

FX Techs – Sydney/Asia Open

View for today:

Following yesterday's price action, the overall two-sided bias for the USD continues to develop. Again, last week's pullback maintained the range view highlighted by the weekly shifts for the **DX**. In turn, we continue to monitor for signs of follow-through. Importantly, the key levels remain well-defined given the struggles against the critical 81.39/48 resistance zone, while nearby support at 80.40/80.00 stays key. Also, note the **JPM USD Index** sees key support at the October uptrendline (85.13). Moreover, **EUR/USD** followed through to last week's bullish reversal as the 1.3645/65 area remains key. Also, note that **USD/NOK** stays at risk following the failure at the medium term range highs as support at the 6.1230 area (Sept UTL) will now define whether a deeper short term pullback can develop.

The action for the commodity currencies remains an important focus for this week. For **AUD/USD**, the short term upside bias remains intact following the break above the October downtrendline. Again, the .9080/90 area which includes the January peak should help define whether a deeper corrective phase can develop. The setup for the crosses offers a better spin but key, well-defined levels are holding including the 1.5000 area for **EUR/AUD** and the 1.0930/1.1060 levels for **AUD/NZD**. Similarly, **NZD/USD** remains in position for additional upside after last week's bullish reversal and following the whipsaw around the key 8084/.8140 former support area and pivot zone. In turn, the .8308/48 resistance levels will be key. The near term corrective phase for **USD/CAD** continues to develop after approaching the next line of key resistance at 1.1234, the 50% retracement from 2009. The 1.0980/50 area will act as key support as the 1.1060/1.1125 levels will now define whether a deeper short term retracement can develop.

Despite the USD setup, last week's lift and bullish reversal week for **USD/JPY** suggests prices may be forming a short term base. With the price action highlighting the importance of the 100.60/65 support zone (Sept high), upside follow-through faces an important test at the 102.55/60 area (38.2% retracement from Jan high) with upside breaks suggesting the upside bias is picking up momentum. Still, the 103.45 late-Jan high should define whether a deeper retracement is underway. Moreover, cross JPY lifted higher as well while forming a number of upside reversal weeks consistent with the view that JPY can underperform particularly given the improved price action for equities. In this regard, **EUR/JPY** bounced after approaching the key 135.50 support zone, as the 141.28 level will act as key resistance. Also, bullish reversal patterns for the likes of **AUD/JPY** and **NZD/JPY** suggest additional upside follow-through is likely especially given the current oversold framework.

Technical Trades

Average % return = 1.22%

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	102.21	100.55	1	108.00		4.32%	Tech Alert - MT triangle pattern nearly complete
Long USD/SEK	18/12/13	6.4825	6.4862	6.3600	2	6.9000	7.0750	0.06%	Elliott Model - anticipating a broad C-wave up
Long USD/NOK	31/01/14	6.2632	6.1835	6.1850				-1.27%	Stopped on 7th of February at 6.1835 (-1.27 %)
Long CHF/SEK	28/01/14	7.1703	7.2287	7.0950	2	7.6300	7.9650	0.81%	Elliott Model - anticipating a broad countertrend rally
Long USD/PLN	17/01/14	3.1030	3.0740	3.0750				-0.93%	Stopped on 6th of February at 3.0740 (-0.93 %)
Long USD/HUF	21/01/14	223.4300	228.2900	221.2000	1		238.3000	2.18%	Elliott Model - taken partial profit at 232.00 on 31 Jan.
Long EUR/PLN	24/01/14	4.1980	4.1828	4.1500	2	4.3100	4.4300	-0.36%	Elliott Model - anticipating a broad B-wave up
Short EUR/GBP	13/12/13	0.8427	0.8314	0.8355	1	0.8020		1.37%	Elliott Model - anticipating an internal 3rd wave decline
Short PLN/HUF	31/01/14	73.1820	74.2500	74.2000				-1.44%	Stopped on 10th of February at 74.25 (-1.46 %)
Short CAD/MXN	28/01/14	11.9575	12.0563	12.2800	2	11.0000		-0.82%	Tech Alert - Breaking down from long term range/support
Long USD/ILS	23/07/13	3.5720	3.5206	3.4600	2	3.6600	3.8500	-1.44%	Elliott Model - anticipating an E-wave rally
Long USD/CZK	26/11/13	20.1580	20.1990	19.4000	1	24.4300	25.3500	0.20%	Outlook 2014 - anticipating a broad C-wave up
Long USD/CAD	26/11/13	1.0553	1.1046	1.0680	1	1.1400		4.67%	Outlook 2014 - MT basing process.
Long MXN/CLP	26/11/13	39.9750	41.6854	38.2500	1	45.0000		4.28%	Outlook 2014 - MT basing process; add at 38.65
Short AUD/NZD	26/11/13	1.1140	1.0819	1.0930	1	1.0300		2.97%	Outlook 2014 - MT trend is incomplete.

	EUR/USD	USD/CHF	GBP/USD	USD/JPY	EUR/JPY	EUR/GBP	EUR/CHF	AUD/USD	NZD/USD	USD/CAD
Short term	Range	Range	Corrects	Corrects	Corrects	Range	Range	Range	Range	Corrects
Med term	Range	Range	Bull bias	Bull bias	Bull bias	Bear bias	Range	Bear bias	Range	Bull bias
Long Term	Bull bias	Bear bias	Range	Bull bias	Bull bias	Bull bias	Range	Bear bias	Range	Bull bias
3rd Resist.	1.3893	0.9319	1.6877	105.45	144.41	0.8508	1.2528/71	0.9169	0.8432	1.1666
2nd Resist.	1.3802/20	0.9251	1.6745	104.93	142.42	0.8469	1.2466	0.9080/087	0.8348	1.1500
1st Resist.	1.3737/40	0.9158	1.6635	103.45/86	138.89	0.8351	1.2417	0.8982	0.8253	1.1225/34
Spot	1.3640	0.8970	1.6404	102.21	139.42	0.8314	1.2234	0.8944	0.8267	1.1046
1st Supp	1.3477/36	0.8904	1.6258/30	100.62/07	135.48	0.8167/60	1.2167	0.8834	0.8062	1.0966
2nd Supp	1.3377	0.8878	1.6060	99.57/01	134.10	0.8085	1.2120	.8658/33	0.7915	1.0834
3rd Supp	1.3295	0.8800	1.5855/23	97.62	131.20	0.8005	1.2028	0.8515	0.7775	1.0738

Source: J.P. Morgan

DXY – daily

- Following last week's bearish action, the DXY maintains the pattern of alternating up and down weeks – eight weeks and counting.
- As the price action continues to define the important parameters, we are monitoring for any downside follow-through with key support in the 80.40/15 zone (76.4% retrace/trendline from Oct and Dec lows). Breaks should confirm the onset of a deeper pullback.
- Again, the critical 81.39/48 resistance area which includes the range highs and 200-day moving average will define whether a more sustained advance can develop.



- The short term upside risks remain intact following last week's impulsive advance and break of key initial resistance levels.
- The push above the important .8900/10 area which includes the Oct downtrendline puts the focus on the .9080/90 area which includes the January high and the 38.2% retracement of the decline from the October peak and should define whether a deeper retracement can develop.
- Again, this follows the failure to extend the break of the important .8775/10 support zone (76.4% retrace from the 2010 low/channel support from 2011 high).



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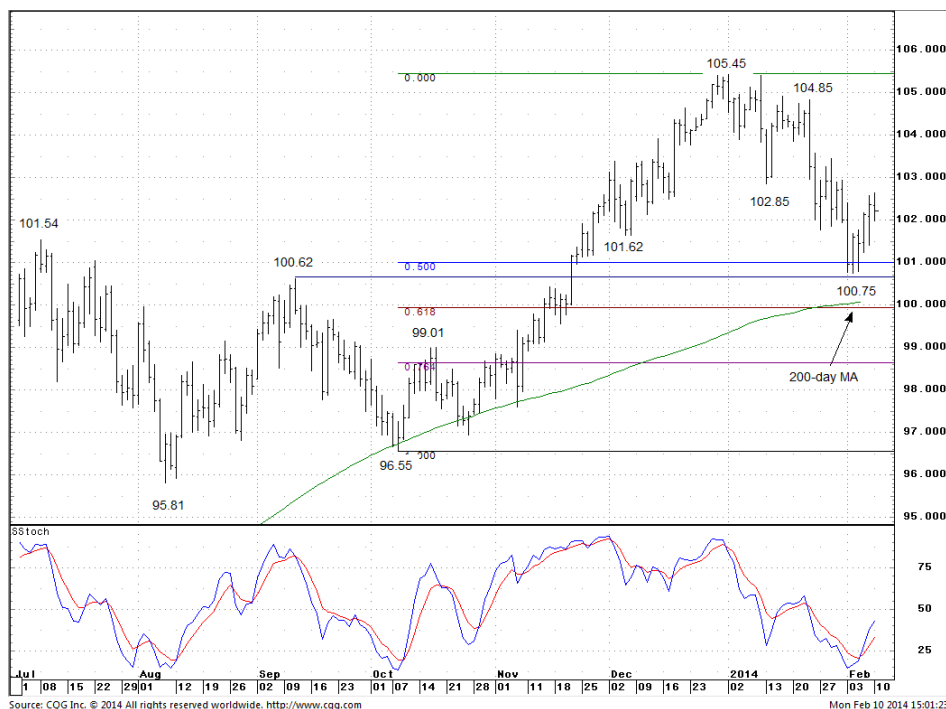
NZD/USD - daily

- Last week's rally suggests the short term upside risks are on the rise.
- Again, this follows the bullish reversal pattern and whipsaw around the .8140/.8084 former support zone (includes the 200-day moving average).
- The focus is now on the .8305/48 resistance levels as upside breaks would confirm the onset of a deeper upside extension.
- Note that near term dips should find support at .8190/.8162 now while the .8090 area should be a max.



USD/JPY - daily

- Last week's bullish reversal suggests an improved near term setup and growing risk of additional upside.
- While consistent with the current oversold framework (similar to the previous lows), the initial focus for this week is on the 102.56 level (38.2% retracement from the Jan peak).
- Upside breaks would suggest an improved momentum setup allowing for a closer test of the 103.45/104.00 zone which should define whether a retest of the Jan peak can develop.
- Again, the 100.60/65 area which includes the former high from Sept will continue to act as important support.



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