



Key Trade Bulletin

22nd April 2008

1. Bunds

SELL Jun08 Bunds at current levels (113.77) Stop 114.75

The Macro Trader's view:

The Euro zone CPI report released last Wednesday came in worse than expected, and the Bund sold off heavily throughout the week.

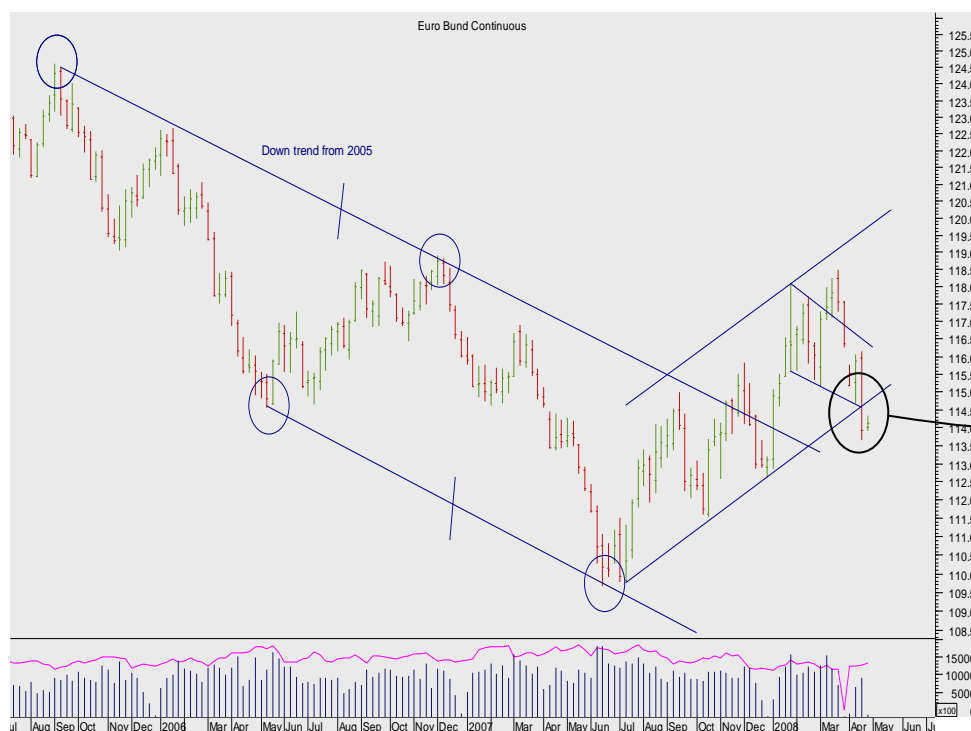
Moreover, the Bund now looks very vulnerable to further selling pressure as the ECB seems reluctant to tighten policy.

This restraint is likely due to political considerations as policy makers don't want to tighten only to see the effects of the credit crisis finally wash through the Euro zone economy, bringing cries from the Euro zone's politicians of ECB miss-management.

But their delay is allowing inflation to take root and unless the Euro zone does indeed eventually succumb to a credit crunch induced slowdown, will require tighter policy than might otherwise have been needed.

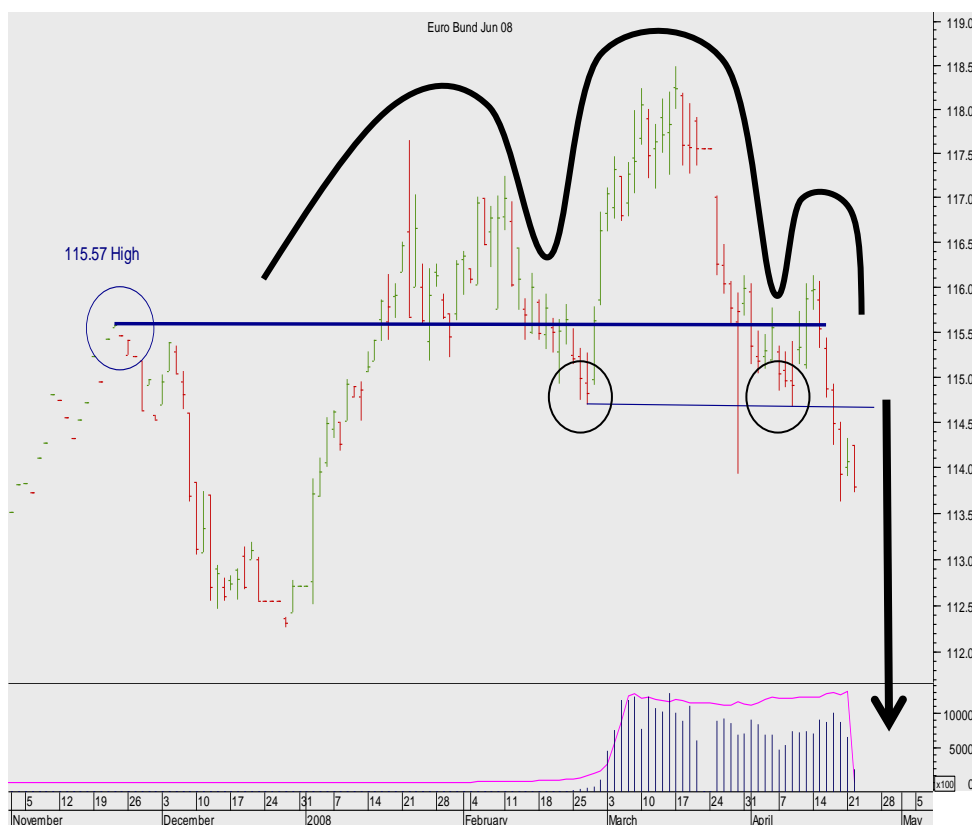
But while policy makers delay the Bund has emerged as a clear sell as investors require a larger inflation premium to hold Bonds.

The Technical Trader's View:



Weekly Bar chart

The market has smashed down through the channel support in the weekly chart.



Daily Bar chart

And a clear Head and Shoulders Top has been created.

The Minimum target?
111 or so...

Resistance lies at the
Neckline at 114.68.

Mark Sturdy

John Lewis

Seven Days Ahead