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RESEARCH PRODUCTS

Technical Analysis

EUR/USD strengthens a drop below 1.0750

"More recently the US dollar has underperformed especially against the euro during less favorable conditions for global investor risk sentiment as long US dollar positions have been reduced."
- Bank of Tokyo-Mitsubishi (based on WBP Online)

EUR/USD Daily Chart   Current price: **1.0744**

■ Pair's Outlook

EUR/USD was down for a third session in a row on Tuesday. The currency pair was hammered by depressing European fundamentals, which led to a dip below the second daily support of 1.0750 (weekly S2. Alongside, the first demand was easily eroded near 1.08. Now the mid-term focus shifts to the area just above 1.05, where both December and April lows lie. Intermediate support for the bulls should be offered by weekly S3 and monthly S1 and 1.0669 and 1.0565, respectively. Meantime, any revival will be complicated by the downward-sloping 55-day SMA, currently at 1.0841.

■ Traders' Sentiment

Open positions on the EUR/USD currency pair are broadly flat for a seventh consecutive working day, meaning the overall bearish advantage holds at 14% (43% bullish share vs 57% bearish share).

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-14%	-14%	-14%	-13%
Orders (±50 pips)	-28%	-12%	-4%	-13%
Orders (±100 pips)	-34%	-32%	0%	-11%

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

RSI (14)

SUPPORT & RESISTANCE

FORECASTS

	Q1 16	Q2 16	Q3 16
			1.1
1.0840			
1.0808			
1.0761	1.08	1.08	
1.0716			
1.0669			
1.0565			
	1.05	1.05	1.05
	1.03		
		1.02	
		1.01	

	Level	Rationale
■ Resistance 3	1.0840/60	55/20-day SMAs
■ Resistance 2	1.0808/12	Monthly PP; weekly S1; July 2015 low
■ Resistance 1	1.0761	Weekly S2
■ Support 1	1.0716	Bollinger band
■ Support 2	1.0669	Weekly S3
■ Support 3	1.0565	Monthly S1

GBP/USD closing in on 2015 low
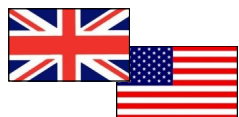
"Sterling's consistent underperformance over the last month is hard to rationalise. For now, we are not prepared to fight the solid negative trend in GBP, though our medium term outlook remains positive."
- RBC (based on Business Recorder)

■ Pair's Outlook

The Cable edged lower for the sixth time in a row on Tuesday, but without the immediate support cluster getting violated. However, this cluster weakened today and is under the risk of getting pierced, as the Bollinger band inched significantly lower and is now reinforcing the cluster around the 2015 low of 1.4565, which in turn should limit the losses. At the same time, a possibility for the bullish momentum to be regained exists if the US fundamental data disappointing, thus, weakening the US Dollar versus the Pound.

■ Traders' Sentiment

More traders (62%) retain a positive outlook towards the Sterling today, compared to only 51% on Tuesday. Meanwhile, the portion of orders to acquire the GBP lost 6% points, falling down to 57%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	24%	2%	30%	28%
Orders (±50 pips)	24%	32%	-28%	4%
Orders (±100 pips)	14%	26%	2%	12%

Indicator/Period	Day ➡	Week ↘	Month ↘
MACD (12; 26; 9)	Buy	Sell	Sell
RSI (14)	Neutral	Neutral	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: **1.4660**

	Q1 16	Q2 16	Q3 16
		1.56	1.56
	1.55		
			1.52
	1.51	1.51	
	1.49		
		1.48	
			1.47

FORECASTS

SUPPORT & RESISTANCE

		Level	Rationale
■	Resistance 3	1.5012	Weekly R2
■	Resistance 2	1.4878/1.4916	Weekly R1; monthly PP; 20-day SMA
■	Resistance 1	1.4802	Weekly PP
■	Support 1	1.4668	Weekly S1
■	Support 2	1.4594/1.4565	Bollinger band ; weekly S2; monthly S1; 2015 low
■	Support 3	1.4459	Weekly S3

USD/JPY keeps moving to three-month low
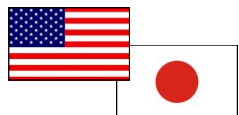
"If the upcoming U.S. job data [on Friday] disappoints investors, risk appetite will not come back for a while."
- Shinsei Bank (based on CNBC)

■ Pair's Outlook

The USD/JPY currency pair failed to rebound on Tuesday, due to the continued sell-off in the Chinese equity market. In wake of this event, the pair inched closer to the 119.00 level, which is likely to be breached today, as another set of weak Chinese fundamentals sparked risk aversion. The immediate support around 118.90 will doubtfully hold the losses, leaving the door open for a decline towards the Oct low at 118.06. Nonetheless, a positive surprise in US data later today could trigger a buying spree, help the Greenback negate daily losses and even cause trade to close in the green zone.

■ Traders' Sentiment

Traders remain confident in the USD/JPY underperformance, with 60% of all positions are long. Purchase orders surged from 52 to 59%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-20%	-22%	-22%	-27%
Orders (±50 pips)	10%	-14%	20%	8%
Orders (±100 pips)	18%	4%	24%	17%

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

USD/JPY Daily Chart   Current price: **118.69**

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

	Level	Rationale
■ Resistance 3	120.29/58	Weekly PP; weekly R1
■ Resistance 2	119.64/93	Weekly S2; weekly S1
■ Resistance 1	119.29	Weekly S3
■ Support 1	118.93/85	Monthly S1; Bollinger band
■ Support 2	118.06	Oct low
■ Support 3	117.63	Monthly S2

Gold closes above downtrend, exposes 1,084

Wednesday, January 06, 2016
08:30 GMT

"A stronger U.S. dollar crimped investor demand."
- Australia & New Zealand Banking Group Ltd. (based on Bloomberg)

■ Pair's Outlook

The bullion spent another trading session in a positive way, as the bulls were strong enough to push prices above 1,075 yesterday. As a result, the two-month downtrend line was crossed and now we are focusing on the next resistance area at 1,084. This one is considered to be much more important, as we are dealing with 55-day SMA, upper Bollinger band, weekly R2 and monthly R1. To violate this supply zone, the traders are likely to require a boost from fundamentals. Today the US ADP employment is due, and a negative surprise will provide gold with an opportunity to rally.

■ Traders' Sentiment

Following a loss of two percentage points on Tuesday, the total number of SWFX bullish positions stabilised near 54% by Wednesday morning.

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

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

XAU/USD Daily Chart   Current price: **1078.40**

	Level	Rationale
■ Resistance 3	1,107/09	Monthly R2; 100-day SMA
■ Resistance 2	1,091	Weekly R3
■ Resistance 1	1,084/86	Bollinger band; weekly R2; monthly R1; 55-day SMA
■ Support 1	1,073/71	Weekly R1; downtrend; 20-day SMA
■ Support 2	1,065	Weekly and monthly PP
■ Support 3	1,056/53	Bollinger band; 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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