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Trade Pattern Ideas

Friday, January 22, 2016
08:30 GMT

EUR/CHF 4H Chart: Rectangle



Comment: EUR/CHF is in a good position to lunge forward. And while the emerging channel is weak, the manner in which the currency pair has been consolidating recently speaks in favour of a rally. There is a solid support area near 1.0920, and it should be able to trigger intensive buying. If the price indeed manages to climb over 1.0960, the next target will be the upper boundary of the potential channel at 1.1020. Then, after a bearish correction, we may expect a leg to 1.1050, namely the monthly R2 and September high. On the other hand, if the bears push through 1.0920, the sell-off will likely extend down to 1.0860, where the monthly PP merges with the 200-period SMA and weekly S1.

	Level	Rationale
Resistance 4	1.1050/44	Monthly R2; Sep high
Resistance 3	1.1020	Up-trend
Resistance 2	1.0994	Weekly R1
Resistance 1	1.0964/63	Monthly R1; resistance level
Support 1	1.0920/17	Weekly PP; support level; up-trend
Support 2	1.0860/52	Weekly S1; monthly PP; 200-period SMA
Support 3	1.0779/75	Weekly S2; monthly S1
Support 4	1.0757	Dec low

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

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GBP/USD 4H Chart: Channel Down



Comment: Since the last time we reviewed GBP/USD, the currency pair has effortlessly broken through the 2010 low and thus has confirmed its intention to go lower. The bearish outlook is also suggested by the fact that the Sterling is overbought in the SWFX market—70% of positions are long. The next major objective is now the 2009 low at 1.35. In the meantime, the Cable is expected to bounce off of the falling trend-line and slide down to 1.4050, where it is going to meet the lower boundary of the pattern and the monthly S3 level. Alternatively, in case the rate rises past 1.4230, we will expect a rally up to resistance at 1.4390, created by the monthly S2 and weekly PP.

	Level	Rationale
Resistance 4	1.4567	Monthly S1
Resistance 3	1.4494	Weekly R1
Resistance 2	1.4390/73	Weekly PP; monthly S2
Resistance 1	1.4230	Down-trend
Support 1	1.4142	Weekly S1
Support 2	1.4053/21	Weekly S2; monthly S3; down-trend
Support 3	1.3790	Weekly S3
Support 4	1.3500	2009 low

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



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