

European Forex Technicals: GBP/USD Nears 1.5500/24 Resistance

By Francis Bray

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

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0458 GMT	1.2927	87.62	1.5445	1.0536
3 Day Trend	Bullish	Bullish	Bullish	Bullish
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3286	91.15	1.5372	1.0798
3rd Resistance	1.3029	88.15	1.5524	1.0676
2nd Resistance	1.3000	88.00	1.5500	1.0618
1st Resistance	1.2966	87.78	1.5470	1.0565
Pivot*	1.2890	87.22	1.5376	1.0513
1st Support	1.2877	87.42	1.5357	1.0503
2nd Support	1.2856	87.20	1.5300	1.0480
3rd Support	1.2794	86.73	1.5235	1.0394

Intraday EUR/USD: Resistance at Friday's 1.2966 high is likely to be put to the test following the strong recovery off Friday's low at 1.2794. A break above 1.2966 would bring the focus back onto 1.3000 and the July 20 reaction high at 1.3029, which protects 1.3095. A break below 1.2856 is required to re-expose the 1.2794 low.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: Sets a fresh seven-day high following the probe above 87.58 Monday, but is consolidating beneath short-term pivotal resistance at 88.00. The immediate threat is for weakness to the 87.20 area, and given the wider bearish picture, there is risk for renewed weakness back to Friday's low at 86.73. Keeping 87.20 intact would create room for strength towards 88.00 and the 1.618 extension target at 88.15.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: The strong recovery off the July 21 bear trap low at 1.5126 has the July 15 reaction high at 1.5470 within striking distance, and a break above there is looking likely at this stage. The psychologically-important 1.5500 level lies above there, with the April 15 lower reaction high at 1.5524 the upside objective. Support lies at 1.5300, and only a sustained break below there would expose the 1.5126 low.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Friday's strength leaves the July 22 low at 1.0394 as a bear trap, and resistance at 1.0565 is likely to come under pressure. Lateral consolidation on the 60-minute suggests dips are limited to the 1.0480 area, and a break above 1.0565 would prompt further strength towards 1.0618 and 1.0676. Failure to keep 1.0480 intact would suggest a return to the 1.0394 low.

Weekly chart USD/CHF trend: Bearish.

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0523 GMT	0.8368	113.16	1.3622	0.8948
3 Day Trend	Bearish	Bullish	Bullish	Bullish
Weekly Trend	Bearish	Bullish	Bullish	Bullish
200 day ma	0.8639	121.14	1.4316	0.8755
3rd Resistance	0.8464	115.50	1.3735	0.9108
2nd Resistance	0.8436	114.16	1.3677	0.9100
1st Resistance	0.8407	113.50	1.3632	0.9000
Pivot*	0.8381	112.50	1.3553	0.8939
1st Support	0.8319	112.60	1.3515	0.8897
2nd Support	0.8300	112.00	1.3455	0.8850
3rd Support	0.8254	111.60	1.3419	0.8738

Intraday EUR/GBP: Bear pressure is building following last week's reversal candle, and whilst 0.8407 caps corrective gains, the dominant threat is for renewed bear pressure on Friday's low at 0.8319. The 0.8300 area represents 50% retracement of the 0.8067/0.8464 rally, and failure to hold this congested support area intact would create room for further weakness towards the 1.618 extension target at 0.8215. A break above 0.8407 is required to question the bearish outlook, opening 0.8464.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: Extends the recovery off the July 22 low at 110.02 to challenge resistance in the 113.50 area. Increasing bull momentum suggests a break above there is likely, opening the June 3 lower high at 114.16, and confirming 110.02 as a higher low which creates scope for longer-term gains towards 116.12. There is risk of downside consolidation whilst 113.50 remains intact, but corrective weakness should attract support while above 112.00.

Weekly chart EUR/JPY trend: Bullish.

Intraday EUR/CHF: Sharply extends the recovery off last week's low at 1.3342 to force a break above 1.3500, and the July 20 reaction high at 1.3677 is within striking distance. Increasing bull momentum enhances thoughts of a break into fresh one-month highs above 1.3677, opening congested resistance in the 1.3735 area. Corrective weakness has scope to 1.3515 and 1.3455 before causing concern.

Weekly chart EUR/CHF trend: Bullish.

Intraday AUD/USD: Pushes very close to the psychologically-important 0.9000 level to extend the strong recovery off the July 22 higher low at 0.8738. Bulls have their eye on meeting congested projected targets in the 0.9100/08 area, achievable on a sustained break through 0.9000. The 0.8850 area reverts to support, and should limit corrective weakness to protect 0.8738.

Weekly chart AUD/USD trend: Bullish.

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

For more technical analysis see: Dow Jones Newswires, N/DJTA; Bloomberg, NI DJTA; and Reuters key word search "INSI-DJN"

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Data provided by COG International Ltd.

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