



Week 15
14th April – 20th April 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

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Mark Sturdy

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Summary

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- Go SQUARE 23.6% resistance offers portal to recovery phase
Stay BULLISH monthly RSI positive divergence underpins bullish outlook
Go SQUARE key s/term supports currently failing
Go SQUARE better recovery off 61.8% support being attempted
Go SQUARE signs of bull fatigue start to emerge

- Go BULLISH small base remains intact, focus on higher 131.00 area
Stay BULLISH s/term pullback deeper than expected, 76.4% support now tested
Go SQUARE blow-off bear move may have been seen recently
Stay SQUARE s/term strength testing 38.2% recovery level now

- Stay SQUARE await reaction at long term 76.4% level – scope for support
Stay SQUARE key reversal day suggests s/term pullback due
Go SQUARE earlier bears sideline after break of channel resistance
Stay SQUARE focus now on long term supports after base fails to materialize
Stay SQUARE s/term bear risk after erosion of 76.4% support on Daily chart



MAJORS

EUR/USD looks to be trying to stabilize around the 61.8% pullback level – recovery phase nigh? The **USD/JPY** charts reveal further bullish signs. Key supports in **USD/CHF** are giving way, increasing risk of further weakness. In **GBP/USD** recent support from a 61.8% pullback level continues to hold. The **US Dollar Index** has begun to show signs of weakness.

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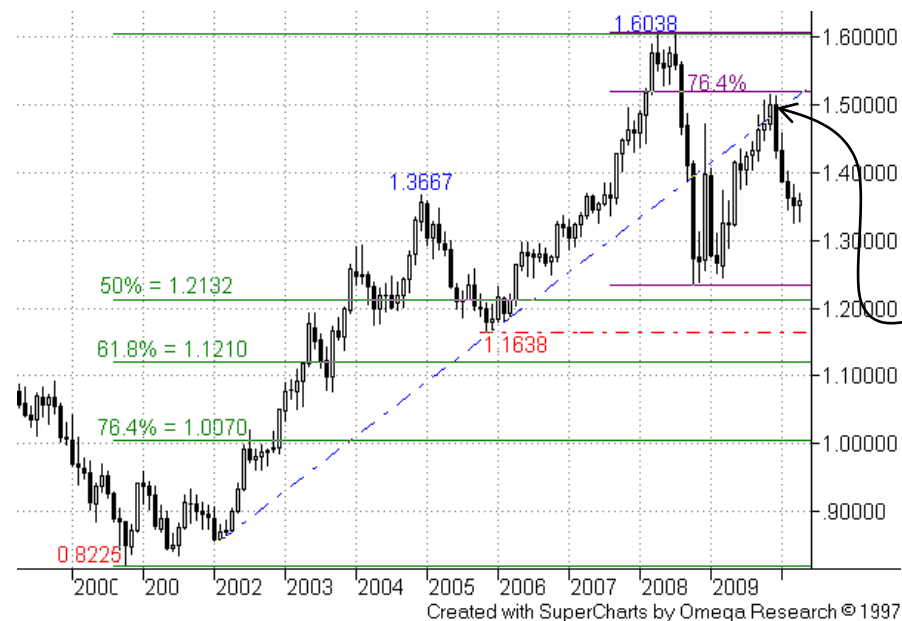
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Disclaimer

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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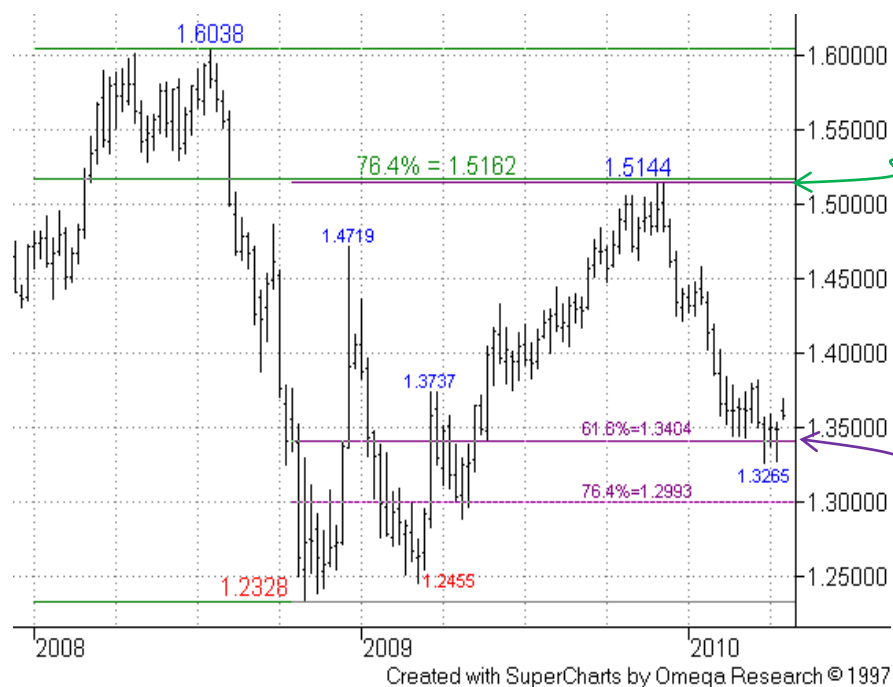
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Euro Dollar – Weekly Chart:

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 support area of interest has now been tested, the 61.8% pullback – we have been looking closer for temporary support here.



Euro Dollar

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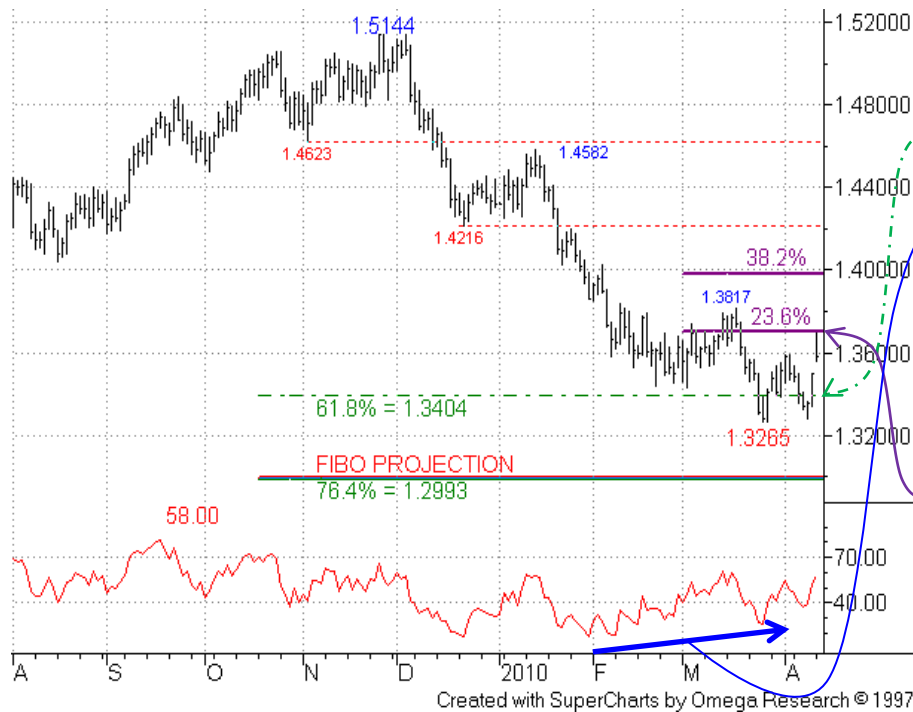
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Euro Dollar – Daily Chart:

After testing/eroding the 61.8% retracement the market is trying to stabilize – note now the positive RSI divergence which indicates bear fatigue.

It is possible the lower target area around the 76.4% pullback just below 1.3000 will stay out of reach for the time being,

but a clear close above the current 23.6% recovery level around 1.3710 is needed for an initial bull signal.

Focus can then turn to the higher 1.3983 38.2% recovery.

We switch to the sidelines for now.



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Dollar Yen



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 closes above the bear channel top and early Jan 93.76 high are bullish signals, although a better push through the 23.6% level would be a useful confirmation here.



Dollar Yen

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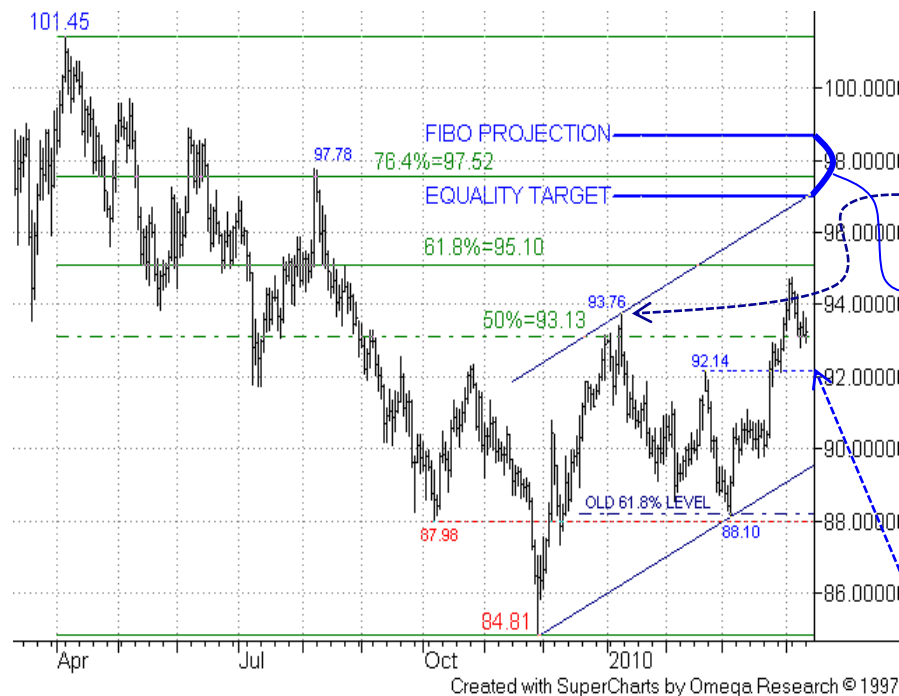
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Dollar Yen – Daily Chart:

Recovery off prior 61.8% support has now seen violation of the 93.76 Jan high, reinforcing our current bull view.

The target area is made up of an equality target just above 97.00 (Nov-Jan upleg extended off 88.10 Feb low), the 76.4% recovery level around 97.50 and higher Fibonacci projection at 98.75. A bull channel top projection has started to run into this area too.

First support comes from the 92.14 19-Feb high. However, it would take a deeper drop, below the 90.00/89.75 area, to negate the current positive picture.

We maintain a bull stance here.



Dollar Swiss

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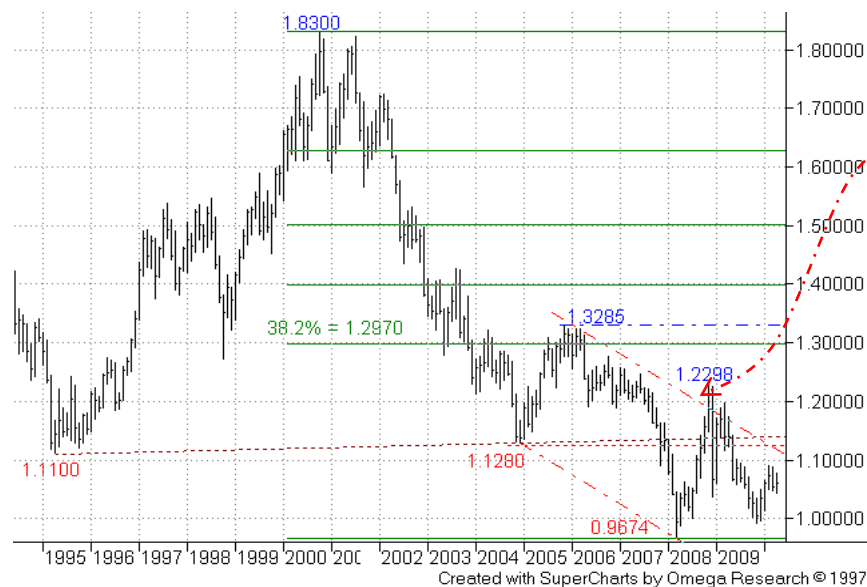
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Dollar Swiss – Monthly Chart:

The recovery off 0.9674 Mar-08 low breached the bear channel top projection, 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 was the recovery above the old 1.0367 Dec-08 low.



Dollar Swiss

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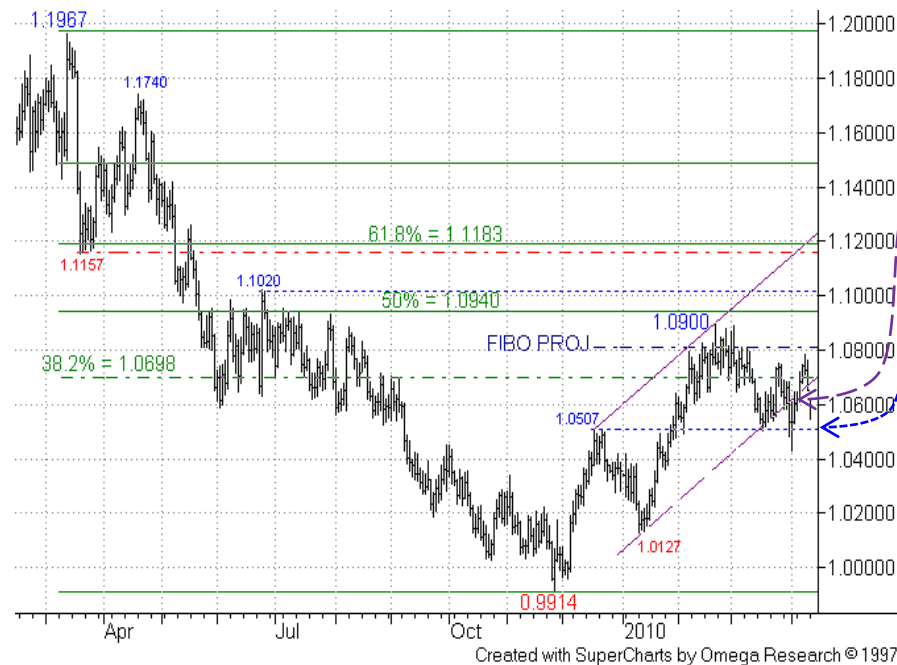
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Dollar Swiss – Daily Chart:

S/term weakness has seen a breach of the bull channel base projection, putting earlier bulls on the sidelines for now.

The 1.0507 17-Dec high support has not yet been closed below, but this probably will happen, when we can look at deeper pullback levels, including the 1.0300 area.

Overhead the 1.0900 Feb high is the first main resistance.

We adopt a sidelined stance now.



Sterling Dollar

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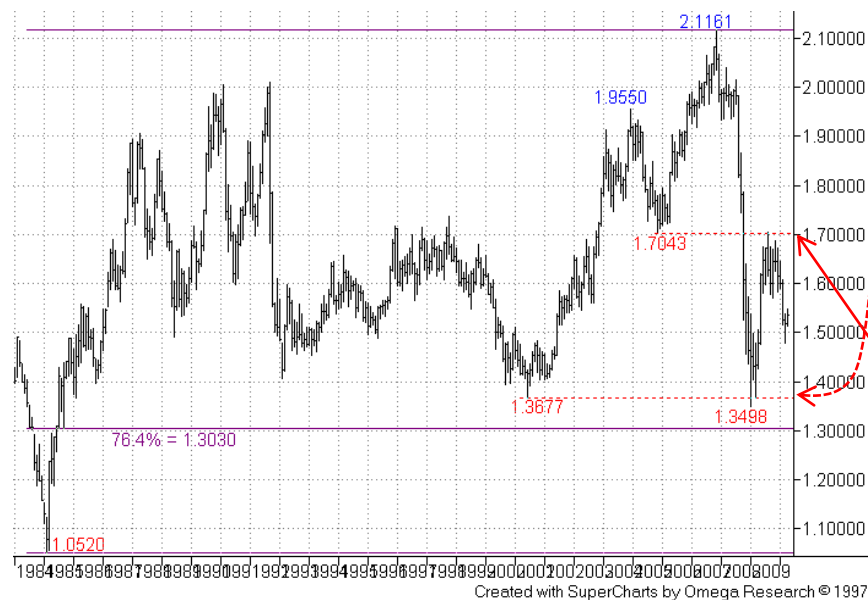
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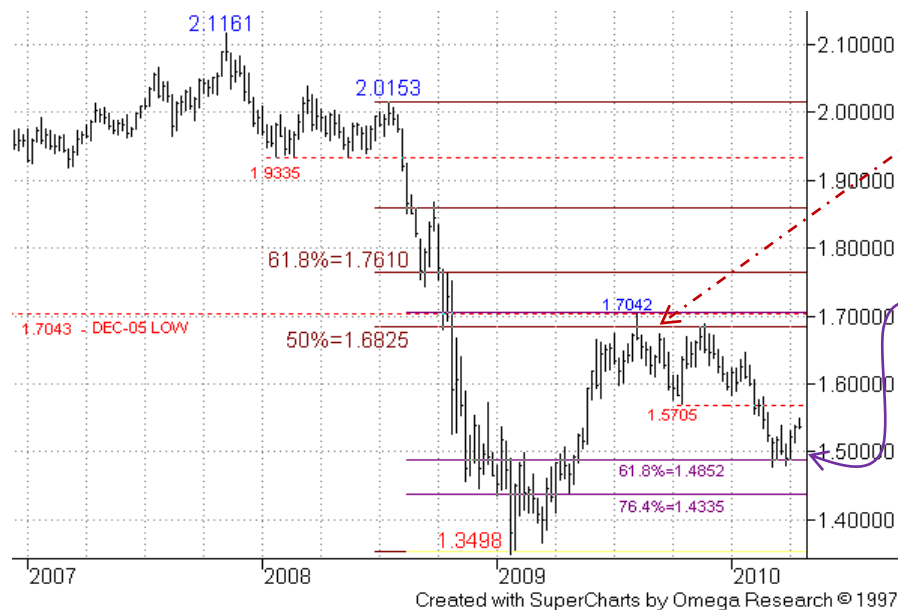


Sterling Dollar – Monthly Chart:

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 provided clear resistance.



Sterling Dollar – Weekly Chart:

The 50% level of the downmove from 2.0153 Jul-08 breakdown point and 1.7043 Dec-05 low provided strong resistance.

The 61.8% pullback has been tested, and holding so far.



Sterling Dollar

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Sterling Dollar - Daily Chart:

The market is seeing a better recovery attempt off the 61.8% pullback level (see Weekly chart), and a better push through the 23.6% retracement of the whole downmove from the Aug-09 high.

At time of writing we'd still like to see a clear close above the 1.5380 17-Mar high before favouring the s/term bulls.

Next target would be the 1.5644 38.2% recovery level and 1.5705 Oct-09 low, where next resistance is likely.

We adopt a sidelined stance here.



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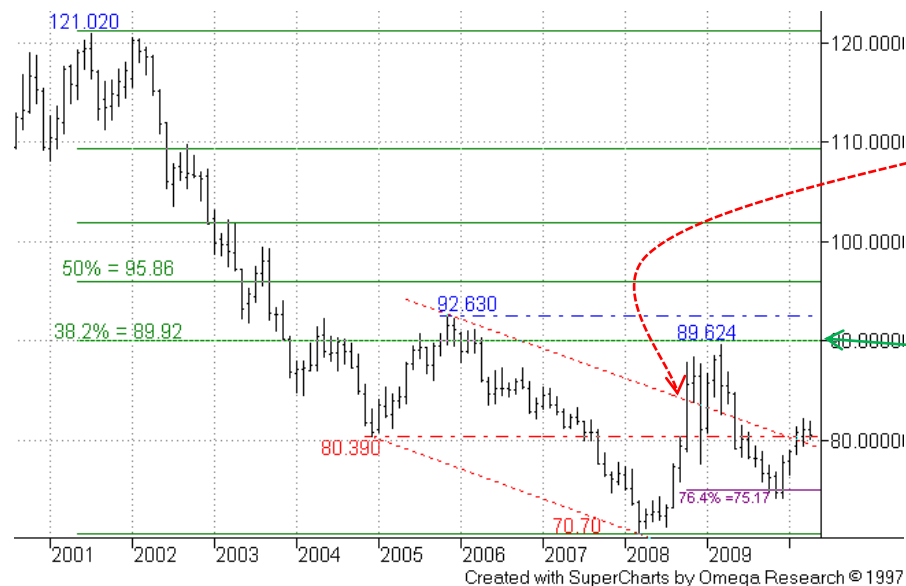
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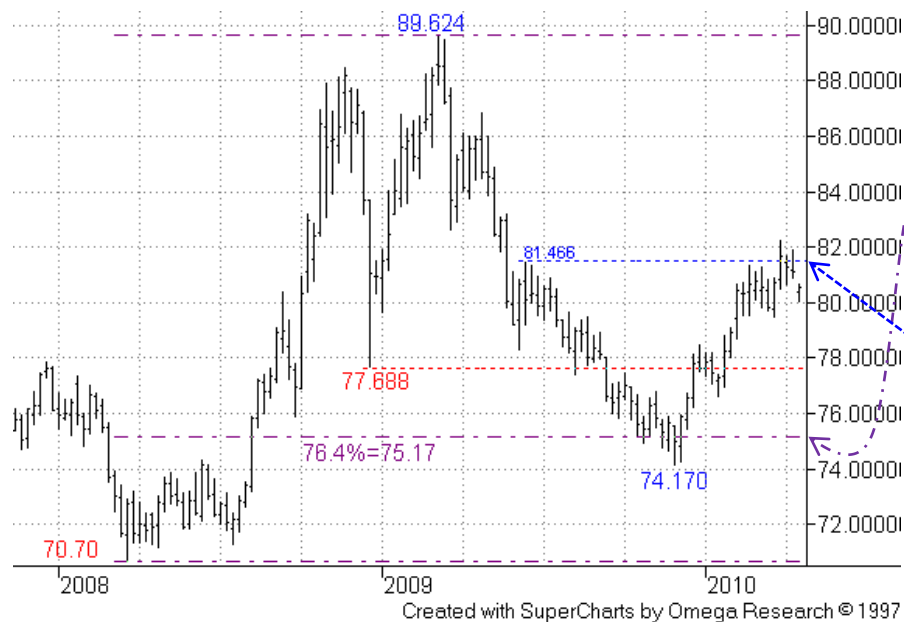
US Dollar Index



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 - it failed to hold below this and a better recovery is now underway.

This has now tested higher resistance (see Daily chart).



US Dollar Index

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US Dollar Index – Daily Chart:

Support from the small bull channel base projection has now been violated, following s/term failure around the 50% recovery level - *we had previously wondered if a 5th/final wave was unfolding in the upmove from last Nov's low.*

Bull fatigue is also evident from a negative divergence on the RSI.

A drop back below the 79.507 17-Mar low would indicate that a better pullback was underway, with lower 78.449 22-Dec high then next support.

A pullback phase would not preclude a later return to strength

We switch to the sidelines now.



CROSSES

A s/term positive outlook in **EURJPY** remains in place, with bulls focusing on the higher 131.00 area. The earlier bull move in **EURGBP** has been interrupted, but not yet negated. A probable bear blow-off move in **EURCHF** was recently seen, with better scope for a recovery phase now. Earlier bears in **GBPJPY** remain on the sidelines.

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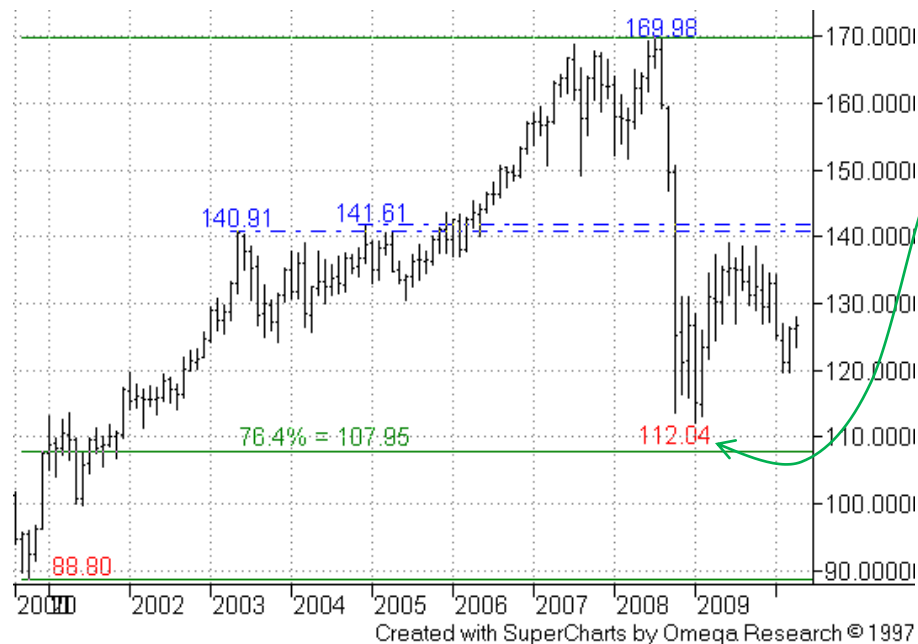
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Disclaimer

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 coincided with a 50% level (see Weekly chart).

More



Euro Yen

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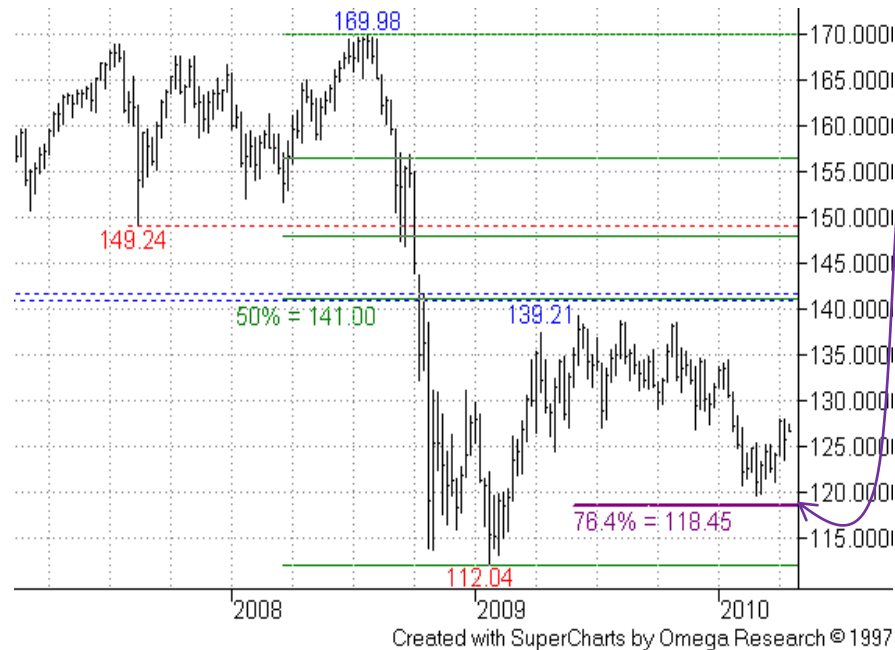
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Euro Yen – Weekly Chart:

The drop back from ahead of the 141.00 50% level recently closed in on the 76.4% retracement, where we have been keeping an eye out for support – there has been growing interest in the Daily chart...



Euro Yen

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Euro Yen – Daily Chart:

A s/term base remains in place despite the recent slip back through the 125.20s area. This followed brief penetration of a bear channel top projection.

Keep in mind the higher 130.90/131.30 Fibo retracement area which, in fact, coincides with an old textbook measuring technique (which we don't use).

As before, a collapse back below the 121.00 area (a former s/term 76.4% level) would negate any bull signal.

We hold a s/term bull stance here.



Euro Sterling

Summary

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CROSSES

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MINORS

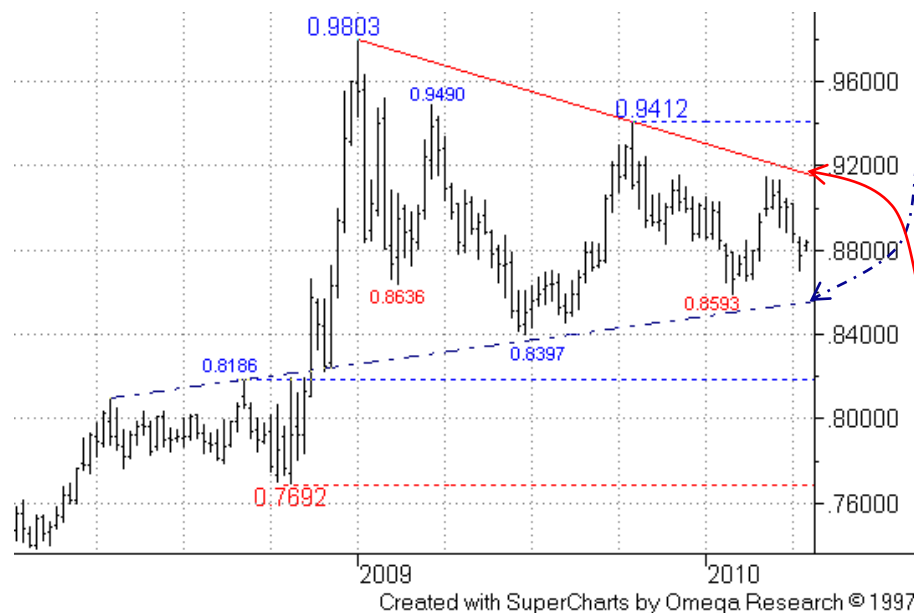
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Disclaimer



Euro Sterling – Monthly Chart:

Following the false break below the 0.8555 38.2% retracement last year the cross recently returned to this area – and it has proved supportive.



Euro Sterling – Weekly Chart:

The rising support line has not been challenged and the narrowing consolidation pattern remains in force.

Note first resistance from the falling resistance line around 0.9165 now.



Euro Sterling

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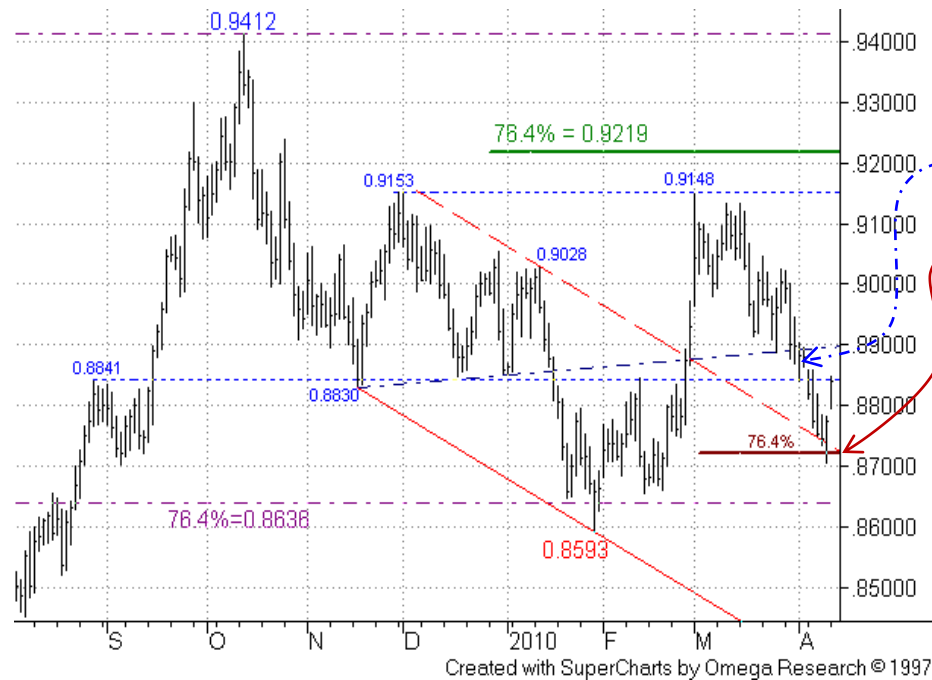
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Disclaimer



Euro Sterling – Daily Chart:

Disappointingly for the bulls a former 0.8885/0.8830 support area was violated, now seeing a test/erosion of the 76.4% pullback level at 0.8724.

Ideally this will hold, but recovery through 0.8900 and 0.9000 areas would be useful in restoring the bull faith, when attention can then return to overcoming resistance centering on 0.9150.

Failure of the 76.4% support will open up a return to the 0.8593 28-Jan low.

Earlier longs will now be closed after failure of 0.8830 support.

We maintain a bull stance for now.



Euro Swiss

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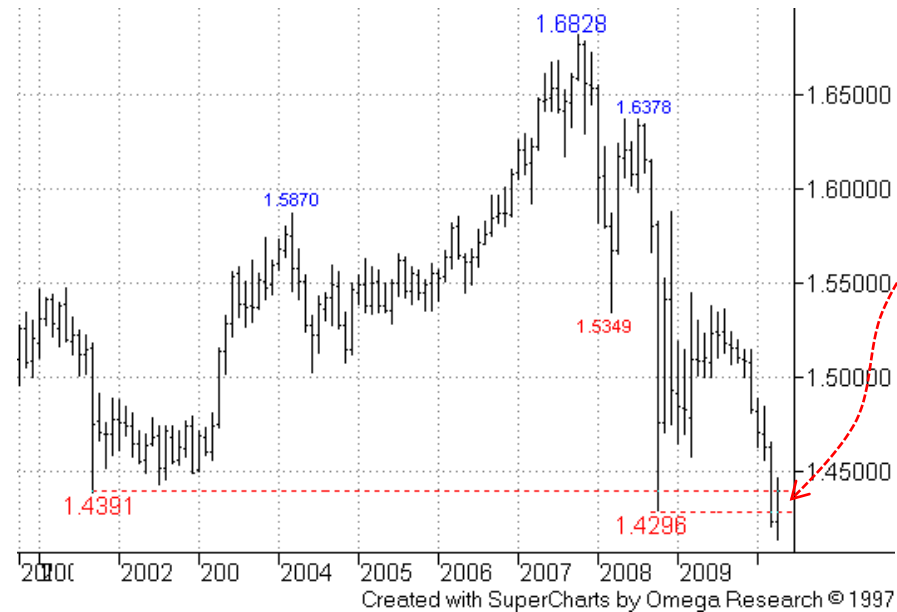
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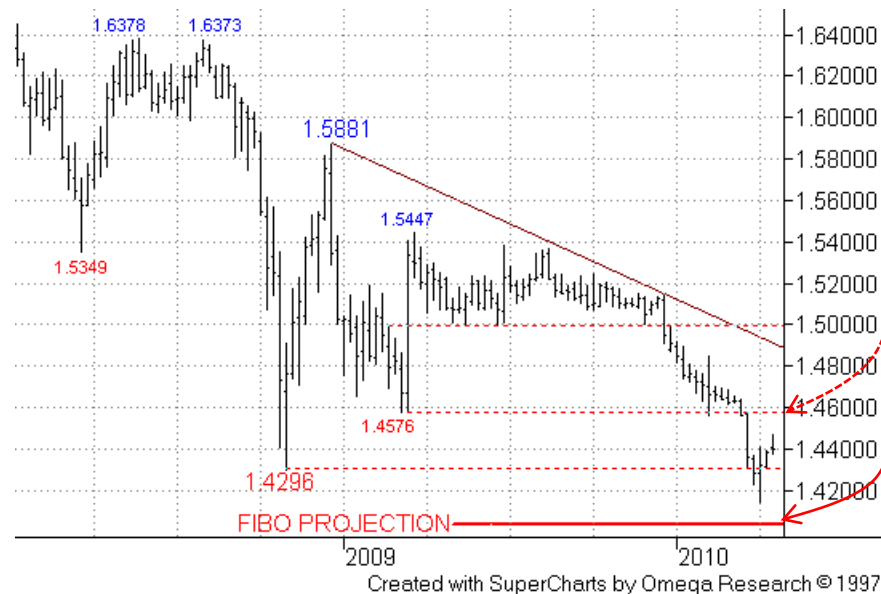
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Disclaimer



Euro Swiss – Monthly Chart:

The slip back here has seen new lows below the prior 1.4296/1.4391 lows, but the market should struggle to stay below these shorter term – see below.



Euro Swiss – Weekly Chart:

The decisive break below the 1.4576 Mar-09 low, which is now first key resistance here, has seen a breach of the 1.4296 Oct-06 low.

So far, the fall has stopped short of a Fibo projection around 1.4040.



Euro Swiss

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Euro Swiss – Daily Chart:

Our previous thoughts that we were seeing a final, blow-off bear move seem correct.

However, recovery to the 23.6% level of the whole Mar-09/Apr-10 decline now needs to be followed by a break/close above, in order to suggest a better rebound phase is underway.

Then note resistance from the 1.4559/76 prior lows area.

Keep in mind one s/term support point around the 1.4229 24-Mar low.

We switch to the sidelines now.



Sterling Yen

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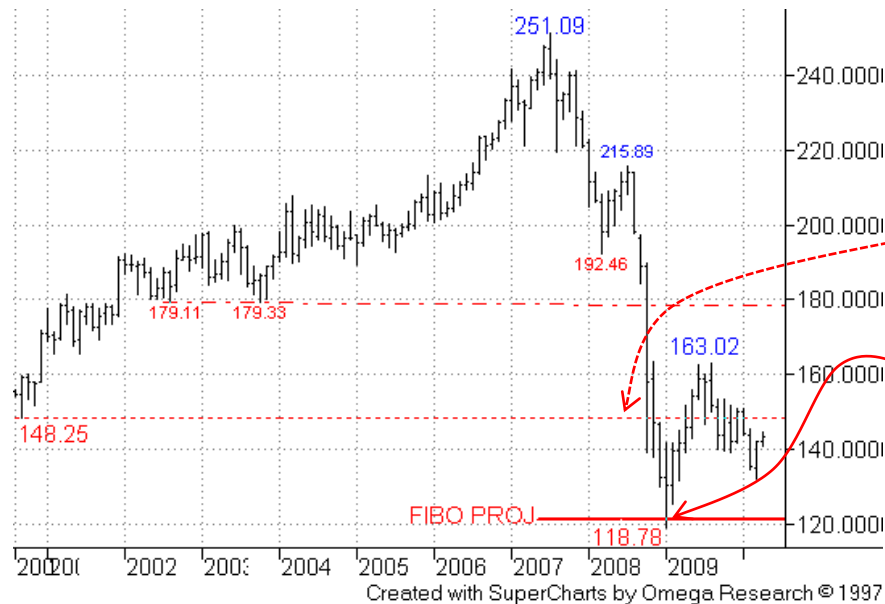
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Disclaimer



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 failed to stay above.



Sterling Yen – Weekly Chart:

The market last year failed ahead of the 169.32 38.2% recovery level.

Currently the risk remains to the downside, but the 76.4% pullback level looks to be underpinning the market.



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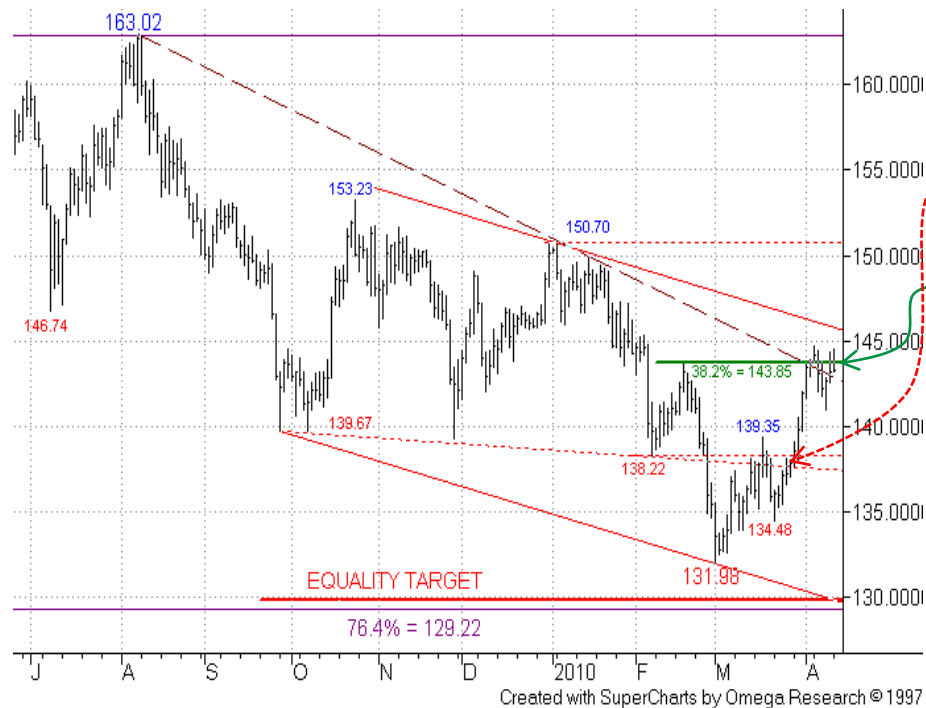
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Sterling Yen



Sterling Yen – Daily Chart:

The recent breach of resistance sidelined earlier bears, and has led to a test of the falling resistance line and 38.2% recovery level of the whole fall from Aug-09 high.

We had expected a s/term struggle here, *but a better break through this would be a clear bull sign.*

But also note slightly higher resistance from a channel top projection at 145.75 currently.

Support comes from the 139.35 17-Mar high initially.

We maintain a sidelined stance for now.



MINORS

Focus remains on long term 76.4% support in **USD/CAD**. **AUD/USD** has stayed firm s/term, but a s/term pullback now is likely. In **NZD/USD** earlier bears have sidelined for now. Recent weakness in **USD/ZAR** has put pressure on the base of its recent range. S/term 76.4% support in **USD/SGD** has been eroded.

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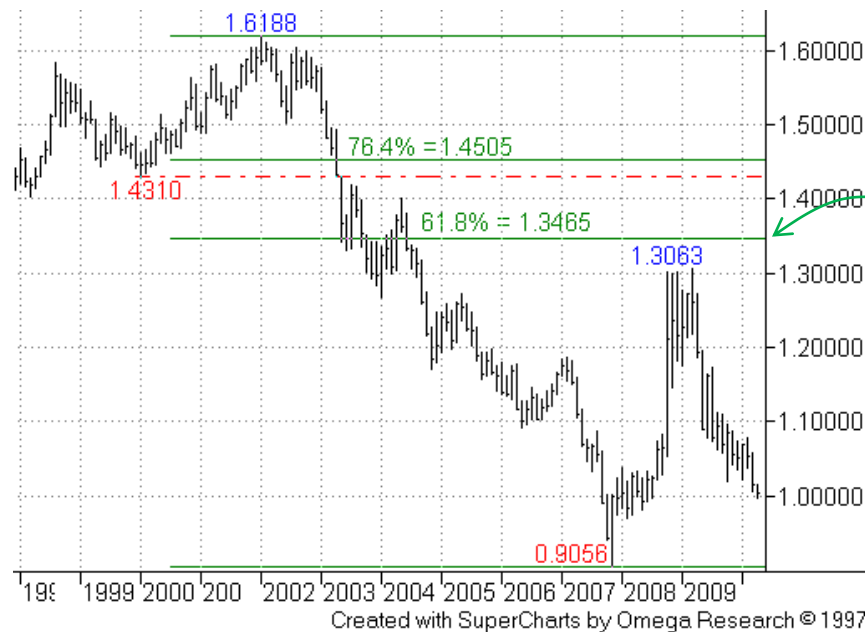
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US Dollar CAD Dollar



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%.

Subsequent pullback proved to be deep.



US Dollar CAD Dollar

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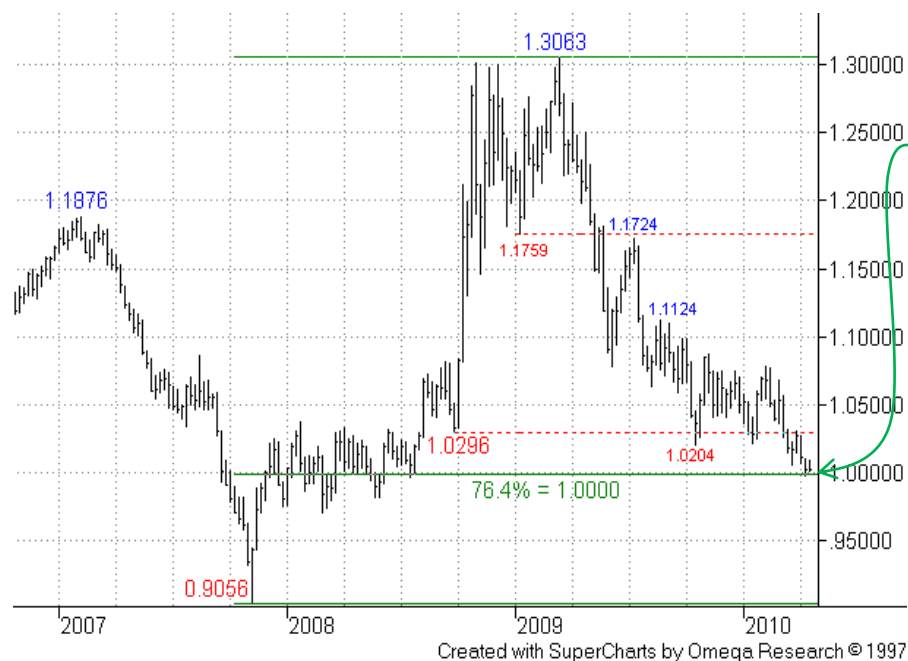
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US Dollar CAD Dollar



US Dollar CAD Dollar – Daily Chart:

We currently await reaction after the test of the long term 76.4% retracement – here note a possible positive RSI divergence developing, suggesting at least s/term support is likely.

First resistance of interest remains at the 1.0368 22-Feb low, but a further recovery at least above the higher channel top projection around 1.0550 is needed to raise recovery expectations once more.

We maintain a sidelined stance for now.



AUS Dollar US Dollar

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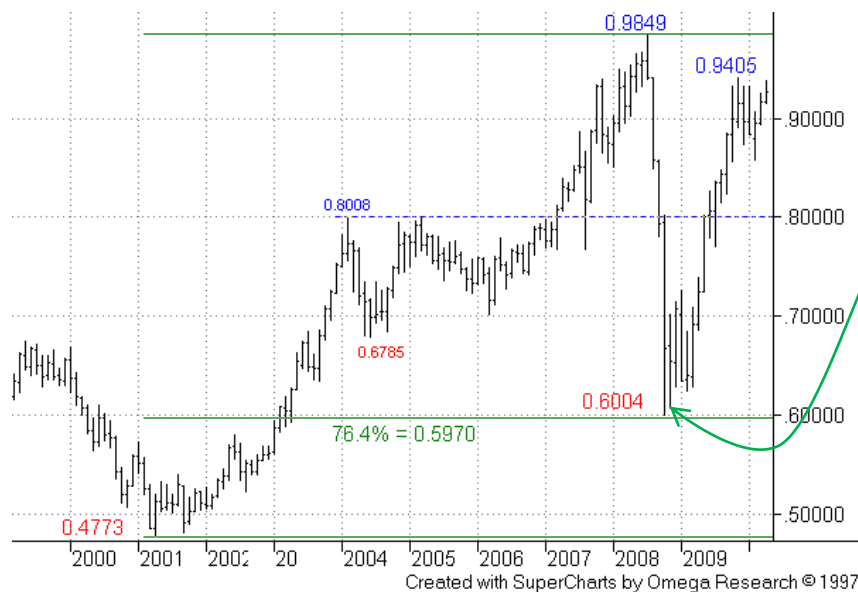
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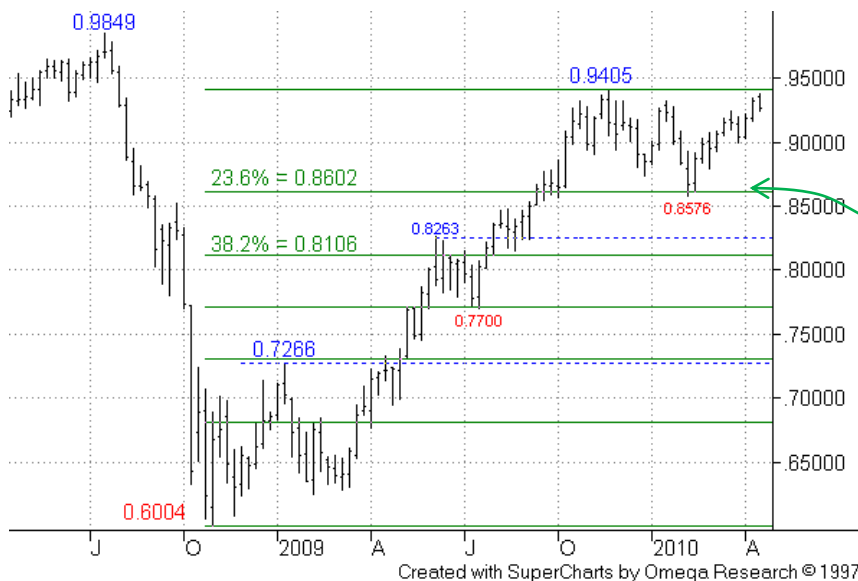
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Disclaimer



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 pullback phase initiated in Nov finally tested first support around 0.8600, 23.6% retracement – but bears needed this to break.



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:

Further s/term strength has seen erosion of resistance around 0.9330, with the 0.9405 Nov-09 high not far beyond.

Whilst a break through this would be a bull signal note that yesterday effectively produced a negative **Key Reversal Day**, which was accompanied by divergence signs on the RSI – a s/term pullback looks likely.

This could become more serious if price drops below the 26-Mar low around 0.9000.

We remain on the sidelines for now.



NZ Dollar US Dollar

Summary

MAJORS

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

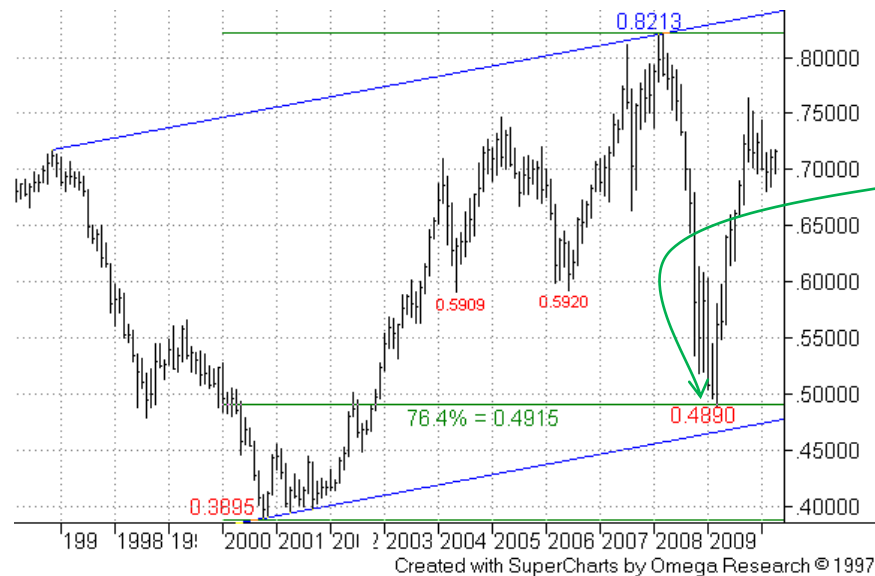
CROSSES

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

MINORS

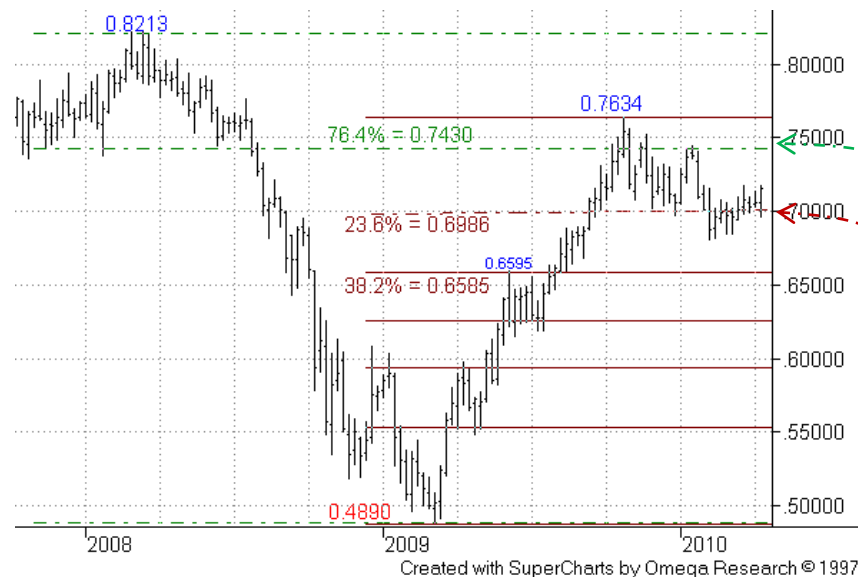
- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

Disclaimer



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 – *the break below provided a bear signal, although further downside has yet to be seen.*



NZ Dollar US Dollar

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Disclaimer



NZ Dollar US Dollar – Daily Chart:

Resistance from the channel top projection has now been pierced, sidelining earlier bears.

However, the chart structure currently lacks conviction as far as bulls are concerned.

The falling resistance line at 0.7240 offers next resistance, although higher 0.7440 area looks more key, 14-Jan high and 76.4% recovery level.

At this stage a drop/close back below the 0.6961 06-Apr low (near old 23.6% level in fact) would be an initial negative sign, though not conclusive.

We adopt a sidelined stance for now.



US Dollar SA Rand

Summary

MAJORS

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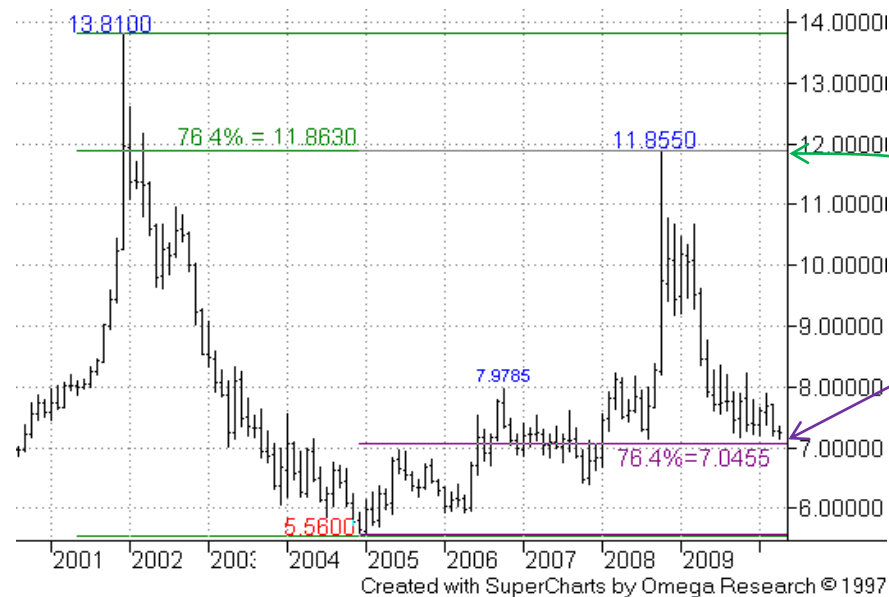
CROSSES

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- + Sterling Yen

MINORS

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- + 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 has so far been supported by the 76.4% pullback level.



US Dollar SA Rand – Weekly Chart:

So far support has been found above long term rising support running around 7.1250 currently – *breaking this and the 76.4% level above would signal clear downside risk.*



US Dollar SA Rand

Summary

MAJORS

- + Euro Dollar
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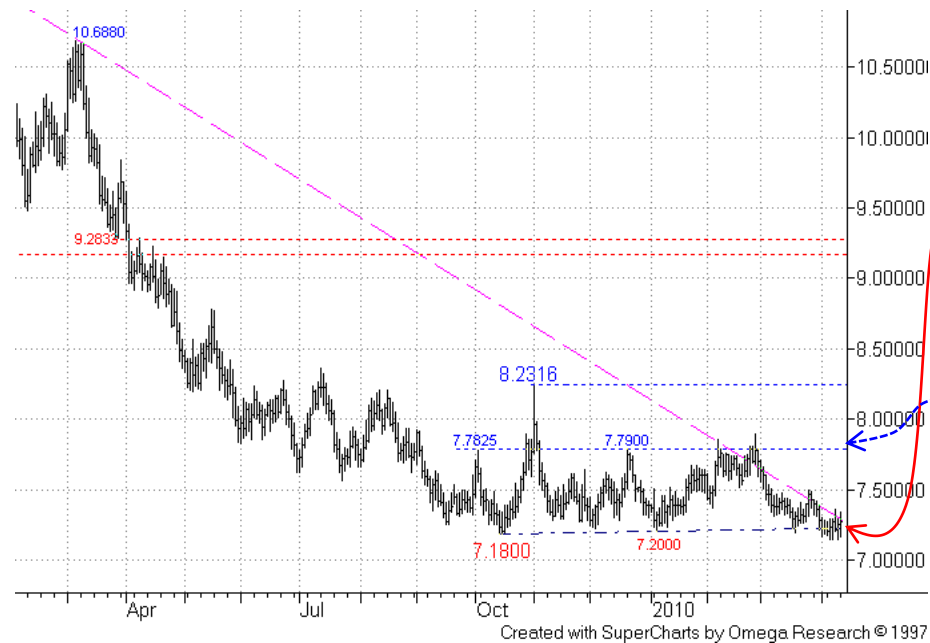
CROSSES

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- + Sterling Yen

MINORS

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Disclaimer



US Dollar SA Rand – Daily Chart:

Previous failure to form a base has seen initial erosion of prior 7.2000/7.1800 lows.

In order to avoid immediate danger of a slide lower a recovery back above the 7.5000 area is needed – ultimately the higher 7.7900 area stays key - a decent close above this would imply a base had formed.

We maintain a sidelined stance at this stage.



US Dollar SING Dollar

Summary

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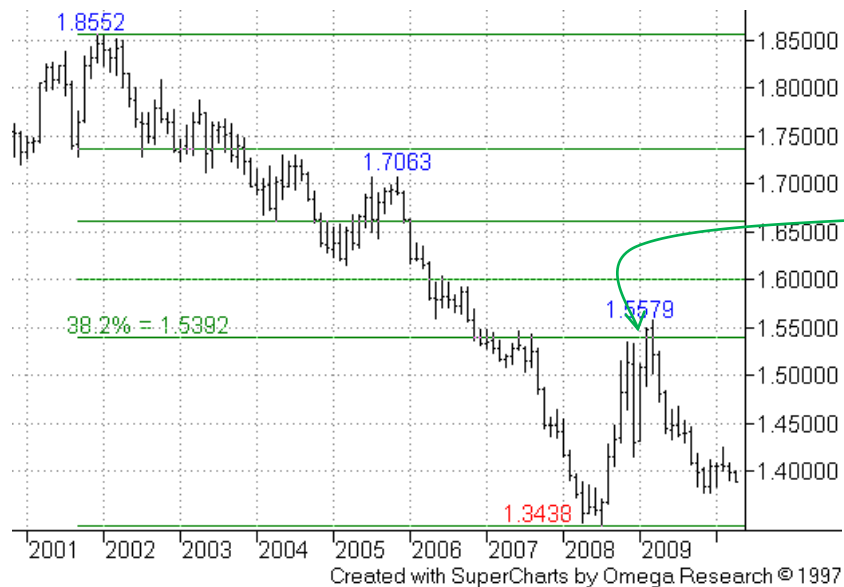
CROSSES

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

MINORS

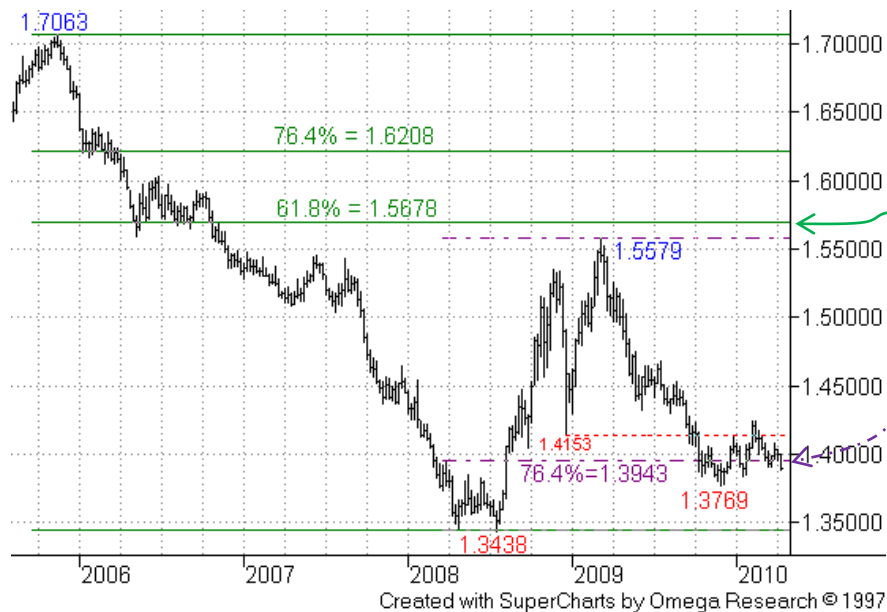
- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

Disclaimer



US Dollar SING Dollar – 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.

Price has stuck around here but, so far, has been unable to sustain a recovery.



US Dollar SING Dollar

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Disclaimer



US Dollar SING Dollar – Daily Chart:

The previous violation of the s/term channel base projection reduced momentum, calling for a sidelined stance.

Recent s/term support came from the 76.4% pullback level, although this has now been eroded.

At this stage a close above the 1.4078 25-Mar high would be a small positive signal (a better one being a fresh close back above the 23.6% level).

In the absence of this then the risk is of a retest of the 1.3769 Nov-09 low.

We maintain a sidelined stance for now.



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