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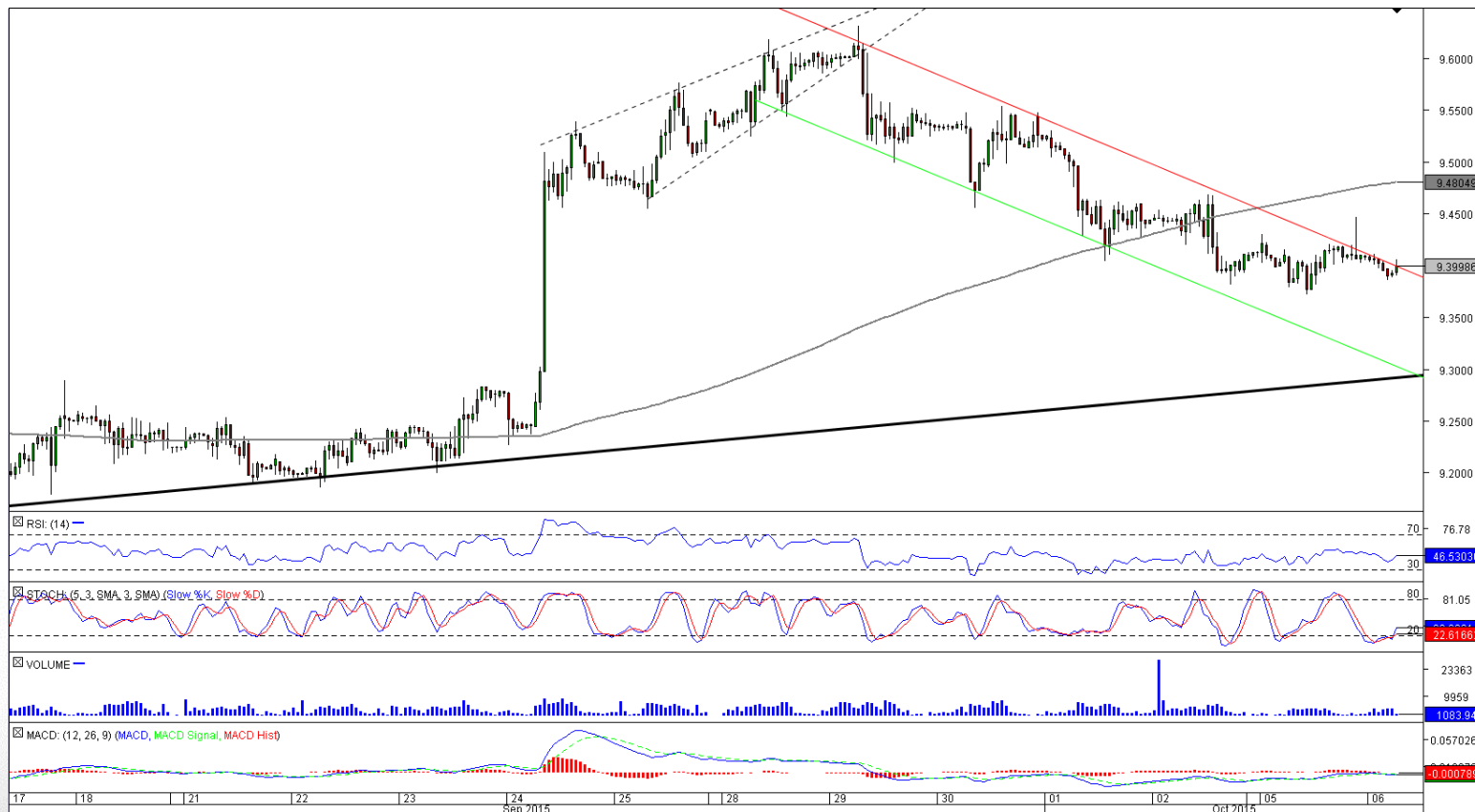
RESEARCH PRODUCTS

Trade Pattern Ideas

EUR/NOK 1H Chart: Channel Down

Comment: The channel was formed after the currency pair broke out of the rising wedge to the downside. However, we should not be deceived by the bearish outlook implied by the currently emerging pattern. This situation highlights the importance of analysis of the higher time frames. In this example, in the daily chart EUR/NOK approaches a major up-trend, which is more likely to stay intact than the falling resistance line. Accordingly, our expectation is a sell-off from 9.40, while a subsequent rally from 9.29 is likely to result in a break-out to the upside, in which case the weekly PP and 200-hour SMA circa 9.47 are to become the primary objective, followed by Sep 30 and Sep highs at 9.56 and 9.63, respectively.

	Level	Rationale
Resistance 4	9.4930	Daily R3
Resistance 3	9.4700	Daily R3; weekly PP; 200-hour SMA; Oct 2 high
Resistance 2	9.4359	Daily R1
Resistance 1	9.4044	Daily PP; down-trend
Support 1	9.3750	Daily S1; Oct 5 low
Support 2	9.3473	Daily S2
Support 3	9.3185	Daily S3; weekly S1
Support 4	9.2940	Down-trend; up-trend

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

USD/CAD 1H Chart: Channel Down

Comment: After USD/CAD topped out at 1.3457 the pair has been in a strong down-trend, but there are few 'sell' signals at the moment, and the trend may not continue much further. The technical indicators are mixed, and the price itself is closing in on the solid support at 1.30, represented by the lower boundary of the bearish pattern and also last month's low. If this is not enough to stop the bears from pushing the price lower, the next target it likely to be 1.2950, while in the long run we could see a test of the major up-trend at 1.26. On the other hand, a break-out to the upside (a close above 1.31) will likely lead to an extension of the recovery up to 1.3300/1.3250 (weekly PP and 200-hour SMA).

	Level	Rationale
Resistance 4	1.3260	Daily R3; weekly PP
Resistance 3	1.3220	Daily R2
Resistance 2	1.3154	Daily R1
Resistance 1	1.3100	Daily PP; down-trend
Support 1	1.3050	Daily and weekly S1
Support 2	1.3000	Daily S2; Sep low; down-trend
Support 3	1.2940	Daily S3; weekly S1; Aug low
Support 4	1.2862	Jul 29 low

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

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