

European Forex Technicals: GBP/USD To Extend Weakness

By Francis Bray

A DOW JONES NEWSWIRES COLUMN

LONDON (Dow Jones)--Rolling 24-hour chart levels:

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0502 GMT	1.2598	89.04	1.5027	1.0560
3 Day Trend	Bearish	Bullish	Bearish	Bearish
Weekly Trend	Bullish	Bearish	Bearish	Bearish
200 day ma	1.3333	91.54	1.5384	1.0827
3rd Resistance	1.2723	90.00	1.5175	1.0637
2nd Resistance	1.2685	89.50	1.5126	1.0619
1st Resistance	1.2650	89.25	1.5077	1.0600
Pivot*	1.2658	88.55	1.5107	1.0554
1st Support	1.2553	88.64	1.4987	1.0525
2nd Support	1.2525	88.28	1.4925	1.0481
3rd Support	1.2479	88.00	1.4876	1.0435

Intraday EUR/USD: Friday's bearish outside day high at 1.2723 sets the tone for the current session Monday, and the break below 1.2609 exposes the July 7 higher low at 1.2553. The failure to meet wave equality targets at 1.2737 and 1.2765 would become more of an issue should 1.2553 break, exposing 1.2525 and the more important July 6 higher low at 1.2479. A break above 1.2650 is required to lift the tone, opening 1.2685 and the 1.2723 high.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: Maintains the recovery off last week's low at 87.02 to force a break above 88.71 Monday, and looks to regain a foothold above 89.00. Key resistance levels are looming at 89.25 and the 89.45/89.50 area, and will look to keep the recovery limited below there. A break below 88.64 is required to put near-term bears in control, exposing 88.28 and the 88.00 higher low.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: Sustains the setback off last week's significant bull trap high at 1.5240 to force a break below 1.5070, and the 1.5000 level is now subject to bear pressure. A 1.618 near-term extension target lies at 1.4987, but there is room for a break below there down towards the July 1 higher low at 1.4876. A recovery above 1.5077 is required to provide temporary respite, but the 1.5126 intraday lower high should look to limit corrective upside scope.

Weekly chart GBP/USD trend: Bearish.

Intraday USD/CHF: Stages a corrective recovery off last week's low at 1.0481, which is consolidating beneath the 1.0600 level. The 1.618 extension target at 1.0619 would become the objective once through 1.0600, but

corrective strength looks limited while below the 1.0637 lower high. A break below 1.0525 would put bears back in control of the near-term, exposing 1.0481 and the April 1 higher reaction low at 1.0435.

Weekly chart USD/CHF trend: Bearish.

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0531 GMT	0.8390	112.01	1.3311	0.8727
3 Day Trend	Bullish	Bearish	Range	Bullish
Weekly Trend	Bullish	Range	Bearish	Range
200 day ma	0.8664	122.08	1.4403	0.8749
3rd Resistance	0.8445	113.43	1.3434	0.8858
2nd Resistance	0.8429	112.69	1.3398	0.8792
1st Resistance	0.8414	112.39	1.3358	0.8768
Pivot*	0.8374	112.08	1.3359	0.8763
1st Support	0.8350	111.53	1.3298	0.8694
2nd Support	0.8334	110.72	1.3260	0.8625
3rd Support	0.8291	110.50	1.3218	0.8605

Intraday EUR/GBP: Consolidates beneath Friday's fresh five-week high at 0.8400, but there is room to extend the short-term uptrend off the June 29 low at 0.8067 to meet the 1.618 extension target at 0.8414. Significant resistance is looming at former range lows at 0.8429, and 0.8445, which should provide a limit for upside scope Monday. A break below 0.8334 is required to provide respite, but the 0.8291 higher low will look to contain weakness.

Weekly chart EUR/GBP trend: Bullish.

Intraday EUR/JPY: Friday's setback off 112.69 leaves a higher high, lower close on the daily chart, and suggests the short-term is set for a retreat to the July 5 higher low at 109.71. This would form the right shoulder of an inverse head-and-shoulders top, and a break below Friday's low at 111.53 is required to leave the 112.69 stranded, exposing 110.72 and 109.71 on concerted weakness. Only above 112.39 and the key 112.69 high would put bulls in control of the near-term, opening the June 21 reaction high at 113.43.

Weekly chart EUR/JPY trend: Range.

Intraday EUR/CHF: Friday's strength keeps the double-bottom at 1.3260 intact, but action remains trapped within a bull flag following the setback off 1.3398. Support at 1.3298 is under threat, and a break below there would question the validity of the bull flag, exposing 1.3260. A push into fresh session highs above 1.3358 Monday would re-open 1.3398 and the July 2 reaction high at 1.3434.

Weekly chart EUR/CHF trend: Bearish.

Intraday AUD/USD: Continues to consolidate beneath the July 8 high at 0.8792 within a tight range, but having faced a rejection at 0.8282 Friday, the near-term range low at 0.8694 is set for a retest. However, downside scope will struggle to force a break below the 0.8605/25 support area. A break above Monday's session high at 0.8768 is required to re-open the 0.8792 high, which stands in front of the June 21 reaction high at 0.8858.

Weekly chart AUD/USD trend: Range.

* The pivot is the sum of the high, low and close divided by 3.

For more technical analysis see: Dow Jones Newswires, N/DJTA; Bloomberg, NI DJTA; and Reuters key word search "INSI-DJN"

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