

AUDUSD

Price

0.9923

7th January 2011

Resistance	0.9950	0.9970	0.9990-95	1.0020-40	1.0066	1.0096-15
Support	0.9918	0.9896	0.9860	0.9830-34	0.9811	0.9776

Bias We're still seeing slippage but not the slowing momentum which could hamper losses

The underlying MT direction is neutral while the daily bias is bearish. Caution is advised but there is a mild preference for losses within a consolidation. However, be aware of the risk of choppy price action that could hit stops. Therefore take note of both daily & MT S&R and confirm any bearish trade with bearish set up patterns. It would also be advisable to study both lower and higher time frame charts for evidence to support bearish trades

Consider buy set ups at:

0.9896 (care) or 0.9811-34

Consider sell set ups at: 0.9890

THE DAY'S OUTLOOK:

I :

feel more downside is likely but at a slower pace

The hourly bullish divergence has deepened and the 4-hour has begun to form a bullish divergence. We should therefore always keep this in mind as price edges lower. Closest support is now at 0.9896 and any where below here, while the bullish divergences remain, should warn us to be prepared for a bullish trade set up. Note further key retracement levels at 0.9830-34, 0.9811 and 0.9776...

Only an earlier break above 0.9995-20 is going to break the sequence of lower highs and risk a deeper correction or direct reversal higher...

THE MEDIUM TERM OUTLOOK:

I :

see that we are into a series of retracement levels

6th January: We've seen the 0.9959-89 support reached so must be aware of the risk of reversal. It's still unclear whether this has completed the correction (it has done enough) or whether it can extend a little further to the 0.9896 and possibly 0.9811-34 area ... However, I do see this as a correction and not a new downtrend.

Above 1.0021 and 1.0121-49 will see this move back towards the 1.0256 high...

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