



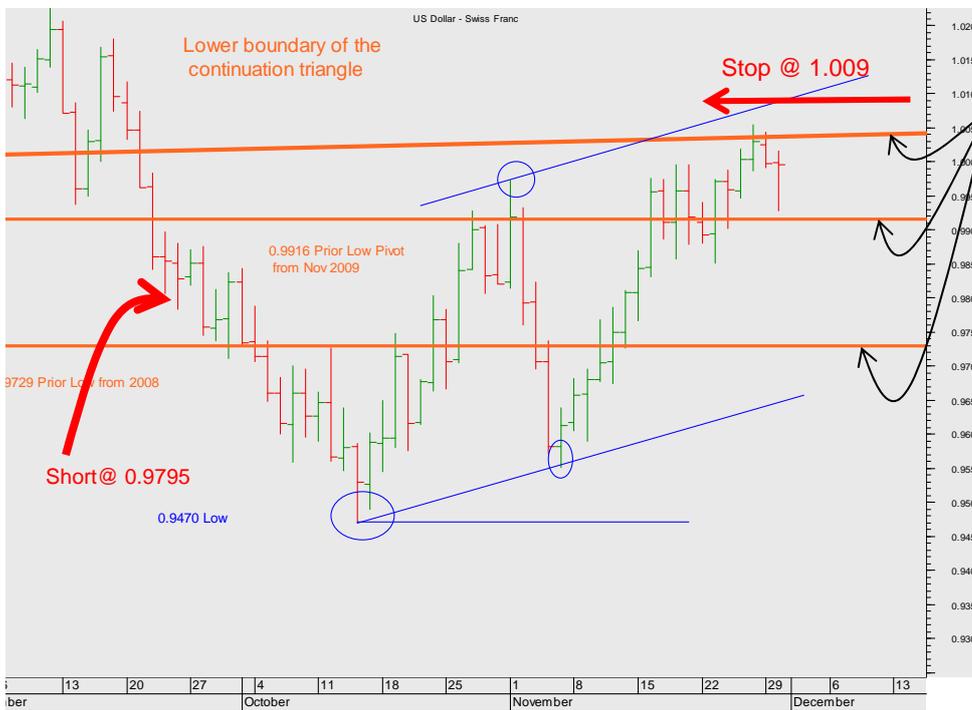
# Key Trades for this week: 30<sup>th</sup> November 2010

## Open Positions

### 1. Dollar Swiss

24th September SHORT Dollar/LONG Swiss 1/2 position @0.9795. Stop @1.0090. Currently 0.9989. Performance assuming 1% at risk: **-0.3250%**

#### The Technical Trader's View:



#### Daily Bar chart

The market has been working higher – driving up into the bands of resistance and we are close to being stopped out.

But the medium-term rationale for the trade remains.

#### The Macro Trader's view:

The Dollar remains well bid on the Euro zone Sovereign debt crisis, but the Swiss Franc has resisted its advances reasonably well as traders have noted some better data out of Switzerland. Apart from the Dollar the Swiss Franc is usually regarded as a safe haven trade too and we judged that has helped cushion the Swiss Franc.

Additionally the Swiss Franc is in a strong Bull trend against the Dollar and we judge that remains in place, and although the Swiss Franc has endured a correction, we judge the under lying trend will reassert and advise holding the trade.



## 2. UK Gilt

12th November 2010 SHORT Gilt Dec 10 (1/2 position) @122.33. Stop @ 122.33 (reduced 18th)

24th November 2010 SHORT Gilt Dec 10 (1/2 Position @ 121.33 Stop @ 122.53.

Currently 122.07. **Performance -0.4%**

### The Technical Trader's View:



#### Daily Bar chart

The market has retraced hard to the neckline and Diagonal resistance....

Stops @ 122.33/53

Stops are close but have yet to be triggered.

### The Macro Trader's view:

The Gilt is currently rallying as stocks remain under pressure.

Although doubts remain about the Euro Zone sovereign debt crisis, the UK's fiscal position is not only separate but on a much sounder footing, and the "official" outlook for UK growth remains strong over the next few years even though we have doubts and judge the fiscal consolidation, while completely necessary, will however slow growth.

How much further this contract can rally is unclear, but our stops are close by. The mood/sentiment guiding markets is in flux and changes very quickly.

We judge it right to hold this trade since at the very least it can act as a hedge for our other trades.



### 3. Gold

18th November Gold Feb 11 Long 1/2 Position 1354.5. Stop@ 1240. Currently 1385.20.  
Performance : **+0.13%**

#### The Technical Trader's View:



#### Daily Bar chart

The market is edging better, a break up through the 50% retracement resistance should bring forth fresh buying.

#### The Macro Trader's view:

The Gold market has been almost sidelined recently as the Dollar has emerged as the favoured safe haven trade. But what encourages us about the underlying bull trend in this market, is the fact gold has only traded sideways and not sold off during the current period of Dollar strength.

As the Euro zone sovereign debt crisis intensified over recent weeks it seems traders were averse to holding any risk, as the outcome was unclear and the survival of the Euro was questioned.

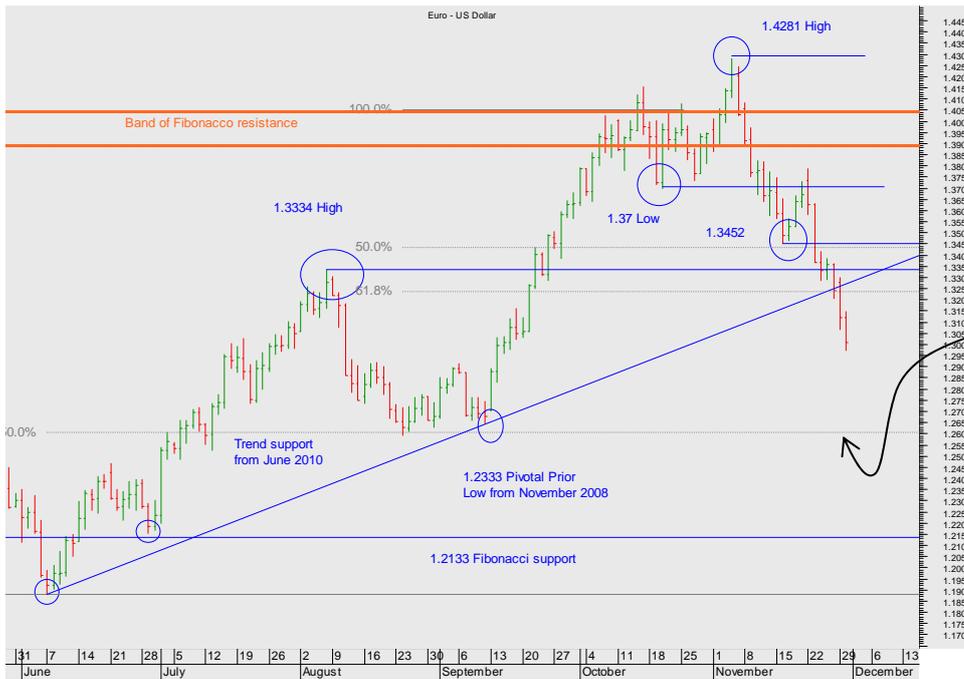
To a large degree that still holds true; Portugal and Spain have seen their Bond yields hit new highs, but traders have begun to look beyond the Dollar and Gold is starting to move higher. We judge the Korean situation, ongoing problems with Iran and the lack lustre US economic recovery all conspire to support Gold and we recommend holding the trade.



## 4. Dollar Euro

29th November Dollar/Euro Long Dollar @ 1.3161. Stop @ 1.3502. Currently 1.3022.  
Performance **+0.4%**

### The Technical Trader's View:



#### Daily Bar chart

The market has broken the double support from the Horizontal and Diagonals at and around 1.3334. There is little support before the weak Prior Low at 1.26.

**Stay short Euros.**

### The Macro Trader's view:

The Dollar has emerged as the main beneficiary of the current period of uncertainty, as trader no longer flock to government bonds for safe haven trades.

In the Euro zone the problem debts of the weak are merely being spread around the stronger economies with successive rescues, but too many more rescues and even Germany will struggle under the weight of debt.

In the US the weak economic data has for now been pushed aside, as the US economy is still regarded as the corner stone of the Global economy, despite Chinas rapid growth; her markets are not liquid or transparent enough.

We judge the Dollar will continue to rally until traders are convinced the Euro zone Sovereign debt crisis is resolved and currently they are not.

In summary we advise holding the trade.



*Mark Sturdy*

*John Lewis*

*Seven Days Ahead*