



DUKASCOPY
RESEARCH PRODUCTS

16/12/2015

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



Technical Analysis

EUR/USD drops before FOMC; uncertainty remains



"There's so much now up in the air that I don't think people want to take big positions."

- Charles Schwab & Co. (based on Bloomberg)

Pair's Outlook

The US currency skyrocketed versus the Euro on Tuesday, by rallying circa 150 points to 1.0930. This level is placed under both 55-day SMA and weekly PP. On Wednesday morning we are observing a light trading, in anticipation of the most important Fed decision in recent years. Markets remain very cautious, as they suggest a hike is already priced into the Dollar. In case the FOMC disappoints from the side of future hike expectations, the EUR/USD may quickly bounce back towards yesterday highs at 1.1058 (100-day SMA). A hawkish surprise should give USD a boost up to 1.08 (Dec 7 low).

Traders' Sentiment

SWFX traders are preserving the status-quo for the moment, being that distribution between the bulls and bears is flat for a fourth day in a row at 45% versus 55%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-10%	-10%	-14%	-10%
Orders (±50 pips)	-20%	8%	-16%	-7%
Orders (±100 pips)	-20%	-8%	-4%	-10%

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

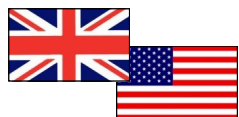
EUR/USD Daily Chart Current price: 1.0939



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1035			
1.1008			
1.0943			1.1
1.0893			
1.0858	1.08	1.08	
1.0751			
	1.05	1.05	1.05
	1.03		
			1.02
		1.01	

	Level	Rationale
Resistance 3	1.1035/58	200 and 100-day SMAs
Resistance 2	1.1008	50% Fibo
Resistance 1	1.0943/65	55-day SMA; weekly PP
Support 1	1.0893/91	38.2% Fibo; monthly R1
Support 2	1.0858/45	20-day SMA; weekly S1
Support 3	1.0751/24	23.6% Fibo; monthly PP

GBP/USD: all eyes on the Fed



"It all depends on how the U.S. stocks and bond yields will perform after the event. But I have an image that profit-taking will kick in because there would be no more of the material that was moving the market."

- Yuzo Sakai, Tokyo Forex & Ueda Harlow (based on Market Watch)

Pair's Outlook

On Tuesday the Sterling suffered another gradual decline against the US Dollar, with trade closing only at the second support, namely the weekly S1. With the US rate hike looming closer the Cable is poised for a third consecutive day of weakness, which could lead the pair under 1.49 and, thus, pierce the support trend-line. Even though the trend-line is also bolstered by the monthly S1 and weekly S2, losses might exceed this area if the Fed delivers an interest rate hike. On the other hand, a much more dovish statement today is likely to cause a rally that would touch the resistance line around 1.5260.

Traders' Sentiment

Traders still expect a bullish reaction from the GBP/USD, as 59% of all positions are long. The share of buy orders slid from 51 to 43%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	18%	-12%	16%	10%
Orders (±50 pips)	0%	2%	-38%	2%
Orders (±100 pips)	-14%	2%	-16%	5%

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

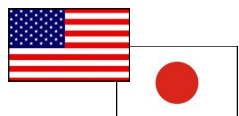
GBP/USD Daily Chart Current price: 1.5049



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.5229			
1.5183			
1.5109	1.51	1.51	
1.5038			
1.4955	1.49		
1.4898			
		1.48	
			1.47
			1.52
			1.56
			1.56

	Level	Rationale
Resistance 3	1.5229/63	55-day SMA; down-trend; Bollinger band
Resistance 2	1.5183/85	23.60% Fibo; monthly PP
Resistance 1	1.5109/39	Weekly PP; 20-day SMA
Support 1	1.5038	Weekly S1
Support 2	1.4955	Bollinger band
Support 3	1.4898/56	Down-trend; monthly S1; weekly S2

USD/JPY rises in anticipation of the rate hike decision



"With USD positioning now substantially reduced and the USD trading at more attractive levels versus key G10 currencies, we think the USD is more likely to gain immediately in the aftermath of Fed tightening."
- BNP Paribas (based on Reuters)

Pair's Outlook

The USD/JPY rebounded from its intraday low yesterday, after the inflation data sparked more hope of the Fed raising interest rates today. The immediate resistance cluster, however, managed to stop the rally at 121.65 and is now providing rather strong support. In case the Fed does not disappoint, the resistance around 122.40 is likely to give in and trigger a USD buying spree, which, in turn, could lead the Buck even towards the Nov high at 123.75. An unexpected delay of the rate hike is to cause a sharp sell-off, but without the violation of the three-year up-trend around the 119.00 major level.

Traders' Sentiment

Bears are outnumbering the bulls by only 2% points, whereas the portion of orders to buy the US currency dropped from 56 to 44%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-2%	-12%	-50%	-33%
Orders (±50 pips)	-28%	14%	42%	10%
Orders (±100 pips)	-12%	12%	36%	8%

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

USD/JPY Daily Chart Current price: 121.88



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
	122.78		
	122.36		
	121.68		
	121.58		
	121.00		
	120.25		
	122	123	122

	Level	Rationale
Resistance 3	122.78	Weekly R1
Resistance 2	122.36/43	Monthly PP; 20-day SMA
Resistance 1	121.68	Weekly PP
Support 1	121.58/54	55, 100 and 200-day SMAs
Support 2	121.00/98	Bollinger band; monthly S1
Support 3	120.25	Nov low

Gold appreciates before the FOMC verdict



"Gold may drop in an initial reaction to a hike. But as the hike is generally expected, any selloff may be relatively short-lived."

- HSBC (based on CNBC)

■ Pair's Outlook

The bullion traded with no daily change on Tuesday, even though attempts were made to surge in the direction of 1,070. Wednesday morning, however, we are seeing a more pronounced bullish action. Market volatility is expected to be uplifted in the next 24 hours, also because traders are curious about the Fed decision and, most importantly, the future pace of hikes. Even a slightly dovish outcome for the second point could result in positive trading for gold, possibly up to the 1,086 mark (monthly PP). A hawkish result should prepare the metal for a sell-off down to the 1,044 target (2010 low).

■ Traders' Sentiment

Yesterday we saw the total number of bullish open positions remaining flat at 59%, putting the bears into minority of 41%. Any shift in sentiments among SWFX market participants is likely to occur after the FOMC interest rate decision is made this evening.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	18%	18%	24%	27%

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	Neutral	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: 1064.38



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			1250
	1206	1200	
			1125
			1125
	1100		
	1086		
	1073		
	1071		
	1062		
	1050		
	1048		
			1037

	Level	Rationale
■ Resistance 3	1,086/89	Monthly PP; weekly R1; Bollinger band
■ Resistance 2	1,073/74	Weekly PP; 20-day SMA
■ Resistance 1	1,070	July low
■ Support 1	1,062/57	Weekly S1; Bollinger band
■ Support 2	1,050	Weekly S2
■ Support 3	1,044	2010 low

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



Newest releases and archive:

Fundamental Analysis
Technical Analysis
Press Review
Market Research
Expert Commentary
Dukascopy Sentiment Index
Trade Pattern Ideas
Global Stock Market Review
Commodity Overview
Economic Research
Quarterly Report
Aggregate Technical Indicator

Additional information:

Dukascopy Group Home Page
Market News & Research
FXSpider
Live Webinars
Dukascopy TV
Daily Pivot Point Levels
Economic Calendar
Daily Highs/Lows
SWFX Sentiment Index
Movers & Shakers FX
Forex Calculators
Currency Converter
Currency Index
CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.