


Strategic Technical Themes – Weekly Outlook





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Outlook and Technical Highlights

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<p>2 Technical Analysis Commerzbank</p> <p>Source: Euromoney FX Survey 2013</p> <p>2013  EUROMONEY</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  the technical analyst</p>
<p>1 Technical Analysis Banks Commerzbank</p> <p>Source: Euromoney FX Poll 2012</p> <p>2012  EUROMONEY</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  the technical analyst</p>

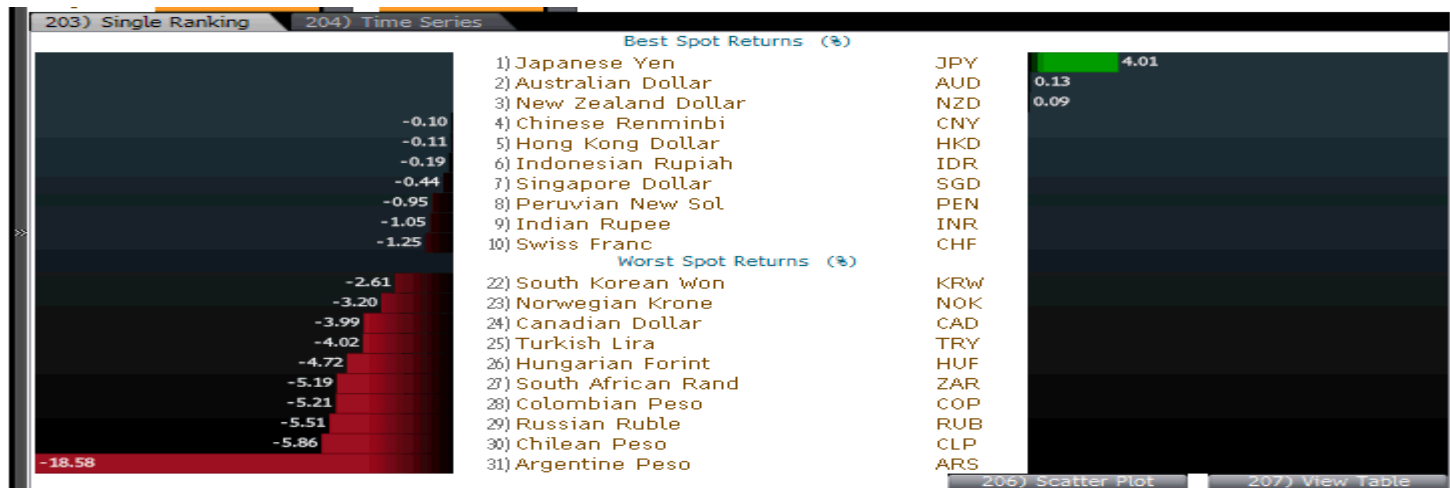
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Summary

Key Points:

1. The technical buy signal seen last week AUD/NZD – we would tighten stops on longs
2. US Dollar Index - consolidating at the 55 week ma and 200 day ma at 81.40/48. This represents the next break up point for the US Dollar
3. GBP/USD – looking more negative – sitting on key 1.6259/29 support, this is the break down point to 1.5855 November low.
4. Norwegian Krone weakens – USD/NOK in 4 year highs, buy the dips. NOK/SEK approaching target, tighten stops on shorts.
5. Bund – convergence of resistance at 114.37/86 suggests that the market should struggle here, tighten stops on any longs
6. One to watch EUR/USD 3mo implied vol - Formation developing is a potential falling wedge (reversal pattern), this implies that stabs lower should hold circa 6.40 for recovery to 7.86/7.95 (55 week ma)
7. ITRAXX 5Y Senior Financial - Rebound has stalled at the 23.6% retracement at 107.
5. French 10Y - Germany 10Y spread – Sell off has held over the the 200 day ma and represents a return to point of break out. Maintain widening bias.

Moves Vs. US Dollar, year to date.



Source Bloomberg

Bullish and bearish trending signals

Bullish (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	✓	✓	✓	✓
USDHUF Spot Exchange Rate - Price of 1 USD in HUF	✓	✓	✓	✓
Generic 1st 'RX' Future	✓	✓	✓	✓
DOLLAR INDEX SPOT	✓	✓	✓	✓
NORWEGIAN KRONE SPOT	✓	✓	✓	✓
Generic 1st 'TY' Future	✓	✓	✓	✓
SWEDISH KRONA SPOT	✓	✓	✓	✓
Generic 1st 'JB' Future	✓	✓	✓	✓
Generic 1st 'DU' Future	✓	✓	✓	✓
10YR MINI JGB FUT Mar14	✓	✓	✓	✓
EUR-SKK X-RATE	✓	✓	✓	✓
GOLD SPOT \$/OZ	✓	✓	✓	✓
EUR-NOK X-RATE	✓	✓	✓	✓
Coffee 'C' Future (continuous)	✓	✓	✓	✓

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

Long Name	C1	C2	C3	C4
EUR SWAP ANNUAL 5 YR	✓	✓	✓	✓
PLATINUM SPOT \$/OZ	✓	✓	✓	✓
S&P 500 INDEX	✓	✓	✓	✓
EUR-CHF X-RATE	✓	✓	✓	✓
CAD-JPY X-RATE	✓	✓	✓	✓
USDIDR Spot Exchange Rate - Price of 1 USD in IDR	✓	✓	✓	✓
JAPANESE YEN SPOT	✓	✓	✓	✓
EUR-AUD X-RATE	✓	✓	✓	✓
LME COPPER 3MO (\$)	✓	✓	✓	✓
BRITISH POUND SPOT	✓	✓	✓	✓
LME NICKEL 3MO (\$)	✓	✓	✓	✓
GBP-JPY X-RATE	✓	✓	✓	✓
EUR SWAP ANNUAL 10 YR	✓	✓	✓	✓
EURO SPOT	✓	✓	✓	✓
CHF-JPY X-RATE	✓	✓	✓	✓
FTSE 100 INDEX	✓	✓	✓	✓
EUR-JPY X-RATE	✓	✓	✓	✓
USD SWAP SEMI 30/360 10Y	✓	✓	✓	✓
JPY SWAP 5 YR	✓	✓	✓	✓
USD SWAP SEMI 30/360 5YR	✓	✓	✓	✓
JPY SWAP 10 YR	✓	✓	✓	✓

1. We have stocks remaining in the bearish trending filter. We have bullish signals on fixed income futures and gold (although these have now reached strong areas of support and resistance and we would tighten stops).
2. CEE FX weakness
3. Japanese Yen strength (again this signal has been in place for a while and we would tighten stops).

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.

AUD/NZD - Daily Chart

AUD/NZD has reversed from major support and targets 1.1150.

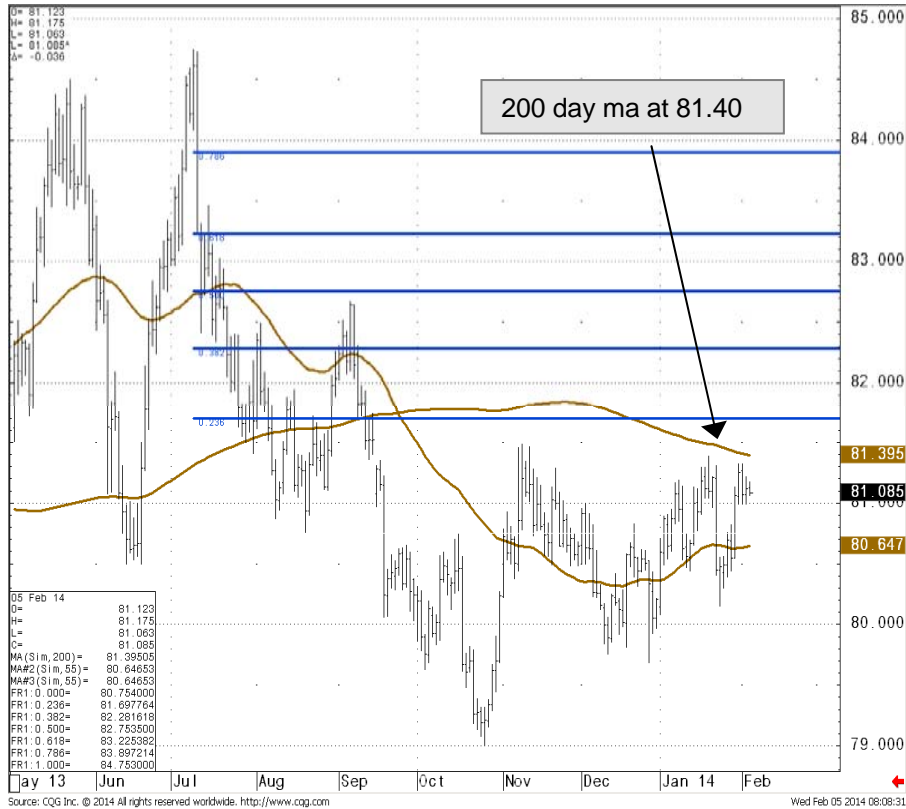
- ▶ We highlighted last week that AUD/NZD was bouncing off the 1.0501/1.0434 major support zone which consists of the 1995 and 2005 lows. And we were looking for a major reversal higher.
- ▶ **We recommended buying AUD/NZD in the 1.0600 region – we are raising stops on longs from 1.0400 to a profit stop of 1.0665 and maintain an upside target at 1.1150.**
- ▶ We noted the positive RSI divergence and because AUD/NZD bounced off the psychological 1.0500 level we are of the opinion that another significant low was made at 1.0493. **This is why we changed our technical view from a neutral to a bullish one. We will retain our bullish outlook while no daily close below the 1.0400 level is being made.** If so, allow for parity to be targeted.
- ▶ Upside targets are the double Fibi at 1.1010/36 then the August and September lows at 1.1157/99.
- ▶ Near term dips are indicated to terminate circa 1.0750.

AUD/NZD Quarterly Chart



US Dollar Index - consolidating at the 55 week ma and 200 day ma at 81.40/48. This represents the next break up point for the Dollar

US Dollar Index Daily



The upmove for the US dollar has halted at the 81.40/48 200 day and 55 week ma. This is considered to be the major break point for the 84.75 2013 high.

US Dollar Index Weekly

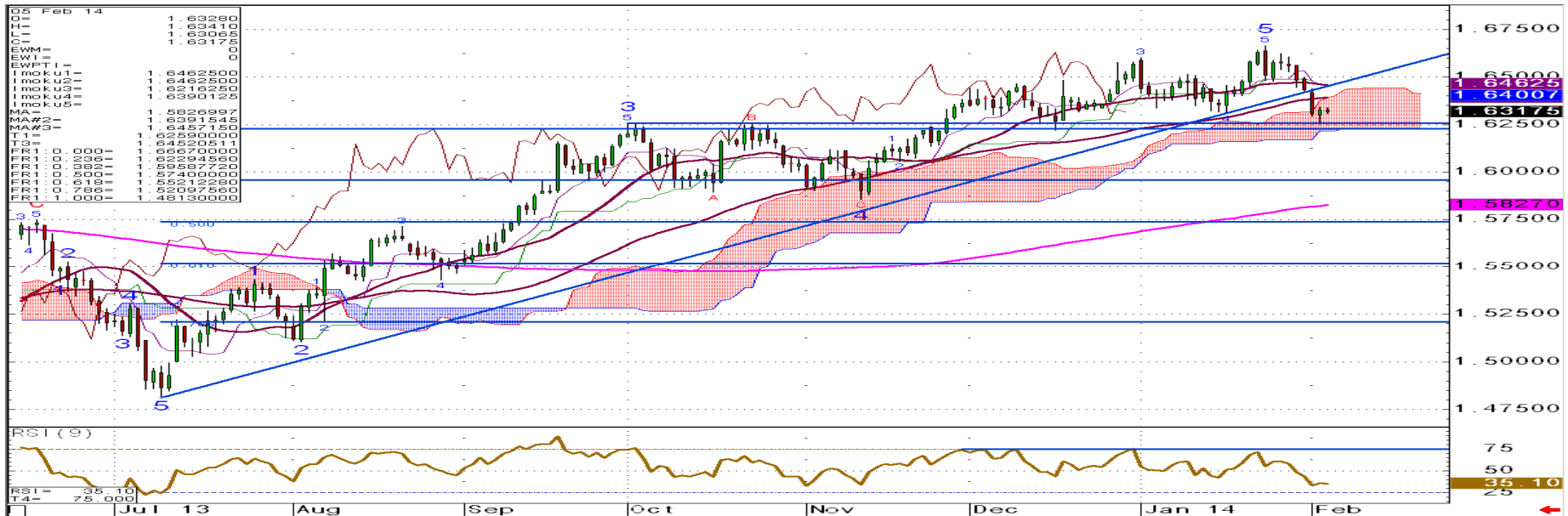


GBP/USD – looking more negative – sitting on key 1.6259/29 support, this is the break down point to 1.5855 November low.

GBP/USD has sold off to the 1.6259/29 support (September high and the 23.6% retracement of the move up from July 2013). We would allow for a small rebound from here towards 1.6390/1.6435 ahead of further losses. A close below the 1.6259/29 support should be enough to signal another leg lower to the 1.5855 November low.

From a longer term perspective we believe that the market has recently topped. The market has recently failed at much tougher resistance namely, the 1.6745 May 2011 peak. The 200 month ma at 1.6635 and the inter-year pivot line at 1.6657 are also found here. We also find here the 1.6713 55 quarter moving average.

The convergence of resistance at this juncture together with the TD perfected set up on the weekly chart all suggests that the market has topped.



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Wed Feb 05 2014 09:18:53

Norwegian Krone weakens

USD/NOK in new 4 year highs, buy the dips

USD/NOK has recently broken into 4 year highs, through the 6.2662 2013 high and the 50% retracement at 6.2657.

The break higher suggests further strength to the 6.50/6.51, 61.8% retracement of the same move. The bullish bias will remain entrenched while above the 6.1184 6 month uptrend and we would look to buy dips to 6.23, adding at 6.17.



Major support at 1.2089/50

We would tighten the stops on short NOK/SEK positions, not only is the market approaching the 1.02859 2004 low, but the 13 count on the monthly chart, together with TD support around the 1.0250 level suggests that we may see some profit taking here

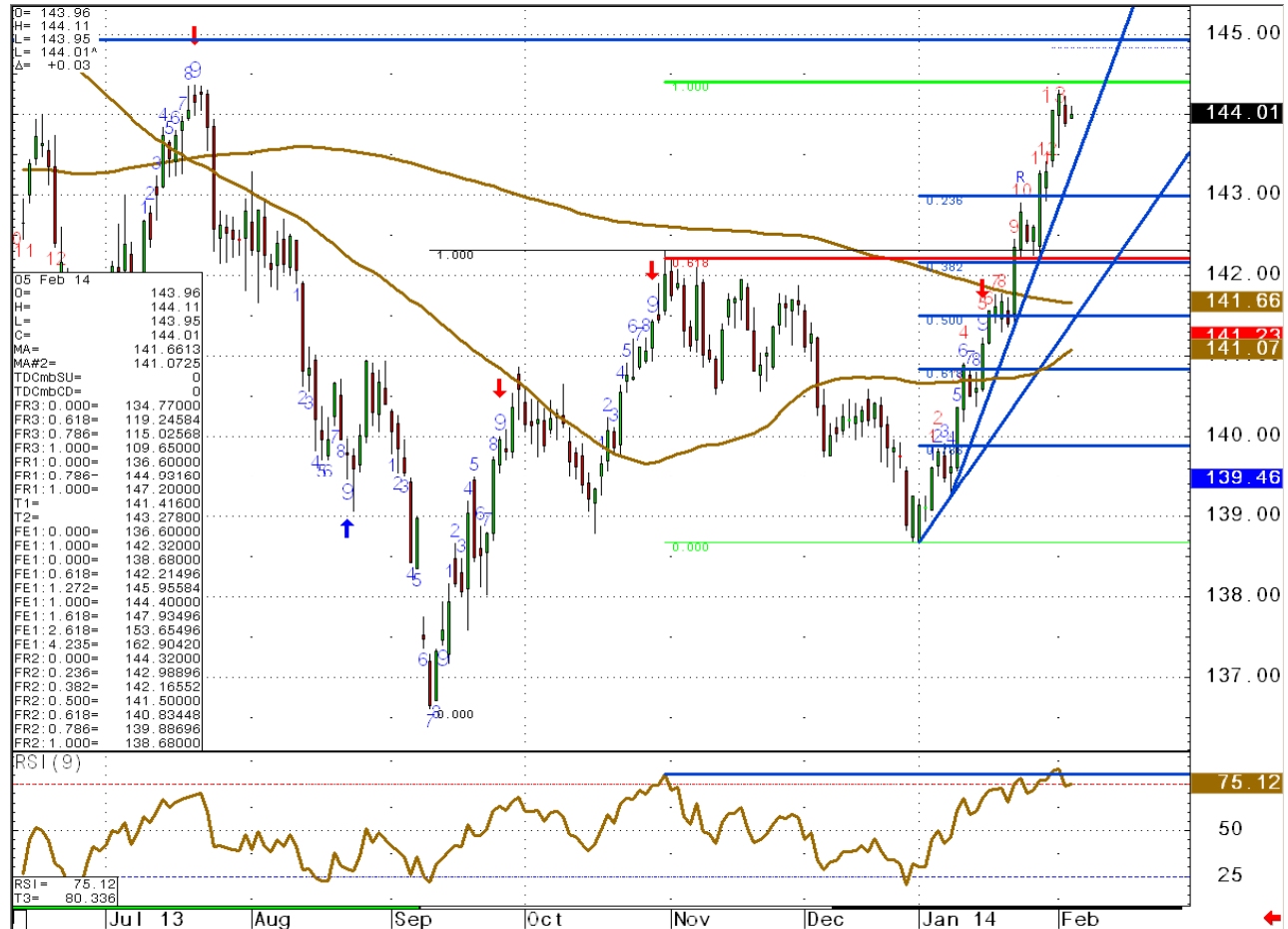
Bund – convergence of resistance at 114.37/86 suggests that the market should struggle here, tighten stops on any longs

We neutralised our view on the bund recently when we cleared the inter-year pivot line at 142.32. This was a major area of resistance and the move above here forced us to neutralise our view for now.

However the market is now approaching its next key band of resistance at 144.37 July high and 144.86, the 78.6% retracement of the same seen in 2013. We also note the 13 count on the daily chart, TD resistance at 144.84 and the Fibonacci extension at 144.42. All of which suggests that the market should struggle here and ideally fail. As a consequence we would tighten up stops on any long positions.

Immediate support is found at 143.27, the accelerated uptrend however we suspect we will need to break back below 142.32/142.26, to alleviate upside pressure. Failure here should refocus attention on the 138.68 January low.

Bund daily continuation



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One to watch - EUR/USD 3 mo implied vol weekly chart

Formation developing is a potential falling wedge (reversal pattern), this implies that stabs lower should hold circa 6.40 for recovery to 7.86/7.95 (55 week ma)



ITRAXX 5Y Senior Financial Index - Daily Chart

Rebound has stalled at the 23.6% retracement at 107

- › The ITRAXX 5Y Senior Financial index's bounce off the current January low at 80.46 has reached and stalled at the 23.6% retracement of the move down from June 2013.
- › With resistance prolific above the market from 117.72 January 2013 low to the 121.64 2012-2014 downtrend, we continue to view the rebound as corrective only and the risk remains for a retest of the 80.46 recent low. The down move is intact (credit strength).
- › Below 80.46/980 would target the 65.16 2010 low.

ITRAXX 5Y Senior Financial Index Daily Chart








French 10Y - Germany 10Y spread



Sell off has held over the the 200 day ma




Tracking Key Technical Themes – Current FX

Date	Theme	Stop on view/Target	Additional Comment	Outcome
22.01.2014	Latin American currencies are under performing Asian currencies. Buy USD/MXN on dips to 13.20.	Assume long 13.20. Target 13.61. Raise stop from 13.15 to 13.26 (profit stop). Target 13.90		
22.01.2014	USD/KRW 1 Month NDF - clear base evident, maintain a positive bias.	Assume long 1070, stop 1068. Take profit at the 200 day ma at 1093	Recent key day reversal suggests caution. Exit at market (circa 1079)	
22.01.2014	USD/MYR 1 Month NDF and is about to overcome the 3.3468 August peak and the 50% retracement.	Assume long 3.3350. Raise stop from 3.2850 to 3.2940. Target 3.44		
29.01.2014	A technical buy signal has been seen on AUD/NZD and a major reversal higher should follow.	Long 1.06, raise stop from 1.04 to 1.0665 (profit stop). Target 1.1000		
29.01.2014	CAD/MXN large top developing. Sell intraday rallies to 11.95, add 12.20	Short 12.07, stop 12.50. Take profit at 11.00		

Tracking Key Technical Themes – Current FX

Date	Theme	Stop on view/Target	Additional Comment	Outcome
29.01.2014	We view recent strength in USD/JPY as corrective and are not convinced that the move down from the 105.50 region is over – we continue to allow for losses to 100.00.	Assume short 103.00. Lower the stop to 101.90 (profit stop). Exit 100.65.		
29.01.2014	One to watch - EUR/USD 3 mo implied vol. Formation developing is a potential falling wedge, this implies that stabs lower should hold circa 6.40 for recovery to 7.86/7.95 (55 week ma).	Volatility circa 6.72 on 29.01.2014. Raise stop to entry point. Exit 7.85.		






Tracking Key Technical Themes – Current Fixed Income

Date	Theme	Stop on view/Target	Additional Comment	Outcome
15.01.2014	French 10Y - Germany 10Y spread expected to widen	Long 0.654, target 0.90, stop 0.56		






Tracking Historical Key themes

Date	Total no of key themes covered	No of successful themes	No of losing themes	Outcome
Q4 2013	30	20	10	66% successful
Q1 2014 (so far)	21	12	3	We have had 6 trades which were stopped at cost.






Historical Key themes – Q1 2014

Date	Theme	Stop on view/Target	Additional Comment	Outcome
27.11.2013	USD/CAD - approaching major resistance at 1.0661 2011 high – this is now exposed.	Market circa 1.0550, stopped at cost	Have reached the 1.0661 high, raise stops on any longs to the entry point circa 1.0550	
04.12.2013	AUD/USD weakness is pronounced. Breaking Fibonaci support at .9043.	Added to shorts.9043, target .8750.Lower profit stop to .8975.	Profit stop hit	
11.12.2013	Bund – negative bias persists	Assume short at 141.26, Target 138.79 met – shorts covered	Negative below 142.25	
11.12.2013	Italy 10Y -Germany 10Y spread has eroded its 4 year uptrend	Stays offered below the 55 day ma at 231. Entry point 225. Target is 200.	Target at 200 met	
04.12.2013	The EU-GB 10Y swap spread is breaking major support at -0.74/-0.77 (2010 low + 61.8% retracement).	This is a major break down point to -1.00.Lower stop to entry point at -0.7370	Stopped at entry point	





Historical Key themes – Q1 2014

Date	Theme	Stop on view/Target	Additional Comment	Outcome
18.12.2013	EUR/NOK - divergence of the weekly RSI points to short term failure at the 8.5455 peak. We look for a slide back to 8.2575/8.2465	Weakness seen BUT could be an 'a-b-c correction'. Exit any shorts		
18.12.2013	EUR/AUD - Probes key resistance at 1.5477/1.5617 which is likely to cap in the short term.	Short circa 1.55. Shorts exited circa 1.53		
08.01.2014	The Bund looking for rebound to remain capped 140.59/141.30, stay longer term bearish	Short 140.59. Lower stop from 141.30 to 141.15. Target 138.80	Stopped 141.15	
08.01.2014	JPY allow for a corrective rally. USD/JPY, EUR/JPY risk of a correction lower near term.	Short circa 104.90, lower stop from 105.50 to profit stop 104.50. Exit 102.25	Profit stopped 104.50, for a small profit	
11.12.2013	EUR/USD approaching major long term resistance at 1.38-1.40 which is expected to cap the topside	Short 1.3760, lower profit stop from 1.3700 to 1.3625. Target 1.3350.	profit stop hit	



Historical Key themes – Q1 2014

Date	Theme	Stop on view/Target	Additional Comment	Outcome
08.01.2014	USD/CAD - Break out of its recent consolidation is bullish.	Long circa 1.0800. Raise profit stop from 1.0840 to 1.0900. Target 1.1185	Daily RSI is diverging – exit longs at market (circa 1.0966)	
08.01.2014	USD/TRY - Upside momentum is diminishing but it could still reach the 2.2681/2.2739 Fibonacci cluster.	Long circa 2.17, raise stop to a profit stop 2.2250	Extremely close to target – exit longs at market (circa 2.2455)	
15.01.2014	Swiss Franc remains weak. USD/CHF – has executed a return to point of break out on its daily chart (retested and held its previous downtrend)	Long .9070, raise stop to entry point .9070	Stopped at entry point	
08.01.2014	US Dollar strength - The US Dollar Index is bouncing from its 2011-2014 uptrend. Initial target is the 55 week ma at 81.45	Long 80.95, raise stop from 80.50 to 80.95.	Stopped at entry point	
06.11.2013	US T-Notes have failed at the 61.8% retracement at 128-01, maintain a negative bias	Target 200 week ma (120 currently). Assume short from 125-22. Lower the profit stop to 124-25	Profit stopped	

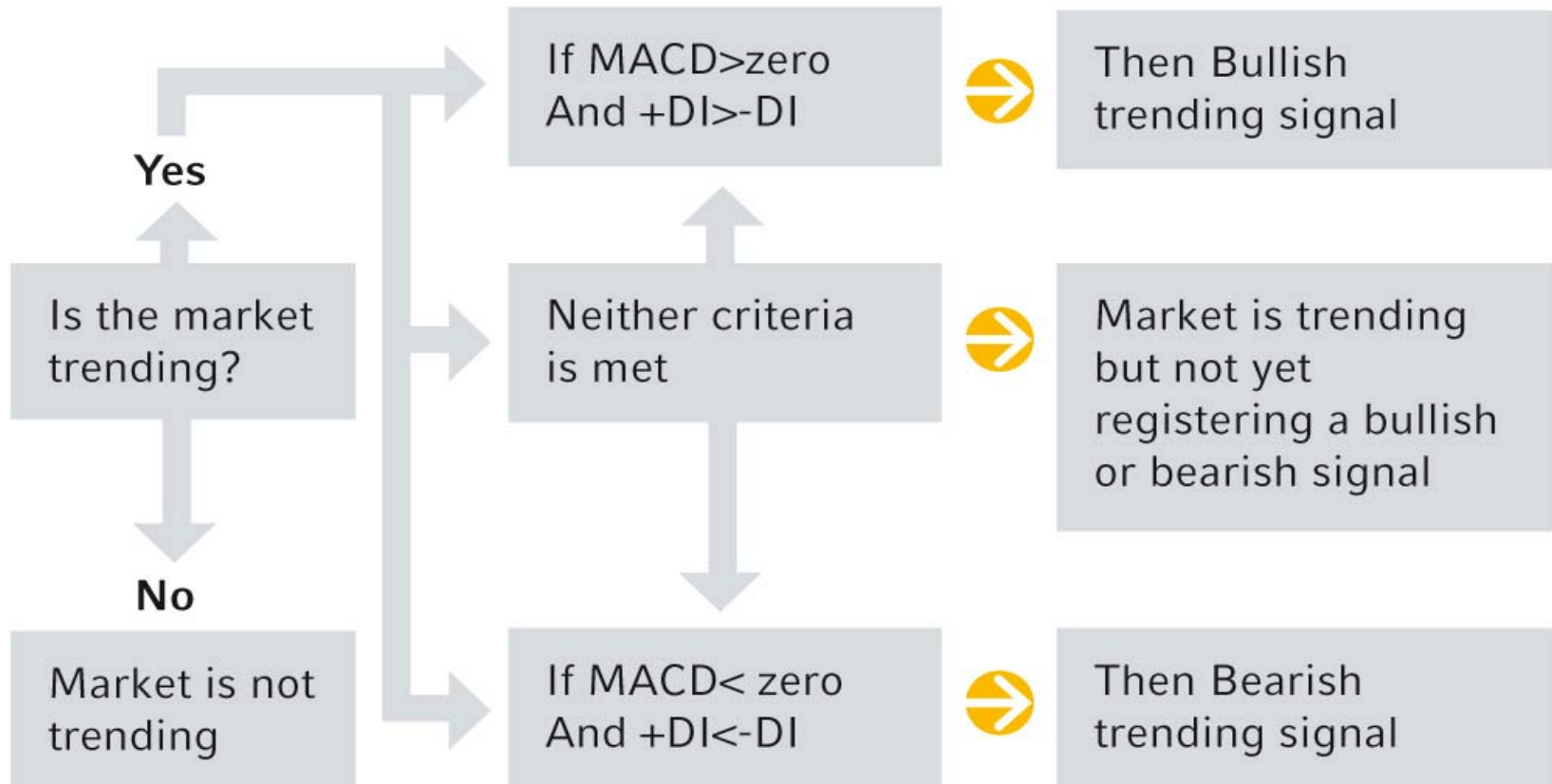
Historical Key themes – Q1 2014

Date	Theme	Stop on view/Target	Additional Comment	Outcome
08.01.2014	USD/CAD - Break out of its recent consolidation is bullish.	Long circa 1.0800. Raise profit stop from 1.0840 to 1.0900. Target 1.1185	Daily RSI is diverging – exit longs at market (circa 1.0966)	
11.12.2013	Spain 10Y - Germany 10Y spread fails at the 55 day ma and resumes narrowing.	Target 172.50.Narrowing intact below 55 day ma. Short 222, lower stop to 233	Exit this trade, we note the divergence of the daily RSI. Exit at market circa 195	
08.01.2014	USD/TRY - Upside momentum is diminishing but it could still reach the 2.2681/2.2739 Fibonacci cluster.	Long circa 2.17, raise stop to a profit stop 2.2250	Extremely close to target – exit longs at market (circa 2.2455)	
22.01.2014	We remain longer term bearish on Bunds but we acknowledge major resistance is not encountered until 142.31 and we remain unable to rule out a move to here before down	View stopped above 142.31		

Historical Key themes – Q1 2014

Date	Theme	Stop on view/Target	Additional Comment	Outcome
15.01.2014	.Sterling strength on its crosses. EUR/GBP targets .8160 then .8000	Short .8310, place stop .8350. Lower stop to .8310 and take profit at .8175	Stopped at entry point	
22.01.2014	USD/SGD is well placed to break up from a 3 year range.	Long 1.2770, raise stop to 1.2690. Exit at entry point	stopped	

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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Daily Market Technicals
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Technical Analysis Research **COMMERZBANK**

Strategic Technical Themes
Weekly Outlook and Technical Highlights



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FX Emerging Markets Weekly Technicals
Technical Outlook




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Bullion Weekly Technicals
Technical Outlook

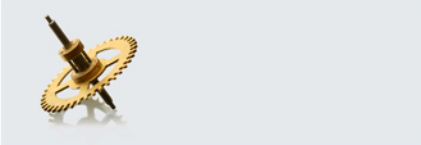


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Technical Analysis Research **COMMERZBANK**

Commodity Currencies Weekly Technicals
Technical Outlook



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Commodity Weekly Technicals
Technical Outlook




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Asian Currencies Weekly Technicals
Technical Outlook



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Fixed Income Weekly Technicals
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- Monday:** Daily Market Technicals (FX), FX Emerging Markets Technicals;
- Tuesday:** Daily Market Technicals (FX), Bullion Weekly Technicals;
- Wednesday:** Daily Market Technicals (FX), Commodity Weekly, Commodity Currencies Weekly Technicals;
- Thursday:** Daily Market Technicals (FX), Asian Currencies Weekly Technicals, FX Strategy;
- Friday:** Daily Market Technicals (FX), Fixed Income Weekly Technicals.

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