

European Forex Technicals: JPY Under The Cosh

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Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0553 GMT	1.3147	83.19	1.5519	0.9667
3 Day Trend	Bearish	Bullish	Range	Bullish
Weekly Trend	Range	Bullish	Range	Bearish
200 day ma	1.3344	85.68	1.5612	1.0139
3rd Resistance	1.3292	83.86	1.5771	0.9852
2nd Resistance	1.3250	83.67	1.5664	0.9735
1st Resistance	1.3192	83.40	1.5627	0.9686
Pivot*	1.3200	82.84	1.5531	0.9605
1st Support	1.3125	82.50	1.5434	0.9587
2nd Support	1.3105	82.28	1.5347	0.9515
3rd Support	1.3055	81.68	1.5297	0.9461

Intraday EUR/USD: bears are in control of the near-term and have the five-week bear pennant support line at 1.3105 in their sights. The sharp setback off 1.3435 defines the dominant tone and bears will look to complete the continuation pattern by forcing a break below 1.3105 towards the Dec. 23 low at 1.3055. The main objective is retesting the Nov. 30 reaction low at 1.2969. Corrective gains should be limited to the 1.3250 area and only above there would mean more lateral trading within the pennant, opening the 1.3425 area.
Weekly chart EUR/USD trend: Range.

Intraday USD/JPY: Wednesday's strength builds on this week's recovery off 80.93 and the 83.67/83.86 resistance cluster is the immediate target. The uppermost boundary of the cluster is a 1.618 Fibonacci extension target projected off the 81.68 higher low, but this week's strong rally suggests the market is trading within a nine-week bear flag pattern. For the near-term, congestion between 81.68 and 82.28 will limit corrective weakness.
Weekly chart USD/JPY trend: Bullish.

Intraday GBP/USD: key resistance at the Dec. 31 reaction high at 1.5664 has again been called into action, as part of a choppy consolidation phase. Monday's low at 1.5434 defines the bottom of the consolidation area and more ranging is expected between 1.5434 and 1.5664. However, if this recovery off the Dec. 28 reaction low at 1.5347 is to become the right-hand shoulder in a head-and-shoulders pattern on the daily chart, then an upside resolution to this near-term consolidation is expected. Failure to keep 1.5434 intact would bring the focus back onto the 1.5347 reaction low.
Weekly chart GBP/USD trend: Range.

Intraday USD/CHF: sharply extends the recovery off the all-time low at 0.9301 and resistance at 0.9735 is the immediate target. The 50% Fibonacci retracement level of the dominant 1.0067/0.9301 decline is stalling the rally at 0.9686 for now, but the near-term upside threat to 0.9735 still pervades. Corrective downside risk is limited to the 0.9515 area, which is protected by 0.9587.
Weekly chart USD/CHF trend: Bearish.

Second Table

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0633 GMT	0.8475	109.36	1.2703	0.9979
3 Day Trend	Bearish	Bearish	Bullish	Bearish
Weekly Trend	Bearish	Range	Bearish	Bullish
200 day ma	0.8546	114.30	1.3515	0.9422
3rd Resistance	0.8595	110.24	1.2835	1.0130
2nd Resistance	0.8564	110.16	1.2765	1.0079
1st Resistance	0.8525	109.83	1.2727	1.0022
Pivot*	0.8497	109.24	1.2666	1.0012
1st Support	0.8446	109.08	1.2650	0.9944
2nd Support	0.8400	109.00	1.2570	0.9895
3rd Support	0.8355	108.51	1.2495	0.9831

Intraday EUR/GBP: the sharp setback off Monday's 0.8646 bull trap high extends and the threat of further weakness towards 0.8446 weighs. However, only a push below 0.8446 would put bears in control of the near-term, exposing a five-week bull support line at 0.8400. Congested resistance lies between 0.8564 and 0.8595 to cap corrective gains, protecting the 0.8646 peak.
Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: Wednesday's recovery off 108.51 is retracing Tuesday's sharp setback off 110.24, but is stalling ahead of projected resistance at 109.83. Weakness will look to challenge the 109.00/08 support area and given the euro's general weakness across-the-board, a push back towards the 108.51 low cannot be ruled out. Only above 109.83 would re-open the 110.24 high.
Weekly chart EUR/JPY trend: Range.

Intraday EUR/CHF: Wednesday's strength breaches the 1.2700 level and is within striking distance of the 1.2765 resistance area. The positive short-term wave structure suggests there is scope for the 1.2835 area, leaving Wednesday's low at 1.2570 as a higher low. Corrective weakness will attract support at 1.2650, protecting the 1.2570 higher low.
Weekly chart EUR/CHF trend: Bearish.

Intraday AUD/USD: extends the sharp setback to head below parity, paving the way for further weakness towards the 0.9895 area. The 50% Fibonacci retracement level of the 0.9537/1.0258 advance lies in the 0.9895 area, which will look to protect the Dec. 16 low at 0.9831. A larger head-and-shoulders top appears to be forming on the daily chart, suggesting there is scope for 0.9752 and 0.9651 during this bear wave. A recovery above 1.0079 is required to provide respite, opening 1.0130.
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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