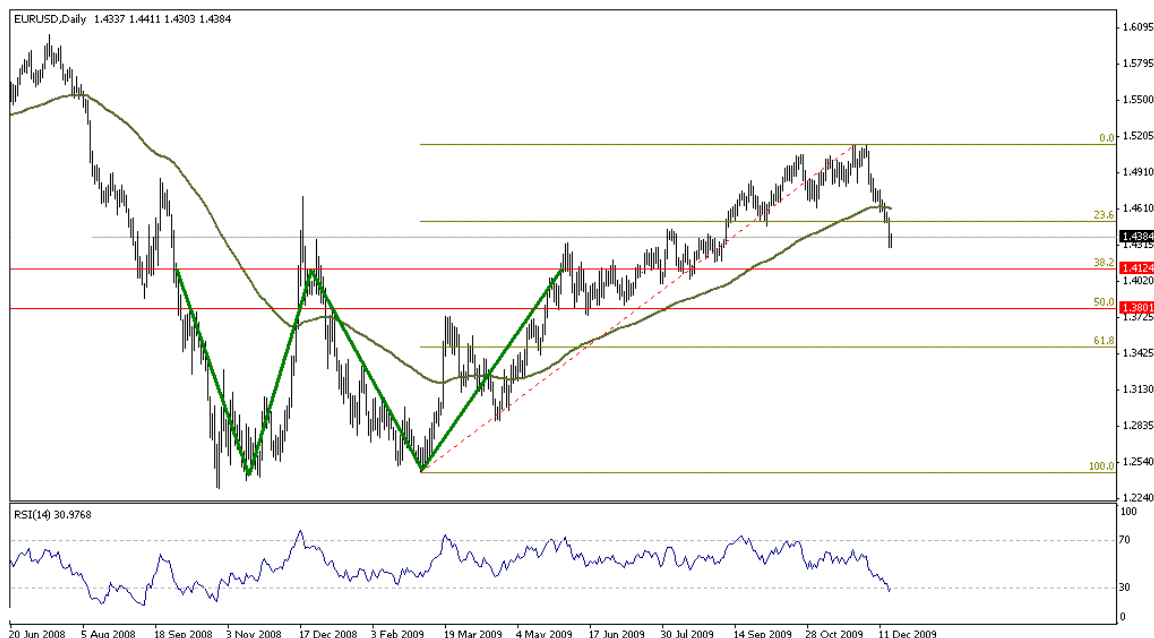


EURUSD 2010 Technical Outlook

During 2009, the pair traded among the lowest at 1.2455 and the highest at 1.5144, and with applying Fibonacci ratios on the direction, that was generally bullish, we can see that the pair currently trades above 38.2% at 1.4125 and above the 50% at 1.3800; in role this indicates the possibility for an upside direction to prevail in 2010; RSI is trading in oversold areas and that increases the likelihood for the upside direction to return. The bullish 2010 outlook will remain valid as far as trading is above 1.3800 while 61.8% correction at 1.3490 provides further support for the trend.



We can see on the same chart a bullish pattern, where the neckline is nearly at 38.2% level mentioned above, and this pattern targets areas around 1.5410 meaning that stability above 1.4125 will keep the general upside move valid influenced by this classical pattern.

Trading below 100 Days MA provides negativity for the direction, while breaching 23.6% at 1.4515 accelerated the downside move as seen on the chart above, and for the upside wave to be confirmed the pair must return to trade above 100 MA which currently stands at 1.4615.



The pair's upside move ended near the 76.4% correction shown in the second chart, and we can also see that a harmonic bearish pattern might be the cause behind starting 2010 trading to the downside. The harmonic pattern targets 38.2% correction mentioned above and it is the CD leg correction for the harmonic pattern; the targets might extend toward the 50% correction at 1.3800 and this theory finds some conflict between harmonic and classical analysis. Classically, the upside wave remains valid as far as 1.3800 is intact, while harmonically the downside targets are respectively at 1.4125, 1.3800 and then 1.3490.

The harmonic pattern shown above is not flawless, as the pattern is closer to be a Gartley pattern, as the relation between point B and point D are incomplete in addition to the BC leg correction of the AB leg was bigger than the ideal 88.6%; nevertheless, this was the closest harmonic pattern to fit the pair.

This analysis assures that the initial direction for the pair's trading this year is expected to be to the downside, and then the general trend will be decided according to 1.3800 on whether the harmonic pattern will settle for this target or not.

According to Elliot theory, a number of scenarios surface in assessing the pair's movement, where conflict has been seen over the nature of the general trend that started back in the 90s, where some relate that back to the Mark and other see that the count started from the beginning of the upside wave on October 2000; due to those reasons, we are to study the last wave that developed during 2009 and specifically since March. We see that we have an IM wave, constructed of 5 internal waves which can be described as a complete IM wave as explained on the chart below.



The technical projections for EURUSD in 2010 and the expected scenarios to be seen throughout the year

Dow Jones,dow index,Elliott waves,Elliott count,short term analysis,short term,technical analysis,technical outlook,weekly chart,Fibonacci levels,resistance,support,waves,harmonic,harmonic studies,harmonic analysis,impulsive wave,impulsive,IM,correction,corrective,reversal pattern, Continuation patterns,candlesticks,Japanese candles,momentum indicators,upside,downside,bullish,bearish,technical target,AB=CD pattern,FTSE_100,FTSE,61.8% Fibonacci level,head and shoulders,inverted head and shoulders,PRZ,potential reversal zones,S&P,standard and poors index,retracement,corrective wave,Fibonacci expansion,William%R indicator,RSI,RSI 14,DAX,DAX_30,neckline,Nasdaq,NASDAQ_100,MACD indicator,trend indicators,AROON,technical breakout,CAC,CAC_40,rounding top pattern,gold,silver,AUDUSD,AUD,NZD,oil,crude oil,zz,zigzag correction,EURUSD,EURO,European currency,sterling,cable,GBPUSD,british pound,CAD,loonie,Canadian dollar,Japanese yen,UASDJPY,pair