



the technical analyst

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## SUMMARY

## POSITIONS

+ Sterling Dollar FX

+ S&P 500

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# Multi-asset trade and investment recommendation

5<sup>th</sup> June 2018

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# Summary

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1<sup>st</sup> May SHORT Sterling ( v Dollar) At 1.3660. Stop **lowered** @ 1.3426

5<sup>th</sup> June Long S&P Sept @ 2752. Stop raised from 2680 to 2710



(1) TECHNICAL: 1<sup>st</sup> May SHORT Sterling ( v Dollar) At 1.3660. Stop @ 1.3426..

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### Positions

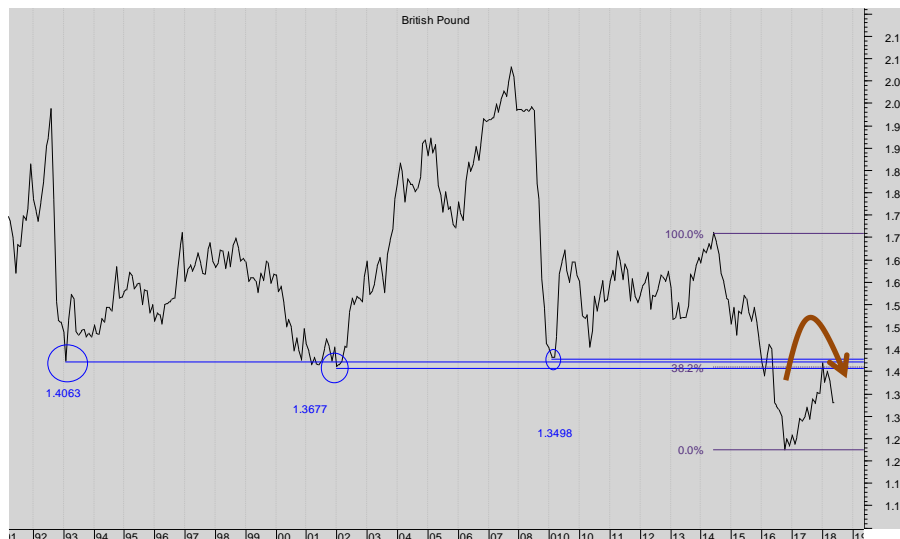
+ Sterling Dollar FX

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## Monthly continuation chart.

The relentless series of three Prior Lows all at 1.40 or so create a massive band of resistance (together with a fib retracement level ) and have emphatically reversed the bull retracement.

Surely there must be a return to the Prior Low at least 1.22.

## Weekly Dec16 Chart



The Double Top suggests a short-term return to 1.31 minimum....

Note the completion of the Top coincided with

1. a break back through the support from a Prior High
2. And the medium-term and very well established rising bull trend support.

The triple break greatly strengthened and accelerated the sell-off and suggests that there is further to go.

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(2) **FUNDAMENTAL** : 1<sup>st</sup> May SHORT Sterling ( v Dollar) At 1.3660. Stop @ 1.3426.

The key releases due last week were in the US, non-farm payroll and the UK, PMI Manufacturing, but would they reverse the weakness of Sterling? We didn't think so.

In the event Sterling staged a limited recovery even though US data was stronger and UK data only a little better, but the two key factors was resolution of the political turmoil in Italy and Trump imposing trade tariffs on Steel and Aluminium resulting in some tentative unwinding of Dollar safe haven buying.

This week all eyes on today's UK PMI Services survey, which was stronger than expected, but so too was the US ISM non-manufacturing survey, but the Pound extended its tepid recovery.

However, given the continued uncertainty and government disarray over "BREXIT", we expect the Pounds rally to soon exhaust and retest the lows.

In summary hold the trade.



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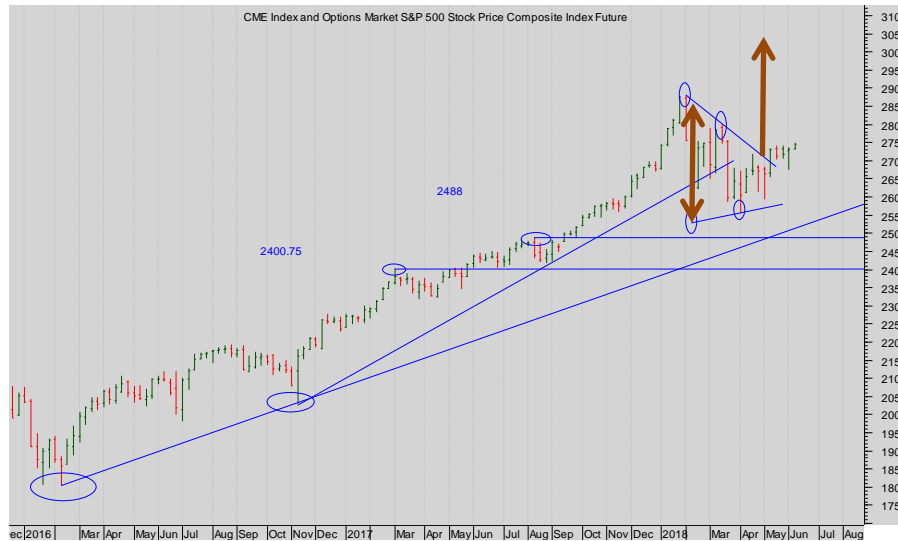
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(1) TECHNICAL 5<sup>th</sup> June Long S&P Sept @ 2752. Stop **raised** from 2680 to 2710.



### Monthly Chart :

The bulls were ecstatic at the completion of a bull continuation Triangle suggesting a minimum move up as far as 3000

The subsequent pausing price action has been **hesitant but not fatal to the pattern...**



### Daily Sept 2018 Chart :

this break above 2744 looks very good. That level should now be good support.

Hence raising the Stop.

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(1) **FUNDAMENTAL:** 5<sup>th</sup> June Long S&P Sept @ 2752. Stop **raised** from 2680 to 2710.

Last week's key data releases were ISM Manufacturing, Q1 GDP and non-farm payroll, but for the short and possibly medium term all eyes were on events in Italy which had consequences for the Euro and EU.

In the event the Italy drama resolved as the leading parties finally formed a government relieving pressure on equity markets globally. In the US although Q1 GDP was revised a little lower ISM manufacturing and non-farm payroll both beat consensus.

The main event this week was today's ISM non-manufacturing survey which was better than expected and the S&P continued its sure but steady recovery.

We remain long term bulls of this market and advise holding the trade.

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