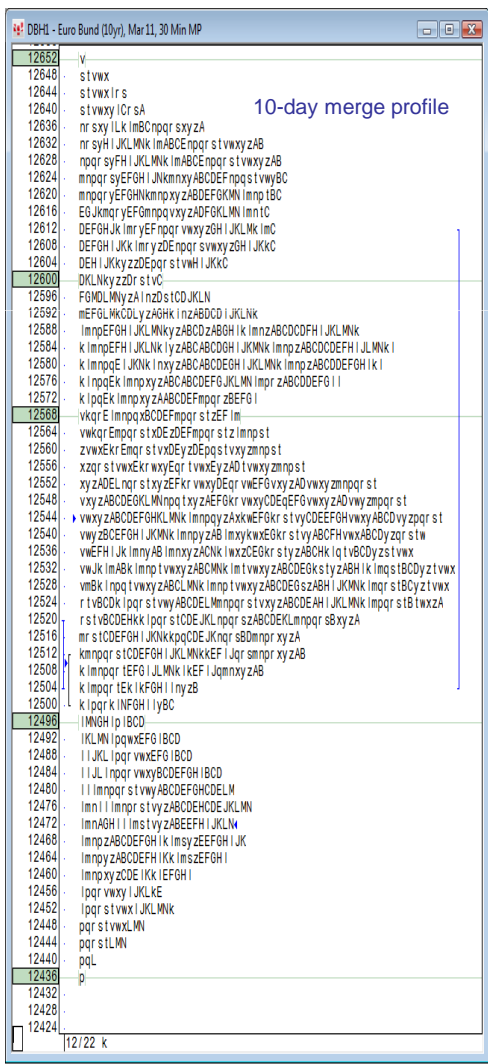




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Support		Resistance	
124.57	**	125.94-98	**
124.36-42	***	125.70-74	**
123.87	**	125.33	**
123.75-78	***	125.07-11	***
123.37-39	**	124.94-96	**

O 125.94 H 125.94 L 124.57 C 124.74 PP 125.08

The bund saw a capitulation sell-off yesterday. The market was aided lower by a very positive up turn in risk trades. This was helped along by the well received Portuguese debt auction (although Portuguese yields did not move dramatically lower over the course of the day). The market has taken out important support at the 3.000% yield level (around **125.10**), and is challenging recent yield highs at 3.080% (coincides with the **124.36-42** area). A break of these areas should signal that the next leg in Bunds is lower and the medium term trend lower since hitting the all time lows (in yields) is intact. Bulls will need to protect this key area. A move to back above the **125.50** handle should ease further follow trough fears.

S →
M →
L →

Market Outlook