

European Forex Technicals: USD Regaining Some Dignity

8 Oct 2010, 08:49

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 0449 GMT	1.3951	82.38	1.5888	0.9661
3 Day Trend	Bullish	Bearish	Bullish	Bearish
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3211	88.46	1.5486	1.0521
3rd Resistance	1.4030	83.15	1.6019	0.9789
2nd Resistance	1.3989	82.88	1.5975	0.9738
1st Resistance	1.3977	82.52	1.5955	0.9703
Pivot*	1.3938	82.53	1.5920	0.9640
1st Support	1.3903	82.11	1.5827	0.9647
2nd Support	1.3857	81.74	1.5750	0.9600
3rd Support	1.3799	81.00	1.5671	0.9583

Intraday EUR/USD: the recovery off Thursday's low at 1.3857 is looking set to extend to 1.3977 and 1.3989. A break above 1.3989 is required to re-open Thursday's 1.4030 eight-month high, but the daily doji candle highlights waning bull momentum in front of the key upside targets at 1.4046 and 1.4053. Failure to meet 1.3977, combined with a break below 1.3903 would bring the focus swiftly back onto the 1.3857 low, threatening 1.3799.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: bear pressure is building on Thursday's fresh 15-year low at 82.11, and further weakness is anticipated toward the downwave equality target at 81.74. Failure to keep 81.74 intact would highlight the power behind the dominant bear trend, creating scope for 1.618 Fibonacci extension targets at 81.00. Regaining ground above 82.52 would provide temporary respite, but the upside path is limited to the 83.15 area.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: looks to build a platform off 1.5827 as bulls look to recover the setback off Thursday's eight-month high at 1.6019. A high at 1.5955 and projected resistance at 1.5975 stand in the way and only a break above 1.5975 would re-open the 1.6019. Failure to hang onto the 1.5827 low would prompt a deeper setback towards 1.5750.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: a strong bullish outside day off Thursday's record low at 0.9555 marks a significant basing attempt, but more work needs to be done in order to break resistance at 0.9703. Downside consolidation will look to extend below 0.9647 toward 0.9600, but keeping the 0.9583 lower high intact is vital for protecting the 0.9555 low. A break above 0.9703 would lift the tone further, opening 0.9738 and 0.9789.

Weekly chart USD/CHF trend: Bearish.

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0519 GMT	0.8777	114.88	1.3480	0.9833
3 Day Trend	Bullish	Bearish	Bullish	Bullish
Weekly Trend	Bullish	Bullish	Bullish	Bullish
200 day ma	0.8529	116.92	1.3881	0.8970
3rd Resistance	0.8888	116.00	1.3567	0.9917
2nd Resistance	0.8842	115.68	1.3551	0.9886
1st Resistance	0.8805	115.42	1.3509	0.9867
Pivot*	0.8770	114.89	1.3436	0.9833
1st Support	0.8733	114.58	1.3435	0.9785
2nd Support	0.8690	114.25	1.3395	0.9750
3rd Support	0.8650	113.74	1.3325	0.9725

Intraday EUR/GBP: consolidates beneath Thursday's four-month high at 0.8805, but dominant bulls are gearing up for a return to the 0.8805 high. A break above there would extend the powerful short-term uptrend towards 0.8842 and a 1.618 Fibonacci extension target lies at 0.8888. Corrective weakness is limited to the 0.8650 support area.

Weekly chart EUR/GBP trend: Bullish.

Intraday EUR/JPY: the recovery off 114.25 looks destined to peak beneath Thursday's four-month high at 115.68 and key resistance lies at 115.42. This lies just above an intraday high, but the 115.68 high is expected to remain intact for Friday's session. A break below 114.58 would bring the focus sharply back to the 114.25 low, threatening a deeper setback towards the week's low at 113.74.

Weekly chart EUR/JPY trend: Bullish.

Intraday EUR/CHF: Thursday's probe above 1.3468 puts bulls in control of the near-term and momentum is poised to force a break above 1.3509. Initial upside targets lie at 1.3551 and 1.3567, but scope has been created for the 1.3660 wave-equality target. Corrective weakness will be limited to the 1.3395 area and only below there would concern bulls.

Weekly chart EUR/CHF trend: Bullish.

Intraday AUD/USD: the powerful uptrend is pausing for breath after meeting a key upside target at 0.9917 Thursday and the recovery off 0.9785 will look to attack resistance at 0.9867 and 0.9886. Regaining ground above 0.9886 cannot be ruled out, as the primary objective is set to test parity for the first time since August 1982. Failure to hold 0.9785 would prompt a deeper corrective setback toward the 0.9725 area.

Weekly chart AUD/USD trend: Bullish.

* 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"

By Francis Bray; Dow Jones Newswires; +44 (0)207 842 9249; francis.bray@dowjones.com

Francis Bray is Dow Jones' chief technical analyst for Europe, and has worked as a technical analyst and trader for 20 years in London, Barcelona and Guernsey.

Data provided by CQG International Ltd.

(This article is general financial information, not personalized investment advice, as it does not consider the unique circumstances affecting an individual reader's decision to buy or sell a specific security or currency. Dow Jones does not warrant the accuracy, completeness or timeliness of the information in this article, and any errors will not be made the basis for any claim against Dow Jones. The author does not invest in the instruments or markets cited in this article.)

TALK BACK: We invite readers to send us comments on this or other financial news topics. Please email us at TalkBackEurope@dowjones.com. Readers should include their full names, work or home addresses and telephone numbers for verification purposes. We reserve the right to edit and publish your comments along with your name; we reserve the right not to publish reader comments.

-0-

TALK BACK: We invite readers to send us comments on this or other financial news topics. Please email us at TalkbackEurope@dowjones.com. Readers should include their full names, work or home addresses and telephone numbers for verification purposes. We reserve the right to edit and publish your comments along with your name; we reserve the right not to publish reader comments.

TALK BACK: We invite readers to send us comments on this or other financial news topics. Please email us at TalkbackEurope@dowjones.com. Readers should include their full names, work or home addresses and telephone numbers for verification purposes. We reserve the right to edit and publish your comments along with your name; we reserve the right not to publish reader comments.

Click here to go to Dow Jones NewsPlus, a web front page of today's most important business and market news, analysis and commentary: <http://www.djnewsplus.com/access/all?rnd=FapRtUOHXKOP7%2BZqbyh9%3D%3D>. You can use this link on the day this article is published and the following day.

(END) Dow Jones Newswires

October 08, 2010 02:49 ET (06:49 GMT)