

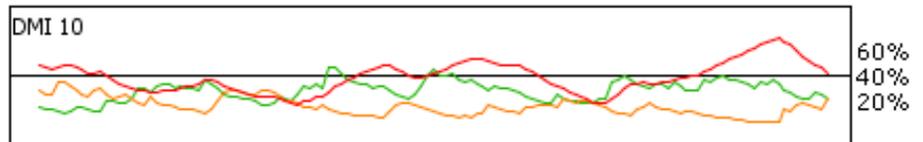
- EURUSD rally at risk of correction in the next 2-4 weeks.
- GBPUSD looks technically soft; break of 40-day MA targets 1.22/1.25.
- USDJPY rebound from sub 109 test liable to extend towards 112.
- EURSEK break below consolidation base, poised to drop to 9.20 area.
- NZDUSD tests 0.7200/50 support band and liable to weaken further.

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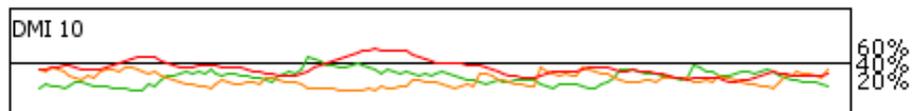
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EURUSD's upward trajectory appears to be slowing from a technical perspective. At this point, the drift back from the late Jul peak above 1.19 could develop into a deeper correction or could represent a minor consolidation ahead of another push higher (bull flag, bullish above 1.1830). On balance, we think the weekly "shooting star" candle around the 1.19+ high and the EUR's struggle to sustain gains through the 200-week MA (1.1771) rather suggest that the EUR rally is poised to correct somewhat more in the next 2-4 weeks. We do think, however, that EUR losses should remain relatively limited; marking this phase of EUR strength from Apr, just ahead of gap above 1.08, we spot initial retracement support at 1.1588. The broader bull channel base stands at 1.1545 on the daily chart currently. We expect EURUSD dips to find solid support on dips to the 1.16 area over the next 2-4 weeks before rebounding strongly.



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GBPUSD is technically soft and prone to more weakness, according to the daily chart. The GBP topped and turned lower from 1.3260 in early Aug, via a bearish key reversal signal on the daily chart; subsequent losses leave Cable testing potential trend and 40-day MA support at 1.2860 today, just ahead of 38.2% retracement support at 1.2821. We think the loss of the 40-day MA on a sustained basis would tip the balance of risk more significantly lower for the GBP in the near to-medium term. Bear trend momentum is picking up on the short-term studies (1-, 6-hour and daily studies) while a push below 1.2810 before the end of Aug would deliver additional pressure via a bear signal on the monthly chart in all likelihood. We think GBPUSD risks tipping back towards the 1.22/1.25 region on a break under 1.2860.



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USDJPY has turned higher from last Friday's push under 109, effectively a test of the 114.40/50 double top neckline trigger. Having averted a sharp plunge, the USD also turned aggressively higher on the daily chart (note the bounce from below 109 came via a strong-form doji morning star candle formation). Intraday patterns suggest USD resistance emerging ahead of the 38.2% retracement of the Jul/Aug drop (110.98) today but we look for additional USD gains in the short run at least towards the 50% retracement and the middle of the range that has prevailed since the Spring (nearer 112). We expect a high close on the week will add to near-term corrective gains in the USD. Note weekly charts show a potential bullish piercing line candle in development. Key support remains 108.80/90.



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EURSEK looks technically soft and vulnerable to additional sharp losses in fairly quick order. After spending the past five weeks consolidating between 9.50/60, today's break lower through the base of what we view as a bear flag formation suggests the cross is poised to repeat the scale of the early Jul drop from the 9.52 breakdown point (measured move target implies a near 30 point drop to 9.22 in the next 2-4 weeks). Short, medium and long-term oscillator studies support the bearish outlook, although the alignment of the trend studies is not especially "clean" at this stage. We note the 200-week MA (support in early Feb) at 9.49 underscores the near-term importance of the 9.50 area.



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NZDUSD is weak, but nearing a cluster of support points in the 0.7200/50 range (high/low support and 50% retracement of May/Jul rally). Short and medium-term trend strength signals are aligning bearishly for the Kiwi, however, and the Jul turn lower from 0.75+ looks a major failure on the longer run charts (50% retracement of the 0.88/0.61 2014-15 drop). We think the 0.72 area may provide the NZD with some support in the short run but weakness on the longer run charts and the market's drop to a new 4-week low suggests broader and more sustained downside pressure



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is developing here. We think risks are building for a push back to 0.68/0.70.

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