

WFXAdvisor – Weekly Market Outlook



GBP/USD

22th – 26th December 2008

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Chart 1 - GBPUSD Weekly

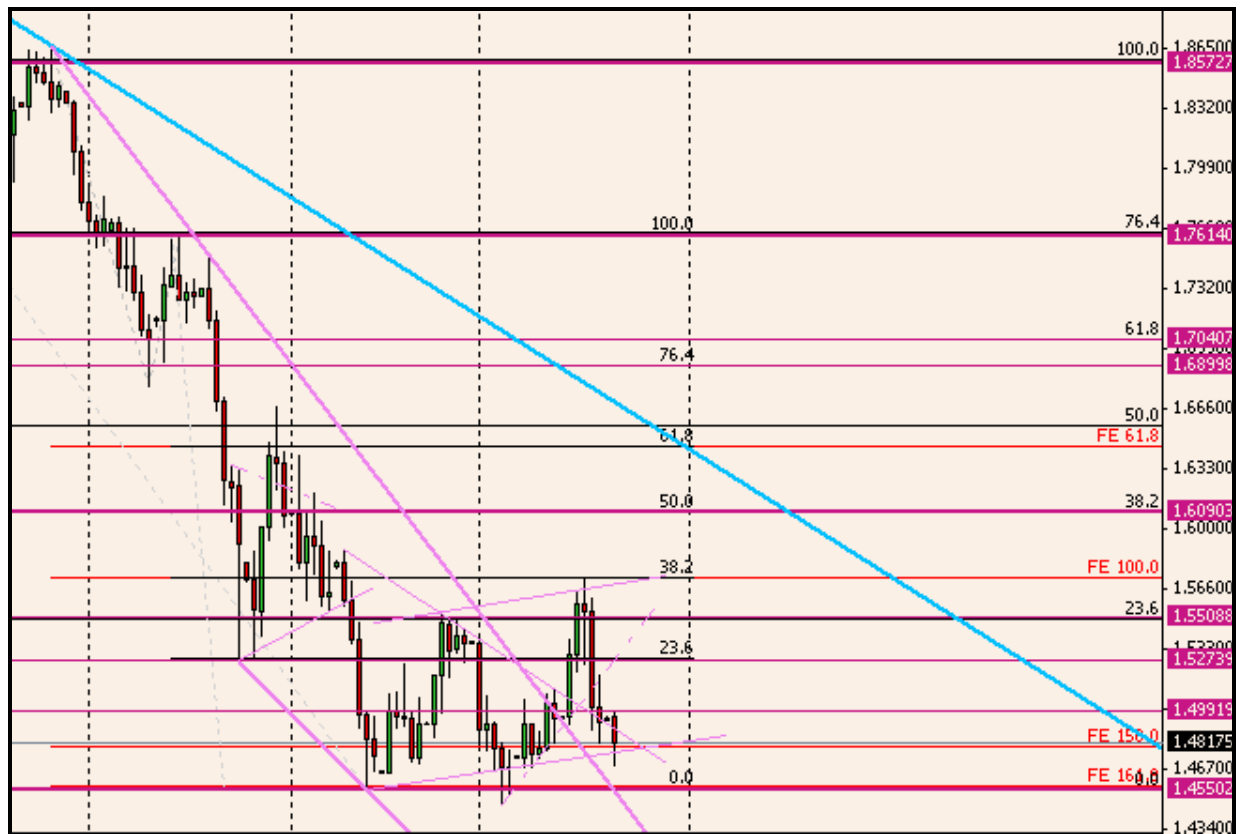


Chart 2 - GBPUSD Daily



Chart 3 - GBPUSD 4-Hours

GBP/USD Technical Picture / Pattern Analysis

Weekly / Daily :

Last week sees a pullback higher followed by a rejection to weekly lows. Last week closed on a Doji, arguing a pause, or hesitation. Expected trading range for coming weeks/days extends from 1.4460 to 1.5290.

To the upside, 1.4940 last week close remain the first level to monitor as only a break above will trigger some short-term buying towards 1.5090 (1st objective) then 1.5260 (2nd objective). Only a break above 1.5290 main resistance will allow prices to climb further towards 1.55 handle initially.

To the downside, price has been rejected by 1.4730 support, which is the main level to monitor as the support has been respected since more than a month. A break below argues in favor of larger downtrend continuation and news lows may be seen. Break below 1.4730 targets 1.4640 first (1st objective), ahead of 1.4540 (2nd objective) and 1.4450 yearly lows (3rd objective). Break below 1.4450 means a fall towards 1.41 handle is likely.

4-Hours :

Price consolidate last week rise and is still inside main consolidation channel in place since December. A sustained break outside of this channel argues for a fall to range lows. Expected trading range for coming weeks/days extends from 1.4590 to 1.5190.

To the upside, the 1.4870 – 1.4910 zone is a strong resistance zone. A 4-hours close above it is needed to keep prices in main channel. If price can be kept above 1.49, a rise towards 1.5050 is expected (1st objective). Above there, and if no rejection occurs at 1.5050, rise may continue to 1.5210 resistance (2nd objective).

To the downside, 4-hours close below 1.48 breaks the channel to the downside and a move towards range low may be seen. Several supports are on the way: 1.4690 candle low (1st objective), 1.4550 range low (2nd objective).

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