



Support		Resistance	
120.88	**	121.70	**
120.68	***	121.52-57	****
120.48	**	121.42	**
120.30	**	121.29	**
120.06	***	121.09	*

O 120.73 H 121.09 L 120.45 C 121.01 PP 120.85

The Bund pushed higher on Friday, as it continued to inch up towards the target of the daily "reverse head and shoulders" of around 122.50. Having held the 120.48 level on initial probes down, the market pushed up to 120.88, where it briefly held before pushing up again to make a new high print of 121.09. The key level on the up-side remains 121.57, which is key to the medium term outlook for this market. A break above here may cause a major repositioning of medium and longer term participants, so it is possible that we could see major stops around this level. On the downside, we would expect 120.88 to hold on initial probes lower, and 120.68 will be required to hold for the market to be bullish on the day. During the latter half of last week, we saw massive repositioning of the short end of the yield curve after the ECB liquidity actions and Euribor futures have completely retraced the sell-off seen at the start of the month. It will be interesting to see whether participants believe that these ECB actions will cause high inflation expectations in the longer term, and thus we question whether the bund can hold on to its recent gains. Hence the price action around a retest of the 121.57 will be key.

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M ↘
L ↓

Market Outlook