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



Technical Analysis

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EUR/USD recovers as risk appetite wanes



"If it [QE] is well expected, in a way the impact on the market should already be priced in. There's diminishing return each time you do QE and more easing -- it's getting harder and harder."

- Nomura Holdings (based on Bloomberg)



Pair's Outlook

The single currency is holding to the gains that it has registered over the first trading day of a new working week. EUR/USD failed to consolidate below the Dec-Jan uptrend line, meaning the idea of bearish correction is postponed for some time in the future. Growth above 1.09 exposes the Dec-Jan downtrend near 1.0940, which had earlier refused the bullish scenario for three times. This line is immediately followed by 100-day SMA at 1.0962 and the monthly R1 at 1.0972. Only a spike above here will imply the 200-day SMA (1.1053) is at risk.

Traders' Sentiment

With EUR/USD growing in value, some traders fixed profit and therefore sent the bullish portion down to the four-week low of 43%.


Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-14%	-10%	-10%	-10%
Orders (±50 pips)	-20%	10%	-8%	-5%
Orders (±100 pips)	-18%	-6%	-22%	-12%

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

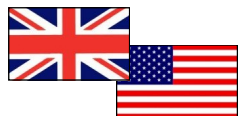
EUR/USD Daily Chart Current price: 1.0903



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
1.1040			
1.0958			1.1
1.0935			
1.0878			
1.0841			
1.0797	1.08	1.08	
	1.05	1.05	1.05
	1.03		
		1.01	1.02

	Level	Rationale
Resistance 3	1.1040/53	Weekly R2; 200-day SMA
Resistance 2	1.0958/72	100-day SMA; Bollinger band; monthly R1
Resistance 1	1.0935/47	Weekly R1; downtrend
Support 1	1.0878/62	Weekly PP; 20-day SMA
Support 2	1.0841/08	Monthly PP; 55-day SMA; Jul 2015 low
Support 3	1.0797/57	Bollinger band; weekly S1

GBP/USD closes above monthly PP



"The market is not pricing in enough of rate hikes in the U.K."

- GAM (based on Bloomberg)

Pair's Outlook

The Cable keeps balancing between gains and losses, being unable to start a new trend. However, despite the daily and monthly indicators pointing mostly south, the pair was able to rebound from 1.4230 and gain a foothold above the weekly R1 and monthly PP, which creates a good opportunity for another jump higher, though this will still be considered a part of the bullish correction. The next target could be the weekly R2, followed by a solid resistance area between 1.4636 and 1.4681.

Traders' Sentiment

There was a sudden and sharp shift in the sentiment, as the portion of bulls in the market plunged from 63 to 39%. At the same time, the share of orders placed to sell the Sterling rose from 51 to 64%.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-22%	26%	30%	23%
Orders (±50 pips)	-26%	18%	14%	-9%
Orders (±100 pips)	-28%	-2%	32%	-8%

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

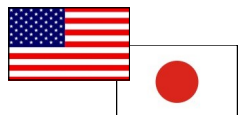
GBP/USD Daily Chart Current price: 1.4397



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	
			1.47
	1.4681		
	1.4533		
	1.4476		
	1.4389		
	1.4269		
	1.4230		

	Level	Rationale
Resistance 3	1.4776	55-day SMA
Resistance 2	1.4681/36	Weekly R3; monthly R1; Bollinger band
Resistance 1	1.4533	Weekly R2
Support 1	1.4389/60	Weekly R1; monthly PP; 20-day SMA
Support 2	1.4269	Weekly PP
Support 3	1.4230	2010 low

USD/JPY enclosed between 121.50 and 120.60



"Overall we're seeing a little bit of risk-off...in the market and I think that's what's driving money into the yen."
- Stephen Innes, OANDA (based on Reuters)

Pair's Outlook

While a cluster of numerous studies, including the 100-day moving average and a long-term trend-line, proved to be unable to resist the latest rally, the 200-day SMA successfully weathered increased demand for the Dollar. However, this does not imply a sell-off, being that there is now a significant support area at 120.75/54. Accordingly, the pair needs to breach either 121.50 or 120.75/54 to confirm its intentions. In the first case, the target will be the falling trend-line at 123 yen; in the second, the 2015 low at 115.85.

Traders' Sentiment

SWFX traders are not in a hurry to rethink their positions after BoJ's action—72% of them stay short. Meanwhile, the buy orders hold a small advantage (16 pp) over the sell ones.

Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Open Positions	-44%	-46%	-42%	-43%
Orders (±50 pips)	30%	16%	28%	3%
Orders (±100 pips)	16%	12%	22%	7%

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

USD/JPY Daily Chart Current price: 120.43



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			128
	127	127	
	125	125	125
		123	
	122		122

	Level	Rationale
Resistance 3	123.00	Down-trend
Resistance 2	122.65	Weekly R1
Resistance 1	121.48	200-day SMA
Support 1	120.74/120.54	55- and 100-day SMAs; up-trend; Bollinger band
Support 2	120.15	Weekly PP
Support 3	119.59	Monthly PP

Gold takes a shot at 200-day SMA

"Weaker macro numbers out of the U.S. are also increasing the odds that the Fed's December move could have been an outlier, forced onto a central bank that basically had to move after promising to do so for much of the last year."

- INTL FCStone (based on CNBC)


■ Pair's Outlook

The most significant moving average line on a 200-day time frame was touched in early November last time. Now gold has an opportunity to overcome this crucial resistance again. However, the presence of two-month uptrend, weekly R1 and upper Bollinger band makes the bullish task tougher. Downside risks are substantial, while the bears are aiming at retaking the support area near 1,100 (100/20-day SMAs; monthly PP; weekly S1; Oct 2015 low). In the meantime, a success at the mentioned closest resistance could lead to more gold purchases with a target at 1,149 (2015 downtrend).

■ Traders' Sentiment

Slightly less than 58% of all SWFX traders are now betting on price gains for the precious metal. This compares to only a 54% share of the longs yesterday, meaning the gap from the bears has widened to 16 percentage points.


Net Sentiment	Last	1 day ago	5 days ago	10-day avg.
Positions	16%	8%	10%	10%

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)	Buy	Neutral	Sell
CCI (14)	Sell	Neutral	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: **1125.42**



SUPPORT & RESISTANCE	FORECASTS		
	Q1 16	Q2 16	Q3 16
			1250
	1206	1200	
1156			
1143			
1129		1125	1125
1114			
1105	1100		
1100			
	1071		
		1048	
			1037

	Level	Rationale
Resistance 3	1,156	Sep 2015 high
Resistance 2	1,143/49	Monthly R1; weekly R2; downtrend
Resistance 1	1,129/32	Bollinger band; 200-day SMA; weekly R1; uptrend
Support 1	1,114	Weekly PP
Support 2	1,105/02	100/20-day SMAs; Oct 2015 low; monthly PP
Support 3	1,100/98	20-day SMA; weekly S1; Sep 2015 low

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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