



AUDUSD Drops Sharply, Will It Retest?

[AUDUSD](#) Continues to Fall After Failing to Surpass the Daily Resistance

[The US dollar](#) strengthened as investors awaited the Fed's decision. All are waiting whether the Fed will raise interest rates soon amid rampant inflation problems. On the other hand, Australia, which is also being hit by the Omicron, continues to show a weakening economy and results in a depreciating [AUD value](#). It's no wonder why the AUDUSD has continued to decline over the past few years. Precisely since January 13, where technically, the price has formed an [evening star pattern](#).

Quick Recap on AUDUSD

One of the major pairs has indeed looked somewhat ranging since the beginning of the year, but there is a tendency for prices to fall back down soon.

Let's dive in a little deeper to see how [AUD/JPY fare](#) on multiple timeframes:

AUD/USD Monthly Technical Analysis

AUDUSD's monthly timeframe shows that in general, the price looks ranging and last December closed bullish after bouncing from the monthly support area at 0.7000. The January candle that is currently in progress briefly crossed the highest level in December, but fell again. Now the last week of January, it looks like it will be difficult for the pair to post gains and close bullish.

AUD/USD [Weekly Technical Analysis](#)

On a weekly timeframe basis, it is clearer that AUDUSD is in [a bearish trend](#) by continuing to record lower highs and lower lows. The price was repeatedly bounced from the resistance area around 0.72750 and last week closed bearish. Then there is a possibility that this week the price will be bearish again.

AUD/USD Daily Technical Analysis

On the daily timeframe, the price has been ranging since the end of last December between 0.72750 as resistance and 0.71600 as support. AUDUSD had posted a fake-out on January 13 and formed an evening star pattern. Indeed, currently the price is at daily support which allows the price to retest to go down to form a lower low again.

Trading idea for AUD/USD

For more details, we will top down to H4 where [a Quasimodo pattern](#) appears with a combination of [a down trendline](#) which might become the AUDUSD meeting point area to form a lower high.

Order: Sell Limit

Entry: 0.72400

Stop Loss: 0.72800

Target 1: 0.71800 (50% + BE)

Target 2: 0.71550 (25%)

Target 3: 0.71000 (25%)

Total risk: Max 1% Equity (High Risk Setup)

Reason: Quasimodo pattern and confluence down-trendline.

The Fed will soon announce its interest rate decision in the middle of this week. Given [the US inflation rate](#) which has reached its highest point since 1982 at 7%, there is a possibility that the Fed will soon increase its interest rate from 0.25%. All investors are more cautious waiting for the Fed's decision on the upcoming FOMC. Meanwhile, Australia, which is increasingly intensifying its vaccine and fighting Omicron with a lockdown, seems to still need a longer time for economic recovery, so the weakening of the Australian Dollar can be anticipated in the near future.