

European Forex Technicals: EUR Undergoing Bout Of Weakness

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 0459 GMT	1.2888	87.13	1.5285	1.0537
3 Day Trend	Bearish	Bearish	Bearish	Range
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3299	91.27	1.5375	1.0807
3rd Resistance	1.2998	87.71	1.5400	1.0590
2nd Resistance	1.2960	87.58	1.5349	1.0580
1st Resistance	1.2923	87.45	1.5310	1.0561
Pivot*	1.2916	87.25	1.5242	1.0513
1st Support	1.2839	87.02	1.5210	1.0503
2nd Support	1.2785	86.89	1.5187	1.0446
3rd Support	1.2775	86.64	1.5152	1.0400

Intraday EUR/USD: A key bull failure at 1.3029 prompted a sharp setback to 1.2839 Tuesday, and provides a valid signal that the uptrend is reaching exhaustion. While corrective gains are capped beneath 1.2960, the main threat is for renewed bear pressure on the 1.2839 low, creating room for further weakness towards the 1.2775/85 Ichimoku cloud support area. However, this area should manage to contain weakness for Wednesday's session. Only a sustained break above 1.2960 would question the bearish outlook, opening 1.2998.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: The corrective recovery off the July 16 reaction low at 86.27 fell shy of meeting its equality target, having suffered a sharp setback towards 87.02 off Tuesday's high at 87.58 Tuesday. However, a sustained break below 87.02 is required to attract further weakness towards the 86.64 higher low, and threaten to leave 87.58 as a bull failure high. A break above 87.45 would put bulls back in charge, opening 87.58 and 87.71.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: Stages a corrective recovery off Tuesday's low at 1.5152 to leave a bull hammer on the daily chart, and is looking to test resistance in the 1.5310 area. This area also marks the 50% retracement level, and a break above there is required to further lift the tone towards the 1.5400 intraday lower high. However, the 1.5470 reaction high is secure while 1.5400 caps the upside. A break below 1.5210 would bring the focus back down to the 1.5152 low.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Remains capped beneath Monday's high at 1.0561 to protect key resistance in the

1.0580/90 area, and 1.0561 is expected to hold despite piling on bull pressure early in Wednesday's European session. Keeping 1.0561 intact would attract a fresh wave of bear pressure towards 1.0503, and prompt a return to the 1.0446 higher low. Only above 1.0561 would concern bears, opening 1.0590.

Weekly chart USD/CHF trend: Bearish.

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0527 GMT	0.8424	112.22	1.3567	0.8806
3 Day Trend	Bearish	Bearish	Bearish	Bullish
Weekly Trend	Bullish	Range	Bullish	Bearish
200 day ma	0.8646	121.42	1.4342	0.8751
3rd Resistance	0.8531	114.16	1.3677	0.9000
2nd Resistance	0.8487	113.40	1.3636	0.8871
1st Resistance	0.8447	112.85	1.3600	0.8842
Pivot*	0.8467	112.48	1.3580	0.8782
1st Support	0.8400	112.08	1.3512	0.8803
2nd Support	0.8390	111.94	1.3492	0.8765
3rd Support	0.8366	111.43	1.3458	0.8713

Intraday EUR/GBP: The failure to force a break above Monday's high at 0.8531 prompted a sharp setback Tuesday, and the 0.8390 support level is set for a retest. The 0.8531 high has already become a near-term bull failure, and a break below 0.8390 would prompt further weakness towards the July 13 higher low at 0.8317. A break above 0.8487 is required to put near-term bulls back on track, opening 0.8531.

Weekly chart EUR/GBP trend: Bullish.

Intraday EUR/JPY: Resistance emerged close to the July 15 reaction high at 113.40 Tuesday to prompt a sharp setback testing the range low at 111.43, and is, for now, content with trading in mid-range. However, a weaker EUR is favoured at this stage, and a break below 112.08 would prompt a return to the 111.43 range low. A break above 112.85 is required to bring the focus back onto the range high at 113.40.

Weekly chart EUR/JPY trend: Range.

Intraday EUR/CHF: Tuesday's sharp setback off 1.3677 left a bull trap, and the crossrate has become rangebound following the bounce off the range low at 1.3492. However, a return to the 1.3492 floor is more dominant expectation, and a break below there would expose the 1.3412 support area. Corrective upside is struggling to make headway towards 1.3600, and 1.3636 protects the 1.3677 high.

Weekly chart EUR/CHF trend: Bullish.

Intraday AUD/USD: A powerful up-day Tuesday leaves Monday's low at 0.8634 stranded, and pressure is building on resistance at 0.8842. A break through there is expected to tackle the July 14 reaction high at 0.8871, although bears will look to defend this area in order to prevent further strength towards the psychologically-important 0.9000 level. Corrective weakness should be limited to the 0.8765 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 Newswires, N/DJTA; Bloomberg, NI DJTA; and Reuters key word search "INSI-DJN"

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