

EURUSD Weekly Summary: False breakout or further upside correction?

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The EURUSD made another indecisive movement this week. Price attempted to push higher, topped at 1.3691 on Tuesday but still closed below 1.3650 on Friday indicating limited upside corrective pressure. On daily chart below we can see that price slipped above the minor bearish channel but closed lower around the upper line of the minor bearish channel. While long term outlook remains bearish, the medium term outlook is in critical technical phase. The fact that price slipped above the minor bearish channel could open the way for further bullish correction towards 1.3850 area.

However
on the other hand, since the bullish momentum seems limited, also leaves the door open for possible false breakout scenario and I prefer this scenario. The Greenback should have the advantage as risk aversion has taken center stage. On the contrary, the Euro zone economy outlook remains weak. After Greece, now Spain is another problem for the Euro. Some even believe that the problem in Spain is worse than Greece. The 1.3400 area remains the nearest technical bearish target. Break below that area should trigger further weakness for Euro towards 1.3100 area.