

- USDCAD losses extend as corrective pressure intensifies for 1.3105 and 1.3020.
- EURCAD remains soft and tests multi-year support around 1.45
- GBPCAD remains neutral, upside squeeze risks strengthen above 1.6310.
- CADMXN losses pause around 14.85. We look for a test of 14.55/60 still.
- AUDCAD shuffles sideways, might be trying to form a longer term base.
- CADJPY breaks out of range above 81, gains should extend.

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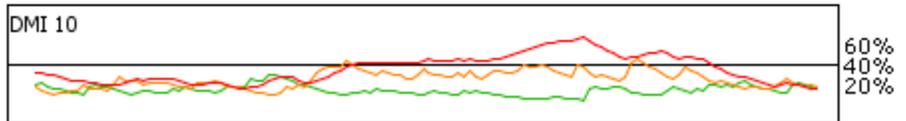
USDCAD retains a soft undertone. The USD rebound from yesterday's low stalled near 1.3195/00 and the market has peeled lower again at writing to retest the 1.3140 area. The short-term chart shows a lot of congestion between 1.3140/60 so it is possible that the USD remains underpinned near the week's low in the very short term. The intraday rejection of 1.3195 looks strong, however, and trend oscillators are starting to align bearishly for the USD across multiple timeframes. This provides a higher degree of confidence that the move lower can and will extend in the near future. Recall that daily and weekly charts reflect a strong, bearish reversal from last week's high above 1.33. We think a test of the 1.3100/05 (retracement support) area is likely and think a retest of the Jul low around 1.30 will follow. Look to fade minor USD rebounds.



EURCAD retains a soft undertone and continues to lean on multi-year trend support just above 1.45 (off the 2012 low). The short term downtrend appears to be accelerating, as the EUR struggles to regain minor resistance around 1.4575/80. Trend signals are aligning bearishly for the EUR across multiple timeframes and price signals have been bearish for the cross (bearish engulfing pattern on the weekly chart through last Friday). We continue to see overall risks as tilted to the downside for the EUR and may have to adjust our sights towards 1.43/1.44 (from the 1.45 objective noted previously). A weekly close below 1.4510 should add to bearish momentum here.

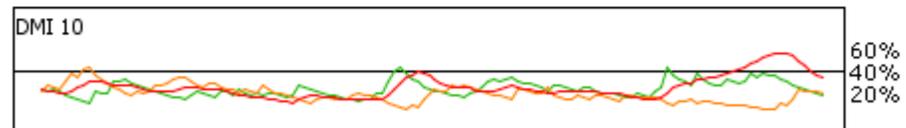


GBPCAD is consolidating still. Price trends and oscillators are sitting at relatively neutral levels, with the GBP looking flat in a trading range and pivoting around the 40-day MA. Price patterns are potentially bearish (flag/wedge) but the stalled move lower and extended softness in the GBP here leaves us alert to the risk of a squeeze higher developing above 1.6310/20 near-term which could provide a “heads up” warning that a more serious challenge of resistance points in the upper 1.63 was developing. Above here, more, corrective progress towards 1.66/1.68 could develop. Support is 1.5985/90.



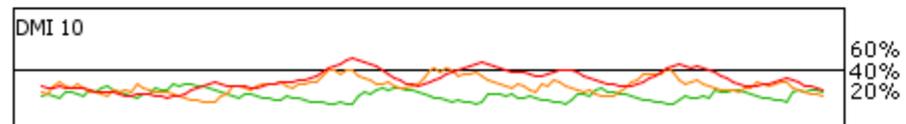
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CADMXN is little changed around congestion support near 14.85. Trend signals have flattened out here as well on the daily DMI, slowing downside progress, as we expected. We still think that weekly price action points towards more corrective weakness in the CAD, however. The low close on the week though last Friday built the third leg of a bearish “evening star” reversal signal. Additional losses in the cross this week should add to near-to-medium term downside pressure for a move to 14.55/60.



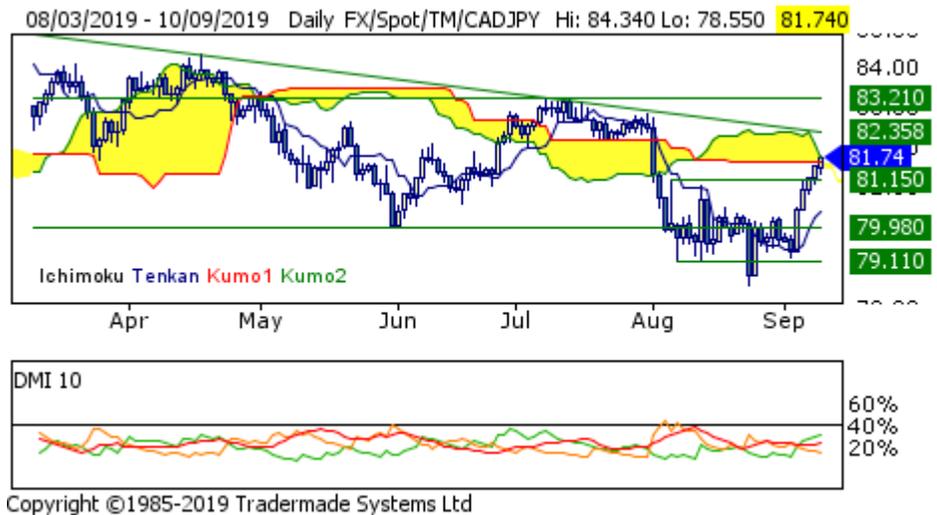
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AUDCAD has settled into a trading range through Aug and Sep but sideways movement is bringing a test of key bear channel resistance onto the radar. Weak trend signals and flat trading are not obviously supportive of the AUD but there are tentative signs from the longer run charts that a more durable base-building exercise is underway after the 9% or so decline in the cross this year. It’s early days yet in the process and we are not fully persuaded that a low really is “in” for the AUD at this point. Gains for the cross through 0.9050/75 would be supportive but a high close on the month is what the AUD really needs and the cross has been well capped below 0.91 in the past few weeks. We are neutral here for now.



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CADJPY is squeezing higher and putting the recent (rough) range high under pressure. After the recent chop between 79/81, we think the CAD risks extending gains somewhat now. Spot is running into resistance defined by the daily “cloud” on the ichimoku chart but looks better positioned to gain on the intraday studies and charts (while intraday and daily DMI oscillators are tilting CAD-bullish). We reckon with a move of around 200 bps potentially resulting from a break out of the range.



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