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Trade Pattern Ideas

Monday, December 28, 2015
08:30 GMT

USD/SEK 4H Chart: Channel Down



Comment: USD/SEK failed to recover past 8.46/8.48 last month, and as a result, the exchange rate is forming a descending channel on its way towards the lowest since October level. However, before the final bearish wave to 8.0950 there is likely to be an upward correction from the lower boundary of the pattern that, together with the weekly S2 and monthly S3, implies a dense demand area at 8.2665/30. An additional reason to be bearish is the current sentiment in the SWFX market. At the moment 74% of open positions are long, meaning demand for the US Dollar is highly unlikely to increase any time in the near future, and the bears are to dominate the pair for now.

| | Level | Rationale |
|--------------|-----------|-----------------------------------|
| Resistance 4 | 8.5555 | Monthly S1 |
| Resistance 3 | 8.5270 | Weekly R1 |
| Resistance 2 | 8.5000 | Down-trend |
| Resistance 1 | 8.4557 | Weekly PP |
| Support 1 | 8.3809 | Monthly S2 |
| Support 2 | 8.3343 | Weekly S1 |
| Support 3 | 8.2665/30 | Weekly S2; monthly S3; down-trend |
| Support 4 | 8.1416 | Weekly S3 |

| Indicator/Period | 4H | Day | Week |
|----------------------|---------|---------|---------|
| MACD (12; 26; 9) | Buy | Buy | Sell |
| RSI (14) | Neutral | Neutral | Neutral |
| 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 | Sell | Buy |
| SAR (0.02; 0.2) | Sell | Sell | Sell |

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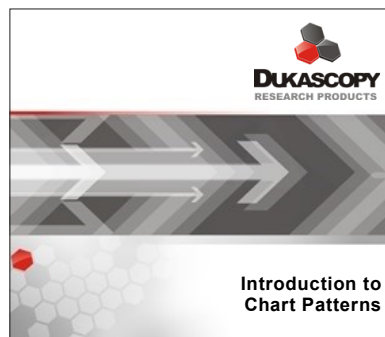
USD/JPY 1H Chart: Channel Down



Comment: After the volatile first half of December USD/JPY seems to have calmed down and formed a narrow bearish channel. The pattern implies that the price will not rise far above 120.50, but instead will decline. Additionally, the four-hour and daily technical indicators are mostly pointing downwards. The sell-off will be expected to take a prolonged pause after the price falls down to 119.90/70, where it will meet the lower trend-line of the channel. In the meantime, the market is already overcrowded with bears (65%), and above 120.50 the rate should rise above the weekly pivot point and recover to 121.20, where the weekly R1 merges with the 200-hour SMA.

| | Level | Rationale |
|--------------|-----------|-------------------------|
| Resistance 4 | 121.24/20 | Weekly R1; 200-hour SMA |
| Resistance 3 | 120.88 | Daily R3 |
| Resistance 2 | 120.66/63 | Daily R2; weekly PP |
| Resistance 1 | 120.49 | Daily R1; down-trend |
| Support 1 | 120.27 | Daily PP |
| Support 2 | 120.11 | Daily S1 |
| Support 3 | 119.89 | Daily S2 down-trend |
| Support 4 | 119.75/72 | Daily S3; weekly S1 |

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



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