


Chart Watch – FX Markets





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Outlook and Technical Highlights

Karen Jones
+44 207 475 1425
Karen.jones@commerzbank.com

Axel Rudolph
+44 207 475 5721
axel.rudolph@commerzbank.com



2 Technical Analysis Commerzbank	2 FICC Technical Analysis Research Team – Best FX Research and Strategy Commerzbank
Source: Euromoney FX Survey 2013 2013  EUROMONEY	Source: Technical Analyst Magazine Awards 2013 2013  the technical analyst
1 Technical Analysis Banks Commerzbank	2 FICC Technical Analysis Research Team Best FX Research and Strategy Commerzbank
Source: Euromoney FX Poll 2012 2012  EUROMONEY	Source: The Technical Analyst Magazine Awards 2012 2012  the technical analyst

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FX Technical Outlook

Theme	Short term view (1–3 weeks)
Swift correction in US Dollar is being seen but the medium term uptrend is intact.	<p>The US Dollar index dropped from its current July high at 84.75 to 82.42 but uptrend will stay intact while above 80.50.</p> <p>EUR/USD swiftly bounces off its 1.2740 April low but remains medium term bearish.</p> <p>AUD/USD is bouncing back but remains directly offered below .9388/.9404.</p> <p>USD/CAD made a 21-month high at 1.0608 from which it rapidly dropped to 1.0328.</p> <p>GBP/USD bounces off its March low and long term Fib at 1.4854/32 but remains medium term bearish.</p>

Bullish and bearish trending signals

Bullish (ADX>20, MACD>0 and +DI>-DI)

Code Name	Long Name	C1	C2	C3	C4	Δ Success	Score
HO1 Comdty	Generic 1st 'HO' Future	✓	✓	✓	✓	4	4
EURGBP Curncy	EUR-GBP X-RATE	✓	✓	✓	✓	4	4
COA Comdty	BRENT CRUDE FUTR Mar10	✓	✓	✓	✓	4	4

Bearish (ADX>20, MACD<0 and +DI<-DI)

Code Name	Long Name	C1	C2	C3	C4	Δ Success	Score
USA Comdty	US LONG BOND(CBT) Jun07	✓	✓	✓	✓	4	4

NB: This is NOT a model and is intended for reference only. It is a basic system to determine if a market is trending or not. It cannot judge strength of support or resistance or whether various momentum oscillators have diverged. For this reason it is possible that the we will occasionally hold a different position to that indicated by the tables above.

Currency ranking vs the US Dollar for the past 5 days

<HELP> for explanation.
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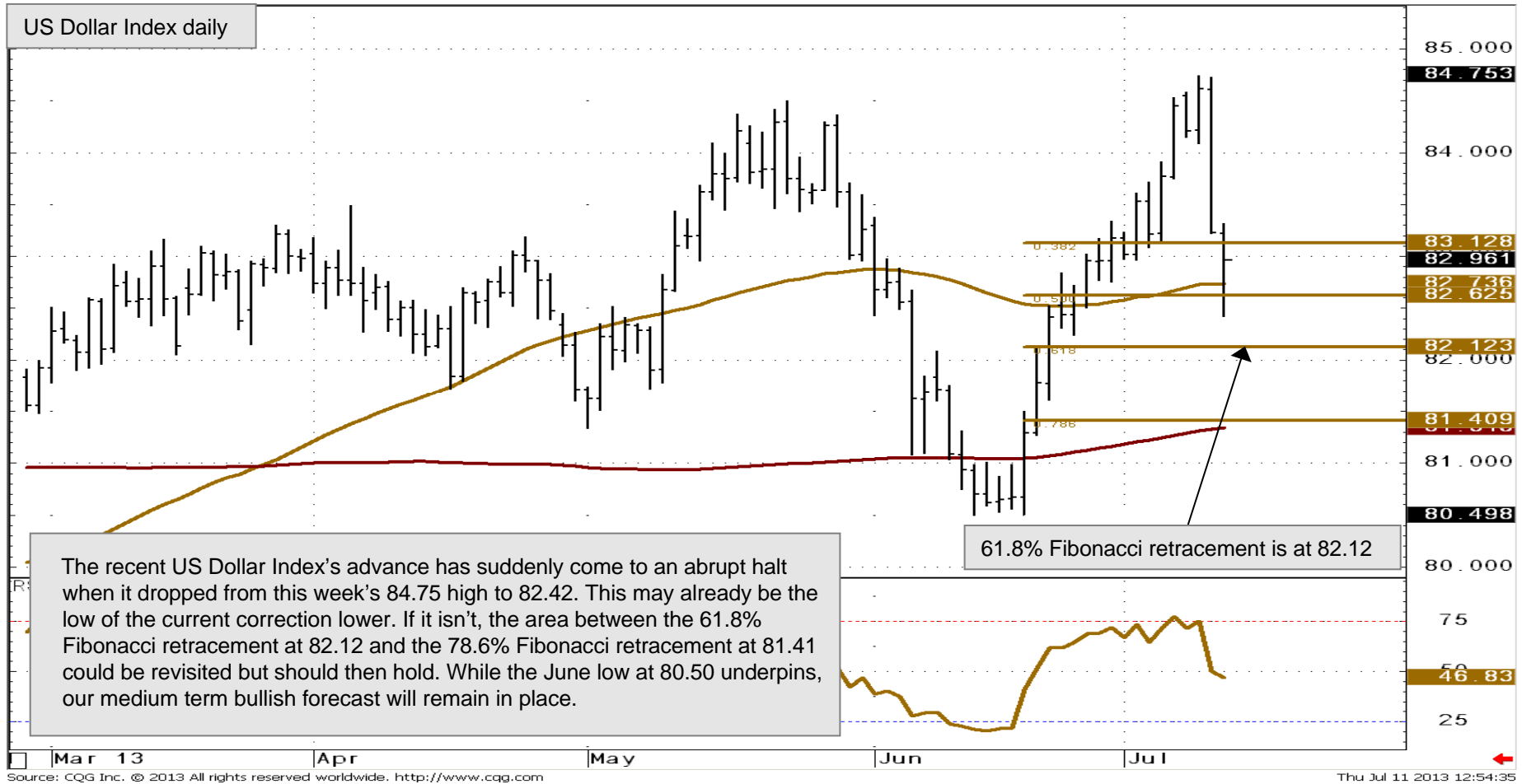
Source Bloomberg 12:25PM

Technical Trade Ideas

Date	Instrument	Trade Idea	Stop	Take Profit	Outcome	P&L
08.07.2013	bund	Sell 143.60, add 143.98	144.65	140		

US Dollar Index - daily chart

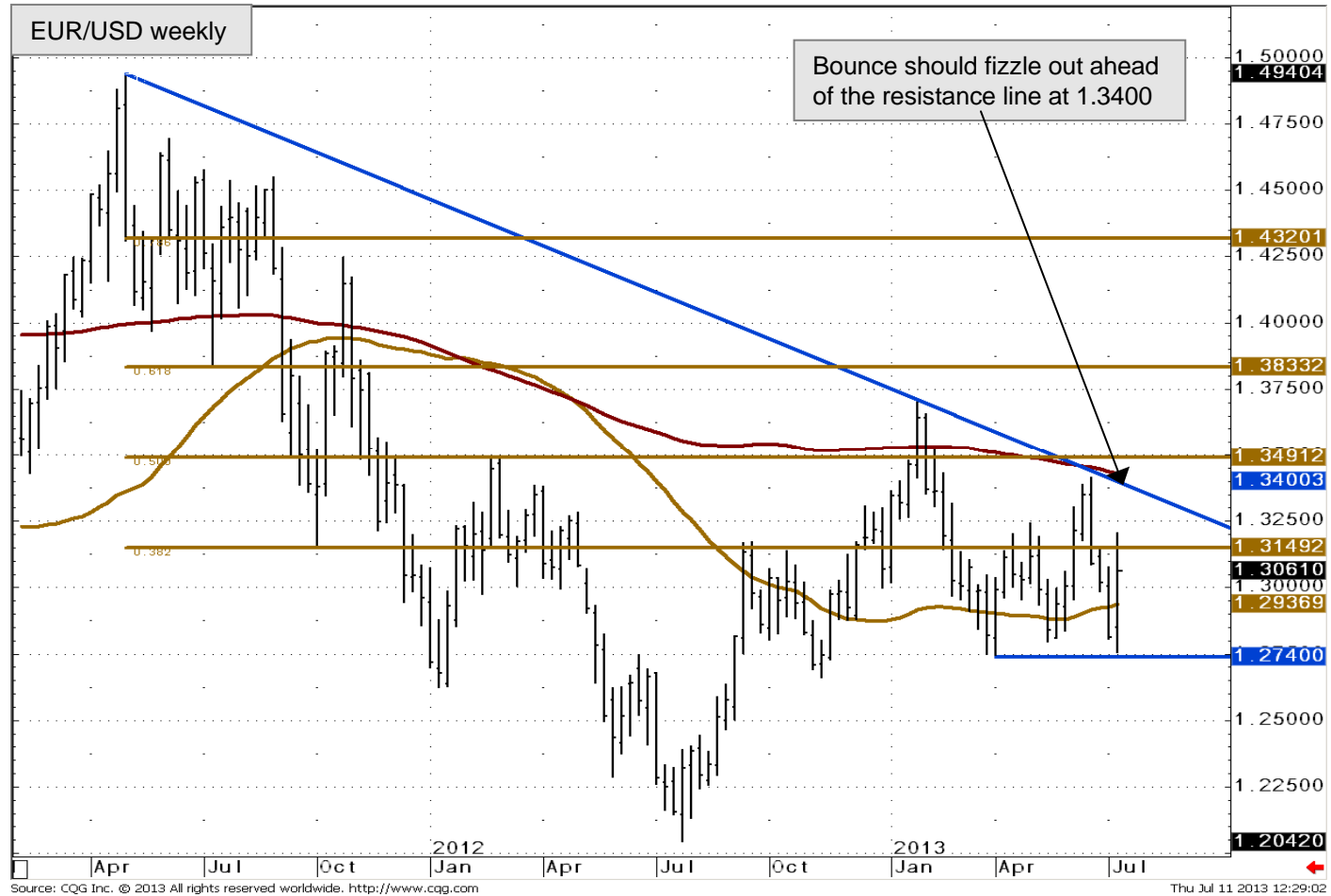
Dropped from its current July high at 84.75 to 82.42 but uptrend will stay intact while above 80.50



EUR/USD weekly chart

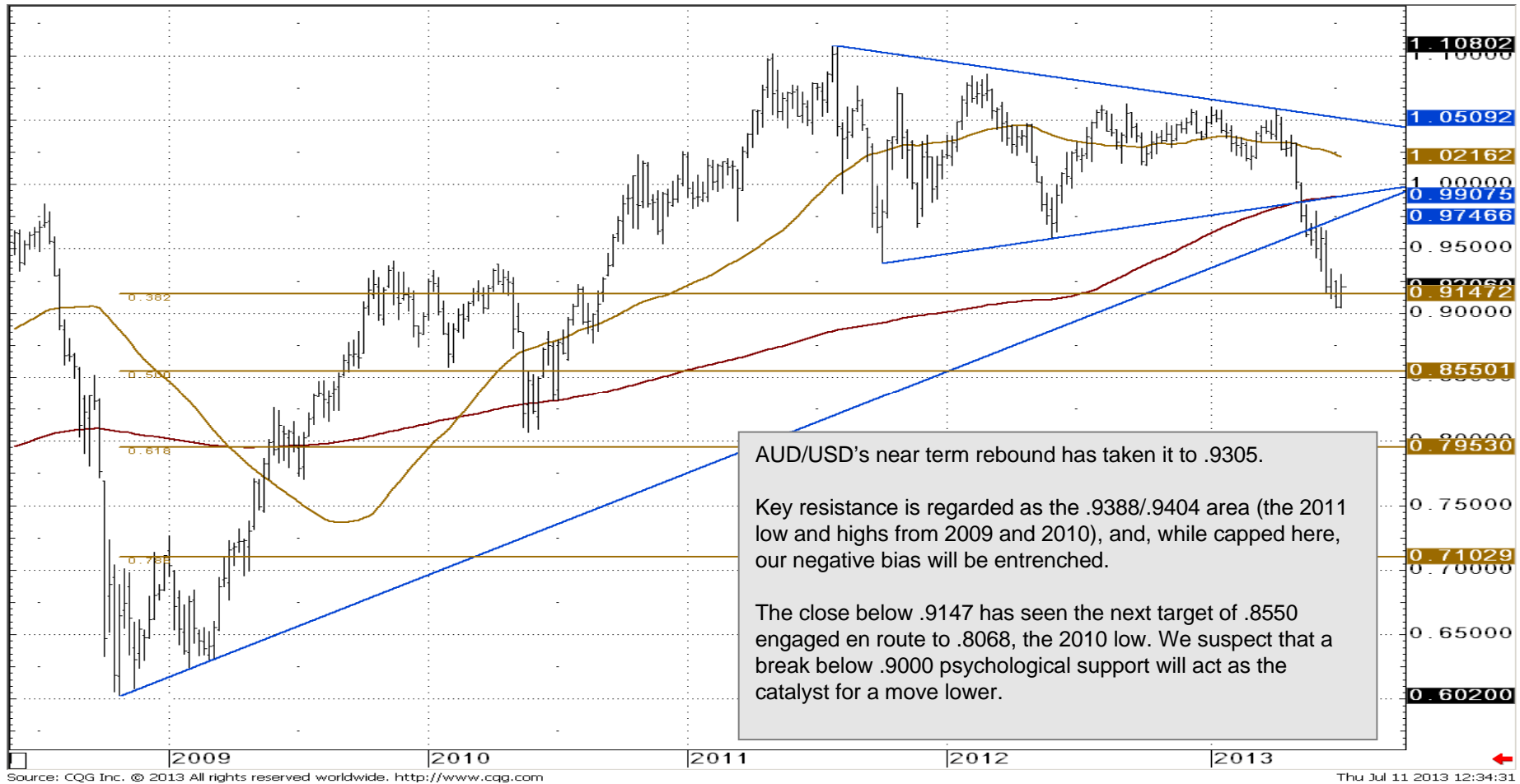
EUR/USD swiftly bounces off its 1.2740 April low but remains medium term bearish

- > EUR/USD appears to have found support at the 1.2740 April low before briefly shooting back up to the 1.3200 region.
- > There a high may already be in place but even if this is not to be the case, EUR/USD is to remain below the 2011-13 resistance line at 1.3400.
- > Below 1.2740 we target 1.2661 November low en route to the 1.2052 200 MONTH ma.



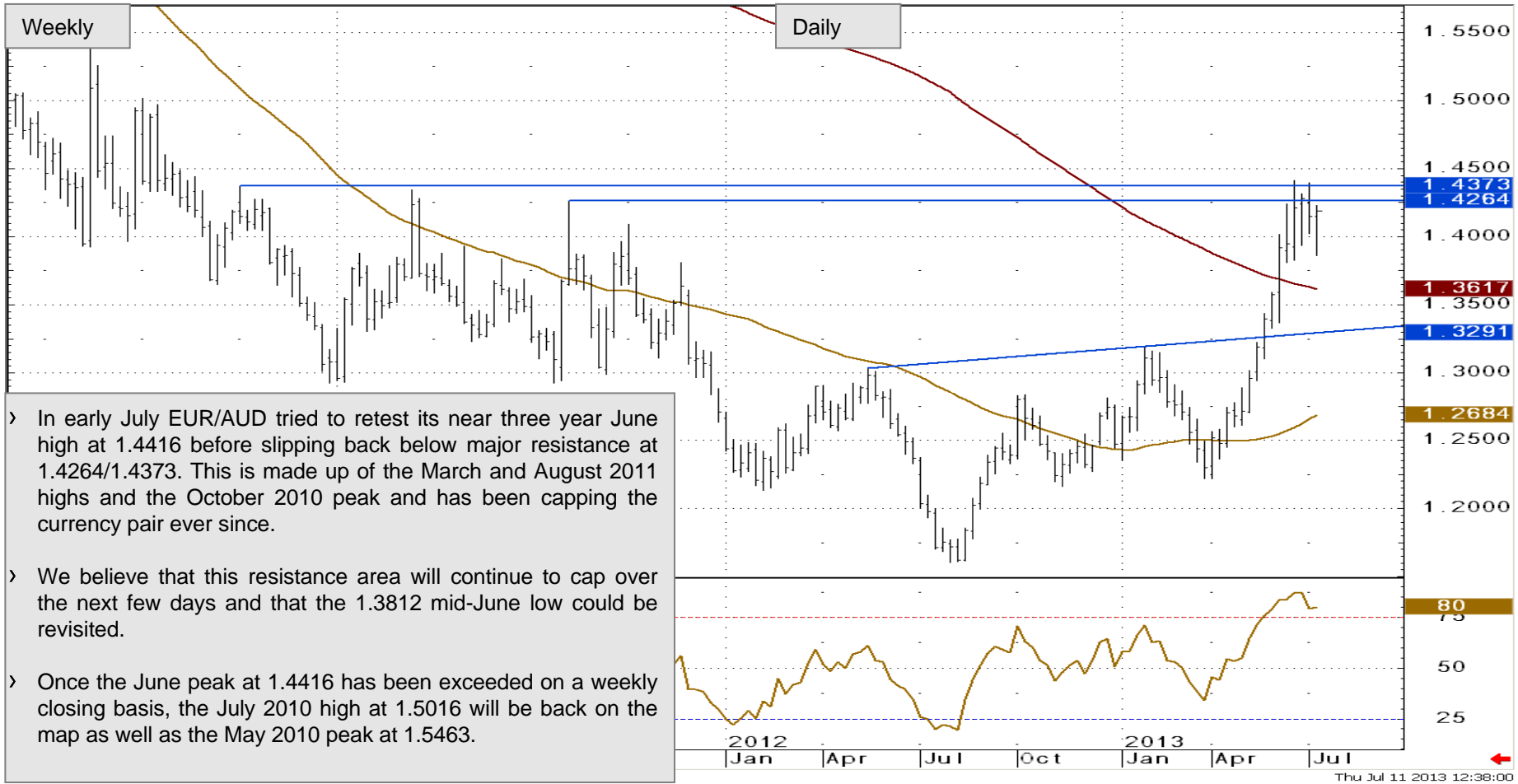
AUD/USD weekly – one of our favourite trades

Is bouncing back but remains directly offered below .9388/.9404



EUR/AUD weekly

The 1.4264/1.4373 resistance area should continue to cap



USD/CAD - Daily Chart

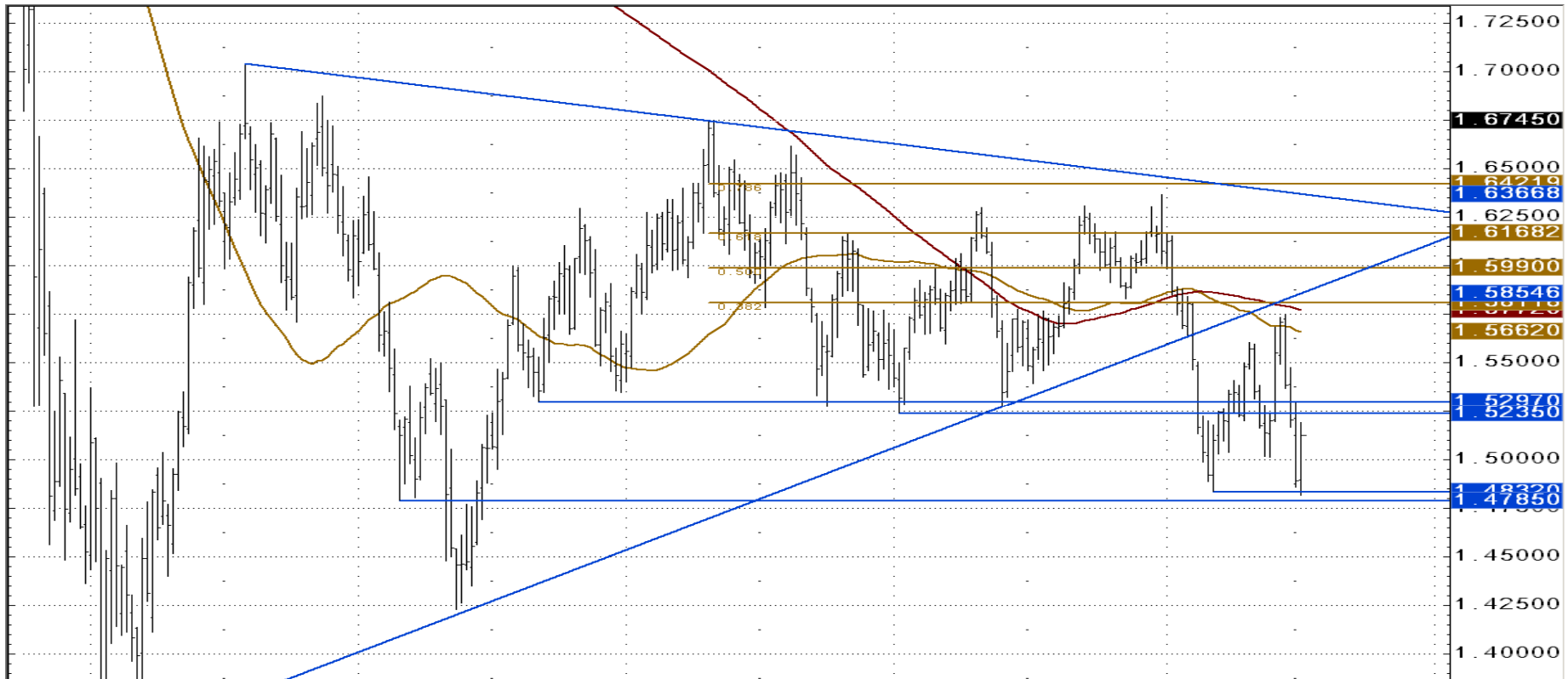
Made a 21-month high at 1.0608 from which it rapidly dropped to 1.0328

- > USD/CAD's advance to its 21-month high at 1.0608 has been followed by a rapid sell-off to 1.0328, close to the 1.0341 March peak and the 1.0297 April high.
- > In view of the impulsive surge higher having been made over the past few weeks, further upside remains in store for the months to come, however.
- > The 1.0656/75 resistance area (July and August 2010 highs and the 2011 peak) will be targeted once the current July high at 1.0608 has been overcome on a daily chart closing basis.
- > Another potential longer term upside target can be seen around the 2010 peak at 1.0850, made in May of that year.

USD/CAD Daily Chart



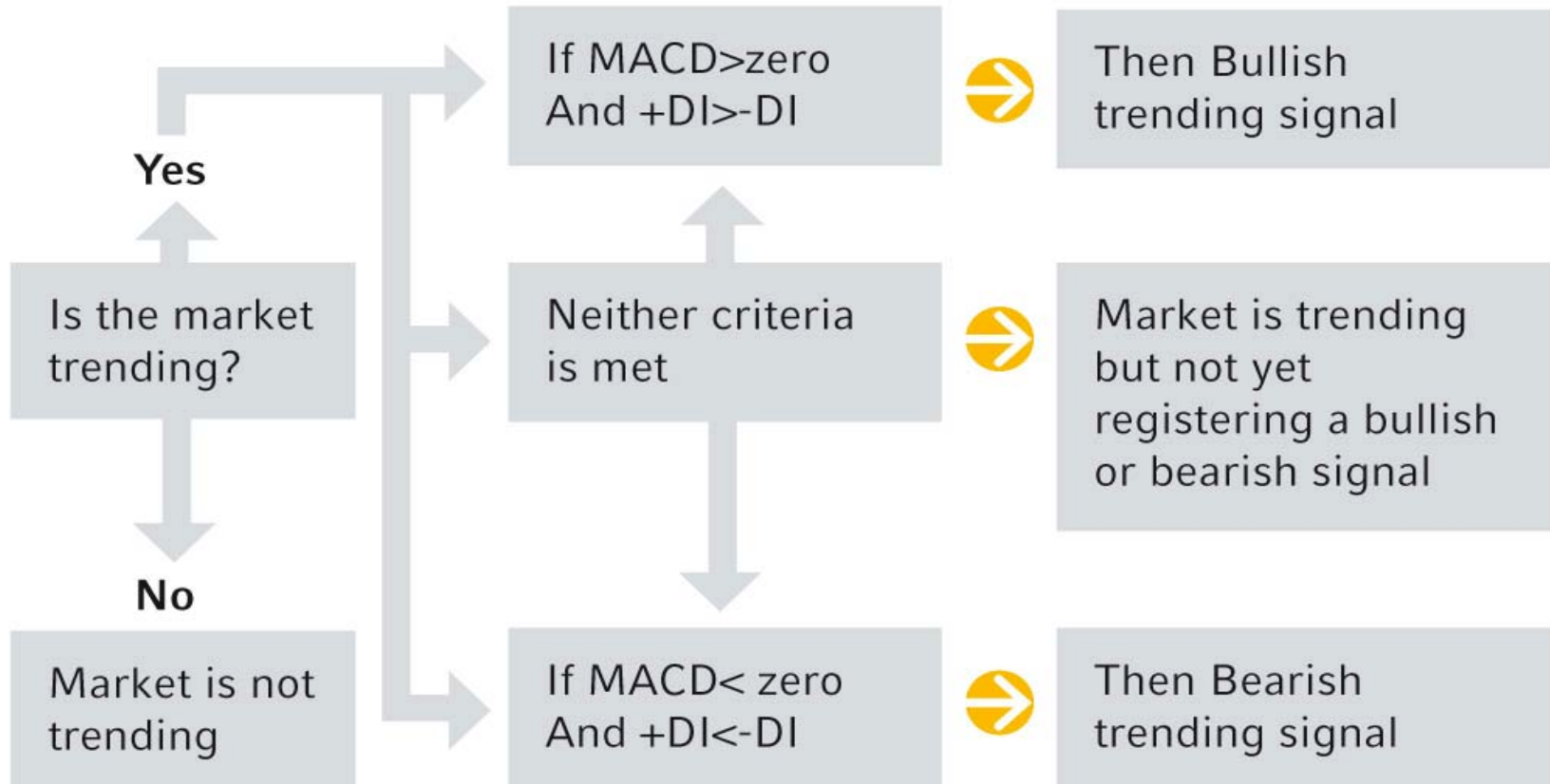
GBP/USD – bounces off its March low and long term Fibo at 1.4854/32



GBP/USD saw a violent sell off last week. It has reached support at 1.4854/32, the 61.8% retracement of the 2009 move higher and the March low, and we saw profit taking here with a bounce higher being currently made. Please note there is very little support between here and the 1.4229 2010 low.

We suspect that intraday rallies should remain capped by 1.5300/25 and, while capped here, the market will remain directly offered.

Trending Filter



Glossary

ADX

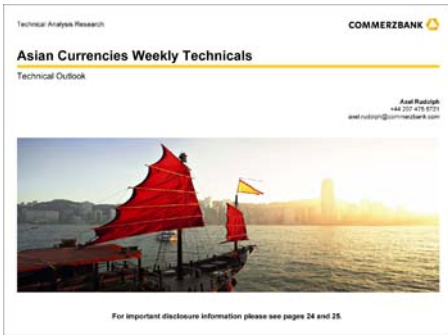
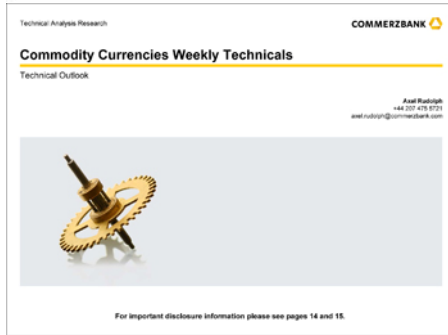
J. Welles Wilder developed the Average Directional Index (**ADX**) to evaluate the strength of a current trend. The ADX is an oscillator that fluctuates between 0 and 100. Even though the scale is from 0 to 100, readings above 60 are relatively rare. Low readings, below 20, indicate that the market is not trending and high readings, above 40, indicate a strong trend. It does not determine if the trend is bullish or bearish BUT just establishes whether a trending situation exists.

DI+ = positive directional indicator, DI- = negative directional indicator. Buy and sell signals are generated when DI+ and DI – crossover.

Moving Average Convergence/Divergence (**MACD**),

MACD uses moving averages, which are lagging indicators, to include some trend-following characteristics. These lagging indicators are turned into a momentum oscillator by subtracting the longer moving average from the shorter moving average. The resulting plot forms a line that oscillates above and below zero, without any upper or lower limits. There are many ways to use this indicator but the simplest is that when above zero is denotes market strength and when below zero denotes market weakness.

NB: This is NOT a model and is intended for reference only – it a basic system to determine if a market is trending or not, it cannot judge strength of supports or resistance or whether various momentum oscillators have diverged. For this reason it is possible that the we will occasionally hold a different position to that indicated by the tables.



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Tel: + 49 69 136 21200	Tel: + 44 207 623 8000		Tel: +65 631 10000	Tel: +852 3988 0988