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



# Technical Analysis

# EUR/USD breaches Dec-Jan downtrend, exposes 1.10 area



*“With respect to the risks to the inflation outlook, the most concerning is the possibility that inflation expectations become unanchored to the downside.”*

- William Dudley, New York Fed President (based on Reuters)

## Pair's Outlook

On Friday the most popular FX currency pair violated the two-month trend-line near 1.09, while daily gains attempted to push the pair as high at 1.10 (100-day SMA; Bollinger band). However, bearish market participants overtook the lead by the end of US trading and closed the week at 1.0915. Some weakness is possible on Monday, as Bank Holiday in the US is likely to reduce daily trading volume. After breaching the trend-line, the bulls will try to test the aforementioned 1.10 mark this week, even though this scenario is not particularly encouraged by negative weekly technical indicators.

## Traders' Sentiment

The share of SWFX long traders decreased to 44% by Monday morning. Meanwhile, commands to sell the Euro against the Buck in 100-pip range from the spot account for 55% today.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-12%	-10%	-10%	-12%
Orders (±50 pips)	2%	-22%	-14%	-13%
Orders (±100 pips)	-10%	-8%	-6%	-12%

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

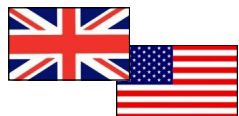
EUR/USD Daily Chart Current price: 1.0894



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1048			
1.0994			
1.0901			1.1
1.0877			
1.0822	1.08	1.08	
1.0760			
	1.05	1.05	1.05
	1.03		
		1.01	
			1.02

	Level	Rationale
Resistance 3	1.1048	200-day SMA
Resistance 2	1.0994/1.1002	Bollinger band; weekly R1; 100-day SMA
Resistance 1	1.0901	Weekly PP
Support 1	1.0877	20-day SMA
Support 2	1.0822/12	55-day SMA; weekly S1; monthly PP
Support 3	1.0760	Bollinger band

# GBP/USD attempts to retake 1.43



*"In the current environment however, with investors becoming increasingly worried about the impact of the slowdown in China, concerns over the UK economy and the risk of a 'Brexit' look likely to continue to haunt sterling."*  
- HiFX (based on Business Recorder)

## Pair's Outlook

On Friday the Cable suffered a 150-pip loss, breaching the immediate support and closing in on the 2010 low. The Pound is now supported by the Bollinger band, which is the final obstacle, preventing the GBP/USD from falling to the lowest in six years. At the same time, the weekly PP and the monthly S2 now form a resistance cluster circa 1.4380, but a test today is unlikely. Nevertheless, the Sterling is expected to undergo a correction and recover some losses against the Buck, despite technical indicators retaining mixed signals.

## Traders' Sentiment

Bullish market sentiment remains unchanged at 63%, whereas the percentage of sell orders grew from 57 to 65%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	26%	26%	30%	24%
Orders (±50 pips)	-30%	8%	-26%	8%
Orders (±100 pips)	-30%	-14%	-12%	0%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Buy	Buy	Sell
RSI (14)	Buy	Buy	Neutral
Stochastic (5; 3; 3)	Buy	Buy	Buy
ADX (14)	Sell	Sell	Sell
CCI (14)	Buy	Buy	Buy
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: 1.4276



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.5600		1.56	1.56
1.5407	1.55		
1.5213			1.52
1.5020	1.51	1.51	
1.4827	1.49		
1.4633		1.48	
1.4440			1.47
1.4246			
1.4053			

Level	Rationale
Resistance 3: 1.4567	Monthly S1
Resistance 2: 1.4494	Weekly R1
Resistance 1: 1.4373/90	Weekly PP; monthly S2
Support 1: 1.4242/30	Bollinger band; 2010 low
Support 2: 1.4124	Weekly S1
Support 3: 1.4053/21	Monthly S3; weekly S2



# Gold ends volatile trading week below 1,090



*"It will be increasingly difficult for another hike in March, considering that China will continue to be weak."*  
- Phillip Futures (based on CNBC)

## Pair's Outlook

Gold prices have swung between gains and losses since Tuesday, and on Friday they climbed from the 55-day SMA (1,077) to grow up to 1,088 by the end of US session. During the Asian trading on Monday the bulls are hoping to push it higher into the 1,095 area and, possibly, up to the current January high at 1,113 in the medium-term. Bank Holiday in the US should curb volatility on Monday, while many bullish catalysts in face of global market instability can be absent today. Still, supported by positive daily technical indicators the metal is capable of retaking 1,095 in the next 24 hours.

## Traders' Sentiment

In the morning on January 18 around 55% of all SWFX traders are betting on the bullion's increase in price in the nearest future, down from 56% before the weekend.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	10%	12%	10%	9%

Indicator/Period	Day	Week	Month
MACD (12; 26; 9)	Buy	Buy	Buy
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)	Buy	Sell	Sell
SAR (0.02; 0.2)	Buy	Sell	Sell

XAU/USD Daily Chart Current price: 1090.46



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1250			
1206		1200	
1126		1125	1125
1106			
1098	1100		
1089			
1084			
1077	1071		
		1048	
			1037

Level	Rationale
Resistance 3: 1,126/27	Weekly R2; monthly R3
Resistance 2: 1,106/10	100-day SMA; weekly R1; monthly R2; Bollinger band
Resistance 1: 1,098/1,104	Sep 2015 and Oct 2015 lows
Support 1: 1,089	Weekly PP
Support 2: 1,084/82	Monthly R1; 20-day SMA
Support 3: 1,077	55-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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