

WEEK 12 20th – 26th March 2007

THE TECHNICAL TRADER'S GUIDE TO MAJOR MARKETS

MARK STURDY



LINKS

CURRENCIES

03 DOLLAR EURO

Stay **LONG** Euros above 1.3251

05 DOLLAR STERLING

Stay **LONG** above 1.9085 **ADD** on a break of 1.9847

07 DOLLAR YEN

Stay **SQUARE**

09 STERLING EURO

Stay **SHORT** Sterling above 0.6794

STOCKS

11 STANDARD AND POORS 500

Go **LONG** above 1375.90 (Jun 07)

13 EUROPEAN DJ STOXX 50

Go **LONG** above 3877 (Jun 07)

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Stay **SQUARE**

19 NIKKEI 225

Stay **SQUARE**

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Stay **SQUARE**

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Stay **SQUARE**

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Stay **SQUARE**

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Stay **SQUARE**

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Stay **SQUARE**

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Stay **SHORT** beneath \$63.05 (June 07)

37 GOLD

Stay **SQUARE**

SEVEN DAYS AHEAD

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ABOUT SEVEN DAYS AHEAD

Seven Days Ahead publishes a variety of trading guides suitable for experienced market operators.

ABOUT THIS GUIDE

Mark Sturdy's unique charting approach has developed over 24 years of trading success. Each market is analysed over several time periods. With this multilayered approach, market moves can be anticipated over the next few days, the next few weeks and the next few months.

This guide uses classical bar chart analysis to identify patterns whose predictive value has been proven time and again from the very earliest days of freely-traded markets.

The Technical Guide helps traders take advantage of money-making opportunities and avoid loss-making traps in a concise and readable report.

ABOUT MARK STURDY

Mark Sturdy has worked in the financial markets as a trader and analyst for 23 years.

He trained in London with Rea Brothers Limited working in every area of merchant banking.

Working in Chicago on the floors of the CME and the CBOT with Rudolf Wolf Futures he began to develop his charting skills. Back in London he became a director of Gerrard & National Limited, managing an extensive team of option market makers on LIFFE, the IPE and LTOM.

Later he worked with Skandinaviska Enskilda Banken combining proprietary trading with the position of Chief Global Technical Analyst.

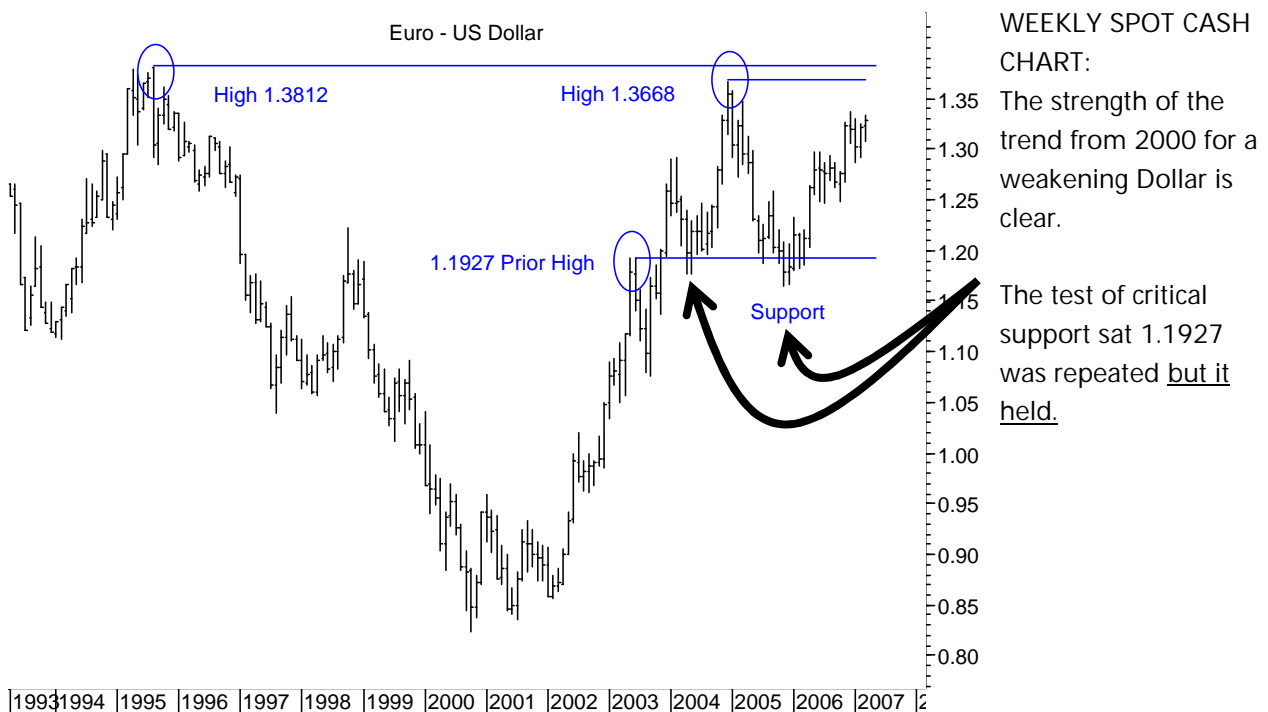
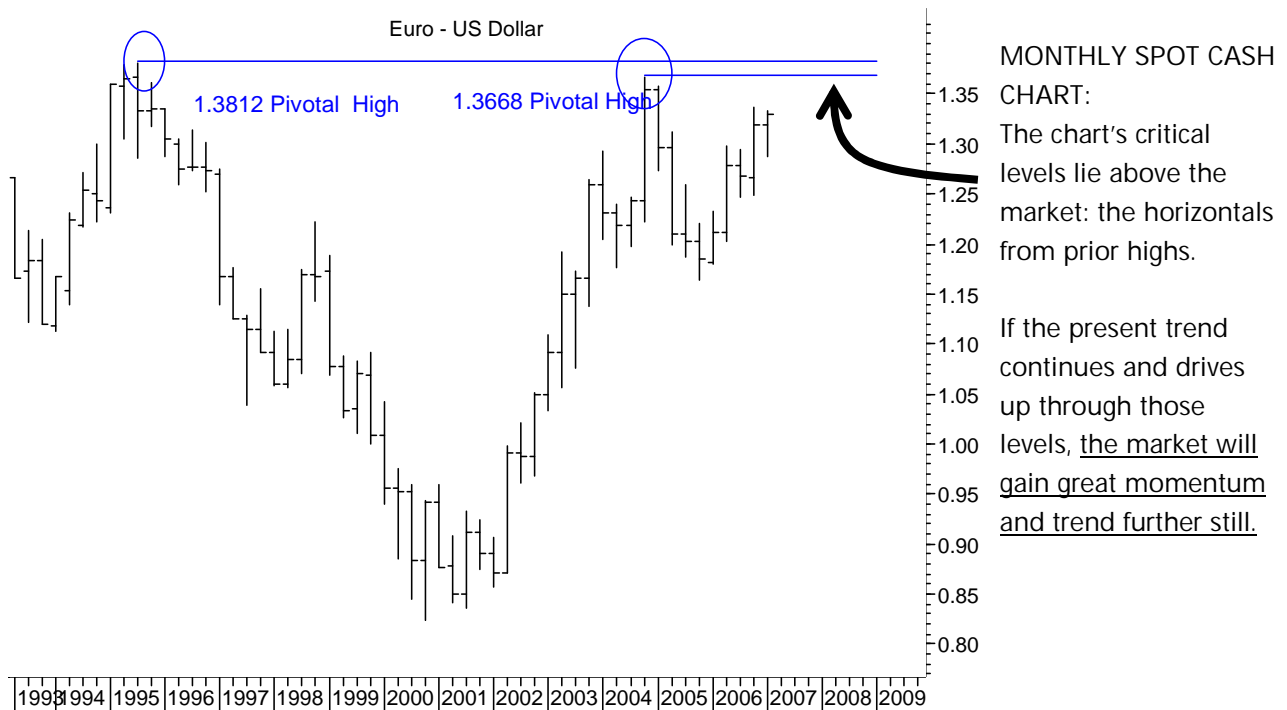
Since then he has worked extensively as a consultant technical analyst for a number of large private investors, banks and Hedge Funds.

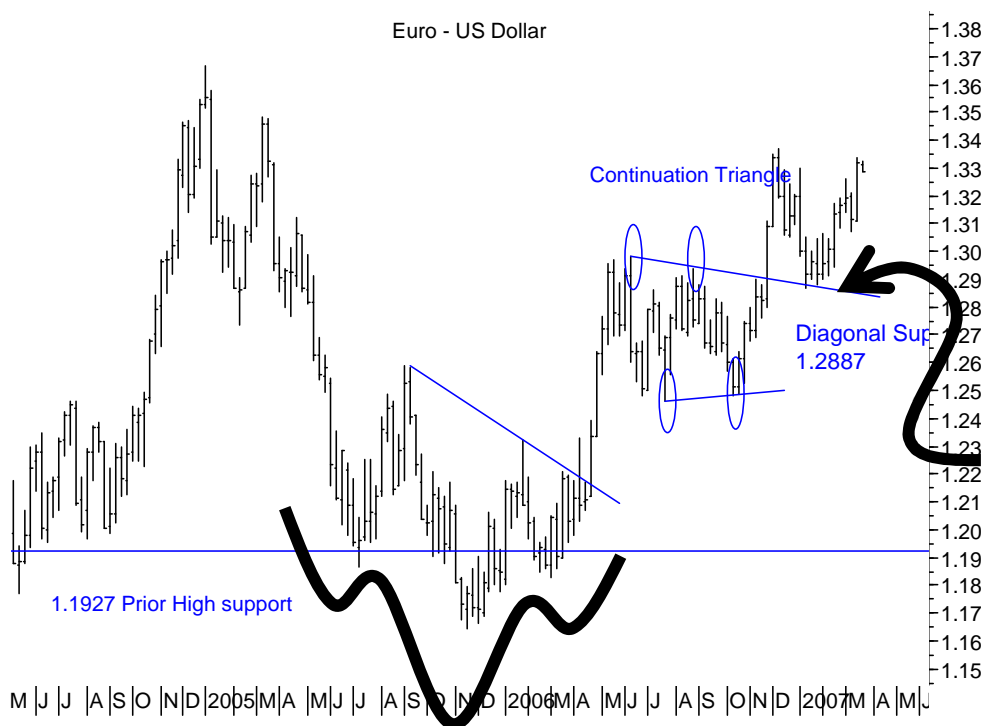
Mark has been a regular contributor to Reuters Financial Television and currently contributes to CNBC TV Europe providing chart commentary and trading recommendations

Currencies

All our crosses have moved, but the technical situation of greatest interest is in the Dollar Euro because the short and medium-term move that's been set up suggests a test of the very long-term levels....

Dollar Euro

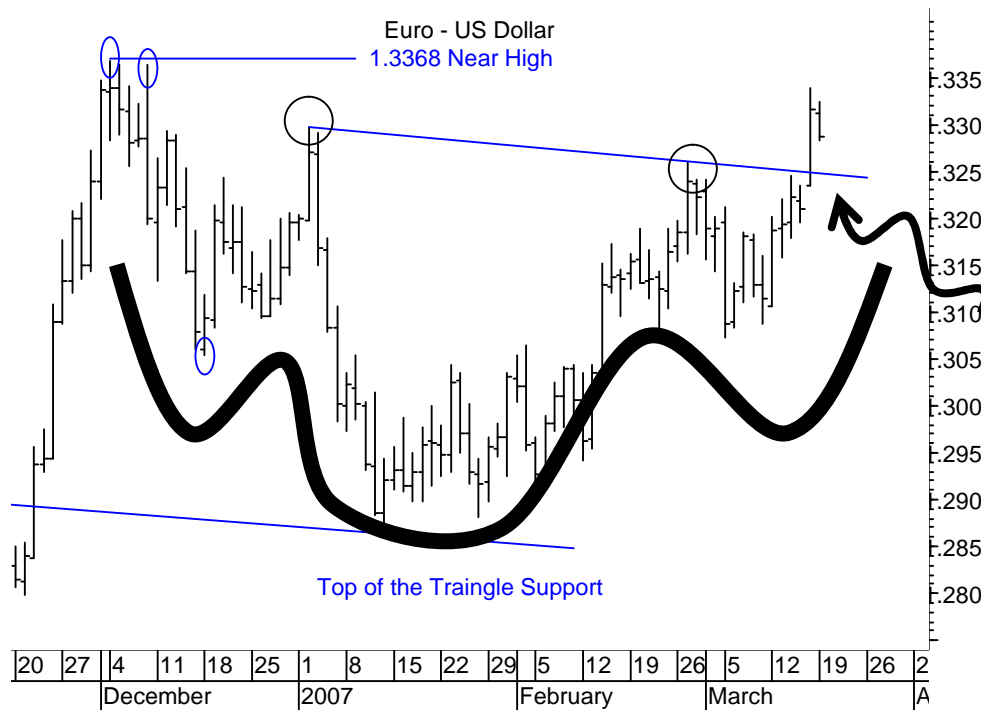




DAILY SPOT CASH
CHART:

And the catalyst
behind the drive
upwards was (1) a
completed Head and
Shoulders bottom
followed by (2) a
Continuation Triangle.

The recent pull back in
the market found
support from the top
of the Triangle.



DAILY SPOT CASH
CHART:

Shorter-term, note the
completion of a Head
and Shoulder
Continuation Pattern.

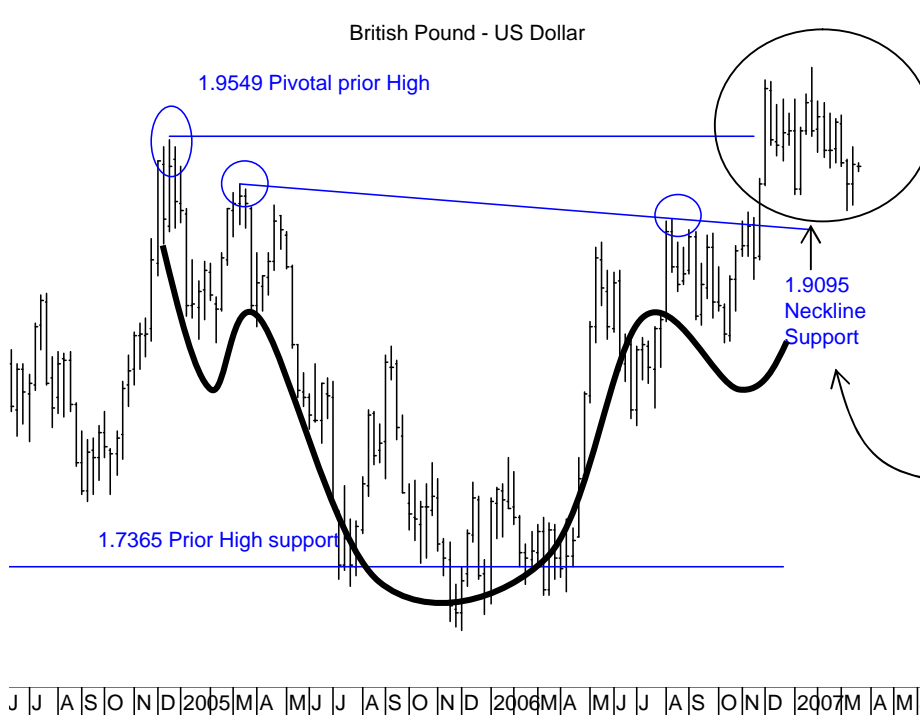
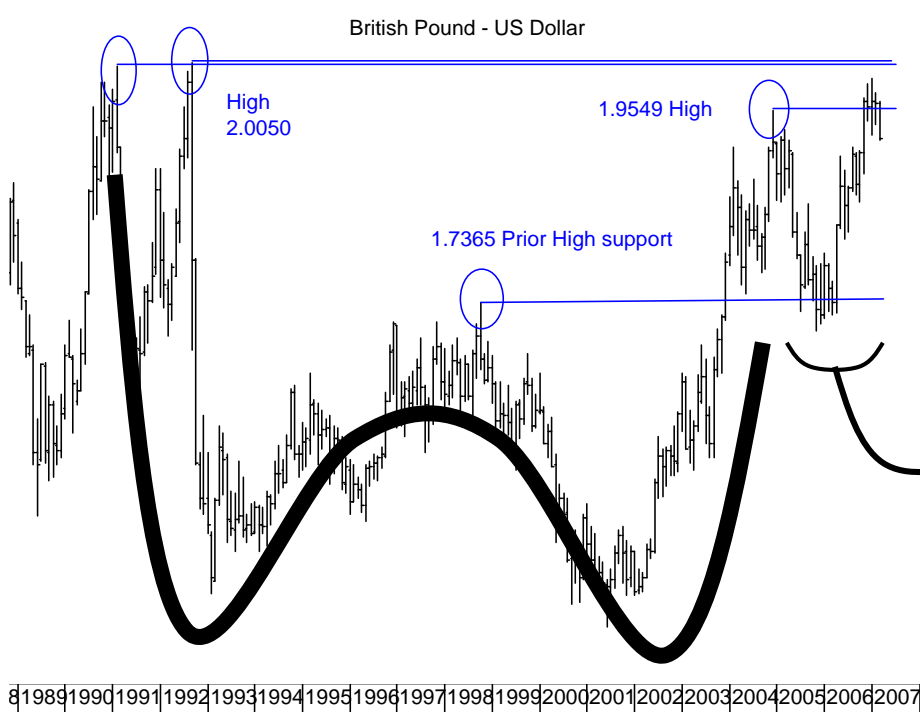
Expect support at the
Neckline at 1.3250.

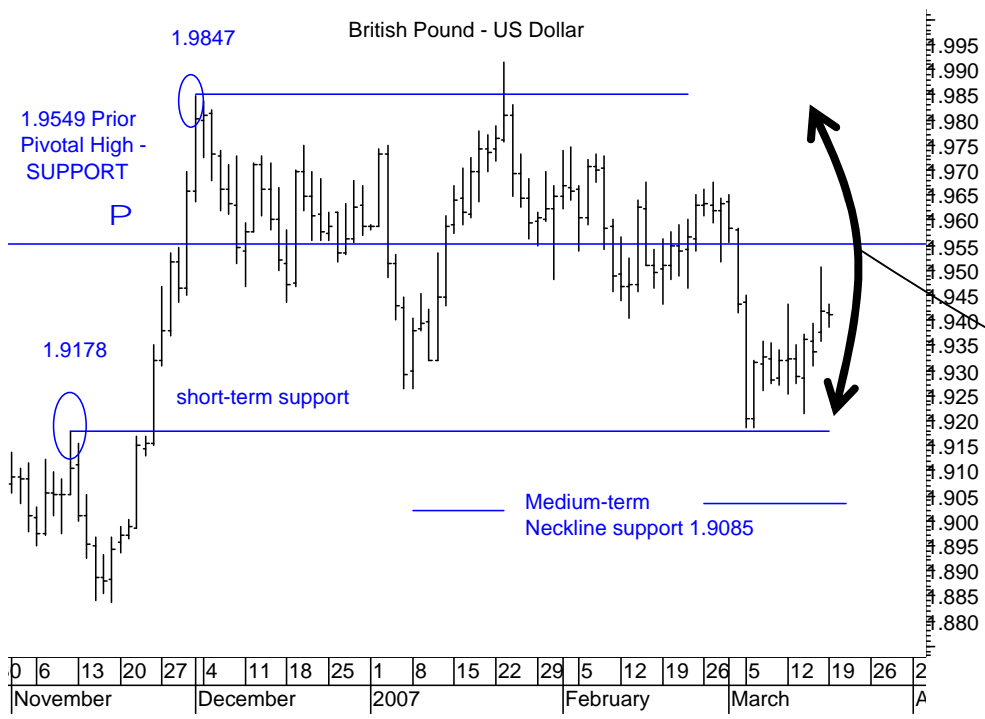
We have been noting
the existence of the
1.3251 diagonal for a
while - and its
significance should
have come as no
surprise.

Get long of the Euro in
line with our
recommendations last
week. Stops beneath
the Neckline.

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Dollar Sterling



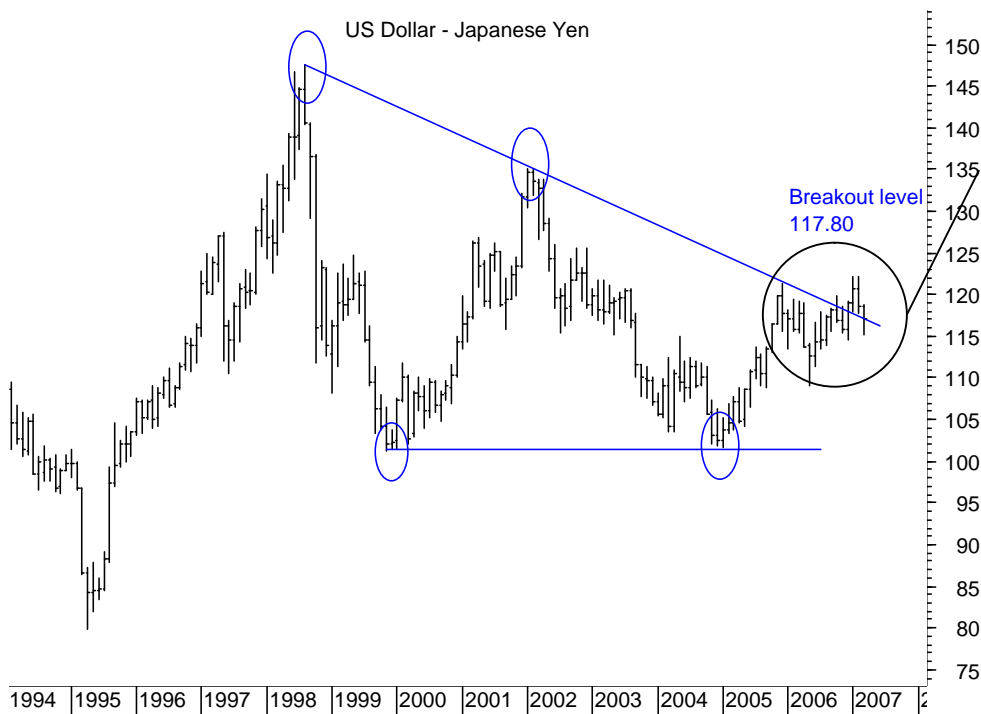


DAILY SPOT CASH CHART:
Shorter-term still, the trading range we talked about last week has been useful.

Like last week, wait for a break of the range.

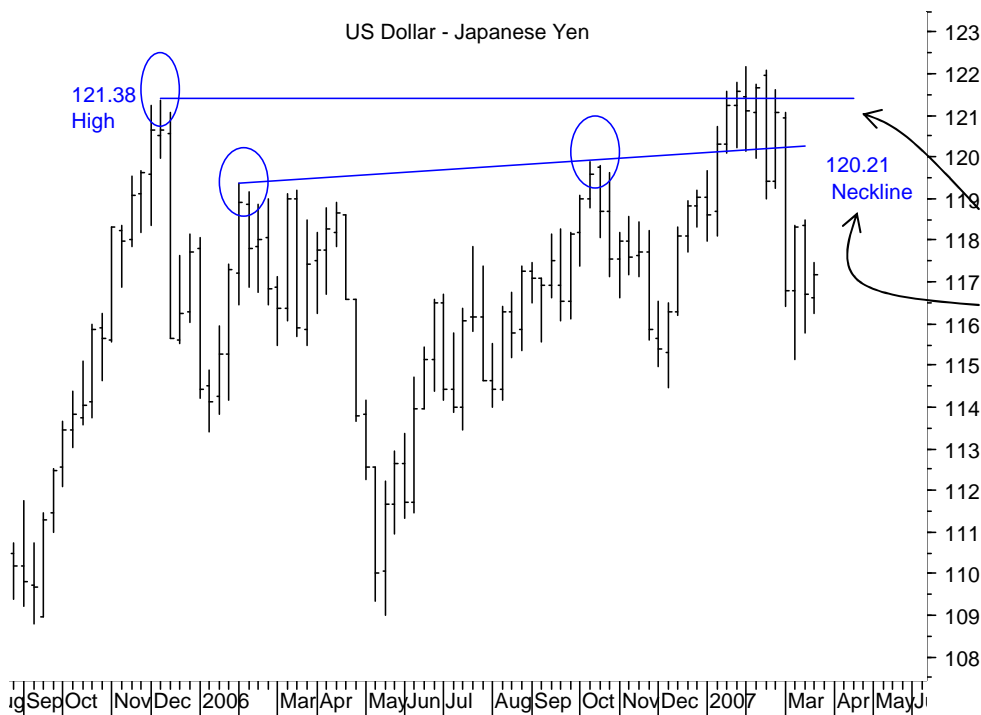
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Dollar Yen



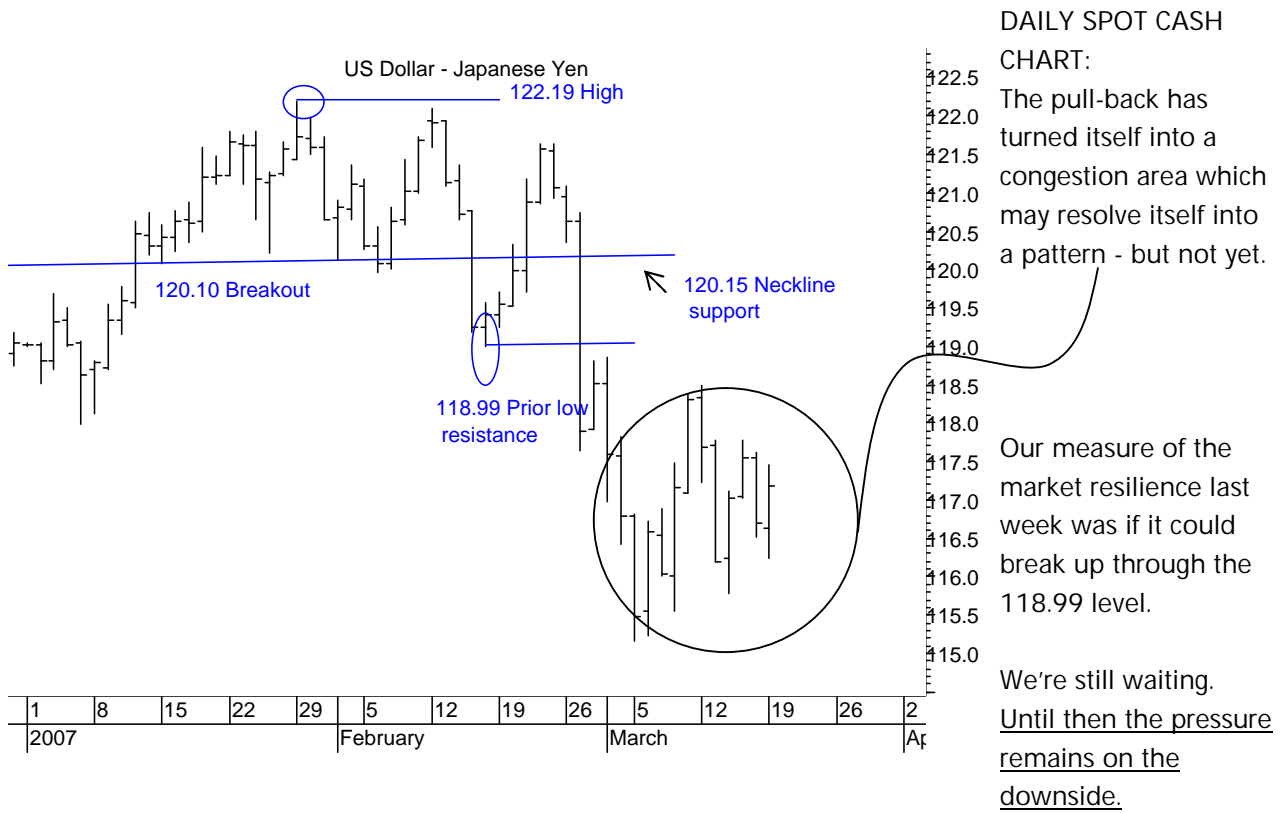
MONTHLY SPOT CASH CHART:

The market has been struggling to break out of the large Continuation Triangle formed over the last ten years.



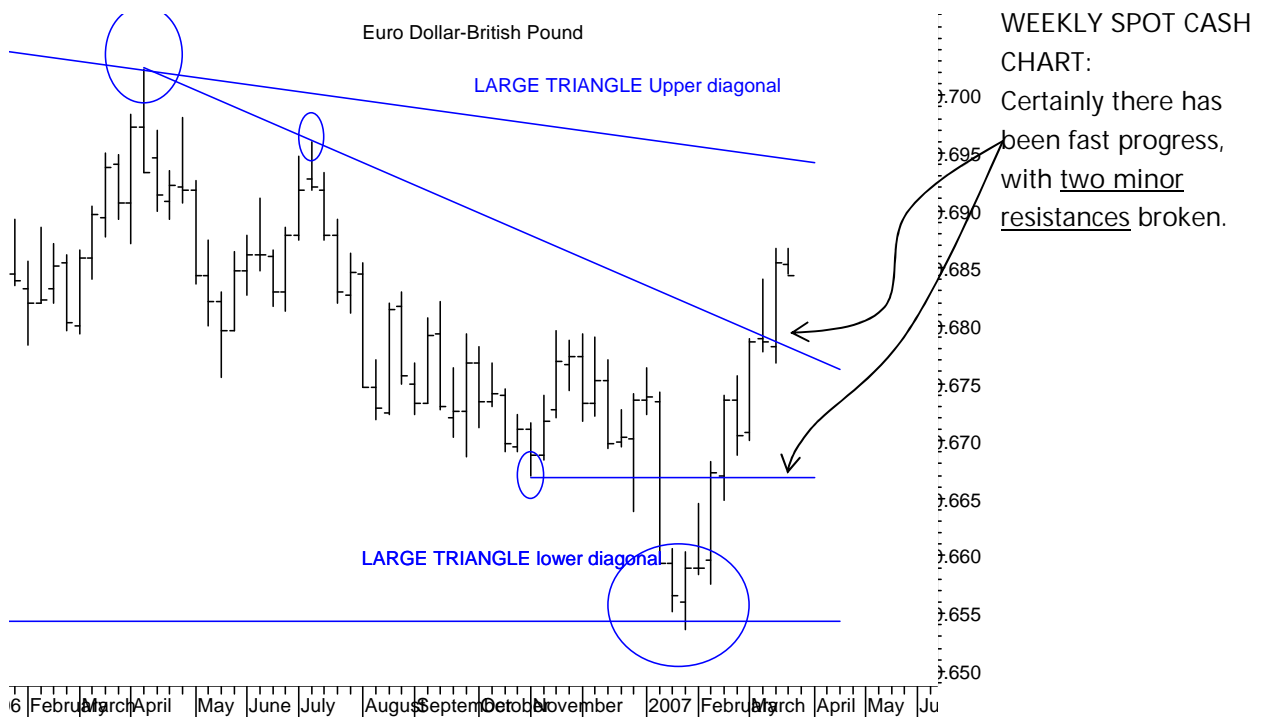
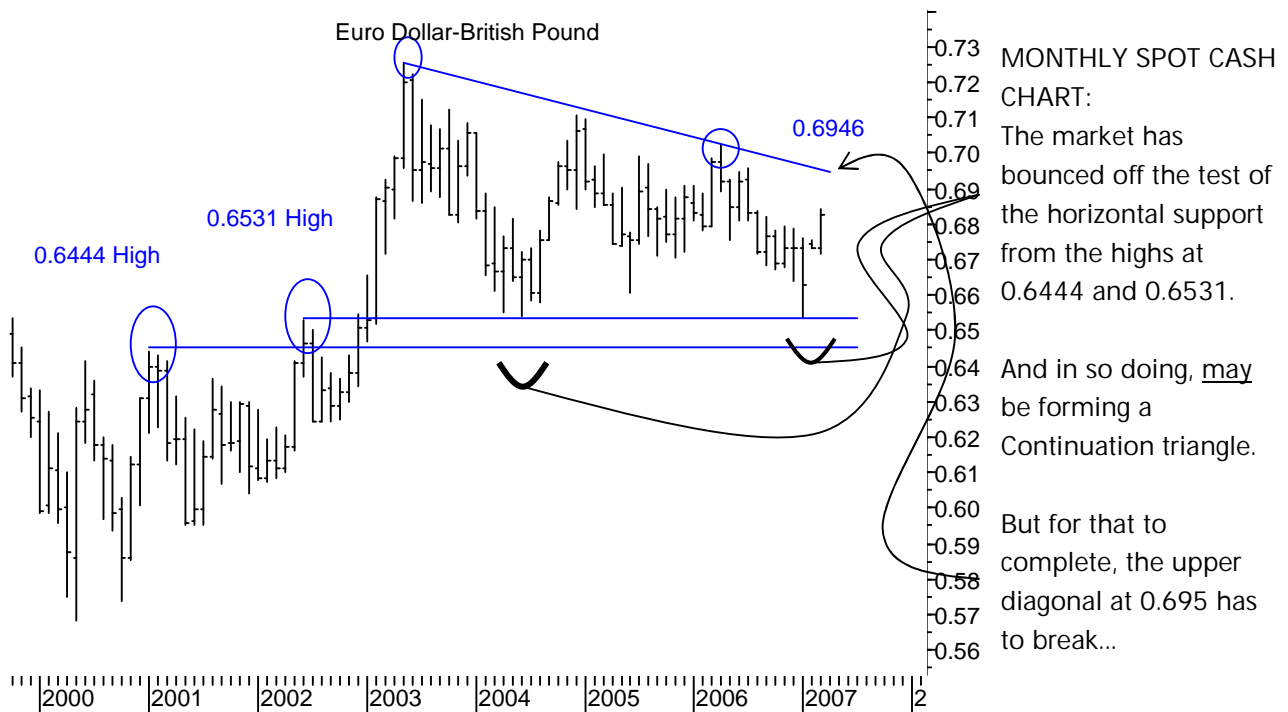
WEEKLY SPOT CASH CHART:

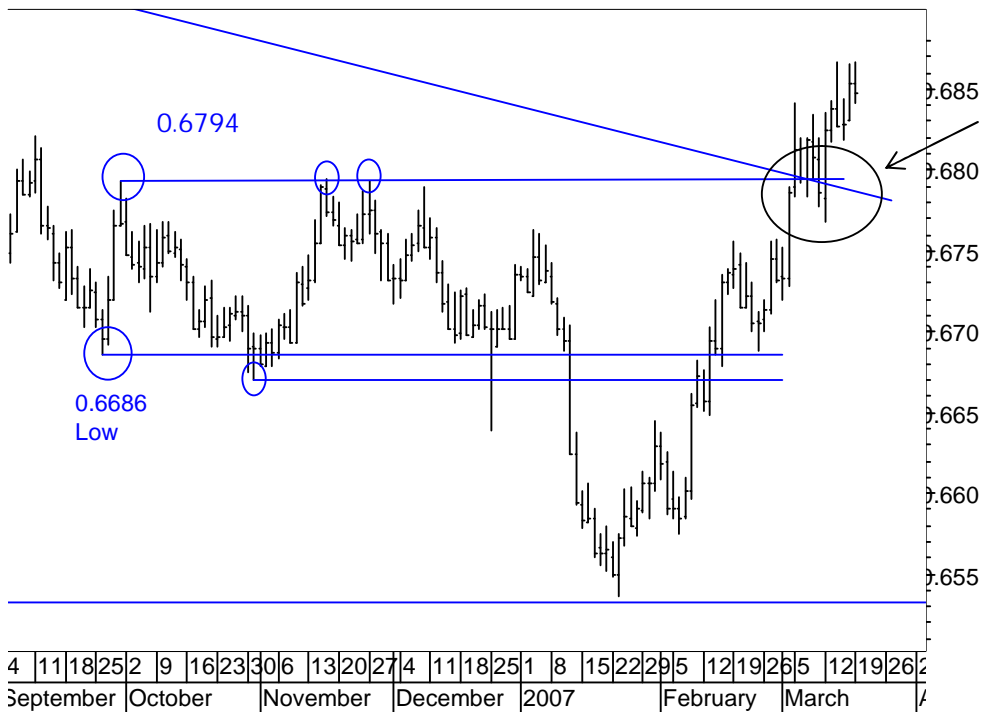
The double failure of the market to get through the Prior High at 121.33 and THEN To fall back through a Neckline at 120.21 was very bearish.



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Sterling Euro





DAILY SPOT CASH CHART:

And note too, the break up through the co-incidental resistance at 0.6794.

We were bullish last week and the market has gone well.

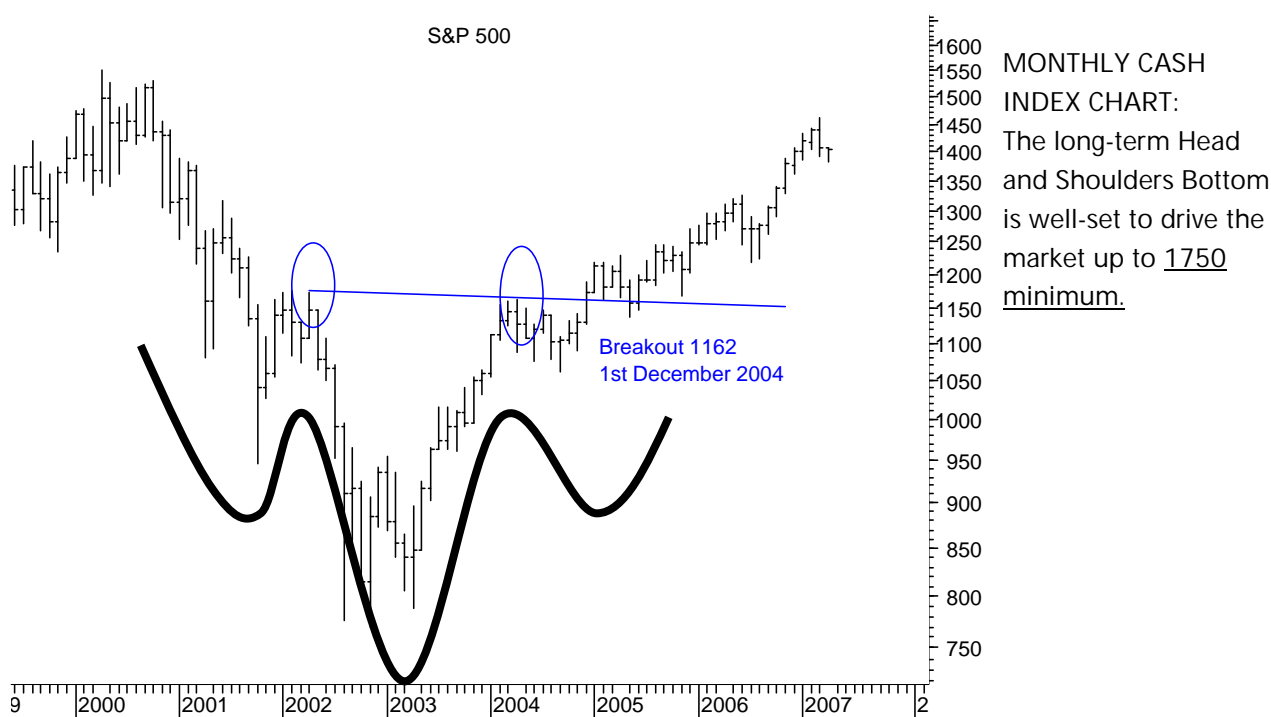
There's more to come.

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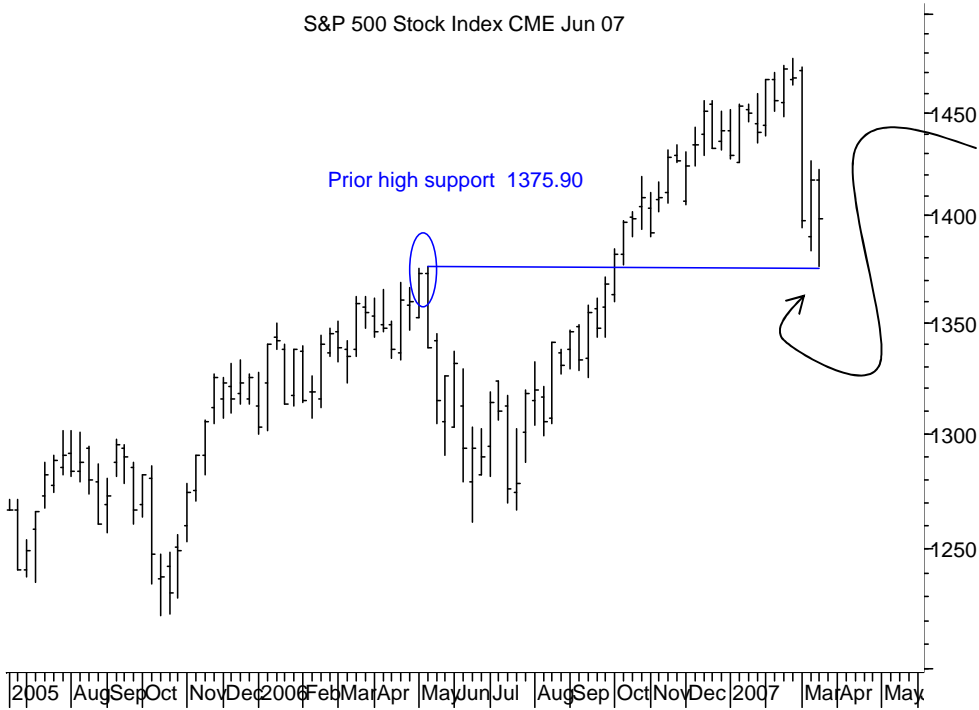
Stocks

Our caution of last week was borne out by the price action since the market ranged around once again. But the net effect has been bullish. The long-term supports were tested for a second time and remained intact. They will be all the more difficult to break now, so the balance of advantage has swung back to the bulls.

Standard and Poors 500



S&P 500 Stock Index CME Jun 07

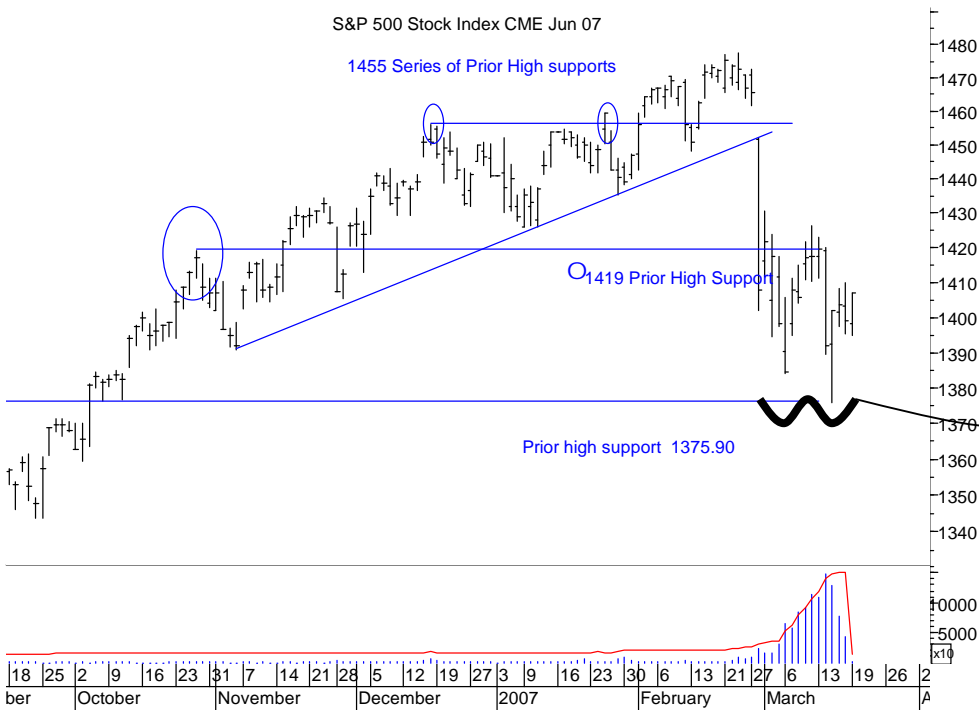


WEEKLY CASH INDEX
CHART:

The recent pull-back to support at 1375.90 is clear.

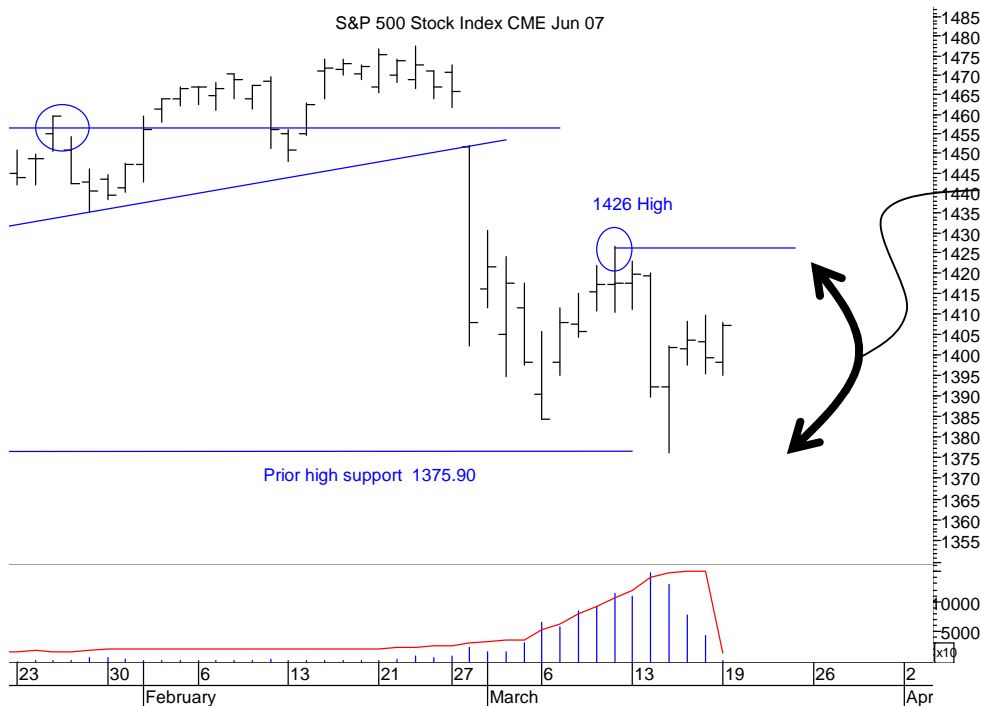
That level has to break for the bears to gain the upper hand.

S&P 500 Stock Index CME Jun 07



DAILY CASH INDEX
CHART:

The detail shows the repeated test of the critical support ...



DAILY FUTURES

CHART:

So traders' attention should now focus on the trading range 1426 and 1375.90.

A break of the latter would be very grave for the market.

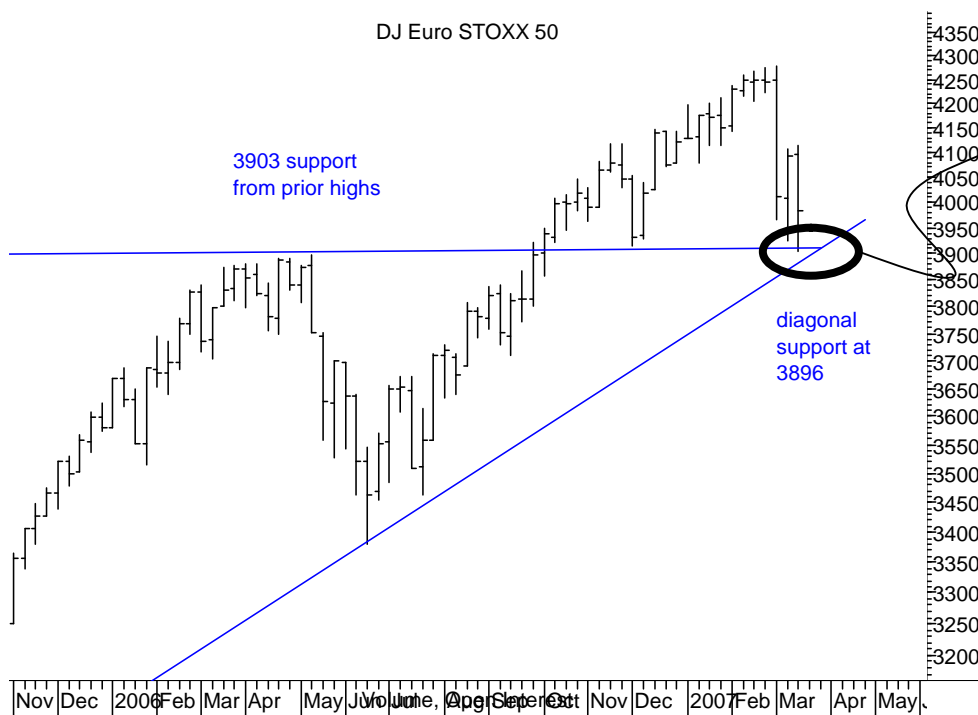
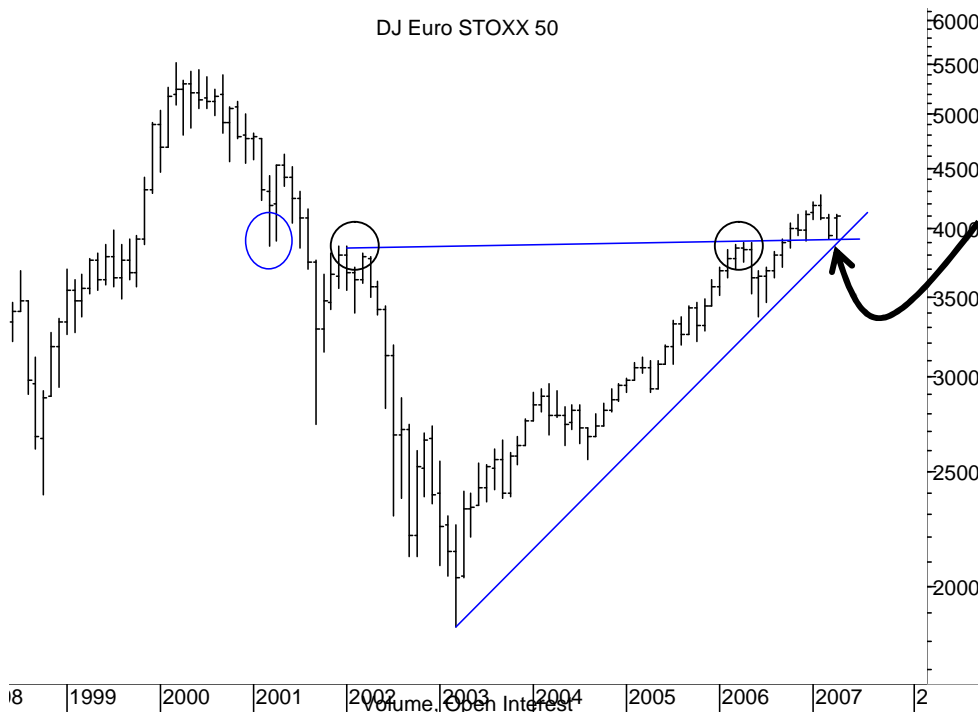
Whereas a drive back up through the 1426 high would (probably) complete a Double Bottom and propel the market better to the old highs at least.

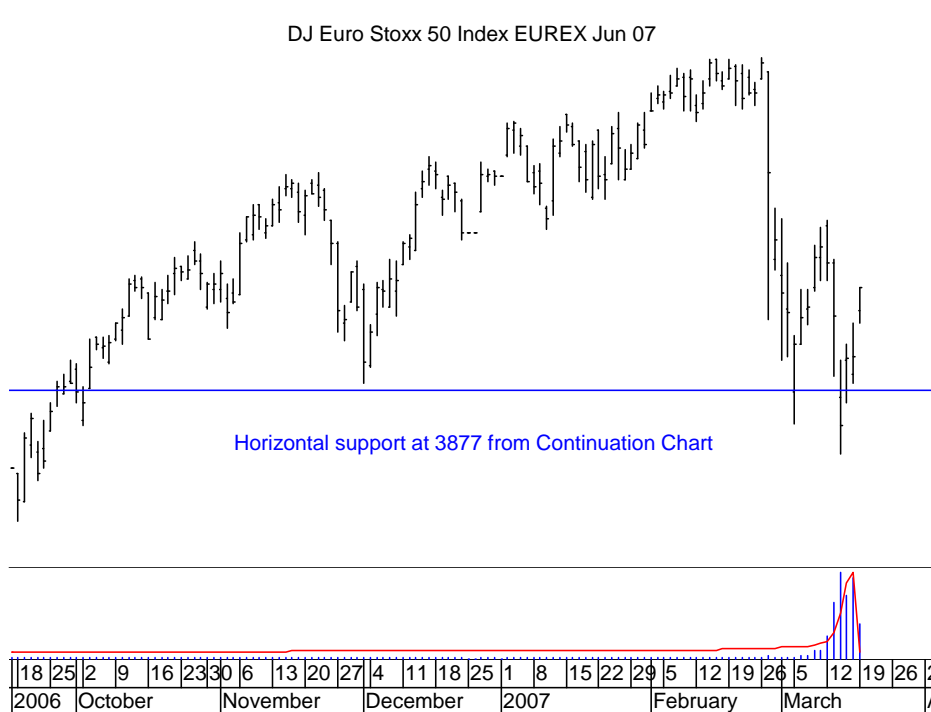
Go long with Stops beneath 1375.90.

The market has established a good deal more structure since last week. The enduring fact is that the market has failed to break down through critical support twice. The bulls are gaining strength.

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European Dow Jones Stoxx 50



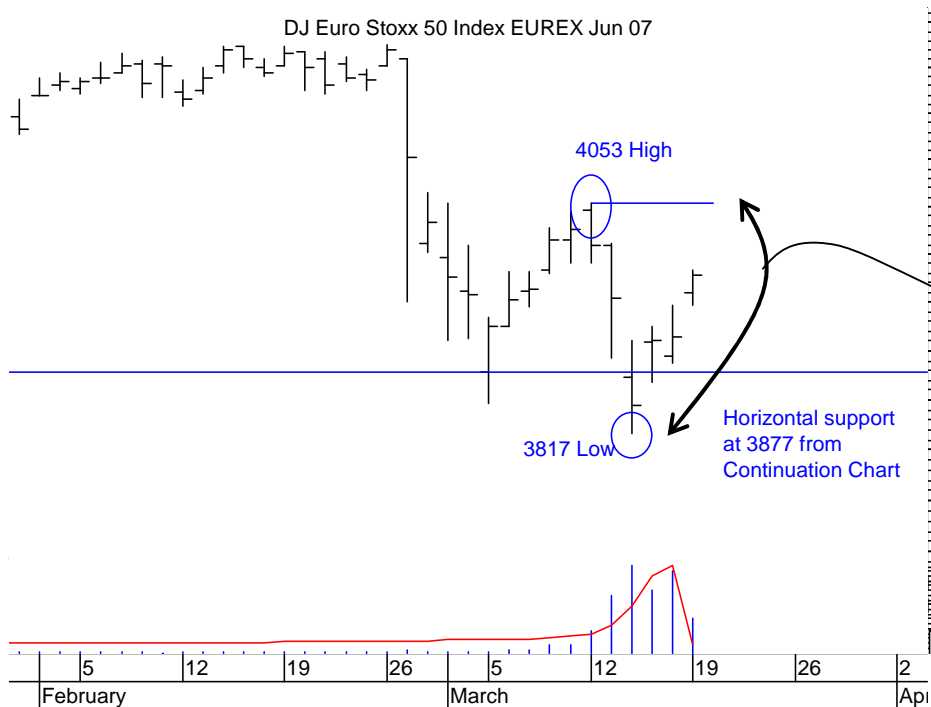


DAILY CASH INDEX CHART:

The futures chart is similar.

Note well that a break of the longer-term support at 3877 would ALSO complete a large Head and Shoulders Top.....

But it has yet to break.



DAILY FUTURES CHART:

Watch the range 4053-3817 in the short run.

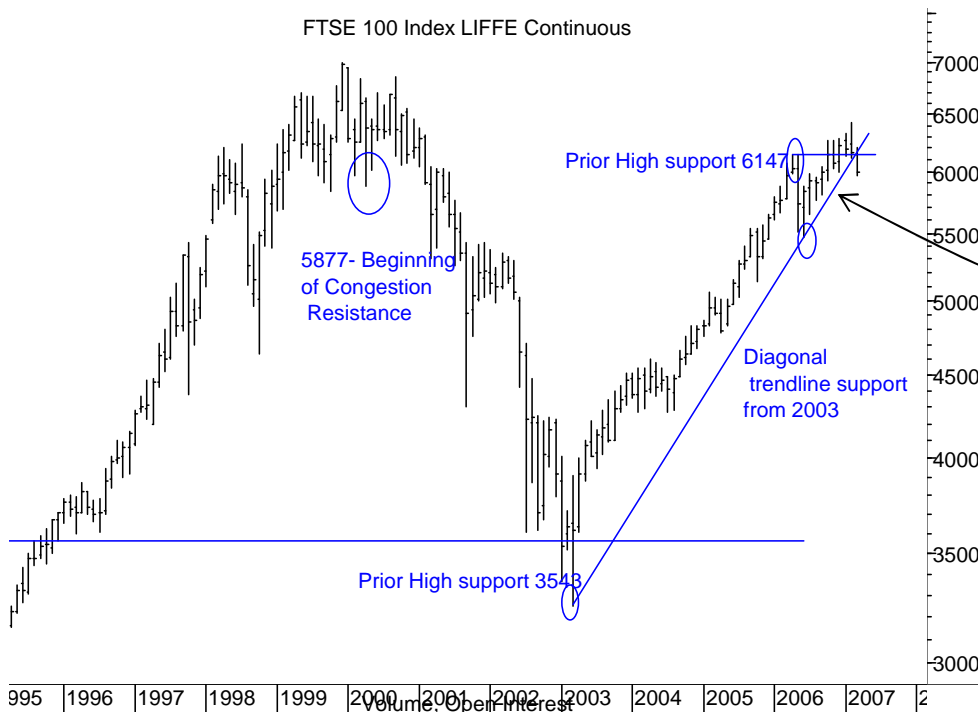
A pull-back through the 4053 high would complete a Double Bottom and drive the market better....

Is the market equally set up for either outcome?

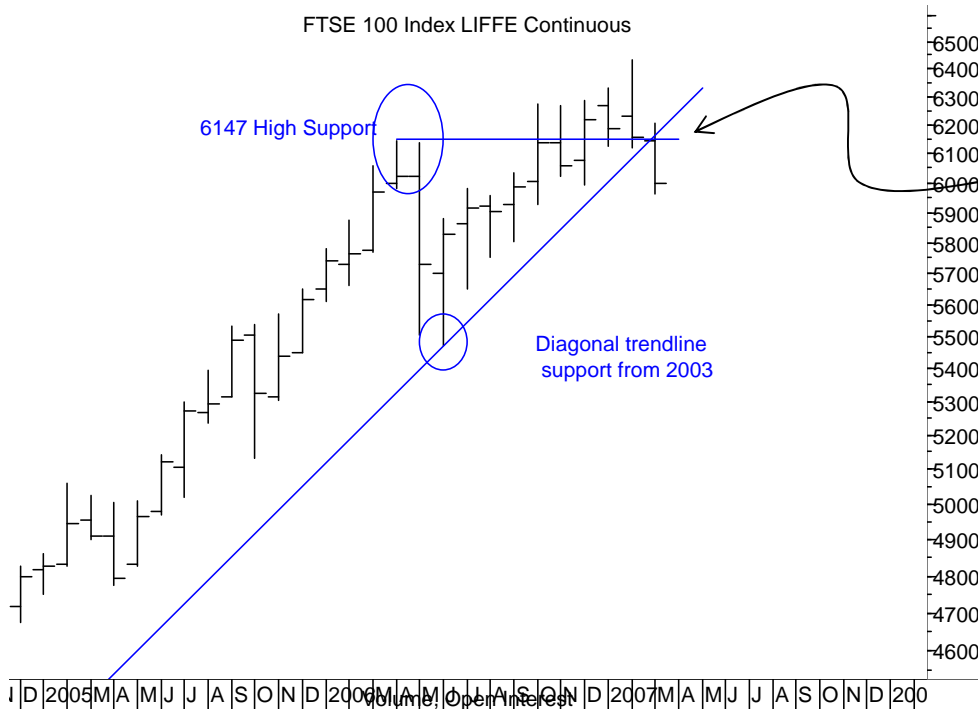
Not at all. After a second failed attempt to break through the critical support the bulls are gaining strength. Buy with close stops beneath 3877.

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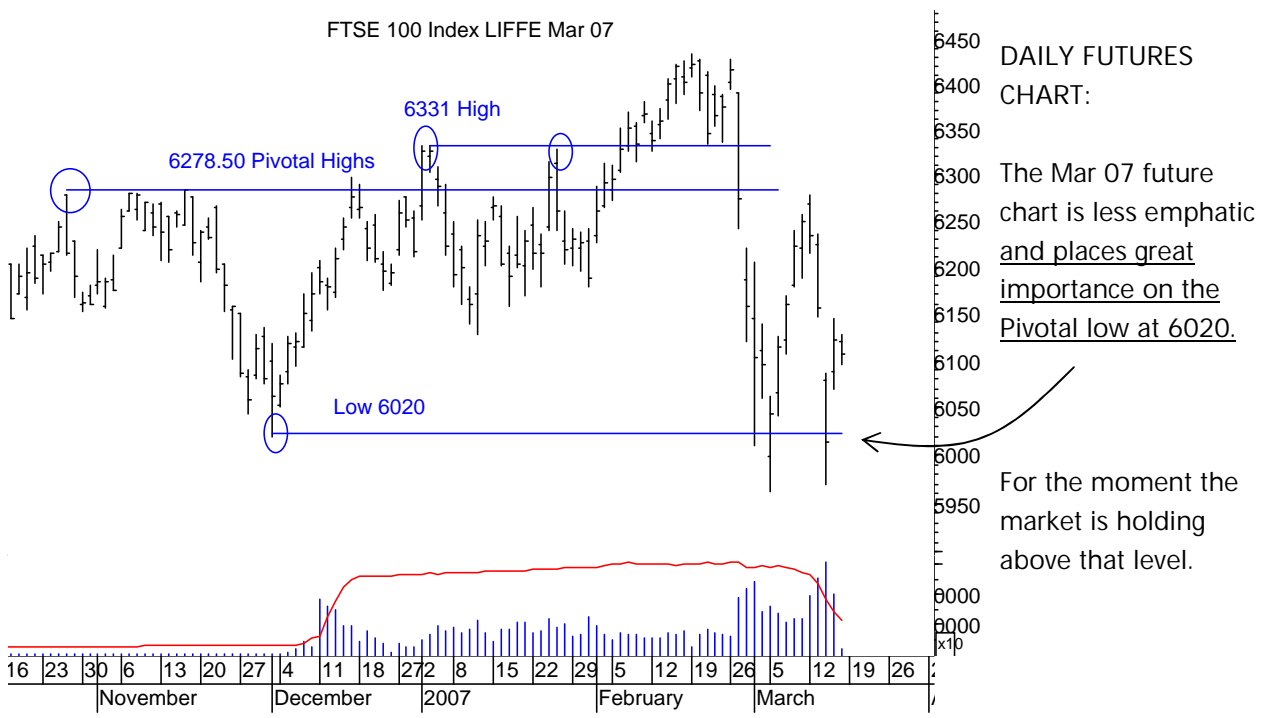
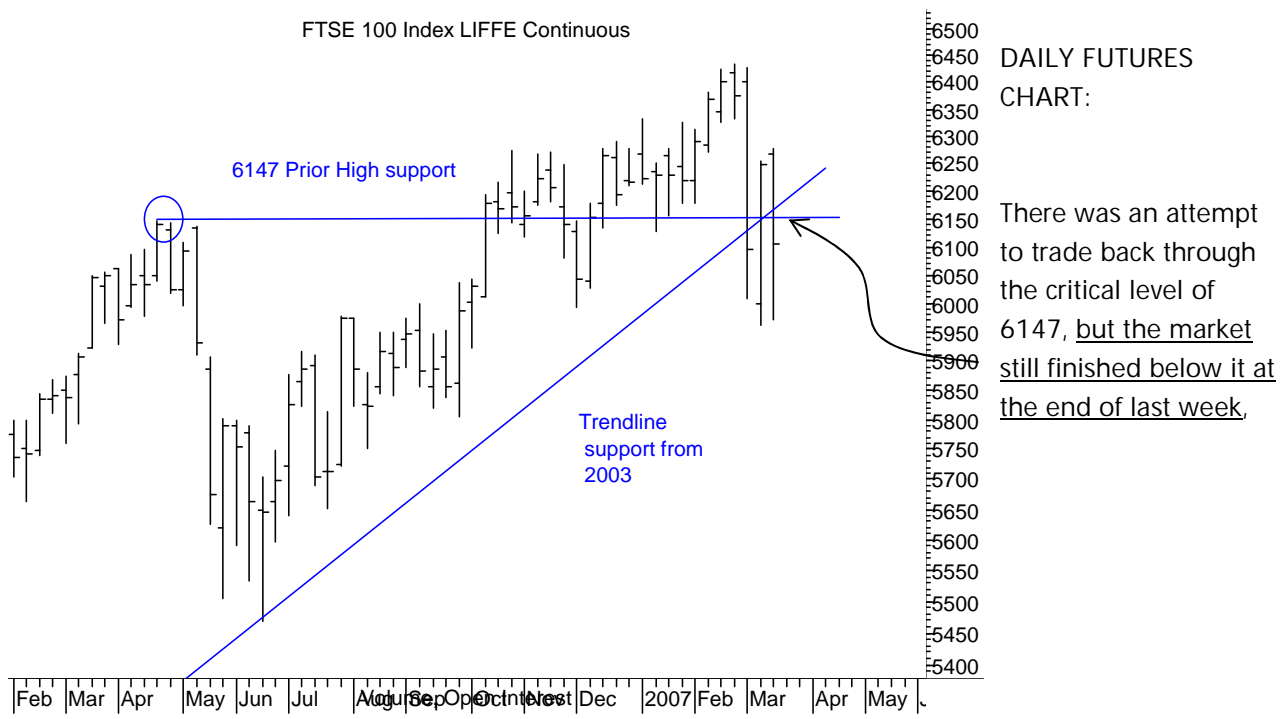
FTSE 100

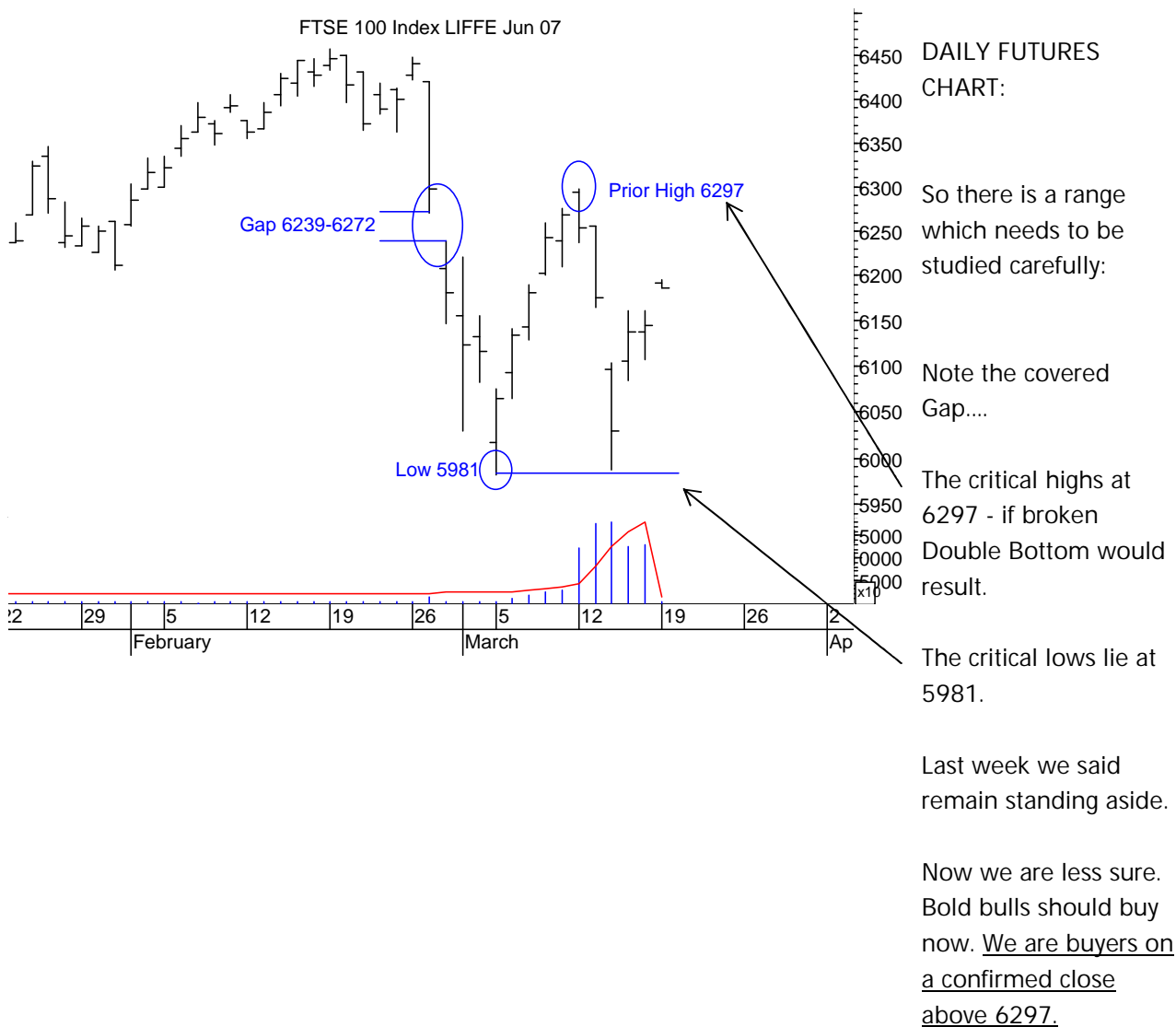


MONTHLY FUTURES
CONT CHART:
The market has broken
back through the steep
trendline support.



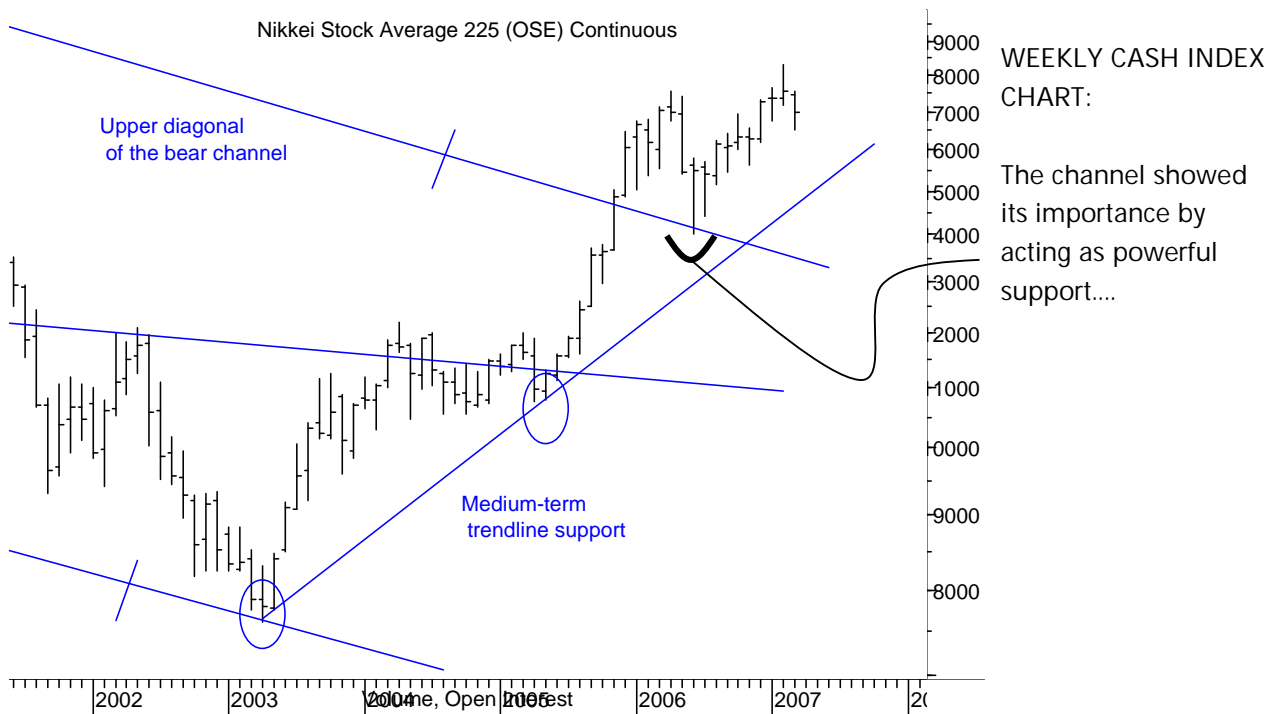
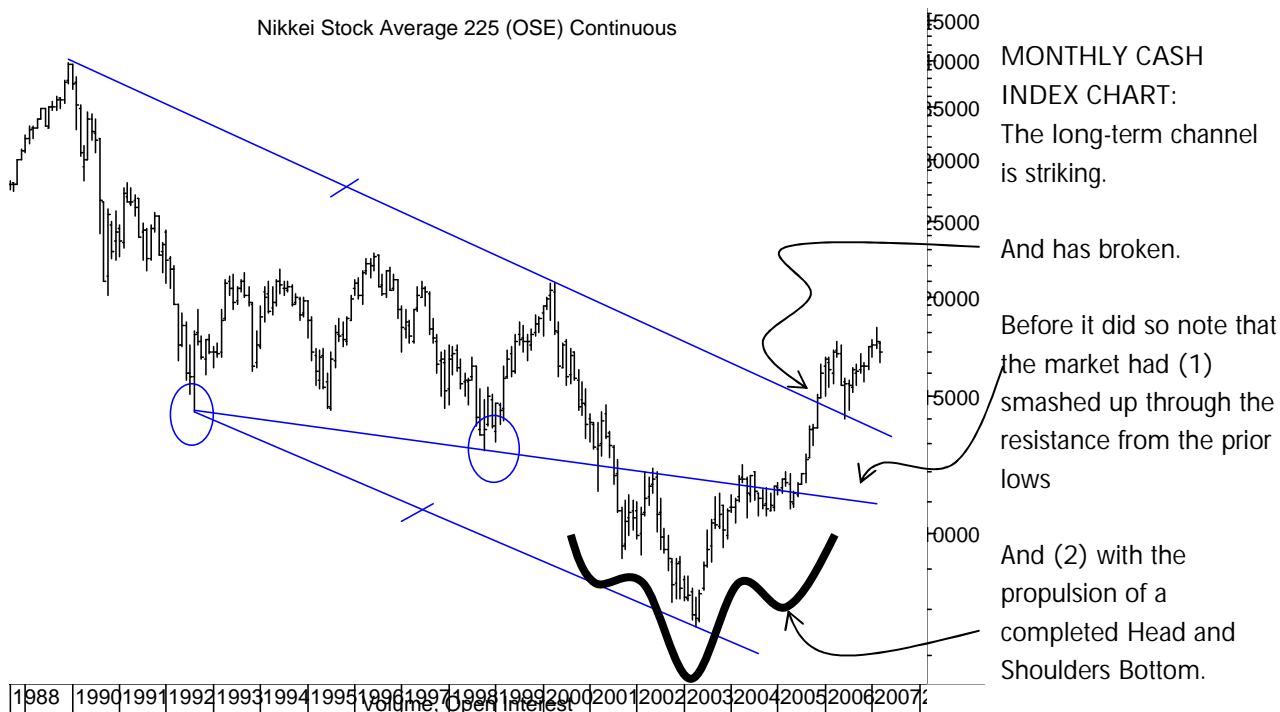
WEEKLY FUTURES
CONT CHART:
And that break-back
has added venom
because a horizontal
support has been
broken as well.

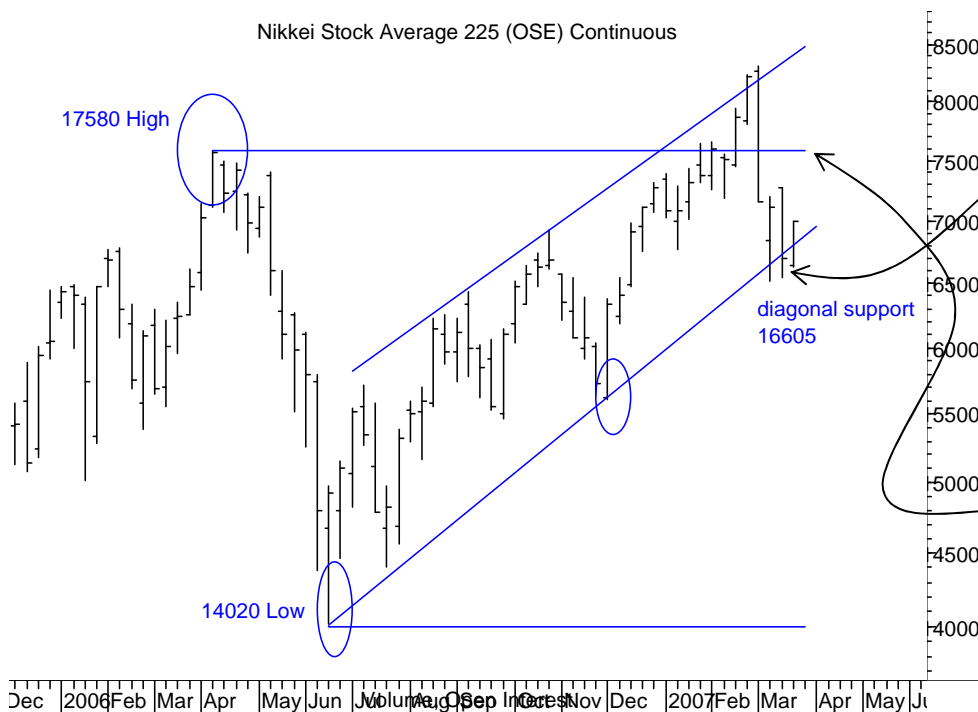




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Nikkei 225

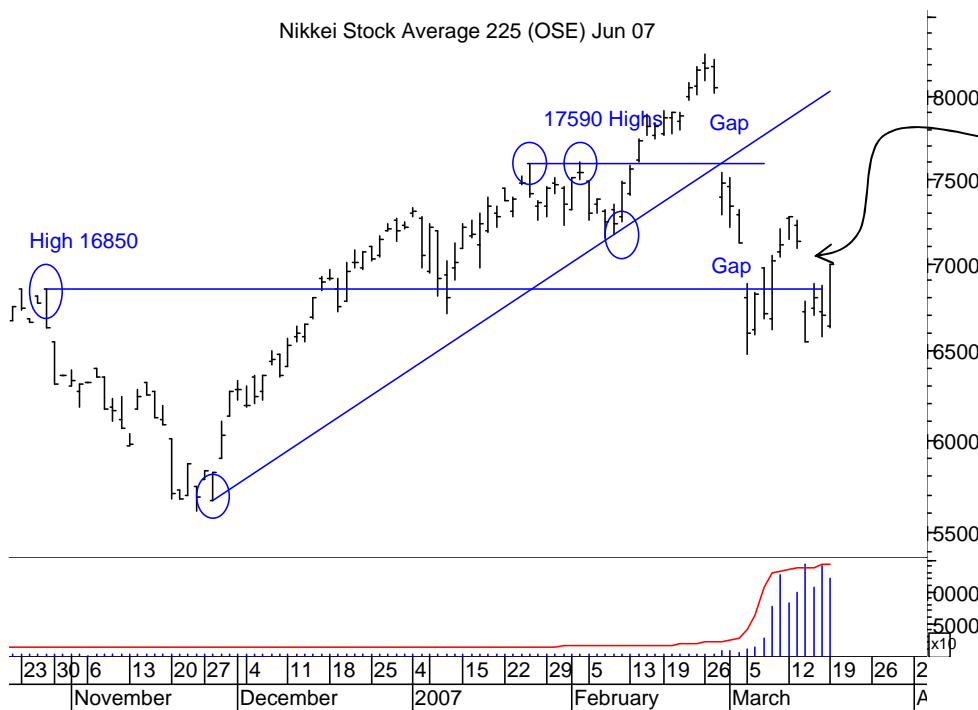




DAILY CASH INDEX CHART:

Note too, that a small parallel channel has formed and we are currently testing the support of the lower diagonal at 16605 or so.

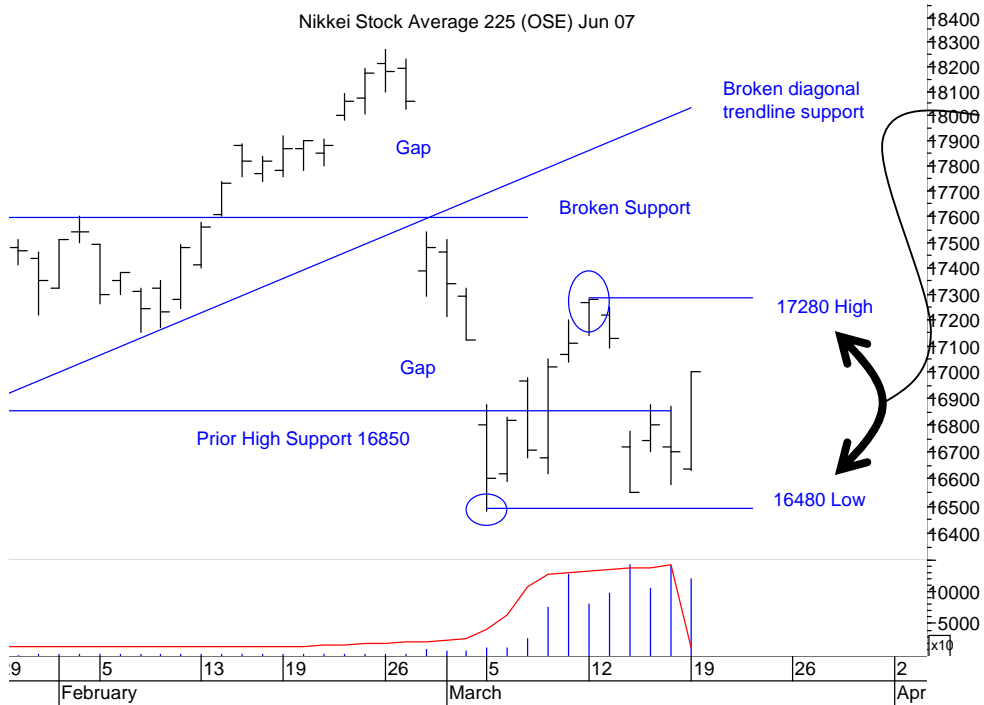
There is more: there is a clearly bearish implication of the failure to hold above the prior high Pivot at 17580.



DAILY FUTURES CHART:

Note too the coincidence of the current price action with the horizontal support from the high at 16850.

Look closer...



DAILY FUTURES CHART:

Note carefully at the range 17280 and 16480.

A break of 17280 would set up a Double Bottom, whereas a break of 16480 would be grave for the market.

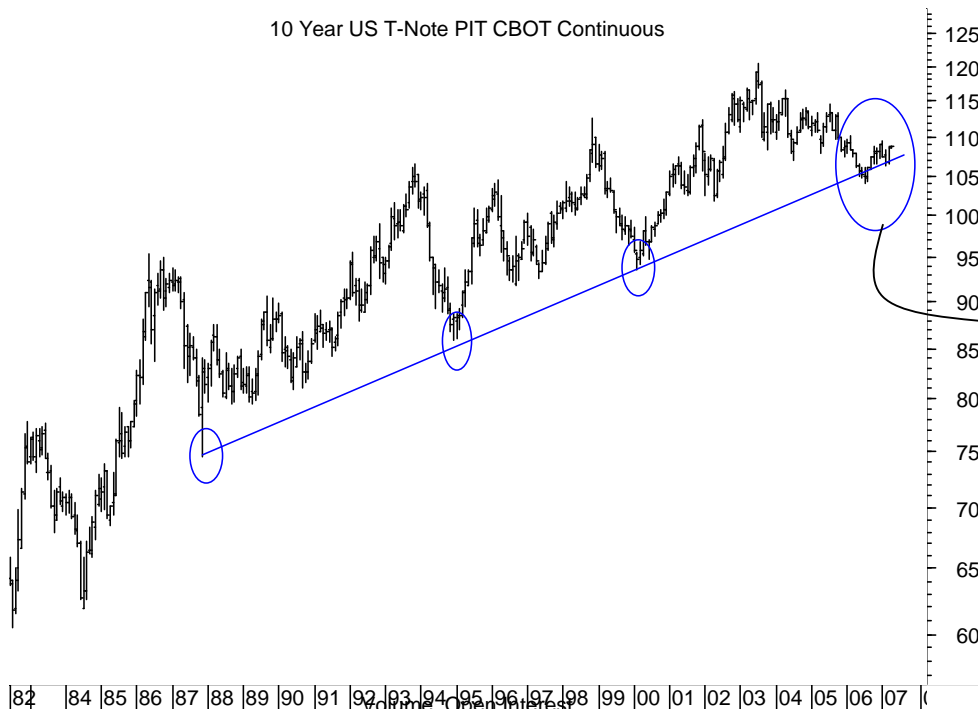
Last week we thought the market needed a base before long should get involved. And though we are keen to buy other markets, here, we remain on the sidelines.

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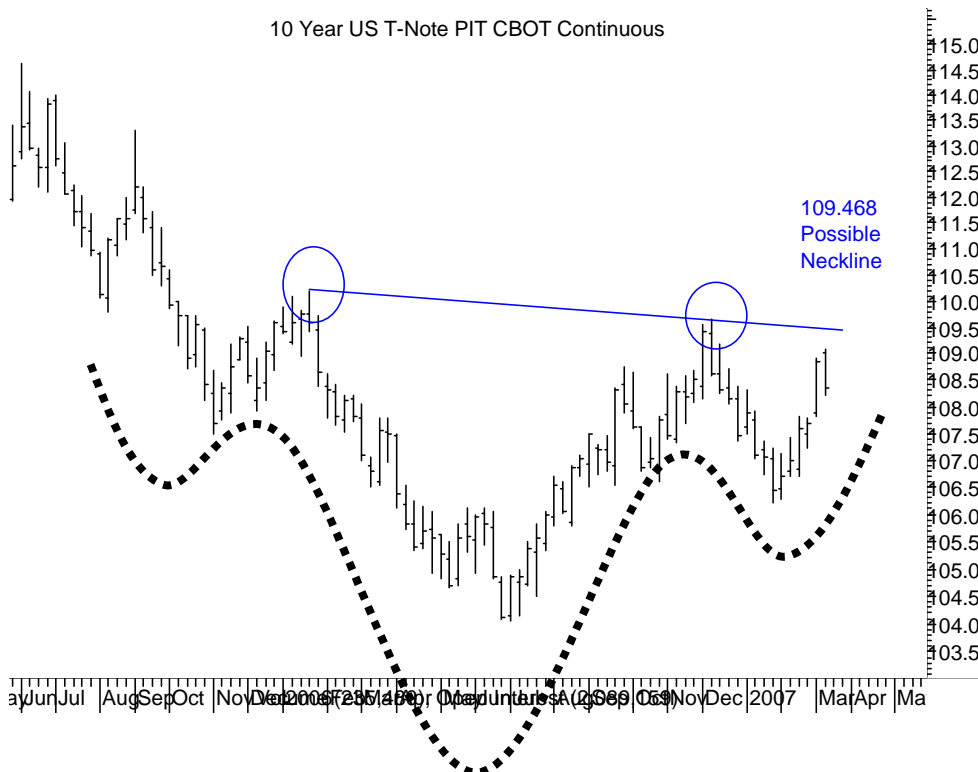
Bonds

We were wrong about the bearish of the Bunds last week and though there are signs that the bull moves (against the longer-term bear structure) may be weakening, the force remains with the bulls - especially the Japanese bonds.

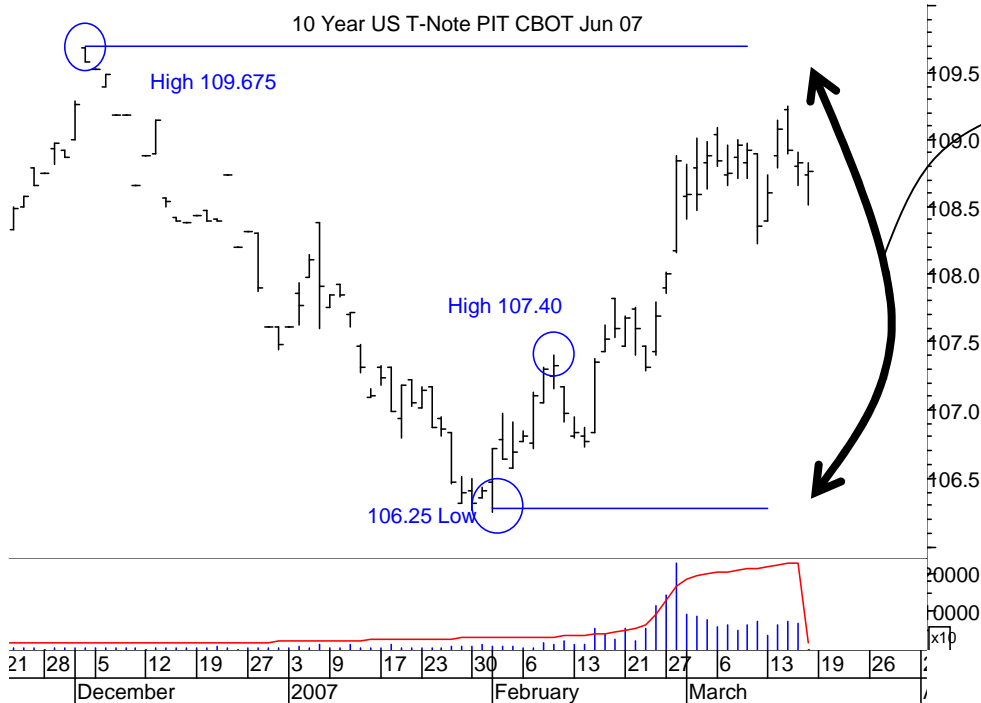
Ten Years US Treasury Note



MONTHLY FUTURES
CONTINUATION
CHART:
The market has gone
nowhere but up for
ages.
The trendline support is
clear.
And unbroken.
So far.

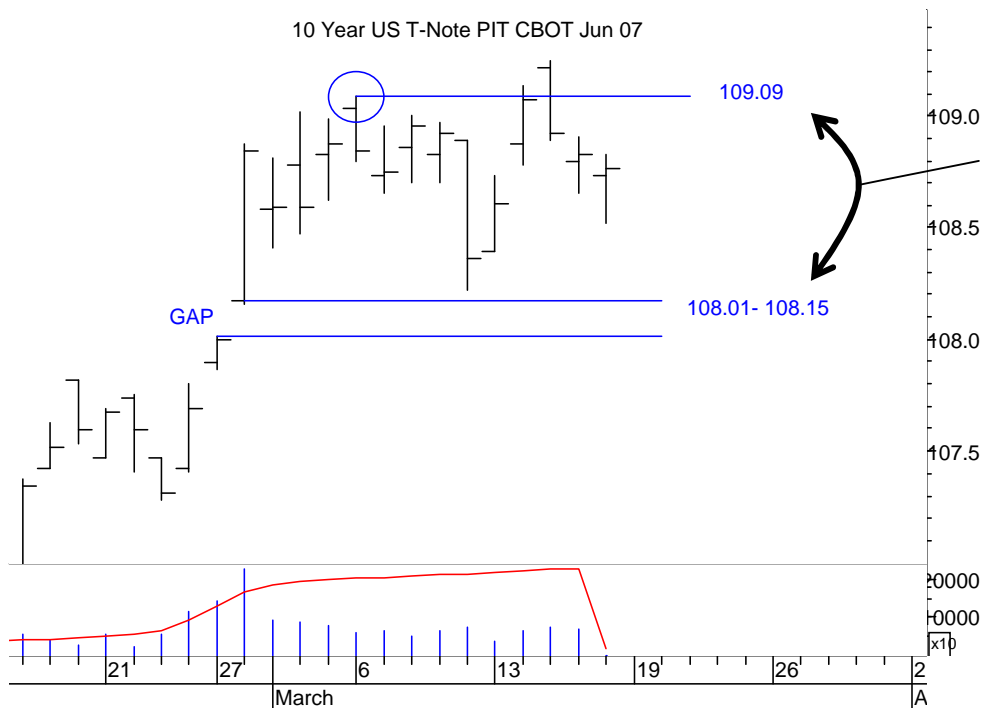


WEEKLY FUTURES
CONTINUATION
CHART:
Bulls will have noticed
the possible
completion of a Head
& Shoulders
bottom...but that is
some way away.



DAILY FUTURES
CHART:
But for the moment,
watch the range since
December.

The trend had seemed
robust until last
week....



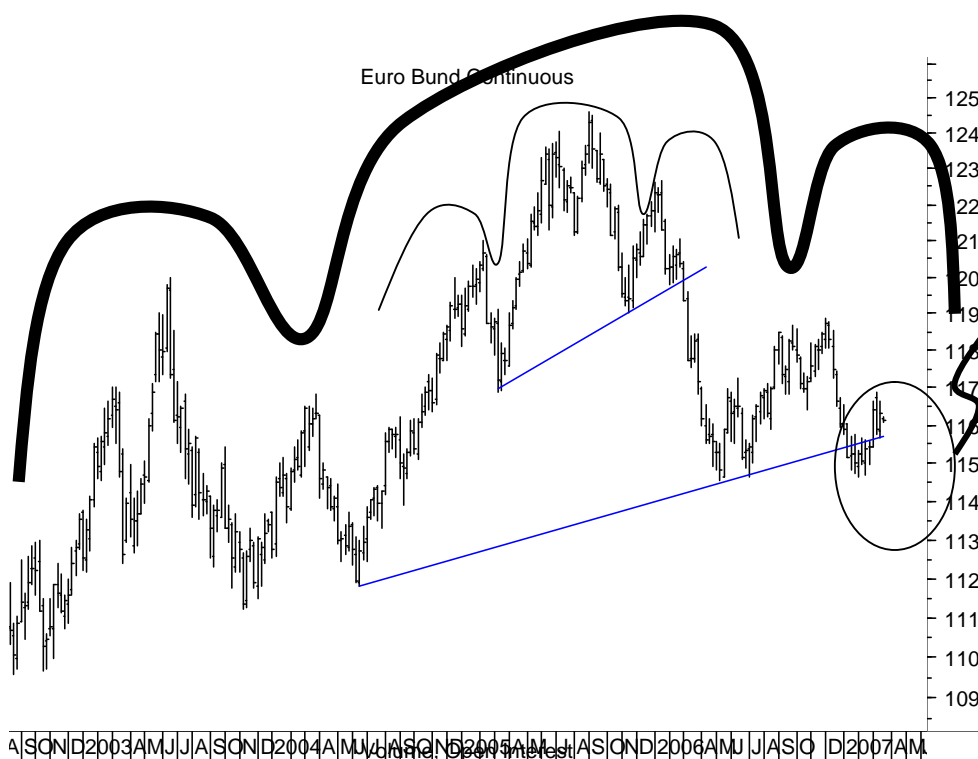
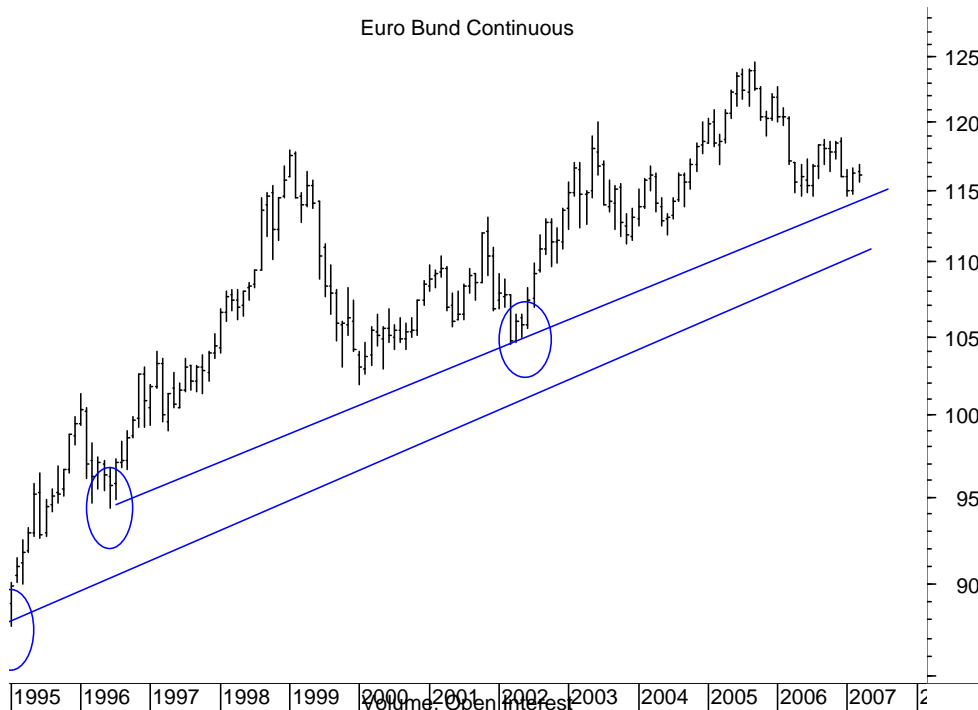
DAILY FUTURES
CHART:
So, now the critical
very short-term levels
lie at 109.09 and the
Gap beneath at
108.01.

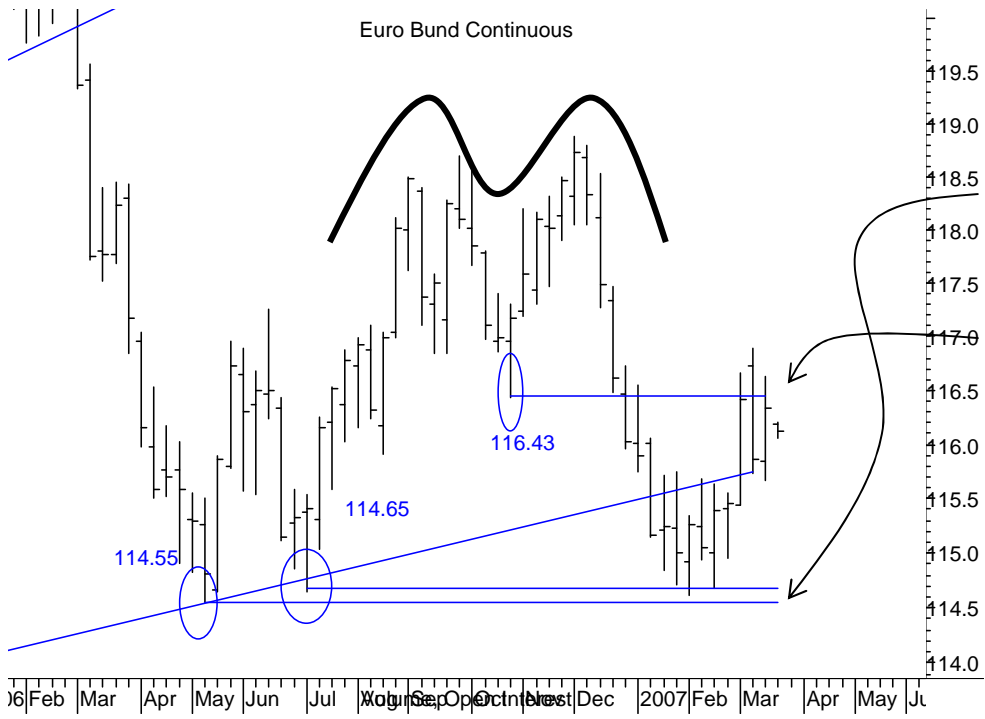
We warned last week
that the market was
about to test the
strength of the bull
trend.

The outcome is still not
clear yet.

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Ten Year Euro Bund

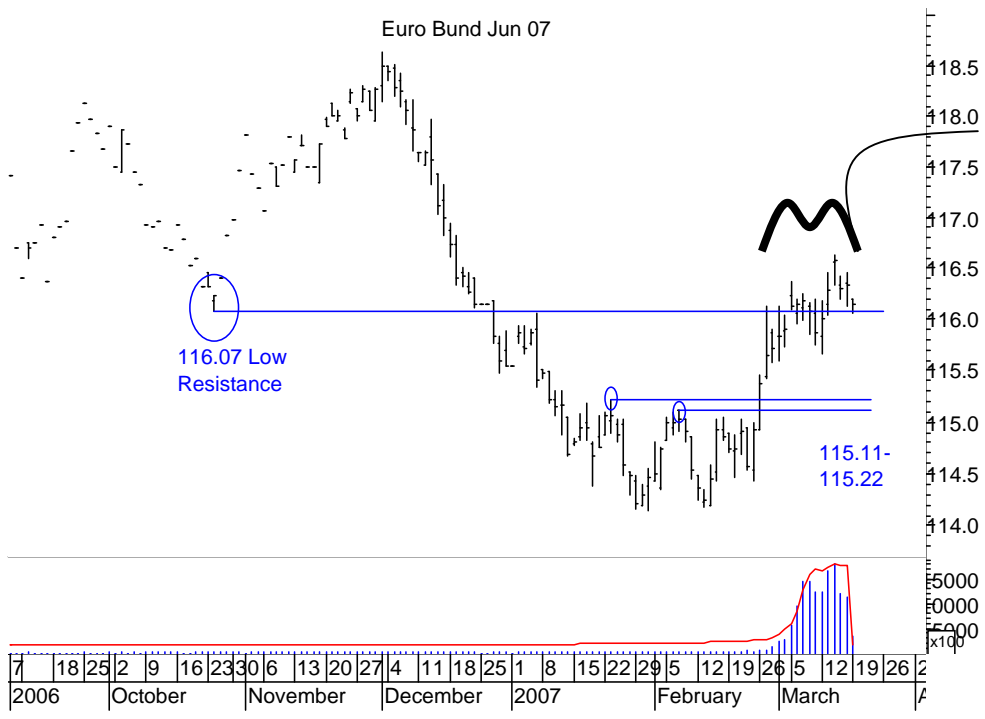




DAILY FUTURES
CHART:

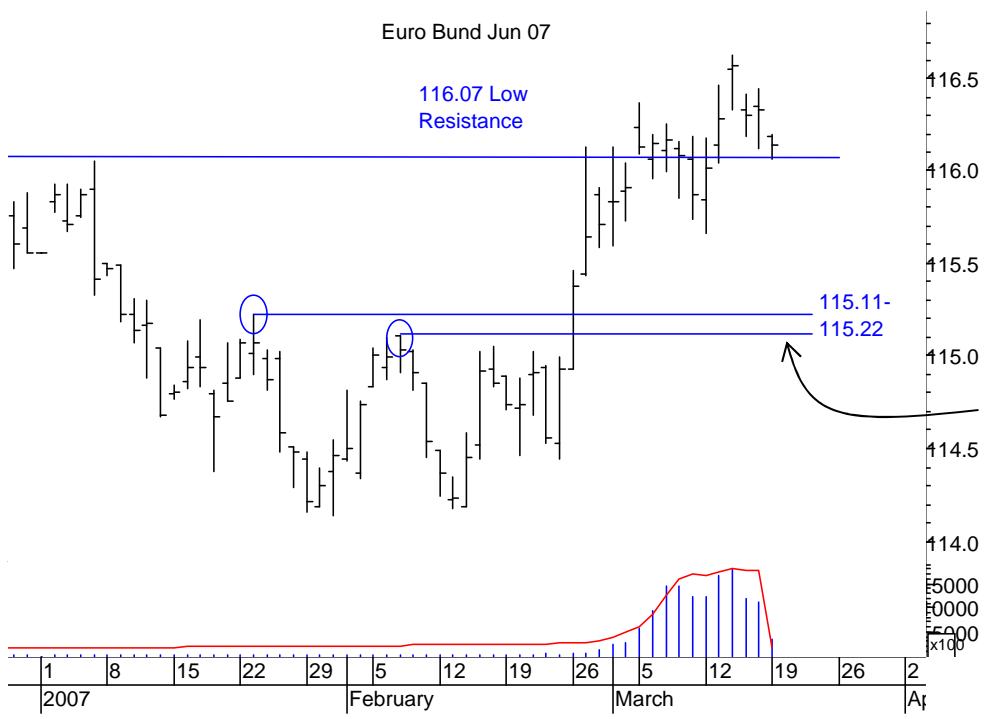
So concentrate on the detail: the market has bounced from the Pivotal lows at 114.55.

Yet found resistance at 116.43.



DAILY FUTURES
CHART:

IN the June contract the 116.06 resistance has been troublesome even though penetrated...



DAILY FUTURES
CHART:

Bluntly, the market structures are not yet clear...

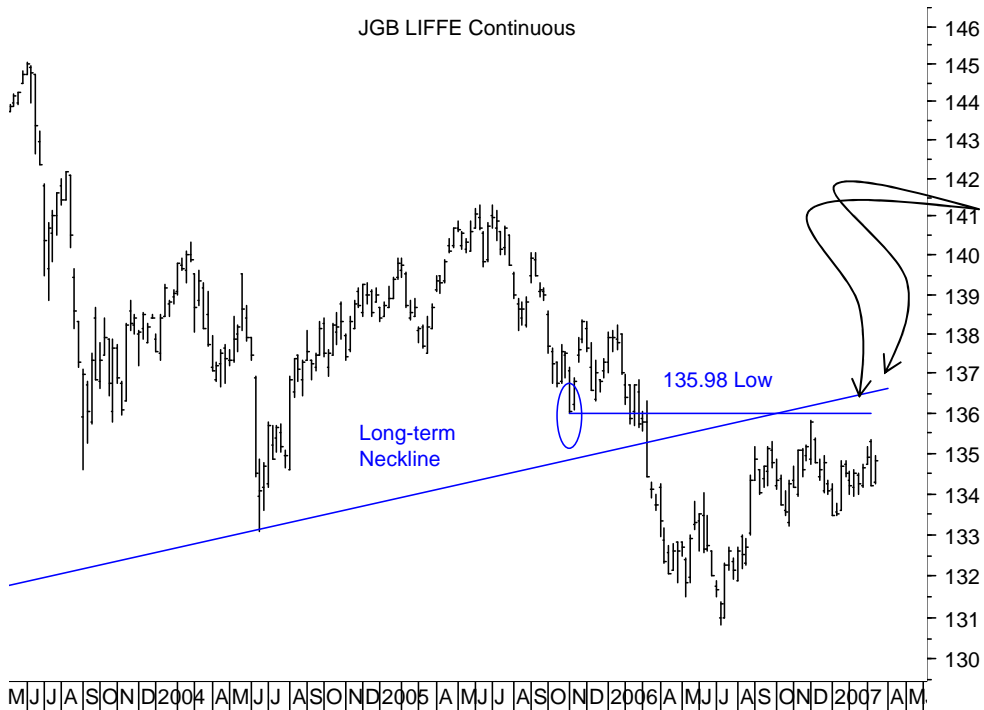
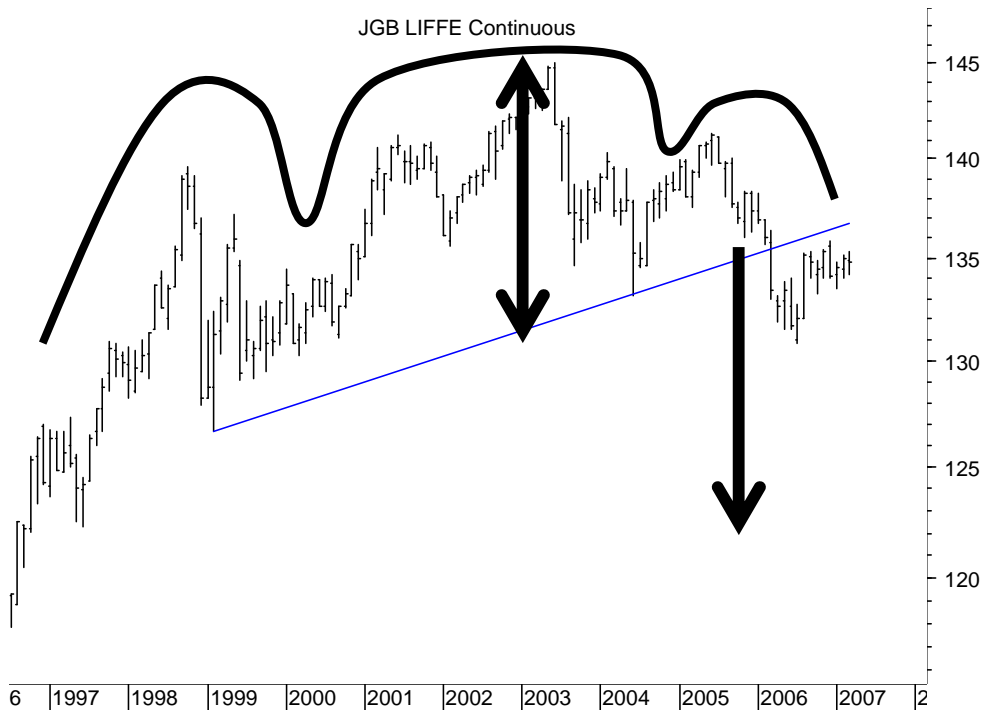
Last week we thought the bears would have re-doubled confidence - and we were wrong.

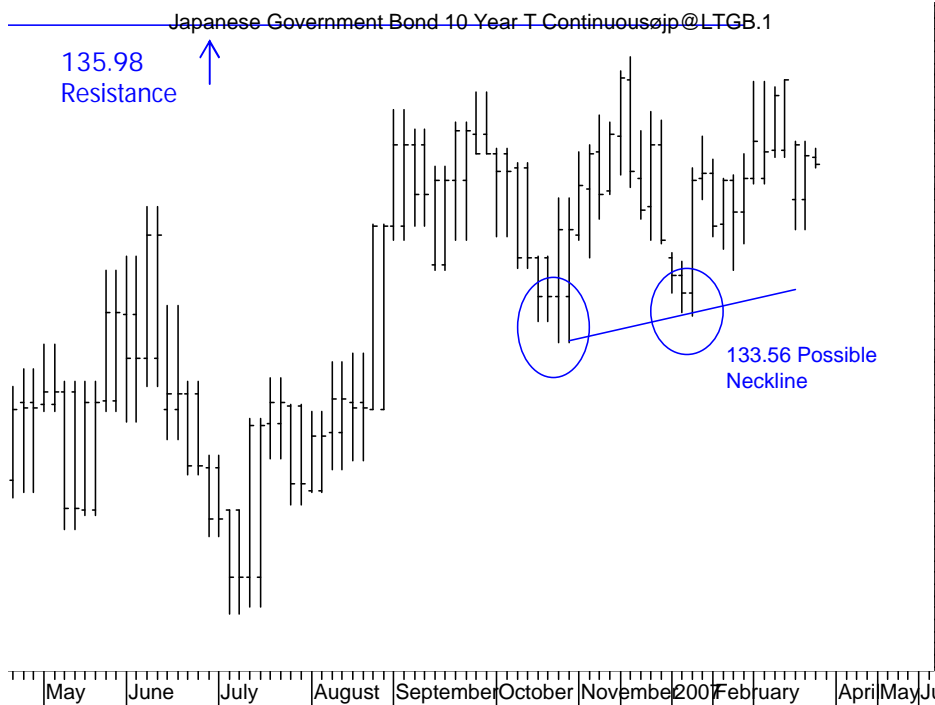
Even if the market were to decline from here, bears would be reluctant to sell before the supports at 115.11-22 had been smashed.

Stand aside.

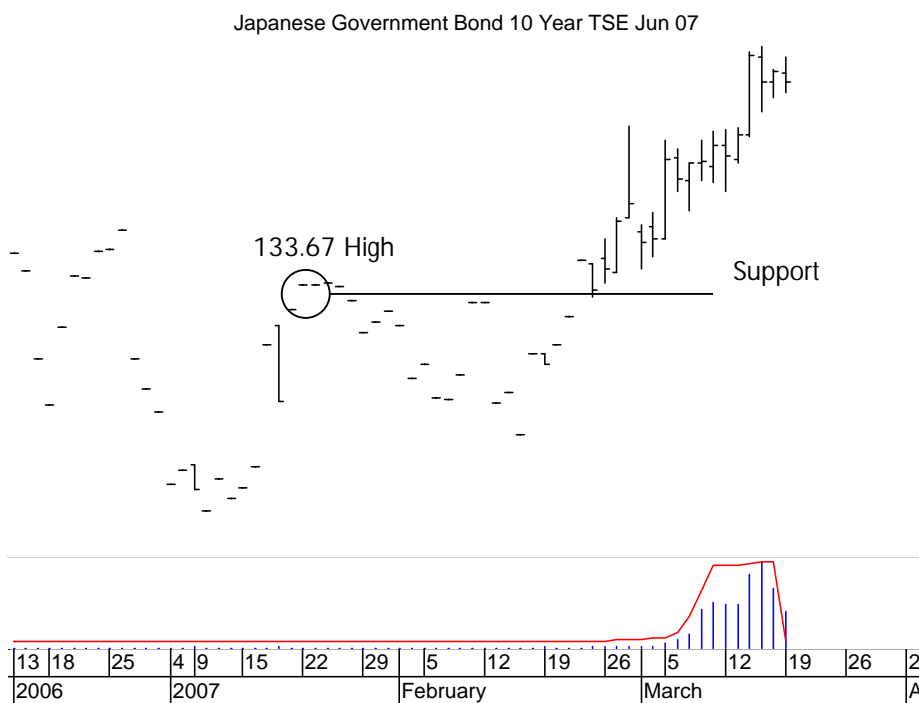
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Ten Year Japanese Bond





DAILY FUTURES
CHART:
And here is a possibility.... but completion is far away.



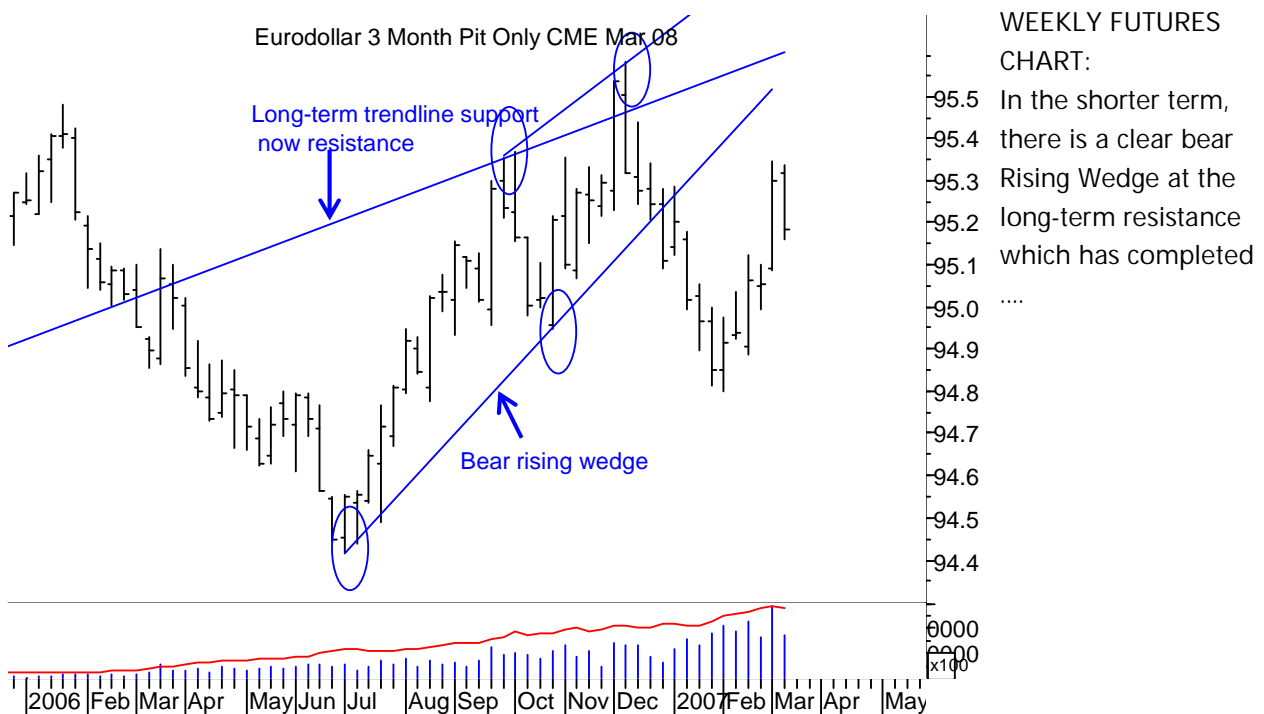
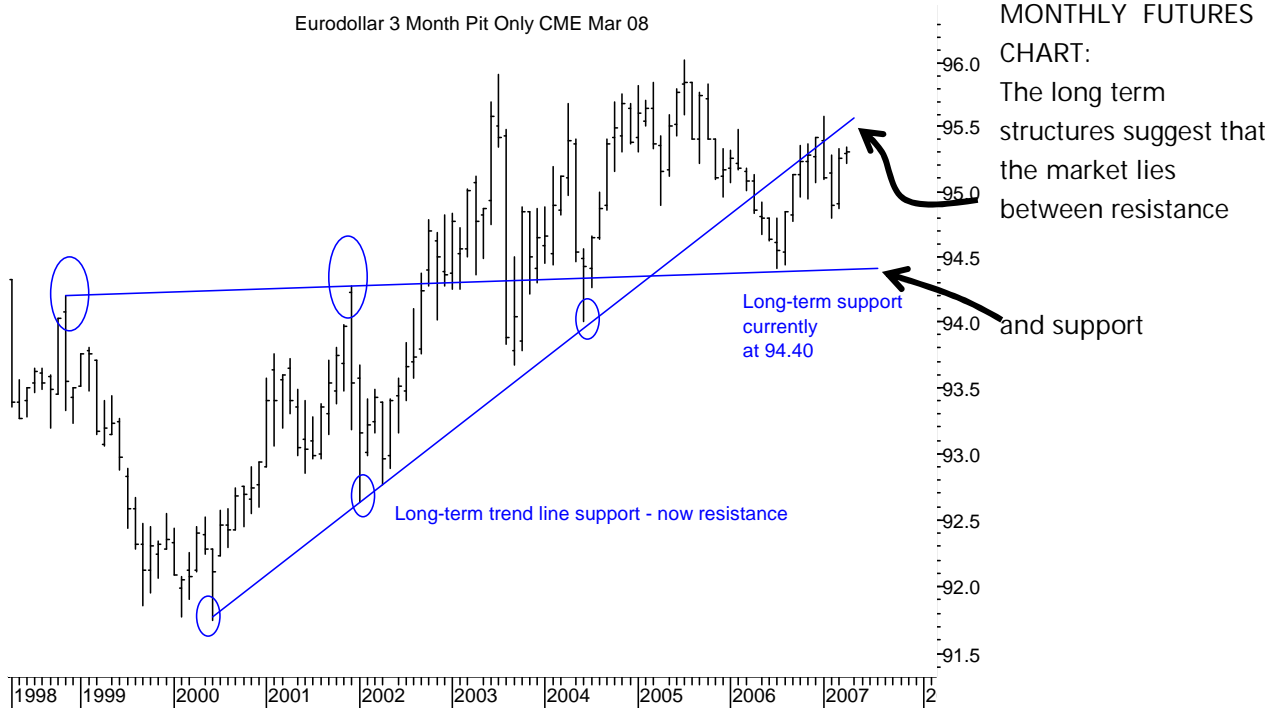
DAILY FUTURES
CHART:
And for the moment the bulls are in charge.

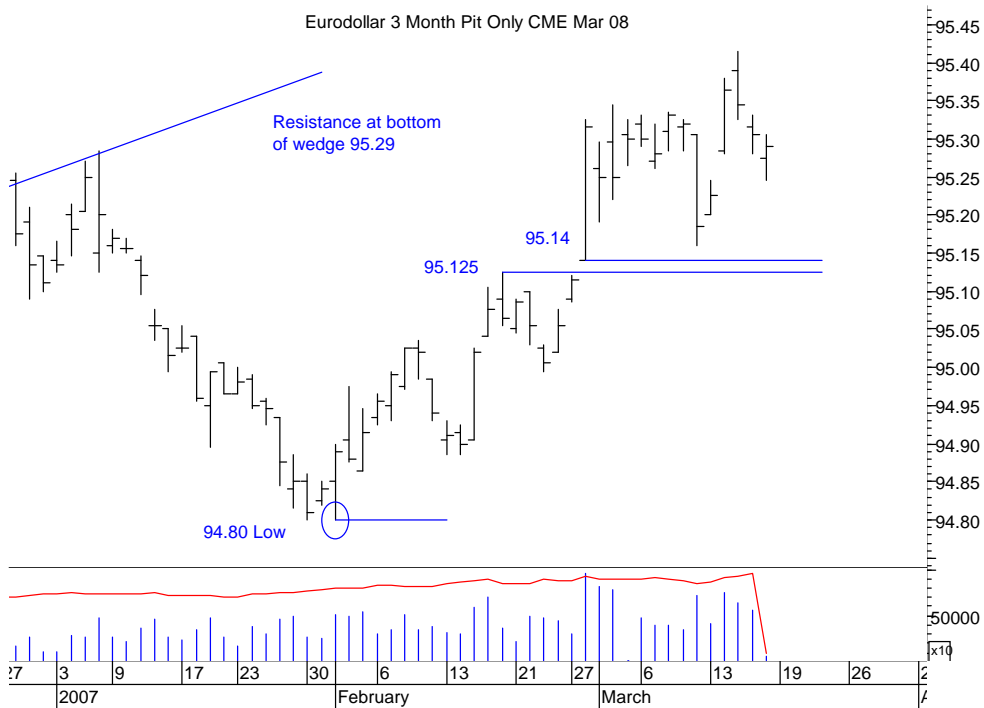
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Interest Rates

The Euribor remains the most interesting of the markets - and though unchanged from last week, we remain bearish.

Dollar Rates





DAILY FUTURES

CHART:

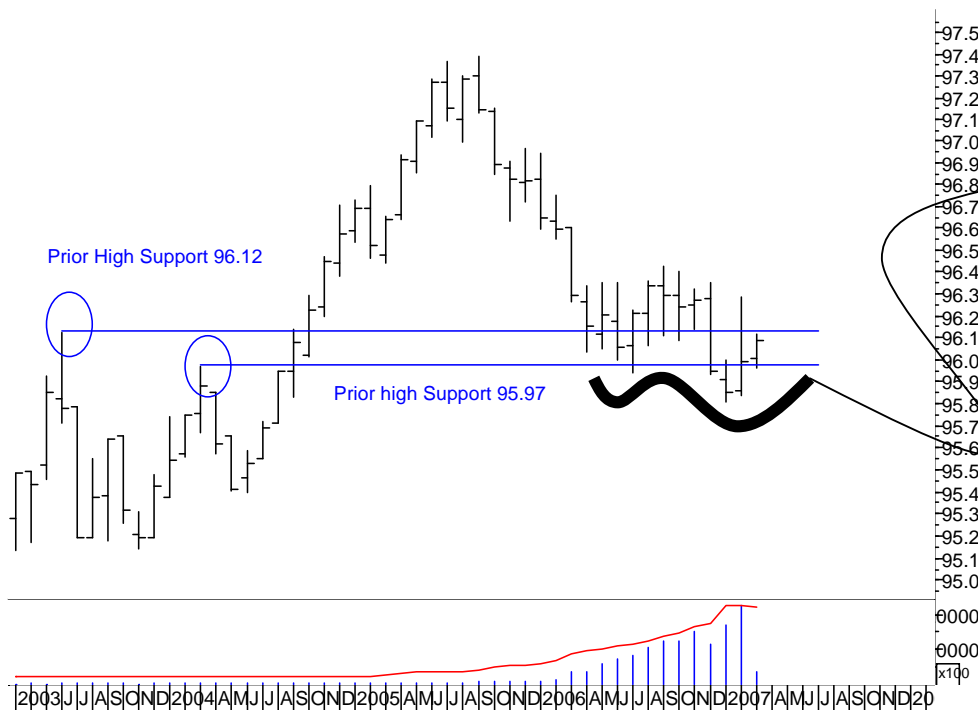
But the rally from the beginning of February has been strong ...

Bears need the market to get back beneath the Gap support at 95.125 - 95.14 before they can get involved.

Until then the market remains bullish.

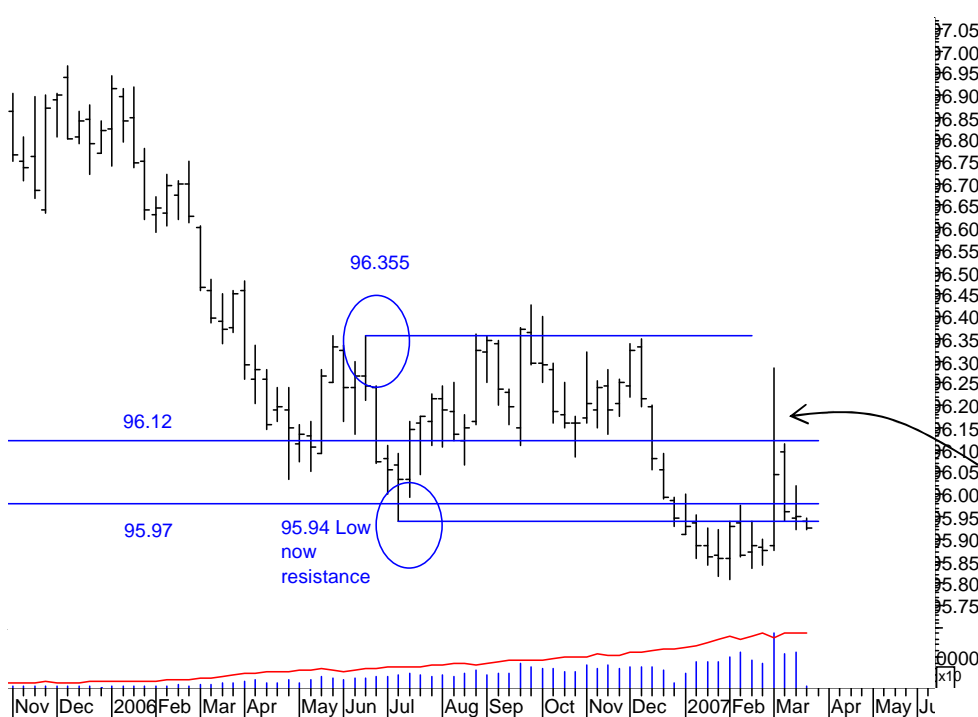
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Euribor Rate



MONTHLY FUTURES CHART:

The market has found support from the old highs at 96.12 and 95.97.



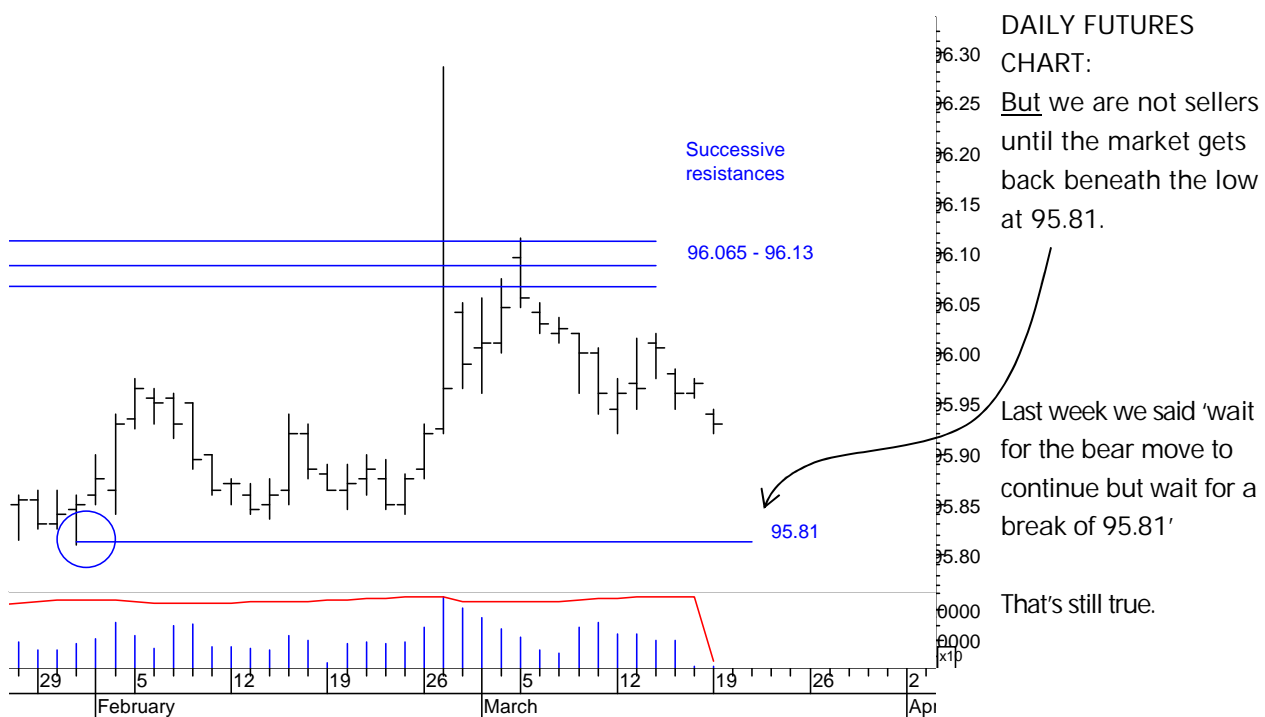
WEEKLY FUTURES CHART:

The sideways price action from June last year has been tricky.

Nonetheless, bears look better set after the fierce rally of three weeks ago.

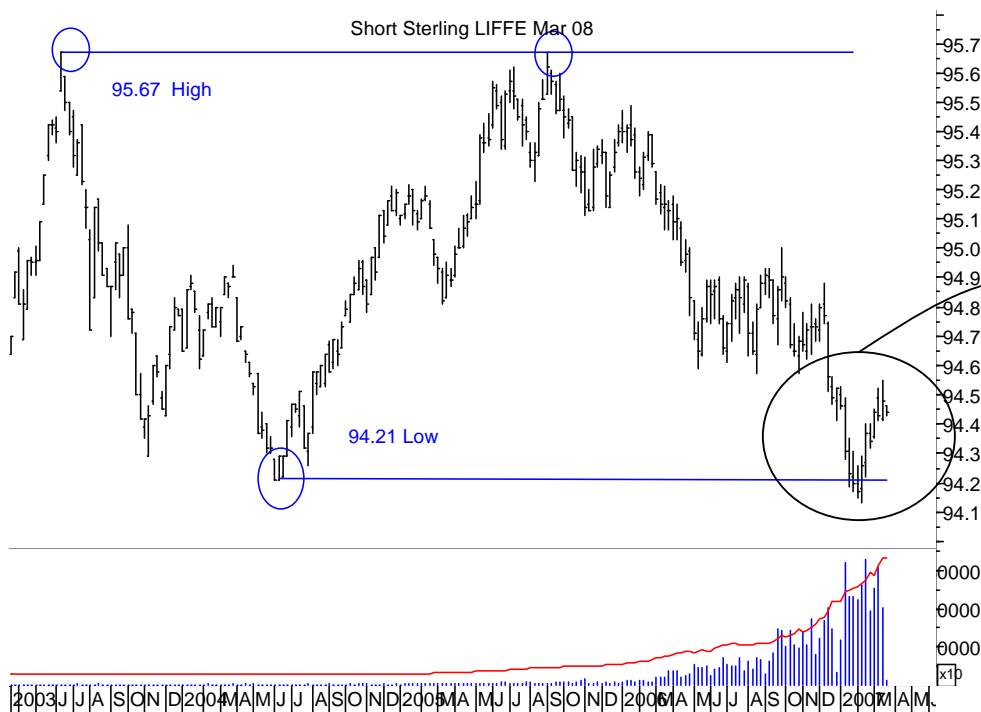
Clearly the market was quite unable to hold on to the ground gained.

Look closer:

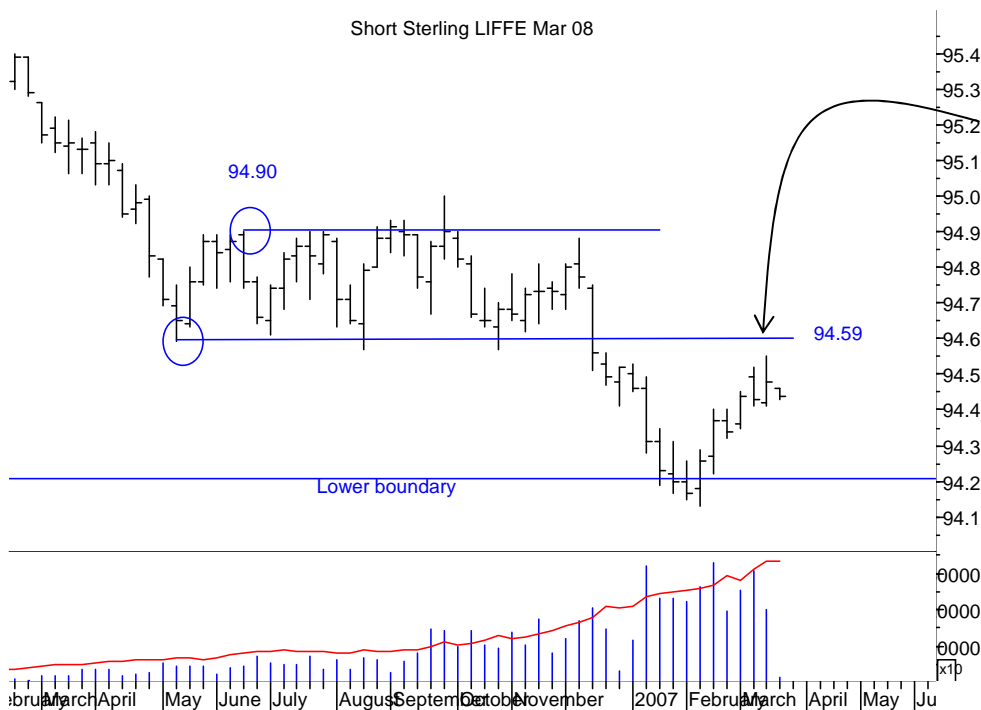


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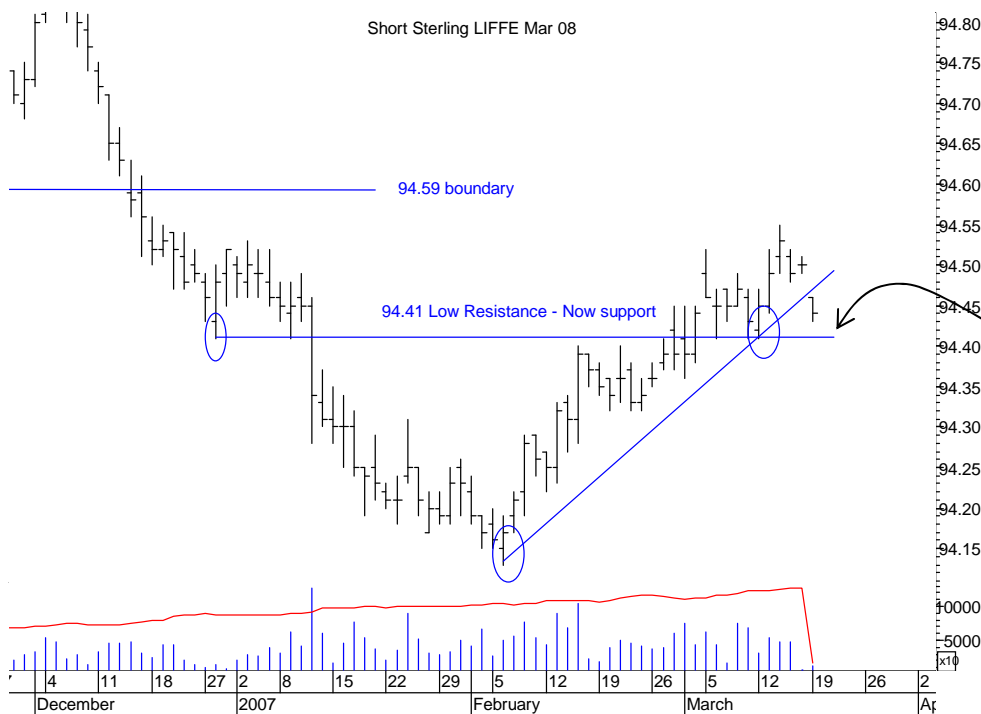
Sterling Rates



WEEKLY FUTURES
CHART:
And despite recent
attempts to force the
issue, looks to have
remained within.



DAILY FUTURES
CHART:
In the very short-term,
watch the market's
reaction to the
resistance at 94.59...



DAILY FUTURES
CHART:
And on the downside,
only a break of the
horizontal at 94.41
would encourage the
bears.

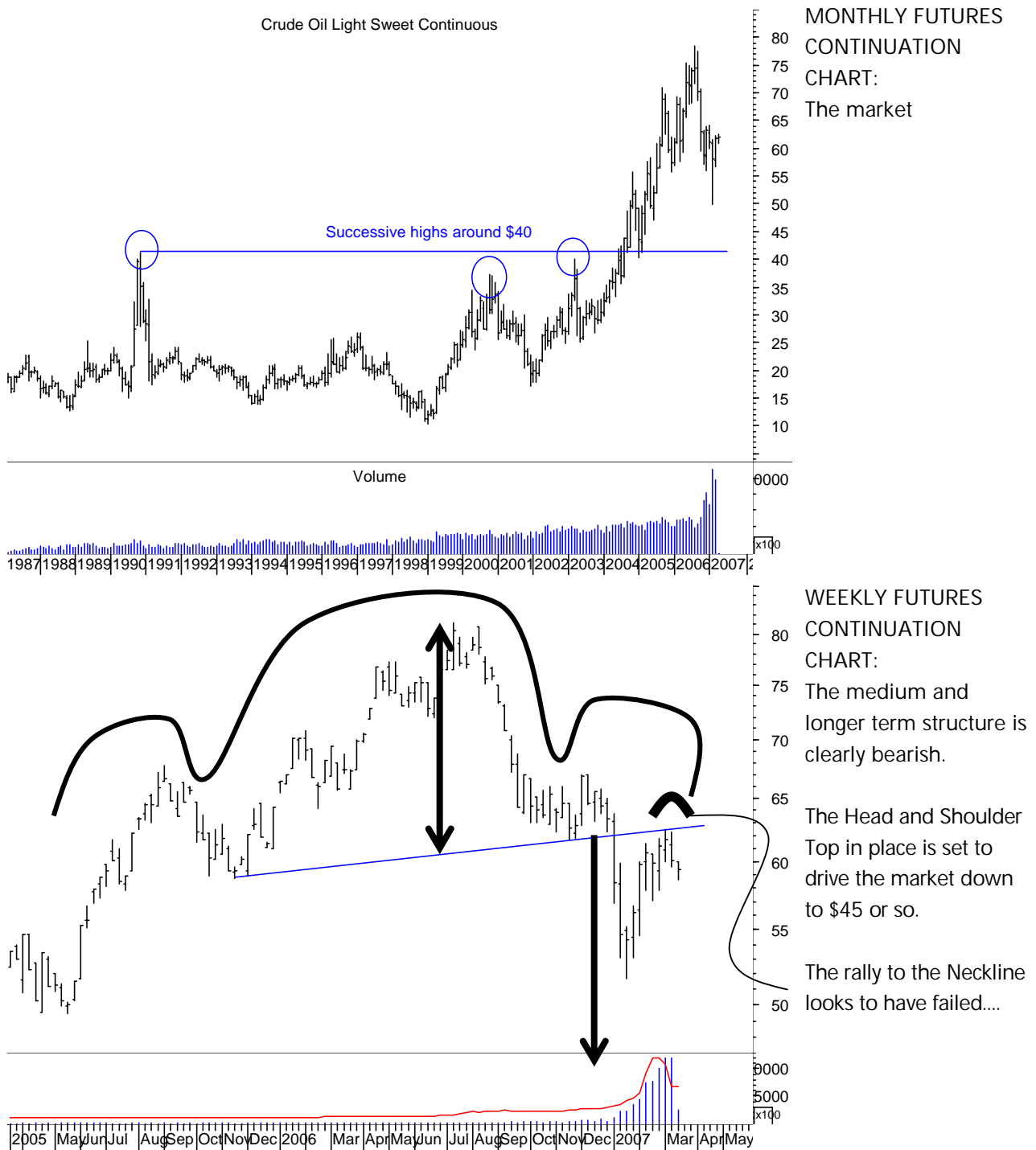
Like last week, it's still
not clear.

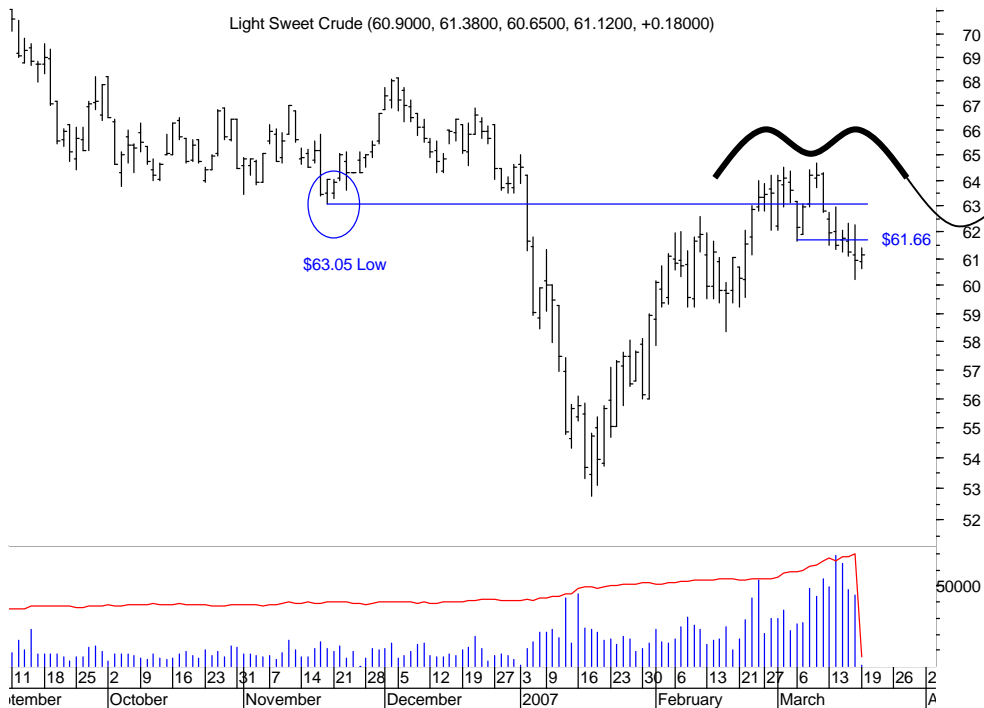
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Commodities

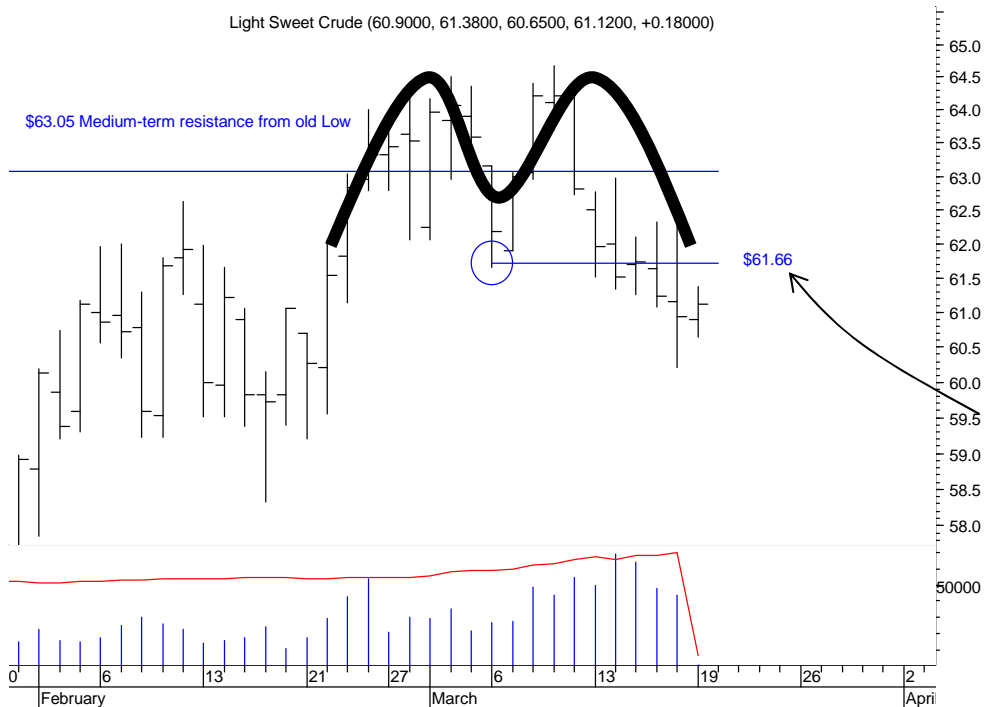
Our keenness to get short Oil has been justified by the price action. There's further to go. Gold remains within the medium-term bull Head and Shoulders structure we have long talked about, but short-term lacks clarity.

Oil





DAILY FUTURES CHART:
The June contract shows the resistance from the prior congestion beginning at \$63.05.



JUNE DAILY FUTURES CHART:
And the pull-back through the \$61.66 low has completed a small Double Top, which should push the market further down still.

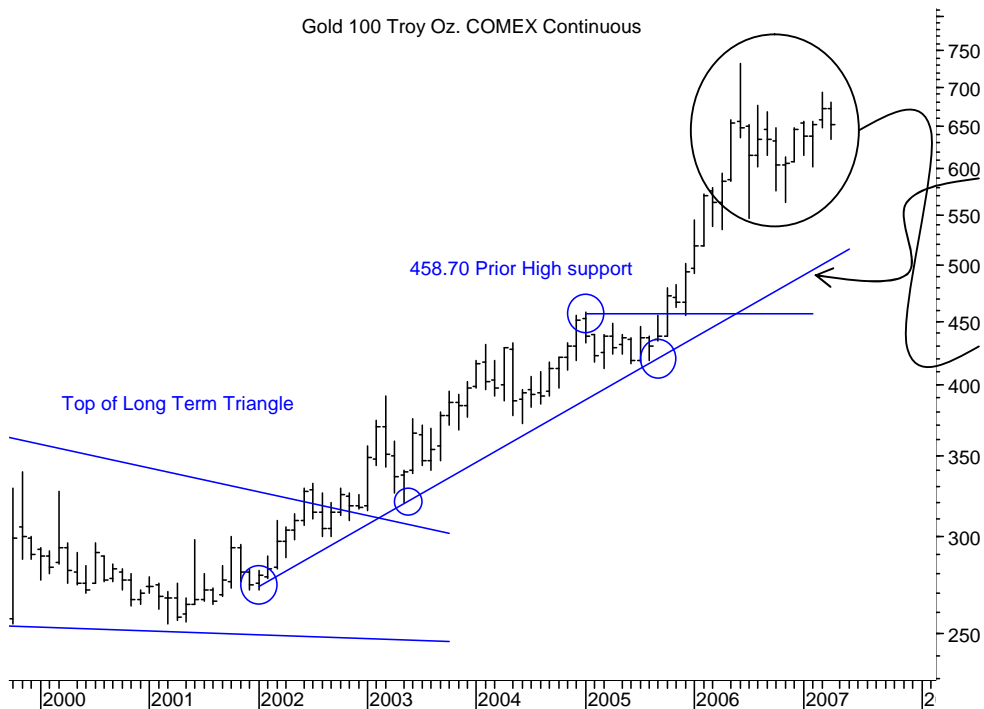
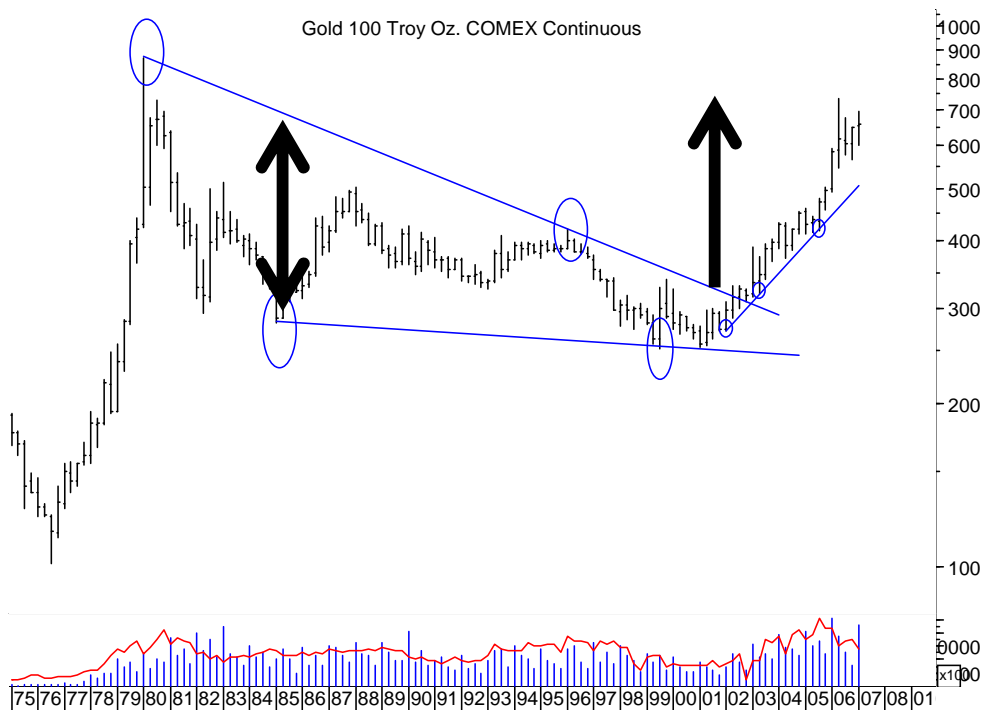
\$61.66 is resistance.

We were bearish of Oil having gone short of the April Contract at \$59.41 and that has gone well. (Currently \$57.13)

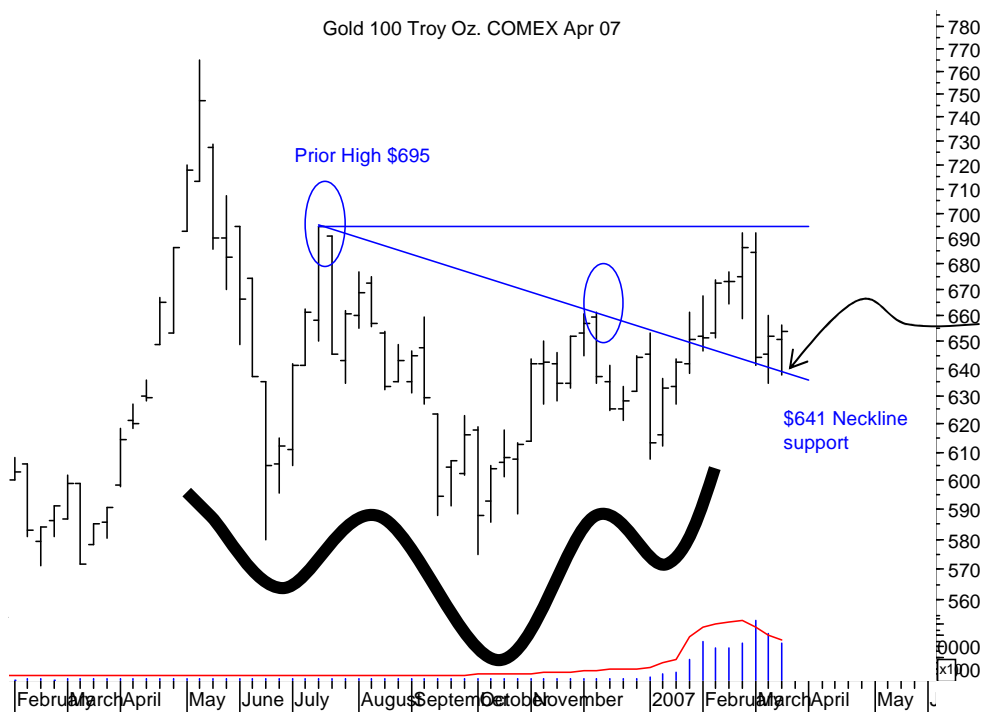
REMEMBER THE APRIL CONTRACT EXPIRES 20TH March

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Gold



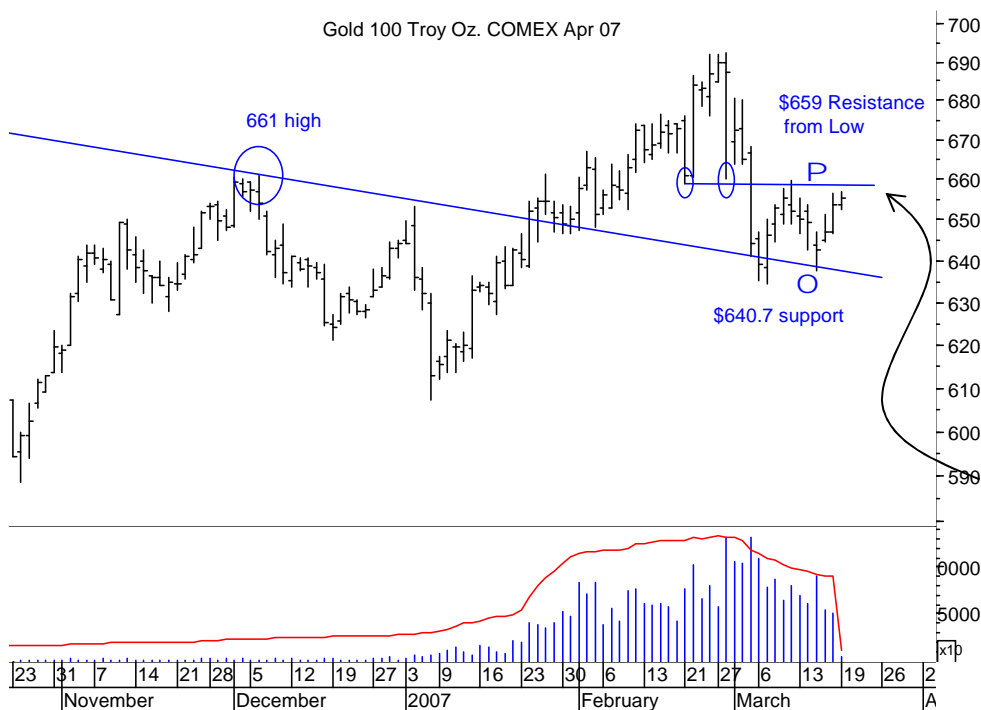
Gold 100 Troy Oz. COMEX Apr 07



WEEKLY FUTURES CONTINUATION CHART:

We have characterized it as a Head and Shoulders Bottom - whose Neckline is currently being tested....

Gold 100 Troy Oz. COMEX Apr 07

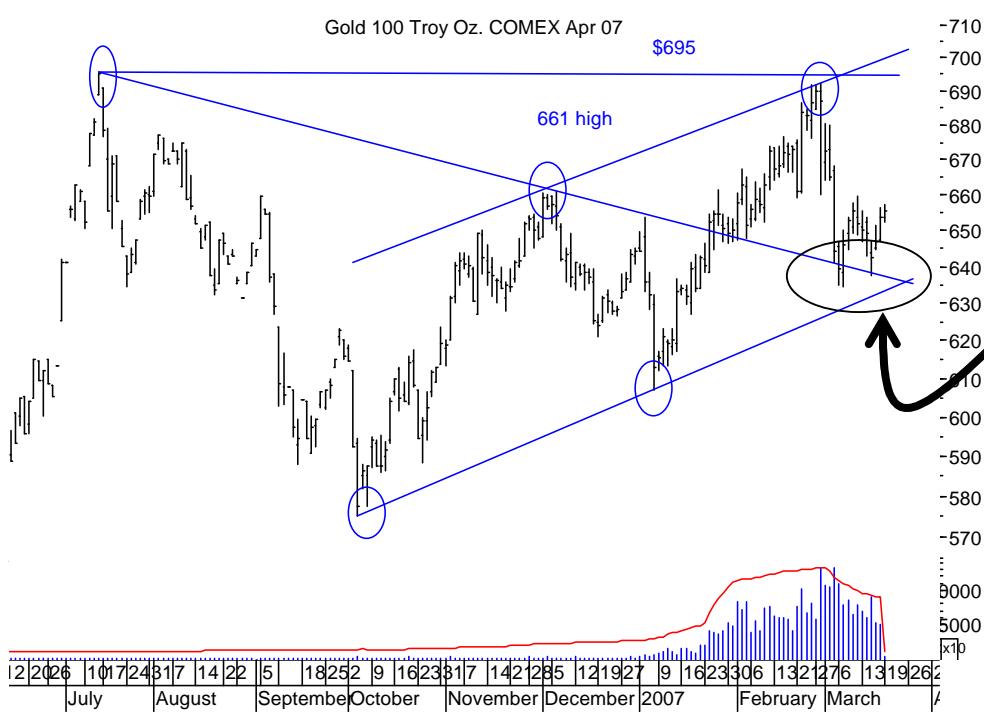


DAILY FUTURES CHART:

Our Market Update of last week emphasised the importance of the close support here, and for the moment the market looks to have withstood the bears.

The Bulls need the market to get back up through the resistance at \$659 before they can take real comfort...

Last week we correctly identified the range for the market. Stand aside until it's broken.



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