

2010-05-21_European Forex Technicals

European Forex Technicals: EUR Extending Gains

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A DOW JONES NEWSWIRES COLUMN

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

Forex spot:	EUR/USD	USD/JPY	GBP/USD	USD/CHF
Spot 0508 GMT	1.2618	90.07	1.4405	1.1551
3 Day Trend	Bearish	Bearish	Bullish	Range
Weekly Trend	Bearish	Range	Bearish	Bullish
200 day ma	1.3776	92.18	1.5637	1.0685
3rd Resistance	1.2773	91.30	1.4610	1.1605
2nd Resistance	1.2728	90.95	1.4519	1.1587
1st Resistance	1.2673	90.37	1.4461	1.1580
Pivot*	1.2460	90.17	1.4355	1.1511
1st Support	1.2499	89.78	1.4330	1.1470
2nd Support	1.2455	89.33	1.4229	1.1452
3rd Support	1.2435	88.95	1.4111	1.1419

Intraday EUR/USD: Builds on the recovery off Wednesday's low at 1.2143, and the formation of a higher low at 1.2296 creates scope for further gains towards 1.2728. To force a break through there would tentatively leave 1.2143 as a near-term bear failure, and open the 1.618 upside extension target at 1.2773. The 1.2435 area has become intraday pivotal support, and a break below the 1.2296 higher low is required to bring the focus back onto the 1.2143.

Weekly chart EUR/USD trend: Bearish.

Intraday USD/JPY: Stages a recovery off Thursday's low at 88.95 following Wednesday's sharp decline below 90.95, and is attempting to regain a foothold above 90.00. However, while the 90.37 upside target remains unmet, the dominant threat is for renewed weakness towards the 88.95 low, and scope for the May 6 reaction low at 87.95 cannot be ruled out. Above 90.37 is required to lift the tone and create potential corrective upside scope to 91.30.

Weekly chart USD/JPY trend: Range.

Intraday GBP/USD: A second consecutive daily bear trap has occurred following Thursday's recovery off 1.4229, and near-term prospects for GBP have been greatly improved as resistance at 1.4461 faces renewed bull pressure. A break through there would open Tuesday's high at 1.4519, but scope for 1.4610 and the May 14 lower high at 1.4640 would have been created on a break above 1.4461. Below 1.4330 would suggest a return to the 1.4229 low, but 1.4229 is likely to remain intact.

Weekly chart GBP/USD trend: Bearish.

Intraday USD/CHF: Continues to consolidate beneath Wednesday's 13-month high at 1.1587, but there is growing bear pressure that suggests a return to Thursday's low at 1.1452 is the favoured near-term direction. A break below there would upgrade the setback to expose the 1.1362 area. However, a break above the current session high at 1.1580 Friday would signal bull strength and create room for 1.1605.

Weekly chart USD/CHF trend: Bullish.

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Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0535 GMT	0.8745	113.94	1.4533	0.8320
3 Day Trend	Bullish	Bearish	Bullish	Bearish
Weekly Trend	Bearish	Bearish	Bullish	Bearish
200 day ma	0.8812	126.93	1.4697	0.8852
3rd Resistance	0.8807	115.50	1.4657	0.8500
2nd Resistance	0.8789	115.33	1.4620	0.8454
1st Resistance	0.8772	114.40	1.4589	0.8364
Pivot*	0.8659	111.87	1.4322	0.8276
1st Support	0.8690	112.26	1.4457	0.8228
2nd Support	0.8645	111.05	1.4353	0.8172
3rd Support	0.8615	110.25	1.4310	0.8102

Intraday EUR/GBP: Extends the recovery off Wednesday's bear trap low at 0.8494 to effectively meet the 1.618 upside objective at 0.8772 Friday. There is more significant resistance at 0.8789 and at the May 7 reaction high at 0.8807, so there is risk of downside consolidation back towards former range highs at 0.8615, which now act as support.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: Despite setting a fresh eight-year low at 109.47 Thursday, the subsequent strong recovery has left a bear trap on the daily chart, and has created scope for further strength towards the 115.33/50 resistance area. And with another resistance level close above there at 115.75, this area should limit gains for Friday's current session. Only a break below the 111.05 higher low would question the near-term bullish outlook.

Weekly chart EUR/JPY trend: Bearish.

Intraday EUR/CHF: Another strong move to the upside has already occurred during the current session Friday to build on the recovery off the May 13 all-time low at 1.3997, and 1.4620 is likely to be the new high for this current range. A high of 1.4589 has been seen so far, and consolidation is underway towards 1.4457. However, there is maximum downside scope potential to the 1.4310 area.

Weekly chart EUR/CHF trend: Bullish.

Intraday AUD/USD: Stages a good recovery off 0.8102 to temporarily halt this week's dramatic decline, and is close to intraday pivotal resistance at 0.8364. However, there is maximum potential upside scope to 0.8454 before dominant bears would start to worry. While below 0.8454, there is still a threat for renewed bear pressure on the 0.8102 low, before looking to test the significant support cluster just above the psychological 0.8000 level.

Weekly chart AUD/USD trend: Bearish.

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

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

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