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RESEARCH PRODUCTS

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



Technical Analysis

EUR/USD: bears are contained by 1.08



"It (the ECB) will pursue an accommodative monetary policy for as long as is necessary. Without giving a date, this timescale is fairly long."

- Peter Praet, ECB Executive Board member (based on Bloomberg)

Pair's Outlook

The closest support represented by this year's July low at 1.0808 managed to cap a sell-off for the second consecutive day on Friday. It provided the bulls with some fresh upward momentum that pushed EUR/USD in the direction of the 38.2% Fibonacci retracement of an Oct-Nov downtrend at 1.0893. This level is guarding the monthly R1 and weekly PP around 1.09. A success here will require an additional surge above 55-day SMA (1.0939) to expose both 200/100-day SMAs around 1.1050. Meantime, daily indicators are now strongly bullish on EUR/USD.

Traders' Sentiment

The bulls are still holding 46% of all trades, which puts the bears at 54% today. Meantime, bullish pending orders changed within the margin of error, by growing from 27% to 32% in 100-pip range.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-8%	-8%	-10%	-10%
Orders (±50 pips)	-16%	-20%	-8%	-8%
Orders (±100 pips)	-36%	-46%	4%	-17%

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

EUR/USD Daily Chart Current price: 1.0872



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1008			
1.0939			
1.0891			1.1
1.0855			
1.0808	1.08	1.08	
1.0757			
	1.05	1.05	1.05
	1.03		
			1.02
		1.01	

	Level	Rationale
Resistance 3	1.1008/14	50% Fib; weekly R1
Resistance 2	1.0939	55-day SMA
Resistance 1	1.0891/1.0908	Monthly R1; 38.2% Fib; weekly PP
Support 1	1.0855	20-day SMA
Support 2	1.0808	July low
Support 3	1.0757/24	Weekly S1; 23.6% Fib; monthly PP

GBP/USD retests down-trend



"After the FOMC... a lot of investors have just sort of closed shop for the year or dialed down their trading activity."

- BAML (based on Business Recorder)

Pair's Outlook

Even though the Cable failed to rebound on Friday, losses were still limited by the pattern's support line. The pair opened above the 1.49 major level again and should experienced a correction after experiencing a whole week of losses. The immediate resistance is now represented by the weekly PP at 1.4998, but Friday's situation could also repeat itself, causing the GBP/USD to drop to 1.4889, namely the down-trend. The pattern's lower border is bolstered by the Bollinger band and monthly S1, which are to contribute to the pattern's preservation.

Traders' Sentiment

Traders' sentiment remains bullish at 64% (previously 65%), whereas sell orders are outnumber the buy ones by only 2% points.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	28%	30%	-4%	14%
Orders (±50 pips)	-6%	-66%	8%	-10%
Orders (±100 pips)	-2%	-36%	2%	-6%

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

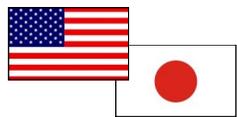
GBP/USD Daily Chart Current price: 1.4916



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.5131	1.51	1.51	1.52
1.5063	1.51	1.51	1.52
1.4998	1.49	1.48	1.47
1.4889	1.49	1.48	1.47
1.4761	1.49	1.48	1.47
1.4679	1.49	1.48	1.47

Level	Rationale
Resistance 3 (1.5131)	Weekly R1
Resistance 2 (1.5063)	20-day SMA
Resistance 1 (1.4998)	Weekly PP
Support 1 (1.4889/68)	Down-trend; Bollinger band; monthly S1
Support 2 (1.4761)	Weekly S1
Support 3 (1.4679)	Monthly S2

USD/JPY under the risk of falling below 121.00



“But it seems the market has been confused and gained perspective that the BOJ announcement revealed the limitations of what it can do. Due to concerns and confusion about the BOJ policy, the dollar will likely remain top heavy at this moment.”

- Barclays (based on Market Watch)

Pair's Outlook

The tough cluster around 121.60 was unsuccessful at holding the losses last Friday, resulting in a slump to 121.14. Today the mentioned cluster is providing resistance, but gains could extend above that group of levels, as it failed to limiting volatility previously. According to technical studies, the US Dollar to decline again today; however, the monthly S1 was able to keep the USD/JPY afloat in December and is likely to do so again today, as it is reinforced by the Bollinger band. Meanwhile, the 55-day SMA crossed the longer period ones, providing a signal to buy the Buck.

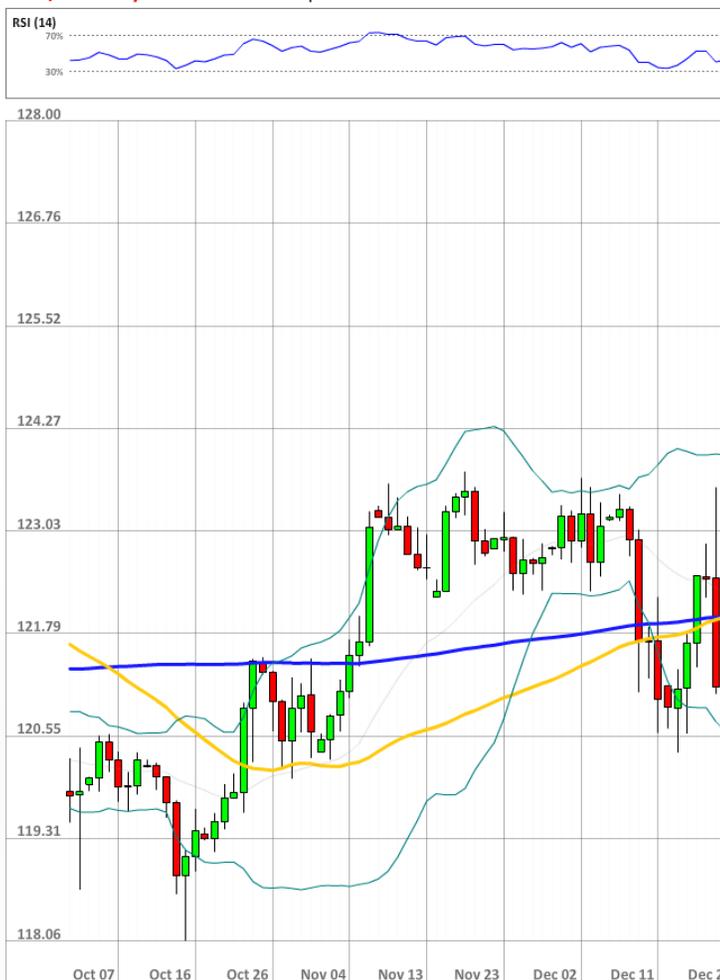
Traders' Sentiment

Slightly less than three quarters (74%) of all positions remain short, while 58% of all orders are to acquire the Greenback (up from 34%).

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-48%	-50%	-18%	-29%
Orders (±50 pips)	-34%	42%	0%	-1%
Orders (±100 pips)	16%	-32%	-38%	-4%

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

USD/JPY Daily Chart Current price: 121.47



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
128			
127	127		
125	125	125	125
123.01		123	
122.27			
121.51	122		122
120.98			
120.25			
119.80			

	Level	Rationale
■ Resistance 3	123.01	Weekly R1
■ Resistance 2	122.27/36	20-day SMA; monthly PP
■ Resistance 1	121.51/68	55, 100 and 200-day SMAs; weekly PP
■ Support 1	120.98/73	Monthly S1; Bollinger band
■ Support 2	120.25	Nov low
■ Support 3	119.80	Weekly S1

Gold is flirting with July low again



"We believe that trading conditions will start to thin out, but that does not mean trading ranges will necessarily narrow."
- INTL FCStone (based on CNBC)

Pair's Outlook

Despite booking a weekly loss, the bullion managed to regain most of a Thursday's sell-off and grew back in the direction of 1,070. There gold is supposed to meet the July low and 20-day SMA, which will try to put formidable negative pressure on prices. In case they both are breached, the focus will then turn to the first weekly resistance at 1,080, followed by the monthly pivot point and upper Bollinger band at 1,086. At the same time, daily technical studies are mixed and estimate the trading to be broadly sideways throughout the next 24 hours.

Traders' Sentiment

Some of the SWFX traders decided to take profit from a climb that gold prices have seen back last Friday. As a result of that, the percentage of long market participants was slashed from 60% to 57%, the lowest level in almost six trading weeks.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	14%	20%	24%	21%

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

XAU/USD Daily Chart Current price: 1069.72



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1250			1250
1206		1200	
1125		1125	1125
1100			
1086			
1080			
1071	1071		
1070			
1063			
1054			
1049			
1048		1048	
1037			1037

Level	Rationale
Resistance 3 (1,086/87)	Monthly PP; Bollinger band
Resistance 2 (1,080)	Weekly R1
Resistance 1 (1,070)	July low; 20-day SMA
Support 1 (1,063)	Weekly PP
Support 2 (1,054)	Bollinger band
Support 3 (1,049)	Weekly S1

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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