



Week 22

02nd June – 08th June 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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Summary

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- + Euro Dollar
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- Stay **SQUARE** awaiting better reaction after test/erosion of our 1.2250 Fibo projection
- Stay **BULLISH** key 88.00 support area needs to hold to keep bulls in play
- Stay **SQUARE** 76.4% recovery level now offers resistance
- Stay **SQUARE** awaiting better reaction around 76.4% pullback level
- Stay **SQUARE** Index could be struggling after recent erosion of 76.4% recovery level

CROSSES

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

- Stay **SQUARE** s/term losses now approaching long term 76.4% pullback level
- Stay **SQUARE** breach of long term 38.2% pullback now challenging 0.8400 area support
- Stay **BULLISH** slip back from 38.2% resistance presumed temporary
- Stay **SQUARE** medium term 76.4% support trying to provide support

MINORS

- + US Dollar CAD Dollar
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- + NZ Dollar US Dollar
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- + US Dollar SING Dollar

- Stay **SQUARE** positive reaction at long term 76.4% level has bulls waiting for final signal
- Stay **BEARISH** s/term support now seen from 38.2% pullback
- Stay **BEARISH** 38.2% pullback area offers s/term support
- Stay **SQUARE** first sign of base completing now in place
- Stay **SQUARE** dual Fibo resistance eroded; channel top resistance now the hurdle

Disclaimer



MAJORS

EUR/USD has stayed weak, with the bear threat still very real. Price swings in **USD/JPY** need to hold above key 88.00 support for the bulls. **USD/CHF** gains have tested the 76.4% recovery level now. In **GBP/USD** lower 76.4% support remains under test. The **US Dollar Index** has, in turn, reached/eroded its 76.4% retracement level.

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Disclaimer

Euro Dollar



Euro Dollar – Monthly Chart:

The extent of the 2008 downmove implied that a medium term bear move was underway, with long term bull momentum on the wane.

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

Breaking the 2008 low has seen the major 50% pullback level tested.

More



Euro Dollar

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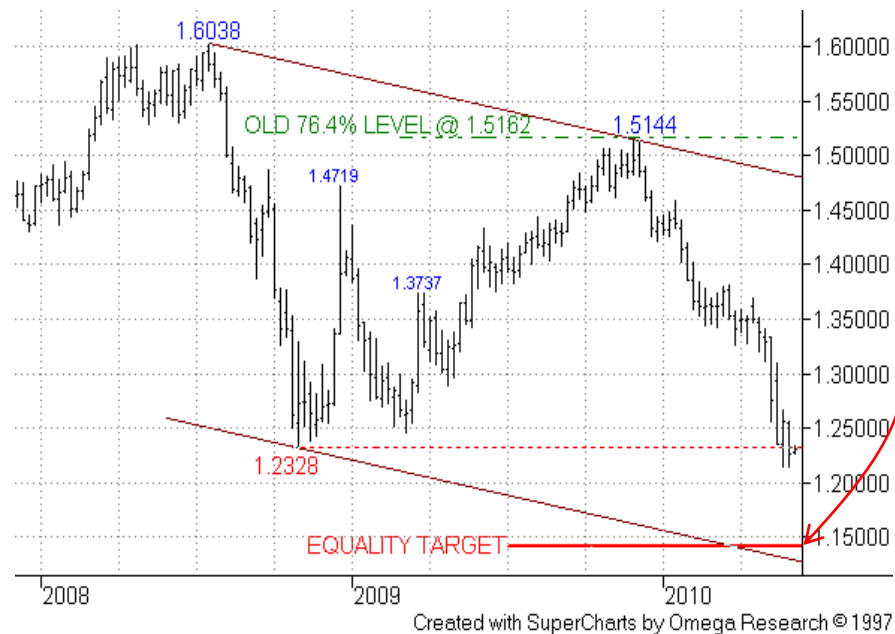
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Disclaimer



Euro Dollar – Weekly Chart:

Breaking the 1.2328 Oct-08 low (though not decisive yet) begins to turn attention towards lower supports, including the 1.1435 equality target (Jul/Oct-08 fall extended off 1.5144 Nov-09 high) and bear channel base projection slightly lower.



Euro Dollar

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Euro Dollar – Daily Chart:

Our latest Fibo projection, at 1.2250, has been eroded, with fresh bear pressure seen today.

We still await better reaction here (noting the recent test of long term 50% support too) – s/term, a close above the 1.2672 21-May high would be a small positive sign now.

Thereafter, first important resistance comes from around the falling resistance line at 1.3140, ahead of the 1.3265 25/26-Mar low.

Meanwhile current bear risk is still quite high.

We stay on the sidelines for now.



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Disclaimer

Dollar Yen



Dollar Yen – Monthly Chart:

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 break of the bear channel top was a bullish signal, although a better push through the 23.6% 94.10 level would be a useful confirmation here.



Dollar Yen

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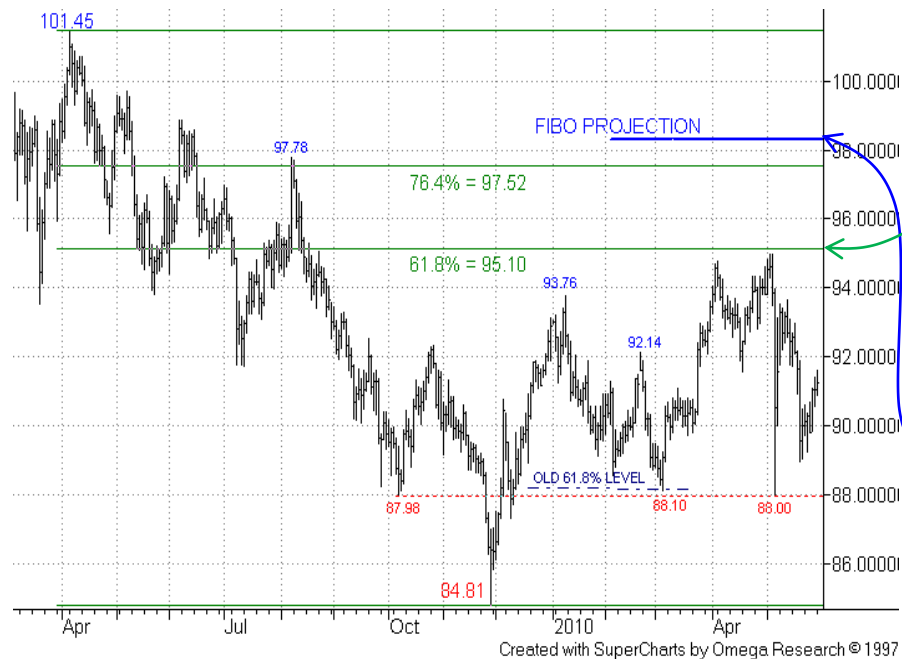
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Disclaimer



Dollar Yen – Daily Chart:

Not much change here while the key 88.00 support area holds - bulls continue to seek recovery, with breach of the 95.10 61.8% retracement level (and therefore the 23.6% level on the Weekly chart) being the next aspiration.

Above here, and attention would then turn to the 76.4% level and slightly higher Fibo projection at 98.30.

We maintain a bull stance here.



Dollar Swiss

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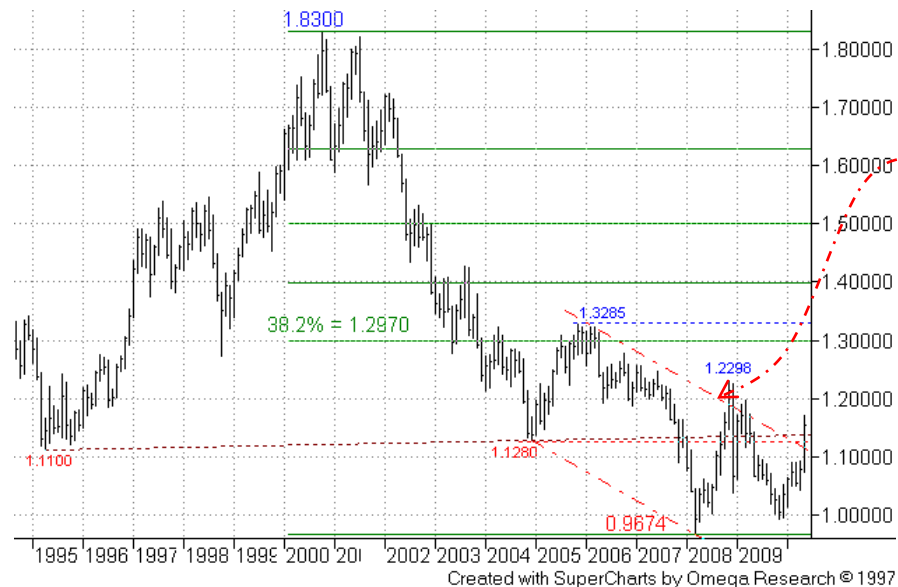
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MINORS

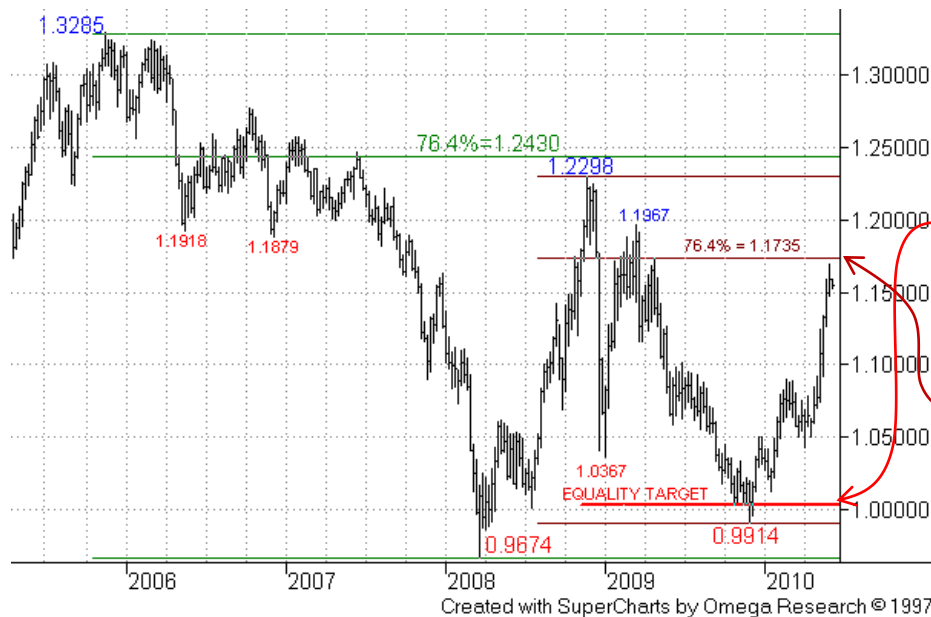
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Disclaimer



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).

Subsequent recovery has now neared the 1.1735 76.4% retracement of the whole 2008-09 downmove, where resistance could occur.



Dollar Swiss

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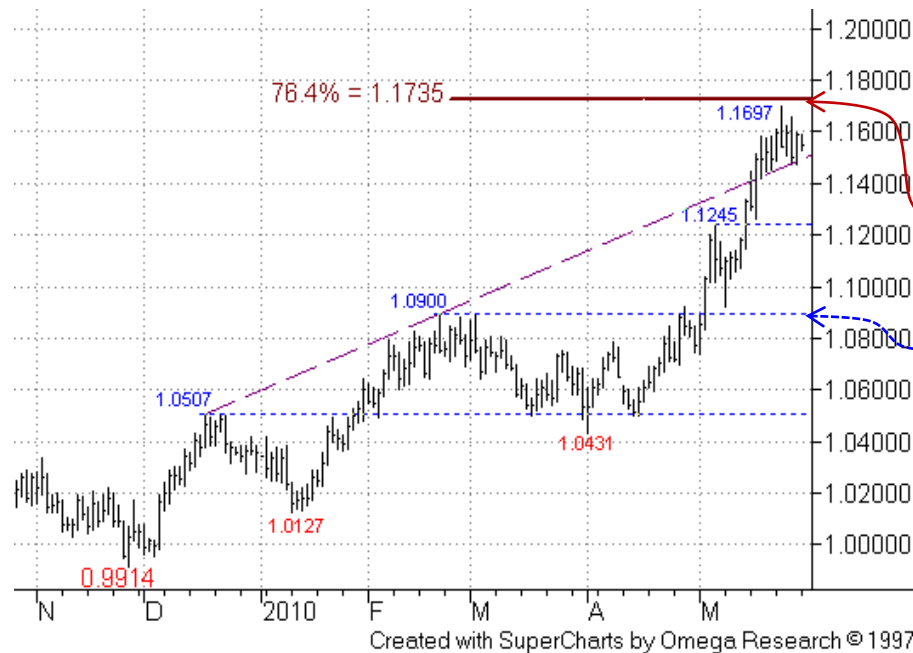
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Dollar Swiss – Daily Chart:

The current upleg from the early Apr low violated rising resistance and has now got close to the 76.4% level, where resistance might well be seen.

First interesting support remains at the 1.0900 Feb high.

We maintain a sidelined stance for now, awaiting reaction around that 76.4% level.



Sterling Dollar

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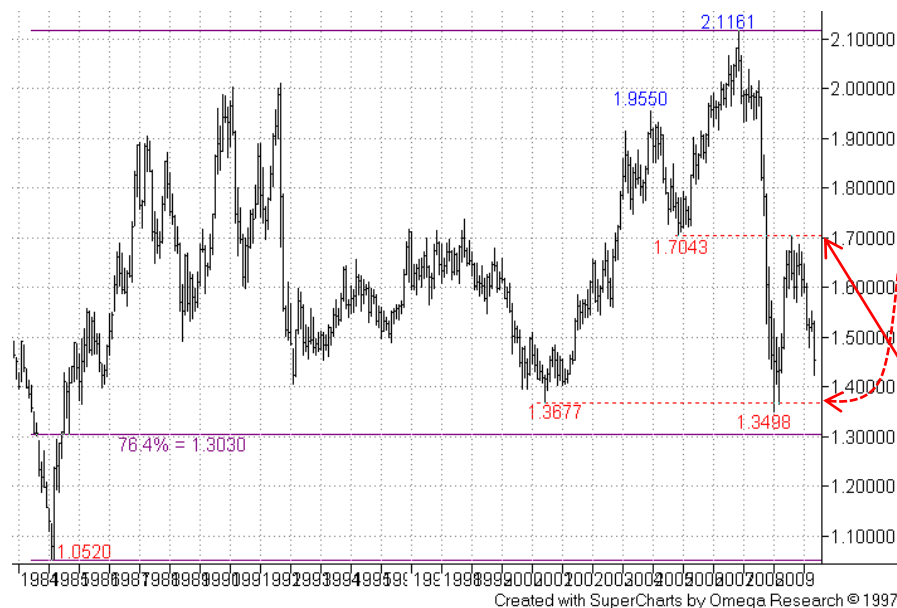
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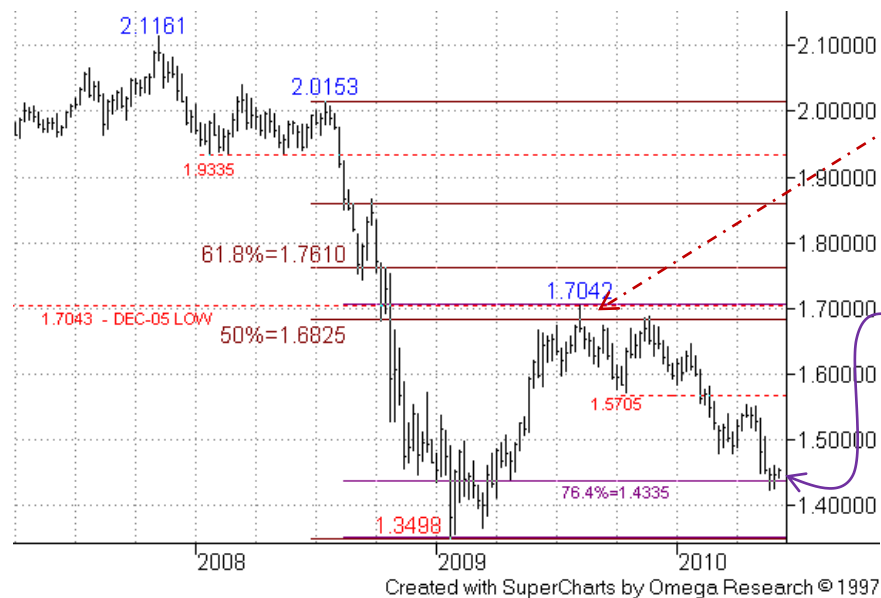


Sterling Dollar – Monthly Chart:

The powerful bear move from the Nov-07 peak 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.

Latest weakness has now seen the lower 76.4% pullback level tested, where we look to see if support can emerge.



Sterling Dollar

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Sterling Dollar - Daily Chart:

There has been a s/term pause after testing/eroding the 76.4% pullback level (where a Fibo projection also coincides), but we await better reaction here.

First resistance is offered by the 1.4780 01-Mar low now.

For the time being we still keep in mind a lower projection just above 1.3800, a 2.618 swing off prior Oct/Nov-09 upleg.

We hold a sidelined stance for now.



US Dollar Index

Summary

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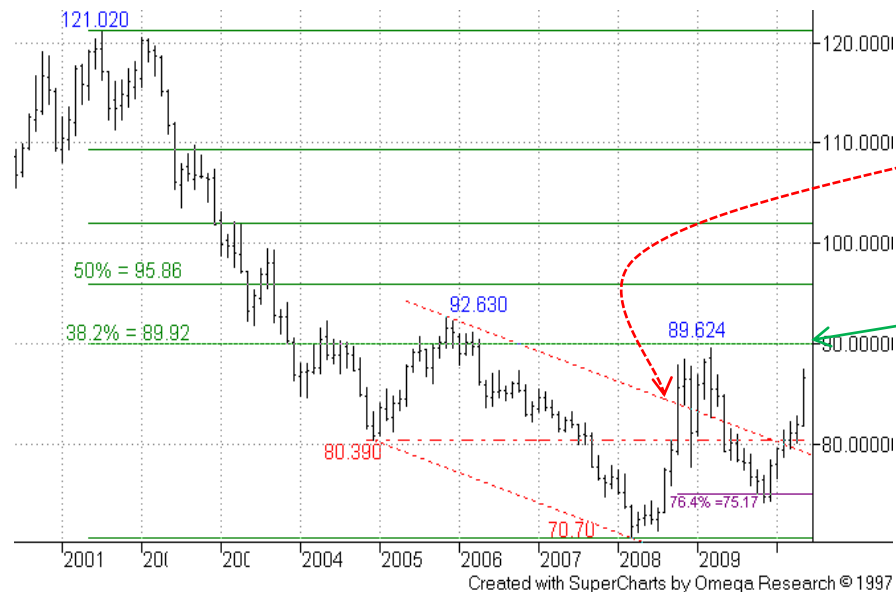
CROSSES

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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.

The subsequent pullback, from the 38.2% retracement area was considered as more likely to be the precursor to a further bull leg.



US Dollar Index – Weekly Chart:

The deep pullback late last year tested/eroded the 76.4% level - it failed to hold below this and an impressive recovery has followed.

Recent renewed strength has now violated the 76.4% bounce level around 86.00 – will the Index temporarily struggle to hold above here?



US Dollar Index

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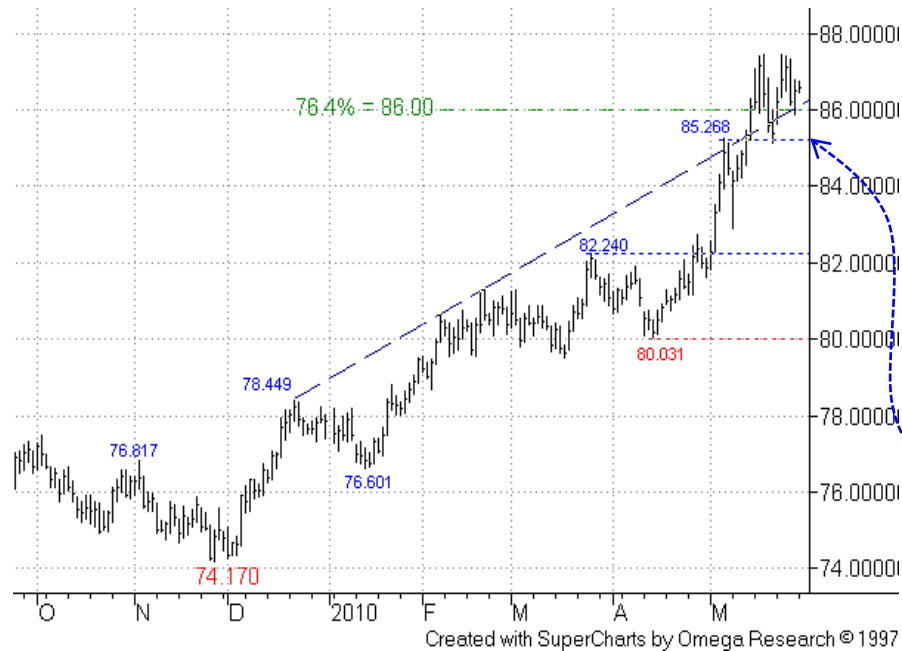
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US Dollar Index – Daily Chart:

S/term consolidation continues here, following erosion of the 76.4% level.

There are no Immediate signs of bull fatigue from the chart structure, but we still keep in mind the possibility of a struggle to clear the 76.4% area.

Small support now comes from the 06-May 85.268 high, although more interesting is the lower 82.240 25-Mar high.

We maintain a sidelined stance for now.



CROSSES

Weakness in **EURJPY** sees long term 76.4% support close at hand now. Medium term bears remain on the alert in **EURGBP** after recent losses. A s/term pullback in **EURCHF** from 38.2% resistance is presumed temporary. **GBPJPY** has been putting pressure on its 76.4% support where we await better reaction.

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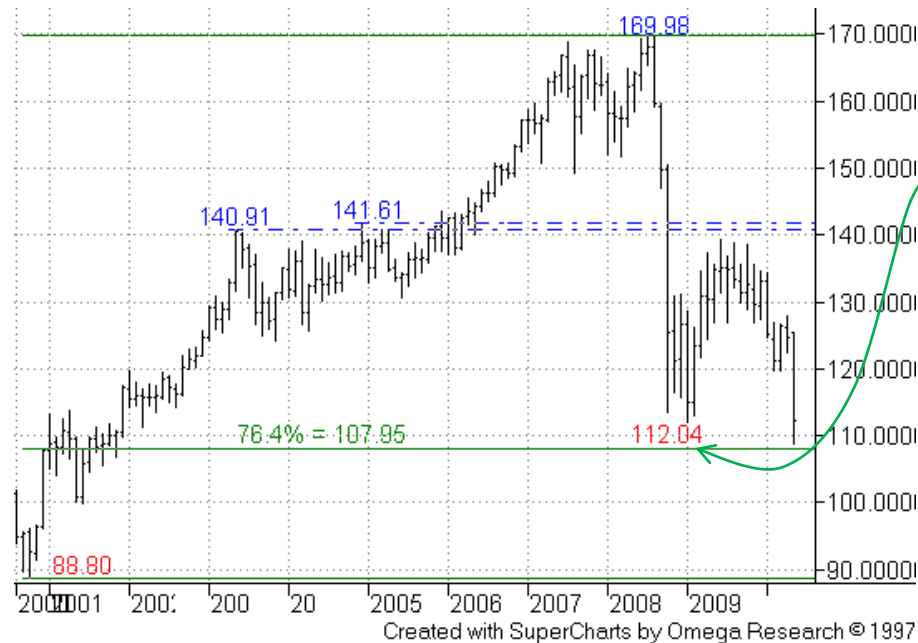
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Disclaimer

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.

It remains under scrutiny though, following latest renewed weakness.

More



Euro Yen

Summary

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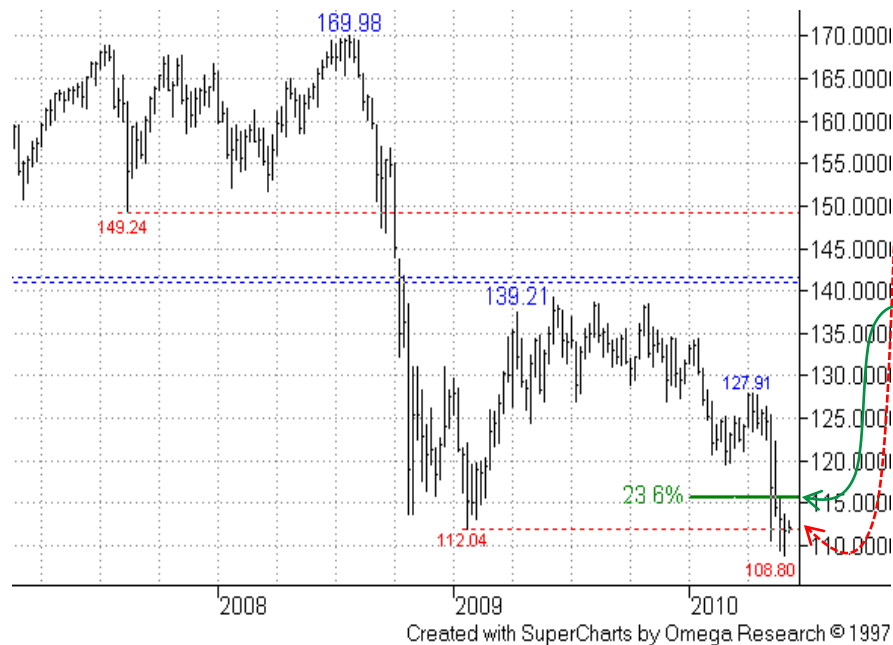
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Disclaimer



Euro Yen – Weekly Chart:

The 112.04 Jan-09 low has been eroded now, and we currently wait to see if bearish follow-through will be hindered by the long term 76.4% level (above).

The 23.6% recovery level of the whole fall from Jun-09 high, around 116.00, offers potential resistance here.



Euro Yen

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Disclaimer



Euro Yen – Daily Chart:

The market looks to have been drawn towards that long term 76.4% level just below 108.00, where we are on the lookout for signs of bear fatigue.

For now, we must await clarity in the technical picture.

S/term resistance has now been found from around the 113.30 23.6% bounce level of the Apr/May drop.

We maintain a sidelined stance for now.



Euro Sterling

Summary

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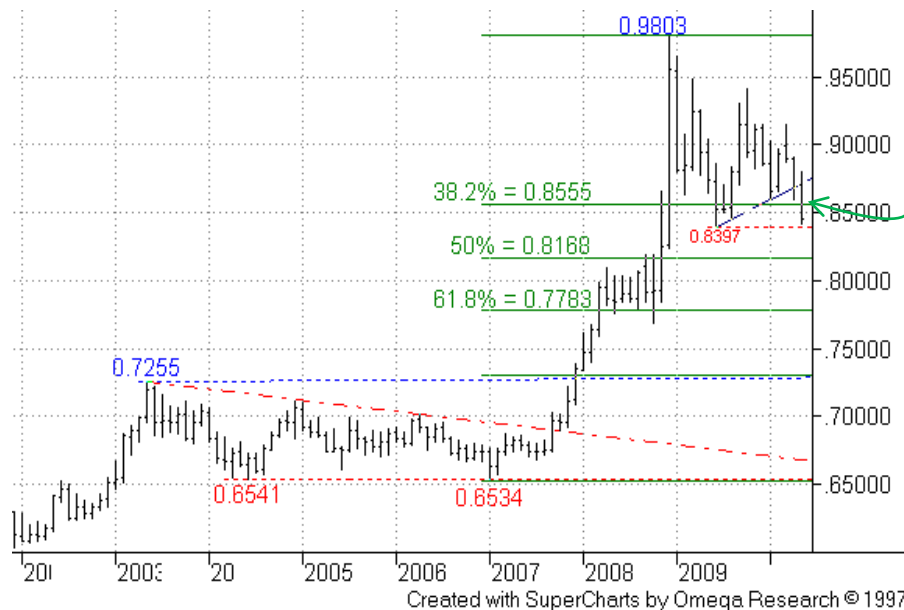
CROSSES

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

MINORS

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Disclaimer



Euro Sterling – Monthly Chart:

The long term 38.2% level has once more been violated, together with certain support lines that include the one shown.

This initial bear break still needs the confirmation from a break of the Jun-09 low just under 0.8400.

Next focus would then be on the 0.8168 50% pullback level, but with lower levels likely thereafter.



Euro Sterling – Weekly Chart:

The rising support line has been eroded now. Breaking this and the 0.8397 Jun-09 low would make the long term chart look distinctly topish.



Euro Sterling

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Disclaimer



Euro Sterling – Daily Chart:

S/term support recently emerged from just above the bear channel base projection, keeping the Jun-09 low intact for the time being.

Our current thinking is that rally attempts will not be lasting, but recovery attempts are not currently expected to be long-lasting – already recent rallies have struggled near the 0.8800 level, and the higher 0.9000 area (channel top) does not look achievable now. with further bear pressure to come.

Lower bear projections will be calculated following a clear break of the 0.8400 area; meanwhile we keep in mind the 0.8168 50% level from the long term chart.

We maintain a sidelined stance for now.



Euro Swiss

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Disclaimer



Euro Swiss – Monthly Chart:

Continued reluctance to recover saw a better breach of the prior 1.4296/ 1.4391 lows.



Euro Swiss – Weekly Chart:

The latest slip reached our earlier Fibo projection at 1.4040, where at least temporary support has emerged.

Note the initial bounce has found resistance from the early 2009 low – also see Daily chart.



Euro Swiss

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Disclaimer



Euro Swiss – Daily Chart:

The sharp rebound through the 23.6% level was an initial bull trigger, suggesting a better recovery phase should now be seen.

Resistance has come from prior 1.4559/76 lows, coinciding with the 38.2% level – *the s/term slip back is assumed to be temporary.*

Note support has so far been found from the s/term 1.4135 76.4% pullback level, coinciding with the previous 1.4142 01-Apr low. **Any buyers on dips near here will have initial stops just below the 1.3997 low for now.**

We maintain a bull stance here.



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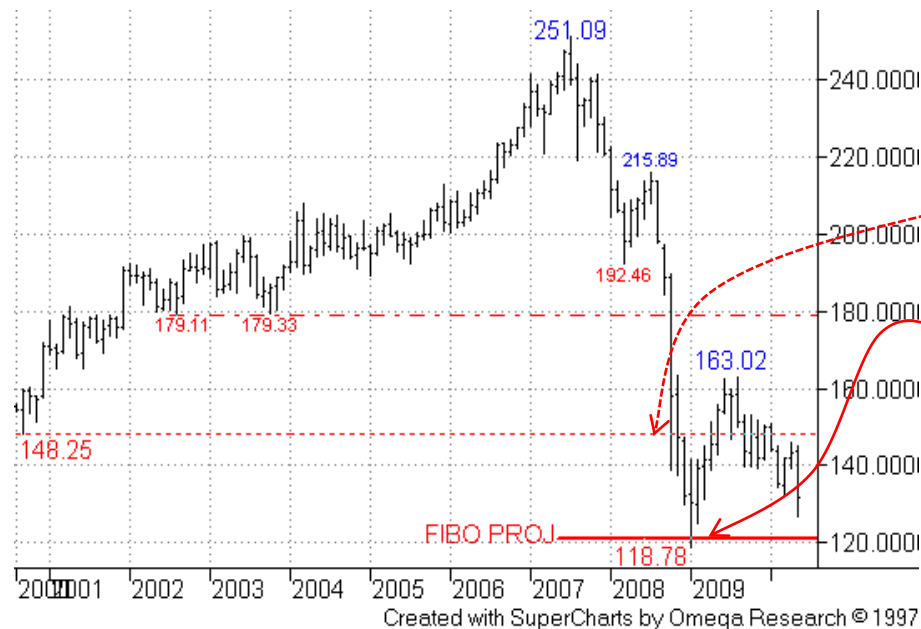
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Sterling Yen

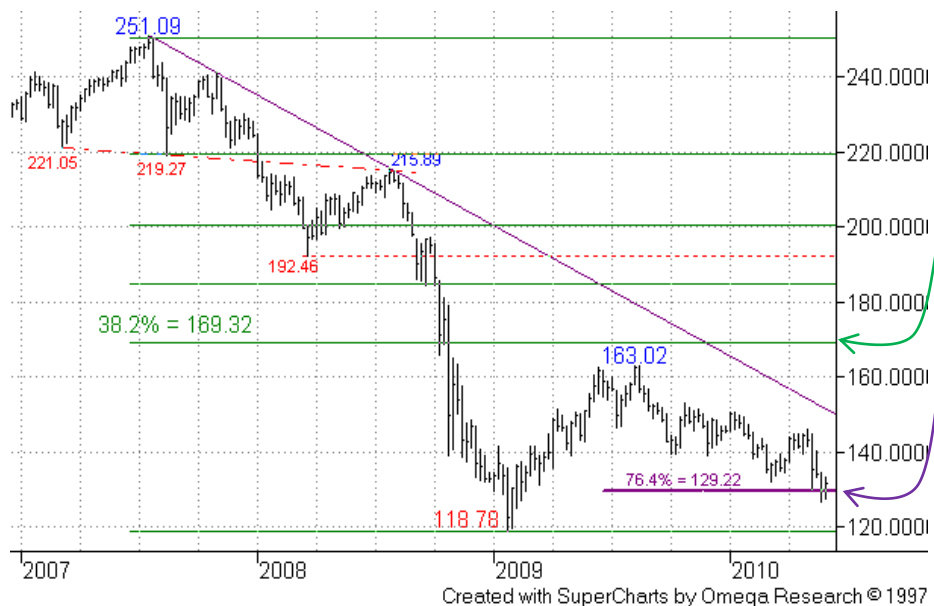


Sterling Yen – Monthly Chart:

The substantial fall here breached the level of the major 148.25 Sep-2000 low in 2008.

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.

The 76.4% pullback level has come under pressure now.



Sterling Yen

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Disclaimer



Sterling Yen – Daily Chart:

The bear channel base is currently providing s/term support, following recent erosion of the 129.22 76.4% pullback level.

There is a lower channel base projection around 123.60 just now, which currently stays out of reach – we wait to see if better support can emerge around the 76.4% level.

First resistance of note comes from the 139.30s area.

We maintain a sidelined stance for now.



MINORS

The recent marked bounce off long term 76.4% support in **USD/CAD** now needs to be followed by a further bull signal. The sharp pullback in **AUD/USD** has found s/term support from the 38.2% pullback level, the same picture showing with **NZD/USD**. Early basing clues in **USD/ZAR** need more confirmation now. The rebound in **USD/SGD** has encountered s/term channel top resistance.

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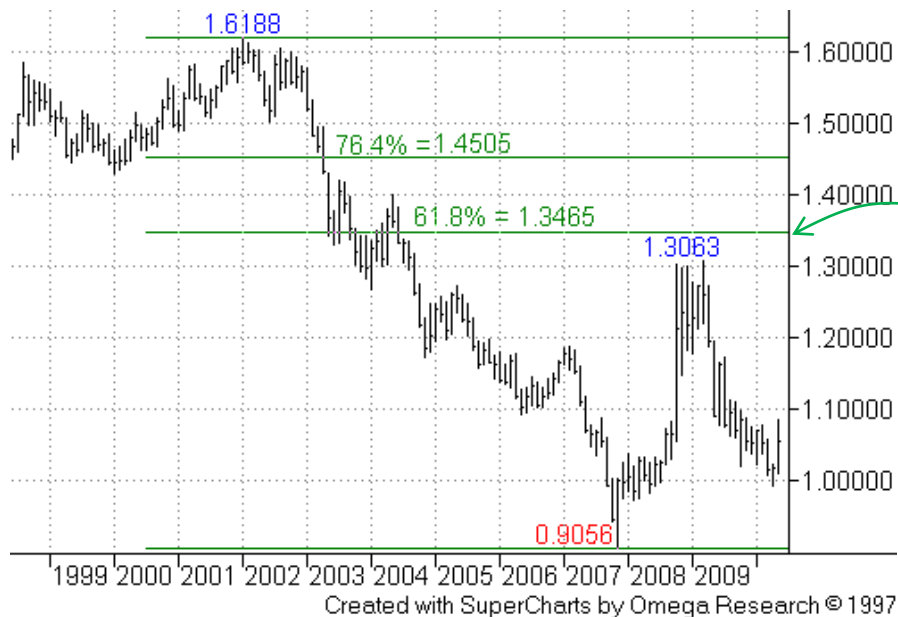
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MINORS

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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 proved to be deep.



US Dollar CAD Dollar

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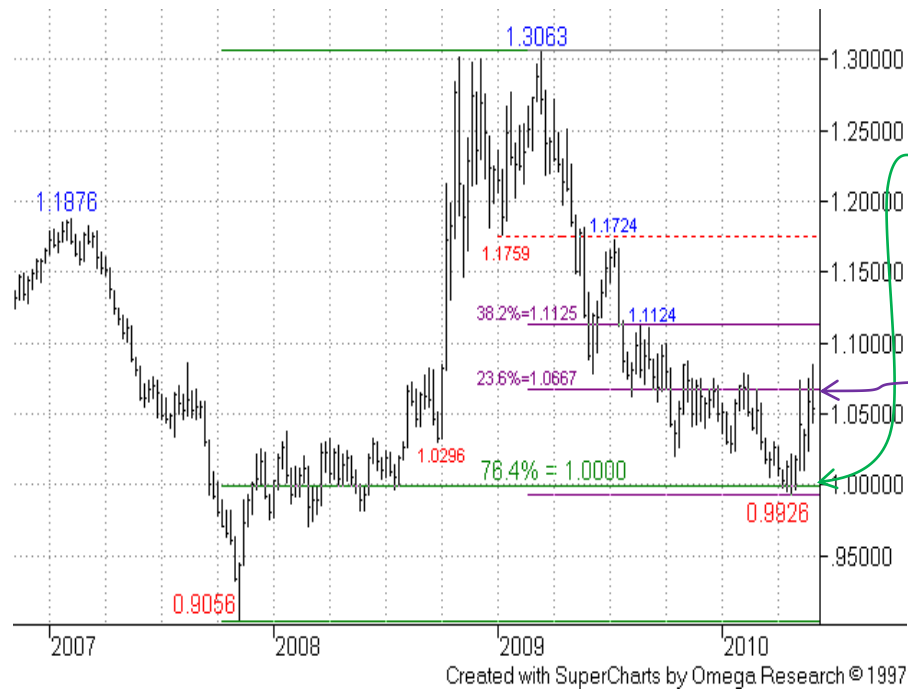
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US Dollar CAD Dollar – Weekly Chart:

The chart finally tested the 76.4% level at 1.0000, also the centre of congestion from 2008.

And now, clear support has emerged here.

First resistance comes from around the 23.6% recovery level, which has been s/term effective (no close above yet).

Beyond here turns focus to the coincident 38.2% level and Aug-09 high.



US Dollar CAD Dollar

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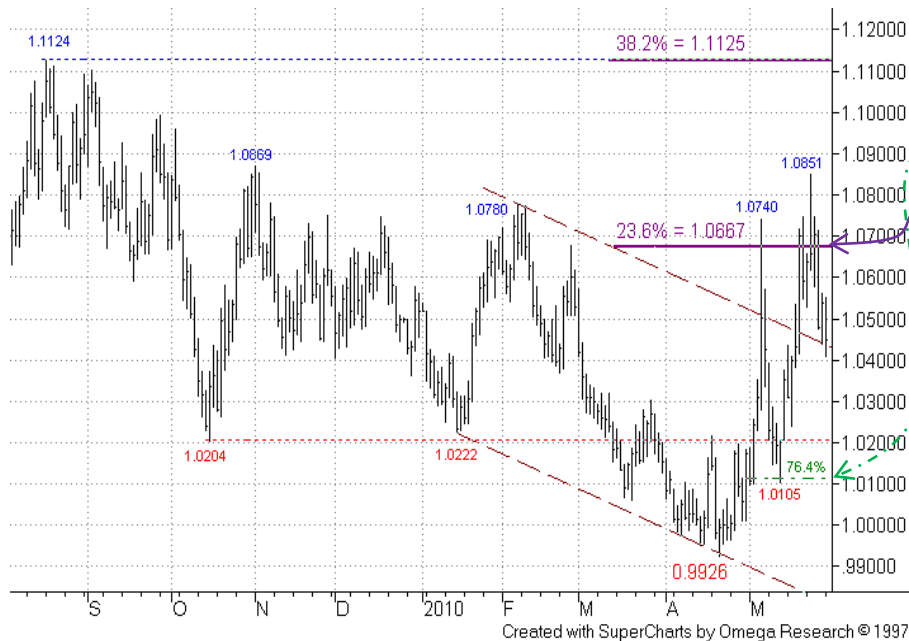
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Disclaimer



US Dollar CAD Dollar – Daily Chart:

Recent recovery from the s/term former 76.4% pullback level has seen modest closes above the 23.6% recovery level, so far not sustained though - *we await a better break for a bull trigger.*

Next focus would then be on the 1.1125 38.2% area.

Any s/term setback now should hold well above that recent 1.0105 low.

We maintain a sidelined stance for now.



AUS Dollar US Dollar

Summary

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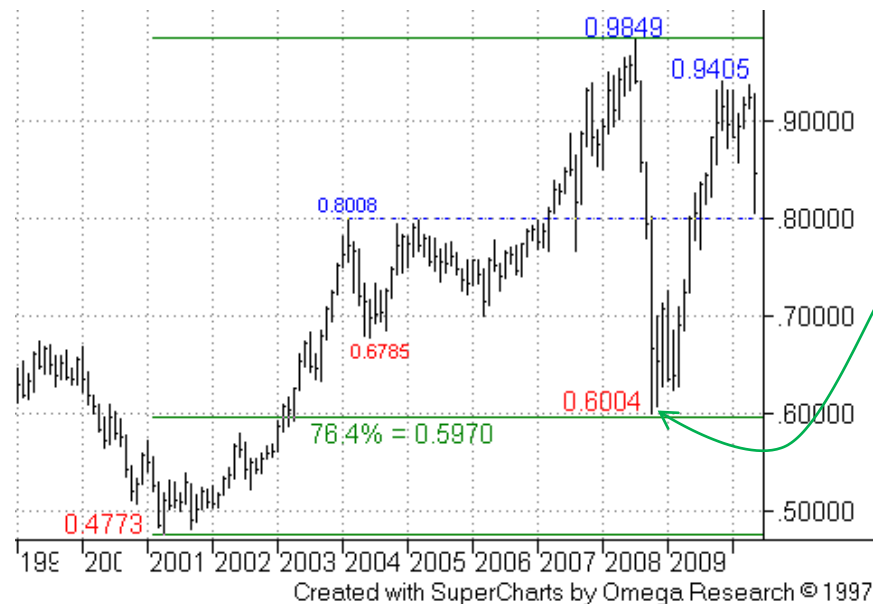
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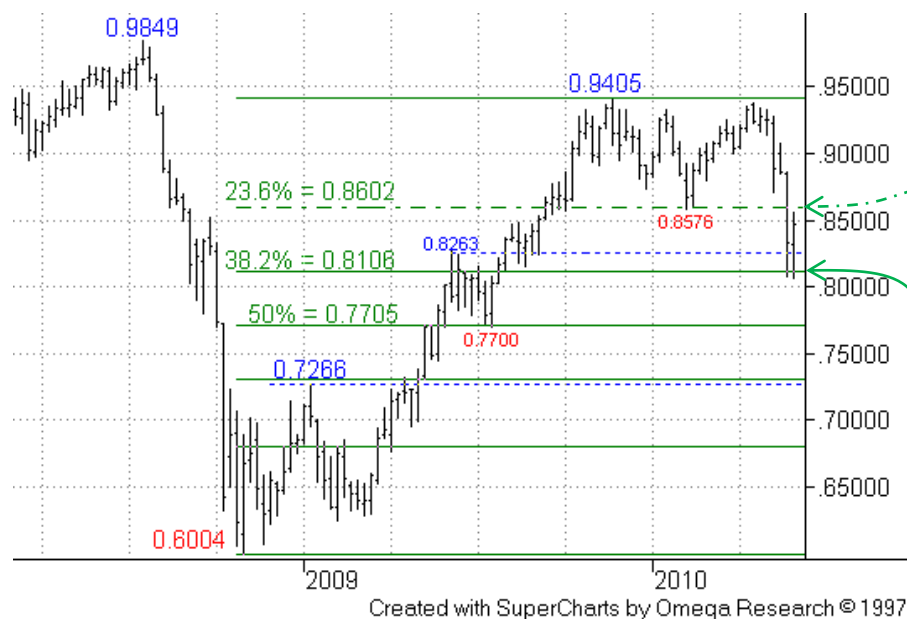
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Disclaimer



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 break of the 0.8600 23.6% support level (and Feb low) signalled that the chart has topped out.

An immediate drop to the 38.2% area now sees s/term support emerging. Lower projections can be calculated as and when this gives way.



AUS Dollar US Dollar

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Disclaimer



AUS Dollar US Dollar – Daily Chart:

The pullback from Apr high gathered pace, breaching the 23.6% level (and Feb low) but finding support at the lower 38.2% (a Fibo projection is close to this, not shown).

Temporary support here is not a surprise.

First resistance now comes from the 0.8576 Feb low now ahead of the 0.8714 06-May low.

We maintain a bear stance here.



NZ Dollar US Dollar

Summary

MAJORS

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

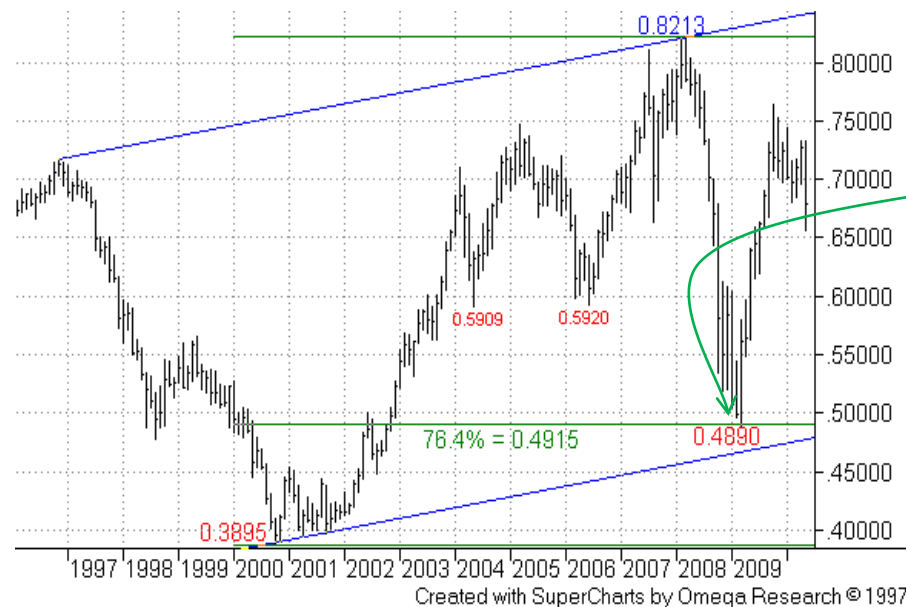
CROSSES

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

MINORS

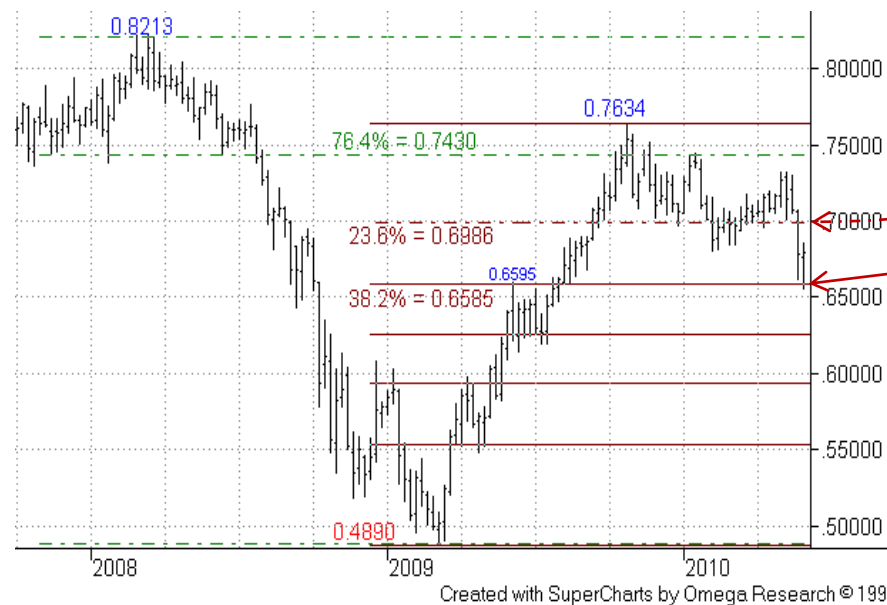
- + US Dollar CAD Dollar
- + AUS Dollar US Dollar
- + NZ Dollar US Dollar
- + US Dollar SA Rand
- + US Dollar SING Dollar

Disclaimer



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:

There has now been a better break of the 23.6% pullback level, with test of the lower 0.6585 38.2%. This latter coincides with the 0.6595 Jun-09 high, where at least temporary support could be seen.



NZ Dollar US Dollar

Summary

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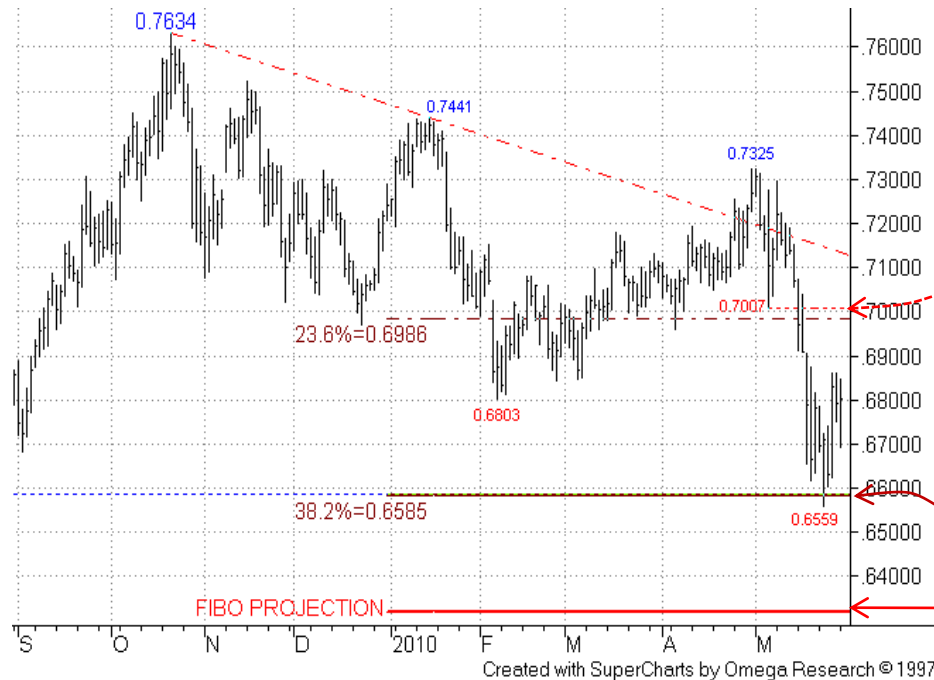
CROSSES

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NZ Dollar US Dollar – Daily Chart:

The recent slide here has now seen a better test of the 38.2% pullback level – s/term recovery could find strong resistance at/below the 0.7007 06-May low, near the old 23.6% level.

Rallies are assumed to be temporary.

At this stage we have marked in a lower Fibo projection at 0.6325.

We maintain a bear stance here.



US Dollar SA Rand

Summary

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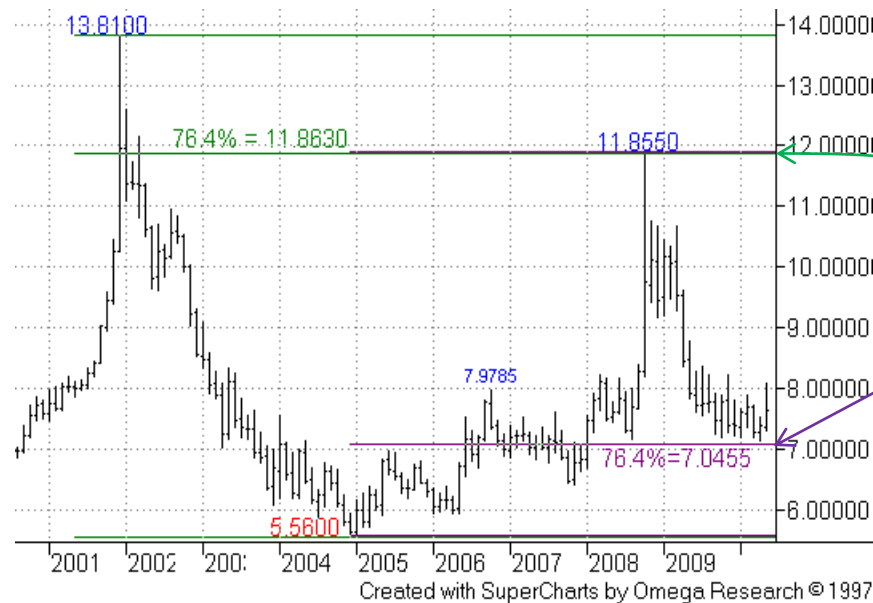
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MINORS

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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:

The long term rising support line has worked nicely so far, but bulls now need to see further gains through the 23.6% level just below 8.2600.



US Dollar SA Rand

Summary

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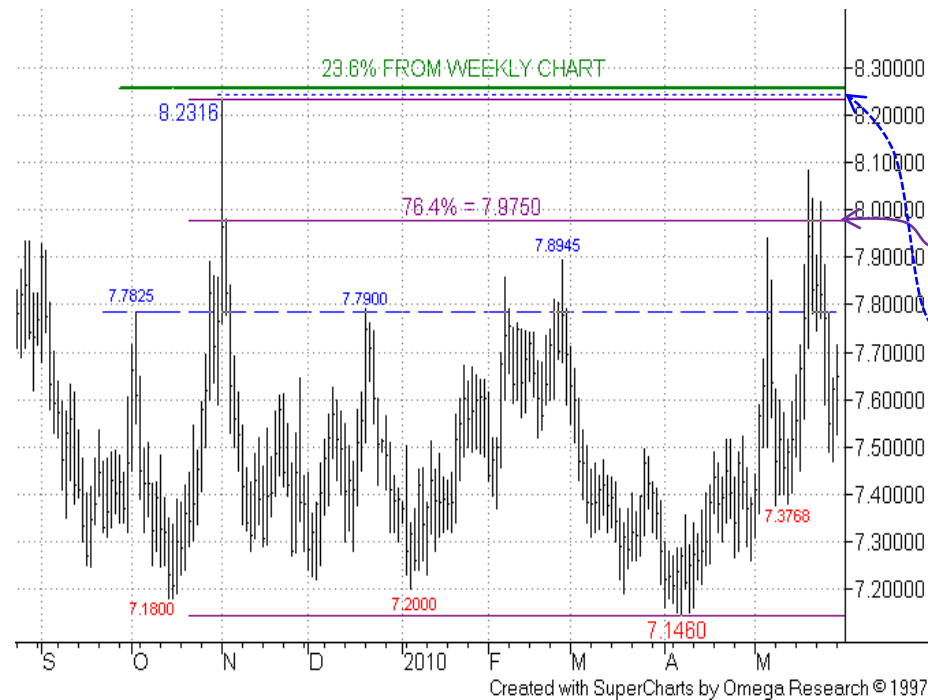
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MINORS

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Disclaimer



US Dollar SA Rand – Daily Chart:

Following a preliminary basing sign the market has so far struggled around the 76.4% retracement, which s/term remains the next hurdle, while the long term 23.6% level (close to the 8.2316 Nov-09 high) is also an important barrier.

There is not enough to justify an official bull stance here yet, but the scales are tilting in their favour.

At this stage s/term weakness should hold above the 7.3768 10-May low.

We maintain a sidelined stance for now.



US Dollar SING Dollar

Summary

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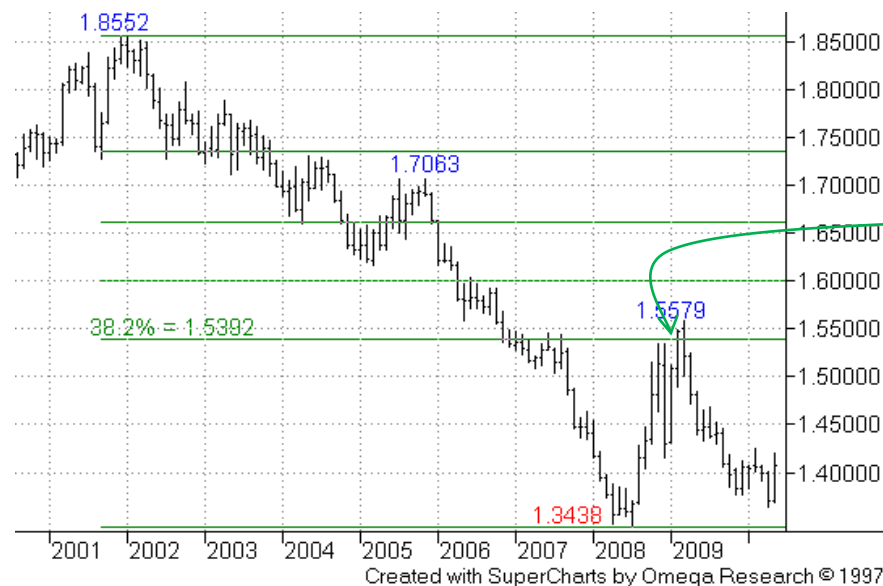
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MINORS

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- + 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:

Recent volatility halted bears in their tracks, ahead of the 1.3438 2008 low, accompanied by a positive divergence sign on the weekly RSI.

Note first resistance here is offered by the 1.4100 23.6% bounce level. A clear close above this (not yet seen) would turn focus on the higher 1.4380 38.2%.



US Dollar SING Dollar

Summary

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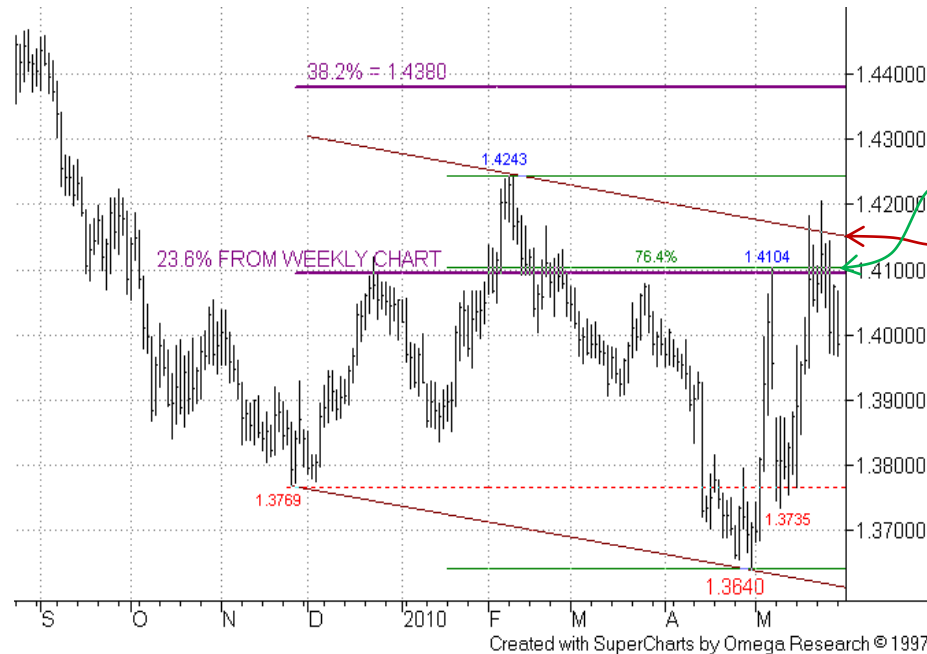
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US Dollar SING Dollar – Daily Chart:

Recent resistance from dual Fibo resistance has now been eroded, with a test of the slightly higher channel top projection where, not unexpectedly, the upmove has faltered. *A close out of this channel will provide a bull signal.*

Another s/term dip should hold nicely above the 1.3735 11-May low at this stage.

We maintain sidelined stance for now.



SEVEN DAYS AHEAD

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