

# Strategic Technical Themes

Wednesday, 04 September  
2013

## Weekly Outlook and Technical Highlights

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

**Karen Jones**  
+44 207 475 1425  
Karen.jones@commerzbank.com



For important disclosure information please see end of document

# Summary

## Key Points:

1. The Euro has come under pressure and we would prepare for further weakness, Our favoured trades are for lower EUR/USD and Lower EUR/GBP
2. AUD/USD strength is viewed as corrective and one to put on the radar is NZD/USD, which is sitting on major support
3. Allow for some profit taking in the Latin VS Asian currency spread. Latin American currencies have under performed for some time and we would allow for some profit taking in the spread VS Asian currencies, Note emerging currencies remain weak – in particular PLN, HUF, TRY, RUB, INR, HUF, IDR.
4. The 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
5. EU 10Y yield consolidating above 1.69/1.716 3 month uptrend. Positive bias maintained above here. US 10Y Yield - immediately bid above the 2.76 4 month uptrend BUT expected to struggle at the 3.00 psychological resistance.
6. We continue to believe credit markets are now topping. Breaks of their respective 200 day moving averages will add weight to this view.
7. Gold has reached its 55 week ma at 1426 – has the correction run its course??

# 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
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	✓	✓	✓	✓
DOLLAR INDEX SPOT	✓	✓	✓	✓
EUR SWAP ANNUAL 5 YR	✓	✓	✓	✓
RUSSIAN RUBLE SPOT	✓	✓	✓	✓
USDINR Spot Exchange Rate - Price of 1 USD in INR	✓	✓	✓	✓
EUR-SKK X-RATE	✓	✓	✓	✓
EUR-HUF X-RATE	✓	✓	✓	✓
USDIDR Spot Exchange Rate - Price of 1 USD in IDR	✓	✓	✓	✓
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	✓	✓	✓	✓
Generic 1st 'TY' Future	✓	✓	✓	✓
Generic 1st 'JB' Future	✓	✓	✓	✓
Generic 1st 'DU' Future	✓	✓	✓	✓
10YR MINI JGB FUT Sep13	✓	✓	✓	✓
EUR-SKK X-RATE	✓	✓	✓	✓
EUR-RUB X-RATE	✓	✓	✓	✓
PALLADIUM SPOT \$/OZ	✓	✓	✓	✓
LME NICKEL 3MO (\$)	✓	✓	✓	✓
EURO SPOT	✓	✓	✓	✓
DAX INDEX	✓	✓	✓	✓

We are seeing weakness in fixed income, US Dollar strength, weakness in emerging market currencies – notably PLN, HUF, TRY, RUB, INR, HUF, IDR

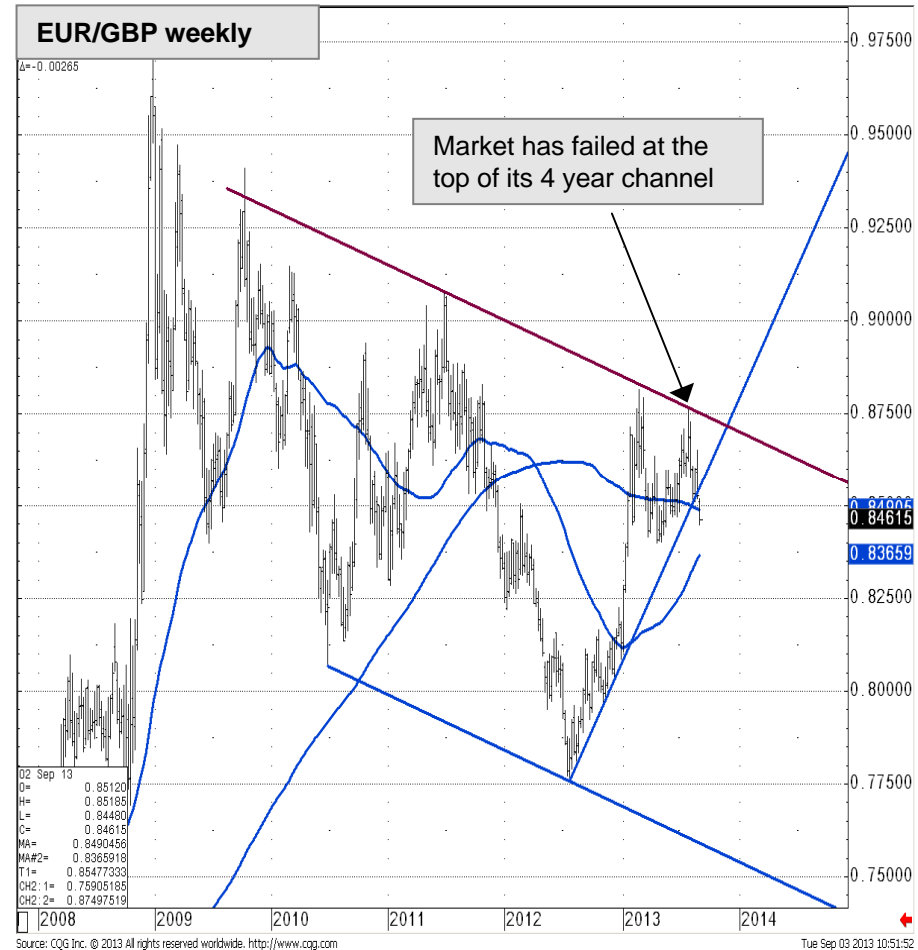
**NB: This is NOT a model and is intended for reference only. It is a basic system to determine if a market is trending or not. It cannot judge strength of support or resistance or whether various momentum oscillators have diverged. For this reason it is possible that the we will occasionally hold a different position to that indicated by the tables above.**

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

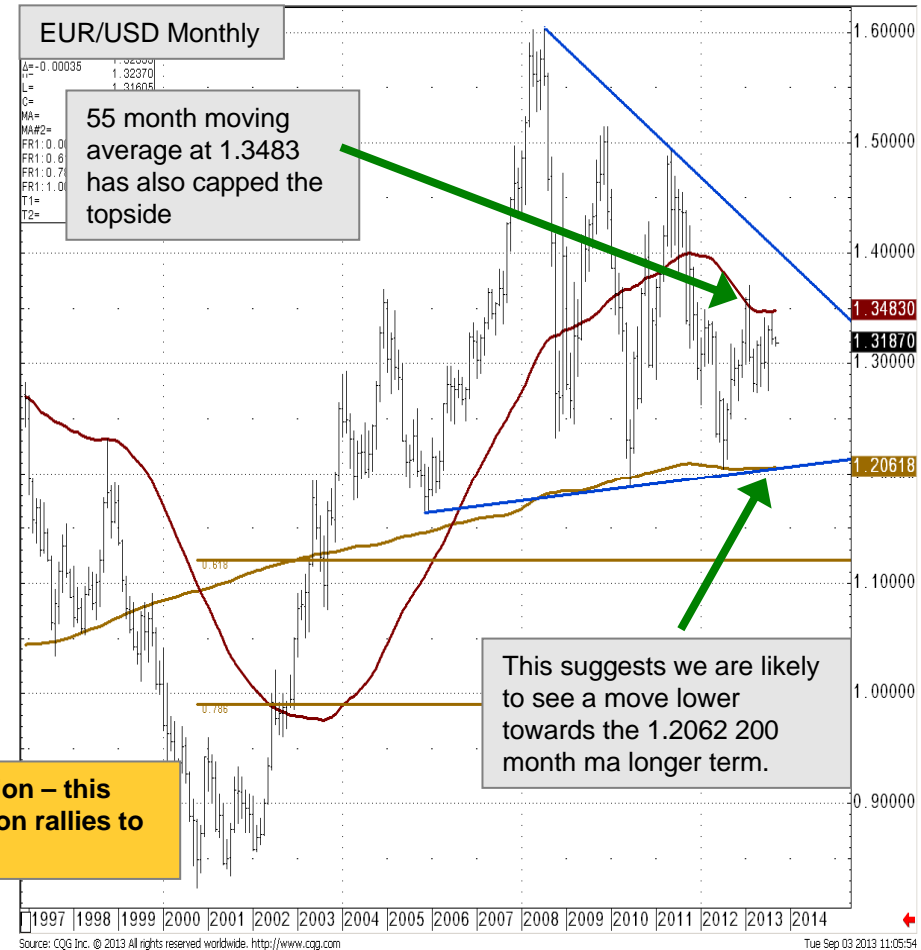
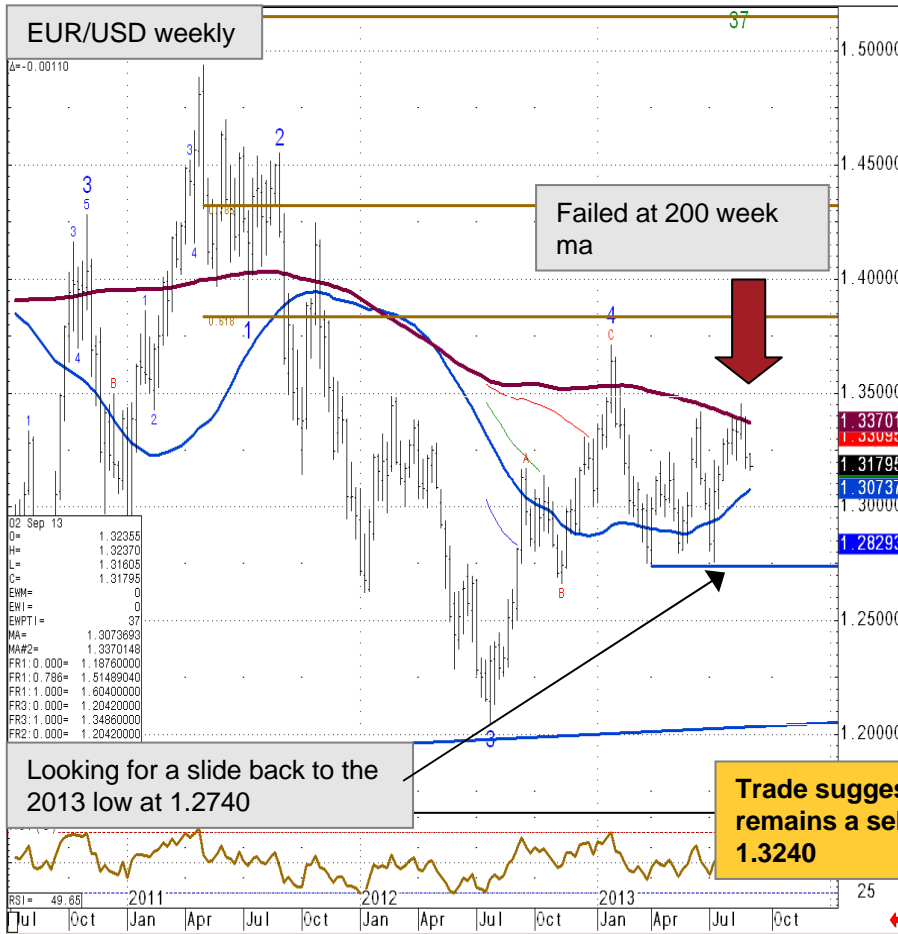
**EUR/GBP has severed its 2012-2013 uptrend**

- 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.**

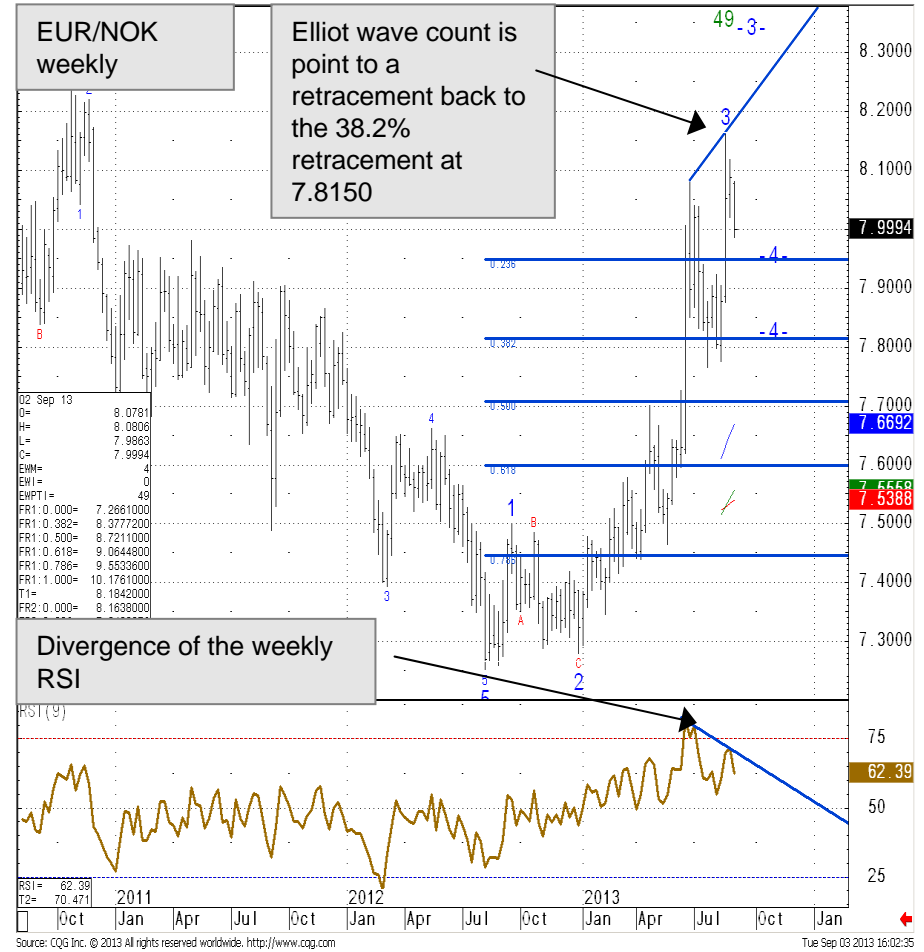
**Trade Suggestion: this remains a sell on rallies to 0.8500, .8528 (previous resistance line is now resistance**



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

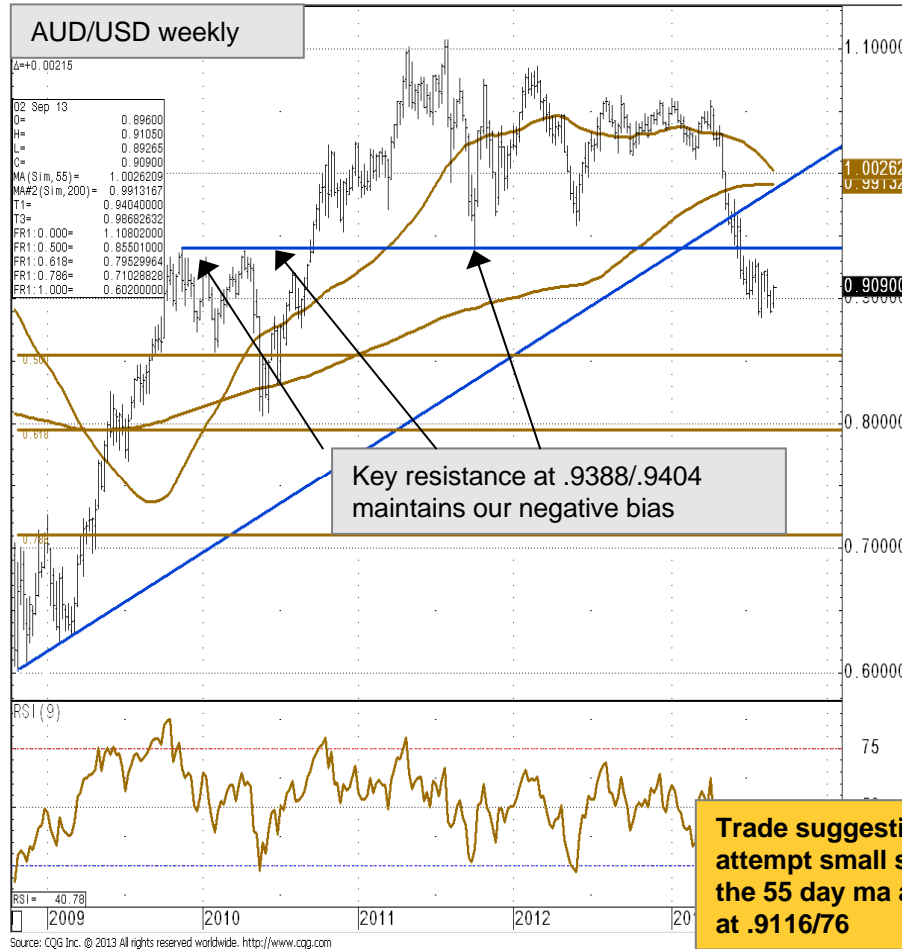


# Euro crosses are under pressure - EUR/AUD is seeing its uptrend 1.4494 eroded



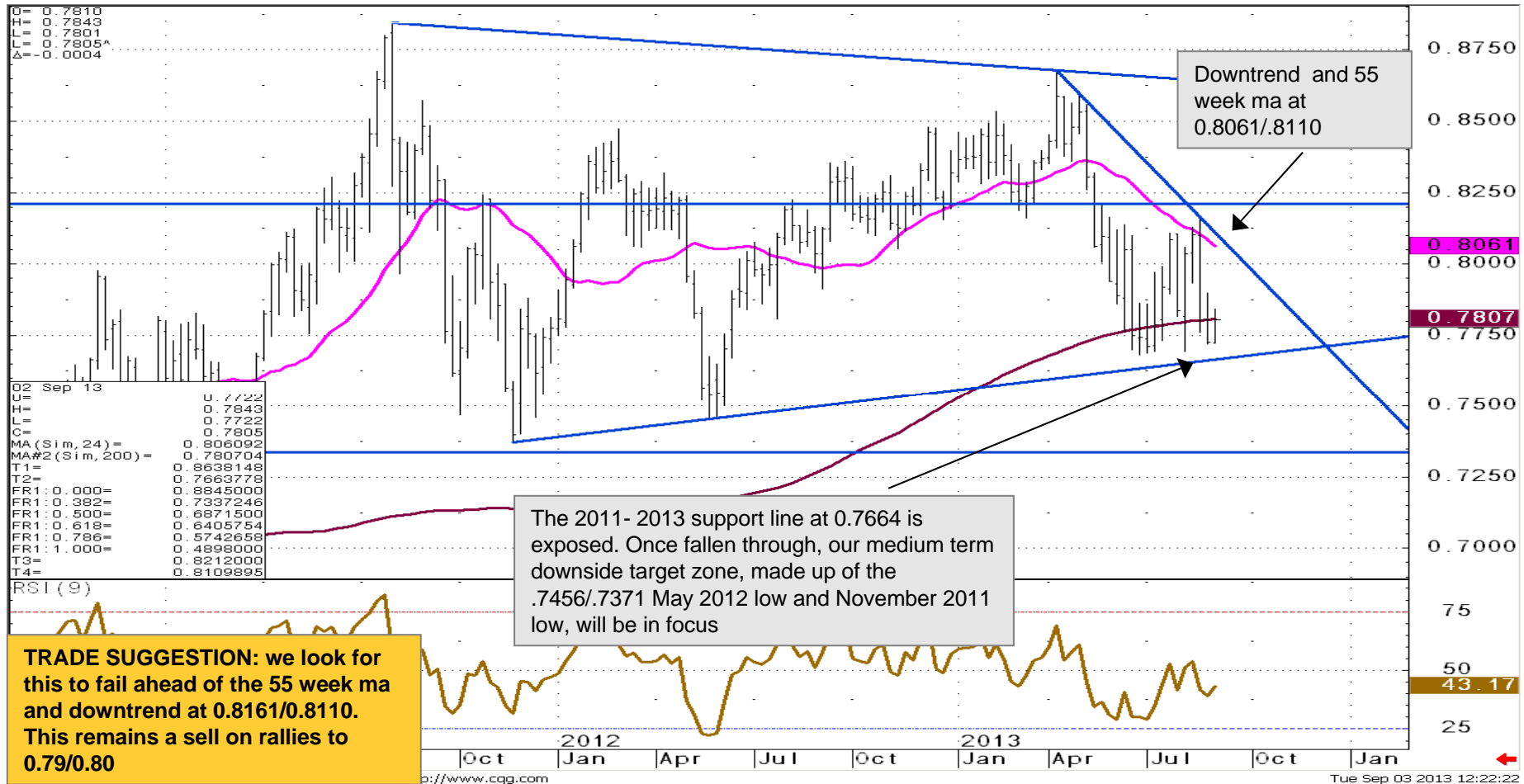
# AUD/USD strength is viewed as corrective only

Our longer term negative bias is fully entrenched below .9388/.9404



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

This remains a sell on rallies to 0.79/0.80

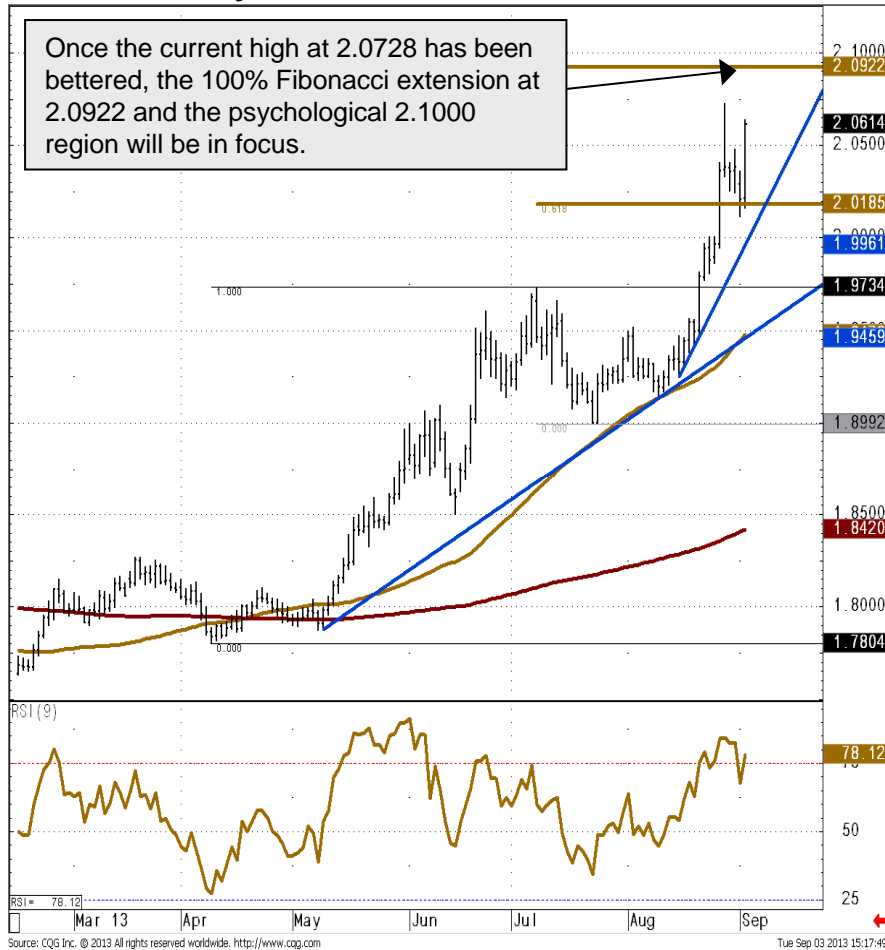




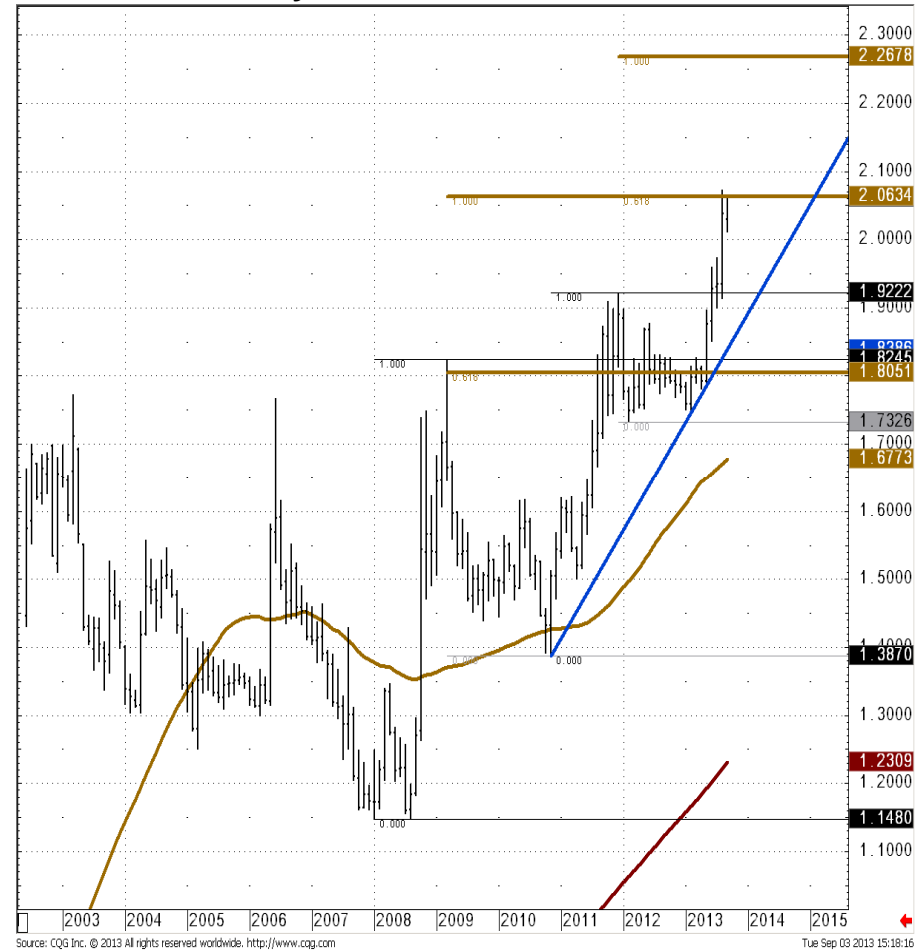
# USD/TRY continues to shoot upwards

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



# Latin American Currency under performance VS Asian currencies

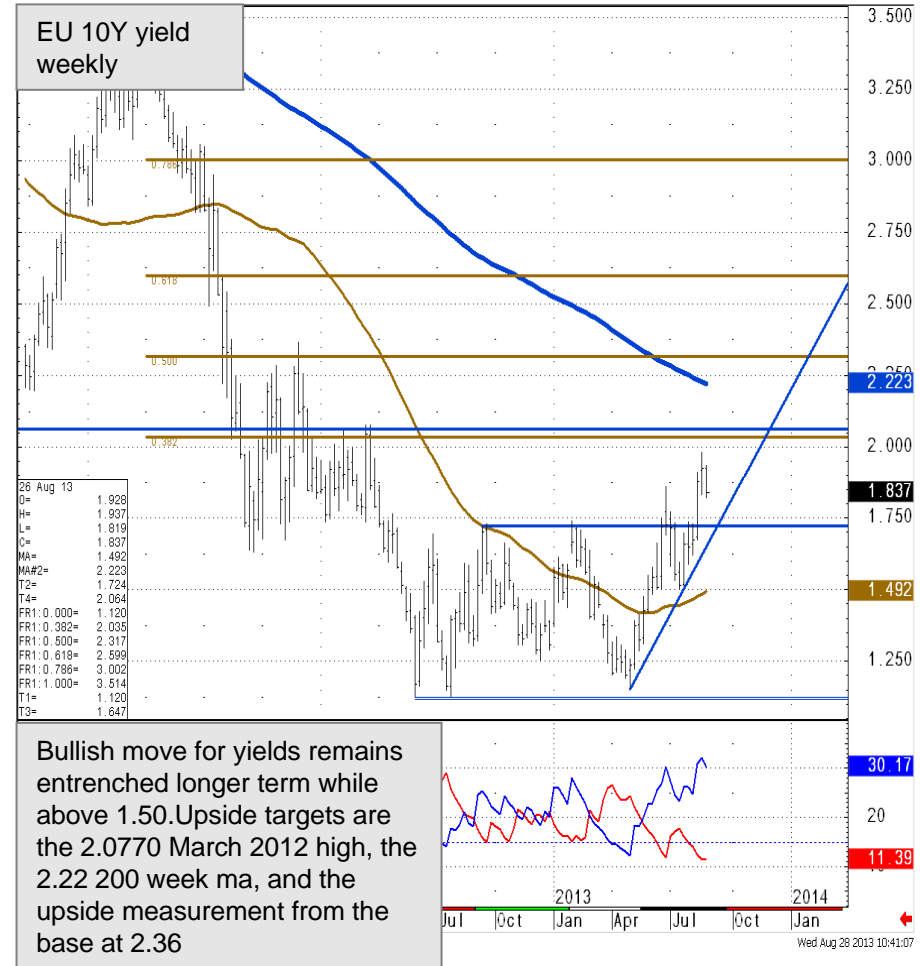
Allow for some profit taking as this approaching a target band



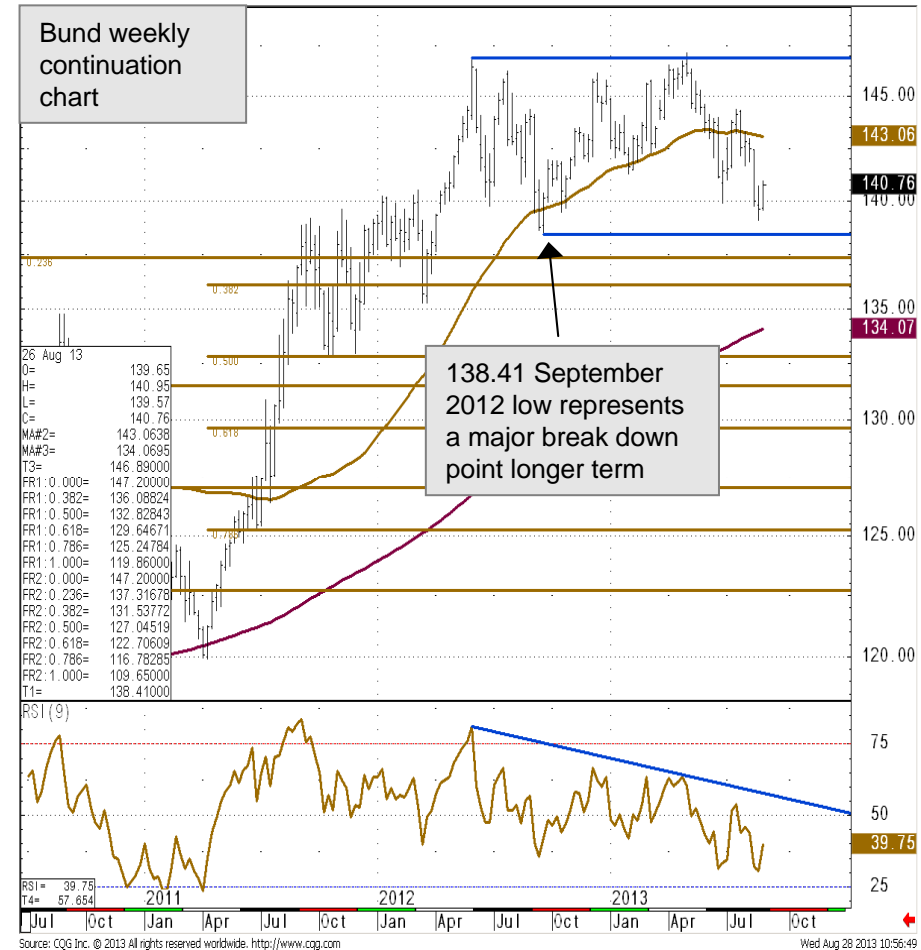
# EU 10Y swap VS US 10Y swap spread is set to widen once more - EU yields are expected to under perform US yields. This is expected to be a negative drag on EUR/USD



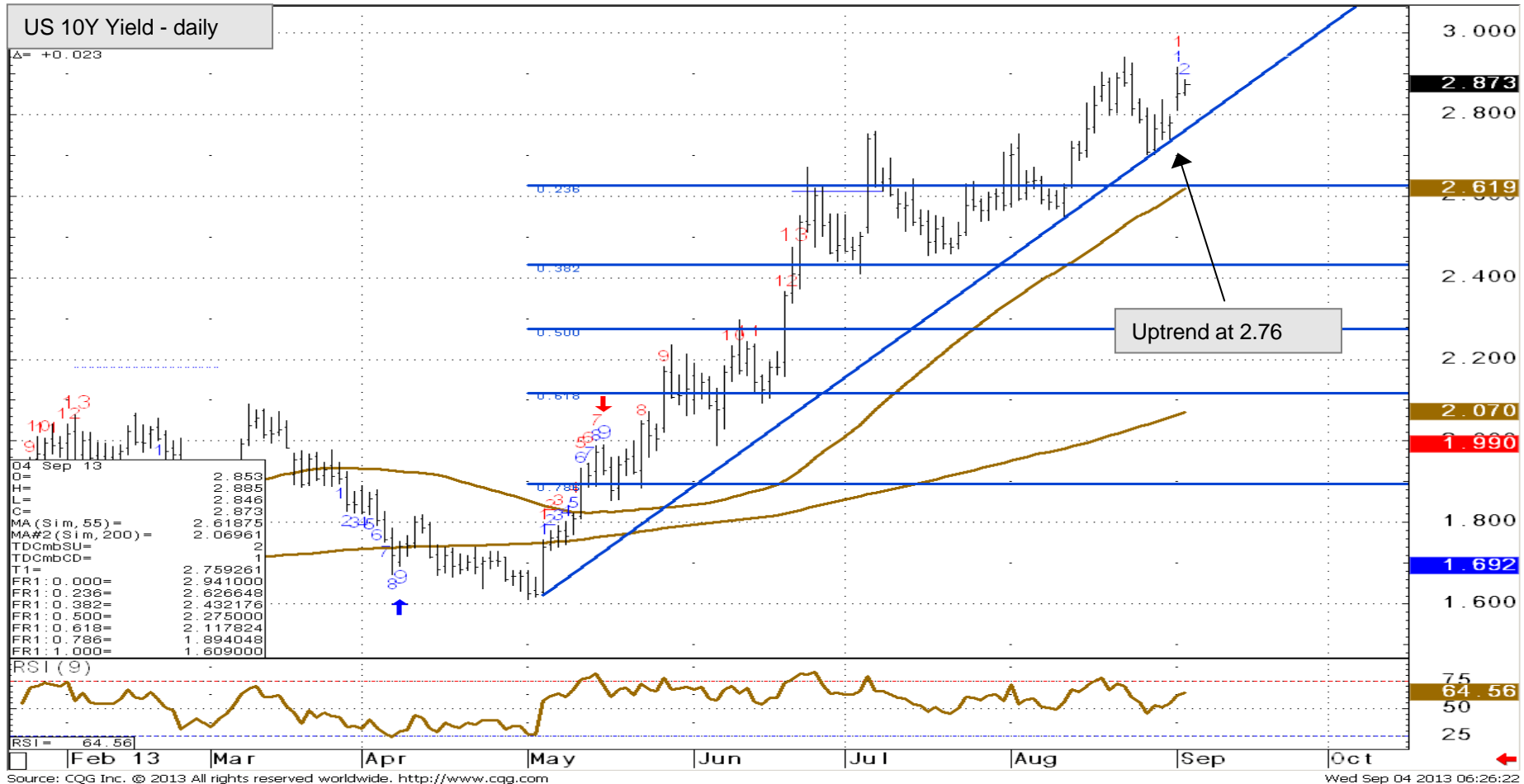
# FIXED INCOME: - EU 10Y yield consolidating above 1.69/1.716 3 month uptrend. Positive bias maintained above here



Bund has reached initial retracement target of 141.00, there is scope for a move to the 3 month downtrend at 142.56 prior to the resumption of its down move.



# US 10Y Yield - immediately bid above the 2.76 4 month uptrend BUT expected to struggle at the 3.00 psychological resistance



# Credit: ITRAXX 5Y Europe Index - Daily Chart

Basing – but struggling to clear the 200 day ma at 108.42 near term

- › The ITRAXX 5Y Europe index once again rose to the resistance area made up of the 55- and 200-day moving averages at 105.82/108.72.
- › Since negative divergence can be seen on the daily RSI a slip back towards the 100 region is likely to be seen in the days to come but from a longer term perspective we expect the current August high at 107.52 to be overcome in September. This would then lead us to change our neutral outlook to a bullish one (credit weakness) with the 2012-13 resistance line at 122.91 then being in focus.
- › Should it be bettered, the 132.52 June high will be targeted. Above it lurks the 150 region.
- › Possible slips to below the 100 level should find support around the 2013 support line at 96.11.
- › The risk of a significant bottom being formed will remain in place while the index stays above the 94.45 current August low point.

ITRAXX 5Y Europe Index Daily Chart



# Gold - Daily Chart

We have turned bearish again and will remain so while below trading the 1434.05 August high

- › Over the past few month the gold price has risen in three corrective Elliott abc waves which have most likely culminated at the 1434.05 August high.
- › Therefore, while no daily chart close above this high is being made, we expect the gold price to fall back to an beyond this year's 1180.04 June low. This level could be reached by the end of this year or the beginning of next year.
- › Our first downside target is the 1349.31/1315.74 support area which consists of the July high, April and May lows and the 55 day moving average. Below it lies the 1272.56 August low which is also being targeted.
- › Failure at the 1272.56 August low would confirm that another interim top has been formed. In such a scenario the 1200/1100 region would be back in play instead.
- › Above 1434.05 sits resistance at 1440.20/1441.11.

Support	Resistance	1-Week View	1-Month View
1349.3/1315.74	1427.1/1434.1	➔	➔
1299.1&1272.6	1440.2/1441.1		

Gold Daily Chart





# Disclaimer

This document has been created and published by the Corporates & Markets division of Commerzbank AG, Frankfurt/Main or Commerzbank's branch offices mentioned in the document. Commerzbank Corporates & Markets is the investment banking division of Commerzbank, integrating research, debt, equities, interest rates and foreign exchange. The author(s) of this report, certify that (a) the views expressed in this report accurately reflect their personal views; and (b) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. The analyst(s) named on this report are not registered / qualified as research analysts with FINRA and are not subject to NASD Rule 2711.

## **Disclaimer**

This document is for information purposes only and does not take account of the specific circumstances of any recipient. The information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever.

The information in this document is based on data obtained from sources believed by Commerzbank to be reliable and in good faith, but no representations, guarantees or warranties are made by Commerzbank with regard to accuracy, completeness or suitability of the data. The opinions and estimates contained herein reflect the current judgement of the author(s) on the data of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of Commerzbank. Commerzbank does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

The past performance of financial instruments is not indicative of future results. No assurance can be given that any opinion described herein would yield favourable investment results. Any forecasts discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by Commerzbank or by other sources relied upon in the document were inapposite.

Neither Commerzbank nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

Commerzbank may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Commerzbank endorses, recommends or approves any material on the linked page or accessible from it. Commerzbank does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Commerzbank. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations

# Disclaimer (contd.)

**Additional notes to readers in the following countries:**

**Germany:** Commerzbank AG is registered in the Commercial Register at Amtsgericht Frankfurt under the number HRB 32000. Commerzbank AG is supervised by the German regulator Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main, Germany.

**United Kingdom:** This document has been issued or approved for issue in the United Kingdom by Commerzbank AG London Branch. Commerzbank AG, London Branch is authorised by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details on the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request. This document is directed exclusively to eligible counterparties and professional clients. It is not directed to retail clients. No persons other than an eligible counterparty or a professional client should read or rely on any information in this document. Commerzbank AG, London Branch does not deal for or advise or otherwise offer any investment services to retail clients.

**United States:** This document has been approved for distribution in the US under applicable US law by Commerz Markets LLC ("Commerz Markets"), a wholly owned subsidiary of Commerzbank AG and a US registered broker-dealer. Any securities transaction by US persons must be effected with Commerz Markets. Under applicable US law; information regarding clients of Commerz Markets may be distributed to other companies within the Commerzbank group. This report is intended for distribution in the United States solely to "institutional investors" and "major U.S. institutional investors," as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Commerz Markets is a member of FINRA and SIPC.

**Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. In Canada, the information contained herein is intended solely for distribution to Permitted Clients (as such term is defined in National Instrument 31-103) with whom Commerz Markets LLC deals pursuant to the international dealer exemption. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities may not be conducted through Commerz Markets LLC. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

**European Economic Area:** Where this document has been produced by a legal entity outside of the EEA, the document has been re-issued by Commerzbank AG, London Branch for distribution into the EEA.

**Singapore:** This document is furnished in Singapore by Commerzbank AG, Singapore branch. It may only be received in Singapore by an institutional investor as defined in section 4A of the Securities and Futures Act, Chapter 289 of Singapore ("SFA") pursuant to section 274 of the SFA.

**Hong Kong:** This document is furnished in Hong Kong by Commerzbank AG, Hong Kong Branch, and may only be received in Hong Kong by 'professional investors' within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

**Japan:** Commerzbank AG, Tokyo Branch is responsible for the distribution of Research in Japan. Commerzbank AG, Tokyo Branch is regulated by the Japanese Financial Services Agency (FSA).

**Australia:** Commerzbank AG does not hold an Australian financial services licence. This document is being distributed in Australia to wholesale customers pursuant to an Australian financial services licence exemption for Commerzbank AG under Class Order 04/1313. Commerzbank AG is regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) under the laws of Germany which differ from Australian laws.

© Commerzbank AG 2013. All rights reserved. Version 9.14

**Commerzbank Corporates & Markets**

<b>Frankfurt</b> Commerzbank AG	<b>London</b> Commerzbank AG London Branch	<b>New York</b> Commerz Markets LLC	<b>Singapore Branch</b> Commerzbank AG	<b>Hong Kong Branch</b> Commerzbank AG
DLZ - Gebäude 2, Händlerhaus Mainzer Landstraße 153 60327 Frankfurt	PO BOX 52715 30 Gresham Street London, EC2P 2XY	2 World Financial Center, 31st floor New York, NY 10020-1050	71 Robinson Road, #12-01 Singapore 068895	29/F, Two IFC 8 Finance Street Central Hong Kong
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 631 10000	Tel: +852 3988 0988



**Karen Jones**  
Head of FICC Technical Analysis

Tel. +44 207 475 1425  
Mail [karen.jones@commerzbank.com](mailto:karen.jones@commerzbank.com)

**Axel Rudolph**  
Senior FICC Technical Analyst

Tel. +44 207 475 5721  
Mail [axel.rudolph@commerzbank.com](mailto:axel.rudolph@commerzbank.com)

Zentrale  
Kaiserplatz  
Frankfurt am Main  
[www.commerzbank.de](http://www.commerzbank.de)

---

Postfachanschrift  
60261 Frankfurt am Main  
Tel. +49 (0)69 / 136-20  
Mail [info@commerzbank.com](mailto:info@commerzbank.com)

**For important disclosure information please see end of document**