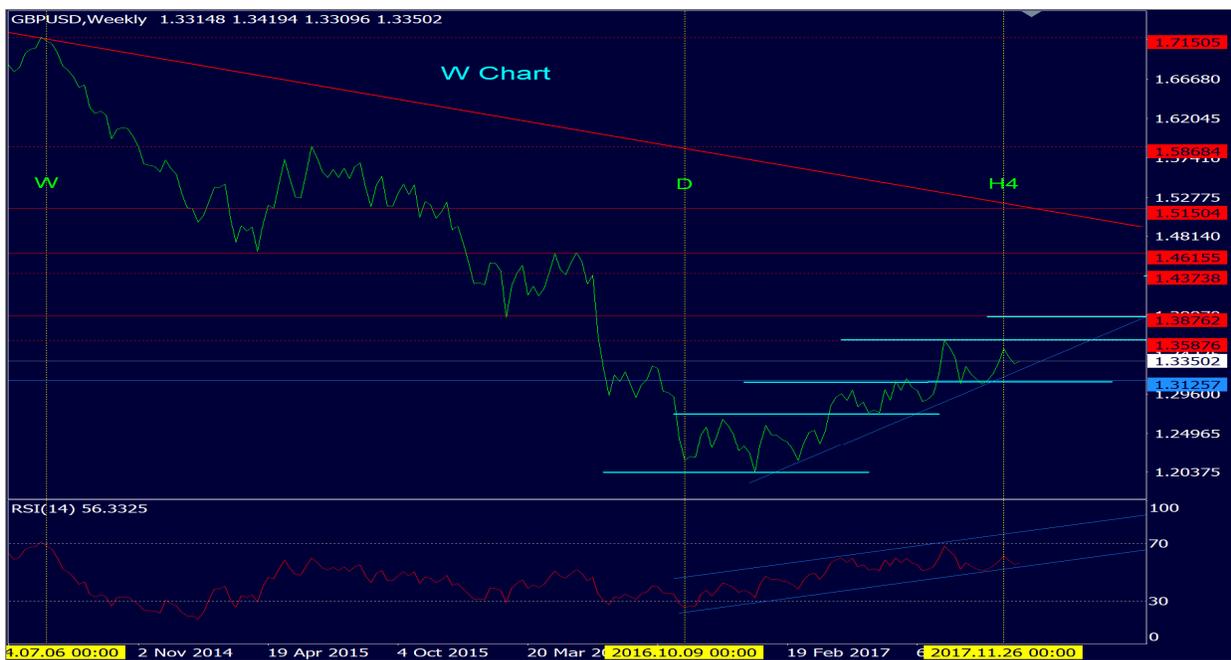


**The Pair in Charts:**



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Trading Scope: <b>Medium &amp; Short Term</b>		Market Breadth: <b>Bullish</b>		Trading Preferences: <b>HOLD</b>	
Main Trend (W): <b>Down</b>		Inter. Trend (D): <b>Up</b>		Short-Term Trend (H4): <b>Down</b>	
<b>S1</b>	1.3347	S	<b>Current Price</b> 1.3350	<b>R3</b>	Down TL (H4)
<b>S2</b>	1.3329	M		<b>R2</b>	1.3443
<b>S3</b>	1.3313	S		<b>R1</b>	1.3489
<b>S#</b> : Support	<b>R#</b> : Resistance	<b>S</b> : Strong	<b>M</b> : Medium	<b>W</b> : Weak	

**MN Chart:\***

Our analysis will start from Oct. 2007 (The vertical yellow line marked M); the general trend is a secular down trend; the first wave's correction was a rising wedge that lasted for almost 6 years, from Feb. 2009 till its breakdown in Dec. 2014. The last down wave mostly ended the down trend due to the clear divergence between the last & the only two bottoms of the down trend & both MACD & RSI (the two magenta lines on the oscillators).

Due to the nature of the FX market that favors short-term trading, and in order to help focus on the most recent price action, our analysis on the weekly chart will start from the last down wave (the vertical yellow line marked W), while our analysis on the daily chart (the core of this report) will focus only on the most recent up wave (the vertical yellow line marked D), the H4 chart will be used only to help fine tune our entries and exits; support & resistance levels from previous waves will not be ignored though.

**W Chart:\***

- Despite the general trend is a down, the current breadth in the market is bullish, represented in the current up wave (starting the vertical yellow line marked D).
- A very important thing to notice though regarding the pair's character on the W chart, the pair has a tendency for "stepping up" during its current up trend, i.e. the pair follows the following rhythm: a sideways -> an up move -> sideways... and so on. Which gives a better chances to initiate both short & long positions on smaller trading time frames, based on the current wave on the W chart. Just be cautious when initiating your short positions, and make sure to tighten your SL, take your profits quickly, and breakeven ASAP.

\* It is not recommended to use MN & W charts for trading or timing purposes; the point of analyzing them is to enhance our understanding for the pair's move on smaller timeframes.

**D Chart:**

- The current up trend is in its 3<sup>rd</sup> step stage, its last down wave (starting vertical yellow line marked H4 -would be more clear on the H4 chart above-), is approaching an important support area on the H4 chart, which makes it so risky imitating any short positions, even on shorter time frames.
- Kindly note that the purpose of the H4 chart is only to fine tune our entries & exits. Using the H4 chart above, feel free to start build your long position if you found a promising bullish candle pattern.

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- Cautious trader can wait till a confirmed breakout above the down trend line on the H4 chart (pointed to by the yellow arrow), your first resistance should be around **1.3443** almost a 100 pip from the current price **1.3350**.

### **Final Conclusion:**

The current breadth in the market is bullish, feel free to use either the H4 chart or smaller timeframes to initiate long positions if you see strong or promising bullish candle patterns.

Cautious traders, wait till a confirmed breakout above the down trend line on the H4 chart (the yellow arrow).

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## The News:

- Trading the news release is gambling not trading. Professionals don't trade the news; professionals trade the reaction of the news.
- Unless it is extremely fundamentally strong & which is rare, news could only be considered as a short term patterns with a short term affect on the price action.
  - According to our conclusion above, the GBP/USD has a bullish breadth and tendency; based on that we recommend the following strategy strategy for the news release:
  - Make sure to know the news release schedule of each day.

### **If you don't have any open position:**

- Stop trading before any news release.
- Open the 5 mins chart, and watch how the price will responds to the news on the 5 mins candle.
- In our case, the pair has a bullish tendency & favors long positions only, if the price reacted down for any bad news, wait for an up breakout or a bullish candle pattern to establish a long position, keep your SL below the low of your entry candle.
- If the news were good, wait for a breakout above the last high & establish a long position, with setting your SL also below the low of the entry candle. The only exception for that is if the news' candle was extremely long (a prolonged candle), prices will mostly tend to halt down for a while after a prolonged candle; or worse, have a correction before continue its original move; if you have a prolonged candle, wait for the end of the expected correction (either sideways or even a countertrend), before establishing your position. (Patience is a virtue!)

(N.B: you can't control how much profits you are going to make, the only thing you can control is your losses, even if the price continued up after a prolonged candle, you still avoided a big chance of a possible loss, or unnecessary risk of being stuck in the market in case the price decided to hang out there for a while. New trading chances always comes back, the dollar you lose don't!)

### **If you already have an open position:**

- Tighten your SL.
- If the move went in your favor, liquidate immediately most of your position, you already got the best of the move.
- If the move didn't go in your favor & you didn't get stopped out, wait! You already got the worse of it; waiting for the close will increase the chances of a better exit price for you, and a smaller loss.

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## Abbreviations

### Currencies\*:

- **USD:** United States Dollar.
- **GBP:** Great British Pound.
- **EUR:** European Euro.
- **JPY:** Japanese Yen.
- **CAD:** Canadian Dollar.
- **NZD:** New Zealand Dollar.
- **AUD:** Australian Dollar.

\* To increase the odds of success in trading FX, our analysis will be limited to the currencies of the major economies only. Reports for all other pairs are available per-request.

### Chart Time Frames:

- **MN:** Monthly Chart.
- **W1:** Weekly Chart.
- **D1:** Daily Chart.
- **H4:** 4 Hour chart.
- **H1:** 1 Hour Chart.
- **M30:** 30 Minutes Chart.
- **M15:** 15 Minutes Chart

### Technical Concepts:

- **S.:** Support.
- **R.:** Resistance.
- **TL:** Trend Line.
- **PT:** Profit Taking.
- **SL:** Stop Loss.
- **BE:** Breakeven. (Setting your SL at your entry price.)
- **LO:** Limit Order, either an entry or exit order to buy or sell the security at a given price or better.
  - **BLO:** Buy Limit Order, a buy order to be executed only on the given price or lower.
  - **SLO:** A Sell Limit Order, a sell order to be only executed at a given price or higher.
- **SO:** Stop Order (also referred to as a stop-loss order) is an order to buy or sell the security at a given price or worse, in order to either limit the loss, or avoid missing the move.
  - **BSO:** Buy Stop Order, is an order to buy the security at a given price or higher.
  - **SSO:** Sell Stop Order, is an order to sell the security at a given price or lower.

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