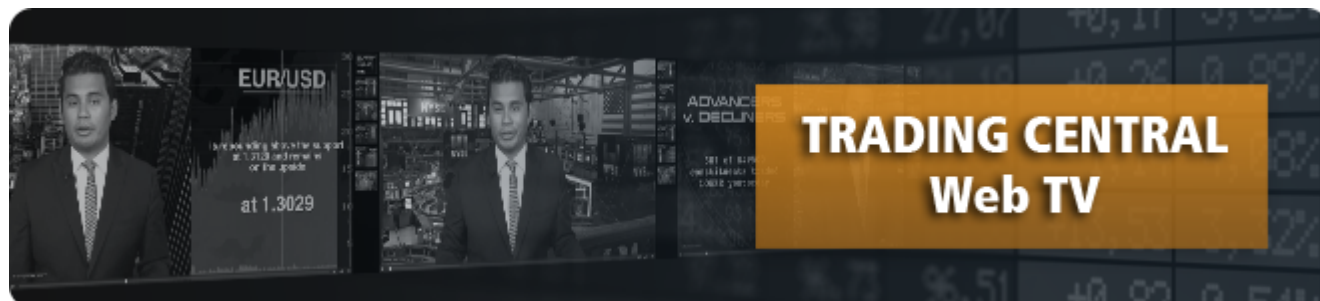




Thursday, March 26, 2020

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Foreign Exchange

The US Dollar was bearish against all of its major pairs on Wednesday. On the economic data front, the Mortgage Bankers Association's Mortgage Applications dropped 29.4% for the week ending March 20th, compared to -8.4% in the previous week. Durable Goods Orders rose 1.2% on month in the February preliminary reading (-0.9% expected), from a revised 0.1% in the January final reading. On Thursday, Wholesale Inventories for the February preliminary reading are expected to fall 0.2% on month, compared to -0.4% in the January final reading. GDP for the fourth quarter third reading is expected to remain at +2.1% on quarter. Initial Jobless Claims for the week ending March 21st are expected to jump to 1,500K, from 281K in the prior week. Finally, Continuing Claims for the week ending March 14th are expected to rise to 1,791K, from 1,701K last week.

The Euro was bullish against most of its major pairs with the exception of the CAD and GBP. In Europe, the U.K. Office for National Statistics has released February CPI at +1.7% on year, as expected. In Germany, March IFO Business Climate was published at 86.1 (vs 87.7 expected), IFO expectations were released at 79.7 (vs 81.9 expected) and IFO Current Conditions was released at 93.0 (vs 93.6 expected).

The Australian dollar was bearish against all of its major pairs.

Gold spot Intraday: consolidation.

Pivot: 1628.00

Our preference: short positions below 1628.00 with targets at 1596.00 & 1585.00 in extension.

Alternative scenario: above 1628.00 look for further upside with 1643.00 & 1656.00 as targets.

Comment: the RSI is below its neutrality area at 50%



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EUR/USD Intraday: the upside prevails.

Pivot: 1.0835

Our preference: long positions above 1.0835 with targets at 1.0920 & 1.0950 in extension.

Alternative scenario: below 1.0835 look for further downside with 1.0810 & 1.0780 as targets.

Comment: the break above 1.0835 is a positive signal that has opened a path to 1.0920.



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GBP/USD Intraday: choppy.

Pivot: 1.1915

Our preference: short positions below 1.1915 with targets at 1.1775 & 1.1730 in extension.

Alternative scenario: above 1.1915 look for further upside with 1.1975 & 1.2030 as targets.

Comment: as long as the resistance at 1.1915 is not surpassed, the risk of the break below 1.1775 remains high.



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USD/JPY Intraday: the downside prevails.

Pivot: 111.40

Our preference: short positions below 111.40 with targets at 110.40 & 110.05 in extension.

Alternative scenario: above 111.40 look for further upside with 111.70 & 112.00 as targets.

Comment: the RSI is bearish and calls for further downside.



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AUD/USD Intraday: watch 0.5805.

Pivot: 0.5975

Our preference: short positions below 0.5975 with targets at 0.5860 & 0.5805 in extension.

Alternative scenario: above 0.5975 look for further upside with 0.6030 & 0.6070 as targets.

Comment: the RSI has broken down its 30 level.



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USD/CAD Intraday: towards 1.4130.

Pivot: 1.4290

Our preference: short positions below 1.4290 with targets at 1.4180 & 1.4130 in extension.

Alternative scenario: above 1.4290 look for further upside with 1.4345 & 1.4410 as targets.

Comment: a break below 1.4180 would trigger a drop towards 1.4130.



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USD/SGD Intraday: bullish bias above 1.4465.

Pivot: 1.4465

Our preference: long positions above 1.4465 with targets at 1.4510 & 1.4540 in extension.

Alternative scenario: below 1.4465 look for further downside with 1.4440 & 1.4420 as targets.

Comment: a support base at 1.4465 has formed and has allowed for a temporary stabilisation.



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MA (50) & MA (20): The most simple trend indicators are Moving Averages. They simply correspond to an average calculated on an evolving time scale (20 and 50 periods): every day, the oldest value (often taken at the close) in the average calculus is replaced by the value of the new session.

Bollinger bands: are represented by 3 different bands and are derived from moving averages. The middle band corresponds to a simple moving average (MA (20)). The level of the upper band, in every point, corresponds to the sum of the level of the middle band and twice the value of the standard deviation associated to the 20-day moving average. Reciprocally, the level of the lower band corresponds to the level of the middle band diminished by twice the value of the standard deviation associated to the 20-day moving average. An envelop of the stock price is thus determined. This makes it possible to then identify the variation margin in which the stock should stay almost systematically. In the case of a stock following a Gauss law, 95 % of the trades will thus occur between these bands.

RSI (14): the Relative Strength Index aims at establishing a reference scale independently from the stock prices levels themselves. As the RSI has boundaries (0 and 100), it then becomes very easy to determine overbought (above 70) and oversold (below 30) areas. In addition, just as on prices themselves, supports and resistances can appear, especially when nearing the neutrality zone (near 50). Thus, the RSI is one of the most commonly used counter-trend indicators.

It is based on the average of rises and drops of price, with the formula:

$$RSI = 100 - [100 / (1 + RS)]$$

Where RS represents the average of up closes divided by the average of down closes on the considered period (14).

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