



28th September 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
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Stay **LONG** (Dec10)
Go SQUARE (Dec10). **BUY** on a break of 2816
Stay **LONG** above 5434 (Dec10)
Stay **LONG** (Dec10) above 9340.

Bonds

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Stay SQUARE (Dec10) **BUY** a break of 126-2.5
Stay SQUARE (Dec10);
Stay SQUARE (Dec10); **BUY** a break of 142.94

Interest rates

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- + Liffe Euribor
- + Liffe Short Sterling

Go **LONG** above 99.2150 (Dec 11);
Stay SQUARE (Sep11)
Stay SQUARE (Sep 11)

Commodities

- + Nymex WTI Oil
- + Comex Gold

Stay SQUARE (Nov10)
Stay **LONG** above 1264.70 (Dec10)



Currencies: Dollar Euro

CURRENCIES: The Dollar has been weakening fast. But against the Sterling and the Euro there are no clear structures in place. Indeed, Cable remains in the middle of a clear trading range. And there's a rather tighter one established in the Dollar Yen. Sterling Euro has thrown up an interesting possible situation of Sterling weakness and Euro strength.... In general though, the currency markets are quiet. (N.B. for an more interesting bear Dollar structure check out the Dollar/Swiss Franc.)

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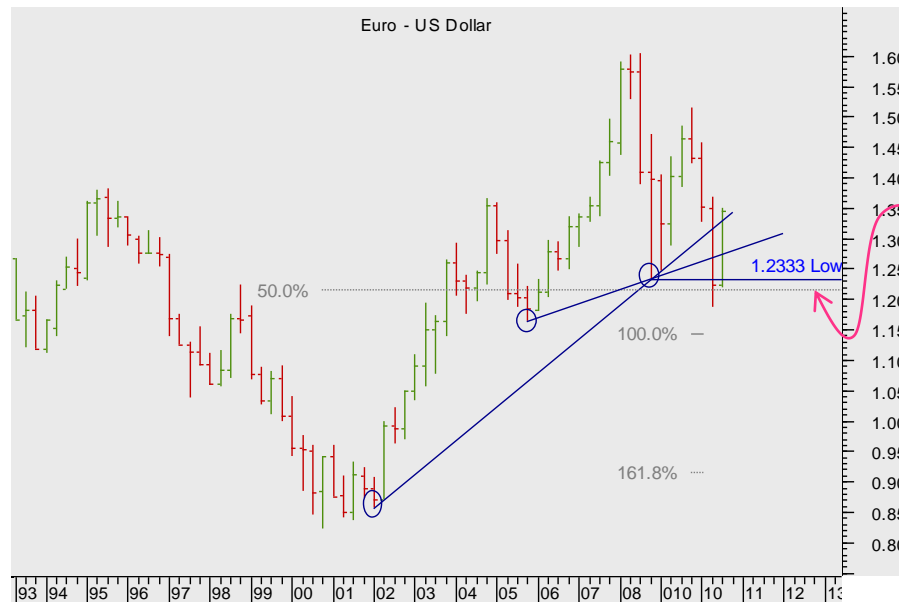
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Dollar Euro monthly spot cash chart

It's unclear how the long-term chart is going to resolve itself.

Only a close beneath the 1.2333 Low and the Fibonacci beneath that – would resolve matters in favour of the bearslook closer.

More



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Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

Here's the greater detail in the weekly chart. The rally drove up through the Horizontal resistance of 1.3270 and the Prior High at 1.3334 to pause at the 50% retracement resistance.

That is a very positive move.



Dollar Euro daily spot chart

Expect the band of broken resistance and the Prior High at 1.3334 to be good support on any pull-back.

We would be more bullish because of the breakthrough, but for the 50% resistance....

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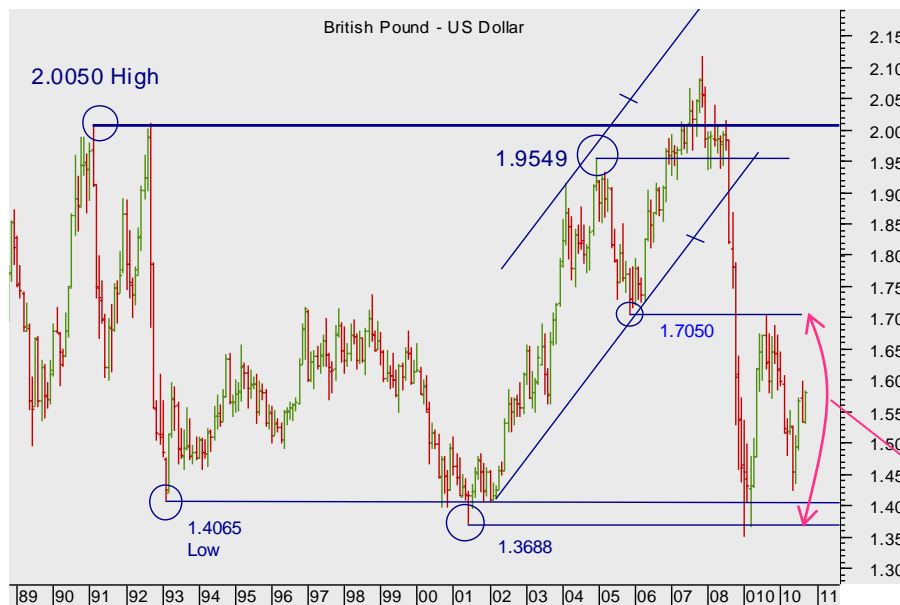
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Currencies: Dollar Sterling

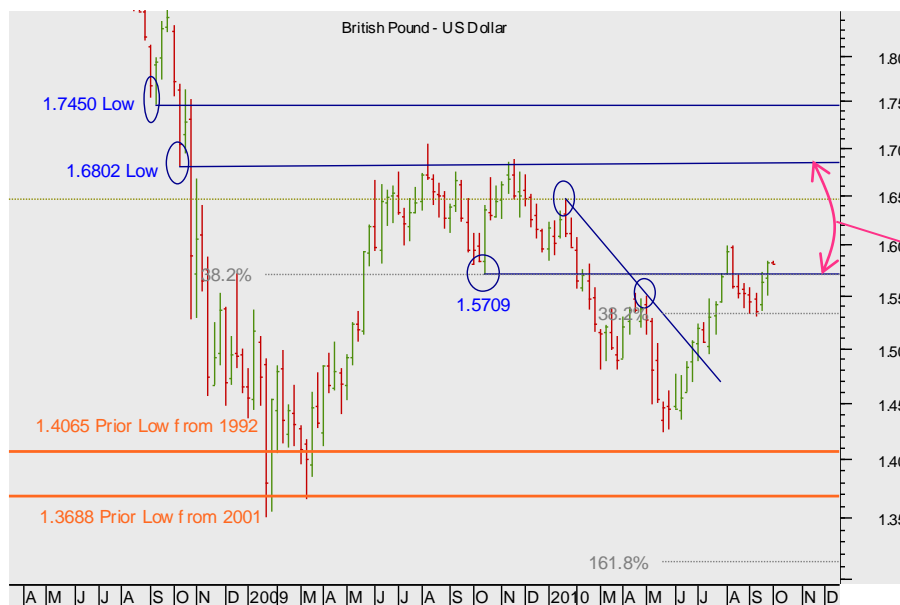


Dollar Sterling monthly spot cash chart

Like the Dollar Euro the Cable is in the throes of resolving a large structure which is basically a trading range 1.40-2.00.

Within that there is a smaller range 1.40-1.70

There was a bounce from the old low at 1.3688 (had that broken then a Double Top would have completed) ... but the market found the first big resistance of 1.7050 to be powerful resistance.



Dollar Sterling weekly spot cash chart

Within that range there are no really compelling patterns – **yet** note the spirited attempt to get up into the trading congestion area of old price action above 1.5709.

Stand back.

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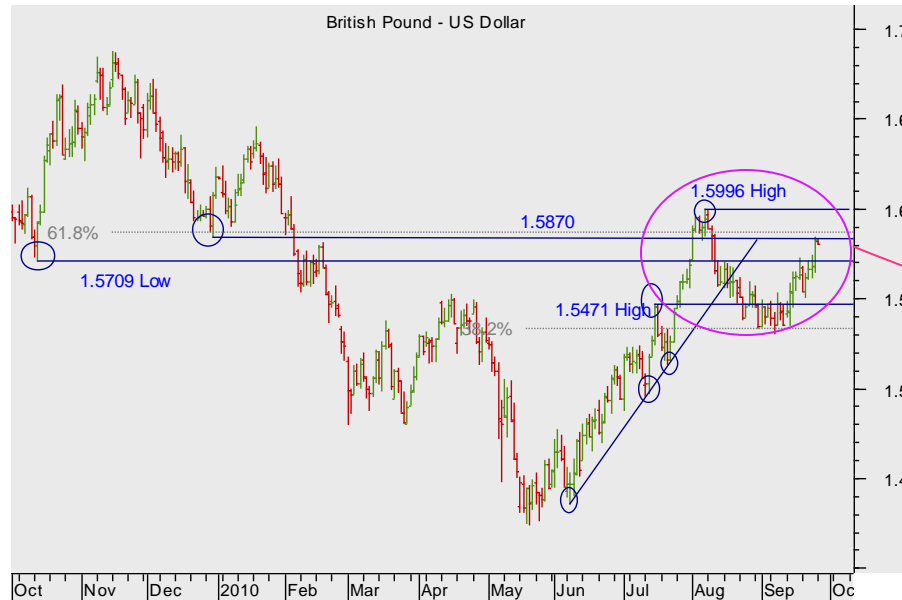
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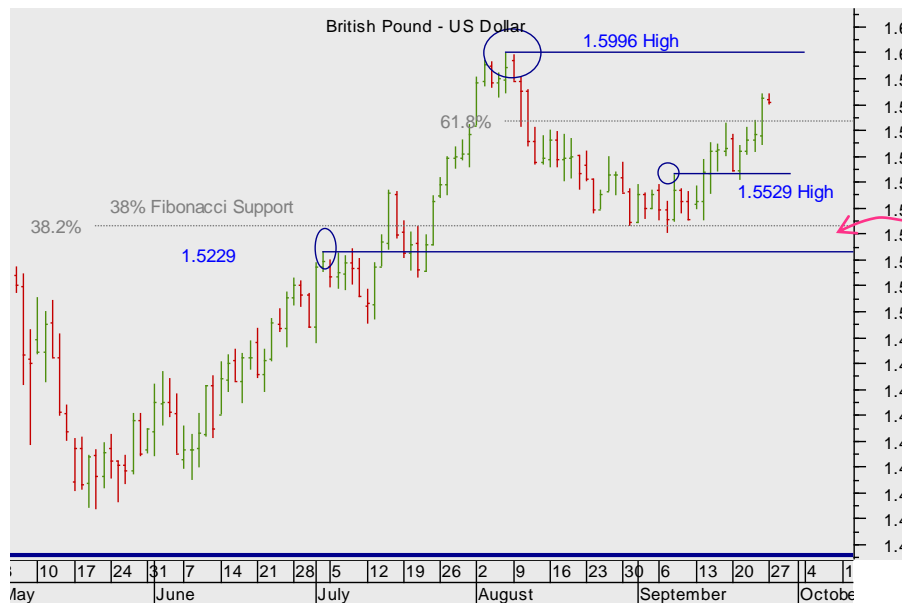
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Currencies: Dollar Sterling



Dollar Sterling daily spot cash chart

In the short-term note the 1.5870 – 1.5996 band of resistance including a fib resistance.



Dollar Sterling daily spot cash chart

The market found the 38% retracement of the bull run to be good support....a spring board for the move toward the 1.5996 Prior High

Stand back.



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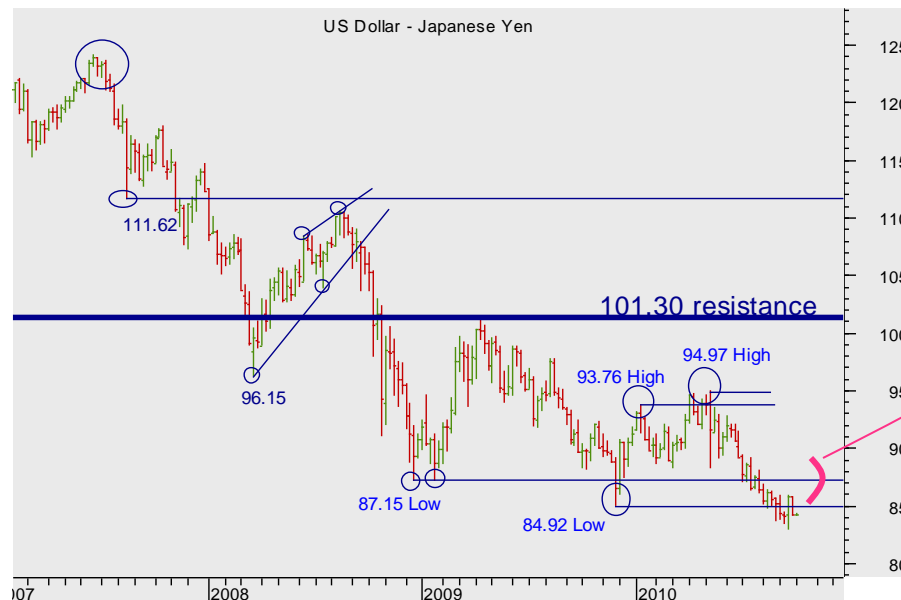


Dollar Yen monthly spot cash chart

The Prior Lows are pressing down on the market.

That level 101.30-101.70 has proven massively resistant 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 market is still trading around the lows of 2008 and 2009 a clear breakdown beneath that band of lows is required to drive the market lower....

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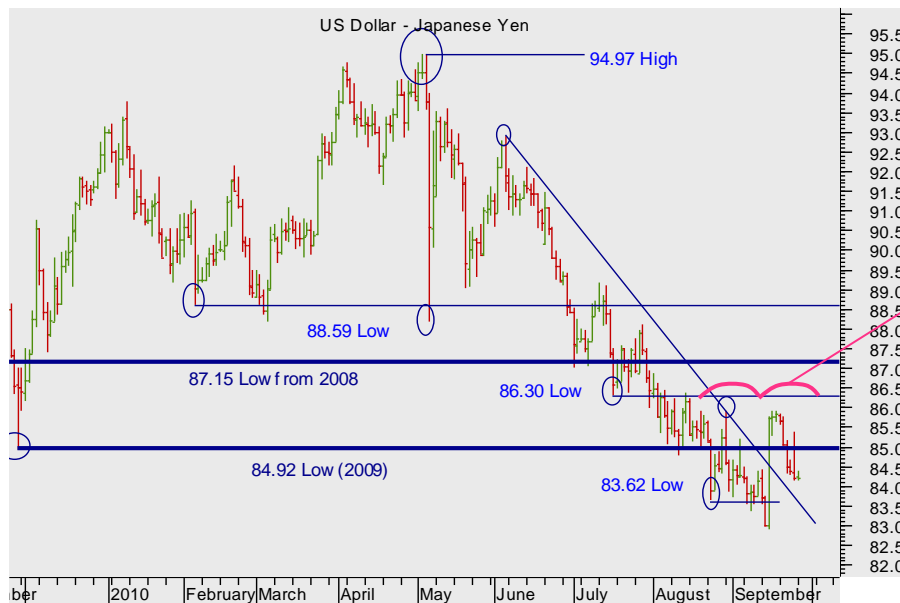
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Currencies: Dollar Yen



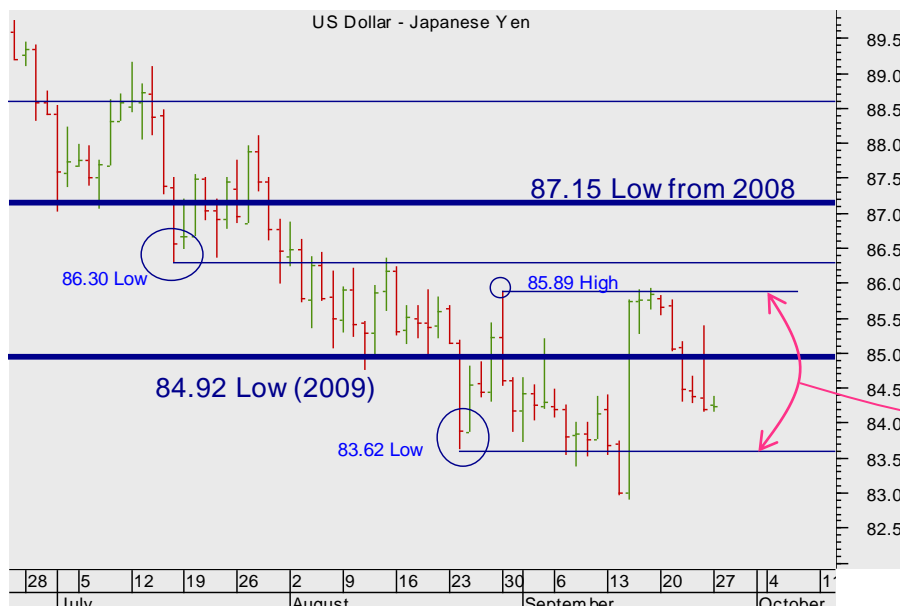
Dollar Yen daily spot cash chart

The recent sharp rally has created a trading range.

Bulls for the Dollar need to break 86.30.

Bulls for the Yen need to break 83.62 on the downside.

Look closer.



Dollar Yen daily spot cash chart

Perhaps the range is even closer...83.62-85.89.

Stand back and watch.

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Currencies: Sterling Euro

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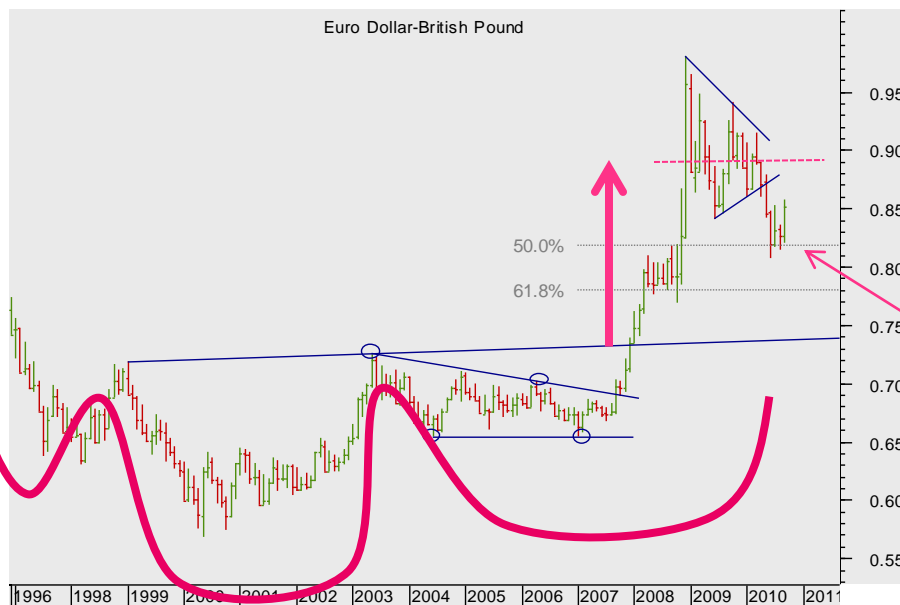
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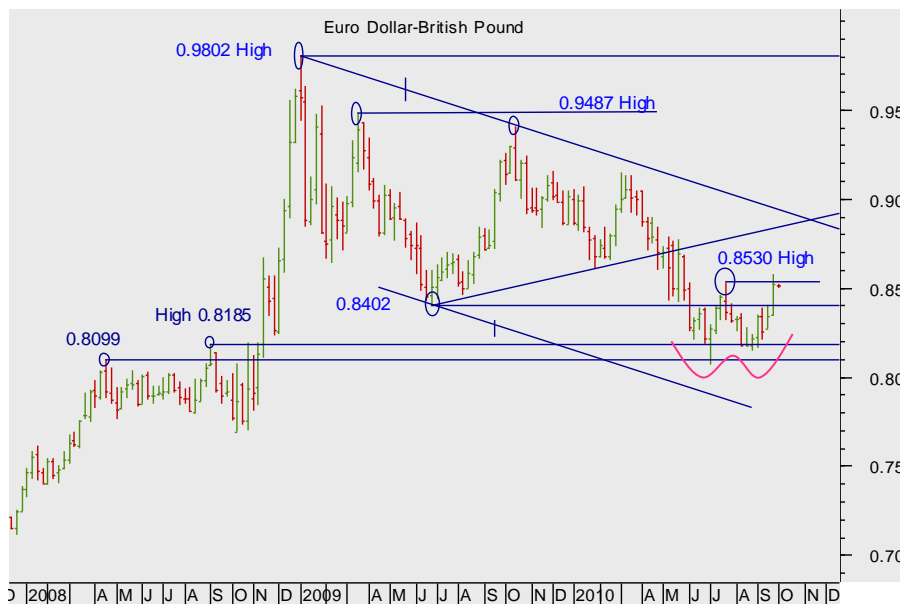


Sterling Euro monthly spot cash chart

We were long-term 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.

Note the pull-back as far as the 50% Fibonacci support.

Look closer.



Sterling Euro weekly spot cash chart

The combination of the 50% support and the two Prior Highs has been powerful and is close to having created a small Double Bottom.

Watch for a break up through 0.8530...

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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

The repeated failure of the market to break down through the 0.8099-0.8185 band of support is clear.

Hence the retest of the upside.

Note well the pause at the Prior High 0.8530. A break up form this level would have some impetus.

But wait for the break.



Stocks

STOCKS: The S&P has been dragging the other markets better and is well-set to drag them further with renewed vigour as it is in the grip of a clear H&S pattern. But note that the FTSE and EuroStoxx are on the point of completing bull structures themselves. And the Nikkei is underpinned too, if not running way...

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Stocks: CME S&P 500



CME S&P 500 monthly cont. futures 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 for the bears...which **didn't** happen.

We traded through that 768 level and then the market bounced back through it.

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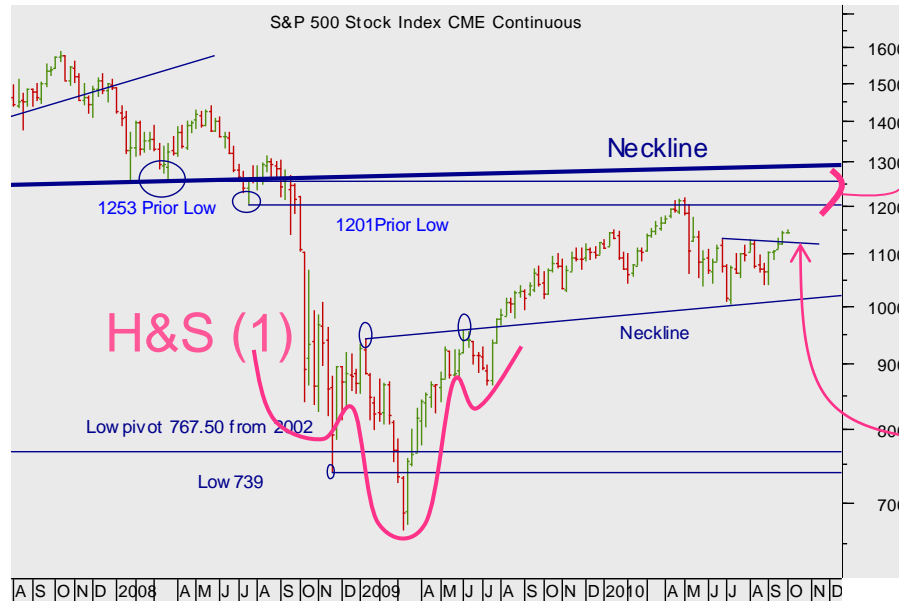
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Stocks: CME S&P 500

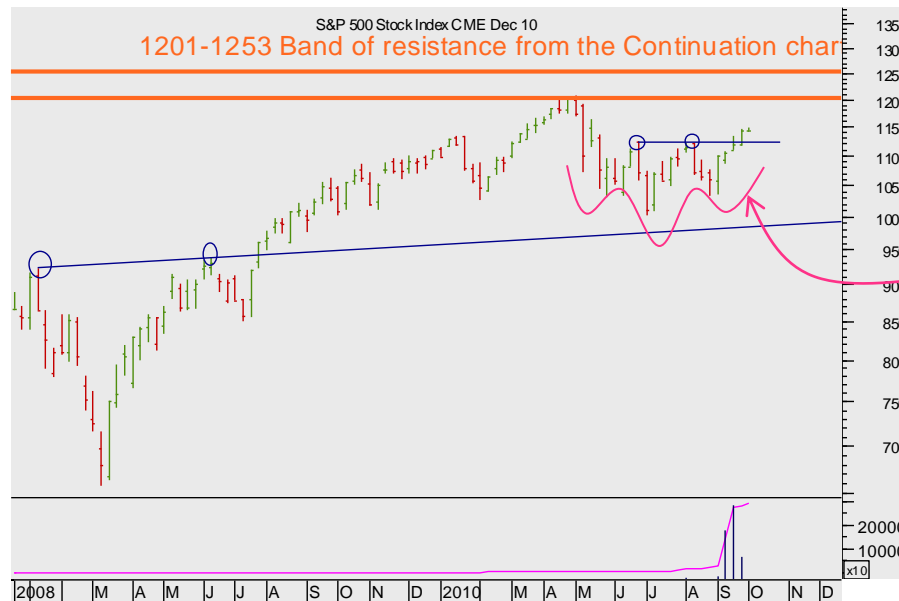


CME S&P 500 cont weekly cont. chart

H&S (1) had a measured minimum target which was the band of resistance from the Prior lows at 1201-1253.

Where the market failed.

In the congestion of the last few months a possible bull H&S has arisen...



CME S&P 500 weekly DEC 10 chart

That chart in the Dec 10 contract.....a clear Head and Shoulders Reversal has completed.

More



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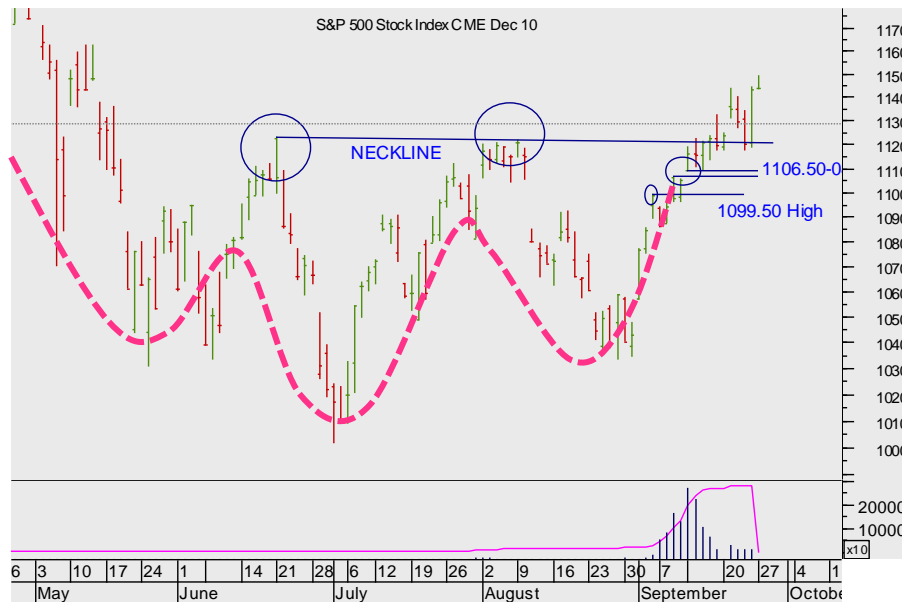
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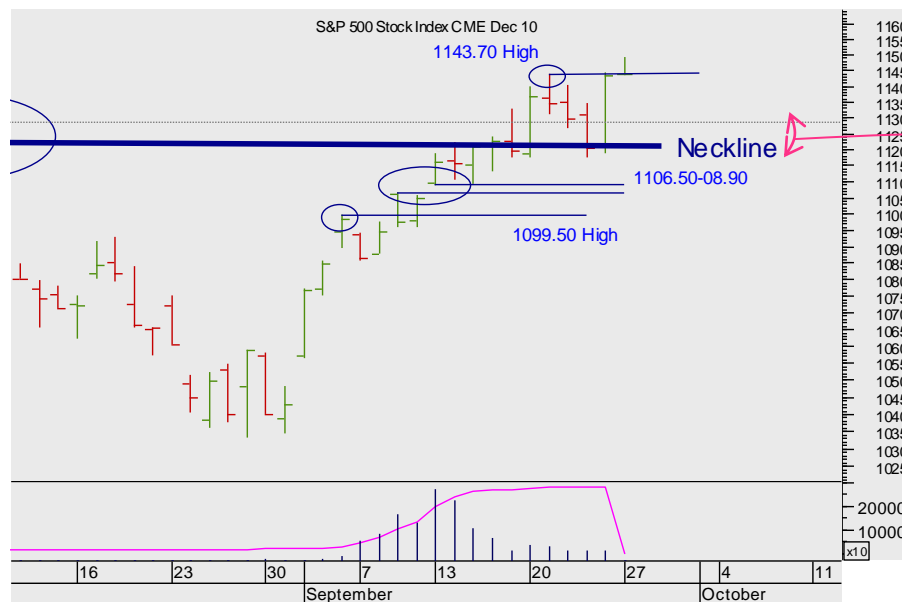
Stocks: CME S&P 500



CME S&P 500 daily Dec 10 chart

This is the nub of the bull case. An unambiguous break above the Neckline/ Fibonacci resistance was needed. And now we have it.

Look closer.



CME S&P 500 weekly DEC 10 chart

Dealers needed to watch the twin levels 1121 (Possible Neckline) and 1129 the 61.8% Fibonacci retracement resistance of the whole bear move May – July 2010.

The retest of the supports at the end of last week (and then a bounce) has been especially pleasing. The bulls are in control.



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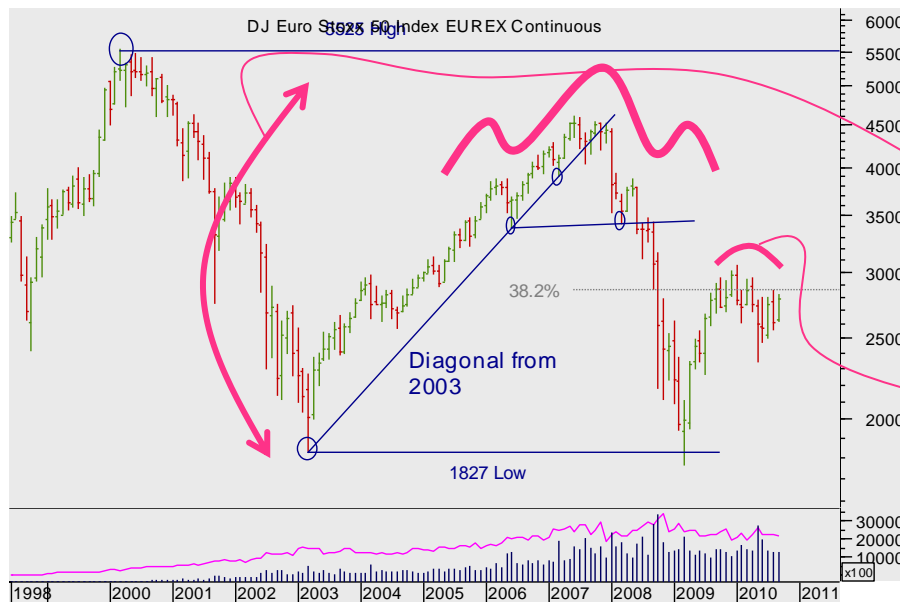
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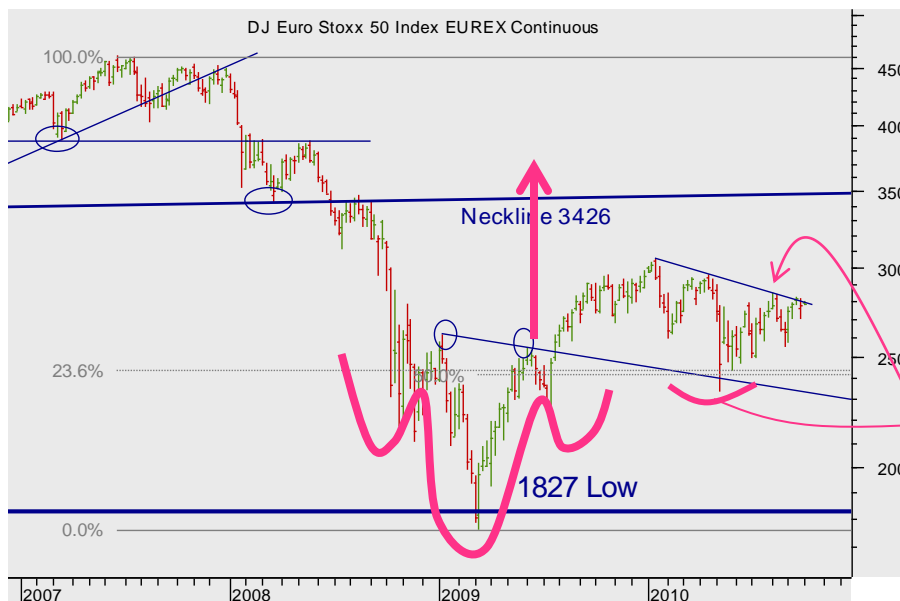


Eurex EuroStoxx 50 monthly continuation futures chart

The market is in a huge trading range.

Note the failed rally of 2009 /2010 – unable to breakup through the resistance of the 38.2% Fibonacci

Look closer.



Eurex EuroStoxx 50 weekly continuation futures chart

That rally from the beginning of 2009 was extended as a result the result of a completed Head and Shoulders reversal - but the move that resulted fell well short of the Minimum **target of the Neckline at 3426 or so..**

Look at the pull-back: it has found support at the Neckline (and the Fibonacci cluster).

Look at the rally. It has failed to break the falling Diagonal...**yet**

More



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Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 daily Dec 10 futures chart

Note well the important diagonal above the market (which is also a possible Neckline)...the market is struggling to get up through it.

Yet at the end of last week was powerfully support at the Fibonacci support.

Look closer.



Eurex EuroStoxx 50 Dec 10 daily futures chart

The Fibonacci retracement support at 2746 has been some support....but bulls should wait for a break up through the band of Prior Highs 2816-2834



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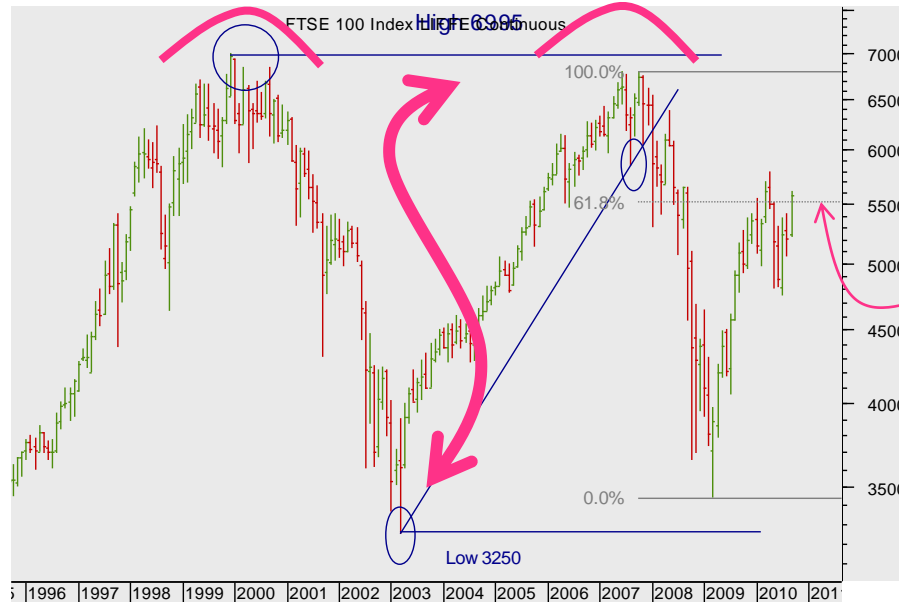
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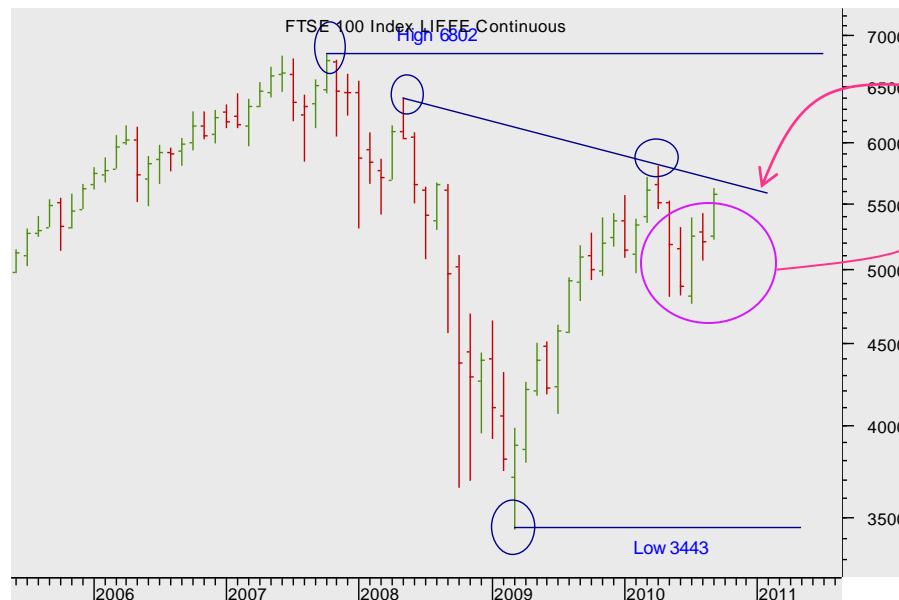
Stocks: Liffe FTSE 100



Liffe FTSE 100 monthly continuation futures chart

The market is in a massive trading range.

The market **failed** at the retracement resistance of 61.8% (5500) ...but is clearly re-approaching



Liffe FTSE 100 weekly Sep10 futures chart

Note well the possible Neckline above the market around 5600...

But look closer at the detail of the second shoulder.

More



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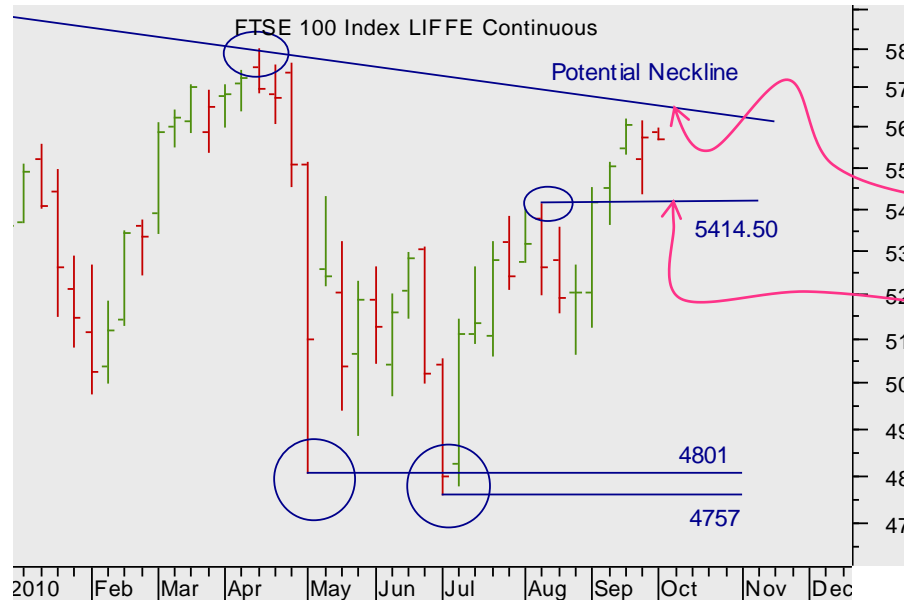
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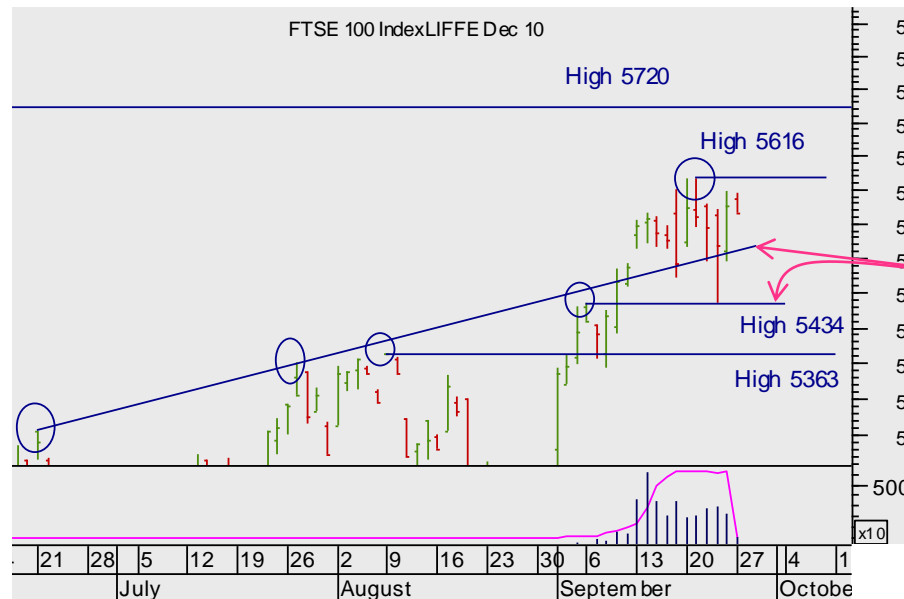
Stocks: Liffe FTSE 100



Liffe FTSE 100 weekly Cont futures chart

That possible Neckline (which would create enormous bull impetus on a break up) lies above the market at 5659 or so.

Note too the lively bounce of the Prior High support at 5414.50



Liffe FTSE 100 daily Sep 10 futures chart

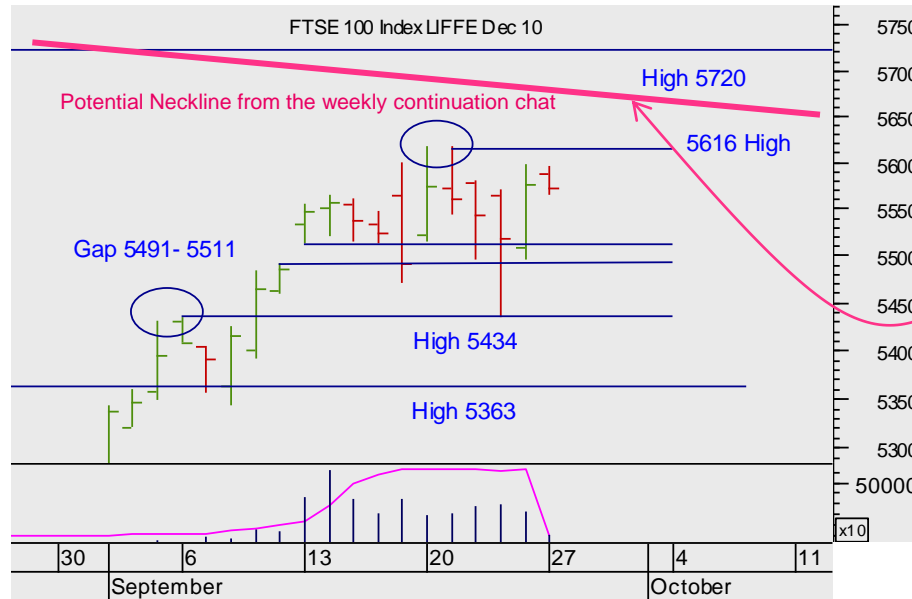
In the very short-term there are a number of influences.

The Gap has been supportive as is the rising diagonal from Prior Highs – and indeed the Prior High at 5434.

The market does not want to come off.



Stocks: Liffe FTSE 100



Liffe FTSE 100 daily Dec 10 futures chart

The pause beneath Potential Neckline above the market is all too clear - brave bulls will buy early for a test – more cautious bulls will wait for a break up through the 5650 area.....

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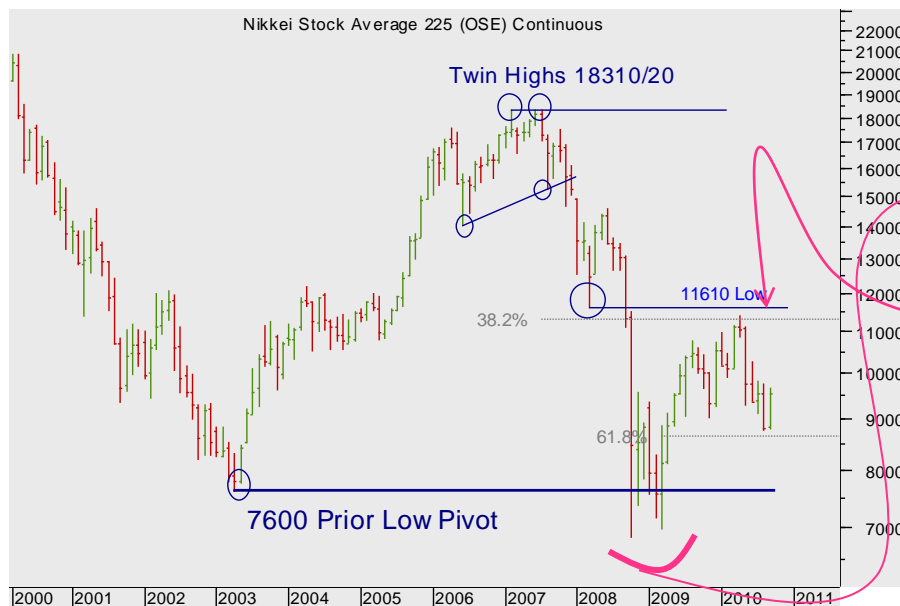
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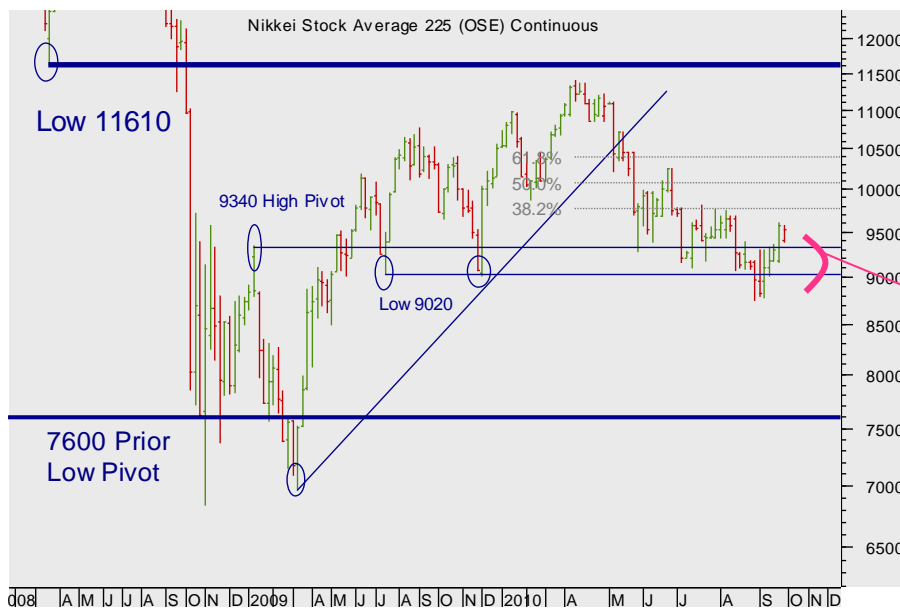
Stocks: OSE Nikkei 225



OSE Nikkei 225 monthly continuation futures chart

In 2008 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

The bear moves lower have been gradual....yet persistent...yet the bears need a clear breakdown through 9020.

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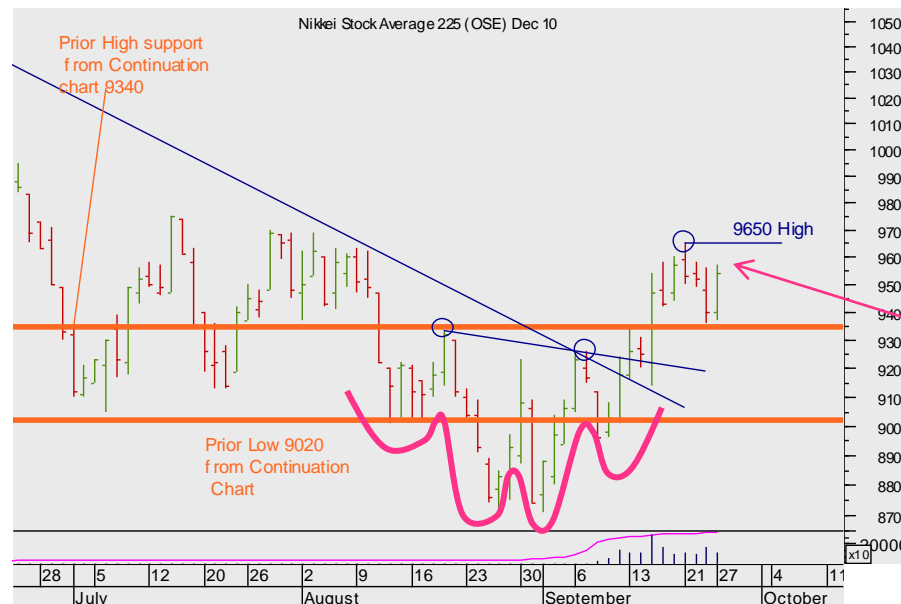
Stocks: OSE Nikkei 225



OSE Nikkei 225 Sep10 daily futures chart

Note the double bounce.

Which looks to have turned into a H&S reversal ...look closer.



OSE Nikkei 225 Sep 10 daily futures chart

That Bull H&S looks **very convincing** especially if taken in conjunction with the break of the falling diagonal from late April

We are bulls looking to see the market higher.

Minimum move? Around 10000



Bonds

BONDS: These markets are diverging. The TNotes are the clearest - short-term bulls right back at their all time Highs. The Yen bonds are at their Highs too. A break up for either will signal a fresh bull surge supported by the long-term highs. But Bunds languish. Though the trends remain intact, there is a lack of medium-term, good supportive structures.

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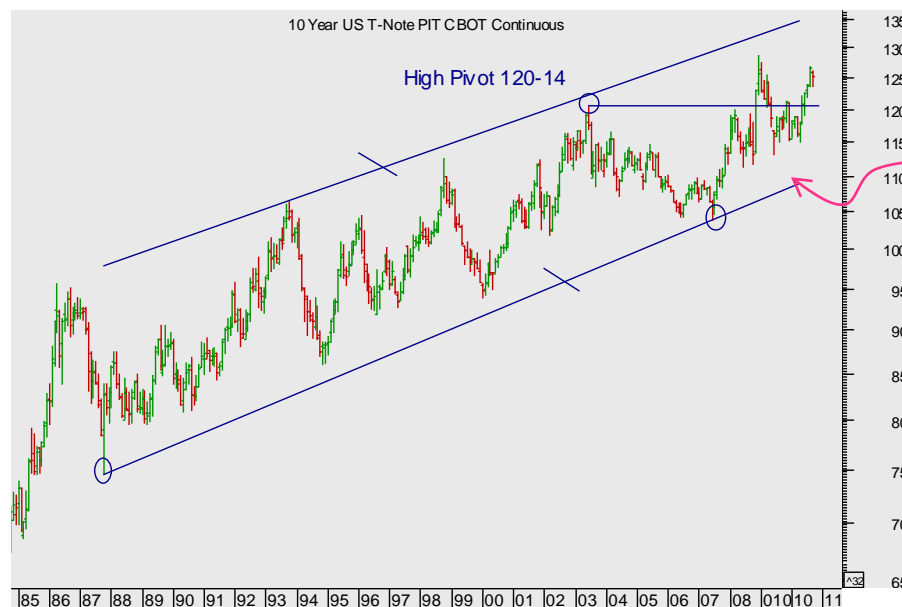
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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The long bull channel parallel channel which is surprisingly well-defined.

Now look within.

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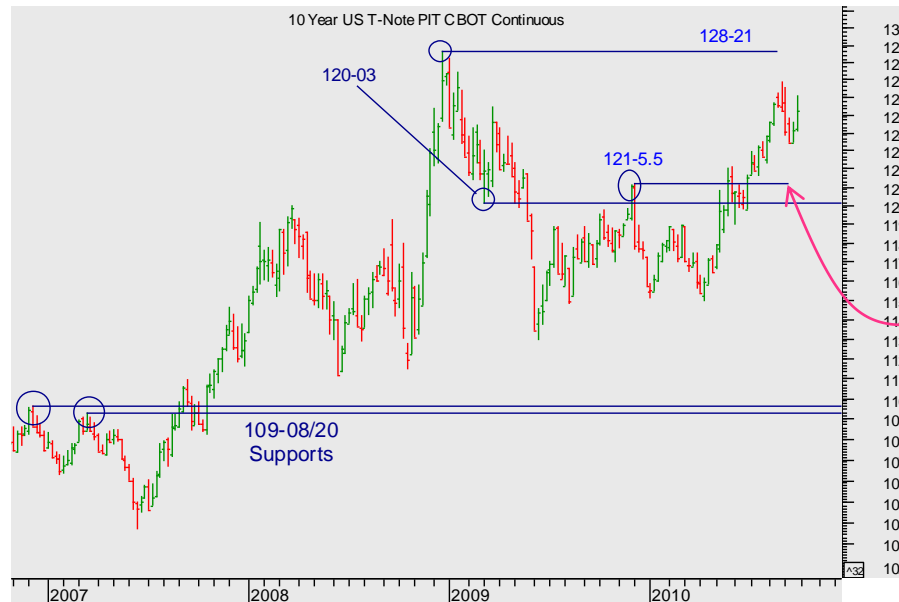
Interest rates

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

Commodities

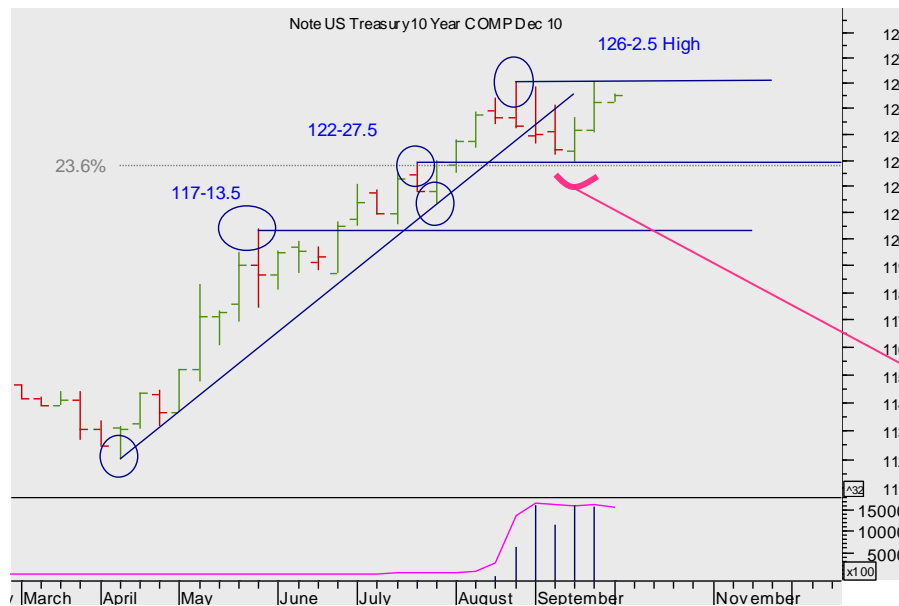
- + Nymex WTI Oil
- + Comex Gold

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes weekly futures continuation chart

The market's surge through the 121-5.5/21.5 pivotal Prior Highs was a powerful endorsement of the bull case.



CBOT Ten Year Notes weekly Dec10 futures chart

In greater detail, the diagonal trend support has been broken

We expected a test of the combined Fib support and the Prior High - the market bounced off it in good style...for the moment the bull trend remains intact.



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 Ten Year Notes
- + Eurex Ten Year Bund
- + TSE Ten Year JGB

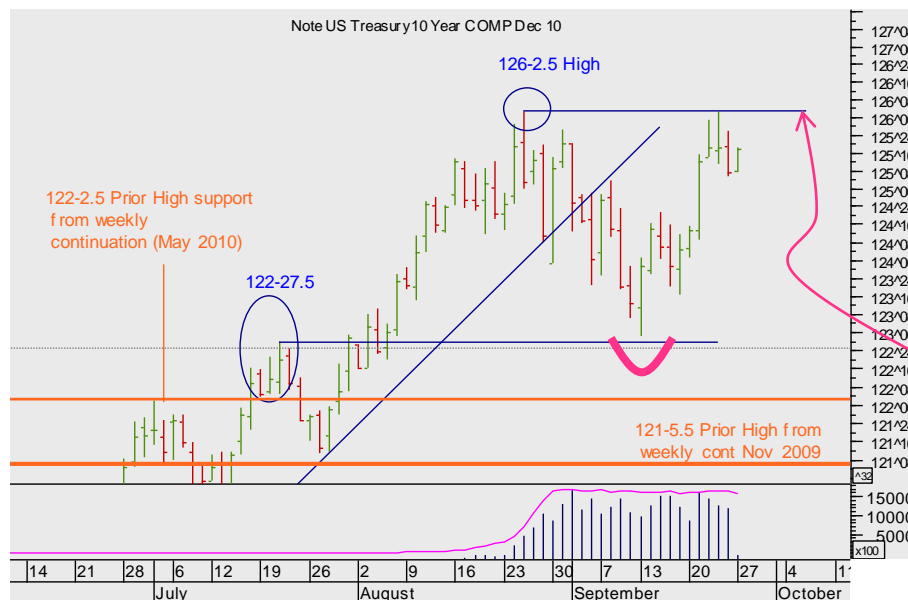
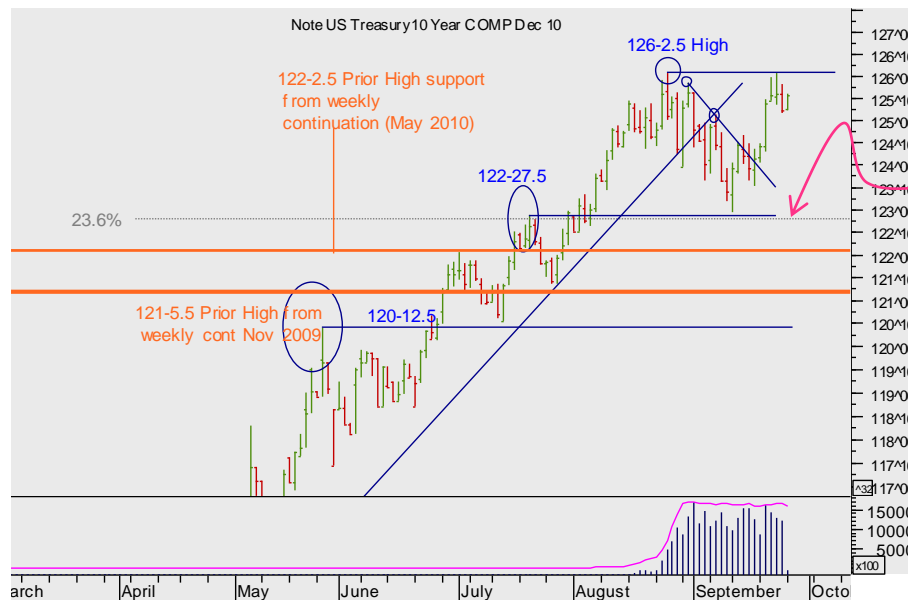
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes day Dec10 futures chart

That test in greater detail: the Prior High which in combination with the Fib support - **powerful**.

CBOT Ten Year Notes daily Dec 10 futures chart

Expect and acceleration down if 122-27.5 is broken.

But note the push up through the falling diagonal .

Good basic evidence if not a compelling reversal in place yet.

Bulls need a break up through the Prior High at 126-2.5 before really getting confident.



Summary

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- + Sterling Euro

Stocks

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- + OSE Nikkei 225

Bonds

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

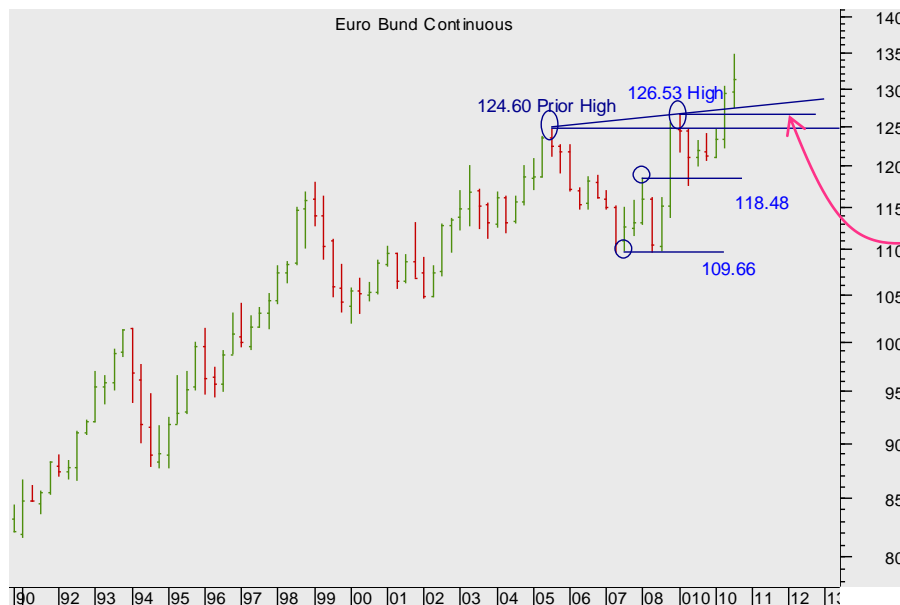
Interest rates

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- + Liffe Euribor
- + Liffe Short Sterling

Commodities

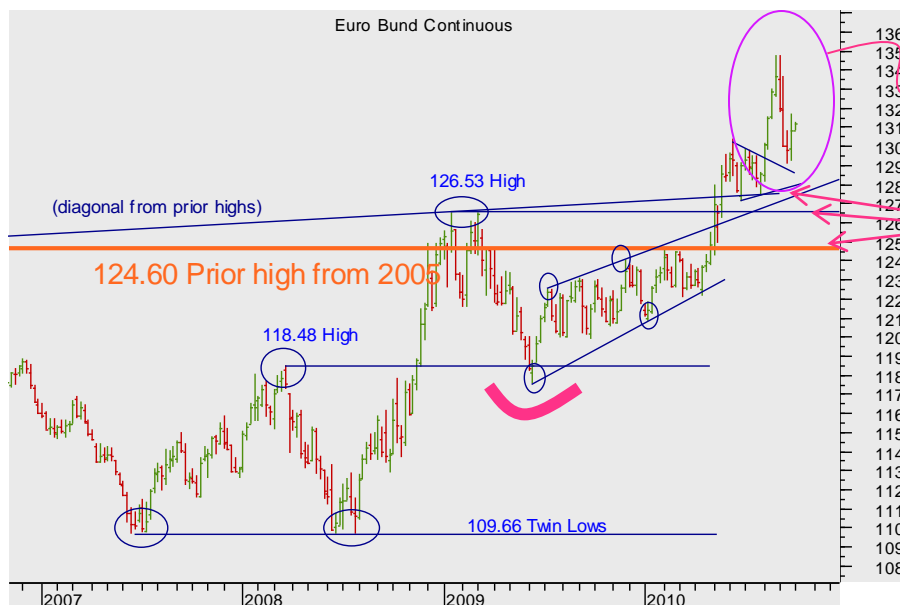
- + Nymex WTI Oil
- + Comex Gold

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund quarterly futures continuation chart

The market has surpassed the 124.60/126.53 highs and driven up through the rising diagonal from the Prior Highs...



Eurex Ten Year Bund weekly cont. futures Chart

In greater detail look at the breakout and retracement in the weekly chart ...

Good support is clear from current levels downwards...at the gentle diagonal, 126.53, 124.60....

Look closer.

More



Summary

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Stocks

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- + OSE Nikkei 225

Bonds

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

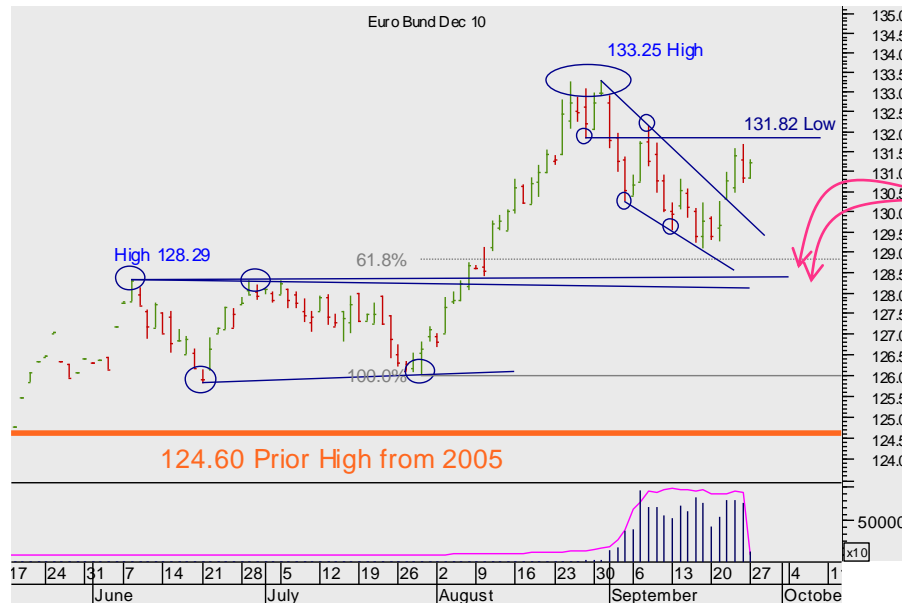
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

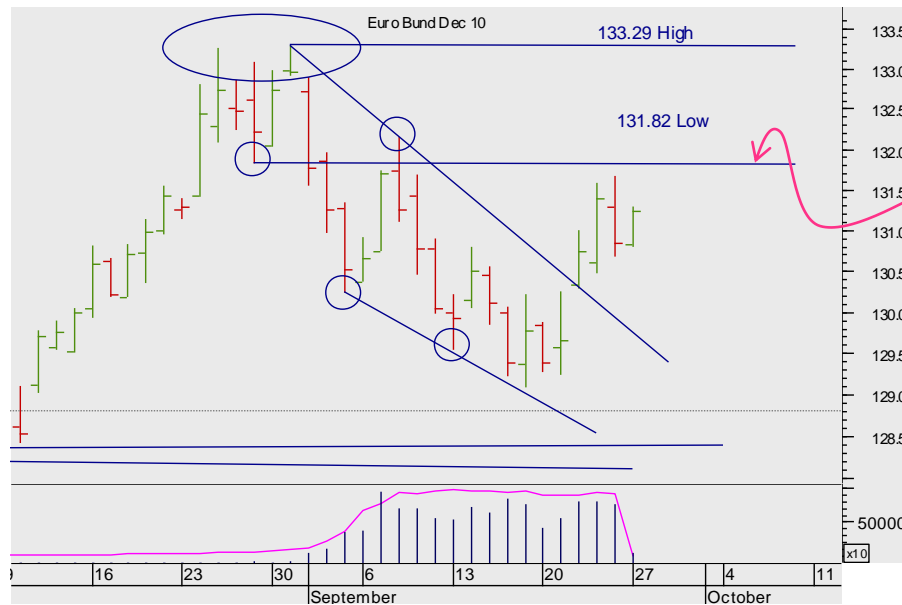
Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund Dec10 daily futures chart

The pull back has yet to test substantial support which lies beneath the market at 128.80 (Fibonacci) and 128.29.

The market still looks vulnerable.



Eurex Ten Year Bund Daily Dec 10 futures Chart

The bull falling wedge is clear enough - but it is a weak pattern ... watch the 131.82 low resistance.

We are lacklustre bulls.

Look closer.



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Currencies

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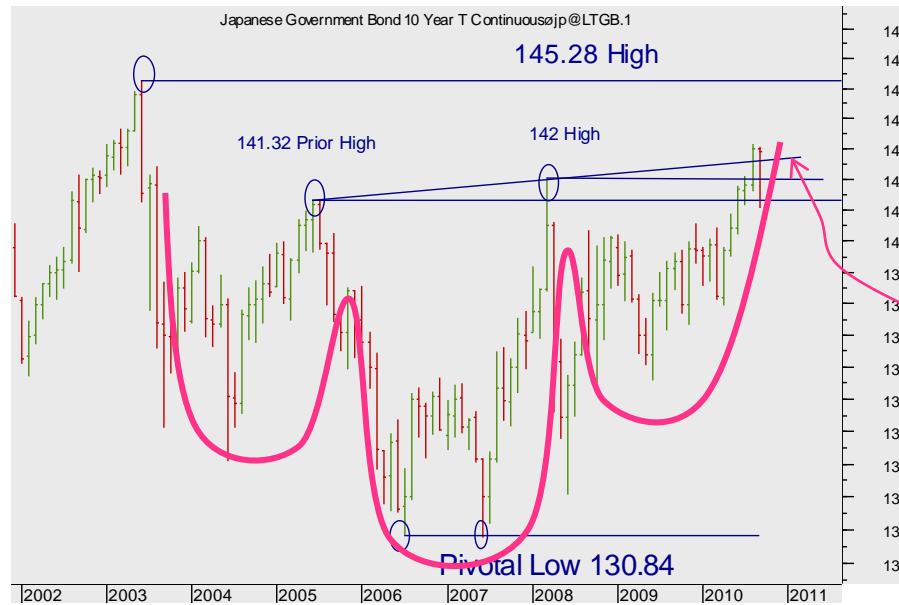
Interest rates

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Commodities

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- + Comex Gold

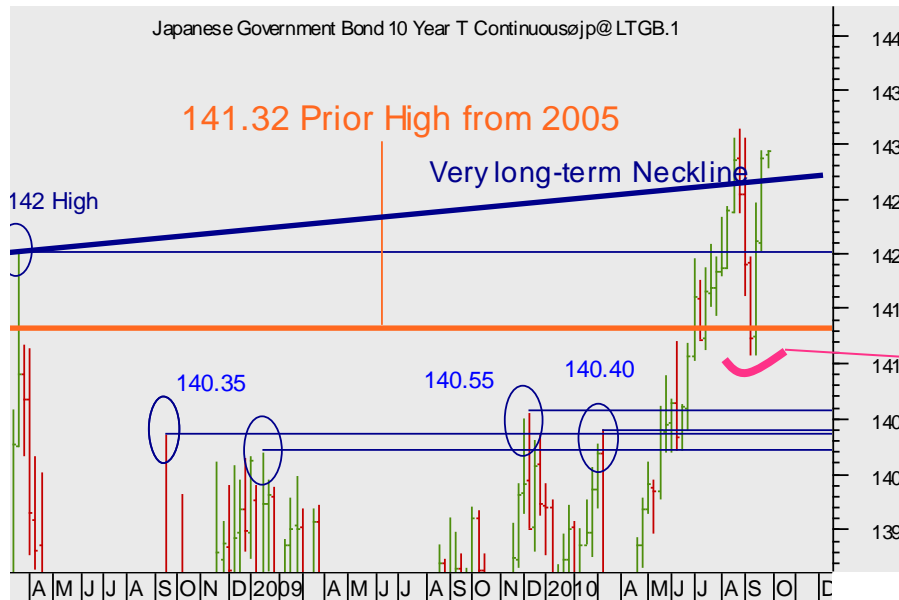
Bonds: TSE Ten Year JGB



TSE Ten Year JGB monthly futures continuation chart

The JGB is testing the possible breakout of a massive bull Head and Shoulder reversal if the possible Neckline at 142.65 or so is overcome.

The scale of the pattern is that a monthly confirming close above 142.65 would be needed for that H&S pattern to be convincing and before the bulls can get going.



TSE Ten Year JGB weekly continuation futures Chart

We doubted whether there was a sufficient pull-back to un-wind the bull positions in the market – and anticipated a retest of the band of Prior Highs 140.35-140.55.

But we were too pessimistic. The bulls look very excited...

More



Bonds: TSE Ten Year JGB

Summary

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Bonds

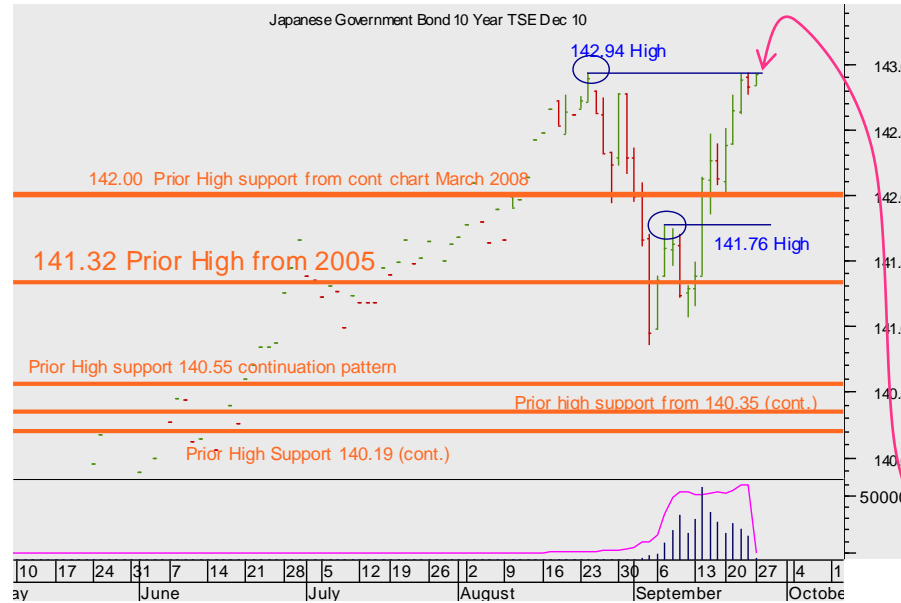
- + CBOT US Ten Year Notes
- + Eurex Ten Year Bund
- + TSE Ten Year JGB

Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold



TSE Ten Year JGB weekly cont. futures Chart

Looking at the Dec 10 contract, the **test of the supports lower down was rapidly reversed.**

Watch the price action at the Prior Highs closely.

We remain bulls but are looking for the right moment to enter the market.

Buy on a break of 142.94.



Interest rates

SHORT INTEREST RATE FUTURES: The US Eurodollar is the prime mover and underpinned by a medium-term pattern that looks set to go higher. Short Sterling is constrained in the medium-term, it seems; Euribor languishes.

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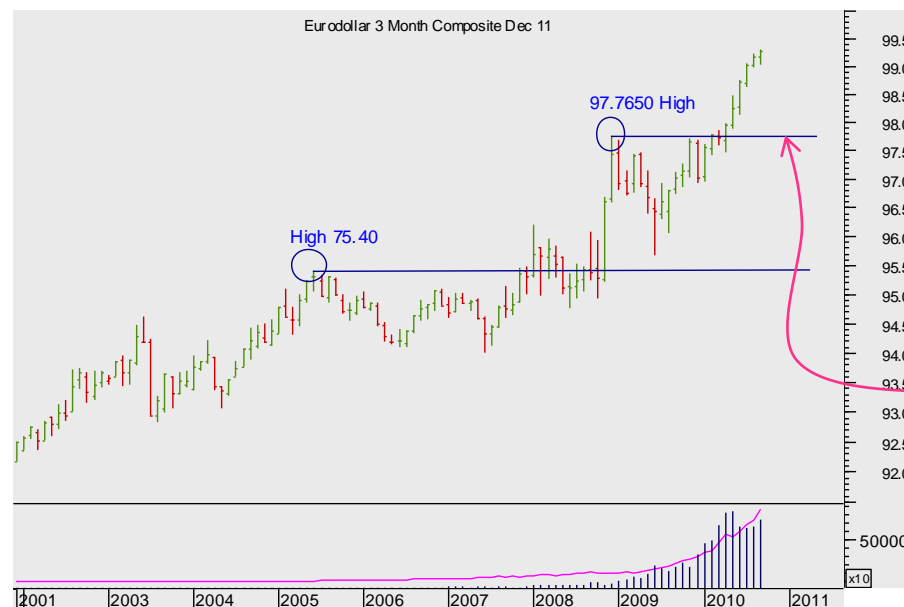
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: CME Eurodollar rates



CME Eurodollar rates monthly Dec 11 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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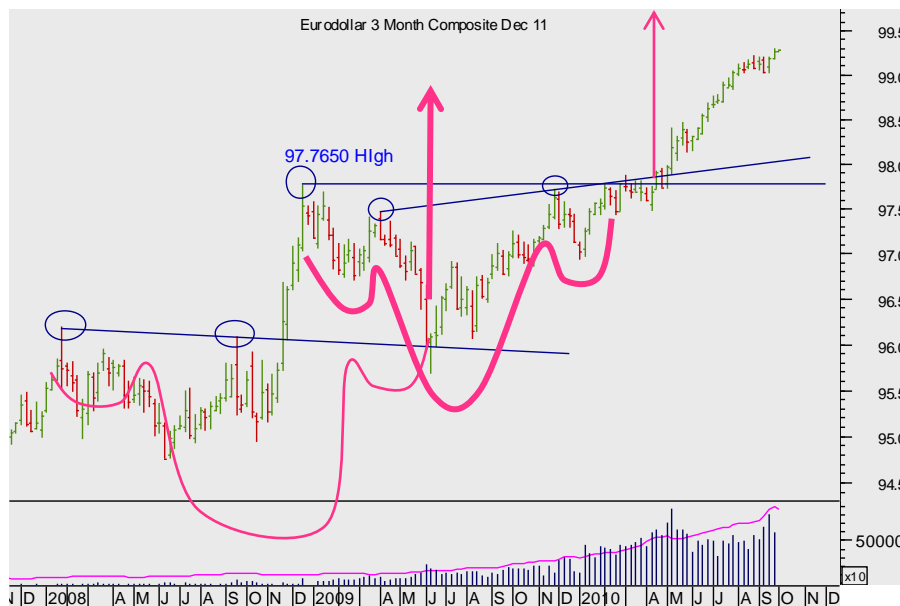
Interest rates

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- + Liffe Short Sterling

Commodities

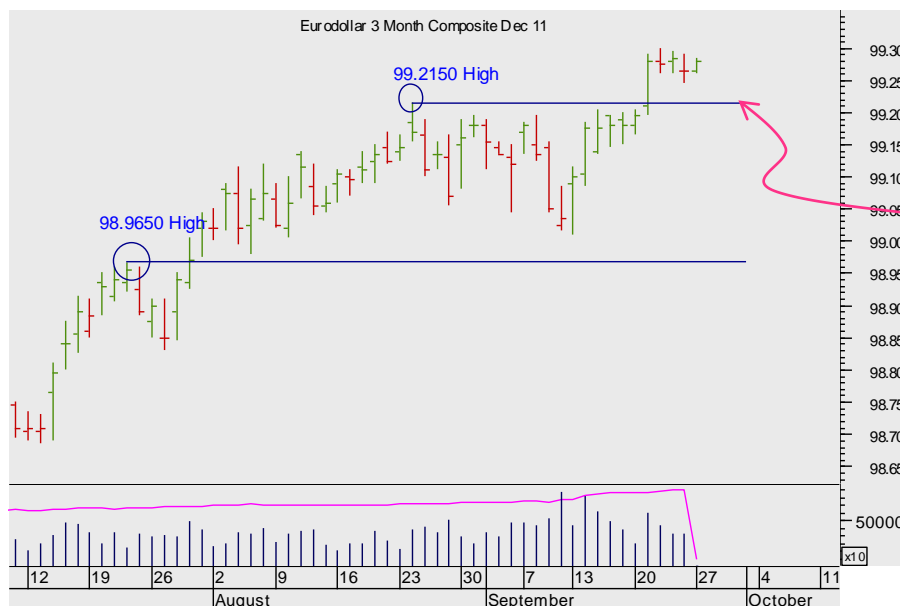
- + Nymex WTI Oil
- + Comex Gold

Interest rates: CME Eurodollar rates



CME Eurodollar rates weekly Dec 11 futures chart

Note the H&S continuation pattern whose minimum move 99.70 or so....has yet to be achieved.



CME Eurodollar rates daily Dec 11 futures chart

The convincing break up through 99.2150 establishes powerful support beneath the market.

The trend remains in place.

More



Summary

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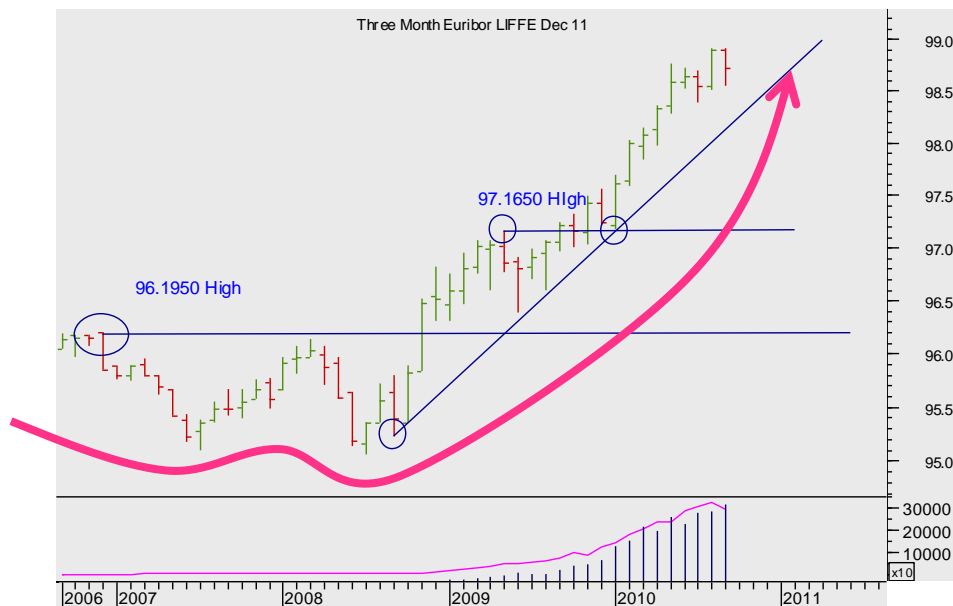
Interest rates

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- + Liffe Short Sterling

Commodities

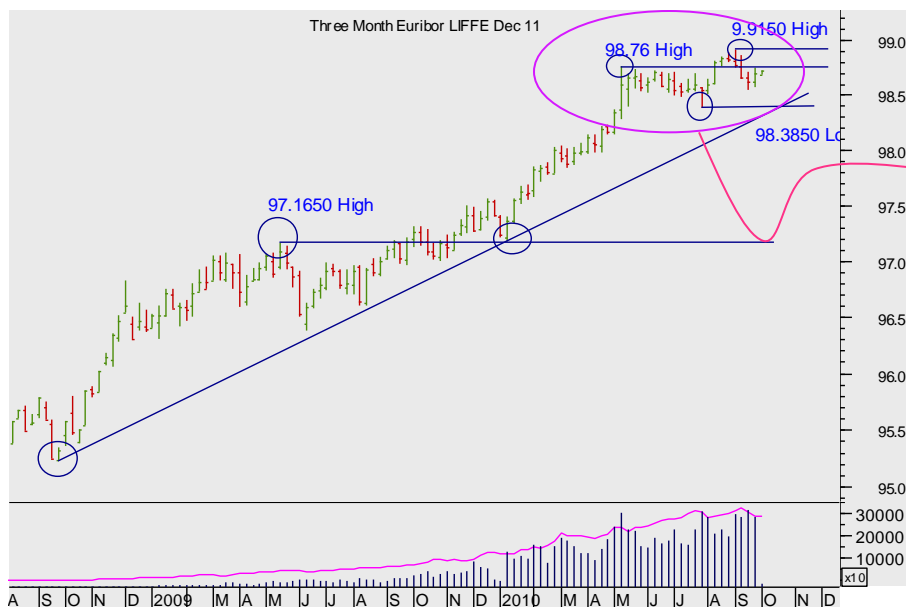
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates monthly Dec 11 futures chart

The rally has been relentless – but almost featureless for the technician.



Liffe Euribor rates Dec 11 weekly futures chart

But the sideways pause in the daily chart is of interest

More



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- + Liffe Short Sterling

Commodities

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- + Comex Gold

Interest rates: Liffe Euribor rates

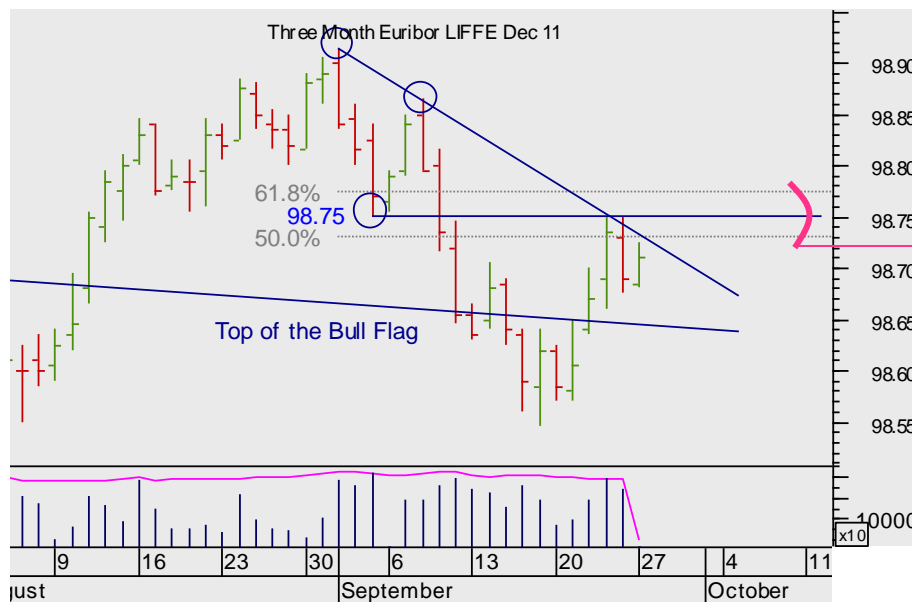


Liffe Euribor rates daily Dec 11 futures chart

The completion of the large bull flag was clear - **and the repenetration very brief.**

Watch the bounce in the market closely.

We think the market needs better structure beneath the market to substantiate the bull bounce.



Liffe Euribor rates Dec 11 daily futures chart

Bulls need the market to drive up through the 98.75 horizontal resistance closely reinforced by the Fibonacci resistances and the falling diagonal....



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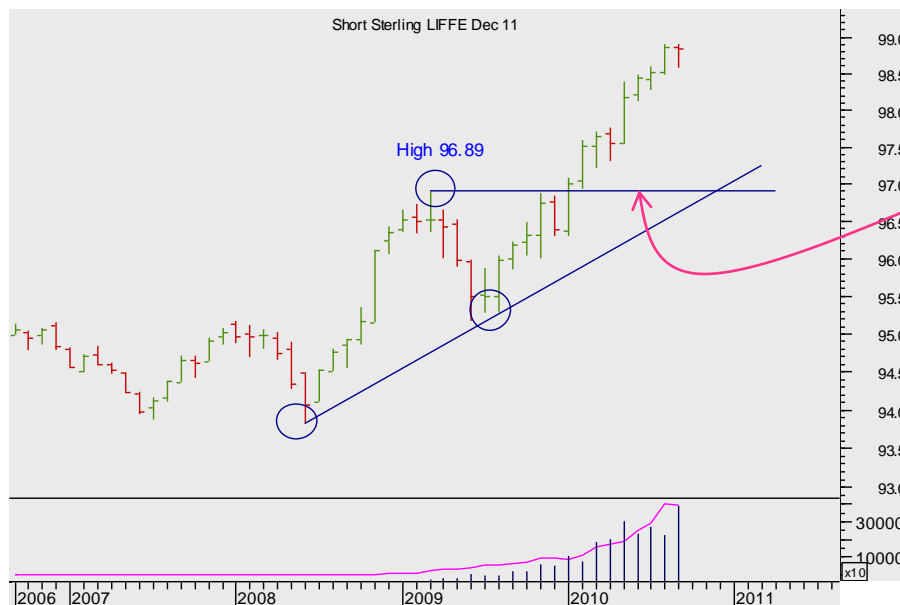
Interest rates

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- + Liffe Sterling

Commodities

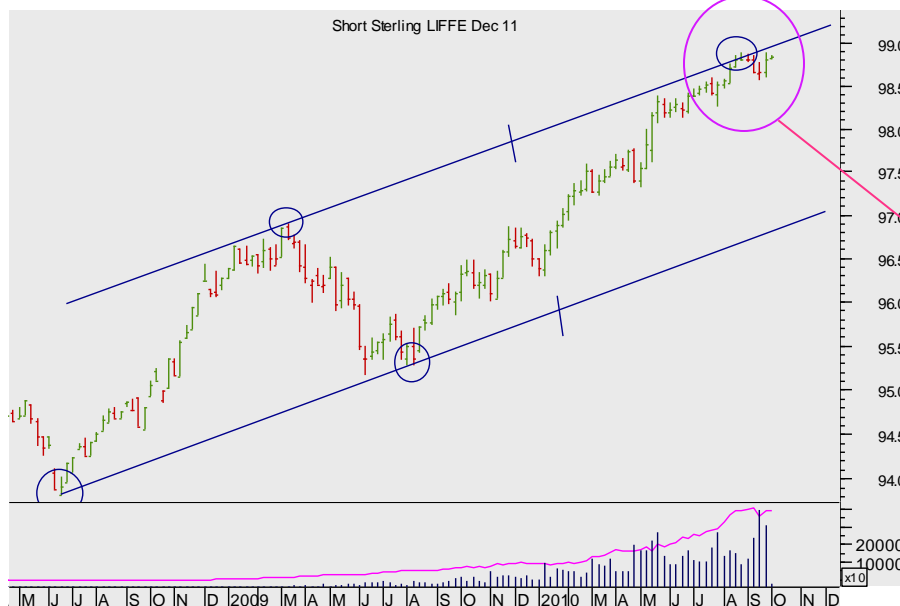
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates monthly Dec 11 futures chart

The major high 96.89 is now the only good long-term support beneath the market.



Liffe Sterling rates weekly Dec 11 futures chart

The bull channel is clear and important.

Not well the problem the market has in driving up against the upper boundary.

More



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- + CME S&P 500
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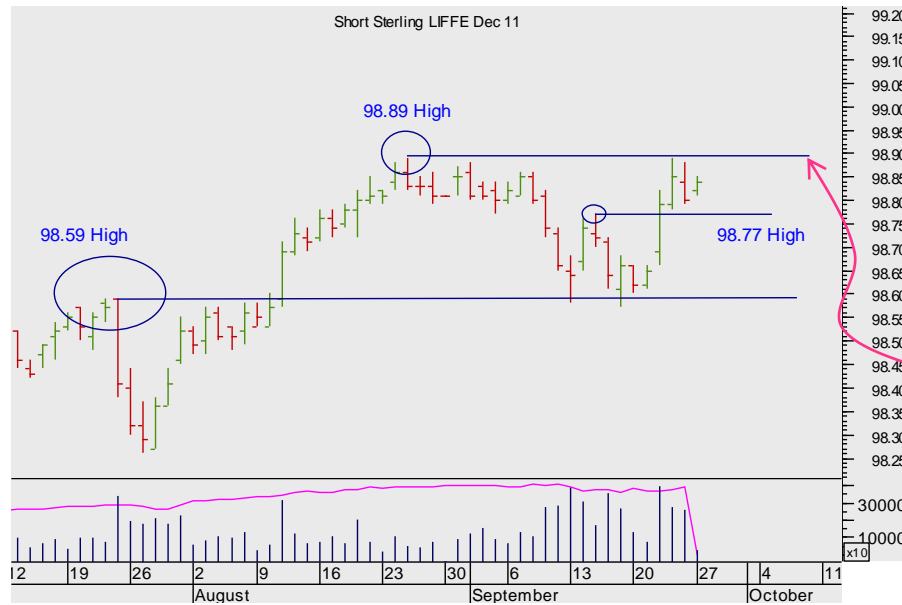
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates daily Dec 11 futures chart

The trading range is clear.

The bulls are favoured by the double bounce and the small support beneath the market from the Prior High at 98.77.

A break of 98.89 would add short-term impetus...

We are sceptical though, because of the bull channel which is restricting the market in the weekly chart....



Commodities

COMMODITIES: Oil continues to trade within a medium-term range. The Gold is powerfully bullish: simultaneously in the grip of two completed continuation patterns. A fresh bull surge is expected.

Summary

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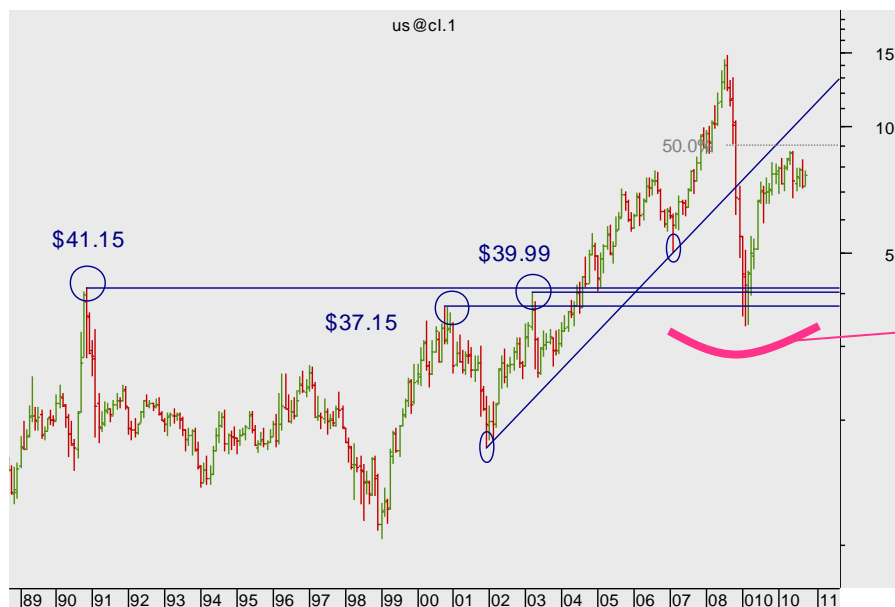
Interest rates

- + CME Eurodollar
- + Liffe Euribor
- + 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

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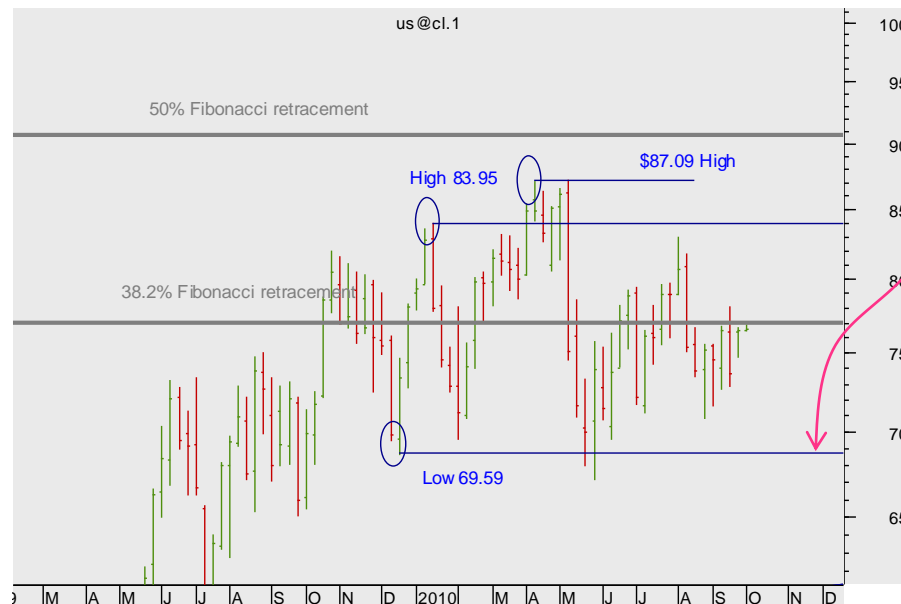
- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil weekly cont. chart futures

The market is stuck in a sideways trading range.



Oil cont. weekly chart futures

Traders should watch the \$69.59 level - a break of which would complete a small top.



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Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil Nov 10 daily chart futures

The completed bear wedge dominates the market, but note the importance of the \$70.96 level....



Oil Nov 11 daily chart futures

The market penetration of the flag formation was disappointing for the bears.

But another bear wedge has arisen and completed.

Cautious bears though will continue to wait for a break of the \$70.96 low. **NB the coincidence of the possible Neckline with that horizontal level.**



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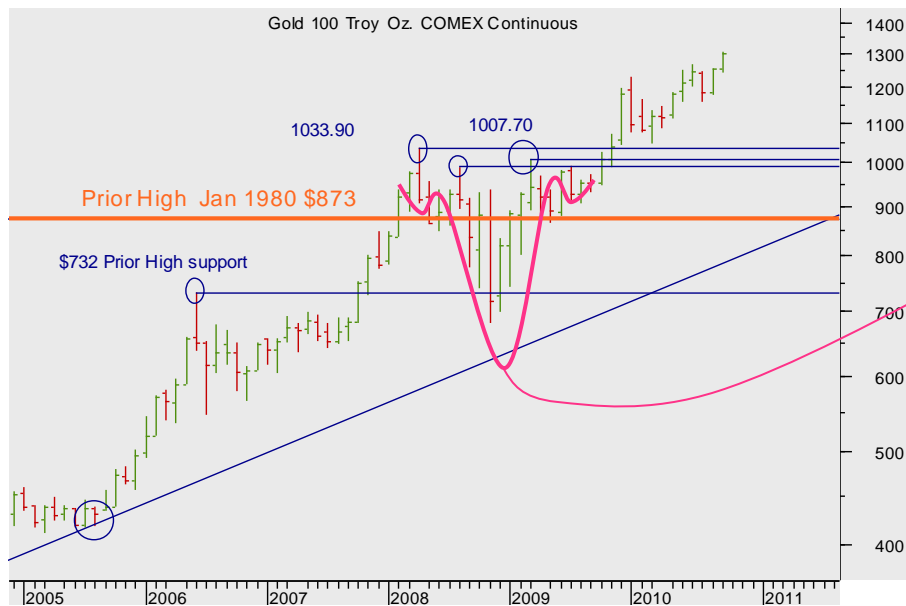
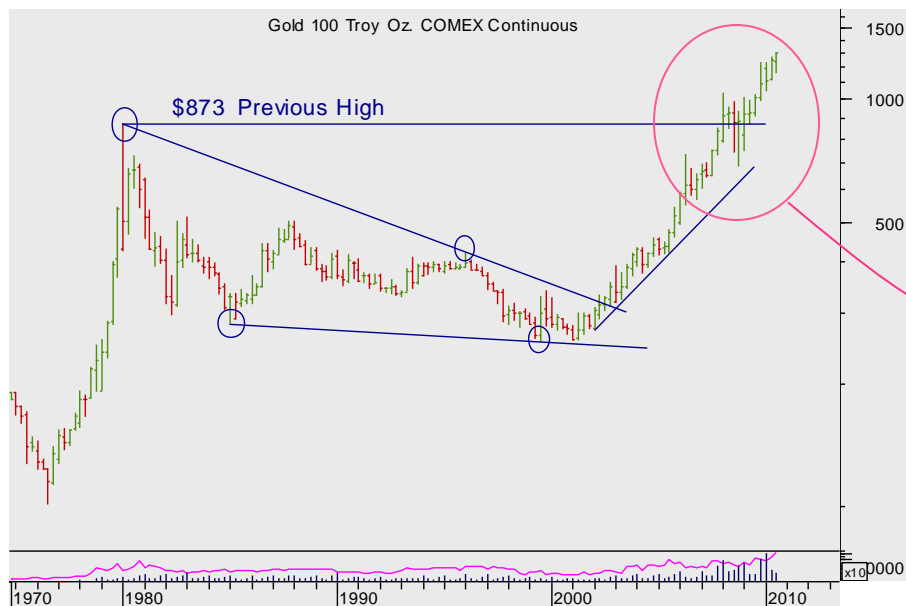
Interest rates

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Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



More



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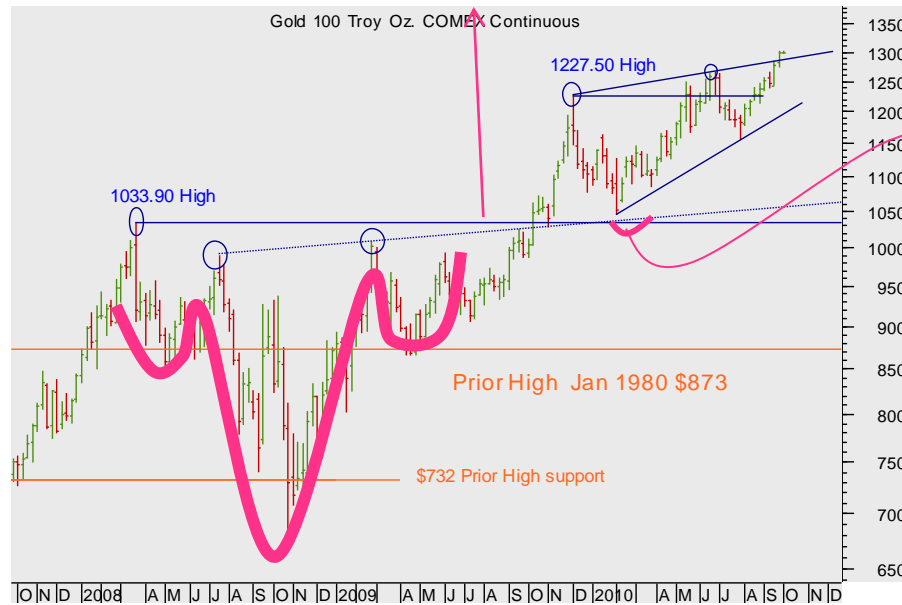
Interest rates

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- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



Comex cont. Gold futures weekly cont. chart

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

Now the critical Pivot is 1227.5 (on the cont chart) and the market smashed through that level to complete a Continuation Triangle

Look closer.

Comex cont. Gold weekly coninuation chart

This completed continuation triangle has a minimum target of 1475 or so.



Summary

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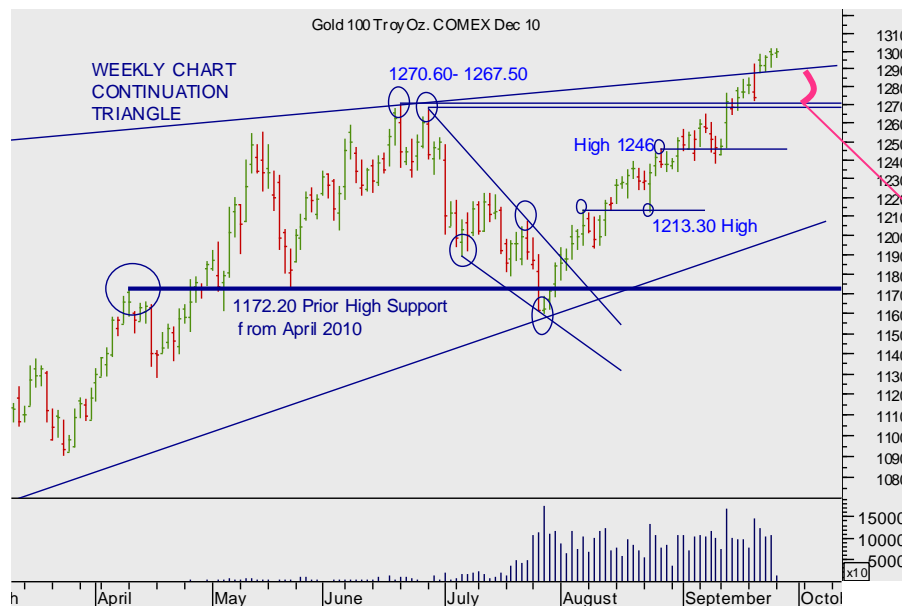
Interest rates

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Commodities

- + Nymex WTI Oil

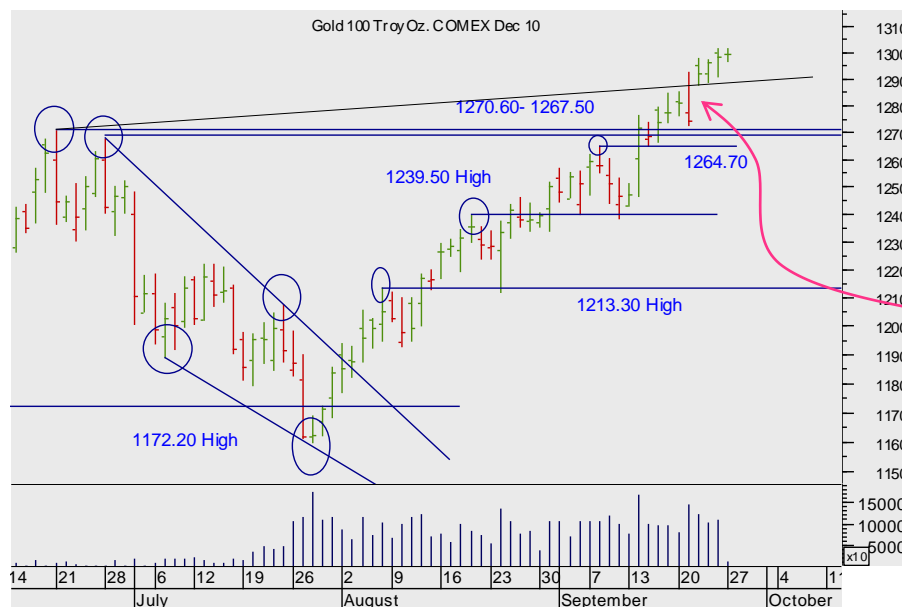
Commodities: Comex Gold



Comex Dec10 Gold futures daily chart

The detail of the rally from 1172 has been solid and ongoing since late July.

Note the move through the 1267-70 band ...



Comex Dec10 Gold futures daily chart

See how the market rejected the Triangle initially, but bounced hard from the Prior High horizontal support to force a breach - **the bulls are in control.**



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