

**“Will EUR/USD extend the fall?”**

*(We begin the week with sudden US strength, but how far can it go?)*

**---Lack of releases will make technical analysis more important---**

We have been talking about a stronger USD for quite a while now, and just this Friday, we had our annual meeting, where we stated USD might actually begin its strengthening almost immediately...

We ended last week with Bush releasing his plan to expand growth in the US; investors were clearly disappointed as we begin this week with strong declines in stock markets around the globe, oil below 90 and the EUR/USD diving more than 170 pips in a day where the US is closed due to holidays.

Monday should have been pretty quiet due to the lack of fundamentals and the closed market in the US, however it is showing reactions of last week's announcement by US politicians. Tuesday will bring the BoJ rate decision, they will probably maintain the rate unchanged but expect to hear something about global stability due to the recent fall in their stock market. Tuesday will also have Trichet speaking and he might as well do something to calm investors. Wednesday will be important due to the release of the minutes of the BoE, GDP for UK and industrial Production for Euro Zone, which will read pretty weak and could continue to weaken the euro. Thursday will have appearances by Trichet and Treasury Secretary Paulson, and German IFO; all of these releases could help the USD extend the move; however, later that day we will receive releases such as Jobless rate and New Home Sales that could even things up as they will also read weak. Friday will be very calm on the fundamental side of trading but don't forget the possibility of a correction.

Fundamentals support the idea of a further Dollar appreciation, important supports have been broken and we now see the pair below the channel in different time frames. Indicators are beginning to point north but this is the effect of a sudden move. Lets give them some time to establish a trend and then listen to them because this week is not very important in the fundamental side.

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**Have a nice week and please remember to focus and be patient.**

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These are our Daily Predictions. For any question or suggestion don't doubt and contact me at [info@nexumcapital.com](mailto:info@nexumcapital.com)

Important Releases	Day/Session	Europe	US	Asia
	Monday	<b>DOWN</b>	<b>DOWN</b>	<b>DOWN</b>
Trichet, BOJ	Tuesday	<b>DOWN</b>	<b>UP</b>	<b>UP</b>
BOE minutes, GDP UK, Industrial Production EZ	Wednesday	<b>UP</b>	<b>DOWN</b>	<b>STABLE</b>
Paulson, Trichet, Ger.	Thursday	<b>DOWN</b>	<b>UP</b>	<b>STABLE</b>
Ifo, Jobless rate, New Home Sales	Friday	<b>DOWN</b>	<b>STABLE</b>	<b>CLOSED</b>

## EUR/USD

EUR/USD is moving widely to the south of our charts, it seems that US negativity is now going to other countries. We have stock markets falling drastically, oil below 90 and the Euro falling rapidly. This could continue throughout the week but look out for dip buying because this trend could extend at least until the rate cut by the FED.

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## DAILY GRAPH



EUR/USD is now below the channel and MACD supports the idea of a continuation. Lets wait and see if a double bottom is created at levels near 1.4300

## WEEKLY GRAPH



The pair is well in the channel now, the floor is at 1.4340. A rupture of this channel could bring the pair below 1.4300 and further.

Our analysis indicates Short EUR/USD every time it reaches 1.4540

- **Take Profit 1: 1.4470**
- **Take Profit 2: 1.4380**