

## EURO/USD

The Euro ended the month of July at 13049 , a 6.7% gain comparing to the end of June closing. The latest US economic numbers released are not encouraging ,the 2010 2<sup>nd</sup> quarter GDP showed that the economy grew at 2.4% following a 3.7% expansion in the 1<sup>st</sup> quarter, also the consumer purchases, which account 70% of the economy, didn't show a real expansion while personal savings continue to increase because of the lack of real improvement in the job market which boost the fears from a double dip recession.

The last COT report released Friday showed that hedge funds are still net short of 2.67 billion euro comparing with net short of 14 billion euro in June 11. The structure of the monthly chart looks constructive where morning star formation on a failure bearish breakout is a positive sign for the euro and indicates that further rally for the euro toward 13525-13625 should be expected on the medium term.

In the short term, the euro has reached the key short term resistance area at 13115-30 somehow exhausted , if hold, the euro is expected to drop toward 12730-12635.A clear break and close above 13130 should open window for the euro to test the 13340 level.

Euro/U.S. Dollar

