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Trade Pattern Ideas

Friday, January 29, 2016
08:30 GMT

CAD/CHF 1H Chart: Rising Wedge



Comment: There are signs that the latest recovery from 0.68 might have come to an end. CAD/CHF is trading within the boundaries of the rising wedge, and this implies weakening demand for the Loonie. The base case scenario is a dip through the green trend-line during the next two days. If this is indeed the case, the first target will be at 0.7180 (Jan 28 low), but the pair will have the potential to decline lower, down to the 0.7085/70 demand zone, where we have the 200-hour SMA, weekly pivot point, and Jan 26 low. At the same time, if the Dollar manages to gain a solid foothold above 0.7260 (Jan 5 high), the chances are that the current recovery will be able to extend even up to 0.7750, namely Dec high.

	Level	Rationale
Resistance 4	0.7365	Daily R3
Resistance 3	0.7337	Weekly R1
Resistance 2	0.7317	Daily R2; up-trend
Resistance 1	0.7274	Daily R1
Support 1	0.7226	Daily PP; up-trend
Support 2	0.7182/78	Daily S1; Jan 28 low
Support 3	0.7134	Daily S2
Support 4	0.7090/85	Daily S3; 200-hour SMA

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




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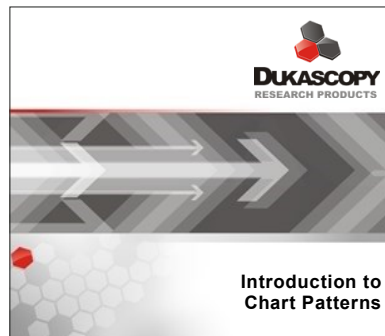
XAU/USD 4H Chart: Channel Up



Comment: The ascending channel gold is forming at the very end of its four-hour chart might be deceiving, as the price is in fact trading right at the upper edge of another, more senior channel. Accordingly, we do not expect the green trend-line to guide the bullion north for much longer. And while we do not rule out a rally from 1,111/1,108, there is a low probability of the price advancing beyond 1,128 dollars. Instead, the rate is expected to violate the support line, which in turn will open up a path to 1,085/1,084, where the precious metal is to probe demand area created by the monthly R1, 200-period moving average, and the lower boundary of the two-month channel.

	Level	Rationale
Resistance 4	1,138	Weekly R3
Resistance 3	1,133	Up-trend
Resistance 2	1,128	Monthly R3; up-trend; Jan 27 high
Resistance 1	1,122	Weekly R2
Support 1	1,111/1,108	Weekly R1; monthly R2; up-trend
Support 2	1,097	Weekly PP
Support 3	1,085/1,084	Weekly S1; monthly R1; up-trend; 200-period SMA
Support 4	1,072/1,070	Weekly S2; Jan 14 low

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



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