

WEEK 9 28th – 6th March 2006

THE TECHNICAL TRADER'S GUIDE TO MAJOR MARKETS

MARK STURDY



LINKS

CURRENCIES

03 DOLLAR EURO

06 DOLLAR STERLING

08 DOLLAR YEN

10 STERLING EURO

Stay **SQUARE**

BUY with a close stop (say 1.7250)

Stay **SQUARE**

Stay **SQUARE**

STOCKS

12 STANDARD AND POORS 500

14 EUROPEAN DJ STOXX 50

16 FTSE 100

17 NIKKEI 225

Wait for a break of **1302**.

Stay **LONG**

Stay **LONG**

Stay **SQUARE**

BONDS

19 TEN YEAR US TREASURY NOTE

21 TEN YEAR EURO BUND

23 TEN YEAR JAPANESE BOND

SELL on a break of 107-23/64

SELL on a break of 119.91

Stay **SHORT**; add on a break of 135.28

INTEREST RATES

26 DOLLAR RATES

28 EURIBOR RATES

30 STERLING RATES

Stay **SHORT**; sell again on a break of 94.955

Stay **SHORT**; sell again on a break of 96.74

Stay **SQUARE**

COMMODITIES

31 OIL

33 GOLD

Stay **LONG**

Go **LONG** with a close stop say \$545

SEVEN DAYS AHEAD

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ABOUT SEVEN DAYS AHEAD

Seven Days Ahead publishes a variety of trading guides suitable for experienced market operators.

ABOUT THIS GUIDE

Mark Sturdy's unique charting approach has developed over 24 years of trading success. Each market is analysed over several time periods. With this multilayered approach, market moves can be anticipated over the next few days, the next few weeks and the next few months.

This guide uses classical bar chart analysis to identify patterns whose predictive value has been proven time and again from the very earliest days of freely-traded markets.

The Technical Guide helps traders take advantage of money-making opportunities and avoid loss-making traps in a concise and readable report.

ABOUT MARK STURDY

Mark Sturdy has worked in the financial markets as a trader and analyst for 23 years.

He trained in London with Rea Brothers Limited working in every area of merchant banking.

Working in Chicago on the floors of the CME and the CBOT with Rudolf Wolf Futures he began to develop his charting skills. Back in London he became a director of Gerrard & National Limited, managing an extensive team of option market makers on LIFFE, the IPE and LTOM.

Later he worked with Skandinaviska Enskilda Banken combining proprietary trading with the position of Chief Global Technical Analyst.

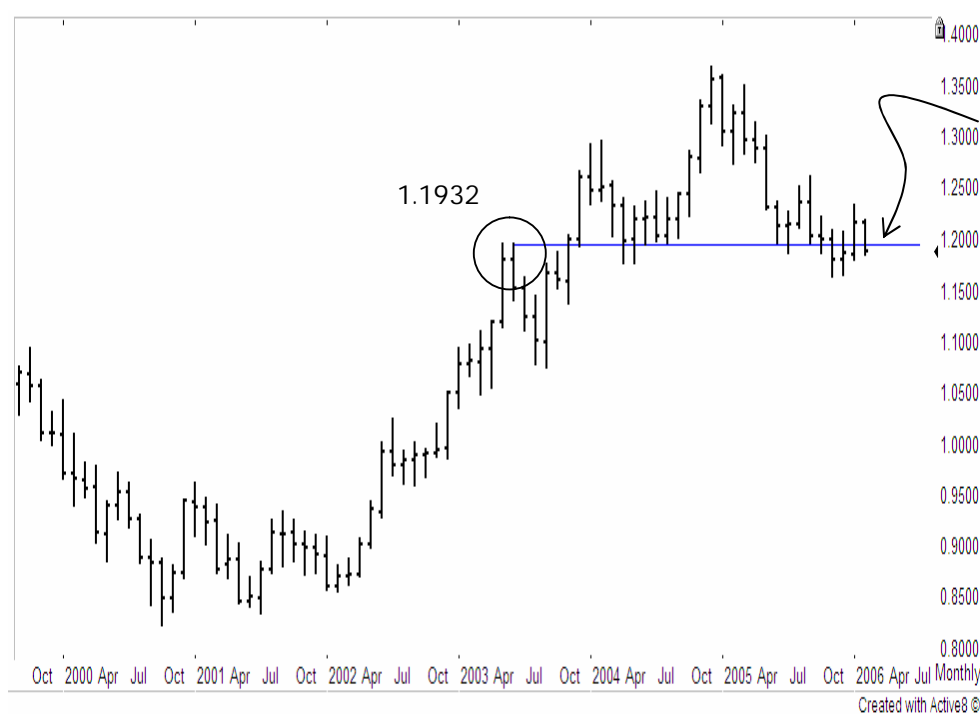
Since then he has worked extensively as a consultant technical analyst for a number of large private investors, banks and Hedge Funds.

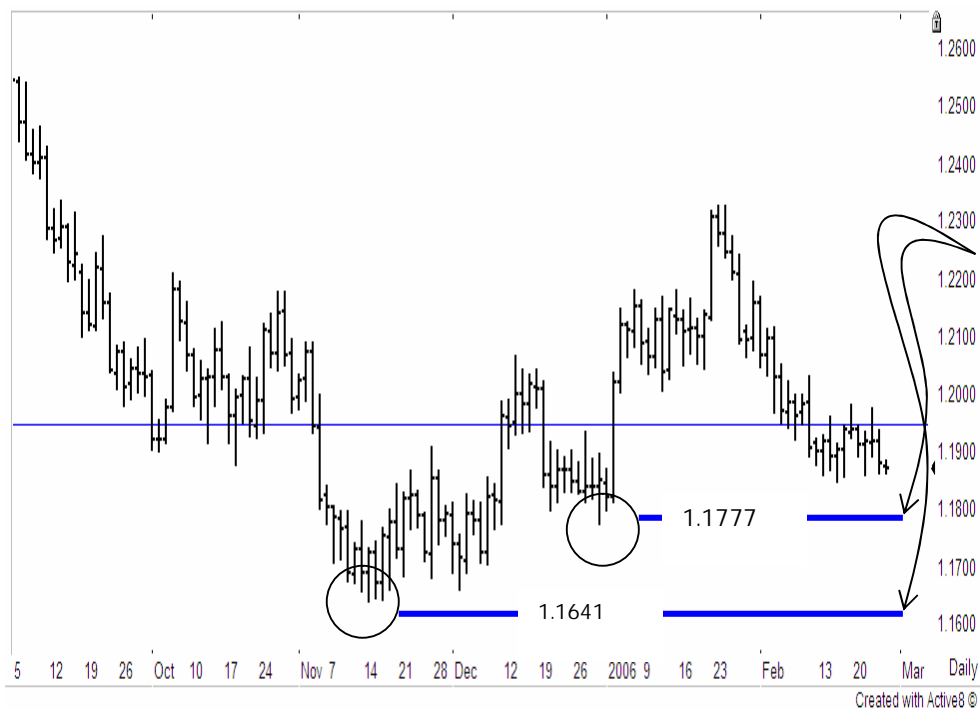
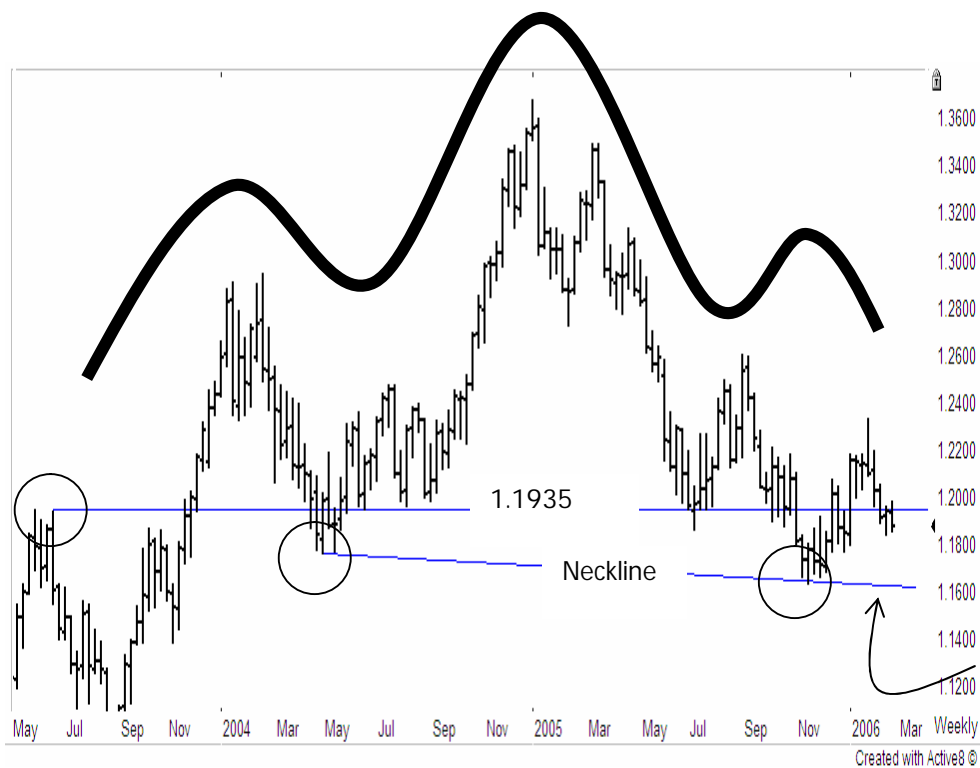
Mark has been a regular contributor to Reuters Financial Television and currently contributes to CNBC TV Europe providing chart commentary and trading recommendations

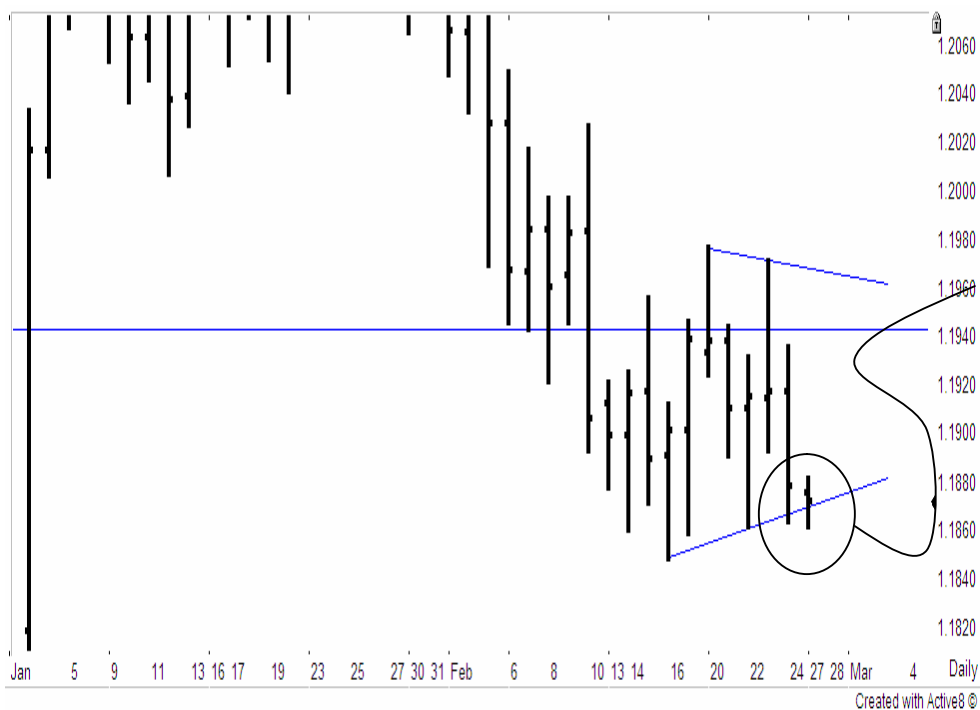
Currencies

The Dollar pause continued over the week but the detailed price action still reveals the relative strength of the Sterling and the Yen. Especially Sterling, without powerful short-term structures in place yet, it nonetheless shows solid signs of emerging bullishness that fit neatly with the Double Bottom bull pattern of long-standing.

Dollar Euro







DAILY SPOT CASH CHART:

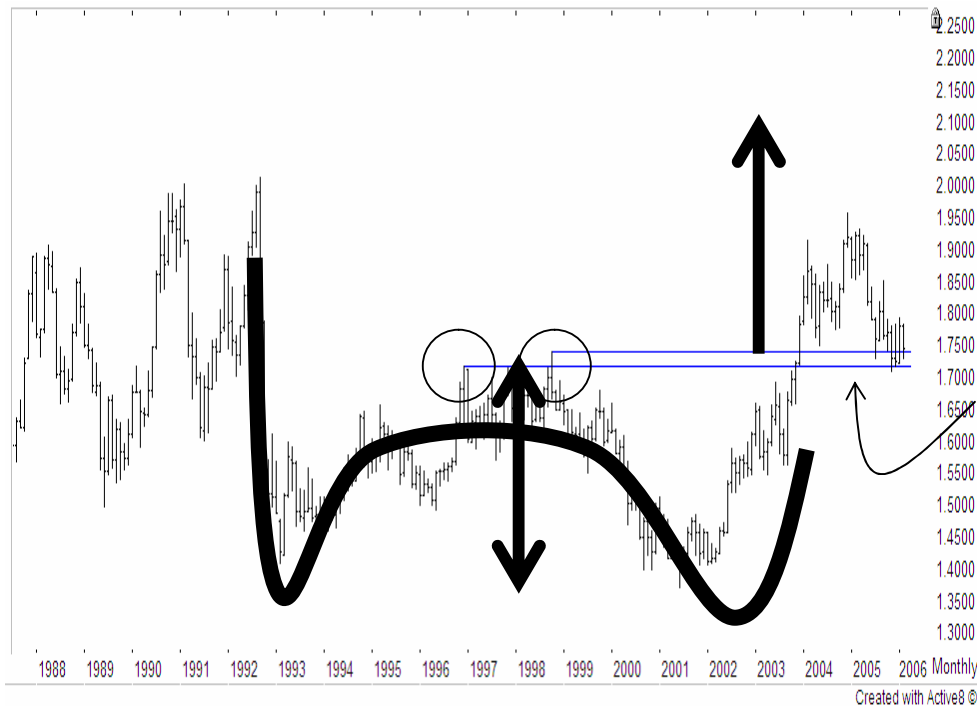
But a Triangle has arisen in the day spot chart

Wait for a clear daily break beneath the low diagonal at 1.1871.

The Triangle would then drive the market on down.

[Return to Contents](#)

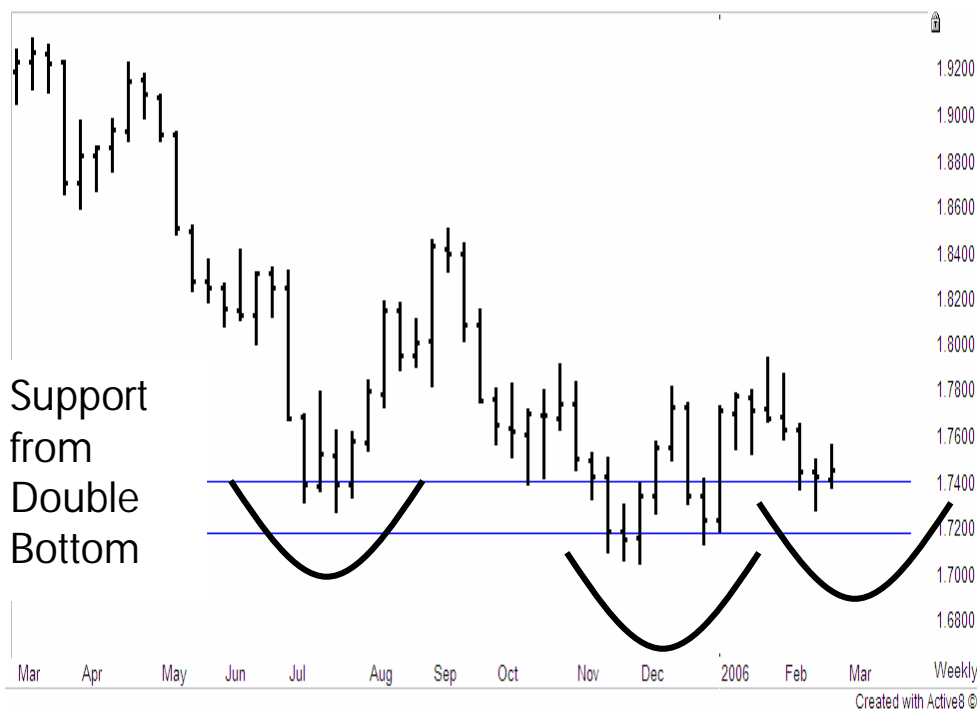
Dollar Sterling



MONTHLY SPOT CASH CHART:

The market has returned to the completion level (a band) of the large Bull Double Bottom that is set to drive the market up to 2.10 or so.

There should be good support between 1.7163 and 1.7392.

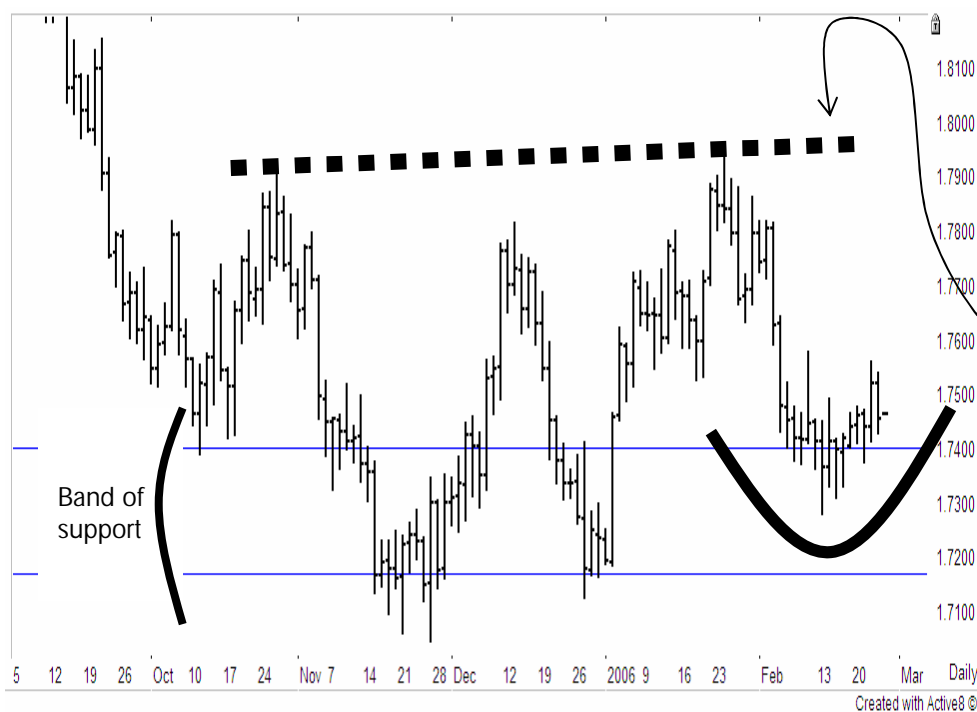


WEEKLY SPOT CASH CHART:

The market has already tried hard to get down beneath that band of support.

And failed.

Now look closer.



DAILY SPOT CASH CHART:

The detail is even more encouraging.

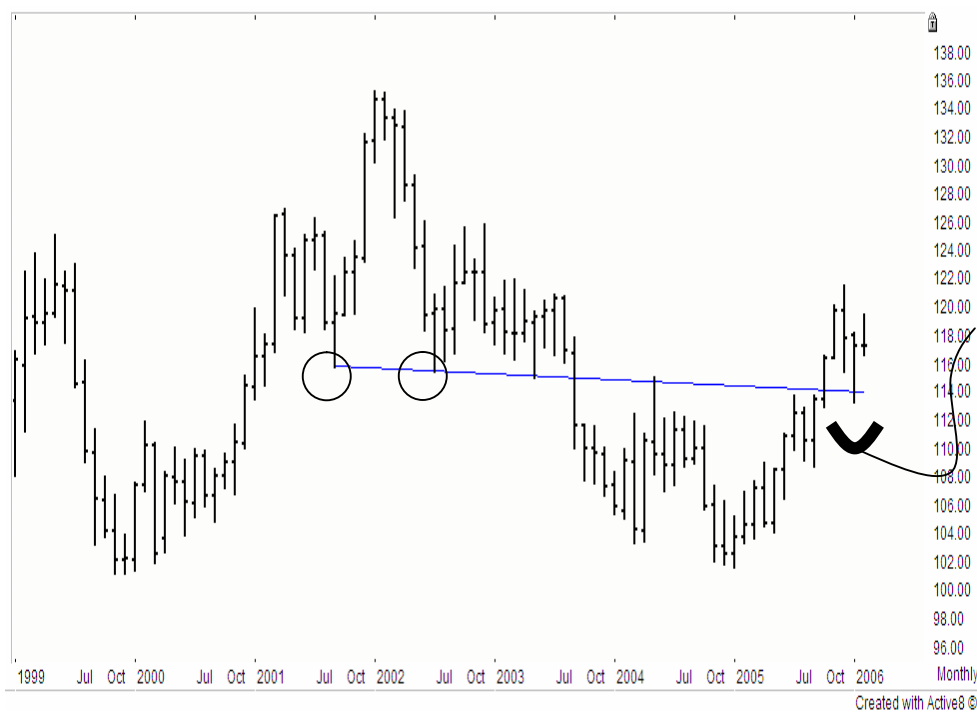
Short-term 1.74 looks to be good support.

(Note the exciting possibility of breaking up through the gently rising diagonal at 1.80.... that would complete a Double-Headed Head and Shoulder Bottom.....if it happened. We are far from that at the moment though.)

Last week, we advocated standing aside until better short-term structures arose, there's something of a small rounded Bottom developing, and so bull positions with close stops beneath the near low at 1.7282 would be reasonable.

[Return to Contents](#)

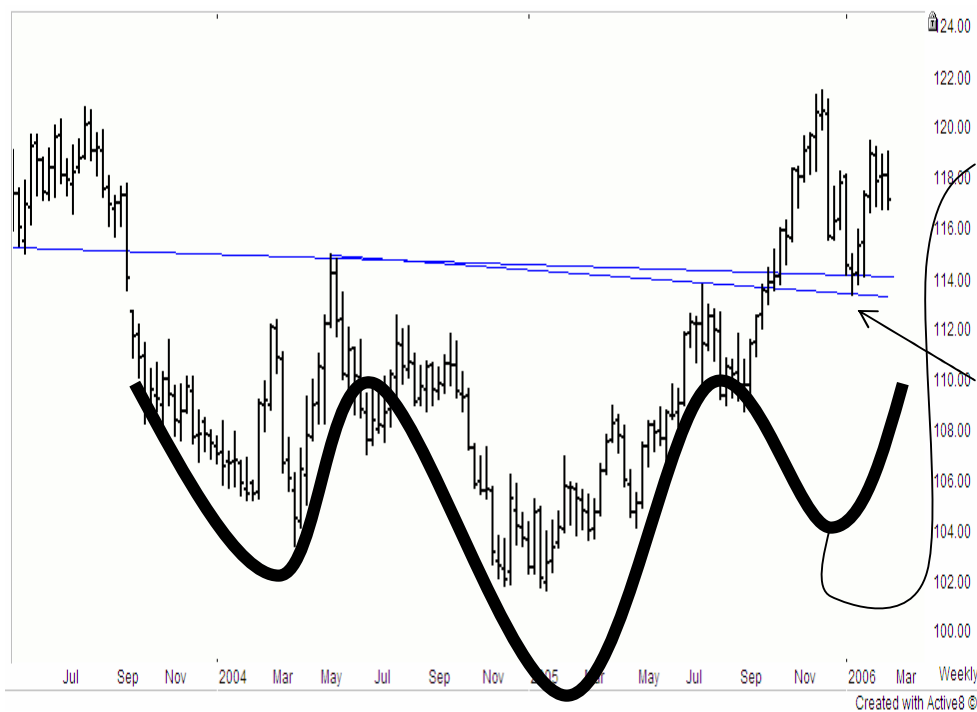
Dollar Yen



MONTHLY SPOT CASH CHART:

The market broke up through the old resistance from the past lows in late 2005.

And now sits on the good support at 114

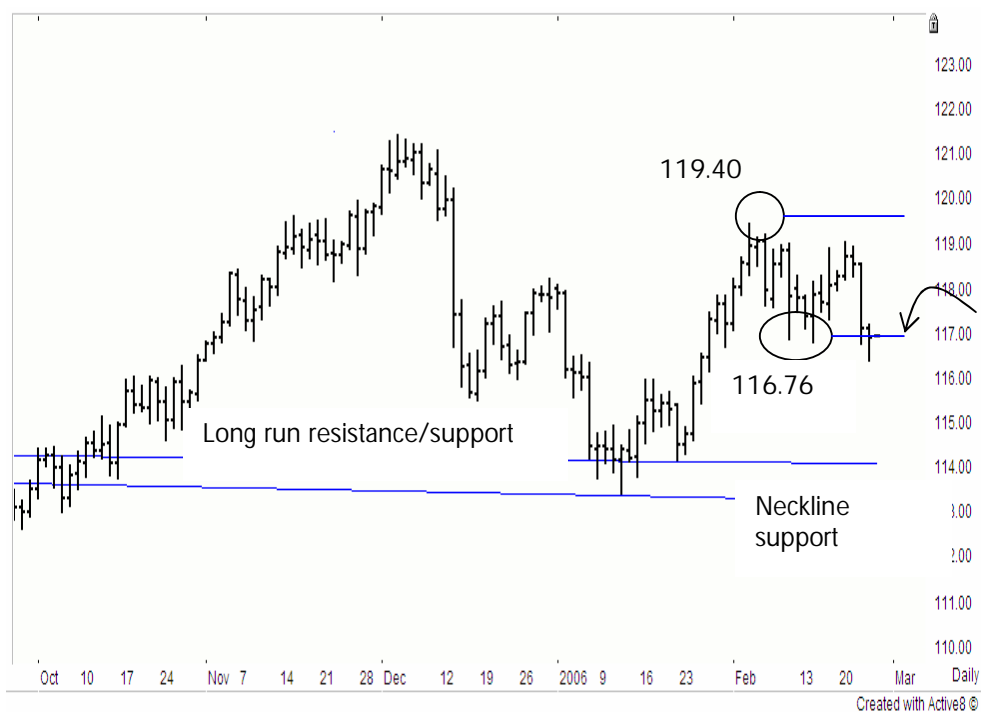


WEEKLY SPOT CASH CHART:

The week chart reveals the Head and Shoulders Bottom that added zest to the bull run from the breakout in late 2005.

The recent pull-back has found excellent support at that Neckline support.

And a good bounce resulted.



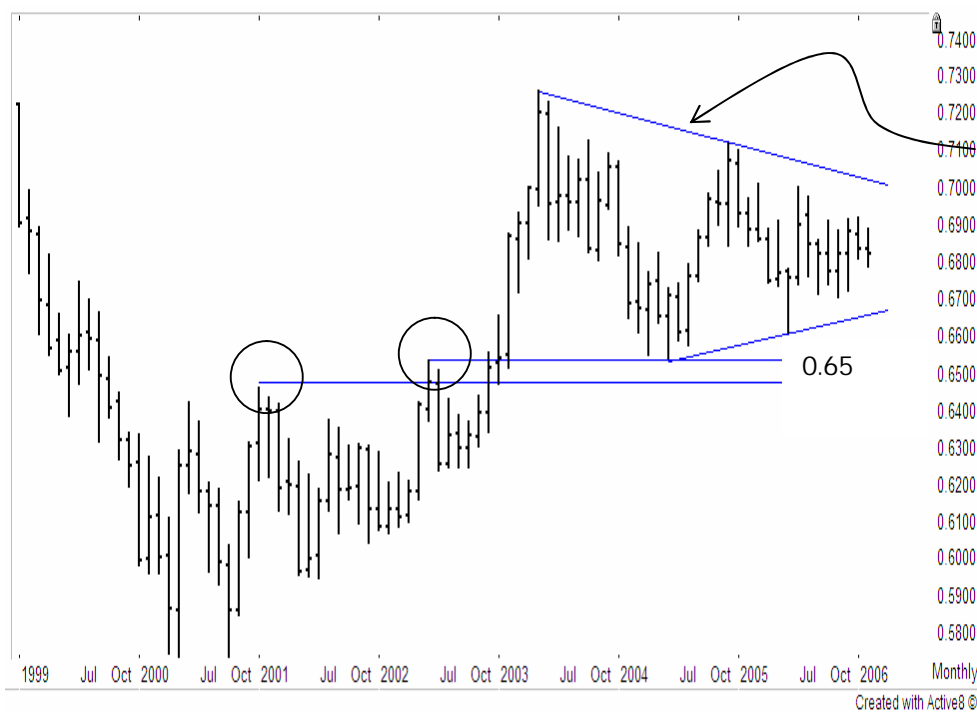
DAILY SPOT CASH CHART:

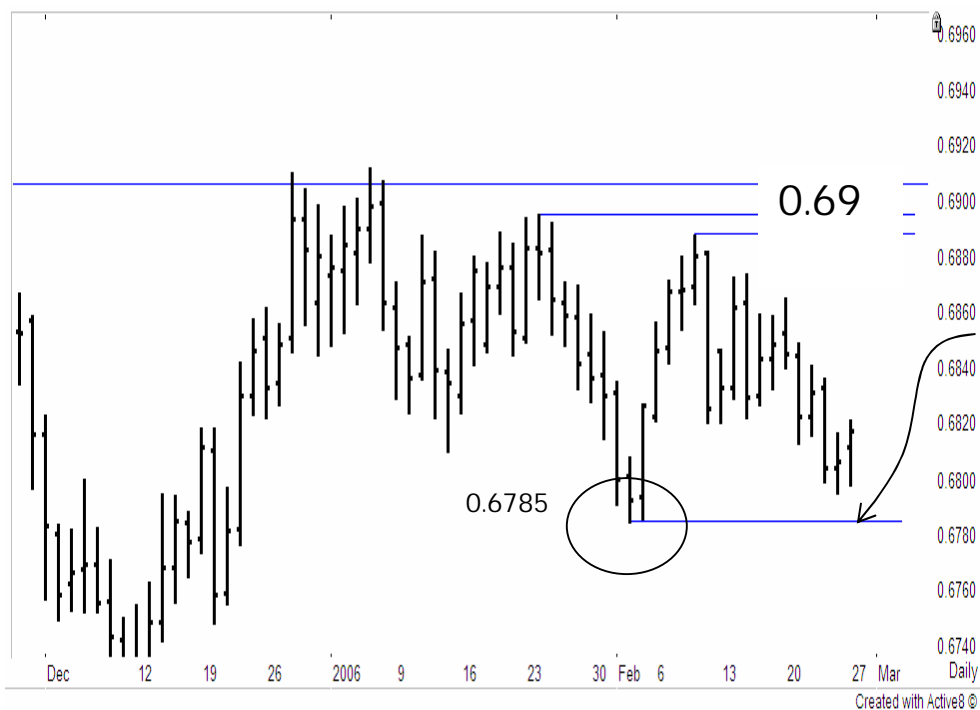
Last week we suggested that traders should wait for the range 119.40-116.76 to be broken.

The market has yet to close beneath 116.76... But the market is testing lower.

[Return to Contents](#)

Sterling Euro



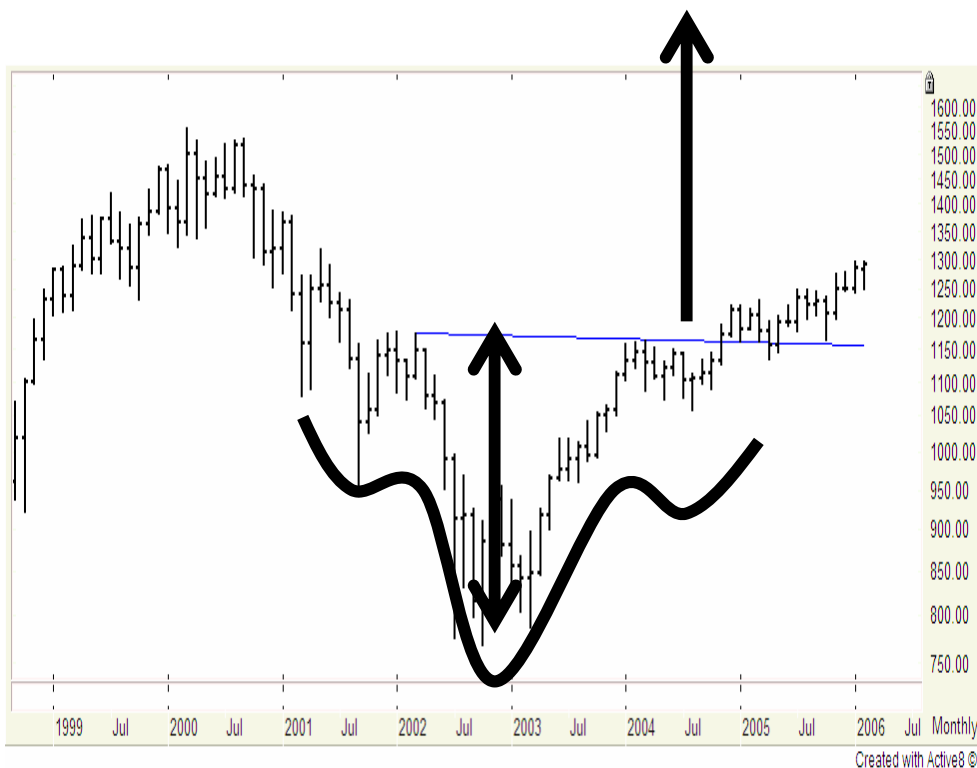


[Return to Contents](#)

Stocks

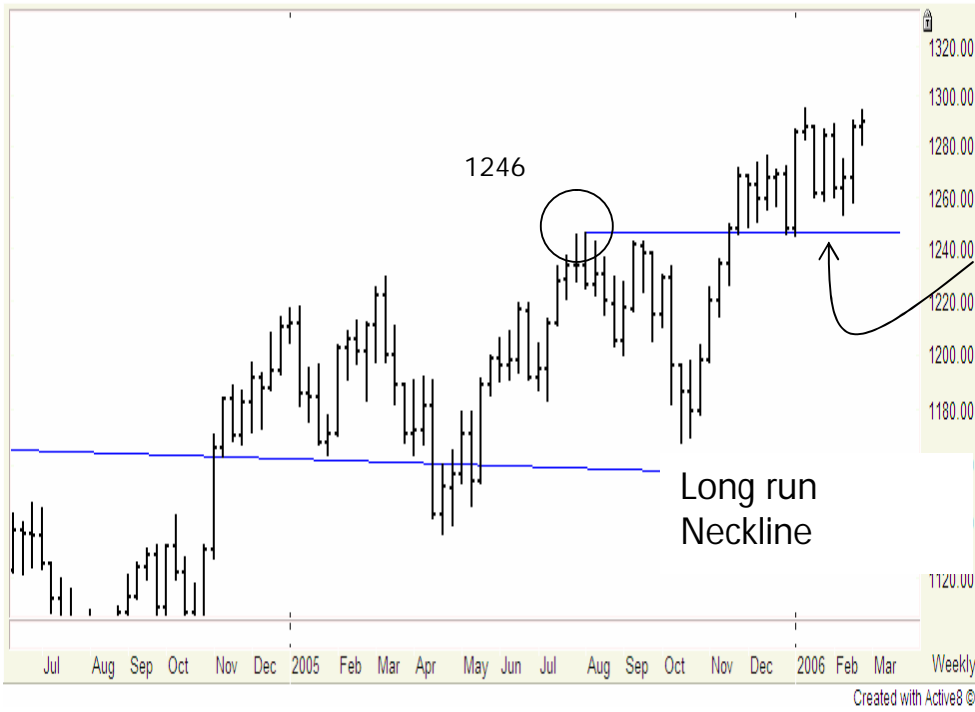
We anticipated that European Japanese stocks would push ahead strongly and they did. More surprising was the rally in the Japanese market. But that might not be sustained. Others stood still. But they remain in bull trends.

Standard and Poors 500

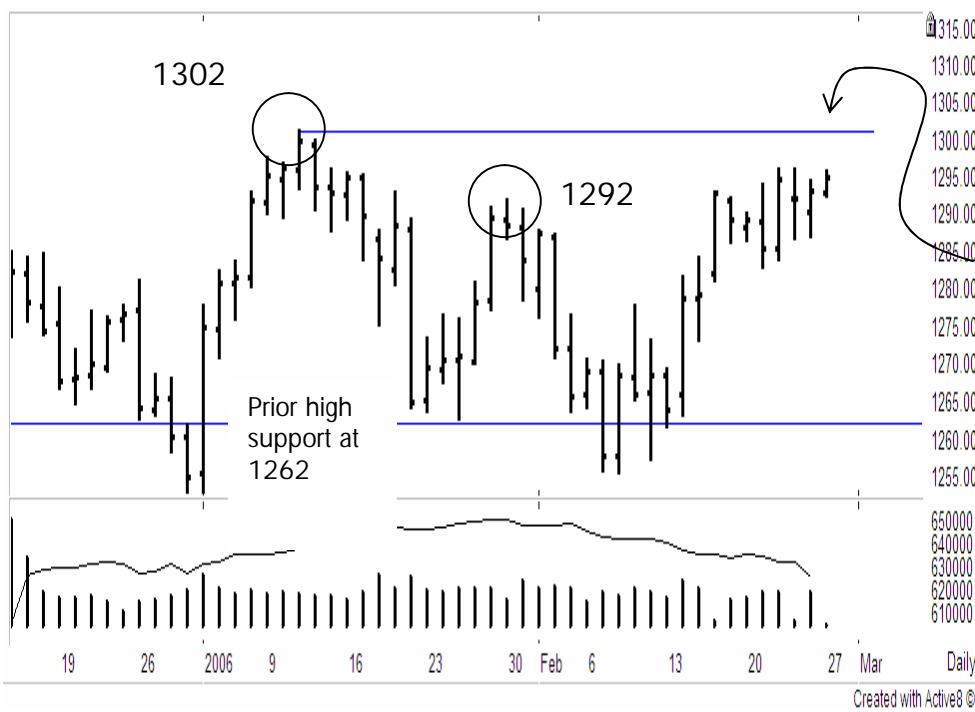


MONTHLY CASH INDEX CHART:

The long-term chart is an unambiguous bull Head and Shoulders Reversal pattern that is driving the market a lot higher. The minimum move is as far as 1750.



WEEKLY CASH INDEX CHART:
Recently, after driving up through the high at 1246, the market found support there on pull-backs....

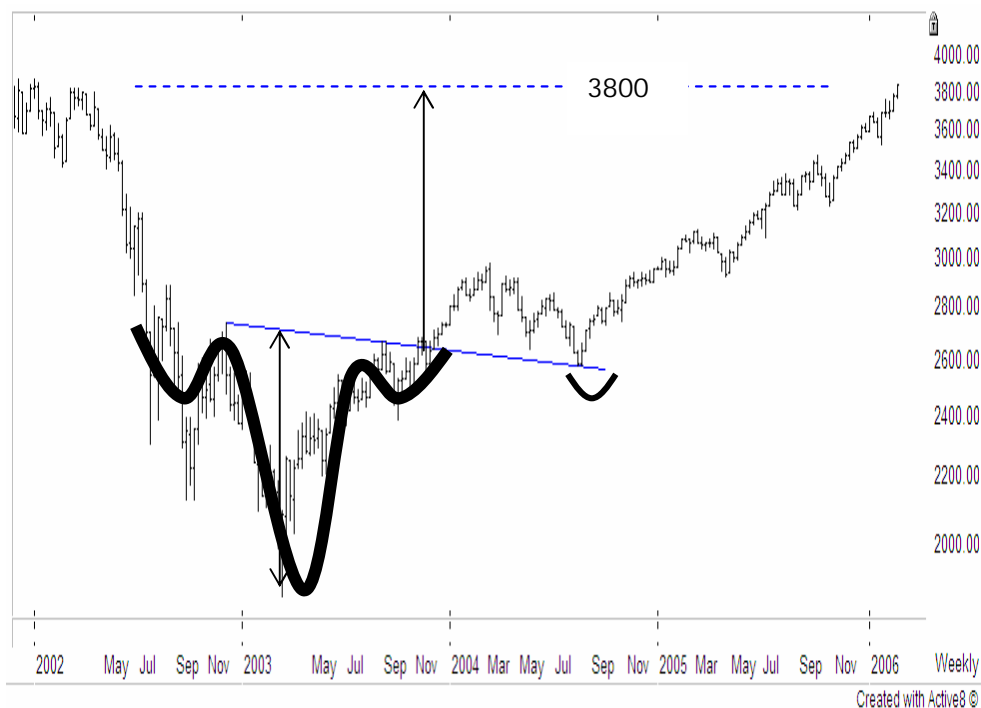


DAILY MAR 06 INDEX FUTURES CHART:
We see no clear structure to that sideways price action, and so suggest traders should wait for a break of the high at 1302.

(Last week we wanted to see a push through the pivot at 1292, that happened, but without a clear sense of a breakout)

[Return to Contents](#)

European Dow Jones Stoxx 50

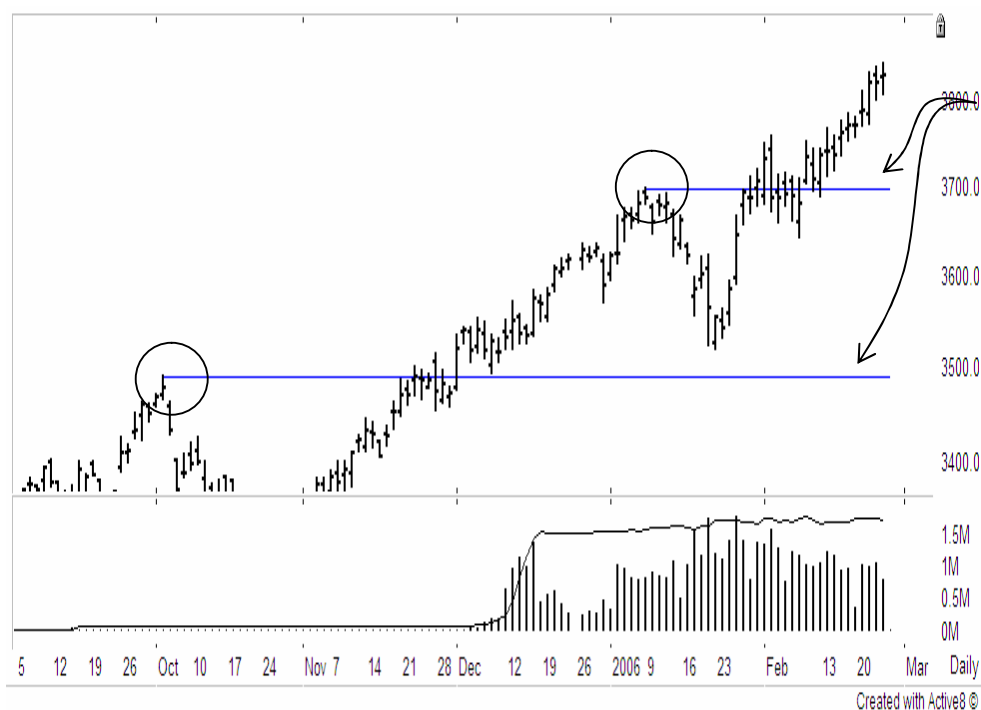


WEEKLY CASH INDEX CHART:

The bull market is supported by the (rather contorted) Head and Shoulders Reversal pattern formed in 2002 and 2003.

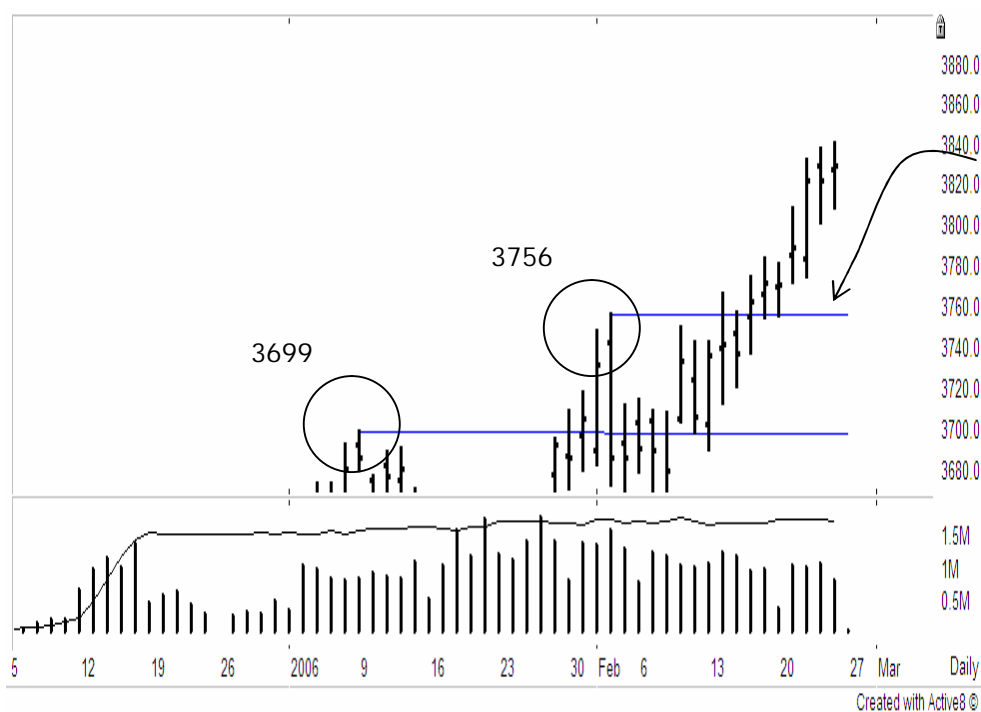
The minimum target for that pattern is 3800 – just about where we are.

But that is a minimum target. This suggests that the market can continue, but perhaps with lessening impetus.



DAILY CASH INDEX CHART:

Note the ratcheting-up of the market, each high giving good support to the market as it retraces.



DAILY MAR 06 INDEX FUTURES CHART:

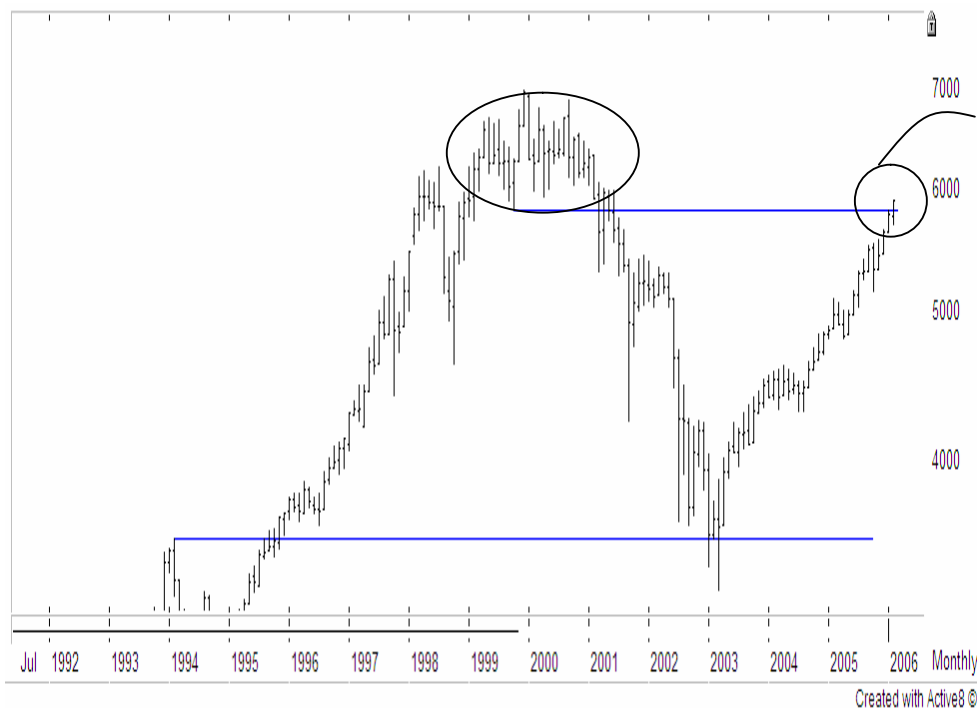
We felt last week that the push up through the prior high of 3756 might lead to a bull drive and that was right.

The bull run is intact and powerfully underpinned.

The nearest support is that horizontal from the high at 3756.

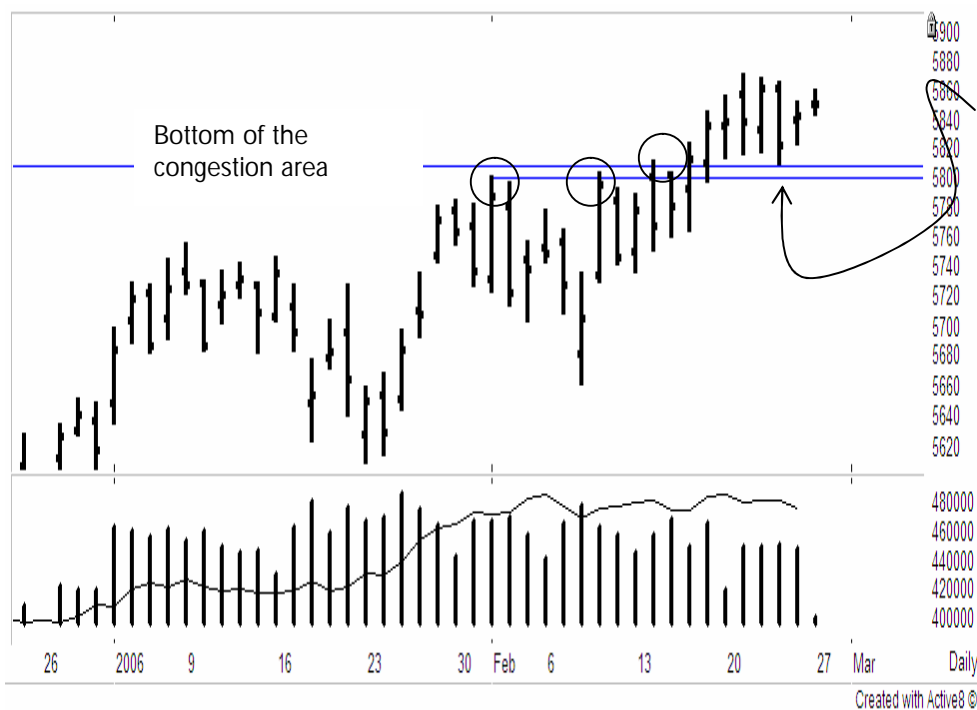
[Return to Contents](#)

FTSE 100



MONTHLY CASH INDEX CHART:

The market has begun to push into the congestion area at the top of the last run up.



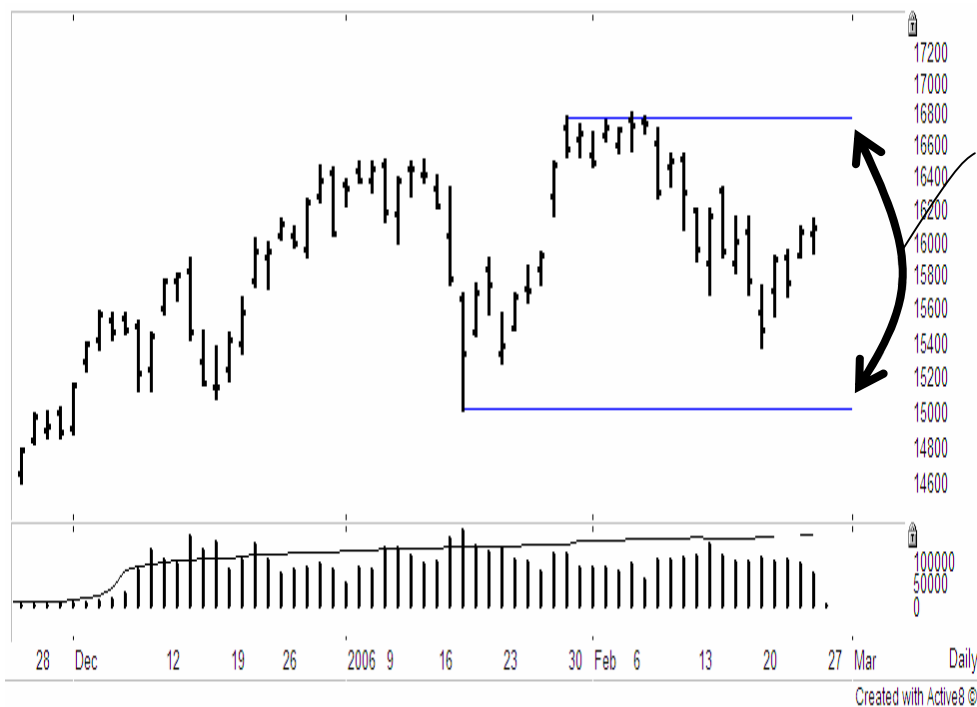
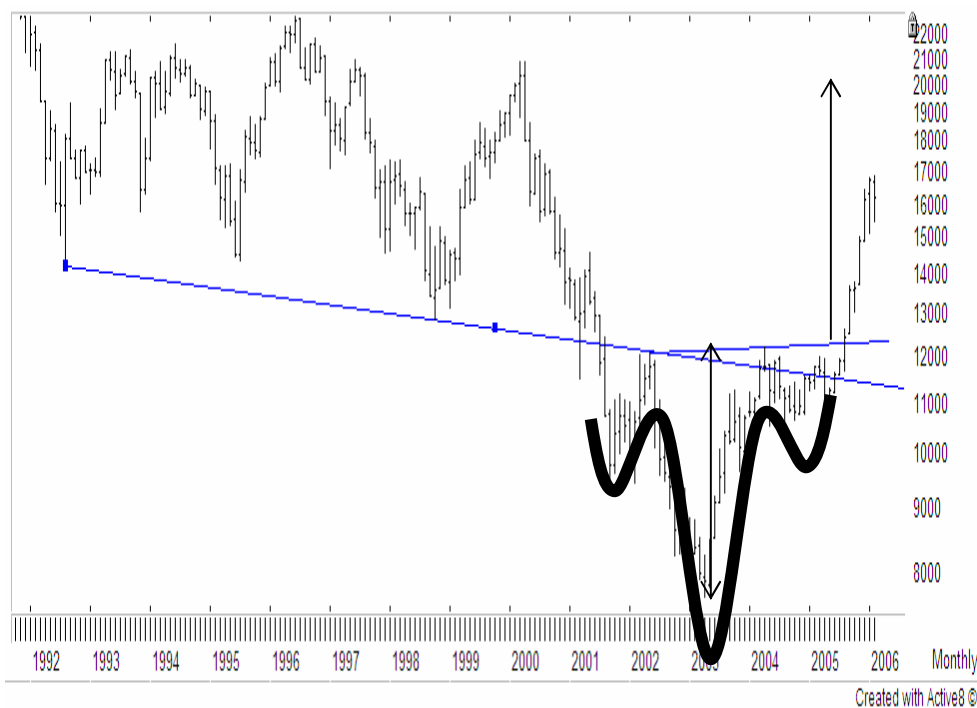
DAILY CASH INDEX CHART:

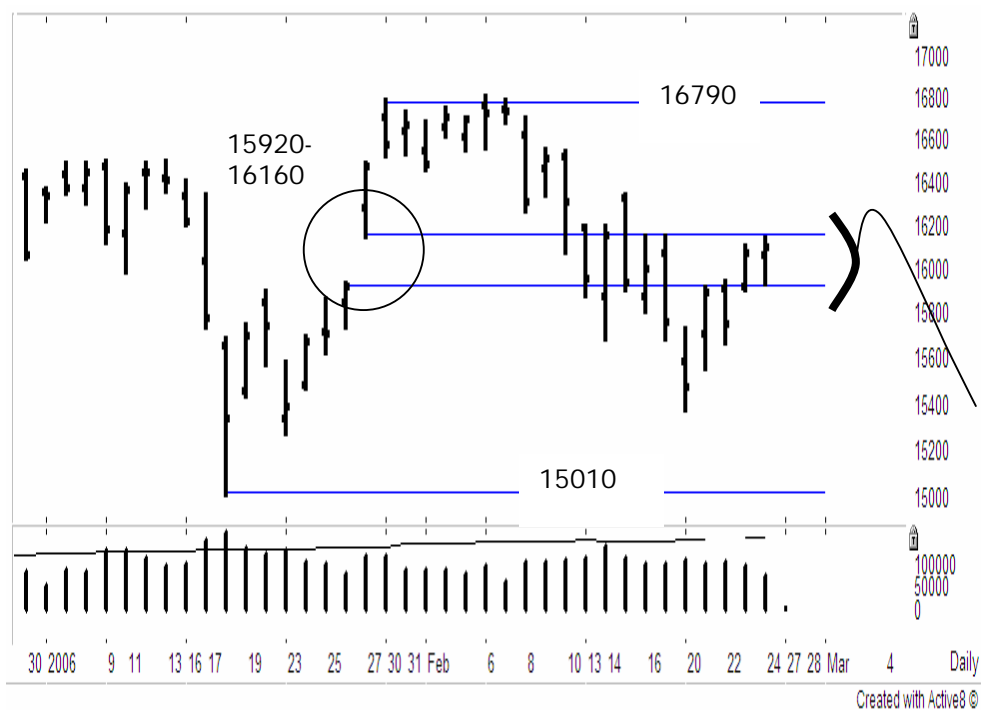
And that horizontal is now good support – in conjunction with the support from the nearer highs just beneath.

Last week we thought the market looked steady, and though it hasn't pushed ahead fast, the underpinning from the band of support at 5799 and 5807 has set the market up for further advances still.

[Return to Contents](#)

Nikkei 225





DAILY MAR 06 INDEX FUTURES CHART:

Last week we argued that the Gap was a critical level and that once the market had dropped beneath it the lower boundary was likely to be tested.

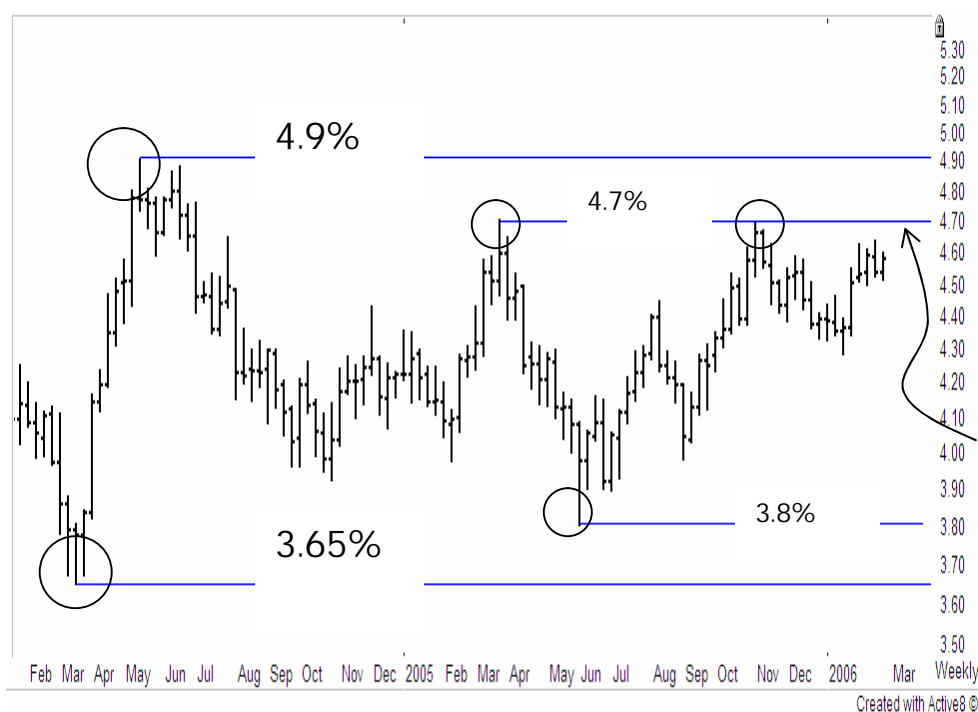
Not yet! But the Gap should act as some resistance to the bull move of the last five days.

[Return to Contents](#)

Bonds

Bonds drifted sideways and down – except for our favoured bear, the Nikkei, which sold off hard. The rallies had all looked insubstantial last week and so it proved. The boot remains on the bear foot all over. And if our clear levels break in the Europe and US markets there is a good deal more to come on the downside.

Ten Years US Treasury Note

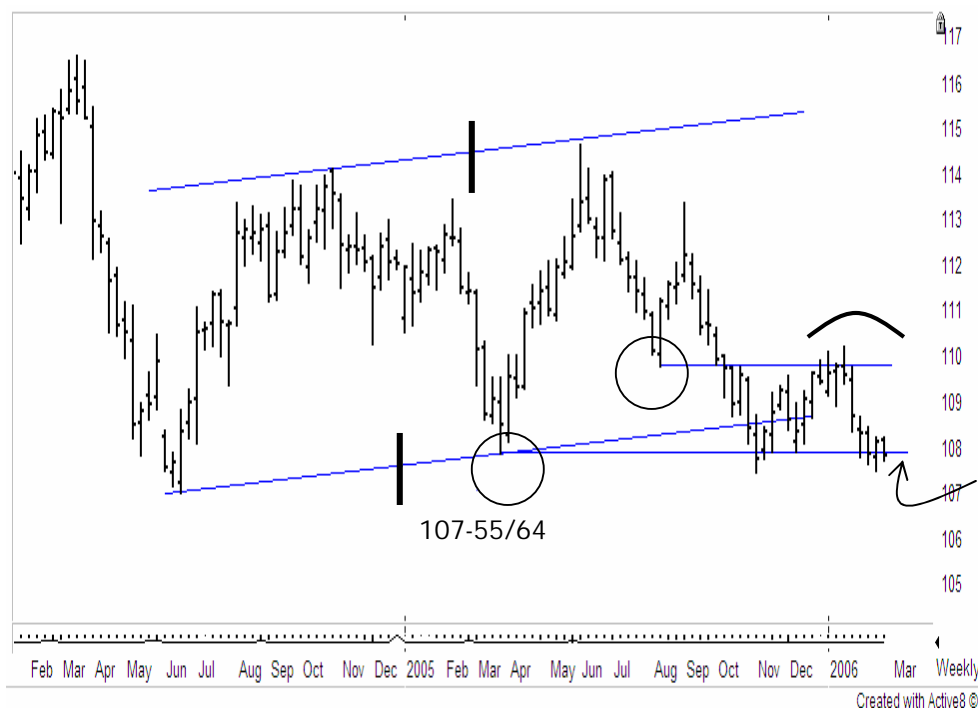


WEEKLY CASH YIELD CHART:

The market has gone nowhere for two years.

The boundaries of the range are 4.70%-4.90% and 3.65%-3.8%.

But the market is nearing the upper boundary.... look at the price charts.

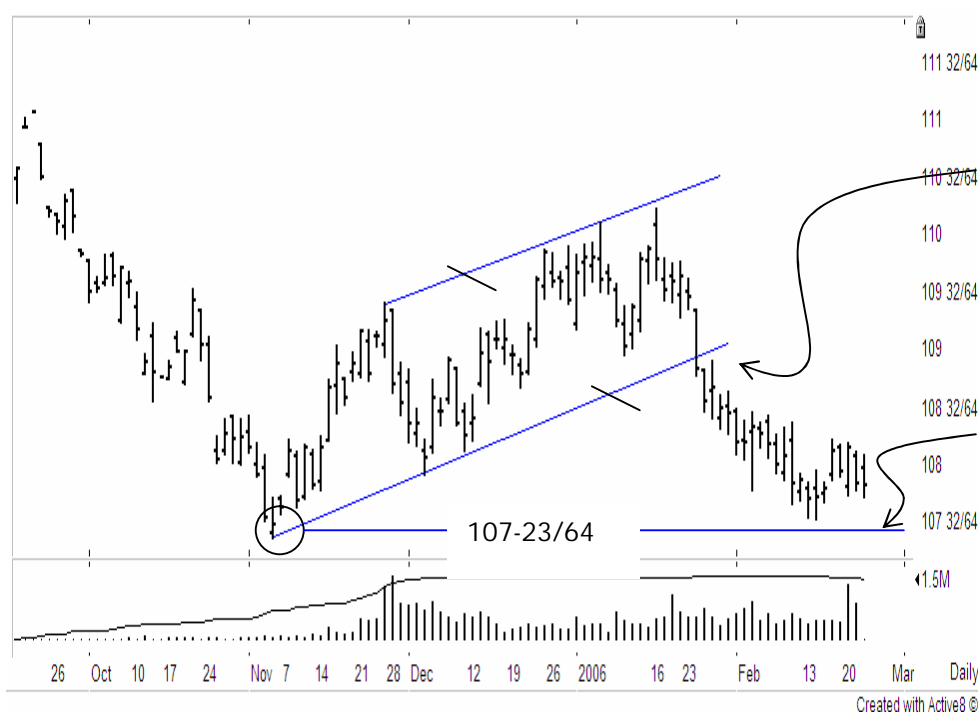


WEEKLY FUTURES CONTINUATION CHART:

The futures Continuation chart shows the market breaking down out of a channel that has been constricting the market for the last year and a half.

Watch and wait for a breakdown through the horizontal from the low at 107-55/64.

We are on the point of that....



DAILY MAR 06 FUTURES CHART:

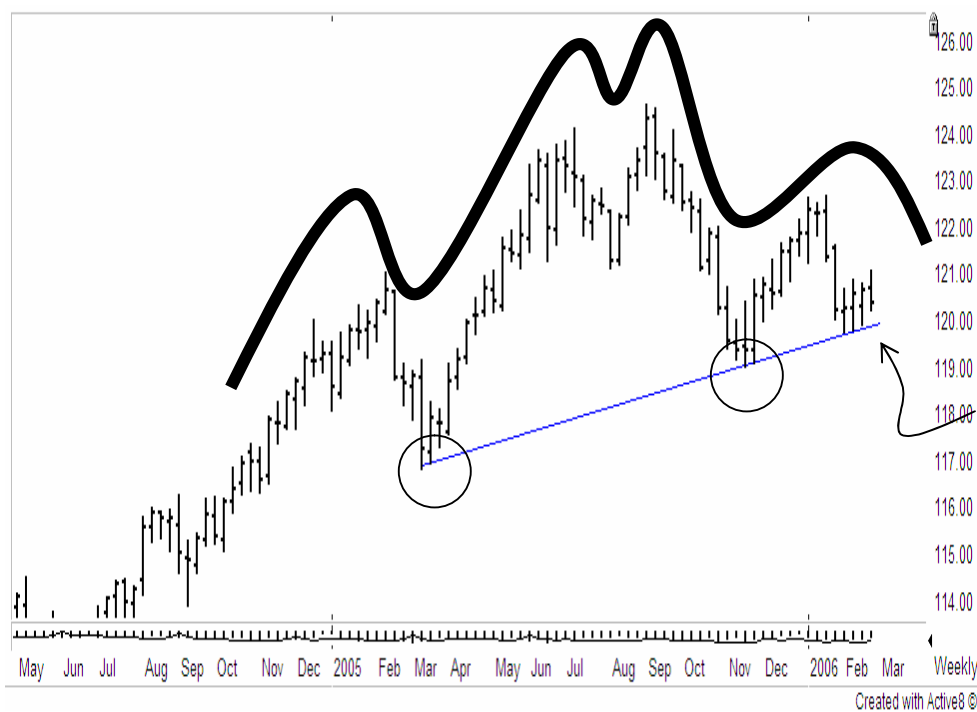
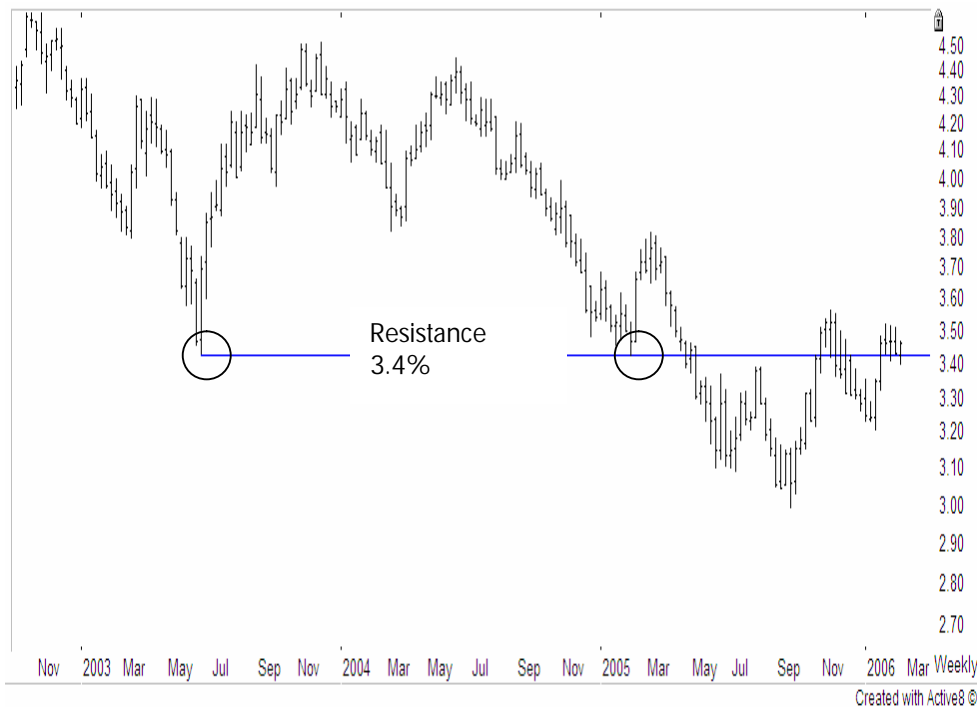
Check out this March 06 contract. The breakdown from that larger channel was achieved by the market breaking out of a small channel within that larger one.

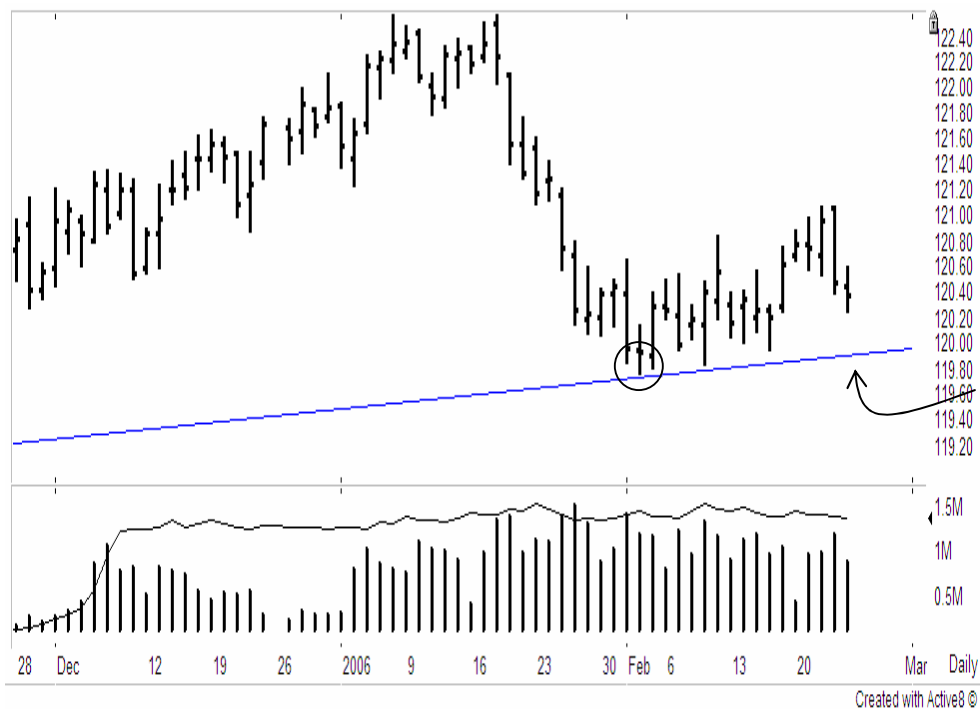
The critical Pivotal low lies at 107-23/64.

Last week we said 'stand aside'. That's still true: Wait for a break of the horizontal at 107-23/64.

[Return to Contents](#)

Ten Year Euro Bund





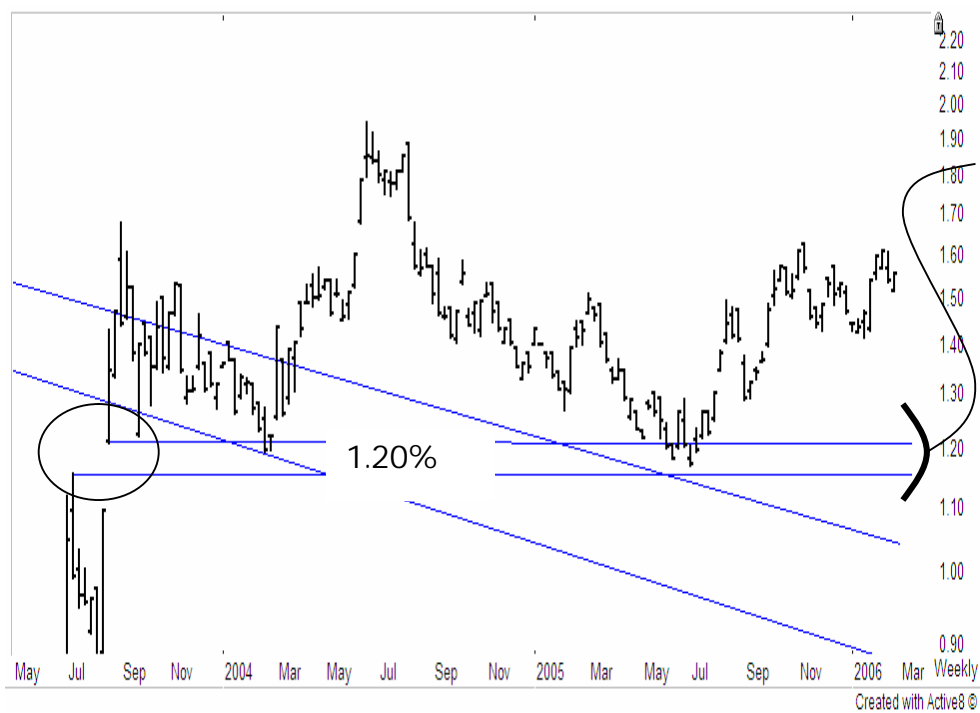
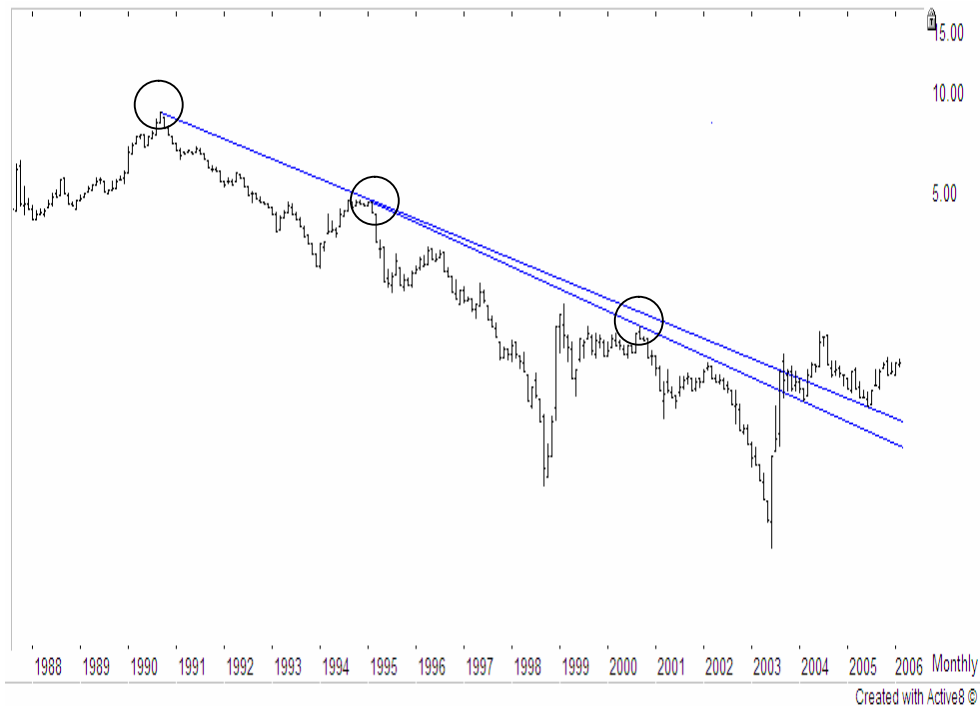
DAILY MAR 06 FUTURES CHART:

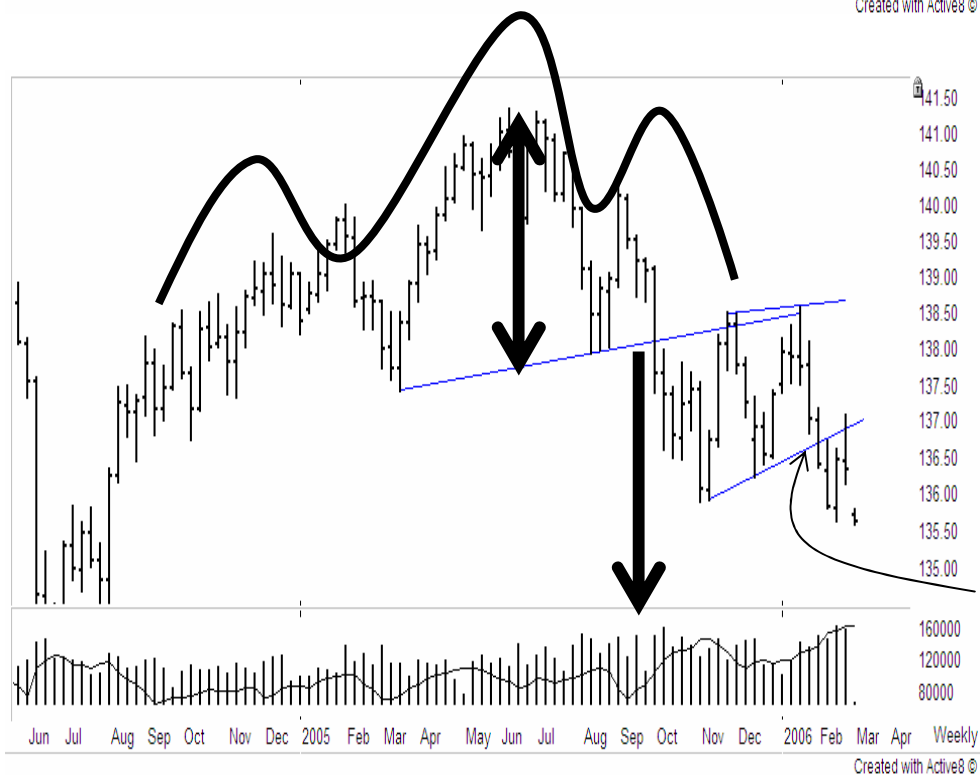
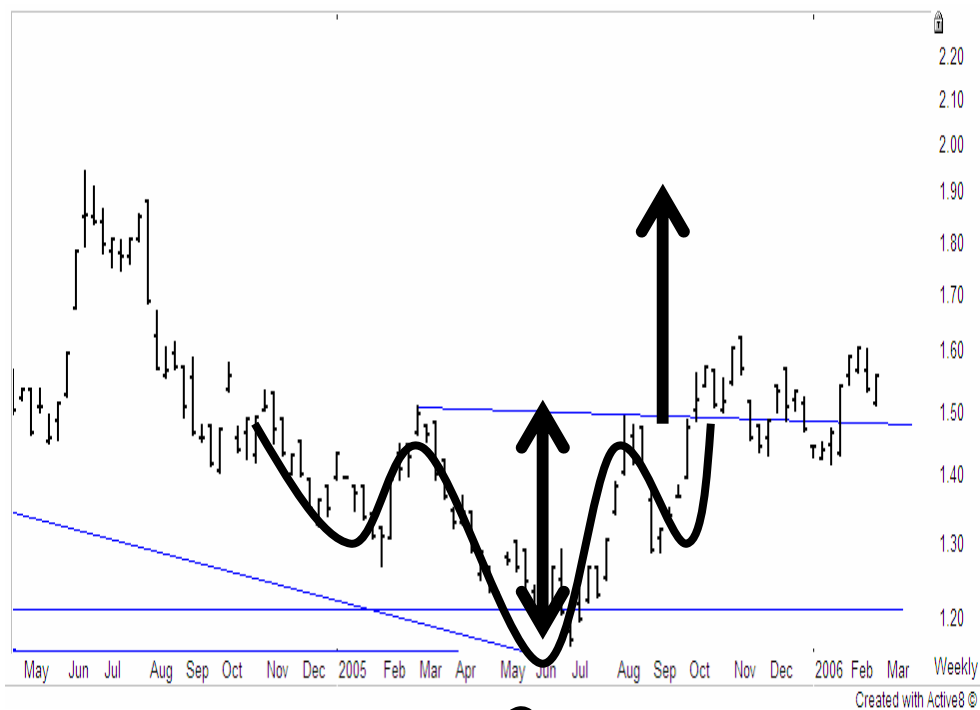
In the Mar 06 contract
watch carefully the
market's approach to the
rising diagonal at
119.91.

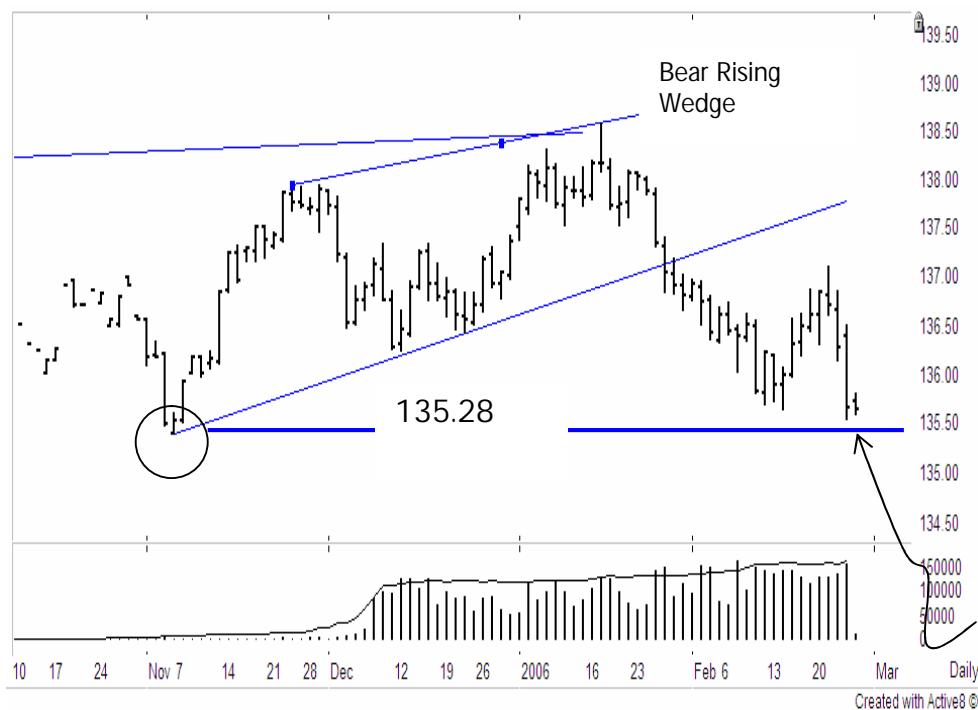
Stand back until it
breaks. Like last week.

[Return to Contents](#)

Ten Year Japanese Bond







DAILY MAR 07
FUTURES CHART:
That rising wedge more
clearly in the March
futures chart.

Last week we said 'the
bear signs are all still in
place'

That was exactly right.

But the market turned
very fast.

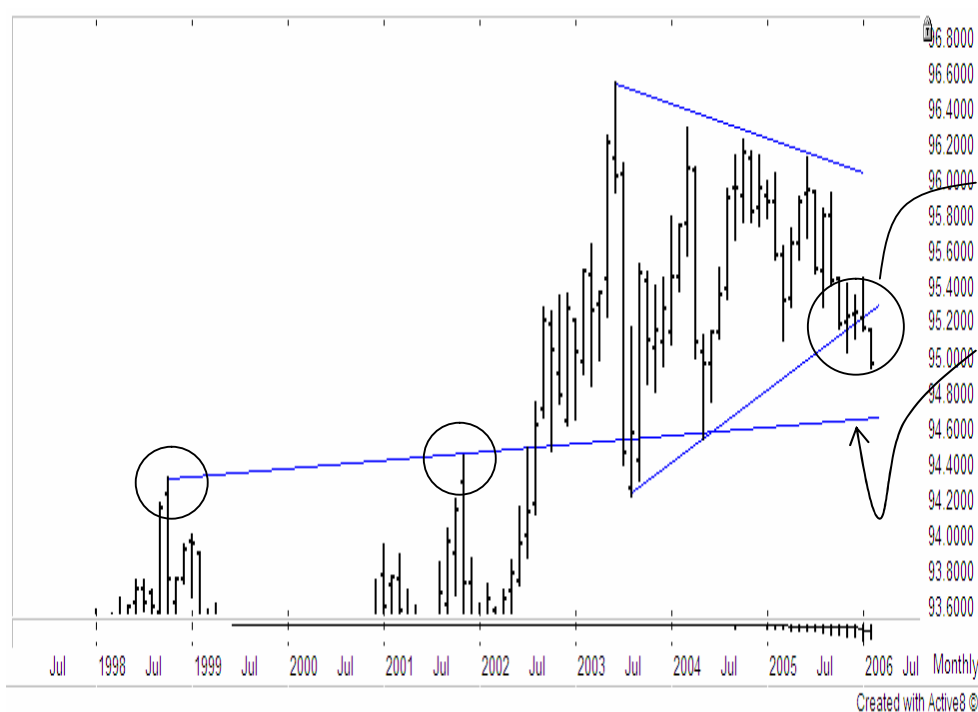
For those not already
short at this level, wait
for a break of the Pivot
at the low of 135.28
before adding on.

[Return to Contents](#)

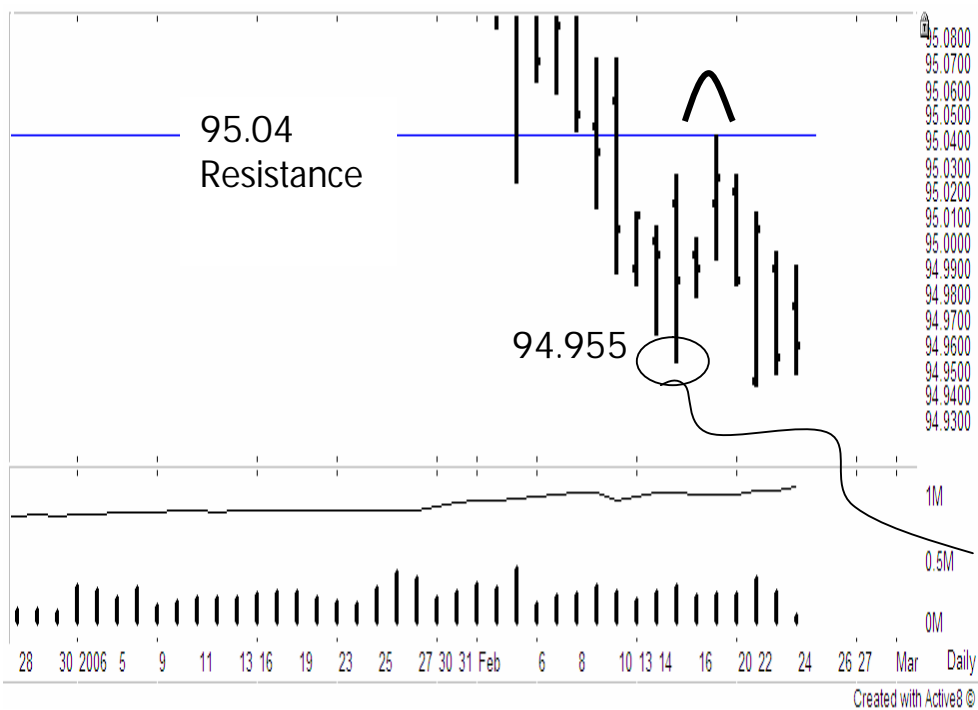
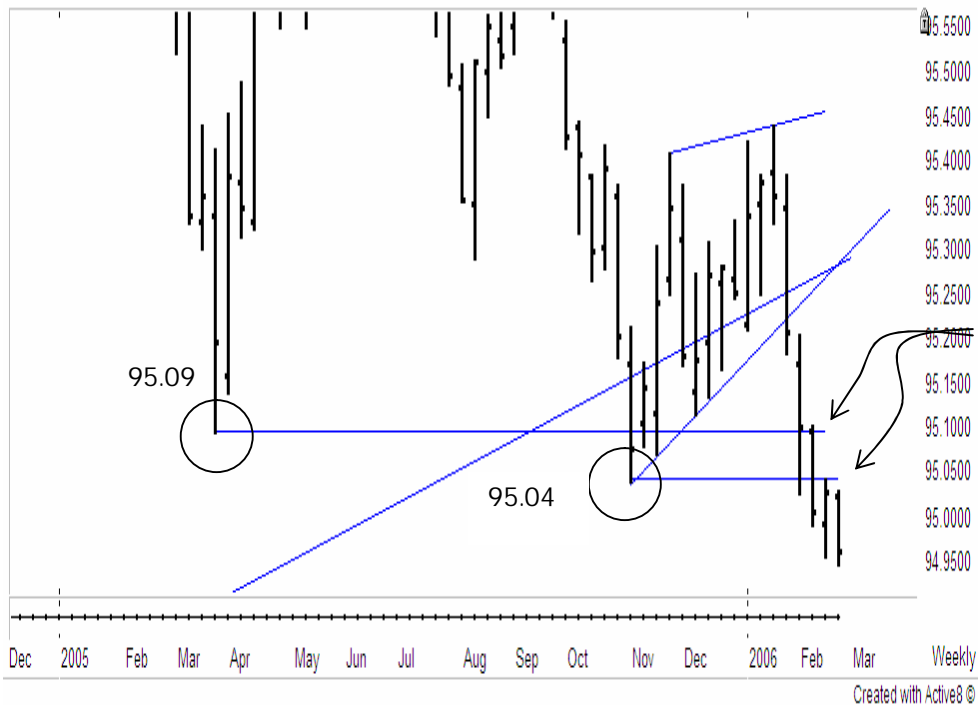
Interest Rates

Futures moved quickly lower. With the exception of Short Sterling there's a good deal more to come for the bears.

Dollar Rates



MONTHLY MAR 07
FUTURES CHART:
The long term chart shows the market dropping beneath the diagonal support - but also emphasizing the proximity of the long term support beneath the market at 94.65.



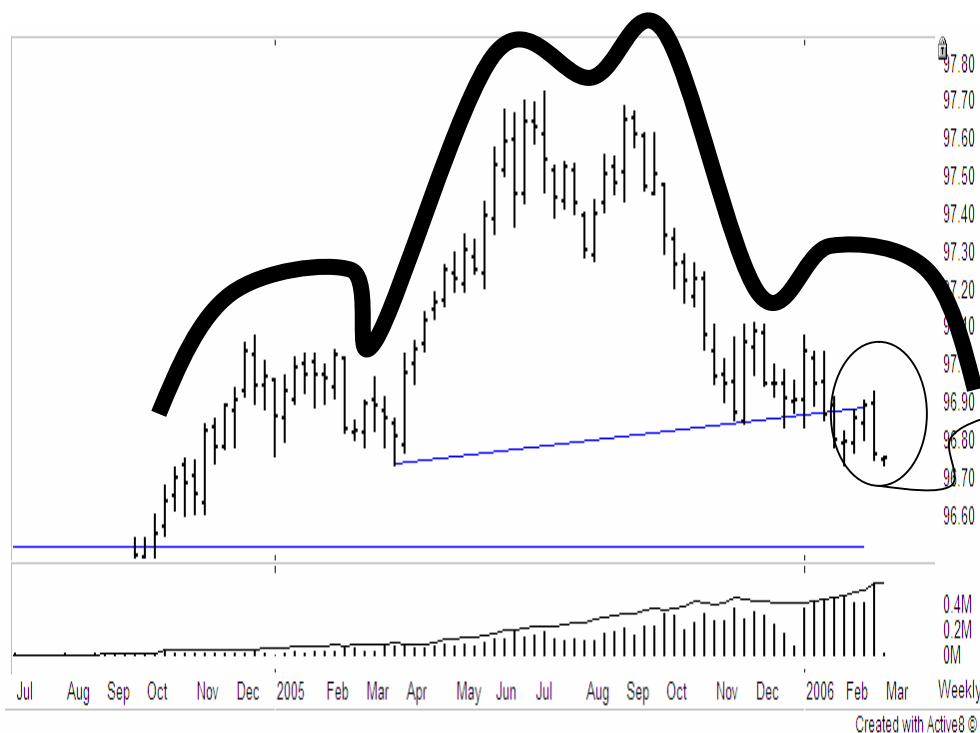
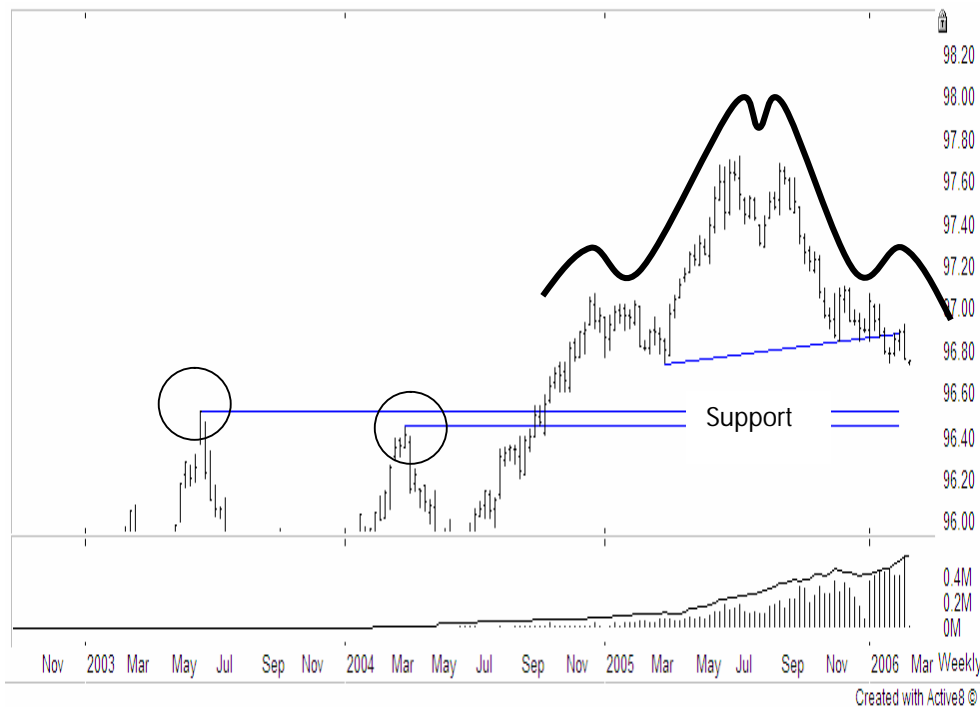
The market found the 95.04 resistance powerful and fell back.

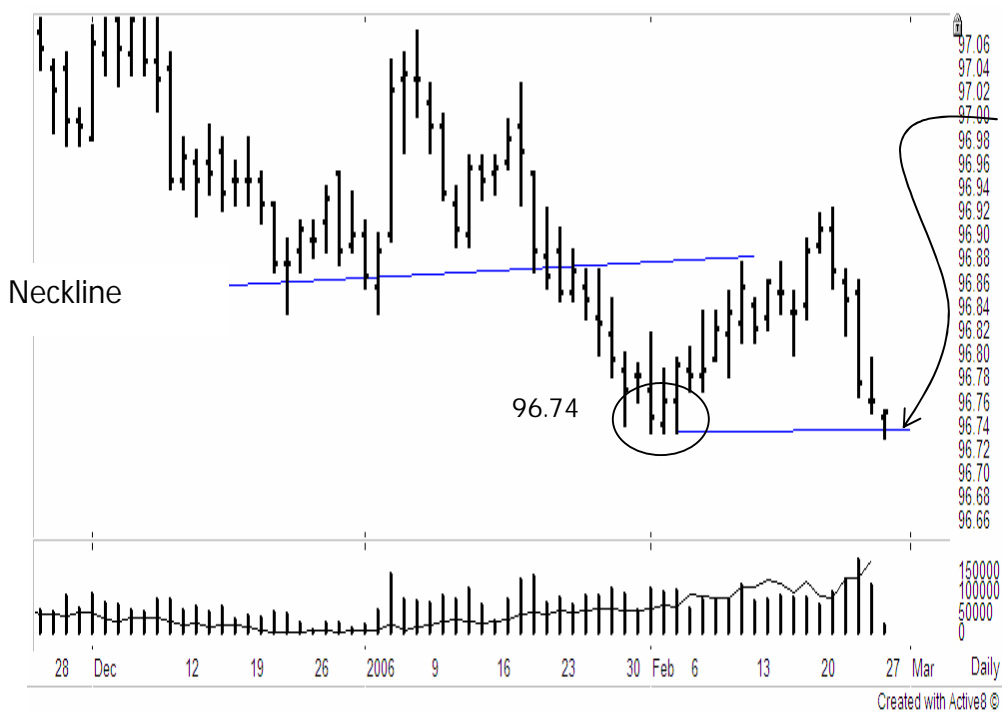
Last week we argued that traders should get short there and that was spot on.

Now, add on to shorts on a confirmed close beneath the low at 94.955

[Return to Contents](#)

Euribor Rate

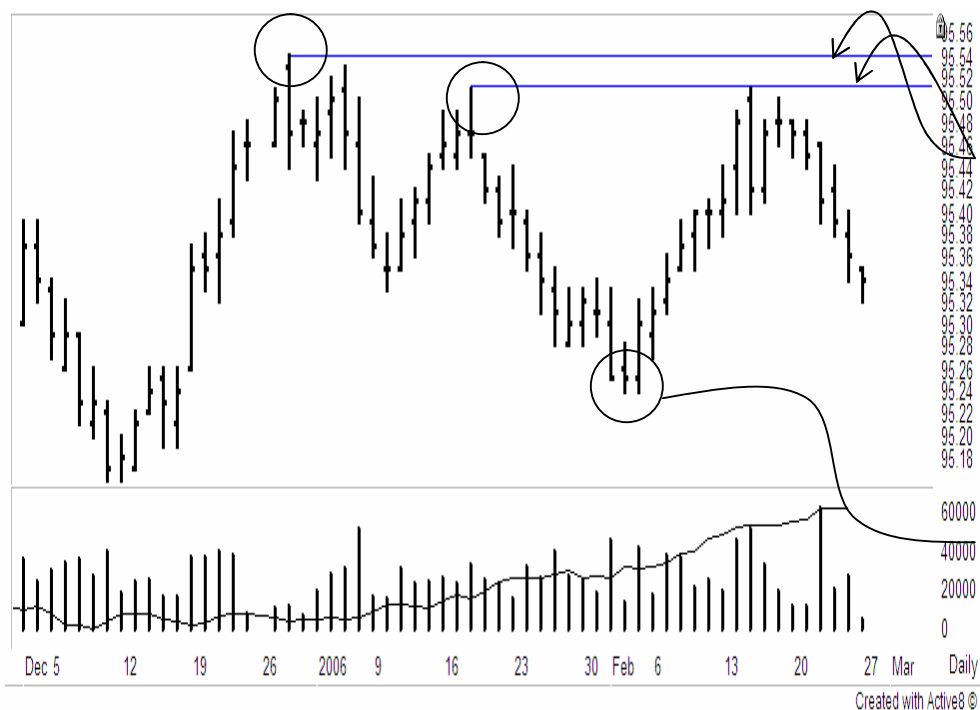
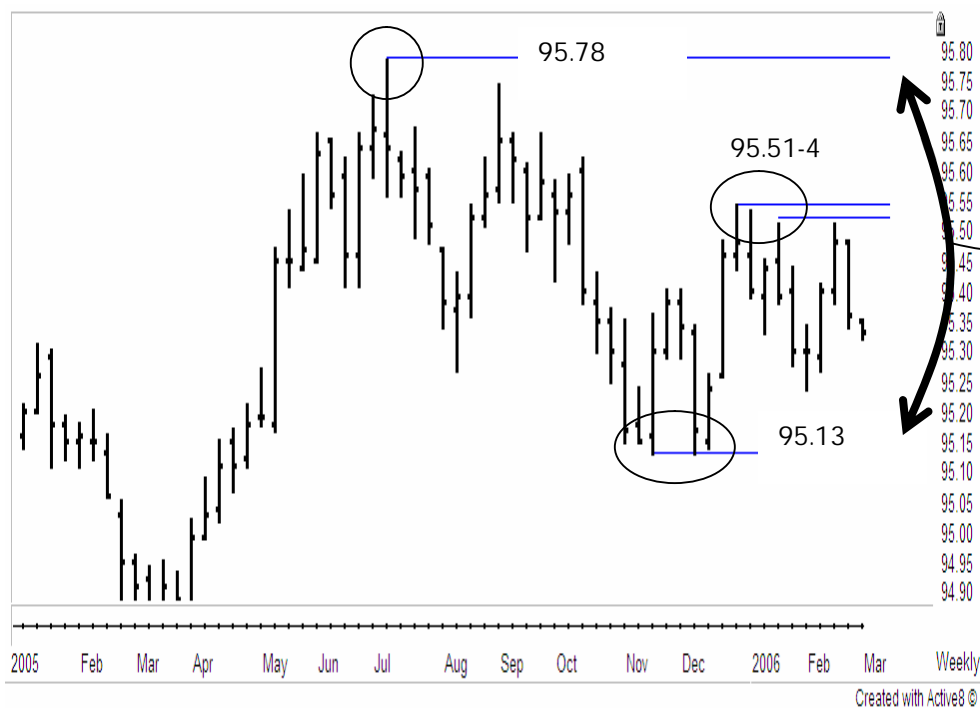




DAILY MAR 07
FUTURES CHART:
But at these levels, wait
for a clear break beneath
the Pivotal low at 96.74
before adding on.

[Return to Contents](#)

Sterling Rates



The nearest levels of interest are those from the near highs at 95.51 and 95.54.

As we argued last week, only a push through those levels would really excite the bulls.

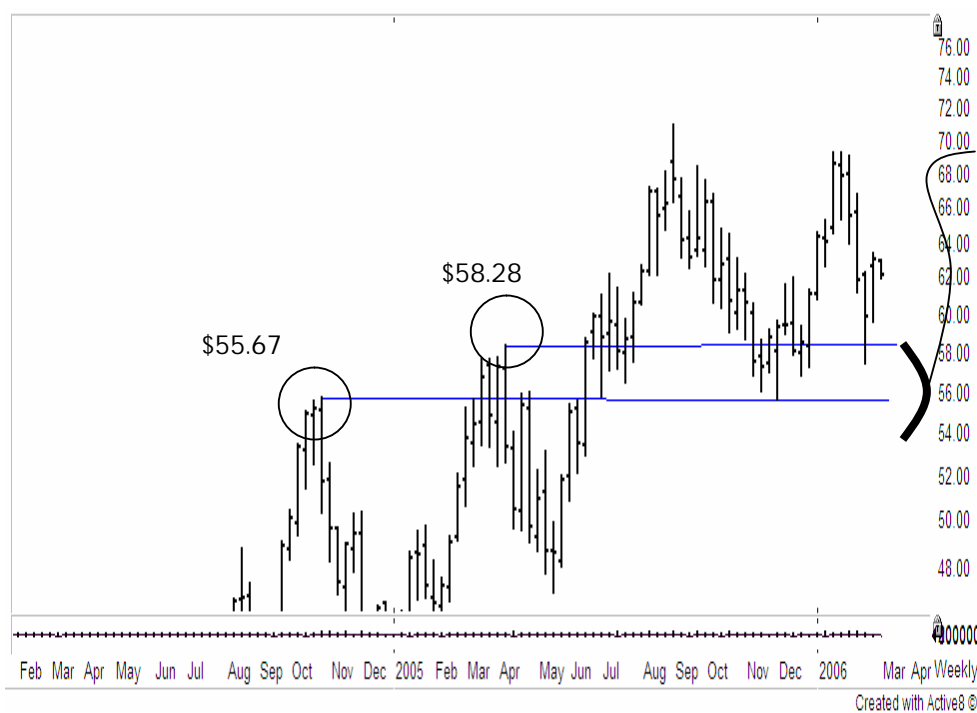
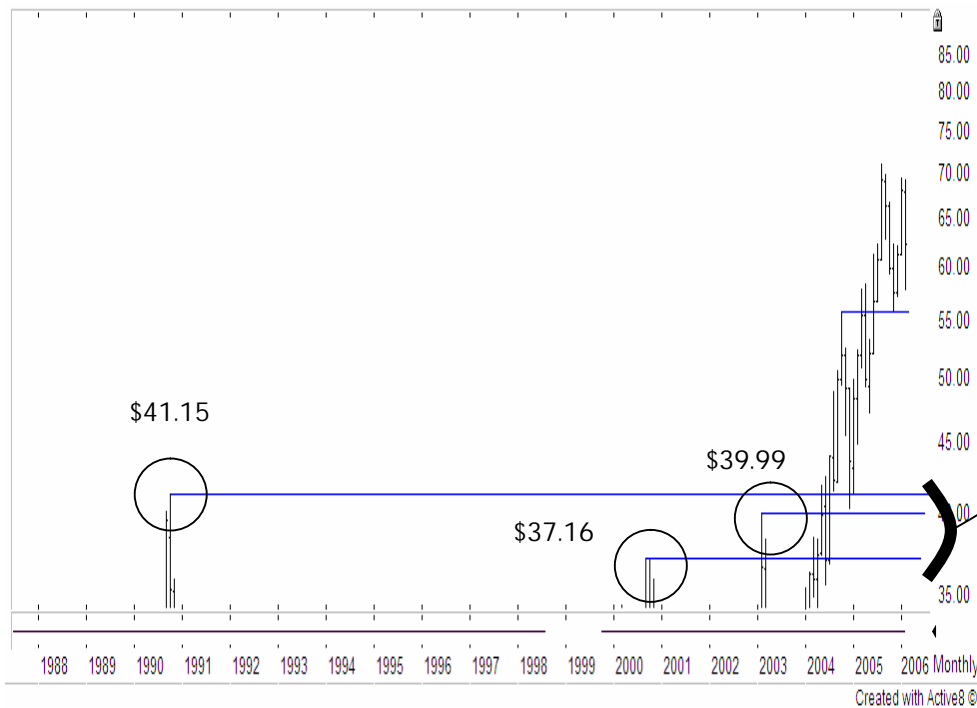
(and only a push beneath the low at 95.24 would get the bears going)

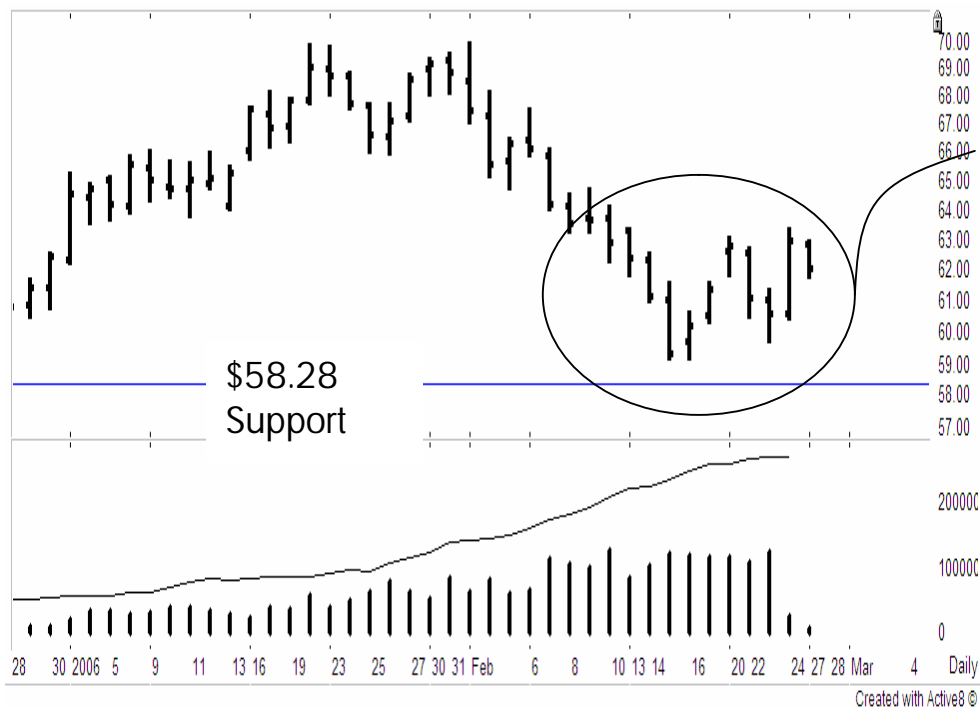
[Return to Contents](#)

Commodities

The bounce in Oil was expected, that of Gold less so. But the result is that good supports have held in both cases, and so their bull trends are still firmly in place.

Oil





DAILY APRIL 06

FUTURES CHART:

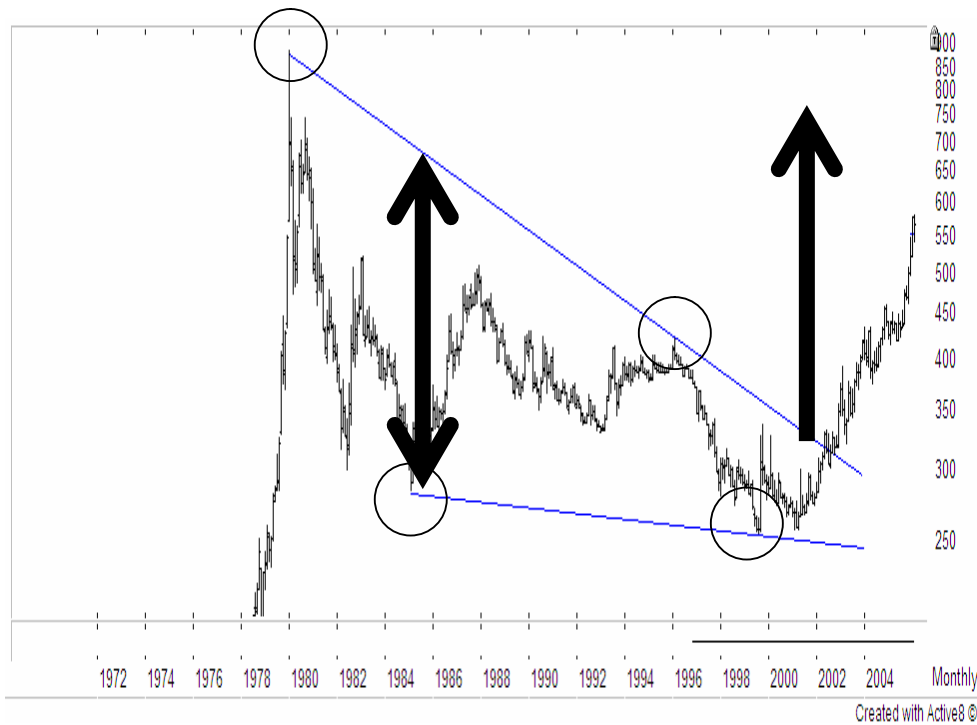
The price action is pushing higher above the support, so we were correct last week to encourage buyers.

And this is still a good level to buy with stops beneath the low at \$59.20.

(But note that as yet there is no clear structure driving the market better.)

[Return to Contents](#)

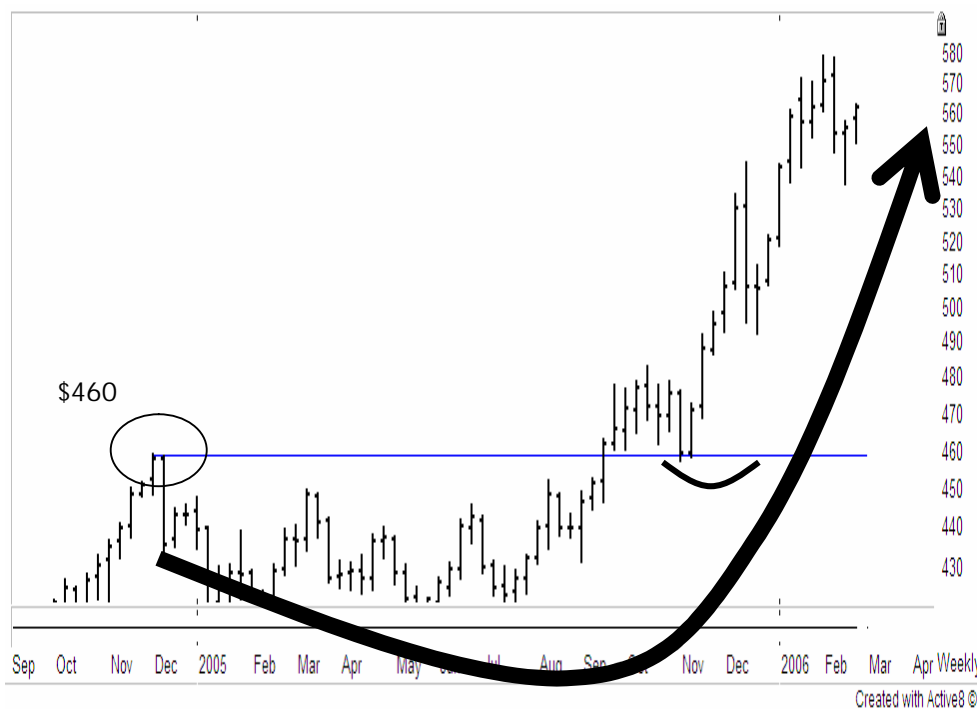
Gold



MONTHLY FUTURES CONTINUATION

CHART:

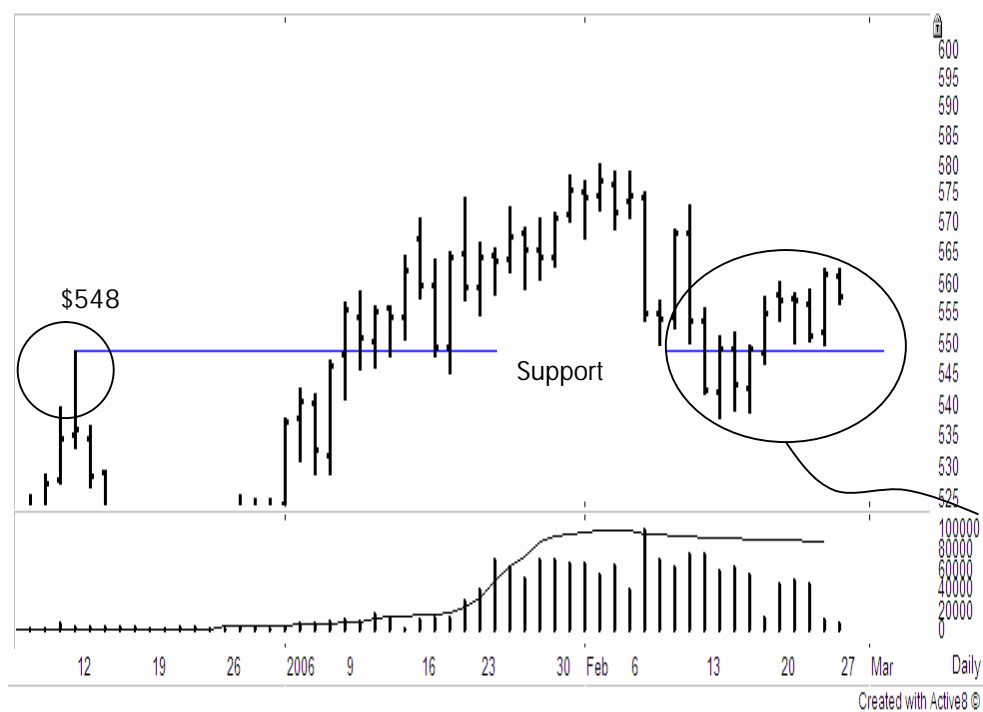
The long chart a massive continuation Triangle driving the market better – with a target of \$793.



WEEKLY FUTURES CONTINUATION

CHART:

The bull run accelerated when the market broke through the old high at \$460.



DAILY APR 06

FUTURES CHART:

Note how the old high at \$548 has acted as good support – making the market perform like a classically healthy bull trend.

Last week we were lukewarm buyers and the market went ahead.

In the absence of a clear bull structure, we remain lukewarm buyers with close stops.

[Return to Contents](#)