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Tue Jul 28 2009 10:46:48

Lloyds is another stock in the limelight this week. We're quite clearly in a well established downtrend, making lower highs and lower lows, which according to Charles Dow is the definition of a 'healthy' down trend. Shorter term the Bulls managed to put a base in place, and starting 13th July we've seen some impressive gains. This would be regarded as nothing more than a corrective bounce as things stand just now, especially as we've stalled at the 38.2% **Fibonacci** Retracement (on the daily charts) at **84.50**. Longer term, a move like this would be regarded as a selling opportunity, as we continue to favour further weakness going forward. The first key support is at **60.70**, below here it's back to the all-time low of **33**. Shorter term, a break of the rising **trendline** at **76.10** today, would signal the end of the recent bounce.

Indicators in play.

Fibonacci introduced his sequence of numbers to mathematics back in the 1200's. These numbers appear in all walks of life but have an eerie influence on trading. We use the 38.2 level as an indication of the strength of the correction or indeed if the longer-term trend has changed.

Trendlines are probably the most basic and easy to understand tools in Technical Analysis. Its just a matter of joining higher lows together with two and some prefer three points of contact. The more dips that touch the line and the longer the support has been in play increases the potency of this type of trading tool.



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Summary

As we've said above, the recent short term strength would be regarded as a longer term selling opportunity. A break of the short term rising trendline would signal an end to the recent bounce, and we'd get short. Initial target is at **59.50**. Below here we'd look for **33**.