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23/10/2015

EUR/USD GBP/USD USD/JPY XAU/USD



Technical Analysis

EUR/USD crashes 230 pips on Draghi's comments



"Draghi has provided clear confirmation that monetary stimulus will be stepped up in December, and both a stepping-up of QE and a deposit-rate cut are now on the table."

- ABN Amro Bank NV (based on Bloomberg)

Pair's Outlook

Pressure on the EUR/USD currency pair was enormous on Thursday, following the ultra-dovish ECB press conference. A drop exceeded all expectations as the pair lost more than two figures and even fell below the 200-day SMA to close the trading session at 1.1108, down from the day's opening level of 1.1338. EUR/USD was only stopped by the Sep low at 1.1086, a breach of which on Friday will definitely expose the monthly S1 at 1.1022, followed by monthly S2 at 1.0868. Some rebound is not off the table, but overall sentiment remains largely dovish.

Traders' Sentiment

SWFX sentiment became neutral by Friday morning (55% bearish yesterday). Long pending orders in 100-pip range from the spot slipped from 56% to 42%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	0%	-10%	-14%	-10%
Orders (±50 pips)	4%	14%	12%	15%
Orders (±100 pips)	-16%	12%	12%	8%

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

EUR/USD Daily Chart Current price: 1.1111

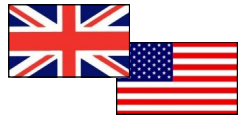


SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
1.1231	1.13		
1.1174			
1.1122			1.12
1.1080		1.11	
1.1022			
1.0868	1.09		
		1.07	1.07
	1.06		
		1.05	
			1.03

	Level	Rationale
Resistance 3	1.1231/44	Weekly S2; monthly PP; 55-day SMA
Resistance 2	1.1174	100-day SMA
Resistance 1	1.1122/28	200-day SMA; weekly S3
Support 1	1.1080	Bollinger band
Support 2	1.1022	Monthly S1
Support 3	1.0868	Monthly S2

GBP/USD makes effort to retake 1.54

"Whether England's early exit in 2015 will weigh on sales in October thus remains an open question, especially as it is the host. As the BRC survey appeared to capture the rise while others did not, it is likely to attract more attention now, even though its relationship with the ONS data is not strong."
- Nomura (based on FXStreet)



Pair's Outlook

The Sterling tested the resistance area around 1.55 for the seventh consecutive day and, surprisingly, ended up edging lower. The much better-than-expected US Existing Home Sales outweighed the UK's strong Retail Sales figures, causing the pair to edge 22 pips lower under 1.54. The Cable's attempts to return above the major level might be inhibited by the 55-day SMA, which is now the immediate resistance. However, due to lack of market movers today, the GBP/USD risks remaining within the borders of the 55-day SMA and the support at 1.5380, namely the weekly PP.

Traders' Sentiment

Bulls and bears got closer to equilibrium, taking up 51% and 49% of the market, respectively, while 70% of all orders are to sell the GBP.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	2%	12%	12%	13%
Orders (±50 pips)	-22%	-50%	-27%	-20%
Orders (±100 pips)	-40%	-32%	-42%	-16%

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

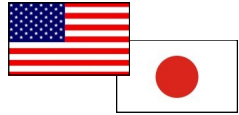
GBP/USD Daily Chart Current price: 1.5404



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
1.5553			1.59
1.5488		1.58	
1.5406	1.54	1.54	1.54
1.5380			
1.5330			
1.5252			
	1.51	1.51	1.51

	Level	Rationale
Resistance 3	1.5553/68	Bollinger band; weekly R1; 38.20% Fibo
Resistance 2	1.5488/92	100-day SMA; monthly R1
Resistance 1	1.5406	55-day SMA
Support 1	1.5380	Weekly PP
Support 2	1.5330/1.5297	20 and 200-day SMAs; monthly PP
Support 3	1.5252	Weekly S1

USD/JPY to fall back to 120.00



"This [ECB's decision to hold the policy steady] raises further questions about the policy outlook for the Federal Reserve and Bank of Japan, both of which have meetings next week."
- Westpac Banking Corp. (based on Reuters)

Pair's Outlook

The US Dollar exceeded expectations and rallied towards the resistance line at 120.63 on Thursday. Even though technical indicators are not giving any particular sense of direction today, the USD/JPY is still likely to undergo a correction. The eight-week consolidation trend remains intact and, thus, the Greenback should bounce back, making its way back to 120.00. Moreover, a strong resistance cluster is located just above the spot price, represented by the Bollinger band, 55 and 200-day SMAs, as well as the resistance line, for piercing of which the pair lacks momentum.

Traders' Sentiment

There are now 70% of long positions, compared to 70% yesterday. The share of purchase orders, however, increased from 50 to 67%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	40%	50%	46%	44%
Orders (±50 pips)	-46%	12%	-26%	0%
Orders (±100 pips)	34%	0%	-4%	12%

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

USD/JPY Daily Chart Current price: 120.64



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
121.97			128
121.27		127	
120.75		125	125
120.41	125	125	
119.93	123		123
119.23	121		

	Level	Rationale
Resistance 3	121.97	100-day SMA
Resistance 2	121.27/43	Monthly R1; weekly R2
Resistance 1	120.75/95	55 and 200-day SMAs; Bollinger band
Support 1	120.41	Weekly R1
Support 2	119.93/88	Monthly PP; 20-day SMA
Support 3	119.23/118.94	Weekly PP; Bollinger band

Gold avoids sharp downward moves



"The general expectation is for the Fed to raise rates next year, but in recent days we have seen some robust data from the U.S. and cannot completely rule out a December rate hike."

- a trader in Hong Kong (based on CNBC)

Pair's Outlook

Expectations with respect to gold perspectives remain moderately pessimistic, even though the bullion rejected the idea of moving strongly to the south yesterday. This outlook will be in place, as long as the price remains below the Aug high. Closest demand, the main target for bears, is placed around the 1,155 mark, which is built by weekly S1, 20-day SMA and Oct 12 low. Additional pressure is created from the upside by the 200-day SMA, currently at 1,174.

Traders' Sentiment

SWFX market sentiment with respect to the precious metal remained broadly unchanged for the past three weeks. Yesterday the bullish share was flat for a third day in a row at 52%, while their advantage still remains very negligible right now.

XAU/USD Daily Chart Current price: 1168.44



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
1194		1244	
1181			
1170			
1158	1150	1148	1150
1147			
1140			
1105			
		1083	
			1062

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	4%	4%	2%	3%

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

	Level	Rationale
Resistance 3	1,194	Weekly R1
Resistance 2	1,181	Monthly R2
Resistance 1	1,170/74	Aug high; weekly PP; 200-day SMA
Support 1	1,158/55	Weekly S1; 20-day SMA
Support 2	1,147	Monthly R1
Support 3	1,140	100-day SMA

EXPLANATIONS

Signals

- **Buy** – the pair shows a clear uptrend
- **Sell** – the pair shows a clear downtrend
- **Neutral** – no specific trend for the pair

Chart

- **SMA (55)** – Simple Moving Average of 55 periods
- **SMA (200)** – Simple Moving Average of 200 periods

Indicators

- **MACD** – Moving average convergence divergence – momentum indicator
- **RSI** – Relative strength index – compares the magnitude of recent gains to recent losses in attempt to determine ‘overbought’ and ‘oversold’ conditions of the asset
- **Stochastic** – technical momentum indicator that compares a currency pair’s closing price to its price range over a given time period
- **ADX** – Average directional index – trend strength indicators
- **CCI** – oscillator used in technical analysis to help determine when a currency has been overbought or oversold
- **SAR** – trending indicator – shows the direction of a trend
- **AROON** – measures strength of a trend and likelihood that it will continue
- **Alligator** – trending indicator demonstrates presence of a trend and its direction

Forecasts

Third Quartile – separates 25% of the highest forecasts



Second Quartile – the median price based on the projections of the industry

First Quartile – separates 25% of the lowest forecasts



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