

European Forex Technicals: EUR Bear Trend Increasing

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 0500 GMT	1.2781	86.48	1.5185	1.0485
3 Day Trend	Bearish	Bearish	Bearish	Range
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3293	91.23	1.5373	1.0804
3rd Resistance	1.2998	87.12	1.5305	1.0580
2nd Resistance	1.2923	86.98	1.5274	1.0561
1st Resistance	1.2840	86.75	1.5235	1.0543
Pivot*	1.2800	87.14	1.5210	1.0515
1st Support	1.2732	86.27	1.5128	1.0453
2nd Support	1.2682	85.85	1.5020	1.0446
3rd Support	1.2616	84.82	1.4996	1.0400

Intraday EUR/USD: Extends the setback off Tuesday's bull trap high at 1.3027 after forcing a break below 1.2791, and while near-term pivotal resistance lies at 1.2840, the main threat will be on testing support at 1.2732. There is scope for a deeper setback below 1.2732 towards the July 14 higher low at 1.2682, and the 1.618 extension target at 1.2616 lies below there. Regaining ground above 1.2840 is required to provide respite, but corrective upside scope is limited at this stage.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: The focus is firmly back on the July 16 reaction low at 86.27 following Thursday's current session weakness, leaving Tuesday's bull failure high at 87.58 stranded. A break below 86.27 is expected to prompt further weakness towards a downwave equality target at 85.85, but scope exists for a sharp move lower which brings the November 2009 reaction low at 84.82 into the picture. Keeping 86.27 intact would prompt lateral consolidation between there and 87.58.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: Thursday's bearish outside day defines the increasing bear momentum seen since reaching the July 15 peak at 1.5470, and renewed pressure is expected on support at 1.5128. Wednesday's high at 1.5338 has been confirmed as a lower high, and a break below 1.5128 would create room for further weakness towards the 1.5020 downwave equality target. The 38.2% retracement level of the 1.4229/1.5470 rally provides backup at 1.4996. Only regaining ground above 1.5305 would leave the 1.5338 lower high vulnerable.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Remains capped beneath Monday's high at 1.0561 to protect key resistance in the 1.0580

area, and the 1.0446/53 lows are set for a retest. Failure to keep these lows intact would confirm 1.0561 as a bull failure high, and prompt further weakness towards the July 16 reaction low at 1.0400. Upside scope is limited at this stage, and only a break above 1.0543 would bring the focus back onto the 1.0561 peak.

Weekly chart USD/CHF trend: Bearish.

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0530 GMT	0.8414	110.60	1.3407	0.8776
3 Day Trend	Bearish	Bearish	Bearish	Range
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	0.8644	121.32	1.4333	0.8751
3rd Resistance	0.8531	111.95	1.3502	0.8871
2nd Resistance	0.8476	111.43	1.3489	0.8858
1st Resistance	0.8436	110.79	1.3450	0.8803
Pivot*	0.8422	111.58	1.3473	0.8801
1st Support	0.8376	110.35	1.3374	0.8734
2nd Support	0.8317	110.18	1.3310	0.8719
3rd Support	0.8300	109.46	1.3297	0.8668

Intraday EUR/GBP: Stages a recovery off Wednesday's low at 0.8376 to relieve the setback off Tuesday's high at 0.8531, but action has become rangebound while skirting the 0.8400 level. A break above 0.8436 would open Wednesday's high at 0.8476, but only a sustained break above there would suggest a return to the 0.8531 high is feasible. Loss of 0.8376 would prompt a deeper setback towards the July 13 higher low at 0.8317.

Weekly chart EUR/GBP trend: Bullish.

Intraday EUR/JPY: Wednesday's sharp setback below 111.43 completes a double-top pattern, and bears are in control of the near-term as a 1.618 extension target at 110.18 comes into view. Below there would expose the double-top measured objective lies at 109.46, which protects the July 6 higher low at 109.14. Former range lows at 111.43 now limit the scope for corrective upside.

Weekly chart EUR/JPY trend: Bearish.

Intraday EUR/CHF: Extends the setback off Tuesday's bull trap high at 1.3677 to probe below 1.3412, but near-term prospects look bleak for EUR as there is more downside to come. A break below support at 1.3374 would expose the July 13 ascending triangle termination low at 1.3310, and a 1.618 downside extension target lies at 1.3297. Corrective strength is expected to be limited to the 1.3489/1.3502 area.

Weekly chart EUR/CHF trend: Bullish.

Intraday AUD/USD: Resistance emerged at 0.8858 Wednesday to protect the July 14 reaction high at 0.8871, and action looks to be in the middle of tracing out a bull pennant formation. Support at 0.8719/34 is holding to protect the lower half of the range, and only below there would prompt further weakness towards Monday's low at 0.8634. Regaining ground above 0.8803 would lift the tone and re-open the 0.8858/71 highs.

Weekly chart AUD/USD trend: Bearish.

* 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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