Technical Analysis

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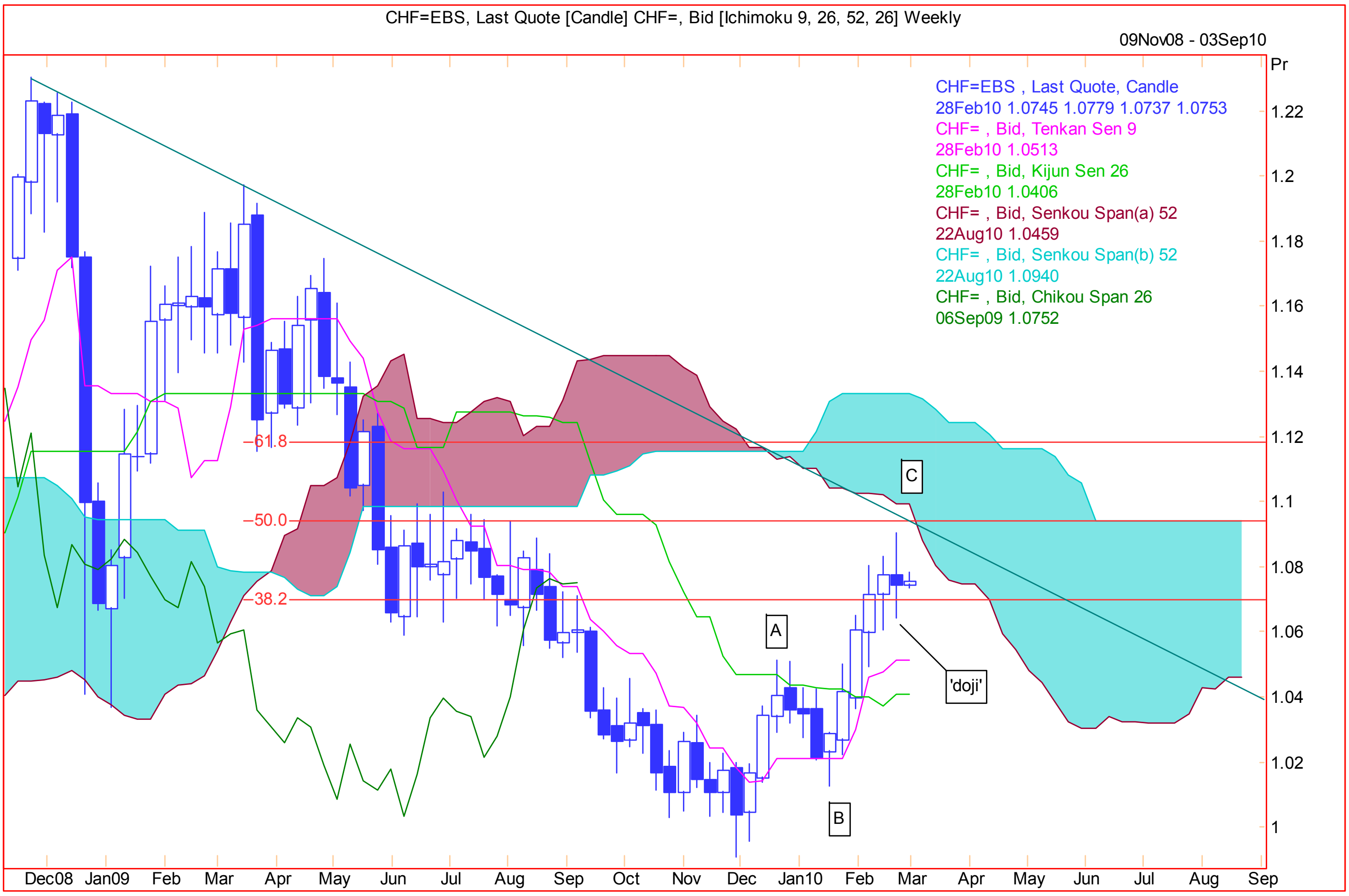
CHF



Comment: The bounce that started in December has carried on for longer, and taken prices higher, than we had allowed for. Open interest is now less than half 2006-2008's peak, suggesting many have given up on the Swiss franc. Nevertheless it is still clearly corrective taking an A, B, C-type format, and appears to have stalled last week. This follows three consecutive weeks of slightly higher highs inside a 'wedge' formation. Last week's 'doji' and 'spike high' at 1.0900 lies just under Fibonacci 50% retracement resistance, a level that capped often last summer. It is also at the point where suddenly the lower edge of a massive weekly Ichimoku 'cloud' drops after trading broadly sideways since May 2009. The franc is oversold against the US dollar and Euro/Swiss looks heavy despite repeated rumours of tinkering unsuccessfully in the pair by the Swiss National Bank. Sooner rather than later this pair should trade lower. Medium term target parity, again.

Strategy: Sell at 1.0750; stop above 1.0955. Add to shorts on a weekly close below 1.0600 and again below 1.0400 for 1.0000/1.0050 medium term.

Chart Levels:

Support	Resistance	Direction of Trade
1.0650	**1.0800**	
1.0600	**1.0900****	
1.0500	**1.0955***	
1.0410/1.0370*	**1.1000**	
1.0295	**1.1025**	

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