

FX Technicals

June 4, 2008 Vol. XLXIV, Issue 45

OVERVIEW: The higher USD trade Tuesday stayed in bounds, but is starting to press the intermediate breakdown levels in Sterling (under 1.9660/55 weekly trend) and Euro (June/weekly base at 1.9440/00). Sustained action under there sees significant downside on an intramonth basis to 1.9120 in Cable and 1.5115/00 in Euro. Nothing major elsewhere. \$/JPY and \$/Swiss are still in widespread, sideways corrective ranges. The focus on strength is Q3/June zone at 106.35/82JPY and comparable, but higher, area at 1.0715/85CH. \$/CAD turned trend up on the day chart (at 1.0004/.9984 today) and targets its Q3/June area at 1.0160/66.



JPY/USD, Previous NY Close – 105.14
Daily Resistance – 105.54; 106.12; 106.95
Daily Support – 104.44; 103.59

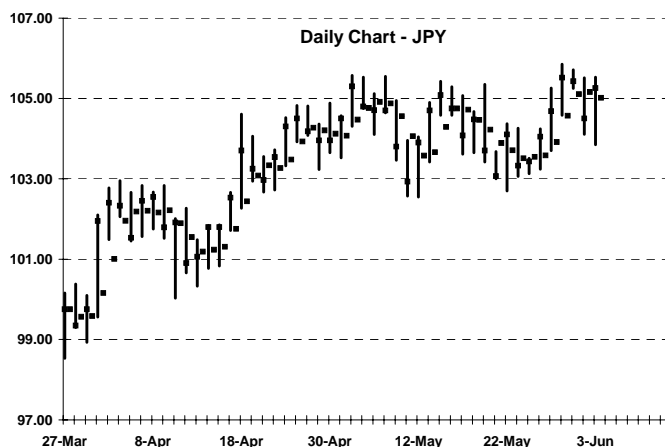
Weekly Resistance – 105.54; 105.85; 106.35/59
Weekly Support – 103.56; 102.54/50; 101.15

Projected Daily Range – 104.44 to 106.12

Projected Weekly Range – 103.56 to 106.35

Weekly Outlook – Neutral. \$/JPY recovered nicely yesterday, but remains neutral for both the week and day charts. Resistance above is still terraced at 105.54 (June), 105.85 (Q2), 106.35 (Q3) and 106.82 (June), with weekly level at 106.59 as well. Until that entire zone is cleared, the situation is neutral. Weekly support is 103.56, with the June trend base at 102.54/50. Still looking for a 103.56 to 106.35 week. Will add shorts at 106.35/59/82; cover at 102.54/50.

Daily Comments – Neutral. Daily trend is neutral, with no bias either way today. All three daily hurdles happen to match up with longer-term resistance: 105.54 day/June level, 106.12/35 daily/Q3 zone and 106.82/95 June level. Supports are 104.44 and daily/weekly zone at 103.59/56. Looking for a two-way range day from 104.44 to 106.12.



Position Strategy: Currently 50% short at 105.69 average. Add to 75% short at 106.35; 100% short at 106.82 – stop on close above. Cover shorts at 102.54/50 this week. Day Trade: buy 104.44; sell 106.12/35.



CHF/USD, Previous NY Close – 1.0415
Daily Resistance – 1.0515; 1.0545; 1.0635
Daily Support – 1.0410; 1.0335; 1.0215

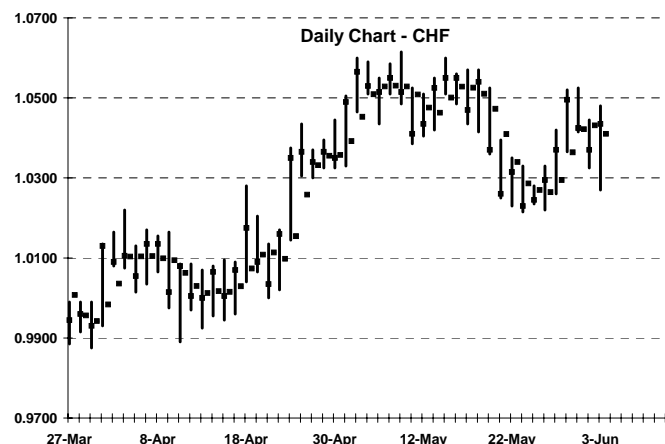
Weekly Resistance – 1.0540; 1.0595; 1.0715; 1.0785
Weekly Support – 1.0290; 1.0250/25; .9985

Projected Daily Range – 1.0335 to 1.0540

Projected Weekly Range – 1.0250 to 1.0595

Weekly Outlook – Neutral. \$/Swiss bounced nicely from first weekly support at 1.0290 Tuesday. But both weekly trend and setup remain neutral here, with the market caught for now in a sideways correction. Key resistance for the week is initial June level at 1.0540 and weekly hurdle at 1.0595. The larger ceiling is the combined Q3 trend at 1.0715 to June level at 1.0785. Supports are 1.0290, June trend/weekly base at 1.0250/25, then break to .9985. Strategy remains to buy 1.0250/25; exit longs at 1.0540/95.

Daily Comments – Neutral. Daily momentum remains neutral from Monday's downturn, but with an overall balanced setup. Expecting another two-way range trade today. Resistance is 1.0515, combined June/day zone at 1.0540/45 and 1.0595 weekly level. Supports are 1.0410 and 1.0335, with the larger weekly base at 1.0290 to 1.0250/25. Expect a 1.0335 to 1.0540/45 day.



Position Strategy: Currently 25% long at 1.0215/00. On weakness, reset to 50% long at 1.0250/25 – stop on close under 1.0220. On strength, exit the rest at 1.0540. Day Trade: buy 1.0335 and 1.0290; sell 1.0540/45 and 1.0595.



Pound, Previous NY Close – 1.9640
 Daily Resistance – 1.9670; **1.9705/10**; 1.9795
 Daily Support – 1.9610; 1.9455

Weekly Resistance – 1.9765/90; 1.9840; **1.9870/85**
 Weekly Support – **1.9660/55**; 1.9490/80; 1.9120

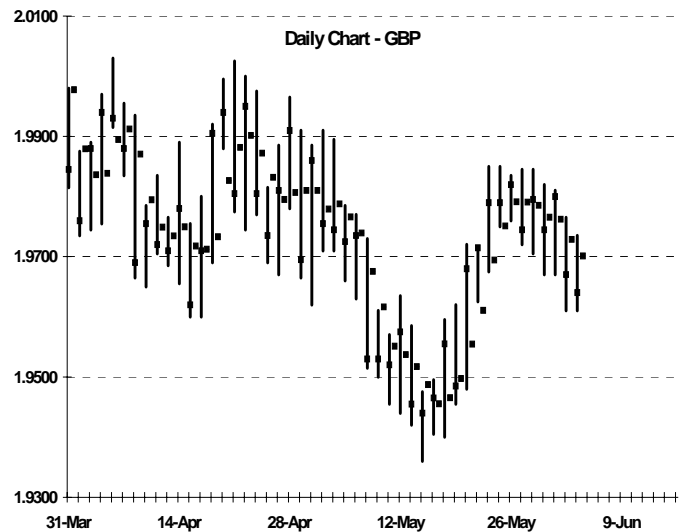
Projected Daily Range – 1.9490 to 1.9670

Projected Weekly Range – 1.9490 to 1.9870

Weekly Outlook – Neutral to bearish. Yesterday's settle under bullish-leaning weekly trend at 1.9660/55 spells trouble here. Combined with the action under the monthly pivot zone at 1.9765/90 to 1.9870 and bearish-leaning daily trend (under 1.9710 today), the situation is turning more negative. Minimum drop for the week is to 1.9490/80. The larger fallout for June is potentially to 1.9120. Resistance is 1.9705/10 daily trend, 1.9765/90 and 1.9870/85. Set shorts at 1.9705/10 and 1.9765/90.

Daily Comments – Neutral to bearish. Daily trend can turn bearish with settle under 1.9705/10 today, and the setup points lower with the break/close under weekly trend at 1.9660/55. Day support is 1.9610, then drops to weekly extreme at 1.9490/80. Resistance is 1.9670, 1.9705/10 trend and 1.9765 June level. Expecting a 1.9670 to 1.9490/80 day.

Position Strategy: Currently flat. Move to 25% short at 1.9705/10; 50% short at 1.9765; 75% short at 1.9790 – stop on close above 1.9800. Day Trade: sell 1.9670 and 1.9705/10; cover at 1.9490/80.



European Currency Unit, Previous NY Close – 1.5455
 Daily Resistance – 1.5520; **1.5620/35**; 1.5730
 Daily Support – 1.5425; 1.5340; 1.5245

Weekly Resistance – 1.5620/25; **1.5750**; 1.5960
 Weekly Support – **1.5440/30**; **1.5400**; 1.5115/00

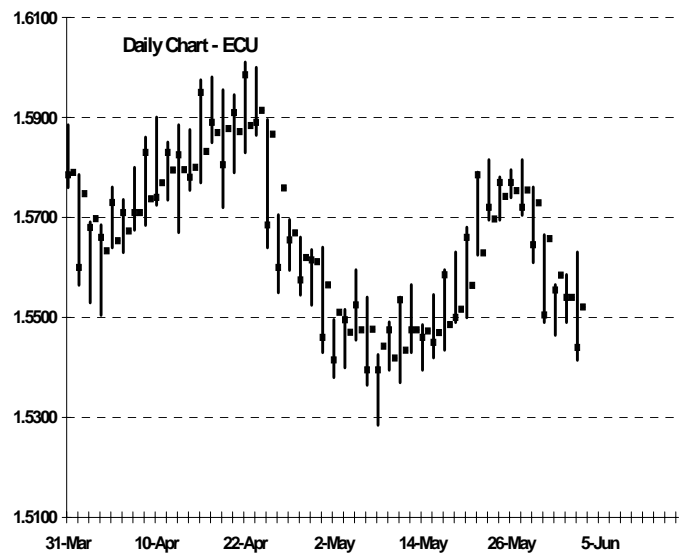
Projected Daily Range – 1.5340 to 1.5520

Projected Weekly Range – 1.5400 to 1.5750

Weekly Outlook – Neutral. Euro managed to stay above its joint weekly/June breakdown zone at 1.5440/30 to 1.5400, but remains under pressure. If that area gives way, the weekly picture turns negative with drop-off to weekly extreme and developing Q3 level at 1.5115/00. Resistance is bearish daily trend at 1.5520 today, then the weekly trend zone at 1.5620/25 and 1.5750. The focus remains on 1.5400 – getting under there will accelerate downside. Strategy is to set shorts on close under 1.5400.

Daily Comments – Bearish to neutral. Daily trend is still bearish. But Tuesday's outside range – coupled with the weekly/June base at 1.5440/30 to 1.5400 – makes for an initially neutral setup. Under 1.5400 is drop to 1.5340 and 1.5245. Resistance is 1.5520 daily trend and 1.5620/35. Expecting a sideways to lower day from 1.5520 to 1.5340.

Position Strategy: Currently flat. Move 50% short on close under 1.5400 (limit 1.5370). The target is 1.5115/00. Day Trade: sell 1.5520 and 1.5620/35, separately; also go with action under 1.5400.





CAD/USD, Previous NY Close – 1.0083
 Daily Resistance – 1.0123; 1.0220
 Daily Support – 1.0004/01; .9984; .9907

Weekly Resistance – 1.0124; 1.0160/66; 1.0332
 Weekly Support - .9943/41; .9917; .9830; .9700

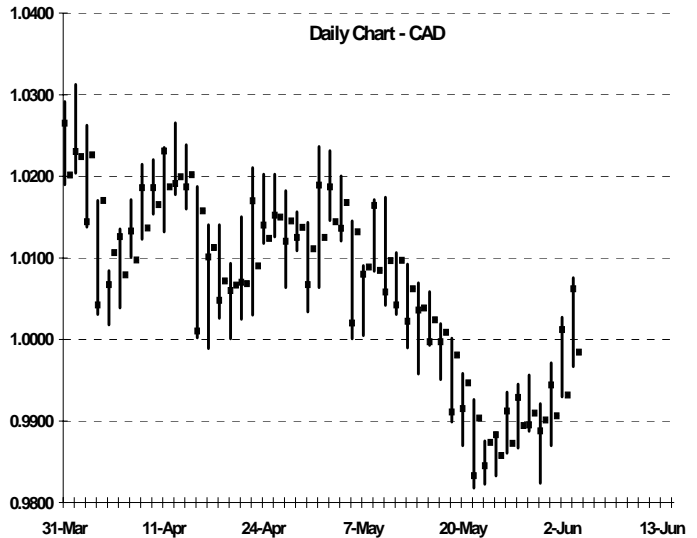
Projected Daily Range – 1.0004 to 1.0124

Projected Weekly Range – 0.9830 to 1.0160

Weekly Outlook – Neutral. \$/CAD is now well clear of the level that turns weekly trend neutral above .9943/41 this Friday, while at the same time turning daily trend bullish and eclipsing first weekly resistance at 1.0064. The likely target is the combination of June and Q3 resistance at 1.0160/66 – the earliest place to reset shorts. Supports for the week are .9943/41, .9917 and .9830. Bullish daily trend also intersects at .9984 today. The new projected weekly high is 1.0160/66. Will reset shorts against there.

Daily Comments – Bullish. Daily trend turned bullish Tuesday and the setup today points higher. Minimum upside is to the first day level and weekly extreme at 1.0123/24. The larger June/Q3 target sits at 1.0160/66 above there. Supports are 1.0004/01, .9984 trend and .9943/41 weekly zone. Expect a 1.0004 to 1.0124 day range.

Position Strategy: Currently flat. Reset to 50% short at 1.0160/66 June/Q3 zone – stop on close above there. Day Trade: buy weakness against 1.0004/01 and .9984 daily trend; sell daily/weekly zone at 1.0123/24 and 1.0160/66.



Australian Dollar, Previous NY Close - .9519
 Daily Resistance - .9545; .9576; .9646
 Daily Support - .9480; .9462

Weekly Resistance - .9566; .9617; .9757
 Weekly Support - .9515/11; .9445; .9404; .9339

Projected Daily Range – 0.9462 to 0.9566

Projected Weekly Range – 0.9445 to 0.9617

Weekly Outlook – Neutral. Aussie is still officially trend up (it turns neutral with Friday close under .9540) and is hanging on above the key weekly/June support at .9515/11 – but remains under pressure. If .9515/11 gives way, downside drops effectively to the deeper monthly uptrend base at .9404 to .9339. There is a weekly level at .9445 on the way down. Resistance at this point comes primarily from daily trend at .9545, plus weekly levels at .9566 and .9617. Still looking for a .9617 to .9445 week. Hold current longs against .9511.

Daily Comments – Bearish to neutral. Daily trend is bearish, with a negative bias for the day setup. Resistance is .9545 daily trend, .9566/76 daily/weekly zone and .9617. There is no day support until .9480/62 – although there remains the weekly/June zone at .9515/11 on the way lower. Based on the downtrend, this is likely a .9566/76 to .9462 day range.

Position Strategy: Current 50% long at .9526 average. Stop on close under .9511 or intraday break of .9490. Day Trade: sell against .9566/76; cover at .9480/62; buy .9445 weekly level.

