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



Technical Analysis

EUR/USD meets December downtrend after 150-pip rally



"I would feel better if we could get a few more rate increases and not have to worry about the balance sheet."
- Loretta Mester, Cleveland Fed President (based on Reuters)

Pair's Outlook

Risk-off sentiment, which is currently driving FX and other markets, pushed the Euro considerably to the north against the Greenback on Thursday. Helped by rising trading volume, EUR/USD eroded all nearest resistances and finished the US session just under the monthly downtrend at 1.0930. Following these gains, which were the strongest since early December (post-ECB rally) we expect a bearish correction today. Positive US NFP could provide another momentum to the Dollar, which will move the pair towards a dense technical cluster at 1.08.

Traders' Sentiment

The bullish portion of SWFX open positions increased from 41% to 44% and bounced off the 12-week low, while 100-pip long pending orders are now enjoying a minimal majority of 51%.

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions | -12% | -18% | -14% | -14% |
| Orders (±50 pips) | -20% | -32% | -42% | -15% |
| Orders (±100 pips) | 2% | -28% | -28% | -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 |

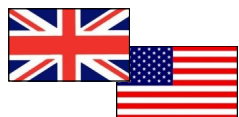
EUR/USD Daily Chart Current price: 1.0881



| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q1 16 | Q2 16 | Q3 16 |
| 1.0998 | | | |
| 1.0948 | | | 1.1 |
| 1.0900 | | | |
| 1.0870 | | | |
| 1.0761 | 1.08 | 1.08 | |
| 1.0669 | | | |
| | 1.05 | 1.05 | 1.05 |
| | 1.03 | | |
| | | | 1.02 |
| | | 1.01 | |

| Level | Rationale |
|----------------------|--|
| Resistance 3: 1.0998 | Bollinger band |
| Resistance 2: 1.0948 | Weekly R1; December downtrend |
| Resistance 1: 1.09 | Weekly PP |
| Support 1: 1.0870/08 | Monthly PP; weekly S1; July 2015 low; 55/20-day SMAs |
| Support 2: 1.0761/42 | Weekly S2; Bollinger band |
| Support 3: 1.0669 | Weekly S3 |

GBP/USD muted ahead of Payrolls data



"Sterling is everyone's favourite currency to sell at the moment."

- Bank of New York Mellon (based on Bloomberg)

Pair's Outlook

The British currency was able to almost completely recover from its daily low yesterday, posting just a 12-pip loss over the day. Even though the 2015 low was only retested, a strong reading of the US Payrolls data today might cause the GBP/USD to drop to a fresh five-year low. Furthermore, a breach of the immediate support cluster is likely to prolong the Cable's bearish trend until the pair falls to 1.4235—the 2010 low. Contrariwise, a disappointment in the labour market figures could trigger an anticipated rebound, with the nearest resistance in face of the weekly S1 unable to hold the gains.

Traders' Sentiment

Bullish traders' sentiment remains unchanged at 64%, while the portion of orders to buy the Sterling edged up from 58 to 69%.

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions | 28% | 28% | 30% | 27% |
| Orders (±50 pips) | 64% | 30% | -2% | 14% |
| Orders (±100 pips) | 38% | 16% | 8% | 15% |

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

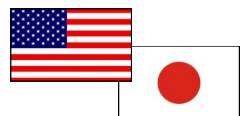
GBP/USD Daily Chart Current price: 1.4628



| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q1 16 | Q2 16 | Q3 16 |
| 1.56 | | 1.56 | 1.56 |
| 1.55 | | | |
| 1.52 | | | 1.52 |
| 1.51 | 1.51 | 1.51 | |
| 1.49 | | | |
| 1.4859 | | | |
| 1.4802 | | 1.48 | |
| 1.4668 | | | 1.47 |
| 1.4593 | | | |
| 1.4459 | | | |
| 1.4390 | | | |

| | Level | Rationale |
|--------------|---------------|---|
| Resistance 3 | 1.4859/1.4903 | 20-day SMA; weekly R1; monthly PP |
| Resistance 2 | 1.4802 | Weekly PP |
| Resistance 1 | 1.4668 | Weekly S1 |
| Support 1 | 1.4593/37 | Weekly S1; monthly S2; 2015 low; Bollinger band |
| Support 2 | 1.4459 | Weekly S3 |
| Support 3 | 1.4390 | Monthly S2 |

USD/JPY rebounds, as market turmoil fades



"Things are calming down considerably. But the dollar may fall below ¥118, if Shanghai stocks lose momentum again. It seems the dollar may find it top heavy above 118.50."

- Aozora Bank (based on Market Watch)

Pair's Outlook

The USD/JPY approached the up-trend on Thursday, but was unable to maintain trade below it, as the monthly S2 was providing additional support. For the first time this week there has been a rebound in Asian stocks, which contributed to the JPY weakness, allowing the US Dollar to take the upper hand and regain the bullish momentum after confirming the support trend-line. Gains could well extend beyond the monthly S1 at 118.93, unless the US fundamentals have a negative impact on the pair and erase intraday gains. The three-year up-trend is expected to remain intact.

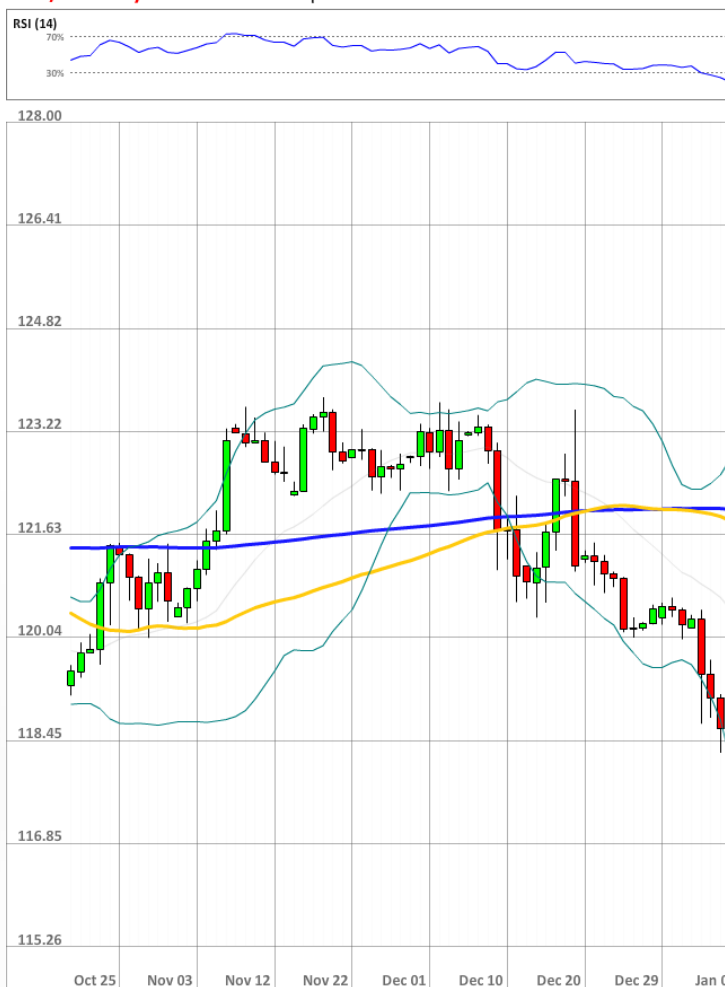
Traders' Sentiment

Only 42% of all open positions are long today (previously 44%). Meanwhile, the share of buy orders lost 10% points, falling to 43%.

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|--------------------|------|-----------|------------|-------------|
| Open Positions | -16% | -12% | -18% | -21% |
| Orders (±50 pips) | -20% | 0% | 12% | 3% |
| Orders (±100 pips) | -14% | 6% | 14% | 13% |

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

USD/JPY Daily Chart Current price: 118.28



| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q1 16 | Q2 16 | Q3 16 |
| 128 | | | |
| 127 | 127 | | |
| 125 | 125 | 125 | 125 |
| 123 | | 123 | |
| 122 | | | 122 |
| 119.64 | | | |
| 118.93 | | | |
| 117.92 | | | |
| 117.63 | | | |
| 115.85 | | | |
| 115.26 | | | |

| Level | Rationale |
|------------------------------|-----------------------|
| Resistance 3 (119.64/93) | Weekly S2; weekly S1 |
| Resistance 2 (118.93/119.29) | Monthly S1; weekly S3 |
| Resistance 1 (117.92) | Bollinger band |
| Support 1 (117.63/59) | Monthly S2; up-trend |
| Support 2 (115.85) | 2015 low |
| Support 3 (115.26) | Monthly S3 |

Gold encounters 100-day SMA, faces downside risks



"For now, the only way to trade gold is to take a view on the equity markets and on the Chinese market in particular, as it seems to be the driving force that is pushing the rest of the space lower."

- INTL FCStone (based on CNBC)

Pair's Outlook

Gold spent another market session in a confident uptrend, as investors attempted to decrease risks in the wake of equity market selloff. A flight to safety pushed XAU/USD as high as 100-day SMA and monthly R2 at 1,107. Positive US fundamentals later on Friday and stock market's stabilization could result in a bearish correction, while short traders are targeting the area below 1,100. A drop below September 2015 low (1,098) is capable of driving prices even deeper down to the next major support cluster at 1,084 (55-day SMA, weekly R2 and monthly R1).

Traders' Sentiment

On Friday around 55% of all SWFX traders are holding bullish market positions, up two percentage points on a daily basis. Therefore, a recent rebound in prices failed to discourage market participants, as they are not fixing profit and are buying the safe-have asset.

| Net Sentiment | Last | 1 day ago | 5 days ago | 10-day avg. |
|----------------|------|-----------|------------|-------------|
| Open Positions | 10% | 6% | 12% | 9% |

| Indicator/Period | Day | Week | Month |
|----------------------|---------|---------|---------|
| MACD (12; 26; 9) | Buy | Buy | Buy |
| RSI (14) | Sell | Neutral | Neutral |
| Stochastic (5; 3; 3) | Sell | Neutral | Neutral |
| 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 | Buy | Sell |

XAU/USD Daily Chart Current price: 1102.53



| SUPPORT & RESISTANCE | FORECASTS | | |
|----------------------|-----------|-------|-------|
| | Q1 16 | Q2 16 | Q3 16 |
| 1250 | | | |
| 1206 | | 1200 | |
| 1137 | | | |
| 1127 | | | |
| 1104 | | | |
| 1100 | | | |
| 1098 | | | |
| 1084 | | | |
| 1078 | | | |
| 1071 | | | |
| 1048 | | | |
| 1037 | | | |

| Level | Rationale |
|------------------------|--|
| Resistance 3: 1,137 | 200-day SMA |
| Resistance 2: 1,127 | Monthly R3 |
| Resistance 1: 1,104/08 | Oct low; Bollinger band; monthly R2; 100-day SMA |
| Support 1: 1,098/91 | Sep 2015 low; weekly R3 |
| Support 2: 1,084 | Weekly R2; monthly R1; 55-day SMA |
| Support 3: 1,078 | 20-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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