

FX Technicals

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FX Roundup: Monthly trend did turn neutral in the USD in every cross but USDJPY. As a result, more corrective follow-thru is expected in May. But a number of outside ranges in April leave very widespread May setups and suggest more volatile two-way trade ahead. Expected monthly ranges in those outside range markets are: 1.5690/1.5760 to 1.4810 in GBP; 137.75/138.35 to 129.33 in EURJPY; .8246 to .7677 in AUD; and 1.1330 to 1.0820 in EUR (but with extension risk above 1.1330). USDCAD is the most directional and points lower to 1.1622. In USDJPY, the inside range leaves a narrow breakout-type setup outside 118.15 or 120.61.



USDJPY
Close – 119.41

Day	Week	Month	Quarter
Neutral	Neutral	Bullish	Bullish
Projected Range 118.57 to 119.56/66	Projected Range 118.15 to 119.66	Projected Range 116.22 to 120.61	Target = 126.55 Neutral Below 113.90

Comments: NEUTRAL. The one thing interesting about the monthly close in USDJPY was it did manage to keep trend officially bullish above 119.01. Aside from that, the inside range for April leaves a neutral and tightly wound setup. May resistance is 119.66, 120.61, and then Q2 level at 122.21. Supports for the month are 118.46 and 118.15, before more abrupt drop to the Q2 uptrend at 116.22. Weekly trend can still turn bearish with close under 119.58 today. The expected May range is 120.61 down to 116.22. The key to downside is getting under 118.46/15. Hold existing shorts against 119.66.

Position Strategy: Currently 75% short at 119.55 average after adding at 119.66 on Thursday's late spike. Stop on close above 119.66. Cover 1/3rd at 118.15 May level; hold rest for 116.22 Q2 trend.



EURJPY
Close – 134.01

Day	Week	Month	Quarter
Bullish	Neutral	Neutral	Neutral
Target = Open Neutral Below 131.74	Projected Range 130.55 to 137.75	Projected Range 129.33 to 137.75	Projected Range 122.79/59 to 138.35

Comments: NEUTRAL. Monthly trend did end up turning neutral with the close above 133.48 to end April. But the outside range for the month leaves a widespread, two-way setup for May. After initial level at 134.44, the target resistance levels are 137.75 (May) and Q2 trend at 138.35. Supports for the month are deep at 129.33, the Yearly trend level at 128.46, then drop to 125.29. The new weekly setup is bullish and open-ended above 130.55, increasing the likelihood of a push to 137.75. The expected May range is 137.75(138.35) high and 129.33 low. Buy weakness against 129.33; sell 137.75/138.35.

Position Strategy: Currently flat after stopping the 131.15/50 shorts on Wednesday's close above there. Move 67% long at 129.48/33. Stop on close under 129.20. On strength, move 33% short at 137.75; 67% short at 138.35 – stop on close above.



GBPUSD
Close - 1.5350

Day	Week	Month	Quarter
Bullish	Bullish	Neutral	Bearish
Target = 1.5690 Neutral Below 1.5350	Target = 1.5690 Neutral Below 1.5040	Projected Range 1.4810 to 1.5755/60	Target = 1.4390 Neutral Above 1.5760

Comments – NEUTRAL. Monthly trend did turn neutral in GBP in April, signaling an eventual test to the Q2 downtrend at 1.5760. (Additional Q2 levels are 1.5690 and 1.5930.) However, the late month extension in Cable created an outside range and leaves widespread boundaries for May. Monthly resistance at 1.5560 and 1.5735 roughly matches the Q2 levels. On the support side, the May base is deep at 1.4810 and 1.4495. Weekly trend will turn bullish today and should intersect at 1.5070/40 next week. The expected May range is 1.5755/60 high and 1.4810 low. For now, the trade is to buy weekly trend at 1.5070/40; sell 1.5690/1.5760.

Position Strategy: Currently flat. On weakness, move 67% long at 1.5070/40 – stop on close under 1.5040. On strength, move 25% short at 1.5690; 75% short at 1.5755/60. Stop on close above 1.5800.



EURUSD
Close – 1.1220

Day	Week	Month	Quarter
Bullish	Neutral	Neutral	Bearish
Target = 1.1330 Neutral Below 1.1070	Projected Range 1.0980/20 to 1.1330	Projected Range 1.0820 to 1.1330	Target = 1.0305 Neutral Above 1.2140

Comments – NEUTRAL. Monthly trend did end up turning neutral with the close above 1.1205 to end April. Although EUR does not have an outside range, the setup is neutral and widespread. The first resistance zone is very close above at combined May/Q2 area from 1.1275 to 1.1330. Above there is jump to 1.1565. Q2 trend in EUR, however, is much further above the market at 1.2120/40 than comparable level in GBP. Supports for May are 1.0820 and 1.0575. Weekly trend will lean bullish above 1.0855/25 next week. The expected May range is 1.1330 to 1.0820 – but with extension risk above 1.1330. Strategy is to sell 1.1330; buy against 1.0855/20.

Position Strategy: Currently flat after stopping the 1.0960 short on intraday break above 1.1055. On strength, will move 50% short at 1.1330 – stop on close above there. On weakness, move 25% long at 1.0920; 75% long at 1.0855/20 – stop on close below.

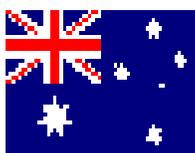


USDCAD
Close – 1.2068

Day	Week	Month	Quarter
Neutral	Bearish	Neutral	Bullish
Projected Range 1.2046 to 1.2191/98	Target = 1.1622 Neutral Above 1.2214	Projected Range 1.1622 to 1.2259	Target = 1.3532 Neutral Below 1.1611

Comments – NEUTRAL TO BEARISH. USDCAD ended up just missing a bearish reversal in monthly trend during April. But the weakness was certainly enough to turn monthly trend neutral, to break the initial Q2 support at 1.2126 and to leave an outright bearish May setup. The closest support for the month is the deep Q2 uptrend at 1.1622, with first monthly level not until 1.1483. May resistance is 1.2259, 1.2484 and 1.2584. In addition, weekly trend is bearish and intersects at +/-1.2198/1.2214 next week. The expected May range is 1.2259 to 1.1622. Sell strength to (1.2198)/1.2259; cover shorts and reverse long at 1.1622 Q2 trend.

Position Strategy: Currently 50% short at 1.2098. Stop ½ on close above 1.2126. On strength, reset to 67% short at 1.2198/1.2214; 100% short at 1.2259 – stop on close above. The target is 1.1622.



AUDUSD
Close – 0.7908

Day	Week	Month	Quarter
Neutral	Bullish	Neutral	Bearish
Projected Range 0.7804 to 0.7969	Target = 0.8246 Neutral Below 0.7804	Projected Range 0.7677 to 0.8246	Target = 0.7350 Neutral Above 0.8393

Comments – NEUTRAL. Monthly trend did turn neutral in AUD, typically an event to generate a correction to Q2 trend. But Q2 trend is very high at .8393 and the outside range in April leaves a widespread May setup, with potential for two-way action. Resistance for the month is .8006 and .8246, before the .8393 Q2 trend. Supports are deep at Q2 level of .7677, then monthly base of .7504/.7463. The key between there is weekly trend, which turns bullish today and intersects at .7804 next week. The expected May range is wide - .8246 high back to at least .7677 low. Will buy against .7804 weekly trend for now, but prefer to sell .8246 and .8393.

Position Strategy: Currently flat. On weakness, move to 50% long at .7808/04 developing weekly trend. Stop on close under .7790. Will exit at .8006 next week. For May, sell against .8246 and .8393; cover at .7677.

Stock/Bond Technicals

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Rate/Equity Roundup: Monthly trend fell neutral to end April, signaling a correction lower. At this point, the pullback is largely by-the-book and targets the series of Q2 (up)trend zones at 2.89/91 in bonds, 2,155/205 in 10s, 1.63 in 5s, and, in 2s, the intra-quarter breakdown zone at .685/.713. The larger strategic questions of potential rate cycle turns do not arise until those areas are broken behind. Monthly resistance bands are 2.61, 1.845, 1.29 and .49. Stocks kept monthly trend bullish, but are left with a wide, neutral monthly setup after the late retreat. May/Q2 areas form trading boundaries on both sides at 2027.50/32 and 2134/2145.

S&P 500 Cash Index

Previous Close – 2085.51

Day	Week	Month	Quarter
Bearish	Neutral	Bullish	Bullish
Target = 2057.07 Neutral Above 2100.91	Projected Range 2057.07 to 2104.93	Target = 2141.14 Neutral Below 2078.66	Target = 2141/2145 Neutral Below 2004.20

Comments – BULLISH TO NEUTRAL. Monthly trend did stay bullish in April, but the backup into the monthly close leaves a neutral and less directional setup. Resistance for May is 2104.93, 2134.32 and the Q2 target sell zone at 2141.14/2145.63. Supports below are 2057.07, then combined May/Q2 zone at 2027.50/32, with the Q2 uptrend at 2004.20. The weekly uptrend ends with close under 2134.34 today, raising the odds of a rotation lower. The projected May range is 2027.50/39 to 2134.32/2141.14. Given that both boundaries combine May and Q2 levels, a thrust to either side is tradable.

Strategy: Currently flat after stopping the 2100.24 longs on close under 2094.34 weekly trend. For May, will sell strength to 2134.34/2145.62; buy weakness to 2127.50/32.

30yr Bond (2.50s of 2/45)

Previous Close – 94.30

Day	Week	Month	Quarter
Bearish	Neutral	Neutral	Bullish
Target = 92-06 Neutral Above 95-18	Projected Range 92-06 to 96-10	Projected Range 2.918 to 2.61	Target = 1.77 Neutral behind 2.89

Comments – NEUTRAL TO BEARISH. It is a problematic monthly close to bonds for April, as it both turned monthly trend neutral, but also leaves the May setup with asymmetric downside risk. The result should be a minimum downside test to the Q2 uptrend at 2.89/918 (92-06/91-24). Behind there is a third Q3 level at 3.065 (89-00). The lone May support is 3.18 (86-30). Resistance for month starts immediately at 2.76/753 (94-18/30), but with main levels at 2.61 (97-24) and 2.44 (101-08). Weekly trend also leans bearish under 97-16/24 next week, with weekly setup open under 96-10. The expected May range is 2.61 to either 2.89/918 or 3.065 low. Sell against 97-00/24; cover/set longs against 92-06/91-24

Strategy: Currently flat. On strength, move 75% short at the combined weekly trend and May zone of 97-00 to 97-16/24. Stop on close above 98-00. Will cover and reverse 33% long at Q2 uptrend of 92-06/91-24 (stop on close below).

10yr Note (2.00s of 2/25)

Previous Close – 2.04

Day	Week	Month	Quarter
Bearish	Neutral	Neutral	Bullish
Target = 2.155 Neutral Above 2.015	Projected Range 2.155 to 1.965	Projected Range 2.155/205 to 1.85	Target = 1.458 Neutral behind 2.205

Comments – NEUTRAL TO BEARISH. In the end, monthly trend fell from bullish to neutral to end April. The market also closed behind initial Q2 support at 2.008. Combined, they signal a correction to, and test of, the Q2 uptrend at 2.155/205. As it happens, the first May support is also at 2.155, before sharper drop-off to 2.37. Resistance for May is staggered evenly at 1.965, 1.845 and 1.76. Weekly trend is also well positioned turn bearish behind 1.94/92 next week. The expected May range is 1.845 to 2.155/205. Strategy (especially next week) is to set shorts against 1.965/92 and 1.845; will cover shorts and reverse long at 2.155/205.

Strategy: Currently 33% short at 2.045 on Wednesday's break/close behind 2.008. Stop on close above 2.015. Reset to 33% short at 1.965; 67% short at 1.94/92; 100% short at 1.845. Stop on close above. Cover and reverse 33% long at 2.155; 67% long at 2.205.

5yr Notes (1.375s of 3/20)

Previous Close – 1.43

Comments – NEUTRAL TO BEARISH. Like 10s, the double

whammy in 5s was the neutral downturn in monthly trend and the break/close behind initial Q2 support at 1.385. Combined, they signal a correction lower, likely posing a challenge to the bullish-leaning Quarterly trend at 1.63. The setup for the month is neutral to bearish. Resistance is 1.365, 1.29, (the Yearly trend still at 1.263) and Q2/May zone at 1.188/145. Closest monthly supports are at 1.625/663, surrounding the Q2 trend level at 1.63. Weekly trend is neutral, but with open downside risk behind 1.40 next week. The expected May range is 1.29 to 1.63/635. Sell strength against 1.365/29; cover shorts/set longs at 1.625/663.

Strategy: Currently 33% short at 1.428 on Wednesday's close behind 1.42. Add to 50% short at 1.365 – stop shorts on close above there (to reset at 1.29/263). On weakness, cover/reverse 25% long at 1.625/635; add to 50% long at 1.663 (stop on close behind).

Day	Week	Month	Quarter
Bearish	Neutral	Neutral	Neutral
Target = 1.63 Neutral Above 1.413	Projected Range 1.63 to 1.375	Projected Range 1.63 to 1.29	Projected Range 1.63 to 1.188

2yr Notes (0.50s of 3/17)

Previous Close – 0.57

Comments – NEUTRAL TO BEARISH. Monthly trend stayed

neutral in April. And although the trend bias has no lean for May, the setup does point lower. Closest supports for the month are .693/.705, right inside the Q2 breakdown zone at .683/.715. There is also one critical bearish distinction for 2s. Unlike the rest of the curve, where Quarterly trend is bullish or leans bullish, Quarterly trend in 2s is outright bearish (.535). On the upside, resistance for the month is .553, .49 and .393. Weekly trend also leans bearish behind .535 for next week. The expected May range is .49 to .683/.715 – but with extension risk behind .715. Strategy is to sell strength at .535/.49 for test to .683/.715. Will also go with break/close behind .713.

Strategy: Currently 33% long at .575/.58 from Wednesday. Stop on close behind .568 or intraday break of .63. On strength, move 33% short at 535; 100% short at .49 – stop on close above there. The target is .683/.715.

Day	Week	Month	Quarter
Bearish	Neutral	Neutral	Bearish
Target = 0.683 Neutral Above 0.568	Projected Range 0.683 to 0.535	Projected Range 0.683/.715 to 0.49	Target = 0.96 Neutral Above 0.538

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