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



# Technical Analysis

Wednesday, May 04, 2016  
07:30 GMT

# EUR/USD plunges after testing 1.16



*"On the euro side, investors are betting that the ECB is willing to tolerate a somewhat stronger currency, hoping that its latest policy measures to stimulate domestic demand in the euro zone will bear fruit before long."*

- Credit Agricole (based on Bloomberg)

## Pair's Outlook

First part of Tuesday was distinctly bullish for the Euro, as this currency skyrocketed to another multi-month high above the 1.16 mark. However, as soon as it neared the weekly and monthly R2 resistance lines at 1.1619/26 the bears have finally decided to develop momentum. It turned to be successful, because EUR/USD closed the session with a 38-pip loss just under the 1.15 mark. If the bearish impetus is sustained, we are likely to observe a quick return down to the weekly and monthly pivots at 1.1376. However, while trading above them the outlook will remain largely optimistic.

## Traders' Sentiment

Six out of ten SWFX market participants are holding short positions on the Euro. Alongside, the majority of pending orders are now set to get rid of the European currency in favour of the Greenback.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-20%	-26%	-14%	-17%
Orders (±50 pips)	-6%	4%	10%	-4%
Orders (±100 pips)	-16%	-4%	4%	-2%

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

EUR/USD Daily Chart

Current price 1.1485

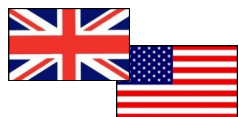


SUPPORT & RESISTANCE	FORECASTS		
	Q2 16	Q3 16	Q4 16
1.1713			
1.1619			
1.1533			
1.1376			
1.1288			
1.1217	1.12	1.12	1.12
	1.1		
		1.08	1.09
	1.07		
		1.06	
			1.05

	Level	Rationale
R3	1.1713	August 2015 high
R2	1.1619/26	Weekly and monthly R2s
R1	1.1533/38	Bollinger band; Weekly and monthly R1s
S1	1.1376/63	Weekly and monthly PPs; 20-day SMA
S2	1.1288	Weekly and monthly S1s
S3	1.1217	55-day SMA

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# GBP/USD attempts to retake 1.46



*"Even if immediate Sterling strength ultimately proves corrective further gains appear likely in coming sessions. Some resistance will probably emerge around 1.4750 but looking ahead an extension nearer to 1.5000 is achievable before strong resistance is encountered again."*

- Associated Foreign Exchange (based on PoundSterlingLive)

## Pair's Outlook

The British Pound retreated from its intraday gain on Tuesday, weakened by the UK Manufacturing PMI, with price ultimately closing with a 138-pip loss. Even though technical indicators retain bullish signals in the daily timeframe, the GBP/USD currency pair risks sustaining another sharp decline today. In this case the exchange rate is to fall towards the immediate support cluster around 1.4440, represented by the weekly S1 and the monthly PP. A drop beyond this level would imply a fall towards 1.4385, where the 20-day SMA coincides with the 100-day one. On the other hand, positive fundamentals could help the Cable retake the 1.46 major level today.

## Traders' Sentiment

Traders' sentiment is now bullish, taking up 54% of the market, whereas the portion of buy orders edged lower from 51 to 47%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	8%	-4%	6%	3%
Orders (±50 pips)	12%	8%	-4%	-5%
Orders (±100 pips)	-6%	2%	-10%	-7%

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

GBP/USD Daily Chart Current price 1.4543

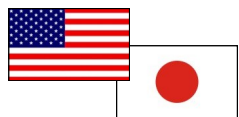


SUPPORT & RESISTANCE	FORECASTS		
	Q2 16	Q3 16	Q4 16
1.4830			1.51
1.4722		1.49	
1.4563	1.46	1.45	1.47
1.4455			1.44
1.4392	1.43		
1.4295		1.42	
1.4			

	Level	Rationale
R3	1.4830/66	Weekly R2; monthly R1; 200-day SMA
R2	1.4722/41	Weekly R1; Bollinger band
R1	1.4563	Weekly PP
S1	1.4455/30	Weekly S1; monthly PP
S2	1.4392/80	20 and 100-day SMAs
S3	1.4295/70	Weekly S2; 55-day SMA

Wednesday, May 04, 2016  
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# USD/JPY continues to climb higher



*"Net USD longs dropped even further last week. Positions are at their lowest since June 2014 just prior to the sharp increase in USD buying in H2 2014."*  
 - Rabobank (based on WBP Online)

## Pair's Outlook

The USD/JPY currency pair remained relatively unchanged for the second day yesterday, having inched only 17 pips higher. After a sharp two-day slump at the end of the previous week, the Greenback appears to have entered a corrective bullish trend. Although gains are not substantial, the pair is expected to edge higher for the third consecutive day. Immediate resistance is represented by the 20-day SMA, the weekly and the monthly PPs around 108.50. Meanwhile, the nearest area to limit the dips, in case US Services PMI disappoints today, is located circa 105.40, namely the Bollinger band and the 20-month low, as technical studies retain mixed signals.

## Traders' Sentiment

Today 71% of traders hold long positions (previously 72%). At the same time, the portion of buy orders plunged from 72 to 46%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	42%	44%	44%	44%
Orders (±50 pips)	24%	24%	26%	11%
Orders (±100 pips)	-8%	44%	40%	7%

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

USD/JPY Daily Chart

Current price 107.09



SUPPORT & RESISTANCE	FORECASTS		
	Q2 16	Q3 16	Q4 16
			124
		121	
	120		119
		116	
	115		115
		113	
	112		
	111.28		
	110.04		
	108.15		
	105.67		
	104.43		
	102.55		

	Level	Rationale
R3	111.28	55-day SMA
R2	110.04/50	Weekly and monthly R1s
R1	108.15/88	Weekly and monthly PPs; 20-day SMA
S1	105.67/20	Bollinger band; 20-month low
S2	104.43/104.20	Weekly and monthly S1s
S3	102.55/102.08	Weekly and monthly S2s

# Gold eases for first time in seven days



*"The difficulty gold is experiencing in staying above \$1,300 does not necessarily mean the bull rally is ending. But the rally may be tired and in need of consolidation. This can trigger profit-taking."*  
- HSBC (based on CNBC)

## Pair's Outlook

The bullion failed to set another 15-month record yesterday, after American session was largely marked by the Greenback's rebound. Gold futures closed the trading around 1,286.50, but weakness is at risk of prolonging through the next 24 hours of market activity. The key support is placed at 1,272.92, namely the weekly pivot point, followed by the second demand precisely \$20 below it (monthly PP). Dips lower are unlikely, also given that the mentioned monthly pivot is additionally backed by the April 29 low.

## Traders' Sentiment

After a short-term recovery 24 hours ago, the SWFX market participants decided to reopen some part of new bearish positions. It pushed the short share up to 61% from 57% on a daily basis.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-22%	-14%	-16%	-25%

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

XAU/USD Daily Chart

Current price 1280.73



SUPPORT & RESISTANCE	FORECASTS		
	Q2 16	Q3 16	Q4 16
1315			
1307			
1296			
1272			
1265			
1256			
1248			1250
1175		1232	1200
1125		1160	
		1113	
			1100

	Level	Rationale
R3	1,315	Weekly R1
R2	1,307	2015 high
R1	1,296	Bollinger band
S1	1,272	Weekly PP
S2	1,265	Monthly PP
S3	1,256	20-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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