



**ADM**

INVESTOR SERVICES  
INTERNATIONAL  
LIMITED

Member of The London Stock Exchange  
Member of The London Clearing House  
Member of Euronext-LIFFE, IPE, LME, EUREX

part of Archer Daniels Midland Company

**Direct: +44 20 7390 2952 (24 hours)**

**Reuters Dealing: ADML**

**Client Release: 5<sup>TH</sup> SEPTEMBER 2009 General Release: 10<sup>TH</sup> SEPTEMBER 2009**

**EMAIL : [eddie.tofpik@admisi.com](mailto:eddie.tofpik@admisi.com), on Reuters IM & follow me on [www.twitter.com](http://www.twitter.com) **ADMISI\_FX****

**C O B Friday – 4<sup>TH</sup> SEPTEMBER 2009**



***Eddie's Crayons...* ★**

**THE VOICE OF THE ADMISI  
FOREIGN EXCHANGE DEPARTMENT**



ADM Investor Services  
International Limited

**EDDIE TOFPIK – HEAD OF FOREIGN EXCHANGE**

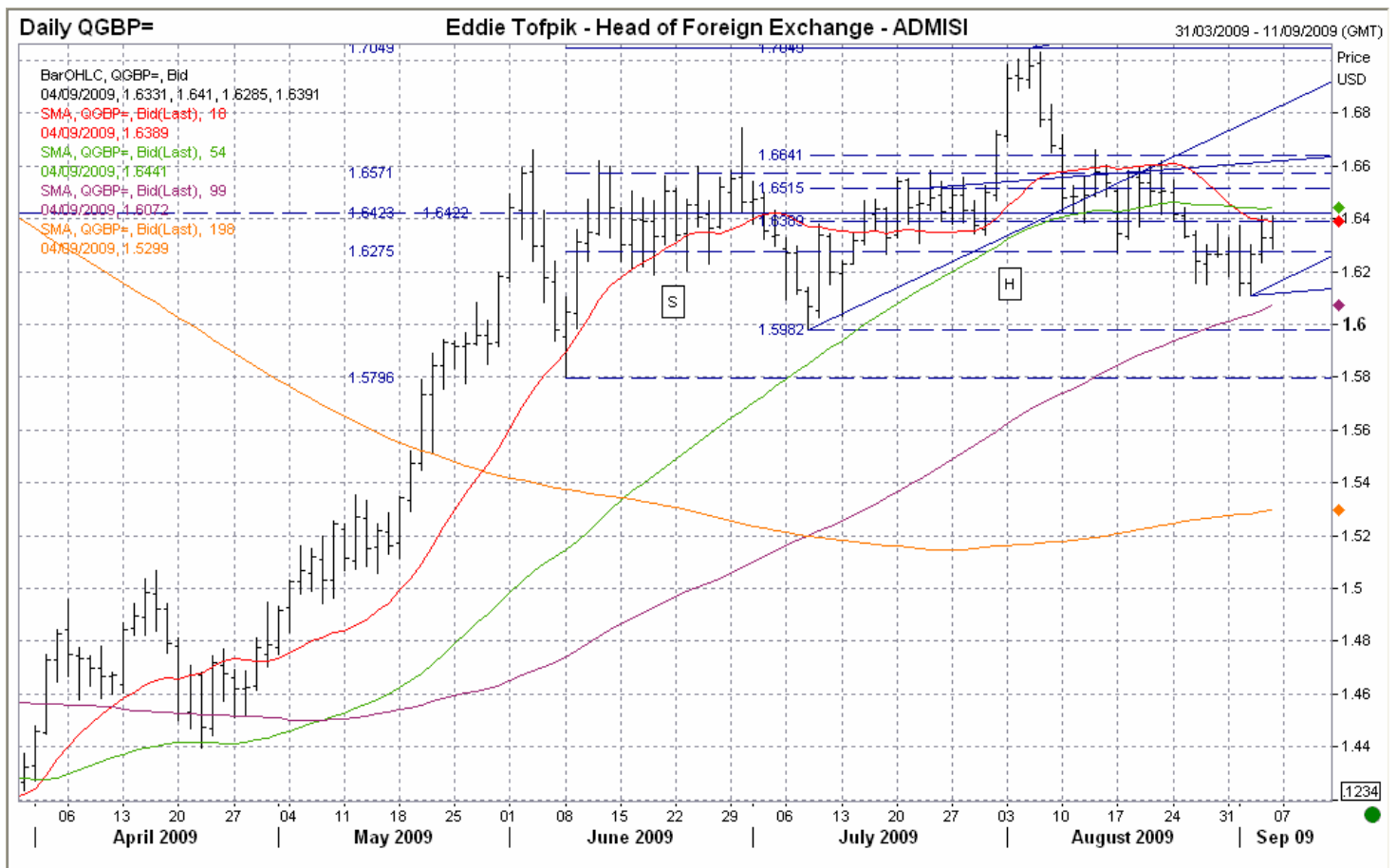
4<sup>TH</sup> FLOOR, MILLENNIUM BRIDGE HOUSE, 2 LAMBETH HILL, LONDON EC4V 3TT  
**TELEPHONE** +44 20 7390 2952 **FAX** +44 20 7294 0233

REGULATED BY THE FINANCIAL SERVICES AUTHORITY  
REGISTERED OFFICE: 4<sup>TH</sup> FLOOR, MILLENNIUM BRIDGE HOUSE, 2 LAMBETH HILL, LONDON EC4V 3TT, ENGLAND.

REGISTERED IN ENGLAND NUMBER 2547805

# GBPUSD

## TREND UP?



**Source: Reuters/Eddie Tofpik**

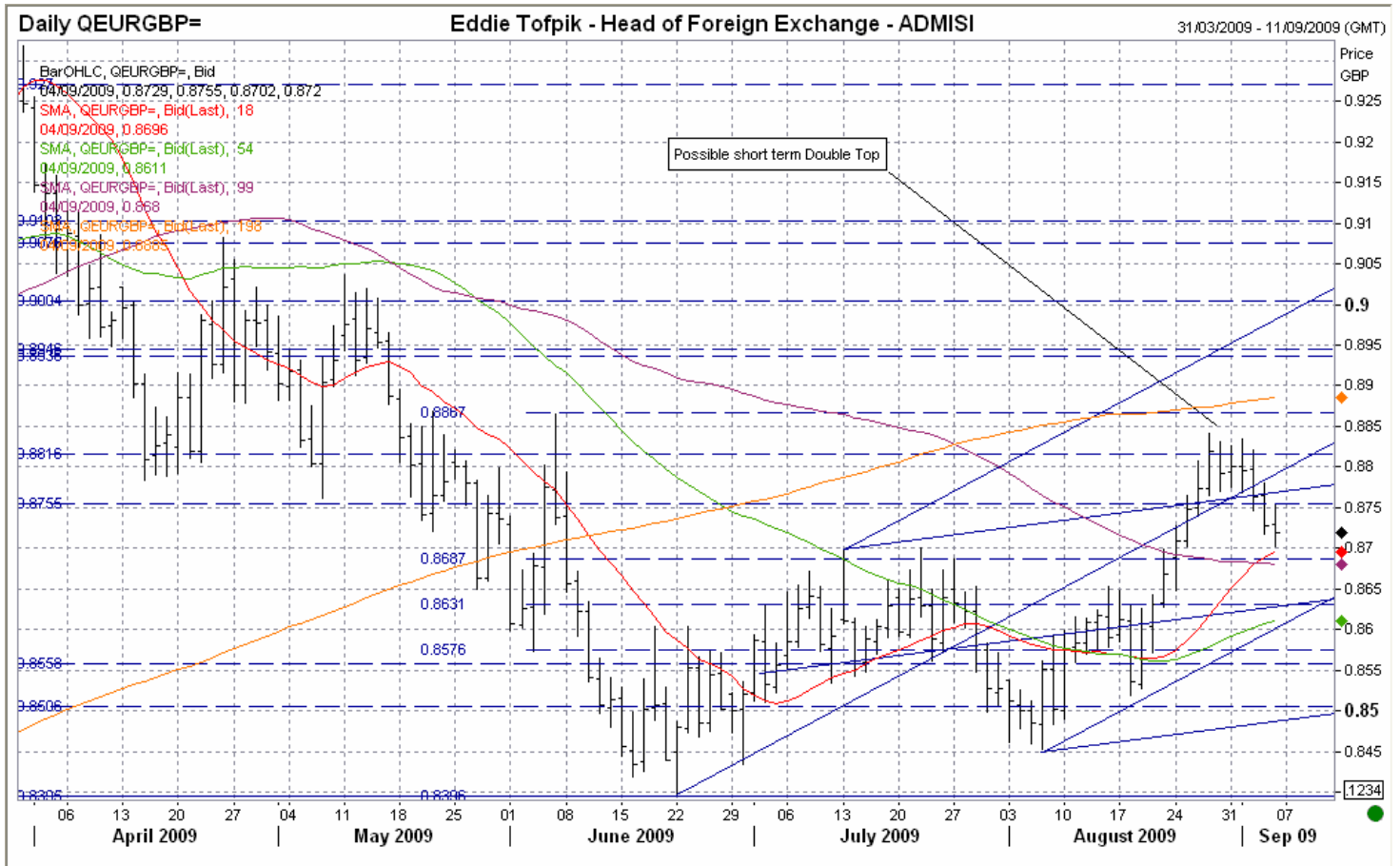
The bullet point has stayed the same for the last two months & it looks the same for the next month! We are within 100 tics of where the market closed when I last wrote this report though we have had a good decline & an even better rally only to see the upward force spent & prices come off. In the last few days we have seen contradictory market actions, a Key Reversal Down seemingly negated over the last three days with the highest close for the week on Friday. This adds to the question mark on the bullet point above – a market not entirely sure of itself.

So what can be deduced? Well, I have market out a potential H+S Top on the chart though I have reservations as this occurs after a long decline from over 2.0000 on GBPUSD. Nevertheless, it is worth noting & following. Obviously, the Fibs are all good, especially the 1.6422 area which should get tested early next week. Additionally the Andrew's Pitchfork & the Modified Schiff Pitchfork are there but I believe it to early to see their validity other than in the Middle Tine resistance. Perhaps then as an idea an advance for the next few days till the market sees whether it likes the H+S Top idea?

Last time I gave **NO SUGGESTION!** This time suggest a buy on stop over 1.6425 for a rally to 1.6570. Stop out under 1.6350!

# EURGBP

## TREND DOWN?



**Source: Reuters/Eddie Tofpik**

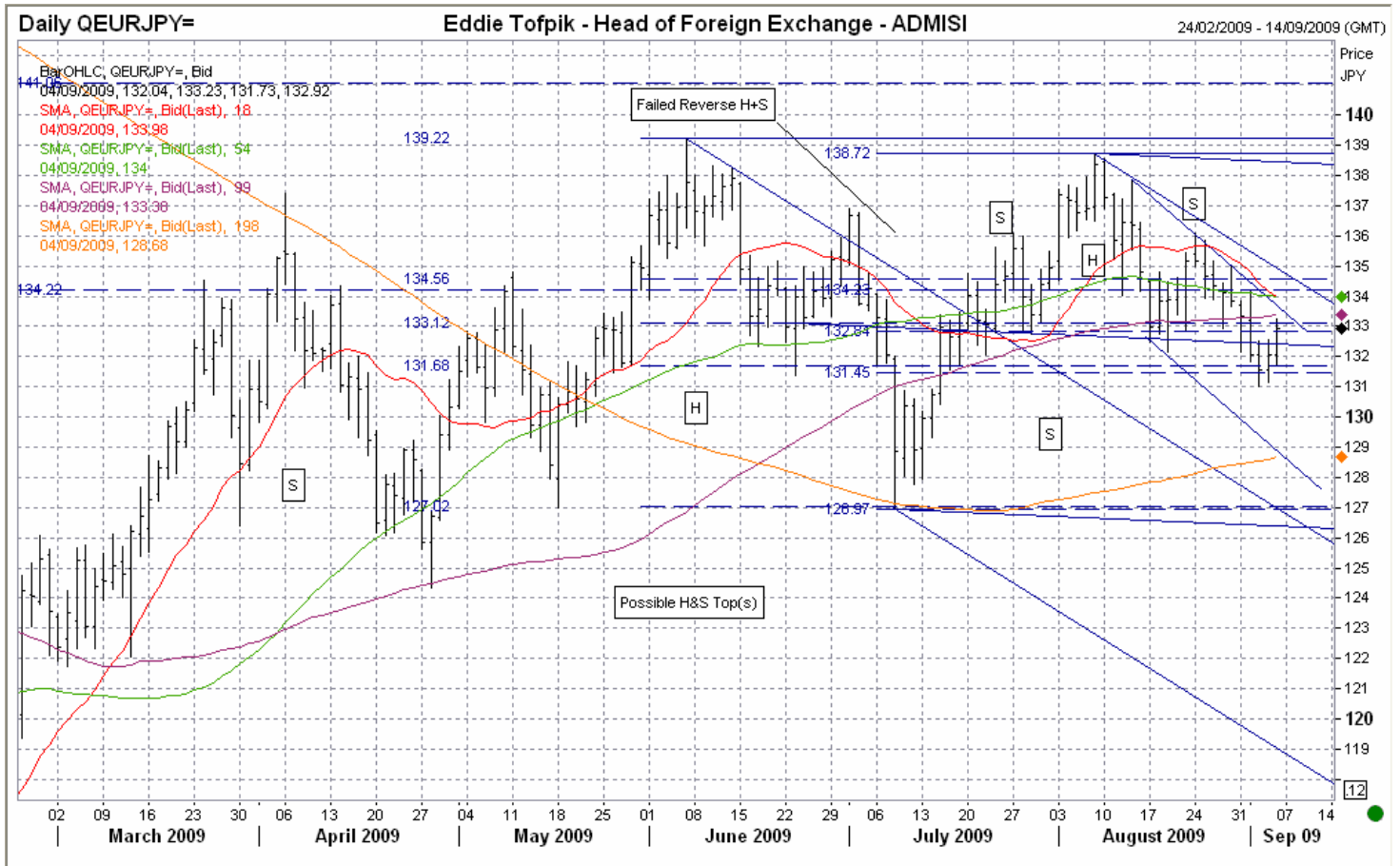
Last report's bullet point proved right for Jul but not Aug. However, perhaps it's right again though there is one major doubt!

After an average Jul, prices rose actively seeking to embrace the Long MA & as part of this move we had a Key Reversal Up on the Monthly Chart. All well & good, as prices did indeed look like they wished to try over a number of days to breach this MA. However, they failed the last time they tried back in mid Jul & the action over the attempt higher this time formed a Double Top which crowned this current failed attempt higher. Hence the bullet point above stays the same. Nevertheless, do not be wholly fooled, prices may indeed try a little bit lower (early on next week perhaps) but the overall trend is a series of three steps up followed by two down – prices are gradually moving higher. This can best be seen on the way the Andrew's Pitchfork has shown the angle of attack of the market – the Middle Tine has been especially good at this acting as it did as a support area on the way up & now resistance (see the chart above) yet it still may be tested again which would be interesting – overall within a band heading gradually higher between 0.8630 – 0.8800!. Needless to say, the Fibs acted as excellent support/resistance levels.

**NO SUGGESTION** last time! This time suggest a sale on the open (despite the Doji on the Daily Chart) for a test of 0.8630. Stop out over 0.8780!

# EURJPY

## TREND DOWN?



**Source: Reuters/Eddie Tofpik**

Unlike the previous two pairs, this one did indeed undergo a major change, reflected in the change in bullet point above!

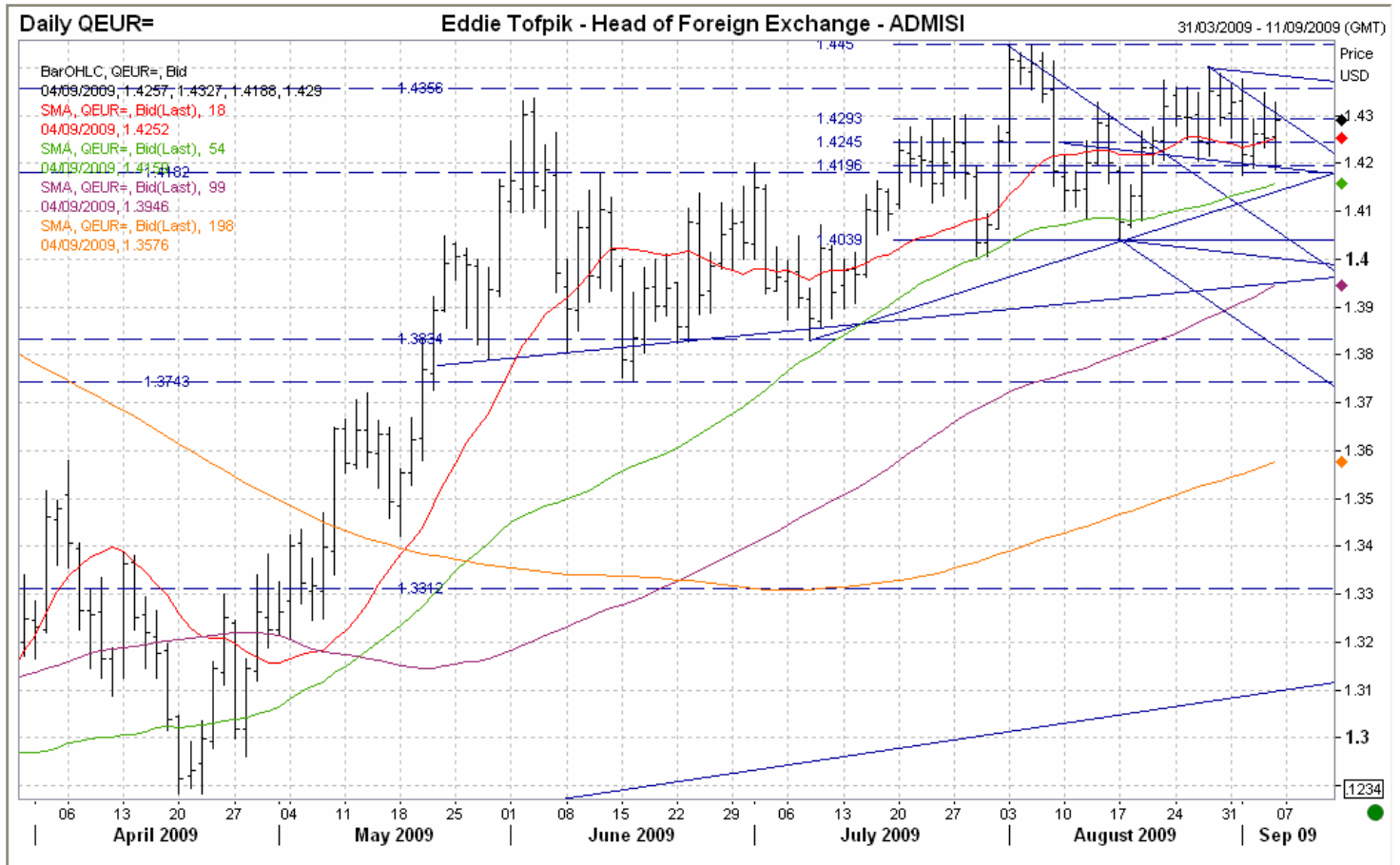
The upward move had been formed on the idea of an Ascending Triangle/Upward Wedge but this proved to be unfounded so very soon after my last report as prices crashed below 130. However, prices did not sustain the decline & soon rose to come within tics of the Jun high – only to again see prices come off – again! Given the ranges, it is surprising that we are only within 130 tics of when I last wrote!

The most interesting feature has to be the two possible H&S Tops formed – the first since Mar & the second since mid Jul! Their action could well determine future events as we have basically formed the short term one & are in the final stages of the longer term one. Add to that the Two Week Reversal we had in mid Jul, the failed Reverse H+S & prices may very well try lower. In the very short term we have also had a Down Channel, currently 133.40 – 128.60 which has determined prices as have the Fibs (they have been excellent).

Last time the suggestion was a **MISS!** This time suggest a sale on the open as long as it is under 133.40 with a target of 128.75. Stop out over 135.30!

# EURUSD

## TREND?



**Source: Reuters/Eddie Tofpik**

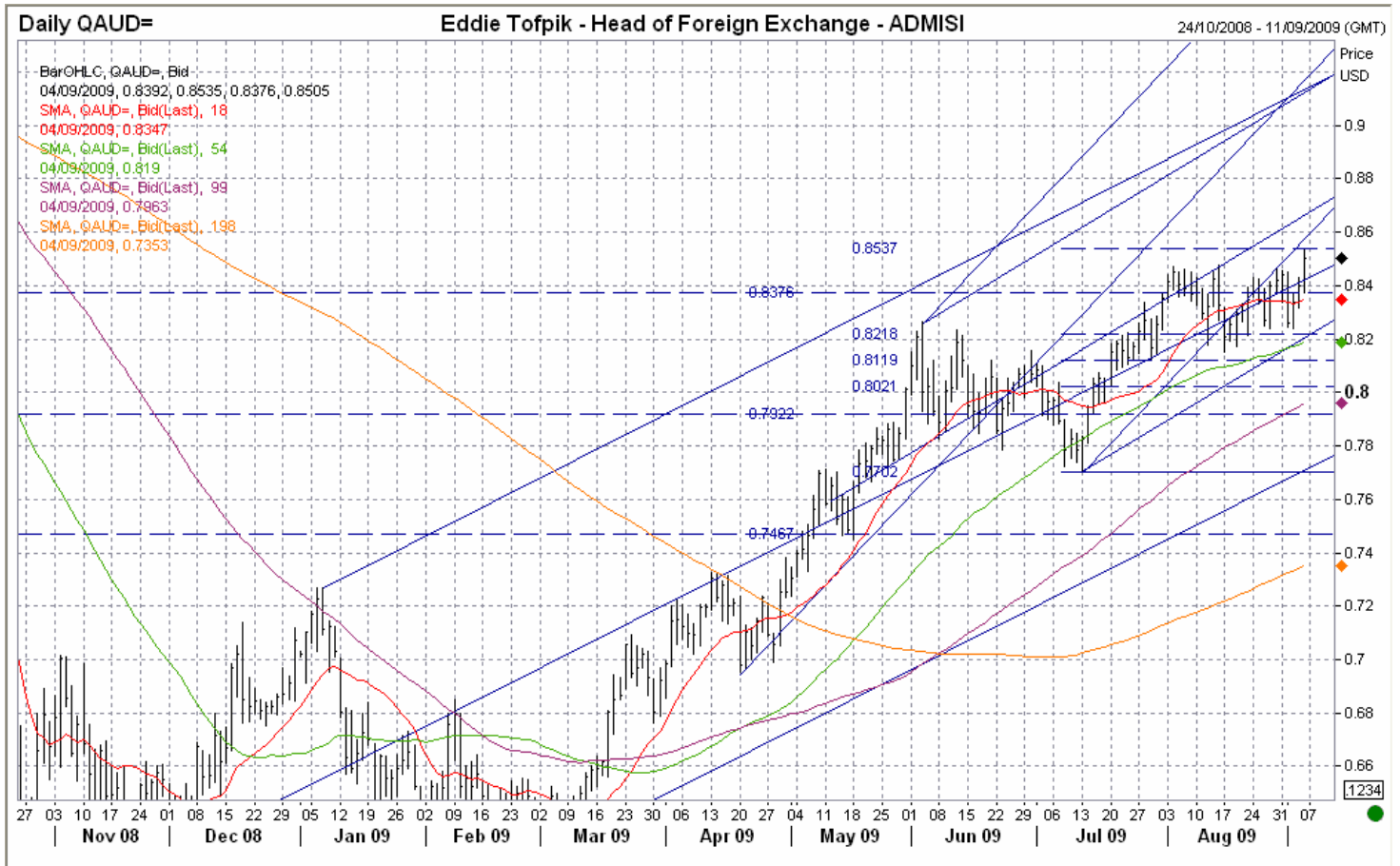
The thing that has finally persuaded me to kick the bullet point above into green has been the failed Weekly Key Reversal Up a couple of weeks ago & the recent apparent failed Key Reversal Down on the Daily Chart & all the talk of the 1.3950 – 1.4450 DNT option that expires mid Sep! If anything, the market looks a little toppy but there is no definitive trend of any major duration at the moment – perhaps the Modified Schiff Pitchfork of the Aug move looks the best as it heads down slightly though the Fibs have been better at support/resistance numbers.

We are still too far away from the Long MA to make any impact on that & though prices are higher now than at previous time of writing, ranges have shown width without conclusive necessary direction. Therefore, expect a mild decline though the 1.4196 – 1.4182 area has some support. Resistance on the Fibs marked above as well as the Upper Tine currently coincident with the 1.4293 Fib!

Last time's suggestion ended up a massive **HIT** with 263 tics in the bin! As I am unsure this time I will offer no suggestion!

# AUDUSD

## TREND UP



### Source Reuters/Eddie Tofpik

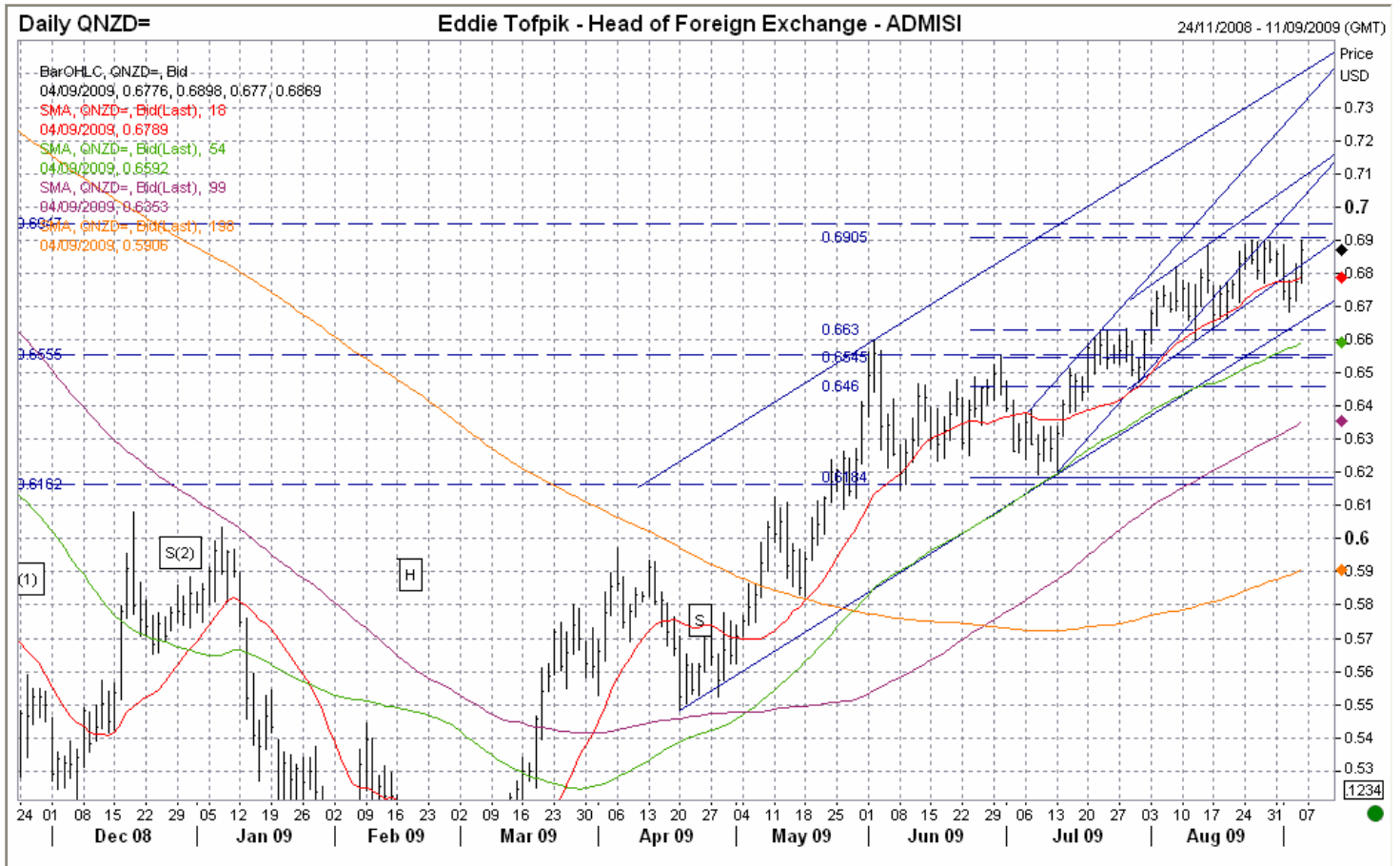
An interesting chart which during Jul & Aug had a number of worries embedded in it though they seem to have since worked themselves out. Monthly, we had a Key Reversal Up (Jul) whilst weekly we had both Key Reversals up & down. However, recently we have had a Key Reversal Up on the Daily Chart followed by the break & close on Friday over the Aug highs which had until then threatened to form something of a Triple Top – this has now been negated somewhat though I would like a consecutive close on Monday over 0.8480 to satisfy my conservative nature.

It indeed looks very much like we may have the beginnings of a new phase of bullishness so I would suggest you pay close attention to the various Pitchfork lines I have drawn on the chart above, especially the Centre Tine of the Andrew's Pitchfork from Oct 08 – Mar 09 (currently at 0.8434).

Last time was a **NO SUGGESTION!** This time, in anticipation of perhaps higher prices would suggest a buy on open AND a buy on close as long as prices on the close are over 0.8425. First target is 0.8650 with a stop under 0.8375!

# NZDUSD

## TREND UP



**Source: Reuters/Eddie Tofpik**

A Weekly & a Daily Key Reversal Up in recent times should be bolstering prices but all that seems to be occurring is a slow down as we hit 0.6905! However, the related move up in AUDUSD has indeed bolstered the idea that we may see similar here and so I have kept the bullet point the same.

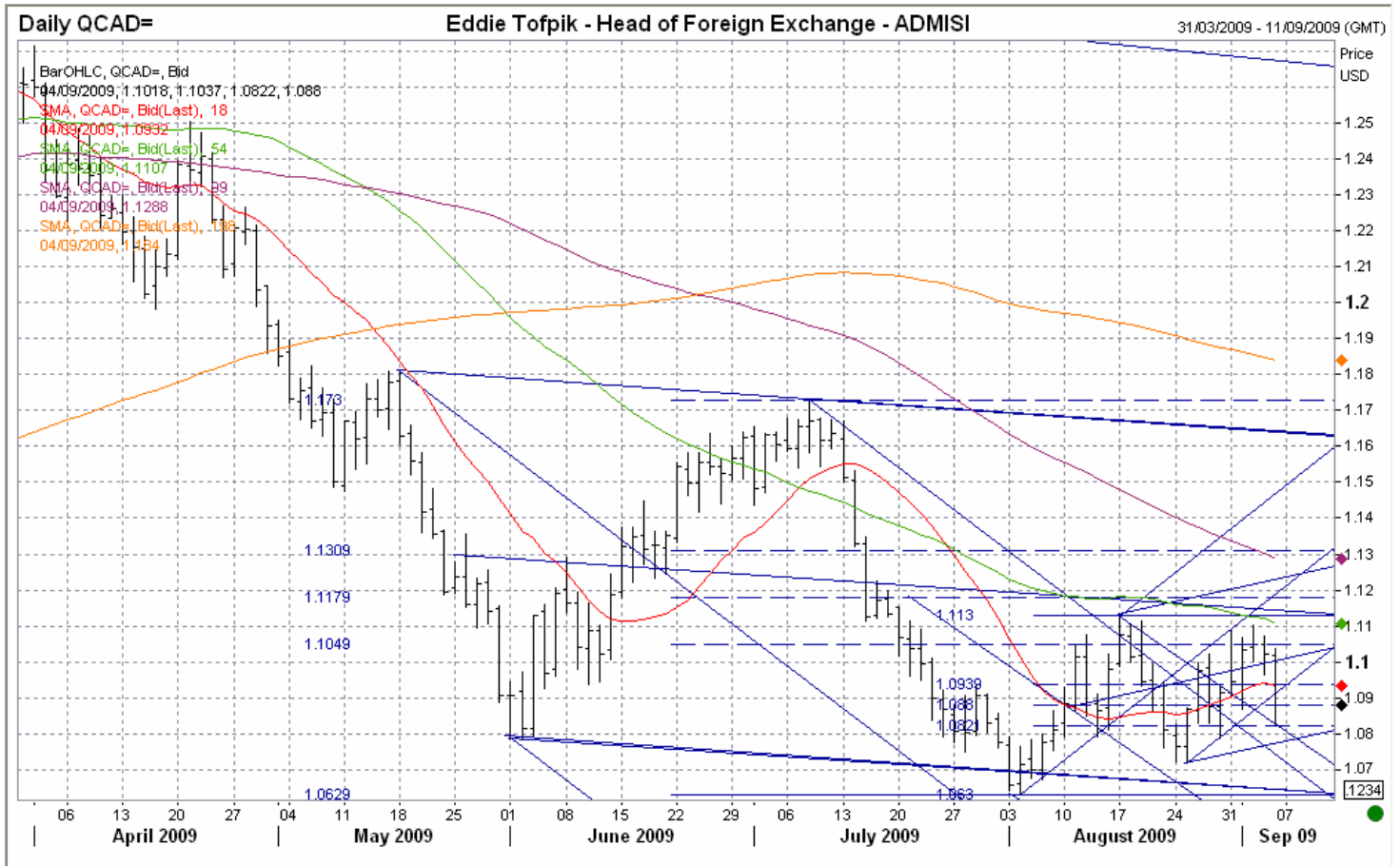
To recap Jun report 'A more interesting question is what would be the initial target for the Reverse H+S. In this I hazard the 0.7030 area though with finessing it could be the rebound peak of the move up in Sep 08 of around 0.6900 – 0.6950!'

So – suggest keeping an eye on how prices develop over the next few days and the ideal of a confirmed consecutive break over 0.6905 (perhaps ideally over the Fibs at 0.6947!)

The suggestion last time was a superb **HIT** of 471 odd tics & a sale just under recent highs! Suggest a buy stop over 0.6960 with a target of 0.7100. Stop out under 0.6840!

# USDCAD

## TREND DOWN?



**Source: Reuters/Eddie Tofpik**

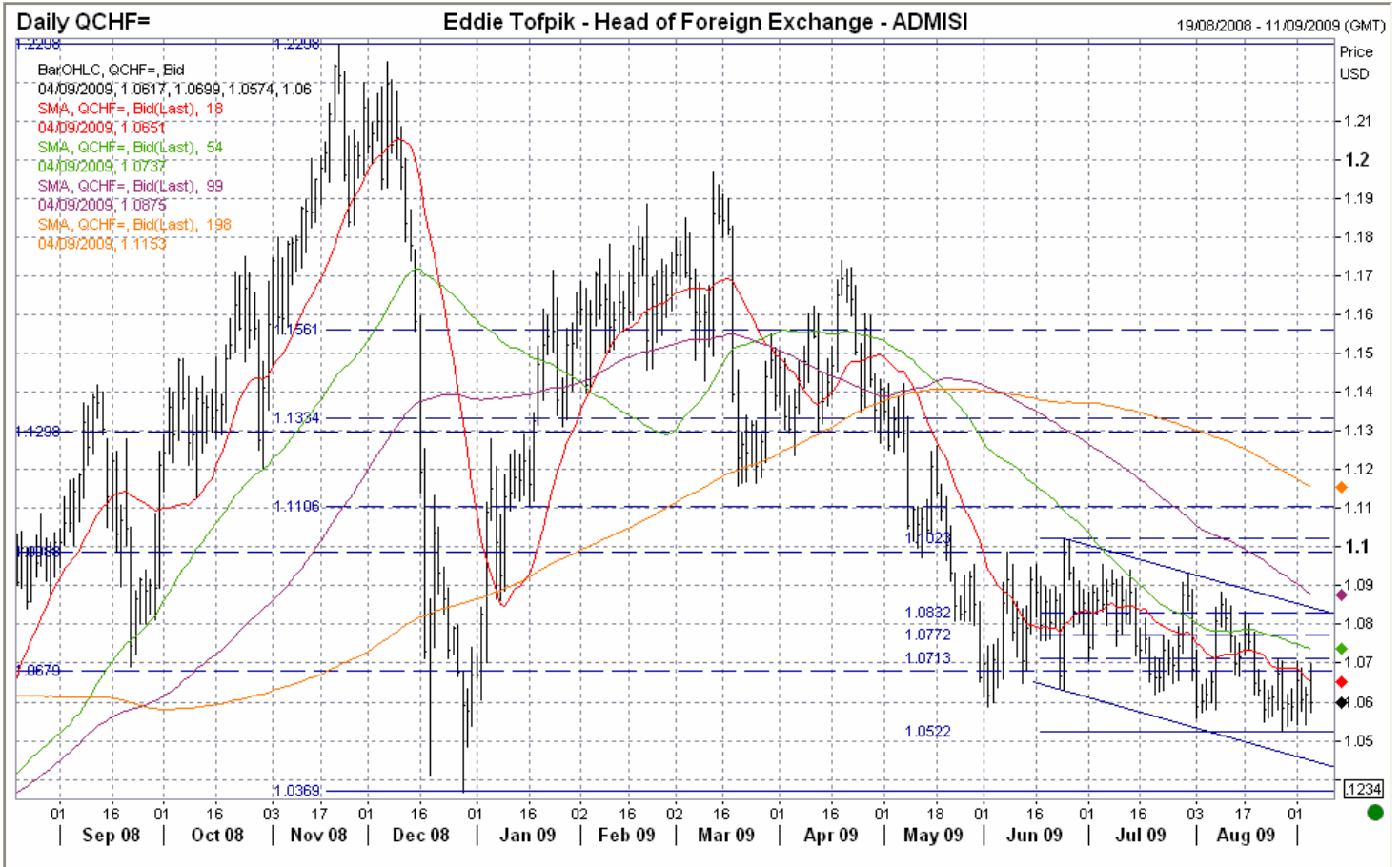
Jul was superb but Aug has been a disappointment! We had an excellent decline in Jul as prices tipped over but we seem to have gotten stuck between 1.0700 & 1.1100 in recent days. The Chart also looks a bit of a mess with all the lines I have drawn to show support & resistance, so the only thing clear is that this market has taken Aug as playtime & decided to run about without showing any further trend or even a change in trend. Hence, the question mark on the bullet point above.

Overall, nothings changed much – we've had monthly & weekly Key Reversals Down but nothing has yet been capitalised upon. There is the potential to see the Aug action as a Double Bottom but Friday's action in thin conditions looked more realistic for the future than the recent purported formation. The Pitchforks have been good in showing the support/resistance areas as have the Fibs. The Modified Schiff Pitchfork from May – Jul has been especially useful. Overall, down but only because we had a steep drop on Friday, otherwise I'd be tempted to go into a more neutral view!

**NO SUGGESTION** last time & this time will suggest the same until we get some breakout underway!

# USDCHF

## TREND DOWN?



**Source: Reuters/Eddie Tofpik**

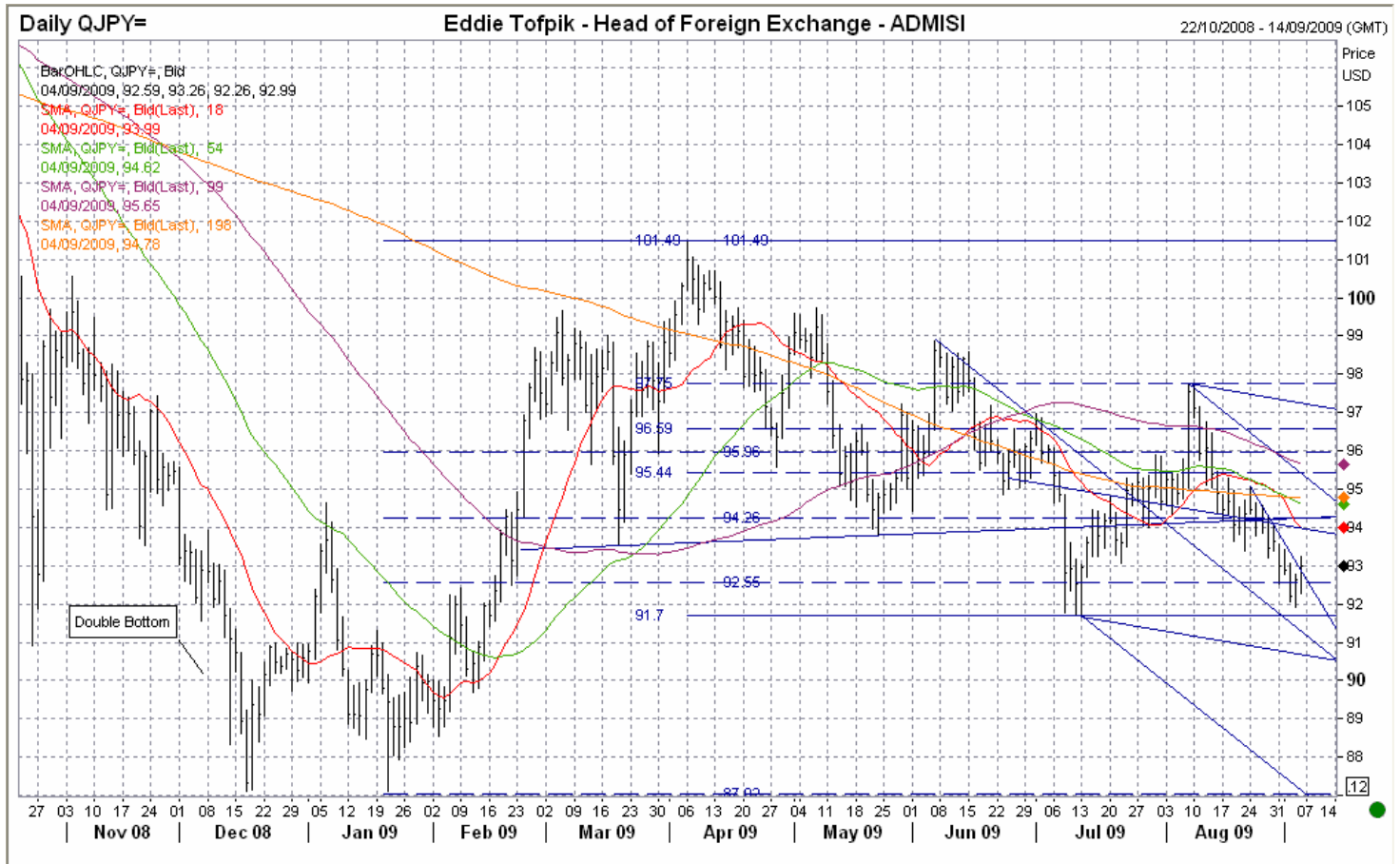
Utterly boring – yes we are heading down but it is somewhat of a predictable slow descent that looks on a daily basis like an active market but further away seems quite different. Recent times have moved the volatility caused by the BIS & SNB somewhat to the sidelines. Perhaps I should echo my comment from last time *'This is not so much a free floating currency pair as more a managed float under some weird sort of conference board (with their own agenda!).'*

Otherwise, use the Fibs on the chart & the Jun to date Channel as a guide!

Last time was **NO SUGGESTION** & this month will be the same!

# USDJPY

## TREND DOWN?



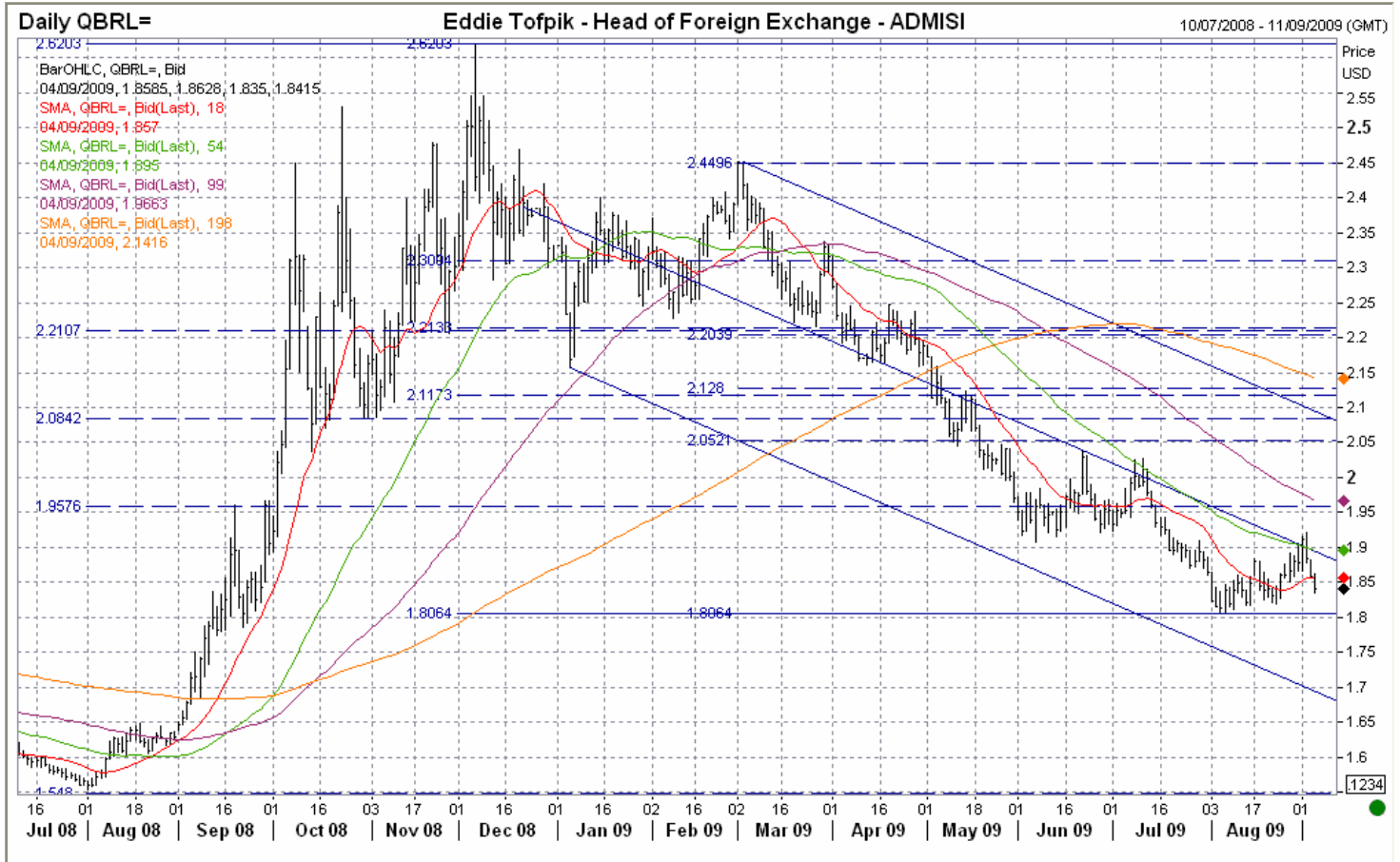
**Source: Reuters/Eddie Tofpik**

Though it may not look it at first glance, this past month has been quite significant as we have had multiple Dead Crosses! To list them, the Short down through the Short/Medium & most significantly – the Short down through the Long MA & the Short/Medium down through the Long MA. Additionally, we have breached the Long MA on three occasions, in order – down in Jul, up in early Aug & down in mid Aug! The last is obviously the most significant & with the possible exception of the Jun to date action being a large Double Bottom, we could see prices come under pressure again – once we test up to the 93.50 – 94.00 area first!

Normally in this sort of situation I would suggest some sort of sale. However, as I envisage prices climbing back up for a few days at least, I would suggest staying on the sidelines. I would not like to buy into an overall bearish market just because it might rally a bit. Hence **NO SUGGESTION** last time & none this time!

# USDBRL

## TREND DOWN



**Source: Reuters/Eddie Tofpik**

The right bullet point above for the past two months! Still the same & there is little to add other than this chart is an excellent example of a Modified Schiff Pitchfork in action, one for the textbooks I think!

Follow the trend on the Tines down & keep in mind the Fib resistance levels above & the low of Aug 08!

# Eddie's Crayons...

## Definitions!

**In the Monthly Foreign Exchange commentary you may note that immediately following the currency pair there is a bullet point indicating the TREND.**

**To clarify the comments & notes for this opinion I have prepared this short summary.**

**TREND UP** - **Any one or more of the following may occur!** Market has turned upwards/risen & is likely to carry on, usually till at least the next Monthly Foreign Exchange Commentary. Moving Averages (MA's) are pointing higher or have either crossed, formed a 'Golden Cross' or based out. Chart patterns & trendlines (Channel, Support, Andrew's Pitchfork, etc...) point higher. No appreciable resistance levels (Fibs, Historical, etc...) are noted.

**TREND UP?** - **Any one or more of the following may occur!** Market exhibiting signs of exhaustion after a recent rally. Prices may be achieving an upside/downside target level or approaching major/strong resistance. Market may have started/completing a rally/recovery and it may be looking indecisive/going sideways or it is too early to tell in the short, medium or long-term charts. Moving Averages (MA's) may point higher or have positive crosses but the picture is not conclusive. Some, but not all chart patterns & trendlines (Channel, Support, Andrew's Pitchfork, etc...) indicate higher. Appreciable resistance levels (Fibs, Historical, etc...) are noted close to the market.

**TREND?** - **Any one or more of the following may occur!** Market exhibiting neither a bias for a rally or a decline. Market is either nowhere near or alternatively caught within narrow bands of support/resistance. Moving Averages (MA's) point sideways & indicate no immediate likelihood of crossing. No strong chart patterns or trendlines evident. ...Sometimes... I frankly haven't a clue!

**TREND DOWN?** - **Any one or more of the following may occur!** Market exhibiting signs of a recovery after a recent fall. Prices may be achieving an upside/downside target level or approaching major/strong support. Market may have started/completing a decline/fall and it may be looking indecisive/going sideways or it is too early to tell in the short, medium or long-term charts. Moving Averages (MA's) may point lower or have negative crosses but the picture is not conclusive. Some, but not all chart patterns & trendlines (Channel, Support, Andrew's Pitchfork, etc...) indicate lower. Appreciable support levels (Fibs, Historical, etc...) are noted close to the market.

**TREND DOWN** - **Any one or more of the following may occur!** Market has turned down/fallen & is likely to carry on, usually till at least the next Monthly Foreign Exchange Commentary. Moving Averages (MA's) are pointing lower or have either crossed, formed a 'Dead Cross' or topped out. Chart patterns & trendlines (Channel, Support, Andrew's Pitchfork, etc...) point lower. No appreciable support levels (Fibs, Historical, etc...) are noted.

**I hope the above helps. If you have any queries on this or on the report, please feel free to contact me.**

### **\*THE STORY OF - *Eddie's crayons...***

This refers to a deep, long conversation I had with another technician (and also a very dear friend) as to where exactly the neckline on a H+S Top on USDJPY should go... to which he uttered in exasperation & seriousness the immortal words.

*"Eddie...it depends how thick your crayon is!!!"* Thank you Lou – we laughed till I started to hurt & it made my day!

## **Eddie Tofpik**

Head of Foreign Exchange

Member of the Society of Technical Analysts

Affiliate of The Market Technicians Association (U.S.A.)

Member of The Offshore Institute

**ADM Investor Services International Limited operates a 24-hour Foreign Exchange trading desk as well as a Futures, CFD's & Equities service.**

**For further details contact Eddie Tofpik directly.**

This Publication is issued by ADM Investor Services International Limited ('ADMIS') which is regulated by The Financial Services Authority and is a member of The London Stock Exchange. References to 'we', 'us' and 'our' in this Publication shall mean ADMIS unless otherwise stated. This Publication was prepared and distributed by us for information purposes only, and may contain information, advice, recommendations and/or opinions, which may be used as the basis for trading undertaken by us and our officers, employees, associated and/or affiliated companies. This Publication should not be construed as solicitation, nor as offering advice for the purposes of the purchase or sale of any derivative, security or investment. The information and opinions contained within this Publication were considered by us to be valid when published. This Publication may also contain information that has been provided to us by third parties. The source of such information may be disclosed within this Publication where relevant. Whilst we consider we have taken all reasonable steps to ensure the information is correct, we do not under any circumstances whatsoever, warrant the accuracy or completeness of such information. Any person placing reliance upon this Publication to undertake trading, does so entirely at their own risk, and accordingly, we do not accept any liability as a result, whether direct or indirectly incurred. Derivatives and securities markets may be subject to rapid and unexpected price movements, and past performance is not necessarily a guide to future performance. Currency movements may also have an unfavourable, as well as favourable effect on the value of the underlying investment and/or assets. Investments and/or strategies discussed herein, may not be suitable for all investors. Accordingly, if any person reading this Publication has doubts about their particular suitability, they should consult an independent investment adviser.