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08/02/2016

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



# Technical Analysis

# EUR/USD's bears to face monthly R2



*"Markets are looking to Yellen's testimony this week to see whether she will still leave an option open for a March rate increase or sound dovish."*

- Sumitomo Mitsui Trust Bank (based on Bloomberg)

## Pair's Outlook

Last Friday was the first bearish day for EUR/USD in six consecutive trading sessions. After touching the third monthly resistance at 1.1246, the pair has immediately bounced back to close slightly above 1.1150. On Monday the volatility could wane, but the bears will continue aiming at the monthly R2 at 1.1115. Success here should put more pressure on the pair, in order to send it down to 200-day SMA at 1.1052. The moving average should in turn be able to underpin EUR/USD along with the weekly pivot point at 1.1072.

## Traders' Sentiment

Only 34% of all traders are going long on the common European currency on Monday, down from 48% before the weekend. On the other hand, more than 50% of all pending orders keep betting on EUR/USD's future gains.

| Net Sentiment      | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions     | -32% | -4%       | -10%       | -13%        |
| Orders (±50 pips)  | 14%  | 18%       | 10%        | 2%          |
| Orders (±100 pips) | 10%  | 26%       | -6%        | -2%         |

| 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) | Neutral | Sell    | Sell    |
| SAR (0.02; 0.2)      | Buy     | Buy     | Sell    |

EUR/USD Daily Chart Current price: 1.1136



| SUPPORT & RESISTANCE | FORECASTS |       |       |
|----------------------|-----------|-------|-------|
|                      | Q1 16     | Q2 16 | Q3 16 |
| 1.1330               |           |       |       |
| 1.1246               |           |       |       |
| 1.1198               |           |       |       |
| 1.1115               |           |       |       |
| 1.1072               |           |       |       |
| 1.0972               |           |       | 1.1   |
|                      | 1.08      | 1.08  |       |
|                      | 1.05      | 1.05  | 1.05  |
|                      | 1.03      |       |       |
|                      |           |       | 1.02  |
|                      |           | 1.01  |       |

|                | Level     | Rationale                   |
|----------------|-----------|-----------------------------|
| ■ Resistance 3 | 1.1330    | Weekly R1                   |
| ■ Resistance 2 | 1.1246    | Monthly R3                  |
| ■ Resistance 1 | 1.1198    | Bollinger band              |
| ■ Support 1    | 1.1115    | Monthly R2                  |
| ■ Support 2    | 1.1072/52 | Weekly PP; 200-day SMA      |
| ■ Support 3    | 1.0972/57 | Monthly R1; 20/100-day SMAs |

# GBP/USD in limbo around 1.45



*"The evidence is increasingly pointing towards a more resilient consumer, with falling unemployment and rising wages. A continuation of these themes would likely help quell fears over U.S. growth prospects."*  
- ANZ (based on CNBC)

## Pair's Outlook

The Cable took a beating on Friday, as the exchange rate edged closer to the 1.45 psychological level, mostly due to a decline in US Unemployment Rate. The pair remains rather weak and might retreat towards the 1.44 major level in the upcoming days, demand around which is strong. However, the weekly PP at 1.4467 is the immediate support today and could contribute to a small corrective rally today, with the nearest resistance located only around 1.4615, represented by the Bollinger band.

## Traders' Sentiment

Market sentiment is now equally divided between bulls and bears, whereas the portion of buy orders increased over the weekend. There are now 57% of orders to acquire the Pound (previously 52%).

| Net Sentiment      | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions     | 0%   | 2%        | 26%        | 11%         |
| Orders (±50 pips)  | 30%  | 12%       | 18%        | 2%          |
| Orders (±100 pips) | 14%  | 4%        | -2%        | -2%         |

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

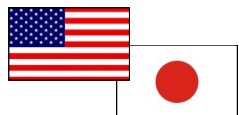
GBP/USD Daily Chart Current price: 1.4520



| SUPPORT & RESISTANCE | FORECASTS |       |       |
|----------------------|-----------|-------|-------|
|                      | Q1 16     | Q2 16 | Q3 16 |
| 1.56                 |           | 1.56  | 1.56  |
| 1.55                 |           |       |       |
| 1.51                 | 1.51      | 1.51  | 1.52  |
| 1.4906               | 1.49      |       |       |
| 1.4681               |           |       |       |
| 1.4615               |           |       |       |
| 1.4467               |           |       |       |
| 1.4380               |           |       |       |
| 1.4266               |           |       |       |
|                      |           | 1.48  | 1.47  |

|                | Level         | Rationale                         |
|----------------|---------------|-----------------------------------|
| ■ Resistance 3 | 1.4906        | Weekly R2                         |
| ■ Resistance 2 | 1.4681/1.4727 | Monthly R1; weekly R1; 55-day SMA |
| ■ Resistance 1 | 1.4615        | Bollinger band                    |
| ■ Support 1    | 1.4467        | Weekly PP                         |
| ■ Support 2    | 1.4380/56     | Monthly PP; 20-day SMA            |
| ■ Support 3    | 1.4266        | Weekly S1                         |

# USD/JPY: market reassesses Friday's data



*"What we are seeing today is a correction after overwhelming selling in the dollar we saw last week. It is just unwinding of positions, not fresh bets against the yen."*

- Nomura Securities (based on Reuters)

## Pair's Outlook

The Greenback appears to be eager to recover from an almost full week of losses against the Japanese Yen, despite mixed fundamental results on Friday. The USD/JPY currency pair still faces an obstacle, represented by the monthly S1, at 117.50, which could limit the gains, while the second target rests circa 118.19. Weekly technical studies suggest the Buck is under the risk of falling deeper down this week, namely towards the 2015 low at 115.85. During the previous month the USD mostly maintained trade closer to that one-year low, so far unable to edge lower on hopes of an interest rate hike.

## Traders' Sentiment

Today 71% of all open positions are short, compared to 68% last Friday. The share of purchase orders inched up from 52 to 57%.

| Net Sentiment      | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions     | -42% | -36%      | -46%       | -42%        |
| Orders (±50 pips)  | 20%  | -36%      | 16%        | -3%         |
| Orders (±100 pips) | 14%  | 4%        | 12%        | 6%          |

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

USD/JPY Daily Chart Current price: 117.42



| SUPPORT & RESISTANCE | FORECASTS |       |       |
|----------------------|-----------|-------|-------|
|                      | Q1 16     | Q2 16 | Q3 16 |
| 128                  |           |       |       |
| 127                  | 127       |       |       |
| 125                  | 125       | 125   | 125   |
| 123                  |           | 123   |       |
| 122                  |           |       | 122   |
| 119.59               |           |       |       |
| 118.19               |           |       |       |
| 117.50               |           |       |       |
| 115.85               |           |       |       |
| 114.91               |           |       |       |
| 113.88               |           |       |       |

| Level        | Rationale                          |
|--------------|------------------------------------|
| Resistance 3 | 119.59 Monthly PP                  |
| Resistance 2 | 118.19 Weekly PP; 20-day SMA       |
| Resistance 1 | 117.50 Monthly S1                  |
| Support 1    | 115.85/74 2015 low; Bollinger band |
| Support 2    | 114.91 Weekly S1                   |
| Support 3    | 113.88 Monthly S2                  |

# Gold tests ability to consolidate beyond 1,170



*"If the Fed holds off raising rates, then the USD will be weaker and gold should outperform."*

- UBS (based on CNBC)

## Pair's Outlook

We are observing some selling pressure for the first time in seven trading days. XAU/USD surged above and closed beyond the August high of the previous year, while surpassing the second monthly resistance at the same time. A downward correction should be capped by the weekly pivot point and Sep 2015 high at 1,156/54. In case of a riskier bearish trade, another demand is offered by the monthly R1 at 1,143. Meanwhile, in case gold consolidates above 1,170 on Monday, our attention will immediately turn to both Oct 2015 high and weekly R1 at 1,191/93.

## Traders' Sentiment

The bulls have eroded their sluggish advantage they had been maintaining for the last three months. At the moment the aggregate bullish-bearish distribution of open positions is neutral.

| Net Sentiment  | Last | 1 day ago | 5 days ago | 10-day avg. |
|----------------|------|-----------|------------|-------------|
| Open Positions | 0%   | 6%        | 8%         | 8%          |

| 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: 1165.95



| SUPPORT & RESISTANCE | FORECASTS |       |       |
|----------------------|-----------|-------|-------|
|                      | Q1 16     | Q2 16 | Q3 16 |
| 1250                 |           |       |       |
| 1206                 |           |       |       |
| 1200                 |           |       |       |
| 1191                 |           |       |       |
| 1176                 |           |       |       |
| 1168                 |           |       |       |
| 1156                 |           |       |       |
| 1143                 |           |       |       |
| 1134                 |           |       |       |
| 1125                 |           |       |       |
| 1125                 |           |       |       |
| 1100                 |           |       |       |
| 1071                 |           |       |       |
| 1048                 |           |       |       |
| 1037                 |           |       |       |

|              | Level    | Rationale                 |
|--------------|----------|---------------------------|
| Resistance 3 | 1,191/93 | Oct 2015 high; weekly R1  |
| Resistance 2 | 1,176    | Bollinger band            |
| Resistance 1 | 1,168/70 | Monthly R2; Aug 2015 high |
| Support 1    | 1,156/54 | Sep 2015 high; weekly PP  |
| Support 2    | 1,143    | Monthly R1                |
| Support 3    | 1,134/28 | Weekly S1; 200-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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