

Week 37

11th - 18th September 2007



Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + Standard & Poors 500
- + European DJ Stoxx 50
- + FTSE 100
- + Nikkei 225

Bonds

- + Ten year US treasury note
- + Ten year Euro Bund
- + Ten year Japanese Bond

Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Disclaimer

the technical trader's guide to major markets

Mark Sturdy

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summary

Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stay **LONG** while above 1.3852-1.3812.
Stay **SQUARE** until more structure enters the market.
Stay **SQUARE**
Stay **SQUARE**

Stocks

- + Standard & Poors 500
- + European DJ Stoxx 50
- + FTSE 100
- + Nikkei 225

Stay **SQUARE** watch for a break of the range 1491 – 1435 (Sep 07)
Stay **SQUARE** watch for a break of 4338 or 4141 (Sep 07)
Stay **SQUARE** watch for a break of the range 6400-6062 (Sep07)
Go **SHORT** while beneath 16460 (Dec 07)

Bonds

- + Ten year US treasury note
- + Ten year Euro Bund
- + Ten year Japanese Bond

Stay **LONG** above 109-04/109-20 band (Dec 07)
Stay **SQUARE**
Go **LONG** while above 135.60 (Dec 07)

Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Stay **FLAT**
Go **LONG** above 95.99 (June 08)
Go **FLAT**; wait for a break of 94.58 to **BUY** (June 08)

Commodities

- + Oil
- + Gold

Stay **LONG** ;add on a break of \$80.51 (prior High) (Oct 07)
Go **LONG** while above \$718 (Dec 07)



Currencies

The Dollar weakened rapidly against the Euro and gained against Sterling. The overall weakening Dollar scenario hasn't changed, the Sterling Euro chart now holds more interest than usual. But caution should be exercised before getting involved in that historically dull arena

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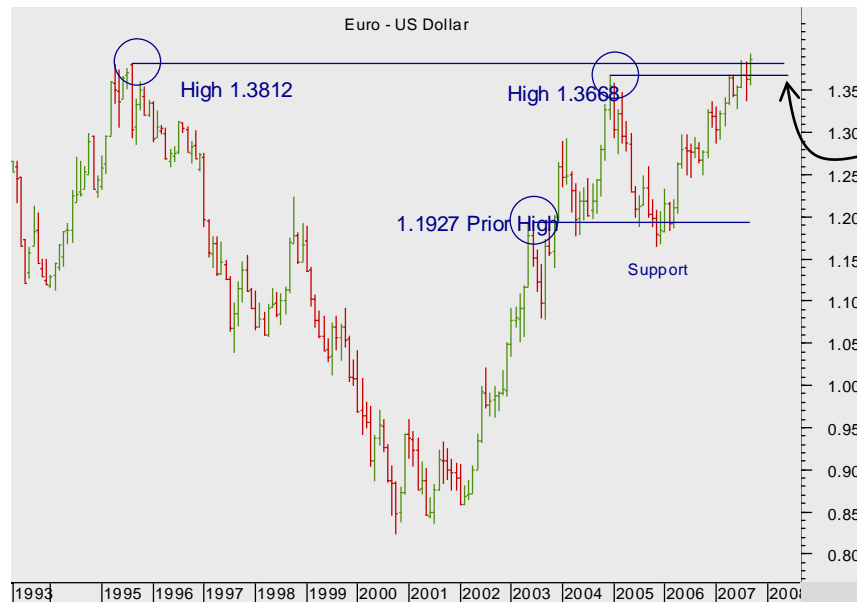
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Commodities

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Currencies: Dollar Euro



Dollar Euro monthly spot cash chart

The market is still struggling at the vitally important highs from the 1990s and 2004.

If it can get through those it will have a platform to drive on from.

More



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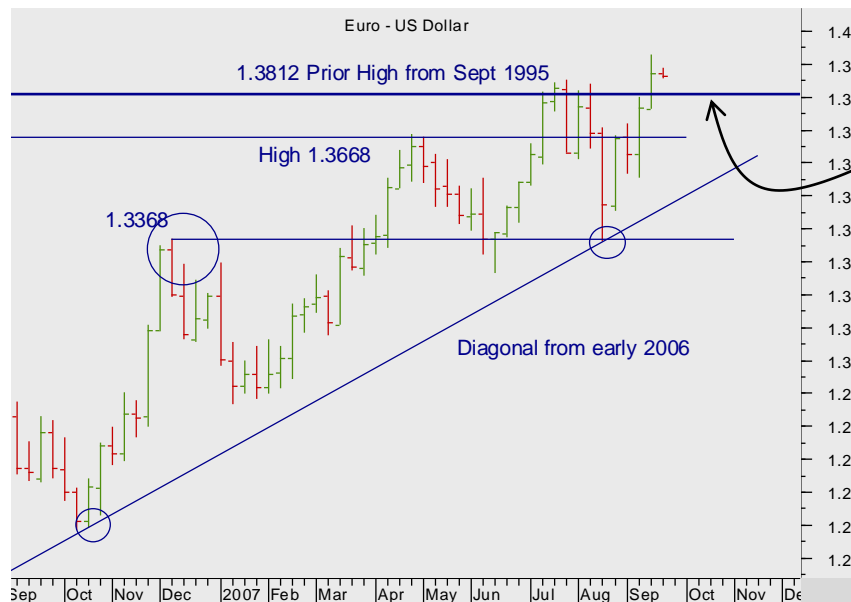
- + Oil
- + Gold

Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

There is both a clear bull trendline support and a band of important resistance to be penetrated ...



Dollar Euro weekly spot cash chart

And the market has in fact penetrated that band in the short-term. But the resistances are of such long-standing that it takes time to be clear that they have been irrevocably penetrated.

More



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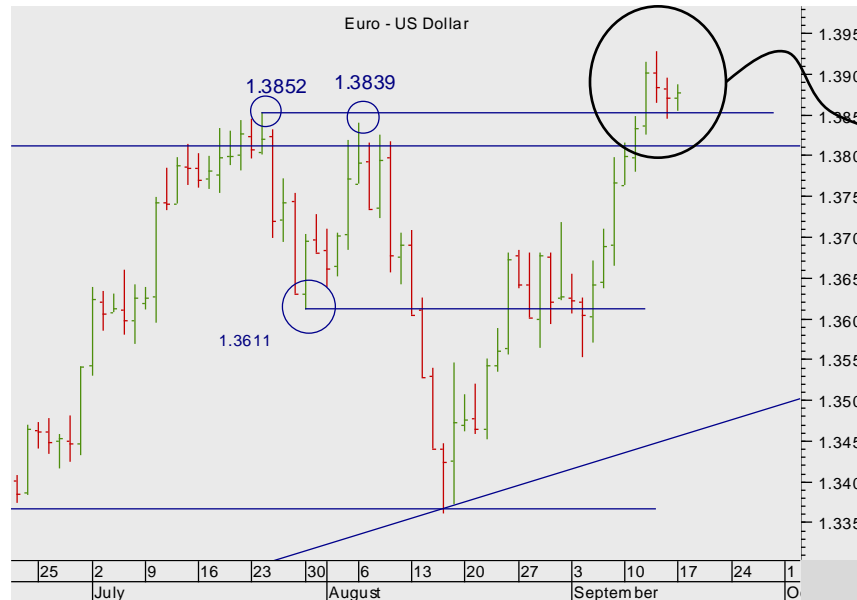
- + Oil
- + Gold

Currencies: Dollar Euro



Dollar Euro daily spot cash chart

Use the market's reaction to the support from the two Highs at 1.3852 and 1.3839 as a test of the short-term bullishness..



Dollar Euro daily spot cash chart

The testing of that support is clear.

We now have the close that we spoke about last week – above 1.3852. The market looks well-set while that level remains intact.



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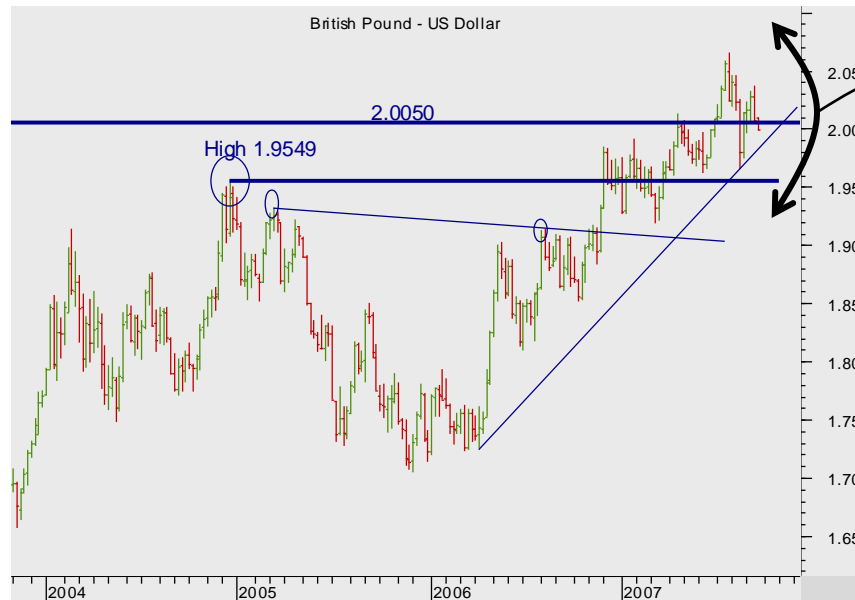
- + Oil
- + Gold

Currencies: Dollar Sterling



Dollar Sterling monthly spot cash chart

The market is at the long-term highs.



Dollar Sterling weekly spot cash chart

But the weekly chart shows that the picture is more complex: the market is trading around the 2.0050 long-term Pivot.

More



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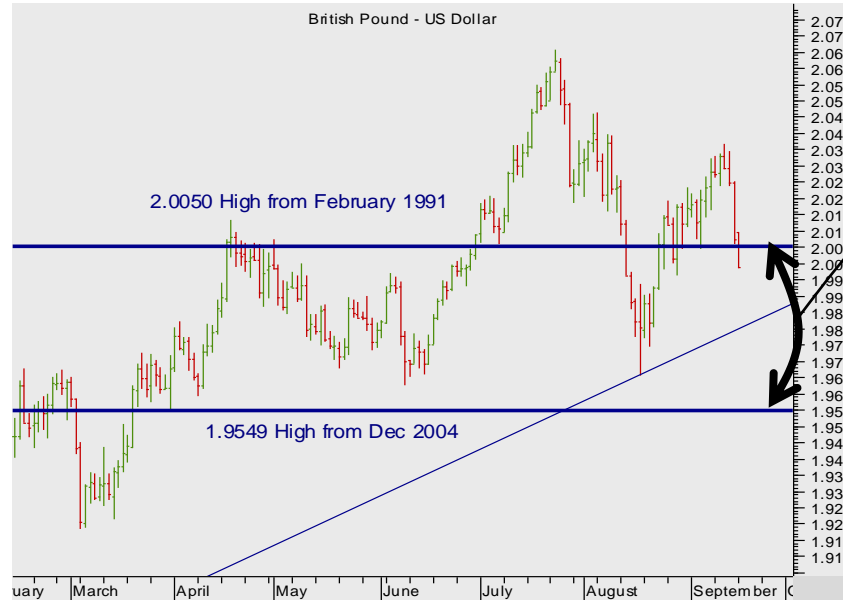
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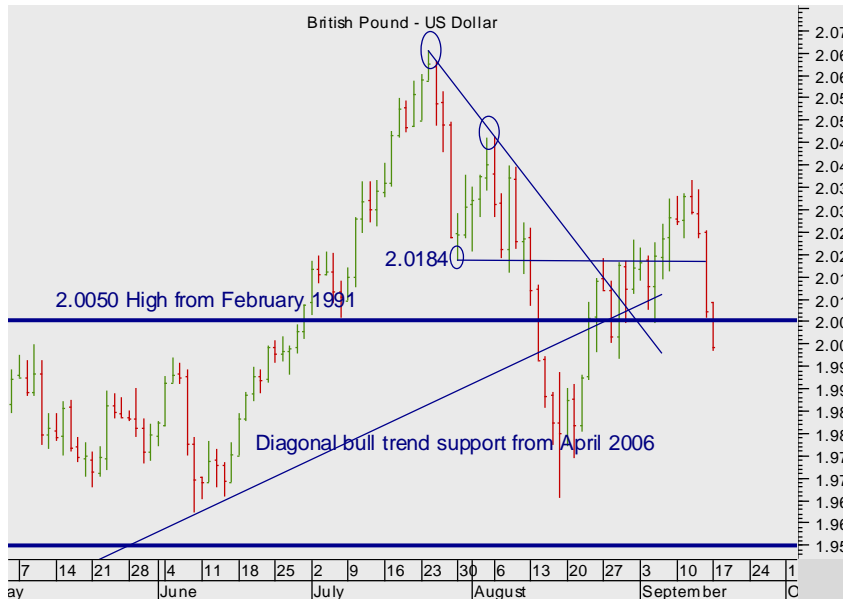
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Currencies: Dollar Sterling



Dollar Sterling weekly spot cash chart

There are no clear structures observable in the short-term market - the market is driving back down to retest the wide long-term band of support.



Dollar Sterling daily spot cash chart

Last week we thought that the market, though full of bounce, **lacked a clear bottom formation in the short-term** on which to build a solid bull move – so the sell-off has been no surprise.

Stand back

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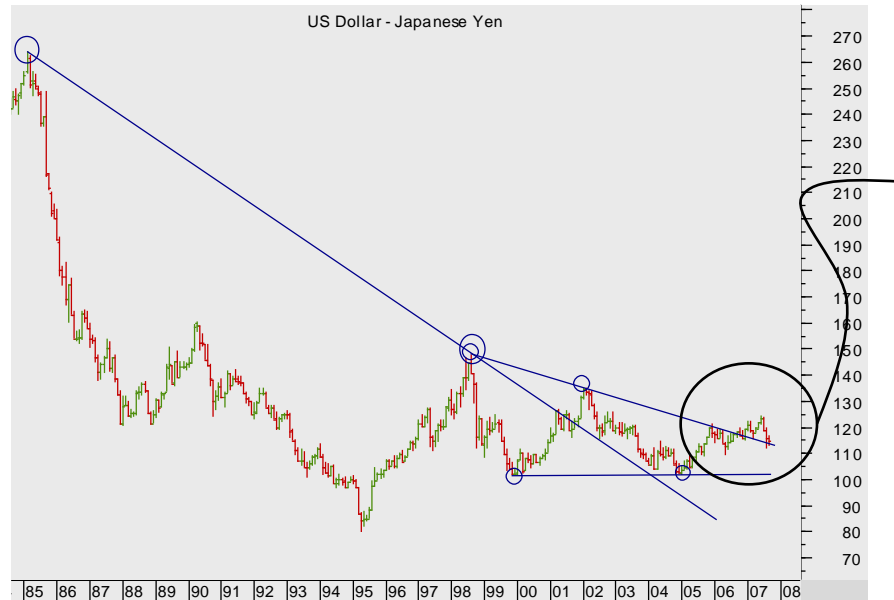
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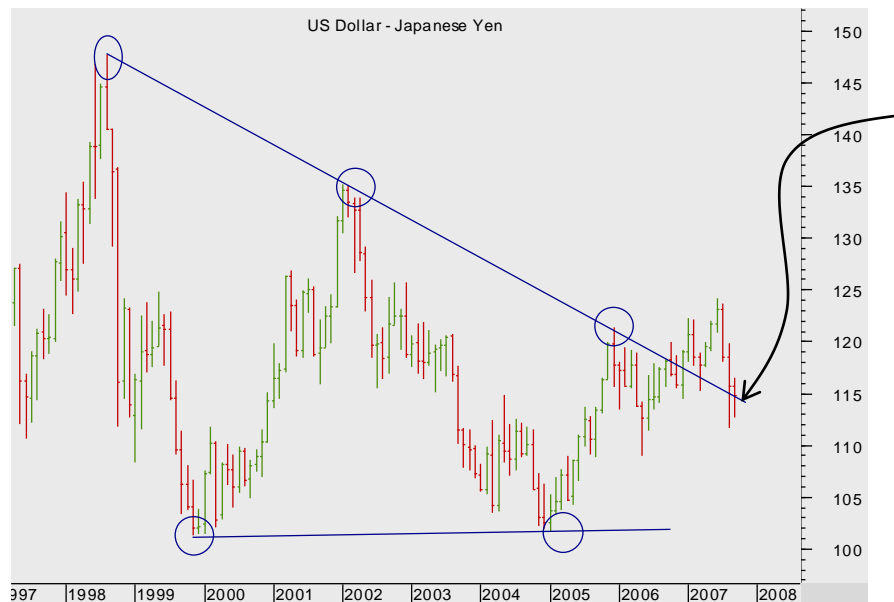
Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

There is a continuation Triangle in the long term chart, which having completed, is now being retested

If those levels can be broken and closed above then the market will be set to go a lot further.



Dollar Yen weekly spot cash chart

The pull-back to the upper diagonal is clear.

And for the moment the Triangle is good support.

More



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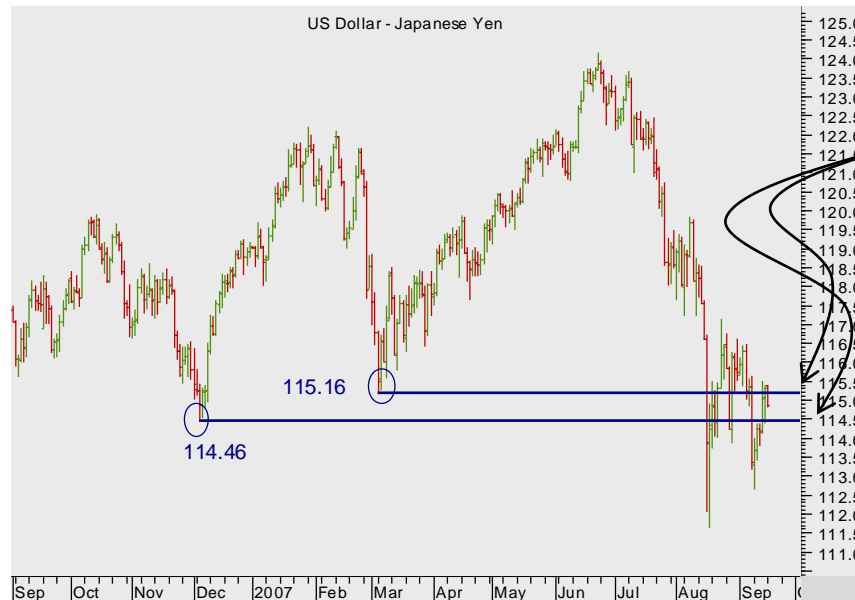
- + Oil
- + Gold

Currencies: Dollar Yen



Dollar Yen weekly spot cash chart

The market has been held at the upper diagonal- **but note that a push on down through that level would complete a bear Rising Wedge.**



Dollar Yen daily spot cash chart

Note the importance of the twin lows - they are pivotal if the market can get down beneath them.

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Currencies: Dollar Yen



Dollar Yen daily spot cash chart

But for the moment the market is trading around them, **full of uncertainty**.

Bears should wait for a break down through the small diagonal around 113. That would remove any doubt about the breaking of the Pivotal lows and drive the market lower still.



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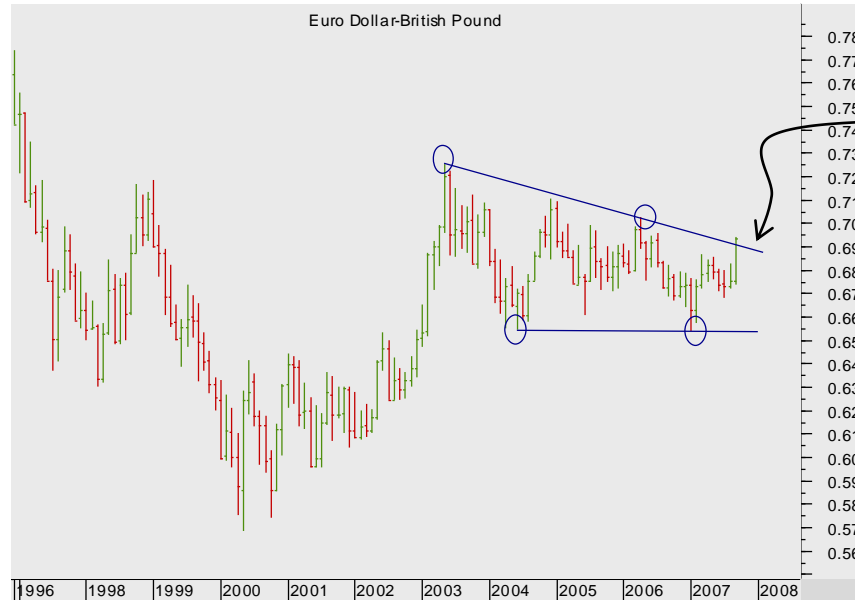
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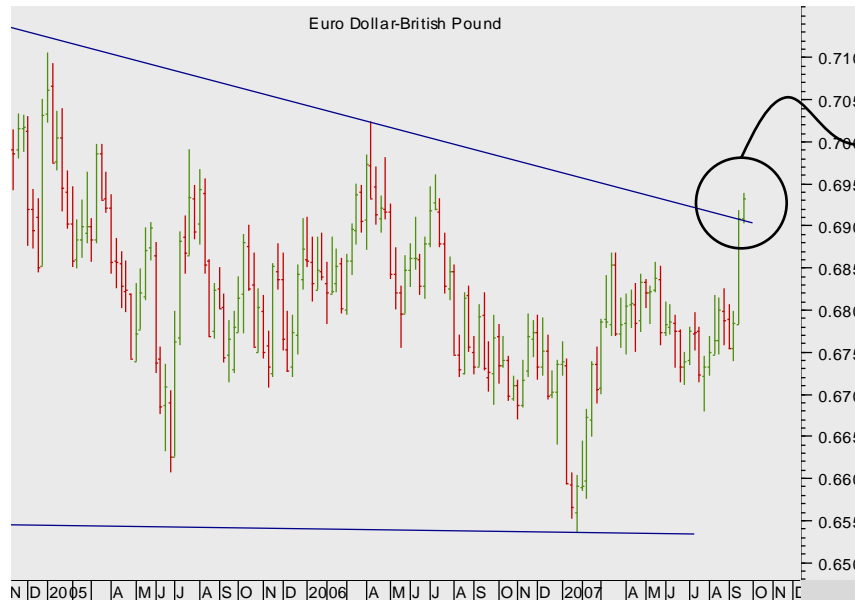
Currencies: Sterling Euro



Sterling Euro monthly spot cash chart

The market is testing the upper diagonal of the long established Triangle.

Look closer.



Sterling Euro weekly spot cash chart

There **has** been a short-term penetration... **watch carefully to see if it is sustained.**

More



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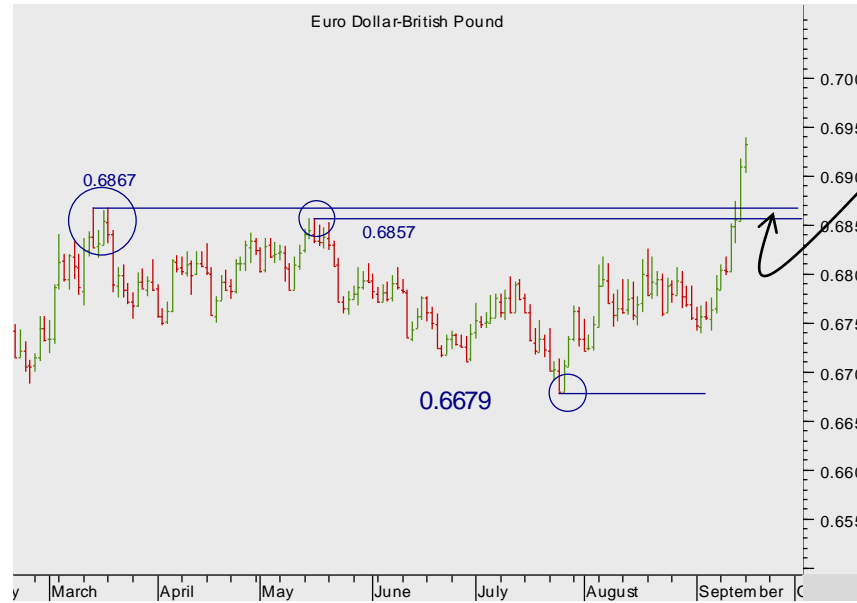
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Commodities

- + Oil
- + Gold

Currencies: Sterling Euro



Sterling Euro daily spot cash chart

On any pull-back, watch carefully the support at the previous Highs

The market looks as if we have a break – with good support. Stay long Euro.



Stocks

. Stocks are little changed from last week – still finely balanced. But the Nikkei is the exception. With a increasing poor technical picture there, the bears look to be in charge

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Stocks: Standard & Poors 500



Standard & Poors 500 monthly cash index chart

The market is testing the old highs established in 2000.

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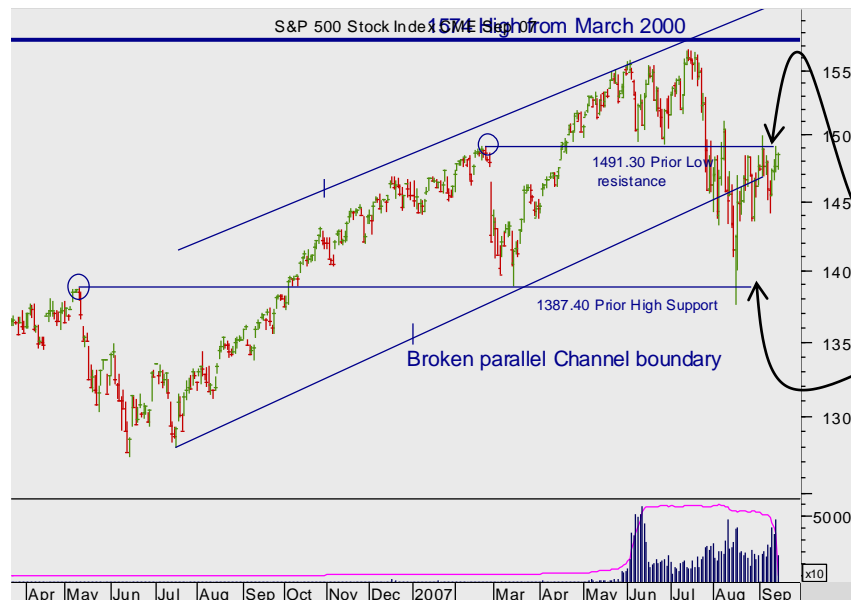
- + Oil
- + Gold

Stocks: Standard & Poors 500



Standard & Poors 500 weekly cash index chart

There has been a pull-back, but the market found support at the rising bull trend support.



Standard & Poors 500 daily cash index chart

In the shorter-term, the market presents a complex picture: a small Triple Top is pressuring the market down (whose crucial resistance lies at 1491)

and the support from the old high at 1387 is supporting the market.

Look closer still.

More



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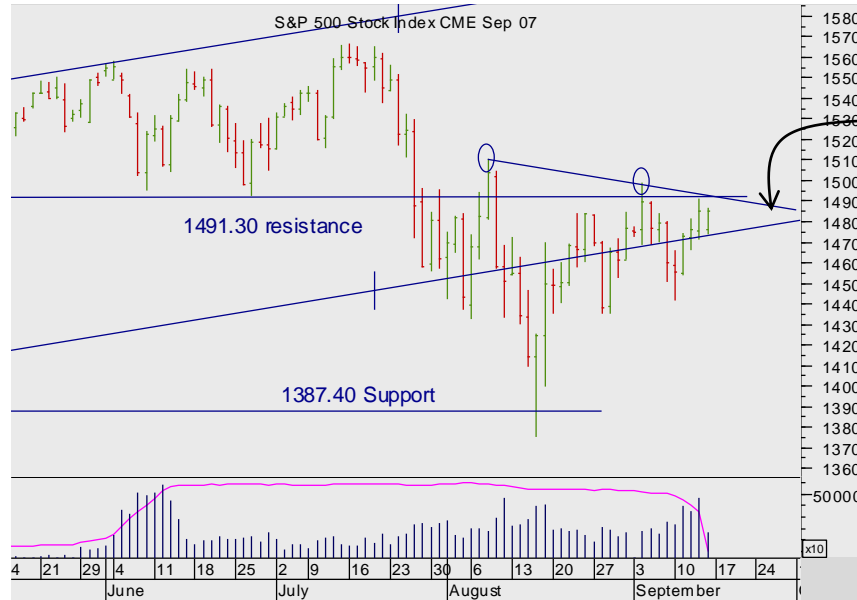
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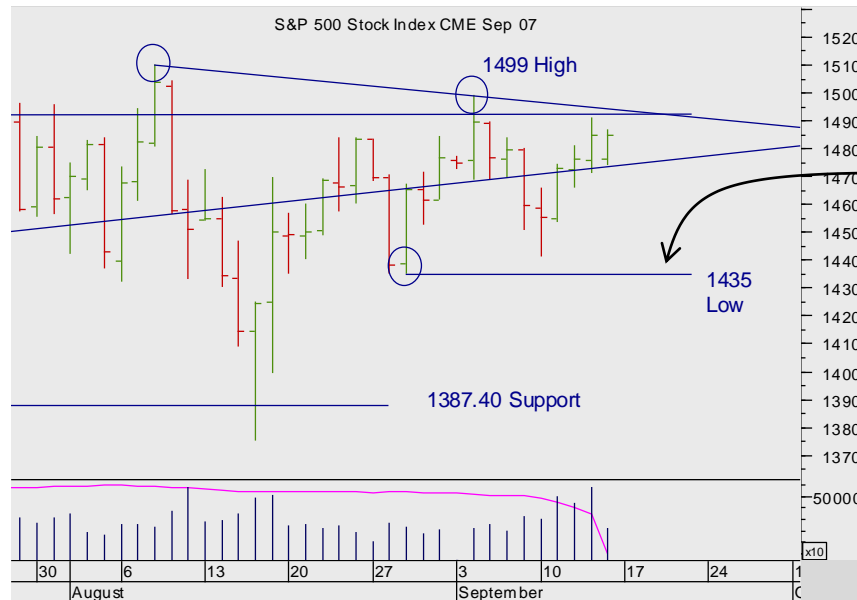
- + Oil
- + Gold

Stocks: Standard & Poors 500



Standard & Poors 500 daily futures chart

There is **potential** for a bull Head and Shoulder Reversal – on a close through the 1499 level....but note the series of failures at the horizontal resistance (1491) at this level.



Standard & Poors 500 daily futures chart

And if the market were to fail, use the Pivotal low at 1435 as your selling signal. **That's what we argued last week – and it's still true.**



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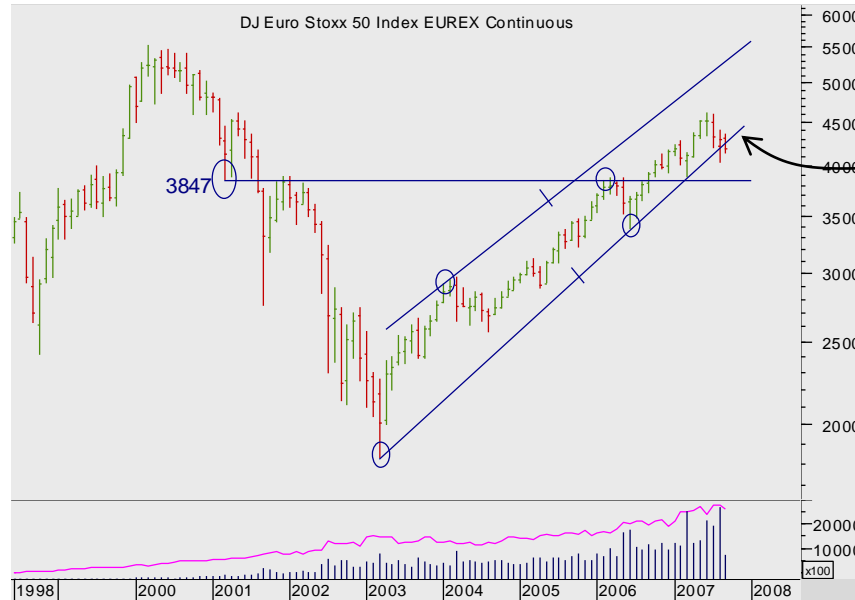
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Commodities

- + Oil
- + Gold

Stocks: European DJ Stoxx 50



European DJ Stoxx 50 monthly cash index chart

The bull channel from 2003 is being tested



European DJ Stoxx 50 weekly cash index chart

Even if it was to break, the market would find that there was good support at 3847 whence the market bounced before

More



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Stocks: European DJ Stoxx 50

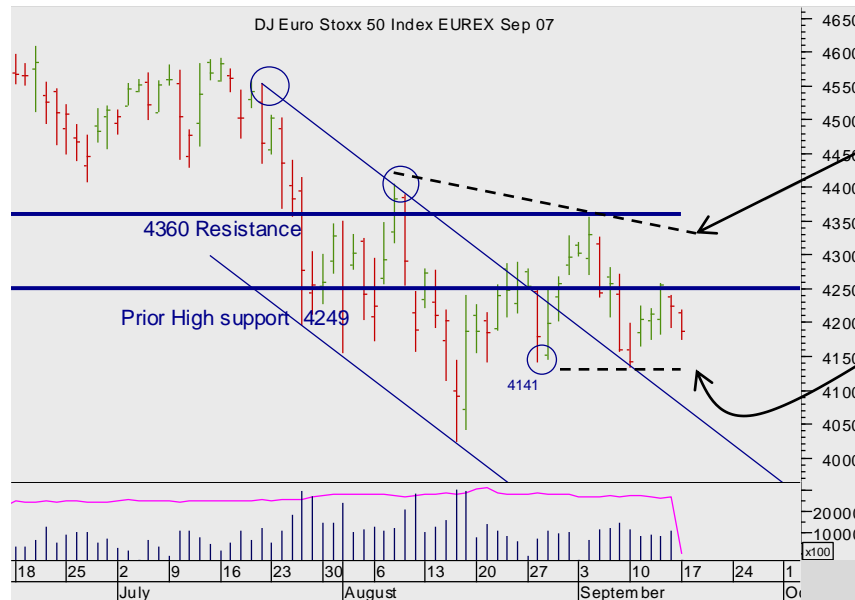


European DJ Stoxx 50 daily cash index chart

The market is under some pressure from the resistance under the Triple Top at 4360...

And the 4249 support looks vulnerable.

Look closer.



European DJ Stoxx 50 daily cash index chart

But there is **also** scope for the completion of a Bull H&S reversal. That needs a breakup through the Neckline at 4338 (falling).

As we argued last week, watch closely for a push down through the 4141 level to destroy the bulls' hopes...

Until then, stand back.



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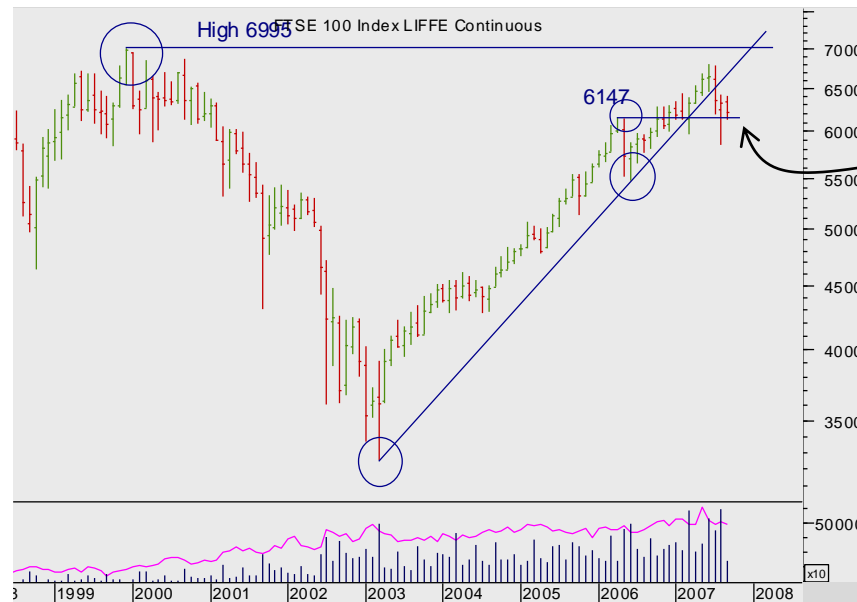
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Commodities

- + Oil
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Stocks: FTSE 100



FTSE 100 monthly cash index chart

The market has pulled back from approaching the old highs of the Nineties and tested the 6147 support, **but not yet broken down through it convincingly.**

More



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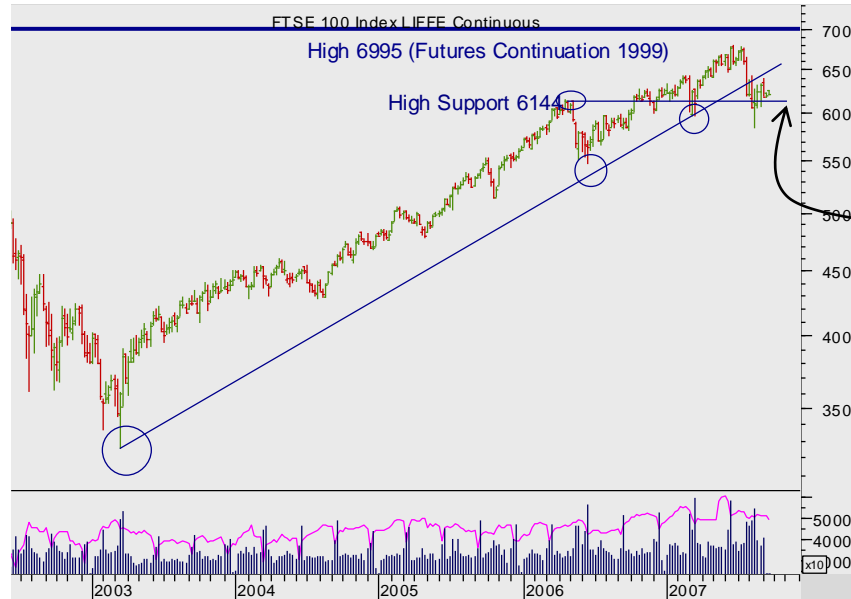
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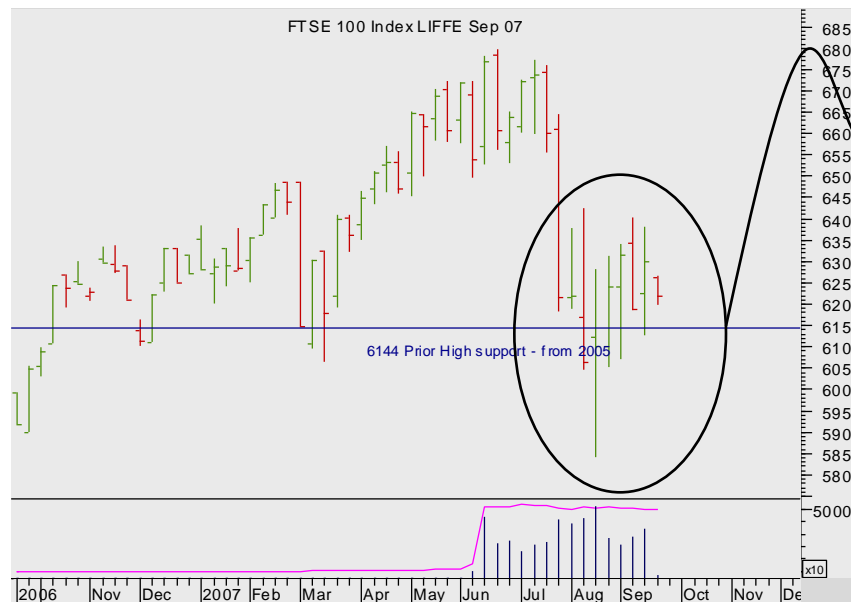
- + Oil
- + Gold

Stocks: FTSE 100



FTSE 100 weekly Futures cont. chart

Though the trend line support has been broken, the market has bounced from these levels (6144) before ...because of the Prior High support.



FTSE 100 daily futures chart

See how market has struggled to get down through it ...

More



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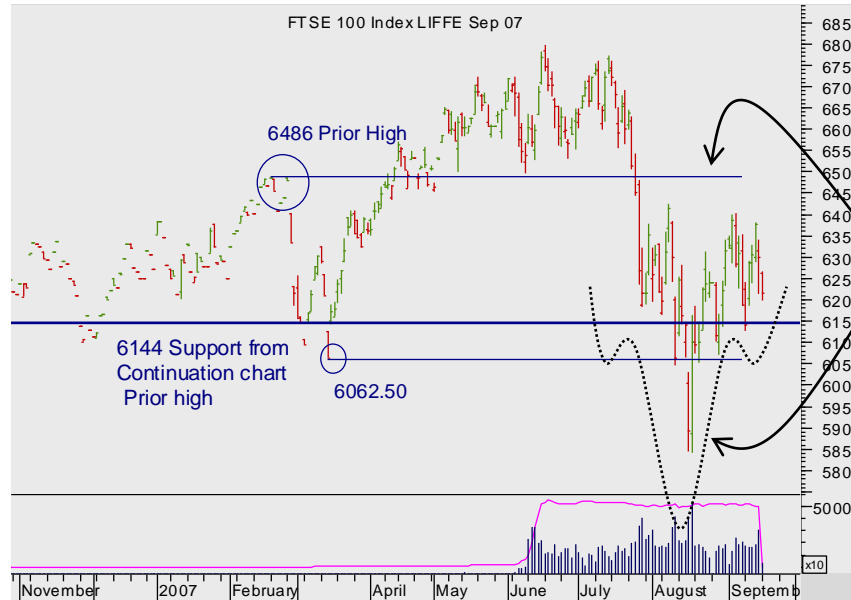
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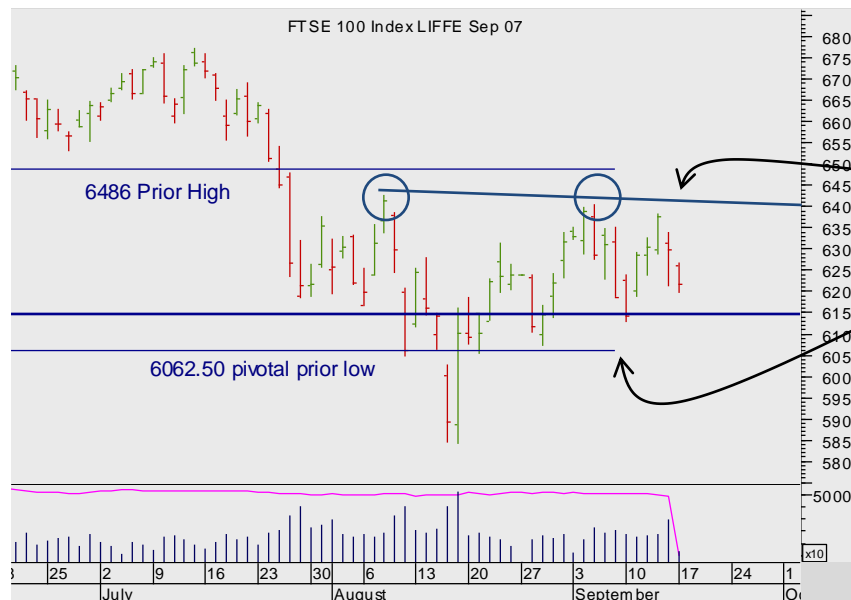
Stocks: FTSE 100



FTSE 100 daily futures chart

The detail is revealing: there is unquestionably the **potential** for a Head and Shoulders Reversal in place.

Which would oppose the resistance at 6486 – the Double Top completion level.



FTSE 100 daily futures chart

This is clearer in the short-term day chart. Watch closely for a push up through the potential neckline at 6400.

Or, on the other hand, a pull-back through 6062.

Like last week, we advocate standing back, the market is finely balanced.



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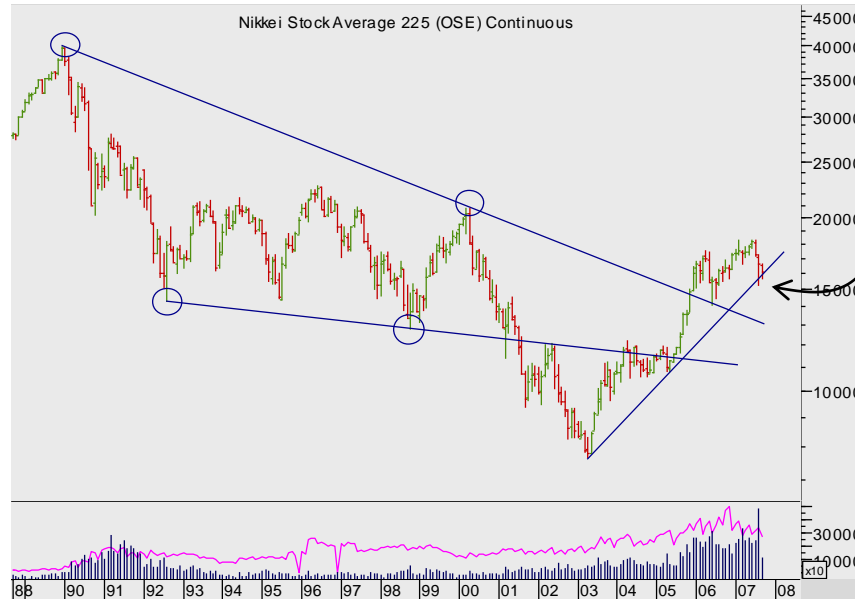
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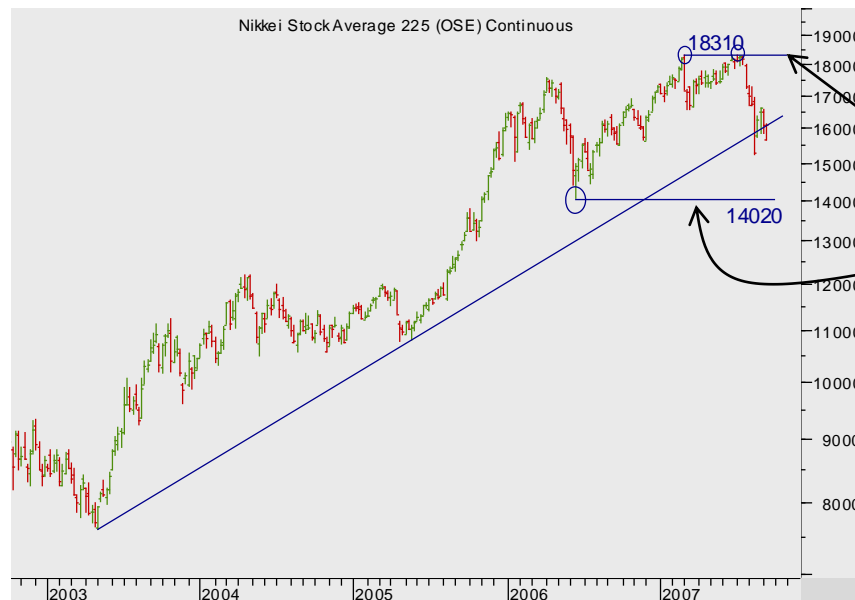
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Stocks: Nikkei 225



Nikkei 225 monthly cash index chart

The market remains well-set, the steep uptrend has yet to break.



Nikkei 225 daily futures continuation chart

The pull-back to test the bull trend support, arose from the twin failure at 18310.

But the real test of the market will be if it breaks 14020.

That is some way off.

More



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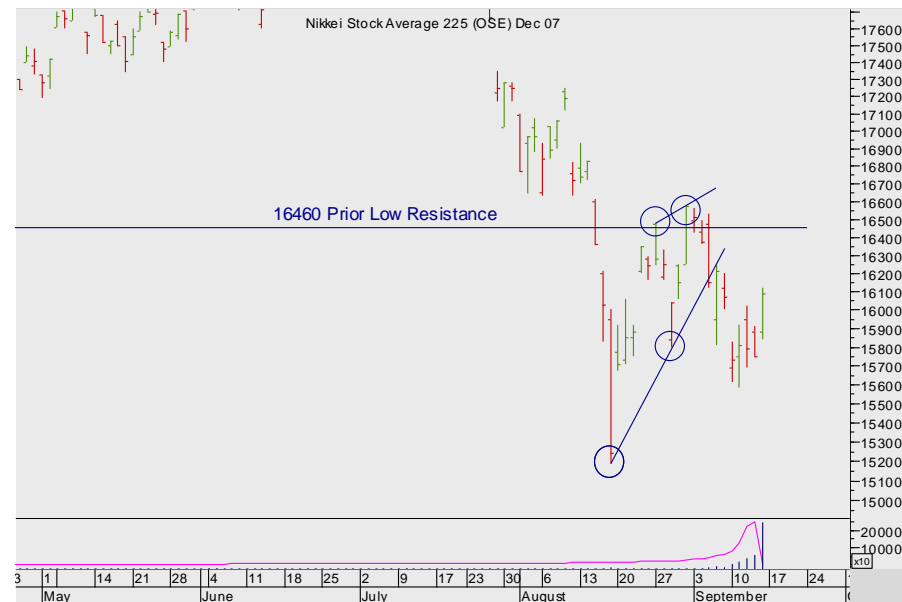


Nikkei 225 weekly futures chart

The Dec 07 market has a clear completed Double Top.

And note well the difficulty the market has experienced in trying to get back through the 16460 completion level.

The market looks under great pressure.



Nikkei 225 daily futures chart

The detail reveals a Bear Rising Wedge that has completed...the market is set to fail again.

We were bearish last week and the market marked time, but the bears still remain the more powerful.



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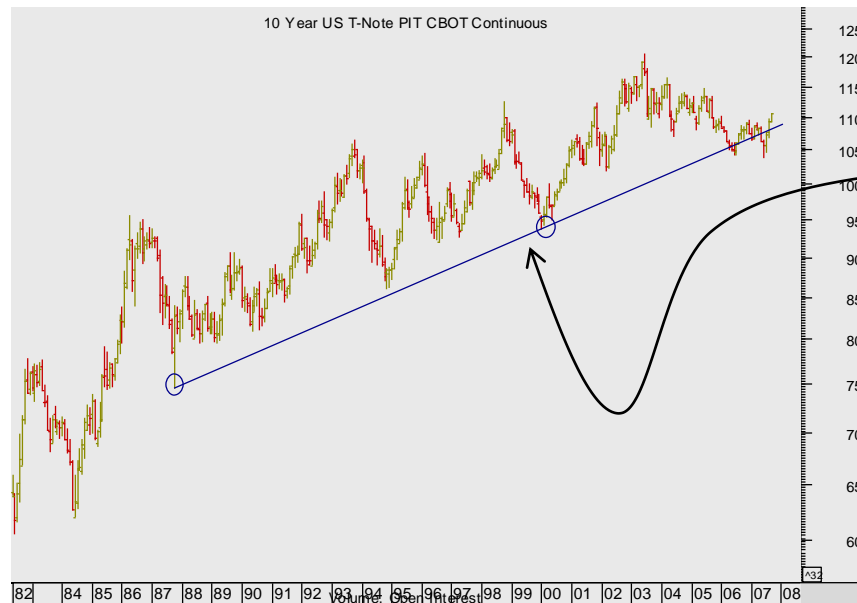
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Bonds

Bonds paused last week; the US notes and Japanese notes look underpinned with good scope to go ahead from powerful reversal structures; the reluctant bunds are up against good resistance... but their bull channel may yet drive them up through it.

Bonds: Ten year US treasury note



Ten year US treasury note monthly futures continuation chart

The twenty year bull market is clear.

More



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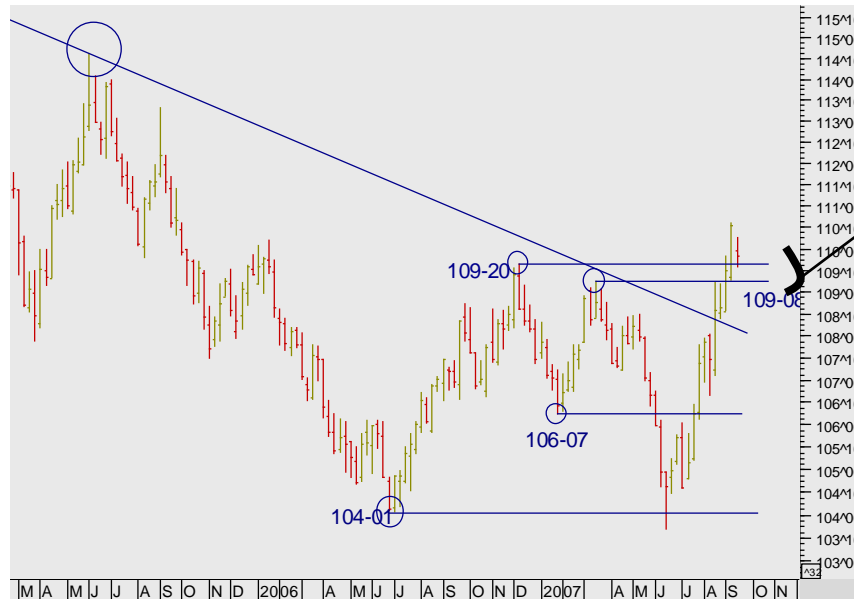
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Bonds: Ten year US treasury note



Ten year US treasury note weekly futures continuation chart

There is a clear completed Double Bottom in place.



Ten year US treasury note daily futures continuation chart

Expect the band 109-20 – 109-08 to be good support on any pull-back.

The minimum move for the Double Bottom? 115-00.

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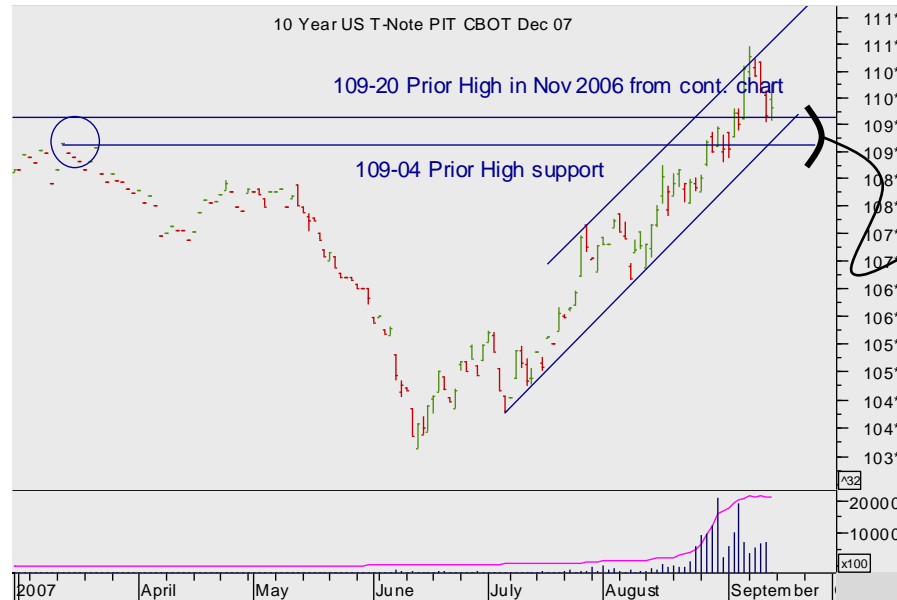
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Bonds: Ten year US treasury note



Ten year US treasury note daily futures chart

And the short-term chart of the Dec 07 is worth watching closely: watch the support (in that contract) at 109-04/20, which the market is currently testing.

It should be good support. Last week we drew the same conclusion from the Sep07 Contract. Stay long with Stops beneath 109-04.



Summary

Currencies

- + Dollar Euro
- + Dollar Sterling
- + Dollar Yen
- + Sterling Euro

Stocks

- + Standard & Poors 500
- + European DJ Stoxx 50
- + FTSE 100
- + Nikkei 225

Bonds

- + Ten year US treasury note
- + **Ten year Euro Bund**
- + Ten year Japanese Bond

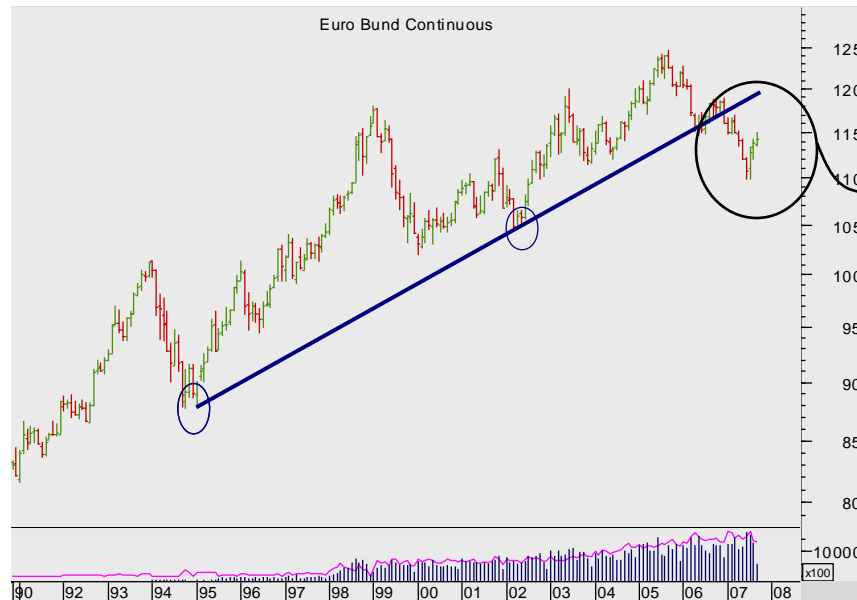
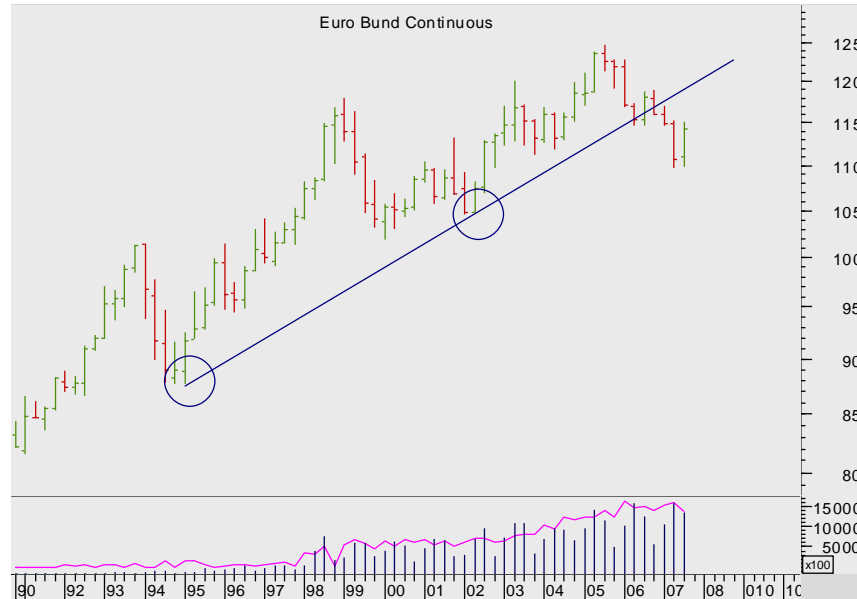
Interest rates

- + Dollar rates
- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Bonds: Ten year Euro Bund



Bund monthly futures continuation chart

The twelve-year trend has been broken.

Bund weekly futures continuation chart

There, has of course, been a rally in the last four months...

More



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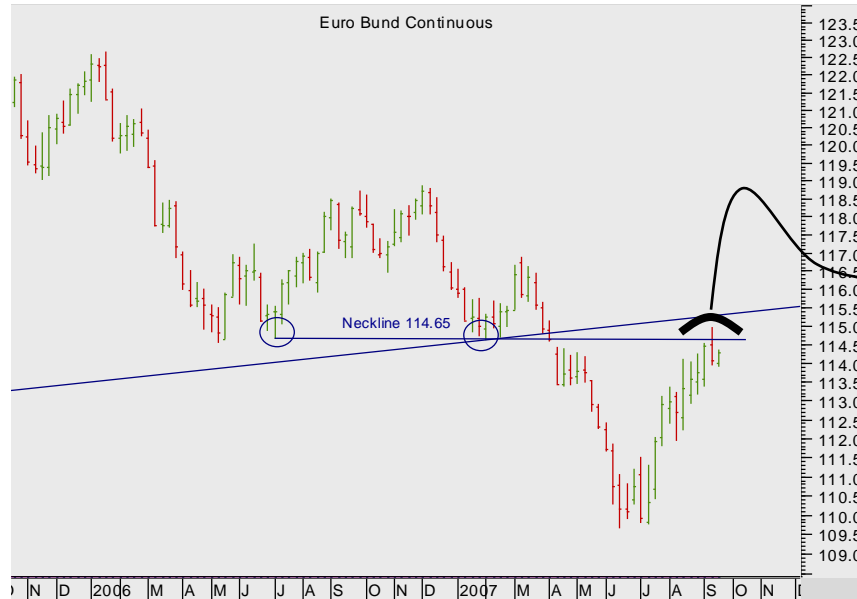
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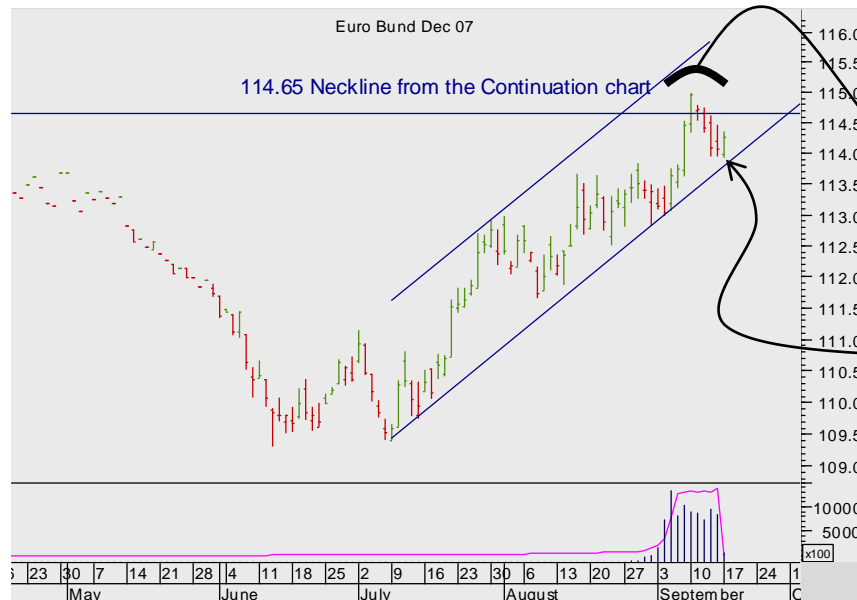
Bonds: Ten year Euro Bund



Bund weekly futures continuation chart

But that rally has found itself hard up against powerful resistance at 114.65. Which is the Neckline of the recent bear Head and Shoulders

Look closer...



Bund daily futures chart

We can see in the day chart that the market has already tested that level and pulled back.

But note well the bull channel is still intact..

The channel support currently lies close beneath the market at 114.

Bears need the lower boundary of the channel to break before selling.

More



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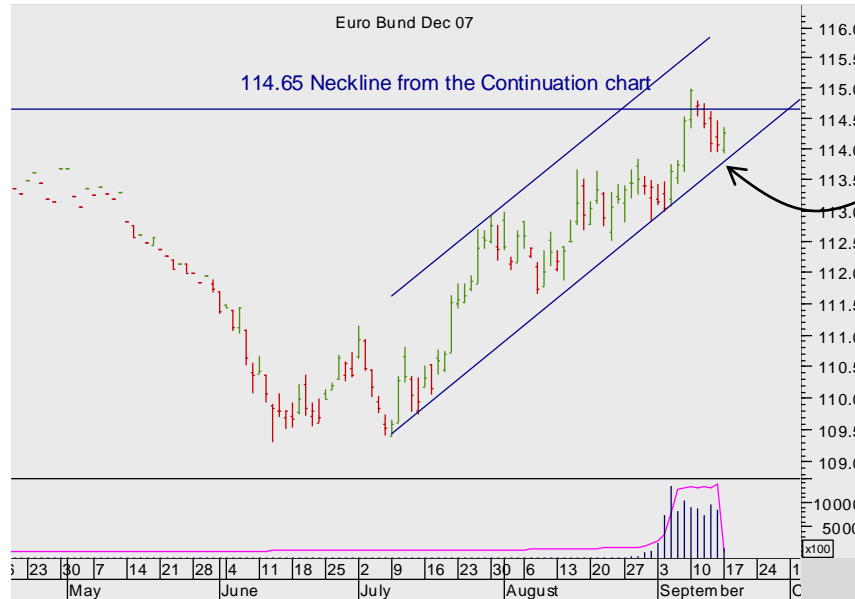
Interest rates

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Commodities

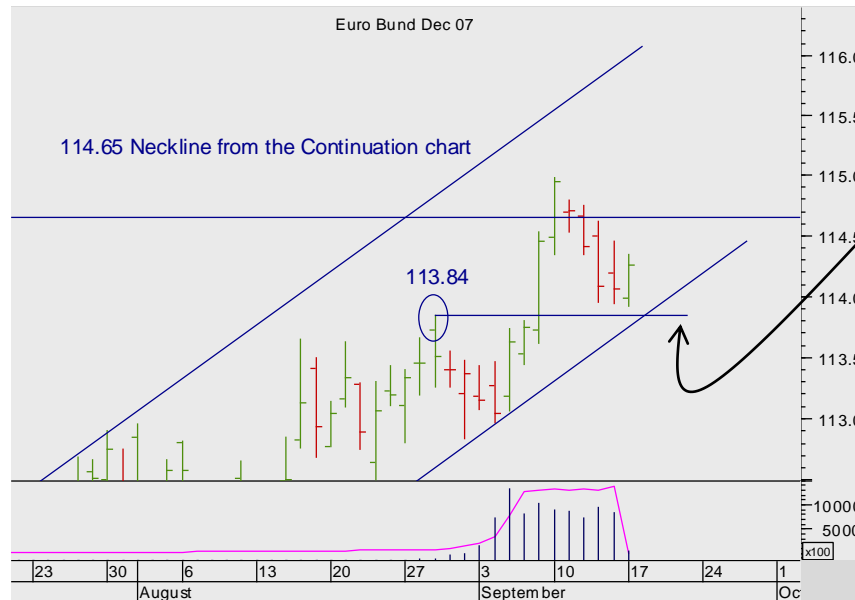
- + Oil
- + Gold

Bonds: Ten year Euro Bund



Bund daily futures chart

Wait for a break of that channel as confirming evidence of a failure at the 114.65 level.



Bund daily futures chart

See that the horizontal at 113.84 is important too.

Watch closely for a break.



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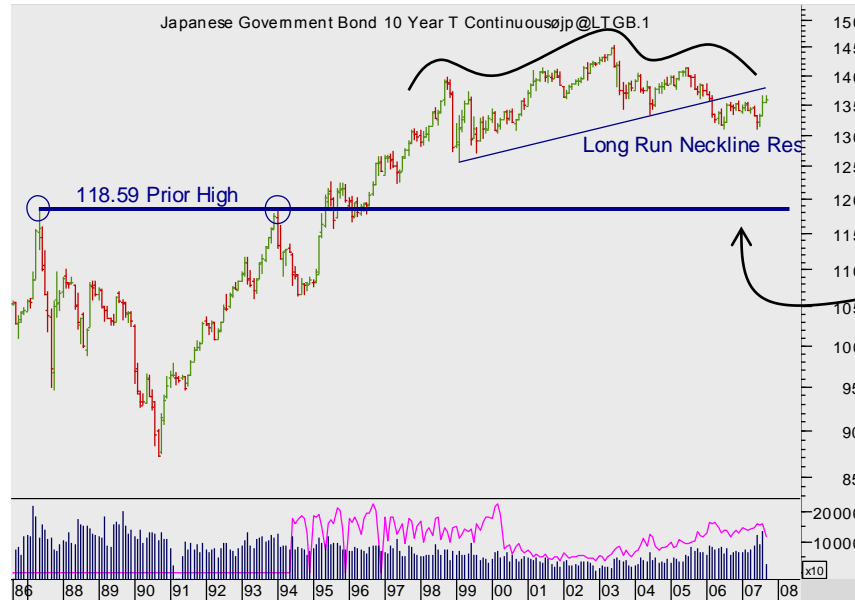
Interest rates

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Commodities

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- + Gold

Bonds: Ten year Japanese Bond



Ten year Japanese Bond monthly futures continuation chart

We have characterized the big picture of the market as a Top...

There's no support beneath the market at 118.59 a long way away.



Ten year Japanese Bond weekly futures continuation chart

In any event, the market has twice bounced from the 131 level...has a Double Bottom been created?

More



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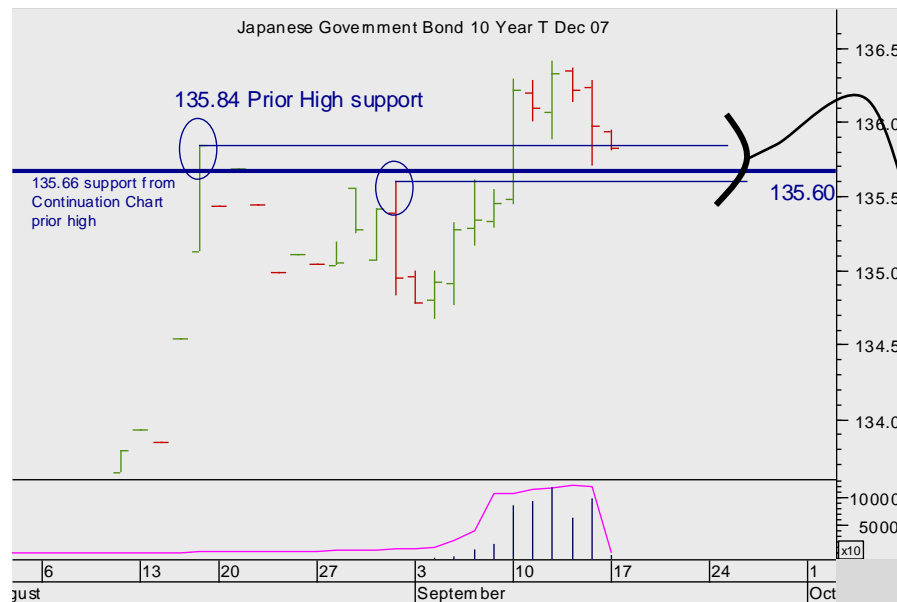
Bonds: Ten year Japanese Bond



Ten year Japanese Bond weekly futures continuation chart

It's not clear yet.

Certainly the market is trading around that level



Ten year Japanese Bond daily futures chart

The Dec 07 is rather more encouraging: the range of support 135.60-135.84 lies beneath the market and should act as good support if the bulls are in charge and the double Bottom has truly completed.



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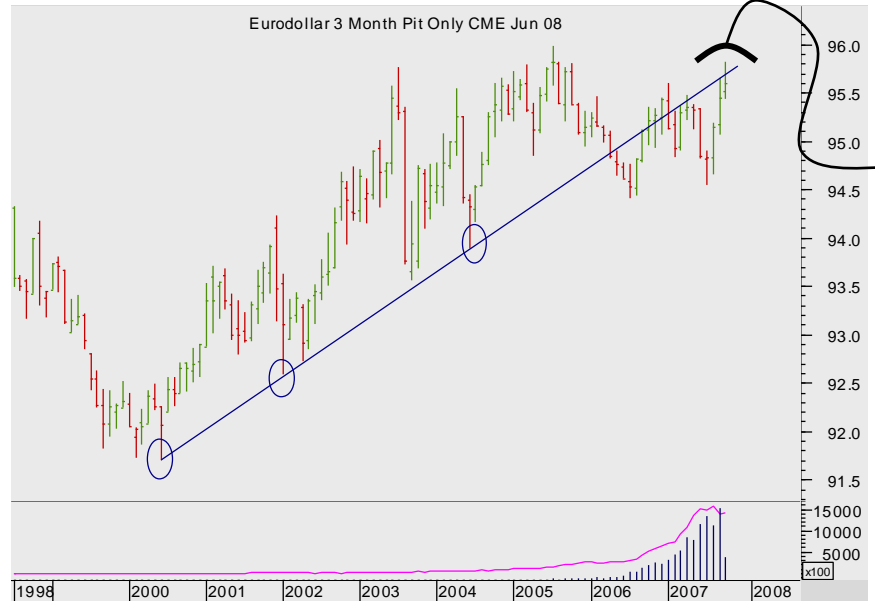
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Commodities

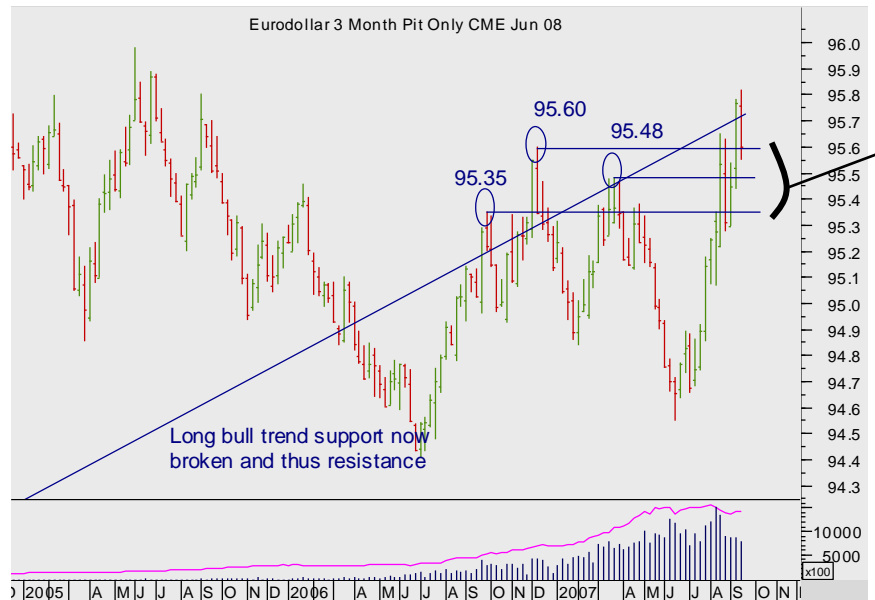
- + Oil
- + Gold

Interest rates: Dollar rates



Dollar rates monthly futures chart

The market is testing the long term bull trend support - now resistance - which broke early in 2006.



Dollar rates weekly futures chart

The bulls will note the way the market has driven up through the succession of Highs – those Highs should now act as good support.

More



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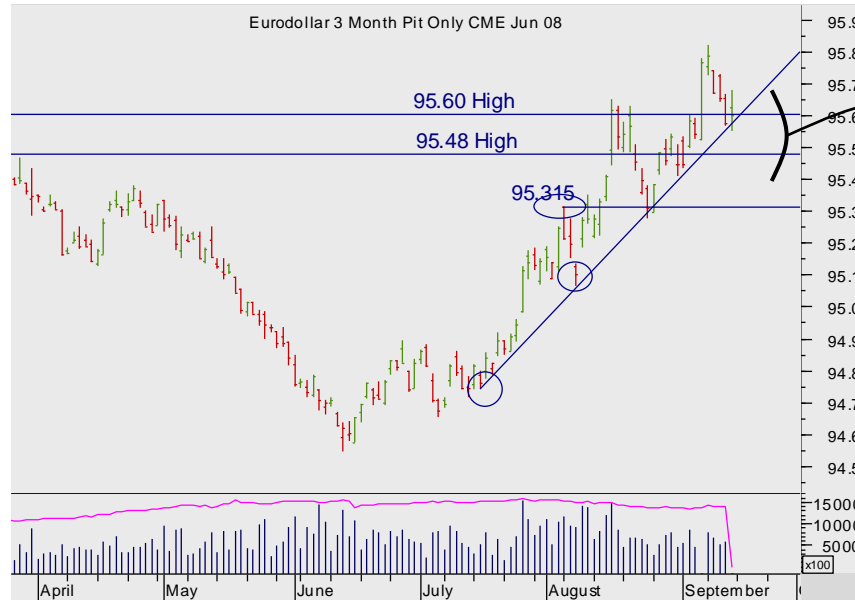
+ Dollar rates

- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Dollar rates



Dollar rates daily futures chart

There has been a pull-back to those prior Highs as well as the bull trend support.

The market should find support at these levels.

Last week we thought the market was underpinned – and that is now being tested.



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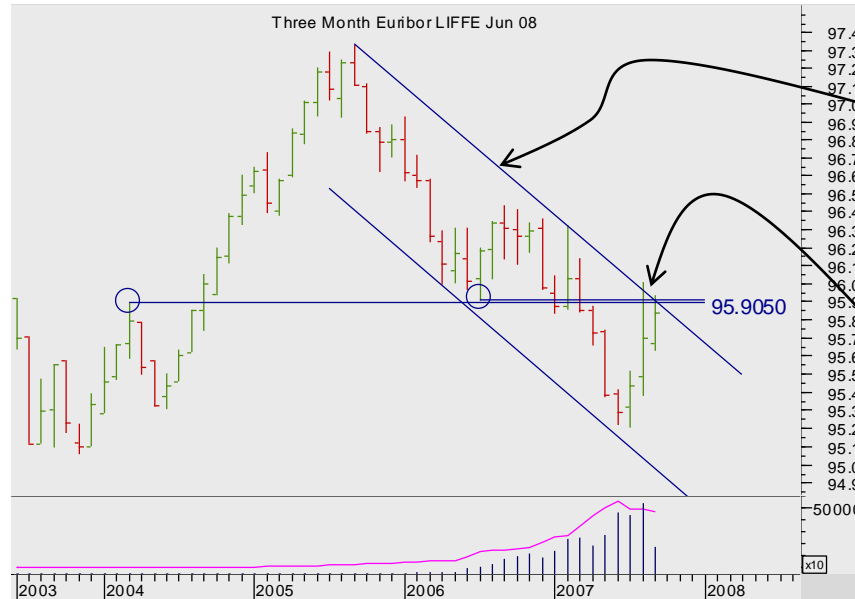
Interest rates

- + Dollar rates
- + **Euribor rates**
- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Euribor rates



Euribor rates monthly futures chart

The market is closely contained within a bear Channel.

Notice the recent retracement backup to the resistance at 95.09 - and the coincidence with the top of the channel.

That is powerful resistance as a result.



Euribor rates weekly futures chart

The detail reveals the band of resistance 95.9050-95.99 which is important.

As we argued last week, wait for a break of that level before going long.

More



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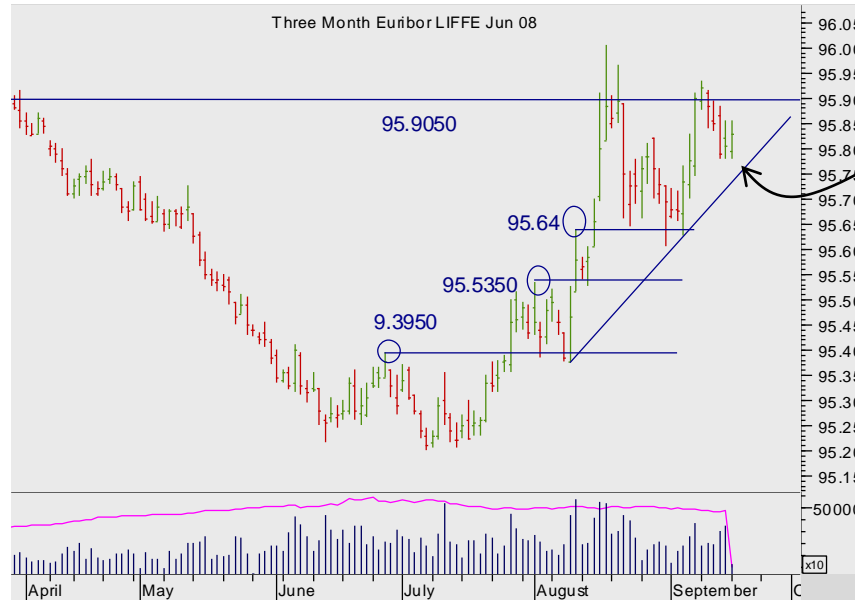
Interest rates

- + Dollar rates
- + **Euribor rates**
- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Euribor rates



Euribor rates daily futures chart

Watch for a confirming close beneath the near rising trend support currently at 95.75.

Or, indeed a push up and confirming close above 95.99.



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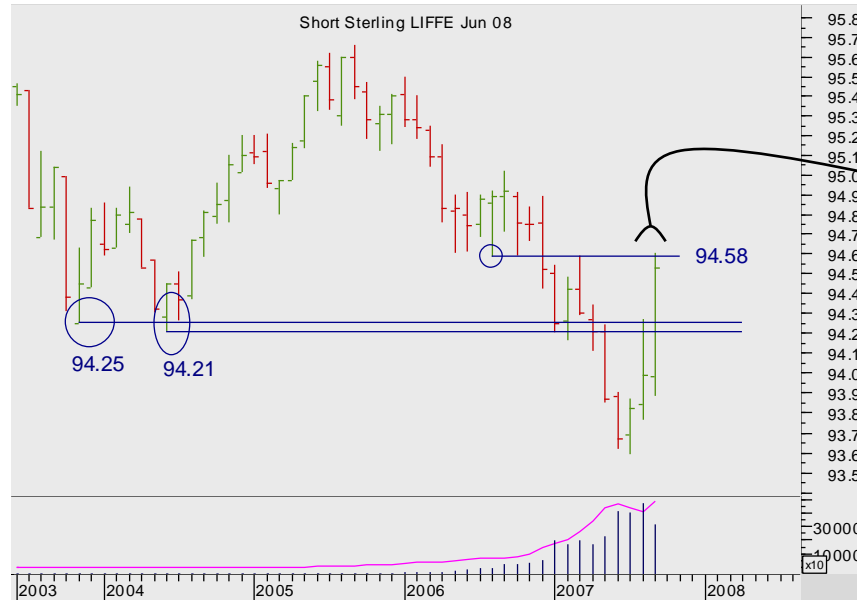
Interest rates

- + Dollar rates
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- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Sterling rates



Sterling rates monthly futures chart

The market has powerfully driven up through the prior Lows at 94.21-4, only to find resistance from the old lows at 94.58.



Sterling rates weekly futures chart

The detail shows the **extreme volatility** the market has experienced on the way there...

More



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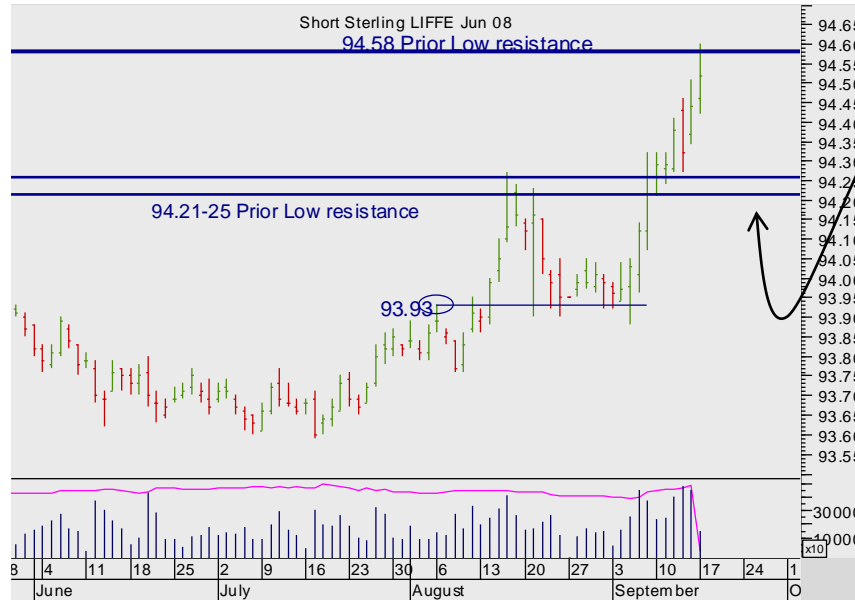
Interest rates

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Commodities

- + Oil
- + Gold

Interest rates: Sterling rates



Sterling rates daily futures chart

On any pull-back expect good support at 94.25 – the near High.



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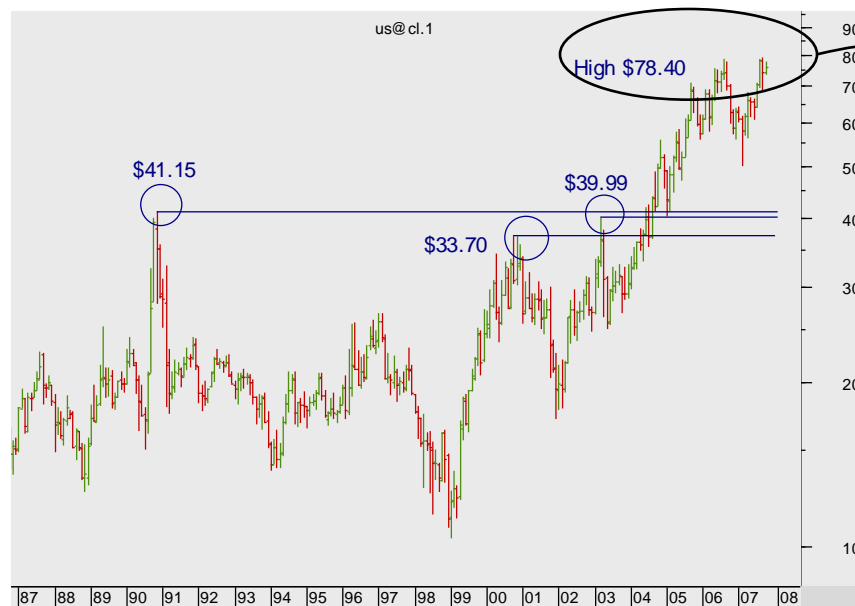
Commodities

- + Oil
- + Gold

Commodities

Gold's trading range is under threat, a clear break to the upside will set the market going. Oil's bull run under the influence of a clear bull structure has paused near the recent highs – but there's more to come.

Commodities: Oil



Oil monthly futures continuation chart

The market has driven up to the \$78.40 High for the second time....

More



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Commodities

- + Oil
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Commodities: Oil

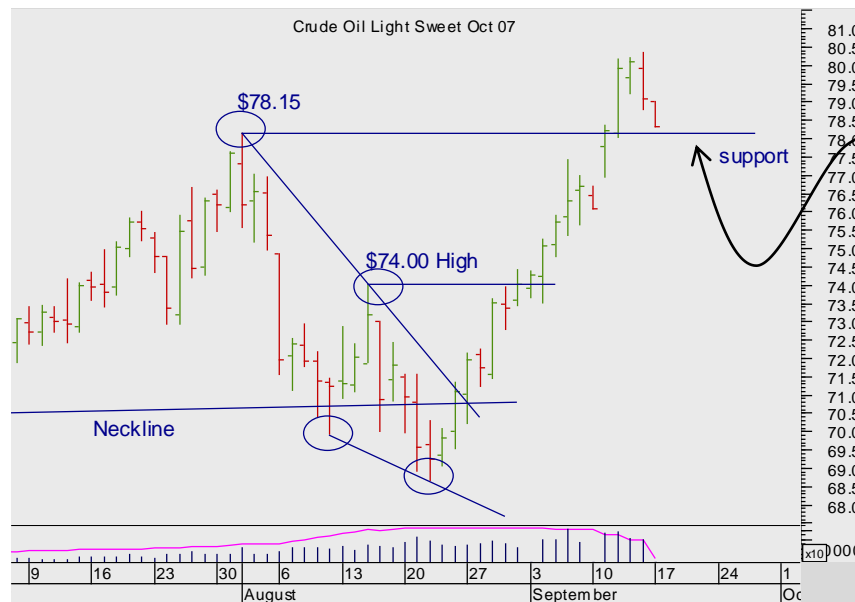


Oil weekly futures chart

Driven by the clear Head and Shoulders Reversal – whose integrity has been shown by the solidity of the Neckline when the market pulled back recently.

The minimum target of the pattern is \$86.

The critical break-up of the market is \$80.51- the prior High Pivot.



Oil daily futures chart

Certainly, in the short term, the near High \$78.15 may be some support, but the important level remains \$80.51.



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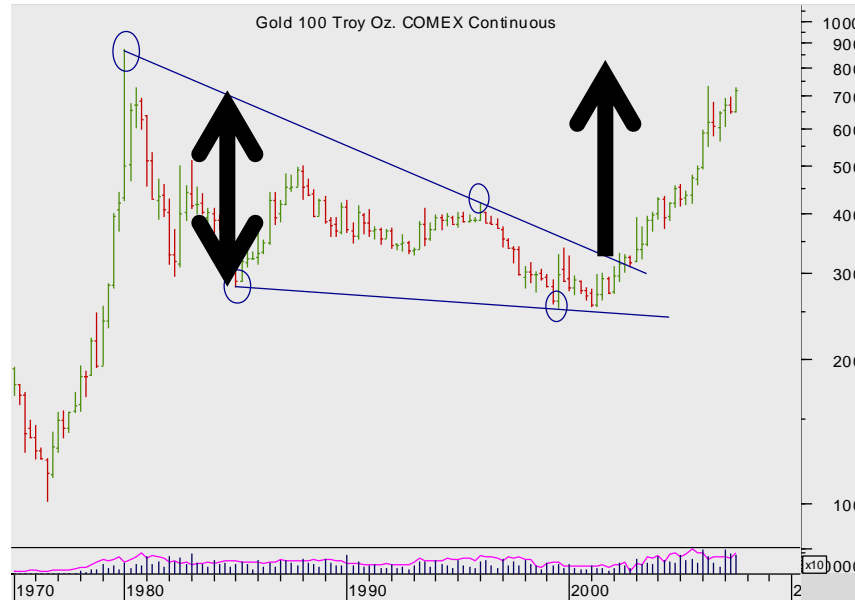
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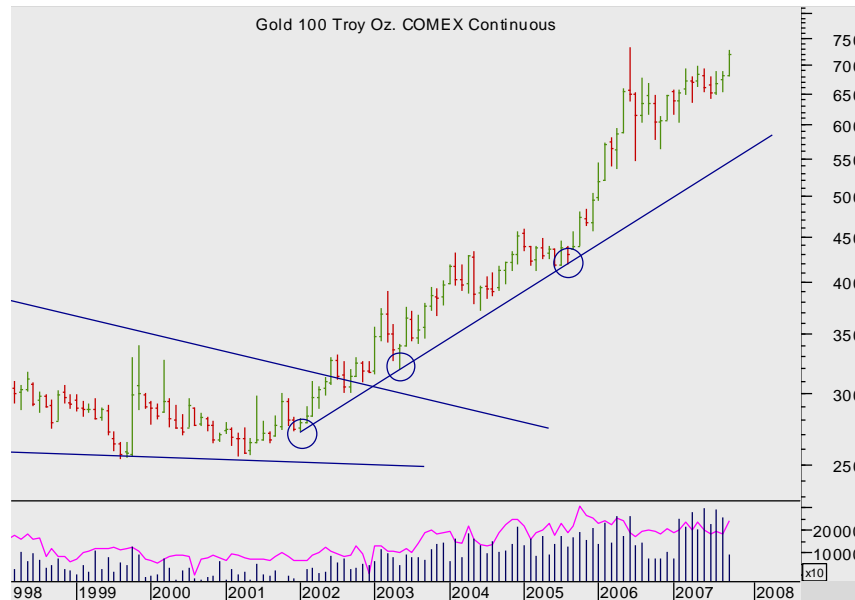
- + Oil
- + Gold

Commodities: Gold



Gold quarterly futures continuation chart

The market has been driven by a Continuation Triangle for many years.



Gold monthly futures continuation chart

And the rising trendline support has been left far behind.

More



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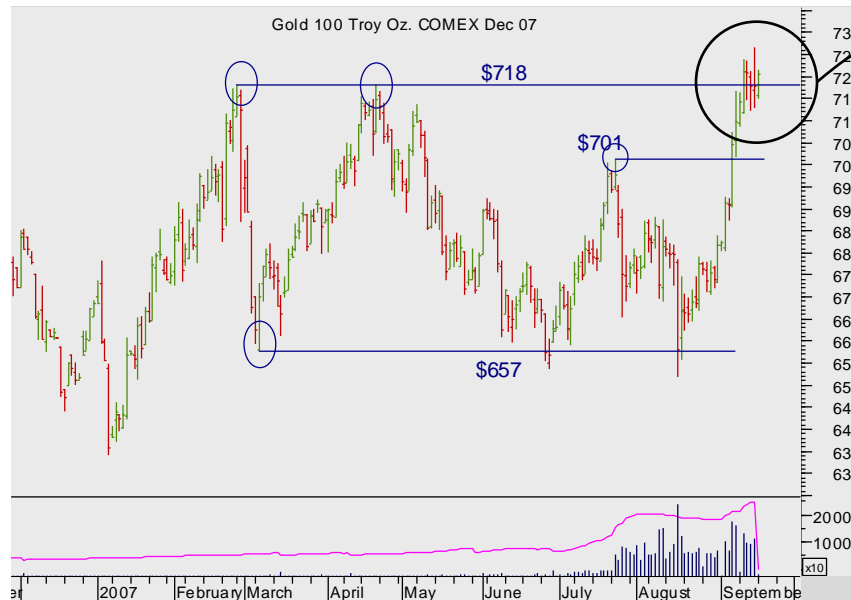
Commodities: Gold



Gold weekly futures chart

But the market has gone nowhere for a long time, in particular, there is a well defined trading range since the beginning of 2007.

Has the market broken it?



Gold weekly futures chart

It's not yet clear whether the range (very well defined) has been broken.

Watch and wait for a clear break of the range...



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