

USDCAD

Price

0.9918

10th January 2011

Resistance	0.9940	0.9962	0.9995-10	1.0033-47	1.0075	1.0110-50
Support	0.9887-98	0.9853-66	0.9839	0.9780-01	0.9749	0.9708

Bias Friday's price action appears to suggest extension of a complicated correction pattern...

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: 0.9839-66

Consider sell set ups at: 0.9995-10

THE DAY'S OUTLOOK: I : feel the risk is more for consolidation

Friday's peak at just 3 pips above the 1.0000 resistance looked really good. Well, I guess that was nice, but the bounce from the 0.9898 low has been a bit too deep to suggest direct resumption of the downtrend. I feel there are two options here. Either we see a move back up to 0.9995-10 which should then cause a reversal back into range down to around current levels around 0.9910-30 to remain in a sideways consolidation, or; we could see price dip directly through the 0.9887 low and into the broad 0.9839-66 area. If this is seen then look for a bullish trade set up that would imply a rally all the way back to the 1.0003-20 area before reversing lower.

Thus, only above 1.0010-20 would trigger follow-through to the higher retracement resistance around 1.0047-75. Below 0.9830 would trigger direct losses - to 0.9749 minimum and potentially 0.9708.

THE MEDIUM TERM OUTLOOK: I : remain bearish but feel the need for patience

10th January: The key supports have still not broken and until then we have to remain cautious. This key support is now at 0.9839-66 and only below would extend losses to 0.9709-49 at least and later lower.

Back above 1.0075 and the 1.0207 high is required to provide any potential for stronger gains...

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