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DAILY TECHNICAL STRATEGIST

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HIGHLIGHTS:

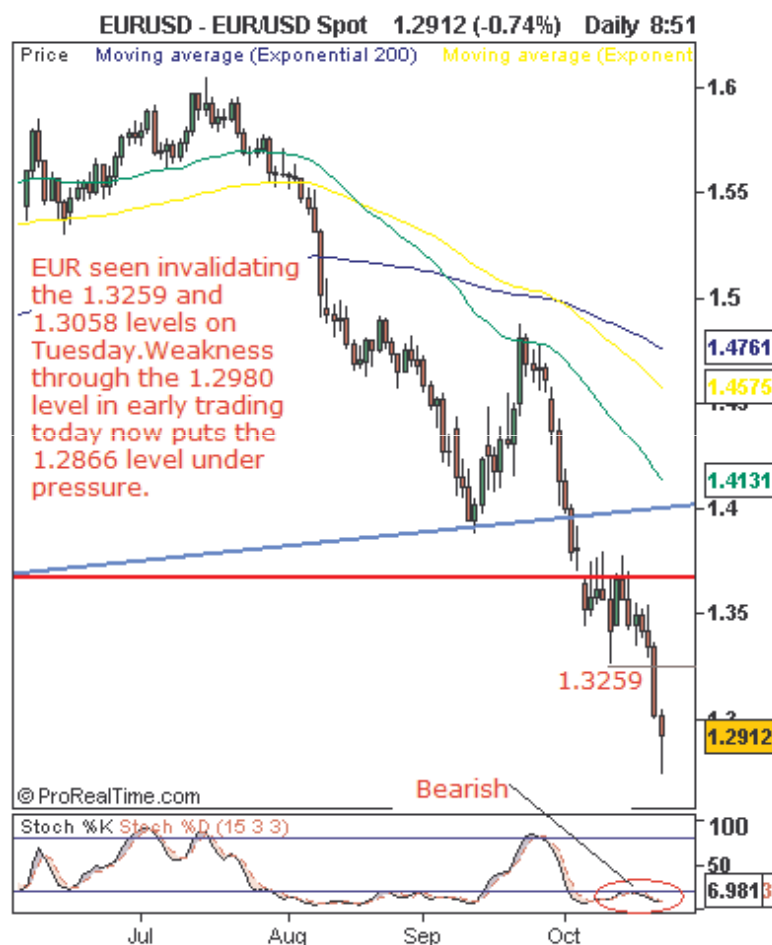
■ **EURUSD: A Cut Through Layers Of Support Now Leaves EUR Exposed To Declines Towards The 1.2484 Level**– A cut through key supports at the 1.3259 level, its .618 Ret (0.8231-1.6038 rally, monthly chart) at 1.3058 and the 1.2980 level, its Jun'06 high now leaves the pair exposed to declines towards its Oct'06 low at 1.2484... [Learn more](#)

■ **GBPUSD: The 1.6786 Level, Triggers Medium/Long Term** GBP resumed its declines off the 2.1161 high Tuesday following its break and close below its key support at the 1.6786 and 1.6576 levels, its Jan'03 high... [Learn more](#)

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A Cut Through Layers Of Support Now Leaves EUR Exposed To Declines Towards The 1.2484 Level.

EURUSD: A cut through key supports at the 1.3259 level, its .618 Ret (0.8231-1.6038 rally, monthly chart) at 1.3058 and the 1.2980 level, its Jun'06 high now leaves the pair exposed to declines towards its Oct'06 low at 1.2484. While another support lies at its Jan'07 low at 1.2866, that support is vulnerable to being taken out leaving coast clear for further declines. Below the 1.2484 level will put EUR on the path to further weakness towards its Jan/April'06 highs at 1.2334/24 with a loss of there extending prices lower targeting the 1.1827 level, its Mar'06 low. Daily and weekly studies are bearish though in oversold territories. In the meantime, if a recovery is seen, it should shape towards the 1.2980 level, its Jun'06 high and its .618 Ret (0.8231-1.6038 rally, monthly chart) at 1.3058. These levels are expected to reverse roles and provide resistance but if strength is seen above here, the 1.3259 level will then be targeted where we expect a cap and then a turn lower (though signs of this happening are yet to occur). On the whole, having triggered a fresh leg of decline, the 1.2484 level is now highlighted.

Support

1.2866
1.2484
1.2334/24

Comments

Jan'07 low
Oct'06 low
Jan/April'06 highs

Resistance

1.2980
1.3058
1.3259
1.3344/66

Comments

Jun'06 high
.618 Ret (0.8231-1.6038 rally, monthly chart)
YTD low
Oct 16'08/Dec'04 high/August'07 low



GBP Clears The 1.6786 Level, Triggers Medium/Long Term Weakness.

GBPUSD: GBP resumed its declines off the 2.1161 high Tuesday following its break and close below its key support at the 1.6786 and 1.6576 levels, its Jan'03 high. This development has now put the pair in position to head further lower towards its Aug'2003 low at 1.5471 followed by the 1.5219 level, its Oct'02 low and then the 1.5106 level, its Jan'01. Its daily studies remain bearish and trending lower supporting its present declines. On the upside, resistance starts at its eroded support at 1.6576 now expected to reverse roles accompanied by the 1.6786 level, its Oct 10'08 low where such a recovery should fail and turn GBP lower again. All in all ,GBP remains medium/longer term weak and looks to lose more grounds in the days and weeks ahead.

Support

1.5471
1.5219
1.5106

Comments

Aug'03 low
Oct'02 low
Jan'01

Resistance

1.6576
1.6786
1.6857

Comments

Jan, 03 high
Oct 10'08 low
June'03 high

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