EURUSD retested the low 1.11 support zone, as we expected, but failed to push on lower even after closing pretty softly on the week through Friday. While the EUR undertone looks weak, the 1.11 support zone held again and the big reaction to the 1.11 test last Thursday—a bullish doji candle—reaffirms that support is pretty solid at the figure at the moment. But there is not much upside momentum in price. Trend strength oscillator signals are weak but leaning slightly bearish on the intraday and daily studies. They remain bearish on the longer run (weekly) study. Broadly, we think range trading will continue for now. We expect strong support in the low 1.11s and look for the EUR to take on a slightly stronger profile above 1.1200/05. We spot firm resistance in the mid/upper 1.12s (40-day MA at 1.1257, early Jul highs at 1.1285). Bullish break out resistance remains distant at 1.1410/15.

GBPUSD remains weak and vulnerable to additional losses. The appearance of a loss in downside momentum we noted previously was just that; the descending wedge pattern was resolved with a downside break and new lows for this move down. The pound has lost key, long-term retracement support in the low/mid 1.24 region, which paves the way for a full retest of the 1.1841 low struck briefly in 2016. We stress that trend intensity signals remain bearishly aligned across a range of (short, medium and long term) timeframes and, in our experience, this provides for only very limited opportunities for counter-trend corrections. Minor GBP rallies remain very fade-able. We have already reached the upper zone of the 1.20/1.22 range we outlined in our last update but we think the risk of further, quite significant GBP losses remains very real.

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USDJPY is consolidating. The USD has appreciated to the upper end of the Jun/Jul consolidation range but should struggle to extend gains through the 109 area absent any stronger underlying momentum in the market. Shorter-term (intraday, daily) trend oscillators are flat and longer run studies are bearish for the USD. Short-term price signals (1- and 6-hour) suggest a strong rejection of the topside of the range but that has yet to emerge as a feature of the longer run charts. All told, we think the combination of trend oscillators and price signals suggest downside risks are building for the USD towards the 108 area at least.

USDMXN remains tightly range bound between 18.75/19.30. The daily DMI oscillator is especially weak, suggesting little directional intent at all in the market and support/resistance points are quite well defined. Longer run charts show spot building a series of directionally inconclusive doji candles around the 100-week MA at 19.10 (which is close to the 40-day MA at 19.12). The clustering of short and long term MA signals reflect the lack of any real trend in this market in recent weeks. Look for more range trading in the near term.

AUDUSD is weak after falling steadily from the 0.7080 area over the past week. Eight (including today) days of consecutive losses have turned shorter (intraday, daily) DMI signals bearish, in line with the bearishly tilting weekly study. The sell-off may consolidate at some point in the next week or so but the potential for a significant rebound looks limited at this point. Indeed, the AUD’s loss of support below the base of the Jun/Jul consolidation (bearish wedge) suggests ample scope of losses to extend. We spot support at the Jun low (0.6830/35) and the Jan flash crash low (0.6770) but trends suggests risks might extend lower towards the 0.66 area. We see strong resistance now in the low/mid 0.69s.
USDCLP is extending gains through the 40-day MA (688) and the early Jul high. After the basing/double bottom price action in the USD through early Jul around 677, gains through the intervening high (691.40) continue to target a move up to the 705 area (measured move potential) at least. The underlying trend in USDCLP is tiling a little more USD-positive, however, as DMI oscillator signals are aligning constructively across the short, medium and longer term studies. This suggests to us that the USD might reach the recent peak near 715 in the next few weeks but could also stretch gains to the 2016 high near 732 in the next few months. Support is 688/690.