

Swiss Franc & Yen Breakout on \$U.S Weakness

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Swiss Franc Breaks-out

The Swiss Franc broke out of its down channel yesterday as all major currencies rallied against the \$U.S., see figure 1. As described in recent weekly reports, a long Swiss Franc position should have been established at a break of the upper channel line that occurred at \$0.81 on the CME Swiss Franc December futures contract. This morning at 9:33 A.M it is trading at \$0.8196 or almost a \$.01 profit which is equal to approximately \$1250 per contract or a 77% return on the overnight maintenance margin. The breakout of the Franc is the beginning of a larger up move based on all the weekly charts seen in previous weekly reports and an inverse head and shoulders pattern and the down channel give us two minimum profit objectives. The minimum objective is given by the H&S at \$0.8345 and slightly higher based on the down channel's estimate. These figures are of course minimum objectives and can be surpassed. If you compare figure 1 to figure 2 which is the Yen, it is clear that the Franc has continued to outperform the Yen and is expected to continue to do so for the reasons discussed in the most recent weekly report.

Japanese Yen Breaks-out

The Japanese Yen broke its down channel as well, but not as decisively as the Franc, as can be seen in figure 2. A minimum price objective would be \$0.8854 as seen on the chart in fig 2. This figure is actually \$0.008854 on the Chicago mercantile exchange, but esignal removes the first 2 zeros when it delivers its data. As with the Franc, this breakout should be the beginning of what is to be a larger move.

If you have any questions or comments please email me at:
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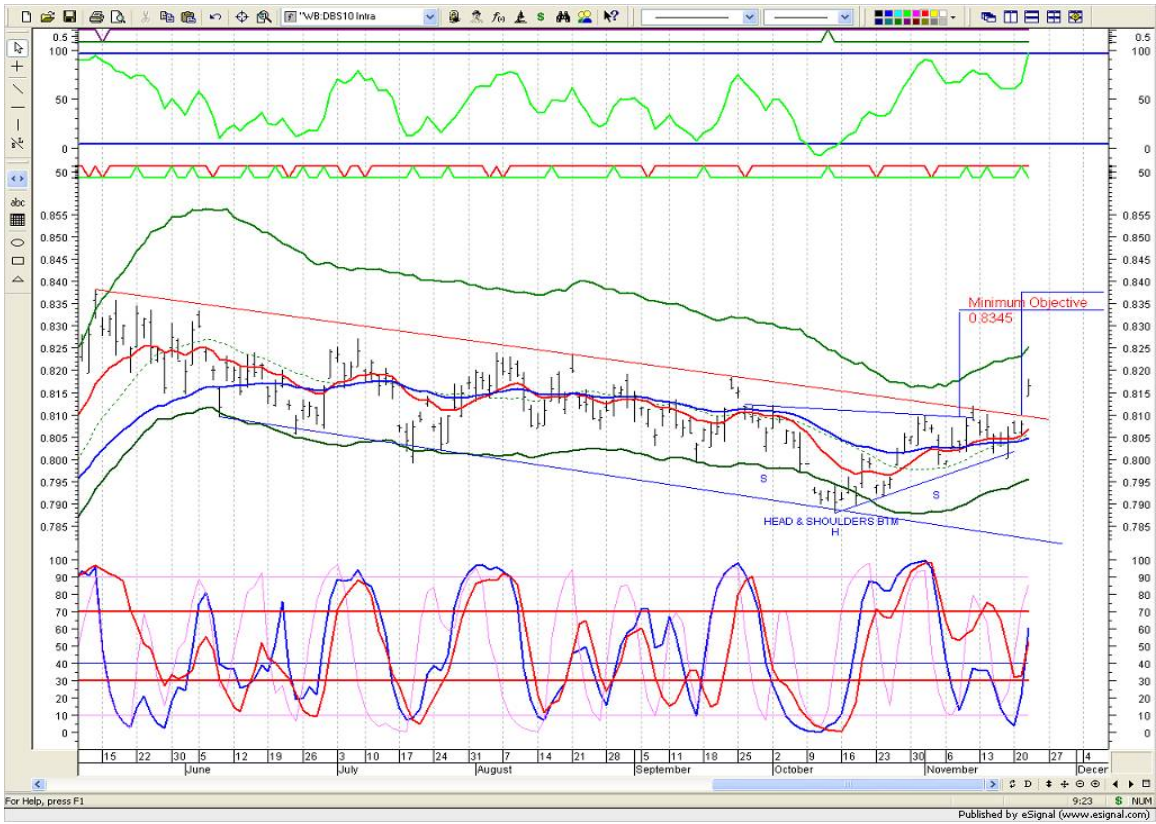


Figure 1 Swiss Franc



Figure 2 Japanese Yen