

HIGHLIGHTS:

❖ **AUDUSD: Trapped In A Range With A Downside Bias** - As failure off the 0.7269 level, its Jan 07'09 high drove the pair lower to test a low of 0.6286 the past week, AUDUSD continues to trade within its sideways trading now established between the 0.6008 and the 0.7269 levels.... [Learn more](#)

AUDUSD - AUD/USD Spot 0.6404 (+0.25%) Weekly 20:59



Trapped In A Range With A Downside Bias

AUDUSD: As failure off the 0.7269 level, its Jan 07'09 high drove the pair lower to test a low of 0.6286 the past week, AUDUSD continues to trade within its sideways trading now established between the 0.6008 and the 0.7269 levels.

With the pair's rise off the 0.4476 level, representing its April'01 low ending at the 0.9851 level on July 15'08, it collapsed off that high for five consecutive months before halting at the 0.6008 level in Oct'08. Although the mentioned sell off was interrupted along the way for one week in late Sept'08, AUDUSD reversed those recoveries and continued its medium term declines started at the 0.9851 level. Having cut short the said declines, the pair began recovery higher in late Oct'08 with several failed attempts at the upside yielding lower prices but holding above its 2008 high at 0.6008. This directionless price activities has put the pair in a sideways trading range for the past four months and a trigger for such a break is yet to be seen. Directional triggers are situated at the 0.7269 and 0.6008 levels but with the pair's preceding trend pointing to the downside in the medium term, we envisage a break and hold below the 0.6008 level activating the resumption of its medium term downtrend towards the 0.5797 level, its Jun'02 high ahead of the 0.5231 level, its August'02 low. This view continues to be supported by yearly, quarterly and the monthly charts with their respective momentum indicators pointing to the downside.

Alternatively, breaking above the 0.7269 level would mean its sideways trading range was a bottom forming process thereby opening upside risk towards the 0.7478 level, its 382 Ret (0.9851-0.6008) with a loss of there targeting the 0.7676 level, its August'07 low and then the 0.7933 level, its .50 Ret.

On the whole, with the pair still maintaining within its broader sideways range between the 0.7269 and 0.6008 levels, a break out either way must occur to trigger any meaningful direction moves.

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