

## FX Techs

London Open

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Global FX Strategy

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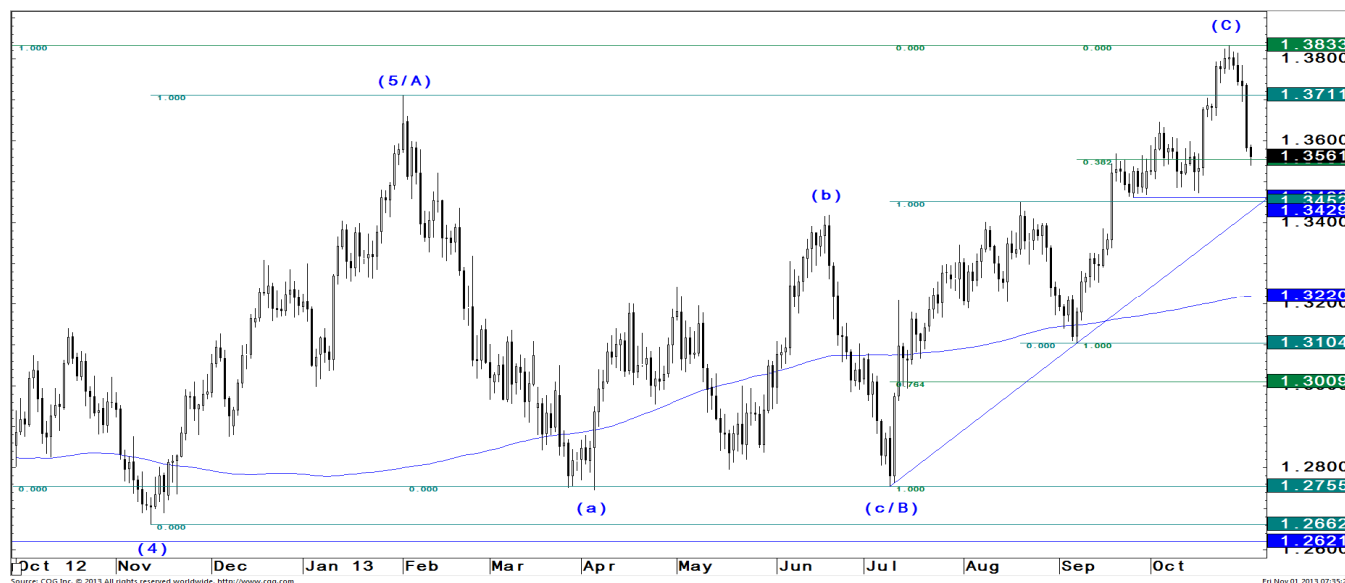
### At a glance: Game change for EUR?

The release of unexpected low inflation numbers for Europe sparked fresh rate cut fantasies yesterday which in its aftermath led to strong sales of **EUR** across the board. That said the losses in **EUR/USD**, **EUR/JPY** and in **EUR/GBP** were probably the most remarkable ones which does however not constitute a new trend yet. For the latter to be confirmed it would take additional breaks below 1.3555 and 1.3462/52 (int. 38.2 %/pivots) in EUR/USD, below 132.16 (daily triangle support) in EUR/JPY and below key-support between 0.8430/24 and 0.8392 (pivots/minor 76.4 %) in EUR/GBP though. **Cable** on the other hand remained totally unimpressed by yesterday's price action but stays in negative territory as long as key-resistance between 1.6093 and 1.6120/51 (minor 38.2 %/pivot/hourly breakout line) is capping the upside. A confirmation for a broader downtrend would however only be delivered via breaks below 1.5894 and 1.5819 (last low/int. 38.2 %). But coming back to the question whether the **USD** has bottomed out we are looking for additional evidence via breaks above 80.40/66 (int. 38.2 %/daily trend) and 80.75 (key-pivot) in the **USD Index**, via a break above 6.5246/82-6.5318 (pivots/daily trend) in **USD/SEK** and via breaks above 0.9130/73/83 (pivots/daily trend) in **USD/CHF**. In terms of **USD/JPY** we are still missing a break above upper daily triangle resistance at 99.18 to finally pave the way for a minimum recovery to the upper T-junction at 101.39/54 (int. 76/4 %/pivot). We also keep watching a massive resistance zone between 19.00 and 19.08/09/135 (int. 38.2 %/daily trend/pivots) in **USD/CZK** carefully as a break above would have very bullish implications, calling for a minimum advance to 19.92 (minor 76.4 %) and most likely to 20.44/49 (left shoulder/76.4 % on higher scale).

- Long 1 unit USD/JPY from 97.98, add 1 unit at 97.15, target 100.60, stop at 96.45 (Tech alert)
- Short 1 unit GBP/USD from 1.6110, add at 1.6300, targets 1.5150 & 1.4350, stop at 1.6400
- Short 2 units EUR/MXN from 17.4495 avg., targets 16.60/15.40, stop at 18.40
- Long 1 unit CAD/JPY from 82.22, target 103.50, stop at 91.15 (2013 outlook trade)

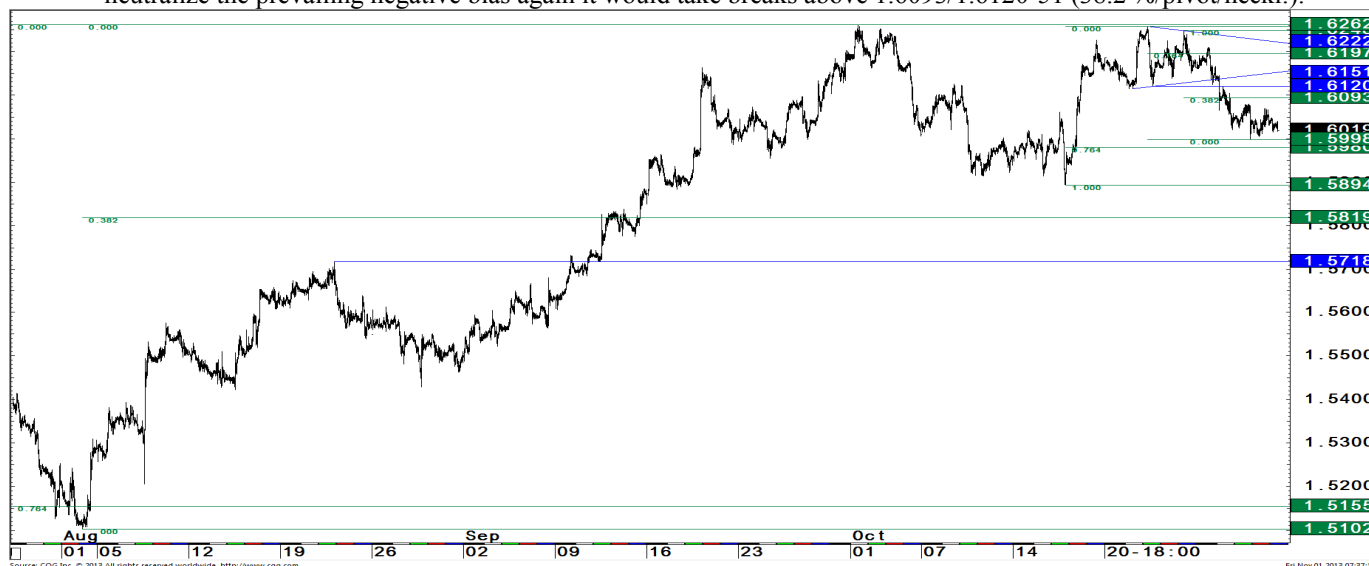
## EUR/USD daily – Impressive but not decisive enough yet

- Yesterday's sell-off did break several supports at 1.3712/05 (minor 38.2 %/pivot) and at 1.3650/46 (pivots), which is certainly negative, but not decisive enough to constitute a game change on bigger scale.
- The latter would be confirmed on breaks below the main T-junction at 1.3555 (38.2 % on higher scale) and below 1.3462/52/29 (pivots/daily trend). Such breaks would call for a straight extension to 1.3220 and 1.3104 (200 DMA/pivot/daily Ichimoku-lagging) while only a break above 1.3646 (minor 38.2 %) would ease the down-pressure.



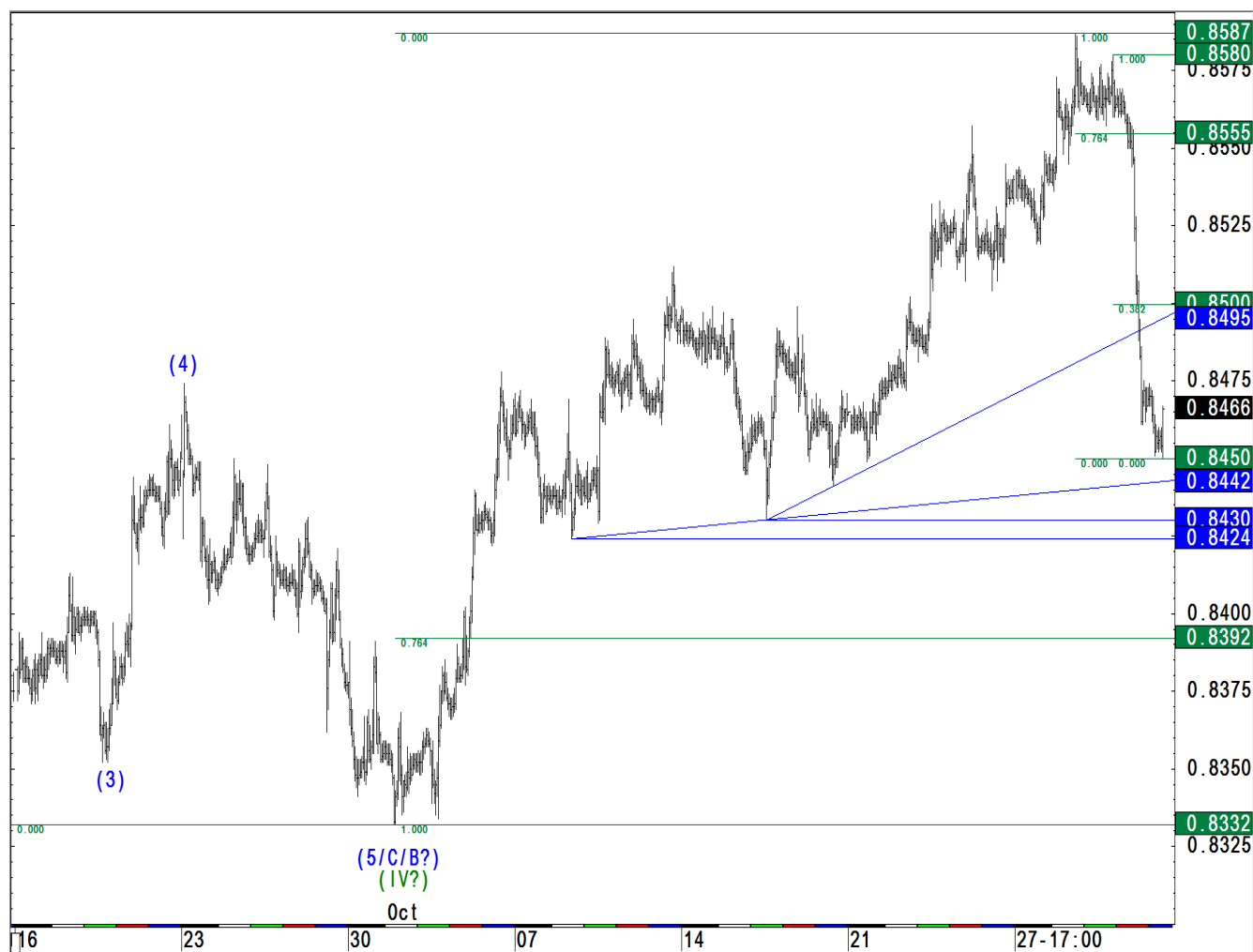
## GBP/USD hourly – Below 1.6093 to 1.6151, the market remains in negative territory

- Having basically formed a double-top at 1.6262/58 and broken first support at 1.6151/15 (hourly neckline/last intra-day low) thereafter, the risk of having launched a minimum setback to 1.5819 (int. 38.2 %) increased significantly.
- But to get the main T-zone at 1.6308/79 (weekly.-monthly triangle/pivot) off the radar screen it would not only take an additional break below 1.5894 (last intra-day low) but also and ultimately below 1.5819 (int. 38.2 %). To neutralize the prevailing negative bias again it would take breaks above 1.6093/1.6120-51 (38.2 %/pivot/neckl.).



## EUR/GBP hourly– The dynamic sell-off suggests that there is more to come

- Yesterdays' dramatic sell-off leaves only two conclusions which consist of a classical 3-step setback to 0.8392 (minor 76.4 % = wave B or wave 2) or of the resumption of a broader downtrend to at least 0.8285 (50 %).
- Given the shown structures in the hourly chart though it looks as if the first initial down-swing might still extend to 0.8442/30/24 (hourly trend/pivots) as long as 0.8495/0.8500 (hourly breakout line/minor 387.2 %) is not taken out.
- Only a break above 0.8500 would ease the down-pressure in favor of a stronger recovery to 0.8555 (minor 76.4 %) which would have to be cleared to get back into positive territory.



## EUR/JPY daily – A looming triangle break could trigger landslide losses

- Having formed an upward sloping, converging triangle within the assumed 5th wave advance we see a very high reversal risk which could trigger fairly severe losses.
- That said we keep watching daily triangle support at 132.16 very closely as a break below on hourly close could provide the initial spark for acceleration down and the start signal for a much broader 2nd or B-wave setback.
- Even considering that we are only dealing with a 4th wave setback on bigger scale we'd be looking for a setback into the 122.05 (int. 38.2 %) handle after such a break.
- Above daily triangle support though, we can't categorically exclude an extension up to 139.35 or to 139.14 (Fib.-projection/2009 high) but in order to shake off the now ruling bears it would take breaks above 134.62/80 (hourly breakout line/minor 76.4 %).

