

# FX Technicals

May 29, 2008 Vol. XLXIV, Issue 41

**OVERVIEW:** *\$/JPY and \$/Swiss continue to rotate between competing June boundaries forming at 102.12 to 105.54/106.33JPY and 1.0210/05 to 1.0540CHF. Both sides are tradable, with the combined June/Q2/Q3 traffic at 105.54/106.33JPY the single best trading zone. \$/CAD and Aussie are unclear in terms of short-term bias, but increasingly negative for the USD longer-term. Weekly, June and Q3 setups are all open-ended higher above .9617/15 to .9511 in Aussie, while \$/CAD points lower under its weekly/June traffic at .9704/11 to .9926/41. Sterling and Euro are indecisive at this point between tight June/weekly boundaries.*



JPY/USD, Previous NY Close – 104.62  
Daily Resistance – 106.19; 107.28  
Daily Support – 104.56; **104.02/103.96**; 103.47

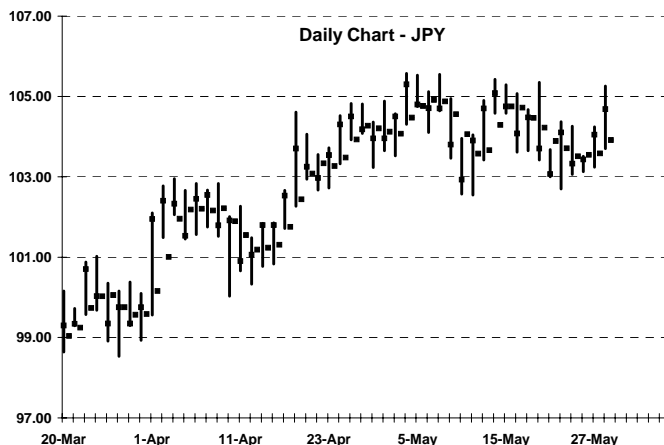
Weekly Resistance – 105.05; **105.54**; 105.85; 106.35  
Weekly Support – 102.80/49; **102.12**; 99.97

Projected Daily Range – 104.02 to 105.54

Projected Weekly Range – 102.12 to 105.54

**Weekly Outlook** – Neutral. *\$/JPY continues to rotate between widespread June levels, with no clear directional bias at this point. Main resistance is the June level at 105.54, with Q2 level at 105.85 and developing Q3 ceiling at 106.35 reinforcing the ceiling above there. Supports are devolving June trend at 102.12, before larger drop to 99.56/25. Weekly levels are forming inside at 102.80 and 105.05. No change in strategy: will scale into shorts from 105.54 to 106.33 on strength; buy against 102.12 on weakness.*

**Daily Comments** – Neutral to bullish. Daily trend leans bullish with a settle above 103.96 today. The setup points modestly higher toward the June/Q2 sell zone at 105.54 to 105.85. That is first resistance, with daily/Q3 sell area at 106.19/35 above there. Supports are 104.02/103.96 trend and 103.47. Projecting a 104.02 to 105.54 day range.



**Position Strategy:** Currently flat. On strength, move 25% short at 105.54; 50% short at 105.85; 100% short at 106.35 – stop on close above 106.40. On weakness, move 50% long at 102.12 developing June uptrend – stop on close under 102.00.



CHF/USD, Previous NY Close – 1.0380  
Daily Resistance – 1.0500; 1.0620  
Daily Support – 1.0340; **1.0300**; 1.01080

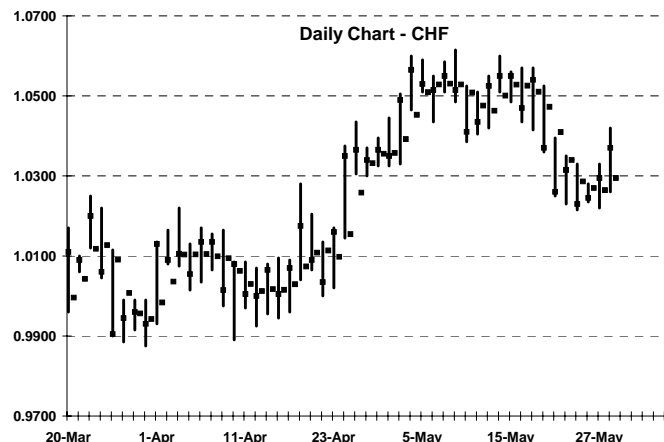
Weekly Resistance – 1.0540; 1.0690/1.0715  
Weekly Support – 1.0270; **1.0210/05**; 1.0025; .9900

Projected Daily Range – 1.0300 to 1.0500

Projected Weekly Range – 1.0205 to 1.0540

**Weekly Outlook** – Neutral. No major changes in the intermediate picture here, with weekly trend still neutral (i.e., corrective/range trade) and the setup largely balanced between competing June boundaries at 1.0210/05 trend and 1.0540 resistance. There are developing weekly supports at 1.0350 and 1.0270 inside there. Above 1.0540 sees jump to 1.0690 for next week and to 1.0715 for June. Under 1.0210/05 sees drop to .9900. Strategy is to hold longs against 1.0200; exit at 1.0540.

**Daily Comments** – Neutral to bullish. Daily trend is positioned to turn bullish with settle above 1.0300 today. The setup points modestly higher, with nothing above until 1.0500 and June level at 1.0540. Supports are 1.0340, 1.0300 daily trend and developing weekly level at 1.0270. Projecting a 1.0300 to 1.0500 day range.



**Position Strategy:** Currently 50% long at 1.0215/00. Stop longs on close under 1.0175 May level for now (will raise to 1.0200 for Friday). Exit 1/2 at 1.0500 today; rest at 1.0540. Day Trade: buy 1.0300 and 1.0270; sell 1.0500 and 1.0540.



**Pound**, Previous NY Close – 1.9795  
 Daily Resistance – 1.9865; 1.9970  
 Daily Support – 1.9725; 1.9690; 1.9565

Weekly Resistance – 1.9870; 1.9955; 2.0055  
 Weekly Support – 1.9755/45; 1.9645/25; 1.9355

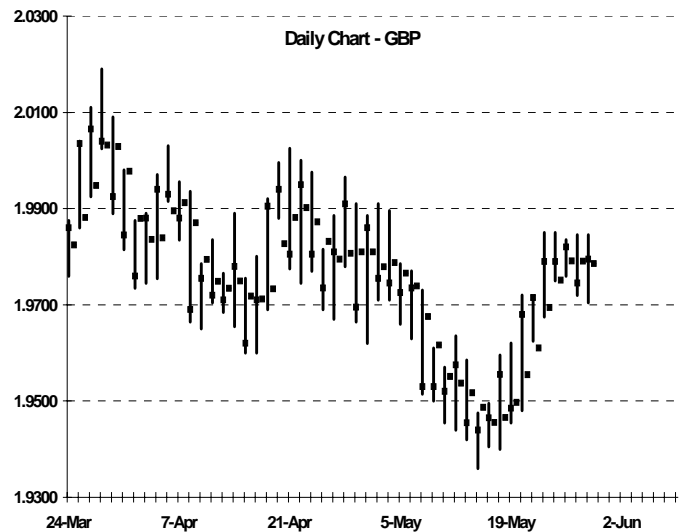
Projected Daily Range – 1.9725 to 1.9865

Projected Weekly Range – 1.9625 to 1.9870

**Weekly Outlook** – Neutral. There has been very little directional resolution so far this week as Sterling has stayed largely within the developing June boundaries at 1.9755 to 1.9790 to 1.9870. Those three levels will remain very much in play into early June. In addition, developing weekly boundaries are forming at 1.9665/25 below and 1.9955 above. Not a lot to do here at current levels. Will hold existing shorts against 1.9870 for now; cover a portion on weakness to 1.9665/25.

**Daily Comments** – Neutral. Daily trend remains neutral from Tuesday, and the setup today is neutral and evenly spread to both sides. Resistance is daily/June zone at 1.9865/70 and fixed weekly level at 1.9955. Supports are 1.9755, 1.9725 and 1.9690. Looking for a 1.9725 to 1.9865/70 day range.

**Position Strategy:** Currently 50% short at 1.9780 average. Stop on close above 1.9870. Cover ½ at 1.9645/25; hold rest. Day Trade: sell 1.9865/70; buy 1.9725 and 1.9690.



**European Currency Unit**, Previous NY Close – 1.5640  
 Daily Resistance – 1.5685; 1.5705; 1.5725; 1.5835  
 Daily Support – 1.5535; 1.5405

Weekly Resistance – 1.5730; 1.6035; 1.6205  
 Weekly Support – 1.5620; 1.5555; 1.5395

Projected Daily Range – 1.5555 to 1.5730

Projected Weekly Range – 1.5555 to 1.6035

**Weekly Outlook** – Neutral to bullish. Weekly trend still leans bullish with settle above 1.5555 this Friday. But the developing weekly and June setups have turned a little wobbly with the lack of upside push this week. The pivotal zone area is 1.5620/1.5555 to developing weekly level at 1.5730. Above there is bullish and points to 1.6035 for the week and 1.6205 for June. Conversely, a break/close under 1.5555 sees minimum drop to 1.5395 for next month. Hold existing longs against 1.5555 for today; will raise that to 1.5620 for Friday.

**Daily Comments** – Neutral to bearish. Daily trend leans bearish with settle under 1.5725 today, and the day shapes up as a battle between there and bullish-leaning weekly trend at 1.5555. A day support is also at 1.5535, before drop to 1.5405. Resistance is 1.5685, 1.5705 and 1.5725/30. Projecting a 1.5555 to 1.5730 day range.

**Position Strategy:** Currently 50% long at 1.5620/10 from Wednesday. Stop on close under 1.5555 today; raise to 1.5620 for Friday. Target is 1.6205. Day Trade: buy 1.5555/35; sell 1.5725/30.





CAD/USD, Previous NY Close – .9896  
 Daily Resistance - .9909/12; .9926; .9967  
 Daily Support - .9868; .9831

Weekly Resistance – .9904/11; .9926/41; 1.0002; 1.0055  
 Weekly Support - .9700/.9685

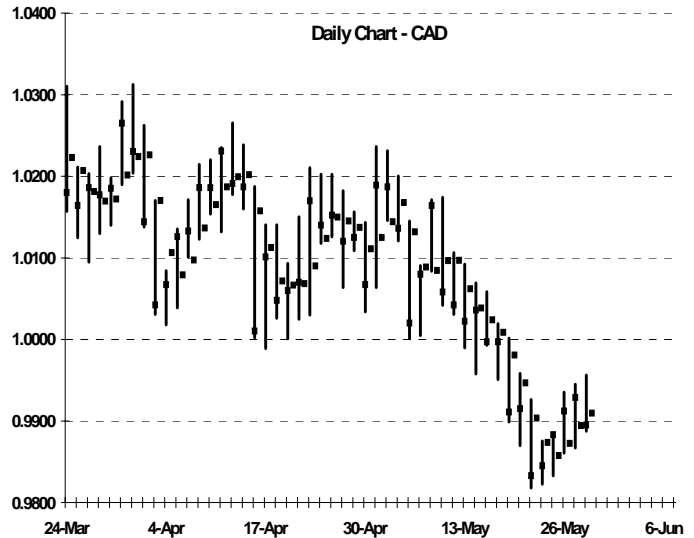
Projected Daily Range – 0.9868 to 0.9926

Projected Weekly Range – 0.9700 to 1.0002

**Weekly Outlook** – Bearish to neutral. Bearish weekly trend at 1.0002 this week is holding, and both the developing June and weekly setups point sharply lower under .9904/11 to .9926/41. Any weekly settle under there leaves downside open to .9721 for next week and to .9700 for rest of Q2. Resistance above there is 1.0021, then 1.0160. Oddly, daily trend turned bullish yesterday, but intersects at .9912 today. Will scale into partial shorts at .9904/11 to .9926/41. Target is still .9700.

**Daily Comments** – Neutral. An awkward day setup, where daily trend turned officially bullish, but the soft close near the lows leaves a neutral to bearish setup. Resistance is .9909/12, .9926 and .9967. Additional weekly sell levels are .9904/11 and .9926/41. Supports are .9868 and .9831. Expecting a .9926 to .9868 day range.

**Position Strategy:** Currently flat. Move to 25% short at .9904/12; 50% short at .9926/41 – stop on close above .9941 today. The target is .9721/00. Day Trade: sell .9926/41; cover at .9868.



Australian Dollar, Previous NY Close - .9622  
 Daily Resistance - .9642; .9669  
 Daily Support - .9579; .9543; .9490

Weekly Resistance - .9594/.9614; .9731/50  
 Weekly Support - .9617/15; .9565; .9543/41; .9511; .9492/70

Projected Daily Range – 0.9543 to 0.9642

Projected Weekly Range – 0.9470 to 0.9731

**Weekly Outlook** – Bullish to neutral. The longer Aussie can stick above the Q2 breakout zone at .9594/.9614, the more likely upside extension becomes. As it now stands, developing weekly (above .9617/15), June (above .9511) and Q3 (above .9565) setups are all open-ended higher. Bullish weekly trend will also rise to .9543/41 for next week. Staying above .9617/15 leaves only an expiring weekly zone at .9731/50. Will set partial longs against .9543/41 and the .9511 June level.

**Daily Comments** – Neutral. Daily trend remains neutral from Tuesday's downturn, but with a neutral to slightly positive setup today. Supports are a mix of daily and longer-term levels at .9617/15, .9579/65 and .9543/41 buy zone. Resistance is .9642 and .9669. Based on the short-term absence of trend, projecting a .9543 to .9642 day range.

**Position Strategy:** Current flat. Move 25% long at .9543/41; 75% long at .9511 – stop on close under .9500. No upside target for now. Day Trade: buy .9543/41 and .9511; exit day longs at .9642 and .9669.

