

2010-05-06\_European Forex Technicals

European Forex Technicals: EUR/GBP Bears Eyeing 0.8401

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LONDON (Dow Jones)--Rolling 24-hour chart levels:

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0536 GMT	1.2818	93.84	1.5100	1.1186
3 Day Trend	Bearish	Bearish	Bearish	Bullish
Weekly Trend	Bearish	Bullish	Bearish	Bullish
200 day ma	1.3923	92.19	1.5755	1.0617
3rd Resistance	1.2996	94.99	1.5237	1.1286
2nd Resistance	1.2944	94.35	1.5188	1.1266
1st Resistance	1.2906	93.99	1.5145	1.1200
Pivot*	1.2871	94.11	1.5115	1.1131
1st Support	1.2787	93.51	1.5068	1.1153
2nd Support	1.2753	93.37	1.5021	1.1106
3rd Support	1.2731	92.99	1.4964	1.1075

Intraday EUR/USD: The severe bear tone for this week remains intact following the confirmed break below 1.3000, and the congested support area around 1.2787 is being challenged. However, with bear momentum clearly on the increase, a break below there appears likely at this stage, threatening further weakness towards 1.2753. Wednesday's third black crow may indicate downtrend exhaustion, but only a break above 1.2944 would provide respite.

Weekly chart EUR/USD trend: Bearish.

Intraday USD/JPY: Resistance at 94.99 remains solid following Wednesday's sharp setback, and the May 2 higher low at 93.51 is under bear pressure. The corrective recovery off Wednesday's low at 93.54 is taking the shape of a bear wedge, and the threat is for a break below 93.51/54 towards 93.37. A sharp break above 93.99 is required to negate the intraday bear wedge, opening 94.35.

Weekly chart USD/JPY trend: Bullish.

Intraday GBP/USD: The short-term bear trend set a fresh five-week low at 1.5068 Wednesday to extend the setback off the 1.5498 lower high, but the dominant threat is for renewed bear pressure to 1.5021 initially. However, scope exists for the 1.618 downside extension target at 1.4964. Corrective gains need to force a break above the 1.5188 intraday lower high in order to question the negative outlook.

Weekly chart GBP/USD trend: Bearish.

Intraday USD/CHF: The solid uptrend continues to set fresh 11-month highs as the 1.1200 level becomes the immediate focus. Wednesday's strength marked the third white crow candle on the daily chart, and could signal bull exhaustion close to the May 2009 reaction high at 1.1266. However, corrective dips need to break below the 1.1106 intraday higher low before concerning bulls.

Weekly chart USD/CHF trend: Bullish.

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Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0557 GMT	0.8495	120.47	1.4340	0.9048
3 Day Trend	Bearish	Bearish	Bearish	Bearish
Weekly Trend	Bearish	Bearish	Bearish	Bearish
200 day ma	0.8842	128.30	1.4766	0.8862
3rd Resistance	0.8603	122.37	1.4367	0.9200
2nd Resistance	0.8552	121.74	1.4355	0.9124
1st Resistance	0.8526	120.72	1.4350	0.9105
Pivot*	0.8516	121.20	1.4330	0.9067
1st Support	0.8479	119.95	1.4320	0.9002
2nd Support	0.8450	119.66	1.4291	0.8979
3rd Support	0.8401	119.20	1.4259	0.8929

Intraday EUR/GBP: Bears retain control of the short-term to confirm this week's break below the key 0.8603 level, and the 0.8500 level has marginally been breached. There is scope for more weakness as bear momentum is on the increase, and congested support around the 0.8400 area is the main downside target. Former support at 0.8603 reverts to resistance, and is expected to limit corrective gains.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: Wednesday's sharp decline into fresh two-month lows below 122.37 defines the near-term direction, and the 120.00 area has been marginally breached. Renewed bear pressure is likely on Wednesday's low at 119.95, exposing the 2010 low at 119.66, and threatening a deeper setback towards the 119.20 area. Regaining ground above the intraday lower high at 121.74 is required to lift the tone, although former range lows at 122.37 will limit upside scope.

Weekly chart EUR/JPY trend: Bearish.

Intraday EUR/CHF: Remains rangebound, but the gradual downward drift off the Apr. 27 high at 1.4367 is set to put bear pressure on Tuesday's low at 1.4320. With the bull failure high at 1.4367, loss of 1.4320 would expose the April 21 reaction low at 1.4291, which protects 1.4259. Only regaining ground above 1.4350 would question the bearish outlook and suggest a return to the 1.4367 high.

Weekly chart EUR/CHF trend: Bearish.

Intraday AUD/USD: The bear tone off the Apr. 30 lower high at 0.9325 has sharply increased as pressure builds on the March 26 higher reaction low at 0.9002. However, the threat is for further weakness below there to test 0.8979 and the 1.618 extension target at 0.8929. Corrective gains are limited to the 0.9125 area.

Weekly chart AUD/USD trend: Bearish.

\* The pivot is the sum of the high, low and close divided by 3.

For more technical analysis see: Dow Jones Newsires, N/DJTA; Bloomberg, N/DJTA; and Reuters key word search "INSI-DJN"

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