

# Australian dollar gearing up to test new highs, says analyst



**TECHNICAL ANALYSIS**  
**LUCY BATTERSBY**

GLOBAL interest in the Australian dollar remains strong and is sending the currency on a continuing upwards trend that shows few signs of weakness, according to a technical analysis of the dollar's value over the past year.

This week's guest technical analyst, Mark Umansky, said the dollar might hit new highs soon, with some minor retracements in between.

"Should prices break above our historical high of US97.7¢ and [be] backed by genuine and continued support from the global financial markets, it is difficult to discount that interest in the Australian dollar will be anything but high," he said.

Mr Umansky is certified by the Inter-

national Federation of Technical Analysts and is a private trader, having worked in New York and Switzerland. He is also a councillor of the Victorian branch of the Australian Technical Analysts Association.

Technical analysis removes sentiment and "gut feelings" from trading by mapping movements in the price of shares, indices, commodities or currencies.

This provides a theoretical framework to analyse whether prices are following an upward or downward trend.

Technical analysts believe that market information is quickly reflected in prices so, rather than examining fundamentals such as

## SLOW AND STEADY



economic and event-related information, they rely on examination of price patterns.

The dollar fell from its record high of US97.7¢ to a five-year low of US59.75¢ in just three months last year, between July 15 and October 27. It has since risen by US33.19¢, or more than

55 per cent, in 13 months.

Mr Umansky said persistent weakness in the US dollar, strengthening of global commodity prices and better economic conditions in Australia had "prompted a substantial accumulation of the dollar" over the past 13 months.

"The accompanying

weekly chart of the Australian dollars futures contract shows clearly that prices have maintained their positive bias, with unrelenting support along the upward sloping trend line," he said.

"[This] confirms the existence of committed support by the global financial markets in

strengthening the Australian dollar.

"The long-term upward trend is back on track to retest historical highs."

Futures contracts are standardised contracts that lock in future prices. Currency futures can be read as a guide to the value that foreign exchange dealers expect a currency to have in months to come.

Last week Rob Shelley observed an upwards trend in the price of gold in US dollars and said the precious metal could reach \$US1300 an ounce, based on patterns that he saw in the daily price. The gold price has since gained more than \$US20. It was trading at \$US1128.73 an ounce yesterday.

*The Age*  
*17/11/09*