

# European Forex Technicals: GBP/USD Closing In On 1.6000

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 0457 GMT	1.3175	86.40	1.5876	1.0379
3 Day Trend	Bullish	Bearish	Bullish	Bearish
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3271	90.91	1.5388	1.0779
3rd Resistance	1.3365	86.99	1.6000	1.0477
2nd Resistance	1.3267	86.89	1.5967	1.0452
1st Resistance	1.3196	86.65	1.5906	1.0408
Pivot*	1.3143	86.53	1.5831	1.0405
1st Support	1.3090	86.28	1.5800	1.0348
2nd Support	1.3045	86.20	1.5725	1.0300
3rd Support	1.2980	86.08	1.5679	1.0231

**Intraday EUR/USD:** Forced an upside break into fresh three-month highs following the break above 1.3107 Monday, and is poised to put more pressure on resistance at 1.3196. Having met the key 1.3125 objective, the next target is the 200-day moving average, which lies around 1.3271. The 1.3045 area has become short-term pivotal support, and is protected by 1.3090.

**Weekly chart EUR/USD trend:** Bullish.

**Intraday USD/JPY:** The setback off Monday's high at 86.89 is putting pressure on support at 86.28, and threatening to head lower towards the 86.20 higher low. A break below there would leave 86.89 as a near-term bull failure high, exposing an equality target at 86.08 and leaving last Friday's low at 85.95 vulnerable. A break above 86.65 is required to question the bearish outlook, opening 86.89.

**Weekly chart USD/JPY trend:** Bearish.

**Intraday GBP/USD:** Monday's strength builds on last Friday's bullish outside day, and has stretched into fresh six-month highs to 1.5906. The 1.618 extension target at 1.5967 is the immediate target, which is also the 61.8% retracement of the 1.7041/1.4229 decline, and close to the 1.6000 level. Corrective weakness will attract support while above 1.5725, which is protected by the 1.5800 area.

**Weekly chart GBP/USD trend:** Bullish.

**Intraday USD/CHF:** Monday's setback off 1.0477 forced a break into fresh six-month lows below 1.0362, and paves the way for further weakness towards 1.0300. A completed bear wedge can be seen on the 60-minute chart, and a downside equality projection off the 1.0477 wedge high creates scope for a deeper setback to 1.0199. Corrective gains needs to breach 1.0408 in order to provide respite, but upside scope looks limited while

below 1.0477.

Weekly chart USD/CHF trend: Bearish.

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0527 GMT	0.8295	113.85	1.3671	0.9116
3 Day Trend	Range	Bullish	Bullish	Bullish
Weekly Trend	Bearish	Bullish	Bearish	Bullish
200 day ma	0.8622	120.70	1.4279	0.8771
3rd Resistance	0.8363	115.50	1.3772	0.9193
2nd Resistance	0.8345	114.74	1.3755	0.9145
1st Resistance	0.8318	114.19	1.3700	0.9120
Pivot*	0.8292	113.61	1.3659	0.9108
1st Support	0.8255	113.39	1.3635	0.9091
2nd Support	0.8230	113.02	1.3592	0.9066
3rd Support	0.8202	112.59	1.3573	0.9025

Intraday EUR/GBP: Despite setting a fresh four-week low at 0.8255 Monday, the subsequent recovery towards 0.8318 suggests a near-term base is forming. A break above 0.8318 is required to further lift the tone and build on the recovery, opening 0.8345 and the 0.8363 intraday lower high. Only a break below 0.8255 would put bears back in control of the near-term, exposing 0.8230 and the 0.8202 downside equality target.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: The recovery off last Friday's low at 112.03 reached 114.19 Monday, and near-term bulls are looking to renew pressure on the 114.19 high. The key July 28 reaction high at 114.74 would become vulnerable on a break above there, and create scope for the wave equality target at 116.12. Failure to break through 114.19, combined with a break below 113.02 is required to put bears back in control of the near-term, exposing the 112.03 low.

Weekly chart EUR/JPY trend: Bullish.

Intraday EUR/CHF: Resistance has emerged at 1.3700 to cap the rally off last Friday's low at 1.3510, but as the near-term uptrend still holds sway, the 1.3700 level is likely to face renewed pressure. A sustained break above there would open 1.3755 and the 1.3772 1.618 extension target, which lies in front of the July 28 reaction high at 1.3819. 1.3635 has become a near-term pivotal support level, and only below 1.3592 would concern bulls.

Weekly chart EUR/CHF trend: Bearish.

Intraday AUD/USD: Consolidates beneath Monday's twelve-week high at 0.9145 to correct the recent strong advance, and a break below 0.9091 is likely to prompt a setback towards the 0.9025 area. However, this 50% retracement level is expected to limit corrective weakness before attracting renewed bull pressure back to the 0.9145 high. There is still an upwave equality target at 0.9193 that needs to be met. Only a sustained break below 0.9025 would question the underlying bullish tone.

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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