

EURJPY

Price

113.12

10th February 2011

Resistance	113.19-24	113.53	114.00	114.37-68	115.22	115.57-67
Support	112.82	112.37-65	112.00	111.60	111.30-40	110.77

Bias Momentum remains strong but we need to overcome the 113.24-53 resistance to see stronger gains

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:

None - mid rally

Consider sell set ups at: 113.24-53 (care)

THE DAY'S OUTLOOK:

I :

am observing the 113.24-53 resistance

Yesterday's strength was quite impressive but it's difficult to see a more constructive bullish structure still. Therefore the 113.24-53 area appears quite important and we should be aware that there is risk of an intermediate top here for a return into range. Only a break above 113.60 would maintain the move to around the 114.00 high but I'd expect a correction lower from around this high. If it is seen then the larger picture will confirm a move back to the 115.67 high.

If the 113.24-53 area caps then take care as this would tend to point to a larger sideways consolidation being in place. From that resistance zone a break back below the 112.82 low would extend losses, probably through 112.37-65 and down into the 111.30-40 area which should mark the low of the consolidation. Thus only break of 111.25 would retest 110.39-77.

THE MEDIUM TERM OUTLOOK:

I :

feel a larger consolidation is possible

8th February: So far so good... the next problem to be aware of is the risk of a longer sideways consolidation between 110.77 and 113.24-53... and probably in the form of a triangle. Overall this still maintains a bullish structure and while 110.39-77 supports the upside risk remains. Above 113.60 would confirm a more direct bullish structure... However, if 110.35 breaks then we can expect a decline to 108.00-10 in what may be a larger triangle from the 105.42 low...

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info@fx-forecaster.com

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