

2010-10-15_European Forex Technicals

European Forex Technicals: USD Staging Corrective Recovery

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London (TRADING Central)--Rolling 24-hour chart levels:

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0448 GMT	1.4041	81.30	1.6018	0.9554
3 Day Trend	Bullish	Bearish	Bullish	Bearish
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3248	88.14	1.5507	1.0475
3rd Resistance	1.4123	82.38	1.6103	0.9643
2nd Resistance	1.4110	82.01	1.6066	0.9596
1st Resistance	1.4088	81.68	1.6048	0.9567
Pivot*	1.4054	81.40	1.5994	0.9527
1st Support	1.3995	81.09	1.5973	0.9513
2nd Support	1.3954	80.88	1.5905	0.9463
3rd Support	1.3912	80.00	1.5890	0.9425

Intraday EUR/USD: downside consolidation is underway off Thursday's eight-month high at 1.4123, but corrective weakness is expected to be limited to the 1.3995 area. While 1.3995 holds, a test of resistance at 1.4088 and the lower peak at 1.4110 is expected, but only movement above 1.4110 would re-open the 1.4123 high. There are signs that the short-term uptrend has over-stretched and a break below 1.3995 would upgrade the setback, exposing Wednesday's low at 1.3912.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: stages a corrective recovery off Thursday's fresh 15-year low at 80.88, but the dominant bear tone remains evident as support at 81.09 is likely to be tested. A break below 81.09 would strengthen the 81.68 peak, attracting further bear pressure back to the 80.88 low and threatening further weakness towards the psychologically-important 80.00 level. Only a break above 81.68 would lift the tone, opening 82.01 and potentially Tuesday's bull failure high at 82.38.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: Thursday's first close above 1.6000 since late January suggests Thursday's 1.6066 high is likely to be challenged. The bull wave equality target at 1.6103 needs to be met, and scope has been created for further strength to the 1.6200 area. Only a break below 1.5890 would question the bullish outlook, which is protected by 1.5905.

Weekly chart GBP/USD trend: Bullish.

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Intraday USD/CHF: corrective upside scope has been created for 0.9596 following the good recovery off Wednesday's all-time low at 0.9463. A break through 0.9567 is required to open the 0.9596 target, which lies in front of key resistance at 0.9643. Failure to hold onto support at 0.9513 would negate the recovery hopes and expose Thursday's low at 0.9463.

Weekly chart USD/CHF trend: Bearish.

second table

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0517 GMT	0.8770	114.16	1.3427	0.9915
3 Day Trend	Bearish	Bearish	Range	Bullish
Weekly Trend	Bullish	Range	Range	Bullish
200 day ma	0.8541	116.78	1.3857	0.9016
3rd Resistance	0.8888	115.00	1.3495	1.0105
2nd Resistance	0.8838	114.79	1.3468	0.9996
1st Resistance	0.8817	114.50	1.3438	0.9951
Pivot*	0.8797	114.50	1.3399	0.9941
1st Support	0.8760	113.88	1.3373	0.9875
2nd Support	0.8720	113.35	1.3339	0.9834
3rd Support	0.8698	112.86	1.3267	0.9805

Intraday EUR/GBP: the push lower off Wednesday's doji high at 0.8838 is challenging support at 0.8760 and is likely to extend toward the 0.8720 area. However, the week's low at 0.8698 is looking increasingly vulnerable, suggesting 0.8838 is increasingly likely to become a significant peak. A break above 0.8817 is required to nullify the bearish outlook, opening the 0.8838 high.

Weekly chart EUR/GBP trend: Bullish.

Intraday EUR/JPY: Thursday's bull trap high at 114.79 is expected to prompt weakness back to support at 113.88. The main threat now is for a break below 113.88 to expose 113.35 and for a retest of the week's low at 112.86 during next week. A recovery above 114.50 is required to suggest a return to the 114.79 high, but only a sustained break above the latter would improve the negative outlook.

Weekly chart EUR/JPY trend: Range.

Intraday EUR/CHF: resistance at 1.3438 is under threat following the corrective recovery off 1.3267, but upside risk looks limited to resistance in the 1.3468 area. A head-and-shoulders top formation is appearing on the daily chart and a break below 1.3339 is required to bring the focus back to the neckline close to the 1.3264/67 lows. Only a sustained break above 1.3468 would negate the head-and-shoulders threat, opening the Oct. 8 peak at 1.3495.

Weekly chart EUR/CHF trend: Range.

Intraday AUD/USD: support in the 0.9875 area looks set to cushion corrective weakness off Thursday's 28-year high at 0.9996. A recovery above 0.9951 is required to lift the tone further and bring the focus back onto the 0.9996 high, threatening a push above parity toward a measured target at 1.0105. Only a sustained break below 0.9875 would concern bulls, exposing the 0.9805 area.

Weekly chart AUD/USD trend: Bullish.

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* The pivot is the sum of the high, low and close divided by 3.

To watch a series of short videos explaining the basics of technical analysis, click on this link: <http://link.brightcove.com/services/player/bcpid44283734001>

For more technical analysis see: Dow Jones Newsires, N/DJTA; Bloomberg, NI DJTA; and Reuters key word search "INSI-DJN"

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