Monday, 10th of Nov, 2008

WEEKLY TECHNICAL STRATEGIST

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EURUSD

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Break Of The 1.5298 Level Or The 1.2330 Level To Trigger Directional Moves.

EURUSD- While EUR remains trapped between the 1.3298 level, its Oct 30'08 high and the 1.2330 level, its YTD low, medium term decline off the 1.6038 high remains on hold. This now puts the pair on a consolidation to sideways path until meaningful directional moves is activated through a break either way(1.2330 or 1.3298).The entire G10 currency complex and our 7 currency model with the exception of USDJPY remains in corrective phases suggesting that on ending those corrective recoveries the various pairs should resume their primary trends.EUR is in alignment with this view and the 1.2330 and beyond are expected to be tested and finally broken to resume its medium term decline towards the 1.2134 level, its .50 Ret (its 0.8231-1.6038 high, monthly chart) ahead of the 1.1827 level, its Mar'06 low and subsequently its Nov'05 low at 1.1640.Resistance is initially located at 1.3116 level, representing its Nov 05'08 high where a break higher could target the 1.3259/98 level, its Oct 10'08 low/Oct 30'08 high. This is the location of its current range top and decisively clearing there will set the pay up for a run at the 1.3666 level, its Dec'04 high.On the whole, we still retain our medium term bearish bias and expect the pair to head to the downside after completing its corrective price activities.

Directional Bias:
Nearer Term –Mixed
Short Term –Bearish
Medium Term –Bearish

Performance in %:
Past Week: +0.29%
Past Month: -5.03%
Past Quarter: -9.87%
Year To Date: -12.50%

Weekly Range:
High -1.3116
Low -1.2527

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GBPUSD

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Failure At The 1.6673 Level To Yield Loses Towards Its YTD Low at 1.5265.

GBP ended the week lower reversing most of its previous week gains to close week at 1.5534. This is a fall out from its failure at the 1.6673 level, its Oct 30'08 high followed with the formation of an evening star candle pattern (top reversal signal) and subsequent declines through layers of support. We have our eyes on a test and break of the 1.5265 level, its YTD low to resume its medium to long term weakness started at the 2.1161 level towards the 1.5219 level, its Oct'02 low followed by the 1.4837 level, its Oct 2001 high and possibly beyond. Daily studies remain supportive of this view. In case of a build up on its Friday gains, we could see a recovery higher targeting its psycho level at 1.6000 followed by the 1.6347 level, its Oct 23'08 high and later the 1.6673 level, its Oct 30'08 high. Another resistance lies at the 1.6786 level, its Oct 10'08 on invalidating the latter. All in all, having maintained its declines off the 1.6673, GBP now looks for a break and close below its YTD low at 1.5265 to trigger the resumption of its medium to longer term decline which is presently on hold.

Directional Bias:
Nearer Term -Bearish
Short Term -Bearish
Medium Term -Bearish

Performance in %:
Past Week: -2.51%
Past Month: -9.84%
Past Quarter: -10.54%
Year To Date: -21.07%

Weekly Range:
High -1.6399
Low -1.5534

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USDJPY

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Corrective Recovery Off The 90.91 Level Losses Momentum.

USDJPY- The pair's inability to extend corrective recovery off the 90.91 through its psycho level/.50 Ret (110.67-90.91 decline) at 100.00/84 has now increased the odds of lower prices towards the 95.75 level, its Mar'08 low ahead of its bigger support at its YTD low at 90.91.Below here will turn focus to the 86.52 level, its 1.618 Fib Ext and the our longer term support resting at the 79.70 level, its April'1995 low. This view is consistent with its medium term decline started at the 110.67 high. Alternatively, to invalidate the above view, the pair will have to break and close above the 100.00/84 resistance levels to signal further upside recovery gains towards its Oct 20'08 high at 102.42 ahead of its Oct 14'08 high at 103.07.On the whole, we maintain our bearish medium term outlook on USDJPY and envisage the resumption of that trend at the end of the present corrective recovery.

Directional Bias:
Nearer Term -Mixed
Short Term -Bearish
Medium Term -Bearish

Performance in %:
Past Week: -0.14%
Past Month: -7.12%
Past Quarter: -0.03%
Year To Date -12.00%

Weekly Range:
High -100.55
Low –96.76