



# Key Trade Bulletin

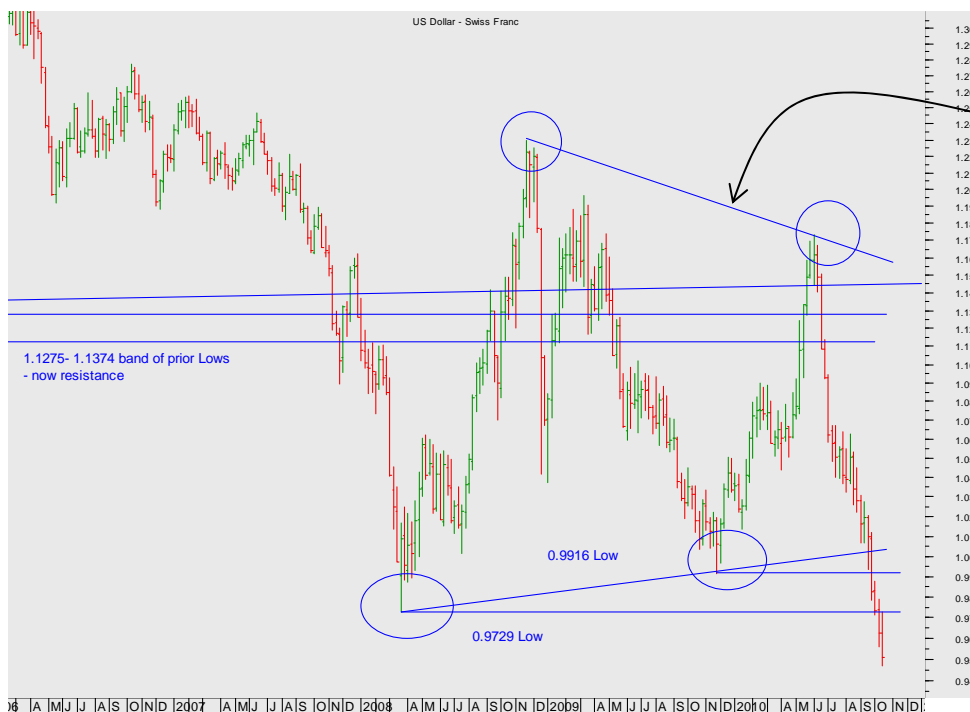
14<sup>th</sup> October 2010

## New Position

### 1. Dollar Swiss

SHORT Dollars at 0.9500. Stop at 0.9751. ½ **position**.

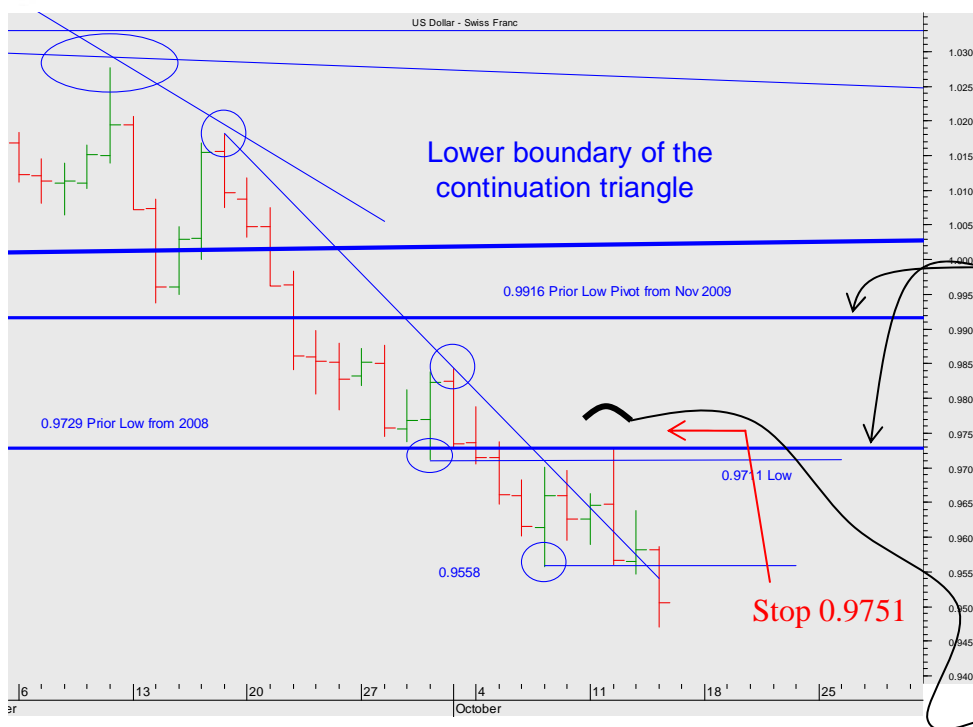
#### The Technical Trader's View:



#### Weekly bar chart

The market's large context remains dominated by the huge triangle that has completed, and looks set to drive the market a good deal lower beneath the very long term Prior Low Pivots from 2008 and 2009.

The minimum move implied by the Triangle is as far down as 0.75.



### Daily bar chart

The market is trending lower in a well-structured way.

We are conscious of the importance of the Prior Low Pivots as well as the influence of the Triangle.

And so large are the patterns involved that there is scope for large retracements within the overall picture.

So we have been chary of adding on too early.

But the price action of the last few days looks decidedly bearish: note well the rejection of both the 2008 low and the recent low at 0.9711. The bulls for the Dollar have been routed. We are adding another half position- but with relatively close stops.

### The Macro Trader's view:

The Dollar remains under pressure as expectations grow the Fed will begin QE2 as early as November. The recent FOMC minutes made it clear the Fed believes inflation is at risk of being too low while they see the growth outlook remaining weak.

The Swiss Franc by comparison continues to benefit from both the sound economic fundamentals of the Swiss economy and the fact the Yen is under threat of yet more intervention. Prior to the Japanese authorities' intervention in the foreign exchange market, the Yen was a favoured vehicle for shorting the Dollar, and although the Euro offers a route, the Euro zone is not without its own problems, where as the Swiss Franc has rode a long strong trend of strength against the Dollar over an extended period.

In summary, we advice going Short the Dollar/Long the Swiss Franc.

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