



5th January 2011

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**
Stay SQUARE. **SELL** a break of 1.5217.
Stay **SQUARE**
Stay SQUARE

Stocks

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Stay **LONG** (Mar 11); Stops beneath 1219.
Stay SQUARE (Mar 11).
Go **LONG** stops beneath 5796.50 (Mar 11);
Stay **LONG** above 10150 (Mar 11).

Bonds

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- + Eurex Ten Year Bund
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Stay **SHORT** with Stops above 122-14.5 (Mar 11)
Stay SQUARE (Mar 11). **SELL** a break of 124.21.
Stay **SHORT** (Mar 11) beneath 140.55

Interest rates

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Stay **SHORT** (March 12) Stops above 99.10.
Stay SQUARE;
Stay **SHORT** (Jun 12)

Commodities

- + Nymex WTI Oil
- + Comex Gold

Stay SQUARE (Mar 11)
Stay SQUARE (Feb 11); **BUY** a close above 1426.10



Currencies: Dollar Euro

CURRENCIES: The currency market has been quiet over the holiday period. The recent strength of the Euro against both the Dollar and Sterling looks to be running into resistance and we are unconvinced that it can be sustained. But the Yen's strength against the Dollar does look impressive. Short-term there is clear evidence of a likely re-test of the lows established both recently and in 1995.

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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 1.20-1.1662**

More



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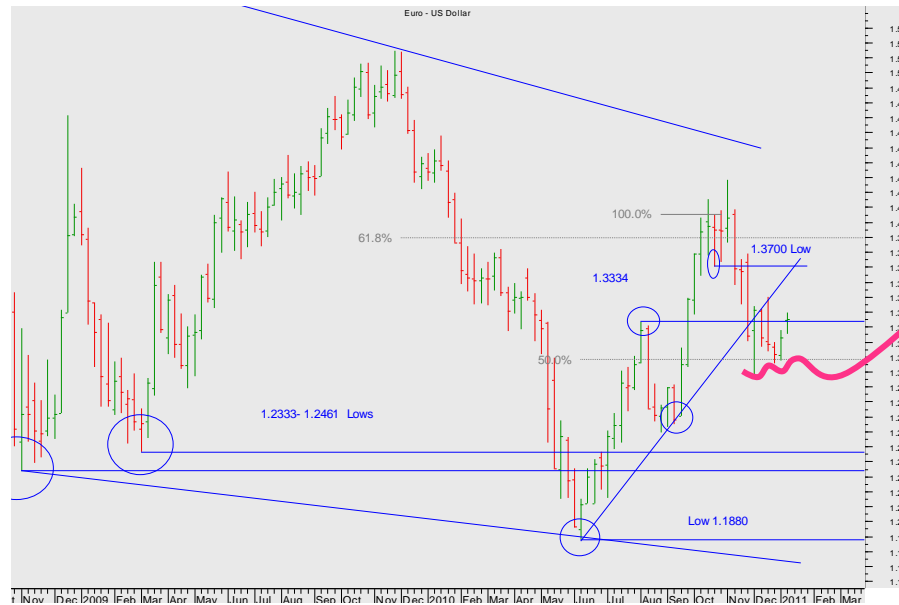
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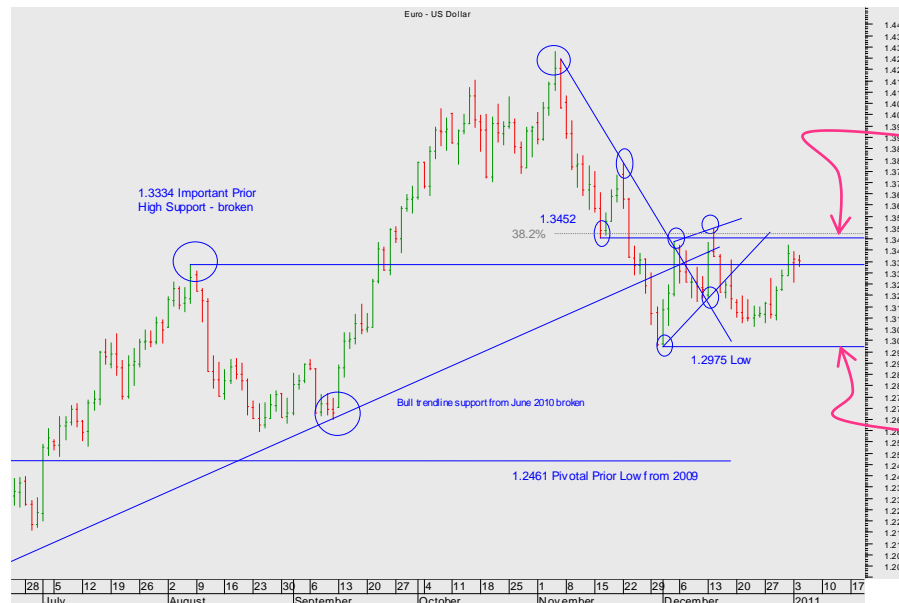
- + Nymex WTI Oil
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Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

The 50% retracement of the 2010 bull move looks to be good support ... despite the break of the rising diagonal support...



Dollar Euro daily spot chart

But this is not at all clear.

Prior Lows (say 1.3452) are acting as good short-term resistance NB the Fibonacci resistance there too

Add to that the completion of a bear rising wedge... **But the Price action remains unclear.**

Stand back unless the bears can see a break down through 1.2975.

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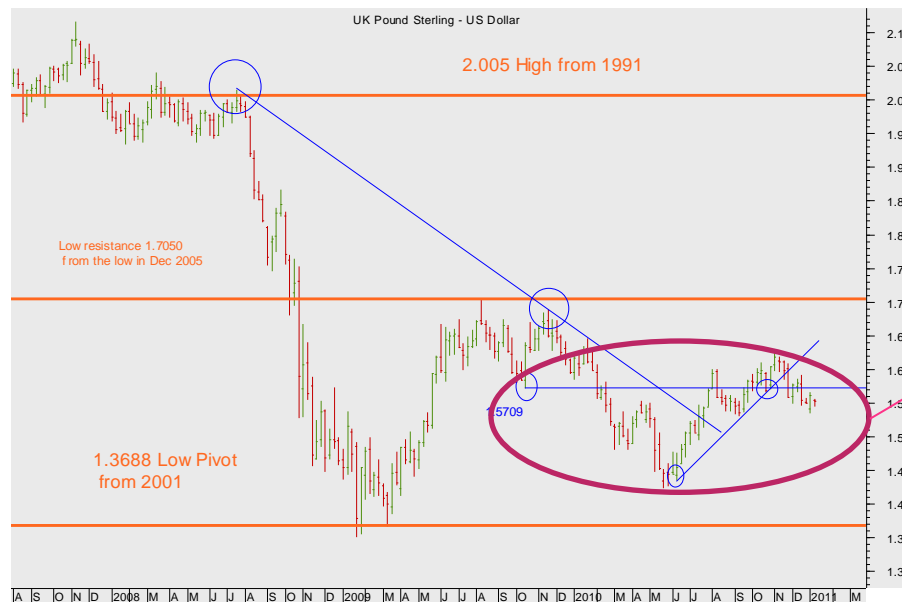
Currencies: Dollar Sterling



Dollar Sterling monthly spot cash chart

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....no clear structures lie within it...

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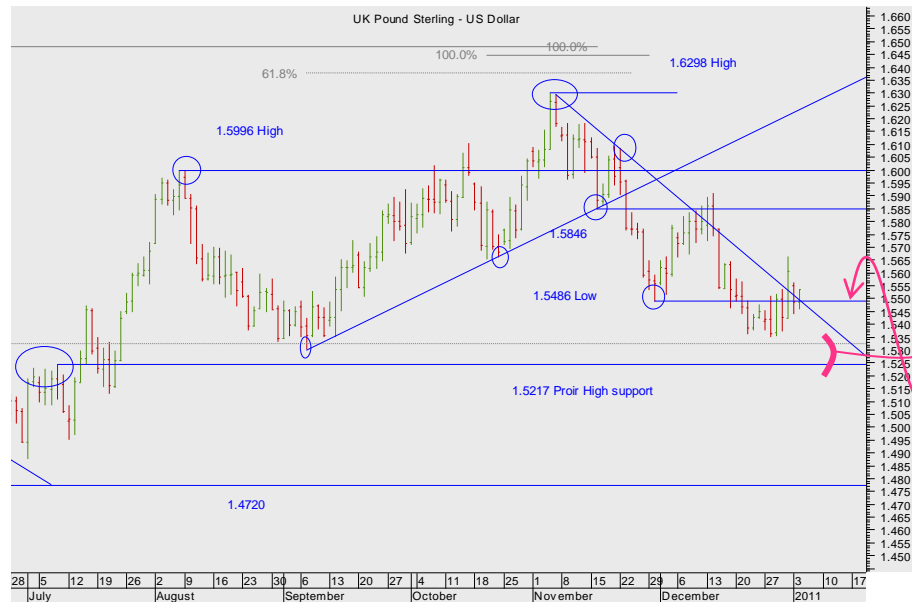
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Currencies: Dollar Sterling



Dollar Sterling daily spot cash chart

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

The break of 1.5486 may have triggered that approach.



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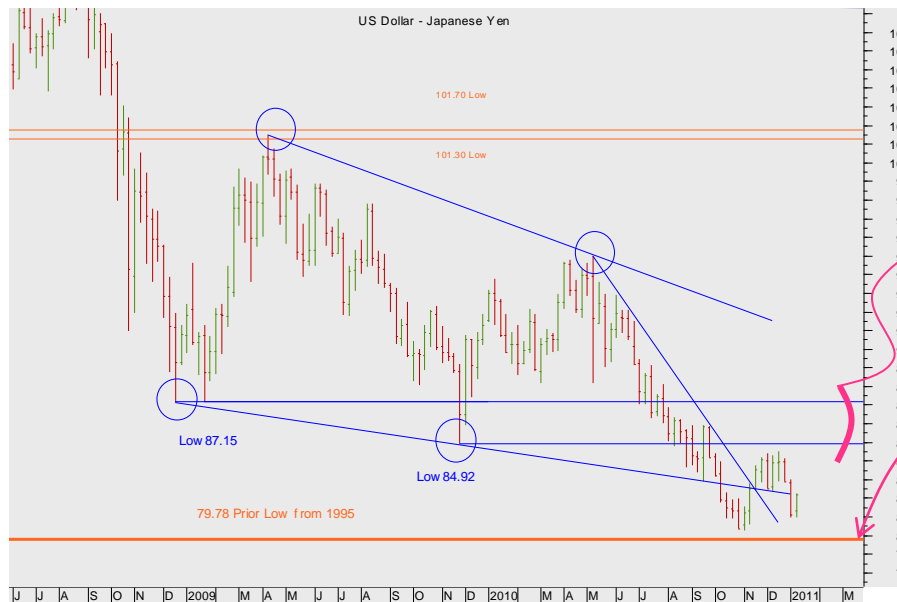


Dollar Yen monthly spot cash chart

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... See how the market failed there and is re-approaching the 1995 lows.

Stand back.

More



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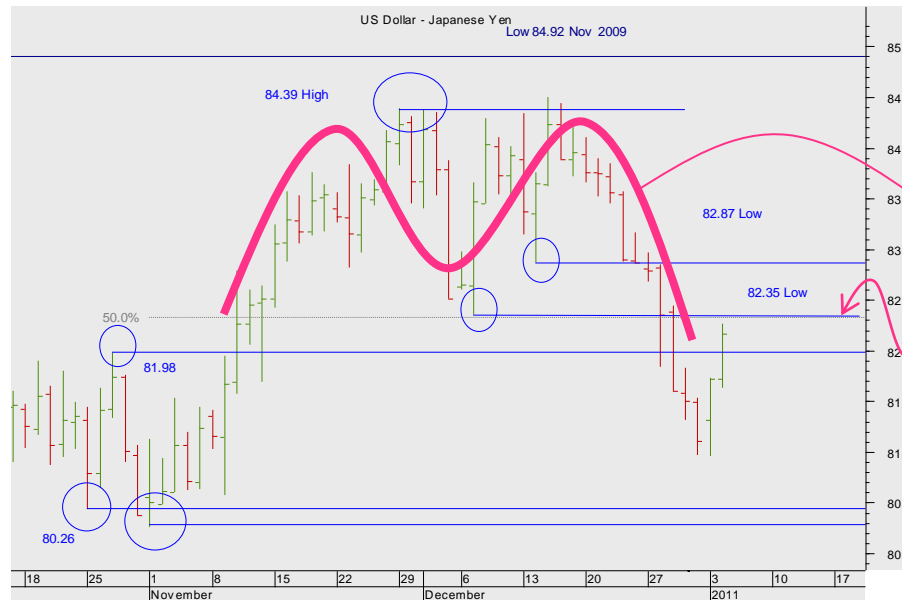
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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

And this detail adds greatly to the bear Dollar momentum.

Note the completed Double Top at 84.39.

Expect good resistance at 82.35.

More



Currencies: Sterling Euro

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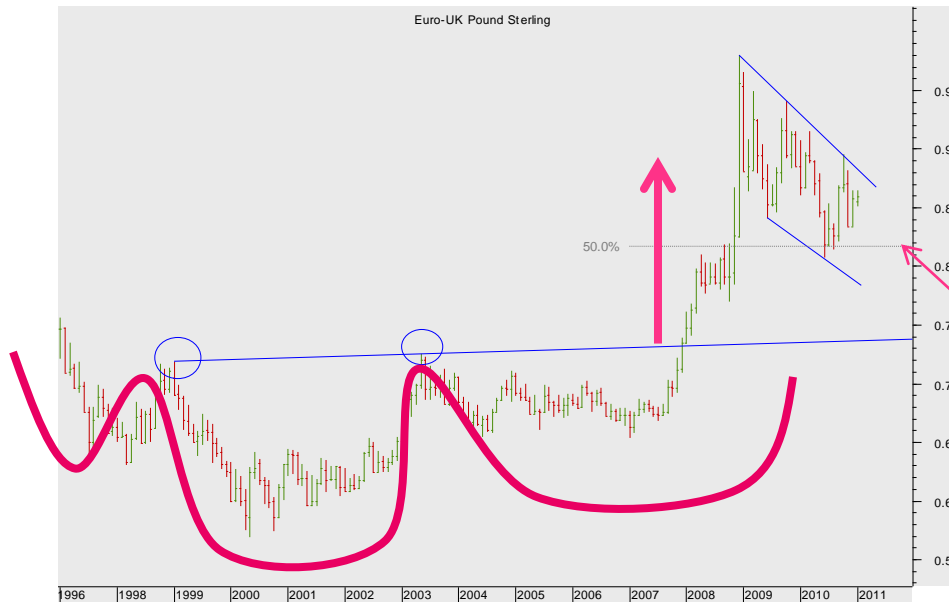
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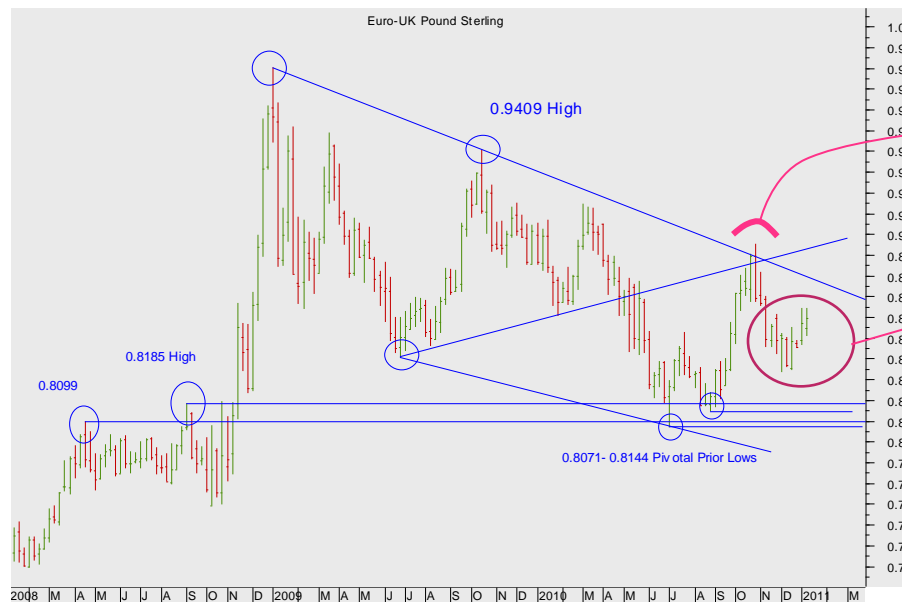


Sterling Euro monthly spot cash chart

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

The possible bull falling wedge failed to complete (note the double resistance with the rising diagonal as well) and fell back.

But there is a lack of clarity here.

Stand back.

More



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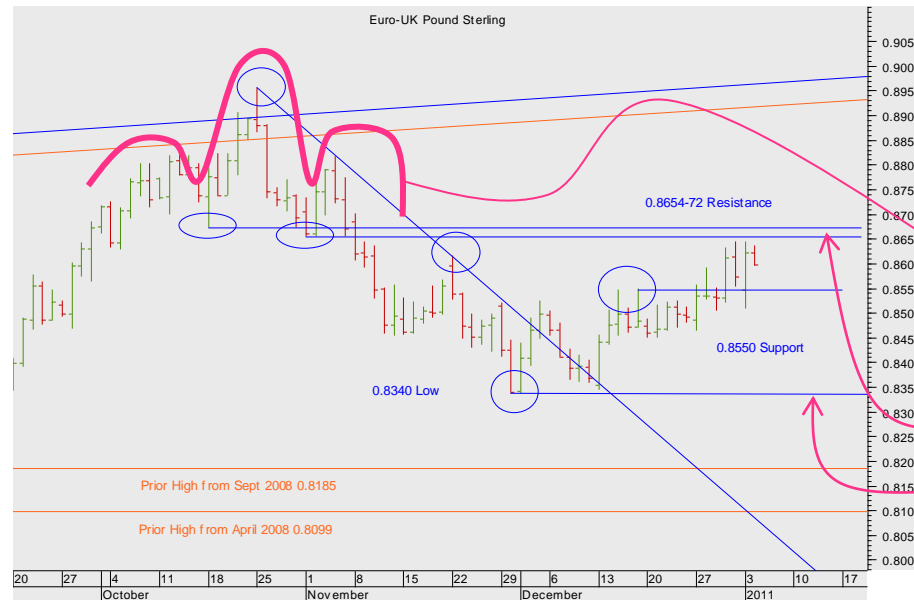
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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

But note the short-term bear momentum created by the completed Head and Shoulders Reversal

For the moment though, the bear momentum has been lost; though we expect the resistance at 0.8654-72 to be good, use the Prior Low pivots at 0.8340 as the test of the bears' intent.

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



Stocks

STOCKS: The S&P's strength is a compelling resurgence of the bull run up to the end of the year. As a result, all the markets are being driven better, with only the EuroStoxx looking reluctant.

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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



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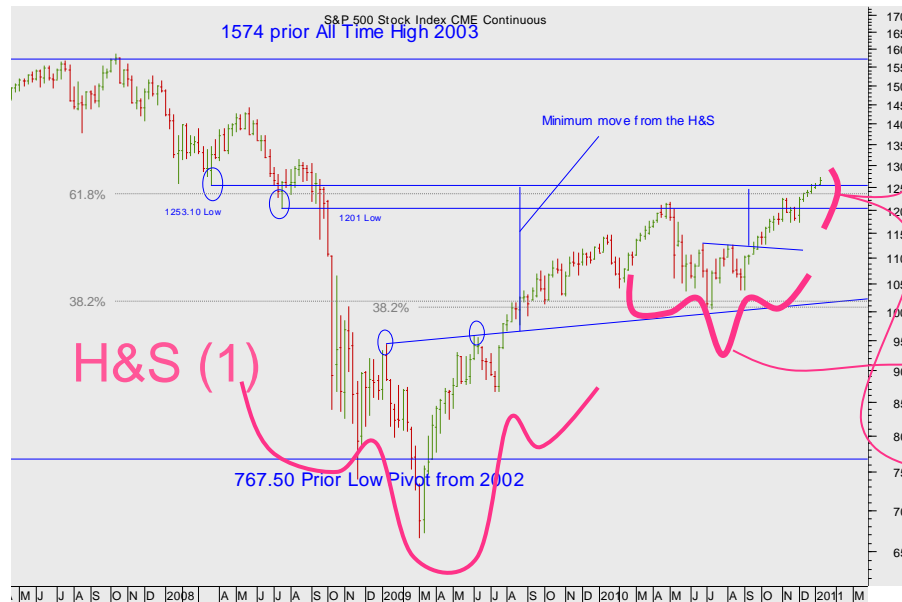
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Stocks: CME S&P 500

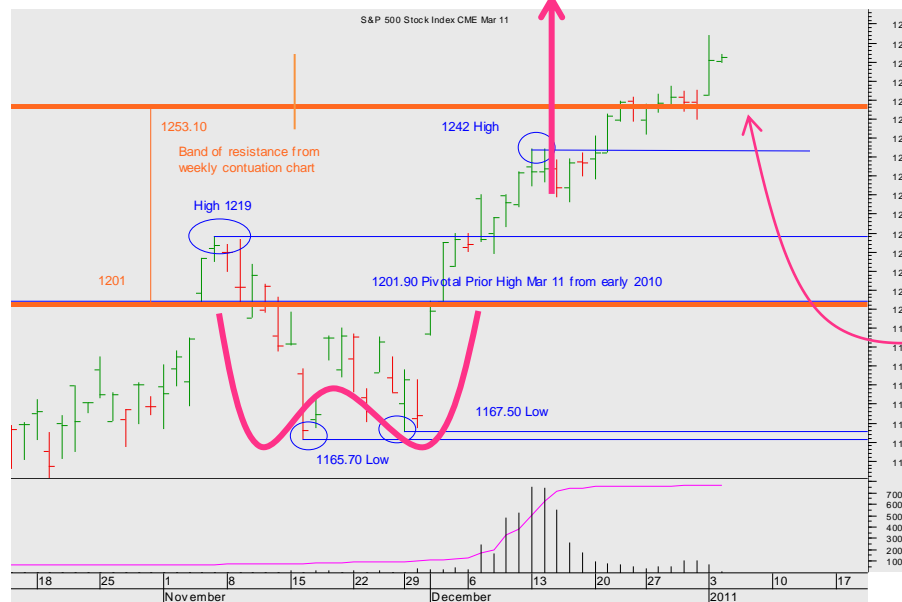


CME S&P 500 cont weekly cont. chart

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...**

The band of resistance 1201-1252 were the minimum targets of both H&S patterns (in the continuation charts) are to be found – looked **powerfully resistant.**



CME S&P 500 weekly Mar 11 chart

In the Mar11 contract...a small Double Bottom sustained the momentum up through the medium and long-term bands of resistance...now there is good support beneath the market on pull-back at 1253.10.

More



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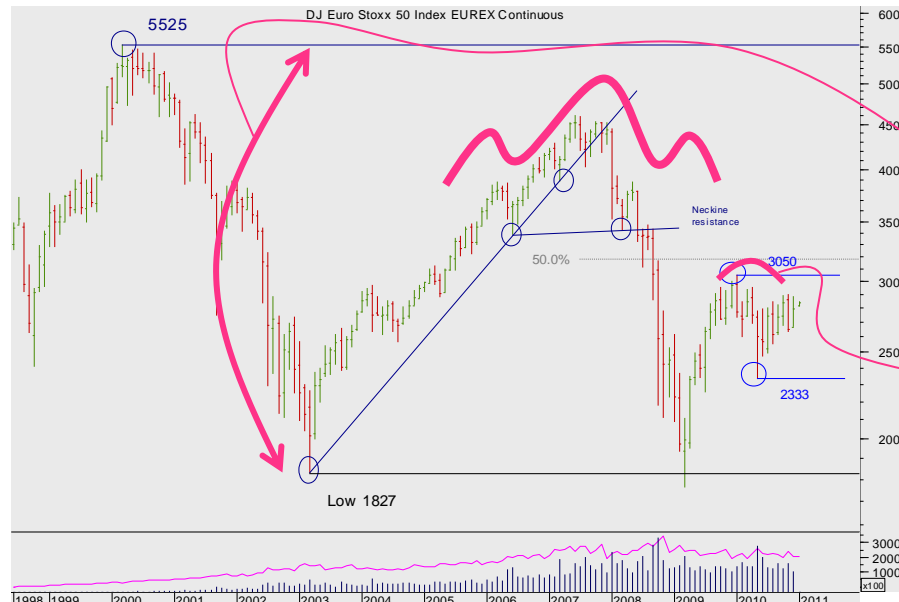
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Stocks: Eurex EuroStoxx 50

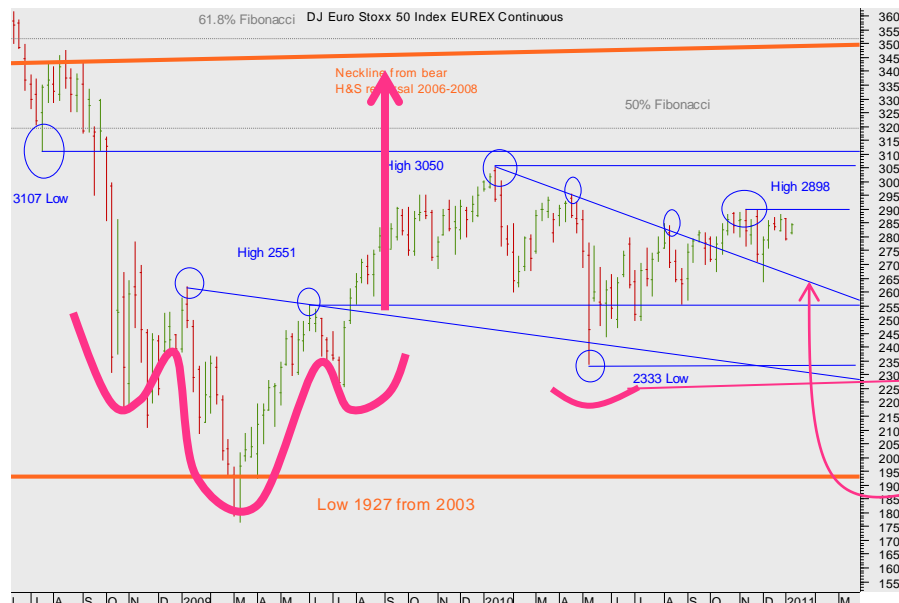


Eurex EuroStoxx 50 monthly continuation futures chart

The market is in a huge trading range.

Note the failed rally of 2009/2010 – unable to breakup through the resistance of the 50% 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 the clear and important Falling Diagonal from early 2010. **And found support from the rising diagonal from April 2010/**

More



Stocks: Eurex EuroStoxx 50

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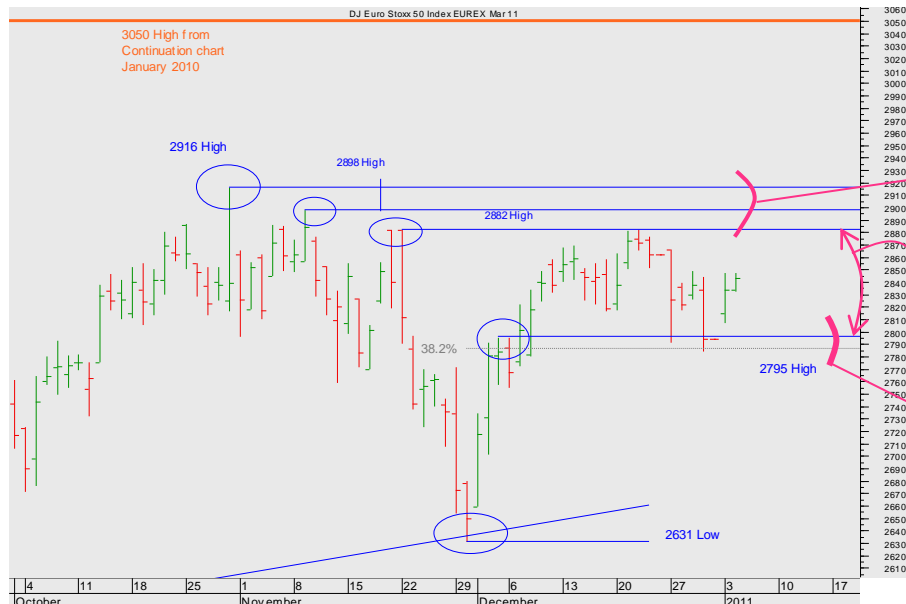
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Commodities

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- + Comex Gold



Eurex EuroStoxx 50 Mar 11 futures chart

The market is struggling to break up through the Prior Highs in the March 11 contract.

And had, as a result, fallen back to the support from the Prior High (and Fibonacci)

Now watch the range 2795- 2882.



Stocks: Liffe FTSE 100

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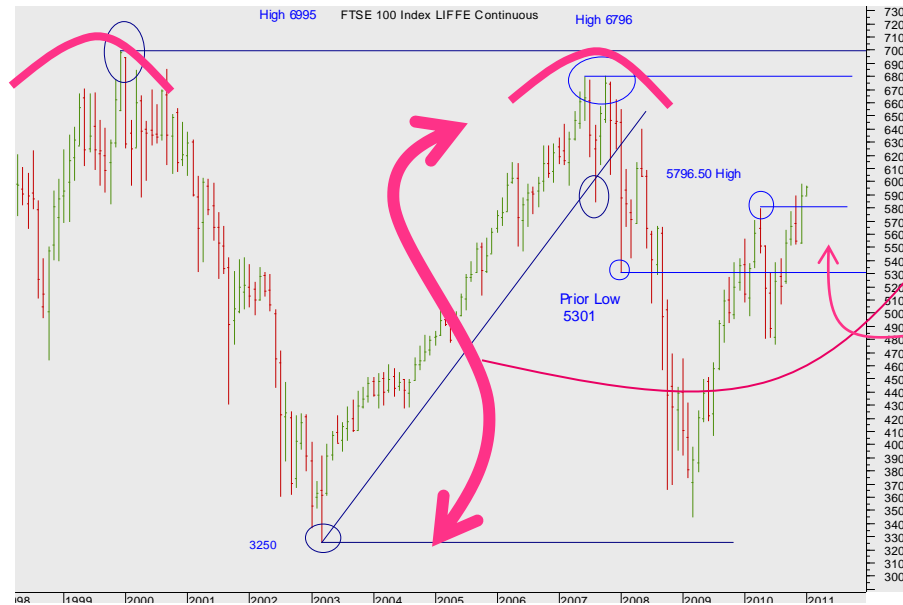
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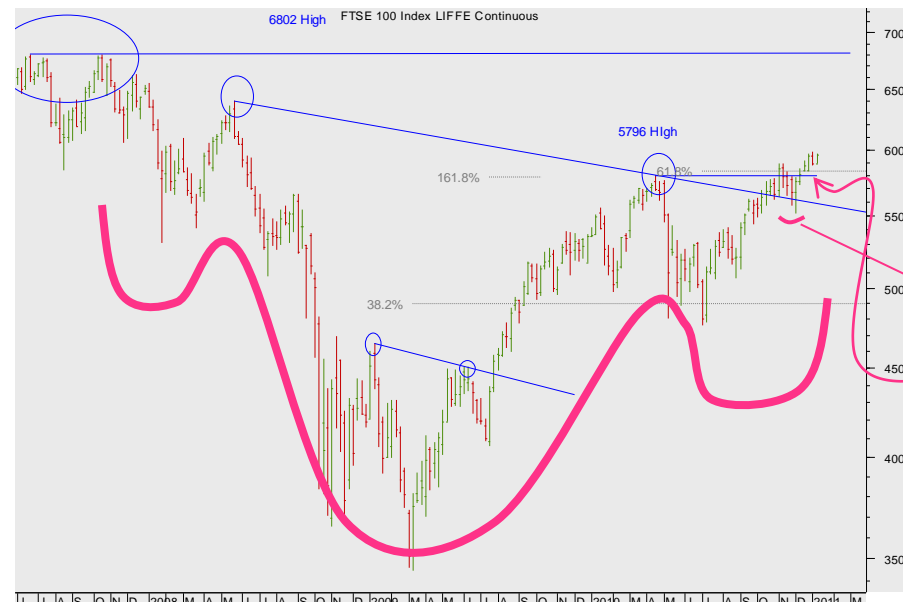


Liffe FTSE 100 monthly continuation futures chart

The market is in a massive trading range.

The rally from early 2009 has pushed through the Prior High at 5796.50.

Which should now act as good support and ratchet the market higher still.



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, retested the Neckline - and found it solid.

Note too the slow but clear progress of the market up though and beyond the immediate horizontal from the Prior High Pivot 5796.

Look closer.

More



Stocks: Liffe FTSE 100

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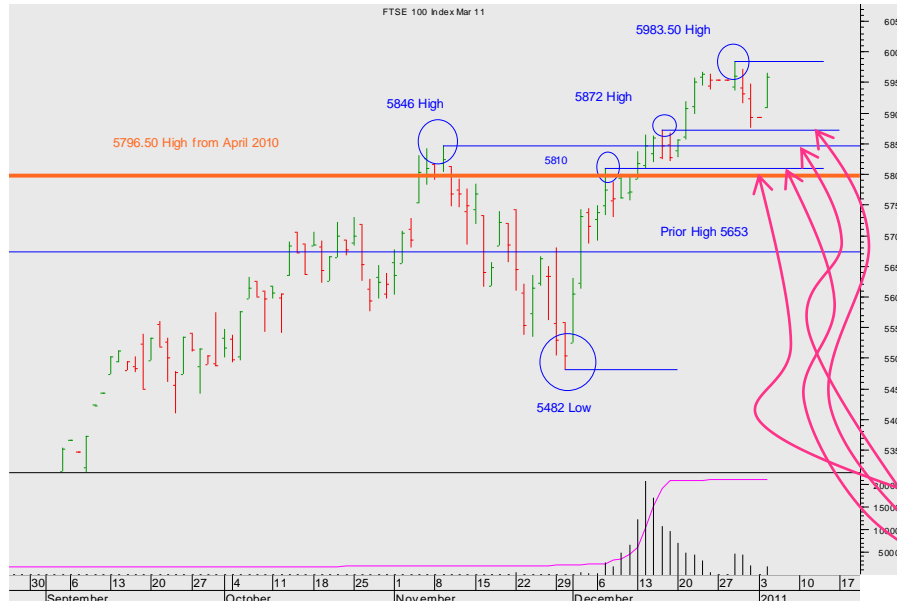
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Liffe FTSE 100 MAR 11 futures chart

FRIDAY'S CLOSE 5827.

The Neckline may be good support but so too is the 5653 Prior high.

We remain bullish because of the weekly chart....with stops beneath 5810.

But short-term, the push up through 5796.50, combined with the push up through the successive highs 5746, 5810, 5872 has all established a great deal of support beneath the market.



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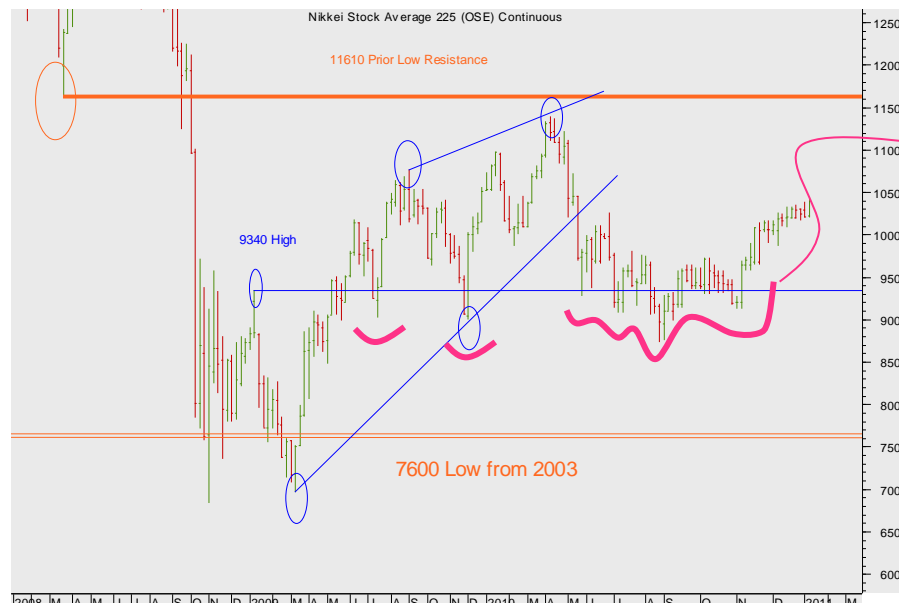
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Stocks: OSE Nikkei 225



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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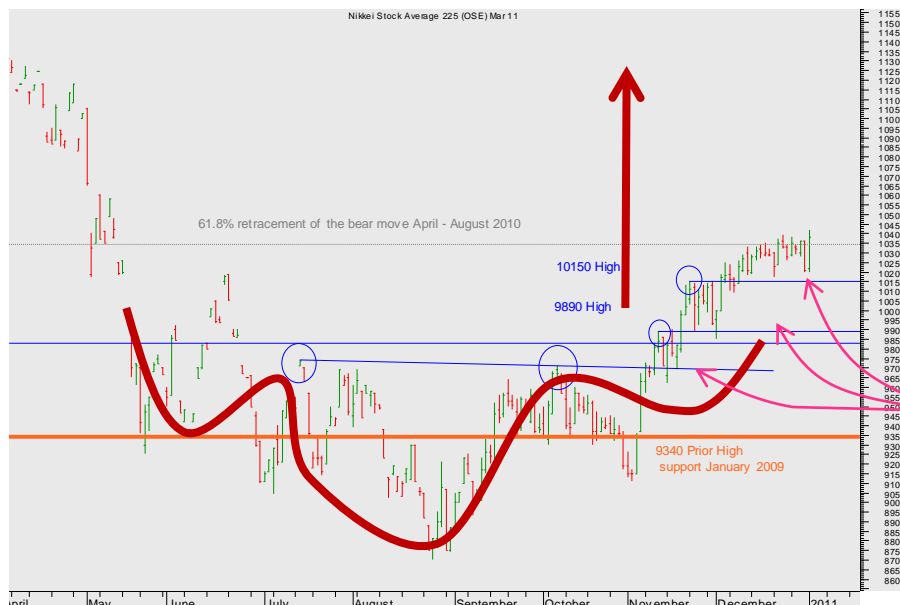
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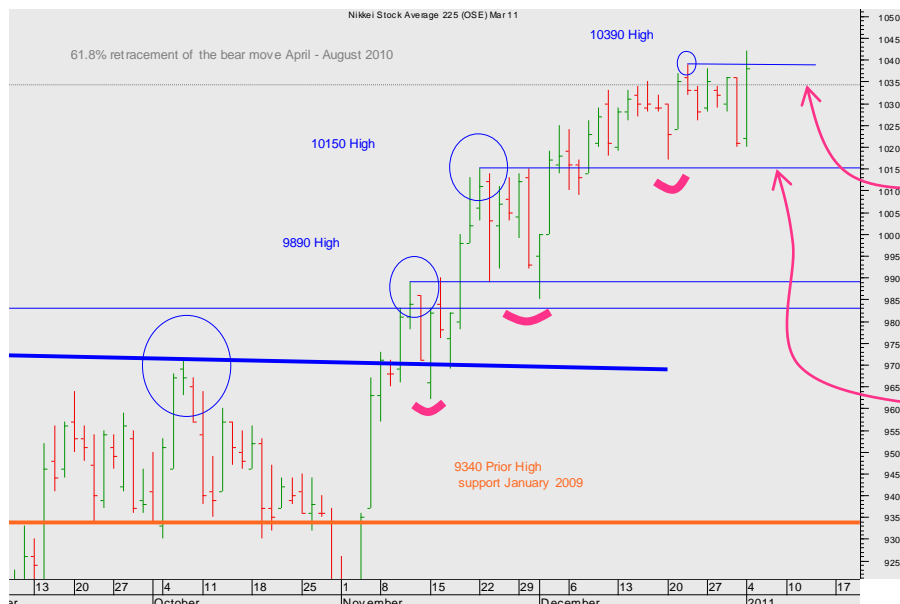


OSE Nikkei 225 MAR11 daily futures chart

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 with Necklines and Prior Highs acting as good support.

...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.

That 10390 High needs to be broken....

Beneath the market look carefully at the support from 10150.



Bonds

BONDS: After the fierce falls in October and November, prior to the holidays, the markets have retraced. But such were the penetrations of long-term supports that these rallies are unconvincing and are without strong structures to drive them substantially better from here. We are looking for short-term weakness with which to enter bear trades.

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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

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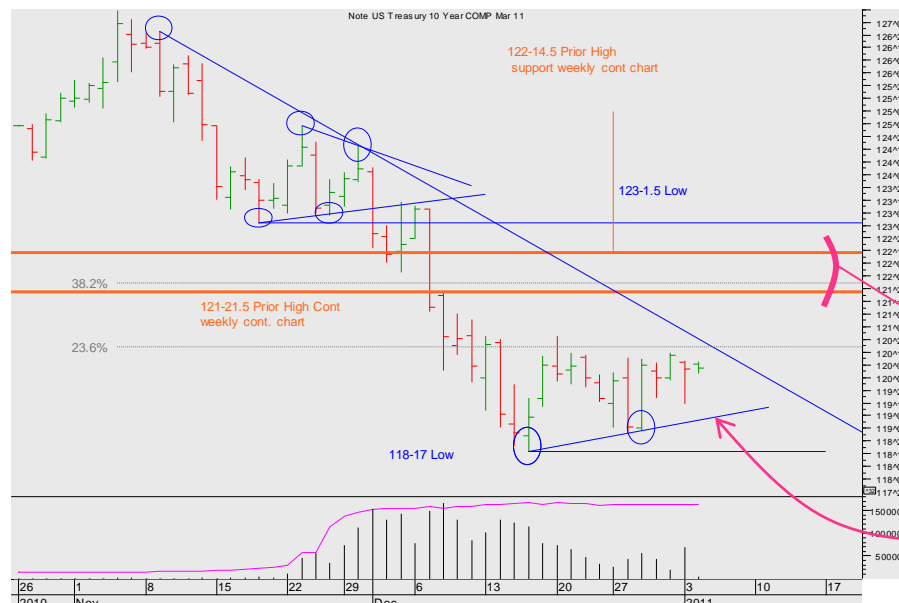
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CBOT Ten Year Notes weekly futures continuation chart

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 we **expected** a retest of that resistance band beginning at 121-21.5.

It hasn't happened. That looks very bearish. Add to shorts on a break down through the gently rising diagonal at 119-00.



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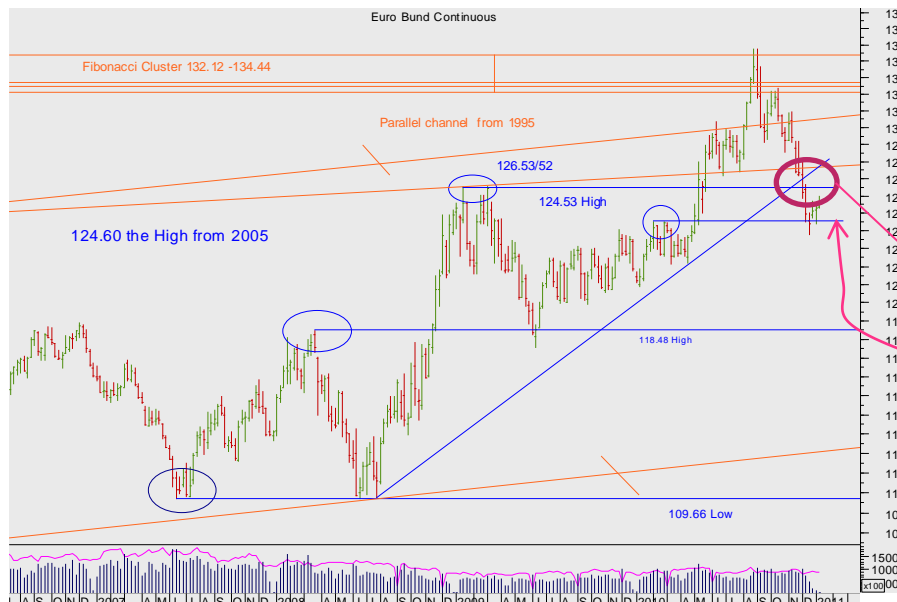


Eurex Ten Year Bund quarterly futures continuation chart

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

The market surpassed the 124.60/126.53 highs and pulled back....and is now testing the band of support from those Prior Highs 124.60-126.53.

Look closer.



Eurex Ten Year Bund weekly cont. futures Chart

The drive down through the rising diagonal, and prior High support at 126.53 was **a powerful bear statement**.

But 124.53 has been good support.

Look closer.

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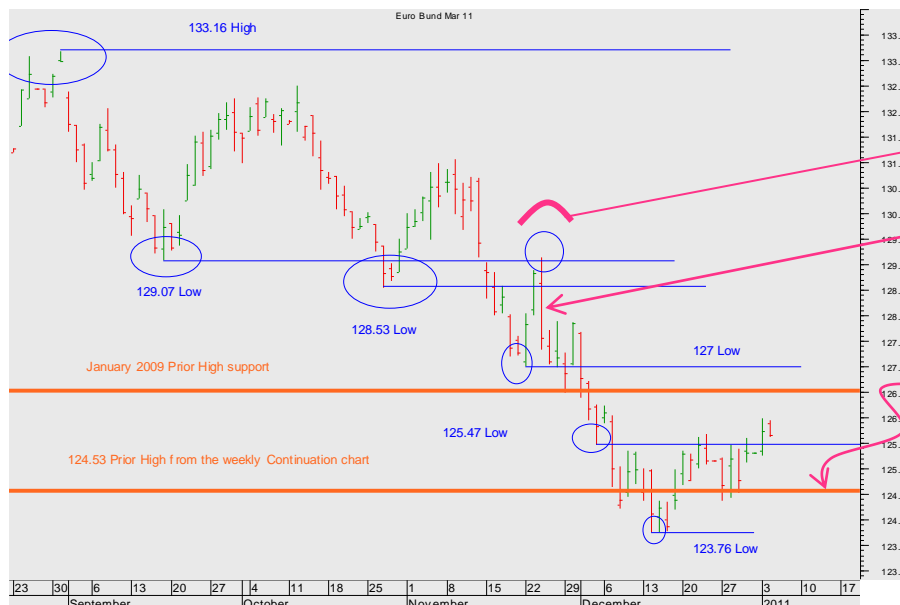
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- + Comex Gold

Bonds: Eurex Ten Year Bund

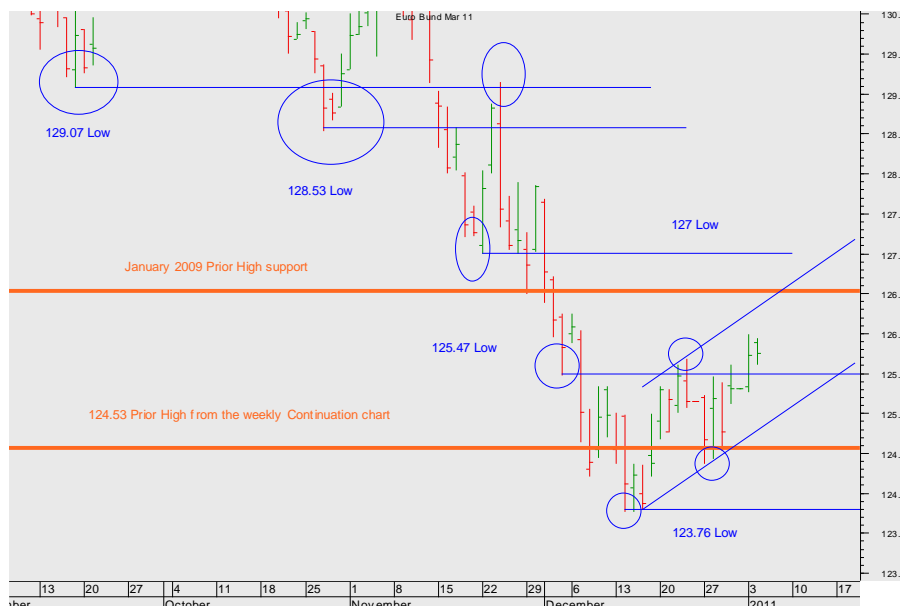


Eurex Ten Year Bund Mar 11 daily futures chart

Attempted rally failed

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

Watch the testing of the lower support at 124.53.



Eurex Ten Year Bund Mar 11 daily futures chart

So 124.53 has held, and a rally of sorts is underway.

But there is **no compelling bull reversal in place**....so, despite the medium-term support, we are sceptics about the rally.

Stand back and wait for clarity.



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: TSE Ten Year JGB



TSE Ten Year JGB monthly futures continuation chart

The JGB has not only (1) failed to endorse the completion of a bull continuation H&S pattern but (2) is also testing the long term diagonal support.

Look closer.



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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Bonds

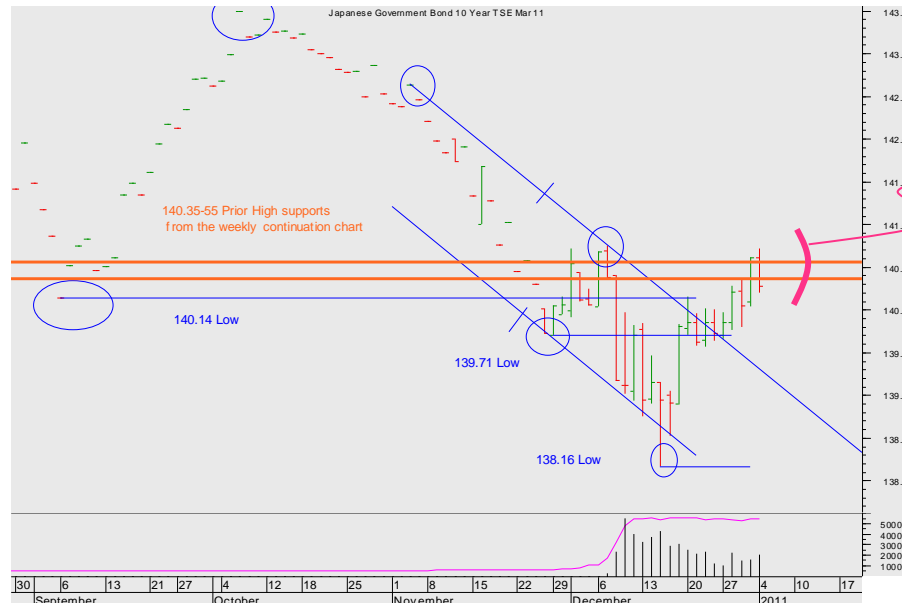
- + CBOT US Ten Year Notes
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Interest rates

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- + Liffe Euribor
- + Liffe Short Sterling

Commodities

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- + Comex Gold



TSE Ten Year JGB Mar11 futures chart

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

There has been a rally, certainly, and the market is no testing the breakdown at 140.35-55.

And essentially, despite the recent bounce, there is no support left in the market. The bears remain in charge unless the market can get back above 140.55 convincingly.



Interest rates

SHORT INTEREST RATE FUTURES: The bear tops we saw developing in the short ends are now being threatened by the fierce rallies at the turn of the Year. Short Sterling remains the least affected and still dominated by the bears.

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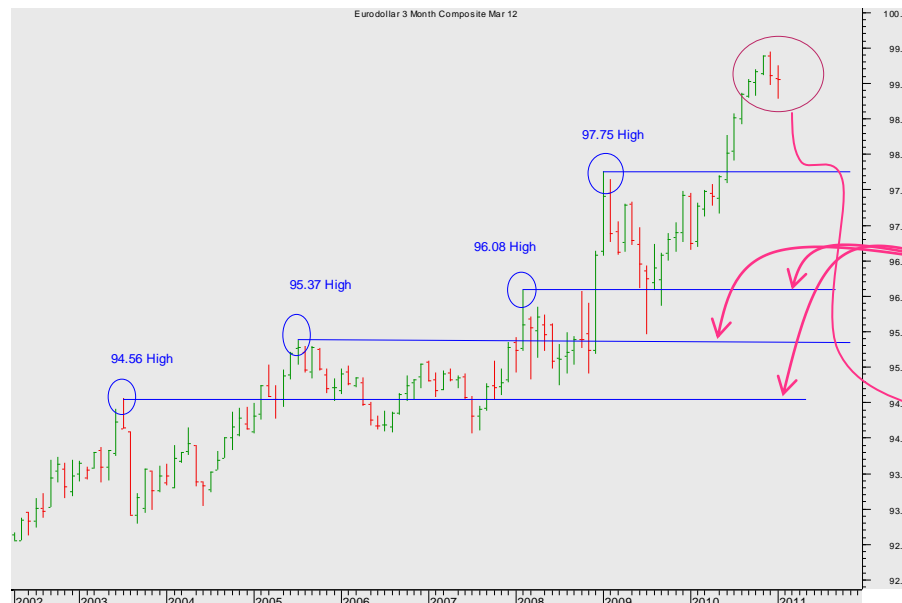
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: CME Eurodollar rates



CME Eurodollar rates monthly 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 important....)



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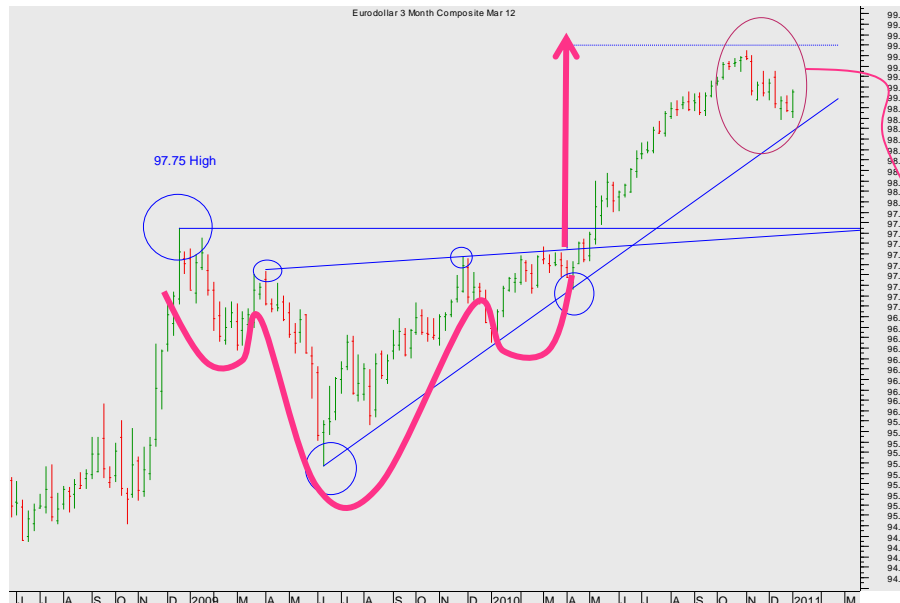
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Commodities

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- + Comex Gold

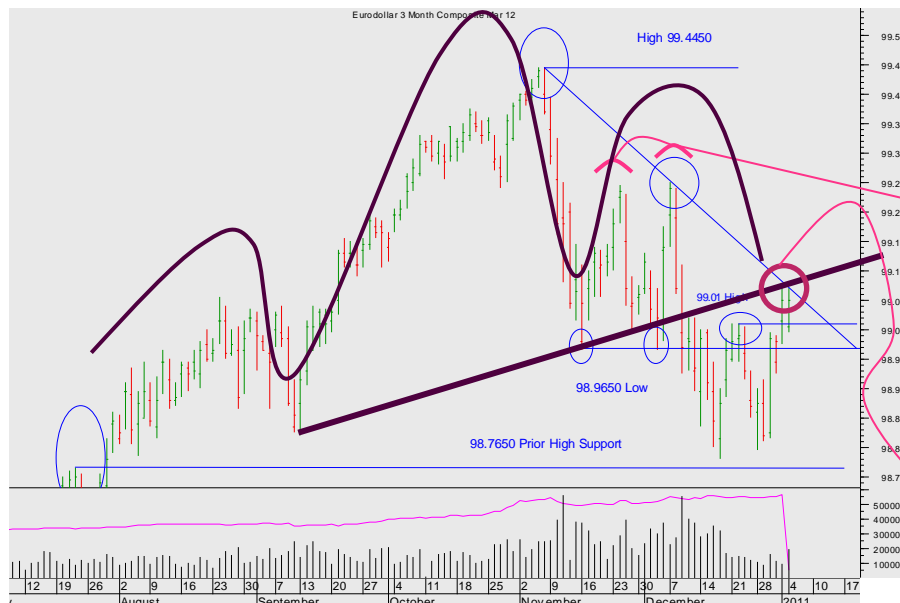
Interest rates: CME Eurodollar rates



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.

Note well the Double Failure to get back through 99.25.

But thereafter the price action is not at all clear...

Certainly the Prior High support at 98.7650 is important - the market has twice bounced from it – and note the testing of the falling diagonal ...

More



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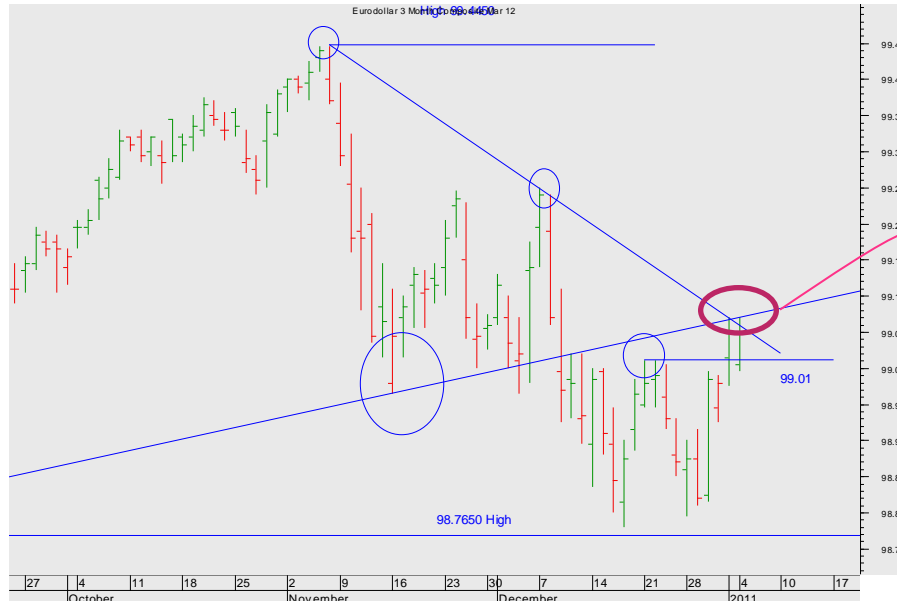
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
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Interest rates: CME Eurodollar rates



CME Eurodollar rates daily Mar 12 futures chart

There is a telling coincidence of resistance at 99.07 – watch that carefully.

And stand back for clarity.



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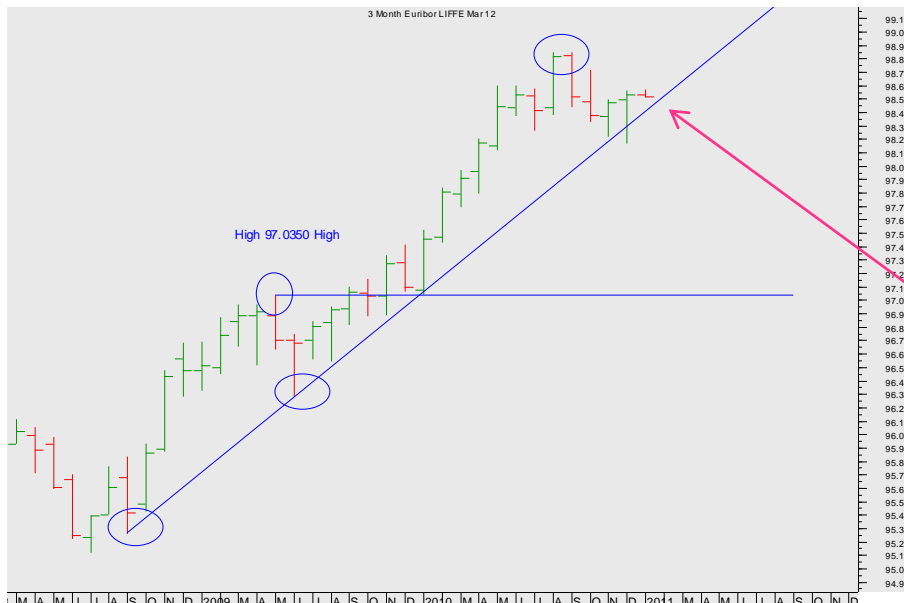
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Commodities

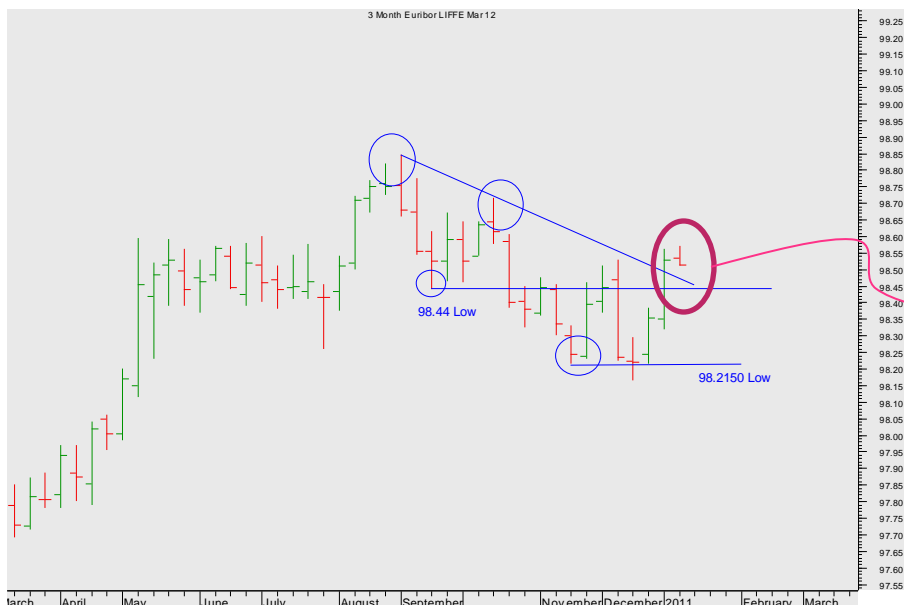
- + Nymex WTI Oil
- + Comex Gold

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 weekly futures chart

But there is little clarity in the weekly detail.

The push up through the falling diagonal – through the horizontal resistance from the low at 98.44 is impressive ...

Look closer.

More



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Commodities

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- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates daily Mar 12 futures chart

And that breakup adds to the already bullish tone from the double bounce from the 98.2150 level.

The bulls have the upper hand, but there is no compelling break yet.



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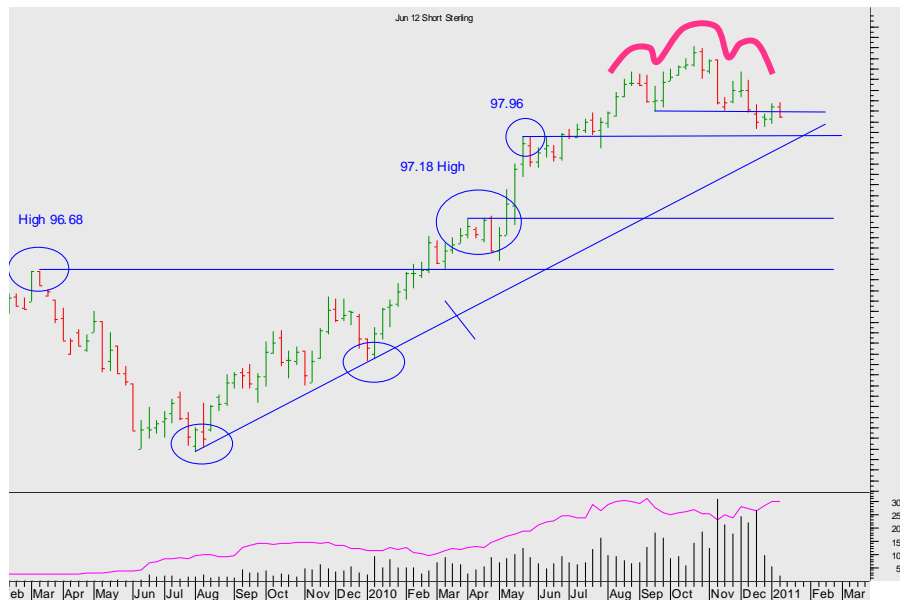
Interest rates

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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 rally is faltering with a clear completion of a H&S Top.

The only disappointment for the bears is the good support beneath the markets at the horizontal from 97.96 and the rising diagonal.

Look closer.

More



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- + TSE Ten Year JGB

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

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates monthly Jun 12 futures chart

The market's break down is especially well structured with Prior Lows acting as good resistance...

The bears are in charge.



Liffe Sterling rates monthly Jun 12 futures chart

But the central fact of the market is **the completed Head and Shoulders reversal in place** – whose completion coincided with the smashing of the powerful horizontal support from the High at 98.18.

The market has rallied to the Neckline - and looks to have failed there.

We are bears – and looking to add on a breakdown through 98.03.



Commodities

COMMODITIES: Oil has been driven to the top of the trading range from early 2010. Impressively well-structured, it looks set to go further still. Gold too, is poised at the top of a trading range requiring only a clear break of the Prior high Pivot to begin a new bull leg.

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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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- + Liffe Short Sterling

Commodities

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- + Comex Gold

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

This is unambiguously bullish – short of breaking the Pivot at 94.02.

The market twice tested the support – both Fibonacci and Prior High at 81.70 or so – so that is a strong bull endorsement as is the support from the prior high Pivots at 89.76 ..



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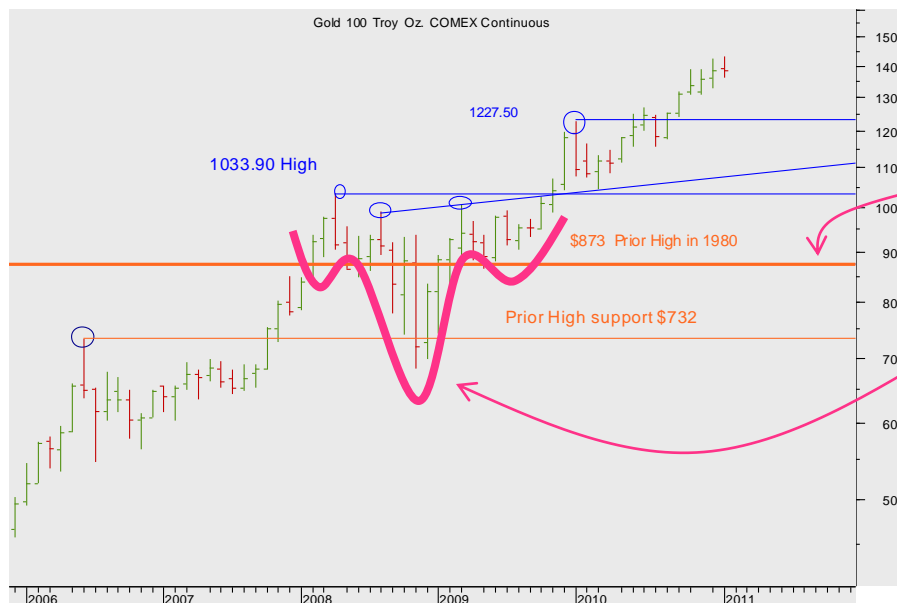
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



Comex Gold futures monthly 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 Gold cont. Weekly chart

Here are the driving patterns of the market.

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

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



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- + Liffe Short Sterling

Commodities

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- + Comex Gold

Commodities: Comex Gold



Comex Feb 11 Gold futures daily chart

Though the Triangle is still driving the market there is clear hesitation at the 1426 level. The price action is somewhat confused, but note the completed bull falling wedge.

And indeed the massive stimulus to be gained from a close above 1426.10



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