



30th November 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 **SHORT** Euro **LONG** Dollars stop 1.3460;
Stay SQUARE.
GO **SHORT** Yen Long Dollars. Stop 82.80
Go SQUARE

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Stay SQUARE (Dec10); **SELL** a break down beneath 1175.
Stay SQUARE (Dec10).
Go SQUARE (Dec10); **SELL** a close beneath 5616.
Stay **LONG** above 9720 (Dec10).

Bonds

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Go SQUARE (Mar 11)
Go SQUARE (Dec10)
Stay (Dec10) SQUARE

Interest rates

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- + Liffe Short Sterling

Stay SQUARE (Dec 11); **SELL** a break of 99.1150.
Go SQUARE (Dec 11)
Stay SQUARE above 98.18 (Dec12)

Commodities

- + Nymex WTI Oil
- + Comex Gold

Stay SQUARE (MAR 11); **SELL** a break of \$81.41
Stay **LONG** with Stops beneath 1303 (Feb 11)



Currencies: Dollar Euro

CURRENCIES: Our feeling that the bull run for the Dollar had run its course was wrong. The Euro especially, has broken or is testing important levels and looks set to go a good deal further. Equally, the Yen is being sold hard from important pivotal levels. Sterling is weak too, but there are fewer telling levels broken to add momentum to the Dollar buying.

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Dollar Euro quarterly spot cash chart

The long-term chart looks underpinned by the double bounce off the Fibonacci retracement support at 1.21.

But the prospect of a bull falling wedge is fading fast with the likely monthly Key Reversal for November suggesting a retest of the recent lows around 1.20.

More



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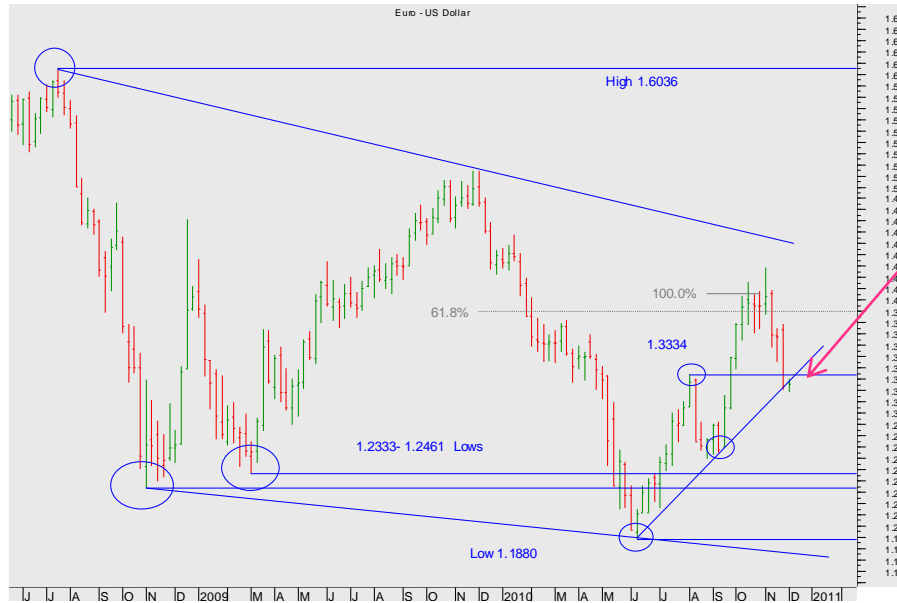
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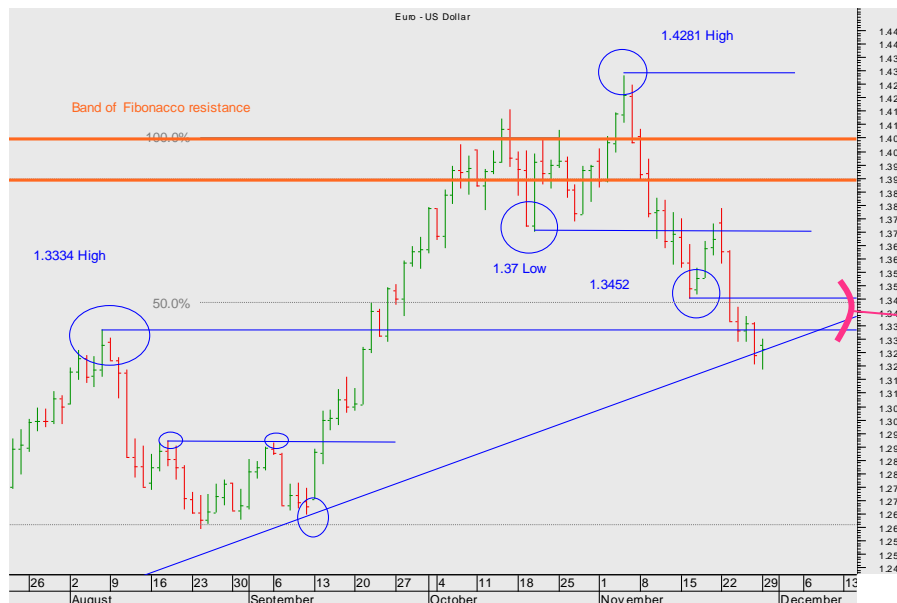
Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

Here's the greater detail in the weekly chart. The pause at the fib cluster at 1.39-1.41 has turned into a rout.

The coincidental support at 1.3334 both horizontal and rising diagonal looks likely to be smashed on the week – watch Friday's close.



Dollar Euro daily spot chart

We anticipated the problems moving ahead because of the band of Fibonacci.

Is it a Top? Not clearly so yet....but the bears have an important breakdown through the band of support at 1.3334/1.3452, and, in addition, the diagonal close by is being severely tested.

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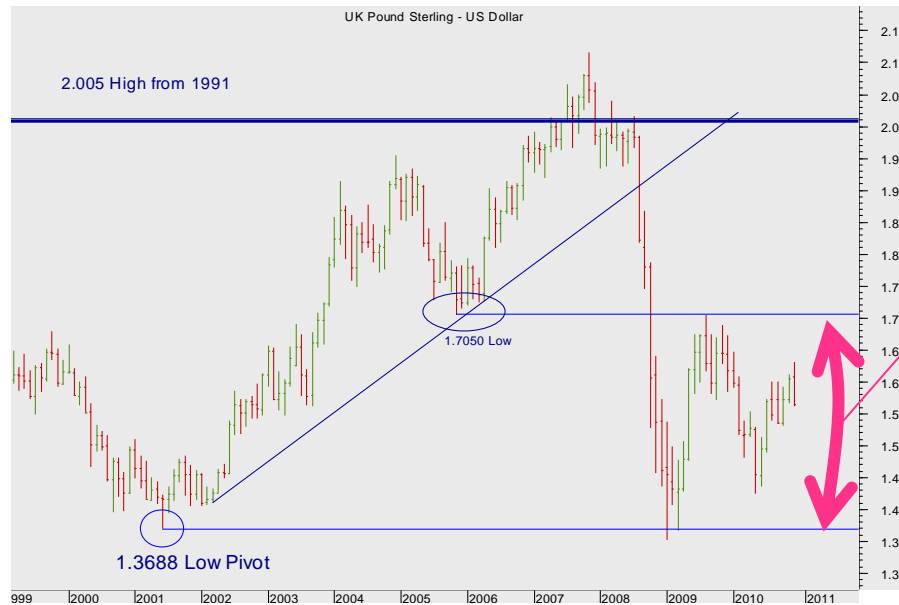
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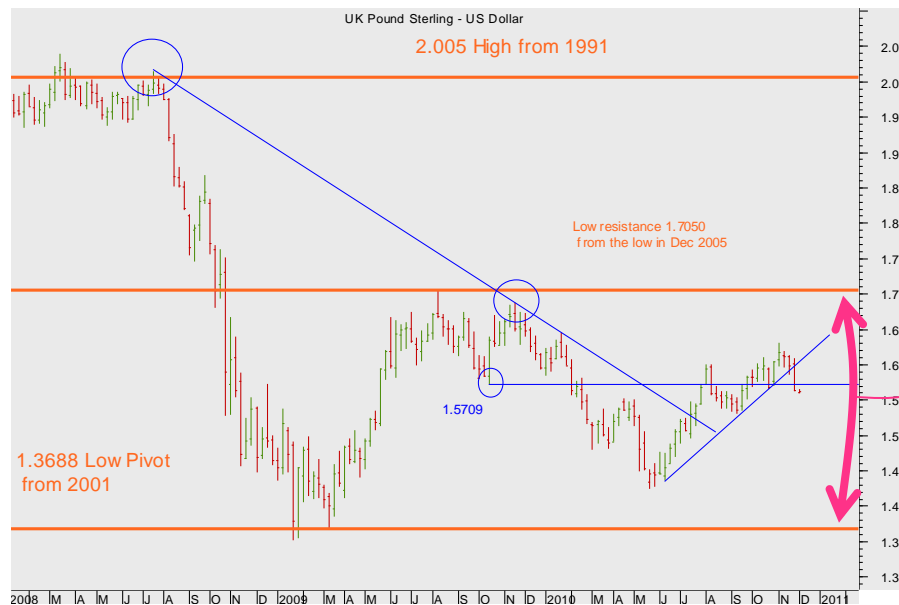
Currencies: Dollar Sterling



Dollar Sterling monthly spot cash chart

The Cable is still in the throes of resolving a large structure

There is a small range 1.36-1.70 due to a bounce from the old low at 1.3688 (had that broken then a Double Top would have completed)



Dollar Sterling weekly spot cash chart

Within that range there are no really compelling patterns - Look closer still.

More



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UK Pound Sterling - US Dollar

Technical analysis annotations on the chart:

- 1.5217**: A horizontal blue line indicating a support level.
- 1.5996 High**: A horizontal blue line indicating a previous high.
- 1.6298 High**: A horizontal blue line indicating a recent high.
- 1.4720**: A horizontal blue line indicating a support level.
- 61.8%**: A horizontal grey line representing a Fibonacci retracement level.
- 100.0%**: A horizontal grey line representing the full range of the move.
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The chart shows a series of candlesticks representing daily price movements. A blue line connects the start of the uptrend in late September to the peak in early November. A pink arrow points from the peak down to the 61.8% retracement level. Another pink arrow points from the peak down to the 100.0% retracement level.

The pull-back during November was sufficiently strong to break the Prior High and gone on to smash the weak rising diagonal support...

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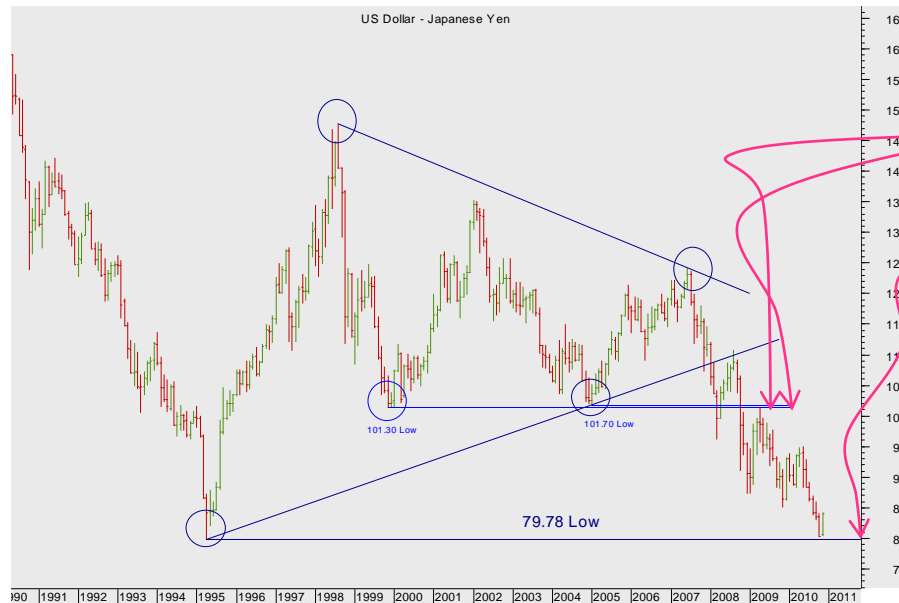
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Currencies: Dollar Yen

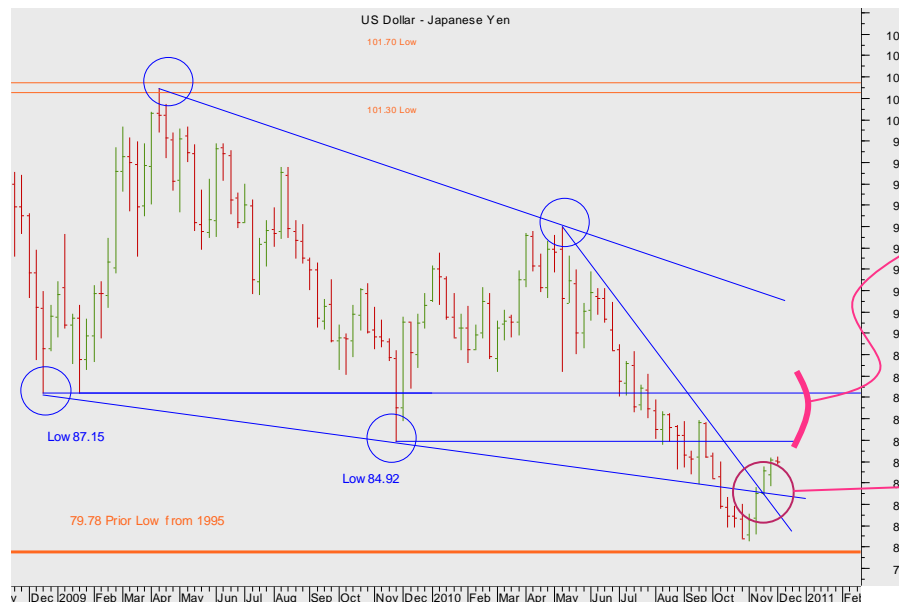


Dollar Yen monthly spot cash chart

The Prior Lows are pressing down on the market.

And forced a move down to the Pivotal Prior Low 79.78

Look closer.



Dollar Yen weekly spot cash chart

There is anyway powerful resistance above the market at the band from the Prior Lows at 84.92.

But note the falling triangle – it was a possible continuation pattern - the good resistance above the market has now been smashed – coincidentally with the smashing of the steep downtrend....

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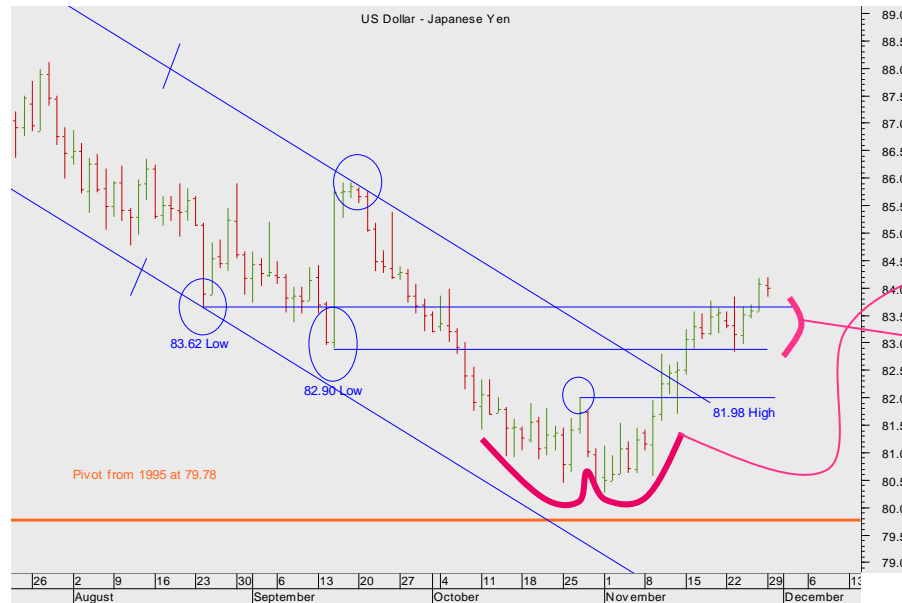
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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

That bounce in greater detail.

The market has broken the channel having bottomed out (a small Double Bottom)

and has broken the band of resistance from the Prior Lows.

More



Currencies: Sterling Euro

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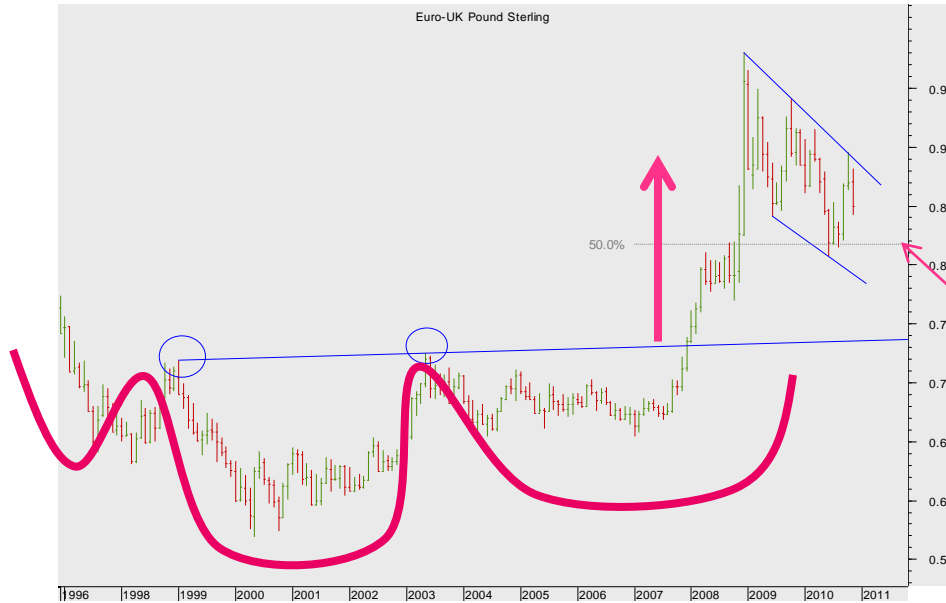
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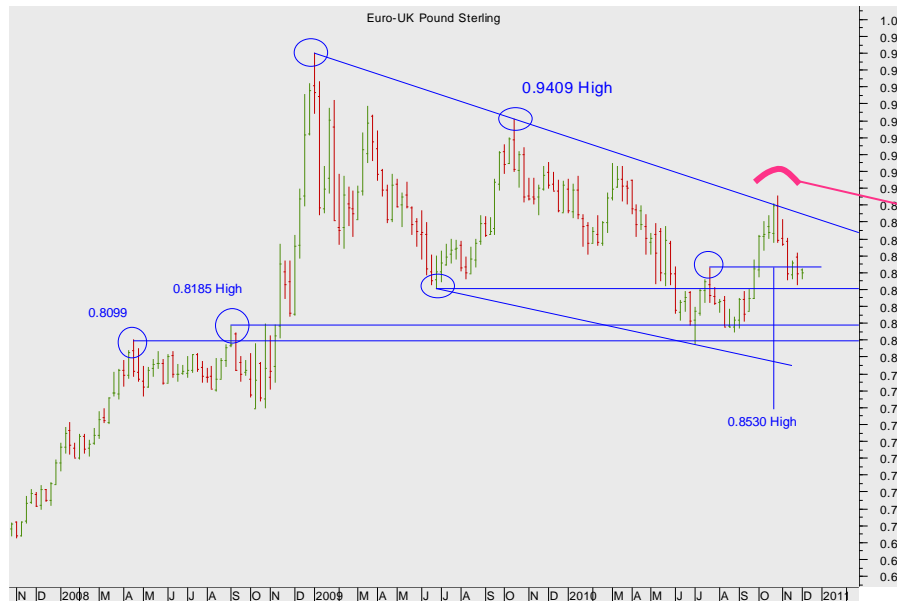


Sterling Euro monthly spot cash chart

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

Note the possible **bull falling wedge**. The completion of that pattern required a break up through the falling diagonal currently at 0.89

It didn't happen.

More



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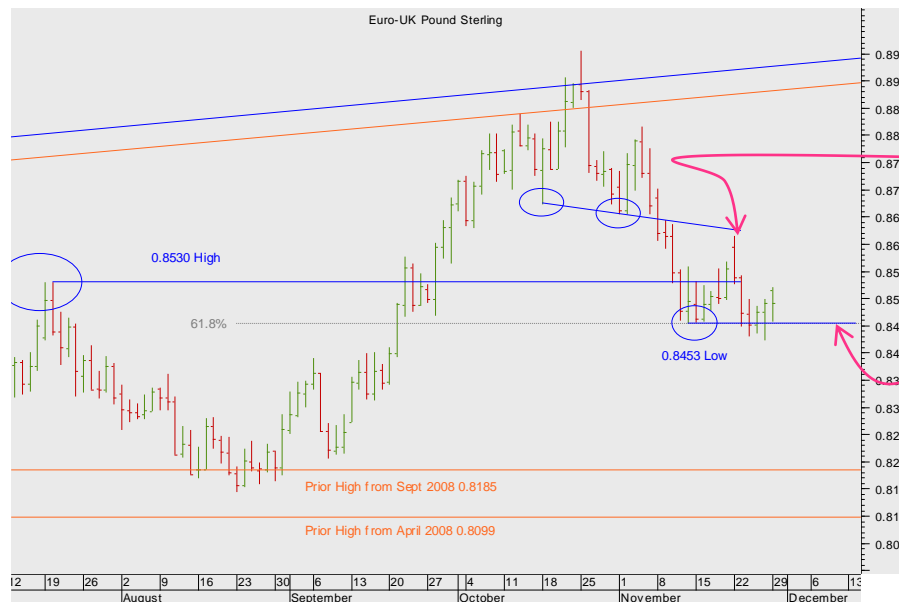


Sterling Euro daily spot cash chart

But note the bear momentum created from

- (1) the completed Head and Shoulders Reversal
- (2) broken 0.8530 horizontal support.

For the moment though the Fib support at 0.8450 looks to have held the bears.



Sterling Euro daily spot cash chart

The rally back struggled at the resistance from the neckline....

Now traders will be concentrating on the 0.8453 Prior Low **which is coincident with the Fib support. Expect renewed selling on a break of that level.**



Stocks

STOCKS: The Dax is still the only unequivocally bullish market of this selection, with the S&P, FTSE and increasingly EuroStoxx under pressure. EuroStoxx is testing support, while FTSE and S&P are worse set and more vulnerable as they are pausing beneath important resistances.

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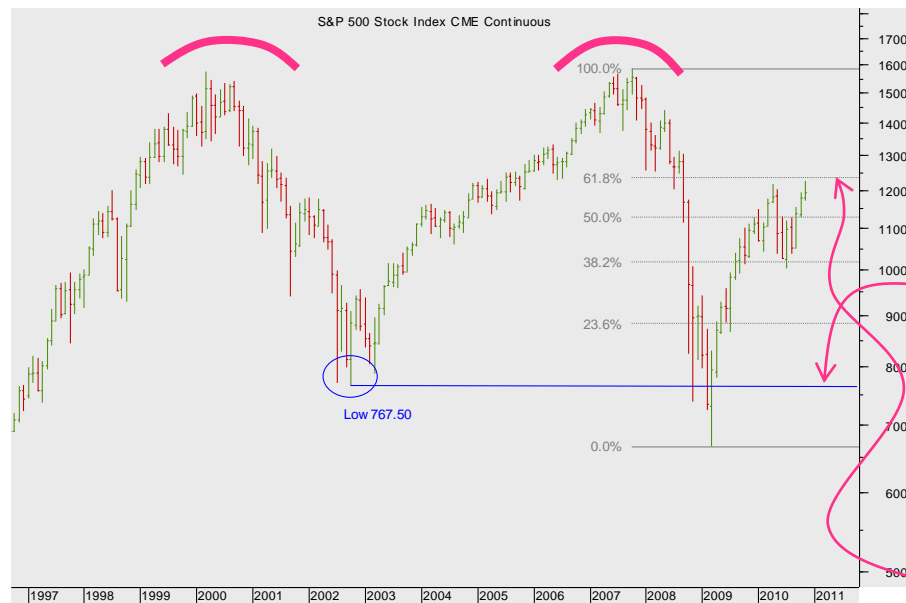
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Stocks: CME S&P 500



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.

Now watch the second test of the Fibonacci resistance above 1200...

More



Stocks: CME S&P 500

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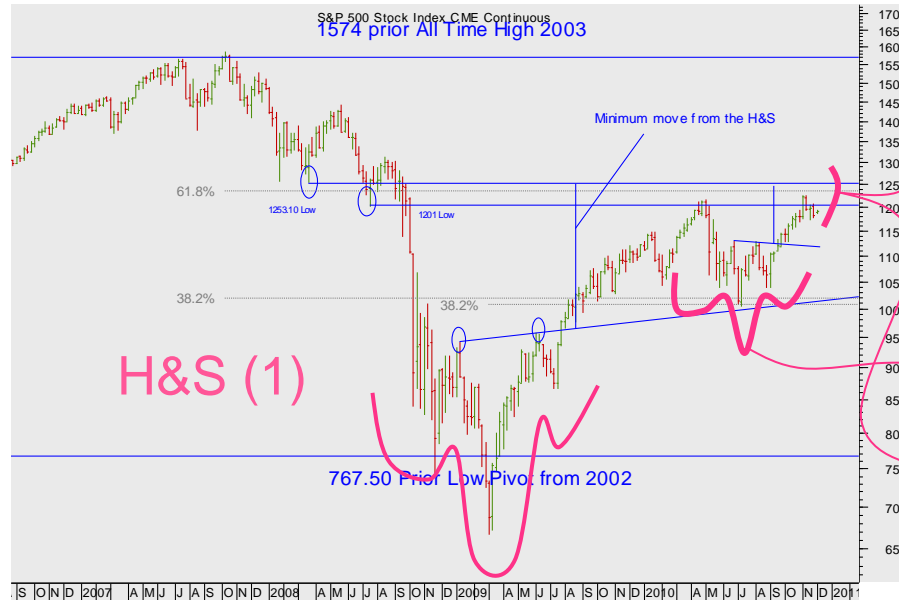
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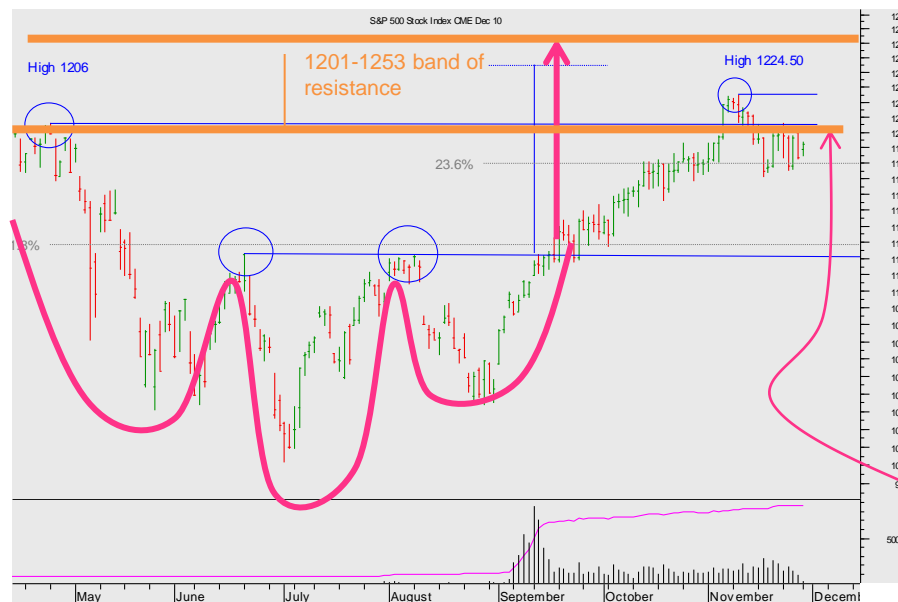


CME S&P 500 cont weekly cont. chart

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 **another possible bull H&S has arisen...**

But the band of resistance were the minimum targets of both H&S patterns (in the continuation charts) are to be found – **look powerfully resistant.**



CME S&P 500 weekly DEC 10 chart

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

Minimum measured move? 1270 or so.

But the market is subject to the medium and long term band of resistance...**and the short-term disappointment of the pull-back beneath 1206.**

We are pessimistic

More



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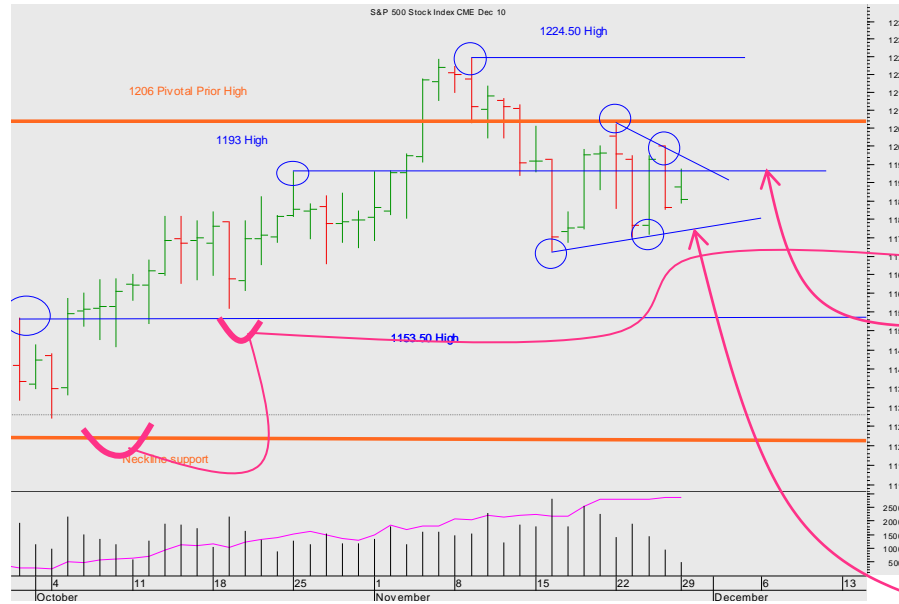
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Stocks: CME S&P 500



CME S&P 500 daily Dec 10 chart

The market has ratcheted better since the break up through the H&S Neckline. With Prior Highs acting as good support.

But 1193 broke. In combination with the pull-back through the 1206 Prior high the confidence of the has been fatally undermined.

So, the market is vulnerable to a further breakdown....watch carefully of a completion of the possible small continuation Triangle at 1175 or so.



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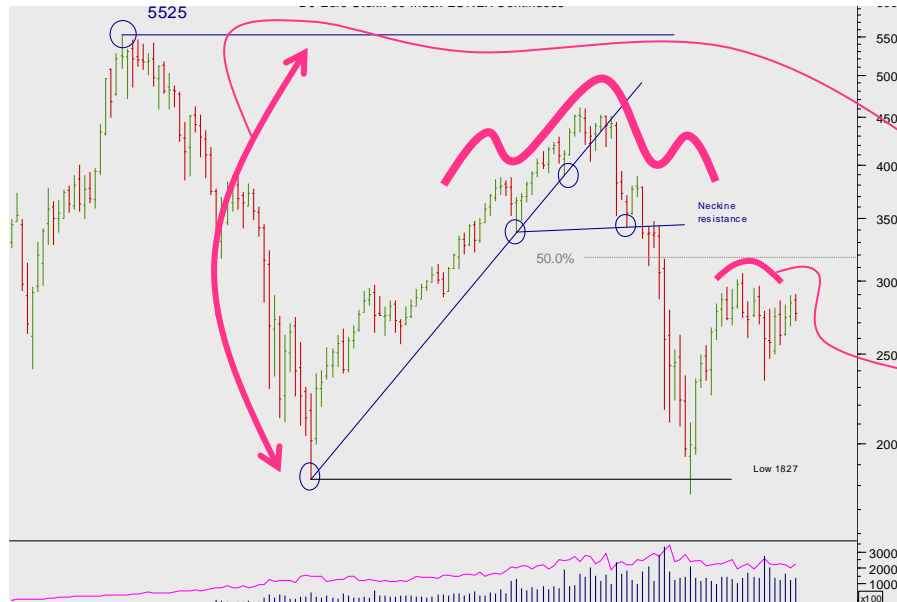
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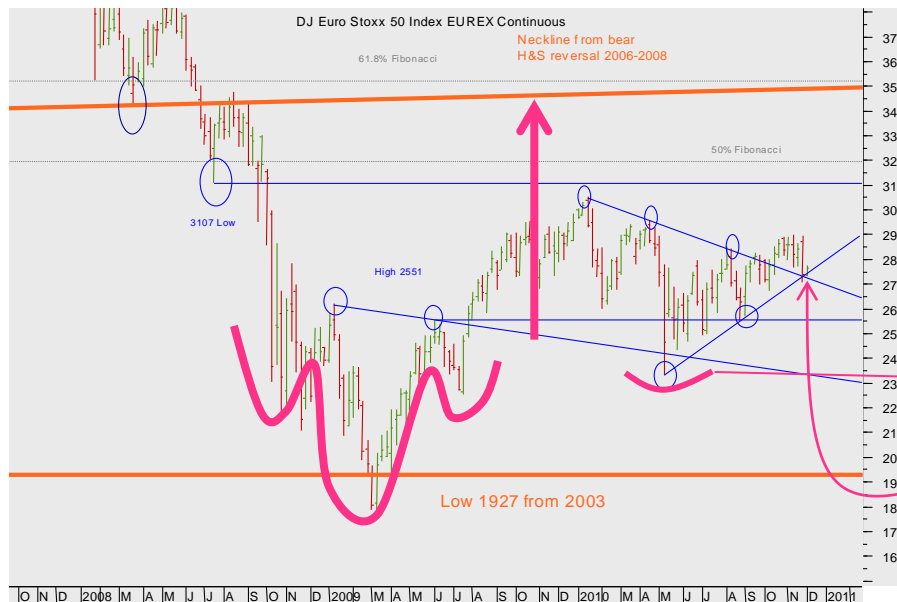


Eurex EuroStoxx 50 monthly continuation futures chart

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 old Neckline at 3426 or so..**

Look at the pull-back: it found support at the Neckline.

Look at the rally. It has broken a clear and important Falling Diagonal **but look closer at the coincidence of support being tested**

More



Stocks: Eurex EuroStoxx 50

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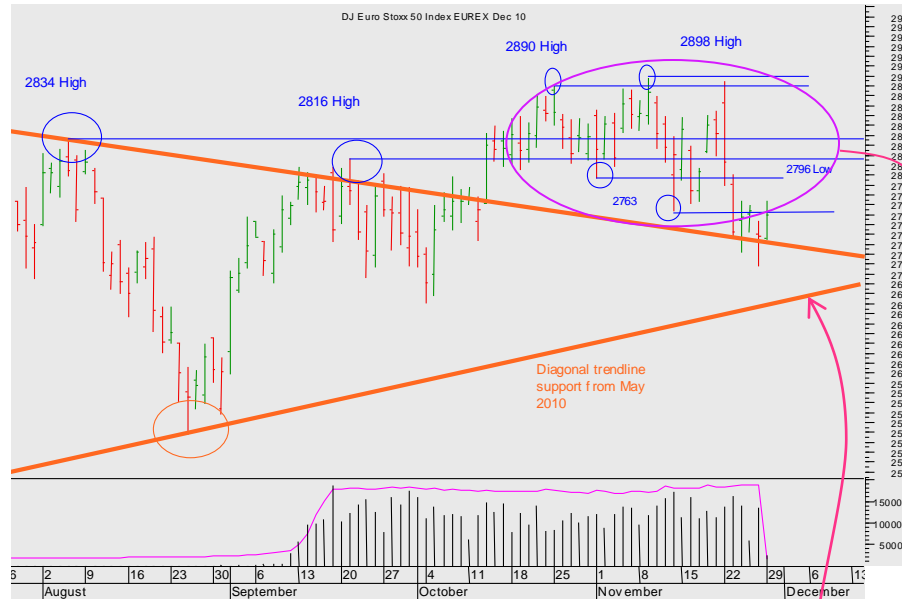
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Eurex EuroStoxx 50 weekly cont. futures chart

The market's break up through the falling diagonal is clear.

But the price action above the band of support from the Prior Highs 2834 – 2816 is not clear.

In the Dec 10 chart the two diagonal supports are further apart than in the weekly continuation chart.

But nonetheless, there is anyway impressive resistance above the market from the Price action on October and November.

Watch the testing of support.

We are sellers if the support at 2675 is broken.



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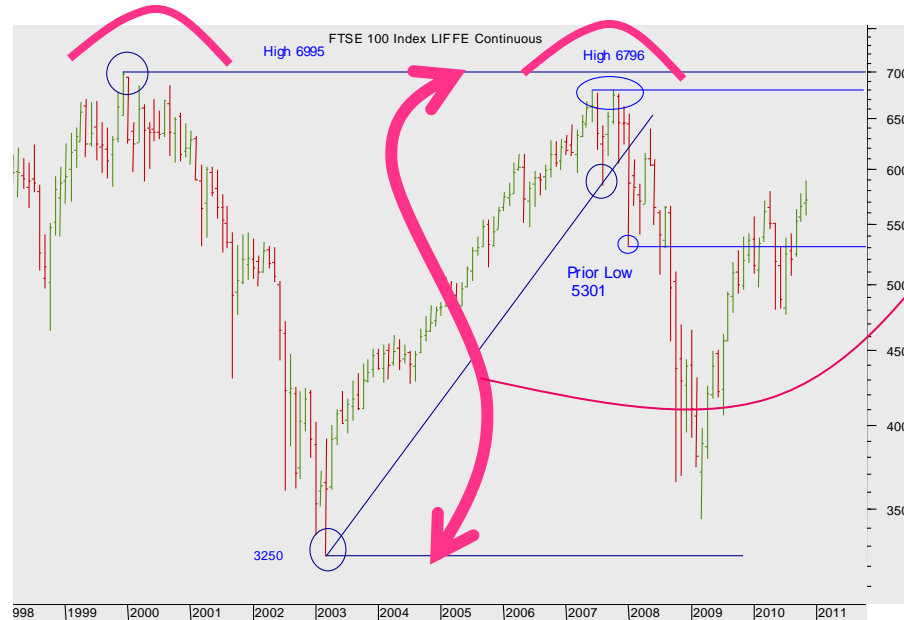
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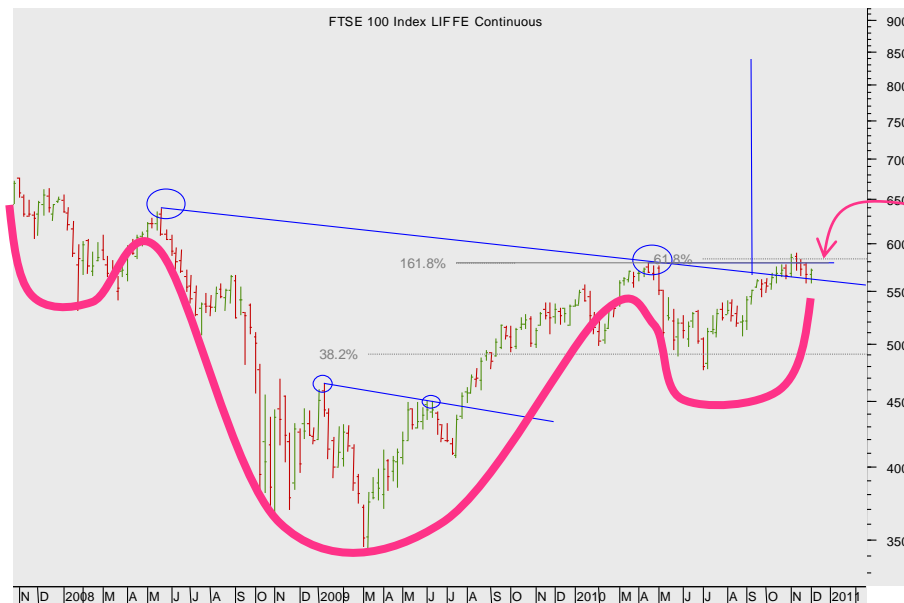
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Stocks: Liffe FTSE 100



Liffe FTSE 100 monthly continuation futures chart

The market is in a massive trading range.



Liffe FTSE 100 cont. futures chart

The completion of a Bull Head and Shoulders Reversal...is certainly there.

But the market is dithering at the Prior High... look closer.

More



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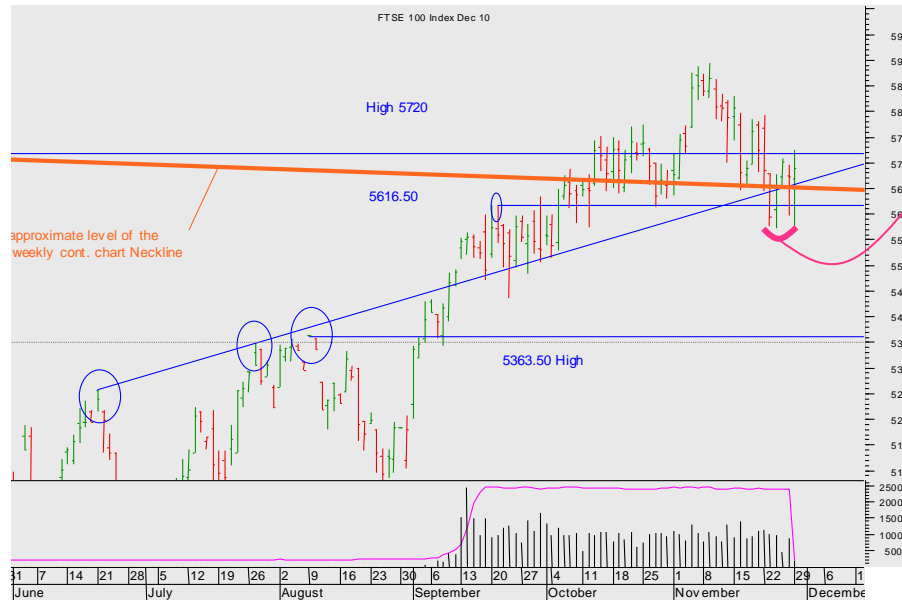
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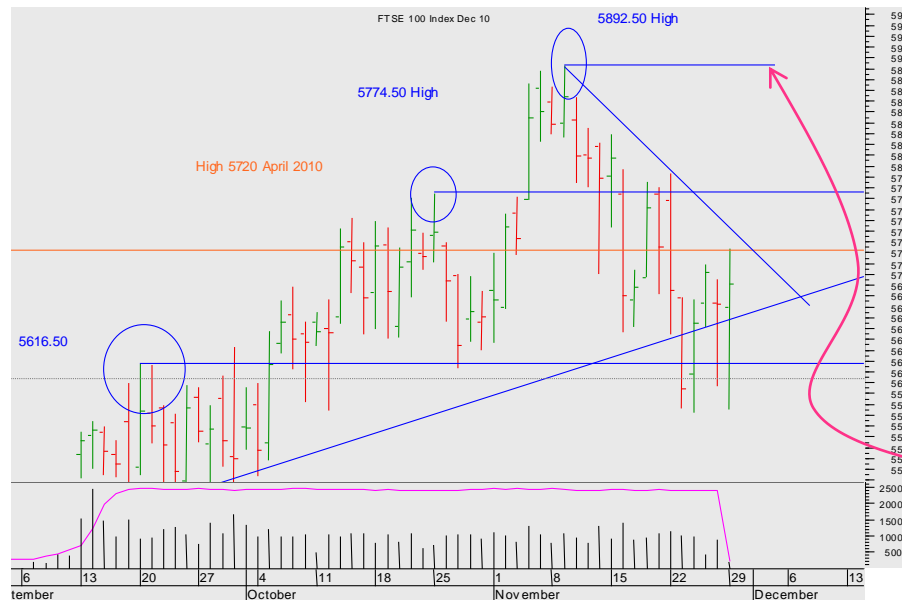


Liffe FTSE 100 Dec 10 futures chart

The price action around that Neckline (which will create enormous bull impetus) suggests the Neckline was good support

But the hesitation in driving up through 5720 High needs to be overcome

We remain bullish because of the weekly chart....**with stops beneath 5616.**



Liffe FTSE 100 Dec 10 daily futures chart

That price action above that Neckline and the Prior High support from 5616 is here in greater detail.

For the moment the supports are holding, and we remain bullish - **with stops beneath 5616. Cautious bulls (not already long) will want to wait for a break up through 5892.5 before buying....**



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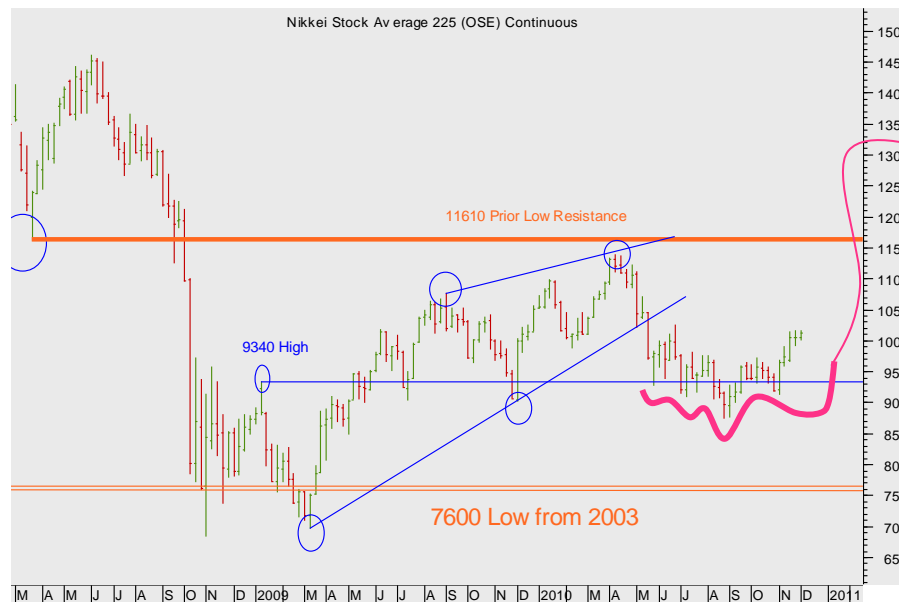
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Stocks: OSE Nikkei 225



OSE Nikkei 225 monthly continuation futures chart

In 2008 the market traded down to the Pivotal level of the 7600 low and bounced hard.



OSE Nikkei 225 weekly cont. futures chart

The support from the Prior High is clear...

More



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Stocks: OSE Nikkei 225



OSE Nikkei 225 Dec10 daily futures chart

Bulls in the short-term will have noted a small bull Head and Shoulders reversal within another larger one.

Both have completed.

...look closer.



OSE Nikkei 225 Dec10 daily futures chart

After the completion of the first H&S pattern, we remained cautious of the market's tendency to mirror the June July August price action.

That proved prescient. But now the market looks to have left all that behind
Note though the resistance 10160 from the Prior Low. Stops should be brought close.

(Expect fresh buying on a breakthrough.)



Bonds

BONDS: Bonds are confused. In the West, short-term weakness is clear at the longer ends, led by the UK Gilt. But there are important long and medium-term supports at work in the TNotes and Bunds which we don't envisage being broken any time soon. Contrarily, the Japanese bonds look well-supported.

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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

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

Now look within.

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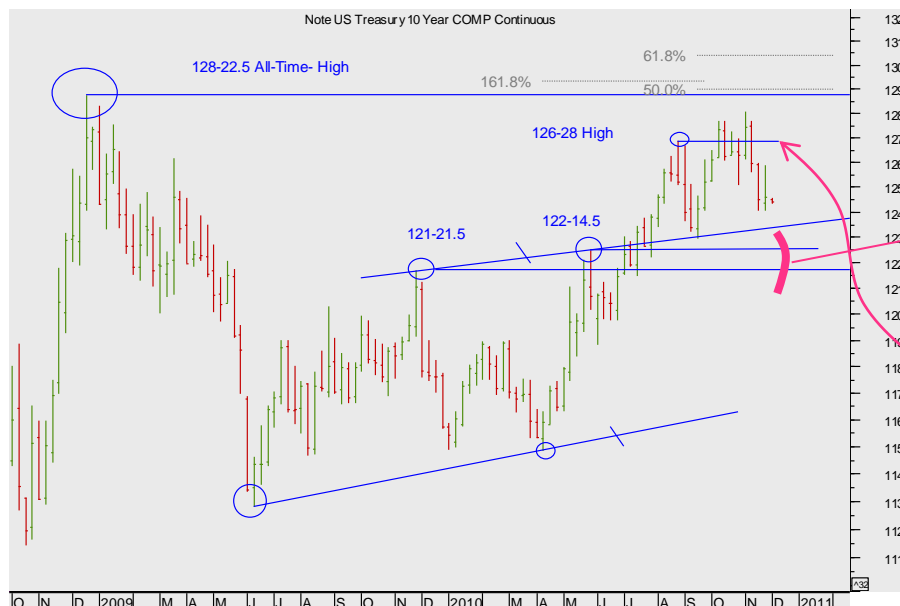
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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes weekly futures continuation chart

The market's surge through the 121-21.5/122-14.5 pivotal Prior Highs was a **powerful endorsement** of the bull case.

Equally the failure to sustain close above 126-28 look spoor.

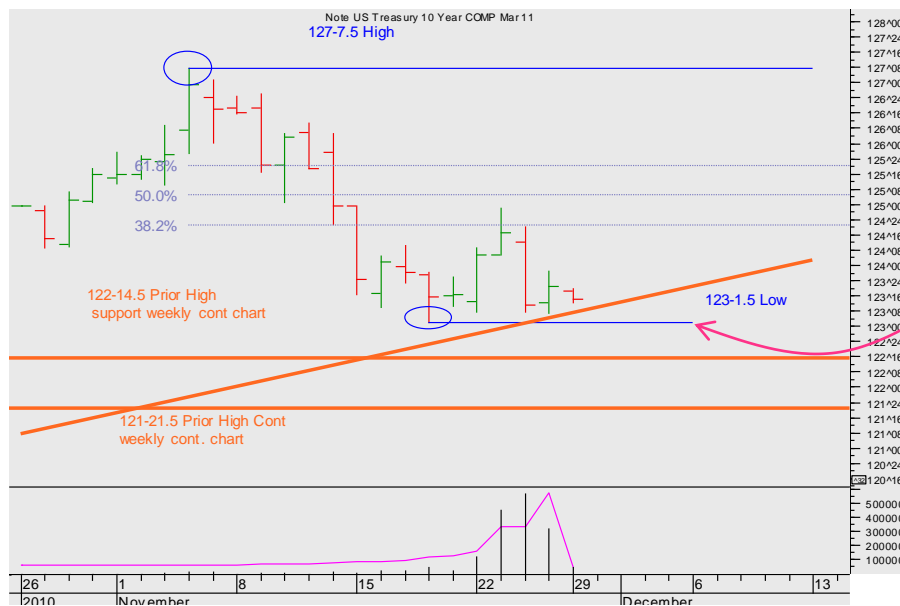
(Note too the substantial support from the upper diagonal from the bull channel.)

CBOT Ten Year Notes weekly Mar 11 futures chart

But in greater detail, we see the market pausing at the support from the continuation diagonal ... Bears need a break of that support - also a Prior Low Pivot.

Watch for a break of 123-1.5.

But even then the band of horizontal support beneath is discouraging for the bears. Stay Square.





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

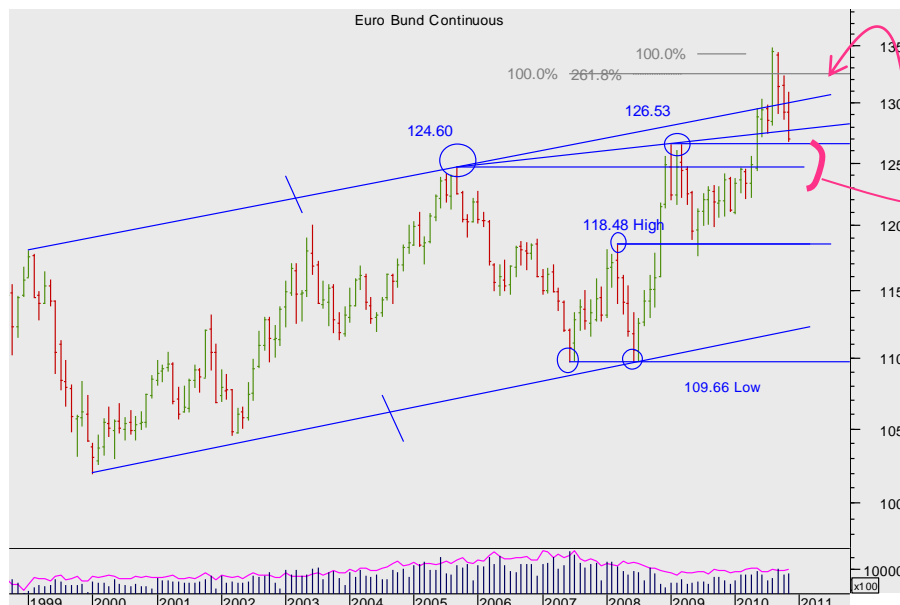
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

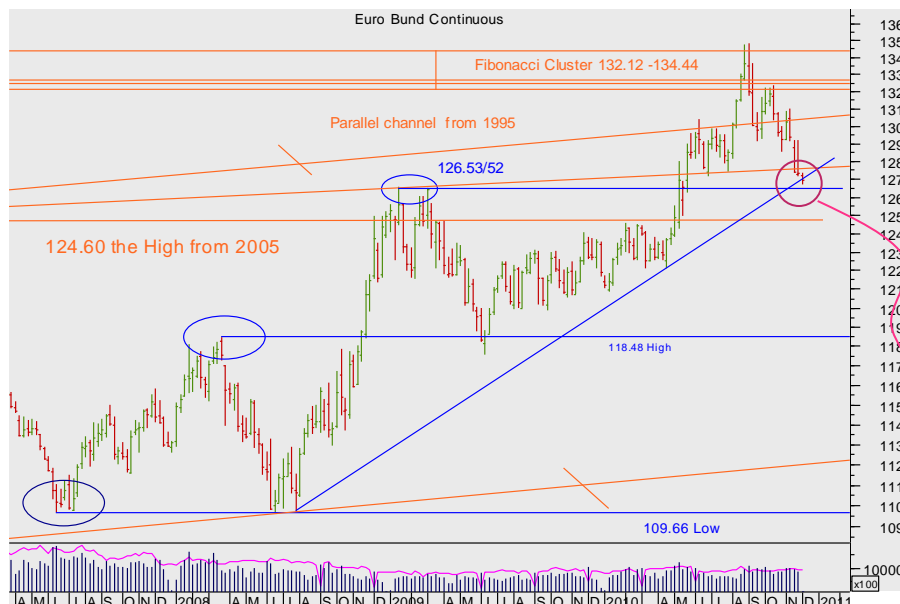
Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund quarterly futures continuation chart

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

But there is a significant Fib cluster above the market from 132 -134 where the market has stopped and is pulling back.



Eurex Ten Year Bund weekly cont. futures Chart

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

Good medium-term support is clear at multiple levels beneath the market – but especially note the coincidence of the 126-53 with the rising diagonal from 2008.

A break of those would impart significant bear momentum,

Look closer.

More



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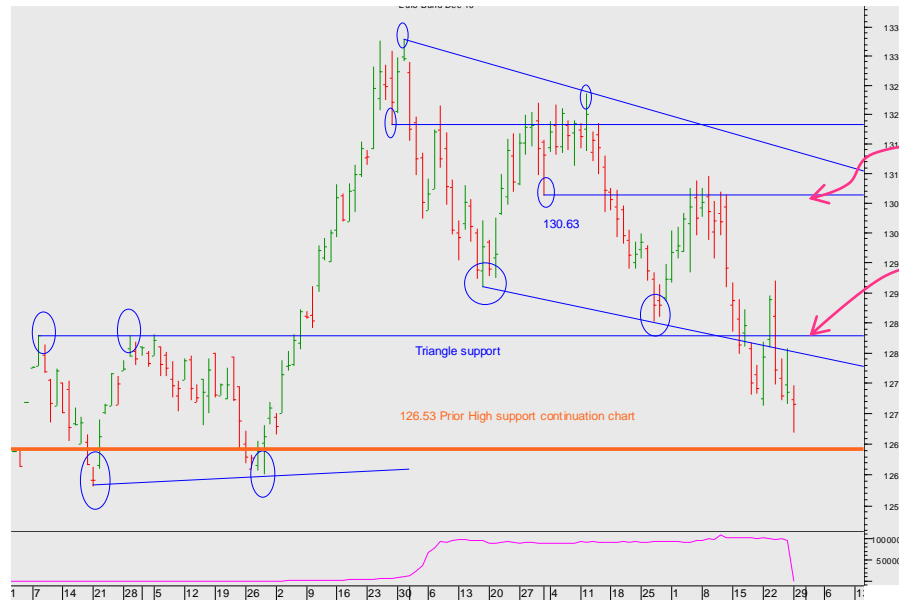
Interest rates

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- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: Eurex Ten Year Bund

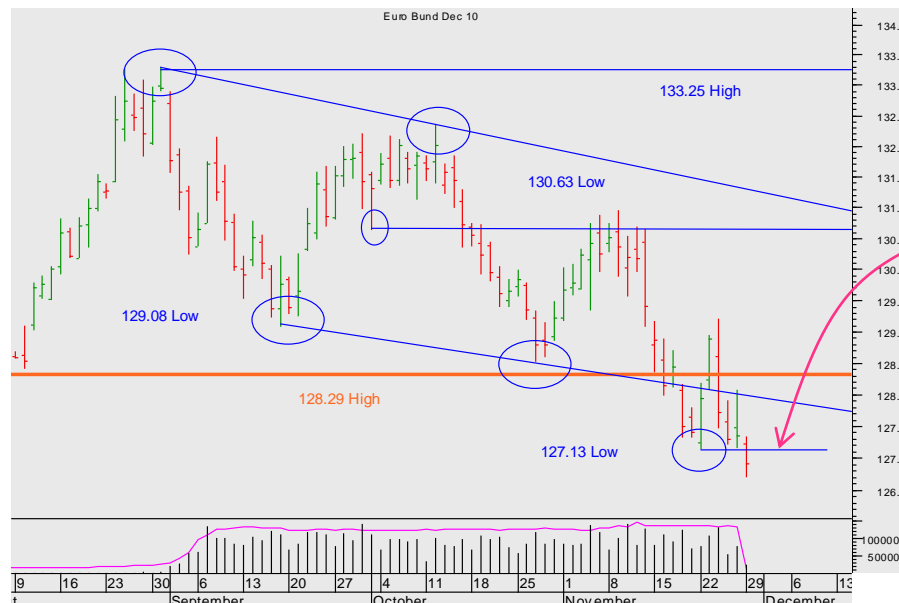


Eurex Ten Year Bund Dec10 daily futures chart

The bull **impetus** faltered at the 130.63 Prior Low.

Trading attention is focussed on the 128.29 Prior High support together with the gently falling diagonal. Note the double failure there. The bears are in control.

But at the same time powerful medium-term supports at 126.53 rob the market of a clear bear run.



Eurex Ten Year Bund Dec10 daily futures chart

But the **short-term** trend is clearly in place. Add the resistance, short-term of 127.13 as well.



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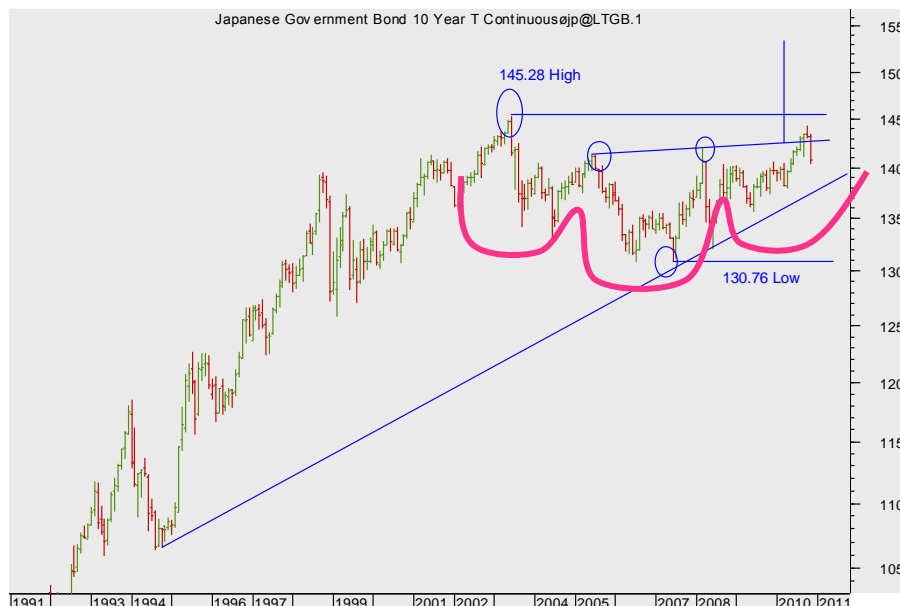
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: TSE Ten Year JGB



TSE Ten Year JGB monthly futures continuation chart

The JGB have smashed a massive bull Head and Shoulder continuation pattern but by **re-penetrating the Neckline support at 142.65 – that pattern looks to have failed.**



TSE Ten Year JGB weekly continuation futures Chart

The pull-back through the Neckline and the **retest of the band of Prior Highs 141.29-142** has been **vicious**

The bulls have been routed –
But now, note the support from the Prior Highs at 140.35-140.55

More



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- + Liffe Short Sterling

Commodities

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- + Comex Gold

Bonds: TSE Ten Year JGB



TSE Ten Year JGB Dec 10 futures chart

Looking at the Dec 10 contract, the important test was that of the first support of consequence (+ Fibonacci support) at 142.94.

That failure of support led to a fierce bear sell –off as we anticipated.

The short-term support at 141.76 was smashed too.

Look to the 140.85 Prior Low and beneath that the band 140.55 and 140.35 for support.



Interest rates

SHORT INTEREST RATE FUTURES: These markets are trying to make sense of the extended pause at the end of a very long bull run. The Eurodollar is closest to a reversal – though Short Sterling and the Euribor are well-placed to complete Top formations too – given more weakness.

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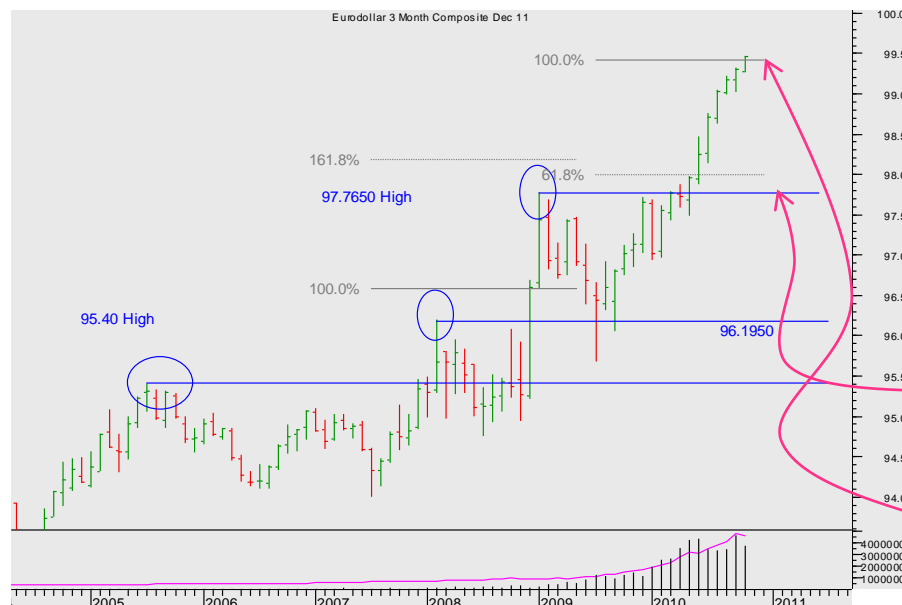
Interest rates

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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.

Note the Fibonacci resistance being tested.



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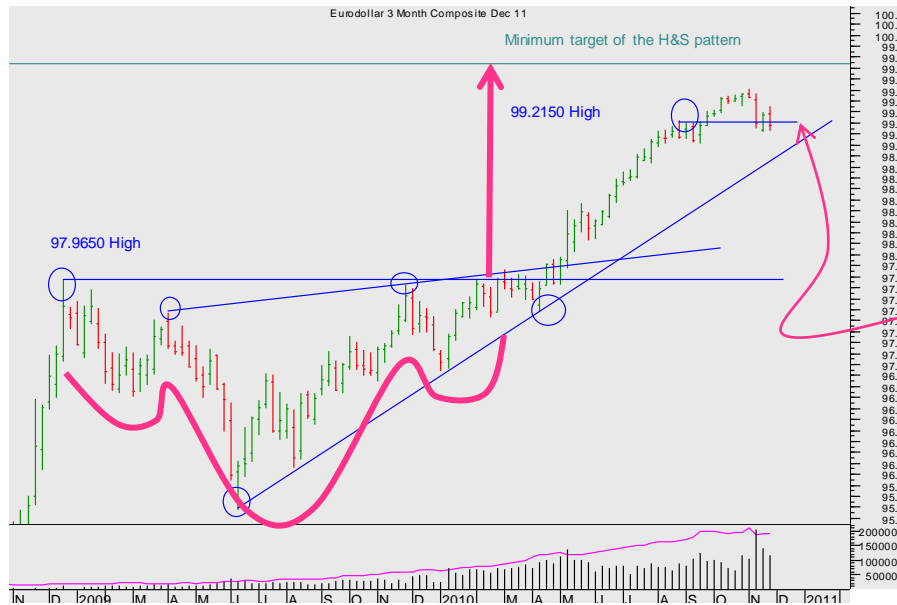
Interest rates

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Commodities

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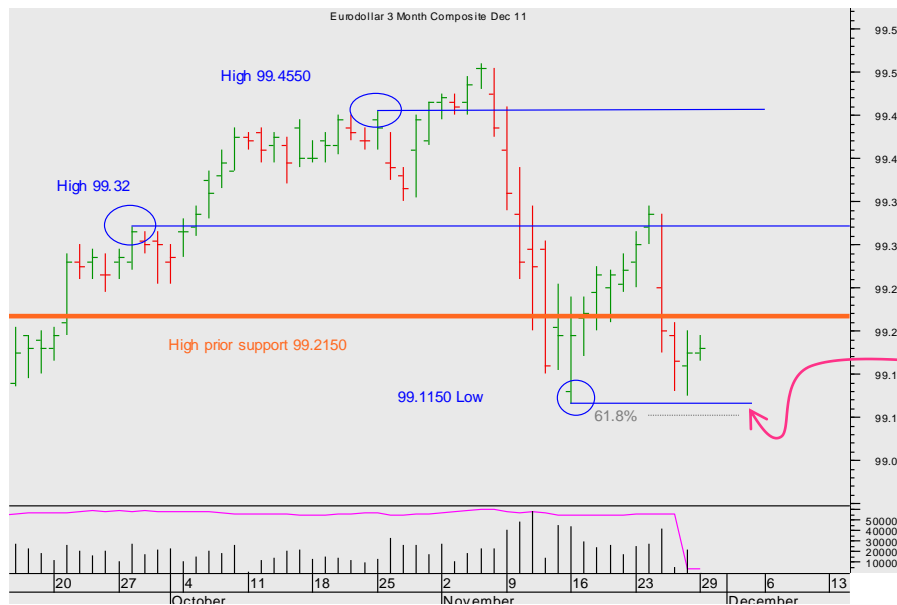
Interest rates: CME Eurodollar rates



CME Eurodollar rates weekly Dec 11 futures chart

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

But the fierce pull-back of last week is testing the first support of consequence....



CME Eurodollar rates daily Dec 11 futures chart

The pull-back through the Prior High was disconcerting for the bulls... As was that failure at the 99.32 High too...

Watch for a break of 99.1150 – to re-enthuse the bears.

More



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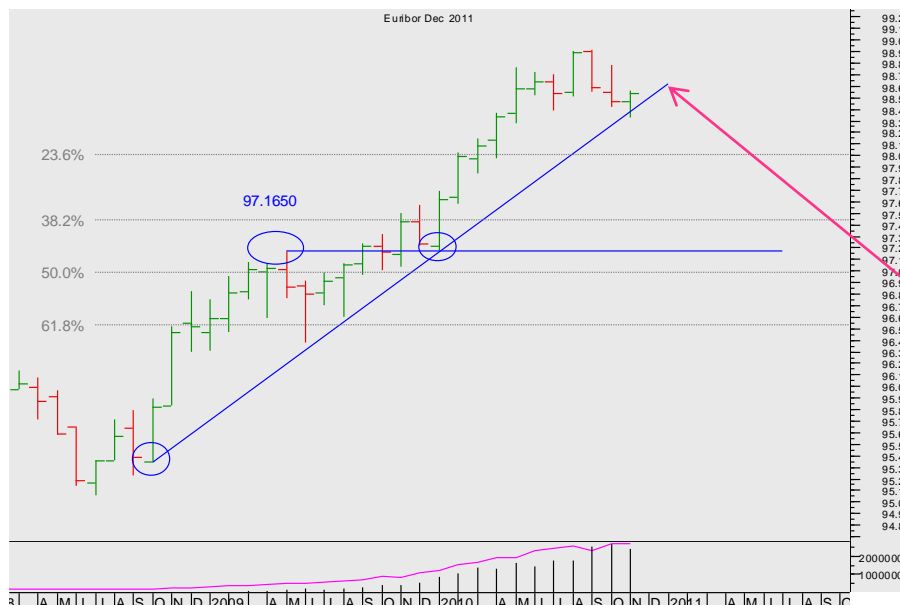
Interest rates

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Commodities

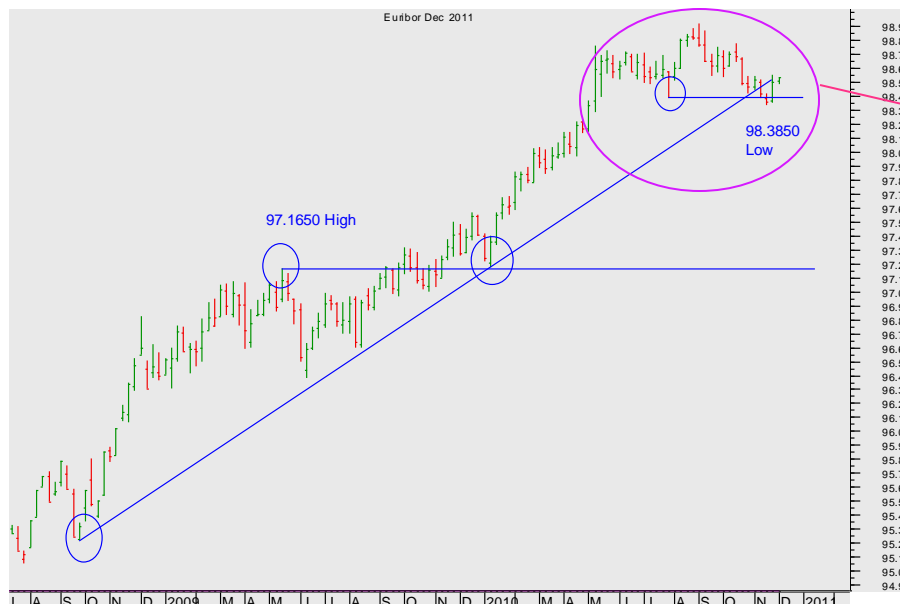
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates monthly Dec 11 futures chart

The rally has been relentless – **but almost featureless** for the technician – save the endorsement of the bull trendline support in three places.



Liffe Euribor rates Dec 11 weekly futures chart

The sideways pause in the daily chart **is of interest as it approaches the bull trend support** – which coincides with the horizontal from the low at 98.3850.

So far it has held.

Look closer.

More



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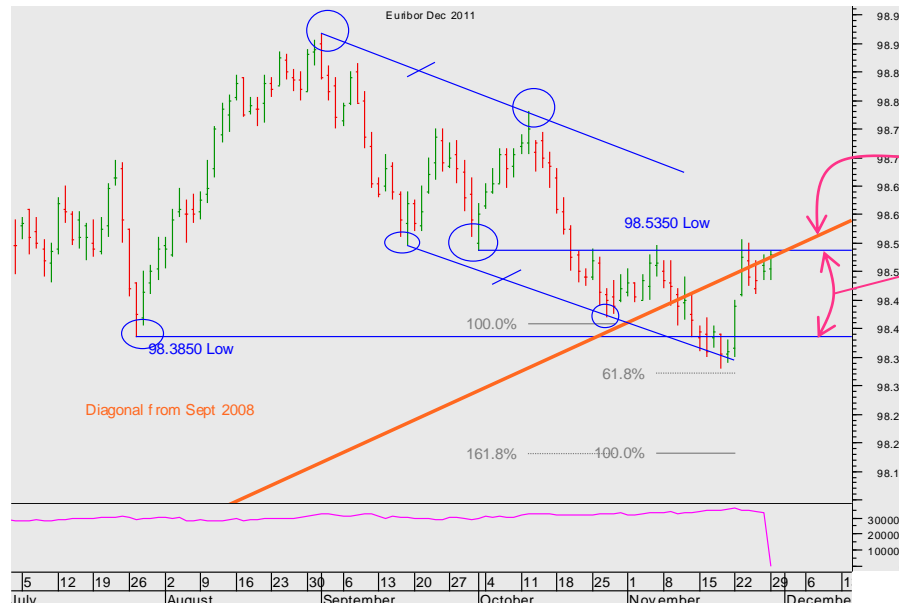
Interest rates

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- + Liffe Short Sterling

Commodities

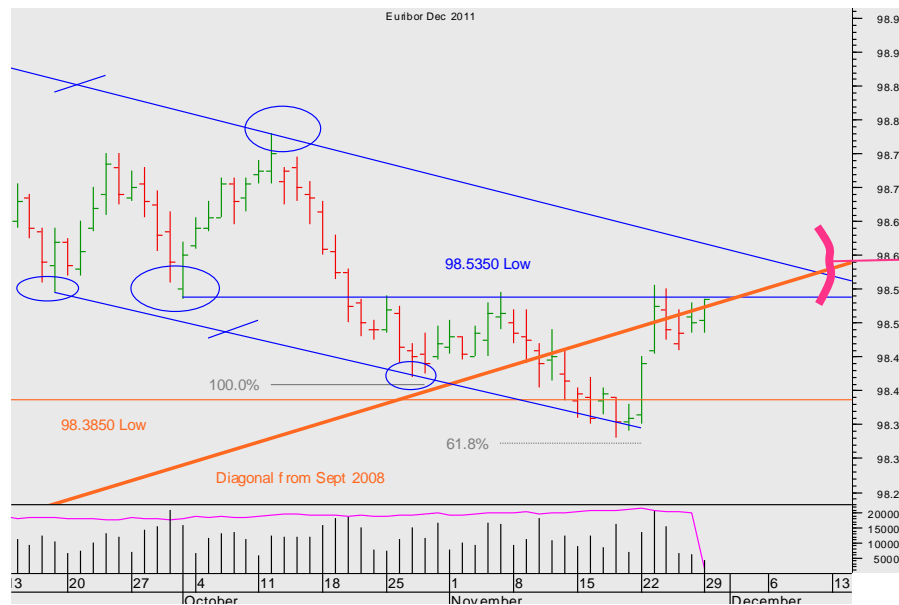
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates daily Dec 11 futures chart

Now the break of the long-term (from 2008) rising diagonal is inconclusive – watch too the horizontal Pivots from the Prior Low above and beneath the markets.



Liffe Euribor rates daily Dec 11 futures chart

Bulls need the market to break up through Prior Low 98.5350 – or better still the falling diagonal at 98.60.



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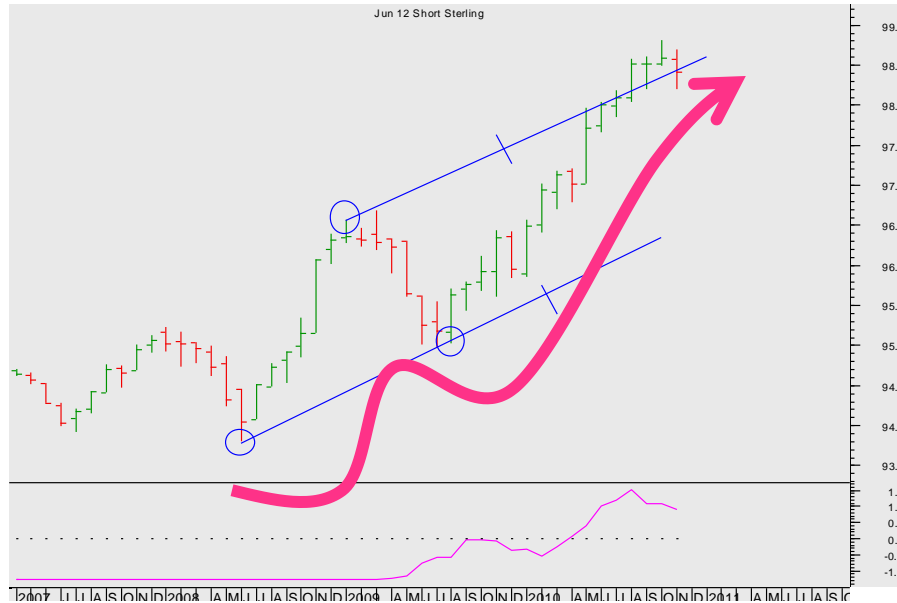
Interest rates

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- + Liffe Euribor
- + Liffe Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates monthly Jun 12 futures chart

The market's long-term rally.



Liffe Sterling rates monthly Jun 12 futures chart

The market's long-term rally had found support from the channel....until last week

More



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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 Jun 12 futures chart

The market's break down through the 98.54-7 Prior High support smashed the bull trend.

Watch closely the support at 98.18.

Stand back for clarity.



Commodities

COMMODITIES: Oil is in a range – within which there are no compelling structures. Gold remains well-supported medium-and long term, but lacking direction short-term.

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Interest rates

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- + 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 level.

Now study the bounce.

More



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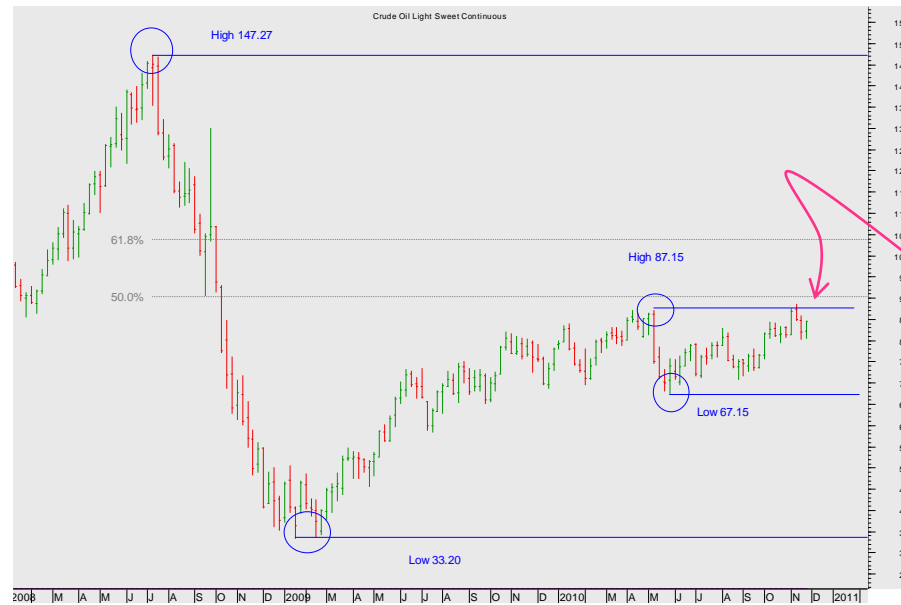
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil weekly cont. chart futures

The market is stuck in a sideways trading range.

And currently testing the top of the range in the weekly continuation chart.



Oil Dec 10 daily chart futures

That sideways price action in greater detail: the range is less clear in the **Mar 11** contract.

The pull-back has twice tested the support – both Fibonacci and Prior High at 81.70 or so. (Note a break of that level now would complete a Head and Shoulders Top.)



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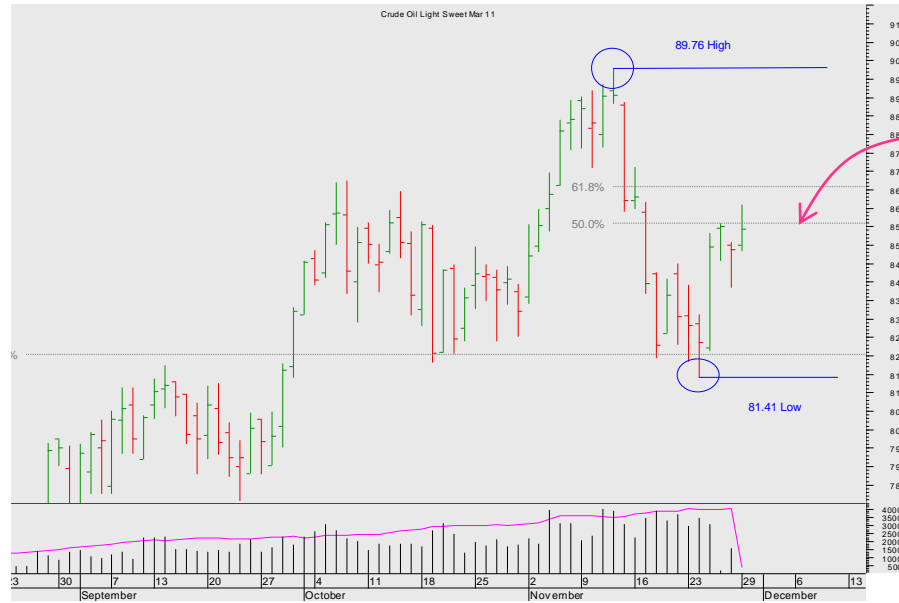
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil daily March 11 futures



Summary

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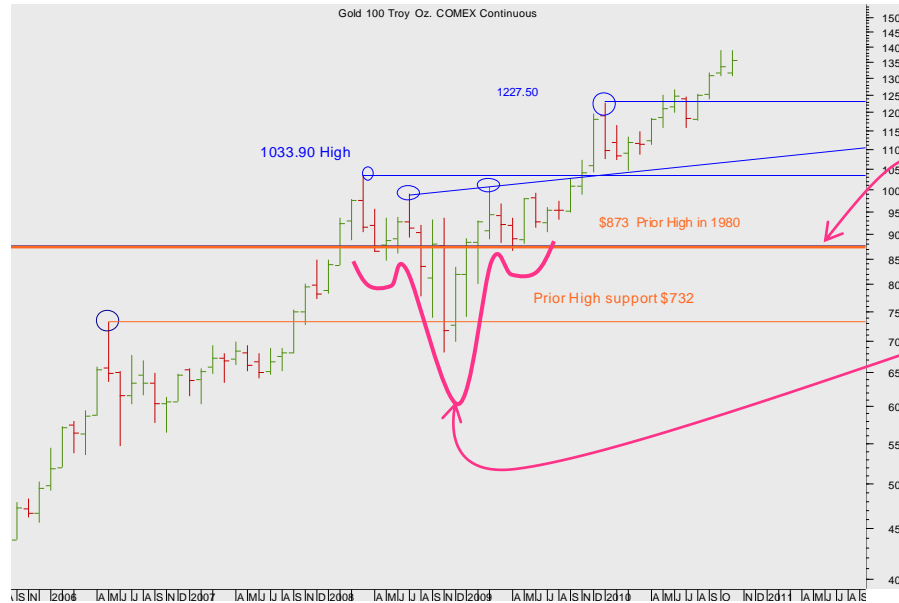
Interest rates

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- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



Comex Gold futures weekly cont. chart

The long-term chart is well-known – the 1980 Prior High of \$872, once surpassed, **has levered the market better.**

The catalyst was the completion of a continuation Head and Shoulders pattern....



Comex cont. Gold Dec 10 daily chart

Here's are driving patterns of the market.

The minimum target of the Head and Shoulders pattern has been met...., but not the minimum target of the Continuation Triangle.

it's minimum target is rather higher still around 1475 or so...



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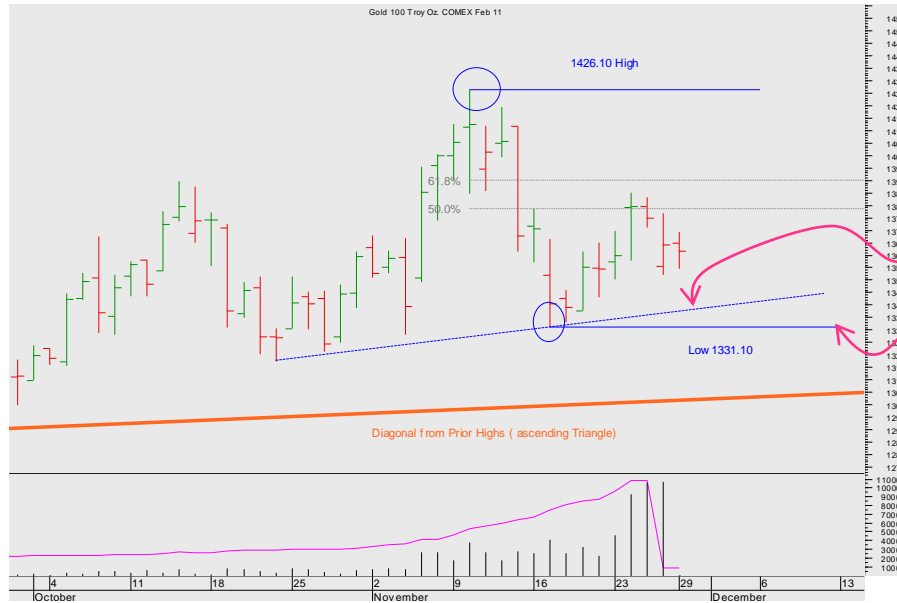
Interest rates

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Commodities

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- + Comex Gold

Commodities: Comex Gold



Comex Dec10 Gold futures weekly chart

Cautious bulls (which we still are) will notice the possible Head and Shoulders top if the market drive down through 1340 or better still,1331.10...



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