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RESEARCH PRODUCTS

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**Trade Pattern Ideas**

**GBP/CAD 4H Chart: Channel Down**



**Comment:** GBP/CAD is set for a decline both in the short and long terms. The currency pair has recently broken through a major trend-line that has been guiding the price higher since the beginning of 2013. This line now implies a major supply zone between 1.94 and 1.93, where we also have the monthly pivot point and the 200-period SMA. However, the rate is unlikely to recover this high in the nearest future, being that the upper edge of the recently formed channel is at 1.89. Accordingly, we expect a sell-off from here down to 1.78/1.77, where the Sterling is to test the lower boundary of the pattern along with the last year's low and monthly S2. Meanwhile, the SWFX market participants are mostly bullish—70% of open positions are long.

	Level	Rationale
R4	1.9667	Weekly R3
R3	1.9372/02	Weekly R2; monthly PP; up-trend; 200-period SMA
R2	1.9104	Weekly R1
R1	1.8900	Down-trend
S1	1.8808	Weekly PP
S2	1.8540	Weekly S1
S3	1.8287/44	Weekly S2; monthly S1
S4	1.8152	Apr 2015 low

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

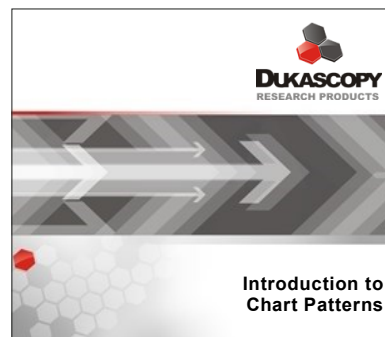
**EUR/JPY 4H Chart: Channel Up**



**Comment:** There is a good chance EUR/JPY will soon rebound, as the currency pair is approaching the lower boundary of the recently established ascending channel. The Euro might find enough demand circa 124.84 to rally through the monthly PP and the 200-period SMA at 125.68 and at 126.12, respectively. The target will then be the upper trend-line of the channel and the monthly R1 near 129 yen. In the longer-term perspective, however, EUR/JPY is bearish, being that there is a major resistance line at the level of 130 yen that connects the highs printed since last year's June. In the meantime, the SWFX market participants appear to be undecided, being that 54% of open positions are long and 46% are short.

	Level	Rationale
R4	127.29	Mar 11 high
R3	126.91	Weekly R1
R2	126.12/00	Weekly PP; 200-period SMA; down-trend
R1	125.68	Monthly PP
S1	124.84	Weekly S1; up-trend
S2	123.94	Weekly S2
S3	123.06/122.78	Weekly S3; Mar 9 low
S4	122.11	Feb low

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



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