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Trade Pattern Ideas

USD/ZAR 4H Chart: Channel Down

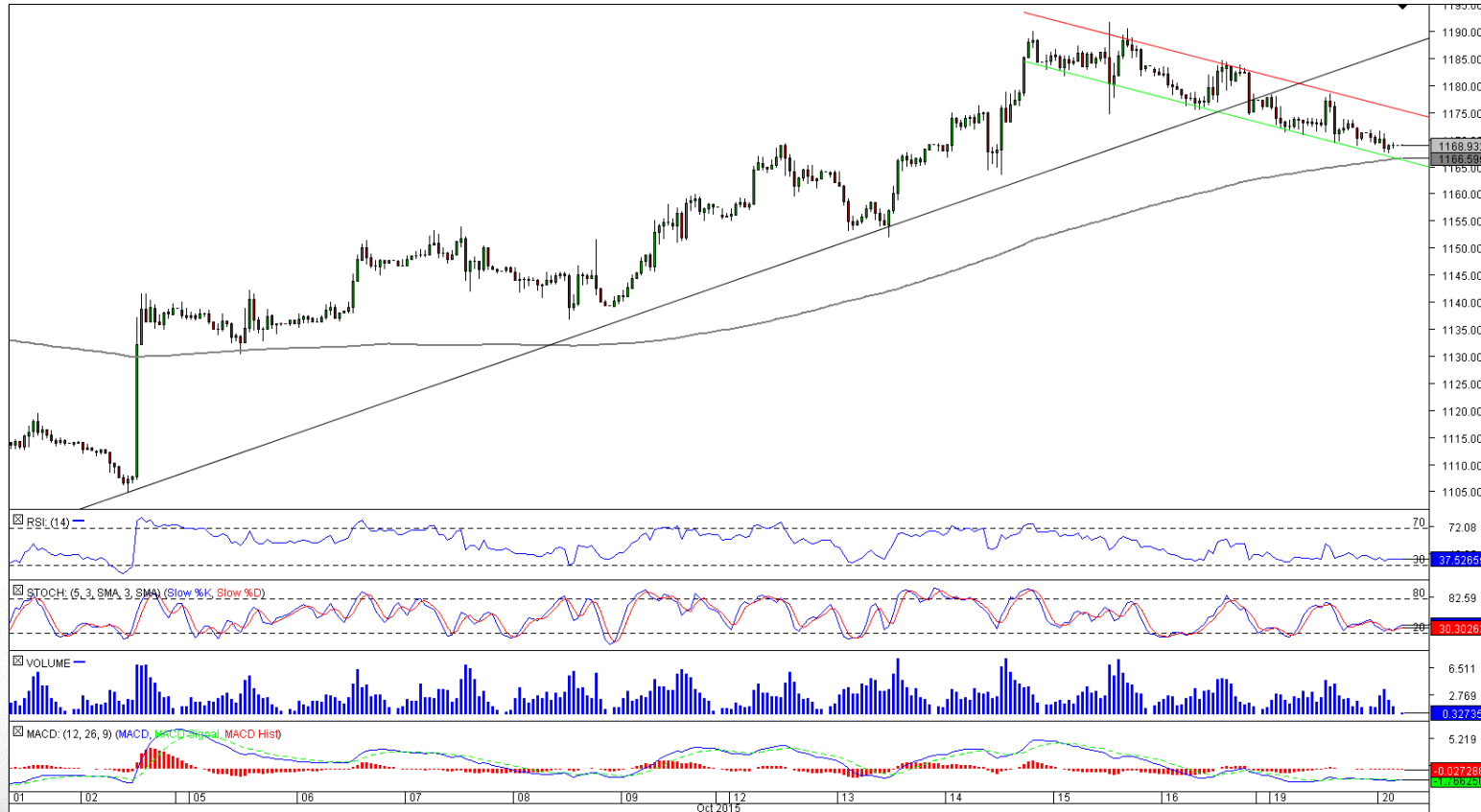


Comment: We hold a strong negative bias towards USD/ZAR, as the currency pair has recently broken through the neck-line of the double top and formed a downward-sloping channel. The current rally is expected to stop developing at 13.3084 and give way for a new bearish wave. A close above this resistances will suggest a surge to 13.5721. However, the longer-term prospects are much less certain. The rate is approaching a support up-trend that connects two troughs that appeared during the period between November 2014 and June 2015. At the same time, a half of the weekly technical indicators is sending 'buy' signals, and the US Dollar appears to be oversold, being that 74% of open positions are short.

	Level	Rationale
Resistance 4	13.7500	Weekly R2; monthly PP
Resistance 3	13.5800	Oct 13 high; 200-period SMA
Resistance 2	13.4375	Weekly R1
Resistance 1	13.3084	Monthly S1; down-trend
Support 1	13.2349	Weekly PP
Support 2	13.0117	Oct 19 low
Support 3	12.8950	Weekly S1; down-trend
Support 4	12.7200	Weekly and monthly S2

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

XAU/USD 1H Chart: Channel Down



Comment: The price of gold has just dipped through the trend-line that had underpinned the rate since the beginning of Oct. Accordingly, we expect further depreciation of the metal. Bearish intentions of the bullion will be confirmed with a close beneath the 200-hour SMA, which is likely to be broken after a correction to 1,173, where the upper trend-line of the channel is reinforced by the daily and weekly PPs. If the recovery extends beyond the boundaries of the pattern, there are still notable supply areas at 1,178 (Oct 19 high) and at 1,184 (Oct 16 high). The SWFX sentiment, in the meantime, is neutral, as there is almost no difference between the longs (51%) and the shorts (49%).

	Level	Rationale
Resistance 4	1,184	Oct 16 high
Resistance 3	1,182	Daily R2
Resistance 2	1,178	Daily R1; Oct 19 high
Resistance 1	1,173	Daily and weekly PP; down-trend
Support 1	1,166	Daily S1; 200-hour SMA; down-trend
Support 2	1,163	Daily S2
Support 3	1,157	Daily S3
Support 4	1,155	Weekly S1

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