

EURO YEN MOVES TOWARDS SUPPORT

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The Euro Yen continues relentlessly and inevitably towards 120. The addition to the chart is the upper trend line which is now acting as a resistance level. When this is combined with the lower trend line this creates a falling wedge pattern.

A Falling Wedge is an elongated triangle that slopes downwards with the price rebounding lower between two converging trend lines. It is usually found in uptrends as a continuation pattern that slopes against the prevailing trend. Sometimes, the falling wedge may materialize near the end of a prolonged downtrend where it can act as a reversal pattern. This suggests a longer term bullish breakout for Euro Yen but in the immediate short term the support target is near 120.

If the falling wedge pattern is projected forward then the intersection point of the wedge is around June 2017 and it is near 112. The strength of the 120 support level suggests traders will watch for a rebound around July 2016. A rebound above 124.5 is a strong bullish signal and confirms the falling wedge breakout. The initial breakout upside target is near 127.



The breakout faces well established resistance levels created by a legacy of trading bands. The Euro Yen moves between these trading bands using them alternatively as support and resistance levels. The 127 level is a well-established level and is will act as a resistance level.

We use the [ANTSSYS](#) trade and analysis method to identify the opportunities as the market retreats from near 120. This is traded with a tight stop using a customised ATR indicator.

The price peaks on 2013 December, and on 2014 December and again on 2015 June resembled a head and shoulder pattern. If this pattern is valid then it gives a downside projection target near 110.

However we do not see this as a valid head and shoulder pattern because the pattern development is interrupted to too many subsidiary highs. Additionally it is not normal for these patterns to be spread over 3 years of development. Typically these patterns develop over a 4 to 8 month period.

Traders and investors watch carefully for trend reversal patterns to develop as the Euro Yen rebounds from support near 120.