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DAILY TECHNICAL STRATEGIST

EURUSD: EUR Continues To Trade Above The 1.4542/71 Zone.

EURUSD: A second day of downside losses was recorded Wednesday following the pair's failure at the 1.4867 level printed on Sept 22'08. Although the said corrective failure is not over yet and should target the 1.4542/71 zone (Aug 26'08/Sept 18'08 lows), price action in early morning trading today saw the pair heading higher off its yesterday low at 1.4604 suggesting that as long as EUR continues to trade above the 1.4542/71 zone, consolidation to upside gains targeting the 1.4867 high is likely. Recapturing and maintaining above that level will clear the way for a run at the 1.4951/67 levels, its Nov'07/Feb'08 congestive highs and then its May/Jun'08 lows at 1.5263/85. These levels as referenced in our previous analyses are expected to present considerable resistance and turn the pair back down again. On the downside, support levels are located at the 1.4542/71 zone (Aug 26'08/Sept 18'08 lows) and the 1.4366/10 zone, its Jan'08/Dec'07 lows with further decline through the latter paving the way for a move towards its Sept 16 low at 1.4073 followed by the 1.4015 level, its Oct'07 low. Overbought condition on the daily time frame remains supportive of this view. On the hold, while medium term decline off the 1.6038 level is now on hold and nearer term recovery remains in effect, that recovery remains corrective of the 1.6038-1.3882 decline.

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: Rising Channel Points GBP's Recovery Higher.

GBPUSD: A 4 hourly rising channel and a rise off its consolidation bottom at 1.8459 has opened up upside risk towards the 1.8795/1.8802 levels, marking its Aug 26'08 high/.50 Ret (2.0157-1.7447 decline) as GBP was seen testing a high of 1.8669 in early morning trading today. Though overbought condition is now present on the daily chart, decisively breaking and closing above the 1.8641 level, its Sept 22'08 high will leave the earlier mentioned resistance level being targeted where a break could expose the 1.8836 level, its Nov'06 low or even the 1.9122 level, its .618 Ret. We expect a stall in price before the last mentioned levels as these levels offer strong overhead resistance. Alternatively, failing at the 1.8641 level will trigger declines towards the 1.8482 level, its .382 Ret ahead of the 1.8277/44 zone, which represents its Sept 17 & 18'08 highs. Further weakness will aim at the 1.8128 level (Sept 15'08 high), the 1.7976 level (Sept 08'08 high) and then its YTD low at 1.7447. The pair's medium term bearish structure continues to be retained and supports this scenario. All in all, in the nearer term as long as the pair trades and maintains within its established rising 4 hourly channel risk of higher level prices are expected.

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

Resistance	Comments
1.8641	Sept 22'08 high
1.8795/1.8802	Aug 26'08 high/.50 Ret (2.0157-1.7447 decline).
1.9122	.618 Ret

4 Hourly Charts: GBPUSD



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