

## 2010-07-16\_European Forex Technicals

European Forex Technicals: EUR/USD Bulls Target 1.3000

16 Jul 2010, 08:22

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A DOW JONES NEWSWIRES COLUMN

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

Spot 0503 GMT	1.2911	87.02	1.5410	1.0430
3 Day Trend	Bullish	Bearish	Bullish	Bearish
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3311	91.41	1.5378	1.0806
3rd Resistance	1.3095	88.00	1.5524	1.0548
2nd Resistance	1.3000	87.58	1.5498	1.0515
1st Resistance	1.2955	87.25	1.5470	1.0451
Pivot*	1.2871	87.71	1.5390	1.0453
1st Support	1.2869	86.96	1.5351	1.0402
2nd Support	1.2830	86.24	1.5295	1.0357
3rd Support	1.2811	85.85	1.5238	1.0300

Intraday EUR/USD: Thursday's strength extends the strong near-term bull trend to validate the break above a seven-month bear trendline around 1.2750, and resistance at 1.2955 is set to come under fresh pressure. The psychological 1.3000 level looms ahead, but with a cluster of upside targets in the 1.3095/1.3120 area suggests there is scope for a push above 1.3000. Corrective weakness will attract support while above 1.2830, which protects the 1.2811 higher intraday low.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: JPY strength is back with a vengeance, and the USD/JPY is poised to force a break into fresh seven-month lows below 86.96. This would create room for a downwave equality target at 85.85, and leave the November 2009 low at 84.82 vulnerable on a slightly longer-term basis. Only above 87.58 would provide respite, but upside scope is limited.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: Bulls have sustained the break above 1.5240 following Thursday's strong move higher, and resistance at 1.5470 is likely to face a retest. The lower high at 1.5498 is close to psychological resistance, but bull momentum is likely to run out near the April 15 lower reaction high at 1.5524. A key falling long-term daily moving average lies at 1.5530. There is risk of corrective weakness towards 1.5351, but 1.5295 should contain consolidation.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Another wave of bear pressure emerged Thursday to force a break below 1.0481, and is setting fresh five-month lows below 1.0435. Support at 1.0402 is likely to come under fresh pressure, and there is scope for a 1.618 downside extension target at 1.0357. A bear pennant support line lies close to the 1.0200 area, which cannot be ruled out on concerted weakness. Corrective strength should be capped while below the 1.0515 area.

Weekly chart USD/CHF trend: Bearish.

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second table

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0546 GMT	0.8375	112.45	1.3478	0.8757
3 Day Trend	Range	Range	Range	Bearish
Weekly Trend	Bullish	Range	Range	Bullish
200 day ma	0.8652	121.71	1.4364	0.8751
3rd Resistance	0.8429	113.40	1.3621	0.8848
2nd Resistance	0.8418	113.08	1.3545	0.8818
1st Resistance	0.8402	112.75	1.3492	0.8777
Pivot*	0.8367	112.79	1.3447	0.8806
1st Support	0.8336	112.25	1.3425	0.8729
2nd Support	0.8317	111.83	1.3400	0.8685
3rd Support	0.8300	111.55	1.3380	0.8660

Intraday EUR/GBP: The market has become rangebound between 0.8317 and the July 12 high at 0.8418, but having kept the 0.8317 low intact Thursday, the emphasis has switched to resistance at 0.8402. A break through there is required to re-open the 0.8418 high, which has former range lows at 0.8429 providing backup. Only below 0.8336 would expose the range floor at 0.8317.

Weekly chart EUR/GBP trend: Bullish.

Intraday EUR/JPY: Bear pressure has emerged Friday to threaten a break below 112.25 and expose Wednesday's low at 111.83. The main threat is leaving Wednesday's peak at 113.40 as a bull trap, and a break below 111.83 would expose 111.55 and the week's low at 110.68. Above 112.75 is required to provide respite, opening 113.08 and 113.40.

Weekly chart EUR/JPY trend: Range.

Intraday EUR/CHF: Thursday's strong recovery off 1.3380 sees the focus back on Tuesday's gravestone doji high at 1.3492. Bulls need to force a break above there to regain control of the near-term, opening former range lows at 1.3545 that have reverted to resistance. An upside wave equality target lies at 1.3621. Failure to force a break above 1.3492 would prompt weakness towards 1.3425 and 1.3400.

Weekly chart EUR/CHF trend: Range.

Intraday AUD/USD: The failure to retest Wednesday's high at 0.8871 highlights a lack of underlying bull momentum, and brings Thursday's low at 0.8729 into the picture. A break below there would deepen the retracement of the dominant 0.8318/0.8871 rally, exposing the July 12 higher low at 0.8685 and support at 0.8660. Regaining ground above 0.8777 would lift the tone, opening 0.8818.

Weekly chart AUD/USD trend: Bullish.

\* 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"

July 16, 2010 02:22 ET (06:22 GMT)