

Currency MatrixSM

May 5, 2008

OVERVIEW: Mostly neutral situations this week, as the main theme is the collision between bullish weekly trend in the USD and Q2/May resistance. As these longer-term hurdles start to approach, they increasingly create more of a two-way sequence in the market. Those boundaries are cleanest at 103.79 vs Q2/May zone at 105.85/106.06JPY; 1.0295/85 vs the same May/Q2 zone at 1.0735/65CH; 1.5665/80 weekly downtrend vs 1.5345 monthly uptrend in Euro; and 10.4780 downtrend in MXP vs its May supports at 10.3760 and 10.2795. The situations elsewhere are less crisp in terms of the boundaries, but with similar neutral trading situations seen in \$/CAD, Aussie and Sterling. Of those three, potential movement is greatest under 1.0014CAD (to .9782 for May).

Currency	MTD	QTD	Trend - Projected Range			Market Status
\$/JPY 105.30	1.27%	5.52%	Weekly	UP	103.79 to 106.06	Weekly trend remains bullish above 103.79 this week, but the overall setup here is more neutral as the Q2/Mau resistance at 105.85/106.06 approaches. .
			Monthly	NEU	100.73 to 106.06	
			Quarterly	DOWN	94.66 to 109.21	
			Position Strategy: Will sell strength against 105.85/106.06 (and weekly level at 106.32); buy 102.59 May support.			
\$/SWISS 1.0560	2.03%	6.34%	Weekly	UP	1.0285 to 1.0735/65	This is another battle between bullish weekly trend (1.0295/85) and key May/Q2 resistance at 1.0735/65. Weekly setup is neutral between there.
			Monthly	DOWN	0.9995 to 1.0735	
			Quarterly	DOWN	0.8685 to 1.1035	
			Position Strategy: Preferred trade is to sell 1.0735/65. If hit first, will buy weekly/May zone at 1.0175/65.			
Sterling 1.9745	-0.60%	-0.50%	Weekly	NEU	1.9570 to 1.9905	Sterling remains directionally unclear for both the week and May. Support is May/Q2 zone at 1.9680/65 to 1.9630, with drop below there. Main resistance is 2.0105/15.
			Monthly	NEU	1.9475 to 2.0105	
			Quarterly	NEU	1.8975 to 2.0895	
			Position Strategy: Hold existing shorts against 1.9905. Otherwise, wait to sell 2.0105/15; or break under 1.9630 (1.9570 this week).			
Euro 1.5415	-1.28%	-2.34%	Weekly	NEU	1.5345 to 1.5680	EURO is a battle between bearish-leaning weekly trend at 1.5665/80 and bullish monthly trend at 1.5345. Neutral between there - but with extension risk under 1.5345.
			Monthly	UP	1.5345 to 1.5860	
			Quarterly	UP	1.4715 to 1.6575	
			Position Strategy: Add/hold partial longs against 1.5345; exit at 1.5665/80 weekly trend; sell 1.5860 May level.			
\$/CAD 1.0176	1.07%	-0.89%	Weekly	NEU	1.0077/14 to 1.0262	\$/CAD remains a complex, neutral situation. Main resistance is May levels at 1.0248 and 1.0317. Supports are weekly zone at 1.0077/14.
			Monthly	NEU	0.9782 to 1.0317	
			Quarterly	DOWN	0.9700 to 1.0368	
			Position Strategy: Will set partial shorts against May levels at 1.0248(62) and 1.0317. Can also sell break/close under 1.0000 for May.			
Aussie 0.9358	-0.71%	2.39%	Weekly	UP	0.9237 to 0.9472	Although trend is bullish, upside is neutralized by May hurdles at .9472 and Q2/May zone at .9594/.9614. Supports are .9253/37 and .9120/08.
			Monthly	UP	0.9120 to 0.9594	
			Quarterly	UP	0.8465 to 0.9594	
			Position Strategy: For the week, will sell .9472; cover at .9256/37. For May, buy .9120/08; sell .9594/.9614.			
MXP (Peso) 10.4623	-0.25%	-1.61%	Weekly	DOWN	10.3760 to 10.4780	Weekly/monthly trends are bearish. But approaching May supports at 10.3760 and 10.2795 - plus high resistance for May at 10.6596 - creates more of a two-way trade.
			Monthly	DOWN	10.2795 to 10.6596	
			Quarterly	NEU	10.2176 to 10.8660	
			Position Strategy: Cover shorts at 10.3760 initial May level. Will look to reset shorts at monthly downtrend of 10.6596/10.6731.			
Bullish	Neutral	Bearish				