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



# Technical Analysis

Tuesday, March 15, 2016  
08:30 GMT

# EUR/USD retreats to 1.11 as Fed rate bets rise



*"Dollar strength has been seen to restrain the Fed in some way, but I think, obviously, so far this year, the dollar appreciation has very clearly unwound."*

- State Street Global Markets (based on Bloomberg)

## Pair's Outlook

EUR/USD ended the Monday session with a slight loss of about 35 pips, as it touched the 1.11 mark where a decline was ultimately stopped. US Dollar gained ground amid expectations the Fed is going to raise interest rates, albeit only later in 2016 and not tomorrow. Considerable downturn is not expected, given a formidable support area under 1.1045. Contrary to that, we foresee a continuation of the leg up to the five-month downtrend at 1.1350, before another selloff takes place. Within the triangle pattern, trading range is likely to gradually narrow down.

## Traders' Sentiment

While yesterday the bearish market portion surged to 57% before the European session, over the trading day it has seen a setback down to 55%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-10%	-14%	-4%	-2%
Orders (±50 pips)	4%	-16%	14%	-7%
Orders (±100 pips)	8%	0%	6%	-4%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Sell	Buy	Buy
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	Buy	Sell
Alligator (13; 8; 5)	Sell	Neutral	Sell
SAR (0.02; 0.2)	Buy	Buy	Sell
Aggregate	→	↗	↘

EUR/USD Daily Chart Current price: 1.1116

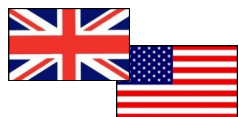


SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1350			
1.1302			
1.1227			
1.1062			1.1
1.0988			
1.0914			
1.08	1.08	1.08	
1.05	1.05	1.05	1.05
1.03			1.02
		1.01	

	Level	Rationale
R3	1.1350/77	Downtrend; Feb high
R2	1.1302	Weekly R1
R1	1.1227/29	Monthly R1; Bollinger band
S1	1.1062/21	Weekly PP; 200/20-day SMAs; monthly PP
S2	1.0988	55-day SMA
S3	1.0914/00	100-day SMA; weekly S1

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# GBP/USD gravitates towards 1.4140



*"Expectations for dovishness from the Bank of England could see the pound underperform other risk correlated currencies, especially if the jobs data isn't strong."*

- Josh O' Byrne, Citi (based on Reuters)

## Pair's Outlook

Bullishness of the Cable that we have been observing since the beginning of March proved to be insufficient to carry the price over the monthly R1. The currency pair bounced off of 1.4446 and even closed below the 55-day SMA. The target is now the monthly pivot point at 1.4141, where the bulls will have a good opportunity to recuperate and launch a yet another attack on the weekly R1. If they are successful, the Sterling will be expected to appreciate to 1.47 dollars over the next several weeks.

## Traders' Sentiment

There are a lot more bulls today than yesterday. The percentage of long positions surged from 55 to 66%, meaning the Pound is now overbought. As for the orders, the share of buy ones jumped from 51 to 61%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	32%	10%	14%	12%
Orders (±50 pips)	44%	-36%	24%	-6%
Orders (±100 pips)	22%	2%	18%	-3%

Indicator/Period	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)	Neutral	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: 1.4256

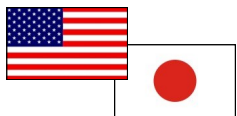


SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
		1.56	1.56
1.55			
			1.52
1.51	1.51		
			1.47
1.49			
		1.48	
1.4510			
1.4446			
1.4348			
1.4192			
1.4164			
1.3996			

	Level	Rationale
R3	1.4510/1.4489	Weekly R1; Bollinger band
R2	1.4446	Monthly R1
R1	1.4348/14	Weekly PP; 55-day SMA
S1	1.4192	Weekly S1
S2	1.4164/41	Monthly PP; 20-day SMA
S3	1.3996	Weekly S2

## USD/JPY approaches apex of the triangle

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***"We remain in a structural bull market for the U.S. dollar, which has a further 10-15% to go."***

- Andrew Sheets, Morgan Stanley (based on MarketWatch)

## ■ Pair's Outlook

USD/JPY keeps consolidating within the boundaries of the symmetrical triangle. Eventually, the pattern is expected to be broken to the downside, considering that the bears remain in control of the market. The negative outlook is reinforced by the technical indicators in the weekly and monthly time frames. During the next several days, the US Dollar might recover to 113.70, on the condition that it manages to confirm the trend-line at 112.90. Once the lower boundary of the pattern is broken, there is likely to be a long-term sell-off, potentially down to the 2014 low at 100.80.

## ■ Traders' Sentiment

There are less bulls in the market, but only marginally—their share declined from 74 to 72%. Concerning the orders, there is now no visible difference between the amounts of buy (49%) and sell (51%) ones.








Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	44%	48%	42%	46%
Orders (±50 pips)	-10%	-14%	-30%	-4%
Orders (±100 pips)	-2%	26%	-2%	13%

Indicator/Period	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)	Neutral	Neutral	Buy
AROON (14)	Buy	Sell	Sell
Alligator (13; 8; 5)	Sell	Sell	Buy
SAR (0.02; 0.2)	Sell	Sell	Sell
Aggregate	→	↘	↘

**USD/JPY Daily Chart**      Current price: **113.07**



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
		123	
	122		122
115.04			
114.40			
113.80			
113.50			
112.80			
112.07			

	Level	Rationale
 R3	115.04/114.78	Weekly R1; monthly PP
 R2	114.40	Bollinger band
 R1	113.80	Down-trend
 S1	113.50/23	Weekly PP; 20-day SMA
 S2	112.80/56	Weekly S1; up-trend
 S3	112.07	Bollinger band

# Gold depressed by more confident Greenback



*"I think there are too many long positions in the market. They are taking some profit."*

- Lee Cheong Gold Dealers (based on CNBC)

## Pair's Outlook

Unexpectedly high bets on rate increases from the US Federal Reserve later in the year pushed the yellow metal noticeably down against the American currency. The February uptrend was tested for the first time since early March and now the 20-day SMA and weekly S1 are at risk of being violated. A slump under the 1,230 level should expose the monthly pivot point at 1,205. Daily technical indicators are not signalling to the upside any more, while trading volume dipped to the lowest level since Feb 15. It may add to increased market volatility in the foreseeable future.

## Traders' Sentiment

The negative gap between traders, who are looking for gold's downside tendency and those who are betting on an increase, narrowed to ten percent over the previous working day. This is down from 16 pp just after the weekend.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-10%	-16%	-14%	-14%

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	Sell	Neutral
AROON (14)	Buy	Buy	Sell
Alligator (13; 8; 5)	Buy	Neutral	Sell
SAR (0.02; 0.2)	Sell	Buy	Buy
Aggregate	→	↗	→

XAU/USD Daily Chart Current price: 1229.24



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1270			
1257			
1230			1250
1210			
1197	1206	1200	
1183			
		1125	1125
	1100		
	1071		
		1048	
			1037

	Level	Rationale
■ R3	1,270/77	Bollinger band; weekly R1
■ R2	1,257	Weekly PP
■ R1	1,230/42	Uptrend; 20-day SMA; weekly S1
■ S1	1,210/05	Weekly S2; monthly PP
■ S2	1,197	Bollinger band
■ S3	1,183	Weekly S3



## 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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