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RESEARCH PRODUCTS

14/12/2015

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



Technical Analysis

EUR/USD consolidates around 55-day SMA



"One of the key issues for currencies this week is how much of a rate move is already priced into markets and where does it go from there."

- CMC Markets (based on Bloomberg)

Pair's Outlook

As expected, EUR/USD surged past the 55-day moving average line to close the week just below the 1.10 mark. During Friday, the pair has been contained by 200-day SMA at 1.1032, which remains a very formidable resistance for the bulls. Monday-Tuesday development is likely to be cautious, as we are nearing the Fed rate decision on Wednesday. Our short term outlook is neutral for the next 24 hours, while the weekly PP at 1.0943 is acting as an important demand.

Traders' Sentiment

During the weekend the total percentage of bullish positions has remained broadly steady at 45%, providing a total gap of 10% with respect to the bears (55%). Alongside, pending orders in both narrow and wide ranges are swinging around the 50% mark.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-10%	-10%	-14%	-9%
Orders (±50 pips)	-8%	-4%	-36%	-9%
Orders (±100 pips)	4%	-10%	-28%	-9%

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

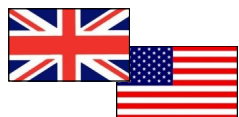
EUR/USD Daily Chart Current price: 1.0980



SUPPORT & RESISTANCE	FORECASTS		
	1 DAY	1 WEEK	1 MONTH
1.1091			
1.1059			
1.1008			
1.0968			1.1
1.0893	1.08	1.08	
1.0845	1.05	1.05	1.05
	1.03		
		1.01	
			1.02

	Level	Rationale
Resistance 3	1.1091	Weekly R1
Resistance 2	1.1059	100-day SMA
Resistance 1	1.1008/32	50% Fib; 200-day SMA
Support 1	1.0968/43	55-day SMA; weekly PP
Support 2	1.0893/91	38.2% Fib; monthly R1
Support 3	1.0845/38	Weekly S1; 20-day SMA

GBP/USD set to return under 1.52



“Recent data suggest that there is sufficient momentum in the US economy to push the various labor market slack measures further down, supporting the FOMC’s confidence in the inflation outlook. Therefore, we see no reason to change our long held call for a December rate hike.”
- Rabobank (based on WBP Online)

Pair’s Outlook

The Cable ignored the positive US fundamental data on Friday, as the IMF’s upbeat report on the UK economy boosted the British currency. However, the resistance trend-line was not reached, as the 55-day SMA limited the volatility and is caused the pair to suffer losses on Monday during the Asian session. Due to lack of market movers, the correction is likely to bring the GBP/USD down to the 1.5195 level, where the monthly PP coincides with the 23.60% Fibi. In case of a breach, the second target to stop the decline is located around 1.5135, namely the weekly PP and 20-day SMA.

Traders’ Sentiment

Bulls and bears switched places on Monday, as 52% of traders are now holding short positions and the remaining 48% - long.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-4%	4%	18%	10%
Orders (±50 pips)	8%	-46%	-20%	-3%
Orders (±100 pips)	2%	-4%	16%	4%

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

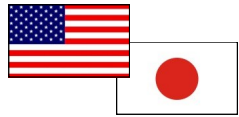
GBP/USD Daily Chart Current price: 1.5195



SUPPORT & RESISTANCE	FORECASTS		
	1 DAY	1 WEEK	1 MONTH
1.5322			
1.5273			
1.5234			
1.5185			
1.5139	1.51	1.51	
1.5038			
1.4934			
1.4817			
1.4700			
		1.56	1.56
		1.55	
			1.52
			1.52
			1.49
			1.48
			1.47

Level	Rationale
Resistance 3: 1.5322/24	Weekly R1; 200-day SMA
Resistance 2: 1.5273/94	Down-trend; Bollinger band
Resistance 1: 1.5234	55-day SMA
Support 1: 1.5185/83	23.60% Fibi; monthly PP
Support 2: 1.5139/30	Weekly PP; 20-day SMA
Support 3: 1.5038	Weekly S1

USD/JPY anchored around 121.00



"From the BOJ, nothing is expected. People are still unloading their dollar-long position ahead of the Fed."
- Global-info Co (based on Reuters)

Pair's Outlook

The USD/JPY experienced serious volatility on Friday, with trade closing in at the target support at 120.98, namely the monthly S1. The demand for safe-haven Yen was higher on Friday, created by the grim situation on the oil market. Volatility is likely to remain high before the FOMC Minutes, which could even lead the Buck to a two-month low. Right now the monthly S1 at 120.98 is preventing the US Dollar from reaching the Nov low, while a strong cluster of resistances around 121.60 is to keep the pair from advancing today.

Traders' Sentiment

Bulls appear to be gaining numbers, as 41% of all positions are now long, compared to 34% on Friday. The number of orders to sell the US currency, on the other hand, increased from 59 to 69%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-18%	-32%	-48%	-40%
Orders (±50 pips)	0%	-34%	16%	16%
Orders (±100 pips)	-38%	-18%	24%	16%

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

USD/JPY Daily Chart Current price: 120.89



SUPPORT & RESISTANCE	FORECASTS		
	1 DAY	1 WEEK	1 MONTH
			128
	127	127	
	125	125	125
		123	
	122		122

Level	Rationale
Resistance 3 (122.36)	Monthly PP
Resistance 2 (121.47/68)	55, 100 and 200-day SMAs; weekly PP
Resistance 1 (121.16)	Bollinger band
Support 1 (120.98)	Monthly S1
Support 2 (120.25)	Nov low
Support 3 (119.89)	Weekly S1

Gold is supported by July low ahead of FOMC days



"With the Fed decision only two days away, price fluctuations will be limited as a rate hike is already priced in."

- Wing Fung Financial Group (based on CNBC)

Pair's Outlook

Price movements ranged from 1,062 to 1,079 on Friday of the previous week. Nevertheless, neither bulls nor bears managed to get control into their hands, meaning gold was practically flat by the end of the trading day around the 1,074 mark. At first, it proclaims that July low (1,070) keeps the bullion under pressure. Additionally, 20-day SMA allows no climb anywhere above 1,076. We see the volatility reading increasing later this week, especially before the Fed meeting. Core bullish target is the monthly PP at 1,086, while the bears are looking at 1,062 (weekly S1; Bollinger band).

Traders' Sentiment

The share of the bulls has been completely unchanged at 62% over the weekend, while short SWFX traders are in minority with 38%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	24%	24%	28%	32%

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

XAU/USD Daily Chart Current price: 1072.11



SUPPORT & RESISTANCE	FORECASTS		
	1 DAY	1 WEEK	1 MONTH
1250			
1206		1200	
1125		1125	1125
1100			
1091			
1086			
1074	1071		
1070			
1062			
1050		1048	
			1037

Level	Rationale
Resistance 3 (1,091)	Bollinger band
Resistance 2 (1,086)	Monthly PP; weekly R1
Resistance 1 (1,074/76)	Weekly PP; 20-day SMA
Support 1 (1,070)	July low
Support 2 (1,062)	Weekly S1; Bollinger band
Support 3 (1,050)	Weekly S2

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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