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

More



Currencies: Sterling Euro

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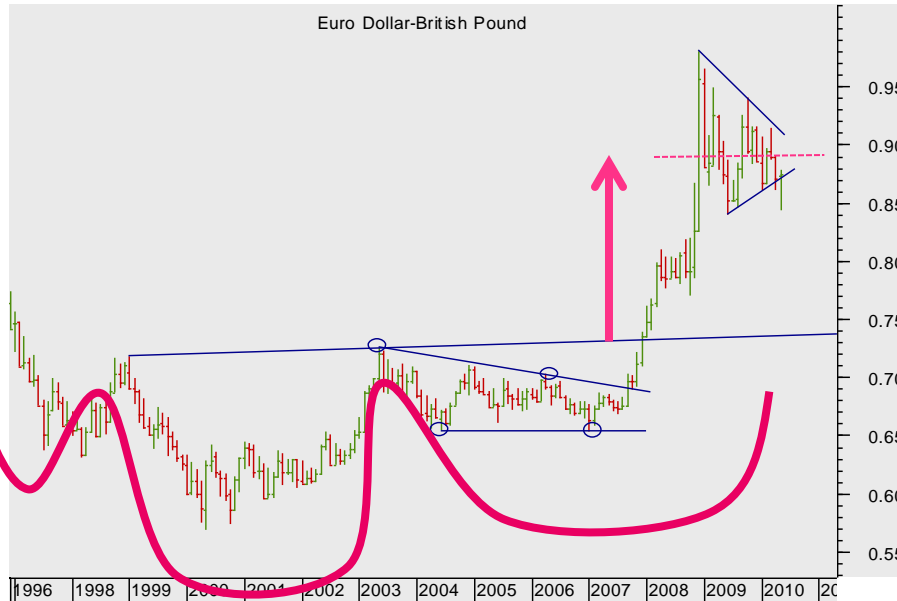
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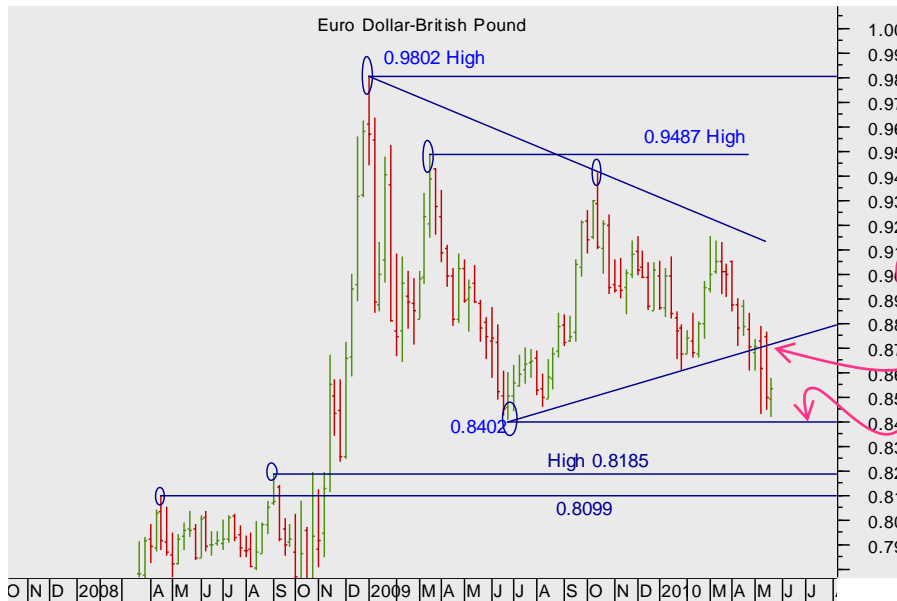


Sterling Euro monthly spot cash chart

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 this looks to have failed.

Look closer.



Sterling Euro weekly spot cash chart

This consolidation is unclear.

The pull back through the rising diagonal led to a test of the Prior Low at 0.8402.

A break of that level would trigger an even more aggressive sell off.





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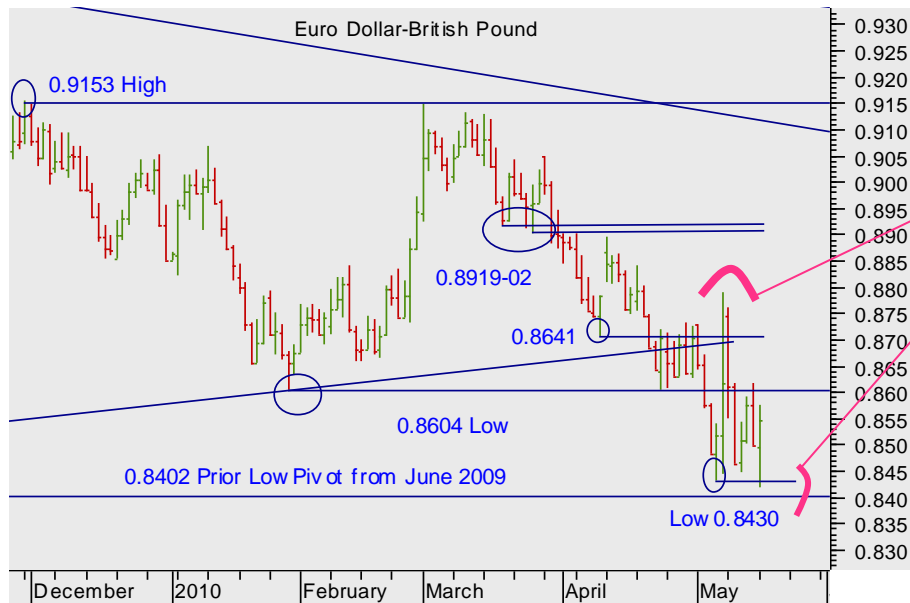
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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The market has failed to rally.

Now the two levels for the bears to watch are 0.8430 and 0.8402.

Stand back until both break.

Then sell hard.



Stocks

STOCKS: The surging bull run in all the markets came to a swift end. But there is a lassitude that has descended on the markets. Trading ranges have suddenly arisen both short-term and medium-term. For all their volatility the stocks look like a sideshow.

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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.... **But then it failed.**

More



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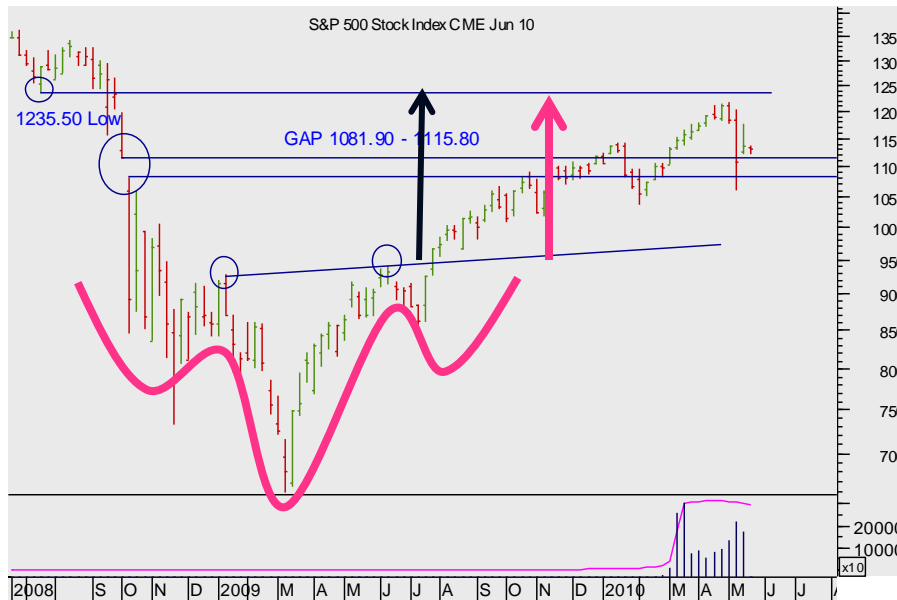
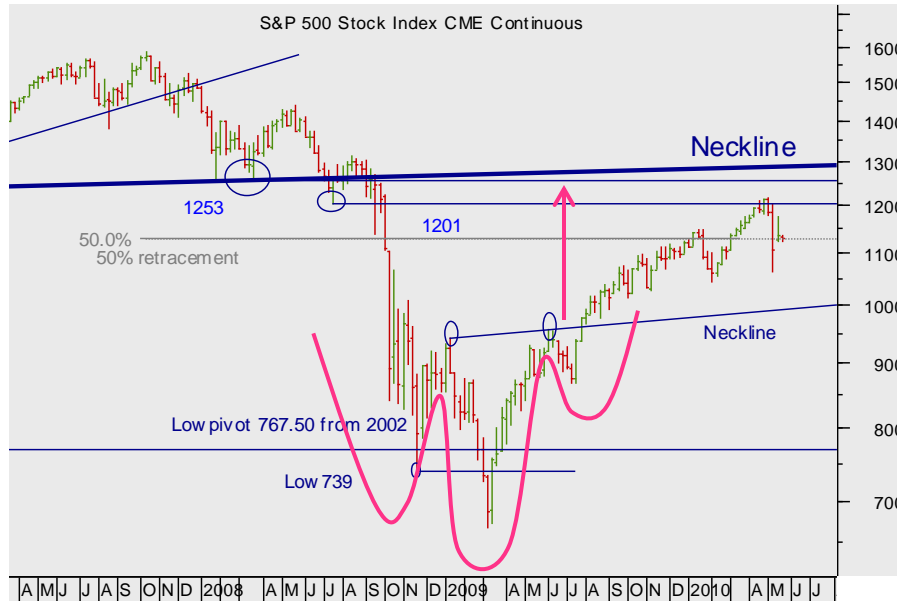
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Stocks: CME S&P 500



CME S&P 500 cont weekly cont. chart

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

And the market failed there.

CME S&P 500 weekly JUN10 chart

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

Again, the market has failed at **that level**.

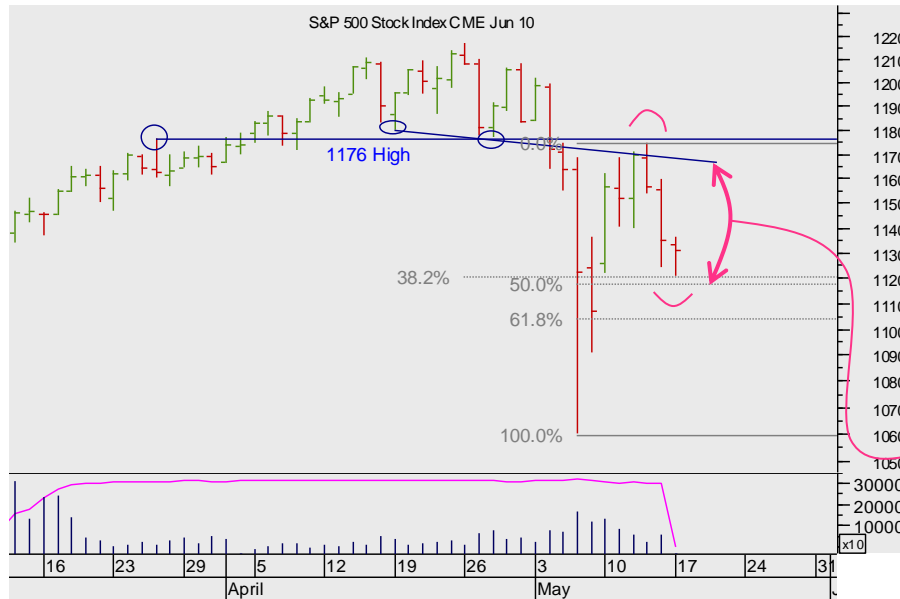
These Head and Shoulders patterns have achieved their minimum targets.

Look closer still.

More



Stocks: CME S&P 500



CME S&P 500 daily Jun 10 chart

The market pulled back having formed a small Head and shoulders top.

Note well that the rally back failed at the Neckline of the Top.

Watch the short-term support at the cluster of Fibonacci at 1120.

For the moment the market looks as if it is stuck in a range.

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Stocks: Eurex EuroStoxx 50

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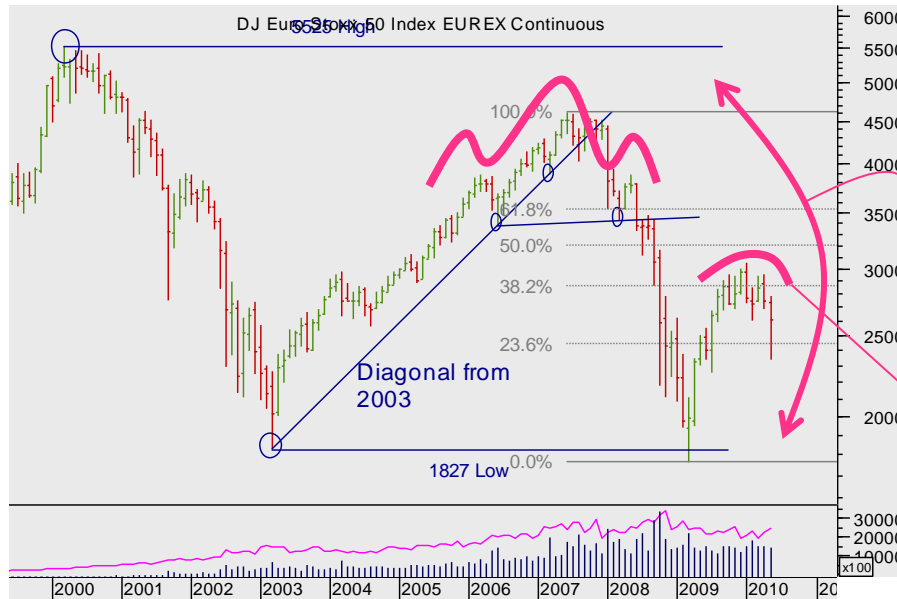
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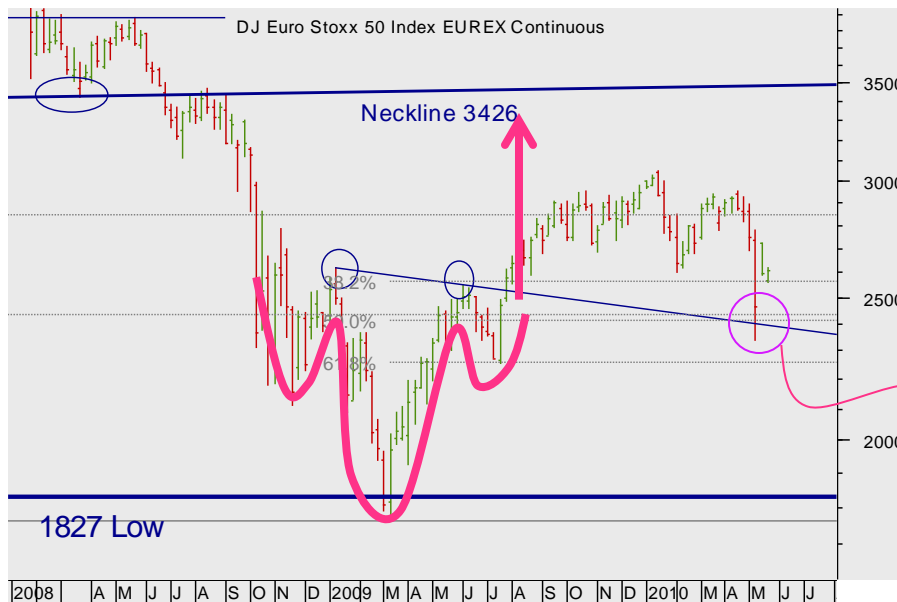


Eurex EuroStoxx 50 monthly continuation futures chart

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 that failed to consolidate above the 38.2% retracement resistance

Look closer.



Eurex EuroStoxx 50 weekly continuation futures chart

That bounce was the result of a completed Head and Shoulders reversal which fell well short of the Minimum **target of the Neckline at 3420 or so..**

Look at the pull-back: it found support at the old Neckline coincident with the cluster of Fibonacci lines

Look closer.

More



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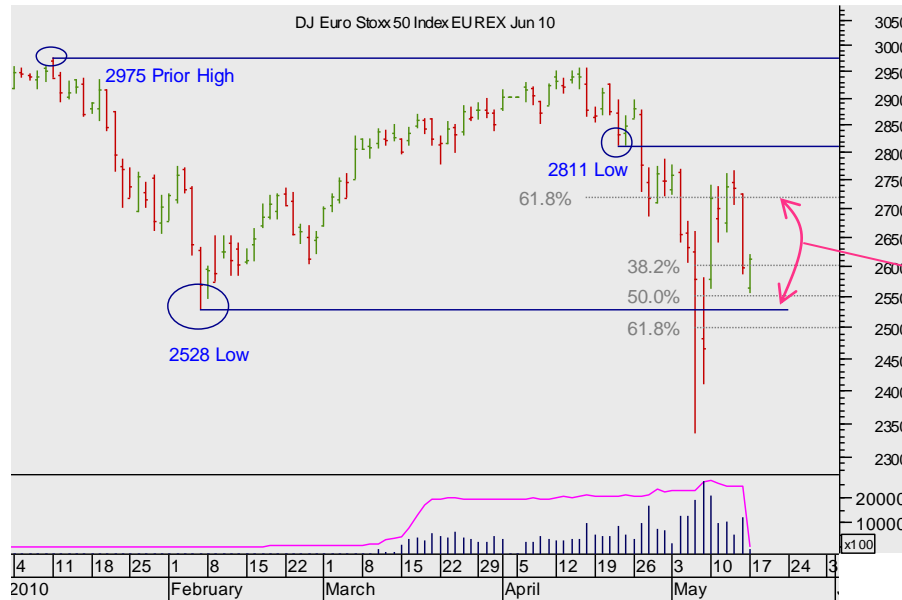
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Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Jun 10 futures chart

This is more difficult to read.

The market looks uncomfortable beneath the Pivot from the low at 2528 yet is struggling to rally back up through the Price action at and above the 61.8% Fib resistance.

Stand back and wait for clarity.



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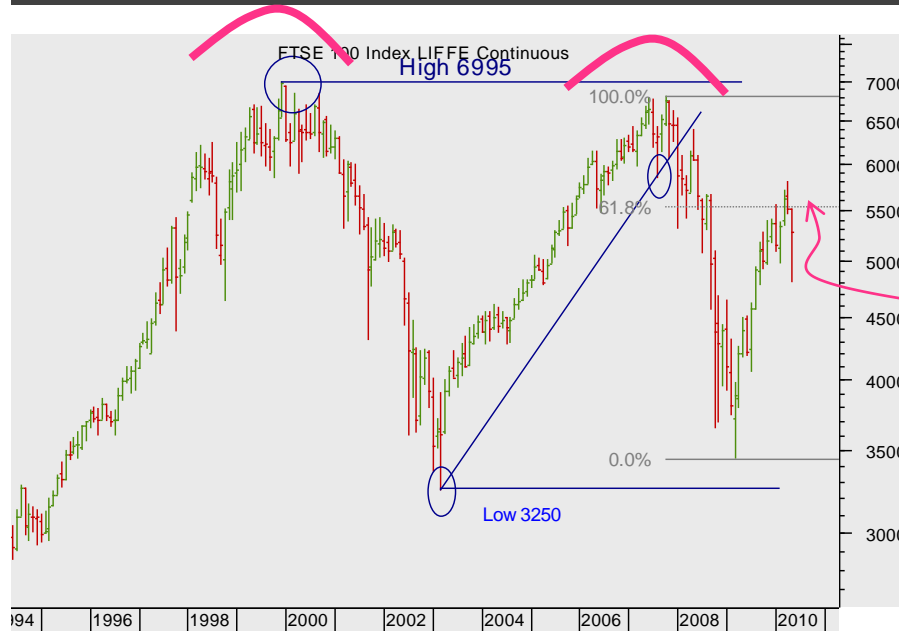
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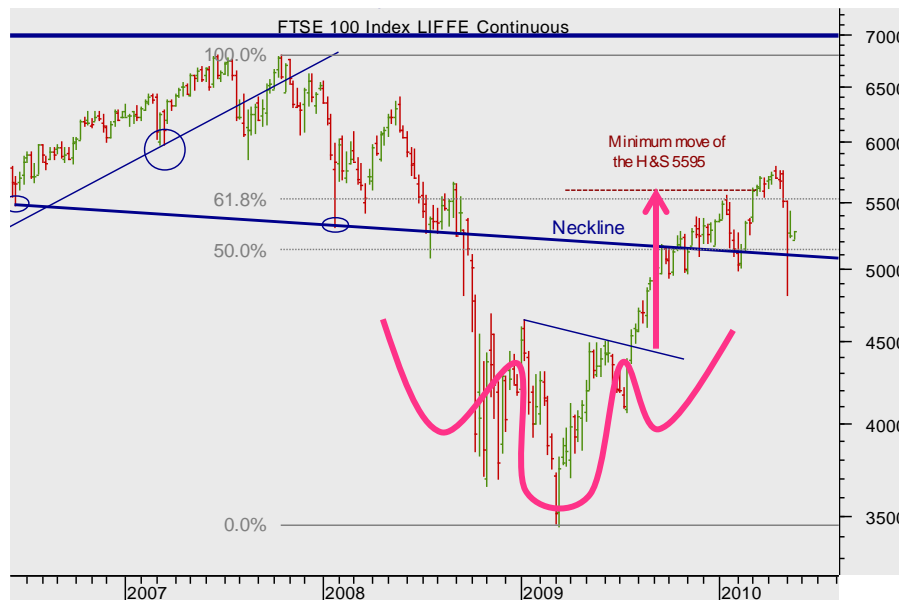
Stocks: Liffe FTSE 100



Liffe FTSE 100 monthly continuation futures chart

The market is in a massive trading range.

The market tried to smash up through the retracement resistance 61.8% (5500) and 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....

More



Stocks: Liffe FTSE 100

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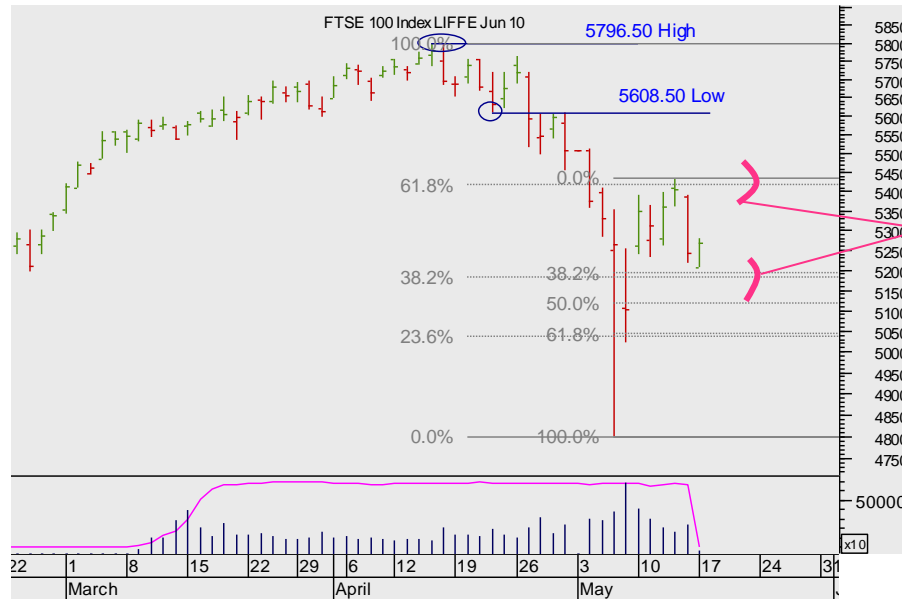
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Liffe FTSE 100 daily Jun10 futures chart

The short term range is bordered by the resistance of the Fibonacci at 5417 and the support from the Fibonacci cluster at 5034-44.

Stand back.



Stocks: OSE Nikkei 225

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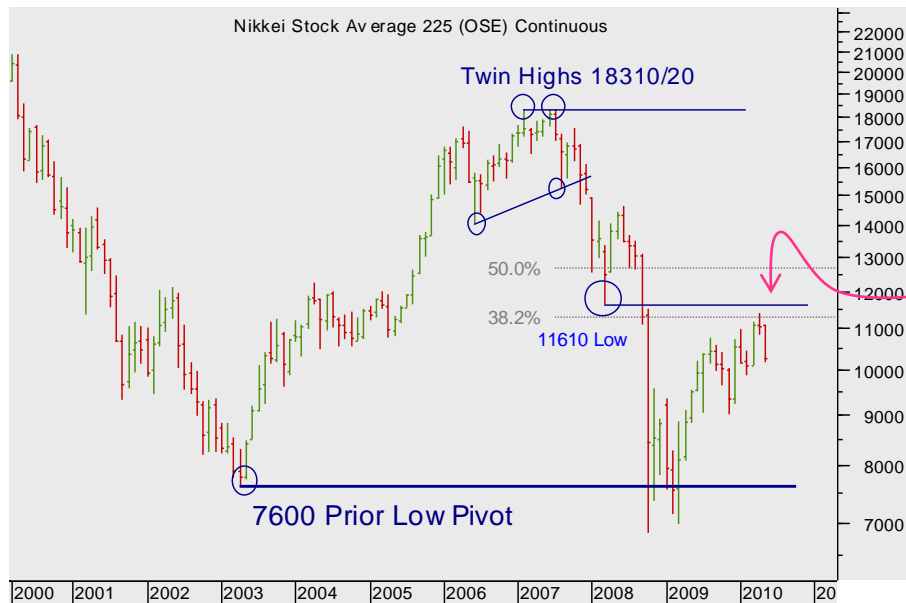
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OSE Nikkei 225 monthly continuation futures chart

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

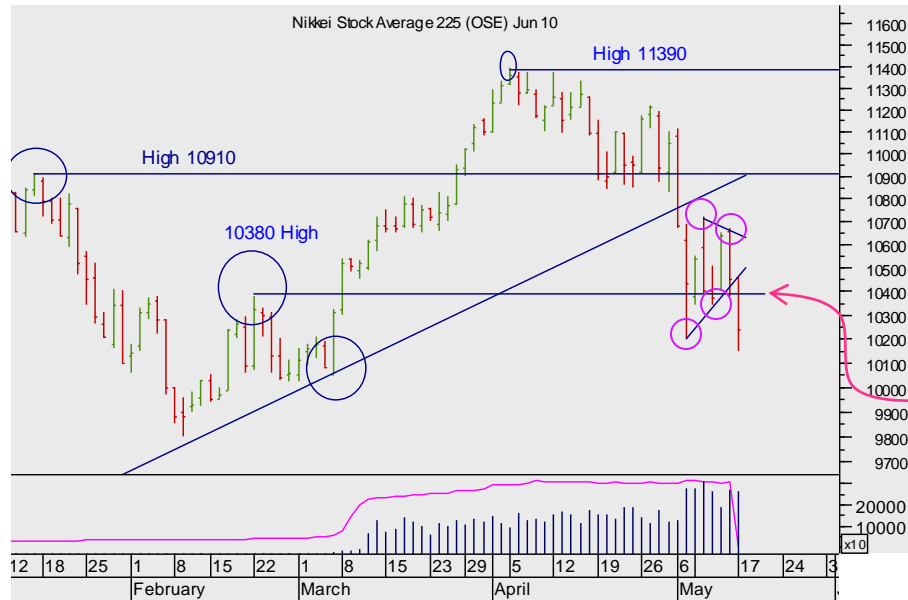
A completed Double Bottom was the catalyst for the bounce - set to drive the market to 13000.

But for now we are in a trading range between the support from the completion level 9340 and the massive resistance from the 11610 Low.

More



Stocks: OSE Nikkei 225



OSE Nikkei 225 Jun 10 daily futures chart

In the **very short-term** the market looks vulnerable to further losses

Note the break of the rising diagonal then the continuation triangle sitting on the horizontal support from the Prior High at 10380

Now 10380 has broken it looks **poor for the market.**

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Bonds

BONDS: The Bund has been the great beneficiary of the uncertainty. That market leads the others very clearly – not least because of its lone push into new territory beyond the All Time Highs.

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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

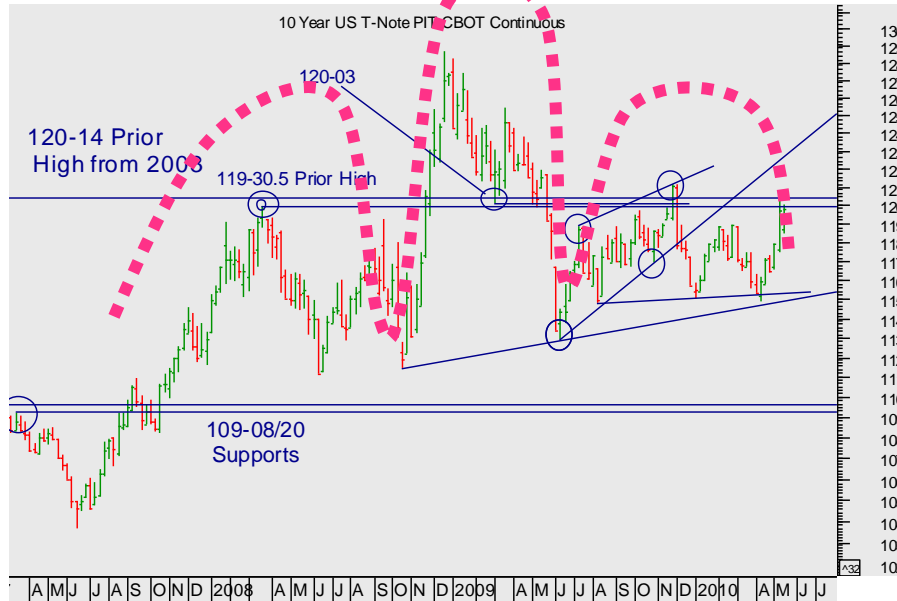
The long bull channel –
surprisingly well-defined.

Now look within.

More



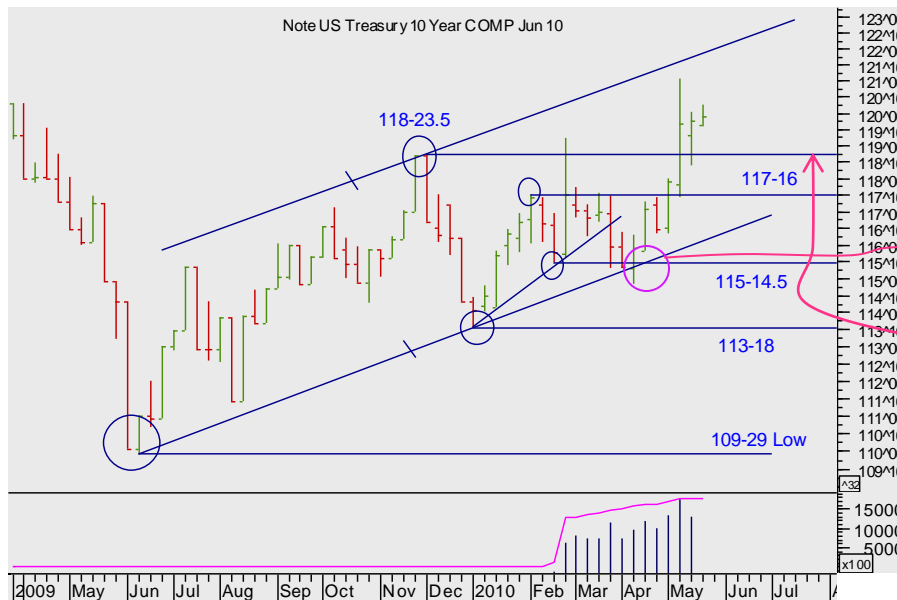
Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes weekly futures continuation chart

This is a fascinating chart – pregnant with medium and long-term bear possibilities most of all the two Head and Shoulders Reversal on a move beneath 114-16 or so.... (But that is conjecture for the moment.)

Look closer.



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.

Note the push above the 118-23.5 – a level to ratchet the market better.

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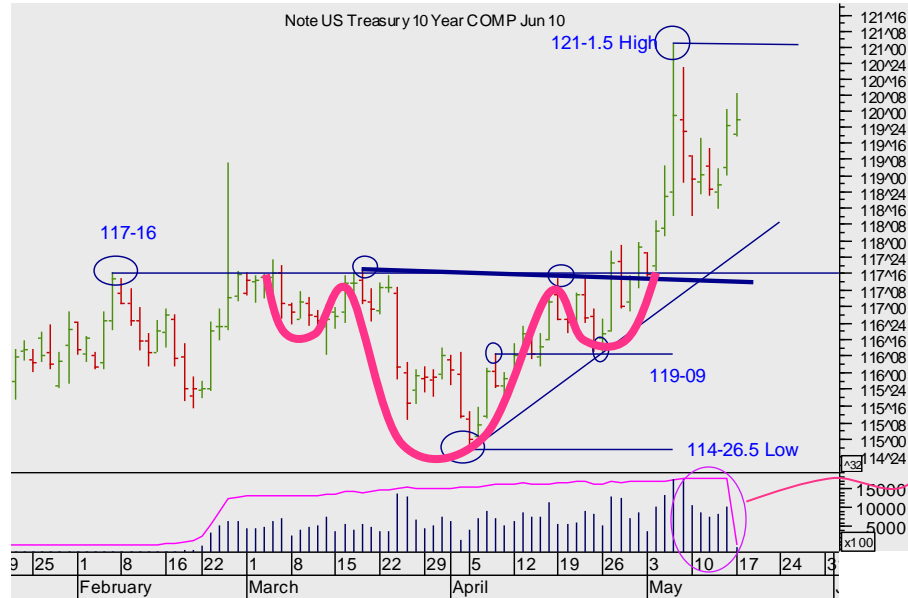
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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes daily Jun10 futures chart

The last few days have completed a Head and Shoulders continuation pattern worthy of note which has driven the market better....

The volume has been unimpressive so far **but note the rise to support the latest bull move.**

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Commodities

- + Nymex WTI Oil
- + Comex Gold



Bonds: Eurex Ten Year Bund

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

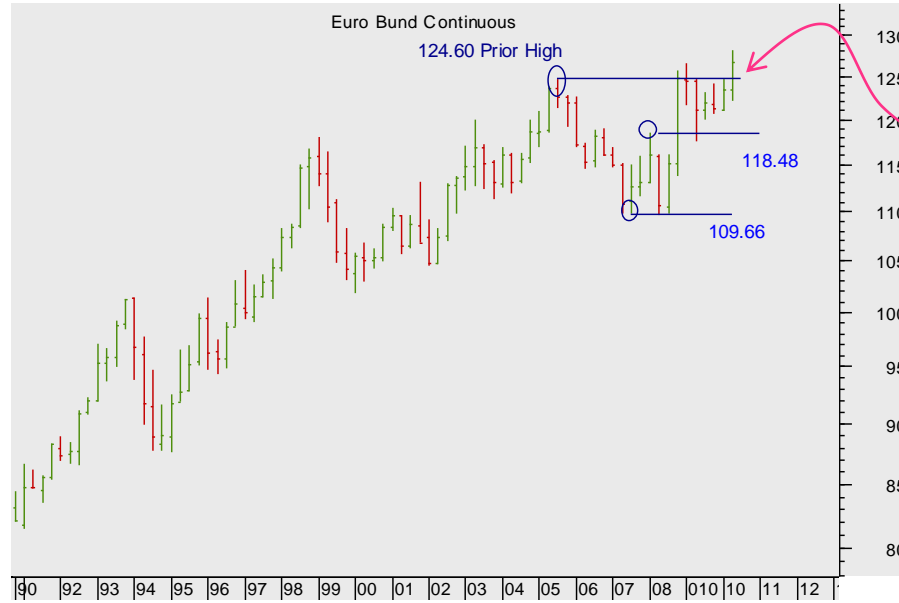
- + CBOT US Ten Year Notes
- + **Eurex Ten Year Bund**
- + TSE Ten Year JGB

Interest rates

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

Commodities

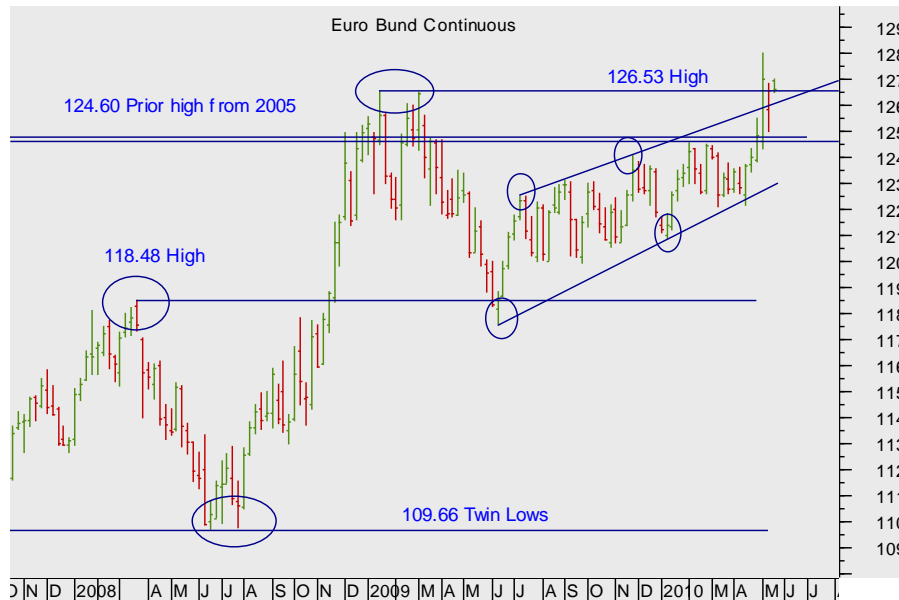
- + Nymex WTI Oil
- + Comex Gold



Eurex Ten Year Bund quarterly futures continuation chart

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

A CLEAR CLOSE ABOVE THAT WILL SEND THE BEARS PACKING.



Eurex Ten Year Bund weekly cont. futures chart

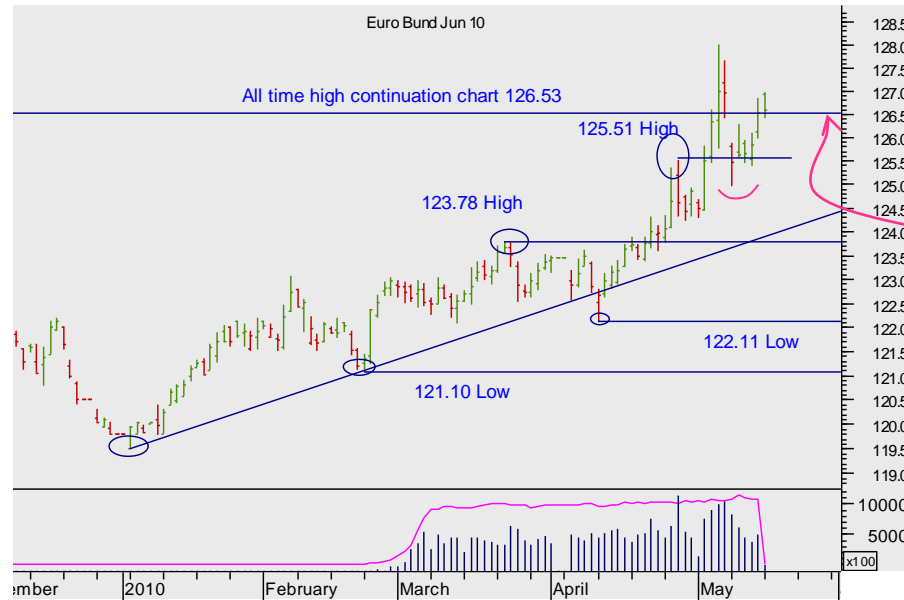
The slow grind up from early summer 2009 – bouncing of the support from the Prior High at 118.48 is continuing... watch for a confirmed break up through 126.53.

Look closer.

More



Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund Jun 10 daily futures chart

The hesitation at 126.23 is understandable but looks relentless... the bulls are in charge.

Summary

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

Stocks

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- + 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: TSE Ten Year JGB

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Bonds

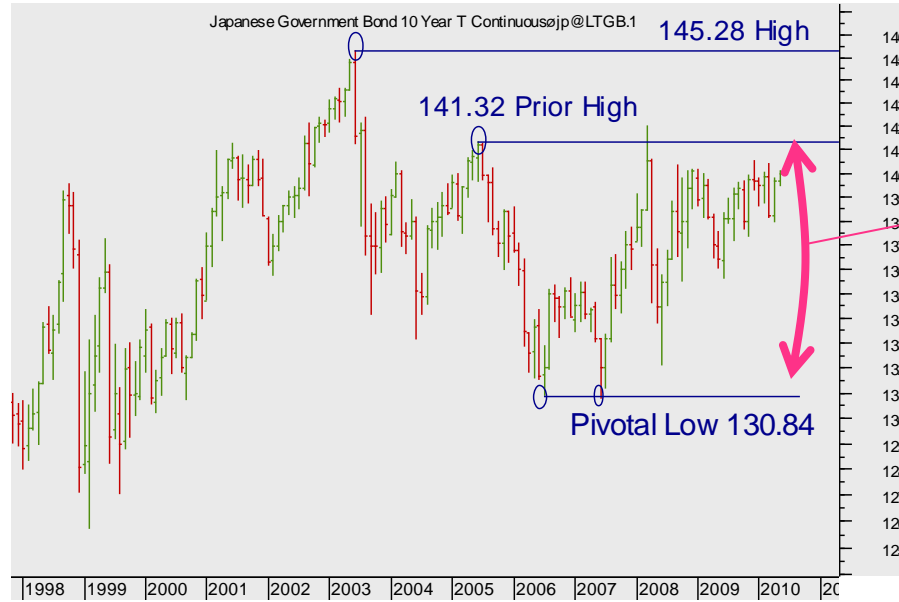
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- + Liffe Euribor
- + Liffe Short Sterling

Commodities

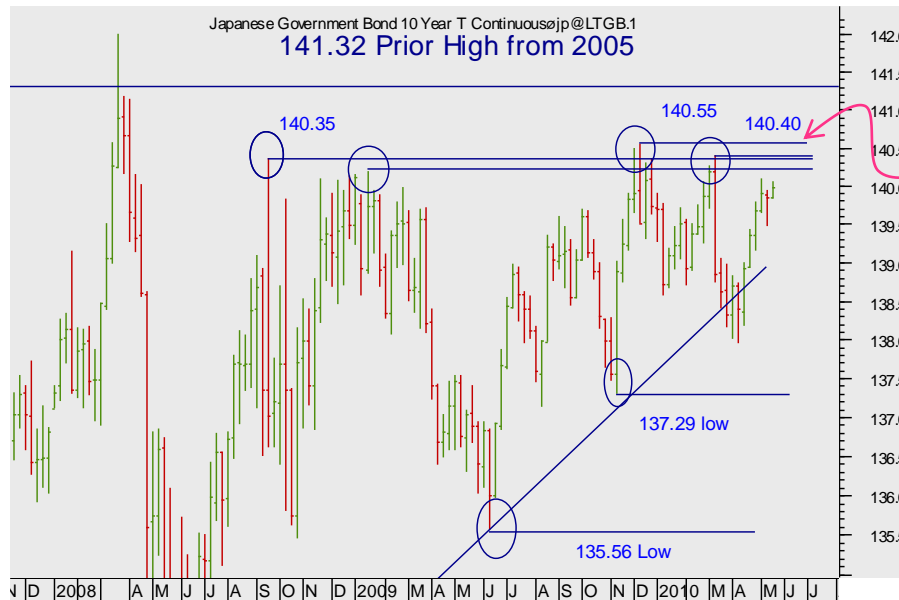
- + Nymex WTI Oil
- + Comex Gold



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

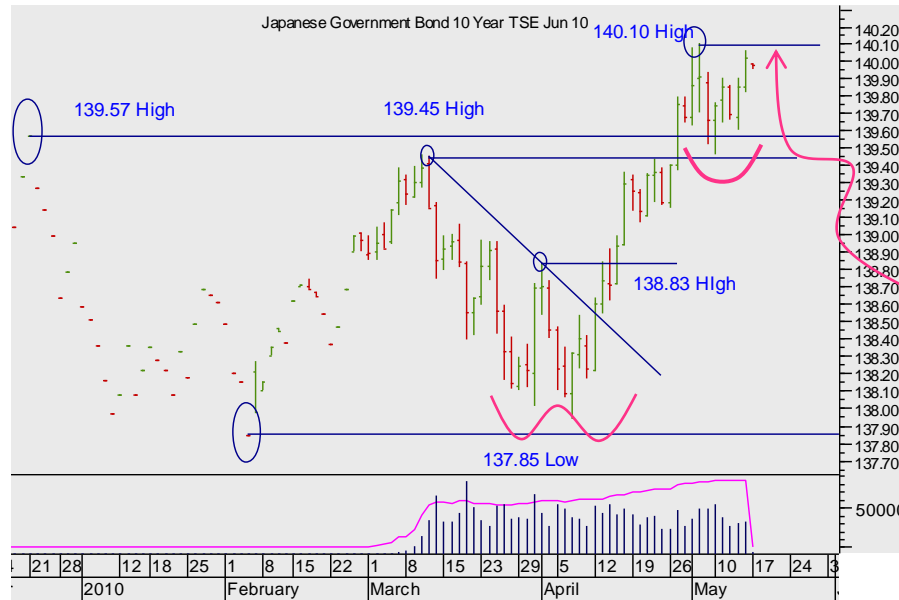
A drive up through the 140.55 high would ratchet the market better.... (indeed, might it not complete a continuation Head and Shoulders?)

Look closer.

More



Bonds: TSE Ten Year JGB



TSE Ten Year JGB daily Jun 10 futures Chart

The close approach of the critical 140.55 level is happening – note the bounce of the support at 139.57.

Watch for a break up through 140.10 for the next leg of the bull move to test 140.55.

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- + Liffe Short Sterling

Commodities

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- + Comex Gold



Interest rates

SHORT INTEREST RATE FUTURES: These markets are ratcheting higher in well-established bull trends in the long medium and short term chart led by the Short Sterling and Eurodollar. Euribor is rather less enthusiastic, pausing at Prior highs.

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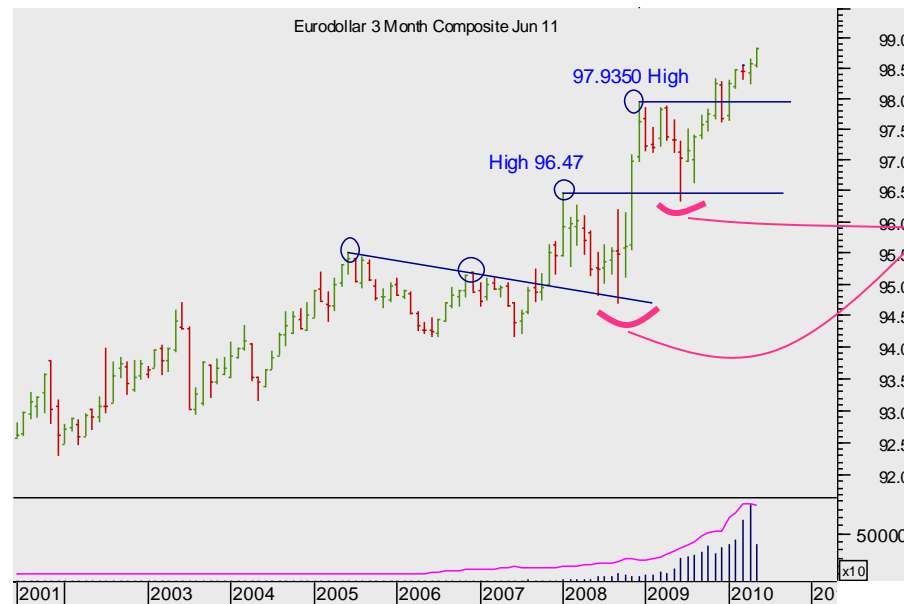
Interest rates

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Commodities

- + Nymex WTI Oil
- + 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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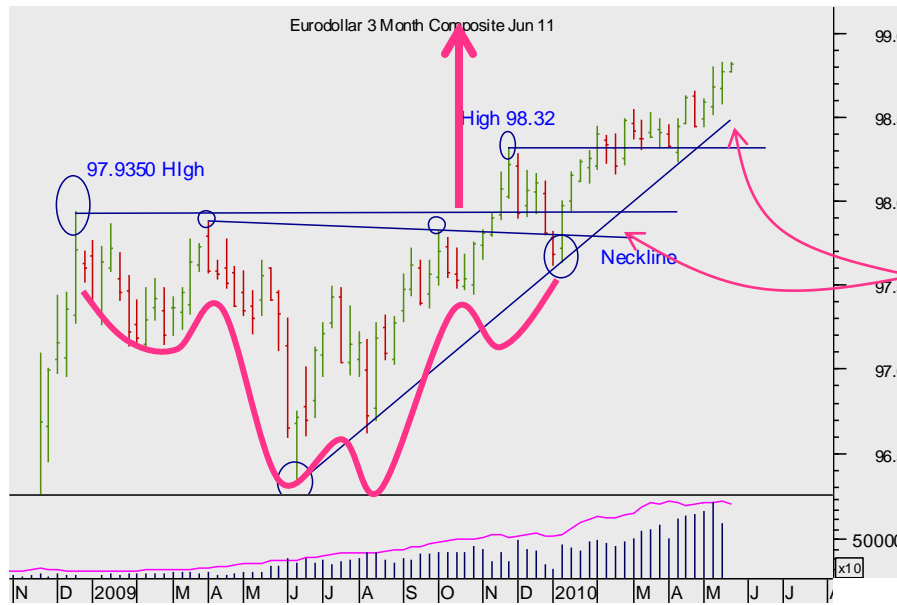
Interest rates

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Commodities

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- + Comex Gold

Interest rates: CME Eurodollar rates

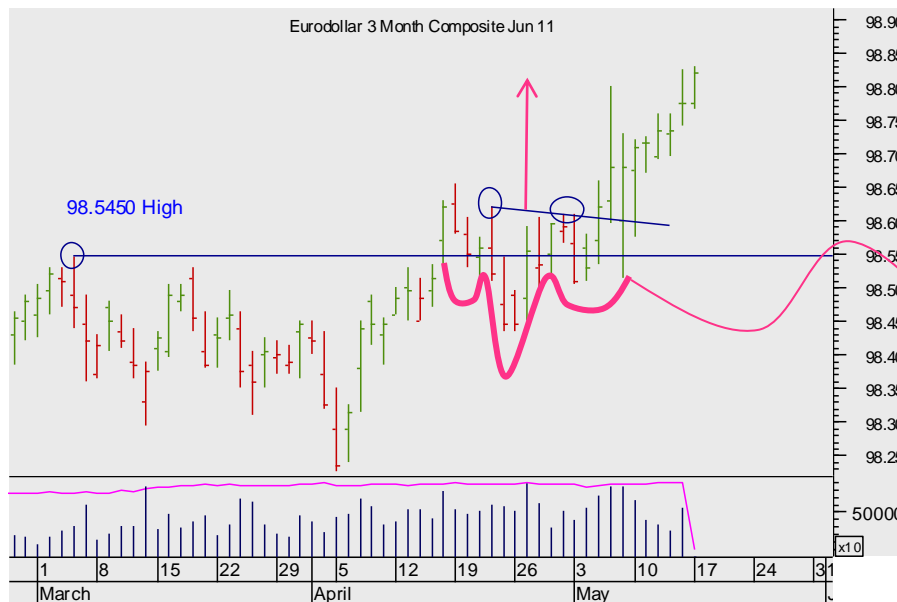


CME Eurodollar rates weekly Jun11 futures chart

Note the H&S continuation pattern whose minimum move is 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.

The bounce from 98.5450 was driven by the small continuation Head and Shoulders.

The bull trend is well structured.

Stay long.

More



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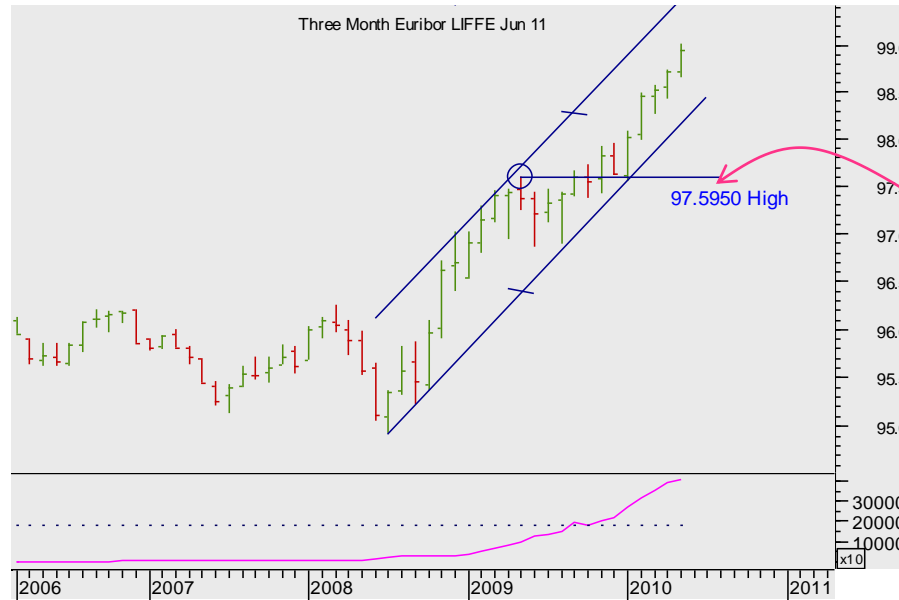
Interest rates

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- + Liffe Short Sterling

Commodities

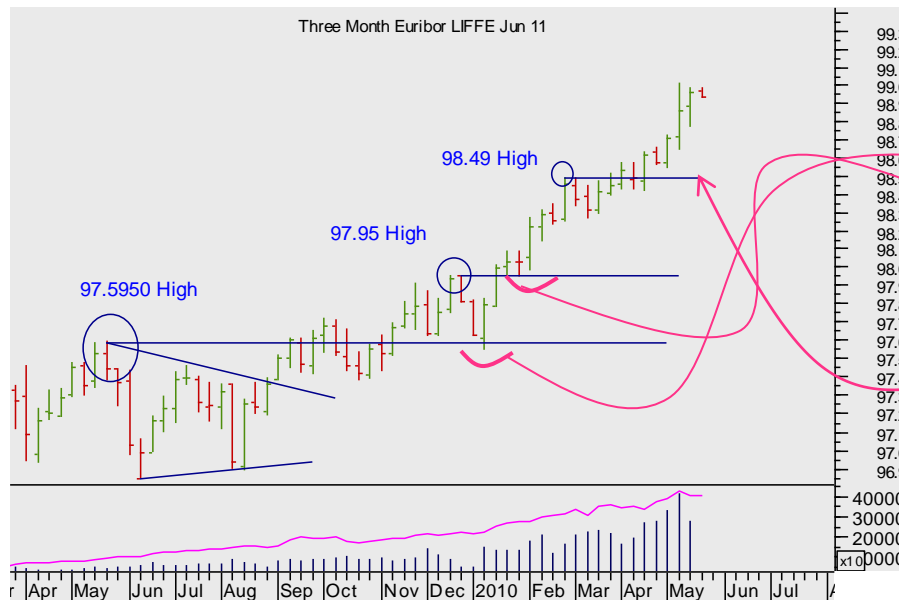
- + Nymex WTI Oil
- + Comex Gold

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.

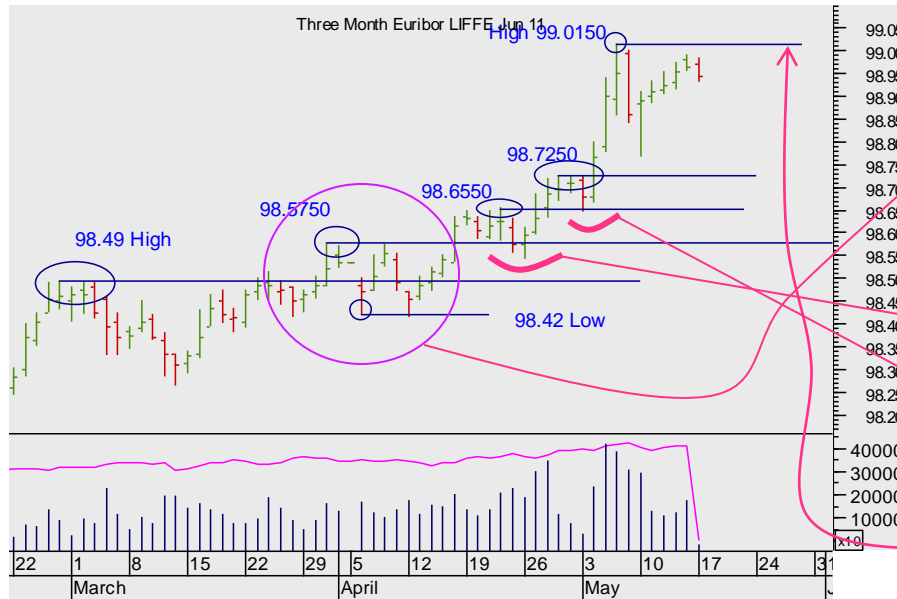
The bull trend remains in good fettle.

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

More



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.

As did 98.6550.

The market is racheting better if not already long buy on a break of the Prior Pivotal High at 99.0150.

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- + TSE Ten Year JGB

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- + Liffe Short Sterling

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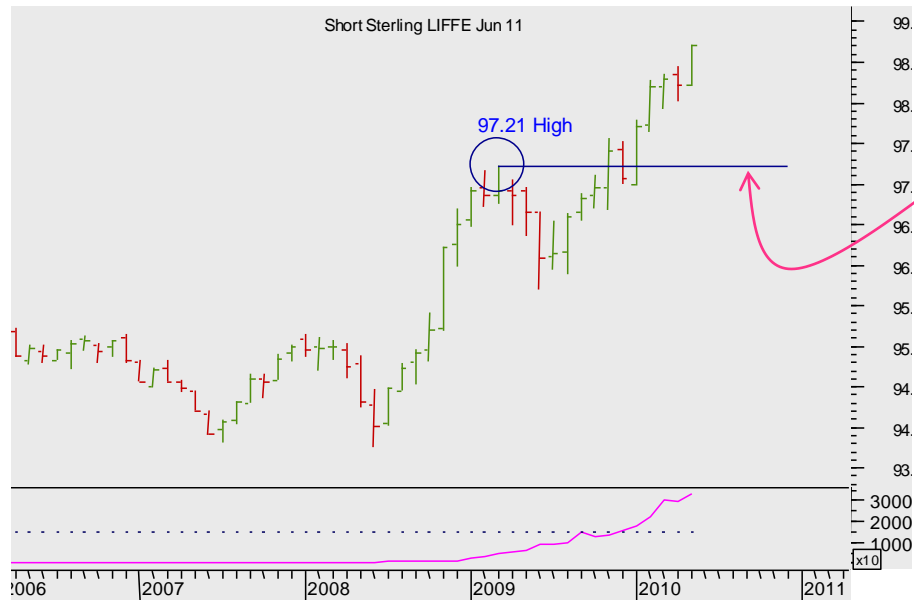
Interest rates

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

Commodities

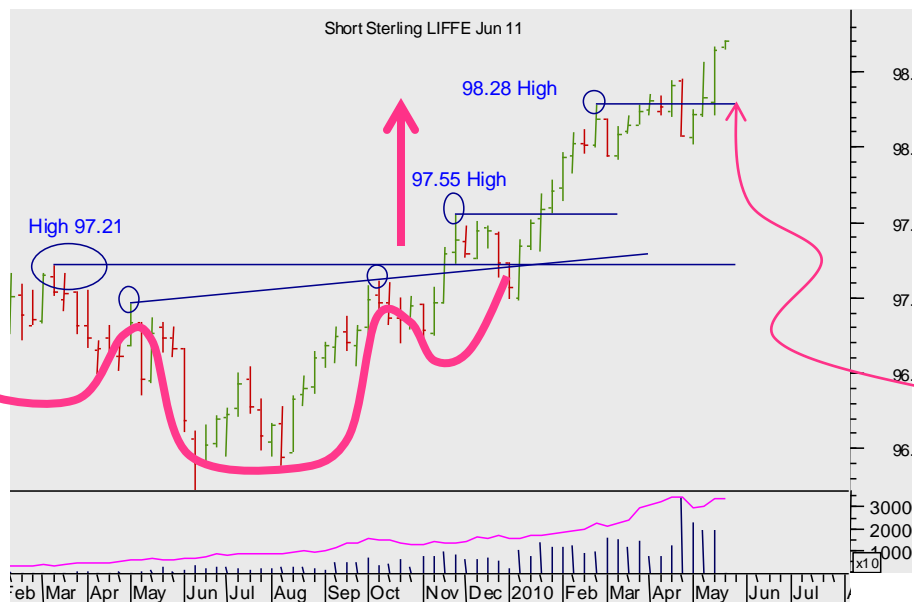
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates 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...

The bulls are in charge.

More



Interest rates: Liffe Sterling rates

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Bonds

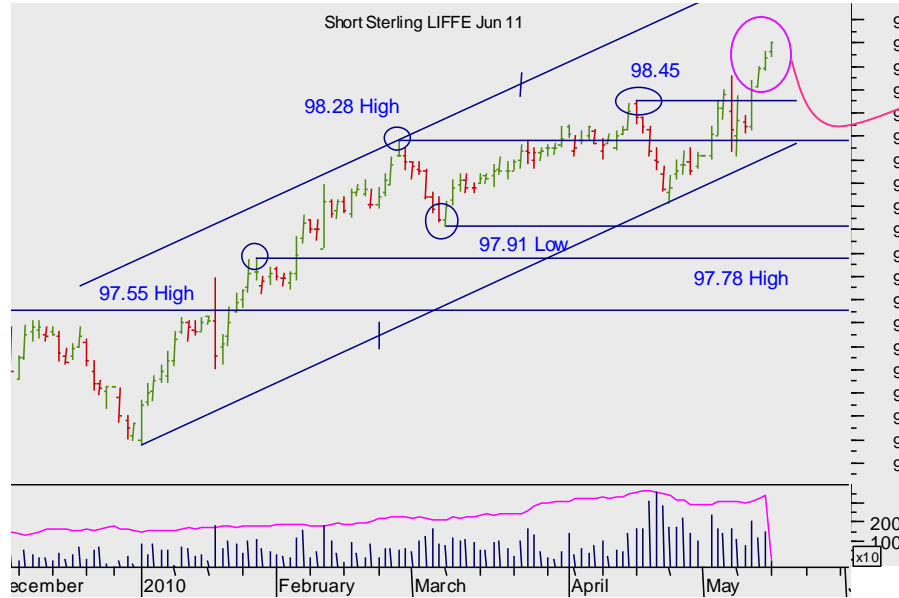
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Interest rates

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Commodities

- + Nymex WTI Oil
- + Comex Gold

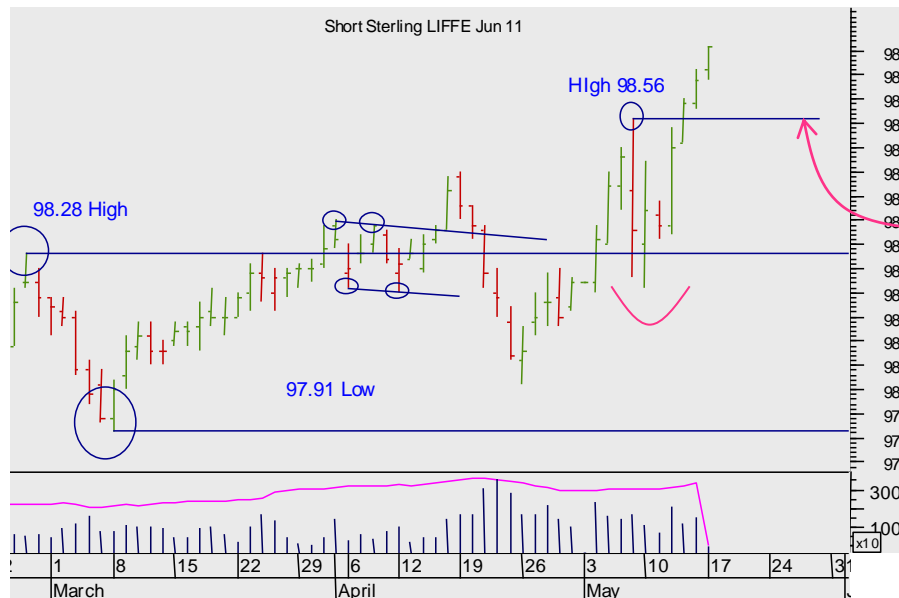


Liffe Sterling rates daily Jun 11 futures chart

Last week's surging rally has been powerful.

Smashing up through the two Prior Highs.

Look closer.



Liffe Sterling rates daily Jun 11 futures chart

The bulls have driven the bounce very sharply and after overcoming 98.56 there is good support on any pull-backs.



Commodities

COMMODITIES: Gold may have reached a level at which, in the short term, a pause may be in order. But the longer term patterns still point higher. Oil is under great pressure but needs to break 69.60 to really convince on the downside.

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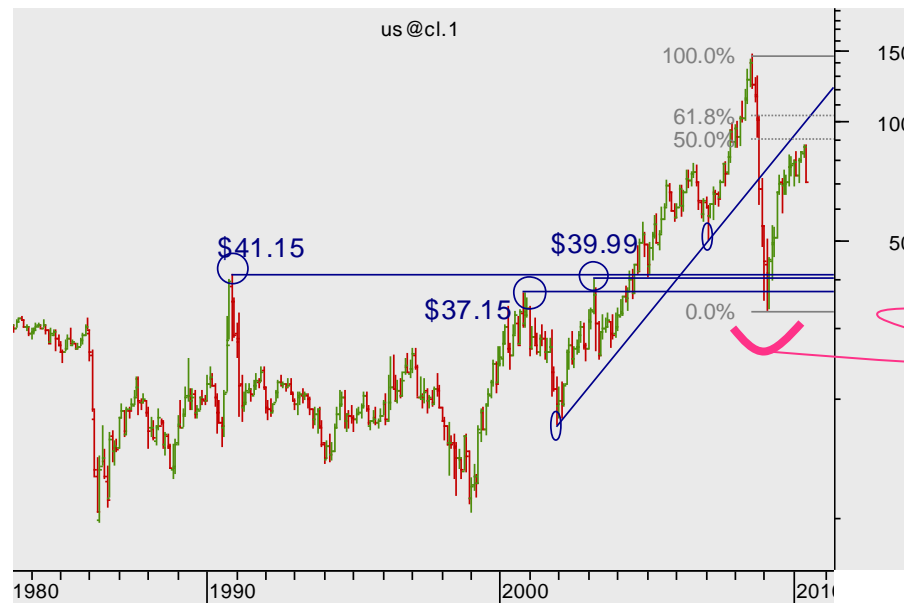
Interest rates

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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 from the absolute highs found huge support at the \$40.

Now study the bounce.

More



Summary

Currencies

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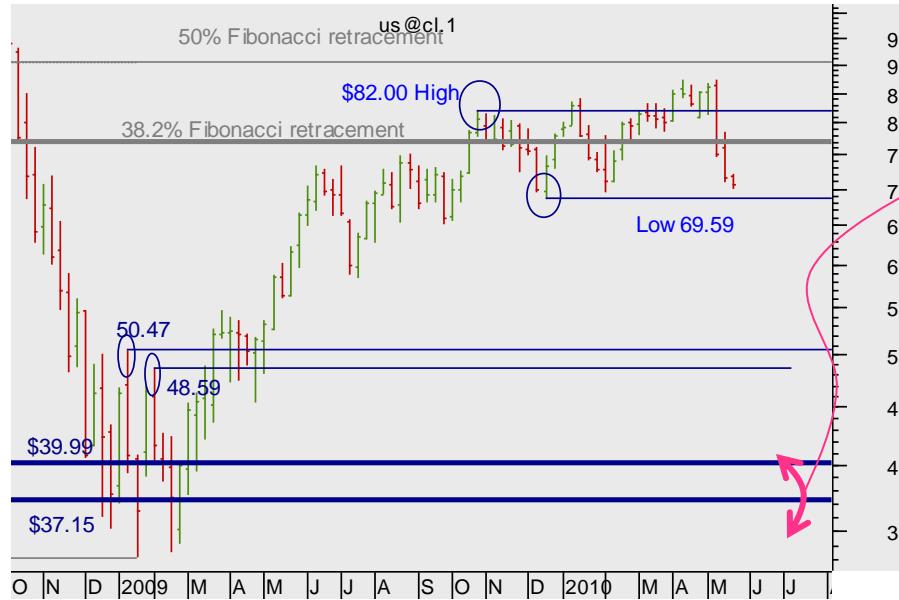
Interest rates

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

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 has paused.



Oil June 10 daily chart futures

In the June contract there was a clear bull channel parallel, but last week that broke.



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Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil Jun10 daily chart futures

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

The bottom of the channel and the resistance at the Prior Low form a powerful band of resistance....

The bears are in charge.



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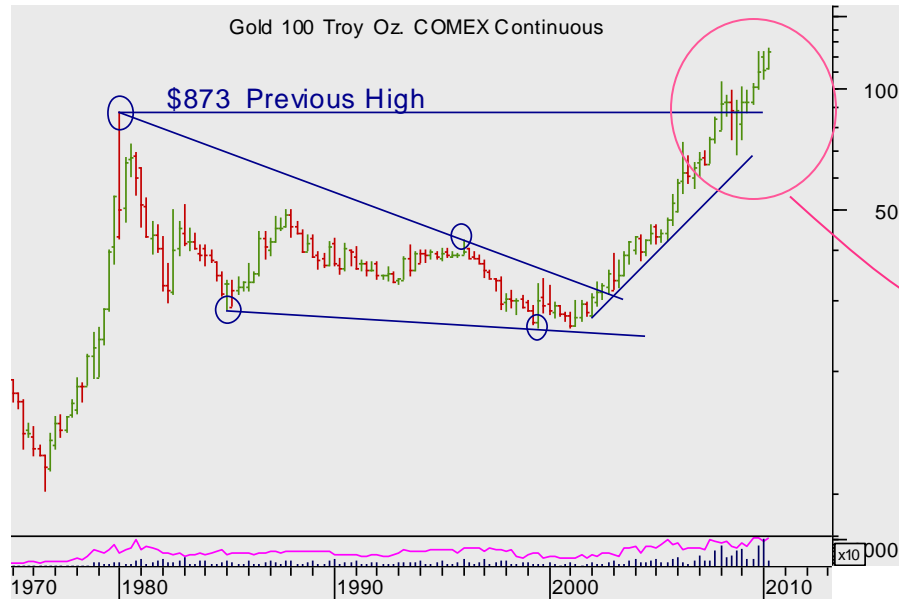
Interest rates

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Commodities

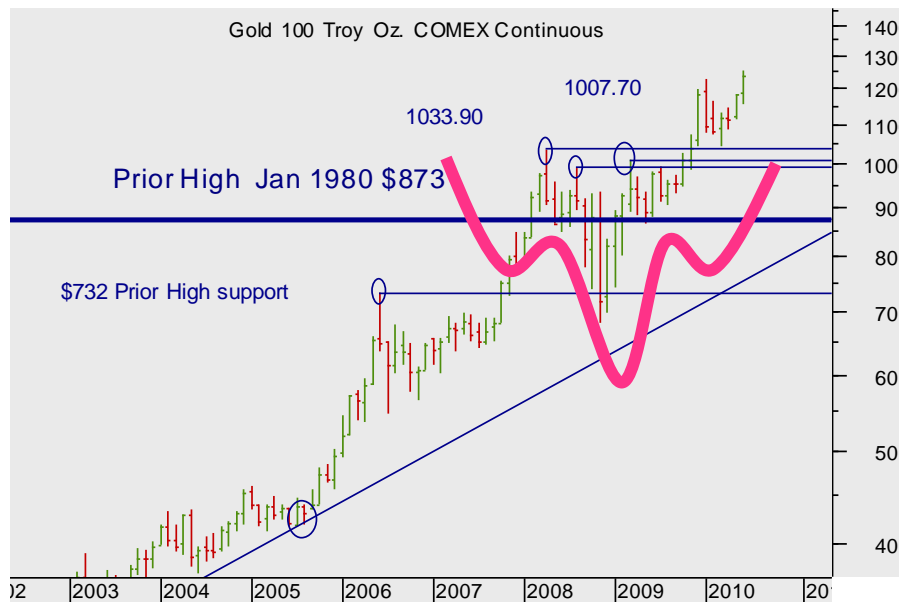
- + Nymex WTI Oil
- + Comex Gold

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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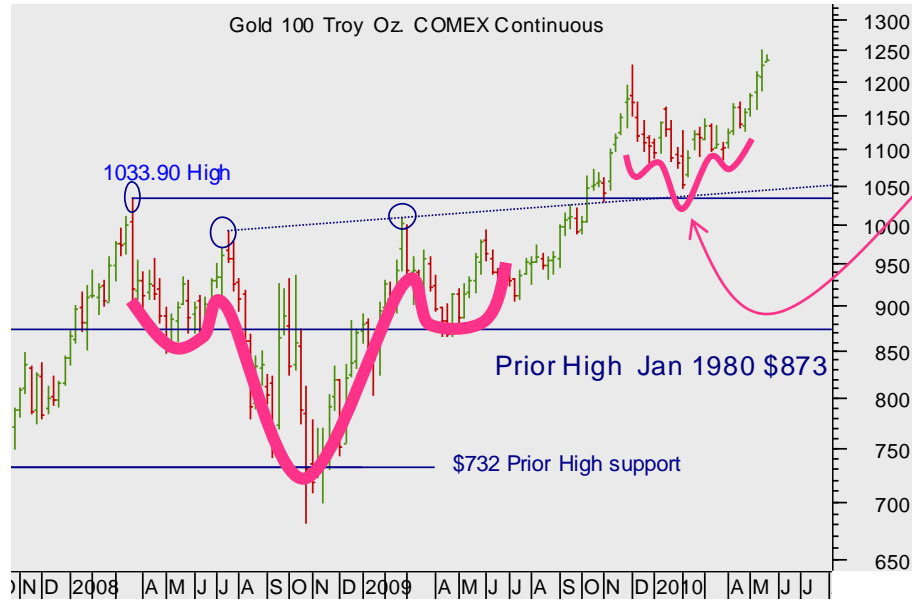
Interest rates

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Commodities

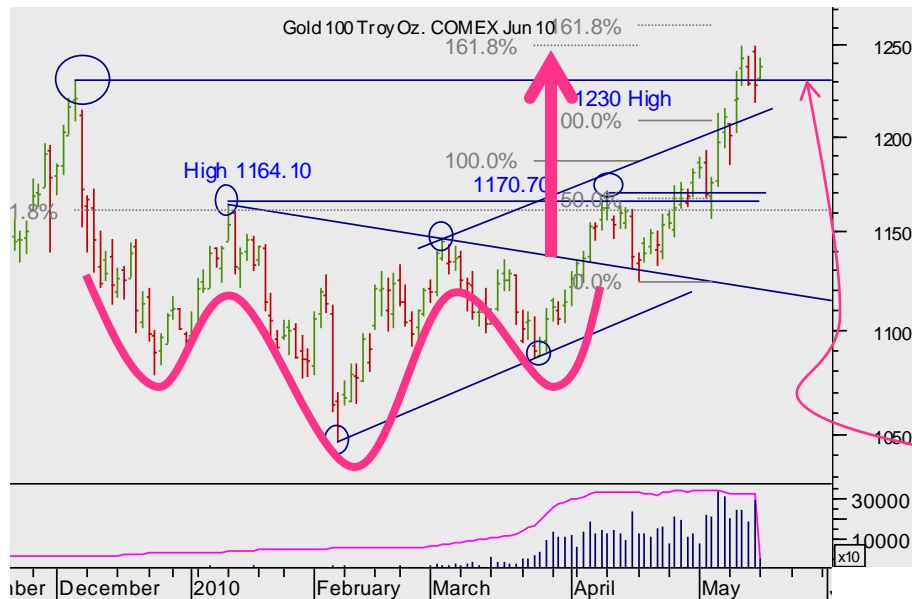
- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



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

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



Comex Gold **Jun 10** weekly futures chart

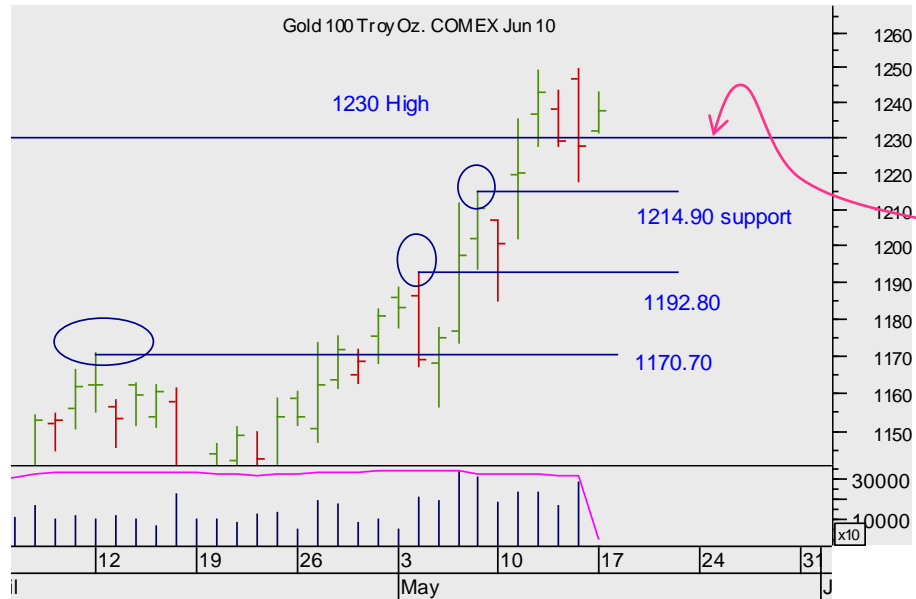
And now looking at the price action above the Neckline we see that another Head and Shoulders pattern has been completed...

Minimum target is easily measureable up to 1250.

But the Prior High may act as a good level of support for the market to ratchet on up from... beyond the minimum target of the H&S pattern.



Commodities: Comex Gold



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

It will take an unambiguous break of 1230 to enthuse the bulls afresh i.e. in the short term.

We remain bulls.

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Commodities

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



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