the technical analyst
AWARDS 2011
FINALIST

SUMMARY

POSITIONS

+ S&P
+ Cable
+ Sterling Euro
+
+

Key Trade Round Up 22nd May 2014

John Lewis
Mark Sturdy

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Summary

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LONG Jun 14 S&P @ 1871.90. Stop RAISED to 1851 .

LONG 14th May : Spot Cable @ 1.6766 Stop raised to 1.6699

May 14th LONG Sterling SHORT Euro @ 0.8177. Stop 0.8253

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SEVEN DAYS AHEAD

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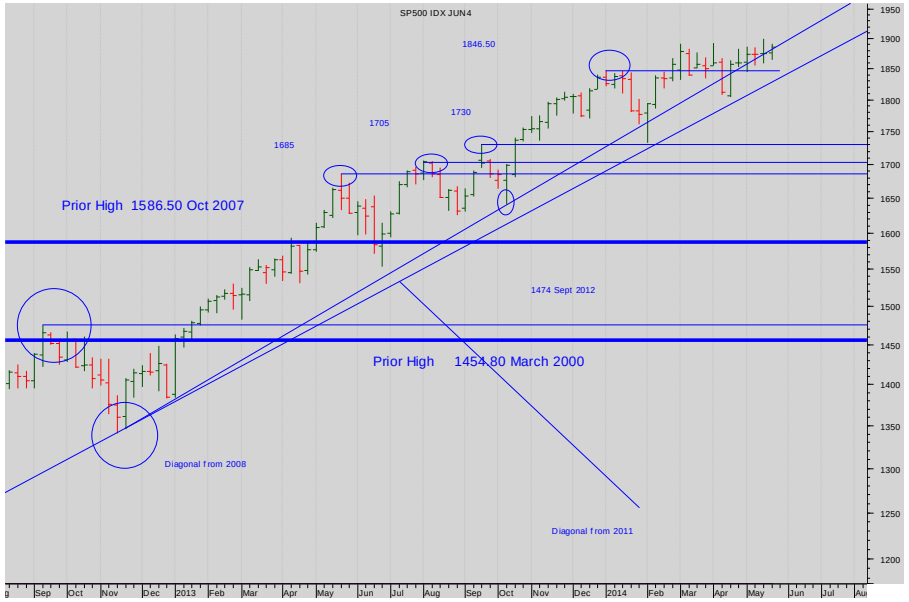
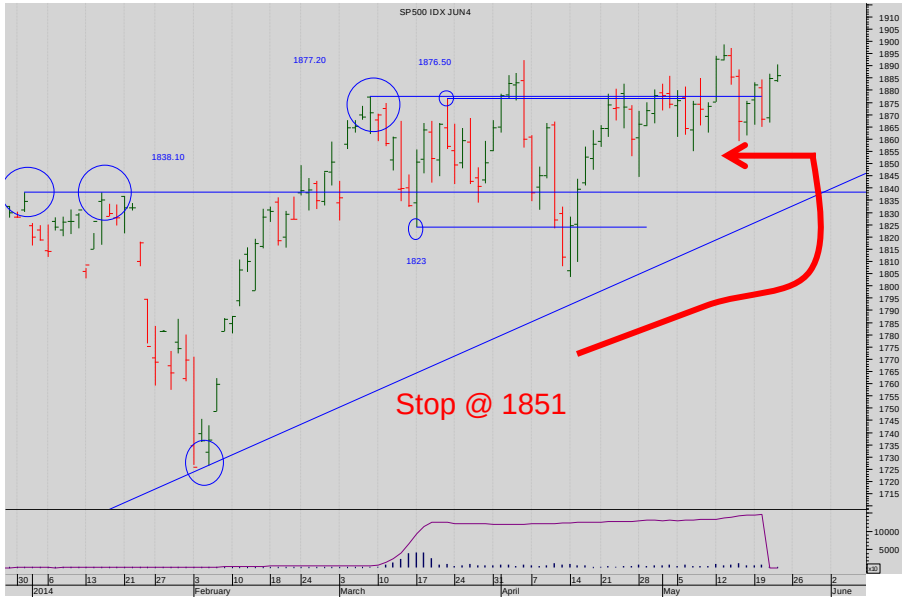
(1) TECHNICAL : LONG Jun 14 S&P @ 1871.90. Stop RAISED from 1791 to 1851 . Take Profit @1989



Weekly continuation Chart :

The market's bull trend is very resilient.

The refusal to break beneath either the rising diagonal support or the horizontal support is clear.



Daily bar chart :

The market has held above the 1838 support since the middle of February.

We are bulls still.

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(2) FUNDAMENTAL: LONG Jun 14 S&P @ 1871.90. Stop RAISED from 1791 to 1851 . Take Profit @1989

The FOMC minutes released yesterday were again supportive of stocks and the S&P is once again back up testing the highs.

And although and although recent data has under performed, the promise of a supportive Fed is enough for the Bulls to remain in control.

Looking ahead the Fed's main concerns remain the housing market and the labour market and despite an unprecedented easing policy makers remain relaxed about the long term impact on inflation.

The Fed is clearly a major dynamic in this market. We do expect data to continue to show the economy is recovering from the winter freeze, which together with low interest rates will drive this market higher.

In summary remain long.

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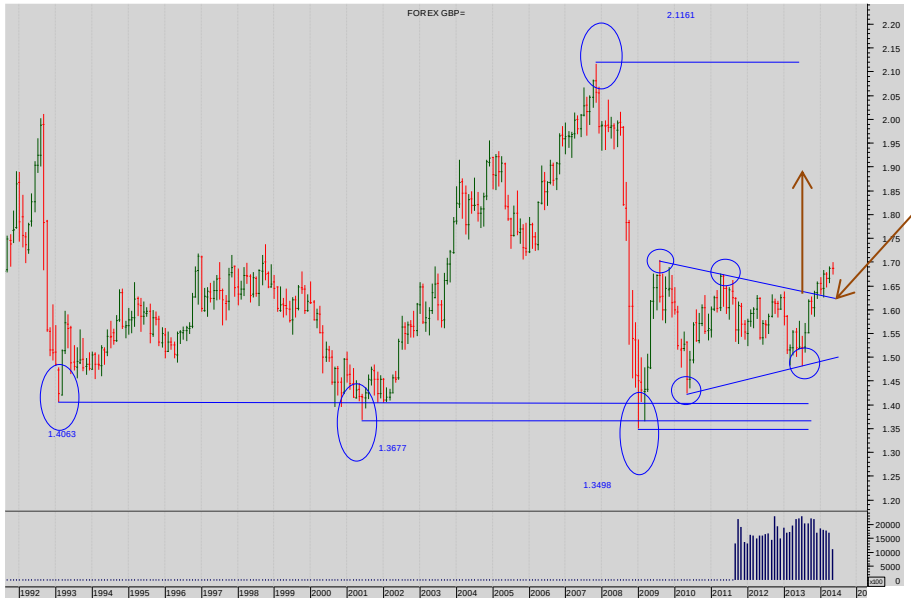
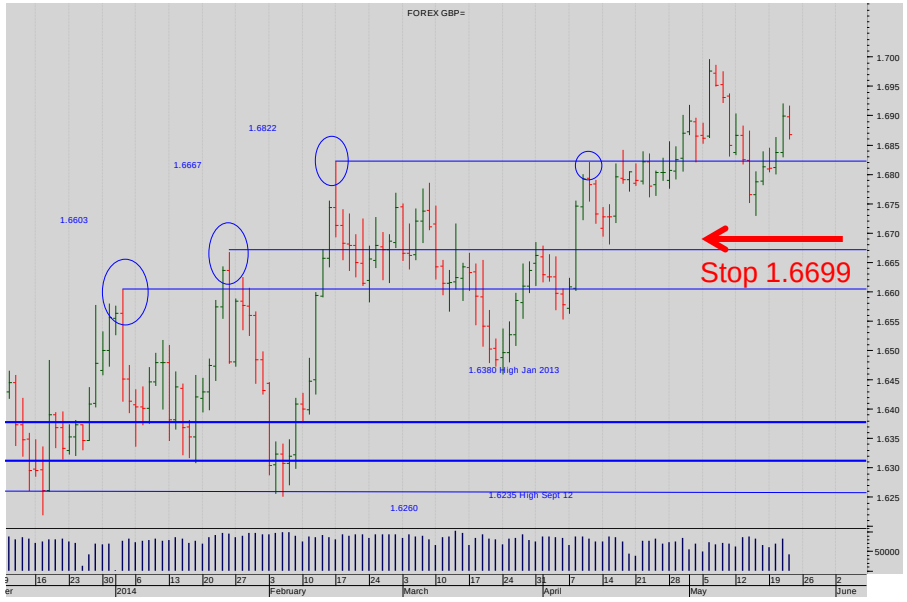
(1) TECHNICAL LONG 14th May : Spot Cable @ 1.6766 with Stop raised to 1.6699



Weekly Chart – Continuation:

The market is still supported by the continuation triangle.

Minimum move up as far as 1.90.



Daily Chart Continuation:

The bears are disappointed that they can't drive the market lower through at least the horizontal support from the 1.6822 High.

Raise the stop to 1.6699.

More

(2) FUNDAMENTAL: LONG 14th May : Spot Cable @ 1.6766 with Stop raised to 1.6699

The Pound is supported by strong data, and although the Bank of England recently sought to play down expectations of a rate hike this year, the evidence continues to argue the contrary.

The housing market remains red hot. Retail sales released early was extremely strong and inflation, although still below target, moved higher.

We judge the strength of the economic recovery will force the Bank's hand sooner than it currently forecasts; we expect a move in the 4th quarter of this year.

In summary traders should remain long of Sterling/Short the Dollar.

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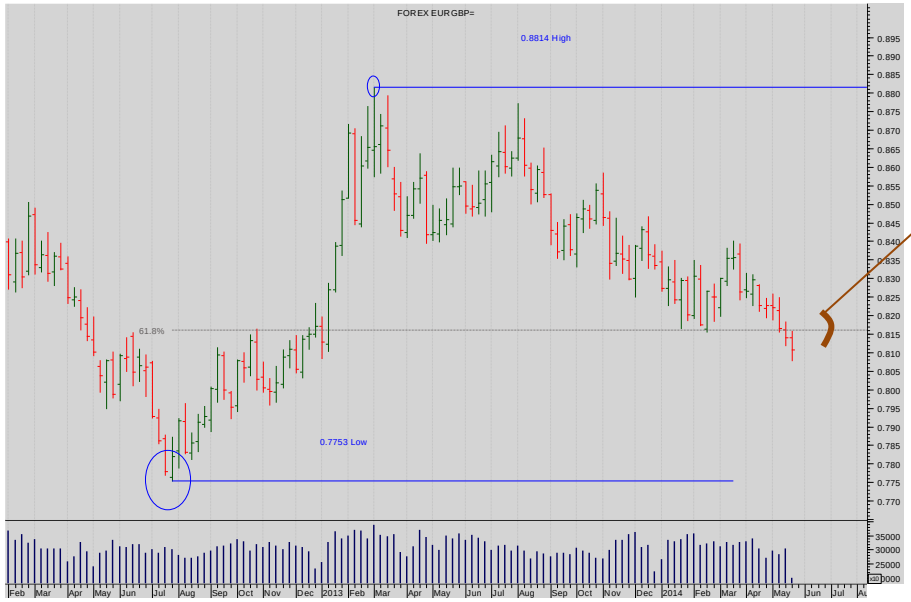
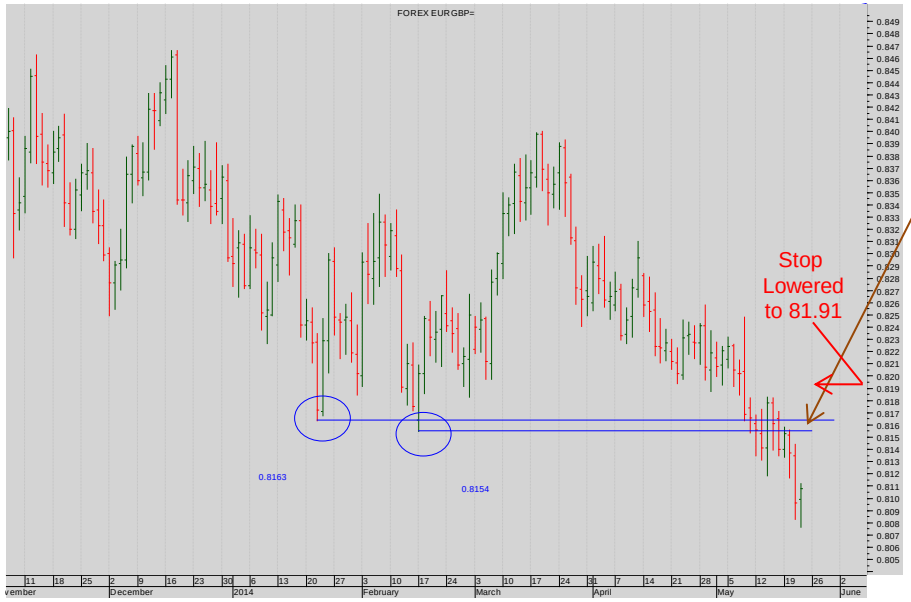
(1) TECHNICAL : May 14th Long Sterling Short Euro @ 0.8177. Stop lowered to 0.8191



Weekly Chart Continuation:

The market has broken through the band of pivotal resistance from the Prior High and the Fibonacci support.

They will be powerful resistance now.



Daily Chart Continuation:

The breakdown is clear.

Lower stop to 81.91

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(2) FUNDAMENTAL : May 14th Long Sterling Short Euro @ 0.8177. Stop lowered to 0.8191

The Pound enjoys a double benefit against the Euro. On the one hand the UK economy is growing strongly with a red hot housing market fuelling speculation about a rate hike. Additionally retail sales are also strong and although still below the 25 target, inflation rose against market consensus earlier this week.

In the Euro zone aside from the German economy the story is the opposite. The recovery is very weak and inflation so low as to fuel talk of deflation leading to pressure on the ECB to act decisively, which it promises to do.

We judge the Pound is set to rally further against the Euro and advise holding the trade.

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Authorised and Regulated by the FSA
124 REGENTS PARK ROAD LONDON NW18XL
TEL +44 (0) 7849 922573 E-MAIL msturdy@sevendaysahead.com,
pallwright@sevendaysahead.com
WEB SITE SEVENDAYSAHEAD.COM

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