

Euro/USD

Yesterday, the market tested the 1.2178 before rebounding to close at 1.2345. Although the major trend is still down, the structure of the short term trend, the inter-swings correlation, the time studies and the offer/demand balance index are not currently supporting a major downside breakout and therefore **one has to be cautious from a false breakout to the 4 years low 1.2144 (May 19 2010) to wash stop loss orders placed below that level and then rebound back to the 1.2740-1.2790 to complete the corrective structure.** The market needs a clear break to 1.2075 level to re-activate the downside move en route to 1.1440-.