

EURJPY

Price

115.39

23rd May 2011

Resistance	115.50-60	116.10	116.50	117.22	117.59	118.33
Support	115.04	114.79	114.30	113.80	113.40	112.83

Bias This does look more bearish with 116.10-50 likely to cap

The underlying MT direction is bearish while the daily bias is bearish. Therefore the main risk is lower. Ensure that key resistances levels hold. Note key support levels that would suggest continuation of the bearish move. Consider confirming this with a bearish set up pattern in price or an indicator. Only consider a possible larger reversal higher should key MT resistance break and is supported by a bullish set up in price or an indicator.

Consider buy set ups at: 117.25

Consider sell set ups at: 116.10-50

THE DAY'S OUTLOOK:

I :

feel we are due a correction before lower

The 117.22 high remained intact and has caused a move down to 115.06 this morning. This may have been the low but be aware of the 114.79 support also. This area should generate a correction higher - minimum to 116.10 and probable maximum 116.50. From this area I'd expect losses to develop again. A subsequent break below this morning's low would extend losses through 114.30 and 113.80 and to around the 113.40 low. I suspect a further pullback from here.

Only back above 116.50 would concern but I wouldn't get bullish until the 117.22 high is broken. Only then would the risk of a more sustained rally seem possible. There is then minor resistance at 117.59 and stronger at 118.33. Below 113.40 would open risk of further losses...

THE MEDIUM TERM OUTLOOK:

I :

feel this has shown more bearish qualities

23rd May: This is showing more bearish qualities than bullish. There is just one last option open that could see a stronger rally but it certainly looks as if USDJPY needs to make the running if this is to happen. If there's any other chance then it's after EURUSD has made a new low as the reversal higher should then be quite strong I think. Below 114.75 and 113.40 would consign this to further losses...



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