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Trade Pattern Ideas

NZD/CAD 1H Chart: Channel Down



Comment: We hold a bearish outlook on the New Zealand Dollar this week. The currency pair has recently broken through the long-term moving average and formed a descending channel. The near-term rallies are to be capped by the falling resistance line at 0.9426, while the target is the December 15 low at 0.9242. However, the upside risks are not negligible. First, most of the daily technical indicators are giving 'buy' signals. Secondly, the Kiwi is oversold in the SWFX market, being that 73% of positions are already short. Above 0.9426 will likely aim for the 200-hour SMA at 0.9468 and the weekly PP at 0.9491. Additional resistance is at 0.9546/33, created by the December 31 high and weekly R1.

	Level	Rationale
Resistance 4	0.9491/86	Daily R1; weekly PP
Resistance 3	0.9469	200-hour SMA
Resistance 2	0.9426	Daily PP; down-trend
Resistance 1	0.9407	Weekly S1
Support 1	0.9366/56	Daily S1; weekly S2; Jan 4 low
Support 2	0.9340	Down-trend
Support 3	0.9305	Daily S2
Support 4	0.9272	Weekly S3

Indicator/Period	1H	4H	Day
MACD (12; 26; 9)	Buy	Sell	Sell
RSI (14)	Neutral	Neutral	Neutral
Stochastic (5; 3)	Buy	Neutral	Buy
ADX (14)	Sell	Neutral	Buy
CCI (14)	Buy	Buy	Neutral
AROON (14)	Buy	Sell	Buy
Alligator (13; 8; 5)	Sell	Sell	Buy
SAR (0.02; 0.2)	Sell	Sell	Buy

GBP/JPY 4H Chart: Channel Down



Comment: There is a plethora of reasons to be short the Pound against the Yen. The main one is the fact that GBP/JPY is currently trading in a well-defined bearish channel. Additionally, there is plenty of room for new sellers, as 62% of open positions are long. At the same time, the pair is now facing a key support level—the 2015 low that is also reinforced by the weekly S2 and a falling trend-line. Accordingly, in the short run we expect the price to rise back to the upper boundary of the channel. The deciding factor will then be which of the key levels is going to be broken first—either 177.20 or 174.90. In the first case the rate is to aim for the Dec 28 high at 180, and in the second case it is to target 2014 Oct low at 168.

	Level	Rationale
Resistance 4	179.28	Weekly R1
Resistance 3	178.13	Weekly PP
Resistance 2	177.20	Down-trend
Resistance 1	176.20	Weekly S1
Support 1	175.05/174.89	Weekly S2; down-trend; 2015 low
Support 2	174.10	Monthly S1
Support 3	173.12	Weekly S3
Support 4	170.85	Monthly S2

Indicator/Period	4H	Day	Week
MACD (12; 26; 9)	Buy	Buy	Sell
RSI (14)	Buy	Buy	Neutral
Stochastic (5; 3)	Neutral	Buy	Buy
ADX (14)	Sell	Sell	Neutral
CCI (14)	Neutral	Buy	Buy
AROON (14)	Sell	Sell	Sell
Alligator (13; 8; 5)	Sell	Sell	Neutral
SAR (0.02; 0.2)	Sell	Sell	Sell



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