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



# Technical Analysis

## EUR/USD keeps grinding higher



*"It seems the rally in risk assets is over after investors covered their short positions. I suspect share markets will not have an easy time for now as investors look to earnings, so the dollar is likely to be capped as well."*  
- a trader at a major Japanese bank (based on CNBC)

### Pair's Outlook

Despite the gravestone doji formed on Oct 11 and proximity to a strong resistance level the bulls keep pushing the price higher. Still, the monthly R1 remains intact, and most of the monthly technical indicators are bearish, meaning the risks are skewed to the downside. However, if the price closes above 1.14, there will be a high chance of a larger rally, namely to September's high at 1.1450. The next target will be as far as the August high at 1.17.

### Traders' Sentiment

In the meantime, the SWFX traders are undecided with respect to the Euro's prospects. At the moment 47% of positions are long and 53% are short. Indecision is observed among the pending orders as well: 55% to buy and 45% to sell.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-6%	-6%	-2%	-3%
Orders (±50 pips)	10%	20%	-4%	5%
Orders (±100 pips)	10%	8%	4%	3%

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

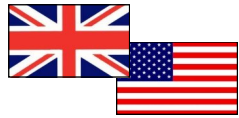
EUR/USD Daily Chart Current price: 1.1403



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
1.1520			
1.1461			
1.1395			
1.1305	1.13		
1.1278			
1.1241			
		1.11	1.12
	1.09		
		1.07	1.07
	1.06		
		1.05	
			1.03

	Level	Rationale
■ Resistance 3	1.1520	Weekly R2
■ Resistance 2	1.1461/38	Weekly R1; Sep high; Bollinger band
■ Resistance 1	1.1395	Monthly R1
■ Support 1	1.1305	Weekly PP
■ Support 2	1.1278	20-day SMA
■ Support 3	1.1241/23	Weekly S1; monthly PP

# GBP/USD attempts to return to 1.53



*"In the UK, despite current low inflation rates, signs of a tightening labour market and of a gradual acceleration in wage growth highlight the risk of a build-up in domestic inflationary pressures."*  
- Lloyds Bank (based on FXStreet)

## Pair's Outlook

A correction occurred yesterday due to deflation in the UK, taking the Cable's exchange rate significantly lower. The pair dropped as low as the 1.52 major level, but some of those losses were eventually recovered. The Sterling should rebound today, although that might not be the case, as a significant amount of economic news could turn the tables around. Yesterday's support cluster is now providing resistance, whereas the 23.60% Fibi and the weekly S1 are now forming a support around 1.5175. Technical studies are unable to confirm any scenario, while fundamentals suggest a rally.

## Traders' Sentiment

Less traders remain confident in the Pound, namely 58% (previously 61%). Meanwhile, the number of buy orders slid from 57 to 35%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	16%	22%	28%	22%
Orders (±50 pips)	-38%	-6%	18%	7%
Orders (±100 pips)	-30%	14%	18%	6%

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

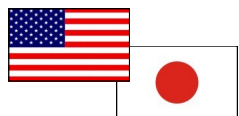
GBP/USD Daily Chart Current price: 1.5281



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
1.5900			1.59
1.5780		1.58	
1.5659			
1.5539			
1.5418	1.56		
1.5481			
1.5412	1.54	1.54	1.54
1.5298			
1.5274			
1.5177			
1.5185	1.51	1.51	1.51
1.5057			
1.5028			
1.4936			

	Level	Rationale
Resistance 3	1.5481/88	100-day SMA; monthly R1
Resistance 2	1.5412/20	Weekly R1; 55-day SMA
Resistance 1	1.5274/1.5320	20 and 200-day SMAs; monthly and weekly PPs
Support 1	1.5185/66	23.60% Fibi; weekly S1
Support 2	1.5028/17	Weekly S2; Bollinger band
Support 3	1.4936/19	Monthly S1; weekly S3

# USD/JPY risks breaking out of consolidation



*"It seems the rally in risk assets is over after investors covered their short positions. I suspect share markets will not have an easy time for now as investors look to earnings, so the dollar is likely to be capped as well."*

- Trader at a major Japanese bank (based on Reuters)

## Pair's Outlook

The USD/JPY currency pair brought no surprises on Tuesday, as it slumped towards the second support area near 119.70. Meanwhile, Chinese data keeps disappointing, thus, strengthening the Yen; even though technical indicators are now showing mixed signs, the Greenback risks falling deeper today. However, the Buck has been in a consolidation trend for almost five weeks now and closed trade at the lowest in that period, suggesting there could be a rebound, despite poor fundamental data expectations. The weekly S1 and Bollinger band keep providing support and could stimulate a surge.

## Traders' Sentiment

Bullish market sentiment returned to last Thursday's level of 72%, while the share of orders to buy the Buck increased from 65 to 76%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	44%	48%	46%	43%
Orders (±50 pips)	60%	8%	24%	7%
Orders (±100 pips)	52%	30%	28%	19%

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	Sell	Buy
CCI (14)	Buy	Neutral	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: 119.73



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
120.88			128
120.55		127	
119.93	125	125	125
119.72	123		123
119.20		122	
118.78	121		

	Level	Rationale
■ Resistance 3	120.88	200-day SMA
■ Resistance 2	120.55/66	Bollinger band; weekly R1
■ Resistance 1	119.93/120.14	20-day SMA; weekly and monthly PPs
■ Support 1	119.72/56	Weekly S1; Bollinger band
■ Support 2	119.20	Weekly S2
■ Support 3	118.78	Weekly S3

# Gold charges at 200-day SMA



*"The rhetoric over gold, particularly out of the States, has been that no move on interest rates is positive for gold."*  
- Ayers Alliance Securities (based on Bloomberg)

## Pair's Outlook

The price of gold managed to exceed its August maximum early this morning, but further appreciation of the yellow metal seems doubtful. During its latest rally XAU/USD did not encounter any notable resistances, and now it is facing a cluster formed by the 200-day SMA and monthly R2 among others. Moreover, the technical indicators are mixed, saying the momentum is too weak right now to pierce such an obstacle. Accordingly, we expect a sell-off in the nearest future, and there could be a decline down to 1,150 (monthly R1) before the price stabilises.

## Traders' Sentiment

There is still no consensus among the SWFX market participants regarding the future of gold price. The current sentiment is exactly the same as yesterday: 52% of positions are long and 48% are short.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Positions	4%	4%	4%	5%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Buy	Buy	Buy
RSI (14)	Sell	Neutral	Neutral
Stochastic (5; 3; 3)	Sell	Neutral	Neutral
ADX (14)	Neutral	Neutral	Sell
CCI (14)	Sell	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: 1172.85



SUPPORT & RESISTANCE	FORECASTS		
	Q4 15	Q1 16	Q2 16
1181		1244	
1177/76			
1174	1233		1225
1166			
1152.53	1150	1148	1150
1148			
1142			
1129.66	1105		
1106.80		1083	
1083.93			
1061.06			1062

	Level	Rationale
■ Resistance 3	1,181	Monthly R2
■ Resistance 2	1,177/76	Weekly R2; 200-day SMA
■ Resistance 1	1,174	Bollinger band
■ Support 1	1,166	Weekly R1
■ Support 2	1,148/47	Weekly PP; monthly R1
■ Support 3	1,142/40	20 and 100-day SMA

# 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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