

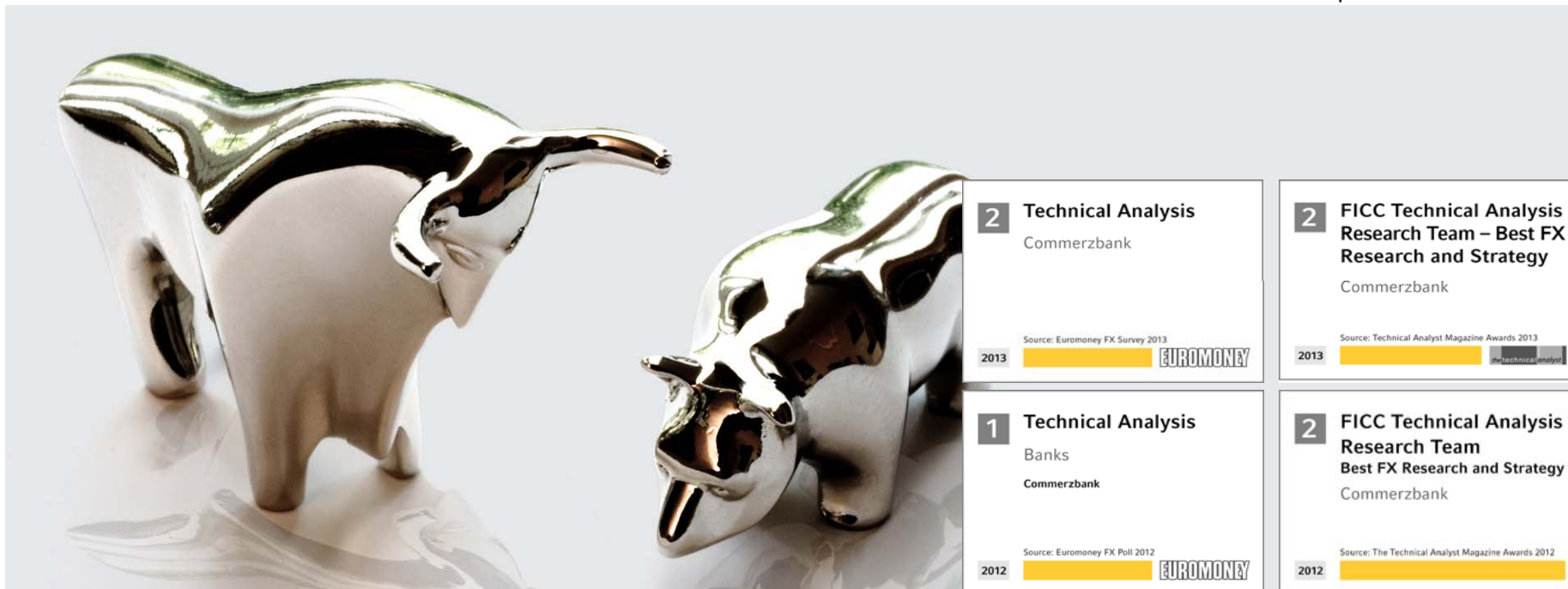
Chart Watch – FX Markets

Thursday, 01 August 2013

Outlook and Technical Highlights

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FX Technical Outlook

Theme	Short term view (1–3 weeks)
Sterling weakness is prominent	<p>EUR/GBP has severed its 2008-2013 downtrend.</p> <p>GBP/USD – market vulnerable and Fibo support at 1.5123 is exposed.</p>
AUD/USD break below .9000 is viewed as critical	<p>AUD/USD Next downside target is .8550 – the 50% retracement of the move from 2008.</p> <p>AUD/CAD continues to remain capped by its 3 month downtrend at .9598.</p> <p>AUD/JPY sharp move lower over-extended. Tighten stops on shorts.</p> <p>EUR/AUD - we note the TD perfected set up on the daily chart. Time to lighten up stops on longs</p>
Embryonic signs of US dollar strength	<p>NZD/USD - Correction higher has terminated ahead of the 3 month downtrend and resumed its longer term down move.</p> <p>We look for EUR/USD to fail here - Market is stalling at the 2011-2013 downtrend.</p>
Asian Currency weakness evident	<p>USD/SGD - Market is immediately bid above the 55 day ma and uptrend at 1.2640/30.</p> <p>USD/INR one month NDF - Well placed to challenge the top of its channel at 62.19</p> <p>USD/MYR one month NDF - Bullish consolidation has completed, 3 year highs eroded</p>
One to Watch	<p>EUR/TRL – EXIT ALL LONGS. Market losing momentum ahead of all time high</p>

Bullish and bearish trending signals

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

Long Name	C1	C2	C3	C4	
EUR SWAP ANNUAL 2 YR	✓	✓	✓	✓	4
Heating Oil Future (continuous)	✓	✓	✓	✓	4
BRAZILIAN REAL SPOT	✓	✓	✓	✓	4
USDMYR Spot Exchange Rate - Price of 1 USD in MYR	✓	✓	✓	✓	4
Generic 1st 'JB' Future	✓	✓	✓	✓	4
USDINR Spot Exchange Rate - Price of 1 USD in INR	✓	✓	✓	✓	4
EUR-HUF X-RATE	✓	✓	✓	✓	4
USDIDR Spot Exchange Rate - Price of 1 USD in IDR	✓	✓	✓	✓	4
EUR-GBP X-RATE	✓	✓	✓	✓	4
EUR-AUD X-RATE	✓	✓	✓	✓	4
EUR-RUB X-RATE	✓	✓	✓	✓	4
EURO SPOT	✓	✓	✓	✓	4
FTSE 100 INDEX	✓	✓	✓	✓	4
USD SWAP SEMI 30/360 10Y	✓	✓	✓	✓	4
USD SWAP SEMI 30/360 5YR	✓	✓	✓	✓	4
LME TIN 3MO (S)	✓	✓	✓	✓	4

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	✓	✓	✓	✓	
SWISS FRANC SPOT	✓	✓	✓	✓	
Generic 1st 'RX' Future	✓	✓	✓	✓	
NORWEGIAN KRONE SPOT	✓	✓	✓	✓	
Generic 1st 'TY' Future	✓	✓	✓	✓	
AUSTRALIAN DOLLAR SPOT	✓	✓	✓	✓	
GBP-JPY X-RATE	✓	✓	✓	✓	
AUD-JPY X-RATE	✓	✓	✓	✓	

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Currency ranking vs the US Dollar for the next 5 days

<HELP> for explanation.

Enter all values and hit <Go>



Source Bloomberg 08.14AM

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,	
01.08.2013	EUR/USD	Sell 1.3265, add 1.3370	Stop 1.3420	1.3000		

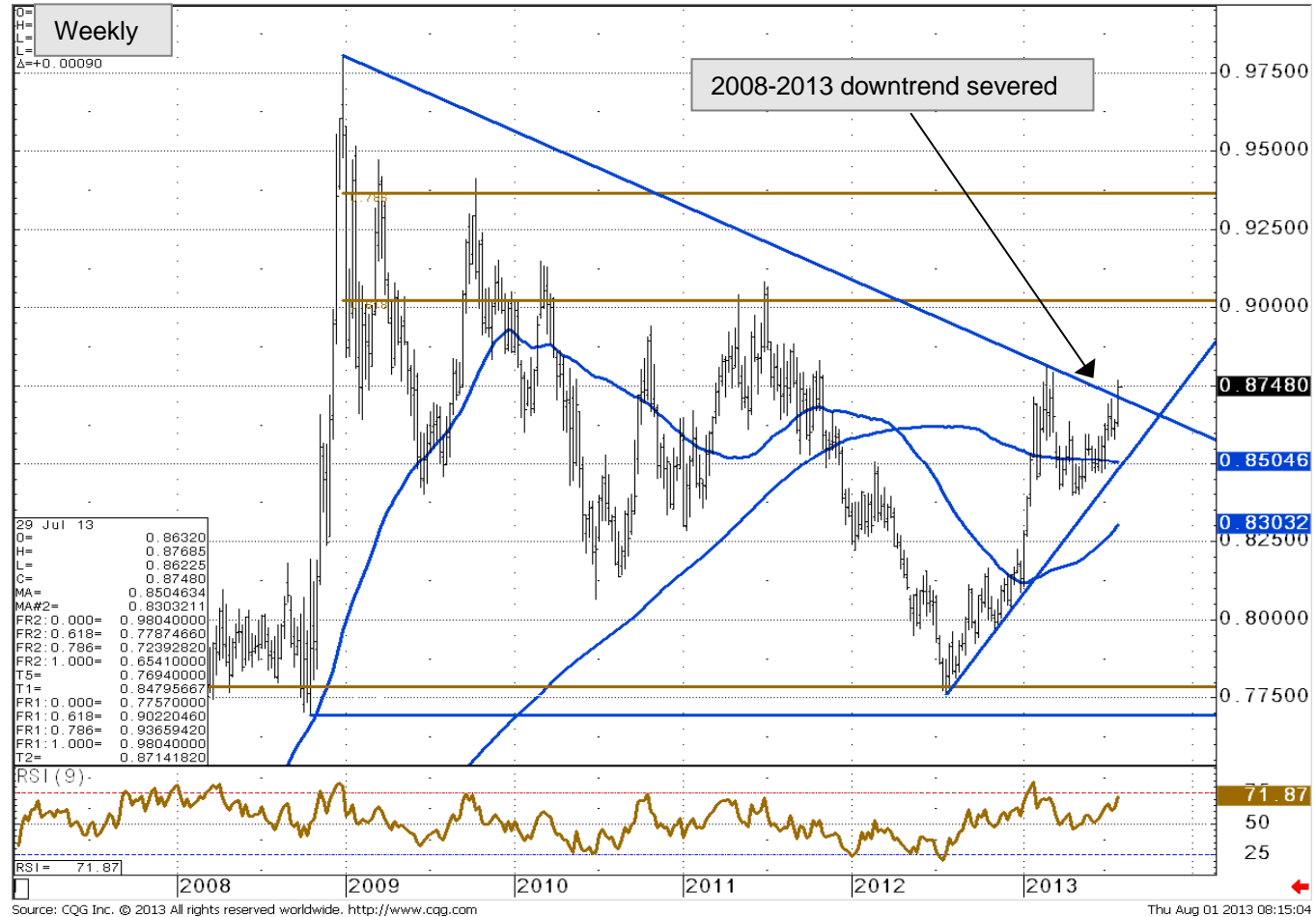
Sterling weakness is prominent

EUR/GBP has severed its 2008-2013 downtrend

EUR/GBP has exploded higher through the .8710/14 resistance (recent high and also the 2008-2013 resistance line) – and this targets the .8793/.8814 highs seen earlier in the year.

These are also now vulnerable and above here targets the psychological resistance at .9000 and the 2011 high at .9082.

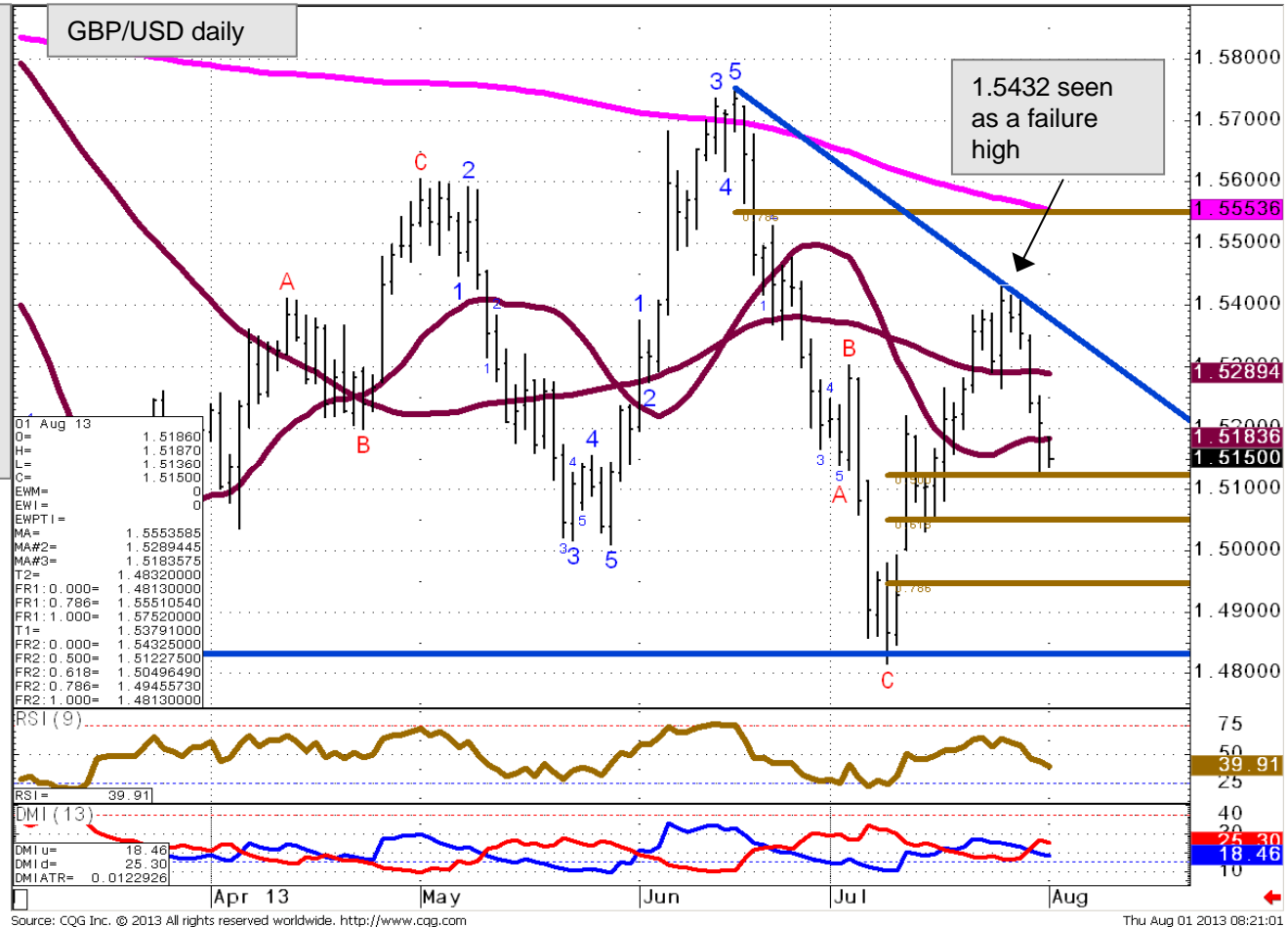
The market remains immediately bid above the accelerated uptrend at .8621, initial support is the 23.6% retracement at .8682.



GBP/USD – market vulnerable and Fibo support at 1.5123 is exposed

GBP/USD came under increasing downside pressure yesterday and has sold off to its 50% retracement at 1.5123 – this has held the initial test but is regarded as exposed, we look for it to be eroded for losses to the 1.5015 May low then 1.4854/32 support zones.

Intraday rallies are likely to remain capped by the 1.5265/1.5300 band. Only should 1.5435 be eroded (not favoured) we will have to allow for further upside gains to 1.5551 the 78.6% retracement.



AUD/USD break below .9000 is viewed as critical

Next downside target is .8550 – the 50% retracement of the move from 2008.

AUD/USD has eroded the .9000 psychological support, and is under pressure. Our downside target below here is .8550, the 50% retracement of the move up from 2008. Our longer term downside target measured from the top is 0.7700.

Intraday rallies are expected to remain capped by .9065/.9130. While capped by key resistance at .9388/.9405, a downside bias will persist. These are the 2011 low and highs from 2009 and 2010. The 24th July high at .9318 should also act as strong resistance.

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/CAD continues to remain capped by its 3 month downtrend at .9598



AUD/JPY sharp move lower over-extended

Tighten stops on short positions



EUR/AUD - we note the TD perfected set up on the daily chart

Time to tighten up stops on longs



NZD/USD - Daily Chart

Correction higher has terminated ahead of the 3 month downtrend and resumed its longer term down move.

- › NZD/USD has seen 3 failures at .8107 and failed ahead of the 3 month downtrend at 0.8141. The Elliot wave count has marked this as wave '4' and we look for the resumption of downside pressure. Our short term downside target is 0.7683, the June low.
- › We will retain our medium term bearish forecast while the currency pair stays below its .8139 June peak and the 200 day ma at .8227.
- › Our medium term downside target zone is made up of the .7456/.7371 May 2012 low and November 2011 low. These remain our downside targets for the months to come.
- › Very near term the market has found some support at the 55 day ma at 0.7938, rebounds from here are expected to remain tepid.

NZD/USD Daily Chart



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

Thu Aug 01 2013 08:40:03

We look for EUR/USD to fail here

Market is stalling at the 2011-2013 downtrend



Asian Currency weakness is pronounced

USD/SGD - Market is immediately bid above the 55 day ma and uptrend at 1.2640/30

- › USD/SGD continues to show signs of recovery off the 50% retracement of the May-to-July advance at 1.2568 and the 55 day ma at 1.2640. The market is immediately bid while above 1.2640/30 (short term uptrend).
- › Provided that the recent low and the March peak at 1.2567/30 underpin, an upside bias persists. The 1.2727 May high is being eroded and 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
1.2637/22	1.2727	➔	➔
1.2568/30	1.2815/71		

USD/INR 1 Month NDF - Daily Chart

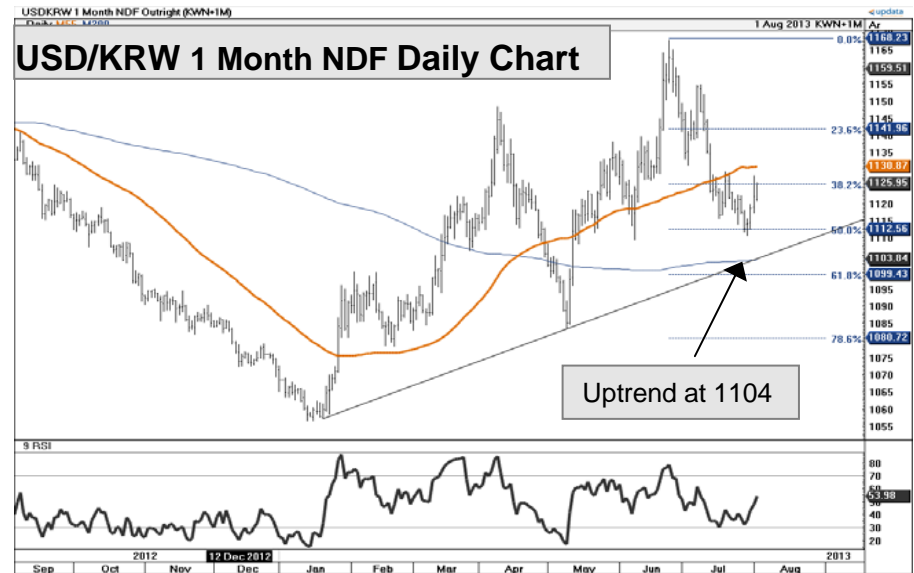
Well placed to challenge the top of its channel at 62.19

- > The USD/INR 1 Month NDF has seen a stunning recovery from the 59.06 low and is challenging the 61.71 all time high – it is well placed to challenge the top of its channel at **62.19**. **Once this has been exceeded on a daily chart closing basis, the 161.8% Fibonacci extension cluster at 66.08/55 will be in play over the coming months.**
- > This support is reinforced by its 55 day ,a at 58.80 and the 38.2% Fibonacci retracement of the May-to-July rise at 58.64. We will retain our overall bullish forecast while the NDF stays above the next lower 57.72 June 14 low.

- USD/KRW 1 Month NDF remains downside correction reversed at the 50% retracement of this year’s rise at 1112.26 and the 1109.47 June low, This support is reinforced by the 200 day moving average and the 2013 support line at 1103.50/1099 and while under pinned here we will maintain an overall bullish forecast.

- Our upside targets are to be seen at the 1148.50 April peak and then at the 1188.06/97 resistance area. It is where the 2012 peak meets the 78.6% Fibonacci retracement.

- Initial resistance lies at the 55 day ma and 1131.

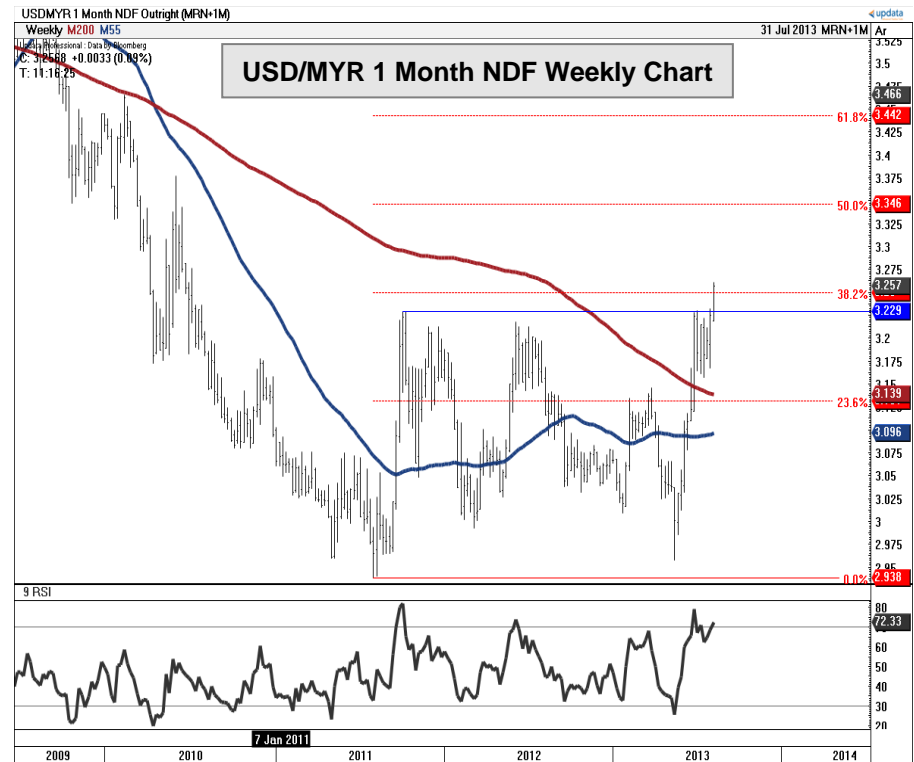
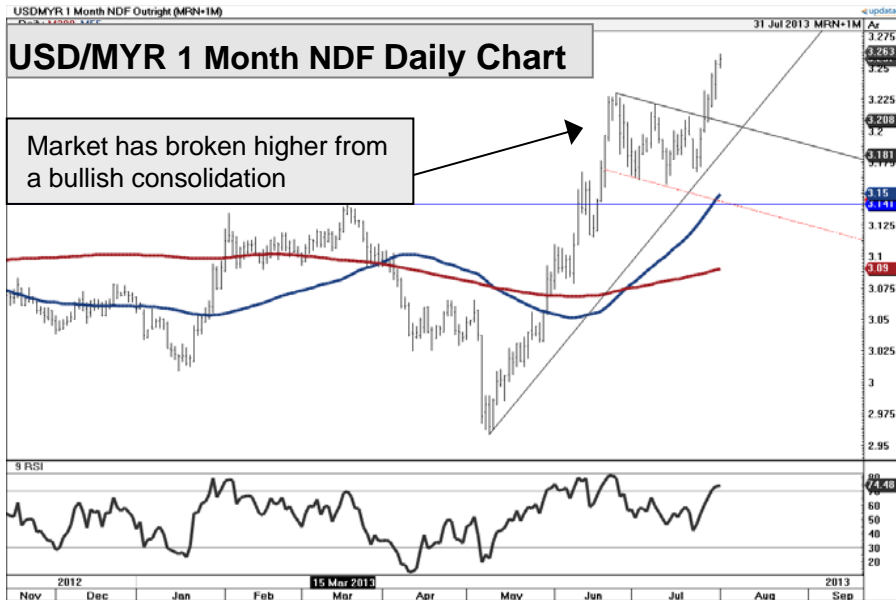


USD/MYR 1 Month NDF

Bullish consolidation has completed, 3 year highs eroded

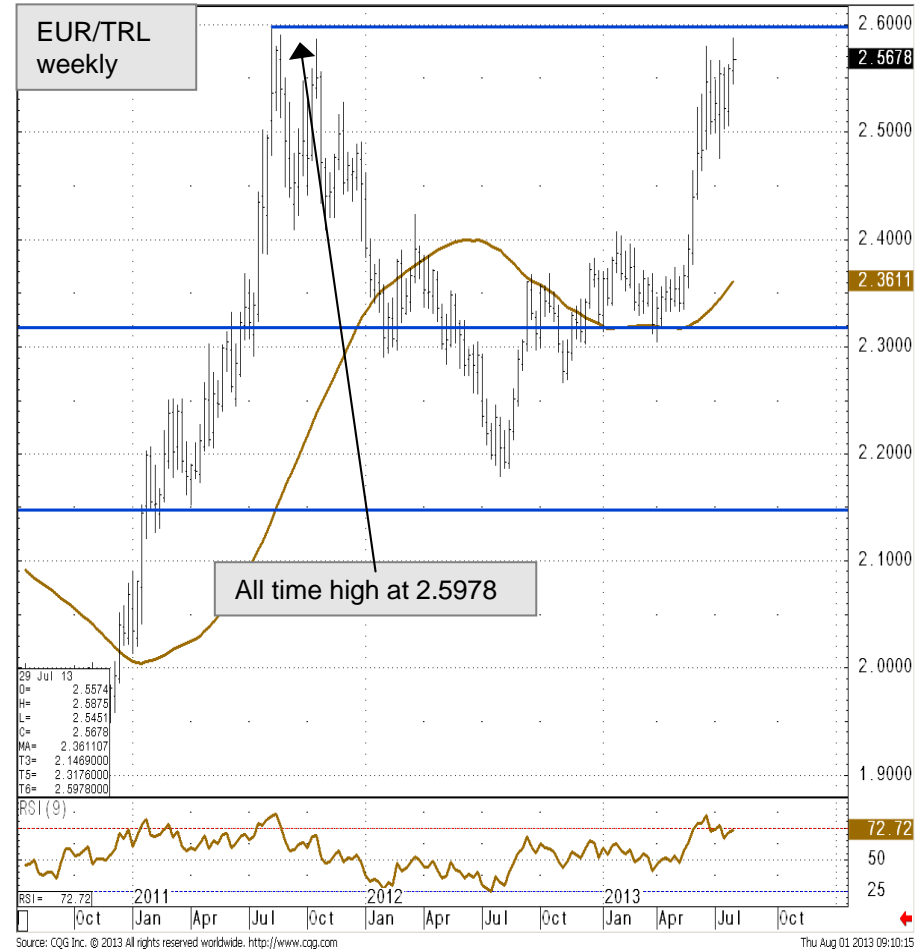
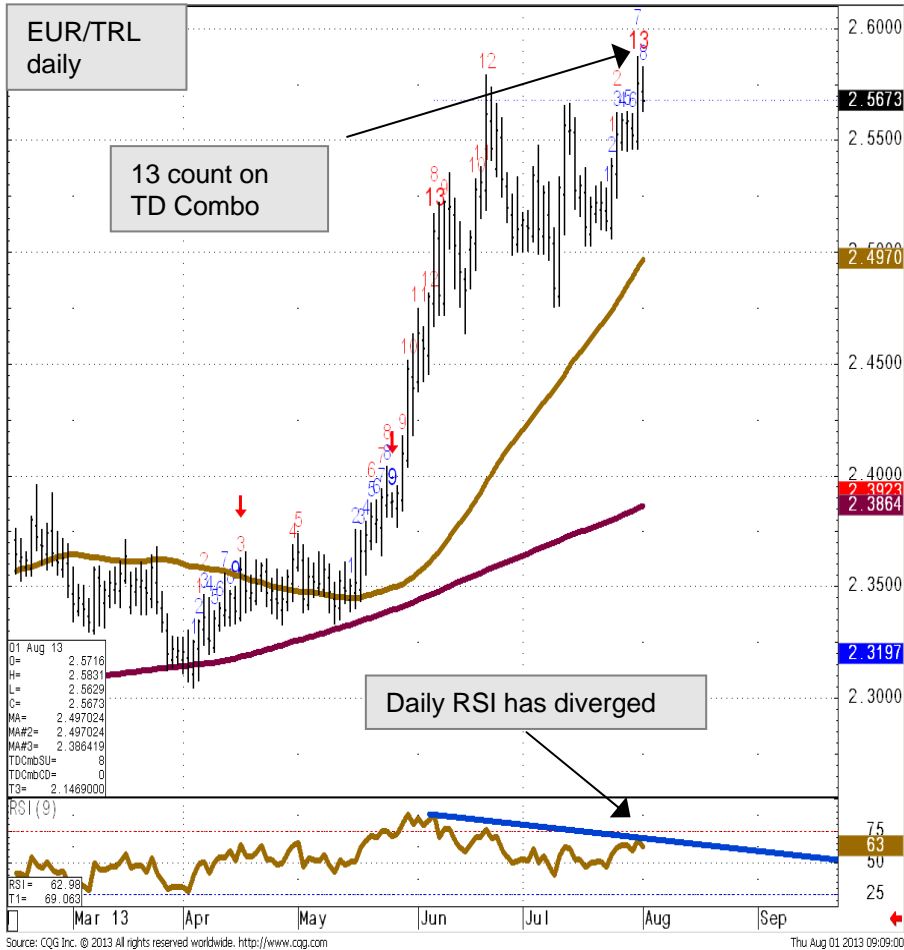
- > The USD/MYR 1 Month NDF has broken higher from a bullish consolidation, and has already eroded the 38.2% Fibonacci retracement of the 2009-11 descent at 3.2499 this targets the 50% retracement at 3.3464. It should be noted that the market is in the process of completing a 2 year base. A weekly close above 3.2295 will confirm (favoured). The measurement of the base would suggest a long term target to 3.4840 (base 3.2295-2.975 measured higher)
- > The market is immediately bid above the 3.181 uptrend but a positive bias is maintained while above the mid-June low at 3.1155.

The 2011 peak at 3.2295 has been eroded – a weekly close above here will complete a large base (favoured)

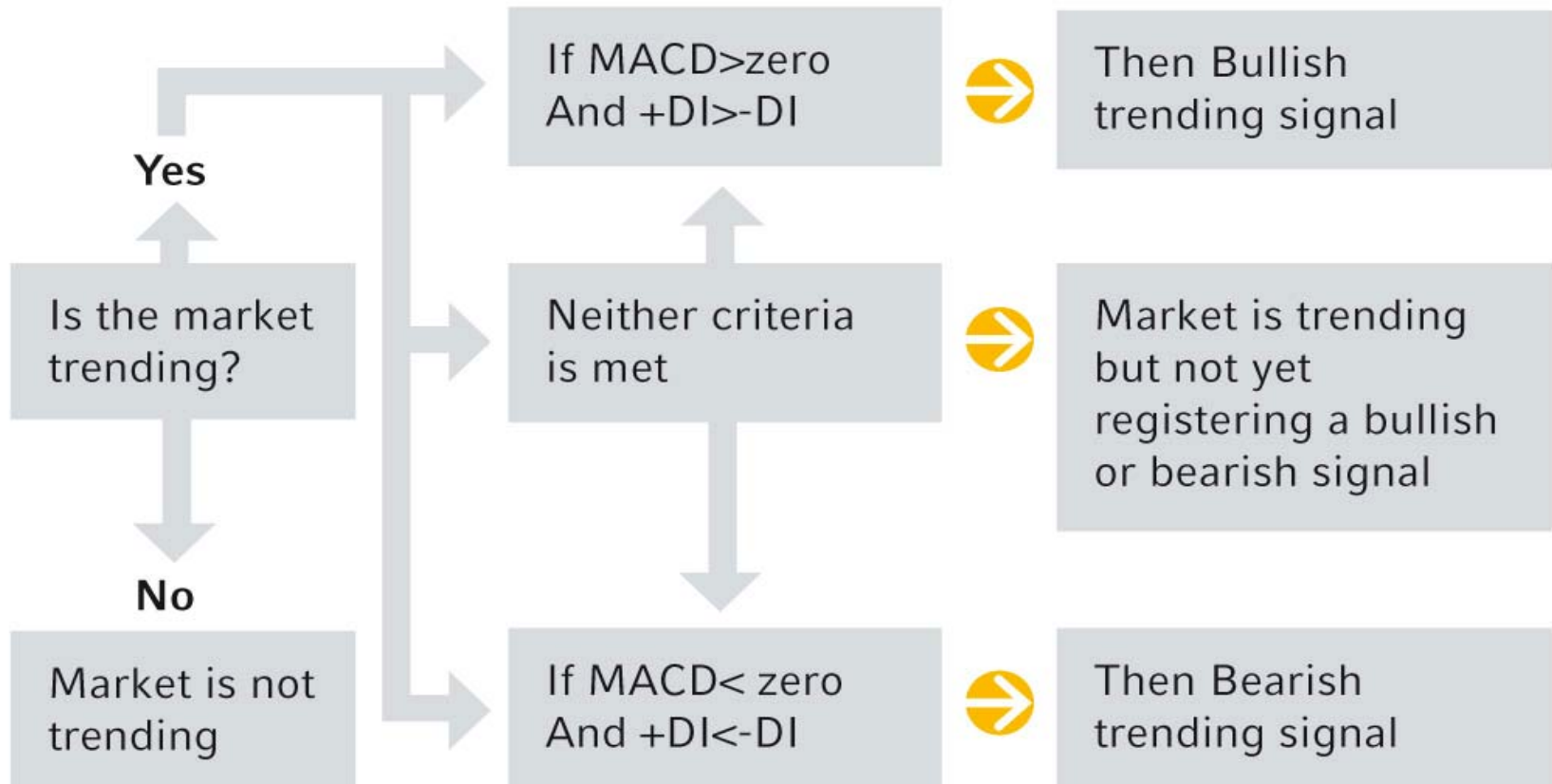


EUR/TRL – EXIT ALL LONGS. Market losing momentum ahead of all time high

13 count+ divergence of daily RSI + approaching all time high



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.

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FX Outlook

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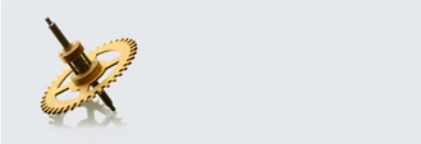
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