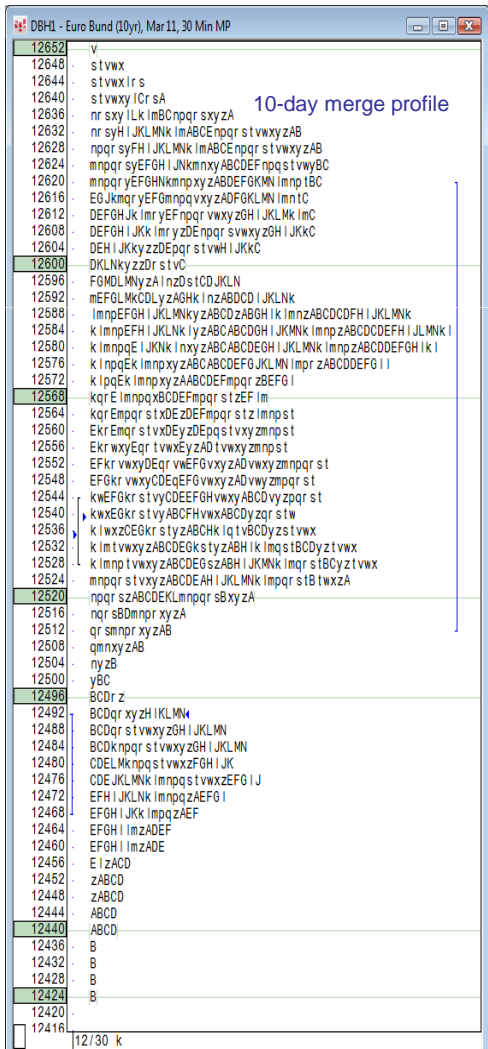




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Support	Resistance
124.36-42 ***	125.94-98 **
124.27 **	125.70-74 **
123.87 **	125.33 **
123.75-78 ***	125.07-11 ***
123.37-39 **	124.94-98 **

O 124.73 H 124.98 L 124.27 C 124.92 PP 124.72

The bund saw choppy trade yesterday. The market had pushed gradually higher heading into the ECB press conference. However, potentially huge remarks made by ECB's Trichet regarding the "close monitoring" of inflation expectations (hinting that the ECB are worried about inflation expectations) saw the bund capitulate to below the **124.36-42** level briefly. Although the market then turned higher to close around the higher levels of the day. This may be the sign that the selling pressure of the last 2 days has subsided. A move to above the **125.07-11** level should start to help bulls re-establish a bullish posture. This would then suggest that the move to below the **124.36** level was the exhaustion low. Bulls will need to see a close back above the **125.50** handle in order to ease capitulation fears. Bears will look to target the **124.27-36** level. A break and close below here should signal further big selling pressure.

S →
M →
L →

Market Outlook