



**Week 21**  
20<sup>th</sup> May 2008

#### 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**

Authorised and regulated  
by the FSA



# summary

## Summary

### Currencies

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

Stay SQUARE  
Stay SQUARE  
Stay SQUARE  
Stay **LONG** Euros above 0.7757

### Stocks

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

Stay SQUARE; BUY above 1429 (Jun 08)  
Stay SQUARE; BUY above 3877 (Jun 08)  
Stay **LONG** above 6099.50 (Jun 08)  
Stay **LONG**; 14020 (Jun 08)

### Bonds

- + Ten year US Treasury Note
- + Ten year Euro Bund
- + Ten year Japanese Bond

**SELL** on a break of 113-25 (June 08)  
Stay **SHORT** beneath 114.69 (Jun 08)  
Stay **SHORT** beneath 136.00 (Jun08)

### Interest rates

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

**SELL** on a confirmed break of 96.6350 (June 09)  
Stay SQUARE  
Go SQUARE

### Commodities

- + Oil
- + Gold

Stay **LONG** while above \$119.93 (Jun 08)  
Stay **LONG** above \$890.80 (Jun 08)



## Currencies

Has the strengthening of the Dollar come to an end? We can't be sure. The last week has seemed more of a pause than anything. Many thought that Cable might be the most likely to reveal the Dollar's relative strength, and the technicals were poised to drive Sterling on down, but it hasn't completed...yet. The good news is that most markets are well-structured - showing clear levels by which to assess the next move.

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### Currencies: Dollar Euro



#### Dollar Euro monthly spot cash chart

The breakthrough the Prior Highs.

Only a pull back through these powerful supports could encourage the bears medium-term.

(That is a long way for the Dollar to strengthen/Euro weaken before there is support of substance...if the market wants to turn)

More



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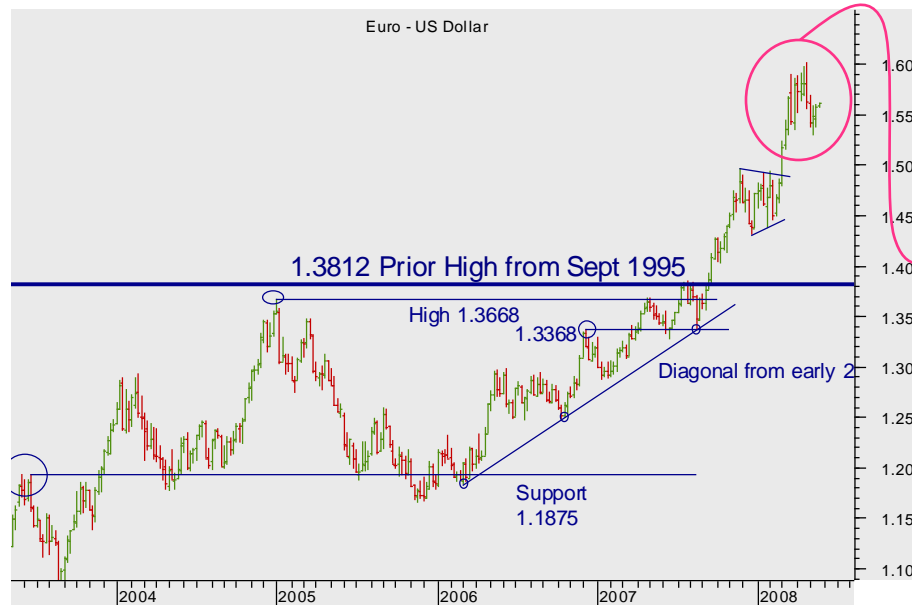
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## Currencies: Dollar Euro



### Dollar Euro weekly spot cash chart

The market accelerated ahead to current levels and then hesitated.

Look closer.



### Dollar Euro daily spot chart

This repeated failure at the 1.59 level looks Toppy, but there's no clear pattern in place.

Bears need a break of 1.5344...

But we are far from that at the moment.



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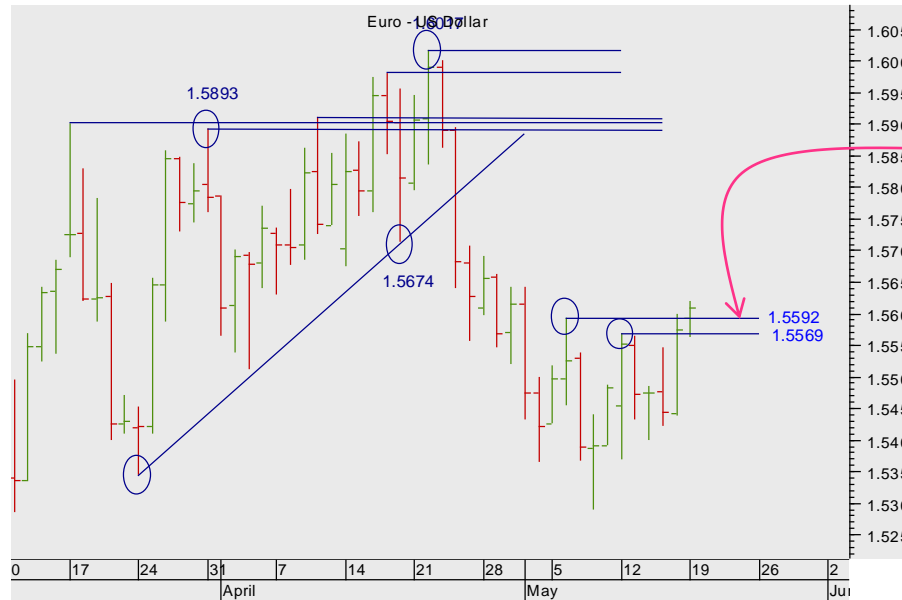
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## Currencies: Dollar Euro



## Dollar Euro daily spot cash chart

The market is moving better for the moment: the push up through the near highs adds to the short-term bull case.

But it's not compelling.

We remain on the sidelines – like last week.



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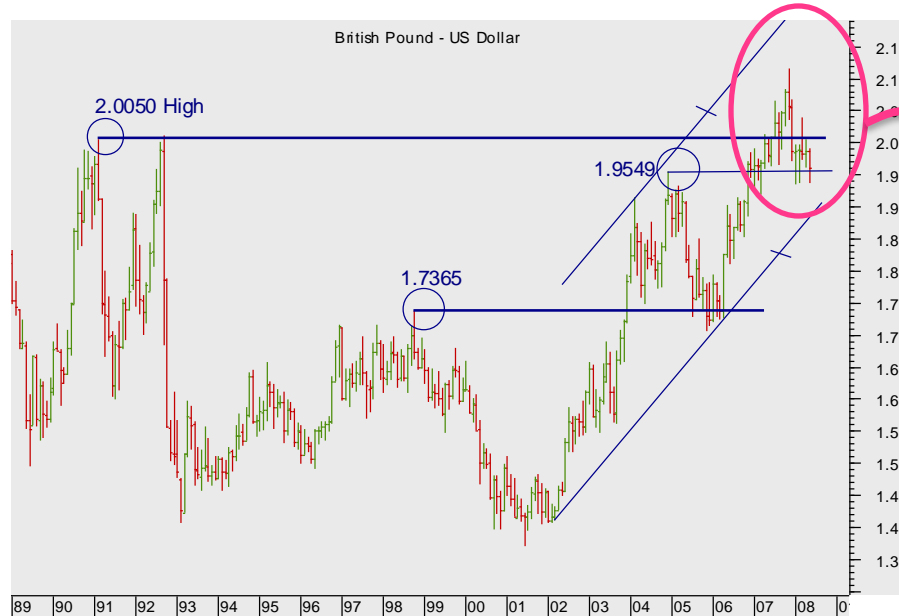
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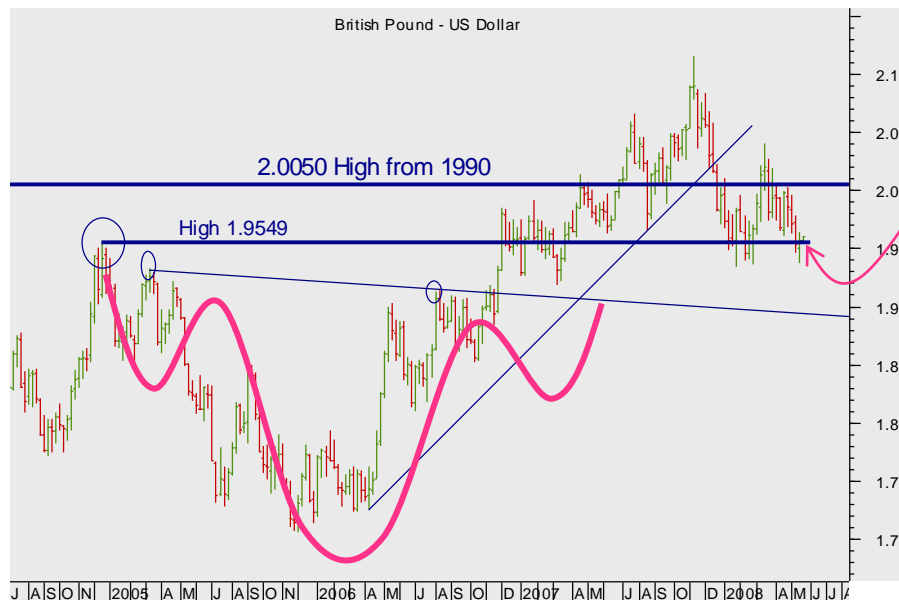
- + Oil
- + Gold

## Currencies: Dollar Sterling



### Dollar Sterling monthly spot cash chart

The fall back through the two prior High support levels was a setback for the bulls. But the market did hold there.



### Dollar Sterling weekly spot cash chart

It has steadied at the support from the 1.9549 level - twice.

More



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## Currencies: Dollar Sterling

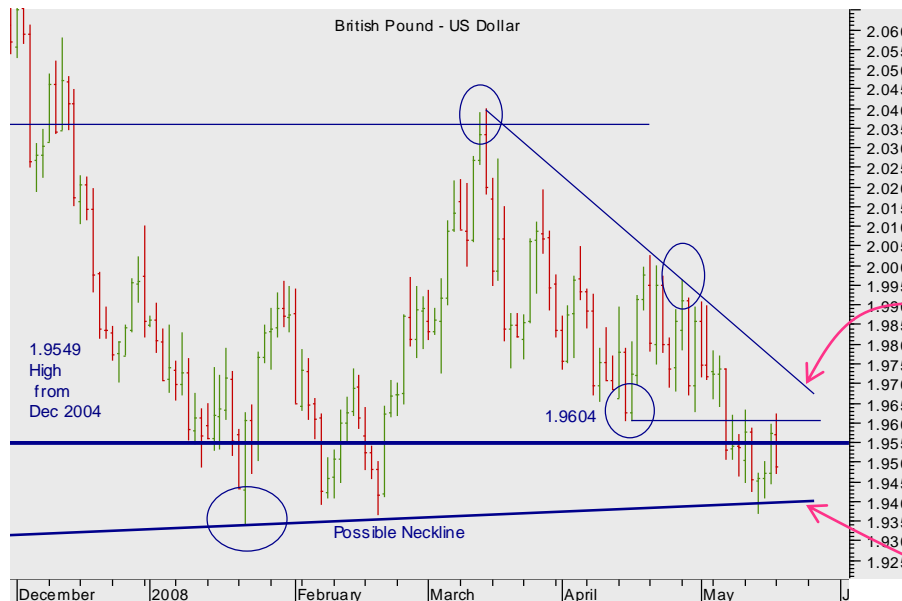


### Dollar Sterling daily spot cash chart

Note possible Head and Shoulders Top in the making.

There was a bounce off the Neckline initially.

Look closer.



### Dollar Sterling daily spot cash chart

The market is currently caught between the resistance at 1.9604 and the support of the Neckline...

The bulls need a drive up through the falling diagonal at 1.0750 before they can get going...

Whereas bears need to watch for a break of the Neckline at 1.9400.



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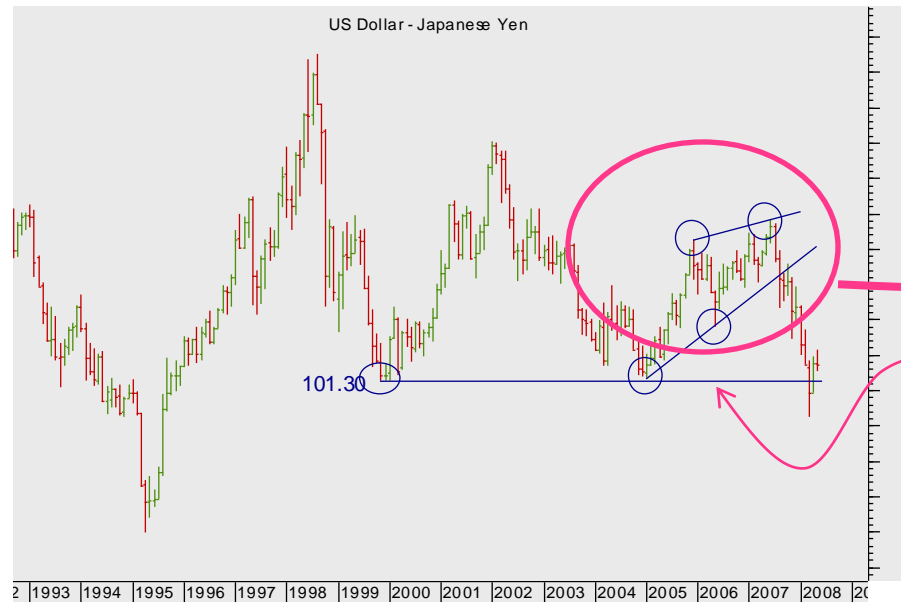
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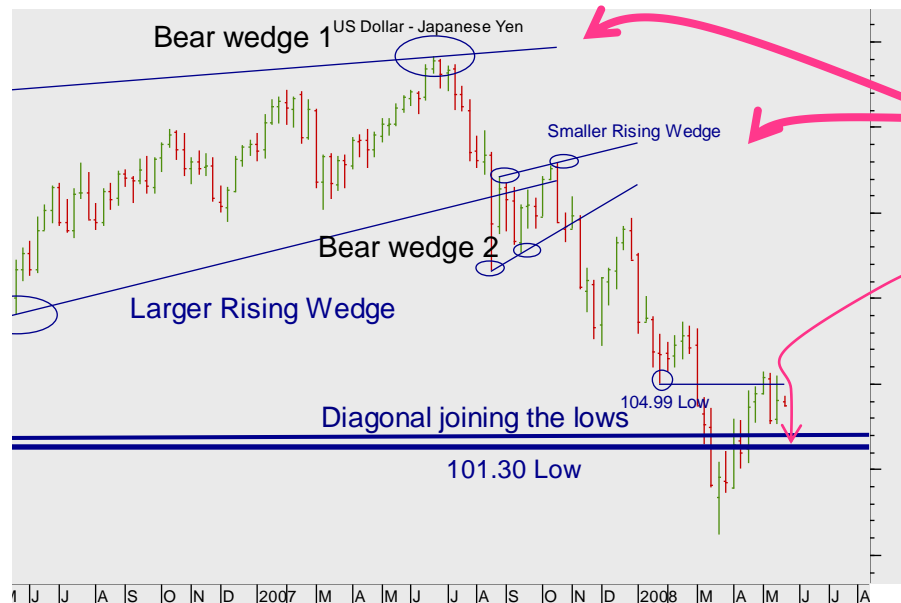
## Currencies: Dollar Yen



### Dollar Yen monthly spot cash chart

The completion of the bear Rising wedge has created bear momentum ...

The market has plummeted to the crucial diagonal from the Prior Lows....which have held.



### Dollar Yen weekly spot cash chart

In fact, there are two bear wedges driving the market down.

Note that the market has smashed through crucial pivot at 102....and then recovered.

Look closer still.

More





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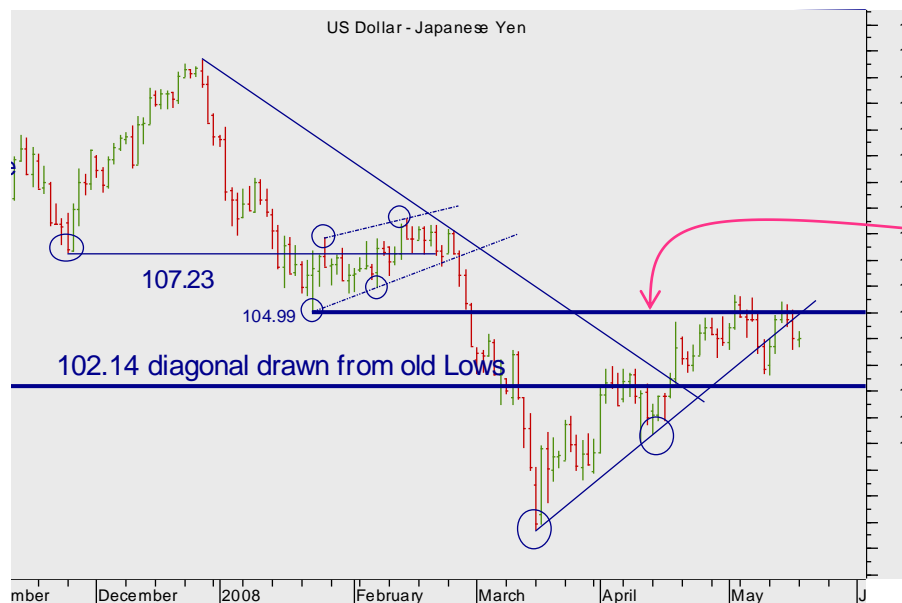
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## Currencies: Dollar Yen



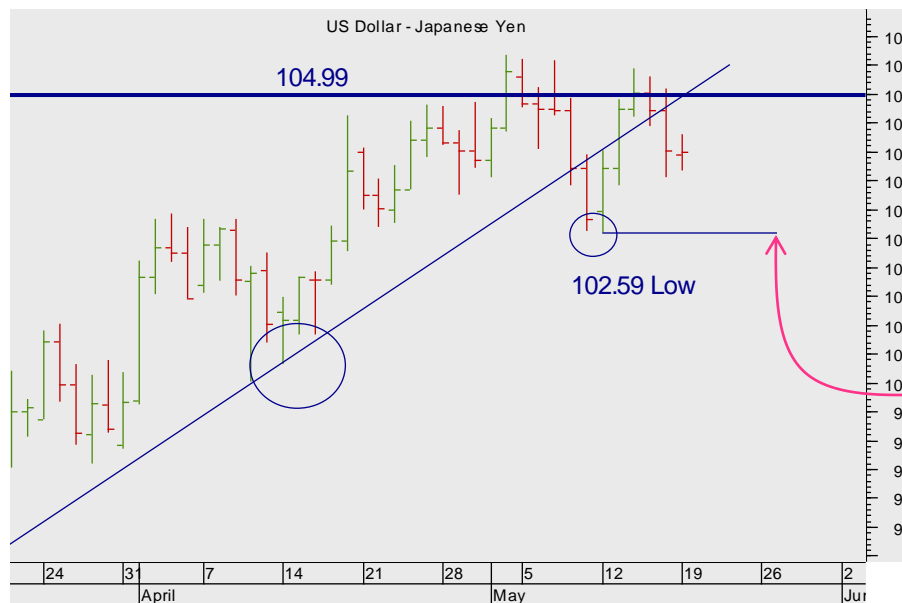
### Dollar Yen daily spot cash chart

The market's rally back through has been impressive .

There has been good resistance at 104.99....

Bears should watch and wait for a break which would signal a fresh bear leg.

But there is nothing yet.



### Dollar Yen daily spot cash chart

We were bears last week and the market has been difficult.

But the bears will have noticed that the re-test of the 104.99 has conspicuously failed.

Add to shorts on a break of the 102.59 level.



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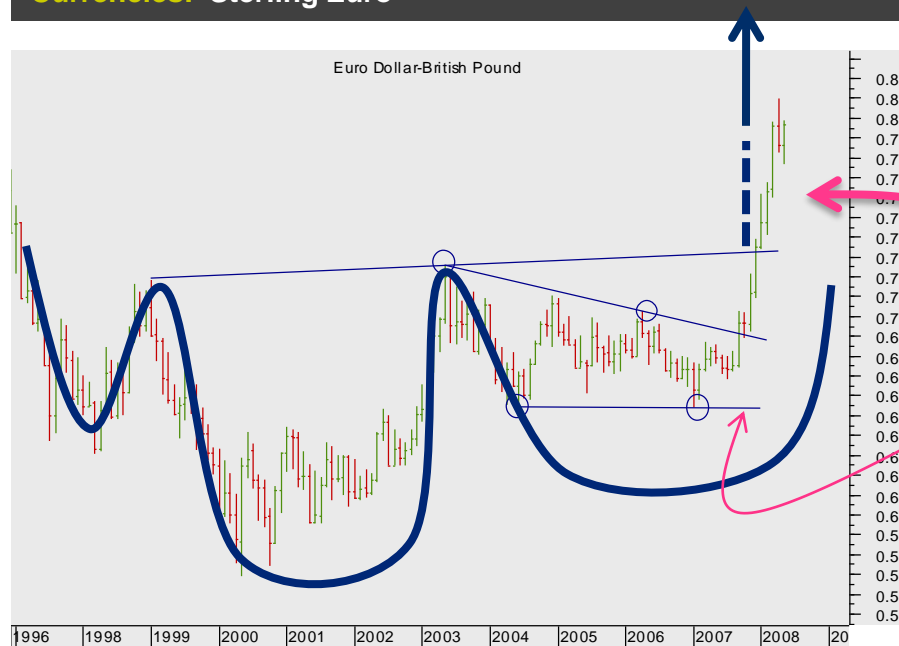
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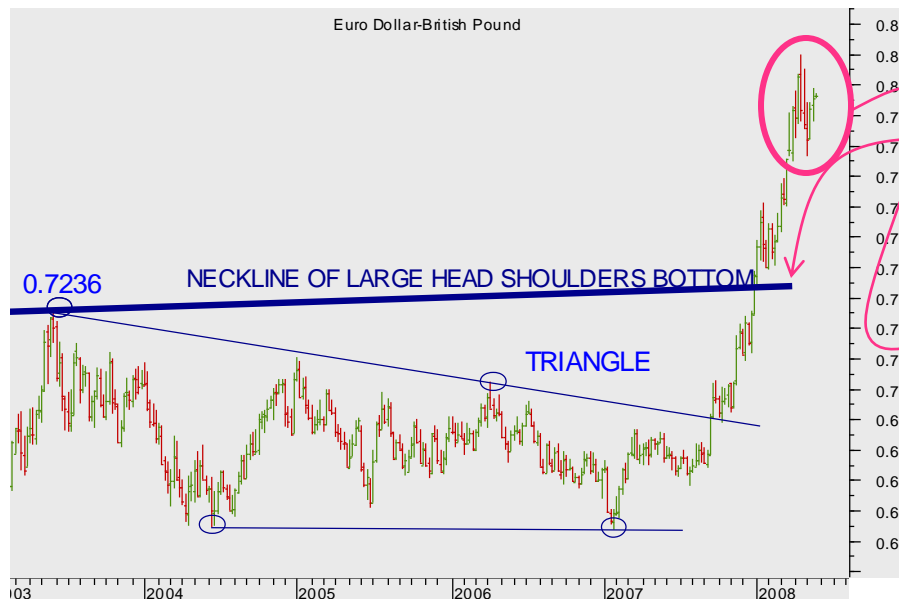
## Currencies: Sterling Euro



### Sterling Euro monthly spot cash chart

The completion of a massive Head and Shoulders bottom suggests moves up as far as 0.8850... eventually

The H&S completion was made possible by the Continuation Triangle whose minimum move was 0.7530 .



### Sterling Euro weekly spot cash chart

The major support is the Neckline of the massive Head and Shoulders Bottom at 0.7333.

But look at the acceleration...

Now study the consolidation at current levels.

More



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## Currencies: Sterling Euro



### Sterling Euro daily spot cash chart

The market has driven on steadily from the completion of the H&S Bottom – in a bull channel structure.

The Gap has been good support. Look closer.



### Sterling Euro daily spot cash chart

The pause since mid march has created a clear range as well remaining within the channel.

Only a break of the Gap at 0.7782 would encourage the bears.

We remain bullish of the Euro against Sterling.



## Stocks

We noted the relative strength of FTSE last week and that has continued. But only that market (and the Nikkei) have truly broken up through their major resistances –the rest have yet to break through. Bulls (which we are) need confirmed closes through these levels before getting involved...

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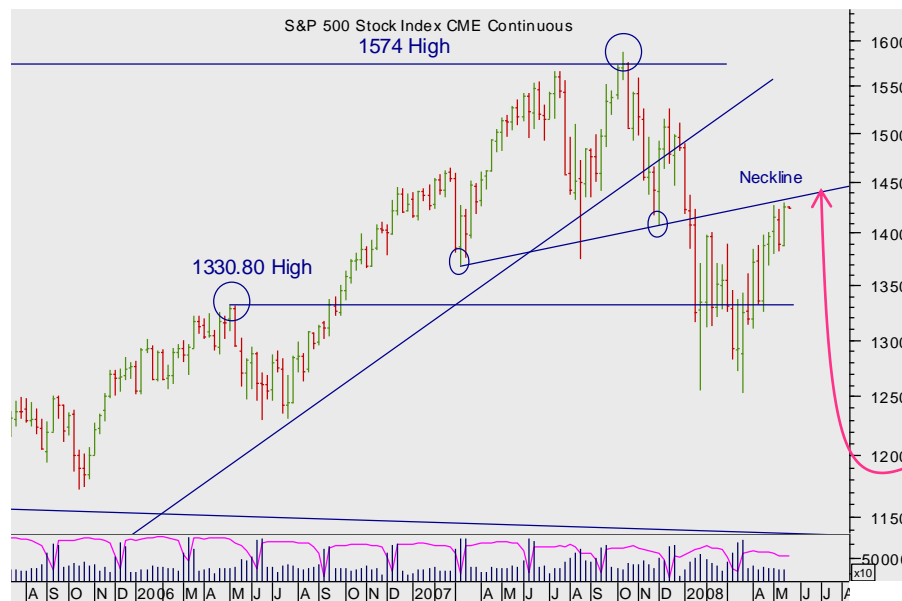
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## Stocks: Standard & Poors 500



### Standard & Poors 500 monthly cont. chart

The market tested that important level the past and failed..

The failure was exacerbated by the creation of a Head and Shoulders Top.

Look closer at the rally from the support to the Neckline resistance.

More



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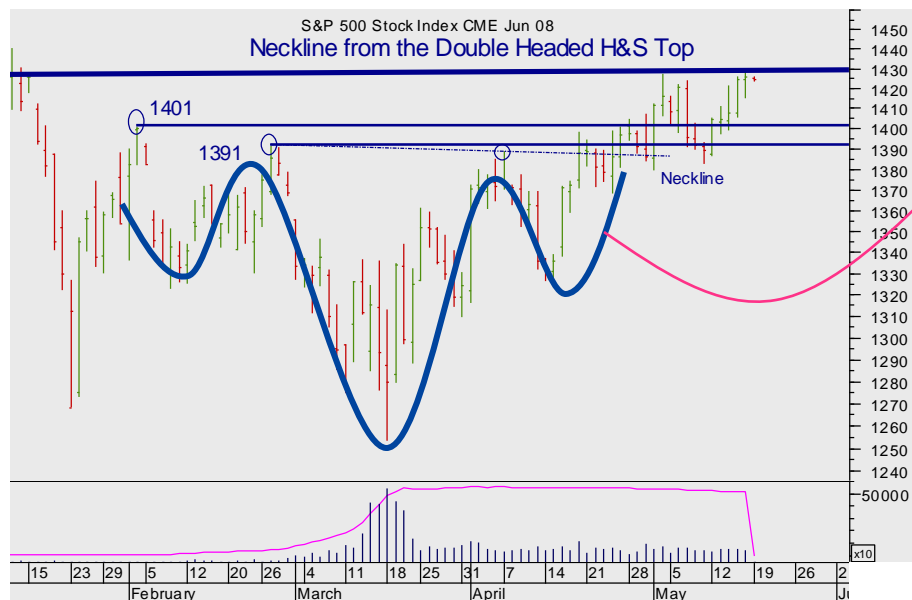
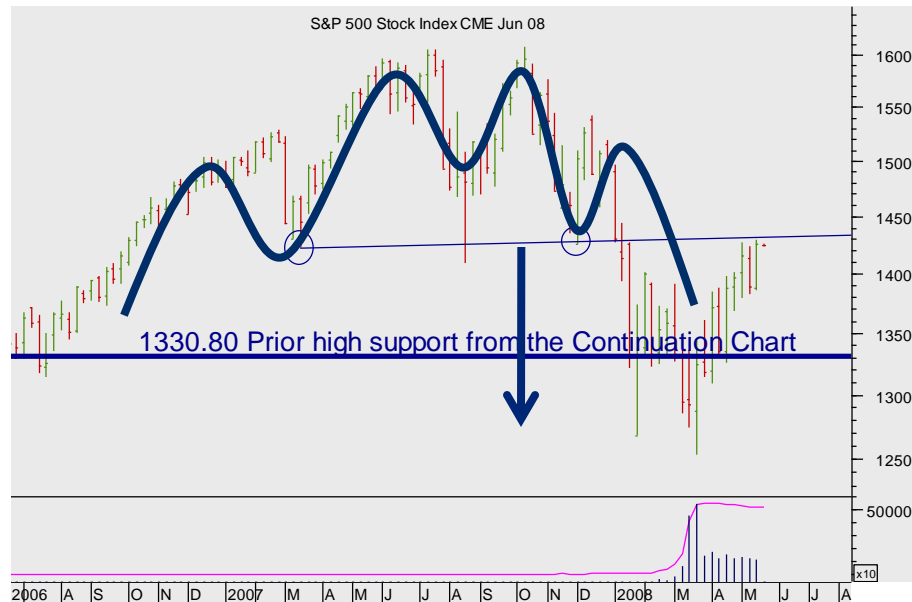
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## Stocks: Standard & Poors 500



## Weekly Chart: June 08

Much the same as the continuation chart – **but the Reversal pattern is stronger** because the Neckline is more level....

But we are **right at the resistance**.

## Standard & Poors 500 daily JUNE 08 chart

This emphasises the H&S reversal that has been driving the bull run to this level.

**But this is a crucial level – where we have failed before.**

The utmost caution should be exercised: the proximity of the Long-run Neckline resistance at 1430 or so demands that that too needs to be broken before the bulls can take pleasure.

More



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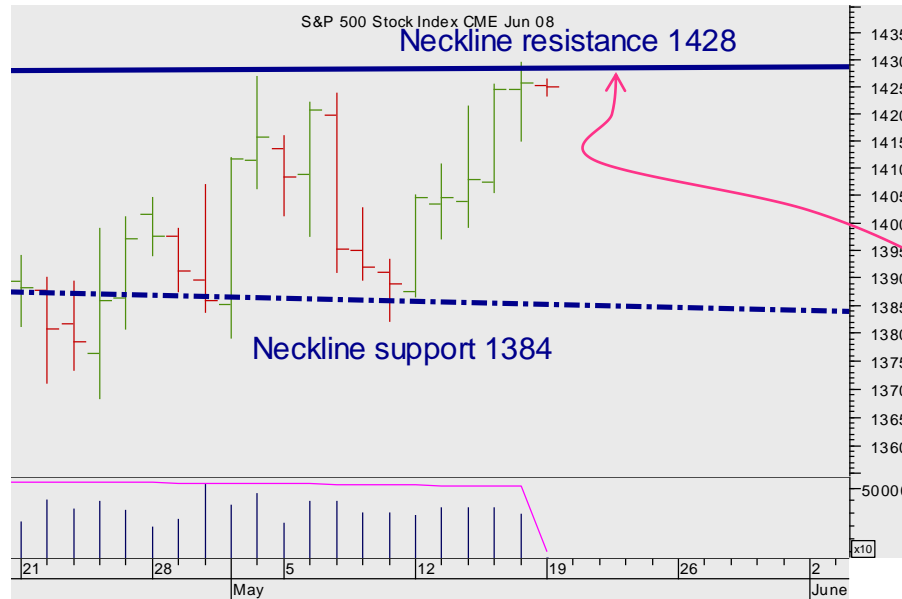
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## Stocks: Standard & Poors 500



## Standard & Poors 500 daily JUNE 08 chart

Last week said: 'stand aside for greater clarity'.

That's still true, we need a break of the range, but the bulls are watching more keenly for a break of 1428.



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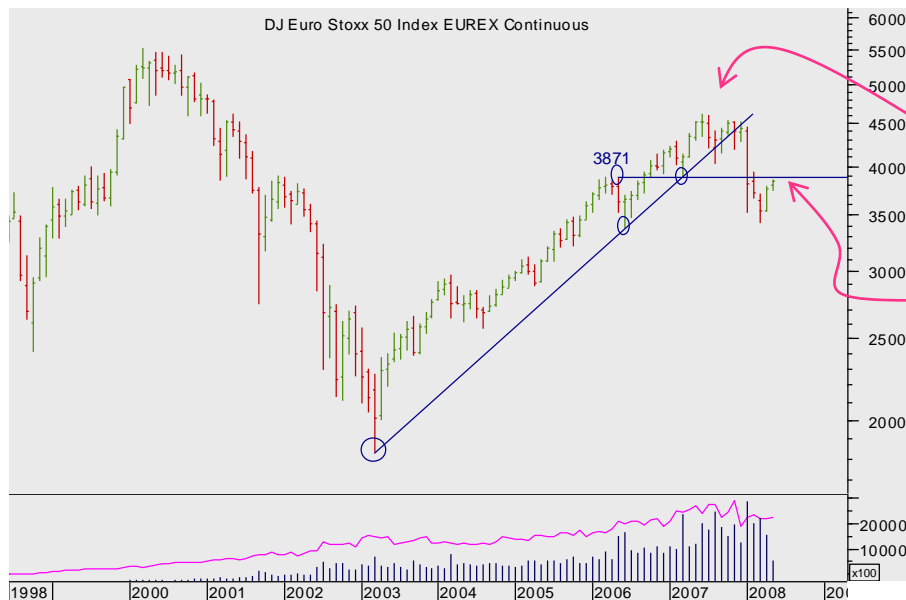
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## Stocks: DJ Euro Stoxx 50



## European DJ Stoxx 50 monthly continuation futures chart

The long rally of the market has fallen well short of the market's Highs.

And now has pulled back through support at 3871 from 2006.

Look closer.



## European DJ Stoxx 50 weekly futures chart

The level 3871 in the continuation chart is 3877 in June: that is now acting as good resistance, just as 3478 is good support - whence we have bounced twice.

But note the H&S pattern within the range.

That is behind the move to retest the top of the range.

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## Stocks: DJ Euro Stoxx 50

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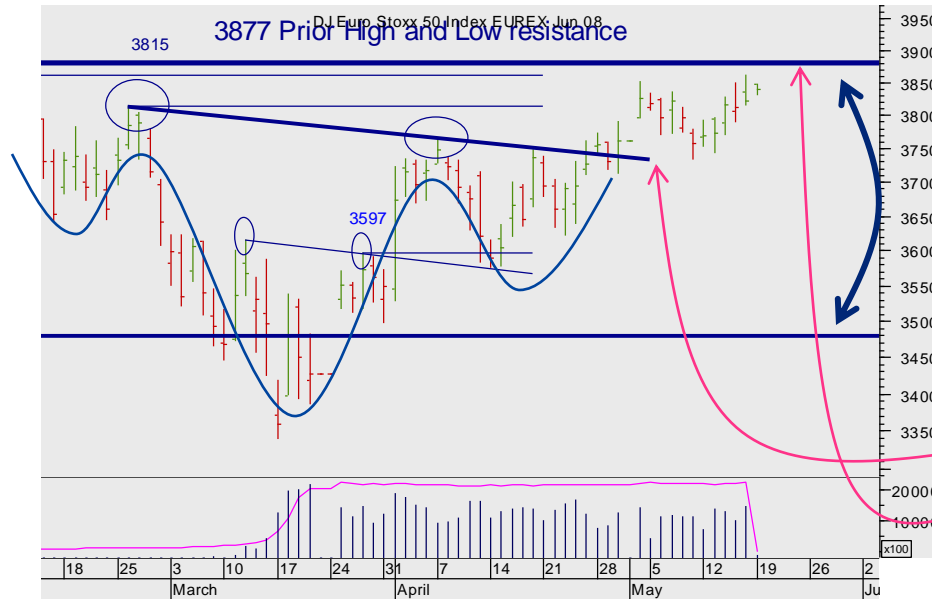
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## European DJ Stoxx 50 daily futures chart

The market needs to break the 3877 level - with two confirmed closes above that level before the bulls can gain fresh confidence.

We were right to remain bullish last week as the market retested the Neckline support at 3724. (Though we favoured the FTSE which went better by far) The bounce came. Stand back and wait for a break of the 3877 level.





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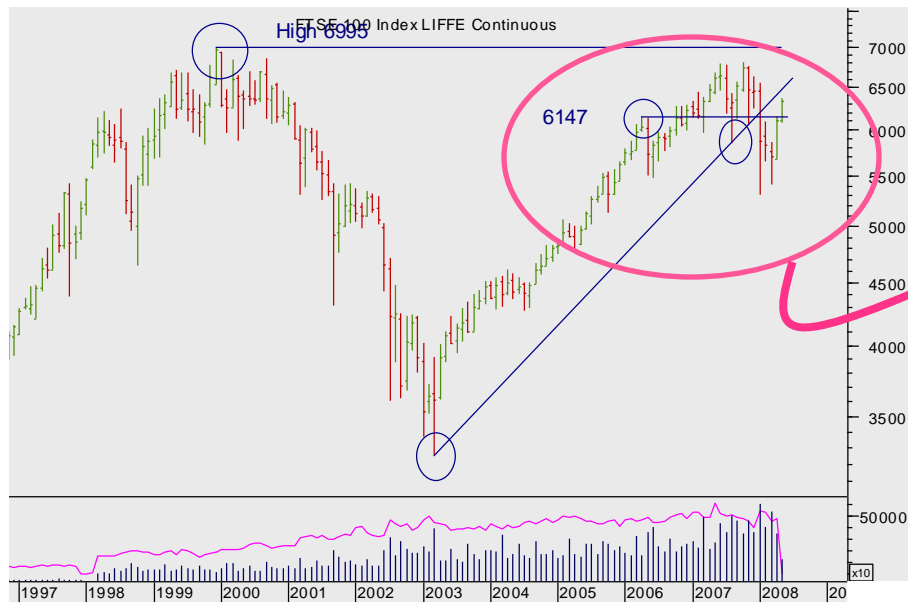
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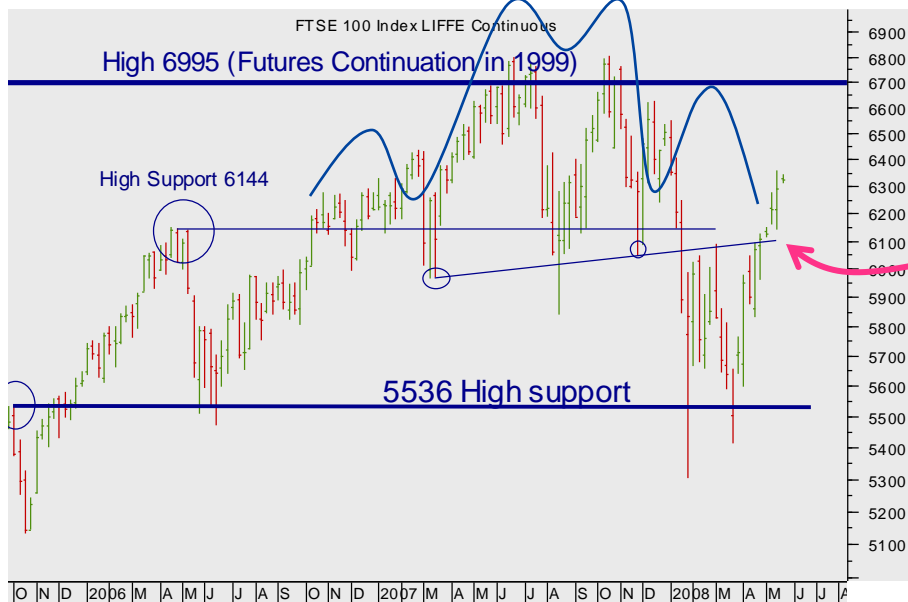
**Stocks: FTSE 100**



## FTSE 100 monthly Continuation futures chart

The FTSE is approaching the prior High ... but has stalled and fallen back abruptly.

Breaking the steep uptrend support.



## FTSE 100 weekly Continuation futures chart

But the Prior High support has been solid.

And the bounce powerful –  
breaking the resistance at the  
old Neckline.

Impressive.

## More



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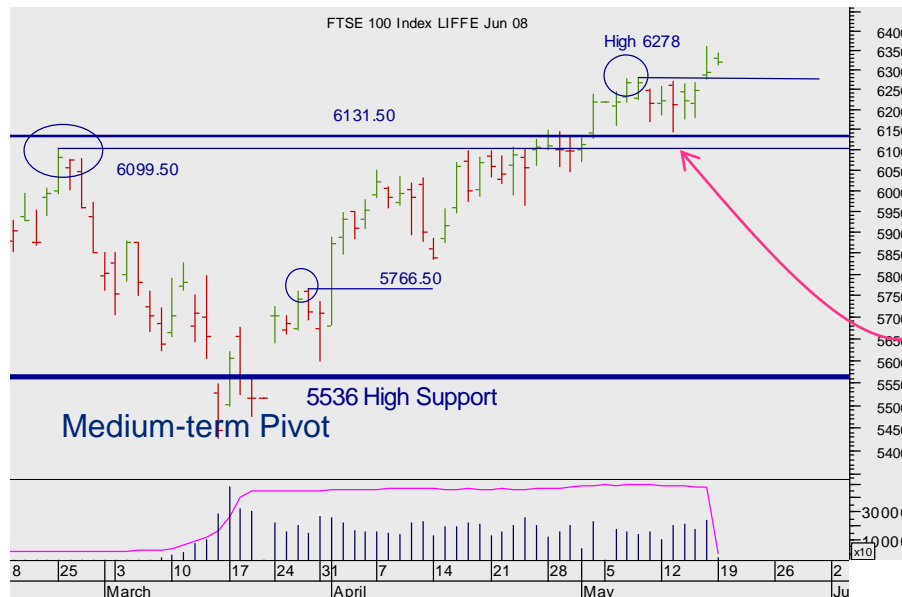
- + Oil
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## Stocks: FTSE 100



## FTSE 100 weekly cont Futures chart

This is more impressive still – the bull patterns underlying the move up - a clear bull Double Bottom



## FTSE 100 daily Jun 08 futures chart

The completion through 6099.50 has been gently tested and it was found to be solid.

The market looks well-set.

We were long last week and that was right. We remain long with close stops.



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## Stocks: Nikkei 225



## Nikkei 225 monthly Continuation futures chart

The market has driven up solidly from early 2003. From a completed Head and Shoulders Bottom in 2003.

(Whose target was achieved.)

Now look at the turn.

And note that the market has already come back to the diagonal and horizontal support.

Look closer.

## Nikkei 225 weekly Continuation futures chart

The bounce off the major support at 112.10 is clear and powerful.

And the dynamism has driven the market up through the resistance at 14020.

What now?



More



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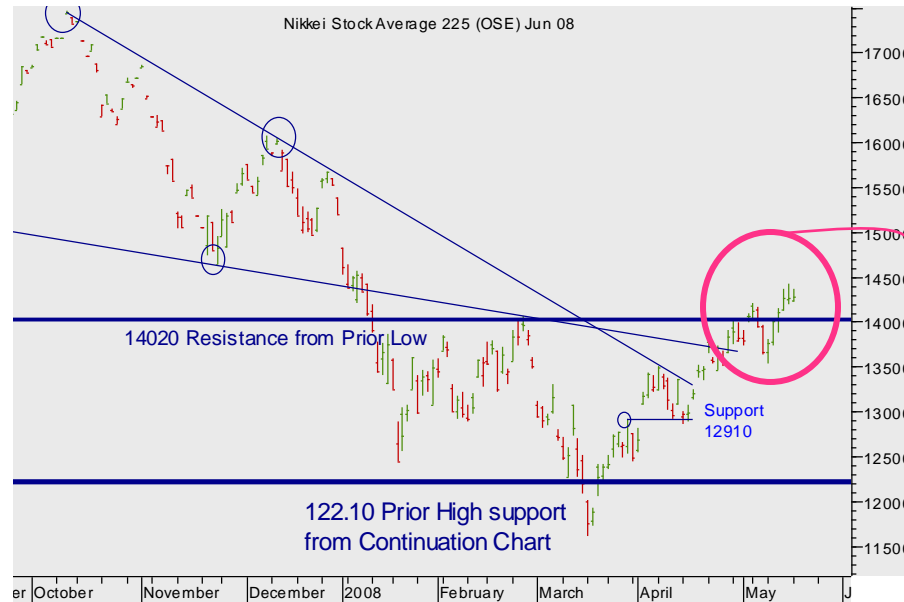
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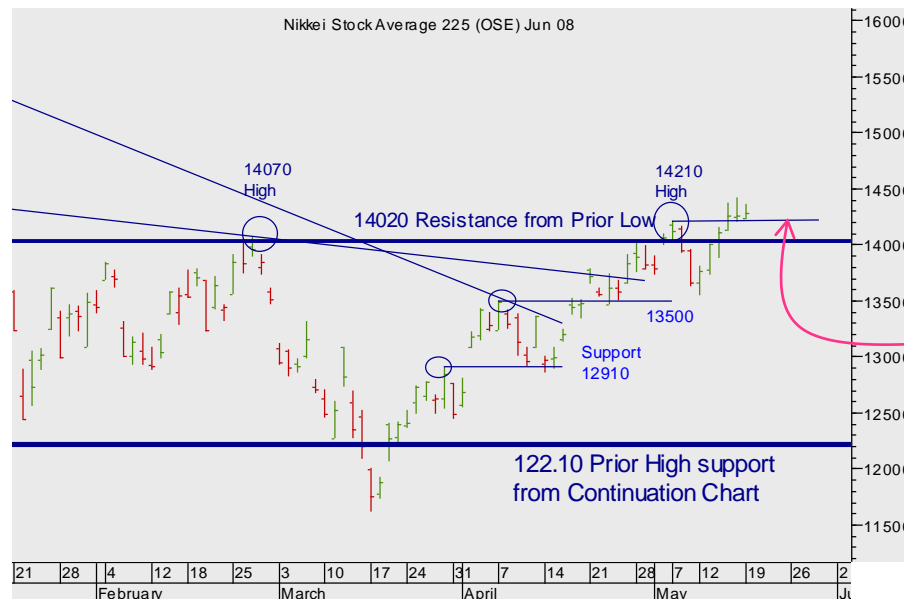
## Stocks: Nikkei 225



## Nikkei 225 daily cont. Futures chart

The major resistance lay at 14020.

And though the market failed there initially, now it is clearly through.



## Nikkei 225 daily futures Jun08 chart

Now we have those Prior Highs as increasingly good support beneath the market – and they are the measure of the market's strength.

Very short-term watch the 14210 level.



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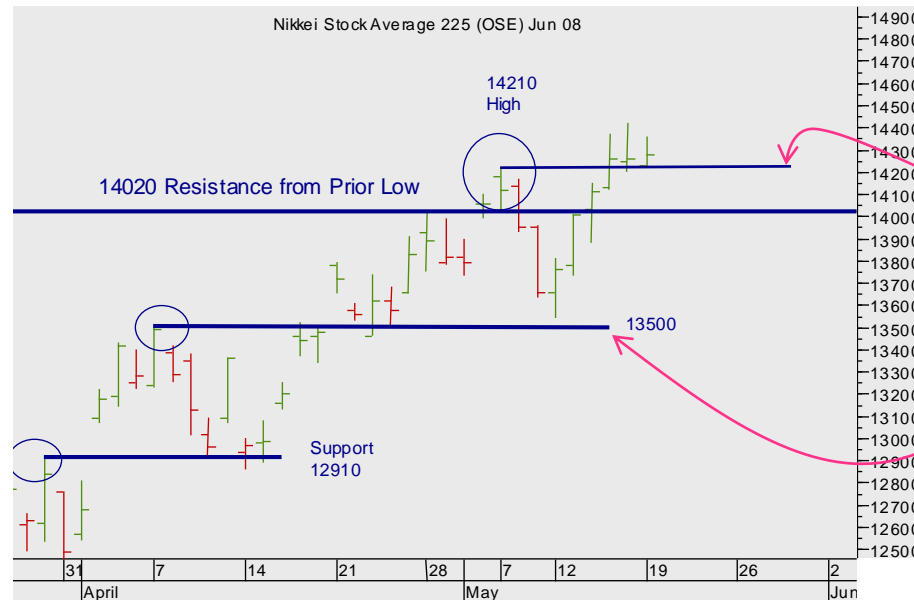
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## Stocks: Nikkei 225



## Nikkei 225 daily futures Jun08 chart

We were bullish last week and that has gone well. Now use 14210 as support. Bears need as pull-back through 13500 to get back in the swim.



## Bonds

Bond markets fell heavily over the week and then bounced right at the end – thereby encouraging the bears and dashing their short-term hopes within a short space of time! The volatility has been sobering. But our bear stance has been re-instated, cautiously, with long stops. Particularly in the Bund and Gilts.

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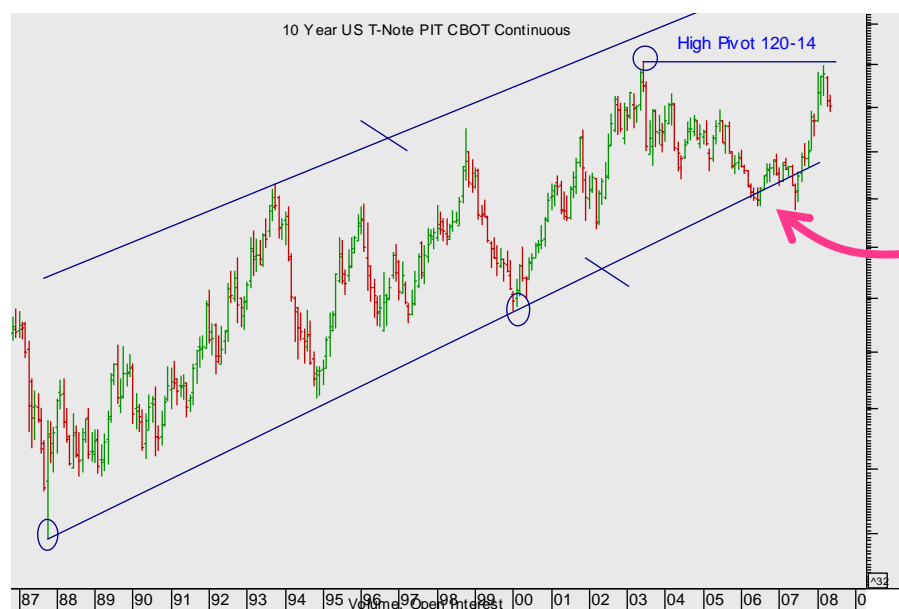
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### Bonds: Ten year US Treasury Note



### Ten year US treasury note monthly futures continuation chart

The market remains on an uptrend of falling yields – despite the recent test of that support.

More



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## Bonds: Ten year US Treasury Note



## Ten year US treasury note weekly futures continuation chart

And in bouncing from the 104-01 level twice (which was the level of the rising trendline support) **the market managed to breach the downtrend from 2003 and drove as far 115-00 or so. Which we achieved and went further.**

Where now? Study the recent pull-back.

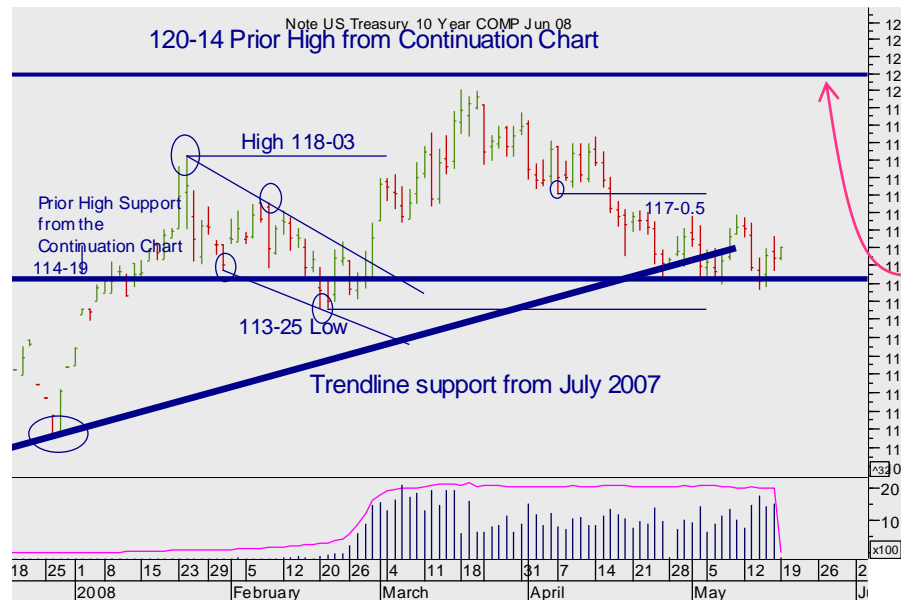
## Ten year US treasury note weekly continuation futures chart

The market remains near the Prior High at 120-14.

But note the fierce pull-back to the diagonal trend line...and through it, and the Prior High support from the Continuation chart that the market has bounced from before.

That appears to be the critical level.

Watch it closely



More



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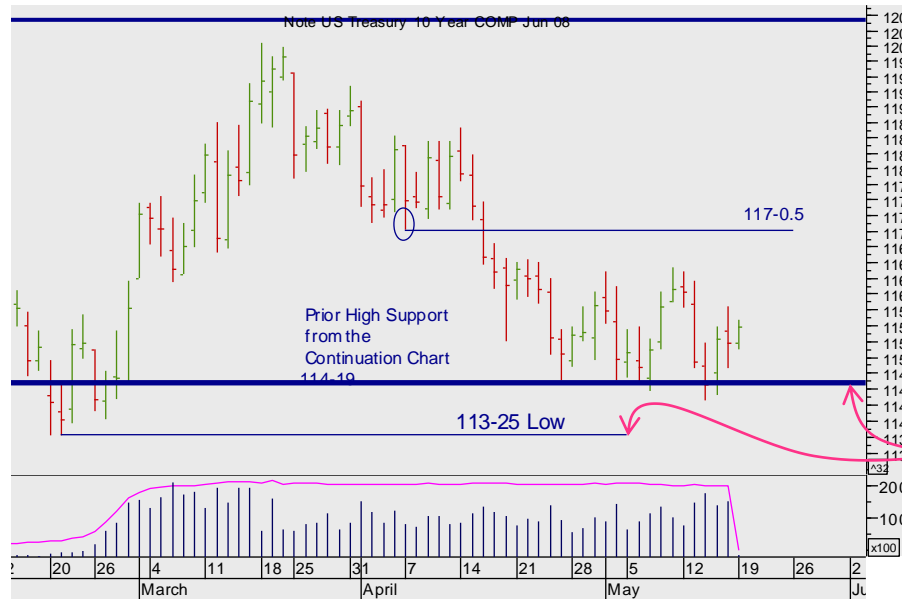
## Interest rates

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

## Commodities

- + Oil
- + Gold

## Bonds: Ten year US Treasury Note



## Ten year US treasury note daily futures chart

There is now good resistance above the market from the low at 117-05.

Last week we were staying out – but now our bias (rather than a conviction) is to the bear tack...while 117-05 holds.

But we await more bear evidence – say a break down though 114-19 and 113-25 - before selling.





## 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

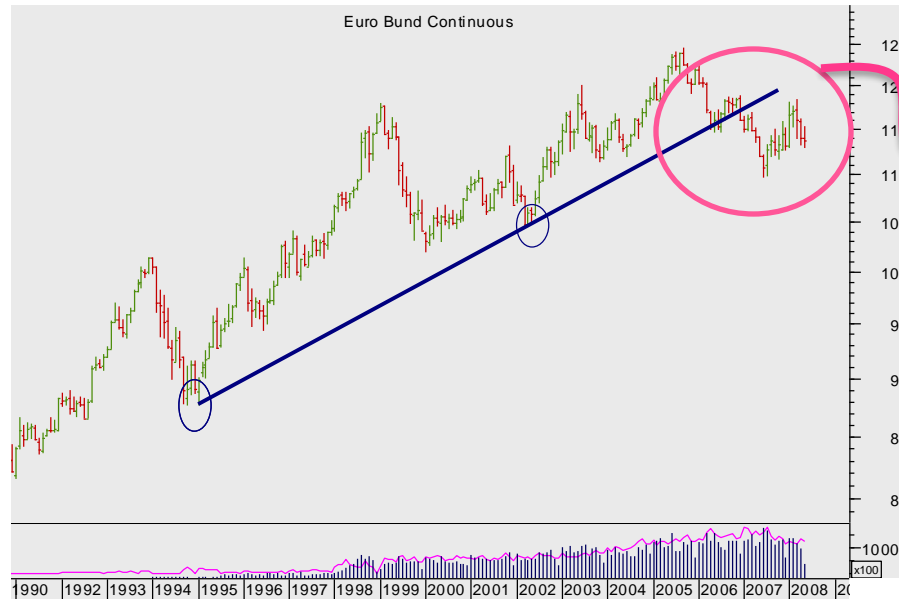
## Interest rates

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

## Commodities

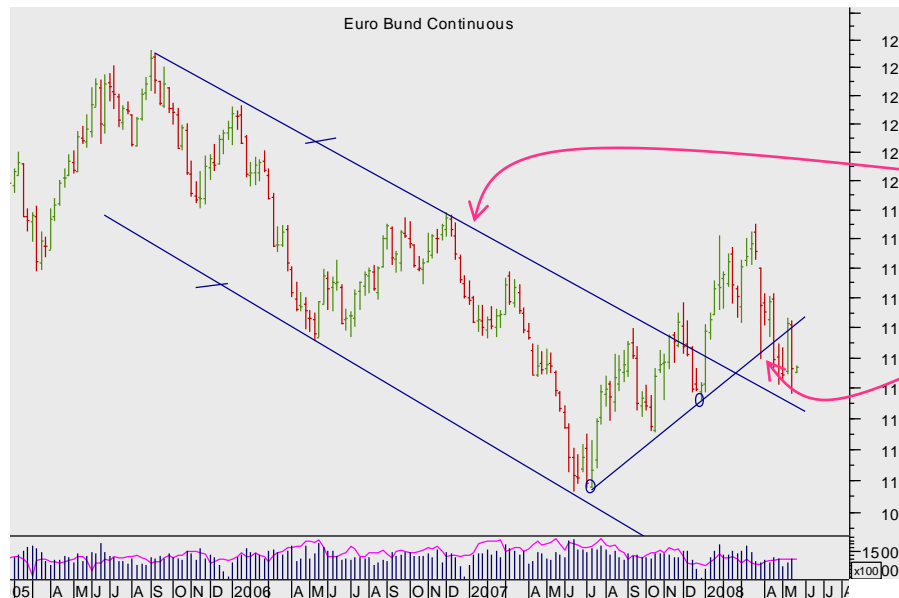
- + Oil
- + Gold

## Bonds: Ten year Euro Bund



## Ten year Euro Bund quarterly futures continuation chart

The market has broken the uptrend.



## Ten year Euro Bund weekly futures continuation chart

But the bull run of late 2007 has smashed a powerfully clear bear channel.

And the trendline support of the subsequent bull rally was powerfully established but now broken.....

More



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## Stocks

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- + European DJ Stoxx 50
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- + 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

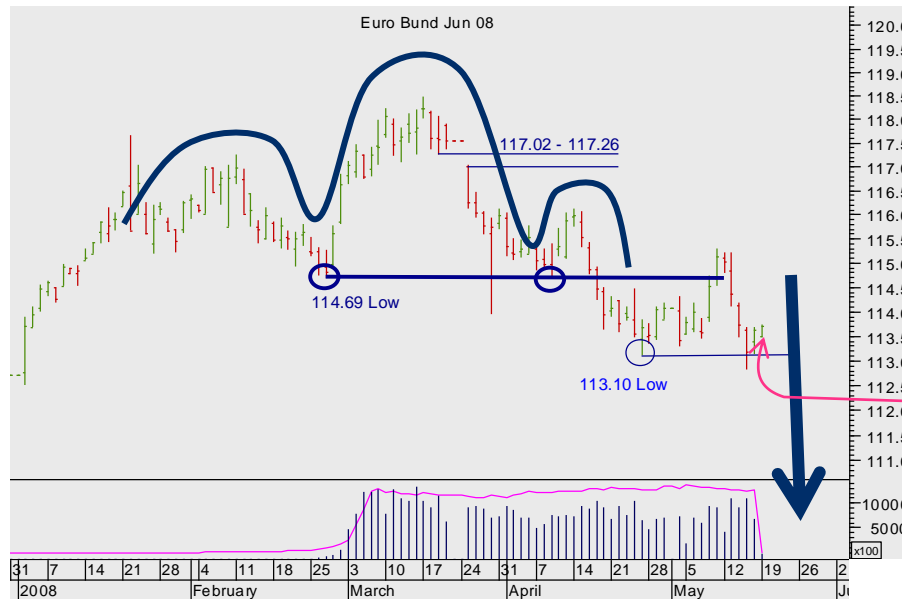
## Bonds: Ten year Euro Bund



## Ten year Euro Bund weekly cont futures chart

The detail of the market emphasises the failure of the bull trend support.

Bears should anticipate good resistance at the diagonal above the market now.



## Ten year Euro Bund daily futures chart

Now there is a completion of a bear Head and Shoulders Top.... The neckline lies at 114.69 - good resistance.

We're bears – with Stops above 114.69.

Short-term though, wait for a break down through 113.10.



## Summary

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## Bonds

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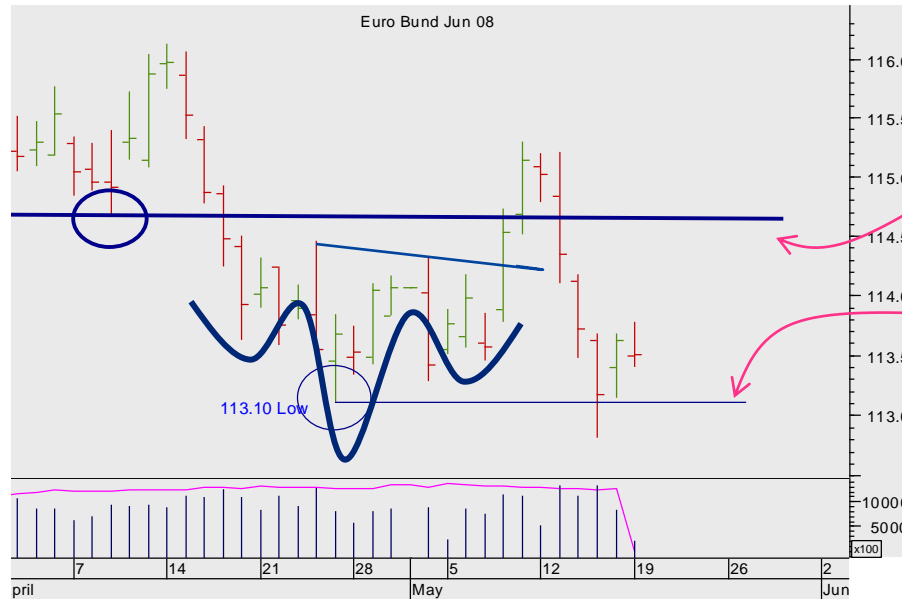
## Interest rates

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

## Commodities

- + Oil
- + Gold

## Bonds: Ten year Euro Bund



## Ten year Euro Bund weekly cont futures chart

The small H&S bull pattern did drive the market better as we said it might, but the break back through the Neckline wasn't sustained.

Traders need a clear break back beneath the 113.10 low before setting new shorts.



## Bonds: Ten year Japanese Bond

### Summary

### Currencies

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

### Stocks

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- + European DJ Stoxx 50
- + FTSE 100
- + Nikkei 225

### Bonds

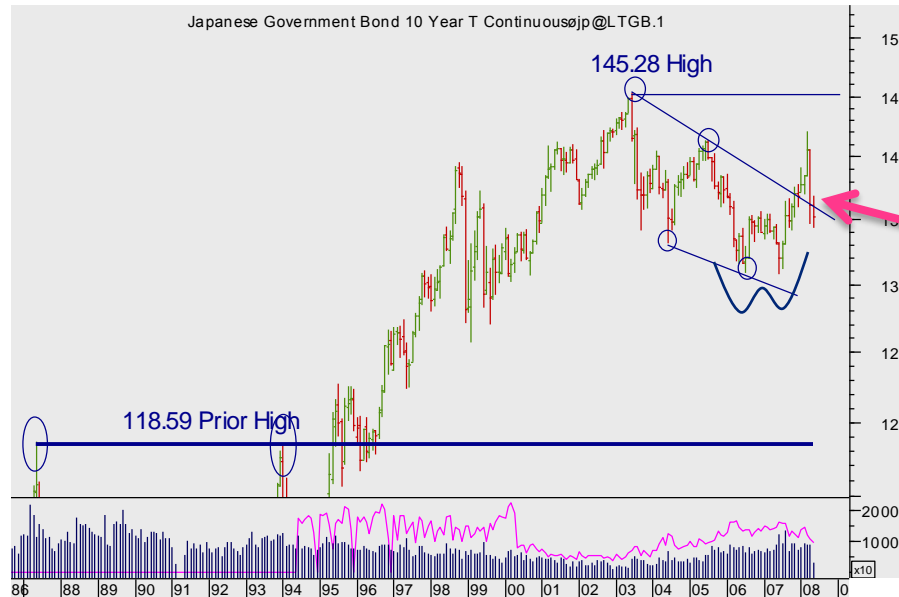
- + Ten year US Treasury Note
- + Ten year Euro Bund
- + Ten year Japanese Bond

### Interest rates

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

### Commodities

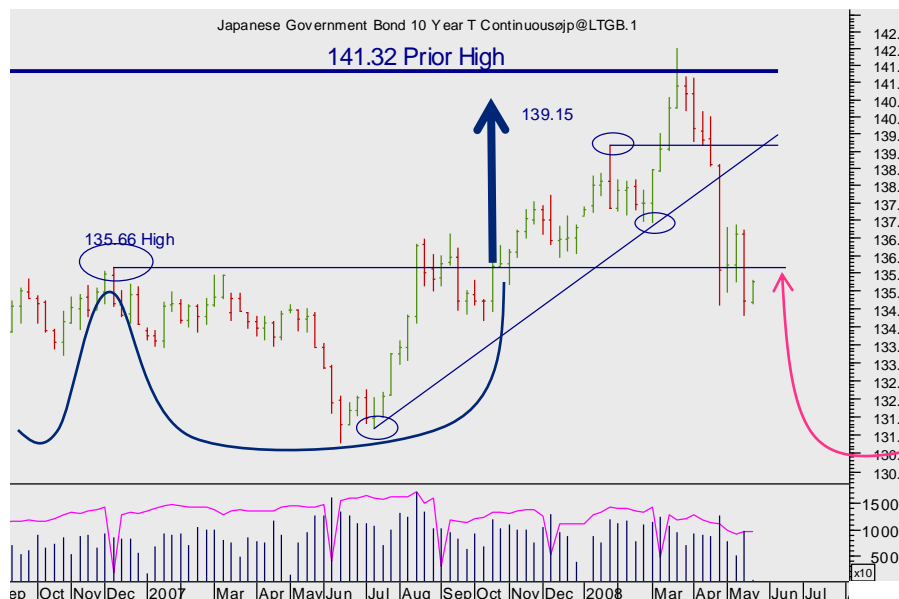
- + Oil
- + Gold



### Ten year Japanese Bond monthly futures continuation chart

The completion of a bull falling wedge looked compelling for the medium and long-term bulls.

(Note that the catalyst for the completion of the bear wedge was the completion of a small Double Bottom.)



### Ten year Japanese Bond weekly futures continuation chart

The minimum target of the Double Bottom is 140.50.

We're there and the market has failed to generate enough momentum to penetrate 141.32. Instead it has fallen back ... and is now testing the support at 135.66....

Now look closer.

More



## Summary

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- + Sterling Euro

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- + Nikkei 225

## Bonds

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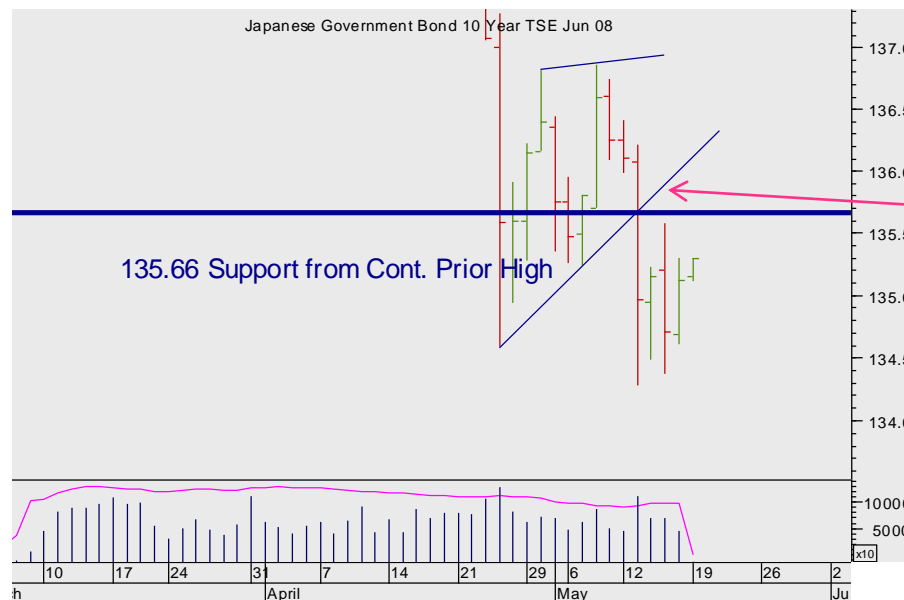
## Interest rates

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

## Commodities

- + Oil
- + Gold

## Bonds: Ten year Japanese Bond



## Ten year Japanese Bond week cont. futures chart

The test of that prior High is underway.

We have bounced from that level before....but the small Continuation Triangle is helping the bears.

## Ten year Japanese Bond daily futures chart

We argued last week that traders should stand back but now...we're bears while the lower diagonal of the Triangle remains intact resistance.



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- + Nikkei 225

### Bonds

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### Interest rates

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

### Commodities

- + Oil
- + Gold

## Interest rates

**JUN 09 CONTRACT:** The measure of the bull energy was that it failed at the first serious resistance in all markets. And they fell hard. In some cases penetrating powerful supports deeply. But we are unconvinced of the bear case from these levels. The influence of the bear reversal patterns has been dissipated. Note well the support in the ED. The Euribor is relatively weak – there's no doubt but at a level for fresh shorts?

### Interest rates: Dollar rates



### Dollar rates monthly futures chart

The market has driven up hard and now is support at the Top of the parallel channel

More



## Summary

## Currencies

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- + Dollar Yen
- + Sterling Euro

## Stocks

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- + European DJ Stoxx 50
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## Bonds

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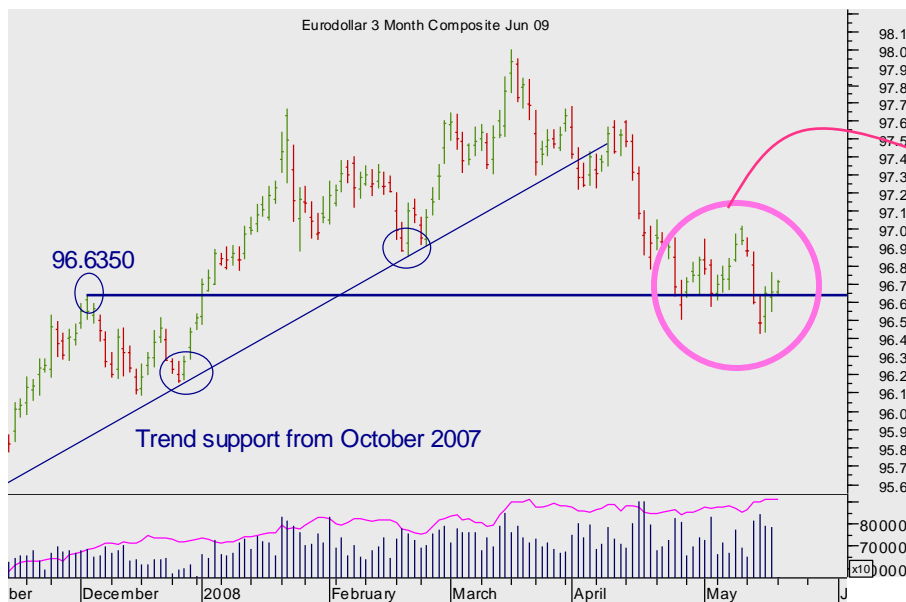
## Interest rates

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

## Commodities

- + Oil
- + Gold

## Interest rates: Dollar rates



## Dollar rates weekly futures chart

That pull-back: check the detail.

## Dollar rates daily futures chart

Note well the horizontal support as well as the diagonal support ... the market is finding these levels difficult to get down through.

Look closer

More



## Summary

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- + Sterling Euro

## Stocks

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- + European DJ Stoxx 50
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## Bonds

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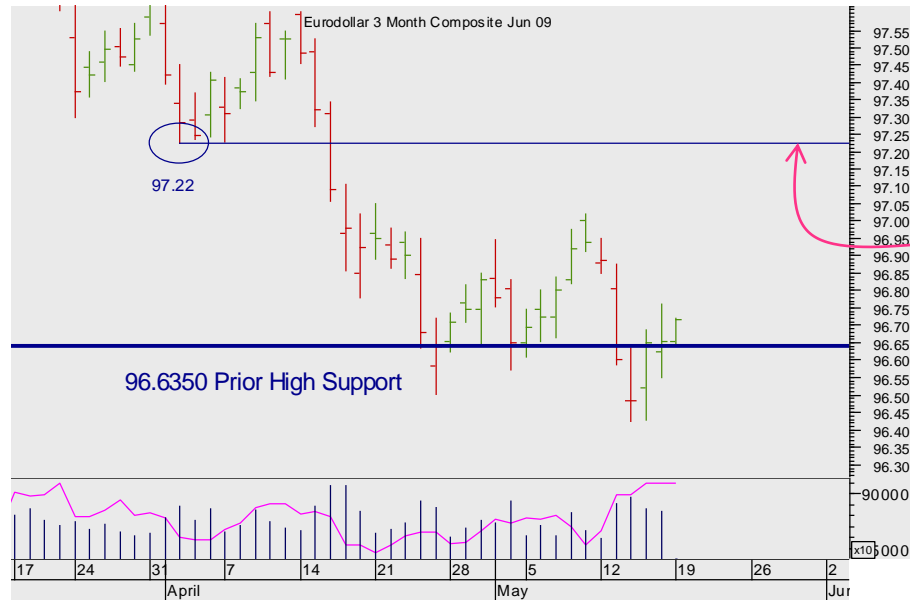
## Interest rates

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

## Commodities

- + Oil
- + Gold

## Interest rates: Dollar rates



## Dollar rates daily futures chart

For fresh bear energy to enter the market, 96.6350 has to break..... As we said last week.

Critical resistance on the upside 97.22.





## Summary

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- + Sterling Euro

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## Bonds

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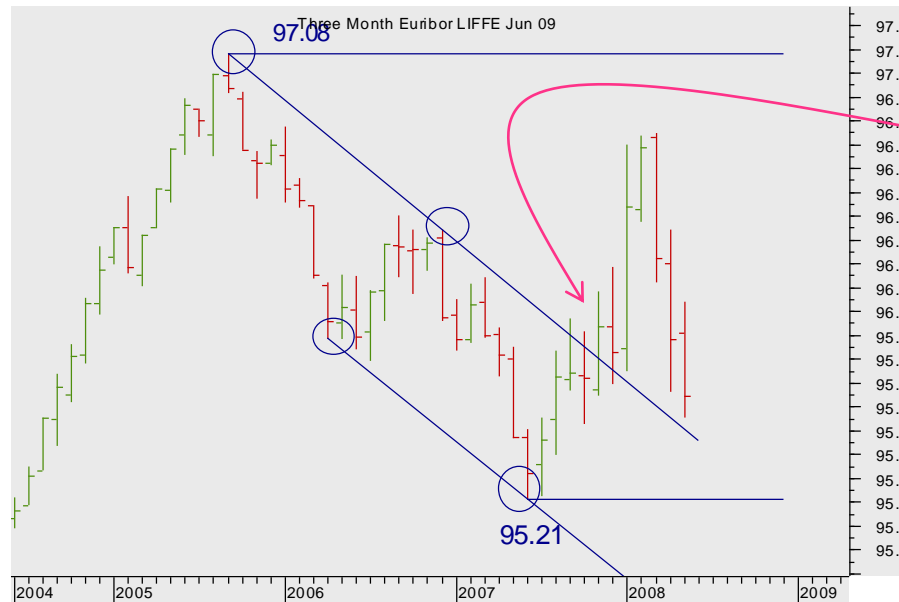
## Interest rates

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

## Commodities

- + Oil
- + Gold

## Interest rates: Euribor rates



## Euribor rates monthly futures chart

The market drove up out of the bear channel ... and then fell back.



## Euribor rates weekly futures chart

The fall was quick and forceful through successive supports...

More



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## Interest rates

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

## Commodities

- + Oil
- + Gold

## Interest rates: Euribor rates



## Euribor rates daily futures chart

We thought the market had a Top after the Triple failure of the market at 96.70..

And so it proved. Last week the market was pausing at the 96.0550 resistance and we were sellers for choice. **And that has worked well.**

The question is have we a completed Head and Shoulders Top in place?

It's not clear.

If so there should be good resistance at the possible Neckline at 95.65 ... **watch and wait.**



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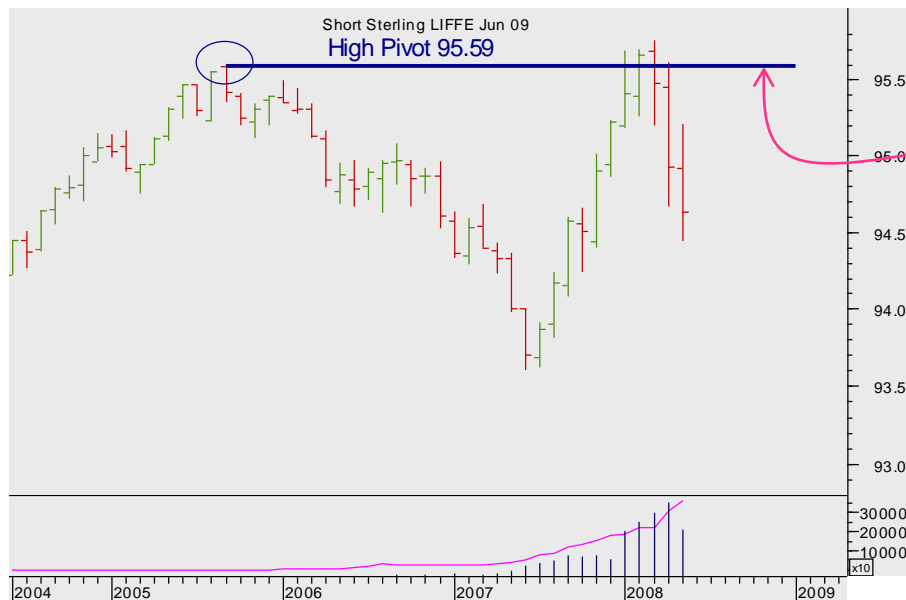
## Interest rates

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- + Sterling rates

## Commodities

- + Oil
- + Gold

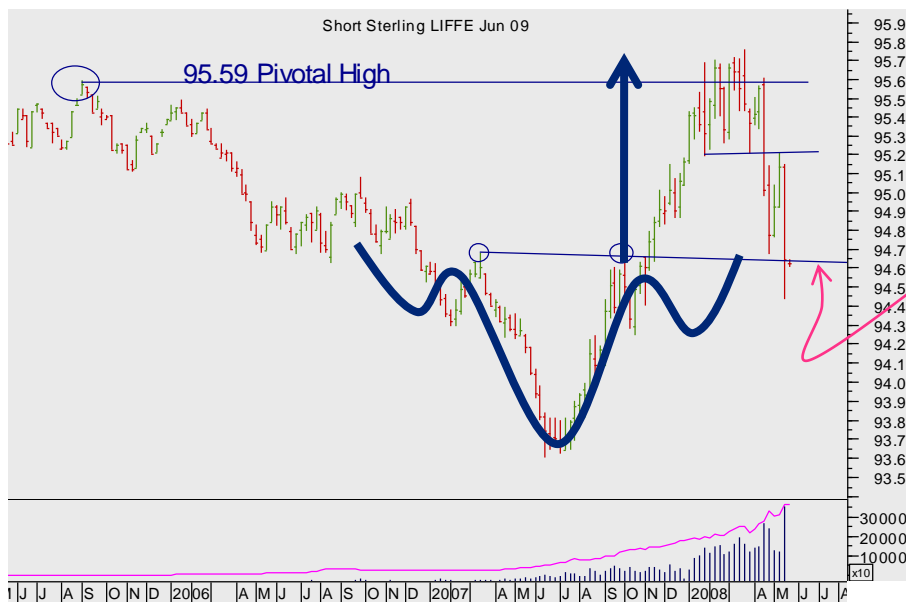
## Interest rates: Sterling rates



## Sterling rates monthly futures chart

The central fact of the market is the double failure at 95.59.

Look closer.



## Sterling rates weekly futures chart

The structures within the market are clear: a Bull H&S pattern and a Triple Top driving it down.

Has the market failed at the Neckline of the old Head and Shoulders Top?

More



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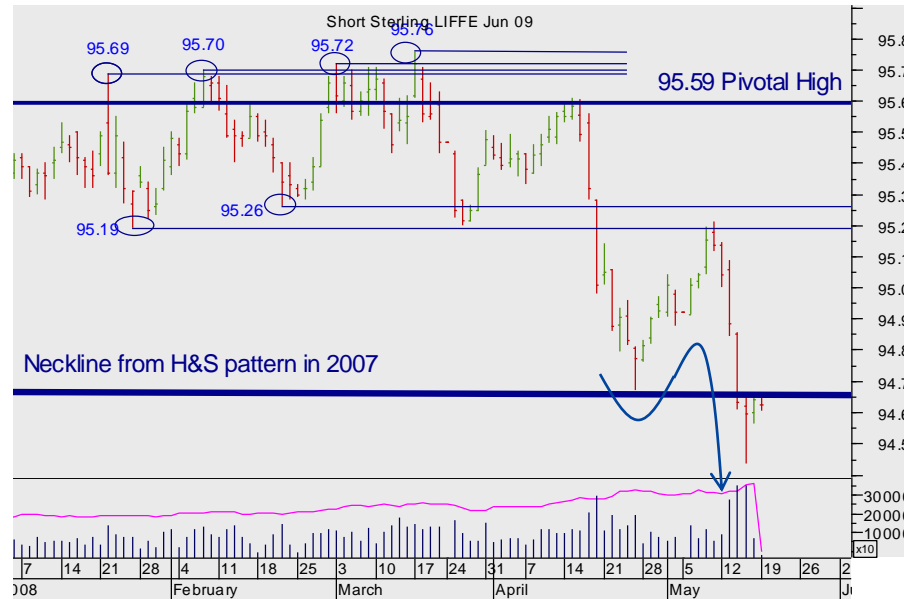
### Interest rates

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

### Commodities

- + Oil
- + Gold

## Interest rates: Sterling rates



## Sterling rates daily futures chart

We were doubtful last week – because the market was poised between opposing Head and Shoulders Patterns.

The market bounced off the Neckline and then it failed ...is the market going further?

It's not clear – there is no clear bear pattern in play ... **stand back.**



## Commodities

Oil remains that in 'very strong trend' we talked about last week. All the more so because of the pause of the last few days and the failure of the attempted sell-off....Gold has confounded the bears. And now the bull case grows stronger by the day. All that is needed is a short-term trigger.

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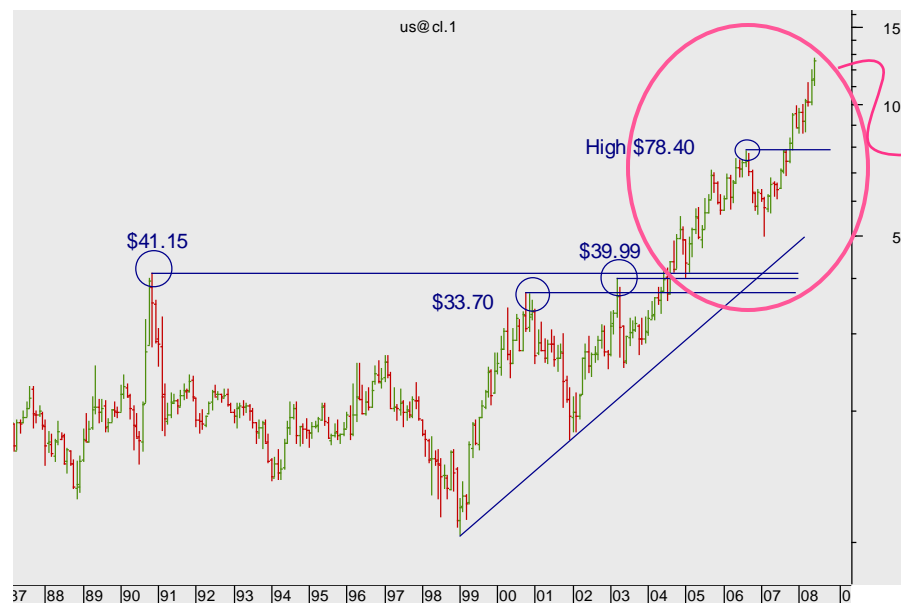
#### Interest rates

- + Dollar rates
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#### Commodities

- + Oil
- + Gold

### Commodities: Oil



#### Oil monthly futures continuation chart

The continuation futures market is driving better – surpassing the old High of \$78.40.

More



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## Commodities

- + Oil
- + Gold

## Commodities: Oil

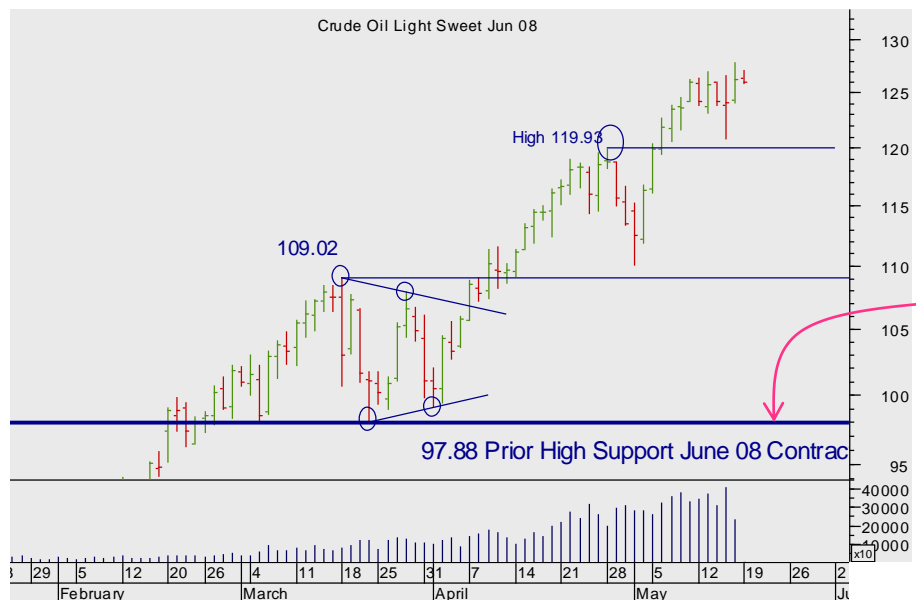


## Oil weekly futures continuation chart

The market has failed twice at \$99.29 but has now pushed through.

Thus there is established a clear Double Bottom (in the Continuation Chart) and it is set to drive the market on ...

Look closer still.



## Oil daily JUN 08 futures chart

The Jun 08 contract is less compelling because of the lack of a double Bottom close to completion -

But the market has established itself above the prior high at 97.88. In (particular, note the clear rejection of that level TWICE) .

We are long above 97.88.

More



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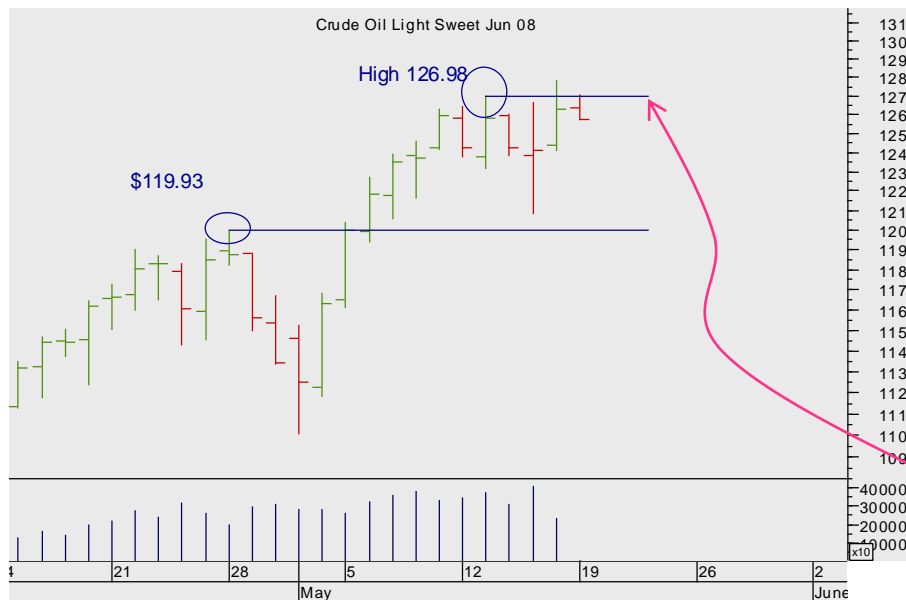
## Interest rates

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- + Sterling rates

## Commodities

- + Oil
- + Gold

## Commodities: Oil



## Oil daily futures chart

The market is in fine fettle – the attempted sell-off of last week after an unaccustomed pause came to nothing. We were right to argue last week that traders should stay with the trend.

All the way up the market's prior Highs have been very good support.

Now watch for a close above 126.98 for the next surge.



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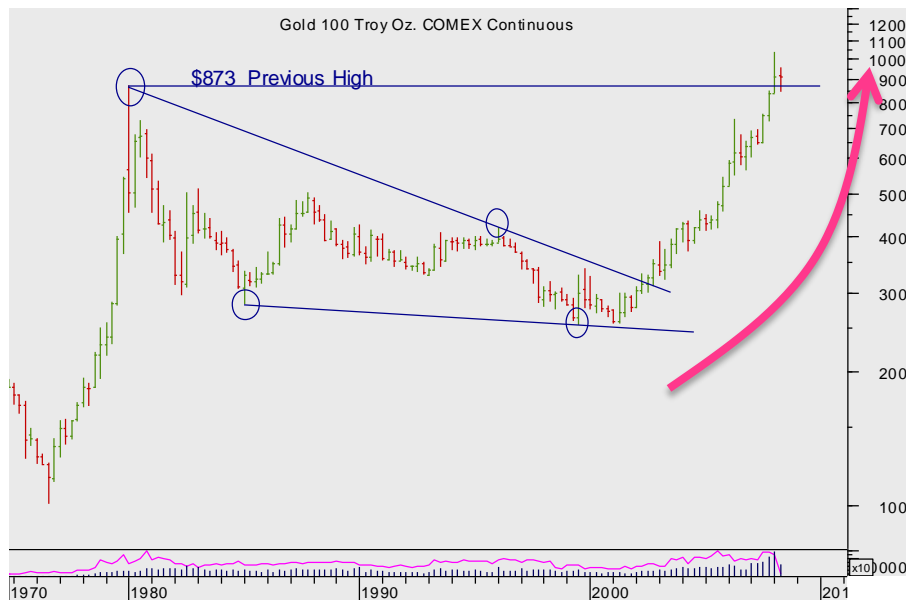
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## Commodities

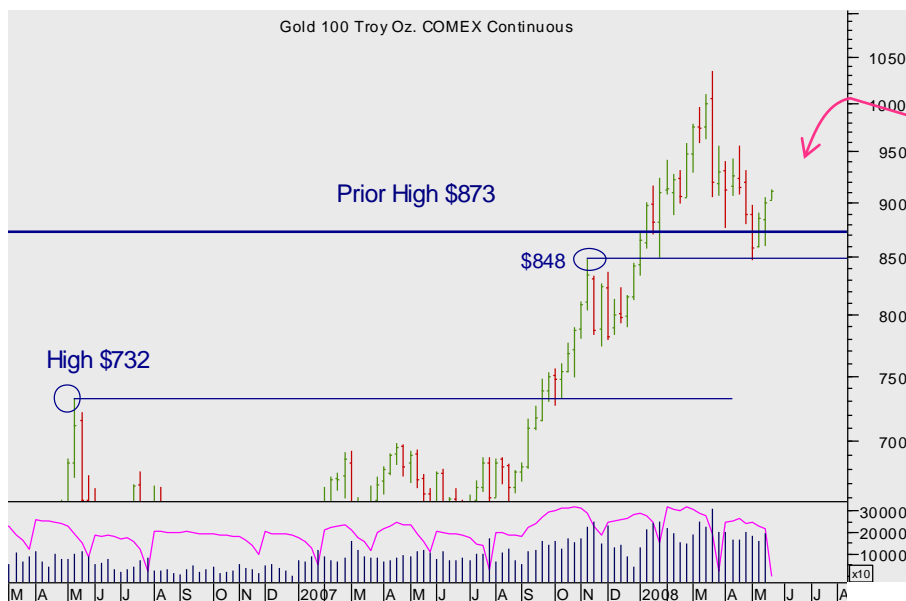
- + Oil
- + Gold

## Commodities: Gold



## Gold monthly futures continuation chart

The market has completed a massive Continuation Triangle which has driven it up and through the all-time Highs.



## Gold weekly futures continuation chart

That \$873 High is first support (and beneath that is clear support beneath the market at \$848 and \$732.)

More





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## Commodities

- + Oil
- + Gold

## Commodities: Gold

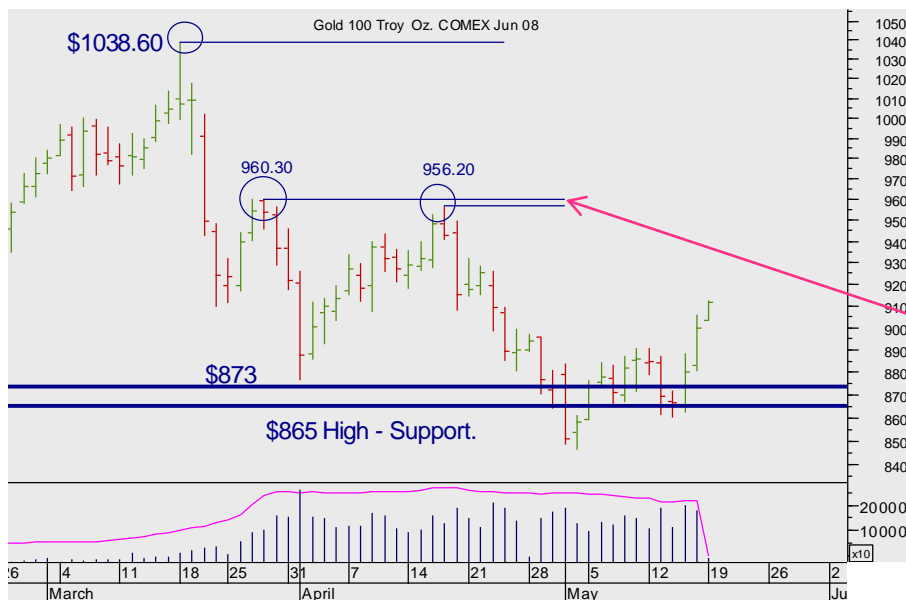


## Gold daily futures June chart

Note well the close approach to the top of the bull channel and the market's retreat.

The market drove hard above the old High – but then came back to test that level

And bounced.



## Gold daily futures June chart

The clear and unambiguous bounce through the Neckline at \$885 that we anticipated – happened. **Smashing the bears' hope for a bear H&S Top.**

And the bounce has begun.

Add to longs on a break above 960.30.

More



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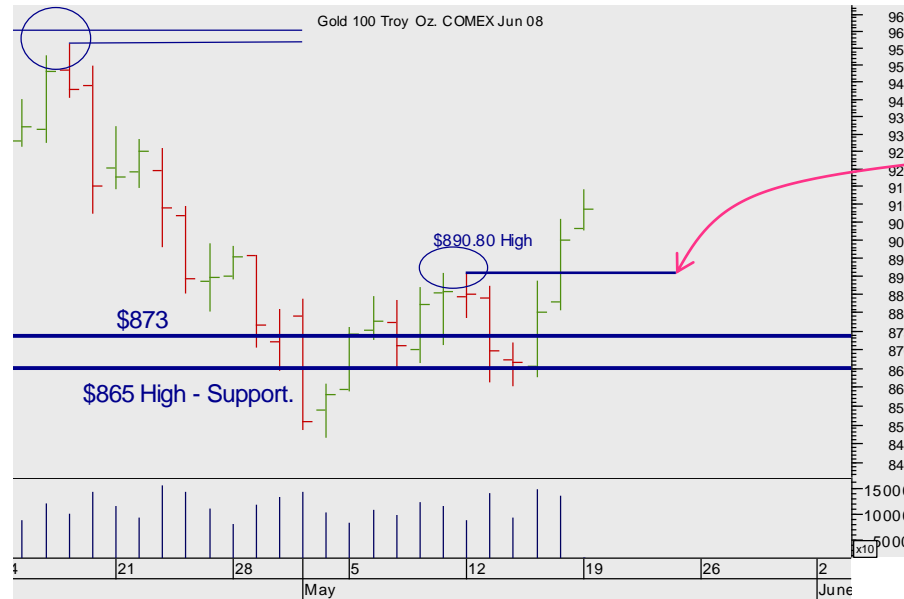
## Interest rates

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## Commodities

- + Oil
- + Gold

## Commodities: Gold



## Gold daily futures June chart

The near High at \$890.80 looks to be good first support.



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