ADAM TAYLOR

ARTICLES &
CONTENT WRITING
PORTFOLIO

TABLE OF CONTENTS

Forex 10 Year Challenge

By Adam Taylor

To begin the week, I thought we'd do something a little bit different. We have taken the current ten-year challenge sweeping social media and tried to apply it to a brief technical analysis summary of the major FX pairs. Where were they trading in early 2009? And where are they now?

Judging by the list below, it would seem gold wins the gold medal regarding overall performance. The following summaries will delve further into each trading pair.

FX Ten-Year Challenge

FX PAIRS	01/02/2009	01/02/2019	10 yr Change %
EURUSD	1.2850	1.1471	-11.00
GBPUSD	1.4597	1.3878	-5.00
USDJPY	89.935	108.90	21.00
AUDUSD	0.63799	0.72565	14.00
USDCAD	1.2276	1.3120	7.00
USDCHF	1.1600	0.99442	-14.00
NZDUSD	0.50829	0.69251	36.00
XAUUSD	927.50	1,321.5	42.00

EURUSD

Even though current price action is trading just above the 200 MA suggesting the longer-term trend is bullish, the price action since 2009 provides more significant evidence of a strong downtrend in place, most notably the lower highs witnessed in 2009, 2011, 2014 and last year respectively. Following the rather dull consolidative period between 2015 to 2017, the Euro-Dollar pair has shown a new lease of life and has found the 1.25 level to play a significant role once again. At current levels though, the danger here is that we could slip back into the familiar rangebound territory if the supportive structure seen at 1.14 fails to contain sellers going forward. The highlighted head and shoulders pattern might be a precursor to a EURUSD reversal back towards the 1.05 lows.

GBPUSD

Surprisingly, only a 5% difference in value since this time ten years ago. We see mostly rangebound moves since 2009, with the Brexit catalyst in 2016 providing fuel for an extended step down in price. The recovery from 2017 to the beginning of 2018 may give a clue to future movements within the pair. Notice how the price has respected the 200 MA in recent years, it would appear the region of 1.35 could be a potential barrier if tested, resulting in a continuation of the longer-term downtrend. In this scenario, the previous 1.20 support is a target worth considering.

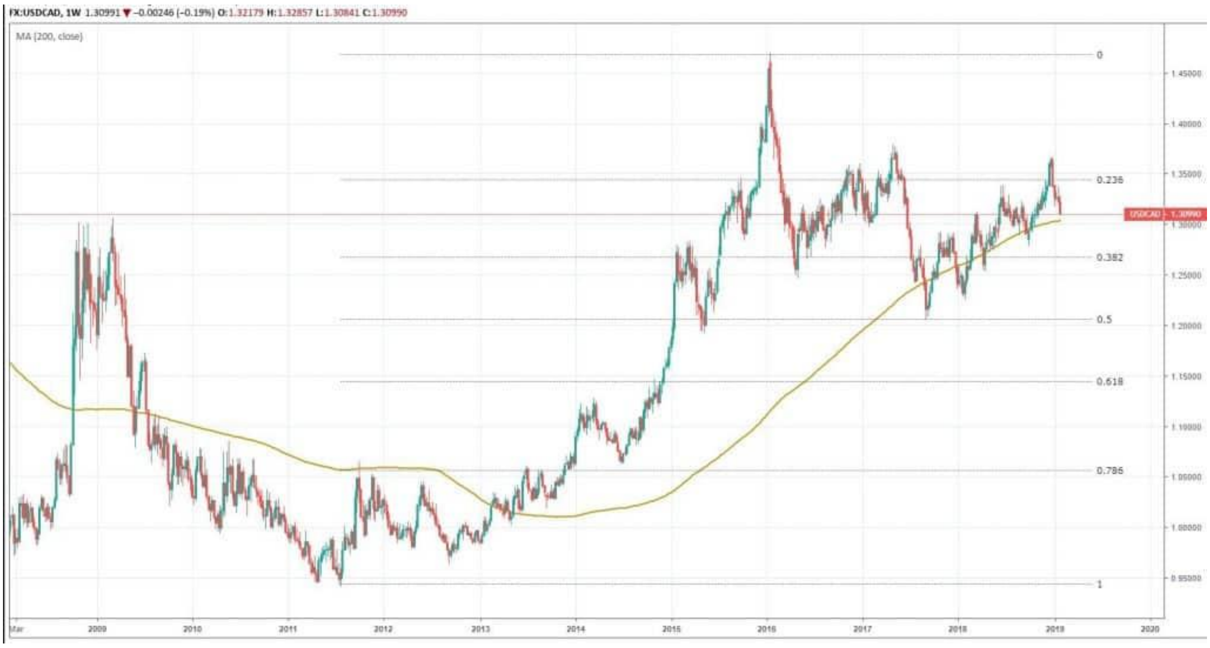
USDJPY

In 2009 the Dollar-Yen pairing appeared somewhat heavy towards the downside. However, we've seen a steady recovery since the 2012 lows, and a validated bullish trendline is currently in play. In December last year, price attempted a sharp move down to 104 levels but was quickly rejected, resulting in further Dollar strength. Key areas to note are the Fibonacci retracements of the 2015 high including the 50% level which has provided strong support around 100.00 and the 23.6% retracement at 113.80 which continues to act as tough resistance. Perhaps we'll see another rally north to re-test 113.80 longer-term, especially when RSI (Relative Strength Index) levels are looking oversold.

AUDUSD

Like a boomerang that's been thrown and come back, the Aussie has returned to where it began in 2009 following some large swings higher. Currently, in a residual downtrend, it's difficult to see where this pair may up longer-term, but the key takeaway over the last decade would be the importance of the 0.70 zone regarding support and resistance levels.

USDCAD



It is also a case of 'Back To The Future' for the Loonie. Despite some significant price moves over time, current levels are almost identical to those seen this time ten years ago. Technically still within a longer-term uptrend, price action has maintained a presence around the 200 MA and has produced a textbook series of higher highs and lower lows since mid-2017. It is also worth pointing out that the 50% retracement level near the 1.20 mark has provided strong support for the pair in both 2015 and 2017. The future outlook appears to be indecisive moves heading sideways.

USDCHF

Not too much change for the Swissie either since 2009. Following the SNB crisis in 2015, price action has been practically non-existent with 1.03 acting as somewhat of a ceiling slowly squeezing the price into submission. We could either see a massive breakout after this extended consolidation phase or perhaps more of the same longer-term.

NZDUSD

An impressive 36% gain since 2009. Longer-term we have settled around the 50% Fibonacci retracement level of the Jun 2014 high. Current levels also coincide with the 200 Moving Average which price action has failed to break above in recent years convincingly. There is still a slight bias to the downside, and the previous support level of 0.62 could be a potential target should the Kiwi Dollar continue to grind lower.

XAUUSD

An impressive price rise in the last decade for the precious metal, and similar to Kiwi Dollar, current price action is sitting around the 50% Fibonacci retracement level from the August 2011 high. The overall longer-term trend has been sideways since 2013 with no clear directional bias in sight. The only thing worth noting here is the current RSI situation which appears overbought and could spell some bearish activity in the weeks and months ahead.

This article is written by a GO Markets Analyst and is based on their independent analysis. They remain fully responsible for the views expressed as well as any remaining error or omissions. Trading Forex and Derivatives carries a high level of risk. For more resource on Forex trading check out our Forex Trading For Beginners introduction, Forex Trading Courses, open a Forex Demo Account or open a live Forex Trading Account.

Sources: Go Markets MetaTrader, Google, Datawrapper, Tradingview.

By Adam Taylor CFTe

Market Analyst

A Pivotal Moment For Sterling

By Adam Taylor

GBPUSD – Has Cable run out of steam?

Looking at GBPUSD, we can see the month of November has kicked off with some impulsive moves higher off the back of potential Brexit deals concluding behind closed doors.

In the short-term, we might be witnessing the tail end of the recent rally as price action is showing signs of exhaustion, particularly as it reaches the previous weekly pivot region of 1.31. We can clearly see some resistance emerging here. Another element to remember is that the trend remains firmly bearish on the daily timeframe, so hints of selling pressure creeping in is perhaps to be expected.

If sellers do regain some control, the chart above suggests a key target for the pair would be the double weekly pivot area of 1.29. Generally speaking, whenever we see these type of pivots, price tends to gravitate towards them as market participants seek a middle ground.

GBPJPY – Looking Shaky Above The 200 Day MA

Switching to GBPJPY, we are technically in bullish territory thanks to yesterday's close above the 200 Day Moving Average (Gold Line). Considering how price reacted last time above these levels, it might be temporary unless we see further positive reports released for Sterling in the coming days.

Similar to GBPUSD, I see a potential drop on the horizon for the pair, targeting another weekly pivot. On the hourly chart below, we see evidence of some bearish divergence developing on the RSI (Relative Srength Index), coupled with price teetering around overbought levels. It may well become the fuel that sparks a shift towards the weekly pivot of 145.75.

By Adam Taylor CFTe

Market Analyst

Jackson Hole Symposium: Why Is It Important?

By Adam Taylor

All eyes will be on the Jackson Hole in Wyoming this week, where the annual Jackson Hole Economic Symposium will be held by the Federal Reserve Bank of Kansas City. This years symposium will take place from 23rd until the 25th of August and the topic for the upcoming event will be “Changing Market Structure and Implications for Monetary Policy”.

About Jackson Hole Economic Symposium

The key feature of the meeting is the discussion that takes place between the participants. Because of the high-profile participants and the topics that are discussed in the event, there is a considerable interest in the symposium, however, to help foster the open discussion that is critical to the event, the attendance is very limited. The event receives a large number of requests from media agencies worldwide, however, the press presence is also limited to a group that is selected to provide transparency to the symposium.

Importance of the event

The symposium is closely followed by financial markets participants around the world and over the past decade it has attracted more attention, this is mainly because what has happened in the past. Some of the biggest monetary policies were initially revealed at the event, although they were not formally announced. During the event, any unexpected comment from any participants can influence the global financial markets. Here are some notable moments from the Jackson Hole Symposium:

- 2005 – Raghuram Rajan (then the professor at the University of Chicago and former governor of Reserve Bank of India) warned about risks that the financial system had absorbed throughout the years. Three years later, the US subprime mortgage crisis erupted into the global financial crisis.
- 2012 – Michael Woodford (macroeconomist and monetary theorist, Columbia University) presented where he said that Fed’s stance on keeping its main interest rate near zero until a certain time would reflect pessimism about the speed of the economy’s recovery. Later that year, the Fed announced it would keep rates near zero until unemployment fell to 6.50% and inflation did not climb above 2.50%.
- 2014 – Mario Draghi (ECB president) hinted that the ECB was edging closer to embarking on its QE path. During the event, Mario Draghi said that ECB could use ‘all the available instruments’. His announcement came just two months after ECB introduced negative deposit rates in the Eurozone, the financial markets rallied during his speech at the Jackson Hole.

The symposium is a must watch financial market event and it is worth keeping an eye on the discussions and speeches during the event as we may see statements from some of the most influential people from around the world. This year, Federal Reserve Chairman Jerome Powell will headline the event in Jackson Hole with a speech about monetary policy in a changing economy, according to the Fed Board so it’s time to mark your calendars!

By Adam Taylor CFTe

Global Oil Sentiment May Assist The Loonie

By Adam Taylor

The US Dollar has been crushing it this week against many of the major currency pairs with most of the market chatter surrounding additional rate hikes from the Fed. We'll look at the USDCAD, also referred to as the "Loonie," a pairing that has survived the recent onslaught thanks to its ties to global oil prices and the bullish sentiment surrounding the commodity.

USDCAD – Daily Chart

First up, we can see a clear bullish trend on the daily candlestick chart. There appears plenty of support centred around the 1.30 level, which has been a significant level for quite some time making it a crucial psychological barrier too. We can see the Dollar did gain some traction but was unable to break the underlying trendline in that general vicinity.

Should we see a bold move past the 1.30 mark, things may turn around for the Canadian Dollar in the longer-term. Past this support zone, the area of 1.28 looks promising. The following point and figure chart below shows this idea more clearly.

What we are looking at here is the potential for a change in the overall trend, where a bearish resistance line would emerge if the price slips under 1.30. Alternatively, this chart also provides us with an upside target should the Dollar regain composure; this is ear-marked at the recent high of 1.3325.

Now we turn to the price of oil and how its perceived strength could trickle into a stronger Canadian Dollar.

USOIL – Daily Chart

The daily chart of oil above displays the current uptrend in the commodity, most noticeably, the price action bounce off the 200-day moving average line in gold. This is a further bullish sign which helps address overall sentiment. I've discussed this bull trend in previous articles, and I still believe we could potentially visit the 72.00 and 74.00 regions in the not-too-distant future.

Unfortunately, the oil point and figure chart below is less complimentary to this analysis. You may remember in the Snapshot article that I discussed that an increase in supply past 68.00 would suggest revising the overall trend – this has happened recently. Technically speaking, we have since switched to a bearish resistance line as shown, however there is a caveat to be mindful of in this instance.

If price action heads back upwards closing above the 70.00 region, then we will have a situation whereby the recent move becomes a new area of support.

In short, when price generates a sell signal followed by a buy signal on an uptrend (Bullish Support Line), we then adjust the trendline accordingly. I suspect this might be the case, meaning recent activity would represent nothing more than a short-term correction. Typically, stronger oil prices will benefit the Canadian Dollar or at least help shield it from overall Dollar advances.

By Adam Taylor CFTe

Market Analyst

Gold Making Waves – Where Will Price Settle?

By Adam Taylor

Creating New Monthly Highs

Yesterday gold reached a three-month high of $1,239.68 which, as we head into the final quarter of 2018, is once again stirring up price speculation and talk of a change in directional bias. While the fundamental aspects appear to be related to hiccups in global stock markets, we'll focus on the technicals for clues as to how these moves might pan out in the medium to long-term.

Before we examine charts on the daily timeframes, I want to highlight something interesting on the hourly which is unfolding at the time of writing. Looking at the chart below, notice that price action is finding short-term support around the current weekly pivot around the 1225.00 level. You can also see this predominantly sideways pattern which we will discuss further, prompting many analysts to suggest this price region as a sticking point for the metal.

XAUUSD Hourly – Candlestick Chart

On to the daily chart below, one thing that I am looking for here is some validation for a shift towards a more bullish sentiment, and even from a quick glance, evidence for this scenario is thin on the ground and limited at best.

First up, price action is still trading well below the 200-day moving average (gold line) which suggests the longer-term trend remains bearish. Next, we can see the formation of a bullish flag which initially sparked my interest yesterday, but now looking more like a false breakout with the price rejecting those levels above 1230.00. Of course, the potential is still there for this pattern to develop further. It would be wise to remain cautious though.

[XAUUSD Daily – Candlestick Chart]

The last two aspects of this chart worth noting are that the current RSI (Relative Strength Index) is showing signs of heating up again, pushing up towards those overbought levels seen around the high. We also have a missed weekly pivot at the 1208.00 level which I think may present the next best support level in the short-term. Both of these elements are arguably bearish for gold.

I've included some Ichimoku analysis below, as I believe it showcases the bullish flag pattern a bit clearer than the previous chart. The other reason is to recognise that although price action has managed to punch above the cloud suggesting little resistance, the lagging span (purple line) paints a more subtle story, one of quiet indecision as it sits within the cloud. This indicator spells a mixed bias from a directional perspective and leads me to believe we could be in for additional sideways moves longer-term.

[XAUUSD Daily – Ichimoku Chart]

Depending on which chart you analyse, the general sideways theme is persistent in all of them. In similar fashion to how the Ichimoku chart best illustrated the bullish flag pattern, the point and figure chart below captures this overall sideways movement in my opinion.

XAUUSD – Point & Figure Chart

Delving further, we find another potential clue for the recent bullish momentum. Notice the recent sell-off, there was a considerable increase in supply following a rejection of the key resistance area (triple top) at 1350.00 so what we may be witnessing here is the price attempting to consolidate.

So, do I believe stock market jitters are causing buyers to step back into gold as a potential flock to safety? In short, no. While there is undoubtedly a case for this type of activity, I think it's too early to tell. I've also mentioned in previous articles that gold hasn't been behaving as a traditional safe-haven asset of late. The technical picture is clear; the gold market is uncertain and somewhat confused as shown by the sideways tendencies. At this stage, only a convincing break above 1350.00 would give credit to a more substantial change in overall sentiment and another bullish run. For the time being at least, no doubt the meandering will continue, but overall I remain bearish on the precious metal in the medium to long-term.

By Adam Taylor CFTe

Market Analyst

The Aftermath of Brexit – Point & Figure Analysis

By Adam Taylor

Aftermath of Brexit

Today we'll take a look at the **aftermath of the Brexit vote** using point and figure analysis.

As we begin to process the magnitude of last week's 'Brexit' vote, it is important to understand that we are still not of the woods yet regarding event risk and market stability. It may well be the start of an extremely volatile period that leaves many areas of the financial markets vulnerable to liquidity issues and potentially large swings. It could be some considerable time before the dust settles, but in the meantime, we'll use the Point and Figure method to help identify any potential trading opportunities, and analyse the currency carnage that was 'Brexit.'

GBPUSD

Click for larger view

Let's start with most affected pair on the day GBPUSD.
Difficult to assess prices at a new 30 year low

We saw an incredible 10% move from a high of 1.5017 down to a 30 year low of 1.3227. At this point, it becomes extremely difficult to assess when you have relatively little price action to compare it with.

One element that has remained constant is the bearish resistance line as shown in the chart above. This downtrend was tested at those 1.50 highs and held strong just before the referendum vote.

Perhaps a 'Bremain' decision would have painted a much different picture, but in this case, the leave vote has only added fuel to the fire, giving the Pound Bears a huge boost in momentum.

While finding areas of support at this moment in time is a tall order, if we look at where the previous supply level ran out on the chart around the 1.40 mark, this provides us with a clue as to what price action could potentially do in the short-term should the Pound see an immediate recovery. I suspect any retracement will consider the 1.40 level as key resistance and possibly even a turning point should price regain some of this lost ground.

XAUUSD

Click for larger view

The next chart we will take a look at is gold.
Gold is leading the charge for safe haven flows

As expected during Friday's referendum, we saw a rapid increase in safe haven flows. Currencies such as the US Dollar, Japanese Yen, Swiss Franc and also precious metals such as gold, all benefited from traders/investors attempting to park funds into assets that are perceived as financially safer amid volatile environments.

Gold itself moved over USD $100 in price from the lows of 1250 up to the highs of 1358. When we look at the point and figure chart above, it identifies an uptrend (Bullish Support line) that began back in January this year. It's plausible to imagine that larger market participants have been positioning themselves ahead of this major risk event long before it even took place as gold is commonly used to hedge against these type of market moves.

With the current uptrend firmly intact, an upside target appears to be located in the region of 1400 an ounce. Last time the gold price was at this level was back in March 2014, and given the congested price structure since this period, I think we might see a some staggered moves up to test this area in the short to medium term.

Key support for gold is suggested initially at the round number of 1300, but even below this level, 1260 is shown to have greater importance with multiple weekly pivot points as shown in the candlestick chart below. Also on a brief side note, the yellow line represents the 200 Day Moving Average. As you can see, the price is trading well above this line which provides further confirmation of an uptrend in place.

Click for larger view

AUDUSD

Click for larger view

Finally, a quick look at where the Aussie stands after the onslaught of Brexit.

With the US Dollar gaining strength, it was inevitable that the fate of the Australian Dollar would suffer. Recent bullish moves have been slashed, replaced with the familiar sight of a bearish resistance line as shown above.

Bearish pennant formation suggests downward pressure

I've left the previous bullish support line visible too as I believe it helps highlight the latest pennant formation on the chart. This triangular structure suggests further downside pressure could be building and during the upcoming days or weeks, the price could test the levels of 73.75 and 72.00 respectively.

A daily close above the 76.00 level would test the current downtrend and is suggestive of a bullish signal. However, until price breaks the 78.00 mark, I'd be inclined to look for selling opportunities in light of recent events.

The theme will be a continued flock to safety

As I mentioned earlier, it will take some time for the financial markets to settle and fully digest what occurred over in Britain last week and many of the implications are still yet unknown.

Let's not forget with the upcoming US and Australian elections and ongoing negotiations between the UK and Britain emerge, market volatility will more than likely increase and sizable price swings become a regular occurrence.

I suspect we will continue to see continued interest in traditional safe havens like gold and the Japanese Yen, at least until the end of the year.

EURGBP – Sterling Applying The Pressure

January 26, 2021

EURGBP – Hourly

Since the 12th of January, we've seen much choppy price action in the EURGBP cross, with Pound Sterling applying the more significant selling pressure. This shorter-term bearish bias is what we'll be looking at in today's Chart of The Day using the hourly time frame.

Firstly, we can see the initial DiNapoli target of 0.8854 or (T1) has already been achieved early today during the London session. The second target of 0.8823 (T2) is still active. Note both potential targets were calculated using the price points labelled (A),(B), and (C), respectively.

Next, we can see a divergence between the fast stochastic indicator and the MACD shown. While the stochastic just provided a buy signal, the MACD remains considerably bearish. Based on this data and the general view that the Pound is gaining strength, I suspect we may see a slight bounce around the current levels of 0.8851, mainly as it's acted as support recently before the pair falls to lower levels.

To the upside, the recent high around 0.89 looks to be the central area of resistance for the time being. Of course, anything is possible in these Covid-19 times, especially with negative talks brewing across Europe over vaccine distribution. Still, GBP appears to be riding the choppiness more favorably at this stage.

By Adam Taylor CFTe

Market Analyst

GBPAUD – Containing A Sudden AUD Price Surge

By Adam Taylor

Markets Eager To Resume

As the Easter holidays fade, we quickly saw a market resurgence of traders looking to resume normality. Perhaps one of the more stand-out movers during today's London session was none other than the Pound Aussie cross (GBPAUD). Following the Reserve Bank of Australia's announcement to hold interest rates at 0.1%, the recently stronger Pound took a tumble, and we'll be looking at where the price may end up.

A Sizeable Move

Since early hours, the price of GBPAUD declined by 1.05% or roughly 200 pips. Considering the Average True Range (ATR) tends to sit around 100-120 pips, it's not something to ignore. Is this just a one-off move, or is something larger happening here?

RBA Rates On Hold Until 2025

Perhaps the overriding factor that spiked AUD demand today is the dovish comments made by the RBA that suggest they'll aim to keep the current rates on hold until 2025. In an uncertain environment mainly consisting of negative rates worldwide, the ability to offer stability, however small, speaks volumes. But is it enough to stave off economic risks associated with the pandemic? Probably not.

Risky Business

The Australian currency will remain risk-sensitive, and with Covid-19 cases continuing to rise throughout Europe and America, demand for the 'Aussie' will potentially struggle to find enough demand. By contrast, the Pound looks to build on vaccine success and hopefully reignite the economy in June/July by further easing lockdowns. The potential for GBPAUD to turn bullish longer-term looks more probable at this stage.

The idea that the pair could resume an upward trajectory is backed up by some relatively strong technical signals on both the hourly and daily Ichimoku charts listed below.

Ichimoku Hourly Chart Analysis

Beginning with the hourly, we can see today's bearish price action is heading towards the previous weekly pivot point of 1.8010 before finding some support. Despite the decisive move to the downside, now that the pair found some short-term support, we'd generally expect some corrective price behavior during the upcoming sessions. Notice the RSI indicator (Relative Strength Index) is also in heavily oversold territory, further fueling speculation to the upside. The current weekly pivot point of 1.8145 makes an attractive potential target or a consideration for resistance.

Ichimoku Daily Chart Analysis

The daily Ichimoku chart helps put today's price moves into perspective, further highlighting the bullish indicators in play. Note, the current price action is still trading well above the cloud, as is the lagging span (purple line). The thickness of the cloud also suggests plenty of support above 1.80 levels.

Remaining Tentatively Bullish

So despite the sudden bearish activity seen today, the outlook for GBPAUD remains bullish across multiple timeframes, not accounting for any new Covid-19 issues that may emerge.

By Adam Taylor CFTe

Market Analyst

GBPCAD – G10's Best Performing Currencies Lock Horns

By Adam Taylor

GBPCAD – Hourly

Individually, both the British Pound and the Canadian Dollar have surged in recent trading sessions, appearing relatively strong against their peers in the short-term. With the latest fundamental data suggesting both currencies have benefited from similar economic drivers, it could be tough to navigate a directional bias for GBPCAD, as we'll discuss in today's Chart of The Day.

Firstly, as the markets come to grip the idea that the Bank of England will seek to avoid cutting interest rates into negative territory, the Pound should continue to gather momentum along with positive reports of vaccine rollouts around the country. Similarly, the Bank of Canada has also dismissed talks of negative rates and reaps the rewards of recent steadiness in global oil prices. At around $58 per barrel, we're seeing the highest oil prices in just over a year. And with further potential production cuts earmarked for Saudi Arabia, the commodity-sensitive CAD could see additional gains.

Technically speaking, Sterling does appear to have the slight upper hand from a longer-term trend perspective. However, in the short-term, the hourly chart shown looks bearish. We might be witnessing more corrective moves or some profit-taking activity following last week's sharp advance to higher levels instead of specific CAD demand. This idea neatly ties in with the recent bearish divergence pattern highlighted on the RSI indicator above.

A further sell-off on the hourly could target the current weekly pivot point (gold line), located at 1.7475. Looking at the price action during the past few weeks, it has a habit of utilising weekly pivots as critical support areas. For example, not only did GBPCAD test last week's pivot of 1.7500 multiple times, but it even touched January's final pivot with pinpoint accuracy, reaching exactly 1.7350 before rebounding upwards. To the upside, the pair continues to find resistance around the early

1.76 regions, but as mentioned before, these trends display a more bullish bias when viewed longer-term.

So despite all the factors contributing to a favourable condition for the Canadian Dollar, the Pound edges ahead in dominance as 2021's top-performing G10 currency thus far. Given its momentum, any weakness is probably likely to be viewed as temporary, with traders eyeing the dips in price as possible opportunities to go long.

By Adam Taylor CFTe

Market Analyst

AUDNZD – Kiwi Returning To The Status Quo

By Adam Taylor

AUDNZD – Daily

Despite the Australian Dollar having a strong rally towards the end of last year, it appears the New Zealand Dollar is once again regaining the upper hand against its counterpart. New Zealand is ticking many of the economic boxes of late, and from a fundamental point of view, it's not hard to envisage a return of strength for the Kiwi currency. These boxes include a combination of recent policy updates such as the steering away from negative rates and also how New Zealand has successfully managed the global pandemic thus far.

Using the Ichimoku cloud indicator on the daily timeframe, we see an array of factors contributing to the current downtrend in motion. Firstly, both price action and the longer-term lagging span (purple line) are operating below the cloud, which paints an inherently bearish picture.

Next, the cloud's thickness located above the current price suggests much resistance to the upside if challenged. That's not to say it won't fail, but it could cause problems for those looking to go long. We also see the MACD indicator maneuvering southwards with plenty of space to deepen into further bearish territory.

Overall, the longer-term outlook at this stage looks rather bleak for the Australian Dollar. Even shorter-term charts such as the hourly shown below, many indicators replicate the daily snapshot. Interestingly, the price has used the weekly pivot of 1.0673 as resistance, essentially rebounding from this level with pinpoint accuracy.

In terms of potential price targets, longer-term, the pair look set to re-test the previous low of 1.0418, where the AUDNZD began the last rally in December. Additionally, a DiNapoli calculation triangulating the swing highs/lows of 1.10438, 1.04181, and 1.08432 suggests 1.02175 as another possible target.

Should this theory come to fruition, it would bring AUDNZD back towards pre-pandemic levels. Given how well both New Zealand and Australia are dealing with the Covid-19 situation, it seems logical for the price to return to this region.

By Adam Taylor CFTe

Market Analyst

NZDJPY – Kiwi Gathers Momentum Eyeing 77.88

By Adam Taylor

NZDJPY- Daily

NZDJPY-

The Japanese Yen finally regained some ground against the US Dollar during this afternoon's London session but continues to display weakness against many of its counterparts. In particular, the NZDJPY and AUDJPY crosses remain technically bullish in the short-term.

Looking at the NZDJPY daily trend, we see a validated bullish trendline that began in November last year following many months of extended consolidative activity. Another point to consider concerning the direction is the divergence between the Stochastic indicator and MACD. Notice we had a recent sell signal on the fast stochastic line, yet the MACD remains bullish. It suggests some potential buying opportunities as the market produces some corrective price action or perhaps even short-term profit-taking.

Regarding upside targets on the daily chart, the primary one is 77.88, which the NZDJPY pair last visited in December 2018. This price is based on the DiNapoli levels (68.67 / 74.03 / 72.71) as shown. The area of 72.71 may also become an area of support should the current trend breakdown and develop bearish tendencies.

By Adam Taylor CFTe

Market Analyst

Crude Oil – Saudi Production Cuts Spark Rally

By Adam Taylor

USOIL- Hourly

USOIL-

It's been an impressive start to the year for Crude Oil prices so far, with prices steadily rising to over $50 per barrel and returning to pre-pandemic levels. It would seem many underestimated such a speedy recovery.

Still, with the general uptick in global commodity prices and a pledge from Saudi Arabia to cut production heavily over the next year, Crude Oil has benefited significantly, and today we're looking more at short-term levels using the hourly chart above.

First, we have a validated bullish trendline that emerged on January 5th and continues to provide adequate price support for Crude Oil. This trend's strength appears fairly robust following a barrage of tests over the most recent trading sessions.

In terms of potential targets, the chart shows some DiNapoli levels T1 & T2 calculated from the following price points (49.46 / 51.26 / 50.42) and (50.42 / 52.72 / 51.49). Since the first price target reached on the 8th, the focus now will be T2, which is $53.79 a barrel.

Perhaps we may see a further re-test of the current trendline as support before advancing to the higher levels. However, should this region succumb to downward selling pressure, the areas of $51.49 and $49.80 could become alternative levels to consider for levels of demand/support.

By Adam Taylor CFTe

Market Analyst

COTD: PFE – A Booster Shot For Pfizer Shares?

By Adam Taylor

Pfizer (PFE)- Daily

PFIZER –

Before Christmas, the pharmaceutical giant Pfizer drew much speculation in the market once it became the first company to develop an approved Covid-19 vaccination. We see this reflected in the bullish activity leading up to December. Now that additional vaccines are available elsewhere, it seems to have had a detrimental effect on the overall price and the latest trend, and in today's Chart of The Day, we will aim to discuss where the stock may be heading.

The longer-term trend remains bullish for the time being as we notice price action generating a series of higher highs. One technique that appears to be tracking quite well is the DiNapoli method. If you've never heard of Joe DiNapoli, you may find studying his work useful as it's a practical application of Fibo levels.

Using the prices labeled '1', '2' and '3' that originated back in July/August last year, we find an initial target of $40.30 (T1) followed by a primary target of $43.15 (T2). As the chart shows, T1 became the November price high, and T2 became another high area in December.

Looking at the same chart using the Ichimoku cloud method below, we can visually see where dynamic support levels are adhering to at the moment. Note the daily closes are remaining just above the cloud. The price action suggests a possible bounce up towards the $40.30 level again before tracing higher. Alternatively, a slip downwards could end up targeting previous support around $35.71 and $33.00 respectively.

Considering the Covid-19 crisis is still very much a global concern, it seems probable that companies such as Pfizer, who are at the forefront of providing life-saving products, will somehow benefit from positive sentiment derived from a cure. However, we must also consider the market as a whole before expecting such news to reflect on individual stock prices.

For those interested in trading PFE as a share CFD, Go Markets has this stock and many more, including companies from the ASX, NYSE, and the NASDAQ.

By Adam Taylor CFTe

Market Analyst

Point & Figure Analysis – A Japanese Cliffhanger

Annihilation of the Yen

It was the year 2013. Some interesting events took place that caused some reverberations in global markets. The once one booming city of Detroit (known for its car manufacturing) filed for bankruptcy and the US government shutdown for almost two weeks. But the most significant story was the fall of the Japanese currency against all its major counterparts.

A dangerous climb

In 2013 the value of the Yen fell 21% against the US dollar, making it the most sizeable yearly gain against the Asian currency since 1979. Whenever a currency pair rises or falls this quickly, traders have a tendency to become complacent and think it will continue regardless.

If we're looking for an analogy, we can view the rise of the US dollar and other currencies to lofty heights against the Yen as something similar to an inexperienced or over-zealous climber attempting to reach the top, but failing to plan for future events and construct a safe passage back down.

Resurrection of the Yen

Despite the Japanese government's best efforts – adopting negative interest rates and championing an aggressive stance to help weaken their currency – the Yen has gained both in strength and popularity in 2016. And this is creating some significant moves in the FX world.

Before we discuss the technical side of the charts, it is worth noting that all the Japanese pairs mentioned are currently following a bearish resistance line (BR) or downtrend according to the latest point and figure analysis.

Finding 300+ pip moves

In the previous newsletter introducing point and figure, we discussed why this method is an excellent tool for locating key areas of support and resistance.

The recurring Yen pattern we've identified here was discovered using point and figure. It suggests some long-term moves that could be over 300+ pips in total.

The freefall pattern

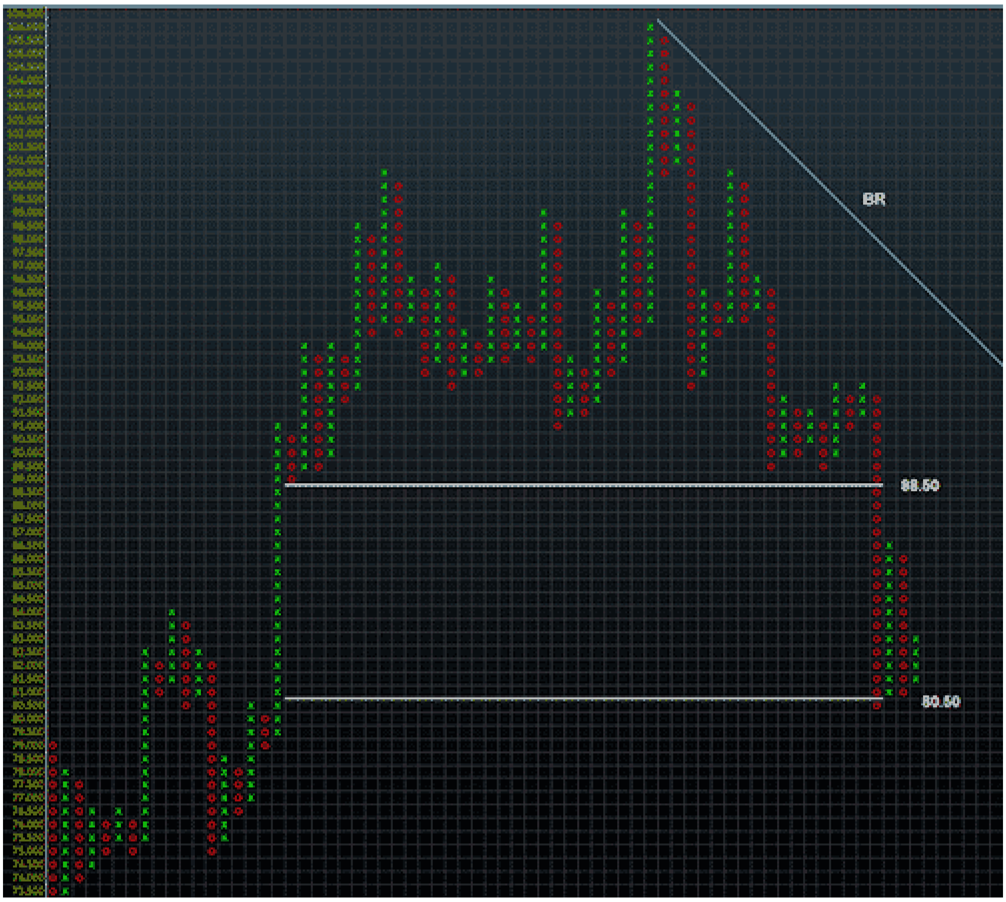
The pattern itself if is quite simple. It appears as if the sharpest JPY declines of 2013 are now becoming the largest JPY rallies of 2016.

Consider the climbing analogy, the latest price swings and resulting patterns are the climbing equivalent of forgetting to place anchors in the cliff face in preparation for the abseil back down.

When we study the charts, there are simply no immediate signs of support or footholds that the pairs can target leaving them vulnerable to a potential freefall. As the same pattern is discussed over multiple pairs, we can analyse this into three sections:

- Completed
- In-progress
- Emerging.

Completed Pattern – CADJPY



Click to enlarge

In a previous CADJPY article, we discussed the importance of the triple bottom located at the 90.00 level and the distinct lack of support below. This is the first example of the pattern of what might happen to some of these JPY pairs once key support levels are breached.

No doubt the pressure of global oil prices on the Canadian dollar helped accelerate this move.

As we can see from the chart above, the CADJPY fell to our longer-term target of 80.50 before finding adequate support. The pattern almost resembles a window where price drops significantly to the previous level of demand.

This pair may be consolidating now, especially looking at the most recent price action. While the key level of 80.50 may continue to act as a strong support, resistance to the upside appears to be located at 84.00 and 86.50.

In-progress pattern – USDJPY, GBPJPY
USDJPY

Click to enlarge

We also discussed the latest USDJPY move in a recent article and currently we have a longer-term target price of 109.50. Clearly the break of the spread triple bottom at 116.50 was when this pattern activated and the price dropped from 116.50 down to 112.50 creating a 400 pip move.

The pair has since recovered but the main point to take note of is the recent change from an uptrend following a bullish support line (BS) to a downtrend following a bearish resistance line (BR).

The level of 114.50 has established as short-term resistance and above here 116.50 may attempt to cap any bullish plays.

GBPJPY

Click to enlarge

Similar to the USDJPY pair, we can see the pattern is in progress here with a downside target of 159.00 where a previous triple top is found. The trigger point for this move was when the price broke through the spread double bottom at 165.00.

Certainly one of the weakest currencies at the time of writing, the Pound has been one of the worst affected by the sudden surge in strength of the Yen. With the looming threat of a 'Brexit' (Britain exiting the Euro zone) towards the end of June this year, things may end up going from bad to worse for the GBPJPY pair.

Emerging pattern– EURJPY, NZDJPY, AUDJPY

EURJPY

Click to enlarge

The last group, which we believe has the potential to move in similar fashion to the completed CADJPY pair, is sitting around key support levels which are beginning to look slightly exposed to the downside.

The EURJPY has recently produced a sell signal after breaching the 125.50 level. If we look at the chart, there appears to be a glimmer of support around 124.00, but a longer-term target of 120.00 would be the more obvious choice.

The pair has had a rocky road on the way down so far perhaps this would be one of the most stable shifts down if the pattern continued.

NZDJPY

Click to enlarge

The potential NZDJPY setup looks to be one of the cleanest examples of this freefall window pattern. During the past couple of weeks, price action has danced around the key support level 75.00 which is also a spread double bottom.

If this area fails to hold, the next longer-term support and initial target would be 69.00 at this stage.

AUDJPY

Although closely related to the NZDJPY pair, the Australian counterpart AUDJPY doesn't seem to belong to this group. Of course, the potential is still clearly visible on the chart between the levels of 80.00 and 75.00, but the Australian dollar may be more resilient based on recent events and previous price action.

In summary, the pattern itself is not unique. If you follow point and figure, you will notice similar setups on various trading products from time to time. What makes it interesting is that it appears to be happening on nearly all the Yen pairs simultaneously.

The completed pattern on the CADJPY went directly to the nearest support which was almost a thousand pips away. But do not be fooled by the process.

Remember these are generally long-term set-ups and without any obvious signs of support, the market may gravitate towards round numbers with psychological importance or become less reliable in general.

There is also an alternate scenario whereby the Yen finds a bottom at current market levels and some of these key areas of support hold, perhaps providing a springboard for price action in the coming months. This also could present an opportunity to find some reasonable risk/reward trades.

If you would like to keep up-to-date follow on Twitter or through the GO Markets technical analysis section.

By Adam Taylor CFTe

Market Analyst

Brexit: A fork in the road for Europe

What is it all about?

The term 'Brexit' is simply a play on words combining 'Britain' and 'Exit', similar to the term describing Greece's intention to leave the European Union (EU) otherwise known as 'Grexit.'

On Thursday, 23 June 2016 there will be a UK referendum to decide whether Britain should leave or remain in the European Union. The scale and potential outcomes of this event are so enormous that it may well shape the future of European and global markets.

A decision by Cameron

The driving force behind this referendum was based on a pledge by Prime Minister David Cameron, who promised to hold one if he won the 2015 general election.

It was a direct response to a growing number of UK politicians and members of the British public who believe the country's sovereignty is in jeopardy and have concerns about interference from the EU on major policy decisions. Prime Minister Cameron was quoted "It is time for the British people to have their say. It is time to settle this European question in British politics."

The usual suspects

Generally speaking, the same individuals or Euro-skeptics as they are commonly referred to, helped stop Britain from adopting the Euro back in 1999 are also frontrunning the campaign to convince voters to withdraw from the rest of Europe this time around.

These individuals include political big hitters such as former London Mayor Boris Johnson, who when asked about his views on a potential 'Brexit' scenario said: "We could be like Canada."

An immigration headache

The main concern for those with their feet firmly in the 'yes' camp is the ever increasing flow of immigrants into the United Kingdom and the government's ability to handle the situation.

Being part of the EU essentially gives more freedom for individuals to migrate between member countries to find employment and business opportunities.

Those who are championing the 'Brexit' idea are of the opinion that many of these overseas migrants are entering the UK under false pretenses, adding to an already saturated job markets and placing further strain on UK taxpayers by claiming benefits.

A counter argument from the opposition suggests the flow of immigrants, most of whom are young and keen to work, fuels economic growth and helps pay for public services. Prime Minister Cameron has acknowledged the immigration concerns by announcing plans for stricter welfare payments with periodic reviews to refine the eligibility process.

UK big business wants in

Without a doubt, the element with perhaps most to lose in this debate is big business. Naturally this group tends to be supportive of Britain staying in the EU because it makes it easier for them to move money, people and products around the world.

Alternatively, an exit would see British leaders begin negotiations with the EU on the finer points of a separation agreement. Furthermore, if policy makers fail to agree on a two-year timeline, British exporters run the risk of being confronted with considerable tariffs placed on the goods and services they are now able to sell duty-free in the 27 other countries.

Hurting a $2.9 trillion economy

Another way the 'Brexit' decision could potentially cause financial market turmoil and hurt the $2.9 trillion UK economy is through the slowing of investment affecting capital flows into the country. It could point to a slowdown of capital flow into the country with the UK no longer seen as a gateway to Europe.

Echoes of Norway

Some UK voters may be justifiably scared of leaving the comfort of the EU, especially when the No camp's campaign message is one of long-term economic ruin and market isolation

We do have a previous example of a country leaving the EU, which is Norway in 1994. The Scandinavian nation appears to have made a success of this transition and although technically not a state of the European Union, has close ties in the context of being a European Free Trade Association member.

Rewind to 1994 and you will find the same arguments used in an almost identical referendum. Those who wished to keep Norway in the partnership spoke of a threatened bilateral relationship, increased isolation, and economic woes, but on the contrary, Norway's economy has flourished and currently commands serious clout in present day Europe.

International antics as Obama puts on a show

It is clear that major organisations and governing bodies around the world are hoping the Brits to reject the notion come June. Just recently the International Monetary Fund (IMF) stated the UK's exit could see "severe regional and global damage" when discussing its latest outlook.

Perhaps one of the most confusing aspects of this event was a recent trip to the UK by US President Barack Obama to show support to stay in the EU. When you consider the motivation behind a president whose term is almost complete, the only logical conclusion is that the world superpower would much rather do anything to preserve the status quo rather than risk the unsettling of an already fragile global marketplace.

Abandoning the Pound?

A recent article in the UK Telegraph hinted at the possibility of all EU members adopting the Euro currency by 2020. This too is another huge concern for those wanting to hold onto all things British if the country goes alone.

Switching to the Euro does seem highly unlikely, though, especially since the Pound Sterling has been the stronger of the two currencies historically and even Prime Minister Cameron has expressed on many occasions that he has no plans to make this change whatsoever.

Strong EU support evident in EURGBP pair

The latest Ipsos-MORI poll on 20/05/16 found 55 percent favoured remaining in the EU versus 37 percent wanting "Out." At this late stage it would seem

Cameron's aggressive campaign tactics to appeal to the Euroskeptics is working for now.

Looking at the EURGBP pair on the daily time frame, the Pound has gained considerable momentum, reaching its highest level against the Euro in three and a half months.

A classic head and shoulders pattern forming

Analysis from a technical perspective shows a classic head and shoulders reversal pattern forming over recent months as shown in the chart below. It is worth noting that the EURGBP rose 15% from the November 2015 low of 0.6980 up to the April 2016 high of 0.8115. This move also suggests that the market has attempted to price in a potential 'Brexit' move in advance so it will be interesting to see how the pair reacts on the day upon the announcement.

Europe faces trouble regardless

Whatever the final result will be on June 23, the outcome will be a truly historical event that many will see as a turning point for the European community as a whole.

If Britain decides to leave, then the European Union will not remain unaffected. It would become increasingly difficult for Europe to promote strength and solidarity when one of its biggest trading partners refuses to join the fold. The action itself would speak volumes and may even encourage others such as Greece to follow suit.

A decision to remain may preserve the systems already in place, but with Europe's current state of affairs being less than desirable, there is still plenty of work to do to create a stronger, more robust union.

By Adam Taylor CFTe

Market Analyst

Safety First for Japanese Yen

By Adam Taylor

Have you spotted something unusual happening with the Japanese Yen? With the likes of protectionism dominating global headlines, the Yen is weakening amid broader risk aversion which is out of character for the currency.

A Confidence crisis among Asian markets

You have to wonder if the currency is absorbing some of the inherent uncertainty brought about by various negotiations in the region or whether there is something else at play? Historically, we would expect to see signs of strength returning to the Yen in the USDJPY pair but so far we have not seen a great deal.

Looking at the Daily charts below, evidence of bullish activity is rife. We see price action firmly in an uptrend above the longer-term moving averages and posting positive gains for July.

USDJPY – Daily

At this stage, the chart suggests we might see a change in direction given the Relative Strength Index (RSI) is quite overbought, but it is hard to give this idea much validity in contrast with the other indicators.

I suspect any sudden shift to the downside could see the weekly pivot level of 111.80 become a potential target. Alternatively, should the Dollar hold firm, it may struggle to break the 114.00 level as this area has proved somewhat resilient over the past year.

Not all the Yen crosses appear weak

Ignoring the Dollar, let’s take a peek at the AUDJPY cross as there could be an opportunity to go long Yen after all.

Notice that we are approaching the top of a range on the daily and price action appears trapped in a sideways move. This range extends between the 84.50 and 81.00 levels, and with the price now touching 83.50 we're not too far away.

AUDJPY – Daily

Has this pair found a ceiling?

The 84.50 level is crucial as it marks the most recent high. It was last challenged in June but was short-lived; only one day to be exact. This swift failed attempt suggests any further attempts may result in the same.

Also, the weakness of the previous day's candles makes it appear the bulls are either fading or somewhat indecisive. This clue might be the turning point at which the pair gains some momentum in the opposite direction once again finding those support levels of 82.00/81.00.

We cannot get carried away though. As mentioned, the Japanese Yen is acting out of character as of late so we must not rule out the possibility of a further rally. Past 84.50 the next pocket of resistance appears to be at 85.50.

A quick glance at the hourly chart also highlights the willingness of the bulls to jump back in at any time. Look at how the price rebounded off the weekly pivot and followed through to the upside in the short-term.

AUDJPY – Hourly

Faith as a safe-haven restored?

Of course, many traders will still consider the Japanese Yen as a safer place to invest during times of turmoil. And I think Japan's government will take action to help relieve concerns. Only yesterday Japan signed a free-trade deal with the EU which is an enormous partnership and will go a long way to squash some of those fears.

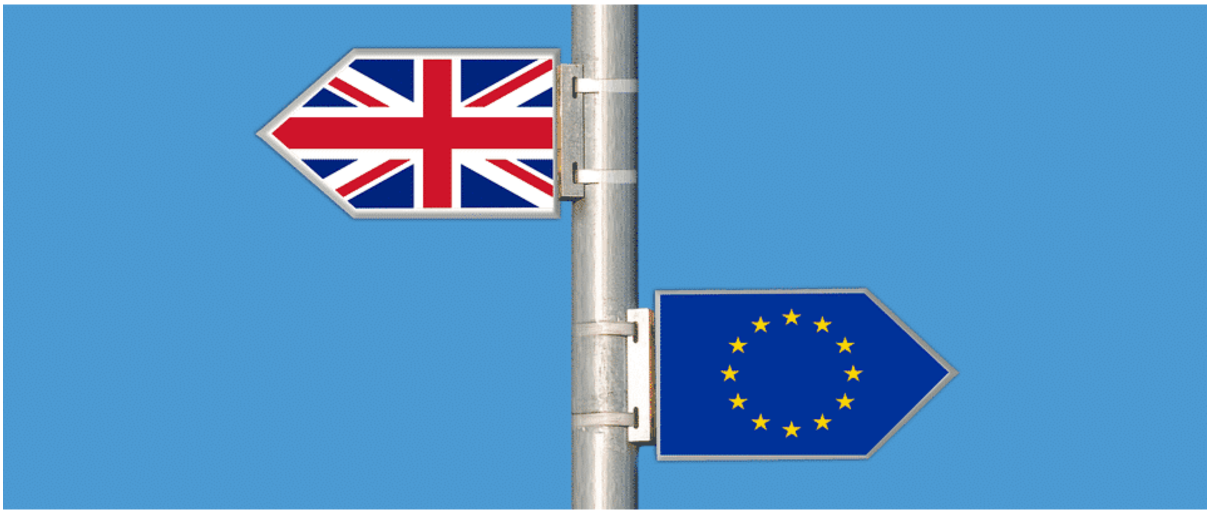
We will have to wait and see in the coming weeks if the currency can restore its prowess as a safe-haven asset.

By Adam Taylor CFTe

Market Analyst

Sterling Seeks Value Amid Brexit Talks

By Adam Taylor



We have seen a quiet recovery for Pound Sterling in the absence of any negative headlines. Add to this some rambunctious tweets from President Trump weakening the Dollar and the GBPUSD pair is tip-toeing upwards, shrugging off the recent dip below 1.30 as nothing more than a temporary blip.

It is these sudden blips or brief recoveries in Cable that leave traders scratching their heads and pondering the now tiresome question, “Is this Brexit related?”.

The short answer is that it is just too difficult to dissect the Brexit fundamentals, mainly due to a lack of clarity surrounding negotiations. I guess you could argue that the longer-term drop in the Pound could be a sign that the market has already begun pricing in a degree of uncertainty, but it’s more likely that nobody truly knows the outcome.

Whatever happens, the technical picture for GBPUSD suggests we may be in for a continued move down unless something drastically changes the overall market sentiment.

A Look At The Charts

First, we will visit GBPUSD on the daily timeframe using the Point & Figure method, as I believe it provides us with a reasonable downside target.

(GBPUSD – Daily)

As shown, a bearish resistance line formed around the 1.36 mark which put us firmly in a downtrend. It was a bold move south from the 1.44 highs and shows signs that the bears are in control longer-term.

Price collapsing through the 130.50 support level was significant as it had failed on three previous attempts. Assuming the weight of this trend continues, the chart suggests 1.28 as the next major area of support. Given we reached as low as 129.60 last week, it appears this level could be within reach in the coming weeks.

Alternatively, a bullish move towards 1.33 would require us to reassess the latest trend, and anything above this region has the potential to be a minefield of choppy resistance. On the daily Ichimoku chart below, we see a great example of this. Note the thickness of the cloud above 1.33, although not impenetrable, it will likely be gather upward momentum.

(GBPUSD -Daily)

Perhaps the most precise view of Brexit's progress when it comes to the value of Sterling can be seen in the EURGBP pairing.

(EURGBP – Daily)

The EURGBP daily chart highlights Brexit's indecision or lack of clarity as reflected in this longer-term range. Since October last year, we have yet to see a final move from either the Pound or the Euro.

Euro Winning The Race To Break First

One thing I would point out is that the Euro has its nose in front regarding strength against the Sterling. The latest price is trading well-above the 200 EMA (Exponential Moving Average) which is a bullish signal. We can also see the Euro gaining much ground over the past month against its counterpart. Any continuation of this move would make 0.90 a critical level to watch.

Remaining Focused In A Sleepy Market

There is always a tendency to become complacent when currencies have been trading in a long-term range, or when political campaigns survive well past their use by date, polluting the fundamentals. Trading can become less exciting, and we start to assume that the status quo will remain. In this case however, it is worth keeping tabs on the Pound Sterling, as once Brexit is resolved one way or another, we could see some considerable shifts in the market whilst as those on the sidelines are caught napping.

By Adam Taylor CFTe

Market Analyst

Snapshot – NZDCAD, EURUSD, USOIL

By Adam Taylor

NZDCAD – Daily

To begin with, let's take a look at the NZDCAD. Admittedly not the liveliest minor pair but in this instance, I think it is worth a mention. On the daily time frame, we can see the price is hovering around the critical support zone of 0.8850, an area that has been tested three times already this year but has failed to mount any significant challenges to the downside.

The latest candle suggests the bulls are attempting to regain control and we may see moves up to re-test previous areas of resistance. A potential catalyst for a bounce is lurking within the RSI indicator which shows NZDCAD heading into oversold territory.

Upside targets start at 0.90 before testing the previous high of 0.9225.
Should the 0.8850 regions become unstuck, evidence of previous support is around last December's lows of 0.87

EURUSD – Daily

Not a great deal to discuss for the pair during this period of consolidation. However, it is interesting to see how price action is responding to the lower levels of the Ichimoku cloud shown above.

Notice several recent attempts under the cloud before causing temporary reversals each time. All the other indicators on this daily chart including the lagging Chikou Span (purple line) are bearish.

At this point, we could see price retrace back to the previous low of 1.15080 before resuming an upward trajectory longer-term. I say this tentatively because if you look at the weekly chart, the price has not closed above the 200 EMA for the past seven weeks.

USOIL- Daily

Lastly, without delving into the fundamental drivers of the commodity, displayed is the strong uptrend we have witnessed during the July to September period last year. Technically speaking, we require at least three points of reference to validate these lines, so confirmation is pending.

There are also two weekly pivots in the region of 72.00 which could be the next port of call for the price of oil. Above here, we are likely to see 74.00 tested as well. I think the point and figure chart below displays this more clearly. We have a bullish support line that remains steadfast, and the price is edging upwards to re-touch the 74.00 mark. In both charts, it would seem 68.00 is the level to watch before revising the overall trend. It is also worthy of a downside target in the interim.

By Adam Taylor CFTe

Market Analyst

Snapshot – AUDNZD, EURUSD, USOIL

By Adam Taylor

AUDNZD – Point & Figure Chart

AUDNZD – As we approach the upcoming policy meetings this week, the expectations for both central banks (RBA and the RBNZ) is to keep their respective interest rates on hold. The only difference is that the New Zealand camp appears to be more dovish concerning fiscal policy going forward. We could also mention the slight boost in commodity prices which has helped the Australian economy, while the Kiwis struggle with softening dairy prices. It's these subtle differences that could be translating into a stronger Australian Dollar on the technicals against its counterpart.

The Point and Figure chart above confirms the critical resistance level of 1.1250/75 within the longer-term range. Notice price has tested the area five times previously and continues to be a formidable barrier to the upside.

At present, the price is trading around 1.0970 levels and has formed a double top at 1.0950. We will be looking for a close above 1.0975 for a potential buy signal and perhaps the next leg up towards the 1.12 region. Also, despite the sideways action, we are technically in an uptrend as per the bullish support line displayed on the chart.

A move below 1.08 would suggest a change in the overall trend and a possible step towards the recent low of 1.0525.

RBA Rate Decision – Tuesday 14:30 pm Sydney/Melb time.

RBNZ Rate Decision – Thursday 07:00 am Sydney/Melb time.

EURUSD – Daily Ichimoku

EURUSD – We took a look at this pair last week on the daily Ichimoku chart, and price action has mostly followed my expectations in this case. To refresh your memory, I'll leave a link below. Remember, we discussed the potential resistance within the cloud, and as you can see, the price failed to breach this area and is now looking like it may re-test that low of 1.15080. Longer-term, I am still bullish on the pair, but still waiting to see a close above the weekly 200 day moving average. Finally, the thinning of the cloud just below the 1.17 region presents an opportunity for the bulls if there becomes less resistance. We'll have to wait and see on this one.

Last weeks EURUSD analysis – here

USOOIL – Daily Chart

USOIL – Similar to EURUSD, I wanted to do a quick recap of last weeks snapshot analysis as we have seen significant development. I mentioned the longer-term bullish trendline forming and waiting for the third touch. Over the past few days, we have witnessed this price action confirming the uptrend as the price re-tested the trendline in blue and resumed course. At this stage, I am still eyeing the 72.00 and 74.00 levels which coincide with the weekly pivot points as potential targets for oil.

Below is the same chart viewed on a four-hour time frame to provide a clearer picture of these weekly pivot points.

You can also compare last week's oil chart here to see how price action unfolded.

By Adam Taylor CFTe

Market Analyst

Lacklustre Gold Weighing Heavy On Markets

By Adam Taylor

Free-falling gold prices

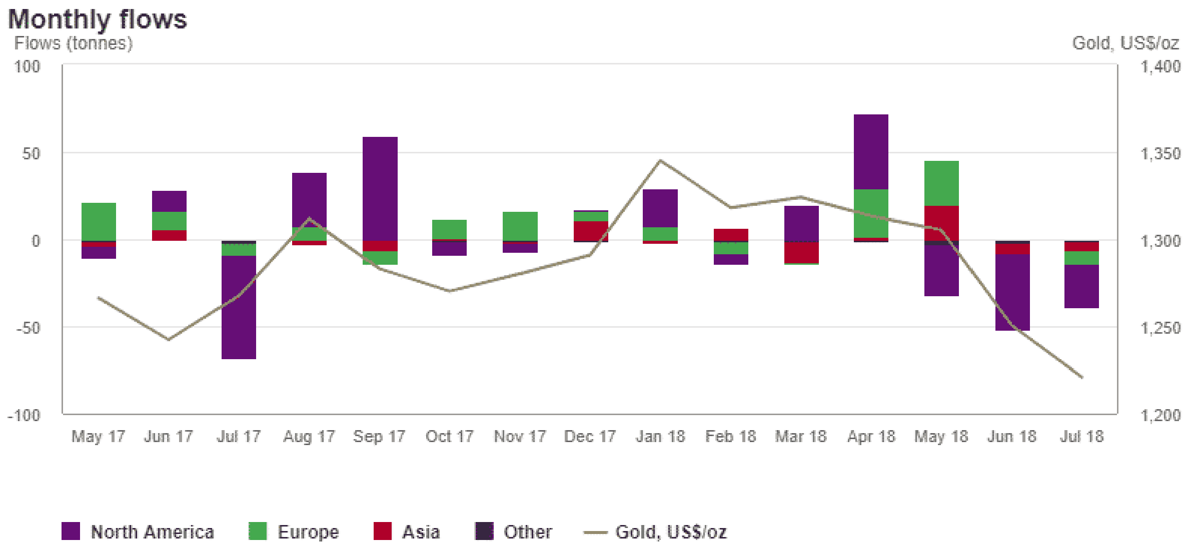
The latest weekly chart for gold does not look favourable for the precious metal. Below we can see that in twelve of the past sixteen weeks, gold prices have ended down and is one of the worst runs for the metal in decades.

What is surprising is that the demand for gold continues to fall despite an increasingly volatile geopolitical situation unfolding between the US and China. If anything, the US Dollar appears to be getting stronger as tensions grow, and as a result gold is feeling the pinch. Given the circumstances, we would expect the opposite for XAUUSD.

So what are the possible causes for the loss of interest in this market? In short, we have so many elements at play here that it would be difficult to pinpoint any one reason. However, as follows, there are a few standout factors which deserve mentioning.

Overall Demand

According to the World Gold Council, we saw a total demand of 1,959 tonnes during the first half of the year. This amount is the lowest level since 2009, and a further 2,086 tonnes less than the previous year.



Rates Hikes

Let's also not forget that the Federal Reserve has lifted interest rates twice this year, and plans further additional raises towards the end of the year. This news alone would typically put pressure on gold and silver prices. It does pose an interesting question though; what if the two remaining rate hikes predicted for 2018 is already fully priced into the market? Given the media hype surrounding the policy decisions, it would make sense that many have considered this aspect before the recent drop. In short, there isn't much scope for a surprise, so it becomes hard to rationalise this latest activity based on this evidence alone.

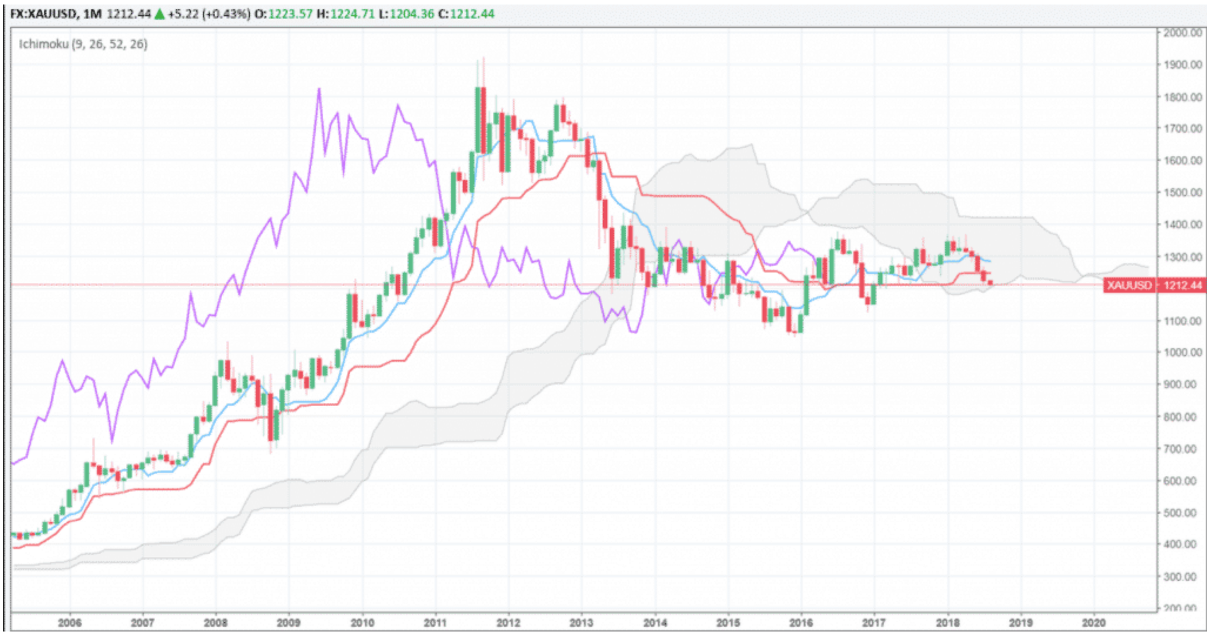
Investor Sentiment

Another factor could be the onwards and upwards march of US equities. Market sentiment currently favours the equities asset class which makes it a more appealing place to invest capital than metals. This mostly risk-on sentiment keeps driving US stocks higher, despite Washington's woes elsewhere around the globe. So, with the focus squarely on equities, it's perhaps not a great shock that gold is suffering, as investors will generally flock to the highest yields. Unfortunately, gold as a non-interest bearing asset will always come off second best in this scenario.

Of course, we also have gold stocks, or more commonly, gold ETF's (Exchange Traded Funds) which are increasingly becoming the popular method of gaining exposure to the metal. Although, these types of investments appear to have only made things worse as US investors have started shuffling gold ETF funds into other sectors. Perhaps the biggest clue is that ETF's purchased only 60.9m tonnes of gold in the past six months, versus 160.9 tonnes during the same time last year.

Technicals

As shown on the previous weekly chart, the technicals are noticeably bearish longer-term. Gold prices are grinding lower to the psychological support level of $1,200 per ounce.



Sticking with the longer-term view, if we study the Ichimoku monthly chart above, you'll notice that the $1200 level coincides with the bottom of the cloud formation. I see this going either one or two ways; perhaps we will see the price rebound off this mark and attempt another move towards the $1300 region, or, the slide will turn into an avalanche as the price gravitates towards the $1122.51 lows that were seen in December 2016. Should we see a close below $1200, I suspect this level will turn to an area of resistance and stifle movement in the short-medium term.

As long as the US Dollar holds its ground and investors continue to cherish equities over other asset classes, we will likely see further pressure on gold, silver and commodity trading markets as a whole.

By Adam Taylor CFTe

Market Analyst

GBPAUD – Brexit 'No Deal' To Spark A 1000 Pip Move?

By Adam Taylor

Since September last year, the British Pound has enjoyed a relatively easy time against the Australian Dollar, often described as a solid bull run. However, many fundamental drivers have turned sour for the Sterling crosses, and with GBPAUD in particular, we may be in for a significant price reversal.

What's Driving the Pound Aussie Pairing?

The obvious elephant in the room would be Brexit. For a while, it seemed there might have been light at the end of the tunnel for the UK and the EU, hence the bull run. However just recently, UK Trade Secretary Liam Fox has predicted that the odds of a 'no deal' are now as high as 60-40 due to difficulties, and subsequently, the general sense of doom and gloom weighing on the UK economy has reared its ugly head once more.

Australian Dollar Not Resistant To A Few Headaches

On the flip side, conditions aren't necessarily much better south of the equator. As a commodity-centric currency, the Australian Dollar is struggling while trade-war-like tensions brew between the US and China. If we add jitters in Turkey creating a sell-off in higher risk currencies, as well as the RBA's more cautious tone on inflation, the overall picture for AUD appears just as bleak as the Pound Sterling.

Since we've established both currencies have their potholes on the road ahead, let's push the fundamentals aside and discover a potential trading opportunity from a technical perspective which appears to be gaining traction.

GBPAUD – Daily

Starting with the daily chart above, notice the price action is trading considerably below the 200 day moving average line in gold. It indicates an overall bearish trend so long as the prices continue to close below 1.7657.

A Potential 1000 Pip Move?

Well not quite. Based on the latest technical analysis, the formation of a head and shoulders reversal pattern is developing, and should it follow through, we would be looking at a downside target of approximately 965 pips. How was this estimation reached? Let me explain.

Below the chart highlights the developing Head and Shoulders reversal pattern.

Next we draw the neckline in blue.

We then measure the distance between the neckline and the top of the head formation and record this figure. Once the price closes below the neckline closest to the right shoulder, we minus the length of this distance to the levels below creating a price target. In this case, we see a target price of 1.6265 or (1.7230 – 965 = 1.6265).

What I find most interesting with this potential price target (1.6265) is the fact that the 1.62 regions have been known to be a substantial area of support back in September last year when the latest bull run first began to emerge. It's almost as if the pair is attempting to return full circle should this move come to fruition.

With both domestic economies currently under fire, it will be tough to know which of these currencies will win the battle and come out on top. If Brexit negotiations are as much of a mess as we're lead to believe in the media, it's only logical that the Pound will haemorrhage across the board and we could see some severe moves such as this. However, given the level of risk out there in the markets at this stage, we could just as quickly see the Australian Dollar lose its footing and tumble down.

By Adam Taylor CFTe

Market Analyst

NAFTA Update – Have US Negotiations Progressed?

By Adam Taylor

It's been one year since the trade renegotiations on the North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico began. Since then we have seen tough rhetoric on how the agreement should look like moving forward from each country, especially the United States. But are we finally getting closer to an agreement?

About NAFTA

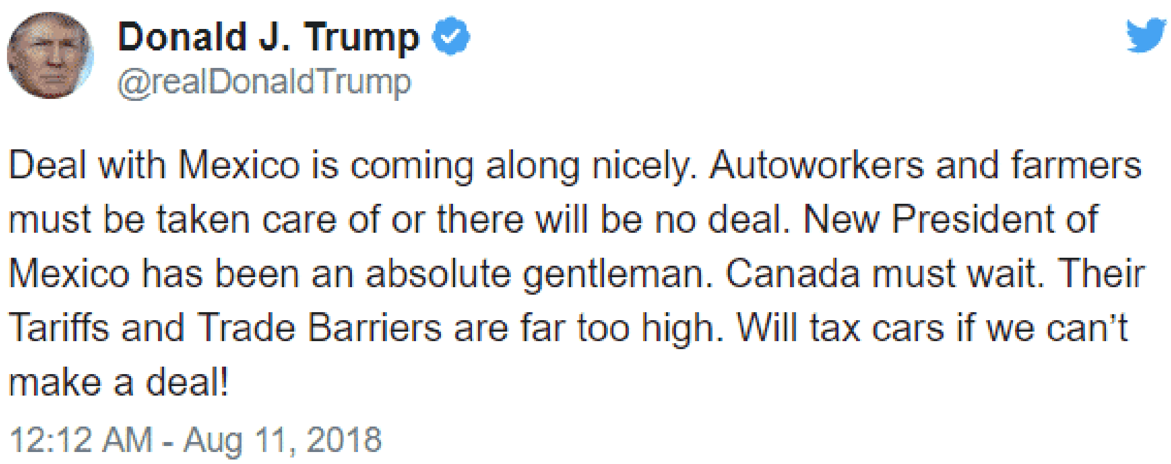
The North American Trade Agreement (NAFTA) came into effect on 1st January 1994 and it formed one of the World's largest free trade zones and laid down the foundations for a strong economic growth for the United States, Canada, and Mexico. However, in recent years the agreement has come under a lot of scrutiny from the US, with President Trump calling it "the worst trade deal ever made", which has led to renegotiations between the three nations.

Latest developments

It appears that the negotiations between the US and Mexico have been going well, with both reportedly close to agreeing on a deal in their talks to revise the NAFTA deal. However, Canada has not been part of the latest part of the discussions.

"Right now, it appears they are getting incredibly close to finishing the discussions between the U.S. and Mexico," said Inu Manak, who has monitored the talks for the Cato Institute, a libertarian think tank in Washington.

Even though the talks between the US and Mexico are going well, there will be no final deal on NAFTA unless Canada agrees to re-join the renegotiations. In a recent tweet, Donald Trump praised the new President of Mexico, however, he had a dig at Canada's tariffs and trade barriers, threatening to tax Canadian made cars if they cannot make a deal.



In response to the President Trumps tweet, Canada Foreign Affairs Minister Chrystia Freeland said that they will not change the course of the renegotiations.

"Our focus is unchanged," Adam Austen, a press secretary for Canada Foreign Affairs wrote in an email. "We'll keep standing up for Canadian interests as we work toward a modernized trilateral NAFTA agreement."

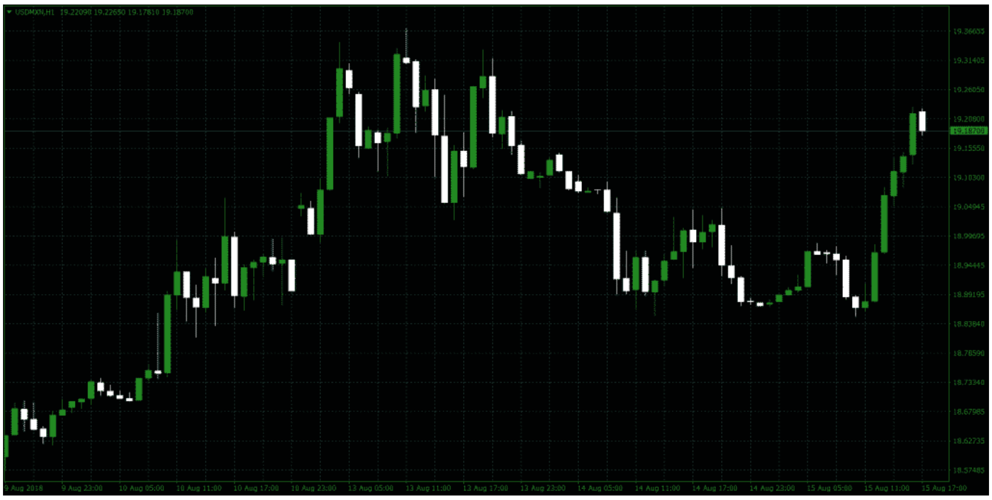
Both US and Mexico are working hard to get a deal signed by the Mexican President Enrique Pena Nieto before he departs office on 1st December to give way to the President-elect Andres Manuel Lopez Obrador. The Canadian negotiating team have been on the sidelines in the recent part of discussions but are expected to join the negotiation table soon. However, the Mexican Economy Secretary Ildefonso Guajardo said that there are currently no timeframe for when the Canadian counterparts will join the discussions. “We have to make sure that the U.S.-Mexico bilaterals are done,” Guajardo said, adding that Canadian Foreign Minister Chrystia Freeland will “hopefully” be a part of the discussions soon.

Financial markets

The US Dollar has strengthened by around 5% since the beginning of the year against the Canadian Dollar, currently trading at around 1.31 level. However, it has weakened by around 1.2% against the Mexican Peso. Currently trading at around 19.18 level. Further developments in the talks will certainly have an impact on the financial markets moving forward.

USDCAD – Daily Chart

USDMXN – Daily Chart



August No Ordinary Month For GBPJPY

By Adam Taylor

As Brexit concerns continue to weigh heavy on Pound Sterling crosses, there's not much to discuss from a technical perspective. Evidence of an overall bearishness sentiment dominates the charts with a few corrective moves thrown in for good measure.

However, sifting through the layers of Sterling sameness, I uncovered something interesting relating to the GBPJPY, which might provide some trading opportunities longer-term.

First, taking a look at a daily chart above, notice we are hovering around the same price region as we were in August last year. Could this mean the pair is due for a change in direction? Perhaps. What I find more intriguing is that for the past five years, August has been predominantly bearish for the GBPJPY pair when compared to other months. This seasonality chart from Bloomberg shows this more clearly.

So how does this relate to longer-term trading opportunities?

If we are to believe that August is typically a bearish month, then we would be naturally inclined to seek short trades, and according to the point and figure chart below, I think I may have found one. Keep in mind that the seasonality data also suggests recoveries into December so we would need to trade with care.

The bearish resistance line suggests we are currently in a downtrend with an increase in supply triggering a bearish trade signal as the price broke through the triple bottom support at 144.50.

At present, I am watching two downside targets should the fall in price exacerbate. These levels are located at 140.00 and 136.00 respectively. Alternatively, any upside move will need to re-test the 144.50 area which should act as resistance and also a rally above 146.00 to consider revising the overall trend.

Finally, if we study the short-term price action above on the hourly chart, it would seem the 100 Day Moving Average line in blue is helping to cap any bullish activity. The only time it has successfully managed to punch above the 100 MA this month has been to test the weekly pivot lines in black.

If you are interested in other GBP analysis, I recently posted an article on GBPAUD here which I believe is another potential long-term opportunity. For both these ideas, much will depend on Brexit certainty and how global trade talks progress in the coming weeks.

By Adam Taylor CFTe

Market Analyst

Global Oil Sentiment May Assist The Loonie

By Adam Taylor

The US Dollar has been crushing it this week against many of the major currency pairs with most of the market chatter surrounding additional rate hikes from the Fed. We'll look at the USDCAD, also referred to as the "Loonie," a pairing that has survived the recent onslaught thanks to its ties to global oil prices and the bullish sentiment surrounding the commodity.

USDCAD – Daily Chart

First up, we can see a clear bullish trend on the daily candlestick chart. There appears plenty of support centred around the 1.30 level, which has been a significant level for quite some time making it a crucial psychological barrier too. We can see the Dollar did gain some traction but was unable to break the underlying trendline in that general vicinity.

Should we see a bold move past the 1.30 mark, things may turn around for the Canadian Dollar in the longer-term. Past this support zone, the area of 1.28 looks promising. The following point and figure chart below shows this idea more clearly.

What we are looking at here is the potential for a change in the overall trend, where a bearish resistance line would emerge if the price slips under 1.30. Alternatively, this chart also provides us with an upside target should the Dollar regain composure; this is ear-marked at the recent high of 1.3325.

Now we turn to the price of oil and how its perceived strength could trickle into a stronger Canadian Dollar.

USOIL – Daily Chart

The daily chart of oil above displays the current uptrend in the commodity, most noticeably, the price action bounce off the 200-day moving average line in gold. This is a further bullish sign which helps address overall sentiment. I've discussed this bull trend in previous articles, and I still believe we could potentially visit the 72.00 and 74.00 regions in the not-too-distant future.

Unfortunately, the oil point and figure chart below is less complimentary to this analysis. You may remember in the Snapshot article that I discussed that an increase in supply past 68.00 would suggest revising the overall trend – this has happened recently. Technically speaking, we have since switched to a bearish resistance line as shown, however there is a caveat to be mindful of in this instance.

If price action heads back upwards closing above the 70.00 region, then we will have a situation whereby the recent move becomes a new area of support.

In short, when price generates a sell signal followed by a buy signal on an uptrend (Bullish Support Line), we then adjust the trendline accordingly. I suspect this might be the case, meaning recent activity would represent nothing more than a short-term correction. Typically, stronger oil prices will benefit the Canadian Dollar or at least help shield it from overall Dollar advances.

By Adam Taylor CFTe

Market Analyst

COTD: AMZN – Can Amazon Continue To Ride Pandemic Waves?

By Adam Taylor

AMZN – Daily

Amazon.com (AMZN) –

As a retail conglomerate, it doesn't get much bigger than Amazon listed on the US Nasdaq exchange. Despite all the pandemic problems, AMZN found itself uniquely positioned to be one of the few companies able to maintain the status quo and even thrive amongst an already weakened retail sector.

At the beginning of this month, something quite significant occurred in the daily chart above. For the first time since March, the validated bullish trend line supporting the stock throughout 2020 thus far gave way and took the price down with it from $3,300 to $2,871 per share.

Some would argue that this sudden price drop demonstrates systemic problems within the retail sector itself, and this event was bound to happen sooner or later. However, when we apply the Ichimoku indicator, we start to see a different story emerge. It suggests the recent price fall may only be a temporary blip for Amazon and its dominance in this space remains intact.

For starters, the longer-term lagging span (purple line) remains above the cloud, providing us with confirmation of a bullish stance. Next, we have strong evidence that price action respects the Ichimoku indicators as per the clear bounce from the bottom of the cloud support at $2,890. And lastly, the cloud's current overall thickness hints at good support for the stock going forward.

As we enter the fourth quarter, undoubtedly, most retail activity will continue to experience difficulties due to issues surrounding COVID-19. Even Amazon may not be able to deal with some unforeseen outcomes of the changing retail landscape. In the meantime, I suspect we may see a return to this longer-term bullish activity, albeit in a slower-paced manner. Remember, before March, the trend mainly consisted of a consolidated ranging pattern throughout 2019. Without any further shocks to the market, the stock may end up defaulting back to this behavior.

In summary, based on the Ichimoku data, a potential return to the $3,400 region seems reasonable, with key support for the stock located around $2,880 and $3,200, respectively.

For those interested in trading AMZN as a share CFD, Go Markets has this stock and many more, including companies from the ASX, NYSE, and the NASDAQ.

By Adam Taylor CFTe

Market Analyst