

# FX Technicals

Special Q3/July Outlooks – 3 July 2017

**Overview:** There are a number of high profile showdowns for Q3 between longstanding Yearly trends and the more recent currency strength. In the case of AUD and EUR the stakes above Yearly downtrends at .7770/90 and 1.1520/65 are high, with intraquarter gaps to .8260 and 1.1985, respectively. The key opposing Q3 supports are .7489 trend in AUD and 1.0835/00 base in EUR. USDCAD also has major Yearly/Q3 support zone at 1.2850/1.2767. Quarterly trend is bullish in both USDJPY and EURJPY, and projects to 117.52/118.62 and 132.87/133.36. GBP is officially neutral, but expected to continue its upside correction to 1.3390.



## USDJPY

June 30 Close – 112.46

July	Q3	2017
Neutral	Bullish	Neutral
Projected Range 110.44/12 to 113.62	Target = 118.62 Neutral Below 112.40	Projected Range 109.60 to 127.52

**Comments:** BULLISH. Quarterly trend is bullish and the setup projects higher for Q3. There is good potential for a surge back to the early Year high at +/-118.00. Key support for Q3 is 110.44/12, along with July levels at 111.48 and 109.46, as well as the well-worn Yearly support at 109.87. Below there sees drop to 106.15. Q3 targets are 116.72 and 118.63 – with Yearly upside acceleration level at 117.52 in between. Based on the uptrend and setup, the projected Q3 range is 110.44/12 to 117.52/118.62. Will buy weakness against 110.44/12; exit at 116.72 and 118.63.

**Position Strategy:** Given the quarterly uptrend and setup, preferred strategy is to buy weakness against 110.45/12(Q3), and 109.87(Yearly). The targets for Q3 are 116.69 to 118.63.



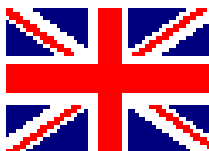
## EURJPY

June 30 Close – 128.46

July	Q3	2017
Bullish	Bullish	Neutral
Target = 131.85 Neutral Below 123.26	Target = 132.87 Neutral Below 121.11	Projected Range 93.04 to 133.31

**Comments:** BULLISH. Both monthly and quarterly trends turned freshly bullish to end June. Both setups also point higher – albeit with fairly deep structural supports. The initial round of support is the monthly uptrend at 124.14 to 123.47/26. The Q3 uptrend is at 121.11, before steeper drop to 114.75. The closest targets are 131.85 in July and 133.94 for Q3, with the Yearly trend zone at 132.87/133.37 in between. The projected Q3 range is 121.11 to 132.87/133.36. The projected July range 123.47/26 to 131.85. Buy 124.14/123.26 in July; exit longs at 131.85; sell 132.87/133.94.

**Position Strategy:** Buy weakness to 124.16 and 123.47/26 for July; buy against 121.11 Quarterly uptrend for Q3. Exit longs at 131.85. On strength, will sell Yearly trend/Q3 zone at 132.87/133.94.



## GBPUSD

June 30 Close - 1.3020

July	Q3	2017
Bullish	Neutral	Bearish
Target = 1.3390 Neutral Below 1.2840	Projected Range 1.2660 to 1.3390	Target = 1.0905 Neutral Above 1.4730

**Comments – NEUTRAL.** Quarterly trend turned neutral to end Q2, ending a 3-year downtrend in force since the start of Q3, 2014. Combined with bullish monthly trend and high Yearly resistance, it suggests a continuance of the correction higher. The setup for Q3 starts positive. Key early supports are combined Q3 and July levels at 1.2745/20 to 1.2690/60. Below there is drop to 1.2410 for July and 1.2020 in Q3. Nearest Q3 resistance is 1.3390, though with an initial July hurdle at 1.3100 ahead of there. Based on the upward trend shift, expecting a 1.2745/1.2660 to 1.3390 Q3 range. Will buy against 1.2745/1.2660; for eventual 1.3390 target in Q3.

**Position Strategy:** Early strategy is to buy weakness against the pivotal July/Q3 zone at 1.2745/1.2660. Targets are 1.3100 in July; 1.3390 for Q3. Above 1.3400 exposes upside gap to 1.4105.

**EURUSD**

June 30 Close – 1.1425

July	Q3	2017
<b>Bullish</b>	<b>Neutral</b>	<b>Bearish</b>
Target = 1.1515/65 Neutral Below 1.1085	Projected Range 1.0800 to 1.1520/65	Target = 0.8595 Neutral Above 1.1560

**Comments** – NEUTRAL TO BULLISH. The rally in EUR is headed for an immediate collision with the Yearly downtrend at 1.1520/65. As long as Yearly trend holds, the overall setup is neutral. But with monthly trend bullish above 1.1085/50 for July and initial Q3 support at the same 1.1100 area, getting above 1.1520/65 will force acceleration. The minimum gap beyond there is to 1.1985. Supports under the 1.1100/1.1050 zone drop to 1.0835/00 Q3 trend. The projected Q3 range is 1.0825/00 to 1.1520/65 – but with acknowledged extension risk above 1.1600. For July, buy against 1.1085/50; exit/sell against 1.1520/65; go with above 1.1565.

**Position Strategy:** For July, buy weakness against 1.1100/1.1050 July uptrend/Q3 support. Exit and sell against 1.1520/65 Yearly downtrend. Above 1.1565 is bullish and points to 1.1875. Below 1.1050 signals test of 1.0823/00 Q3 base.

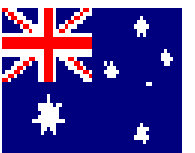
**USDCAD**

June 30 Close – 1.2966

July	Q3	2017
<b>Bearish</b>	<b>Neutral</b>	<b>Bullish</b>
Target = 1.2850 Neutral Above 1.3414	Projected Range 1.2850 to 1.3617	Target = 1.5379 Neutral Below 1.2665

**Comments** – NEUTRAL. USDCAD is being driven lower by the monthly downtrend under 1.3414 for July. But both the Quarterly trend and setup are neutral, and the market has a major long-term support at the Yearly uptrend zone of 1.2850 to 1.2657. Q3 support also falls within there at 1.2767. That broad Q3/Yearly area is the likely terminus of the correction. Resistance for Q3 is 1.3282 and 1.3617. July resistance is also at 1.3281/1.3300. The expected Q3 range is 1.2850/1.2767 low to 1.3617 high. The expected July range is 1.3300 to 1.2850. Sell against 1.3281/1.3300 in July; cover and buy weakness to 1.2850/1.2767 target thru-out Q3.

**Position Strategy:** In July, sell strength against monthly/Q3 zone at 1.3281/1.3300. On weakness, cover shorts and reverse long at 1.2850/1.2767 (Yearly/Q3) zone.

**AUDUSD**

June 30 Close – 0.7645

July	Q3	2017
<b>Neutral</b>	<b>Neutral</b>	<b>Bearish</b>
Projected Range 0.7510 to 0.7770/90	Projected Range 0.7489 to 0.8260	Target = 0.6750 Neutral Above 0.7790

**Comments** – NEUTRAL TO BULLISH. AUD is also setup for a battle between bullish-leaning Q3 trend and opposing Yearly downtrend. The difference here is Quarterly trend leans bullish with asymmetric bullish setup, and there is a prominent gap above .7770/90 Yearly downtrend. A push thru there points to .8260 for Q3 (there is July hurdle level at .7870). Supports are .7650, the bullish-leaning Q3 trend zone at 7493/89, then minimum drop to .7274. The projected Q3 range is .7493/89 to .8260 – with the key to upside clearing .7790. For July, expect a .7510 to .7770/90 range. Will buy against .7493/89 Q3 trend or break/close above .7800.

**Position Strategy:** On weakness, will buy against .7490/80 Q3 trend. On strength, can exit longs/set shorts against .7770/90 Yearly downtrend (and .7800 July hurdle). But will reverse into longs on break/close above .7800. Target above there is .8190.

# Stock/Bond Technicals

Special Q3/July Outlooks – 3 July 2017

**Overview:** Quarterly trend stayed bearish in Treasuries to end Q2. But the torquing of the curve leaves some variation to the early setups. 2s easily remains the most negative: a sale against 1.215/19 Q3 trend, with min target to 1.50 Yearly level and potentially to 1.64. Bonds are neutral to positive as long as July uptrend/Q3 base at 2.885/92 holds. Upside projects to 2.62. Direction in both 10s and 5s pivots off narrow mid-range zones at 2.215/185 and 1.755/73. Staying behind there points to 2.538 and 2.108, respectively. Stocks are still trend up for Q3, but widespread from 2505 back to 2312. The early key between is 2397 monthly uptrend.

## S&P 500 Cash Index

June 30 Close – 2423.41

July	Q3	2017
<b>Bullish</b>	<b>Bullish</b>	<b>Bullish</b>
Target = 2458.68	Target = 2505.98	Target = 2505.98
Neutral Below 2397.46	Neutral Below 2312.78	Neutral Below 2029.16

**Comments** – BULLISH TO NEUTRAL. Quarterly trend remains bullish in stocks, but also quite deep at 2312.78/2296.57 for Q3. Instead, the early key to direction is a combined area of initial Q3 support at 2412.77 and bullish monthly trend at 2397.46. Staying above there keeps the uptrend intact and projects to 2505.98 Q3 resistance. Conversely, a close under the 2412/2397 threshold triggers the larger magnitude correction and a retreat to the 2312.78 Quarterly uptrend. The projected Quarterly range is 2505.98 to 2312.78. For July, expect a 2397.46 to 2458.68 range. For Q3, will sell against 2505.98 on strength or break of 2412.77 and 2397.46 on weakness. Will buy weakness to 2313/2296.

**Strategy:** On strength, wait to sell against 2505.98 Q3 target. On weakness, wait to buy 2312.78/2296.57 Q3 uptrend. The key between there is Q3 support at 1412.77 to July uptrend at 2397.46 (and rising).

## US 30yr Bonds

June 30 Close – 3.015

July	Q3	2017
<b>Bullish</b>	<b>Bearish</b>	<b>Neutral</b>
Target = 2.725	Target = 3.75	Projected Range
Neutral Behind 2.89	Neutral Above 2.92	3.75 to 2.627

**Comments** – BEARISH TO NEUTRAL. Quarterly trend stayed officially bearish to end Q2. But the setup for Q3 starts out neutral with a critical support zone just under the market. That zone is the combination of bullish monthly trend at 2.885/89 to 2.93 and new Q3 trend at 2.905/92. As long as it holds, the setup is neutral to bullish and projects to the Yearly resistance target at 2.62. Above there is gap to 2.463 Q3 level. If 2.92(93) breaks, however, downside drops to Q3/Yearly breakdown zone at 3.163/17 to 3.218, before steeper downside. The projected Q3 range is 2.62 to 3.17/218 – with early direction pivoting off 2.885/92. The expected July range is 2.92/93 to 2.725.

**Strategy:** Early trade is to buy against the 2.885/89 to 2.905/92(93) Q3/July supports. The target is 2.725 for July; 2.62 for Q3. Sell against 2.62 or on break/close behind 2.93. Target for shorts is 3.16/17 to 3.215.

## US 10yr Note

June 30 Close – 2.30

July	Q3	2017
<b>Neutral</b>	<b>Bearish</b>	<b>Neutral</b>
Projected Range	Target = 2.78	Projected Range
2.423 to 2.195	Neutral Above 2.31	3.103 to 1.78

**Comments** – BEARISH TO NEUTRAL. Quarterly trend ultimately stayed bearish in Q2. Q3 starts with a neutral to bearish setup that pivots off a narrow area from the new 2.31 downtrend to 2.215/205 resistance. Behind there is negative and points to 2.525/538 for Q3, with next closest level the 2.78 Yearly support. Conversely, getting above 2.215/205 (as well as July level at 2.195/185) sees Quarterly resistance jump to 1.90, with Yearly resistance at 1.788. Monthly trend is officially bullish (2.28), but with neutral setup. It is a tough call for Q3. The projected Quarterly range is 2.525/538 to 1.90. The directional key is 2.215/185. July is seen from 2.215/195 to 2.423.

**Strategy:** The expectation is for two-way trade. The obvious trades are selling strength to Q3/Yearly zone at 1.90/78; covering/buying Q3 support at 2.518/538. Inside there, will trade against the 2.215/185 Q3/July pivot.

**US 5yr Notes**

June 30 Close – 1.92

July	Q3	2017
Neutral	Bearish	Bearish
Projected Range 2.01 to 1.755/73	Target = 2.29/415 Neutral Above 1.84	Target = 2.305/415 Neutral Above 1.59

**Comments** – BEARISH TO NEUTRAL. Quarterly trend stayed bearish in Q2 and monthly trend notably fell from bullish to neutral to end June. On the margin, both point lower. But the overall Q3 setup is neutral to start out. Initial resistance is 1.755/73, and is joined by July level at 1.733 to form the early sell zone. A push above there points to the 1.59 Yearly downtrend. Supports for Q3 are 2.01 and 2.108, with the Yearly base still well below there at 2.29 to 2.415. Based on the downtrend, the expected Q3 range is 1.73 to 2.108 (with risk to 1.59 above 1.73). July is projected from 1.755/733 to 2.01. Will sell against 1.755/73 for 2.01 and 2.108 targets.

**Strategy:** With trend bearish, the general stance is to look to sell strength. The early area is combined July/Q3 zone at 1.755/73 (especially in July). The Yearly downtrend at 1.59 is sale above there. Minium targets are 2.01 (July) and 2.108 (Q3).

**US 2yr Notes**

June 30 Close – 1.255

July	Q3	2017
Bearish	Bearish	Bearish
Target = 1.50/55 Neutral Above 1.295	Target = 1.50/55 Neutral Above 1.19	Target = 1.50 Neutral Above 0.800

**Comments** – BEARISH. With trend bearish in every long-term time frame, 2s have the least amount of intrigue of anything on the curve. They are headed for at least the 1.50 Yearly support – with the possibility of steeper downside behind there. The setup for Q3 is actually asymmetric bearish behind 1.363, 1.268 and 1.215/19 Quarterly trend. Above there finally finds some relief to 1.043. Monthly trend is also bearish behind 1.31/293. Closest support is the Yearly/July zone at 1.50/55, with the one and only Q3 support deeper at 1.64. The projected Q3 range is 1.268/19 to 1.50 (with 1.64 possible). July is seen from 1.293 downtrend to 1.50. Will sell strength against the 1.293 to 1.215/19 area.

**Strategy:** Preferred strategy is to sell strength: against 1.31/293 monthly trend for July; against 1.268 and 1.215/19 Quarterly trend for Q3. Will cover at 1.50/55, especially in July. Behind there points to 1.64.

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