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RESEARCH PRODUCTS

Technical Analysis

EUR/USD approaches support cluster at 1.08

"China worries calmed down, pushing up the dollar higher. Excessive worries have receded. If crude oil prices regain much ground, the dollar may rise a bit more. But such a gain is still uncertain and investors still remain nervous."
- Tokyo Forex & Ueda Harlow (based on Market Watch)

■ Pair's Outlook

Yesterday neither bulls nor bears managed to gain control over the EUR/USD cross, meaning the exchange rate ended American session with almost no change in daily value. Despite that, bearish sentiment seems to be prevailing in the market right now, as the pair is moving inside the channel down pattern. The closest support is offered by 55-day SMA and monthly PP at 1.0812/28, with another demand being placed at 1.0774/46 (weekly S1; Bollinger). Successful testing of both areas is required in order to refocus market attention to much lower levels around 1.0650 (trend-line).

■ Traders' Sentiment

Bearish SWFX market sentiment is unchanged at 55%, while pending orders are swinging around 50% in both 50 and 100-pip ranges.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-10%	-10%	-14%	-13%
Orders (±50 pips)	2%	-10%	-28%	-17%
Orders (±100 pips)	-8%	0%	-34%	-14%

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

EUR/USD Daily Chart   Current price: **1.0816**

	Level	Rationale
■ Resistance 3	1.0916	Downtrend
■ Resistance 2	1.0860/67	20-day SMA; weekly PP
■ Resistance 1	1.0827	55-day SMA
■ Support 1	1.0812/08	Monthly PP; July 2015 low
■ Support 2	1.0774/43	Weekly S1; Bollinger band
■ Support 3	1.0670	Downtrend

FORECASTS

SUPPORT & RESISTANCE	Q1 16	Q2 16	Q3 16
1.0916			
1.0860			1.1
1.0827			
1.0812			
1.0774	1.08	1.08	
1.0670			
	1.05	1.05	1.05
	1.03		
			1.02
		1.01	

GBP/USD attempts to regain the bullish momentum

"The sharp risk-off environment has been playing a heightened role in the latest bout of sterling weakness. The UK's large current account deficit means that sterling is one of the most vulnerable major currencies to any deterioration in risk sentiment."
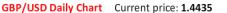*- ING (based on Reuters)*

■ Pair's Outlook

The Sterling dropped to a fresh five-year low against the Buck on Tuesday, amid disappointment in the Manufacturing Production figures. However, the Cable managed to partially recover from the intraday losses, now facing a rather strong demand around 1.44, represented by the Monthly S2, the weekly S1 and the Bollinger band. This cluster is the last solid obstacle, preventing the GBP/USD from falling to 1.4230, namely the 2010 low. From the technical point of view, the Pound should end the day in the green zone, with a chance to negate Tuesday's losses completely.

■ Traders' Sentiment

Bullish market sentiment returned to last Wednesday's level of 62%, whereas the number of purchase orders remains unchanged at 43%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	24%	28%	24%	25%
Orders (±50 pips)	8%	-28%	24%	10%
Orders (±100 pips)	-14%	-14%	14%	7%

Indicator/Period	Day ➡	Week ➡	Month ⬅
MACD (12; 26; 9)	Buy	Buy	Sell
RSI (14)	Buy	Buy	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: **1.4435**

	SUPPORT & RESISTANCE	FORECASTS		
		Q1 16	Q2 16	Q3 16
			1.56	1.56
		1.55		
				1.52
	1.4724	1.51	1.51	
		1.49	1.48	
	1.4615			1.47
	1.4567			
	1.4425			
	1.4306			
	1.4230			

		Level	Rationale
■	Resistance 3	1.4724/57	Weekly R1; 20-day SMA
■	Resistance 2	1.4615	Weekly PP
■	Resistance 1	1.4567	Monthly S1
■	Support 1	1.4425/1.4390	Bollinger band; weekly S1; monthly S2
■	Support 2	1.4306	Weekly S2
■	Support 3	1.4230	2010 low

USD/JPY rises on risk appetite

"It's a kind of familiar picture with the equities starting the day positively but then reversing gains as oil prices fell to a new low, so that's what dollar yen is really reacting to."
- BNP Paribas (based on Bloomberg)

■ Pair's Outlook

The monthly S2 was able to keep the USD/JPY from falling deeper yesterday, despite volatility reaching Tuesday's opening price. Although the up-trend was violated last week, this week's USD performance implies otherwise; Chinese fundamentals appear to be improving again, thus, reducing demand for safe haven currencies. As a result, the Greenback is likely to continue climbing higher, with the weekly PP acting as the closest resistance at 118.30. However, technical studies suggest the pair could still fall towards 117.00, as the indicators are now pointing south-ish.

■ Traders' Sentiment

Bearish traders' sentiment remains unchanged at 59%, whereas the portion of sell orders increased by 5% points up to a total of 63%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-18%	-18%	-20%	-18%
Orders (±50 pips)	-48%	0%	10%	-2%
Orders (±100 pips)	-26%	-16%	18%	7%

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

USD/JPY Daily Chart   Current price: **118.22**

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

	Level	Rationale
■ Resistance 3	119.38	Weekly R1
■ Resistance 2	118.93	Monthly S1
■ Resistance 1	118.30	Weekly PP
■ Support 1	117.63	Monthly S2; up-trend
■ Support 2	116.75	Bollinger band
■ Support 3	116.14/115.85	Weekly S1; 2015 low

Gold is on track to test demand at 1,084

"The market is expecting, perhaps in March the Fed will have its second interest rate hike. It will lead to a very strong US dollar, so gold prices are likely to face pressure."
- Shandong Gold Group (based on CNBC)

■ Pair's Outlook

A continuous move away from fixed income and safe-haven assets is putting more pressure on gold prices. They slid down on Tuesday, by nearing one of the most important support clusters at 1,084/80 represented by the monthly R1 and 55/20-day SMAs. On Wednesday we expect these levels to be tested, but bearish success is not guaranteed for the moment. Given that daily technical indicators estimate a rebound, we cannot rule out such a scenario in the next 24 hours. However, in case XAU/USD closes below 55-day SMA the focus will switch to the monthly pivot point at 1,065.

■ Traders' Sentiment

After three days of stability, the distribution between long and short market participants began narrowing again, as the share of the bulls decreased minimally by one percentage point to 54% from 55%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	8%	10%	8%	9%

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

XAU/USD Daily Chart   Current price: **1082.25**

RSI (14)

FORECASTS

SUPPORT & RESISTANCE		Q1 16	Q2 16	Q3 16
		1206	1200	1250
			1125	1125
1098		1100		
1092				
1084				
1080		1071		
1072				
1065		1048		
				1037

		Level	Rationale
■	Resistance 3	1,098	Sep 2015 low
■	Resistance 2	1,092	Weekly PP
■	Resistance 1	1,084	Monthly R1
■	Support 1	1,080	55/20-day SMAs
■	Support 2	1,072	Weekly S1
■	Support 3	1,065	Monthly PP

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
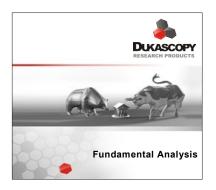
Forecasts

Third Quartile – separates 25% of the highest forecasts

Second Quartile – the median price based on the projections of the industry

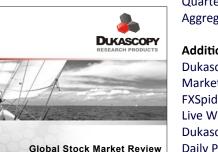*First Quartile* – separates 25% of the lowest forecasts

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