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RESEARCH PRODUCTS

11/01/2016

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



Technical Analysis

EUR/USD risks correcting lower from 1.0930



"If volatility is sustained over a period of time, it's likely to decrease the odds of further Fed rate hikes, at least at the pace that the market's pricing in, and that's obviously negative for the dollar."

- Commonwealth Foreign Exchange Inc. (based on Bloomberg)

■ Pair's Outlook

EUR/USD created a classical long lower shadow candlestick during the session on Friday. It indicates that short traders controlled the pair, but then lost overall control to the bulls who managed to make an impressive comeback. Such a candle followed a strong surge on Thursday, meaning the up-trend seems to be diminishing. The Euro is at risk of tumbling from a December downtrend near 1.0930. The key bearish obstacle is placed above 1.08 (55-day SMA, monthly PP). The bullish success, however, can send the pair as high at 100-day SMA at 1.1024.

■ Traders' Sentiment

The bullish portion of SWFX open positions rose further from 44% to 45% by Monday morning, while 100-pip long pending orders returned back into red (53% bearish) over the weekend.

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions | -10% | -12% | -14% | -14% |
| Orders (±50 pips) | -14% | -20% | 20% | -17% |
| Orders (±100 pips) | -6% | 2% | 8% | -12% |

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

EUR/USD Daily Chart Current price: 1.0916

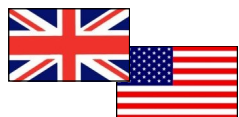


| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q1 16 | Q2 16 | Q3 16 |
| 1.1095 | | | |
| 1.0998 | | | |
| 1.0930 | | | 1.1 |
| 1.0878 | | | |
| 1.0834 | 1.08 | 1.08 | |
| 1.0774 | | | |
| | 1.05 | 1.05 | 1.05 |
| | 1.03 | | |
| | | | 1.02 |
| | | 1.01 | |

| | Level | Rationale |
|----------------|---------------|---|
| ■ Resistance 3 | 1.1095/1.1103 | Weekly R2; monthly R1 |
| ■ Resistance 2 | 1.0998/1.1043 | Bollinger band; weekly R1; 100/200-day SMAs |
| ■ Resistance 1 | 1.0930 | Downtrend |
| ■ Support 1 | 1.0878/60 | 20-day SMA; weekly PP |
| ■ Support 2 | 1.0834/08 | 55-day SMA; monthly PP; July 2015 low |
| ■ Support 3 | 1.0774/58 | Weekly S1; Bollinger band |

Monday, January 11, 2016
08:30 GMT

GBP/USD struggles to regain bullish momentum



"Wage growth is falling... (and) the broad sterling trade-weighted index that the Bank tracks remains close to cycle highs even as GBP/USD heads lower. For these reasons, we remain comfortable with being short GBP/USD even if the BoE turns hawkish again."
- Deutsche Bank (based on Reuters)

■ Pair's Outlook

On Friday the GBP/USD currency pair pierced the 2015 low, falling to a fresh six-year low, amid strong US NFP figures. From the technical point of view the Cable should undergo a corrective rally today, as the bearish momentum persisted for two weeks straight; however, risks of edging lower persist, with technical studies retaining mixed signals. The monthly S1 at 1.4567 is the nearest resistance, whereas the Bollinger band is providing support around 1.45. Nevertheless, due to a breach of the key support on Friday, the decline might now extend all the way down to the 2010 low at 1.4230.

■ Traders' Sentiment

Today 65% of traders hold long positions (previously 64%), while the number of purchase orders dropped from 69 to 44%.


| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions | 30% | 28% | 30% | 26% |
| Orders (±50 pips) | -26% | 64% | -4% | 9% |
| Orders (±100 pips) | -12% | 38% | -2% | 11% |

| Indicator/Period | Day  | Week  | Month  |
|----------------------|---|--|---|
| MACD (12; 26; 9) | Buy | Buy | Sell |
| RSI (14) | Neutral | Buy | Neutral |
| Stochastic (5; 3; 3) | Buy | Buy | Buy |
| ADX (14) | Sell | Neutral | Sell |
| CCI (14) | Buy | Buy | Buy |
| 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: 1.4525

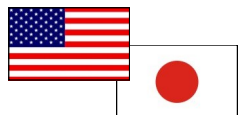


| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q1 16 | Q2 16 | Q3 16 |
| | | 1.56 | 1.56 |
| | 1.55 | | |
| | | | 1.52 |
| | 1.51 | 1.51 | |
| | | | |
| | 1.49 | | |
| | | 1.48 | |
| | | | 1.47 |
| | 1.4724 | | |
| | 1.4615 | | |
| | 1.4567 | | |
| | 1.4500 | | |
| | 1.4414 | | |
| | 1.4306 | | |

|  | Level | Rationale |
|---|---------------|-----------------------|
| ■ Resistance 3 | 1.4724 | Weekly R1 |
| ■ Resistance 2 | 1.4615 | Weekly PP |
| ■ Resistance 1 | 1.4567 | Monthly S1 |
| ■ Support 1 | 1.45 | Bollinger band |
| ■ Support 2 | 1.4414/1.4390 | Weekly S1; monthly S2 |
| ■ Support 3 | 1.4306 | Weekly S2 |

USD/JPY attempts to change its course

Monday, January 11, 2016
08:30 GMT



“This [strong NFP reading] means that the Fed continues to be on track for rate increases.”

- ABN Amro Bank NV (based on Bloomberg)

■ Pair's Outlook

Despite a strong reading of the US Non-Farm Payrolls on Friday, the USD/JPY was unable to maintain trade in the green zone. The pair retreated from intraday gains and breached the key support, breaking the three-year up-trend, as the Yen's safe haven status prevailed. The bearish trend appears to be intact, as the Greenback keeps struggling to outperform the Japanese currency. A failure to rebound is likely to lead the Buck towards the 2015 low of 115.85, as the immediate support lacks the strength to limit the losses. Meanwhile, the monthly S2 is to prevent the pair from climbing up.

■ Traders' Sentiment


Bearish market sentiment remains unchanged at 58%, whereas the portion of orders to acquire the USD edged higher from 43 to 58%.


| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions | -16% | -16% | -18% | -19% |
| Orders (±50 pips) | -18% | -20% | 44% | 6% |
| Orders (±100 pips) | 16% | -14% | 42% | 15% |

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

USD/JPY Daily Chart Current price: **117.28**



| SUPPORT & RESISTANCE | FORECASTS | | |
|--|-----------|-------|-------|
| | Q1 16 | Q2 16 | Q3 16 |
|  | | | 128 |
| | 127 | 127 | |
| | 125 | 125 | 125 |
| | | | |
| | | 123 | |
| | 122 | | 122 |
| | | | |
| | | | |
| | 118.83 | | |
| | 118.30 | | |
| 117.63 | | | |
| 117.14 | | | |
| 116.14 | | | |
| 115.26 | | | |

|  | Level | Rationale |
|---|---------------|-----------------------|
| Resistance 3 | 118.93 | Monthly S1 |
| Resistance 2 | 118.30 | Weekly PP |
| Resistance 1 | 117.63 | Monthly S2 |
| Support 1 | 117.14 | Bollinger band |
| Support 2 | 116.14/115.85 | Weekly S1; 2015 low |
| Support 3 | 115.26/06 | Monthly S3; weekly S2 |

Gold to be pressed down by 100-day SMA



"We have some supportive factors in the market such as Saudi Arabia-Iran tensions, devaluation of yuan which have prompted safe have appeal of gold."

- Lee Cheong Gold Dealers Ltd (based on CNBC)

Pair's Outlook

Last Friday the precious metal formed a long lower shadow candlestick, meaning the bears failed to hold to daily gains. Initially they were managing to push prices down to 1,092 (Jan 7 open), but it eventually closed trading near Oct 2015 low at 1,104. We see 100-day SMA (1,108) as the main resistance for the bullion at the moment. Friday's inability to extend a rally after two consecutive days of growth is putting positive prospects at risk. The mid-term bearish target is 55-day SMA/monthly R1 at 1,084. The bulls, however, are hoping to overcome 100-day SMA and climb as high as the monthly R3 at 1,127.

Traders' Sentiment

Distribution between open positions in the SWFX market has been steady during the weekend, as the bulls and bears are holding 55% and 45% of them, respectively.

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|----------------|------|-----------|------------|-------------|
| Open Positions | 10% | 10% | 12% | 9% |

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

XAU/USD Daily Chart Current price: 1103.90



| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q1 16 | Q2 16 | Q3 16 |
| | | | 1250 |
| | 1206 | 1200 | |
| 1137 | | | |
| 1124 | | | |
| 1104 | | | |
| 1098 | 1100 | | |
| 1084 | | 1125 | 1125 |
| 1072 | | | |
| | | 1071 | |
| | | | |
| | | 1048 | |
| | | | 1037 |

| | Level | Rationale |
|--------------|----------|---------------------------------------|
| Resistance 3 | 1,137 | 200-day SMA |
| Resistance 2 | 1,124/27 | Weekly R1; monthly R3 |
| Resistance 1 | 1,104/08 | Oct 2015 low; monthly R2; 100-day SMA |
| Support 1 | 1,098/92 | Sep 2015 low; weekly PP |
| Support 2 | 1,084/80 | Monthly R1; 55/20-day SMAs |
| Support 3 | 1,072 | 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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