



2nd June 2011

SUMMARY

Positions

- + Gilts
- + Dollar Euro



Key Trade Round-Up

John Lewis
Mark Sturdy



summary

SUMMARY

Positions

- + Gilts
- + Dollar Euro

Long SEP 11 Gilt $\frac{1}{2}$ position from 26th May @ 120.00 Stop 119.49.

Long Euro Short Dollar $\frac{1}{2}$ position today @ 1.4450. Stop @ 1.4052.



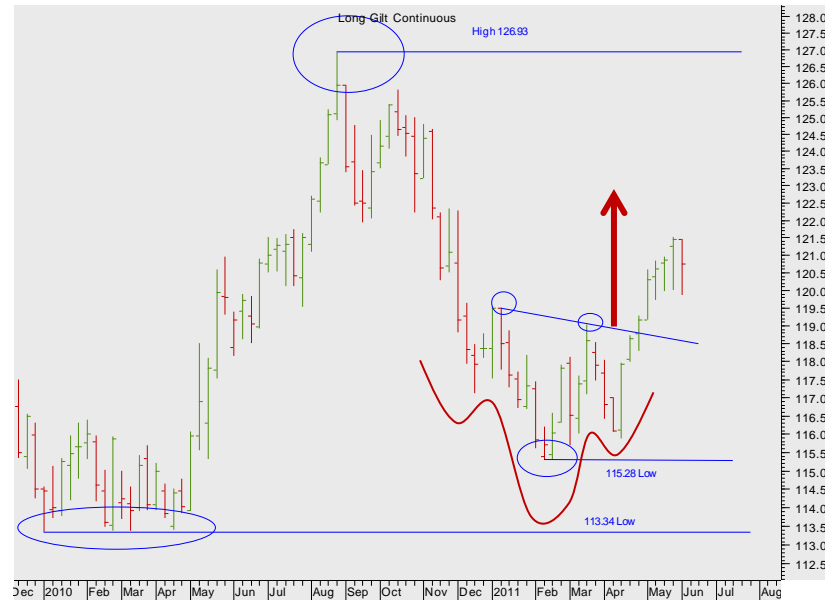
SUMMARY

Positions

+ Gilts

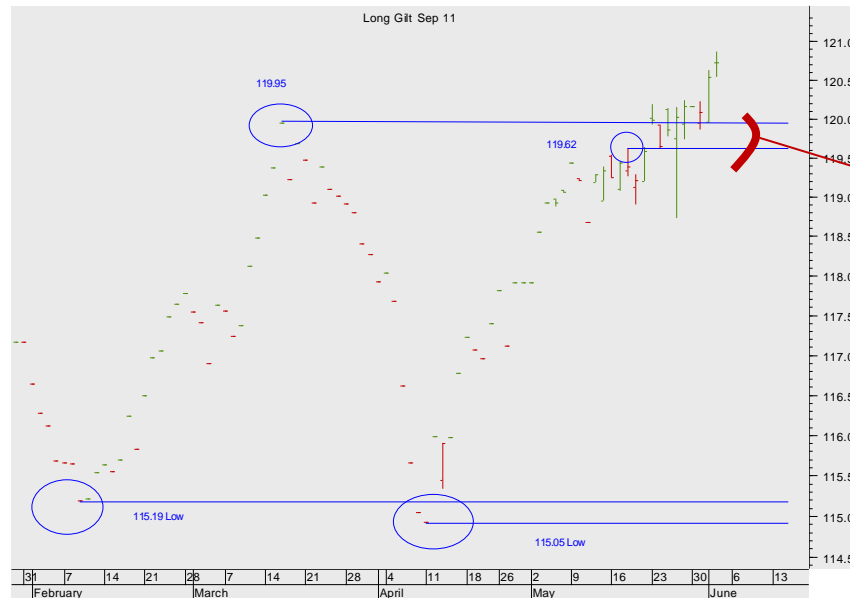
+ Dollar Euro

Gilts: Long SEP 11 ½ position



Weekly Chart – Continuation:

The market is underpinned by the completed Head and Shoulders Reversal, suggesting a min move as far as 123.



Daily Sep 11 Chart –:

The break up through the Prior Highs 119.95 and 119.62 now establishes good support beneath the market.



Macro Trading comments:

The Gilt remains supported by growing concerns about domestic and global growth.

SUMMARY

Positions

+ Gilts

+ Dollar Euro

In both the UK and US Q1 GDP reports were disappointing last week. In the US GDP was weaker than expected and in the UK personal consumption was much weaker than forecast.

In the Euro zone the sovereign debt crisis continues with speculation again mounting about Greece. This time a restructuring isn't on traders lips its default or worse; will Greece be forced out of the Euro by the nature of her difficulties.

So although the UK has its own problems, they look less worrisome by comparison. In short Bonds continue to appeal as a safe haven trade, especially after US housing market data suggests a double dip for the housing market and ISM/PMI manufacturing data in the US and UK came in well below consensus fanning fears of renewed weakness.

In summary we advise holding the trade.



Dollar Euro: Short DOLLAR Long EURO ½ position

SUMMARY

CLIMATE & ENERGY

+ Gilts

+ Dollar Euro (NEW)



Monthly Chart:

The market's attempt to get back down beneath 1.4281, thereby rejecting the bull wedge, seems to have failed.

The supports, though severely tested, **have held**.



Daily Spot Chart :

There is no clear bottom formation in place, but the day chart shows the double test of the band of support, not quite a Double Bottom, but close.

Stops beneath 1.4052.



Dollar Euro: Short DOLLAR Long EURO ½ position

Macro Trading comments:

The US Dollar's recovery seems to have run its course.

The debt crisis in the Euro zone looks no closer to being resolved, but the US economy keeps publishing data that points to a flagging economic recovery.

Throw in the inability of Congress and the Administration to agree a budget deficit reduction strategy and we judge the long term out look for the Dollar is unchanged; Weakness.

Looking ahead traders have three key reports to digest this week;

1. The ISM manufacturing survey, already known and weaker than expected,
2. The ISM non-manufacturing survey, and
3. Non-farm payroll.

Together they provide good insight into the economy's health, but we judge the Dollar is unlikely to receive the kind of boost it needs to reverse the underlying trend of weakness.

In summary we advise going Short the Dollar, Long the Euro.

SUMMARY

Positions

+ Gilts

+ Dollar Euro (NEW)



SUMMARY

Positions

- + Gilts
- + Dollar Euro

SEVEN DAYS AHEAD

Authorised and Regulated by the FSA

124 REGENTS PARK ROAD LONDON NW18XL

TEL +44 (0) 7849 922573 E-MAIL msturdy@sevendaysahead.com,

pallwright@sevendaysahead.com

WEB SITE SEVENDAYS Ahead.COM

The material and information set out in this research is not intended to be a quote of an offer to buy or sell any financial products. Any expression of opinion is based on sources believed to be reasonably reliable but is not guaranteed as to accuracy or completeness.

The material and information herein is general and for informational purposes only. Although Seven Days Ahead endeavours to provide useful information they make no guarantee as to the accuracy or reliability of the research.

The derivative market comprises volatility and considerable risks. To the maximum extent permitted by law no responsibility or liability can be accepted by Seven Days Ahead, any company or employee within its group for any action taken as a result of the information contained in this presentation. You are requested not to rely on any representation in this research and to seek specific advice from your accountant, legal adviser or financial services adviser when dealing with specific circumstances.

Seven Days Ahead is regulated by the UK Financial Services Authority.

MAIN MENU

Disclaimer