

Annual Issue Price £250

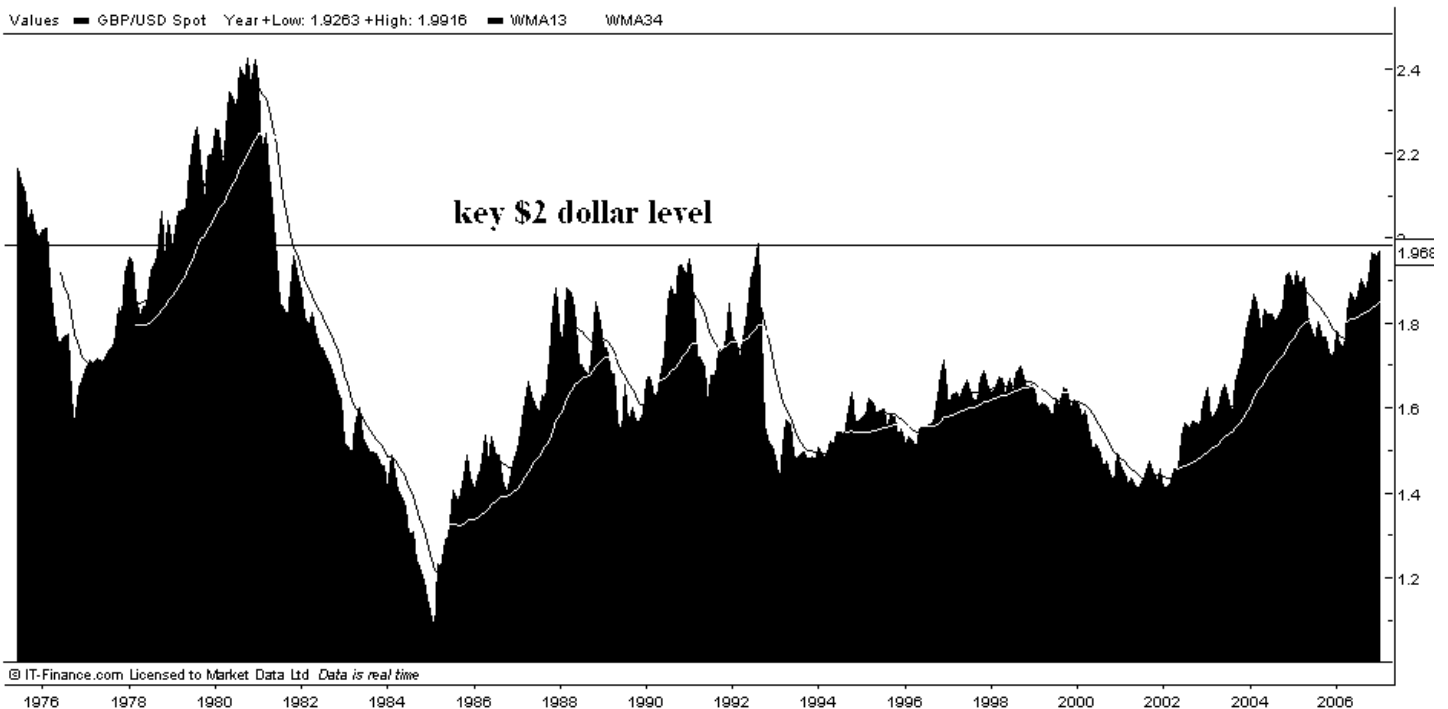
info@barmacuk.com

STERLING EXPLODES INTO LIFE WITH KEY MULTI-YEAR TECHNICAL LEVELS BROKEN

GBPUSD - GBP/USD Spot (Forex) 1.9681 +0.02% 10:27

Prev Next

Values ■ GBP/USD Spot Year+Low: 1.9263 +High: 1.9916 ■ WMA13 WMA34



The dollar/sterling chart above is pretty much self-explanatory. It highlights the key \$2 level that has capped all sterling rallies since 1981! This is the fundamental “line in the sand” and any breach could herald an assault on levels not seen since the late seventies. Get the “kipper tie” at the ready because a move over \$2 would be psychologically dramatic and if not quickly reversed momentum would carry the pound at least 10% higher.

Obviously, the pound may just retreat and leave yet another high water mark at \$2 and we would not advise any pre-emptive action, but if \$2 is clearly exceeded for at least a couple of days then we could see fireworks. Bearing mind what has happened to the pound/euro cross below this is a clear possibility.

Traders should sell dollar if over \$2 with a stop at \$1.975 and import/exporters should ensure any hedge is firmly in place.

STERLING/EURO Long term



STERLING/EURO short term close up.



The two charts above highlight the dramatic break-out that has happened in the Euro/Sterling cross during the past week. Here at Barmac we have repeatedly highlighted the potential for a dramatic break out of the extended (3 year) contracting triangle and as such the above charts have not come as a shock.

The break is clear and decisive and should lead to considerable sterling gains as the euro is undermined by political wrangling over the control of the ECB (the French and other latin countries [especially the bankrupt Italians] cannot stomach a strong and independent central bank). Its “one size fits all” interest rate policy has been in the strict orthodox manner of the old Bundesbank, but this is now being threatened by Latin economic hardship as the profligate socialist governments of Italy and France crumble under mass unemployment and huge budget deficits which means that a strong euro is their worst nightmare. However “northern Europe” requires

higher rates to curb an uptick in inflation and their strong economies can take the pain (Germany, Holland, Denmark etc). Thus the French (cheese eating surrender monkeys) have striven to undermine the independence of the ECB in order to ensure economic orthodoxy is weakened and French political control is exerted. The two aims are irreconcilable and as such the Euro is clearly a basket case, which will slowly disintegrate. The GOOD NEWS is that the UK is not lumbered with this moribund triumph of hope over experience and as such can manage our own affairs independent of the continental interventionists.

Trading tactics

Sell the Euro short with a stop at £1.49 looking for a sterling advance toward at least £1.60

Good hunting

Regards
AndyMc and AndyB