



DUKASCOPY
RESEARCH PRODUCTS

24/12/2015

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



Technical Analysis

EUR/USD fails to overcome weekly PP



"The market consensus is becoming less and less bullish on further ECB action. The other thing is the Fed. Expectations have scaled up a little bit in terms of the number of potential rate hikes for 2016."

- SEB AB (based on Bloomberg)

Pair's Outlook

EUR/USD attempted to push itself below the weekly pivot point and monthly R1 around 1.09 on Wednesday. However, the bulls were strong enough in order to avoid a decline under this psychological level. Thursday is expected to be spent in a light trading around the 55-day SMA, currently at 1.0922, even though the market will be fully open throughout the whole day. Trading volumes continued to drop yesterday and reached the lowest level since November 26.

Traders' Sentiment

The short traders are holding the majority (56%) of all trades, no swing in favour of the either side since yesterday. As for the commands, 51% and 54% of them are set to sell the Euro versus the Greenback in 50 and 100-pip ranges from the current market price, correspondingly.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-12%	-12%	-8%	-10%
Orders (±50 pips)	-2%	-20%	-20%	-11%
Orders (±100 pips)	-8%	-8%	-42%	-18%

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

EUR/USD Daily Chart Current price: 1.0934

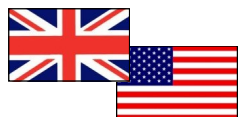


SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1123			
1.1043			
1.1008			
1.0922			
1.0893			
1.0808	1.08	1.08	1.1
	1.05	1.05	1.05
	1.03		
		1.01	1.02

	Level	Rationale
Resistance 3	1.1123	61.8% Fibo
Resistance 2	1.1043/56	200 and 100-day SMAs
Resistance 1	1.1008/14	50% Fibo; weekly R1
Support 1	1.0922/08	55-day SMA; monthly R1
Support 2	1.0893/79	38.2% Fibo; weekly PP; 20-day SMA
Support 3	1.0808	July low

GBP/USD takes a shot at climbing over the down-trend

"In 2016, the GBP is likely to remain vulnerable most obviously against the USD. The pound in particular should suffer from a mix of fiscal contraction constraining the BOE tightening cycle, making a [...] deficit [...] more difficult to finance, most especially in the face of 'Brexit' uncertainties."
- Deutsche Bank (based on PoundSterlingLive)



■ Pair's Outlook

Although the GBP/USD currency pair appreciated on Wednesday, the immediate resistance in face of the monthly S1 somewhat managed to prevent the price from returning inside the pattern's borders. Nevertheless, the monthly S1 is providing support today, being the only obstacle holding the Cable from edging lower. Even though a rebound is possible, the chance of downside movement is higher. Technical studies, which were quite reliable this week, also give bearish signals, suggesting yesterday's gains could be erased. Meanwhile, the nearest support is located just under the 1.48 level.

■ Traders' Sentiment

Bullish market sentiment remains unchanged at 68%, whereas 64% of all orders are to buy the Sterling today (up from 61% yesterday).

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	36%	36%	26%	19%
Orders (±50 pips)	28%	2%	-20%	-11%
Orders (±100 pips)	28%	22%	-36%	-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)	Neutral	Buy	Neutral
AROON (14)	Sell	Sell	Sell
Alligator (13; 8; 5)	Sell	Sell	Sell
SAR (0.02; 0.2)	Sell	Sell	Sell

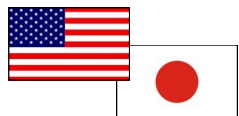
GBP/USD Daily Chart Current price: 1.4883



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.5183			
1.5131		1.56	1.56
1.4998	1.55		
1.4868	1.51	1.51	1.52
1.4793			
1.4679	1.49	1.48	1.47

	Level	Rationale
■ Resistance 3	1.5183/90	Monthly PP; 23.60% Fibo, 55-day SMA
■ Resistance 2	1.5131	Weekly R1
■ Resistance 1	1.4998/1.5024	Weekly PP; 20-day SMA
■ Support 1	1.4868	Monthly S1
■ Support 2	1.4793/61	Bollinger band; weekly S1
■ Support 3	1.4679	Monthly S2

USD/JPY extends decline, faces Nov low



"If U.S. data remains broadly in line with the Fed's expectations, we suspect the USD will be off to a positive start in 2016 as there is plenty of scope for rates markets to price in more Fed hikes."

- BNP Paribas (based on Reuters)

■ Pair's Outlook

The US Dollar suffered another loss against the Yen yesterday, due to another set of poor fundamental data. As a result, trade closed under the key support level, which is likely to lead to more USD weakness. The closest spot to limit the losses today is located around 120.20, represented by the Nov low and the Bollinger band, while the monthly S1 is now providing resistance. However, it will be rather difficult for the Buck to recover from intraday losses today, as there are no solid market movers on the Christmas day. Technical studies are also bolstering the possibility of the bearish outcome.

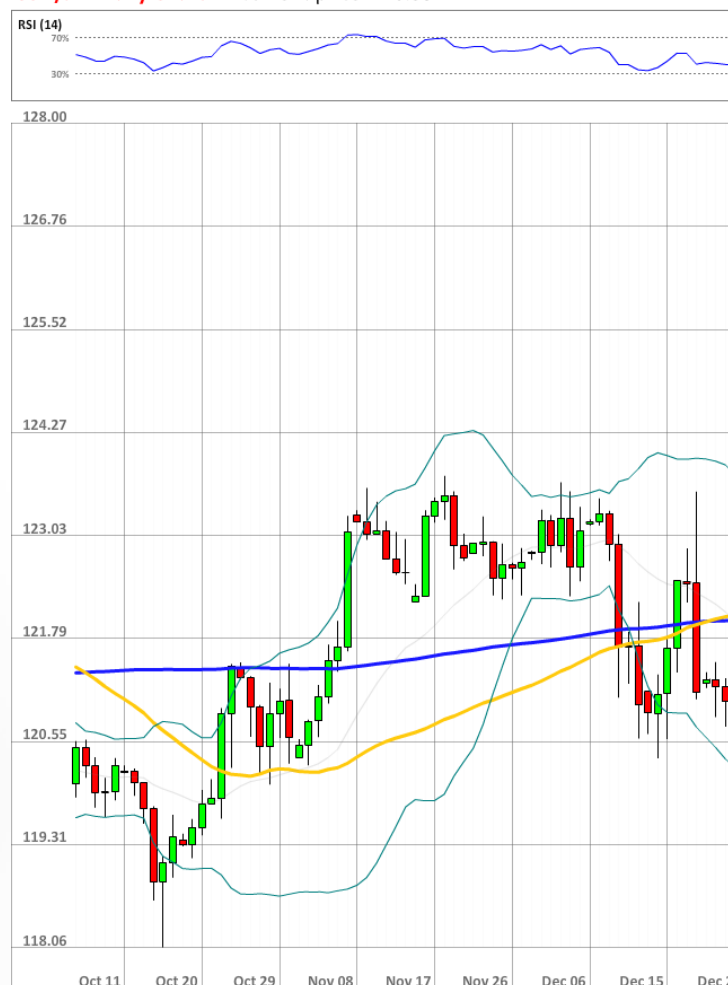
■ Traders' Sentiment

With an extra 2% points less 68% of all open positions are now short. Meanwhile, the share of buy orders dropped from 53 to 49%.


Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-36%	-40%	-2%	-28%
Orders (±50 pips)	-42%	0%	-20%	-7%
Orders (±100 pips)	-2%	6%	-20%	-7%

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

USD/JPY Daily Chart Current price: 120.59



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
		123	
	122.00	122	122
	121.40		
	120.98		
	120.25		
	119.80		
	119.15		

	Level	Rationale
■ Resistance 3	122.00	20-day SMA
■ Resistance 2	121.40/68	55, 100 and 200-day SMAs; weekly PP
■ Resistance 1	120.98	Monthly S1
■ Support 1	120.25/17	Nov low; Bollinger band
■ Support 2	119.80	Weekly S1
■ Support 3	119.15/118.87	Up-trend; monthly S1

Gold is rejected by July low, awaits recovery



"Gold prices will be determined more by trading volume, than any monetary or fundamental development over the holiday period."

- HSBC (based on CNBC)

Pair's Outlook

The yellow metal made no confident attempts to violate the July low and 20-day SMA on Wednesday. However, eventually it managed to close under the latter line, but today we expect the bullion's bounce back. All in all, the session is highly likely to be tranquil in terms of volatility, given that trading volumes are cooling down before the Christmas break. Moreover, the sideways trend is forecasted by daily technical indicators for the moment. Thus, the key anchor for gold remains the 20-day SMA at 1,071.

Traders' Sentiment

The total number of bullish open positions stopped tumbling on Wednesday, as the traders started focusing on the Christmas break and are getting ready for more market movers after holidays. The advantage of the bears amounts to 10% at the moment, as they are keeping 55% of all trades versus 45% for the bulls.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	10%	10%	18%	17%

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

XAU/USD Daily Chart Current price: 1073.70



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			1250
	1206	1200	
		1125	1125
	1100		
	1094		
	1086		
	1080		
	1071		
	1063		
	1055		
		1048	
			1037

	Level	Rationale
Resistance 3	1,094	Weekly R2
Resistance 2	1,086/88	Monthly PP; Bollinger band; Dec 4 high
Resistance 1	1,080	Weekly R1
Support 1	1,071/70	July low; 20-day SMA
Support 2	1,063	Weekly PP
Support 3	1,055	Bollinger band

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



Newest releases and archive:

Fundamental Analysis
Technical Analysis
Press Review
Market Research
Expert Commentary
Dukascopy Sentiment Index
Trade Pattern Ideas
Global Stock Market Review
Commodity Overview
Economic Research
Quarterly Report
Aggregate Technical Indicator

Additional information:

Dukascopy Group Home Page
Market News & Research
FXSpider
Live Webinars
Dukascopy TV
Daily Pivot Point Levels
Economic Calendar
Daily Highs/Lows
SWFX Sentiment Index
Movers & Shakers FX
Forex Calculators
Currency Converter
Currency Index
CoT Charts

Social networks:



Disclaimer

Everything in this article, including opinions and figures, is provided for informational purposes only and may not be interpreted as financial advice or solicitation of products. Dukascopy group assume no responsibility for the completeness or the accuracy of any data contained in this article. Financial figures indicated in this article have not been verified by the Dukascopy group. Views, opinions and analyses are those of the author of the article, and are not endorsed by the Dukascopy group.

Dukascopy group waive any and all warranties, express or implied, regarding, but without limitation to, warranties of the merchantability or the fitness for a particular purpose, with respect to all information in this article. Dukascopy group shall under no circumstances be responsible for any direct, indirect, consequential, contingent or any other damages sustained in connection with the use of this article.