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C O B Friday – 4TH DECEMBER 2009



***Eddie's Crayons...* ★**

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



ADM Investor Services
International Limited

EDDIE TOFPIK – HEAD OF FOREIGN EXCHANGE

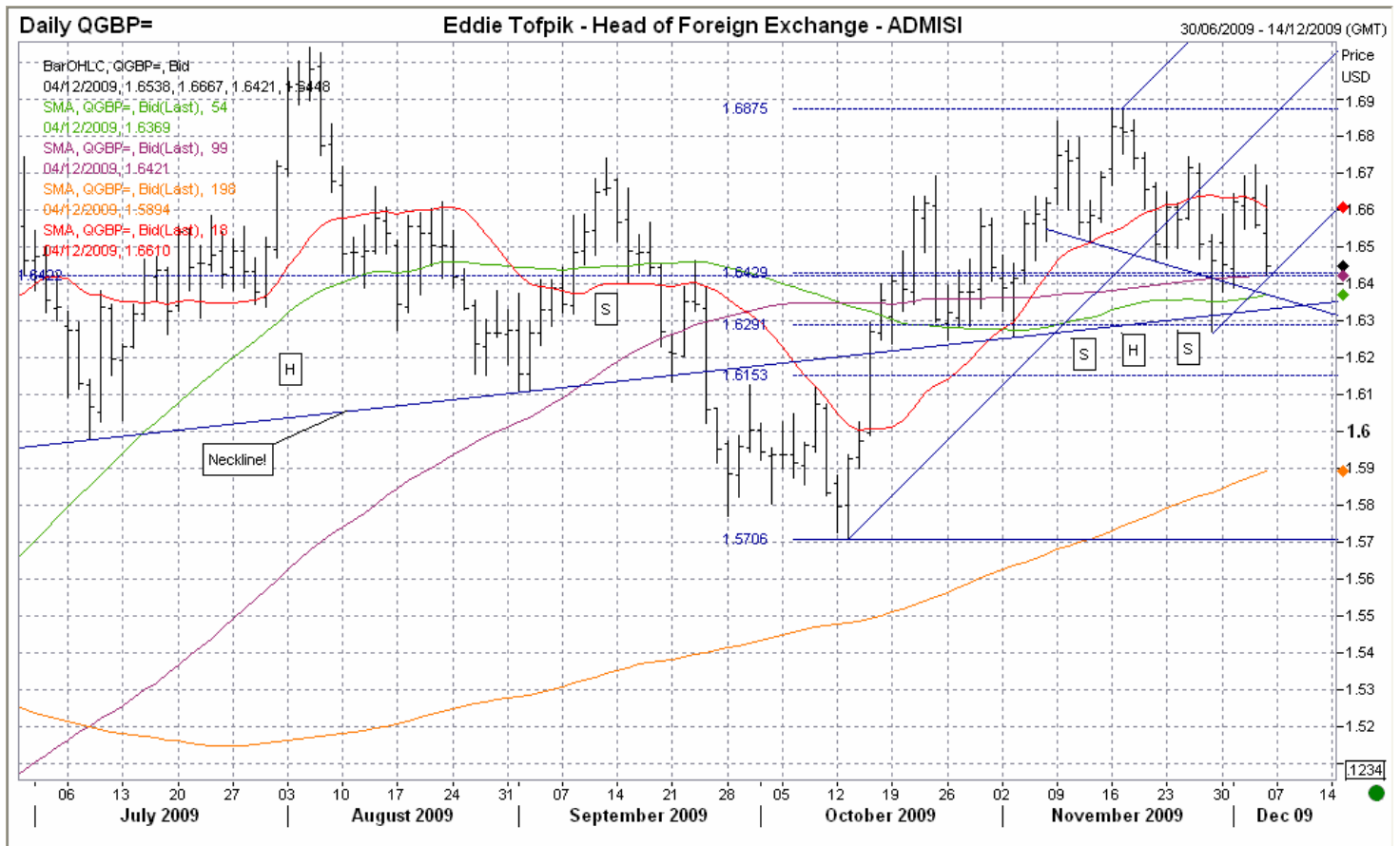
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GBPUSD

TREND DOWN?



Source: Reuters/Eddie Tofpik

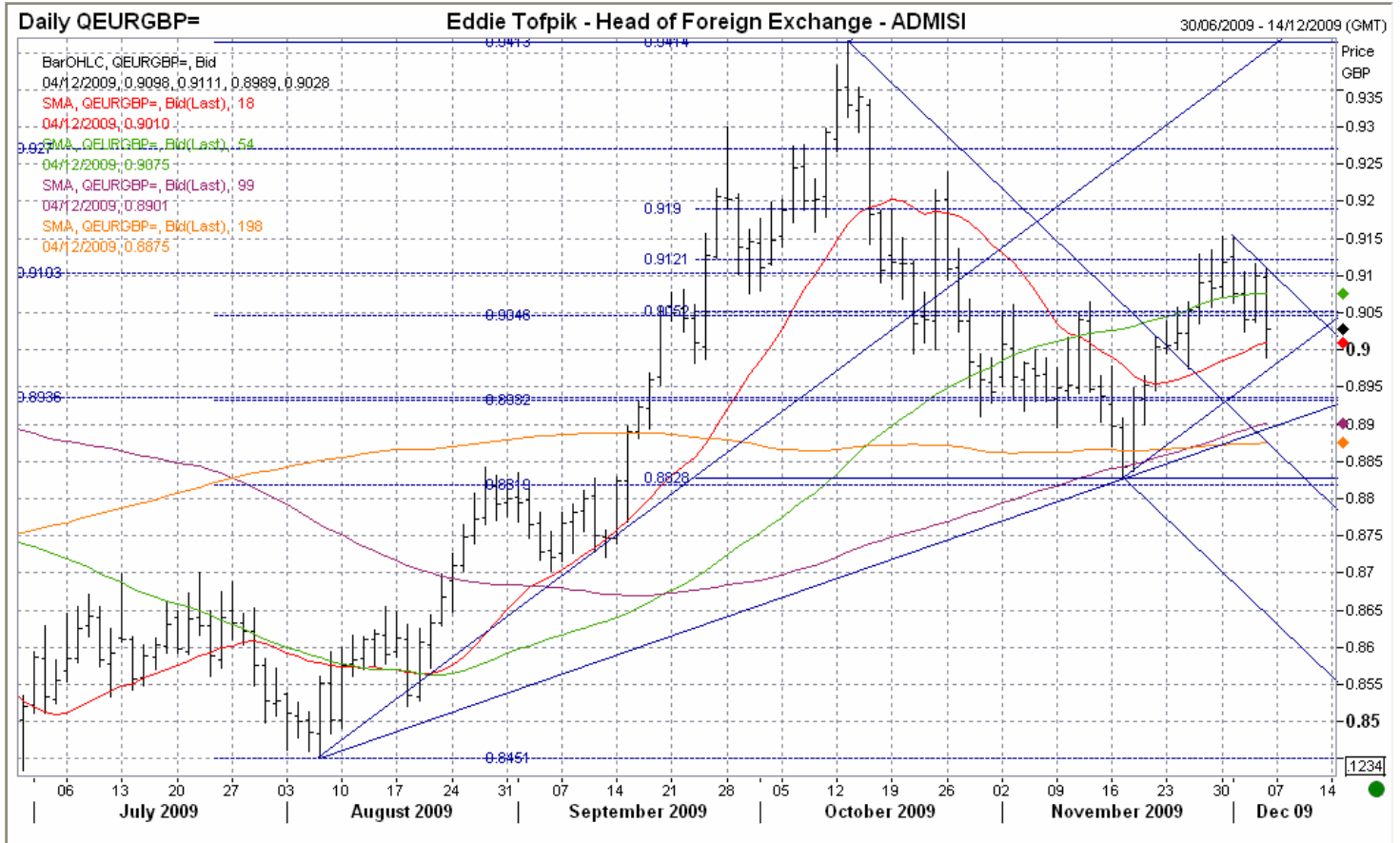
In short, the past month has spent most of its time trying higher but failing! I start this report within 100 tics of the previous report's close & in that time the sole constructive move I can spot has been an almost failed H+S Top. I say almost failed as the resurgent run up over the last few days came very close to knocking out the 2nd Shoulder. However, after the NFP on Friday it looks like it may still be alive though heavily on life support.

Support under the market is on Fibs at 1.6422 – 1.6429, the Lower Tine & strong 50% at 1.6291 for which we need two consecutive closes underneath really to confirm & then after the last of the major support at 1.6239, nothing apart from a Fib at 1.6153 till we test the 1.6000 area & possibly 1.5700. After today's action, still favour a further test down though would like to see multiple day's closing action around 1.6422. Bullet point stays the same.

Last month was **NO SUGGESTION!** This time suggest a sale on the open for a test of 1.6295. Stop out over 1.6525!

EURGBP

TREND DOWN?



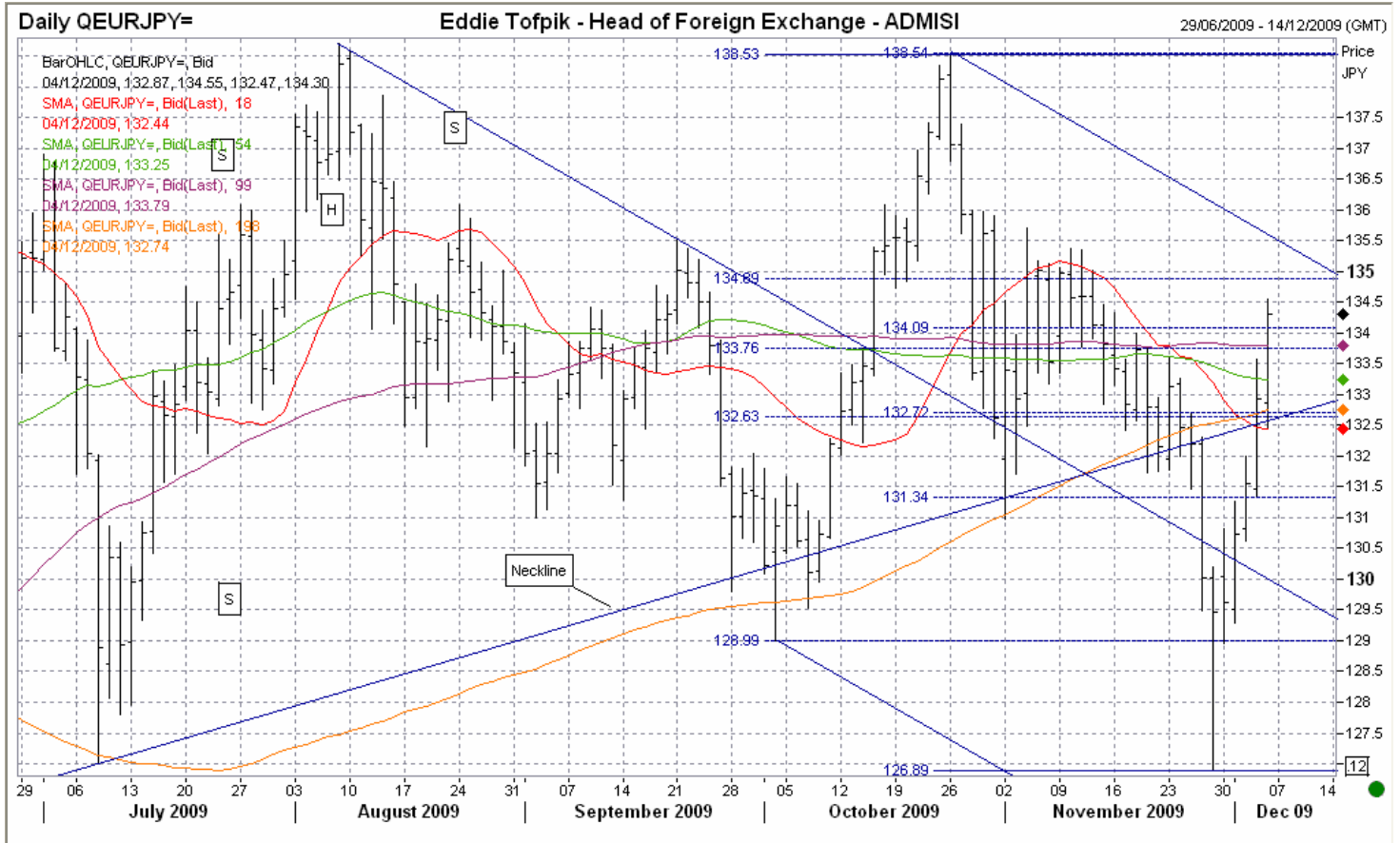
Source: Reuters/Eddie Tofpik

The first few days after the last report saw prices sauntering for the most part between the Fibs 0.8932 - 0.9052. We then broke down just after middle month to test the Long MA but with ONLY one close underneath before staging a Two Day Reversal back up – a bullish sign if ever there was one! However, the enthusiasm failed after the turn into Dec & prices once again declined & we are back within 0.8932 – 0.9052. This time we do have a Lower Tine currently at 0.8983 so suggest we may see prices start to back & fill, especially on a closing basis, under 0.8983 support & down to 0.8932. It is too early to say if prices have enough aggression to beat this & test the Long MA currently at 0.8875. However, it would not be beyond the realms of reason if we see it tested sometime in the coming month – just don't count on it! I think I will leave the bullet point above the same for this month!

NO SUGGESTION last month. I have a riskier & perhaps a longer term idea if it suits? A sale on the open in search of the Long MA at say 0.8880. Stop out over 0.9100!

EURJPY

TREND UP?



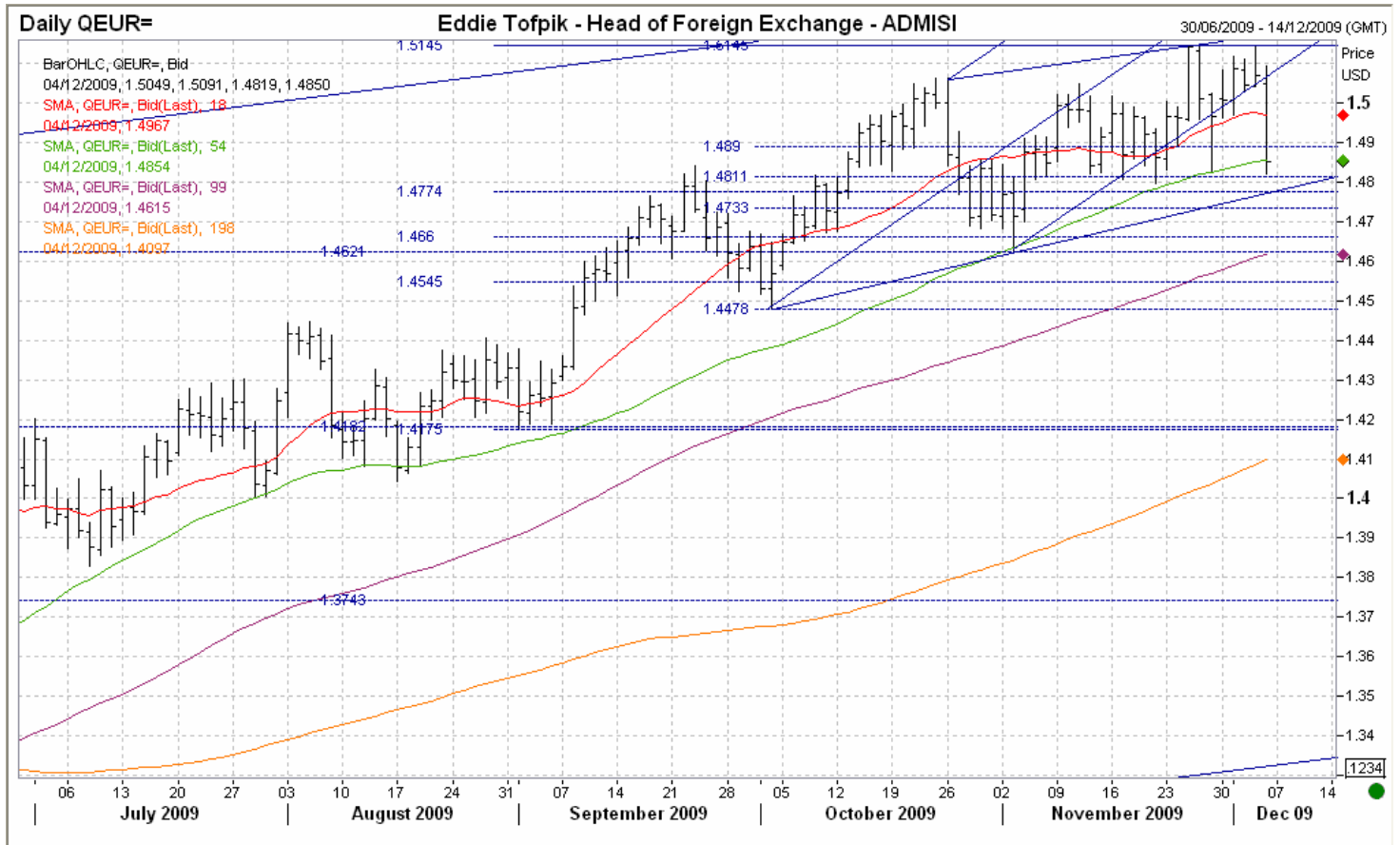
Source: Reuters/Eddie Tofpik

Absolutely right for most of the last period as prices hesitated ahead of the 131.50 support but then crashed right through so that we had a low under not only the 130.00 level but under 127.00! Since then it has almost been one way traffic back up & we finished this past week with TWO consecutive closes over the Long MA at 132.74 & one over the recent 50% Fib at 132.72, which is as clear a signal as can be given that prices spiked down & are likely to try higher. Hence the bullet point has changed above & we look to test the Fib at 134.89 & the Upper Tine at 135.50. The Upper Tine may indeed be a significant halt so caution as we approach.

Last month was **NO SUGGESTION**. However, this time suggest a buy on the open for a try to 135.50. Stop out under 132.25!

EURUSD

TREND DOWN?



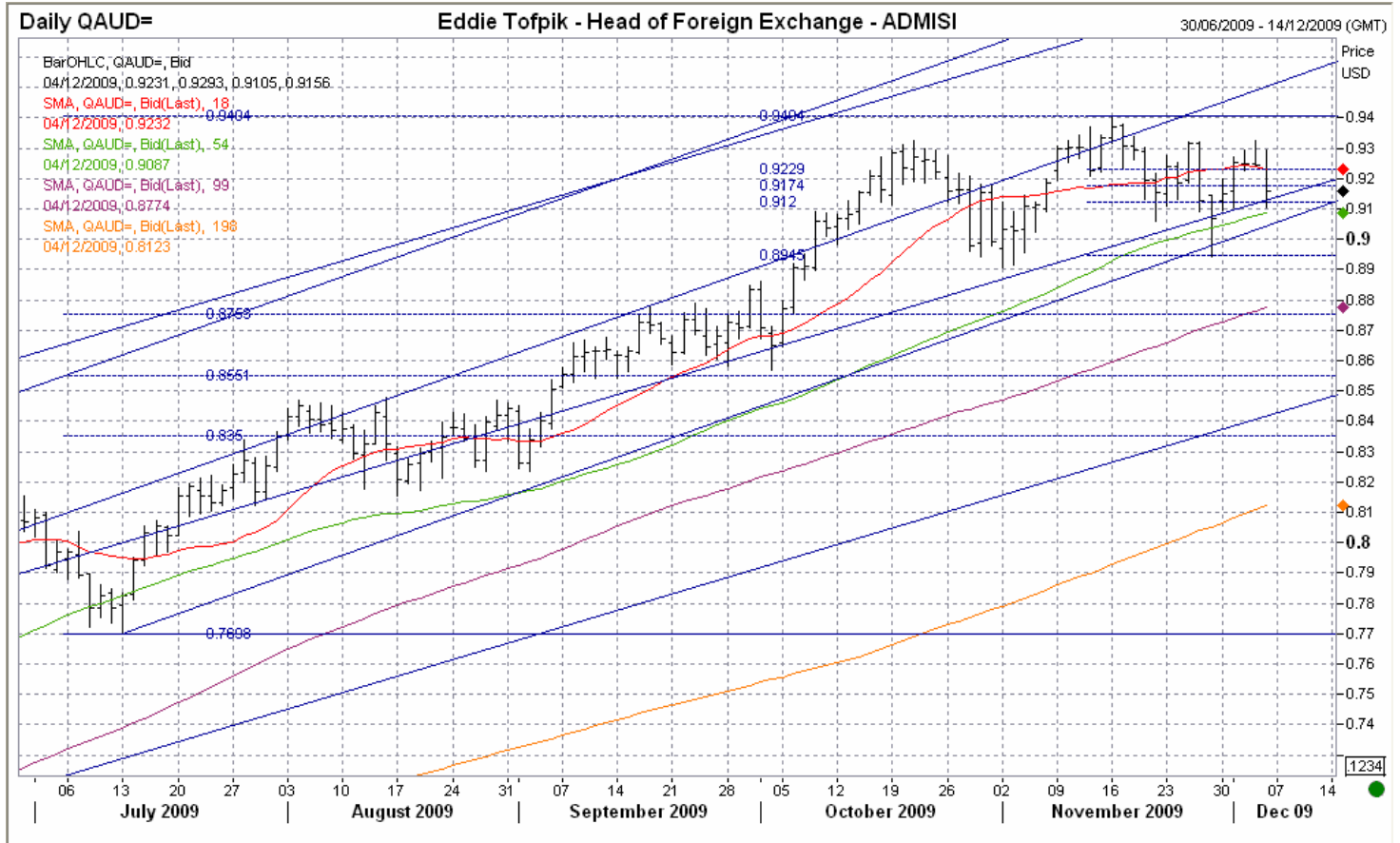
Source: Reuters/Eddie Tofpik

A very lethargic market did not seem to make its mind up since the last report whether to rise or fall till this past Friday when the bottom fell out & we have a small Double Top in an otherwise sideways to slightly upward market. However, though there has been much movement on the downside, it still may not be enough as prices still wavered above the 50% Fib at 1.4811 & above the 1.4774 Fib cum Uptrend Line. We saw something like this last month after a dip down to 1.4826 to only close at 1.4975 – so caution. Nevertheless, such a low close on a Friday may set up movement for further tests of support at 1.4733 & key levels at 1.4660 (50% Fib) & 1.4621 (Nov low). Topside has resistance really cutting in from 1.4962 all the way to 1.5145! Bullet point goes over to a slightly more bearish view above.

Last month was **NO SUGGESTION!** Though I am tempted to sell I think perhaps it would be best this time to sit on one's hands.

AUDUSD

TREND?



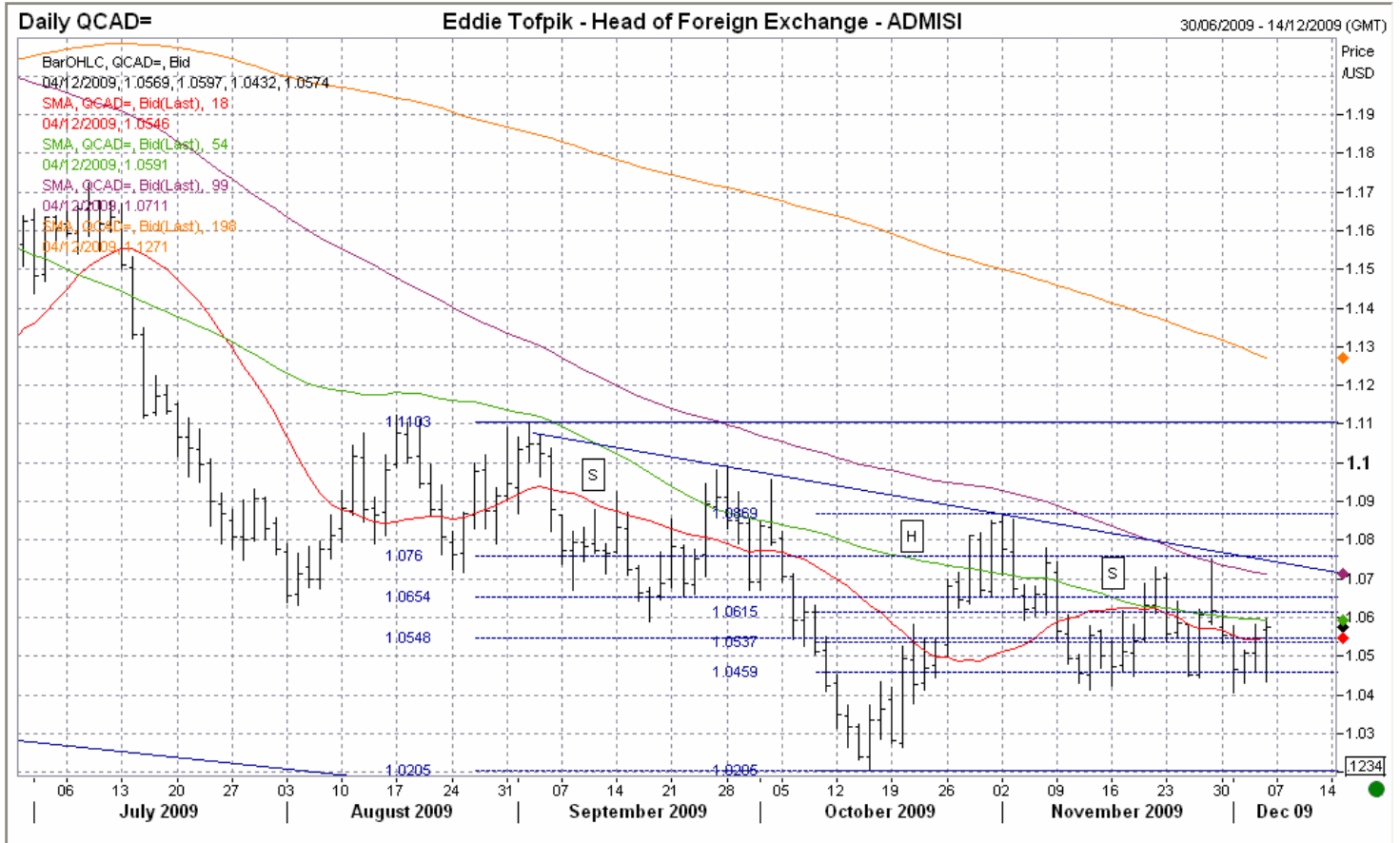
Source Reuters/Eddie Tofpik

Though we established a new high for the recent move last month, I suggest of more importance were the Doji last Wednesday, the Gravestone Doji on Thursday & the drop on Friday. They are only matched by the sudden spike down late last month (Hammer on the Daily Chart) causing a drop towards the 0.8945 level. It would seem likely that this level is key to holding up any decline. Therefore, resistance on Fibs is at 0.9174, 0.9229 & the Thursday high 0.9326 as well as the 0.9404 high last month whilst Fib support is at 0.9120 & that low at 0.8945. Ideally I would like to keep the same slightly bearish bullet point above but I am loath as I have the funny feeling we may just travel sideways on this pair – I still have concerns for a cusp in the market but unsure exactly when.

Last month was **NO SUGGESTION**, suggest the same this month!

USDCAD

TREND UP?



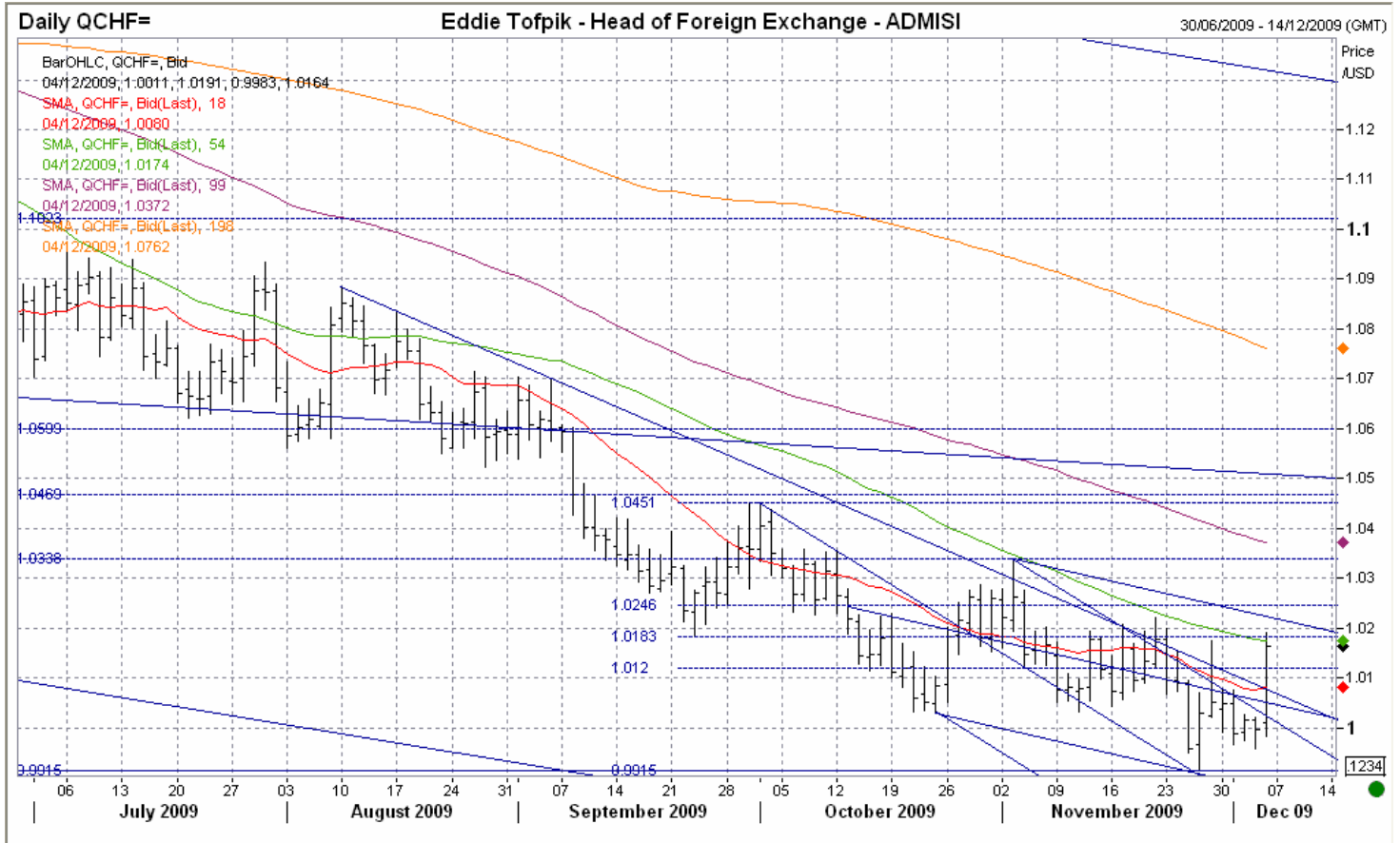
Source: Reuters/Eddie Tofpik

Last month's bullet point was on reflection – right! Now it's time to move it a notch more bullish! We have seen prices travel roughly between the low 1.0400 level & mid 1.0700's for nearly the whole month. However, this move has drawn my attention to a pattern just about formed on the Daily Chart since Sep. It is a Reverse H+S & I have highlighted the points on the chart above & drawn the Neckline so that you can have a clearer idea of what I think is happening & may happen. What is next is likely a test higher to the Neckline which currently runs at 1.0743 & for which as a definitive break would require the usual two consecutive closes over to confirm - just be wary of any false breaks! To aid this we have had a close today over the recent 50% Fib at 1.0537 (which becomes support) and even that rare thing – a combined Key Reversal Up & Butterfly Doji all on the Daily Chart. Next up will of course be the 1.0743 resistance but we have others before (1.0615 & significantly a 50% Fib at 1.0654) & after (1.0760 & the crucial 1.0869 resistance). Without going into dreaded detail as to what will happen should the Neckline be convincingly broken, suggest just keeping an eye on the breaking of the Neckline!

Last month's next session idea was a **MISS!** This time, mindful of the KR Up, suggest a buy on the open with a target of 1.0730. Stop out under 1.0490!

USDCHF

TREND UP?



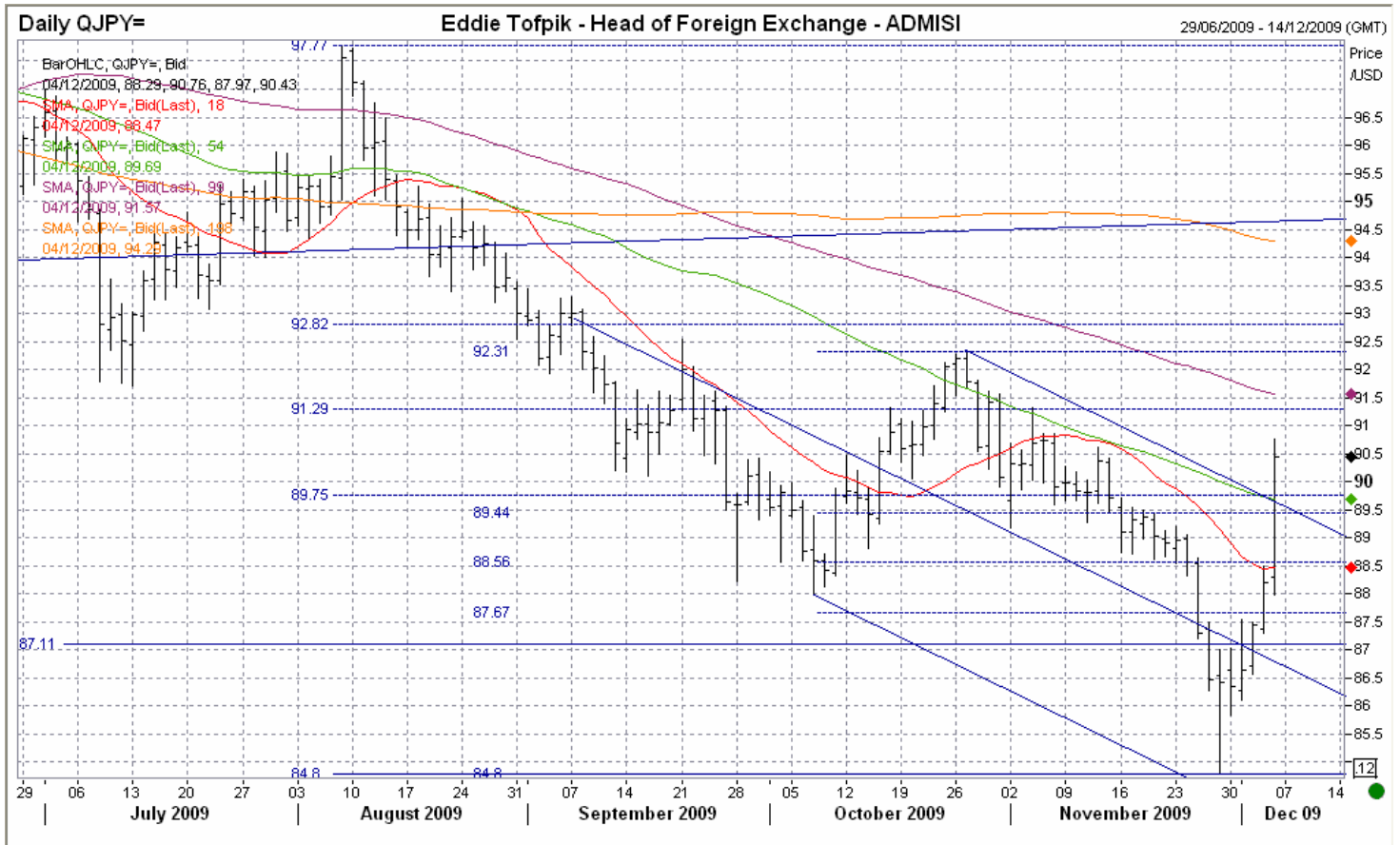
Source: Reuters/Eddie Tofpik

Month on month – prices are less than 100 tics from open to close for Nov. However, until Friday's session it would have been easy to look at the market & give it a bearish call. Even now this has not completely disappeared as we failed to go over a recent 50% Fib at 1.0183. Indeed, we did not even try the mid – late Nov high of 1.0222, so concerns on the pedigree of the rally from Friday still persist. Nevertheless, I must & do easily recognise its existence & have as a result bolstered to the bullish side by two notches the bullet point above. So apart from the 1.0183 & 1.0222 levels where else could we find resistance – well 1.0338 & the rally point in early Sep of 1.0451. Downside, expect support at 1.0120, 1.0029 & 0.9958.

Last month was **NO SUGGESTION!** Though tempted to buy, I suggest sitting out this month as we still didn't manage to close over 1.0183.

USDJPY

TREND DOWN?



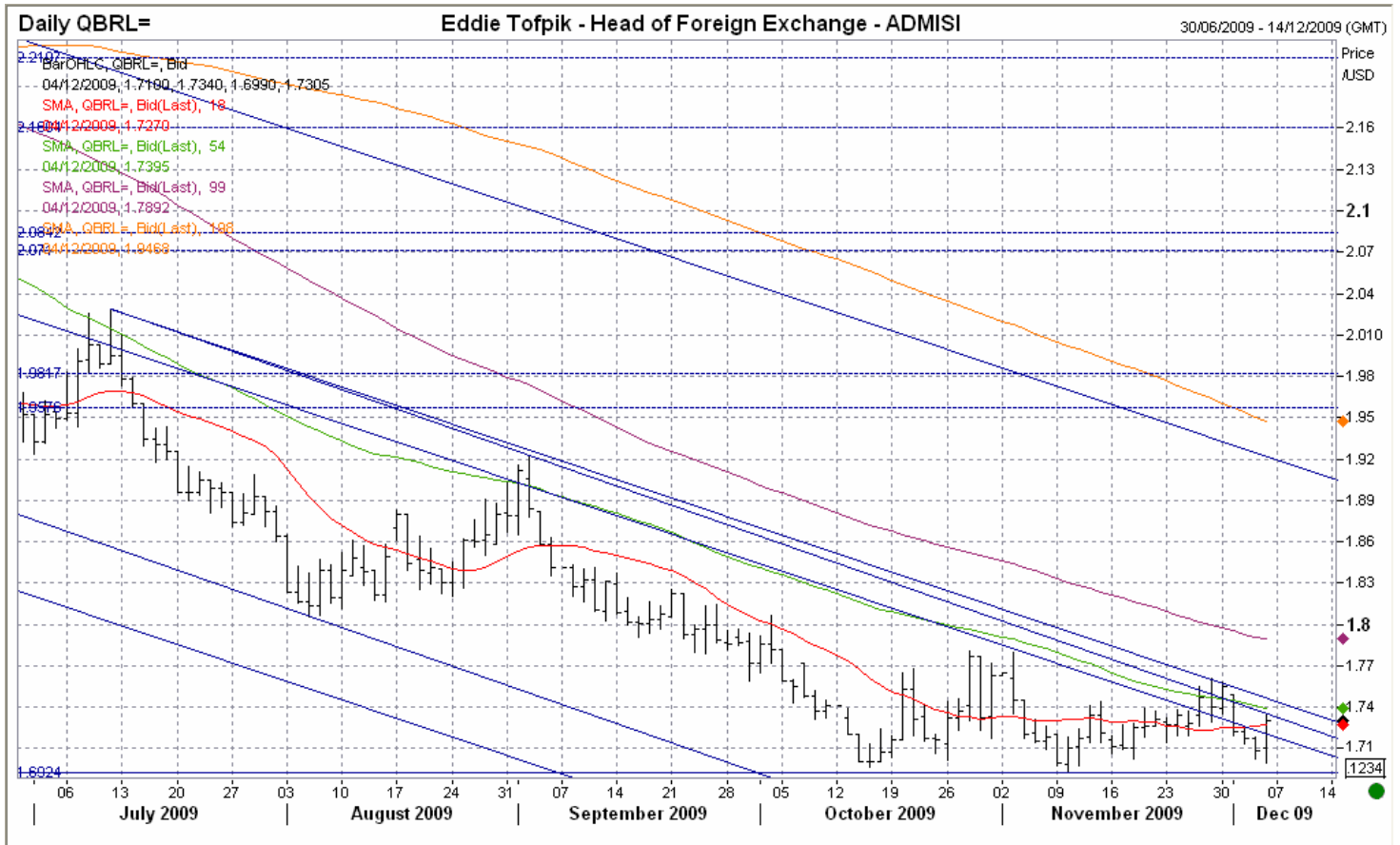
Source: Reuters/Eddie Tofpik

Great call on the direction in last month's bullet point! Then as if on cue, prices turned up on the month turn & rose then rocketed! It is fairly clear that once we went above the 50% Fib of the recent move at 88.56, prices would likely target the Oct high around 92.31 & indeed that looks very much like what they wish to do. In between we have the 50% Fib of the Aug to date move at 91.29 which should provide some resistance but the width & range of Friday's action suggests that attack will likely occur soon. Downside we have support at 89.75, 89.44, the 88.56 level of course & 87.67!

Last month's riskier idea was in the right direction but the limit was off by only 7 tics, so a **MISS!** This time, suggest a buy on the open for a test of 92.25. Stop out under 89.40!

USDBRL

TREND DOWN?



Source: Reuters/Eddie Tofpik

It was a timely reminder on my report last month to change to a slightly more bearish bullet point above! Though we have ended the month down from the previous month's close, all of Nov has effectively been a basing pattern around the 1.7100 area! This is why the change in bullet point last time was good – I couldn't put my finger on it directly at the time but I knew something was going on. Well what now?

Well, Friday we have had a Key Reversal Up on the Daily Chart which probably means we will likely have a follow through to higher prices in the next few days and that could mean testing the resistance at 1.7327, 1.7439, 1.7605 & the recent best at resistance at 1.7812! Downside has support either side of 1.7100 by 200 tics or thereabouts so that is where you need to watch – you could even call it a Triple Bottom of sorts. Nevertheless, the move & mood I suggested last month is still ongoing & it is best to keep an eye on things as the one way ticket to lower USDBRL each month may be changing soon!

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

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Member of the Society of Technical Analysts

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For further details contact Eddie Tofpik directly.

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