

USDCHF

Price

0.8843

17th May 2011

Resistance	0.8852-75	0.8915	0.8944	0.8971	0.9008	0.9028-64
Support	0.8820-25	0.8802	0.8775	0.8748	0.8705-15	0.8644-82

Bias While 0.8852-75 caps there may be risk of one more dip - else look for gains to resume

The underlying MT direction is bullish 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 higher. 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: 0.8775-02 or 0.8885

Consider sell set ups at: 0.8852-75 (if direct - care required)

THE DAY'S OUTLOOK: I : see potential for a whippy day

The 0.8944 high did hold and caused a moderately firm decline. When I first saw it I began to wonder whether it provided the final high and for a stronger follow-through lower. Well, it's an option but not the favored one. We will need losses below 0.8775 to begin to raise that as a stronger signal. Right now I see resistance between 0.8852-75. Now, this could be treated as just a pullback and for losses to resume. If a bearish trade set up develops then it would seem right for losses to return to the 0.8802 low and potentially just below to 0.8775 where it has potential to find a base and for the uptrend to resume.

Well, that's the core potential but given the ambiguity we should also work around this. A break above 0.8875-85 (a small congestion area) would suggest direct resumption of gains back to the 0.8944 high and then through for 0.9008 and possibly 0.9028. Look for the medium term targets above there. Below 0.8770 would allow 0.8750 at least but I suspect follow through to the 0.8705-15 pivot support. Only breach would cause stronger losses.

THE MEDIUM TERM OUTLOOK: I : am beginning to eye the 0.9028 - 0.9110 for a top

17th May: I am beginning to feel that we need another leg higher. This will still need any recycling to remain above 0.8775 and generate further gains back above the 0.8944 high and to 0.9029 minimum - and max 0.9110. Probably it should stall within this broad area.

Any earlier break below 0.8770 and 0.8705-15 would open up risk of direct losses back to the 0.8551 low and later 0.8332.

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