

CHARTING EUROPE: EUR/USD Still On Course For \$1.4000

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LONDON (Dow Jones)--Although the euro is wobbling against the safe-haven currencies like the Swiss franc, the uptrend against the U.S. dollar is still on course to meet the psychologically-important \$1.4000 level.

The ease with which EUR/USD broke through \$1.3700 last week initially created the belief that \$1.4000 was to be met fairly quickly. But Monday's dark cloud cover candle provided a barrier at \$1.3809 to prompt a corrective setback.

However, the strong recovery off Tuesday's current session low at \$1.3637 has already confirmed \$1.3637 as a bear failure low, and the \$1.3809 peak is now the focus. See the EUR/USD daily chart for details.

<http://www.dowjoneswebservices.com/chart/view/4680>

The strength underpinning this dominant short-term uptrend can be seen from this chart, and a break above \$1.3809 Tuesday would increase prospects of reaching \$1.4000 this week, providing visual evidence of how easy bearish intonations can be themselves negated.

Meeting the wave equality target at \$1.4046 is a necessity for keeping the medium-term recovery off the June 7 reaction low at 1.1876 ongoing. The \$1.4046 objective is acquired by projecting the size of the \$1.1876/\$1.3334 rally from the August 24 higher low at \$1.2588.

And as \$1.4055 marks a two-thirds retracement of the \$1.5145/\$1.1876 downwave, the uptrend is expected to pause for breath in this \$1.4000/\$1.4055 resistance box.

Keeping \$1.3809 intact would prompt lateral consolidation within a bullish continuation pattern, symbolically deferring the \$1.4000 threat by a couple of days.

But to negate the immediate bullish outlook, a break below \$1.3637 is required, creating scope for a corrective setback towards \$1.3495.

At 0829 GMT, EUR/USD is at \$1.3781.

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

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

Data provided by CQG International Ltd.

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