



Week 28
8th July 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

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Currencies

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

Stay SQUARE; **SELL** Dollars on a break of 1.5817.
Go SQUARE;
Stay SQUARE;
Go SQUARE.

Stocks

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

Stay SQUARE; **SELL** on a break of 1254.80 (Sep 08)
Stay **SHORT** below 3426 (Sep 08);
Stay **SHORT** beneath 5455 and (Sep 08)
Stay **SHORT** beneath 13520 (Sep 08)

Bonds

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

Stay SQUARE; **BUY** on a break up through 114-14.5 (Sep08)
GO SQUARE; **BUY** on a break up through 112.50 (Sep 08)
Stay SQUARE

Interest rates

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

Stay SQUARE; (Jun 09)
Stay SQUARE; (Jun 09)
BUY above 94.00(Jun 09)

Commodities

- + Oil
- + Gold

Stay **LONG** while above \$139.45 (AUG 08)
Stay **LONG** while above \$912.50 (AUG 08)



Currencies

CURRENCIES: The dollar has strengthened over the last week – pulling back from our clear break-out levels. So we remain frustratingly range-bound – except for the Yen, which still looks good for higher (stronger Dollar, weaker Yen) levels despite the recent pull-back.

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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 its weakening trend is really tested)

More



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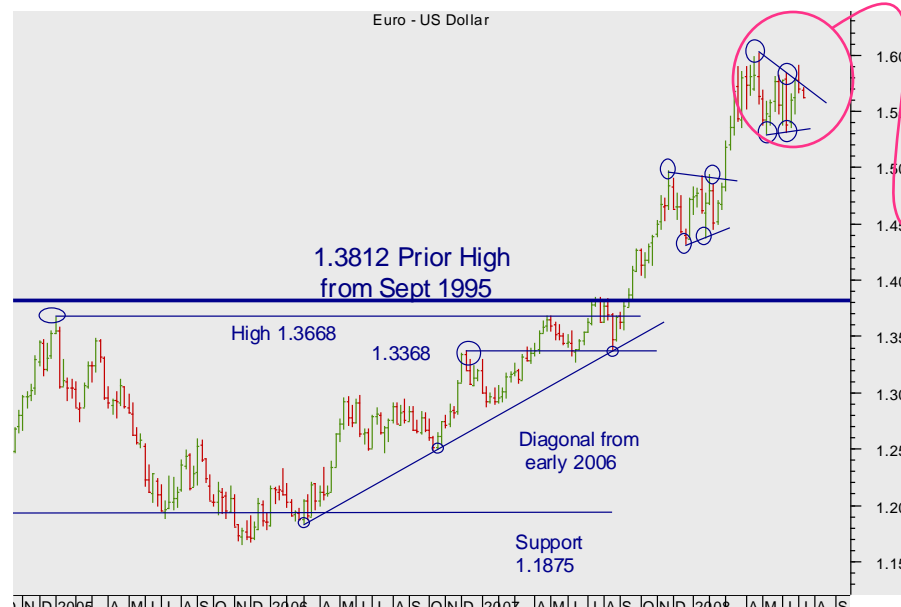
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Currencies: Dollar Euro



Dollar Euro weekly spot cash chart

Once through the old Highs the market accelerated ahead (using continuation Triangles) to current levels and then hesitated.

Look closer at that triangle.



Dollar Euro daily spot chart

This emphasises the support at 1.5350 – four bounces.

Take careful note of the top of the recent range at 1.5817

That level looks more important that the falling diagonal of the triangle – in the day chart. But the recent breakout was false.

Stand back.



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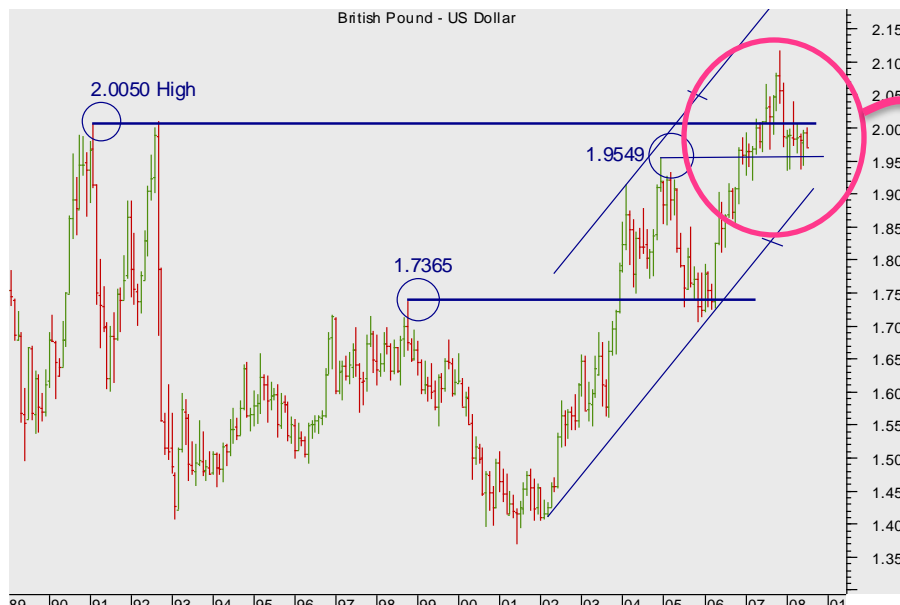
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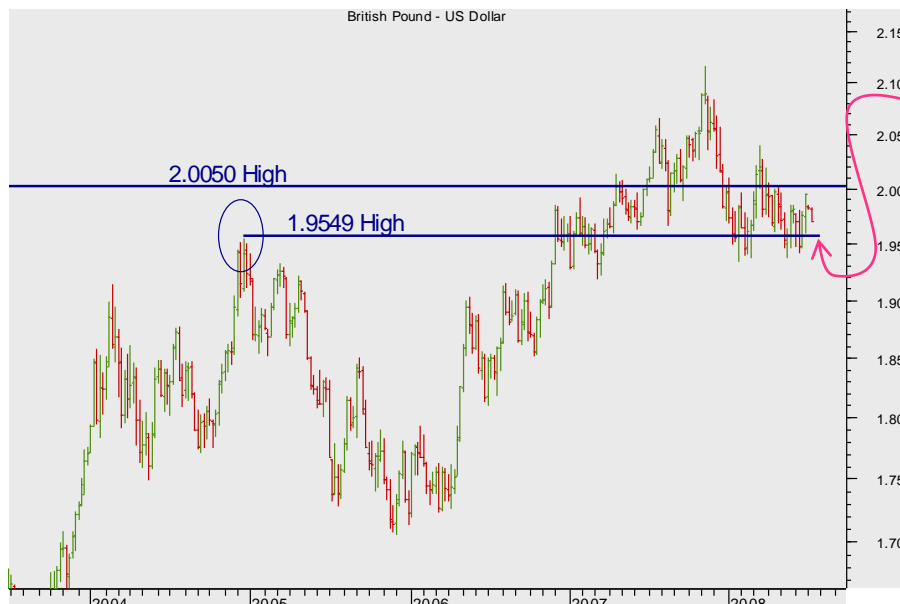
Currencies: Dollar Sterling



Dollar Sterling monthly spot cash chart

The fall back to the prior High support level of 1.9549 was a setback for the bulls. But the market has held there.

So far....



Dollar Sterling weekly spot cash chart

It has steadied at the support from the 1.9549 level repeatedly.

More



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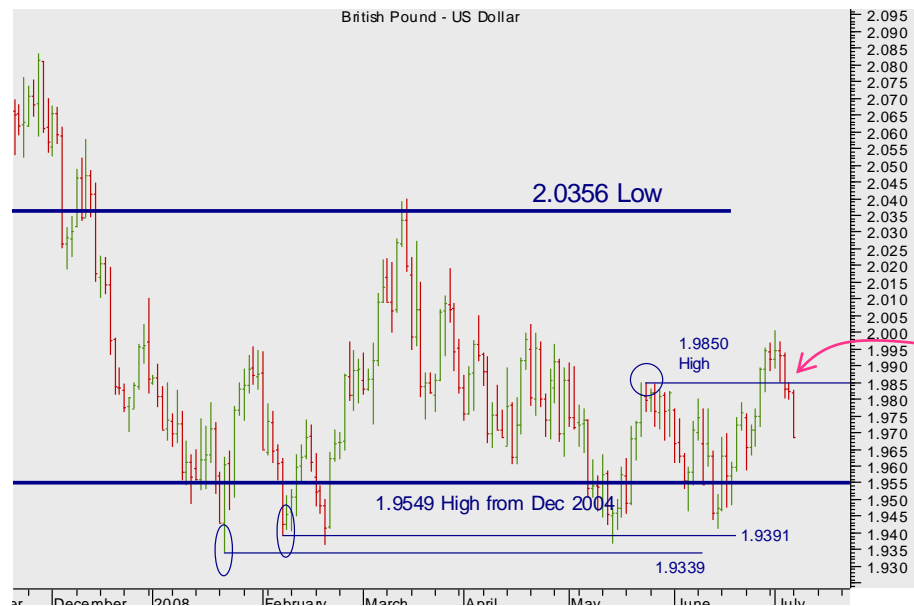
Currencies: Dollar Sterling



Dollar Sterling daily spot cash chart

We wondered about a possible Head and Shoulders Top in the making....but nothing has materialised

Look closer.



Dollar Sterling daily spot cash chart

The Sterling bulls were excited by the break up through the high at 1.9850

But that completed Double Bottom came to nothing... the market has fallen back into the trading range.

Stand aside.



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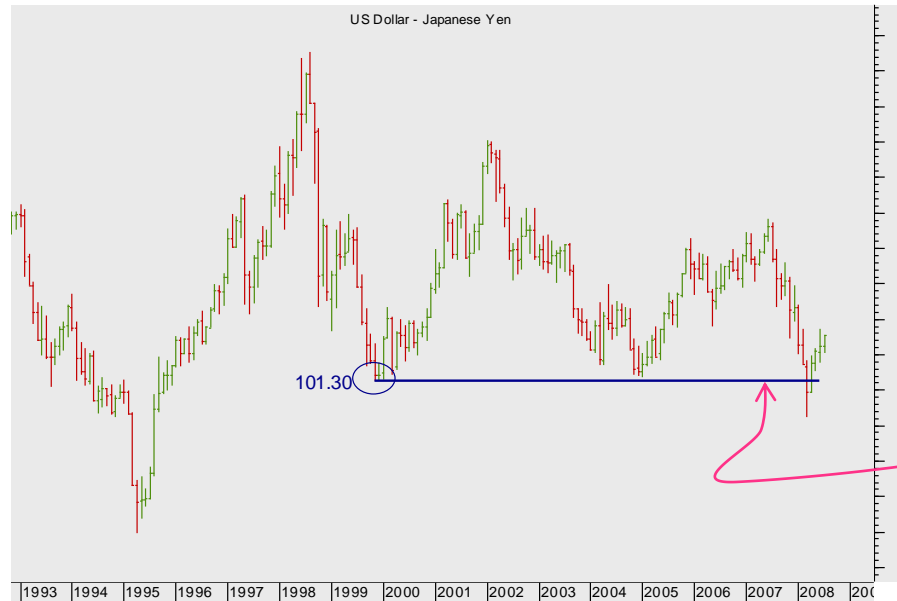
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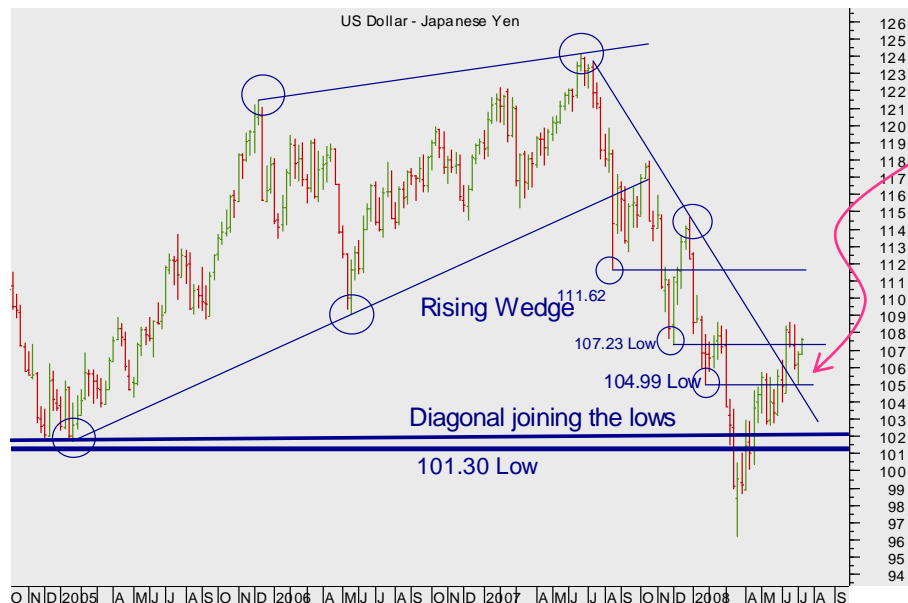
- + Oil
- + Gold

Currencies: Dollar Yen



Dollar Yen monthly spot cash chart

The failure to close beneath the 101.30 level was a big disappointment for the Yen bulls....



Dollar Yen weekly spot cash chart

Note the conjunction of the diagonal downtrend resistance and the horizontal resistance at 104.99.

We said that a break of that would be powerfully bullish –and it happened and the market raced ahead – and then fell back....

Look closer..

More



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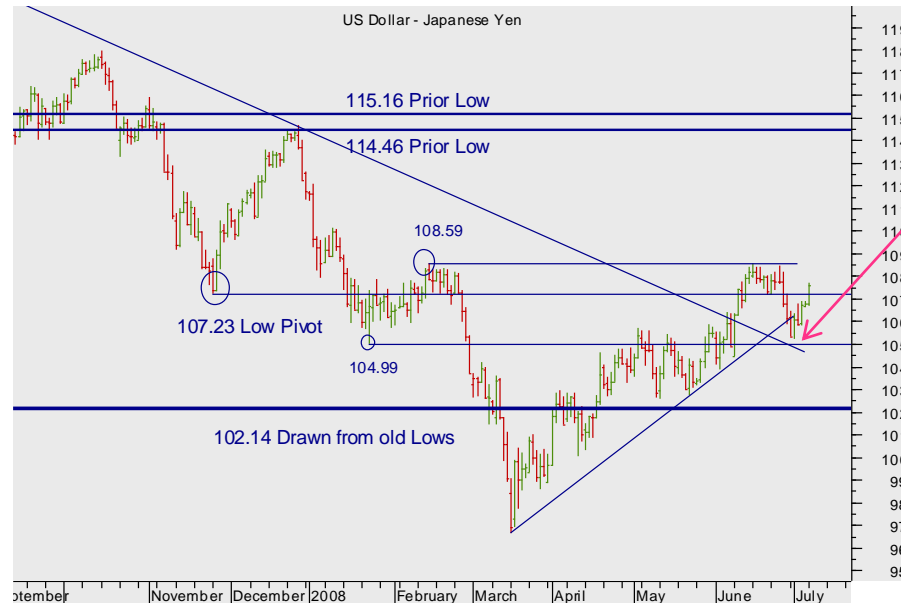
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Currencies: Dollar Yen

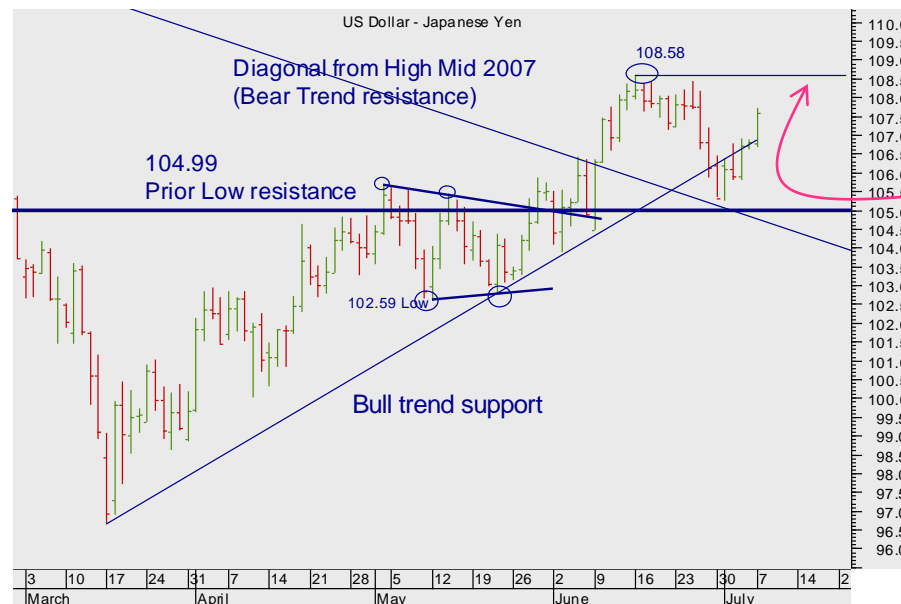


Dollar Yen daily spot cash chart

The market is well-structured: the pull-back found support at the diagonal and horizontal supports.

And then bounced.

Look closer.



Dollar Yen daily spot cash chart

The market needs to break up through the prior high at 108.58 for the next leg....



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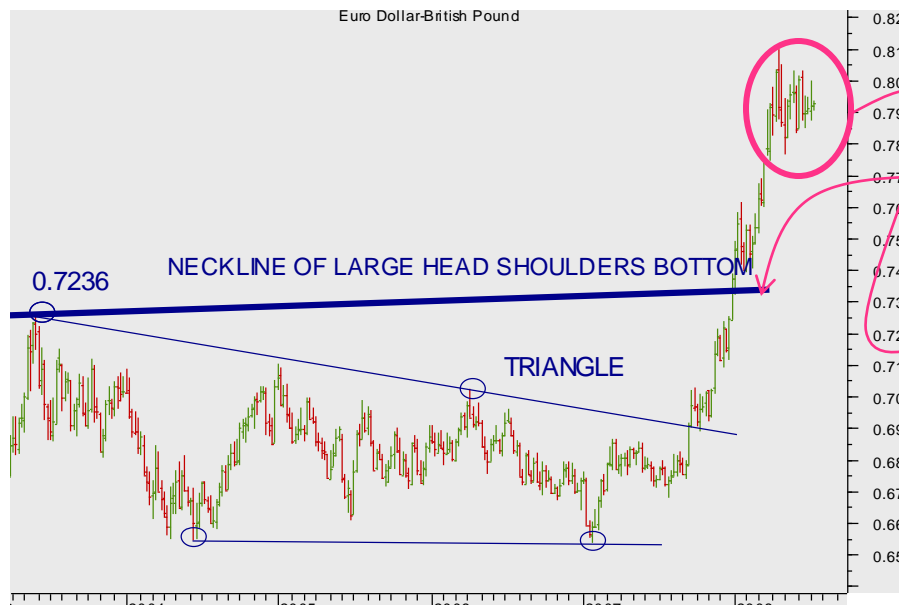
Currencies: Sterling Euro



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.

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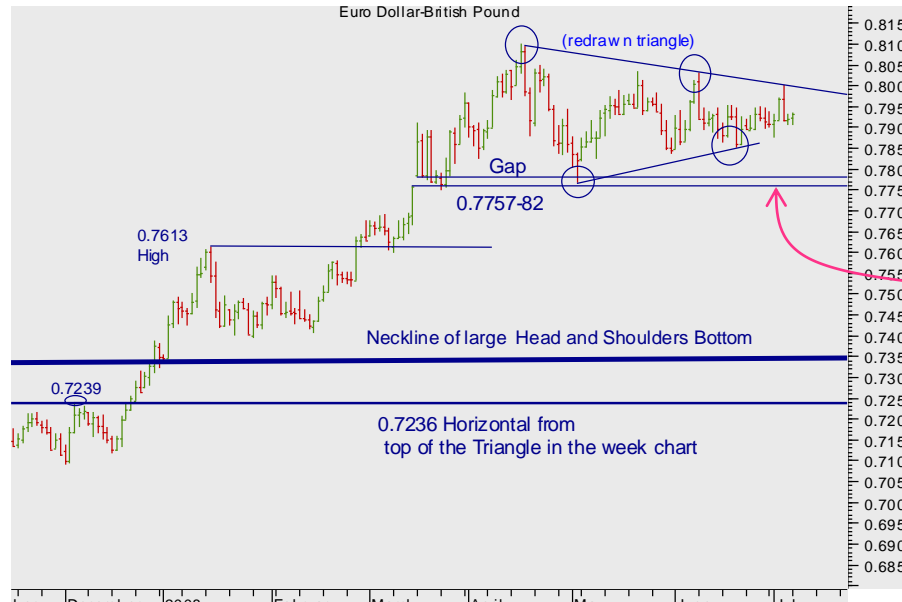
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Currencies: Sterling Euro



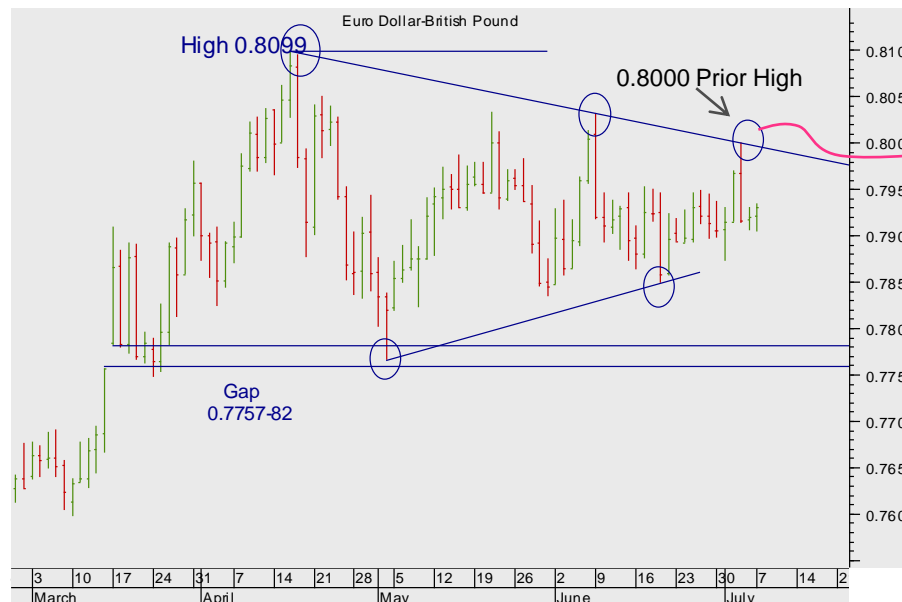
Sterling Euro daily spot cash chart

The market has driven on steadily from the completion of the H&S Bottom

The Gap has been good support.

Note that the Continuation Triangle has been redrawn

And there are growing doubts about it's predictive integrity – has it developed too far towards the apex?



Sterling Euro daily spot cash chart

In any event, wait for a break of the near high at 0.8000.



Stocks

STOCKS: We remain bears despite the tantalising pause of most markets at major prior lows. The DJ EuroStoxx is different: it is the clear leading bear market breaking down ahead of all the others. The Nikkei too has had a modest breakdown. We see little scope for a sustained rally in any of these markets.

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Stocks: Standard & Poors 500



Standard & Poors 500 monthly cont. chart

The market tested that important High of 1574 from the past **and failed..**

The failure drove the market to the support from the prior High.....at 1331 and it has broken down emphatically.

More



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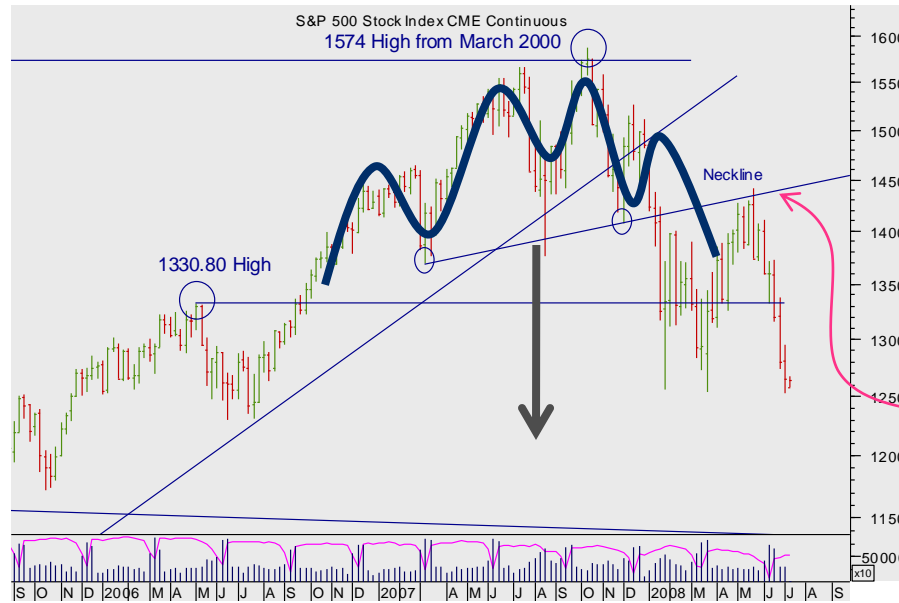
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Stocks: Standard & Poors 500



Weekly continuation Chart

The second failure at the 1574 level turned into a Top formation.

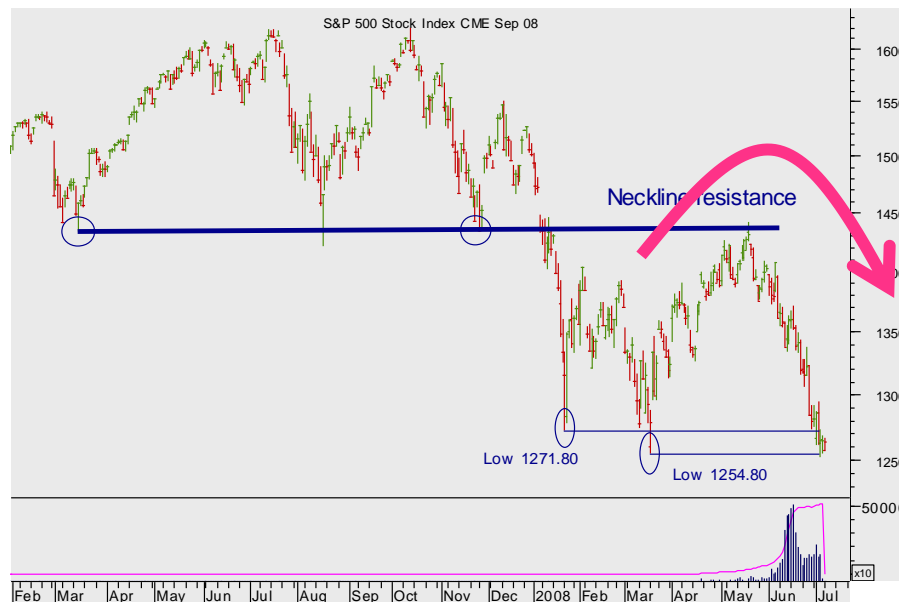
Which completed and had a minimum target of about 1250.

Which the market reached.

And then rallied.

All the way back to the Neckline resistance.

Look closer.



Standard & Poors 500 daily SEP 08 chart

This emphasises the **Double Failure** at the Neckline resistance around 1432.

And the market has fallen back

We believe this latest pull back is a **CRUCIAL FAILURE**

Look closer.

More



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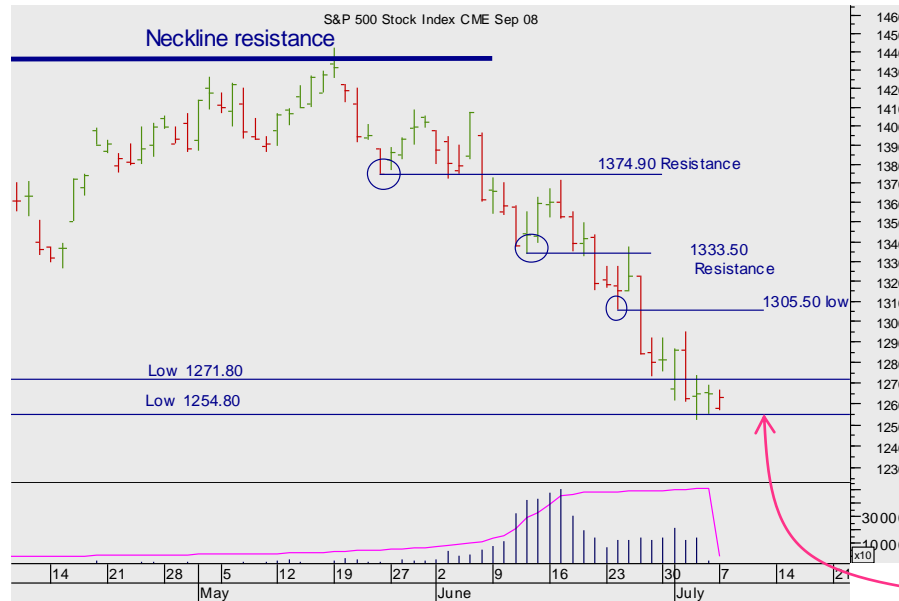
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Commodities

- + Oil
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Stocks: Standard & Poors 500



Standard & Poors 500 daily SEP 08 chart

The market has worked lower since last week **and we remain bearish. Horizontal resistances are still solid.**

Any rally will find good resistance at 1305.50, 1333.50, 1374.90

(But there is no clear Reversal formation in the short-term.)

The bear trend is well-set.

But the bears need a clear break down through the band of 1271.80-1254.80 before they can expect fresh selling.



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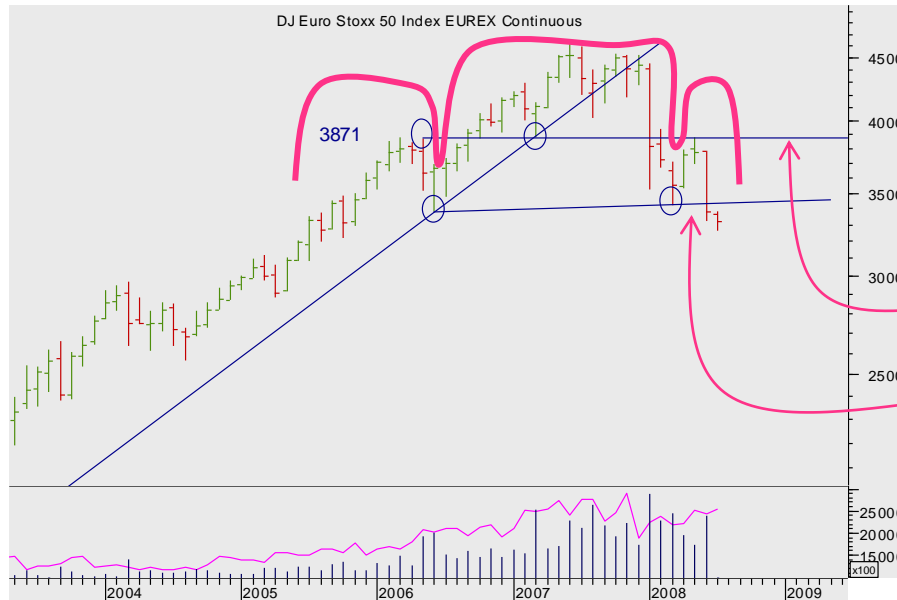
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Commodities

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Stocks: DJ Euro Stoxx 50

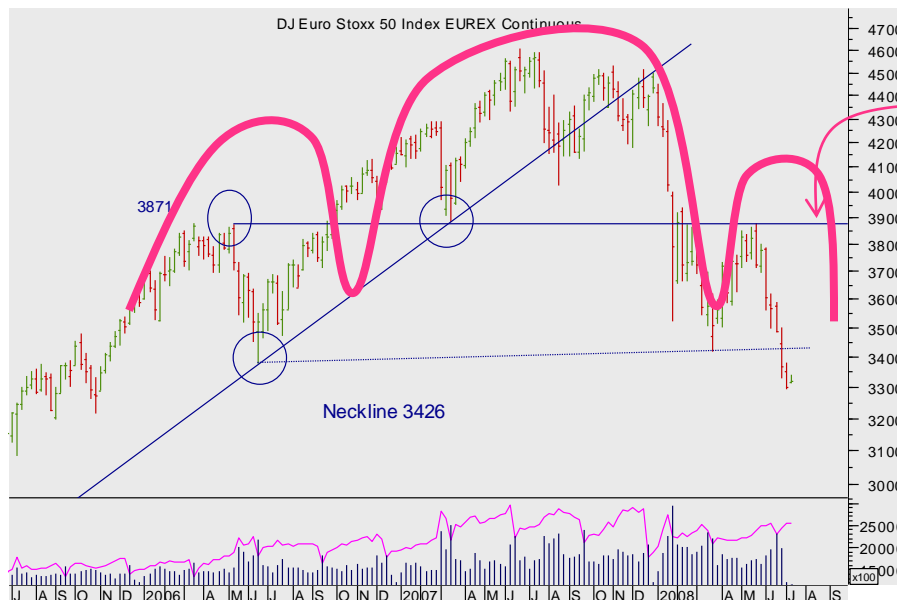


European DJ Stoxx 50 monthly continuation futures chart

The long rally of the market since 2002 fell well short of the market's Highs in 1999.

First it pulled back through support at 3871 from 2006.

And last week closed lower to complete a Head and Shoulders Top.....



European DJ Stoxx 50 weekly cont. futures chart

The level 3871 in the continuation chart that is now acting as good resistance,

Minimum target 2600 or so.

New sellers should enter the market.

More



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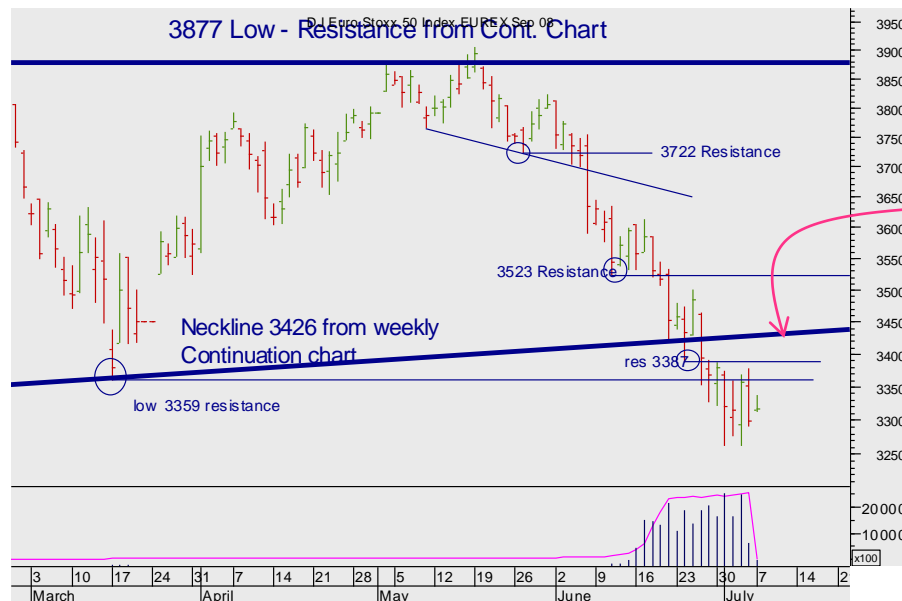
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Commodities

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Stocks: DJ Euro Stoxx 50

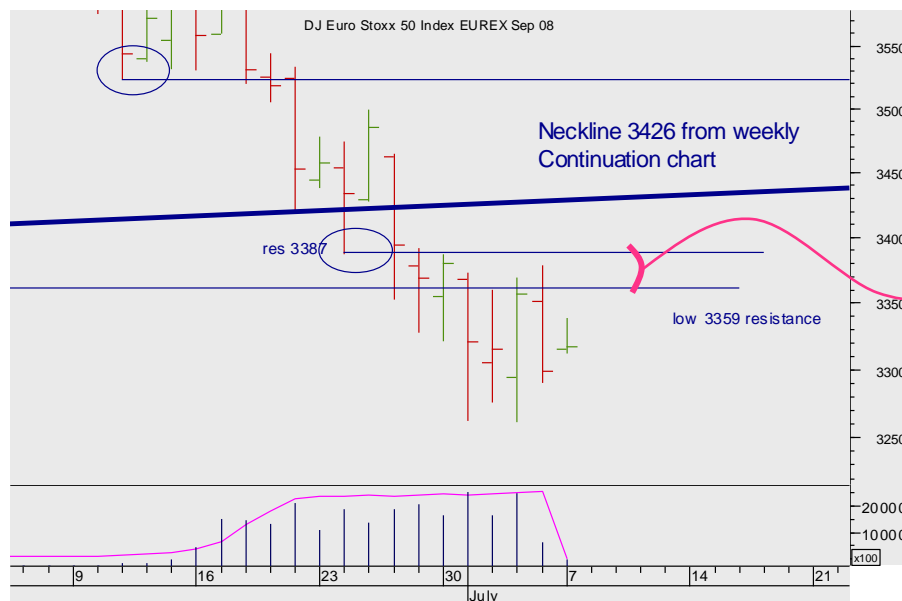


European DJ Stoxx 50 daily Sep 08 futures chart

This is was the critical juncture for the bulls - we though 3426 would break on the week – AND IT HAS.

That is now powerful resistance to any rallies.

Short-term note the day resistance at 3387 , and the pivot at 3359.



European DJ Stoxx 50 daily Sep 08 futures chart

Certainly the market has steadied over the last four trading days – but there has been no recovery.

Use the 3359-87 band as resistance.

The pressure is on.



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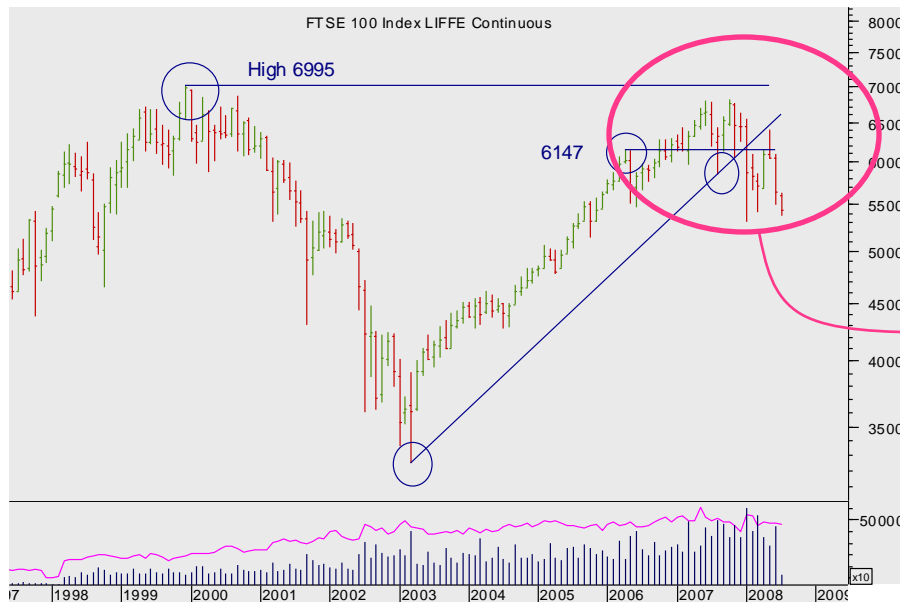
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Commodities

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Stocks: FTSE 100



FTSE 100 monthly Continuation futures chart

The FTSE approached the prior High of 6995 ... but stalled and fell back.

Breaking the steep uptrend support.



FTSE 100 weekly Continuation futures chart

The Prior High support at 5536 (continuation chart) has been smashed.

And the clear diagonal has been broken

More



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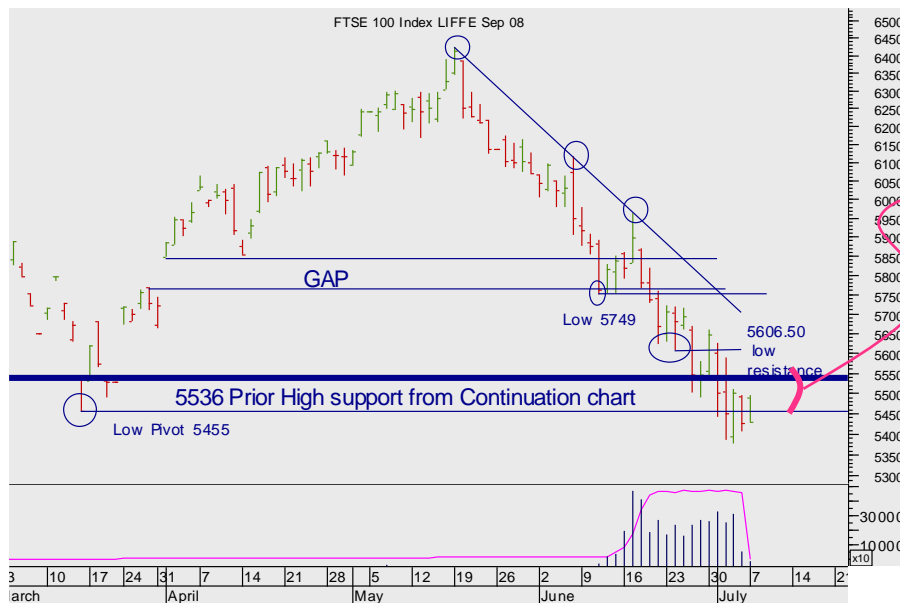
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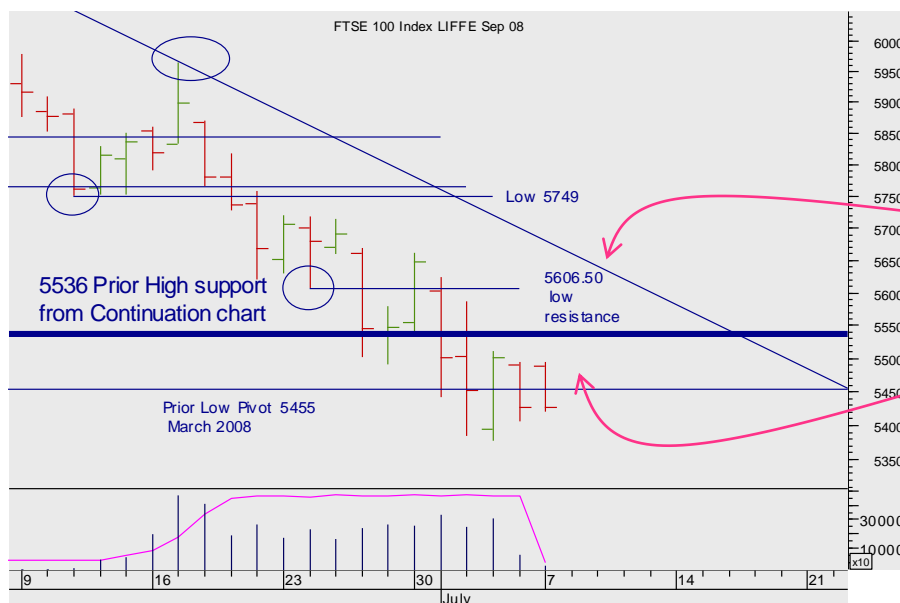
Stocks: FTSE 100



FTSE 100 weekly cont futures chart

The trend of the last six weeks has been steady...the critical band of support is 5455-5536.

If that was to clearly break (and we believe it will) then good fresh Selling would enter the market.



FTSE 100 daily Sep 08 futures chart

The market is attacking that crucial band of support.

Only a break up through the falling bear trend diagonal – and ,say, 5749 would get the bulls going.

We remain bears and aggressive sellers on a confirmed break of 5455....



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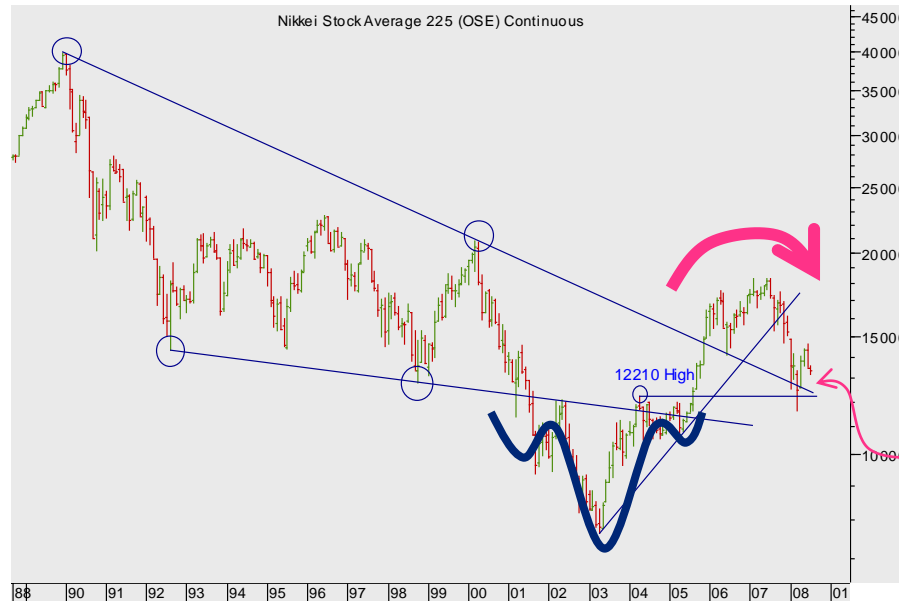
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Stocks: Nikkei 225



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

Having been driven down by a completed Head and Shoulders Top, the **bounce off the major support at 112.10 is clear and powerful.**

What now?

More



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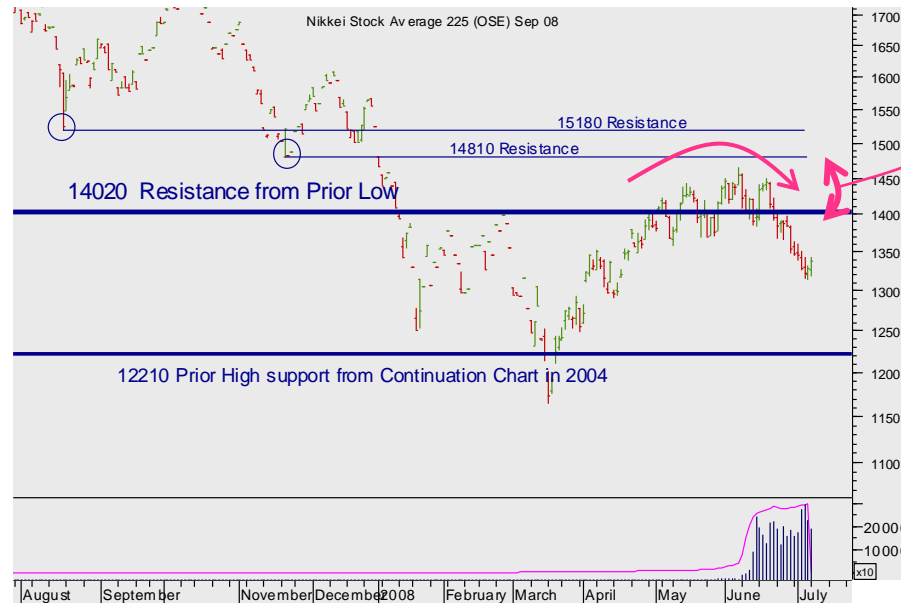
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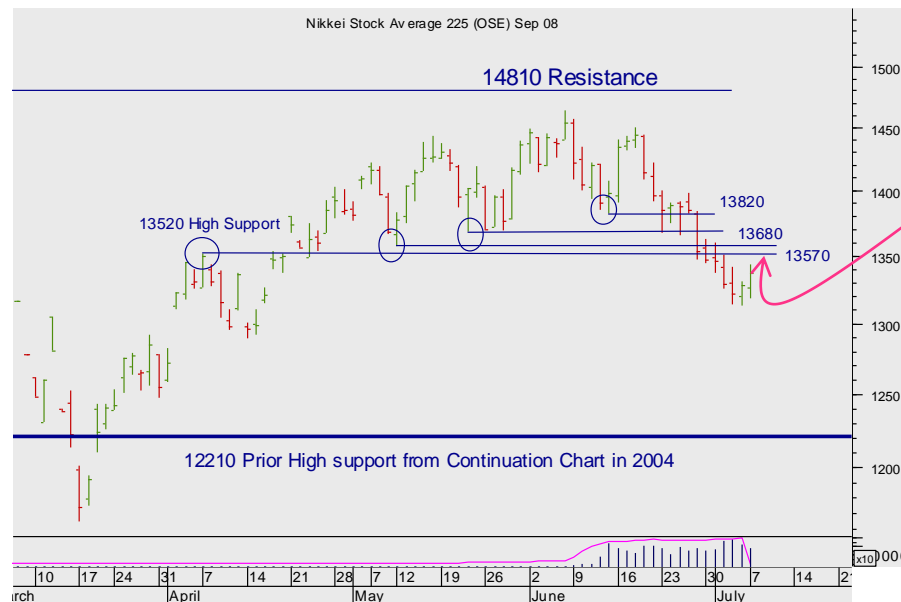
Stocks: Nikkei 225



Nikkei 225 weekly cont. Sep 08 futures chart

The major resistance lay at 14020 - 14810

And the market is testing that level in a tight consolidation... which has the appearance of a rounded top...



Nikkei 225 daily futures Sep 08 chart

Last week we said: 'expect more progress down ...' and that was right.

The break beneath 13520 completes the Top – a Quadruple Top.

The rally looks unlikely to penetrate the resistance. **These are selling levels.**



Bonds

BONDS are recovering. The bulls are gaining confidence. There is a lack of solidity beneath the market but that could change... For the moment, though, we remain on the sidelines watching our levels carefully.

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Bonds: Ten year US Treasury Note



Ten year US treasury note monthly futures continuation chart

The market's failure to breach the old prior High at 120-14 has been a major bear influence on the market and it remains so.

Look closer.

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Bonds: Ten year US Treasury Note



Ten year US treasury note weekly futures continuation chart

There is no clear Top formation in place.

But the bear trend is powerful. The market has pulled back to the 50% retracement level.

And beneath that lies support from the Old highs and 61% Fib around 109-08/20.

Ten year US treasury note daily Sep 08 futures chart



The price action of the sell-off has not been clear. Certainly there is a channel of sorts and the channel appears to have broken.

The break up through the Prior High 114-14.5 is evidence of **growing bullishness**.

But there's no clear Bottom formation at the moment.



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Bonds: Ten year Euro Bund



Ten year Euro Bund quarterly futures continuation chart



Ten year Euro Bund weekly futures continuation chart

More



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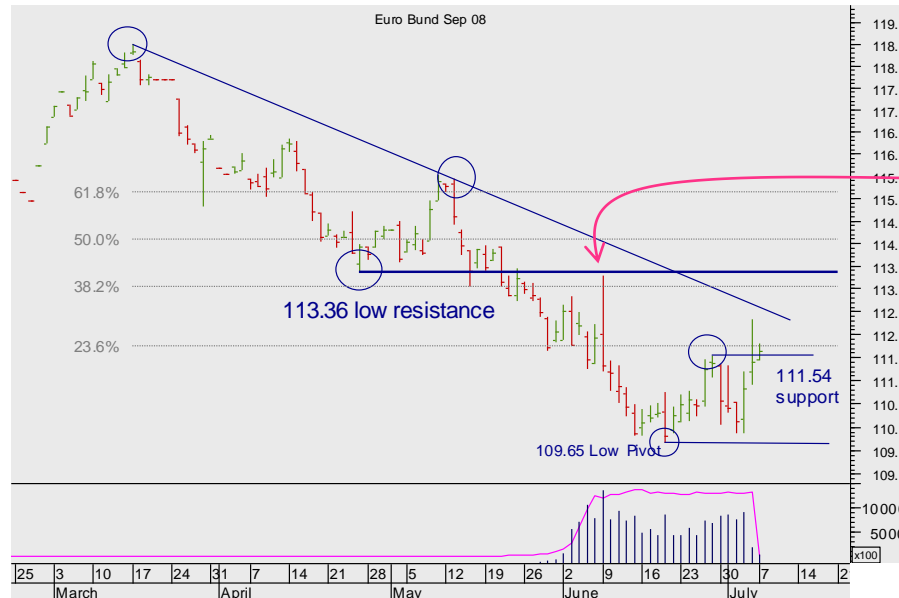
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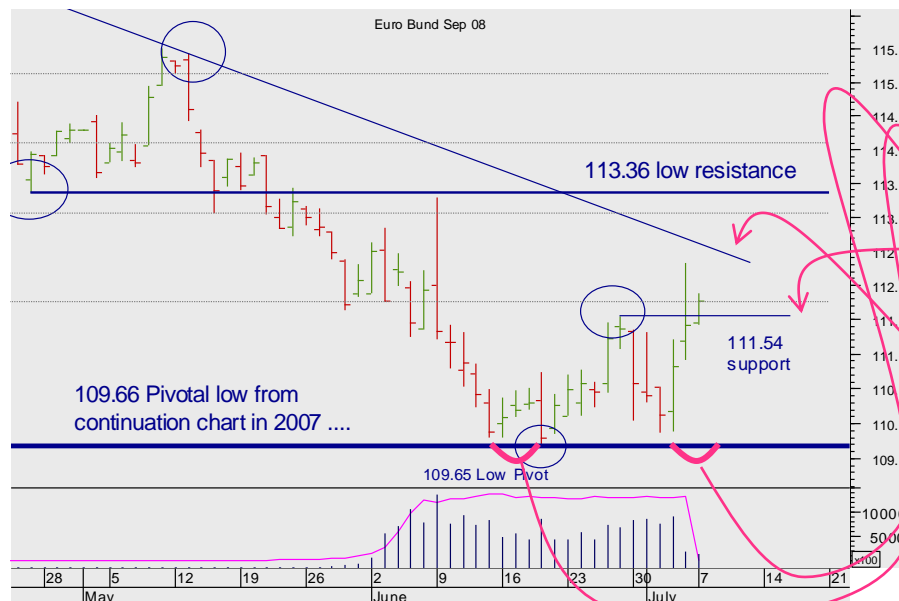
Bonds: Ten year Euro Bund



Ten year Euro Bund daily Sep 08 futures chart

In greater detail: the rejection of the powerful overhead resistance at the prior low 113.36 was powerful bear evidence...

But the repeated bounced off the 109.65 Low is encouraging, as is the push up through the 111.54.



Ten year Euro Bund Sep 08 futures chart

There has been two clear tests of the Pivotal low – note the Double Bounce.

A push up through 111.54 has completed a small Double Bottom.

But bulls need additional bull evidence of a break of the falling diagonal....



Bonds: Ten year Japanese Bond

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- + Gold



Ten year Japanese Bond monthly futures continuation chart

The repeated failures of the market at and above the 141 level look poor for the market.

There is no clear long-term formation at work yet, but a break of the 130.84 lows would be pivotal.

Look at the detail.



Ten year Japanese Bond weekly futures continuation chart

The break back through the support from the old Double Bottom is clear and very bearish.

But unless already short then wait for the lows to be taken out...

More



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

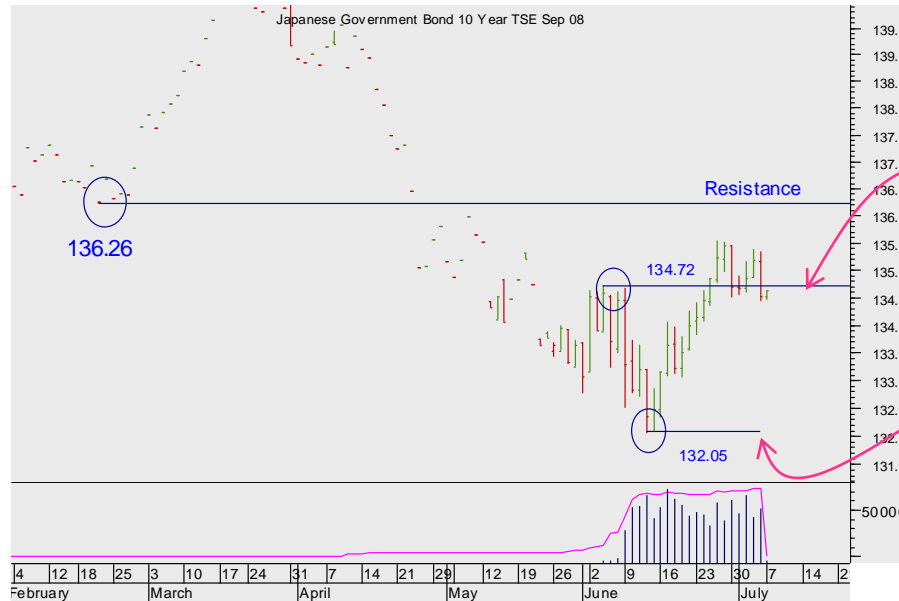
Interest rates

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

Commodities

- + Oil
- + Gold

Bonds: Ten year Japanese Bond



Ten year Japanese Bond daily Sep 08 futures chart

The market has broken up through the 134.72 Pivot – but needs to break 136.26 to convince the bulls. (and in any case that support at 134.72 looks weak.)

Bears need a break of 132.05.



Interest rates

Short Interest Rate futures: Like the bonds, these markets have bounced well. The clearest turnaround has been the Short Sterling. That can go further. But they are not bull markets yet...

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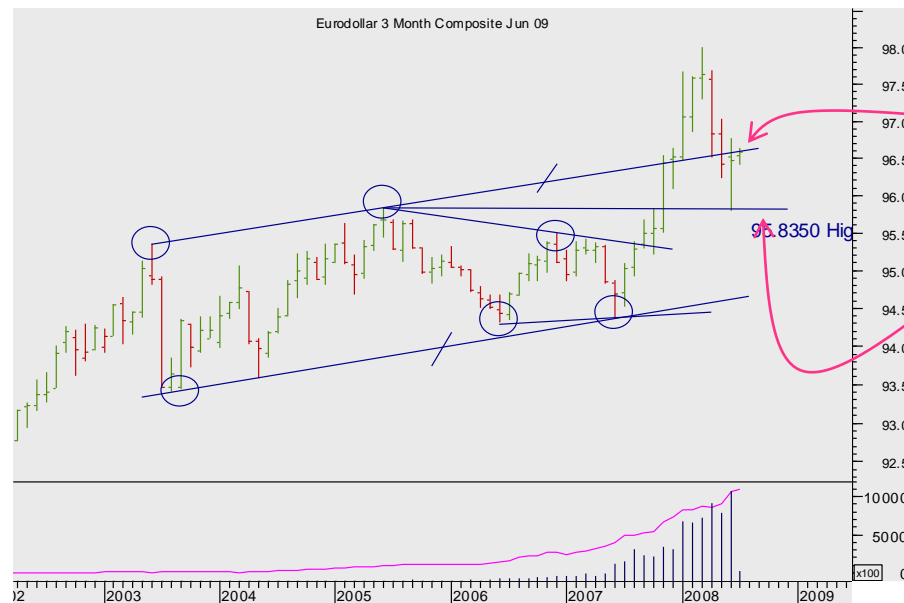
Interest rates

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Commodities

- + Oil
- + Gold

Interest rates: Dollar rates



Dollar rates monthly futures chart

The market has fallen down through the Top of the parallel channel support.

But found support at the horizontal from the High at 95.8350.

More



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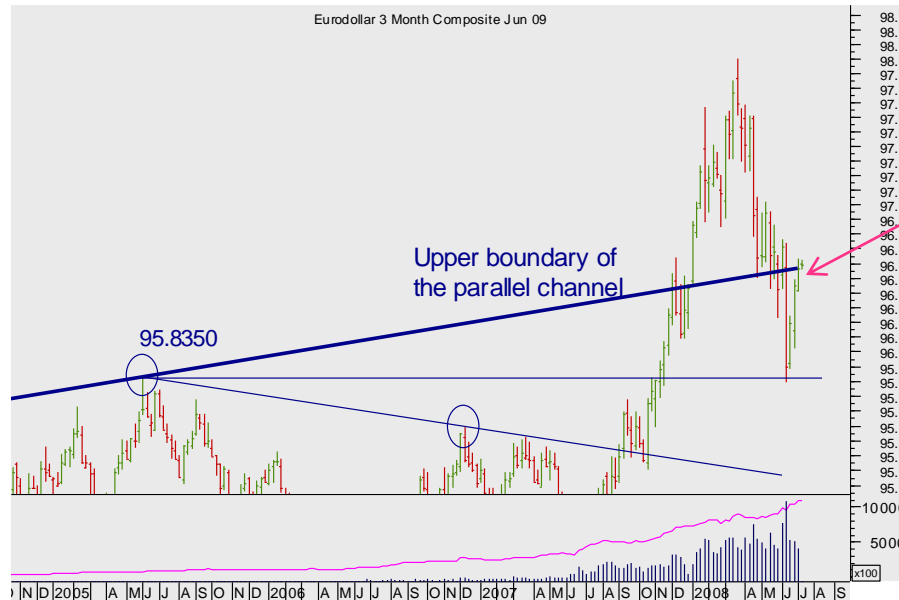
Interest rates

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Commodities

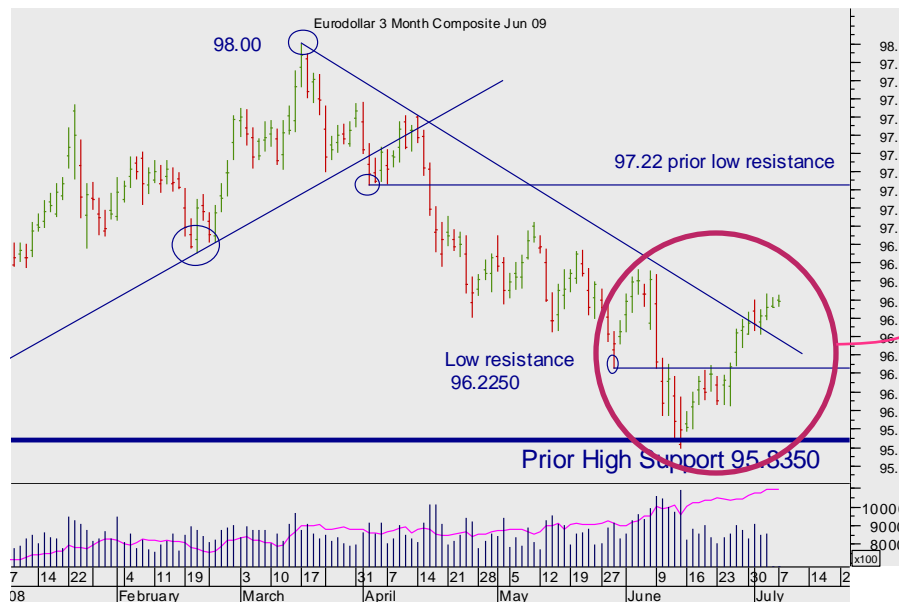
- + Oil
- + Gold

Interest rates: Dollar rates



Dollar rates weekly futures chart

That pull-back: check the detail.



Dollar rates daily futures chart

Note well the bounce from 95.8350 – it has taken out the first resistance at 96.2250...and the falling diagonal.

But there is no bottom formation in place yet.... Stand back.



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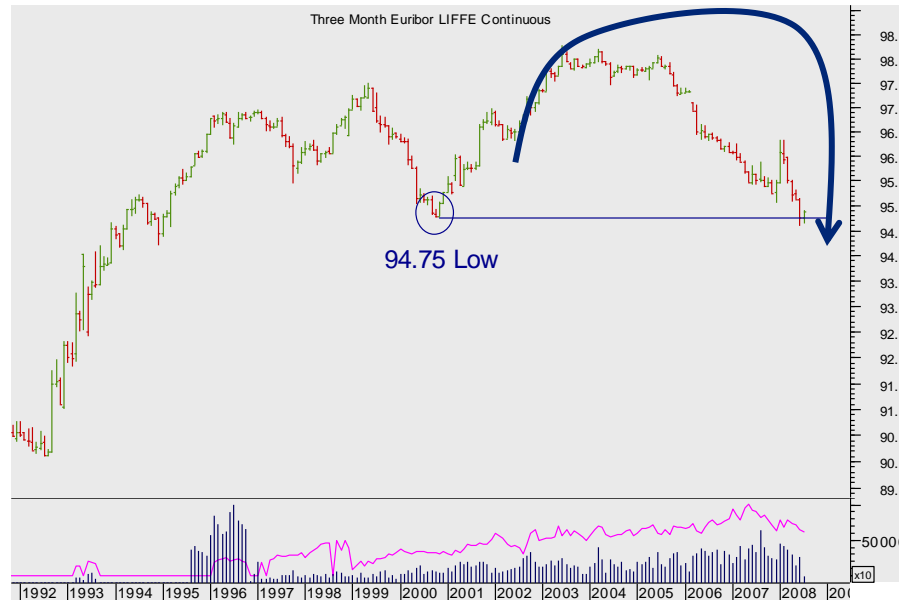
Interest rates

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

Commodities

- + Oil
- + Gold

Interest rates: Euribor rates



Euribor rates monthly futures chart

The market has fallen back to the recent low.

Look closer.



Euribor rates weekly futures chart

The market hasn't clearly penetrated that Pivotal low yet in a convincing way...there's a bounce under way.

More



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- + Sterling rates

Commodities

- + Oil
- + Gold

Interest rates: Euribor rates



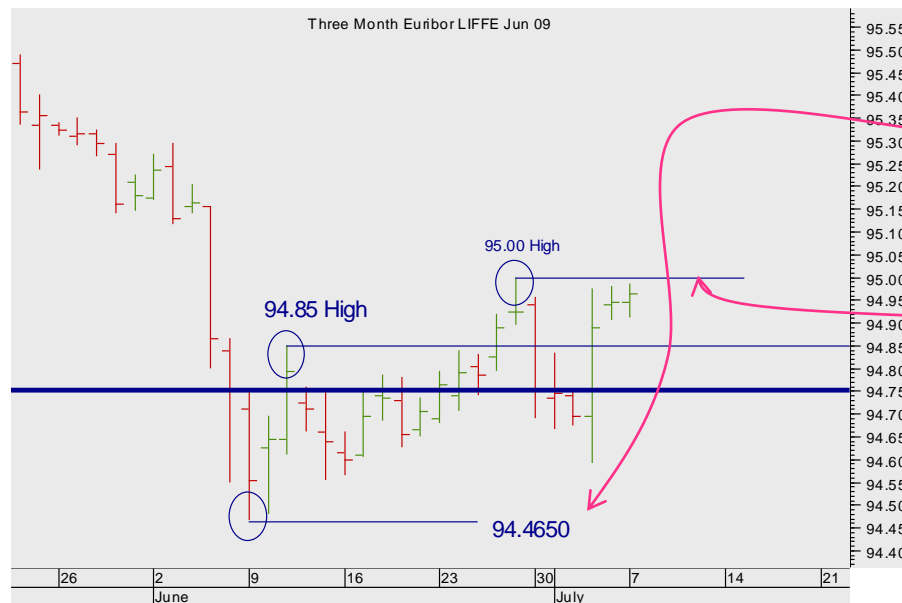
Euribor rates weekly futures chart

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

And then beneath the Pivot at 92.21.

And the Pivot at 94.75.

But it has rallied back. Study the rally.



Euribor rates daily futures chart

Wait for first a break of the recent low at 94.4650 before getting short again...

Note the resilience of the market – a push up through the 95.00 High would set up the bulls for further on the upside.



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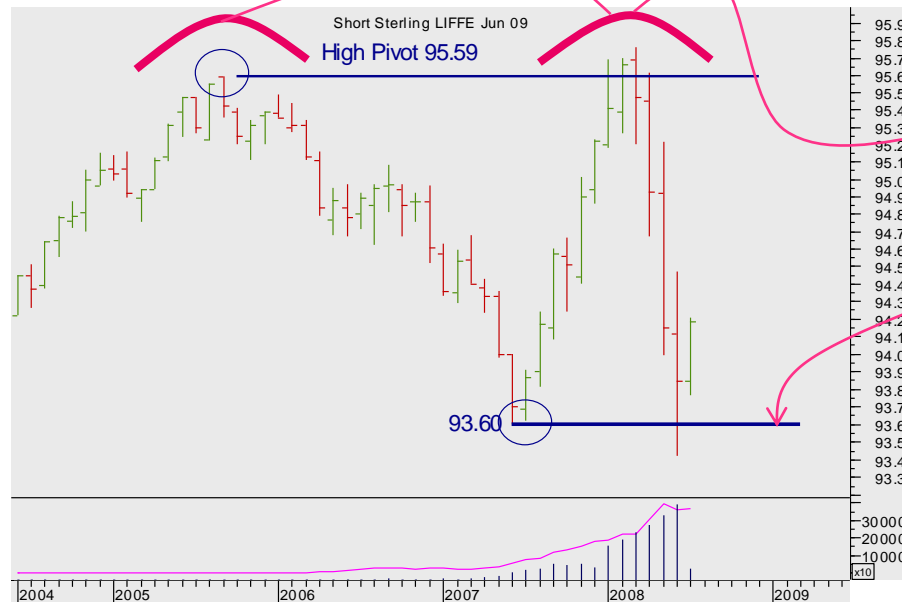
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- + Sterling rates

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.

And note the completion of a Double Top if the market breaks down through the 93.60 Low Pivot.



Sterling rates daily Jun 09 futures chart

The drama of the bear move: but the only detail that matters now is a close beneath the Pivot down at 93.60.

(The resistances above at 93.99 and 94.4350 are clear.)

More



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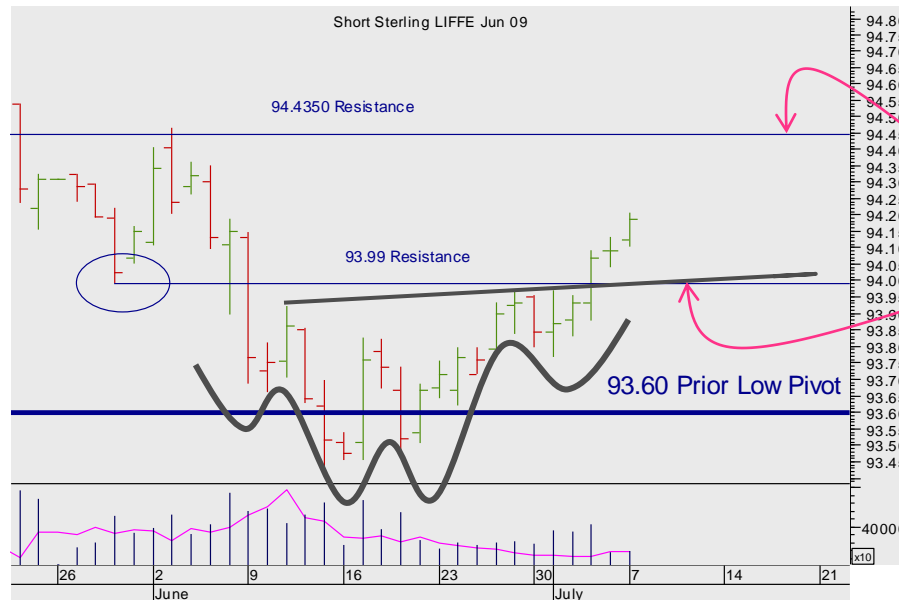


Sterling rates daily Jun 09 futures chart

In the very short-term, the bulls will have been encouraged by the break up through the 93.99 resistance.

Is there a Double Bottom in place?

Further, is there a small Head and Shoulders Reversal in place?



Sterling rates daily Jun 09 futures chart

The small H&S reversal should drive the market up as far as the 94.3450 resistance at least....

Support at the neckline at 94.00.

We're bullish.



Commodities

Oil is well set to go higher – as we suggested last week. Gold has completed a powerful Head and Shoulders reversal and looks well set too, despite the recent weakness.

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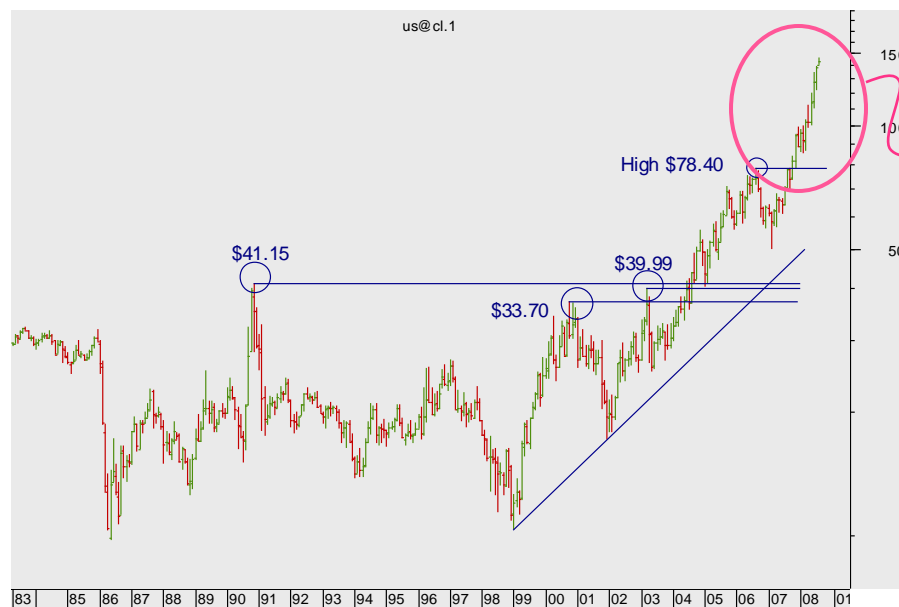
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Commodities

- + 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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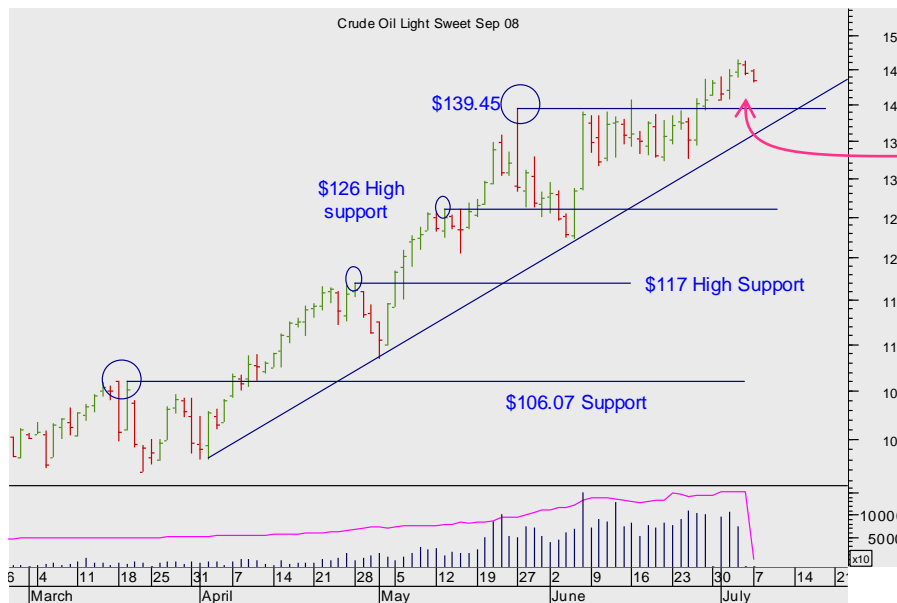
- + Oil
- + Gold

Commodities: Oil



Oil weekly futures continuation chart

The market is in a well-established bull trend.



Oil daily SEP 08 futures chart

Watch this short-term bull signal of a close higher than the 139.45 highest close.

The old highs are powerful support...driving the market higher...



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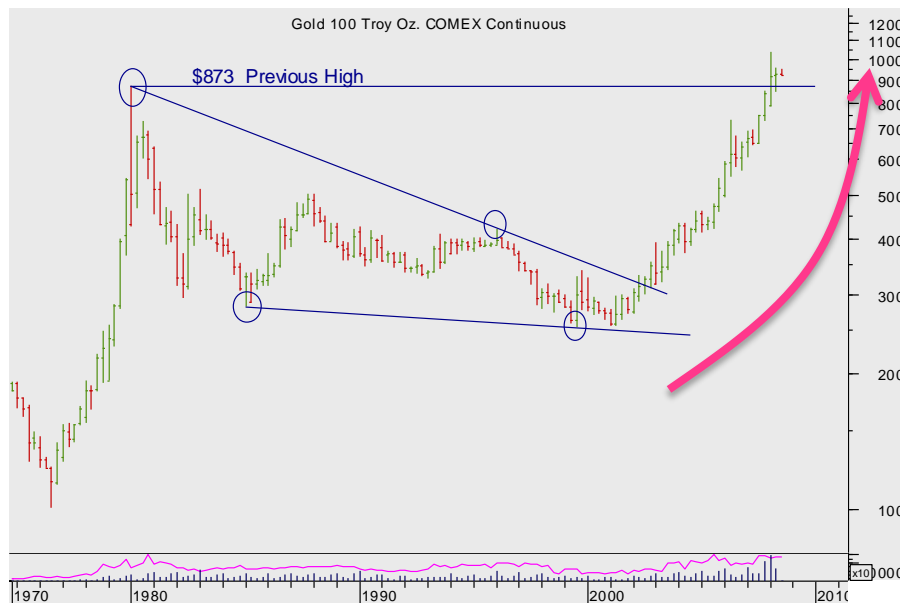
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Commodities

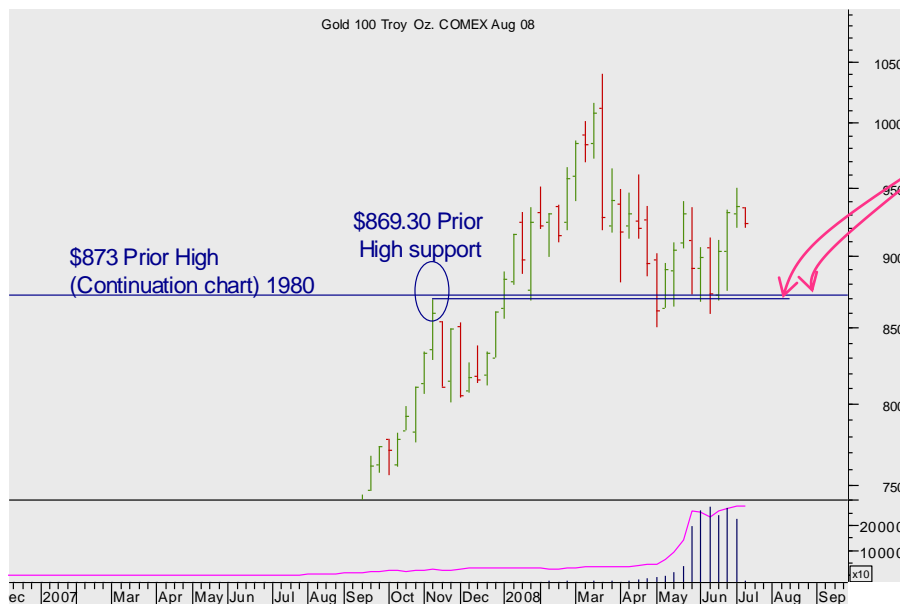
- + Oil
- + Gold

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 Aug 08 futures chart

That \$873 High is first support (and beneath that is support at \$869.30.)

Look closer.

More



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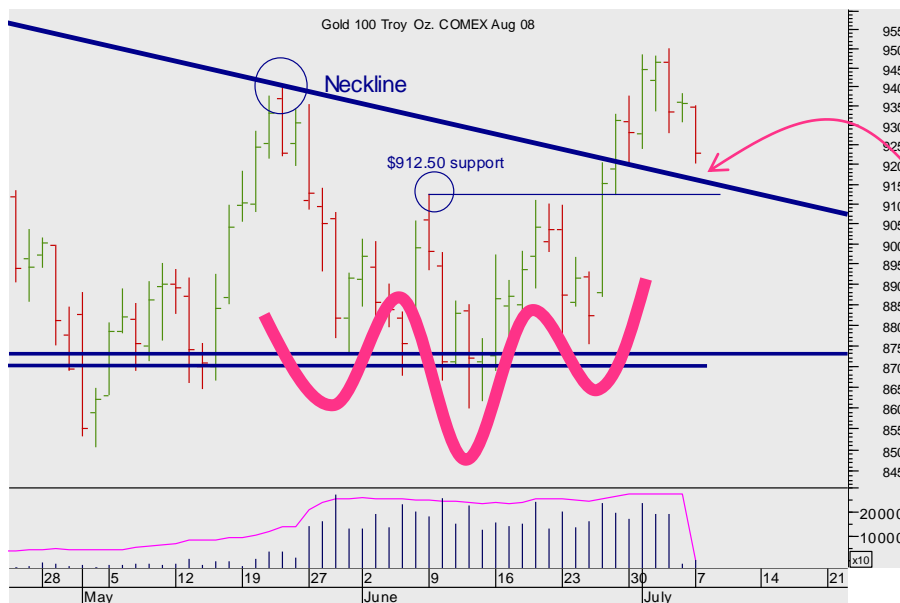
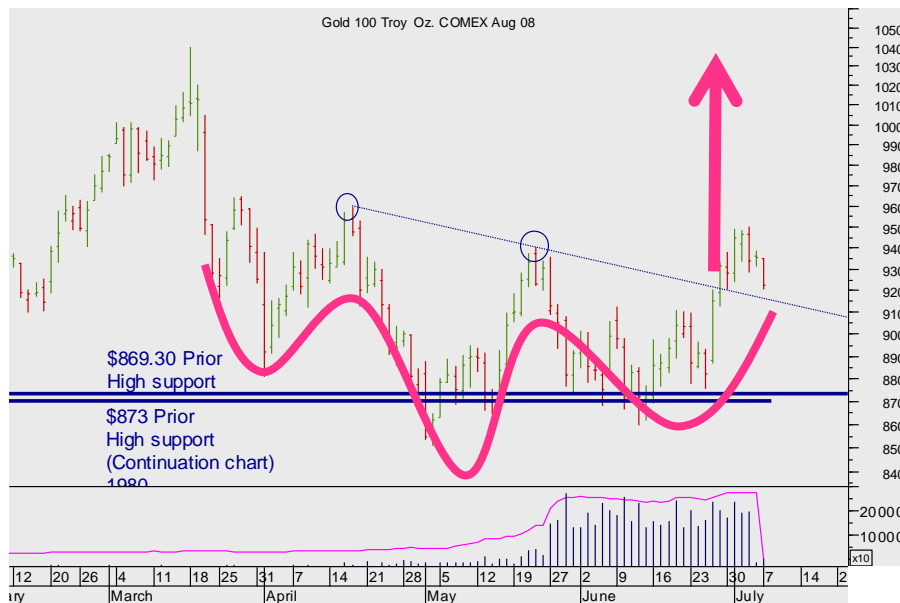
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- + Euribor rates
- + Sterling rates

Commodities

- + Oil
- + Gold

Commodities: Gold



Gold daily Aug 08 futures chart

The Head and Shoulders Bottom pattern completed and looks set to drive the market as far as the old Highs or so.

Gold Aug 08 futures chart

This H&S pattern within the left shoulder of the bigger H&S is added bull encouragement.

Note well the pull back to the neckline support if the bulls are right it should hold.

More



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