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



# Technical Analysis

# EUR/USD risks falling from 8-month downtrend



*"The fact that they didn't raise rates and wound back expectations for future increases in 2016 has obviously hurt the U.S. dollar."*

- Rochford Capital Pty (based on Bloomberg)

## Pair's Outlook

EUR/USD rallied for a second day in a row on Thursday, owing to weaker US Dollar in the wake of dovish Fed decisions a day before. As expected, the currency pair eroded the weekly R1 and surged to the August-March downtrend at 1.1320. This one is guarded by another downtrend (October-March) at 1.1345, and success here would allow for an advance beyond the February peak of 1.1377. Daily technical indicators are mixed, but probability of a setback increases. However, support zone below 1.1060 continues to guard the pair from a long-term selloff.

## Traders' Sentiment

For the moment precisely four out of ten SWFX market participants are holding long positions on the Euro, down from 41% yesterday and 42% on Wednesday.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-20%	-18%	-6%	-10%
Orders (±50 pips)	4%	8%	-14%	0%
Orders (±100 pips)	4%	2%	6%	1%

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

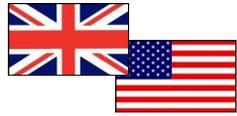
EUR/USD Daily Chart Current price: 1.1303



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1377			
1.1345			
1.1302			
1.1227			
1.1106			
1.1062			1.1
	1.08	1.08	
	1.05	1.05	1.05
	1.03		1.02
		1.01	

Level	Rationale
R3	1.1377 Feb high
R2	1.1345/58 Downtrend; Bollinger band
R1	1.1302/20 Weekly R1; downtrend
S1	1.1227 Monthly R1
S2	1.1106 20-day SMA
S3	1.1062/41 Weekly PP; 200-day SMA

# GBP/USD struggles to retake 1.45



*"We think the market holds its shortest sterling exposure since 2008 -- that is since the financial crisis."  
- BNP Paribas (based on Bloomberg)*

## Pair's Outlook

On Thursday the Sterling skyrocketed against the US Dollar, meeting resistance only at the third target, namely weekly R1 at 1.4510. However, the Cable closed below the 1.45 major level and is likely to struggle to pierce it again today, as the weekly R1 and the Bollinger band still form a rather strong resistance area around 1.4515. Technical indicators, on the other hand, insist that the immediate resistance is to be pierced. A breach is possible if demand at 1.4446, represented by the monthly R1, is sufficient to cause a rebound, but due to lack of impetus, is unlikely to occur.

## Traders' Sentiment

Market sentiment shifted to the bearish side, as 52% of all open positions are now short, compared to 40% yesterday. The number of sell orders also increased, from 55 to 59%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-4%	20%	16%	16%
Orders (±50 pips)	-22%	-8%	10%	-4%
Orders (±100 pips)	-18%	-10%	18%	1%

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

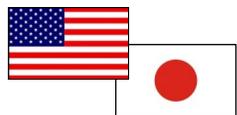
GBP/USD Daily Chart Current price: 1.4461



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
		1.56	1.56
	1.55		
			1.52
	1.51	1.51	
	1.49		
1.4787		1.48	
1.4633			
1.4510			
1.4446			
1.4325			
1.4192			1.47

Level	Rationale
R3	1.4787 Down-trend; weekly R1
R2	1.4633/70 Weekly R2; 100-day SMA
R1	1.4510/20 Weekly R1; Bollinger band
S1	1.4446 Monthly R1
S2	1.4325/14 55-day SMA; weekly PP
S3	1.4192/41 Weekly S1; 20-day SMA; monthly PP

# USD/JPY attempts to begin recovery



*"At 113, the BoJ has leeway to wait but at 110-111 with the risk of further losses, they may not be able to forestall easing for much longer."*

- Kathy Lien, BK Asset Management (based on CNBC)

## Pair's Outlook

The USD/JPY currency pair slumped for the fourth consecutive day yesterday, retaining its post-Fed weakness. The 112.00 psychological level failed to hold the losses, but the weekly S2 at 111.28 succeeded. This support could keep the US Dollar afloat today, but technical indicators retain mixed signals, suggesting that either outcome is possible. Technically, we should see a rebound, as a drop below 111.00 might cause the BoJ to intervene. The Bollinger band just above the opening price is the only obstacle on the pair's path towards retaking the 112.00 level.

## Traders' Sentiment

Although not as strong as yesterday, but market sentiment remains bullish at 71% (previously 74%). At the same time, the portion of purchase orders dropped dramatically, namely from 64 to 35%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	42%	48%	46%	46%
Orders (±50 pips)	24%	-26%	-12%	-10%
Orders (±100 pips)	-30%	28%	58%	9%

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

USD/JPY Daily Chart Current price: 111.24



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

113.50
112.56
111.45
111.26
110.34
108.60

Level	Rationale
R3	113.50/71 Weekly PP; down-trend
R2	112.56/113.01 Weekly S1; 20-day SMA
R1	111.45 Bollinger band
S1	111.26 Weekly S2
S2	110.34 Weekly S3
S3	108.60 Monthly S1

# Gold in limbo between Feb high and weekly PP



*"Gold is finding support at \$1,260, it is reluctant to go below that level and it is mainly due to weaker U.S. dollar."*  
- Phillip Futures (based on CNBC)

## Pair's Outlook

Gold's intraday gains were extending beyond the 1,270 mark on Thursday, but the bears consolidated their power and made prices suffer. Ultimately, the bullion was down to the weekly pivot point near 1,257. Given important uptrend line (1,240), which has not given up to bearish pressure on Tuesday-Wednesday, our short-term outlook is positive and a recovery is highly likely. The key watch is on another upward-sloping trend-line at 1,287. This is the level where the bullion is forecasted to fail eventually, provided it is now developing inside the rising wedge pattern.

## Traders' Sentiment

Bullish side lost eight percent from Thursday morning until today, down to only 30%. This is the worst sentiment with respect to the yellow metal in about three weeks.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-40%	-24%	-16%	-18%

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

XAU/USD Daily Chart Current price: 1265.15



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1295			
1287			
1275			
1263			
1257			1250
1240			
	1206	1200	
		1125	1125
	1100		
	1071		
		1048	
			1037

Level	Rationale
R3	1,295 Monthly R1
R2	1,287 Uptrend
R1	1,275/77 Bollinger band; weekly R1
S1	1,263 Feb high
S2	1,257 Weekly PP
S3	1,240 20-day SMA; uptrend

# 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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