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FUTURES MARKET TIMING SIGNALS: BOND MARKETS

Last updated 8-5-04

SYM	TECH - LT	TECH - ST	SEAS	POWER	OI	VOLAT
TY:	On downtrend rally	Weak uptrend	Bottomed in bearish Apr/M. Peak N/D/J ahead	Very bullish, supporting current rally	High	Very low, bottoming

Keep very tight stops on longs as we see current upside as a rally in on-going
downtrend. That said, economic reports are likely to come in on the weak side of street
estimates. Thus, our eventual downside technical targets are at this point only slightly
under the May lows.

US:	Ditto	Ditto	Ditto	Ditto	Rising	Very low. Confirms general "sideways" bond pattern.
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FV:				Supportive of a bit more rally	Very high	
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Stand aside.

BS

NOTES: Recent interest rate moves, especially the downside break in early April and the sharp uptick on 8-6-04, reflect tremendous sensitivity to the economic outlook (and therefore the demand for credit). We expect economic reports to moderate, keeping a "floor" under notes and bonds just under the May lows. The situation may, in fact, revert to the "sideways channel" prevailing prior to the April breakdown.

LEGEND

TECH - LT: Long-term technical picture, usually based on weekly charts

TECH - ST: Short-term technical picture, usually based on daily charts

POWER: Interpretation of internal market power

OI: Open interest analysis

VOLAT: Volatility analysis

Unc: Unclear or unremarkable

NA: Not applicable

132

08/04/04

O: 4.45 H: 4.45 L: 4.45 C: 4.45

+0.00

5.28

5.00

4.50

4.00

3.50

3.00

-0.500

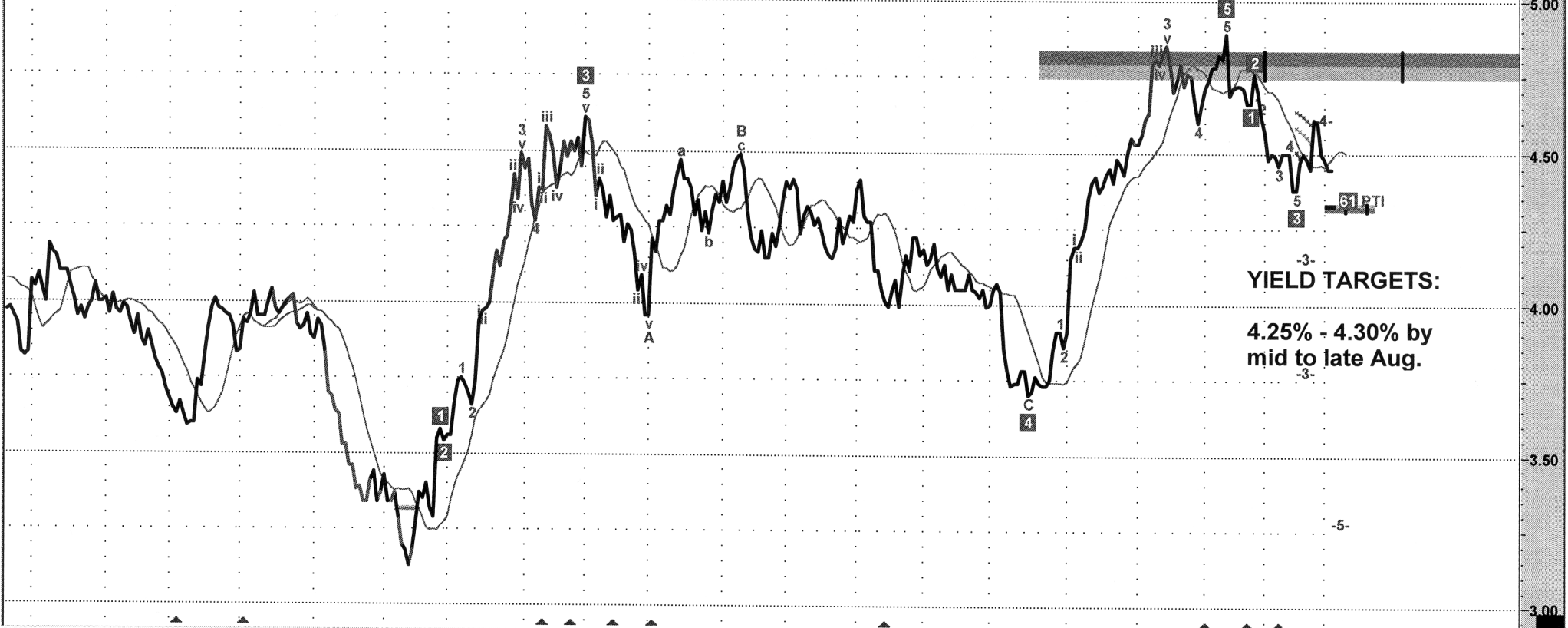
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-0.500

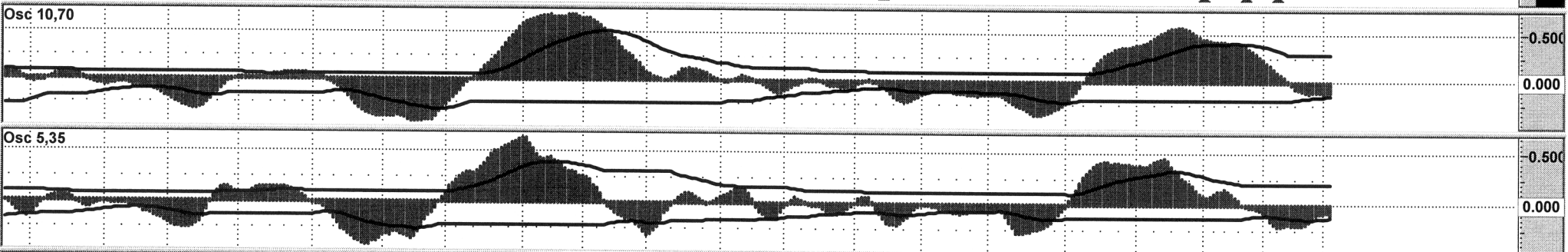
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#153

10 YEAR TREASURY YIELDS REACHED A TECHNICAL INTERMEDIATE HIGH ON 6-14



YIELD TARGETS:
 4.25% - 4.30% by
 mid to late Aug.



2001 01/29/03 p Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2004 Feb Mar Apr May Jun Jul Aug

B333

05/03/1996

(ME1600) US 10 Yr T-Note

08/06/2004

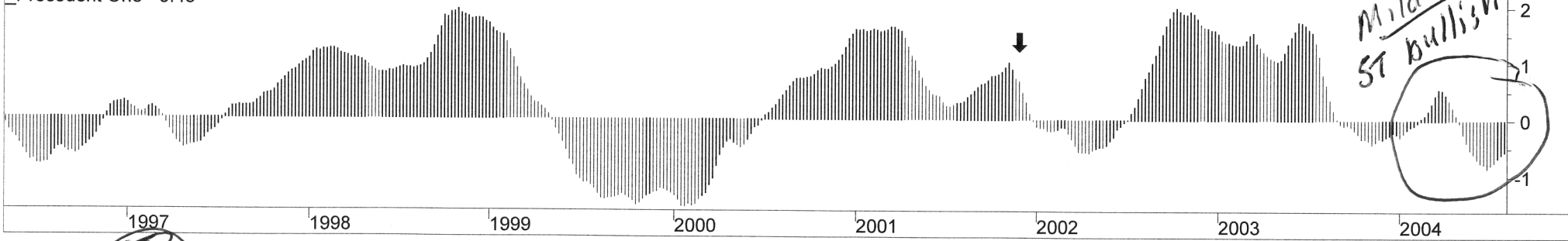
US 10 Yr T-Note-Weekly 08/06/2004 C=111.250 +.531 O=111.063 H=111.375 L=110.719 V=19038



US 2 Yr T-Note-Weekly 08/06/2004 C=105.688 +.125 O=105.688 H=105.719 L=105.563 V=179



Precedent One -0.48



10's stronger than 2's
Mildly
ST bullish

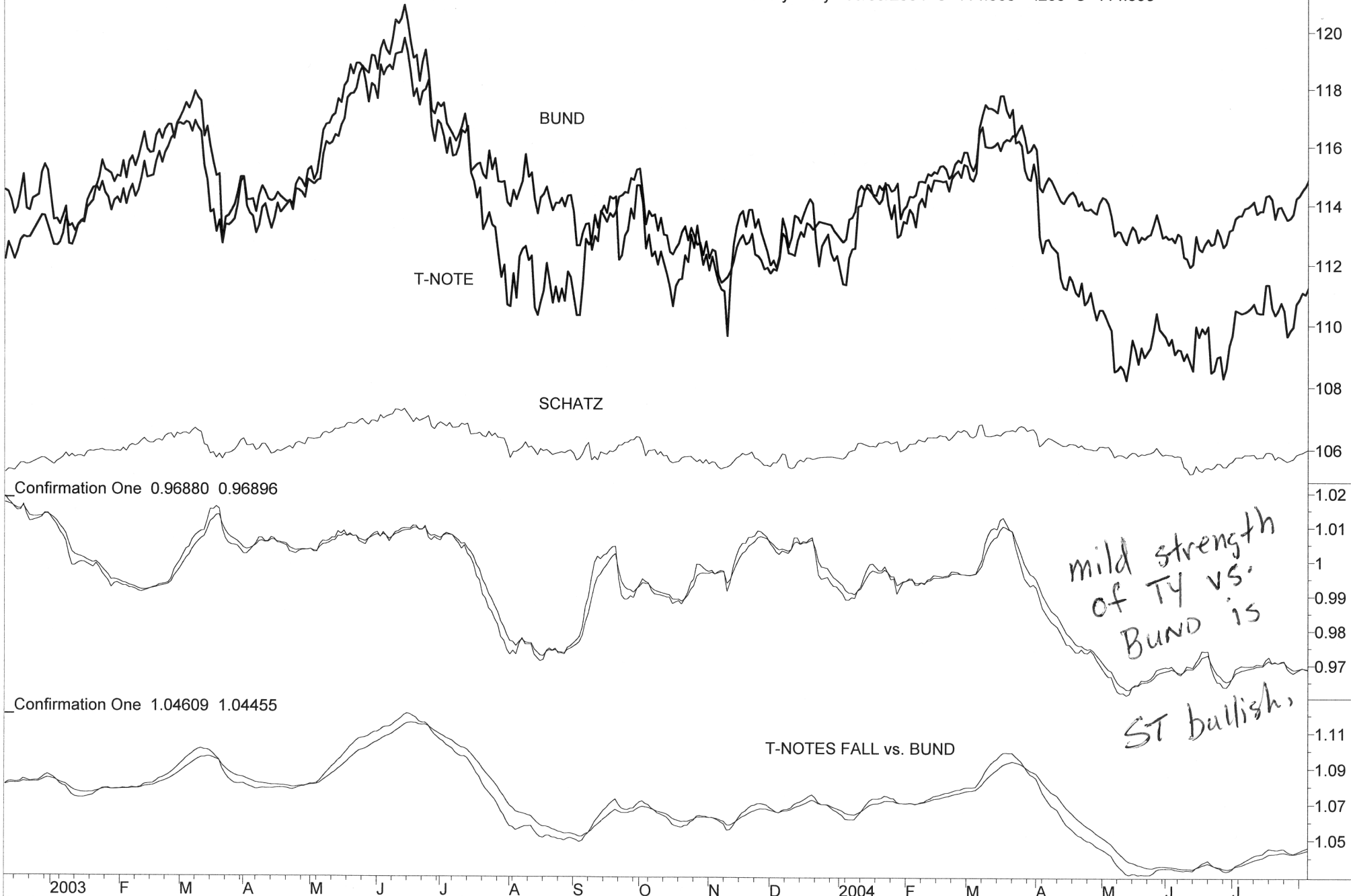
B34

12/11/2002

(ME1600) US 10 Yr T-Note

08/05/2004

US 10 Yr T-Note-Daily 08/05/2004 C=111.250 +.219 O=111.125 H=111.375 L=111.000 V=0 BUNDDay-Daily 08/05/2004 C=114.860 +.200 O=114.590



Confirmation One 0.96880 0.96896

Confirmation One 1.04609 1.04455

T-NOTES FALL vs. BUND

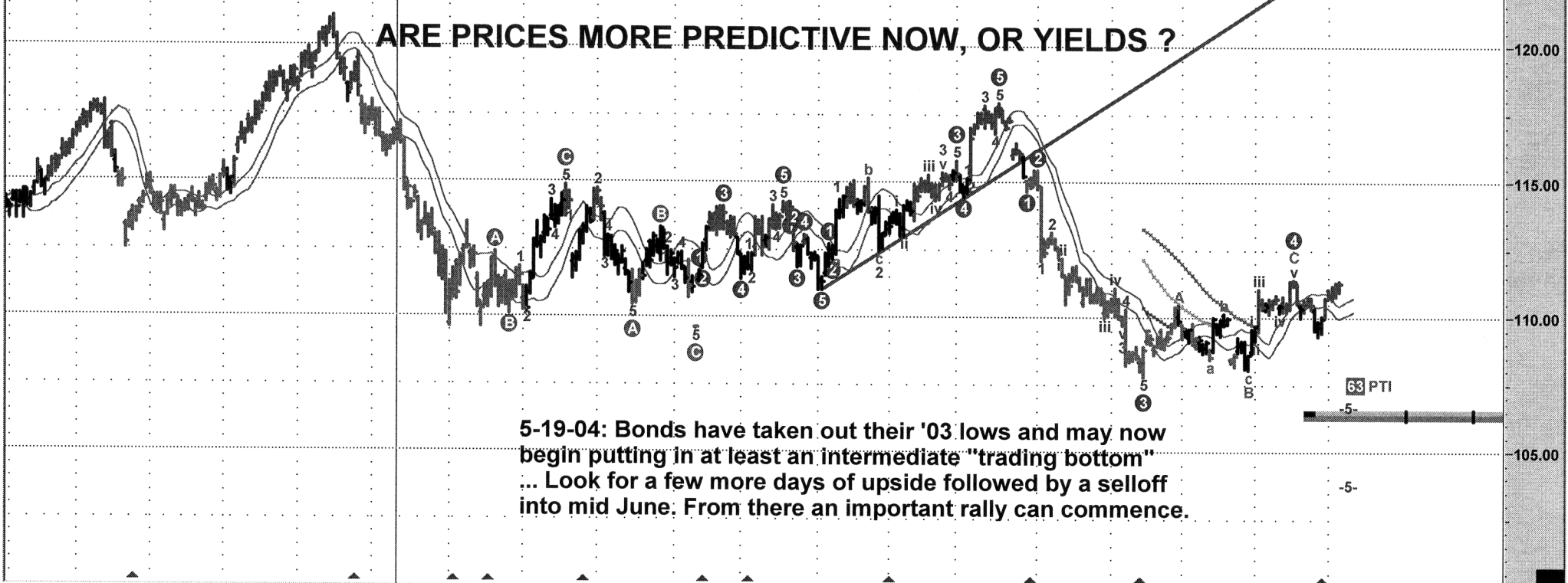
mild strength of TY vs. BUND is ST bullish

Handwritten initials/signature

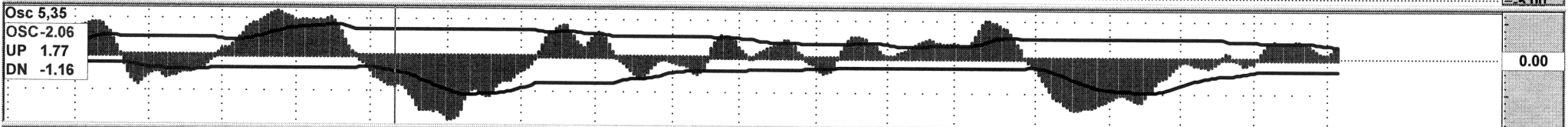
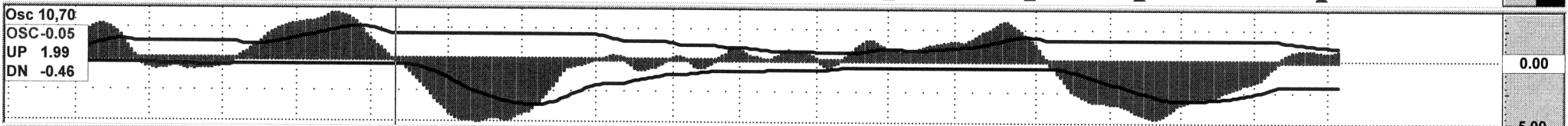
OP 116.56
 HI 117.06
 LO 116.47
 CL 117.06
 MA 116.96
 MA 117.88

**BUT 10 YR. NOTE PRICES STILL LOOK POISED
 FOR A RETEST OF THE MAY LOWS...**

ARE PRICES MORE PREDICTIVE NOW, OR YIELDS ?

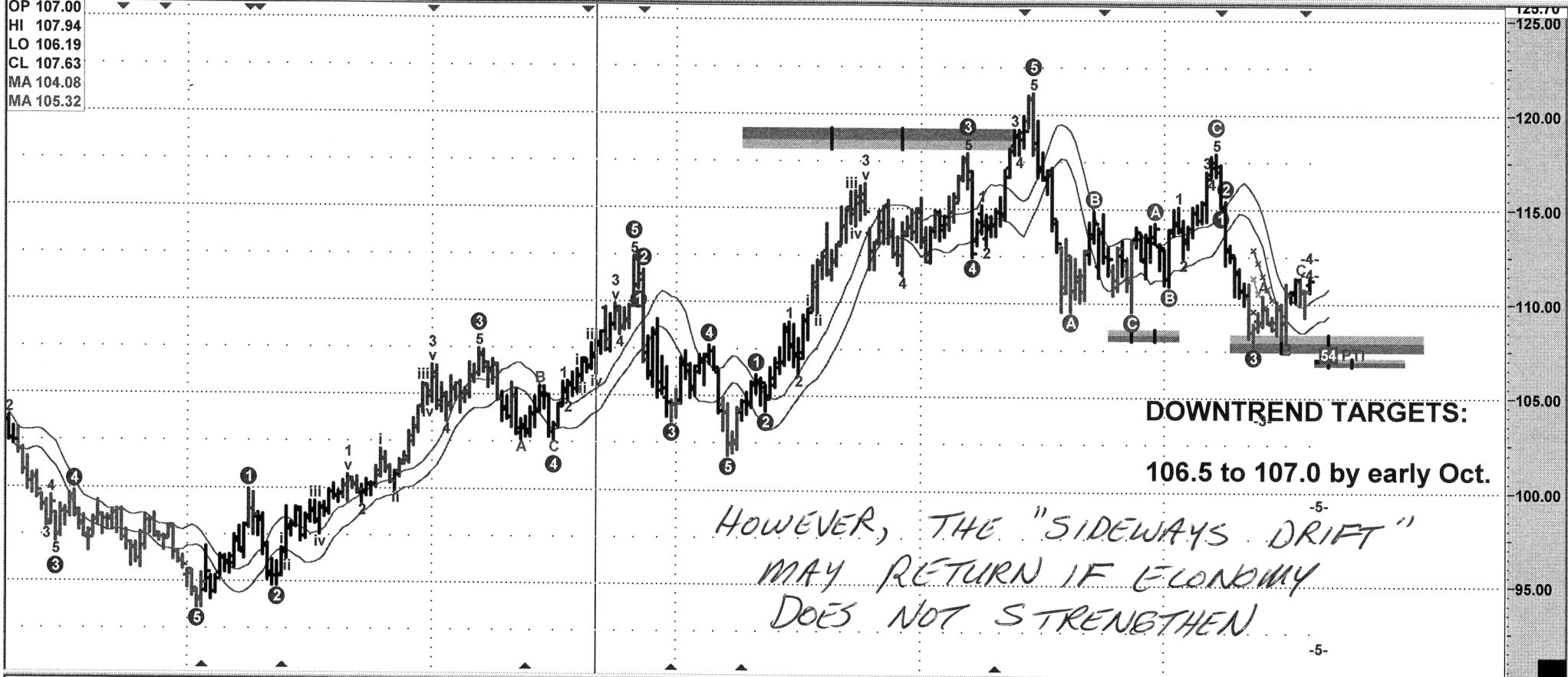


**5-19-04: Bonds have taken out their '03 lows and may now
 begin putting in at least an intermediate "trading bottom"
 ... Look for a few more days of upside followed by a selloff
 into mid June. From there an important rally can commence.**



B379

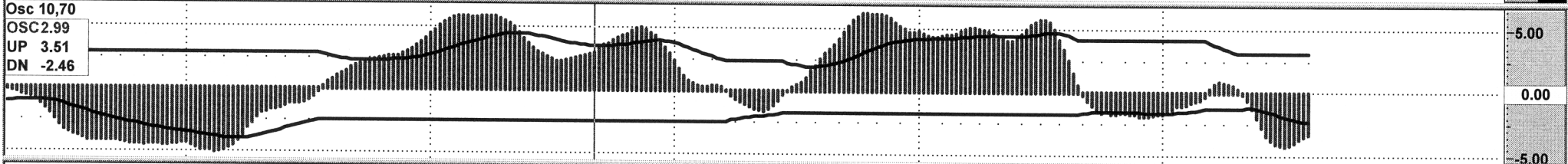
08/06/04 O: 111.06 H: 111.38 L: 110.72 C: 111.25 +0.53



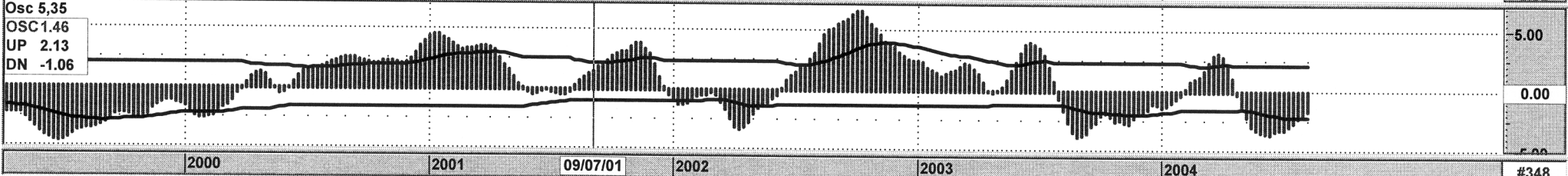
OP 107.00
 HI 107.94
 LO 106.19
 CL 107.63
 MA 104.08
 MA 105.32

DOWNTREND TARGETS:
 106.5 to 107.0 by early Oct.

*HOWEVER, THE "SIDEWAYS DRIFT"
 MAY RETURN IF ECONOMY
 DOES NOT STRENGTHEN*



Osc 10,70
 OSC 2.99
 UP 3.51
 DN -2.46



Osc 5,35
 OSC 1.46
 UP 2.13
 DN -1.06

2000 2001 09/07/01 2002 2003 2004 #348

107

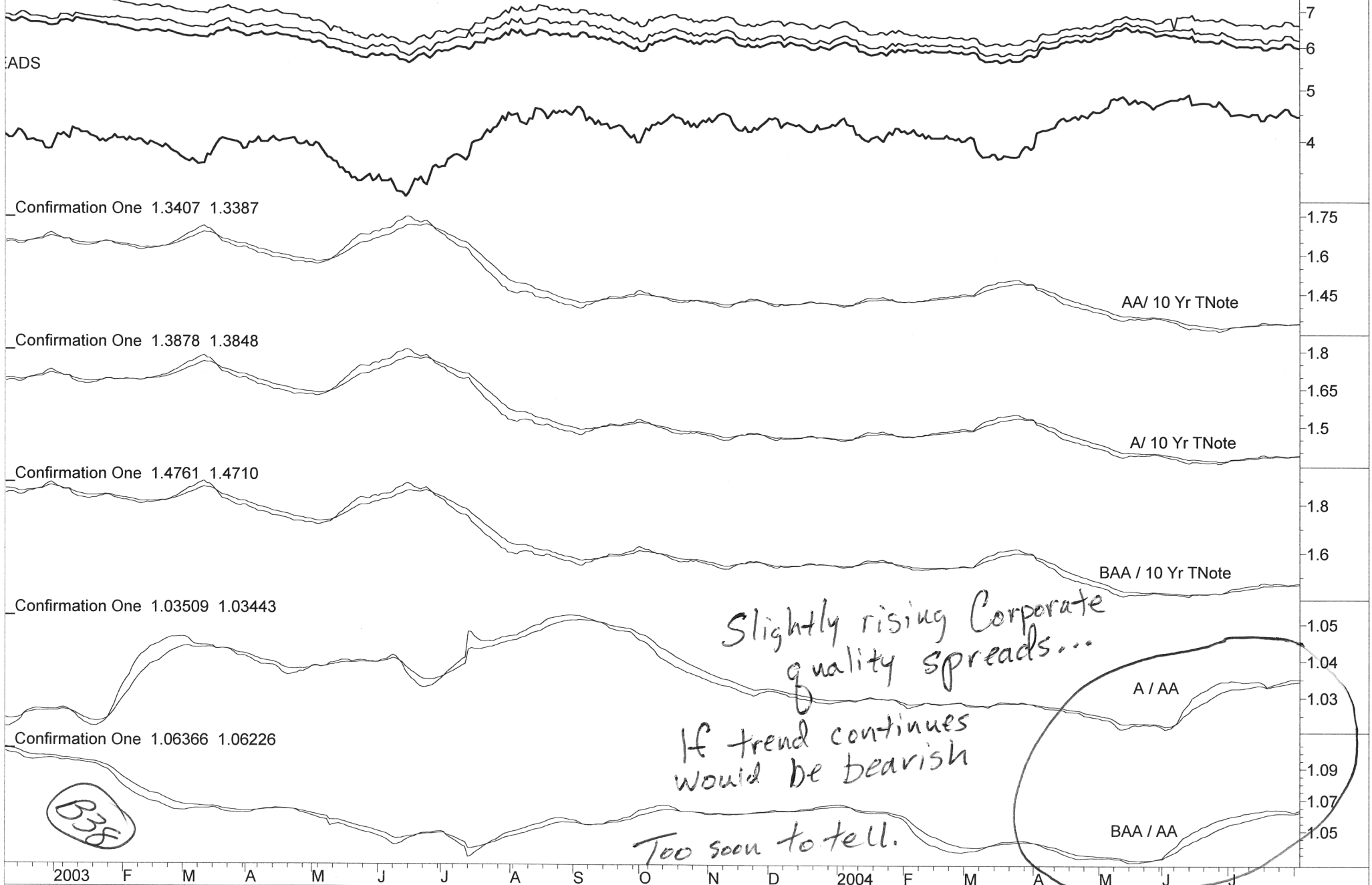
BOTTOM LINE! Keep tight stops on longs!

12/10/2002

(*TRCF) US 10Yr Yield Co

08/04/2004

US 10Yr Yield Co-Daily 08/04/2004 C=4.450 .000 O=4.450 H=4.450 L=4.450 V=0 Moody AA Corp YI-Daily 08/04/2004 C=5.970 -.020 O=5.970 H=5.970



Slightly rising Corporate quality spreads...

If trend continues would be bearish

Too soon to tell.

B38