



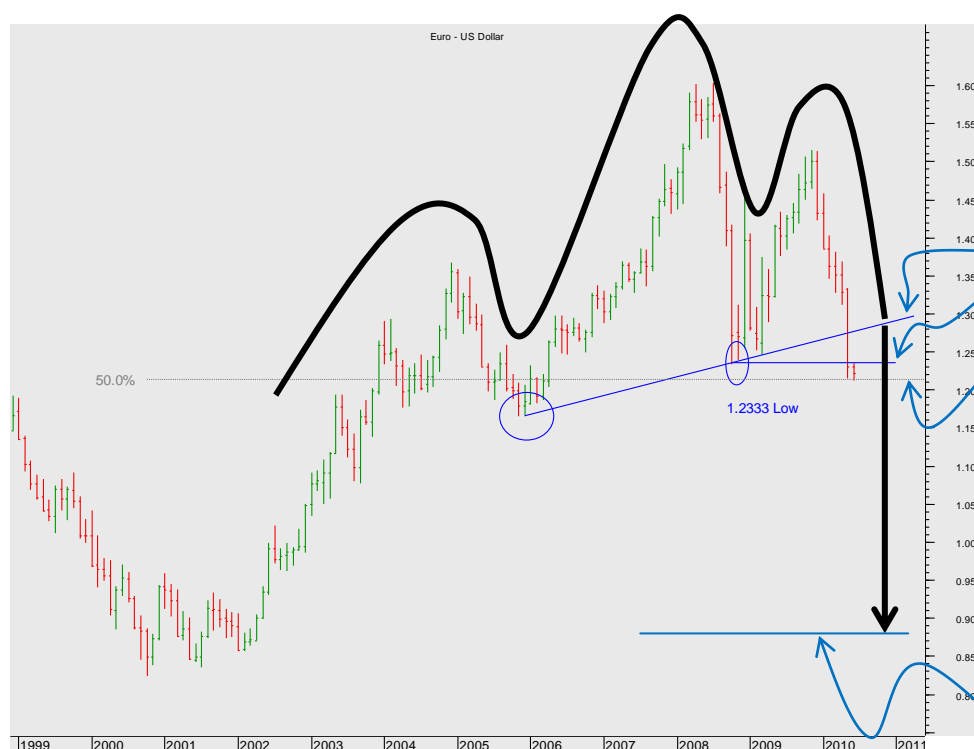
# Key Trade Round up for this week 2nd June 2010

## Open Positions

### 1. Dollar Euro

14/05/2010 Dollar/Euro Long Dollar Short Euro @1.2463. Stop 1.288 Profit taken on half position at 1.2380 Currently 1.2223. Unrealised Profit + 0.29% (assuming 1% capital risked at the outset of the trade).

### The Technical Trader's View:

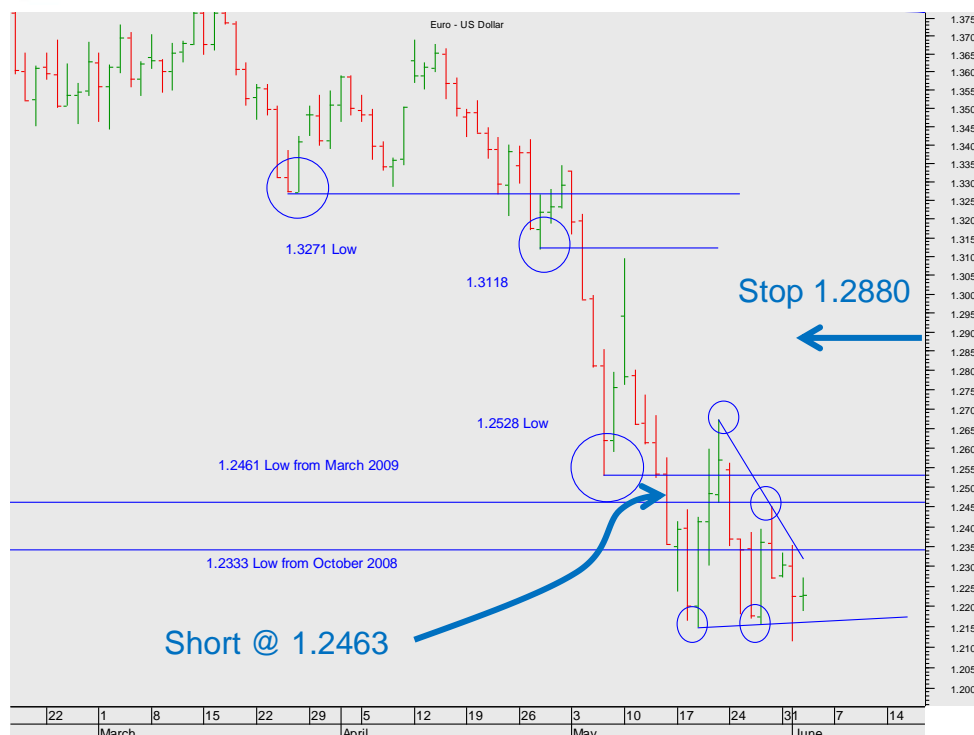


#### Monthly Bar chart

This is a powerfully bearish chart for the Euro.

The Head and Shoulders Neckline has broken, the Prior Low of 1.2333 has been driven through... only the Fibonacci retracement support remains intact at 1.2133.

If the pattern comes to fruition, that is there is no false breakout, then **the minimum move looks to be down around the 2000 lows.**



## Daily Bar chart

Here is the nitty-gritty of the pause and congestion around the lows - good evidence of their importance.

Note the creation of a possible continuation Triangle (but it may be over-developed) in any event, a spirited push down through the 1.2150 level where the market has bounced twice, would establish powerful overhead resistance – and threaten the Fibonacci support at 1.2123.

A confirmed break of that would signal the continuance of the medium-term bear trend.

## The Macro Trader's view:

We remained bullish of the Dollar against the Euro last week and although the Dollar struggled to make fresh gains, we were reasonably satisfied with its performance.

The Euro received a small boost from China denying rumours they were about to withdraw from Euro zone held assets and as the holder of the world's largest foreign currency reserves, that wasn't to be taken likely.

But, apart from a disappointing Q1 GDP report, other key US data releases were strong, especially New home sales. The housing market is an important piece of the US economic recovery jigsaw, as is the pace of job creation.

This week traders will have ample opportunity to judge just how robust the recovery is as both ISM surveys and non-farm payroll are released throughout the week.

**We expect these reports to be very supportive of both the recovery story and the Dollar.** Indeed the ISM manufacturing survey released yesterday was stronger than expected despite the turmoil in markets caused by the Euro zone crisis.

Given the continued uncertainty surrounding the Euro zone, we judge the Dollar is still a buy and advise staying long.

Mark Sturdy

John Lewis

Seven Days Ahead