

TUE, Aug 19'08 7:30 am EST
DAILY TECHNICAL STRATEGIST

EURUSD: Consolidation To Recovery Shapes Up

EURUSD: Having declined for several weeks and holding below key support turned resistance at the 1.4967/51 zone (its range highs from Nov'07 and Jan'08/.618 Ret) and the 1.5302/1.5283 zone, representing its May/June'08 lows, EUR could be shaping up for consolidation to recovery which both price and its daily studies are now exhibiting. Although a low of 1.4530 was printed in early morning trading today, EUR is now trading within its two-day range supporting the above view. Nearby resistance lies at the 1.4728 level, its .786 Ret (1.4310-1.6038 rally) followed by the 1.5302/1.5283 zone and then the 1.4967/51 zone. On the contrary, if weakness is seen through its range breakout price objective at 1.4565 then the 1.4364 level, its Jan 22'08 low will be aimed at. Our medium term outlook continues to support this view with additional evidence exhibited the weekly and monthly studies. On the whole, EUR's broader bias remains to the downside but may be preparing corrective recoveries following its recent decline.

Support

1.4565
1.4364
1.4014

Comments

Range Break Price Target
Jan 22'08 low
Oct'07 low

Resistance

1.4728
1.4967/55
1.5042/40
1.5302/1.5283

Comments

.786 Ret
Nov'07 and Jan'08 highs
Weekly 50 ema/.618 Ret (1.4438-1.6037 rally)
May/June'08 lows

Daily Chart: EURUSD



GBPUSD: Medium Term Downtrend Remains Intact

GBPUSD: While bias continues to point lower in the medium term following losses of its strong support levels, GBP remains oversold and is now seen consolidating between its August 14 high and August 15 low implying that the mentioned medium term outlook may be trying to begin a round of consolidation to upside recovery before turning lower again. Immediate upside resides at the 1.8745 level, its .618 Ret (1.7250-2.1160 rally) with the 1.9009 level, its weekly 200 ema coming in as the next upside target. Invalidating the later could mean a push higher towards the 1.9180/42 area, its Mar'07 low/ August'06 highs. Downside targets rest at the 1.8517 level, its Oct 08'06 low and its breakout price target at 1.8274. Weekly and monthly studies are negative and pointing lower suggesting further lower prices. All in all, GBP still maintains its medium term bearish structure with any recovery seen at this stage as corrective.

Support

1.8510/17

1.8274

1.8176

Comments

Oct 08'06 low/August 15'08 low.

Descending triangle breakout price target

July 16'06 low

Resistance

1.8745

1.9009

1.9180/42

1.9201

Comments

.618 Ret (1.7250-2.1160 rally)

Weekly 200 ema

Mar'07 low/August'06 high

.50 Ret (1.7250-1.21160 rally)

Daily Chart: GBPUSD



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