



15th March 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

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by the FSA



summary

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Stay SQUARE Euros
Stay **LONG** Sterling with Stops beneath 1.5950
Stay SQUARE; **BUY** Yen beneath 80.26.
Stay SQUARE; **BUY** Euros above 87.50.

Stocks

- + CME S&P 500
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Stay SQUARE (Mar 11);
Go SQUARE (Mar 11). **BUY** on a break of 3107
Go SQUARE (Mar 11); **BUY** on a CONFIRMED break of 6050.
Stay SQUARE (Mar 11).

Bonds

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Stay SQUARE (Jun11); **SELL** a confirmed break beneath 118-17
Stay SQUARE (Jun11)
SELL beneath 140.55 (Jun11);

Interest rates

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Stay SQUARE (March 12). **SELL** a break of 98.7650
Stay **SHORT** with Stops above 98.00 (March 12)
Stay SQUARE (June12)

Commodities

- + Nymex WTI Oil
- + Comex Gold

Stay **LONG** with Stops beneath 94.89 (April 11);
Go **SHORT** (April 11); Stops above \$1450



Currencies: Dollar Euro

CURRENCIES: The Dollar weakness at the end of the week, due especially to the strength of the euro, is close to triggering a big surge in buying – so clear and bullish are the underlying structures. However, Cable has been floundering as the weakness of Sterling looks close to completing a big bear Sterling structure there too. The Yen is tending to strengthen, in wild trading, but there have been no conclusive moves yet.

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Dollar Euro quarterly spot cash chart

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

The prospect of a bull falling wedge **remains intact** but is far from completion ... For that, a move up through 1.44 is required.

More



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Currencies: Dollar Euro



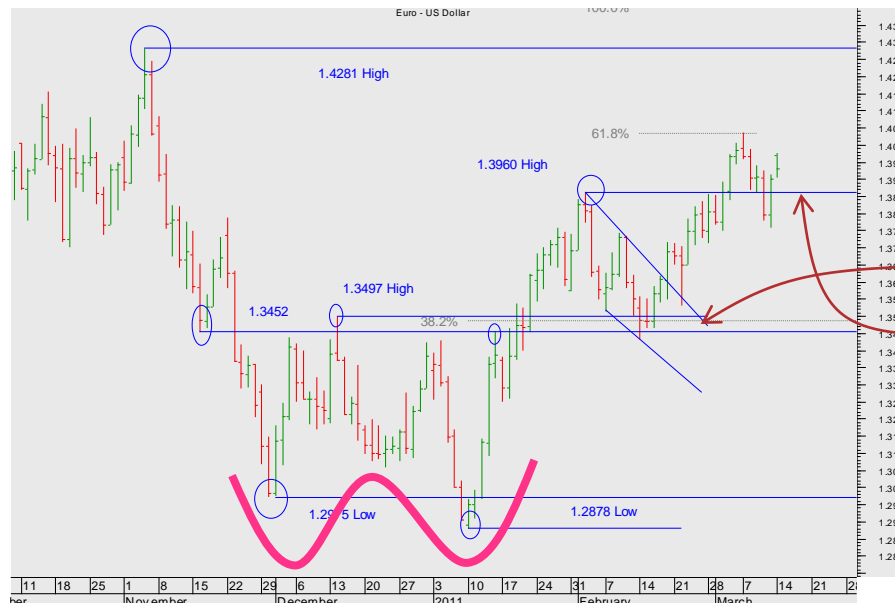
Dollar Euro weekly spot cash chart

The 50% retracement of the 2010 bull move was good support ... there have been two failed attempts to get down through it.

Then the market rallied ...

Look closer.

Dollar Euro daily spot chart



The rally was driven by (1) a large Double Bottom, and then (2) a bull falling wedge.

So the market powered ahead, see how the Prior High at 1.3960 is racheting the market better....like a good bull trend should.

Look closer.

More



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Currencies: Dollar Euro



Dollar Euro daily spot cash chart

1.3960 has been good support on any pull-back. Ratcheting the market higher... But NB the small Fibonacci resistance at 1.4034....



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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 within which a triangle has developed and completed?

(Unusually, it may be a **reversal** pattern)

Look closer.

Dollar Sterling weekly spot cash chart

That possible triangular consolidation in greater detail....now look closely at the price action close to the falling diagonal... (Which is very close to being the Neckline of a Head and Shoulders reversal...but not quite)

Yet, in any case, Triangles can reverse trends. Has the Triangle completed? **Unclear.**

More



Currencies: Dollar Sterling

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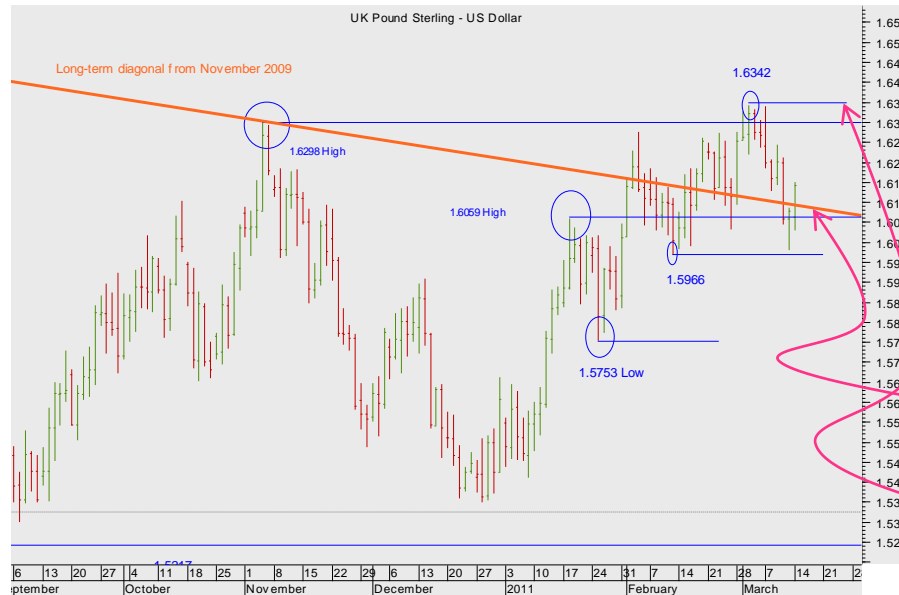
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Dollar Sterling daily spot cash chart

The rally from the December lows (support from the Fibonacci) has been impressive, no doubt.

But the uncertainty of the market's reaction to the falling diagonal/Neckline has not been resolved.

Wait for a clear push up through the Prior High 1.6298/1.6342 - **we remain optimistic for the bulls**



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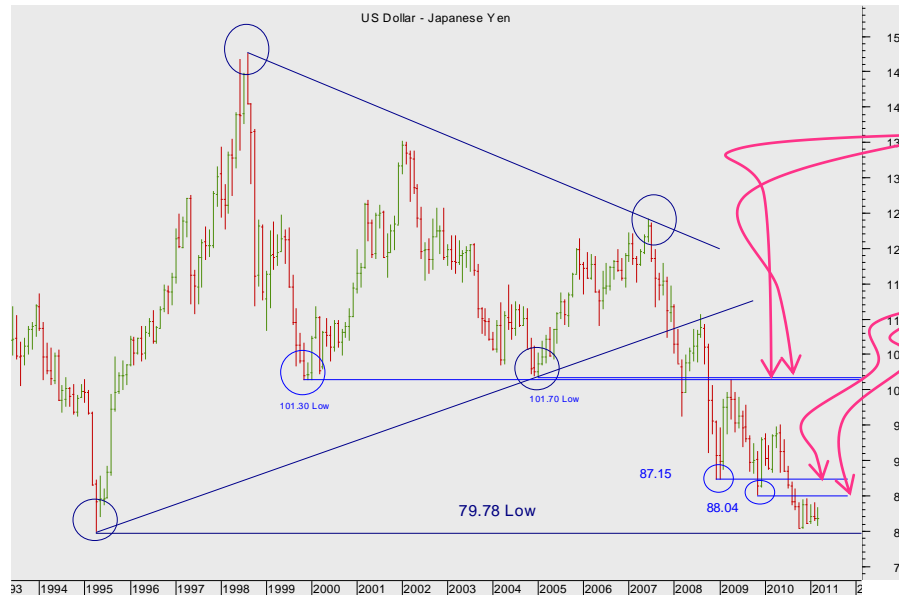
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Currencies: Dollar Yen

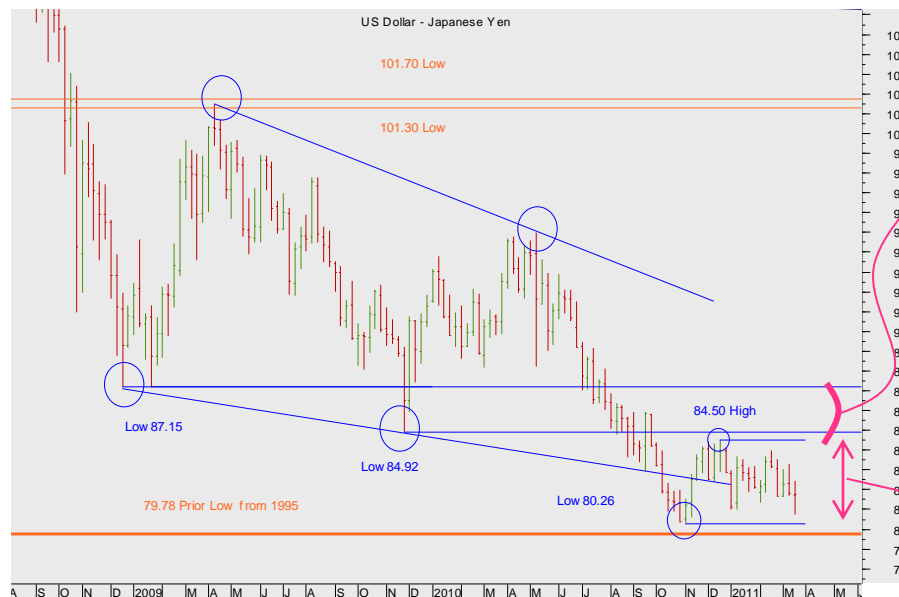


Dollar Yen monthly spot cash chart

The Prior Lows are pressing down on the market.

And forced a move down through the Prior Lows 87.15, 88.04 to the Pivotal Prior Low 79.78

Look closer.



Dollar Yen weekly spot cash chart

The Prior Lows are now powerful resistance above the market at the band from at 84.92/87.15.

That band looks more important than the falling Triangle...certainly the bounce from the 1995 lows looks to have run into problems from that band.

Stand back and watch the tight range that has developed.

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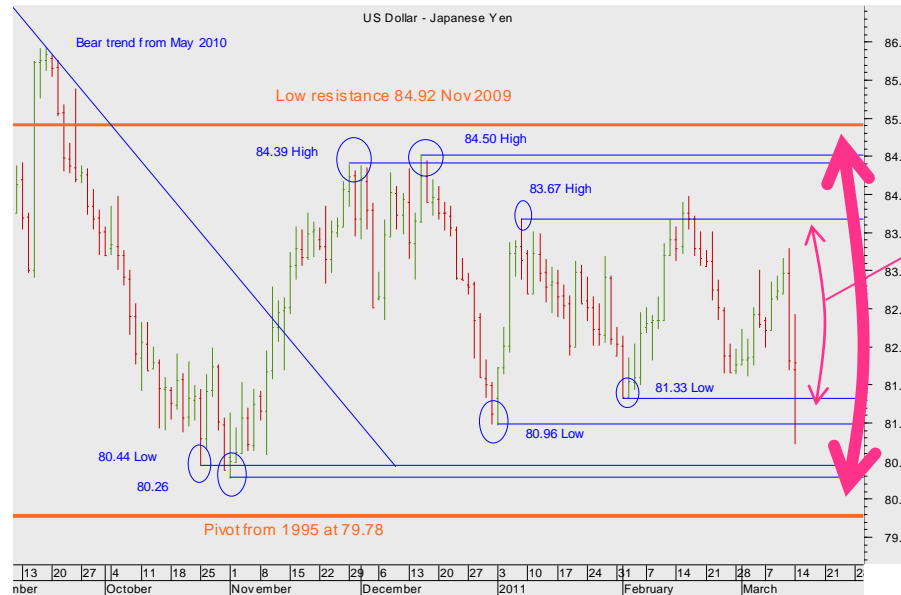
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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

The price action has tried - and failed – to smash the inner range....completing a small Head and Shoulders continuation pattern has yet to complete/

Stand back for greater clarity – bear need a break down through the band at 80.96-81.33.

More



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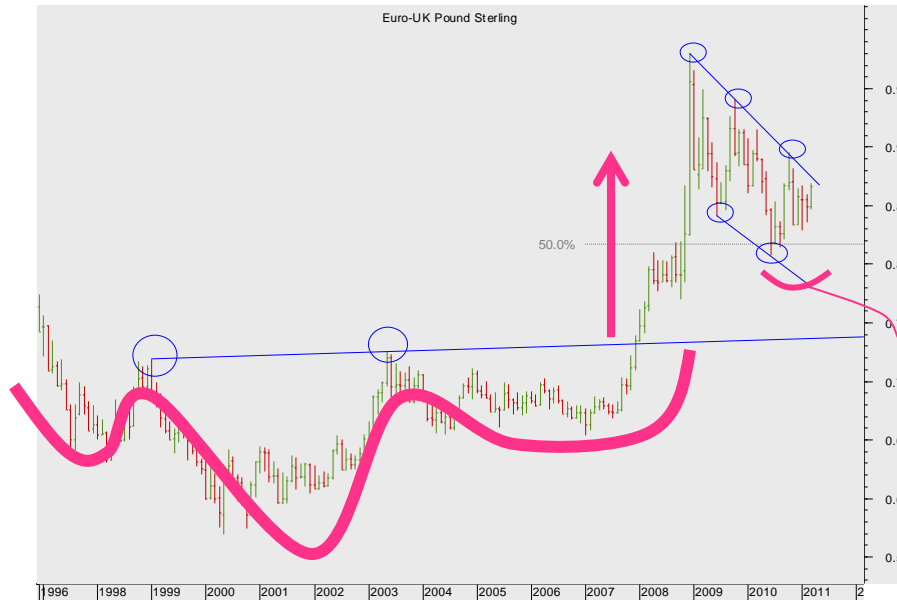
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Currencies: Sterling Euro

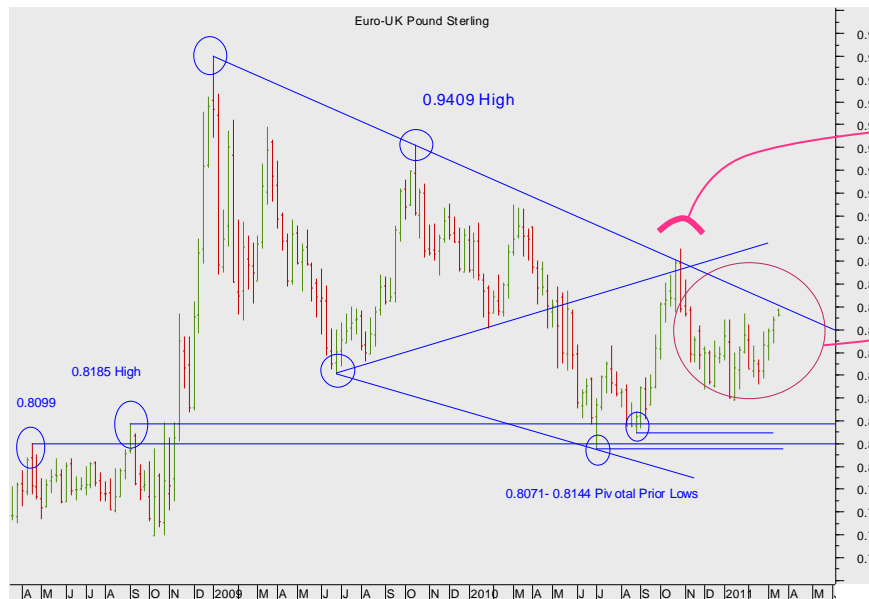


Sterling Euro monthly spot cash chart

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** has yet to complete (note the double resistance with the rising diagonal as well) and fell back.

But the situation in the short-term is clarifying....

Look closer.

More



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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

we expected good resistance at 0.8672 and there is – but the market is testing it again..

And the price action beneath the market is more and more Head and Shoulders Reversal-like...

Wait for confirmation – by watching for a break up through the falling diagonal currently at 0.87.



Stocks: CME S&P 500

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CME S&P 500 cont weekly cont. chart

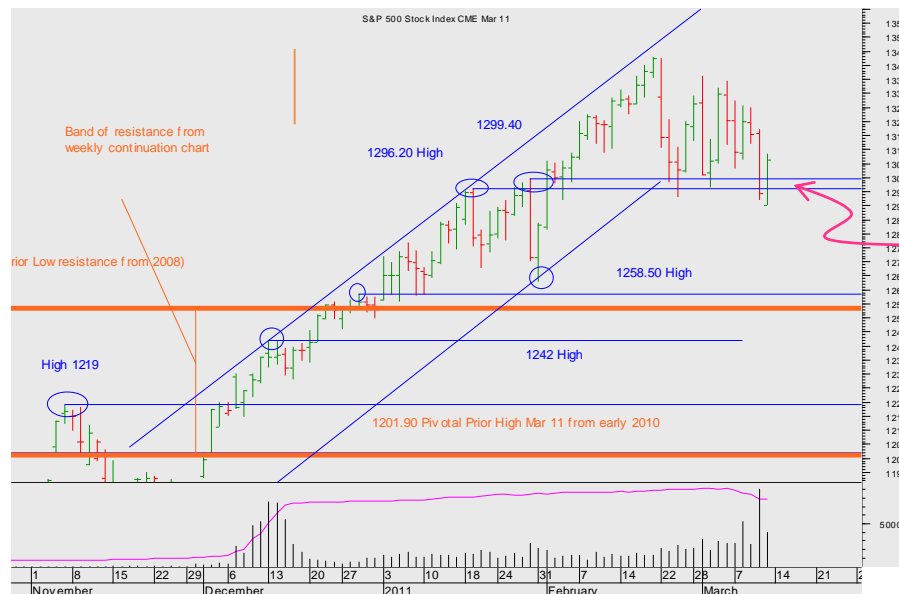
H&S (1) had a measured minimum target which was the band of resistance from the Prior lows at 1201-1253. **Where the market failed in early 2010 BUT HAS NOW SURPASSED**

In the congestion of the last few months **another bull H&S arose**

The market is breaking up through – The band of resistance 1201-1252 which were the minimum targets of both H&S patterns (in the continuation charts) - **this is enormously impressive.**

CME S&P 500 weekly Mar 11 chart

In the Mar11 good support has been established at the Prior High band 1296.20-1299.40. **A powerful reassertion by the bulls. Stay long.**



More



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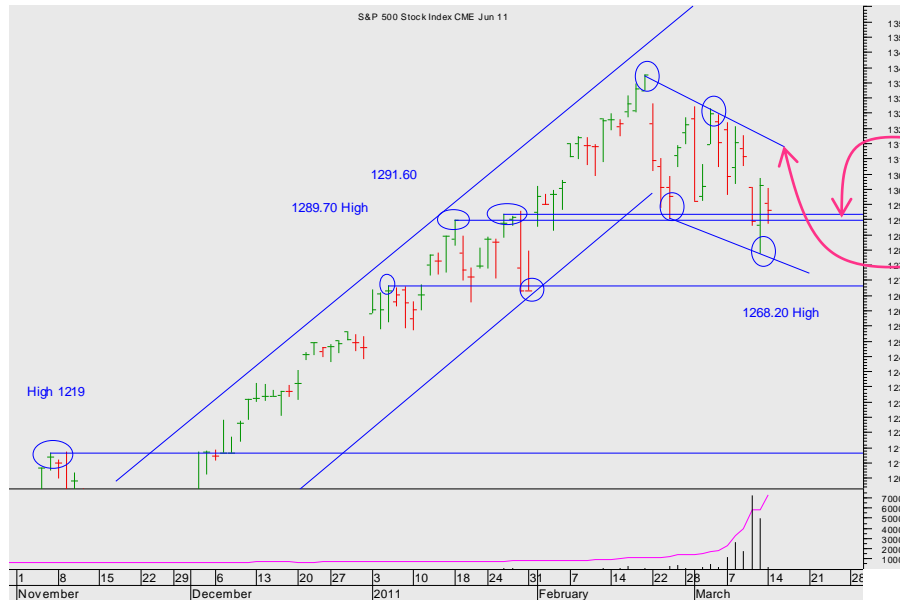
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Stocks: CME S&P 500



CME S&P 500 Jun 11 daily chart

This suggests a stern test - but no clear breakdown yet - of the supports - and an intriguing possibility of a parallel flag - watch the falling diagonal above the market around 1315.



Stocks: Eurex EuroStoxx 50

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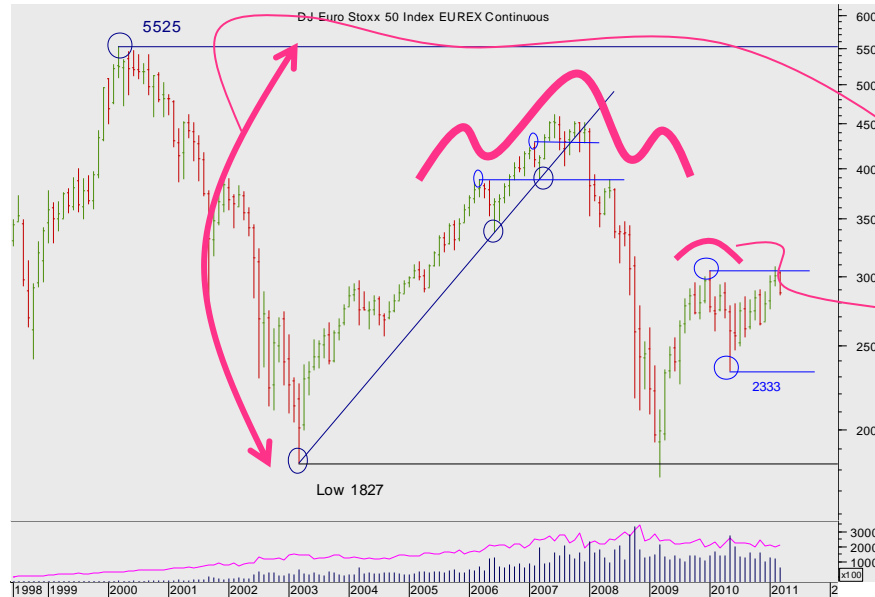
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Eurex EuroStoxx 50 monthly continuation futures chart

The market is in a huge trading range.

Note the stalled rally of 2009/2010 at 3050.

Look closer.



Eurex EuroStoxx 50 weekly continuation futures chart

That rally from the beginning of 2009 was driven 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...**

The prior Low at 3107 is good resistance. **And now there is a band of resistance from 3107 and the 3050 High.**

More



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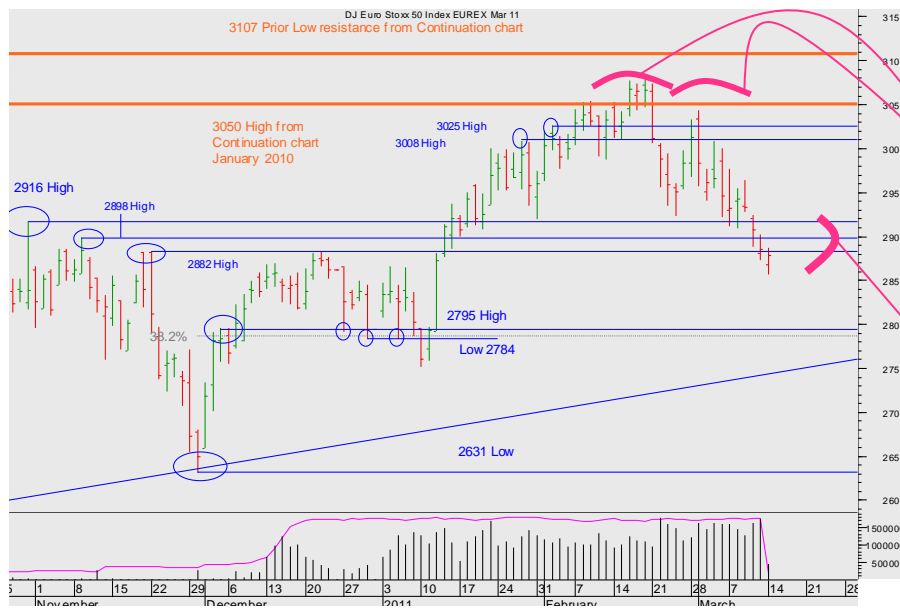
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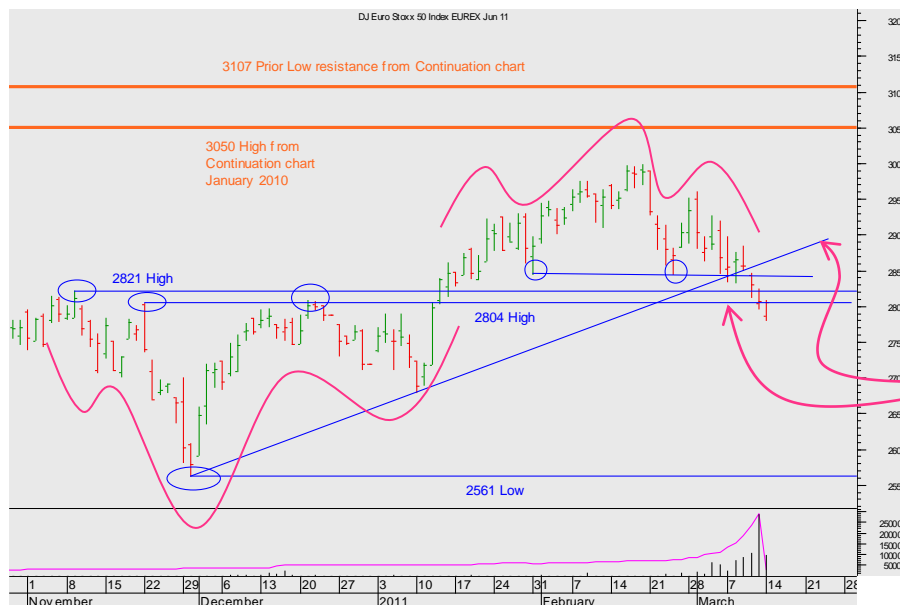
Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 Mar 11 futures chart

The constraining resistance from the band 3050-3107 has twice forced the market back.

The support from the near highs was good but is now under grave threat.



Eurex EuroStoxx 50 Jun 11 daily futures chart

Watch the battle between the two Head and Shoulders patterns

If the break beneath the horizontal support is sustained then the bears will have established superiority....**since they have broken both horizontals and a diagonal as well as completing a H&S bear pattern.**



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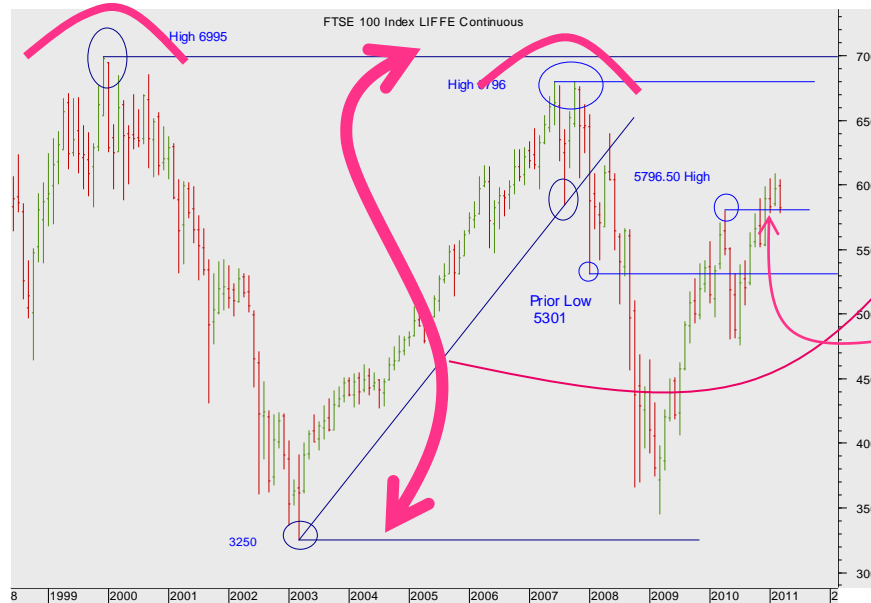
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Stocks: Liffe FTSE 100

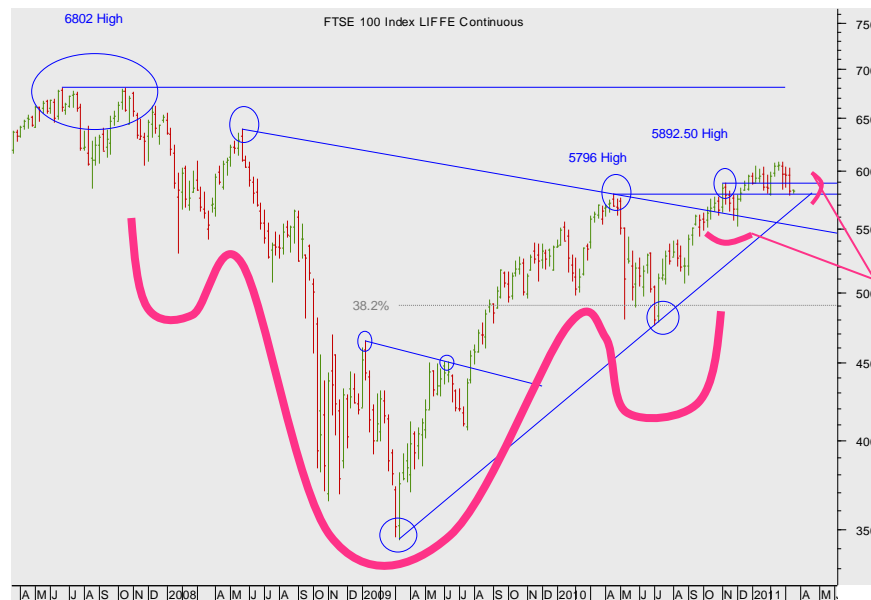


Liffe FTSE 100 monthly continuation futures chart

The market is in a massive trading range.

The rally from early 2009 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 (5510 or so) and found it solid.

Now the market has broken the immediate horizontals from the Prior High Pivots 5796-5892.50.

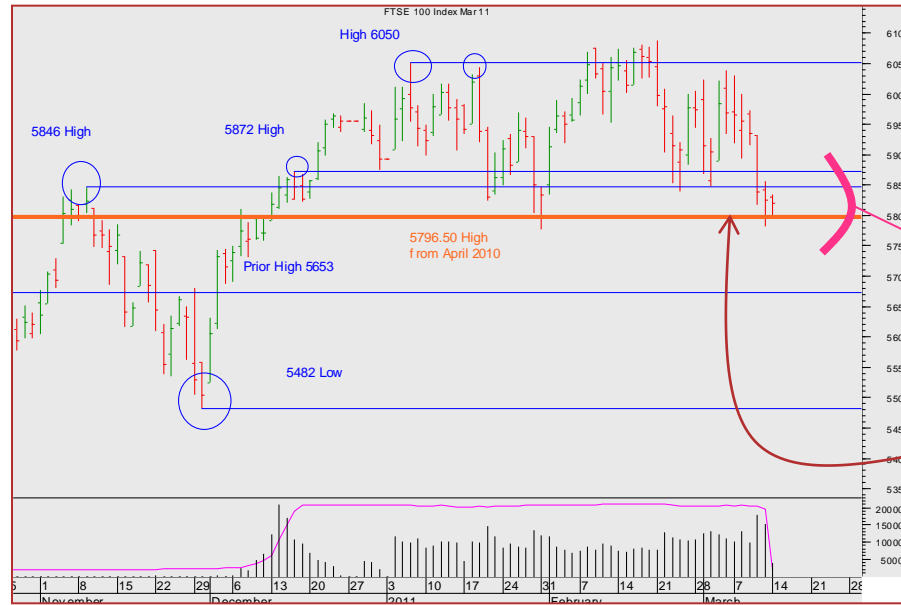
They are proving to be good support like the Neckline and ratcheting the market higher still

Look closer.

More



Stocks: Liffe FTSE 100



Liffe FTSE 100 MAR 11 futures chart

Note the day chart has short-term supports from the successive Highs at 5872, 5846, and 5810 as well as 5796.5 from the medium-term

The market is under great pressure – **the real possibility of a Double Top is there on confirmed break beneath 5796....**

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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. Equally, the market failed to get up through the band of resistance Fib and from the Prior low at 11910.



OSE Nikkei 225 weekly cont. futures chart

The sharp fall back to the diagonal support is clear and striking.

Note though the succession of bounces from the 9340 area.

Note too the diagonal support...

More



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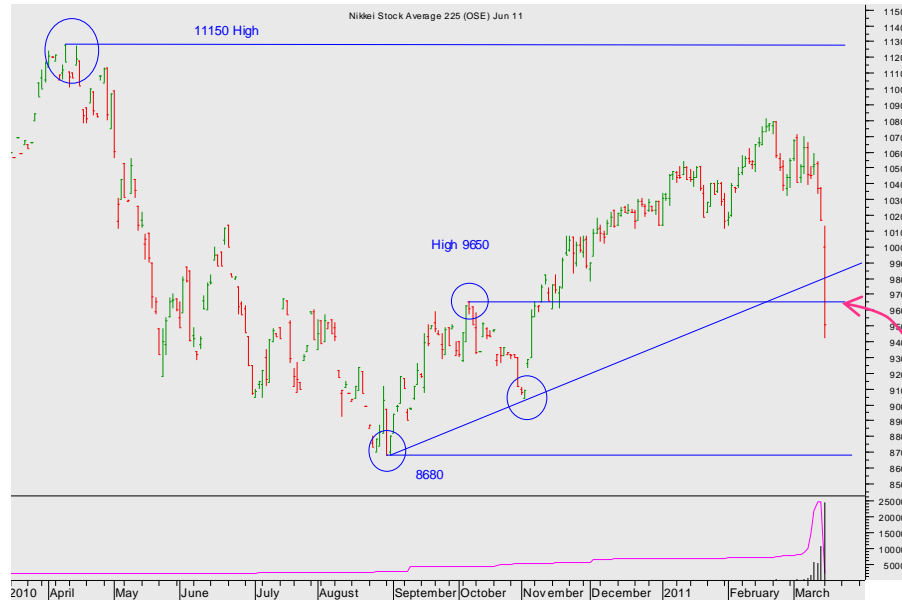
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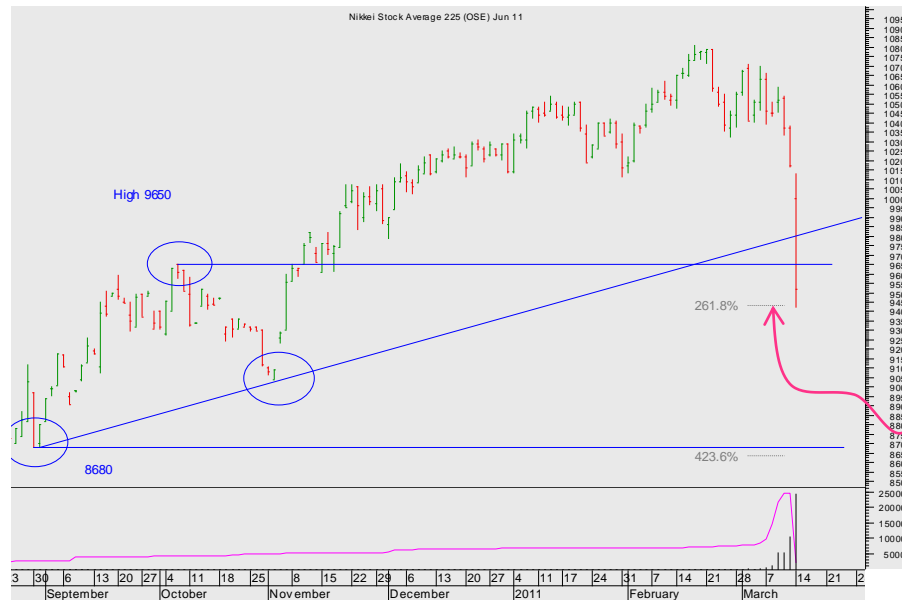
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Stocks: OSE Nikkei 225



OSE Nikkei 225 **JUN11** daily futures chart

Against those considerations, the major support from 9650 has been smashed....



OSE Nikkei 225 **Jun11** daily futures chart

Yet the Fib support exactly at the recent low is intriguing....

Only brave bulls will begin to buy at these levels....



Bonds

BONDS: we were noting last week that no medium-term levels were broken in the rally, so the overall bear structures remain, for the moment, in place. That is still true – even in the drama of the Yen Bonds - so long end markets look reluctant and increasingly vulnerable to further moves to the downside.

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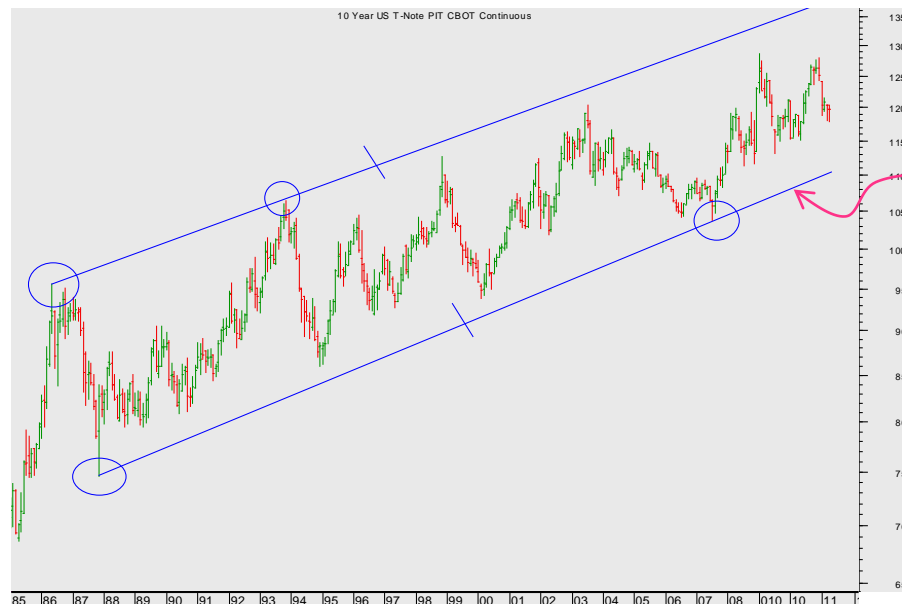
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Bonds: CBOT Ten Year Notes



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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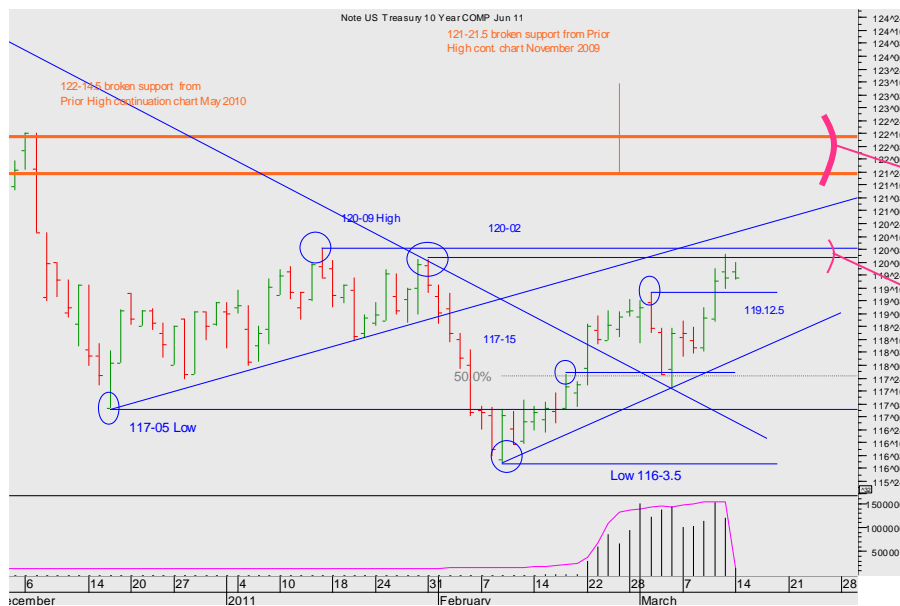


CBOT Ten Year Notes weekly futures continuation chart

The failure to get above and 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.

But, for the moment the rising diagonal support has held....



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 cemented the medium-term bear case.

Now they are powerful resistance.

But the market shows no sign of bull energy sufficient to test them. Nor the recent highs 120-02-09

The sideways price action since mid-December is unclear short-term, but medium-term, the bears remain in charge.



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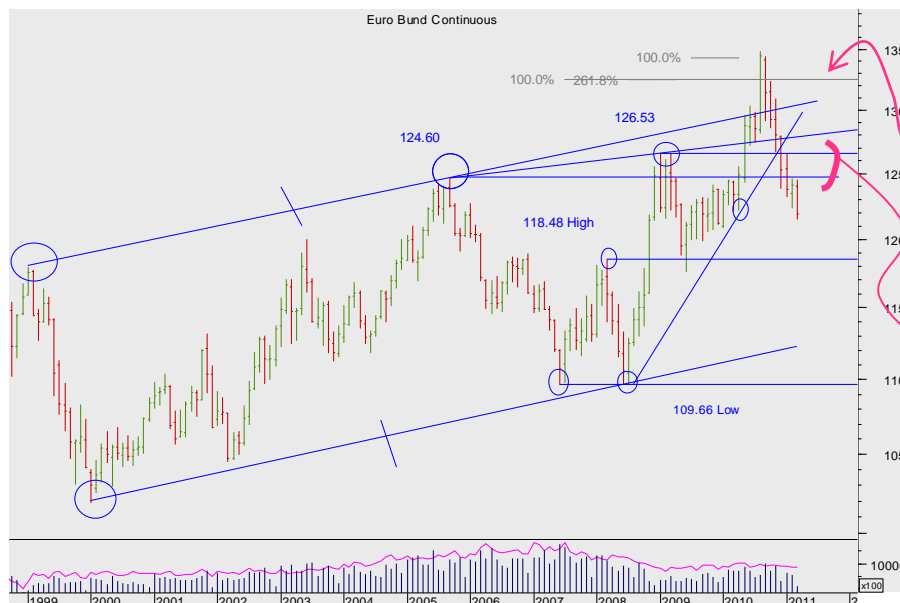
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Bonds: Eurex Ten Year Bund



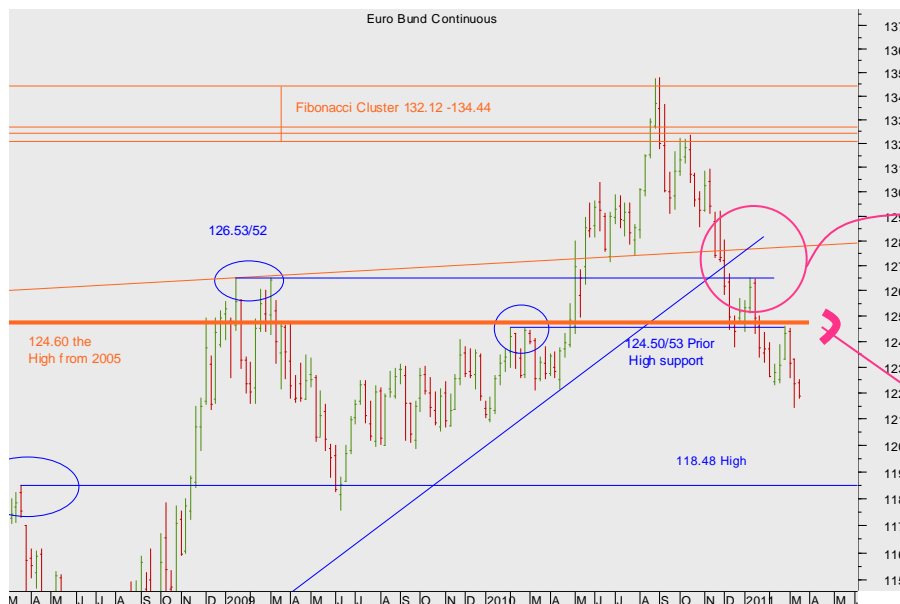
Eurex Ten Year Bund quarterly futures continuation chart

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

The market tested the band of support from those Prior Highs 124.60-126.53 **and broke it**.

As well as the steep diagonal support.

Look closer.



Eurex Ten Year Bund weekly cont. futures Chart

The pull-back down through the two rising diagonals, and the horizontal prior High support at 126.53 is **a powerful bear statement**.

In addition the breakdown through 124.53/60 - previously good support - is **a massive bear signal**. Look closer

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- + **Eurex Ten Year Bund**
- + TSE Ten Year JGB

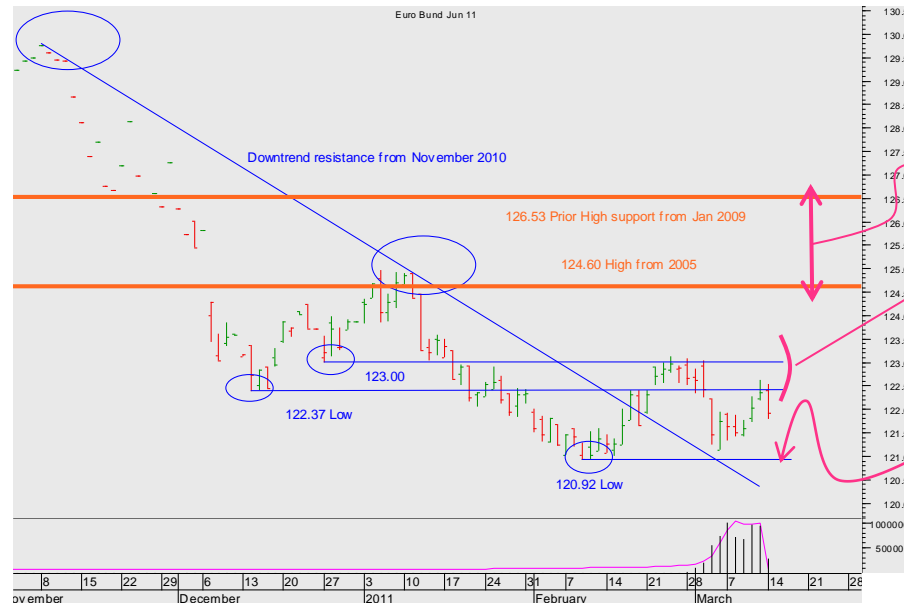
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund JUN11 daily futures chart

Medium-term band of former support now resistance.

The market failed at short-term band of resistance 122.37-123,

The bears are still in charge.

Stay short and add on a break of 120.92.



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

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- + Liffe Euribor
- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: TSE Ten Year JGB

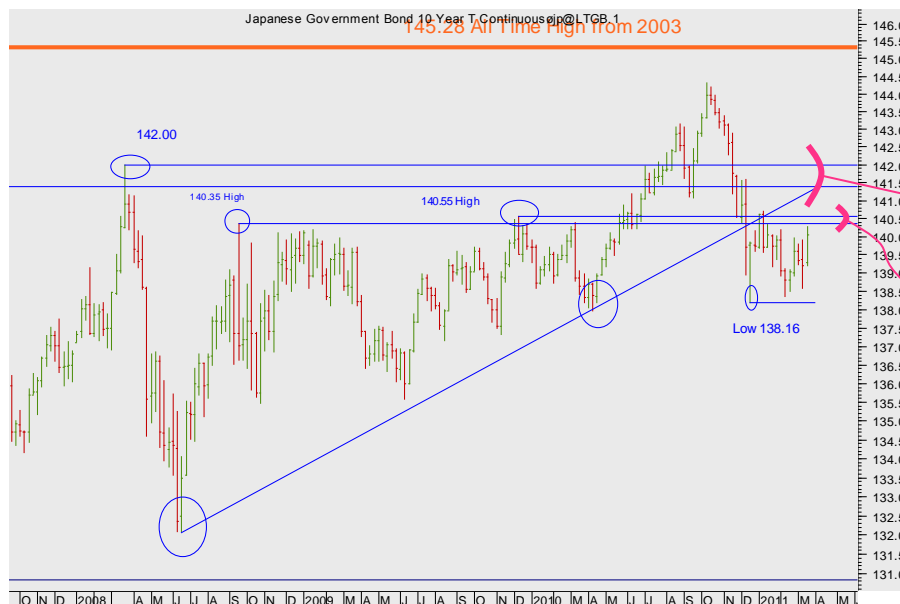


TSE Ten Year JGB monthly futures continuation chart

The JGB has not only:

- (1) failed to sustain a close above the major 142 Prior High
- (2) but looks also to be breaking two level of long-term diagonal support.

Look closer.



TSE Ten Year JGB weekly continuation futures Chart

the smashing of the medium-term band of Prior Highs 141.29-142 was rapid..

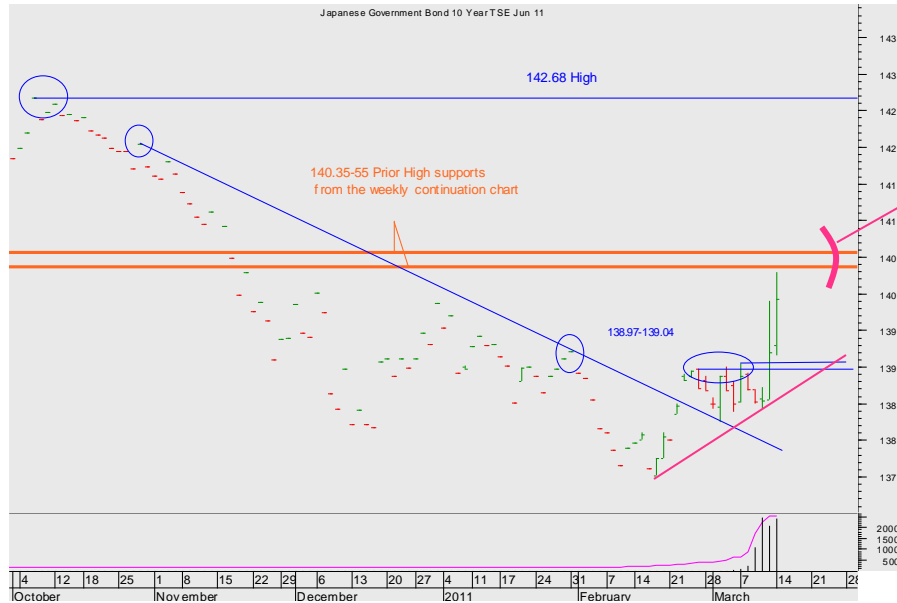
Then, in addition, the short-term band of Prior High support at 140.35-140.55 was smashed....

Note too the failed rally back to that smashed support...the bulls have been routed...

More



Bonds: TSE Ten Year JGB



TSE Ten Year JGB Mar11 futures chart

Here is the detail congestion beneath the broken supports (now resistance)

While the medium-term 140.35-55 resistance holds, the bears remain in charge.

The critical levels beneath the market are : the short-term support 139.07 which might coincide with the rising diagonal support.

We are sellers with Stops above 140.55.

Stand back and watch.

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Interest rates

SHORT INTEREST RATE FUTURES: By breaking important downtrend resistances, in the Eurodollars and Short Sterling, these markets may yet drive further. But because there were oversold in the first place, their overall medium-term top looks unlikely to be threatened. Only the Eurodollar has the structure to test the all-time highs.

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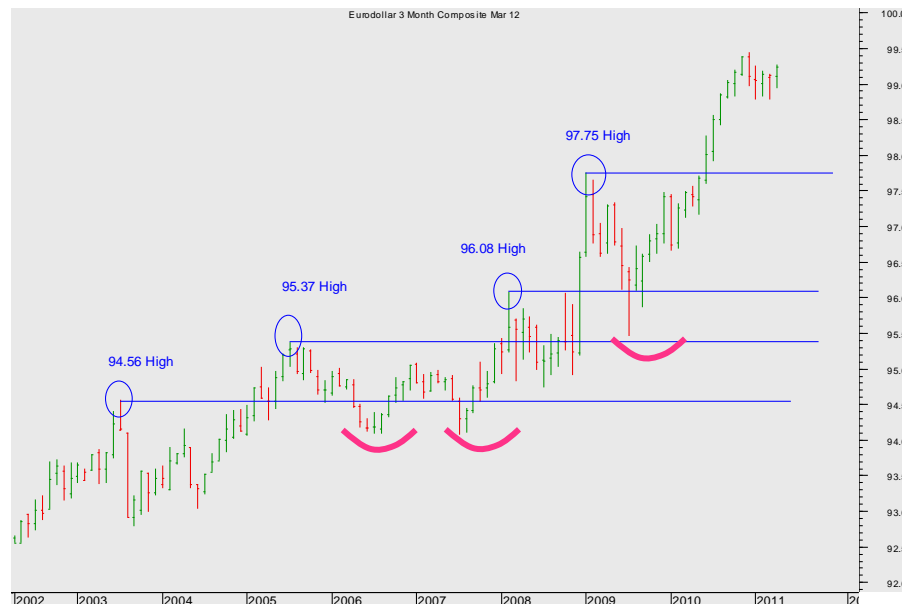
Interest rates

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- + Liffe Short Sterling

Commodities

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- + 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.



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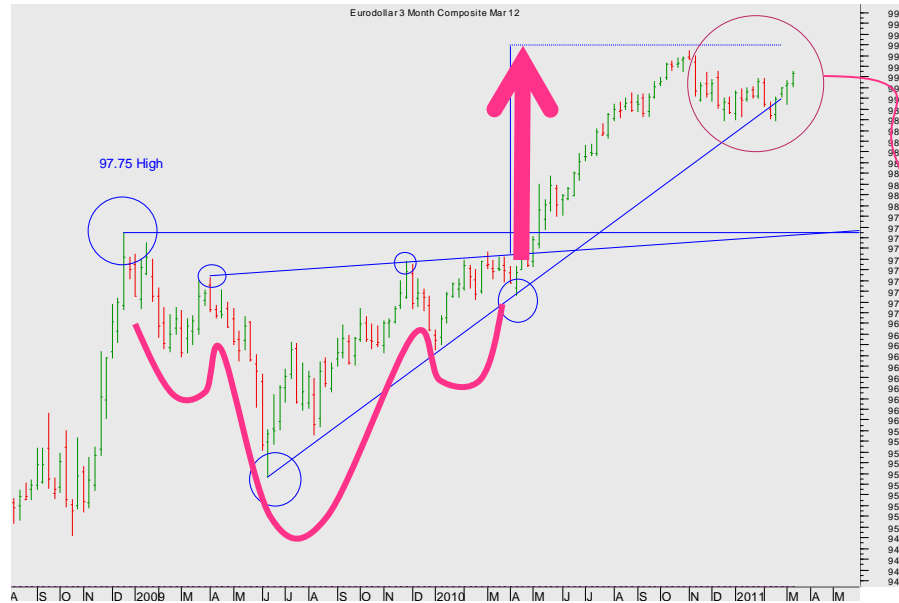
Interest rates

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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 been achieved...

And now the pull-back needs close examination... **Not least for the ambivalence of the price action at the Rising Diagonal.**



CME Eurodollar rates daily Mar 12 futures chart

This is fascinating.

The Prior High support at 98.7650 was important in bouncing the market back **from the second sell - off.**

But the violent price action breaking 99.18 has broken the trading range and probably completed a Double Bottom. Also, note the breaking of the rising diagonal. **We are buyers**

More



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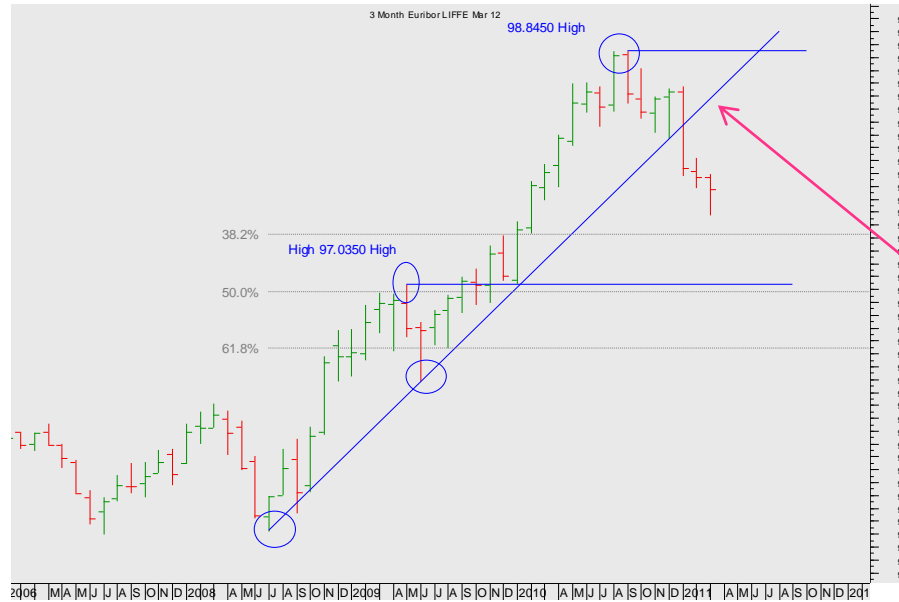
Interest rates

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Commodities

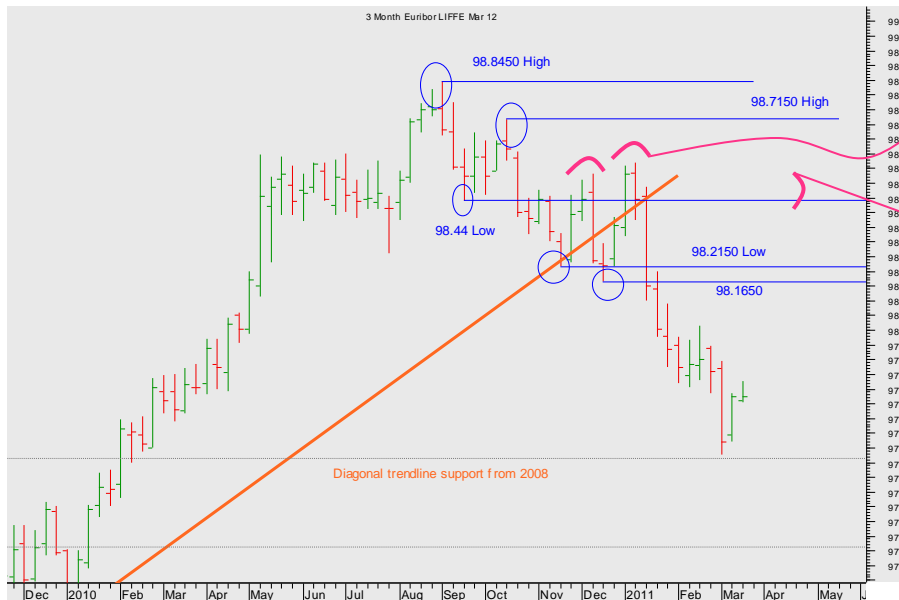
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates monthly Mar 12 futures chart

The rally from 2008 was relentless – **but almost featureless** yet now the powerful bull trendline support (established in three places) **has been broken...**



Liffe Euribor rates Mar 12 weekly futures chart

There was hesitation in breaking the rising diagonal trendline support

But the failure to sustain closes above 98.44 was telling...

And once the market pushed beneath 98.1650-2150 (**which band will now be good resistance**) **all support disappeared.**

The bears are in charge.

More



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Interest rates: Liffe Euribor rates



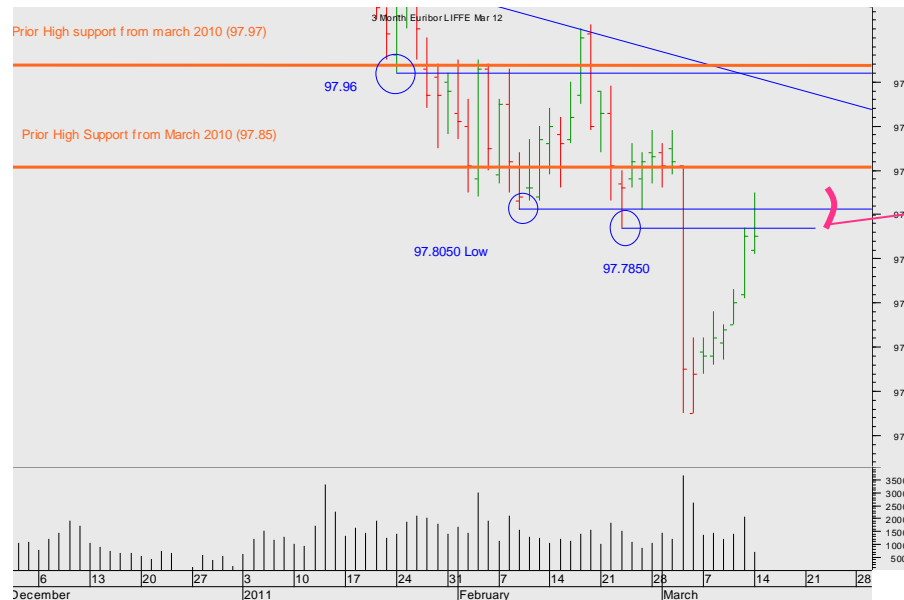
Liffe Euribor rates daily Mar 12 futures chart

Bears will have rightly noted the resilience of the rising diagonal - twice repelling the rallies of the bulls.

The drive of the market beneath the Prior Lows at 98.2150 and 98.1650 began the sell-off...

Which was sustained by the break of the channel support which subsequently acted as good resistance...

And accelerated by the break of the band of support from the Highs 97.85-97.97.



Liffe Euribor rates daily Mar 12 futures chart

The rally may be limited by the powerful resistance above the market at 97.7850-8050.



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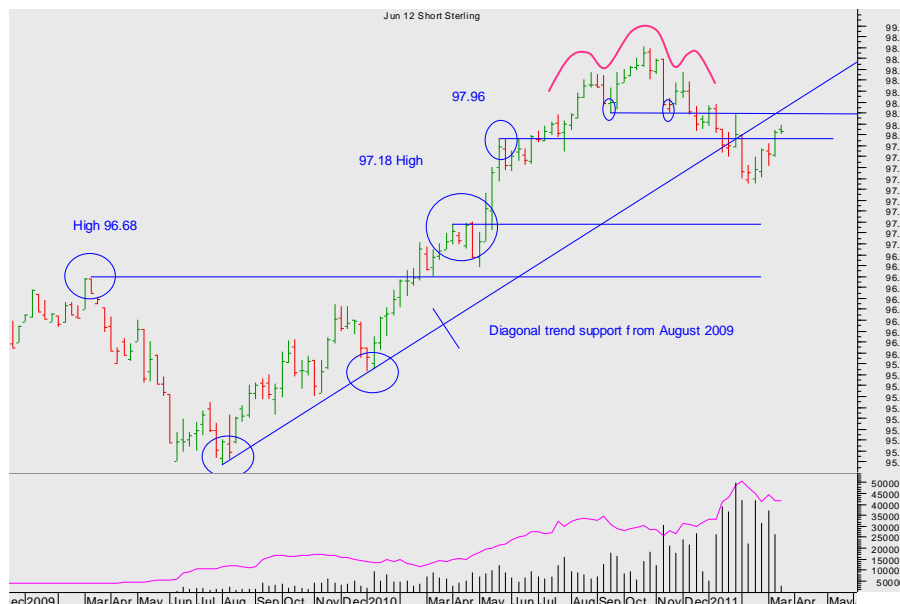
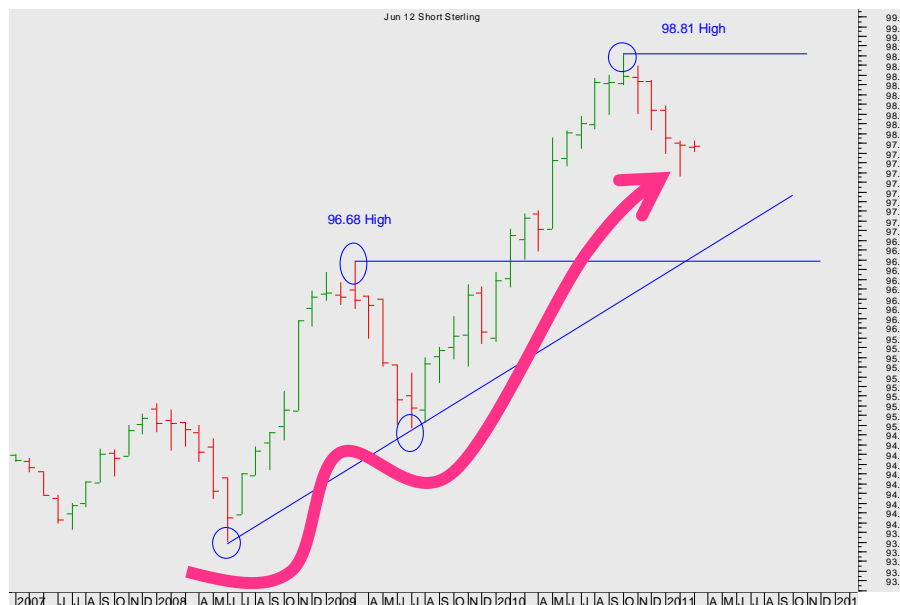
Interest rates

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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 long-term rally is looking tired but the trend is far from clearly smashed.

Liffe Sterling rates monthly Jun 12 futures chart

There was the clear completion of an H&S Top.

Yet bears noted the support beneath the markets at

(1) the horizontal from 97.96 and coincidentally (2) the rising long run diagonal. They have both been broken...

But short-term, note the rally back....

More



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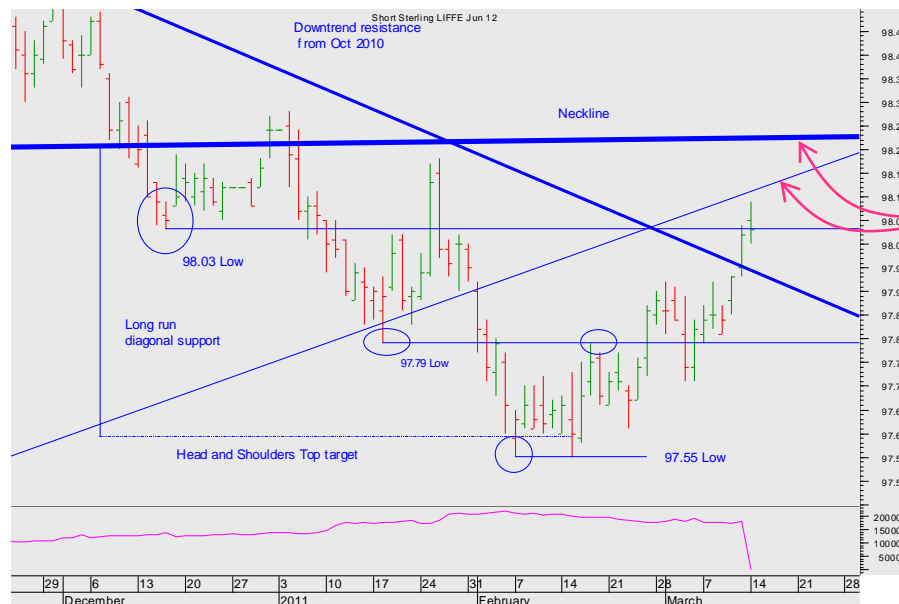
Interest rates: Liffe Sterling rates



Liffe Sterling rates monthly Jun 12 futures chart

The rally back has been hugely impressive. Yet...yet... There is good resistance at the diagonal and the 98.20 Neckline.

So longer-term the market remains weak.



Liffe Sterling rates daily Jun 12 futures chart

The undoubted successes of the bulls cannot get rid of the major resistances still above the market.



Commodities

COMMODITIES: Oil is trading lower fast, but we stand by the assertion that it looks well - underpinned. Gold has worked itself to the top of its range, but needs to break above to convince the bulls. Gold's inability to break recent highs – this may be a fourth failure at those levels is surely a powerful sell indicator

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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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Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil weekly **cont. chart** futures

The rally broke the top of the recent range in the weekly continuation chart and after struggling broke up through the 50% resistance.

Until two weeks ago.

Look closer.



Oil April 11 daily chart futures

The pull-back has been spectacular. Yet the market is so well-underpinned, expect buyers to enter the market on any close approach to the support at 93.98-94.89



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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Commodities: Nymex WTI Oil



Oil daily futures April 11 chart futures

The detail of the pullback - we are buyers close to the successive prior highs beneath the market.



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Commodities

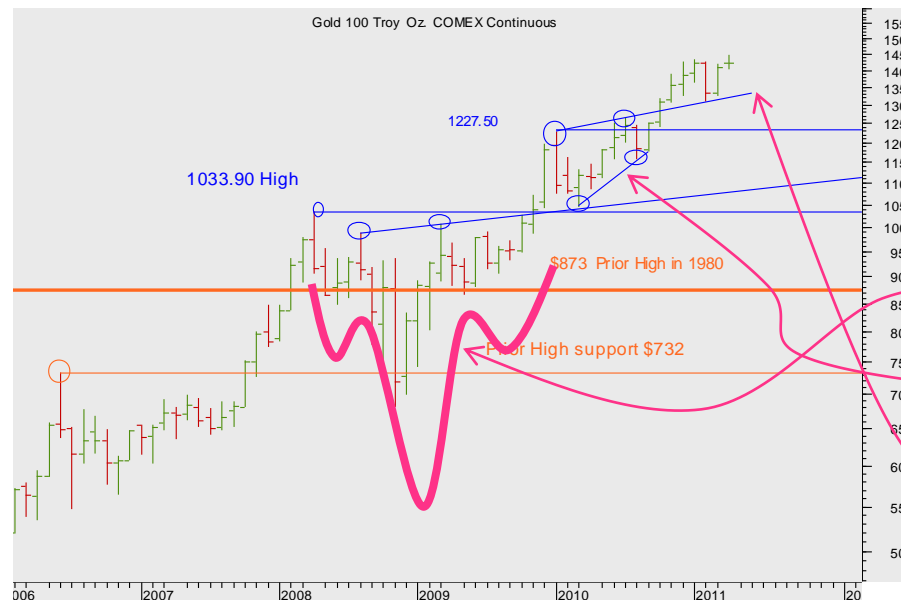
- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



Comex Gold futures monthly cont. chart

The long-term chart is well-known – the 1980 Prior High of \$873, once surpassed (thanks to the momentum from the completed Continuation Triangle) **levered the market better.**



Comex Gold cont. Weekly chart

Here are the driving patterns of the market.

The catalyst for the break of 873 was the completion of a continuation Head and Shoulders pattern....

And then the market has completed a continuation Triangle

Showing great underlying bull strength by bouncing back from the support from the upper diagonal of the Triangle...



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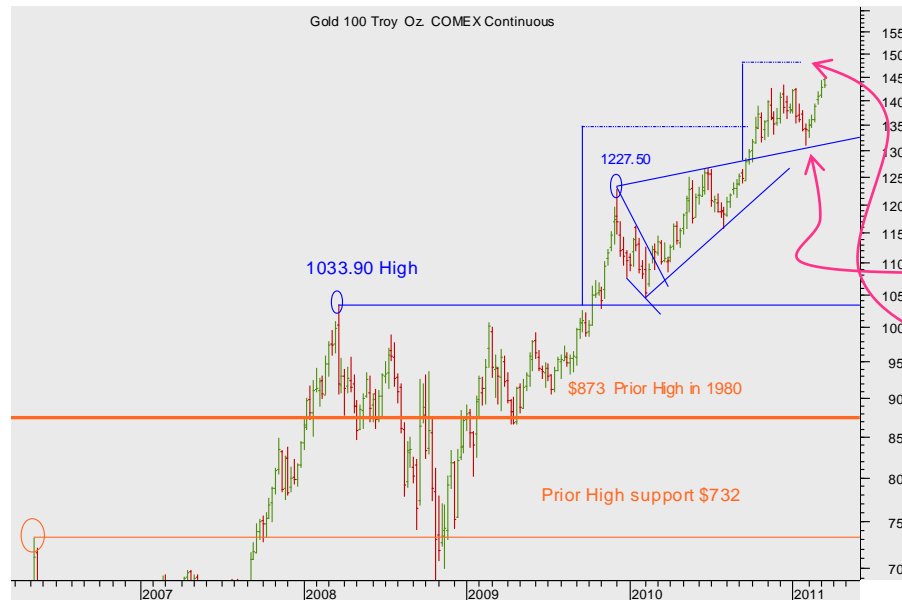
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

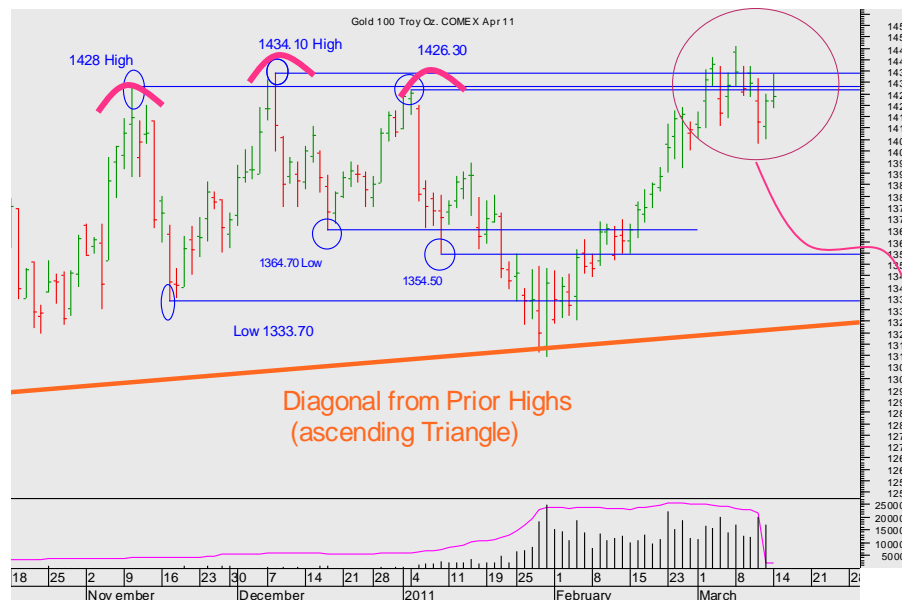
Commodities: Comex Gold



Comex Gold cont. Weekly chart

The detail of the pull-back to support from the Top of the continuation Triangle – there was good support there.

The minimum target of the Continuation Triangle is rather higher still around 1475 or so...



Comex April 11 Gold futures daily chart

After clear hesitation at the 1426 level – **three failures...** The market has failed again – the fourth failure.

The market is beginning to look weak.

Wait for the confirmation of the bull break.



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