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



# Technical Analysis

# EUR/USD ready to return back below weekly PP



*"A further selloff in the dollar should be limited as we have the ECB meeting coming up where Draghi is expected to provide more stimulus."*

- Australia & New Zealand Banking Group Ltd (based on Bloomberg)

## Pair's Outlook

Yesterday the EUR/USD cross rallied by 67 pips during the trading session, which ended strongly in favour of the bulls. Temporary support for the Euro was coming from the disappointing US statistics. We expect the market to refocus back to the ECB meeting. A slump below 1.0615 (weekly PP) is quite likely on Wednesday. Mid-term bearish targets remain unchanged, represented by the cluster of supports at 1.0552/19. Meantime, any advance past the weekly R1 (1.0665) will meet a strong resistance in face of monthly PP, 20-day SMA and weekly R2 at 1.0711/39.

## Traders' Sentiment

The bullish portion of SWFX open positions accounts for just 45% on Wednesday, down from 49% yesterday. Meanwhile, 100-pip pending orders have a minimal bearish advantage of 52%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-10%	-2%	-2%	1%
Orders (±50 pips)	0%	-32%	-28%	-13%
Orders (±100 pips)	-4%	-18%	-22%	-14%

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)	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

EUR/USD Daily Chart Current price: 1.0612



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
1.13			1.12
1.11			
1.09			
1.0711		1.07	1.07
1.0665			
1.0615	1.06		
1.0553		1.05	
1.0492			
1.0419			
			1.03

	Level	Rationale
■ Resistance 3	1.0711/39	20-day SMA; monthly PP; weekly R2
■ Resistance 2	1.0665	Weekly R1
■ Resistance 1	1.0615	Weekly PP
■ Support 1	1.0553/19	Weekly S1; Bollinger band; Apr low
■ Support 2	1.0492/61	Weekly S2; Mar low
■ Support 3	1.0419	Weekly S3

# GBP/USD on the edge of dropping to a fresh 7-month low



*"We have been cautious about extending USD long positions ahead of the Fed, wary that the USD could give back ground if the Fed stresses caution and FX headwinds in their press conference."*

- BNP Paribas (based on Business Recorder)

## Pair's Outlook

The US Dollar weakened against the Sterling on Tuesday, amid the US ISM Manufacturing PMI showing signs of contraction. However, the weekly PP prevented any substantial gains, despite the Cable's attempts to climb over 1.51. The same resistance is likely to cause the pair to bounce back and technical studies are supporting this outcome. Meanwhile, the Nov low at 1.5026 remains the closest demand, but in wake of fundamental data the GBP/USD could fall towards the second target, namely the cluster around 1.4985.

## Traders' Sentiment

Traders are equally divided between the bulls and the bears today. The number of orders to sell the British Pound added three percentage points, rising to 56% in the 100-pip range from the spot.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	0%	12%	4%	-1%
Orders (±50 pips)	-34%	-16%	-28%	-14%
Orders (±100 pips)	-12%	-6%	-14%	-17%

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	Neutral	Sell
SAR (0.02; 0.2)	Sell	Sell	Sell

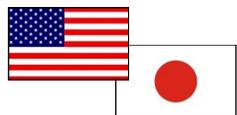
GBP/USD Daily Chart Current price: 1.5065



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
1.5181			1.59
1.5140		1.58	
1.5084	1.56		
1.5026	1.54	1.54	1.54
1.4995			
1.4919	1.51	1.51	1.51

Level	Rationale
Resistance 3: 1.5181/85	Monthly PP; 23.60% Fib
Resistance 2: 1.5140/46	Weekly R1; 20-day SMA
Resistance 1: 1.5084	Weekly PP
Support 1: 1.5026	Nov low
Support 2: 1.4995/74	Weekly S1; Bollinger band
Support 3: 1.4919	Weekly S2

# USD/JPY gravitates towards 123.00



*“A dramatic pull-back in GPIF-related outflows from Japan, plus continued retail investor caution in circumstances of a rapidly expanding current account surplus will act to limit yen weakness from here.”*

- Bank of Tokyo-Mitsubishi UFJ (based on WBP Online)

## Pair's Outlook

Weak US fundamentals and a stronger Yen pushed the USD/JPY back under 123.00 yesterday. The immediate support cluster, however, managed to hold the losses, while the pair appears to be consolidating between 122.70 and 123.30 this week. Technical indicators keep showing a rally is due, with the exchange rate returning above the major level of 123.00. The up-trend, on the other hand, might not be reached, unless the US currency receives a strong boost in order to pierce 123.20—where the up-trend coincides with the weekly R1.

## Traders' Sentiment

Market sentiment is recovering, with 71% of all positions still short (previously 72%). The share of buy orders edged up from 67 to 72%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-42%	-44%	-46%	-45%
Orders (±50 pips)	28%	14%	-2%	19%
Orders (±100 pips)	44%	34%	12%	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	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: 123.07



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
123.64			128
123.22		127	
122.86		125	125
122.74	125		
122.36		122	123
121.76	121		

	Level	Rationale
■ Resistance 3	123.64/74	Bollinger band; weekly R2
■ Resistance 2	123.22	Weekly R1
■ Resistance 1	122.86	20-day SMA
■ Support 1	122.74	Weekly PP
■ Support 2	122.36/09	Monthly PP; weekly S1; Bollinger band
■ Support 3	121.76/74	100-day SMA; weekly S2

# Buoyant Dollar rejects gold's rally beyond July low



*"The U.S. dollar has come off its highs which it made recently, that has been the main reason supporting gold."*

- Kotak Commodity Services Ltd (based on Bloomberg)

## Pair's Outlook

XAU/USD's advance was prolonging up to the weekly R1 at 1,074 on Tuesday. However, the bearish pressure was rising over time, even despite fairly pessimistic US manufacturing data. Main focus, which is shifting back to the Fed, did not prevent the bullion's cooldown by the end of trading. Therefore, our outlook is unchanged with the "negative" status. Initially, the metal is required to reclaim the 1,063 mark, which is safeguarded by the weekly pivot point. Meanwhile, trading volume spiked to the highest level since Nov 20, meaning volatility is on the rise.

## Traders' Sentiment

By Wednesday morning, 74% of SWFX traders are holding long positions, showing a recovery of circa four p.p. since yesterday. At the same time, this distribution reveals that gold is too overbought and long term risks are skewed to the downside.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	48%	40%	48%	44%

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

XAU/USD Daily Chart Current price: 1068.92



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
1233		1244	
1150			1225
1105	1150	1148	1150
1082		1083	
1074			
1070			
1063			
1052			
1046			1062

	Level	Rationale
■ Resistance 3	1,082/86	20-day SMA; monthly PP
■ Resistance 2	1,074	Weekly R1
■ Resistance 1	1,070	Jul low
■ Support 1	1,063/60	Weekly PP; Bollinger band
■ Support 2	1,052	Nov 27 low
■ Support 3	1,046/44	Weekly S1; 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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