



the technical analyst

AWARDS 2012

FINALIST BEST INDEPENDENT RESEARCH HOUSE



SUMMARY

POSITIONS

+ S&P (NEW)

+ UK GILT)

+

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Key Trade Round Up 4th July 2013

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Summary

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4TH July : BUY Sep 13 S&P @ 1609.10. Stop 1549. Take Profit @1675

11th June SELL the Long Gilt Sep 13 @ 113.91. CHANGE Stop 114.09



(1) TECHNICAL BUY Sep 13 S&P @ 1609.10. Stop 1549. Take Profit @1675

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MONTHLY continuation chart.

The market HAS PUSHED THROUGH and held above the Prior High 1586 - 1574.



Daily Chart Sep 12

The detail of the drift back to and bounce from the band of support from the Prior Highs both long (1586-1574) and short term (1585-1550).

The market is a buy with stops beneath 1550.



(1) FUNDAMENTAL : LONG Sep 13 S&P @ 1609.10. Stop 1549. Take Profit @1675

The US economy continues to recover and although the pace remains slow, the labour market continues to heal, as does the housing market.

However, the slow pace of recovery will act to keep the Fed in cautious mode, so although they have indicated an intention to begin tapering off their monthly bond purchases later this year, should the economic recovery not have progressed in line with their expectations, they will maintain the QE3 policy as is and have even said they could do more if needed.

In short we judge this market is a buy if the pace of recovery quickens and the Fed does act, because traders will focus on the economic opportunity recovery offers, on the other hand if the recovery remains so sluggish that the Fed maintains the pace of bond purchases, then the market will rally on the Fed stimulus.

In summary we advise going long of this market.

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(1) TECHNICAL 1th June SELL the Long Gilt Sep 13 @ 113.91. CHANGE Stop 114.09



Monthly Chart continuation:

The bull run has been smashed – note the break of the rising diagonal and the simultaneous completion of a H&S Top formation.

The minimum move for the H&S pattern? About 95.

Daily Chart Sep 13:

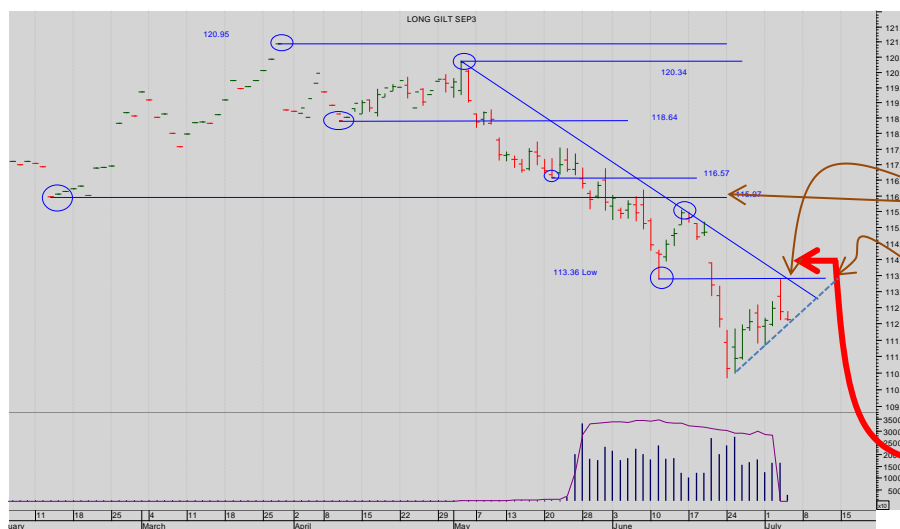
The market has been trending lower.

Note the good bear structure to the bear trend.

Especially Prior Lows acting as good resistance to attempted rallies.

Watch especially closely for a break of the rising diagonal (around 112) to **add on to shorts**.

Stops 114.09



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More



(2) FUNDAMENTAL 1th June SELL the Long Gilt Sep 13 @ 113.91. CHANGE Stop 114.09

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The sell off in the Gilt has paused for two clear reasons:

1. The Euro zone crisis has reared its head again in the shape of new concerns about Portugal and Greece meeting their bailout commitments, and
2. The turmoil in Egypt risk unsettling the wider region and with it disrupting oil supplies.

We judge the Euro zone crisis has waxed and waned over several years and each time a deal or compromise has been reached; we expect the same this time.

The Egypt crisis is unlikely to erupt further. Egypt is traditionally a secular state and it is because of this the President who was islamist became unpopular. The Army who are now in control are likely to try and engineer a situation not too un-similar to the secular state that exists in Turkey.

Therefore any minor safe haven buying in the Gilt and other assets that has occurred is likely to be brief. The UK economy is showing signs of a strengthening recovery with sticky inflation, we judge the Gilt remains a sell.

In summary stay short.



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