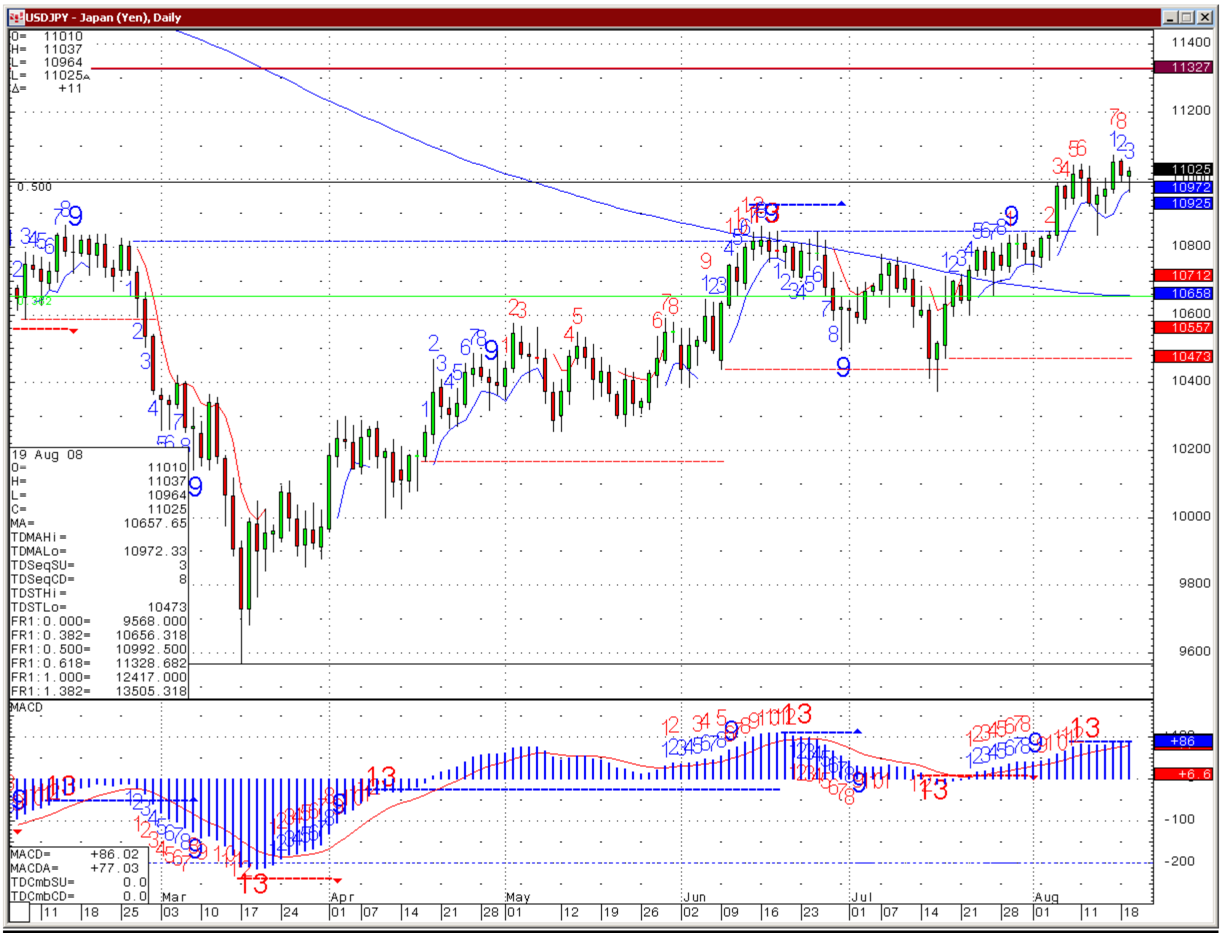
Daily FX Technical Analysis 19th August 2008

USDJPY The dollar continues its bounce on a broad basis though I am seeing a few USD sell signals appearing on the charts at present - more on this later. No turn signals present in USDJPY at present from a DeMark standpoint with TDMA1 supporting the upmove on closes above 109.72 tonight. Support through here seen at 108.35 ahead of the 200 day moving average at 106.58 and TDST support on the daily chart at 104.73. Resistance seen at last week's 110.71 high ahead of the 111.57 lows from August 2007. Through here attention turns to the 61.8% retracement of the 124.20 – 95.17 decline at 113.29.

USDJPY, Daily TD TDMA1, 200dma, Sequentials/MACD Histogram with TD Combo. Source CQG Inc.



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GBPUSD

Market fell heavily as expected after the breach of key Gann support at 1.9339 and has hit our 1.86 intermediate target over recent sessions. Interestingly there is a 13 count buy signal on TD Combo today – the first buy signal on this indicator since November 28th 2005 on the daily charts when Cable was trading down at 1.7046. Note also, sell signals on TD combo were stellar performers at calling tops during 2007, most recently on November 8th when the market was testing 2.11. Though I am not a fan of cable and continue to think our long-term 1.60 target is possible sometime down the road, I am nervous at being short here, noting TDST resistance is way up at 1.9973. TDST suggests shorts on closes below 1.8699 tonight, but with a 1.8568 wave equality target now hit I feel the USD bulls may have had enough fun in the sun for the timebeing and a move back to 1.93 could unfold. I'd be seeking out some GBP calls here for a few pennies.

GBPUSD Daily, TD Combo. Source CQG.

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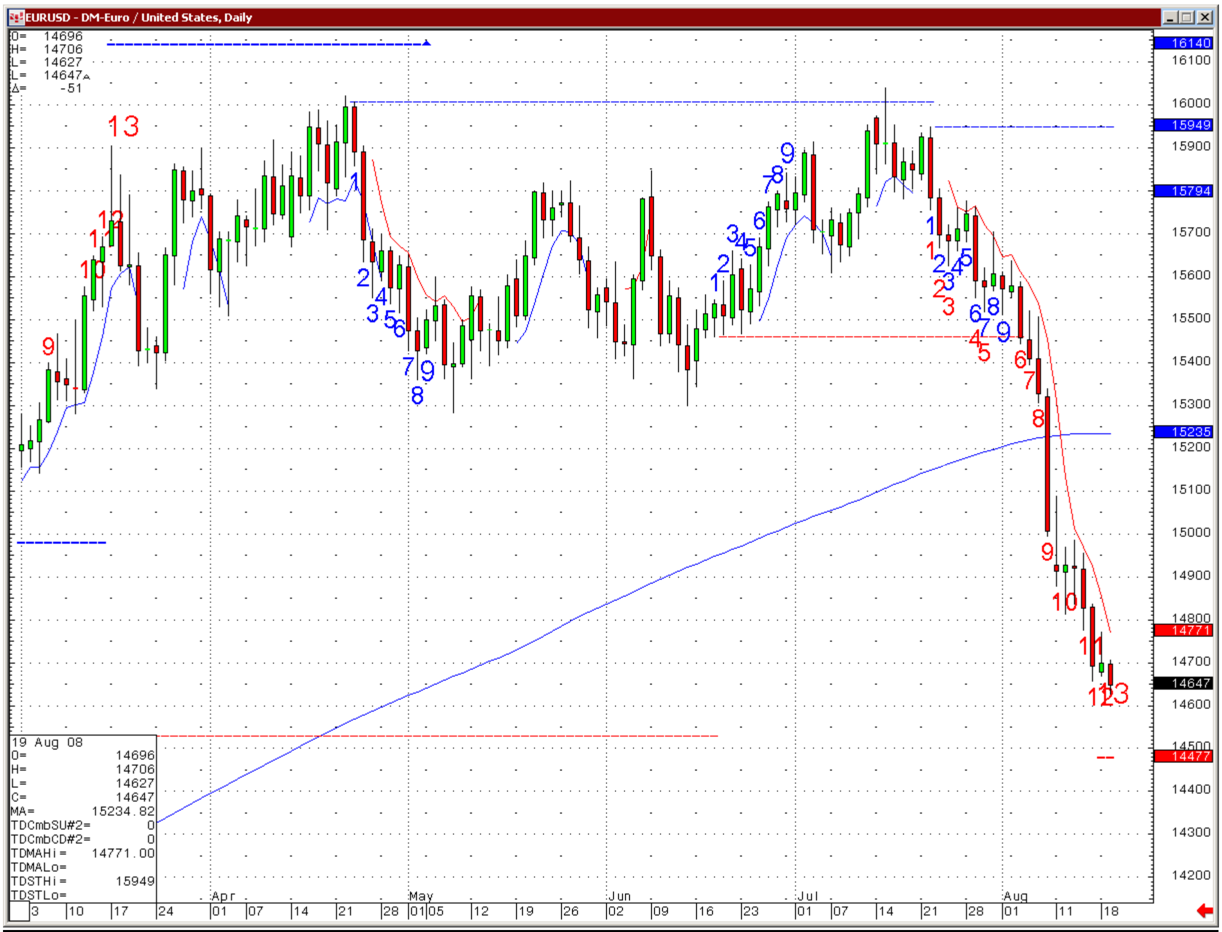
EURUSD

Similar picture to cable with a 13 count buy signal on TD Combo today. TDST continues to suggest shorts on closes below 1.4771 but we are approaching weekly TDST support at 1.4478 which I believe should offer good support. The Dollar Index has a 13 count sell signal on TD sequentials today and, if short, I would look to book profits at some time today.

EURUSD Daily, TD Combo. Source CQG



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USDCHF

Another 13 count on TD combo, like many other markets at present suggesting the USD rally could potentially falter here. Market right at TDST resistance at 1.1037 on the daily charts and, with stock markets starting to wobble I would use the 1.1037 to attempt shorts looking for the TD combo risk level at 1.1108 to cap the advance on a closing basis. TDMA1, which has suggested a long position since the 1.04 level remains on the charts and suggests longs on closes above 1.0929 tonight – however, when TD Combo appears I prefer to concentrate on that.

USDCHF Daily, TD Combo. Source CQG

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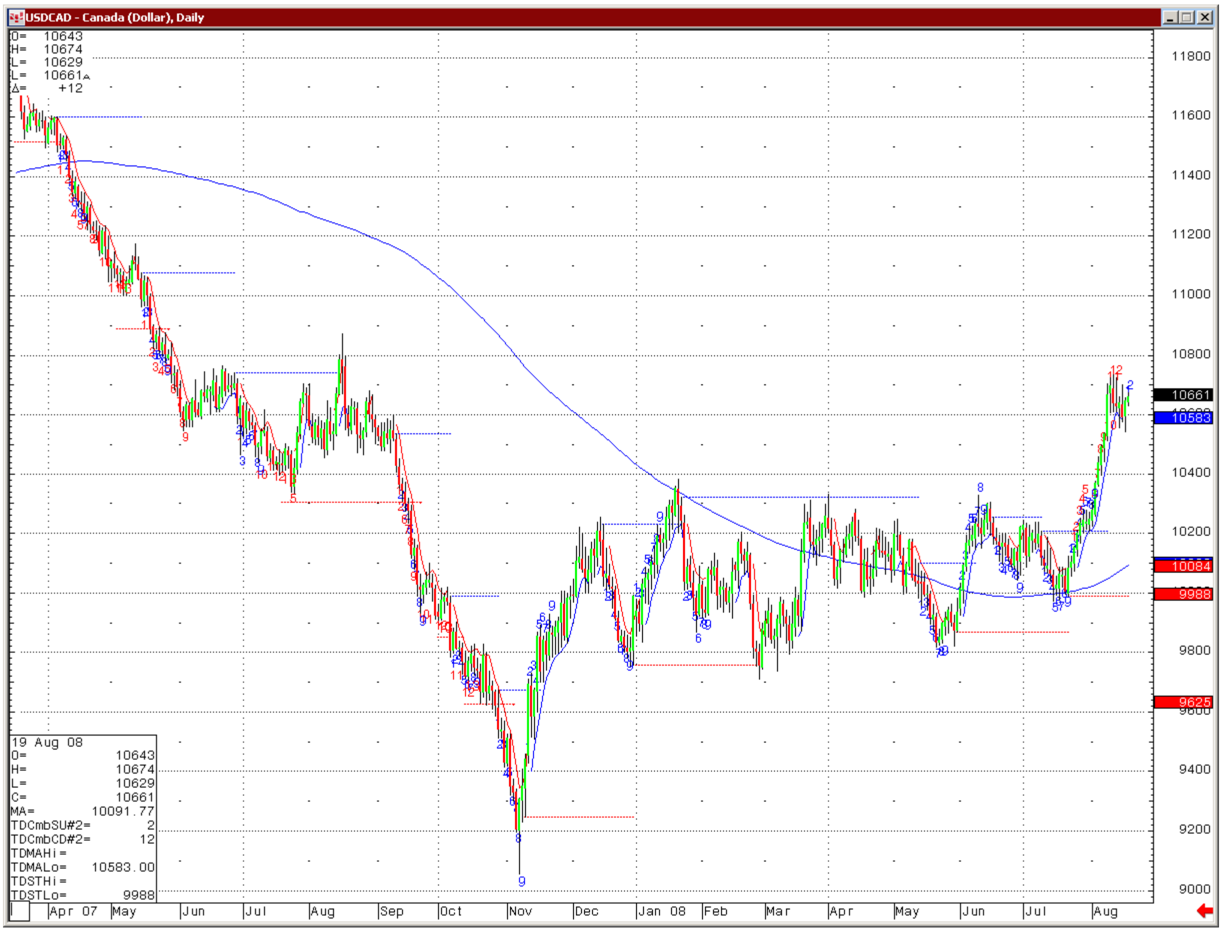
USDCAD

Market sitting on bar 12 of a sell set-up on TD Combo, with TDMA1 off the chart. Resistance at 1.0735 with support at 1.0542. Major resistance comes in around 1.0926 with good support seen just below 1.04. No strong view here.

USDCAD Daily, TD Combo. Source CQG Inc



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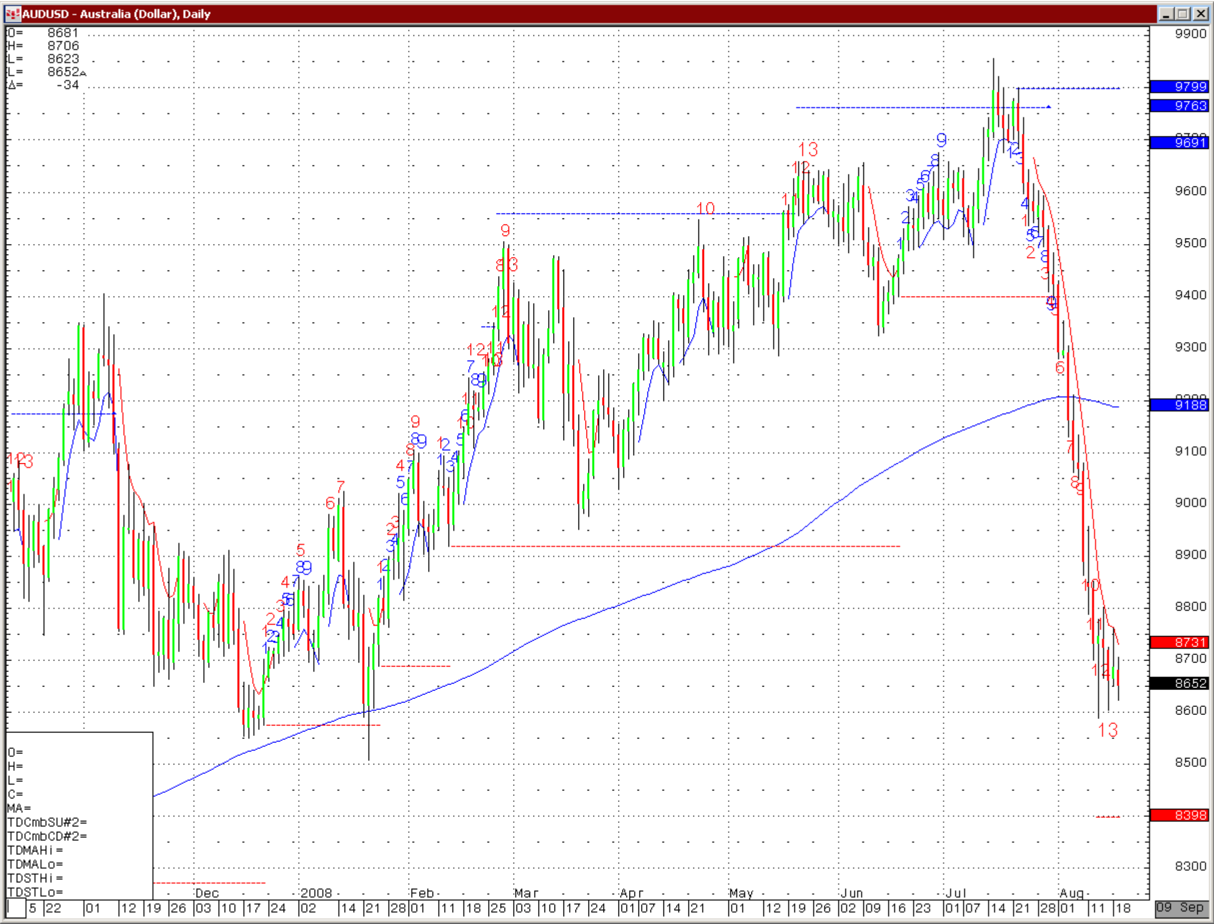
AUDUSD

TDMA1 suggests holding shorts on closes below 0.8731 tonight, but TD Combo gave a 13 count buy signal on August 13th and TD Sequentials are currently on an 11 count. Given the risk level for the Combo count is down at 0.8398, I wouldn't be rushing into aggressive longs here, but I would be tempted to work some resting bids on an intraday move to 0.84 over the next 3 sessions.

AUDUSD Daily, TD Combo, Source CQG Inc



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GBPJPY

TDMA1 suggests maintaining shorts on closes below 206.15 tonight with resistance through here seen at 206.61 and 207.95. Support seen at 202.47 ahead of 199.74. Long term view remains negating for the cross looking for 195 and potentially 160 over the months ahead, but I do note the buy signal for cable today and would be swift to exit shorts on a close above TDMA1 resistance tonight.

GBPJPY Daily, TD Combo. Source CQG

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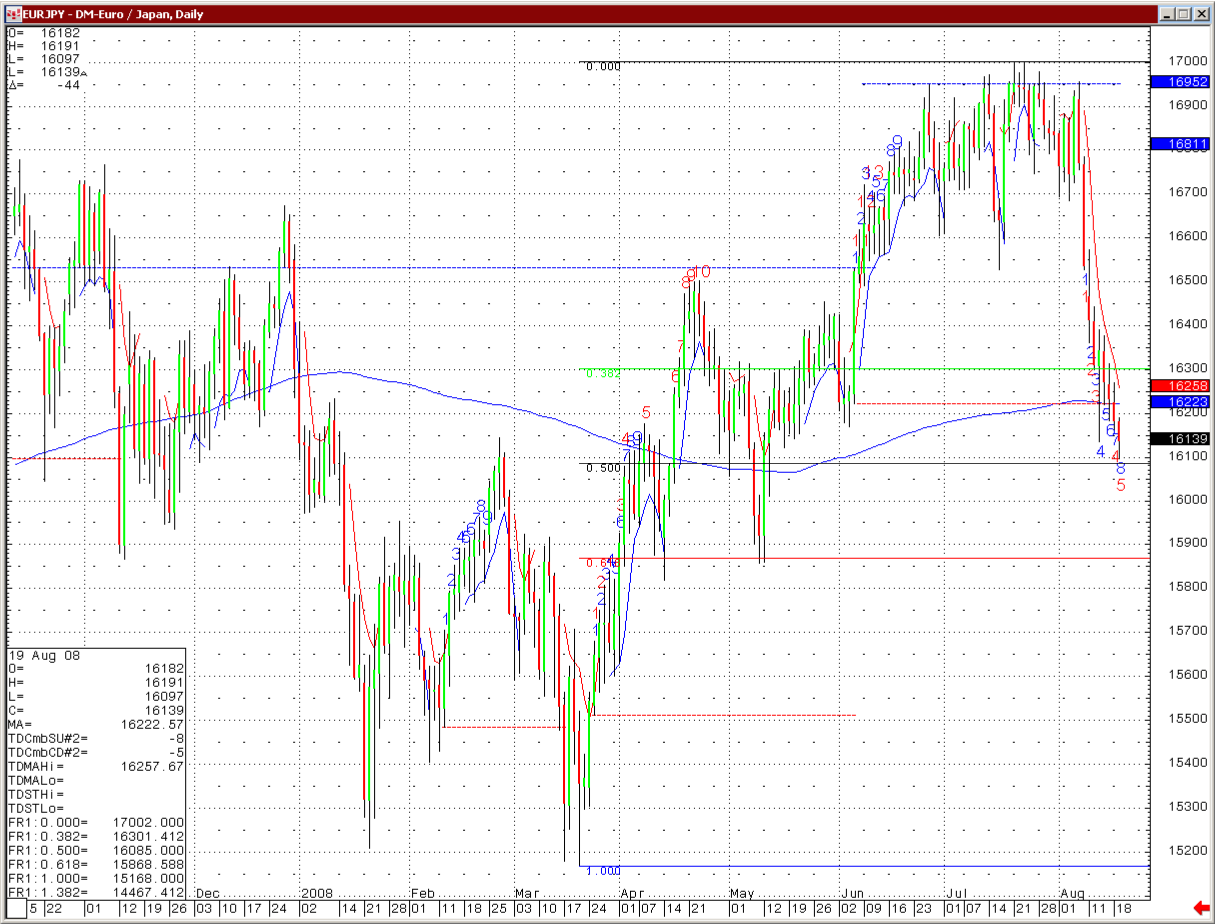
EURJPY

Market has taken a little under 3 weeks to retrace 50% of the 151.68 to 170.02 March – August advance in a typically violent carry trade turnaround (given current yields I guess one must look at the USD as a 'carry currency at present'). Nothing to suggest an imminent turnaround in this cross, but as I have noted earlier in the report, there are signs the USD bull is about to falter which should temper downside pressure in EURJPY. TDMA1 suggests maintaining shorts on closes below 162.58 tonight with support through 160.58 seen at 158.69 (61.8% retr).

EURJPY Daily, TD Combo. Source CQG



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EURGBP

I've been away for a month, and I may as well have packed EURGBP in my suitcase....we remain stuck here, tracing out what could be a very large bull flag. Wide range continues to be 0.7767 – 0.8000 with a weekly close above 0.8127 suggesting 0.8473 in a sharp fashion. Though structural bulls, the market moves are being dominated by the USD vs the Rest of the World and I don't see that altering quite yet. I continue to favour exciting to exit structural longs on a close below the consolidation lows at 0.7767 as this may signal a move all the way back to weekly TDST support at 0.7403. Our long-term target remains for a move to parity.

EURGBP Daily, TD Combo. Source CQG.

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