



**Week 06**

10<sup>th</sup> February – 16<sup>th</sup> February 2010

### 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 Specialist Guide

**Philip J Allwright**

**Mark Sturdy**

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by the FSA



# Summary

## Summary

### MAJORS

- + Euro Dollar
- + Dollar Yen
- + Dollar Swiss
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- Stay **BEARISH** lower projections now reached – s/term bounce prospects  
Stay **BULLISH** late Nov losses seen as blow-off move, monthly RSI shows positive divergence now  
Stay **BULLISH** next upside target area of 1.0700/1.0815 now under test  
Stay **BEARISH** 1.5500 area could provide temporary support  
Stay **BULLISH** next target around 38.2% level reached, resistance not far above here

### CROSSES

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

- Stay **BEARISH** s/term rallies to be viewed as temporary  
Stay **BEARISH** s/tem support found from 76.4 pullback level but any bounce may be temporary  
Stay **BEARISH** initial clues appearing, to suggest rebound is due soon  
Stay **BEARISH** lower 130.00 target area begins to open up

### MINORS

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

- Stay **SQUARE** rebound keeps Oct-09 low intact. 23.6% recovery level remains key resistance  
Stay **SQUARE** 23.6% support now under pressure  
Go **BEARISH** key 23.6% support now breached  
Stay **BULLISH** still waiting to see if a base pattern can form – signs are encouraging  
Stay **BULLISH** pressure now bearing on 23.6% recovery level

### Disclaimer



## MAJORS

In **EUR/USD** the slide has continued, and we await reaction at certain target projections. Further s/term gains in **USD/CHF** have reached a target area now. Weakness in **USD/JPY** should be short-lived ahead of another bull attempt. We maintain our bear stance in **GBP/USD**, but temporary channel base support could be emerging. The **US Dollar Index** remains in recovery mode.

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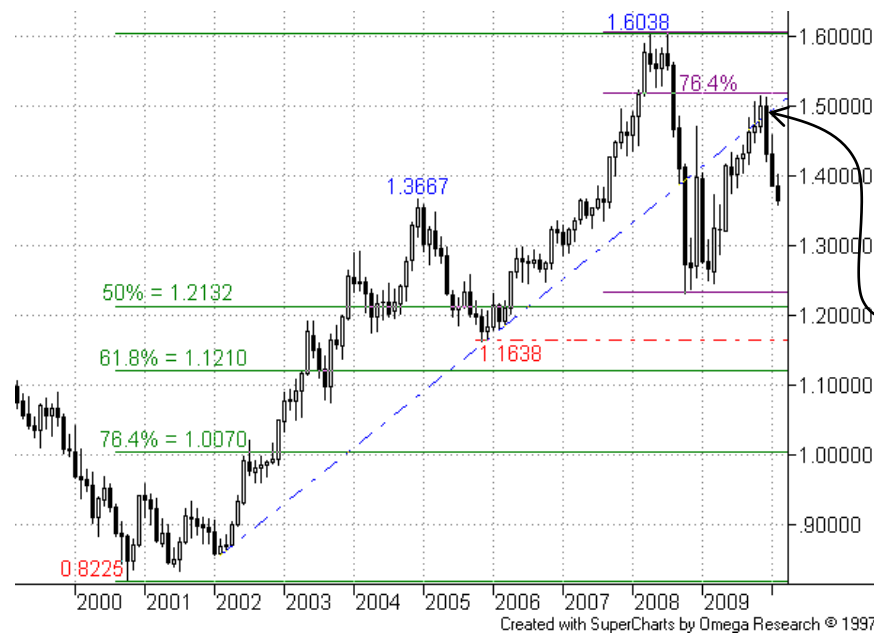
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### Disclaimer

## Euro Dollar



### Euro Dollar – Monthly Chart:

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

Note that Dec produced a type of **Key Reversal Month**.

The old rising support/return line appears to have had some residual influence as resistance here, combining with the 76.4% retracement.

More



## Euro Dollar

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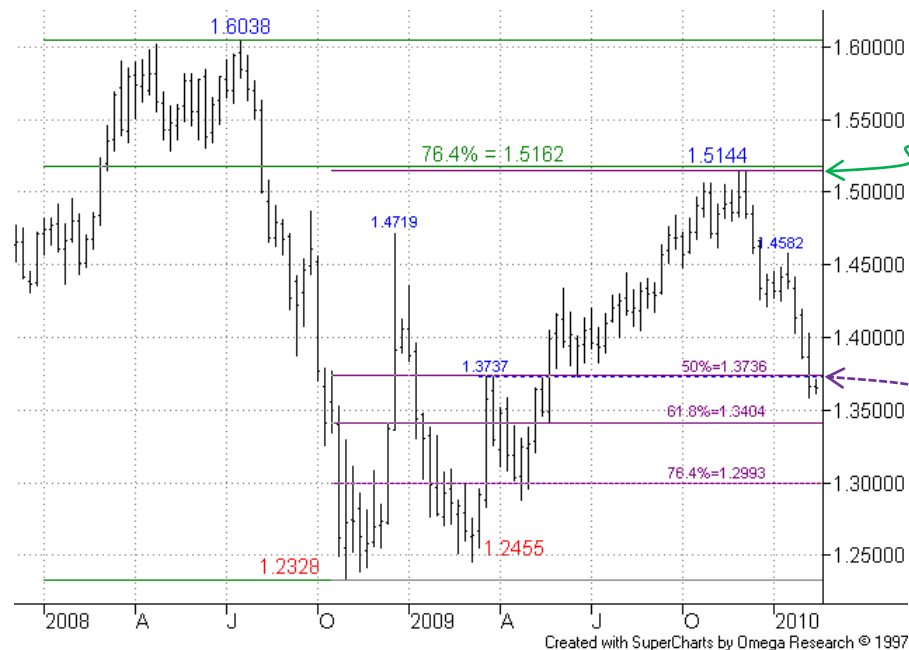
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### Disclaimer



### Euro Dollar – Weekly Chart:

The 76.4% retracement area provided very effective resistance.

The structure of the fall suggests that bears still have energy –any s/term rallies should prove temporary.

The next are of support at 50% and the 1.3737 Mar-09 high has now been eroded – next on the list is the 61.8% pullback just above 1.3400.



## Euro Dollar

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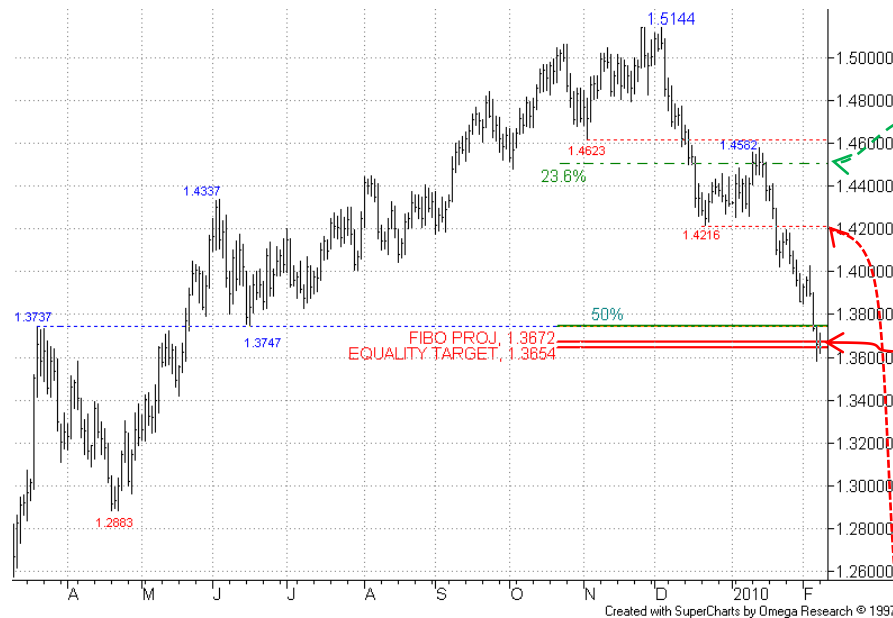
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### Disclaimer



### Euro Dollar – Daily Chart:

Earlier violation of the 23.6% pullback level confirmed the bear outlook here.

Further losses have now violated the 1.3737 Mar-09 high and 50% level, although last week we said the slightly lower projection area of 1.3672/54 could be more significant (an equality target, 1.5144-1.4216 decline extended off 1.4582 high, and Fibo projection) – *we await reaction here, and temporary support would not surprise.*

First main resistance comes from the 1.4216 low (current 38.2% bounce lies just beneath this) and should be tough to surpass.

**Sellers on rallies may well formulate strategies with this in mind.**

We maintain a bear stance here.



## Dollar Yen

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### Dollar Yen – Monthly Chart:

Earlier on, resistance emerged from around the old 101.65 Jan-05 low.

Rebounds have been assumed to be temporary so far but note, following the Nov break of prior 87.11 low, there is a positive monthly RSI divergence, suggesting bear fatigue.



### Dollar Yen – Weekly Chart:

The Nov break of the 87.11 low was deceptive.

Resistance from the bear channel top at 93.00 and the recent 93.76 high offer key resistance – a clear break through this would be a bull signal.



## Dollar Yen

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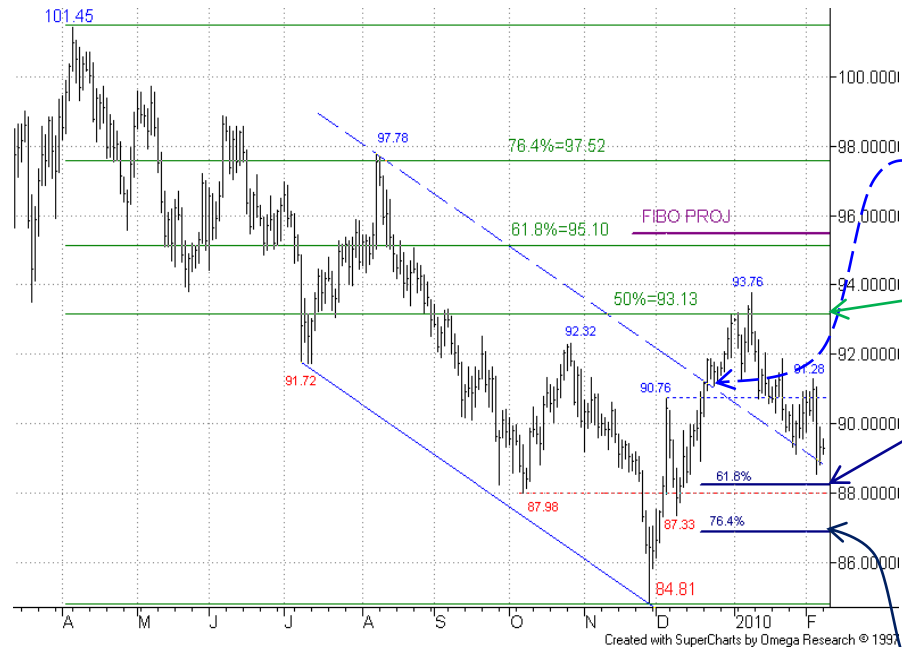
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### Dollar Yen – Daily Chart:

The break above the 90.76 04-Dec high and bear channel top projection suggested a blow-off bear move had occurred in Nov.

The pullback from near the 50% recovery level is probably temporary.

S/term we still keep in mind support near 88.00 which includes the 61.8% pullback level and Oct-09 low.

**For now, buyers on dips may continue to hold back, awaiting reaction around 88.00, if seen, with stops needing to be below the 76.4% pullback level of 86.92.**

We maintain a bull stance here.



## Dollar Swiss

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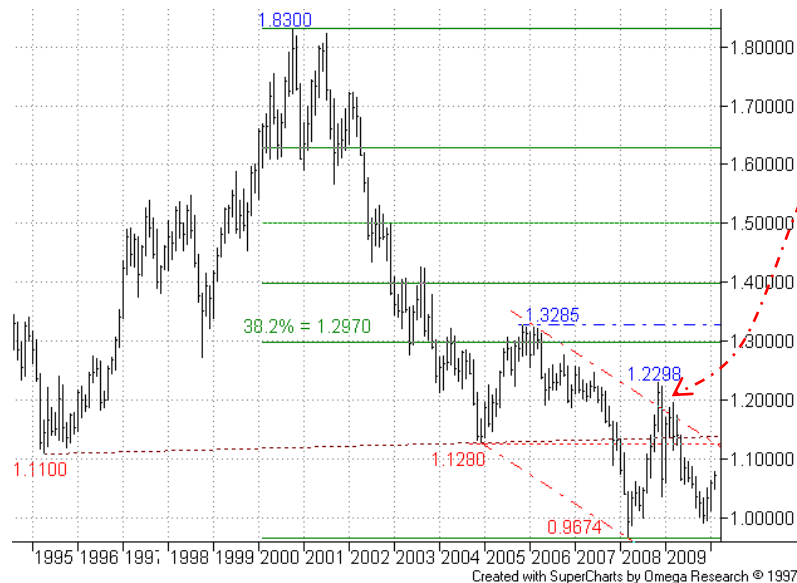
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### Disclaimer



### 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:

There eventually emerged some support last year from near an equality target at 1.0036 (1.2298-1.0367' downmove extended off 1.1967 high). It was eroded, but only briefly.

On this chart an encouraging sign for bulls is the recovery above the old 1.0367 Dec-08 low.





## Dollar Swiss

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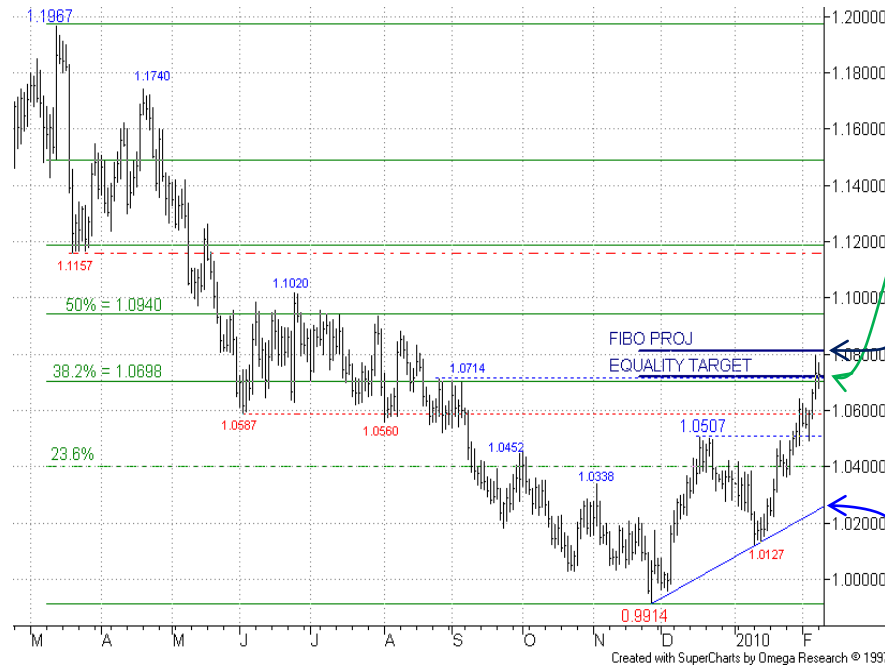
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### Dollar Swiss – Daily Chart:

The second upleg, from 1.0127 Jan low, has now reached the next target area which includes the 38.2% retracement near to 1.0700, an equality target just above at 1.0720 ('0.9914-1.0507' upleg extended off 1.0127 low), and a Fibo projection at 1.0815. *We had thought that s/term resistance would be likely here.*

A pullback should be temporary (and not deep), noting first support around the 1.0507 17-Dec low. Ultimately support should come in above the lower rising support line at this stage.

We maintain a bullish stance here.



## Sterling Dollar

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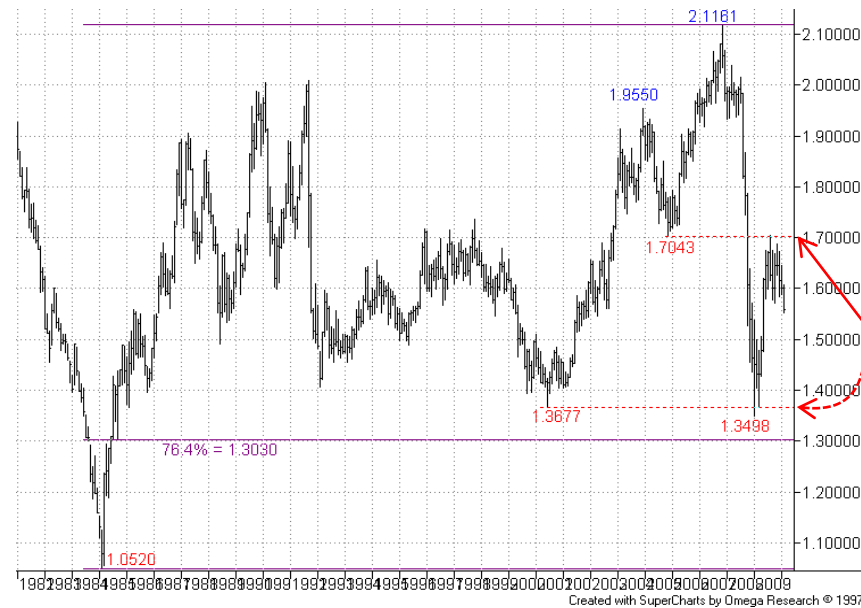
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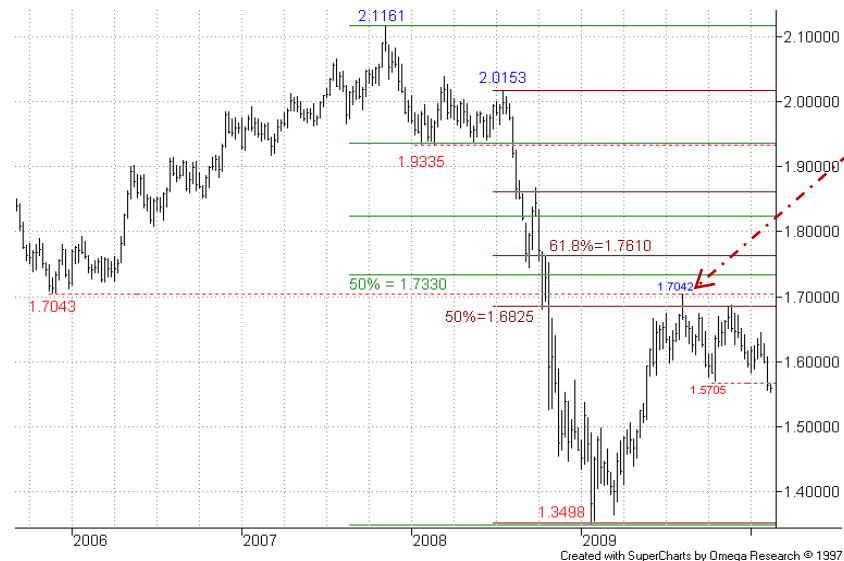


### Sterling Dollar – Monthly Chart:

The powerful bear move saw a brief break of the 1.3677 Jun-01 low, but a quick reversal 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 was briefly exceeded, with that 1.7043 Dec-05 low providing the next barrier – *this has proved effective resistance.*



## Sterling Dollar

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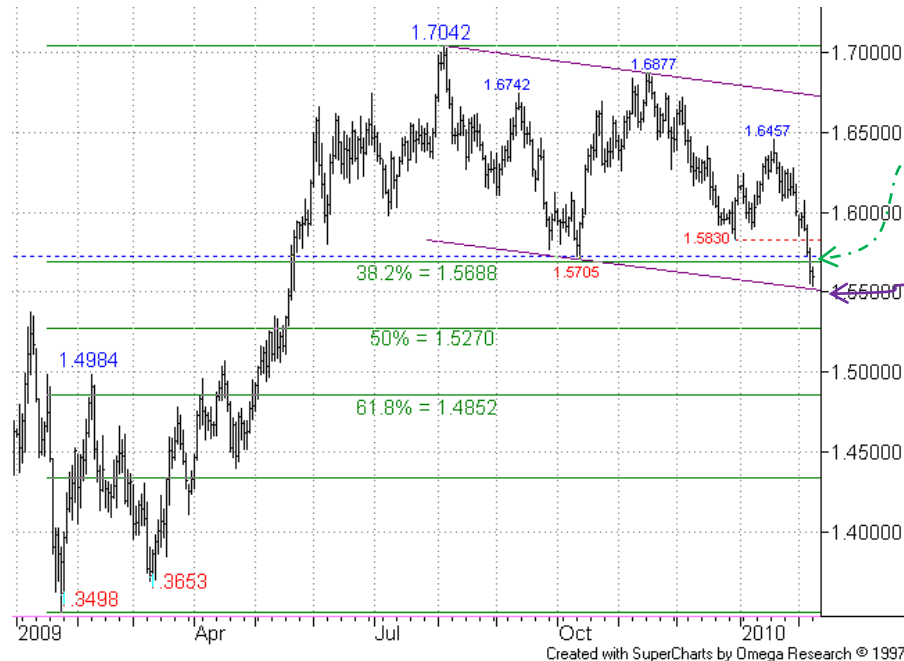
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### Disclaimer



### Sterling Dollar - Daily Chart:

Another downleg has violated the key 1.5723/1.5688 area (Dec-08 high and 38.2%) and, as mentioned last week, the break could be s/term frustrated by the channel base projection around 1.5500, now under test.

A rebound should be short-lived – first resistance offered by the 1.5830 30-Dec low, and price should struggle to hold above 1.6000 at this stage.

A clear break below this channel base would mark the next stage in a deeper fall.

We maintain a bear stance here.



## US Dollar Index

### Summary

#### MAJORS

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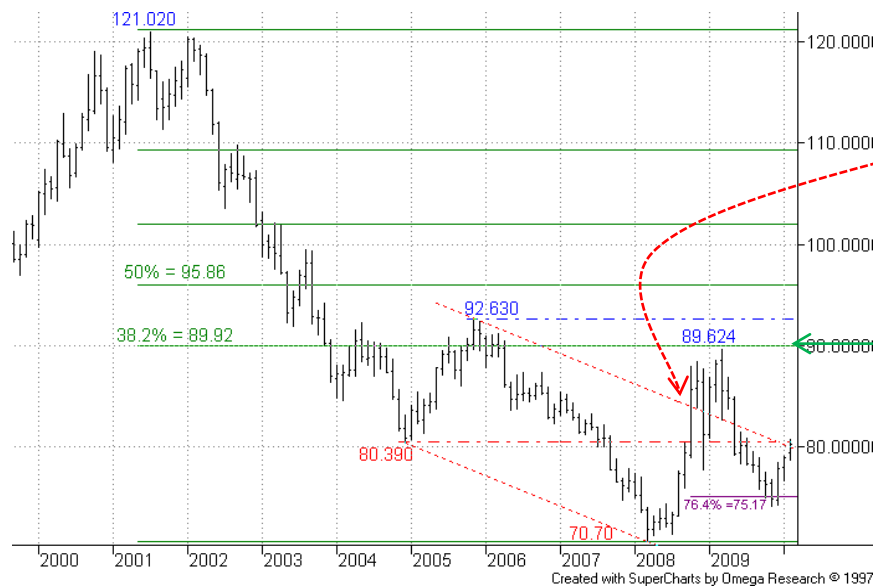
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#### Disclaimer



### US Dollar Index – Monthly Chart:

The breach of the bear channel top projection in 2008 suggested bear momentum was on the wane, subsequent pullbacks more likely to be the precursor to a further bull leg.

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 deep pullback late last year tested/eroded the 76.4% level - so far it has failed to hold below this.

This has now cleared earlier resistance from the old Dec-08 low.



## US Dollar Index

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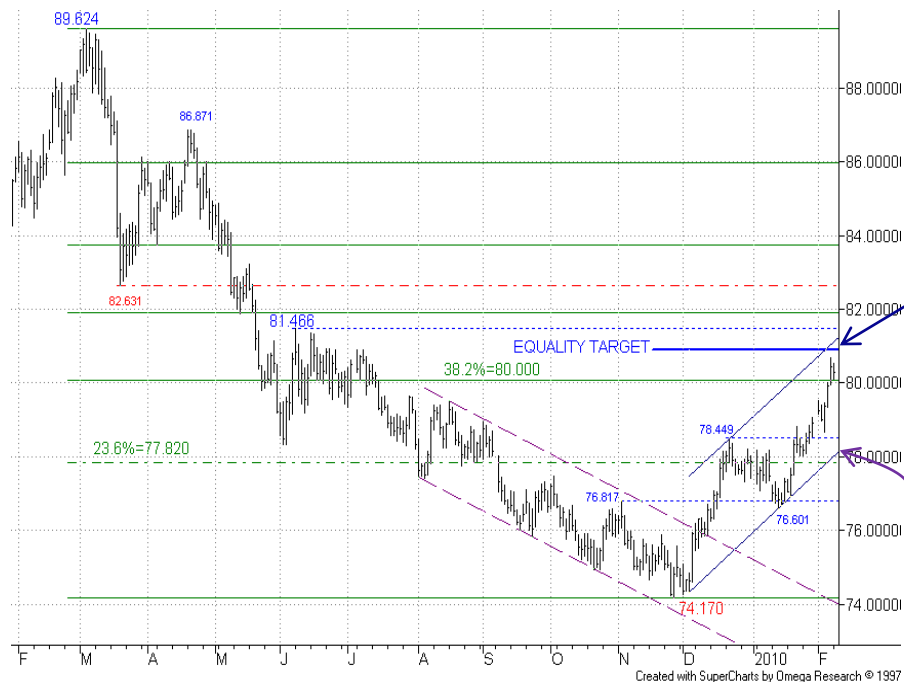
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### US Dollar Index – Daily Chart:

Latest strength has reached/ exceeded the 80.000 38.2% recovery level, closing in on higher potential resistance identified previously – a s/term bull channel top projection around 81.20, just above an equality target at 80.90 ('74.170-78.449' upleg extended off 76.601 low). *We remain on the lookout for resistance up here.*

First supports come from the 78.449 22-Dec high and the channel base just above 78.00. Ideally this will hold in order to preserve momentum.

We maintain a bullish stance here.



## CROSSES

Bear confidence has grown in **EURJPY** with our latest target exceeded. S/term support near a 76.4% level in **EURGBP** has emerged. We stay on the lookout for temporary support in **EURCHF**. The bearish outlook in **GBPJPY** remains intact at present.

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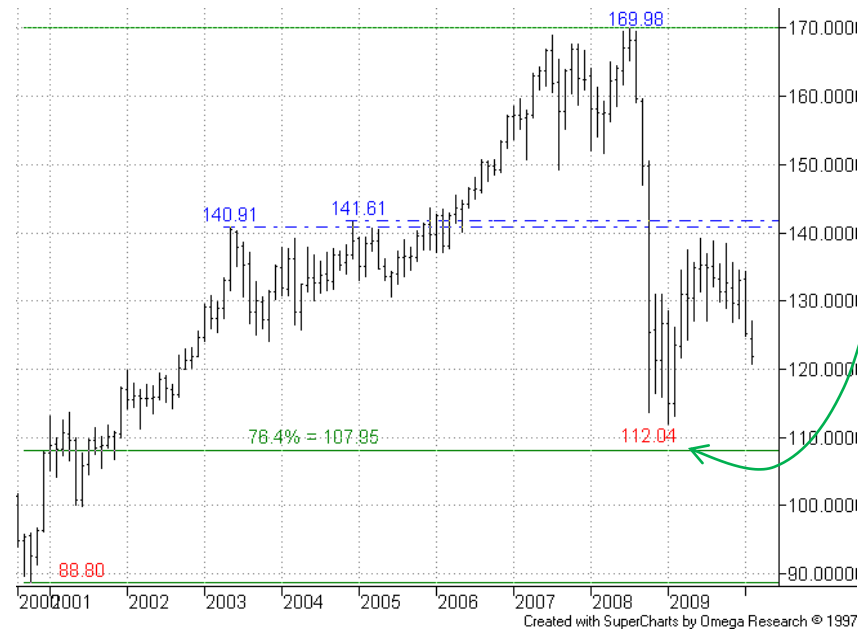
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### Disclaimer

## 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 earlier in 2009, and lie close to a technical level on the Weekly chart.

More



## Euro Yen

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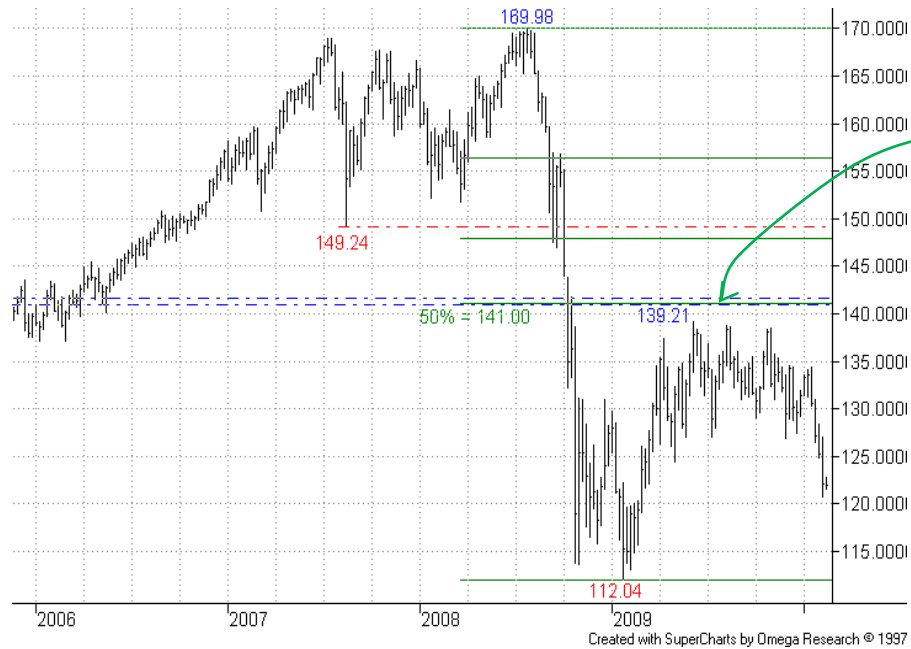
### CROSSES

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## Euro Yen

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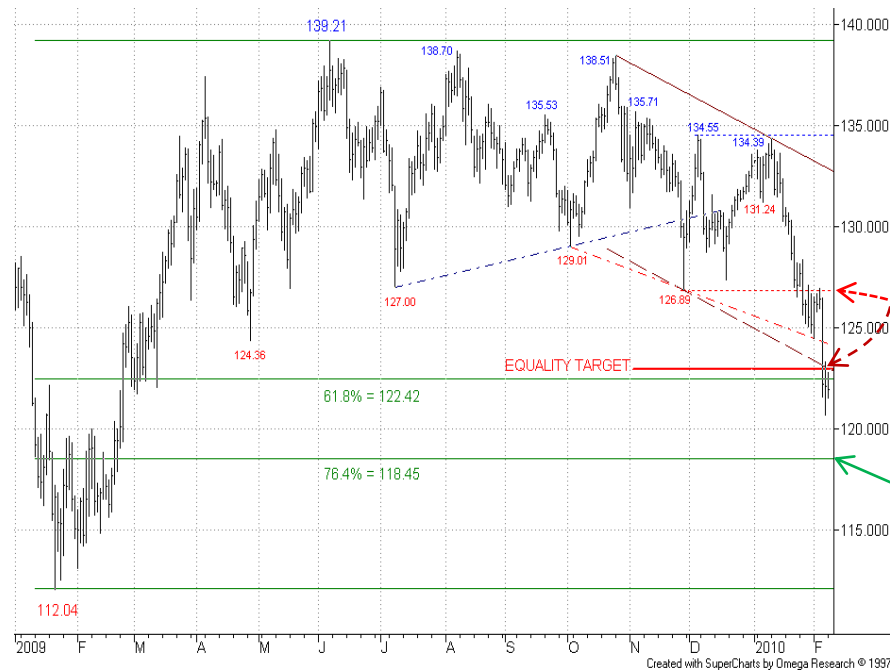
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### Euro Yen – Daily Chart:

Last week saw a breach of the falling support line and bear channel base projection, also exceeding an equality target and 61.8% retracement.

S/term rallies are seen as temporary, first obvious resistance offered by the 126.89 27-Nov low area.

There is later scope for a lower move to test the 118.45 76.4% level, sometimes a good technical level in EUR/JPY.

**Any earlier sellers around 132.70, had partial profits at 128.70 with balance now closed at 124.00. Fresh signals now awaited.**

We maintain a bear stance here.





## Euro Sterling

### Summary

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- + Euro Dollar
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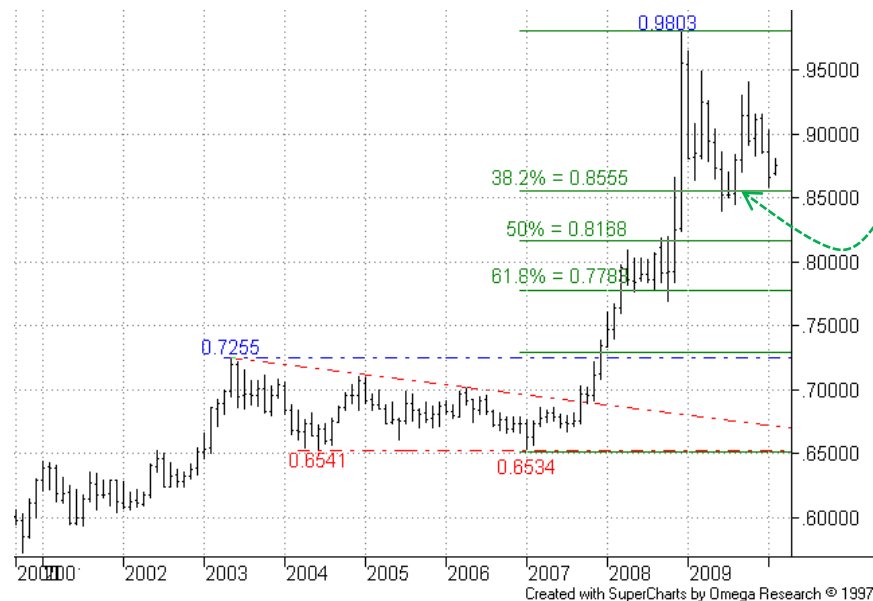
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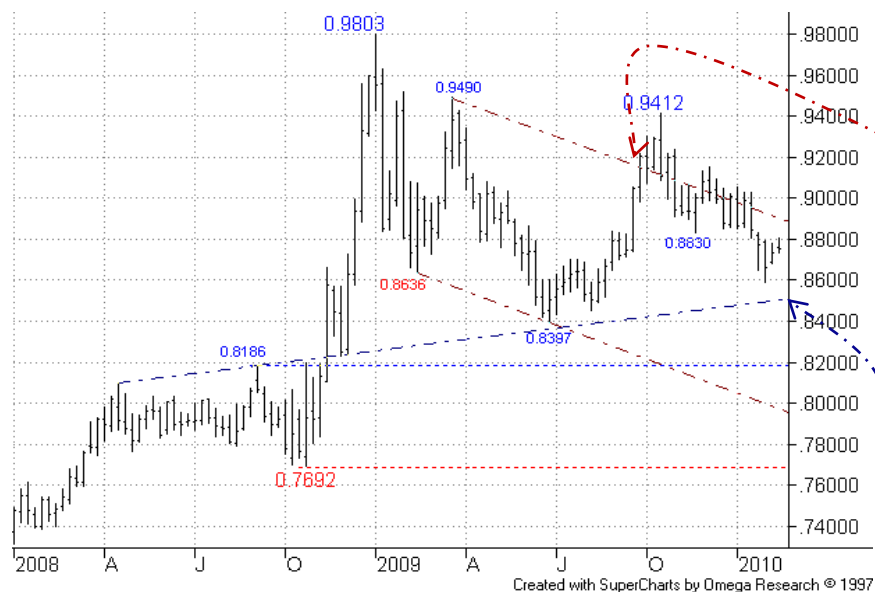
### Disclaimer



### Euro Sterling – Monthly Chart:

Earlier erosion of the key 0.8555 38.2% retracement threatened the long term bull run, suggesting that the 2009 bear move had further to go.

However, lack of follow-through and other factors showed this to be a false signal.



### Euro Sterling – Weekly Chart:

The close above the bear channel top projection was an earlier bullish sign.

The subsequent pullback was assumed to be temporary but, so far, price has struggled to regain its upward impetus – and see Daily chart below.

Next interesting support on this chart comes from the rising return line around 0.8520 just now.



## Euro Sterling

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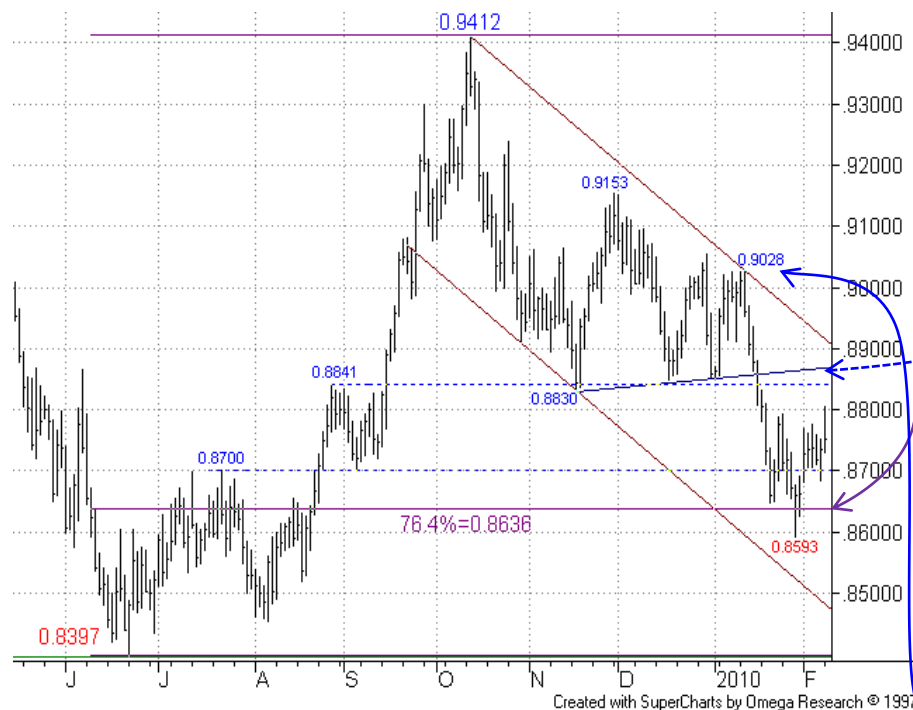
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### Euro Sterling – Daily Chart:

The first downside target of 0.8636 76.4% pullback level has proved to be s/term supportive.

It remains hard to decide how strong the rebound will be –note first resistance from 0.8830/70, 17-Nov low and rising return line. Under a continuing bear scenario this would ideally hold. Note that a higher falling resistance line around 0.8900 is closing in too.

**As before, sellers may be tempted towards the top of this area.**

A further recovery through the 0.9028 12-Jan high is probably needed to reinstate a bull stance.

Note that later weakness could see a return to the Jun-09 low around 0.8400, which is close to a Fibo projection.

We maintain a s/term bear stance for now.



## Euro Swiss

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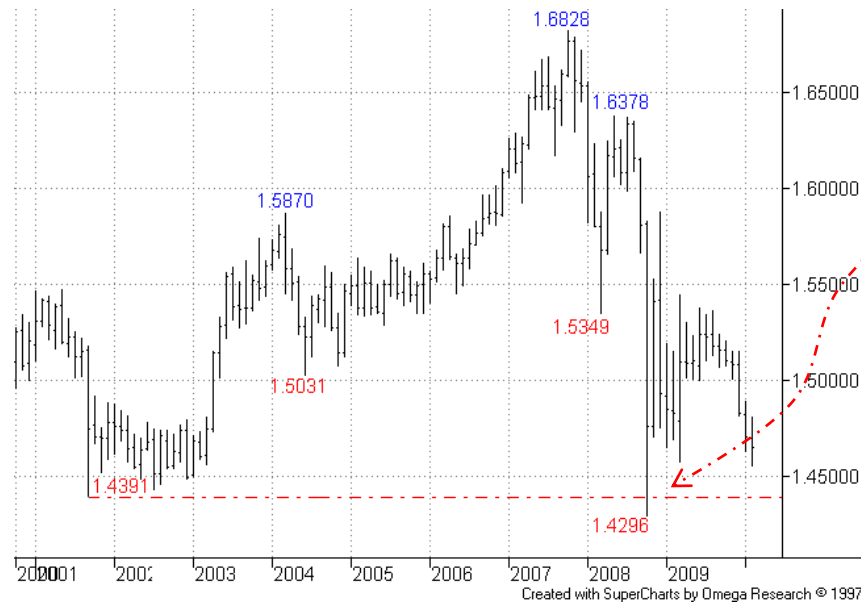
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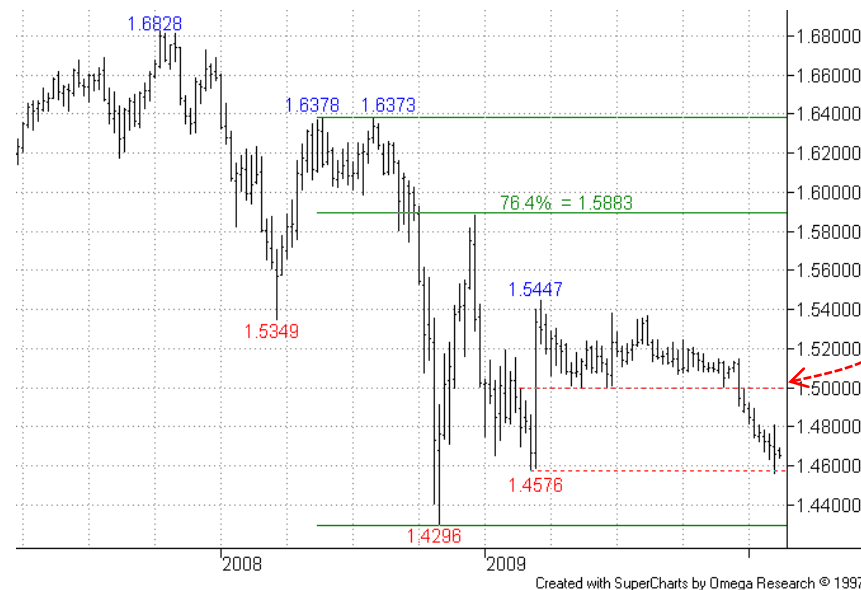
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### Euro Swiss – Monthly Chart:

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

Initial recovery after then was dramatic, but ensuing prolonged consolidation has again given way to weakness.



### Euro Swiss – Weekly Chart:

The extensive consolidation that followed the 1.5447 Mar high finally resolved – to the downside after breaking below key 1.5000 area.

Losses have now seen a test of the 1.4576 Mar-09 low, where we await reaction.



## Euro Swiss

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### Euro Swiss – Daily Chart:

The 05-Feb volatile action, which tested the Mar-09 low, dwarfed that seen one day the previous week – again this sets us wondering if it heralds a change in mood, and temporary recovery phase.

-a close above the 1.4785 38.2% level should be enough to suggest this was underway.

As before, the overall structure of the breakdown from the 1.5150 area seems to suggest that there is more to play for on the downside in due course –*any s/term bounce to prove temporary.*

Higher resistance remains, of course, from the 1.5000 area (where several former lows were seen).

We maintain a bear stance here,  
ready to turn s/term bullish.



## Sterling Yen

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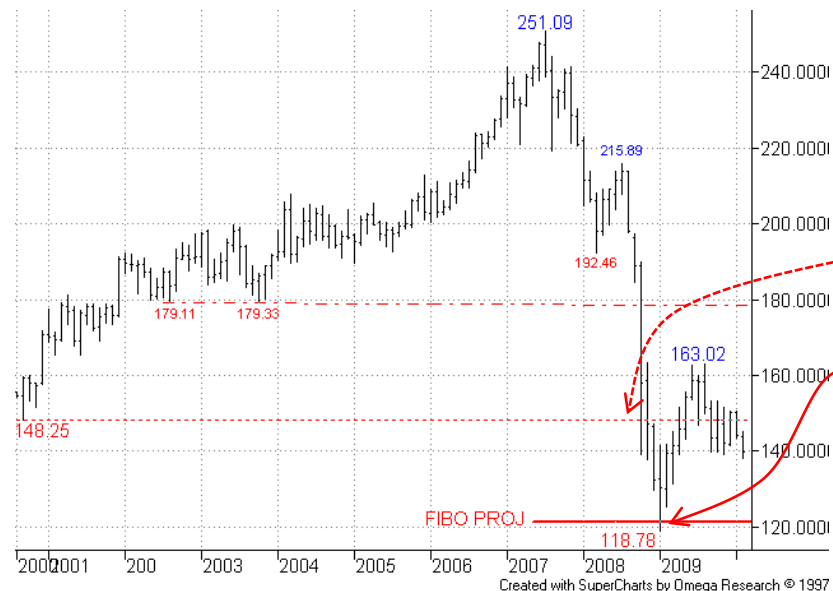
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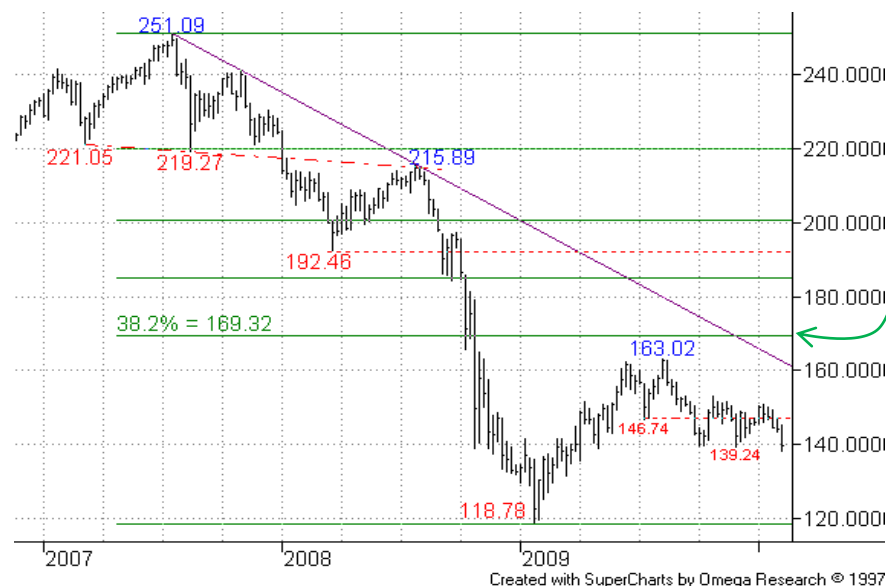


### Sterling Yen – Monthly Chart:

The substantial fall here (the cross 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 recovered back above that old 148.25 low, but now struggling to stay above.



### Sterling Yen – Weekly Chart:

The market has failed ahead of the 169.32 38.2% recovery level, the shorter term trend having topped out now.



## Sterling Yen

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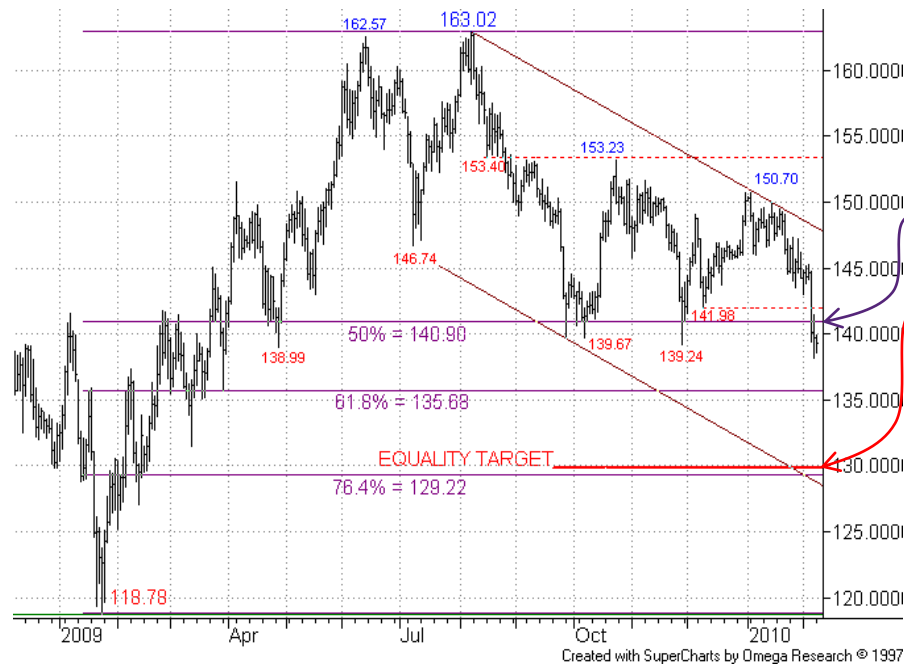
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### Sterling Yen – Daily Chart:

A negative picture continues to unfold, with a better violation of the 50% retracement now seen.

Our main focus must now be on the 130.00 area and levels just below – a 129.88 equality target ('163.02-139.67' downleg extended off 153.23 high), 129.22 76.4% level, and a bear channel base projection below that.

The main threat to a continuing bear scenario at this stage would be a recovery above the 150.70 04-Jan high.

We maintain a bearish stance here.



## MINORS

In **USD/CAD** the overhead 23.6% recovery level remains key resistance needing to be overcome. Weakness in **AUD/USD** has now seen a test of 23.6% support, while in **NZD/USD** this level has been breached, providing a bear signal. In **USD/ZAR** scope for a base to form remains promising. S/term bulls in **USD/SGD** are now putting pressure on the 23.6% recovery level.

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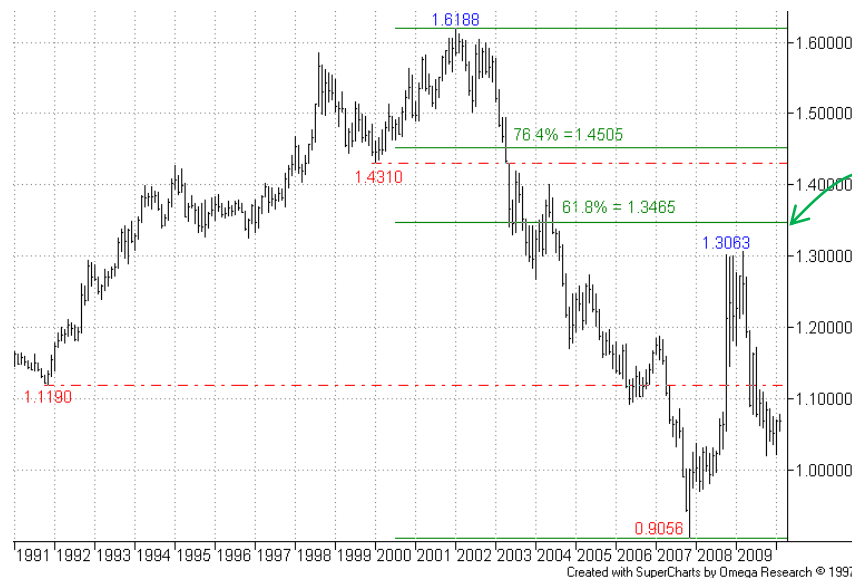
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### Disclaimer

## 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%.

Subsequent pullback has turned out to be deep.



## US Dollar CAD Dollar

### Summary

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### 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 – Weekly Chart:

The downmove has so far stopped short of the 76.4% level at 1.0000.

Ahead of here we had noted the 1.0296 Sep-08 low, the take-off point for the last major upleg –it was briefly eroded last Oct but a rebound was prompted and it is still providing support.





## US Dollar CAD Dollar

### Summary

### MAJORS

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

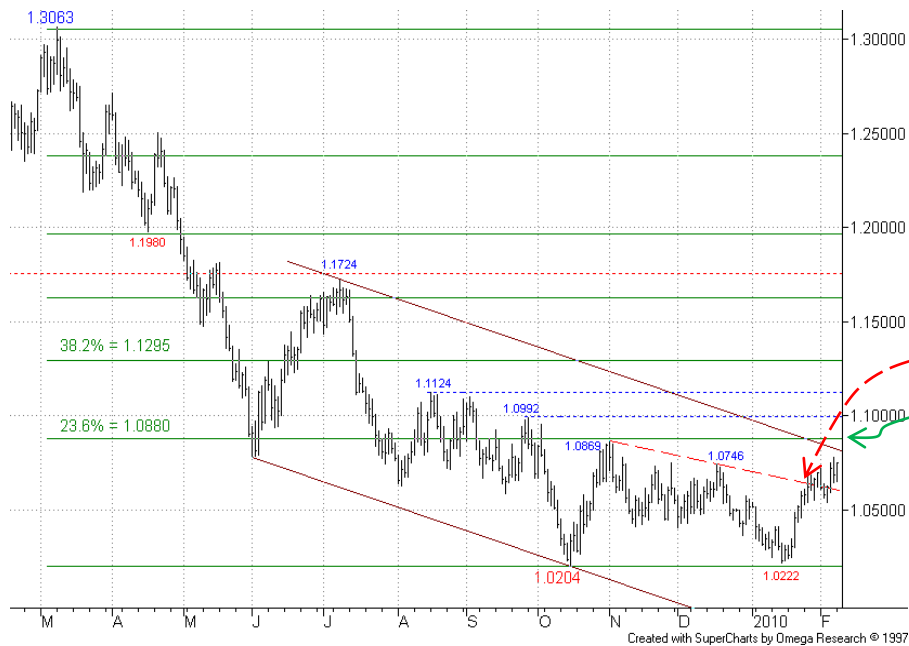
### CROSSES

- + 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:

Support in Jan was found around the 1.0204 Oct-09 low, keeping that long term 1.0000 76.4% level on the Weekly chart out of reach).

Recovery has now seen a break of the s/term falling resistance line, but key is the higher resistance around the 1.0880 23.6% level – recovery through this would also mean violation of the bear channel top projection (at 1.0815 currently).

*- It would be a clear bull sign, completing a nice base in the process.*

But we must maintain a sidelined stance for now.



## AUS Dollar US Dollar

### Summary

### MAJORS

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

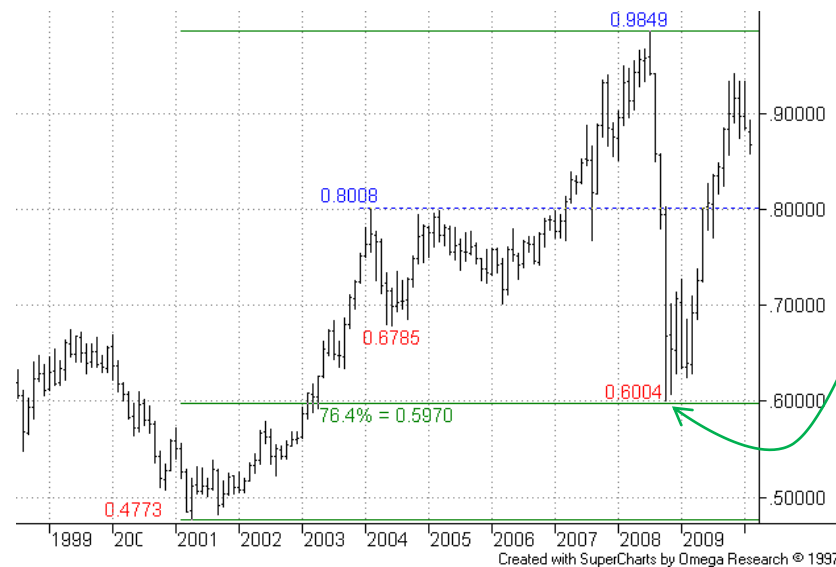
### CROSSES

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

### MINORS

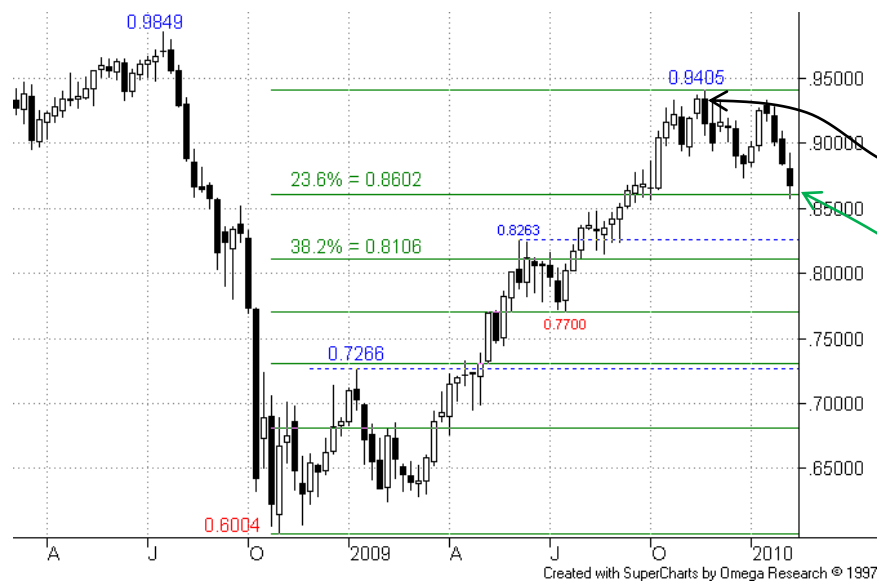
- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

### Disclaimer



### AUS Dollar US Dollar – Monthly Chart:

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



### AUS Dollar US Dollar – Weekly Chart:

The Nov **Key Reversal Week** marked the start of a pullback phase.

This has finally seen the first support/target around 0.8600, 23.6% retracement, tested.



## AUS Dollar US Dollar

### Summary

### MAJORS

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

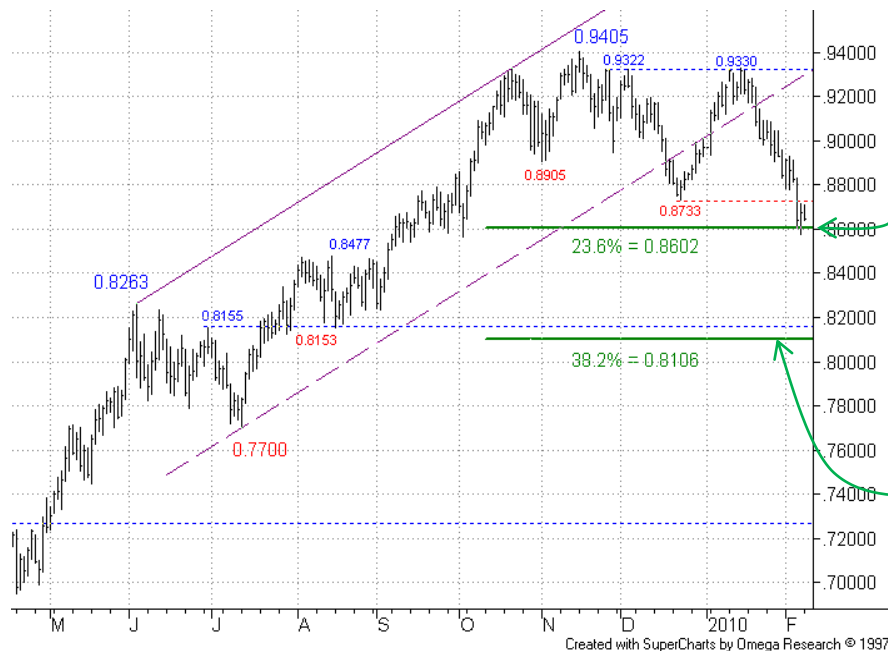
### CROSSES

- + 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:

The drop below 0.8733 Dec low has put the 23.6% level near 0.8600 under pressure – a decent close below this would, as with NZD/USD, be a bear trigger.

That said we already judge any s/term rallies as very probably temporary.

Further weakness would turn our attention towards 38.2%.

At this stage we wouldn't want to see a recovery through recent 0.9330 resistance.

We remain on the sidelines for now.



## NZ Dollar US Dollar

### Summary

### MAJORS

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

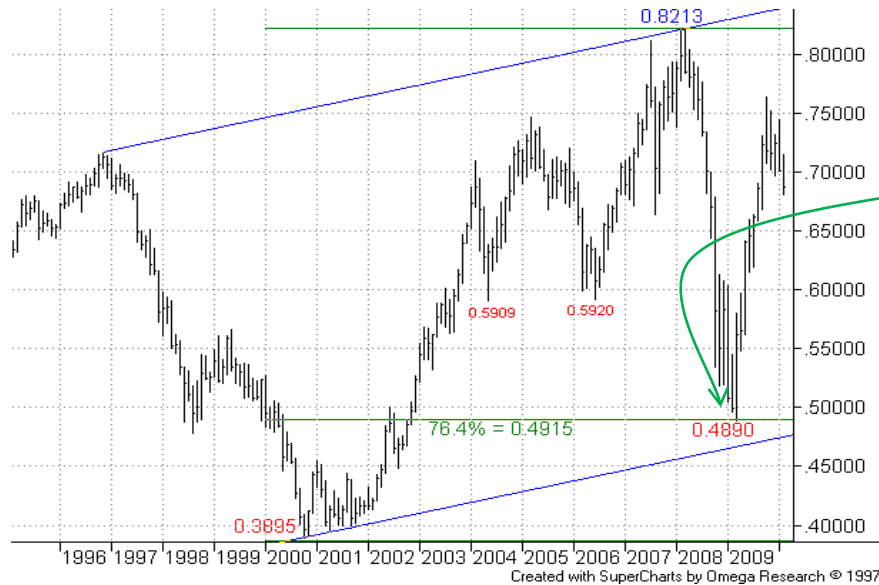
### CROSSES

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

### MINORS

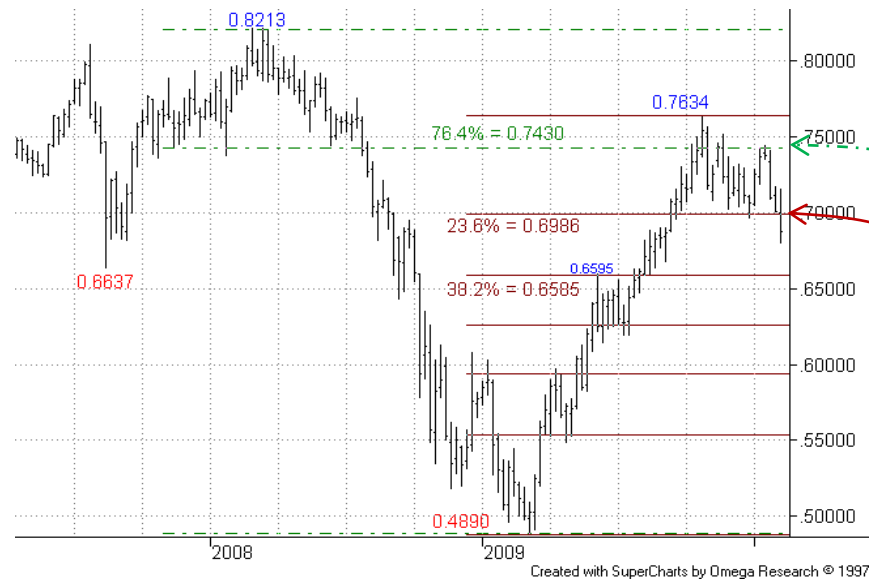
- + US Dollar CAD Dollar
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- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

### Disclaimer



### NZ Dollar US Dollar – Monthly Chart:

The sharp fall eventually tested the 0.4915 76.4% retracement area – it worked very well as support.



### NZ Dollar US Dollar – Weekly Chart:

The break above the 0.7430 76.4% retracement was not sustained.

On the downside the first key level was the 23.6% pullback, just below 0.7000 – it has now been broken, confirming the bears are in control.



## 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:

The recent return to key 23.6% support has now seen a break below, *providing a bear trigger*.

This now opens up the next interesting support/target of 0.6585 38.2%, which neatly coincides with the 0.6595 Jun-09 high, so support could well be seen here. We will also look at Fibo projections in due course.

Any s/term bounce, look initially for resistance from the 0.6969/ 0.7152 area (23-Dec low/ 03-Feb high).

We adopt a bear stance now.



## US Dollar SA Rand

### Summary

### MAJORS

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

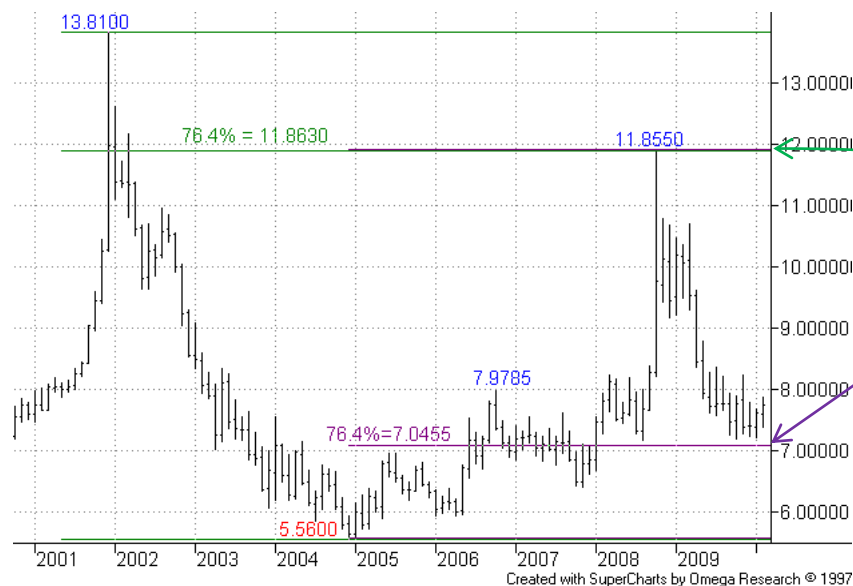
### CROSSES

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

### MINORS

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- + 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 neared the 76.4% pullback level before finding interesting support.



### US Dollar SA Rand – Weekly Chart:

Last year's break below the 76.4% level of the Nov-07/Oct-08 upmove has so far found support above long term rising support running near to 7.1000 currently.

The positive weekly RSI divergence, suggesting bear fatigue, continues to suggest a recovery phase due.



## US Dollar SA Rand

### Summary

### MAJORS

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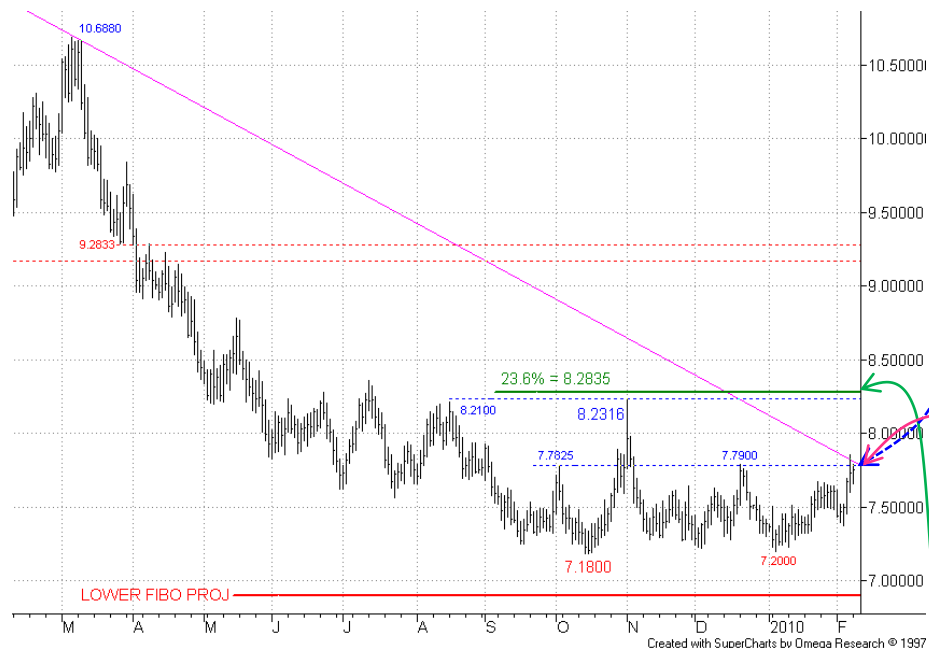
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- + Euro Sterling
- + Euro Swiss
- + Sterling Yen

### MINORS

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- + US Dollar SING Dollar

### Disclaimer



### US Dollar SA Rand – Daily Chart:

The market remains consolidative, but prospects of a base forming look good.

Resistance around 7.7900 has now come under attack – a decent close above this would be an encouraging sign for bulls now. Close by runs a falling resistance line.

Ultimately, the early Nov high around 8.2300 and 23.6% recovery level (of whole decline from Oct-08) remains the most important resistance needing to be overcome.

We maintain a bull stance here.



## US Dollar SING Dollar

### Summary

### MAJORS

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

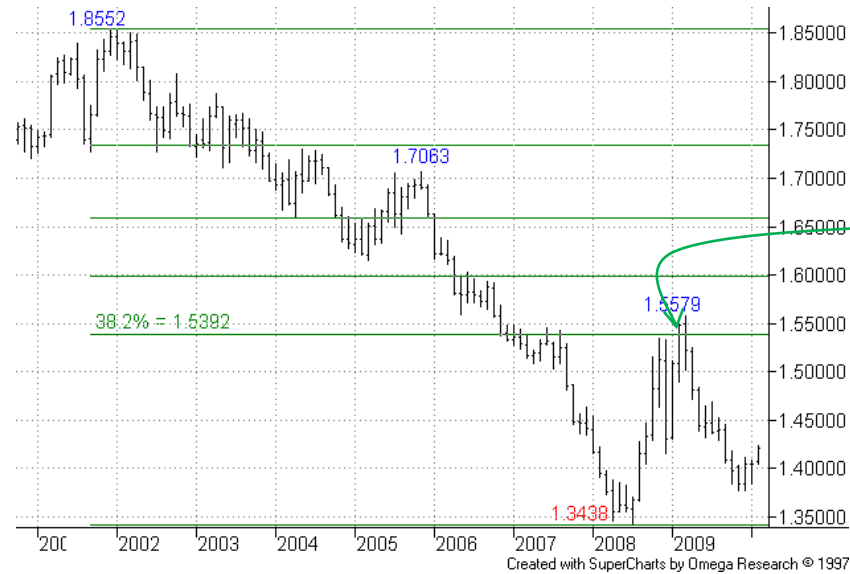
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- + Sterling Yen

### MINORS

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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 failed to hold above the 38.2% retracement level of the major fall from the Dec-01 peak, precursor to a deep pullback.



### US Dollar SING Dollar – Weekly Chart:

The drop back ahead of the 1.5678 61.8% recovery level in due course eroded the 76.4% pullback level in 2009.

But price stuck around here and, now, recovery through resistance from around the 1.4153 Dec-08 low is positive.





## US Dollar SING Dollar

### Summary

### MAJORS

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- + Sterling Dollar
- + US Dollar Index

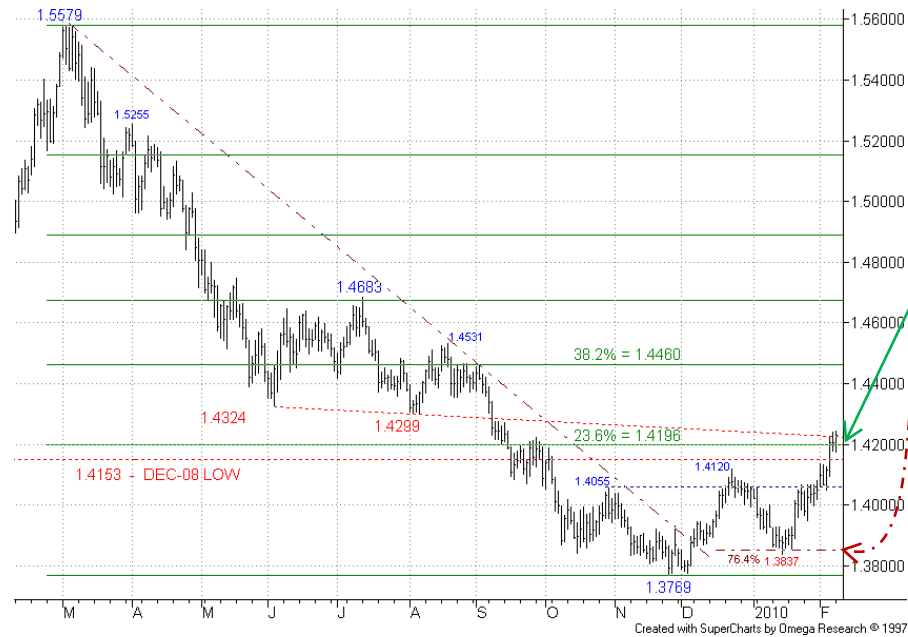
### CROSSES

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- + 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 SING Dollar – Daily Chart:

The bounce off former 76.4% support has now started to erode the 23.6% level towards 1.4200 (a small channel top projection lies close by too), which could be a s/term struggle to clear.

A push through this area would provide the next boost, and turn attention to the 1.4460 38.2% recovery.

Support may emerge at/above the 1.40000 at this stage.

We maintain a bull stance here.



## SEVEN DAYS AHEAD

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