

Technical Analysis for GBPUSD 26 Jan 2010

Contributed by Administrator
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The GBPUSD had a significant bullish momentum yesterday, topped at 1.6259 and closed at 1.6240. On daily chart below we can see that price is now testing the trendline resistance indicating a critical technical phase. The bias is bullish in nearest term but note that as long as price stay below the trendline, the bearish scenario should remains intact.

I think the trendline resistance area gives us a good technical set up and risk reward ratio for a short position with a tight stop loss above the trendline resistance. However, a break above the trendline should be seen as bearish failure and potentially trigger further bullish scenario towards 1.6430 even 1.6700 area. Immediate support at 1.6200. Break below that area should keep the bearish scenario intact.