

GBP/JPY – Potential for a powerful move towards 178.75/184.00

GBP/JPY – Daily chart



GBP/JPY is probing up through the 27 May high at 171.95 to confirm completion of a one month flag formation. This shifts the immediate focus back onto the succession of multi-month highs at 173.55/173.65. Just above here lies the 2 January year to date peak at 174.85, a level not seen since 2008. The market's underlying trend & structure remain very strong and the longer consolidation is seen under 173.55/65, the stronger the potential resulting move will be.

The one month flag signals a fresh challenge on 173.55/65 where an eventual break will commence the next major phase higher. Above 173.65 and the multi-year high at 174.85 should trigger a rapid move to 178.75, an equality projection of the 174.85-163.90 pullback measured up from 167.80. The next upside focus would then be 180.00, ahead of 184.00, the 50% retracement level of the major 251.10 to 116.85 down cycle.

Corrective easing is possible from just under 173.55/65, but only a loss of the solid higher platform at 169.50 dampens and risks 167.80.

Strategy Summary – Stay long or buy on dips for gains to 178.75, then 180.00 and 184.00. Suggest placing a stop under 169.50.

RESISTANCE	
184.00	50% retracement of 251.10 to 116.85 / target
180.00	Psychological
178.75	Equality of 174.85-163.90 from 167.80
174.85	2014 high – 2 January
173.65	23 January 2014 high, near 7 March & 2 May 2014 highs at 173.55

SUPPORT	
169.50	11 April 2014 low, near 29 May low at 169.55
167.80	8 March 2013 low
163.90	2014 – 4 February low
160.00	9 September 2013 high
156.60	5 November 2013 low