

AUDUSD Forex Technical Analysis - The AUD/USD posted a potentially bearish closing price reversal top on Thursday after briefly testing a major retracement. Friday's subsequent follow-through to the downside confirmed the move, putting the market in a position to begin a 2 to 3 correction equal to 50% to 61.8% of the last rally. The main trend is up according to the daily swing chart. However, the closing price reversal top indicates a shift in momentum and investor sentiment to down. It could be a combination of profit-taking and aggressive counter-trend shorting that drives the market lower. **AUD/USD Chart**



The main range is .7834 to .7145. Its retracement zone at .7490 to .7571 stopped the rally on Thursday at .7504. The new short-term retracement zone is .7145 to .7504. Its retracement zone at .7424 to .7282 is the primary downside target. Based on yesterday's close at .7430 and the earlier price action, the direction of the market today is

likely to be determined by trader reaction to the uptrending angle at .7405. Holding .7405 will indicate the presence of buyers. This could drive the market into a pair of short-term downtrending angles at .7464 and .7519. A long-term downtrending angle at .7474 is also expected to provide resistance along with a major 50% level at .7490. Any of these levels are capable of stopping an intraday rally. If successful, a secondary lower top should form and the selling pressure should resume. If the rally extends beyond .7504 then the closing price reversal top will be negated and the uptrend will resume with the next target a major Fib at .7571. Taking out .7405 with conviction will signal the presence of sellers. The daily chart is wide open under this angle so we could see an acceleration to the downside with the next target the short-term 50% level at .7324. Now that the closing price reversal top has been confirmed, traders should watch the price action and read the order flow at .7405. Trader reaction to this angle will determine whether we retrace and test the top, or accelerate to the downside with a minimum target of .7324.

Source: FXEMPIRE