

**USDCAD**

**Price**

**0.9948**

**9th February 2011**

<b>Resistance</b>	<b>0.9976</b>	<b>1.0004</b>	<b>1.0022-28</b>	<b>1.0057</b>	<b>1.0090-00</b>	<b>1.0150</b>
<b>Support</b>	<b>0.9943</b>	<b>0.9886-20</b>	<b>0.9860</b>	<b>0.9831</b>	<b>0.9806</b>	<b>0.9769-84</b>

**Bias** While 0.9976-04 caps we should now see losses...

The underlying MT direction is bearish while the daily bias is bearish. Therefore the main risk is lower. Ensure that key resistances levels hold. Note key support levels that would suggest continuation of the bearish move. Consider confirming this with a bearish set up pattern in price or an indicator. Only consider a possible larger reversal higher should key MT resistance break and is supported by a bullish set up in price or an indicator.

**Consider buy set ups at:** 0.9769-84 or 1.0010

**Consider sell set ups at:** 0.9944-72

**THE DAY'S OUTLOOK:** I : **feel the downside risk is rising**

Yesterday saw the expected gains to just 2 pips above the 0.9944-72 resistance. I feel the pullback is complete. The only thing that concerns is a lack of bearish divergence and may suggest we need to allow for 1.0004. An earlier break below 0.9943 would encourage the bearish view for a move through to the broad 0.9886-20 congestion area and may cause a correctoin. Below would then extend losses to the 0.9831 low, and potentially 0.9806 around where a second correction is possible. The final downside target is at 0.9769-84.

Thus, only above 1.0010 would trigger stronger gains back to the 1.0057 high at least. Around this peak should cause a pullback. However, any break above would risk 1.0090-10, 1.0150 and the 1.0207 high.

**THE MEDIUM TERM OUTLOOK:** I : **am looking for 0.9769-84 to be tested**

7th February: The 0.9806-36 lows have provided the expected barrier but while 0.9944-72 (max 1.0004) caps I still feel we should see follow-through to the 0.9769-84 area... Take care there. Only below would risk extension to the monthly low at 0.9709...

Only back above 1.0010 would risk a larger reversal back to 1.0057 at least - and then I'll review.

[www.fx-forecaster.com](http://www.fx-forecaster.com)

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[info@fx-forecaster.com](mailto:info@fx-forecaster.com)

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