

2010-07-06_European Forex Technicals

European Forex Technicals: EUR/USD To Retest 1.2613 High

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By Francis Bray
A DOW JONES NEWSWIRE COLUMN

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

| Forex spot: | EUR/USD | USD/JPY | GBP/USD | USD/CHF |
|----------------|---------|---------|---------|---------|
| Spot 0428 GMT | 1.2525 | 87.56 | 1.5119 | 1.0620 |
| 3 Day Trend | Bullish | Bearish | Bullish | Bearish |
| Weekly Trend | Bullish | Bearish | Bullish | Bearish |
| 200 day ma | 1.3362 | 91.68 | 1.5394 | 1.0839 |
| 3rd Resistance | 1.2673 | 88.30 | 1.5288 | 1.0752 |
| 2nd Resistance | 1.2613 | 88.22 | 1.5228 | 1.0697 |
| 1st Resistance | 1.2567 | 88.01 | 1.5165 | 1.0675 |
| Pivot* | 1.2537 | 87.81 | 1.5140 | 1.0646 |
| 1st Support | 1.2479 | 87.33 | 1.5070 | 1.0586 |
| 2nd Support | 1.2435 | 86.96 | 1.5000 | 1.0579 |
| 3rd Support | 1.2400 | 86.72 | 1.4876 | 1.0503 |

Intraday EUR/USD: Bulls remain in control of the near-term after setting a fresh six-week high at 1.2613 last Friday. The recovery off 1.2479 Tuesday threatens to test the 1.2567 lower high, where a break would bring the 1.2613 high within striking distance. Given the strong short-term bull trend and the completed inverse head-and-shoulders pattern, there is scope for fresh six-week highs above 1.2613, opening 1.2673 and wave equality at 1.2765. Loss of 1.2479 would deepen the corrective setback, but good support lies at 1.2400 and 1.2380 to limit that threat.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: Remains above last week's low at 86.96, but the corrective recovery is struggling to regain a foothold above the psychological 88.00 area. The main threat is for renewed weakness towards support at 87.33/42 that is keeping a bear pennant intact, and a break below there would bring the focus back onto the 86.96 low. Only above Monday's high at 88.01 would lift the tone, opening 88.22 and short-term pivotal resistance at 88.30.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: Projected support at 1.5070 has contained corrective weakness Tuesday to put resistance at 1.5165 under pressure, carrying the threat for further gains towards the key 1.5228 high from last Friday. However, 1.5228 represents a strong resistance cluster, and only a fresh wave of bull pressure will force a break above there, opening 1.5391. A reversal below 1.5070 would question the bullish outlook, exposing 1.5000.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: The corrective recovery off the July 1 reaction low at 1.0579 has petered out at 1.0697, and the 1.0579 low is set to face renewed bear pressure. There is still room to the downside beyond there towards 1.0503 and the April 1 higher reaction low at 1.0435. A break above Monday's high at 1.0675 is required to question the bear threat, opening 1.0697 and the 1.0752 area.

Weekly chart USD/CHF trend: Bearish.

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| Forex spot: | EUR/GBP | EUR/JPY | EUR/CHF | AUD/USD |
|----------------|---------|---------|---------|---------|
| Spot 0507 GMT | 0.8285 | 110.01 | 1.3312 | 0.8409 |
| 3 Day Trend | Bullish | Bullish | Bearish | Range |
| Weekly Trend | Bearish | Bearish | Bearish | Bearish |
| 200 day ma | 0.8677 | 122.52 | 1.4447 | 0.8751 |
| 3rd Resistance | 0.8330 | 111.00 | 1.3434 | 0.8565 |
| 2nd Resistance | 0.8319 | 110.72 | 1.3400 | 0.8510 |
| 1st Resistance | 0.8299 | 110.43 | 1.3361 | 0.8466 |
| Pivot* | 0.8278 | 110.03 | 1.3343 | 0.8413 |
| 1st Support | 0.8250 | 109.58 | 1.3250 | 0.8361 |
| 2nd Support | 0.8220 | 109.14 | 1.3218 | 0.8318 |
| 3rd Support | 0.8165 | 108.72 | 1.3158 | 0.8203 |

Intraday EUR/GBP: After Monday's consolidation, near-term bulls will look to renew pressure on the July 2 reaction high at 0.8299. Last week's bullish reversal doji suggests there is scope for further gains towards wave quality at 0.8319, and the June 17 previous reaction high at 0.8380. Support lies at 0.8250, and only below there would question the bullish outlook, exposing 0.8220 and the 0.8165 higher low.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: The recovery off Tuesday's current session low at 109.14 is looking to renew pressure on last Friday's high at 110.72, which is part of a key resistance cluster near the 111.00 level. A bull hammer on the weekly chart suggests a basing attempt is underway, although a lot of work needs to be done in order to achieve this, and a sustained break above 111.00 would prompt further gains towards the 112.00 area. Only below 109.14 would question the bullish outlook, exposing the 108.09 higher low.

Weekly chart EUR/JPY trend: Bearish.

Intraday EUR/CHF: Extends the setback off last Friday's bearish doji high at 1.3434 following the push below 1.3311, and leaves the 1.3250 area the target for further weakness. A sustained break below there would leave 1.3434 as a near-term bull failure, exposing the 1.3218 higher low from July 2. Above 1.3361 is required to lift the tone, although 1.3400 will look to protect the 1.3434 high.

Weekly chart EUR/CHF trend: Bearish.

Intraday AUD/USD: Tuesday's marginal low at 0.8318 has failed to attract follow-through weakness, prompting a sharp recovery above 0.8400. Securing a foothold above there would prompt further gains towards the 0.8466 lower intraday high, and the range high at 0.8510. Only below 0.8318 would put bears back in control of the near-term, exposing 0.8203.

Weekly chart AUD/USD trend: Bearish.

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

Dow Jones Newswires, N/DJTA; Bloomberg, NI DJTA; and Reuters key word search "INSI-DJN"

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