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Trade Pattern Ideas

Friday, May 06, 2016
07:30 GMT

XAU/USD 1H Chart: Channel Down



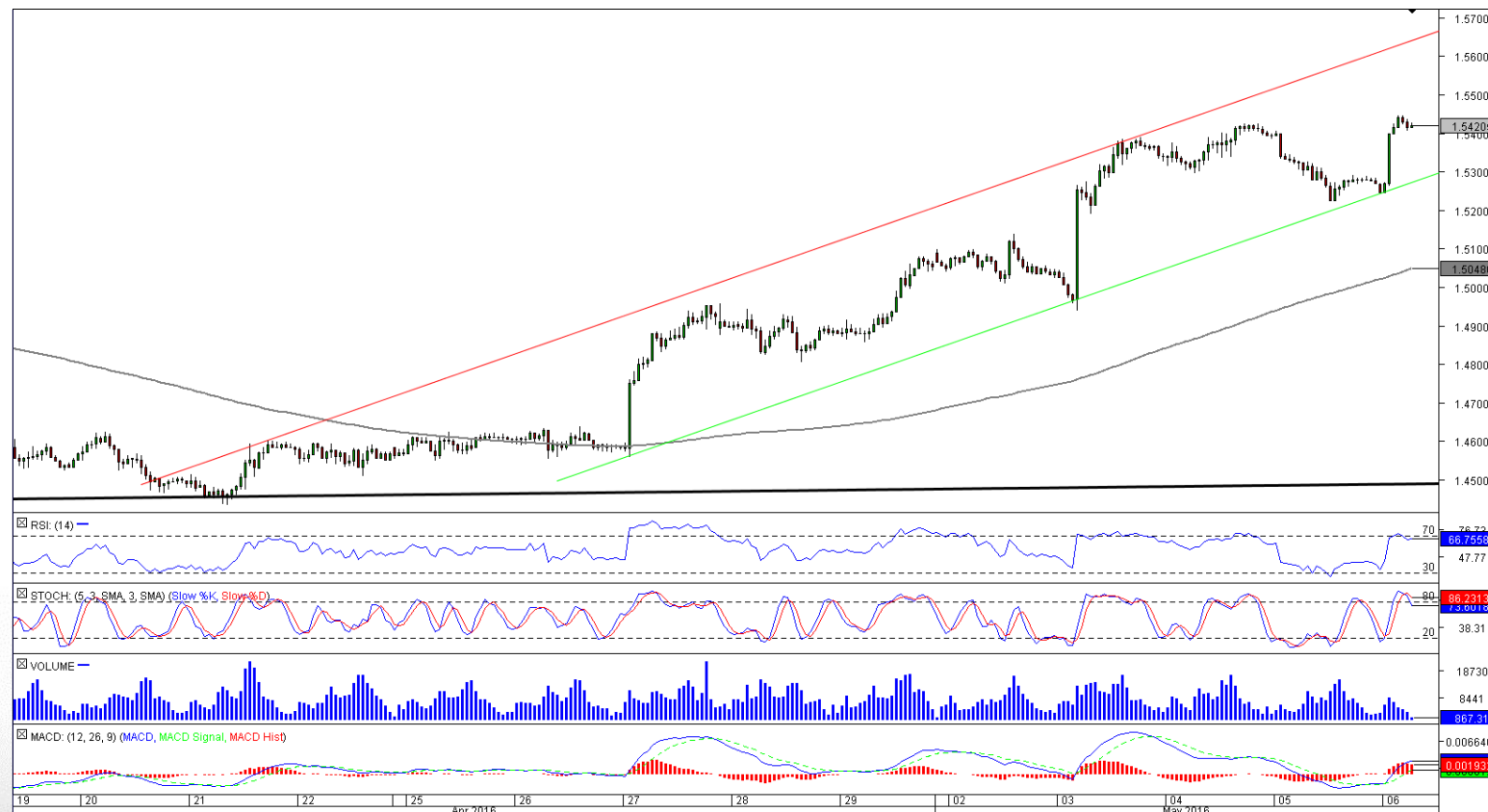
Comment: Gold failed to carry bullish momentum beyond 1,300 dollars because of the 2015 high after the price had broken out of the triangle. As a result, the precious metal is now trading within the distinct boundaries of a bearish channel. The pattern implies a sell-off from 1,280 down to 1,260, but we should be wary of strong nearby supports, such as the weekly pivot point at 1,274 and a cluster circa 1,270, created by the yesterday's low, daily S1 and most importantly by the 200-hour SMA. Meanwhile, the bullion is close to being oversold, since 67% of open positions are short. If resistance at 1,280 is violated, the next bullish target should be the daily R1 and May 5 high at 1,287.

| | Level | Rationale |
|----|----------|-----------------------------------|
| R4 | 1,305/04 | Daily R3; May 2 high |
| R3 | 1296 | Daily R2 |
| R2 | 1,288/87 | Daily R1; May 5 high |
| R1 | 1,280/78 | Daily R1; down-trend |
| S1 | 1274 | Weekly PP |
| S2 | 1,274/69 | Daily S1; 200-hour SMA; May 5 low |
| S3 | 1261 | Daily S2; down-trend |
| S4 | 1,253/51 | Daily S3; weekly S1 |

| Indicator | 1H | 4H | Day |
|----------------------|---------|---------|---------|
| MACD (12; 26; 9) | Buy | Sell | Sell |
| RSI (14) | Neutral | Neutral | Neutral |
| Stochastic (5; 3) | Neutral | Neutral | Neutral |
| ADX (14) | Neutral | Neutral | Neutral |
| CCI (14) | Neutral | Neutral | Neutral |
| AROON (14) | Sell | Sell | Buy |
| Alligator (13; 8; 5) | Sell | Neutral | Buy |
| SAR (0.02; 0.2) | Buy | Sell | Buy |
| Aggregate | → | ↘ | ↗ |

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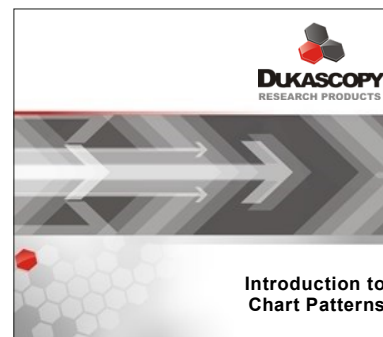
EUR/AUD 1H Chart: Channel Up



Comment: The latest recovery from 1.4440 is the result of EUR/AUD probing and confirming the 45-month up-trend. Accordingly, our outlook on the pair is bullish, and we expect the Euro to keep appreciating against the Australian Dollar. The current distribution between the longs and shorts also favours a rally, being that as many as three fourths of all traders are short the single currency, and there is little room for new sellers to enter the market. However, the upside is limited by a falling resistance line that connects 2008 and 2015 highs, meaning we are highly unlikely to see the exchange rate above 1.58 any time in the foreseeable future. In the meantime, the technical indicators are mixed and support neither scenario.

| | Level | Rationale |
|----|---------------|--|
| R4 | 1.5650 | Up-trend |
| R3 | 1.5585 | Daily R3 |
| R2 | 1.5501 | Daily R2 |
| R1 | 1.5422 | Weekly R2 |
| S1 | 1.5390 | Daily R1 |
| S2 | 1.5306/00 | Daily PP; up-trend |
| S3 | 1.5238/1.5195 | Daily S1; weekly R1; May 5 low; up-trend |
| S4 | 1.5111 | Daily S2 |

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



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