

## AUDUSD Monday, 2<sup>nd</sup> of March 2015



(1) The COT positions started becoming bullish, as AUD Long were rapidly rising and AUD Short falling, crossing at this point. USD Short and USD Long were about the same level. The price was reaching the yearly pivot.

(2) 12 weeks later we can see AUD Long accumulated a very high volume, with AUD Short still low. The price was not able to increase at all, as it was trading in a range between the yearly pivot and 20 EMA. This is a very interesting sign all the bullish volumes could not move the market any higher in 3 months, with bearish candles aggressively cancelling any bullish price action. We can also see U becoming increasingly bullish with higher USD Long and lower USD Short.

(3) 8 weeks later AUD Long still trying to push up with price now trading at the EMA. USD Long have risen quite a bit indicating bearish pressure for AU. The next week closes very bearish, breaking below the EMA and the lower boundary of the range. The A NC were still buying indicated on the COT chart. This is a very strong bearish signal – you can imagine all the traders on the wrong side of the market with their losses rapidly increasing. They will have to start bailing out, selling their longs, and it will push the market even lower. The same can be said about the USD Short who found themselves on the wrong side of the market as well and started taking their losses together with AUD Long.

(4) AUD Long have been dropping lower each week, while AUD Short started rising. USD Long are high as well, with USD Short very low. All of this means that NC speculators are very bearish on AU. Let's keep in mind that it still does not mean the price should be going down nonstop. The price action always comes first, but it is when price action is aligned with the biggest players is what we are looking for. Correction has started at (4), allowing us to look for short entries on Daily TF.

(5) NC traders are even more bearish on AU. The price has retraced exactly to the bearish TL on Weekly chart. Looking at Daily, we can see the price being rejected from the January's pivot – a perfect entry signal along with the bearish trend.

(6) No signs of reversal neither on COT data, nor on Weekly or Daily TF. On Weekly the price bounced from the TL once again. On Daily it reached February's pivot and bounced down as well. On H4 the reversal lined up with the red 200 EMA.

I would be careful selling at the current levels as the price is slowly moving into the past support, marked with red dotted line.

0.77575  
0.77534  
0.77360