



**Week 26**

01<sup>st</sup> July – 07<sup>th</sup> July 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 **BEARISH** downside scope remains after recent failure near Fibo projection level  
Stay **BULLISH** s/term weakness viewed as precursor to another bull attempt  
Stay **BULLISH** s/term recovery assumed to be in progress, 38.2% now reached  
Stay **BEARISH** but cautious, after erosion of the 1.6661 early Jun high  
Stay **BULLISH** currently awaiting better break above 23.6% recovery level

### CROSSES

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

Stay **BULLISH** recovery now targeting 141.00 50% retracement level  
Stay **BEARISH** key 0.8555 38.2% retracement now broken  
Stay **BULLISH** recent strength off key 1.5006/1.4991 support area is encouraging  
Stay **BULLISH** 167.34 50% next target/resistance, key support at/above 150.00

### MINORS

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- + US Dollar SING Dollar

Stay **BULLISH** s/term recovery has reached the 38.2% mark now  
Stay **BEARISH** early Jun Key Reversal Day marked start of bear phase  
Stay **BEARISH** resistance found around 50% retracement – pullback phase likely  
Stay **SQUARE** s/term bull signals remain absent for now  
Stay **BULLISH** s/term resistance remains near 23.6% recovery level

### Disclaimer



## MAJORS

**EUR/USD** s/term bears stay favoured after recent uptrend failure just beyond our 1.4270 Fibo projection. The **USD/CHF** chart favours s/term bulls. **USD/JPY** we assume still has recovery potential, but ideally support around 95.00 will hold. **GBP/USD** has been quite firm, but has not shaken off bear risk yet. The **US Dollar Index** remains bullish for now, underpinning our views on other markets.

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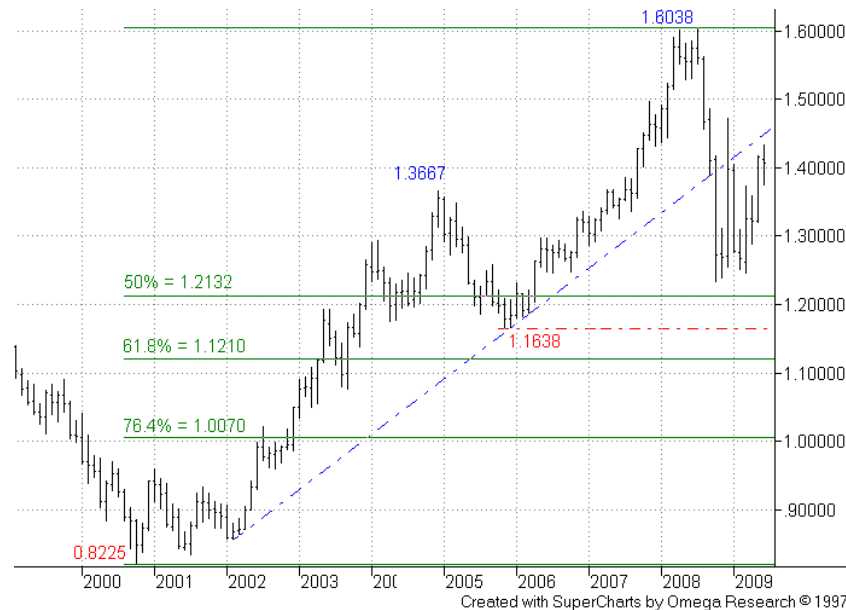
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### Disclaimer

## 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.

Current strength is accordingly viewed as corrective only.

More



## Euro Dollar

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### Disclaimer



### Euro Dollar – Weekly Chart:

We have assumed that the late 2008 recovery, to a high of 1.4719, was a temporary interruption to a longer term bear trend that will break the 1.2328 Oct-08 low in due course.

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



## Euro Dollar

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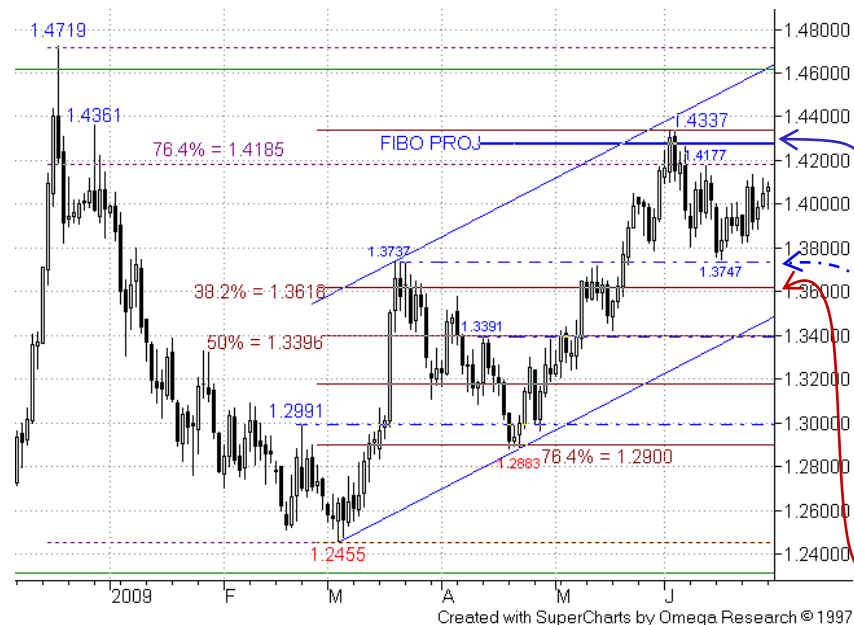
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### Euro Dollar – Daily Chart:

We turned s/term bearish after the market failed just beyond our 1.4270 Fibo projection.

We had thought this area would be tough resistance to crack.

*(and we still wonder if, assuming a medium term bearish picture is to unfold, this will be the place for the market to turn back down...)*

First support of note from the 1.3737 high has been effective s/term. The lower 1.3618 38.2% area is the next target.

**Any recent shorts established around the suggested 1.4130 will probably have taken partial profits ahead of that old 1.3737 high, neared recently. We favour tweaking stops to a little higher, say 1.4205, taking these above both 1.4177 11-Jun high and 1.4198 76.4% level, still guaranteeing a modest profit. Lower 1.3660-20 targeted for further profits.**

We maintain a bearish stance here.



## Dollar Yen

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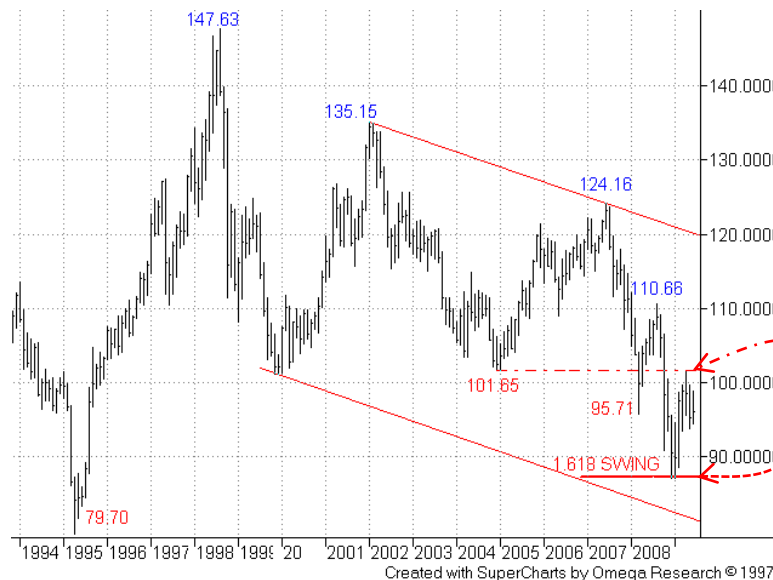
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### Dollar Yen – Monthly Chart:

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

Rebounds are currently assumed to be temporary.

Note how resistance recently emerged from around the old 101.65 Jan-05 low.

Long term bear risk remains.



### Dollar Yen – Weekly Chart:

The recovery off support from the projected bear channel base came to a halt close to the 101.66 61.8% retracement.

*We had expected this would be a tough resistance to breach.*

Note that the channel top now runs somewhat below this retracement, making this a key technical area – a break higher would be a clear bull sign.



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### Dollar Yen – Daily Chart:

We keep to our s/term bull view after the recent May/Jun bounce, and despite the current pullback (assumed to be corrective/ temporary ahead of another bull leg).

This pullback has so far found support from a 76.4% level around 95.00 – but a recovery is needed soon.

The 99.65-72 area is first key resistance – a break above this would be a further bull sign.

Meanwhile, below 95.00 note the 94.00/93.82 key support area, rising support line and 22-May low – *we would have to respect the bears if this was broken.*

**Any recent longs established in the suggested 96.00-95.80 area, will have so far narrowly avoided being stopped out (stops at 94.80). Partial profits still targeted around 99.50.**

We maintain a s/term bull stance here.



## Dollar Swiss

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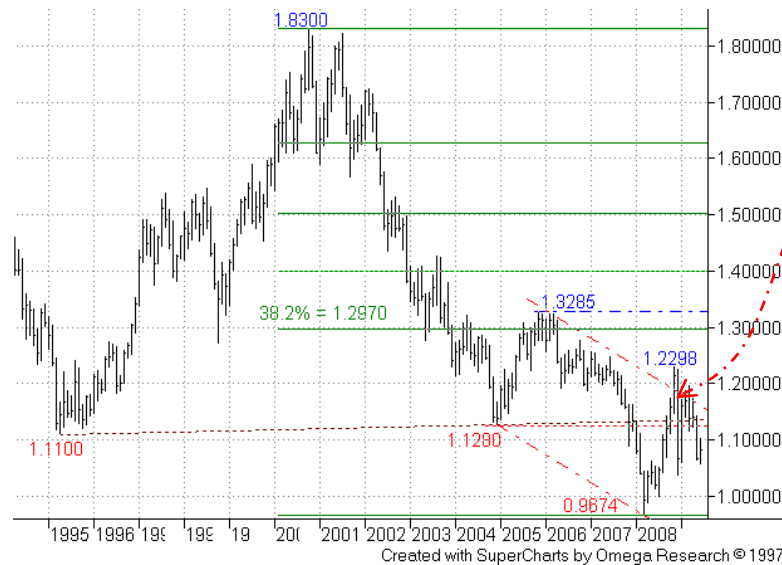
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### Dollar Swiss – Monthly Chart:

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 beginning to lose momentum.



### Dollar Swiss – Weekly Chart:

The late 2008 deep pullback (nearly 76.4%) 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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### Dollar Swiss – Daily Chart:

Volatility last week saw brief erosion of the 1.0648 11-Jun low prior to a recovery to test the 38.2% retracement.

We still view s/term dips as temporary.

Key resistance probably lies higher at 1.1157/64, 19-Mar low and 50%. A projected bear channel top runs near here too.

**Speculative longs recently established at the high end of the 1.0770-30 area, may unfortunately have been stopped just below the 1.0648 11-Jun low. There is still a case for buying dips (say around 1.0730, near a small 76.4% pullback). Initial stops favoured just below 1.0629 24-Jun low now, partial profit target of 1.1020/25.**

We maintain a s/term bull stance here.



## Sterling Dollar

### Summary

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### Sterling Dollar – Monthly Chart:

The powerful bear move saw a brief break of the 1.3677 Jun-01 low, but a quick reversal has been prompted.

This reinforces the importance of this area of support.



### Sterling Dollar – Weekly Chart:

The 38.2% level of the whole downmove, from Nov-07, at 1.6425, has now been attained/exceeded (note that on the Daily chart we are looking at retracements using the 2.0153 Jul-08 breakdown point).

So far, price has failed to hold above here.

Higher resistance comes from the 1.7043 Dec-05 low.



## Sterling Dollar

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### Sterling Dollar - Daily Chart:

Early strength today breached the 1.6661 03-Jun high – but we are not yet convinced of the durability of bulls' enthusiasm.

Note nearby 50% 1.6825 level, potential resistance.

Any bears, however, now need to see a reversal back below the 1.6186 18-Jun low for a fresh signal.

**Recent speculative shorts in the suggested 1.6500-25 area will have probably been stopped out now, just above 1.6661. Fresh signals awaited.**

We will retain a bearish stance unless price closes above that 1.6661 high, which would put us on the sidelines initially.



## US Dollar Index

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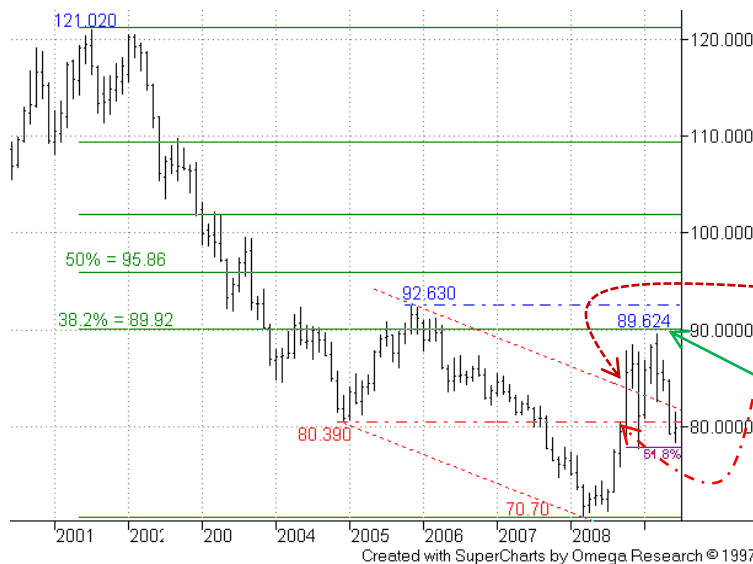
#### Disclaimer

### 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 was neared earlier on – resistance here was not a surprise.

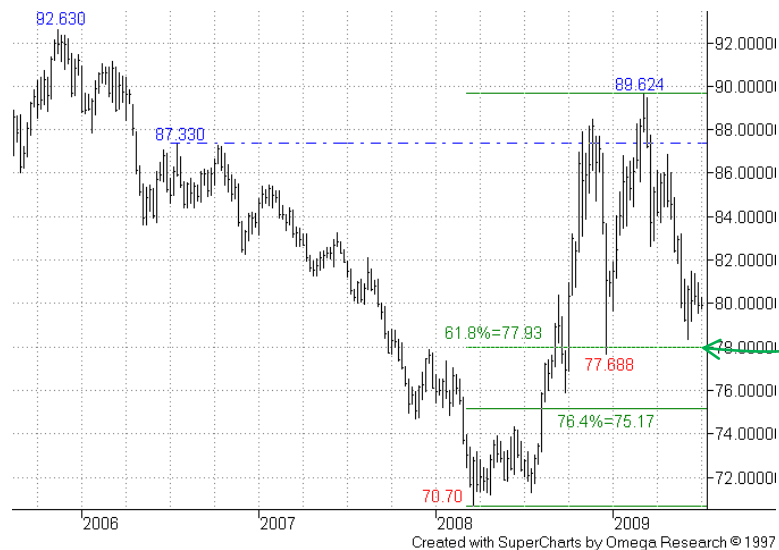


### US Dollar Index – Weekly Chart:

The current pullback has been viewed as temporary – but deeper than expected.

Next interesting technical area here is 77.93/77.688, 61.8% pullback and Dec-08 low.

*But good support could have been found just above here – see Daily chart...*





## US Dollar Index

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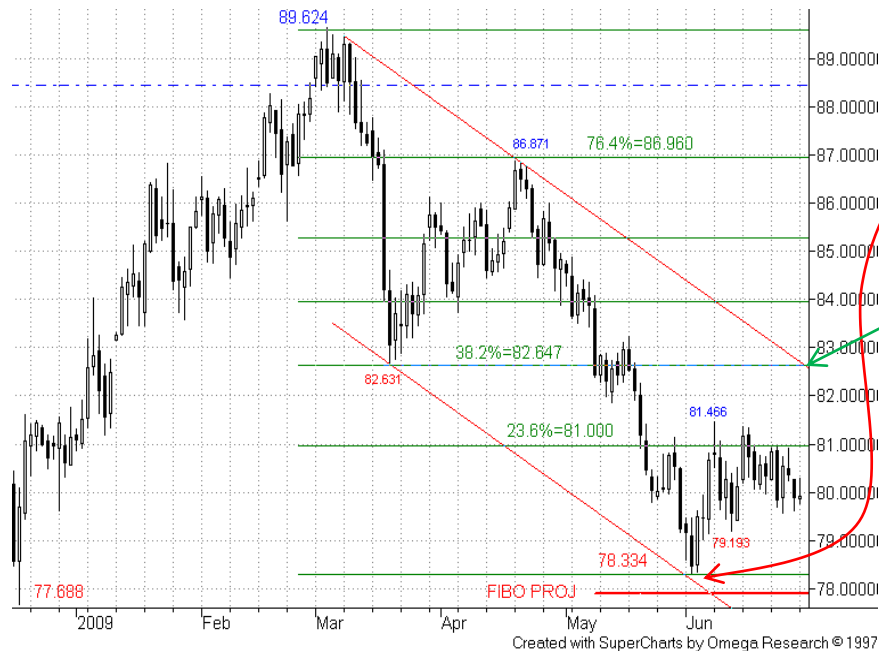
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### US Dollar Index – Daily Chart:

Support was found in early Jun just above the bear channel base projection.

The 23.6% bounce level has been difficult to overcome s/term, but our next upside target remains 82.631/82.647, 19-Mar low and 38.2%, where resistance looks likely. Falling resistance now coincides here.

*S/term dips are currently viewed as corrective/temporary ahead of further bull activity.*

We maintain a bull stance now, which helps to underpin our recent aggressive reversal stances in other markets in the Guide.



## CROSSES

**EURJPY** continues to favour the bulls, with earlier triangle break still looking valid. We continue to favour **EURGBP** bears, but on the lookout for a s/term rebound. **EURCHF** looks to be breaking upward from its recent consolidation. In **GBPJPY** a recovery scenario remains in place for now.

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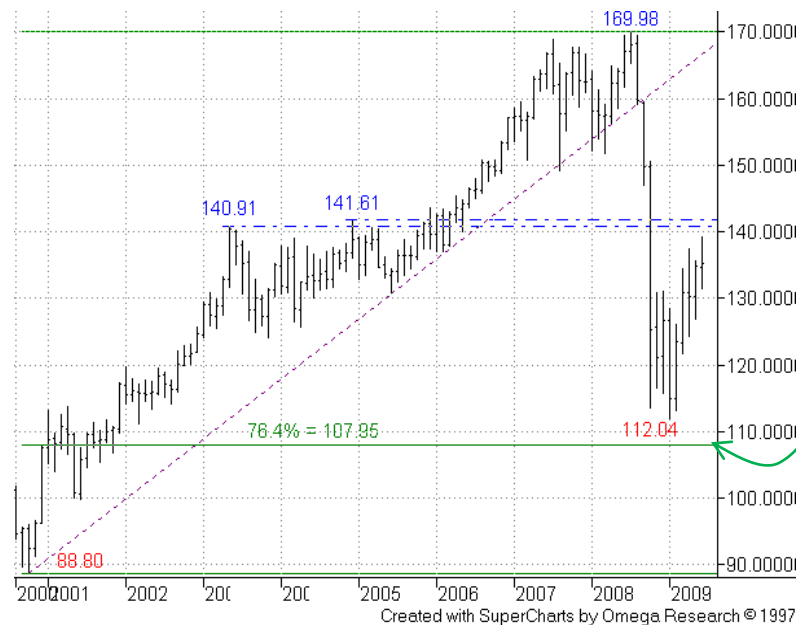
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## Euro Yen



### 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 Weekly chart.

More



## Euro Yen

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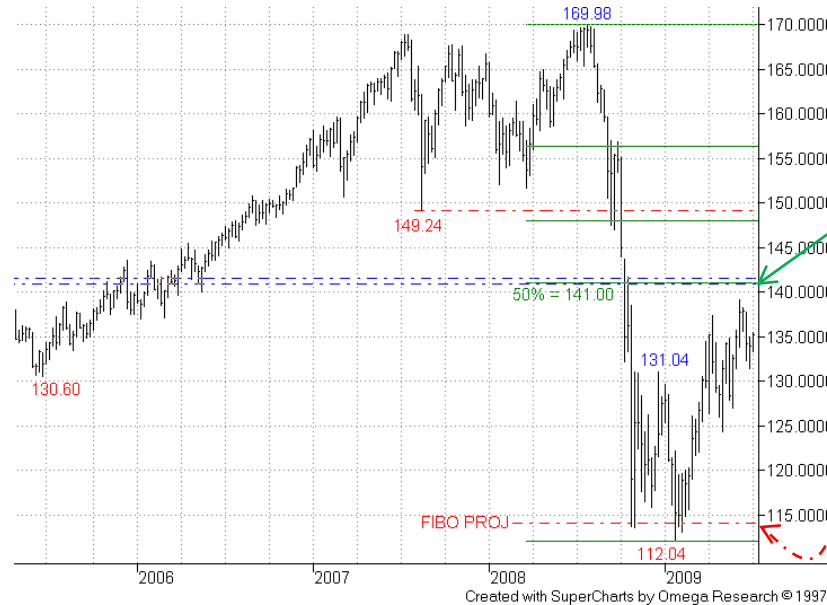
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### Disclaimer

### Euro Yen – Weekly Chart:



Our Fibo projections (around 114.30) twice provided support.

Subsequent recovery now has the 141.00 50% level in its sights.

We maintain a bullish stance here.





## Euro Sterling

### Summary

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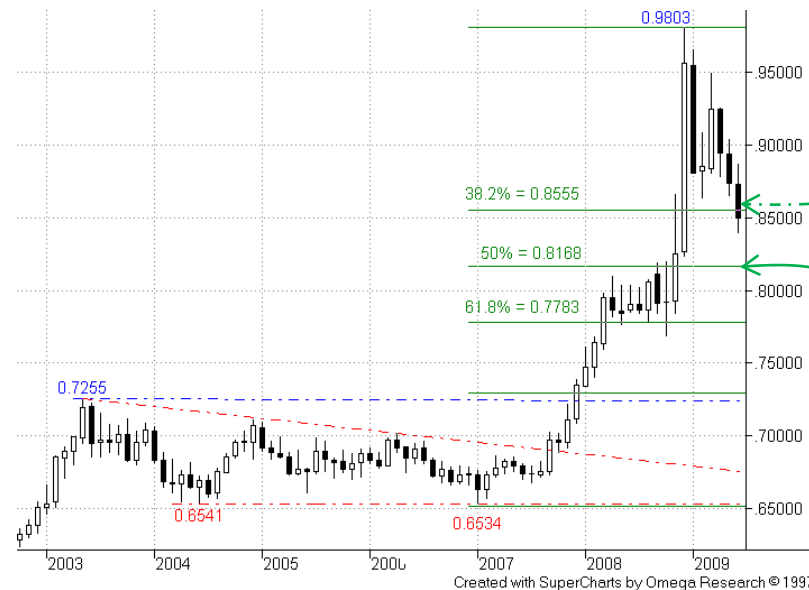
### CROSSES

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### Disclaimer



### Euro Sterling – Monthly Chart:

Long term bulls are giving way to the bears, following erosion of the key 0.8555 38.2% retracement .

This further postpones any future retest of the 0.9803 Dec-08 peak.

Next focus is on the 0.8168 50% area.



### Euro Sterling – Weekly Chart:

The slip back has reached the rising old resistance/return line – potential support?

Note that the lower 0.8186 Sep-08 high lies close to the 50% level on the Monthly chart.

Also, not far below lies a 1.618 swing projection off the prior 0.8636-0.9490 upleg, around 0.8108.



## Euro Sterling

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### Euro Sterling – Daily Chart:

Not much has changed here – we are staying bearish, whilst keeping on the lookout for a s/term rebound.

So far, small support has come from just above the old rising return line (see Weekly chart), and we do note the existence of a Fibo projection just above 0.8400 – *there is nothing else to suggest that this is the time for s/term bulls.*

Currently the 0.8636 10-Feb low neatly coincides with a 23.6% rebound level currently, so we see this is as quite key resistance – a close above would be s/term bullish.

Meanwhile, on the downside note that the 0.8190 76.4% level and slightly lower bear channel base projection coincide with supports on the longer term charts – strong support is currently implied here.

We maintain an overall bear stance.



## 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, and the action has been broadly consolidative since.



### Euro Swiss – Weekly Chart:

We have been viewing the slip back from 1.5447 Mar high as corrective, rather than impulsive, expecting another bull leg to appear.

Resistance from the falling resistance line has been breached, providing a positive signal.



## Euro Swiss

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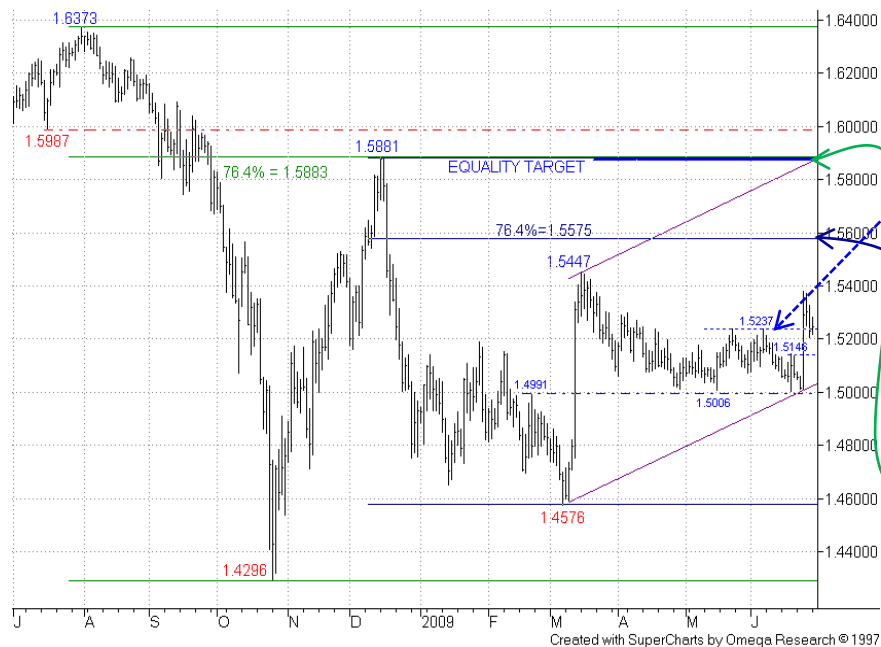
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### Euro Swiss – Daily Chart:

Last week's surge through recent 1.5230s highs has helped to justify our bullish stance, following a prolonged consolidation above key support centring on 1.5000 area.

Our initial focus is now on the 1.5447 16-Mar high and 1.5575 76.4% level.

Also note the higher 1.5881/83 remains key (76.4% level and 15-Dec high) as there is an equality target nearby too, 1.5575 (the 1.4576-1.5447 upleg extended from 1.5006 15-May low). A bull channel top projection also runs through here now.

With the 1.5230s high not having provided support on dips, note also the 1.5146 18-Jun high as possible support now.

**Earlier longs established above 1.5178 will keep stops just below 1.4991 for now, targeting 1.5440 or 1.5550/75 for partial profits, then raising stops to at least cost.**

We maintain a bullish stance.



## Sterling Yen

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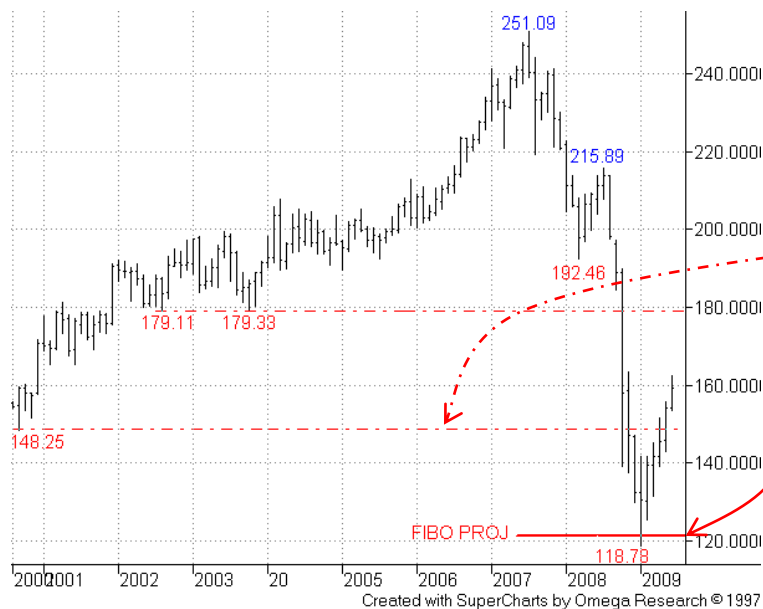
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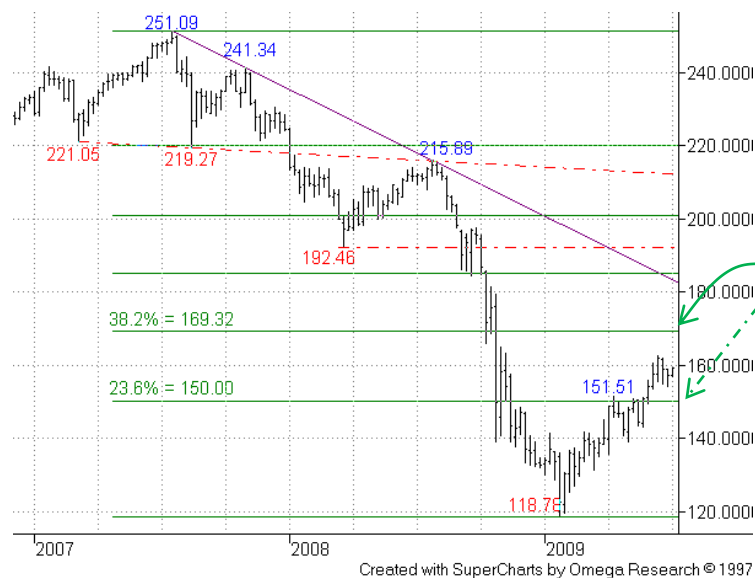


### Sterling Yen – Monthly Chart:

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

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

The market has recovered back above that old 148.25 low now.



### Sterling Yen – Weekly Chart:

The 23.6% retracement of the whole 2007/09 downmove at 150.00 provided temporary resistance – the break higher turns focus on the next level around 169.30 38.2%.



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### Sterling Yen – Daily Chart:

The 167.34 50% level remains next target, noting the bull channel top projection is running higher than this, around 170.00 currently.



Closer up, note the small support line around 155.00 has held on a closing basis – a *s/term negative sign* has not yet been given.

The 151.51-150.00 area offers potentially stronger support, and it now coincides with the small bull channel base projection – any weakness would need to hold above this to preserve current momentum.

We maintain a bullish stance for now.



## MINORS

**USD/CAD** has rebounded to the 38.2% retracement now. After the early Jun Key Reversal Day **AUD/USD** has so far been supported by the 23.6% pullback level, but downside risk remains. In **NZD/USD** the current consolidation is seen as a precursor to another downside attempt. The downtrend in **USD/ZAR** has not yet given up. **USD/SGD** has been s/term consolidative but remains in recovery mode.

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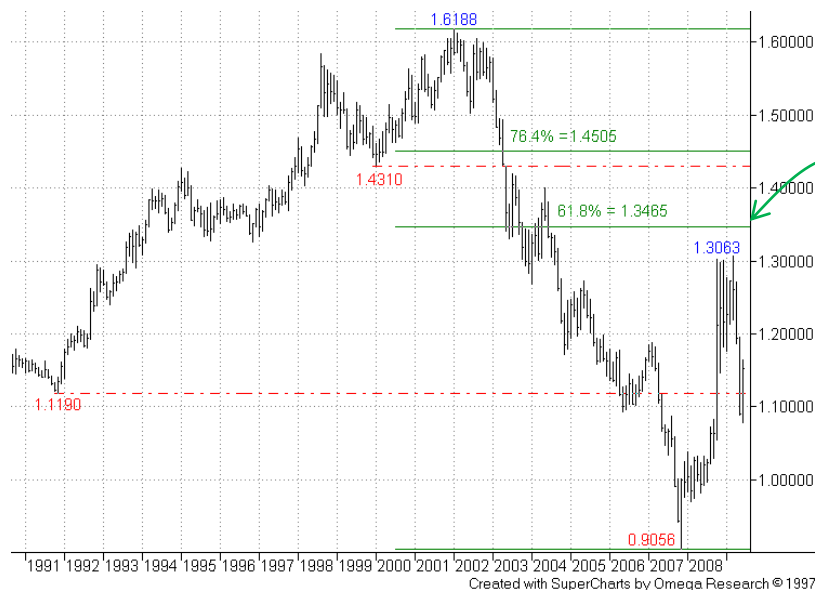
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## US Dollar CAD Dollar



### US Dollar CAD Dollar – Monthly Chart:

The recovery off the 0.9056 Nov-07 low failed to reach the next retracement level of the 2002-2007 losses, at 61.8%.

This can remain a later target, but the latest pullback has turned out deeper than expected.



## US Dollar CAD Dollar

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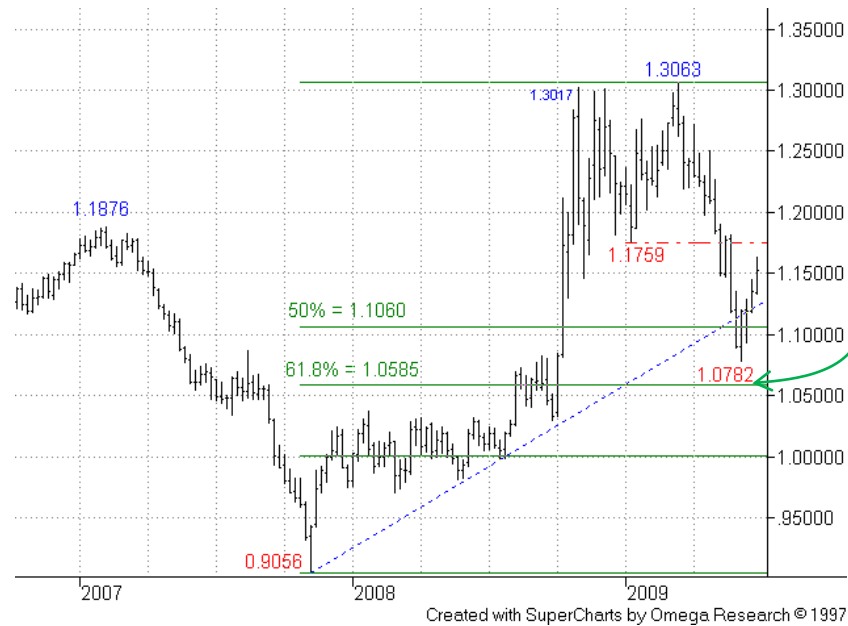
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## US Dollar CAD Dollar – Weekly Chart:

The market has bounced ahead of the 1.0585 61.8% retracement of the 2007-09 rise – but the chart structure provides little clue as to what strength the bulls might have at this stage.





## US Dollar CAD Dollar

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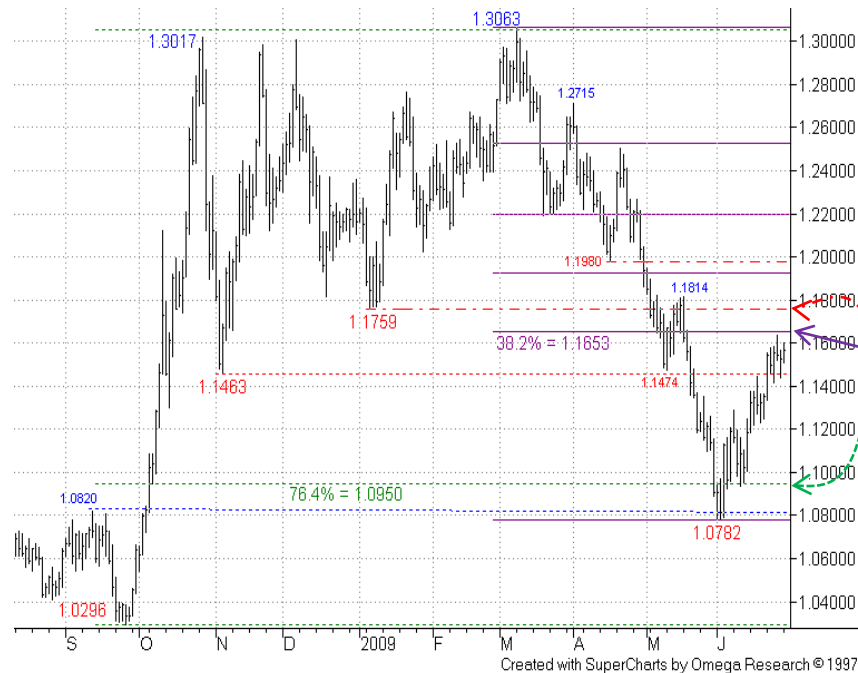
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## US Dollar CAD Dollar – Daily Chart:

Temporary support was found just below the 1.0820 Sep-08 high, with the s/term bounce resulting in price struggling to hold below the earlier 76.4% level.

Our next target around the 1.1653 38.2% level has been reached now.

Whilst on the lookout for resistance here the s/term chart structure does not imply bull fatigue yet.

Next overhead resistance could be from the old 1.1759 06-Jan low.

We maintain a bull stance for now.



## AUS Dollar US Dollar

### Summary

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- + Sterling Dollar
- + US Dollar Index

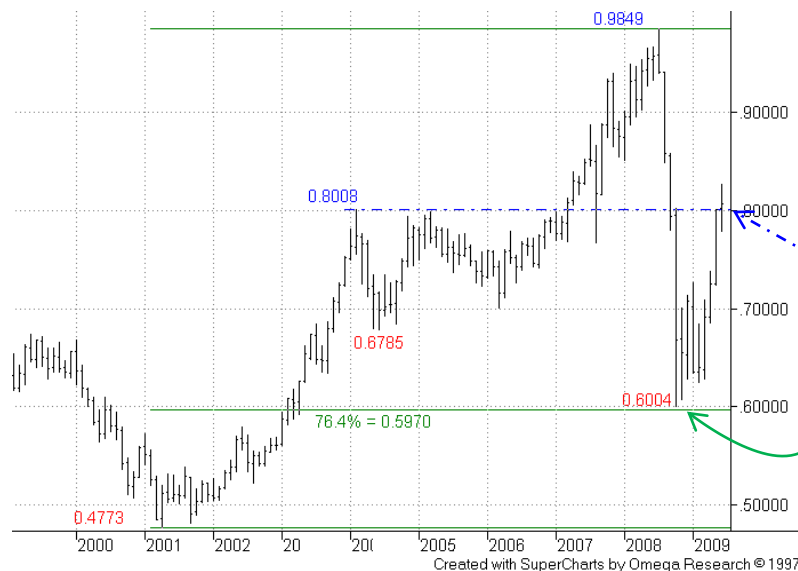
### CROSSES

- + 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

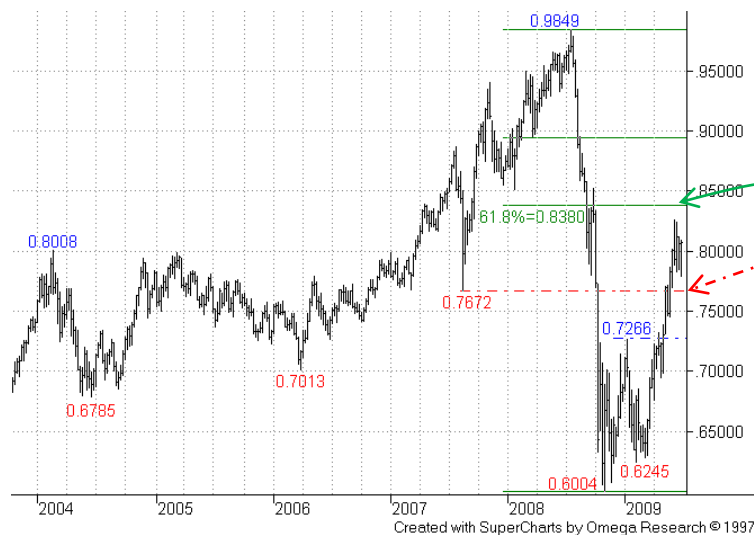
### Disclaimer



### AUS Dollar US Dollar – Monthly Chart:

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

The area of the significant highs in 2004/ 2005 around 0.8000 has now been surpassed.



### AUS Dollar US Dollar – Weekly Chart:

After the earlier break above the level of the significant 0.7672 Aug-07 low, the 0.6380 61.8% recovery level has been neared, but may not be reached yet – see below.



## AUS Dollar US Dollar

### Summary

### MAJORS

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

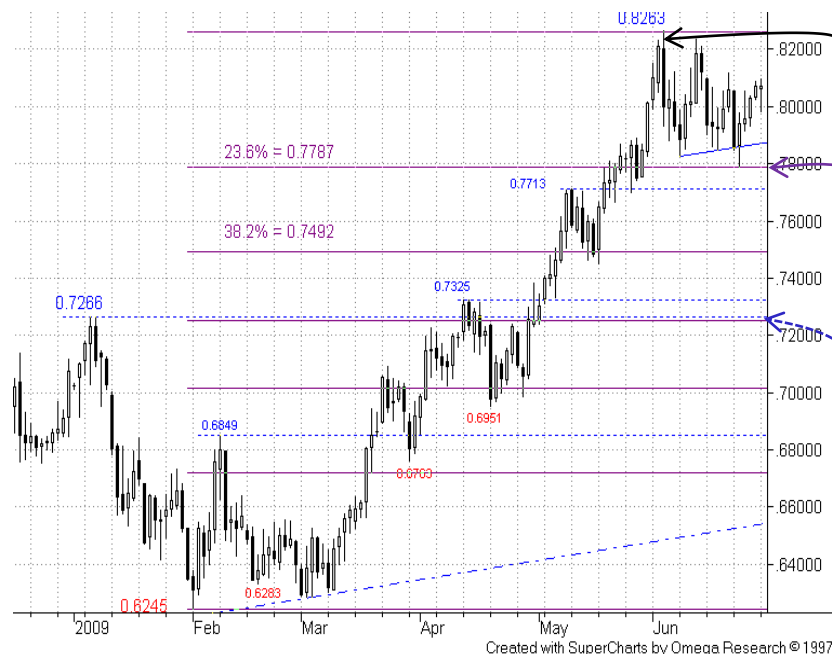
### CROSSES

- + 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:

The 03-Jun **Key Reversal Day** heralded a period of consolidation/correction, triggering us s/term bearish.

A bear scenario would gain momentum on a break below the 23.6% 0.7787 area, which was recently tested but held. Now a break of this would target towards the 38.2% 0.7492 area.

Key support lies lower, around the 0.7266 06-Jan high and 50% pullback.

**Shorts earlier established towards the upper end of 0.8100-8160 area, now have partial profits towards 0.7800 as suggested, stops reduced to cost. Next target towards 0.7500.**

We maintain a s/term bear stance here.



## NZ Dollar US Dollar

### Summary

### MAJORS

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

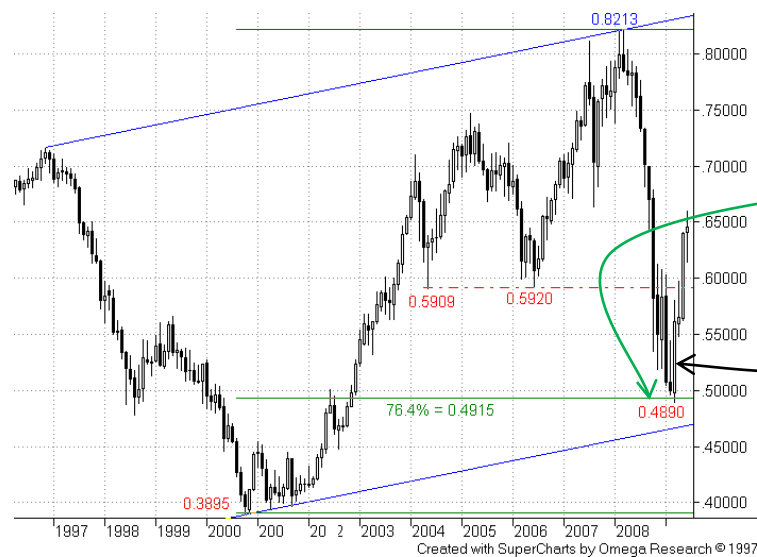
### CROSSES

- + 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

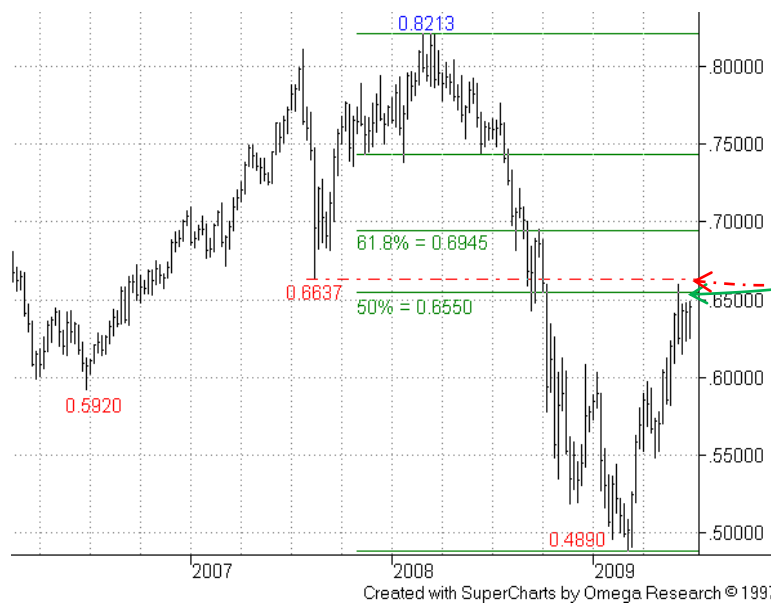
### Disclaimer



### 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, *which we duly got.*

March turned out to be a Key Reversal Month...



### NZ Dollar US Dollar – Weekly Chart:

The 50% recovery level of the fall from the Feb/Mar-08 peak plus slightly higher 0.6637 Aug-07 low look to be combining forces to resist the bull run – see Daily chart.



## 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 – Daily Chart:

After resistance was found from around the 0.6550 50% level and a falling resistance line we still view subsequent consolidative action as a precursor to another bear leg.

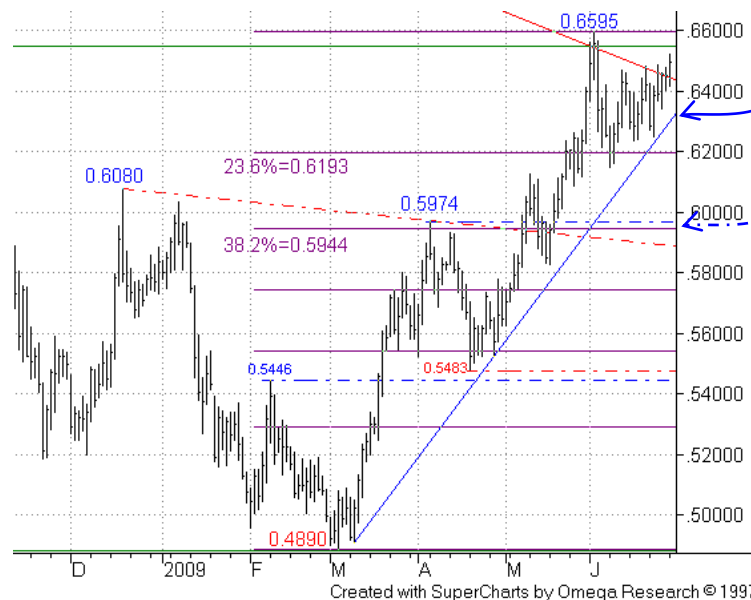
A drop below the rising support line around 0.6300 would be useful for bears now.

Next downside target would be the 0.5974/44 area, 06-Apr high and 38.2%.

We currently continue to expect the 0.6595 02-Jun high to stay intact; if broken we would need to respect s/term bulls.

**Speculative shorts established towards the low end of the 0.6420-80 range, as suggested, will unfortunately have been stopped out by the s/term push above 0.6500. Fresh signals now awaited.**

We maintain a s/term bear stance here.





## US Dollar SA Rand

### Summary

### MAJORS

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

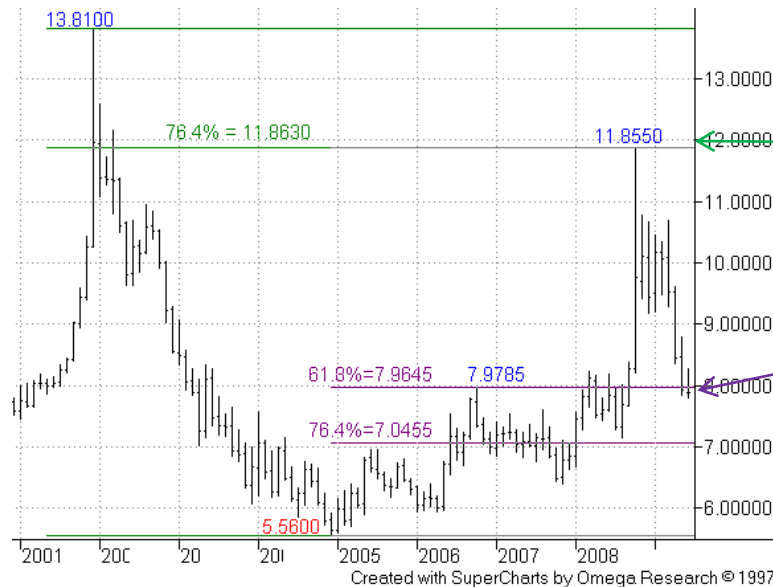
### CROSSES

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

### MINORS

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

### Disclaimer

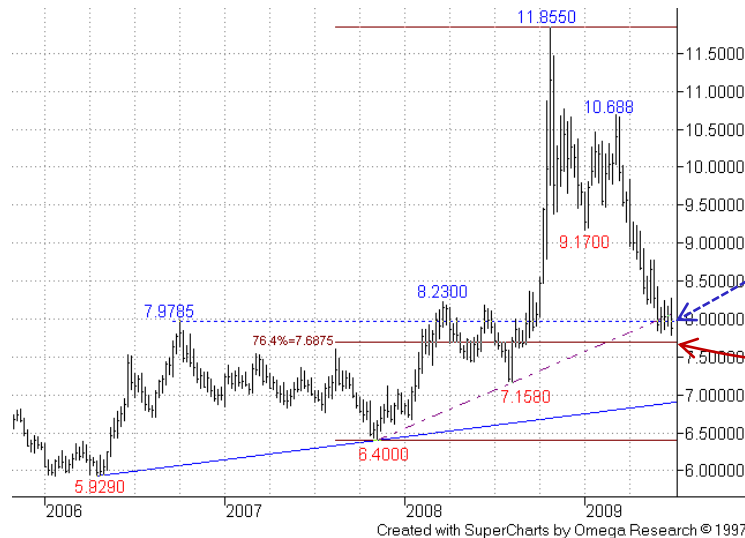


### US Dollar SA Rand – Monthly Chart:

Clear resistance was found at the long term 76.4% recovery level.

Subsequent weakness turned out to be quite pronounced, and key support just under 8.0000, which includes the 61.8% pullback level, has come under pressure.

We still think downside could be restricted for now.



### US Dollar SA Rand – Weekly Chart:

The current pullback has eroded the level of the prior 7.9785 high.

Note that the 76.4% level of the Nov-07/Oct-08 upmove lies at 7.6875, close to levels on the Daily chart.



## US Dollar SA Rand

### Summary

### MAJORS

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- + US Dollar Index

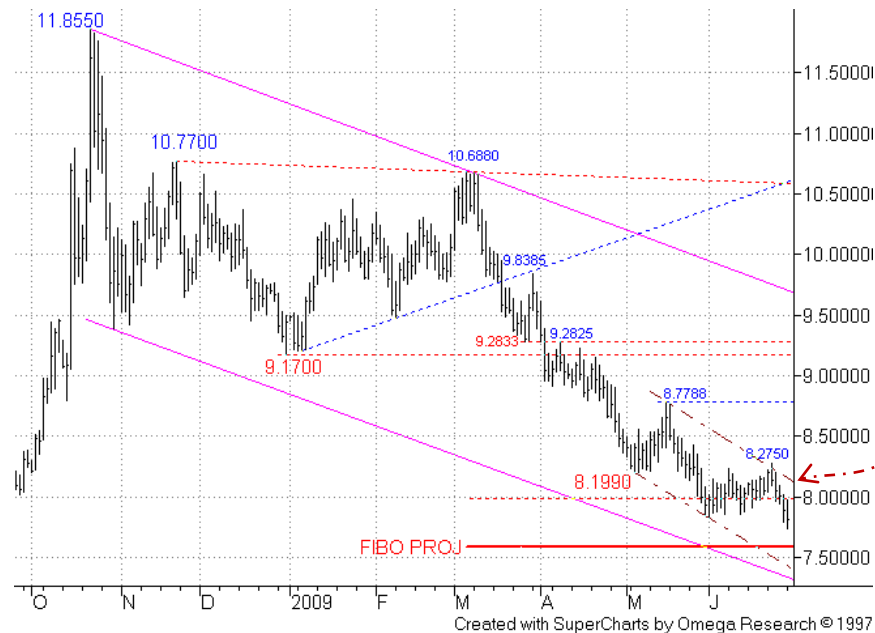
### CROSSES

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- + Euro Swiss
- + Sterling Yen

### MINORS

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

### Disclaimer



### US Dollar SA Rand – Daily Chart:

After a s/term consolidation the bulls have failed to make an entrance, with the small channel top projection not overcome.

This keeps in sight lower levels such as the 7.6000 Fibo projection (and note the 7.6875 76.4% level from the Weekly chart too).

At this stage a close above the recent 8.2750 high is needed for an initial bull signal.

We are pleased not to have turned bullish on this chart as yet, and maintain a sidelined stance for now.



## 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



## 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 subsequently eroded, but price action failed to hold above.



## US Dollar SING Dollar – Weekly Chart:

The pullback ahead of the 1.5678 61.8% recovery level has found s/term support just above the 1.4255 61.8% pullback level.

We had been uncertain whether the 1.4153 Dec-08 low would be retested, and now wait to see what recovery unfolds now.





## US Dollar SING Dollar

### Summary

### MAJORS

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

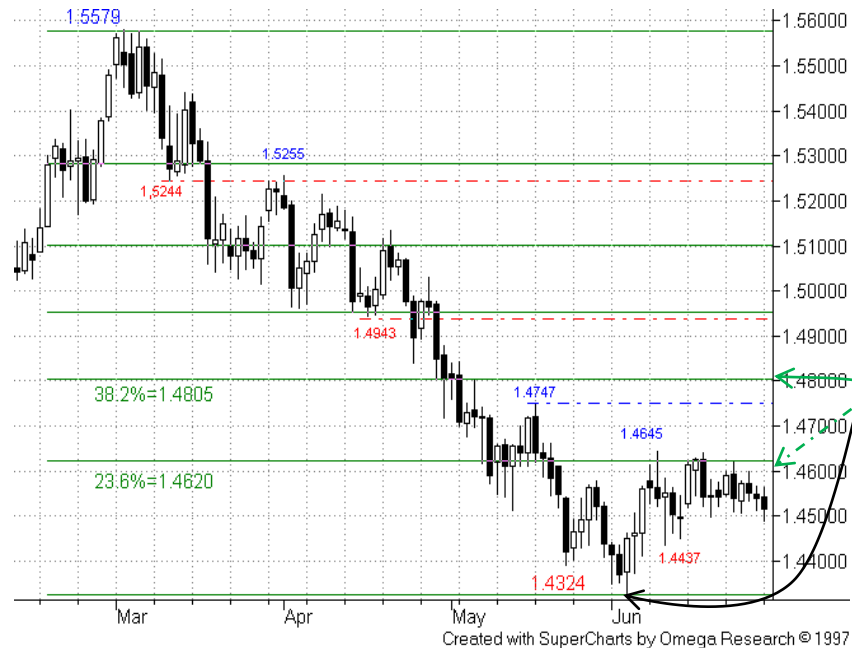
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- + Euro Swiss
- + Sterling Yen

### MINORS

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

### Disclaimer



### US Dollar SING Dollar – Daily Chart:

S/term action has stayed consolidative, following the 03-Jun **Key Reversal Day** – this marked the start of a s/term recovery phase.

The initial 23.6% target at 1.4620 has continued to provide s/term resistance, but higher 1.4805 38.2% remains the next objective. The 1.4747 18-May high also offers a s/term hurdle.

Ideally support will come at/above the 1.4437 10-Jun low now (note also the 76.4% pullback level lies at 1.4400).

**Earlier longs established in the 1.4450-1.4420 range already have partial profits at the suggested 1.4600, targeting 1.4745-1.4800 area for more, stops now held at cost.**

We maintain a s/term bull stance.



## SEVEN DAYS AHEAD

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