



23rd August 2011

the technical analyst

AWARDS 2011

F I N A L I S T

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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Currencies

- + Dollar Euro
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- + Dollar Yen
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Stay SQUARE;
Stay SQUARE; **BUY** Sterling above 1.6745.
Stay **LONG** Yen beneath 80.47.
Go SQUARE

Stocks

- + CME S&P 500
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Go SQUARE (Sep11)
Stay **SHORT** (Sep11). **SELL again** on a break of 2070.
Stay SQUARE (Sep 11);
Stay **SHORT** beneath 9350 (Sep11); **SELL** again beneath 8650.

Bonds

- + CBOT US Ten Year Notes
- + Eurex Ten Year Bund
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Stay **LONG** above 128-01 (Sep11);
Go **LONG** above 134.77, Stops beneath 133.50 (Sep 11);
Stay **LONG** (Sep11); above 141.89

Interest rates

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

Stay **LONG** 99.3650 (June 12)
Stay **LONG** above 98.7650 (June 12)
Stay **LONG** above 98.60 (Sep 12);

Commodities

- + Nymex WTI Oil
- + Comex Gold

Stay **SHORT** beneath 89.75 (Dec11)
Stay **LONG** (Oct 11) above 1815.80.



Currencies: Dollar Euro

CURRENCIES: We have been arguing that medium term the Dollar is under pressure from bear structures while the short term has lacked clarity. But that may be changing. Possible short-term bull patterns are on the cards against the Euro and elsewhere, short and medium-term, the Dollar is very clearly showing weakness. Cable and the Dollar Yen are both powerful bear Dollar statements.

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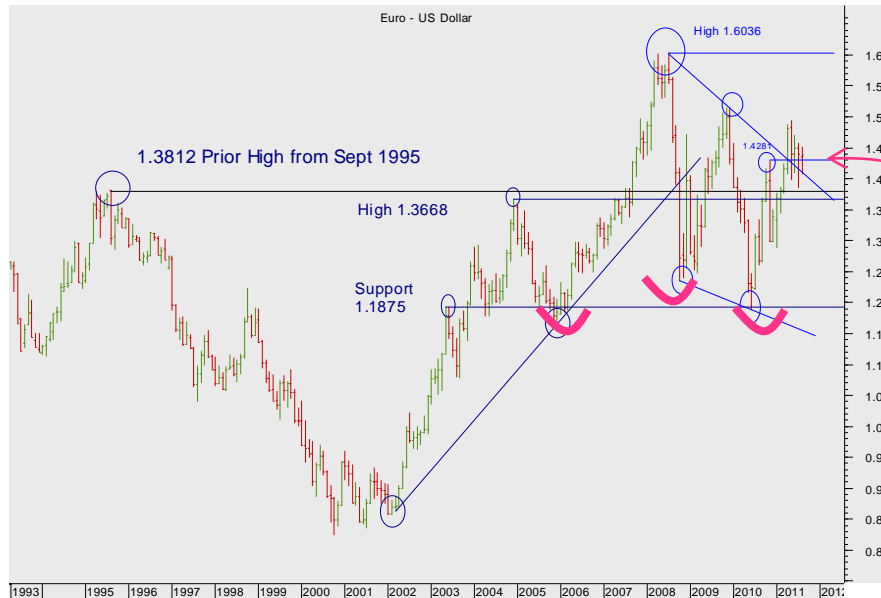
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Dollar Euro monthly spot cash chart

The long-term chart looks underpinned by the triple bounce off the retracement support at 1.1875.

The very large bull falling wedge may have completed...but the market is hesitating at the breakout level.

Look closer.

More



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Currencies: Dollar Euro

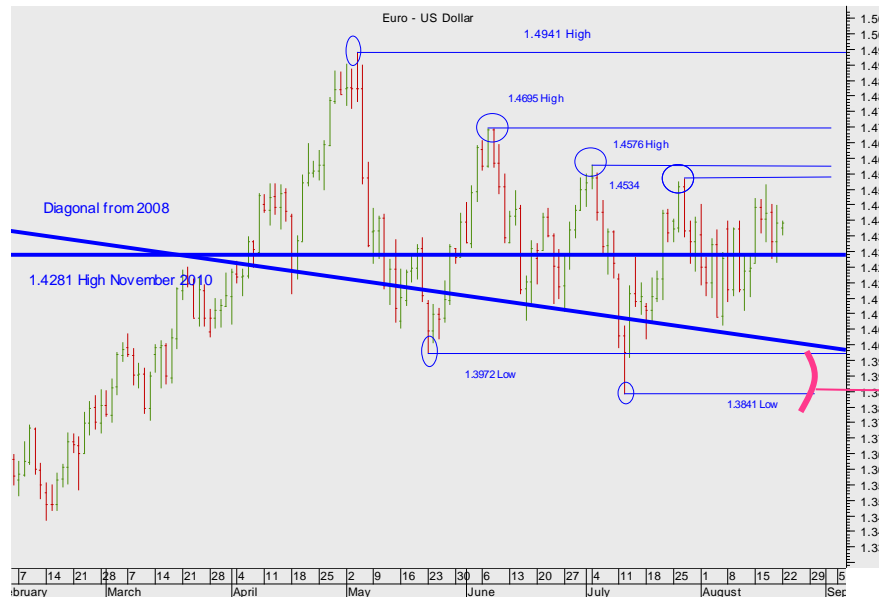


Dollar Euro weekly spot cash chart

In greater detail the break of the large falling wedge is clear, but the congestion above the upper diagonal of the big wedge is interesting - and maybe another bull wedge.

Bulls need an unambiguous break up through the falling diagonal beneath 1.4941.

Look closer.



Dollar Euro daily spot cash chart

The smaller wedge isn't clear in the day chart. The consolidation since April this year is clear, and a move through the two Prior Highs 1.4534 and 1.4595 is needed for the Euro bulls to get going.

NB: Bears for the Euro need a close beneath the band of lows 1.3972-1.3841.

More



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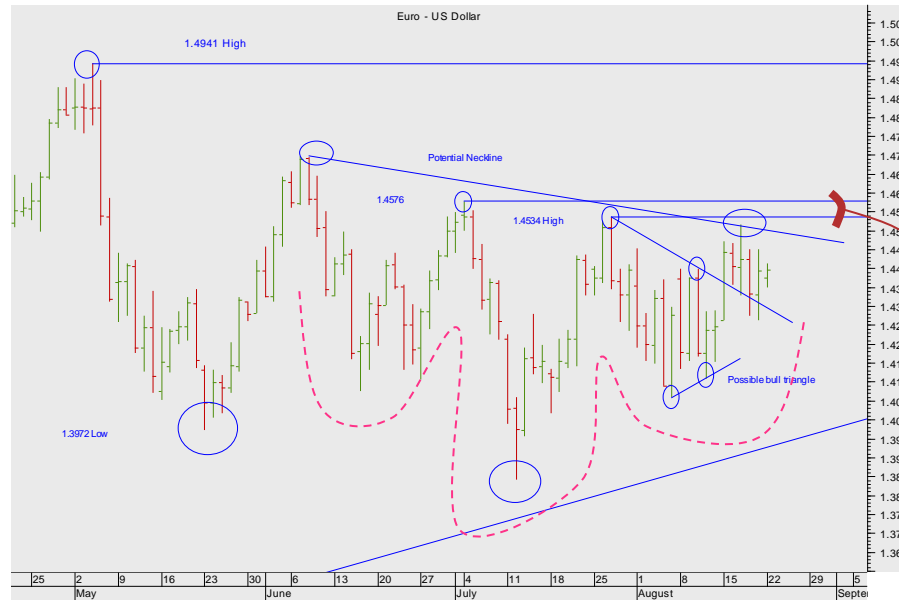
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Currencies: Dollar Euro



Dollar Euro daily spot cash chart

In greater detail.

1. Note the small bull continuation triangle
2. The possible Neckline above the market of a continuation Head and Shoulders pattern

Bulls need the confidence of a break up through that band..



Currencies: Dollar Sterling

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Dollar Sterling monthly spot cash chart

Cable is dithering around the lower diagonal of a large bear rising wedge....

Look closer.



Dollar Sterling weekly spot cash chart

The multiple failures at the resistance 1.7050 is clear,

but some uncertainty surrounds the break of the **rising diagonal support** - and the subsequent rally beneath it.

Look closer...

More



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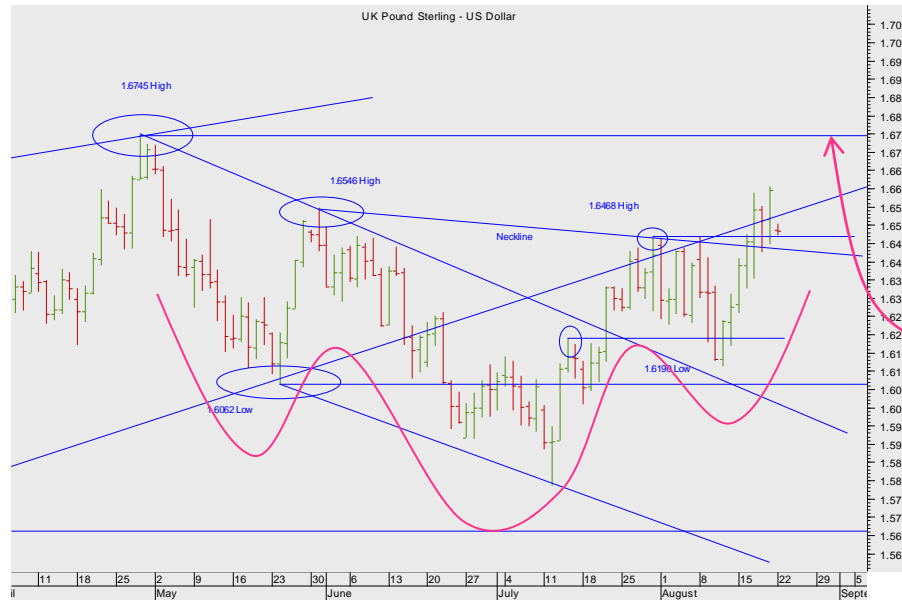
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Currencies: Dollar Sterling



Dollar Sterling daily spot cash chart

In greater detail: the indecision throughout July and August.

Note the possible H&S reversal....
Yet for clarity, we need a break of the 1.6745 High....

Stay square.



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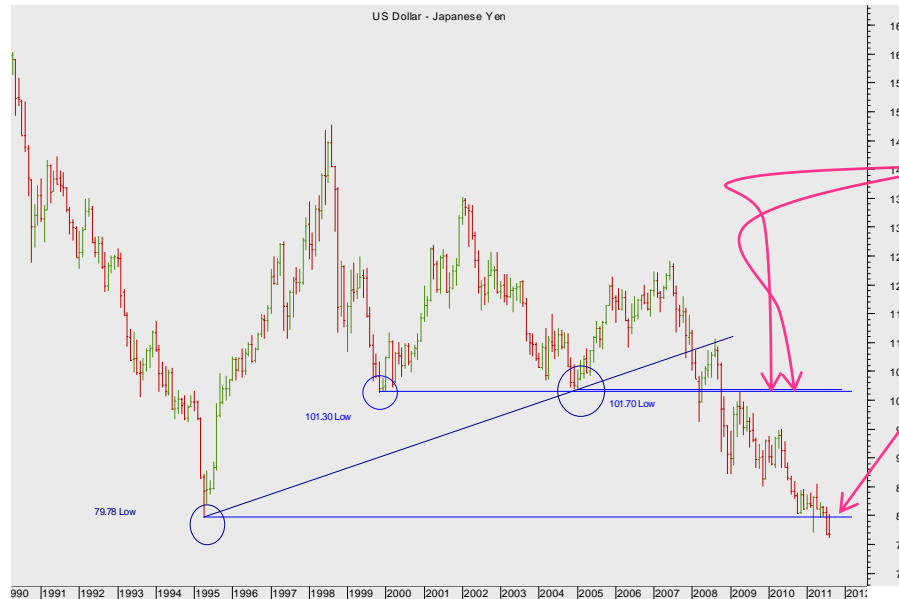
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Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

The Prior Lows are pressing down on the market.

And forced a move to the **MAJOR** Pivotal Prior Low 79.78

Look closer.



Dollar Yen weekly spot cash chart

The Prior Lows are powerful resistance above the market at the band from at 84.92/88.73.

Note that the market has broken both 79.78 (medium-term pivot) and 77.07 (short-term pivot) again

and failed to rally back ... It looks v poor for the Dollar.

Look closer.

More



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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Within the wide congestion, a clear bear continuation triangle completed.

That was the catalyst for the push down to 77.07

The bounce (BOJ intervention) made no headway through the resistance at the bottom of the triangle (the same at the 1995 79.79 level) as a result **the market remains under great pressure to go lower.**

~ We are short Dollars with stops above 77.07 (short-term) and above 79.79 (medium-term)



Currencies: Sterling Euro

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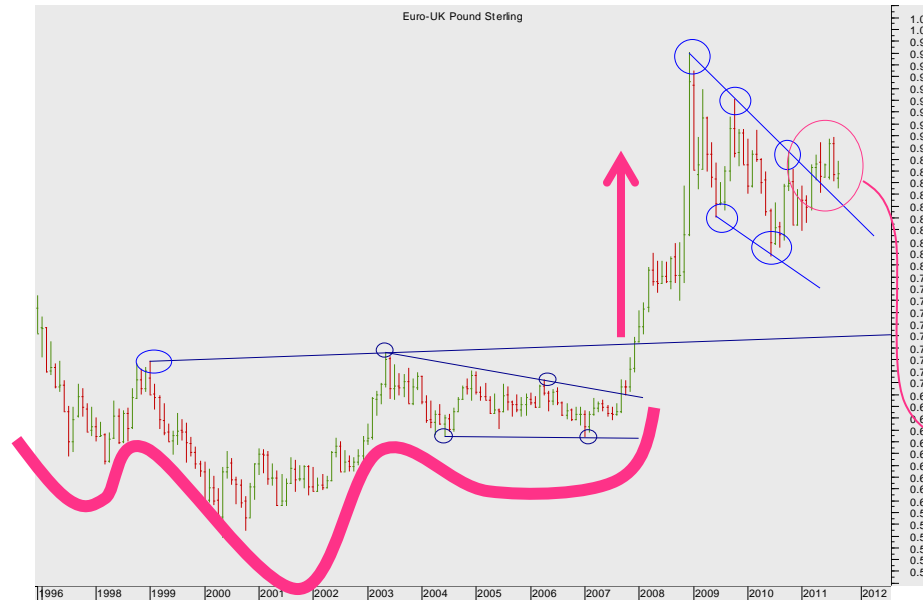
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Sterling Euro monthly spot cash chart

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.

But now the market has completed a bull (for the Euro) falling wedge the Euro bulls are again in charge.

Look closer:



Sterling Euro weekly spot cash chart

The bull falling wedge has clearly completed.

Note the good support at 0.8671 which looks strong.

Bulls need the market to get up through the Prior Highs: 0.9040

Look closer.

More



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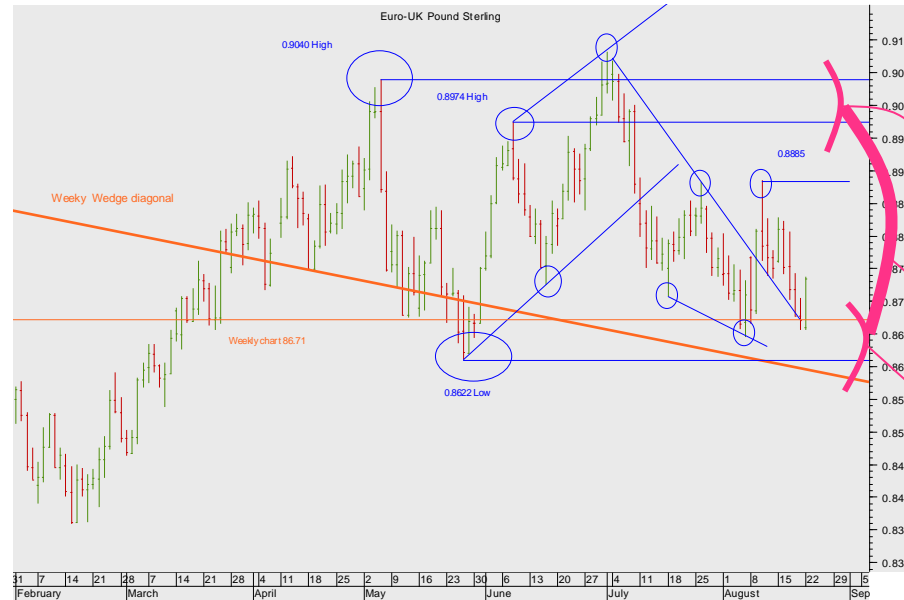
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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

In greater detail : **We are medium-term bulls of the Euro** but need a confirming break up through the band of Prior highs at 0.8974-0.9040.

The bears will be closely watching the succession of critical levels beneath the market from the daily and weekly charts.

So the market is stuck in a range.

Stand back.



Stocks

STOCKS: The rallies failed. Western markets (FTSE, S&P) may have fulfilled both short and medium-term bear targets in the first sell-off, but they are falling back. As we anticipated, the Dax and EuroStoxx have remained very fragile, with further to go on the downside before their medium-term bear patterns are exhausted. And furthermore, the Nikkei and China are now no longer showing relative strength, having failed at their powerful overhead resistances and have thus established medium-term bear trends.

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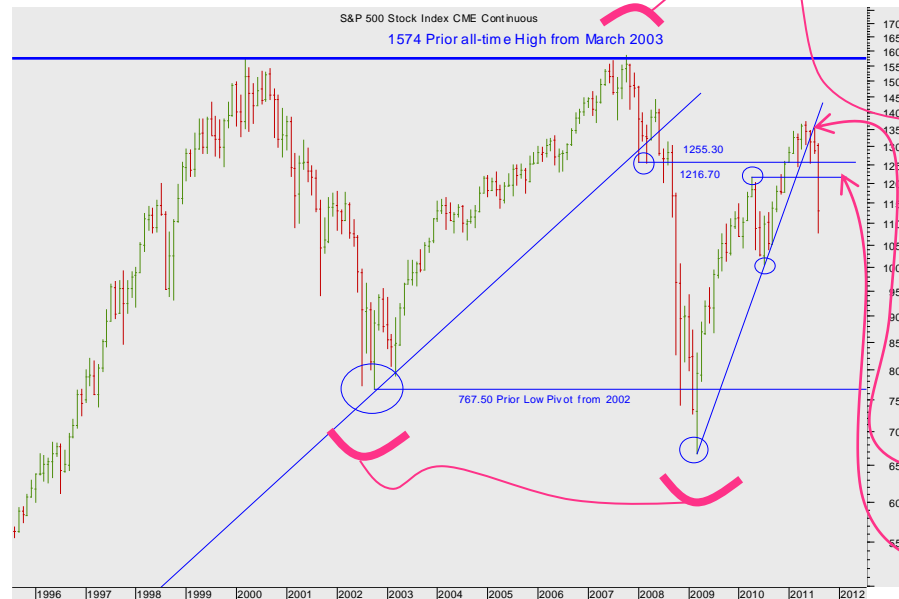
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Stocks: CME S&P 500



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 long-term..**

And the double bounce from 797 has created a wide trading range.

Medium-term, note the two failures of the market :

- The steep diagonal support has been smashed.

- The horizontal support from 1216.70 has been broken.

Look closer.

More



Stocks: CME S&P 500

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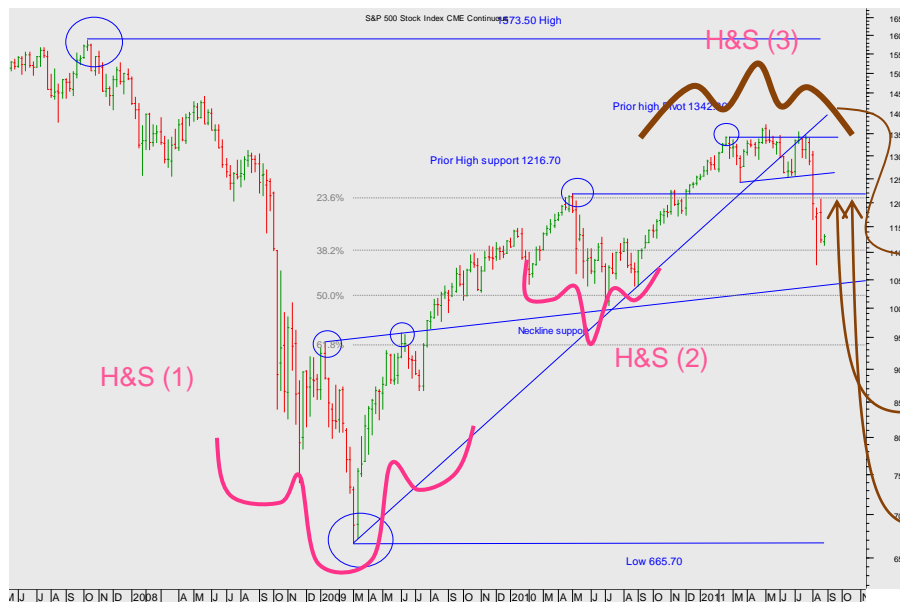
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CME S&P 500 cont weekly cont. chart

The bull market trend from 2009 has **failed** in three senses:

1. A Head and Shoulders (HS3) Top has been completed.
2. The Prior high support at 1216.70 is smashed.
3. The Fibonacci support at 1216 too is smashed.

So a medium-term top formation is in place.



CME S&P 500 Sep 11 Day chart

Similarly in the Sep 11 chart a **Head and Shoulders Top** has completed, for which there is a minimum move down to **1140**.

That target has been achieved (as in the weekly chart above).

Note too the bounce off the 38.2% Fib retracement support of the bull run from 2009.

So for the moment there is a lack of bear momentum. **Stay SQUARE**

More



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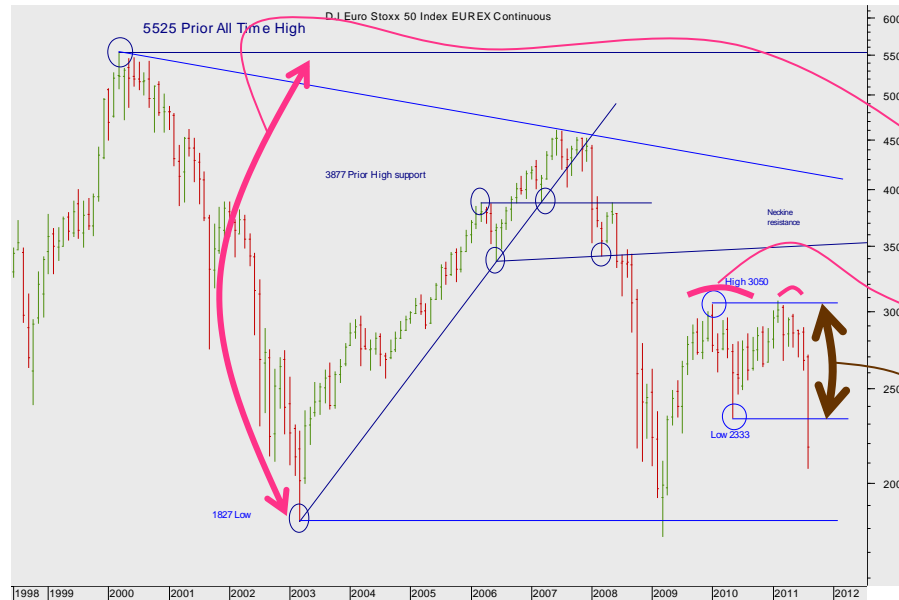
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Stocks: Eurex EuroStoxx 50



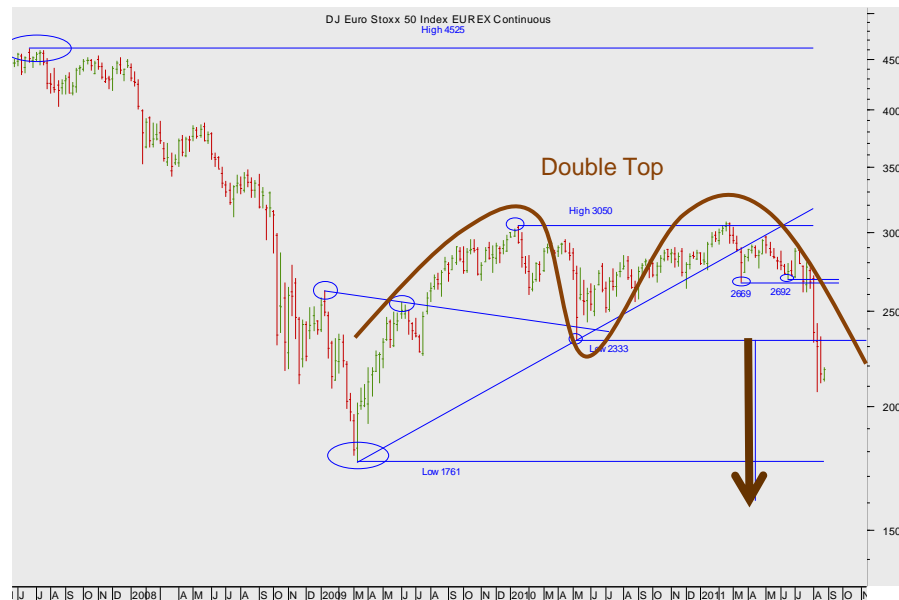
Eurex EuroStoxx 50 monthly continuation futures chart

The market is in a huge trading range.

Note the stalled rally of 2009/2010 at 3050.

And note that the recent fall has broke a smaller trading range.

A Double Top has been created.....



Eurex EuroStoxx 50 weekly continuation futures chart

The 2333 level was closed beneath on the week AGAIN creating a Double Top whose minimum target is down at 1600 or so....

Tremendous bear pressures remain.

More



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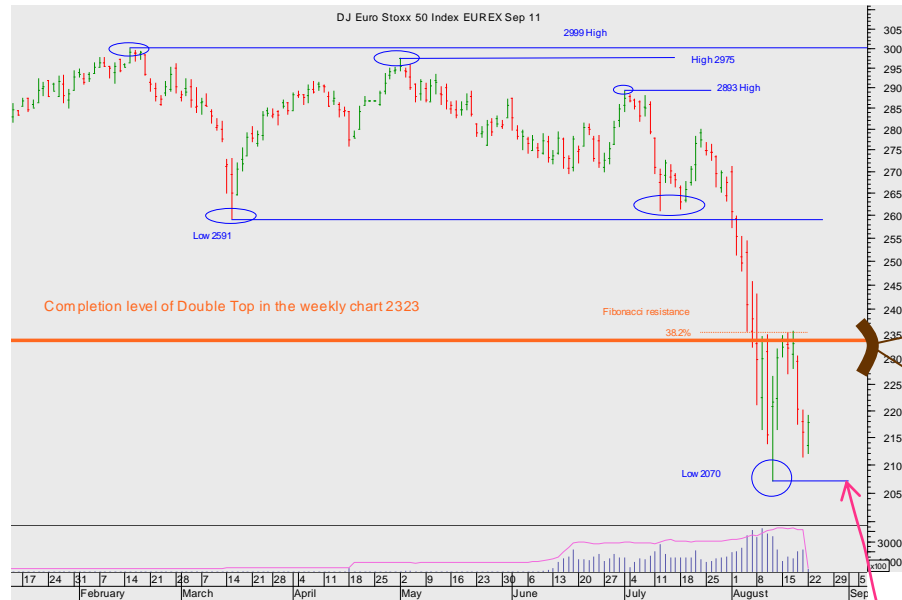
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Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 Sep11 futures chart

The SEP FUTURES market is lacking structure and needs the Double Top completion level from the weekly continuation chart.

The cluster of Fibonacci resistances at that level adds to its importance.

The market failed to break that 2323 level on the rebound....

So we are left with the target on the downside. **Add to shorts on a re-approach of 2323, or a break of 2070.**



Stocks: Liffe FTSE 100

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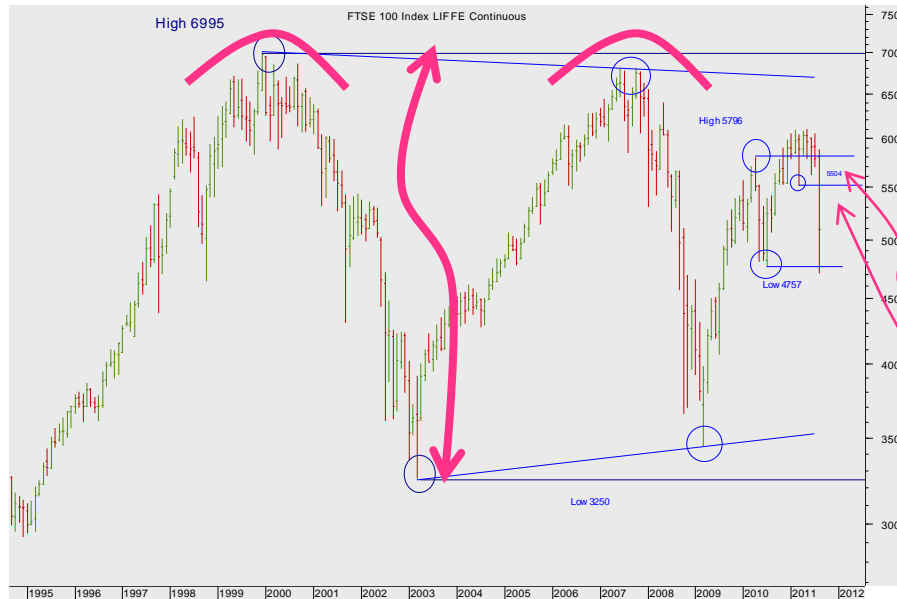
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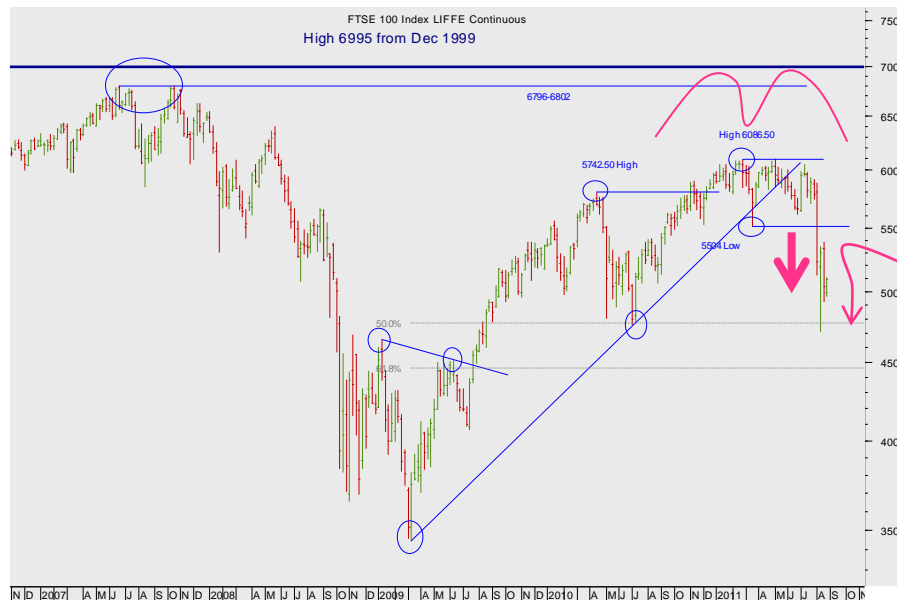
Liffe FTSE 100 monthly continuation futures chart

The market is in a massive trading range (or a possible large bull Continuation Triangle)

But in the near term, the market has pulled back through the Prior High support at 5796...

... And completed a small Double Top with the breakdown through 5504.

Look closer.



Liffe FTSE 100 cont. futures chart

In greater detail, we can see that the market has **completed a Double Top...**

And the minimum move pushed the market far beyond the minimum target of the Double Top, down as far as the 50% retracement support (4750) of the 2009 bull rally (NB also a level from where the market has bounced before)

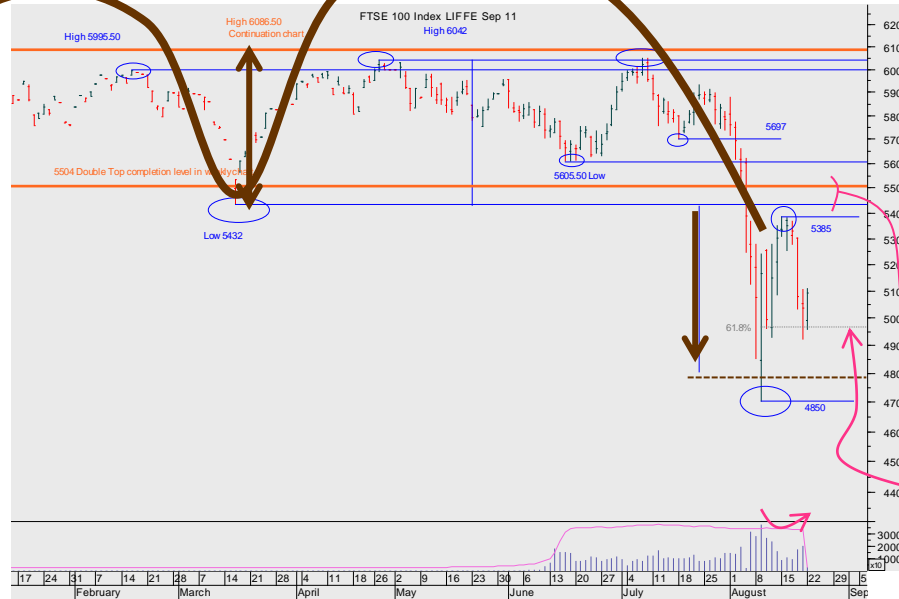
So the small Top has been exhausted. Stand back and watch the range 5504-4750.

(Note too the scope for the creation of a 2nd shoulder of a H&S reversal..)

More



Stocks: Liffe FTSE 100



Liffe FTSE 100 SEP11 futures chart

The detail of that Double Top is here, and note the minimum move down to 4800 has been achieved.

Note how the rally fail at the resistance at 5432 and the 5504 Double Top completion level.

And, for the moment the market has found support at the Fib retracement at 4960....

And lastly, the drop in volume on the rally, and increase in volume on the renewed sell-off.

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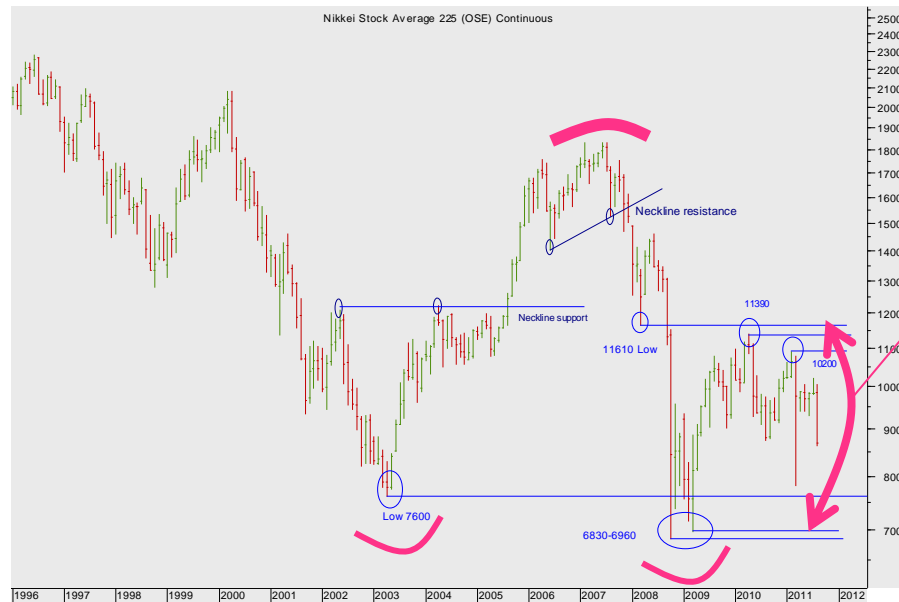
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Stocks: OSE Nikkei 225



OSE Nikkei 225 monthly continuation futures chart

In 2008 the market traded down to the Pivotal level of the 7600 low and bounced hard.

A trading range has resulted.



OSE Nikkei 225 weekly cont. futures chart

Within the range, there was a Bear rising wedge completed....suggesting a retest of the lows.

More



Stocks: OSE Nikkei 225

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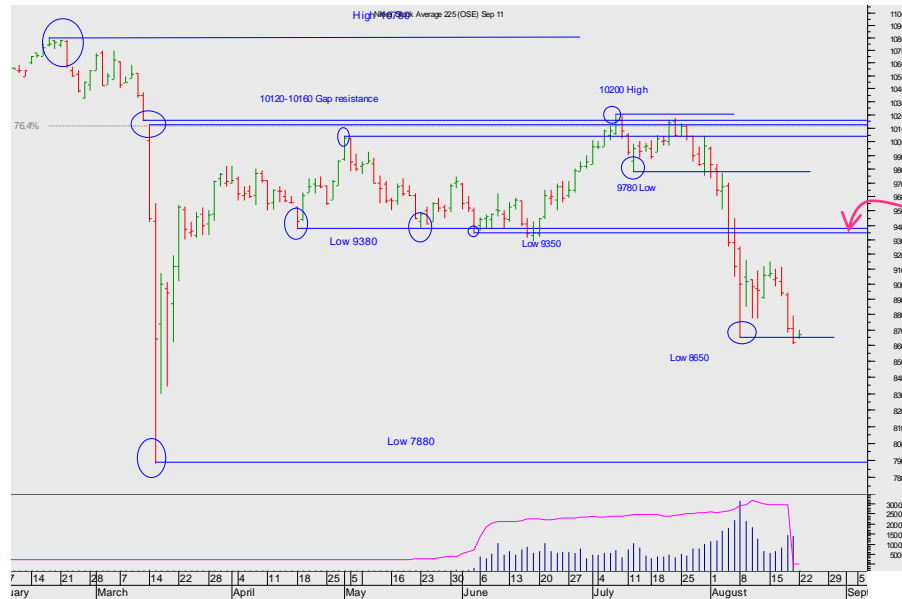
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OSE Nikkei 225 SEP 11 daily futures chart

This price action is more compelling.

The market has smashed the bottom of the range.

All rallies would have met with great resistance at the band of lows 9350-9380 – if they had been strong enough...but we are revisiting the recent lows – a break of which will accelerate the market lower again.

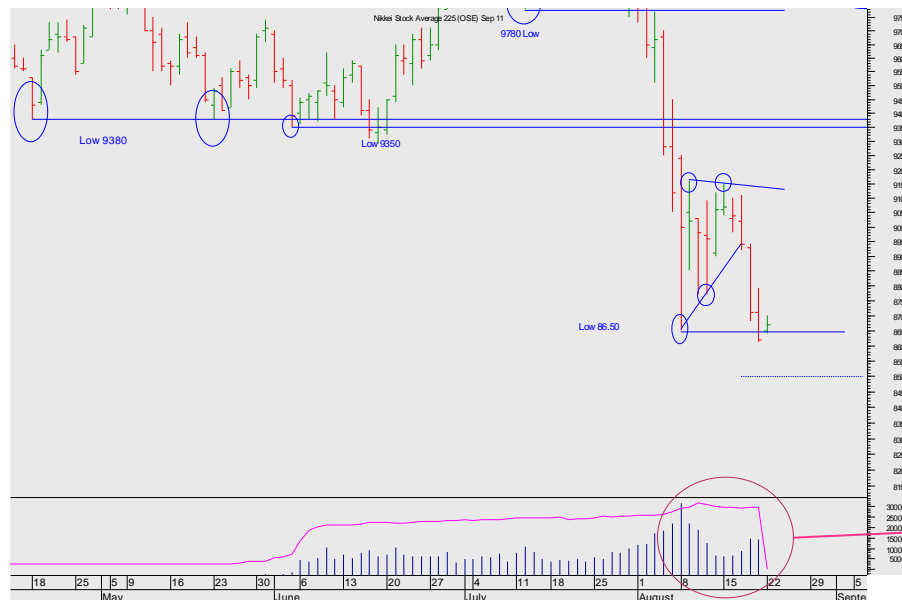
The bears are clearly now in charge....

OSE Nikkei 225 daily futures chart

This continuation Triangle has completed and is driving the market on down...**Min target 8500.**

Note the rapid fall in volume on the pause... And the surge on the renewed bearishness.

Stay short.





Bonds

BONDS: We were right that the break of Prior All Time Highs would lead to still more buying across the board especially in the TNote and the UK Gilts. Now Bunds have joined them. The rapid bull moves have left markets short-term overbought, but longer-term, they look on the brink of establishing substantial new bull legs.

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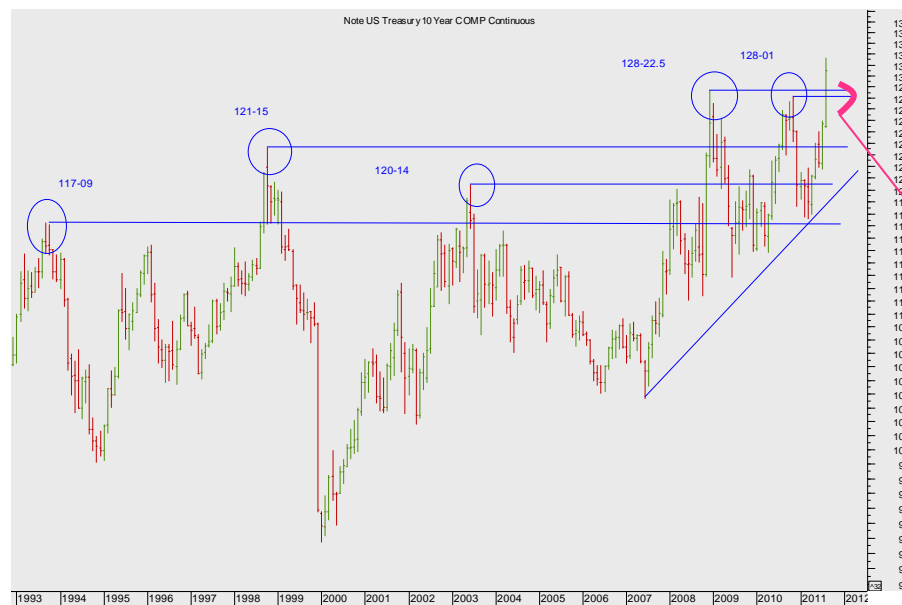
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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes monthly futures continuation chart

The market has broken through its all-time-highs.

The band 128-01/22.5 is now enormously powerful support.

Now look closer.

More



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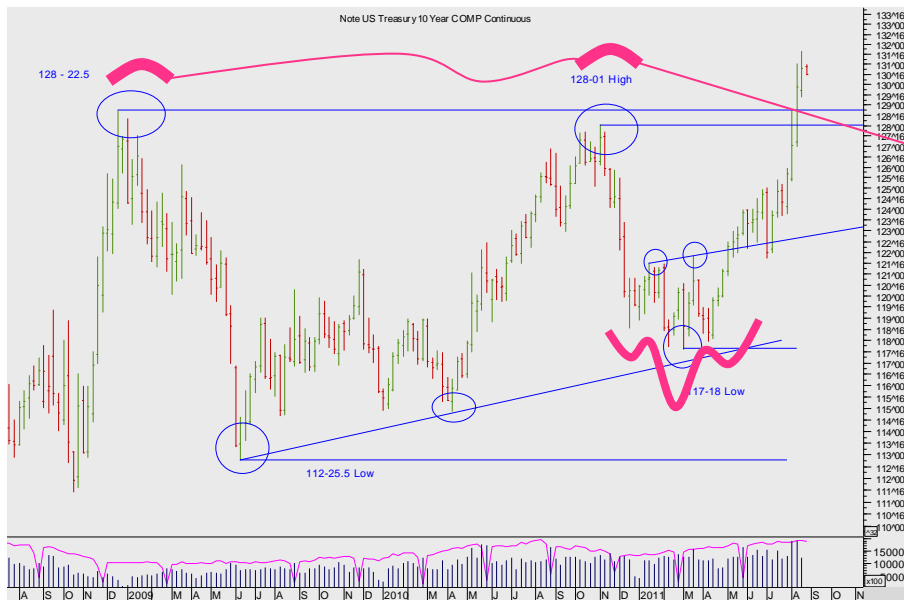
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Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes weekly futures continuation chart

The market has driven and closed above 128-01/22.5.

The market is very close (but not precisely) a continuation triangle....

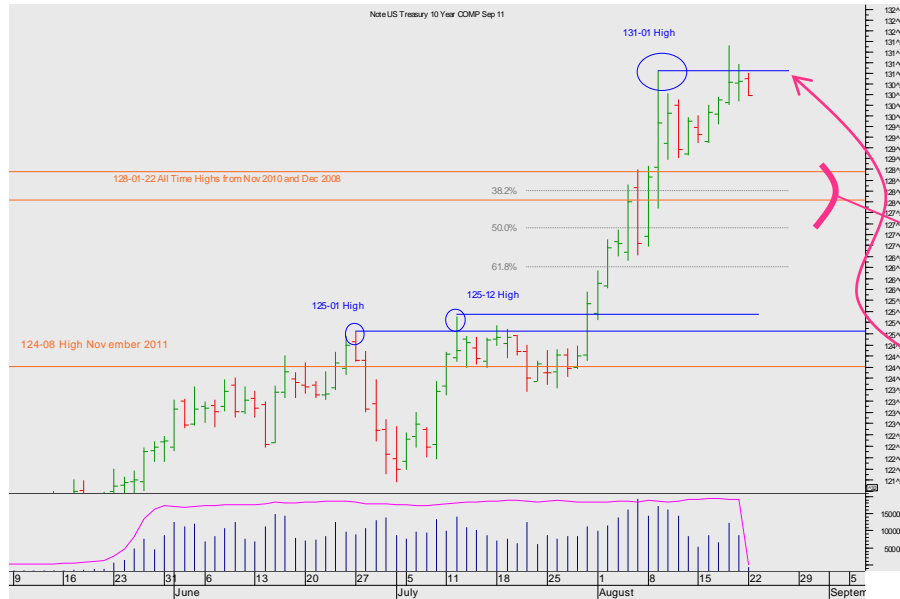


CBOT Ten Year Notes DAILY Sep11 futures chart

Once the Prior Highs, 124-01 and 125-12 were overcome, the market paused found support there...and is set to continue.



Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes sep 11 futures chart

The bulls are encouraged by the market's lack of appetite to break back down through the All Time Highs.

The bears will want to see the supports at 125-01/125-12 broken before selling hard.

We remain bulls and fresh buyers on a break of the High 131-01.

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Commodities

- + Nymex WTI Oil
- + Comex Gold



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

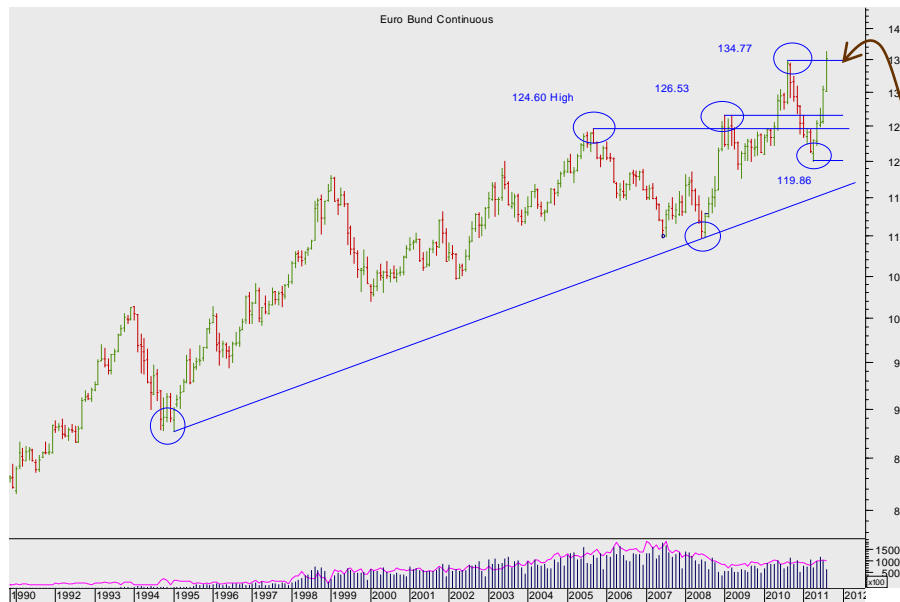
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund quarterly futures continuation chart

The market's rally has finally broken the All Time Highs.



Eurex Ten Year Bund weekly cont. futures Chart

The break of the massively important Pivotal resistance from the All Time High.

More



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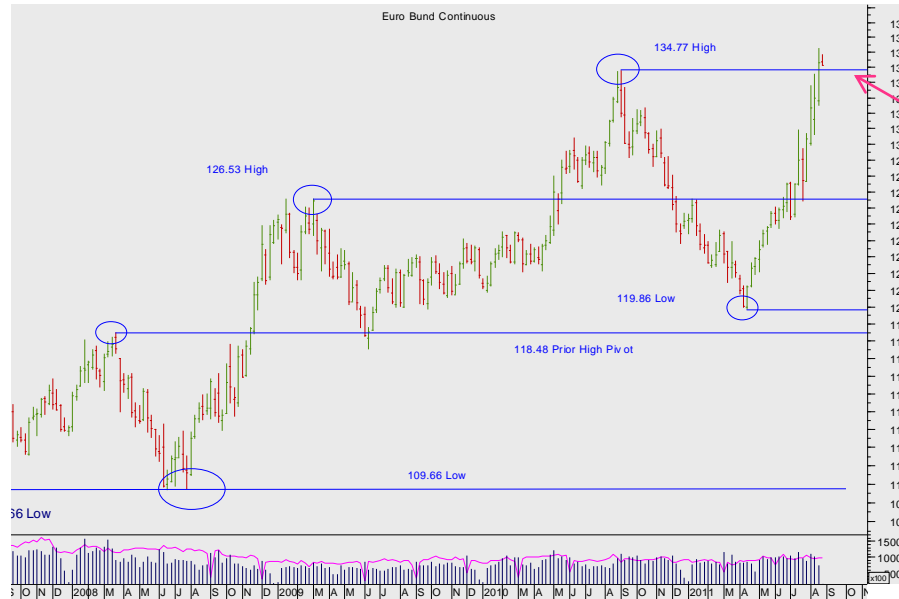
Interest rates

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Commodities

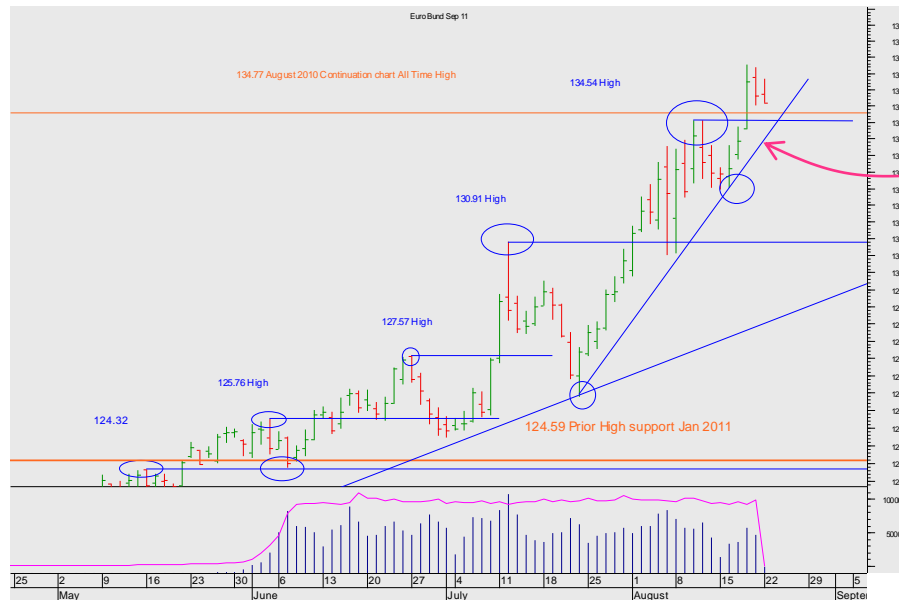
- + Nymex WTI Oil
- + Comex Gold

Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund SEP11 weekly futures chart

134.77 is support.



Eurex Ten Year Bund SEP11 daily futures chart

The 134.77- 134.54 Prior High form a band from the short and medium-term levels.

Use the diagonal too, as indicative support.



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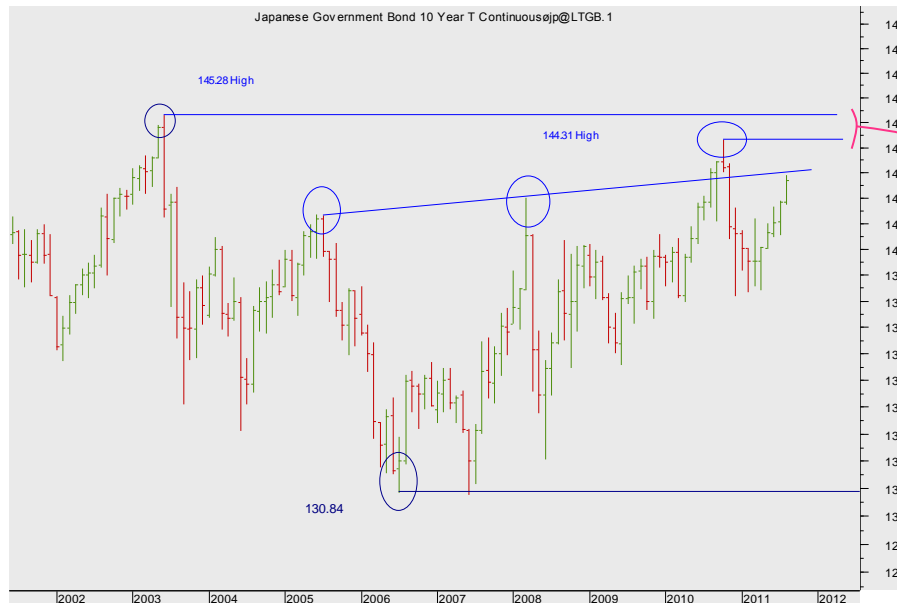
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Commodities

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- + Comex Gold

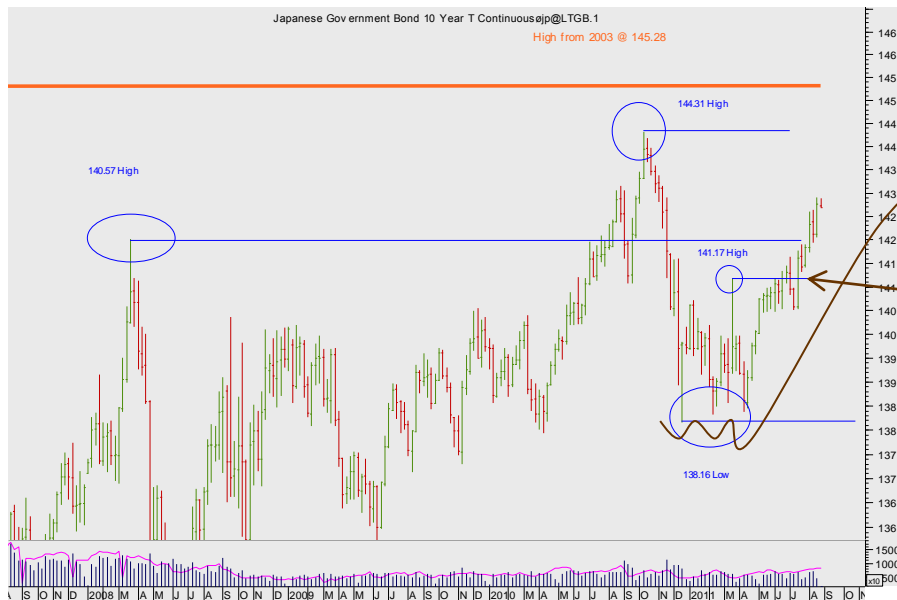
Bonds: TSE Ten Year JGB



TSE Ten Year JGB monthly futures continuation chart

There is a lack of structure – bulls need the market to break the band of Prior Highs 144.31-145.28....

Look closer.



TSE Ten Year JGB weekly continuation futures Chart

But the succession of lows around 138.16 revealed good support.

And now the 141.17 High has been overcome, a possible Double/Triple Bottom has been completed-ratcheting the market higher....

Look closer.

More



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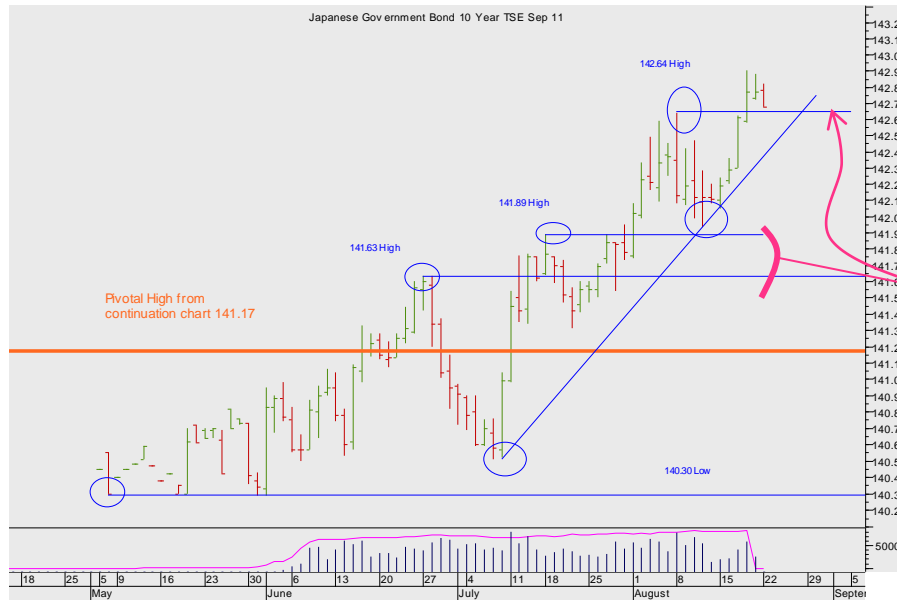
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Bonds: TSE Ten Year JGB



TSE Ten Year JGB Sep11 futures chart

The multiple Bottom is not apparent in the Sep11 Chart – but a strong bull trend is clearly underway.... With critical support on any pull-backs at the Prior High supports 142.64 then 141.63-141.89.



Interest rates

SHORT INTEREST RATE FUTURES: The laggard Euribor, trailing behind the ED and Short Sterling on the bull tack, now looks especially well set-up with good substantial supports short, medium and longer term.

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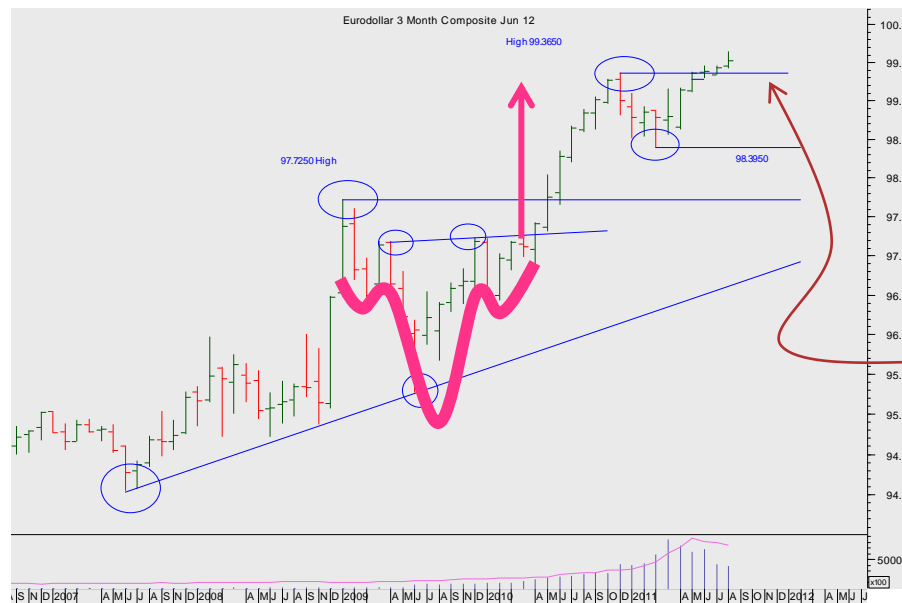
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: CME Eurodollar rates



CME Eurodollar rates monthly Jun 12 futures chart

The long march of the Eurodollars – the market has been ratcheting better and appears to be on the point of doing so again on the support from the recent Prior High 99.3650



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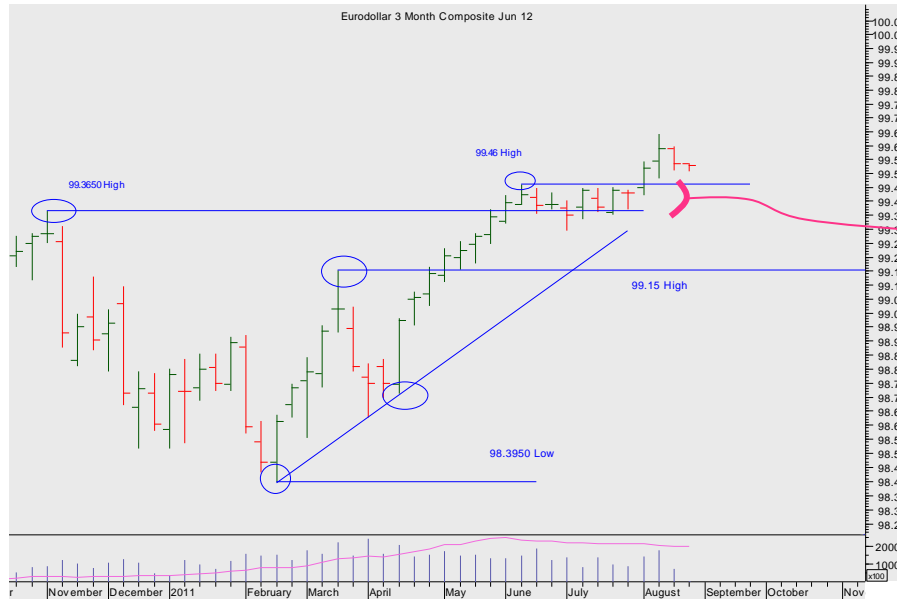
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Commodities

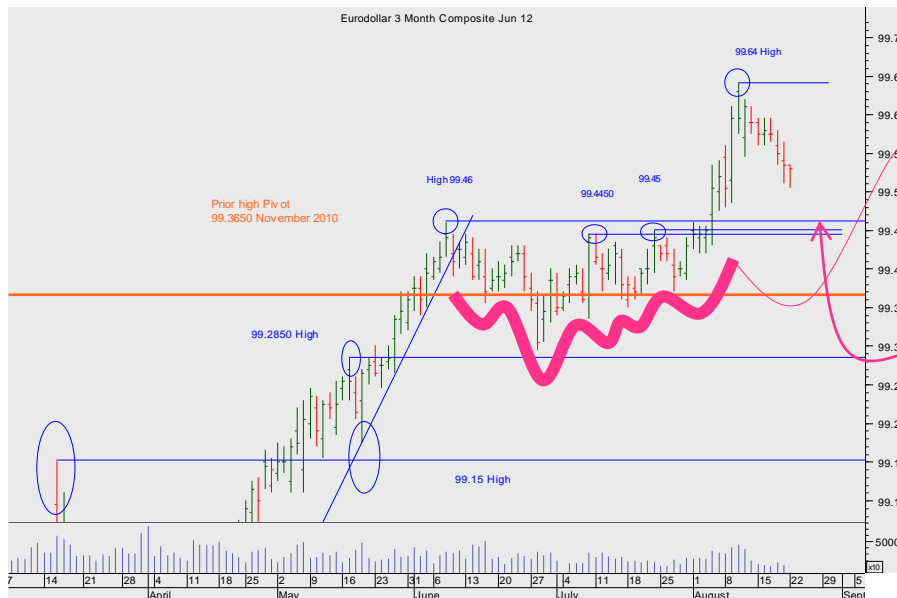
- + Nymex WTI Oil
- + Comex Gold

Interest rates: CME Eurodollar rates



CME Eurodollar rates weekly Jun 12 futures chart

The drive up through the 99.3650 Prior High has been sustained and is ratcheting the market better.



CME Eurodollar rates daily Jun 12 futures chart

The short-term chart shows how well-constructed the rally is – Prior Highs (99.3650) acting as good supports on pull backs - driving the market higher....

Stay long, stops beneath 99.46.

More



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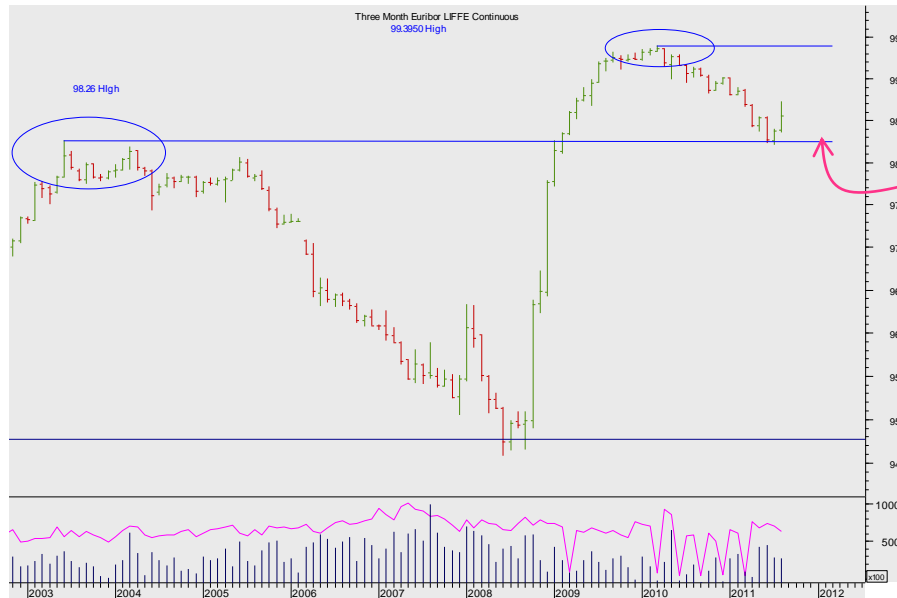
Interest rates

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Commodities

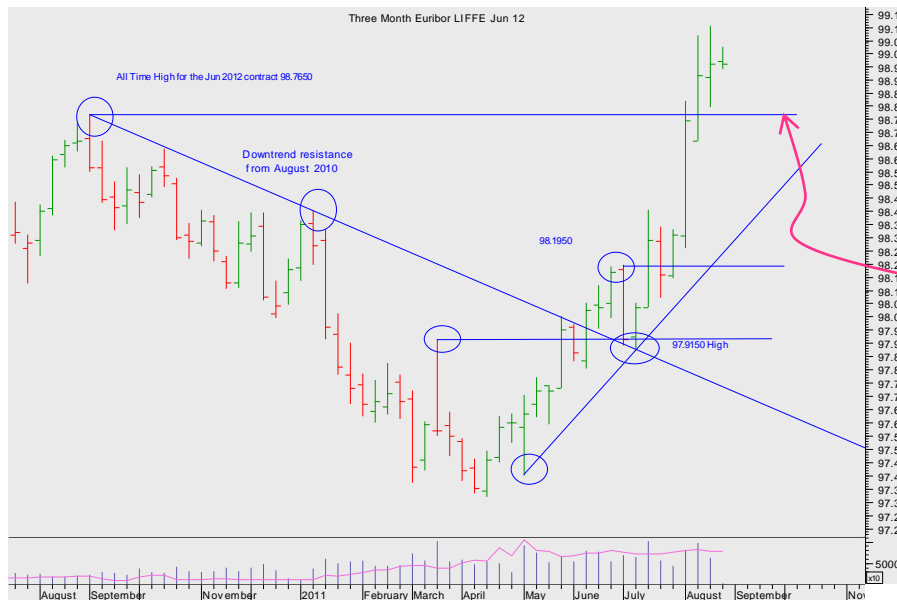
- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates Monthly continuation futures chart

The pull-back to the 98.26 Prior high support revealed important support;



Liffe Euribor rates weekly Jun 12 futures chart

At the same time in the Jun 12 contract the market has broken the All Time Highs.

We are buyers with Stops beneath 98.7650.



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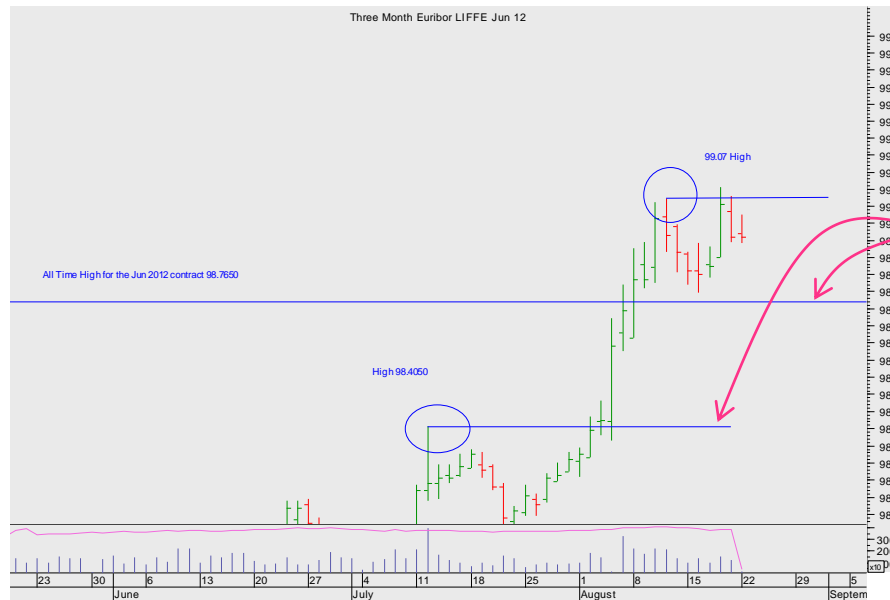
Interest rates

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- + Liffe Short Sterling

Commodities

- + Nymex WTI Oil
- + Comex Gold

Interest rates: Liffe Euribor rates



Liffe Euribor rates Monthly Jun 12 futures chart

Note the pause in the day chart.

Watch the first support at 98.7650, then 98.4050.

Stay long on with Stops beneath 98.4050.



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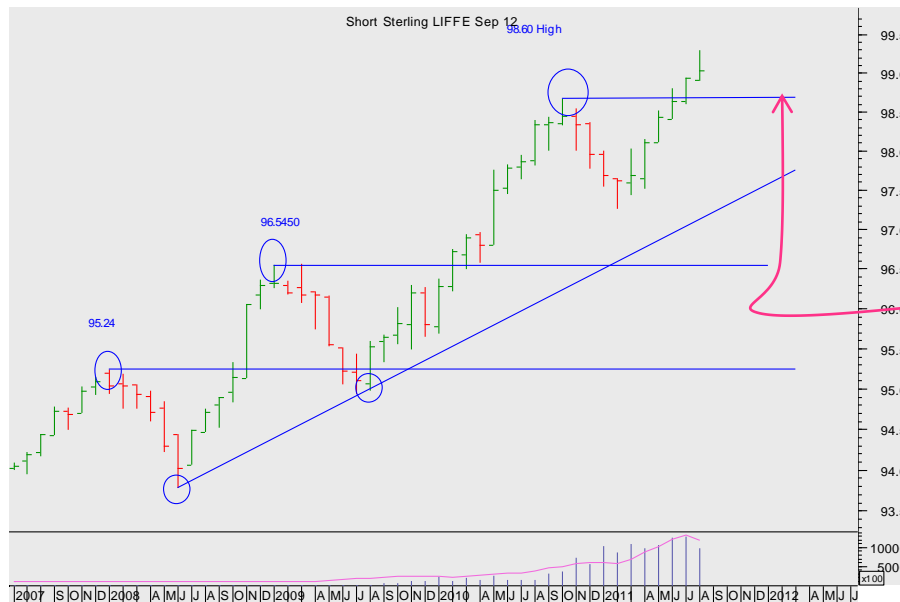
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Commodities

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- + Comex Gold

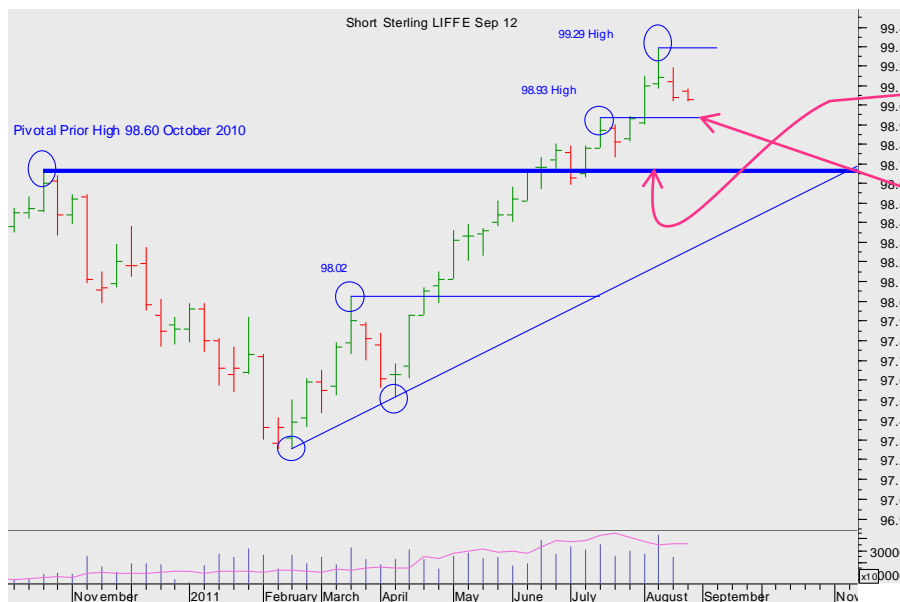
Interest rates: Liffe Sterling rates



Liffe Sterling rates monthly Sep 12 futures chart

The market's long-term rally is intact - the trend far from being clearly tested...

Note well the break through the Prior Highs.



Liffe Sterling rates weekly Jun 12 futures chart

A confirmed close above 98.60 led to fresh buying.

On the look for support at 98.93....

More



Commodities

COMMODITIES Oil's bull retracement was indeed an interesting opportunity to get short. The bear market there is well-established. Gold is still a hot bull market, short-term over-bought, still vulnerable to further pull-backs, beyond reliable supports, beyond the influence of bull patterns, yet the trend is accelerating and can't be bet against.

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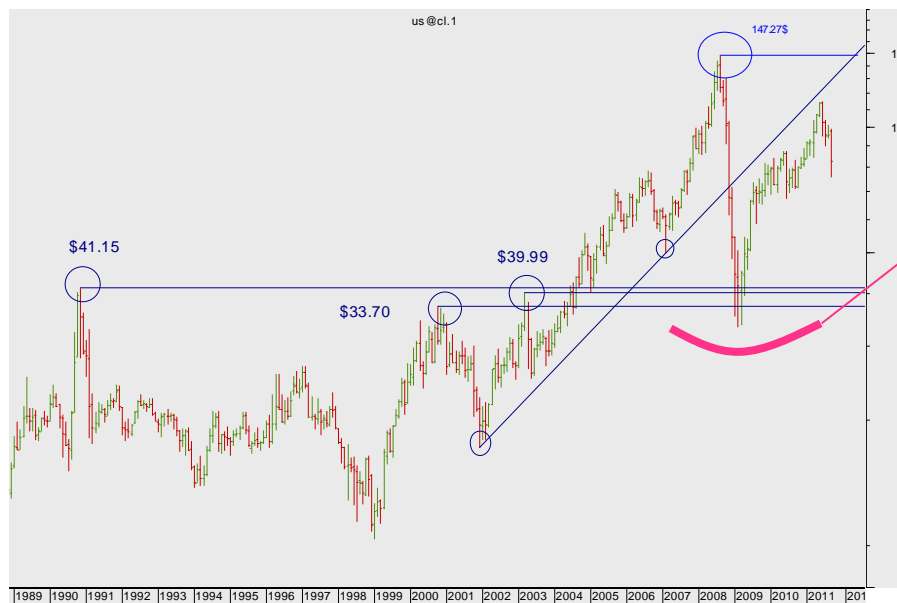
Interest rates

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Commodities

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- + Comex Gold

Commodities: Nymex WTI Oil



Oil monthly cont. chart futures

The long perspective emphasises the bounce off the \$40 level.

More



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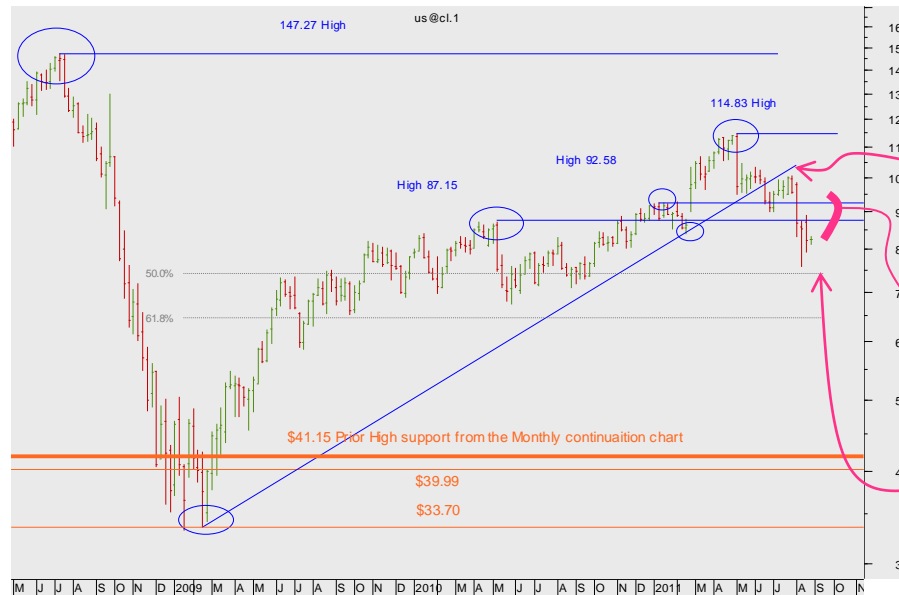
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Commodities

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- + Comex Gold

Commodities: Nymex WTI Oil

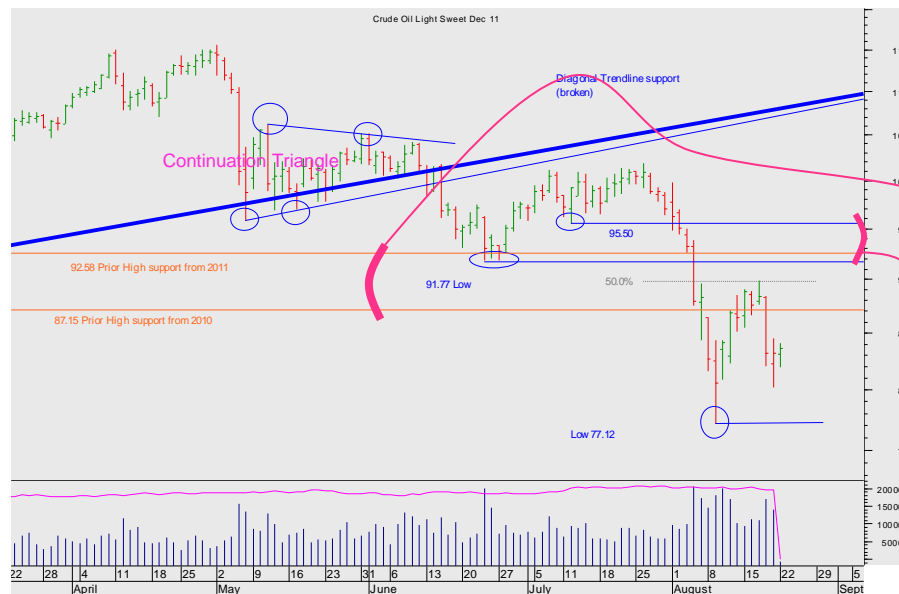


Oil weekly cont chart futures

The recent pull-back from 114.83 was sharp, smashing the long-term diagonal trendline support.

Additionally, the horizontal support close beneath at the band of horizontal support 87.15 - 92.58 has broken.

Note the proximity of the 50% retracement support.



Oil daily chart DEC11 futures

This Dec11 chart shows the story in greater detail: the breakdown through the band of Prior High support, and the failed bounce:

Both the 87.15 -92.58 medium-term band of resistance

And the 91.77-95.50 short-term band of resistance were powerful.

The bears remain in charge, short and medium-term, **and a clear and well-constructed bear trend is in place.**



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Commodities

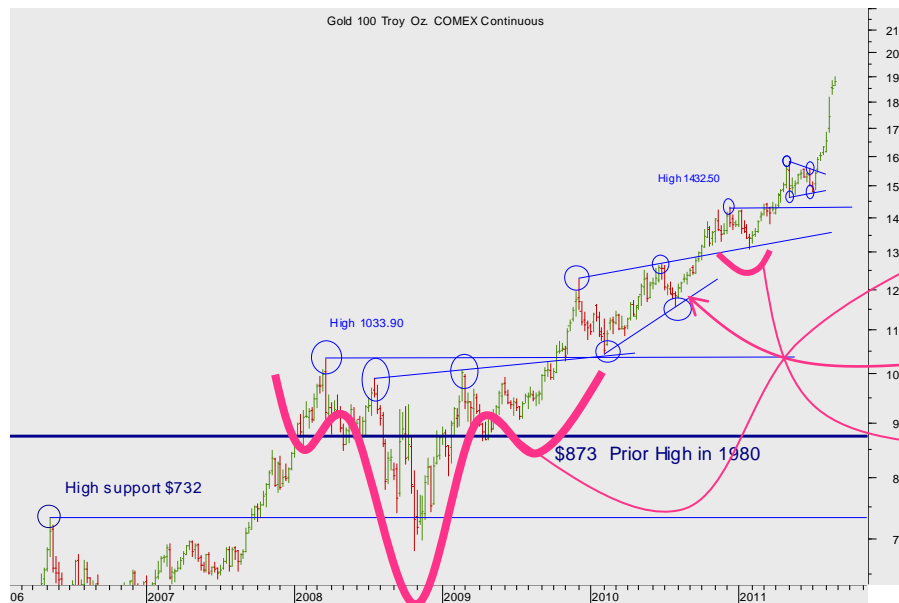
- + Nymex WTI Oil
- + Comex Gold

Commodities: Comex Gold



Comex Gold futures monthly cont. chart

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



Comex Gold cont. weekly chart

The medium-term driving patterns of the market:

(1) The catalyst for the break of 1980's 873 High was the completion of a continuation Head and Shoulders pattern....

And then (2) the market completed a continuation Triangle

Revealing great underlying bull strength by (3) bouncing back from the support from the upper diagonal of the Triangle...



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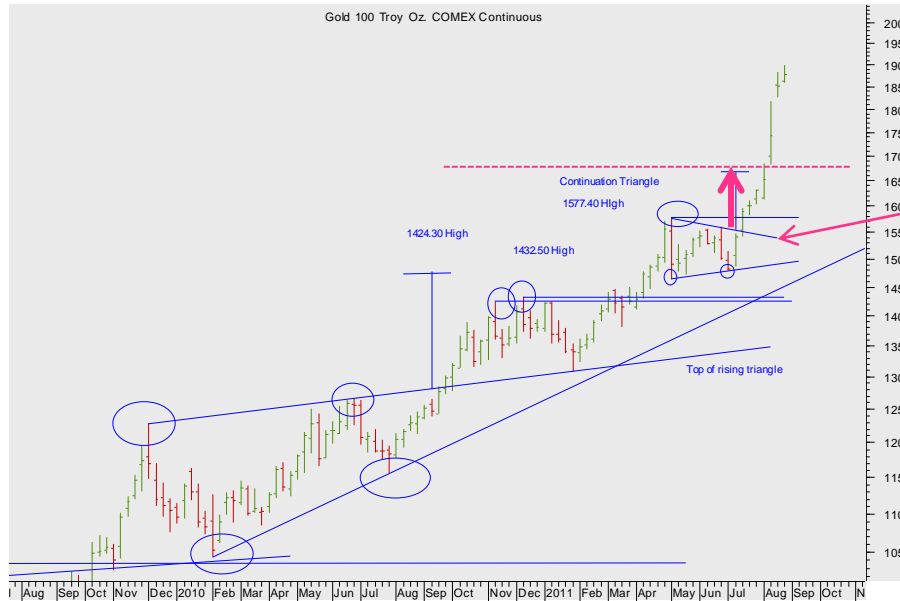
Interest rates

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Commodities: Comex Gold



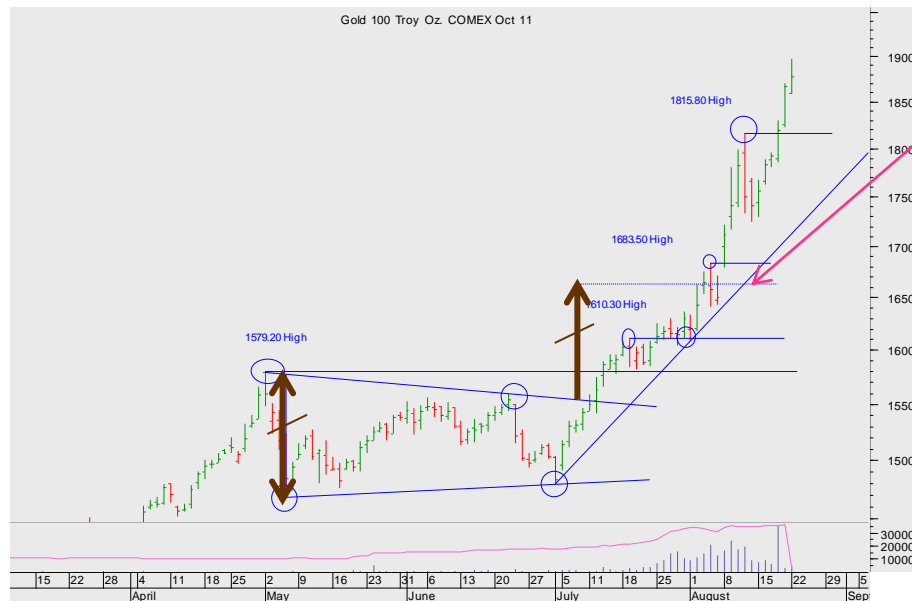
Comex Gold cont. Weekly chart

Here is

(4) The creation of a continuation Triangle which has completed spectacularly.

The minimum move for the Triangle (easily measured...about 1665 or so) has been achieved and surpassed.

Comex Oct11 futures daily chart



Note the 1665 minimum target for the triangle has been surpassed.....

The bulls are solidly in control, (but keep Stops relatively close since the triangle is no longer driving the market so it is more prone to setbacks than formerly).



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