

TECHNICAL ANALYSIS EURUSD



EURO, the common currency of European Union was quoted at \$1.1785 against US Dollar when it was launched in 1999 replacing the ECU. The appreciation against USD started from mid 2000 that is from low \$0.8225 and made all time high of \$1.6038 in mid 2008. Currently it is trading around \$1.25, after posting a recent low of \$1.2148.

The 'symmetrical triangle' formation breaks out at \$0.91 in 2002, triggered first leg for the bull market. It also broke 'Downward slope trend line' \$ 1.05, connecting high of the years 1992, 1993 and 1998. The bull-run extended after it formed 'Bull flag' on daily chart during 2004- 2007. The target of this Bull Flag formation was \$1.60, which was achieved in 2008.

After above mentioned move, market has formed 'Double top' on daily chart, which is sparked the reversal in the market and ended eight years bull-run. The market fell around 25 percent from its peak of \$1.6038 to \$1.2328.

The pair has recently broken the critical support of \$1.2130 –the 50% Fibonacci retracement and also the 18.75 degree support line of 'Gann fan'. If the market witnessed sustained trading below the same may result into decline towards next support level of \$1.1620 (low of Nov 2005). Any fall below this support can extend the weakness towards \$1.1480 that is at 15 degree of Gann fan, then towards \$1.1205 which is 61.8% Fibonacci retracement of \$0.8225 to \$1.6038.

Impact on USDINR: The selloff in the EURUSD should push the USDINR pair higher. A decline below 1.28 may push the USDINR higher towards 48.00 levels.

EURINR: The EURINR cross may get limited impact and should get motivated by both EURUSD and the USDINR moves. We see EURINR testing 56 again if the USDINR does not move above 48.00 and the EURUSD comes down below 1.18.

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