



Key Trade Bulletin

12th July 2010

New Position

1. Gilts

Buy Sep 10 UK Gilts today @121.39. Stop 120.23.

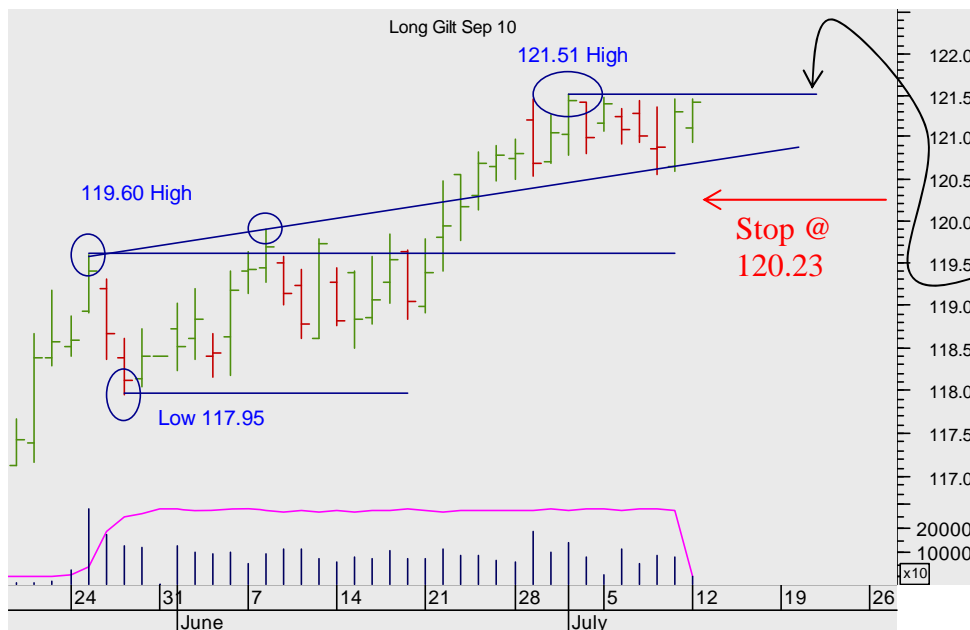
The Technical Trader's View:



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DAILY Dec 09 Bar chart

The market has been going sideways since the end of June.

The support from the Prior diagonal support is clear.

We are buyers and will add on a break through the High 121.51.

Stops

The Macro Trader's view:

The story of the Gilt is to us quite simple; the UK government is embarked on a policy of deep fiscal retrenchment. This will improve the nation's finances, but short term poses a risk to the recovery which should bear down on inflation, requiring short term interest rates to remain low while longer dated yields decline.

The obvious impact on the Gilt future is, we believe, a sustained rally.

In summary we advise a long position in this market.

Mark Sturdy

John Lewis

Seven Days Ahead

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