

**EURUSD**

**Price**

**1.2647**

**12th May 2010**

<b>Resistance</b>	<b>1.2674</b>	<b>1.2702-20</b>	<b>1.2750</b>	<b>1.2805-15</b>	<b>1.2860</b>	<b>1.2905-45</b>
<b>Support</b>	<b>1.2606</b>	<b>1.2576</b>	<b>1.2547</b>	<b>1.2529</b>	<b>1.2480</b>	<b>1.2449-55</b>

**Bias** I look for a reversal from the 1.2529-47 area

The underlying MT direction is bearish while the daily bias is neutral. This may indicate price consolidation or an unclear wave structure that needs confirmation. Note key MT support & resistance levels that may break the MT trend or would suggest a resumption of the move lower. It is very important that you consider either bullish or bearish set up patterns in indicators or lower time frame charts to support S&R breaks.

**Consider buy set ups at:** 1.2529-47

**Consider sell set ups at:** 1.2525

**THE DAY'S OUTLOOK:**

**I : feel the entire correction will recycle higher**

Losses developed over the day as expected but the manner of the decline appears too direct for a move through the 1.2530 low. Thus while 1.2674 caps we should see losses down to the 1.2606-15 area again, a pullback and then extension to the 1.2529-47 targets. Look for bullish trade set ups here. Already we are seeing a bullish divergence in hourly momentum so keep an eye out on the 5m or 10m chart. Take care as the move higher may well develop quite quickly.

Even if I'm wrong about the recycling of the correction price should still stall somewhere around the 1.2530 low and see a pullback. If after that pullback the 1.2530 low breaks then the bias will swing towards additional losses. On the way watch 1.2449-55, 123.99 and the 1.2328 low.

**THE MEDIUM TERM OUTLOOK:**

**I : still favor the downside but not directly**

11th May: Yesterday's price action does seem to lend itself to a clearer picture now. While 1.3086-1.3110 caps there remains risk of losses to the deeper projection at 1.2150. I suspect this will provide a major low. However, take care as a flat correction implying a retest of 1.2530-60 and then retest of 1.3086-10 is possible.

Only directly above 1.3110 would imply the entire decline from 1.5143 may well be complete. First major resistance is then at 1.3350-00...

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**For yesterday's trade set up report together with a review of support & resistance levels please see:**

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