

European Forex Technicals: More Upside Scope For EUR/USD

28 Jan 2011, 08:17

By Francis Bray
A DOW JONES NEWSWIRE COLUMN

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0556 GMT	1.3710	82.63	1.5889	0.9449
3 Day Trend	Bullish	Bullish	Range	Bearish
Weekly Trend	Bullish	Range	Bullish	Bearish
200 day ma	1.3348	85.24	1.5644	1.0058
3rd Resistance	1.3841	83.22	1.6015	0.9554
2nd Resistance	1.3786	83.00	1.5990	0.9523
1st Resistance	1.3760	82.82	1.5936	0.9482
Pivot*	1.3710	82.72	1.5932	0.9441
1st Support	1.3663	82.50	1.5880	0.9420
2nd Support	1.3625	82.25	1.5830	0.9389
3rd Support	1.3540	81.97	1.5770	0.9350

Intraday EUR/USD: continues to edge higher into fresh two-month highs, to bring the 1.3786 high into the picture. Thursday's bullish outside day keeps the dominant sentiment positive and fresh near-term highs above 1.3760 is favored to open the 1.3786 target, protecting the wave equality target at 1.3841. However, the negative divergence in momentum on the 60-minute chart continues to cause concern, suggesting a significant peak is not too far away. Solid support lies in the 1.3540 area, which is protected by 1.3625.
Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: resistance emerged at 83.22 to keep a lid on the corrective rally and is applying pressure to support at 82.50. A further weakening below 82.50 is the main threat, to leave the 82.25 area exposed. Keeping 82.50 intact, combined with a break above 83.00 would be required to question the negative tone, opening 83.22.
Weekly chart USD/JPY trend: Range.

Intraday GBP/USD: bears are protecting the 1.6000 level following Thursday's setback off 1.5990. A break below support at 1.5880 is expected to expose the key 1.5830 level, which will look to defend Tuesday's reaction low at 1.5752. Regaining ground above 1.5936 is required to lift the tone and prompt a return to the 1.5990 high. However, only above 1.5990 would put bulls in control, opening 1.6015 and the Jan. 18 reaction high at 1.6058.
Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Thursday's bullish outside day provides an unexpected near-term boost and remains close to resistance at 0.9482. A push through 0.9482 is likely to open 0.9523, but gains are expected to be capped beneath the key projected resistance level at 0.9554. Only a break through 0.9554 would suggest a serious basing attempt is underway. Thursday's low at 0.9389 would become exposed on a push below 0.9420 and the powerful short-term bear trend still has December's all-time low at 0.9301 in its sights.
Weekly chart USD/CHF trend: Bearish.

2011-01-28_08h17_European Forex Technicals - More Upside Scope For EURUSD

Second Table

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0628 GMT	0.8625	113.33	1.2958	0.9908
3 Day Trend	Bullish	Bullish	Bearish	Bearish
Weekly Trend	Bullish	Bullish	Bullish	Range
200 day ma	0.8532	113.75	1.3412	0.9500
3rd Resistance	0.8690	114.30	1.3068	1.0023
2nd Resistance	0.8672	114.02	1.3031	1.0004
1st Resistance	0.8650	113.90	1.3002	0.9945
Pivot*	0.8609	113.45	1.2959	0.9934
1st Support	0.8582	112.91	1.2891	0.9876
2nd Support	0.8530	112.70	1.2881	0.9850
3rd Support	0.8500	112.42	1.2827	0.9804

Intraday EUR/GBP: stages a recovery off 0.8582 to threaten further gains back to Wednesday's eleven-week high at 0.8672. Regaining ground above 0.8650 would be required to attract the push needed to open 0.8672 and threaten an uptrend extension towards the 61.8% Fibonacci retracement level of the 0.8941/0.8285 decline, at 0.8690. Failure to keep 0.8582 intact would prompt a deeper corrective setback toward the solid 0.8530 support area.
Weekly chart EUR/GBP trend: Bullish.

Intraday EUR/JPY: Thursday's strength managed to test the 114.00 level, but remains shy of the key upside target at 114.30. While corrective weakness is limited to the 112.70 area, a fresh assault on the 114.02 high is the main threat, creating scope for 114.30 on concerted strength. However, as the base of the weekly Ichimoku cloud and a bear pennant resistance line lie around 114.30, upside risk is likely to be limited. Only a break below 112.42 would concern bulls.
Weekly chart EUR/JPY trend: Bullish.

Intraday EUR/CHF: extends the recovery off Tuesday's low at 1.2827 to challenge the 1.3000 level and scope has been created for a wave equality target at 1.3031. However, a fresh wave of bull pressure through 1.3031 would be required to re-open this week's 1.3068 high. Failure to hold onto support between 1.2881/91 would put bears in control of the near-term, exposing Tuesday's low at 1.2827.
Weekly chart EUR/CHF trend: Bullish.

Intraday AUD/USD: remains within the bear pennant continuation pattern, but Thursday's weakness puts support at 0.9876 at risk. A break below 0.9876 would expose the pennant support line at 0.9850, threatening to complete the pattern and prompt further weakness towards the Jan. 12 reaction low at 0.9804. A clean break above 0.9945 is required to defer the bearish outlook, opening 1.0004 and 1.0023.
Weekly chart AUD/USD trend: Range.

* 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"

January 28, 2011 02:17 ET (07:17 GMT)