

# FX Technicals

Special Q2/April Outlooks – 3 April 2017

**Overview:** Direction for Q2 is contingency-based. The long-term setups start out neutral, but feature a series of very clear triggers – in many cases, to both sides of the market – that signal extension and directional risk. In USDJPY, the key focus is combined Q2 uptrend and Yearly support at 109.60/45 to 108.78. Holding there sees likely rally to +/-119; falling below sees drop to 101.56. Other breakout boundaries are: 1.0825/50 to 1.0330/1.0245 in EUR; 118.14/10 uptrend to 123.36/87 in EURJPY; 1.2620 Q2 downtrend vs 1.2130 in GBP; 1.3236/12 Q2/April trend to 1.3481CAD; and Yearly downtrend/Q2 zone at .7790/.7841 to April trend at .7577 in AUD.



## USDJPY

Mar 31 Close – 111.30

April	Q2	2017
Neutral	Bullish	Neutral
Projected Range 109.56/45 to 113.27	Target = 127.52 Neutral Below 109.45	Projected Range 109.60 to 127.89

**Comments:** BULLISH TO NEUTRAL. USDJPY spent Q1 largely between initial Yearly breakouts at 109.60 and 117.87 (exact Q1 extremes were 110.10 and 118.60). The new Q2 levels continue to match these same areas. Quarterly trend is bullish intersects at 109.45 to 108.78. (Yearly support also remains at 109.60.) At the same time, closest Q2 resistance is 118.54/119.04. There is exposure outside either end – up to 127.89 above; down to 101.56 below. Monthly trend leans bearish below 113.27 for April. The expected Q2 range is 109.60/108.78 to 119.04. The expected April range is 109.60/45 to 113.27.

**Position Strategy:** Given the quarterly uptrend, strategy is to buy weakness against the Yearly/Q2 trend at 109.60/45 to second Q2/April zone at 108.78/59. The targets in April are 113.27 and 116.05. Target for Q2 is 118.54/119.04.



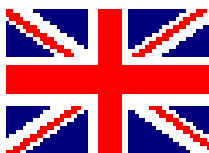
## EURJPY

Mar 31 Close – 118.90

April	Q2	2017
Neutral	Neutral	Neutral
Projected Range 118.52/10 to 122.74	Projected Range 118.14/10 to 123.87	Projected Range 93.04 to 133.31

**Comments:** NEUTRAL. Quarterly trend in EURJPY leans bullish above 118.14/10 for Q2. Monthly trend leans bearish under 120.74 for April. But both setups start out neutral and both setups have very similar breakout boundaries. As a result, direction is likely to be determined on the fly during Q2. Main support is 118.14/10 trend (with April breakdown level also at 118.52). Main resistance is 123.36/87 (with upper boundary for April at 123.26). Getting above 124 sees gap to 132.87 Yearly trend; getting below 118 sees drop to 112.79/38 for Q2. The initial Q2 projection is 118.14/10 to 123.36/87 – but with extension risk outside either end.

**Position Strategy:** On weakness, buy against 118.14/10 bullish-leaning Q2 trend. The target is 123.26/36 to 123.87 for Q2. Also go with a close above 124.00 (for 132.87 target) or below 118.00 (for 112.79/36 target).



## GBPUSD

Mar 31 Close - 1.2525

April	Q2	2017
Bearish	Bearish	Bearish
Projected Range 1.2260 to 1.2760	Target = 1.1020 Neutral Above 1.2610	Target = 1.0905 Neutral Above 1.4730

**Comments – NEUTRAL/BREAKOUT.** Quarterly trend is still officially bearish in GBP under 1.2620. But the inside range for Q1, coupled with the strong close, leaves an initially neutral setup with breakout risk on both sides. The key resistance is the 1.2620 Quarterly trend, with break above there exposing upside gap to 1.3240 for Q2 (and to 1.2880 for April). Q2 supports are 1.2465 and 1.2130, before downside reaccelerates to 1.1020. Based on the downtrend, the projected Q2 range is 1.2610 to 1.1020. But any close above 1.2610 shifts the bias positive and will project to 1.3240.

**Position Strategy:** Strategy is to sell strength against 1.2620 or weakness on close under 1.2130. The target for both is 1.1020 for Q2. Above 1.2620, will stop shorts/buy strength for move to 1.3240.



**EURUSD**

Mar 31 Close – 1.0675

April	Q2	2017
<b>Neutral</b>	<b>Neutral</b>	<b>Bearish</b>
Projected Range 1.0510 to 1.0825/50	Projected Range 1.0245 to 1.0850	Target = 0.8595 Neutral Above 1.1560

**Comments** – NEUTRAL TO BEARISH. Quarterly trend leans bearish under 1.0850 for Q2. But the general setup is neutral, and the proximity of the trend resistance doesn't allow a lot of room for error on the upside. If broken above, resistance jumps to Yearly level at 1.1125, with subsequent Q2 boundary not until 1.1360/1.1460. Supports for Q3 are staggered at 1.0510, 1.0330 and the Yearly breakdown at 1.0245, before downside accelerates to 9380. April trend and setup are neutral between 1.0825(50) and 1.0410. Based on trend, the projected Q2 range is 1.0860 to 1.0330/1.0245. But above 1.0860 or under 1.0245 will see follow-thru.

**Position Strategy:** Set early shorts against 1.0825/60 Q2 trend (and April level). If it holds, will look to cover at 1.0510/1.0490 target for April and 1.0330/1.0245 for Q2. Getting above 1.0860 points to 1.1125 Yearly sell level; below 1.0245 to .9380.



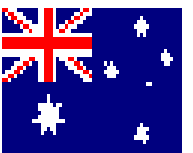
**USDCAD**

Mar 31 Close – 1.3300

April	Q2	2017
<b>Neutral</b>	<b>Neutral</b>	<b>Bullish</b>
Projected Range 1.3236/12 to 1.3482	Projected Range 1.2921 to 1.3482	Target = 1.5379 Neutral Below 1.2665

**Comments** – NEUTRAL TO BULLISH. Quarterly trend starts Q2 officially 'neutral' with symmetrical risk to both sides at 1.3471/81 above and 1.2915/07 below. But it is significant that both the Q2 and monthly trends lean bullish in USDCAD – the April trend above 1.3236/12; the Quarterly trend above 1.3221. As long as that trend zone holds, the expectation is for a push to at least 1.3471/89 (as well as April level at 1.3541), with action above there accelerating to 1.4064 for Q2. Conversely, weakness under 1.3244/29/21 points back to the 1.2915/07 base. The projected Q2 range is 1.2915/07 to 1.3481 – but with clear upside extension risk above 1.3500.

**Position Strategy:** During April, buy weakness against the combined monthly/Q2 trends at 1.3236/21/12. The targets are 1.3471/82 and 1.3541. On strength, will go with a break/close above 1.3500 (1.3541 in April) or below 1.3200.



**AUDUSD**

Mar 31 Close – 0.7645

April	Q2	2017
<b>Bullish</b>	<b>Neutral</b>	<b>Bearish</b>
Target = 0.7760/90 Neutral Below 0.7580	Projected Range 0.7258 to 0.7790	Target = 0.6750 Neutral Above 0.7790

**Comments** – NEUTRAL. Quarterly trend is neutral, with a symmetrical setup for Q2. At the same time, monthly trend turned freshly bullish to end March and should push higher in early Q2; but Yearly trend is bearish and awaits at .7790. The two main Q2 hurdles are .7720 and .7841, with the Yearly downtrend at .7790 sandwiched between. (April resistance is also at .7760.). Supports for April are the .7580 monthly uptrend, then .7430/10. There is no Q2 base until .7258. The expected Q2 range is early high to .7790(.7841) and eventual retreat to .7258. For April, will buy/hold longs against .7580; exit/set shorts at .7720 to .7760/90.

**Position Strategy:** For April, buy/hold longs against .7580 monthly uptrend. Exit longs at .7720 (Q2); set shorts at .7760/90 (April/Yearly) and .7841 (Q2). Eventual target is .7258.

# Stock/Bond Technicals

Special Q2/April Outlooks – 3 April 2017

**Overview:** Treasuries remain trend down on the Quarterly charts from the Q4 post-election reversals. But a combination of very high trend resistance – 20-30bps above the Q1 settles – plus a neutral turn in monthly trend to end March suggests a correction higher and early Q2 strength to sell into. Projected Q2 ranges are 2.735 to 3.213 in bonds; 2.075 to 2.615/78 in 10s; 1.60 to 2.29 in 5s; and 1.015 to 1.50/55 in 2s. Each of the low yield targets are the Q2 trend levels and closest resistance. Stocks are similar, with Q2 trend bullish, but deep at 2227.29. Long-term resistance targets and sell levels above are 2406.47 (Q2) and 2420.34 (Yearly).

## S&P 500 Cash Index

Mar 31 Close – 2362.72

April	Q2	2017
<b>Bullish</b>	<b>Bullish</b>	<b>Bullish</b>
Target = 2406.37	Target = 2406/2420	Target = 2420.34
Neutral Below 2324.20	Neutral Below 2227.29	Neutral Below 2029.16

**Comments** – BULLISH TO NEUTRAL. Quarterly trend is still strongly bullish in stocks. But the depth of the trend structure, combined with both approaching Q2 and Yearly resistance above, makes for an overall neutral setup. The two key resistance levels are 2406.47 Q2 level and 2420.34 Yearly level. Aside from the monthly uptrend at 2324.20 in April and rising over time, the closest Quarterly support is down at the 2227.29 trend to 2212.73/2209.44. The result should be a wide, two-way Q2 range with early high at 2406.47 or 2420.34 and subsequent break of monthly trend and retreat to 2227/2209. The expected April range is 2406.47 to 2324.20.

**Strategy:** For Q2, there are two key trading boundaries: selling the Q2/Yearly zone at 2406.47 to 2420.34 above, and buying the Q2 uptrend at 2227.29/2209.44 below. The key between there is 2324.40 monthly trend (April).

## US 30yr Bonds

Mar 31 Close – 3.015

April	Q2	2017
<b>Neutral</b>	<b>Bearish</b>	<b>Neutral</b>
Projected Range 3.12 to 2.865	Target = 3.75 Neutral Above 2.735	Projected Range 3.75 to 2.627

**Comments** – BEARISH TO NEUTRAL. Quarterly trend remains bearish in bonds and is a sale on strength. The fact monthly trend leans bullish for April (with April 30 close above 3.04) is a positive early in the quarter, and suggests a push toward resistance levels. The main target zone above is the Q2 downtrend at 2.735 to 2.585/575. Within there is also the Yearly resistance at 2.62. Support below starts with the Yearly level at 3.17 (which was the effective Q1 low) to Q2 base at 3.213. Thru there will produce downside acceleration to 3.495. The expected Q2 range is 2.735/62 to 3.213 (with extension risk behind). The projected April range is 3.12 to 2.865.

**Strategy:** The goal for Q2 is to sell strength on a rally to the quarterly downtrend at 2.735 (and Yearly level at 2.62). The target is 3.17/213. Will also sell a break/close behind 3.213.

## US 10yr Note

Mar 31 Close – 2.385

April	Q2	2017
<b>Neutral</b>	<b>Bearish</b>	<b>Neutral</b>
Projected Range 2.52 to 2.237	Target = 2.78 Neutral Above 2.075	Projected Range 3.103 to 1.78

**Comments** – BEARISH TO NEUTRAL. Quarterly trend remains bearish from the reversal seen in Q4. But with Quarterly trend resistance quite high at 2.075 and monthly trend having turned neutral in March, the overall Q2 setup is neutral and widespread. Q2 resistance is 2.075, 1.968 and 1.85. Quarterly supports are 2.615, the first Yearly level at 2.78, then 3.015. For April, the setup is neutral to modestly positive as long as the market can stay above initial monthly support at 2.52. Closest monthly resistance above there is 2.235 and 2.17. The expected Q2 range is 2.075 to 2.615(78). The projected April range is 2.525 to 2.245(17).

**Strategy:** The expectation is for a two-way trade. For April, buy against 2.525 and 2.615; sell 2.237 and 2.17. For Q2, the focus is to sell strength to 2.075/1.968 for 2.615/78 target..

**US 5yr Notes**

Mar 31 Close – 1.92

April	Q2	2017
Bearish	Bearish	Bearish
Target = 2.175	Target = 2.29/415	Target = 2.305/415
Neutral Above 1.94	Neutral Above 1.60	Neutral Above 1.59

**Comments** – BEARISH TO NEUTRAL. Quarterly trend remains bearish in 5s, but like bonds and 10s is well above current levels. The result is a widespread and two-way setup for Q2. The closest quarterly resistance is the combination of the Q2 trend level at 1.60 and bearish yearly trend at 1.59. Additional Q2 hurdles are at 1.465/415. The main target for the long-term downtrend remains the Yearly support zone at 2.29 to 2.415. An initial Q2 level is at 2.175 ahead of there. April's monthly direction pivots off a tight area at 1.94 trend to 1.97/2.00 - above projects to 1.745/735; below to 2.175. The projected Q2 range is 1.60/59 to 2.175/29. The expected April range is 1.745 to 2.00 (with risk behind there).

**Strategy:** Will want to sell strength in 5s – at 1.745/735 in April and (especially) 1.60/59 for Q2. Can also sell intramonth break/close behind 2.00. The target for shorts is 2.175 and 2.29. Will buy against 2.29/415 Yearly base.

**US 2yr Notes**

Mar 31 Close – 1.255

April	Q2	2017
Bearish	Bearish	Bearish
Target = 1.495/558	Target = 1.50	Target = 1.50
Neutral Above 1.24	Neutral Above 1.015	Neutral Above 0.800

**Comments** – BEARISH TO NEUTRAL. Both Quarterly and monthly trends remain bearish in 2s and *eventually* points to the Yearly/Q2 base at 1.495/558. But the split location of the two trends – monthly is immediately above at 1.24; Quarterly is far beyond that at 1.015/96 – makes it possible we see a countertrend correction higher first. The main long-term trading levels are the Quarterly barriers at 1.015/96 trend and 1.495/553 support. Which end is seen first will be signaled by first move outside April boundaries at 1.31 vs 1.24. Expect a 1.015 to 1.495/50 Q2 range. The preference is to sell against 1.015/96; but can also sell April break behind 1.31. Cover/buy weakness to 1.495/558.

**Strategy:** The preferred strategy for Q2 is to sell against 1.015/96; cover/buy weakness to 1.495/558. Within that broad 50bp range, hold existing shorts against 1.24 monthly trend; add shorts on break of 1.31; cover/buy 1.495/558.

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