


Chart Watch – FX Markets





Thursday, 18 July 2013

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

For important disclosure information please see end of document

FX Technical Outlook

Theme	Short term view (1–3 weeks)
The Mexican Peso's outperformance continues	<p>Strong Mexican Peso appreciation continues with the 12.3665 April peak about to be hit.</p> <p>MXN continues to outperform other Latin American currencies.</p>
South African Rand	<p>Even though it remains sidelined we are seeing a medium term constructive pattern on the EUR/ZAR chart.</p> <p>USD/ZAR probes the 55 day moving average at 9.7745 which is to hold; key for the trend is the June low at 9.6621, though.</p>
Turkish Lira	<p>USD/TRY has slipped back to its three month support line at 1.9078 which we expect to hold.</p>
EUR/GBP	<p>The key day reversal in EUR/GBP points to a retest of the May high at .8597.</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
RXA Comdty	EURO-BUND FUTURE Mar10	✓	✓	✓	✓	4	4
PALL Comdty	PALLADIUM SPOT \$/OZ	✓	✓	✓	✓	4	4
HO1 Comdty	Generic 1st 'HO' Future	✓	✓	✓	✓	4	4
EURGBP Curncy	EUR-GBP X-RATE	✓	✓	✓	✓	4	4
EUR Curncy	EURO SPOT	✓	✓	✓	✓	4	4

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

Code Name	Long Name	C1	C2	C3	C4	Δ Success	Score
SEK Curncy	SWEDISH KRONA SPOT	✓	✓	✓	✓	4	4
EUSA5 Curncy	EUR SWAP ANNUAL 5 YR	✓	✓	✓	✓	4	4
EURPLN Curncy	EUR-PLN X-RATE	✓	✓	✓	✓	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.
Enter all values and hit <Go>



Source Bloomberg 11:05AM

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	Short at 143.79	-0.3%

USD/MXN - Daily Chart

Strong Mexican Peso appreciation continues with the 12.3665 April peak about to be hit

- › USD/MXN's drop back from its ten month June high at 13.4622 has taken it to below its major 12.55 pivot – the March 2012 and January 2012 lows.
- › We have therefore neutralised our medium- to long-term forecast.
- › The April high at 12.3665 and the 78.6% Fibonacci retracement of the May-to-June rally at 12.2640 are thus back in the picture.
- › Medium term resistance above 12.5516 sits at the 13.1510 current July high and can also be seen around the 13.2924 November peak.

USD/MXN Daily Chart



MXN continues to outperform other Latin American currencies

MXN/BRL weekly

MXNBRL Spot Exchange Rate - Price of 1 MXN in BRL (MXNBRL)

Weekly **M200** **M55**

Update Professional : Data by Bloomberg

C: 0.17856 +0 (0.0%)

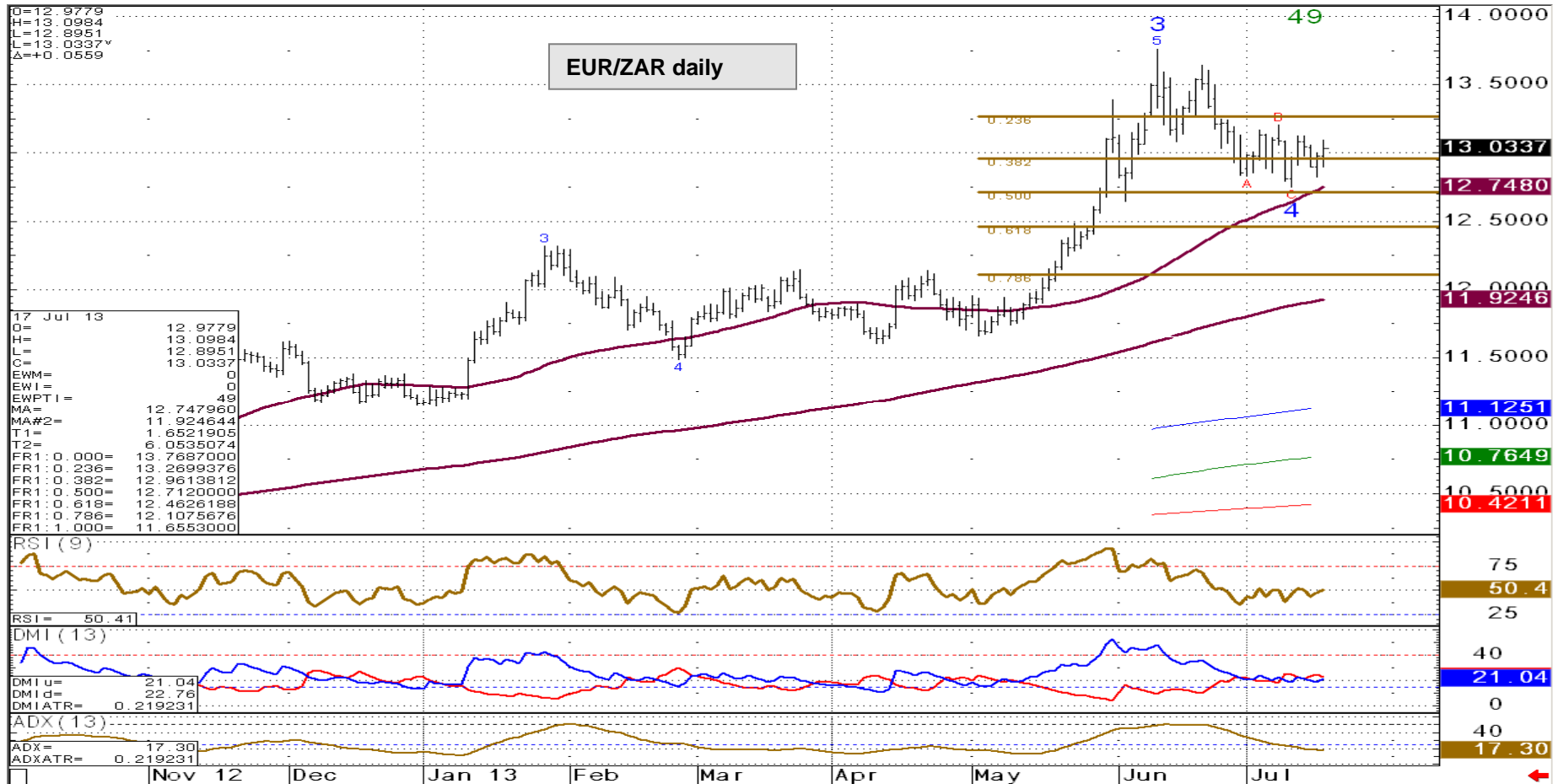
T: 11:41:07

16 Jul 2013 MXNBRL < update



Seeing a constructive pattern on the EUR/ZAR

Market is stabilising over the 55 day ma and 50% retracement at 12.75/71



Source: CQG Inc. © 2013 All rights reserved worldwide. <http://www.cqg.com>

Wed Jul 17 2013 12:03:04

USD/ZAR - Daily Chart

Probes the 55 dma at 9.7745 which is to hold; key for the trend is the June low at 9.6621, though

- › USD/ZAR has dropped back to the 55 day moving average at 9.7745 which seems to be offering support at present.
- › While it stays above this week's low at 9.7738 on a daily chart closing basis, the June peak at 10.3610 will remain in focus.
- › Were it to be bettered, the 10.6956/10.7900 region, would be targeted. It is made up of the 2009 peak, 78.6% Fibonacci retracement of the 2008-11 decline and the November 2008 high.
- › In case of it being bettered, the 2008 peak at 11.8708 will be back in the picture as well.
- › As stated before what we have seen happening over the past month or so is simply a consolidation within a longer term bullish trend.
- › Should 9.7738 and, more importantly, the June low at 9.6621 be fallen through, though, we would have to neutralise our forecast and allow for the March and April highs at 9.3673/9.3117 to be revisited instead.

USD/ZAR Daily Chart



USD/TRY - Daily Chart

Has slipped back to its three month support line at 1.9078 which we expect to hold

- › USD/TRY tumbled from its all-time high at 1.9734 to 1.9075 right on the three month support line which is expected to underpin this week.
- › While this is the case, the 1.9500 region could be revisited.
- › Above it the June/July highs at 1.9604/1.9734 are to be found.
- › Should a drop through this week's low at 1.9075 and the next lower minor psychological 1.9000 level be made, however, our medium term bullish forecast will be neutralised.
- › We will, however, retain our longer term bullish forecast while USD/TRY remains above its June low at 1.8503.

USD/TRY Daily Chart



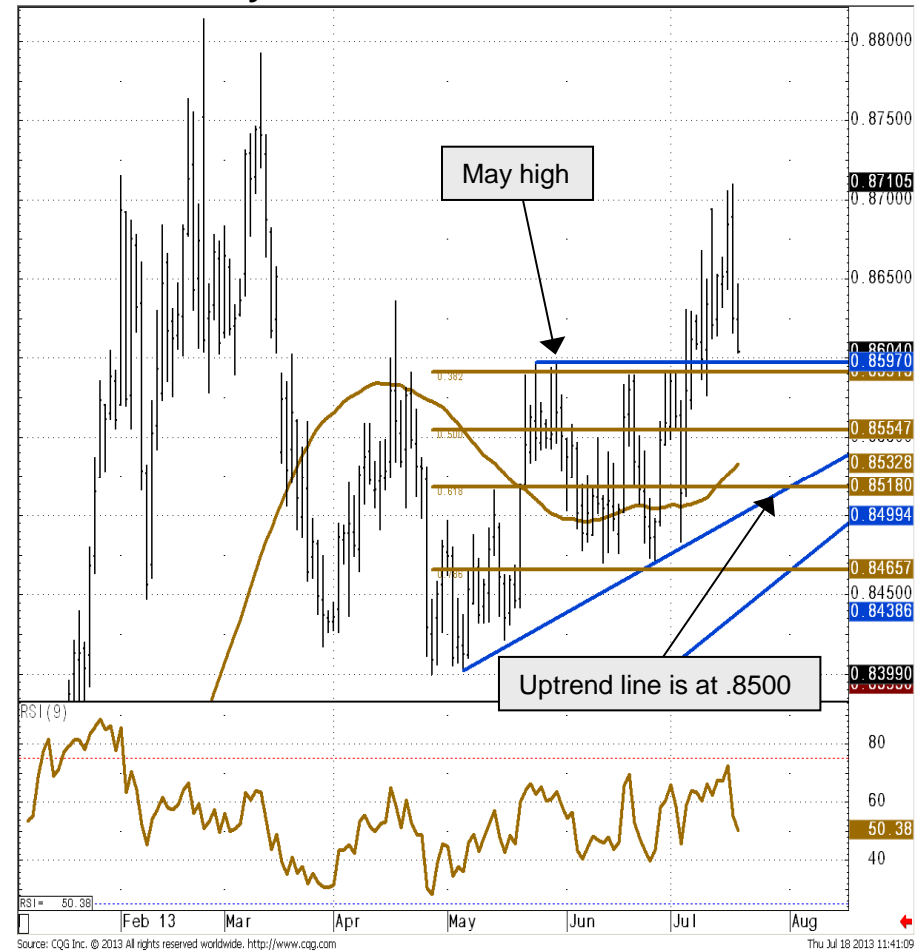
EUR/GBP - Daily Chart

Key day reversal points to a retest of the May high at .8597

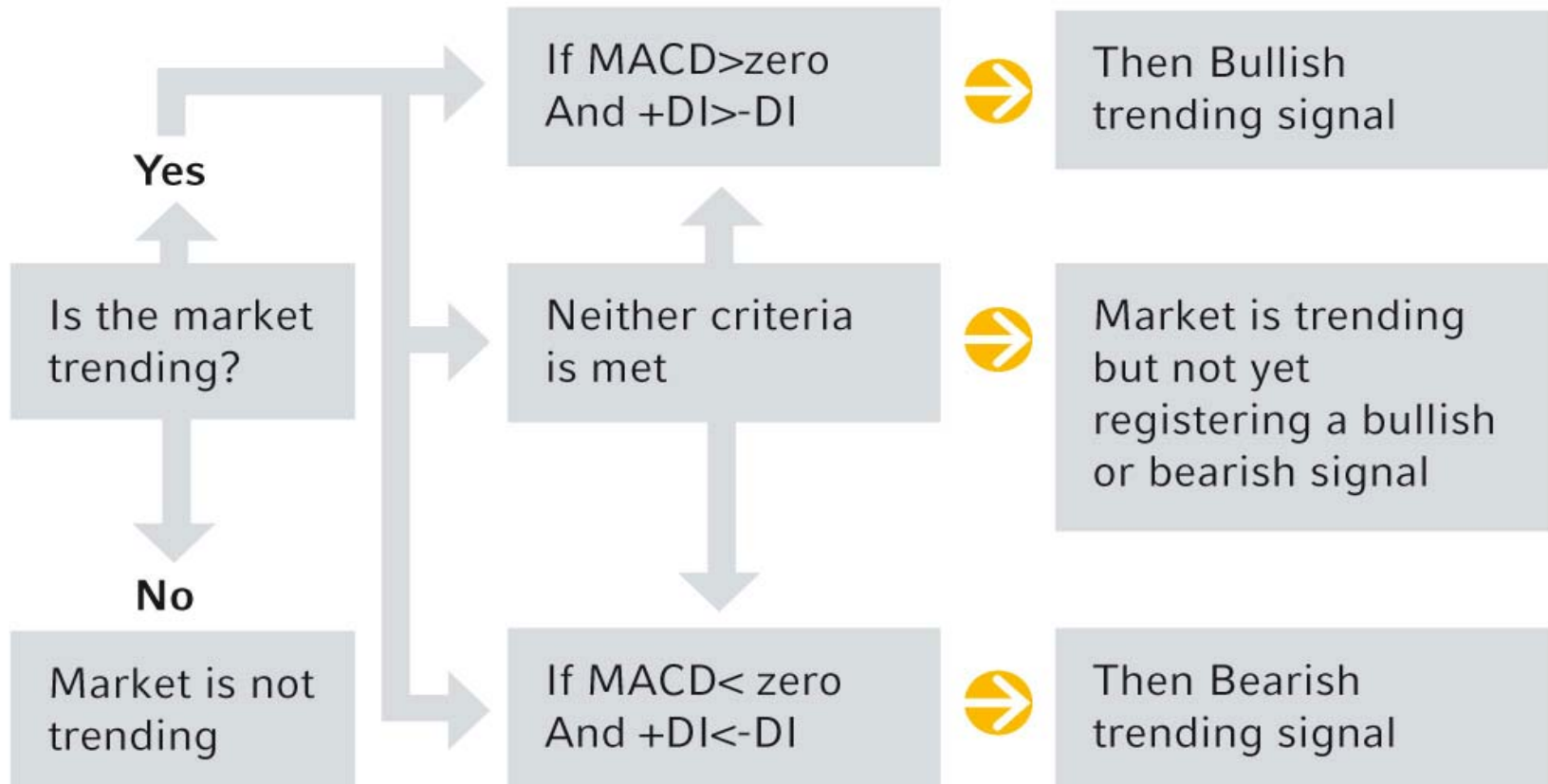
- › EUR/GBP charted a key day reversal from .8710 yesterday and there appears to be a loss of upside momentum ahead of the 2009-2013 resistance line at .8723 – see the attached weekly chart below. This remains the final barrier to the .8793/.8814 highs seen earlier in the year.
- › EUR/GBP should find some support around the May high at .8597.
- › Failure here will imply a slide back to the .8500 three month uptrend line.



EUR/GBP Daily Chart



Trending Filter



Glossary

ADX

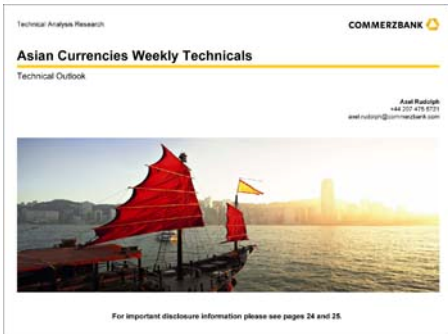
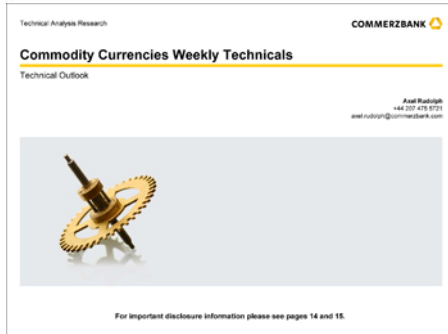
J. Welles Wilder developed the Average Directional Index (**ADX**) to evaluate the strength of a current trend. The ADX is an oscillator that fluctuates between 0 and 100. Even though the scale is from 0 to 100, readings above 60 are relatively rare. Low readings, below 20, indicate that the market is 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.



Other technical analysis reports we publish are:

- Monday:** Daily Market Technicals (FX), FX Emerging Markets Technicals;
- Tuesday:** Daily Market Technicals (FX), Bullion Weekly Technicals;
- Wednesday:** Daily Market Technicals (FX), Commodity Weekly, Commodity Currencies Weekly Technicals;
- Thursday:** Daily Market Technicals (FX), Asian Currencies Weekly Technicals, FX Strategy;
- Friday:** Daily Market Technicals (FX), Fixed Income Weekly Technicals.

Disclaimer

This document has been created and published by the Corporates & Markets division of Commerzbank AG, Frankfurt/Main or Commerzbank's branch offices mentioned in the document. Commerzbank Corporates & Markets is the investment banking division of Commerzbank, integrating research, debt, equities, interest rates and foreign exchange. The author(s) of this report, certify that (a) the views expressed in this report accurately reflect their personal views; and (b) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. The analyst(s) named on this report are not registered / qualified as research analysts with FINRA and are not subject to NASD Rule 2711.

Disclaimer

This document is for information purposes only and does not take account of the specific circumstances of any recipient. The information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever.

The information in this document is based on data obtained from sources believed by Commerzbank to be reliable and in good faith, but no representations, guarantees or warranties are made by Commerzbank with regard to accuracy, completeness or suitability of the data. The opinions and estimates contained herein reflect the current judgement of the author(s) on the data of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of Commerzbank. Commerzbank does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

The past performance of financial instruments is not indicative of future results. No assurance can be given that any opinion described herein would yield favourable investment results. Any forecasts discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by Commerzbank or by other sources relied upon in the document were inapposite.

Neither Commerzbank nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

Commerzbank may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Commerzbank endorses, recommends or approves any material on the linked page or accessible from it. Commerzbank does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Commerzbank. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations

Disclaimer (contd.)

Additional notes to readers in the following countries:

Germany: Commerzbank AG is registered in the Commercial Register at Amtsgericht Frankfurt under the number HRB 32000. Commerzbank AG is supervised by the German regulator Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main, Germany.

United Kingdom: This document has been issued or approved for issue in the United Kingdom by Commerzbank AG London Branch. Commerzbank AG, London Branch is authorised by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details on the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request. This document is directed exclusively to eligible counterparties and professional clients. It is not directed to retail clients. No persons other than an eligible counterparty or a professional client should read or rely on any information in this document. Commerzbank AG, London Branch does not deal for or advise or otherwise offer any investment services to retail clients.

United States: This document has been approved for distribution in the US under applicable US law by Commerz Markets LLC ("Commerz Markets"), a wholly owned subsidiary of Commerzbank AG and a US registered broker-dealer. Any securities transaction by US persons must be effected with Commerz Markets. Under applicable US law; information regarding clients of Commerz Markets may be distributed to other companies within the Commerzbank group. This report is intended for distribution in the United States solely to "institutional investors" and "major U.S. institutional investors," as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Commerz Markets is a member of FINRA and SIPC.

Canada: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. In Canada, the information contained herein is intended solely for distribution to Permitted Clients (as such term is defined in National Instrument 31-103) with whom Commerz Markets LLC deals pursuant to the international dealer exemption. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities may not be conducted through Commerz Markets LLC. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

European Economic Area: Where this document has been produced by a legal entity outside of the EEA, the document has been re-issued by Commerzbank AG, London Branch for distribution into the EEA.

Singapore: This document is furnished in Singapore by Commerzbank AG, Singapore branch. It may only be received in Singapore by an institutional investor as defined in section 4A of the Securities and Futures Act, Chapter 289 of Singapore ("SFA") pursuant to section 274 of the SFA.

Hong Kong: This document is furnished in Hong Kong by Commerzbank AG, Hong Kong Branch, and may only be received in Hong Kong by 'professional investors' within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

Japan: Commerzbank AG, Tokyo Branch is responsible for the distribution of Research in Japan. Commerzbank AG, Tokyo Branch is regulated by the Japanese Financial Services Agency (FSA).

Australia: Commerzbank AG does not hold an Australian financial services licence. This document is being distributed in Australia to wholesale customers pursuant to an Australian financial services licence exemption for Commerzbank AG under Class Order 04/1313. Commerzbank AG is regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) under the laws of Germany which differ from Australian laws.

© Commerzbank AG 2013. All rights reserved. Version 9.14

Commerzbank Corporates & Markets

Frankfurt	London	New York	Singapore Branch	Hong Kong Branch
Commerzbank AG	Commerzbank AG London Branch	Commerz Markets LLC	Commerzbank AG	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus Mainzer Landstraße 153 60327 Frankfurt	PO BOX 52715 30 Gresham Street London, EC2P 2XY	2 World Financial Center, 31st floor New York, NY 10020-1050 Tel: + 1 212 703 4000	71 Robinson Road, #12-01 Singapore 068895	29/F, Two IFC 8 Finance Street Central Hong Kong
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000		Tel: +65 631 10000	Tel: +852 3988 0988