



the technical analyst

AWARDS 2012

FINALIST BEST INDEPENDENT RESEARCH HOUSE

SUMMARY

POSITIONS

- + FTSE
- + Dollar Euro
- + Dollar Sterling
- +
- +



Key Trade Round Up 5th February 2013

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Summary

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10th January FTSE MAR 13 Long 6062.5 Stop (changed) 6049 Profit 6800.0
18th December Dollar/Euro Long Euro@1.3184 Stop@ 1.2850 Profit 1.3600
5th February 2013 Dollar Sterling Sell Sterling @1.5696 Stop @1.5903 Profit @ 1.5238



SUMMARY

Positions

+ FTSE

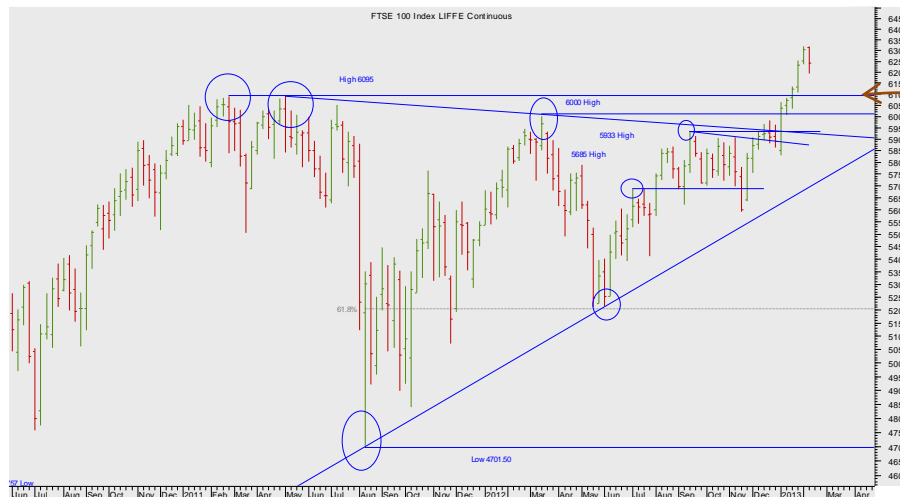
+ Dollar Euro

+ Dollar Sterling

+

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(1) TECHNICAL : 10th January FTSE MAR 13 Long 6062.5 Stop (changed) 6049 Profit 6800.0



Weekly continuation Chart :

The break up through the successive Highs has created tremendous support beneath the market beginning at 6095.



Daily bar chart :

The market's hesitation at 6315, twice failing, suggests a test of the bulls' resolve.

Support both horizontal and diagonal lies some way beneath.

So we are keeping our Stops at some distance as we still believe in the medium-term bull trend.

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(2) FUNDAMENTAL: 10th January FTSE MAR 13 Long 6062.5 Stop (changed) 6049 Profit 6800.0

The FTSE performed well again last week and even overcame a brief correction earlier this week.

The PMI manufacturing survey further fuelled fears of a triple dip recession, but the Net credit, Net lending on dwellings and mortgage approvals data off set this to a limited degree.

However yesterday's PMI Services survey offered some real relief as the number came in stronger than expected and back above the crucial 50 level.

The fear of renewed recession has for now been eased but we suspect data will remain patchy keeping the triple dip angst alive until the Q1 GDP report is released in April.

But with equity markets bullish globally on expectations of a strengthening global recovery, we advise remaining long here.



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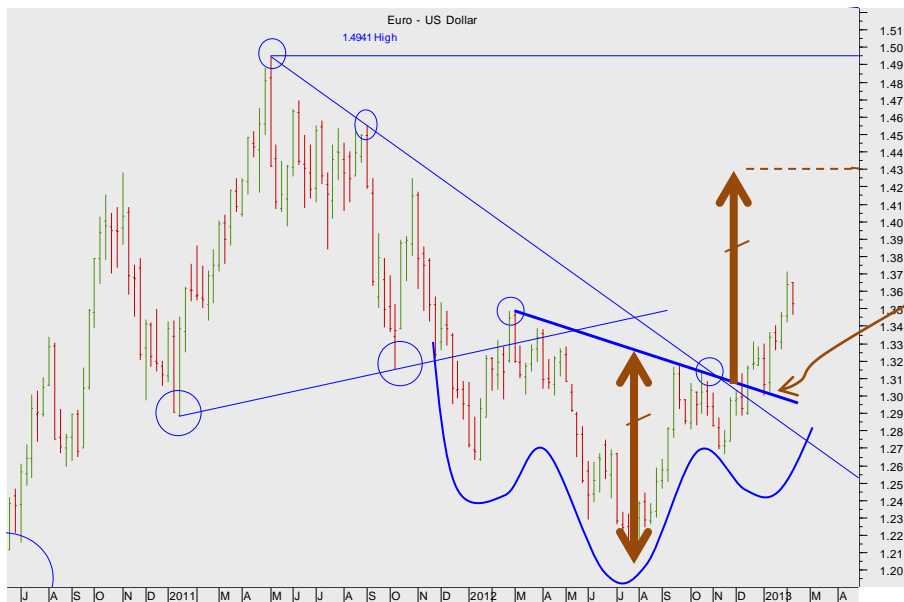
+ Dollar Euro

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(1) TECHNICAL : 18th December Dollar/Euro Long Euro@1.3184 Stop@ 1.2850 Profit 1.3600



Weekly Chart – Continuation:

The market is in the grip of a bull pattern that suggests moves up as far as 1.43 **minimum**.

Note the retest of the neckline support – added bull evidence.



Daily Chart Continuation:

The bears are testing the resolve of the bulls.

1.3485 is not especially strong, look instead at 1.3307.

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(2) FUNDAMENTAL: 18th December Dollar/Euro Long Euro@1.3184 Stop@ 1.2850 Profit 1.3600

last week we said...

...“Looking ahead although there are several key reports due our attention is firmly on Friday’s non-farm payroll report. Paradoxically we do not expect a strong report to boost the Dollar, in fact the opposite would be likely with the Dollar extending its downward trend against the Euro”....

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And that is what happened. The payroll report was broadly stronger than expected and the ISM manufacturing report was better than expected too, but the Dollar sold off as the data fuelled economic optimism and drew traders to riskier assets.

There was a correction on Monday, driven by renewed Euro zone concerns centred on Spain and Italy, but those were overcome by Tuesday helped by a solid US ISM non-manufacturing survey which restored confidence in the Global recovery theory but as ever worked against the Dollar.

We judge the Dollar is set to remain weak as traders continue to move away from safe haven assets, so our advice is hold the trade.



(1) TECHNICAL : 5th February 2013 Spot Cable Sell Sterling @ 1.5696 Stop @ 1.5903 Profit @ 1.5238

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Weekly Chart Continuation:

The market is sitting at a rising diagonal of some consequence.

Having failed at the 1.6301 level three times, the push beneath 1.5831 was especially bearish as it completed a Double Top that should push the market down through the diagonal.



Daily Chart Continuation:

The daily detail is important. The completed Double Top is clear to see.

Note too the failed retest of the completion level 1.5831.

The bulls look as if they are in charge.

Minimum move?

Down as far as 1.5349.

Stops above the recent high at 1.5903

More



(2) FUNDAMENTAL : 5th February 2013 Spot Cable Sell Sterling @1.5696 Stop @1.5903 Profit @ 1.5238

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The Pound is under pressure due to weak economic performance, persistently above target inflation, which the Bank of England has adopted a permissive approach to due to economic weakness and high levels of debt and also political uncertainty.

Data however over recent days has turned a little more positive, yesterday's PMI Services report beat consensus and eased recessionary fears.

But data is likely to remain mixed as the economy is essentially bumping along the bottom. The uncertainty caused by the Governments intention to renegotiate the UK's EU membership then hold a referendum at a future date is also an unwelcome uncertainty.

In short the current mix of political uncertainty, economic weakness and stubborn inflation is a toxic mix for the Pound and we advise selling Sterling/Buying the Dollar.



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SEVEN DAYS AHEAD

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