

Commodity Currencies Weekly Technicals

Wednesday, 23 October 2013

Technical Outlook

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|--|---|--|--|
| <p>1 Technical Analysis Banks Commerzbank</p> <p>Source: Euromoney FX Poll 2012</p> <p>2012 </p> | <p>2 FICC Technical Analysis Research Team Best FX Research and Strategy Commerzbank</p> <p>Source: The Technical Analyst Magazine Awards 2012</p> <p>2012 </p> | <p>2 FICC Technical Analysis Research Team – Best FX Research and Strategy Commerzbank</p> <p>Source: Technical Analyst Magazine Awards 2013</p> <p>2013 </p> | <p>2 Technical Analysis Commerzbank</p> <p>Source: Euromoney FX Survey 2013</p> <p>2013 </p> |
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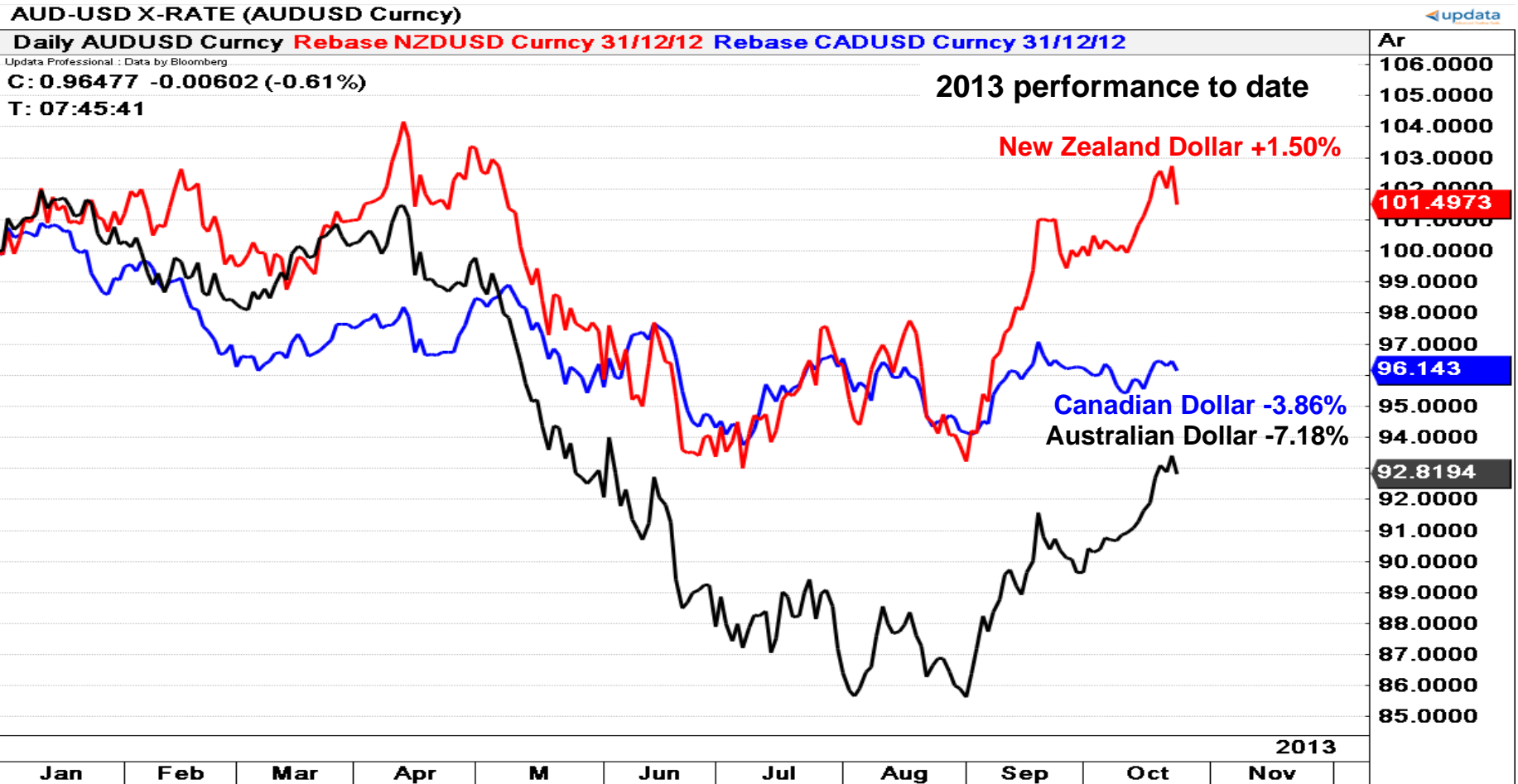
Technical Outlook

Commodity currencies are now expected to give back some of their recent gains

| Market | Short term view (1–3 weeks) |
|----------|---|
| NZD/USD: | Negative divergence points to a short term trend reversal while .8545 is not being bettered. |
| USD/CAD: | Bounces off the 200 day moving average at 1.0266 and still targets the 1.0421/44 area. |
| EUR/AUD: | Positive divergence points to a short term reversal higher being made. |
| EUR/NZD: | Positive divergence points to a change in the short term trend; targets 1.6650 region. |
| EUR/CAD: | Tests major resistance at 1.4176/1.4315, a rise above which will target the 1.4800/1.5000 area. |

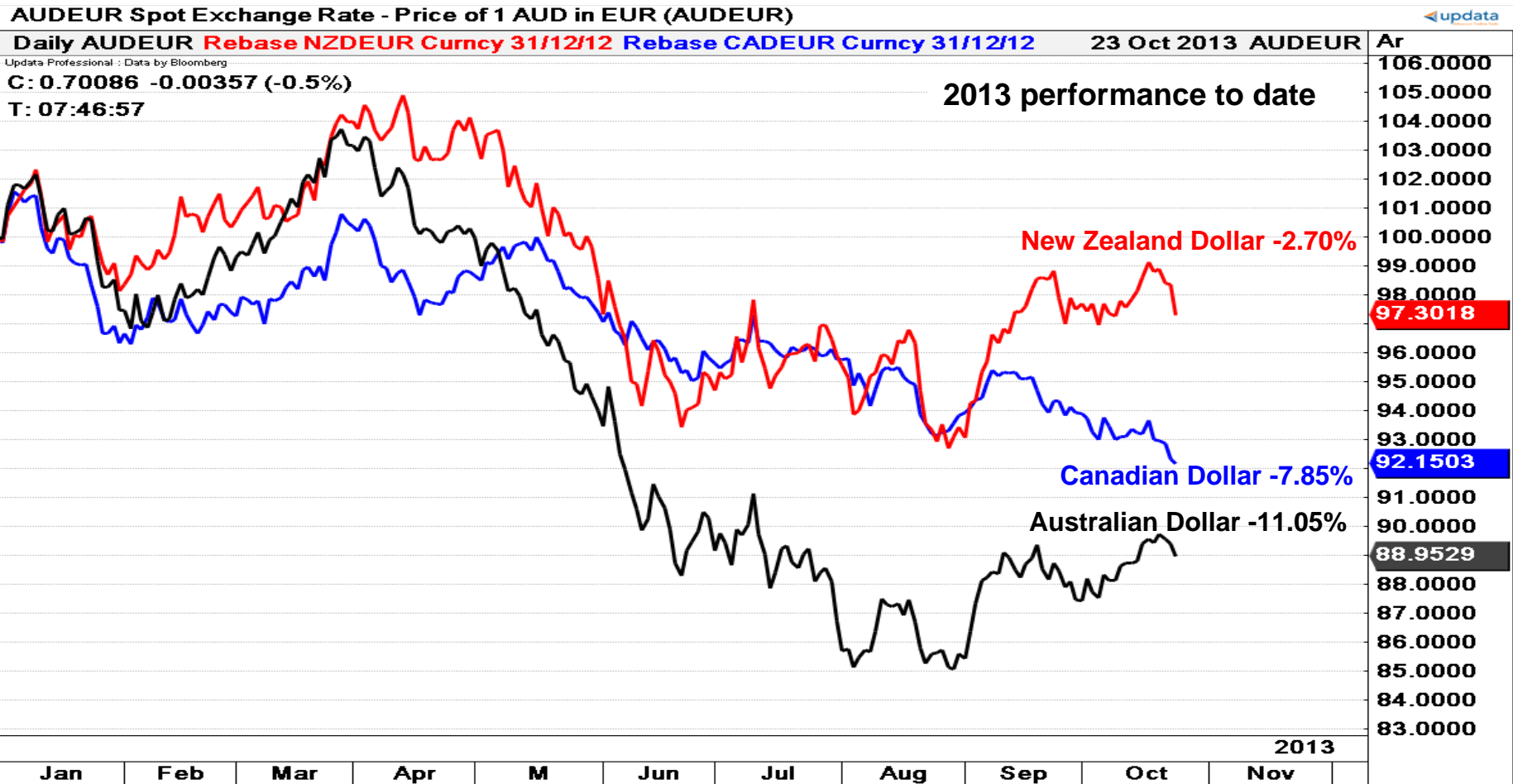
The Australian, New Zealand and Canadian Dollar vs. the US Dollar

Commodity currencies are beginning to give back some of their gains versus the US Dollar



The Australian, New Zealand and Canadian Dollar vs. the Euro

Commodity currencies are giving back some of their recent gains versus the Euro



AUD/USD - Daily Chart

Please see comments in this morning's Daily Market Technicals

AUD/USD Daily Chart



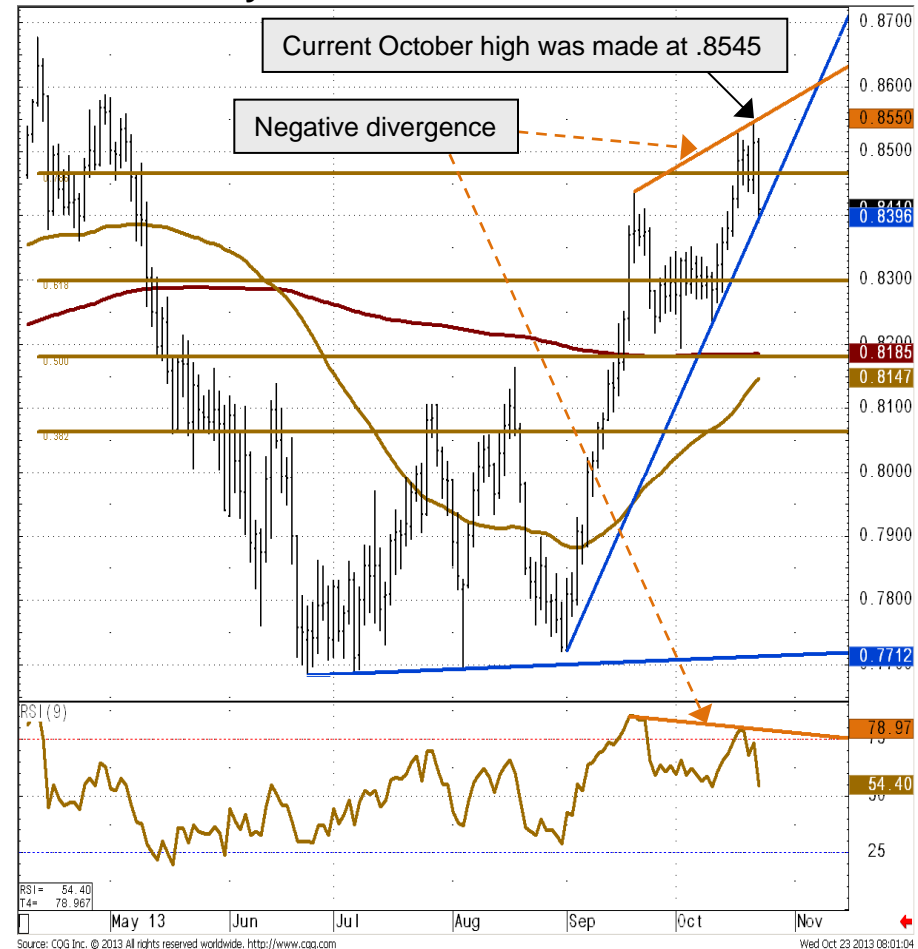
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NZD/USD - Daily Chart

Negative divergence points to a short term trend reversal while .8545 is not being bettered

- › NZD/USD reached and is now coming off the .8500 region as previously forecast.
- › The negative divergence seen with the daily RSI points to at least a short term sell-off which is why long positions should be exited and why we have neutralised our medium term outlook.
- › Immediate downside targets are the .8352 early October high and then the .8232/.8164 significant support zone. It is where the October lows, 200 day moving average and the August peak are to be found.
- › In case of an unexpected rise above the current October high at .8545 being seen, the .8588 late April high and the 2011-13 resistance line at .8625 could also be reached. This we do not expect to happen at the moment, though.
- › Only a drop through .8164 would skew the technical picture back towards the .7800/.7683 region.

NZD/USD Daily Chart

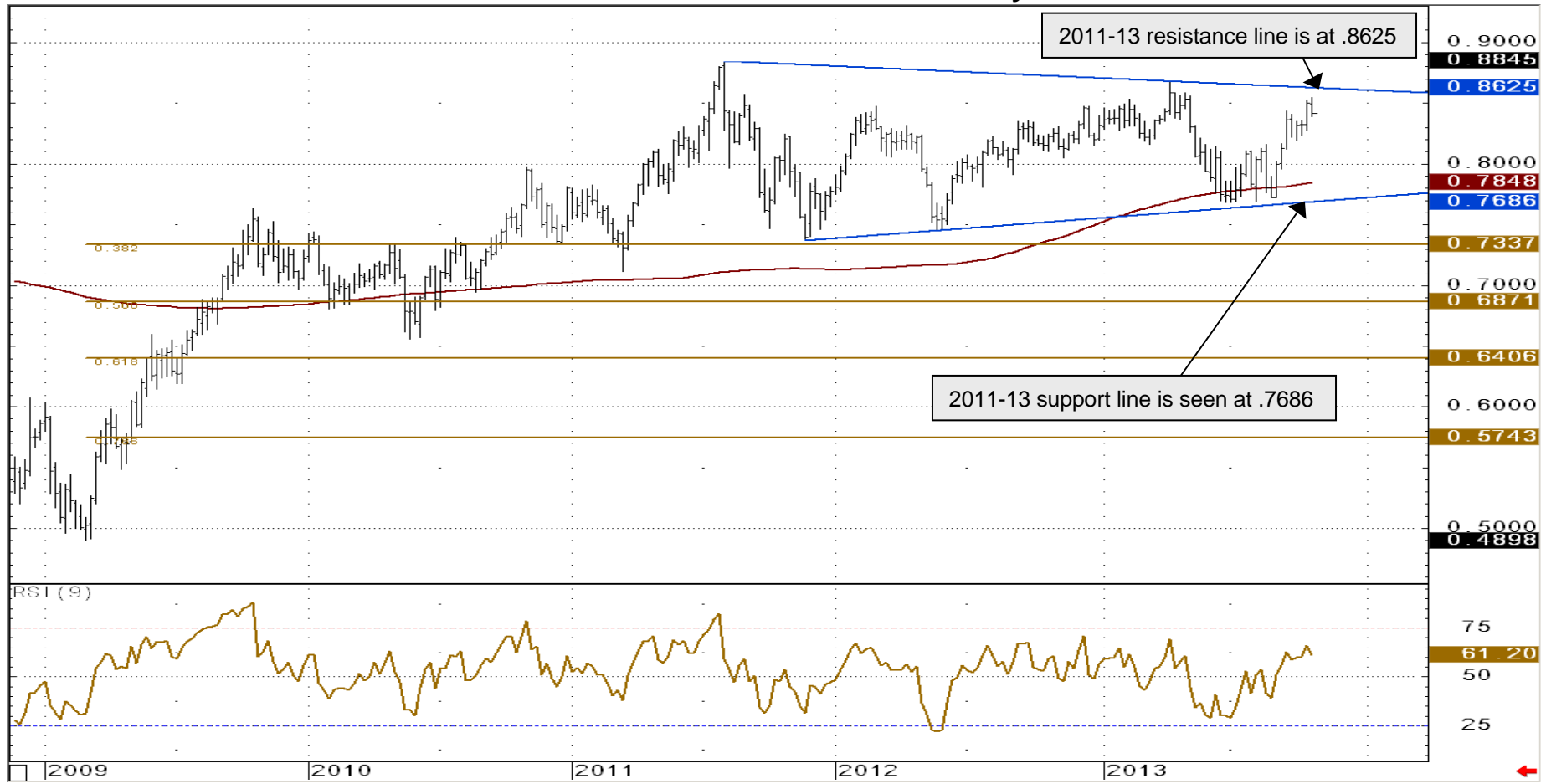


| Support | Resistance | 1-Week View | 1-Month View |
|----------------|-------------|-------------|--------------|
| .8352&.8232/16 | .8527/45 | ➔ | ➔ |
| .8194/64&.8146 | .8588&.8625 | | |

NZD/USD - Weekly Chart

Is getting closer to the 2011-13 resistance line at .8625

NZD/USD Weekly Chart



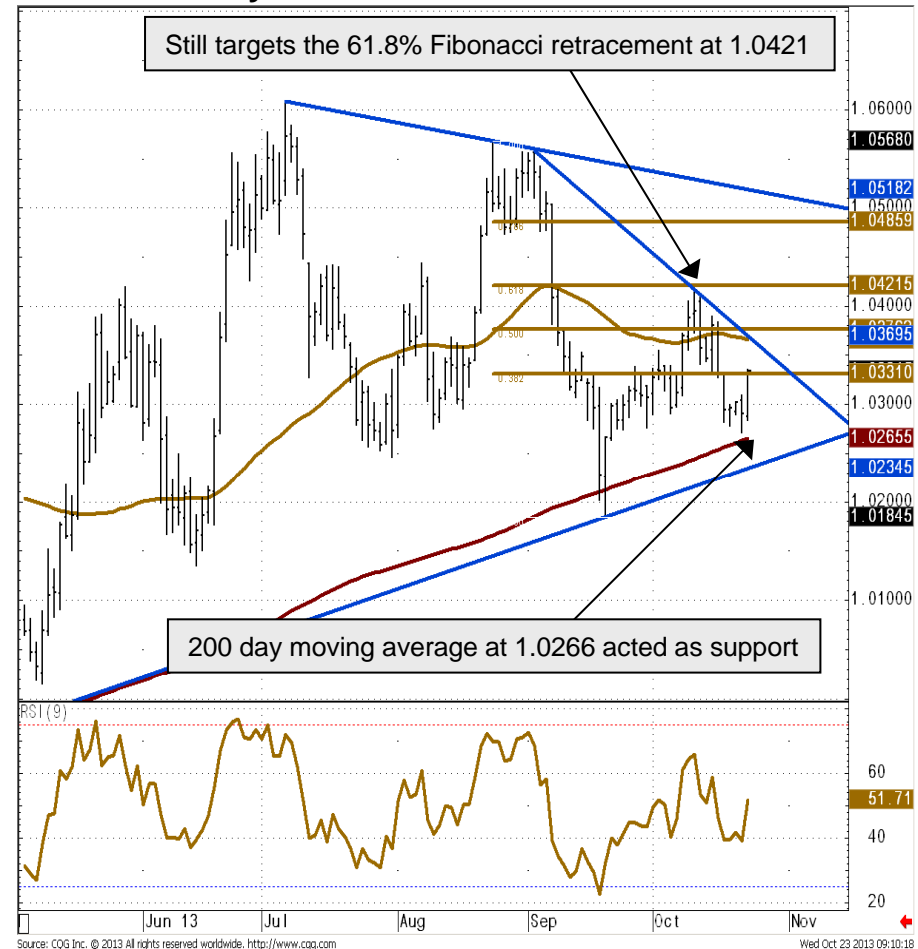
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USD/CAD - Daily Chart

Bounces off the 200 day moving average at 1.0266 and still targets the 1.0421/44 area

- › USD/CAD's slide took it to 1.0271 this week, to marginally above the 200 day moving average at 1.0266, before it began to head higher again.
- › We still expect it to overcome the 55 day moving average and two month resistance line at 1.0366/69 and to then head back up to the 61.8% Fibonacci retracement of the August-to-September decline and the early August high at 1.0421/44.
- › From a longer term perspective we believe that the July-to-September decline represents an Elliott wave abc correction which should be followed by another up leg to the 1.0608/76 resistance area. This is made up of the July, 2011 and August 2010 highs and is likely to cap when reached.
- › Only unexpected failure at 1.0135, the June low, would void our bullish view and lead to the May low at 1.0015 being targeted instead. Good support is at 1.0266/1.0185.

USD/CAD Daily Chart

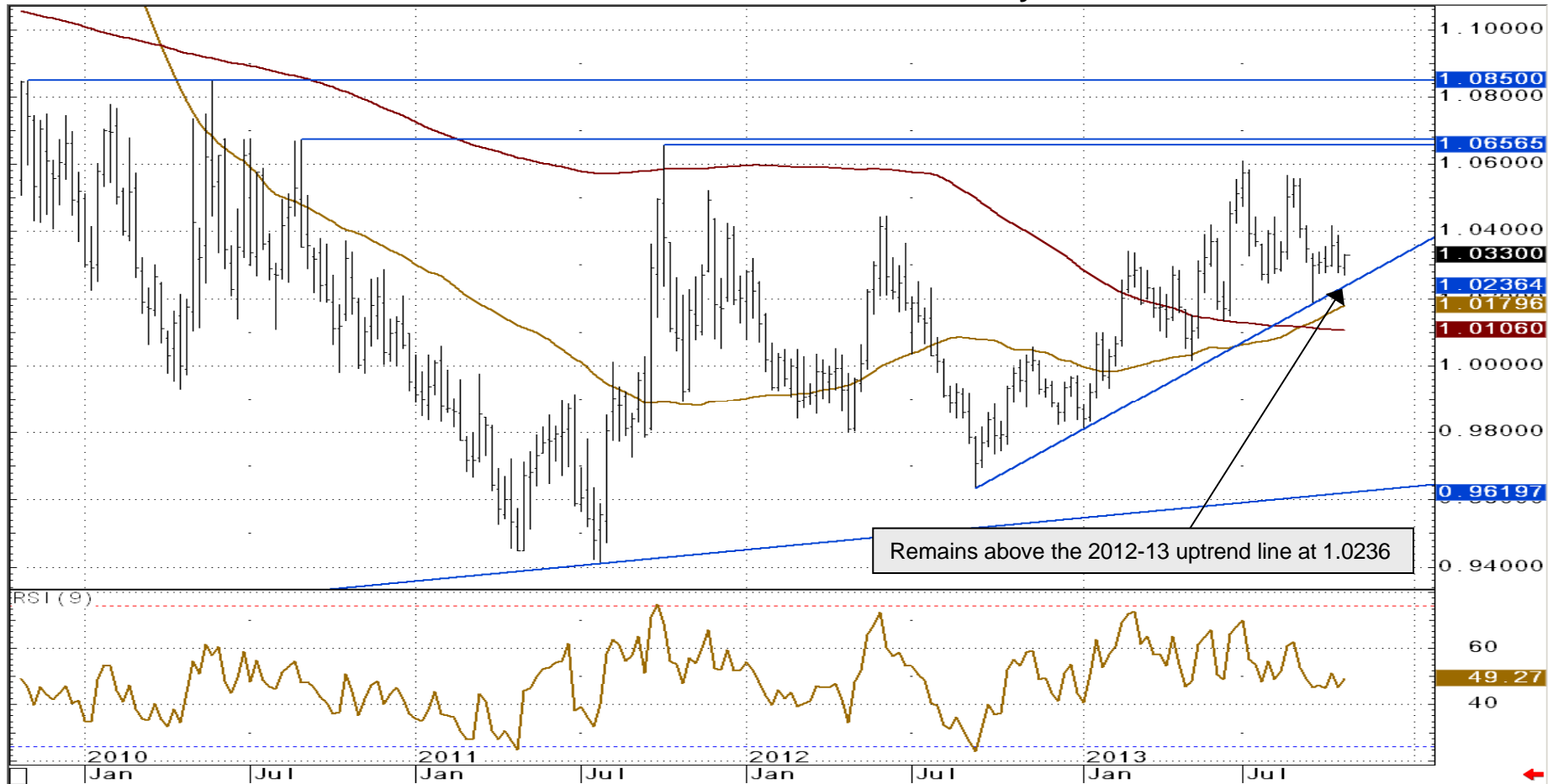


| Support | Resistance | 1-Week View | 1-Month View |
|---------------|------------|-------------|--------------|
| 1.0266/1.0185 | 1.0366/69 | ➔ | ➔ |
| 1.0135&1.0015 | 1.0421/44 | | |

USD/CAD - Weekly Chart

Remains above the 2012-13 uptrend line at 1.0236 and still targets the 1.0608/76 region

USD/CAD Weekly Chart



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EUR/AUD - Daily Chart

Positive divergence points to a short term reversal higher being made

- › EUR/AUD's fall through the 1.4193 September low and the 1.4167 mid-July low only managed to take it to 1.4125, a level close to the October 2011 peak at 1.4089.
- › The fact that no downside momentum has been seen over the past week, coupled with the positive divergence visible on the daily RSI, has made our short term outlook bullish and means that short term upside momentum should be on the cards for the days to come.
- › Expect the two month resistance line at 1.4286 to give way with the 1.4409 mid-October high and the 55 day moving average at 1.4461 to be reached at the very least.
- › We will retain our medium term bearish outlook while EUR/AUD stays below its late September peak at 1.4562 on a daily chart closing basis, though. Only if an unexpected daily chart close above the 1.5034 August peak were to be made, would the May 2010 high at 1.5463 be targeted instead. This is not on the cards, however.

EUR/AUD Daily Chart

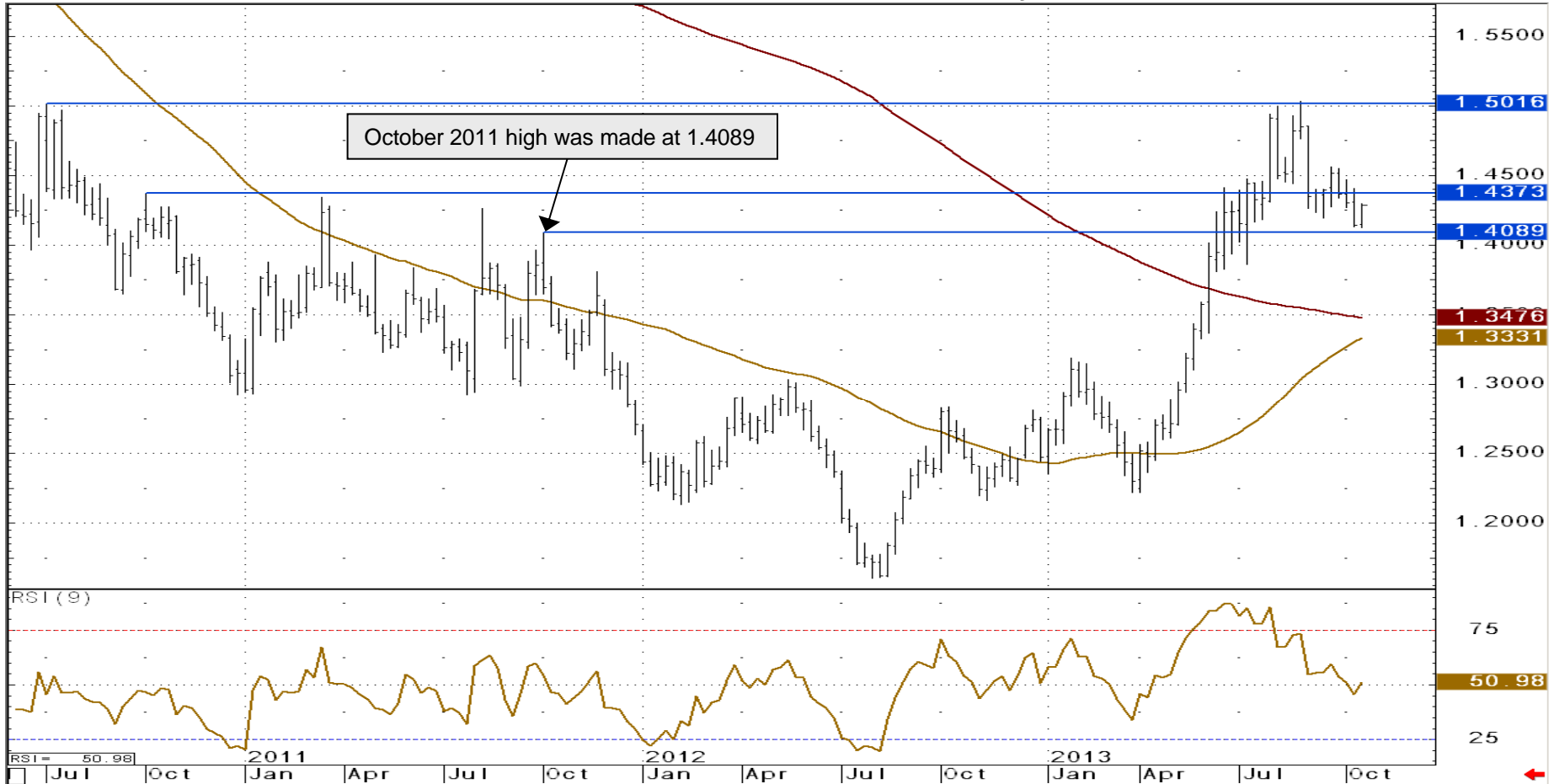


| Support | Resistance | 1-Week View | 1-Month View |
|---------------|------------|-------------|--------------|
| 1.4125&1.4089 | 1.4409/61 | ➔ | ➔ |
| 1.3959/1.3864 | 1.4519/62 | | |

EUR/AUD - Weekly Chart

Seems to already have stabilised around the October 2011 peak at 1.4089

EUR/AUD Weekly Chart



EUR/NZD - Daily Chart

Positive divergence points to a change in the short term trend; targets 1.6650 region

- › EUR/NZD's recent decline only took it back to the 1.6000 zone before positive divergence with the daily RSI became visible and provoked a sharp spike higher.
- › Our short term technical view has thus reverted back to being bullish with the 55 day moving average, the 38.2% Fibonacci retracement of the past two month's decline and the current October peak at 1.6489/1.6520 expected to be reached and probably overcome this week.
- › If so, the 50% retracement of the September-to-October drop at 1.6650 should also be reached and perhaps also the 61.8% Fibonacci retracement at 1.6800 before renewed selling pressure takes the upper hand again.
- › We will retain our medium term bearish outlook while EUR/NZD stays below the 1.7111/1.7282 major resistance area which comprises the June and August highs.

EUR/NZD Daily Chart

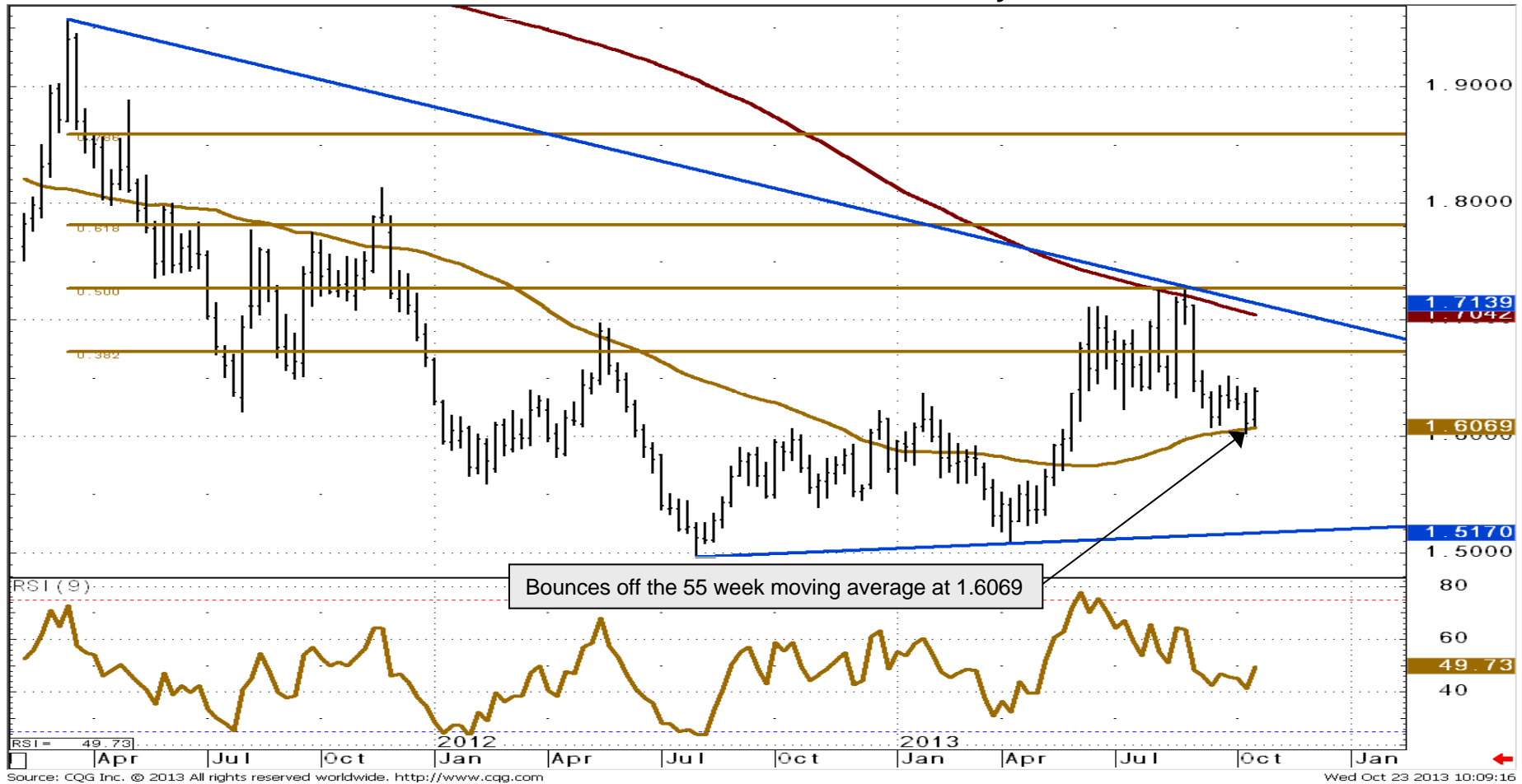


| Support | Resistance | 1-Week View | 1-Month View |
|---------------|---------------|-------------|--------------|
| 1.5922/20 | 1.6489/1.6520 | ➔ | ➔ |
| 1.5613/1.5522 | 1.6650&1.6800 | | |

EUR/NZD - Weekly Chart

Bounces off the 55 week moving average at 1.6069

EUR/NZD Weekly Chart



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EUR/CAD - Daily Chart

Tests major resistance at 1.4176/1.4315, a rise above which will target the 1.4800/1.5000 area

- › EUR/CAD's has so far exceeded the 1.4176 October 2011 peak and is on track to reach the 1.4315 August 2011 high.
- › Around it the currency pair may well struggle again.
- › If not, the 200 month moving average at 1.4813 will be back on the radar (please see the monthly chart on page 15). At present we will keep our medium term neutral forecast as long as no daily chart close above the 1.4315 August 2011 peak is being made.
- › Our immediately bullish view will be valid while EUR/CAD trades above last week's low at 1.3943.
- › Minor support above this level can be seen between the August peak and the October 11 high at 1.4128/16 and along the one month support line at 1.3997. Below 1.3943 support can be found along the 55 day moving average at 1.3917.

EUR/CAD Daily Chart

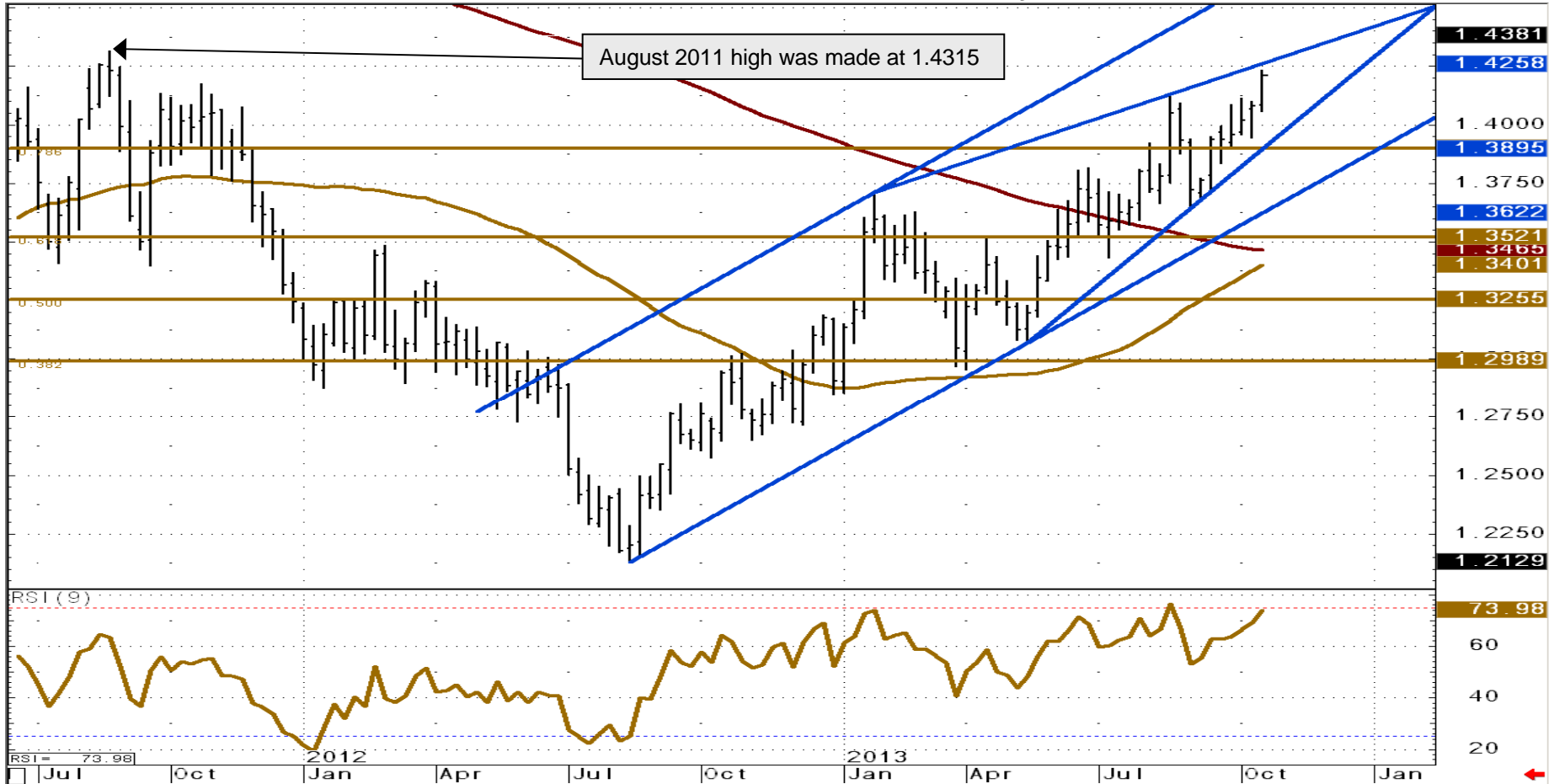


| Support | Resistance | 1-Week View | 1-Month View |
|-----------|---------------|-------------|--------------|
| 1.4128/16 | 1.4315&1.4500 | ➔ | ➔ |
| 1.3997/17 | 1.4813&1.5000 | | |

EUR/CAD - Weekly Chart

Probes the 1.4176/1.4315 resistance zone

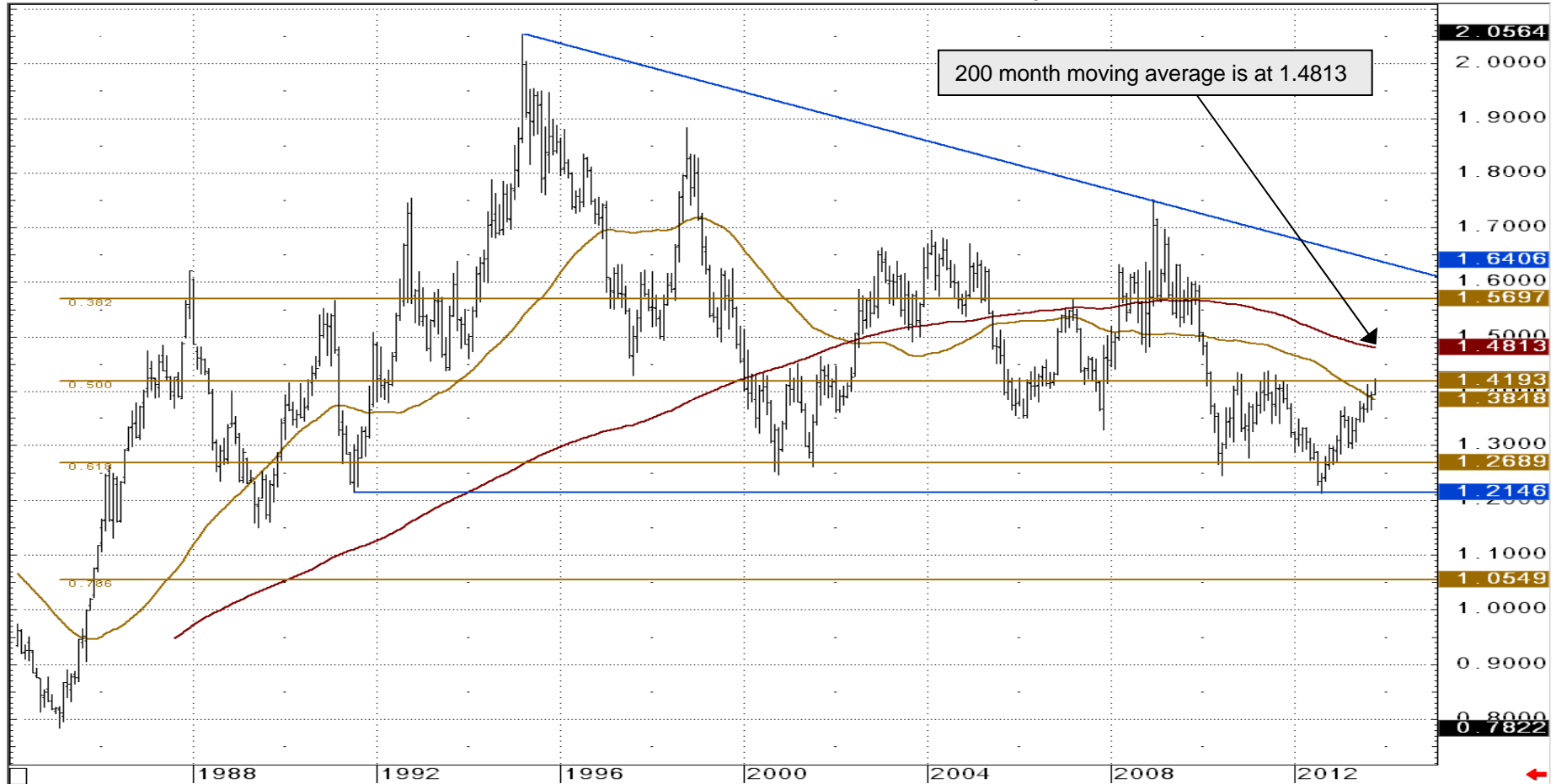
EUR/CAD Weekly Chart



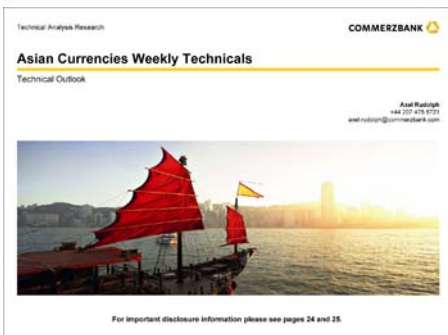
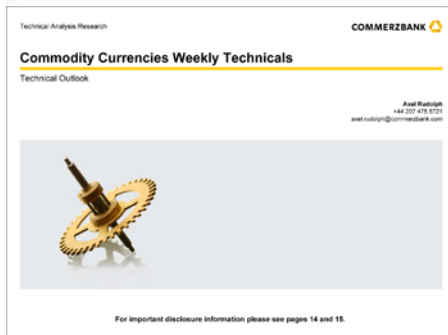
EUR/CAD - Monthly Chart

A break above resistance at 1.4176/1.4315 will target the 200 month moving average at 1.4813

EUR/CAD Monthly Chart



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