

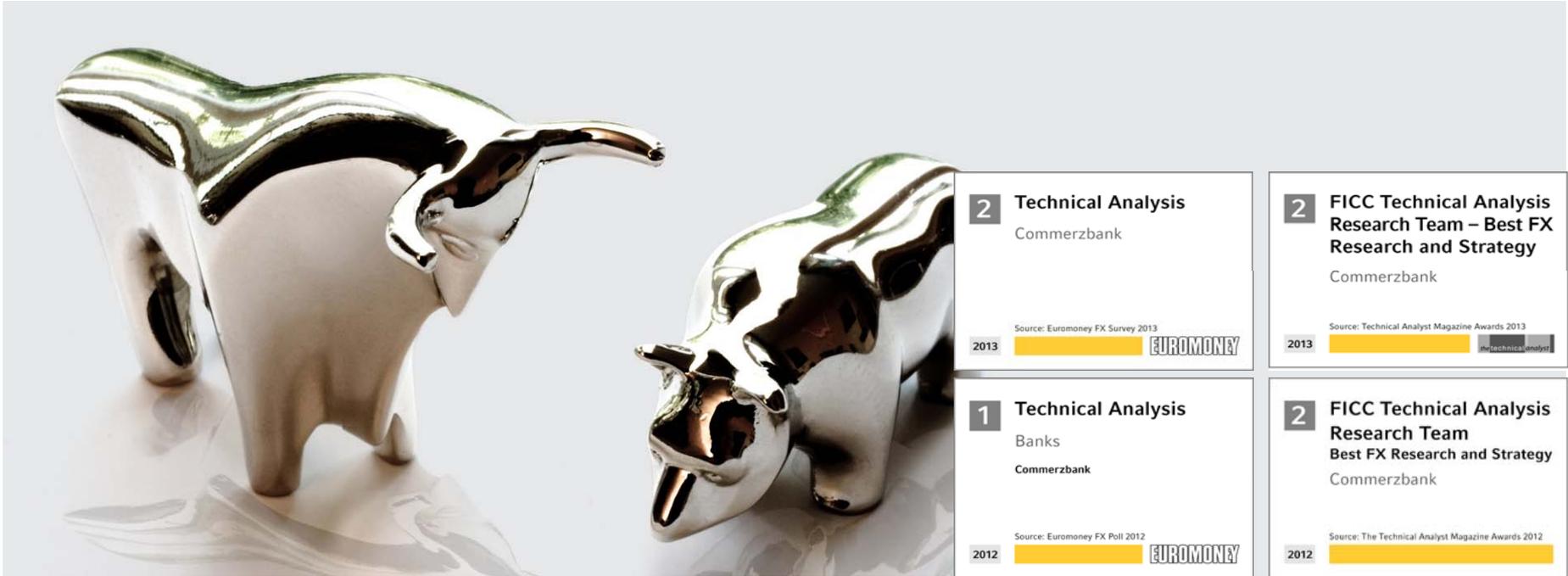
# Chart Watch – FX Markets

Thursday, 05 September 2013

## Outlook and Technical Highlights

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# FX Technical Outlook

Themes	Short term view (1–3 weeks)
<p>The Euro has come under pressure and we would prepare for further weakness</p>	<p>EUR/GBP has severed its 2012-12013 uptrend and has failed at the top of its 4 year channel – this has significant downside scope.</p> <p>EUR/USD has recently seen failure at its 55 MONTH and 200 week moving averages, we view the rejection from here as critical and expect to see the market head to the bottom of the 2013 range at 1.2740</p> <p>The EU/US 10Y swap spread has failed at the 2010 low and is widening once more and this is expected to act as a negative drag on EUR/USD.</p> <p>EUR/AUD has severed its uptrend and eroded its 55 day ma</p> <p>BOE Effective Exchange rate for the Euro has seen 3 failures now at the 50% retracement.</p>
<p>Commodity currencies strengthening near term but remain longer term negative</p>	<p>AUD/USD short term neutralising but maintain a longer term negative stance below .9388/.9404.</p> <p>One to put on the radar - NZD/USD sitting on major support. This remains a sell on rallies to .7925/.8000.</p>
<p>Emerging market currencies remain under pressure</p>	<p>USD/TRY continues to shoot upwards and target the 2.0922/2.1000 region.</p> <p>USD/INR 1 Month NDF - For now remains below its all-time high at 70.05, a rise above which will eye the 75.11 level</p> <p>Latin American Currency under performance VS Asian currencies. Allow for some profit taking in this spread as we are at a target zone</p>
<p>General Dollar Strength is evident</p>	<p>USD/SEK needs to go back on the radar as this looks set to tackle the 6.82/86 resistance (2010-2013 downtrend).</p> <p>USD/JPY has broken higher from a 5 month triangle. Targets 101.54/60 (Fibo) then the 103.74 May high. Measurement of triangle offers an approximate 109.25/110.00 upside measured target</p>

## Technical Trade Ideas

Date	Instrument	Trade Idea	Stop	Take Profit	Outcome	P&L
22.08.2013	EUR/USD	Sell at 1.3370, add at 1.3420	Lower the stop from 1.3415 to 1.3350	1.3025	Short at 1.3370	

## Bullish and bearish trending signals

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

Long Name	C1	C2	C3	C4
EUR SWAP ANNUAL 2 YR	✓	✓	✓	✓
USD SWAP SEMI 30/360 2YR	✓	✓	✓	✓
Natural Gas Future (continuous)	✓	✓	✓	✓
USDPLN Spot Exchange Rate - Price of 1 USD in PLN	✓	✓	✓	✓
USDHUF Spot Exchange Rate - Price of 1 USD in HUF	✓	✓	✓	✓
SWISS FRANC SPOT	✓	✓	✓	✓
NEW TURKISH LIRA SPOT	✓	✓	✓	✓
EUR SWAP ANNUAL 5 YR	✓	✓	✓	✓
RUSSIAN RUBLE SPOT	✓	✓	✓	✓
SWEDISH KRONA SPOT	✓	✓	✓	✓
EUR-SKK X-RATE	✓	✓	✓	✓
EUR-HUF X-RATE	✓	✓	✓	✓
USDIDR Spot Exchange Rate - Price of 1 USD in IDR	✓	✓	✓	✓
LME NICKEL 3MO (\$)	✓	✓	✓	✓
GBP-JPY X-RATE	✓	✓	✓	✓
EUR SWAP ANNUAL 10 YR	✓	✓	✓	✓
USD SWAP SEMI 30/360 10Y	✓	✓	✓	✓
USD SWAP SEMI 30/360 5YR	✓	✓	✓	✓

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

Long Name	C1	C2	C3	C4
Generic 1st 'RX' Future	✓	✓	✓	✓
US 10YR Note Future (continuous)	✓	✓	✓	✓
Generic 1st 'DU' Future	✓	✓	✓	✓
EUR-GBP X-RATE	✓	✓	✓	✓
PALLADIUM SPOT S/OZ	✓	✓	✓	✓
LME NICKEL 3MO (\$)	✓	✓	✓	✓
DAX INDEX	✓	✓	✓	✓

Seeing trending signals for higher swaps, and weakening emerging currencies

**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 07.45 AM

# FX - The Euro has come under pressure and we would prepare for further weakness

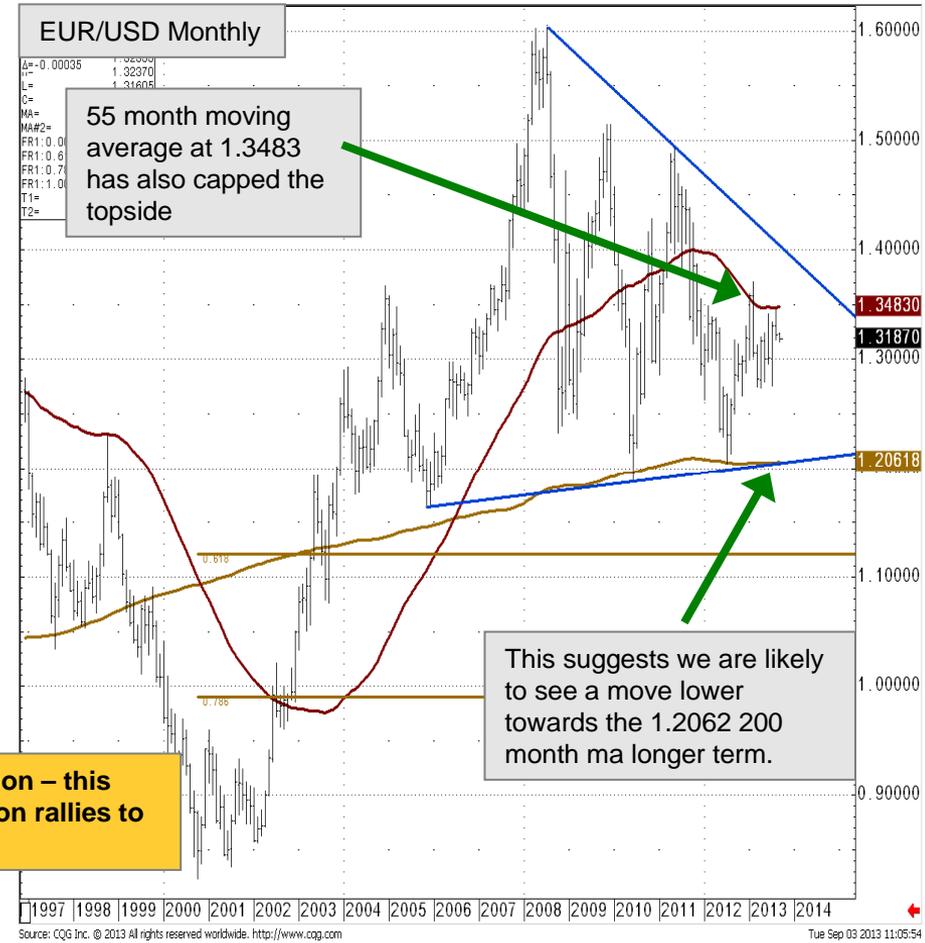
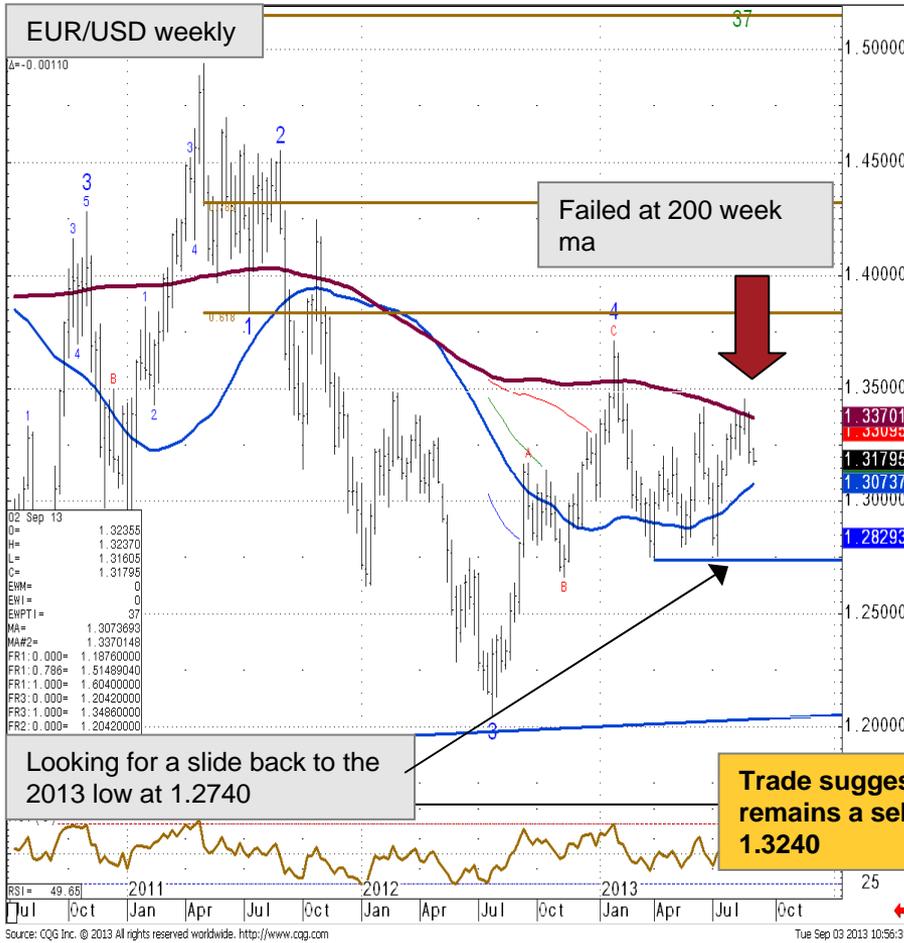
**EUR/GBP has severed its 2012-2013 uptrend**

- EUR/GBP came under increasing downside pressure throughout August and this has culminated in a break below the 2012-2013 up trend at 0.8523. We have seen the market head back to its 200 day ma at 0.8481 and while it is possible that we will see some consolidation around this zone, the recent move lower has been damaging.
- The market appears to have recently failed at the top of a 4 year down channel, which is currently located at .8750. This coupled with the break of the 2012-2013 uptrend is viewed as extremely negative from a longer term perspective.
- Beyond some consolidation, the risks have increased that we will see further weakness. **The initial downside target is the 0.8399/0.8367 zone**, this is the low that we saw in April and the 200 week moving average. Just above here at .8402 is the 38.2% retracement of the move up from the 0.7757. **This .8402/0.8366 zone is expected to act as a major break down zone. Failure here will trigger losses to 0.8155 and eventually head back to the 2012 low at 0.7757 and potentially to the base of the channel, currently at 0.7590. The 2012 low of approximately 0.7750 is achievable by the end of 2014.**

**Trade Suggestion: this remains a sell on rallies to 0.8500, .8528 (previous resistance line is now resistance**



# EUR/USD has failed at its 200 week ma and its 55 MONTH ma and is expected to head to the base of its 2013 range circa 1.2740

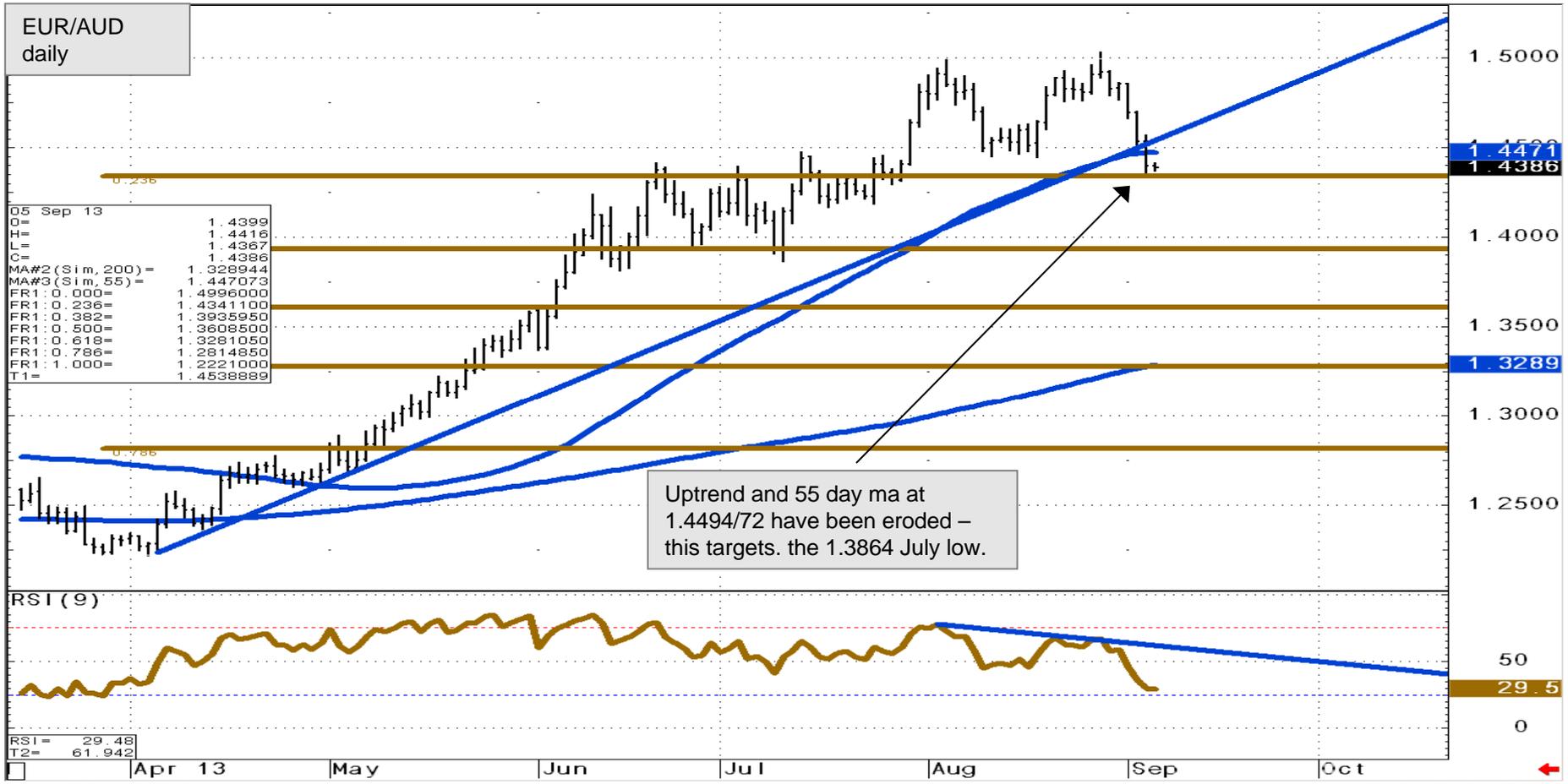


# EU 10Y swap VS US 10Y swap spread is set to widen once more - EU yields are expected to under perform US yields. This is expected to be a negative drag on EUR/USD



# Euro crosses are under pressure -

EUR/AUD has eroded its uptrend 1.4494 eroded



# BOE Effective Exchange rate for the Euro

We have now seen 3 failures at the 50% retracement at 96.23

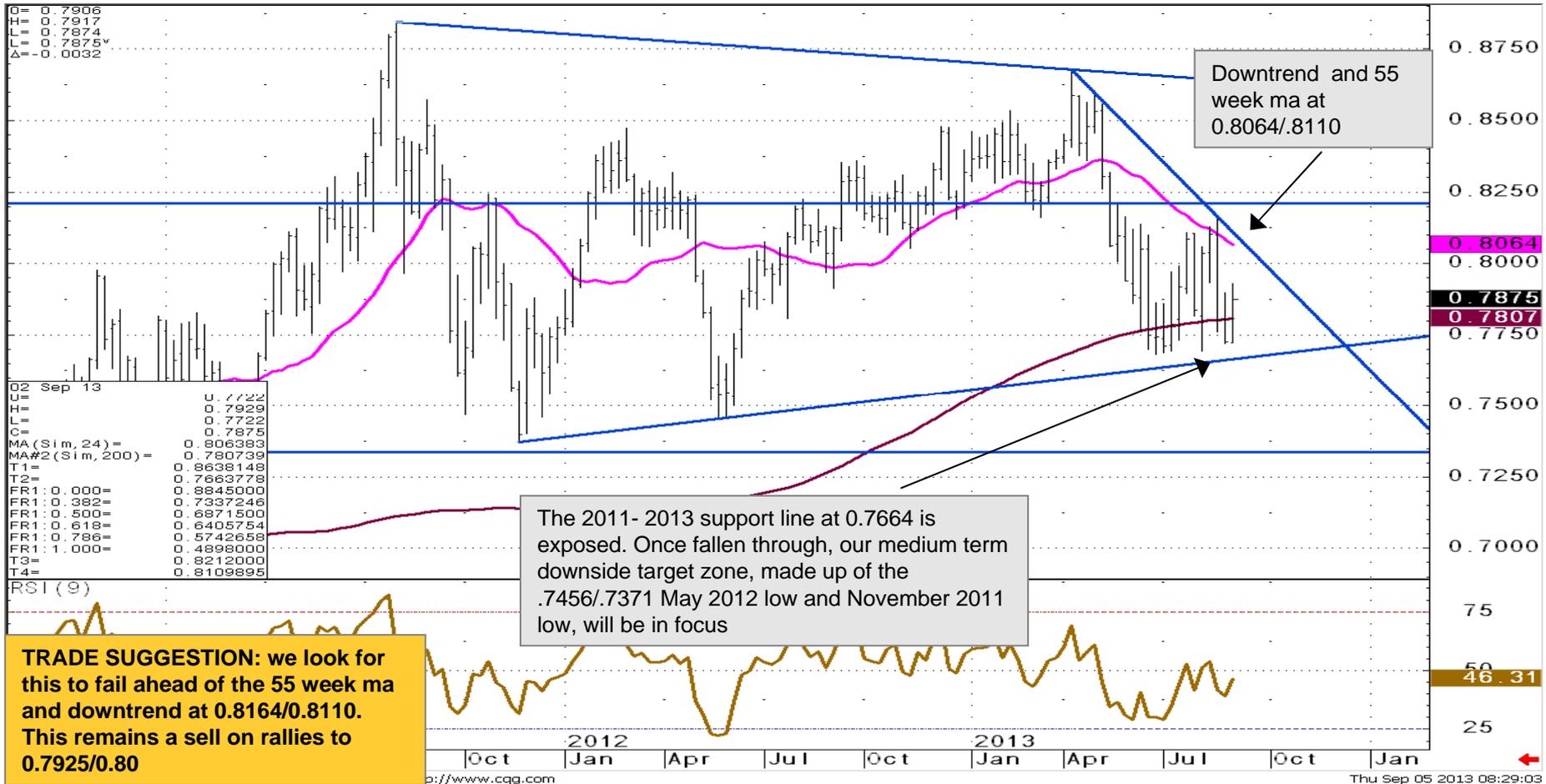


# AUD/USD short term neutralising but maintain a longer term negative stance below .9388/.9404



# One to put on the radar - NZD/USD sitting on major support.

This remains a sell on rallies to 0.7925/0.80



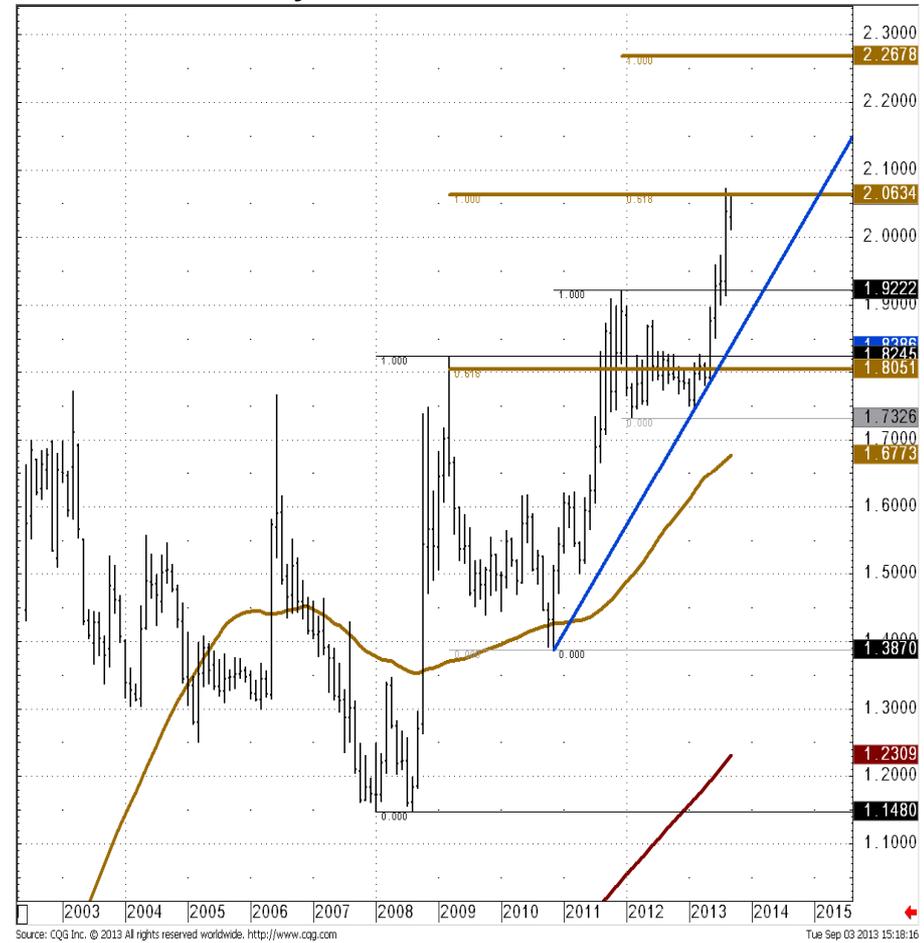
# USD/TRY continues to shoot upwards

Above 2.0728 lies the 2.0922/2.1000 target zone; further up is the 2.2678 100% Fibo extension

## USD/TRY Daily Chart



## USD/TRY Monthly Chart



# USD/INR 1 Month NDF - Daily Chart

For now remains below its all-time high at 70.05, a rise above which will eye the 75.11 level

- › This week the USD/INR 1 Month NDF came close to retesting the all-time high at 70.05, a rise above which will lead to the 261.8% Fibonacci extension at 75.11 being in focus. Please see the weekly chart on the following page.
- › Were this level to be overcome, the next higher 261.8% Fibonacci extension at 77.52 will be on the map.
- › Even though we will retain our short term bullish forecast while the NDF stays above its August 26 low at 63.90 and our medium term bullish view while it remains above its July low at 59.06, we expect to see further consolidation this week before a breakout higher is being seen.
- › Minor support above 59.06 is seen at the 62.53 early August high, the 61.71 early July high and around the 55 day moving average at 62.12.
- › Further support comes in at the 60.80 late July low and the 60.28 mid-July high.

## USD/INR 1 Month NDF Daily Chart



Support	Resistance	1-Week View	1-Month View
66.34&65.00	70.05&75.11	➔	➔
63.90&62.53	77.52&80.00		

# USD/INR 1 Month NDF - Weekly Chart

Made a new all-time high at 70.05, a rise above which will eye the 261.8% Fibonacci extension

USD/INR 1 Month NDF Weekly Chart

USDINR 1 Month NDF Outright (IRN+1M)



Weekly **M200** **M55**

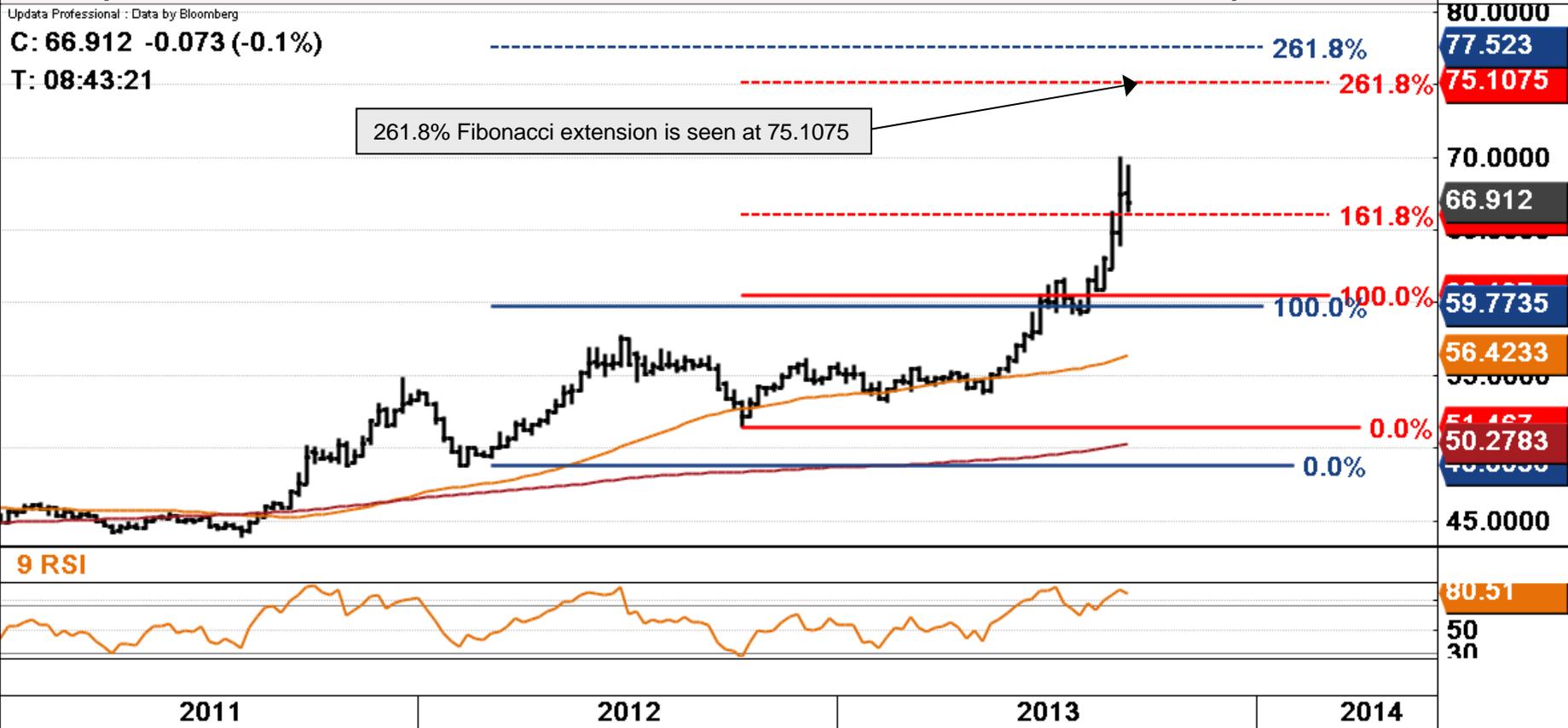
5 Sep 2013 IRN+1M

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Update Professional : Data by Bloomberg

C: 66.912 -0.073 (-0.1%)

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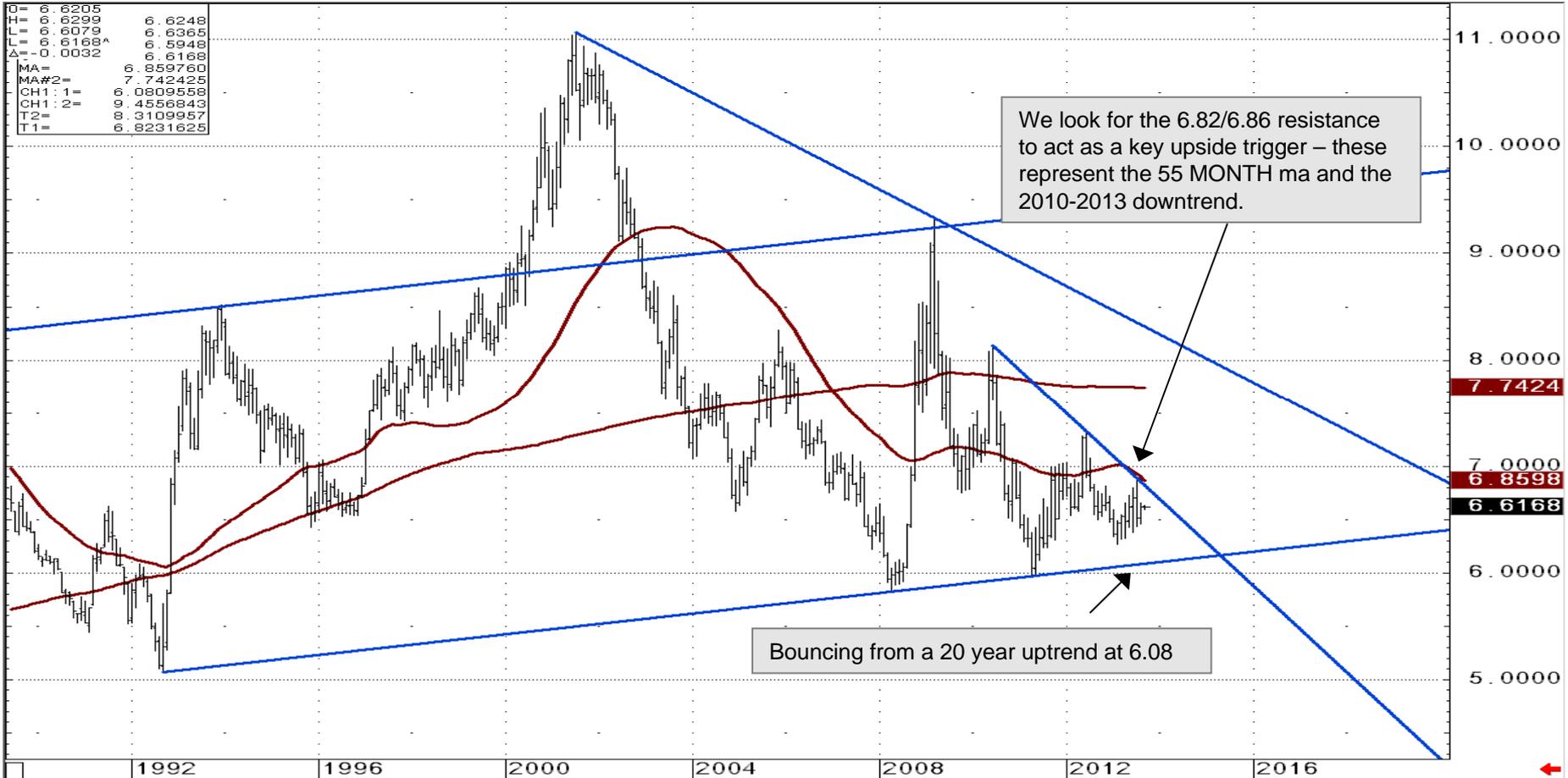
# Latin American Currency under performance VS Asian currencies

Allow for some profit taking as this approaching a target band



# General US Dollar strength

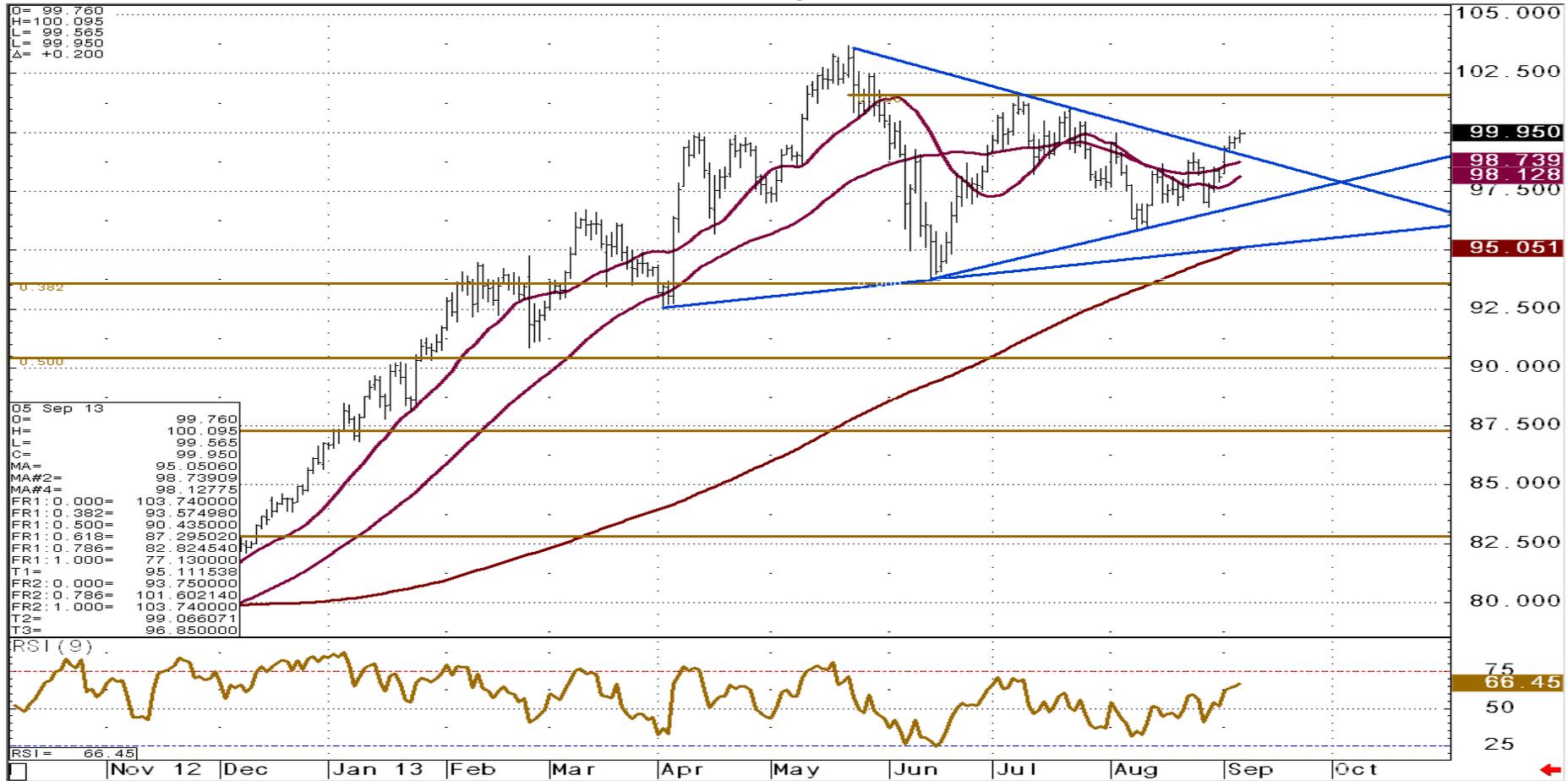
USD/SEK needs to go back on the radar as this looks set to tackle the 6.82/86 resistance (2010-2013 downtrend)



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# USD/JPY has broken higher from a 5 month triangle

Targets 101.54/60 (Fibo) then the 103.74 May high. Measurement of triangle offers an approximate 109.25/110.00 upside measured target



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Thu Sep 05 2013 08:46:34

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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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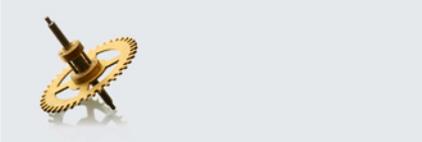


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