

Morning Note

Friday 18/06/10



GlobalReach
Securities

News: S&P500 holds above 200DMA. European bank stress tests a catalyst.
The S&P500 dipped below its 200 day moving average (now support) but once again closed above and we still target the 1150/80 level and expect it to be reached within a month. Following the central bank of Spain's decision to publish the results of the stress tests on its banks, the EU has now followed suit. While this will without a doubt be welcomed by equity investors due to the additional transparency, we don't expect the scenarios in the stress tests to be too challenging. Shareholders will most likely welcome the news today by sending stocks higher.

Commodity	Price	1 Day Change
Brent Crude	74.68	-0.81%
Baltic Dry	3,423.00	-2.59%
Gold	1,219.70	-0.11%
Copper	6,410.00	1.10%
Silver	18.31	0.33%
Dollar Index	87.24	0.08%

Currency	Price	1 Day Change
Eur / Usd	1.21	-0.20%
Eur / Gbp	0.8246	-0.07%
Eur / Yen	110.81	-0.08%
Gbp / Usd	1.4673	-0.29%
Usd / Yen	91.58	-0.26%

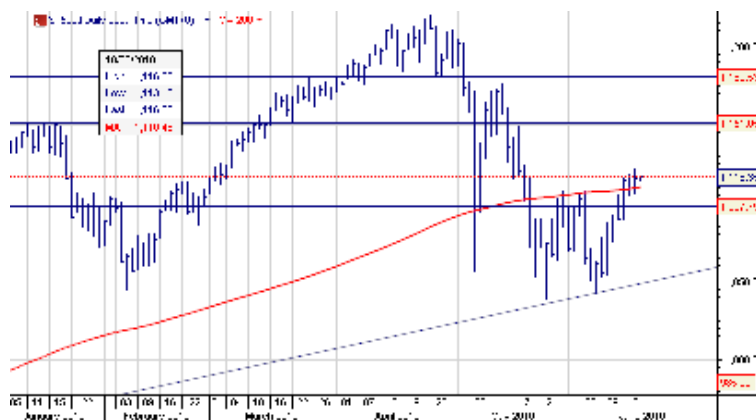
Stock Index	Latest	1 Day Change
ISEQ	3,050	-0.67%
FTSE 100	5,146	0.26%
NIKKEI 225	9,705	1.70%
DOW JONES	10,173	2.76%
S&P 500	1,087	2.95%
NASDAQ	2,219	2.77%
CAC 40	3,526	0.28%
DAX 30	6,056	-0.02%
EUROSTOXX	2,618	0.34%

10 Year Benchmark	Yield %	1 Day Change
United States	3.29	-0.89%
United Kingdom	3.55	-0.20%
Germany	2.62	0.50%
Japan	1.24	2.40%
Ireland	5.11	0.16%

Trading BUY: S&P 500 @ 1115 Target 1180 STOP 1095

As regular readers will know the S&P500 recently broke above its 200 day moving average at 1107. Over the last two sessions the index has held above this level thus confirming that the 200DMA now acts as support.

For clients looking for a 'trade' this is a strong technical signal to buy the index looking for a test of 1150 and then 1180 (4-8% gain). We see this trade yielding these gains within a month, as the market concentrates on the Q2 earnings season.



As we recommend this as a trade and not a portfolio investment we recommend using a stop on the trade to manage the risk/reward. Placing a 'stop loss' at 1095 gives a risk/reward ratio on the recommendation of 3 to 1, gain versus loss.

To gain exposure to this trade we recommend either using the SP500 CFD at \$50 per point or use the SPY ETF, Buy at 112.15.

Top 5 Open Positions

Ticker	Stock	Price	BID now	Gain/Loss
LGF	Lions Gate	5.59	7.12	+27.4%
EMC	EMC Corp	16.83	19.35	+15.0%
SKG	Smurfit Kappa	6.3	7.2	+14.3%
AZN	AstraZeneca Plc	2760	3082	+11.7%
QQQ	Nasdaq Trust ETF	42.6	47.05	+10.4%

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