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14/03/2016

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



Technical Analysis

EUR/USD expects more gains before FOMC



“The euro’s probably going to be stuck in a range. Where it has the potential to break out of that range and start moving lower, really sits on the shoulders of what the BOJ and the Fed do.”

- U.S. Bank Wealth Management (based on Bloomberg)

Pair’s Outlook

As we are entering the vital FOMC-led week today, the outlook for EUR/USD remains cautiously optimistic, particularly because the Fed is not forecasted to raise interest rates. The pair is largely backed by the 1.1050/00 area, where the 200-day SMA coincides with the 20-day SMA and monthly pivot point. Additionally, the 55-day SMA is placed at 1.0986. We see no failure here in the nearest future, as the base scenario implies a growth beyond the monthly R1 at 1.1227. The most important intermediate resistance is Feb high at 1.1377, followed by the four-month uptrend at about 1.1460.

Traders’ Sentiment

Over the weekend the share of long traders has lost four percentage points to 43%. Alongside, pending commands in 100-pip range from the spot price are now fully equally divided between the bulls and bears.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-14%	-6%	-4%	-1%
Orders (±50 pips)	-16%	-14%	-2%	-8%
Orders (±100 pips)	0%	6%	-6%	-5%

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

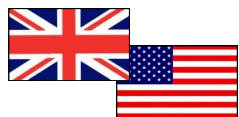
EUR/USD Daily Chart Current price: 1.1162



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1377			
1.1302			
1.1227			
1.1060			1.1
1.0986			
1.0914			
	1.08	1.08	
	1.05	1.05	1.05
	1.03		
			1.02
		1.01	

	Level	Rationale
R3	1.1377	Feb high
R2	1.1302	Weekly R1
R1	1.1227/35	Monthly R1; Bollinger band
S1	1.1060/21	Weekly PP; 200/20-day SMAs; monthly PP
S2	1.0986	55-day SMA
S3	1.0914/00	100-day SMA; weekly S1

GBP/USD to remain under 1.44



"The FOMC statement and members' fed funds rate forecasts will be closely scrutinized. We see risk of USD weakness if the 2017-18 'dots' were to be moved lower."

- Barclays (based on Reuters)

Pair's Outlook

The Sterling refuses to edge lower and appears to be headed towards the resistance line above 1.49. However, the Cable is first required to pierce through the supply area at 1.4446, represented by the monthly R1, which limited the pair's volatility on Friday. The 1.44 psychological level is also playing a part in the pair's ability to appreciate, thus, due to no impetus present to push the Pound higher today. As a result, a corrective decline is likely to take place, but the bearish momentum could fail to exceed the 1.4345 mark, as the 55-day SMA and the weekly PP are providing immediate support there.

Traders' Sentiment

Although not as strong as on Friday, but market sentiment remains bullish at 55% (previously 58%). Meanwhile, the portion of orders to acquire the British currency decreased from 59 to 51%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	10%	16%	12%	11%
Orders (±50 pips)	-36%	10%	0%	-7%
Orders (±100 pips)	2%	18%	4%	-4%

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

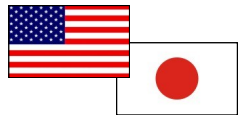
GBP/USD Daily Chart Current price: 1.4379



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	
1.4633			
1.4507			
1.4446			
1.4361			
1.4192			
1.3996			
1.3738			

	Level	Rationale
R3	1.4633	Weekly R2
R2	1.4507/10	Bollinger band; weekly R1
R1	1.4446	Monthly R1
S1	1.4361	55-day SMA; 1.4314
S2	1.4192/41	Weekly S1; 20-day SMA; monthly PP
S3	1.3996	Weekly S2

USD/JPY in limbo just under 114.00



"We expect the Bank of Japan to expand its asset purchases from ¥80 trillion to ¥90 trillion and lower the interest rate on excess reserves to -0.3%."

- Capital Economics (based on WBP Online)

Pair's Outlook

Even though the US Dollar outperformed the Japanese Yen on Friday, the exchange rate remained between the 112.00 and 114.00, namely within its consolidation range. Consequently, the Greenback is now expected to weaken, as trade opened less than ten pips from the upper border of the consolidation trend. However, a possibility of the USD/JPY currency pair edging higher towards 114.50, where the Bollinger band rests, exists, as technical studies are giving bullish signals. The base case scenario, on the other hand, is a decline to 113.28—the 20-day SMA, which is also reinforced by the weekly PP.

Traders' Sentiment

Nearly three quarters (74%) of all open positions are long today. At the same time, the number of purchase orders dropped significantly, namely from 79 to 63%.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	48%	46%	40%	46%
Orders (±50 pips)	-14%	-12%	18%	-5%
Orders (±100 pips)	26%	58%	24%	13%

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

USD/JPY Daily Chart Current price: 113.78



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
128			128
127	127		
125	125	125	125
123		123	
122			122
116.99			
115.72			
114.50			
113.50			
112.56			
112.07			

Level	Rationale
R3	116.99 Weekly R3
R2	115.72/116.14 Weekly R2; 55-day SMA
R1	114.50/115.04 Bollinger band; weekly R1; monthly PP
S1	113.50/28 Weekly PP; 20-day SMA
S2	112.56 Weekly S1
S3	112.07 Bollinger band

Gold pulls back to reach 1,250



“We have two central bank meetings this week as the BOJ commence a two-day meeting today and the FOMC announce their interest rate decision on Wednesday.”
- MKS Group (based on CNBC)

Pair's Outlook

On Friday the bullion was out of power to hold to earlier post-ECB gains, as the price eased to the 1,250 mark from intraday peaks above 1,270. Nonetheless, the most important February trend-line remains intact and secured from additional bearish attacks. Future perspectives are moderately bullish and we are looking for the 1,280 mark to be finally confirmed. Looking back, three previous attempts to violate this level had been unsuccessful. Daily technical indicators continue supporting the idea of the advance, while only a slump as low as 1,230 (weekly S1) might destroy the positive forecast.

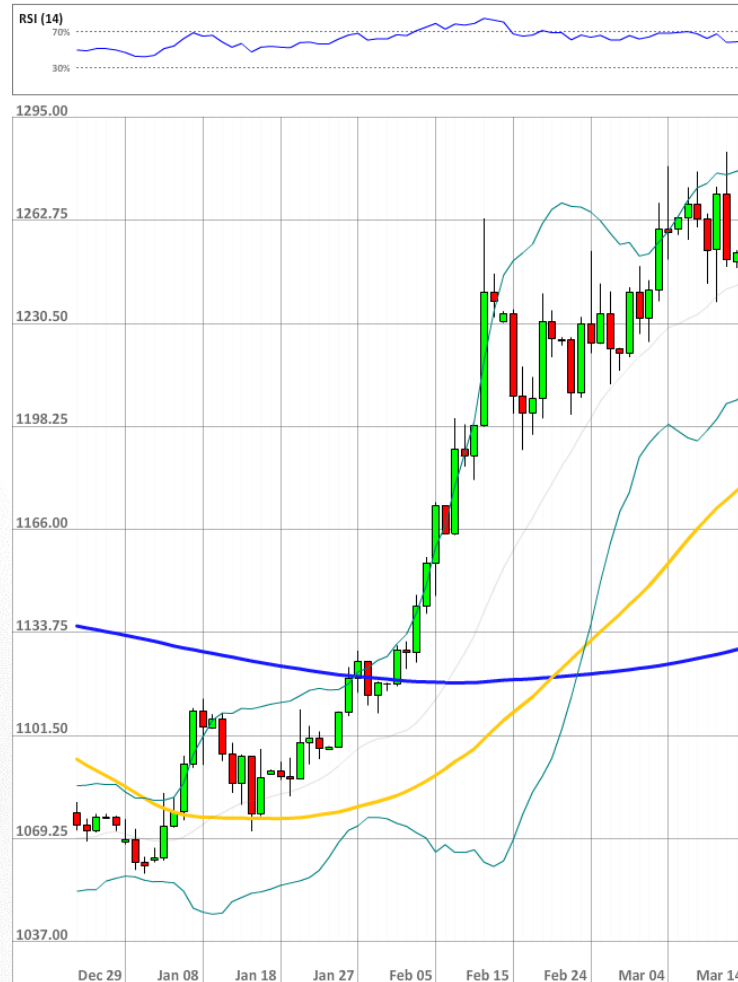
Traders' Sentiment

Over the weekend the percentage of long open SWFX positions has been steady at only 42%, meaning the bears are taking up about 58% on Monday morning.

Sentiment	Today	Yesterday	5 days ago	10-day avg.
Open Positions	-16%	-16%	-18%	-17%

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

XAU/USD Daily Chart Current price: 1253.41



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1295			
1276			
1257			
1240			1250
1210	1206	1200	
1195			
		1125	1125
	1100		
	1071		
		1048	
			1037

	Level	Rationale
■ R3	1,295	Monthly R1
■ R2	1,276/77	Bollinger band; weekly R1
■ R1	1,257	Weekly PP
■ S1	1,240/30	Uptrend; 20-day SMA; weekly S1
■ S2	1,210/05	Weekly S2; monthly PP
■ S3	1,195	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



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