The Week Ahead

A technical perspective for 1st April - 7th April 2003

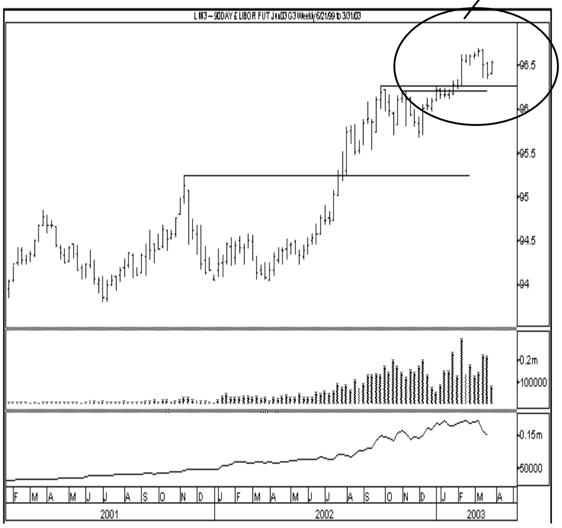
The equites suffer across the board

The bonds regain half their recent losses

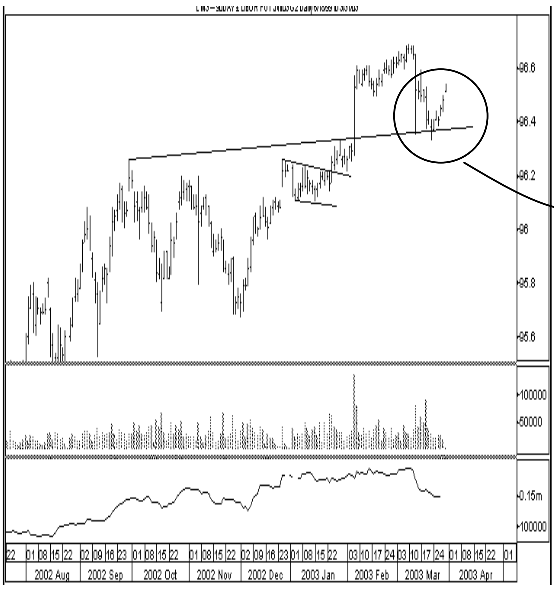
Currency chaos.

Short Sterling

Last week I noted the double attempt to go lower and the failure of that attempt. I am encouraged by the bullishness inherent in the market as I saw it – and I have been proved spectacularly right. I was worried about the longer end, and it too has bounced hard. But it remains more difficult ot call…and indeed the market as a whole finds itself now in a sort of range, without defining patterns, to give clear impteus in either direction.

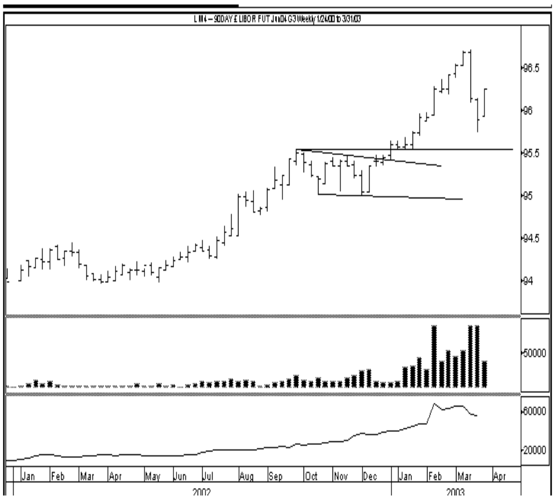


The market has paused. But remains well above major long term supports at 95.20-25.

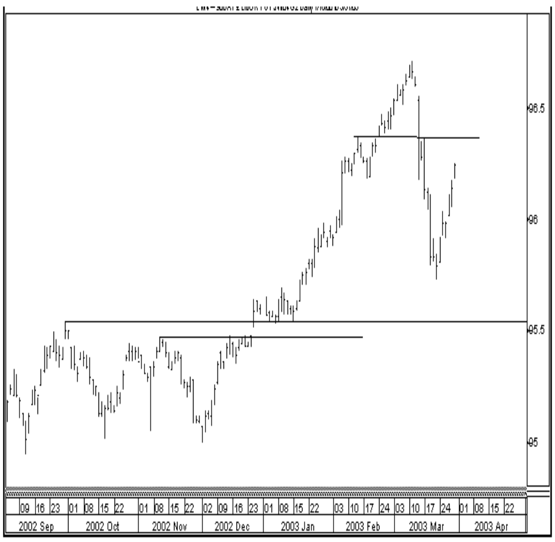


I thought the market had found supprt at the rising diagonal that I identified last week and sure enough, it had. The bounce has been emphatic…. Watch and wait to find a sense of direction from here.

The further out dates: June 2004



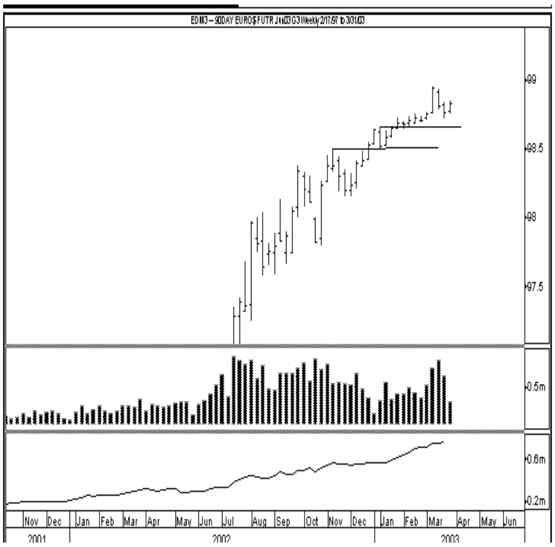
The further out months have bounced like the near months… without finding or needing support at 95.50.



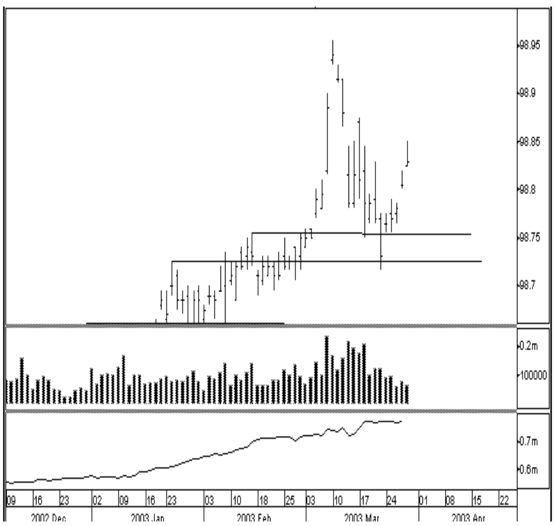
The bounce has been dramatic….. with the result that there is no clear bottom created. Stand aside, no clear pattern at work.

The Eurodollars

As with the Short Sterling so with the Eurodollars in slightly more muted fashion… the bounce hasn't been quite so lusty. In any event the bears have for the moment been stymied, and should remaindoubtful until the clear supports I have outlined have been breached at both ends of the curve.

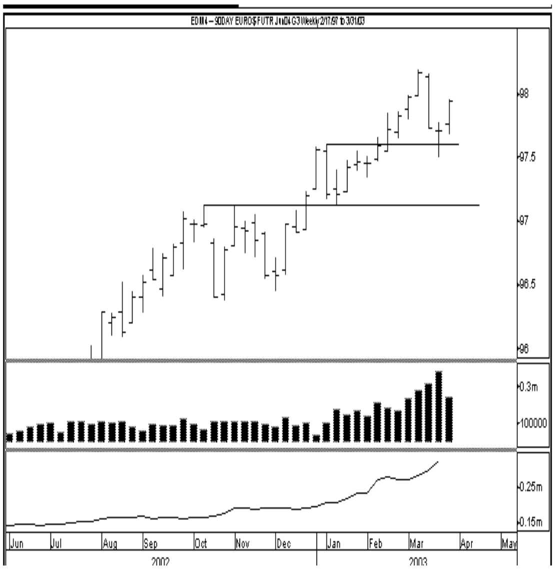


The Eurodollars have paused in the long run chart.



The day chart shows the bounce from the areas of support around 98.75 that I pointed out last week. The falling volume is noteworthy…. Await events!

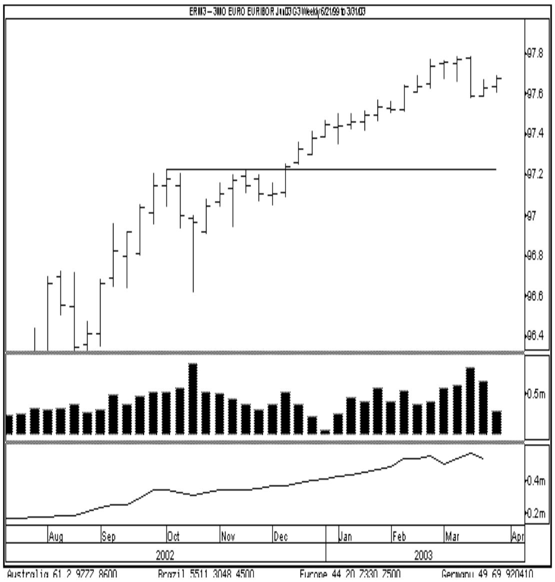
The Further out months: June 2004



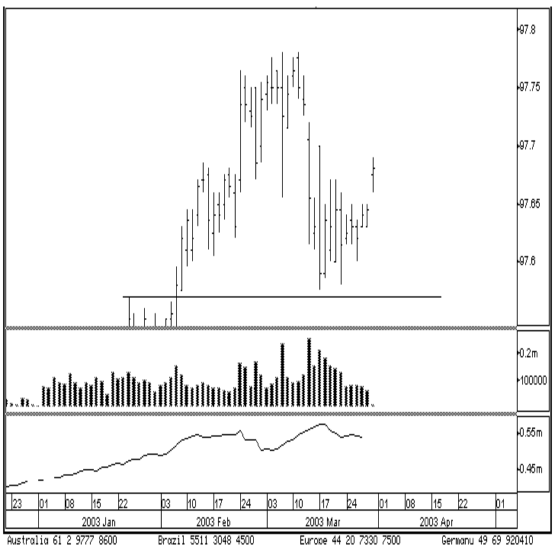
The market has bounced from the levels of support I identified last week at 97.12.

Euribor

I have been most bullish of the Euribor. It pulled back rather less than the other market and has bounced even more hungrily. On the other hand the market is still left with the other short ends, in a middle postion in a consolidation. Await events.

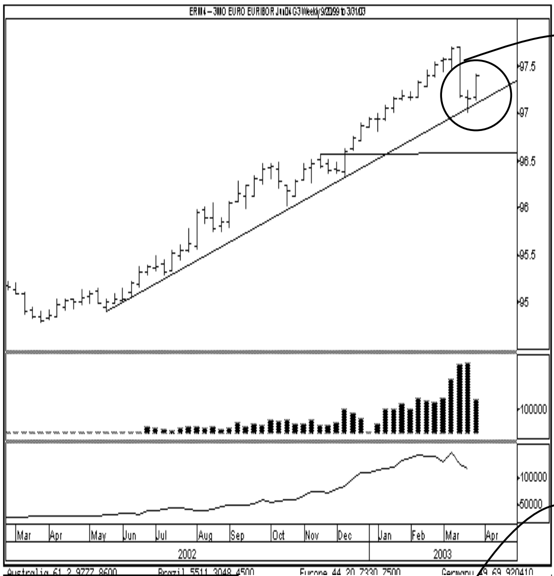


The pause in the market – a muted pull-back I called it last week - has been accompanied by a large drop in volume and a pause in open interest growth.



The solidity of the price action of the Euribor has been marked, the bounce reveals the direction the market wants to go in.

The Further out dates: June 2004



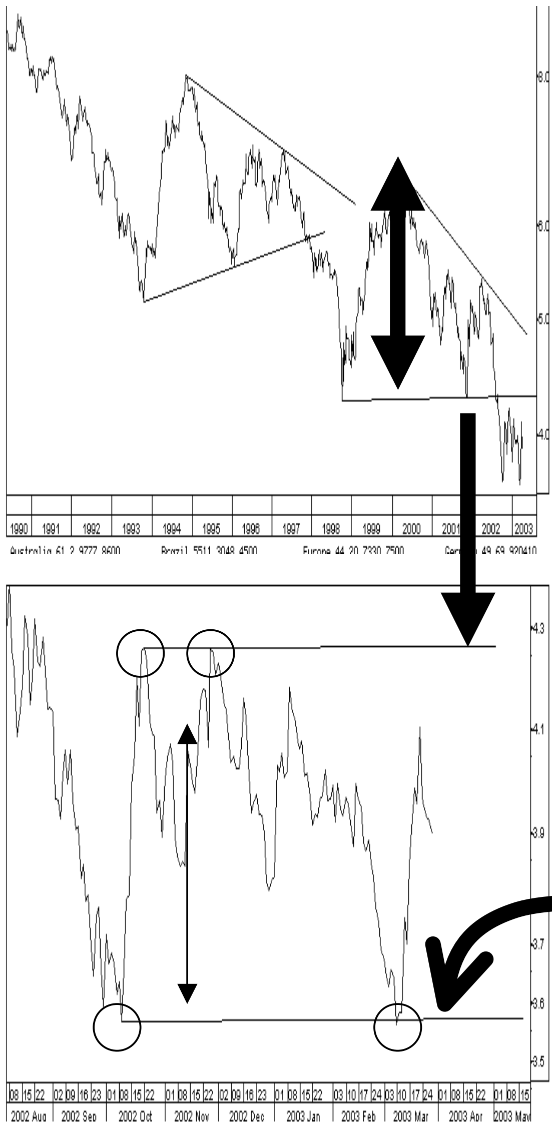
I pointed out the existence of the long run diagonal – a support line that I don't greatly approve of, but should be paid attention in the absence of other clear levels. Sure enough it has proved to be crucial….watch carefully.

The market has bounced from that diagonal – watch carefully the price aciton around the overhead resistance at 97.43-45…note the collapse in volume – suggesting a vulnerability to set-backs.

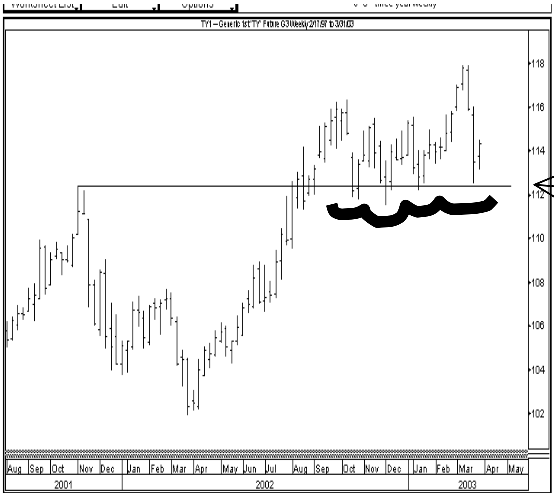
The US Treasury Bond

In violent times the reassuring presence of a big pattern allows rational decisions. The huge triangle patterns are unequivocaly bullish still. The recent retracement has not breached the bottom of theose triangle to threaten the big picture. There are clear levels to watch above and below the market. Watch them! Better than that though is the situation of the short futures charts which, while the supports remain, intact are still unequivocally bullish.

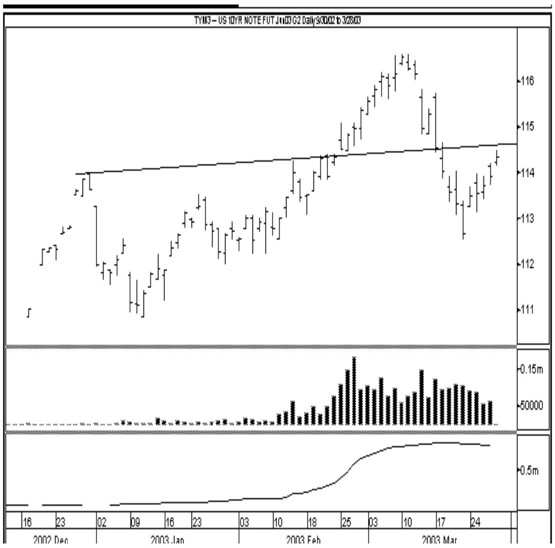
A reminder of the long-term chart – the succession of triangles that are driving yield ever lower…. The break down through the bottom of the last triangle, I believe, will send yield down to 2.85% or so….



This large rectangular pattern seems nowhere near completion – that is, breakout either way… of course I believe that a breakout on the downside is the more likely …



The market found good support where I thought it might – where the market has found support so many times before….-112-12

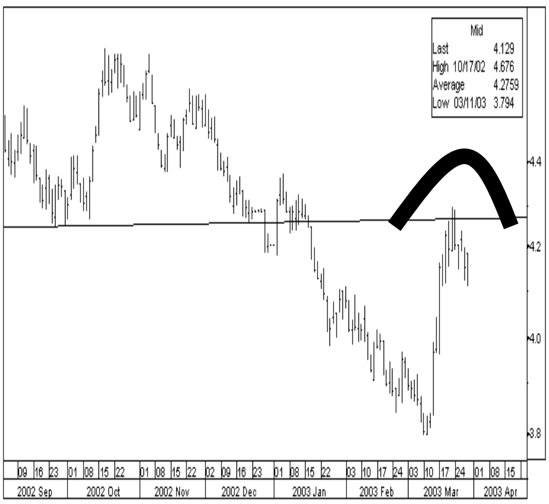


The market has bounced. But the parameters are not clear.

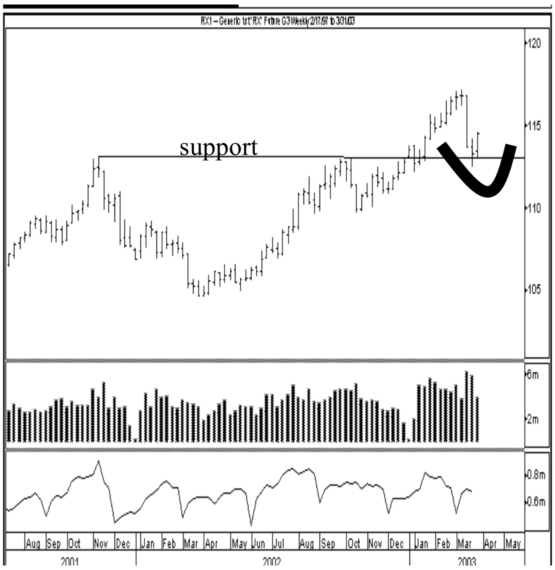
The German Bund

The market hasn't gone that far in the big picture –trade off the major supports that the market has reached.

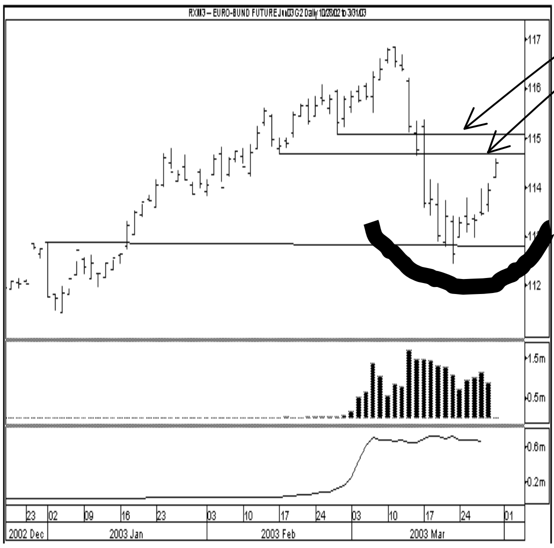
The massive triangle that is driving down yirelds in the Herman Bund. Not the retracement to the hoizontal resistance at 4.28%.



The detail of that retracement to the resistance… there's no top formation yet – and one would want to wait for that …



The continuation futures chart shows the clear and crucial level of support that has held…..until that breaks the bulls will be confident.

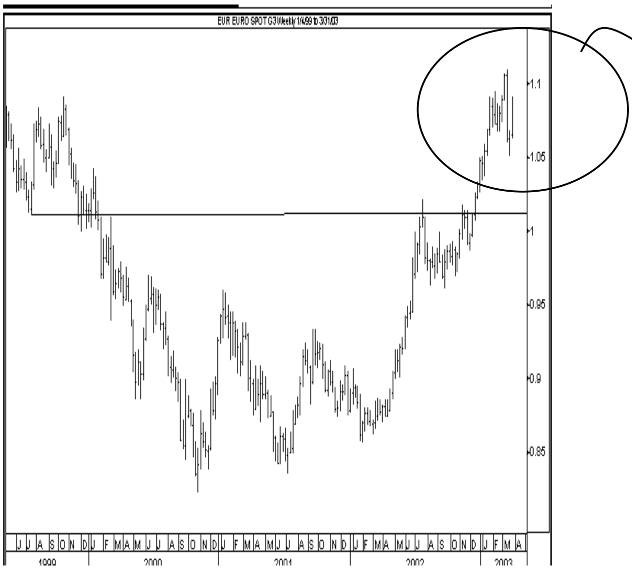


The support at 112.82 has performed well – concentrate on the overhead resistance around 115.

CURRENCIES

I thought the gyration so of the market v difficult to trade last week - that is, from a purely technical point of view and unlike some of the credit markets, there is no largert pattern to refer to. I should stand aside.

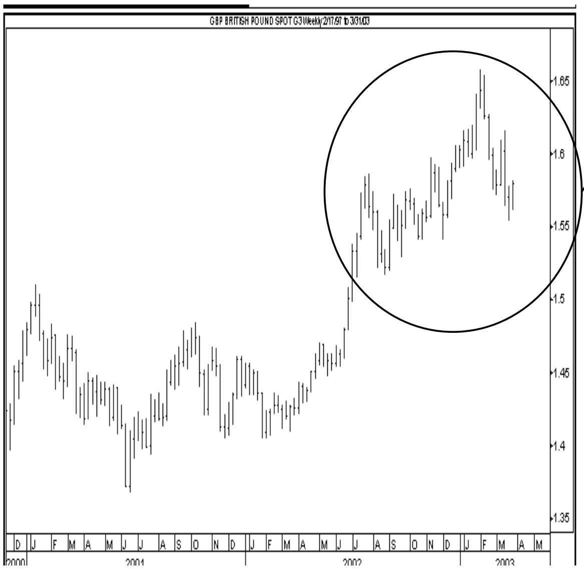
Dollar Euro



The market is oscillating wildly…and lacks clear interpretation.

The near term trading pattern is difficult to interpret…

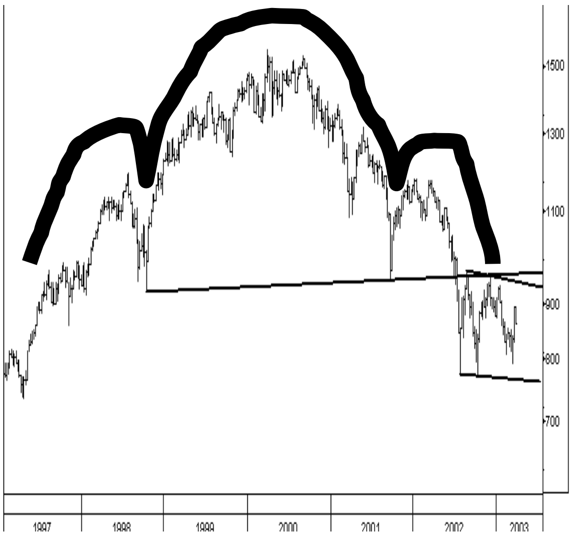
Dollar Sterling



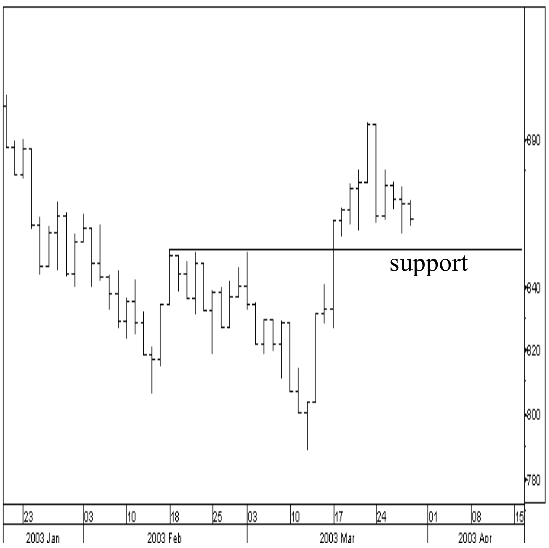
The confusing pattern of the market defies simple interpretation - at the moment.

The Standard and Poors index.

I tried last week to gain a sense of perspective by talking about pimples and 'hideous growths' – that was an attempt to deal with what seemed like a fierce retracement - and to point out the context and to explain that the retracement had done very little to impact the larger pattern and the overhead resistances which matter.
As it turned out, the market never did test those resistances and has turned back down – once again in the direction of the large technical forces at work. Nonetheless, dealers should be sceptical and wait for clear breakdowns before joining in on the bear tack.



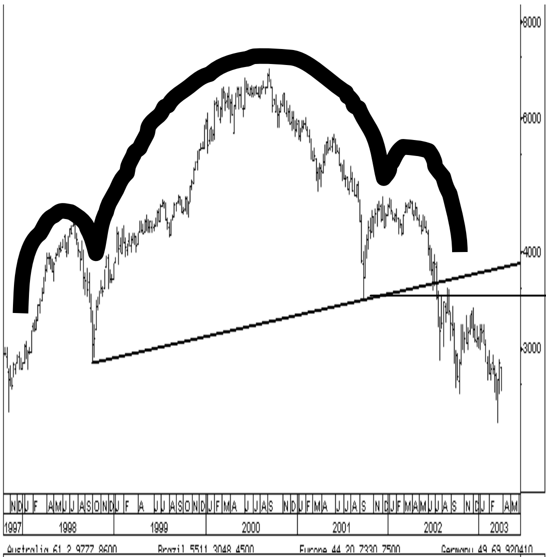
The market's massive top formation, with a small continuation triangle consolidation beneath …



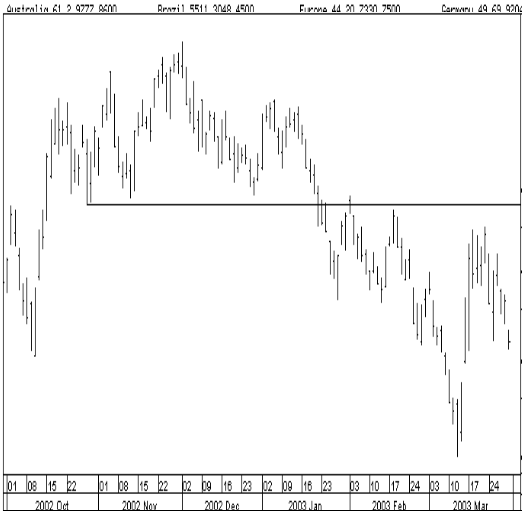
The market has risen far and fast since the outbreak of war. Watch the drift back to the support beneaththe market now at 853. A break if that would worry the Nouveau Bulls. Old bears will just nod their heads sagely.

The French CAC 40

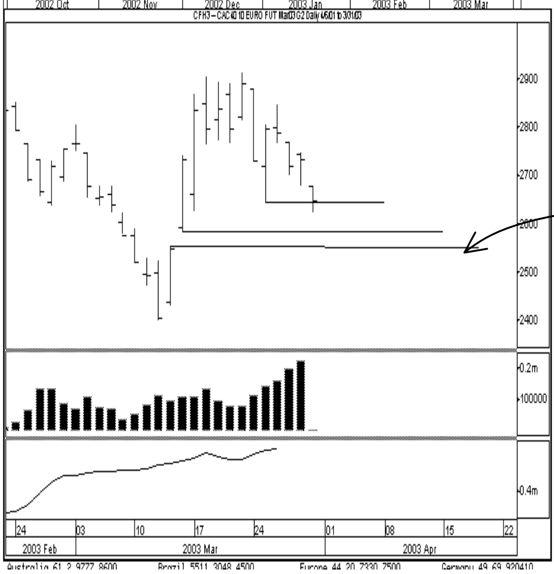
The top formation driving the market a lot lower… the only significant overhead resistance remains to be broken at 3500 or so….



resistance



The short-term critical level for the market is around 3000. The market has yet to get anywhere near that – and the bulls will have little to celebrate before that…in the mean time…

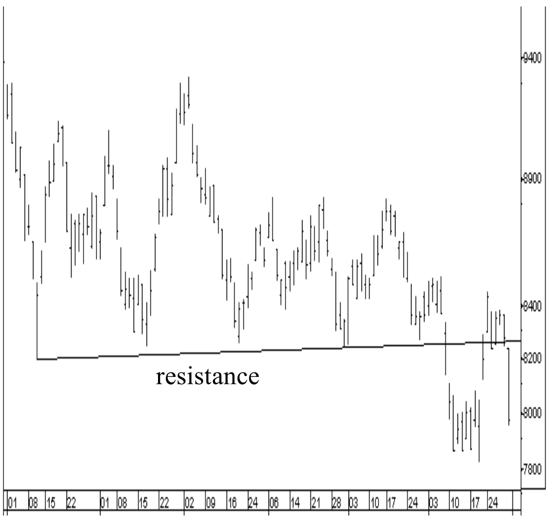


The critical levels are the recent low at 2643 – watch for a close beneath that level but more importantly beneath the gap at 2552-2583. Note the rising open interst and volume.

The Nikkie

This market has been very difficult. I thought the retrcement through the overhead resistance and relative ease with which the market was able to stay within the massive pattern above it had scupered thehope o the bears and then suddently the bottom drops out of the market! It's difficult to trade, smaller positions are important, and wait for the recent lows at 7824 to be broken before joining in on the bear tack.

The massive drive down of the Nikkie market. Featuring the failed retracement to the overhead resistance at the sloping diagonal at 12209 or so.



The market re-penetrated the overhead resistance and stayed there much to the concern of the bears. Frustratingly though, the market collapsed mightily today renewing the bears' excitement. Before joining in wait for a break beneath the recent low at 7824…