

Chart of The Day

Geophysique (107.50): Bearish reversal

Confidence: Medium



Supports:
105 / 97.50 / 85

Resistances:
112-115

- We believe that the stock should consolidate, probably towards €97.50, maybe €85 if we assume that it is forming a double top.**
- Most energy stocks have been under pressure over the recent period, except a few ones like Geophysique. However, even the later started to correct yesterday, after it failed to make a clean break through the 1 February high.
 - This daily bearish reversal validated an “evening doji star” according to Japanese candlesticks and we also noticed that trend indicators like MACD or the ADX did not confirm the advance observed at the start of the week and are now building bearish divergences. All this suggests that the stock should consolidate further in the near term, possibly towards the mid-February low (97.50-area). A break below this zone by mid-March could validate a double top pattern with a target around 85 (approximately the current level of the 100-day MA).
 - Only a clean break through the 112-115 resistance zone would prove us wrong. Such a move will be required to quick-start the mid-term uptrend.

European Stockmarket Indices (ST comments)

Short-term (=)

Mid-term (+)

Euro Stoxx 50 (3774)



A one-day selloff is not enough to jeopardise a multi month uptrend. However, for short-term traders, this move is quite significant. According to the contrarian trading method developed by US technical analyst Dan Chesler, the index completed a bearish “Hikkake pattern” yesterday (see www.chesler.us). According to this method, the sell signal was given when the index crossed below Friday’s intraday low at 3805. The stop loss is fixed around Monday’s intraday high (3840). Similar sell alerts were triggered on the S&P 500 and the Dax 30 index (sell signals triggered at 1285 and 5840 respectively). More traditional technical analysis methods, which are less reactive, do not yet give relevant sell signals. We now consider 3745 as the next significant support level. In the near term, the index may try to bounce off an interim support level located at 3768.

Supports: 3768 / 3745 / 3685 / 3638

Resistances: 3800 / 3840 / 3865 / 4000 / 4100

CAC 40 (5000)



No bearish Hikkake pattern on the CAC 40 but a significant bearish reversal in heavy volumes. The index closed again at 5000 which is just above the 20-day MA, now trading at 4975. A drop below this moving average may extend the pullback towards the 4880-area which includes the 50-day MA, the early-February low and the lower daily Bollinger band.

Supports: 5000 / 4975 / 4900 / 4876

Resistances: 5020 / 5060-5085 / 5138 / 5200

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

Banks, Food & Bev, Industrials, Insurance, Retail

Chemicals, Health Care, Media, Oil & G., Travel & Leisure

Stock Screening & Events

- Accor** Significant technical bounce yesterday => the recent correction was not a double top but probably a bullish continuation triangle. Break through 52.20-52.30 could quick start the MT uptrend
- Allied Irish Bank** Bullish stance maintained as long as 18.80 is a support. This lagging bank stock held strong y'day
- Food & Beverage** Diageo is stabilising above the 860p-area (previously a key resistance), Danone continues to outperform; the technical outlook of our French mid-cap “joker”, Bonduelle, remains attractive
- Some weak stocks** Kingfisher (key resist. 236p), Havas, OMV, Bayer (may retest 33)

Other Technical Events

- Australian SE** The Australian All Ordinaries index may soon validate a H&S, which confirms our bearish scenario on stocks like BHP Billiton or Rio Tinto
- Cisco** Google was under pressure yesterday (even though the 200-day MA at USD340 provided support) but the correction of the Nasdaq did not prevent Cisco from closing above a key resistance at 20!