



DUKASCOPY
RESEARCH PRODUCTS

28/12/2015

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



Technical Analysis

EUR/USD is stuck near 1.0970



"There could be some sudden moves though as small orders can move the market unpredictably. Volatility tends to increase towards the end of the year."

- FXPrimus Europe (based on Reuters)

Pair's Outlook

During the next few days EUR/USD is projected to develop sideways, owing to lack of fundamental drivers and low trading volume. The latter continued to fall down for a seventh consecutive day on Friday of the previous week when the trading session was very short. For the moment the pair is placed between the weekly pivot point (1.0932) and 50% Fibonacci retracement of an Oct-Nov downtrend (1.1008). Without any shocks, the cross is highly likely to act within these boundaries in the next 24 hours.

Traders' Sentiment

There are more bears coming into the SWFX market, as their market portion increased from 56% to 57% since Thursday of the previous week. Meanwhile, 100-pip long pending orders gained ground over the weekend and rose up to 55% by Monday morning.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-14%	-12%	-8%	-10%
Orders (±50 pips)	-4%	-2%	-20%	-11%
Orders (±100 pips)	10%	-8%	-46%	-16%

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	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

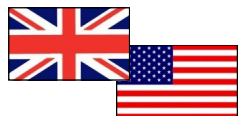
EUR/USD Daily Chart Current price: 1.0965



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1103			
1.1044			
1.1008			
1.0932			1.1
1.0808	1.08	1.08	
	1.05	1.05	1.05
	1.03		
		1.01	1.02

	Level	Rationale
Resistance 3	1.1103/23	Bollinger band; 61.8% Fibo
Resistance 2	1.1044/68	200/100-day SMAs; weekly R2
Resistance 1	1.1008/16	50% Fibo; weekly R1
Support 1	1.0932	Weekly PP
Support 2	1.0908/1.0880	55/20-day SMAs; 38.2% Fibo; monthly R1; weekly S1
Support 3	1.0808/1.0795	July low; weekly S2

GBP/USD prolongs trade within the falling wedge



"Given a lack of fresh trading cues about the U.S. economic fundamentals, it's hard to assume a further dollar selling."
- Analyst at a Japanese brokerage house (based on Market Watch)

Pair's Outlook

The British currency ended last week with another rally, rebounding from intraday low and, thus, erasing all previous week's losses. Today the Sterling remains under the risk of edging lower, as technical studies suggest with their bearish signals. The closest level to stop the dips is located at 1.4899, namely the weekly PP; meanwhile, the immediate resistance lies around the 1.50 major level. However, due to a rather quiet day on the market in terms of fundamental data, the Cable could remain in limbo circa 1.4915.

Traders' Sentiment

A relatively large part (66%) of traders retain a positive outlook towards the GBP/USD, compared to 68% last Thursday. At the same time, the portion of buy orders declined from 64 to 59%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	32%	36%	30%	22%
Orders (±50 pips)	2%	28%	-66%	-6%
Orders (±100 pips)	18%	28%	-36%	-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)	Sell	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

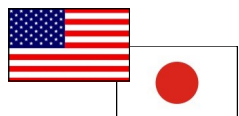
GBP/USD Daily Chart Current price: 1.4927



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
		1.56	1.56
	1.55		
			1.52
1.5132	1.51	1.51	
1.5039			
1.4992			
1.4899	1.49		
1.4872			
1.4782			
		1.48	
			1.47

	Level	Rationale
Resistance 3	1.5132	Weekly R3
Resistance 2	1.5039	Weekly R2
Resistance 1	1.4992/1.5014	Weekly R1; 20-day SMA
Support 1	1.4899	Weekly PP
Support 2	1.4872/52	Down-trend; monthly and weekly S1s
Support 3	1.4782/59	Bollinger band; weekly S2

USD/JPY attempts to rebound from a fresh two-month low



"If we are correct with our call for a more challenging Late Cycle investment environment, expect the JPY to enjoy many more days similar to those seen in the middle of August when it looked like the PBOC was de-valuing the CNY."

- ING (based on FXStreet)

■ Pair's Outlook

As was anticipated, the USD/JPY dropped lower through the end of the previous week, after the head of BoJ stated that further QQE in Japan is unlikely. As a result, the Greenback reached a new two-month low against the Yen, eager to recover from these losses today. A correction is possible, but the weekly pivot point is providing resistance at 120.57. Meanwhile, the Bollinger band and the weekly S1 form a support cluster around 119.70, while technical studies indicate another slump is due. Nevertheless, a correction might prevail after the pair plunged for six consecutive days.

■ Traders' Sentiment

Market sentiment keeps improving, as 65% of all positions are short (previously 68%). The share of buy orders edged up from 49 to 59%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-30%	-36%	-50%	-28%
Orders (±50 pips)	4%	-42%	42%	-3%
Orders (±100 pips)	18%	-2%	-32%	-3%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Sell	Sell	Sell
RSI (14)	Neutral	Neutral	Neutral
Stochastic (5; 3; 3)	Buy	Neutral	Neutral
ADX (14)	Neutral	Neutral	Buy
CCI (14)	Buy	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: 120.19



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
		123	
	122		122
	121.59		
	120.98		
	120.57		
	119.75		
	119.19		
	118.17		

	Level	Rationale
■ Resistance 3	121.59/74	20, 55 and 200-day SMAs
■ Resistance 2	120.98/121.31	Monthly S1; weekly R1; 100-day SMA
■ Resistance 1	120.57	Weekly PP
■ Support 1	119.75/64	Bollinger band; weekly S1
■ Support 2	119.19/118.87	Up-trend; weekly and monthly S2s
■ Support 3	118.17/06	Weekly S3; Oct low

Gold remains calm as trading volume slumps



"As it is a holiday shortened week, I don't think we would see much action. Having said that, we could see some sharp moves because of the paltry liquidity in markets."
- a precious metals trader in Hong Kong (based on CNBC)

■ Pair's Outlook

In the run up to Christmas holidays gold recovered past 20-day SMA to close at 1,075. As the volume of trading kept declining, volatility of price changes was quite insignificant. Given that there are no major statistical events throughout a new week, we foresee the bullion to develop in a horizontal trend by using the weekly pivot point and 20-day SMA (1,072/73) as key anchors. For the bulls, an extra supply is offered by the Nov-Dec downtrend at 1,077. Therefore, longer-term perspectives for January are still skewed to the downside.

■ Traders' Sentiment

The total number of bullish open positions has been steady since Wednesday of last week. Advantage of short market participants is 10% at the moment, as they are keeping 55% of all trades versus 45% for the bulls.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	10%	10%	20%	15%

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

XAU/USD Daily Chart Current price: 1075.81



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			1250
	1206	1200	
			1125
	1100		
			1091
			1083
			1077
	1071		
			1073
			1065
			1055
		1048	
			1037

	Level	Rationale
■ Resistance 3	1,091	Weekly R2
■ Resistance 2	1,083/88	Weekly R1; monthly PP; Bollinger band
■ Resistance 1	1,077	Downtrend
■ Support 1	1,073/72	Weekly PP; 20-day SMA
■ Support 2	1,065	Weekly S1
■ Support 3	1,055	Weekly S2; Bollinger band

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



Newest releases and archive:

Fundamental Analysis
Technical Analysis
Press Review
Market Research
Expert Commentary
Dukascopy Sentiment Index
Trade Pattern Ideas
Global Stock Market Review
Commodity Overview
Economic Research
Quarterly Report
Aggregate Technical Indicator

Additional information:

Dukascopy Group Home Page
Market News & Research
FXSpider
Live Webinars
Dukascopy TV
Daily Pivot Point Levels
Economic Calendar
Daily Highs/Lows
SWFX Sentiment Index
Movers & Shakers FX
Forex Calculators
Currency Converter
Currency Index
CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.