

2010-08-16\_European Forex Technicals

European Forex Technicals: EUR To Extend Weakness  
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A DOW JONES NEWSWIRE COLUMN

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

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0438 GMT	1.2791	85.84	1.5588	1.0504
3 Day Trend	Bearish	Bullish	Bullish	Bearish
Weekly Trend	Bearish	Bearish	Bearish	Range
200 day ma	1.3255	90.46	1.5424	1.0754
3rd Resistance	1.2906	86.89	1.5715	1.0630
2nd Resistance	1.2867	86.39	1.5680	1.0555
1st Resistance	1.2832	86.24	1.5619	1.0534
Pivot*	1.2803	86.04	1.5615	1.0516
1st Support	1.2732	85.46	1.5525	1.0465
2nd Support	1.2682	84.94	1.5445	1.0395
3rd Support	1.2605	84.72	1.5425	1.0332

Intraday EUR/USD: Bears remain in control of the short-term after testing the July 21 higher low at 1.2732 Monday. A break below there would extend the setback off the Aug. 6 reaction high at 1.3334, prompting fresh three-week lows and creating scope for the 50% retracement level of the 1.1876/1.3334 rally at 1.2605. Regaining ground above 1.2832 would lift the tone, opening 1.2867 and Friday's high at 1.2906.

Weekly chart EUR/USD trend: Bearish.

Intraday USD/JPY: Monday's action consolidates beneath Friday's high at 86.39 to halt the recovery off the Aug. 11 15-year low at 84.72. Last week's lower low, higher close candle suggests a significant basing attempt is underway, and keeping the current setback limited to the key short-term pivotal support level at 85.46 intact would lift prospects for a retest of the 86.39 high. Above there would open 86.89 and the 87.00 resistance area. Only a sustained break below 85.46 would question the recovery hopes and bring the focus back onto the 84.72 low.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: The dominant bear tone, evident off Friday's high at 1.5680, has extended into Monday's session following the probe into fresh near-term lows below 1.5562. However, with good support lying in the 1.5525 area, there is risk of a short-term base emerging, and a break above 1.5619 would re-open the 1.5680 lower high. A sustained break below 1.5525 would extend the setback off last week's reaction high at 1.5998, creating scope for further weakness towards 1.5445.

Weekly chart GBP/USD trend: Bearish.

Intraday USD/CHF: Support at 1.0465 is under pressure as bears look to extend the setback off the Aug. 12 peak at 1.0630. A break below there would create scope for further weakness towards the 1.0395 support area, but downside risk looks limited to this area for Monday's session. Regaining ground above 1.0534 would lift the tone and re-open Friday's high at 1.0555, which stands in the way off the 1.0630 high.

Weekly chart USD/CHF trend: Range.

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second table

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0516 GMT	0.8201	109.76	1.3421	0.8907
3 Day Trend	Bearish	Bearish	Bearish	Bearish
Weekly Trend	Bearish	Bearish	Bearish	Bearish
200 day ma	0.8592	119.95	1.4229	0.8799
3rd Resistance	0.8272	111.75	1.3540	0.9035
2nd Resistance	0.8265	111.12	1.3506	0.8994
1st Resistance	0.8229	110.28	1.3449	0.8942
Pivot*	0.8205	110.20	1.3451	0.8962
1st Support	0.8176	109.23	1.3370	0.8860
2nd Support	0.8150	108.73	1.3342	0.8800
3rd Support	0.8086	107.75	1.3270	0.8735

Intraday EUR/GBP: The downtrend off the August 10 bear flag high at 0.8362 is set to put renewed pressure on Friday's low at 0.8176. The minor downside target at 0.8150 is likely to be tested, and a downwave equality target lies at 0.8086; just above the June 29 reaction low at 0.8067. Only above 0.8272 would question the bearish outlook, which is protected by 0.8229.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: Bear pressure is building on support at 109.23 following the setback off Friday's high at 111.12. Last week's collapse through 112.50 defines the tone, and a break below 109.23 would prompt further weakness towards 108.73 and the 107.75 area. Regaining ground above 110.28 is required to question the extent of the bear threat, opening Friday's high at 111.12.

Weekly chart EUR/JPY trend: Bearish.

Intraday EUR/CHF: The dominant bear tone from last week has carried over into Monday's session as support at 1.3342 becomes the focus. Minor support at 1.3370 lies just above there to protect 1.3342, but the persistent downtrend will look to test the July 7 higher low at 1.3260 on concerted weakness. A break above 1.3506 is required to lift the tone, but only above Friday's high at 1.3540 would question the bearish outlook.

Weekly chart EUR/CHF trend: Bearish.

Intraday AUD/USD: Support at 0.8860 has survived a test Monday following the recovery back above 0.8900, and is close to testing session highs at 0.8942. A break above there is required to lift the tone and re-open 0.8994, although last week's bearish candle suggests recovery scope is likely to be limited. A return to 0.8860 would threaten an extension to the setback off the August 6 reaction high at 0.9221, exposing 0.8800 and 0.8735.

Weekly chart AUD/USD trend: Bearish.

\* 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"

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