



**Week 16**

**22<sup>nd</sup> April – 28<sup>th</sup> April 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

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### Disclaimer

- Go **SQUARE** key support eroded – bulls now sidelined
- Stay **BULLISH** 101.66 61.8% resistance neared recently, bulls may start to struggle
- Stay **BEARISH** s/term recovery is lasting longer than expected
- Stay **BULLISH** first target around 23.6% level now met
- Go **SQUARE** recovery continues after earlier nearing 61.8% support

- Stay **BULLISH** 126.00/08 now key support
- Stay **BEARISH** slip back from a key 76.4% resistance continues
- Stay **BULLISH** but upside scope is uncertain
- Stay **BULLISH** Inverse Head & Shoulders now supporting bull move

- Stay **BEARISH** first target/key support now tested
- Stay **BULLISH** s/term pullback seen as temporary
- Stay **BULLISH** s/term pullback seen as temporary
- Stay **BEARISH** s/term support found around 61.8% retracement area
- Stay **BEARISH** but bears have faltered after recent erosion of 38.2% support



## MAJORS

**EUR/USD** has started to look negative, after an initial erosion of a key support – a warning shot to recent bulls. **USD/CHF** has continued to recover, casting doubt on future bears' resolve now. **USD/JPY** upside could be limited for now, after recent test of a 61.8% area. **GBP/USD** reached our first bull target and, for now, we retain a bullish stance here. The **US Dollar Index** has continued to recover s/term.

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## 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.

So we would be looking for a challenge of the 1.1638 Nov-05 low in due course.

More



## Euro Dollar

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### Euro Dollar – Weekly Chart:

The late 2008 recovery, to a 1.4719 high, 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 recently got underway (see Daily chart).*



## Euro Dollar

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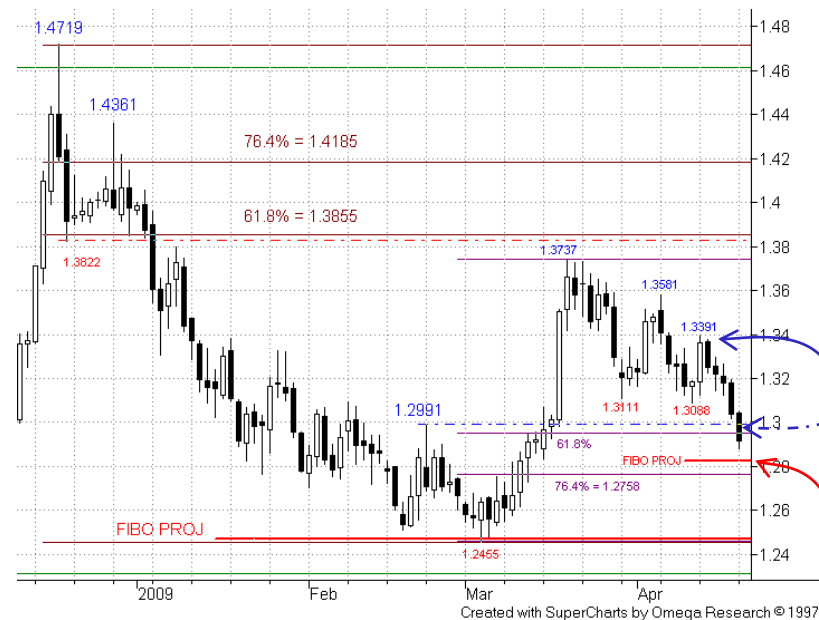
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## Euro Dollar – Daily Chart:

We had been bullish since early Mar - the recent pullback has been deeper than we expected, although we were always assuming that any strength was of a temporary nature.

Key support at 1.2991/45, the 23-Feb high and 61.8% pullback level, has been eroded now – a negative indication **and we think it right to be on the sidelines.**

Bulls' faith would be temporarily restored on a recovery above 1.3391 13-Apr high but there are lower hurdles, such as the recent 1.3088/1.3111 lows, to negotiate first.

We do note one Fibo projection on the downside, 1.2830, which may give temporary support. Meanwhile we await further s/term developments.

**Any earlier buyers will now be sidelined after the erosion of 1.2991/45 support.**

We adopt a sidelined stance for now.



## Dollar Yen

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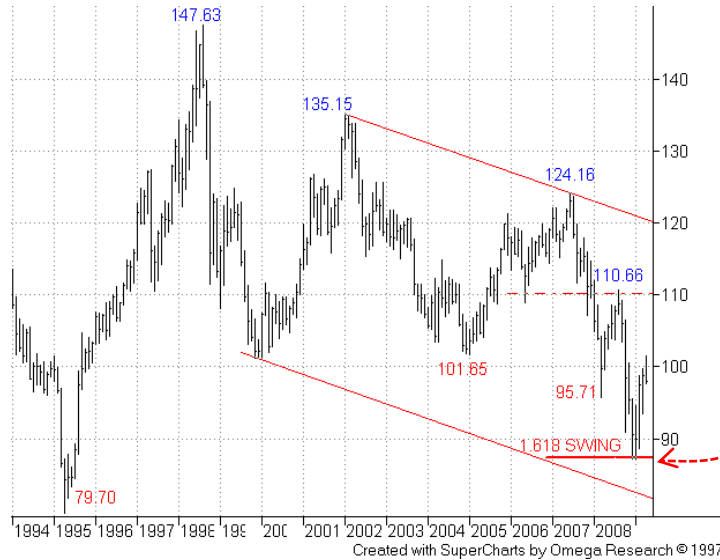
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### Dollar Yen – Monthly Chart:

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.

Long term bear risk remains.



### Dollar Yen – Weekly Chart:

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

The channel top currently runs through the 102.50 region.



## Dollar Yen

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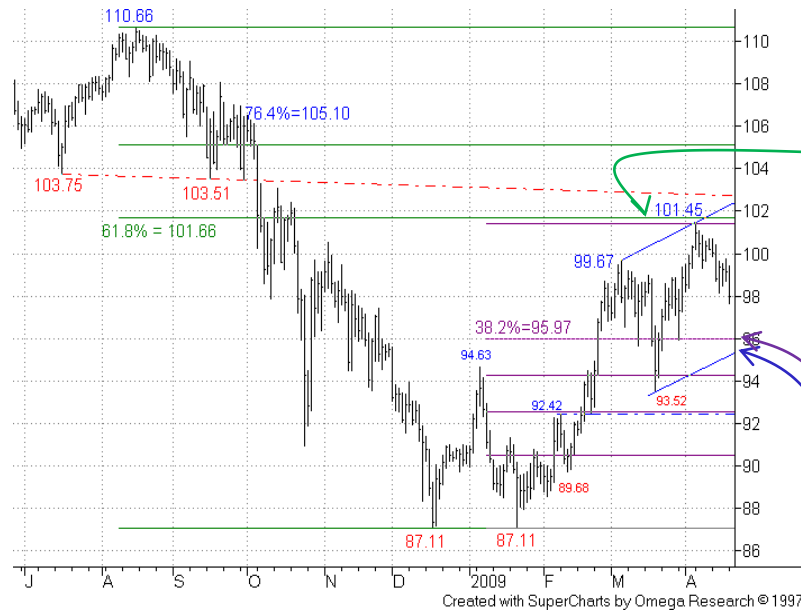
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### Dollar Yen – Daily Chart:

We have been bullish here since early/mid-Feb and our latest target towards the 101.66 61.8% level (coincided with the Jan-05 low) has effectively been met.

*We recently indicated we could start to question the resolve of s/term bulls up here and this remains the case, with upside perhaps limited.*

Note possible support from the 38.2% pullback level near 96.00.

In the end, the small bull channel base projection around 95.30 needs to hold in order to avoid bearish implications.

**Earlier buyers had partial profits at 99.00/67, balance probably closed ahead of 101.66 now. Any fresh buyers on dips may favour entry close to 96.00, initial stops below 95.30.**

We'll maintain a bullish stance for the time being.



## Dollar Swiss

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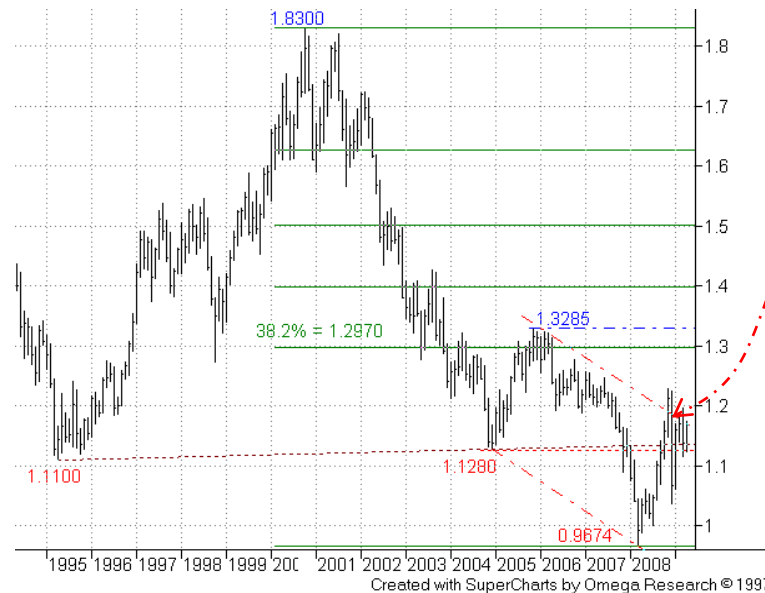
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### Dollar Swiss – Monthly Chart:

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 late 2008 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.





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### Dollar Swiss – Daily Chart:

S/term support recently came from the 50% level and a s/term recovery has continued.

However, while higher 1.1775 76.4% resistance can hold, we will keep to our shorter term bear outlook (a break/close above would be a bullish sign though).

That 50% level is a key support now.

We maintain a s/term bear stance for now, but are more cautious about this.



## Sterling Dollar

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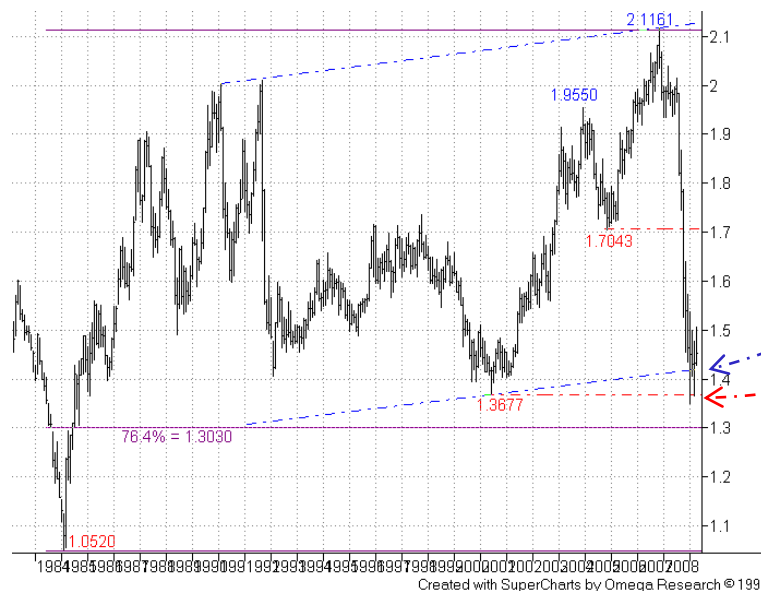
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### Sterling Dollar – Monthly Chart:

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 downmove seemed to change after Dec, taking on the classic appearance of a final leg.

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



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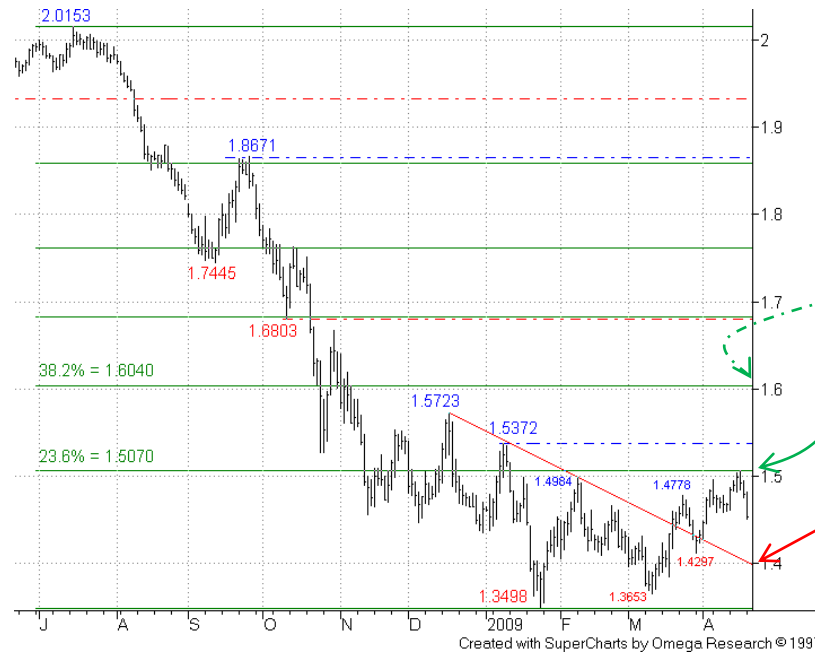
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### Sterling Dollar - Daily Chart:

Our first target towards the 1.5070 23.6% level has been reached – a s/term pullback now is not a surprise.

Later on we can target the 1.6040 38.2% area.

Ideally s/term weakness will hold above the 1.4297 30-Mar low, to help preserve s/term bull momentum. Also note the old falling resistance/return line around 1.4000 as potential support too.

**Earlier longs will have taken partial profits at 1.5000/70 now, as suggested, stops now raised to just below 1.4297.**

We maintain a bull stance here.



## US Dollar Index

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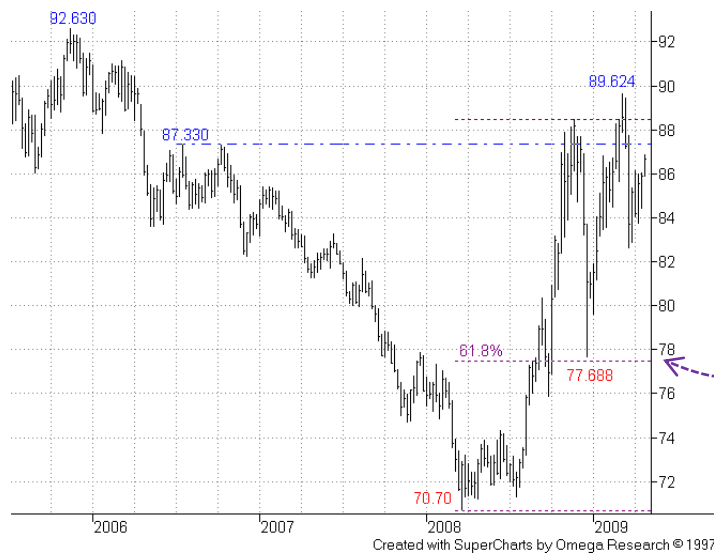


### US Dollar Index – Monthly Chart:

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.



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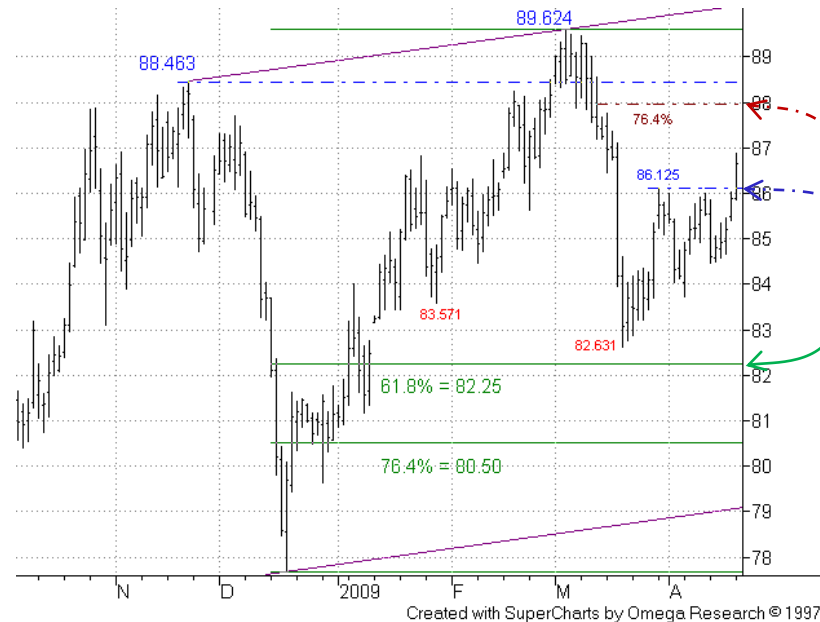
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### US Dollar Index – Daily Chart:

The expected pullback has so far stopped just short of the 61.8% retracement.

The latest recovery through the 86.125 30-Mar high puts us on the sidelines for now – a further recovery through the 76.4% 88.00 rebound level would look bullish.

In any event, we have been assuming that weakness was only temporary, with the longer term potential on the upside.

We adopt a sidelined stance for now.



## CROSSES

**EURJPY** remains bullish but a s/term pullback is being seen. We continue to favour **EURGBP** bears after a recent failed recovery attempt. **EURCHF** has remained consolidative after a strong bounce. In **GBPJPY** a reversal pattern completed recently continues to favour the bulls.

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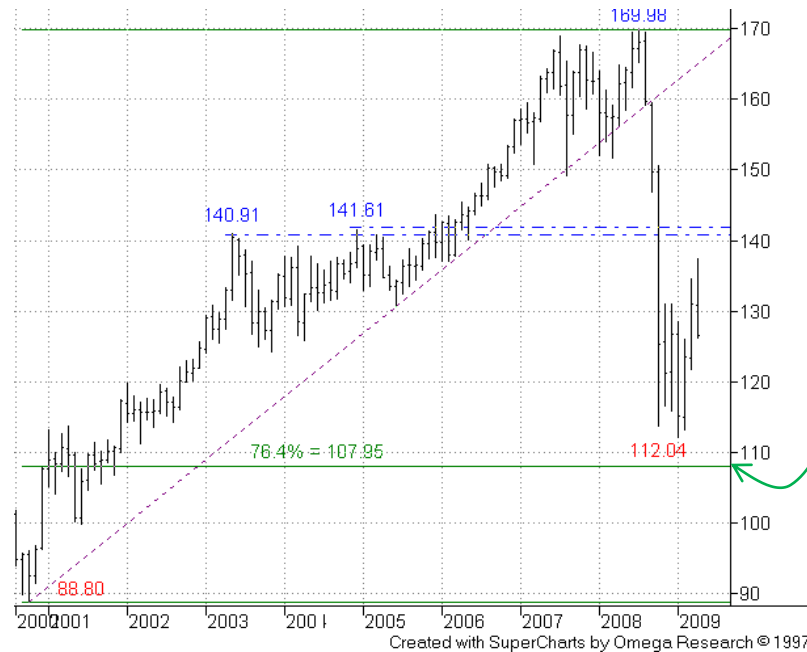
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## Euro Yen



### Euro Yen – Monthly Chart:

After the break below the significant 141.61/140.91 highs the downmove fell short of the 76.4% 107.95 level.

Those old highs lie close to a technical level on the Daily chart.

More



## Euro Yen

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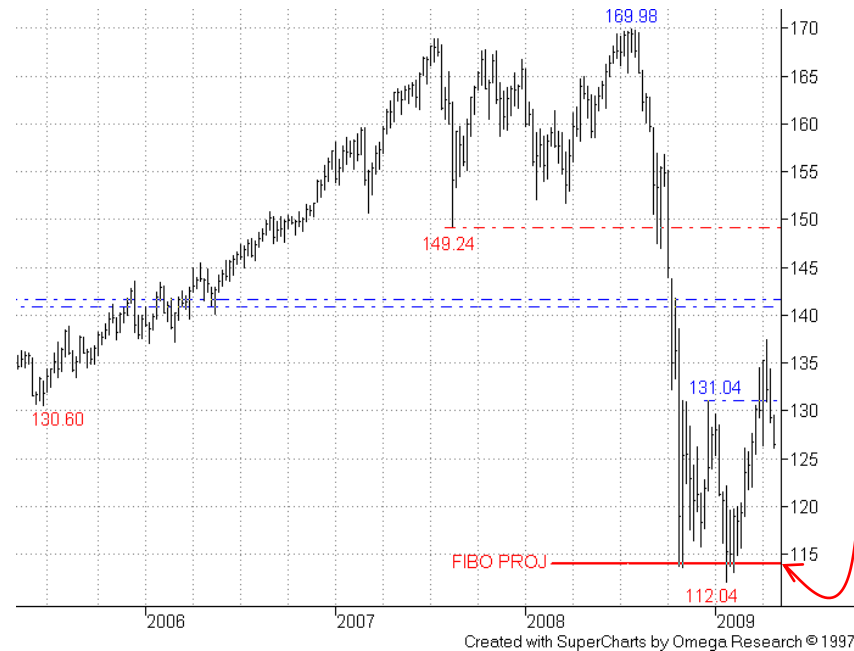
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### Euro Yen – Weekly Chart:

Our Fibo projections (around 114.30) twice provided support.

Subsequent recovery through the 131.04 Dec high was a bullish sign, subsequent pullback notwithstanding.



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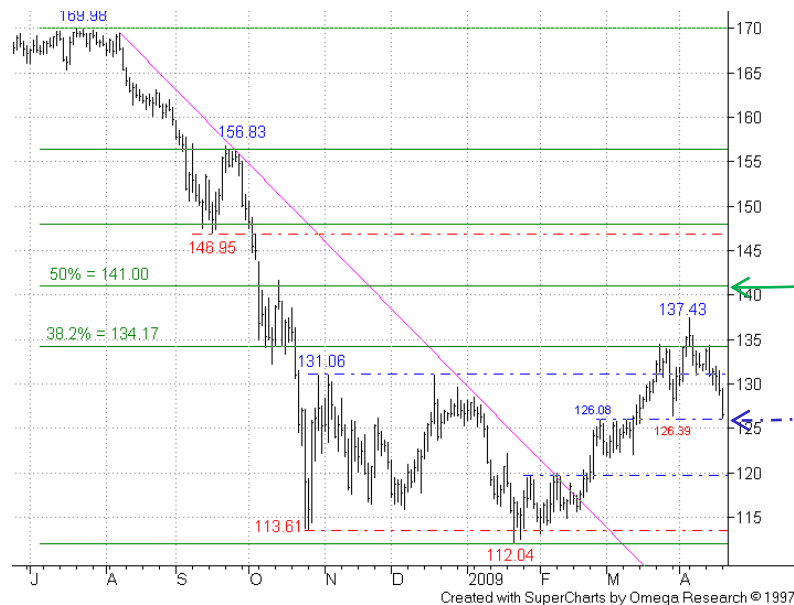
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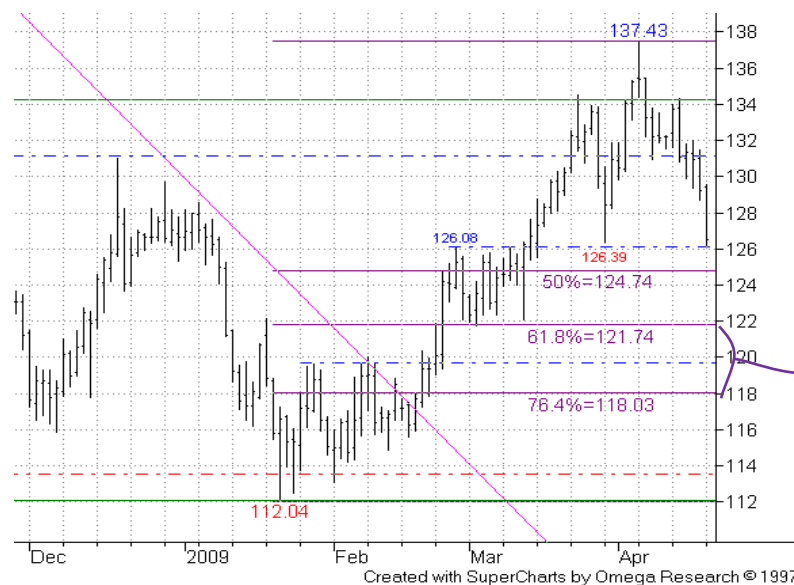
### Euro Yen – Daily Chart:

We have been bullish since the close above 120.00.

Our first targets of 23.6% and 38.2% have been achieved; the higher 141.00 50% level remains possible later on.

So far, support has remained from the 126.08 26-Feb high – bull momentum can stay strong while above here.

A break below heralds a deeper corrective phase – see below...



We would concentrate on the 61.8%/76.4% area as potential support in this event, which spans the 120.00 area.

**Earlier longs established above 126.08 already had partial profits around 134.00, as suggested, now probably stopped out around cost on the balance.**

We maintain a bullish stance here, while 126.08 support holds.





## Euro Sterling

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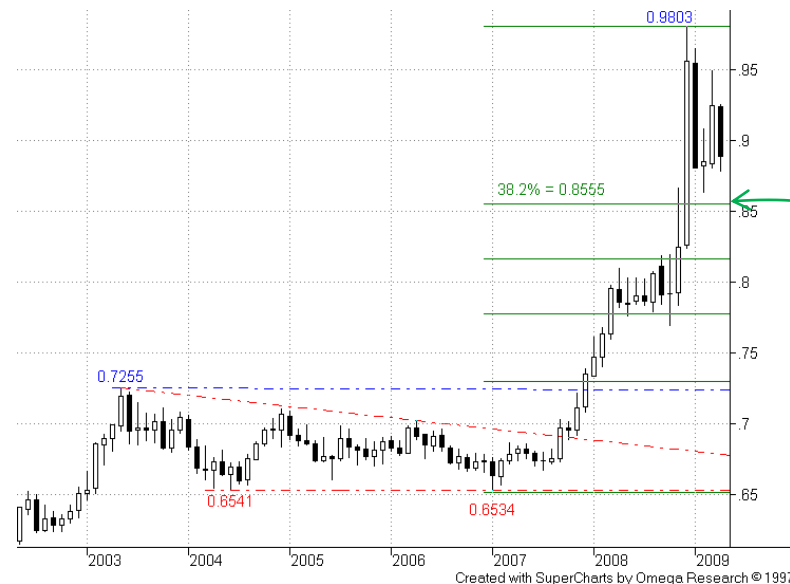
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### Disclaimer



### 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 late 2008/early 2009 can be a feature that occurs when a trend is in the process of reversing.*



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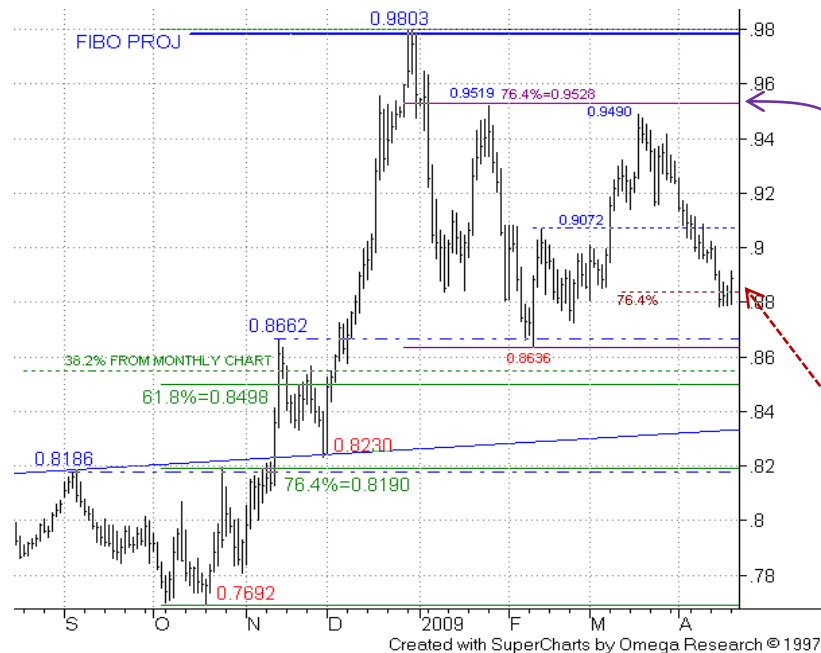
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### Euro Sterling – Daily Chart:

The Mar recovery failed just ahead of the key 0.9519/28 area, 26-Jan high and 76.4% rebound level.

*We had thought that this was just a corrective bounce ahead of another notable downleg, and we maintain this view.*

Further confirmation of this would come after a better failure of the small 0.8837 76.4% pullback level, which has temporarily halted the current bear move.

Then all eyes on the key 0.8555 area from the Monthly chart.

*Of course, a recovery and close above 0.9519/28 would be a clear bull sign now.*

We maintain a bear stance now, particularly while key 0.9519/28 stays intact.



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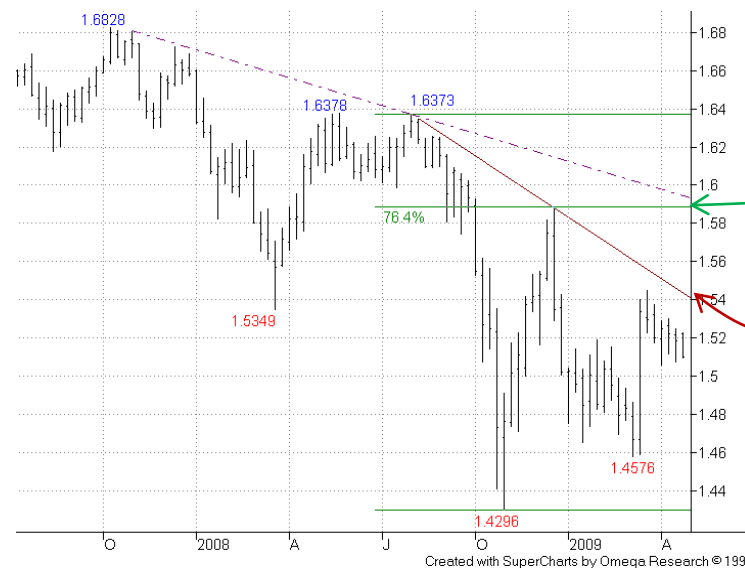
### Disclaimer



### 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 has so far kept below the falling resistance line around 1.5400 currently.



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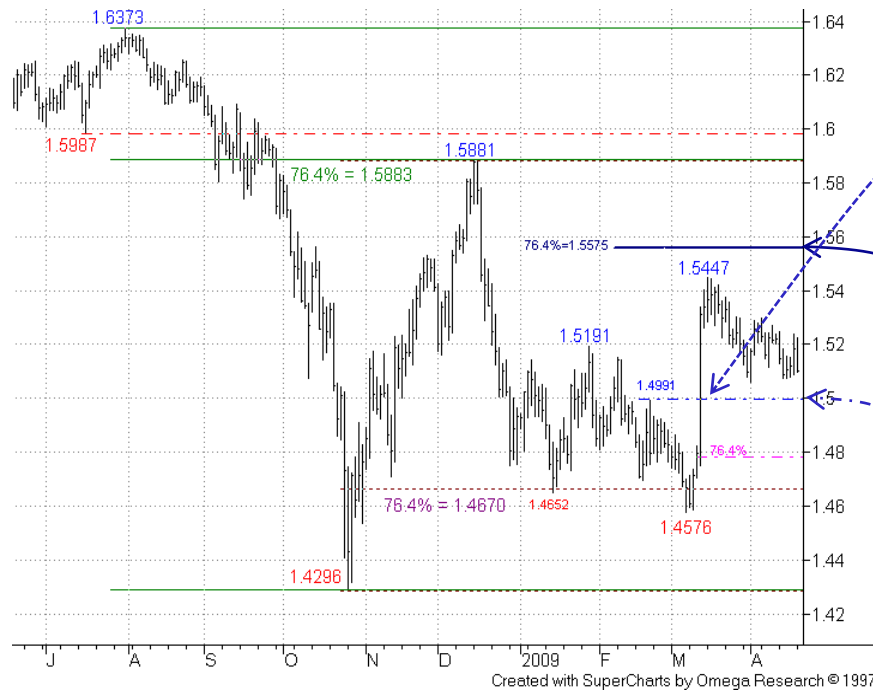
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### Euro Swiss – Daily Chart:

The rapid recovery, and push through the 1.5000 area were s/term bullish – the market quickly reverted to consolidation mode though.

We are still interested in the 1.5575 76.4% rebound level as a future resistance level.

Note that so far support has been found from above the 1.4991 20-Feb high.

We maintain a s/term bullish stance.



## Sterling Yen

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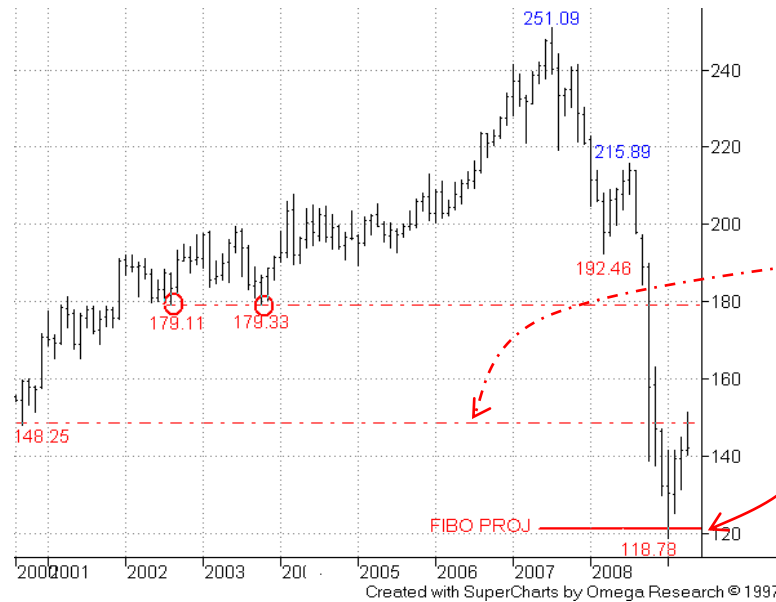
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### Sterling Yen – Monthly Chart:

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

Continuation downward saw a test of our next Fibo projection around **121.00**.

The market has recovered to just beyond that old 148.25 low before faltering.



### Sterling Yen – Weekly Chart:

The 23.6% retracement of the whole 2007/09 downmove at 150.00 was recently reached – s/term resistance has emerged here.



## Sterling Yen

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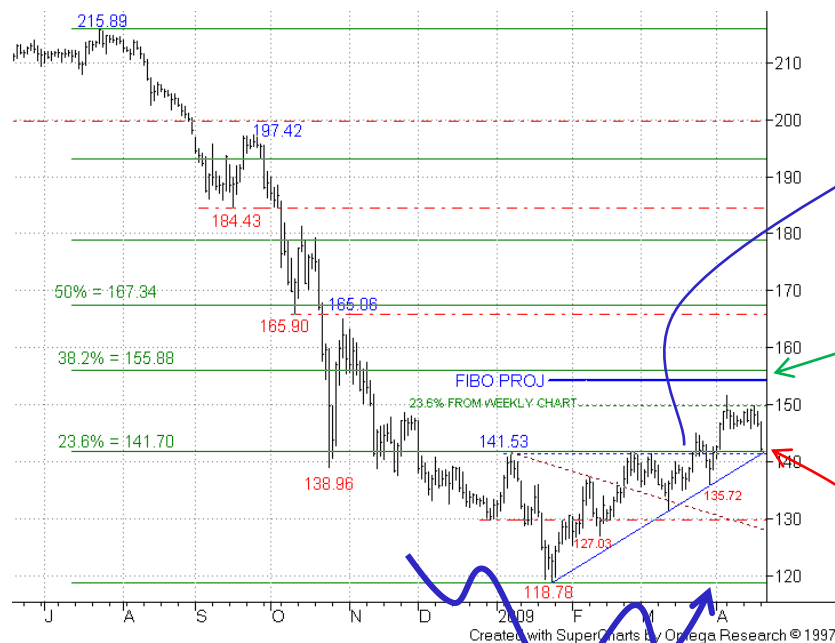
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### Sterling Yen – Daily Chart:

The earlier break through the key 141.53/70 resistance (07-Jan high & 23.6%) completed a bullish inverse Head & Shoulders.

We had first targeted the **153.75/155.88** area (a Fibo projection and 38.2% level), but were keeping in mind the 150.00 level from the Weekly chart as temporary resistance, which has indeed appeared.

First support from the 141.50 area (includes a rising support line) has been tested – ideally this can hold, in order to avoid a deeper pullback

**Longs established earlier on will have already taken modest partial profits around 150.00, seeking more from the 153.75/155.88 area. Stops probably more aggressive now, say around 141.00.**

We maintain a bullish stance here.



## MINORS

**USD/CAD**'s slip back has tested a key support, prompting a s/term bounce. **AUD/USD** remains above a long term 76.4% level, and s/term weakness is viewed as temporary for now. **NZD/USD** shows a similar picture, with a temporary setback currently in progress. The slip back in **USD/ZAR** has found s/term support from a 61.8% level. **USD/SGD** has been s/term reluctant to break much lower than a recent 38.2% support.

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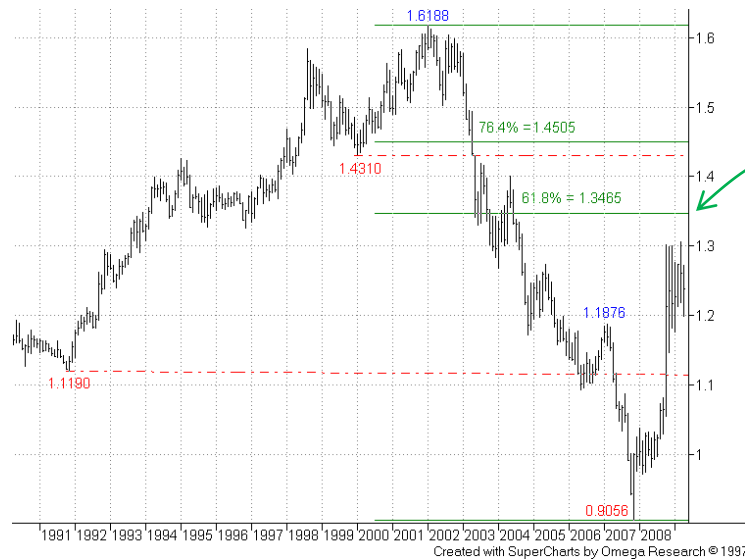
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## US Dollar CAD Dollar



### 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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## US Dollar CAD Dollar – Weekly Chart:

The market earlier 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.





## US Dollar CAD Dollar

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## US Dollar CAD Dollar – Daily Chart:

We have been right to be s/term bearish here.

After good resistance was found near the old rising support/return line the market has slipped to test the key support area of 1.2067/1.2005 (two Fibo retracement levels that spanned the 1.2024 28-Jan low).

This has prompted a s/term bounce – a continuing bear picture would be jeopardised if the small channel top projection around 1.2575 was breached. This would put us on the sidelines.

Meanwhile we can't rule out a further attempt by the bears.

**Any earlier shorts will have taken partial profits in the 1.2070/10 area as suggested, stops now at cost or just above 1.2575.**

We maintain our bear stance for now.



## AUS Dollar US Dollar

### Summary

### MAJORS

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

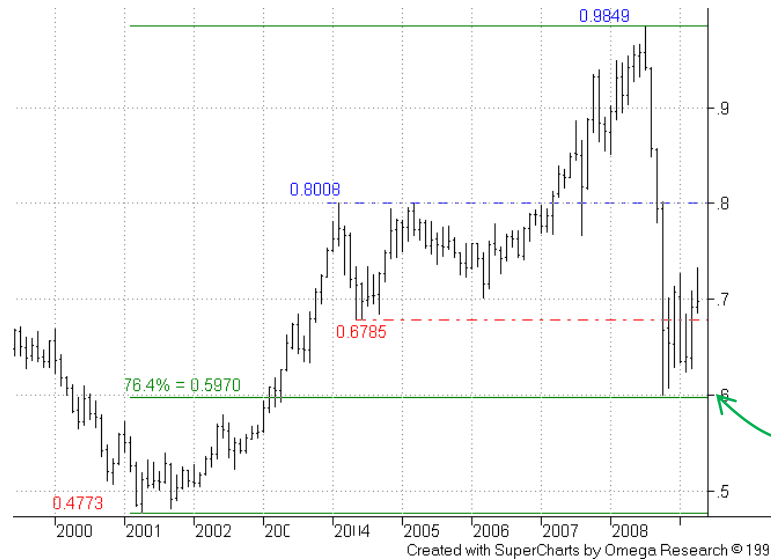
### CROSSES

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

### MINORS

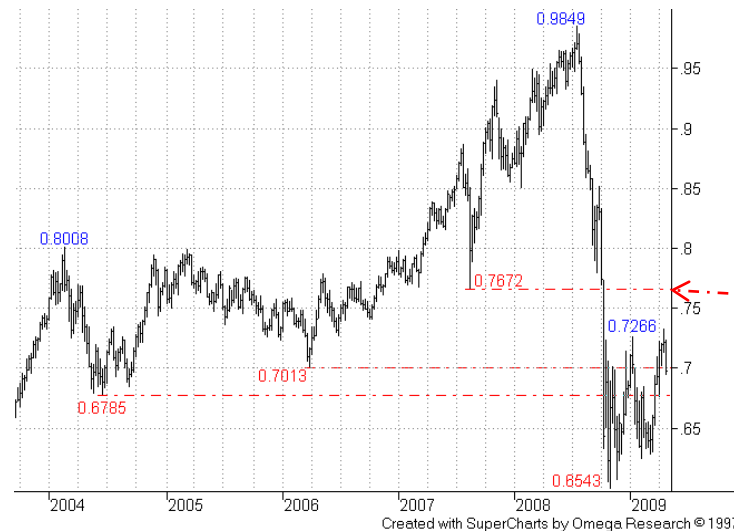
- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

### Disclaimer



### AUS Dollar US Dollar – 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 has again been eroded, with the long term 76.4% level encouraging a recovery.

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



We currently maintain our 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

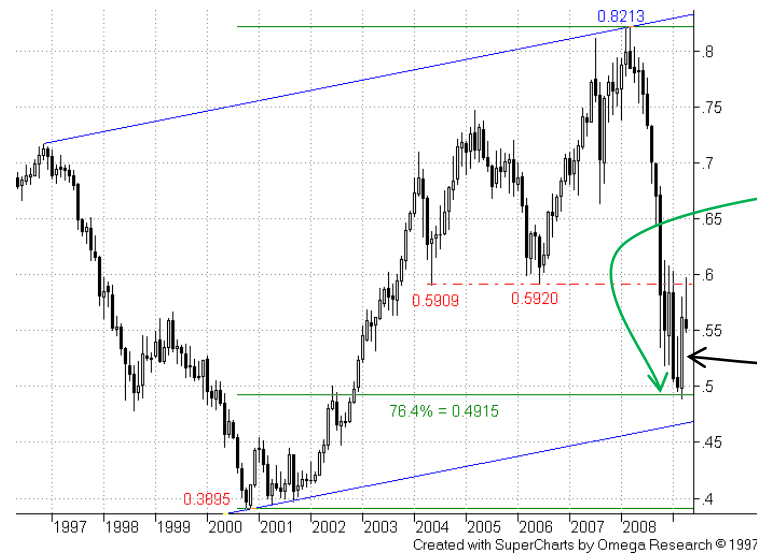
### CROSSES

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

### MINORS

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

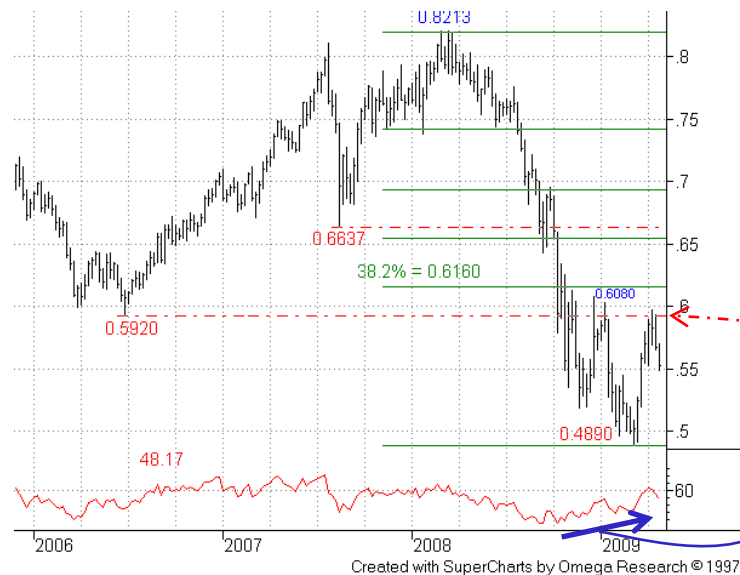
### Disclaimer



### NZ Dollar US Dollar – Monthly Chart:

The sharp fall eventually tested the 0.4915 76.4% retracement area – we had been looking for evidence of a rebound off this technical level, *and it has started.*

*Mar did indeed turn out to be a Key Reversal Month...*



### NZ Dollar US Dollar – Weekly Chart:

*The positive RSI divergence had suggested bear fatigue, and proved to be a useful bullish clue.*

We remain focused on part-retracement levels of the fall from the Feb/Mar-08 peak but note that, s/term, the market has pulled back after testing the level of the old Jun-06 0.5920 low.



## NZ Dollar US Dollar

### Summary

### MAJORS

- + Euro Dollar
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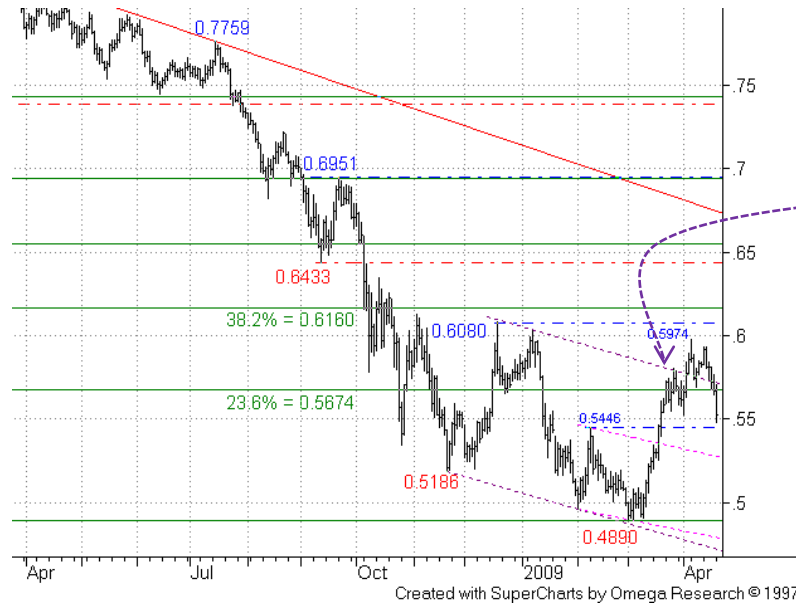
### CROSSES

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

### MINORS

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- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
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- + US Dollar SING Dollar

### Disclaimer



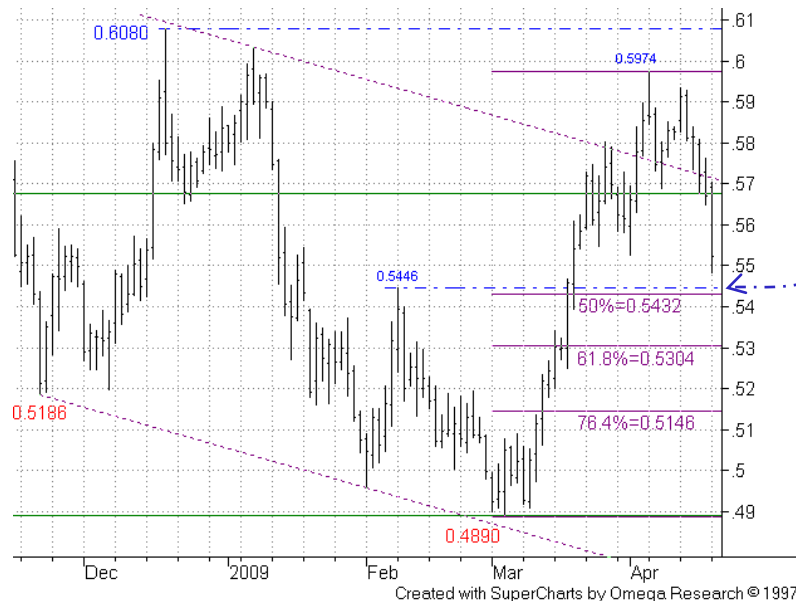
### NZ Dollar US Dollar – Daily Chart:

The break above the 23.6% area and channel top projection were a further bullish sign here, indicating the momentum should be there for further gains.

So the current pullback is currently seen as temporary.

The next bull target remains the 38.2% 0.6160 area.

Looking closer...



First support comes from the 0.5446 09-Feb high, close to the 50% pullback level.

It is unclear how deep the pullback may go, but we'd also note the 61.8% area near 0.5300 at this stage.

**Buyers on dips may be considering levels towards 0.5300, initial stops below the 0.5146 76.4% level.**

We maintain a bullish stance here.



## US Dollar SA Rand

### Summary

### MAJORS

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

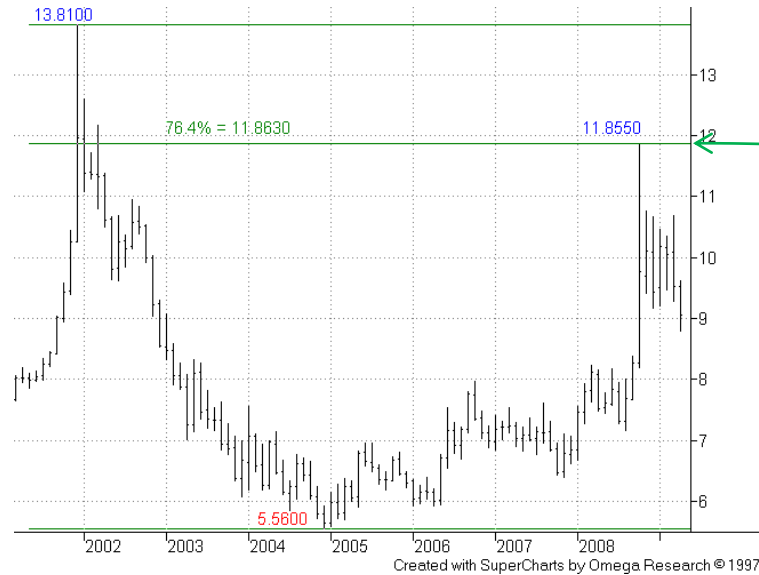
### CROSSES

- + 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



### 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.



## US Dollar SA Rand

### Summary

### MAJORS

- + Euro Dollar
- + Dollar Yen
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- + US Dollar Index

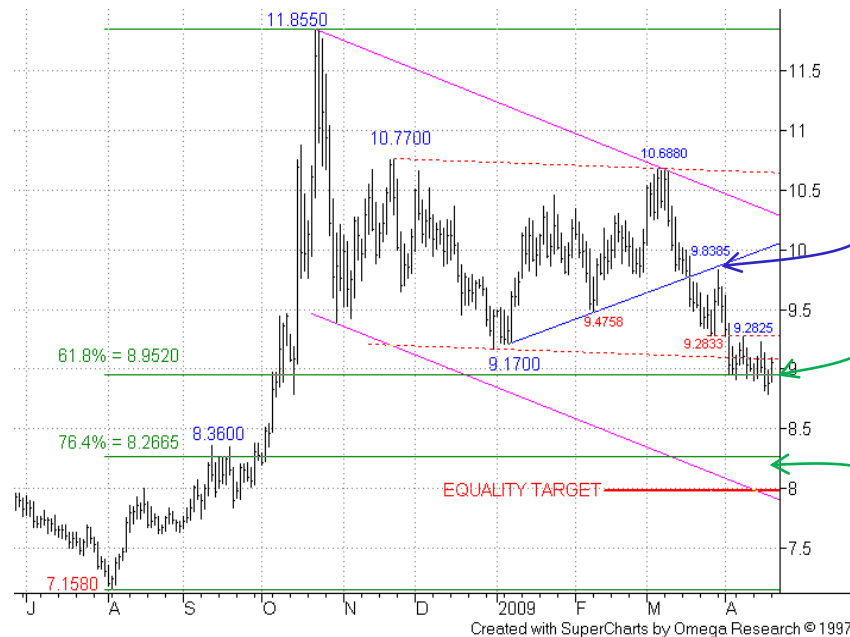
### CROSSES

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

### MINORS

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

### Disclaimer



### US Dollar SA Rand – Daily Chart:

The old rising support/return line provided good resistance, ahead of a slip to test the 61.8% retracement.

S/term support is emerging here but, for now, there remains the chance of a deeper pullback, noting the 8.2665/8.0000 area, 76.4% and '11.8550-9.1700' equality target off 10.6880 05-Mar high.

That rising return line remains an important resistance (currently just above 10.0000) – nearer resistance is offered by 9.2825/33 (08-Apr high/26-Mar low) and a close above here should prompt further s/term gains.

We maintain a s/term bear stance for now.



## US Dollar SING Dollar

### Summary

### MAJORS

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

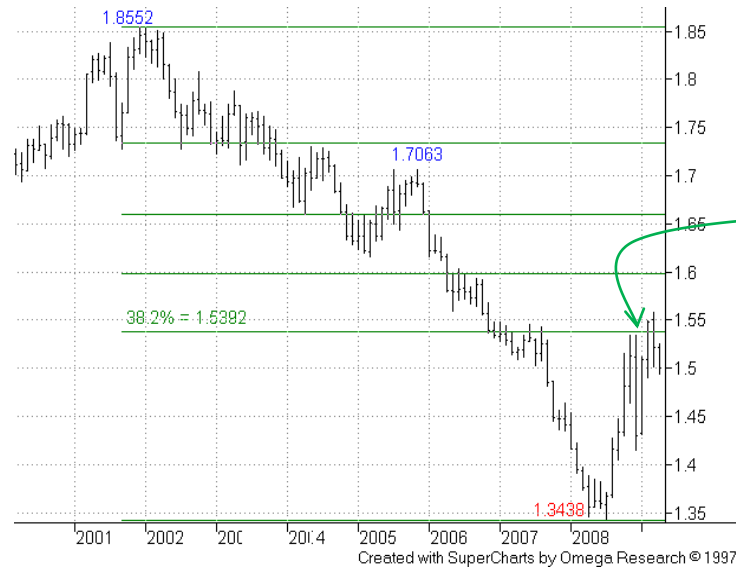
### CROSSES

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

### MINORS

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

### 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 was recently eroded, but s/term price has struggled to hold above.



### US Dollar SING Dollar – Weekly Chart:

The old falling resistance/ return line provided excellent support back 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

### 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



### US Dollar SING Dollar – Daily Chart:

We have been bearish here for a while but, after reaching the first 38.2% target, price has so far been reluctant to head on down towards the lower 61.8%/76.4% area which we thought could be seen.

The first bull sign now would be a close above the s/term bear channel top, around 1.5150 currently.

Further gains through 1.5244/55 resistance would be the next bull signal.

Meanwhile, we maintain a s/term bearish stance for now.



## SEVEN DAYS AHEAD

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