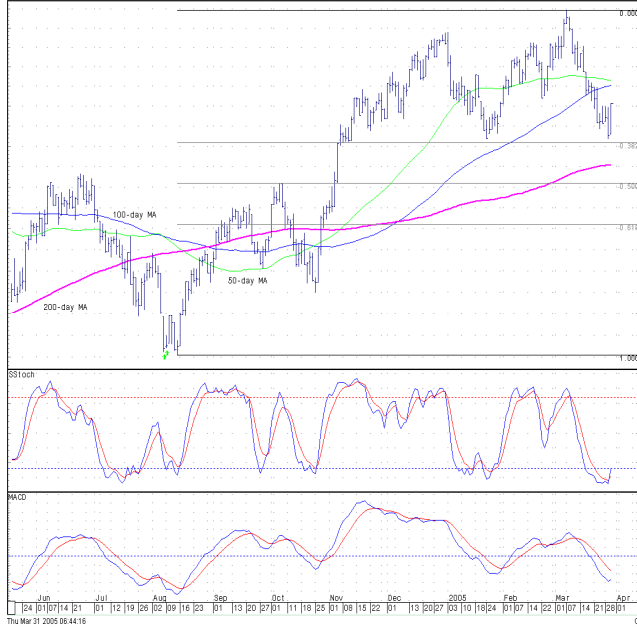


Chart of The Day ↗

S&P 500 (1181): Bouncing off a key support

Confidence: Medium



Supports:
1164-1160 / 1150 / 1122

Resistances:
1190 / 1203 / 1229

A relief rally may be starting on the S&P 500 index but do not expect a major trend reversal.

- Good news coming from the US yesterday. The S&P 500 index reached its first key support at 1164 on Tuesday and was significantly oversold on a daily basis (see daily stochastics on the chart). In light of this, yesterday's U-turn was welcomed and the move was probably amplified by short covering and window dressing for the end of Q1.
- Over the last three session, we noticed that the index completed a "Hikkake pattern". US technician Dan Chesler (www.chesler.us) is the inventor of this pattern. The underlying idea is to identify and trade false moves. The S&P 500 formed an inside day on Monday and made a downside break on Tuesday. The Hikkake buy signal was triggered yesterday evening in late session as the index exceeded Monday's intraday high at 1179.91. The stop loss is at 1163.69 (Tuesday's intraday low).
- Yesterday's reversal could be the start of a short term relief rally, suggesting that the index may reach the 1190-1200 area by next week (includes the declining 20-day MA, the flattening 50 and 100-day MA and the 50% retracement of the recent decline).
- Longer term, we see the risk of renewed weakness possibly back towards the 200-day MA now trading at 1150 or at least further sideways trading below the year high at 1229.

European Stockmarket Indices (ST comments)

Technical Portfolio: Equity ↗ 45% - Cash ↘ 55%



Euro Stoxx 50 (3058)

On the one hand, the S&P 500 is now oversold on a daily basis and just reached its first significant support zone around 1164 but on the other hand the euro dollar is now oversold and may stabilise above 1.28 or bounce back. As a conclusion, we believe that US equities could be the main beneficiaries of a relief rally on equity markets whilst the Euro Stoxx may not significantly exceed the 3100-area. However, such a scenario could help this index to hold above 3025 in the near future.

Supports: 3025-3020 / 3007-2990 / 2972 / 2916 **Resistances:** 3063 / 3080-3086 / 3094 / 3115-3135



CAC 40 (4064)

Same comment than on the Euro Stoxx 50. The index may finally hold above the 4011-support. In the short term, the CAC 40 may open an upside gap this morning and should break through the 4083-resistance. As usual, we will particularly monitor the index's ability to hold gains on an intraday basis.

Supports: 4011 / 3985 (gap) / 3952 / 3920 **Resistances:** 4083 / 4108 / 4140-4150

Short-Term E.Stoxx Sector Relative Charts (improving & deteriorating)

↗ Food & Bev., Pers Goods, Telecom

↘ Basic Res., Construction, Financial Services

Stock Screening & Events

↗ Deutsche Telekom	Break through 15.50 would confirm recovery with ST target 15.84-16. Sup = 200-day MA at 15.24
↗ E.On	Validating minor double bottom with target around 68; daily MACD buy signal=> relief rally underway
↗ Hermes International	Renewed strength may follow recent pullback. Res. 162-165 / 170. Sup = 200-day MA at 153.50
↘ Sanofi Aventis	Trading target reached in the 65-65.50 area. It may be time to take profits
↘ Valeo	Retesting its 50-day MA at 34.20. Next support zone 32.80-32.50. Key resistance 35.20