

FX Techs / NY Open

View for today:

The focus for today is on **EUR/USD** as the decline extends deeper into the critical 1.3516/1.3477 support zone and low for the year (Feb). Again, breaks of this area should confirm the deteriorating medium term setup particularly following the bearish reversal in May with deeper targets near 1.3400/1.3295. Again, the 1.3552/75 area should now maintain the more immediate downside bias. Note that last week's extension in the **DX** above the 80.25/35 resistance zone and this week's follow-through implies a closer test of the June highs can develop near 80.90/81.02.

We also see an important test for commodity currencies highlighted by last week's decline in **NZD/USD**. While the risk of a deeper short term corrective phase has increased particularly given the reversal from the medium term range highs near .8845 (2011), the focus is now on the .8670/50 area (38.2% retrace) with breaks confirming the short term bearish setup. The backdrop for other commodity currencies also presents an important test. The short term upside risks for **USD/CAD** are intact following the reversal from the critical 1.0648/1.0550 support zone (38.2% retrace/uptrendline from Sept '12 low) but the next line of important resistance remains a critical hurdle. The 1.0785/1.0835 area represents the June breakdown zone, March downtrendline and 200-day MA as upside breaks should confirm a more sustained shift. For **AUD/USD**, the risk of additional weakness remains high following the recent failure against the critical .9463/.9545 resistance zone. Still, the .9322/29 support area will define whether the pair can see a test of the critical .9200 short term range lows.

The setup for **USD/JPY** implies an important test for the coming week particularly given the failure against the 101.90/102.00 area and the decline in rates. With US10s extending deeper through the 2.50/2.47% zone (See Global FI Tech Strategist), the focus is back on the critical medium term support in the 101.06/100.60 zone. Still, despite the geopolitical risks, USD/JPY finished up for the week as we monitor for upside follow-through to Friday's bullish reversal. The action on the crosses remains an important focus particularly as **EUR/JPY** approaches important support at the 136.23 Feb low.

The decline in USD/Asia suggests an increased risk that the trending bias is back on track. In this regard, the breakdown in **USD/THB** below the important 32.06/13 area (March-April lows/50% retrace) has led to a quick test of the 31.75/70 area but a closer test of the 31.40/50 zone seems likely. Also, note the reversal from the 1030/37 zone for **USD/KRW** and the failure at the 43.70 zone for **USD/PHP** is consistent with the view for a test/break of the July low. Similarly, yesterday's decline in **USD/SGD** suggests a closer test of the 1.2340 low from October '13 is likely.

DX - daily

- Today's advance is consistent with the short term upside risks following last week's push above the key 80.20/35 resistance zone - includes the July high and channel resistance from the June peak.
- In turn, this should allow for a closer test of the June high at 81.02 which will define whether a more sustained advance is underway.
- Again, this follows the prior week's bullish reversal from the key 79.70 support zone - represents the 61.8% retracement from May and the June channel support.



Technical Trades

Average % return = 2.34%

Trade	Entry date	Entry level	Current level	Stop loss	Units	Target (1)	Target (2)	P&L since entry %	Comments
Long USD/JPY	29/10/13	97.98	101.57	100.55	1	108.00		3.66%	Tech Alert - MT triangle pattern nearly complete
Long USD/SEK	20/03/14	6.5003	6.8543	6.6100	2	6.9000	7.0750	5.45%	Elliott Model - anticipating a broad C-wave up
Long USD/NOK	16/04/14	5.9735	6.1910	5.9000	2	6.3700	6.8150	3.64%	Elliott Model - anticipating a broad C-wave up
Long EUR/AUD	17/06/14	1.4432	1.4364	1.4200	2	1.5810	1.6350	-0.47%	Elliott Model - anticipating a 5th wave advance
Long EUR/NZD	07/05/14	1.5834	1.5564	1.5400	2	1.7000	1.9000	-1.71%	Elliott Model - C-wave up; added at 1.5650 Jun12th
Short CAD/MXN	28/01/14	12.0175	12.0610	12.2900	2	11.0000		-0.36%	Tech Alert - Breaking down from long term range/support
Long USD/CLP	03/04/14	551.15	564.70	554.00	2	580.00		2.46%	Tech Alert - ST base against key support; added at 546
Short NZD/USD	24/06/14	0.8725	0.8663	0.8860	2	0.8400		0.72%	Tech Alert - Testing MT range highs; added at .8775.
Long USD/CZK	26/11/13	20.1580	20.3824	19.4000	1	24.4300	25.3500	1.11%	Outlook 2014 - anticipating a broad C-wave up
Long MXN/CLP	26/11/13	39.9750	43.5456	42.1500	1	45.0000		8.93%	Outlook 2014 - MT basing process

Source: J.P. Morgan

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NZD/USD – daily

- The short term setup here also suggests an important test given last week's impulsive decline into key short term support levels.
- With the risk of a deeper corrective phase on the rise particularly following the reversal from the important .8845 resistance zone and cycle high from 2011, the focus is now on the .8670/50 support area.
- Note this area includes the 38.2% retracement from the June low as violations should help confirm a deeper retracement initially into the .8532 Feb trendline support.



USD/CAD – daily

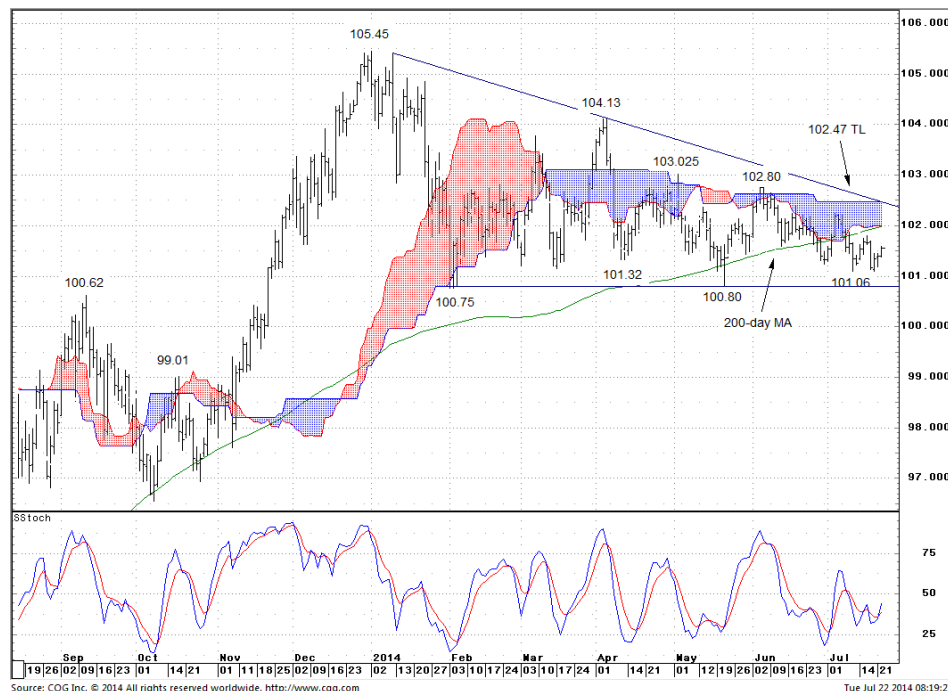
- While the reversal from the critical 1.0648/1.0555 support zone continues to develop suggesting an increased risk that a deeper retracement can develop, the next line of key resistance levels are still holding.
- Again, this area included the 38.2% retracement and the trendline from 2012 low
- In turn, the focus is now on the critical 1.0770/1.0835 zone which includes the former range lows, the downtrendline from the March high and the 200-day moving average and should define whether a more sustained rally phase can develop.



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USD/JPY – daily

- While the reversal from the critical 1.0648/1.0555 support zone continues to develop suggesting an increased risk that a deeper retracement can develop, the next line of key resistance levels are still holding.
- Again, this area included the 38.2% retracement and the trendline from 2012 low
- In turn, the focus is now on the critical 1.0800/35 zone which includes the former range lows, the downtrendline from the March high and the 200-day moving average and should define whether a more sustained rally phase can develop.



USD/THB – daily

- The impulsive breakdown below the important 32.06/13 support zone and push to new lows for the year suggests the downside bias is back on track.
- Note this area includes the 50% retracement from the Sept '13 low, as well as the lows for March/April.
- This has led to a quick test of the next line of key support in the 31.74/70 area which includes the 61.8% retracement from the Sept low.
- Still, a test of deeper targets near 31.40 (76.4% retracement) remains likely and corrective retracements are viewed as selling opportunities.



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