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18/12/2015

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



Technical Analysis

EUR/USD to be anchored by 20-day SMA



"The first impact is on the euro-dollar rate, and the dollar should still outperform the euro in 2016."
- EFG Bank (based on Bloomberg)

Pair's Outlook

As expected, the EUR/USD cross managed to successfully test 20-day SMA and weekly S1 at 1.0850/45 yesterday. After touching the July low at 1.0808 the pair decided to bounce back and close the session at 1.0824. As daily technical indicators are giving stronger bullish signals, it is possible that some kind of a revival will take place on Friday. A climb back above the 20-day SMA will support the bulls to push EUR/USD up to 55-day SMA (1.0944) in the mid-term, while the bears are still hoping to see a sell-off continuing in the direction of the monthly pivot at 1.0724.

Traders' Sentiment

The bulls are still holding slightly more than 46% of all trades, which puts the bears at 54% in the morning on Friday. Meantime, pending orders to buy the Euro vs Dollar slid from 29% to 27%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-8%	-8%	-10%	-11%
Orders (±50 pips)	-20%	-20%	-4%	-10%
Orders (±100 pips)	-46%	-42%	-10%	-17%

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

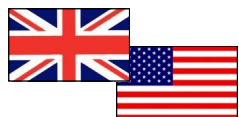
EUR/USD Daily Chart Current price: 1.0832



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.0944			1.1
1.0891			
1.0845			
1.0808	1.08	1.08	
1.0751			
1.0697			
	1.05	1.05	1.05
	1.03		
		1.01	1.02

	Level	Rationale
Resistance 3	1.0944	55-day SMA; weekly PP
Resistance 2	1.0891/93	38.2% Fib; monthly R1
Resistance 1	1.0845/50	20-day SMA; weekly S1
Support 1	1.0808	July low
Support 2	1.0751/24	23.6% Fib; monthly PP
Support 3	1.0697	Weekly S2

GBP/USD tests down-trend; confirms pattern



“The USD can make new cyclical highs in the near term as US interest rate expectations adjust higher.”
- Commonwealth Bank (based on Business Recorder)

Pair's Outlook

Despite upbeat UK Retail Sales data yesterday, the GBP/USD currency pair extended its post-Fed slump. Trade closed near the 1.49 major level and, thus, just in front of the falling wedge's support. This trend-line, also bolstered by the monthly S1 and weekly S2, should contribute to the Cable's rebound. The immediate resistance in face of the Bollinger band is likely to be ignored, with gains capped around 1.50. A fall towards the support cluster's lowest level, namely the weekly S2, is not out of the question.

Traders' Sentiment

SWFX traders' sentiment keeps improving, as 65% of all positions are long (up from 63%). The portion of sell orders, however, remains unchanged and in the majority, taking up 68% of the market.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	30%	26%	4%	13%
Orders (±50 pips)	-66%	-20%	-46%	-12%
Orders (±100 pips)	-36%	-36%	-4%	-4%

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

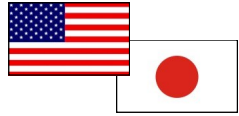
GBP/USD Daily Chart Current price: 1.4920



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.5075		1.56	1.56
1.5039	1.55		
1.4913			1.52
1.4892	1.51	1.51	
1.4755			1.47
1.4679		1.48	

Level	Rationale
Resistance 3: 1.5075	20-day SMA
Resistance 2: 1.5039	Weekly S1
Resistance 1: 1.4913	Bollinger band
Support 1: 1.4892/56	Down-trend; monthly S1; weekly S2
Support 2: 1.4755	Weekly S3
Support 3: 1.4679	Monthly S2

USD/JPY retests cluster around 121.60



"I don't think many people were expecting the BOJ to make a move right after the FOMC, so the timing of the announcement came as a surprise. But upon closer inspection the contents show that the BOJ merely fine-tuned its policy, which is why the dollar came down."
- Sumitomo Mitsui Trust (based on Reuters)

Pair's Outlook

The USD/JPY tested the weekly R1 resistance at 122.78, but stabilised slightly lower at 122.55 yesterday. The Buck jumped to a three-week high of 123.55 today, due to the markets misinterpreting the BoJ's policy statement. Once the situation was reassessed, the pair retreated from the daily high and continued its way into the red zone. The Greenback remains supported by the strong cluster around 121.60, which is likely to limit the losses; however, volatility could stretch even further below. The bullish momentum might also be regained, but with the 123.00 level intact.

Traders' Sentiment

Exactly three quarters (75%) of traders are short the US Dollar today, while the number of sell orders increased from 60 to 66%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-50%	-2%	-32%	-29%
Orders (±50 pips)	42%	-20%	-34%	4%
Orders (±100 pips)	-32%	-20%	-18%	-4%

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

USD/JPY Daily Chart Current price: 121.76



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
128			128
127	127		
125	125	125	125
124.48			
123.75			
122.78		123	
122.39	122		122
121.68			
121.00			

Level	Rationale
Resistance 3: 124.48/57	Monthly R1; weekly R2
Resistance 2: 123.75/79	Nov high; Bollinger band
Resistance 1: 122.78	Weekly R1
Support 1: 122.39/36	20-day SMA; monthly PP
Support 2: 121.68	Weekly PP; 55, 100 and 200-day SMAs
Support 3: 121.00/120.98	Bollinger band; monthly S1

Gold retreats the most since mid-July



"Continued strength in the dollar is weighing upon precious metals following the Fed's rate announcement and we are likely to see recent low prints once again tested over the short term."

- MKS Group (based on CNBC)

Pair's Outlook

Yesterday the bullion depreciated very substantially, by losing more than \$20 per troy ounce. Market realized the importance of this week's Fed decision and the Dollar rallied afterwards. XAU/USD pierced through the first support at 1,062 (weekly S1), but was eventually stopped by another weekly demand at 1,050. Both Dec 3 low and 2010 low at 1,046/44 were not touched, but it can happen next week. For Friday, we expect more cautious trading and profit-fixing, meaning gold prices will probably bounce back in the direction of 1,060/65 where it will again meet the weekly S1.

Traders' Sentiment

Even despite a sharp plunge in gold prices in the past 24 hours, the total percentage of SWFX long open positions increased only marginally to 60%. Still, it signals about some profit-taking by the short traders.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	20%	18%	24%	23%

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

XAU/USD Daily Chart Current price: 1055.74



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1250			1250
1206		1200	
1125		1125	1125
1100			
1071	1071		
1048		1048	
1037			1037

	Level	Rationale
■ Resistance 3	1,074	Weekly PP
■ Resistance 2	1,070	July low; 20-day SMA
■ Resistance 1	1,062	Weekly S1
■ Support 1	1,053/50	Bollinger band; weekly S2
■ Support 2	1,044	2010 low
■ Support 3	1,037	Weekly S3

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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