


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 </p>

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Summary

Key Points:

1. USD/CAD maintain longer term bullish bias – near term weakness is viewed as corrective
2. US Dollar Index has come under increasing downside pressure but this has now reached stronger support and we are looking for support offered by the 200 week ma and uptrend at 79.93/83 to hold.
3. EUR/USD strength is expected to peter out ahead of the 1.3840/94 downtrend and recent high.
4. RUB basket has maintained upside pressure and is in new highs- the only target we have of note is the 41.88/1.618 Fibonacci projection
5. Remain bearish Turkish Lira. Both EUR/TRY and USD/TRY have sold off to key supports and are showing signs of recovery.
6. NOK/SEK - signs of Norwegian strength gaining traction, we suspect that we are in the embryonic stages of reversing the 5 year bear trend.
7. We continue to view the pattern developing on the AUD/NZD chart as a basing pattern
5. Bund's rally has reached major convergence of resistance at 144.37/86 and we should see failure.

Bullish and bearish trending signals

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

Long Name	C1	C2	C3	C4
Natural Gas Future (continuous)	✓	✓	✓	✓
Heating Oil Future (continuous)	✓	✓	✓	✓
RUSSIAN RUBLE SPOT	✓	✓	✓	✓
EUR-SKK X-RATE	✓	✓	✓	✓
AMEX GOLD BUGS INDEX	✓	✓	✓	✓
GOLD SPOT \$/OZ	✓	✓	✓	✓
EUR-HUF X-RATE	✓	✓	✓	✓
EURRUB Spot Exchange Rate - Price of 1 EUR in RUB	✓	✓	✓	✓
BRITISH POUND SPOT	✓	✓	✓	✓
GBP-JPY X-RATE	✓	✓	✓	✓
Coffee 'C' Future (continuous)	✓	✓	✓	✓
SILVER SPOT \$/OZ	✓	✓	✓	✓
LME TIN 3MO (\$)	✓	✓	✓	✓

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

Long Name	C1	C2	C3	C4
USDCZK Spot Exchange Rate - Price of 1 USD in CZK	✓	✓	✓	✓
SWISS FRANC SPOT	✓	✓	✓	✓
NEW TURKISH LIRA SPOT	✓	✓	✓	✓
DOLLAR INDEX SPOT	✓	✓	✓	✓
NORWEGIAN KRONE SPOT	✓	✓	✓	✓
EUR SWAP ANNUAL 5 YR	✓	✓	✓	✓
EUR-CZK X-RATE	✓	✓	✓	✓
EUR-PLN X-RATE	✓	✓	✓	✓
USDIDR Spot Exchange Rate - Price of 1 USD in IDR	✓	✓	✓	✓
EUR-NOK X-RATE	✓	✓	✓	✓
USD SWAP SEMI 30/360 5YR	✓	✓	✓	✓

1. A number of commodity markets are now showing bullish trending signals.
2. A weaker US Dollar, but this is approaching major support and we suspect the downside is limited.
3. Norwegian Krone strength

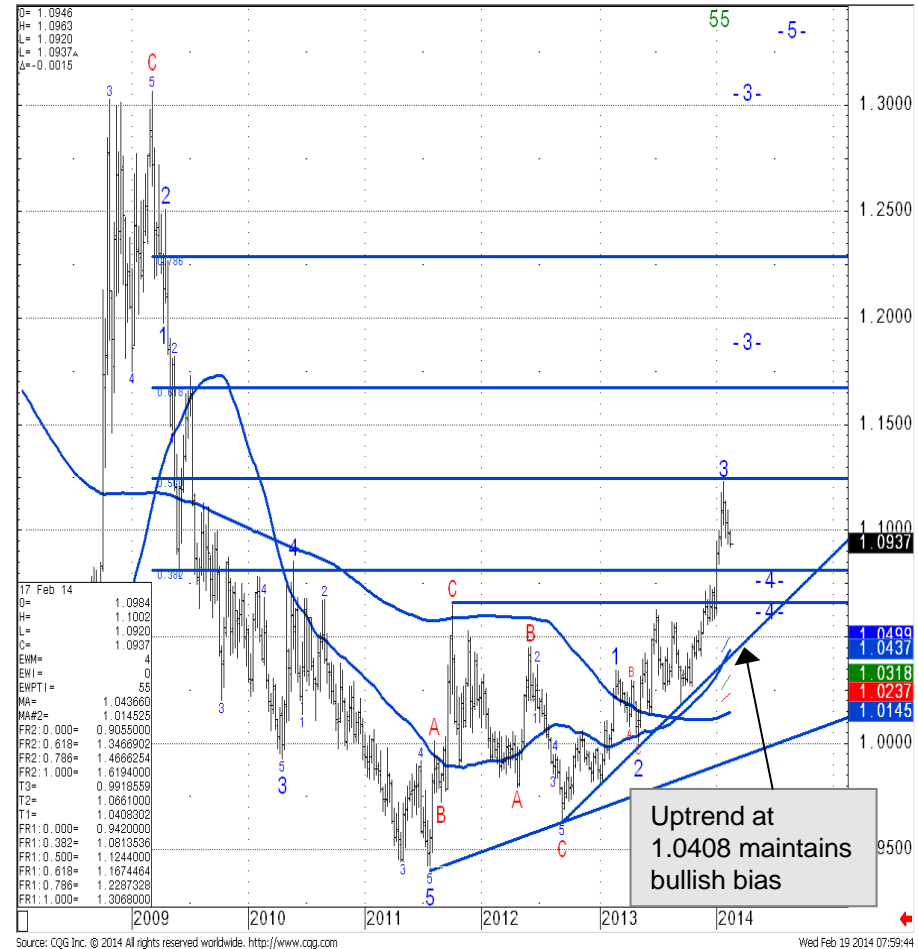
NB: This is NOT a model and is intended for reference only. It is a basic system to determine if a market is trending or not. It cannot judge strength of support or resistance or whether various momentum oscillators have diverged. For this reason it is possible that the we will occasionally hold a different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

USD/CAD - maintain longer term bullish bias

Near term weakness viewed as corrective only.

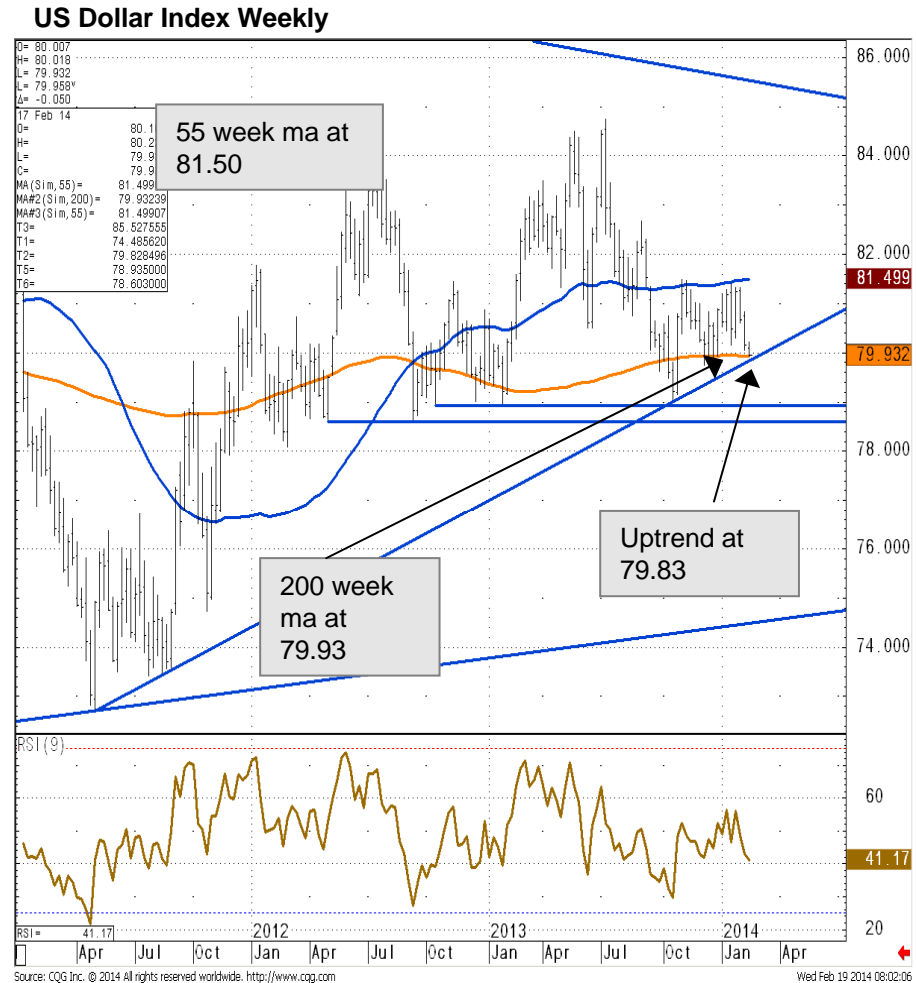
- ▶ We maintain that the USD/CAD chart is bullish longer term. It has completed a large base between 1.0660 and 0.9403, this base took almost 3 years to complete, and the pattern broke higher earlier this year. It offers an upside measured target to 1.19 longer term. Given that the base took 3 years to complete, this target is achievable in approximately half of that time, i.e. by Q2 2015. We should therefore see the Canadian Dollar come under pressure throughout much of this year.
- ▶ Our initial upside target of 1.1187/1.1244 has been met, this is the 1991 low and the 50% retracement of the move down from 2009-2011. **The setback that we have seen from here is viewed as corrective only and we look for the slide to terminate between 1.0930 and 1.0750** and the market to resume its bull move (these are Elliott wave counts taken off the daily and weekly charts). The previous high charted in 2011 at 1.0660 is expected to offer strong support also, however key support remains the 1.0408 2012-2014 uptrend – while above here a longer term upside bias is maintained.

USD/CAD – weekly chart



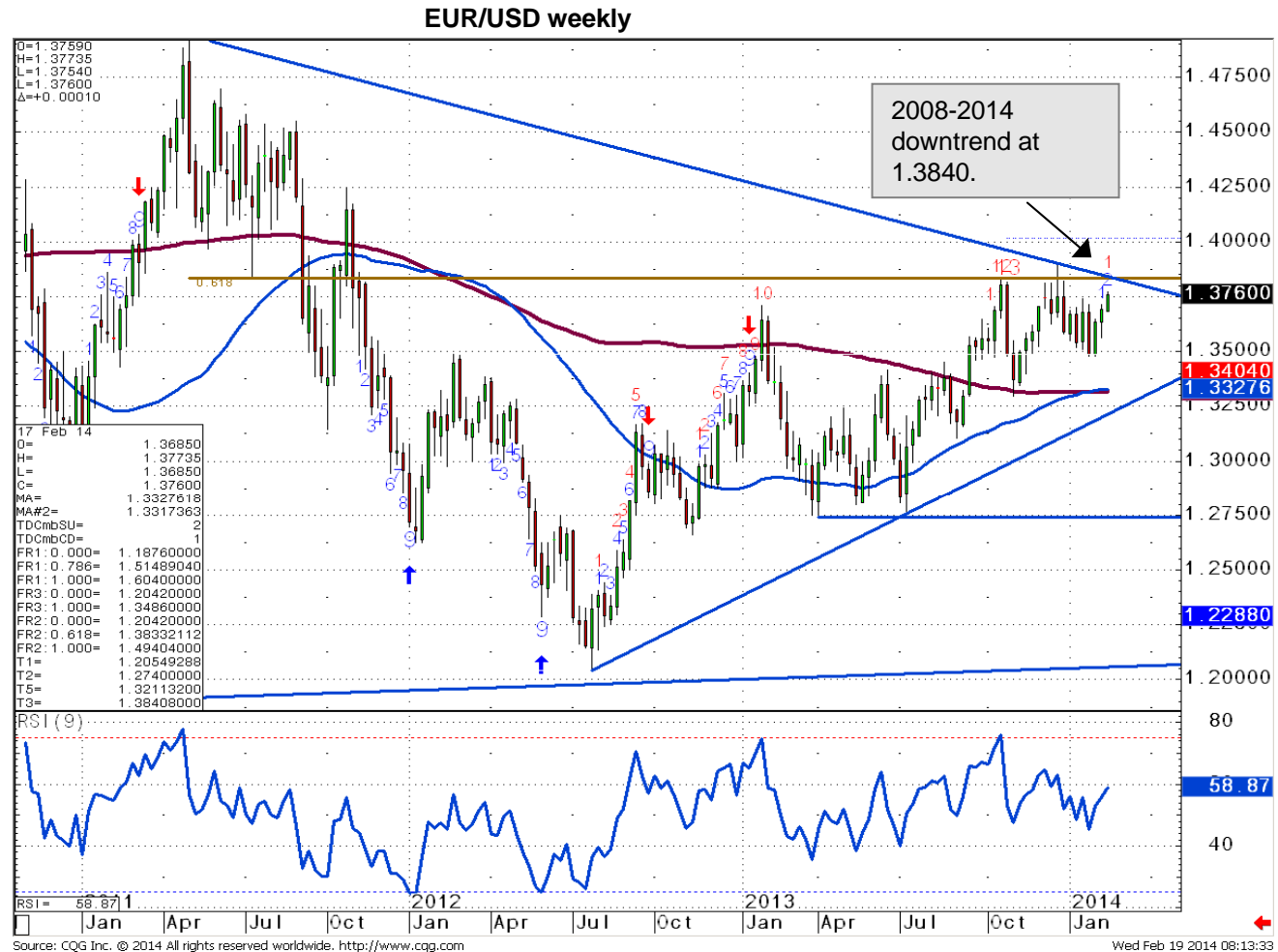
US Dollar Index – Looking for support 200 week ma and uptrend at 79.93/83 to hold.

- › US Dollar is weaker but we are looking for key support to hold.
- › Essentially the US Dollar Index is sidelined within its 55 and 200 week moving averages, but it has now sold off to the 200 week ma at 79.93. This is reinforced by trendline support at 79.83 and ideally we look for this to hold and provoke recovery. This would target its 55 week moving average (currently at 81.50)
- › The definition of a bull trend is higher reaction highs and higher reaction lows and this remains the case for the US Dollar – the last reaction low was at 79.00 and support is found down to 78.60 - while above here our longer term bullish view is intact.
- › The break above the 55 week moving average at 81.50 is expected to act as the catalyst for a rally to the 2005-2014 down trend currently at 85.57. However the market appears to be in no hurry to take this out and meanwhile is likely to ease lower to test the support offered just below 80.00, which we continue to look to hold.



EUR/USD strength is expected to peter out ahead of the 1.3840/94 downtrend and recent high.

- EUR/USD has eroded the 1.3740/35 resistance – this was the location of the recent high and 61.8% Fibonacci retracement, we suspect this may have just been stops however while above the 1.3663 near term support line the market does remain slightly bid. The next resistance is the 1.3805/ 78.6% retracement, which is regarded as the last defence for the 1.3894 December high. Note the 2008-2014 downtrend is located 1.3840.
- A break below the 1.3663 near term support line is needed to alleviate upside pressure and signal a slide back to the 1.3562, 12th February low and then the 1.3505 3 month support line.



RUB basket - the only target we have of note is the 41.88/1.618 Fibonacci projection

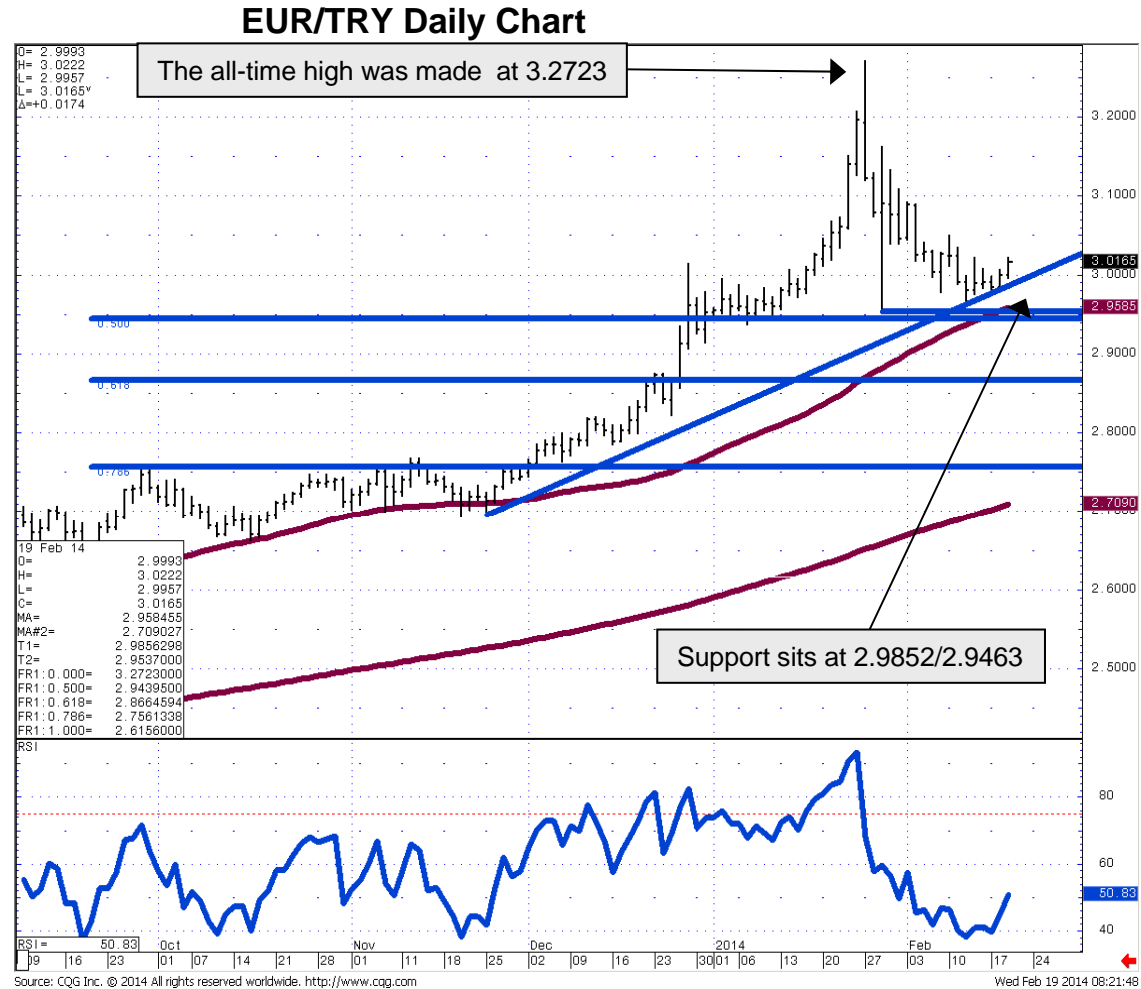
RUB Basket Monthly



Remain bearish Turkish Lira.

EUR/TRY – Has held the 2.9852/2.9429 support zone

- › EUR/TRY's slide from its all-time high at 3.2723 in late January has taken it back towards the 2.9537 late January low, where the market is attempting to stabilise.
- › The whole area seen between the three month support line at 2.9852, the late January low and 55 day moving average at 2.9585 and the 2.9429 Fibonacci support has been tested. It has held the downside, and rallies will need to regain the 3.0511 5th February high in order to restore further upside pressure, towards 3.1505, then 3.2040 – this is regarded as the last defense for the 3.2723 peak
- › We will keep our longer term bullish forecast while EUR/TRY stays above its 2.6931 November low, though.
- › Support below 2.9429 comes in at 2.9375, where the January low was made. Failure there would negate our still bullish medium term forecast and lead us to target the 2.8218 late December low over the coming months.



USD/TRY - Daily Chart

Holding the support at 2.1659/10

- › USD/TRY has further come off its all-time January high at 2.3893 and so far slipped to 2.1729, a level close to the 2.1635 late January low.
- › We look for the 2.1659/2.1610 support area to underpin. It is where the late January low meets the 55 day moving average and 50% retracement (from the September 2013 low).
- › We will retain our medium term bullish forecast while USD/TRY remains above this support zone on a daily chart closing basis.
- › Should it be slipped through, the late December low at 2.1125 should be hit.
- › Minor resistance is seen around the 2.2360 February 10 high and more significant resistance at the January 29 high at 2.3220 with still more important resistance being found at the January 2.3893 all-time high. Above it lies the minor psychological 2.4000 region which may still be hit.

USD/TRY Daily Chart



NOK/SEK - signs of Norwegian strength gaining traction

We believe that we are in the embryonic stages of reversing its 5 year bear trend.

On the 5th February we noted that NOK/SEK was approaching its 2004 low at 1.0289 and we recommended tightening stops on shorts as we noted the 13 count on the monthly chart as well.

The market did indeed reverse just ahead of its 1.0289 low and we now note in addition, the 13 count on the weekly chart and the divergence of the weekly RSI. **We are starting to think that the market is in the embryonic stages of reversing its 5 year bear trend.**

The market has eroded initial resistance offered by the 23.6% retracement of the move down from the end of 2012 ((at 1.0714), but key resistance is the 1.0830 2012-2014 resistance line. A close above here is needed to confirm short to medium term reversal and allow recovery to the 1.0955 55 week ma and beyond.

We would attempt longs in the 1.0600-1.0550 band, stops 1.0430.

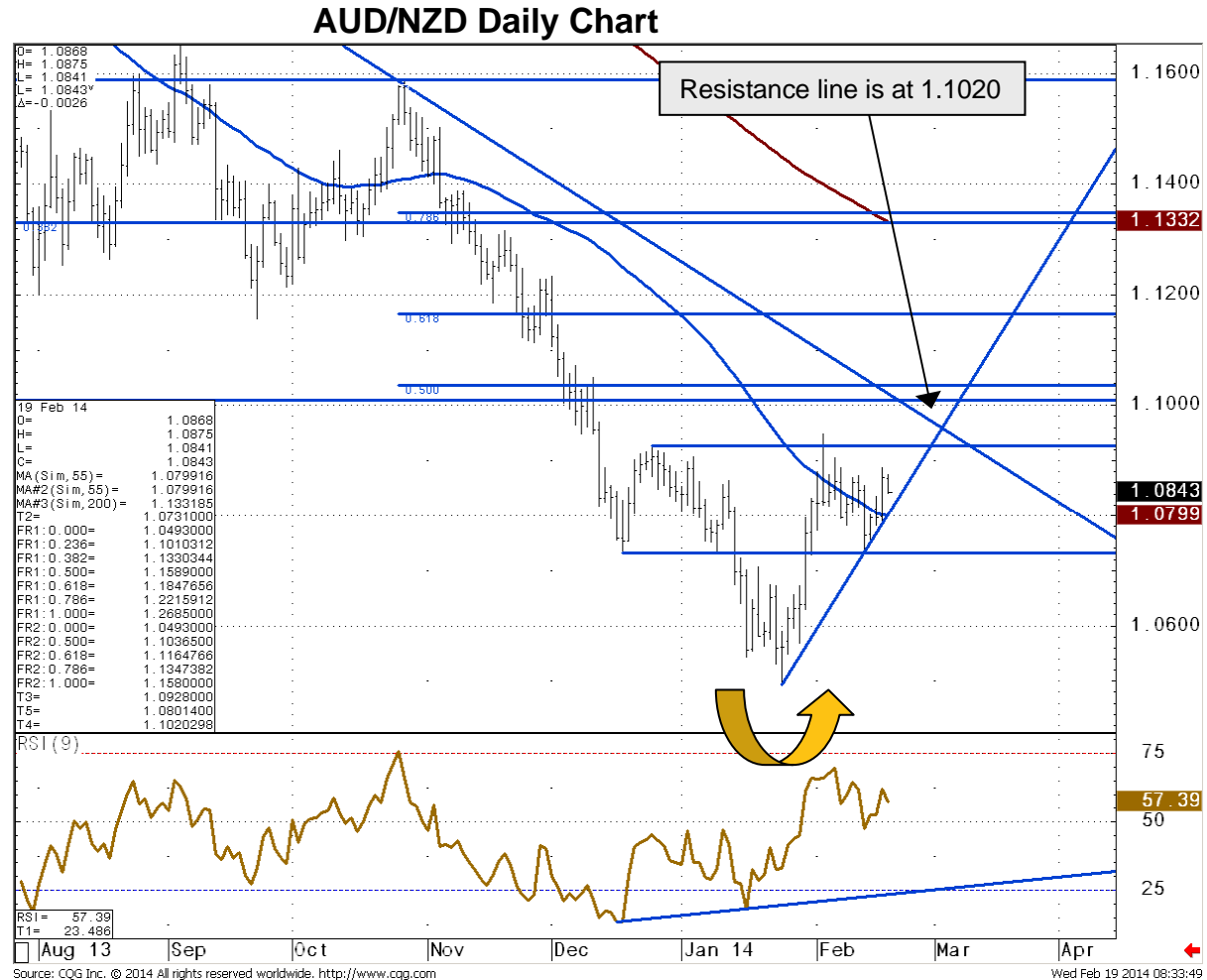
NOK/SEK weekly chart



AUD/NZD – basing pattern

Bid above 1.0730

- › AUD/NZD's reversal off the major support area at 1.0501/1.0434, made up of the 1995 and 2005 lows, has so far taken it to its current February high at 1.0948.
- › Buying dips down towards the 1.0731 December low, now support, should be considered by those who have missed the recent rally since we believe that further upside is in store for the months to come.
- › Further support can be seen around the 1.0707 January 20 high. We will keep our bullish view while AUD/NZD trades above the January low at 1.0493 on a daily closing basis.
- › Once the 1.0948 current February high has been bettered, the 2013-14 resistance line at 1.1020 and then the August and September lows at 1.1157/99 will be targeted. There the currency pair is likely to struggle, though.



Bund Futures – March 2014




Rally has reached major convergence of resistance at 144.37/86 and we should see failure.

- › When March Bund futures penetrated the inter-year pivot line at 142.32, we neutralised our view. 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 143.09, last weeks low, however we suspect we will need to break back below 142.32/142.26, to negate upside pressure. Failure here should refocus attention on the 138.68 January low.
- › Resistance at 144.86 is regarded as the last defence for the 147.20 2013 high.




Bund Futures Daily Continuation Chart



Tracking Key Technical Themes – Current FX

Date	Theme	Stop on view/Target	Additional Comment	Outcome
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 1.0700 to 1.0730 (profit stop). Target 1.09		
29.01.2014	CAD/MXN large top developing. Sell intraday rallies to 11.95, add 12.20	Short 12.07, lower stop from 12.50 to 12.40. Take profit at 11.00		
12.02.2014	US Dollar Index – has failed at the 55 week ma and 200 day ma at 81.40/49 and is easing lower. Weakness viewed as temporary and expected to hold 79.93/78.60.	Attempt longs circa 80.00, add 79.70, stop 78.55		






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		
05.02.2014	Bund – convergence of resistance at 144.37/86 suggests that the market should struggle here, tighten stops on any longs	Short 144.37. Stop 144.86. Take profit 142.32.		
12.02.2014	US T-Notes - The recent up surge has been rejected by the 126-14/255 resistance zone we look for this to weaken further.			






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)	29	16	6	We have had 7 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	
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	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	Profit stopped at 13.26 (long 13.20)	
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.	Just missed our take profit by 3 ticks. Profit stopped 101.90	

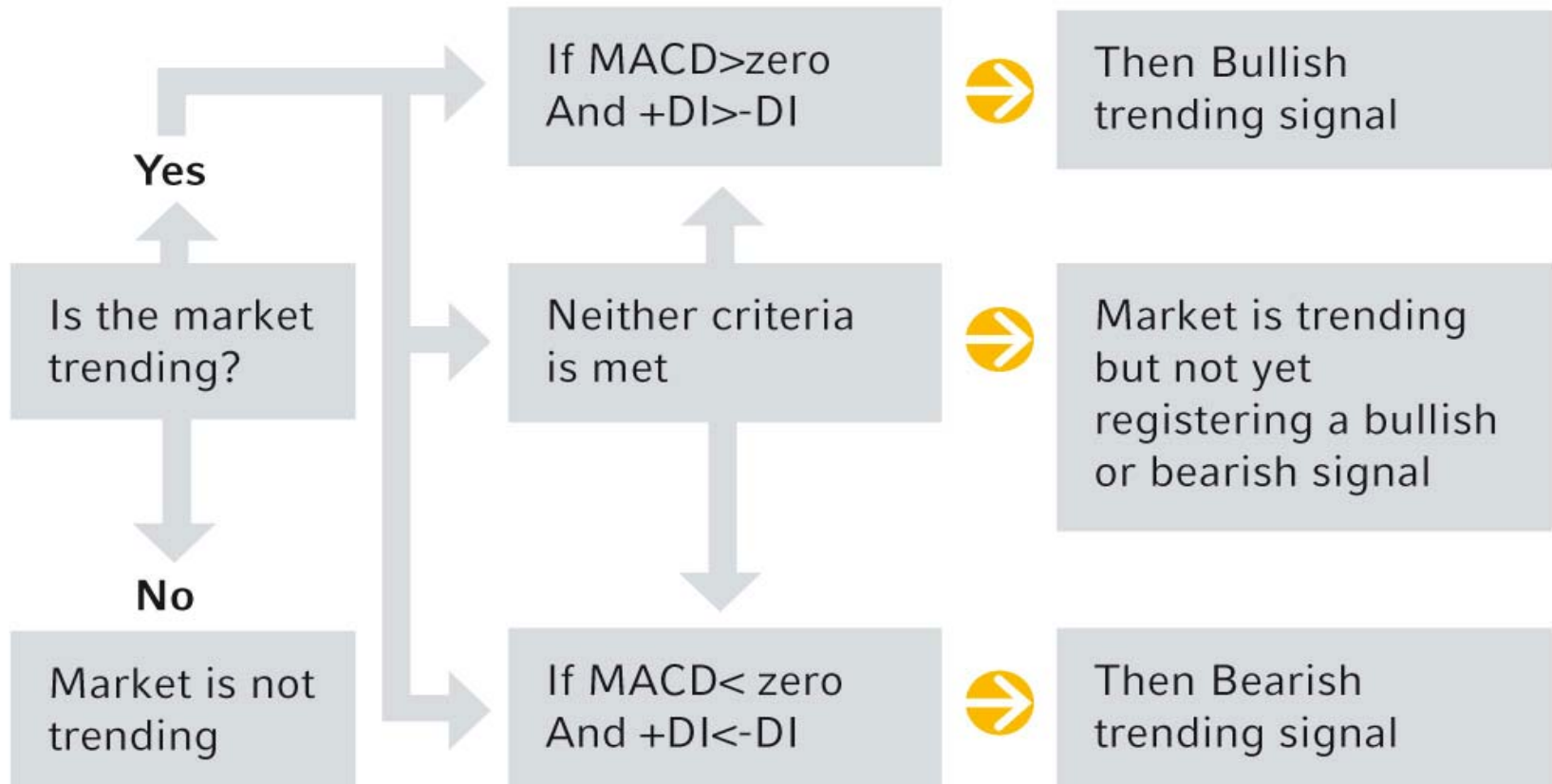
Historical Key themes – Q1 2014

Date	Theme	Stop on view/Target	Additional Comment	Outcome
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.	Stopped at entry point	
05.02.2014	GBP/USD – looking more negative – sitting on key 1.6259/29 support, this is the break down point to 1.5855 November low.	Short 1.6340, add 1.6450, stop 1.6525.	stopped	
05.02.2014	USD/NOK in 4 year highs, buy the dips. NOK/SEK approaching target, tighten stops on shorts.	Buy 6.23, add 6.17	Looks like a false break higher, if have not already done so exit. Currently circa 6.14	
05.02.2014	ITRAXX 5Y Senior Financial - Rebound has stalled at the 23.6% retracement at 107.	Assume short circa 104.00. Target 90.00, lower the stop to 100.60 (profit stop)	Target met	
22.01.2014	USD/MYR 1 Month NDF and is about to overcome the 3.3468 August peak and the 50% retracement.	Long 3.3350. Raise stop from 3.2940 to 3.3050. Target 3.44	Stopped 3.3050	

Historical Key themes – Q1 2014

Date	Theme	Stop on view/Target	Additional Comment	Outcome
				

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.

NB: This is NOT a model and is intended for reference only – it a basic system to determine if a market is trending or not, it cannot judge strength of supports 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.

Technical Analysis Research **COMMERZBANK**

Daily Market Technicals
FX Outlook



For important disclosure information please see pages 14 and 15.

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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

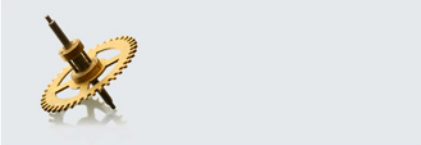


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Commodity Weekly Technicals
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Asian Currencies Weekly Technicals
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Fixed Income Weekly Technicals
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- 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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