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## DAILY TECHNICAL STRATEGIST

### EURUSD

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### HIGHLIGHTS:

■ **EURUSD: Higher Upside Gains Monday Looks To Strengthen Further.**—EUR looks to head to the downside again as its attempt on the upside was halted ahead of the 1.3852/82 zone, its Sept 11'08 low/July'07 high opening up risk towards its YTD low at 1.3443.

■ **GBPUSD: Corrective Recovery Highlights The 1.7447 Level And Beyond.** - GBP has now embarked on a corrective upside recovery off its recent low at 1.6786 level printed on Oct 10'08 following its second leg of weakness started at the 1.8669 level in late Sept'08.

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### Higher Upside Gains Monday Looks To Strengthen Further.

**EURUSD** EUR's decline off the 1.4867 level (Sept 22'08 high) to a low of 1.3259 on Oct 10'08 may have temporarily halted as a one-day upside gain Tuesday looks to head further higher. This present price action is not unexpected as the pair has pushed its daily momentum indicators into oversold territory (after the mentioned decline) which now needs to unwind before its medium term downtrend will begin again. In such a case, the 1.3682/66 zone, its April'07/Dec'04 highs which is now being challenged needs to be taken to clear the way for further upside gains towards another strong resistance residing at the 1.3852/82 zone, its Sept 11'08 low/July'07 high. We view the latter level as formidable and expect it to cap upside incursions and turn the pair lower in alignment with its medium term downtrend. Initial support lies at its Dec'04 high/August'07 low at 1.3366/61 with a break of there setting the pair up for decline towards the 1.3312/1.3264 zone, its .618 Ret (1.1640-1.6038 rally)/Jun'07 low and then its YTD low at 1.3259 registered on Oct 10'08. Invalidating the latter will resume its broader decline off the 1.6038 high. In short, bigger outlook remains to the downside implying its current upside gains is corrective.

#### Support

1.3366/61  
1.3312/1.3264  
1.2980

#### Comments

Dec'04 high/August'07 low  
.618 Ret (1.1640-1.6038 rally)/Jun'07 low  
Jun'06 high

#### Resistance

1.3682/66  
1.3852/82  
1.4015  
1.4073

#### Comments

April'07/Dec'04 highs  
Sept 11'08 low/July'07 high  
Oct'07 low  
Sept 16'08 low

**GBPUSD**



**GBPUSD: Corrective Recovery Highlights The 1.7447 Level And Beyond**

**GBPUSD:** GBP has now embarked on a corrective upside recovery off its recent low at 1.6786 level printed on Oct 10'08 following its second leg of weakness started at the 1.8669 level in late Sept'08. The pair was seen attacking the 1.7447 level, its Sept 11'08 though this level is considered a strong support turned resistance, a cut through there on the mentioned corrective upside could open upside risk towards the 1.7735 level, its Sept 16'08 low followed by the 1.7840 level, its Oct 03'08 high. This scenario is consistent with the present corrective price action supported by rising daily momentum indicators. While the levels between 1.7447 and 1.7840 cap upside gains, GBP is expected to turn back down and resume its medium term decline towards its April'06 low at 1.7251 at first and later the 1.6857 level, its June'03 high ahead of the 1.6786 level printed on Oct 10'08. Decisively penetrating and negating here will resume the pair's medium/longer term weakness with eyes on its .618 Ret (1.3682-2.1161 rally, monthly chart) at 1.6552 to begin with and subsequently 1.6175 level, representing its Mar'03 high. On the whole, as long as 1.8091 or even 1.8669 remains unbroken, the pair's medium outlook remains intact.

**Support**

1.7447  
1.7251  
1.7049  
1.6857

**Comments**

YTD high  
April'06 low  
Nov'05 low  
June'03 high

**Resistance**

1.7735  
1.7840  
1.8669

**Comments**

Sept 16'08 low  
Oct 03'08 high  
Sept 25'08 high

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