

FX Techs – London Open

At a glance: Don't worry, be happy

The beautiful spring weather in combination with renewed hopes for growth have formed an irresistible combination, which led western **risk markets** to new highs for the year. The tricky issue however is that most of these markets are now showing 5-wave cycles up from their November 2011 lows, which increases the reversal risk significantly. It is in this context also interesting to know that sentiment indicators have already reached or exceeded the readings from the 2007 high. That said, we are far from getting carried away and remain on alert for signs of change. Setback in the **USD** like the one yesterday are therefore expected to be of temporary nature only as long as 1.3192/1.3205 (last intra-day top/minor 38.2 %) is capping the upside in **EUR/USD** and as long as **Cable** doesn't break decisively above 1.5869/99 (200 day MA/int. 76.4 %). In terms of **AUD/USD** we see an increased bounce risk to 1.0671 (pivot) or to 1.0766 (int. 76.4 %) as the latest decline from 1.0857 to 1.0473 is displaying a textbook 5-wave pattern (wave A or 1). **EUR/GBP** has on the other hand erased the gains of the last 6 trading days in 1 session yesterday and ended the day in a key-reversal down. This is certainly not encouraging, but would have to be followed by a break below 0.8315 to 0.8288/64 (daily trend/int. 76.4 %/pivot) in order to indicate a re-test of the 2010 low at 0.8067.

- Short 2 units NZD/CAD from 0.7921 avg., target 0.6500, stop at 0.8501 (2012 outlook trade)
- Short 1 units EUR/KRW from 1548, add 1 unit at 1600, target 1300, stop at 1670 (2012 outlook trade)
- Short 2 units PLN/HUF from 70.307 avg., targets 58.00 & 52.50, stop at 73.35
- Short 2 units EUR/INR from 64.90 avg., targets 58.50 & 55.50, stop at 70.85
- Long 2 units EUR/NZD from 1.6091 avg., targets 1.7450 & 1.8100, stop at 1.5650
- Long 2 units NOK/SEK from 1.1785 avg., target 1.2100, stop at 1.1790
- Long 1 unit EUR/SEK from 8.7845, add 1 unit at 9.03 on stop, target 9.35, stop at 8.7650
- Long 2 units EUR/CZK from 25.210 avg., targets 28.30 & 29.015, stop at 24.15
- Long 2 units USD/CZK from 17.255 avg., target 23.50, stop at 18.25
- Long 2 units USD/ZAR from 8.125 avg., target 10.61, stop at 6.80 (2012 trade)

EUR/USD hourly – The start window for a temporary bounce is currently open

- Displaying a 5-wave pattern down from the 1.3487 top and coming close to the last bottom at 1.2975, the start window for a temporary bounce to 1.3322 or to 1.3379 (left shoulder/int. 76.4 %) is open.
- As long as 1.3192/1.3205 (pivot/minor 38.2 %) caps the upside though, an extension to 1.2975 or 1.2825 looks possible.



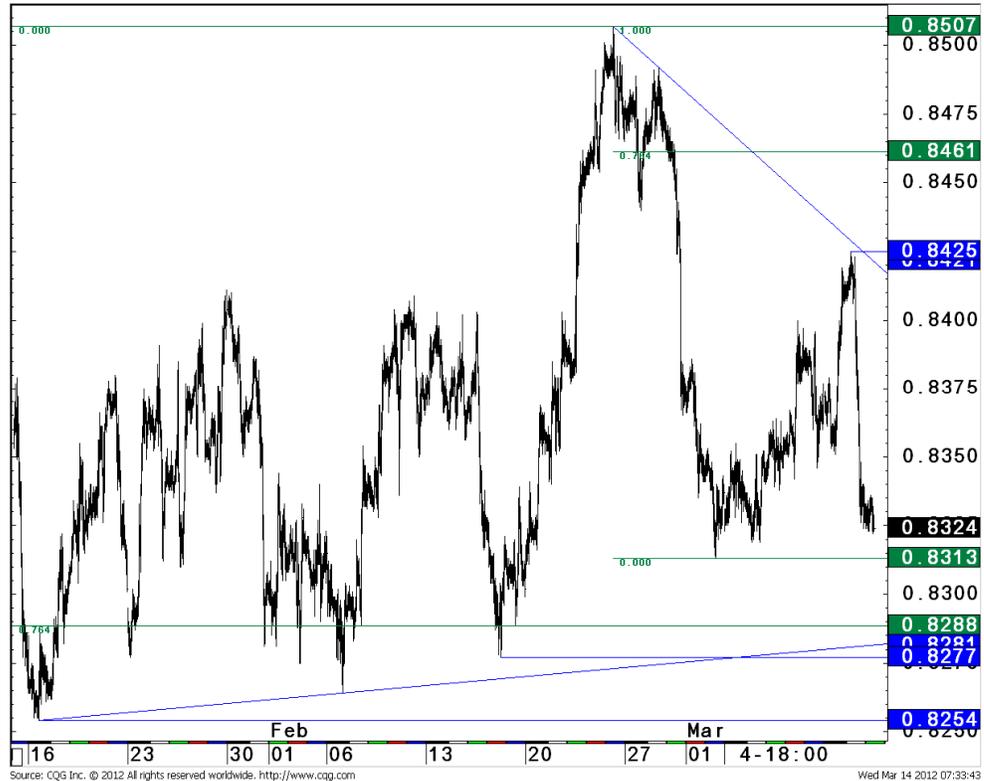
GBP/USD hourly – Below 1.5745/47, the market remains in the immediate danger zone

- Yesterday's bounce doesn't alter the negative picture on big scale and requires a break above 1.5745/47 (minor 38.2 %/hourly Ichimoku.-lag.) to open additional correction potential to 1.5835 and to 1.5899 (pivot/int. 76.4 %).
- Only above the latter would question the negative bias.



EUR/GBP hourly – Yesterday’s key-reversal down neutralizes the positive sentiment

- Yesterday’s key-reversal down has erased the gains of the preceding 6 trading days, which is a strong reminder that the battle between bulls and bears is far from being decided.
- For the bears to take full control though, it requires additional breaks below the key-support zone between 0.8315 and 0.8288/77/64 (daily trend/int. 76.4 %/pivots)
- Such a break would finally challenge the 2010 low at 0.8067, whereas only above 0.8425 the market would turn positive again.



NOK/SEK daily– As long as 1.1838 is defended, the uptrend remains intact and incomplete

- Given the wave structure from the last 1.1415 bottom up, we see good chances of only performing an internal 4th wave consolidation as long as the internal 38.2 % retracement at 1.1838 is not broken decisively on hourly close (i.e. below 1.1800).
- Above, the upside remains open for a 5th wave impulse to 1.2115/38 (int. 50 %/Fib.-projection) or to 1.2202 (76.4 % on lower scale), whereas a break below 1.1838/00 would risk a much deeper setback to 1.1638/1.1573 (w. trend/76.4 %).



Global FX Strategy

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