

USDCAD

Price

0.9683

19th May 2011

Resistance	0.9700-10	0.9734	0.9758-63	0.9792	0.9816-31	0.9855-97
Support	0.9664	0.9627-32	0.9605	0.9575	0.9561	0.9527

Bias Losses still seem likely

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

Consider buy set ups at: 0.9627-32

Consider sell set ups at: 0.9695-05 (on correction)

THE DAY'S OUTLOOK:

I :

see losses

The pullback was a little deeper than expected, stalling just 2 points below the 0.9760 resistance level. The losses seen already this morning appear to be confirming a move to 0.9664 where a correction is expected that should stall in the 0.9695-05 area and then head back down through 0.9664 and into the 0.9627-32 support. I feel this should likely support for a reversal higher. However, also note the 0.9605 support.

Only an earlier break back above 0.9700-10 would allow a return to the 0.9758-63 area and I feel most likely further above 0.9792 and into the 0.9816-31 area. Take care here. Only below 0.9600 would deepen the decline through 0.9575, 0.9561 and 0.9527.

THE MEDIUM TERM OUTLOOK:

I :

remain bullish but expect a pullback first

17th May: I remain more bullish but aware of the risk of continued choppy moves so we should be ready to exit quickly. I feel there is potential to 0.9897 and potentially the 0.9950-73 area overall. However, this does look more like a correction and therefore I feel we should be observant to identify the final high here.

Below 0.9590 would put on the pressure for direct losses but we should also keep in mind the 0.9569 & 0.9551 areas - breach would strengthen the bearish case.

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