

Analyst spots dollar's 'tri-ing phase' for investment success



TECHNICAL ANALYSIS
LUCY BATTERSBY

THE dollar is in a rare state that could take it up to parity with the US dollar, fall as low as US77¢, or leave it hovering a little below its present level, according to this week's technical analyst, Mark Umansky.

He calls the dollar's situation "tri-phase pivotal" and says it provides opportunity for great profit, as it offers three strategies to be employed in conjunction, to increase and protect one's investment funds.

Mr Umansky is a private trader and a councillor of the Victorian branch of the Australian Technical Analysts Association. He is certified by the International Federation of Technical Analysts and has worked as an

analyst in New York and Switzerland.

Examining the dollar's recent history, he said that after it dropped to US59.75¢ in October 2008, it climbed until last November when it hit strong resistance at US93.82¢.

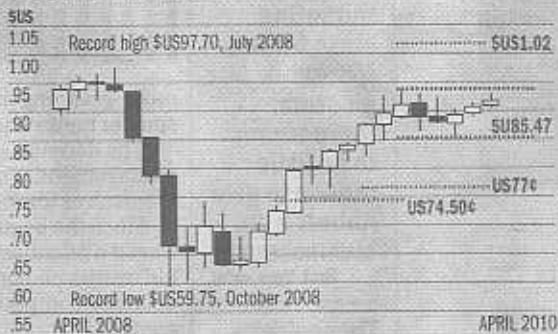
This caused a three-month plunge until it gathered fresh support to build a foundation in February at US85.47¢.

As support gathered strength, the dollar resumed its up-trend to present levels.

But before any genuine strength entered, it dropped back from the US93.82¢ level it reached in November.

This has put it in a "tri-phase pivotal" position, awaiting further

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news from the market. "Such a position allows investors and traders the opportunity to either be bold or protect their positions until further news is available," Mr Umansky said.

The opportunities were:

- Bullish, if it gained suffi-

cient support from local and international markets.

- Bearish, if it lost support and ran into strong resistance from financial institutions.

- Stagnating, with all communities, local or international, adopting a wait-and-see strategy.

"Should the bulls continue their dominance, and support AUD above US93.82¢, it is conceivable that AUD may reach its all-time high of US97.70¢," he said.

"Should this further strength continue and AUD break above the all-time high with support and strong commitment from all participants, it may present an incredible opportunity for AUD to reach greater-than-parity level of \$1.02."

But if resistance continues — as happened last week — and the dollar loses its support from financial markets and institutions, it might fall and test whether the support attained in February at US85.47¢ was genuine.

"Should support stagger or dwindle around this stage, it is possible and likely that prices will plummet to US77¢, last seen in July," he said. Reaching that level might trigger a further slide to between US69¢ and US73¢.

The third possibility is that the dollar stagnates within clearly defined boundaries of US93.82¢ and US85.47¢. Mr Umansky said this would be the outcome if recent resistance weakened and support built up around US85.47¢.

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