



TECHNICALLY SPEAKING

European Indices

- **EURO-STOXX50 index**
The uptrend could sustain until end-January or early-February timing followed by correction.
- **GERMAN-DAX index**
Still have a bit of upside.
- **FTSE-100 index**
The bullish breakout could reach 6,250-6,300 target window followed by pullback.



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COMMENTS ON THE EURO-STOXX50 INDEX as of 10-Jan-11

■ **the long-term view:** the mid-term cycle triggered profit taking and the index risked the 50% retracement level of the prior rally bouncing from the channel's support. The correction eased the overbought condition on the long-term 200-day momentum indicator by moving to the zero line. The common 4-Year Low-to-Low cycle (called kitchen cycle) favoured the month of July or/and September 210 as a period to end the corrective phase. Both timings triggered a major basement with the final down-leg occurred on 1st September 2010 signalling the end of the congestion phase followed by upward acceleration.

We maintain the same scenario. We still expect the European stox50 index to move towards the top posted last year within 3,030-3,045 window or marginally higher. The time duration of the uptrend which started in March 2009 could last 21-22 months and extreme 2-year cycle followed by profit taking. Therefore, the key directional time change for a potential high points to January/February and no later than March 2011 which could be followed by correction.

The uptrend could sustain until end-January or early February timing followed by correction.

■ **the short-term/medium-term view:** the index moved above the long-term moving average forcing the medium-term average to cross above the long-term moving average. This setup has triggered a bullish "Golden cross" favouring the resumption of the main uptrend.

Since the low posted following the Greek crisis last year, the European index has been trending within a minor uptrend channel. The support of the minor uptrend channel coincides with the major one projected from the low posted in March 2009. However, the profit taking which occurred late December timing was supported by the long term moving average. **The second attempt at the top triggered profit taking. We expect the current pullback to find a strong support near the long-term yearly moving average within 2,745-2,775 window. The current pullback could end this week.**

On medium-term basis, we expect the European index to move again towards the 2,900-2,930 target window or higher towards the resistance level of the uptrend channel engaged since the low posted in May within the 3,025-3,045 window then followed by correction.

Timings: the correction completed right at the forecast end November timing. **Usually, the market witnesses a rally during the first week of January followed by pullback. We expect the short-term pullback to complete by 12 January followed by recovery. However, we still expect the market to trigger an intermediate high by end-January/early-February timing followed by correction.**

■ Resistance	2,915-2,930 strong	2,975-3,000 strong	3,075-3,125 strong
■ Support	2,765-2,775	2,730-2745 strong	2,665-2,675 strong
The timing for a directional change are (change in trend ± 1 day)			
7 Jan.(triggered minor top)	11-12 Jan.	24 Jan.(key) or 8-10.Feb(key)	

see charts next pages

DAILY CHART: EURO-STOXX50 INDEX



WEEKLY CHART AND LONG-TERM MOMENTUM: EURO-STOXX50 INDEX SINCE THE LOW POSTED IN 2003



COMMENTS ON THE GERMAN DAX INDEX as of 10-Jan-11

DAILY CHART: GERMAN DAX INDEX



Still have a bit of upside.

■ the German DAX index has been trending within an uptrend channel and supported by the long-term average. The breakout of the triangle formation triggered a bullish acceleration resuming the main uptrend.

The index reached the ideal objective of the triangle formation reached within the 7,180-7,200 objective window. the current pullback would be supported by the quarterly moving average around 6800 area. However, as long as the index holds above the prior swing low at 6655 level on close, the German index could move again towards the ideal target or even higher towards the resistance level of the uptrend channel around 7,200 area.

The key bullish reversal stands at 6,655 level on close.

■ Timing: **The rally could last until end-January/early-February timing.**

COMMENTS ON THE FTSE-100 INDEX as of 10-Jan-11



The bullish breakout could reach 6,250-6,300 target window followed by pullback.

■ The FTSE index has been trending within an uptrend channel. The index rallied and targeted the ideal objective of the bullish H&S pattern followed by profit taking. The pullback was supported by the quarterly average offering a buy opportunity right at the projected late November timing.

The rally has been supported by the momentum indicator and trending within a minor uptrend channel. As long as the prior swing low holds on close, we expect the FTSE index to move towards the resistance level of the uptrend within 6250-6300 target window.

The key bullish reversal stands at 5,519 level on close.

■ Timing: the rally could last until end January/early-February timing.

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