



SUMMARY

POSITIONS

- + Bund
- + Oil
- + S&P **NEW TRADE**
- +
- +



Key Trade Round Up 21st October 2014

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2nd October 2014 LONG Dec 14 Bund@ 150.12. **Raised** Stop @ 1 49.70.

8th October 2014 Stay SHORT DEC 14 Oil @ 87.02. **Stop lowered** to 92.00

21ST October 2013 BUY Dec S&P@ 1915.70. Stop @ 1815



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(1) TECHNICAL : 2nd October 2014 LONG Dec 14 Bund@ 150.12. Raised Stop to 149.70.



Weekly continuation Chart :

The breakout of the sideways consolidation from 2013 signalled the next leg up.



Daily bar chart :

The pull-back in the short-term should find very good support at the horizontal from the Prior High at 149.91.

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(2) **FUNDAMENTAL:** 2nd October 2014 LONG Dec 14 Bund@ 150.12. **Raised** Stop to 149.70.

Last week the Bund staged a decisive rally before profit taking set in, as the Bundesbank has made it clear it is against the ECB buying bonds. But the Euro zone economy is on the brink of recession and bond buying is the only heavy weight weapon left for the ECB to deploy, so despite the Bundesbank we judge current price action is only a correction.

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Looking ahead the key release this week is the Euro zone PMI composite survey; another weak report is expected.

Although bonds have rallied over recent weeks partly on risk aversion derived from concerns about the strength of global growth, which has weighed heavily on stocks, we judge the Bund stands out as a Bull market due to the weakness of the Euro zone economy and the very real threat of deflation.

In summary we advise holding the trade.



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(1) TECHNICAL : 8th October 2014 Stay SHORT DEC 14 Oil @ 87.02. **Stop lowered** to 92.00



Weekly Chart – Continuation:

The breakdown beneath the 91.77 Prior Low has established powerful resistance above the market.

No support until 77.11.



Daily Chart Continuation:

There has been a pause but no retracement. The bear trend remains in place short, medium and long term.

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(2) **FUNDAMENTAL:** 8th October 2014 Stay SHORT DEC 14 Oil @ 87.02. **Stop lowered** to 92.00

The oil price remains under pressure despite tensions in the Middle East, because Saudi Arabia is unwilling to give up market share despite falling oil prices and indeed is suspected of deliberately orchestrating the current weakness in an attempt to price shale oil/gas production out of the market.

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If this is the case we judge prices are set to fall much further and although this strategy might deter countries that haven't yet begun extracting shale oil/gas reserves, we doubt it will stop the extraction already under way in the US, where energy security is as if not more important than price.

In summary oil prices are set to fall further so hold the trade..



(1) TECHNICAL : 21ST October 2013 BUY Dec S&P@ 1915.70. Stop @ 1815

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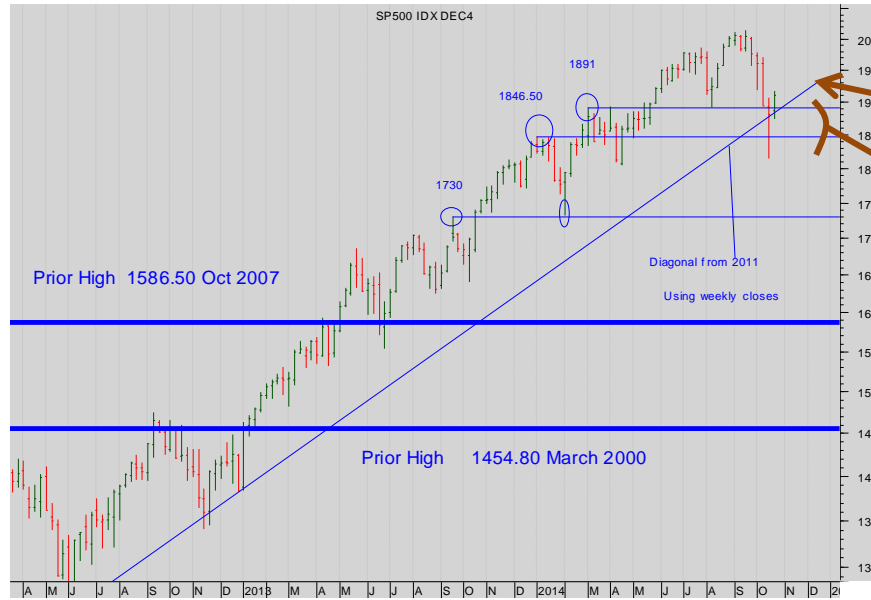
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Weekly Chart Continuation:

The weekly long run diagonal support from 2011 is intact.

As is the band of support from 1846/91



Daily Chart Continuation:

The market has reversed at the Fib support and bounced hard – through the first resistance at 1892.

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(2) FUNDAMENTAL : 21ST October 2013 BUY Dec S&P@ 1915.70. Stop @ 1815

The weakness in stocks, including this market, seen over recent weeks has been driven by risk aversion derived from fears about the strength of global growth.

In reality the Euro zone and Japan have been flat lining for a while and Chinas economy has also being under performing expectations.

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But the US and UK are growing strongly and that looks set to continue. Inflation in both countries is low and so are interest rates and are set to remain unchanged for several more months yet.

Throw in the recent fall in oil prices and the US and indeed global economy, has just received a big economic stimulus which is yet to hit the real economy in the shape of lower production costs and lower living costs.

In short we are bullish of this market and advise going long.



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