

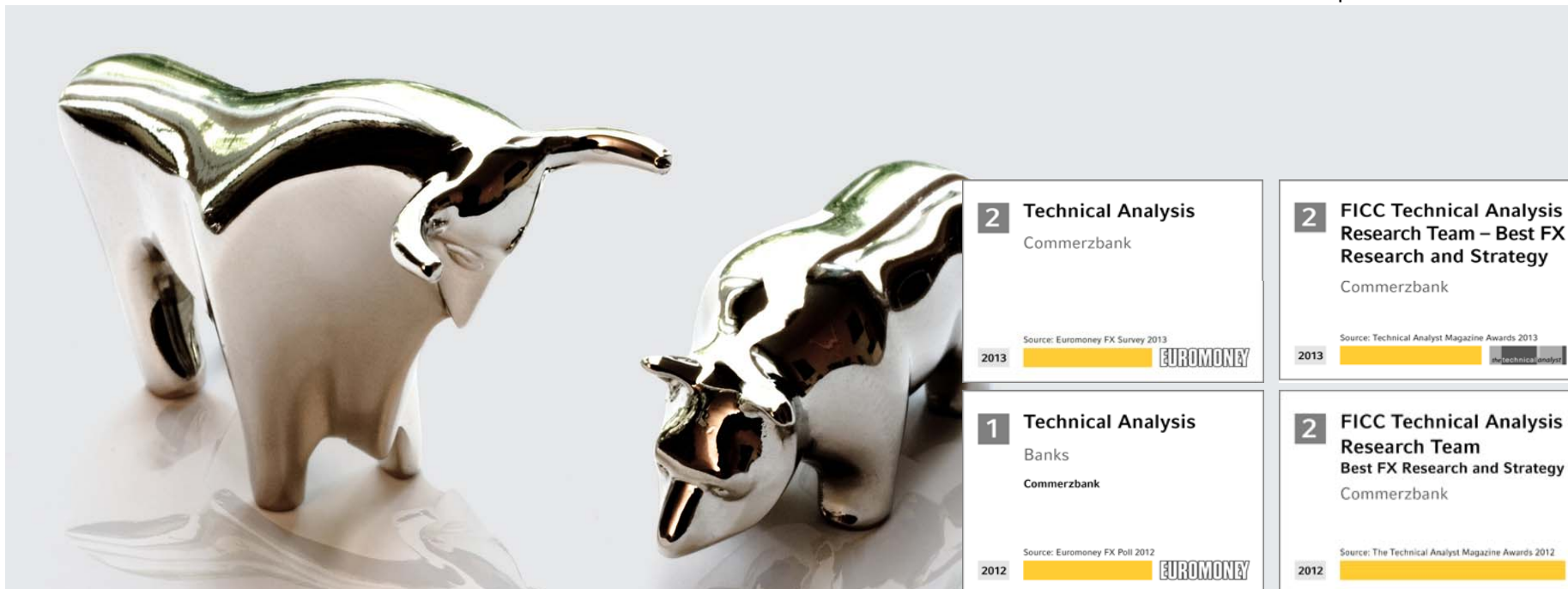
Chart Watch – FX Markets

Thursday, 08 August 2013

Outlook and Technical Highlights

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FX Technical Outlook

Theme	Short term view (1–3 weeks)
JY strength	<p>USD/JPY has broken down from its daily cloud and this is now acting as resistance. Increasing risk of a deeper sell off</p> <p>EUR/JPY Market has severed its 2012-2013 uptrend and looks increasingly negative.</p> <p>CAD/JPY is on the 'neckline' support at 92.26 – this is exposed.</p>
Canadian Dollar is weaker	<p>USD/CAD is building a substantial base longer term.</p> <p>Is CAD about to take over from AUD as the weakest commodity currency? The 4 month downtrend on the AUD/CAD chart is being eroded.</p>
AUD/USD is seeing a decent correction higher	<p>How far will this extend.? Currently we suspect that we will see a rally into the .9290/.9320 band prior to failure and the resumption of the longer term bear trend.</p>
US Dollar Index	<p>Has sold off to the 2013 uptrend and the top of the weekly cloud at 81.08/09 – directly below lies the 2011-2013 uptrend at 80.88. We believe the dollar should find some support here.</p>
One to Watch	<p>USD/SEK more of a slow grind higher BUT still positive above the 6.44 2013 uptrend.</p> <p>EUR/GBP recently saw a false break higher and attention has reverted to the 2012-2013 uptrend at .8493</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	✓	✓	✓	✓
BRAZILIAN REAL SPOT	✓	✓	✓	✓
Generic 1st 'JB' Future	✓	✓	✓	✓
10YR MINI JGB FUT Jun13	✓	✓	✓	✓
USDINR Spot Exchange Rate - Price of 1 USD in INR	✓	✓	✓	✓
EUR-HUF X-RATE	✓	✓	✓	✓
EUR-ZAR X-RATE	✓	✓	✓	✓
EUR-GBP X-RATE	✓	✓	✓	✓
EUR-RUB X-RATE	✓	✓	✓	✓
BRITISH POUND SPOT	✓	✓	✓	✓
EUR-SEK X-RATE	✓	✓	✓	✓
EURO SPOT	✓	✓	✓	✓
EUR-CAD X-RATE	✓	✓	✓	✓
USD SWAP SEMI 30/360 5YR	✓	✓	✓	✓
LME TIN 3MO (\$)	✓	✓	✓	✓

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	✓	✓	✓	✓
SWISS FRANC SPOT	✓	✓	✓	✓
DOLLAR INDEX SPOT	✓	✓	✓	✓
NORWEGIAN KRONE SPOT	✓	✓	✓	✓
EUR-PLN X-RATE	✓	✓	✓	✓
LME ALUM ALY 3MO (\$)	✓	✓	✓	✓
AMEX GOLD BUGS INDEX	✓	✓	✓	✓
GOLD SPOT \$/OZ	✓	✓	✓	✓
CAD-JPY X-RATE	✓	✓	✓	✓
GBP-JPY X-RATE	✓	✓	✓	✓
AUD-JPY 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 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	Move stop 1.3425	1.3000	Short 1.3318	

USD/JPY coming under increasing downside pressure

Cloud now acting as resistance. Increasing risk of a deeper sell off

This week we saw the market break and hold below its daily cloud, this is negative price action.

The market is now viewed as negative while trading below 100.00 and will make very little impact while capped by 101.60.

The Elliot wave count on the weekly chart is suggesting a potential 93.55/90.40 corrective count lower.

Given that the 93.75 June low is in close proximity to the 38.2% retracement at 93.55 we make this our preferred target zone.

From a timing perspective we would expect weakness to prevail until October 2013.

USD/JPY weekly



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Wed Aug 07 2013 13:04:00

EUR/JPY sells off to base of cloud

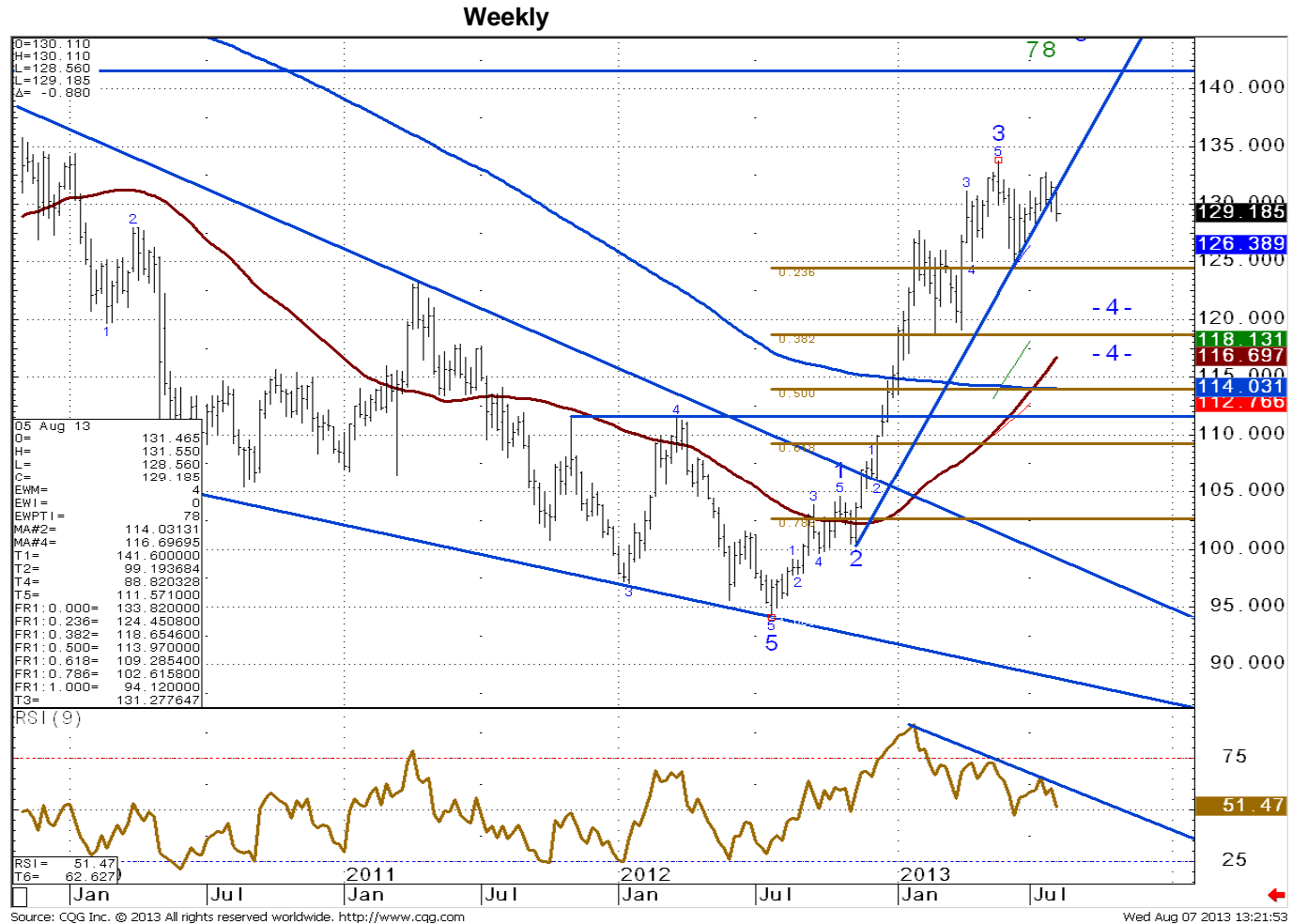
Market has severed its 2012-2013 uptrend and looks increasingly negative.

The market has recently severed its 2012-2013 uptrend, and sold off to the base of the cloud.

Risks have shifted to the downside and the focus is on the 124.95/45 support. This is the June low and the 23.6% retracement of the move up from 2012.

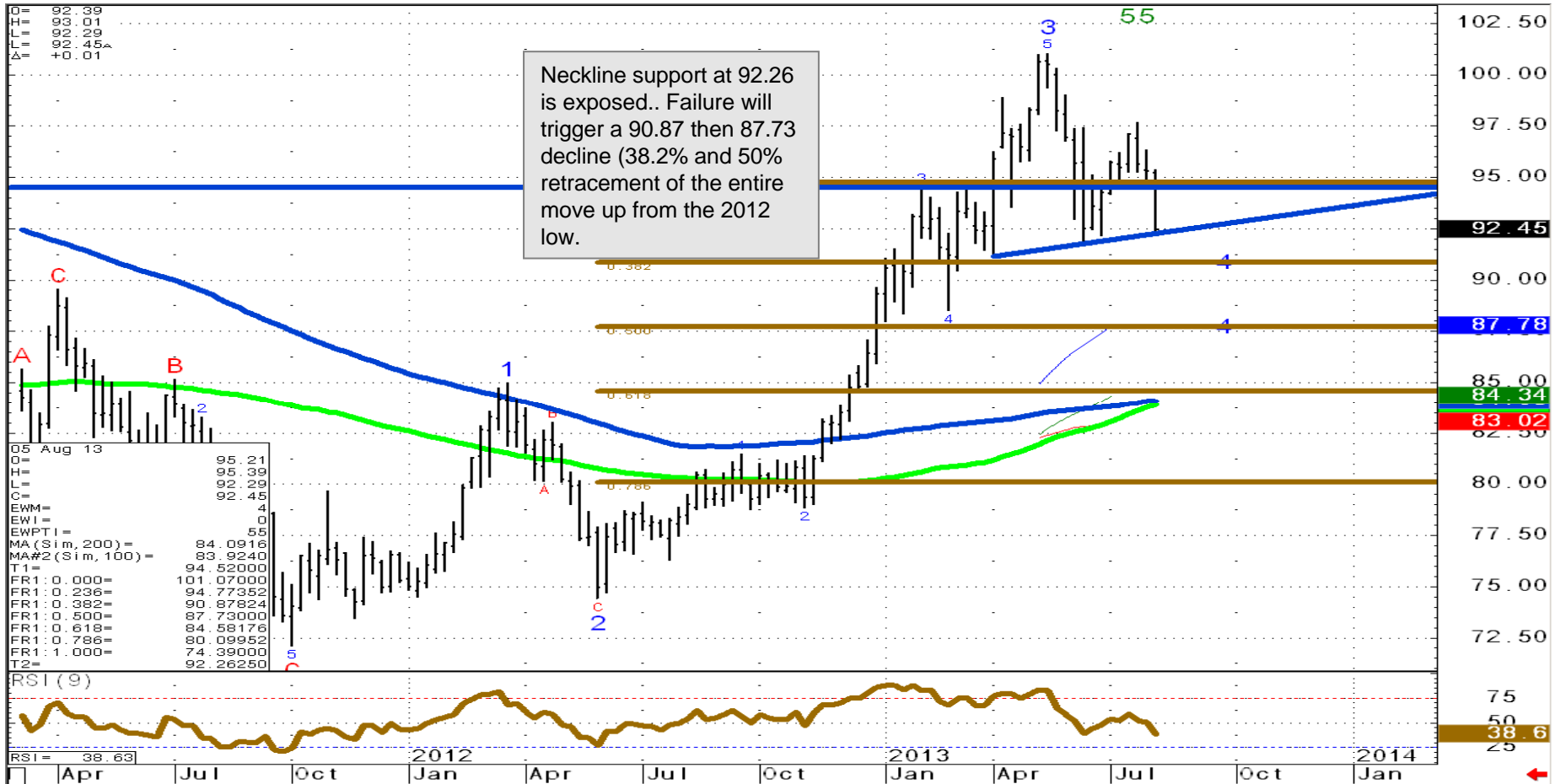
The Elliott wave count on the weekly chart is indicating that there is potential for a retracement to 120.80/116.90.

A negative bias will remain while capped by the 132.75 July peak



CAD/JPY is on the 'neckline' support at 92.26 – this is exposed

CAD/JPY weekly chart



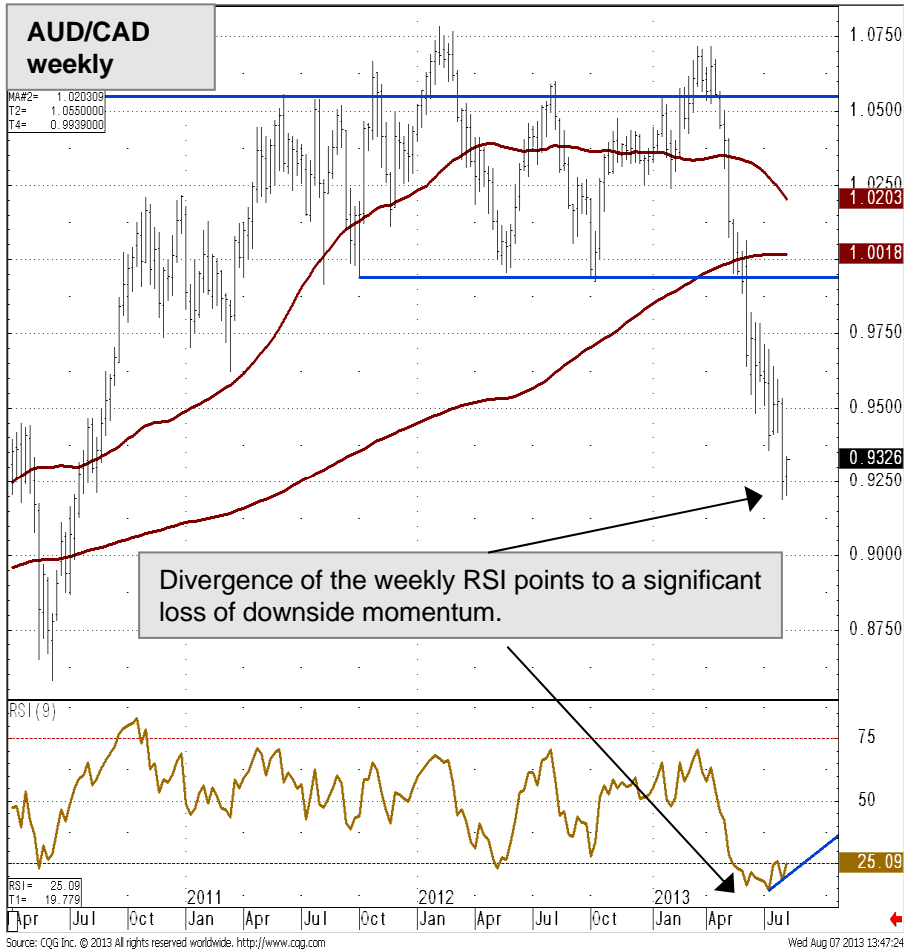
Canadian Dollar is weaker. USD/CAD is building a substantial base longer term.

- › Last week USD/CAD dropped to 1.0247 before bouncing off this level and reaching a high of 1.0426 this week.
- › Further upside remains in store for the weeks ahead, now that the recent consolidation has most likely ended at 1.0247.
- › Close by upside targets are found at the 1.0442 mid-July high and around the minor psychological 1.0500 mark.
- › Further up lurks the 1.0656/75 resistance area (July and August 2010 highs and the 2011 peak) which will be targeted once the 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. Longer term there is potential for 1.1215/35, the 50% retracement of the move down from 2009 and the 1991 low.
- › Only unexpected failure at 1.0247 would void our forecast and lead to the 2012-13 support line at 1.0127 being eyed.

USD/CAD Weekly



IS CAD about to take over from AUD as the weakest commodity currency?



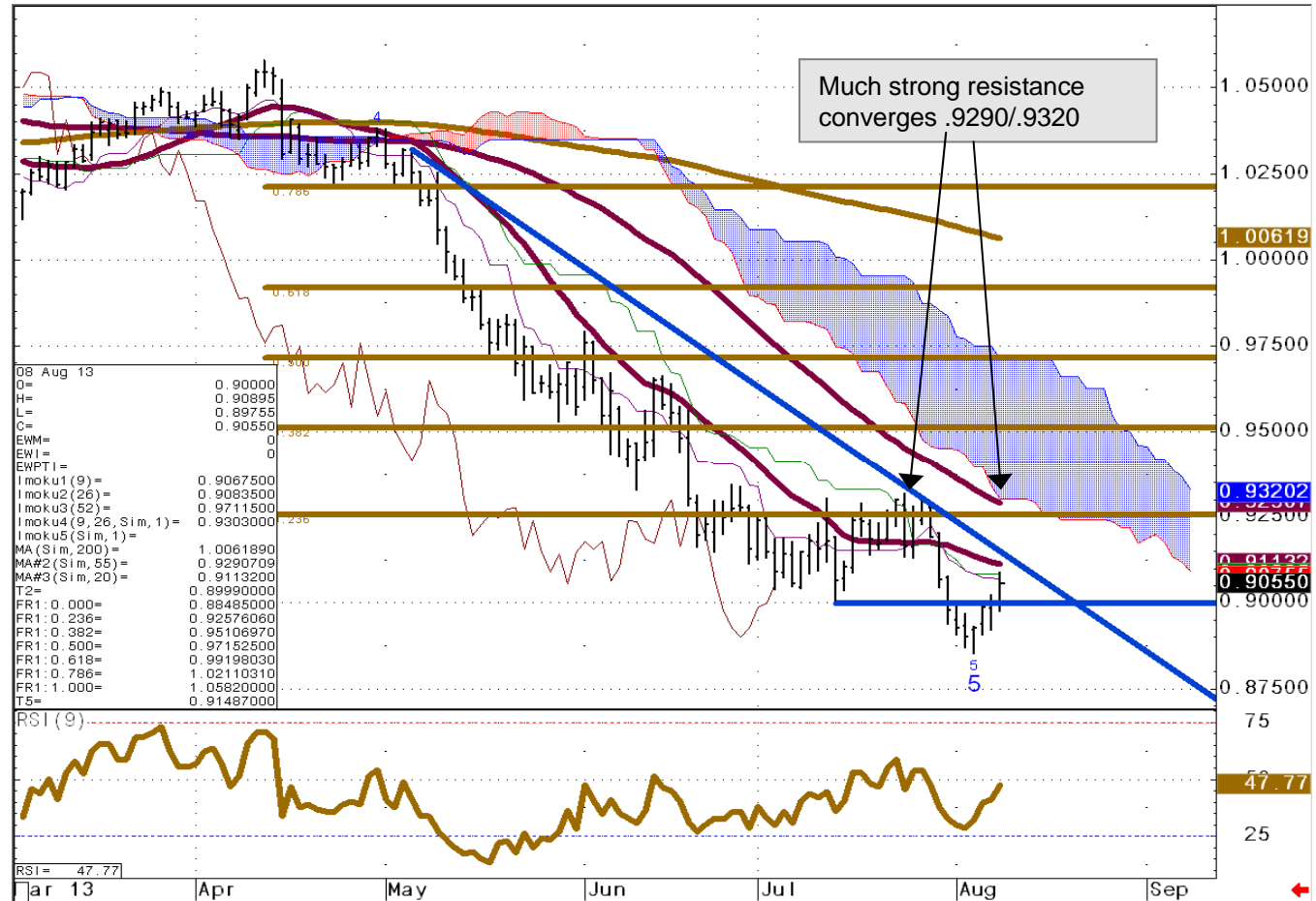
AUD/USD is seeing a decent correction higher

How far will this extend?

AUD/USD is correcting higher and while we acknowledge, the 4 month downtrend at .9149 is likely to offer good resistance, stronger resistance is not encountered until .9290/.9320. Here lies the 55 day ma, the base of the cloud on the daily chart, the 24th July high. In addition the Elliott wave count on the 240 minute chart is suggesting a deeper correction higher will be seen.

Our longer term bearish view remain entrenched. This rally with make NO IMPACT whatsoever on the chart while below the .9388/.9404 resistance. The market recently completed a substantial top and this offers a longer term downside target to .7700

AUD/USD daily chart



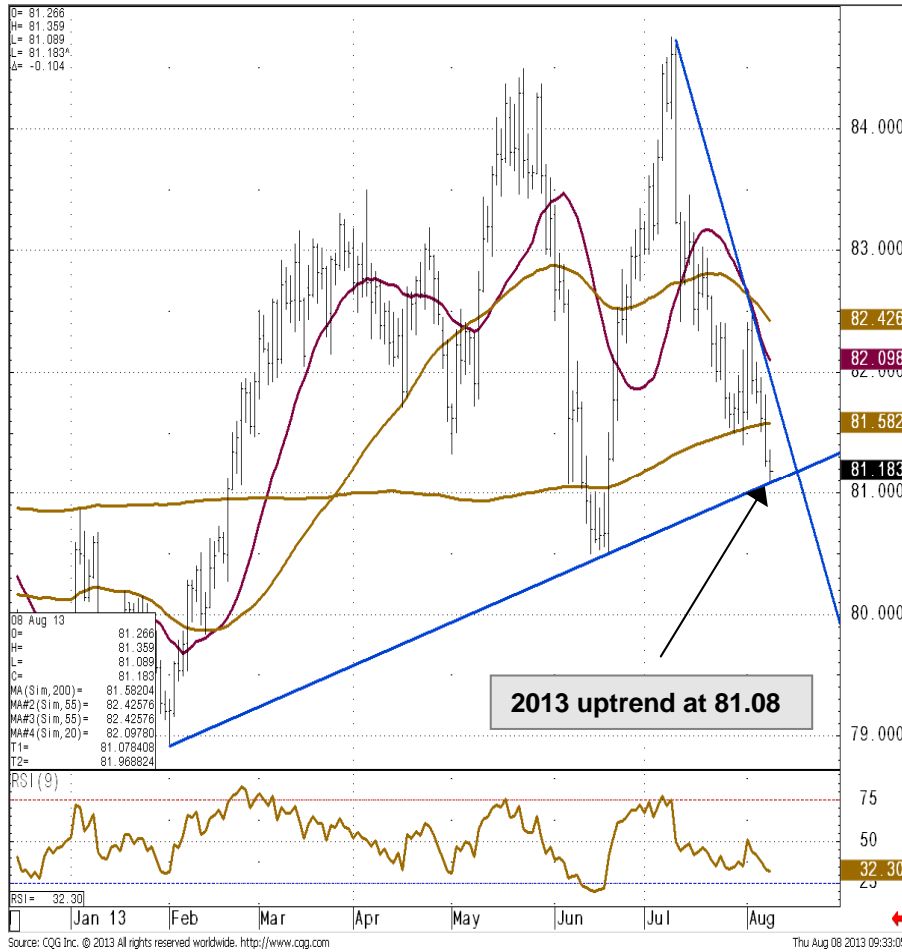
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Thu Aug 08 2013 09:15:20

US Dollar Index has sold off to its 2013 uptrend at 81.08

Also reached the top of the weekly cloud at 81.09

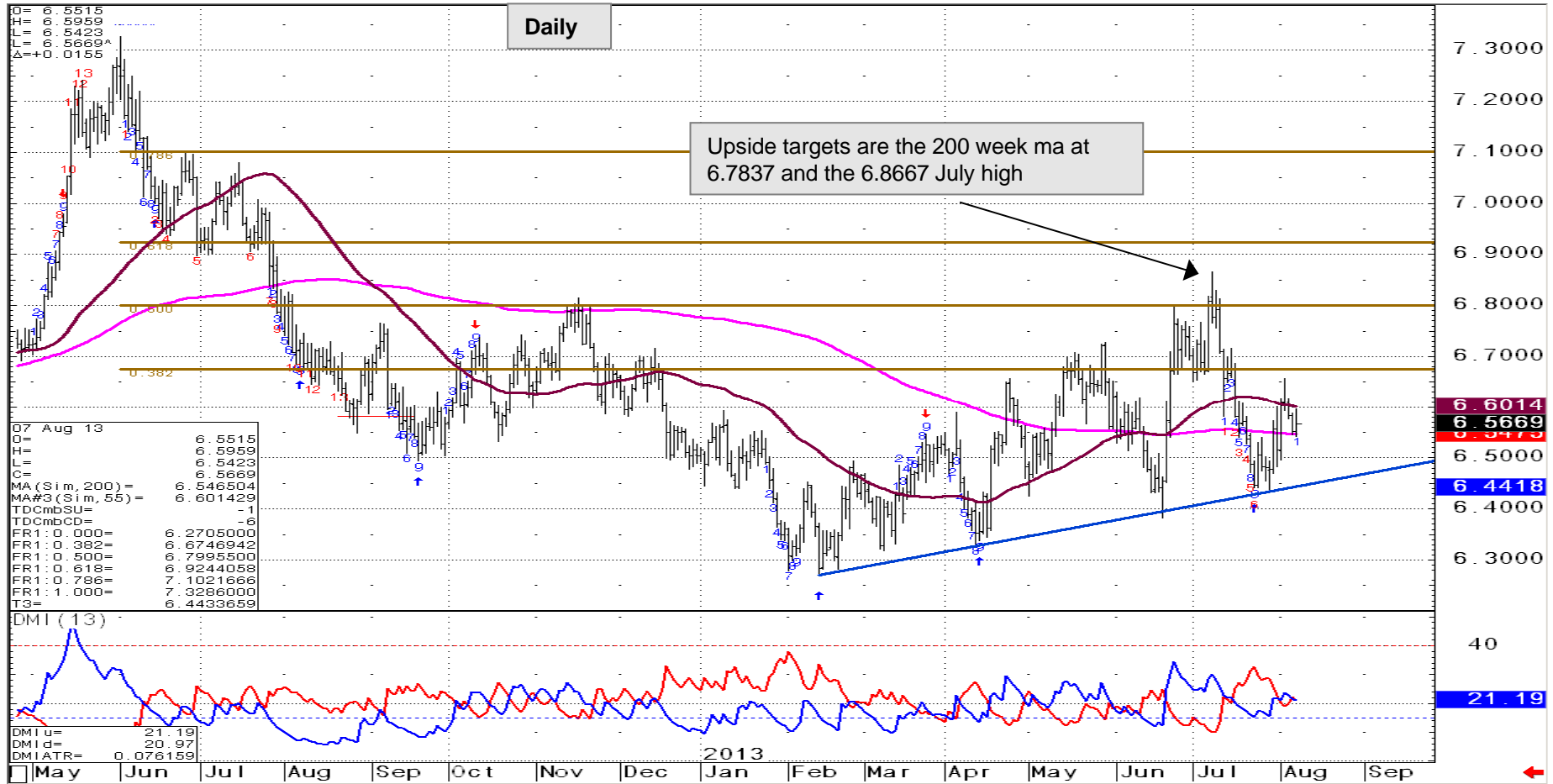
US Dollar Index Daily



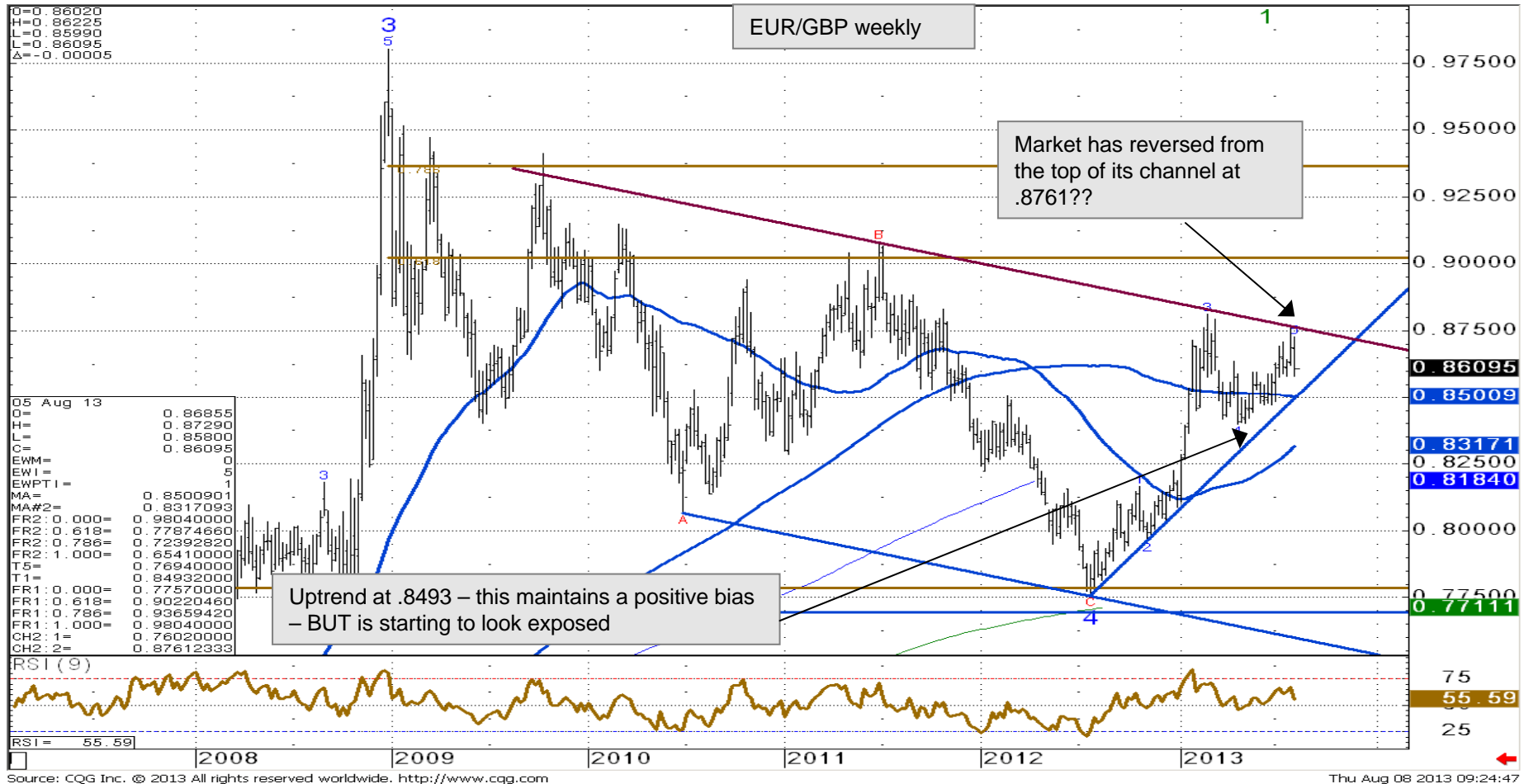
US Dollar Index Weekly



One to go back on the radar? USD/SEK more of a slow grind higher BUT still positive above the 6.44 2013 uptrend.



One to go back on the radar....EUR/GBP recently saw a false break higher and attention has reverted to the 2012-2013 uptrend at .8493



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Daily Market Technicals
FX Outlook

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Strategic Technical Themes
Weekly Outlook and Technical Highlights

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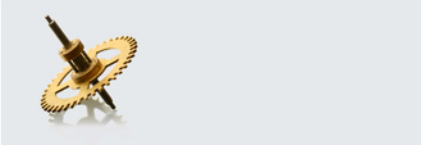


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