

European Forex Technicals: EUR/USD Eyes Gains Towards 1.2765

By Francis Bray

A DOW JONES NEWSWIRES COLUMN

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

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0500 GMT	1.2585	87.45	1.5128	1.0628
3 Day Trend	Bullish	Bearish	Range	Bearish
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3354	91.64	1.5392	1.0836
3rd Resistance	1.2765	88.30	1.5288	1.0750
2nd Resistance	1.2673	88.22	1.5228	1.0697
1st Resistance	1.2663	87.98	1.5161	1.0655
Pivot*	1.2590	87.62	1.5153	1.0606
1st Support	1.2565	87.33	1.5070	1.0562
2nd Support	1.2518	86.96	1.5050	1.0503
3rd Support	1.2479	86.72	1.5000	1.0435

Intraday EUR/USD: Tuesday's bullish outside day defines the short-term trend, and is consolidating beneath insignificant resistance at 1.2673. Having completed an inverse-head-and-shoulders pattern, the main threat is for further strength towards the wave equality target at 1.2765. Support lies at 1.2518 to protect Tuesday's low at 1.2479, and only below there would concern near-term bulls.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: Weakness off Tuesday's truncated high at 87.98 brings the focus back onto support at 87.33. A break below there is expected to prompt further weakness towards the July 1 reaction low at 86.96, shielding the 1.618 extension target at 86.72. Only above 87.98 would question the bearish outlook, opening 88.22 and short-term pivotal resistance at 88.30.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: The key resistance level at 1.5228 has once again beaten back strength, and suggests a triangle consolidation pattern may be underway. The probe below 1.5132 threatens to extend towards the range floor at 1.5070, and backup support lies at 1.5050. Another test of 1.5228 would suggest a breakthrough is not too far away, opening 1.5288.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Set a fresh eleven-week low at 1.0562 Tuesday, but the failure to attract follow-through weakness has prompted a recovery back above 1.0600. However, to strengthen the 1.0562 low, a break above 1.0655 is required, creating scope for further gains towards the July 2 lower high at 1.0697. Failure to hold onto 1.0562 would extend the dominant bear trend towards 1.0503 and the April 1 higher reaction low at 1.0435.

Weekly chart USD/CHF trend: Bearish.

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0525 GMT	0.8326	110.19	1.3372	0.8492
3 Day Trend	Bullish	Bullish	Range	Bullish
Weekly Trend	Range	Bearish	Bearish	Bearish
200 day ma	0.8673	122.40	1.4436	0.8749
3rd Resistance	0.8380	112.00	1.3500	0.8595
2nd Resistance	0.8367	111.00	1.3434	0.8565
1st Resistance	0.8340	110.85	1.3413	0.8528
Pivot*	0.8313	110.18	1.3361	0.8467
1st Support	0.8295	109.87	1.3350	0.8441
2nd Support	0.8250	109.64	1.3284	0.8403
3rd Support	0.8218	109.14	1.3218	0.8318

Intraday EUR/GBP: Maintains the strong recovery off last week's 2010 low at 0.8067 following the push above 0.8299, and is closing in on resistance at 0.8367. This protects the June 17 reaction high at 0.8380, and an inverse head-and-shoulders base appears to be forming on the daily chart, suggesting a near-term peak not far below the 0.8380 high. Corrective weakness will attract support at 0.8295, and only below there would begin the formation of the right-hand shoulder, exposing 0.8250 and 0.8218.

Weekly chart EUR/GBP trend: Range.

Intraday EUR/JPY: Tuesday's bullish outside day extends the recovery off last week's 2010 low at 107.30, and will look to renew pressure on key resistance around the 111.00 level. Tuesday's higher low at 109.14 underpins the short-term uptrend, but a sustained break above 111.00 is required to give longer-term prospects a boost, opening the 112.00 area. Only a break below 109.64 would suggest a return to the 109.14 low is likely.

Weekly chart EUR/JPY trend: Bearish.

Intraday EUR/CHF: Tuesday's solid recovery off 1.3284 questions the validity of the July 2 marginal bull trap high at 1.3434, and Tuesday's bullish outside day suggests there is room for more strength. Resistance lies at 1.3413 to protect the 1.3434 high, and only a break through there would create room for the 1.3500 area. Loss of 1.3284 would put bears in control of the near-term, exposing the 1.3218 higher low.

Weekly chart EUR/CHF trend: Bearish.

Intraday AUD/USD: Tuesday's bullish outside day provides an air of positivity following the recovery off 0.8318, and resistance in the 0.8558/65 area is the focus. While support at 0.8441 holds, the main threat is for a break above 0.8565, opening 0.8595 and the 0.8655 area. Backup support lies at 0.8403, and only below there would suggest a return to the 0.8318 low.

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

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