



**Week 36**

09<sup>th</sup> September – 15<sup>th</sup> September 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

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Mark Sturdy

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# summary

## Summary

### MAJORS

- + Euro Dollar
- + Dollar Yen
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Stay **BULLISH** further upside questioned as 1.4545 Fibo projection is approached  
Stay **SQUARE** the recent pullback may be corrective, ahead of another bull attempt  
Stay **BEARISH** but downside expected to be restricted  
Stay **SQUARE** early, inconclusive bear signs creeping in  
Stay **BEARISH** but third/final downleg may be unfolding now

### CROSSES

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

Stay **SQUARE** s/term pullback remains in process  
Stay **BULLISH** s/term resistance found around 38.2% level  
Stay **BULLISH** still trying to break from consolidation mode but bull bias remains  
Stay **SQUARE** further bull move not yet ruled out

### MINORS

- + US Dollar CAD Dollar
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Stay **BEARISH** s/term consolidation after failure to decisively breach 38.2% resistance  
Stay **BULLISH** 61.8% recovery level eroded now  
Stay **BULLISH** possible third/final upleg unfolding – 61.8% recovery now made  
Stay **SQUARE** recent 7.6000/7.5600 support now under attack  
Stay **BEARISH** but further downside could be somewhat restricted

### Disclaimer



## MAJORS

S/term gains in **EUR/USD** are closing in on our 1.4545 Fibo projection now. **USD/CHF** too is nearing a Fibo projection area, further downside potential uncertain. The recent pullback in **USD/JPY** may be temporary, ahead of another bull attempt. **GBP/USD** has given early but, as yet, inconclusive bear signs. We keep a s/term bear stance in the **US Dollar Index** for now, but unclear how much further the presumed third/final downleg has to go.

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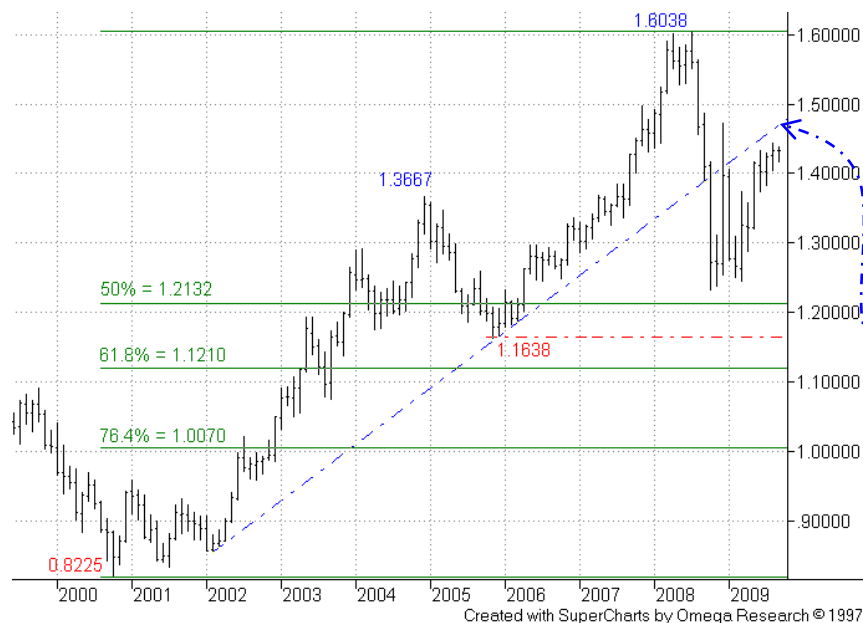
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## Euro Dollar



### 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.

Current strength is accordingly viewed as corrective only.

The old rising support/return line appears to be having some residual influence as resistance here.

More



## Euro Dollar

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### 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 remains a tough one to overcome.

Bears have so far been thwarted by good support that emerged from the 1.3737 Mar high, with subsequent action a possible final leg.



## Euro Dollar

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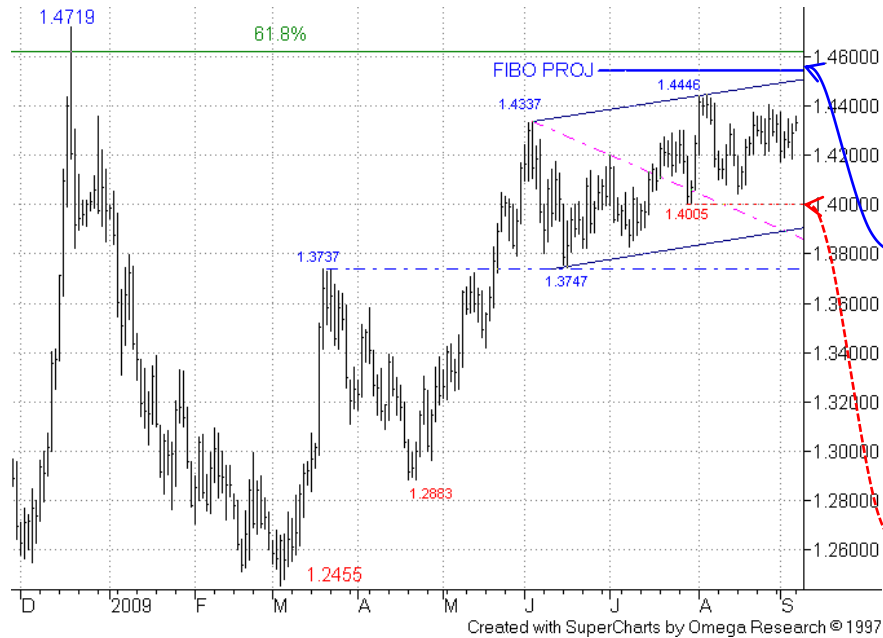
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### Euro Dollar – Daily Chart:

As with some other markets in the Guide, it looks likely that a final leg of the trend, from the Mar low, has been unfolding.

Our 1.4545 Fibo projection, which we have had in place for a while now, is today not far off, following this morning's strength. The current channel top is nearby too – *reaction here will be of much interest, and resistance is anticipated.*

Key support remains at the 1.4005 29-Jul low – a break below this would see risk turning to the downside once more.

S/term we maintain a bull stance, remaining somewhat cautious about upside potential.



## Dollar Yen

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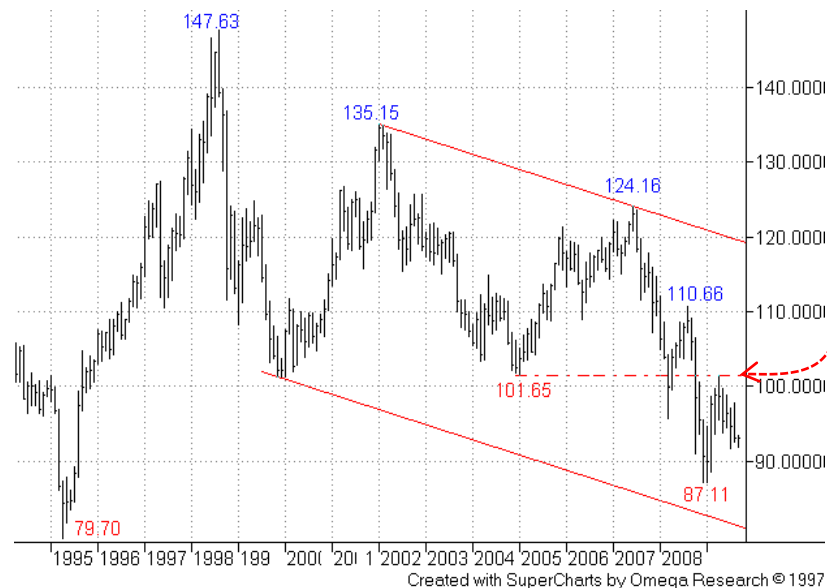
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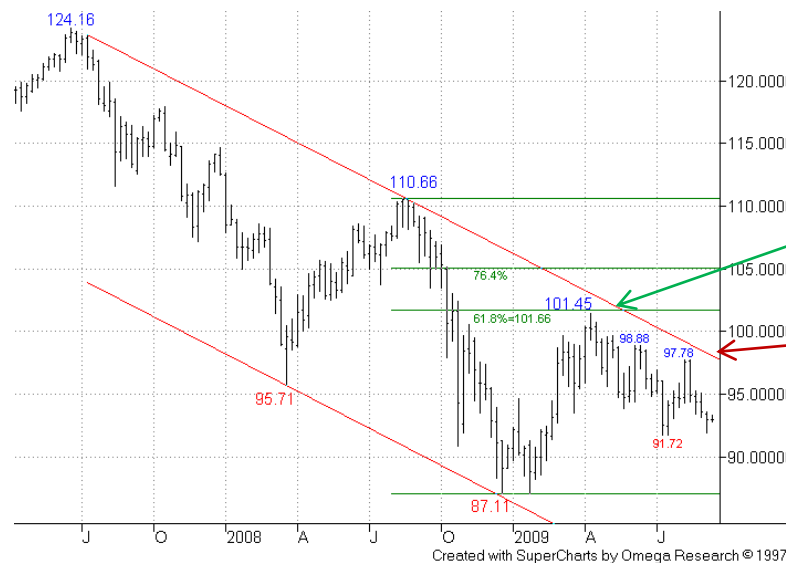


### Dollar Yen – Monthly Chart:

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.

Currently a recovery above the 97.78 Aug high, which roughly coincides with falling resistance, is needed to clear the way for bulls.



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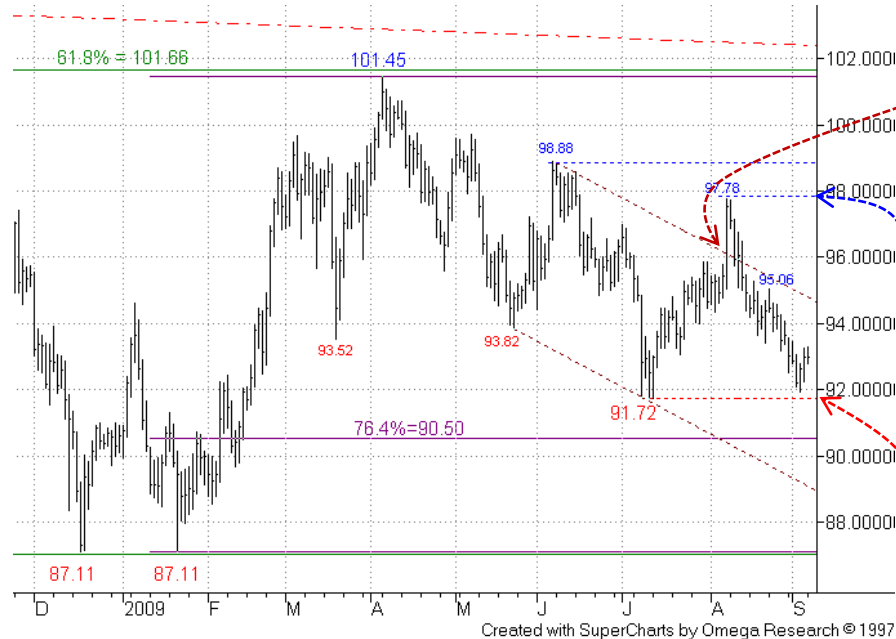
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### Dollar Yen – Daily Chart:

The rebound from the early Jul low broke above a former bear channel top – *this implied loss of downward momentum.*

However, the bulls need a break/close above the 97.78 07-Aug high to confirm a better recovery was underway. Meanwhile a recovery above the 95.06 24-Aug high would be useful.

We have viewed s/term weakness as probably corrective, looking for the 91.72 13-Jul low to stay intact now – but it is not out of danger yet.

**Speculative/pre-emptive longs established around 93.25, will be maintaining stops just below 91.72, seeking partial profits at 96.25 (revised to just ahead of a current 76.4% bounce), stops then rising to cost.**

Our stance, however, we keep to sidelined for now.



## Dollar Swiss

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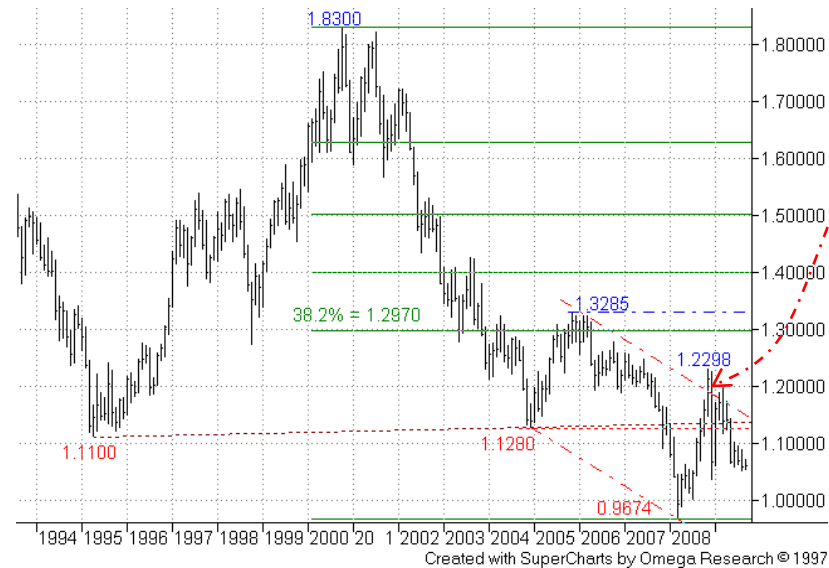
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### Dollar Swiss – Monthly Chart:

The recovery off 0.9674 Mar-08 low breached the bear channel top projection, hinting 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.

It is unclear if current weakness will extend as far as this now.





## Dollar Swiss

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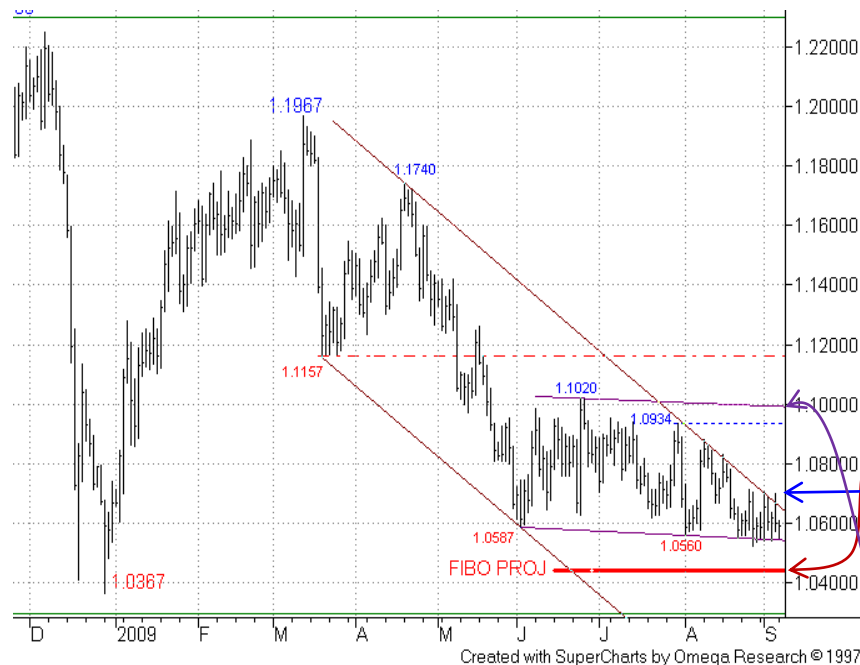
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### Dollar Swiss – Daily Chart:

We have for some while been thinking that downside could be relatively restricted (a final 'downleg' in process) and this remains the case.

Recent support from the support line has been breached today, opening up two Fibo projections at 1.0435/10, above the 76.4% level on the Weekly chart. Reaction here will be of interest.

The 1.0700 area, above the bear channel top (which proved consistent resistance recently), is first interesting resistance and a close above here would be an early bull signal. *But in the end a break/close above the channel top around 1.1000 is needed to confirm that a bull phase is underway.*

We maintain a s/term bear stance for now but, as before, see downside as restricted.



## Sterling Dollar

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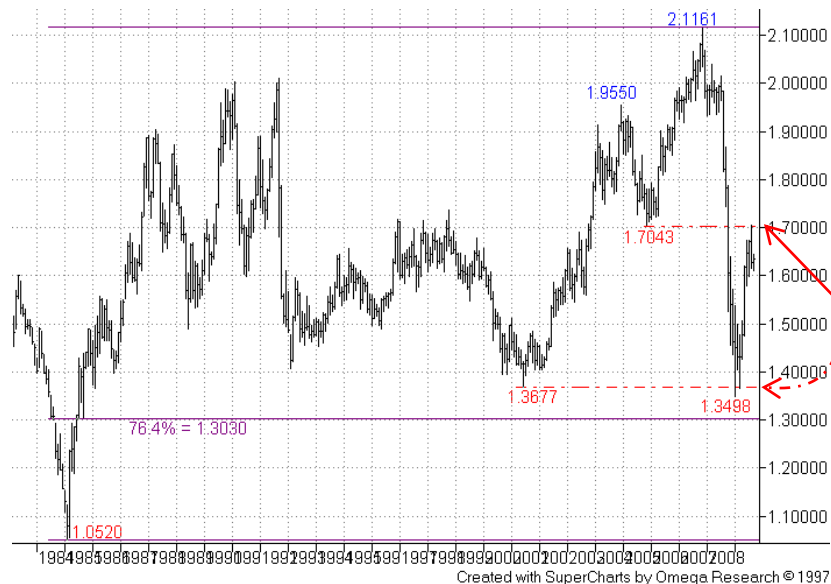
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### Disclaimer



### Sterling Dollar – Monthly Chart:

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

This reinforces the importance of this area of support.

The 1.7043 Dec-05 low now offers resistance.



### Sterling Dollar – Weekly Chart:

The 50% level of the downmove from 2.0153 Jul-08 breakdown point has been exceeded now, with the 1.7043 Dec-05 low now the immediate barrier – *this has proved effective resistance so far.*

**Have bulls run out of steam..?**

The higher 50% level of the whole decline from Nov-07 remains out of reach for now.



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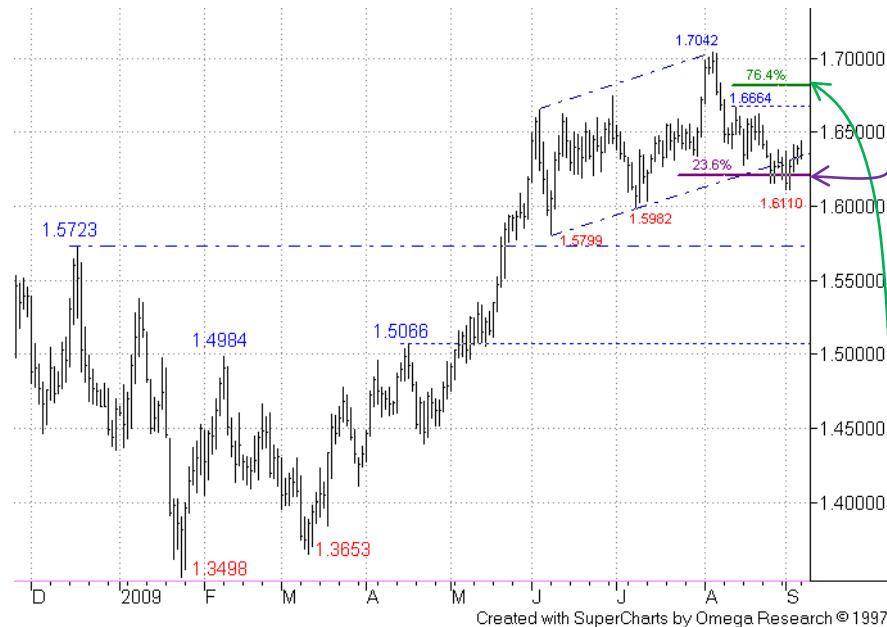
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### Disclaimer



### Sterling Dollar - Daily Chart:

Last week saw a brief/marginal close below the 23.6% 1.6205 level (following earlier breach of the s/term bull channel base).

These provide initial, but not conclusive, bear signals.

The likelihood is that s/term gains will be corrective/temporary, ahead of a further downswing - *we continue to think that the current choppy conditions (with recent upward bias) represent the end game in the move up from the Jan low.*

Note initial resistance is offered by the 1.6664 13-Aug high, ahead of the 1.6822 76.4% bounce level.

**At this stage, pre-emptive sellers on rallies may only be attracted by a limited risk entry around 1.6800, if seen, stops at 1.7055.**

We maintain a sidelined stance for now.



## US Dollar Index

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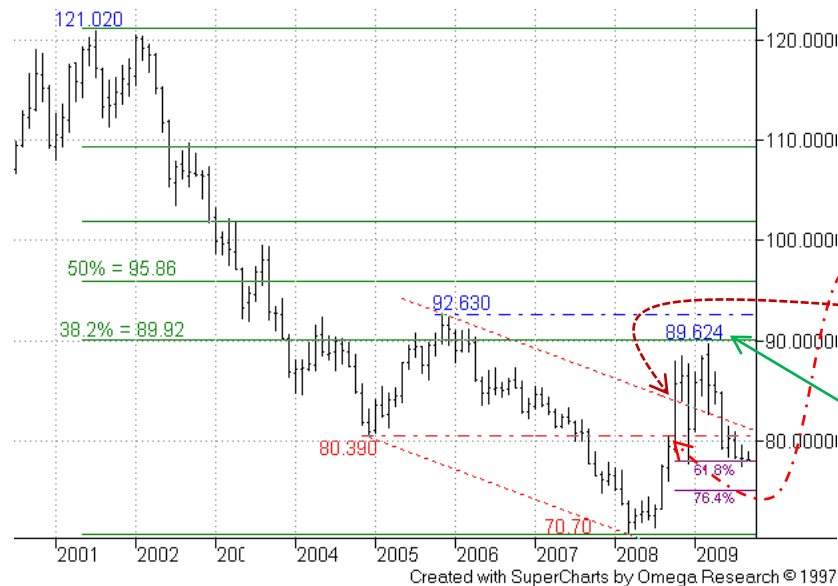
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### Disclaimer



### 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 in 2009 – resistance here was not a surprise.



### US Dollar Index – Weekly Chart:

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

The next interesting technical area of 77.93/77.688, 61.8% pullback and Dec-08 low, has now been tested –support has emerged from here so far.



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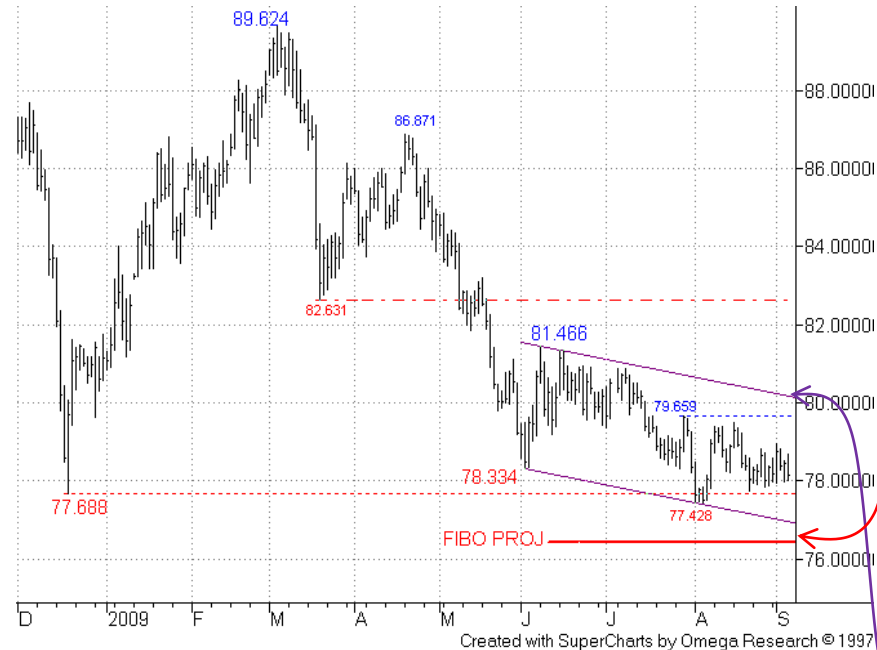
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### US Dollar Index – Daily Chart:

S/term bears have so far proved reluctant following the early Aug erosion of prior 78.334 and 77.688 lows.

But bear risk hasn't dissipated, so we keep in mind a Fibo projection at **76.40**, ahead of the 75.17 76.4% level on the Weekly chart.

*As previously stated, it is possible we are seeing a third/final downleg (from 81.466 08-Jun high) in the move that commenced from the 89.624 Mar high.*

A close above the 79.659 29-Jul high would be an initial bull signal, while a close above the bear channel top projection just above 80.00 would be needed to for a decent bull trigger.

We maintain a s/term bear stance for now.



## CROSSES

The s/term pullback in **EURJPY** at the moment does not look as though it is developing into anything serious. S/term bulls in **EURGBP** remain favoured, current resistance emerging from a 38.2% level. **EURCHF** still favours bulls, following a prolonged consolidation phase. A s/term barrier around 163.00 in **GBPJPY** remains in place.

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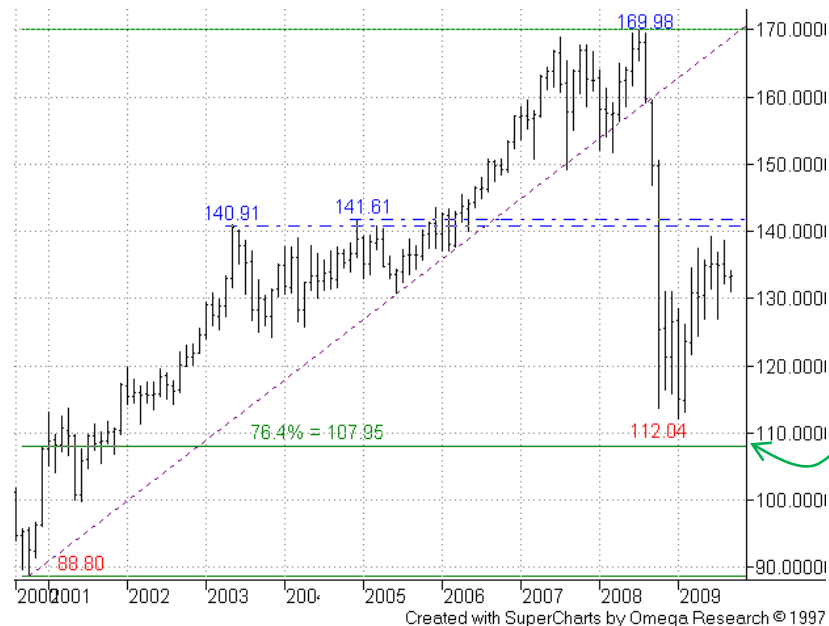
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### Disclaimer

## 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 were neared recently, and lie close to a technical level on the Weekly chart.

More



## Euro Yen

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### CROSSES

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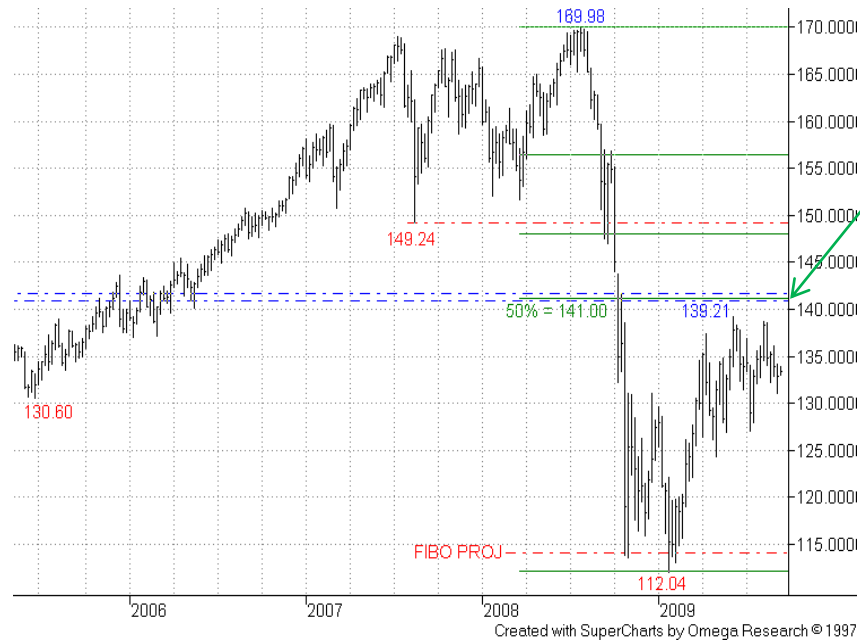
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### Disclaimer

### Euro Yen – Weekly Chart:

This year's recovery earlier had the 141.00 50% level in its sights – it remains elusive for now.





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### Disclaimer



### Euro Yen – Daily Chart:

The drop back from the old rising support/return line has found interesting support from the old falling resistance/return line, keeping bear interest muted.

This support will soon coincide with a small 76.4% level at 129.75, and failure here would be a negative signal.

Meanwhile a recovery/close above the 136.08 24-Aug high would be a useful boost for the bulls now, with the 141.00 50% level still achievable.

We maintain a sidelined stance for now.





## Euro Sterling

### Summary

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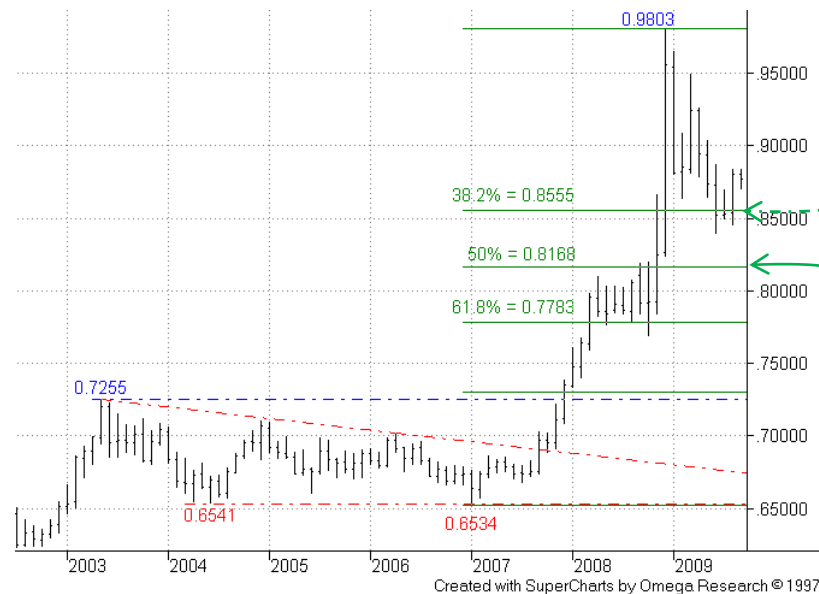
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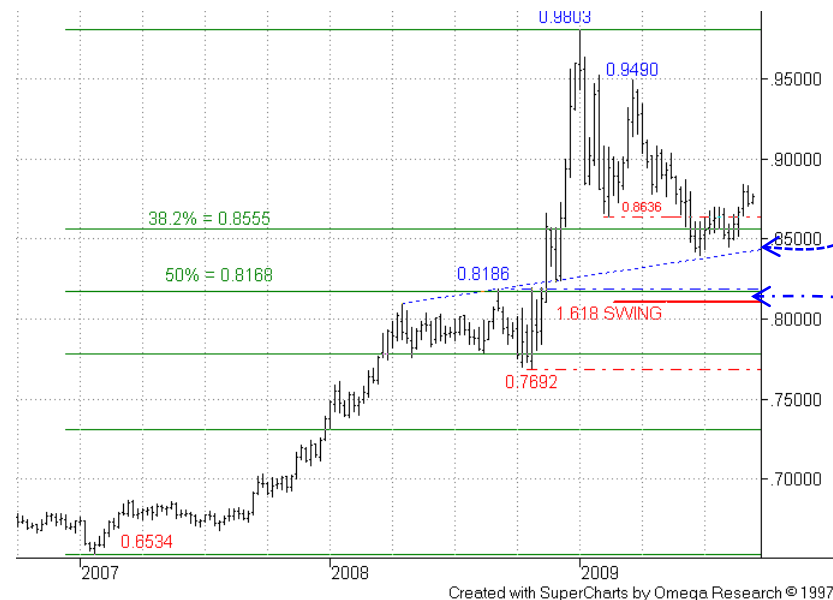
### Disclaimer



### Euro Sterling – Monthly Chart:

Recent erosion of the key 0.8555 38.2% retracement threatens the long term bull run.

Lower focus would be on the 0.8168 50% area.



### Euro Sterling – Weekly Chart:

The recent slip back reached the rising old resistance/return line – good support has been seen here so far.

Next main support starts at the **0.8186** Sep-08 high, through **0.8168** 50% level and down to a 1.618 swing projection (off prior 0.8636-0.9490 upleg) around **0.8108**.



## Euro Sterling

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### Euro Sterling – Daily Chart:

After the recent bullish resolution of the Jun/Jul consolidation the market has paused around our first bull target of 0.8815 38.2% level.

Falling resistance coincides with this – as before, a break through would open up the 0.8945 50% level. It is currently unclear if this latter can easily be exceeded.

0.8700 remains first support (effective last week), ahead of 0.8654 14-Aug high. A drop back through these would be a negative sign.

We maintain a s/term bull stance for now.



## Euro Swiss

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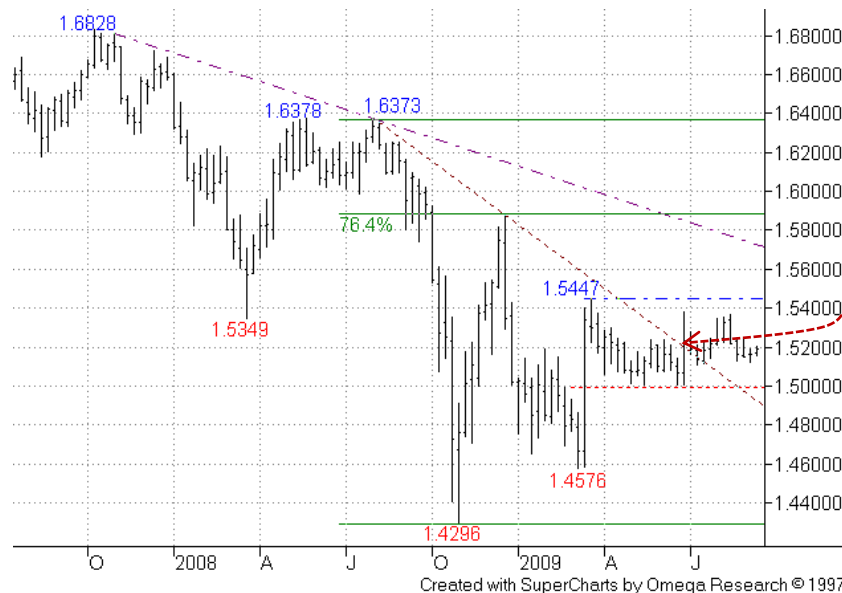
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### Euro Swiss – Monthly Chart:

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 price action since the 1.5447 Mar high as corrective/consolidative ahead of another bull leg.

Resistance from the falling resistance line was earlier breached, and this remains a positive signal for the time being.



## Euro Swiss

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### Euro Swiss – Daily Chart:

The prolonged consolidation phase continues –bulls now need to break above the broken rising support line (around 1.5300) ahead of the falling resistance line around 1.5345.

Focus would then turn to the 1.5447 16-Mar high and 1.5575 76.4% level.

Also note higher 1.5881/83 remains key (76.4% level and 15-Dec high) with a 1.5575 equality target nearby too (the 1.4576-1.5447 upleg extended from 1.5006 15-May low).

Momentum can be retained while the 1.5106 09-Jul low holds.

**Any longs will probably keep stops just below 1.5106/00 for now. Target 1.5440 or 1.5550/75 for partial profits, then raising stops to at least cost.**

We maintain a bullish stance here.



## Sterling Yen

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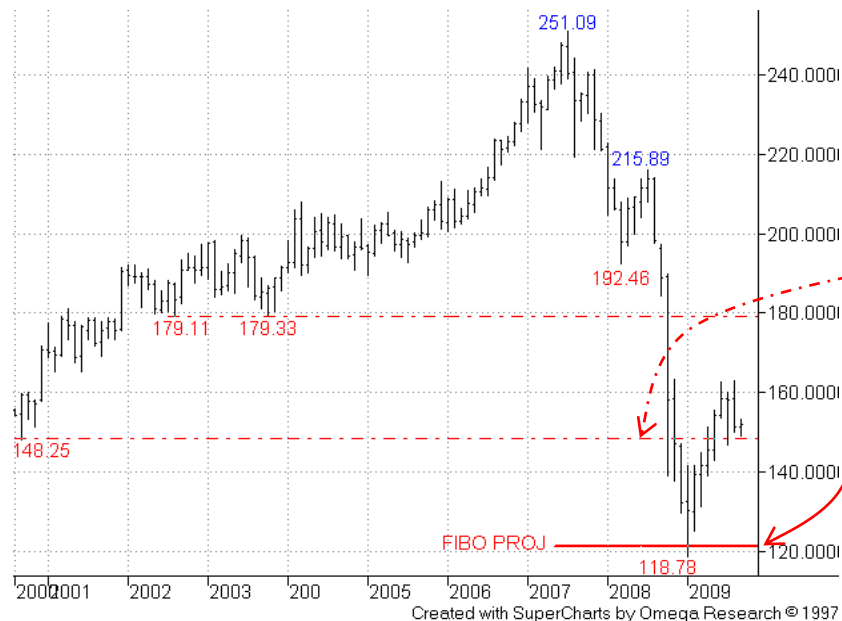
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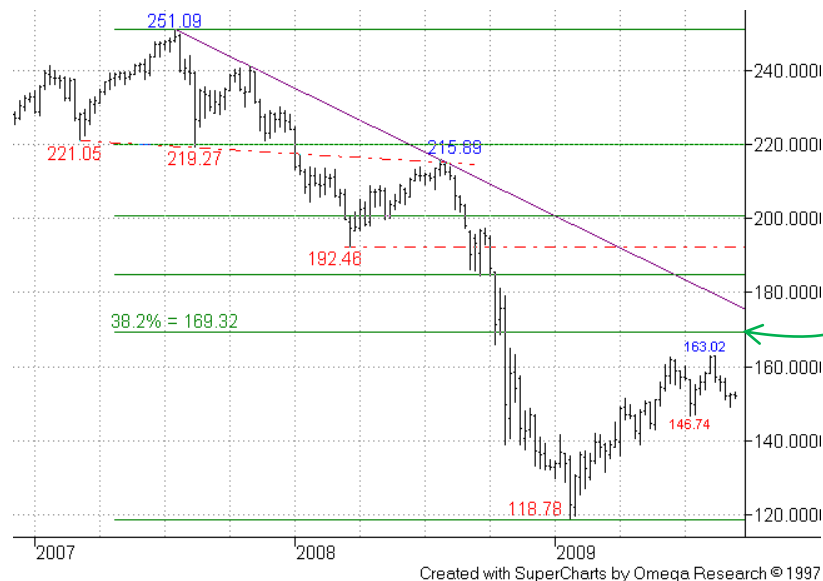


### Sterling Yen – Monthly Chart:

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 a Fibo projection around **121.00**.

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



### Sterling Yen – Weekly Chart:

With pullbacks still proving limited there remains scope for a test towards the 169.32 38.2% recovery level.



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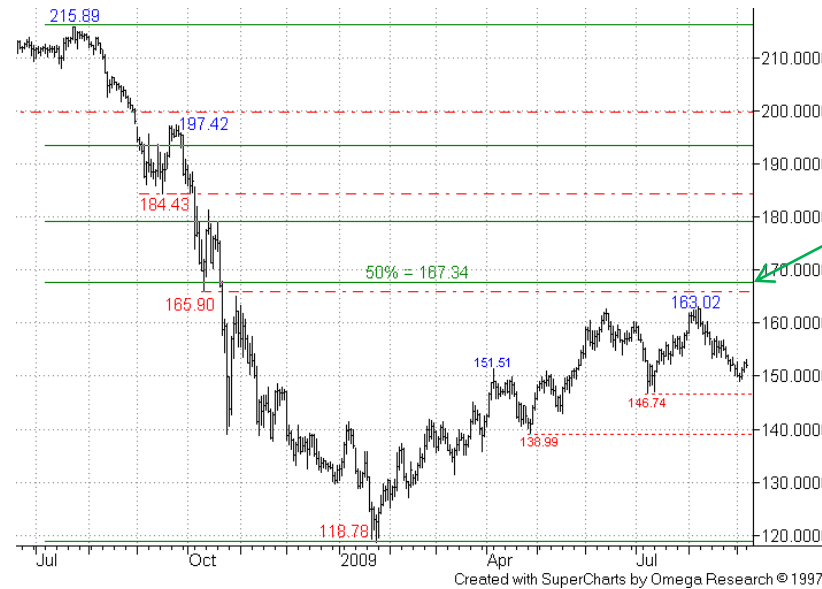
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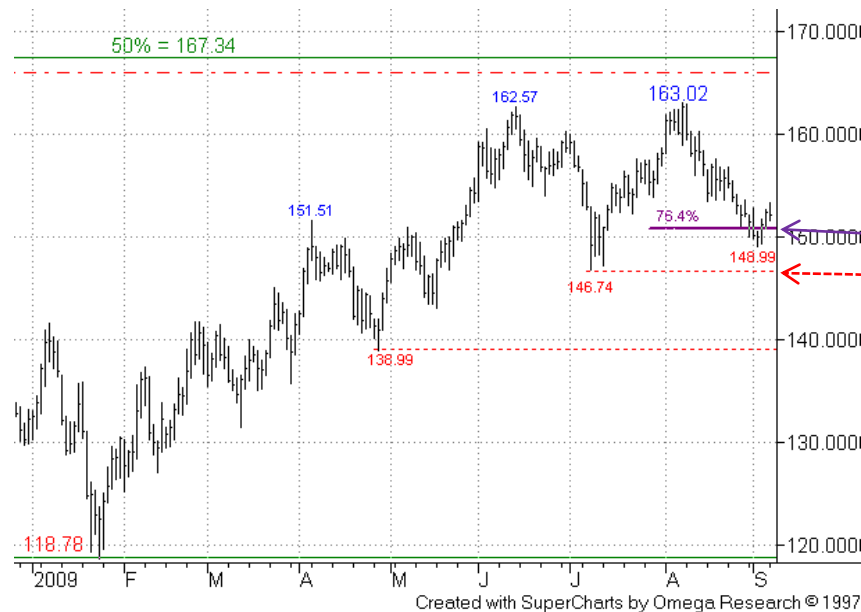
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### Sterling Yen – Daily Chart:

We had previously been targeting the 167.34 50% level on the Daily chart – this may still be seen despite shorter term reluctance to move higher.



S/term it has proved difficult to break higher, but we don't rule this out yet.

The market is trying to find support around the small 76.4% pullback level – note the lower 146.74 08-Jul low offers more key support, protecting against a more serious bear move.

We stay on the sidelines at present.



## MINORS

So far, support in **USD/CAD** has remained just above a 61.8% pullback level –and the weekly RSI indicates possible bear fatigue. **AUD/USD** and **NZD/USD** have stayed firm, but we still like the idea that final uplegs are unfolding. In **USD/ZAR** key support is under pressure now. In **USD/SGD** there remains s/term bear risk, but further downside could be limited.

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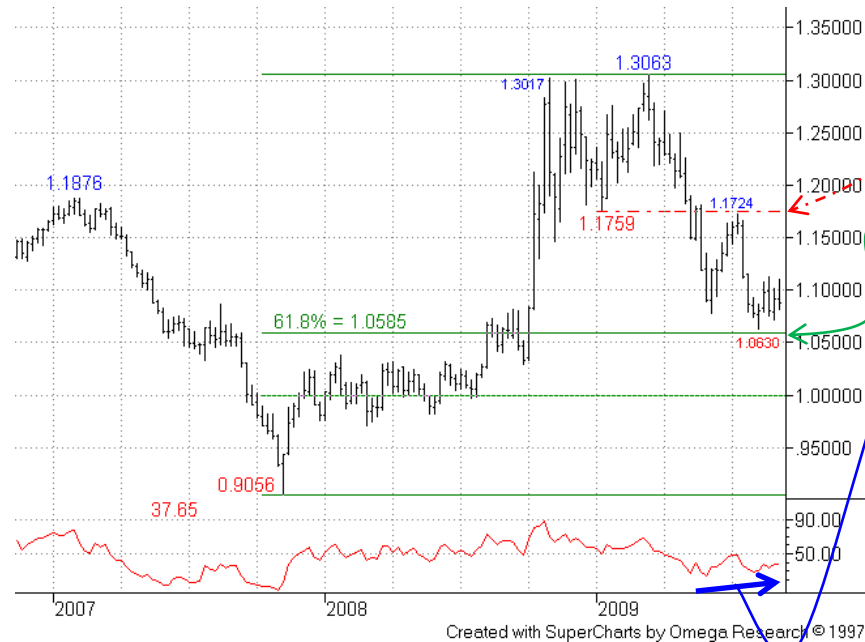
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- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

### Disclaimer

## US Dollar CAD Dollar – Weekly Chart:



The Jun/Jul bounce found clear resistance from near the 1.1759 Jan low.

Subsequent weakness has found support just above the 1.0585 61.8% retracement.

Note that there is now evidence of a positive divergence on the weekly RSI –are bears tiring?





## US Dollar CAD Dollar

### Summary

### MAJORS

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

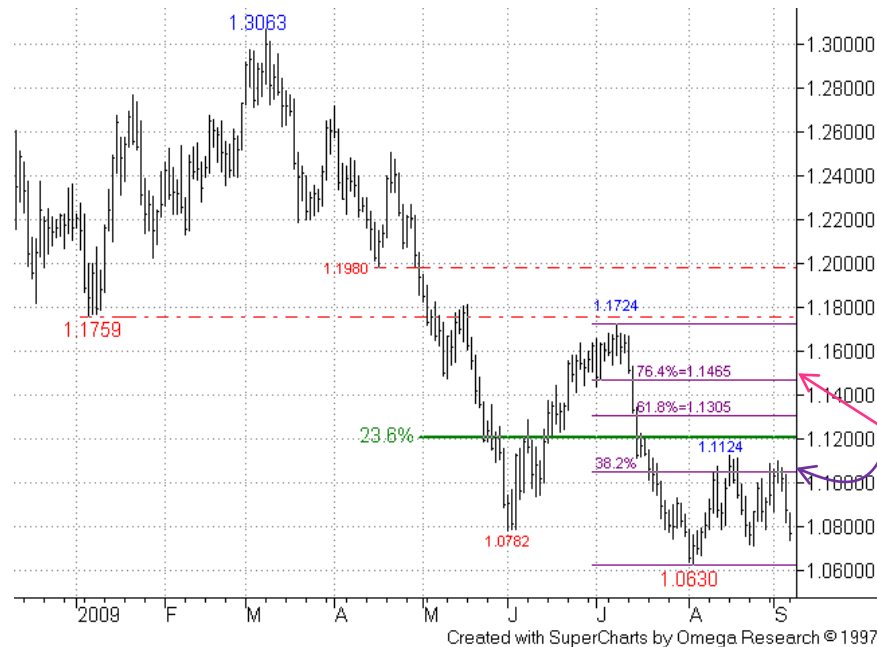
### CROSSES

- + 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 CAD Dollar – Daily Chart:

So far, price has been unable to hold above the 38.2% bounce level, keeping the higher 1.1200 area (23.6% of the whole 1.3063/1.0630 decline out of reach for now.

*A recovery through this would be a positive signal, at the very least putting bears on the sidelines.*

Ultimately a further recovery above the 1.1465 76.4% level would be needed to strongly suggest that a medium term recovery phase was underway.

We maintain a s/term bear stance for now, but keep in mind the signs on the Weekly chart that may suggest downside could be limited.



## AUS Dollar US Dollar

### Summary

### MAJORS

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

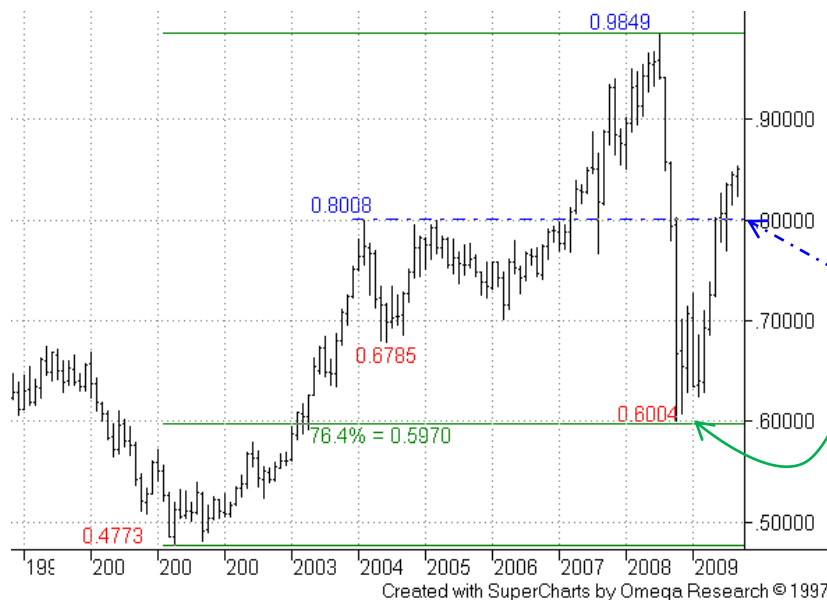
### CROSSES

- + 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

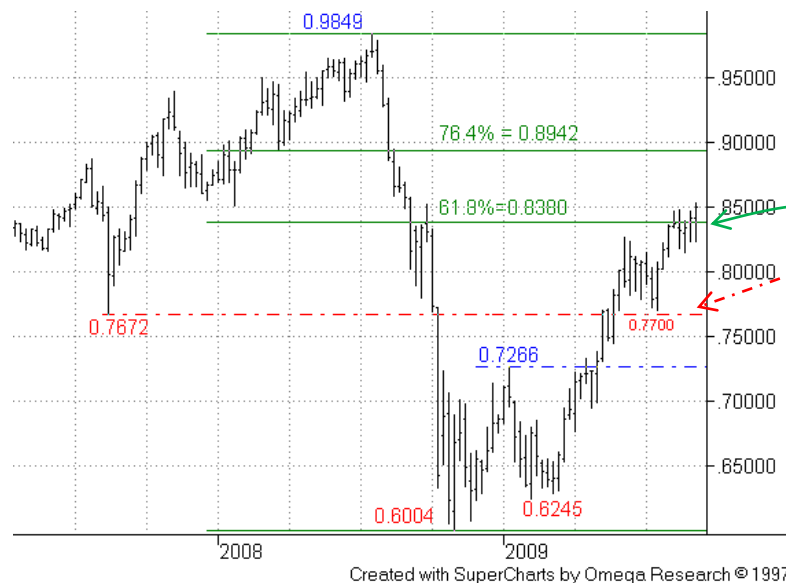
### Disclaimer



### AUS Dollar US Dollar – Monthly Chart:

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

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



### AUS Dollar US Dollar – Weekly Chart:

After the earlier break above the level of the significant 0.7672 Aug-07 low, the 0.8380 61.8% recovery level has been tested/eroded now.

*There remains a chance that this will be properly broken, but will the trend have the legs to test the higher 0.8942 76.4% area?*

See below...



## AUS Dollar US Dollar

### Summary

### MAJORS

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

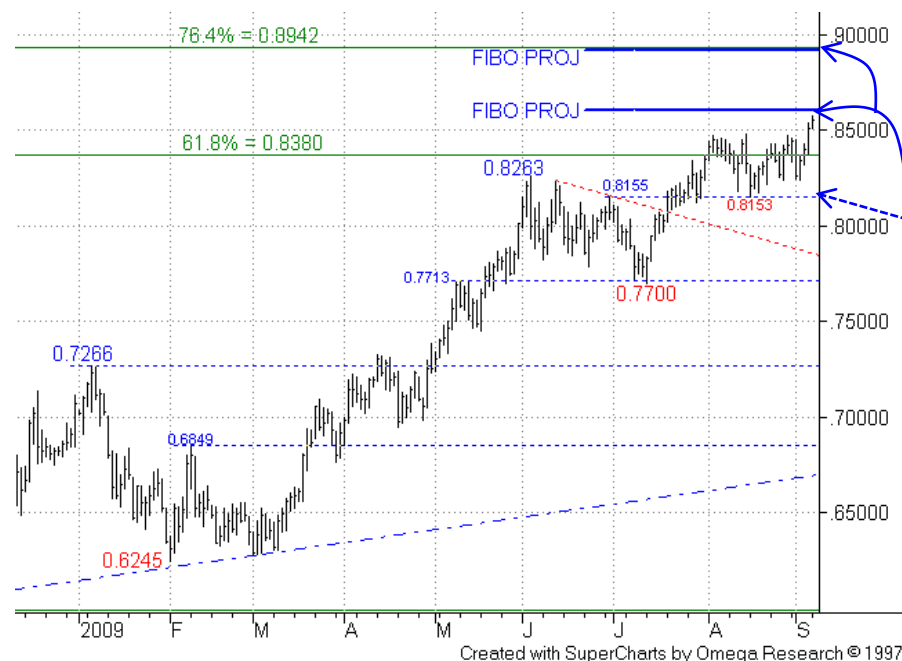
### CROSSES

- + 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 – Daily Chart:

S/term bulls are breaking from the recent consolidation, with support having remained at/above the 0.8150s.

The push higher has now reached a Fibo projection just above 0.8600, with another lying above 0.8900, very near to the 76.4% recovery level (probably stronger, but no guarantee it will be reached, of course).

At this stage a reversal back below 0.8150s support would be a negative signal.

We maintain a s/term bull stance for now.



## NZ Dollar US Dollar

### Summary

### MAJORS

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

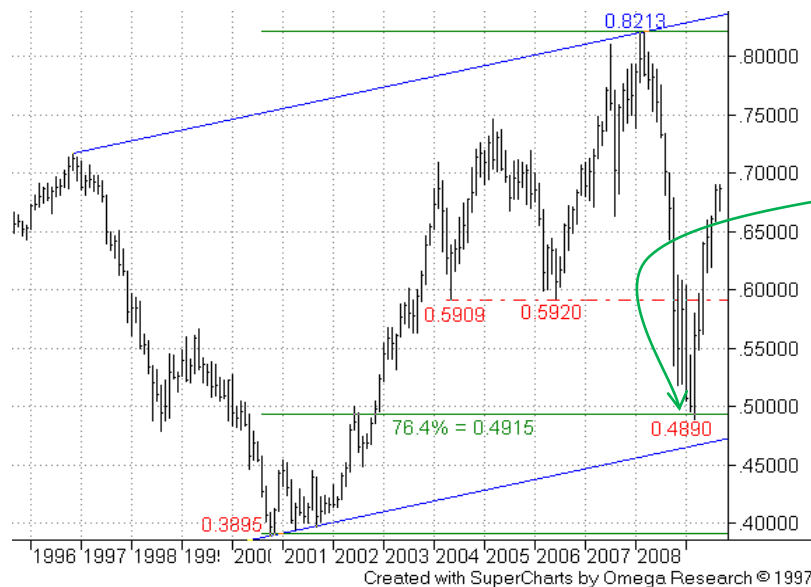
### CROSSES

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

### MINORS

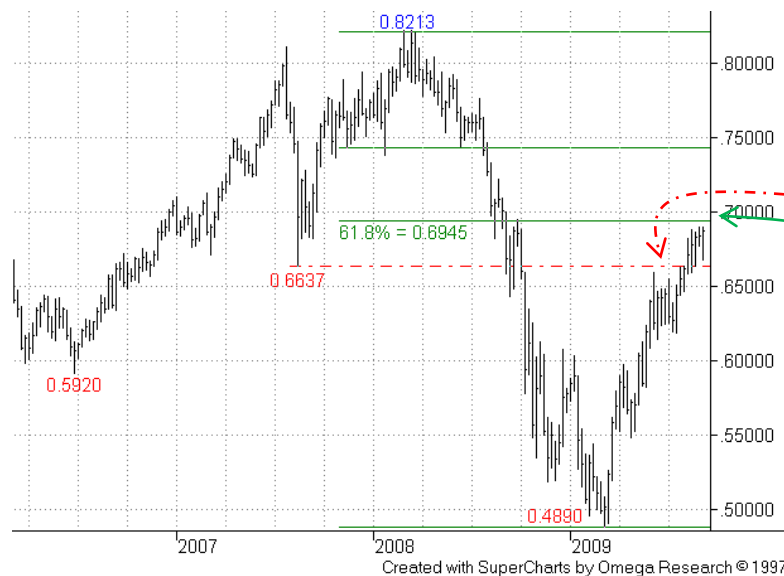
- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

### 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.*



### NZ Dollar US Dollar – Weekly Chart:

After a temporary pause ahead of the 0.6637 Aug-07 low a further push higher has seen the 0.6945 61.8% recovery level come under scrutiny.



## NZ Dollar US Dollar

### Summary

### MAJORS

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

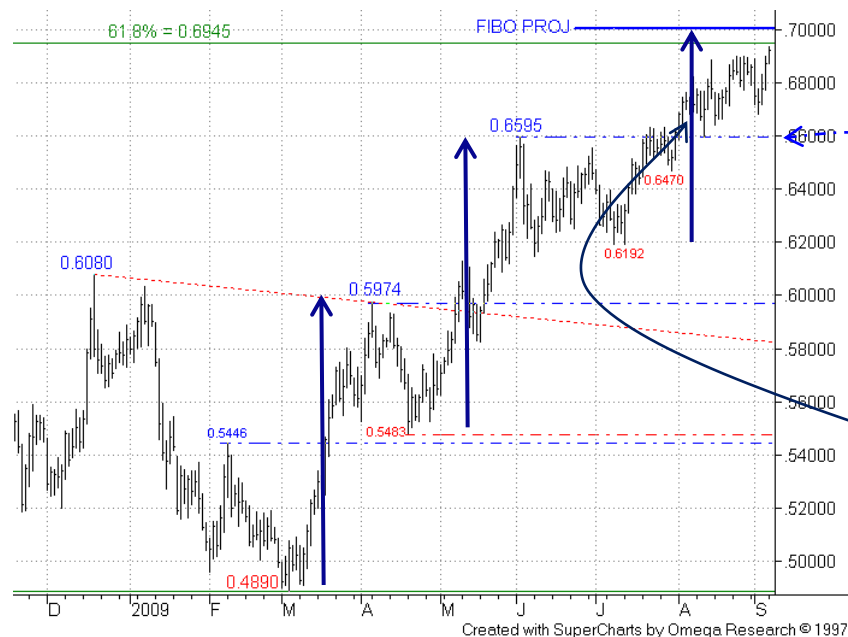
### CROSSES

- + 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:

With the early Jun 0.6595 high remaining supportive, s/term bulls have now seen a test of the 61.8% recovery level.

We are also keeping an eye on one interesting Fibo projection at **0.7000**, just above. We await reaction around here.

We maintain our thought that this could be a final, third upleg, but for now we will maintain our s/term bull stance.



## US Dollar SA Rand

### Summary

### MAJORS

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

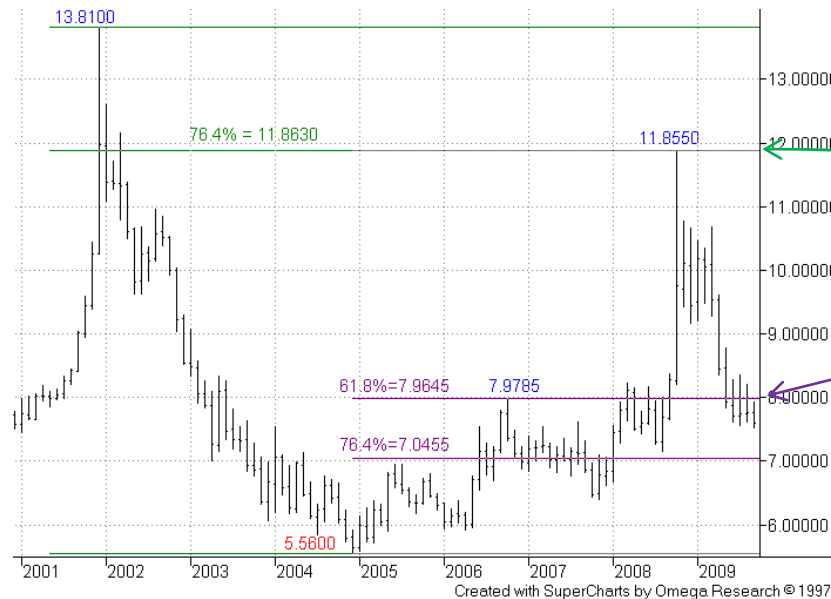
### CROSSES

- + 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

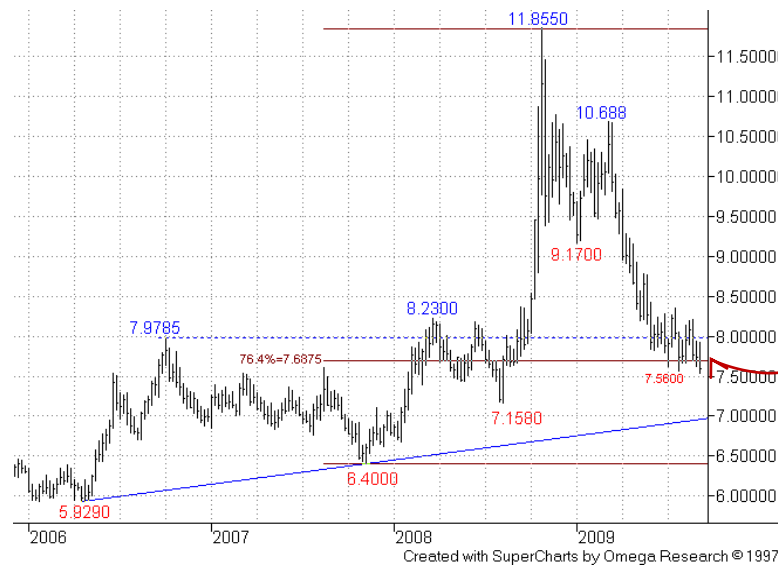


### US Dollar SA Rand – Monthly Chart:

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 included the 61.8% pullback level, was exceeded.

But it is unclear if lower 7.0455 76.4% retracement will be seen.



### US Dollar SA Rand – Weekly Chart:

The pullback has now tested the 76.4% level of the Nov-07/Oct-08 upmove at 7.6875 (close to levels on the Daily chart).

We had been expecting a positive reaction from around here, although this has not yet materialised.



## 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 – Daily Chart:

The Fibo projection at 7.6000 and 7.5600 Jul have come under attack – an immediate recovery would be required in order to preserve shorter term basing possibilities.

A clear break below this support would initially turn focus on the **7.1600** area, 1.618 swing off prior 7.5600/8.2100 rally.

Lower 7.0455 76.4% level from the Monthly chart, and a Fibo projection around 6.9000 are also noted.

We maintain a sidelined stance for now.



## US Dollar SING Dollar

### Summary

### MAJORS

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

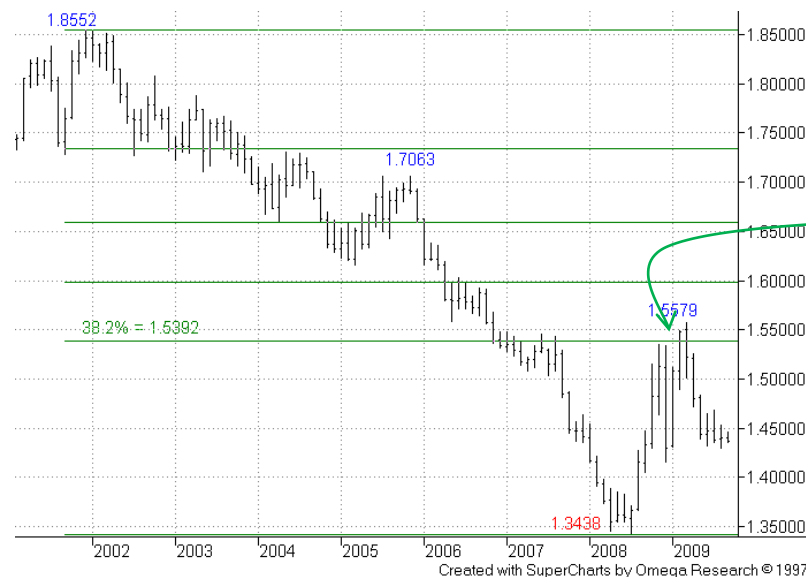
### CROSSES

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- + 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 – 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 drop back ahead of the 1.5678 61.8% recovery level is trying to find support at/above the 1.4255 61.8% pullback level, similar to USD/CAD.

Also similar is the sign of a positive divergence on the weekly RSI – is a turnaround in the offing?





## US Dollar SING Dollar

### Summary

### MAJORS

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

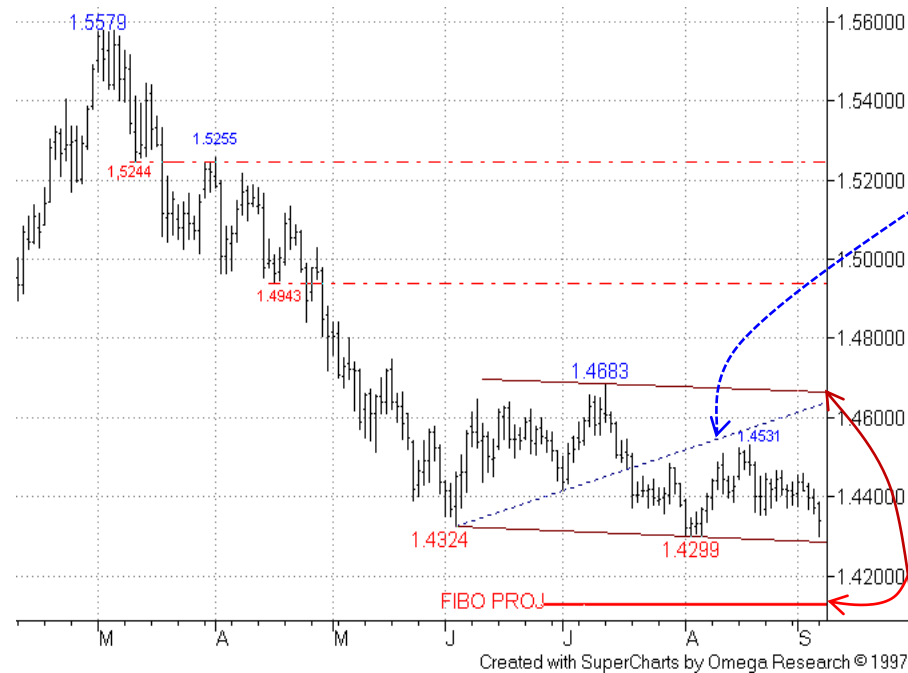
### CROSSES

- + 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:

The old rising support line has provided approximate resistance here.

Further s/term weakness hadn't been ruled, following the current consolidation—a break below 1.4299 04-Aug low (and slightly lower falling support line) would expose the 1.4130 Fibo projection (admittedly below the 1.4255 61.8% level from the Weekly chart, and just below that 1.4153 Dec-08 low).

The rising return line around 1.4650 now and channel top projection are required to be breached in order to provide a good bull signal/confirmation.

We maintain a s/term bear stance, but downside may prove fairly limited now, taking into account the indications on the Weekly chart.



## SEVEN DAYS AHEAD

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