

GBPUSD

Price

1.6136

16th February 2011

Resistance	1.6140-70	1.6205	1.6230-77	1.6306	1.6350-55	1.6390
Support	1.6100-20	1.6062-66	1.6018	1.5980-90	1.5962	1.5901-26

Bias While 1.6140-84 caps the downside should come under pressure

The underlying MT direction is neutral while the daily bias is bearish. Therefore it may be better to sit out of the market or trade breaks when supported. 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:

1.6190 or 1.6018-25

Consider sell set ups at: 1.6115

THE DAY'S OUTLOOK:

I :

feel yesterday's rally was corrective

Yesterday saw gains. The problem with those gains was that the pullbacks were repeatedly deep and this points more to a corrective structure. I feel it is probably complete having remains below the 1.6184 high and therefore the bias does seem to be lower. This will need the 1.61445 area to cap and for losses to quickly move below the 1.6119 low to extend to 1.6200 at least. We'll still have to take care as a pullback is possible but overall I feel the downside should eventually play through to 1.6162-66, see a second but lower correction ahead of losses to the 1.6018-25 support. Expect a slightly deeper correction here.

Only a break back above the 1.6184 high would concern but I feel that it may still be just for a slightly deeper retracement. There is still resistance at 1.6205-30 so take care here also. Only above there would finally convince me that a break above the 1.6277 high is possible. Then bot minor resistance at 1.6306 and then higher at 1.6350-55...

THE MEDIUM TERM OUTLOOK:

I :

am beginning to get more bearish

14th February: I find it increasingly difficult to retain a bullish stance at this point and for this to be resurrected I'd want a break back above 1.6185... Even then I'd be cautious until the 1.6277 high is broken.

More likely I feel this spells a deeper pullback lower at the very least and overall I'd prefer this to extend to 1.5826-46, see a correction and then lower again. I shall review as this progresses.

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