



14th December 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.  
Stay **SHORT** Yen Long Dollars. Stop 82.80. ADD above 84.92.  
Stay SQUARE

### Stocks

- + CME S&P 500
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Go **LONG** (Mar 11); **Stops beneath** 1201.90.  
Stay SQUARE (Mar 11).  
Stay SQUARE (Mar 11);  
Stay **LONG** above 9720 (Mar 11).

### Bonds

- + CBOT US Ten Year Notes
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Go **SHORT** with Stops above 122-14.5 (Mar 11)  
Stay SQUARE (Mar 11)  
Go **SHORT** (Mar 11) beneath 140.55

### Interest rates

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

Stay **SHORT** (March 12);.  
**SELL** a confirmed break of 98.20 (Mar 12)  
**SELL** a break of 98.18 (Jun 12)

### Commodities

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- + Comex Gold

Stay SQUARE (MAR 11)  
Stay **LONG** with Stops beneath 1370 (Feb 11)



## Currencies: Dollar Euro

**CURRENCIES:** The Euro and the Dollar are still battling it out for the duffer's prize. On balance, looking at the two, the Euro remains the more vulnerable. So Sterling too looks strong against both, but marginally more so against the Euro. Note the Yen's continued weakness against the Dollar.

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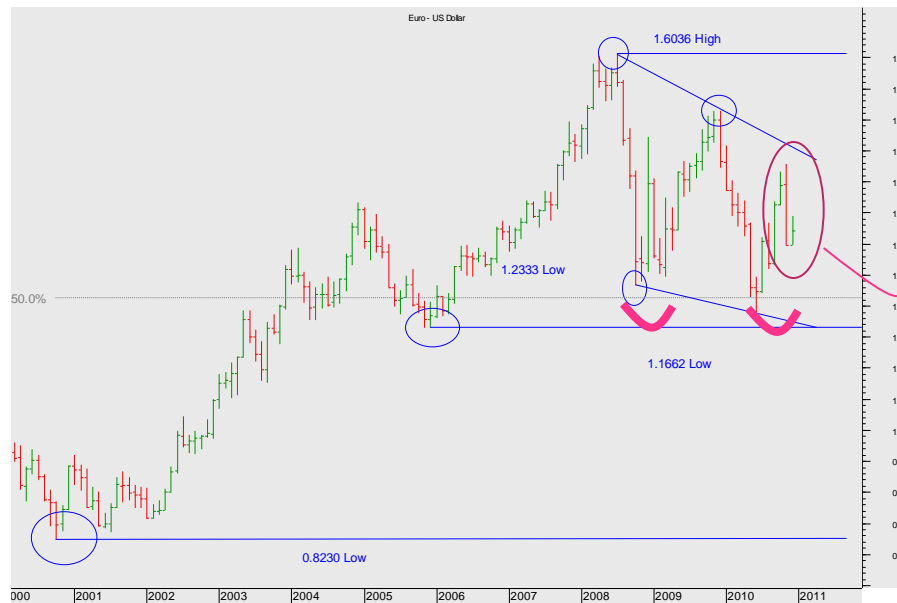
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### Dollar Euro quarterly spot cash chart

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 monthly Key Reversal for November suggesting a retest of the recent lows around 1.20.

More



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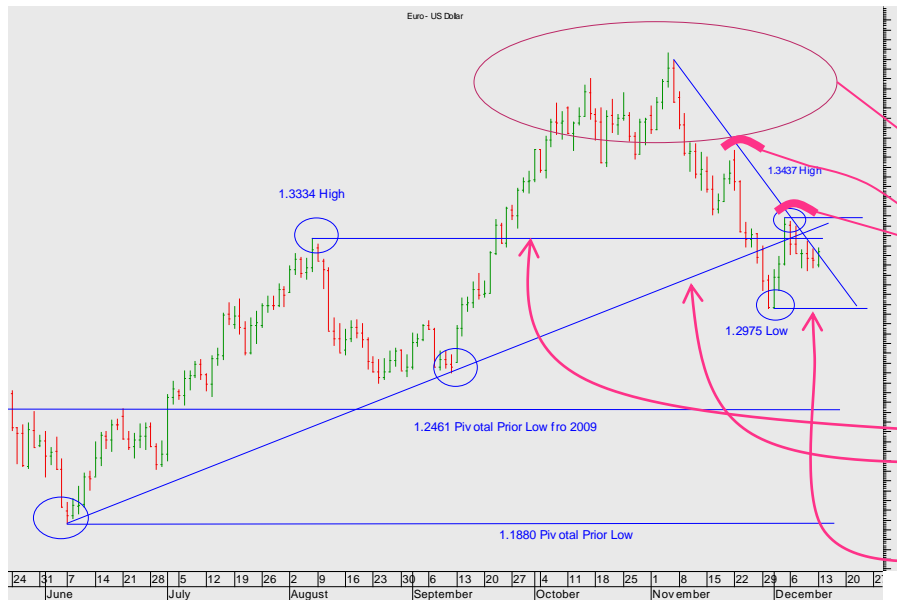
## Currencies: Dollar Euro



### Dollar Euro weekly spot cash chart

The triple support at 1.3334: horizontal, rising diagonal and Fibonacci has been smashed.

Note the early trading this week....



### Dollar Euro daily spot chart

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

Is it a Top? Not clearly so but note how well the bear trend has become structured. Prior Lows acting as good resistance...

Add to that the break of the Prior High support, and the diagonal support....and the rally is unconvincing. We remain bears for an early test of the Pivotal low 1.2972

More



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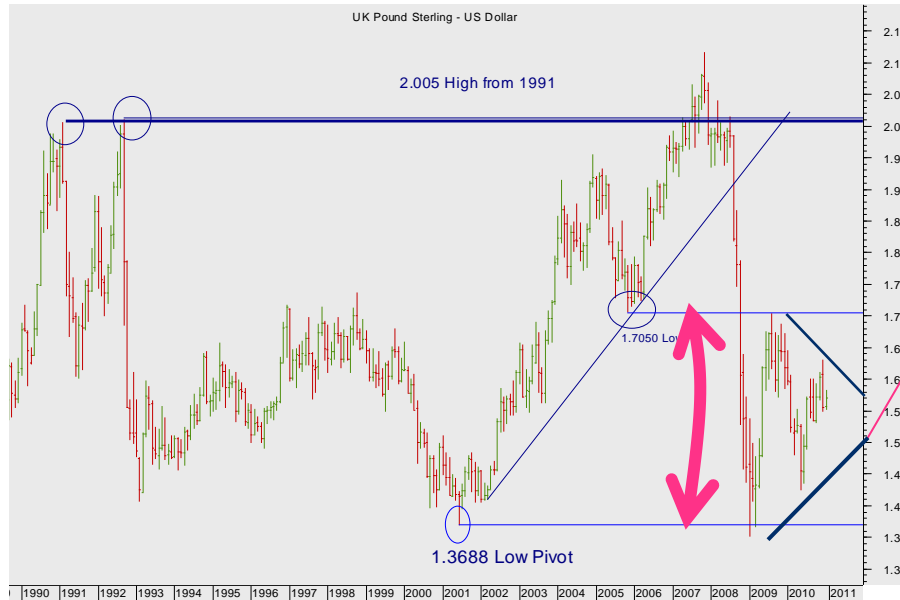
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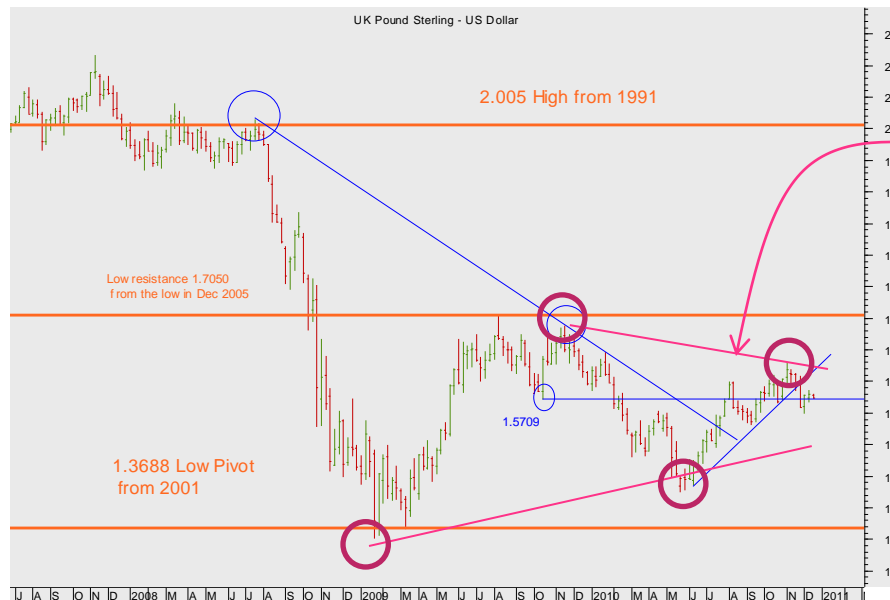
## Currencies: Dollar Sterling



### Dollar Sterling monthly spot cash chart

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

There is a range 1.3688-1.7050 due to a bounce from the old low at 1.3688 (had that broken then a Double Top would have completed) – and a triangle may be developing...



### Dollar Sterling weekly spot cash chart

That triangular consolidation in greater detail....there are no clear patterns within it...

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## Currencies: Dollar Sterling



## Dollar Sterling daily spot cash chart

The rally from the beginning of December is testing the overhead resistance at 1.5846 ...note the double resistance now at that level and the falling diagonal...

But for all that, bears need a break down through the 1.5217-1.5330 band to really gain momentum.



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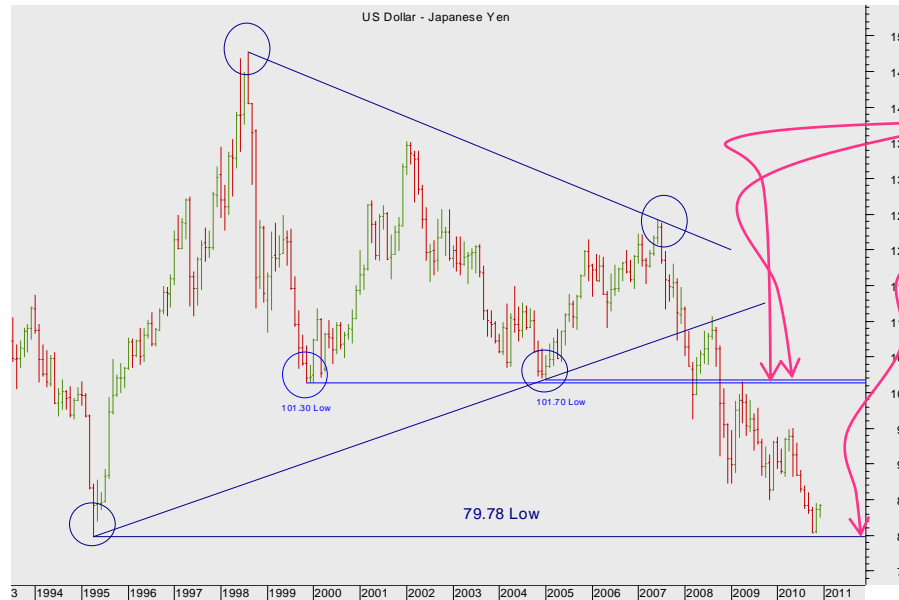
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## Currencies: Dollar Yen



### 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 also powerful resistance above the market at the band from the Prior Lows at 84.92/87.15.

That band looks more important than the falling Triangle...

Stand back.

More



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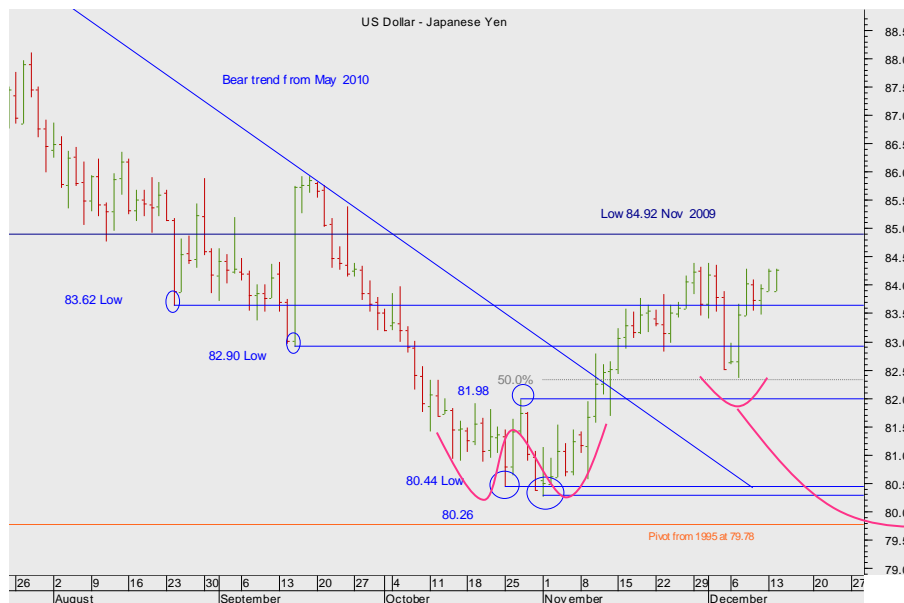
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## Currencies: Dollar Yen



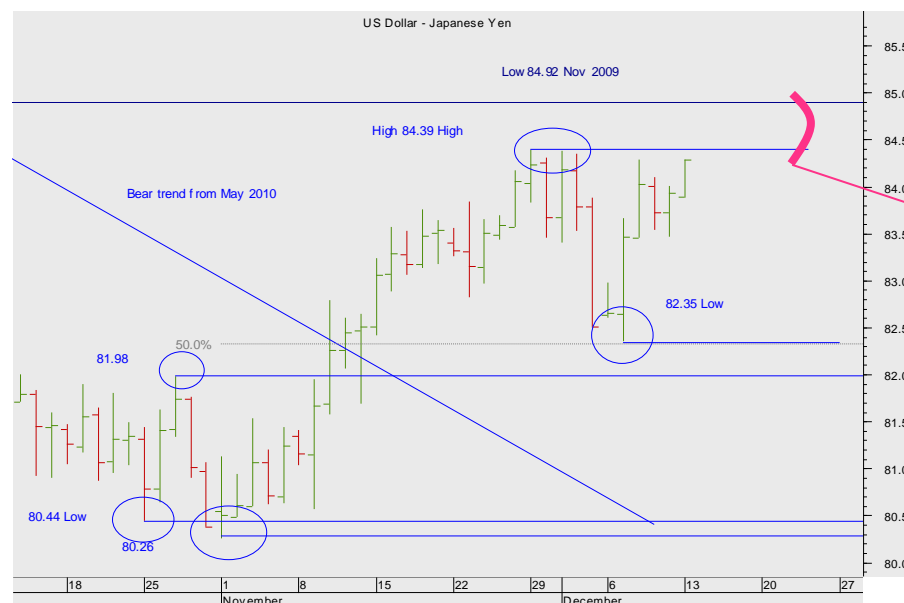
### Dollar Yen daily spot cash chart

The failure of that bounce in greater detail.

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

and entered the band of resistance from the succession of Prior Lows.

Note that the sell-off was quickly bought back...having found support at the Fibonacci ...



### Dollar Yen daily spot cash chart

Look for a break up through both the 84.39 High and the 84.92 resistance...

More





## Currencies: Sterling Euro

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#### Bonds

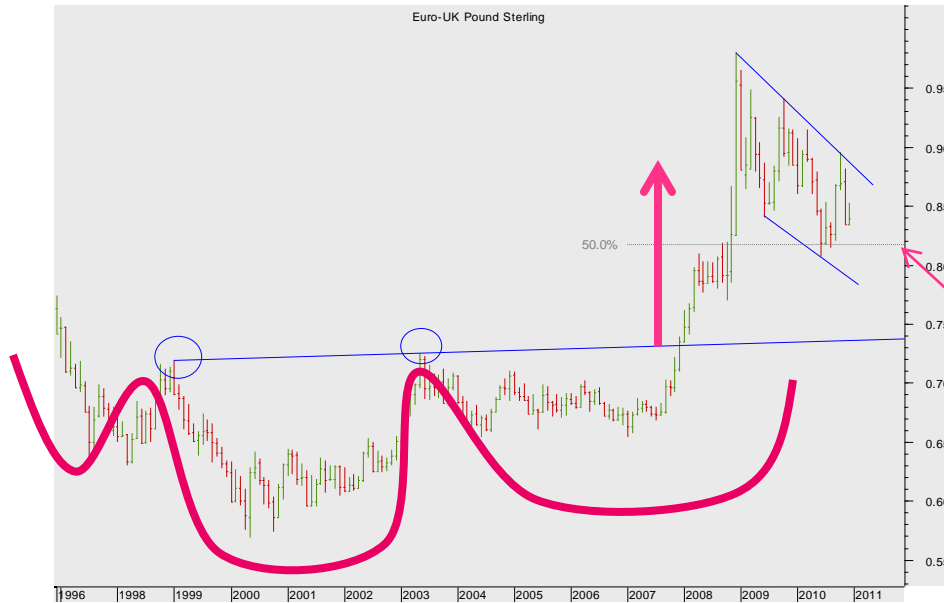
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#### Interest rates

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- + Liffe Euribor
- + Liffe Short Sterling

#### Commodities

- + Nymex WTI Oil
- + Comex Gold



### 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 possible bull falling wedge failed to complete (note the double resistance with the rising diagonal as well) and fell back through the first support of consequence at 0.8530.

That break of 0.8530 sets the bears (of the Euro) on alert ...look closer...

More



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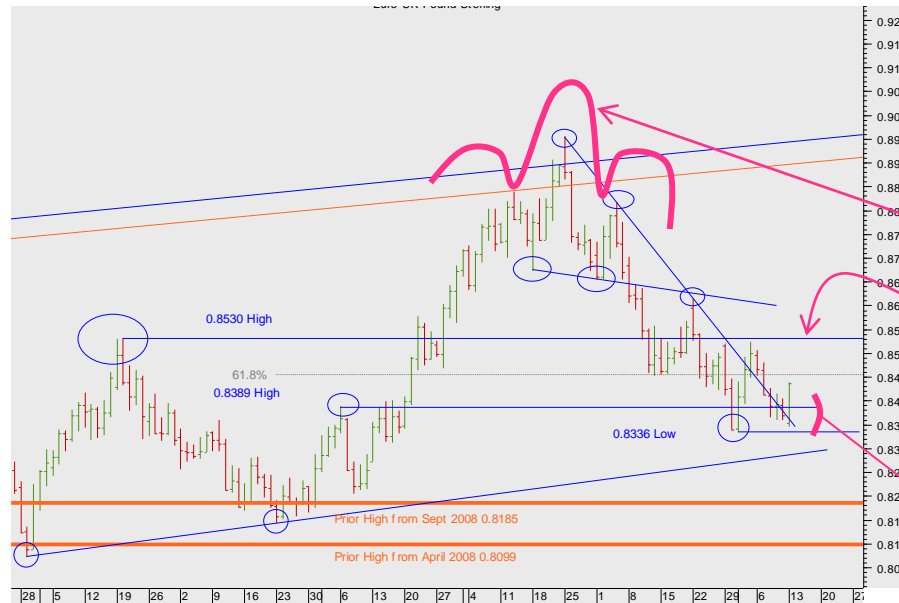
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### Commodities

- + Nymex WTI Oil
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## Currencies: Sterling Euro



### Sterling Euro daily spot cash chart

But note the bear momentum created by

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

For the moment though the horizontal support at 0.8389 looks to have held the bears, use the band 0.8336-0.8389 as the test of the bears' intent...

The market is caught in a trading range. Stand back.



## Stocks

**STOCKS:** Stock markets are moving higher together. The Dax is the star still, surging short-term and free of overhead resistance. The S&P is hot short-term too, but still in our view circumscribed by medium-term resistance from 2008. FTSE and DJEurostoxx are lagging with Pivotal highs above them that have yet to be overcome.

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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...

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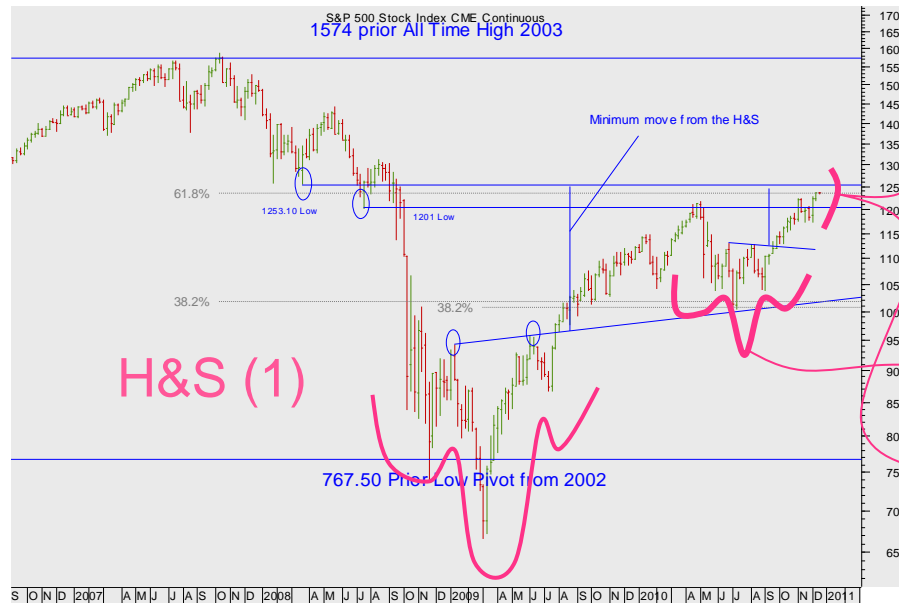
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## Stocks: CME S&P 500



## 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 early 2010.**

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

But the band of resistance 1201-1252 were the minimum targets of both H&S patterns (in the continuation charts) are to be found – still **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 bands of resistance... the short-term pull-back beneath 1206 became a Double Bottom...look closer.**



More



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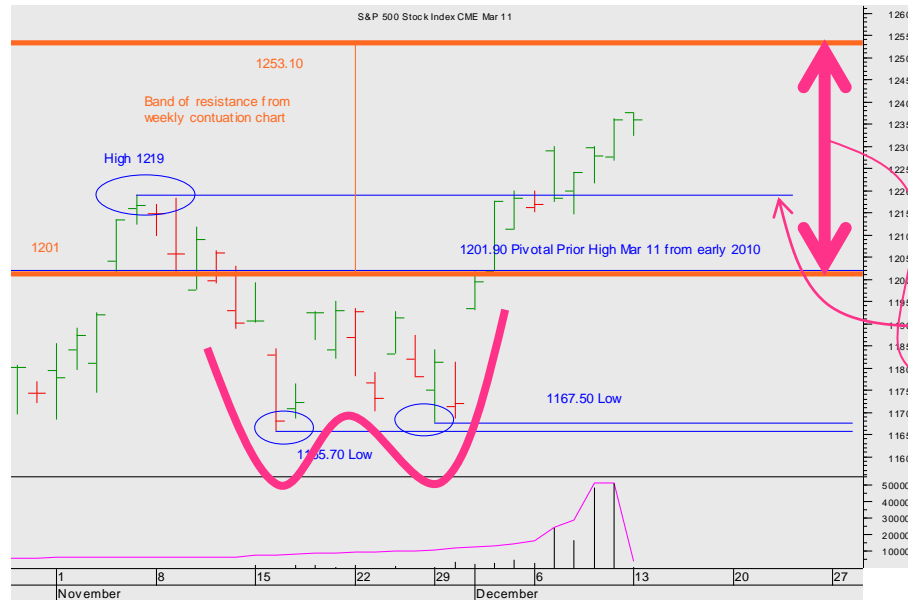
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## Stocks: CME S&P 500



## CME S&P 500 daily MAR11 chart

Note the March contract's levels – the Double Bottom was the catalyst that breached the Prior High but the band of resistance from the continuation chart that remains very much in place,

Short-term then, the market remains in good fettle but questions remain in the medium-term.



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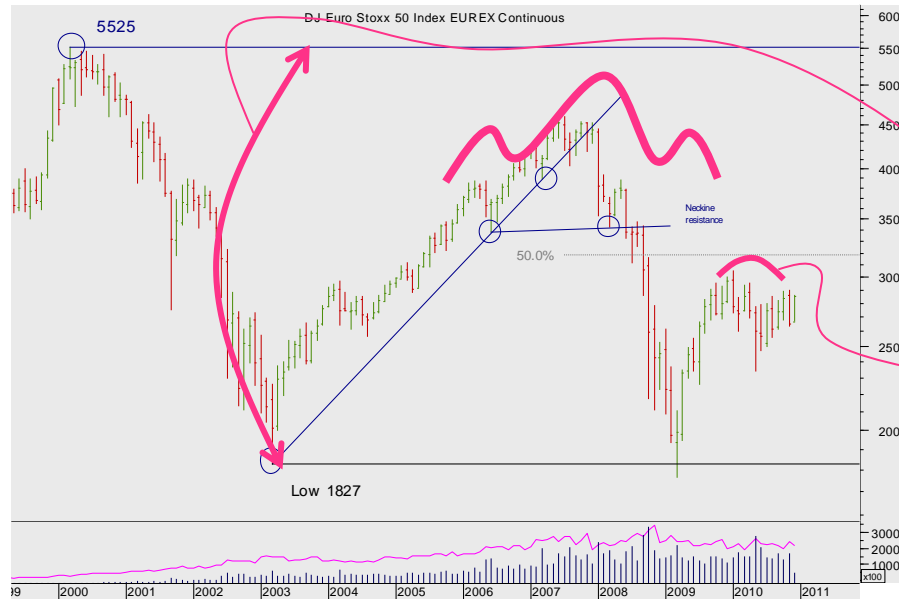
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## Stocks: Eurex EuroStoxx 50

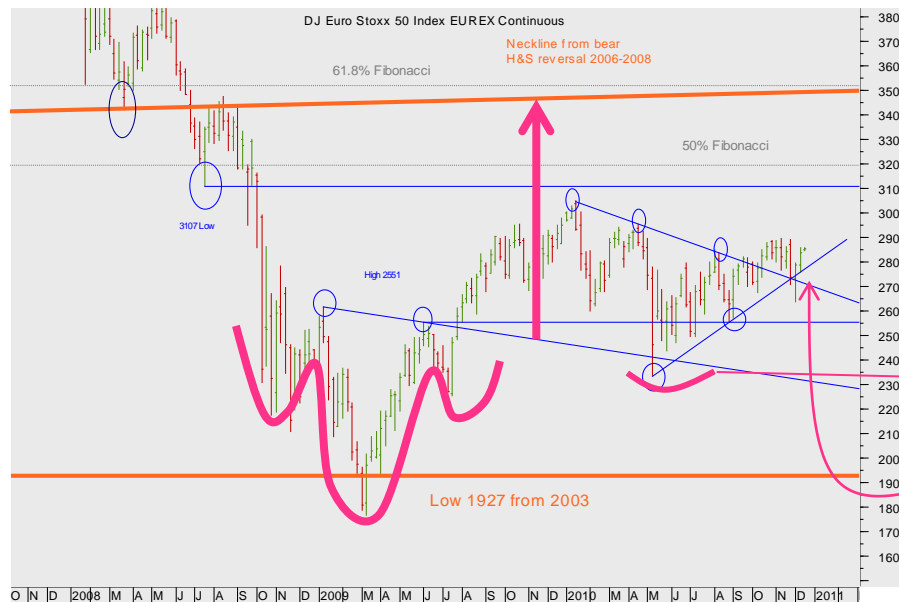


## Eurex EuroStoxx 50 monthly continuation futures chart

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 broke a clear and important Falling Diagonal

More



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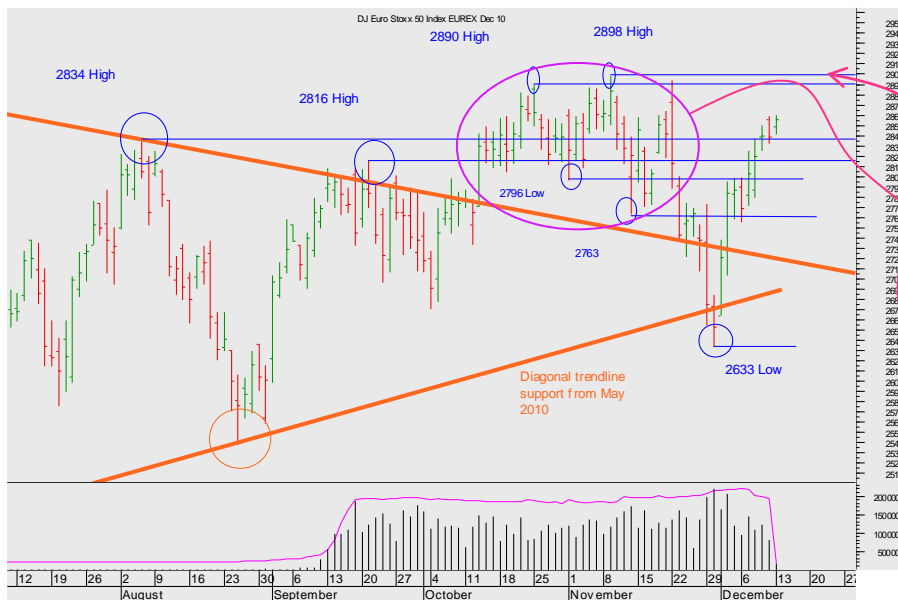
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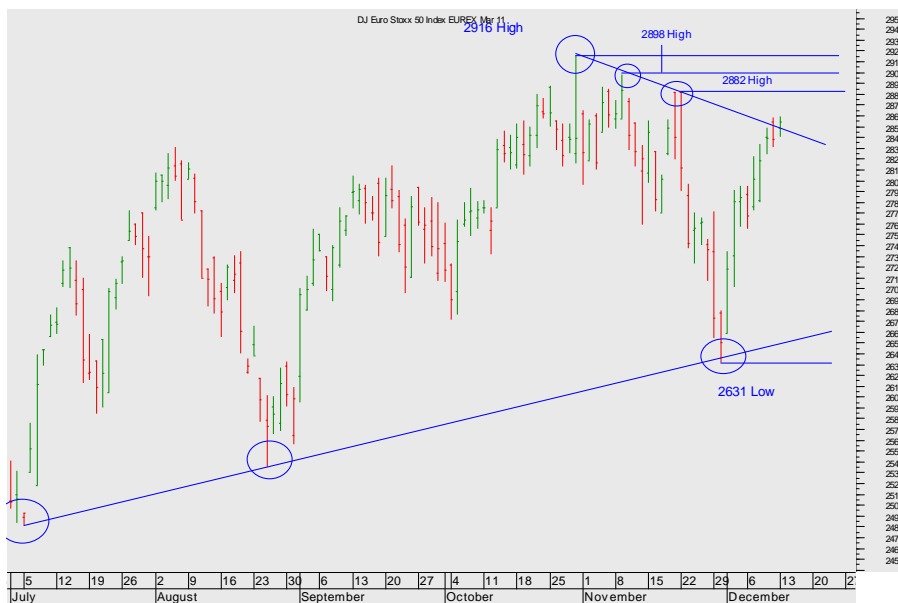
## Eurex EuroStoxx 50 DEC10 futures chart

The market's successive failures throughout October and November ended in a Day Key Reversal and a sell-off.

Note well the coincidence of support at the apex of a triangle which so far has held.

How good though is the rally?

Stand back... And watch the bulls need a break of 2890/98 to really get going.



## Eurex EuroStoxx 50 Mar 11 futures chart

The market is struggling with the falling diagonal in the March 11 contract still.



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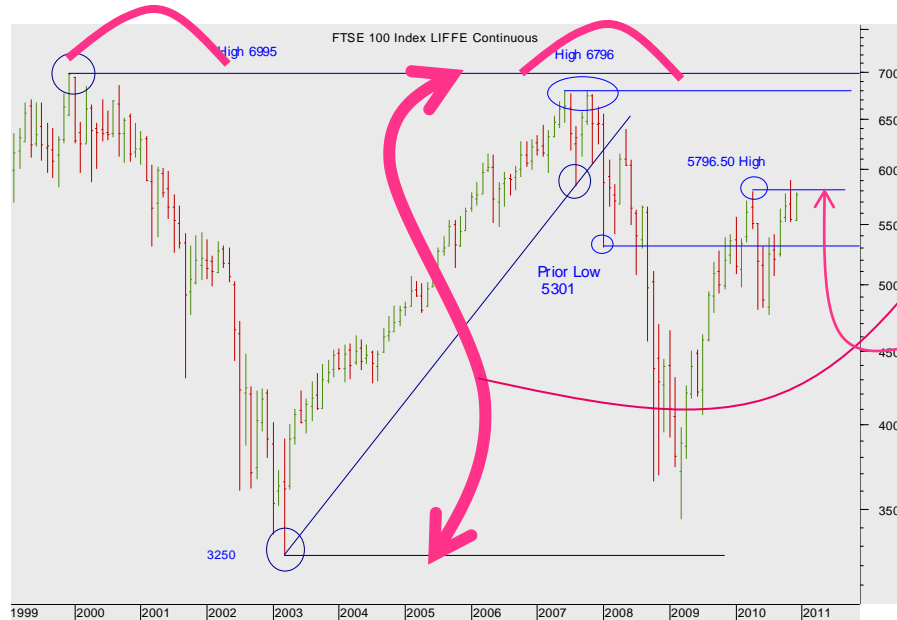
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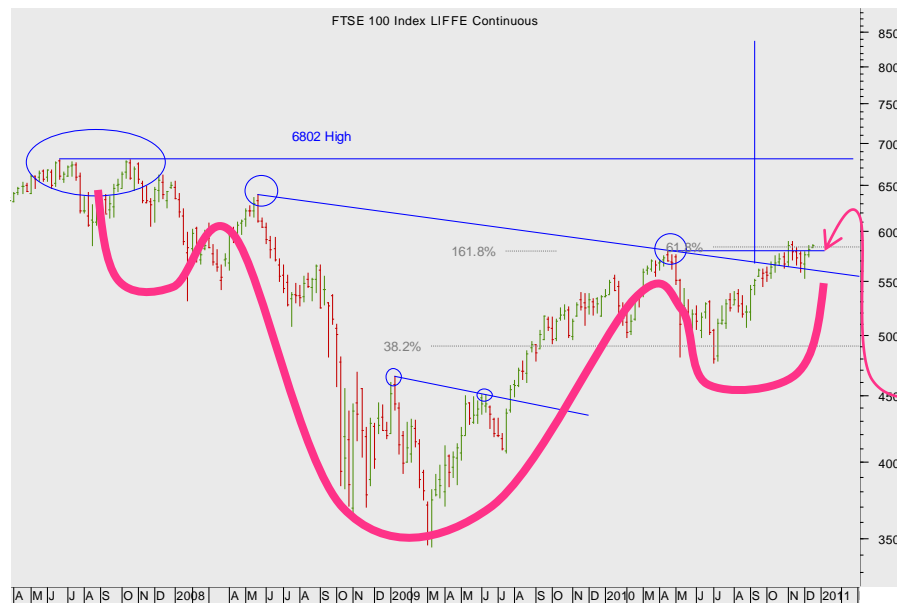
## Stocks: Liffe FTSE 100



## Liffe FTSE 100 monthly continuation futures chart

The market is in a massive trading range.

The rally from early 2009 is struggling at the Prior High at 5796.50.



## Liffe FTSE 100 cont. futures chart

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

And the market, pausing on completion of that H&S Reversal, has retested the Neckline - and found it solid.

But note too the reluctance of the market to drive up though and beyond the immediate horizontal from the Prior High Pivot.

Look closer.

More





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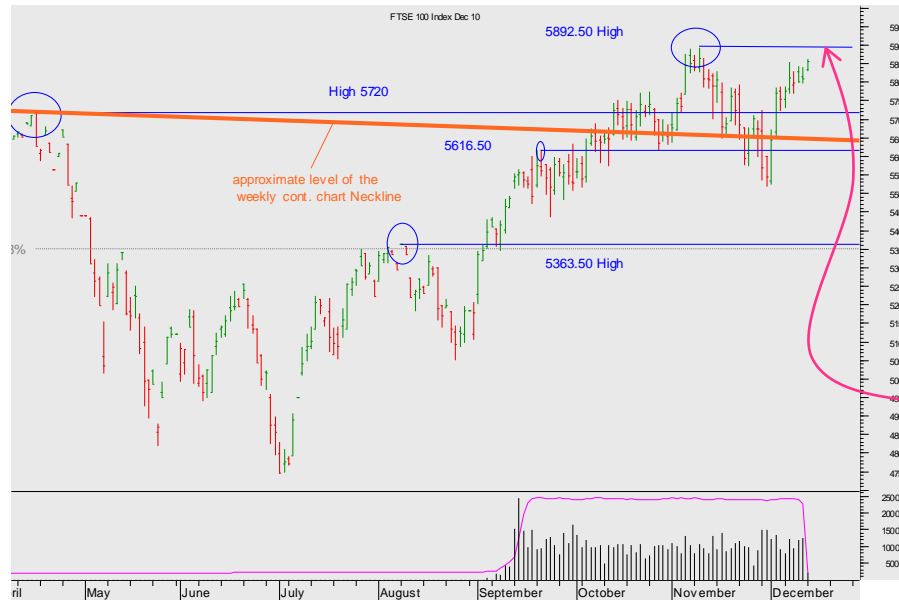
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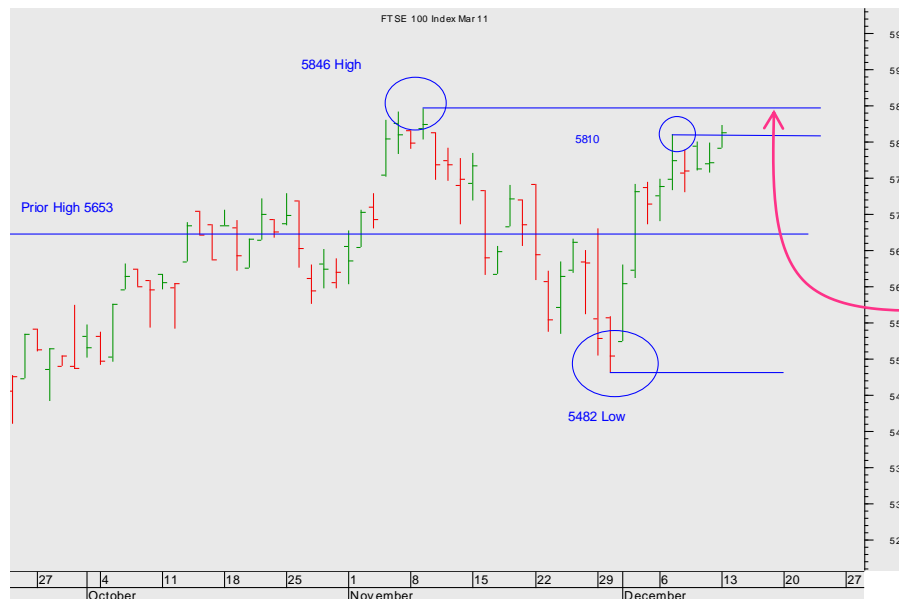


## Liffe FTSE 100 Dec 10 futures chart

The price action around that Neckline (which will create enormous bull impetus) suggests the Neckline ( and 5616) is good support

But prior High of 5892 High needs to be overcome

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



## Liffe FTSE 100 **MAR 11** daily futures chart

That price action is here in greater detail.

Bulls need a break up through 5846.



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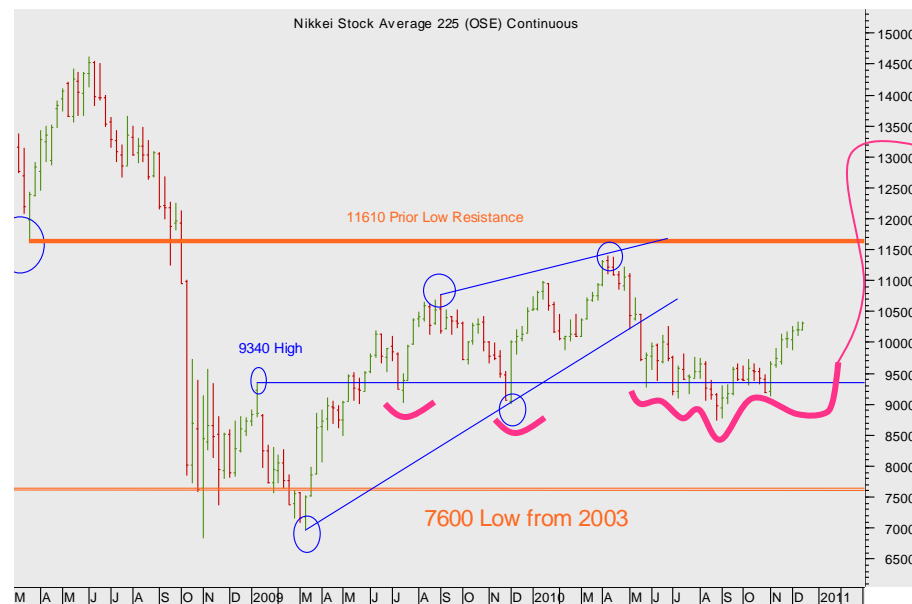
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## Stocks: OSE Nikkei 225



## 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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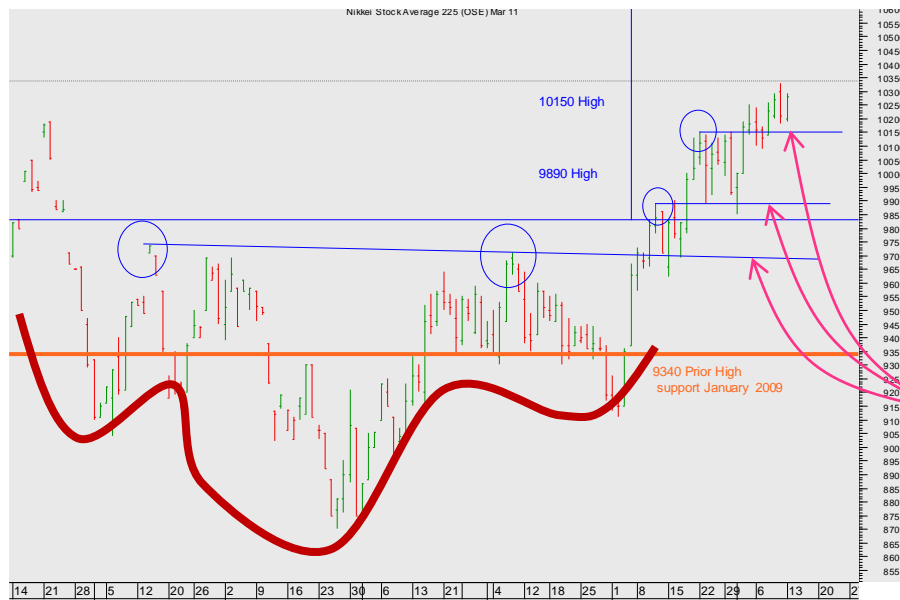
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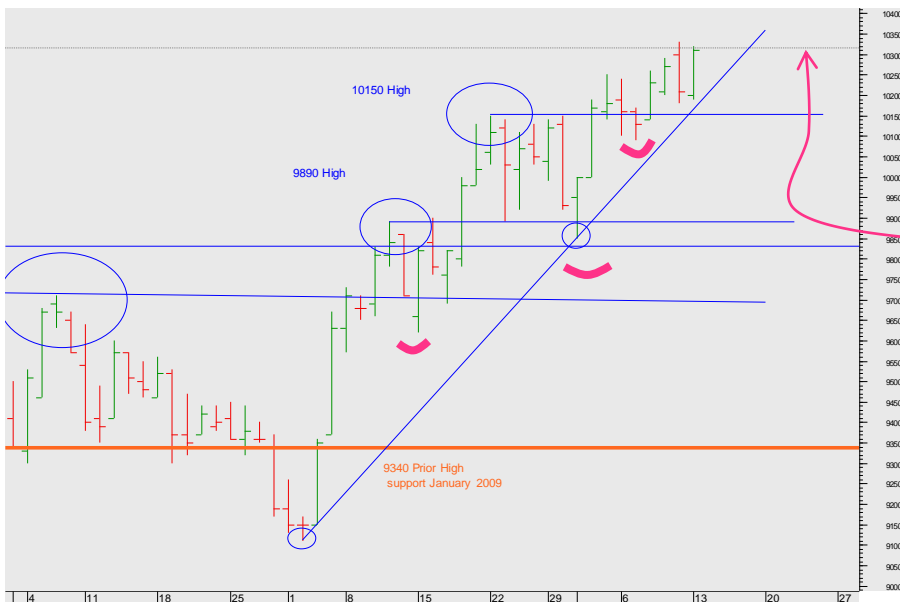


## OSE Nikkei 225 MAR11 daily futures chart

Bulls in the short-term will have noted a good bull Head and Shoulders reversal ...

And the bull impetus is clear to see with the resultant well-structured bull rally.

...look closer.



## OSE Nikkei 225 MAR11 daily futures chart

The market is racheting better – watch the Fibonacci retracement (61.8% of the 2009 sell off) resistance at 10342.



## Bonds

**BONDS:** Those long-term supports we talked about last week have held in the Bunds, but were savagely breached in the TNotes and the JGB. They remain without good support and very vulnerable to further selling. Bunds have been pausing and look oversold.

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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.

More



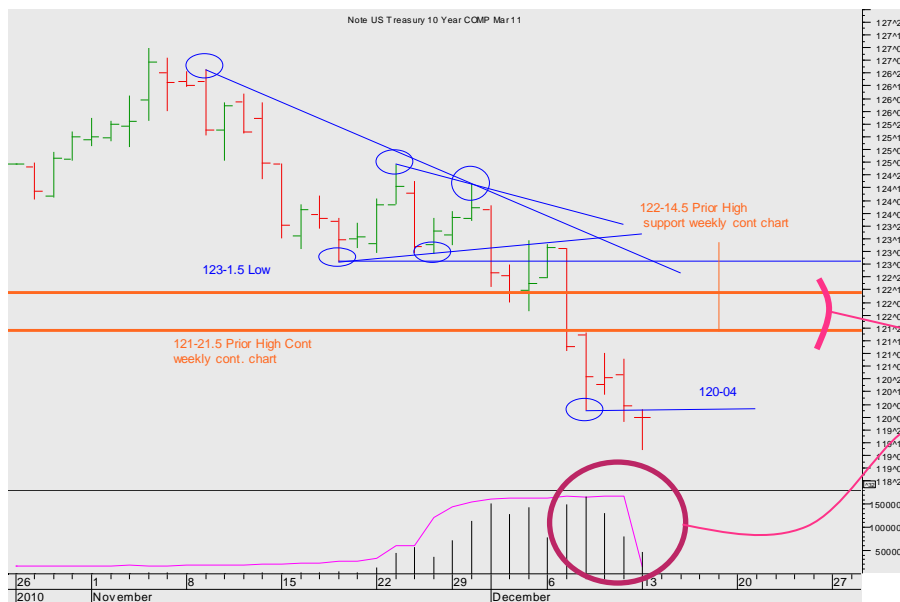
## Bonds: CBOT Ten Year Notes



### CBOT Ten Year Notes weekly futures continuation chart

The failure to close above 128-22.5 looked poor.

The market's collapse back through the 121-21.5/122-14.5 pivotal Prior Highs was a **total capitulation** by the bulls.



### CBOT Ten Year Notes weekly Mar 11 futures chart

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

Now they are powerful resistance.

(NB the declining volumes beneath the broken band – **expect a retest of that resistance....**)

**But the bears are in charge.**

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- + 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... Note the significant Fib cluster above the market from 132 -134 where the market stopped and pulled back.

Now the pull-back....is testing the band of support from the Prior Highs 124.60-126.53.

Look closer.



## Eurex Ten Year Bund weekly cont. futures Chart

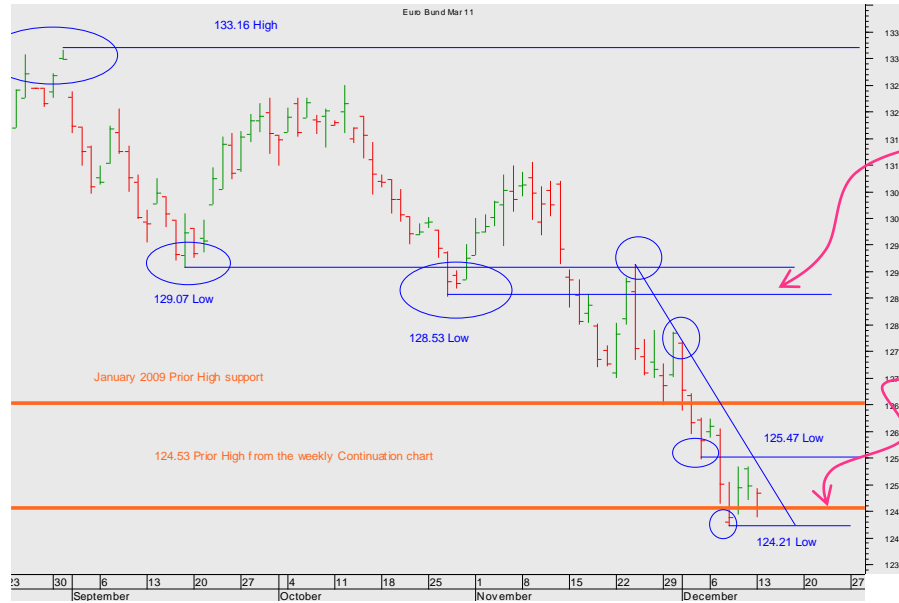
In greater detail, note well the powerful support from the Highs at 124.60/53.

Look closer.

More



## Bonds: Eurex Ten Year Bund



## Eurex Ten Year Bund Dec10 daily futures chart

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

Note the day key reversal leading to an attack on the major Prior High supports.

Watch the testing of the supports at 124.53.

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## Bonds: TSE Ten Year JGB



## TSE Ten Year JGB monthly futures continuation chart

The JGB is testing the long term diagonal support...having failed to get back above the Prior High at 145.28.



## TSE Ten Year JGB weekly continuation futures Chart

The pull-back through the possible Neckline

and the smashing of the band of Prior Highs 141.29-142 has been vicious..

Then, in addition, the band of Prior High support at 140.35-140.55 was smashed....

The bulls have been routed ...

More





## Bonds: TSE Ten Year JGB

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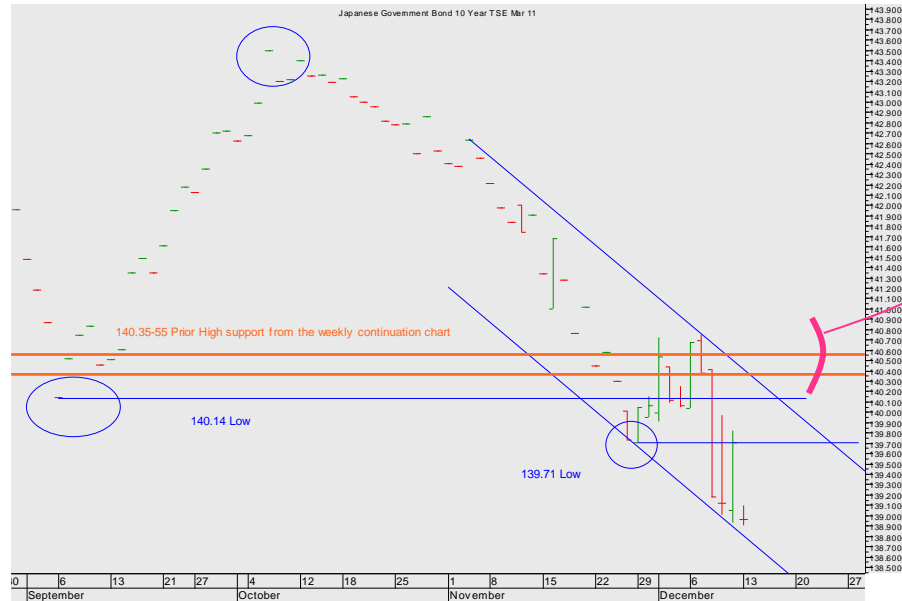
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## TSE Ten Year JGB Mar11 futures chart

Looking at the Mar11 contract, the fierce bear sell-off has smashed the 2008 support at 140.35-55.

The brief hesitation there couldn't be sustained

On any rally watch for resistance at 139.71, 140.14 and 140.35-55.

But essentially there is no support left in the market. The bears are in charge.



## Interest rates

**SHORT INTEREST RATE FUTURES:** Standing back was right, and now there is greater clarity: ED have a clear top we feel, Short Sterling is close to a Top and the Euribor is teasing the market ...

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### Interest rates: CME Eurodollar rates



#### CME Eurodollar rates monthly Mar12 futures chart

The long march of the Eurodollars – the market has been ratcheting better on the support from Prior Highs.

(The possibility of a December monthly key reversal is worth mentioning....)



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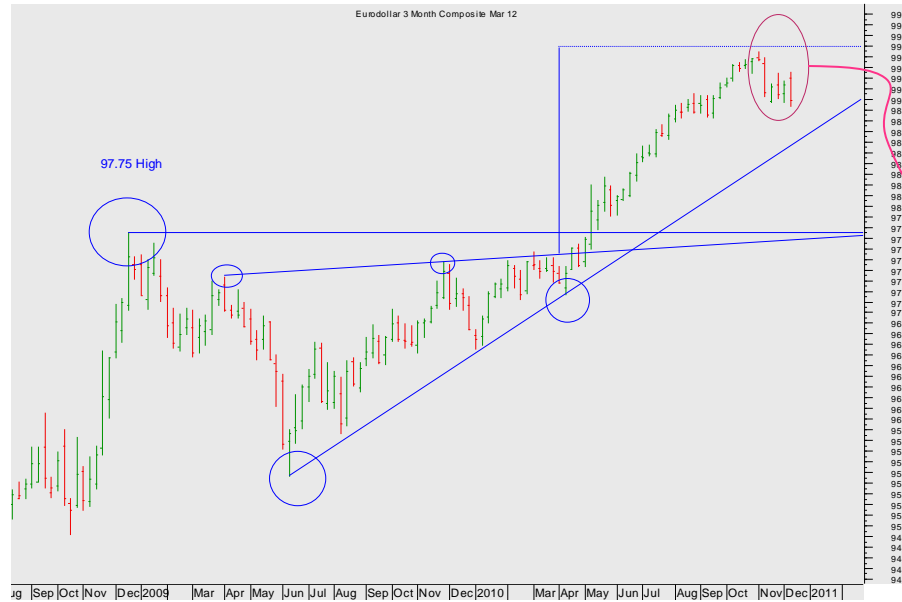
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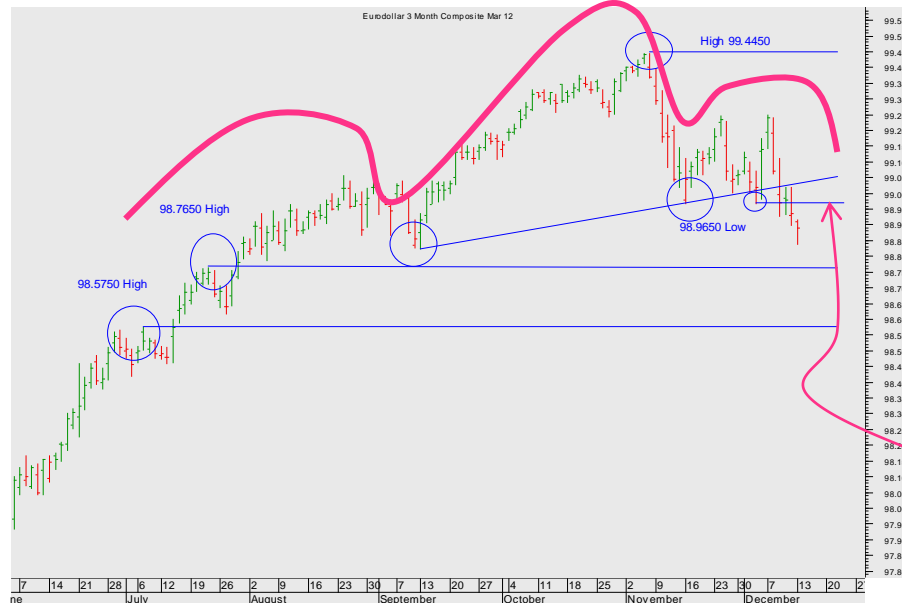
## Interest rates: CME Eurodollar rates



## CME Eurodollar rates weekly Mar 12 futures chart

Note the H&S continuation pattern whose minimum move to 99.70 or has just about been achieved...

But the fierce pull-back needs close examination



## CME Eurodollar rates daily Mar 12 futures chart

This is fascinating.

A clear (if complex) Top has completed suggesting moves down to about 98.50.

Note well the Double Failure to get back through 99.25.

And also the drive down through the Pivotal Prior Lows at 98.9650...

More



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## Interest rates: CME Eurodollar rates



## CME Eurodollar rates daily Mar 12 futures chart

The break of the two lows at 98.9650 established powerful resistance at that level above the market...



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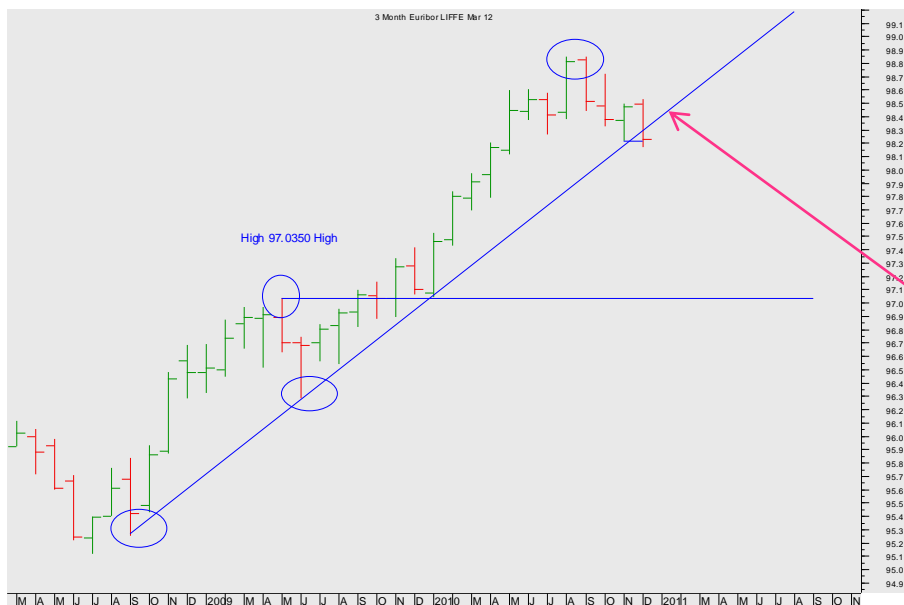
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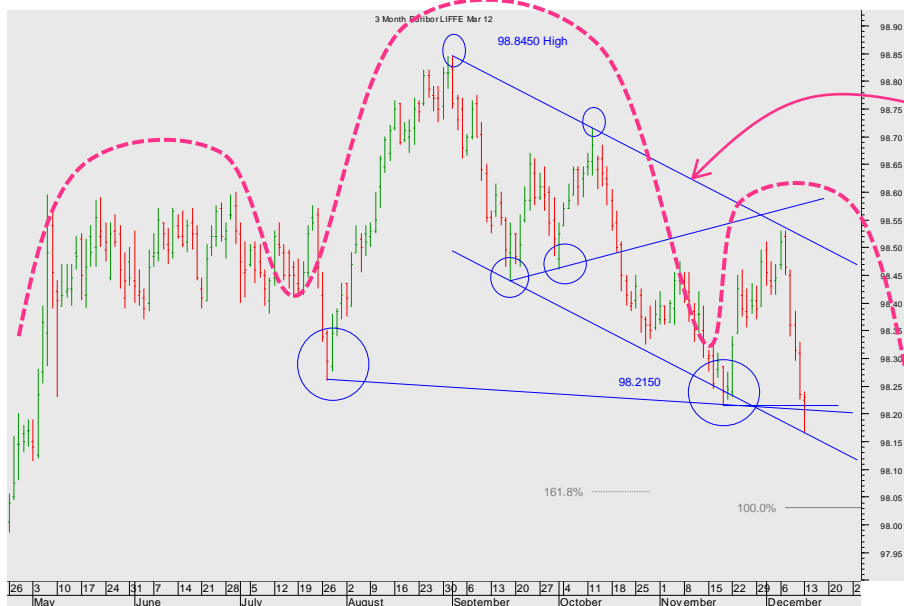
- + Nymex WTI Oil
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## Interest rates: Liffe Euribor rates



## Liffe Euribor rates monthly Mar 12 futures chart

The rally has been relentless – but almost **featureless** for the technician – save the endorsement of the bull trendline support in three places – and that trendline is now under threat....



## Liffe Euribor rates Mar 12 daily futures chart

The story of the pull-back is far from clear – but the bear trend is clearly in place.

And further, at the end of last week the market was on the point of completing a Large Head and Shoulders Top.

Look closer.

More



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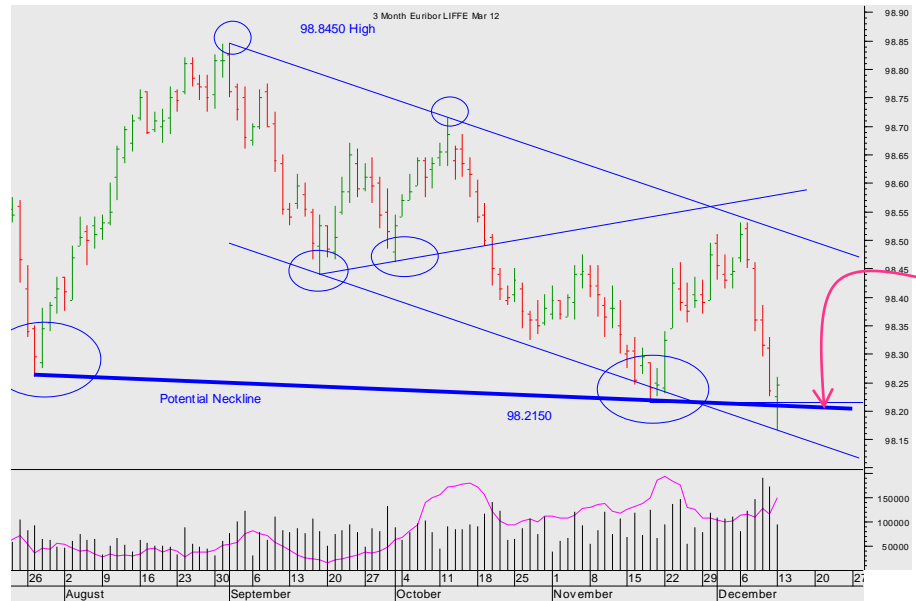
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## Commodities

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## Interest rates: Liffe Euribor rates



## Liffe Euribor rates daily Mar 12 futures chart

But the critical breakdown has  
no yet happened.

Watch and wait for a clear break  
and close down through 98.20...



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## Commodities

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- + 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 top of the channel - but now it has fallen beneath it.

Look closer.

More



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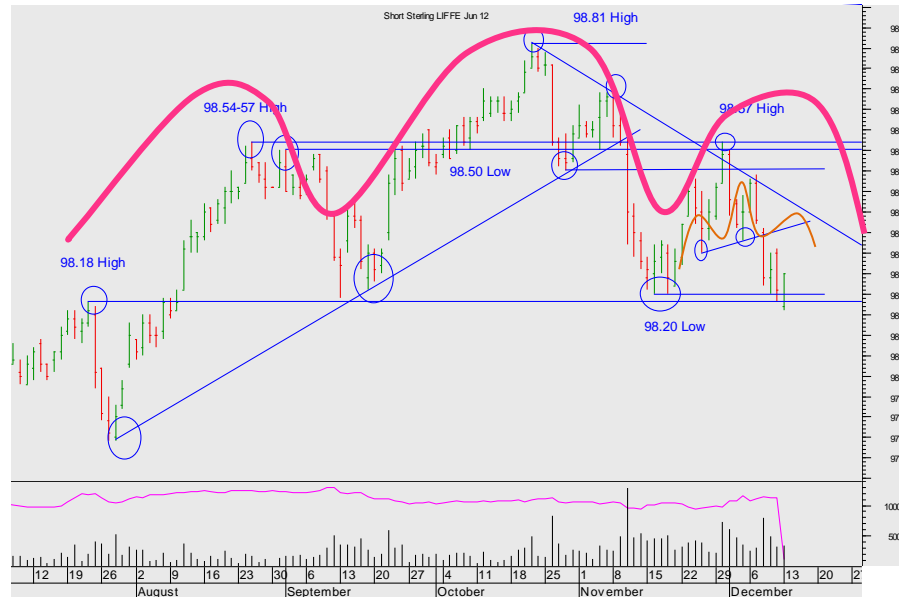
## Interest rates

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## Commodities

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- + Comex Gold

## Interest rates: Liffe Sterling rates



## Liffe Sterling rates monthly Jun 12 futures chart

The market's break down has found at 98.18/20. The Prior Pivotal low and the Prior high from 98.18.

Watch closely watch closely for a breakdown through that level – which would complete a Head and Shoulders Top.

(Note too, for the bears, the small H&S Top just a few days ago.)

Stand back for clarity.





## Commodities

**COMMODITIES:** Oil's uncertainty is clear as it teeters at a Pivotal Prior High. Gold, still in the grip of medium term bull forces, looks resilient, having reversed an attempted sell-off.

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- + 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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## Commodities: Nymex WTI Oil



## Oil weekly cont. chart futures

The market's sideways trading range has been smashed – through the top of the range in the weekly continuation chart. Look closer.



## Oil Mar 11 daily chart futures

That sideways price action in greater detail: in the **Mar 11** contract. Note the market's hesitation at the \$89.76 High.

The market twice tested the support – both Fibonacci and Prior High at 81.70 or so.



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## Commodities

- + Nymex WTI Oil
- + Comex Gold

## Commodities: Nymex WTI Oil



## Oil daily March 11 futures

If no clear confirmed break of 89.76 is achieved, the bears will be relieved - first support down at 85.57.



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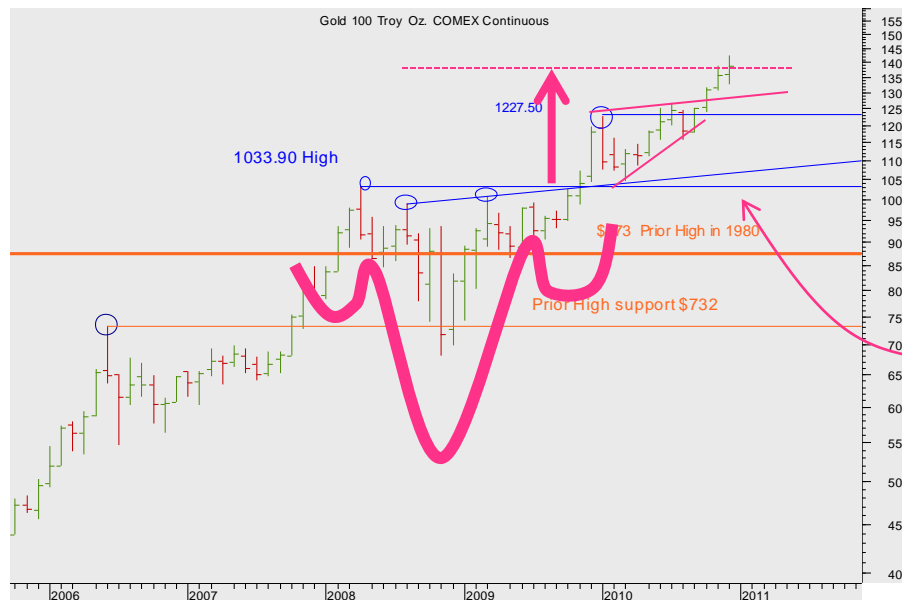
## Commodities: Comex Gold



## Comex Gold futures weekly cont. chart

The long-term chart is well-known – the 1980 Prior High of \$873, 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 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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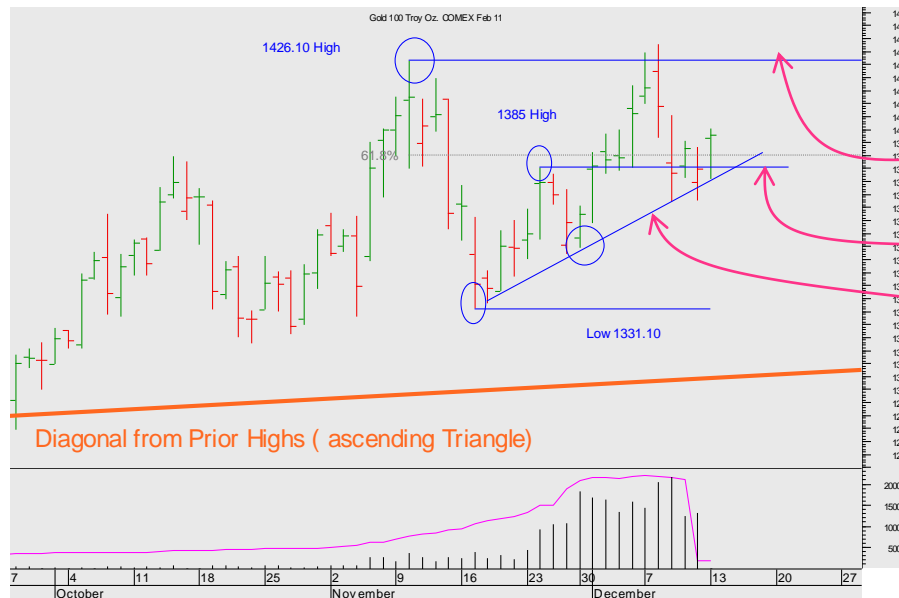
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## Commodities: Comex Gold



## Comex Dec10 Gold futures weekly chart

In greater detail still. The Triangle is still driving the market....



## Comex Dec10 Gold futures weekly chart

The market has failed at the Prior High Pivot at 1426.10....

with good first support at 1385...

Stay long but stops beneath the rising trendline diagonal support look well-placed...



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