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DAILY TECHNICAL STRATEGIST

EURUSD: Loss Of The 1.4542/71 Levels Highlights Further Corrective Gains Towards 1.4951/67 Zone.

EURUSD: Break and close above the 1.4542/71 zone (Aug 26'08/Sept 18'08 lows) has now paved the way for further corrective strength towards its Nov'07/Feb'08 congestive highs at 1.4951/67. Although pullbacks were seen in early trading today, that remains corrective of its current recovery off its YTD low at 1.3882. While price stalls could be expected at the 1.4951/67 levels due to its significance, successively breaking through there will open up upside risk towards its May/Jun'08 lows at 1.5263/85. The daily studies are bullish and trending higher supporting its current nearer term recovery. However, as long as the two earlier mentioned strong resistance zones are unbroken, EUR should end its present upside incursions and turn lower again in line with its medium term bearish outlook. Its invalidated resistance at the 1.4542/71 zone (Aug 26'08/Sept 18'08 low) should now reverse roles and provide support where a failure if seen should trigger lower prices towards the 1.4366/10 zone, its Jan'08/Dec'07 lows ahead of its Sept 16 low at 1.4073 and subsequently the 1.4015 level, its Oct'07 low. Below the latter will turn attention to its July'07/Sept'08 lows at 1.3882/52. On the whole, EUR's recovery strength is likely to stall at or ahead of the 1.4951/67 levels or even the 1.5263/85 zone with lower prices expected to follow.

Support	Comments
1.4542/71	Aug 26'08/Sept 18'08 low
1.4366/10	Jan'08/Dec'07 lows
1.4073	Sept 16 low
1.4015	Oct'07 low
Resistance	Comments
1.4867	Sept 22'08
1.4951/67	Nov'07/Feb'08 congestive highs
1.5263/85	May/Jun'08 lows

Daily Chart: EURUSD



GBPUSD: Loss Of Momentum May Weigh On GBP As It Eyes The 1.8795 level.

GBPUSD: GBP opened strongly higher (1.8841) building on its Friday gains to close Monday session higher at 1.8569 and setting the stage for a run at the 1.8795/1.8802 levels, marking its Aug 26'08 high/.50 Ret (2.0157-1.7447 decline). We see the pair encountering strong overhead supply here as a combination of the two mentioned resistance level should force the GBP lower and activate its medium term decline again. Price objectives above here are located at the 1.8836 level, its Nov'06 low and the 1.9122 level, its .618 Ret. On the other hand, the 1.8482 level, its .382 Ret is now expected to reverse to support after losing its role as resistance. Cutting through this level could accelerate further declines towards the 1.8277/44 zone, which represents its Sept 17 & 18'08 highs ahead of the 1.8128 level (Sept 15'08 high) followed by the 1.7976 level (Sept 08'08 high) and then its YTD low at 1.7447. All in all, GBP may have enjoyed a run off the 1.7447 level but while overhead resistance that runs through the 1.8795 and 1.8802 levels are maintained, its medium term decline is expected to take hold.

Support

1.8482	.382 Ret
1.8123	Sept 15'08 high
1.7976	Sept 08'08 high
1.7447	YTD high

Comments

Resistance

1.8841	Sept 22'08 high
1.8795/1.8802	Aug 26'08 high/.50 Ret (2.0157-1.7447 decline).
1.9122	.618 Ret

Comments

Daily Chart: GBPUSD



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