



Daily NOK/SEK Chart



Weekly NOK/SEK Chart



Fundamental Analysis:

- Norway's CPI rose 0.1% in April, with the yoy down to 0.3% from 1.1%.
- Headline inflation in Norway is now well below the 2.5% policy target. Anticipated 50 bps rate hike is now unlikely.
- Meanwhile, Swedish CPI rose 0.5%, with the yoy rate coming in at 1.9%, unchanged from March - the market expected a modest slow down. In a word ... "hawkish" relative to expectations.

Technical Analysis:

- NOK/SEK is in the middle of a bear flag that targets the 2007 low at 1.0825.
- Several support points need to be taken out before the down move accelerates but below 1.1195 there is a clear absence of important support levels. This perceived liquidity vacuum should allow for a fast market on the way lower.
- Today (5/10) price action traced out an "outside" day, which is indicative in of a market about to move in the direction of the close ... in this case lower.
- Strong resistance caps this market, creating a clear risk point for short positions. NOK/SEK failed to close above 1.1310 for 12 consecutive trading sessions. A daily close above this price point would be cause for concern. Long-term weekly trend resistance intersects the market at 1.1435.
- **Conclusion: Establish short positions above 1.1250, and risk either a daily close above 1.1310 or any intraday price spike above 1.1435. Target the 2-year low at 1.0825 in the coming weeks.**

Support

- 1.1250 – 100-day MA
- 1.1235 – Bear Flag base
- 1.1195 – 50% Fibon, 4/25 low
- 1.0825 – Jan '07 low, 2-yr low

Resistance

- 1.1310 – Pivot point
- 1.1435 – Weekly trend
- 1.1565 – Feb '07 high
- 1.1760 – Pivot point



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