

Currency MatrixSM

June 2, 2008

OVERVIEW: The focus is on the June outlooks. The two main trend situations are in Aussie and MXP. Aussie remains trend up in all time frames – the monthly uptrend is .9404/.9339 – and projects to .9762. With the developing Q3 setup turning potentially open-ended above .9565, any push thru .9762 will reaccelerate the long-term rally. MXP is trend down and has the strongest look for the month, with redundant downtrends at 10.37/37/10.3961 (weekly), 10.5063/10.5262 (monthly) and 10.6768 (Q3). Minimum targets are Q3/Q2 levels at 10.2795 and 10.2176, before sharp drop-off. The most unpredictable setups are the breakout looks in Cable (outside 1.9660/55 or 1.9870/85) and Euro (1.9430/00 to 1.9620/25). Outside either end will trigger extension, though bullish-leaning weekly trends create an upward bias to start June. \$/JPY and \$/Swiss are in orderly upside corrections, as May's neutral turn in monthly trend signals a rotation higher to developing Q3 downtrend/sell zones at 106.35/82 and 1.0715/85..

Currency	MTD	QTD	Trend - Projected Range			Market Status
\$/JPY 105.45	1.41%	5.67%	Weekly	NEU	103.56 to 106.35/59	Monthly trend turned neutral from bearish in May, setting up a test of the developing Q3 downtrend (and June hurdle) at 106.35/82. Staying below there is neutral.
			Monthly	NEU	102.50 to 106.35/82	
			Quarterly	DOWN	94.66 to 109.21	
			Position Strategy: Set shorts against the Q3 trend/weekly/June zone at 106.35/53/82; earliest cover is 102.53/50 in June.			
\$/SWISS 1.0420	0.68%	4.93%	Weekly	NEU	1.0290 to 1.0595	Like JPY, monthly trend turned from bearish to neutral signaling correction to developing Q3 downtrend/June zone at 1.0715/85. Key June support is 1.0250/35.
			Monthly	NEU	1.0235 to 1.0715	
			Quarterly	DOWN	0.8685 to 1.1035	
			Position Strategy: Hold existing partial longs against 1.0250/35. Will exit at 1.0540/95 this week. In June, sell against 1.0715/85 Q3 trend.			
Sterling 1.9800	-0.33%	-0.23%	Weekly	NEU	1.9655 to 1.9870/85	June is a hard call, with breakout setup outside 1.9765 (to 1.9120) or 1.9870 (to 2.0220). Weekly trend does lean bullish above 1.9660/55 this week.
			Monthly	NEU	1.9655 to 2.0220	
			Quarterly	NEU	1.8975 to 2.0895	
			Position Strategy: Wait to go with action - longs on close above 1.9870/85 (to 2.0220); shorts under 1.9660/55 this week; 1.9760 after that.			
Euro 1.5555	-0.38%	-1.46%	Weekly	NEU	1.5440/00 to 1.5750	Like Cable, Euro also has a breakout setup outside 1.5430 (to 1.5100/1.5065) or 1.5620/25 (to 1.5960). The difference though is monthly trend is still bullish here.
			Monthly	UP	1.5430 to 1.5960	
			Quarterly	UP	1.5100 to 1.6205	
			Position Strategy: Will go with action above 1.5625/20 (for 1.5960 target) or below 1.5430/00 (for 1.5100/1.5065 target. Buy Q3 uptrend at 1.51.			
\$/CAD 0.9938	-1.29%	-3.20%	Weekly	DOWN	0.9830 to 1.0064	Monthly trend is neutral, with overall neutral setup from Q3/June sell zone at 1.0160/66 down to Q2/June base at .9700/.9747. Expecting two-way trade between.
			Monthly	NEU	0.9700 to 1.0160	
			Quarterly	DOWN	0.9700 to 1.0368	
			Position Strategy: Sell strength against 1.0160/66; cover shorts/set partial longs against .9700/.9647.			
Aussie 0.9558	1.41%	4.57%	Weekly	UP	0.9445 to 0.9617	Aussie is the one clear trend setup on the monthly chart - trend up above .9404/.9339, with minimum upside to .9762; then much larger upside above there.
			Monthly	UP	0.9404 to 0.9762	
			Quarterly	UP	0.9183 to 0.9762	
			Position Strategy: Hold existing longs against first June level at .9511. If stopped, reset at .9404 and .9339 trend for .9762 June target.			
MXP (Peso) 10.3200	-1.61%	-2.94%	Weekly	DOWN	10.2795 to 10.3737	The downtrend here is strengthening with bearish turns on the weekly and monthly charts. The key below for June is Q3 level at 10.2795 and Q2 extreme at 10.2176.
			Monthly	DOWN	10.2176 to 10.5063	
			Quarterly	NEU	10.2176 to 10.7070	
			Position Strategy: Sell strength against weekly trend at 10.3737/10.3961 and June resistance at 10.5063/10.5262.			
Bullish	Neutral	Bearish				