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Market Update

08th January 2010

EUR/CHF Slide – Time for Support?

During 2009 the technical interest in the EUR/CHF cross steadily waned, as price action remained confined in a relatively narrow range. One or two preliminary bull signs soon evaporated; and now there has been a decisive directional move – but to the downside.

The FX Trader's view



WEEKLY CHART:

The multi-month consolidation in 2009 held above clear support around 1.5000.

The recent break through this has been clear.

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DAILY CHART:

The break below 1.5000 has been decisive, with this former support reverting to first key resistance.

A 76.4% pullback level has now been reached, and we await reaction here – sometimes 76.4% can be an effective level in EUR/CHF (as it can be in EUR/USD and USD/CHF).

A bounce from here would not surprise.

However, the nature of the current chart structure suggests that this would be temporary ahead of further bear action.

That 1.5000 area should be tough to crack, and note that, ultimately, the 1.5150 Dec breakdown point would need to be overcome to fully negate the current bear outlook.

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