The

# Week

Ahead

**A perspective for June 2nd - 9th 2003**

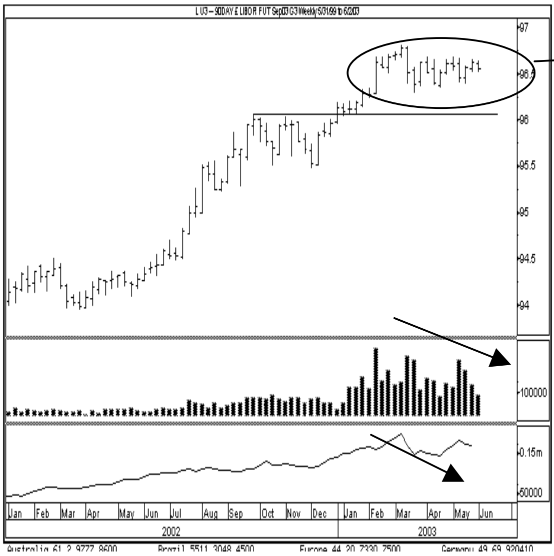
**Short end resilience impresses the bulls**

**Stocks to go higher**

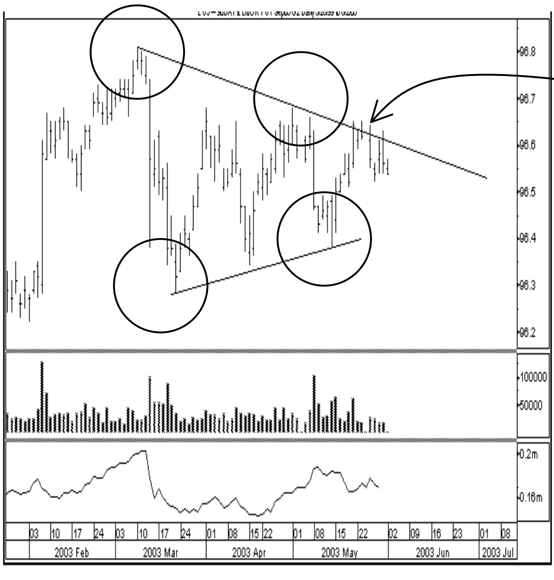
**Cable clarity**

# Short Sterling

***Well it never did happen did it ? The large continuation triangle never broke. The bets are off. The consolidation continues in the short end….but the far end is holding in. It still looks good, despite the fact that the market dithered last week, it was very bullish, and remains bullish.***

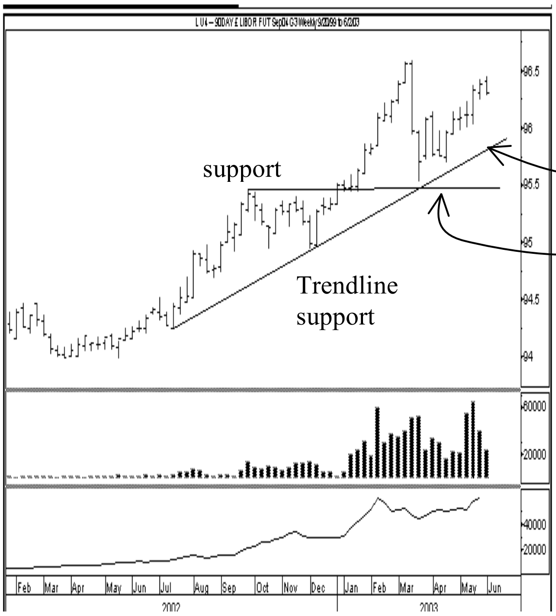



The consolidation continues. and as it does the volume and open interest decline….



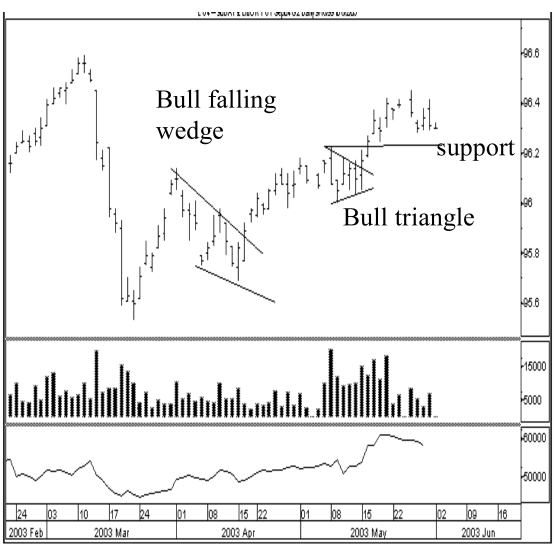

The large triangle –a failed breakout is clear…. There's just a chance that it may not remain so, but watch carefully. The bears will only get encouraged when the lower diagonal is broken.

# The further out dates : September 2004




The bull market is intact. The rising trend supports a good distance away from the market, so too, is the market horizontal support far away.

Interest concentrates on the old high and the market's reaction to that ….

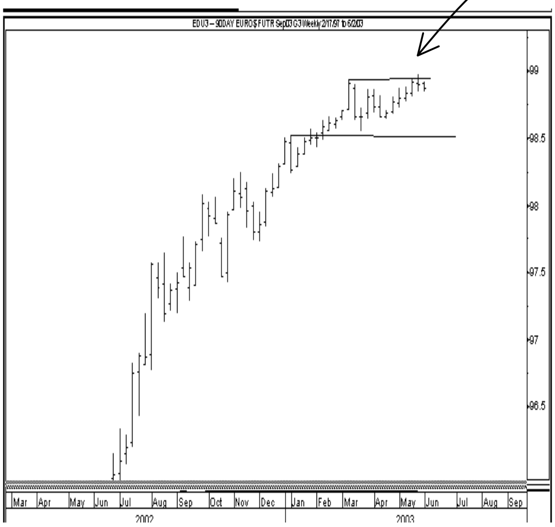



This is the rub. The bull progress has been fuelled you might say, but the bull falling wedge and the continuation triangle, now watch the behaviour of the market above the horizontal from the old high at 96.23…the bears when be mightily encouraged if the market were to fall back through that!

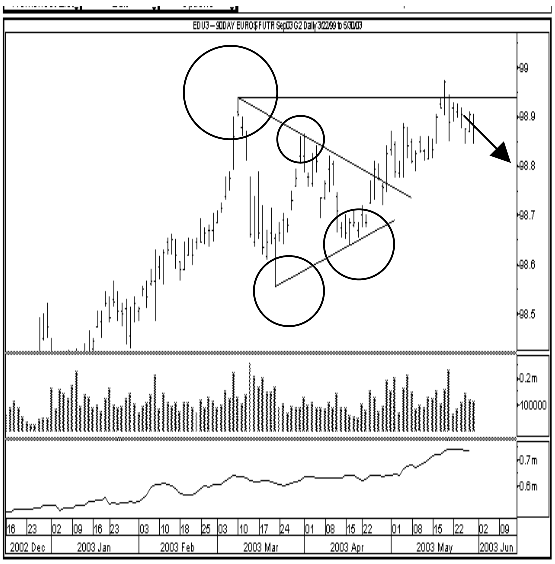
But until then, the bulls are in charge, notwithstanding the pause of the last 10 days….

# The Eurodollars.

***Last week I pointed out that the market looked tired in the near end and that has continued, but the longer end showed a more robust performance, and remains unequivocally bullish, living the dream….***



The bull market has been made to look hesitant by the nervous failure to trade through and hold above the old high at 98.94.

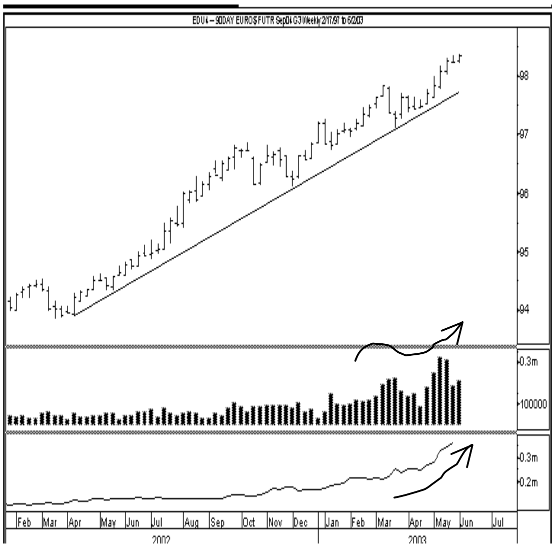


The detail tells much the same story.

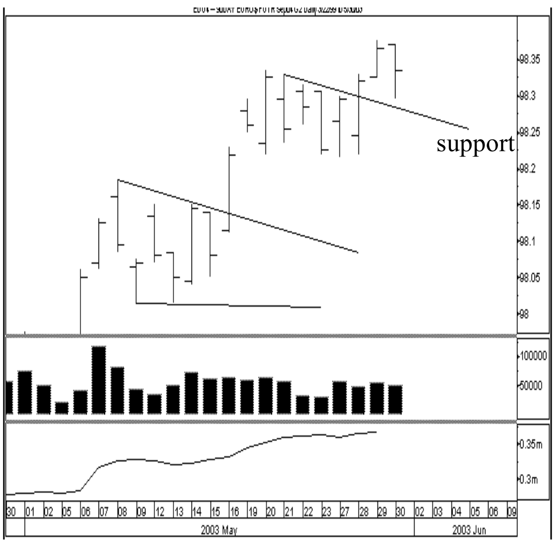
Propelled by the continuation triangle the market surged to the old high.

A single close **above** the old high was followed by a weak sideways drift…on very low volume, and constant open interest, so there's no evidence of bull positions being closed…

# Further out along the yield curve. September 2004



A stalwart bull market, without hesitation, deviation, or repetition. High and rising volume and open interest.

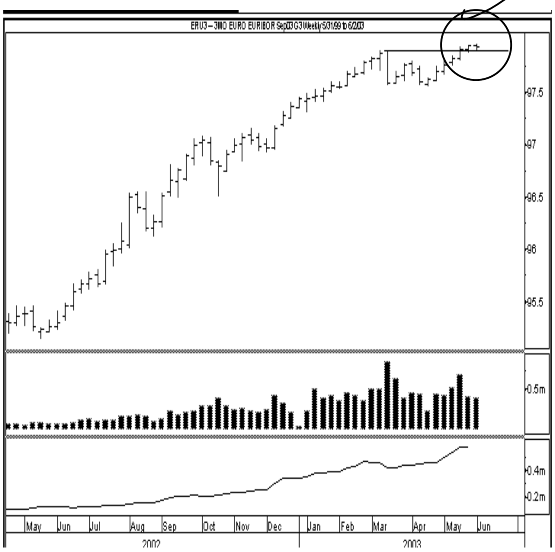



The ratchet-like manner in which the market is working itself better is clear for all to see.

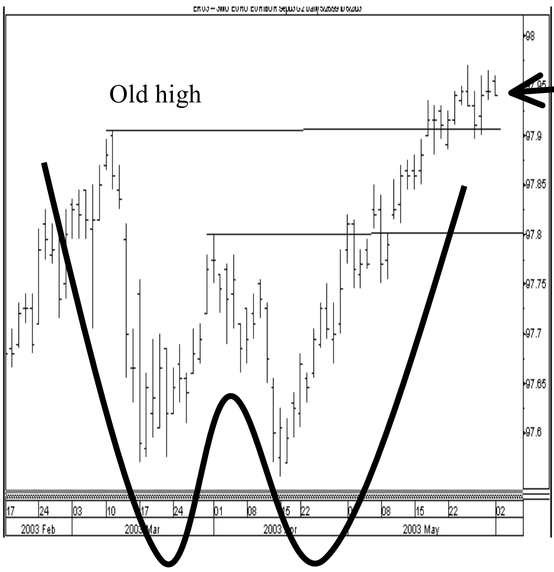
The critical support is on the gently falling diagonal currently around 98.28.

# The Euribor.

***It's the best bull market of the short ends. Last week there was a wobble, and the supports were soundly tested including the important support of 97.90 that I had identified – sure enough the market bounced hard. Buy while stocks last.***



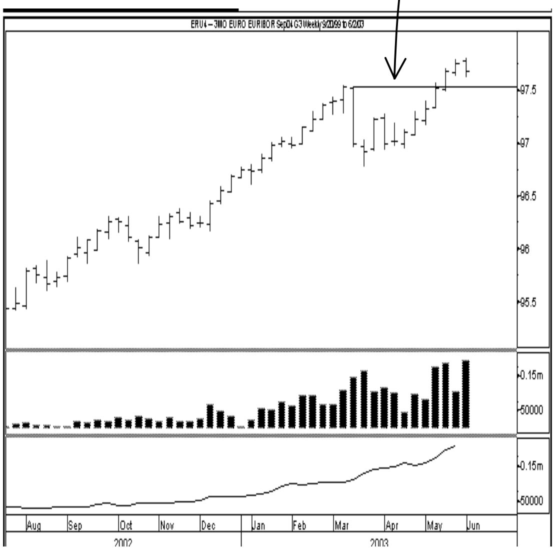
The long bull market has triumphantly broken back into clear water after the hesitations of the last few months but surpassing the old high at 97.90.5




There's a double bottom that drove the market so much better so quickly.

Note the hesitation once through the old high, but all attempts to break back down through the old high in the middle of last week have <u>failed</u>.

# The further out months : September 2004

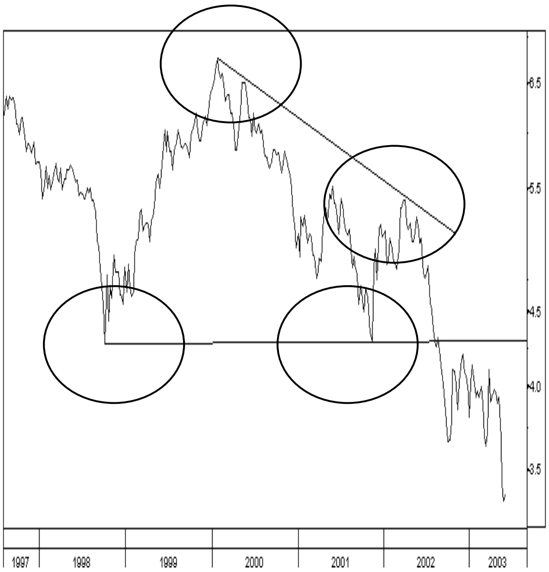



The old high has been surpassed and clearly held above.


The pause shouldn't disguise the solidity of the situation, and the substantial support beneath the market from the old high.

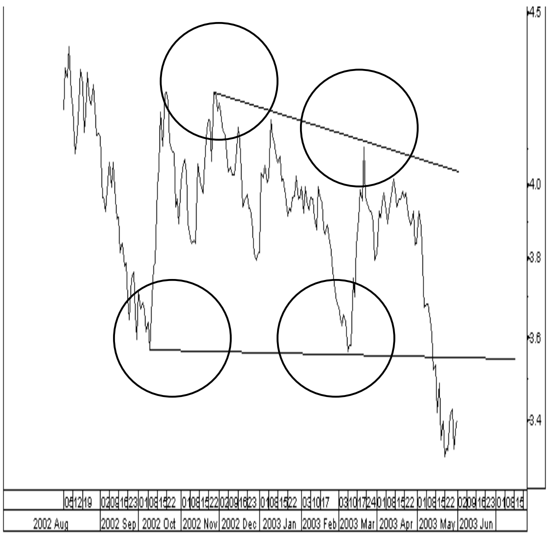
# The US 10 Year Treasury Bond.

***Over the week the Bond paused, or rather it tried to go down and found itself unable to do so. I said last week that there was more to come. Well! Surely to goodness the market's resilience over the last week backs up that opinion. The bulls are encouraged in the short term, basking as they do in the medium and long term context.***

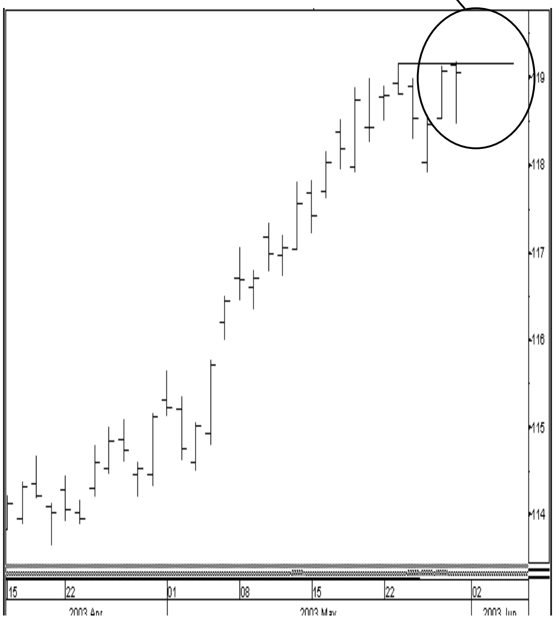



This then is the familiar massive triangle that is driving the market yields lower and lower to 2.76% at least (or highest) and probably a good deal lower than that.

But what is the sequence of event that will lead to that?



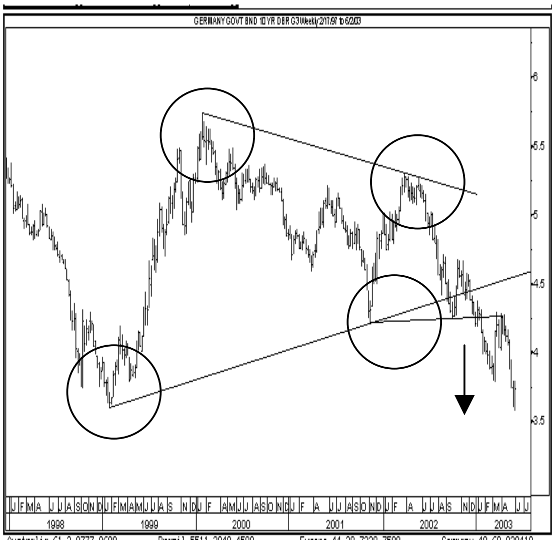

And this is the nearby continuation triangle that is driving the market in the short term – any attempt to drive yields higher will meet with massive resistance at the 3.56% level.



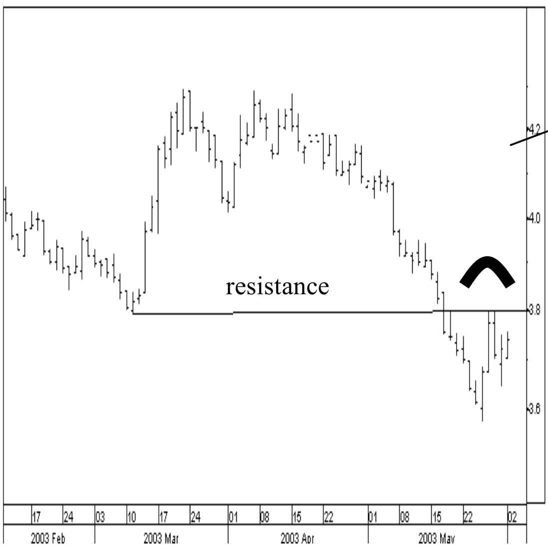

The market paused last week but bounced back boldly, bulls will want to see the old high at 119-05 broken through.

# The German Bund.

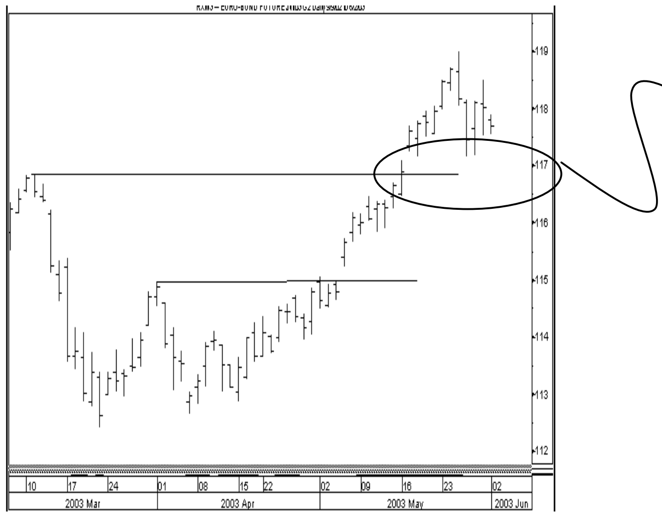
***The repulsed bear move in the week was surely good endorsing evidence for my bull stance. The market remains good in the short and medium term.***



The massive continuation triangle already seen in the US Bonds, is still driving the German bund yields lower….



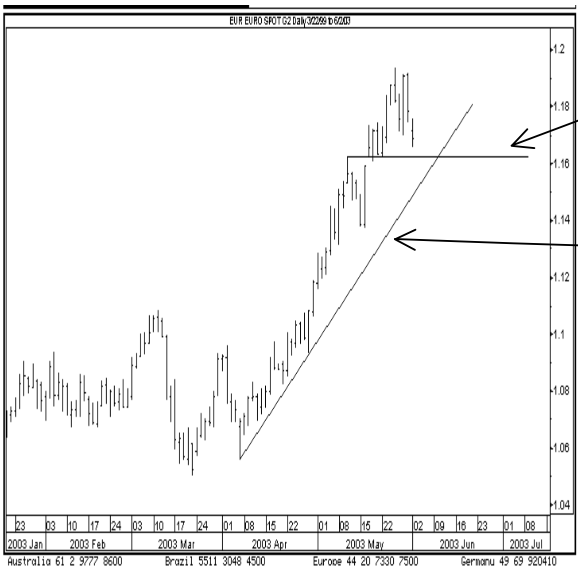

The retracement has found resistance at the horizontal from the old low at 3.8%




The pull in the FUTURES CHART found good support too at the old high at 116.85….., note that the breakaway gap is intact., further good support.

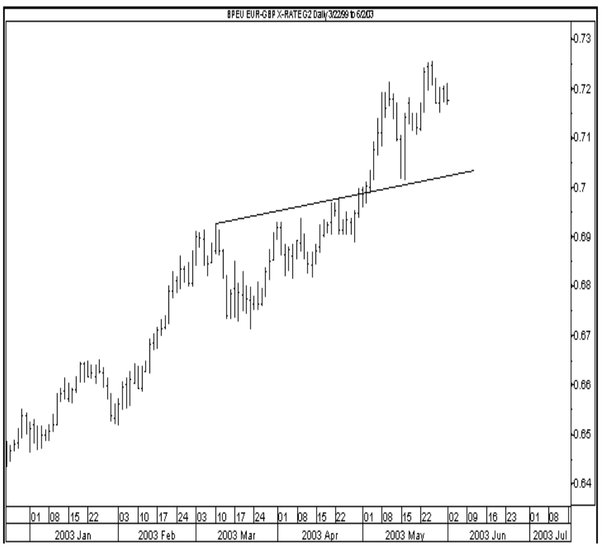
# CURRENCIES.

***I haven't been much help with regard to the Dollar move – except with regard to the Cable.***
***That market charts well, and bears for the Dollar should look carefully. The Sterling looks likely to strengthen far and fast.***



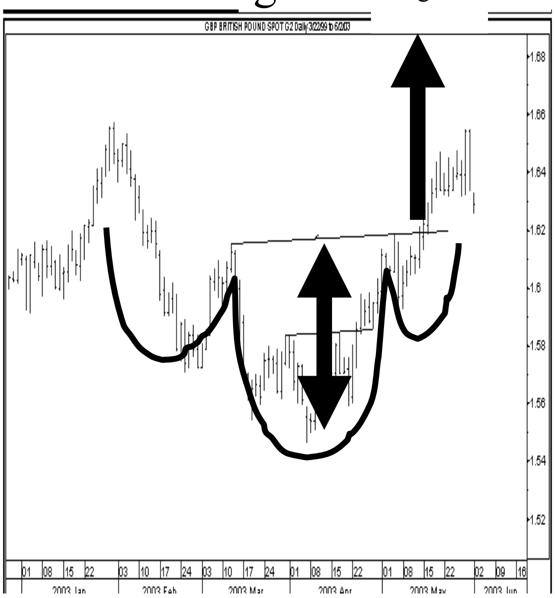
The fierce trending market – watch carefully the market's reaction to the horizontal support from the old high at 1.1625, further beneath is the rising diagonal …

# Sterling Euro.



The market has no clear patterns.

# Dollar Sterling

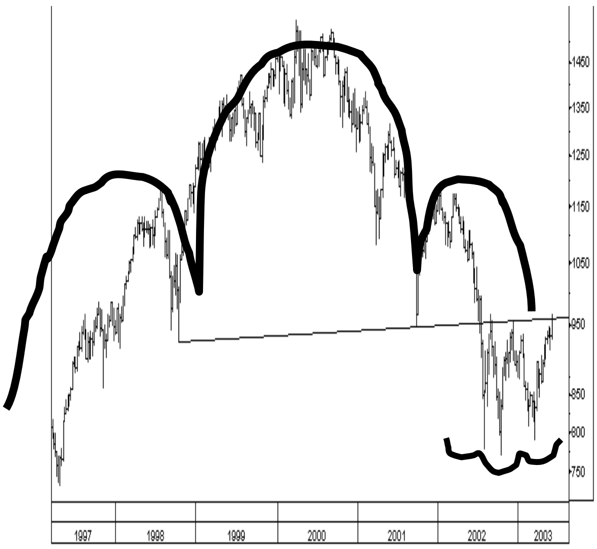



The pull back of the Cable should find good support around the 1.62 level – if the bull head and shoulder bottom remains intact the target remains 1.6883!

# EQUITIES

***Well, I was wrong. Last week I thought that World equity markets were stumbling – despite the strength of the US markets. But since then everything has gone ahead. The small bull patterns (relative to the long-standing bear formations driving the markets down long term) have completed.* The market now looks bullish in the short term. *I am still a long term bear. Two years ahead the market will be a great deal lower. But in-between we may well rally higher quite fast…..check out my targets.***

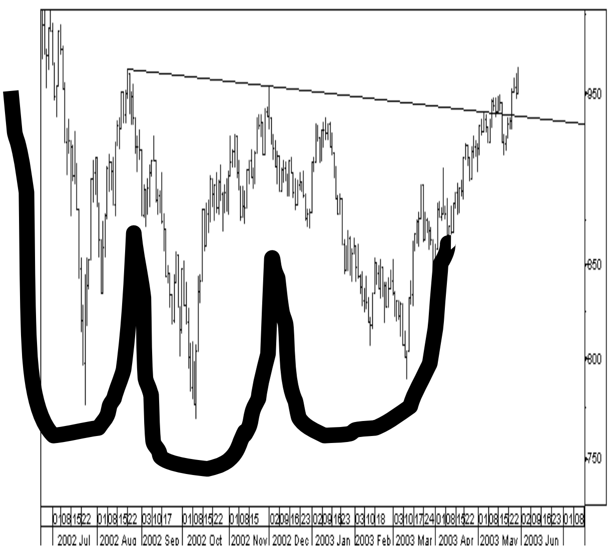
## The Standard and Poors Index.




Over the last few weeks I have tried to explain the conflicts forces on the price action of the market.

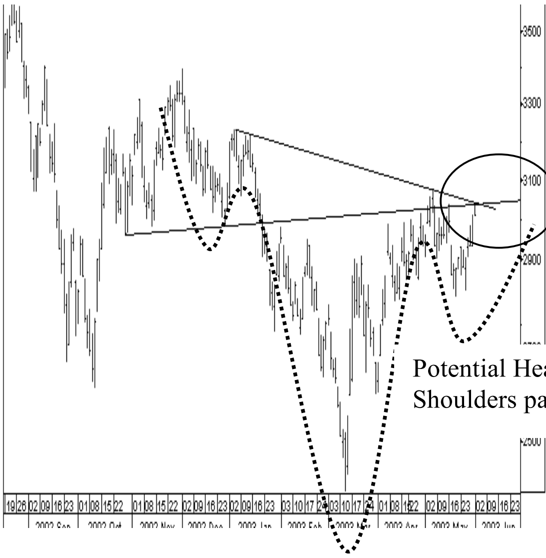
The conflict has reached a critical moment: the large head and shoulder neckline, a natural level of resistance, has been pierced, and at the same time a smaller bull head and shoulders has completed.

The bull run should continue to force a penetration of the bigger pattern for some while – is the bear market over? BY NO MEANS. THAT IS A PREDICTION OVER THE NEXT FEW YEARS But for the moment - weeks or maybe months - the bulls are in charge.

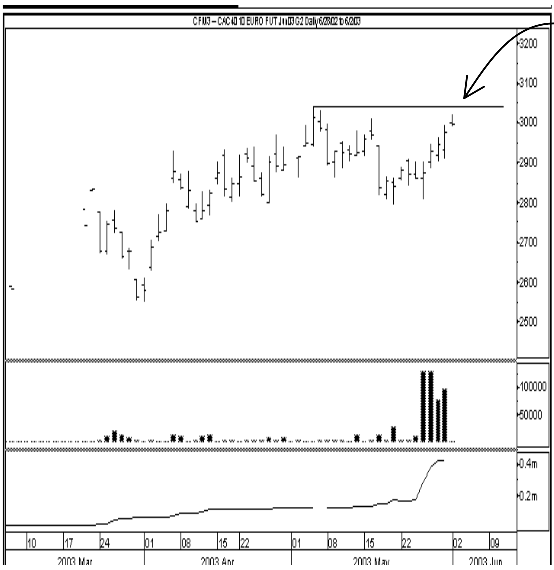



The detailed H& S bottom. The break through the neckline is undoubted.
The target for the pattern is **1127.**

# The French CAC

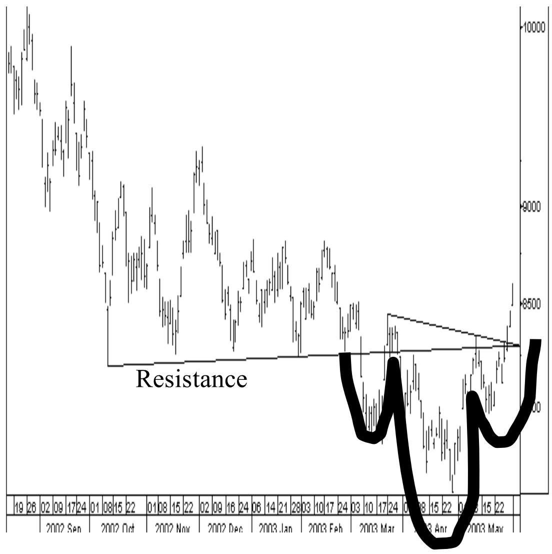



The market has been dragged better by the US market and is now at a critical juncture: the co-incidence of the lines at the 3039 level suggests that a break through that level will send the market great deal further still.



The market has little to recommend it in the short run. Watch for a break up through the old high of 3039.

# The Nikkei.




The break back through the over head resistance and the completion of the Head and shoulders bottom have happened simultaneously – greatly adding to the drama of the bull market – there's more to come for the bulls