

Currency MatrixSM

May 26, 2008

OVERVIEW: The most well constructed picture this week is in Euro, where weekly trend leans bullish above 1.5615/1.5555 and the June setup points higher above 1.5620. That area provides a platform to structure longs against for run to closest resistance at 1.6035 this week and 1.6205 for June. \$/CAD and Aussie also have excellent weekly trends going, and both have open-ended June risk at this point - \$/CAD under .9905; Aussie above .9511. But each is partially neutralized by Q2 levels at .9700CAD and the more immediate Q2 zone at .9594/.9614 in Aus\$. The other trending market is MXP, where weekly trend leans negative under 10.4415/10.4547 and the June setup is open below 10.5510. Again, downside is partially offset for the time being by a fixed Q3 (June) support forming at 10.2795. \$/JPY, \$/Swiss and Sterling all start the week neutral – but with breakdown potential under June trends at 102.15JPY and 1.0210/05CH and breakout risk above/below 1.9870 to 1.9755/45 in Cable.

Currency	MTD	QTD	Trend - Projected Range			Market Status
\$/JPY 103.33	-0.63%	3.55%	Weekly	NEU	102.12 to 105.54	Weekly trend is neutral, with no clear lean either way. The battle is effectively between developing June levels at 102.12 and 105.54/85. Under 102.00 is more negative.
			Monthly	NEU	100.73 to 106.06	
Quarterly	DOWN	94.66 to 109.21				
Position Strategy: Set partial longs against June trend support at 102.12 - stop/reverse short below. Sell 105.54/85.						
\$/SWISS 1.0230	-1.16%	3.02%	Weekly	NEU	1.0205 to 1.0540	The week depends on the developing June support at 1.0210/05. Staying above is neutral and rotates higher to 1.0540; failing below triggers extension to 1.0025/.9995.
			Monthly	DOWN	0.9995 to 1.0735	
Quarterly	DOWN	0.8685 to 1.1035				
Position Strategy: Set partial longs against 1.0210/05 - stop on close under May level at 1.0175. Sell 1.0540 on strength.						
Sterling 1.9790	-0.38%	-0.28%	Weekly	NEU	1.9545 to 1.9870	Weekly trend turned neutral (from bearish) last week, leaving a breakout-type setup. Above 1.9870 points to 2.0065; under 1.9755/45 to 1.9545.
			Monthly	NEU	1.8975 to 1.9790	
Quarterly	NEU	1.8975 to 2.0895				
Position Strategy: Strategy is a tough call - will go with a break/close under 1.9745 (to 1.9545 minimum) or above 1.9780 (to 2.0065).						
Euro 1.5770	0.99%	-0.10%	Weekly	NEU	1.5610 to 1.6035	Positive bias. Staying above combined weekly/June trend support at 1.5620/1.5555 projects sharply higher to 1.6035 for the week and 1.6205 for June.
			Monthly	UP	1.5450 to 1.6205	
Quarterly	UP	1.4715 to 1.6575				
Position Strategy: Set longs against June/weekly zone at 1.5620/10 and weekly trend at 1.5560/55. Targets are 1.6035 week; 1.6205 June.						
\$/CAD 0.9884	-1.83%	-3.73%	Weekly	DOWN	0.9700 to 1.0002	Weekly trend is now officially bearish under 1.0002 - but partially neutralized by expiring June support at .9782 and larger Q2 level at .9700.
			Monthly	NEU	0.9700 to 1.0160	
Quarterly	DOWN	0.9700 to 1.0368				
Position Strategy: Set shorts against 1.0002 weekly trend; cover at .9700 Q2 support..						
Aussie 0.9603	1.89%	5.07%	Weekly	UP	0.9472 to 0.9731	Trend is bullish and risk is up, as the June setup is open-ended higher above .9511. But the Q2 target high at .9594/.9614 remains in play for now
			Monthly	UP	0.9120 to 0.9614	
Quarterly	UP	0.8465 to 0.9614				
Position Strategy: Preferred trade is to buy weakness against either weekly uptrend at .9492/72 or June uptrend forming at .9360.						
MXP (Peso) 10.3875	-0.97%	-2.31%	Weekly	NEU	10.3047 to 10.4547	MXP is generally a better sale against bearish-leaning weekly trend at 10.4415/10.4547 or June resistance at 10.5510. A Q3 support at 10.2795 is the base.
			Monthly	DOWN	10.2795 to 10.5510	
Quarterly	NEU	10.2176 to 10.8660				
Position Strategy: Sell strength against weekly trend at 10.4415/10.4547 and June trend at 10.5262/10.5510. Target is June base at 10.2795.						
Bullish	Neutral	Bearish				