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19/02/2016

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



Technical Analysis

EUR/USD remains in vicinity of 1.11



"The euro will continue to decline because the ECB has more ammunition" to carry out stimulus.
- Toronto-Dominion Bank (based on Bloomberg)

Pair's Outlook

Downside risks for the Euro are on the table, considering that EUR/USD has tumbled for a fifth day in a row on Thursday. The bears are still unable to penetrate the 1.11 support area, with gains contained mainly by the weekly S1 and 20-day SMA. From here we foresee a rebound on Friday, even though the first formidable resistance at 1.1238/46 (weekly PP; monthly R3) seems to be out of reach over the next 24 hours. Alongside, a drop below 1.1098 will put at risk the 200-day SMA (1.1049) and success here will expose the three-month uptrend at 1.0923.

Traders' Sentiment

For a third consecutive day the advantage of the short market participants over long traders is unchanged at ten percentage points, while orders are also slightly bearish (52-53%) on the Euro.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-10%	-10%	-16%	-17%
Orders (±50 pips)	-4%	4%	-4%	3%
Orders (±100 pips)	-6%	4%	0%	4%

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

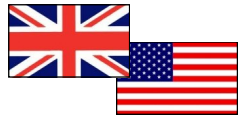
EUR/USD Daily Chart Current price: 1.1123



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1460			
1.1390			
1.1238			
1.1115			1.1
1.1049	1.08	1.08	
1.0972	1.05	1.05	1.05
	1.03		1.02
		1.01	

	Level	Rationale
■ Resistance 3	1.1460	Sep 2015 high
■ Resistance 2	1.1390/1.1415	Up-trend; weekly R1; Bollinger band
■ Resistance 1	1.1238/46	Weekly PP; monthly R3
■ Support 1	1.1115/1.1097	Monthly R2; weekly S1; 20-day SMA; Sep 2015 low
■ Support 2	1.1049	200-day SMA
■ Support 3	1.0972/48	Monthly R1; 100-day SMA; weekly S2; 55-day SMA

GBP/USD under the risk of falling below 1.43



"If an agreement is not approved by all 28 EU Member States at this summit, sterling would correct sharply against both the dollar and the euro."

- Intesa Bank (based on PoundSterlingLive)

Pair's Outlook

Although the Cable edged closer to the resistance cluster around 1.44, it stabilised at lower at 1.4340. Nonetheless, the bullish momentum prevailed yesterday and could even push the GBP/USD above 1.44 today. Technical indicators also suggest the pair extend its gains, however, a strong impetus is required for the rally to overcome the immediate resistance. Chances of the Pound suffering a loss are higher, which the nearest support, namely the weekly S2 at 1.4255, will doubtfully be able to stop.

Traders' Sentiment

Bulls remain strong, as 61% of traders hold long positions today, compared to 58% on Thursday. At the same time, the portion of orders to acquire the Sterling added 7% points, rising up to 63%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	22%	16%	12%	13%
Orders (±50 pips)	46%	36%	-6%	13%
Orders (±100 pips)	26%	12%	-6%	5%

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

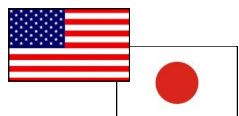
GBP/USD Daily Chart Current price: 1.4331



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.56	1.56	1.56	
1.55		1.52	
1.51	1.51		
1.49		1.47	
1.48			
1.4611			
1.4481			
1.4380			
1.4255			
1.4189			
1.3945			

	Level	Rationale
Resistance 3	1.4611/24	Weekly R1; Bollinger band; 55-day SMA
Resistance 2	1.4481	Weekly PP
Resistance 1	1.4380/1.4407	Monthly PP; weekly S1; 20-day SMA
Support 1	1.4255	Weekly S2
Support 2	1.4189/57	Bollinger band; weekly S3
Support 3	1.3945	Monthly S1

USD/JPY trades in murky waters



"Although the market mood hasn't turned fully into a risk-off [mode], we've been seeing the yen's strength across the board."

- Mizuho Bank (based on Market Watch)

Pair's Outlook

Same as yesterday, the appeal for safe havens, such as the Japanese Yen, is relatively high. On Thursday the USD/JPY currency pair broke through a rather strong support area, leaving the door open for a decline towards the 112.00 mark. This major level is somewhat bolstered by the monthly S3, which is located at 111.78 and should contribute to limiting the possible intraday losses. Even though daily technical indicators support this outcome, the weekly ones are no long giving bearish signals, implying that a corrective rally towards 113.88 supply area could occur.

Traders' Sentiment

The US Dollar appears to be overbought, as 71% of all open positions are long. The share of sell orders surged from 32 to 69%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	42%	38%	4%	1%
Orders (±50 pips)	-14%	40%	0%	6%
Orders (±100 pips)	-38%	36%	24%	2%

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

USD/JPY Daily Chart Current price: 113.06



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
128			128
127	127		
125	125	125	125
123		123	
122			122
117.50			
116.32			
113.88			
111.78			
110.85			
107.35			

Level	Rationale
Resistance 3: 117.50	Monthly S1
Resistance 2: 116.32/81	20-day SMA; weekly R1
Resistance 1: 113.88/89	Weekly PP; monthly S2
Support 1: 111.78	Monthly S3
Support 2: 110.85/27	Bollinger band; weekly S1
Support 3: 107.35	Weekly S2

Gold erases three-day losses



"We think the current gold price rally will reverse, once risk-sentiment buying fades, similar to the trend seen in early 2014 and 2015."

- Nomura (based on CNBC)

Pair's Outlook

The bullion saw a renewal of the confident uptrend on Thursday. Following success at the monthly R3 at 1,209 gold decided to move higher and eroded the weekly pivot point at 1,221. The only resistance to contain the rally was the May high at 1,232. The RSI indicator is on the verge of signalling that gold is becoming overbought again. We may observe a correction lower throughout Friday, with the key bearish target placed at 1,191 (Oct 2015 high). In the meantime, any surge above May high will immediately expose the recent multi-period high of 1,263.50.

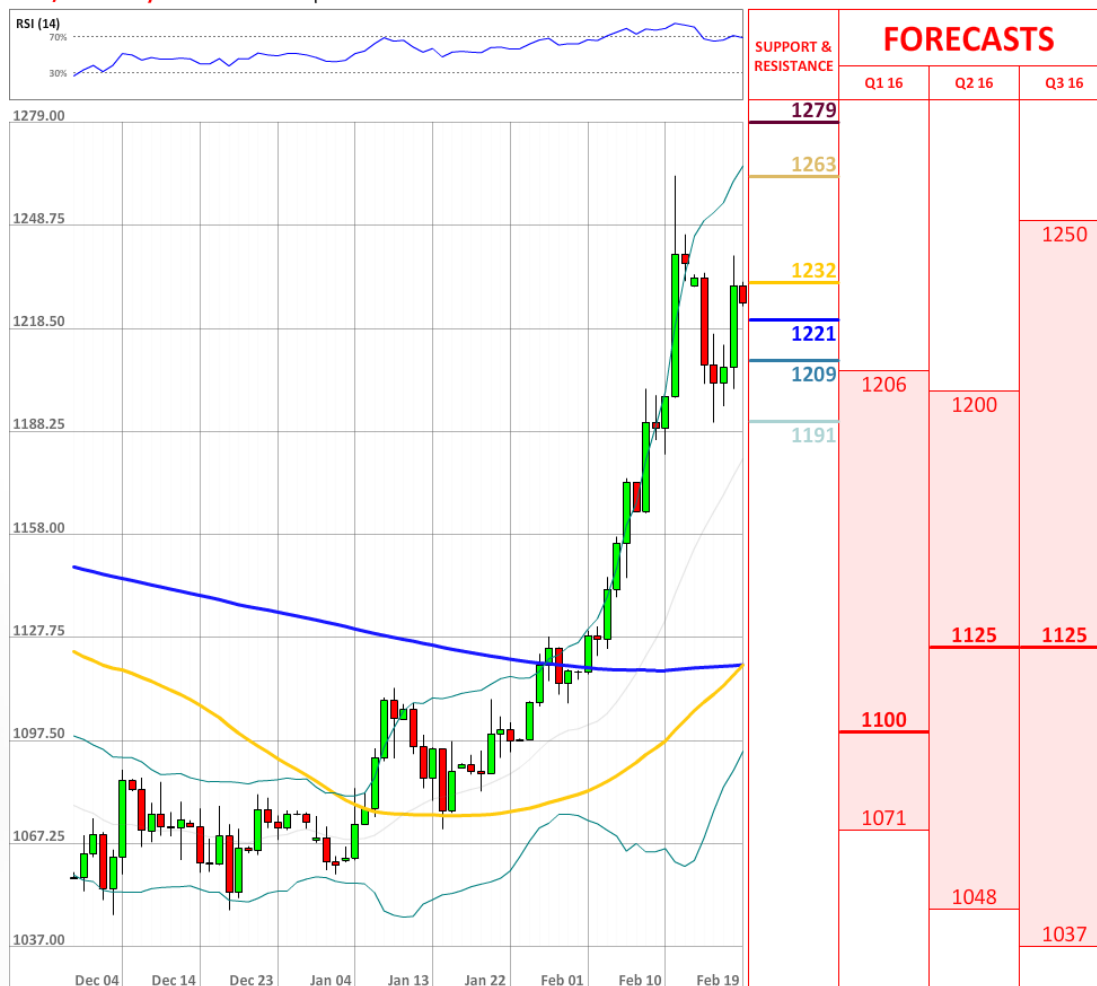
Traders' Sentiment

Even though two days ago the share of bullish positions in the SWFX market rose to 33% from 27%, yesterday it bounced back to 32%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-36%	-34%	-14%	-22%

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

XAU/USD Daily Chart Current price: 1225.92



	Level	Rationale
■ Resistance 3	1,279	Weekly R1
■ Resistance 2	1,263/69	Feb 11 high; Bollinger band
■ Resistance 1	1,232	May 2015 high
■ Support 1	1,221	Weekly PP
■ Support 2	1,209	Monthly R3
■ Support 3	1,191	Oct 2015 high

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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