

European Forex Technicals: GBP/USD Heads Higher Towards 1.57

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 0458 GMT	1.2995	87.72	1.5587	1.0595
3 Day Trend	Bullish	Bullish	Bullish	Bullish
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3280	91.08	1.5375	1.0793
3rd Resistance	1.3095	88.26	1.5700	1.0738
2nd Resistance	1.3047	88.00	1.5635	1.0676
1st Resistance	1.3025	87.88	1.5598	1.0640
Pivot*	1.2998	87.57	1.5546	1.0577
1st Support	1.2967	87.63	1.5510	1.0565
2nd Support	1.2952	87.30	1.5445	1.0525
3rd Support	1.2925	86.82	1.5350	1.0482

Intraday EUR/USD: A potential bull-trap was set at Tuesday's fresh ten-week high at 1.3047 following the failure to attract follow-through above 1.3029, and leaving a doji candle on the daily chart threatens sideways action. A break below 1.2952 would conform to the bear divergence on the daily momentum indicator, exposing 1.2925 and the 1.2889 higher low. Regaining ground above 1.3025 would re-open the 1.3047 high, and threaten a bull wave extension towards 1.3095 and 1.3125.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: Tuesday's strength has left Monday's low at 86.82 stranded, and near-term bulls are tackling short-term pivotal resistance at 88.00. A break above there is favoured as a wave equality target at 88.26 beckons, although sterner resistance can be found in the 88.45 area. Only a sustained break below projected support at 87.30 would question the bullish outlook, exposing 86.82.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: The short-term bull trend is set to extend as minor resistance at 1.5598 is under threat. A break though there would prompt fresh five-month highs towards 1.5635, and create scope for the 1.5700 area. Downside risk is minimal at this stage, and only a break below 1.5510 would question the upside threat, exposing Tuesday's low at 1.5445.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Tuesday's strength builds on the recovery off the July 22 bear-trap low at 1.0394, and is consolidating beneath Tuesday's high at 1.0640. While former resistance at 1.0565 now reverts to support, and with weakness limited to this area, there is room for renewed bull pressure on the 1.0640 high, creating room

for 1.0676 and 1.0738 on concerted strength. Only a sustained break below 1.0565 would question the bullish outlook, and expose Monday's low at 1.0461.

Weekly chart USD/CHF trend: Bearish.

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0526 GMT	0.8344	114.14	1.3777	0.8941
3 Day Trend	Bearish	Bullish	Bullish	Bullish
Weekly Trend	Bearish	Bullish	Bullish	Bullish
200 day ma	0.8635	120.99	1.4304	0.8761
3rd Resistance	0.8465	115.50	1.3946	0.9070
2nd Resistance	0.8415	115.20	1.3831	0.9026
1st Resistance	0.8371	114.42	1.3796	0.9005
Pivot*	0.8361	113.81	1.3733	0.9032
1st Support	0.8318	113.75	1.3630	0.8895
2nd Support	0.8300	113.40	1.3585	0.8871
3rd Support	0.8250	112.79	1.3546	0.8738

Intraday EUR/GBP: Bear pressure is building on the July 23 low at 0.8318 following Tuesday's setback off 0.8415, and a break below 0.8318 is the predominant threat. Such a break would upgrade the decline off the July 19 reaction high at 0.8531, and create room for further weakness towards 0.8250 and the 0.8220 area. Keeping 0.8318 intact would prompt lateral consolidation towards 0.8371 and 0.8415.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: Tuesday's strength has forced a break above 113.40 into fresh two-month highs, and pressure is building on minor resistance at 114.42. A break above there would open 115.20 and the 115.50 lower high, but a wave equality target projected from the 110.02 higher low suggests 116.12 can be achieved. 113.40 reverts to support, and only a sustained break below there would concern near-term bulls.

Weekly chart EUR/JPY trend: Bullish.

Intraday EUR/CHF: Extends the recovery off the July 22 reaction low at 1.3342 to force a break above 1.3677 Tuesday, and minor resistance at 1.3796 is under threat. Meeting the 50% retracement level of the dominant 1.4589/1.3073 decline at 1.3831 is the immediate threat, but a wave equality target projected off 1.3342 lies within reach at 1.3946. 1.3630 has become a near-term pivotal support level, and only a sustained break below there would concern bulls.

Weekly chart EUR/CHF trend: Bullish.

Intraday AUD/USD: Resistance has emerged at 0.9070 to mark a near-term peak, but downside scope should be limited to the 0.8895 area. While this level remains intact, there is recovery scope for 0.9005, and a break above 0.9026 would lift the tone and re-open the 0.9070 high. Only below 0.8895 would concern bulls and expose the July 22 higher low at 0.8738.

Weekly chart AUD/USD trend: Bullish.

* 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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