

9th February 2009

**General Outlook**

The caution I recommended on any direct follow-through in the Dollar's decline proved correct. The reactions in the Euro and Swissie were rather different as the Swissie made marginal new highs while the Euro failed to get much below Thursday's 1.2760 low... The pullback was actually quite firm but does look complete I feel although quite how quickly any resumption of the Dollar's strength will resume is a little mixed. I even have some doubts that it will...

The problem I see is that the deeper pullback in the Euro hit the 1.2961-02 resistance area. This was generated by measurements within a triangle structure which implies that if we get any declines here they should be limited to around 1.2777.

Now, I do expect this at a minimum but quite how the Swissie will perform at this point will be interesting. Its 1.1743 peak on Friday was with positive momentum and there are no signs of a larger top here. Thus we should move to a new high. Here the important support is at 1.1571 so we've very nearly reached this so just as the Euro should go down the Swissie should continue higher and we'll have to see just how well it performs.

The Pound took full advantage of the chance to maintain its rally and almost reached the 1.4863 target on Friday though after the weekend break it has managed to make the test this morning. There are minor signs of a cap in place but these aren't that strong. Given its ability to shake off any correlation with the other Europeans this one needs some care but I do see further resistance around 1.4922-32 which may well provide a deeper pullback consistent with the Euro & Swissie...

The market appears a little stunned with Dollar-Yen pushing above 92.00 and if we are to see a move up to the 94.62 area again (which is definitely a valid target in the larger structure as well as the shorter) we'll need the 91.41-65 area to keep losses at bay. However, I'm not convinced we'll see direct follow-through higher with the 92.75-84 area providing a short term barrier that could see a short period of consolidation before rallying further. Any loss of 91.40 followed by 90.41-72 would open the abyss of which I have been warning for some time.

Elsewhere the Yen crosses look much firmer and cautiously we'll see these make further progress. The Aussie looks firm as well with key support at 0.6601-31. Dollar-Canada frustrated with its snap above 1.2521 and shar

Have a profitable week.

*Ian Copsey**The art of forecasting*

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The analysis utilized in The Daily Forecaster is primarily based around the Elliott Wave Principle which identifies both the manner in which price moves and also the common ratios in projections and retracements. Ian Copsey identified an incorrect assumption made in R.N. Elliott's observations and has adapted the structures in a manner which provide superior support and resistance levels. The key to the technique is that, with the background of cyclic behavior, as long as the current position is recognized it will not only imply how price will develop but also provide a framework of support & resistance levels that should hold while that structure is valid. Therefore, not only is it possible to trade on these levels but also to trade on breaks which indicate either that the underlying directional move is continuing – or indeed breaking down. The most profitable subscribers to The Daily Forecaster often make their most profitable trades on these breaks. Thus take note of the guidelines just below the daily bias for examples of what trades should be considered.

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## Summary

<b>USDJPY</b>	The 91.41-65 support looks crucial and this needs to hold to retain a bullish stance for 94.65	<b>Resistance</b>	<b>Support</b>
<p>The 90.41-80 support area held perfectly to allow a further attempt high that has made a marginal new high this morning. While this holds below 92.40-75 we should see a correction lower first. Support between 901-41-65 should hold to retain a bullish stance. A subsequent break above 92.40-75 would allow the upside to extend towards 93.62-89 at least and I suspect this should reach the 94.15 level minimum and ideally 94.65. This should cap for larger losses. Only above 95.00 would maintain the upward momentum.</p> <p><a href="#">Go to detailed analysis</a></p>		94.65	91.65
		93.89	91.41
		93.24	91.00
		92.75-84	90.41-72
		92.40	89.75-00
		92.24	88.58
<b>EURUSD</b>	While 1.2992-02 caps I feel today should be a down day to around 1.2777	<b>Resistance</b>	<b>Support</b>
<p>The test of the 1.2962-02 resistance was seen on Friday and has held. Indeed, while it remains as a cap we should see losses push back below at 1.2915 and key support at 1.2880. Once seen look for the decline to continue through 1.2837 and into the 1.2777-98 area. This should contain losses today and prompt a correction. Thus only direct loss of 1.2746 would accelerate the losses through 1.2705 and probably below 1.2670 and towards 1.2547.</p> <p><a href="#">Go to detailed analysis</a></p>		1.3248	1.2915
		1.3178	1.2880
		1.3104	1.2837
		1.3068-80	1.2777-98
		1.3021	1.2705
		1.2991-02	1.2670
<b>USDCHF</b>	While 1.1571 supports the risk remains higher for a return to 1.1743 and probably higher	<b>Resistance</b>	<b>Support</b>
<p>Friday's rally fell short of the 1.1769-80 area from where we have seen the expected pullback. There is support at 1.1571 and while this holds I feel the risk is still higher. From this support a break back above 1.1647 would provide a lift for a return to Friday's 1.1743 high and probable breach though then take care at 1.1769 and also at 1.1809. To maintain direct gains we'll need a move through 1.1809 to move to 1.1914 which should force a further correction.</p> <p><a href="#">Go to detailed analysis</a></p>		1.1868-14	1.1571
		1.1743-69	1.1523
		1.1710	1.1485
		1.1670	1.1400
		1.1647	1.1373
		1.1610	1.1280-1.1311
<b>GBPUSD</b>	While I feel the 1.4922-32 area is achievable today I suspect it will cap for a pullback lower	<b>Resistance</b>	<b>Support</b>
<p>Gains were seen above 1.4757-66 and all the way to the next larger resistance at 1.4863 - plus 10 pips. Momentum is beginning to look a little stretched in the hourly chart while the 4-hour still looks bullish. I suspect then that while 1.4750 supports there does seem to be a stronger argument for gains to extend even further today but only as far as 1.4922-32. I suspect this will cap for a correction. Only above extends to 1.4979 at least. Note the next major resistance points at 1.5029 and 1.5090.</p> <p><a href="#">Go to detailed analysis</a></p>		1.5090	1.4750
		1.5029	1.4705
		1.4979	1.4668
		1.4922	1.4640
		1.4873	1.4586-07
		1.4810	1.4515-41
<b>AUDUSD</b>	While 0.6631-50 supports the main risk is still perceived as higher	<b>Resistance</b>	<b>Support</b>
<p>In fact gains exceeded all expectations to reach 0.6801. Momentum doesn't looked to have slowed and thus I feel we'll see support coming in between 0.6631-50. While this area supports the main direction remains higher. To generate a push back higher we'll need a break back above 0.6715 and once seen this should provide the basis for a rally back to Friday's 0.6801 high. Above there is resistance at 0.6877. Take care here. Only above maintains the move higher for 0.6927 and 0.7026-88.</p> <p><a href="#">Go to detailed analysis</a></p>		0.6983	0.6631-50
		0.6839-77	0.6601
		0.6801	0.6577
		0.6767	0.6524
		0.6740	0.6473
		0.6715	0.6432
<b>USDCAD</b>	Mixed - waiting for breaks	<b>Resistance</b>	<b>Support</b>
<p>The break above 1.2519 was a sucker punch seeing a complete reversal lower from 1.2538... This morning has seen this decline reach 1.2124 though I can't see any obvious reversal signals. If I have any preference it is bearish. Thus I'd prefer the upside to confirm itself before pushing through with this view. We're going to need a break above 1.2277 and if seen it should help price extend higher through 1.2315- &amp; 1.2358 but I see slightly firmer resistance at 1.2400. Take care here. Only above extends to 1.2453, 1.2490 and 1.2538.</p> <p><a href="#">Go to detailed analysis</a></p>		1.2453	1.2174
		1.2400	1.2124
		1.2358	1.2108
		1.2315	1.2023-61
		1.2277	1.1964
		1.2240	1.2174
<b>EURJPY</b>	While 118.10 supports the bullish structure looks the stronger...	<b>Resistance</b>	<b>Support</b>
<p>The break above 118.00-20 provided stronger gains than expected and these do look constructive. However, it will require the 118.00-10 area to remaining supporting and we have seen this test already this morning. A move back above 118.80 will assist and generate follow-through to the 119.97 high and probably 119.97 en route 120.63 at least. Take a little care here but I feel it should break for gains to head back to 121.06 minimum. Then note next resistance at 122.15-20 followed by 122.89-123.30.</p> <p><a href="#">Go to detailed analysis</a></p>		122.89-123.30	118.10
		122.15-20	117.40-50
		121.06	116.95
		120.63	116.45
		119.97	115.75
		118.80	114.20
<b>GBPJPY</b>	Mixed - waiting for breaks	<b>Resistance</b>	<b>Support</b>
<p>Friday saw gains develop quite strongly but stalled some way short of the 137.95 resistance. There has been a pullback today though hasn't broken any swing lows and I still suspect the direction is higher. However, I am a bit uncertain just how deep the correction can bite. Therefore I'd prefer to see proof of strength and this will need a move back above the 135.90 area initially and this should assist a further move to 136.78 and possibly even the 137.32 high. Clearly this will need to break to allow the uptrend to resume directly. Beyond I see potential targets at 138.37-78 and 139.16.</p> <p><a href="#">Go to detailed analysis</a></p>		139.16	134.84
		138.37-78	134.07
		137.95	133.35
		137.32	132.46
		136.78	131.31
		135.90	130.70



	<b>USDCHF</b> Price      1.1606      9th February 2009															
Go to: <a href="#">Summary</a> <a href="#">USDJPY</a> <a href="#">EURUSD</a> <a href="#">USDCHF</a> <a href="#">GBPUSD</a> <a href="#">AUDUSD</a> <a href="#">USDCAD</a> <a href="#">EURJPY</a> <a href="#">GBPJPY</a>		<table border="1" style="width:100%; border-collapse: collapse;"> <tr><th style="background-color: #800080; color: white;">Resistance</th></tr> <tr><td style="background-color: #800080; color: white;">1.1868-14</td></tr> <tr><td style="background-color: #800080; color: white;">1.1743-69</td></tr> <tr><td style="background-color: #800080; color: white;">1.1710</td></tr> <tr><td style="background-color: #800080; color: white;">1.1670</td></tr> <tr><td style="background-color: #800080; color: white;">1.1647</td></tr> <tr><td style="background-color: #800080; color: white;">1.1610</td></tr> <tr><th style="background-color: #000080; color: white;">Support</th></tr> <tr><td style="background-color: #000080; color: white;">1.1571</td></tr> <tr><td style="background-color: #000080; color: white;">1.1523</td></tr> <tr><td style="background-color: #000080; color: white;">1.1485</td></tr> <tr><td style="background-color: #000080; color: white;">1.1400</td></tr> <tr><td style="background-color: #000080; color: white;">1.1373</td></tr> <tr><td style="background-color: #000080; color: white;">1.1280-1.1311</td></tr> </table>	Resistance	1.1868-14	1.1743-69	1.1710	1.1670	1.1647	1.1610	Support	1.1571	1.1523	1.1485	1.1400	1.1373	1.1280-1.1311
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**Bias** While 1.1571 supports the risk remains higher for a return to 1.1743 and probably higher

The underlying direction is neutral while the daily bias is bullish. Caution is advised but there is a mild preference for gains within a consolidation. 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 bullish trade with bullish set up patterns. It would also be advisable to study both lower and higher time frame charts for evidence to support bullish trades.

Consider buy set ups at: 1.1571      Consider sell set ups at: 1.1570

<b>Daily Bullish</b>	Friday's rally fell short of the 1.1769-80 area from where we have seen the expected pullback. There is support at 1.1571 and while this holds I feel the risk is still higher. From this support a break back above 1.1647 would provide a lift for a return to Friday's 1.1743 high and probable breach though then take care at 1.1769 and also at 1.1809. To maintain direct gains we'll need a move through 1.1809 to move to 1.1914 which should force a further correction.
<b>Med Term Bullish</b>	9th February: While there is short term risk of range trading between 1.1571 and 1.1743 we should soon see extension through 1.1914 for 1.2116.
<b>Daily Bearish</b>	The high on Friday came in a little lower than expectations but the pullback has been healthy but should remain above the 1.1571 support. Thus a stronger bearish stance will require breach at 1.1570 and if seen would then generate losses towards 1.1520 and possibly 1.1485. Take care in this range as it could cause the downmove to stall for a while. Breach extend to 1.1399-05 again with the next major support at 1.1280-1.1311.
<b>Med term Bearish</b>	6th February: The break above 1.1714 doesn't appear to be that strong and while this morning's high at 1.1726 holds it may even be possible to get bearish again all the way to the 1.1280-1.1310 area. However, wait for confirmation on a break below 1.1505-84.

	<b>GBPUSD</b> Price      1.4787      9th February 2009															
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**Bias** While I feel the 1.4922-32 area is achievable today I suspect it will cap for a pullback lower

The underlying 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: Would like to wait & see      Consider sell set ups at: 1.4922

<b>Daily Bullish</b>	Gains were seen above 1.4757-66 and all the way to the next larger resistance at 1.4863 - plus 10 pips. Momentum is beginning to look a little stretched in the hourly chart while the 4-hour still looks bullish. I suspect then that while 1.4750 supports there does seem to be a stronger argument for gains to extend even further today but only as far as 1.4922-32. I suspect this will cap for a correction. Only above extends to 1.4979 at least. Note the next major resistance points at 1.5029 and 1.5090.
<b>Med Term Bullish</b>	9th February: Momentum remains strong and with the ultimate target for this move likely to be in the 1.54-1.56 area I am beginning to think we could see it rally to this level more directly. However, 1.1922-32 does look like providing the first barrier.
<b>Daily Bearish</b>	We have seen a minor new high at 1.4873 and this has caused a move back to just above the 1.4740-50 support. I suspect this will support. Thus only breach of 1.4735 would concern for a higher risk of a deeper pullback at least. If seen then look for the pullback break below 1.4705 and 1.4640 to the 1.4586-07 support. Take care there. Next support is then seen at 1.4541 and 1.4447.
<b>Med term Bearish</b>	6th February: We can now raise our reversal level to 1.4450 followed by 1.4364 - only breach sees stronger losses.

<b>AUDUSD</b>	Price <b>0.6675</b>	9th February 2009														
<p>Go to:</p> <ul style="list-style-type: none"> <li>Summary</li> <li>USDJPY</li> <li>EURUSD</li> <li>USDCHE</li> <li>GBPUSD</li> <li>AUDUSD</li> <li>USDCAD</li> <li>EURJPY</li> <li>GBPJPY</li> </ul>		<table border="1" style="width:100%; border-collapse: collapse;"> <tr><th style="background-color: #800040; color: white;">Resistance</th></tr> <tr><td style="text-align: center;">0.6983</td></tr> <tr><td style="text-align: center;">0.6839-77</td></tr> <tr><td style="text-align: center;">0.6801</td></tr> <tr><td style="text-align: center;">0.6767</td></tr> <tr><td style="text-align: center;">0.6740</td></tr> <tr><td style="text-align: center;">0.6715</td></tr> <tr><th style="background-color: #000080; color: white;">Support</th></tr> <tr><td style="text-align: center;">0.6631-50</td></tr> <tr><td style="text-align: center;">0.6601</td></tr> <tr><td style="text-align: center;">0.6577</td></tr> <tr><td style="text-align: center;">0.6524</td></tr> <tr><td style="text-align: center;">0.6473</td></tr> <tr><td style="text-align: center;">0.6432</td></tr> </table>	Resistance	0.6983	0.6839-77	0.6801	0.6767	0.6740	0.6715	Support	0.6631-50	0.6601	0.6577	0.6524	0.6473	0.6432
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**Bias** While 0.6631-50 supports the main risk is still perceived as higher

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

**Consider buy set ups at:** 0.6631 **Consider sell set ups at:** 0.6600

<b>Daily Bullish</b>	In fact gains exceeded all expectations to reach 0.6801. Momentum doesn't looked to have slowed and thus I feel we'll see support coming in between 0.6631-50. While this area supports the main direction remains higher. To generate a push back higher we'll need a break back above 0.6715 and once seen this should provide the basis for a rally back to Friday's 0.6801 high. Above there is resistance at 0.6877. Take care here. Only above maintains the move higher for 0.6927 and 0.7026-88.
<b>Med Term Bullish</b>	9th February: The gains have been stronger than expected and thus I am beginning to feel that we should see 0.6631-50 support and for gains to reach 0.6801 and 0.6877 en route 0.7088 where a reversal lower is possible.
<b>Daily Bearish</b>	With the strength seen on Friday we are going to require price to provide a stronger signal to expect any losses. The critical support area appears to be around 0.6631-50. Thus only a break below 0.6631 would generate deeper losses to 0.6601, 0.6577 where we should once again take care. Also note support at 0.6577.
<b>Med term Bearish</b>	9th February: We can raise the reversal level to 0.6601 (aggressive) and more safely around 0.6473-0.6524.

<b>USDCAD</b>	Price <b>1.2231</b>	9th February 2009														
<p>Go to:</p> <ul style="list-style-type: none"> <li>Summary</li> <li>USDJPY</li> <li>EURUSD</li> <li>USDCHE</li> <li>GBPUSD</li> <li>AUDUSD</li> <li>USDCAD</li> <li>EURJPY</li> <li>GBPJPY</li> </ul>		<table border="1" style="width:100%; border-collapse: collapse;"> <tr><th style="background-color: #800040; color: white;">Resistance</th></tr> <tr><td style="text-align: center;">1.2453</td></tr> <tr><td style="text-align: center;">1.2400</td></tr> <tr><td style="text-align: center;">1.2358</td></tr> <tr><td style="text-align: center;">1.2315</td></tr> <tr><td style="text-align: center;">1.2277</td></tr> <tr><td style="text-align: center;">1.2240</td></tr> <tr><th style="background-color: #000080; color: white;">Support</th></tr> <tr><td style="text-align: center;">1.2174</td></tr> <tr><td style="text-align: center;">1.2124</td></tr> <tr><td style="text-align: center;">1.2108</td></tr> <tr><td style="text-align: center;">1.2023-61</td></tr> <tr><td style="text-align: center;">1.1964</td></tr> <tr><td style="text-align: center;">1.1904-31</td></tr> </table>	Resistance	1.2453	1.2400	1.2358	1.2315	1.2277	1.2240	Support	1.2174	1.2124	1.2108	1.2023-61	1.1964	1.1904-31
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**Bias** Mixed - waiting for breaks

The underlying 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:** Prefer to sit out today **Consider sell set ups at:** Prefer to sit out today

<b>Daily Bullish</b>	The break above 1.2519 was a sucker punch seeing a complete reversal lower from 1.2538... This morning has seen this decline reach 1.2124 though I can't see any obvious reversal signals. If I have any preference it is bearish. Thus I'd prefer the upside to confirm itself before pushing through with this view. We're going to need a break above 1.2277 and if seen it should help price extend higher through 1.2315- & 1.2358 but I see slightly firmer resistance at 1.2400. Take care here. Only above extends to 1.2453, 1.2490 and 1.2538.
<b>Med Term Bullish</b>	6th February: The sharp reaction from the 1.2538 high was frustrating and only a break now above 1.2277 & 1.2400 will return us to a more bullish structure for a retest and break of the 1.2538 high.
<b>Daily Bearish</b>	The spike to 1.2538 only to see reversal was frustrating. Right now we have seen a fairly solid decline that has reapproached the 1.2124 level this morning. To extend losses we're going to need the 1.2240-77 area to cap. If so then look for losses below 1.2124 and probable follow-through for the 1.2023 low... Note next support at 1.1904-31.
<b>Med term Bearish</b>	9th February: Only back below 1.2108 would cause a revisit of 1.2023 and the the 1.1904-312 support that must hold while any gains can be contemplated.

