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RESEARCH PRODUCTS

Technical Analysis

EUR/USD to bounce off July 2015 low

"Standard monetary policy strategy says a little less inflation, maybe a little less growth ... argue for just a smidgen slower process of normalizing rates."
- John Williams, San Francisco Fed President (based on Bloomberg)

■ Pair's Outlook

EUR/USD moved in a wide trading range on Friday, following relatively unsurprising US GDP data. Now the bears are attempting to confirm a two-month triangle pattern. They need to keep the pair below a resistance at 1.0862 (weekly PP; 20-day SMA), in order to shift medium-term expectations strongly to the downside. The bulls, however, are hoping to receive momentum from a new monthly pivot point at 1.0841 and 55-day SMA at 1.0836, which are reinforced by July 2015 low at 1.0808. In the meantime, technical indicators on all time frames are currently pointing to the South.

■ Traders' Sentiment

SWFX bears remain in the majority of 55% for open positions. Meanwhile, short-range commands to acquire the Euro are positive again in 55% of all cases, up from 47% on Friday.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-10%	-10%	-8%	-10%
Orders (±50 pips)	10%	-6%	-26%	-3%
Orders (±100 pips)	-6%	-2%	-20%	-11%

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

EUR/USD Daily Chart   Current price: **1.0847**

	Level	Rationale
■ Resistance 3	1.0966/72	100-day SMA; Bollinger band; monthly R1
■ Resistance 2	1.0935/47	Weekly R1; downtrend
■ Resistance 1	1.0862/71	Weekly PP; 20-day SMA
■ Support 1	1.0841/08	Monthly PP; 55-day SMA; Jul 2015 low
■ Support 2	1.0773/57	Bollinger band; weekly S1
■ Support 3	1.0698/84	Monthly S1; weekly S2

GBP/USD to fall under 1.42
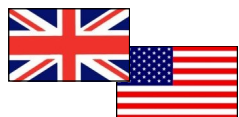
"Carney's conditions for raising interest rates -- which include growth looking strong enough to eliminate the remaining slack in the economy -- are probably still not met. The recovery still looks very unbalanced."
- Capital Economics (based on Bloomberg)

■ Pair's Outlook

The British currency experienced another slump last Friday, reaching a daily low of 1.4150, but stabilising at 1.4246. Even though the GBP/USD was seen mostly consolidating during the previous week, this trend has fallen under the risk of getting broken today. Technical indicators retain bearish signals, while the supply at 1.4269, namely the weekly PP, is rather tough. Furthermore, an even stronger cluster is located just under the 1.44 major level. The closest support, however, is located at 1.4125 and represented by the weekly S1.

■ Traders' Sentiment

There was no change in the bullish sentiment, as 63% of all open positions remain long. The share of sell orders slid from 54 to 51%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	26%	26%	32%	28%
Orders (±50 pips)	18%	-26%	-16%	-8%
Orders (±100 pips)	-2%	-8%	-20%	-8%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Buy	Buy	Sell
RSI (14)	Neutral	Buy	Neutral
Stochastic (5; 3; 3)	Neutral	Buy	Buy
ADX (14)	Sell	Sell	Sell
CCI (14)	Neutral	Buy	Buy
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: **1.4263**

	Level	Rationale
■ Resistance 3	1.4533	Weekly R2
■ Resistance 2	1.4366/89	20-day SMA; monthly PP; weekly R1
■ Resistance 1	1.4269	Weekly PP
■ Support 1	1.4125	Weekly S1
■ Support 2	1.4055/06	Bollinger band; weekly S2
■ Support 3	1.3945	Monthly S1

USD/JPY probes 200-day SMA
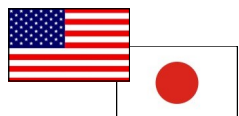
"The BoJ decision will have a lasting negative impact on yen because speculative positioning was the wrong way."
- Westpac (based on Business Recorder)

■ Pair's Outlook

The USD/JPY currency pair's rally, triggered by the BoJ's decision, was only prevented by the 200-day SMA circa 121.46 last Friday. The same SMA keeps providing formidable resistance today, increasing the chance of the Buck turning around and inching lower against the Yen. Meanwhile, immediate support is represented by the Bollinger band, the 55 and the 100-day SMAs around 120.57. The 55-day SMA is also on the edge of crossing the 100-day one to the downside, which is a signal to sell the US currency. Other technical studies, on the other hand, are unable to confirm the bearish scenario.

■ Traders' Sentiment

Today 73% of traders are short the Greenback, whereas the portion of purchase orders barely changed, sliding down from 57 to 56%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-46%	-48%	-42%	-43%
Orders (±50 pips)	16%	-78%	34%	-3%
Orders (±100 pips)	12%	14%	28%	5%

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

USD/JPY Daily Chart   Current price: **121.32**

FORECASTS	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
		123	
	122		122

	Level	Rationale
■ Resistance 3	123.01/21	Monthly R1
■ Resistance 2	122.65	Weekly R1
■ Resistance 1	121.47	200-day SMA
■ Support 1	120.61/57	55 and 100-day SMAs; Bollinger band
■ Support 2	120.15	Weekly PP
■ Support 3	119.59	Monthly PP

Gold to hover between 1,105 and 1,130

"The fact that it [Chinese PMI] is lower than expectations, that might just give gold a bit of a safe-haven."
- Fat Prophets (based on Bloomberg)

■ Pair's Outlook

Two formidable technical areas are highly likely to put both upside and downside pressure on gold at the same time. Support is located around 1,100/05, represented by 100/20-day SMA, monthly PP, weekly S1 and Oct/Sep 2015 lows. Any possible slide below here will see sentiment deteriorating, and new targets will be set at 1,080 (55-day SMA/monthly S1). The first and foremost supply is represented by 200-day SMA and upper Bollinger band at 1,129/30. They are immediately followed by weekly R1, and a spike above them will proclaim a break-out from the bullish pattern.

■ Traders' Sentiment

Traders in the SWFX market are holding a slight majority of bullish open positions, namely 54% of them. It means that sentiment has been largely flat over the last 72 hours, which puts the gap between the bulls and bears at eight percentage point so far.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	8%	8%	10%	9%

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)	Buy	Neutral	Sell
CCI (14)	Sell	Neutral	Neutral
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: **1121.42**

RSI (14)
70%
30%

SUPPORT & RESISTANCE

FORECASTS

	Q1 16	Q2 16	Q3 16
			1250
	1206	1200	
1156			
1143			
1129		1125	1125
1114			
1105	1100		
1101			
	1071		
		1048	
			1037

		Level	Rationale
■	Resistance 3	1,156	Sep 2015 high
■	Resistance 2	1,143/49	Monthly R1; weekly R2; downtrend
■	Resistance 1	1,129/31	Bollinger band; 200-day SMA; weekly R1; uptrend
■	Support 1	1,114	Weekly PP
■	Support 2	1,105/02	100-day SMA; Oct 2015 low; monthly PP
■	Support 3	1,101/98	20-day SMA; weekly S1; Sep 2015 low

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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