

FRI, Sept 19'08 7:46 am EST
DAILY TECHNICAL STRATEGIST

EURUSD: Risks Of A Decline Towards The 1.3882/52 Looms.

EURUSD: EUR's follow-through to the upside on the back of its Wednesday upmove failed to hold above its Sept 15'08 high at 1.4481 and its invalidated LT rising trendline currently at 1.4510 turning the pair lower and printing a hammer candle pattern. This brings to two the number of failures recorded at that zone with the first one occurring in mid-Sept'08 and this has now increased the odds of downside losses targeting its major support at the 1.3882/52 area, its Sept 11'08/July'07 lows at 1.3882/52. While other support levels line up before this zone, price action at this levels could create two scenarios with a hold at that level drawing a double bottom or a failure of that level triggering the resumption of the pair's medium term decline off the 1.6038 level towards the 1.3361 level, its Aug'07 low. Upside targets are now seen at the 1.4366/10 area, its Jan'08/Dec'07 lows where a break could set up the pair aiming at the 1.4429 level, its Sept 08'08 high with scope for price extension towards the 1.4481 level and then its eroded LT rising trendline/Sept 18'08 high at 1.4510/42. Momentum indicators remain suggestive of more strength. On the whole, having failed to sustain gains above 1.4481/1.4542 area, EUR now runs the risk of pushing towards its key support at 1.3882/52.

Support	Comments
1.4015	Oct'07 low
1.3882/52	Sept 11'08 low/July'07 high
1.3361	Aug'07 low
1.3264	July'07 low

Resistance	Comments
1.4366/10	Jan'08/Dec'07 lows
1.4429	Sept 08'08 high
1.4481	Sept 15'08 high
1.4510/42	Broken LT rising trendline

Daily Chart: EURUSD



GBPUSD: Nearer Term Recovery Collapses Off The 1.8277 Level.

GBPUSD: GBP gave back its intra day gains Thursday collapsing off the 1.8277 high and printing a doji candle at the end of the session. A follow-through lower was seen in early trading today pushing it back below the 1.8123 level, its Sept 15'08 high and opening up further risk towards the 1.7976 level, its Sept 08'08 high ahead of the 1.7766 level, its Sept 15'08 low. If more losses are triggered below here, its key support residing at the 1.7447 level, its Sept 11'08 low will be targeted. However, on any recovery from here, GBP should aim at the 1.8090 level, its Jun'06 low at first and then the 1.8123 level with a clearance of there setting the stage for additional upside gains towards its Sept 18'08 high at 1.8277. Beyond there will put the pair on the path to the 1.8482/1.8513 zone, its .382 Ret(2.0157-1.7447 decline)/Aug 15'08. Daily studies are bullish and trending up suggesting that further upside gains could still be seen. All in all, while the current failure and weakness continue to suggest lower prices in line with our medium term outlook, decisively breaking and closing below the 1.7447 level is required to trigger that trend.

Support

1.8123	Sept 15'08 high
1.8090	Jun'06 low
1.7976	Sept 08'08 high
1.7766	Sept 15'08 low

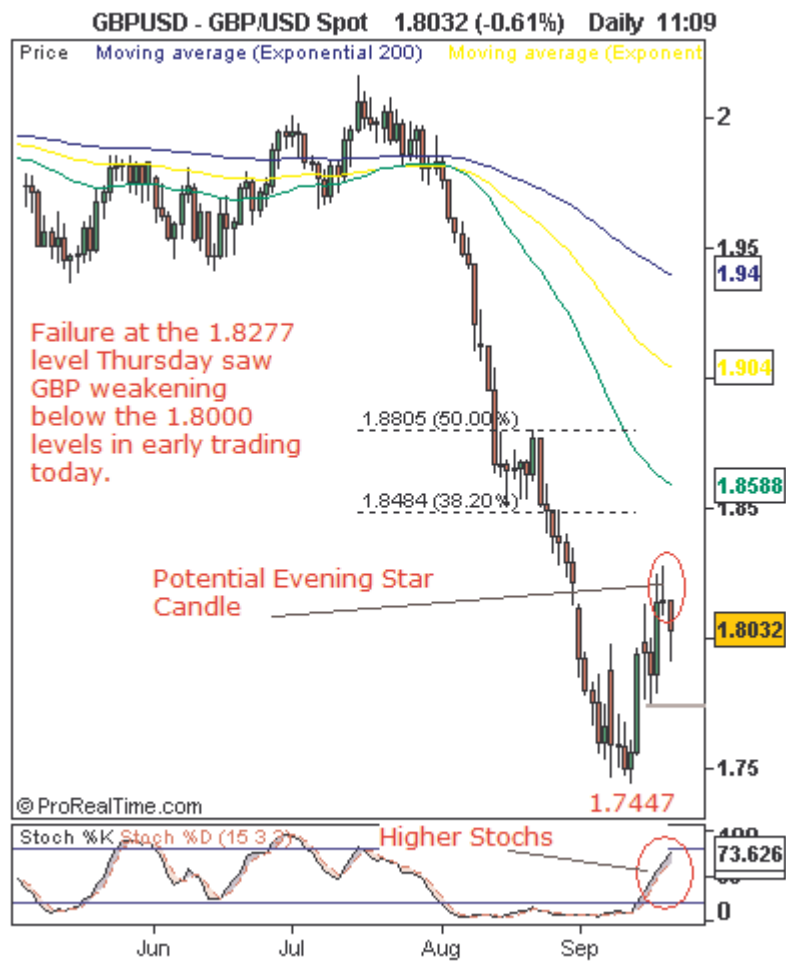
Comments

Resistance

1.8090	Jun'06 low
1.8123	Sept 15'08 high
1.8277	Sept 18'08 high
1.8482/1.8513	.382 Ret (2.0157-1.7447 decline)/Aug 15'08 low

Comments

Daily Chart: GBPUSD



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