

Date: 09<sup>th</sup> March, 2010 [Early Asia]

Technical Report No: LFX 46/2010

**Overview:**

German and French authorities have added their voice to that of the U.S. blaming speculators for forcing CDS spreads higher for embattled European countries debt, and forcing the EUR lower. They have indicated that some sort of plan would be ready by June. Very much a case of shooting the messenger in our opinion. Portugal has sensibly announced austerity measures to stem a ballooning budget deficit as bond markets eased pressure on debt-stricken Greece on Monday after the French pledge of EU help. Portugal plans to sell €6bn of assets, delay infrastructure projects, increase taxes for the rich, and reduce civil servant pay rises.

	AUD/USD	NZD/USD	AUD/NZD	EUR/USD	USD/JPY	GBP/USD
<b>RESISTANCE</b>	0.9130	0.7050/60 0.7030	1.3120 1.3050 1.3025	1.3735 1.3690/00	91.25 90.70 90.60	1.5495 1.5340 1.5190
<b>SUPPORT</b>	0.9060 0.9035 0.8975 0.8955	0.6980 0.6850 0.6805	1.2970 1.2950	1.3530 1.3450	90.10 89.50 88.05	1.5000 1.4850 1.4780 1.4400

Key: T/P = Take Profit: S/L = Stop Loss: Trailing T/P (or S/L) = moving your T/P (or S/L) as a market moves, to protect gains.

**AUD/USD**

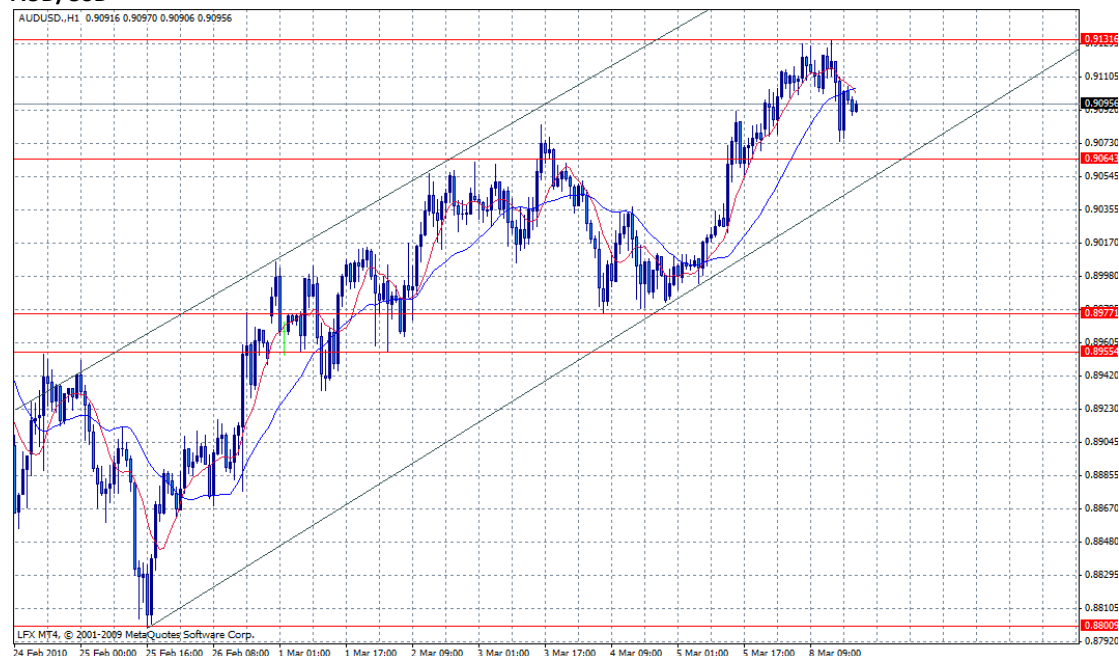


Fig 1: Hourly AUD/USD

AUD/USD took out the 0.9115 overnight before drifting back lower and finding support at 0.9070. Whilst we are moving higher in an ascending channel, the USD has regained much of its overnight losses, and we are essentially back where we were yesterday at this same time. Whilst our mvas have converged we prefer to remain neutral just here, looking to either buy the dip to 0.9060 (trend line support) with a tight S/L. On the day, we suspect that 0.9060/0.9130 would contain.

## NZD/USD

A decent move higher for the NZD, tracking the AUD but making ground on it by virtue of a lower AUD/NZD. The NZD/USD has however fallen short of the critical 0.7050/60 resistance level, and our mvas are starting to converge as it has given up some of its overnight gains. On the day we're neutral here for the NZD/USD, and watch for breaks of either 0.7035 for another attempt at 0.7050 or a drop back below 0.6980 support to indicate that this move is over. Only a close above 0.7060 gets us bullish at these levels.

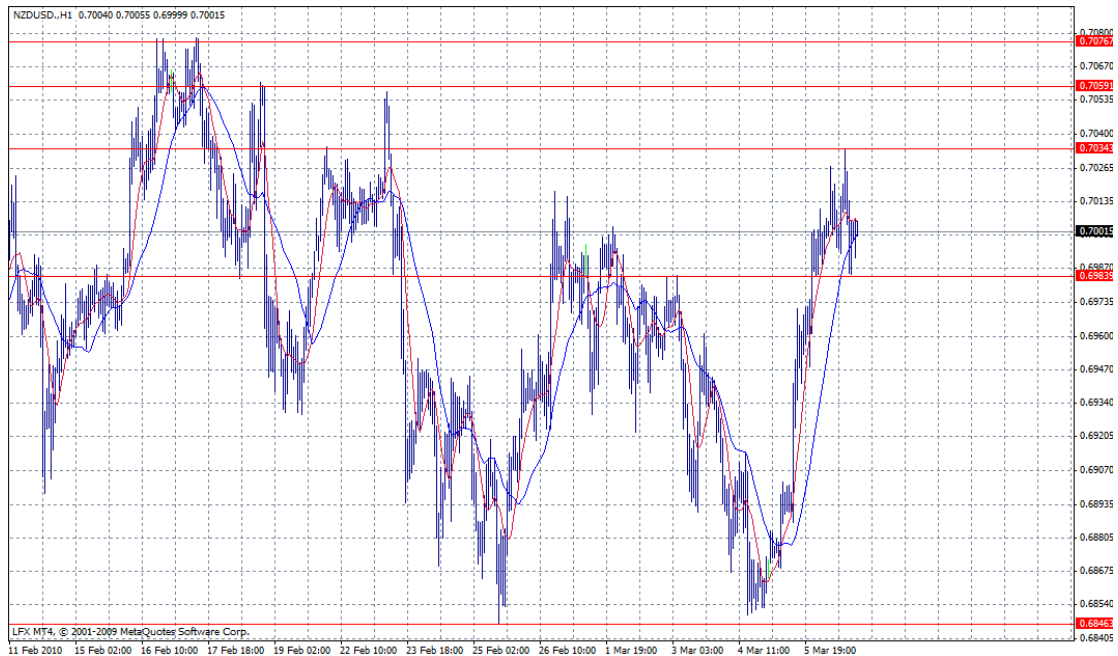


Fig 2: Hourly NZD/USD

## AUD/NZD

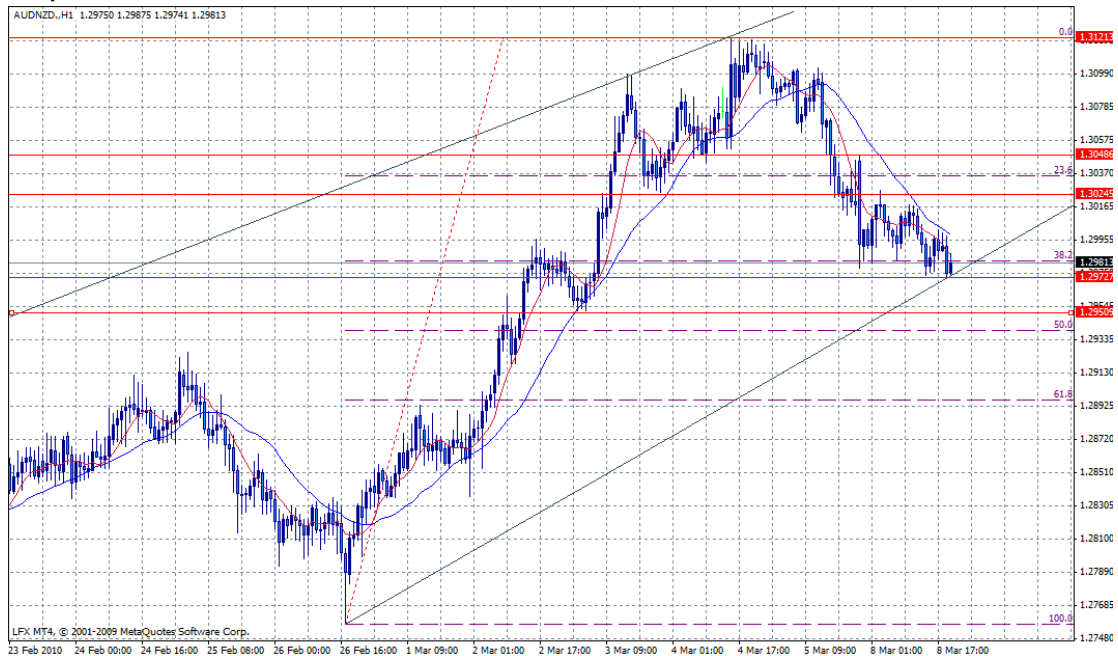


Fig 3: Hourly AUD/NZD

AUD/NZD gave back more ground than we expected overnight, and we suspect that we are seeing a long squeeze on AUD/NZD ahead of an expected RBNZ decision not to move rates on Thursday. Our mvas are still pointing down but converging at this 38.2% Fibon level (see chart). We see this as an opportunity to pick up some AUD/NZD here with a S/L below 1.2925 as per yesterday's report. Only a daily close below 1.2950 challenges our view that AUD/NZD will again challenge 1.3120.

## EUR/USD

As per yesterday's report we are short of EUR/USD now having sold up at 1.3690, and will leave our stop above 1.3740 – targeting 1.3530 - based on our range trading approach to EUR/USD at the moment. Whilst the European situation stabilizes but still does not look well, we believe that selling rallies is still the strategy. Our mvas have crossed lower. 1.3530/1.3700 should confine for now.

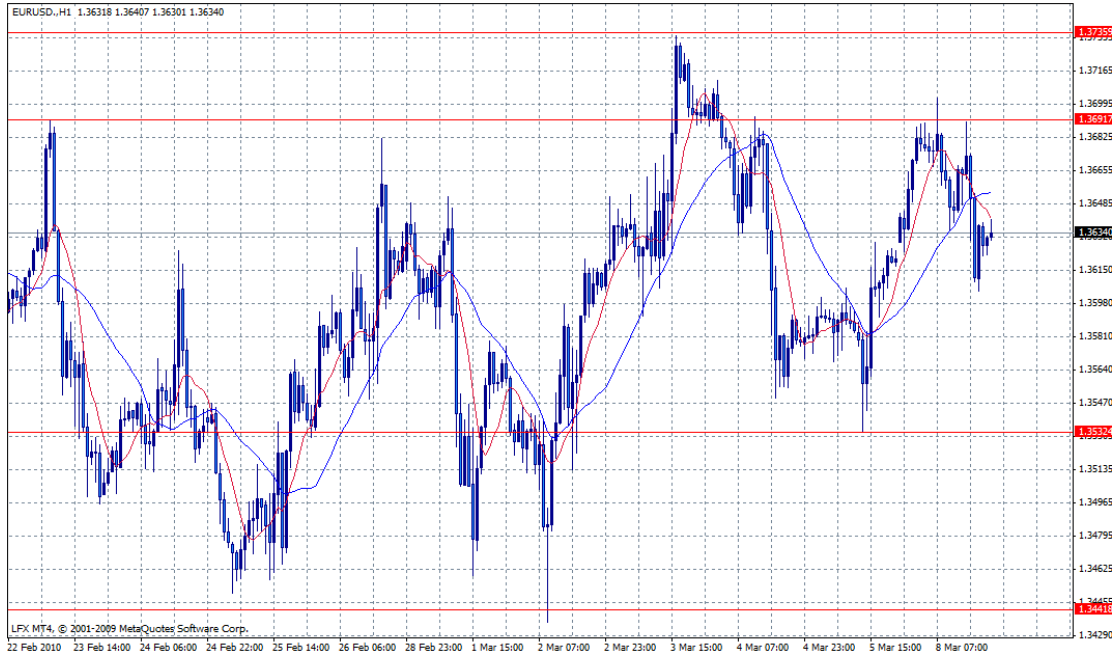


Fig 4: Hourly EUR/USD

## USD/JPY

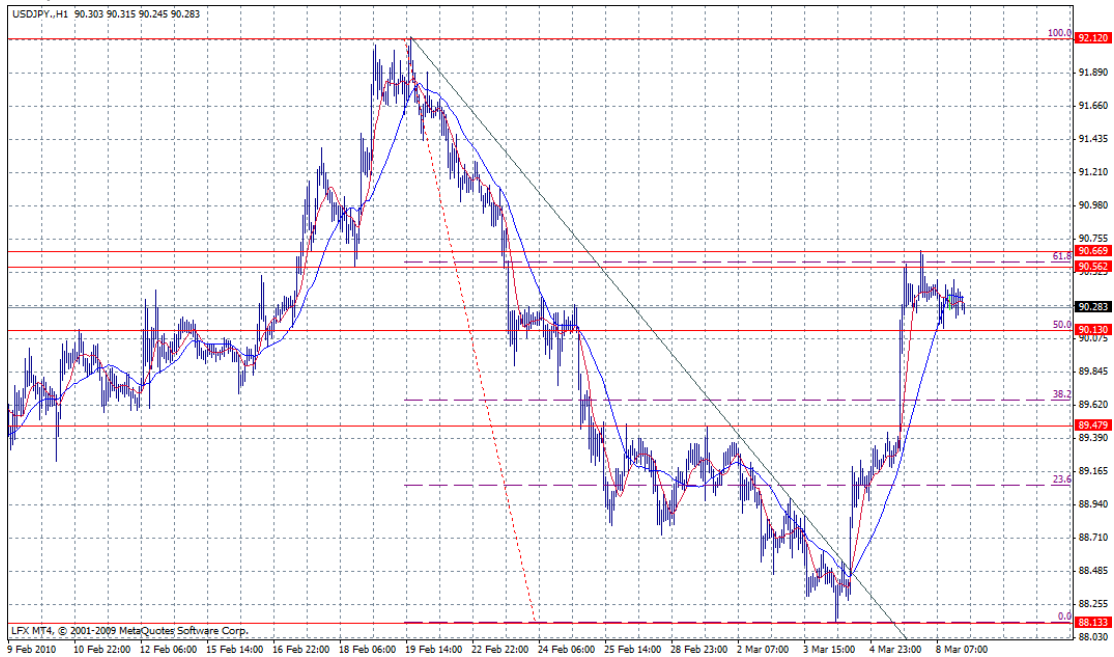


Fig 5: Hourly USD/JPY

As per yesterday's report we remain neutral on USD/JPY at these levels as it consolidates between the 50% and 61.8% retracement levels for this most recent move down and back up on the hourly charts. JPY cross buying supported USD/JPY yesterday, but fell off once the commodity currencies started to retrace. Our mvas have converged, confirming our neutral position for the day. Support at 90.10/resistance at 90.70 likely to contain today, although any further declines in AUD, NZD etc could provide a downside test for USD/JPY.

## GBP/USD

Trading sideways still in a 1.5000/1.5190 range – as predicted by yesterday's report – but we are starting to favour another downside test for GBP/USD as the USD has regained much of its overnight losses across the board, and our mvas have crossed lower again. 1.5000/1.5150 would likely contain for today's Australasian time zone but we look for a downside test into the European trading zone. Break of 1.5000 targets 1.4850 pretty quickly.

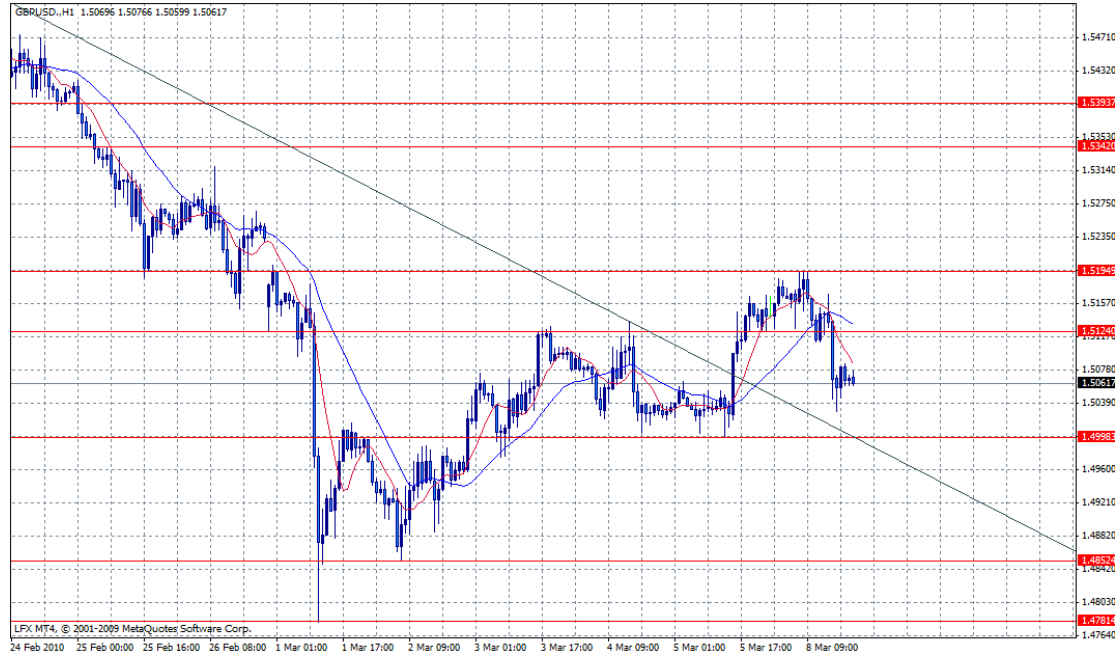


Fig 6: Hourly GBP/USD

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