



13th September 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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Stay SQUARE;
Stay SQUARE;
Stay **LONG** Yen beneath 78.00
Stay SQUARE

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SELL (Sep11 **ADD** on a break of 1140
Stay **SHORT** (Sep11) with Stops above 2170.
Stay SQUARE (Sep 11); **SELL** on a break of 5150.
Stay **SHORT** beneath 9350 (Sep11); **SELL** again beneath 8650.

Bonds

- + CBOT US Ten Year Notes
- + Eurex Ten Year Bund
- + TSE Ten Year JGB

Stay **LONG** above 128-01 (Dec 11); **ADD** on a break up through 130-22.
Stay **LONG** with Stops beneath 136.26 (Sep 11);
Stay **LONG** (Sep11) above 142.64

Interest rates

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

Stay **LONG** above 99.3650 (June 12); **ADD** above 99.53.
Stay **LONG** above 98.76.50 (June 12)
Stay **LONG** above 98.93(Sep 12); **ADD** above 99.05.

Commodities

- + Nymex WTI Oil
- + Comex Gold

Stay **SHORT** beneath 91.77 (Dec11); **ADD** on a break of 85.00.
Stay **SQUARE** (Oct 11). Buy a break up through 1915.



Currencies: Dollar Euro

CURRENCIES: We acknowledged the short-term Dollar strength last week – but such was its vigour that it has smashed the Euro’s medium-term important supports with the result that our medium-term position, in that currency pair at least, has been reversed. **We are Euro bears and now Dollar bulls.**

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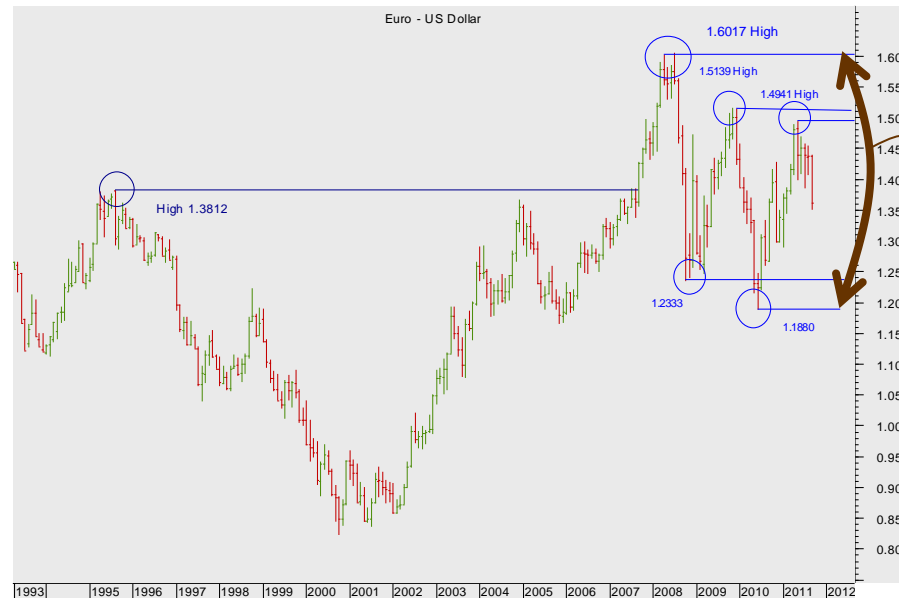
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Dollar Euro monthly spot cash chart

The long-term chart lacks clarity.

Clearly, there is a large trading range....

Look closer.

More



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Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

In greater detail, the large falling wedge is clear, but the congestion above the upper diagonal of the big wedge has broken down through a Double level of support.

Plus there has been a push beneath the Fib support coincident with the low at 1.3841.



Dollar Euro daily spot chart

Bears for the Euro have a close beneath the coincidence of support from the two diagonal supports.

Plus the break beneath the low 1.3841 – which is now good resistance on ant rally.

The move beneath 1.3841 completes a large complex Multiple Top...

More



Currencies: Dollar Sterling

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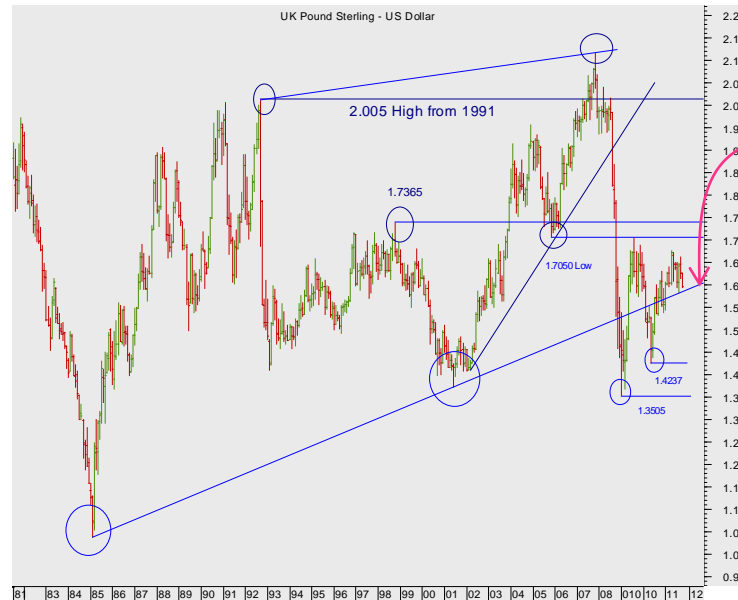
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Interest rates

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Commodities

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- + Comex Gold



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 are clear.

but some uncertainty surrounds the breakdown through the **rising diagonal support** -

So concentrate on the recent low at 1.5786. a break below there would create a Double Top.

Look closer...

More



Currencies: Dollar Sterling

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Dollar Sterling daily spot cash chart

In greater detail: These successive Wedges are unreliable structures.

Note the re-penetration of the old large wedge here...

But watch particularly the Prior Low Pivot at 1.5786.



Currencies: Dollar Yen

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- + **Dollar Yen**
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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

It looks v poor for the Dollar.

Look closer.

More



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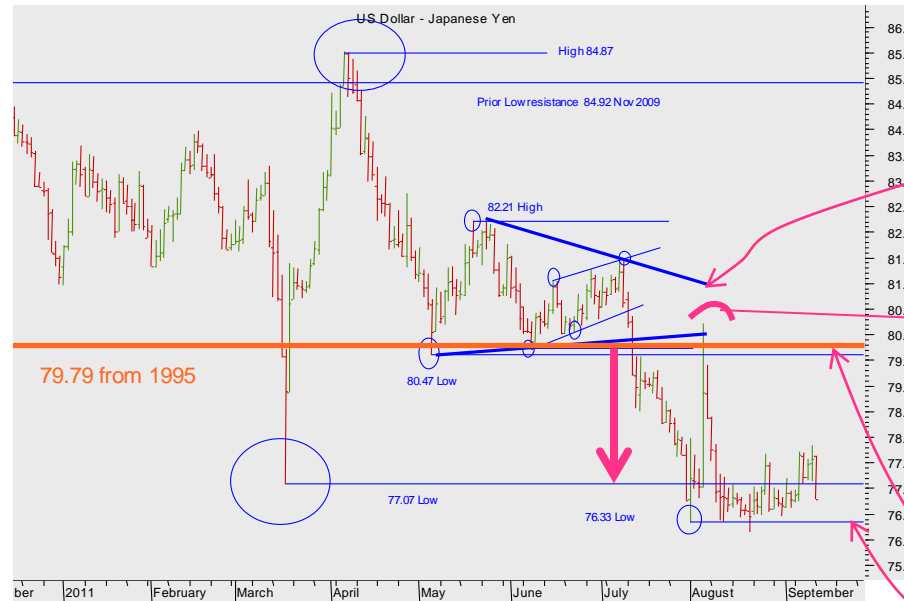
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Commodities

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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

Within the wide congestion, a clear bear continuation triangle completed which was the catalyst for the push down to 77.07

That 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 79.79 (medium-term) and set to add on beneath 76.33.



Currencies: Sterling Euro

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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.

But the market is not reacting to the bull wedge.

Note well the drift beneath the support from the Prior High at 0.8671.

Look closer.

More



Summary

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Commodities

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Currencies: Sterling Euro



Sterling Euro daily spot cash chart

In greater detail :

The Euro bears will be closely watching the succession of critical levels beneath the market from the daily and weekly charts – **which has now broken creating a clear multiple top.**

The band of resistance 0.8622-0.8645 is strong above the market. And is set to pressurize it further down.

Stand back.



Stocks

STOCKS: We saw clear continuation patterns forming in the S&P and FTSE. Their completion has taken longer to happen than we anticipated – but they are on the verge of sharp breakdowns. And of course the Dax and Euro Stoxx already have broken down.

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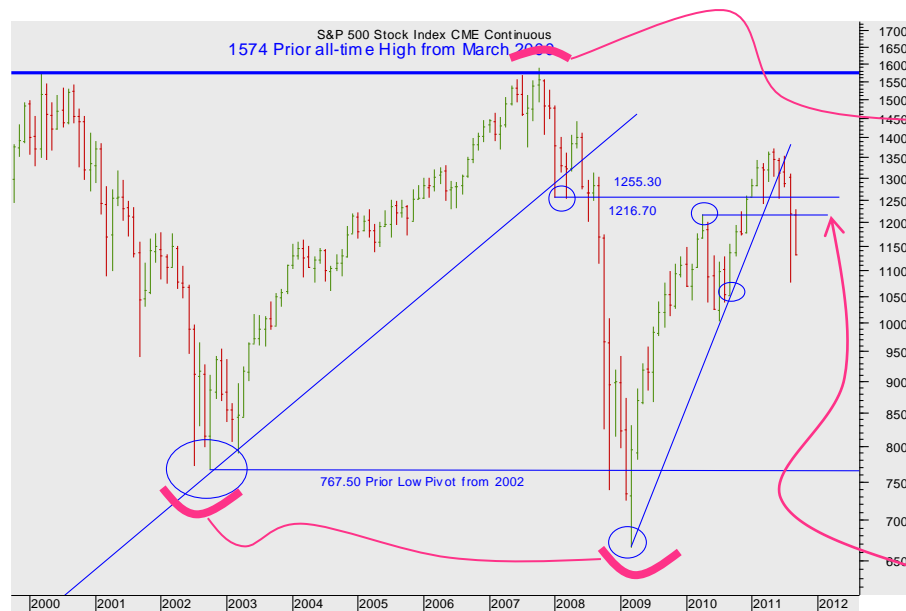
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Stocks: CME S&P 500



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 :

1. The steep diagonal support has been smashed.
2. The horizontal support from 1216.70 has been broken.

Look closer.

More



Stocks: CME S&P 500

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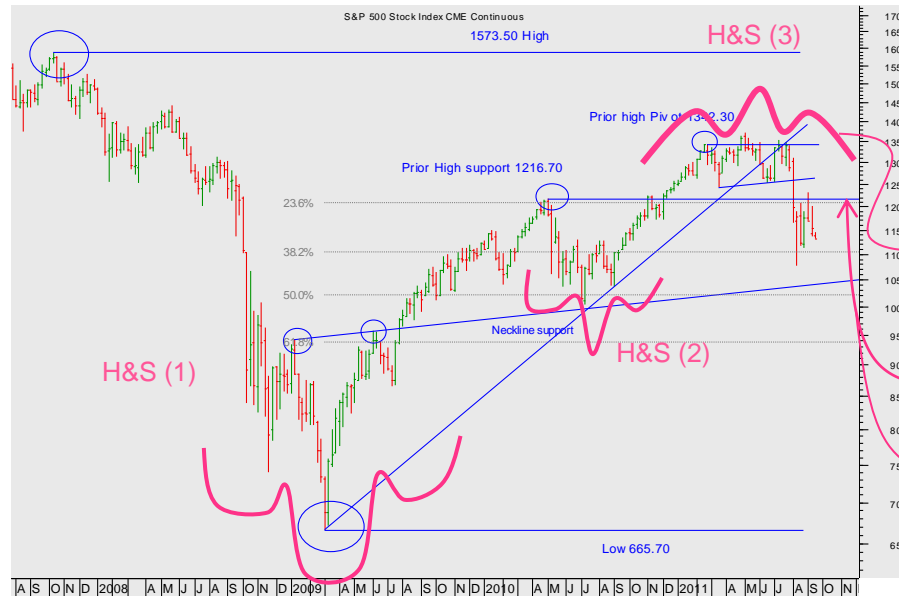
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CME S&P 500 cont weekly cont. chart

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 bear top formation is in place.



CME S&P 500 DEC 11 Day chart

Similarly in the Dec 11 chart a **Head and Shoulders Top** has completed, for which there is a minimum move down to **1140 AND** that target has been achieved (as in the weekly chart above).

But note the possible bear FLAG that has resulted....

More



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Stocks: CME S&P 500



CME S&P 500 daily Dec 11 chart

The possible Flag is clear here too.

Certainly, there is no sign of a bottom formation.

Stay square until a new bear pattern has been completed – watch then, the rising diagonal around 1135 currently.

A break of this (that is a close today beneath 1144) will signal a new bear leg.



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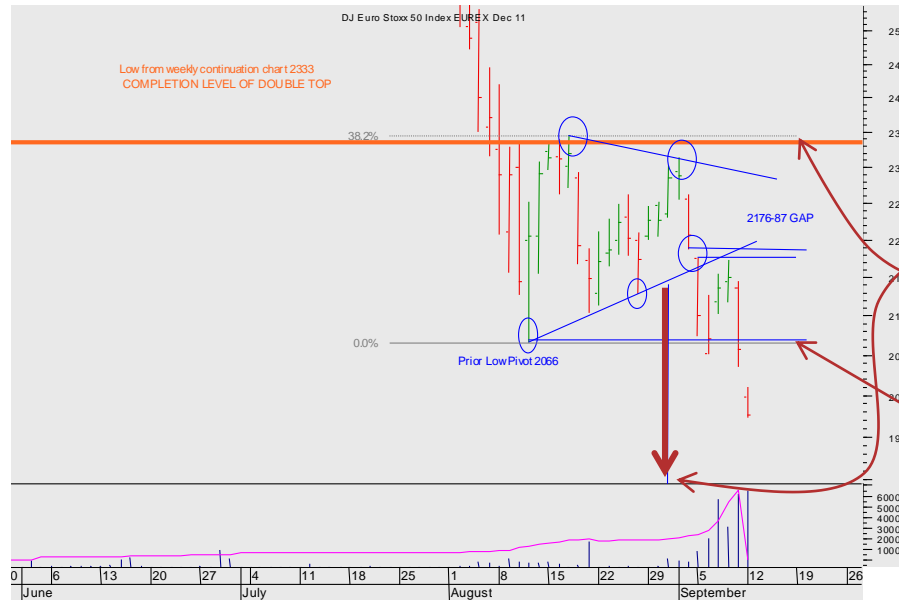
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Commodities

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Stocks: Eurex EuroStoxx 50



Eurex EuroStoxx 50 Dec 11 futures chart

The DEC FUTURES has completed a continuation triangle whose minimum move is down as far as 1900....

Note that the market failed to break that 2323 Double top completion level on the rebound....

Add to shorts on a close beneath 2066.



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Stocks: Liffe FTSE 100

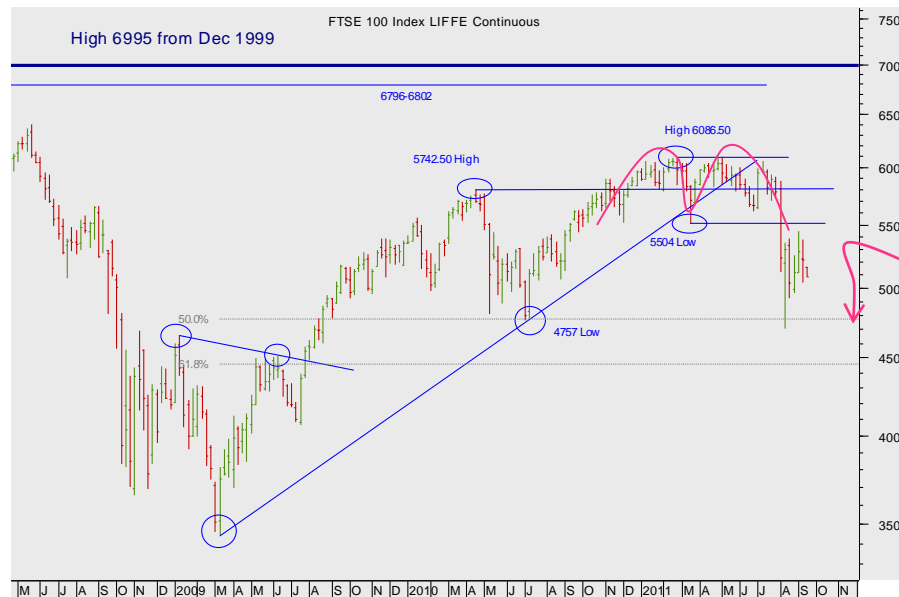


Liffe FTSE 100 monthly continuation futures chart

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

But the market has pulled back through the Prior High support at 5796... completed a small Double Top by moving through 5504 and dipped as far as the 4757 low.

Look closer.



Liffe FTSE 100 cont. futures chart

In greater detail, we can see the **completed Double Top...**

(its minimum target has been reached in a fast move 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 in 2010))

(In watching the bounce from the Fib support, note too the scope for the creation of a 2nd shoulder of a H&S reversal...)

Look closer...

More



Stocks: Liffe FTSE 100

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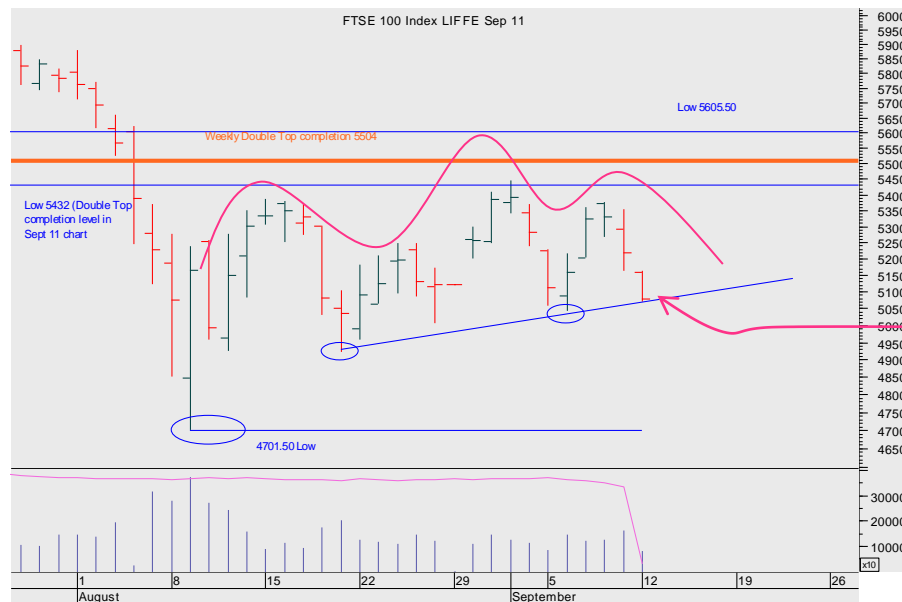
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Liffe FTSE 100 SEP11 futures chart

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

But since then, note how the rally's failure at the resistance at 5432 and the 5504 Double Top completion level has happened three times.

Note too, that the pause since the first week of August lacks a clear structure....yet

Liffe FTSE 100 SEP11 futures chart

Is this a continuation Head and Shoulders?

Watch the Neckline that may provide the trigger for a fresh bear move. Currently at 5155 (or so).



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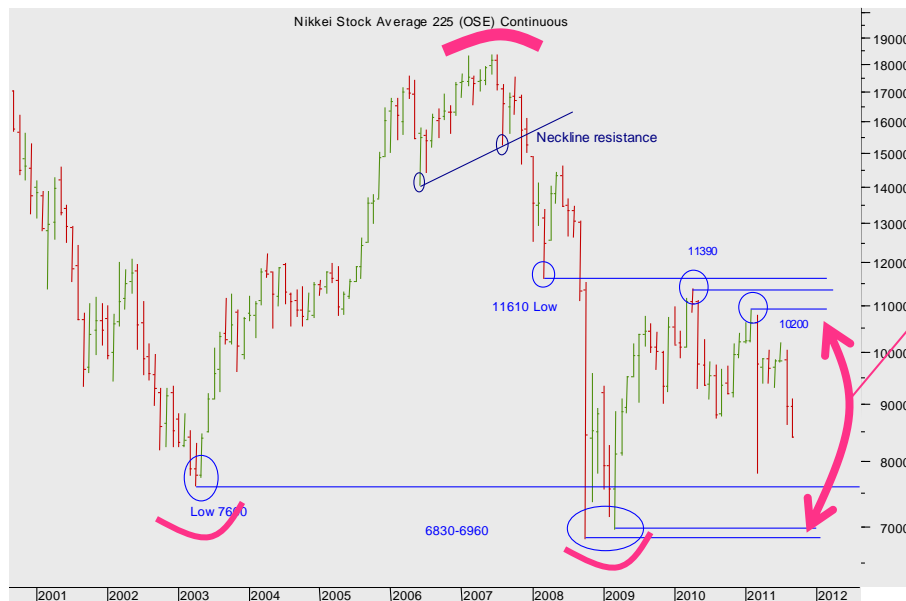
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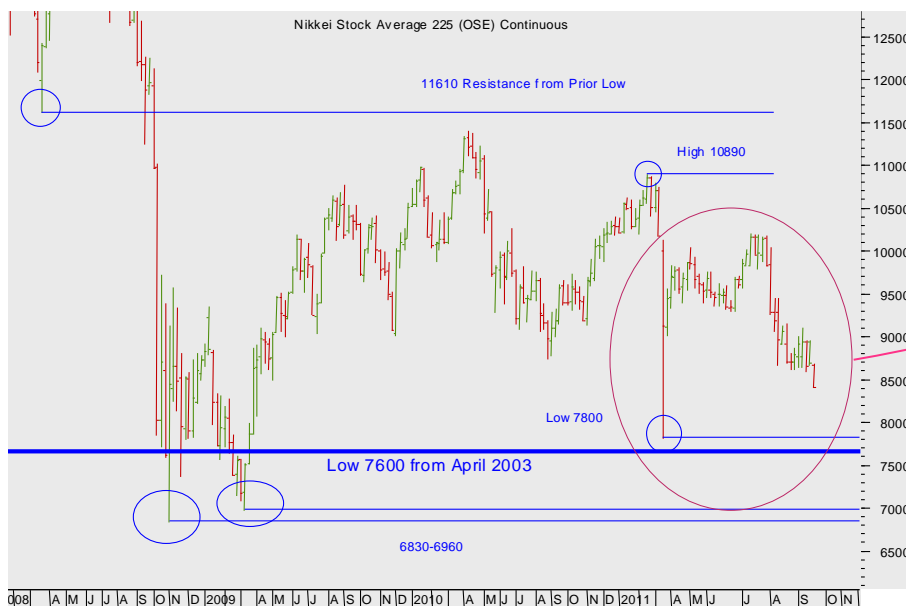
Stocks: OSE Nikkei 225



OSE Nikkei 225 quarterly 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 monthly cont. futures chart

This added detail adds little.

More



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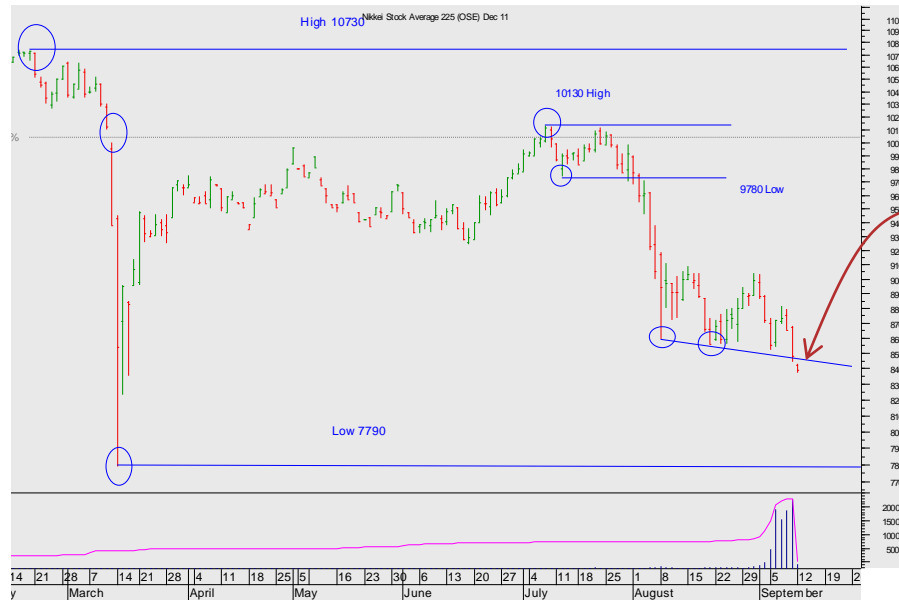
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Stocks: OSE Nikkei 225



OSE Nikkei 225 weekly cont futures chart

The range dominates but we have broken beneath the successive near Prior Lows....



OSE Nikkei 225 daily Sep 11 futures chart

This is a downward sloping triangle...

The market looks a sell with Stops above 8590...

Minimum target 7950.



Bonds

BONDS: These markets paused during the retracement of stocks, never really testing the supports on the downside. But now the bulls are back in charge and pushing into virgin territory across the board.

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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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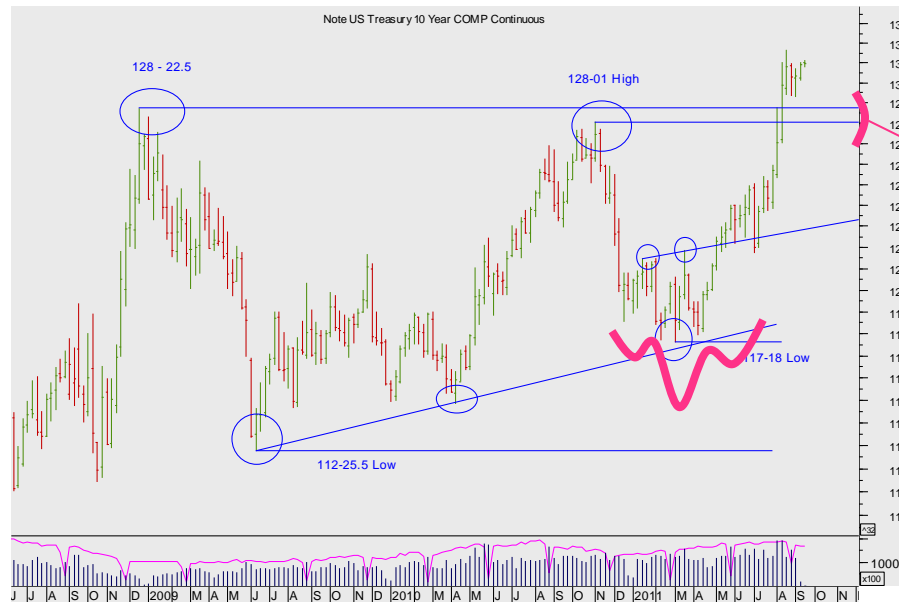
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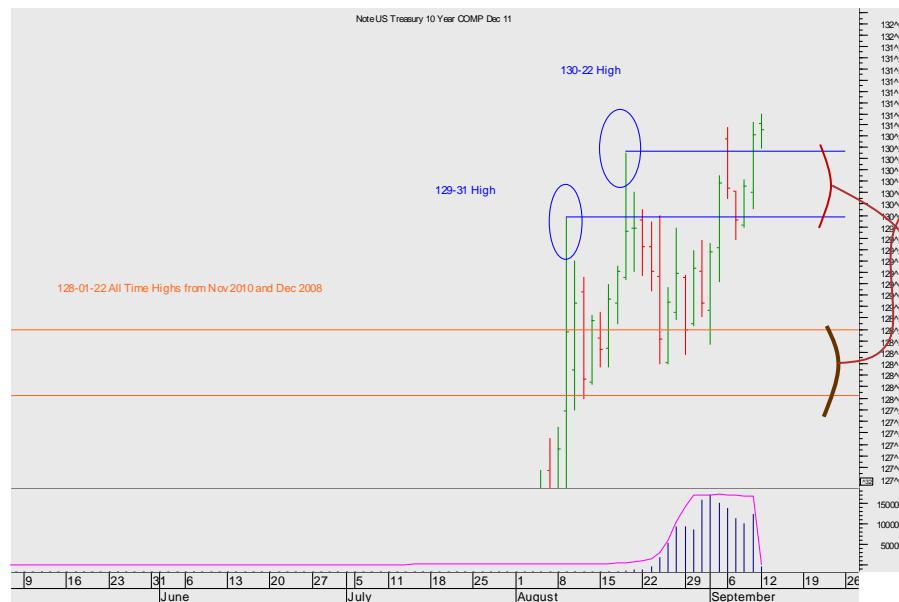
Bonds: CBOT Ten Year Notes



CBOT Ten Year Notes weekly futures continuation chart

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

This is massive support for a new bull leg.



CBOT Ten Year Notes DAILY DEC11 futures chart

Once the Prior Highs, 128-01/22 were overcome, the market paused and found support there...

and is set to continue.

Short-term, concentrate the band of resistance from the Prior Highs 129-31 and 130-22, add to longs on a break.



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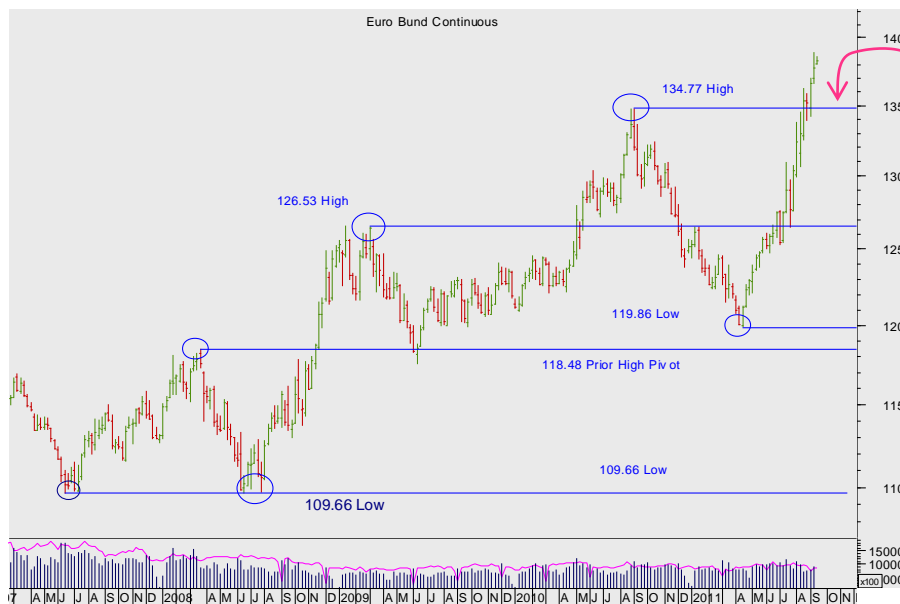
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Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund quarterly futures continuation chart

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



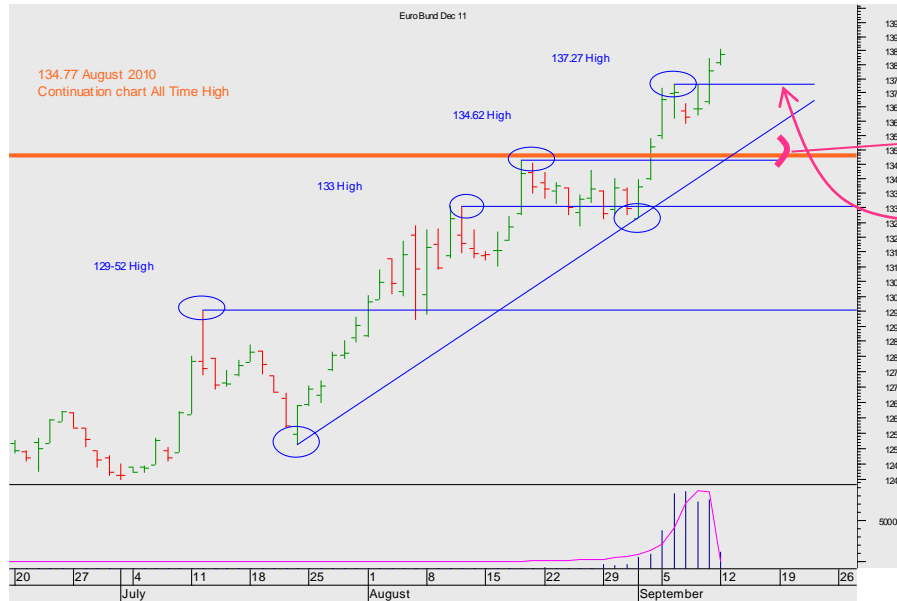
Eurex Ten Year Bund weekly cont. futures Chart

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

More



Bonds: Eurex Ten Year Bund



Eurex Ten Year Bund DEC11 daily futures chart

134.62/77 is support.

We are bulls, and fresh buyers on the break of 137.27.

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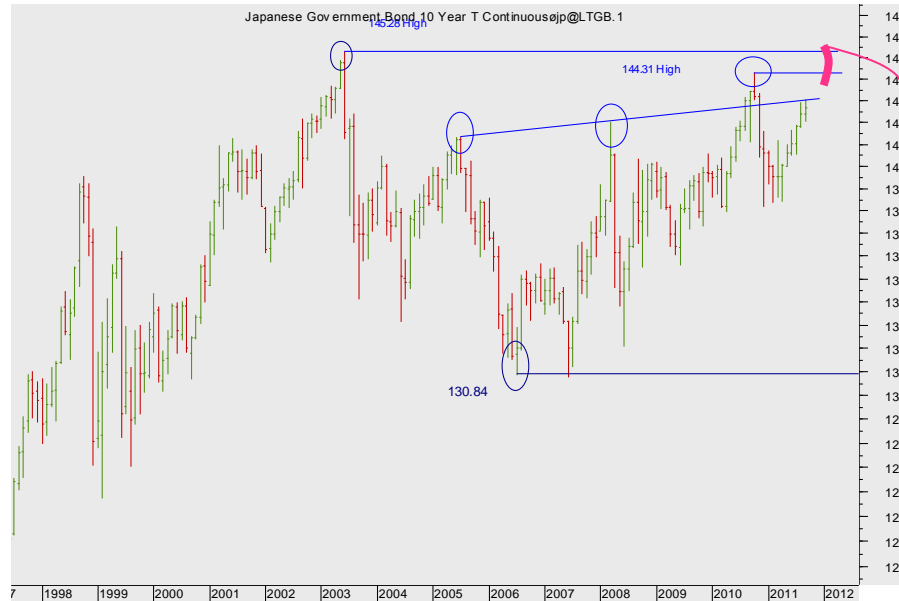
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Bonds: TSE Ten Year JGB



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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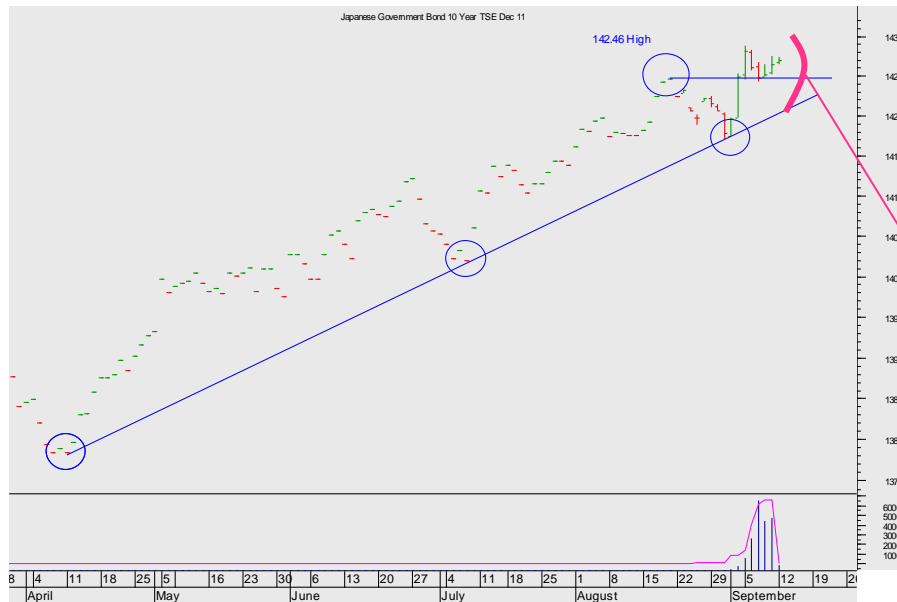
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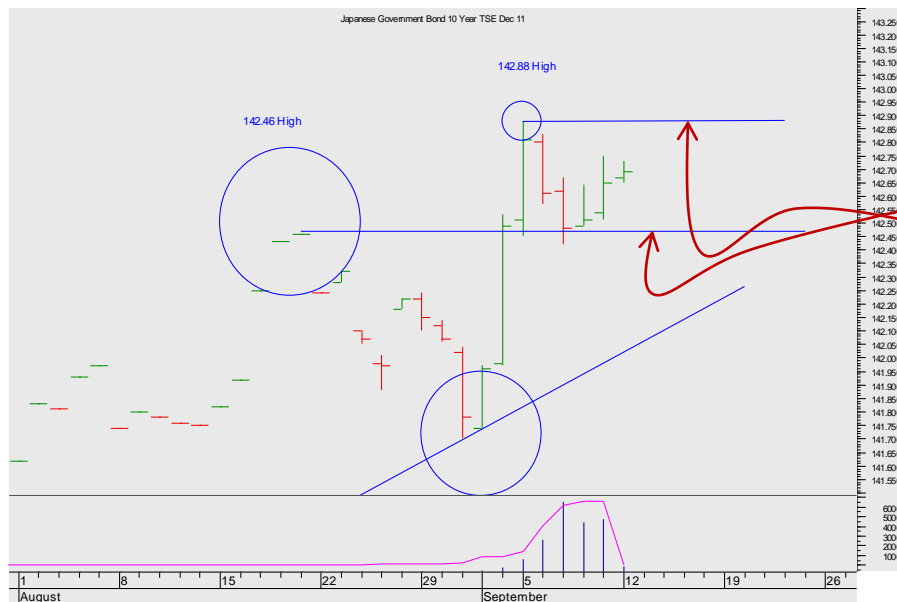
Bonds: TSE Ten Year JGB



TSE Ten Year JGB Dec 11 futures chart

The rally is clear, and so too the recent push through the 142.46 Prior High.

The pause on the support needs closer looking at...



TSE Ten Year JGB Dec11 futures Chart

Look closer. We remain bulls with Stops beneath 142.46.... Adding on a break of 142.88.



Interest rates

SHORT INTEREST RATE FUTURES: A curious lethargy has descended on the markets. Only the Euribor remains poised at the absolute highs. Elsewhere the ED and Short Sterling languish beneath the highs. With the ED severely testing important supports.

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

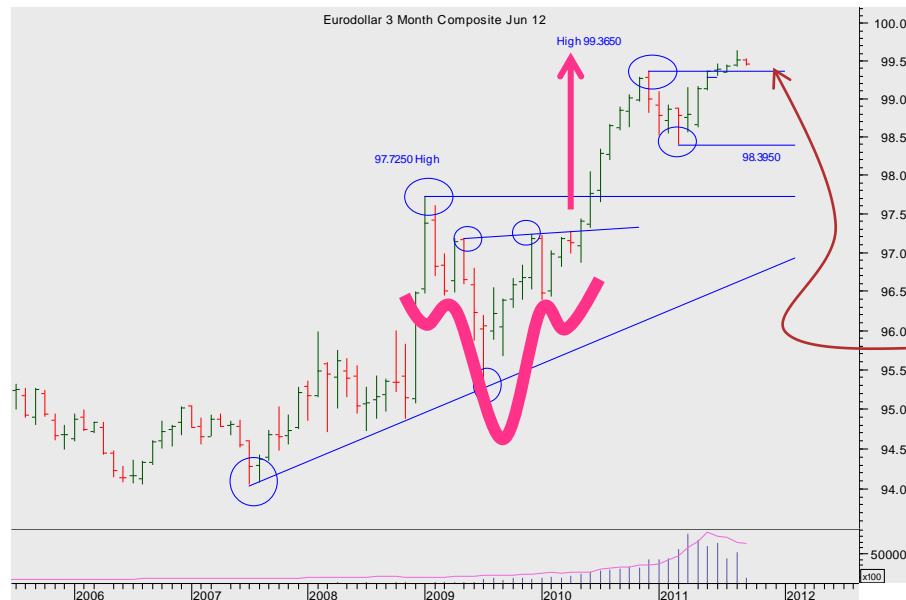
Interest rates

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

Commodities

- + Nymex WTI Oil
- + Comex Gold

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 has done so again on the support from the recent Prior High 99.3650



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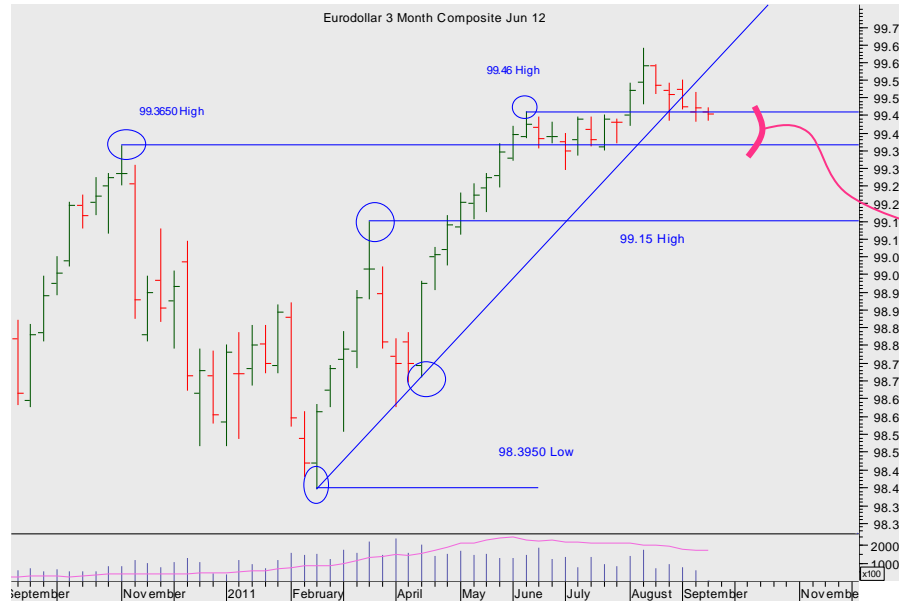
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Commodities

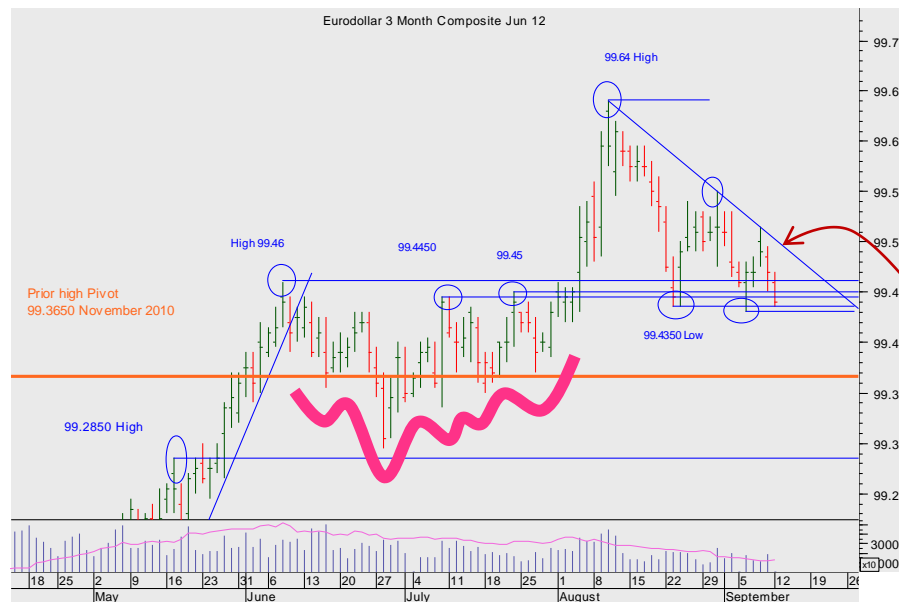
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Interest rates: CME Eurodollar rates



CME Eurodollar rates weekly Jun 12 futures chart

The drive up through the 99.3650/99.46 Prior Highs has been sustained and will ratchet the market better.



CME Eurodollar rates daily Jun 12 futures chart

The Prior Highs 99.45-46 are (99.3650) acting as good support on pull backs but should they break expect a retest of the Major support at 99.3650.

Add to longs on a break up through the falling diagonal say 99.53.

More



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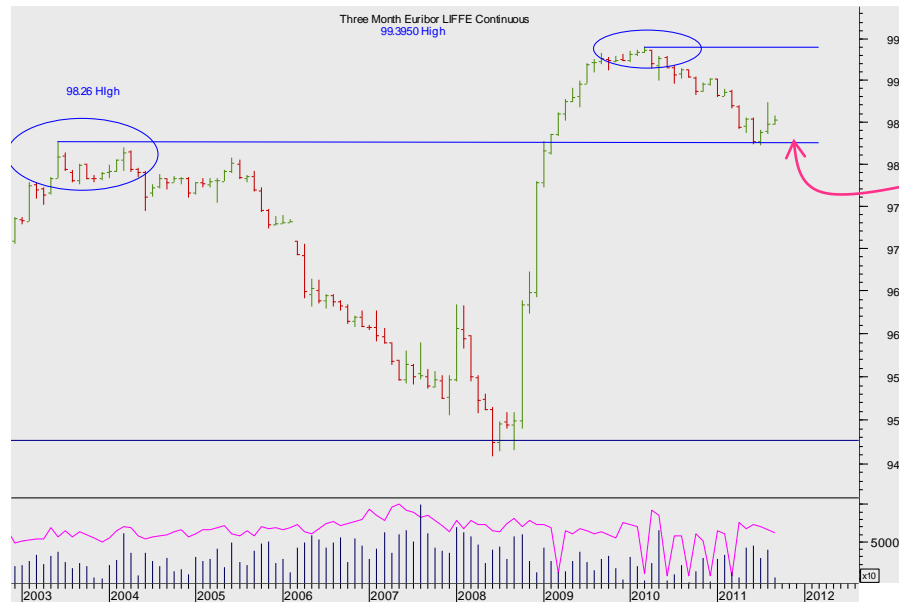
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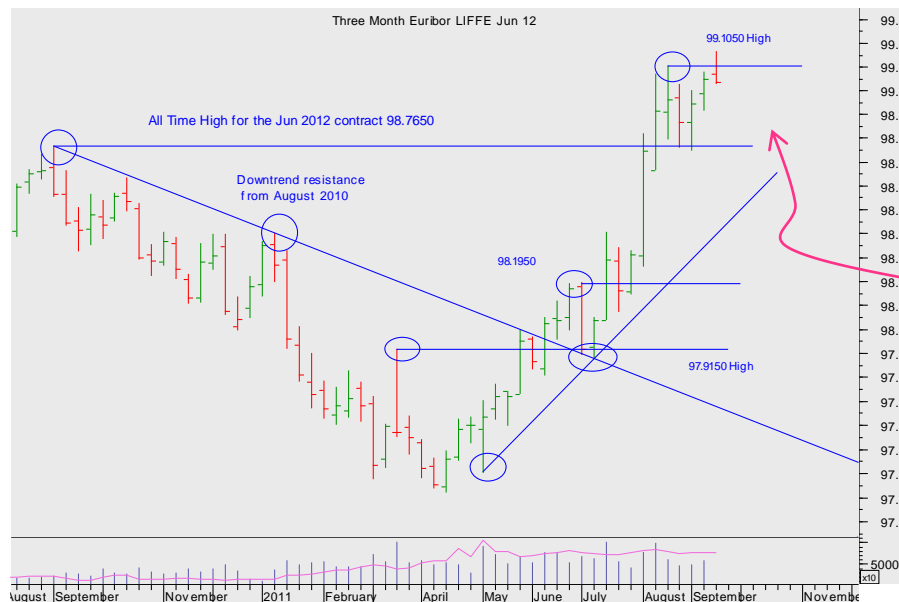
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- + Comex Gold

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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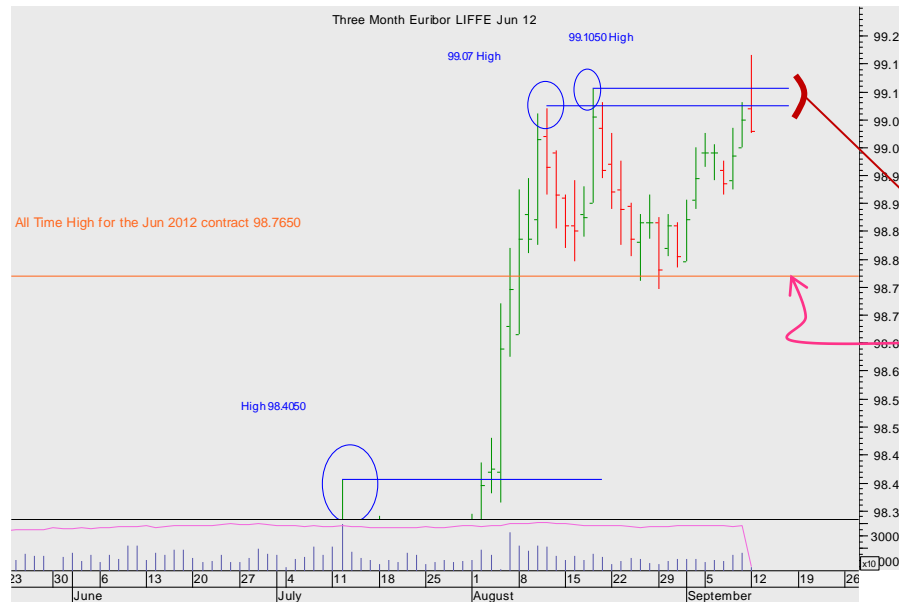
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Interest rates: Liffe Euribor rates



Liffe Euribor rates Monthly Jun 12 futures chart

Note the pause in the day chart.

The drift back beneath 99.07 is disappointing....

Stay long on with Stops beneath 98.7650



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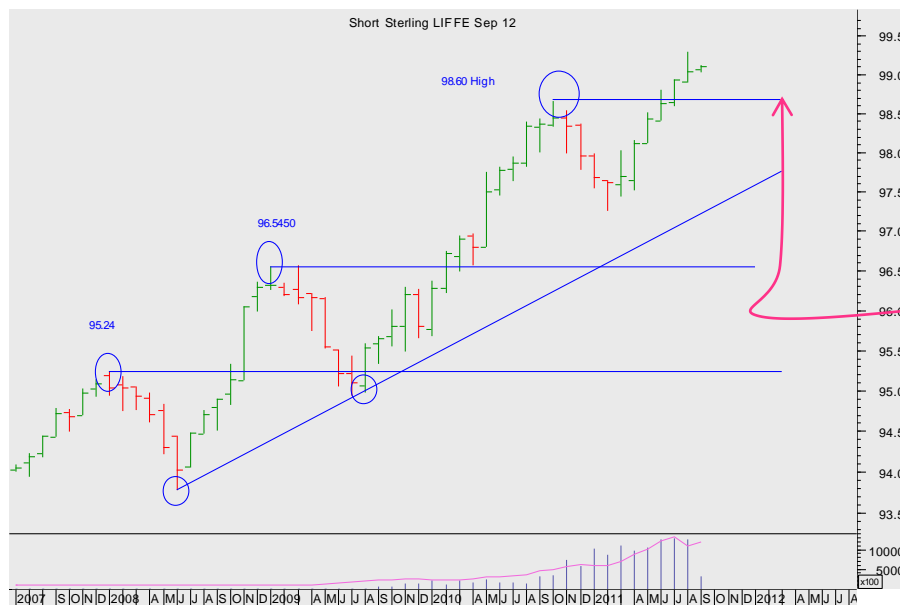
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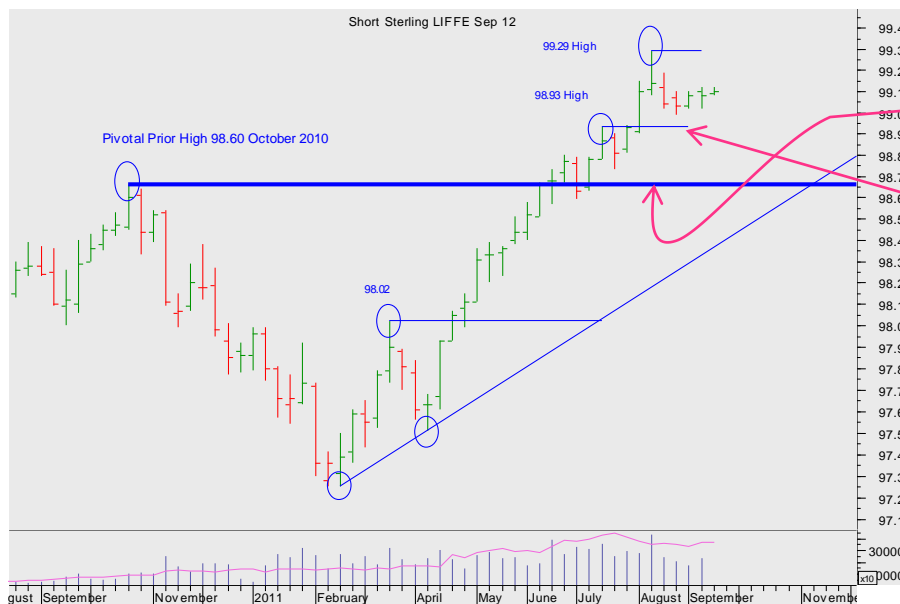
Interest rates: Liffe Sterling rates



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 pull-back look for support at 98.93 then 98.60/

More



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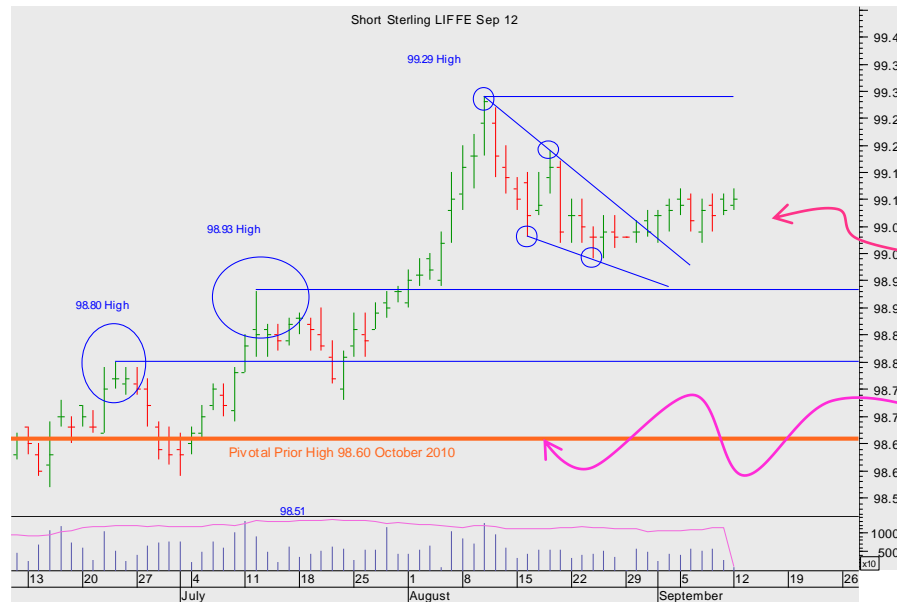
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Commodities

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- + Comex Gold

Interest rates: Liffe Sterling rates



Liffe Sterling rates daily Sep 12 futures chart

The market's drift over the last 20 trading days is clear. But the break up through the falling diagonal has completed a bull falling wedge...

Short-term the bulls are in charge.

(And the medium-term structure still hugely favours the bulls above 98.60)



Commodities

COMMODITIES Oil remains under great pressure. The month-long pause and slow climb looks close to breakdown. Gold remains well-bid yet volatile. Twice it has failed at the recent highs and unless they can be overcome, a test of the lower levels may be needed to find a sure footing whence the market can go ahead again.

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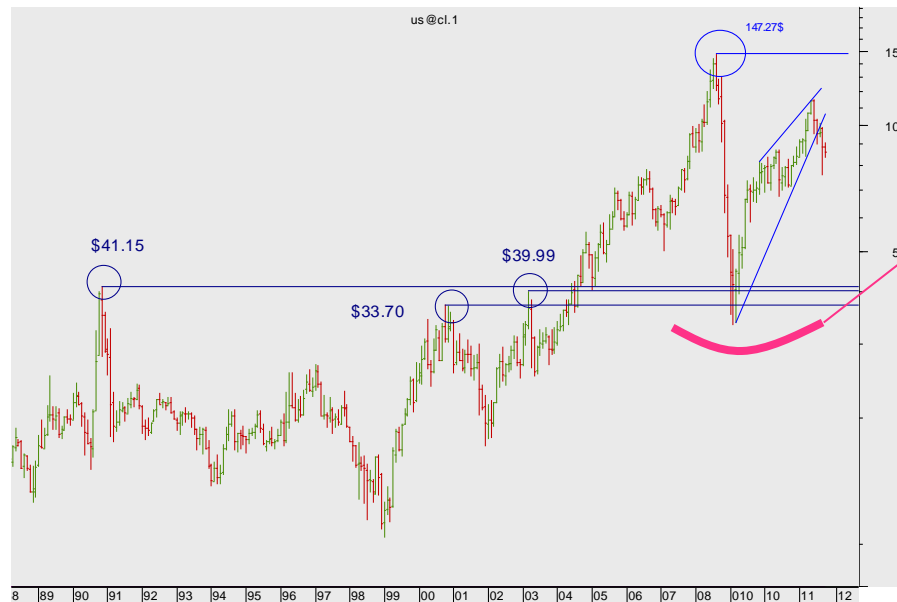
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- + Liffe Short Sterling

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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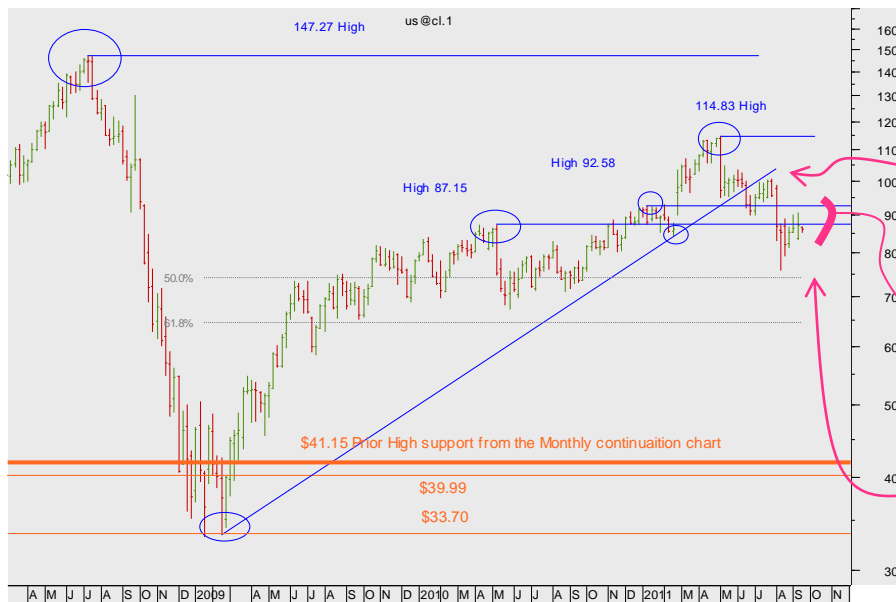
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Commodities

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Commodities: Nymex WTI Oil

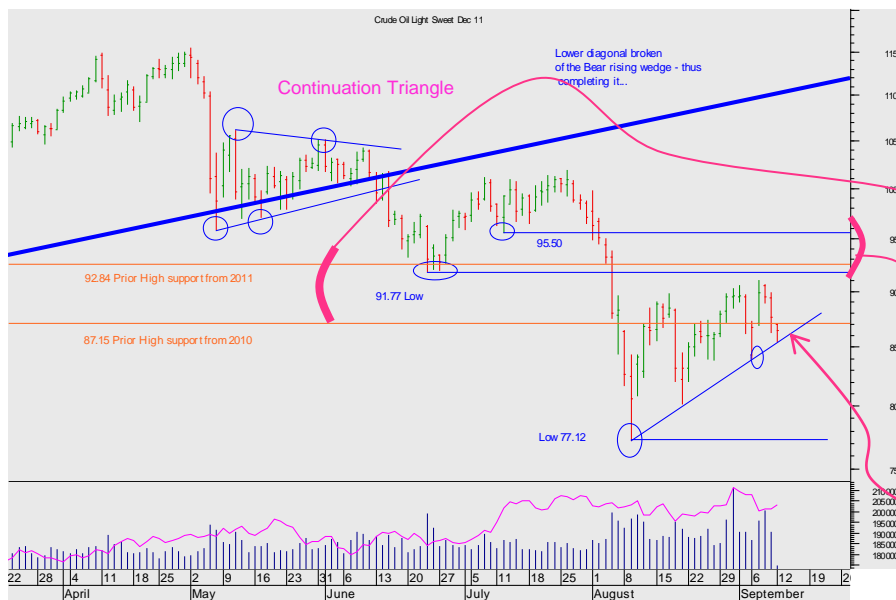


Oil weekly cont chart futures

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 was 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, **so watch for a break of the rising bull trend diagonal....**



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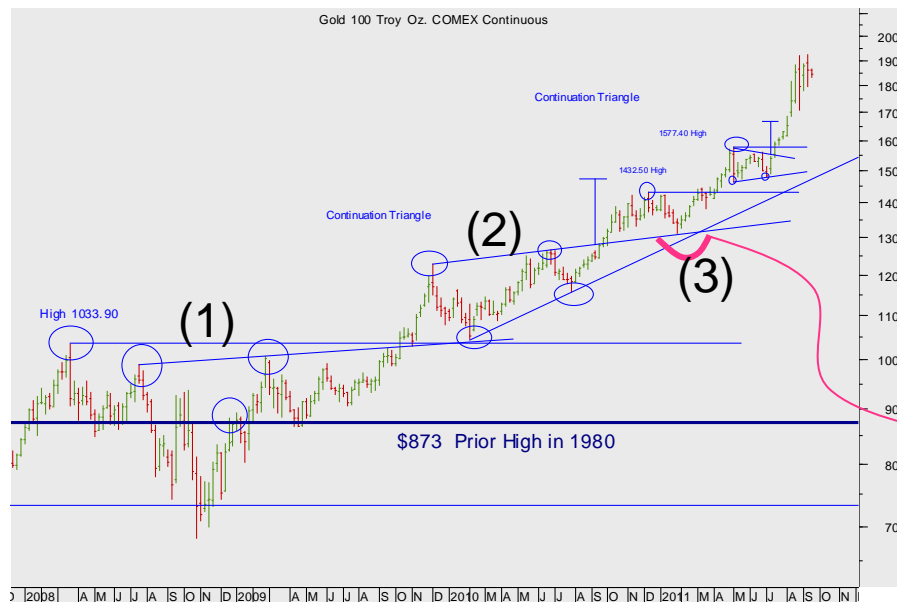
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- + Liffe Short Sterling

Commodities

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- + 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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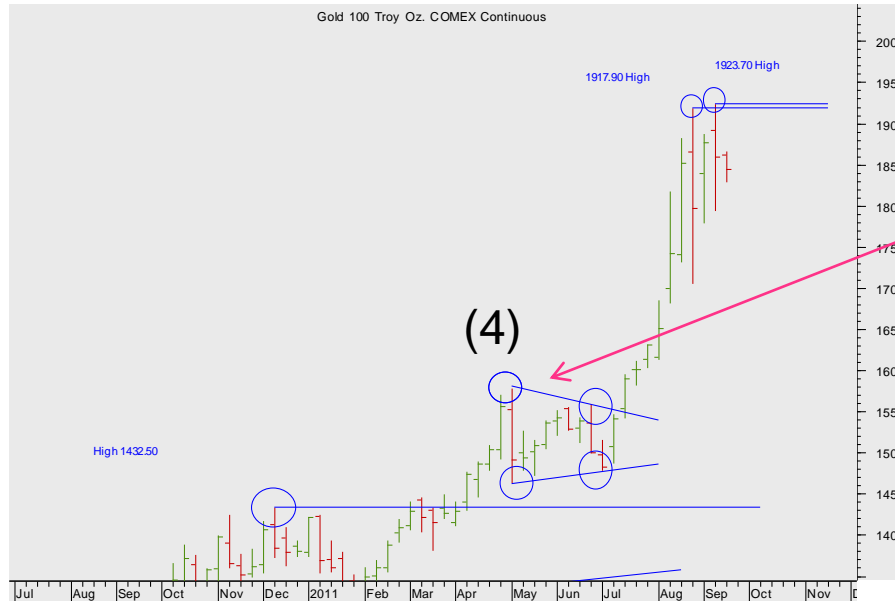
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Commodities: Comex Gold



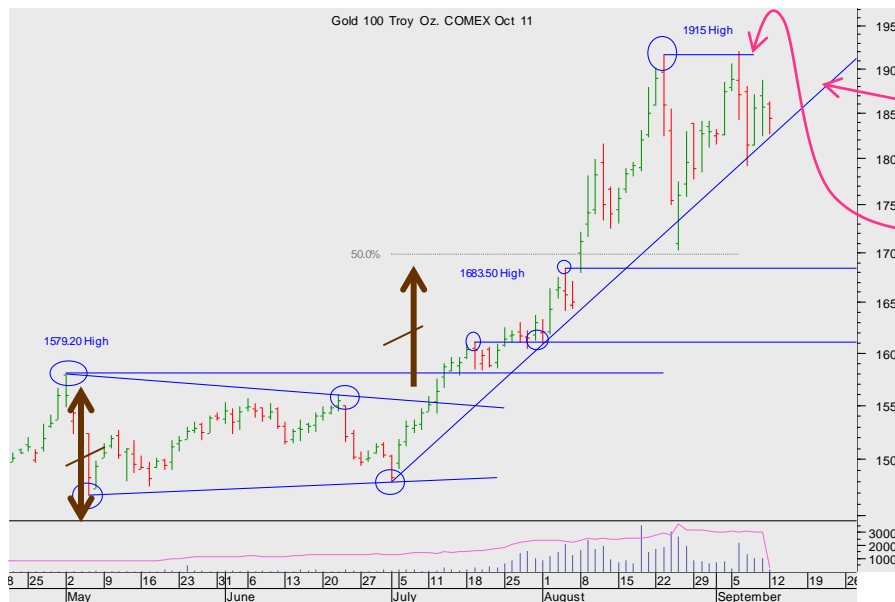
Comex Gold cont. Weekly chart

Here is

(4) The completion 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 diagonal trendline support has held.... (And the 50% fib retracement support held on the pull-back)

The bulls remain solidly in control, and there will be fresh buying on a break up through 1915....



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