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25/03/2016

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



Technical Analysis

Friday, March 25, 2016
08:30 GMT

EUR/USD to trade range bound during holidays



"Hawkish Fed talk this week has caught a market that has largely underestimated the risk of U.S. rate rises, while lighter, pre-holiday trade seems to be enhancing the dollar's resurgence."

- Western Union Business Solutions (based on Reuters)

Pair's Outlook

As a result of the whole trading day on March 24, the most popular FX pair lost only six pips. Trading volume continued to slump as Easter holidays approached in many countries worldwide. Although smaller volume creates risks of higher volatility, we expect a quiet environment throughout Friday when only the FX market is opened. Key support is unchanged – the 38.2% Fibonacci retracement of an earlier March uptrend at 1.1145, strengthened by the 20-day SMA from below. Meanwhile, both daily and weekly technicals are EUR-bullish.

Traders' Sentiment

Over the past 24 hours we have seen no swing from any side to another, meaning SWFX short traders are still holding a 12 pp majority over their long counterparts.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-12%	-12%	-20%	-15%
Orders (±50 pips)	10%	6%	4%	5%
Orders (±100 pips)	6%	4%	4%	6%

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

EUR/USD Daily Chart

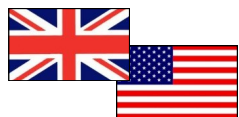
Current price 1.1166



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1377			
1.1303			
1.1220			
1.1145			
1.1104			
1.1042			
			1.1
	1.08	1.08	
	1.05	1.05	1.05
	1.03		1.02
		1.01	

	Level	Rationale
R3	1.1377/1.1408	February high; Bollinger bands; weekly R1
R2	1.1303/42	Downtrend lines; March 17 high
R1	1.1220/27	23.6% Fibo; Monthly R1; weekly PP
S1	1.1145/38	38.2% Fibo; 20-day SMA
S2	1.1104/1.1084	Weekly S1; 50% Fibo
S3	1.1042/21	200/55-day SMAs; monthly PP; 61.8% Fibo

GBP/USD risks falling under 1.41



"Until the referendum takes place in June, we view the risk to our estimates of a weaker pound as standing to the downside, although we would note that the market is already starting from a net short position, whereas short cable became a more popular trade only around 10 days before the Scottish referendum in September 2014."
- Goldman Sachs (based on Business Recorder)

■ Pair's Outlook

The Cable managed to recover from its intraday low on Thursday, as fundamental data turned into Sterling's favour. However, the acquired momentum was insufficient for the GBP/USD currency pair to retake the 1.42 major level. The weekly S1 and the 20-day SMA keep forming a relatively strong resistance cluster around the 1.42 mark, while the monthly PP is providing immediate support at 1.4141—just under today's opening price. A breach of the monthly PP is likely to cause a decline towards around 1.4050, while the upper target is the 55-day SMA around 1.4286.

■ Traders' Sentiment

Although not as strong as yesterday, but market sentiment remains bullish at 62% (previously 70%). At the same time, the portion of orders to acquire the British Pound increased from 54 to 58%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	24%	40%	-4%	20%
Orders (±50 pips)	42%	16%	-22%	1%
Orders (±100 pips)	16%	8%	-18%	5%








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

GBP/USD Daily Chart

Current price **1.4121**

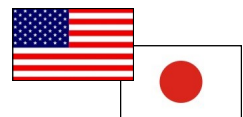


SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
		1.56	1.56
	1.55		
			1.52
	1.51	1.51	
	1.49		
		1.48	
			1.47
1.4349			
1.4286			
1.4183			
1.4141			
1.3932			
1.3722			

	Level	Rationale
 R3	1.4349	Weekly PP
 R2	1.4286	55-day SMA
 R1	1.4183/1.4219	Weekly S1; 20-day SMA
 S1	1.4141	Monthly PP
 S2	1.3932/1.3888	Bollinger band; weekly S2
 S3	1.3722/1.3672	Weekly S3; down-trend

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USD/JPY closes in on channel's resistance



"The higher dollar trend is becoming more evident against the yen. But the move broadly remains within an adjustment from the post-Fed bearishness."

- Jun Kato, Shinkin Asset Management (based on Bloomberg)

Pair's Outlook

The US Dollar was able to outperform the Japanese Yen on Thursday, with the 20-day SMA limiting the gains. The same level is acting as the closest resistance today, thus, might trigger a sell-off, erasing most of yesterday's gains. The nearest support rests at 112.11, represented by the weekly PP, but in case bulls manage to push the USD/JPY currency pair over the 20-day SMA, then the current descending channel's upper border is likely to stop the rally. Moreover, this resistance trend-line is also reinforced by the weekly R1. Meanwhile, technical indicators are now giving mixed signals, unable to confirm either scenario.

Traders' Sentiment

Bullish traders' sentiment returned to its Tuesday's level of 73%, compared to 75% on Thursday. The share of orders to acquire the Buck almost doubled, having grown from 29 to 57%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	46%	50%	42%	46%
Orders (±50 pips)	-54%	-12%	24%	-6%
Orders (±100 pips)	14%	-42%	-30%	-7%

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

USD/JPY Daily Chart

Current price 113.11



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

	Level	Rationale
R3	114.42	Bollinger band
R2	113.45	Down-trend; weekly R1
R1	112.94	20-day SMA
S1	112.11	Weekly PP
S2	111.46	Bollinger band
S3	110.85	Down-trend

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Gold: market closed after more losses on Thursday



"We think the dollar is going to be more range bound[...]. I think commodities can find a footing. They work back down and not make new lows. That would be a bullish setup for the market."

- Oppenheimer (based on CNBC)

Pair's Outlook

Bearish market participants continued to push gold prices to the downside on Thursday. At the same time, scope of the selloff is nowhere near a plunge we had observed one day prior to that. Basically, the bullion is set to hover in limbo after the commodity market returns back to trading on Monday. This is because the closest resistance lies at 1,227 (23.6% retracement of Dec-Mar uptrend) and the nearest support is the 1,205 mark (monthly PP), while Thursday trading closed somewhere is between at 1,216. Important signal: next week's technical indicators switched to a "strong buy" mode.

Traders' Sentiment

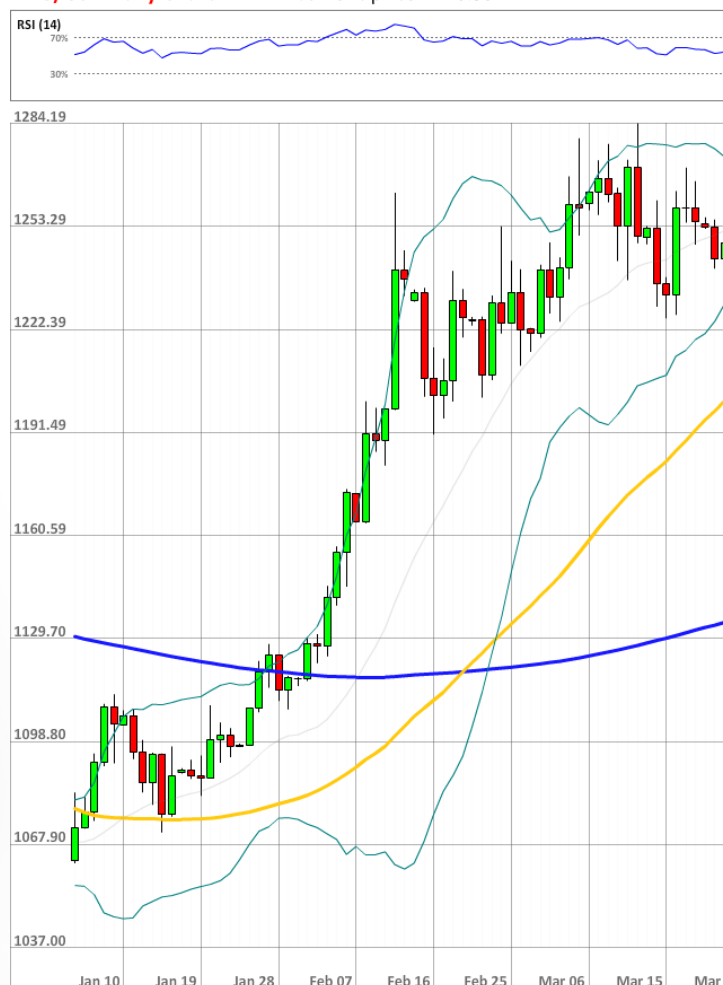
At the moment about 42% of all trades are bullish, which is still the highest level of the past seven working days. The bears are therefore keeping a 58% portion of the market.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-16%	-16%	-40%	-23%

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

XAU/USD Daily Chart

Current price 1216.95



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1250			1250
1236			
1227			
1205	1206	1200	
1193			
1165			
		1125	1125
	1100		
	1071		
		1048	
			1037

	Level	Rationale
R3	1,250	Weekly PP
R2	1,236	20-day SMA
R1	1,227/30	Weekly S1; 23.6% Fibo
S1	1,205/02	Monthly PP; weekly S2; Bollinger band
S2	1,193/84	38.2% Fibo; 55-day SMA; weekly S3
S3	1,165	50% Fibo

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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