

EURUSD

Price

1.3353

4th January 2011

Resistance	1.3374	1.3394	1.3416-25	1.3445	1.3472	1.3497-16
Support	1.3343	1.3325	1.3295-04	1.3275	1.3249	1.3196-06

Bias The bounce from 1.3249 was perfect but unless we get a new high soon the risk will be lower...

The underlying MT direction is neutral while the daily bias is neutral. Therefore it may be better to sit out of the market or trade breaks when supported by bullish or bearish set up patterns. It is advisable to study both lower and higher time frame charts for evidence to support a trade in either direction. It may well be advisable to take profits when seen or if there is a larger break out to consider using a trailing stop to protect profits

Consider buy set ups at: 1.3425

Consider sell set ups at: 1.3245

THE DAY'S OUTLOOK: I : **am slightly mixed and will continue to watch breaks**

The decline to just 1 pip below the 1.3250 support was perfect for a bullish structure... However, the pullback from 1.3394 has been a bit too deep for my liking and does seem to indicate risk that the bullish structure may not be working as expected. This still leaves yesterday's 1.3249 low as the critical support and given the rather mixed picture it may even be better to wait for this break. On the way we should also watch the 1.3295-04 area that has a minor chance of holding... I am more in favor of losses though.

Any drop below 1.3249 would risk further losses developing. There appears to be minor support between 1.3195-12 and some at 1.3141-77 before the 1.3056-89 area which I feel should cause a correction. Above 1.3416-25 would imply follow-through to 1.3497-16... but then a correction.

THE MEDIUM TERM OUTLOOK: I : **am mixed given the deep pullback higher**

3rd January: The failure to see losses extend and the depth of the pullback higher appear to limit the downside - and perhaps that was seen at 1.2968... It's a mixed bag right now and first I'd like to see how the 1.3250-55 area performs as while that holds it could provide a basis for stronger gains. Thus, this area looks quite pivotal for the first move of the year and I'll be watching the reaction. Loss could generate a retest of the 1.3054-82 lows - maybe 1.2968. Above 1.3516 would appear more bullish.

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