

USDCHF

Price

0.9480

5th January 2011

Resistance	0.9503-16	0.9542	0.9567	0.9586	0.9607	0.9645-64
Support	0.9460	0.9434-42	0.9408	0.9350-83	0.9300	0.9232-61

Bias I feel the break higher is more bullish but this may be limited today

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:

0.9434-42 (care)

Consider sell set ups at: 0.9542-67 (care)

THE DAY'S OUTLOOK:

I : am basically bullish but can't see this being direct

The break above 0.9382-96 highs extended the rally quite strongly. However, there is no hourly bearish divergence at present. Thus I feel that we should see a move higher today once the current consolidation is complete that should extend back above 0.9516 and into the 0.9542-67 area. However, I feel that may be it for now and thus look out for a bearish divergence and bearish trade set ups in that area. Only above 0.9575 would extend this to the 0.9607 area at least above where the 0.9645-64 corrective highs lie.

Once the 0.9542-67 area is achieved then we should see losses. Key initial supports will be at 0.9460 and 0.9434-42. Take care there. Also note the pivot support at 0.9383 area... Only below there would begin to concern but I would wait before getting too bearish until the 0.9300 low breaks...

THE MEDIUM TERM OUTLOOK:

I : am beginning to feel a larger rally may have legs

5th January: Yesterday's gains look positive but there's still a long way to go to confirm my suspicion that we may even see a move all the way back to 1.0065 and higher... If this does develop then I feel it will begin quite choppy so take care.

The downside will only really be confirmed once both the 0.9300 low and the 0.9232-61 supports are broken.

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