

Short Term Analysis
Date: Monday, 2/4/2008

EURUSD (Close 1.4802)

If you have been following our progress on the Euro, we are short from last week's 4891 range top. Currently up 106 ticks. If you are short, stay short and follow today's analysis.

For Monday, I expect the EURUSD to trade down to the 4780 in Asia. This area has the potential to hold the range bottom and reverse price back to 4850. If this materializes, short term traders can look to set new shorts on a push up into the 4850 level. Target for the trade would be 4718. Ideally, risk should be above the 4895 level.

If the 4780 level gives way, then continue to hold short into 4718. Cover all shorts at this level. This is a very important level and will establish our directional trend for the week. If this level holds and price moves up, look to set longs on a return to 4718. Current target is 4850.

If price were to move down and settle below 4718 before my next update, then I would look to set shorts on a push back up near this level. Current target comes in at 4572.

USDJPY (Close 106.48)

If you have been following our progress on the Yen, we are long from last week's range bottom at 105.70. Currently up 78 ticks. If you are long, stay long and follow today's analysis.

For Monday, I expect the USDJPY to test the 106.30 level in Asia. This is a key level and my bias is for it to hold. Traders can look to set new longs at 106.30. Target 107.24, if price moves through this area then target 107.75. Exit all longs at this level and wait.

If 106.30 does not hold and price settles below this level, then I would exit current longs and set shorts near this level at 106.30 for a move down to 105.40. Cover shorts here and wait for value to build for the next directional move.

GBPUSD(Close 1.9683)

No prior analysis to follow.

For Monday, I expect the GBPUSD to move down to 9624 in Asia/Europe, if this level holds price should reverse for a re-test of 1.9682 in London. Short term aggressive traders can set longs out of 9624 and target 9682. If price continues upward through the 9682 level, then target 9735 and exit all longs at 9735. Wait for value to build. If 9735 holds, then traders should look to set shorts for a move back down.

If price moves down through 9624 in Asia/Europe and holds below, then traders can set shorts for a move down to 9509. Cover all shorts here. A move below this level is very significant.

USDCHF (Close 1.0892)

If you have been following our progress on the Franc, we are long at 1.0825 from last week's range bottom. Currently up 25 ticks. If you are long stay long and follow today's analysis.

For Monday, I expect the Franc to trade up to 1.0926 in Asia/Europe. This level has the potential to reverse price action; however my bias is for price to continue up to 1.0964. Exit all longs at this level and wait for value to build for further directional information.

If price moves down in Asia/Europe, look for 1.0819 to hold. Traders can set new longs out of this level for a move up to 1.0964. Risk on this trade should be below the 1.0780 area.

The key for the Swissy is the open in Asia, I am looking for price to move up but it is not completely clear to me.