

European Weekly Review

27 January 2014
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Europe Weekly Index Summary

	Close	Weekly Volume	Weekly Change		P&F Trend		Stop
Euro Stoxx	309.22	10,166.5m	-12.07	-3.8%	Bull ▼	2 Jan 2014	295.00
Euro Stoxx 50	3028.2	2,840.6m	-125.90	-4.0%	Bull ▼	27 Dec 2013	2900.00
France CAC40 Index	4161.47	539.4m	-166.03	-3.8%	Bull ▼	30 Jul 2012	4050.00
Germany DAX Index	9392.02	473.0m	-350.94	-3.6%	Bull ▼	9 Sep 2013	9350.00
Netherlands AEX Index	393.85	496.3m	-14.41	-3.5%	Bull ▲	9 Aug 2013	375.00
Spain IBEX 35 Index	9868.9	1,755.6m	-596.80	-5.7%	Bull ▼	7 Jan 2014	9200.00
Sweden OMX Index	1318.53	497.1m	-31.57	-2.3%	Bull ▼	23 Dec 2013	1250.00
Switzerland SMI Index	8201.5	245.1m	-277.39	-3.3%	Bull ▼	19 Sep 2013	7750.00

Closing prices last 5 days

European Macro Outlook

European equities markets had held at the previous weeks breakout highs until the poor economic data begun to appear. China led the disappointment with flash PMI figures which overshadowed positive PMI data in Europe and poor US data reignited fears surrounding the Federal Reserve's early tapering decision and whether they will continue to taper this month. The weaknesses highlighted in the emerging market currency markets on Friday sparked a global sell off as investors sought less risky assets.

Following the **Pound Sterling's** strengthening rally against the **Euro** (and other currencies) on Wednesday, after the UK unemployment figures prompted for an earlier rise in interest rates, the Euro has rebounded back to £0.83.



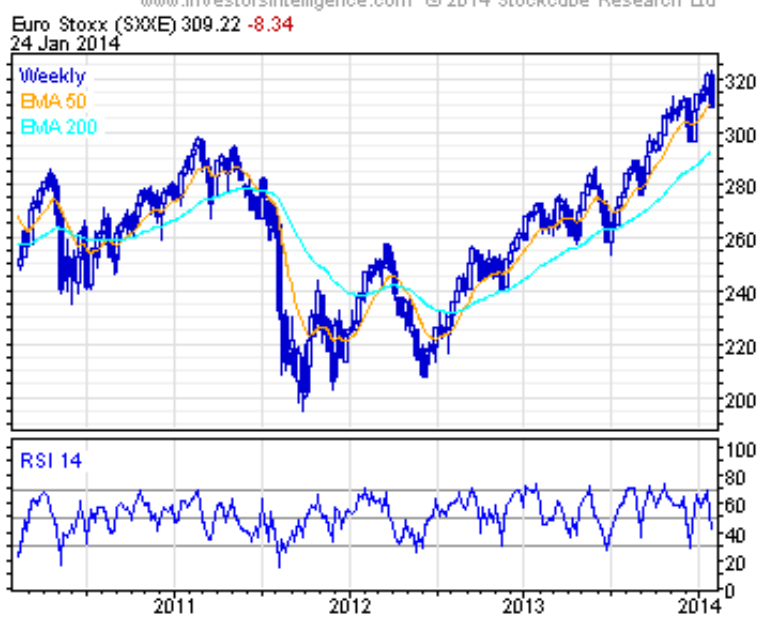
Stock Index

The **Euro Stoxx 50** Index failed to make new highs before it sold off on Friday, breaking short term support at 3,050. The next support level is the bottom of the range at 2,900.

The **Euro Stoxx Index** also failed from recent highs; we note support at its previous

breakout and 2011 highs at 300.

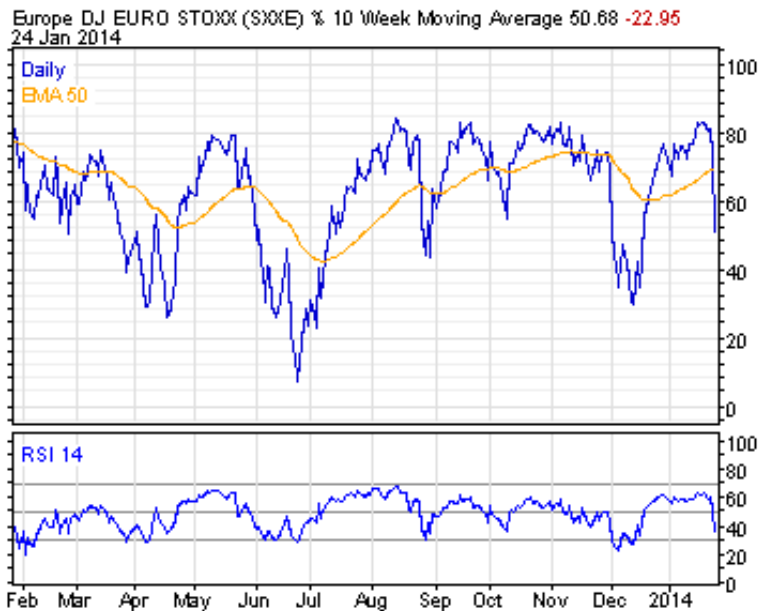
The **German Dax** Index retraced from its long term highs to test its recent breakout level at 9,400, with support below at 9,000 from its December lows.



Index Breadth

The **European DJ EURO STOXX % 10 Week Moving Average Breadth** Indicator has

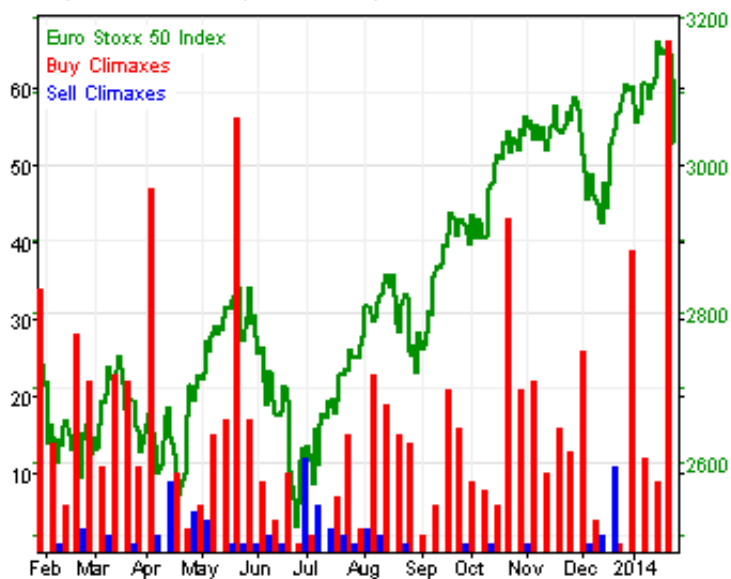
fallen from highs at the top of the range to fall to 50, having not fallen to an oversold level yet on the RSI, a further fall remains possible.



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Buy / Sell Climaxes (vs STOXX50)

24 Jan 2014



We also note a large number of **buying climaxes**, more than the level posted in May 2013 before the June market failure.

Sector Bulls & Bears

We remain bearish in the **European Energy** sector as it reasserted its short term top and made new relative lows.

The **European Banks** sector unwinds from highs, still above support from October highs, just above 140 and remains in its short term relative uptrend,

The **European Construction** sector has medium term breakout support at 300 and remains at short term relative highs.

The **European Industrial Goods** sector has unwound to test its 50-day MA to remain in uptrends.

The **European Chemical** sector failed to make new highs above its Santa rally peak at the turn of the year at 920. It begins to develop a potential double top, with a neckline at 860.





Stock Action

We note our most of long positions in our portfolio as they unwind into uptrend support.

Assa Abloy has unwound from highs to finds its 50-day MA and begun to reassert its relative uptrend.

Hennes and Mauritz also has unwound to just above its 50-day MA (previous dynamic support) and begun to reassert its relative uptrend.

We highlight **OMV** as it has developed its top formation as it made new relative lows, expecting a break of support at the bottom of the range at



33.

Eramet reasserted its downtrend after testing its 200-day MA as it unwound from overbought.

Kering also reasserted its downtrend after encountering its 50-day MA and early January highs after correcting from oversold.

We highlight our short in **DSM** as it broke down to make new short term lows and develop its top formation. We note 48.5 and 47 from previous levels for support having become deeply oversold.





Model Portfolio Longs

Date	Stock	Code	Type	Open Price	Current Price	% P&L	Stop	Comment
21 Mar 2013	Kabel Deutschland Holding AG	KD8	Long	71.61	96.3	+34.48%	90	
30 Jul 2013	DSV	DSV	Long	150.1	176.2	+17.39%	155	
20 Sep 2013	Hennes & Mauritz	HMB	Long	266.4	287	+7.73%	263	
1 Oct 2013	Assa Abloy	ASSAB	Long	299.6	331.6	+10.68%	290	
16 Oct 2013	Bayer AG	BAYN	Long	89.47	99.12	+10.79%	87	
18 Oct 2013	Sodexo	SW	Long	72.4	76.18	+5.22%	70	
24 Oct 2013	Airbus Group	AIR	Long	48.4	52.78	+9.05%	45	
29 Oct 2013	SES Global	SESG	Long	21.575	24.05	+11.47%	22.7	
31 Oct 2013	Henkel	HEN3	Long	79.7	82.53	+3.55%	74	
7 Nov 2013	Adidas-Salomon AG	ADS	Long	86.7	86.12	-0.67%	78	
25 Nov 2013	BBVA	BBVA	Long	8.545	8.85	+3.57%	8	
27 Nov 2013	DnB ASA	DNB NO	Long	109	109.5	+0.46%	101	
5 Dec 2013	Yara International	YAR	Long	272.5	264.9	-2.79%	254	
20 Jan 2014	Skanska	SKAB	Long	132.1	129.4	-2.04%	124	

Shorts

Date	Stock	Code	Type	Open Price	Current Price	% P&L	Stop	Comment
12 Jun 2013	Eramet SLN	ERA	Short	74.93	72.1	+3.78%	75	
25 Oct 2013	Kering	KER	Short	167.4	149	+10.99%	176	
8 Nov 2013	Vallourec	VK	Short	42.17	38.02	+9.84%	46	
13 Nov 2013	Salzgitter	SZG	Short	32.49	31.5	+3.05%	36	
14 Nov 2013	Ahold	AH	Short	13.035	12.63	+3.11%	13.7	
26 Nov 2013	Tenaris SA	TEN	Short	16.11	16.28	-1.06%	17	
26 Nov 2013	Givaudan	GIVN	Short	1275	1271	+0.31%	1360	
3 Dec 2013	ENI	ENI	Short	17.21	16.91	+1.74%	18.4	
4 Dec 2013	Total SA	FP	Short	43.22	42.88	+0.79%	45.5	
4 Dec 2013	DSM NV	DSM	Short	56.4	48.755	+13.55%	59	
6 Dec 2013	Tele2	TEL2B	Short	76.2	73.65	+3.35%	79	
11 Dec 2013	Ebro Puleva	EBRO	Short	16.37	16.8	-2.63%	17.3	
21 Jan 2014	OMV AG	OMV	Short	34.795	33.3	+4.30%	36.8	
24 Jan 2014	Casino Guichard	CO	Short	78.88	78.88	0.00%	83	
24 Jan 2014	Adidas-Salomon AG	ADS	Short	86.12	86.12	0.00%	93	
24 Jan 2014	Unibail	UL	Short	178.7	178.7	0.00%	183	

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