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RESEARCH PRODUCTS

Technical Analysis

EUR/USD keeps targeting 1.096 before US GDP

"There was some short covering in the euro after the inflation data. The numbers are mostly better than expected. The euro was also supported as I sense the market has largely pushed out a March rate hike by the Fed."
- Mizuho Bank (based on Bloomberg)

■ Pair's Outlook

EUR/USD rallied for a fourth consecutive day on Thursday and touched the closest resistance area around 1.0950/70. Friday's Asian session is registering some profit taking, but US GDP later in the day will be a key driver for this currency pair. A negative surprise can result in a climb above 100-day SMA at 1.0972, followed by another formidable supply near 1.1050 (200-day SMA; weekly R2). Positive data, however, should pave the way for EUR/USD's drop toward 55-day SMA at 1.0835, which is preceded by two-month uptrend 15 pips more from the upside.

■ Traders' Sentiment

SWFX bears remain in the majority of 55% for open positions. Meanwhile, pending orders deteriorated again to be bearish in 53% and 51% of all cases in 50/100-pip ranges, respectively.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-10%	-10%	-8%	-10%
Orders (±50 pips)	-6%	14%	12%	-4%
Orders (±100 pips)	-2%	-8%	-10%	-12%

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

EUR/USD Daily Chart   Current price: **1.0911**

RSI (14)

SUPPORT & RESISTANCE

FORECASTS

	Q1 16	Q2 16	Q3 16
			1.1
1.1047			
1.0951			
1.0921			
1.0881			
1.0812	1.08	1.08	
1.0723			
	1.05	1.05	1.05
	1.03		
			1.02
		1.01	

Chart price levels: 1.1404, 1.1241, 1.1078, 1.0915, 1.0752, 1.0589, 1.0426, 1.0263, 1.0100

Dates: Nov 15, Nov 24, Dec 03, Dec 13, Dec 22, Dec 31, Jan 11, Jan 20, Jan 29

	Level	Rationale
■ Resistance 3	1.1047/54	Weekly R2; 200-day SMA
■ Resistance 2	1.0951/79	Downtrend; Bollinger band; 100-day SMA
■ Resistance 1	1.0921	Weekly R1
■ Support 1	1.0881/35	20/55-day SMAs; weekly PP
■ Support 2	1.0812/1.0782	Monthly PP; Bollinger band
■ Support 3	1.0723	Weekly S1

GBP/USD to bounce off of 1.44
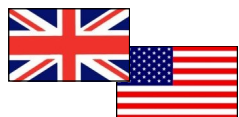
"Carney's conditions for raising interest rates -- which include growth looking strong enough to eliminate the remaining slack in the economy -- are probably still not met. The recovery still looks very unbalanced."
- Capital Economics (based on Bloomberg)

■ Pair's Outlook

The Cable soared from 1.4230 yesterday and even punched through the resistance line at 1.4360, which was considered to be capable of stopping near-term rallies. Today, however, we are likely to see a downward correction, as the price has just hit not only a trend-line that connects Jan 18 and Jan 28 highs (better observed in the hourly chart), but also monthly S2 and 20-day SMA. GBP/USD might stabilise near 1.4360, but it also would not be surprising for the Sterling to descend down to 1.43 dollars.

■ Traders' Sentiment

A small part of traders decided to square off bullish positions—the percentage of longs fell from 65 to 63%. Meanwhile, there is still no real difference between the buy (46%) and sell (54%) orders.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	26%	30%	34%	28%
Orders (±50 pips)	-26%	-16%	2%	-12%
Orders (±100 pips)	-8%	-10%	8%	-11%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Buy	Buy	Sell
RSI (14)	Neutral	Buy	Neutral
Stochastic (5; 3; 3)	Neutral	Buy	Buy
ADX (14)	Sell	Sell	Sell
CCI (14)	Neutral	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: **1.4395**

	Level	Rationale
■ Resistance 3	1.4567	Monthly S1
■ Resistance 2	1.4520	Weekly R2
■ Resistance 1	1.4395/90	Weekly R1; monthly S2; 20-day SMA
■ Support 1	1.4238/30	Weekly PP; 2010 low
■ Support 2	1.4112	Weekly S1
■ Support 3	1.4060/53	Monthly S3; Bollinger band; down-trend

USD/JPY probes 200-day SMA
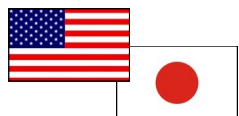
"Irrespective of this surprise easing from the BOJ, the yen remains rather undervalued, especially after this knee-jerk fall past 120. It remains to be seen if this yen move is sustainable."
- Credit Suisse (based on Reuters)

■ Pair's Outlook

Because of BoJ's unexpected announcement USD/JPY covered the distance between the yesterday's close and 120.50 yen a lot sooner than estimated. However, this does not change the overall picture that the currency pair is still facing a strong supply area, consisting of the 55- and 100-day SMAs. Additional insurance against continuation of Greenback's further appreciation is provided by the 200-day SMA and monthly PP at 121.45/30, meaning there is a high probability of a sell-off from 120.50.

■ Traders' Sentiment

Despite a precipitous decline of the Yen the market sentiment proved to be resilient and stable. The shorts remain in a majority with 74%, while 57% of pending orders are to buy the Dollar.

USD/JPY Daily Chart   Current price: **120.52**

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-48%	-44%	-42%	-42%
Orders (±50 pips)	-78%	26%	-4%	-6%
Orders (±100 pips)	14%	22%	8%	3%

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

FORECASTS

SUPPORT & RESISTANCE	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
		123	
	122		122

	Level	Rationale
■ Resistance 3	120.77/60	Weekly R2; 55- and 100-day SMAs
■ Resistance 2	119.96/77	Weekly R1; Bollinger band
■ Resistance 1	118.93	Monthly S1
■ Support 1	118.12	20-day SMA
■ Support 2	117.87	Weekly PP
■ Support 3	117.63	Monthly S2

Gold muted before US growth numbers

Friday, January 29, 2016
08:30 GMT

"We think China's volatility and its implications for the U.S. are the top risks for gold in 2016."
- Barclays (based on CNBC)

■ Pair's Outlook

Thursday saw gold prices depreciating on the back of increasing risk appetite across the board. After the bullion met a tough resistance near 1,127 it started to lose value and closed near 1,115 by yesterday evening. On Friday the metal is largely unchanged despite some initial volatility in the Asian session. Markets are waiting for US GDP statistics, where a disappointment could reverse markets back to the North. The bulls continue aiming at monthly R3 and 200-day SMA around 1,127/30 and today their ideas are shared by daily technical indicators.

■ Traders' Sentiment

The portion of bullish market participants in the SWFX market bounced off the lowest level in three months. It grew from 53% to 54% by Friday morning, thus expanding the gap from bears up to eight percentage points.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Positions	8%	6%	10%	9%

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	Neutral	Neutral
AROON (14)	Buy	Sell	Sell
Alligator (13; 8; 5)	Buy	Sell	Sell
SAR (0.02; 0.2)	Buy	Buy	Sell

XAU/USD Daily Chart   Current price: **1113.45**

RSI (14)

SUPPORT & RESISTANCE

FORECASTS

	Q1 16	Q2 16	Q3 16
			1250
	1206	1200	
		1125	1125
	1071	1048	1037

1150
1137
1123
1110
1104
1098

	Level	Rationale
■ Resistance 3	1,150	Downtrend
■ Resistance 2	1,137	Weekly R3
■ Resistance 1	1,123/30	Bollinger band; weekly R2; monthly R3; 200-day SMA
■ Support 1	1,110/07	Weekly R1; monthly R2; downtrend
■ Support 2	1,104	100-day SMA
■ Support 3	1,098/96	Sep 2015 low; weekly PP; 20-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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