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RESEARCH PRODUCTS

05/02/2016

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



Technical Analysis

EUR/USD nears third monthly resistance line



"Expectations are growing by the day that the Fed will not hike again this year given the weaker growth picture and tightening financial conditions."

- Bank of New Zealand (based on Bloomberg)

Pair's Outlook

European common currency continued rallying versus the Greenback on Thursday, by adding 104 extra pips to end the American session at 1.1207. Bottom line: the EUR/USD cross managed to consolidate above 200-day SMA and violated the closest resistance at 1.1115 (weekly R3; monthly R2). Now the focus is turning to the last February monthly supply level at 1.1246, which is only followed by Sep 2015 high at 1.1460. We are watching US payrolls very closely, and a miss of an average forecast should see the pair climbing above the monthly R3.

Traders' Sentiment

Bullish side of open positions advanced by three percentage points to 48% this morning, while pending orders are staying above the 50% threshold for a second day in a row.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-4%	-10%	-10%	-10%
Orders (±50 pips)	18%	10%	-6%	-2%
Orders (±100 pips)	26%	20%	-2%	-5%

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

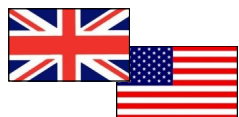
EUR/USD Daily Chart Current price: 1.1186



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1713			
1.1460			
1.1246			
1.1174			
1.1115			
1.1053			
			1.1
	1.08	1.08	
	1.05	1.05	1.05
	1.03		
			1.02
		1.01	

	Level	Rationale
■ Resistance 3	1.1713	Aug 2015 high
■ Resistance 2	1.1460	Sep 2015 high
■ Resistance 1	1.1246	Monthly R3
■ Support 1	1.1174	Bollinger band
■ Support 2	1.1115	Weekly R3; monthly R2
■ Support 3	1.1053/40	Weekly R2; 200-day SMA

GBP/USD consolidates below monthly R1



"An abrupt and total interruption to incoming capital flows in response to a 'Brexit' could see [Sterling] decline by as much as 15-20 percent."

- Goldman Sachs (based on Reuters)

Pair's Outlook

GBP/USD is currently retreating from the monthly R1, but the currency pair retains potential to go higher from here. Above 1.4680 dollars the Pound should target the 55-day SMA at 1.4740. If the latter resistance is breached as well, the rally will likely travel up to 1.50, the level where the six-month down-trend is reinforced by the 100-day SMA. Our long-term bias, however, remains bearish, and the negative outlook is strengthened by the weekly and monthly technical indicators mostly pointing south.

Traders' Sentiment

The sentiment is neutral, being that 51% of open positions are long and 49% are short. A similar situation is observed with the orders: 52% are to buy and 48% are to sell the British Pound.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	2%	10%	26%	14%
Orders (±50 pips)	12%	-12%	-26%	-3%
Orders (±100 pips)	4%	-22%	-8%	-5%

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

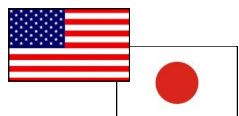
GBP/USD Daily Chart Current price: 1.4556



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.56	1.56	1.56	
1.55		1.52	
1.51	1.51		
1.49			
1.48			
1.4741			
1.4681			
1.4653			
1.4533			
1.4389			
1.4269			
		1.47	

Level	Rationale
Resistance 3 (1.4741)	55-day SMA
Resistance 2 (1.4681)	Monthly R1
Resistance 1 (1.4653/32)	Weekly R3; Bollinger band
Support 1 (1.4533)	Weekly R2
Support 2 (1.4389/60)	Weekly R1; monthly PP; 20-day SMA
Support 3 (1.4269)	Weekly PP

USD/JPY approaches 116 yen



"The charts suggest the short dollar/yen trade is still the advantageous trend trade."
- IG (based on CNBC)

Pair's Outlook

USD/JPY violated a yet another monthly pivot, closing 110 pips lower yesterday. As a result, there are no more significant supports separating the pair and the 2015 low, which is expected to trigger a bullish reaction that may take us back to 117.50. In the meantime, if demand at 116 yen fails to stop the sell-off, the next potential reversal point is seen only at 101 yen, namely the 2014 low. And although these are speculations, the BoJ seems unwilling to let the national currency strengthen this much.

Traders' Sentiment

The bears remain in the lead with 68% of the SWFX market. As for the distribution between the buy and sell orders, 52% are to purchase and 48% are to sell the Buck against the Yen.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-36%	-38%	-48%	-42%
Orders (±50 pips)	-36%	8%	-78%	-2%
Orders (±100 pips)	4%	-10%	14%	7%

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

USD/JPY Daily Chart Current price: 116.90



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
		123	
	122		122

	Level	Rationale
■ Resistance 3	118.62	Weekly S1
■ Resistance 2	118.20	20-day SMA
■ Resistance 1	117.50	Monthly S1
■ Support 1	116.12	Weekly S2
■ Support 2	115.85/77	Bollinger band; 2015 low; down-trend
■ Support 3	114.59	Weekly S3

Gold to appreciate for sixth consecutive day



"We see no compelling reason for more than a normal retracement before bullion resumes an upward move. The rally is underpinned by risk-off sentiment, a weaker dollar and a shift in global monetary policy."
- HSBC (based on CNBC)

Pair's Outlook

Yellow metal remains increasingly buoyant for the moment, given global economic uncertainty and expectations that the Fed will keep interest rates low. Yesterday gold eroded the monthly R1/weekly R2/downtrend at 1,143/47 and was only limited by the Sep 2015 high at 1,156. However, possibly poor US jobs data might be another bullish signal for bullion traders and the key focus will then shift to even higher levels in the area of 1,162/64 (weekly R3; May-Oct 2015 downtrend), followed by the second monthly resistance and Aug 2015 high at 1,168/70.

Traders' Sentiment

SWFX market sentiment has been steady since our latest report on this precious metal. Somewhat around 53% of all traders are holding long open positions, but it seems to be a quite unstable and fragile majority.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Positions	6%	6%	8%	9%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Sell	Buy	Buy
RSI (14)	Neutral	Neutral	Neutral
Stochastic (5; 3; 3)	Sell	Sell	Neutral
ADX (14)	Buy	Neutral	Sell
CCI (14)	Sell	Sell	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: 1154.20



	Level	Rationale
■ Resistance 3	1,168/70	Monthly R2; Aug 2015 high
■ Resistance 2	1,161/64	Bollinger band; weekly R3; downtrend
■ Resistance 1	1,156	Sep 2015 high
■ Support 1	1,145/43	Monthly R1; weekly R2
■ Support 2	1,131/28	200-day SMA; weekly R1
■ Support 3	1,116/14	Weekly PP; 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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