- USDCAD corrects—modestly—from overbought levels.
- EURCAD persistent weakness may pause—at least—after successive losing days.
- GBPCAD trades sideways but remains firm.
- CADMXN holds above 14.00 but downtrend persists.
- AUDCAD remains soft, look poised to retest low 0.88 area.
- CADJPY steadies but looks vulnerable to more softness.

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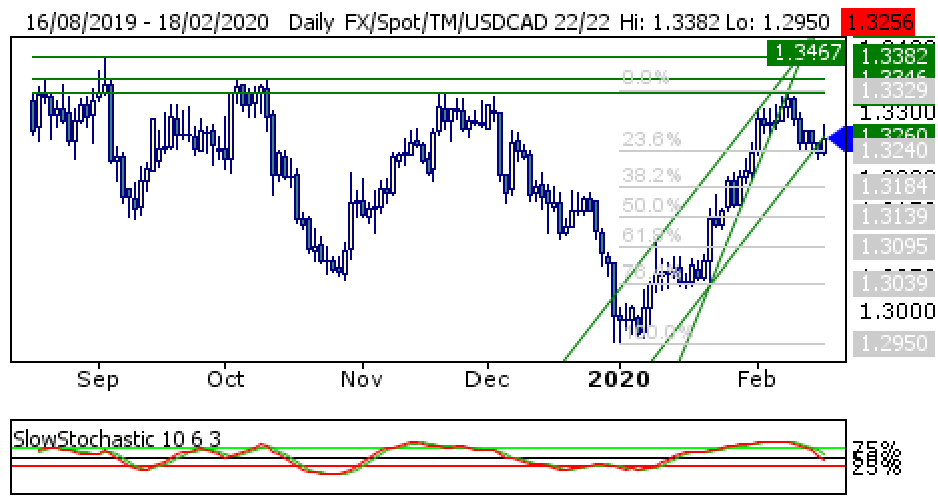
USDCAD has adopted a more corrective or consolidative tone at least over the past week, with the USD's heavily overbought status impairing the market's ability to push higher and prompting a minimal (so far) correction to the 23.6% Fibonacci support derived from the 2020 rally. The USD has rebounded a little so far today but we still rather see limited upside potential for the USD for the moment. We think net losses last week overall—not decisively bearish but certainly indicative of a stalled move up (weekly "harami" candle) – combined with the correction to the overextended daily slow stochastic signals point lower for the USD this week. The narrowing, upward-sloping range for the USD we identified previously remains a clear sign that the rally in the USD has lost steam in the short-term at least. We look for firm resistance now in the upper 1.32 zone and for USD losses to extend towards the 1.3140/80 range.



EURCAD has declined for 10 consecutive days since failing ta the 200-day MA at the start of the month. The stall and reversal around 1.47 was signaled by a bearish "doji" candle and we note that the EUR's 11th day of consecutive net losses is—so far—being blocked by a similar (but potentially bullish in this case) "doji" candle today. Our informal rule of thumb is that markets very rarely register more than 10-12 days or consecutive gains or losses so we are right in the window for a consolidation of some sort (around long run retracement support—1.4345, which is the 76.4% Fib retracement of the 2017/2018 rally). Having found firm support around 1.4440 through late 2019/early 2020, the EUR rebound may struggle to regain the former range any time soon, however.

GBPCAD is little changed over the past week or so, with the cross essentially trading sideways. The GBP is holding above its 40-day MA, however, and the broader tone of price action is, we feel leaning towards the idea of a bullish consolidation (wedge). Trend indicators are weak on the shorter term oscillators but retain a bullish bias overall (especially the longer run studies). We think the GBP should remain well-supported above 1.71 and if the cross can maintain a positive undertone, it should put incremental pressure on the upper 1.73 zone. Bullish momentum should pick up more above here and push on for a retest of key, long run resistance now at 1.7750/00.

CADMXN is holding above the 14.00 area but, as we suspected, the CAD is struggling to recover meaningfully. The underlying trend lower remains well-established and while the 14 zone has underpinned the CAD over the past couple of weeks, there is little in the price action to suggest that the cross is poised to rally. Short-term trend resistance is slipping lower and may encroach on price action this week. A break of trend resistance by simply trading sideways may relieve near-term pressure on the CAD but not provide the springboard for a strong recovery—which might only reach the 14.40 area anyway. We remain minded to fade CADMXN rallies.

AUDCAD is drifting lower still in a broader sense. The trend down from the early 2020 peak has gained a little more momentum over the past week but the AUD continues to find support below 0.8850 on the daily chart. Longer-term trend studies are bearish and suggest that the cross will struggle to hold a bid, however, which favours fading AUD gains. We think key support stands at the late Oct low (0.8837). Weakness below here through Q1 should give the broader downtrend a renewed boost for a push towards 0.8500/50 in the second half of this year.

CADJPY is steady, caught between the support provided by the 50% Fib retracement tested earlier this month and resistance around the 40-day MA and the late Jan gap (closed subsequently but still a block on CAD gains) on the daily chart. Daily trend signals have flattened out over February but we remain inclined to view the CAD bearishly here, with the cross sliding below the base of the H2 2019 bull channel and the 40-day MA. Broader trends look bearish while the CAD remains below 84.00/50. We look for choppy, sideways range trade in the short term but longer term risks are tilted towards CAD losses here.