

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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Data provided by CQG International Ltd.

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August 03, 2010 02:23 ET (06:23 GMT)