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RESEARCH PRODUCTS

19/01/2016

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



Technical Analysis

EUR/USD oscillates below 1.09 by Tuesday



"As the euro zone currently seems to be in the calm eye of the current storm, and Draghi already had problems uniting the ECB for the December decision, we believe the ECB will keep dry the little powder it has left- at least for this week."
- ING (based on WBP Online)

Pair's Outlook

Trading was purely technical during Monday sessions in Asia, Europe and US. EUR/USD saw dropping trading volumes to the lowest level since January 3, which triggered a marginal downward volatility to push the pair under 1.09. It refrains to return back into the bearish pattern, meaning our short-term positive outlook remains relatively intact. The pair is required to surge above 100-day SMA at 1.10 to confirm its positive intentions, but much higher turbulence will probably have to wait until full-of-data Wednesday.

Traders' Sentiment

The percentage of bullish open positions in the SWFX market has been flat at 44% since our previous report on Monday. At the same time, long pending orders in both 50 and 100-pip ranges from the spot tumbled to 50% and 44%, respectively.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-12%	-12%	-10%	-12%
Orders (±50 pips)	0%	2%	-10%	-12%
Orders (±100 pips)	-12%	-10%	0%	-10%

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

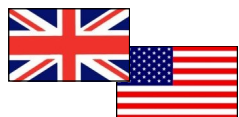
EUR/USD Daily Chart Current price: 1.0880



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1049			
1.0990			
1.0901			1.1
1.0877			
1.0821	1.08	1.08	
1.0764			
	1.05	1.05	1.05
	1.03		1.02
		1.01	

	Level	Rationale
Resistance 3	1.1049	200-day SMA
Resistance 2	1.0990/98	Bollinger band; weekly R1; 100-day SMA
Resistance 1	1.0901	Weekly PP
Support 1	1.0877	20-day SMA
Support 2	1.0821/12	55-day SMA; weekly S1; monthly PP
Support 3	1.0764	Bollinger band

GBP/USD on the edge of falling to a fresh six-year low



"Fundamentally, two big issues are weighing on sterling. One is Brexit and the other is that growth numbers have been on the weaker side and that's pushed back BOE hike expectations."

- Societe Generale (based on Business Recorder)

Pair's Outlook

The British currency retreated from intraday gains on Monday, ending the day with a 20-pip loss against the US Dollar. The GBP/USD pair now faces the 2010 low at 1.4230, as it has been trading in a strong bearish trend for the last five weeks. A sharp decline on Friday opened the door for a corrective rally up to 1.4440, where the down-trend lies; however, the weekly PP and monthly S2 form a rather strong supply around the 1.4380 area. Meanwhile, the Bollinger band and the weekly S1 should limit the dips in case UK fundamentals disappoint and push the Pound lower.

Traders' Sentiment

For the fourth weekday in a row bullish market sentiment remains unchanged at 63%. The share of sell orders slid from 65 and 63%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	26%	26%	28%	27%
Orders (±50 pips)	-10%	-30%	-28%	4%
Orders (±100 pips)	-26%	-30%	-14%	-6%

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	Sell	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: 1.4266

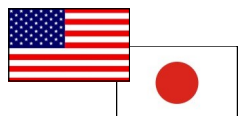


SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
		1.56	1.56
	1.55		
			1.52
	1.51	1.51	
	1.49		
		1.48	
			1.47
	1.4567		
	1.4494		
	1.4373		
	1.4230		
	1.4182		
	1.4053		

	Level	Rationale
Resistance 3	1.4567	Monthly S1
Resistance 2	1.4494	Weekly R1
Resistance 1	1.4373/1.4440	Weekly PP; monthly S2; down-trend
Support 1	1.4230	2010 low
Support 2	1.4182/42	Bollinger band; weekly S1
Support 3	1.4053/21	Monthly S3; weekly S2

USD/JPY ignores risk-off sentiment

Tuesday, January 19, 2016
08:30 GMT



"At the heart of the yen's strength are falls in the yuan, which were perceived to be negative on the global economy. The yuan's fall also makes it less likely for the Fed to raise rates and nullify the existing reasons to bet against the yen."
- Bank of America Merrill Lynch (based on Reuters)



■ Pair's Outlook

On Monday the USD/JPY currency pair managed to partially recover last Friday's losses, with trade closing at 117.31, just on top of the weekly PP. The pivot point is now providing immediate support, pushing the Greenback higher against the Yen, while the monthly S2 at 117.63 acts as the closest resistance. Although a slowdown in Chinese GDP failed to have an instant effect on the pair and strengthen the JPY, it did spark the risk aversion. As a result, the Buck could erase current gains and fall to 117.00, as technical indicators suggest with their bearish signals.

■ Traders' Sentiment


Bears keep outnumbering the bulls, as 69% of all open positions are short, whereas the number of sell orders inched up from 51 to 54%.


Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-38%	-36%	-18%	-22%
Orders (±50 pips)	-30%	-12%	0%	-8%
Orders (±100 pips)	-8%	-2%	-16%	-3%

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	Neutral	Buy
SAR (0.02; 0.2)	Sell	Sell	Buy

USD/JPY Daily Chart Current price: 117.78



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
		123	
	122		122
	118.93		
	118.06		
	117.63		
117.28			
116.19			
115.41			

	Level	Rationale
Resistance 3	118.93/119.15	Monthly S1; 20-day SMA; weekly R2
Resistance 2	118.06	Weekly R1
Resistance 1	117.63	Monthly S2
Support 1	117.28	Weekly PP
Support 2	116.19/115.85	Weekly S1; Bollinger band; 2015 low
Support 3	115.41/26	Weekly S2; monthly S3

Gold holds steady after light Monday session



"It seems unlikely that any particular group would put a floor under the gold price at this stage."
- CMC Markets (based on CNBC)

Pair's Outlook

On Monday the bullion has spent its most tranquil trading session this year. Prices of gold were broadly unchanged near the weekly pivot point at 1,089. The bulls decided to wait for more pronounced fundamental impetus, and even Chinese data is failing to move the metal during the Asian session on Tuesday. More events are scheduled for Wed-Fri, and disappointment there should encourage gold purchases with the bullish target at 1,100. In the next 24 hours, however, trading is likely to keep balance between the long and short market participants.

Traders' Sentiment

In the morning on January 19 somewhat more than 55% of all SWFX traders are betting on the bullion's increase in price in the nearest future, no change over the last 24 hours.

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

XAU/USD Daily Chart Current price: 1088.14



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			1250
		1200	
	1206		
		1125	1125
	1107		
	1098	1100	
	1089		
	1084		
	1077	1071	
	1070		
		1048	
			1037

	Level	Rationale
Resistance 3	1,107/10	Weekly R1; monthly R2; Bollinger band
Resistance 2	1,098/1,105	Sep 2015 and Oct 2015 lows; 100-day SMA
Resistance 1	1,089	Weekly PP
Support 1	1,084/83	Monthly R1; 20-day SMA
Support 2	1,077	55-day SMA
Support 3	1,070	Weekly S1; Jul 2015 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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