

EURUSD

Price

1.4033

24th May 2011

Resistance	1.4045	1.4068	1.4099-22	1.4143	1.4169	1.4194-12
Support	1.3997-00	1.3968	1.3929	1.3899	1.3859-68	1.3822-32

Bias While 1.4099-22 caps I look for losses to extend to 1.3899 and 1.3859-86 at least

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: 1.4170

Consider sell set ups at: 1.4099-22

THE DAY'S OUTLOOK: I : remain bearish

Losses developed and far swifter than expected and these should be expected to extend again today. I see resistance in the 1.4099-22 area which should ideally hold. If this extends any further then the 1.4143 & 1.4169 levels also present potential caps. Overall once the decline resumes I shall look for a move back below yesterday's 1.3968 low and down through 1.3929 and 1.3899 to reach the 1.3859-86 area at least. Once down in this area we'll have to be more careful. I feel this support will hold for a correction higher but also note the 1.3822-32 support which is a more extended target for a pullback higher.

I can't really see how this can get much higher than 1.4922-43. If it does then take more care. There is also resistance around 1.4169... Above here would begin to threaten a reversal higher much sooner than expected - then look for gains to push above 1.4194-12, 1.4248 and then back towards the 1.4344 high...

THE MEDIUM TERM OUTLOOK: I : see this as the final leg lower

23rd May: Friday saw the pullback stall in the right area and I feel this provides the trigger for one more decline. The ideal retracement is 1.3899 but I suspect this could get a little lower - to 1.3832-59 at a minimum but I feel as well we may have to allow for as much as 1.3730-70...

Only directly above 1.4344 and 1.4422 would suggest we may already be on a direct resumption of the weekly rally.

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