



Week 12

25th March – 31st March 2009

Summary

MAJORS

- + Euro Dollar
- + Dollar Yen
- + Dollar Swiss
- + Sterling Dollar
- + US Dollar Index

CROSSES

- + Euro Yen
- + Euro Sterling
- + Euro Swiss
- + Sterling Yen

MINORS

- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

Disclaimer



the **FX trader's** guide to major markets

Philip J Allwright

Mark Sturdy

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summary

Summary

MAJORS

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Stay **BULLISH** recovery exceeded 38.2% - interesting levels towards higher 76.4%...
Stay **BULLISH** 50% pullback seen – fresh bounce now underway
Go **BEARISH** after fresh bout of weakness
Go **BULLISH** bull trigger now activated
Go **BEARISH** s/term pullback gains in strength now

CROSSES

- + Euro Yen
- + Euro Sterling
- + Euro Swiss
- + Sterling Yen

Stay **BULLISH** 23.6% resistance now breached - 131.00 area next target
Stay **BULLISH** but price now near key 76.4% resistance – pullback risk improves
Stay **SQUARE** rapid recovery not far from a new 76.4% resistance level
Stay **BULLISH** key 23.6% resistance area now exceeded

MINORS

- + US Dollar CAD Dollar
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Go **SQUARE** pullback from just above 1.3000 has continued
Stay **BULLISH** key 0.6300 76.4% level still providing support as price moves higher
Go **BULLISH** rebound in process off long term 76.4% level
Go **BEARISH** several s/term supports now broken
Go **BEARISH** s/term pullback now underway

Disclaimer



MAJORS

EUR/USD has bounced very nicely from our long-held Fibo projection, eyeing higher 61.8% and 76.4% levels now. **USD/CHF** has swung lower once more, and is bearish. We stay bullish in **USD/JPY** after a recent 50% slip back. **GBP/USD** has given an interesting bull signal, which we duly obey. The **US Dollar Index** has continued to ease.

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Disclaimer

Euro Dollar

Euro Dollar – Monthly Chart:

The extent of last year's fall implies that a medium term bear move is underway, with long term bull momentum on the wane.



More



Euro Dollar

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Disclaimer

Euro Dollar – Weekly Chart:

The late 2008 recovery was viewed as a temporary affair.

The 61.8% area is not expected to be retested/breached any time soon,

although a shorter term rebound had been sought, and is now well underway (see Daily chart).





Euro Dollar

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Disclaimer



Euro Dollar – Daily Chart:

We went aggressively bullish about here.

This followed the attaining of a long-held Fibo projection, and a modest reversal day on 04-Mar.

The break of the 1.3000 resistance area (23.6%) provided a boost, and the FOMC helped too.

We had then targeted 38.2% and now note resistance from the 1.3822/55 area (19-Dec low and 61.8%).

However note an interesting Fibo projection at 1.4150, close to the 1.4185 76.4% level – we are tempted to target this.

First support lies around the 1.3328 27-Jan high.

Earlier longs will have taken partial profits towards 1.3000, and more around the 1.3320 38.2% level. Next target towards 1.4150/85. Stops likely just below 1.3320 now – fresh buyers on modest dips will favour the same stops.

We maintain a bullish stance.



Dollar Yen

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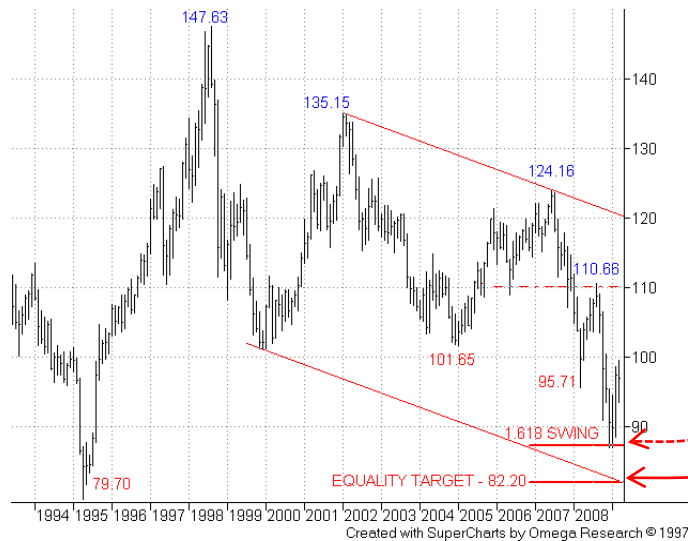
CROSSES

- + Euro Yen
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MINORS

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Disclaimer



Dollar Yen – Monthly Chart:

The downmove has found temporary support at the 1.618 swing projection off prior 101.65-124.16 upmove.

Any rebound will currently be assumed temporary.

Note the lower equality target ('124.16-95.71' off 110.66 Aug high) around **82.20**.

Long term bear risk remains.



Dollar Yen – Weekly Chart:

Last year's downleg found nice support from the projected bear channel base.



Dollar Yen

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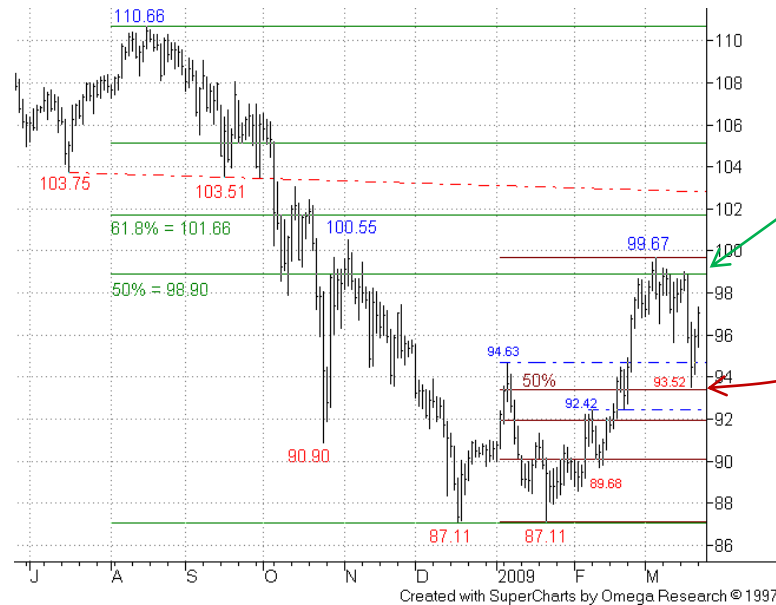
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Disclaimer



Dollar Yen – Daily Chart:

We had been bullish for several weeks, targeting towards the 50% level near 99.00 – once tested we thought pullback risk was high.

There has now been a near-50% pullback (unfortunately we hadn't drawn the retracements in last week).

The first support from around the 94.63 06-Jan high didn't hold, but the structure definitely favours bulls still while the 93.52 19-Mar low holds.

A fresh s/term surge would target the 101.66 61.8% level, which coincides with the Jan-05 low (see Monthly chart).

Any recent buyers on dips towards 94.63 fortunate enough to have stops below that 50% pullback level, will likely hold stops just below 93.52 for now, targeting 99.00/67 for partial profits.

We maintain an overall bullish stance here.



Dollar Swiss

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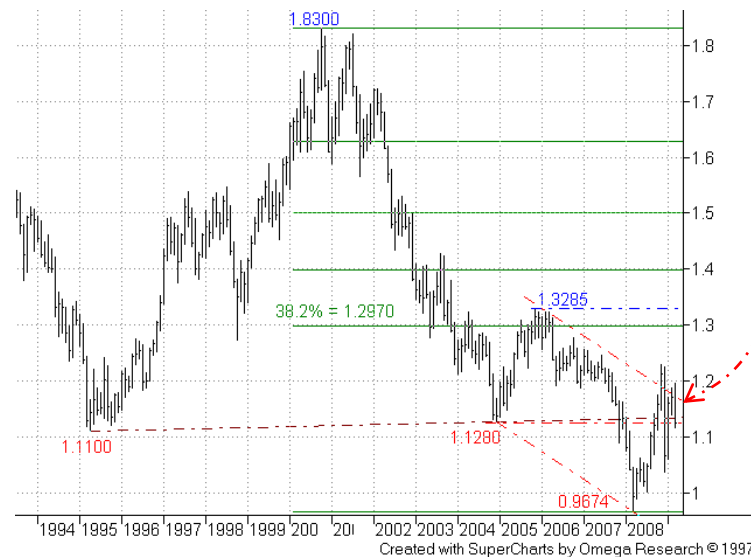
CROSSES

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MINORS

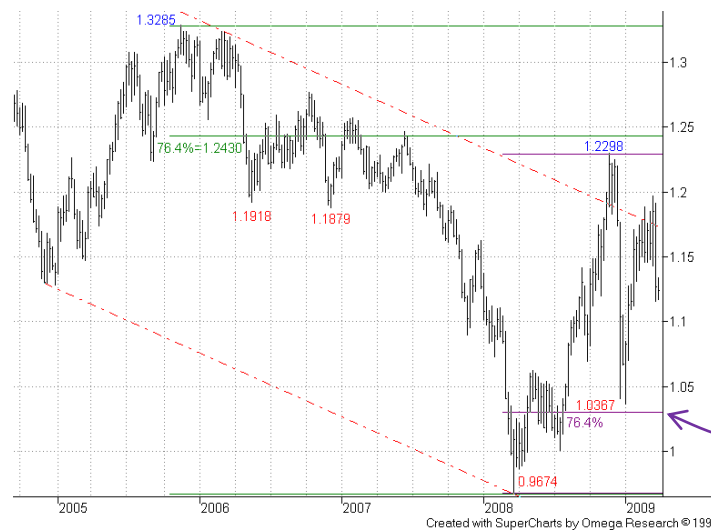
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Dollar Swiss – Monthly Chart:

The recovery off 0.9674 Mar-08 low breached the bear channel top projection, signalling that (despite the subsequent deep pullback) long term bears were losing momentum.



Dollar Swiss – Weekly Chart:

The subsequent deep pullback (nearly 76.4% - see Daily chart) was not a surprise.

If long term bear momentum has indeed weakened then we anticipate a retest of the 1.2298 Nov peak in due course.



Dollar Swiss

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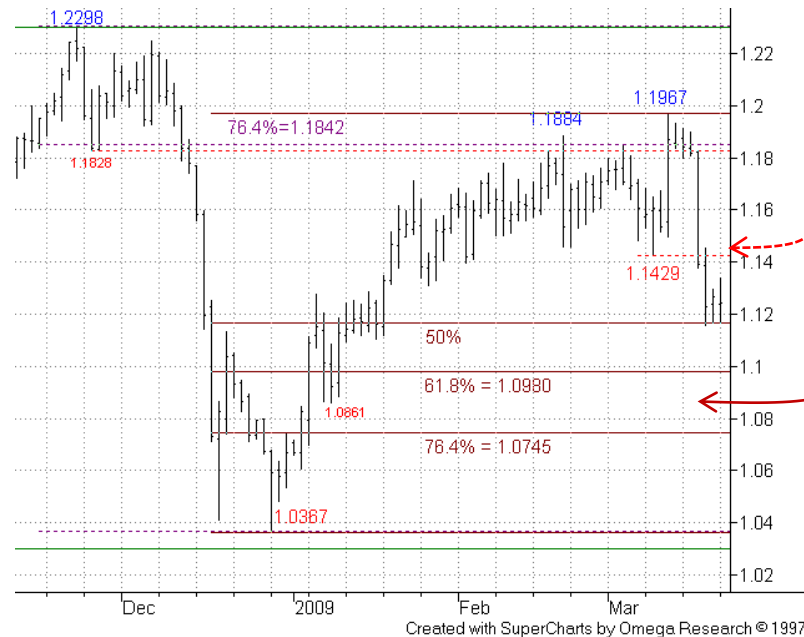
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Disclaimer



Dollar Swiss – Daily Chart:

Fresh weakness here, together with the drop below the 1.1429 10-Mar low has re-established the shorter term bear outlook.

Temporary support has come from the 50% mark, but there is probably scope for lower prices – so we focus on the 1.0980 61.8% and 1.0745 76.4% levels as interesting supports.

We adopt a s/term bear stance now.



Sterling Dollar

Summary

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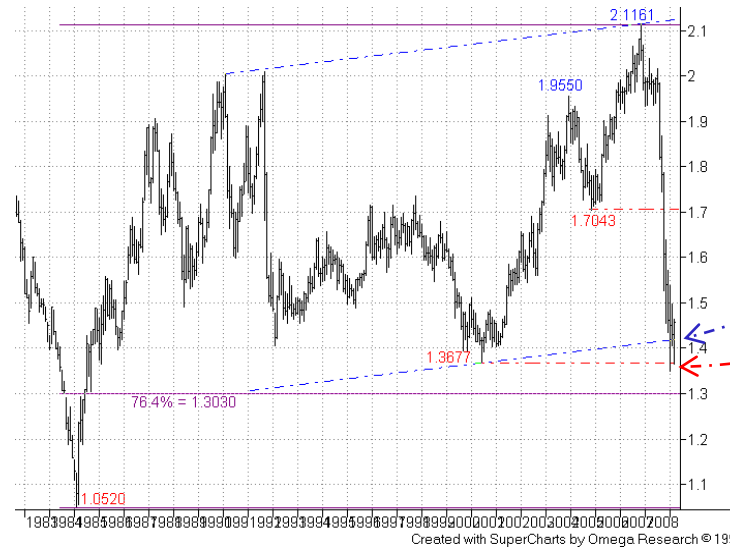
CROSSES

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Disclaimer



Sterling Dollar – Monthly Chart:

The powerful bear move broke below the long term channel base projection (a further sign of momentum loss) .

The 1.3677 Jun-01 low was eroded, but price has so far shied away from pushing still lower (and towards the 76.4% 1.3000 area).



Sterling Dollar – Weekly Chart:

The structure of the chart seemed to have changed since Dec , taking on the classic appearance of a final leg.

The positive divergence on the RSI was suggesting that bears were getting tired.



Sterling Dollar

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Disclaimer



Sterling Dollar - Daily Chart:

We have now seen a recovery above the small falling resistance line, **giving a bull signal.**

First target towards the 1.5070 23.6% level.

Beyond here we would target the 1.6040 38.2% area.

At this stage we do not want to see a drop below the 1.3653 11-Mar low, **and buyers on dips will favour initial stops just below here.**

We adopt a bull stance now.



US Dollar Index

Summary

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Disclaimer



US Dollar Index – Monthly Chart:

In 2008 two signs that long term bears were losing momentum were

- the push above the significant 80.390 Dec-04 low , and
- the breach of the bear channel top projection.

The 38.2% retracement area, around 90.00 has now been neared – resistance here is not a surprise.



US Dollar Index – Weekly Chart:

The bounce off a former 61.8% retracement area was seen as a precursor to another upmove that pushed beyond the 88.463 Nov high.

This was briefly seen, but a s/term pullback is now underway – see Daily chart.



US Dollar Index

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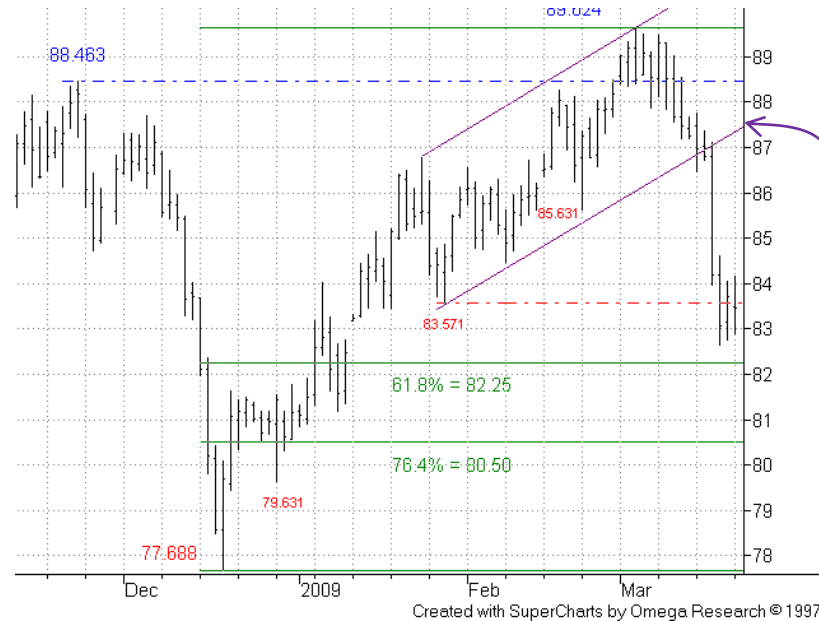
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US Dollar Index – Daily Chart:

We had been expecting a pullback for some time, the market initially pushing higher.

But it is now well under way – particularly after the break below the s/term bull channel base projection, which was close to a 23.6% level. This confirmed our bearish outlook.

Supports now offered by the 82.25 61.8% and 80.50 76.4% retracements.

We hold a s/term bearish stance since that break of the channel.



CROSSES

EURJPY has stayed bullish and has surpassed the 131.00 area to test 38.2% - pullback no surprise now. **EURGBP** has recovered towards 76.4%, but we remain doubtful about bulls' continuing commitment. **EURCHF** has seen a s/term reversal of fortune, after a false break below a 76.4% support level. In **GBPJPY** a reversal pattern completed recently continues to favour s/term bulls.

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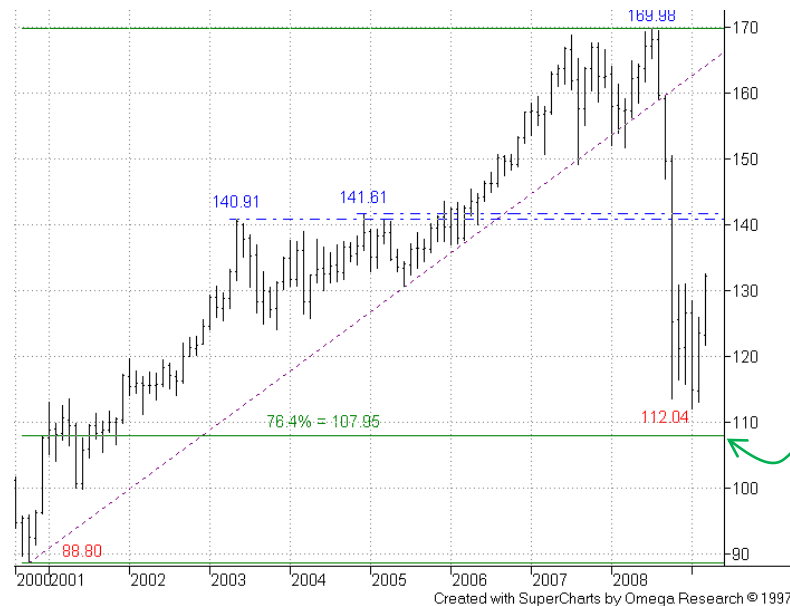
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MINORS

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Disclaimer

Euro Yen



Euro Yen – Monthly Chart:

After the break below the significant 141.61/140.91 highs the move has so far fallen short of the 76.4% 107.95 level.

More



Euro Yen

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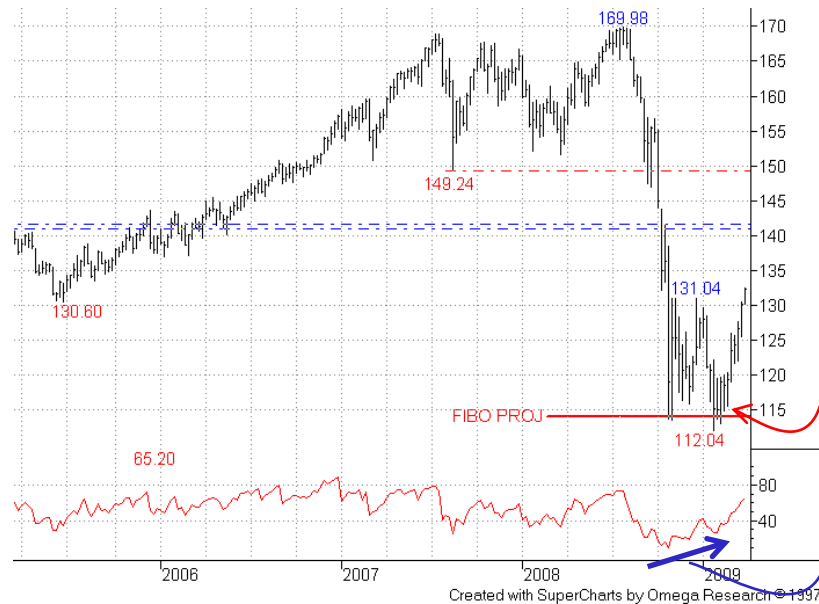
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Disclaimer



Euro Yen – Weekly Chart:

Our latest Fibo projections (around 114.30) earlier provided support – it again came under pressure earlier on, but only briefly eroded.

The positive divergence on the Weekly RSI has been quite a useful clue to recent bull action – see Daily chart.



Euro Yen

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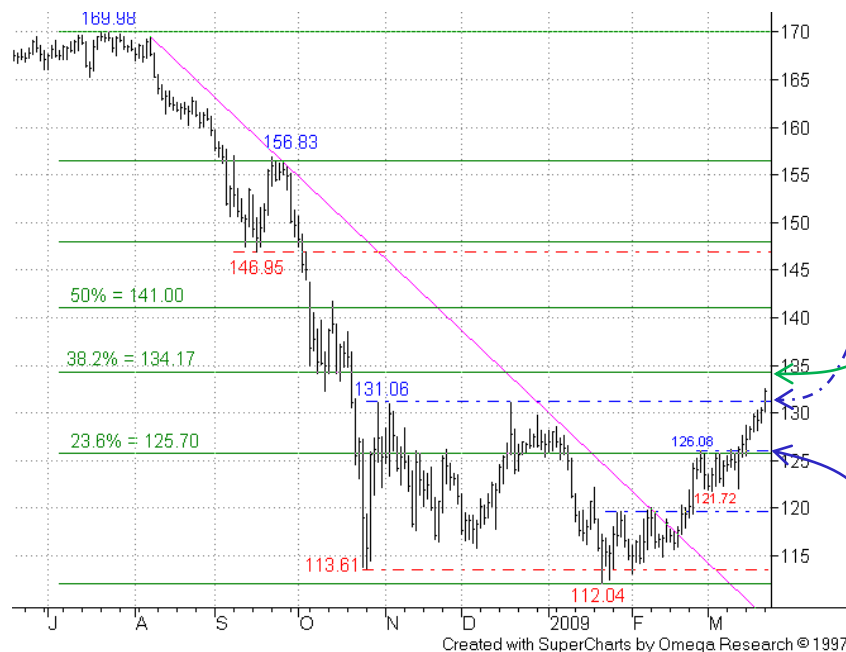
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Disclaimer



Euro Yen – Daily Chart:

We have been bullish since the close above 120.00.

With the break above 23.6% we had targeted a test of the 131.00 area, above which would complete a base, BUT we pointed out potential resistance from the higher 38.2% area.

This retracement level has been tested/eroded today, with price so far slipping back.

Ultimately the 120.00 area will continue to provide support under a continuing bull scenario, but note closer support from around the 26-Feb 126.08 high now.

Any previous longs had taken partial profits around the 125.70 23.6% level as suggested, and more at 131.00. Following the test of 38.2% we assume flat positions now. Fresh buyers on dips ahead of 126.08 will likely have stops not far below here

We maintain a bullish stance now.



Euro Sterling

Summary

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CROSSES

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MINORS

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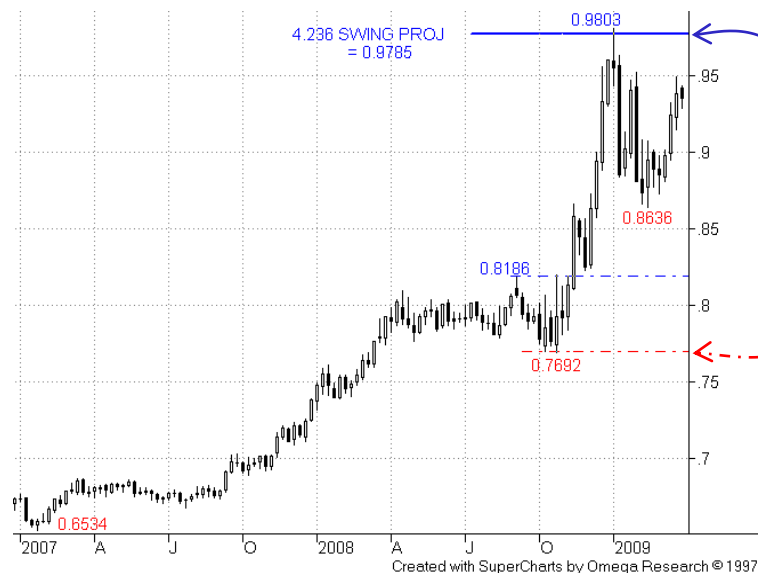
Disclaimer



Euro Sterling – Monthly Chart:

The longer term chart structure has remained very bullish.

But the 0.8555 38.2% retracement needs to hold in order not to jeopardise this.



Euro Sterling – Weekly Chart:

The acceleration upwards from the 0.7692 Oct low was an almost exact 4.236 swing (one of the more extreme natural growth multiples) off prior 0.8186-0.7692 Sep/Oct pullback.

A cautionary note for bulls: - the increased volatility of previous weeks can be a feature that occurs when a trend is in the process of reversing.



Euro Sterling

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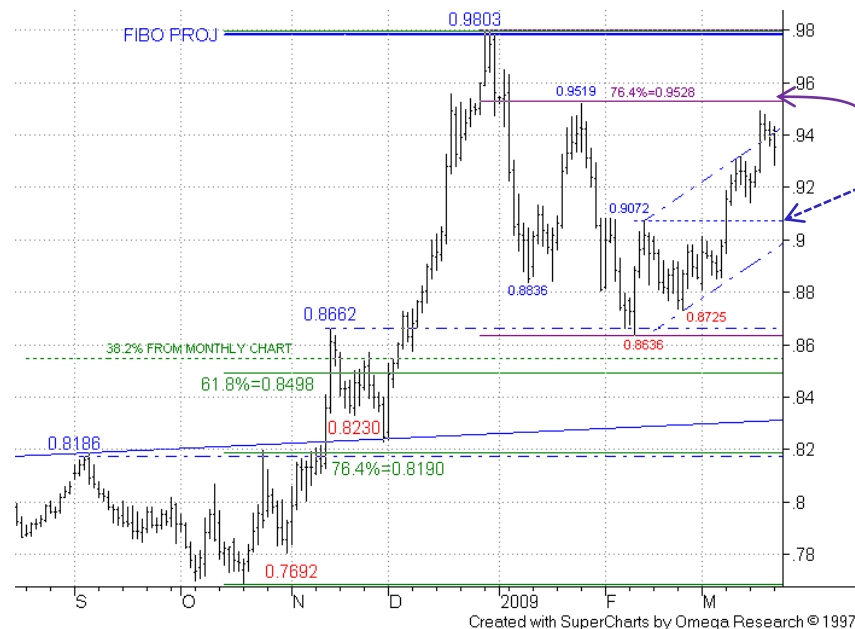
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Disclaimer



Euro Sterling – Daily Chart:

The recovery through the 12-Feb 0.9072 high was s/term bullish – and the 0.9528 76.4% has now been neared. This is close to the 0.9519 26-Jan high, seen as a key area now.

The chart structure of the s/term recovery may soon start looking mature – we wouldn't be chasing price up here.

We must continue to ask if the recovery is merely a bounce ahead of another notable leg down (answer to follow).

First support comes from that 0.9072 high, and a drop back below this would signal a drop in momentum.

We maintain a s/term bullish stance for now, but are cautious about further upside potential.



Euro Swiss

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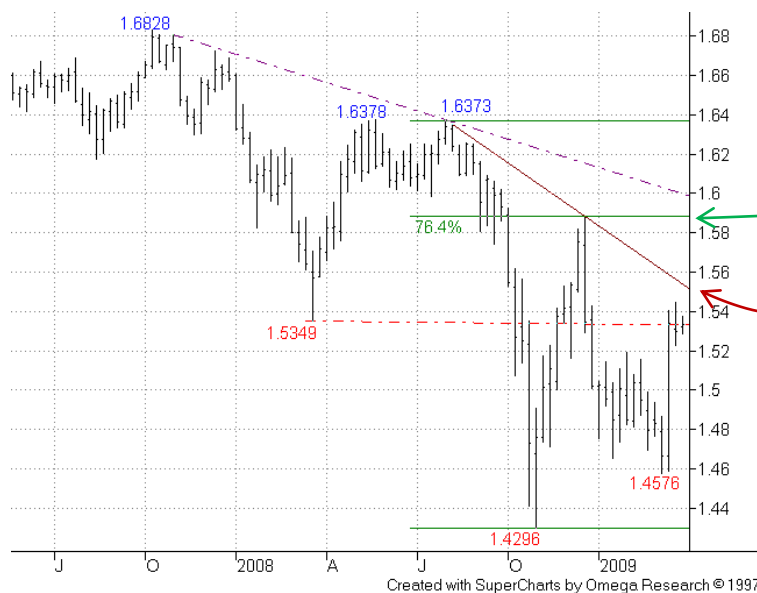
Disclaimer



Euro Swiss – Monthly Chart:

The major 1.4391 low of 2001 was pierced, but only briefly.

Initial recovery after then was dramatic, but much of those gains were subsequently relinquished.



Euro Swiss – Weekly Chart:

The sharp Oct/Dec rebound was rejected by the 76.4% retracement level.

The current bounce is nearing a new falling resistance line in the 1.5540s – in fact very close to a technical level on the Daily chart...



Euro Swiss

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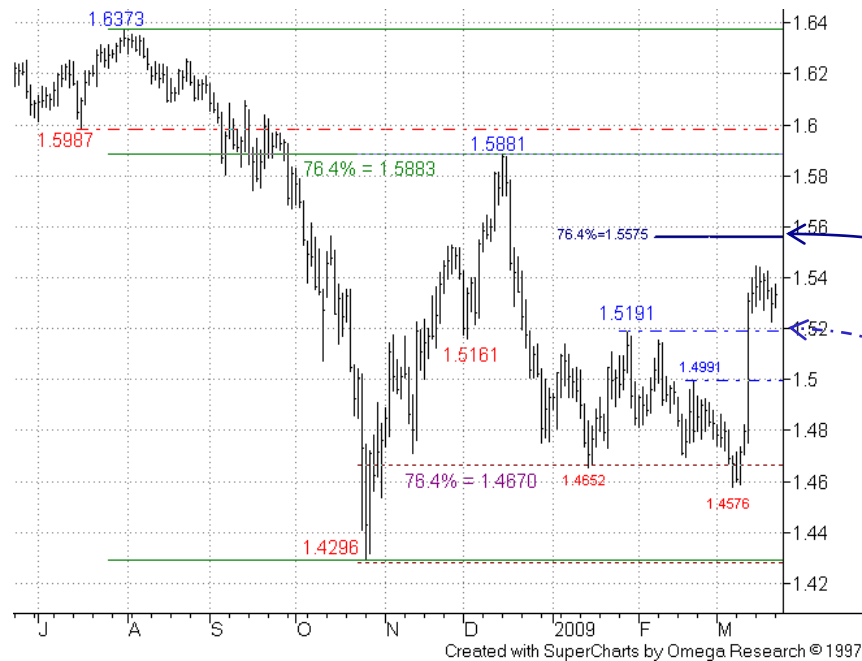
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MINORS

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Disclaimer



Euro Swiss – Daily Chart:

The rapid recovery, and push through the 1.5000 were s/term bullish.

We are interested in the 1.5575 76.4% rebound level now, as a s/term target/resistance area.

First support now offered by the 1.5191 28-Jan high, and then the 1.4991 20-Feb high.

We maintain a sidelined stance for now, wondering if further upside could be limited by that 1.5575 area.



Sterling Yen

Summary

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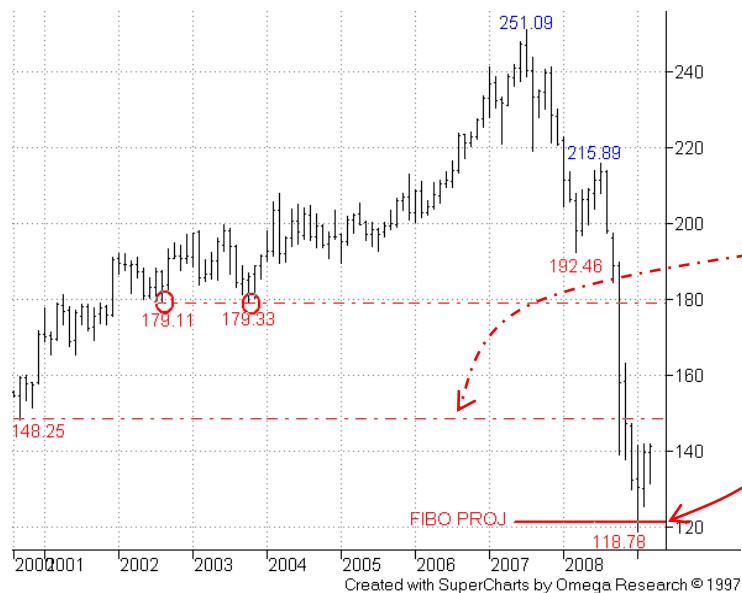
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MINORS

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Disclaimer



Sterling Yen – Monthly Chart:

The substantial fall here (price has more than halved over the last two years) breached the level of the major 148.25 Sep-2000 low.

Continuation downward has now seen a test of our next Fibo projection around **121.00**.



Sterling Yen – Weekly Chart:

The structure of the Weekly chart had implied that the downtrend was slowing.

The positive divergence on the Weekly RSI was suggesting some sort of trend reversal.



Sterling Yen

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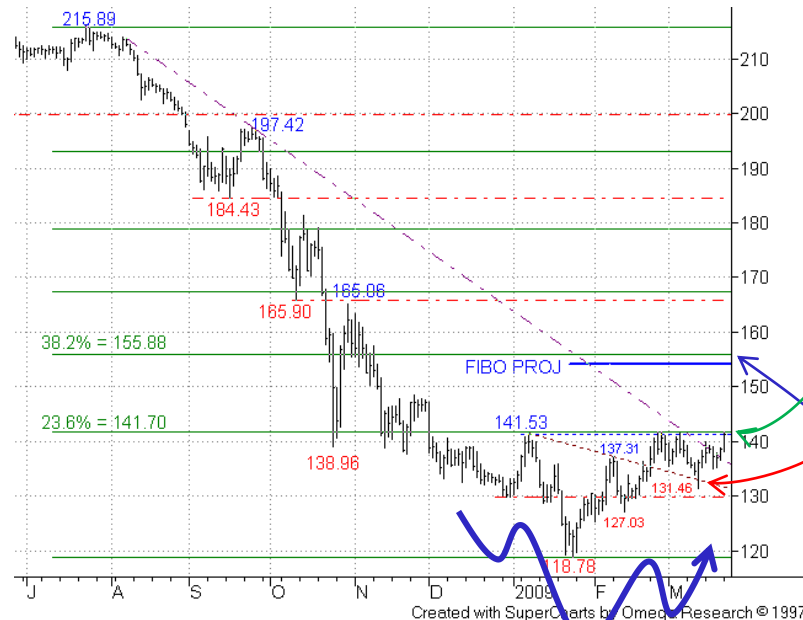
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Sterling Yen – Daily Chart:

Today there has been a break through the key 141.53/70 resistance (07-Jan high & 23.6%). A close above here confirms the completion of an Inverse Head & Shoulders, justifying our existing bull stance.

Key support now becomes the 131.46 12-Mar - effectively the right-hand shoulder – a drop below this would be bearish..

We now target the 153.75/155.88 area (a Fibo projection and 38.2% level).

Longs established earlier on will have stops just below 131.46 now, targeting that 153.75/155.88 area for partial profits.

We maintain a bullish stance here.



MINORS

USD/CAD's recovery has petered out after failing to hold above 1.3000 – we await better signals now. **AUD/USD** remains above a long term 76.4% level, and the s/term picture is improving. **NZD/USD** is now, too, recovering from a long term 76.4% support. The slip back in **USD/ZAR** has now sidelined earlier bulls. **USD/SGD** has continued to drop back, the long-anticipated pullback now underway.

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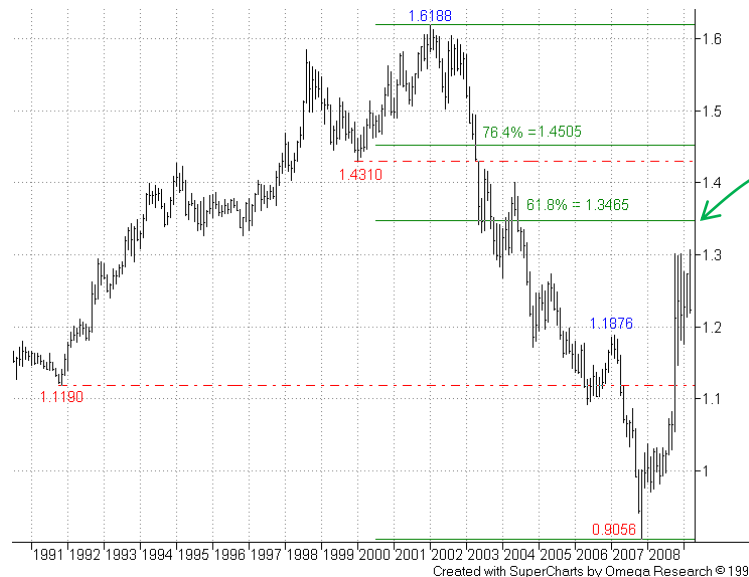
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Disclaimer

US Dollar CAD Dollar



US Dollar CAD Dollar – Monthly Chart:

After pushing beyond the level of the major **1.1190** Nov-91 low, price is now not far from a 61.8% recovery of the 2002-2007 losses, around **1.3465** – our next main target now.



US Dollar CAD Dollar

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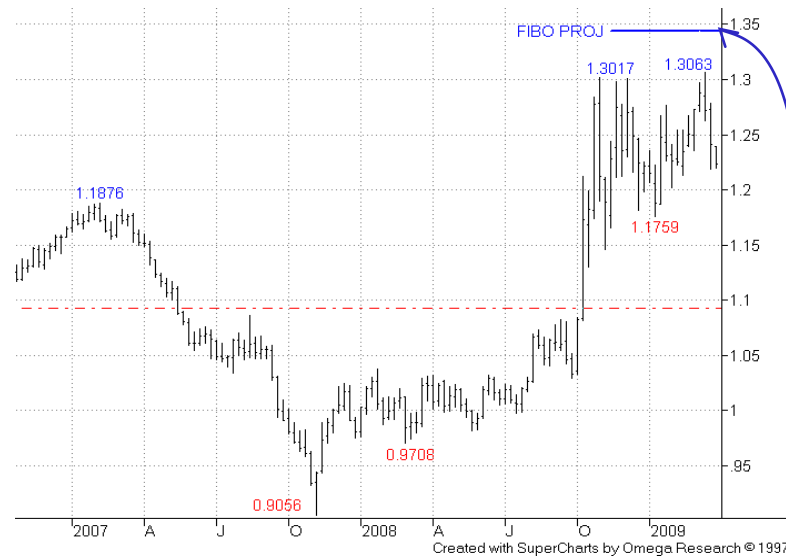
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Disclaimer



US Dollar CAD Dollar – Weekly Chart:

The market recently tested/eroded the 1.3017 Oct-08 peak.

However, so far, it has been unable to sustain the higher levels, slipping back.

This means that the previous consolidation mode has not been shaken off.

We still think that the chart structure allows for further, later gains.

We keep in mind one Fibo projection at 1.3430, near to the 61.8% level (above).



US Dollar CAD Dollar

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US Dollar CAD Dollar – Daily Chart:

S/term negative signs have come from the breaks of both the rising support and the small bull channel base projection.

This postpones, but doesn't preclude, another attack on the 1.3000 area.

We must now focus on the key support area of 1.2067/1.2005 – two Fibo retracement levels that sandwich the 1.2024 28-Jan low – we would probably have to turn bearish if this was broken.

First resistance will come from the under side of that rising former support line, around 1.2650.

We adopt a sidelined stance for now.



AUS Dollar US Dollar

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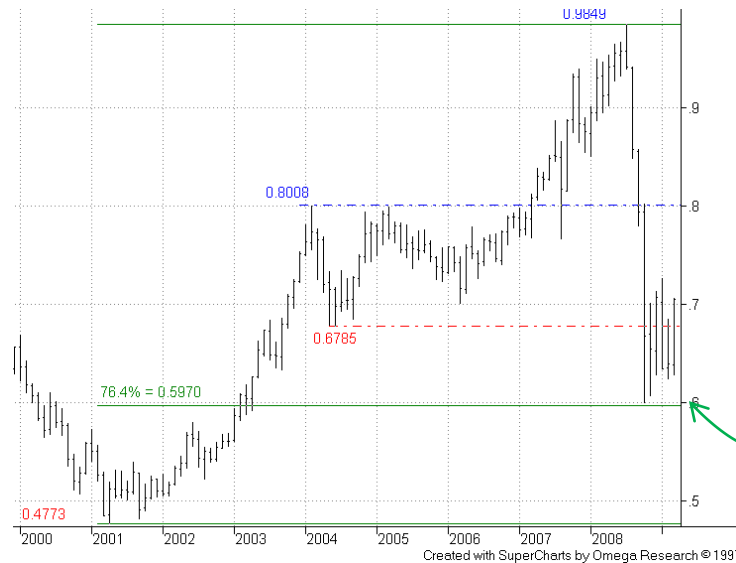
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- + Sterling Yen

MINORS

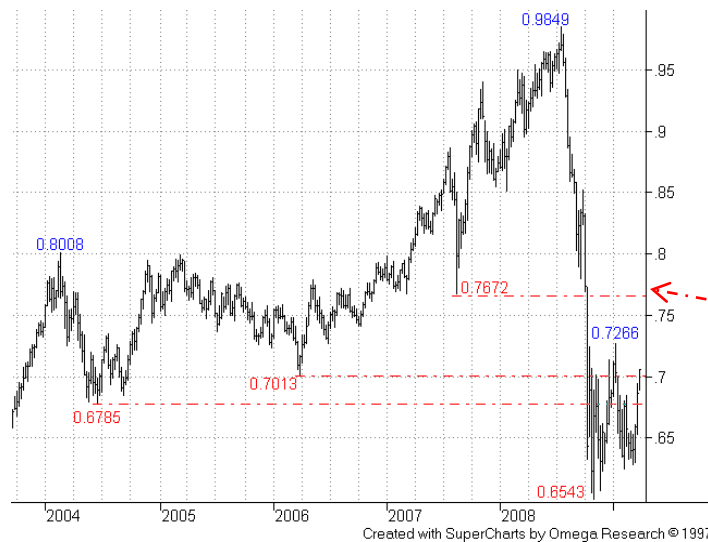
- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

Disclaimer



AUS Dollar US Dollar – Monthly Chart:

Losses in 2008 found good support from the 76.4% retracement level (this is also being effective in NZD/USD).



AUS Dollar US Dollar – Weekly Chart:

The 0.7000 area is again being attacked, with the long term 76.4% level encouraging a recovery.

Higher resistance comes from the next significant low at 0.7672, Aug-07.



AUS Dollar US Dollar

Summary

MAJORS

- + Euro Dollar
- + Dollar Yen
- + Dollar Swiss
- + Sterling Dollar
- + US Dollar Index

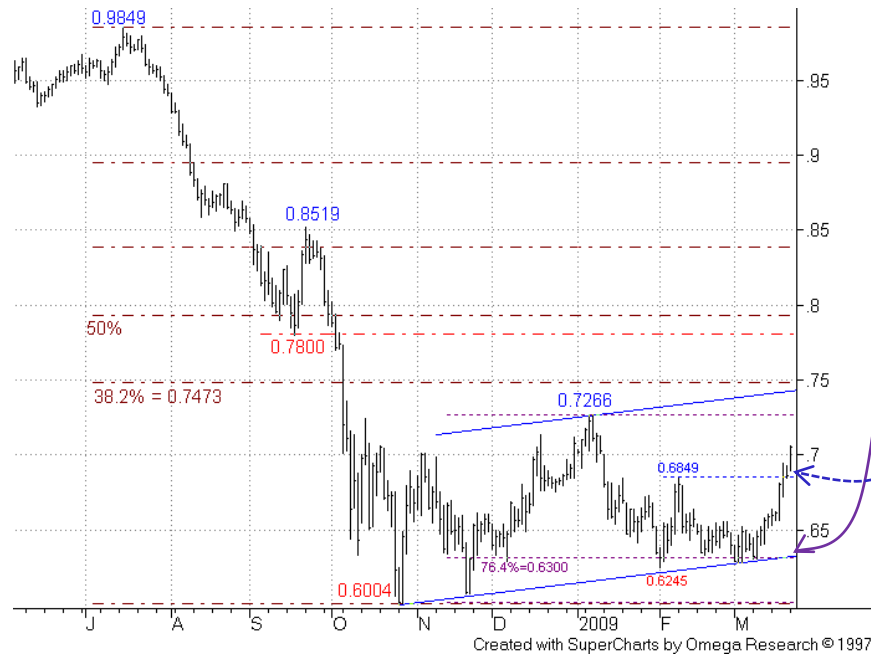
CROSSES

- + Euro Yen
- + Euro Sterling
- + Euro Swiss
- + Sterling Yen

MINORS

- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

Disclaimer



AUS Dollar US Dollar – Daily Chart:

After continuing s/term support came from the 76.4% area around 0.6300 we have now seen a break above the 0.6849 09-Feb high – a fresh bull trigger.

This restores some confidence in a recovery scenario.

Next target towards the 0.7473 38.2% area, noting a bull channel top projection nearby, at 0.7430 currently – resistance likely here.

Any speculative longs will likely have taken partial profits near that 0.6849 high, next targeting towards the 0.7473 38.2% area. Stops probably raised to just below the 0.6475/0.6500 area now.

We currently maintain our aggressive s/term bullish stance, aided by that long term 76.4% level.



NZ Dollar US Dollar

Summary

MAJORS

- + Euro Dollar
- + Dollar Yen
- + Dollar Swiss
- + Sterling Dollar
- + US Dollar Index

CROSSES

- + Euro Yen
- + Euro Sterling
- + Euro Swiss
- + Sterling Yen

MINORS

- + US Dollar CAD Dollar
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- + NZ Dollar US Dollar
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- + US Dollar SING Dollar

Disclaimer



NZ Dollar US Dollar – Monthly Chart:

The sharp fall violated the important lows from 2004/2006, around 0.5909/20, and now the **0.4915** 76.4% level has come under pressure – we have been looking for evidence of a rebound off this technical level, *and it has started.*



NZ Dollar US Dollar – Weekly Chart:

For some weeks we have pointed out the positive RSI divergence, suggesting bear fatigue. It has finally proved to be a useful bullish clue.



NZ Dollar US Dollar

Summary

MAJORS

- + Euro Dollar
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CROSSES

- + Euro Yen
- + Euro Sterling
- + Euro Swiss
- + Sterling Yen

MINORS

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Disclaimer



NZ Dollar US Dollar – Daily Chart:

We said that a close above the 0.5446 09-Feb high would be a bull trigger – and that, in fact, a close above the small bear channel top projection would be enough. This has happened and, as in AUD/USD, our stance is bullish now.

Potential resistance from the 0.5651/74 area, 23-Dec low and 23.6% level, is now being eroded. Also note the slightly higher channel top projection around 0.5800 – *all this could well prompt a s/term pullback, a chance for buyers on dips.*

The 38.2% 0.6160 area is a higher target.

We do not want the 0.4890 04-Mar low to break now.

Buyers on a decent drop back would want initial stops below 76.4% of the upleg from 0.4890.

We adopt a bullish stance now.



US Dollar SA Rand

Summary

MAJORS

- + Euro Dollar
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CROSSES

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- + Euro Swiss
- + Sterling Yen

MINORS

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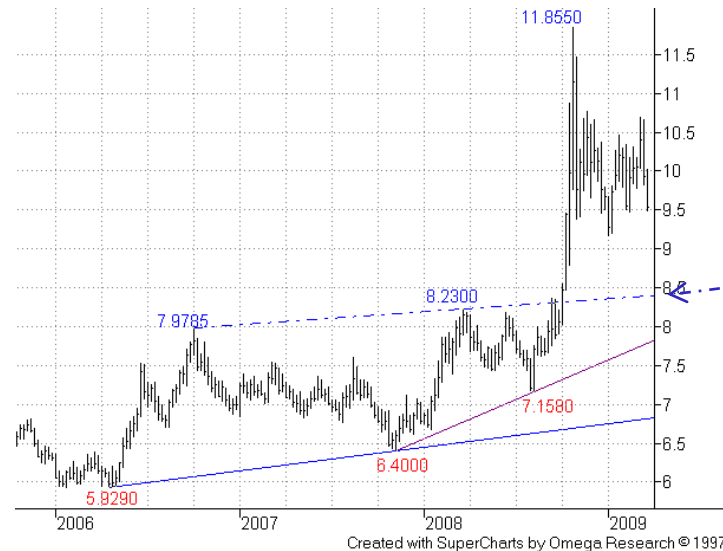
Disclaimer



US Dollar SA Rand – Monthly Chart:

In 2008 there was a marked acceleration up to the 76.4% level.

Clear resistance was found here, and it remains an important hurdle to negotiate.



US Dollar SA Rand – Weekly Chart:

A deeper pullback here could well test the old resistance/return line, but this may not occur just yet.



US Dollar SA Rand

Summary

MAJORS

- + Euro Dollar
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CROSSES

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- + Euro Swiss
- + Sterling Yen

MINORS

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Disclaimer



US Dollar SA Rand – Daily Chart:

Further weakness here has breached the 9.7755 26-Feb low together with a small rising support line.

This negated an earlier bull signal and, now, the 9.5000 former support area has also been violated – this is a negative sign.

Higher targets are now shelved as focus turns to the 9.1700 31-Dec low, ahead of the 61.8% 8.9520 retracement.

First resistance comes from the broken rising support line around 9.8000 currently.

Earlier buyers will now be sidelined after the breach of 9.7755.

We adopt a s/term bear stance now.



US Dollar SING Dollar

Summary

MAJORS

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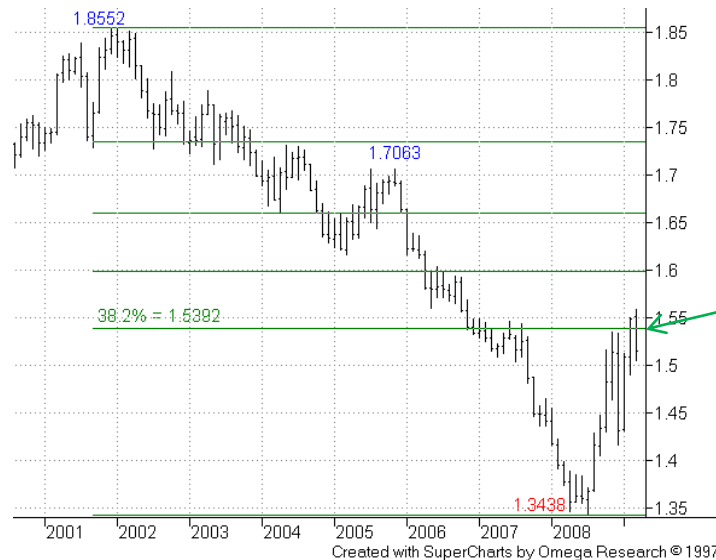
CROSSES

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- + Sterling Yen

MINORS

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Disclaimer



US Dollar SING Dollar – Monthly Chart:

Recovery off the Jul-08 low earlier found good resistance from the 38.2% retracement of the major fall from the Dec-01 peak.

This has recently been eroded, but s/term price is struggling to hold above.



US Dollar SING Dollar – Weekly Chart:

The old falling resistance/ return line provided excellent support in Dec.

As price moves higher the next resistance of note on this chart would be the 1.5678 61.8% level of the Nov-05/Jul-08 downmove.



US Dollar SING Dollar

Summary

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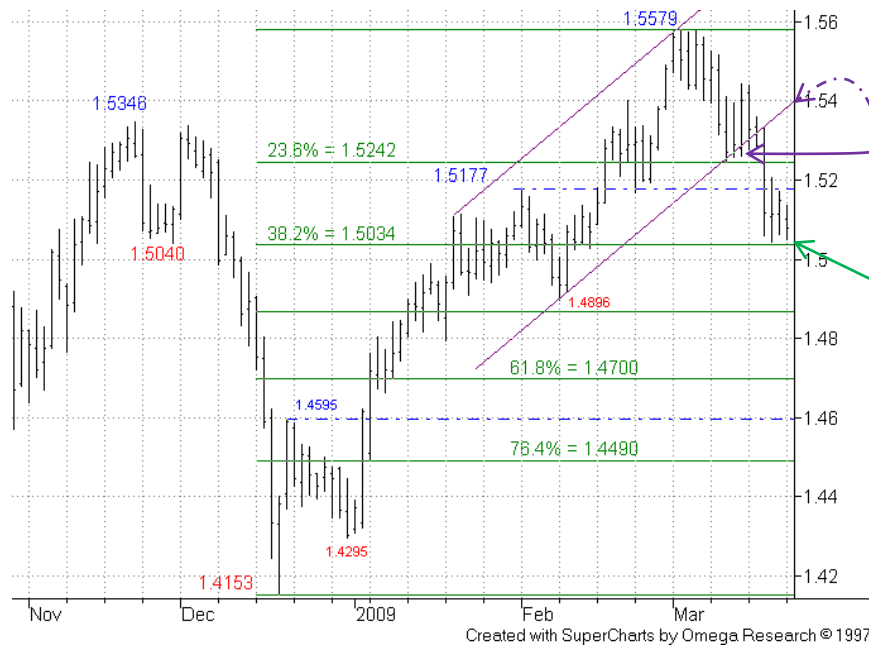
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- + Euro Swiss
- + Sterling Yen

MINORS

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- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

Disclaimer



US Dollar SING Dollar – Daily Chart:

The required breaks below the s/term bull channel base and the 23.6% level have now occurred, triggering us s/term bearish.

We had been anticipating this.

Our next target of the 38.2% area has also been seen.

We now look to the 61.8%/76.4% 1.4700/1.4490 area as offering potentially good support, if reached.

Resistance comes from the underside of the old channel, around 1.5380/1.5400 currently

We hold a s/term bearish stance now.



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