

FX Technicals

Special Q2/April Outlooks - 1 April 2015

Overview: The main theme for Q2 is strong, but high, Quarterly downtrends vs large magnitude Yearly supports. That equates to widespread boundaries of 1.0305 vs 1.2120/90 in EUR (with 1.1330 between); 1.4390 vs 1.5690/1.5750 in GBP; .7350 vs .8399/.8492 in AUD; and 122.79/59 vs 138.35/141.18 in EURJPY. The key to triggering corrections between there is ending the monthly downtrends (for April) above 1.1205, 1.5165, .7799 and 133.48, respectively. USDJPY is trend up for Q2 with deep support, but has a more traditional two-way setup from 113.93 trend to 126.49 Q2 resistance. USDCAD is seen from 1.2126 to 1.3532.



USDJPY

March 31 Close – 119.98

April	Q2	2015
Bullish	Bullish	Bullish
Target = 126.49	Target = 126.49	Target = 138.29
Neutral Below 119.01	Neutral Below 113.93	Neutral Below 98.81

Comments: BULLISH TO NEUTRAL. Quarterly and monthly trend are both bullish entering April. But the Q2 setup is neutral and widespread. The monthly uptrend, though bullish, is close under the market and susceptible to a neutral downturn. For Q2, closest support is the Yearly level at 114.99, with Q2 trend from 113.93 to 111.87. Resistance is 122.15 and 126.49. (There is no Yearly hurdle until 138.29.) The key in between the wide Q2 boundaries is the monthly uptrend at 119.01 in April. The expected Q2 range is 113.93 to 126.49. Those are the main trading parameters, with monthly trend zone the pivot between.

Position Strategy: For Q2, strategy is to buy 114.99/113.93 and 111.87; sell strength to 126.49. The direction pivot between there is the monthly trend – at 119.01 for April. The situation is positive above; negative below.



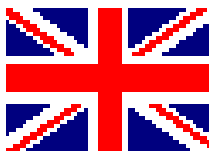
EURJPY

March 31 Close – 128.90

April	Q2	2015
Bearish	Neutral	Bullish
Target = 122.79/59	Projected Range	Target = 154.72
Neutral Below 133.48	122.79/59 to 141.18	Neutral Below 128.46

Comments: NEUTRAL. EURJPY has a somewhat complex setup for Q2, but should see two-way trade. Quarterly trend is neutral (i.e. corrective); the Q2 setup points outright lower. Resistance levels are 131.37, 138.35 and 141.18. In addition, monthly trend is bearish under 133.48 for April. At the same time, however, Yearly trend is bullish and acting as a floor below. The exact Yearly trend is 128.46. Additional Yearly levels are deeper at 122.79/59. First Q2 support is much lower at 119.68. The expected Q2 range is 122.79/59 to 138.35/141.18. Will sell against 132.33/133.48 for April; for Q2, will buy 122.79/59; sell 138.50 to 141.18.

Position Strategy: EURJPY is a two-way trade for Q2. The main trading parameters are buying the 122.79/59 Yearly zone below and sell against Q2 trend at 138.50 to 141.18 above. In the short-term, monthly downtrend at 132.50/133.59 is sale in April.



GBPUSD

March 31 Close -1.4825

April	Q2	2015
Bearish	Bearish	Neutral
Target = 1.4390	Target = 1.4390	Projected Range
Neutral Above 1.5165	Neutral Above 1.5750	1.4390 to 1.6160

Comments – BEARISH TO NEUTRAL. Quarterly trend did turn bearish in Q2 and, viewed alone, the quarterly setup points lower. But the Yearly extreme at 1.4390 is expected to be the main focus below and provide the key role in forcing a two-way range in Q2. Resistance is initial level at 1.4930 (and April monthly trend at 1.5165). Above there is larger gap to the high Q2 downtrend zone at 1.5690/1.5750. On the downside, if the 1.4390 Yearly gives way there is no Q2 support until 1.3780. The expected Q2 range is 1.4390 to 1.5690/1.5750. Strategy is to sell against 1.4930/1.5160 in April; otherwise, buy 1.4390 and sell 1.5690/1.5750 for Q2.

Position Strategy: For Q2, the main trading levels in GBP are buying weakness to 1.4390; selling strength to Quarterly trend at 1.5690/1.5760. Between there, can sell against 1.5165 monthly trend in April (dropping over time).



EURUSD

March 31 Close – 1.0740

April	Q2	2015
Bearish	Bearish	Neutral
Target = 1.0305	Target = 1.0305	Projected Range
Neutral Above 1.1205	Neutral Above 1.2140	1.0305 to 1.3035

Comments – BEARISH TO NEUTRAL. Both Quarterly trend and setup are outright bearish in EUR for Q2. But the one stabilizing factor is the extreme Yearly support at 1.0305. As long as it can hold, the overall setup is neutral. Resistance for Q2 is 1.1330, then the very high trend zone at 1.2120/90. The monthly downtrend intersects at 1.1205 in April, loosely matching with the 1.1330 Q2 level to form a sell zone. If the 1.0300 is broken, support drops to .9740 for April and .8820 for Q2. The expected Q2 range is 1.0305 to 1.1330. Both sides are tradable.

Position Strategy: Sell strength against April trend/Q2 zone at 1.1205/1.1330, particularly during April. If broken above, will wait to 1.2120/90 to resell. On weakness, cover shorts and set partial longs against 1.0305.



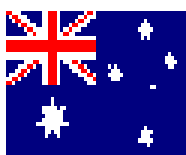
USDCAD

March 31 Close – 1.2672

April	Q2	2015
Bullish	Bullish	Neutral
Target = 1.2896	Target = 1.3532	Projected Range
Neutral Below 1.2459	Neutral Below 1.1611	1.1362 to 1.3532

Comments – BULLISH. USDCAD remains a very bullish picture for Q2, as Quarterly momentum remains trend up and the market closed Q2 above its initial Yearly resistance at 1.2610. The combination of the two – together with bullish monthly trend above 1.2519/1.2459 – signals further extension of the rally. As long as monthly trend holds, closest resistance for Q2 is the Yearly extreme at 1.3532. Conversely, Q2 support under monthly trend drops to 1.2126, then very deep quarterly trend at 1.1643/11. The expected Q2 range is 1.2126 to 1.3532. Buy against 1.2519/1.2459 for April. Otherwise, buy 1.2126; sell 1.3532 for Q2.

Position Strategy: Given the multiple uptrends and bullish setups, preferred strategy is to buy weakness. For April, buy against the 1.2519/1.2459 monthly trend. For Q2, will buy against 1.2126. The targets are 1.2896 in April; 1.3532 for Q2.



AUDUSD

March 31 Close – 0.7613

April	Q2	2015
Bearish	Bearish	Neutral
Target = 0.7350	Target = 0.7350	Projected Range
Neutral Above 0.7799	Neutral Above 0.8393	0.7350 to 0.8410

Comments – BEARISH TO NEUTRAL. Both trend and setup points lower for Q2 in AUD. The big question will be whether or not the first Yearly support at .7350 is able to hold on the downside. That is closest support; below there sees drop to .7030 for Q2 (and then .6210). Initial resistance is a combined April/Q2 zone at .7677/94. But the more strategic hurdle is the monthly downtrend at .7799 in April (and dropping over time). If broken above it signals correction to high Q2 trend at .8393/.8492 – with Yearly level at .8410 in between. The expected Q2 range is .7350 low to .8393 high – with monthly trend the directional key between.

Position Strategy: Trading levels for Q2 are buying against .7350 Yearly support; sell .8393/.8492 Quarterly trend. In the shorter-term during April, can more aggressively sell against .7677/94 and the monthly downtrend at .7799 for the trade to .7350.

Stock/Bond Technicals

Special Q2/April Outlooks - 1 April 2015

Overview: On the margin, Treasuries are positive for Q2 – trend up in bonds and 10s; leaning bullish above 1.63 in 5s. 10s have the cleanest and most unencumbered path higher: April/Q2 support at 2.003/053 and Q2 trend at 2.155/205; no resistance until 1.605 in April; 1.458/41 in Q2. Bonds have similar potential, but first need to negotiate a Q2/Yearly zone at 2.518/475 – above points to 2.165 and 1.77. 5s start neutral from 1.63 to 1.26/188 – with extension risk outside either end. 2s have similar extension risk outside .715/.535. Stocks remain bullish, but with trend much closer at 2027/2004. A break/close below signals larger magnitude downside.

S&P 500 Cash Index

March 31 Close – 2067.89

April	Q2	2015
Bullish	Bullish	Bullish
Target = 2141.14	Target = 2141.14	Target = 2337.66
Neutral Below 2053.95	Neutral Below 2004.20	Neutral Below 1685.99

Comments – BULLISH TO NEUTRAL. Both Quarterly and monthly trends remain bullish in stocks to start Q2. But setups are neutral, and trend levels have risen much closer to the market than they have been, creating increased risk of a trend shift. For Q2, key support is 2027.50 to 2004.20 trend level; key resistance is a pair of quarterly hurdles at 2141.14/2145.63. The current monthly uptrend intersects at 2053.95 in April, but will rise over time. If the market gets under the 2004 quarterly trend, long-term support drops sharply to 1888.81. Based on trend, the expected Q2 range is 2004.20 to 2141.14/2145.63. Both sides are tradable. Action below 2005 is signal of a larger magnitude correction.

Strategy: Strategy for Q2 is to buy weakness against 2027.50 and 2004.20 trend; exit longs and sell strength to 2141.14/2145.63 Q2 resistance. Below 2004.40 is more negative, and will go with action under 2000.

US 30yr Bonds

March 31 Close – 2.535

April	Q2	2015
Bullish	Bullish	Neutral
Target = 2.475(Hit)	Target = 1.77	Projected Range
Neutral Behind 2.52	Neutral Behind 2.91	3.78 to 1.77

Comments – BULLISH TO NEUTRAL. Bonds easily kept Quarterly trend bullish in Q1. But although there is clear upside risk for Q2 – a gap from initial resistance at 2.52/475 to 1.77 – the overall setup here is more nuanced than 10s. On the upside, the chief obstacle is a pesky fixed Q2 level at 2.518, as well as existing Yearly levels at 2.53/475. Until that zone is cleared, the setup starts neutral. Above there is gap to 2.165 for April, 1.77 for Q2. First support for Q2 is the deep quarterly trend at 2.89/91. There are initial monthly supports at 2.593/653 in April. The projected Q2 range is 2.89/91 to 1.77. Early direction will center on battle between 2.52/475 and April support at 2.593/653.

Strategy: The easy trades for Q2 are buying Quarterly trend at 2.89/91 and selling the resistance target at 1.77. It gets trickier in between. Can go with action behind 2.653 (April) or above 2.475 (Q2/Yearly).

US 10yr Note

March 31 Close – 1.928

April	Q2	2015
Bullish	Bullish	Neutral
Target = 1.605	Target = 1.458/41	Projected Range
Neutral Behind 1.93	Neutral Behind 2.208	3.07 to 1.458

Comments – BULLISH. Quarterly trend and setup are both bullish for Q2 and point to eventual test of the Yearly resistance target at 1.458. Supports for Q2 are well formed at 2.008 initial level and 2.155/208 quarterly trend (with Yearly level at 2.118 in between). Behind 2.208 does see drop to 2.648. On the upside, there is no resistance until the 1.458 Yearly and first Q2 at 1.41. For April, monthly trend is marginally bullish above 1.933. But the monthly setup is positive from 2.008/053 up to 1.605. The expected Q2 range is 2.155/208 to 1.458/433. Both sides are tradable (as is buying 2.003/063 in April). Any break behind 2.208 is the first sign the rally has ended.

Strategy: It should be a very tradable quarter, with well-defined levels. Buy weakness to 2.003/053 (especially in April) and particularly against 2.155/208 Q2 trend. Exit longs at 1.605/55 in April. Sell strength to 1.458/41 Yearly/Q2 zone.

US 5yr Notes

March 31 Close – 1.37

April	Q2	2015
Bullish	Neutral	Neutral
Target = 1.188	Projected Range	Projected Range
Neutral Behind 1.42	1.63 to 1.188	3.12 to 1.188

Comments – NEUTRAL TO BULLISH. 5s have more of a middling, neutral setup for Q2. Quarterly trend starts neutral, but does lean bullish above 1.55/63 for Q2. At the same time, any rally faces both bearish-leaning Yearly trend at 1.263 and an initial Q2 hurdle at 1.188, before upside turns more directional positive. A push above there will expose upside gap to 0.65. On the opposite side, a settle behind 1.63 trend sees drop to Yearly/Q2 zone at 1.893/95. For April, monthly trend is bullish (1.42), with upward bias for the month to 1.188/125. The expected Q2 range is 1.63 to 1.188 – but with extension risk outside either end.

Strategy: Until more directional opportunity presents itself, 5s are a buy against 1.55/63 Q2 trend and sale against 1.188 (stretched up to 1.125 for April) resistance. Movement behind 1.63 or above 1.188(/125) is go with.

US 2yr Notes

March 31 Close – 0.56

April	Q2	2015
Neutral	Bearish	Neutral
Projected Range	Target = 0.965	Projected Range
0.683 to 0.41	Neutral Above 0.535	1.303 to 0.34

Comments – BEARISH TO NEUTRAL. The long-term picture is a bit of a mixed bag in 2s – but one with an early call option attached. Quarterly trend is officially trend down behind .535. But monthly trend is neutral, and both the April and Q2 setups have upside gaps in resistance. If 2s can get above .535, upside jumps to .41 for April and .355 for Q2. Supports for the Quarterly are .683/.715 (plus April levels at .605/.623 and .77), before drop to .96 Yearly level. The expected Q2 range is .683/.715 to .355 – though any break behind .713 turns negative.

Strategy: Strategy is to buy weakness against .683/.713 for Q2 (including .605/.623 in April), or buy strength on break/close above .53. Target is .41 to .355. On weakness, will stop longs/reverse short behind .715 – for .96 target.

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