

EUR / JPY

Weekly in Depth Technical Report

12 / 9 / 2013 – 12 / 13 / 2013

Report Analyst

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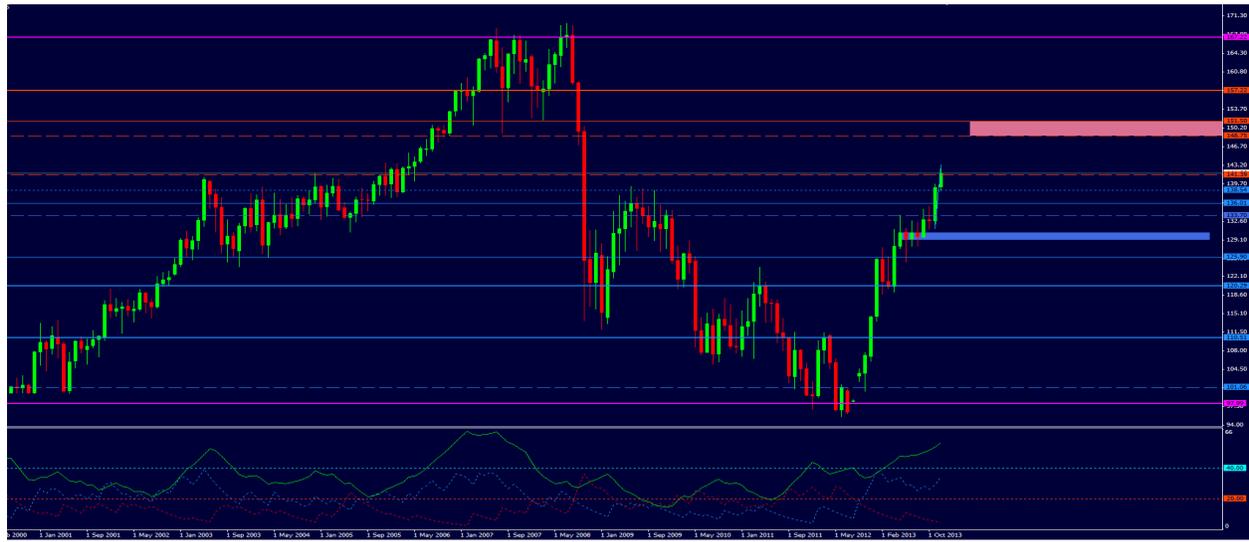
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This report has been built using scientific models, but still represents only the opinion of the analyst about the mentioned pair, without any obligations from his side.

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Trading foreign exchange with leverage is very risky & might not be suitable to all investors or traders.

Monthly Chart:



S 4	S 3	S 2	S 1	Current Price	R 1	R 2	R 3	R 4
125.70	129.00 – 130.50	136.00	138.50	141.37	141.75	148.75	151.50	157.20

EUR / JPY Monthly:

The pair is trading in a sideways since 2001. The current up wave that started in Jan. 2012, looks to be working pretty well, except that it's very steep & which in general is to call for some cautious!

Despite the healthy candle that broke the 136.00 resistance, the pair is still trading in a resistance area 141.75 (The 61.8% Fibonacci retracement of the previous down).

2 scenarios are to be expected:

- a. A decisive breaking above 141.75, or in other words the ability of this month's candle to close sufficiently & successfully above 141.75, and which in return might lead the price easily to higher levels with an expected little resistance @ 148.70).
- b. The 2nd and the more likely scenario is to expect a short-term correction, and which hopefully to be ended somewhere between 138.00 & 136.00. A close inspection for lower time frames (Weekly & Daily....etc.) can greatly help in estimating or assuring the end of this correction move (if happened!).

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Weekly Chart:



S 4	S 3	S 2	S 1	Current Price	R 1	R 2	R 3	R 4
129.20 - 130.50	132.70	136.00	138.45	141.37	141.75	143.40	150.20	154.20

EUR / JPY Weekly:

To avoid repetition, our focus here will be on the last up wave that started Jan. 2012. Despite the steep nature this wave, the trend looked to be pretty healthy; the double bottom that ended the previous down wave was followed by an up gap that announced the start of the new up wave; confirmed by a sharp up move & a classical bullish flag (Jan. – March 2013); then the bullish ascending triangle and its breakout last month. The expected price targets, for the coming up leg (after the end of the expected correction) should be as the following - it can be considered as a resistance levels too, due to the expected profit taking around it -:

- **143.40** (Suggested by the ascending triangle.)
- **150.20** (Suggested by the last bullish flag)
- **167.00** (The upper limit of the major sideways.)

Kindly note that, the shape of this week’s candle suggests a probable weakness in the uptrend & gives the chances for forming many candle reversal patterns, no matter what is the name of probable pattern, it is just easy:

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- A clear close for the coming week's candle above the high of this week's candle (142.80) will mostly leads to higher levels.
- Any lower close for the coming week's candle especially below horizontal yellow line above or lower, will lead to more decline & a short term correction.

Daily Chart:



S 4	S 3	S 2	S 1	Current Price	R 1	R 2	R 3	R 4
139.00	139.80	140.10	140.96	141.37	142.75	143.40	144.30	147.30

EUR / JPY Daily:

Our focus here will be on the uptrend that was formed after the breakout of the last ascending triangle. The angle of the uptrend suggests its stability, but the railroad candle pattern that was formed by last Friday's candle & what can be considered as divergence between the last two tops & both the +DMI & the RSI (Magenta lines), calls for a correction. The first expected stop for the correction will be the trend line itself, if succeeded to break it down, the first serious supports will be @ 139.00 & 138.40, the end of

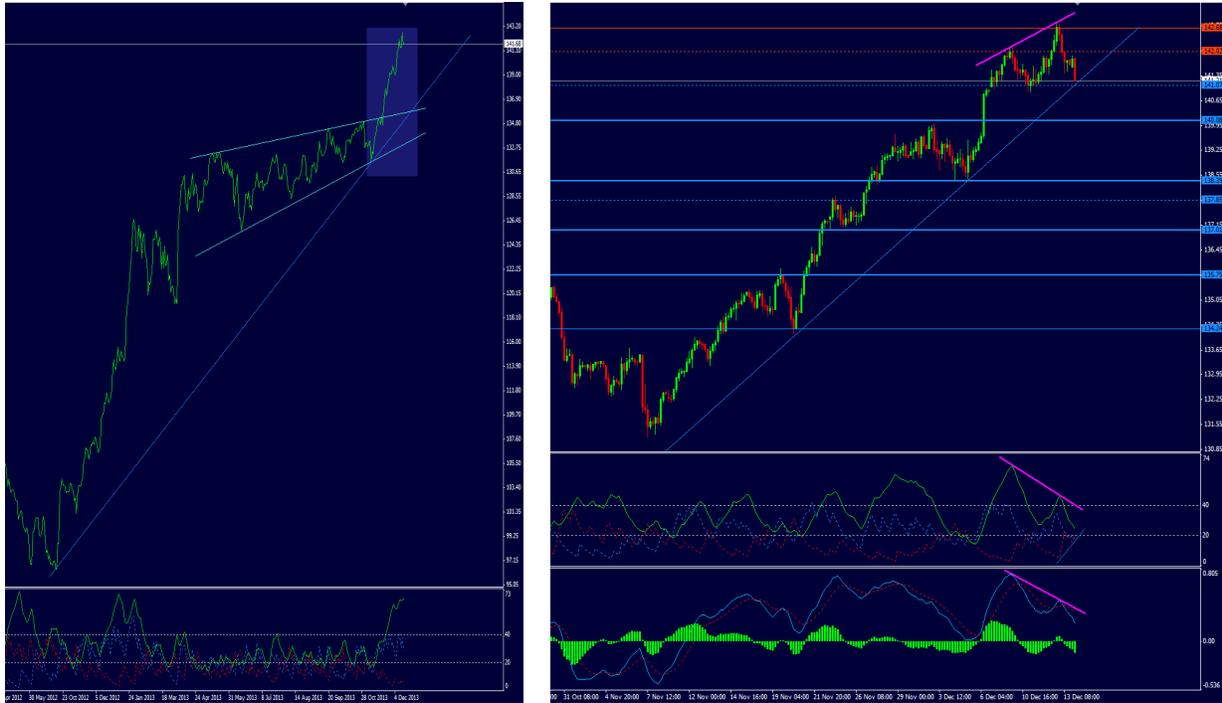
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this correction by any of the support levels before those two, will mean that bulls really are taking control, and a continuation for the uptrend is highly expected.

H4 Chart:



S 4	S 3	S 2	S 1	Current Price	R 1	R 2	R 3	R 4
139.00	139.80	140.10	140.96	141.37	142.75	143.40	144.30	147.30

EUR / JPY H4:

Usually the 4 hours chart don't belong to a weekly technical report, but I thought it might be a good idea to add it just as a way of spotting more light on the current expected correction.

As we can see the general trend is up, with a current short term correction. The obvious MACD divergence, the rising trend of the -DMI & the long bearish candle suggests that the correction might last more than that.

Despite a short term (minor) up trend is expected on lower time frames (up to M15), due to the expected support at the trend line, it is less likely to continue, the more probable scenario is the break

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of the trend line, to find a good support area around 141.00, & then 138.00 – 136.00, & which is more likely for this correction to end somewhere around.

The Final Conclusion:



Two possible scenarios are expected during this week:

- The less likely is bouncing back @ the daily uptrend line, and which will be still risky till a clear break for the 141.75 then 142.80 resistance areas.
- The second alternative scenario might be:
 - o A small bounce back @ the daily up trend line, followed by a breakdown heading 140.
 - o Then a test back for the broken trend line, followed by a correction & which might be ended somewhere around 138.00.

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*** Special thanks to Ahmad Ayyad, CFTe for his feedback.**

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