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FXT SPECIAL FOCUS

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HIGHLIGHTS:

❖ **EURJPY: Medium Term Bearish Structure Continues To Be Maintained-** Although consolidative to corrective price activities have started to shape up after EURJPY's declines to a low of 112.09 was rejected on Wednesday last week, the cross continues to maintain its medium bearish tone triggered off the 169.97, its July'08 high... [Learn more](#)



Medium Term Bearish Structure Continues To Be Maintained.

EURJPY Although consolidative to corrective price activities have started to shape up after EURJPY declines to a low of 112.09 was rejected on Wednesday last week, the cross continues to maintain its medium bearish tone triggered off the 169.97, its July'08 high.

In Oct'2000, EURJPY bottomed out after a two-year of declines beginning in Oct'1998 ended at the 89.59 level (monthly charts) and triggered an upside recovery with a combination of a hammer and another rejection candle driving the cross higher for three years terminating at the 140.91 level in May'03. This price development thought to be a brief corrective pullback due to the strength of its preceding uptrend expanded into a three-year of ascending triangle which finally gave way in Mar'06. Having cleared its triangle pattern, EURJPY resumed its uptrend started at the 89.59 level pushing strongly higher to achieve another high at the 168.96 level, its July'07 high. With a new top printed, the cross embarked on corrective pullbacks and later ended that correction to retest and surpass the 168.96 level to print its highest price since 1992 at 169.97 in July'08. Attempt to close above this high failed as another corrective pullback ensued with EURJPY cutting through its consolidation low at the 149.29 level (Aug'07 high) and its monthly major emas (50 & 200) to achieve its sharpest monthly and worst monthly (16.29%) declines since its inception. This weakness also took out its 2003 to 2006 triangle consolidation lows (131.32 & 124.17) and printed its lowest price since Mar'02 at 113.63 in Oct'08.



A corrective rally off 113.63 level strengthened to a high of 131.06 in late Oct'08 with a price failure turning the cross back down towards its 2008 before a fresh leg of another attempt at the 131.06 failed at the 131.03 high with price collapse for three consecutive weeks culminating in a fresh 2009 low at 112.09 on Jan 21'09. Having accomplished this feat, JPY failed to hold on to those gains and has been experiencing price hesitations above the mentioned lows with a hammer and a host of downside rejection candles now being displayed.

We maintain our medium term bearish view on this cross and see its present preparation for consolidative activities as corrective of its decline off the 169.97 level. If the nearer term to short term consolidative activities materializes, upside objectives located at its Dec 05'08 low at 115.88 and its Jan 19'09 high at 122.17 will be targeted with a loss of there opening up upside risk towards the 128.56 level, its Jan 05'09 high and then its Oct 30'08 high at 131.06. To the downside, returning below the 113.63 and 112.09 (YTD low) levels will council our upside view and resume the cross's medium term downtrend for price accelerate towards its Mar'2002 low at 111.27 followed by the 106.82 level, its Nov'2001 low with another strong support standing at the 99.88 level, its Jun'01 low

In summary, with a shaky downside continuation of its MT declines off the 169.97 level now seen, nearer to shorter term corrective/consolidative price activities is likely to occur.

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