

Strategic Technical Themes

Monday, 29 July 2013

Weekly Outlook and Technical Highlights

2 Technical Analysis Commerzbank <small>Source: Euromoney FX Survey 2013</small> <small>2013</small>  EUROMONEY	2 FICC Technical Analysis Research Team – Best FX Research and Strategy Commerzbank <small>Source: Technical Analyst Magazine Awards 2013</small> <small>2013</small>  the technical analyst	1 Technical Analysis Banks Commerzbank <small>Source: Euromoney FX Poll 2012</small> <small>2012</small>  EUROMONEY	2 FICC Technical Analysis Research Team Best FX Research and Strategy Commerzbank <small>Source: The Technical Analyst Magazine Awards 2012</small> <small>2012</small> 
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For important disclosure information please see end of document

Summary

Foreign Exchange:

US Dollar weakness is approaching stronger supports. We continue to look for EUR/USD to remain capped by the 1.3360/1.3417 resistance and we look for GBP/USD to fail circa its 61.8% retracement

Risk is shifting to the downside for USD/JPY. EUR/JPY is eroding its 8 month uptrend and AUD/JPY has recently failed again at its 200 day ma leaving the JY crosses vulnerable on the downside.

Maintain a negative bias to AUD/USD. AUD/CAD continues to remain capped by its 3 month downtrend at .9568

Fixed Income:

The bund, bobl and Schatz corrections higher have all terminated ahead of strong resistances and the markets have turned sharply lower. We assume that these markets have resumed their longer term down trends.

The EU 10Y, 5Y and 2Y swaps have all mean reverted to their 55 or 200 day moving averages and have stabilised. They are well placed to recover to recent highs

The EU swap curves have seen strong rebounds off their 55 day moving averages to resume their widening bias.

The US T-Note has failed at its downtrend and looks ready to resume their longer term down move.

The US 2-10Y and US 2-5Y swap curves have resumed their longer term widening..

Credit

The ITRAXX 5Y Europe, Crossover and Senior Financial indices have all come off further from their June highs but look likely to attempt to stabilise very near term

Commodities

NYMEX Crude Oil is seeing a vicious correction lower which looks set to extend back to the 100.26 38.2% retracement.

Bullish and bearish trending signals

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

Long Name	C1	C2	C3	C4
EUR SWAP ANNUAL 5 YR	✓	✓	✓	✓
USDMYR Spot Exchange Rate - Price of 1 USD in MYR	✓	✓	✓	✓
Generic 1st 'JB' Future	✓	✓	✓	✓
10YR MINI JGB FUT Jun13	✓	✓	✓	✓
AMEX GOLD BUGS INDEX	✓	✓	✓	✓
USDIDR Spot Exchange Rate - Price of 1 USD in IDR	✓	✓	✓	✓
EUR-GBP X-RATE	✓	✓	✓	✓
EUR-AUD X-RATE	✓	✓	✓	✓
EUR-RUB X-RATE	✓	✓	✓	✓
NEW ZEALAND DOLLAR SPOT	✓	✓	✓	✓
BRITISH POUND SPOT	✓	✓	✓	✓
EUR SWAP ANNUAL 10 YR	✓	✓	✓	✓
EURO SPOT	✓	✓	✓	✓

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

Long Name	C1	C2	C3	C4
Natural Gas Future (continuous)	✓	✓	✓	✓
USDCZK Spot Exchange Rate - Price of 1 USD in CZK	✓	✓	✓	✓
USDPLN Spot Exchange Rate - Price of 1 USD in PLN	✓	✓	✓	✓
USDKRW Spot Exchange Rate - Price of 1 USD in KRW	✓	✓	✓	✓
SWISS FRANC SPOT	✓	✓	✓	✓
DOLLAR INDEX SPOT	✓	✓	✓	✓
NORWEGIAN KRONE SPOT	✓	✓	✓	✓
SWEDISH KRONA SPOT	✓	✓	✓	✓
EUR-NZD X-RATE	✓	✓	✓	✓

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



Source Bloomberg 6.21AM

Technical Trade Ideas

Date	Instrument	Trade Idea	Stop	Take Profit	Outcome	P&L
08.07.2013	bund	Sell 143.60, add 143.98	Lower stop from 144.65 to 144.40	140	Short at 143.79	



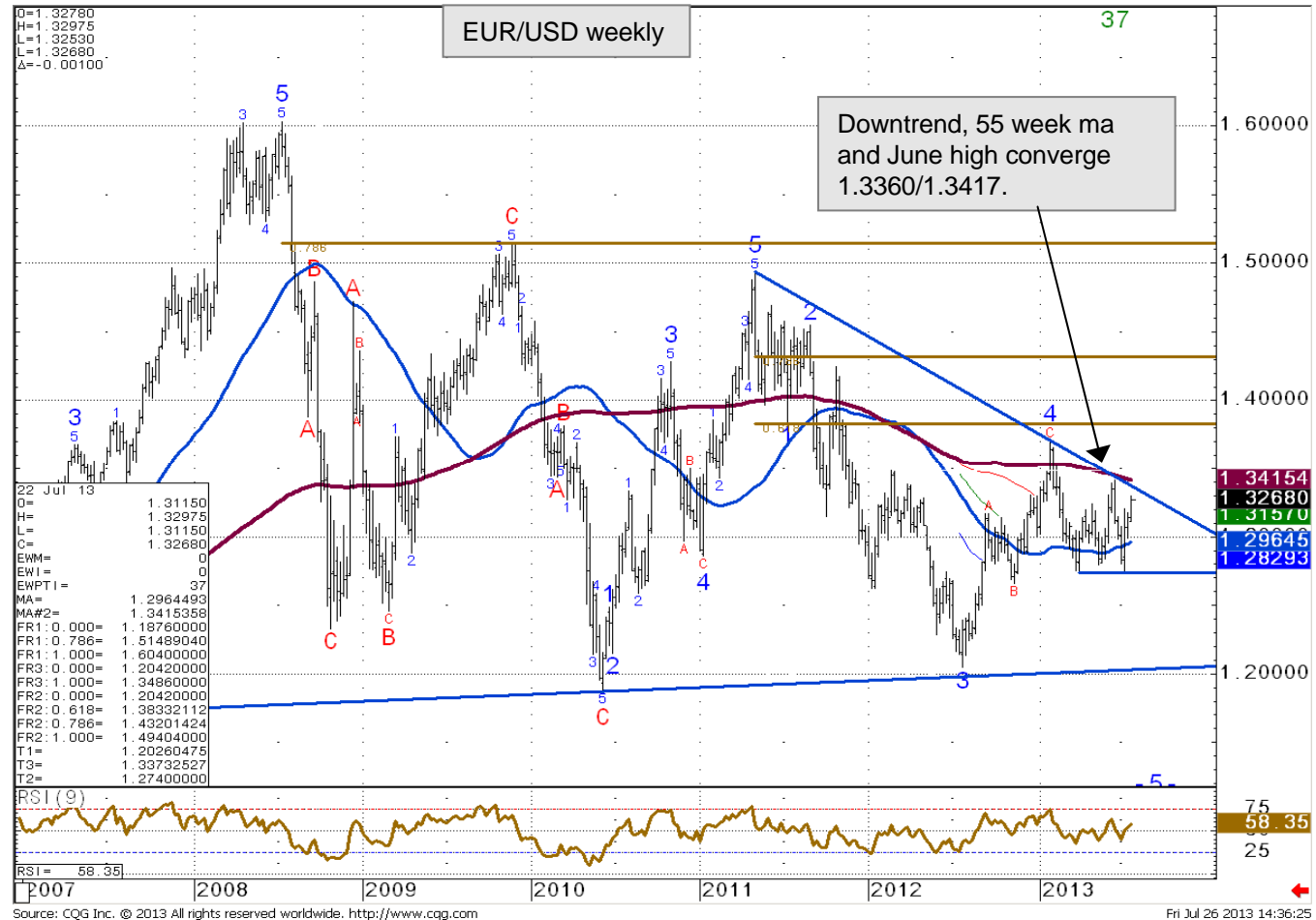
Foreign Exchange:

US Dollar weakness is approaching stronger supports

We continue to look for EUR/USD to remain capped by the 1.3360/1.3417 resistance

EUR/USD is approaching tougher resistance offered by the 2013 resistance line at 1.3337 and the key resistance at 1.3360/1.3417. This is where the 2011-2013 downtrend, the 200 week ma and the June high meet and we look for it to hold the topside and provoke failure. We note the 13 count on the 240 minute chart and this offers additional resistance at 1.3325.

The market stays bid intraday above 1.3165. Below here targets 1.30 and loss of this zone is needed to re-target the 1.2755/40 recent low and April low.

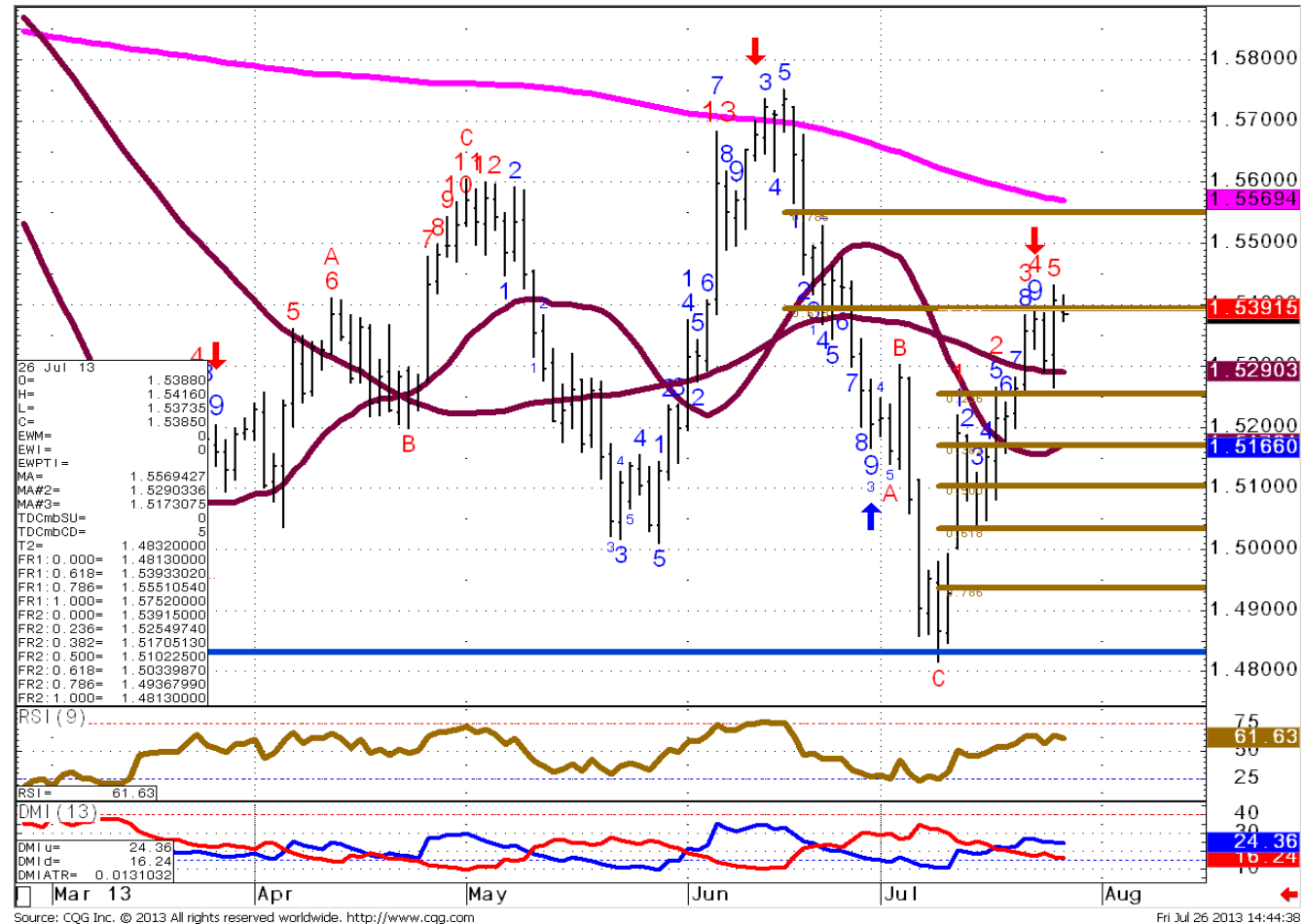


Looking for GBP/USD to fail circa its 61.8% retracement

Close below 1.5265/55 needed to alleviate topside pressure

GBP/USD had a fairly volatile week, however starts this week still trading around its 61.8% retracement at 1.5393. Elliott wave signals and TD counts continue to point to failure. Should 1.5435 be eroded however we will have to allow for further upside gains to 1.5551 the 78.6% retracement.

Loss of the 1.5265/55 support is needed to signal the resumption of downside pressure and re-target the 1.4854/32 support zone.



Risk is shifting to the downside for USD/JPY

Following repeated failure at the 101.60 Fibo

USD/JPY last week started to sell off and has sold off to the base of its cloud at 97.57. This is exposed. Failure here will leave the market under pressure and likely to slide back to 96.75/95.40 en route to the 93.75 recent low. It is vulnerable this week to further losses.

Rallies remain blocked on the topside by its 100.74 resistance line and the 101.60/78.6% retracement.



EUR/JPY is eroding its 8 month uptrend

EUR/JPY's new high of 132.75 last week was accompanied by a divergence of the daily RSI and the market has failed ahead of the 133.82 May.

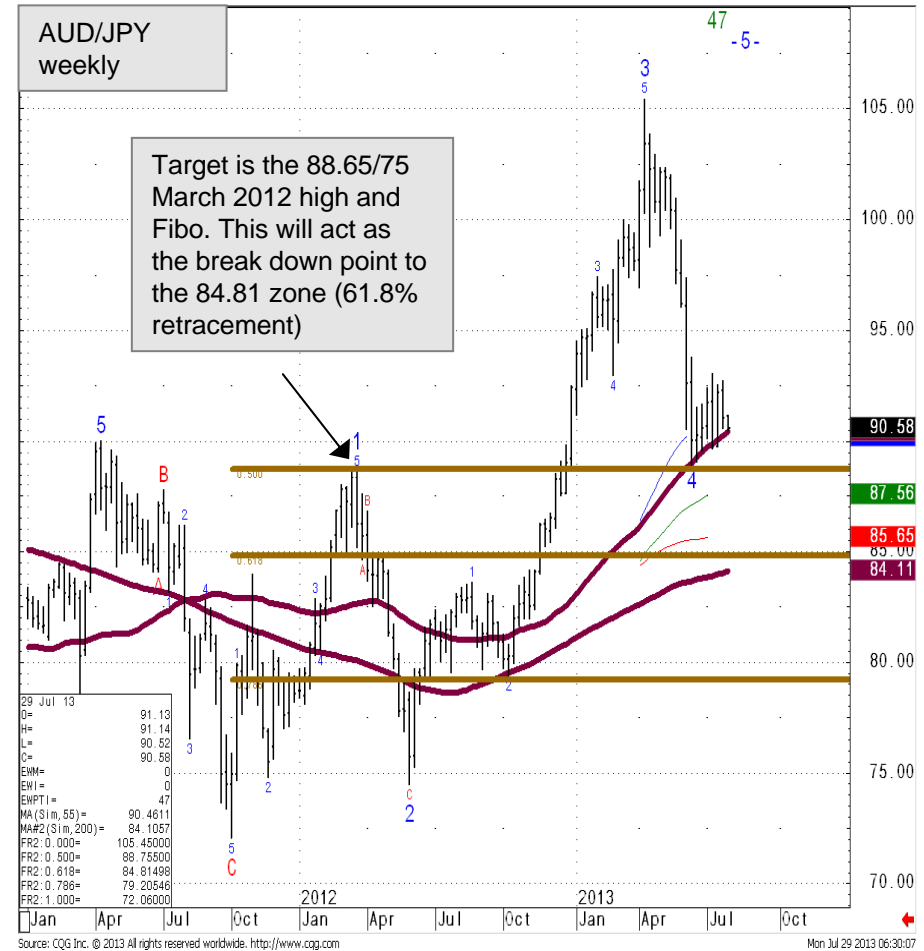
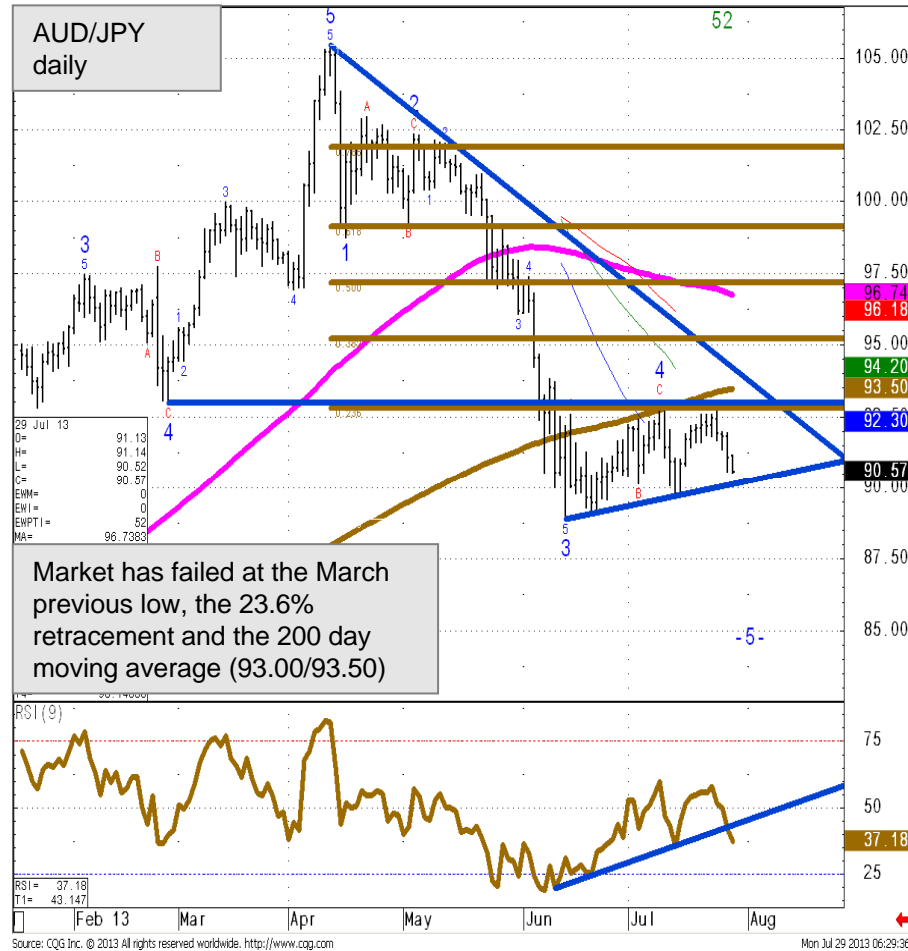
The 8 month uptrend at 130.12 is being eroded and this targets the base of the cloud at 128.75 and then the 124.94 June low.

Intraday rallies are likely to see initial resistance at 131.10 ahead of 132.75 and 133.82.



Things looking increasingly negative for AUD/JPY

Following recent failure at its 200 day ma



Maintain a negative bias to AUD/USD

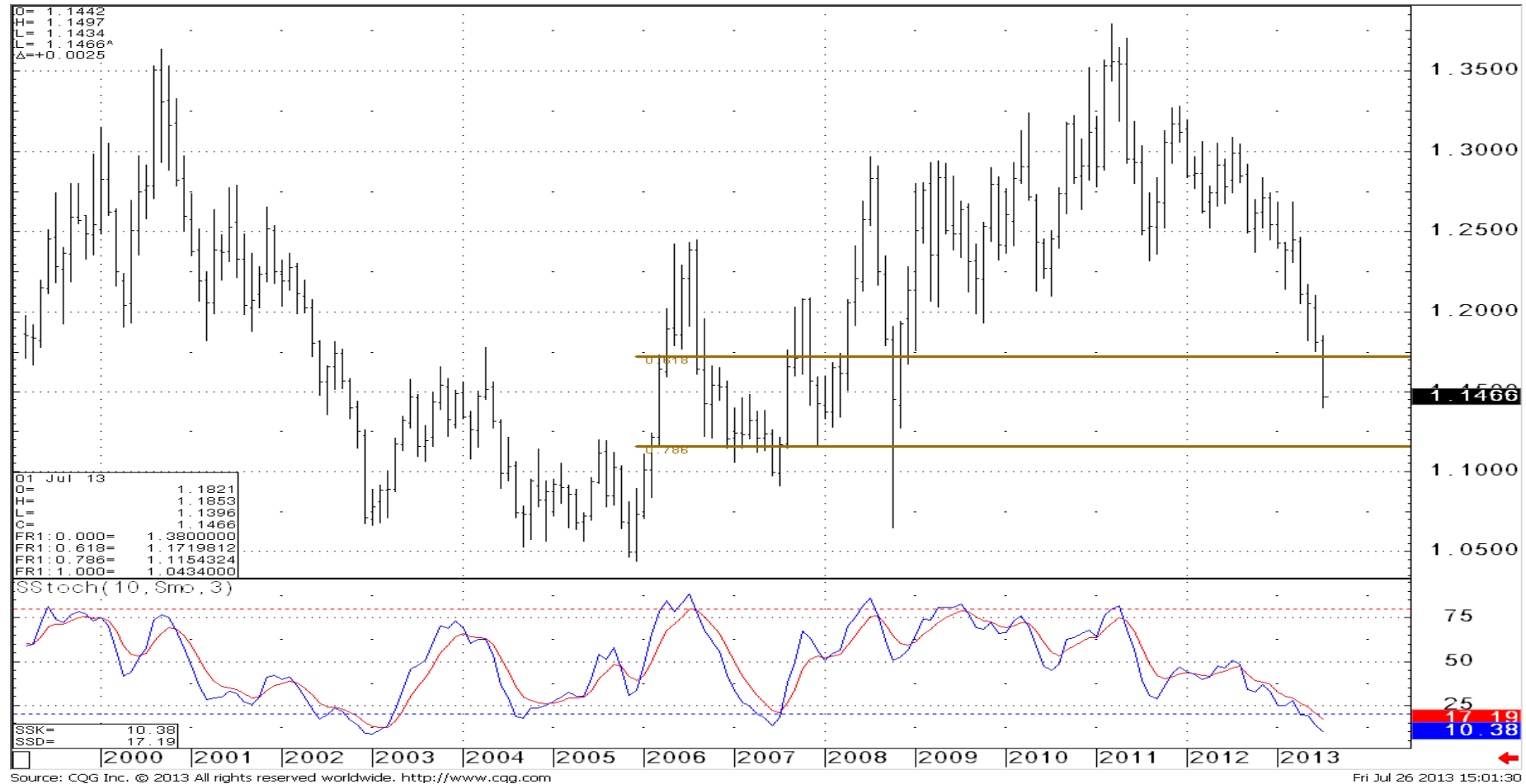


AUD/USD's choppy price action was seen the whole of last week. There is no escaping the fact that the market could well be base building near term – however while capped by key resistance at .9388/.9405 a downside bias will persist. These are the 2011 low and highs from 2009 and 2010. To trigger another leg lower we suspect that the market will need to sustain a break back below .9000.

Longer term the close below .9147 which has been seen recently is bearish and we consider that the next target of .8550 is engaged.

AUD/NZD - collapsing lower

Next support and target is the 1.1154 78.6% retracement



AUD/CAD continues to remain capped by its 3 month downtrend at .9569



Selective emerging currency weakness

USD/SGD - Stabilisation being seen above the 50% retracement at 1.2568 is encouraging

- › USD/SGD is showing signs of embryonic recovery off the 50% retracement of the May-to-July advance at 1.2568 and the market is showing signs of stabilisation off this zone.
- › Provided that this week's low and the March peak at 1.2567/30 underpin, the 1.2727 May high should be revisited. The market will need to close above here to signal a re-attempt on the 1.2815 June and the 1.2871 current July highs.
- › Were support at 1.2567/30 unexpectedly give way, the area around the 61.8% Fibonacci retracement of the May-to-July rise at 1.2497 is likely to offer support, though.
- › If not, the April peak at 1.2437 and the June trough at 1.2405 will be eyed.
- › We will stay longer term bullish while the currency pair remains above the June low at 1.2405.

USD/SGD Daily Chart



Support	Resistance	1-Week View	1-Month View
1.2568/30	1.2727	➔	➔
1.2497&1.2437	1.2815/71		

USD/IDR 1 Month NDF - Daily Chart

Well placed to challenge and overcome the 10566 peak

- USD/IDR 1 Month NDF is well placed to retest its June peak at 10566 around which it may stall, however.
- Having said that, while the three month support line, July low and the 55 day moving average at 10080/10153 underpin, upside pressure should prevail.
- Should the 10566 June peak be exceeded, the 50% retracement of the 2009-13 decline at 10621.50 will be in focus. Please note that the base that developed 2010-2011 offers an upside measured target to 10700.**
- Should the 10080 support area unexpectedly give way instead, the psychological 10000 level would be back on the map. Below it lies the 61.8% Fibonacci retracement of this year's rise at 9972.10. Only failure here would lead to the 200 day moving average at 9819 being eyed.

USD/IDR 1 Month NDF Daily Chart



Support	Resistance	1-Week View	1-Month View
10153/10080	10566&10621	➔	➔
9970&9928	10710/80		

USD/MYR 1 Month NDF - Daily Chart

Bullish consolidation breaking higher, leaving the market well placed to take out the June peak at 3.2305

- › The USD/MYR 1 Month NDF has been consolidating below the 3.2305 June high over the past few weeks and is now breaking higher from this bullish consolidation. We believe that the NDF has ended its correction lower at this point and is well placed to head back up towards the 3.2214 current July high and the 3.2305 June high.
- › **Once the 3.2305 June high has been bettered, the 38.2% Fibonacci retracement of the 2009-11 descent at 3.2499 will be in focus and eventually the 50% retracement at 3.3464 as well.**
- › We still believe that a significant low was made at 2.9580 in early May and that further US Dollar strength will be seen over the coming months. While the mid-June low at 3.1155 underpins, upside pressure should be maintained.

USD/MYR 1 Month NDF Daily Chart



Support	Resistance	1-Week View	1-Month View
3.1575&3.1461	3.2214/3.2305	➔	➔
3.1344&3.1155	3.2499&3.3464		

One to watch - EUR/TRL

Tight consolidation 2.4834/2.56 breaking higher, looks like a bullish triangle, completes on a close above 2.56





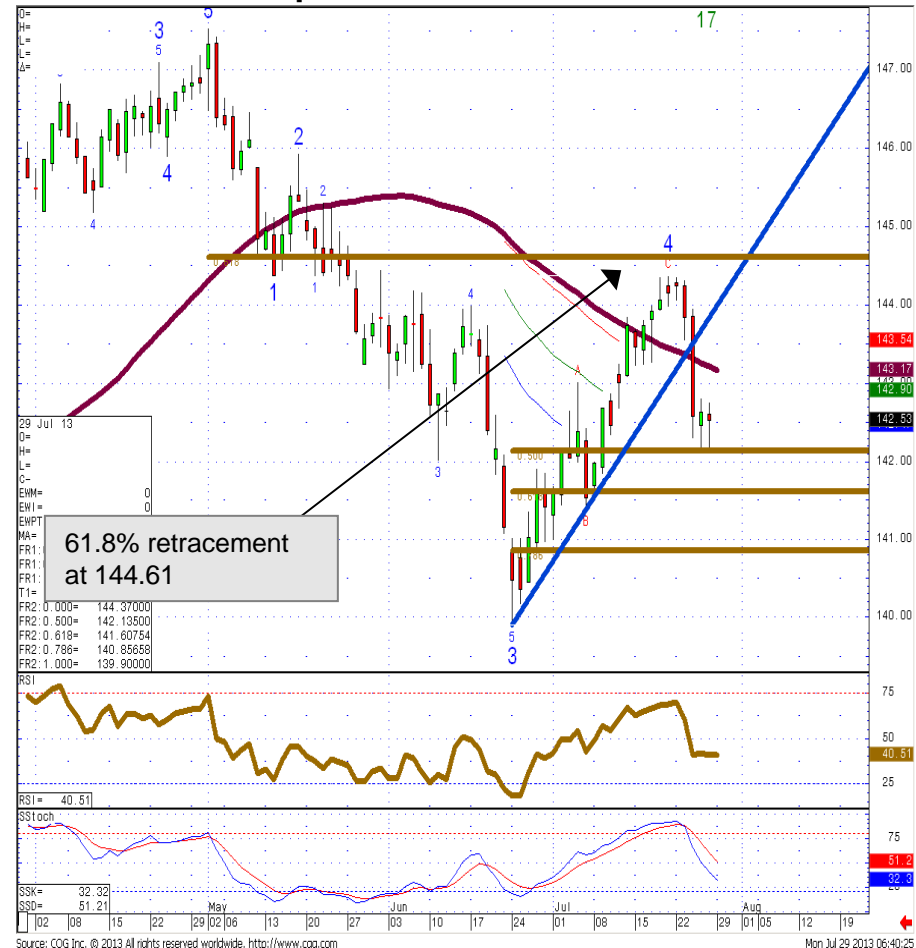
Fixed Income:

Bund Futures - Daily Chart

Correction over – market has resumed downtrend

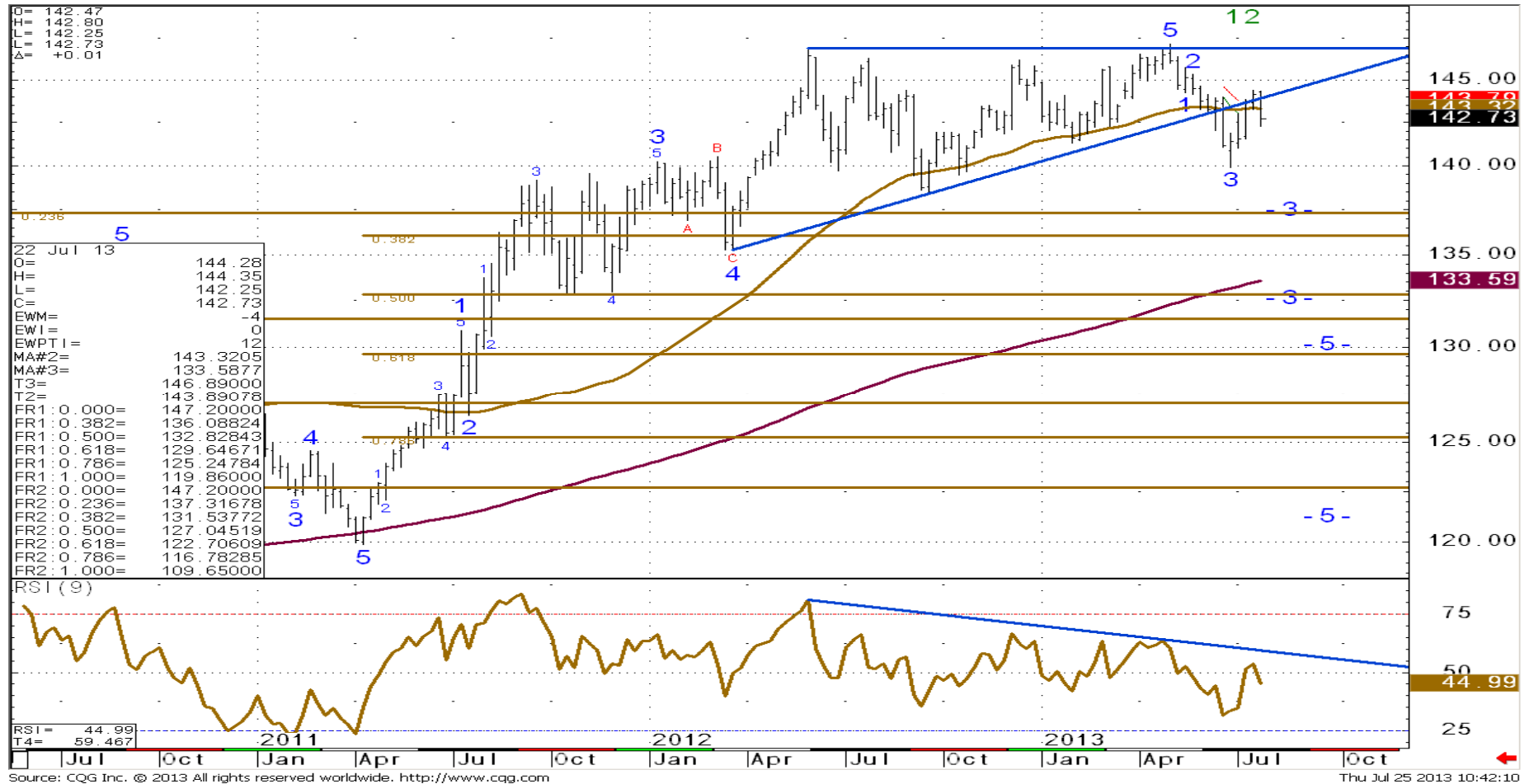
- September Bund futures has failed as expected just ahead of the 61.8% retracement at 144.62. We believe this was the end of the corrective wave 4 and the that the market is ready to resume its down move. We have some support at 141.39, the 5th July low but look for losses to extend to the 139.90 June low.
- Below 139.90 we look for losses towards 138.41, the September 2012 low. This would be considered to be only the initial downside target. Longer term we look for losses to 132.99/82, the lows from the end of 2011 and the 50% retracement of the 2011-2013 move.
- Resistance above 144.62 is layered but forms in pockets around 145.90 and at 147.20/53, if reached (not our preferred scenario) we will again look for failure.
- We remain of the opinion that the market has topped from a longer term stance and this view will remain entrenched while below the 147.20/53 high (high from continuation and September charts).
- The divergence of the weekly and monthly RSI, indicate that the market has in fact topped longer term and the medium term risks remain on the downside.

Bund Futures September Chart



Bund - Weekly Chart

Trading back below the 55 week ma and back under pressure.



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

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EU 10Y Yield

Strong rebound off the 1.50 support implies an interim low is in place.

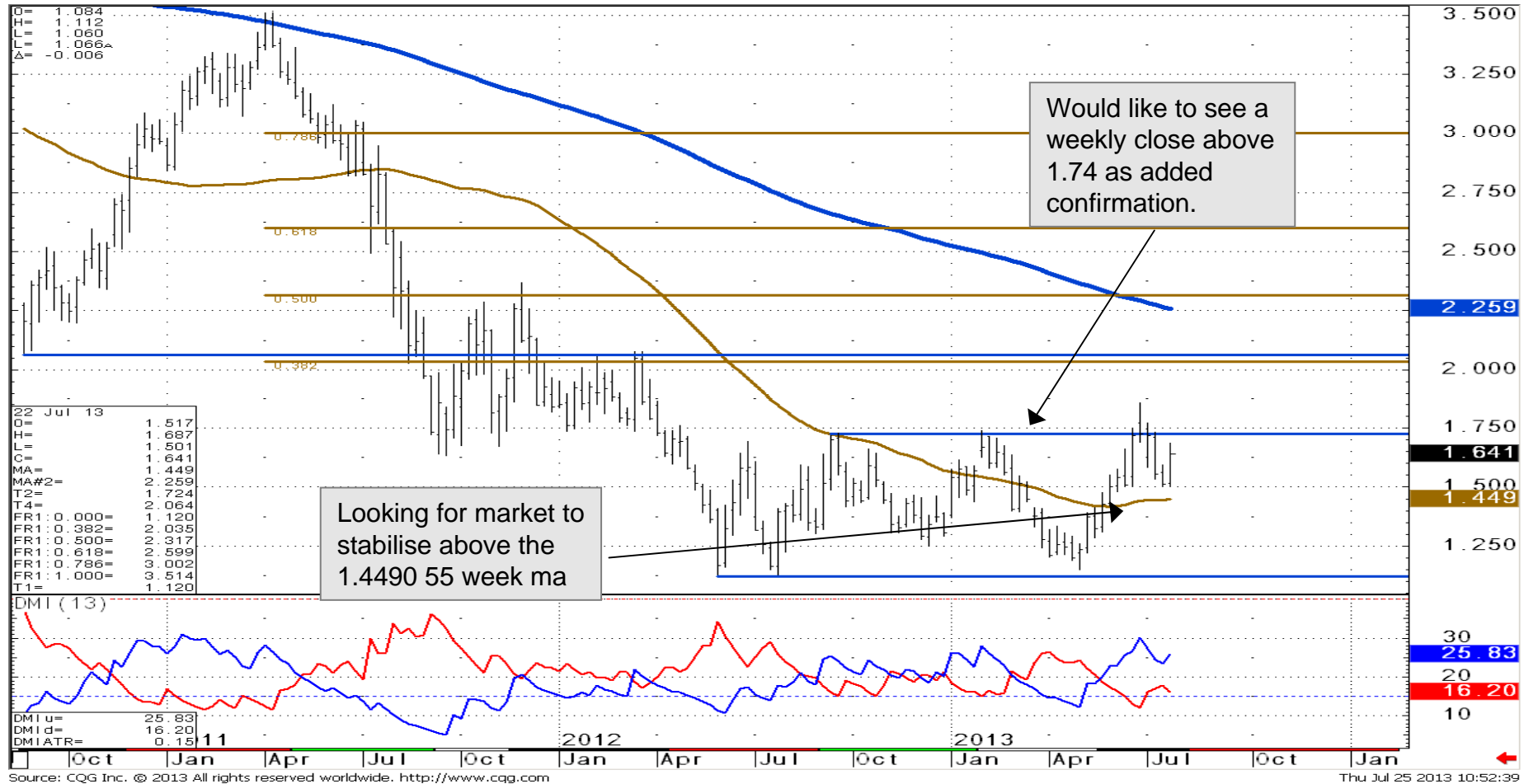
- › The EU 10Y yield sold off to tested and held the 1.50 Elliott wave count target. The recovery from the 50% retracement is encouraging and the fact that the market stabilised above its 200 day ma at 1.463, adds weight to the idea that it has resumed its bull move.
- › It recently registered a daily close above the major resistance at 1.74 but has yet to register a weekly close above here. We await a WEEKLY close above 1.74 as added confirmation the market has based but this is expected to be seen shortly.
- › Provided that the 1.462/1.4490 support holds, these represent the 200 day and the 55 week moving averages, then the base remains viable together with its 2.36 upside measured target.
- › We continue to believe that the low is in at 1.12 from an intermediate perspective (see weekly chart on the next slide).

EU 10Y Yield Daily Chart



EU 10Y yield weekly

Looking for the 1.449/55 week ma to under pin



EU 10Y Swap

Correction lower has terminated at 1.83 (ahead of the 55 day ma), we look for the 2.16 June high to be retested

- › The EU 10Y swap's downside correction has terminated at 1.83 above the 1.79 50% retracement. Directly below the market is reinforced by the 55 and 200 day moving averages at 1.8450 and 1.746. The strong rebound from 1.83 implies that the market has already resumed its up move. In this vicinity we also find the 1.7580 55 week moving average.
- › The market recently cleared long term Fibonacci retracement and psychological resistance at 1.97/2.00 with ease and has also recently breached the June 2012 high at 2.09. The market has registered a weekly close above 1.94 and in doing so has confirmed longer term that the base is in place. Longer term target is 2.32, the 38.2% retracement of the move down from 2011
- › Longer term we view the market as having based at 1.42. We would like to highlight the huge divergence on both the weekly and the monthly RSIs which are long term bullish signals.
- › Should the market not hold the 1.74 support (not favoured), this will simply neutralise the chart at this stage, triggering weakness to 1.70 then 1.5760.

EU 10Y Swap Daily Chart



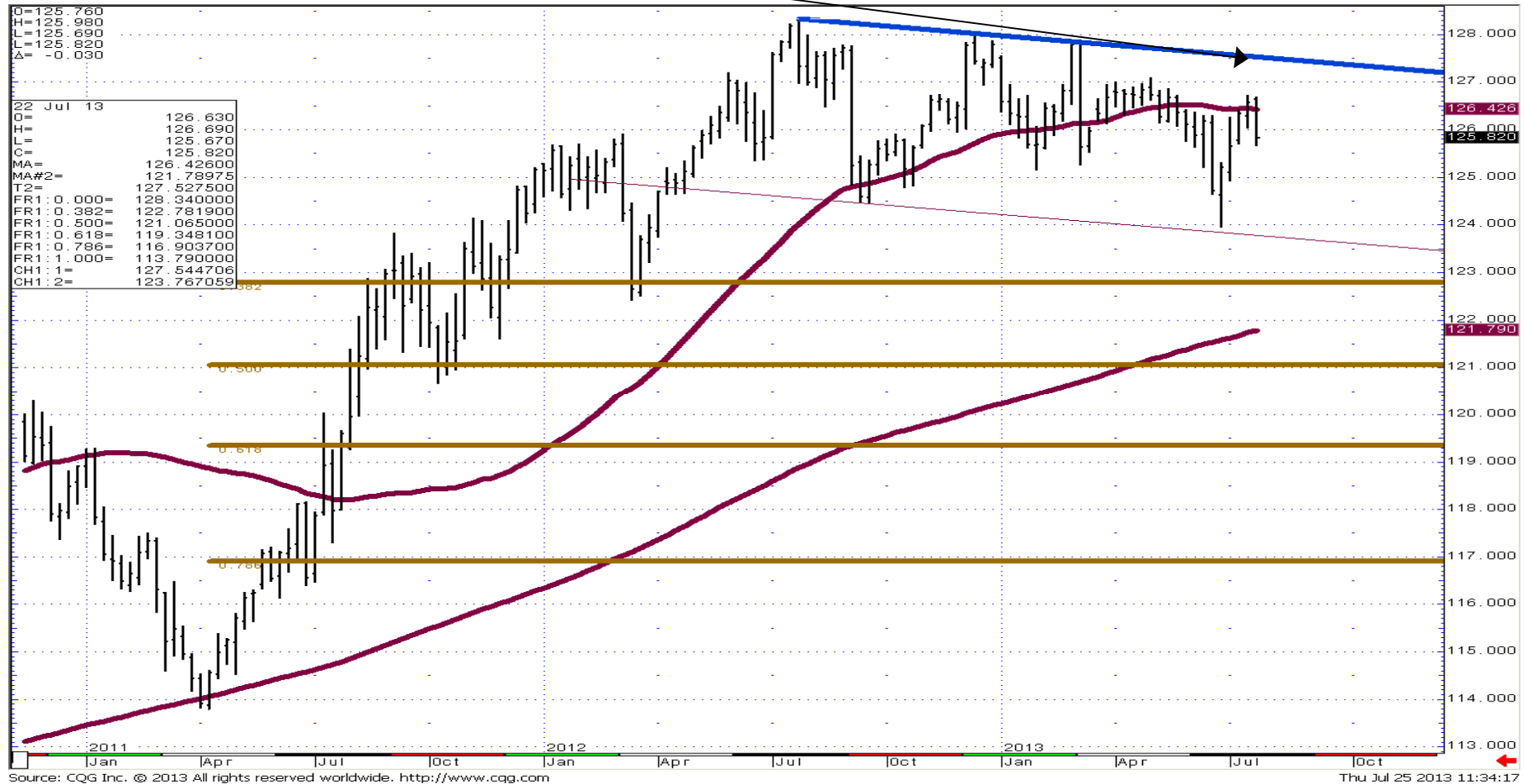
Rebound has terminated ahead of 126.90, the 78.6% retracement and the down move has resumed

- ## Bobl Futures Daily Continuation Chart



BoI Futures - Weekly

Resistance line at 127.54



EU 5Y Swap – Daily Chart

Retracement has terminated ahead of 0.98 Fibo and 55 day ma, leaving the market well placed to resume upmove.

- › The EU 5Y Swap has sold off to, tested and rebounded strongly from the 55 day moving average. The reversal ahead of the 61.8% retracement at 0.98 and the 0.954 200 day ma leads us to assume that the market has resumed its longer term up move.
- › The January high at 1.24 is expected to offer some resistance en route to the recent 1.46 June high.
- › The market has recently registered a weekly close above 1.24 and this has confirmed the longer term base. This offers an upside measured target to 1.77. Just ahead of here lies the 2008-2013 resistance line at 1.55/56 and 1.69, the 2010 low. Initial resistance is the 1.46/1.50 psychological level.
- › The 55 week ma is also found at 0.969 and is reinforced by the 200 day moving average at 0.954.
- › While above here the market will remain well placed to break higher. Below here would merely cause us to neutralise for a while, we continue to view the 0.685 April low as the interim low in place for the market.

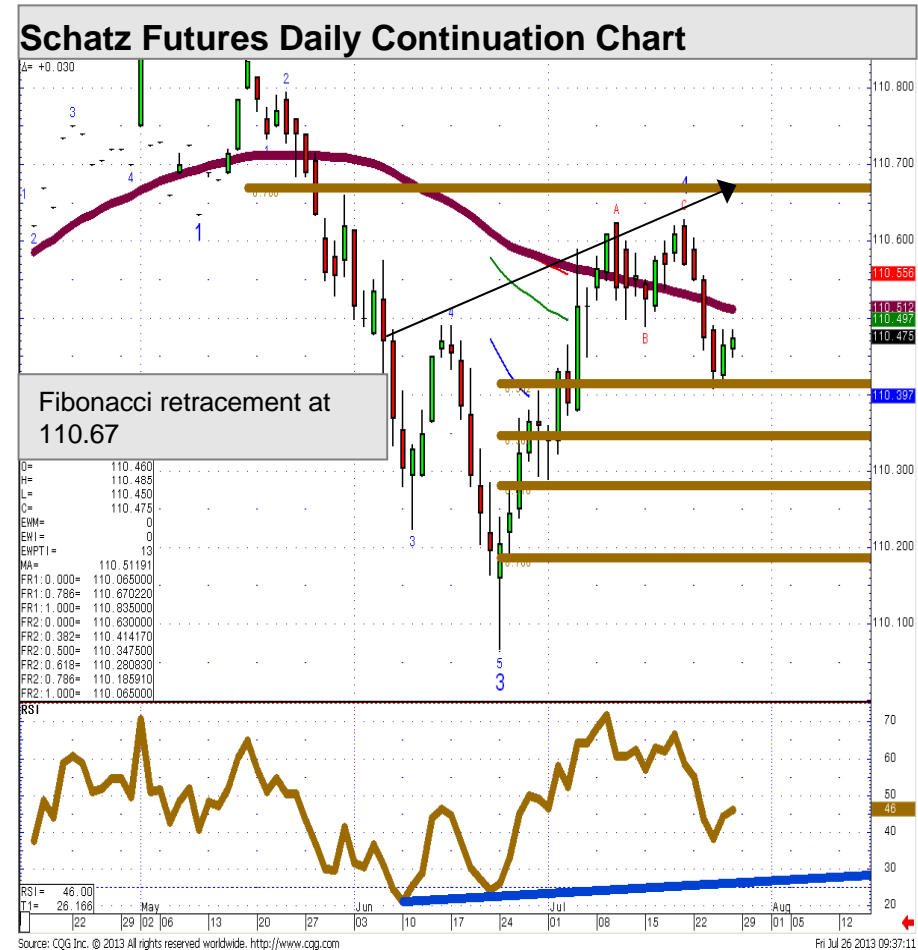
EU 5Y Swap Daily Chart



Schatz Futures

Rally has terminated ahead of the 110.67/68 55 week moving average and Fibonacci retracement to signal the resumption of the down move

- › September Schatz futures have reversed just ahead of the 110.67/78.6% retracement of the move down from May and the 55 week ma at 110.68 – failure here has reinforced overhead resistance and the market is back under pressure.
- › We look for losses to 110.35/28 then the 110.02/109.98 region, which is the location of the 23.6% retracement of the 2011-2012 up move and the 2012 low. Beyond 109.98 we look for a further drop to extend towards 109.50/27, the 200 week moving average and the October 2011 low.
- › Above the 110.68 resistance (not favoured), would imply a retest of 110.92 2012-2013 downtrend, if seen this is again expected to hold and provoke failure.



EU 2Y Swap

Market has based at its 200 day ma at 0.475 and is expected to recover.

- › The EU 2Y swap has sold off to, tested and recovered off the 200 day moving average at 0.475. The reversal ahead of the 0.42 pivot (February low) is encouraging. As far as we are concerned this is the end of the corrective down wave and we look for the market to now work higher.
- › Initial resistance is 0.6250/0.6330 (July high) en route towards the 0.783 June high.
- › The market has recently failed to chart a weekly close above 0.73 and has seen a vicious retracement. The sell off is viewed as a correction only. The swap has recently based at .33 and the 2012 low at 0.30 is viewed as the major low/floor for the down move. The market has decent interim support at .42, the March low.
- › A weekly close above 0.73 would be viewed as significant and complete a sizeable base, which would offer an upside measured target to 1.16 (long term target).
- › We believe that we are at the end stage of the long term down move. Above 0.73 initial resistance lies at 0.82, the 23.6% retracement of the move down from 2011.

EU 2Y Swap Daily Chart



EU 2-10Y Swap Curve

Market has rebounded off its 55 day ma and is expected to re-test the 1.5050 high

- › The EU 2-10Y swap curve has sold off to, tested and held over the 55 day ma at 1.33. The market has seen a strong rebound off here and while we note that 1.45/1.46 may offer some interim resistance we look for the market to re-challenge the 1.5050 61.8% retracement.
- › We continue to look for the 1.2700 200 day moving average to under pin.
- › Slightly longer term, the broken trend channel at 1.2520, is expected to act as support on pullbacks. While above here an immediate widening bias will be maintained. Below here would merely neutralise the chart and allow for slippage towards the 1.20 region.
- › The move above 1.40 has seen a longer term upside target of 1.98 engage.
- › Interim targets are the 1.5050/61.8% retracement of the move down from 2010 and then the 1.73 high from the end of 2010.

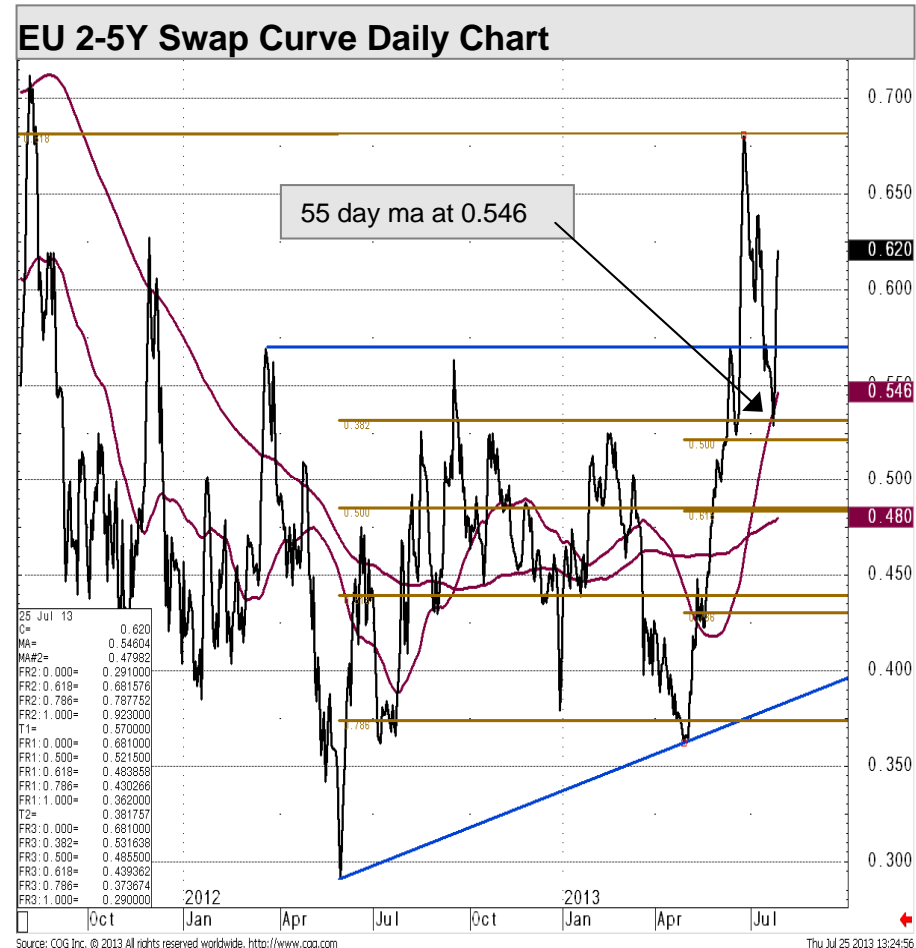
EU 2-10Y Swap Curve Daily Chart



EU 2-5Y Swap Curve

Correction lower has seen a robust rebound off the 55 day ma. Maintain widening bias.

- › The EU 2-5Y swap curve has sold off back to its 55 day ma at 0.548 and seen a robust rebound off here. The recent sell off is regarded as corrective only and we should now see a recovery and retest of the 61.8% retracement of the move down from 2011 - this is located at 0.6815.
- › The weakness was viewed as a 'return to point of break out' from the base and we maintain an overall widening bias.
- › The market has recently seen a huge upside acceleration, which not only has eroded the 2009-2013 downtrend but also completed a base 0.569-0.29. This offers a longer term target to 0.85. This target is achievable by June 2014.
- › Only below 0.525, the 50% retracement, would neutralise the chart once more and signal a slide to the 200 day ma at 0.48 currently (not favoured).



EU-US 10Y Swap Spread

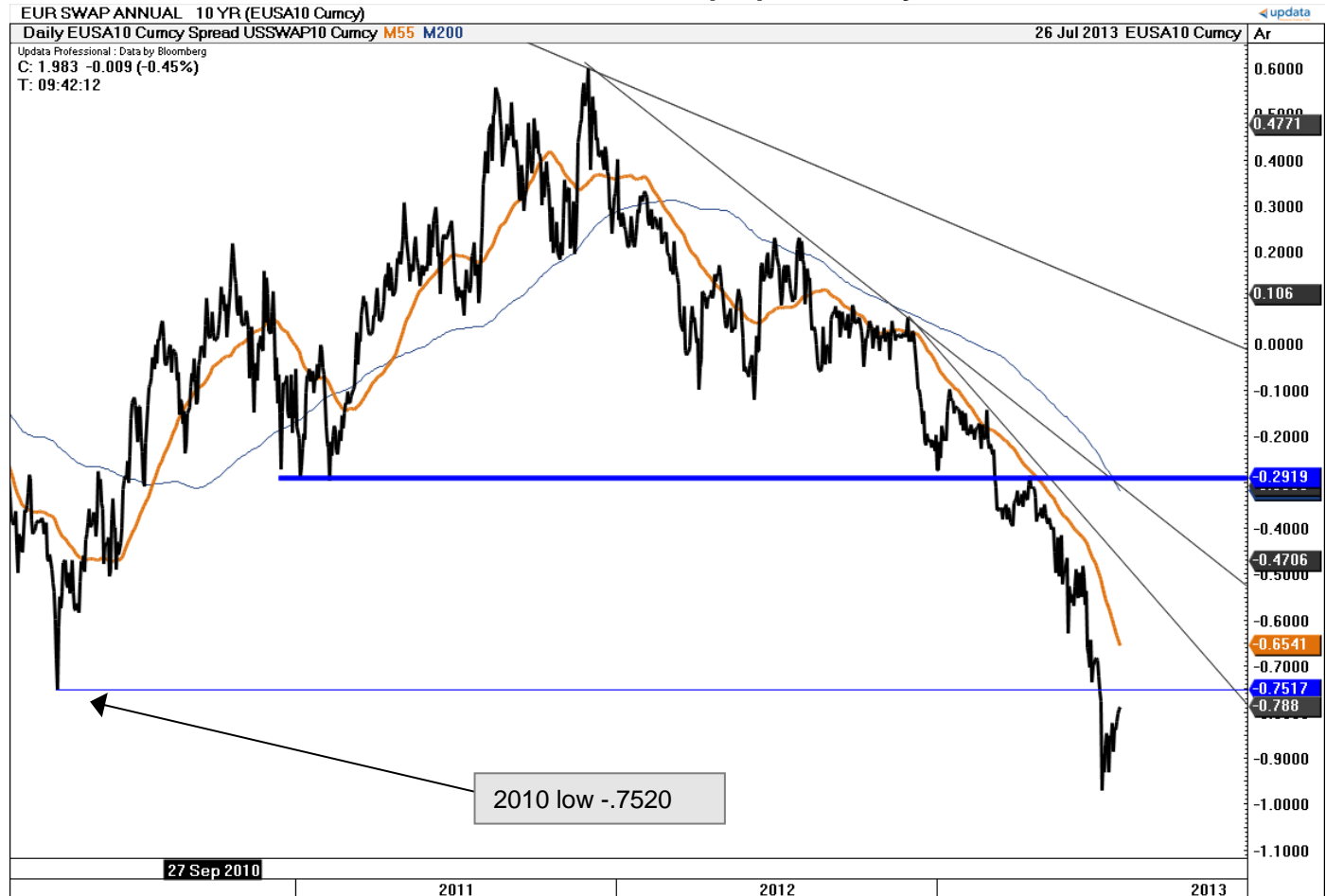
Upside correction likely to struggle on a move to -0.7520, the 2010 low.

EU-US 10Y Swap Spread Daily Chart

The EU-US swap spread is correcting higher near term (narrowing) and we suspect will retest the -0.7520 2010 low.

While capped by the 55 day ,a at -0.6454 we will maintain an overall widening bias and look for a slide to -1.000.

Longer term we look for losses back to 14 year uptrend at -1.0417



EU-US 10Y Swap Spread - weekly

Longer term target is the -1.0389 14 year uptrend

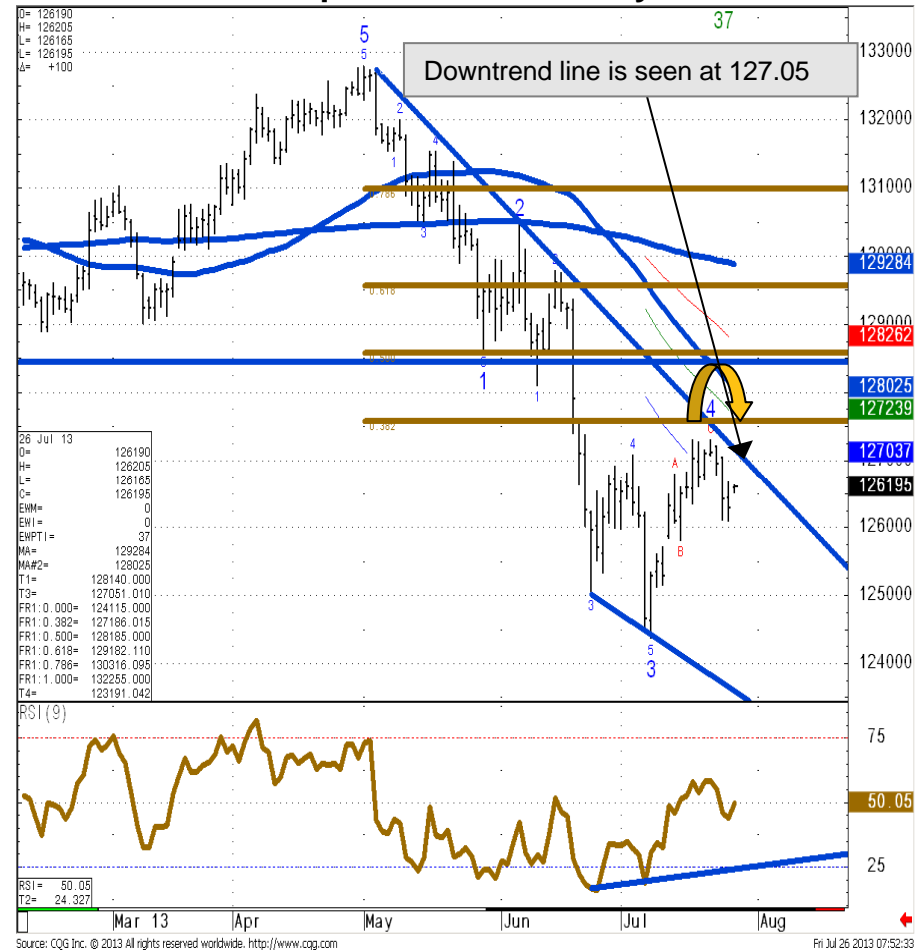


US 10Y T-Notes - Daily Chart

Failed at downtrend and looks ready to resume their longer term down move.

- September 10Y T-Notes correction higher from the July low at 124-115 that has been seen over the past couple of weeks appears to be over. The market is expected to resume its down move imminently.
- Why so negative? – the correction was a classic a-b-c corrective move which terminated ahead of its 38.2% retracement of the move down from May. It has also been labelled as the end of wave 4. We look for a retest of 124-115 then the May 2012 low at 123-005 will be in focus en route to the October 2011 low at 121-16.
- We continue to believe that a major long term top has been formed over the past year or so and that we won't revisit the 132-255 May peak.
- Selling any rallies should be the strategy for the years to come since the 2007-13 uptrend line has been breached.
- Resistance at 127-05/127-10 is likely to cap. Significant resistance can be seen between the 128-14 August 2012 low and the 128-195 May 2013 low. We will retain our bearish forecast while the futures contract remains below the 130-15 June high on a daily closing basis.

US 10Y T-Notes Equalized Active Daily Chart



US 10Y Yield - Daily Chart

Sits on the three month uptrend line at 2.52, which is currently holding

- › The US 10Y yield has sold off to its three month uptrend line at 2.52, which is currently holding. We have conflicting signal – the intraday 240 minute chart suggests the uptrend will hold for a retest of the 2.76 July high.
- › Failure at 2.52 will trigger a sell off to the 2.41 current July. We note the Elliott wave count on the daily implies a 2.32 and possibly 2.1840 decline ahead of recovery. This is not our preferred scenario, however.
- › Once the rise resumes, the September 2010 high and the 61.8% Fibonacci retracement of the 2011-12 decline at 2.85/855 will be back on the map.
- › We will retain our long-term bullish views while the yield stays above the June low at 1.99.
- › Support above this level but below the 2.30 mid-June high comes in at the 2.24 May peak and also between the 55 day moving average at 2.29 and the March high at 2.09.

US 10Y Yield Daily Chart



US 2-10Y Swap Curve - Daily Chart

Has recovered ahead of the 2.20/2.14 region and is well placed to resume widening.

- › The US 2-10Y swap curve has sold off towards and recovered just ahead of the 2.20/2.14 minor support area, made up of a minor psychological level, the late June low and the 61.8% Fibonacci retracement of the 2012 descent. The 3 month uptrend is also found here at 2.2150. This leaves the market well placed to resume its widening bias and retest the 2.415/2.44 recent high and Fibonacci resistance.
- › Should this not be the case, a slip back towards the psychological 2.00 mark could be back in the cards before renewed widening is seen.
- › Above 244 lurks the 2.55 March 2011 low and the 2.59 June 2011 high.
- › We will retain our long term widening bias while the swap curve remains above the 55 day moving average at 2.013.

US 2-10Y Swap Curve Daily Chart

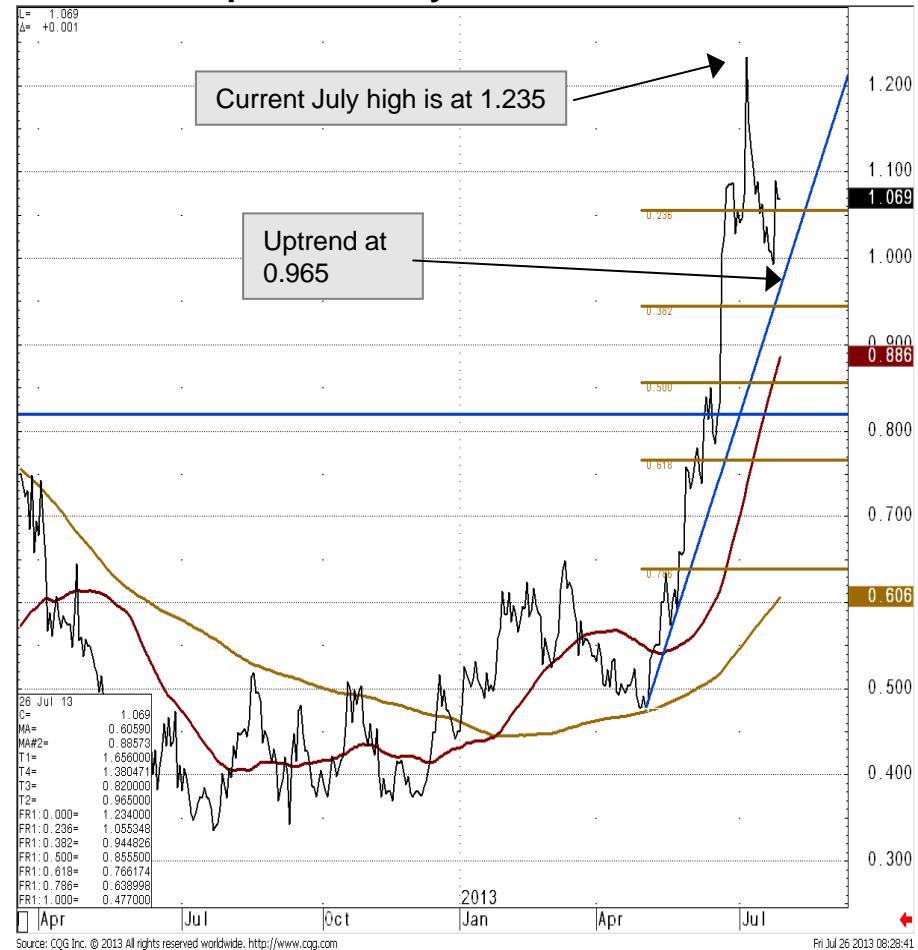


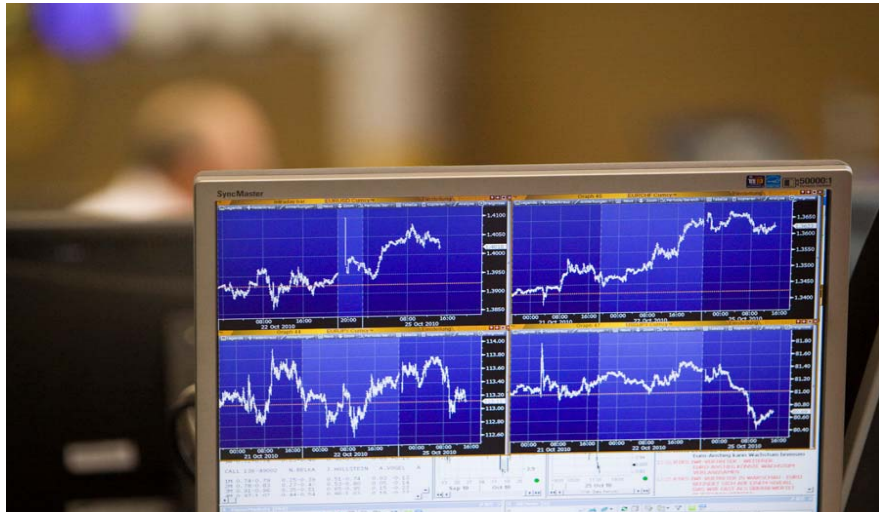
US 2-5Y Swap Curve - Daily Chart

Holding over the psychological 1.00 mark and 3 month uptrend at 0.965

- › Since April the US 2-5Y swap curve's correction lower has halted circa the psychological support at 1.00 and the uptrend at 0.965.
- › The recovery from this vicinity leaves the market well placed to retest 1.235 its 2 year high.
- › Failure here will trigger a sell off to the 200 week moving average at .925.
- › Once the current consolidation has run its course (we believe it already has), the long term resistance line at 1.28 will be in focus again, though.
- › While the swap curve trades above the .785 June 10 low, our long term widening bias will be maintained.

US 2-5Y Swap Curve Daily Chart





Credit

ITRAXX 5Y Europe Index - Daily Chart

Has executed a 78.6% retracement at 96.64, looking for a rebound from here

- › The ITRAXX 5Y Europe index has come off its 132.52 June high and sold off to the 78.6% retracement at 96.64 and the 96.21 mid-May high. We would expect this to hold the initial test and prompt a small rebound.
- › While 96.21 underpins, the risk of the 132.52 June high being exceeded, remains in place.
- › Such a move would make us adopt a bullish index stance (negative on credit) and lead us to target the 150 region and above. At present this is not on the cards, however.
- › Loss of 96.21 will trigger a slide back to the 86.54 May low.

ITRAXX 5Y Europe Index Daily Chart



ITRAXX 5Y Crossover Index - Daily Chart

Stabilising near term, allow for retest of the 55 and 200 day ma

- › The ITRAXX 5Y Crossover index has eroded the January low at 402.22 and sold off to 392, where it is attempting to stabilise. We suspect that we will see a return visit to the 430/452 55 and 200 day moving averages.
- › Currently there is a risk that we will see the 367 recent low retested. However we suspect that this will again hold the downside.
- › Above here would trigger a retest of the 2011-2013 downtrend at 518.
- › Breach of the 367 low will target the 352.66 2011 low

ITRAXX 5Y Crossover Index Daily Chart



ITRAXX 5Y Senior Financial Index - Daily Chart

Weighing on support should find some nearby support at 139/138

- › The ITRAXX 5Y Senior Financial index has come off its 190.19 June high and looks set to react back to the 138.98/46 March low, where it is likely to stabilise near term.
- › While above here, the risk of another spike higher being seen before year end, remains in place.
- › A rise above the June high at 190.19 will push the March high at 201.42 and probably also the 38.2% Fibonacci retracement of the 2012-13 descent at 211.52 to the fore.
- › Major support is seen at 122.64/121, made up of the January low and the 2011 low.

ITRAXX 5Y Senior Financial Index Daily Chart

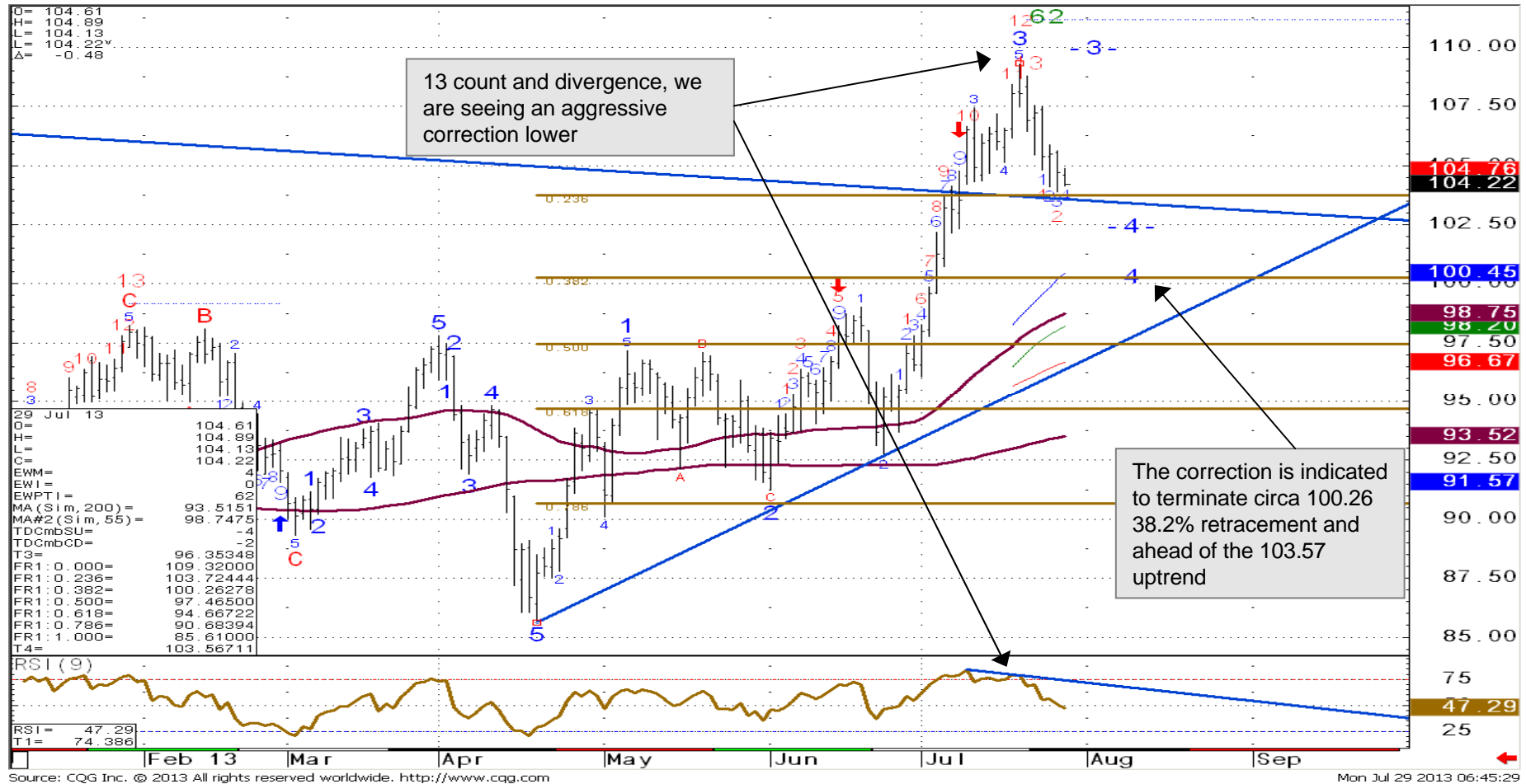




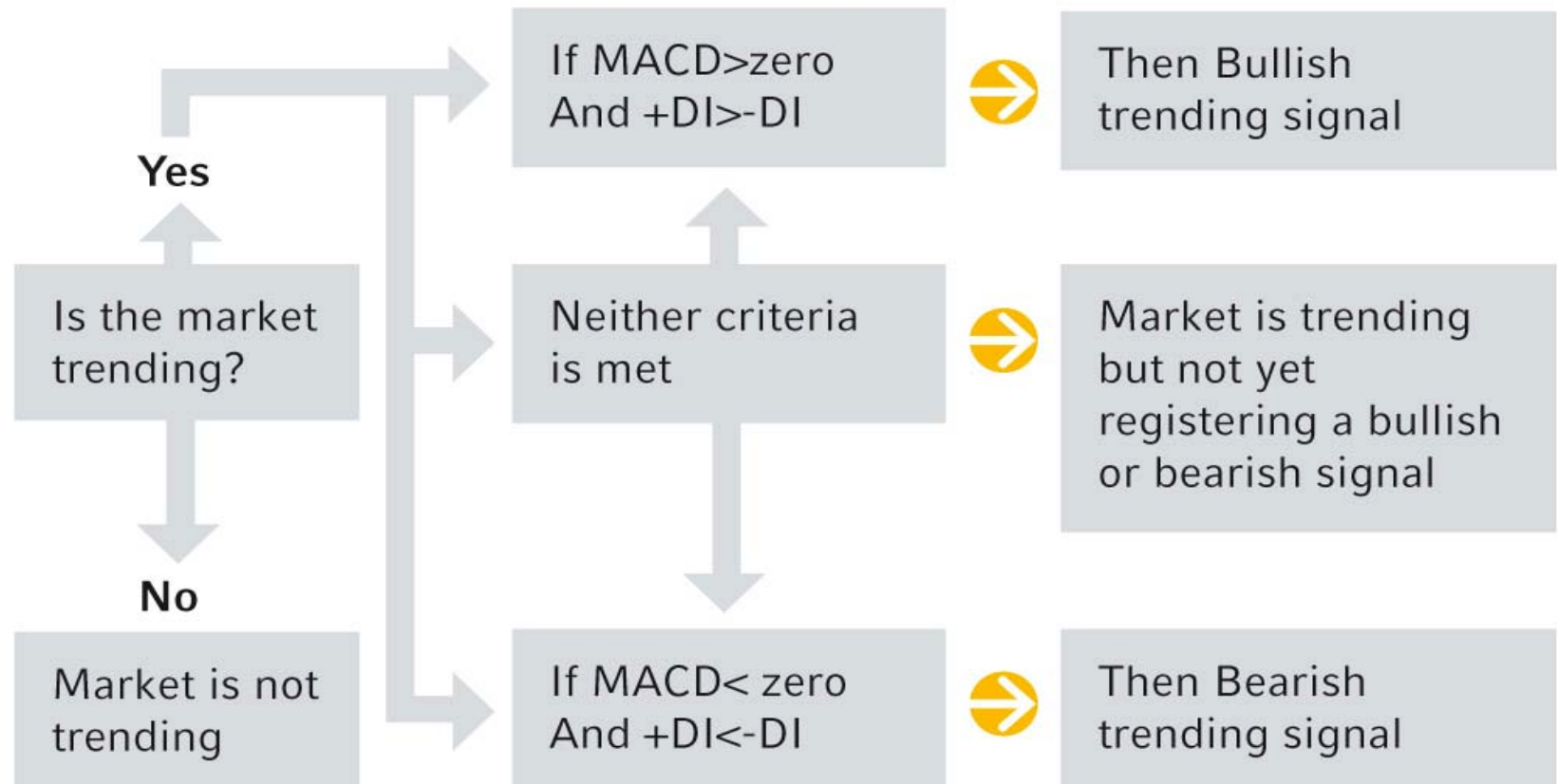
Commodities

NYMEX Crude Oil

Downside corrective to 100.26/38.2% retracement



Trending Filter



Glossary

ADX

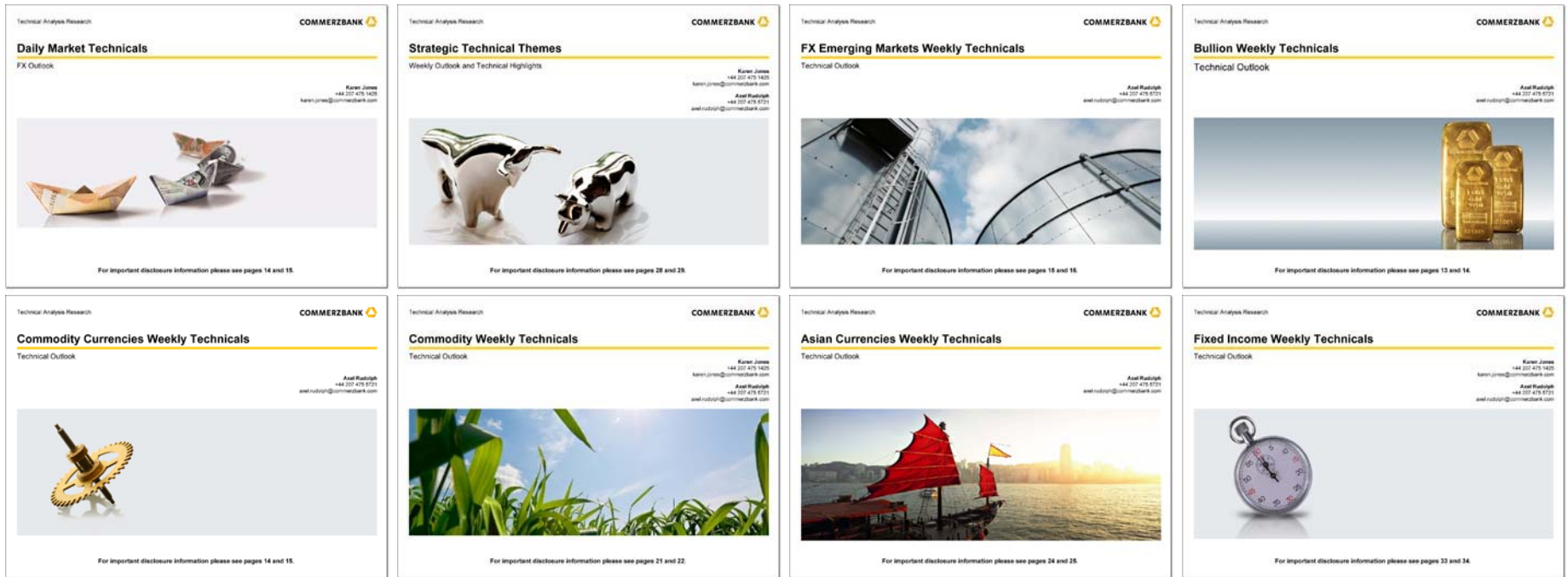
J. Welles Wilder developed the Average Directional Index (**ADX**) to evaluate the strength of a current trend. The ADX is an oscillator that fluctuates between 0 and 100. Even though the scale is from 0 to 100, readings above 60 are relatively rare. Low readings, below 20, indicate that the market is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

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