

2010-07-05_European Forex Technicals

European Forex Technicals: USD To Weaken Further
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LONDON (Dow Jones)--Rolling 24-hour chart levels:

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0503 GMT	1.2539	87.92	1.5170	1.0645
3 Day Trend	Bullish	Bearish	Bullish	Bearish
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3370	91.72	1.5397	1.0841
3rd Resistance	1.2673	88.59	1.5395	1.0800
2nd Resistance	1.2613	88.30	1.5288	1.0734
1st Resistance	1.2567	88.01	1.5228	1.0697
Pivot*	1.2552	87.77	1.5114	1.0637
1st Support	1.2485	87.65	1.5102	1.0616
2nd Support	1.2430	87.33	1.5070	1.0579
3rd Support	1.2400	86.96	1.5000	1.0503

Intraday EUR/USD: Bulls are in control of the near-term after setting a fresh six-week high at 1.2613 Friday. Consolidation is underway to validate the break above 1.2490, and although there is scope to the 1.2430 area, bulls are expected to cushion dips in the 1.2485 area to protect 1.2430. The main threat is for renewed bull pressure on the 1.2613 high, opening 1.2673 and wave equality at 1.2765.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: Remains above last week's low at 86.96, but the corrective recovery appears to be struggling to regain a foothold above the psychological 88.00 area. The 88.30 has become short-term pivotal resistance, and a break above there is required to lift the tone, opening the wave equality target at 88.59. Dominant bears will look to keep 88.59 intact, and a break below Friday's low at 87.33 would bring the focus back onto the 86.96 low, exposing the 1.618 downside extension target at 86.72.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: Resistance emerged at 1.5228 Friday to halt the strong rally off the July 1 reaction low at 1.4876, and consolidation is likely back towards support in the 1.5070 area. 1.5228 represents a key resistance cluster, and should therefore look to force a break below 1.5070 towards 1.5000, given the wider picture is that of a major bear trend. Above 1.5228 would prompt further gains towards 1.5395, and weaken the prominent 1.5524 lower reaction high from April.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Undergoes consolidation off the July 1 reaction low at 1.0579 after an almost-continuous 19-day bear move off the June 7 lower high at 1.1673. Bears have capped the recovery at 1.0697, and only a break through there would create further upside scope towards 1.0734 and the key 1.0800 area. Loss of 1.0616 is required to bring the focus back onto the 1.0579 low, threatening to expose the April 14 higher low at 1.0503. However, the main target will be the April 1 higher reaction low at 1.0435.

Weekly chart USD/CHF trend: Bearish.

2010-07-05_European Forex Technicals

second table

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0544 GMT	0.8261	110.32	1.3351	0.8440
3 Day Trend	Bullish	Bullish	Range	Range
Weekly Trend	Bearish	Bearish	Bearish	Bearish
200 day ma	0.8681	122.65	1.4458	0.8755
3rd Resistance	0.8330	112.00	1.3545	0.8565
2nd Resistance	0.8319	111.00	1.3500	0.8550
1st Resistance	0.8299	110.72	1.3434	0.8510
Pivot*	0.8247	110.15	1.3335	0.8410
1st Support	0.8220	109.55	1.3293	0.8395
2nd Support	0.8165	109.05	1.3218	0.8347
3rd Support	0.8101	108.72	1.3149	0.8319

Intraday EUR/GBP: Extends the strong recovery off the June 29 19-month low at 0.8067 to force a break above 0.8256, and resistance at 0.8299 is likely to be retested. Last week's bullish reversal doji suggests there is room for the June 17 previous reaction high at 0.8380. Support lies at 0.8220, and only below there would question the bullish outlook, exposing the 0.8165 higher low.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: The recovery off last week's eight-and-a-half year low at 107.30 is approaching key resistance clustered around the 111.00 level. A bull hammer on the weekly chart suggests a basing attempt is underway, although a lot of work needs to be done in order to achieve this, and a sustained break above 111.00 would prompt further gains towards the key 112.00 area. However, there is risk of consolidation towards 109.55 and 109.05, which near-term bulls will be keen to keep intact.

Weekly chart EUR/JPY trend: Bearish.

Intraday EUR/CHF: The recovery off the July 1 all-time low at 1.3073 remains on course for further gains while the 1.3218 higher low holds, and Friday's high at 1.3434 is still within striking distance. However, Friday's bearish doji suggests a fresh wave of bull pressure is required to force a break above there, opening 1.3500 and former range lows at 1.3545 which have reverted to resistance. Below 1.3218 would damage the structure of the corrective recovery, bringing the focus back onto the 1.3073 low.

Weekly chart EUR/CHF trend: Bearish.

Intraday AUD/USD: Undergoes a corrective recovery off the July 1 low at 0.8319, although consolidation looks limited below resistance at 0.8510 and 0.8550. The dominant threat comes from last week's solidly bearish candle, and a break below 0.8395 would prompt weakness back to the 0.8319 low.

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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