

**GBPUSD**

**Price**

**1.6177**

**25th May 2011**

<b>Resistance</b>	<b>1.6192</b>	<b>1.6221</b>	<b>1.6245</b>	<b>1.6267</b>	<b>1.6303</b>	<b>1.6330-70</b>
<b>Support</b>	<b>1.6170</b>	<b>1.6140</b>	<b>1.6112</b>	<b>1.6090</b>	<b>1.6058</b>	<b>1.5999-21</b>

**Bias** I can't rule out a move to 1.6221-43 but overall still feel we have one more leg lower to come

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: 1.6250

Consider sell set ups at: 1.6215-35

**THE DAY'S OUTLOOK:**

**I :**

**remain bearish**

Price did move higher in the early stages of yesterday to reach the 1.6162-79 target area but then broke higher to 1.6208. I can't see an glaring evidence of a top though I feel the downside risk should always be respected. Indeed, there does appear to be risk of the upside extending just a little further to the 1.6221-45 area where we should be looking for evidence of a topping pattern. A move below 1.6170 would assist for losses through 1.6140 and to the 1.6110-15 pivot support. Break here would encourage for losses to retest the 1.6058 low and then we need to watch how this extends...

Only back above 1.6250 would maintain the rally through to the 1.6303 high though should hold for a while at least. Note further resistance at 1.6330 & 1.6370-80 ahead of 1.6402-30.

**THE MEDIUM TERM OUTLOOK:**

**I :**

**look for additional losses**

25th May: The deeper pullback raises the risk that any further losses could stall sooner rather than later with the 1.5905-40 area looking possible though we'll have to see how any drop develops.

Only a break above 1.6310 would imply direct resumption of the weekly uptrend.

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