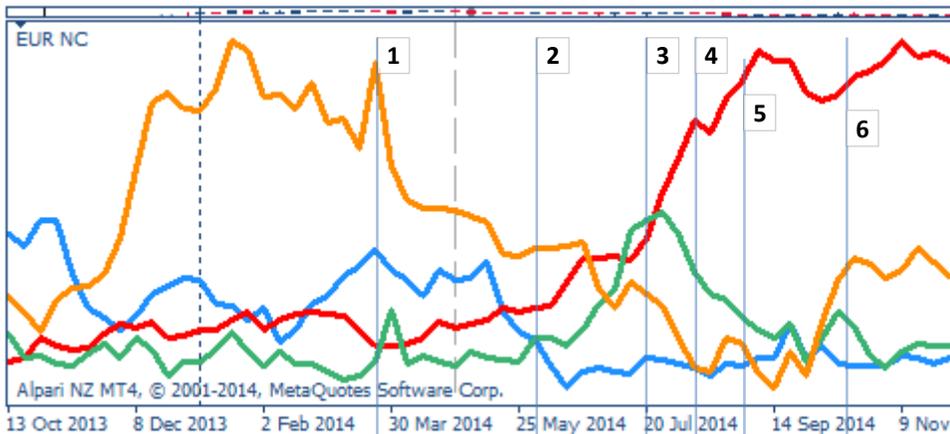


EURCAD Thursday, 5th of March 2015



A stronger trend before (1), compared to USD/CAD, as EUR shorts were relatively stagnant. (1) Both EUR longs and CAD shorts are on the rise as the price reaches the new highs. As the strong bearish bar closed down, cancelling the price action the past 3 weeks, we know that there are many EUR bulls and CAD bears stuck in a loss. During the next couple weeks virtually all losing traders bailed out, while the price was correcting back to yearly R1.

(1-a) During the correction we should start looking for possible shorts on lower TFs along with the weekly bearish bias. At (a) a good opportunity presented itself, as the price could not break above the April's pivot.

If the trade was missed on Daily, H4 offered multiple opportunities when the price retraced to weekly pivot and bounced from it 3 times at (b), (c) and (d).

Finally, the bulls tried to fight back at (e) – imagine how that bar looked before it was aggressively sold back below the pivot and the lows of the previous 2 days. A very bearish signal confirming our long term premise.

(2) EUR longs and CAD shorts reduced further, while both EUR shorts and CAD longs were increasing, further reinforcing the bearish premise. At the same time the price retraced to 20 EMA on Weekly and combination of May's pivot, 20 EMA and 100 EMA on Daily. After the price bounced from there and a day closed down we have another entry confirmation.

(3) Weekly bar being rejected when trying to set a new low, while COT volumes have been pushing the pair down – a worrying sign and a potential reversal. During the next 2 weeks CAD longs started bailing out as the price was rising; EUR shorts continued to grow. All these signs would've led us to consider a trend reversal EUR shorts also start accepting their losses and closing their positions. The price also had 20 EMA on the way to break.

The bias is still bullish, so we cannot start buying against it, but closing long term trades in profit would not have been a bad idea.

(4) As the week closed very bearish, bouncing from 20 EMA, it was confirmed that the trend reversal is not happening and allowed us to look for new shorts. Of course, the possibility that another bullish attempt could have broken above 20 EMA was there, but that's what SL is for.

(5) The price stopped on both yearly pivot and 200 EMA while most CAD bulls bailed out already, leaving EUR bears the only one still pushing the price in EC down. When only one side is aligned with the trend the premise becomes much weaker.

(6) By this time CAD speculators increased their selling against EUR selling and the price failed to break below pivot on at least 3 separate attempts – we are getting ready for a sideways market. The combination of 100 EMA, 200 EMA and 2014 pivot in the area make it very difficult to break.