

FX Techs

London Open

At a glance: In Limbo

Markets are kept in a strange balance as everybody seems to be waiting for a clue as to what to expect from central banks while fundamental data coming out looks rather mixed. That said we are dealing with a rather fragile sentimental equilibrium between hopes that **emerging markets** are back on the stabilisation path and the fear that we could just be dealing with a countertrend bounce only. The latter can for example not be excluded as long as **risk markets** like the leading **S & P 500** have not cleared key-resistance in form of a 76.4 % retracement at 1824 decisively. The same applies for the **JPY** where the door for a broader recovery remains wide open as long as minor 76.4 % retracements at 143.46 in **EUR/JPY**, at 104.36 in **USD/JPY** and at 172.27 in **GBP/JPY** are not broken decisively on hourly close (using a 20pip filter). In line with these views we also see the setbacks in the **Greenback** as no game change yet which would only be indicated via breaks below key-supports between 80.43 (minor 76.4 %) and 80.170/80.088 (daily trend/76.4 % on higher scale) in the **USD Index**. The negative bias in **EUR/USD** can also be seen as intact as long as 76.4 % retracements on different scales at 1.3676 and at 1.3795 are not broken decisively. **Cable** looks increasingly indecisive so that only a breakout of the range between the key-T-junction at 1.6571 (minor 76.4 %) and key-support at 1.6254/20 (daily trend/pivot) would provide fresh directions. **EUR/GBP** is unsurprisingly not much different where we either need a break above key-resistance at 0.8351/67 (pivot/daily trend) or a break below hourly trend channel support at 0.8209 to escape this narrow range trading affair.

Global FX Strategy

Technical Trades

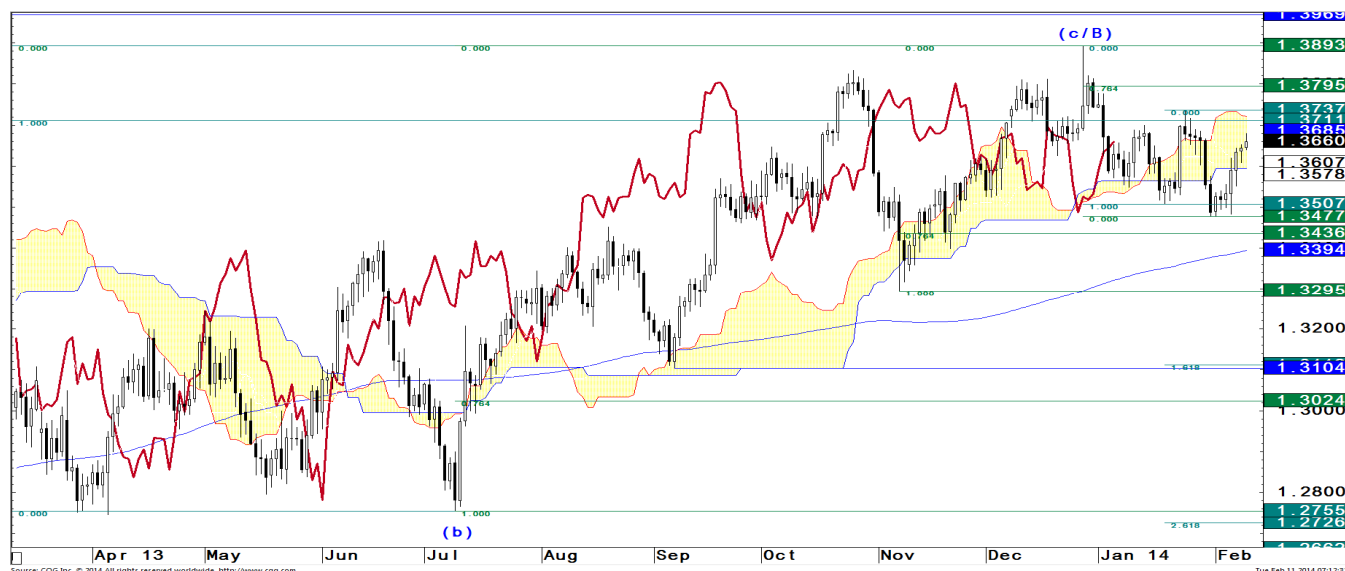
Average % return = 1.20%

| P&L | | | | | | | | Comments | |
|---------------|------------|-------------|---------------|-----------|-------|------------|------------|----------|---|
| Trade | Entry date | Entry level | Current level | Stop loss | Units | Target (1) | Target (2) | | since entry % |
| Long USDJPY | 29/10/13 | 97.98 | 102.33 | 100.55 | 1 | 108.00 | | 4.44% | Tech Alert - MT triangle pattern nearly complete |
| Long USD/SEK | 18/12/13 | 6.4825 | 6.4713 | 6.3600 | 2 | 6.9000 | 7.0750 | -0.17% | 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 | 7.2233 | 7.0950 | 2 | 7.6300 | 7.9650 | 0.74% | 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 | 227.7200 | 221.2000 | 1 | | 238.3000 | 1.92% | Elliott Model - taken partial profit at 232.00 on 31 Jan. |
| Long EUR/PLN | 24/01/14 | 4.1980 | 4.1820 | 4.1500 | 2 | 4.3100 | 4.4300 | -0.38% | Elliott Model - anticipating a broad B-wave up |
| Short EUR/GBP | 13/12/13 | 0.8427 | 0.8319 | 0.8355 | 1 | 0.8020 | | 1.30% | 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 | 12.0211 | 12.2800 | 2 | 11.0000 | | -0.53% | Tech Alert - Breaking down from long term range/support |
| Long USD/ILS | 23/07/13 | 3.5720 | 3.5240 | 3.4600 | 2 | 3.6600 | 3.8500 | -1.34% | Elliott Model - anticipating an E-wave rally |
| Long USD/CZK | 26/11/13 | 20.1580 | 20.1562 | 19.4000 | 1 | 24.4300 | 25.3500 | -0.01% | Outlook 2014- anticipating a broad C-wave up |
| Long USD/CAD | 26/11/13 | 1.0553 | 1.1086 | 1.0680 | 1 | 1.1400 | | 5.05% | 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 | 1.0840 | 1.0930 | 1 | 1.0300 | | 2.77% | Outlook 2014- MT trend is incomplete. |

The trade recommendations for the Tech Alerts (inclusive the Elliott Model Portfolio) can be found on Morgan Markets or can be received simultaneously via e-mail if desired

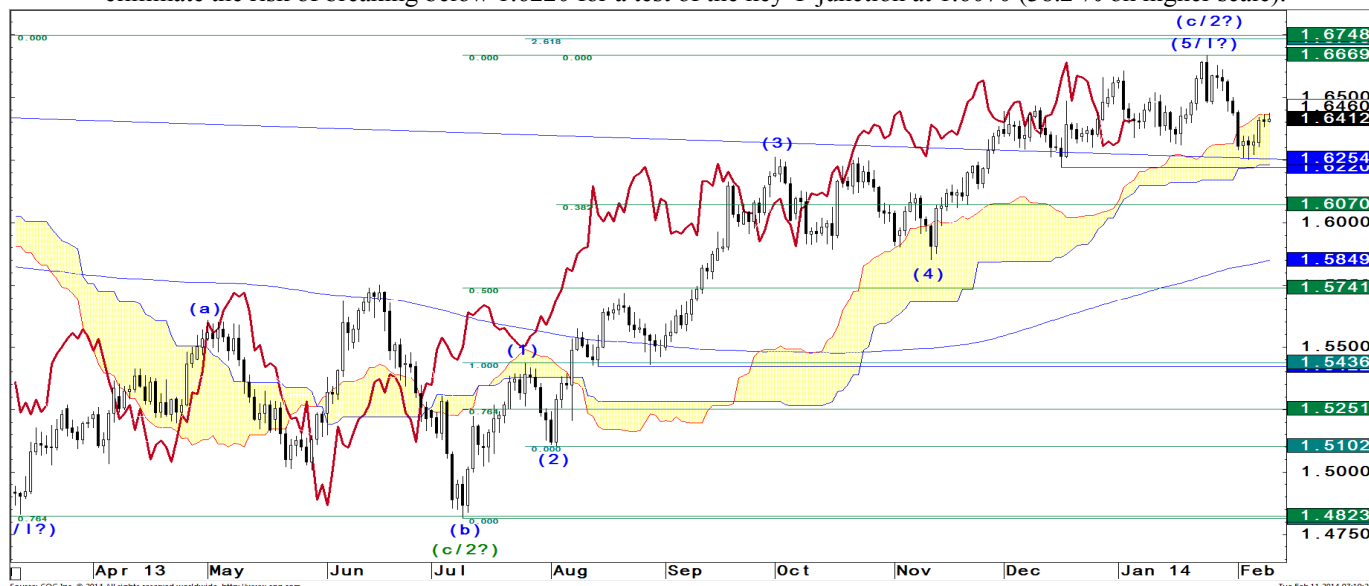
EUR/USD daily – Unchanged! Make or break at 1.3676 and at 1.3795!

- Having defended daily Ichimoku-support with the red lagging line (at 1.3537 today) throughout last week the market almost conclusively started to cover some shorts which triggered the latest recovery.
- The latter is ultimately going to tell what we are dealing with as a wave 2 sub-count would already stall at 1.3676 (minor 76.4 %) whereas a wave 2 on higher scale could extend to around 1.3795 (76.4 % on higher scale). Only a decisive hourly close above (i.e. above 1.3820) would get 1.3880/1.3973 (m. trend/m. Ichimoku.-lagging) into focus.



GBP/USD daily– The break above 1.6395 calls for a minimum extension to 1.6571

- Having defended key-support between 1.6254 (daily breakout line) and 1.6220 (last low) and broken first resistance at 1.6395 (minor 38.2 %) thereafter we see room to at least extend to 1.6571 (minor 76.4 %).
- Given the impulsive nature of the first initial decline from 1.6669 to 1.6252 though, the risk of only performing a countertrend b.-or 2nd wave rally is high. Only a decisive hourly close above 1.6571 (i.e. above 1.6600) would eliminate the risk of breaking below 1.6220 for a test of the key-T-junction at 1.6070 (38.2 % on higher scale).



EUR/GBP daily– Unchanged! Below 0.8351 to 0.8367, the down-bias remains intact

- The market keeps on displaying lower highs and lower lows which means the downtrend remains intact for the time being but having exactly stopped the down-rotation above a potential wave 1 top at 0.8166 raises some suspicion.
- The latter inherits the risk that we have potentially already marked a 4th wave low at 0.8167 on the 22nd of January. The latest break above hourly Ichimoku-resistance with the lagging line (now support at 0.8308) has at least increased this risk a bit further which is about to be reversed again though.
- But to neutralize the currently still prevailing negative bias it would take a break above key-resistance between 0.8351 and 0.8367/98 (pivot/daily trend/pivot). Breaks below 0.8308, 0.8209 (h. Ichimoku.-lagging/hourly trend) and 0.8166 would on the other hand resume the downtrend towards 0.8096 and 0.8005 (Fib.-projection./int. 76.4 %).



EUR/AUD daily – A deeper setback seems to be looming

- Having already pierced the last low at 1.5031 in what looks like a pretty straight and impulsive line down (wave a or wave 1) we see good chances that all this is part of a broader down-consolidation to at least 1.4452 (minor 38.2 %).
- A straight extension lower towards the latter would however only be indicated via a renewed break below 1.5031 and below the upward sloping daily trend line cutting in at 1. 4848 today.
- Particularly above 1.5031 though, a temporary bounce to 1.5469 or to 1.5642 (daily breakout line/minor 76.4 %) can not be excluded yet which would however only be indicated via a break above hourly trend line resistance (at 1.5313 at the moment).
- To receive evidence for the resumption of the long-term up-trend or for a much deeper setback it would take a breakout of the outer range between 1.5642 and 1.4452.

