



FX Technical Strategy - Weekly

18th March 2008

...and on

Market overview

How long can you push a trend until it breaks? the answer to that is it depends and anyone who tries to answer the question with any certainty is bound to have been caught short of euros, Swiss francs and yen over the past few months. Whilst it is clear that the market is finally coming round to my view that safe haven assets are the place to be, the next question to ask is should we put a contrary position on and start buying dollars?

Complex as it may seem, I think we may be in a double bluff situation. i.e. there are people who want to appose this trend because it's gone "too far", when in fact the contrary view could be to sell dollars still.

The antidote to this uncertainty is to roll stops up (or down) and let the market decide. Whilst the arguments about the short term direction of the dollar and equity markets rage, I remain a long term bull of the Swiss franc and yen with long term targets at 0.90 and 90 approaching against the dollar and an equity market bear.

Euro sterling continues to push higher and my target at 0.8100 remains in prospect. I also remain a perennial bull of cable, but it will continue to be caught in crossfire selling of sterling yen and sterling swiss.

Long term targets at 72.00 have been hit with 69.00 the next objective. Only a one week close over 72.00 would suggest a neutral position.



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Technical strategy - EUR/USD, USD/JPY, GBP/USD

Euro/ US dollar

Long term objectives at 1.60 are close, move stops up from 1.5170 to 1.5660. A retracement is due, but until a specific sell signal is given I continue to roll up stops.



US dollar/ Japanese yen

100.00 targets have been well exceeded. My long term bias remains for yen strength with H2 targets at 90.00 being brought forward and H2 objectives at 80.00. Move stops down from 103.70 to 101.20.



Sterling/ US dollar

Sterling has stalled at these levels as sterling yen and sterling swiss pressure comes to bear. My bias remains to the upside however and 2.04, but this will not be a straight line. Stops remain at 1.9929.



Technical strategy - EUR/JPY, AUD/USD, EUR/GBP

Euro/ Japanese yen

Stops were hit at 159.10. My bias remains to buy yen, although the euro is not the primary trade. The current volatility should ease into a smoother downward trend in the coming weeks, but for the moment I continue to look to buy yen with 155.50 the initial sell zone on stops at 157.10.



Australian dollar/ US dollar

This remains a difficult call. From last week both a bearish and bullish view would have failed. Mine was the former and on balance I see further downside risk. Look to sell small at 0.9330 on stops at 0.9370 looking for 0.9000.



Euro/ sterling

Targets at 0.7720 have been well exceeded with long term objectives at 0.8100. Stops are at 0.7790.



Technical Strategy - GBP/JPY , EUR/SEK

Sterling / Japanese yen

Targets at 200.00 have been hit with long term objectives at 180.00 coming into focus. Move stops down from 207.30 to 201.10.



Euro / Swedish krona

Although this is consolidating, the risk is slowly developing to the upside. Whilst the range swings could be wide short term, this should develop into a smoother trend over the coming weeks. Targets are at 9.70 into May. Look to buy a dip to 9.36 if seen. This will be on watch for the time being as the parameters are still wide.



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