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



# **Technical Analysis**

# EUR/USD is determined to breach 200-day SMA



*"After the re-calibration of our instruments put in place this month by the Governing Council, we expect inflation will reach our objective without undue delay."*  
- Mario Draghi, ECB President (based on Bloomberg)

## Pair's Outlook

EUR/USD's volatility surged on Monday, despite lack of fundamental news and in anticipation of the looming Fed interest rate decision. The pair was testing the 50% Fibonacci retracement of an Oct-Nov downtrend at 1.1008 during the Asian session. However, the bulls are mainly ignoring this resistance, in order to focus more on the 200-day SMA at 1.1033. This moving average is guarded by the 100-day SMA from the north with a 26-pip gap. Considering difficulties to consolidate above both of them earlier last week, we are skeptical about the pair's ability to do that in the next 24 hours as well.

## Traders' Sentiment

SWFX market remains 55% bearish on the Euro. At the same time, 50 and 100-pip pending orders changed hands yesterday. The former are now 54% long, while the latter are similarly short on EUR.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-10%	-10%	-12%	-10%
Orders (±50 pips)	8%	-8%	-8%	-5%
Orders (±100 pips)	-8%	4%	-22%	-8%

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)	Neutral	Neutral	Sell
SAR (0.02; 0.2)	Buy	Sell	Sell

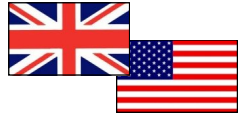
EUR/USD Daily Chart Current price: 1.1023



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1091			
1.1060			
1.1034			
1.1008			1.1
1.0965			
1.0893			
	1.08	1.08	
	1.05	1.05	1.05
	1.03		
			1.02
		1.01	

	Level	Rationale
Resistance 3	1.1091	Weekly R1
Resistance 2	1.1060	100-day SMA
Resistance 1	1.1034	200-day SMA
Support 1	1.1008	50% Fib
Support 2	1.0965/43	55-day SMA; weekly PP
Support 3	1.0893/91	38.2% Fib; monthly R1

# GBP/USD attempts to recover from Monday's losses



*"Dollar long positions are being liquidated in the market at a faster pace than expected. It could face additional pressure if U.S. Treasuries are bought back on relief that the Fed's rate hike cycle will be quite a slow one."*  
- IG Securities (based on Reuters)

## Pair's Outlook

The British currency experienced a rather sharp sell-off on Monday, amid remarks of the BoE official concerning poor nominal wage growth. Higher losses were prevented by the second support cluster around 1.5130, also keeping the pair afloat today during the Asian session. In case the weekly PP and 20-day SMA fail to support the GBP/USD, a slump towards the 1.5038 level, namely the weekly S1, could occur. On the Other hand, a retest of the down-trend at 1.5274 is possible if 55-day SMA resistance gives in and the fundamentals are in the Sterling's favour.

## Traders' Sentiment

Bears keep outnumbering the bulls, as 56% of all positions are short. The portion of buy orders, however, remained unchanged at 51%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-12%	-4%	36%	8%
Orders (±50 pips)	2%	8%	56%	-2%
Orders (±100 pips)	2%	2%	48%	5%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Buy	Sell	Sell
RSI (14)	Sell	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)	Sell	Neutral	Sell
SAR (0.02; 0.2)	Buy	Sell	Sell

GBP/USD Daily Chart Current price: 1.5169



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.5274		1.56	1.56
1.5233			
1.5183			
1.5139	1.51	1.51	1.52
1.5038			
1.4966	1.49		
		1.48	
			1.47

	Level	Rationale
■ Resistance 3	1.5274/83	Down-trend; Bollinger band
■ Resistance 2	1.5233	55-day SMA
■ Resistance 1	1.5183/85	23.60% Fib; monthly PP
■ Support 1	1.5139/25	Weekly PP; 20-day SMA
■ Support 2	1.5038	Weekly S1
■ Support 3	1.4966	Bollinger band



# Gold closes below 1,060 to push outlook down



*"We are looking more at the 2016 panorama, in which the Fed continues to tighten and the U.S. economy delivers reasonably well. That does not argue for a higher gold price. Gold will be a casualty."*  
- Societe Generale (based on Bloomberg)

## Pair's Outlook

The bearish scenario was fully implemented on Monday, as gold prices came under a substantial pressure created by short traders. After crossing both weekly S1 and lower Bollinger band around 1,062 the bullion settled at 1,060 by day-end. A recovery is not being ruled out on Tuesday, but the overall outlook has deteriorated since yesterday. The bears are now setting eye on a more medium-term target, namely the 2010 low at 1,044. However, markets remain cautious ahead of the Fed decision, which may surprise on the dovish side and eventually send gold upwards.

## Traders' Sentiment

SWFX traders decided to increase the total number of short market positions. At the moment the bears are accounting for 41% of the whole market, while the bulls are down to 59% (62% yesterday). This is the most bearish-biased distribution in five weeks.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	18%	24%	28%	30%

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: 1063.64



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1250			1250
1206		1200	
1125		1125	1125
1100			
1086			
1074			
1070	1071		
1062			
1050			
1044		1048	1037

	Level	Rationale
■ Resistance 3	1,086/89	Monthly PP; weekly R1; Bollinger band
■ Resistance 2	1,074	Weekly PP; 20-day SMA
■ Resistance 1	1,070	July low
■ Support 1	1,062/58	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



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