

FX Technicals

Special Q2/April Outlooks – 1 April 2016

Overview: The biggest shift in Q1 was EUR, where the neutral turn in Quarterly trend suggests a correction to high Yearly downtrend at 1.2120. The gateway higher is initial Q2 level at 1.1530. AUD also turned Quarterly trend neutral. But the outside range, with Q2 resistance at .7740 and .8030, makes for a two-way trade. USDJPY is a battle between April trend/Q2 resistance at 115.69/74 and 111.29 Yearly uptrend – with increased exposure below. Quarterly trends remain in place elsewhere. Targets for the current moves are: Q2 downtrend at 1.4900/80 in GBP; 1.2608 Yearly level in USDCAD; and Q2 downtrend at 130.98 in EURJPY.



USDJPY

Mar 31 Close – 112.50

April	Q2	2016
Bearish	Neutral	Bullish
Target = 109.87 Neutral Above 115.74	Projected Range 106.71 to 115.69	Target = 130.96 Neutral Below 111.29

Comments: NEUTRAL TO BEARISH. USDJPY spent the majority of Q1 defending – successfully - its Yearly uptrend at 111.29. That job is set to get quite a bit more difficult in Q2. Both Quarterly trend below 118.69/119.62 and Q2 setup below 115.69 lean bearish for Q2. Monthly trend is also bearish under that same 115.74/116.92 area for April. Both are sell levels and figure to put hard pressure on the Yearly uptrend. Below 111.29 sees drop to subsequent Yearly levels at 109.87 and 106.71. There is no Q2 support until 103.27. The expected Q2 range is 115.69 to 106.71. April is seen from 115.69/74 to 109.87.

Position Strategy: The preference for Q2 is to sell strength – especially at the combined monthly downtrend/Q2 zone of 115.69/74 to 116.92 during April. More aggressive trade is to sell break/close under 111.29. The main target for Q2 is 106.71.



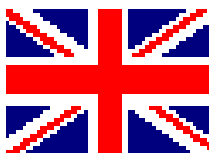
EURJPY

Mar 31 Close – 128.10

April	Q2	2016
Bearish	Bearish	Bullish
Target = 121.72 Neutral Above 127.22	Target = 118.06 Neutral Above 131.59	Projected Range 118.06 to 141.18

Comments: BEARISH TO NEUTRAL. Although both Q2 and April trends are still bearish, the rally to end March leaves EURJPY above its new monthly trend at 127.69/17 and above first Q2 level at 127.61. The result is an initially neutral setup. Closest resistance and the main trend ceiling is the Q2 downtrend at 130.98/131.59. A second Q2 level is at 134.84 higher up. Below the 127.61/17 zone sees drop to 124.43 for April and Yearly support of 118.06 for Q2. The expected Q2 range is 130.98/131.59 to 118.06. The April range is from 124.43 to 130.98. Strategy is to sell 130.98/131.59; cover/buy 118.06.

Position Strategy: The main sell zone for Q2 is the 130.98/131.59 Quarterly downtrend. Cover shorts at 124.43 during April, but the larger target to cover and reverse long is 118.06 Yearly level.



GBPUSD

Mar 31 Close - 1.4370

April	Q2	2016
Bearish	Bearish	Neutral
Target = 1.4120 Neutral Above 1.4365	Target = 1.3650 Neutral Above 1.4910	Projected Range 1.3650 to 1.5500

Comments – BEARISH TO NEUTRAL. Although both the Quarterly and monthly trends are bearish in GBP, the setup for each is neutral after the bounce. Quarterly trend resistance, in particular, is quite high at 1.4900/10 to 1.4980. Supports for Q2 are 1.4120 and the long-term Yearly target at 1.3960. Between there, monthly trend is bearish to start April under 1.4365, but with effective neutral range from 1.4620 to 1.4010/1.3965. The expected Q2 range is 1.4900/10 to 1.3960. April is seen from 1.4620 to 1.4120/1.4010 monthly range. Sell strength to 1.4620 in April and aggressively against 1.4900/80 trend in Q2.

Position Strategy: Although it is a two-way trade here, bearish trend makes the market a better sale. Strategy is to sell strength to 1.4620 in April and 1.4900/80 thru Q2. Targets are 1.4120/1.4010 and 1.3960.

**EURUSD**

Mar 31 Close – 1.1385

April	Q2	2016
Neutral	Neutral	Neutral
Projected Range 1.1200 to 1.1520	Projected Range 1.1010 to 1.2120	Projected Range 1.0225 to 1.2120

Comments – NEUTRAL TO BULLISH. The big news in EUR in Q1 was the end of the long Quarterly downtrend. Combined with a bullish leaning monthly trend above 1.1025 in April, the potential for a large magnitude correction to the Yearly downtrend at 1.2120 is much increased. The setup for Q2 is neutral to bullish. Supports for Q2 are 1.1320, 1.1115 trend and 1.0900/1.0845, plus monthly levels at 1.1225 and 1.1025 in April. The lone nearby resistance is 1.1530, before gap to the Yearly trend level at 1.2120. The expected Q2 range is 1.1115/1.1025 to 1.2120 – with key hurdle at 1.1520. April is seen from 1.1225 to 1.1530.

Position Strategy: With monthly trend bullish and Q2 trend neutral, the preference is to buy weakness. Buy structures are Q2/April zone at 1.1325/1.1225 and Q2/monthly uptrend zone at 1.1115/1.1025. The target for April is 1.1530; 1.2120 beyond there.

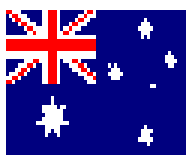
**USDCAD**

Mar 31 Close – 1.2975

April	Q2	2016
Neutral	Neutral	Bullish
Projected Range 1.2608 to 1.3383	Projected Range 1.2608 to 1.3911	Target = 1.6328 Neutral Below 1.1615

Comments – NEUTRAL. Quarterly trend did fall neutral to end Q1 and the new Q2 setup points lower. But major Yearly support – the typical target for a Quarterly correction – is not that far below. The Yearly level at 1.2608 is the first and main support for Q2. Below there, however, sees drop to 1.2086. Resistance for the Quarter is 1.3383 and 1.3911. Monthly trend also leans bearish under 1.3630/70 for April. It should be a clean Quarterly range from 1.2608 to 1.3911. April is seen from 1.2608 to 1.3383. Will buy weakness against 1.2608; sell strength against 1.3630/70 in April and 1.3911 for Q2.

Position Strategy: Expect a two-way trade for USDCAD. Buy weakness against the 1.2608 Yearly support; sell strength to 1.3622/70 monthly trend in April and 1.3865 for Q2. Below 1.2600 turns more negative.

**AUDUSD**

Mar 31 Close – 0.7670

April	Q2	2016
Neutral	Neutral	Bearish
Projected Range 0.7362 to 0.7740	Projected Range 0.6850 to 0.8030	Target = 0.5700 Neutral Above 0.8510

Comments – NEUTRAL. A neutral upturn in Quarterly trend, coupled with an outside range in Q1, leaves a classic symmetrical and balanced outlook for Q2. Resistance is .7740 and .8030, before jump to Yearly downtrend at .8510. Supports are equally deep, with isolated level at .7281, then drop back to .6840 and .6660. Monthly trend is neutral, though the monthly setup for April does lean higher. The main question for Q2 is which of the two resistance levels will form the high? The projected Q2 range is .8030 back to .6850. In April, expect a .7350 to .7740 monthly range.

Position Strategy: In April, sell against first Q2 resistance at .7740 and buy April supports at .7362 and .7237/30. For Q2, sell .7740 and .8030. Rotation all the way to .6850 is possible.

Stock/Bond Technicals

Special Q2/April Outlooks – 1 April 2016

Overview: *The finish to March wasn't simply a morale-booster for Treasuries. Quarterly trend turned neutral in everything but 2s; monthly trend turned freshly bullish across the board (bonds with asymmetric upside risk for April). Both are indicative of larger directional intent into Q2. Initially, the path higher appears to be cleaner in bonds and 10s: to 2.388 (April) and potentially 2.01 (Q2) in bonds; to Yearly level at 1.41 in 10s. 5s and 2s also point higher, but face initial obstacles at 1.145/115 in 5s and .565/.498 Yearly/Q2 zone in 2s. Quarterly trend in stocks leans bullish above 1990, with no resistance until 2171/2176. Key April breakout is 2064.08.*

S&P 500 Cash Index

Mar 31 Close – 2059.74

April	Q2	2016
Neutral	Neutral	Bullish
Projected Range 2029.14 to 2171.37	Projected Range 1909.66 to 2171.37	Target = 2175.89 Neutral Below 1896.83

Comments – NEUTRAL TO BULLISH. Quarterly trend leans bullish above 1990.74 in Q2, with a positively based setup to go with it. Q2 supports are 2029.14 ahead of trend and 1908.66 below it. Support under 1908 drops considerably to 1726.50. On the upside, there is no long-term resistance until a combined Q2/Yearly zone at 2171.37/2175.89, the latter the anticipated Yearly high. The monthly picture starts out neutral in April as long as initial resistance at 2064.08 holds. Above there, however, cedes an open gap up to the 2171/2176 zone. The expected Q2 range is 2171.37/2175.89 high back to 1908.66 low. April is seen from 2029.14 to 2171.37.

Strategy: Strategy in April is to buy weakness against 2029.14 and 1990.74 Q2 trend. Also buy strength on break/close above 2064.08 April level. Will exit longs and aggressively sell strength to 2171.37/2175.89.

US 30yr Bonds

Mar 31 Close – 2.615

April	Q2	2016
Bullish	Neutral	Neutral
Target = 2.388 Neutral Behind 2.295	Projected Range 2.933 to 2.01	Projected Range 3.83 to 2.01

Comments – NEUTRAL TO BULLISH. Quarterly trend turned from bearish to neutral to end Q1; monthly trend turned outright bullish for April – with an asymmetric bullish setup, to boot. The combination of those two factors points to lower yields in bonds. Initial buy structure is the pairing of early Q2 support at 2.67 and April uptrend at 2.695/733. Behind there sees modest drop to 2.933 Q2 level, before bigger gap back to 3.32. The minimum upside is the 2.53 Yearly level, seen previously in early-Feb. But more glaringly, there is no Q2 resistance until 2.01 (nor April level until 2.388). The expected Q2 range is 2.933 to 2.01 (behind 2.933 more negative). April also looks potentially strong from 2.733 to 2.388.

Strategy: Given the monthly uptrend and bullish setups, bonds are a better buyer. The aggressive zone in April is the combined Q2/monthly uptrend at 2.67 to 2.695/733; for Q2, it is against 2.933. Targets are 2.388 (April) and 2.01 (Q2).

US 10yr Note

Mar 31 Close – 1.775

April	Q2	2016
Bullish	Neutral	Neutral
Target = 1.41 Neutral behind 1.873	Projected Range 2.207 to 1.41	Projected Range 3.06 to 1.41

Comments – NEUTRAL TO BULLISH. Quarterly trend is officially neutral in 10s. But the Q2 setup has a pronounced bullish lean with no fixed resistance until the Yearly target at 1.41, and no Q2 level until 1.155. In addition, monthly trend is now freshly bullish. Supports fall into two categories: a very aggressive area at initial 1.85 Q2 support, combined with 1.873 monthly uptrend; or a considerably deeper Q2 base at 2.207 (with April zone in between 2.025/04). Given the positive backdrop of monthly trend and Quarterly setup, the conservative Q2 range is 2.207 to 1.41. Above 1.41 leads to larger upside. April is seen from 2.025 to 1.41.

Strategy: The very aggressive buy is against combined Q2 support/April uptrend at 1.85/875. Otherwise, will buy weakness to 2.025/04 (April) and 2.207 for Q2. Exit longs at 1.41(435 April) Yearly level.

US 5yr Notes

Mar 31 Close – 1.215

April	Q2	2016
Bullish	Neutral	Bearish
Target = 1.145/115 Neutral Behind 1.393	Projected Range 1.73 to 0.738	Projected Range 1.878 to 0.738

Comments – NEUTRAL. Like bonds and 10s, Quarterly trend is neutral in 5s, with monthly trend bullish. But the Q2 setup here starts out more balanced than the longer maturities, leaving 5s with more of an “either/or” setup. The first major resistance obstacle is Q2 level at 1.145 and initial April hurdle at 1.115. If that can be beat, upside jumps to .738 for Q2 (with April hurdle at .983). If 1.145/115 holds, the setup is more neutral with supports for Q2 fairly deep at 1.73 and 1.95. Bullish monthly trend is at 1.393 in April, rising over time. The aggressive Q2 projection is for a wide 1.733 to .738 range – but with a major obstacle immediately ahead at 1.145(115). April’s range is seen from 1.393 to 1.145/115.

Strategy: For April, will buy against monthly uptrend supports at 1.393 and 1.465; exit/sell Q2/April target at 1.145/115. For Q2, action above 1.145(115) points to .738; similarly, getting behind 1.465 points to 1.73 or 1.96.

US 2yr Notes

Mar 31 Close – 0.725

April	Q2	2016
Bullish	Bearish	Neutral
Target = 0.613/.565 Neutral Behind 0.863	Target = 1.033 Neutral Above 0.785	Projected Range 1.455 to 0.565

Comments –NEUTRAL. Despite the strong finish to March, 2s stayed narrowly trend down – leaving them the only maturity with Quarterly trend still officially bearish – at .785 for Q2. In addition, they remain behind bearish-leaning Yearly trend of .565 (which proved to be the effective high during Q1). That Yearly trend, along with new Q2 levels at .613 and .498, remains THE critical resistance above. The overall setup is neutral as long as it holds, but sees gap to .08/05 above. Main support for Q2 is deep at .985/1.033, before drop-off to 1.45. Monthly trend/setup are bullish above .865/.883 for April. The projected Q2 range is .498 to .985 – but with extension risk above there. April is seen from .865/.883 to .565.

Strategy: The clean trade levels for Q2 are selling Yearly trend/Q2 resistance at .565/.498 above and buying .985/1.033 below. In between there, monthly uptrend support at .865/.883 is a buy during April.

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