

2010-07-02_European Forex Technicals

European Forex Technicals: EUR Strength Sustainable

2 Jul 2010, 08:12

By Francis Bray
A DOW JONES NEWSWIRE COLUMN

LONDON (Dow Jones)--Rolling 24-hour chart levels:

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0443 GMT	1.2517	87.98	1.5178	1.0614
3 Day Trend	Bullish	Bearish	Bullish	Bearish
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3378	91.76	1.5399	1.0843
3rd Resistance	1.2620	88.50	1.5264	1.0752
2nd Resistance	1.2596	88.29	1.5225	1.0730
1st Resistance	1.2540	88.22	1.5200	1.0675
Pivot*	1.2420	87.71	1.5081	1.0654
1st Support	1.2425	87.70	1.5070	1.0579
2nd Support	1.2400	87.41	1.4978	1.0503
3rd Support	1.2346	86.96	1.4876	1.0435

Intraday EUR/USD: Across the board EUR strength has prompted fresh five-week highs above 1.2490, and is close to resistance at 1.2540. Thursday's strong move confirms Tuesday's higher low at 1.2151 as a bear failure, and further strength is expected towards 1.2620 and the May 21 lower high at 1.2673. The wave equality target lies at 1.2765. There is risk of a setback towards 1.2425 where the neckline of an inverse head-and-shoulders base pattern lies, protecting the 1.2400 area.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: Stages a recovery off Thursday's seven-month low at 86.96, and is close to key resistance in the 88.22/29 area. However, short-term bears will look to keep this area intact, and a break below support at 87.70 would expose the 87.41 higher low, threatening a return to the 86.96 low. A break above 88.29 is required to lift the tone, opening 88.50 and 88.77.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: Thursday's large bullish outside day off 1.4876 keeps the short-term bull trend alive, and is tackling the 1.5200 level. This is effectively setting fresh two-month highs, and is close to the key 1.5225 resistance area, which includes the 1.618 extension target projected off the June 8 higher low at 1.4349. The April 30 lower high at 1.5391 would come into view on a sustained break above 1.5225. The 1.5070 area has become near-term pivotal support, and only below there would concern bulls.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Another wide-ranging down-day Thursday below 1.0752 set a fresh nine-week low at 1.0579, and is not too far away from meeting the 1.0577 target. As there is no sign of halting this dominant short-term bear trend, a break below 1.0579 is expected, exposing the April 14 higher low at 1.0503. However, the main target will be the April 1 higher reaction low at 1.0435. Corrective gains should be capped beneath the 1.0730 area.

Weekly chart USD/CHF trend: Bearish.

2010-07-02_European Forex Technicals

second table

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0521 GMT	0.8246	109.91	1.3268	0.8457
3 Day Trend	Bullish	Bullish	Range	Range
Weekly Trend	Bearish	Bearish	Bearish	Bearish
200 day ma	0.8685	122.78	1.4469	0.8756
3rd Resistance	0.8319	111.01	1.3402	0.8595
2nd Resistance	0.8273	110.42	1.3325	0.8565
1st Resistance	0.8260	110.13	1.3295	0.8510
Pivot*	0.8226	109.02	1.3247	0.8400
1st Support	0.8195	109.46	1.3235	0.8432
2nd Support	0.8165	109.05	1.3150	0.8401
3rd Support	0.8101	108.09	1.3073	0.8319

Intraday EUR/GBP: Extends the strong recovery off Tuesday's 19-month low at 0.8067 following Thursday's break above 0.8225, and resistance at 0.8260 is likely to be broken. This would open the June 24 lower high at 0.8273, but would also create scope for wave equality at 0.8319, shy of resistance at 0.8330. Only below 0.8195 would question the bullish outlook, exposing the 0.8165 higher low.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: The recovery off Wednesday's eight-and-a-half year low at 107.30 is undergoing consolidation off the 1.618 extension target at 110.42 Friday, and the 109.46 near-term pivotal support area is set for a test. Below there would expose more significant support in the 119.05 area, and only below there would prompt a deeper setback towards 108.09. A break above 110.42 is required to lift the tone, opening a key lower high at 111.01.

Weekly chart EUR/JPY trend: Bearish.

Intraday EUR/CHF: Stages a steady and more respectable recovery off Thursday's all-time low at 1.3073, before undergoing consolidation off 1.3402. Bear pressure is building on support at 1.3235, and once 1.3295 has been confirmed as a lower high, room for a sharper setback to the 1.3150 area is likely. Only a break above 1.3295 would defer the immediate bear threat, opening 1.3325.

Weekly chart EUR/CHF trend: Bearish.

Intraday AUD/USD: Thursday's bull hammer recovery off 0.8319 halts the setback off the June 21 reaction high at 0.8858, and Wednesday's high at 0.8565 is the focus. Resistance has emerged at 0.8510 to protect 0.8565, but the 0.8565 area is expected to limit the recovery for now. Support lies at 0.8432, but only a break below 0.8401 would leave the 0.8319 low vulnerable.

Weekly chart AUD/USD trend: Bearish.

* The pivot is the sum of the high, low and close divided by 3.

Dow Jones Newswires, N/DJTA; Bloomberg, NI DJTA; and Reuters key word search "INSI-DJN"

July 02, 2010 02:12 ET (06:12 GMT)