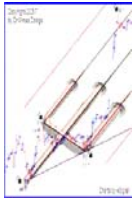


Market Technical Analysis REPORT : Europe

using *Integrated Pitchfork Analysis*



by Dr Mircea Dologa, MD, CTA

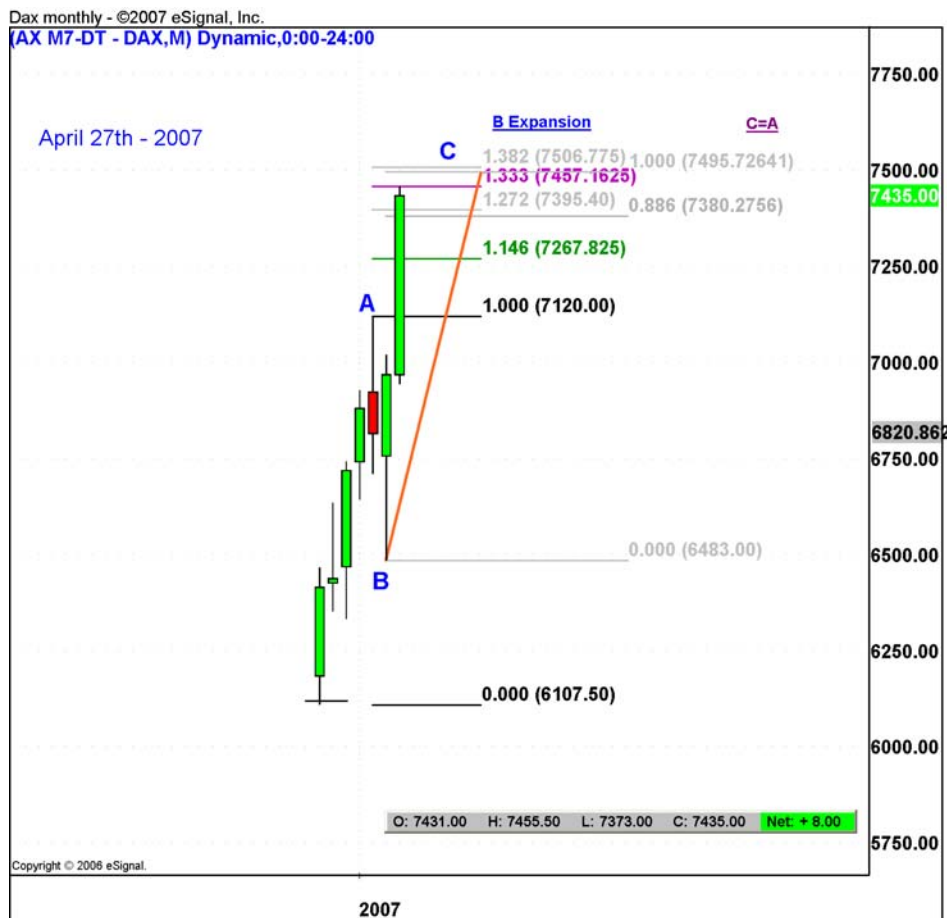
MORNING of April 30th – 2007



The traders must progressively monitor the conditions of the market movements that validate or invalidate the recommended forecasts. The market forecasts of this study have a very high probability, but they might be wrong. An astute trader, always trades the market behaviour, not only the forecasts. *Go with the market, let it be your guide and never impose anything on its behaviour.*

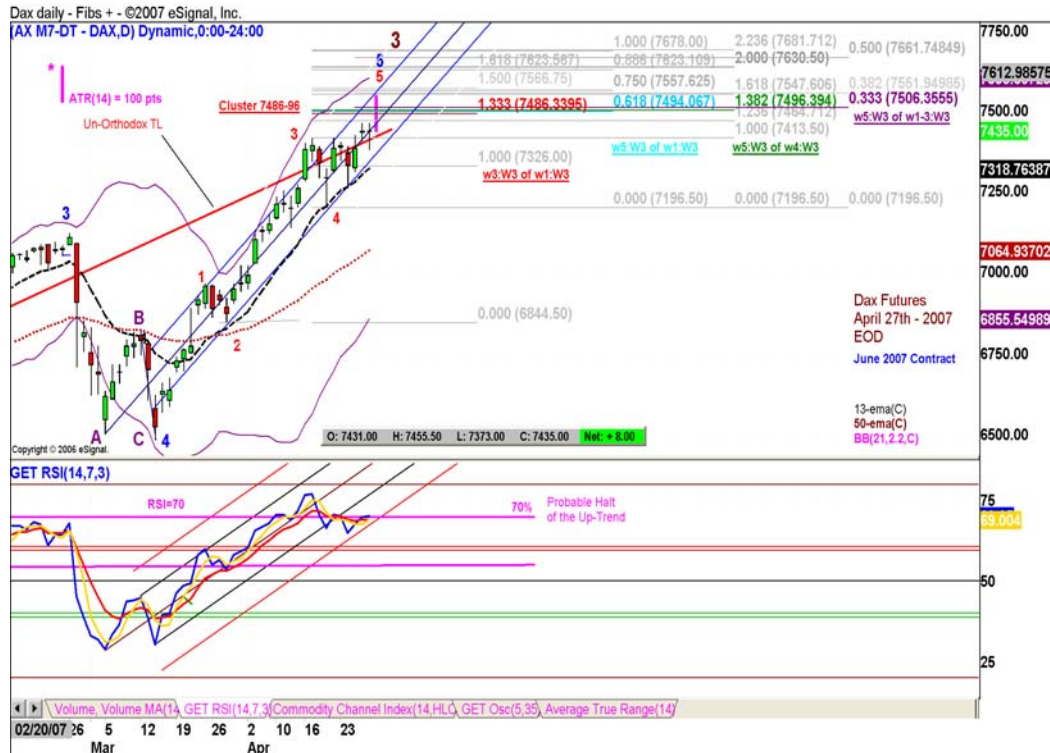
Our research strongly suggests a “top-down” market analysis rather than other procedure. In our opinion, the performed studies with *Cash Index* data are more illustrative than those with *Futures Index* data. However, due to our *Futures* trading preference, we will use every time, the best available data and the most adequate, for that specific traded vehicle.

1. German Dax 30 Futures Index



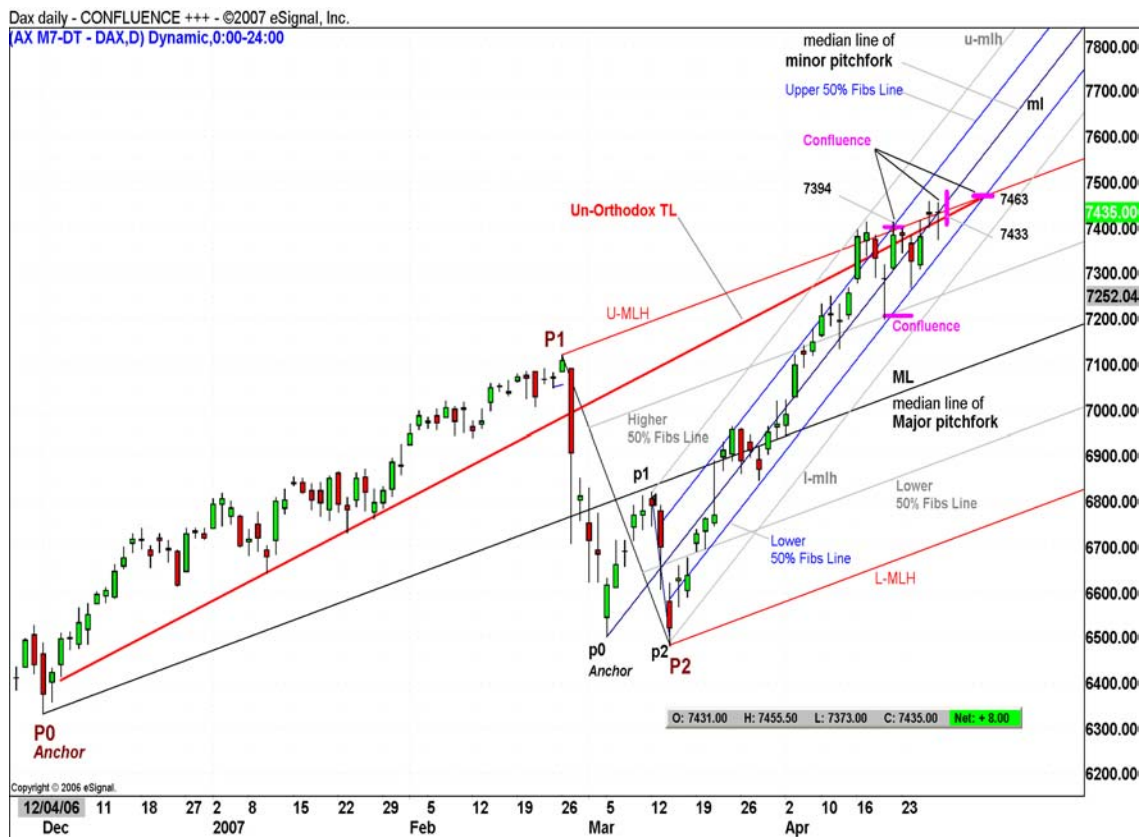
Monthly Chart – The up-sloping ABC pattern has evolved pretty well considering the close of the last week. The market flow closed at 7435 level, thus exceeding the 7380 levels representing the 88.6% of the wave C development ($C > 0.886 \cdot A$). The wave C completion at 7495 level seems now well, on its way.

Weekly Chart – The wave C of the below ABC up-trending pattern did reach now the “non-return” limit of 88.6% at 7452 level. The week’s high is at 7455.5 level, just 3.5 points above it. The classic target of $C=1.618 \times A$ will be reached at 7466 level. The weekly momentum count is now at 6 bars. Will the market flow push ahead another two weeks, in order to reach the Fibonacci number of 8, and only then return? As far as the market is behaving, so far, this scenario is very possible!



Daily Chart – The market just pierced and then re-tested the un-orthodox trend lie. This is a strong signal for a probable up-sloping continuation. As we have mentioned last week, the 70% RSI horizontal trend line still holds vehemently the optimal up-sloping continuation of the market flow. Once this halting level broken-up, the up-sloping market flow can freely progress to 7486-96 cluster zone, on its way to 7683 level (please refer further to *Dax Trading Study* table).

Daily Chart – The market will probably stumble on the below illustrated *confluence* levels before reaching the **7486-96** cluster zone. It is also possible, that one of these *confluence* points will provoke a reversal.



60-min Chart – The market flow is building the final move in its way to the top. This diagonal triangle will signal the end of the impulsive pattern. However, an alternate Elliott wave count should be considered if the market drops under the 7373 level and drops farther under the 7196.5 level (*low of the wave W4*).

60-min Chart – An astute trader should always back-up his forecast levels with a Gann study. The confluence points play here a primordial role in supporting the key levels revealed by other trading methods. For instance the 7486 cluster was first signalled by the Gann % method and below is shown by the Gann angle confluence.



15-min Chart – The local market follows obediently the dominant up-sloping direction of the contextual market flow. The break-up of the prior week's high at 7458 level will confirm the continuation of the trend. The 15-min time frame associated with the 60-min, and sometimes 120-min times frames, is commonly used by the short-term traders.

The Trend-wise Percentage of the German Dax 30 Cash Index (Main German stocks)

Leading the market just before Opening

MORNING of April 30th - 2007

*Morning **BIAS** of*

30 Index stocks

*** 63% Down 19 stocks out of 30**

*** 37% Up 11 stocks out of 30**

Down Opening BIAS

WKN	Name		Geld	Brief	Veränd. (Brief)		Vortag
					abs.	in %	
500340	ADIDAS		43,600	43,890	↓ -0,140	-0,32%	Xetra 44,030
840400	ALLIANZ		165,510	166,080	↑ +0,810	+0,49%	Xetra 165,270
760080	ALTANA		54,250	54,490	↑ +1,790	+3,40%	Xetra 52,700
515100	BASF		87,570	87,860	↓ -0,610	-0,69%	Xetra 88,470
575200	BAYER		49,840	50,050	↓ -1,330	-2,59%	Xetra 51,380
519000	BMW		45,270	45,500	↓ -0,500	-1,09%	Xetra 46,000
803200	COMMERZBANK	IR.	36,670	36,840	↑ +0,070	+0,19%	Xetra 36,770
543900	CONTINENTAL AG		101,000	101,340	↓ -0,040	-0,04%	Xetra 101,380
710000	DAIMLER	IR.	59,400	59,660	↓ -0,740	-1,23%	Xetra 60,400
581005	DEUTSCHE BOERSE N		169,950	170,620	↓ -2,780	-1,60%	Xetra 173,400
555200	DEUTSCHE POST		25,500	25,630	↑ +1,270	+5,21%	Xetra 24,360
800100	DEUTSCHE POSTBANK AG	IR.	71,180	71,540	↑ +1,740	+2,49%	Xetra 69,800
514000	DT.BANK		112,880	113,290	↓ -0,520	-0,46%	Xetra 113,810
555750	DT.TELEKOM		13,320	13,380	↓ -0,100	-0,74%	Xetra 13,480
761440	E.ON		107,790	108,170	↑ +0,350	+0,32%	Xetra 107,820
578580	FMC	IR.	109,790	110,200	↓ -0,140	-0,13%	Xetra 110,340
604843	HENKEL		114,940	115,360	↑ +1,770	+1,56%	Xetra 113,590
802770	HYPO REAL ESTATE HOLDI...		49,040	49,370	↓ -0,350	-0,70%	Xetra 49,720
623100	INFINEON	IR.	11,710	11,780	↓ -0,120	-1,01%	Xetra 11,900
648300	LINDE		81,410	81,890	↓ -0,270	-0,33%	Xetra 82,160
823212	LUFTHANSA		22,220	22,350	↑ +0,390	+1,78%	Xetra 21,960
593700	MAN		98,000	98,400	↑ +2,580	+2,69%	Xetra 95,820
725750	METRO		57,400	57,650	↓ -0,650	-1,11%	Xetra 58,300
843002	MUENCHENER RUECKVERSIC...	IR.	130,490	131,020	↓ -4,130	-3,06%	Xetra 135,150
703712	RWE		76,620	76,990	↓ -0,950	-1,22%	Xetra 77,940
716460	SAP		35,440	35,670	↓ -0,300	-0,83%	Xetra 35,970
723610	SIEMENS		89,780	90,070	↑ +0,540	+0,60%	Xetra 89,530
750000	THYSSEN		39,180	39,360	↑ +0,290	+0,74%	Xetra 39,070
TUAG00	TUI AG		20,160	20,330	↓ -0,240	-1,17%	Xetra 20,570
766400	VW		111,190	111,550	↓ -0,770	-0,69%	Xetra 112,320

Forecasts in this Study have Very High Probability - But they might be wrong !
 Traders must monitor the Market conditions that validate or invalidate the Forecast / Trade
 Trade Market Behavior, NOT ONLY Forecasts - Let the Market be our Guide

Day's BIAS:

Down Opening with a Contextual Up-Trend Continuation

April

30

2007

Reality After Close

To be filled after the Market's Close

Contract's High/Low	7 458	6 016
Nearest High - 2nd, 3rd	7 414	7 318
Last Close	7 435,0	

Length to Contract Range High %/pts

Gann Levels

TRADE

Long if price > 7196.5 to 7442 & 7683

OPEN

7 421,5

Gap pts/50%

-13,5

7441,8

High / Low

7 424,0

7398,5

Open Range

25,5

Close vs DP

Time Length

00:00

13,8

Day Trading Range R2 / S2

REAL Day Trading Range +++

Pre Open Summary	
Fundamentals:	Neutral
Technicals:	Up
Global Sentiment:	Up

Pre Open Components

Major	Hong Kong Exchange *
Events & News	Asian Stocks Down
& US Reports - CET	14:30, 15:45 & 16:00

Up Dn

Nikkei %	Closed	
S&P 500 pts		0,18
ES Night pts		1,25
Crude Oil pts-	66,30	
Euro/\$ pts	1,3610	

*Rule 80/20	24,8%	75,2%
Close against DP Range	6,9	20,8
Pivot Range Value < 3	13,8	
Opening Gap-pts	-13,50	

Day Bar: small/big,RD,NR4,NR7,Ins/Outside Bars

- Imbalance of Supply / Demand -

Double Dojis on daily chart	Contraction
Mirror Bars on daily chart	85%
Momentum Fibs Count (19) near reaching 21 bars	

Daily Range (DR)

Contraction

Daily Range over ATR	85%
Daily Range (pts)	82,50
Daily ATR over 14 days	96,8

Rule 80/20 Up

24,8%

7 435,0

high third

Middle Point

mid third

mid third

75,2%

Rule 80/20 Dn

lower third

7 455,5

High

7 428

7 414

Mid

7 401

7373,0

Low

Mark Fisher - Pivot Range (PR) & Close

6,9	7 435,0	7 428,1	PR High
over / In / under	high third		
Pivot Range	Daily Pivot	7 421,2	DP Range
over / In / under	lower third		
Pivot Range	20,8	7 414,3	PR Low

Last Swing Fib Bars 1-3-5-8-13-21-34

Type of Bars	Normal	Momentum
Monthly Bars	7	6
Weekly Bars	6	6
Daily Bars	30	19

*C =Yesterday's Close

ATR (C-H)	28,50
ATR (H-L)	82,50
ATR (C-L)	54,00

**H & L (Today's High & Low)

Prior Values of

Week High	7458,0
Week Low	7266,0
Month High	7019,5
Month Low	6483,0

R/S Pre Close

7526,0	7414,0
7490,0	7373,0
7458,0	

ATR(14) 96,82

1,6%

23

3 729

6 737

1 865

6 377

High

7 455,5

Low

7 373,0

CLOSE

7 435,0

Yesterday's Close

7427

Day's NET

+8

7 504

7 339

7 518

7 325

Evaluation of Resistance / Support **Strength:**
 Very Strong ++++ Strong +++ Medium ++ Average +

Scenario Up : Resistances	Up Trend MORE Probable	
7507	+++	Pivot Cluster x2
7504	++	R2
7496	++	Gann %
7490	+	Rectangle 150%
7486	++	Gann %
7469	+++	R1 & Gann
7463	+++	Confluence x3
7458	++	Highest High
7455	++	Rectangle 100%
7446	++	Pivot Cluster x2
7435	++	Day's Close
7421	+++	DP
Scenario Dn : Supports	Down Trend LESS Probable	
7421	+++	DP
7387	+++	S1 & wkly Piv
7373	++	Day's Low
7360	++	Month Pivot
7353	++	Old Low
7349	++	Gann
7339	++	S2

Floor Pivots - Use prior bar level values

	DAILY	Weekly	MONTHLY
High	7 456	7 458	7 020
Low	7 373	7 266	6 483
Close	7 435	7 435	6 969
Day's Range			
R5	7 634	7 891	8 238
Mid R4/R5	7 610	7 831	8 067
R4	7 586	7 770	7 897
Mid R3/R4	7 569	7 735	7 799
R3	7 552	7 699	7 701
Mid R2/R3	7 528	7 639	7 531
R2	7 504	7 578	7 360
Mid R1/R2	7 487	7 543	7 263
R1	7 469	7 507	7 165
Mid P/R1	7 445	7 447	6 994
Main Piv	7 421	7 386	6 824
Mid P/S1	7 404	7 351	6 726
S1	7 387	7 315	6 628
Mid S1/S2	7 363	7 255	6 458
S2	7 339	7 194	6 287
Mid S2/S3	7 322	7 159	6 190
S3	7 304	7 123	6 092
Mid S3/S4	7 280	7 063	5 921
S4	7 256	7 002	5 751
Mid S4/S5	7 239	6 967	5 653
S5	7 222	6 931	5 555

Day's Range

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Close - 7435

*** **

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Nuts-and-Bolts

Rule 80/20 - Up 24,8%

Close at 7 435,0 pts above DP

14

Monthly Chart -

Strong up-trend - big last bar, closing in its upper 5% zone

Weekly Chart -

Strong up-trend - sixth green bar, in a row, closing in its upper 10% zone
 Big lower last tail signals that the bears lost over bears, for now.

Daily Chart -

Strong up-trend - market just made a double top, closing in its upper 25% zone
 Watch for the events created around the un-orthodox TL - 7414 level zone.

240 min Chart -

Strong up-trend - market channelling just above the ML - a piercing & re-test in progress

120 min Chart -

Strong up-trend - market up-sloping performing the final move: a diagonal triangle
 The RSI is building the same diagonal triangle!

60 min Chart

Sideways market for two days - a rectangle is here the ideal pattern.

15 min Chart -

Contextual strong up-trend market with a sideways local market. The flow market is probably ready to break-up the upper border of the rectangular triangle at 7458 level

Day's Lessons:

Lessons: Behaviour of 30 Dax stocks Composition, Patterns, Day's Time, RSI & CCI

2. EuroStoxx 50 Futures Index

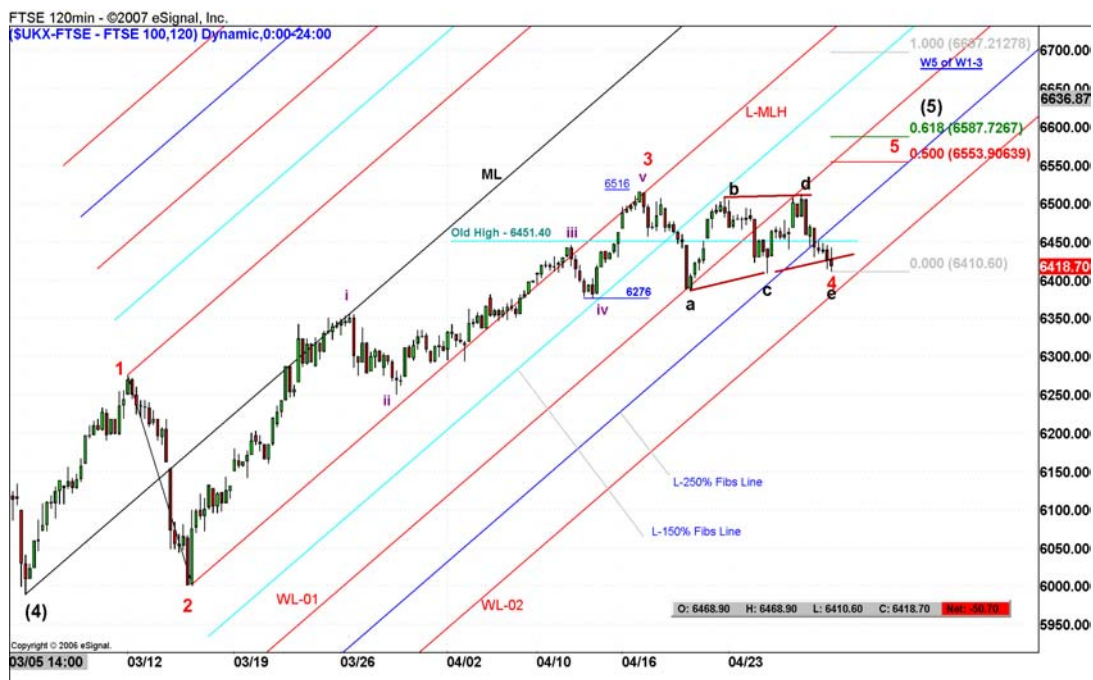
Daily Chart – The market flow bounced downwards, on the up-sloping median line, but the last bar closed above the lower 50% Fibonacci line. The **silhouette pitchfork** is still valid, even if we have drawn its upper/lower median lines, but only for educational purposes. We remind you that this type of pitchfork is a common one, which doesn't have drawn the U-MLH & L-MLH, for an optimal chart visibility. The common size of the W3 wasn't yet attained ($W3=1.618*W1$). Its classic value should normally reach the **4585** level, once the **4438** level is exceeded. The RSI is still in the overbought zone ($>80\%$) supporting the scenario of up-sloping continuation.



Daily Chart – The **silhouette pitchfork** efficiently guides the market flow toward the W3 completion level. The RSI (14) is channelling through an horizontal zone between 60% and 71%. It looks like the market wants to restore its kinetic energy before shooting up.

3. FTSE 100 Cash Index

Daily Chart – Even if the previous highest high at 6451.39 level was broken, the market forms now a multiple bar pullback, in order to restore its energy. This restoration period will probably take the shape of an **abcde** horizontal triangle, better seen on the lower time frames. It is a resting pattern, allowing the market flow to reach new highs. The next immediate up-targets should be **6570** level, followed by **6612** level.



120-min Chart – The complex resting pattern illustrates a textbook example of an ending diagonal triangle, usually formed just before the final explosion. The classic targets on this 120-min chart is the 50%-61.8% zone of W5 between the **6554** and **6587** levels (commonly $W5 = 0.500 - 0.618 * W1 - 3$). However, we should be prepared to have an alternate scenario in case that the market will drop below the low of the wave **iv**: **W3** at **6276** level.

4. German Bund Futures Index

Daily Chart – The strong down-sloping market seems to be halted at 113.36 level. The trading range signals a flat correction pattern, which will restore market's kinetic energy, in its drop to **112.96** and then **112.33** levels. The down-sloping move could go as low as **112.13** level, which represents the completion of W5 (W5=1.00*W1-3). The downwards RSI hook, around 35% level, confirms this scenario.



Daily Chart – The slight divergence illustrated by the OSC(5,35) doesn't warrant an immediate reversal. We remind you that a divergence doesn't always signal a reversal and a reversal is not always accompanied by a divergence.

5. Euro/Usd Futures

Daily Chart – All three up-trending channels on this chart, the 18° price channel, the 25° price channel and the ascending RSI channel, strongly suggest the continuation of the on-going move. The market's recent pullback with a big up-bar bounce on the mid-trend line of the 25° slope Channel strongly confirms this scenario. The strong up-sloping momentum might bring the Eur/Usd currency all the way up to **1.3866**. We will start to consider a probable reversal only when the wave *iv* of wave **5** will be trespassed downwards, under the 1.3400 level zone.



Daily Chart – The steep convergence of the local market illustrated by the OSC(5,35) supports an up-trending move continuation, even if the five month long contextual market forms a slight divergence (*not drawn here*). Keep in mind, that not every divergence signals a reversal and that not every reversal performs a divergence.