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



Technical Analysis

EUR/USD drops after volatile US session



"With the last decision it was very clear to me that the hawks took over the steering wheel. That could be the real story for 2016: not only how willing is the ECB to do more but also are they still able to?"

- Rabobank International (based on Bloomberg)

Pair's Outlook

EUR/USD became increasingly turbulent after the US session began yesterday. From daily highs, the pair dipped about 75 pips to close at 1.0919. As a result of this move, the weekly pivot point was penetrated, while the main support at 1.09 is offered by 55/20-day SMA, weekly S1 and monthly R1. Hence, the Euro has a good chance of getting a reliable bullish momentum from this demand zone. In the meantime, the gains are still estimated to be contained around 1.10 (Bollinger band; weekly R1, 50% Fibi).

Traders' Sentiment

The bears continue outperforming bulls in terms of open positions by a margin of 57% to 43%. However, for now only 35% and 43% of the pending commands are set to acquire the Euro in 50 and 100-pip ranges from the spot, respectively.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-14%	-14%	-10%	-11%
Orders (±50 pips)	-30%	-4%	-4%	-14%
Orders (±100 pips)	-14%	0%	-6%	-17%

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

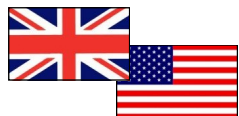
EUR/USD Daily Chart Current price: 1.0933



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1123			
1.1043			
1.1001			
1.0932			1.1
1.0902			
1.0808	1.08	1.08	
	1.05	1.05	1.05
	1.03		
			1.02
		1.01	

Level	Rationale
Resistance 3: 1.1123	61.8% Fibi
Resistance 2: 1.1043/68	200/100-day SMAs; weekly R2
Resistance 1: 1.1001/16	Bollinger band; 50% Fibi; weekly R1
Support 1: 1.0932	Weekly PP
Support 2: 1.0902/1.0880	55/20-day SMAs; 38.2% Fibi; monthly R1; weekly S1
Support 3: 1.0808/1.0795	July low; weekly S2; Bollinger band

GBP/USD poised for more weakness



"The Bank of England has recently created more of a divergence in policy expectations between itself and the Fed and that's weighing down more on cable."

- Bank of Tokyo-Mitsubishi UFJ Ltd. (based on Bloomberg)

Pair's Outlook

The Cable was pushed down below the 1.48 major level on Tuesday, amid a strong reading of US fundamental data. Even though trade closed at 1.4820, technical studies retain their bearish signals, suggesting the GBP/USD might edge lower for the third consecutive day. At the same time, the monthly and weekly S1s are providing resistance around 1.4860, while support is represented by the weekly S1 and the Bollinger band circa 1.4750. A return inside the falling wedge's trading range for the second time would be a positive surprise, but it would still diminish the pattern's viability.

Traders' Sentiment

Bullish traders' sentiment remains unchanged at 65%, whereas the portion of orders to buy the Pound added 2% points up to 53%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	30%	30%	26%	29%
Orders (±50 pips)	-2%	-28%	-8%	-10%
Orders (±100 pips)	6%	2%	-6%	-2%

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

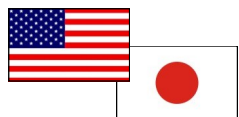
GBP/USD Daily Chart Current price: 1.4837



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.5600		1.56	1.56
1.5471			
1.5341	1.55		
1.5212			1.52
1.5082	1.51	1.51	
1.4953			
1.4824	1.49		
1.4694		1.48	
1.4565			1.47

	Level	Rationale
■ Resistance 3	1.4992/94	Weekly R1; 20-day SMA
■ Resistance 2	1.4899	Weekly PP
■ Resistance 1	1.4852/68	Weekly and monthly S1s
■ Support 1	1.4759/12	Weekly S2; Bollinger band; weekly S3
■ Support 2	1.4679	Monthly S2
■ Support 3	1.4565	April low

USD/JPY struggles to breach weekly PP



"The yen is basically expected to weaken on U.S.-Japanese yield differentials. But it will be exposed to volatility until U.S. economic growth looks assured, and we could see even wider swings in case of a warm winter."
- SMBC Nikko Securities (based on Reuters)

Pair's Outlook

The Greenback managed to outperform the JPY yesterday, due to the boost provided by the strong US fundamentals. However, still being under relatively high pressure, the USD/JPY barely recovered from intraday losses and climbed only five pips higher, unable to touch the immediate resistance. This resistance in face of the weekly PP is likely to prevent the pair from advancing today as well. Technical studies are bolstering this possibility, but the nearest support lies out of reach circa 119.60, now reinforced by the up-trend. Nonetheless, trade is expected to close around 120.10.

Traders' Sentiment

Now 41% of all positions are long and the remaining 59% - short, while the share of buy orders barely changed: slid from 62 to 61%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-18%	-22%	-44%	-29%
Orders (±50 pips)	18%	20%	30%	-1%
Orders (±100 pips)	22%	24%	20%	4%

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

USD/JPY Daily Chart Current price: 120.41



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
		123	
	122		122
	121.47		
	120.98		
	120.57		
	119.64		
	119.10		
	118.17		

	Level	Rationale
■ Resistance 3	121.47/71	20, 55 and 200-day SMAs
■ Resistance 2	120.98/121.23	Monthly S1; weekly R1; 100-day SMA
■ Resistance 1	120.57	Weekly PP
■ Support 1	119.64/35	Bollinger band; weekly S1; up-trend
■ Support 2	119.10/118.87	Weekly and monthly S2s
■ Support 3	118.17/06	Weekly S3; Oct low

Gold steadied despite rising trading volume



"We are still cautious of choppy and illiquid conditions as there is very little depth in this market at present and could be subject to being pushed around."

- MKS Group (based on CNBC)

Pair's Outlook

The yellow metal saw completely no movement in either direction on Tuesday of this week, given that traders took a pause in the run up to New Year holidays. Despite that, the volume of trading increased on Monday and Tuesday towards daily averages. XAU/USD keeps hovering below 20-day SMA and weekly PP for the moment, meaning the weekly S1 is at risk of being breached in the short-term. If a break-out below 1,065 takes place, then the attention will shift to the next demand at 1,055 (weekly S2).

Traders' Sentiment

We are observing little changes in terms of the SWFX market sentiment towards gold. Traders decided to keep their open positions unchanged from yesterday, meaning the bulls are still holding 54% of all trades versus 46% for the bears.

XAU/USD Daily Chart Current price: 1070.85



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1250			
1206		1200	
1125			1125
1100			
1083			
1076			
1072	1071		
1065			
1056			
1048		1048	
			1037

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	8%	8%	12%	13%

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

Level	Rationale
Resistance 3 (1,083/86)	Weekly R1; monthly PP; Bollinger band
Resistance 2 (1,076)	Downtrend
Resistance 1 (1,072/73)	20-day SMA; weekly PP
Support 1 (1,065)	Weekly S1
Support 2 (1,056/55)	Weekly S2; Bollinger band
Support 3 (1,048/44)	Weekly S3; 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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