



Key Trades for this Week: 15th June 2010

Open Positions

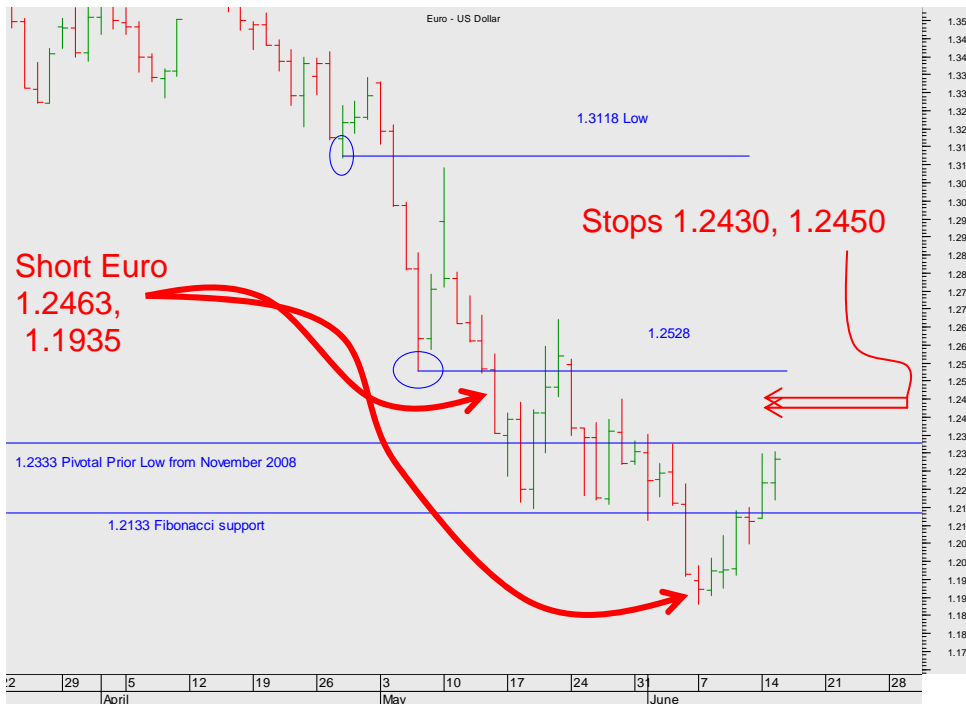
1. Dollar Euro

14/05/2010 ½ Position Long Dollars @ 1.2463. Stop@ 1.2450

08/06/2010 ½ Position Long Dollars @ 1.1935. Stop@ 1.243

NET POSITION Long Dollars @ 1.2199. Stop 1.2440. Currently 1.2282. -0.34%

The Technical Trader's View:



Daily Bar chart

The market is retracing, but should have difficulty sustaining itself above the 1.2133 – 1.2333.

Stay short.

The Macro Trader's view:

The Euro is currently enjoying a correction. The question is can it correct much further and what is driving it?

Starting with the second question; the proposal put forward by France and Germany of an economic government for the whole EU as a means of solving the Euro zone debt crisis has probably appealed to traders as a more fundamental approach to tackling the Euro zones problems, but why should the UK join



in when the Euro zone is the problem; the UK isn't part of it, so that proposal may have to be altered/watered down, so if this is the dynamic supporting the Euro's correction, it could be short lived. And therefore we do not think this move should extend too much further and for now advise holding the trade.

2. Bund

8th June 2010 Sept 10 Bund. Long @ 129.72. Stop @ 1.273. Currently 128.35. -0.56%



Daily Bar chart

The market's drift lacks real bite.

We remain long.

The Macro Trader's view:

As the Euro corrects higher for the reason explained above, so the Bund is correcting lower. Equity markets are also correcting as traders recover a little of their risk appetite.

The Bund emerged as a strong safe haven trade during the Euro zone debt crisis, so if those associated fears and anxieties are easing, the Bund will correct as it is doing right now.

But with Greek debt downgraded to Junk, and Spain admitting it is having difficulty raising both government and Bank funding, the situation looks far from normal.

We judge traders are indeed hopeful that a more fundamental solution to the Euro zones problems could be up for negotiation, but if Germany and France insist economic government covers the whole EU rather than the Euro zone states I don't think the current UK Prime minister will accept that, so markets could be in for some disappointment, which would see the Bund rally.

For now hold the trade.



Mark Sturdy

John Lewis

Seven Days Ahead