



the technical analyst

AWARDS 2011

F I N A L I S T

## SUMMARY

## POSITIONS

+ Bund  
+ Sterling Euro

+

+



# Key Trade Round Up 12<sup>th</sup> August 2014

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# Summary

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+ Bund  
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6<sup>th</sup> August LONG Sep Bund @ 148.84. Stop @ 146.75

May 14th LONG Sterling Short Euro @ 0.8177. Stop 0.8001.



(1) TECHNICAL : 6<sup>th</sup> August BUY Sep Bund @ 148.84. Stop @ 164.75

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## Weekly Sep 14 Chart :

The market has unambiguously broken up above the Prior Highs at 146.89.

That is now very good support.



## Daily bar chart :

The rally above the Prior Highs is strong and well-established.

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(1) FUNDAMENTAL : 6<sup>th</sup> August BUY Sep Bund @ 148.84. Stop @ 164.75

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The Bund shook off the ECB disappointment and rallied on the combination of weak data and geopolitical tension which involves the threat of Russia invading Ukraine, which is still a major concern and disruption to oil supplies in the Middle East and North Africa with obvious economic implications and costs.

Looking ahead the key release this week is the run of Euro zone Q2 GDP reports from France, Italy **Germany** and the Pan Euro zone. Evidence of ongoing weakness will surely drive the Bund higher, especially if the expected German slow down shows signs of already having begun, as will continued tension between Moscow and the west.

In summary we advise holding the trade.



(1) TECHNICAL : May 14th Long Sterling Short Euro @ 0.8177. Stop lowered to 0.8001.

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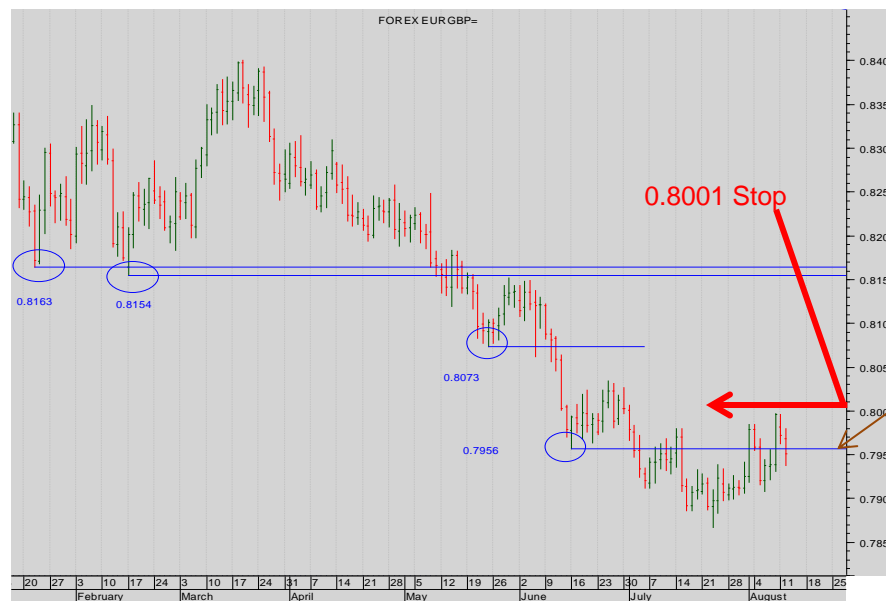
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### Weekly Chart – Continuation:

The breakdown through the Fibonacci and Prior Low level of 0.8154 suggest the bears are in charge - and looking for lower levels.



### Daily Chart Continuation:

The rally fails again (the third time) at 0.7956.

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(1) **FUNDAMENTAL** : May 14th Long Sterling Short Euro @ 0.8177. **Stop lowered** to 0.8001.

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Despite the disparity in economic performance between the UK and Euro zone currently in the UK's favour and worries about the strength of the German economy, leading to a growing number of forecasts that the German economy is set to cool, the Euro has held onto its recent Sterling gains.

But we judge these are a function of Dollar bullishness distorting the crosses, and uncertainty about the timing of a UK rate hike, rather than Euro strength.

Looking ahead in the Euro zone Q2 GDP reports are due tomorrow and in the UK the Bank of England quarterly inflation report is due Wednesday which is widely expected to flag a near term rate hike.

In summary we remain bullish of Sterling against the Euro and advise holding the trade.



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### SEVEN DAYS AHEAD

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