

GBPUSD

Price

1.6249

18th May 2011

| | | | | | | |
|-------------------|---------------|------------------|------------------|---------------|------------------|------------------|
| Resistance | 1.6265 | 1.6290-01 | 1.6319-26 | 1.6349 | 1.6362-68 | 1.6398-32 |
| Support | 1.6238 | 1.6220 | 1.6192 | 1.6174 | 1.6151 | 1.6073-90 |

Bias While 1.6220-40 supports this should extend higher to 1.6319-26 at least...

The underlying MT direction is bearish while the daily bias is bullish. Therefore it is likely that any gains are corrective only. Note resistance levels that could stall any rally. Consider bearish set up patterns at key resistance levels or should price threaten to break below any key support levels that would indicate a possible resumption of the move lower. Only consider a possible larger reversal higher should key MT resistance break.

Consider buy set ups at: 1.6220-40

Consider sell set ups at: 1.6319-26 (care)

THE DAY'S OUTLOOK: I : **look for continued choppy gains**

Just as EURUSD suffered a much deeper correction we saw the same here with a dip to 1.6192. That frustrated but here it seems to have made these gains more choppy (corrective structure) but should continue to repeat this pattern. The 1.6220-40 area should now support. While it does the risk remains higher back to the 1.6290-01 area which could stall once again but only for a smaller correction before following through to the 1.6319-26 resistance (max 1.6341-49.) This should cause another correction. Only above 1.6349 would maintain the gains towards 1.6362-68. Above there note the 1.6398 & 1.6432 retracement resistance.

Only below the 1.6220 pivot support would concern for more direct losses. Even then the 1.6191 corrective low should be respected and it's below here that would risk stronger losses back to the 1.6151 low. I feel it will hold on the day but also note the 1.6073-90 area, also 1.6021.

THE MEDIUM TERM OUTLOOK: I : **remain overall bearish but need to allow for a pullback**

17th May: Yesterday provided frustration with the lack of direct follow-through but we must work around this. Very much depends on the first moves today, but if this moves higher as I suspect then it would tend to confirm that we are 2/3rds through the correction lower and we'll need two more declines to reach somewhere down in the 1.57's at least. The next implied support below there is around 1.5480-00. This could occur directly, but if we do start seeing gains by European time then it would make for a better balanced structure if a pullback to around 1.6362-98 occurred...



U.S. INDICES
Twice weekly Harmonic Elliott Wave updates for
DJIA, S&P 500 & NASDAQ

DISCLAIMER: Daily Forecaster is an analytical tool only and is not intended to replace individual research. The service is offered as an opinion on the current state of the market with anticipated trading signals but not recommendations. The information provided in Daily Forecaster should not be relied on as a substitute for extensive independent research before making your trading/investment decisions. Ian Copsey is merely providing this service for your general information. No representation is being made that any view or opinion will guarantee profits or not result in losses from trading. In addition any projections or views of the market provided may not prove to be accurate. The opinions are subject to change without notice. Opinions or views expressed in Daily Forecaster are not meant to be either investment advice or a solicitation or recommendation to establish market positions. Ian Copsey will not be responsible for any losses incurred on investments made by readers and clients as a result of any information contained in this service. The information contained is private and may not be distributed or shared.