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RESEARCH PRODUCTS

20/11/2015

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



Technical Analysis

EUR/USD on track to erode weekly losses



"The [German] producer-price index data has encouraged a lower euro."
- Canadian Imperial Bank of Commerce (based on Bloomberg)

Pair's Outlook

Yesterday the EUR/USD cross strengthened the most since Nov 12, by piercing through the 1.07 mark and consolidating somewhat below 1.0750 by the end of trading. Both weekly pivot point and monthly S1 at 1.0758/68 are unlikely to be crossed on Friday, unless any shock for the Dollar appears unexpectedly. However, it will be enough for the pair to eliminate losses of Monday-Tuesday. In the meantime, Mario Draghi's speech later in day may renew a sell-off today. Our expectations therefore remain fairly bearish.

Traders' Sentiment

Bullish share of open positions contracted from 54% to 52% in the SWFX market by Friday morning. Meanwhile, pending orders to buy the Euro in 100-pip range from the spot returned to minority of 41% (52% yesterday).

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions | 4% | 8% | 6% | 6% |
| Orders (±50 pips) | -8% | 10% | 10% | -6% |
| Orders (±100 pips) | -18% | 4% | -2% | -15% |

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

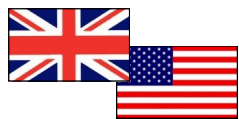
EUR/USD Daily Chart Current price: 1.0696



| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q4 15 | Q1 16 | Q2 16 |
| 1.13 | | | 1.12 |
| 1.11 | | | |
| 1.09 | | | |
| 1.0758 | | | |
| 1.07 | | | 1.07 |
| 1.06 | | | |
| 1.05 | | | |
| 1.03 | | | |

| | Level | Rationale |
|--------------|-----------|--|
| Resistance 3 | 1.0836/41 | 20-day SMA; weekly R1 |
| Resistance 2 | 1.0808/19 | July and May lows |
| Resistance 1 | 1.0758/68 | Weekly PP; monthly S1 |
| Support 1 | 1.0686 | Weekly S1 |
| Support 2 | 1.0602 | Weekly S2 |
| Support 3 | 1.0564/19 | Bollinger band; monthly S2; weekly S3; Apr low |

GBP/USD in limbo before UK Public Sector Net Borrowing



"In terms of the trajectory of fed funds, we continue to see two more rate hikes in the first half of 2016. We then expect the Fed to remain on hold in the second half of 2016 to ascertain the effects of the cumulative 75 basis-point tightening on the economy and the financial markets."
- Deutsche Bank (based on WBP Online)

Pair's Outlook

The GBP/USD reached as high as the 200-day SMA on Thursday, but lost some of the gains and closed under 1.53. Today the Cable is stuck in tight range between the 20 and 55-day SMAs and might maintain trade within this area today due to lack of market movers. A correction is still the most probable outcome, with a possibility of the immediate support failing to hold the losses. Technical studies are supporting this scenario, but one fundamental event could provide the Sterling with sufficient strength to pierce the nearest resistance levels and even retest the 200-day SMA at 1.5340.

Traders' Sentiment

Bearish traders' sentiment returned to its Wednesday's level of 61%, whereas no changes in the buy and the sell order ratio occurred.

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions | -22% | -20% | -20% | -18% |
| Orders (±50 pips) | 10% | 16% | -16% | -13% |
| Orders (±100 pips) | -16% | -16% | -18% | -15% |

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

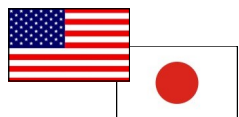
GBP/USD Daily Chart Current price: 1.5284



| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q4 15 | Q1 16 | Q2 16 |
| 1.5900 | | | 1.59 |
| 1.5786 | | 1.58 | |
| 1.5673 | | | |
| 1.5559 | 1.56 | | |
| 1.5466 | | | |
| 1.5401 | 1.54 | 1.54 | 1.54 |
| 1.5311 | | | |
| 1.5262 | | | |
| 1.5185 | | | |
| 1.5105 | 1.51 | 1.51 | 1.51 |
| 1.4991 | | | |

| Level | Rationale |
|-------------------------|---|
| Resistance 3: 1.5466 | Bollinger band |
| Resistance 2: 1.5401/12 | Weekly R2; 100-day SMA |
| Resistance 1: 1.5311/60 | 55 and 200-day SMAs; monthly PP; down-trend |
| Support 1: 1.5262 | 20-day SMA |
| Support 2: 1.5185/79 | Monthly S1; 23.60% Fib; weekly PP |
| Support 3: 1.5096 | Weekly S1 |

USD/JPY trades flat, edges closer to the up-trend



“Foreign players appeared to have cleared out positions before the long Japanese weekend, pushing the dollar lower. Japanese investors, on the other hand, are buying on price dips and preventing a further decline.”

- Global-info Co (based on Reuters)

Pair's Outlook

The US currency lost over 75 pips against the Yen yesterday, caused by the FOMC meeting minutes results, in spite of the December hike possibility remaining in play. The second support barely managed to hold the losses and is now providing resistance, leaving the USD/JPY under the risk of falling again today. The closest support is now represented by the up-trend, along with the weekly S1, monthly R1 and 20-day SMA. The Greenback is unlikely to recover from such a slump today due to lack of market movers, whereas technical indicators suggest the pair might trade flat over the day.

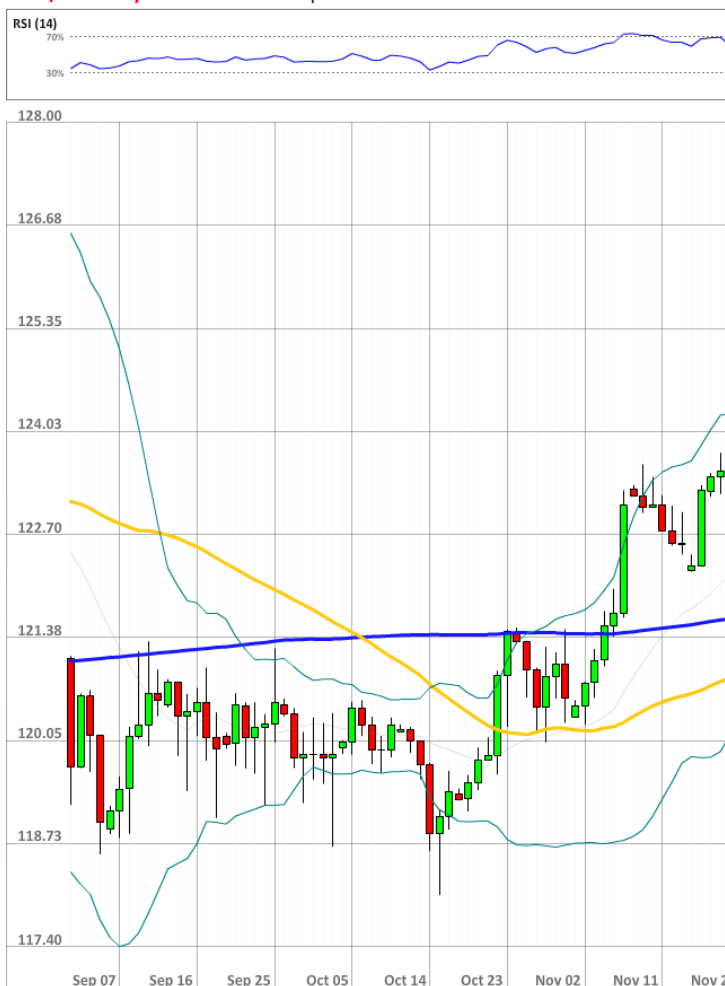
Traders' Sentiment

Almost three quarters (74%) of all positions are now short (previously 70%), while the share of buy orders slid from 51 to 46%.

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions | -48% | -40% | -50% | -46% |
| Orders (±50 pips) | -38% | 74% | 42% | 13% |
| Orders (±100 pips) | -8% | 2% | 48% | 9% |

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

USD/JPY Daily Chart Current price: 122.94



| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q4 15 | Q1 16 | Q2 16 |
| 124.03 | | | 128 |
| 123.30 | | 127 | |
| 122.87 | | 125 | 125 |
| 122.14 | 125 | | |
| 121.74 | | 122 | |
| 121.34 | 121 | | 123 |

| Level | Rationale |
|--------------------------|---|
| Resistance 3 (124.03/26) | Weekly R2; Bollinger band |
| Resistance 2 (123.30/49) | Weekly R1; monthly R2 |
| Resistance 1 (122.87) | Weekly PP |
| Support 1 (122.14/04) | Weekly S1; 20-day SMA; up-trend; monthly R1 |
| Support 2 (121.74/71) | 100-day SMA; weekly S2 |
| Support 3 (121.34) | 200-day SMA |

Gold wants to retake 1,084



"We're still negative and target \$985 in the short run."
- UBS Wealth Management (based on CNBC)

Pair's Outlook

Gold surged the most since Oct 14 on Thursday, by jumping from July low at 1,070 towards the weekly pivot point at 1,084. Today we may observe a consolidation above the latter mark. Closure above 1,090 will mean that the bullion managed to fully erase this week's losses. Short term rally is possible as traders see the Fed's December rate hike looming, but the pace of tightening will be slow. Gains should be contained by the 1,100 mark, where the monthly S1 is placed at the moment. However, next week's development may provide gold with another downward momentum.

Traders' Sentiment

Market sentiment with respect to gold remains strongly positive for the moment, being that 72% of SWFX traders are holding long positions, up from 71% yesterday.

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|----------------|------|-----------|------------|-------------|
| Open Positions | 44% | 42% | 42% | 34% |

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

XAU/USD Daily Chart Current price: 1081.03



| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q4 15 | Q1 16 | Q2 16 |
| 1244 | | | |
| 1233 | | | |
| | | 1244 | |
| | | | 1225 |
| 1150 | 1148 | 1150 | 1150 |
| 1105 | | | |
| 1083 | | | |
| 1062 | | | 1062 |
| 1051 | | | |

| | Level | Rationale |
|----------------|----------|------------------------|
| ■ Resistance 3 | 1,100/01 | Monthly S1; 20-day SMA |
| ■ Resistance 2 | 1,094 | Weekly R1 |
| ■ Resistance 1 | 1,084 | Weekly PP |
| ■ Support 1 | 1,073/70 | Weekly S1; Jul low |
| ■ Support 2 | 1,062/59 | Weekly and monthly S2 |
| ■ Support 3 | 1,051 | Weekly S3 |

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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