

# European Forex Technicals: GBP/USD To Test 1.5966 High

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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 0503 GMT	1.3183	86.06	1.5879	1.0486
3 Day Trend	Range	Bearish	Bullish	Range
Weekly Trend	Bullish	Bearish	Bullish	Bearish
200 day ma	1.3269	90.76	1.5404	1.0773
3rd Resistance	1.3262	86.89	1.6000	1.0555
2nd Resistance	1.3236	86.46	1.5966	1.0528
1st Resistance	1.3200	86.18	1.5923	1.0500
Pivot*	1.3181	86.00	1.5880	1.0473
1st Support	1.3135	85.71	1.5821	1.0453
2nd Support	1.3119	85.32	1.5700	1.0413
3rd Support	1.3056	84.82	1.5661	1.0348

Intraday EUR/USD: Remains capped beneath Tuesday's high at 1.3262, but the recovery off 1.3119 Thursday leaves the spot rate caught in a near-term range. Bulls are looking to regain a foothold above 1.3200 in order to test Thursday's high at 1.3236, and threaten a return to the 1.3262 high. Downside risk would increase on a break beneath 1.3135, exposing 1.3119 and the 1.3056 higher low.

Weekly chart EUR/USD trend: Bullish.

Intraday USD/JPY: Thursday's setback off 86.46 leaves a dark cloud cover candle to consolidate the sharp recovery off Wednesday's low at 85.32, and with the dominant trend bearish, there is scope for a deeper setback through support at 85.71. A sustained break below there would prompt renewed bear pressure on the 85.32 low, and threaten further weakness towards the November 2009 reaction low at 84.82. Keeping support at 85.71 intact would boost near-term recovery hopes, opening 86.46 and creating room for Monday's 86.89 lower high.

Weekly chart USD/JPY trend: Bearish.

Intraday GBP/USD: Thursday's good recovery off 1.5821 halts the setback off Tuesday's peak at 1.5966, and resistance at 1.5923 is likely to face renewed bull pressure. A break above there is required to provide a near-term boost and open the 1.5966 peak, and at the same time threaten to extend the dominant short-term bull trend to test the psychologically-important 1.6000 level. Failure to keep 1.5821 intact would put bears in control of the near-term, exposing the 1.5700 area.

Weekly chart GBP/USD trend: Bullish.

Intraday USD/CHF: Stages a recovery off Thursday's inside day low at 1.0413 in a bid to retrace the setback off Wednesday's peak at 1.0555, and is looking to regain ground above 1.0500. Having breached 1.0488 to the upside, bulls need to meet the 1.0528 projected target in order to maintain recovery hopes, which lies in front of the 1.0555 high. Failure to meet 1.0528, combined with a break below 1.0413 would put bears in control,

exposing Monday's six-month low at 1.0348.

Weekly chart USD/CHF trend: Bearish.

Forex spot:	EUR/GBP	EUR/JPY	EUR/CHF	AUD/USD
Spot 0524 GMT	0.8298	113.46	1.3817	0.9149
3 Day Trend	Bearish	Bearish	Range	Bullish
Weekly Trend	Bearish	Range	Bullish	Bullish
200 day ma	0.8613	120.48	1.4264	0.8783
3rd Resistance	0.8393	114.74	1.3946	0.9238
2nd Resistance	0.8363	114.14	1.3876	0.9193
1st Resistance	0.8322	113.92	1.3840	0.9183
Pivot*	0.8299	113.29	1.3808	0.9161
1st Support	0.8276	112.76	1.3788	0.9117
2nd Support	0.8255	112.03	1.3752	0.9070
3rd Support	0.8232	111.60	1.3729	0.9000

Intraday EUR/GBP: Thursday's bull trap high at 0.8322 keeps the recovery off Monday's low at 0.8255 corrective, and renewed bear pressure is expected to head towards support at 0.8276. A break below there is looking increasingly likely, which would complete a bear flag and leave the week's low at 0.8255 vulnerable. A downwave equality target lies at 0.8202. Only a break above 0.8322 would negate the bearish outlook and extend the recovery towards the 0.8393/0.8415 lower highs.

Weekly chart EUR/GBP trend: Bearish.

Intraday EUR/JPY: The failure to force an upside break through 113.92 to complete a bull pennant Thursday suggests the short-term EUR recovery is in trouble, and support at 112.76 is looking increasingly vulnerable. A break below there is required to put bears in control of the near-term, prompting further weakness towards the July 30 low at 112.03 and bull flag support at 111.35. To lift the tone, a break above Thursday's high at 113.92 is needed, opening 114.14 and the July 28 peak at 114.74.

Weekly chart EUR/JPY trend: Range.

Intraday EUR/CHF: Stages a recovery off 1.3752 following the setback off Thursday's six-week high at 1.3876, and is close to meeting the upside target at 1.3840. The dominant short-term bull trend is still intact, and sustained break through there would re-open the 1.3876 high, threatening further gains towards a larger wave equality target at 1.3946. Failure to meet 1.3840, combined with a break below 1.3788 would damage the positive outlook, exposing the 1.3752 low.

Weekly chart EUR/CHF trend: Bullish.

Intraday AUD/USD: Stages a recovery off Thursday's low at 0.9117 to breach 0.9154 Friday, and the focus back on testing this week's twelve-week high at 0.9183. The dominant bull trend is still intact, and the wave equality target at 0.9193 is likely to be met. There is room for a break through there towards 0.9238, but with the daily momentum indicator struggling to keep up, a near-term peak maybe not too far away. Only below 0.9117 would question the bullish outlook, exposing 0.9070 and prompting a setback towards the 0.9000 level.

Weekly chart AUD/USD trend: Bullish.

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

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