

USDJPY

Price

80.98

13th May 2011

Resistance	81.15-20	81.33	81.54-70	82.01	82.20-25	82.77
Support	80.52-60	80.15-25	79.82-98	79.56	79.38	79.00-05

Bias: I feel we should see losses, but could be choppy...

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: 81.70

Consider sell set ups at: 81.15-20 (if direct)

THE DAY'S OUTLOOK: I : see 81.15-20 as critical resistance

Well, a marginal new high was seen but only by another 2 points to 81.33. I think that was just a rather large and clumsy overlapping terminal move and thus the downside should now be at risk. At this point, as things stand, there doesn't appear to be an awful amount of downside thrust. I think therefore we may have to consider the potential for a triangle developing but this still means a move back down to 79.82-98. The only way I can see a stronger decline is, perhaps ironically, an initial move back to the 81.15-20 area. This will need a stronger and more direct decline to generate the type of thrust needed to imply more sustained and direct losses. Thus, which ever way I still feel losses are more likely today. We are just going to have to observe and react in the right areas.

Clearly a move above 81.33 would not be welcomed. I'd still keep in mind the 81.54-70 resistance as 4-hour momentum may well have developed a bearish divergence by then. Thus only look for more sustained gains above that area. If I'm right on the downside then a move below 79.75-80 would open the risk for more direct and sustainable losses to an eventual 78.48-74 target.

THE MEDIUM TERM OUTLOOK: I : feel there may be a triangle before the final decline

6th May: The 79.40-80 target was reached more directly than anticipated. The correction should remain below 81.54-70 (max 82.01) for losses to extend below yesterday's 79.56 low and down to around the 78.48 area.

Only an earlier break above 82.10 would allow a slightly deeper correction to 82.77 - break there would be bullish.

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