

Long-term Elliott Wave Analysis: GBPUSD

It is natural to assume that the cross rates of the main currencies are forming complicated many-year corrective structures.

In the case of GBPUSD price is probably choosing the long-term wave pattern of "horizontal triangle". This triangle contains four overlapping waves that subdivide 3-3-3-3 (Figure 1: A, B, C, D)

If the supposition is correct, wave E may be a simple or double zigzag, and it must be less than wave D by price.

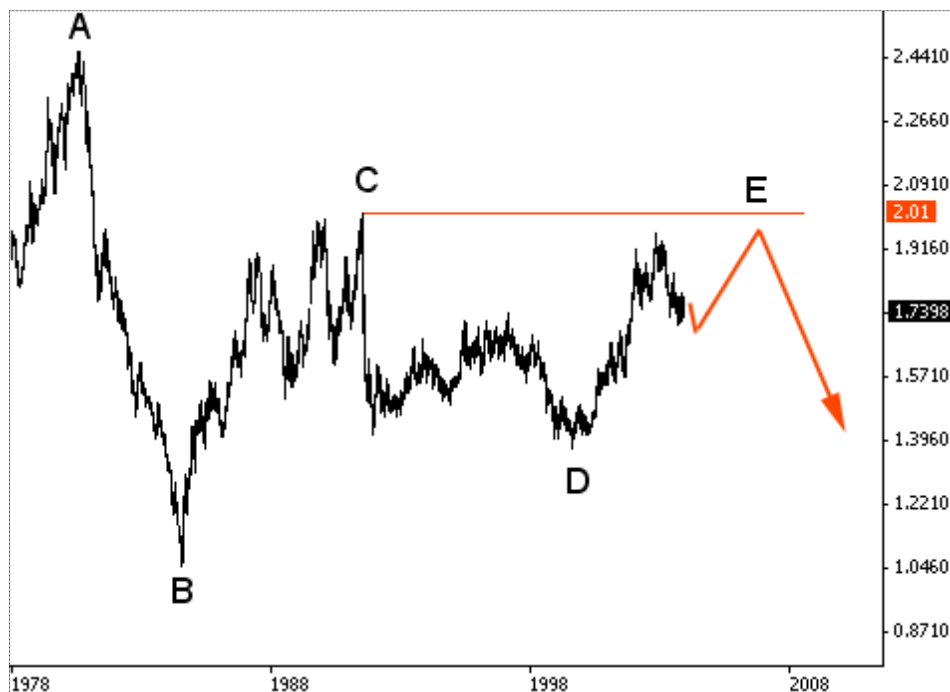


Figure 1. Wave count on the monthly chart.

The wave action from 2001 to 2006 is complex and may find differing counts by various Elliott analysts. Our variant is presented in Figure 2 below. According to it, the dollar may keep strengthening till the end of March, 2006. The approximate target area of down movement is 1.69 - 1.66

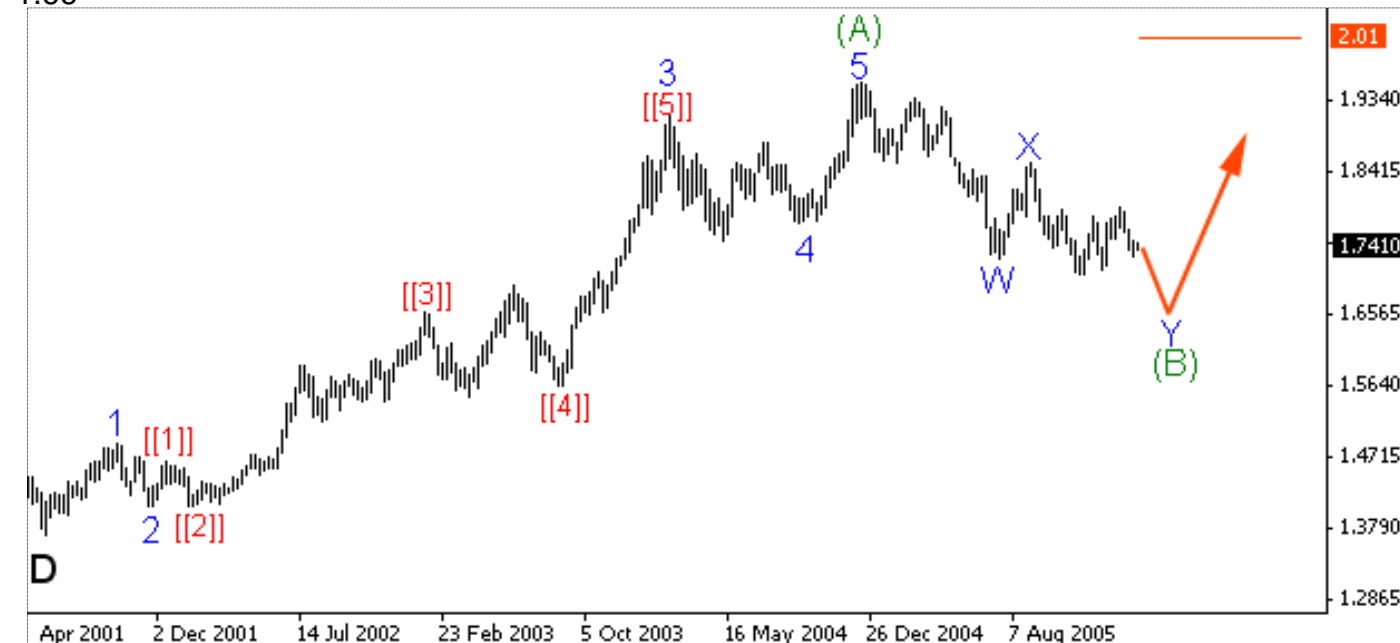


Figure 2. Wave count on the weekly chart.