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



Technical Analysis

EUR/USD sets eye on 200-day SMA



"There's some paring of outstanding dollar long positions with investors reluctant to carry dollar exposure into the holidays."

- National Australia Bank Ltd. (based on Bloomberg)

Pair's Outlook

Another bullish trading session was registered by the most traded FX cross on Tuesday. Daily gains amounted to 40 pips, but it was enough to violate the 55-day SMA at 1.0929. Now the nearest resistance is represented by the 50% Fibonacci retracement of an Oct-Nov downtrend and weekly R1 at 1.1009/14. However, even important supply is placed at 1.1041/56, namely the 200 and 100-day SMAs. One-day technical indicators are still projecting a positive trend for EUR/USD. Meantime, trading volume fell to the lowest level since Nov 30, meaning market volatility is likely to wane.

Traders' Sentiment

The share of the SWFX bulls was curbed by one more percentage point to 44%. Pending orders in 50 and 100-pip ranges from the spot have deteriorated and are now 54-60% bearish on EUR vs USD.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-12%	-10%	-10%	-10%
Orders (±50 pips)	-20%	-4%	-20%	-8%
Orders (±100 pips)	-8%	-6%	-20%	-16%

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)	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: 1.0940



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1123			
1.1041			
1.1008			1.1
1.0933			
1.0893			
1.0808	1.08	1.08	
	1.05	1.05	1.05
	1.03		
			1.02
		1.01	

	Level	Rationale
Resistance 3	1.1123	61.8% Fib
Resistance 2	1.1041/56	200 and 100-day SMAs
Resistance 1	1.1008/14	50% Fib; weekly R1
Support 1	1.0933/08	55-day SMA; monthly R1
Support 2	1.0893/74	38.2% Fib; weekly PP; 20-day SMA
Support 3	1.0808	July low

GBP/USD attempts to preserve the pattern



"Post the Fed's meeting, traders may be squaring up long USD positions, whilst others are reluctant to put on new positions into year-end."

- BNZ (based on Reuters)

Pair's Outlook

The Cable ignored rather weak US fundamentals yesterday, as bears took over the market after the UK Public Sector Borrowing results were published. As a result, the British Pound dropped 60 pips, thus, breaching the falling wedge's lower border, also making it the seventh slump in a row. Nevertheless, the pair might still return within the pattern's borders today if the monthly S1, now the closest resistance, is overcome. Technical studies are no longer giving bearish signals, increasing the possibility of the bullish momentum to be regained, while the weekly S1 is to hold the losses.

Traders' Sentiment

More traders expect the GBP to outperform the USD, namely 68% of them. Meanwhile, the share of buy orders edged up from 47 to 61%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	36%	26%	18%	15%
Orders (±50 pips)	2%	-8%	0%	-13%
Orders (±100 pips)	22%	-6%	-14%	-7%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Buy	Sell	Sell
RSI (14)	Neutral	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

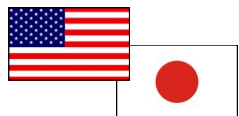
GBP/USD Daily Chart Current price: 1.4837



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.5626		1.56	1.56
1.5508			
1.5390	1.55		
1.5271			
1.5153			
1.5131			1.52
1.4998	1.51	1.51	
1.4868			
1.4808	1.49		
1.4761			
1.4679			1.47

	Level	Rationale
■ Resistance 3	1.5131	Weekly R1
■ Resistance 2	1.4998/1.5034	Weekly PP; 20-day SMA
■ Resistance 1	1.4868	Monthly S1
■ Support 1	1.4808	Bollinger band
■ Support 2	1.4761	Weekly S1
■ Support 3	1.4679	Monthly S2

USD/JPY takes another shot at falling under 121.00



"The trend is still dollar positive as long as the economy performs."
- RBS Securities (based on Business Recorder)

Pair's Outlook

Although the USD/JPY declined on Tuesday, the immediate support in face of the monthly S1 was able to hold the losses. The same level is providing support today as well, but the Bollinger band keeps edging closer to the Nov low, implying that weak fundamental data could push the exchange rate down to this area if not lower. However, the Buck was unsuccessful at piercing the monthly S1 through December; therefore, potential for the US currency to rebound still exists, but with a tough resistance located circa 121.60.

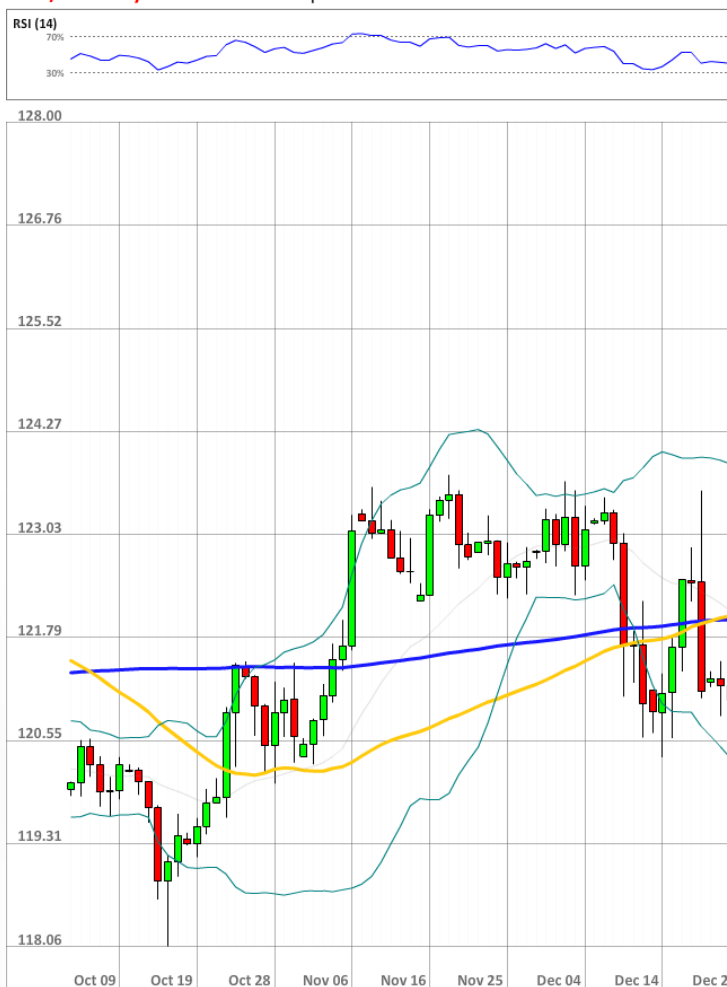
Traders' Sentiment

Slightly less traders now have a negative outlook towards the US Dollar, namely 70% (previously 72%). At the same time, only 53% of all pending orders are to buy the USD, down from 60% yesterday.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-40%	-44%	-2%	-29%
Orders (±50 pips)	0%	30%	-28%	-3%
Orders (±100 pips)	6%	20%	-12%	-8%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Sell	Sell	Sell
RSI (14)	Neutral	Sell	Neutral
Stochastic (5; 3; 3)	Buy	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: 121.03



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
128			
127	127		
125	125	125	125
123.01		123	
122.11	122		122
121.44			
120.98			
120.40			
119.80			

Level	Rationale
Resistance 3: 123.01	Weekly R1
Resistance 2: 122.11/36	20-day SMA; monthly PP
Resistance 1: 121.44/68	55, 100 and 200-day SMAs; weekly PP
Support 1: 120.98	Monthly S1
Support 2: 120.40/25	Bollinger band; Nov low
Support 3: 119.80	Weekly S1

Gold corrects lower after two bullish sessions



"The Fed would be quite keen to continue monetary policy tightening, albeit only gradually over 2016, followed by a faster pace in the following years."

- Societe Generale (based on CNBC)

Pair's Outlook

The bullion ticked down in course of the trading session on Tuesday, after posting a confident rally on Friday and Monday. Yesterday's slump, however, was contained by the 20-day SMA at 1,072. Wednesday morning we are observing a marginal recovery up from the moving average. The key short-term supply is located at 1,080 (weekly R1), followed by a cluster of resistances at 1,086/89 (monthly PP, Bollinger band and current December highs). On the south side, some additional demand is still offered by the July low at 1,070.

Traders' Sentiment

Although the yellow metal decided to bounce back on Tuesday, the spread between the bullish and bearish positions continues to narrow down. The percentage of long trades amounts to 55% on Wednesday, down one percentage point from Tuesday morning.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	10%	12%	18%	18%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Buy	Buy	Buy
RSI (14)	Neutral	Neutral	Neutral
Stochastic (5; 3; 3)	Sell	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)	Buy	Sell	Sell

XAU/USD Daily Chart Current price: 1073.70



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1250			1250
1206		1200	
1125		1125	1125
1100			
1094			
1086			
1080			
1071			
1072			
1063			
1055			
1048			
1037			

	Level	Rationale
■ Resistance 3	1,094	Weekly R2
■ Resistance 2	1,086/88	Monthly PP; Bollinger band; Dec 4 high
■ Resistance 1	1,080	Weekly R1
■ Support 1	1,072/70	July low; 20-day SMA
■ Support 2	1,063	Weekly PP
■ Support 3	1,055	Bollinger band

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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