

HIGHLIGHTS:

❖ **EURUSD: Double Bottom Pattern To Trigger Medium Downside Reversal** - The last two weeks has seen EUR failing ahead of its bigger support printed in Oct'08 at 1.2330. It later reversed sharply higher through its key overhead resistance levels to finally break and hold above its broader range top at 1.3330 to maintain a second consecutive week of upside gains the past week... [Learn more](#)

EURUSD - EURUSD Spot 1.3494 (-0.92%) Weekly 17:42



Double Bottom Pattern To Trigger Medium Downside Reversal.

EURUSD: The last two weeks has seen EUR failing ahead of its bigger support printed in Oct'08 at 1.2330. It later reversed sharply higher through its key overhead resistance levels to finally break and hold above its broader range top at 1.3330 to maintain a second consecutive week of upside gains the past week.

The current price development has halted the pair's return to its medium term low at the 1.2330 level and triggered directional moves by beginning a short term uptrend with potential for further higher prices in the weeks ahead.

This strong rally is supported by higher time frame charts. The weekly chart is now spotting a bottom reversal pattern, a double bottom which is formed by the failure of price to move beyond the former low in this case the 1.2330 level. This is a sign of price weakness and the current rally is built on that foundation.

However, our confirmation trigger for this pattern lies at the 1.4719 level, which represents EUR's Dec 18'08 high. Another evidence supporting the pair's current price upsurge can be seen by observing the quarterly chart which displays two lower level rejection candles with the second one likely to be a hammer if EUR's current break out is sustained at the end of this current month. This evidence keeps our outlook for the pair to the upside in the short term but the most glaring one will be the confirmation of the mentioned double bottom by breaking the 1.4719 level. If this occurs, its medium term declines initiated at the 1.6038 level, its all time high printed in July'08 will be invalidated and a fresh medium term uptrend will begin bringing bigger resistance levels at the 1.4857 level, its Sept'08 high and the 1.5084 level, its Aug 11'08 high into focus.

EURUSD

EURUSD - EUR/USD Spot 1.3505 (-0.84%) Quarterly 17:40



However, the pair must initially clear the 1.3799 level, its Jan 08'09 high, the 1.4363 level, its Dec 29'08 high and the 1.4719 level to open the door for retargeting the above-mentioned overhead resistance levels.

Corrective pullbacks which are now shaping up should aim at its weekly 200 ema currently at the 1.3463 level at first with a loss of there extending further declines towards the 1.3330 area, Jan 27'09 high ahead of the 1.3093 level, its Feb 09'09 high and subsequently the 1.2992/1.3000 area, its Feb 23'09 high/psycho level. We expect the 1.3330 level to cap any deeper corrective pullbacks before the pair turns higher again.

On the whole, having broken higher supported by our bullish evidence highlighted above, EUR should continue to put pressure on the upside in the weeks ahead.

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